2030

MICHELIN IN MOTION

STRATEGY PROGRESS UPDATE

Capital Markets Day - March 13th, 2023

MICHELIN

CONTENT

EXECUTIVE SUMMARY

- During its 2021 Capital Markets Day, Michelin had revealed its growth strategy towards 2030 named “*Michelin in Motion*”, with the ambition to grow revenues by 5% a year from 2023 to 2030 and achieve 20 to 30% of Group’s revenues Around & Beyond tire.

- Over the past 2 years, the Group has delivered a high performance on its People, Profit and Planet key performance indicators, navigating a very disrupted environment. We are on track to reach the targets set for 2023.

- The ongoing mega-trends – fragmentation of the world, deep change in relation to work, environmental awareness, electrification of mobility – fully confirm the relevance of our strategy that is, growing to further increase value creation and Group’s resilience.

- These transformations are seen as opportunities as they emphasize Michelin’s differentiation, this should develop in the coming years as the Group further enhances its distinctive capabilities.

- As a deep-tech company able to address many high-value market verticals, Michelin leverages technology and science to increase its leadership and differentiate vs competition, both in terms of performance and sustainability.

- Our future success will come from our ability to further improve our structural performance in the tire space on the one hand, and to catalyze growth Around and Beyond tire on the other hand; this growth will be both organic and fueled by M&A.

- Michelin’s M&A track record over the last 5 years is very encouraging: we designed our M&A patterns according to our strategy, we successfully integrated our acquired businesses, and we see new product developments out of deep-innovation synergies reaching the market and increasing our differentiation towards demanding customers. The Group is actively managing its portfolio of activities to move faster toward high growth drivers and crystallize the value of its ventures.

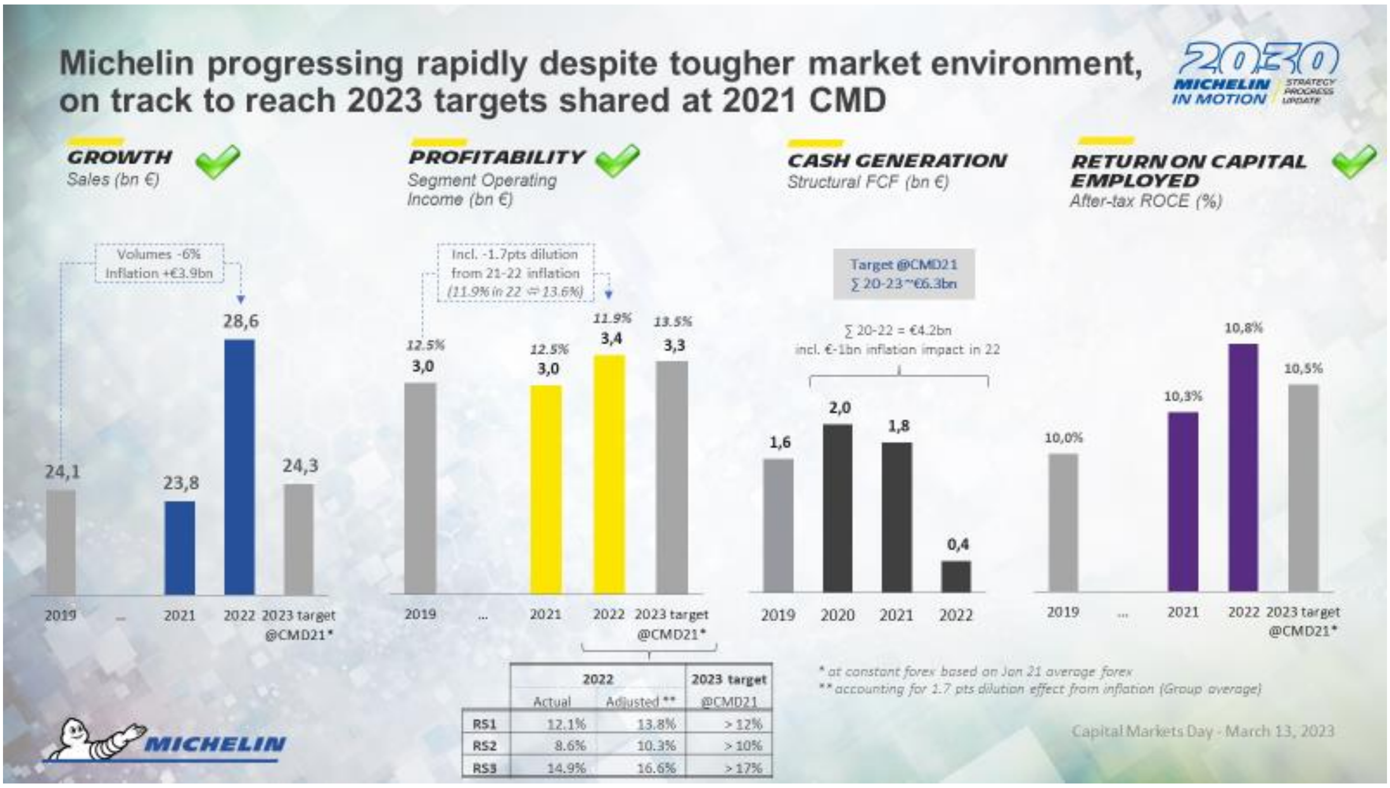
- Group ROCE target of 10.5% over time includes the impact of M&A.

