



SEPTEMBER 14,  
2022

The background of the right side of the image is a photograph of a family of four—a man, a woman, and two children—standing on a paved road. They are dressed in outdoor gear, including jackets and backpacks, suggesting a hiking or travel theme. To their right is a silver SUV. The landscape is a vast, open mountain range under a clear sky, with the sun low on the horizon, creating a warm, golden light. The overall scene conveys a sense of adventure and family travel.

**AUTUMN CONFERENCE  
KEPLER-CHEUVREUX**



# **EQUITY STORY: MICHELIN'S VALUE WILL BE DRIVEN BY ITS GROWTH AND VALUE ACCRETIVE STRATEGY**

## **MICHELIN VALUE LEVERS**

in three areas



Features vs. tires:

- ✓ Higher Market growth
- ✓ Stronger EBIT %
- ✓ Lower capital intensity

### **GROWTH**

in sales,  
organic and  
M&A-driven

**&**

### **FINANCIAL VALUE CREATION**

measured by ROCE  
incl. M&A

- EBITDA growth
- Around and Beyond tires:  
crystallization of the value



# A WELL-BALANCED SET OF BUSINESSES ACROSS REGIONS, ENSURING RESILIENCE IN MARKET TURBULENCES



## PRODUCTS AND SOLUTIONS SERVING ALL MOBILITIES...

### AUTO RT<sup>(2)</sup> & 2-WHEEL

- **Cyclicality** : very low
- **Main drivers** : miles driven, GDP, used cars market



42%<sup>(1)</sup>

#### What will support volumes and mix over the coming years:

- ✓ Increase to car access of the worldwide population
- ✓ Increase of vehicles weight requiring higher rim size tires
- ✓ First cycle of EV soon visible on RT

### TRANSPORTATION

- **Cyclicality** : low
- **Main drivers** : GDP & PMI



26%<sup>(1)</sup>

#### What will support volumes and mix over the coming years:

- ✓ Demand for goods and increase of local-to-local supply chains models
- ✓ Boom of e-commerce and last mile delivery
- ✓ Urbanization of population

### AUTO OE<sup>(3)</sup>

- **Cyclicality** : very high
- **Main drivers** : regulation & GDP



10%<sup>(1)</sup>

#### What will support volumes and mix over the coming years:

- ✓ Increase of vehicles size requiring higher rim size tires
- ✓ Easing of supply constraints of components and semi-conductors
- ✓ EV boom: massive renewal of cars fleets

### SPECIALTIES

- **Cyclicality** : high
- **Main drivers** : GDP, public spending, commodity prices, housing and building construction



17%<sup>(1)</sup>

#### What will support volumes and mix over the coming years:

- ✓ Mining: Increasing demand for minerals to fuel transition to renewables energies and digital transformation
- ✓ Agriculture: Increase of worldwide population, global improvement of farmers' investment capacities
- ✓ Construction: Adaptation of infrastructure and building/housing to meet energy transition requirements



## ... WHILE LEVERAGING OUR EXPERTISE IN HIGH TECH MATERIALS...

### NEW BUSINESSES

- **Cyclicality** : low
- **Main drivers** : GDP, PMI, R&D & public spending

5%<sup>(1)</sup>



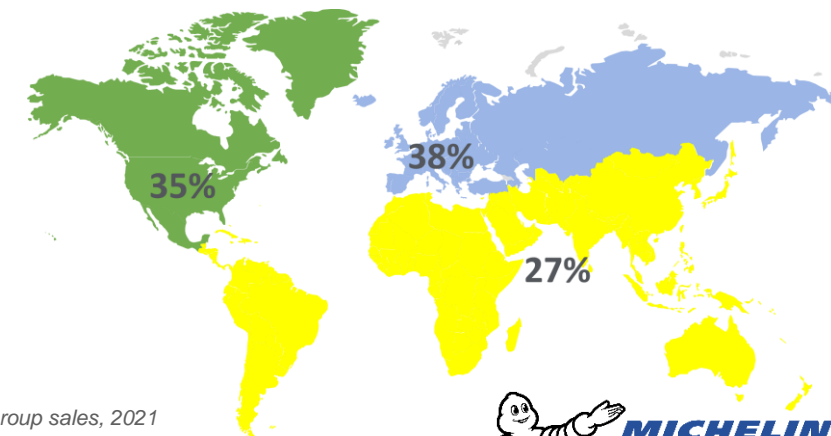
#### What will support volumes and mix over the coming years:

- ✓ Customer's needs for increasingly demanding applications in many types of industries (energy, medical, aerospace...)
- ✓ Emerging value chains (Fuel Cell, 3D Printing...) shaping the industry's future
- ✓ Growing appetite for sustainable materials, recycling and circular economy



## ... WITH A GLOBAL AND BALANCED FOOTPRINT

% of Group Sales by Region, 2021



(1) % of Group sales, 2021

(2) Replacement

(3) Original equipment







# H1 2022: MICHELIN DEPLOYS ITS ESG ROADMAP BASED ON THREE PILLARS



<sup>(1)</sup> Percent of non-French nationals among the Group's 100 most senior executives

<sup>(2)</sup> Total case incident rate

<sup>(3)</sup> On a moving 12-month basis; may be updated until the release of the annual figure

<sup>(4)</sup> See the strategic dashboard on slide 36 presenting the 2030 vision in detail

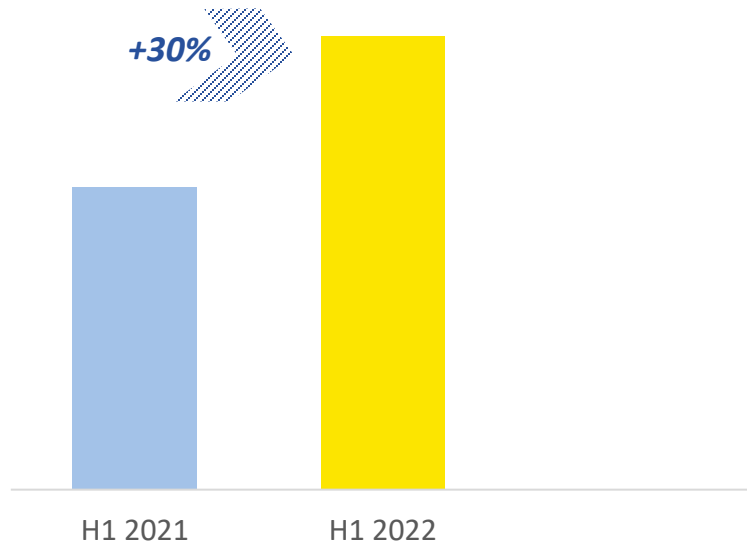
<sup>(5)</sup> The industrial-Michelin Environmental Performance indicator is used to track the environmental impacts of the Group's manufacturing operations.



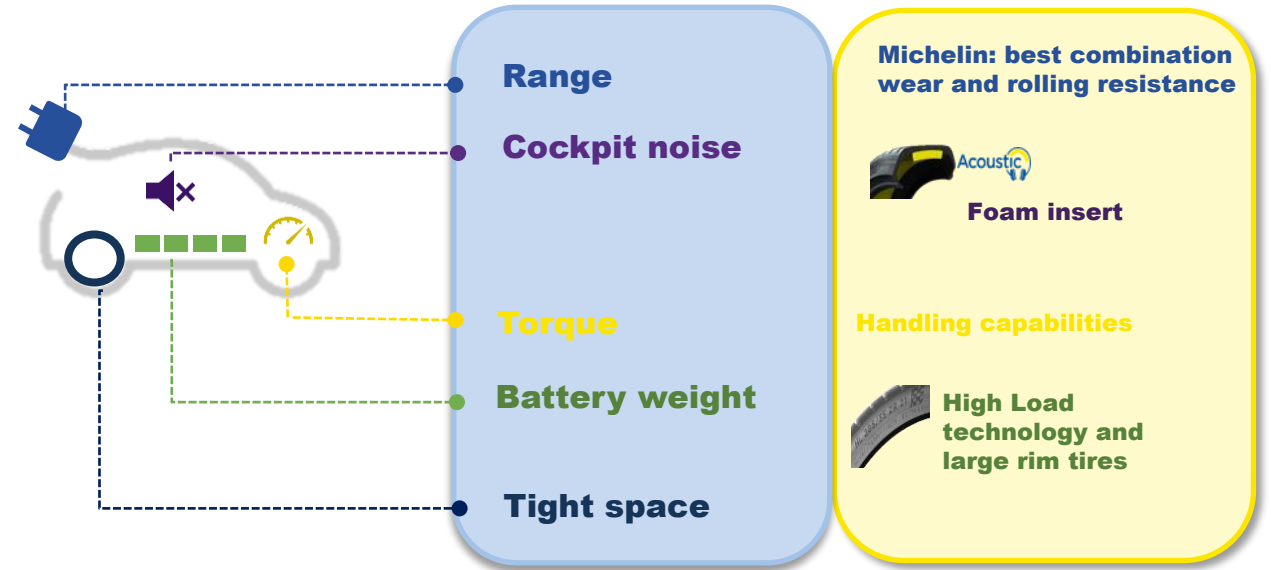
# MICHELIN UNIQUELY POSITIONED TO LEVERAGE ELECTRIFICATION OF VEHICLES

## STEEP INCREASE OF GROUP SALES TO ELECTRIC VEHICLES

Michelin tires sales to EVs, in % of total OE sales



## EV : HIGHLY DEMANDING VEHICLES REQUIRING EXCEPTIONAL TIRE PERFORMANCE



## MICHELIN PREFERRED TIRE DEVELOPER FOR LEADING EV OEMS

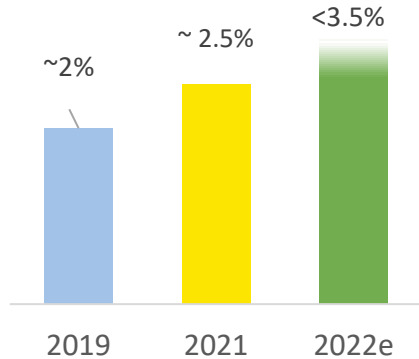




# DEALING WITH ENERGY CHALLENGE IN EUROPE : SHORT TERM SECURED & MEDIUM TERM TRANSFORMED

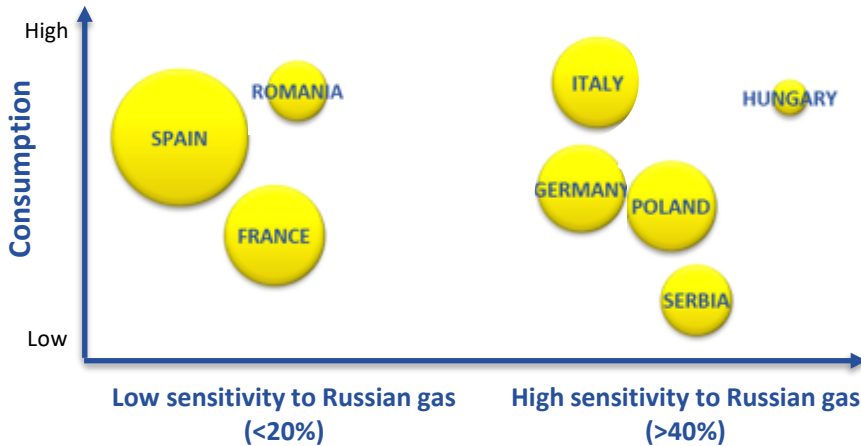
## ENERGY COSTS INCREASE MITIGATED BY HEDGING AND PASS THROUGH IN PRICES

Energy costs as a % of sales

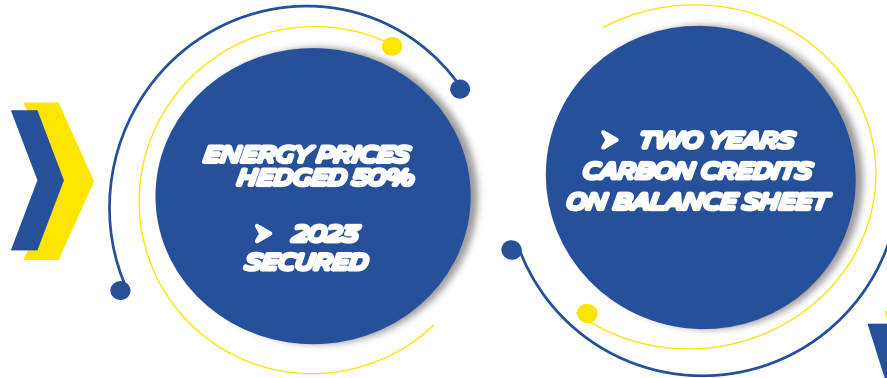


## HALF OF THE EUROPEAN PRODUCTION IS LOCATED IN LOWER RUSSIAN GAS SENSITIVE COUNTRIES

Size of bubble represents the weight of each country in the European production



## SHORT TERM SECURED



## MEDIUM TERM TRANSFORMED



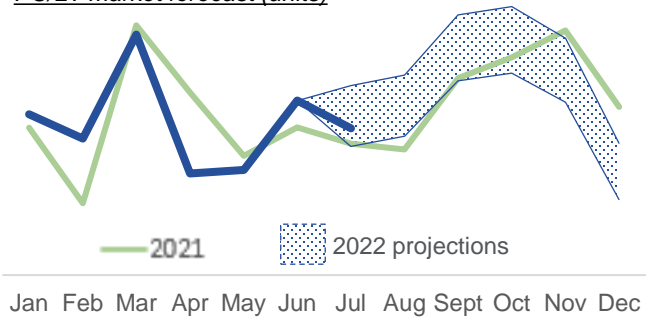
\* on the 2010 reference



# ENSURING FINANCIAL PERFORMANCE IN 2022 AND BEYOND

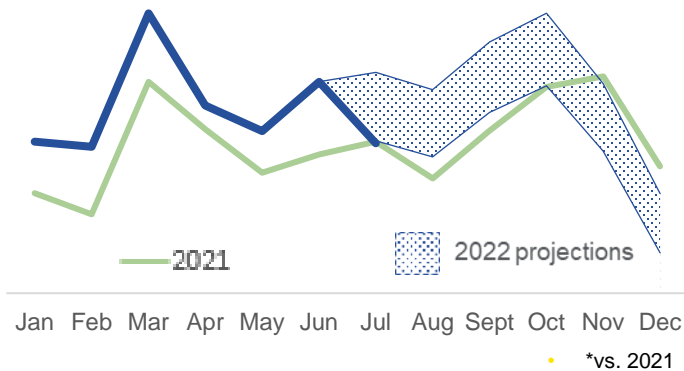
## PC/LT markets 2022: -2%/+2%\*

PC/LT market forecast (units)



## TRUCK markets 2022 (excl. China) : +2%/+6%\*

Truck market forecast (units)

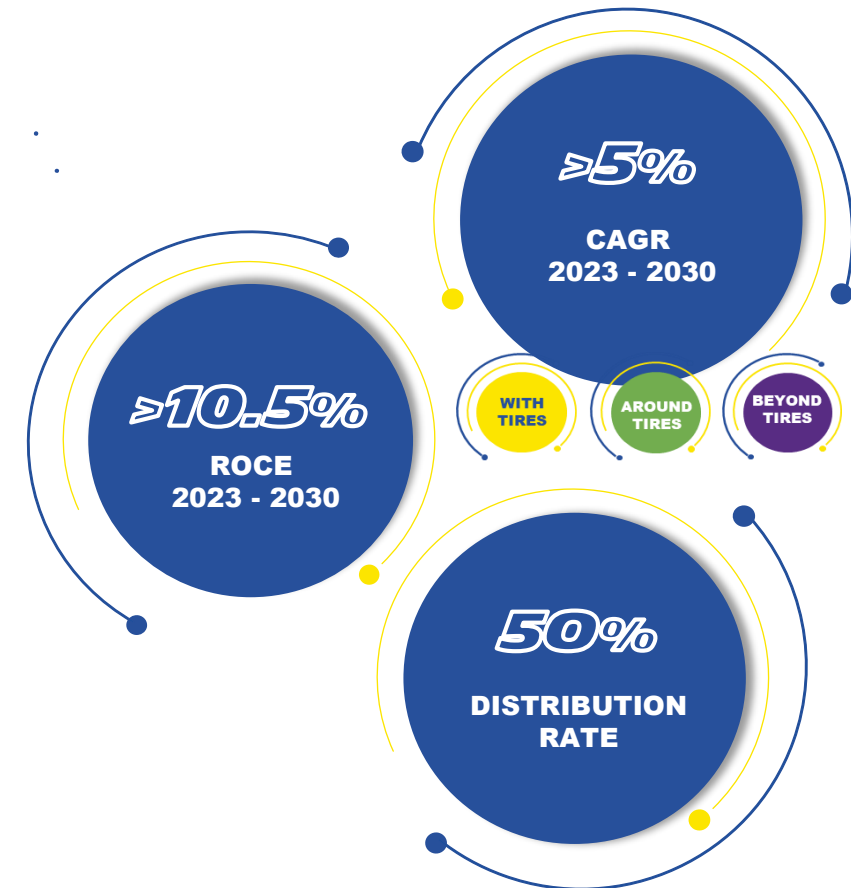


## 2022 GUIDANCE MAINTAINED

	2022
Segment operating income at constant exchange rate	> €3,200m
Structural free cash flow (1)	> €1,200m

(1) Structural free cash flow: see definition on slide 65

## 2030: COMBINING GROWTH AND VALUE CREATION





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**FIRST-HALF 2022 RESULTS**







## **MICHELIN IS STAYING THE COURSE IN A TURBULENT ENVIRONMENT: SALES UP 18.7%, €1.5BN IN OPERATING INCOME<sup>(1)</sup> THE GROUP MAINTAINS ITS FINANCIAL GUIDANCE<sup>(2)</sup> FOR THE YEAR**

- In a market environment roiled by the systemic impacts of the conflict in Ukraine and the health crisis, Michelin has delivered solid growth in sales and operating income<sup>(1)</sup>.
- Sales up 18.7% to €13,289m
  - Intensifying supply chain disruptions and fast-rising inflation dragged down tire markets
  - Tire volumes down 2.2%, but stable excluding sales in Eastern Europe and China
  - Strong momentum in non-tire sales, up 18% at constant exchange rates
  - 13.9% positive price-mix effect, reflecting our determination to offset every cost inflation factor
  - 5.2% positive currency effect, led by the US dollar
- €1,530m in operating income<sup>(1)</sup> or 11.5% of sales
  - Pricing maintained unit margin integrity
  - Operating income up in every reporting segment
  - Operating margin reflected a 1.2 point dilutive effect from the price increases introduced to offset inflation
- A negative €1,014m in free cash flow before acquisitions<sup>(3)</sup>
  - EBITDA improved to €2,439m, WCR<sup>(4)</sup> hit by inflation
  - Usual seasonal pattern: cash flow for the year will be generated by business in the second half
- 2022 guidance<sup>(2)</sup> maintained: > €3.2bn in operating income<sup>(1)</sup> at constant exchange rates; > €1.2bn in structural free cash flow.<sup>(3)</sup>

