



MICHELIN

A BETTER WAY FORWARD

SEPT 14,
2021

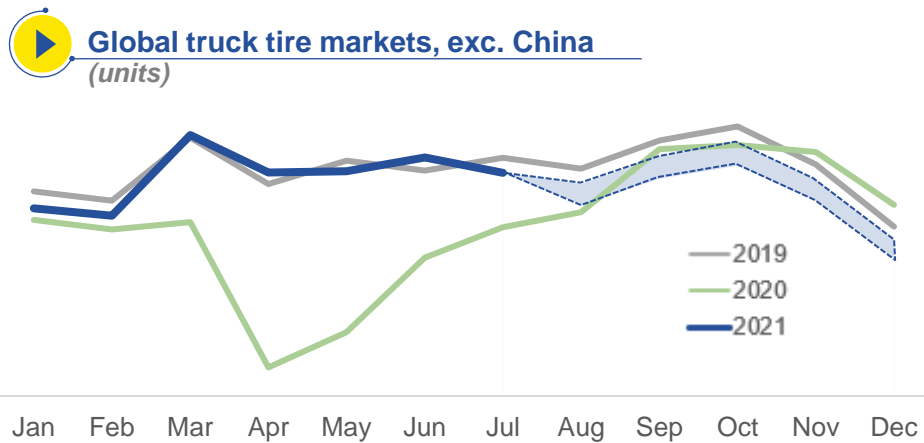
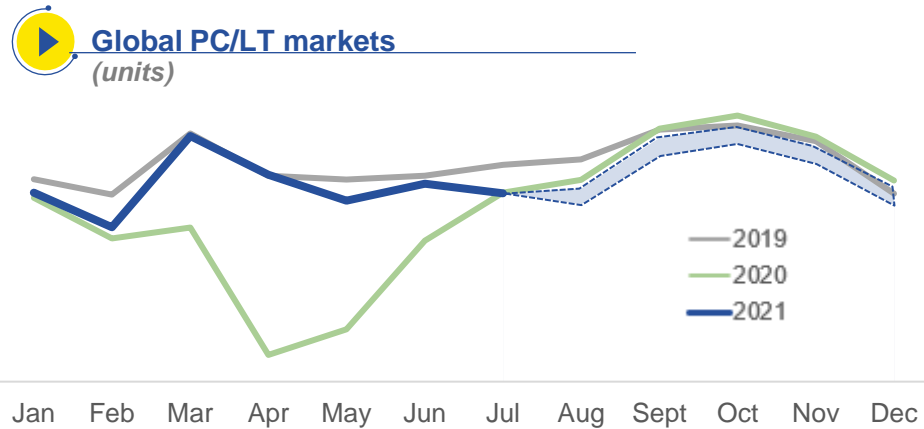
AUTUMN CONFERENCE
KEPLER CHEUVREUX





TOUGHER COMPS IN H2 THAN IN H1 IN A HIGHLY DISRUPTED ENVIRONMENT

Back to normative comps in H2...



... in an environment that is highly disrupted across the supply chain



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





MICHELIN CROSSCLIMATE², THE GROUP REASSERTS ITS LEADERSHIP ON THE MOST GROWING SEGMENT IN EUROPE

In 2021, the MICHELIN CrossClimate success story continues with...



MICHELIN CROSSCLIMATE²

MASTER OF THE ALL-SEASON CATEGORY⁽⁸⁻⁹⁾

- **GREATER SAFETY IN ALL WEATHER MADE TO LAST⁽¹⁾⁽²⁾⁽³⁾**
- **LEADER IN SNOW⁽³⁾ From First To Last Kilometer**
- **Benefit from a LOW FUEL CONSUMPTION**

Rolling resistance of MICHELIN CrossClimate2 has been decreased by 10% vs MICHELIN CrossClimate+⁽⁶⁾⁽⁷⁾



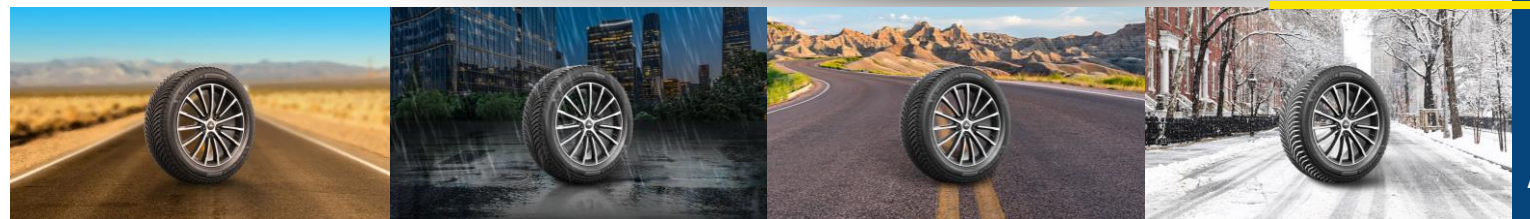
15" to 20"



AB 69-71 dB



(1-9) (a-d) See notes slide 64



All-season

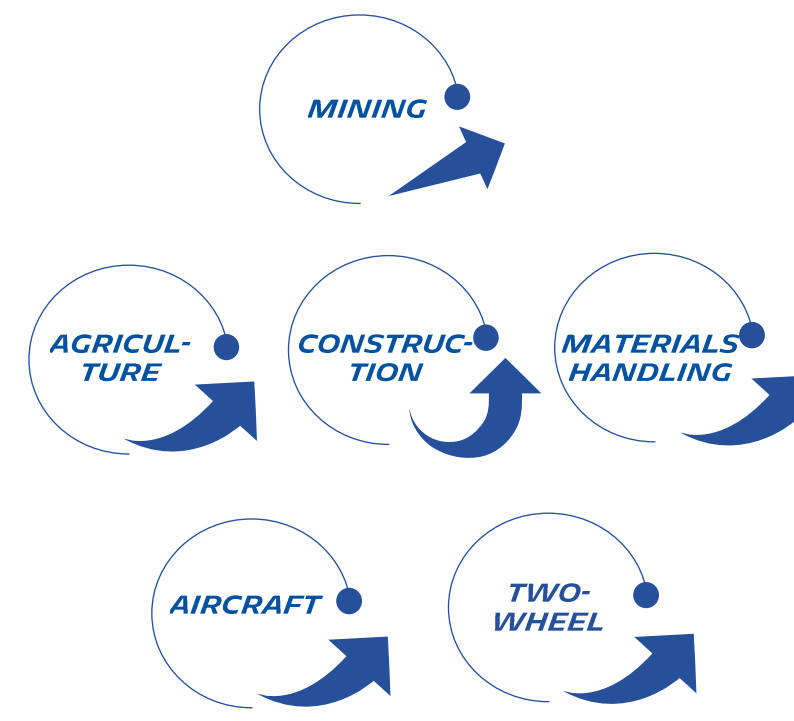
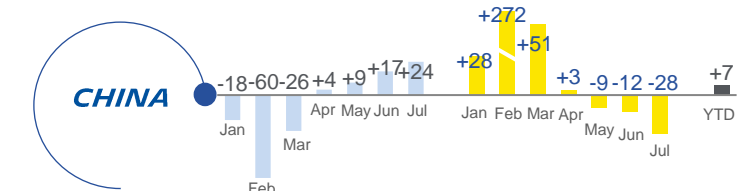
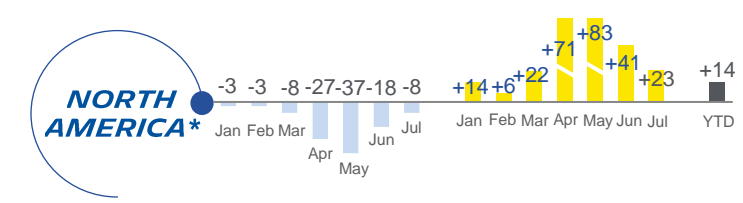
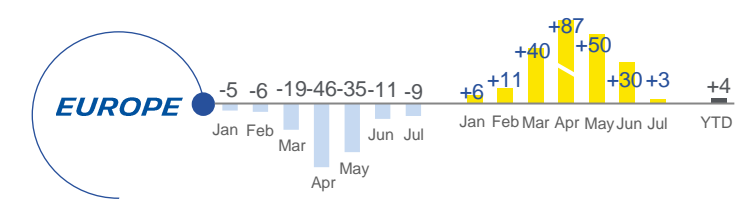
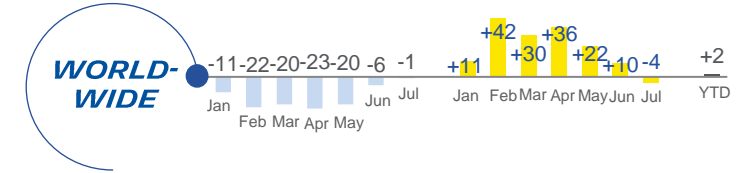
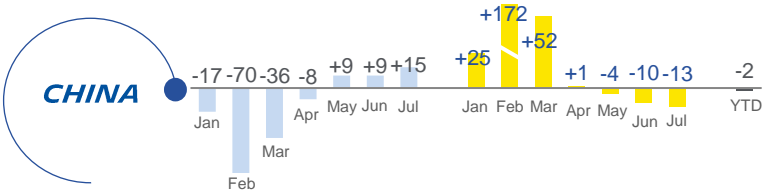
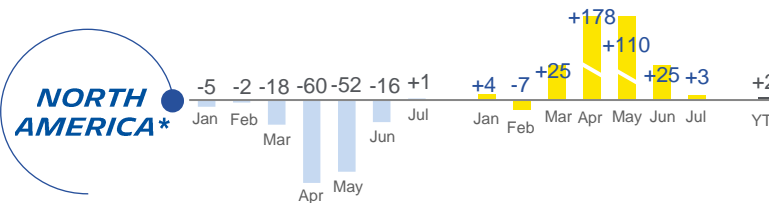
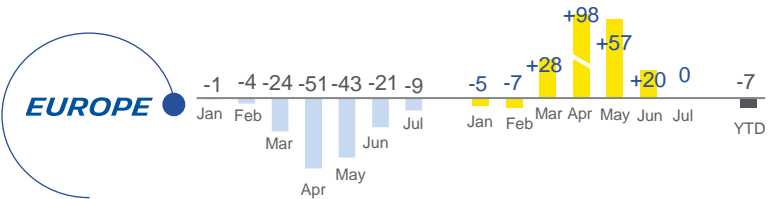
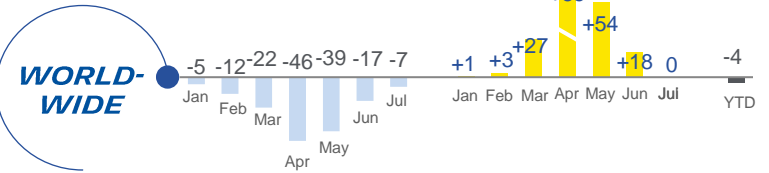
A person wearing a helmet and riding gear is riding a motorcycle on a dark asphalt road that curves through a mountainous landscape. The road is bordered by large, rectangular stone blocks. The background shows steep, rocky hills with some sparse vegetation under a clear sky. The overall scene is captured in a cinematic style with dramatic lighting.

2

***FIRST-HALF 2021 RESULTS
& 2021 FY GUIDANCE***



MARKETS: PC/LT STILL DOWN ON 2019, TRUCK TIRES HIGHER. SPECIALTIES EXPECTED TO REBOUND OVER THE FULL YEAR.



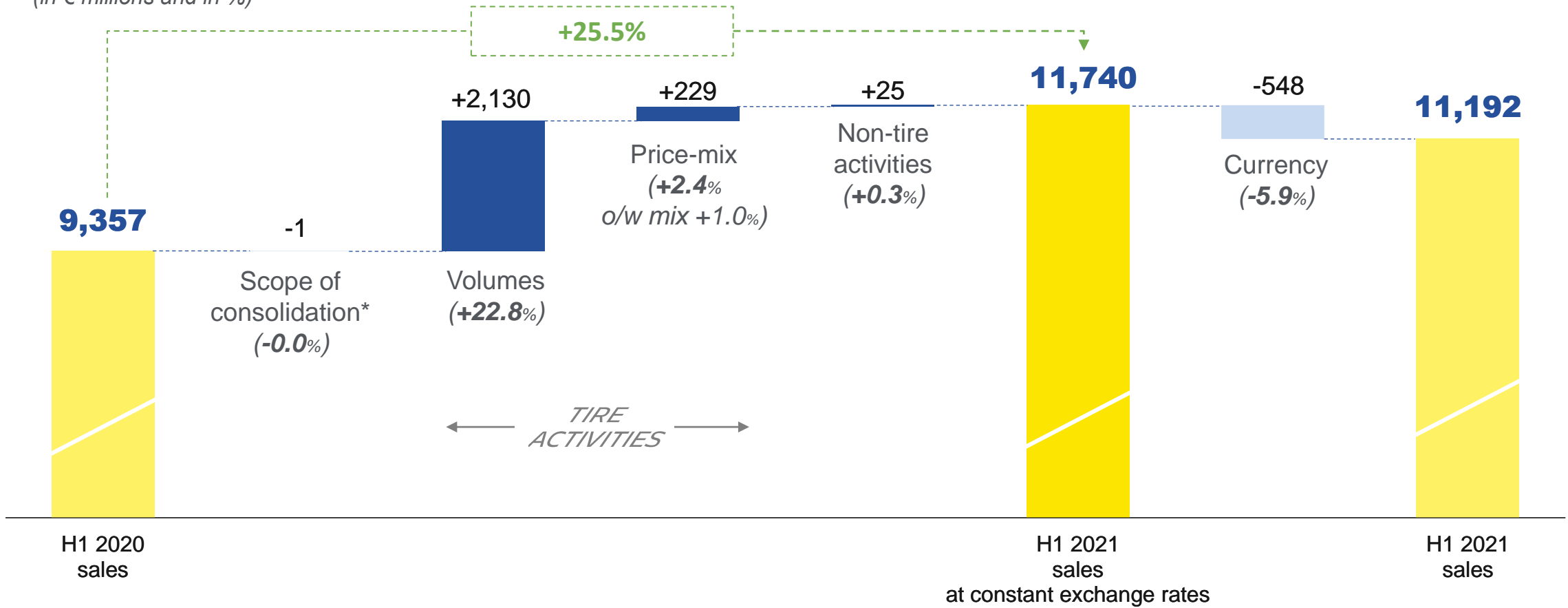
Source: Michelin. Market data are regularly adjusted and may be updated following their initial publication.

* Including Central America.



**TIRE SALES UP, LIFTED BY THE REBOUND IN DEMAND AND A ROBUST PRICE-MIX.
NON-TIRE SALES UP €25M, OR 4.6% AT CONSTANT EXCHANGE RATES.**

YoY change in sales
(in € millions and in %)



*Deconsolidation of the French Maps & Guides printing, publishing and marketing assets (Michelin Editions), as of February 1, 2021, and of Solesis on May 28, 2021; consolidation of TechnoBalt as of May 1, 2021, ConVeyBelt as of May 1, 2020, and MAV S.p.a. as of December 1, 2020.