2023 outlook vs targets announced at 2021 CMD

During its 2021 Capital Markets Day, the Group had set 2023 targets on several financial indicators. The table below reports on the progress and evolution on these KPIs[1]:

KPI	2023 Target set in 2021	Progress report
Sales	Around €24.5 billion at Jan. 2021 exchange rates	Since 2019, Group's sales have soared from €24 bn to almost €29 bn in 2022 despite volumes down 6%, mainly driven by price increases to offset rising costs, but also sustained product mix enrichment, with a focus on value-creative segments and non-tire business growth
Segment operating income	> €3.3 billion at Jan.2021 exch. rates	**2023 Guidance: >€3.2Bn at 2022 exchange rates**
Segment operating margin	Group 13.5% RS1 >12% RS2 >10% RS3 >17%	These targets expressed in % of Sales are no longer relevant due to the dilution effect from inflation experienced over the 2021-22 period (impact of -1.7 pts at Group level). 2023 guidance does not include segment operating as % of sales, neither at Group level nor at reporting segments level.
Free cash flow	€6.3 billion in structural free cash flow[2] for 2020-2023	From 2020 to 2022, the Group delivered €4.2 bn structural FCF, including a €1 bn negative impact of inflation on working capital in 2022. Starting from 2023, the Group guides on reported FCF before M&A[3] instead of structural FCF. **2023 guidance: > €1.6Bn reported FCF before M&A**
2023 ROCE	>10.5%	Unchanged Over 2019-2022, ROCE increased by 0.8 pts to 10.8%
Average growth in sales excl. tires and related distribution, 2019-2023	5%	Unchanged Non-tire sales grew at rapid pace, +8% in 2021 and +22% in 2022 (organic growth, at iso-FX)
Cost of negative externalities, 2023	-€ 30m vs 2019 (based on €58/ton CO2 cost)	Unchanged[4] Restated target became -45M€ vs 2019 (based on €120/ton CO2 cost), actual 2022 was -97M€ vs 2019
Payout ratio	50% of net result before non-recurring items as from 2021	Actual 2021 was 42% of net result before non-recurring items, or 44% of net result. Proposed to AGM for 2022: 44% of net result. Starting from 2023, the Group refers to Payout ratio in % of net result, with a target of gradual increase towards 50% by 2030.

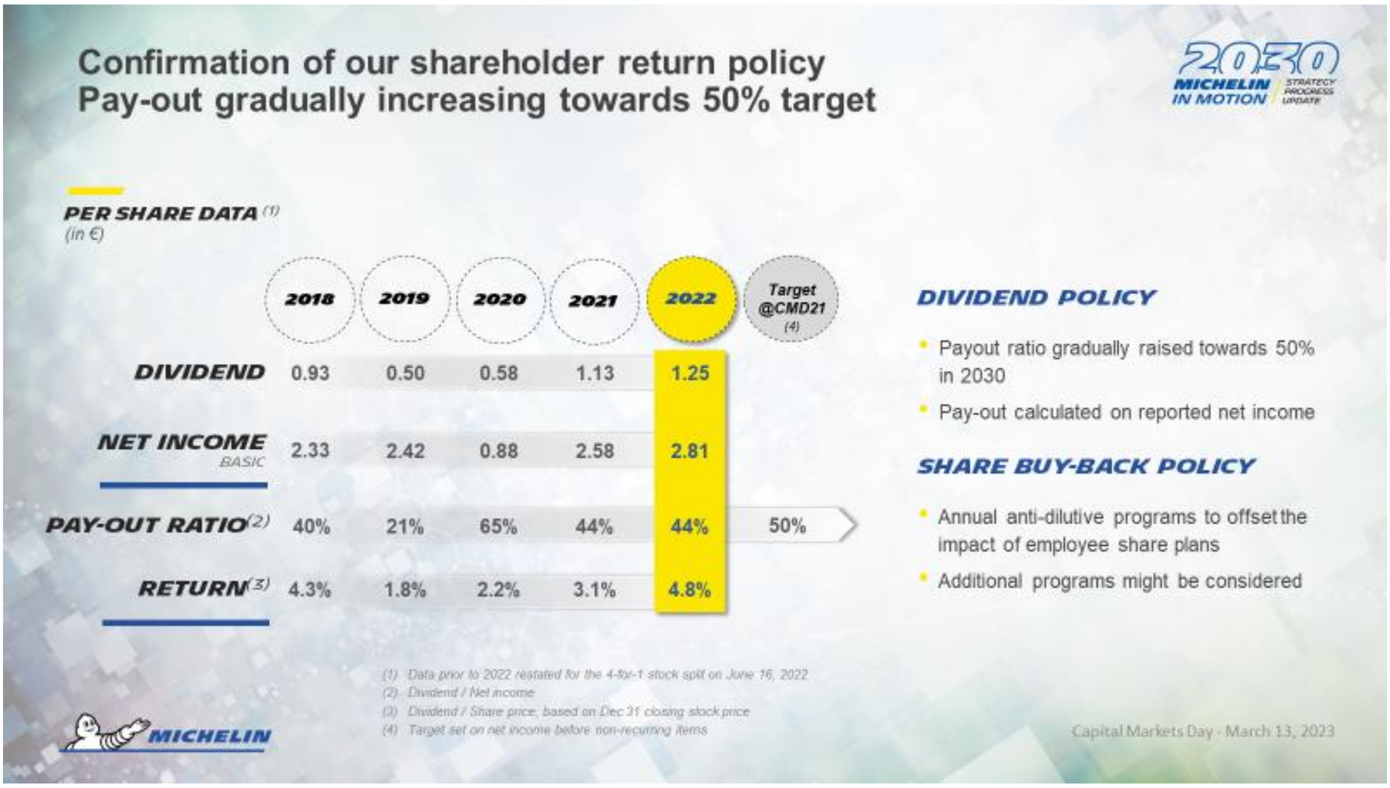
[1] Some KPIs have been removed in the course of previous publications.
[2] Structural free cash flow corresponds to free cash flow before acquisitions, adjusted for the impact of changes in raw material prices on trade payables, trade receivables and inventories
[3] Reported FCF before M&A ("Free Cash 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.
[4] Restated based on updated CO2 cost valuation: currently €120/ton.



