

PRESS RELEASE

GROUP

Clermont-Ferrand - May 28, 2024

Michelin Capital Markets Day 2024: the Group confirms the relevance of its strategy to build a world-leading manufacturer of life-changing composites and experiences

- Michelin's unique proficiency in materials and their application for the most tech-demanding markets positions the Group to unlock significant value creation
- 2023 targets achieved: First step succeeded
- Targets set for 2026 towards higher profitability and strong cash generation, and refreshed 2030 ambitions on People, Profit and Planet dimensions

Michelin held its Capital Markets Day on May 28, 2024 at the Group's Research & Development Headquarters in Clermont-Ferrand, France.

This Capital Markets Day, the first in-presence since 2019, was the opportunity for the Group to showcase its differentiating innovation power, and its ability to leverage it across several businesses in the fields of tire, connected solutions and polymer composite solutions.

The widely attended webcast session included a progress report on the "Michelin in Motion" strategy, the Group's "all sustainable" vision for 2030, the new mid-terms targets set for 2026, and an update of Michelin 2030 ambitions.

Over the 2021-2023 period, the Group's capacity for innovation has enabled it to grow in both its tire and non-tire businesses. By deploying its expertise in tires, and therefore in the science of composite materials, Michelin was able to expand into new value-creating, growth-generating markets, and became less dependent on cyclical fluctuations.

Commenting on the strong results delivered over this period, Yves Chapot declared:

"We are very proud of this first step towards our ambitions. In a highly turbulent environment marked by multiple crises, the Group delivered a strong performance creating value for all its stakeholders, while pursuing an agile and accretive M&A policy, demonstrating the relevance of its strategy".

Michelin confirmed its strategic roadmap, refreshed its 2030 ambitions on People, Profit and Planet pillars, and unveiled 2026 targets as a key milestone. The Group also insisted on its speed of evolution and laid the stress on "composites" as part of its identity.

Florent Menegaux declared:

"Announced in 2021, the Michelin in Motion strategy is more relevant than ever. It will guide the Group through to 2030. Michelin is much more than a tire manufacturer, it is actually a true high-tech company. That is what we wanted to reaffirm at this Capital Markets Day 2024. Of course, the Group will continue to be a world key player in tires, the ultimate composite and the fruit of our intimate know-how in materials. At the same time, Michelin will further leverage its proficiency in material's combination and their application for the most tech-demanding, growth-oriented markets, far beyond mobility: healthcare, aerospace, marine, industry or construction... We are building a world-leading manufacturer of life-changing composites and experiences."

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2023 targets achieved, first step succeeded

At its Capital Markets Day (CMD) held in April 2021, the Group had presented its Michelin in Motion strategy with 2030 ambitions and provided financial targets for 2023, adjusted at the March 2023 CMD.

The financial performance of the 2021-2023 period showed a growth, segment operating income and value creation above targets, and Group margin rate maintained despite the dilutive impact of inflation.

Over the period, Michelin made acquisitions worth €1 billion, mainly in the fields of Polymer Composites and Connected solutions. The Group has demonstrated its ability to integrate acquired companies and generate synergies, as well as its capacity to actively manage its portfolio.

KPI	2023 Target set at 2021 CMD	CMD 2023 Adjustment	2023 Achievement
Sales	~ €24.5 bn ¹		€28.3bn
Segment operating income	> €3.3 bn ¹		€3.6bn
Segment operating margin	Group 13.5% SR1 >12% SR2 >10% SR3 >17%	Targets in % of sales no longer relevant due to the dilution effect from inflation	Group 12.6% (14.4% incl. dilution ³) SR1: 13.7% (15.6% incl. dilution ³) SR2: 6.5% (7.6% incl. dilution ³) SR3: 16.5% (18.3% incl. dilution ³)
Free cash flow	€6.3 bn Structural FCF ² over 2020-2023	As of 2023, Structural FCF replaced by Reported FCF before M&A ³	€6.4bn Reported FCF before M&A
ROCE	>10.5%		11.4%
Average sales growth excl. tires and related distribution, 2019-2023	5%		2021: +8% 2022: +22% 2023: +10%
Payout ratio	50% of net result before non-recurring as from 2021	As of 2023, Group refers to P/O ratio in % of net result, with a target of gradual increase towards 50% by 2030.	49%

¹ At Jan.2021 FX rates

² Structural free cash flow corresponds to free cash flow before acquisitions, adjusted for the impact of changes in raw material prices on trade payables, trade receivables and inventories

³ Reported FCF before M&A ("Free Cash Flow") 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.

