



DECEMBER
8, 2022

**GOLDMAN SACHS
GLOBAL AUTOS
CONFERENCE**





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 (2) & 2-WHEEL

42% (1)



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

Volumes and mix drivers :

- ✓ 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

26% (1)



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

Volumes and mix drivers :

- ✓ 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 (3)

10% (1)



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

Volumes and mix drivers :

- ✓ 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

17% (1)



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

Volumes and mix drivers :

- ✓ Mining: increasing demand for minerals to fuel transition to renewables energies and digital transformation
- ✓ Agriculture: growing worldwide population, increase 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% (1)

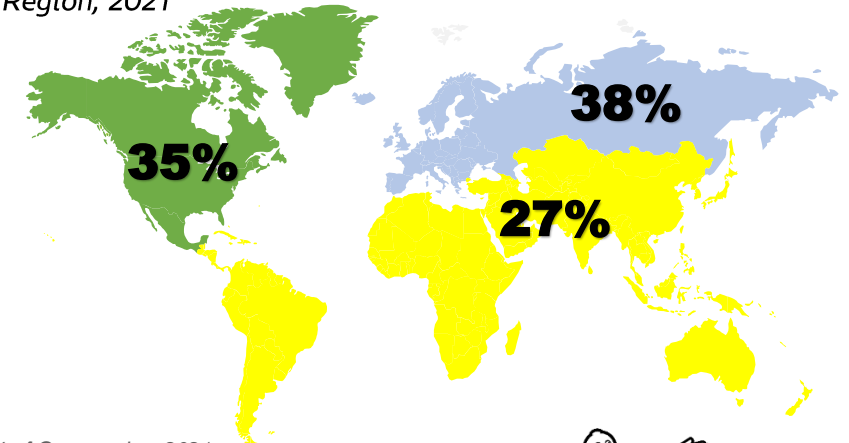


Volumes and mix drivers :

- ✓ 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



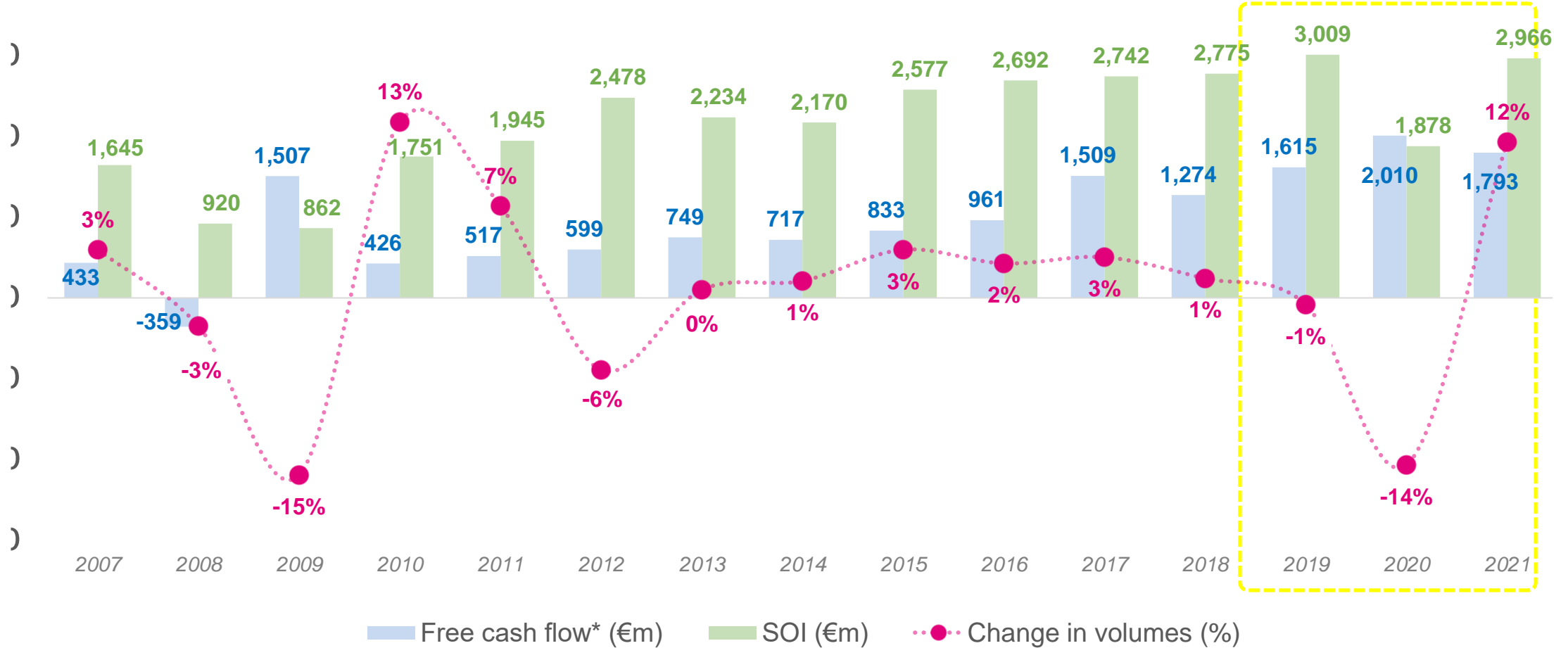
- (1) % of Group sales, 2021
- (2) Replacement
- (3) Original equipment