Shareholders return policy: pay-out ratio gradual increase towards 50% by 2030

Michelin has maintained a consistent dividend policy even during the 2020-2021 crisis, and gradually increases the pay-out towards the target.

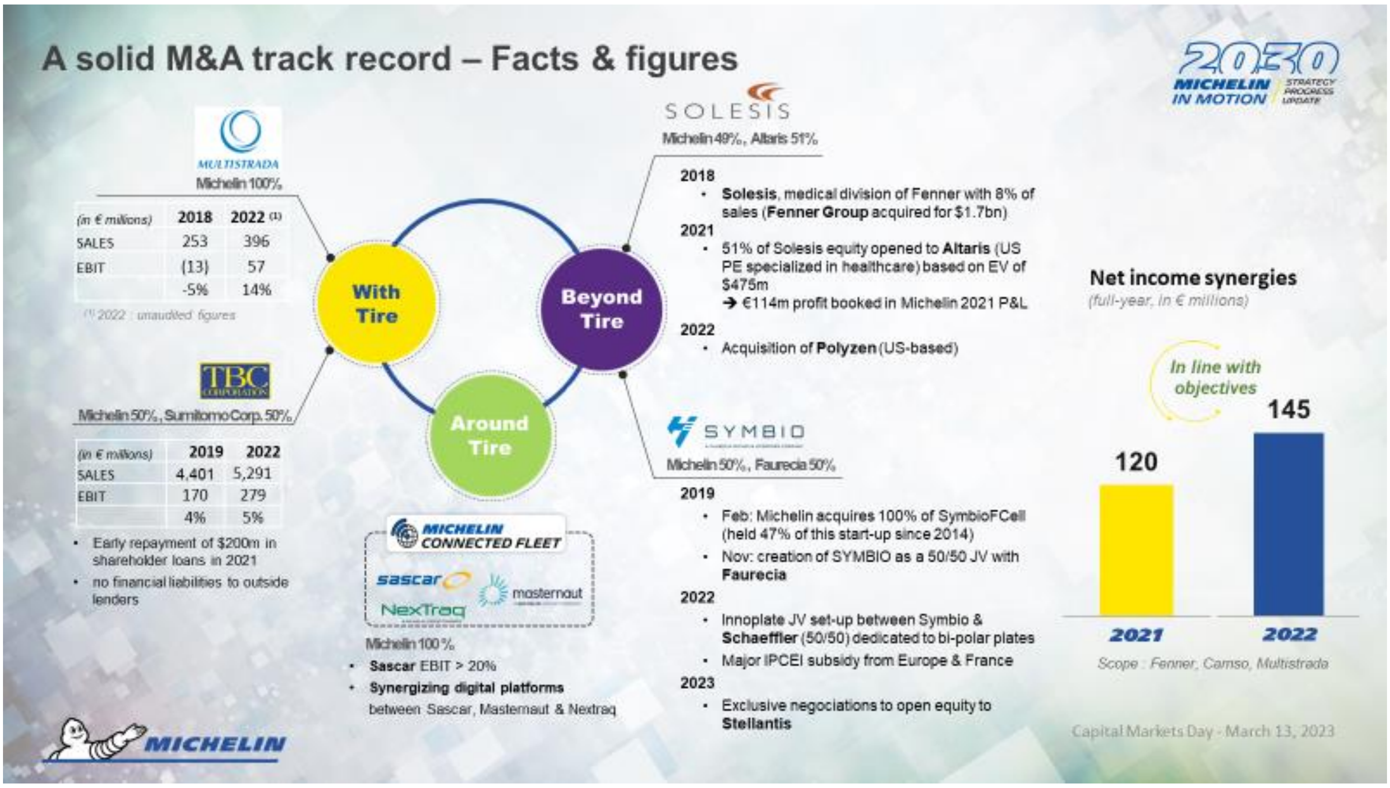
On top of dividend, the Group manages yearly anti-dilutive share buy-back programs, to offset the impact of employee share plans. Additional programs might be considered.