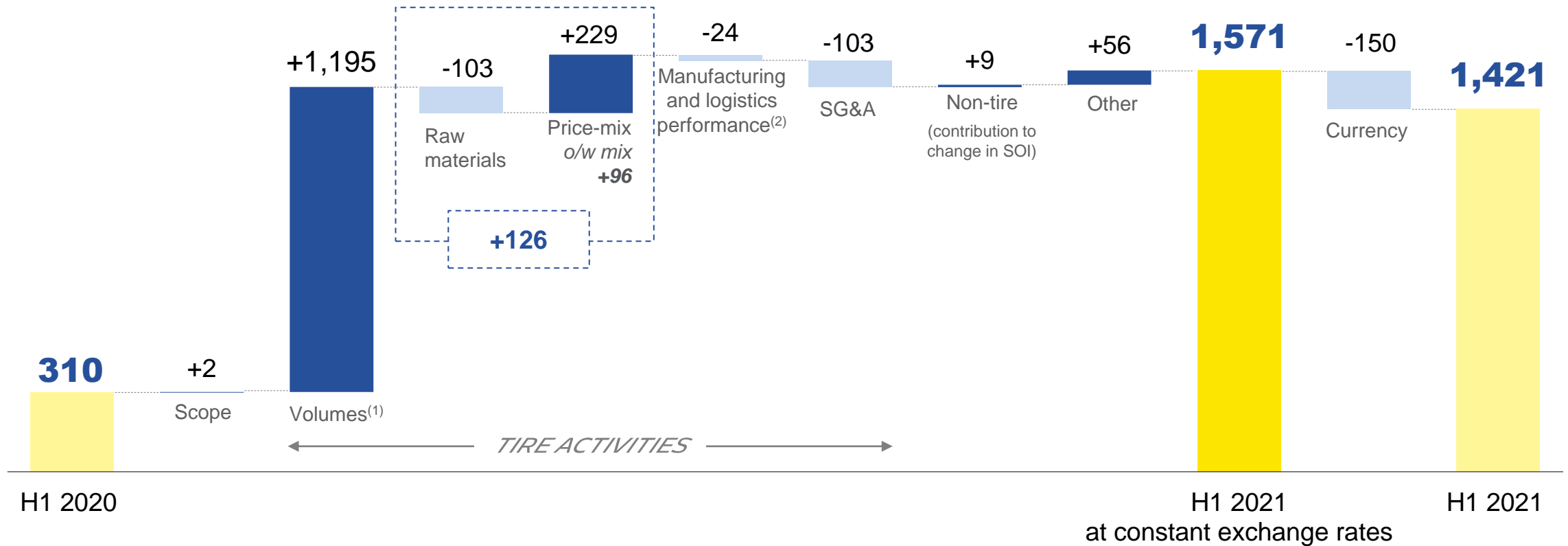


H1 2021 SOI: STRONG GROWTH IN VOLUMES SUPPORTED BY A ROBUST MIX AND RESPONSIVE PRICING MANAGEMENT AT A TIME OF RISING INPUT COSTS



YoY change in SOI

(in € millions)






⁽¹⁾ of which €12m in savings from the industrial competitiveness program.

⁽²⁾ of which €(45)m from the steep increase in maritime shipping costs, i.e. +€21m in industrial and logistics performance.



CLEAR RS1 AND RS2 UPTURN DURING THE FIRST HALF. RESPONSIVE PRICING POLICIES IN EVERY SEGMENT.

<i>(in € million)</i>		H1 2021	H1 2020	<i>Change</i>
	RS1 sales	5,562	4,394	+26.6%
	Operating income*	730	(35)	-
	Operating margin*	13.1%	-0.8%	+13.9 pts
	RS2 sales	2,897	2,411	+20.2%
	Operating income*	286	(30)	-
	Operating margin*	9.9%	-1.3%	+11.2 pts
	RS3 sales	2,733	2,552	+7.1%
	Operating income*	405	375	+8.0%
	Operating margin*	14.8%	14.7%	+0.1 pt

* of the segment

In an environment shaped by fast rebounding demand:

- **RS1:** sharp improvement in margins led by responsive pricing management, market share gains in 18-inch and larger tires and a favorable OE/RT mix, as OE sales were held back by semiconductors shortage.
- **RS2:** steep margin improvement led by the upturn in demand, particularly in Europe and North America, responsive pricing management and sustained expansion in fleet management solutions.
- **RS3:** from a less favorable base than in RS1 and RS2, first-half volumes were lifted by sales of Construction and Agricultural tires, leading to a negative business mix; rigorous price management on non-indexed activities partially offset negative impact of raw material clauses in first-half; from the second half of the year, these clauses will turn favorable.



FREE CASH FLOW ⁽¹⁾ IMPROVEMENT, REFLECTING GROWTH IN EBITDA AND STILL LOWER THAN NORMAL INVENTORY LEVEL

Change in free cash flow

(in € millions, including JV financing and acquisitions)

H1 2020 free cash flow	(351)
<i>Change in:</i>	
EBITDA	+1,085
Trade working capital	-596
Tax and interest paid	-73
Capital expenditure <i>incl. JV financing</i>	+156
M&A outlays	+26
Other items	+99
H1 2021 free cash flow	346

A solid cash position at June 30

- €3.8bn in cash and cash equivalents
- Repayment of €0.6bn worth of commercial paper during first-half 2021
- A €2.5bn confirmed, undrawn line of credit
- No significant bonds falling due before 2022

⁽¹⁾ see slide 63 for FCF definition.

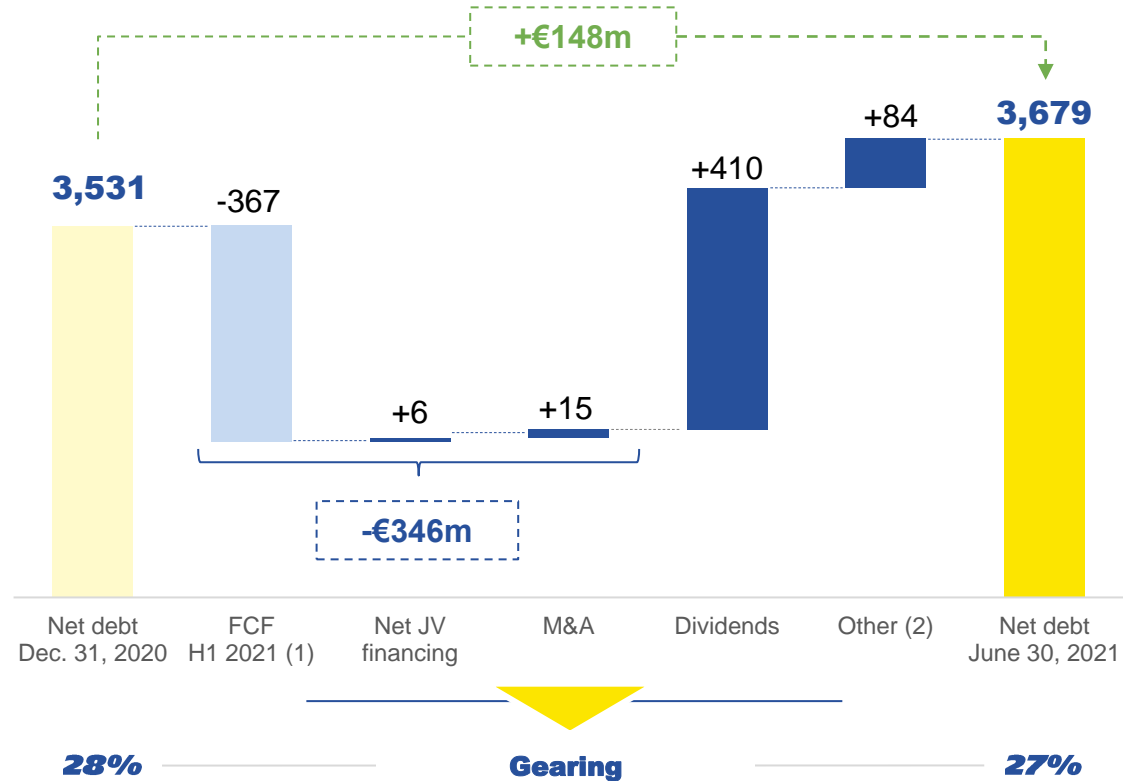


27% GEARING AT JUNE 30, 2021. ROBUST FINANCIAL POSITION CONFIRMED BY RATING AGENCIES.



Net debt

(in € millions)



(1) Free cash flow before M&A and JV financing (see slide 63 for FCF definition).

(2) Mainly the impact of new leases, translation adjustments and share buybacks.



Agency ratings at June 30, 2021

Compagnie Générale des Établissements Michelin

Short term	S&P Fitch	A-2 F-2
Long term	S&P Fitch Moody's (3)	A- A- A3
Outlook	S&P Fitch Moody's (3)	Stable Stable Stable

(3) Moody's rating is no longer solicited since July 1, 2020.



2021 MARKET SCENARIO: IN A VERY DISRUPTED ENVIRONMENT, DEMAND IS RECOVERING BUT STILL LAGS 2019



PC/LT: +8% / +10%*

- OE: microchip shortages mitigate the FY outlook
- RT: global demand rebounding, pull-up by North America, but still below pre-crisis levels at worldwide level



TRUCK: +6% / +8%*

Truck tires excl. China: +9% / +11%*

- OE: markets rebounding outside China, from higher comparatives in the second half
- RT: strong rebound led by rising freight demand in every region



SPECIALTIES: +10% / +12%*

- Mining tires: upturn in demand, from a more favorable base in the second half
- Off-the-road tires: fast-growing demand
- Two-wheel tires: sustained growth
- Aircraft tires: growth in demand from weak comparatives



2021 SCENARIO

	2021
Volumes	Slightly above markets
Net price-mix/raw materials effect	Positive Neutral on second-half
Cost impact of raw materials prices and customs duties	Strongly negative
Currency effect *	Strongly negative

* Voir slide 52



FULL-YEAR 2021 GUIDANCE *

	2021
Segment Operating Income at constant exchange rates	> €2,800m
Structural Free Cash Flow**	> €1,000m

* Barring any new systemic effect from Covid-19: deeper supply chain disruptions or tighter restrictions on freedom of movement that would result in a significant drop in the tire markets.

** Structural free cash flow : see slide 63

3

***2023 TARGETS
& 2030 AMBITIONS***





CAPITAL MARKETS DAY: RELIVE THE EVENT

A dedicated page has been created for the event on the www.michelin.com website. It features a number of [replayable](#) videos that review the day's presentations and offer insight into the following themes, which are going to drive the Group's sustainable growth:

- [Michelin's Environmental Leadership](#): Focus on the Automotive segment
- [Industry 4.0](#): a key lever to improve our industrial efficiency
- [Services and Solutions](#): understanding customer needs and how our products are used enables us to develop and offer high value-added solutions
- [High-Tech Materials](#): leveraging our R&D expertise in materials, to develop new growth avenues
- [Metal 3D Printing](#): a unique offering in a very high-potential market
- [Hydrogen](#): becoming a global player in hydrogen mobility

MICHELIN



The **digital version of the 2020 Annual Report** is available on the Group's corporate site at the following address:
<https://www.michelin.com/en/annual-report/>



MICHELIN IN MOTION: COMBINING GROWTH AND VALUE CREATION AS OF 2023



SALES GROWTH from 2023

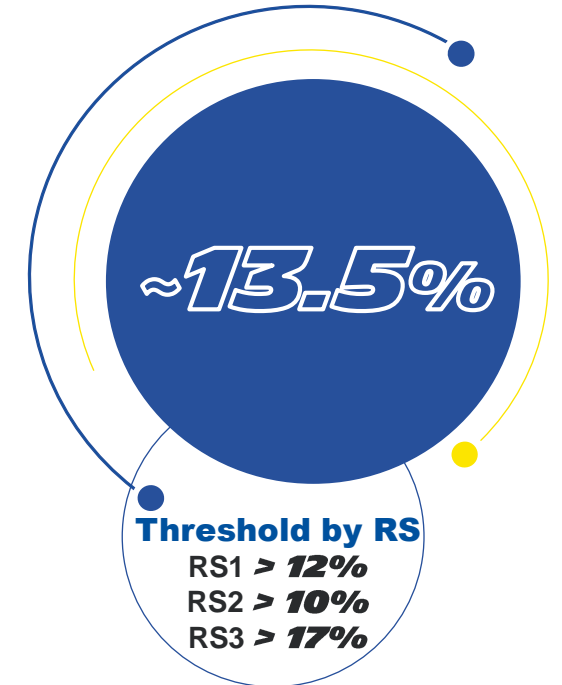


ROCE * from 2023



* Return on Capital Employed (definition on slide 63), annual target

Segment Operating Income in 2023





2030 VISION: DETAILED STRATEGIC SCORECARD



	AMBITIONS	METRICS	2030 SUCCESS
People	Be world-class in employee engagement	Engagement rate	>85%
	Be world-class in employee safety	TCIR*	<0.5
	Be a reference in diversities and inclusion of teams	IMDI*	80 points over 100
	Be best-in-class in value created for customers	NPS* partners and NPS final customers	+10 and +5 pts respectively



Profit	Deliver substantial growth	Total sales	5% CAGR 23-30
	Deliver continuous financial value creation	ROCE*	>10.5%
	Maintain MICHELIN brand power	Brand vitality quotient	+5 pts vs 2021
	Maintain best-in-class innovation pace in products and services	Offers vitality index	>30%



Planet	Reach carbon neutrality by 2050 (manuf. and energy)	CO2 emissions scopes 1&2	(50%) vs. 2010
	Contribute to reaching carbon neutrality (usage)	Products energy efficiency (scope 3)	+10% vs. 2020
	Be best-in-class in environmental footprint of industrial sites	i-MEP*	-1/3 vs. 2019
	Reach full circularity of products by 2050	Sustainable Material Rate	40%

* 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.150 of the 2020 Universal Registration Document



2023 TARGET: EXITING THE CRISIS IN A POSITION OF STRENGTH

2020 → 2023

€300M

Cumulated net gain, tire activity

~ €80M / YEAR

Manufacturing

Partly reinvested to finance mix enrichment and improve operating leverage

~ €20M / YEAR

SG&A

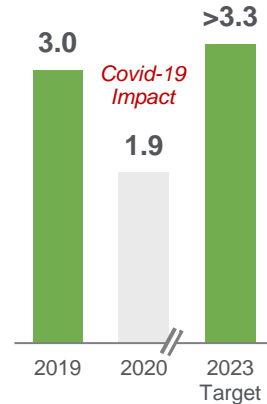
Partly reinvested to finance non-tire businesses expansion, around and beyond tire

2023 Group target

PROFITABILITY

Segment Operating Income

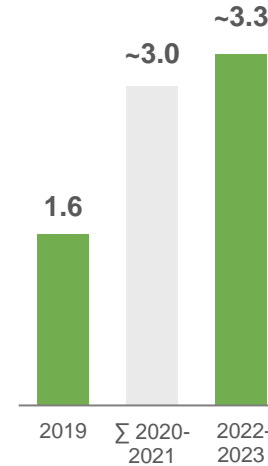
% margin
12.5% ~13.5%



Cost competitiveness and price mix

CASH GENERATION

Structural FCF



~€6.3bn cumul. structural FCF over 4 years
€100m inventory reduction / year

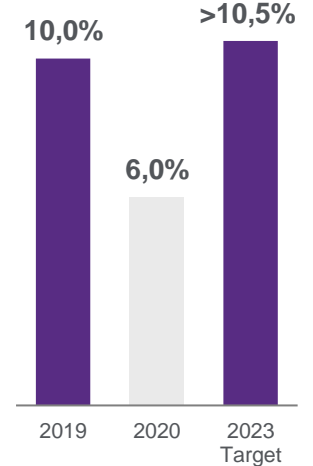
▶ Segment operating margin thresholds:

- RS1 > 12%
- RS2 > 10%
- RS3 > 17%

From 2023 and beyond

RETURN ON CAPITAL EMPLOYED

Including M&A (%)



▶ **ROCE > 10.5%** from 2023, ensuring **3 points of economic added value*** every year

* See section 5.1.6 of 2020 Universal registration document

3

M&A AND PARTNERSHIPS FRAMEWORK – CLEAR INVESTMENT CRITERIA



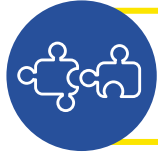
• Constantly exploring M&A opportunities in both core and new growth avenues



• Value-accretive acquisitions



• Open to partnerships to boost our venture potentials



• Delivering growth and significant synergies



• Very strong execution track record



Financial discipline
2023-2030 ROCE >+10.5%

Strong financial position and ratings
(A- at both Fitch and S&P)



RESETTING OUR SHAREHOLDER RETURN POLICY: INCREASING PAYOUT TO 50%



HISTORICAL PAYOUT RATIO

Dividend (€ p.s.)