<sup>(1)</sup> Segment operating income

<sup>(2)</sup> Barring any increase in systemic impacts, e.g., serious supply chain disruptions or restrictions on freedom of movement that would result in a significant drop in the tire markets

<sup>(3)</sup> See definition on slide 65

<sup>(4)</sup> Working capital requirement



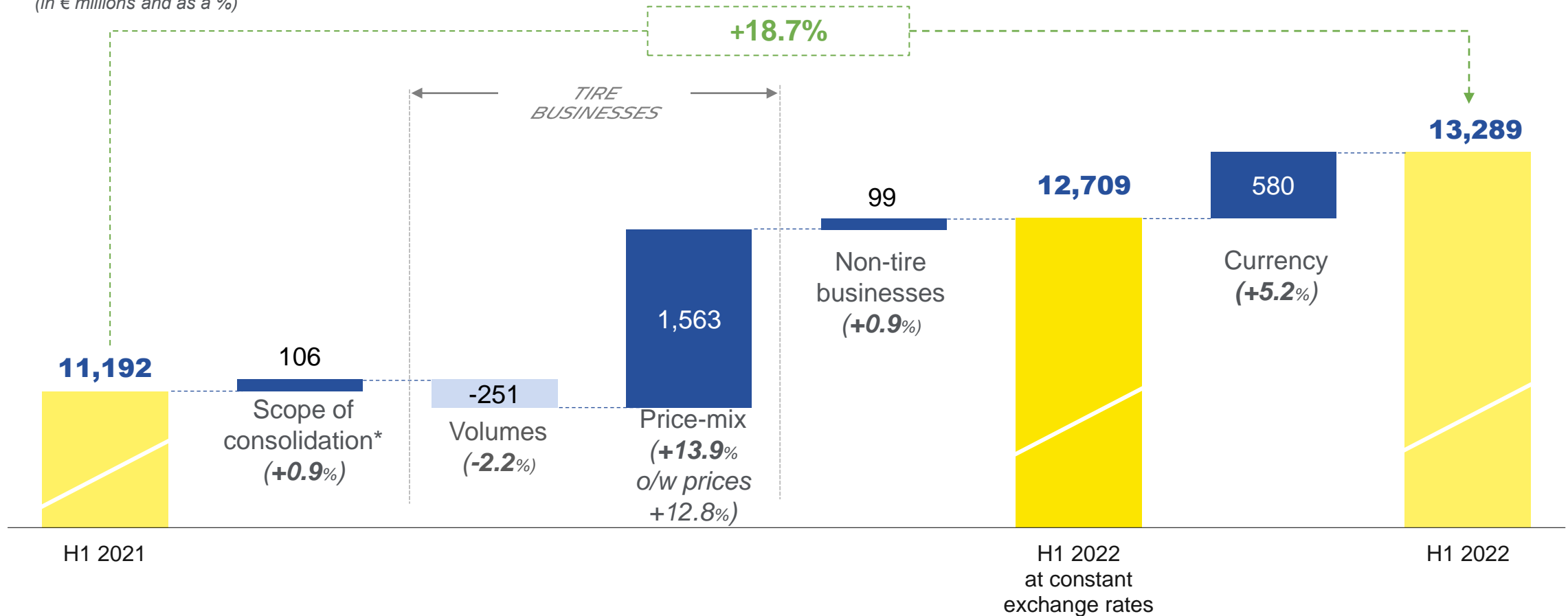


**SALES ROSE 18.7% IN H1 2022**  
**DYNAMIC PRICING MANAGEMENT IN A HIGHLY INFLATIONARY ENVIRONMENT**  
**NON-TIRE SALES UP 18% AT CONSTANT EXCHANGE RATES, TO €99M**



**YoY change in sales**

(in € millions and as a %)



\*Deconsolidation of the printing, publishing and marketing businesses associated with Maps & Guides for France (Michelin Editions), effective February 1, 2021, and of Solesis on May 28, 2021; consolidation of TechnoBalt since May 1, 2021; of Allopnus.com since December 30, 2021; of CEMAT since January 1, 2022.

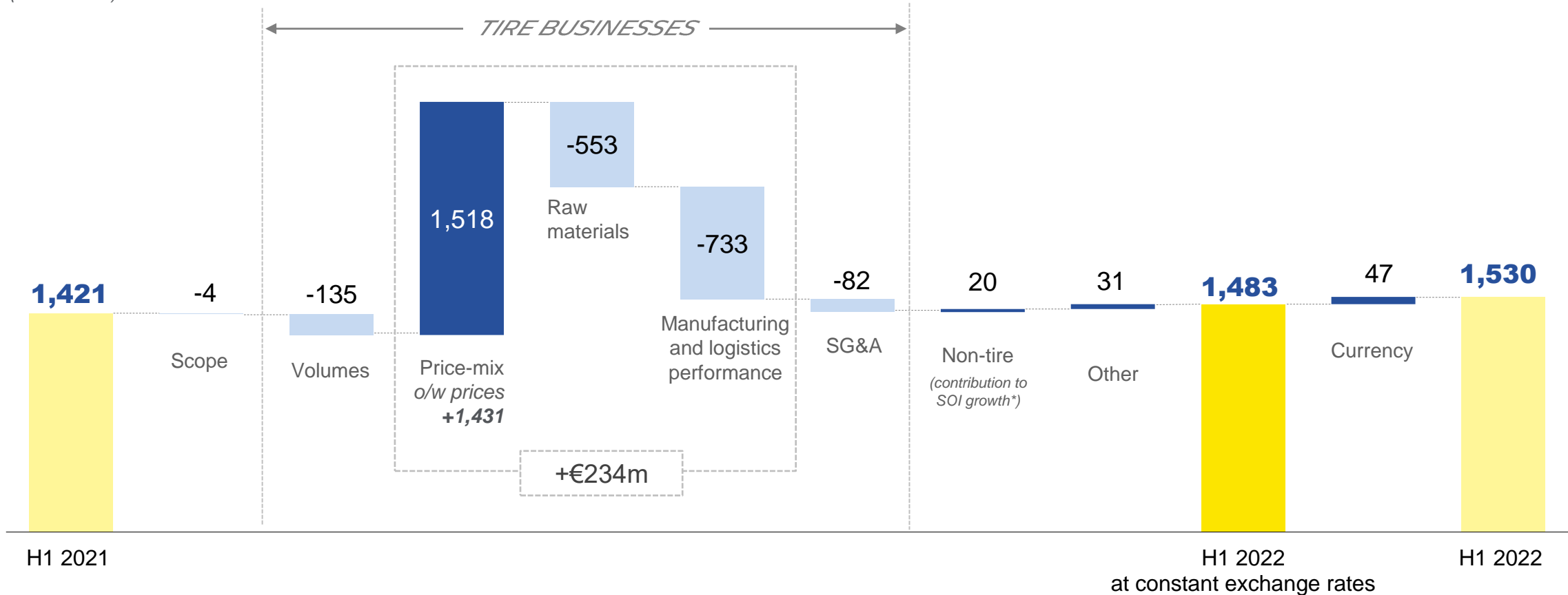




**€1,530M IN SOI\*, UP BY €109M, OF WHICH €62M AT CONSTANT EXCHANGE RATES  
 PRICE INCREASES OFFSET €1.3BN IN HIGHER COSTS  
 NON-TIRE SOI\* UP BY €20M**

**Analysis of segment operating income**

(in € millions)






\* Segment operating income







## **STRONG SALES GROWTH IN EVERY SEGMENT OPERATING MARGIN\* DILUTED BY INFLATION**

<i>(in € millions)</i>		<b>H1 2022</b>	<b>H1 2021</b>	<i>Change</i>
	<b>RS1 sales</b> <b>Operating income*</b> Operating margin*	<b>6,599</b> <b>782</b> 11.9%	<b>5,562</b> <b>730</b> 13.1%	<b>+18.6%</b> <b>+7.1%</b> -1.2pt
	<b>RS2 sales</b> <b>Operating income*</b> Operating margin*	<b>3,469</b> <b>314</b> 9.1%	<b>2,897</b> <b>286</b> 9.9%	<b>+19.7%</b> <b>+9.8%</b> -0.8pt
	<b>RS3 sales</b> <b>Operating income*</b> Operating margin*	<b>3,221</b> <b>434</b> 13.5%	<b>2,733</b> <b>405</b> 14.8%	<b>+17.9%</b> <b>+7.2%</b> -1.3pt

\* For the segment.

Cost inflation factors (raw materials, transportation and energy) were offset across the Group by dynamic pricing management that diluted first-half operating margin by 1.2 point.

- **RS1:** growth in sales and operating income was driven by responsive pricing management and mix enrichment.
- **RS2:** sales and operating income rose during the period, lifted by the strategy of targeting value-creating segments and a dynamic pricing policies. The fleet management operations remained on a growth trajectory.
- **RS3:** improvement in sales and operating income led by disciplined pricing management in non-indexed businesses, at a time of constrained shipping in the Mining segment during the period and serious operational challenges impacting the Beyond Road segments (Construction, Agricultural and Materials Handling). Operating margin is tracking the expected growth trend line: 14.8% in H1 2021; 11.3% in S2 2021; 13.5% in S1 2022.



**FREE CASH FLOW<sup>(1)</sup> FELT THE IMPACT OF THE SHARP INFLATION IN WCR ITEMS. RETURN TO THE USUAL CASH FLOW PROFILE IN THE 2<sup>ND</sup> HALF.**

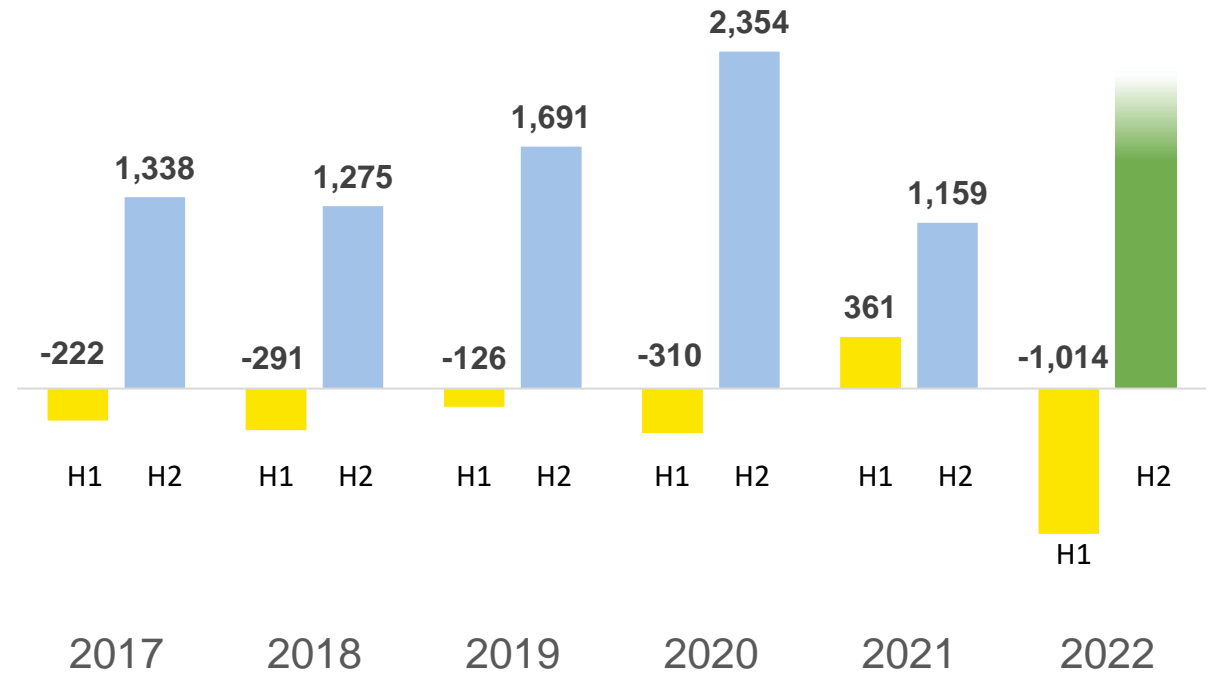
**Free cash flow<sup>(1)</sup>**  
(in € millions)

<b>Segment EBITDA</b>	<b>2,439</b>
Change in net trade working capital	(1,719)
<i>of which inventories</i>	<i>(1,239)</i>
Tax and interest paid	(507)
Net capital expenditure committed	(980)
Disposals, net of acquisitions (M&A)	50
Restructuring	(106)
Other	(141)
<b>Free cash flow</b>	<b>(964)</b>
<b>Free cash flow before M&amp;A</b>	<b>(1,014)</b>

<sup>(1)</sup> See definition on slide 65  
Note that Group guidance is expressed in structural FCF

**Cash flow is structurally generated in the 2<sup>nd</sup> half**  
(in € millions)

Free cash flow before M&A<sup>(1)</sup>



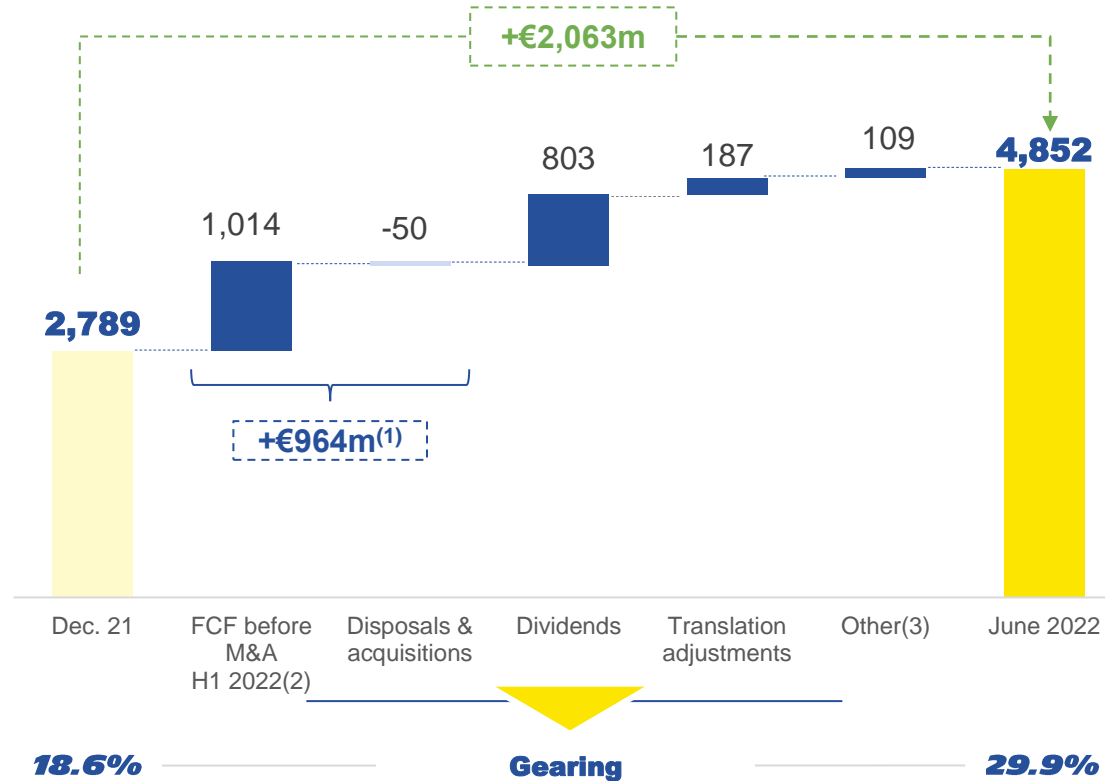


## NET DEBT ROSE ON THE USUAL SEASONAL FLUCTUATIONS IN BUSINESS BALANCE SHEET STRENGTH CONFIRMED BY THE RATING AGENCIES



### Net debt

(in € millions)



(1) Free cash flow: see definition on slide 66

(2) Free cash flow before acquisitions

(3) Including new leases and share buy-back



### Agency ratings at June 30, 2022

Compagnie Générale des Établissements Michelin

Short term	S&P Fitch	<b>A-2</b> <b>F2</b>
Long term	S&P Fitch Moody's(4)	<b>A-</b> <b>A-</b> <b>A3</b>
Outlook	S&P Fitch Moody's(4)	<b>Stable</b> <b>Stable</b> <b>Stable</b>

(4) Moody's rating is no longer solicited as of July 2020





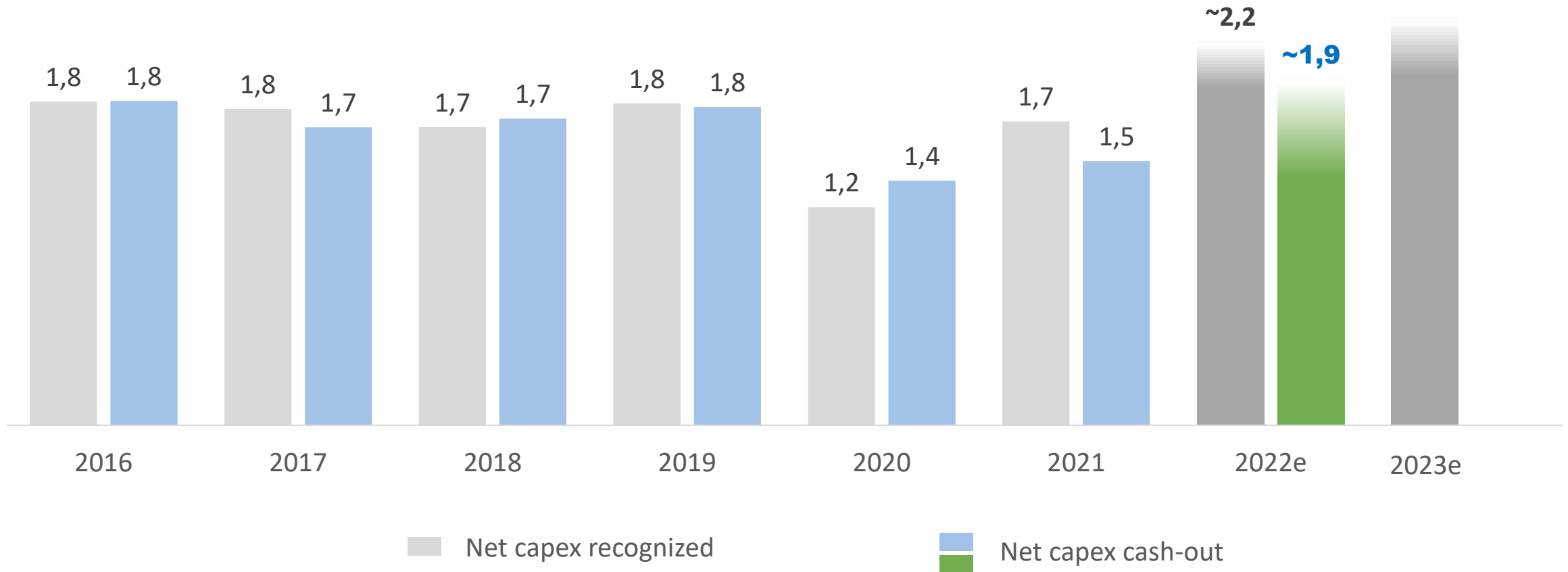


# CAPEX: ANNUAL CAPEX PLAN MAINTAINED, WITH AROUND €1.9BN IN COMMITMENTS EXPECTED IN 2022



## Capital expenditure

(in € billions)