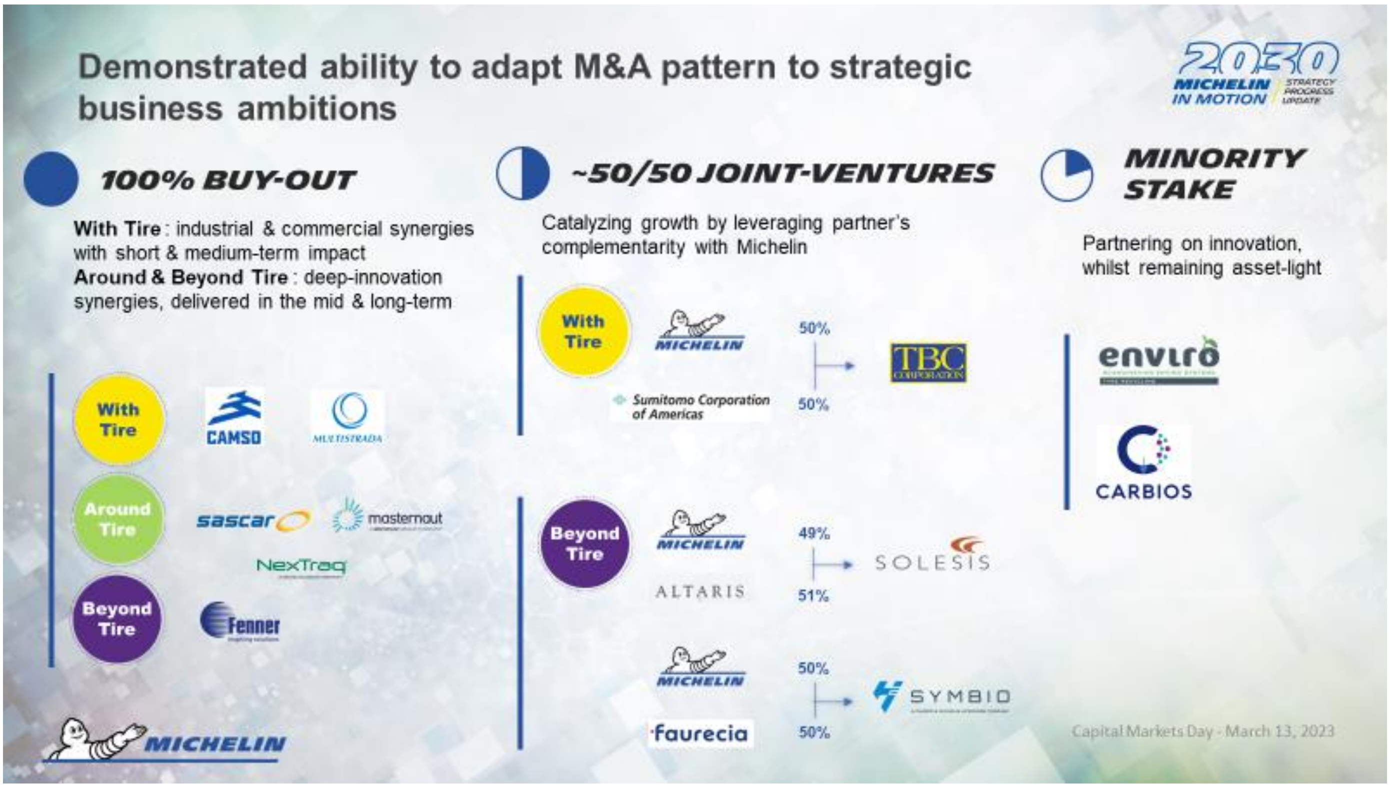


M&A solid track record and demonstrated ability to adapt the pattern to strategic ambitions