€2.50

€2.85

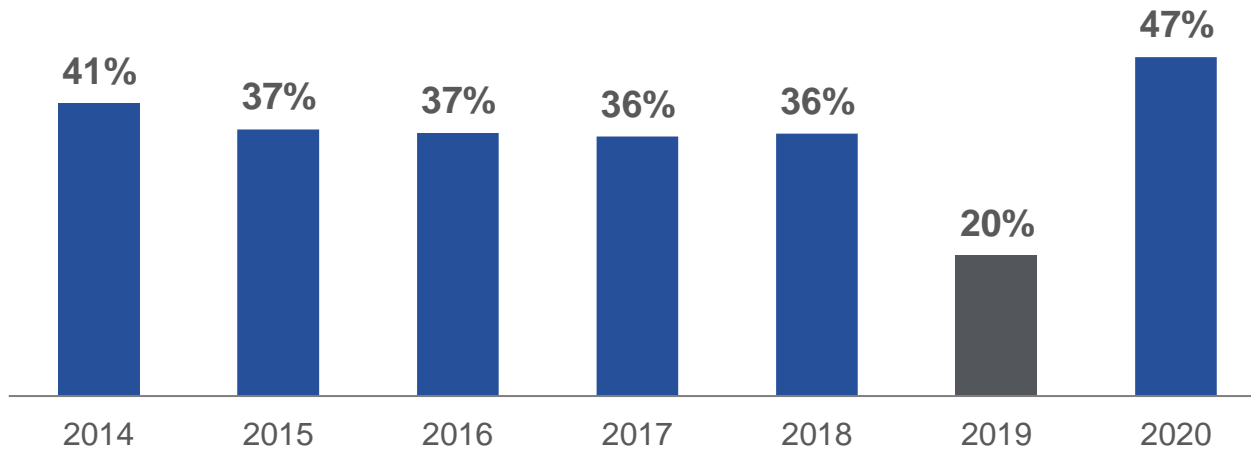
€3.25

€3.55

€3.70

€2.00

€2.30



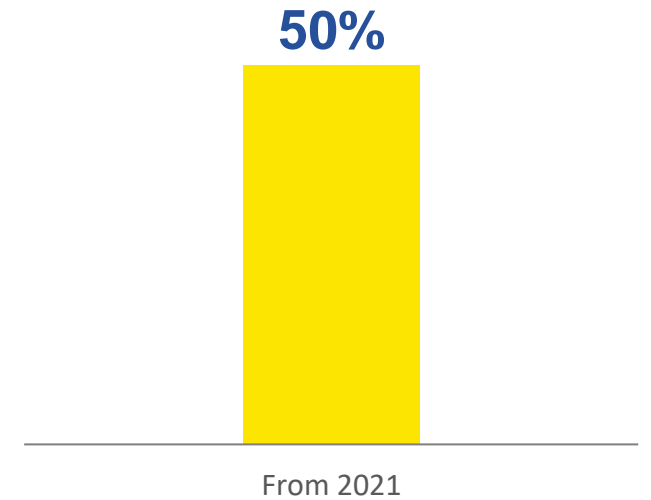
**CONSISTENTLY DELIVERED ABOVE 35%
DIVIDEND PAYOUT**

(except in 2020 due to the pandemic)



FUTURE PAYOUT RATIO

Before non-recurring items



**INCREASED DIVIDEND
PAYOUT RATIO AT
50% P.A. FROM 2021**

Anti-dilutive / opportunistic share buyback program



TIRES

*STRONG GROWTH OPPORTUNITIES
IN A POST COVID WORLD*



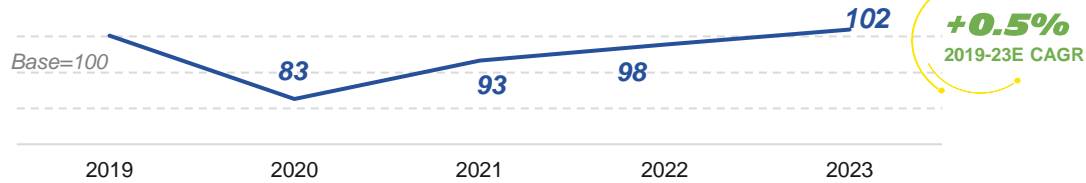


PASSENGER CAR: STEADY GROWTH WITH STRONG MIX ENRICHMENT

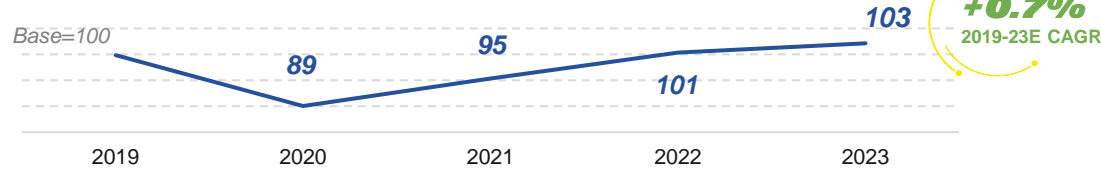


PASSENGER CAR MARKETS TREND

Original equipment world market (unit)

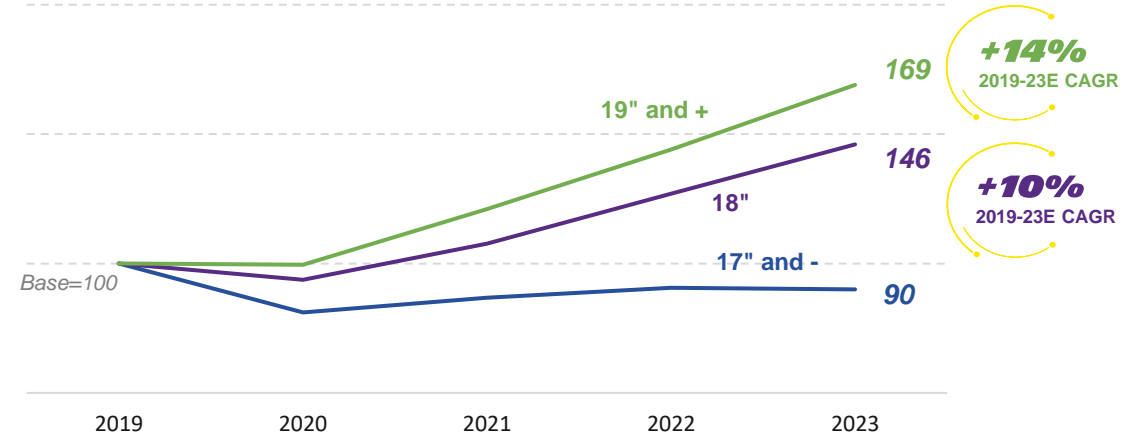


Replacement world market (Unit)



PASSENGER CAR MARKET BY RIM DIAMETER

Original equipment + Replacement market by diameter (unit)



GROWTH



Significant increase in 19"+ tires demand
3x more SKUs 19" by 2025



SIMPLEXITY



Cost optimization and simplification of Michelin's catalog
Late differentiation in the production process



MARGIN



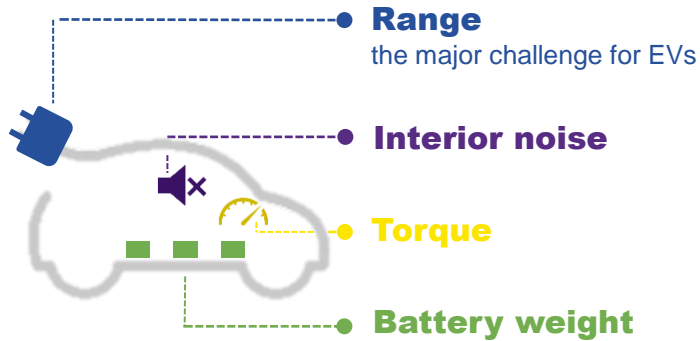
Strong and sustained mix enrichment



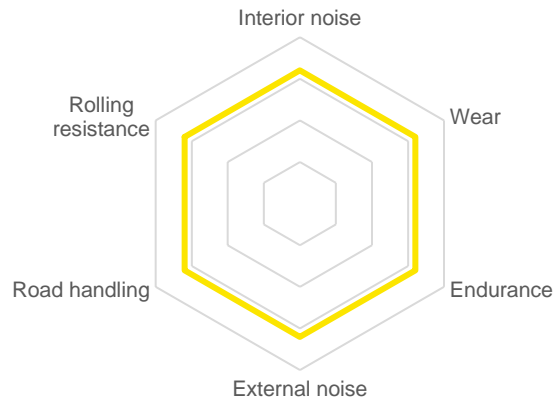
EV⁽¹⁾ MARKET: A GREAT OPPORTUNITY FOR MICHELIN TO DEMONSTRATE ITS TECHNOLOGICAL LEADERSHIP



VEHICLE ELECTRIFICATION CHALLENGES



TIRES FOR EV: INCREASE DEMAND FOR PERFORMANCE



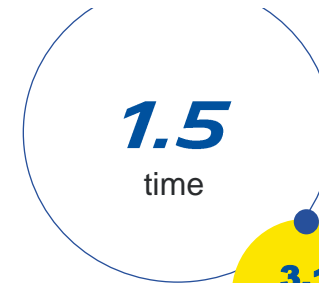
High-performance solutions

aligned with EV needs



AN OFFERING FULLY ALIGNED WITH OPPORTUNITY

EV OE share / Total OE share



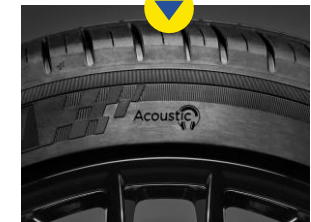
for battery electric-vehicles



HL TIRES (High Load)

1ST TIRES in the coming weeks

ACOUSTIC TECHNOLOGY



(1) EV: Electric Vehicle (hybrid, battery-powered and fuel cell-powered)
 (2) ICE: Internal Combustion Engine

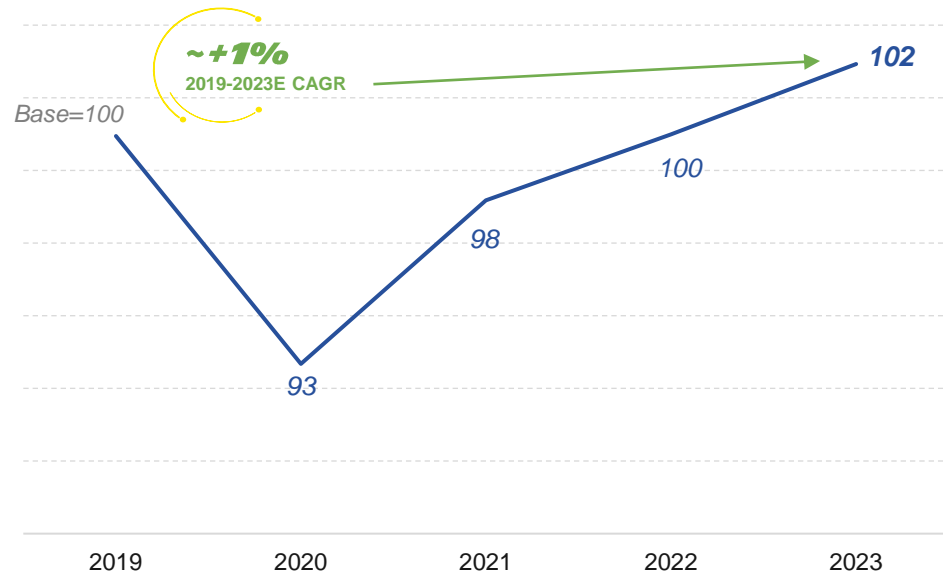


TRUCKS: RECOVERY PROSPECTS DRIVING VALUE CREATION FOR MICHELIN

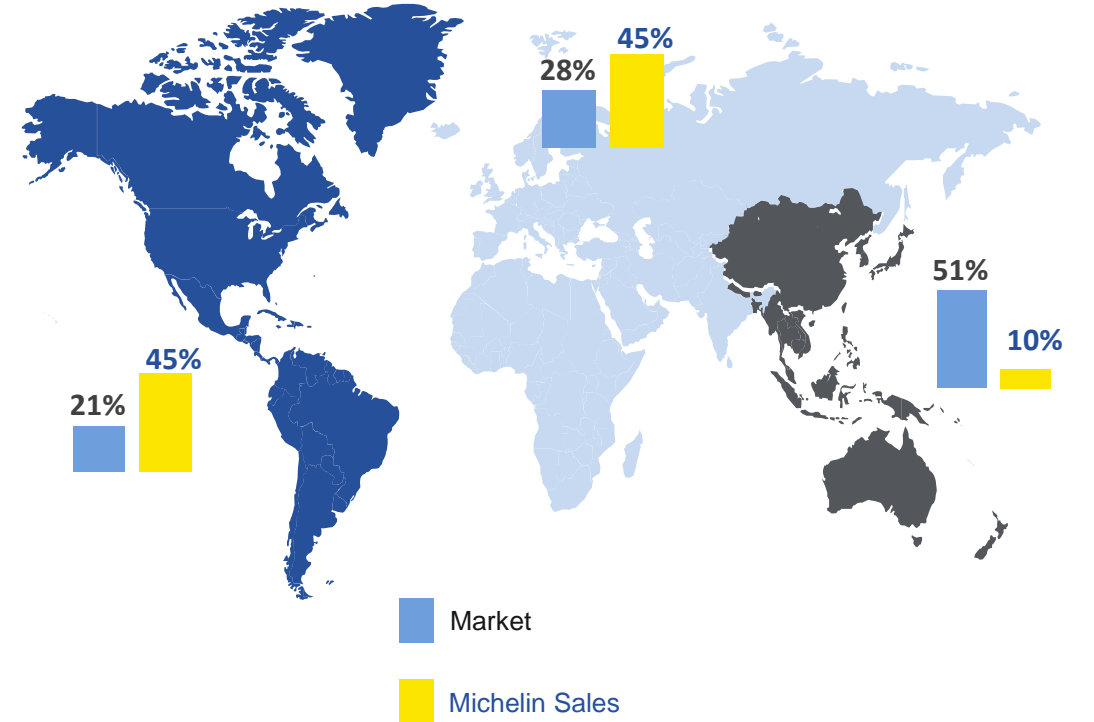


TRUCK TIRE MARKET TREND

Worldwide market (units)



2020 TRUCK TIRE MARKET AND SALES GEOGRAPHICAL DISTRIBUTION



Innovating in new Solutions & Services in Americas and EMEA

Capturing pockets of value creation in Asia



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

Fleets in search of increased efficiency

Additional projects 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

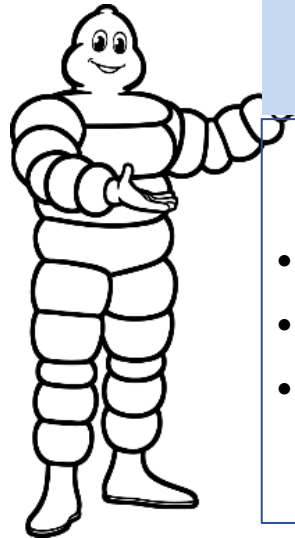
- Uptime optimization
- Reduction of maintenance costs
- Tracking, routing, etc.