INCREASED ABILITY TO SUSTAIN MARGIN AND CASH, EVEN IN TIMES OF CRISIS

Free cash flow* and SOI evolution vs change in volumes sold



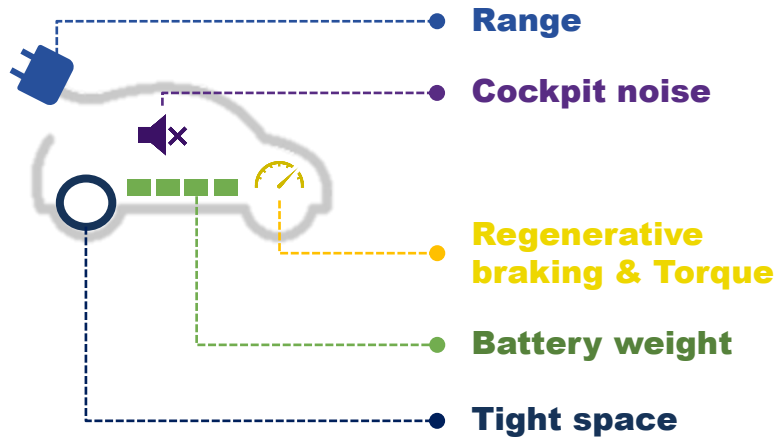
*Free cash flow as reported from 2007 to 2010, structural free cash flow from 2011 (see slide 9 for the definition of structural free cash flow)



MICHELIN UNIQUELY POSITIONED TO LEVERAGE VEHICLES ELECTRIFICATION

BEV: HIGHLY DEMANDING VEHICLES PERFECTLY FIT WITH MICHELIN UNIQUE KNOW-HOW

Key challenges related to BEV

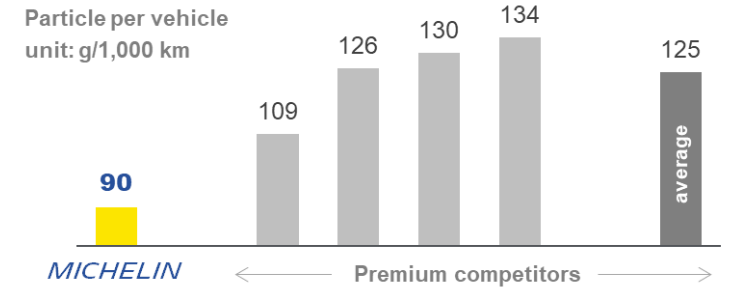


Key requirements for Tires

- Low rolling resistance
- Silent architecture
- Low abrasion rate & good grip
- High rim size
- High load capacity

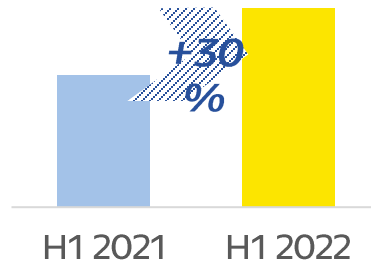
MICHELIN: best combination of performance