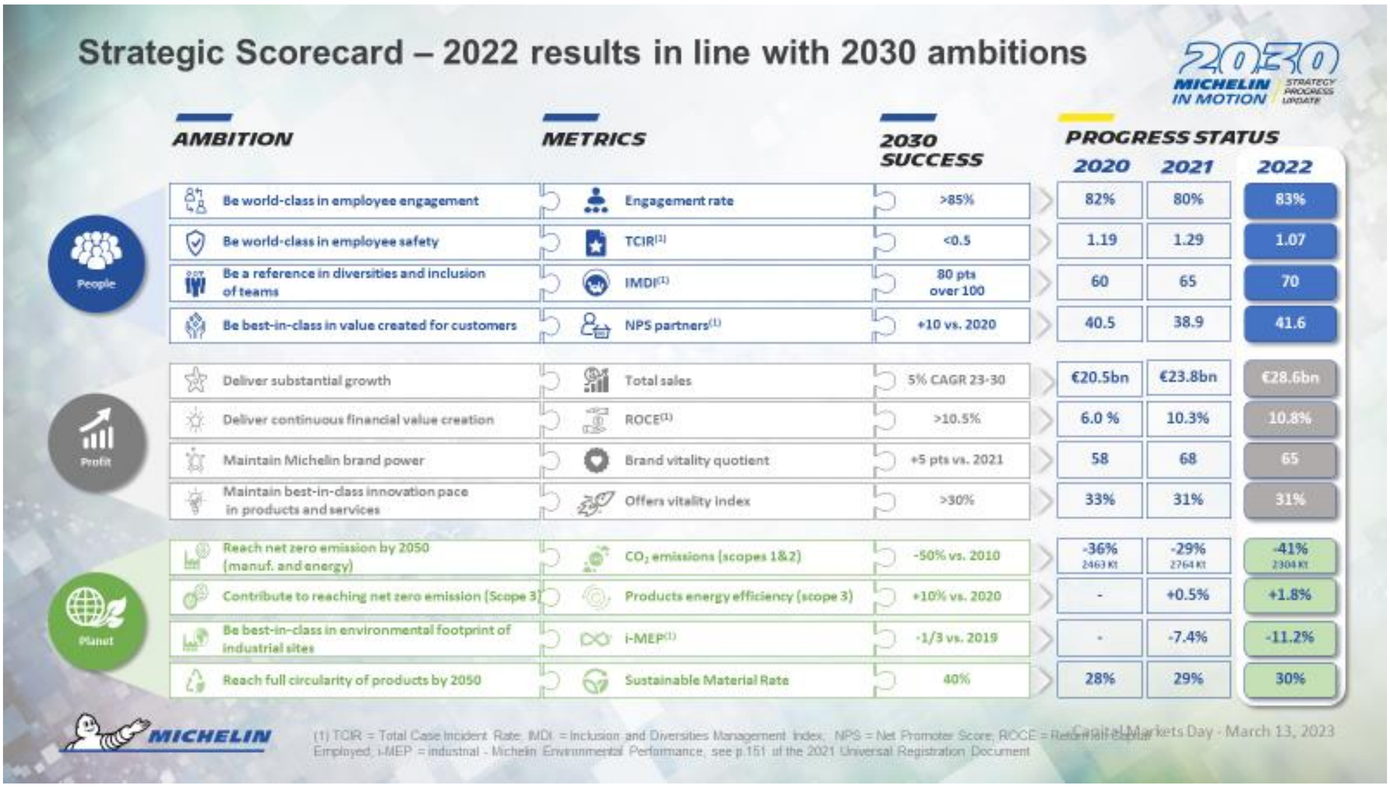
Beyond business synergies discussed in sections dedicated to With tire, Around tire and Beyond tire activities, here are complementary facts & figures about significant M&A done over the last 5 years.

Synergies achieved go beyond those valorized in the Group's net income. Increasing the valuation of the companies we have decided to steer as joint ventures is another way to deliver synergies, as already demonstrated for Solesis and Symbio when current partners joined Michelin.





Strategic balanced scorecard: on track towards our People, Profit, Planet 2030 ambitions



Strategic Scorecard – 2022 results in line with 2030 ambitions

	AMBITION	METRICS	2030 SUCCESS	2020	2021	2022
People	Be world-class in employee engagement	Engagement rate	>85%	82%	80%	83%
People	Be world-class in employee safety	TCIR[1]	<0.5	1.19	1.29	1.07
People	Be a reference in diversities and inclusion of teams	IMDI[1]	80 pts over 100	60	65	70
People	Be best-in-class in value created for customers	NPS partners[1]	+10 vs. 2020	40.5	38.9	41.6
Profit	Deliver substantial growth	Total sales	5% CAGR 23-30	€20.5bn	€23.8bn	€28.6bn
Profit	Deliver continuous financial value creation	ROCE[1]	>10.5%	6.0 %	10.3%	10.8%
Profit	Maintain Michelin brand power	Brand vitality quotient	+5 pts vs. 2021	58	68	65
Profit	Maintain best-in-class innovation pace in products and services	Offers vitality index	>30%	33%	31%	31%
Planet	Reach net zero emission by 2050 (manuf. and energy)	CO_2 emissions (scopes 1&2)	-50% vs. 2010	-36% 2463 Kt	-29% 2764 Kt	-41% 2304 Kt
Planet	Contribute to reaching net zero emission (Scope 3)	Products energy efficiency (scope 3)	+10% vs. 2020	-	+0.5%	+1.8%
Planet	Be best-in-class in environmental footprint of industrial sites	i-MEP[1]	-1/3 vs. 2019	-	-7.4%	-11.2%
Planet	Reach full circularity of products by 2050	Sustainable Material Rate	40%	28%	29%	30%