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

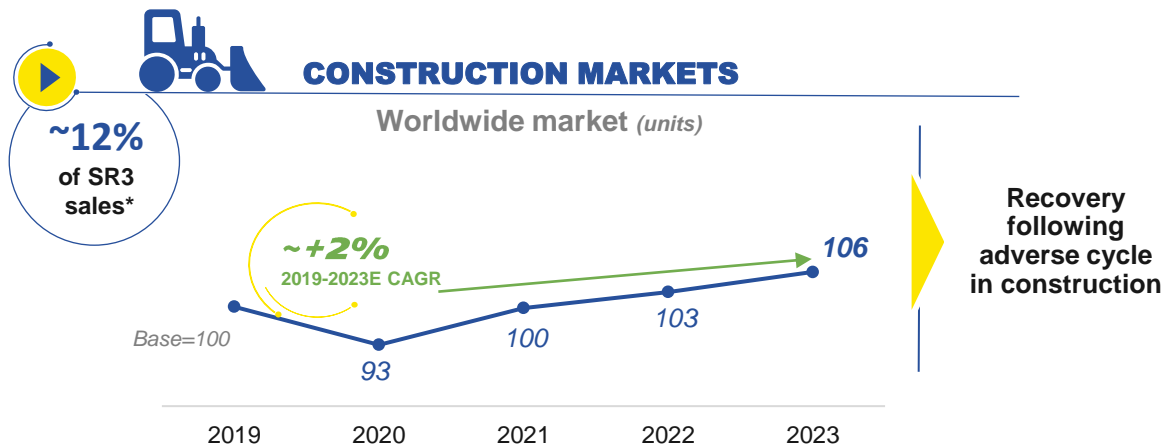
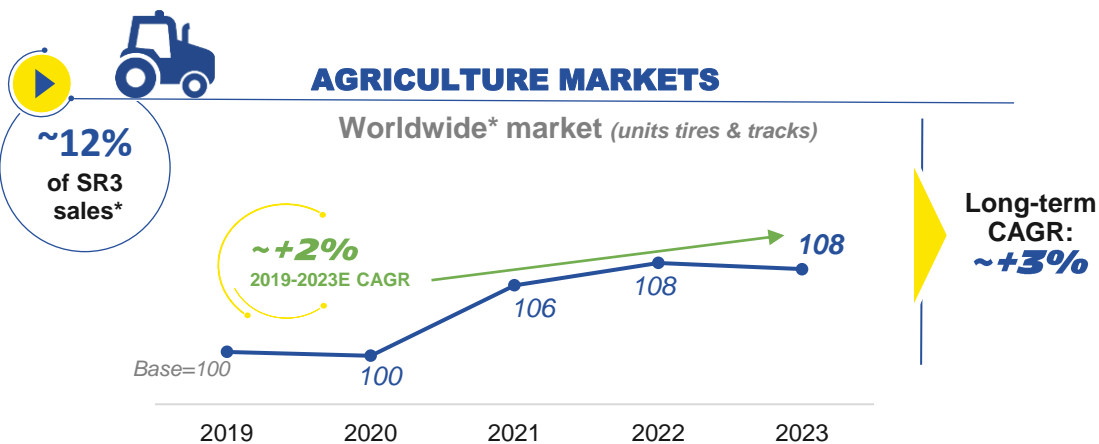
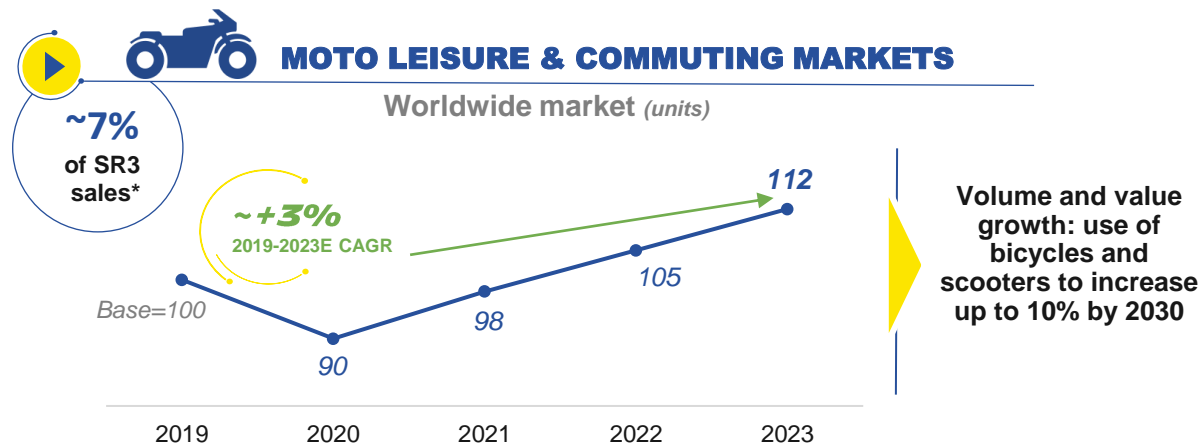
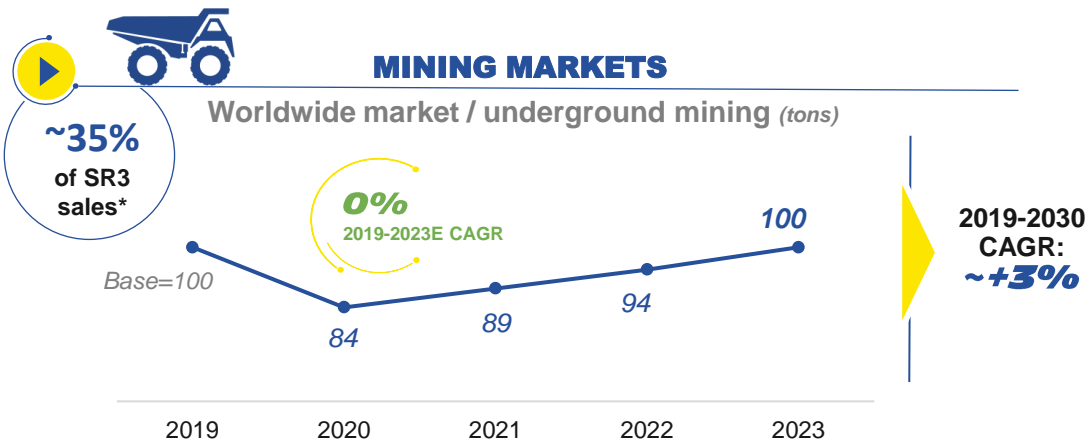
- **Renewal of the offering**
- **Bespoke solutions for "last mile" fleets:**
 - Tire delegation
 - Fleet management



* Source: Accenture Research

4

MINING, OFF THE ROAD AND 2-WHEELS TIRES: STRUCTURALLY GROWING MARKETS, INCREASINGLY INFLUENCED BY ENVIRONMENTAL CONCERNS



* 2019 Sales



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 CO₂ 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



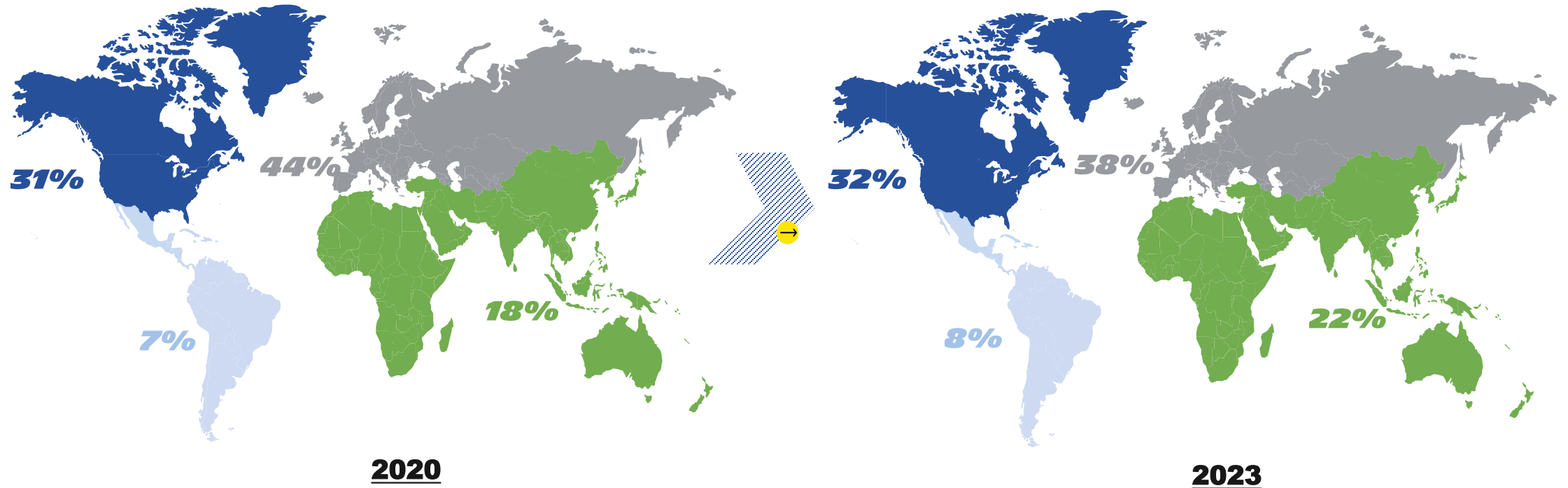


COMPETITIVENESS PLAN: REBALANCING OUR INDUSTRIAL FOOTPRINT TO BECOME MORE LOCAL-TO-LOCAL



SEIZING POSITIVE MOMENTUM IN EMERGING MARKETS

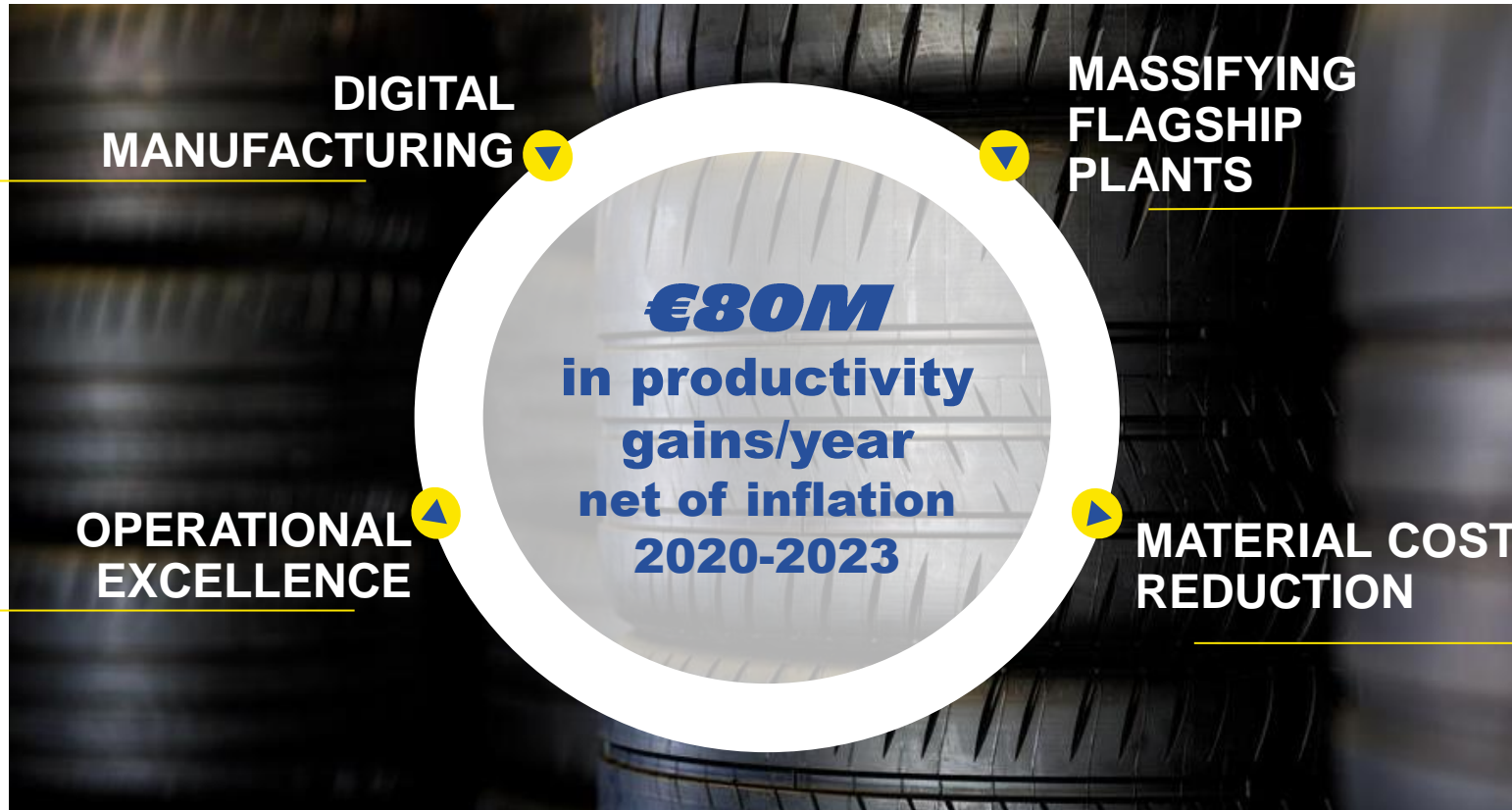
(% Manufacturing capacity)



Increase local-to-local ratio
Reducing inventories and CO₂ emissions
Best-in-class supply chain



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



Automation
Artificial
Intelligence

Flexibility
Simplexity
Process
Standardization

MASSIFYING
FLAGSHIP
PLANTS

MATERIAL COST
REDUCTION

DIGITAL
MANUFACTURING

OPERATIONAL
EXCELLENCE

Responsiveness
Cost optimum

In 2025, 16 sites will have an average production capacity of 140Kt

Design to cost
Scrap reduction
Upstream gains



SG&A TIRE COMPETITIVENESS PLAN: €125M IN SAVINGS NET OF INFLATION OVER 2020-2025, €65M BY 2023



INCREASING PRODUCTIVITY

Leveraging new technologies (AI)

Digitalizing operations

Optimizing the industrial footprint

€65M
in SG&A tire gains by 2023 net of inflation

SIMPLIFYING PROCESSES

Standardizing best practices

Decision making closer to customers

Developing shared service centers

Reengineering end to end processes








AROUND & BEYOND TIRES
*LEVERAGING OUR INNOVATION CAPABILITIES TO
DELIVER NEW GROWTH AVENUES*





FIVE ADJACENT ECOSYSTEMS IDENTIFIED AS GROWTH AVENUES

ECOSYSTEMS		PROMISING BUSINESSES	RATIONALE	CONTRIBUTION TO PROFITABLE GROWTH
SERVICES & TECH SOLUTIONS		 <p><i>Innovate to capture every new opportunity in IoT and emerging technologies</i></p>	<ul style="list-style-type: none"> • Mobility services and digitization: key focus for all Michelin customers 	LEADERSHIP POSITION
HIGH-TECH MATERIALS	HIGH-TECH FLEXIBLE COMPOSITES	<p><i>Leverage our core business... ...to develop other areas in which we can play an important role</i></p> 	<ul style="list-style-type: none"> • A solid basis to target attractive and synergetic markets 	SIGNIFICANT GROWTH
	Medical	 <p><i>Early-maker in Medical, Hydrogen, and 3D Metal Printing...</i></p>	<ul style="list-style-type: none"> • Three promising ecosystems 	FINANCIAL VALUE CREATION
	Hydrogen	 <p><i>...with ESG focus and transition towards carbon-free operations</i></p>		
	3D Metal Printing			