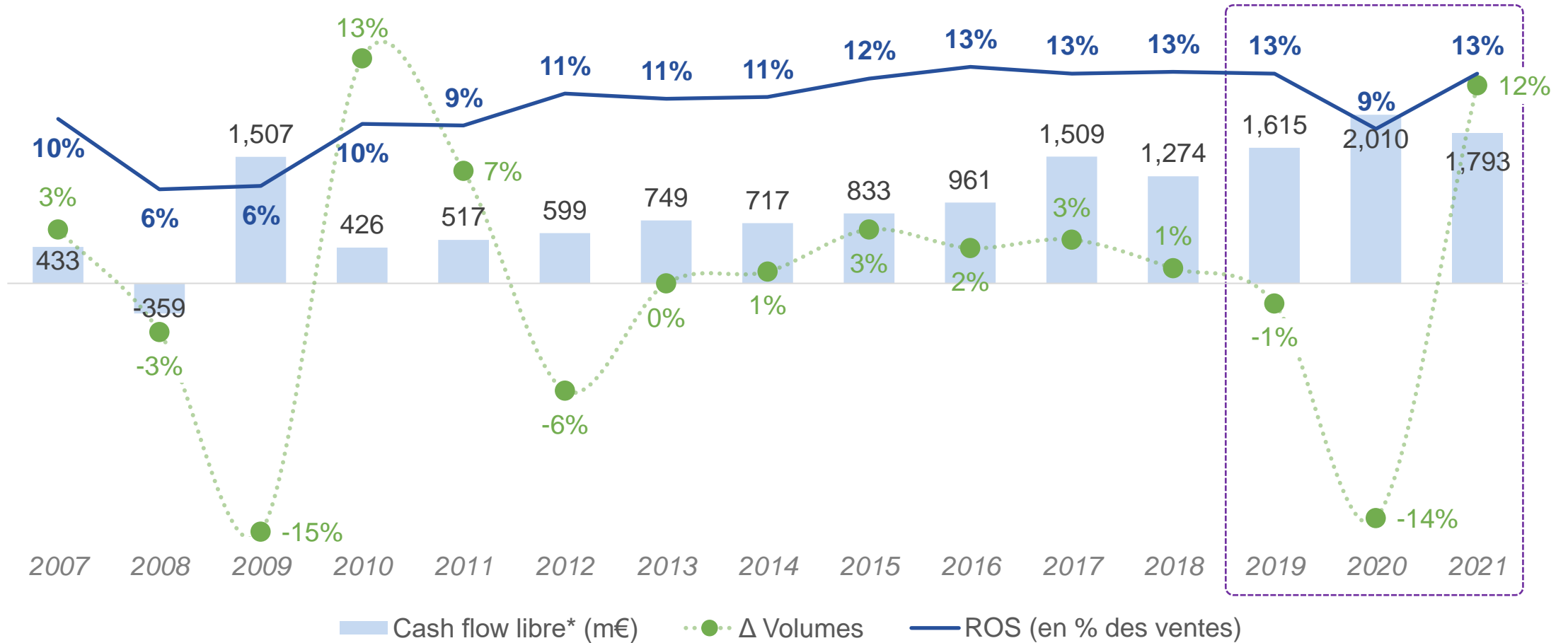


(1) Net purchases of intangible assets and PP&E



**THE GROUP IS DEMONSTRATING THE SUSTAINABLE ABILITY TO PROTECT ITS MARGINS AND CASH, EVEN IN TIMES OF CRISIS**

**Free cash flow,\* change in volumes sold and SOI**



\*Free cash flow as reported from 2007 to 2010, structural free cash flow from 2011 (see slide 65 for the definition of structural free cash flow)



# THE GROUP IS CONTINUING TO SUCCESSFULLY INTEGRATE ITS STRATEGIC ACQUISITIONS AND DELIVER THE EXPECTED SYNERGIES

## SUCCESSFUL INTEGRATIONS WITH, AROUND AND BEYOND TIRES



The MICHELIN Connected Fleet brand consolidates all the fleet Services & Solutions under a single identity.

Resource pooling and Masternaut's international expansion (Germany and Spain), are both gathering momentum.



Moving the brand mix upmarket and adding more value: Tier 2 brands now account for 70% of total output.

Plant production capacity has been increased as planned.



Organic growth driven by the Group's distinctive capabilities in Materials → innovative solutions for critical applications, e.g., conveyor belts, sealing solutions and power transmission belts.

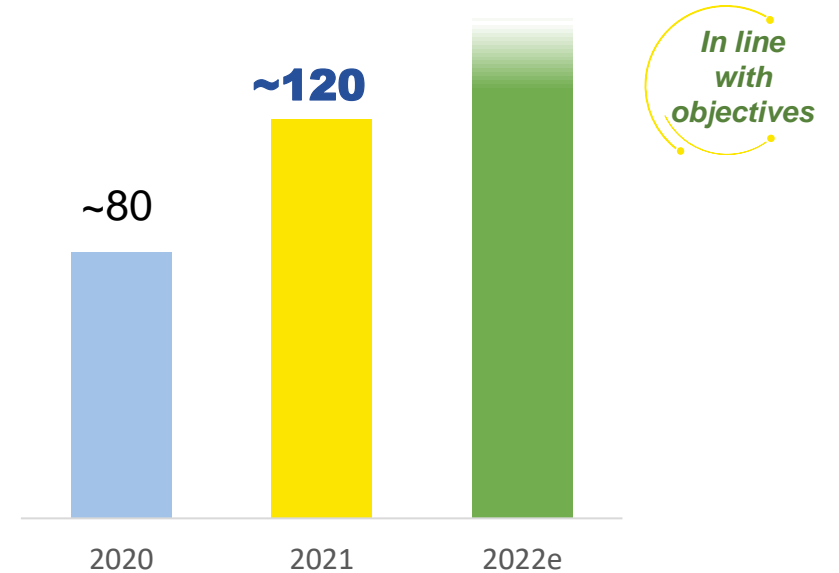
M&A: further targeted acquisitions.



Strong fit between Camso and Michelin's offerings and pooling of the sales forces:

- Additional revenue
- Lower selling & administrative costs.

## CUMULATIVE SYNERGIES,\* IMPACT ON NET INCOME (in € millions)



\* Over the full year





3

**GUIDANCE 2022**





# 2022 MARKET SCENARIO: IN A VERY UNCERTAIN ENVIRONMENT, ANNUAL MARKET ESTIMATES HAVE BEEN LOWERED

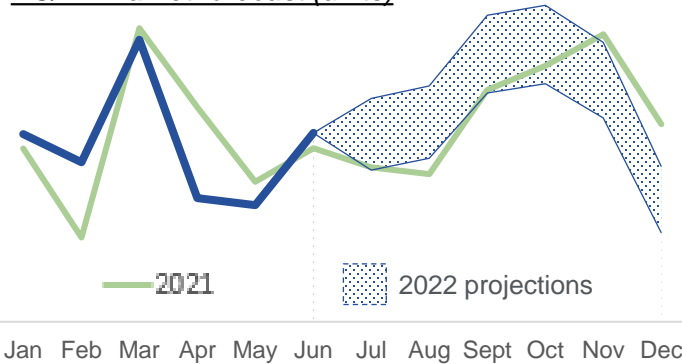


**PC/LT: -2%/+2%\***

Previous scenario: 0%/+4%

- OE: OEM demand tight overall, despite a relative improvement expected in the second half
- RT: high overall demand. Fourth quarter reflects unfavorable comparatives

PC/LT market forecast (units)

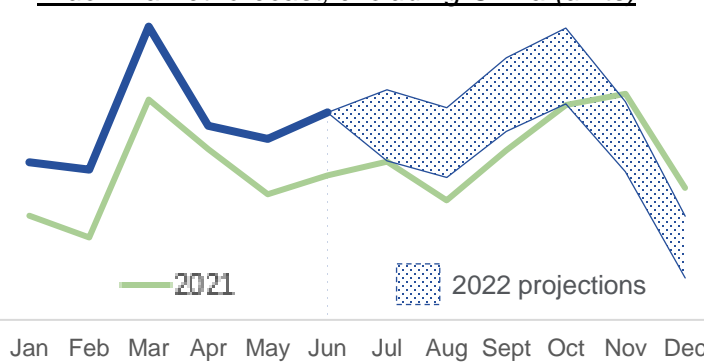


**TRUCK excl. China: +2%/+6%\***

Previous scenario: +3%/+7%\*

- OE: high demand excluding China, with OEM order books overflowing
- RT: strong freight demand, although fourth-quarter comparatives are high

Truck market forecast, excluding China (units)



**SPECIALTIES: +4%/+8%\***

Previous scenario: +6%/+10%\*

- Mining tires: robust demand, shipping difficulties should ease in the second half
- Beyond road tires: strong demand, despite lingering OEM production difficulties
- Two-wheel tires: overall growth is slowing; dealer inventories higher than normal at mid-year
- Aircraft tires: sustained growth, still weak comparatives



## 2022 SCENARIO

	2022
Volumes	<b>In line with markets</b>
Cost impact of raw materials prices and customs duties, transportation and energy	<b>Strongly negative</b>
Net impact of price-mix/raw materials effect and the Group's manufacturing and logistics performance	<b>Slightly positive</b>



## 2022 GUIDANCE MAINTAINED<sup>(1)</sup>

**2022**

Segment operating income  
at constant exchange rates

**> €3,200m**

Structural free cash flow <sup>(2)</sup>

**> €1,200m**

<sup>(1)</sup> Barring any new systemic impacts: serious supply chain disruptions or restrictions on freedom of movement that could result in a significant drop in the tire markets

<sup>(2)</sup> Structural free cash flow: see definition on slide 65



**4**

**APPENDICES**





- **Events to come:**

- **October 25, 2022** (after close of trading): Sales at September 30, 2022

- **November 29, 2022:** Update on « *Michelin in Motion* » strategy (*digital event*)



## REPORTED H1 2021 AND H1 2022 FINANCIAL HIGHLIGHTS

(in € millions)	H1 2022	H1 2021
Sales	<b>13,289</b>	11,192
Segment EBITDA	<b>2,439</b>	2,277
Segment EBITDA margin	<b>18.4%</b>	20.3%
Segment Operating Income	<b>1,530</b>	1,421
Segment Operating margin	<b>11.5%</b>	12.7%
Other Operating income and expenses	<b>(273)</b>	16
Net income	<b>843</b>	1,032
Basic earnings per share (in €)	<b>1.18</b>	1.44
Capital expenditure outlays	<b>980</b>	654
Free cash flow*	<b>(964)</b>	346
Gearing	<b>29.9%</b>	26.7%

\* Definition: see slide 65



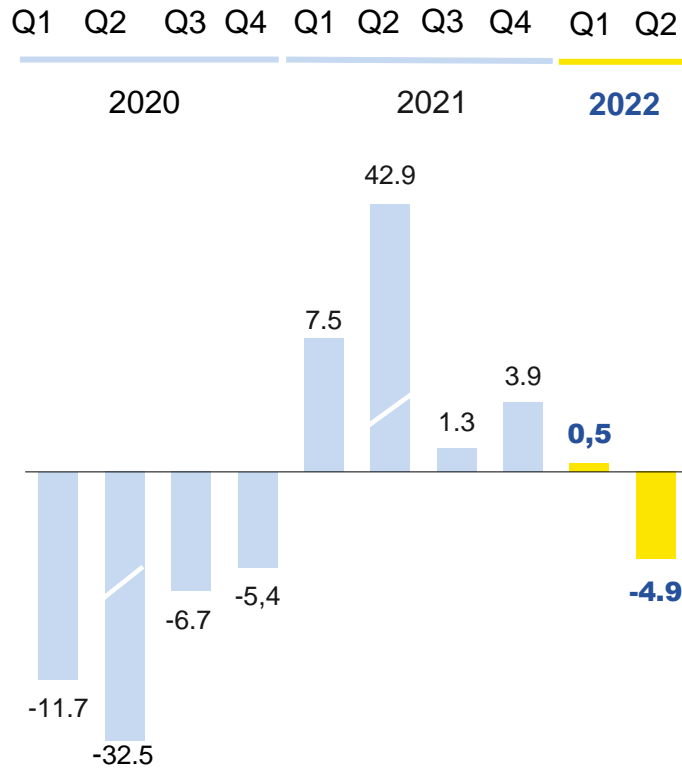
# IN VOLATILE, UNCERTAIN MARKETS, SUSTAINED DYNAMIC PRICING MANAGEMENT TO OFFSET COST INFLATION FACTORS



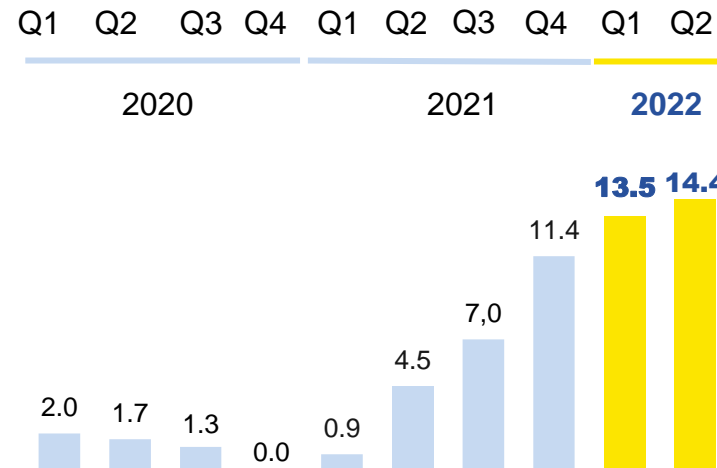
## YoY QUARTERLY CHANGE

(in %)

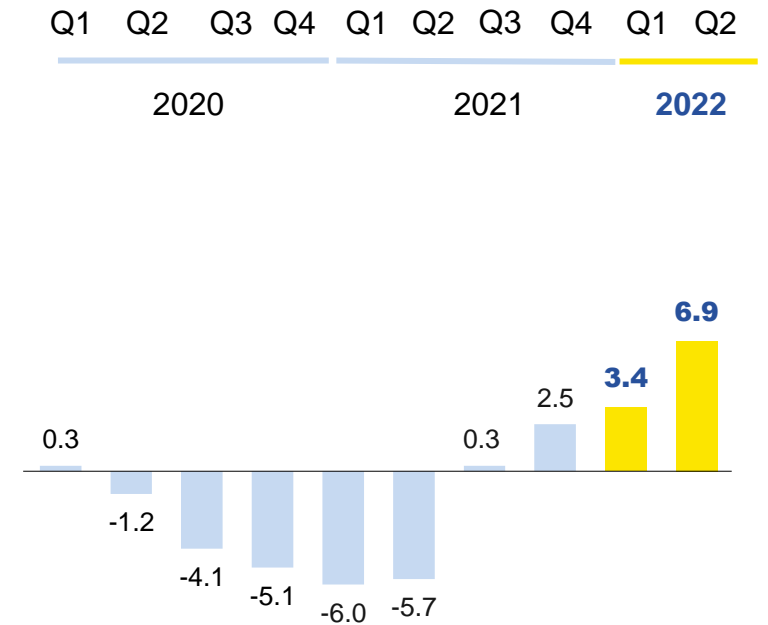
### Volumes



### Price-Mix



### Currency effect



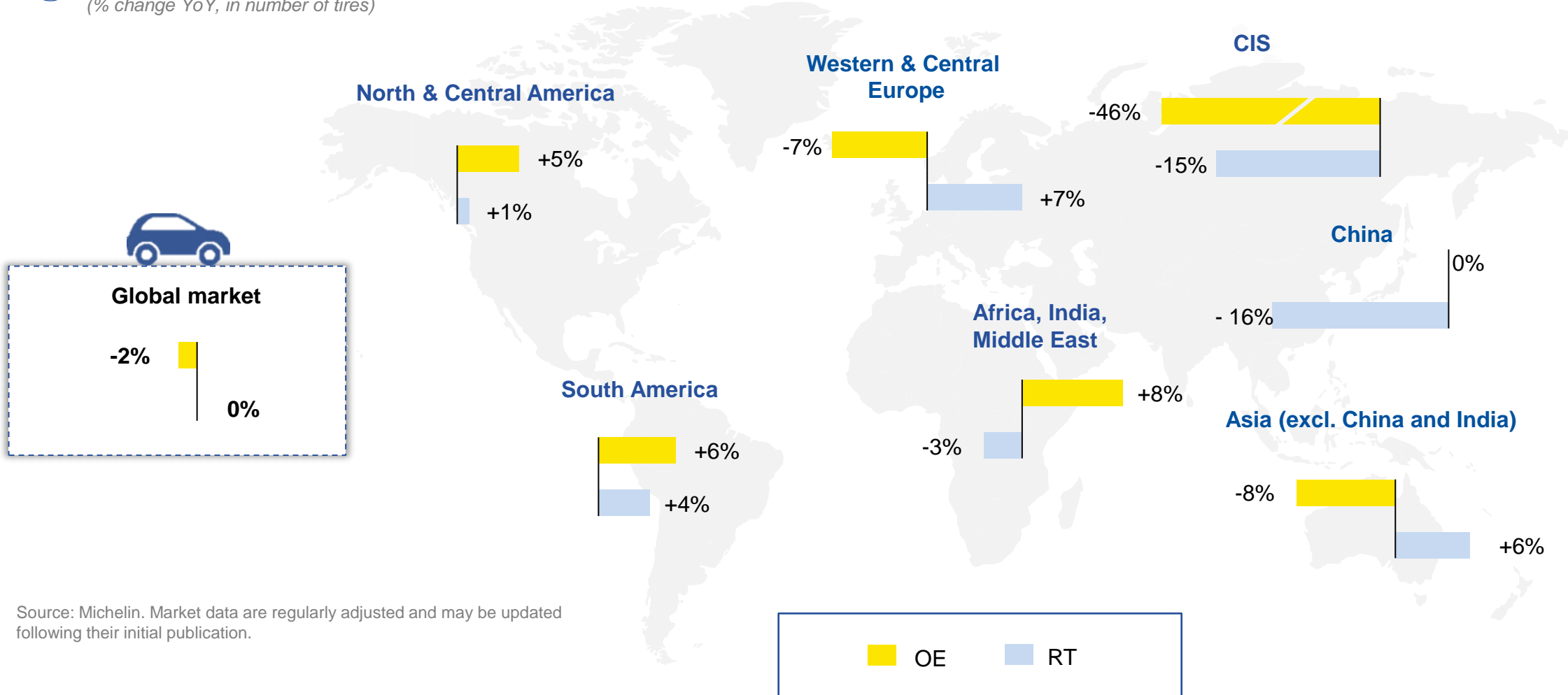


# PC/LT MARKETS: BROADLY STABLE GLOBAL DEMAND IN H1 MASKS WIDELY VARYING CONDITIONS BETWEEN THE OE AND RT MARKETS, DEPENDING ON THE REGION



## PC/LT TIRE MARKET, H1 2022

(% change YoY, in number of tires)



Source: Michelin. Market data are regularly adjusted and may be updated following their initial publication.