“Low tire abrasion rate and safe driving characteristics: Michelin shows how [tires should be] done” * * source: ADAC, Dec 2021 - Download the ADAC st



STEEP INCREASE OF GROUP SALES TO BEV

Share of tires sales to BEV, in % of total OE sales



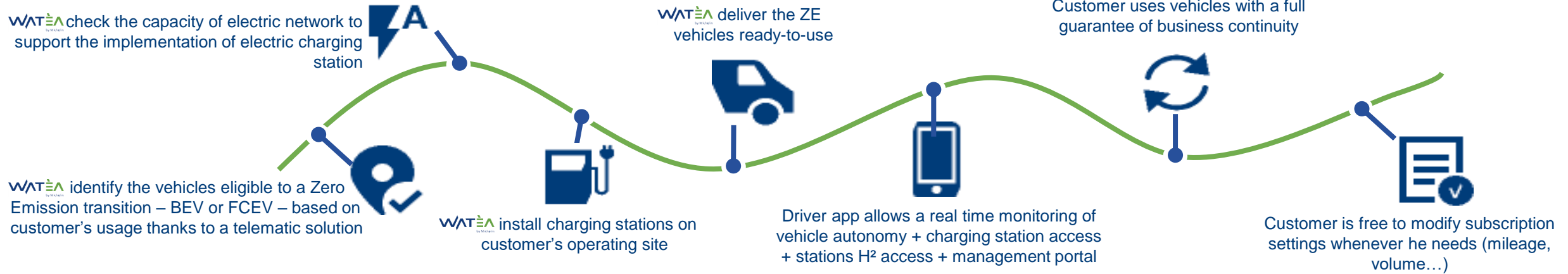
MICHELIN PREFERRED TIRE MAKER FOR LEADING EV OEMS





WATEA BY MICHELIN: PARTNERING WITH A LEASING LEADER TO ACCELERATE GROWTH OF LCV FLEET ELECTRIFICATION

A FLEXIBLE AND TURNKEY SOLUTION



AGGREGATING AND LEVERAGING MICHELIN GROUP’S ASSETS



MICHELIN Cross Climate

Masternaut telematics technology
Euromaster maintenance network

Symbio expertise in Hydrogen & fuel cell systems

A HIGH VALUE CREATIVE ECONOMIC MODEL

Watea opens 30% of its capital to Credit Agricole Leasing & Factoring (dec 22)

- WATEA** by Michelin
- Vehicles deconsolidation from Michelin’s balance sheet
 - Leverage Credit Agricole Mobility’s commercial platform
 - Benefit from CAL&F expertise in small fleets in 18 European countries



- CA**
- Accelerate progression in automotive leasing in Europe
 - Reinforce commitment to a decarbonized mobility

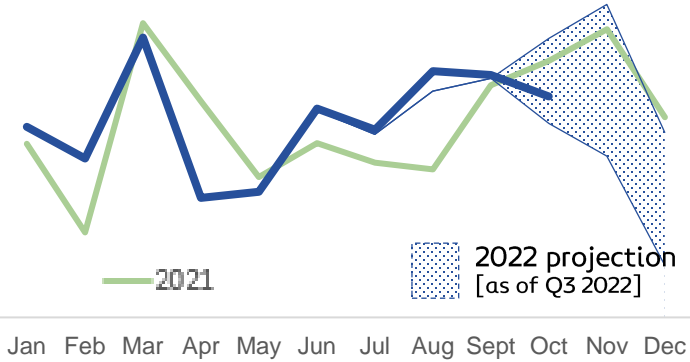




ENSURING FINANCIAL PERFORMANCE IN 2022 AND BEYOND

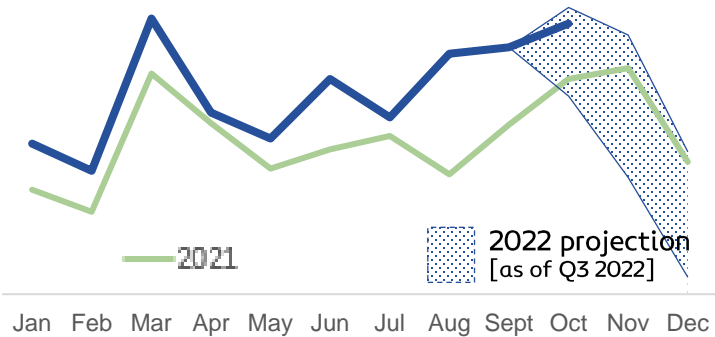
PC/LT markets, FY range est.: -2%/+2%⁽¹⁾