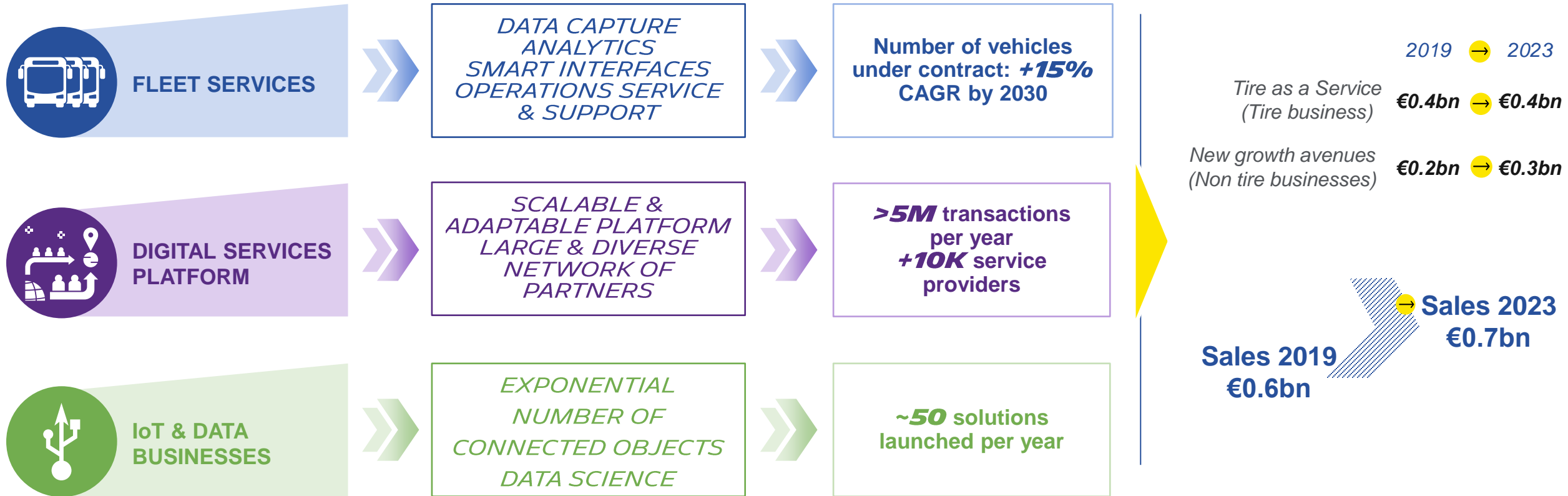
SERVICES AND SOLUTIONS: DEVELOPING AND ENRICHING OUR VALUE PROPOSITION FOR FLEETS AND MOBILITY



Expanding our customer base
Reaching new territories



SERVICES AND SOLUTIONS: KEY LEVERS TO REACH OUR AMBITIONS





HIGH-TECH MATERIALS: STRENGTHENING OUR POSITIONS ALONG THE VALUE CHAIN



CURRENT ACTIVITIES

Recovered materials
Lehigh TECHNOLOGIES
enviro SCANDINAVIAN ENVIRO SYSTEMS

Sustainable monomers and polymers
BIOBUTTERFLY
PYROWAVE CLOSING THE LOOP

Special adhesives
ResiCare

Compounding

Coated fabrics & Reinforcements
Belting products & solutions

High-end polymers
Fenner PRECISION POLYMERS
FENNER & DUNLOP ENGINEERED CONVEYOR SOLUTIONS

Conveyors
Advanced Sealing Technologies
A Michelin High Tech Materials Company

TARGET POSITIONING

Accelerator of differentiating technologies for tires and 'rubber goods', in the field of bio-sourced materials and recycling

Leading player in the field of special adhesives and tailor-made polymers

Global leading player with significant position (in top 3) in targeted segments, requiring high level of technicity and demanding balance of performance





HIGH-TECH MATERIALS: ACCELERATING THE DEVELOPMENT OF 3 MAIN ECOSYSTEMS THROUGH PARTNERSHIPS FOR SUSTAINABLE GROWTH

REGENERATIVE MEDICINE & CELLULAR THERAPY



MARKET POTENTIAL

Cell & gene therapy	Cardio medical devices
+20% CAGR 2020-2030	>10% CAGR 2020-2030

AMBITIONS ¹

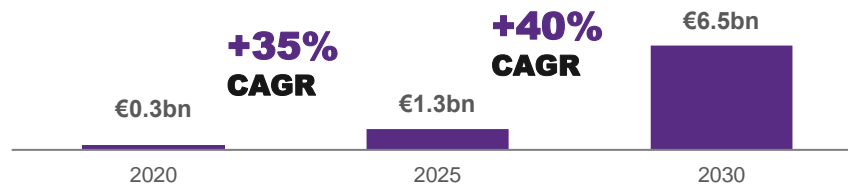
Becoming a leading innovation and manufacturing partner	Being the manufacturing operator customers' trust
Cell therapy Bioresorbables Regenerative medicine	

Note 1: Michelin holds a 49% stake in Solesis (equity-accounted company)

HYDROGEN MOBILITY



MARKET POTENTIAL



AMBITIONS ²

Becoming a leader in fuel cell stack systems

€0.2bn sales in 2025	€1.5bn sales in 2030
--------------------------------	--------------------------------

Note 2: 100% of Symbio - Michelin holds a 50% stake in Symbio (equity-accounted company)

3D METAL PRINTING



MARKET POTENTIAL

Medical & aerospace are the most industrial-scale end markets

+23% CAGR 2020-2030	~\$13bn in 2030
-------------------------------	---------------------------

AMBITIONS ³

€100m sales and breakeven by 2023	>€500m sales by 2030
--	-----------------------------------

Note 3: 100% of AddUp
Michelin holds a 50% stake in AddUp (equity-accounted company)



6

***MICHELIN'S SUSTAINABLE
LEADERSHIP***

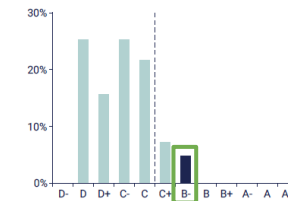
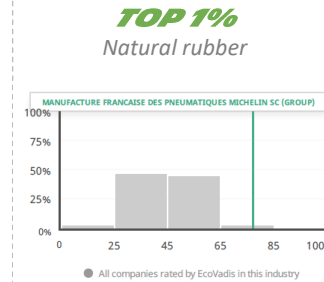
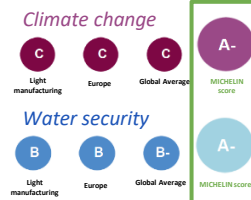
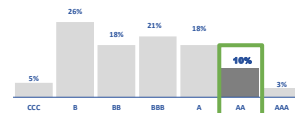
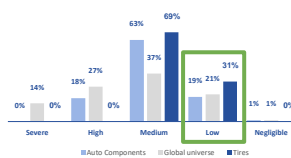


NON-FINANCIAL PERFORMANCE: MICHELIN, A LEADING AND RECOGNIZED PLAYER IN SUSTAINABLE MOBILITY

Major sustainability rating (as of September 07, 2021)

	SUSTAINALYTICS <i>(risk rating) 2021</i>	MSCI 2020	CDP 2020	ECOVADIS 2021	ISS-OEKOM 2021	VIGEO EIRIS Moody's 2021
Status	LOW RISK	AA	LEADERSHIP	PLATINIUM	PRIME	A1+
Rating	13.1	8.4/10	A-	78/100	B-	73/100

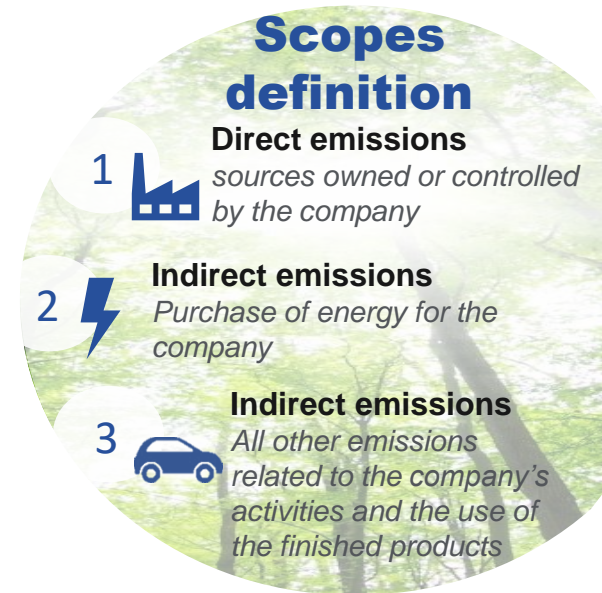
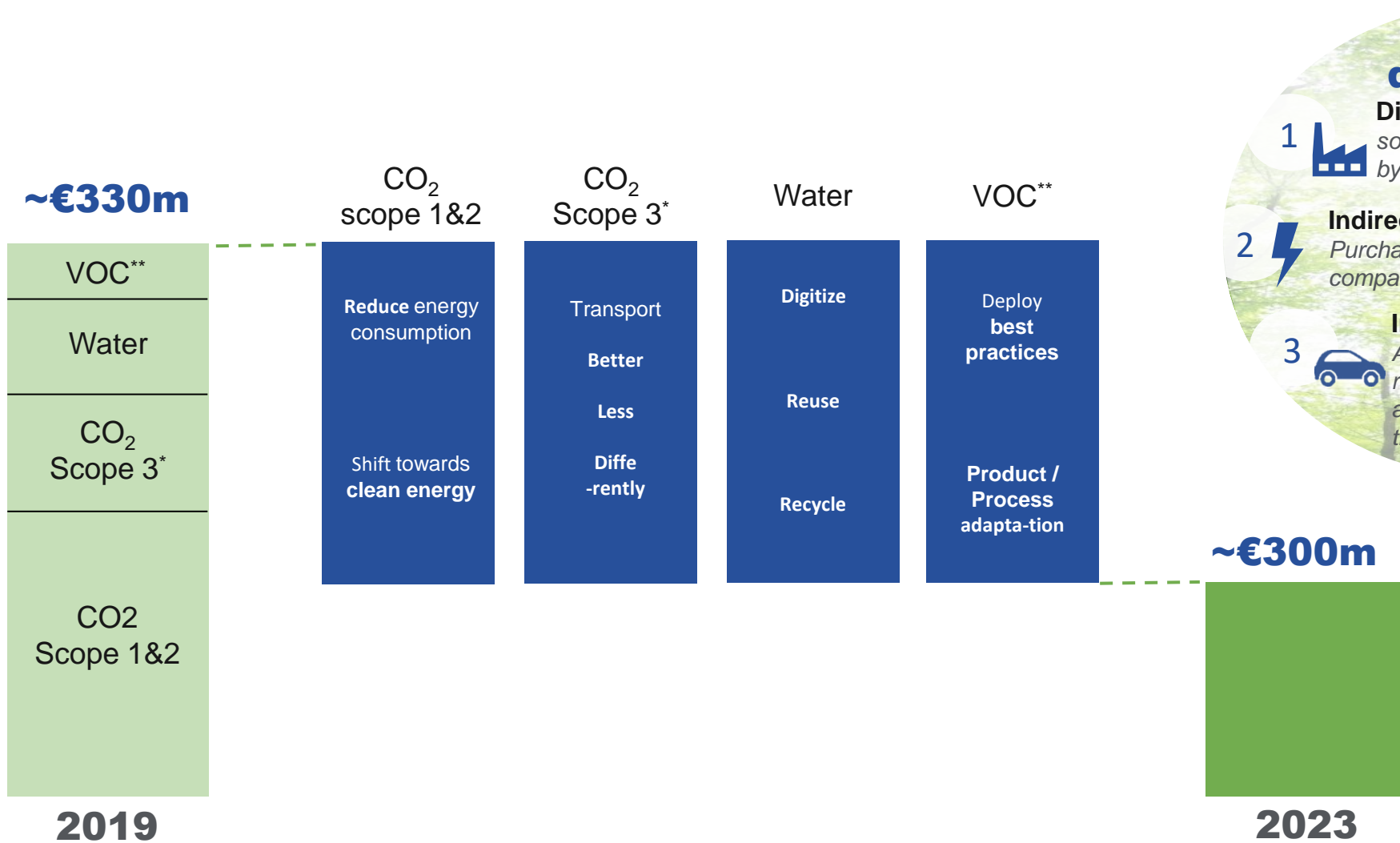
Ranking / Distribution of ratings



1ST OF 39
in the sector



ON THE ROAD TO CARBON NEUTRALITY BY 2050, MICHELIN STARTS TO VALORIZE ITS NEGATIVE EXTERNALITIES IN 2020 AND COMMIT TO A 10% REDUCTION AS EARLY AS 2023



* Only transport and distribution upstream and downstream of Natural Rubber, semi-finished and finished goods
 ** Volatile organic components





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 CO₂ 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



RENEWABLE REUSE REDUCE RECYCLE



NATURAL RUBBER



PLASTIFIERS/RESINS



TEXTILES

SYNTHETIC RUBBER



CHARGES



METALS



OTHER



In 2021, we will race with a Moto E tyre made of 40% sustainable materials



* European project funded by Horizon 2020, project number: 82068

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



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

act4nature
international



AMBITIONS FOR 2030

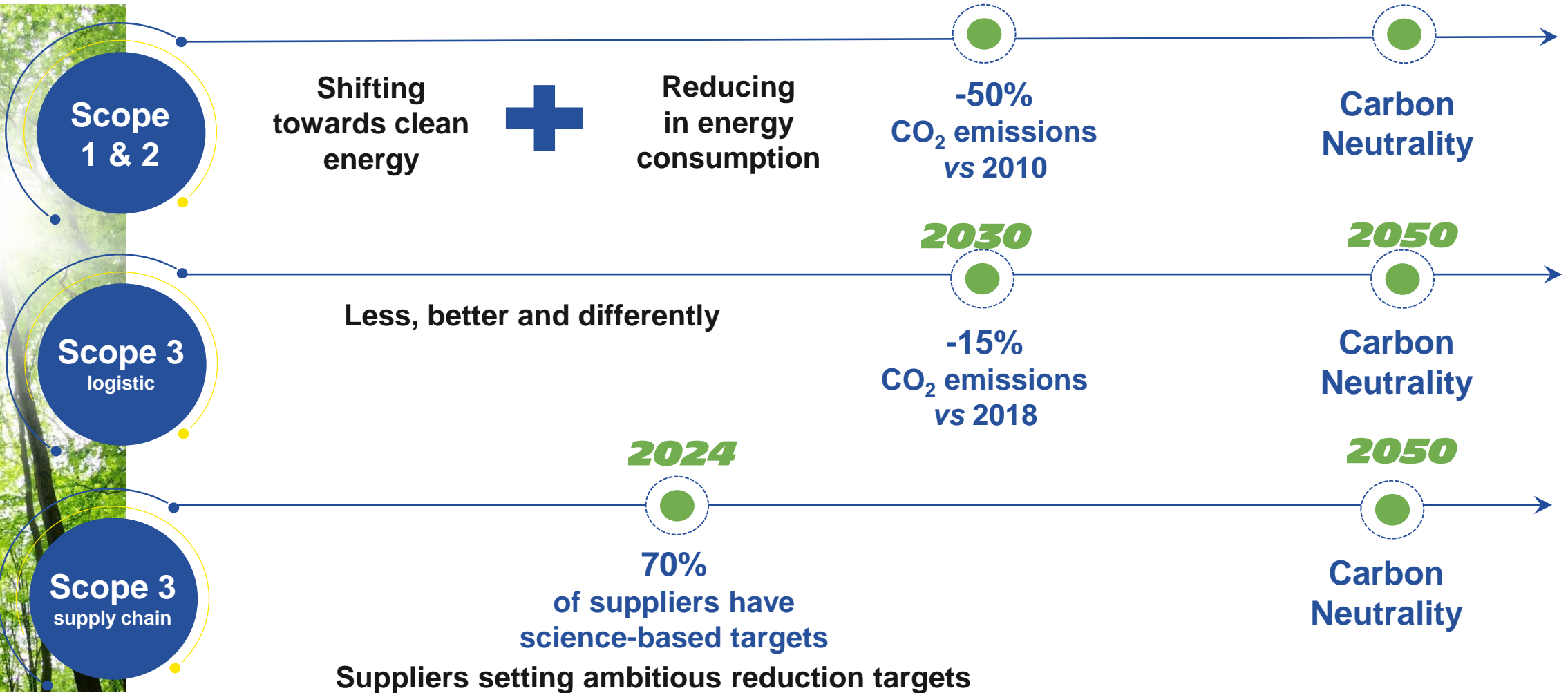
▶ BIODIVERSITY

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





2030 ENVIRONMENTAL AMBITION: ON THE PATH TO REACH CARBON NEUTRALITY IN 2050





CONTINUOUSLY IMPROVING THE ENVIRONMENTAL PERFORMANCE OF OUR PRODUCTION SITES



2030 OBJECTIVES

REDUCTION OF THE INDUSTRIAL ENVIRONMENTAL IMPACT BY 1/3 ⁽¹⁾ THROUGH 5 PROGRAMS



WATER WITHDRAWALS



-33% ⁽¹⁾

(m³/t weighted by water stress index)



GENERATED WASTE



-25% ⁽¹⁾

(kg/t)



ORGANIC SOLVENT CONSUMPTION



-50% ⁽¹⁾

(kg/t)



ENERGY CONSUMPTION



-37% ⁽²⁾

(GJ/t)



CO₂ EMISSION



-50% ⁽²⁾

(t)

(1) vs 2019, see p.150 of the 2020 Universal Registration Document

(2) vs 2010

/t = ratio basis on semi-finished or finished products volumes



SETTING THE STANDARD FOR EMPLOYEE DIVERSITY AND INCLUSION

EQUAL OPPORTUNITY

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

GENDER BALANCE

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

DISABILITY

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



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.