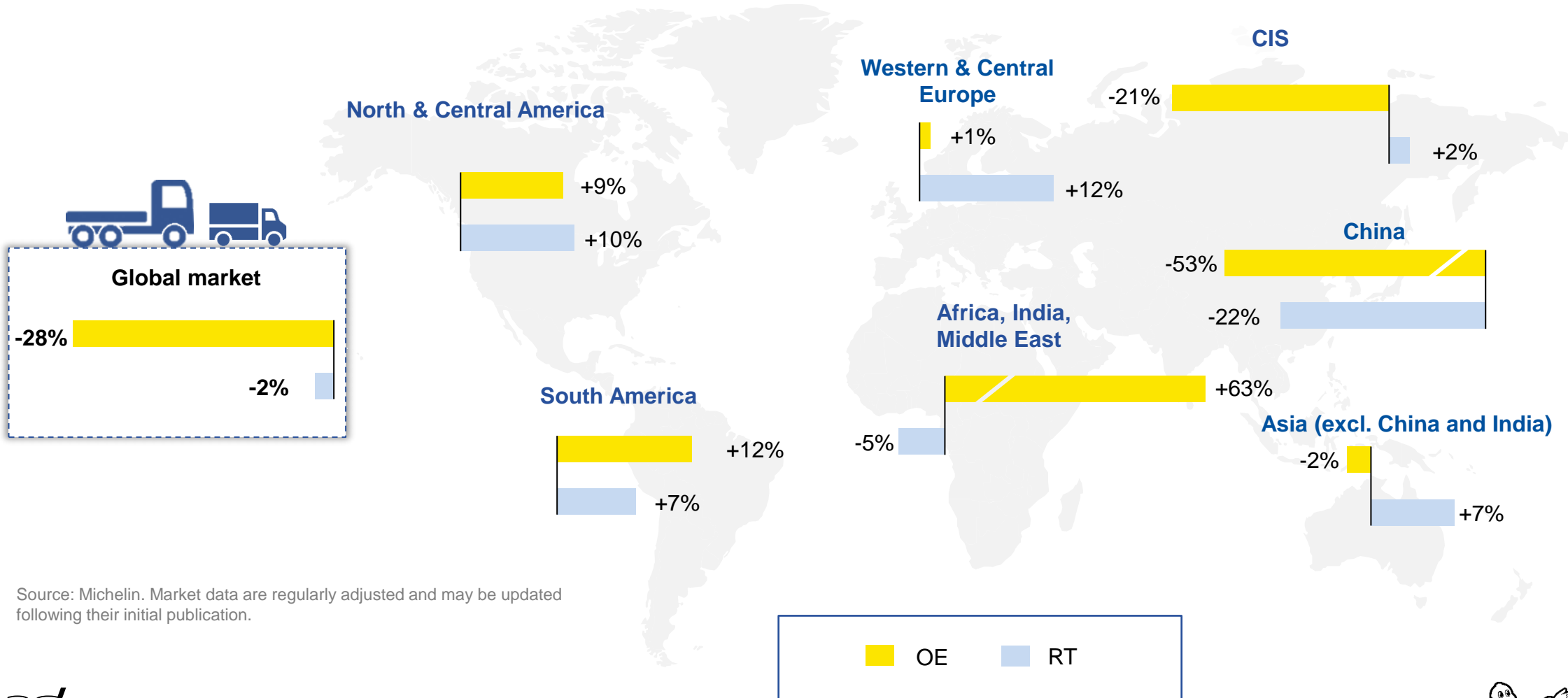


# TRUCK TIRE MARKETS: EXCLUDING CHINA AND THE CIS, DEMAND WAS BRISK THROUGHOUT THE FIRST HALF, LED BY FLEET UPGRADES AND GROWTH IN FREIGHT DEMAND



## TRUCK TIRE MARKET, H1 2022

(% change YoY, in number of tires)



Source: Michelin. Market data are regularly adjusted and may be updated following their initial publication.







## SALES BY CURRENCY AND SEGMENT OPERATING INCOME (SOI) IMPACT

% of sales H1 2022 12-month rolling		H1 2022 currency change vs. €	<b>Dropthrough*</b> sales → SOI
USD	38%	+ 10.1%	25% / 35%
EUR	31%	-	-
CNY	6%	+ 10.1%	25% / 30%
BRL	4%	+ 17.0%	-30% / -20%
CAD	3%	+ 8.1%	25% / 30%
GBP	3%	+ 3.2%	25% / 30%
AUD	3%	+ 2.8%	80% / 85%

% of sales H1 2022 12-month rolling		H1 2022 currency change vs. €	<b>Dropthrough*</b> sales → SOI
RUB	1%	+ 9.7%	25% / 30%
JPY	1%	- 3.2%	80% / 85%
MXN	1%	+ 9.6%	25% / 30%
TRY	1%	- 41.4%	80% / 85%
THB	1%	+ 0.7%	-130% / -100%
Others	7%	-	-

To read the table: illustration with impact of USD change on sales and SOI in €

$$\text{Sales} \times \underbrace{38\% \times 10.1\%}_{\text{impact on sales } +3.8\%} \times \sim 30\% = \text{impact on SOI } (\sim +1.1\%)$$

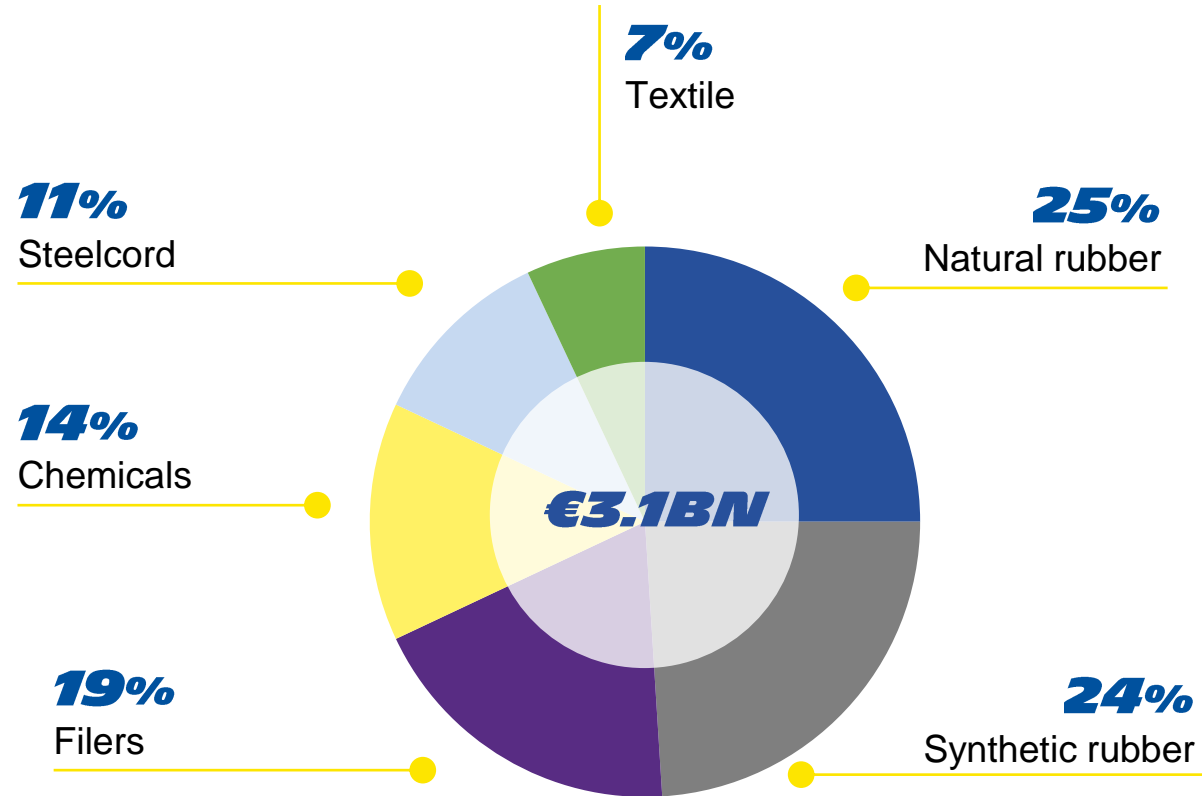
\* dropthrough linked to the export/manufacturing/sales base



## RAW MATERIALS



### COST OF RAW MATERIAL USED IN PRODUCTION IN H1 2022

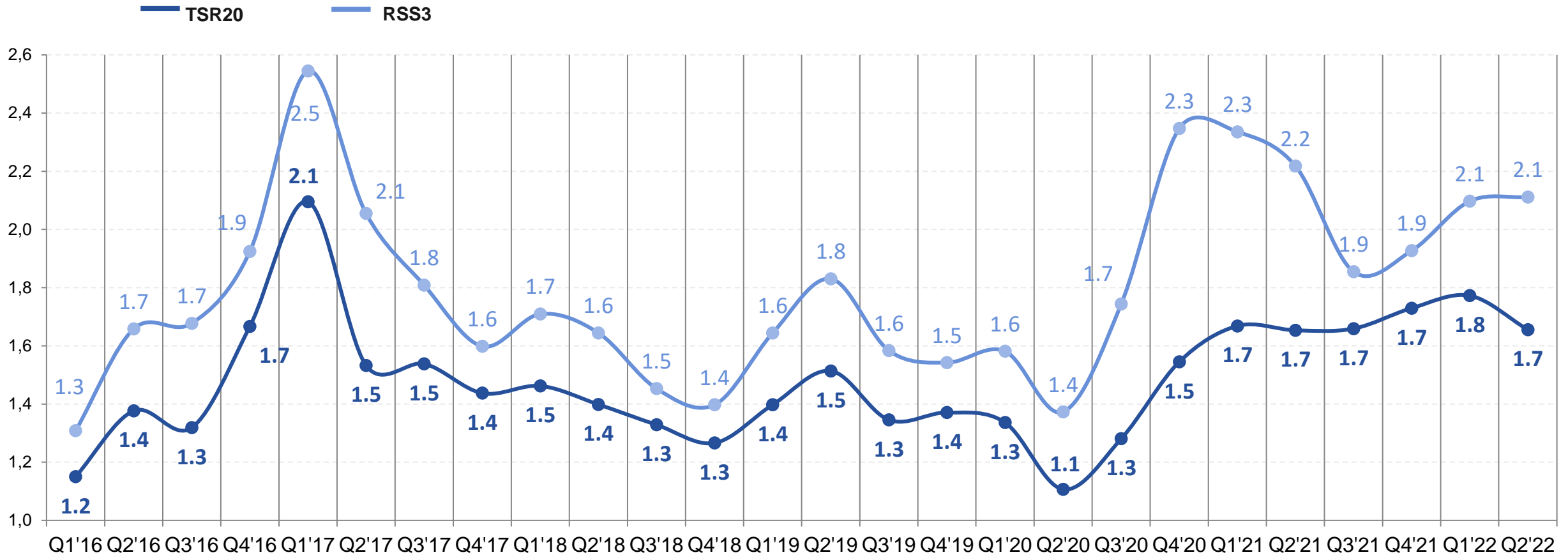




# NATURAL RUBBER PRICE TREND



TSR20 and RSS3 in \$/kg



Source: SICOM

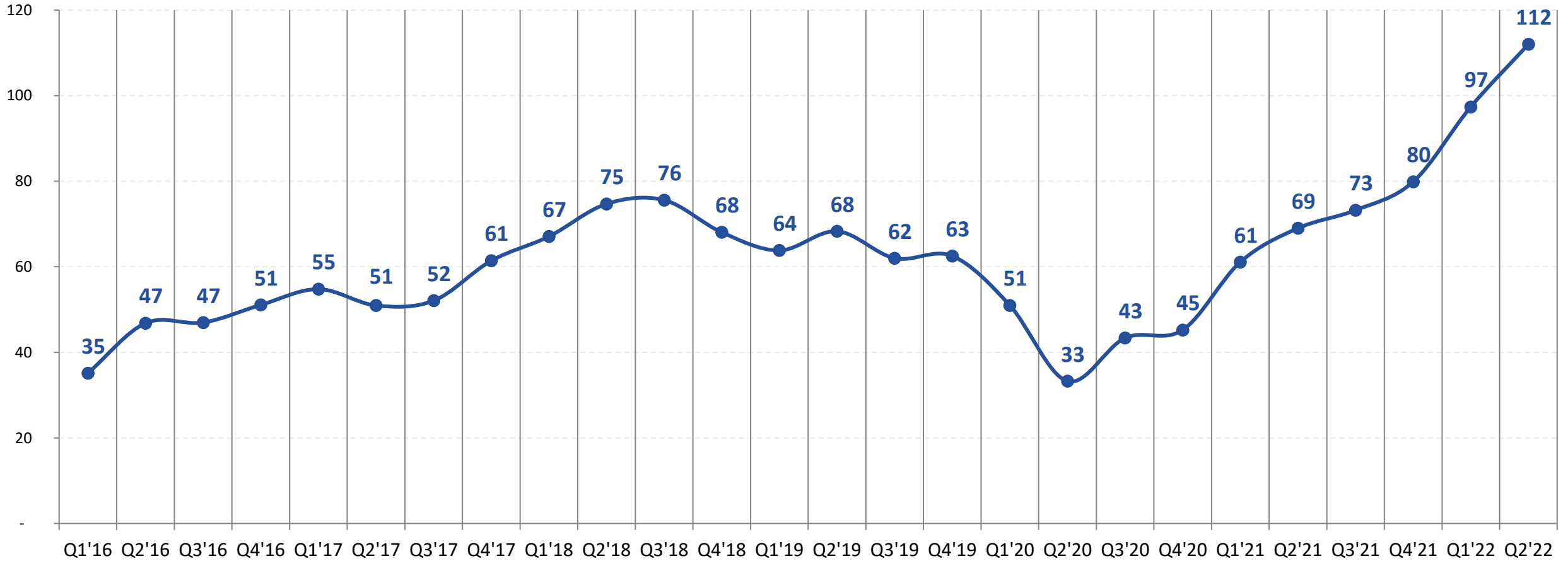




# BRENT PRICE TREND



Brent in \$/bbl

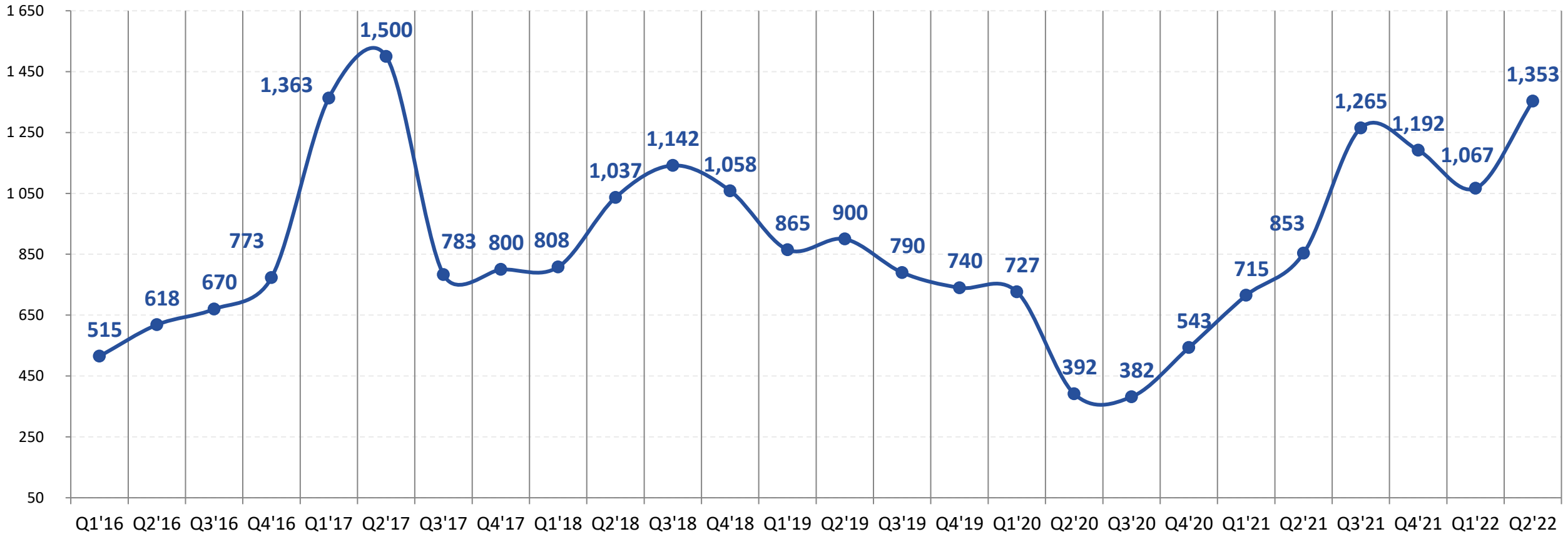




# BUTADIENE PRICE TREND



Butadiene in €/t







## OUTSTANDING BOND ISSUES (AS OF JUNE 30, 2022)



Issuer	Compagnie Générale des Établissements MICHELIN								
	Senior Note Convertible	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond
<b>Issue Type</b>	Senior Note Convertible	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond
<b>Principal Amount</b>	\$ 600m	€ 750m	€ 300m	€ 500m	€ 1,000m	€ 500m	€ 750m	€ 500m	€ 302m
<b>Offering price</b>	95.50%	99.10%	99.081%	99.89%	99.262%	99.54%	99.363%	99.46%	98.926%
<b>Rating corporation at Issuance date</b>	A- (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	BBB+ (S&P) A3 (Moody's)	A- (S&P) A- (Fitch)	A- (S&P) A3 (Moody's)	A- (S&P) A- (Fitch)	A- (S&P) A3 (Moody's)	A- (S&P) A- (Fitch)	A- (S&P) A3 (Moody's)
<b>Current corporation rating</b>	A- (S & P) ; A3 (Moody's) ; A- (Fitch)								
<b>Coupon</b>	ZERO Conv premium 130%	0.875% p.a	1.750% p.a	0.000% p.a	1.750% p.a	0.250% p.a	2.500% p.a	0.625% p.a	3.250% p.a
<b>Issue Date</b>	10-jan.-18	3-sept.-18	28-may-15	2-nov.-20	3-sept.-18	2-nov.-20	3-sept.-18	2-nov.-20	30-sept.-15 & 30-sept.-16
<b>Maturity</b>	10-nov.-23	3-sept.-25	28-may-27	2-nov.-28	3-sept.-30	2-nov.-32	3-sept.-38	2-nov.-40	30-sept.-45
<b>Interest payment</b>	N/A	Annual Sept 03	Annual May 28	Annual Nov 02	Annual Sept 03	Annual Nov 02	Annual Sept 03	Annual Nov 02	Annual Sept 30
<b>ISIN</b>	FR0013309184	FR0013357845	XS1233734562	FR0014000D31	FR0013357852	FR0014000D49	FR0013357860	FR0014000D56	XS1298728707
<b>Denomination</b>	\$ 200'000 with min. tradable amount \$ 200'000	€ 100'000 with min. tradable amount € 100'000	€ 1'000 with min. tradable amount € 1'000	€ 100'000 with min. tradable amount € 100'000	€ 100'000 with min. tradable amount € 100'000	€ 100'000 with min. tradable amount € 100'000	€ 100'000 with min. tradable amount € 100'000	€ 100'000 with min. tradable amount € 100'000	€ 1'000 with min. tradable amount € 1'000

