



# ***AUTOS FIELD TRIP***

## ***KEPLER CHEUVREUX***

November 9, 2023



## Nine-month sales up 2% to €21.2 billion despite soft volumes and a forex headwind, supported by mix enhancement, non-tire activities and brand leadership

- 9-month 2023 sell-in markets shaped by inventory drawdowns in Europe and North America
  - PC/LT tire markets stable vs. 2022 : robust OE demand in most regions offset slightly negative RT demand dampened by destocking in Europe and the Americas. Demand for 18-inch and larger tires is steadily expanding. Inventory levels are back to normal in most regions except for winter tires in Europe.
  - Truck tire markets outside China dropped 5% due to substantial dealer and B2B fleet inventory reductions. OE demand still robust in Europe and North America. On Replacement markets, destocking expected to be completed by the end of the year.
  - Specialty tire markets dynamic in Mining, Aircraft and OE Agricultural tires, and soft in Construction, RT Agricultural and Two-wheel tires.
  - Non-tire markets up in most segments (fleet services, mining, energy), stable in general industrial applications.
- 9-month sales up 2.0% to €21.2 billion, supported by mix enhancement, non-tire activities and the valorization of our offers. Q3 sales stable excluding the currency effect
  - Tire sales volumes down 3.6%, reflecting market destocking and Group's priority focus on value-accretive segments.
  - Price effect stood at 6.2%, confirming the recognized value of our products and solutions, and the impact of price indexation clauses from 2022.
  - Mix effect reached 1.0%, reflecting growth in the 18-inch and larger Passenger car tire segment and a favorable geo-mix, partially offset by an adverse OE/RT mix across businesses.
  - Non-tire sales up 13% at constant exchange rates, sustainably fueling Group's growth.
  - Negative currency effect reached 2.6% year-to-date, of which -5.5% in Q3
- Growth in polymer composite solutions accelerating with the end-September closing of the FCG acquisition, will drive higher Group sales from Q4 onwards
- 2023 guidance: segment operating income confirmed (> €3.4bn at constant exchange rates), FCF before acquisitions <sup>(1)</sup> revised upwards (> €2.3bn)

<sup>(1)</sup> Definition: see slide 69



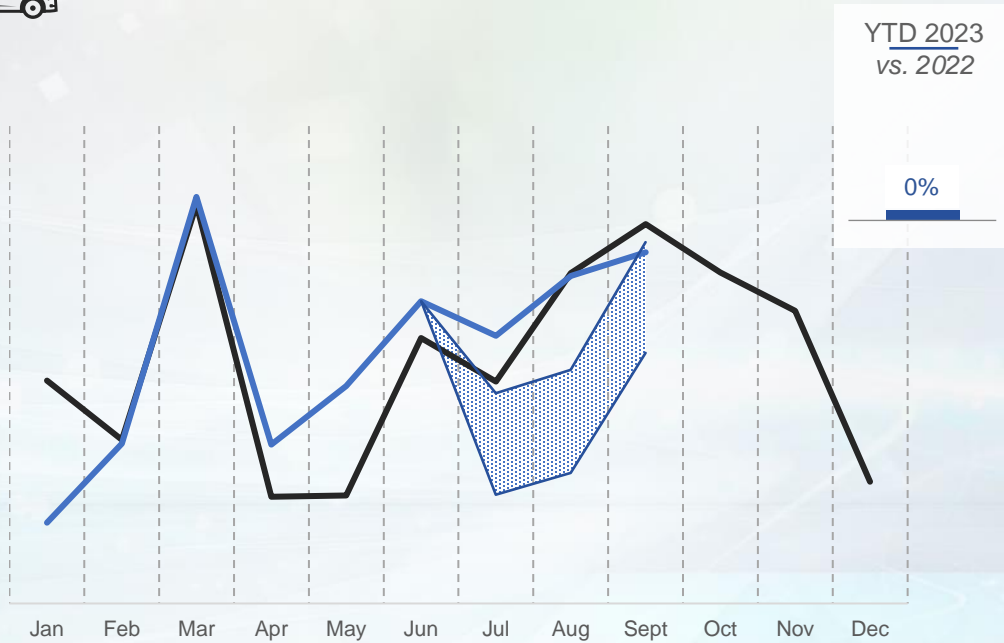
# Sell-in markets: above the expected range in PC/LT and below in Truck