(1) 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 Universal Registration Document

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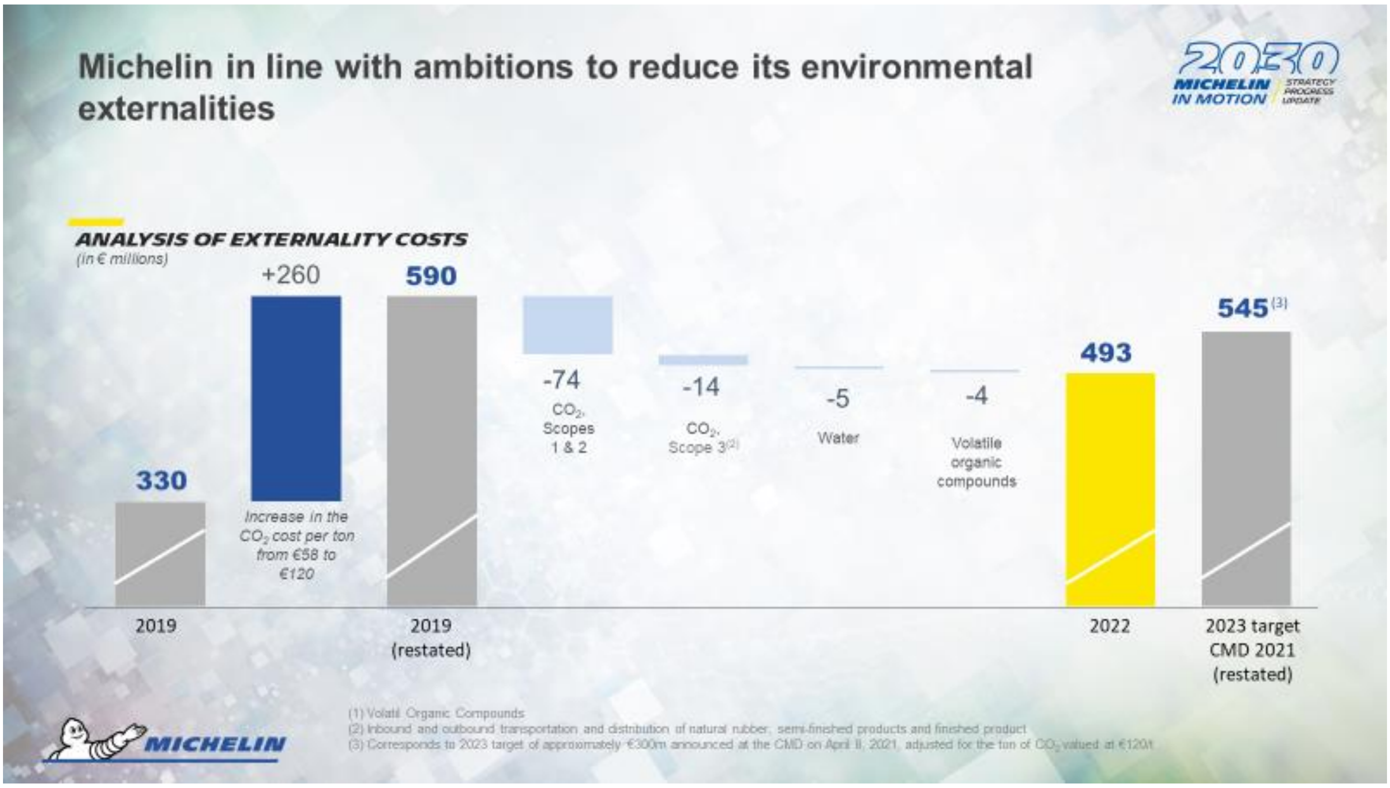
Environmental externalities: beyond 2023 ambitions at the end of 2022



TIRES: sustainability and materials expertise as a lever of differentiation

Mutations of mobility, increasing need to decarbonize value chains and geopolitics are shaping an increasingly demanding environment. These inflections are a strong opportunity for us and reinforce the relevancy of our “with tires” strategy, leaning on three fundamental capabilities: i) our focus on high value and demanding segments, ii) our materials expertise as the foundation of product performance and sustainability, and iii) our leverage of technology and data to transform our industrial assets.