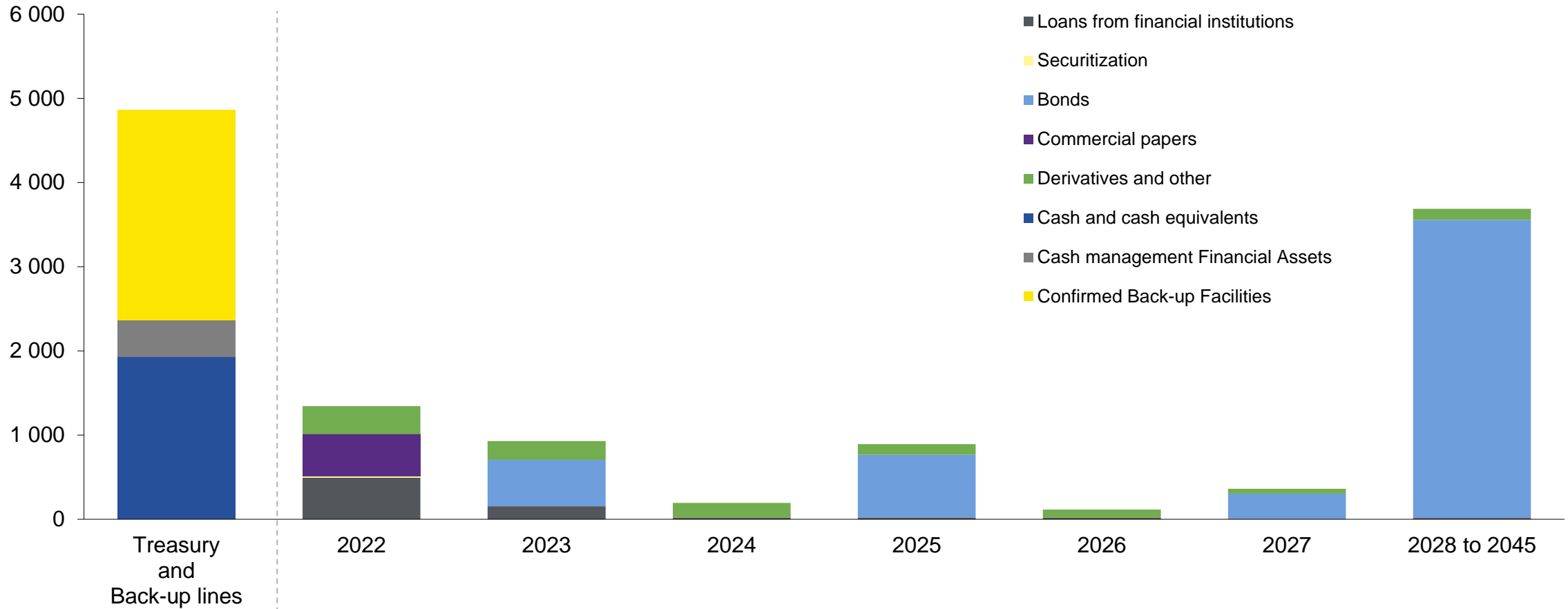


# A COMFORTABLE CASH POSITION WITH MATURITIES SPREAD OVER TIME



## Debt maturities at June 30, 2022

(carrying amount, in € millions)



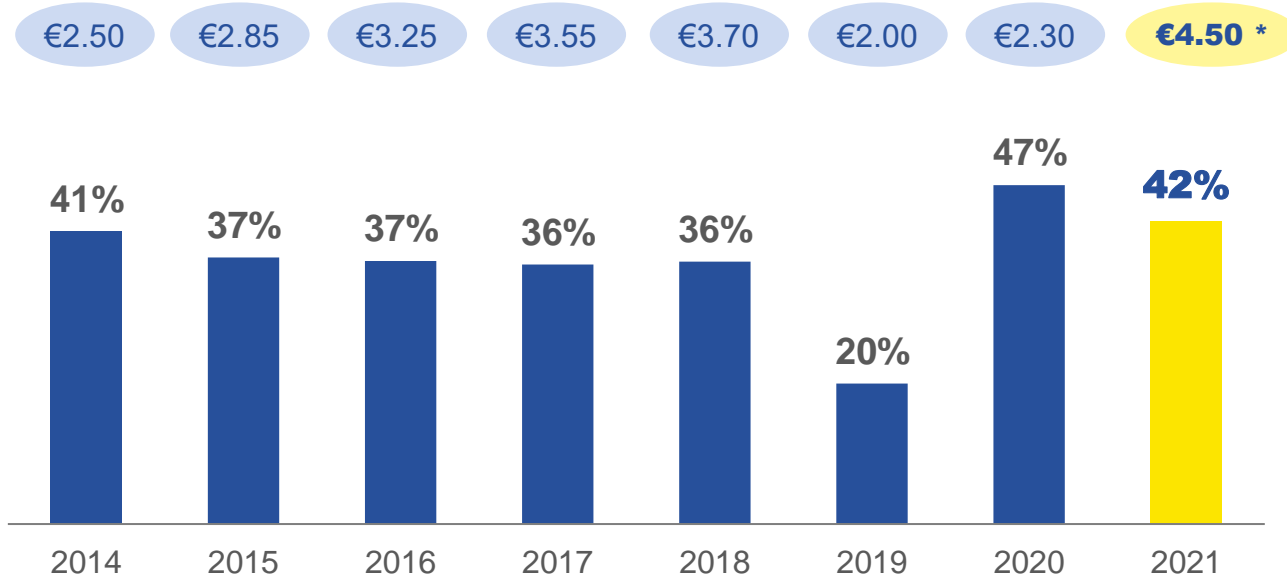


# A SUSTAINED AND AMBITIOUS DIVIDEND DISTRIBUTION POLICY



## HISTORICAL PAYOUT RATIO

Dividend  
(€ p.s.)



**CONSISTENTLY DELIVERED ABOVE 35%  
DIVIDEND PAYOUT**

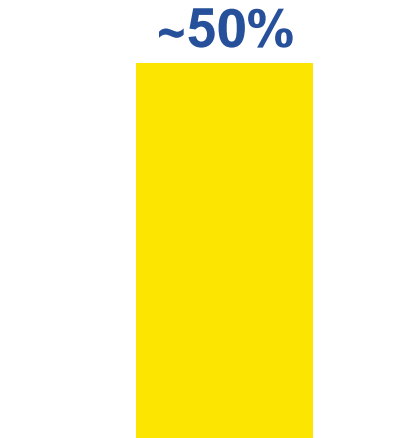
*(except the dividend voted in 2020 for 2019 due to the pandemic)*

\* Dividend paid-out linked to 2021 fiscal year, prior to the 4-for-1 stock split, effective June 16, 2022.



## PAYOUT RATIO AMBITION

Before non-recurring items



**Anti-dilutive / opportunistic  
share buyback program**



**MICHELIN HAS BEEN LEADING ALL MAJOR INNOVATIONS IN THE TIRE INDUSTRY, CURRENTLY INVESTING €300 MILLION / YEAR IN SUSTAINABLE CAPEX\***

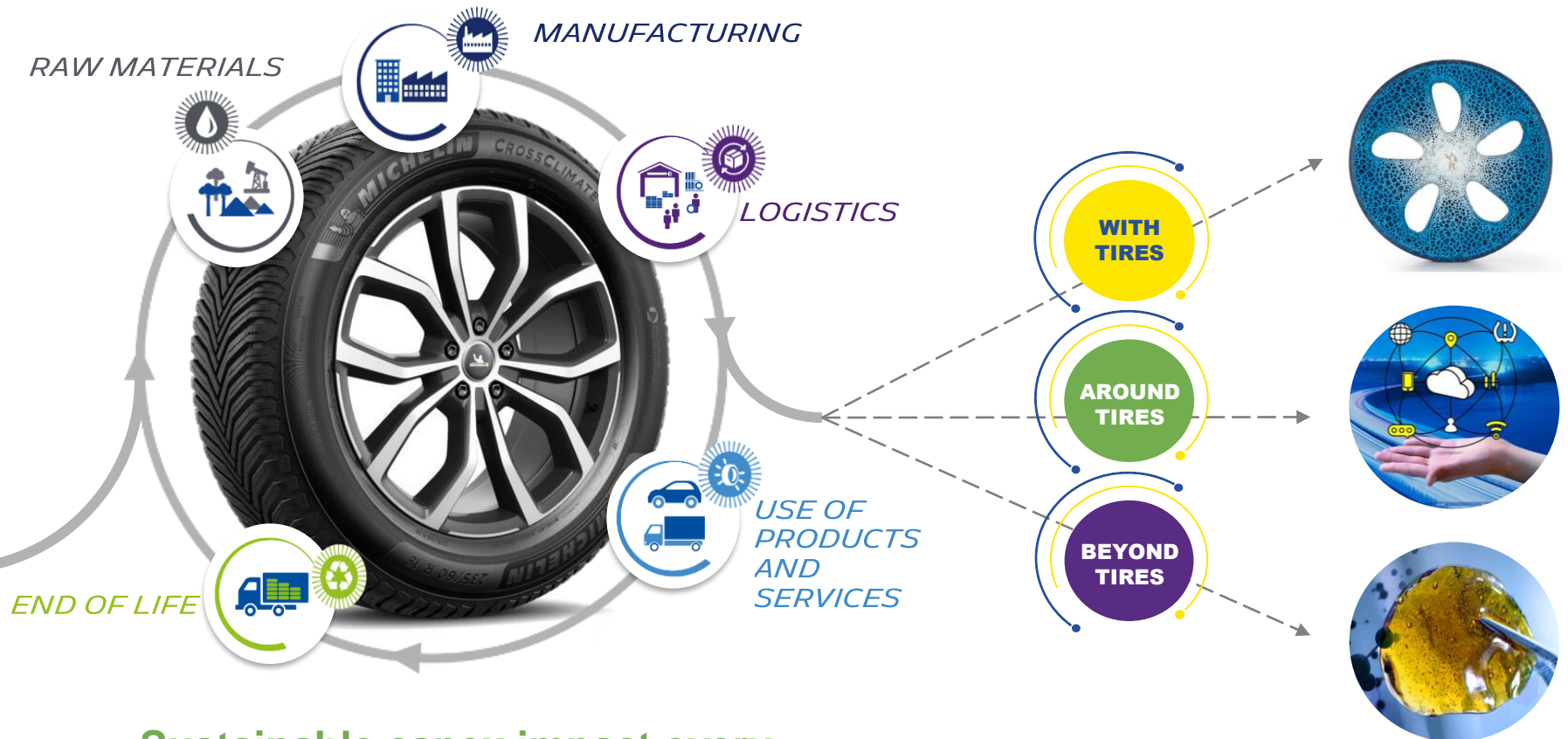
### Product ranges subject to life cycle analysis

50% IN 2021 ► 100% IN 2025

**Radial tire**  
1946



**1st "green tire"**  
(low rolling resistance)  
1992



\* From 2021 to 2023, source : Michelin, FY 2021

**Sustainable capex impact every stage of the product lifecycle**





**MICHELIN DRIVES UP THE TIRE INDUSTRY STANDARDS ON PRODUCTS PERFORMANCE.**  
**IF THE WORLD WAS DRIVING ON MICHELIN PC/LT TIRES IT WOULD SAVE...**

**620** <sup>(1)</sup>

thousand tons of materials per year

thanks to a **lower abrasion**, while keeping a low rolling resistance and maintaining other performances



or **2,500 Statues of Liberty**

**115** <sup>(2)</sup>

million tons of CO<sub>2</sub> emissions per year (scope 3 - usage)

thanks to a **lower rolling resistance**, without sacrificing other performances such as safety and abrasion

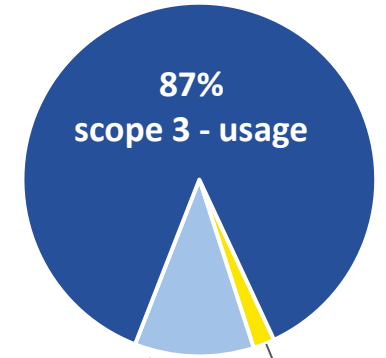


or **2 years of New York City's CO<sub>2</sub> emissions**



**Tire industry CO<sub>2</sub> emissions are mostly related to scope 3**

Illustration: Michelin 2021 CO<sub>2</sub> emissions <sup>(3)</sup>



11% scope 3 - other value chain activities

2% Scopes 1 & 2

(1) Underlying hypothesis: 30% advantage for Michelin vs competitors in abrasion, as calculated by ADAC - *Tyre wear particles in the environment*, Dec. 2021.

(2) Estimated impact on scope 3 usage of the tire industry if Michelin's technology was used by all manufacturers in all geographies. Underlying hypothesis: 20% advantage for Michelin vs competitors in rolling resistance, based on data extrapolated by Michelin.

(3) See page 210 of 2021 Universal Registration Document for details.







# DETAILED STRATEGIC SCORECARD: IN LINE WITH 2030 VISION

	▶ AMBITIONS	▶ METRICS	▶ 2030 SUCCESS	▶ RESULTS		
				2019	2020	2021
People	Be world-class in employee engagement	Engagement rate	>85%	80%	82% <sup>(1)</sup>	80%
	Be world-class in employee safety	TCIR <sup>(2)</sup>	<0.5	1.43	1.19	1.29
	Be a reference in diversities and inclusion of teams	IMDI <sup>(2)</sup>	80 pts over 100	-	62	67
	Be best-in-class in value created for customers	NPS <sup>(2)</sup> partners	+10 pts vs. 2020	38	40.5	38.9
Profit	Deliver substantial growth	Total sales (in €bn)	+5% CAGR 2023-2030	24.1	20.5	23.8
	Deliver continuous financial value creation	ROCE <sup>(2)</sup>	>10.5%	10.0%	6.0%	10.3%
	Maintain MICHELIN brand power	Brand vitality quotient	+5 pts vs. 2021	-	58	68
	Maintain best-in-class innovation pace in products and services	Brand vitality Index	>30%	30%	29%	31%
Planet	Reach carbon neutrality by 2050 (manuf. and energy)	CO <sub>2</sub> emissions scopes 1&2	(50%) vs. 2010	(24.8%) 2,919Kt	(36.5%) 2,463Kt	(29%) 2,764 Kt
	Contribute to reaching carbon neutrality (usage)	Products energy efficiency (scope 3)	+10% vs. 2020	-	100	100.5
	Be best-in-class in environmental footprint of industrial sites	i-MEP <sup>(2)</sup>	-1/3 vs. 2019	100	-	92.6
	Reach full circularity of products by 2050	Sustainable Material Rate	40%	26%	28%	29%

(1) Based on the 2021 scope of reporting, the 2020 rate was 82%, versus 83% as reported based on the 2020 scope.

(2) TCIR = Total Case Incident Rate; IMDI = Inclusion and Diversities Management Index; NPS = Net Promoter Score; ROCE = Return on Capital Employed; i-MEP = industrial - Michelin Environmental Performance, see p.151 of the 2021





# **APPENDICES**

*TIRES BUSINESSES*





# TBC CORPORATION: A SUCCESSFUL INTEGRATION THAT IS ALREADY DELIVERING STRONG CASH FLOWS

## OBJECTIVES

Improve customer service

Improve margins and cash flow

## INITIATIVES

**145 → 112 warehouses**

Optimize geographic coverage

**Deploy a seamless ERP<sup>(1)</sup> system across the JV**

**Practice price discipline**

**Reduce SG&A expense**

**Reduce working capital requirement**

- Reduce average DIO by 25% at end-Dec. 2021 vs. Dec. 2019
- Get DSO and DPO under control

## OUTCOMES

**Integrated supply chain**

- Shorter delivery times & lower service costs
- Improved product availability

**Margins & cash**

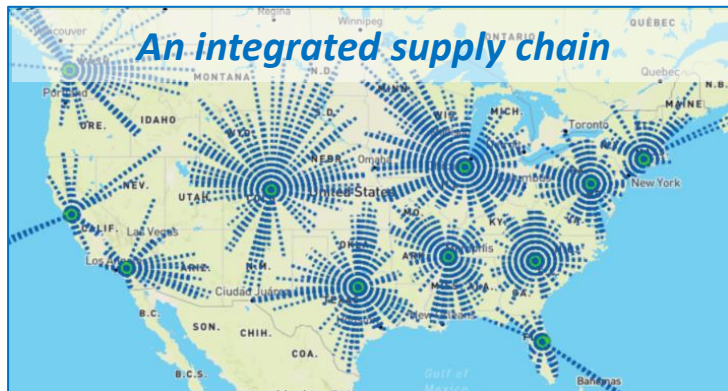
(in € millions)	2021		2019	
Sales	4,482		4,401	
EBITDA	321	7.2%	170	3.9%
Net income/(loss)	43	1.0%	(32)	(0.7%)

**Early repayment of \$200m** in shareholder loans<sup>(3)</sup> in 2021

**0 financial liabilities** to outside lenders

**+54% of NPS<sup>(2)</sup>**

Dec. 2021 vs. Dec. 2019



# ROBUST ACCESS TO THE NORTH AMERICAN MARKET TBC = 2<sup>ND</sup> LEADING WHOLESALER

(1) Enterprise Resource Planning

(2) NTW's Net Promoter Score

(3) Repayment two years ahead of schedule. The \$200 million in outstanding capital will be repaid at maturity in 2023, split 50/50 between Michelin and Sumitomo Corporation.