(units)



TRUCK markets⁽²⁾, FY range est. : +2%/+6%⁽¹⁾

⁽²⁾ excluding China (units)

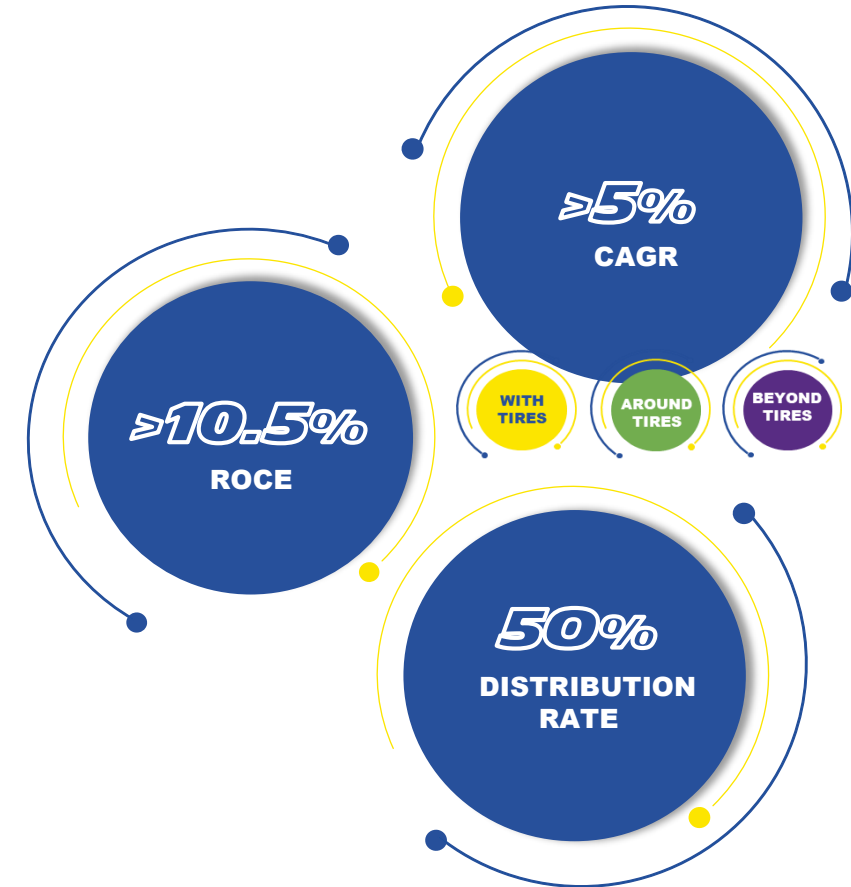


2022 FY GUIDANCE

	2022
Segment operating income at constant exchange rates	> €3,200m
Structural free cash flow ⁽³⁾	~ €700m

⁽³⁾ Structural free cash flow definition on slide 9

2030: COMBINING GROWTH AND VALUE CREATION

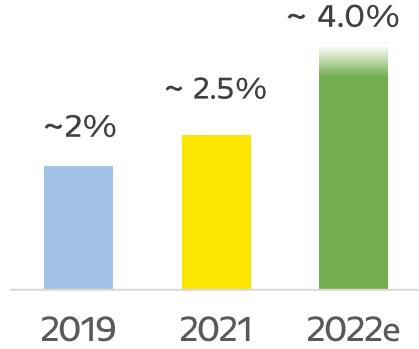




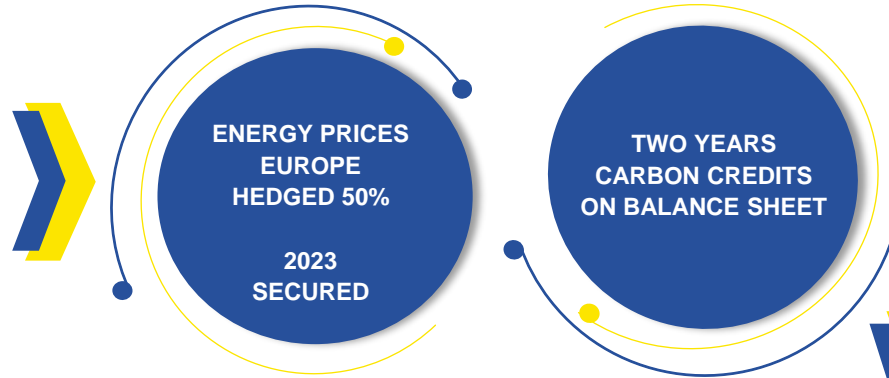
DEALING WITH ENERGY CHALLENGE IN EUROPE: SHORT TERM SECURED & MEDIUM TERM TRANSFORMED