## PASSENGER CAR AND LIGHT TRUCK TIRE MARKET



## TRUCK TIRE MARKET EXCLUDING CHINA



— 2023     
 — 2022     
  Projection presented during the H1 release

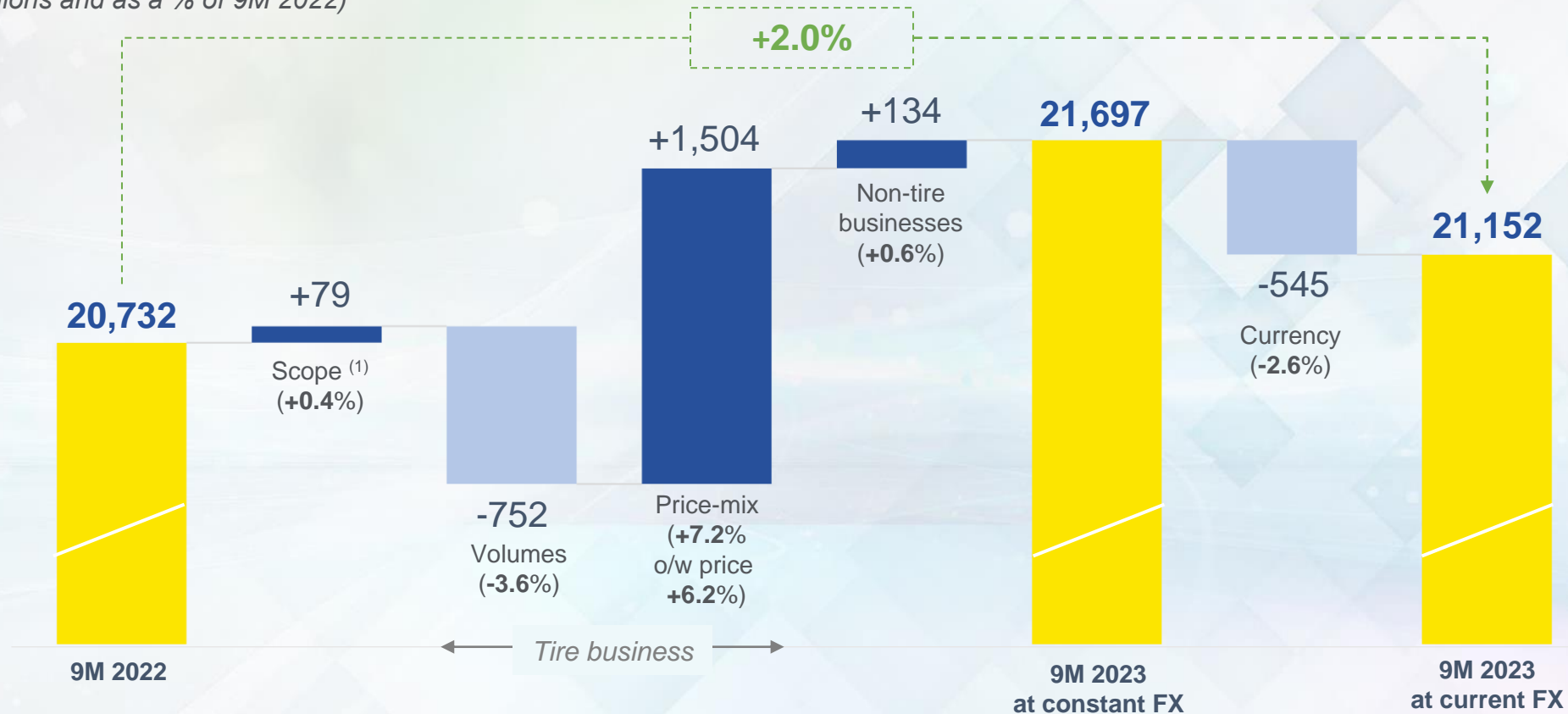


# 9-month Group sales up 2.0% to €21.2bn despite weak volumes

## Non-tire sales grew by 13% or €134m

### ANALYSIS OF SALES

(in € millions and as a % of 9M 2022)