# TRUCKS: NEW CHALLENGES AHEAD FUELING GROWTH OPPORTUNITIES ON VALUE CREATIVE MARKETS

## Fleets in search of increased efficiency

Additional opportunities with connected vehicles



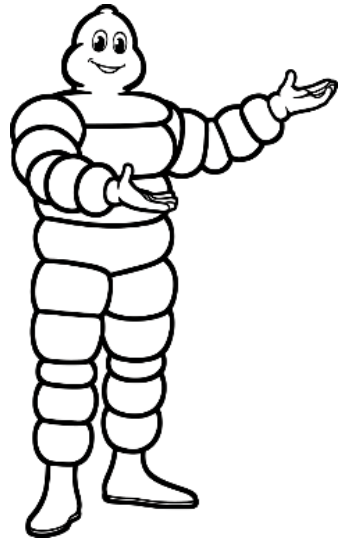
## Acceleration in sustainable transportation

Original Equipment with the new VECTO standards



## Acceleration in "Last mile delivery"

E-commerce: +36% of professional vehicles in the city center by 2025\*



## Connected solutions focused on efficiency

- Uptime optimization
- Reduction of maintenance costs
- Tracking, routing, etc.

## Solutions to improve environmental footprint

- **New optimized products:**
  - Rolling resistance
  - Sustainable material rate
  - Long-lasting performance
- **Strengthening of the retreading business**
- **Michelin Green Mobility / Watea**

## Targeted offers for "last mile" fleets

- **Renewal of the offering**
- **Bespoke solutions for "last mile" fleets:**
  - Tire delegation
  - Fleet management

\* Source: Accenture Research



# SPECIALTIES: POSITIONED TO CAPTURE CYCLE UPSIDE THROUGH DIFFERENTIATION

## Product Differentiation

- Performance and braking
  - Wet grip, for new and used tires
- 
- Tire resistance
  - Connected tire (e.g., MEMS or TPMS)
- 
- Increase in loads carried and driving speeds
  - Reduced of compaction of agricultural soils
- 
- Lower energy consumption and CO<sub>2</sub> emissions
  - Mass efficiency
  - Recyclable products

MICHELIN XDR – 63”



MICHELIN CEREXBIB 2



### SAFETY

### OPERATIONS CONTINUITY

### OPERATIONS PRODUCTIVITY

### SUSTAINABILITY

## Service Differentiation

- On-site auditing
- 
- On-site inspections and connected preventive maintenance
- 
- Real-time monitoring of mining and agricultural tires
  - Engineering (e.g., conveyors)
- 
- End-of-life product management

### ON-SITE INSPECTION AND MAINTENANCE



### RECYCLING



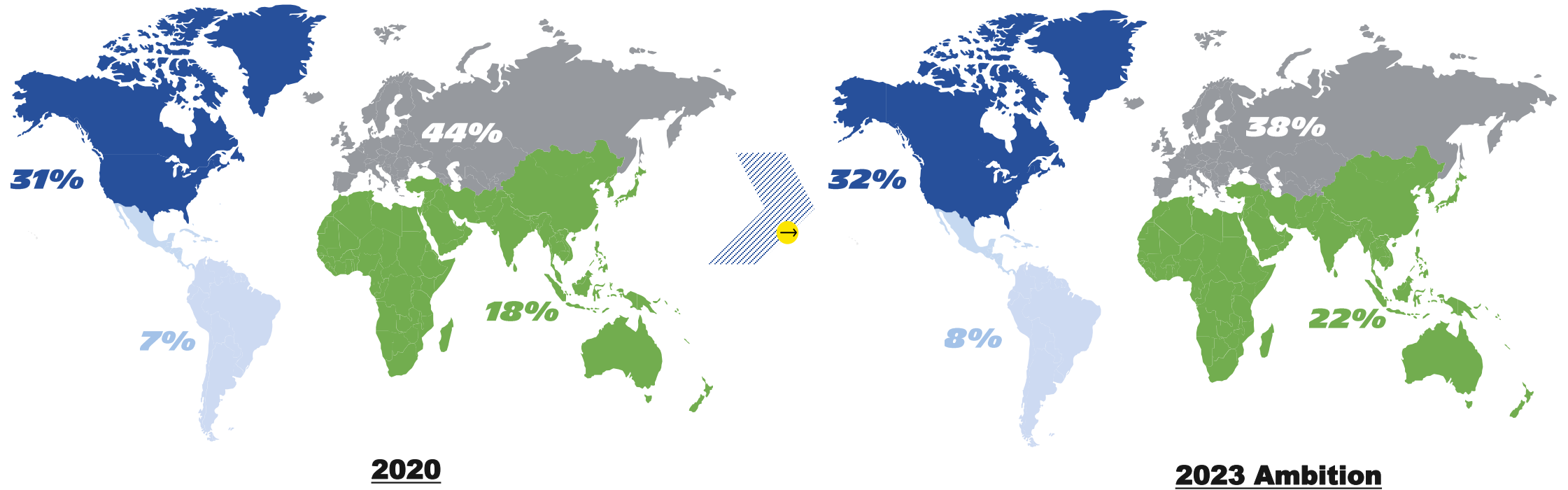


# COMPETITIVENESS PLAN: REBALANCING OUR INDUSTRIAL FOOTPRINT TO BECOME MORE LOCAL-TO-LOCAL



## SEIZING POSITIVE MOMENTUM IN EMERGING MARKETS

(% Manufacturing capacity)



**2020**

**2023 Ambition**

Increase local-to-local ratio  
Reducing inventories and CO<sub>2</sub> emissions  
Best-in-class supply chain



# MANUFACTURING COMPETITIVENESS PLAN: 4.0 PLANTS TO MAKE OUR INDUSTRY MORE PRODUCTIVE AND FLEXIBLE

Automation  
Artificial  
Intelligence

DIGITAL  
MANUFACTURING

MASSIFYING  
FLAGSHIP  
PLANTS

Responsiveness  
Cost optimum  
*In 2025, 16 major sites will  
have an average production  
capacity of 140Kt*

**4 LEVERS  
FOR INDUSTRIAL  
COMPETITIVENESS**

OPERATIONAL  
EXCELLENCE

MATERIAL COST  
REDUCTION

Design to cost  
Scrap reduction  
Upstream gains

Flexibility  
Simplexity  
Process  
Standardization





# **SG&A TIRE COMPETITIVENESS PLAN: CONTINUING SIMPLIFICATION ACTIONS TO INCREASE PRODUCTIVITY**

## **INCREASING PRODUCTIVITY**

Leveraging new technologies (AI)

Digitalizing operations

Optimizing the industrial footprint

## **2 LEVERS FOR TIRE SG&A COMPETITIVENESS**

## **SIMPLIFYING PROCESSES**

Standardizing best practices

Decision making closer to customers

Developing shared service centers

Reengineering end to end processes



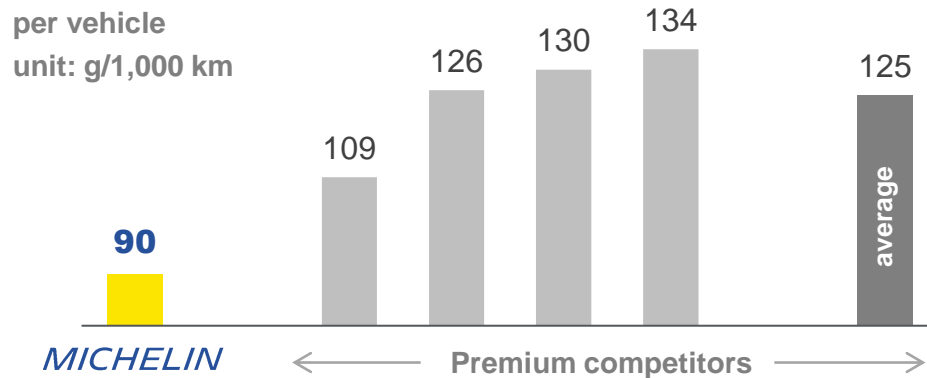
# WEAR PARTICLES: MICHELIN HAS A CONSIDERABLE COMPETITIVE ADVANTAGE, WITHOUT COMPROMISING SAFETY

“Low tyre abrasion and safe driving characteristics: Michelin shows how it [should be] done”  
(ADAC, Dec. 2021<sup>(1)</sup>)

Michelin is continuously improving the performance of its products thanks to its unrivaled expertise

## Particulate emissions: Michelin vs. other premium tiremakers

Source: ADAC, Dec. 2021<sup>(1)</sup>



The environmental impact of tire abrasion is up to 50% higher for other manufacturers than for Michelin, whose tire technology currently gives them an enormous lead over the competition.

[Download the ADAC study](#)

## Particulate emissions are being reduced with each new range<sup>(2)</sup>

MICHELIN leader



MICHELIN e.Primacy



-20%

vs MICHELIN Primacy 4

MICHELIN CrossClimate 2



-13%

vs MICHELIN CrossClimate +

MICHELIN Pilot Sport 5



-20%

vs MICHELIN Pilot Sport 4





# TIRE AND ROAD WEAR PARTICLES (TRWP): DEFINITION AND STATE OF KNOWLEDGE

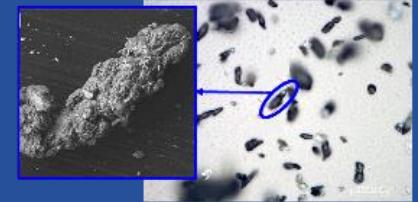
TRWP are tiny debris generated by abrasion from a tire's contact with the road surface. **This abrasion is caused by the tire's grip and keeps the tire safely on the road.**

Scientific studies<sup>(1)</sup> have started to **measure the environmental impact of TRWP:**

**AIR**  
Studies confirm that TRWP account for only a very small proportion (<1%) of particulate matter pollution

**WATER**  
Studies suggest that TRWP sediment and degrade quickly, so that 50% disappear in 16 months

## TRWP



5 x 10<sup>-2</sup> mm

- Composition: mixture of rubber and road surface minerals
- High density: 1.8
- Diameter: ~100 μm (100 times smaller than microplastics)



Michelin strongly favors a regulation that would limit the level of wear particles emissions of all tires worldwide. Michelin contributes with the ETRMA<sup>(2)</sup> members to the definition of a standardized test method of TRWP emission rate, to eliminate the least performing tires from the market with a threshold regulation.

(1) For more information about TRWP, [see the following document](#), which cites the studies in question

(2) European Tyre & Rubber Manufacturers Association

[Download the ADAC study](#) +

Tyre wear particles in the environment (Dec. 2021)





# ***APPENDICES***

*AROUND AND BEYOND TIRES BUSINESSES*







# SERVICES & SOLUTIONS: DRIVING GROWTH BY CAPITALIZING ON THE DEEP CUSTOMER INTIMACY ACQUIRED IN THE TIRE BUSINESS AND BY LEVERAGING OPPORTUNITIES CREATED BY DIGITALIZATION




STRONG CUSTOMER INTIMACY



## Tire as a Service

**EFFITIRES™**  
**MICHELIN® TIRE CARE**




## Fleet management

## Other fleet services

## Digital services platform

## Data and IoT businesses

## Fleet management

Make operations safer, more predictable, productive, and sustainable

Help find trustworthy partners and streamline your maintenance services and business processes digitally.

Help customers accelerate their business with smart data and better insights.

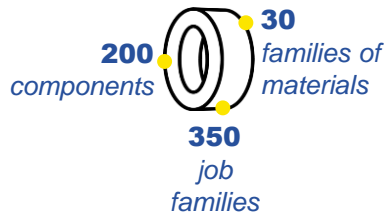




# HIGH-TECH MATERIALS: EXPANDING BEYOND TIRES BY LEVERAGING OUR EXPERTISE AND OUR INNOVATIONS, FROM MATERIALS TO SOLUTIONS, FOR HIGHLY DEMANDING APPLICATIONS

## R&D

- Unique expertise acquired in **tire manufacturing**:



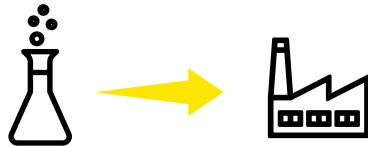
- Proficiency in **materials chemistry** and **processing**, from components to composites

- Basic and applied **research** capabilities

- A wide range of **partnerships** to **accelerate innovation**

## MANUFACTURING

- Ability to **scale up** and reproduce the materials-based solutions developed in the laboratory:



- Proficiency in **industrial processes**



*With the same level of quality*



*Around the world*

## GROWTH STRATEGY

- **Organic growth**

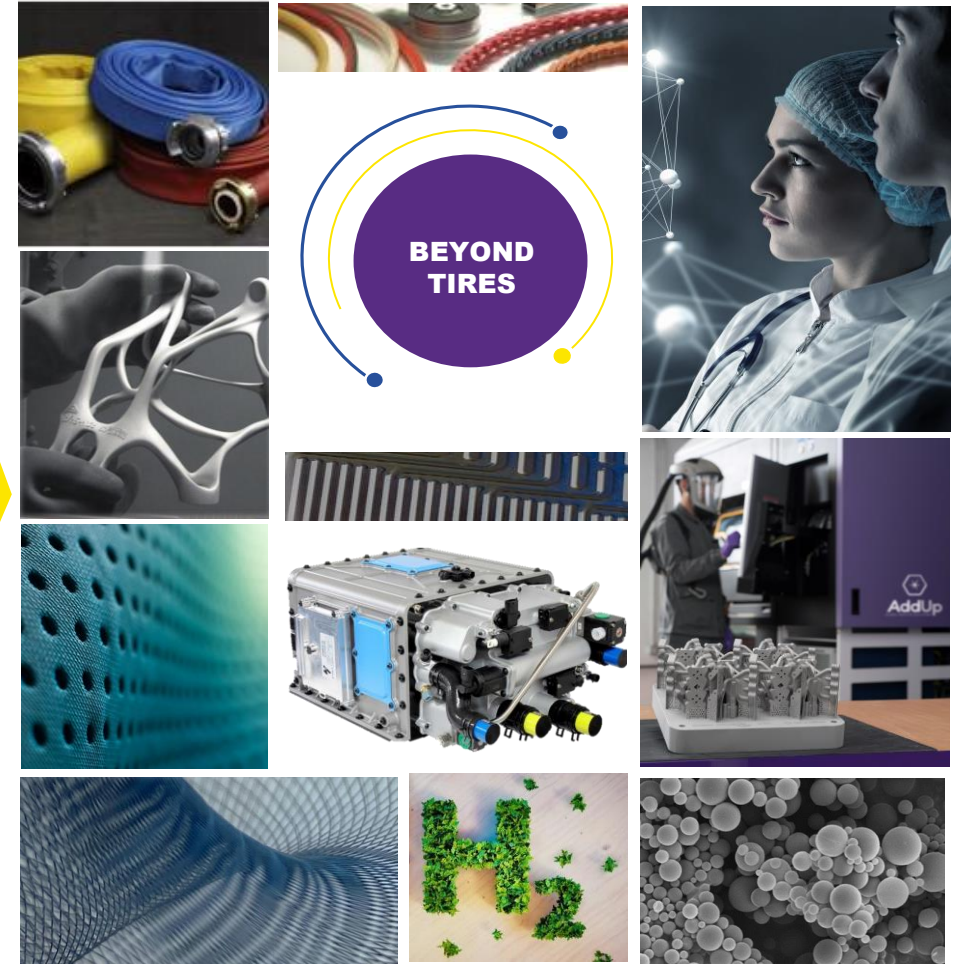


- **M&A-driven growth**

Features vs. tires:

- Market growth: +
- EBIT +
- Capital intensity: -

- **Joint ventures**







# **APPENDICES**

*NON-FINANCIAL PERFORMANCES*





# NON-FINANCIAL PERFORMANCE: MICHELIN, A LEADING AND RECOGNIZED PLAYER IN SUSTAINABLE MOBILITY

## Major sustainability rating (as of June 30, 2022)

	SUSTAINALYTICS (risk rating) 2021	MSCI 2021	CDP 2021	ECOVADIS 2021	ISS ESG 2021	VIGEO EIRIS Moody's 2021
Rating	<b>LOW RISK</b>	<b>AAA</b>	<b>A &amp; B</b>	<b>78/100</b>	<b>B-</b>	<b>73/100</b>
Ranking/ Distribu- tion of ratings	<p>14% 0% 27% 0% 63% 37% 69% 19% 21% 31% 1% 1% 0%</p> <p>Severe High Medium Low Negligible</p> <p>■ Auto Components ■ Global universe ■ Tires</p>	<p>17% 17% 26% 17% 11% 6% 6%</p> <p>CCC B BB BBB A AA AAA</p>	<p>Climate change: Light manufacturing (B), Europe (B), Global Average (B-), MICHELIN score (A)</p> <p>Water security: Light manufacturing (B), Europe (B), Global Average (B-), MICHELIN score (B)</p>	<p><b>TOP 1%</b> Natural rubber production</p> <p>MANUFACTURE FRANCAISE DES PNEUMATIQUES MICHELIN SC (GROUP)</p> <p>100% 75% 50% 25% 0%</p> <p>0 25 45 65 85 100</p> <p>● All companies rated by EcoVadis in this industry</p>	<p>30% 20% 10% 0%</p> <p>D- D D+ C- C C+ B- B B+ A- A+</p>	<p><b>1<sup>ST</sup> OF 39</b> In the automotive sector in Europe</p>



# NATURAL RUBBER: MICHELIN IS STRENGTHENING ITS COMMITMENT TO EFFICIENT, RESPONSIBLE NATURAL RUBBER FARMING

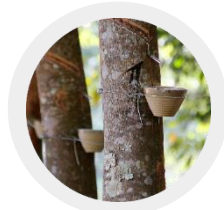
In response to a **fragmented and complex** industry...