APPENDICES





FINANCE CALENDAR

- **Coming event:**

— **October 25, 2021 (after close of trading):** Third-quarter and 9 months 2021 sales



REPORTED H1 2021 AND H1 2020 FINANCIAL HIGHLIGHTS

(in € millions)	H1 2021	H1 2020
Sales	11,192	9,357
Segment EBITDA	2,277	1,192
Segment EBITDA margin	20.3%	12.7%
Segment operating income	1,421	310
Segment operating margin	12.7%	3.3%
Other operating income and expenses	16	(133)
Net income/(loss)	1,032	(137)
Basic earnings per share (in €)	5.74	(0.75)
Net cash used in purchases of intangible assets & PPE	654	769
Free cash flow*	346	(351)
Gearing	26.7%	45.0%

*see slide 63 for definition

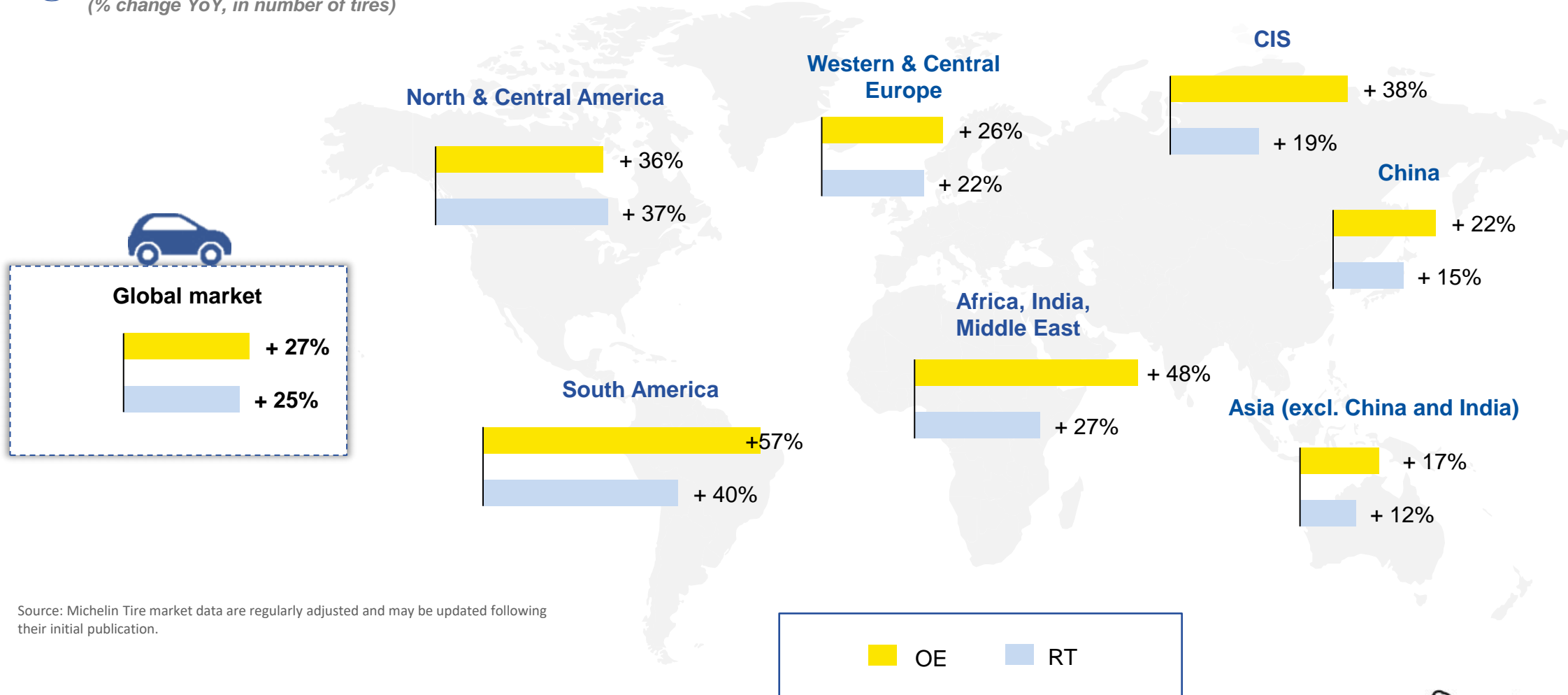


PC/LT H1 2021 MARKETS: ON FAVORABLE PRIOR-YEAR COMPARATIVES, OE HURT BY COMPONENT SHORTAGES AND RT CONTINUED TO REBOUND



PC/LT TIRE MARKET, H1 2021

(% change YoY, in number of tires)



Global market



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

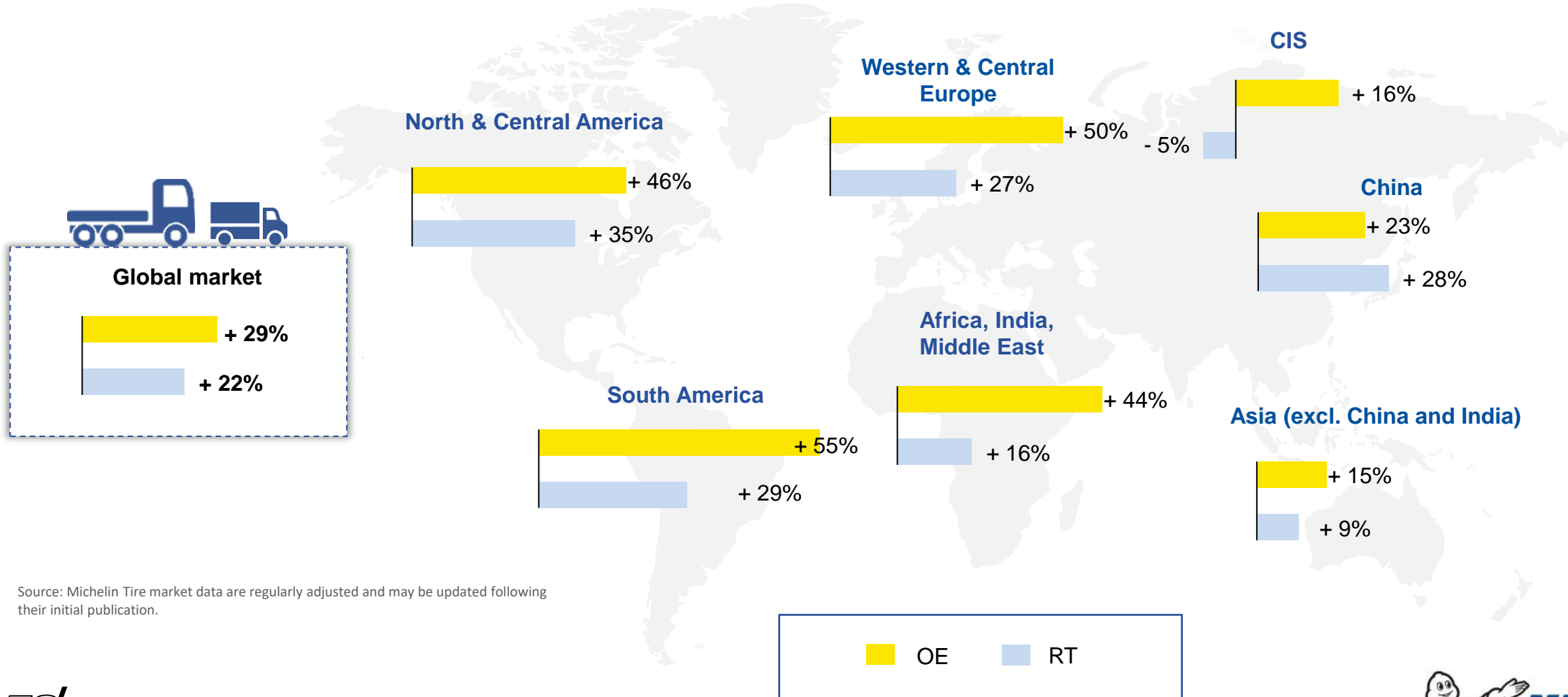


TRUCK H1 2021 MARKETS: SUSTAINED FLEET UPGRADES AND GROWTH IN FREIGHT DEMAND FROM A FAVORABLE BASE OF COMPARISON



TRUCK TIRE MARKET, H1 2021

(% change YoY, in number of tires)



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



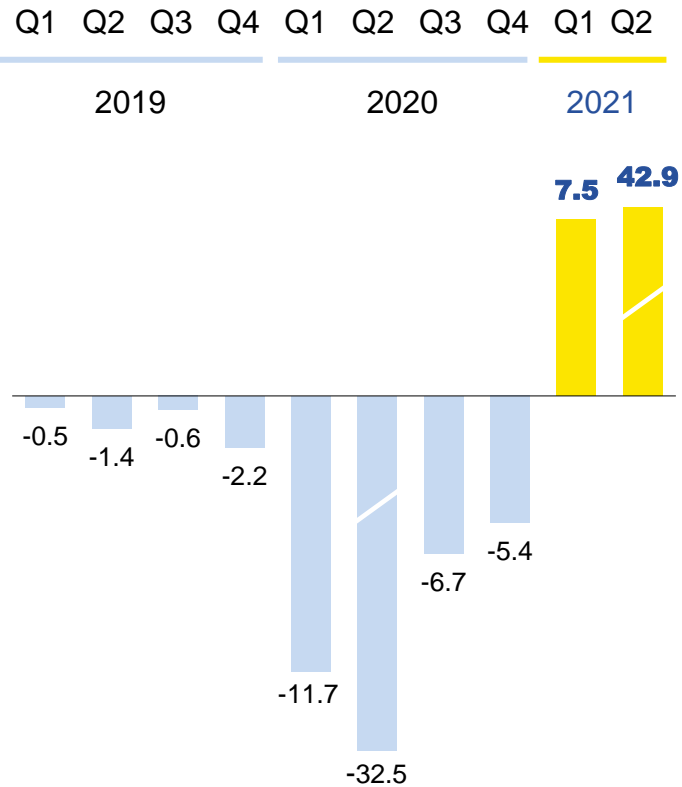
H1 2021: STRONG VOLUMES UPTURN ON FAVORABLE BASIS OF COMPARISON, WITH SOLID MIX AND REACTIVE PRICING MANAGEMENT



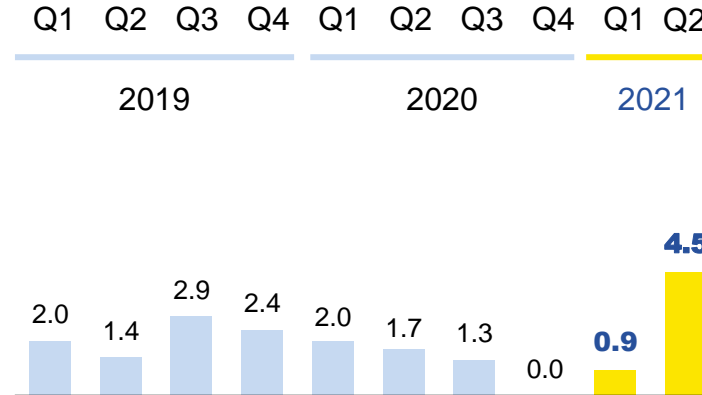
YoY QUARTERLY CHANGE

(in %)

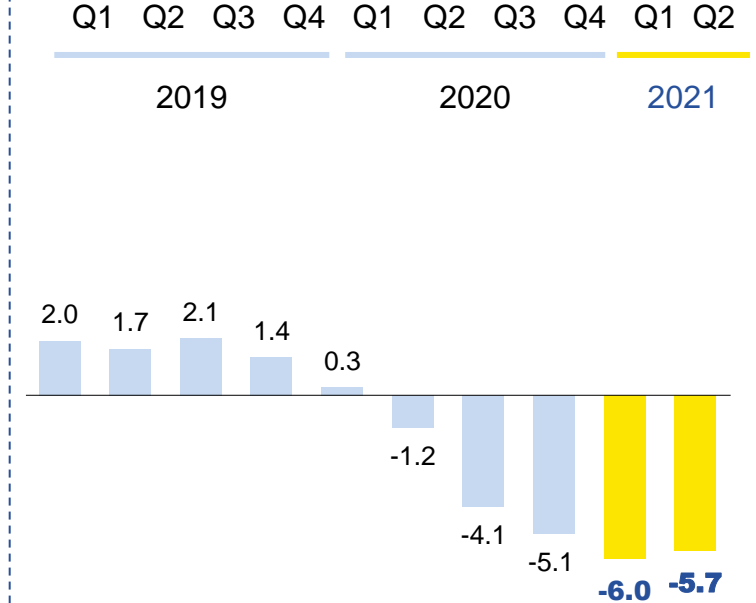
Volumes



Price-mix



Currency





SALES BY CURRENCY AND SEGMENT OPERATING INCOME (SOI) IMPACT

% of sales (2020)		H1 2021 € change vs. currency	Droptthrough* sales / SOI
USD	36%	+ 9%	35% / 45%
EUR	32%	-	-
CNY	6%	+ 1%	25% / 30%
AUD	3%	- 7%	80% / 85%
GBP	3%	- 1%	25% / 30%
BRL	3%	+ 22%	-30% / -20%
CAD	3%	- 0%	25% / 30%
RUB	1%	+ 18%	25% / 30%
JPY	1%	+ 9%	80% / 85%

% of sales (2020)		H1 2021 € change vs. currency	Droptthrough* sales / SOI
CLP	1%	- 3%	80% / 85%
MXN	1%	+ 3%	25% / 30%
THB	1%	+ 7%	-130% / -100%
TRY	1%	+ 33%	80% / 85%
SEK	0.8%	- 5%	80% / 85%
TWD	0.6%	+ 2%	80% / 85%
ZAR	0.4%	- 3%	80% / 85%
ARS	0.3%	+ 55%	80% / 85%
COP	0.2%	+ 8%	80% / 85%
Others	5.7%	-	-