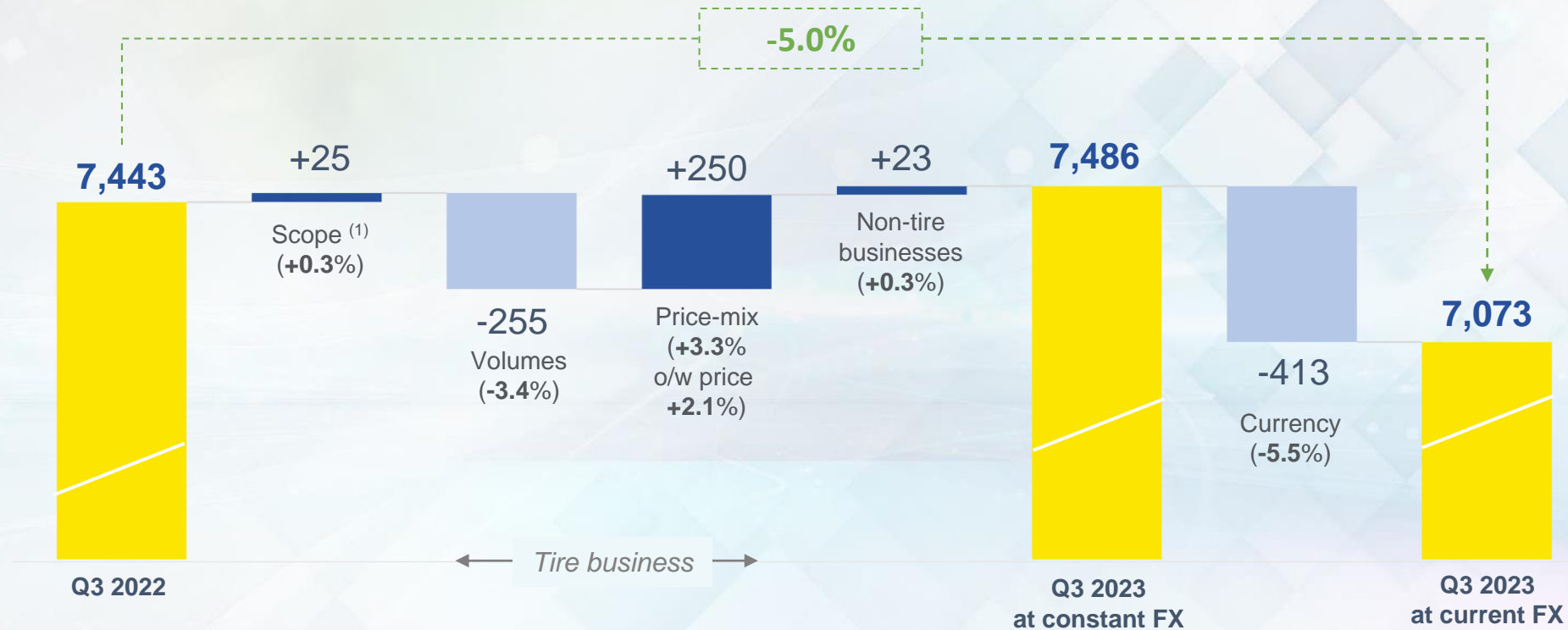
<sup>(1)</sup> Consolidation of CPS (Conveyor Products & Solutions) effective July 14, 2022, EGC Enterprises (high performance polymers) effective Feb. 3, 2023, Blacksmith effective Apr. 1, 2023.

# Q3 Group sales dragged down by FX to €7.1bn, price-mix steering remains solid

## Non-tire sales grew by 6% or €23m

### ANALYSIS OF SALES

(in € millions and as a % of Q3 2022)






<sup>(1)</sup> Consolidation of CPS (Conveyor Products & Solutions) effective July 14, 2022; EGC Enterprises (high performance polymers) effective Feb. 3, 2023; Blacksmith effective Apr. 1, 2023.