Michelin procurement

**KEY FIGURES**

- ~**90%** of purchased volumes come from smallholders
- >140** direct suppliers
- UP TO 7** middlemen between direct suppliers and smallholders
- ~**2M** smallholders serve Michelin
- ~**2 HA.** average farm size

...Michelin is strengthening its commitment to a sustainable supply chain



## 2025 objective: step up sustainability across the industry

- Land rights: more than 95% of identified at-risk supplies apply the principle of free, prior and informed consent.
- Deforestation: more than 95% of identified at-risk supplies apply the zero-deforestation principle.
- Social and environmental risks: more than 70% of procurement volumes are assessed.



## Extend assessments of supplier practices across the value chain...

- Direct suppliers via EcoVadis: 94% of volumes assessed at end-2021, of which 79% confirmed as compliant.
- Indirect suppliers via RubberWay: 64% of volumes mapped at end-2021, with a target of 80% in 2022.
- Since 2020, a stronger partnership with WWF for more in-depth analysis of deforestation risks.



## ...to undertake impactful, real-world projects

- **Brazil** – partnership with WWF: increasing the rubber harvest to have a positive economic impact on 3,800 families in the State of Amazonas, while preserving the forest (6.8 million hectares under management).
- **Indonesia** – partnership with Porsche: improving the skills of 1,000 smallholders identified with the RubberWay™ app.
- **Thailand** – as part of the GPSNR: helping small farmers diversify their sources of income with agroforestry opportunities.
- **Africa** – through SIPH: offering nearly 100,000 farmers a year training in best agricultural practices, workplace health and safety, and environmental issues.
- ....





# ENVIRONMENTAL AWARENESS, THROUGHOUT THE LIFECYCLE OF MICHELIN'S PRODUCT, STARTING FROM R&D DESIGN

**RAW MATERIALS**  
Sustainable natural rubber supply



**MANUFACTURING**  
Reducing impact



**LOGISTICS**  
Reducing the carbon footprint



**MATERIALS RECYCLING**

Recycling systems /  
Circular economy



**USE OF PRODUCTS AND SERVICES**

63% to 96% of the life cycle impact

Low rolling resistance – reduce CO<sub>2</sub> emissions  
Safe when new, safe when worn



**ENERGY RECOVERY**

**END OF LIFE**

**RETREADING**

Substantial savings in raw materials





**ON THE PATH TO REACH FULL CIRCULARITY OF PRODUCTS WITH 40% OF SUSTAINABLE RAW MATERIALS IN 2030, 100% IN 2050**



NATURAL RUBBER

PLASTIFIERS/RESINS

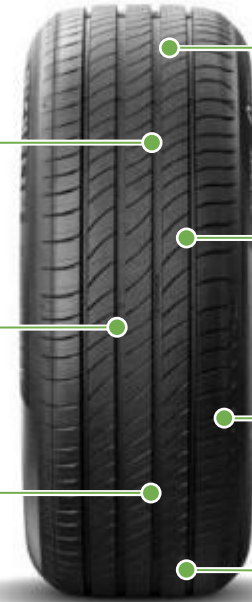
TEXTILES

SYNTHETIC RUBBER

CHARGES

METALS

OTHER



(2)



(1)



In 2022, Michelin has equipped the Green GT endurance car for 24H of Le Mans, **with a 53%-sustainable material tire**

(1) European project funded by Horizon 2020, project number: 82068

(2) With the support of ADEME (ADEME: French Environment & Energy Management Agency)







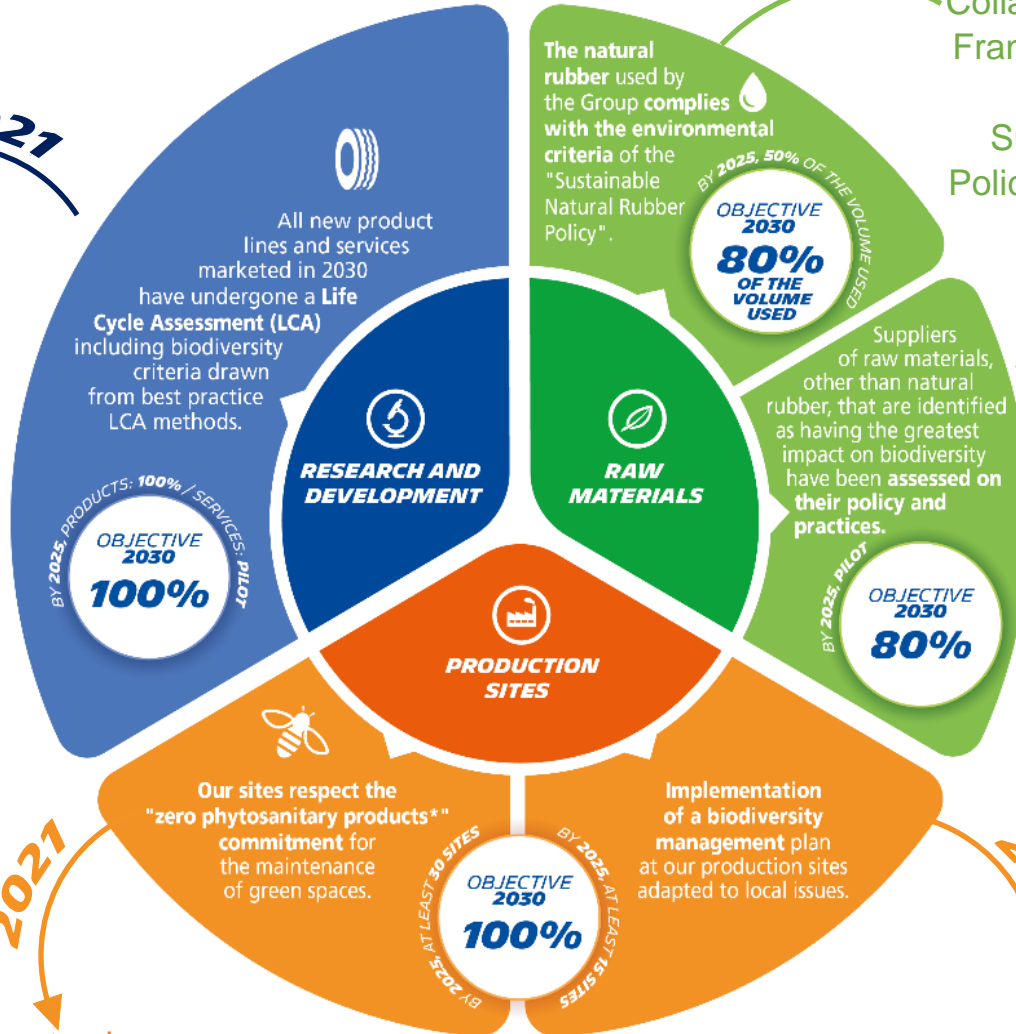
# ENVIRONMENT PROTECTION: MICHELIN IS A LEADER IN ACTING FOR BIODIVERSITY PROTECTION

act4nature international

## Life Cycle Analyses carried out on:

- 50 % of new passenger car and light truck product projects
- 30 % of new truck product projects
- 65% of new specialty products projects

2021



2021

Collaboration initiated with WWF France to review the compliance framework of Michelin's Sustainable Natural Rubber Policy for supplies from industrial plantations

2021

Preparing the pilot project for 2025

2021

12 sites in France without using phytosanitary treatments

8 sites at pollution risk with an action plan



# AMBITIONS FOR 2030

## BIODIVERSITY

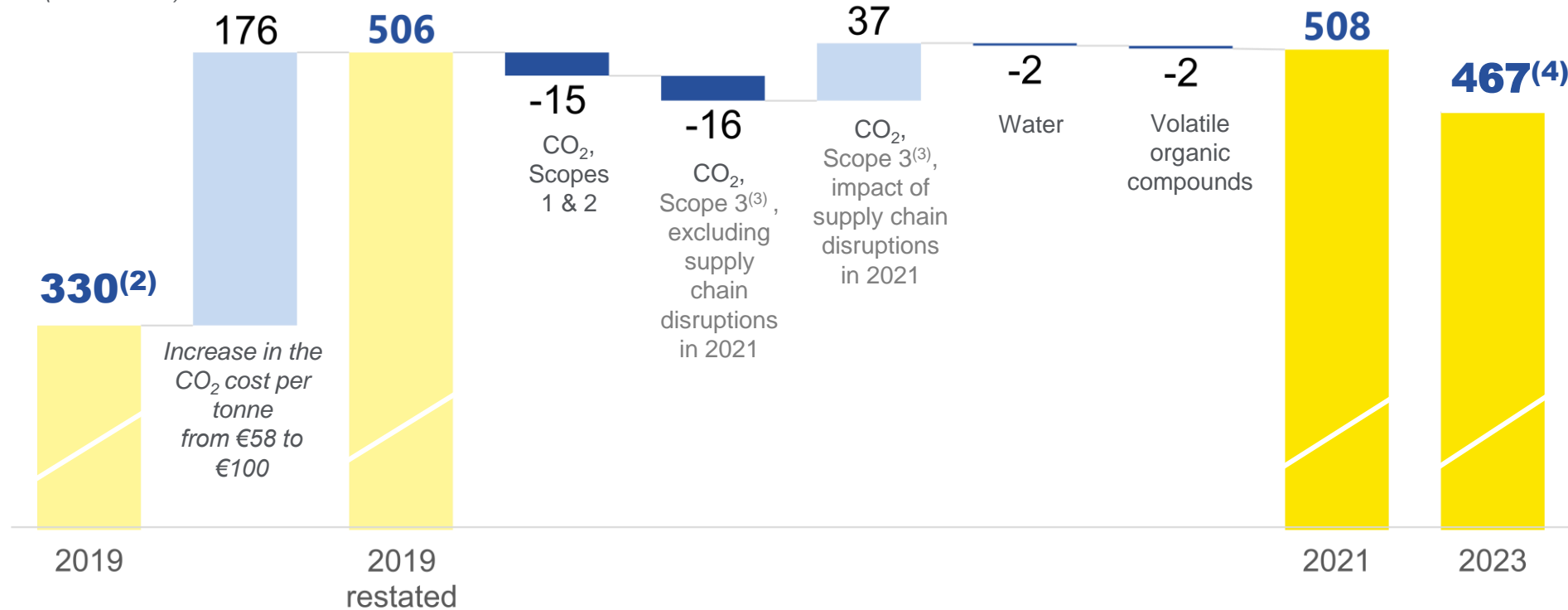
\* Replacement of pesticides and fertilizers by mechanical methods combined with other alternative solutions



# MICHELIN IS PURSUING PROGRAMS TO REDUCE ITS CO<sub>2</sub> EMISSIONS, VOC <sup>(1)</sup> EMISSIONS AND WATER WITHDRAWALS

In response to supply chain disruptions, the Group occasionally had to resort to more costly workarounds on an as-needed basis, which penalized CO<sub>2</sub> emissions in 2021.

## Analysis of externality costs (in € millions)



### Definition Scope

- 1 Direct emissions**  
sources owned or controlled by the company
- 2 Indirect emissions**  
energy purchased by the company
- 3 Indirect emissions**  
all other emissions related to the company's business activities and the use of finished products

(1) Volatil Organic Compounds

(2) Including €3m from adjustments in the method of calculating transportation-related CO<sub>2</sub> emissions

(3) Covers only the inbound and outbound transportation and distribution of natural rubber, semi-finished products and finished product

(4) Corresponds to the 2023 target of approximately €300m announced at the CMD on April 8, 2021, adjusted for the ton of CO<sub>2</sub> valued at €100/t and the change in method mentioned in (2)







# MICHELIN APPLIES THE RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



Detailed information concerning the application of TCFD recommendations may be found in the public answers to the CDP Climate Change 2021 questionnaire (see <https://www.cdp.net/en/responses>).



## Michelin's answer

See p. 222 of 2021 Universal Registration Document for more details

### GOVERNANCE

As part of the Supervisory Board's role of exercising permanent oversight of the Group's management, the CSR Committee began to review the climate strategy and issue recommendations.

### STRATEGY

Four climate scenarios comprising narrative descriptions and quantitative socio-economic and physical assumptions were updated, deepened and deployed

for use at two levels:

- by the business lines, regional organizations, operating units, corporate departments and other units as part of strategic thinking and ideation exercises,
- by the Group Executive Committee, to compare them to Group strategy and analyze their resilience about climate change and other indirect risks arising from the environmental transition.

### RISK MANAGEMENT

In 2021, an initial internal audit of systemic physical risks was performed and the first pilot study of the vulnerability of certain Group operations was completed

### METRICS AND TARGETS

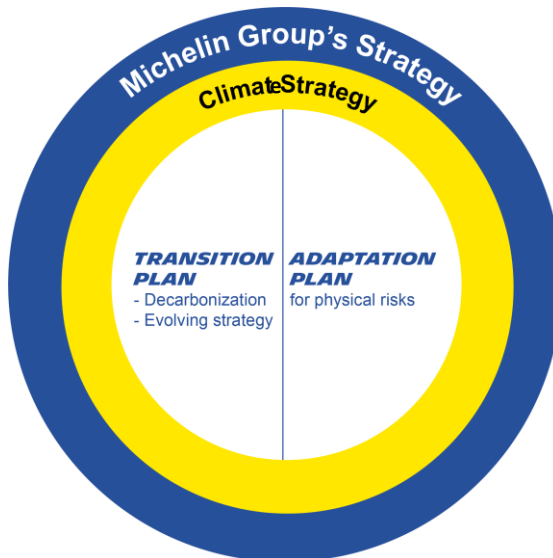
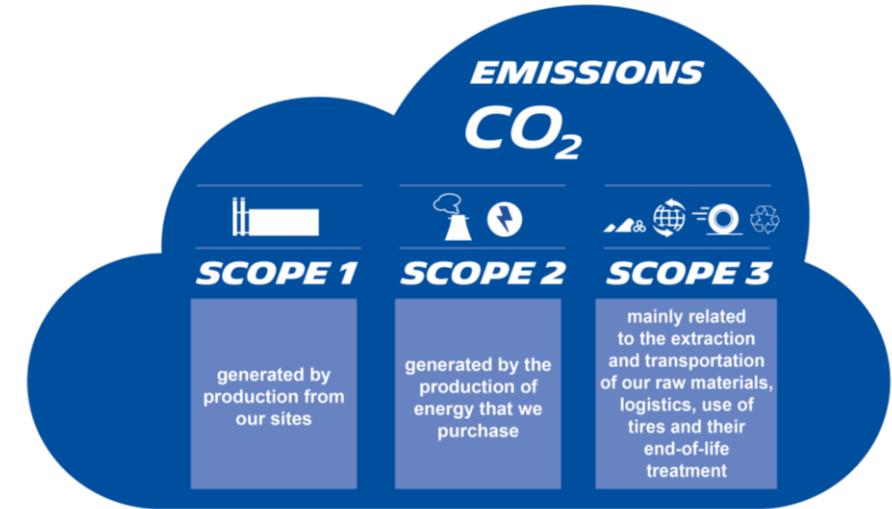
Joining the "Race to Zero" campaign, answering the call to action led by the Science Based Targets initiative (SBTi), the United Nations Global Compact and We Mean Business and committing to reach net zero emissions by 2050.



## **CLIMATE STRATEGY IS STRUCTURED AROUND TRANSITION AND ADAPTATION PLANS TO ACHIEVE NET ZERO EMISSIONS BY 2050**

It is structured around 2 axes:

- **A TRANSITION plan** including initiatives to decarbonize direct and indirect activities in the value chain (Scopes 1, 2 & 3) and a strategic plan to support a low-carbon economy,
- **An ADAPTATION plan** to physical impacts of climate change.



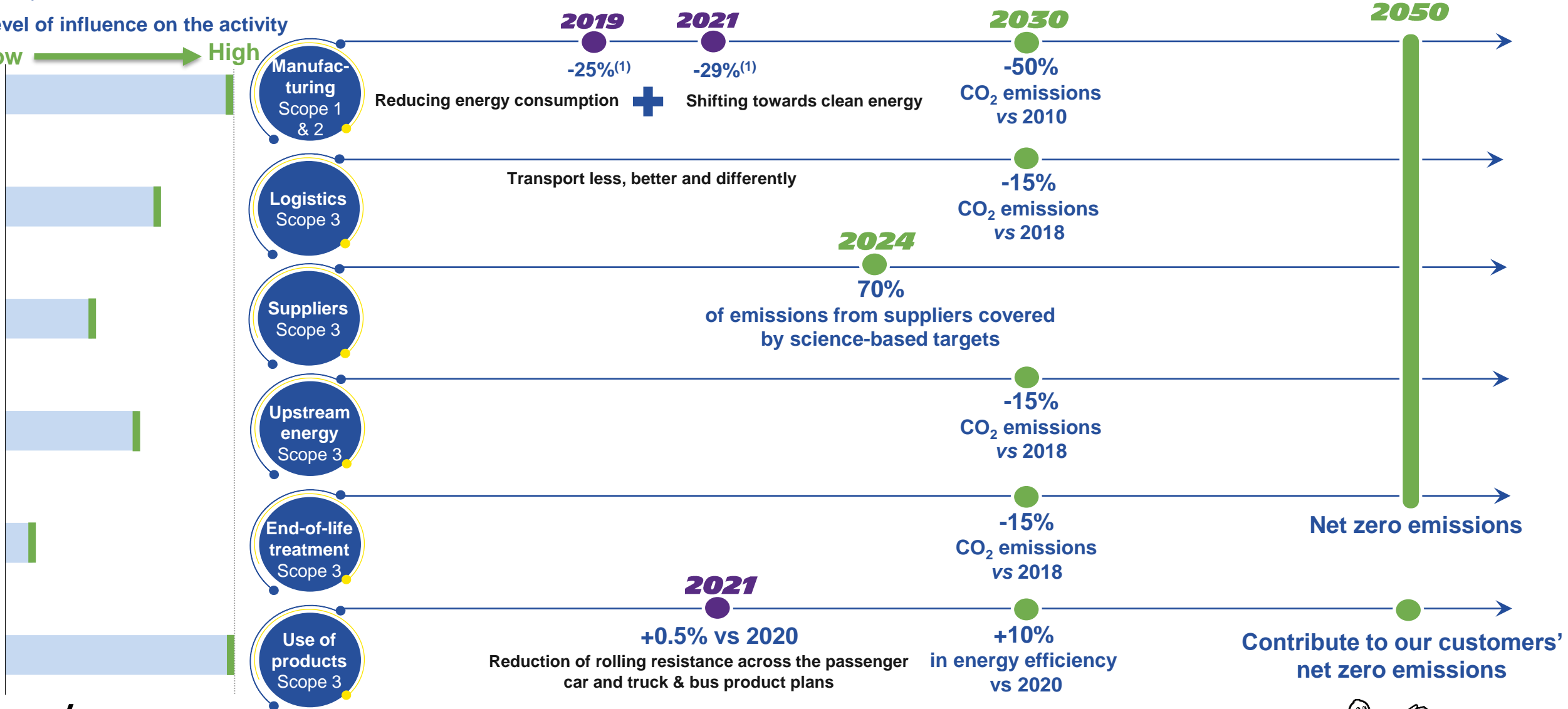
It is based on 3 principles:

- **Achieve net-zero emissions by 2050** by fulfilling our external emission reduction commitments by 2030,
- **Identify risks and opportunities** based on climate change scenarios,
- **Transparently disclose information** to our external stakeholders.