Energy costs increase mitigated by hedging and pass through in prices

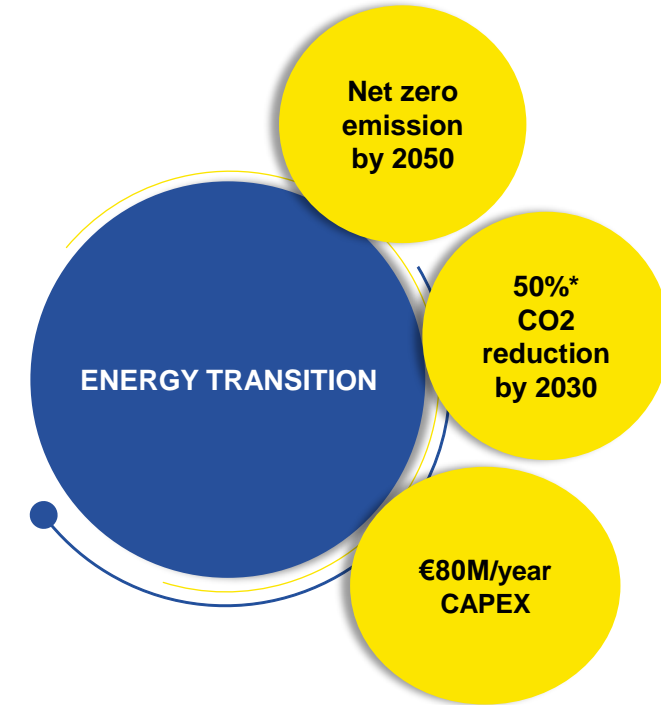
(Energy costs as a % of sales)



SHORT TERM secured

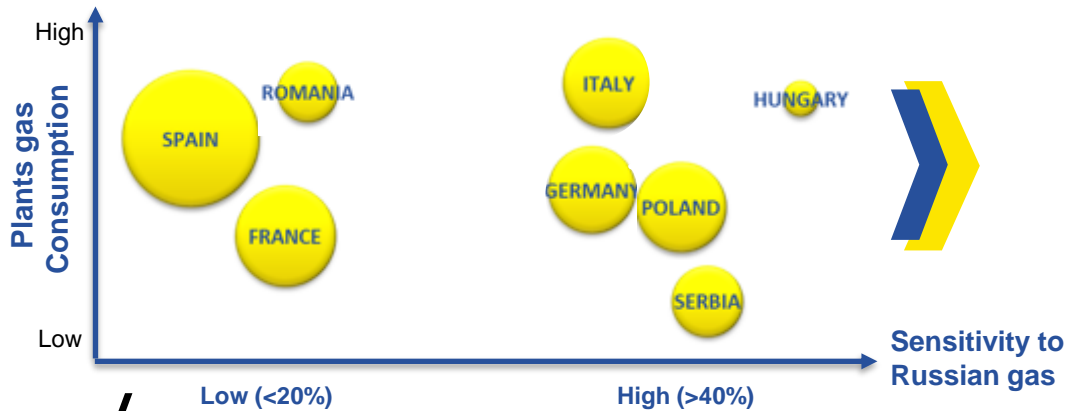


MEDIUM TERM transformed



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



* vs 2010, scope 1 & 2



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)⁽¹⁾, 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 ⁽²⁾, 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

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