In **Passenger car,** we are strongly positioned to benefit from the technological challenge set by **electric vehicles**. EVs are more demanding on tires which allows us to valorize our unique ability to deliver simultaneously high rolling resistance and wear performances, without trading-off other critical features. Our playing field is the premium segment of EVs, where we will sustain an OE share of market >3 times higher than on ICE over the coming years. We are ready to embrace the first EV replacement cycle that will arrive in 2025-2026 and characterized by a higher loyalty rate than in ICE.

In **Truck**, new regulations to meet carbon emissions reduction as well as the need to attract and retain drivers are triggering significant fleet renewals. We are a key player of this **shift towards sustainability**, strengthening our focus on high value segments and selecting sustainability-oriented fleets. We are also partnering with key OEMs to supply the best tire for electric urban buses, that should be multiplied by 4 in Europe within 2026.

In **Specialties**, we pursue our strategy of differentiation at the benefit of **highly demanding customers**. We support and advise Mining companies in the critical path of extracting ore with the highest standards of sustainability. Energy efficiency, weight optimization, digital offers and end-of life management are making the difference. In Agriculture, the acquisition of CAMSO allowed us to provide comprehensive and premium solutions more adapted to efficient and precision agriculture, offering better yields and a reduced soil compaction. CAMSO acquisition delivered the expected synergies one year in advance.

This premium positioning in various markets is primarily fostered by our unique **materials expertise**. We are continuously increasing our advantage in **durability and wear** to offer best performances and reduce material consumption. As a result, MICHELIN Passenger car tires wear 30% less rapidly than competitors[5]. A second pillar of our leadership in sustainability is the **reduction of tire rolling resistance** which limits fuel consumption and CO_2 emissions and strongly contributes to the battery range on BEV’s. We have committed by 2030 to improve the energy efficiency of our products by an additional 10% vs 2020.
This materials expertise also translates into our commitment to deliver 100% **sustainable materials** in all our tires by 2050, starting with 40% in 2030. We are striving to integrate sustainable materials on a very large scale, while maintaining an outstanding product performance.

In addition, we are consistently enhancing our manufacturing operations by fully embracing the current **technological**, **environmental**, and **labor revolutions**.

Digital devices and sensors allow to increase productivity, anticipate machine maintenance, mitigate waste generation and better monitor energy consumption. This creates a triple win: better experience for our employees, improved cost competitiveness and a material usage optimization.
We plan to triple the number of **robots** by 2025. We also patented a new technology **combining AI and 3D cameras**, allowing to detect after-curing surface flaws which is the last and the most critical step of the manufacturing process: this unique technology will allow to re-direct some precious human time to more added-value and expertise tasks.
Finally, **shifting to electric curing** instead of steam provides a 6 to 8 times higher yield, while reducing CO_2 emissions. As curing generates 25% of our total energy consumption, we are more than doubling our investments to faster capture the savings coming from this unique and patented electric presses technology.

[5] ADAC, April 2022

SERVICES & SOLUTIONS: leveraging our legitimacy in tires and vehicle usage to deliver valuable insights for our customers, for people and for the planet

We have been deploying our "Around Tire" strategy, aiming at being the most trusted partner for a more efficient, safer and cleaner mobility.

For more than 130 years now, we have been experts in understanding how vehicles and tires are used and maintained, how fleets operate daily, and eventually what keeps roads and drivers safe. We are leveraging this unique know-how to develop a suite of solutions that puts digital capabilities at the service of fleets' and driver's daily operations.

Our customers recognize and praise **this legitimacy** and the added value that we bring: with **more than 1.2 million vehicles under contract** in all areas of mobility (trucks, buses, LCVs, agricultural and mining machines…), we delivered a 10% CAGR since 2020. We are ahead of our deployment plan announced at the 2021 CMD: in 2022, we exceeded 700 million € of revenues, that we targeted for 2023.

This success relies on two main pillars: **highly synergetic acquisitions** and a deep expertise in mastering **contextualized mobility data**.

We gradually crystallize value from the several acquisitions made over the past few years (Sascar 2014, NexTraq 2018, Masternaut 2019), that we are regrouping under a single umbrella branded **Michelin Connected Fleets** (MCF). Combining the digital and operational infrastructure of Sascar and Masternaut, MCF is now getting upscaled at worldwide level very quickly.

Based on these strong capabilities, we are bundling our historical offers like emergency road assistance operating 24/7, light mechanical repair or tire maintenance contracts with sophisticated sensor-based services and algorithms. Our R&D experts and data scientists bring their unique understanding of interactions between tires, roads, vehicles and driver behavior, to contextualize data and derive insights from vehicles and tires: as an example, up to 15% tire cost and associated wasted material can be saved every year thanks to our remaining tread depth algorithm that is already a reality.