# 2030 ENVIRONMENTAL AMBITION: ON THE PATH TO REACH NET ZERO EMISSION IN 2050

Level of influence on the activity  
Low → High



(1) CO<sub>2</sub> emissions vs. 2010





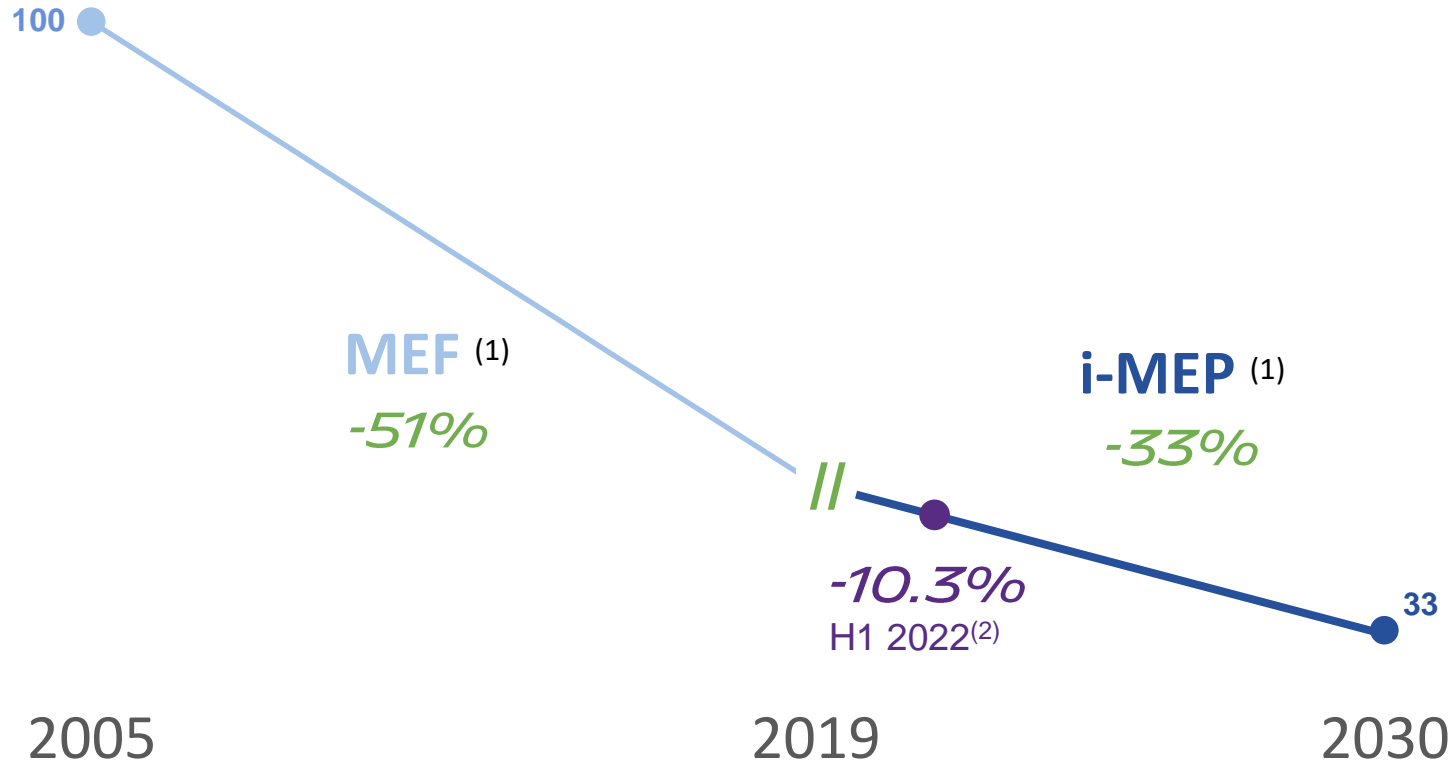
# STRONG ACHIEVEMENTS, REINFORCED BY STRONG OBJECTIVES TOWARDS 2030, BASED ON A COMPREHENSIVE MANAGEMENT SYSTEM

ENVIRONMENTAL PERFORMANCE OF OUR PLANTS



## Reduction of the environmental footprint of our sites

Environmental management system, ISO14001- certified



Water withdrawal  
x water stress



Generated wastes



Organic solvent use



Energy use



CO<sub>2</sub> emissions

(1) MEF: Michelin Environmental Footprint ; i-MEP: industrial-Michelin Environmental Performance ; see detailed definition p.151 of the 2021 Universal Registration Document

(2) On a rolling 12-month basis, may be subject to updates until the publication of the annual result



## **DIVERSITY AND INCLUSION: PROGRESS ON ALL INDICATORS IN 2021, DEMONSTRATING THE GROUP'S COMMITMENT**

### **EQUAL OPPORTUNITY**

Every employee can develop his/her talents within the company. Michelin pays particular attention to the internal promotion of manufacturing operators.

### **DISABILITY**

Michelin offers career paths to people of all abilities according to its talent development policy.

# IMDI <sup>(1)</sup>

### **GENDER BALANCE**

Achieve parity among Group executives and, by 2030, set the gender balance benchmark in our industry.

### **IDENTITY**

All D&I\* aspects, (e.g., age, sexual orientation, ethnicity, religion, etc.) Enable every person to be who they really are and to bring their authentic selves to work.

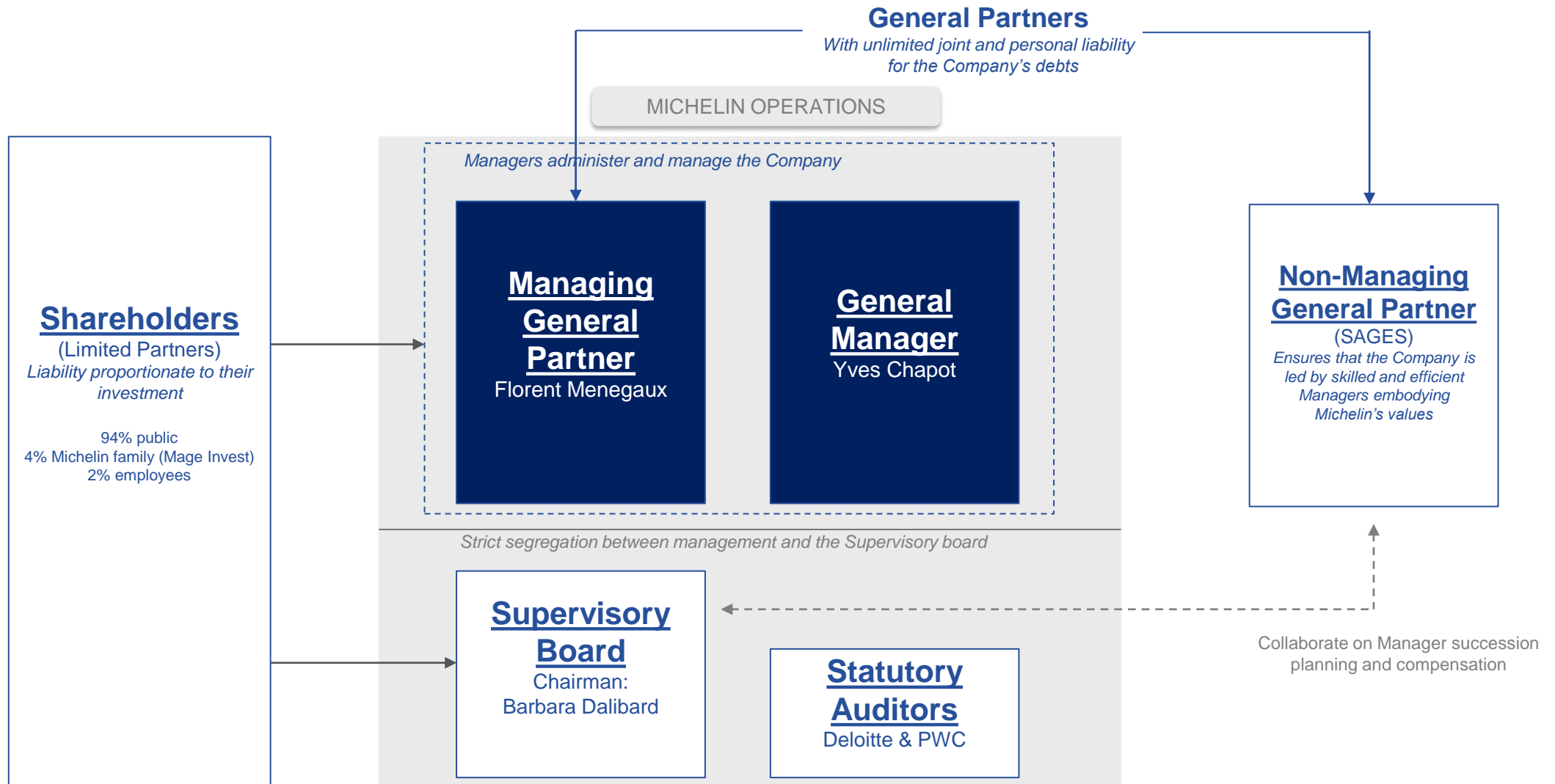
\* Diversity & Inclusion

### **MULTI-NATIONAL MANAGEMENT**

All our host country nationalities and cultures are represented in all corporate functions in the operating regions and at headquarters, in line with the geographical footprint of each business.



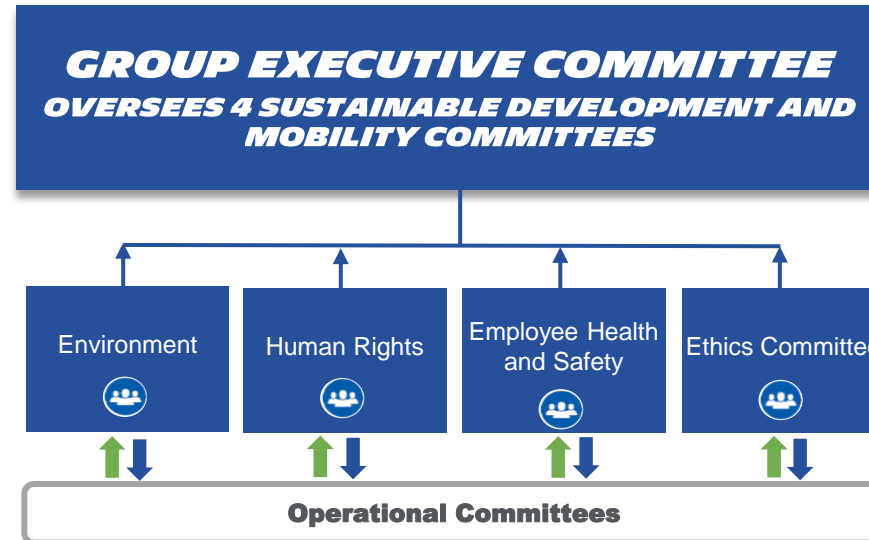
# MICHELIN GOVERNANCE PILLARS: CLEAR SEGREGATION OF DUTIES, DOUBLE CHECK AND BALANCE OVERSIGHT







# ESG AWARENESS AND OVERSIGHT ARE FULLY EMBODIED IN MICHELIN'S GOVERNANCE STRUCTURE



## SUPERVISORY BOARD - CSR COMMITTEE



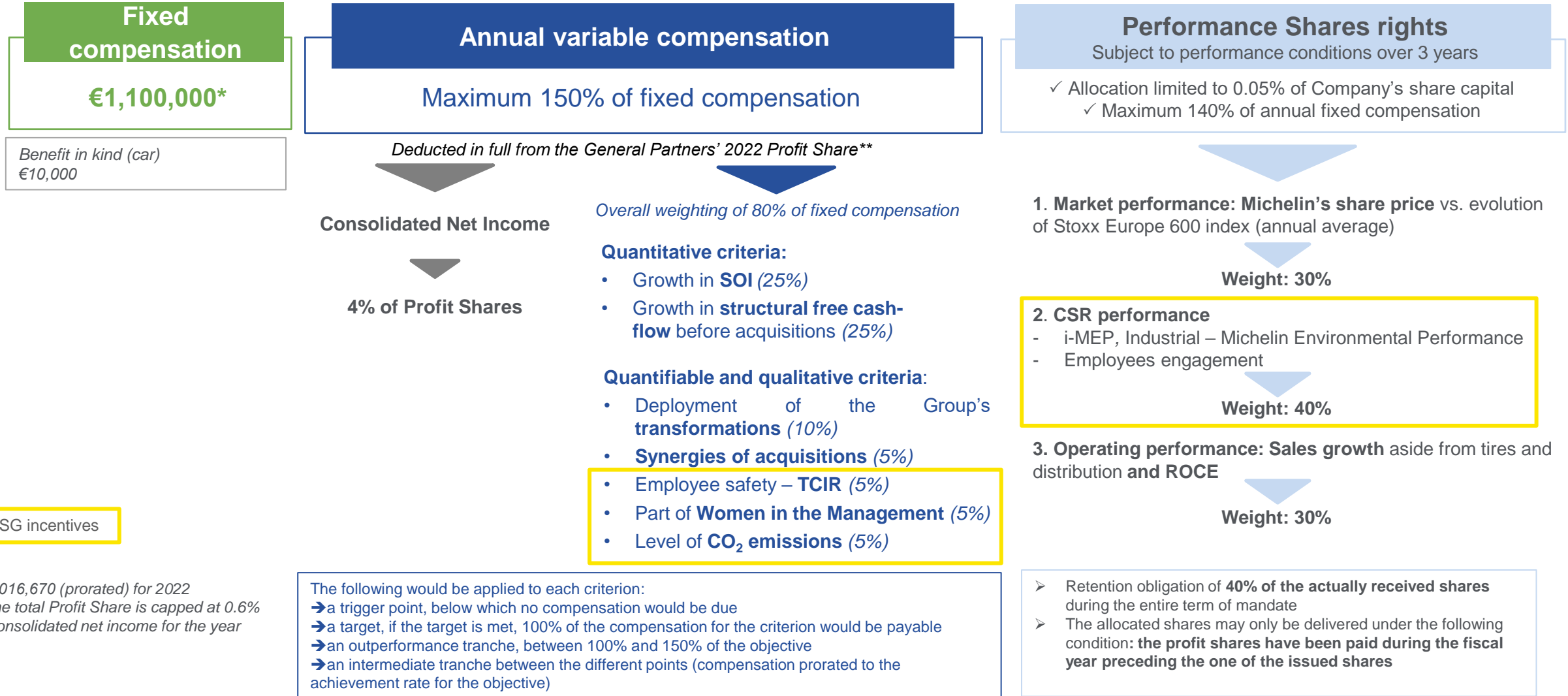
## STAKEHOLDERS COMMITTEE

At the corporate executive level, a Stakeholders Committee set up in 2016 brings together 12 people representative of the Group's leading stakeholders, including suppliers, investors, unions, customers and NGOs. Four continents are represented on the Committee, which meets with the Executive Committee for a full day at least once per year.



# ESG CRITERION ARE INCLUDED IN EXECUTIVES' COMPENSATION AND SHARED WITH ALL EMPLOYEES REGARDING PERFORMANCE SHARES PLANS

2022 COMPENSATION POLICY FOR FLORENT MENEGAUX, MANAGING CHAIRMAN



\*€1,016,670 (prorated) for 2022

\*\*The total Profit Share is capped at 0.6% of consolidated net income for the year



## **GLOSSARY**

### **Free cash flow (FCF)**

Free cash flow, which is stated before dividend payments and financing transactions, corresponds to net cash from operating activities less net cash used in investing activities, adjusted for net cash flows relating to cash management financial assets and borrowing collaterals.

### **Structural free cash flow**

Corresponds to free cash flow before acquisitions, adjusted for the impact of changes in raw materials costs on trade payables, trade receivables and inventories. The structural free cash flow is calculated on full year basis only.

### **ROCE**

Return on capital employed is measured as follows:

- net operating profit after tax (NOPAT)<sup>(1)</sup>, calculated at a standard tax rate of 25%, corresponding to the Group's average effective tax rate;
- divided by average economic assets employed during the year <sup>(2)</sup>, i.e., all of the Group's intangible assets, property, plant and equipment, loans and deposits, investments in equity-accounted companies, and net working capital requirement.

### **Tires sales**

Correspond to sales from Michelin's core business, including the Tire as a Service (TaaS) business and Distribution operations.

### **Non-tire sales**

Correspond to sales from the Services and Solutions (excluding TaaS and Distribution), Conveyor Belts and High-Tech Materials businesses, excluding joint ventures.

(1) NOPAT = Segment operating income + amortization of acquired intangible assets + the Group's share of profit from equity-accounted companies.

(2) Average between the opening and closing balance sheets for the year.

**Free Cash Flow (FCF)**

**+ M&A**

**= Free Cash Flow before M&A**

**+/- Adjusted for the impact of changes in raw materials costs**

**= Structural Free Cash Flow**



## **DISCLAIMER**

"This presentation is not an offer to purchase or a solicitation to recommend the purchase of Michelin shares. To obtain more detailed information on Michelin, please consult the documents filed in France with Autorité des marchés financiers, which are also available from the <http://www.michelin.com/en/> website.

This presentation may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions as at the time of publishing this document, they are by nature subject to risks and contingencies liable to translate into a difference between actual data and the forecasts made or inferred by these statements."



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