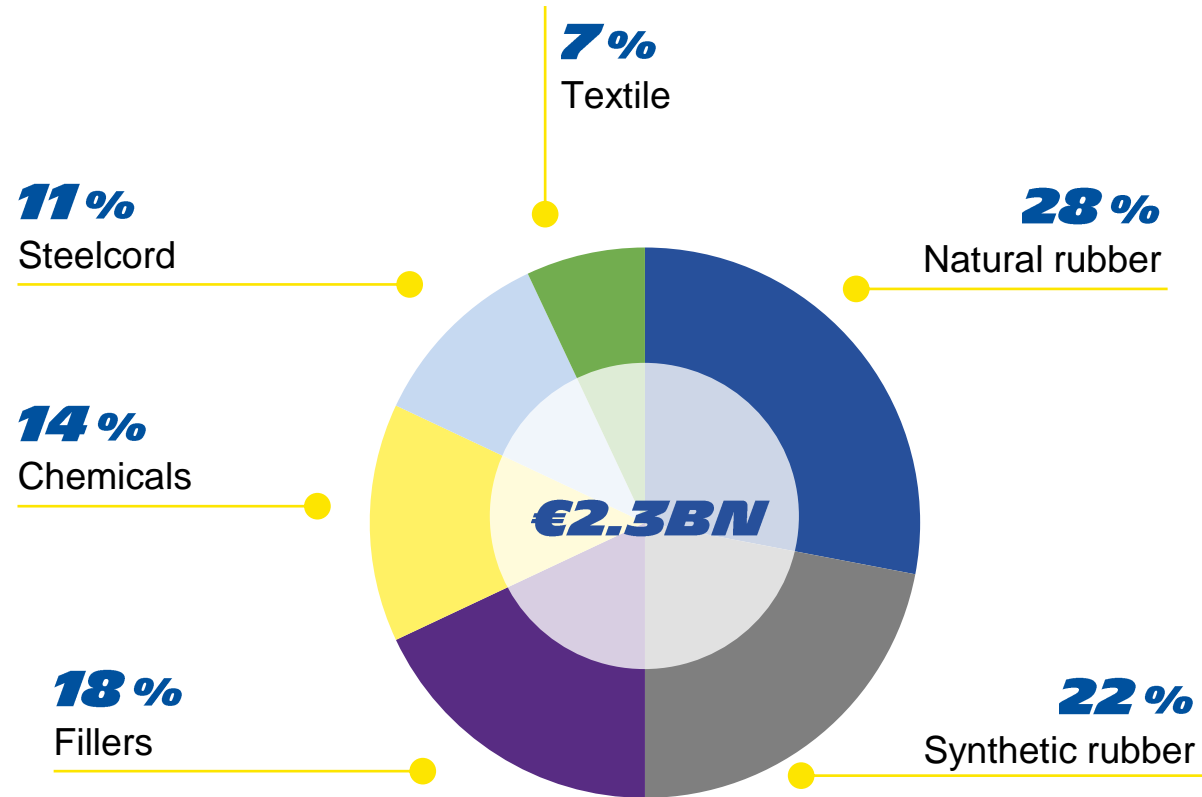
* droptthrough linked to the export/manufacturing/sales base.



RAW MATERIALS



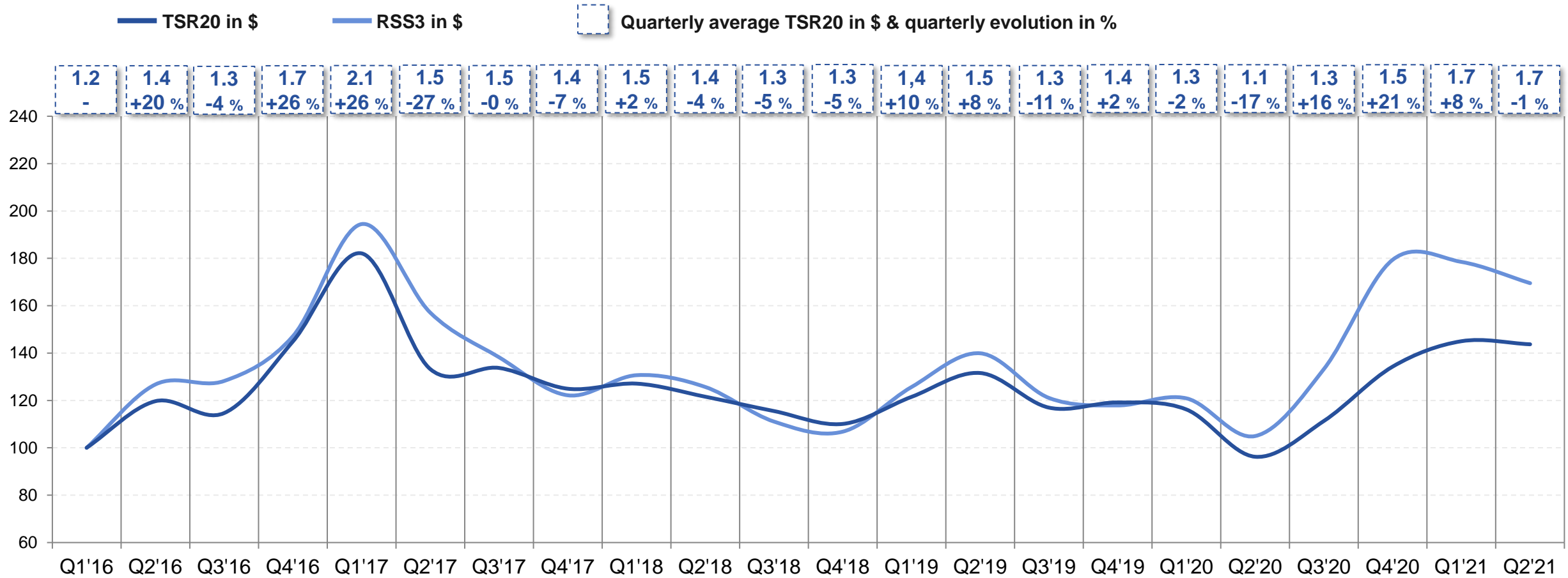
COST OF RAW MATERIAL USED IN PRODUCTION IN H1 2021





NATURAL RUBBER PRICE TREND

▶ \$/kg, base 100 in 1st 2016 quarter



Source SICOM

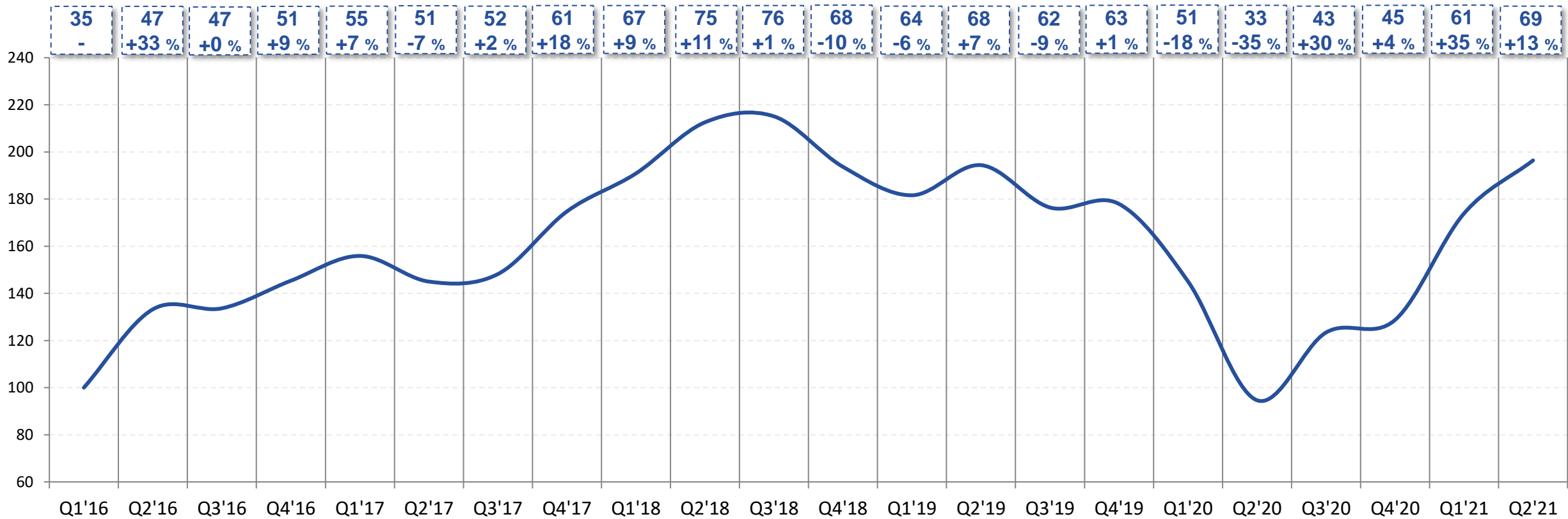


BRENT PRICE TREND



\$/bbl, base 100 in 1st 2016 quarter

— Brent in \$ □ Quarterly average Brent in \$ & quarterly change in %





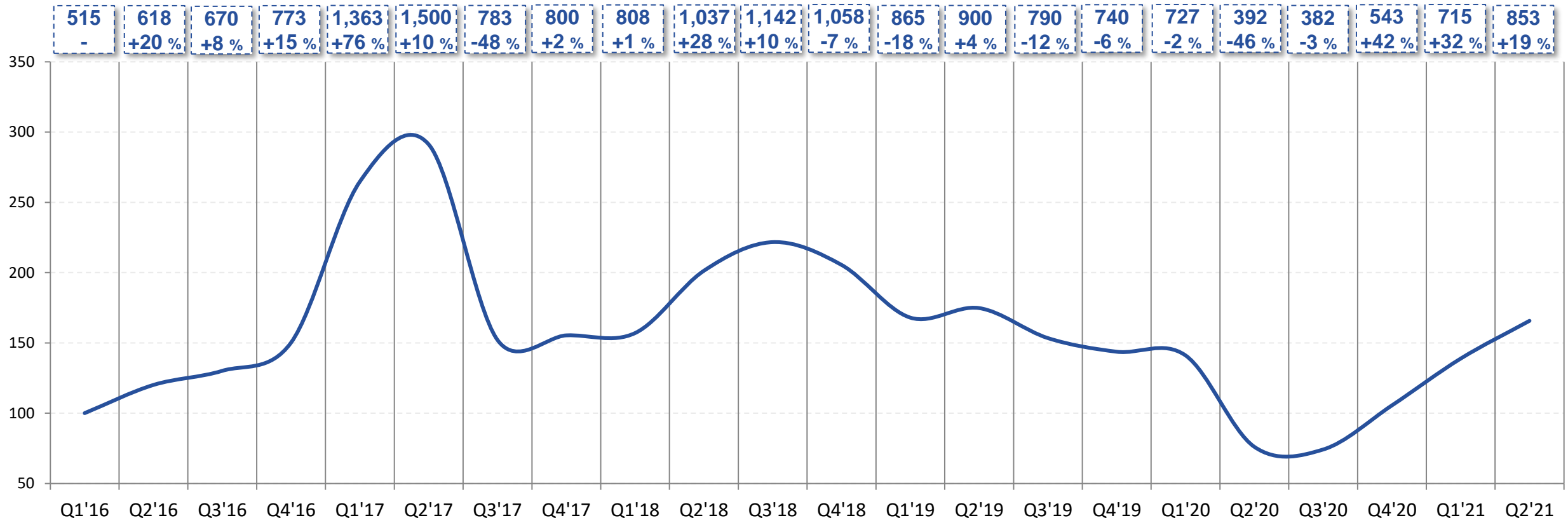
BUTADIENE PRICE TREND



€/t, base 100 in 1st 2016 quarter

— Butadiene Europe in €

□ Quarterly average Butadiene in \$ & quarterly change in %





OUTSTANDING BOND ISSUES

(AS OF JUNE 30, 2021)

Issuer	Compagnie Générale des Établissements MICHELIN										
Issue Type	Senior Note Convertible	Senior Note Bond	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
Principal Amount	\$ 500m + TAP \$100m	€ 300m	\$ 600m	€ 750m	€ 300m	€ 500m	€ 1'000m	€ 500m	€ 750m	€ 500m	€ 302m
Offering price	100% & 103,85%	99,97%	95,50%	99,10%	99,081%	99,89%	99,262%	99,54%	99,363%	99,46%	98,926%
Rating corporation at Issuance date	A- (S&P) A3 (Moody's)	BBB+ (S&P) A3 (Moody's)	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)
Current corporation rating	A- (S&P) ; A3 (Moody's) ; A- (Fitch)										
Coupon	ZERO Conv premium 128%	1.125% p.a	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
Issue Date	10-jan.-17 & 05-may-17	28-may-15	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
Maturity	10-jan.-22	28-may-22	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
Interest payment	N/A	Annual May 28	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
ISIN	FR0013230745	XS1233732194	FR0013309184	FR0013357845	XS1233734562	FR0014000D31	FR0013357852	FR0014000D49	FR0013357860	FR0014000D56	XS1298728707
Denomination	\$ 200'000 with min. tradable amount \$ 200'000	€ 1'000 with min. tradable amount € 1'000	\$ 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

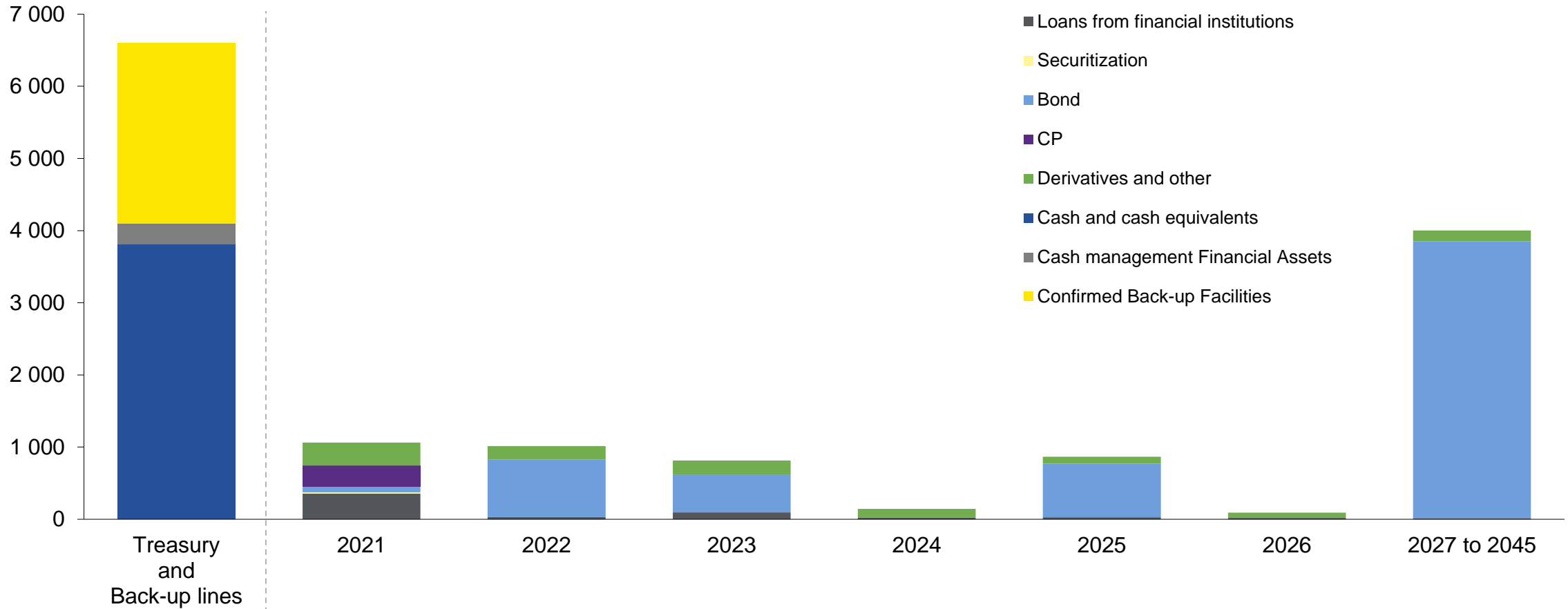


A COMFORTABLE CASH POSITION



Debt maturities at June 30, 2021

(carrying amount, in € millions)