# Automotive and Specialties segments delivering strong performance, Road transportation facing low volumes on decreasing markets

## SALES BY REPORTING SEGMENT

(in € millions)

		9M 23	9M 22	CHANGE	
<b>RS1</b> 	<b>Sales</b>	<b>10,611</b>	10,238	<b>+3.6%</b>	<p>Sales growth driven by embedded price effect and sustained product mix enrichment, more than offsetting volume effect of Distribution's destocking. Market share gain in growing 18"+ segment, now accounting for 60% of MICHELIN-branded tire sales in 9M 23, up 5 points vs 9M 22.</p>
	<i>o/w volume change</i>	-	-	-1%	
<b>RS2</b> 	<b>Sales</b>	<b>5,173</b>	5,403	<b>-4.3%</b>	<p>Sales penalized by low volumes mainly from Replacement heavily impacted by destocking in Distribution, and unfavorable OE/RT mix. Positive embedded price effect. Double-digit growth in services to fleets.</p>
	<i>o/w volume change</i>	-	-	-7%	
<b>RS3</b> 	<b>Sales</b>	<b>5,368</b>	5,091	<b>+5.4%</b>	<p>Sales growth driven by embedded price effect and dynamic Aircraft and Mining activities. Unfavorable comparison basis in Mining in H2 due to record-high performance in H2 2022. <i>Beyond Road</i> activities focusing on value-creative segments, weighing on volumes but improving margins. High-tech materials sales up 13%.</p>
	<i>o/w volume change</i>	-	-	-2%	
<b>GROUP</b>	<b>Sales</b>	<b>21,152</b>	20,732	<b>+2.0%</b>	
	<i>o/w volume change</i>	-	-	-3.6%	

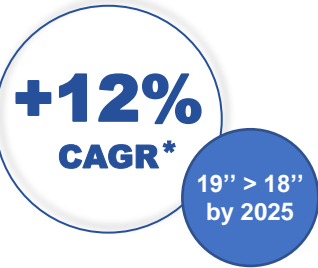
# Strengthening leadership in high-value and increasingly demanding market segments



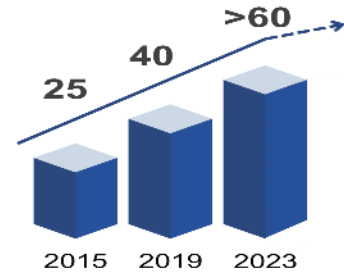
**ACCELERATION OF >18" SEGMENT FOSTERED BY ELECTRIFICATION, DRIVING SUBSTANTIAL MIX ENHANCEMENT**



**SPECIALITIES: WINNING WHERE IT MATTERS**



Market trend in > 18" tires



>18" segment, share of MICHELIN brand sales (%)

**>100m€**

Sustainable mix impact on EBIT, per year



2023

Launch of the **1<sup>ST</sup> RADIAL TIRE** for the **world's largest loader**



**FOCUSING OUR WHERE-TO-PLAY ON MOST DEMANDING CUSTOMERS**

Americas



Europe



South East Asia



Priority to MICHELIN brand in the most profitable regions

Premium quality



Tech oriented

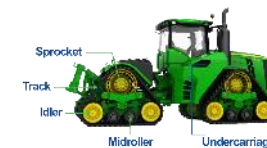


Green conscious



3 premium segments = 50% of market value

**AG TRACKS**



**10% CAGR\***

Michelin strong market share

**HIGH POWER TRACTORS**



CAGR\* + 1 pt vs average AG

**50% OF AG MARKET IN VALUE**

Autos field trip Kepler Cheuvreux\_November 9, 2023

\* 2023 - 2028



# Michelin tires' undisputed technological leadership, reiterated by 2023 test results

## MICHELIN CROSSCLIMATE 2 SUV



## MICHELIN CROSSCLIMATE 2

Unrivaled on **snow, dry, and sustainability performance**

## MICHELIN PILOT ALPIN 5



## MICHELIN PILOT ALPIN 5 SUV

Leading the **high-performance winter tyre segment** with undisputed snow and dry performance levels

**Test winner  
1/35**



**AUTO BILD  
225/45 R17**

**Test winner  
1/12**



**AUTO BILD  
235/55 R17**

**Test winner  
1/10**



**AUTO BILD  
235/55 R17**

**Test winner  
1/10**



**TYRE REVIEWS  
235/55 R17**

**Test winner  
1/54**



**AUTO BILD  
225/45 R18**

**Test winner  
1/10**



**AUTO BILD  
225/40 R R18**

**Test winner  
1/10**



**TYRE REVIEWS  
235/55 R17**





# Electrification opportunity : differentiating with premium OEM segments, ready for attractive Replacement markets

**A NATURAL LEADER WITH PREMIUM BEVs THANKS TO TECHNOLOGICAL EDGE ...**

**... AND AN ATTRACTIVE CHOICE ON REPLACEMENT MARKET**

“Low tire abrasion and safe driving characteristics: Michelin shows how [tires should be] done”