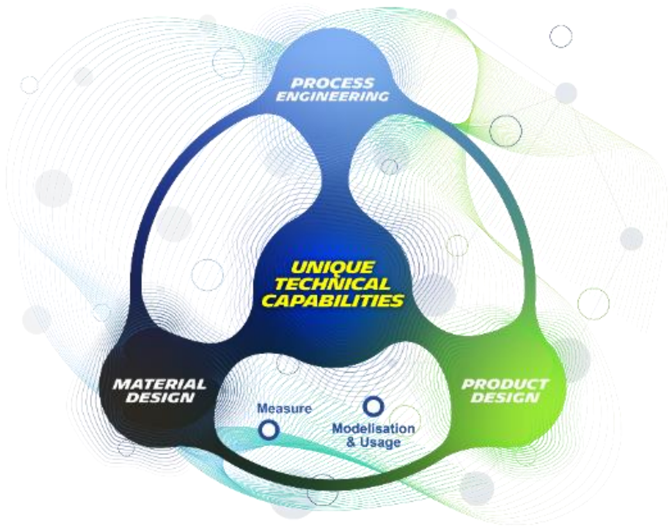
Another promising growth avenue is the **decarbonation of last mile delivery**. Many light commercial vehicles fleets struggle to transition to clean energies to keep operating in Low Emissions Zones. Set-up in June 2021, Watèa by Michelin ® brings a unique turnkey solution to LCVs fleets that need electric vehicles, a financing solution and the necessary infrastructure. Our promise is that no vehicle ever runs out of battery, thus minimizing costs and downtime, leveraging again many of our assets: most efficient tires, strong service network, highly performing telematics capabilities, fine understanding of hydrogen stacks, along with battery range prediction algorithm. This exciting outlook attracted Credit Agricole to take a 30% equity stake to support their ambitions in sustainable mobility.

These achievements are our signature, proudly branded Michelin Connected Fleets; a signature that mixes **cutting-edge digital capabilities** with **very operational roots**. This enables us to deliver real insights for real people who need actionable solutions that are good for their business, good for the people, and good for the planet.

HIGH-TECH MATERIALS: combining materials into solutions for demanding applications

Representing 4% of Group's sales in 2022, our High-tech materials segment is committed to rapid growth towards 2030. This business development will expose the Group to dynamic and margin-accretive markets, thus reinforcing Michelin's resilience and margin profile. In 2022, our High-tech materials businesses grew by 25%.
To nurture this dynamic, we leverage a distinctive capability developed over 130 years for tires: combining materials to create game-changing products required by demanding applications. We are now spreading it to other categories of mission-critical products.

What sets us apart is our **ability to innovate by orchestrating very different expertise fields in high-tech materials, industrial processes, and products design,** while **leveraging cutting-edge simulation and measurement techniques.**
These techniques span from the molecular level to the characterization of the finished product in the field. They allow us to select material properties most attuned to the specific conditions encountered in real usage.
Process knowledge for its part allows us to integrate scalability and mastery of the most critical material transformation mechanisms during manufacturing.
As they build on over 200 different material types used in our tires, these core capabilities can apply to a broad scope is broad of composite and polymer-based high-tech materials.



Michelin's distinctive capabilities in High-tech materials

To reach our growth ambition, we target several niche markets, each with a high growth and margin profile. Our expansion will be both organic and external, resulting from a dynamic M&A strategy.

Over the last 5 years, we have demonstrated a solid M&A track record, with developments resulting from deep-innovation synergies, hitting the market now and increasing our differentiation:

- **Fenner**: since the acquisition in 2018, we have brought to the market powerful innovations. In the world of conveyors for distribution centers for instance, we have leveraged tire technologies to introduce a revolutionary product replacing the O-Rings. Roller-to-roller power transfer is now four times greater, without tension decay over the life of the belt. This translates to cost savings in belting, maintenance and energy costs for customers.
- With **Solesis**, which was the medical division of Fenner, the Group has built an R&D agreement to leverage Solesis expertise in biology and healthcare applications, and Michelin's mastery of polymer science. Since then, many synergies have been achieved from reducing validation time for polymer implant technology, to identification of innovative biomaterials. This combination also bears fruit on our journey towards 100% of sustainable materials.
- **Symbio** is another example. In 2019 we leveraged the Group's various hydrogen-related assets to set up this 50/50 joint-venture with Faurecia, which quickly developed a differentiating offer and attracted leading customers as Stellantis. In 2022, Symbio and Schaeffler created Innoplate, a JV dedicated to bipolar plates, a strategic component. In parallel, Symbio is building a world-class gigafactory in France designed for 100,000 systems per year in 2028, and its development gets fast-forwarded by a very significant IPCEI subsidy granted by Europe and France. Latest news includes the ongoing negotiation for Stellantis to join Symbio as an equity partner in 2023.

When High-tech materials revenues become material to Group's sales in the future, we intend to structure a **specific reporting segment (RS4)** dedicated to these businesses.

Financial Agenda

2023

- April 26 **Q1 2023 Sales**
- May 12 **Annual Shareholders Meeting**
- May 17 **Ex-dividend**
- May 19 **Dividend Payment**
- July 26 **H1 2023 Results**
- Oct. 24 **9M 2023 Sales**

2024

- February **2023 FY results**
- During H1 **Capital Markets Day**

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