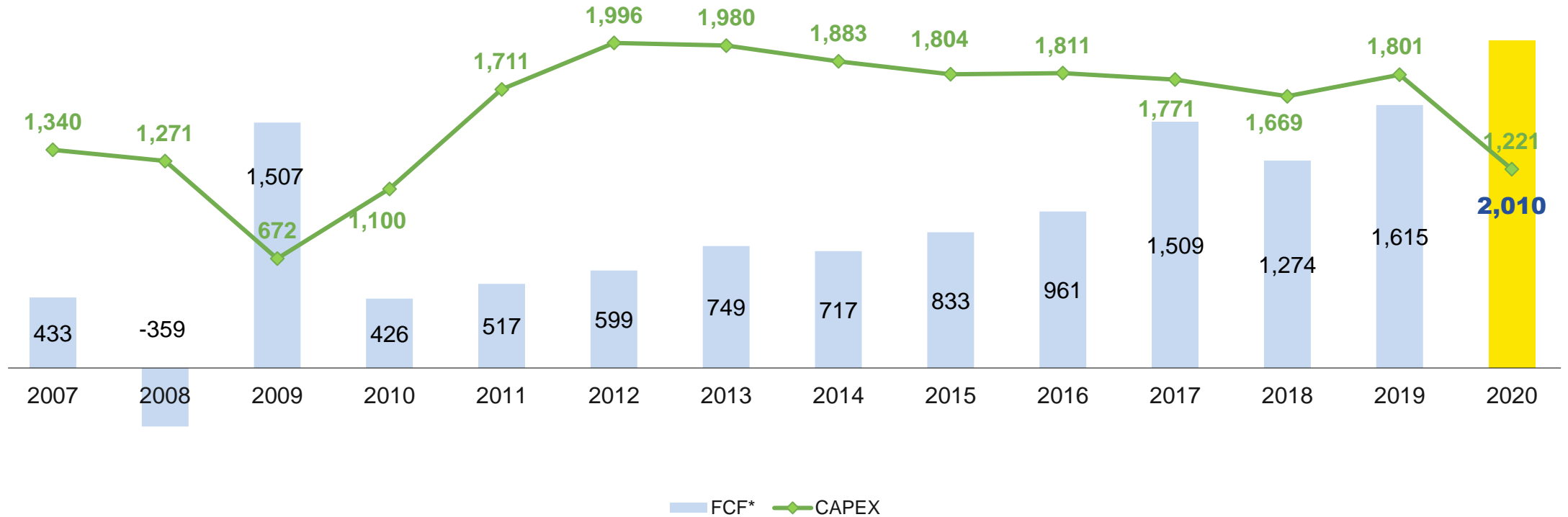


2007 – 2020: GROUP CAPACITY TO PROTECT AND IMPROVE ITS FREE CASH FLOW GENERATION



Free cash flow* and CAPEX 2007 - 2020

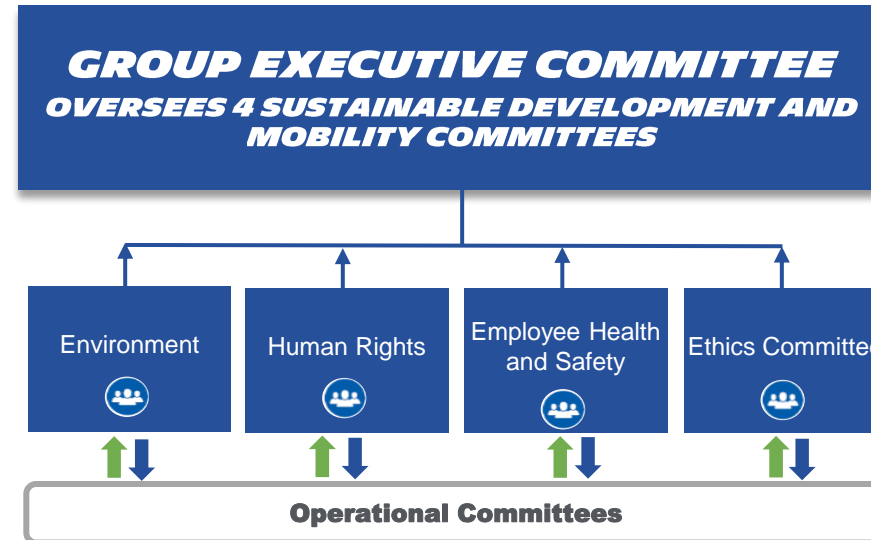
(in € millions)






* Reported FCF from 2007 to 2010, Structural FCF from 2011 onwards (see slide 63 for Structural FCF definition)



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



 Governance bodies  Decisions  Recommendations

SUPERVISORY BOARD - CSR COMMITTEE



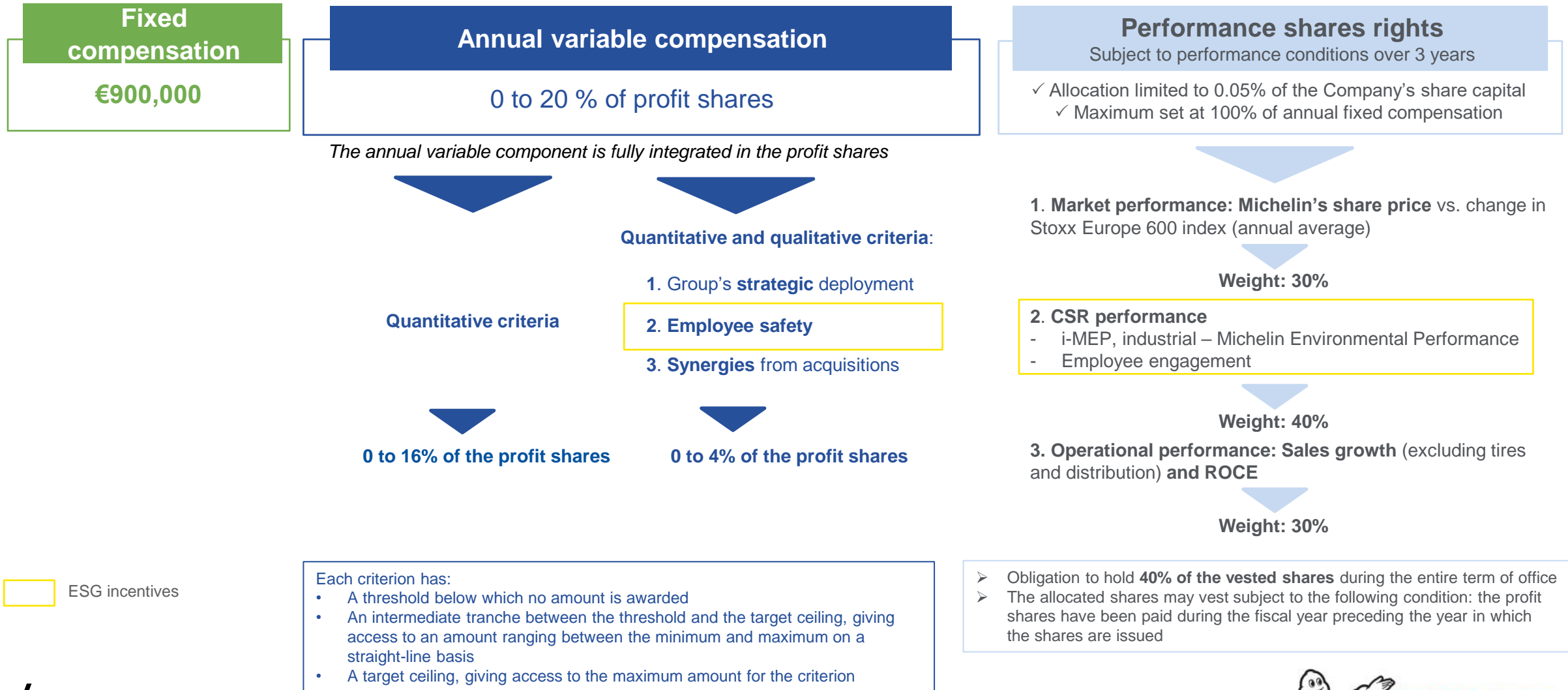
STAKEHOLDERS COMMITTEE

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 IS MANAGED AT HIGHEST LEVEL BY AN INCENTIVIZED TEAM

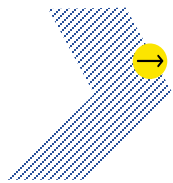
Florent Menegaux, Managing Chairman, compensation for 2021





WHAT ARE THE TIRE AND ROAD WEAR PARTICLES (TRWP)?

TRWPs are tiny debris produced by the friction between tires and the road.
This friction is what ensures grip and safety on the road



Scientific studies conducted to date by the TIP⁽¹⁾, the ETRMA⁽²⁾ and l'EAA⁽³⁾ suggest that:

- 2% to 5% of TRWPs reach estuaries ;
- TRWPs represent only a minor fraction of airborne particule matter (PM10 and PM2.5).

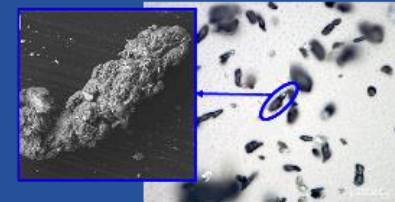
▶ [TRWP Q&A available on michelin.com](https://www.michelin.com/trwp)

(1) TIP - Tire Industry Project

(2) ETRMA – European Tyre & Rubber Manufacturers Association

(3) Agence Européenne de l'Environnement EEA report 10/2019

TRWP



5×10^{-2} mm

- Characteristics: mixture of rubber and road surface minerals
- High density: 1,8
- Diameter : ~100 μ m
- Degradability rate: **High 50% of TRWP disappeared in 16 months**

MICROPLASTICS



5 mm

- Characteristics: bits of plastics floating / suspended in water
- Diameter: ~ 5mm
- Degradability rate: **very low**



Free cash flow

FCF is stated before dividend payments and financing transactions. It 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

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

ROCE

In the 2016-2020 Plan, ROCE was calculated as

- Net operating profit after tax (NOPAT), calculated at a standard tax rate of 25% in 2020 and 26% in 2019, corresponding to the Group's average effective tax rate;
- Divided by the average economic assets employed during the year (excluding equity-accounted companies), i.e., all of the Group's intangible assets (excluding acquired intangible assets), property, plant and equipment, loans and deposits, and net working capital.

As from 2021, ROCE will be measured by the Group by adding back

- Amortization of acquired intangible assets and profit from equity-accounted companies to the numerator and
- Goodwill, acquired intangible assets and investments in equity-accounted companies to economic assets in the denominator.

Tire Sales

Correspond to sales related to the core activity of Michelin including Tire as a Service (TaaS) and Distribution.

Non-tire sales

Correspond to sales of following activities: Services and Solutions (excl. TaaS and Distribution), Conveyor Belts and High-Tech Materials excluding JVs



MICHELIN CROSSCLIMATE 2: NOTES

Labelling from 01/05/2021 :

(a) Fuel efficiency class (from A to E), B for majority dimensions. (b) Wet grip class (from A to E). (c) External rolling noise class (from A to C) and measured value in decibel (dB). (d) Tyre for use in severe snow conditions.

MICHELIN CROSSCLIMATE 2

- (1) Dry braking tests, conducted by TÜV SÜD Product Service on Michelin's request, between 100 and 0 kph, February 2021, on dimension 205/55 R16 94V XL on VW Golf 7 comparing MICHELIN CrossClimate 2 (100%) versus MICHELIN CrossClimate + (96,2%) ; BRIDGESTONE Weather Control A005 EVO (98,1%) ; CONTINENTAL AllSeasonContact (92,4%) ; GOODYEAR Vector 4Seasons Gen-3 (89,9%) ; PIRELLI Cinturato All Season Plus (89,4%)
- (2) Wet braking tests, conducted by TÜV SÜD Product Service on Michelin's request, between 80 and 20 kph, October 2020-April 2021 (worn means when worn on machine (buffed) to the depth of Tread Wear Indicator according to European regulation: ECE R30r03f), on dimension 205/55 R16 94V XL on VW Golf 7 comparing MICHELIN CrossClimate 2 (new : 100% - worn : 100%) versus MICHELIN CrossClimate + (new : 98,2% - worn : 101,1%) ; BRIDGESTONE Weather Control A005 EVO (new : 103,2% - worn : 99,5%) ; CONTINENTAL AllSeasonContact (new : 94,9% - worn : 96,1%) ; GOODYEAR Vector 4Seasons Gen-3 (new : 95% - worn : **93,5%**) ; PIRELLI Cinturato All Season Plus (new : **96,7%** - worn : **89%**) - Results may vary according to road and weather conditions.
- (3) Snow braking tests, conducted by TÜV SÜD Product Service on Michelin's request, between 30 and 10 kph, February 2021 (on new and 2mm buffed), on dimension 205/55 R16 94V XL on VW Golf 7 comparing MICHELIN CrossClimate 2 (new : 100% - worn : 100%) versus MICHELIN CrossClimate + (new : 95% - worn : 88,1%) ; BRIDGESTONE Weather Control A005 EVO (new : 92,4% - worn : 70,9%) ; CONTINENTAL AllSeasonContact (new : 99,5% - worn : 96,4%) ; GOODYEAR Vector 4Seasons Gen-3 (new : 97,6% - worn : 94,1%) ; PIRELLI Cinturato All Season Plus (new : 81,9% - worn : 77,0%)
- (4) Snow traction tests, conducted by TÜV SÜD Product Service on Michelin's request, February 2021 (on 2mm buffed), on dimension 205/55 R16 94V XL comparing MICHELIN CrossClimate 2 (new : 100% - worn : 100%) versus MICHELIN CrossClimate + (new : 95,1% - worn : 87,5%) ; BRIDGESTONE Weather Control A005 EVO (new : 84,6% - worn : 65,2%) ; CONTINENTAL AllSeasonContact (new : 95,6% - worn : 91,9%) ; GOODYEAR Vector 4Seasons Gen-3 (new : 94,6% - worn : 90,6%) ; PIRELLI Cinturato All Season Plus (new : 72,0% - worn : 54,2%)
- (5) Longevity test conducted by DEKRA TEST CENTER, on Michelin's request, December 2020, on dimension 205/55 R16 94V XL on VW Golf 7 comparing MICHELIN CrossClimate 2 (100%) ; CONTINENTAL AllSeasonContact (100,8%) and GOODYEAR Vector 4Seasons Gen-3 (108,4%) ; BRIDGESTONE Weather Control A005 EVO (69,7%) ; PIRELLI Cinturato All Season Plus (96,9%). Longevity test run in average real usage (D50) with 14.460 km run and extrapolated longevity at 1.6mm.
- (6) Rolling Resistance tests conducted on machine by Applus Idiada, on Michelin's request, August 2020, on dimension 205/55 R16 94V XL, comparing MICHELIN CrossClimate 2 (7,30 kg/t) versus MICHELIN CrossClimate + (8,20 kg/t) Eco-responsible driving depends notably on driving habits, vehicle or tire pressure
- (7) MICHELIN CrossClimate 2 is rated "B" on the Rolling Resistance A-B-C-E Item of the European labelling scale.
- (8) MICHELIN CrossClimate 2 category of tires is defined as one of the Premium all-season tires such as CONTINENTAL, GOODYEAR, BRIDGESTONE, PIRELLI, DUNLOP brands, and which are not dedicated to Original Equipment application (i.e not designed to achieve car manufacturers specific targets) but tires that can be purchased from retailers.
- (9) Balance of performance proven by test conducted in 2020 and 2021 on **Longevity, Rolling Resistance**, Dry braking, Wet braking new and worn, Snow braking new and worn, Snow traction new and worn - see test details in legal mentions 1,2,3,4,5,6 Results may vary according to road and weather conditions.



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