(ADAC study, Dec 2021)

**All Michelin tires already meeting EV requirements**

**Strong loyalty rate**

**Specific value positioning**

**+28%**

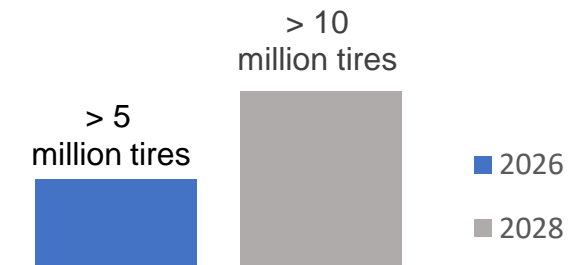
Number of BEV models with Michelin fitment, 2023 vs 22

**x2.5**

**BEV PREMIUM\* vs OE TOTAL**

Michelin OE market share

\* Luxury-Premium & Sport-Passion segments



**Substantial Replacement sales from 2026 onwards**



# FCG closing: first step towards Michelin 2030 ambition to become a key player in polymer composite solutions



September 27, 2023

- ✓ Unlocking deep-innovation synergies in composite fabrics & films
- ✓ Strong growth prospects through multiple dynamic end-markets

## 2023: DILIGENT INTEGRATION PROCESS AND FIRST SYNERGIES DELIVERED



October 1st, 2023

**Composite Fabrics and Films Business Line**

**€2m/year**

Synergies **already** realized from refinancing of FCG debt

By January 2024

Synergies on **insurance** contracts

First **cross-selling** synergies

## IMPACT ON 2023 GROUP FINANCIALS CONFIRMED

**~€50m**

Net Sales

**~€12m**

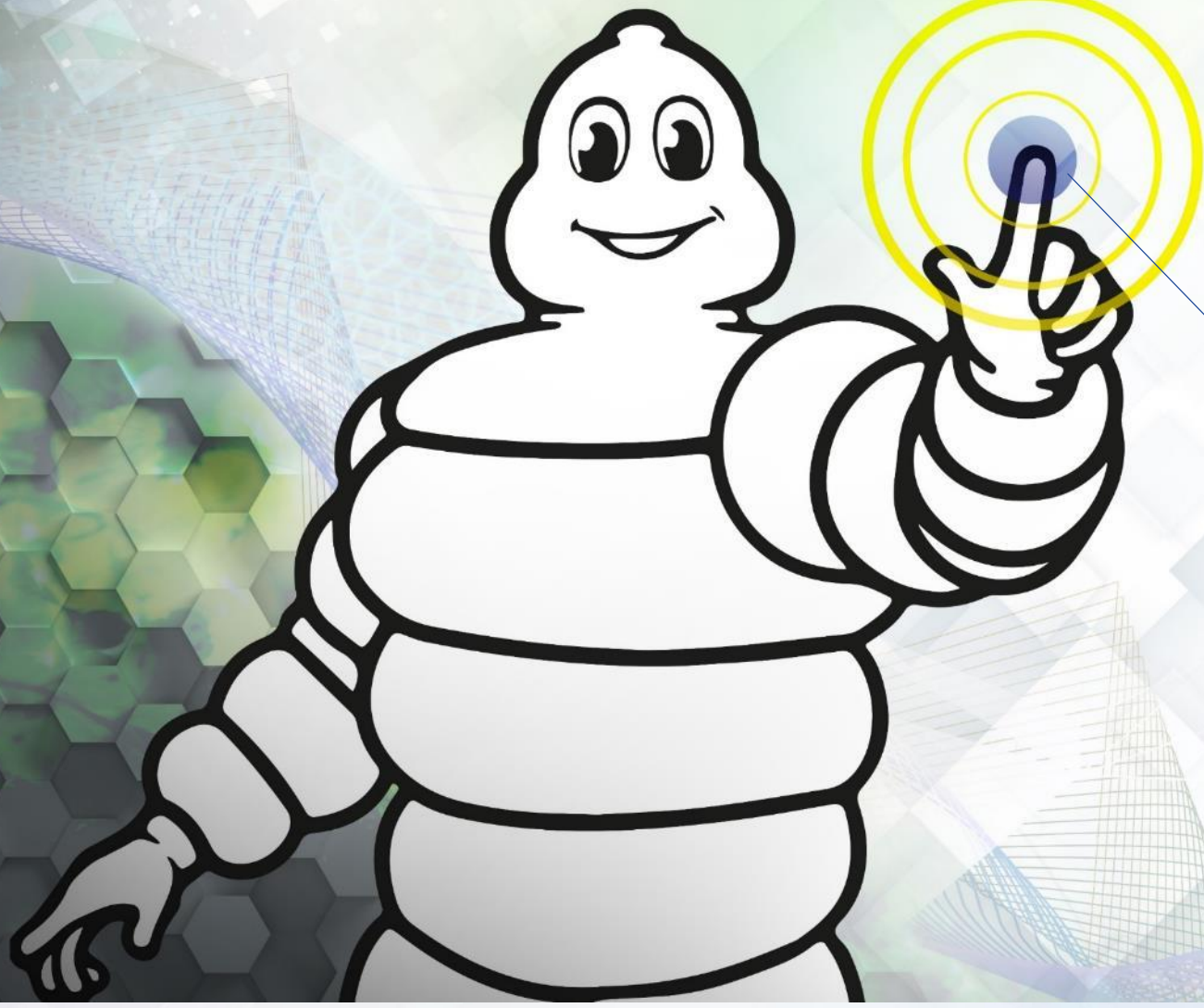
EBIT

**€700m**

Cash out \*

\* included in FCF after M&A





# 2023

*GUIDANCE*



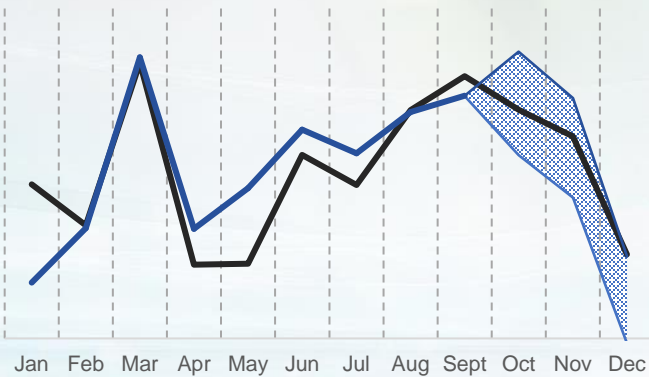
# 2023 FY markets scenario: slight market improvement in PC/LT, ongoing destocking in Truck