³ Dilution effect from inflation on margin rate

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The Group also demonstrated a strong dynamic in the area of People and Planet, on track to achieve its 2030 ambitions:

	2023 Achievement	Progress	2030 Ambition
PEOPLE			
Diversity and Inclusion – IMDI ⁽¹⁾	72	+10 pts vs 2020	80
Safety (Total Case Incident Rate)	1.01	-0.42 pts vs 2019	<0.5
Engagement rate	83.5%	+3.5 pts vs 2019	>85%
PLANET			
CO2 emissions – scopes 1&2	-26% vs 2019 -44% vs 2010	-	-50% vs 2010
Environmental impact - i-MEP ⁽²⁾	-16% vs 2019	-	-33% vs 2019
Renewable or recycled materials ⁽³⁾	28%	+2 pts vs 2019	40%

(1) Inclusion and Diversities Management Index, see definition p.237 of the 2023 Universal Registration Document

(2) Industrial - Michelin Environmental Performance, see definition p.173 of the 2023 Universal Registration Document

(3) New KPI name for "Sustainable materials", definition unchanged see p. 193 of the 2023 Universal Registration Document

Ambitious targets set for 2026, towards higher profitability and strong cash generation.

Targets	2023 Actual	2026 Target
Segment Operating Income	€3.6bn (@2023 FX rates)	€4.2bn*
Segment Operating Margin (% of sales)	12.6%	14%**
Free Cash Flow (before M&A)	€4.4bn cumulative 2021 -2023	€5.5bn cumulative 2024-2026
ROCE	11.4%	>10.5%

* excl. substantial M&A (M&A leading to structuration of a SR4)

** SOM ambitions by SR for illustration (objective set at Group level only) : SR1>14%, SR2>10%, SR3>18%

Levers*	2023	2026
Industrial loading rate SR1 & SR2	73%	>82%
SG&A (% of gross margin)	55.1%	53.5%
CAPEX spending	€2.2bn	€2.0 – €2.4bn / year
Stock reduction, 2026 vs 2023	-	€-0.5bn

* levers are to be considered as a mean to achieve total Group ambitions as stated above, not as single commitments

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The Group reaffirmed its strategy and updated its 2030 ambitions

The Group shared its ambition of growing non-tire activities directionally above 20% of total revenue by 2030, supported by value-accretive M&A. The scope of non-tire activities has been redefined to “businesses other than tire manufacturing”, from “businesses other than tire manufacturing and distribution”.

Michelin’s shareholder return policy was confirmed with a payout ratio target of c.50% of net result.

Group’s strategic scorecard was maintained as shown below:

Ambition	Metrics	2030 success
PEOPLE		
Be world class in employee engagement	Engagement rate	>85%
Be world-class in employee safety	TCIR ⁽¹⁾	<0.5
Be a reference in diversities and inclusion of teams	IMDI ⁽²⁾	80 pts (over 100)
Be best-in-class in value created for customers	NPS Partners ⁽³⁾	48 (+10 vs 2020)
PROFIT		
Deliver substantial growth	Total Sales	5% CAGR 23-30
Deliver continuous financial value creation	ROCE ⁽⁴⁾	>10.5%
Maintain Michelin brand power	Brand vitality quotient	+5pts vs 2020
Maintain best-in-class innovation pace in products and services	Offers vitality index	>30%
PLANET		
Reach net zero emission by 2050 (scopes 1&2)	CO2 emissions (Kt) scope 1 & 2	-50% vs 2010
Contribute to reaching net zero emission (scope 3)	Products energy efficiency (scope 3)	+10% vs 2020
Be best-in-class in environmental footprint of industrial sites	i-MEP ⁽⁵⁾	-1/3 vs 2019
Reach full circularity of products by 2050	Renewable or Recycled Material Rate ⁽⁶⁾	40%

(1) Total Case Incident Rate, see definition p.264 of the 2023 Universal Registration Document

(2) Inclusion and Diversities Management Index, see definition p.237 of the 2023 Universal Registration Document

(3) Net Promoter Score, see definition p.287 of the 2023 Universal Registration Document

(4) Return on Capital Employed, see definition p.349 of the 2023 Universal Registration Document

(5) Industrial - Michelin Environmental Performance, see definition p.173 of the 2023 Universal Registration Document

(6) New KPI name for “Sustainable materials”, definition unchanged see p. 193 of the 2023 Universal Registration Document

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2024 Investor Calendar

- July 24 First-half 2024 results
- October 23 Financial information for the nine months ending September 30, 2024

Supporting documents and webcast will be available on [michelin.com](https://www.michelin.com)

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This press release may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions 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. In accordance with Regulation (EU) No. 596/2014, we hereby inform you that this press release may contain inside information.