## PASSENGER CAR / LIGHT TRUCK

**-1%/+1%**

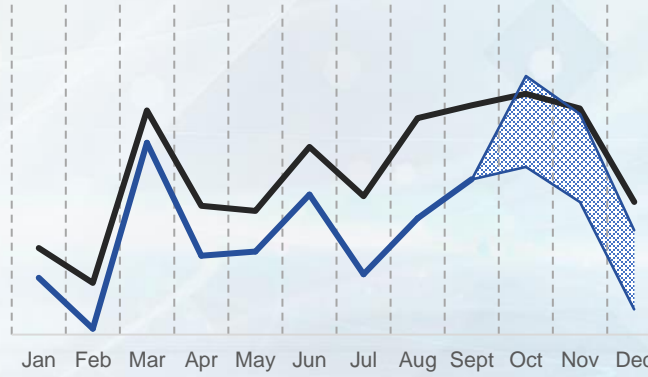
Previously: -3%/+0%



## TRUCK excl. China

**-6%/-4%**

Previously: -4%/-1%



## SPECIALTIES

**-1%/+1%**

Previously: -1%/+2%



**Mining tires:** strong demand holds, with high comparatives along H2 23



**Beyond-road tires:** slight growth across OE businesses, while RT turns more negative



**Two-wheel tires:** decreasing demand on high inventories levels, mainly bicycle



**Aircraft tires:** growth, with commercial demand recovering pre-covid levels

**OE:** H1 23 growth to revert in H2 on higher basis of comparison, mainly in China

**RT:** proved to be more resilient than expected in Q3, mainly in North America

**OE:** demand remains robust, despite a few supply disruptions

**RT:** soft *sell-in* demand with some additional destocking actions foreseen in Q4

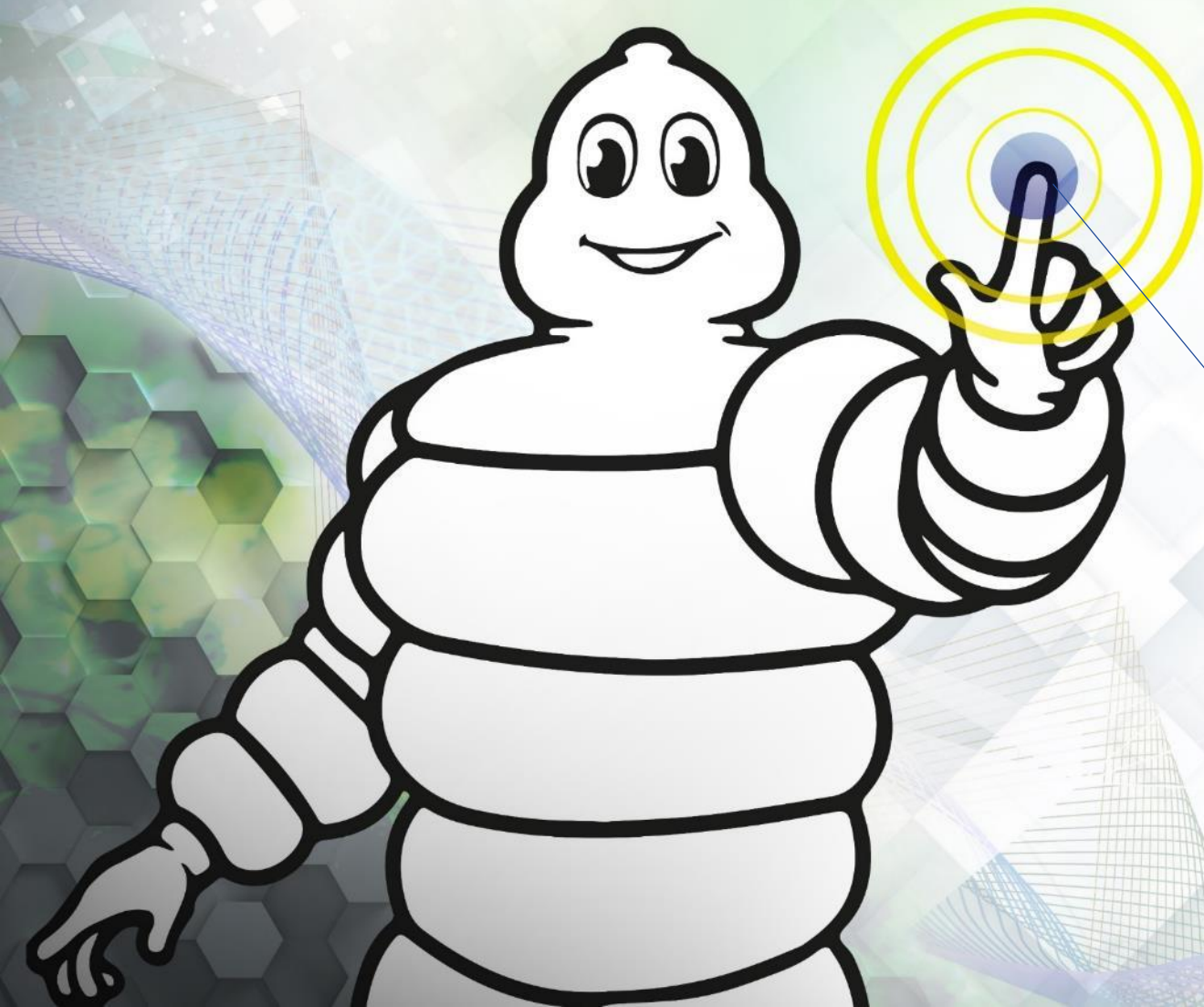


## 2023 Group scenario & guidance

SCENARIO

GUIDANCE

	<b>UPDATED</b>	<b>PREVIOUS</b>
Volumes	<b>c.-4%</b>	[ -4% ; -2% ]
Cost inflation raw materials, transportation, energy, labor	<b>[neutral ; €0.2bn]</b>	c.€0.2bn
Net price-mix vs. cost inflation factors	<b>Positive</b>	Positive
Cash-out capex	<b>c.€2.2bn</b>	c.€2.2bn
Segment operating income at constant FX vs 2022	<b>&gt; €3.4bn</b>	> €3.4bn
Free cash flow excl. M&A	<b>&gt; €2.3bn</b>	> €2.0bn



# *APPENDIX*





**2023**



***FULL YEAR 2023***

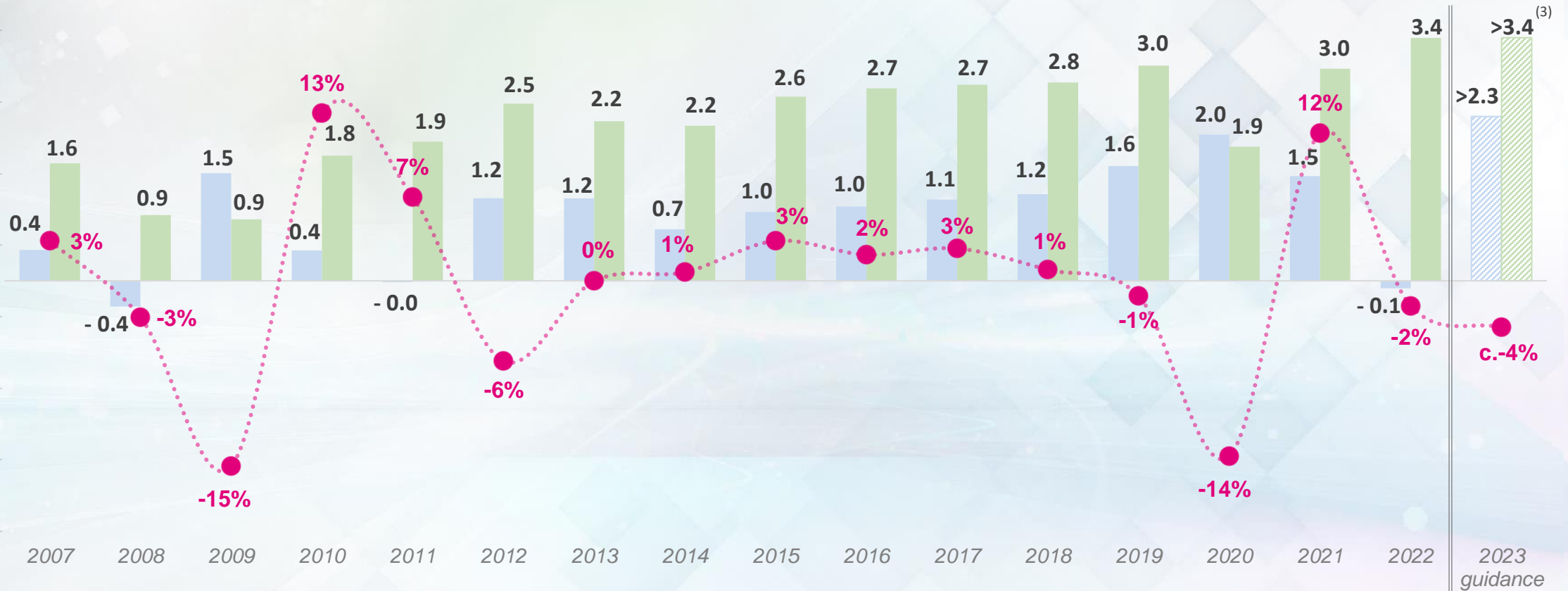
**FEB. 12, 2024 \***

\* After close of trading



# Demonstrated ability to increase cash and margin generation across business cycles

## FCF <sup>(1)</sup> AND SOI <sup>(2)</sup> EVOLUTION vs. CHANGE IN VOLUMES



(1) Reported Free cash flow, excluding M&A

(2) Segment operating income

(3) At 2022 exchange rates

Free cash flow <sup>(1)</sup> (€bn)    SOI <sup>(2)</sup> (€bn)    Change in volumes (%)









# Accelerating growth on polymer composite solutions with FCG acquisition closed in Q3 23

## Strengthening premium positioning across tire businesses

(% of 2022 pro-forma sales including FCG acquisition)

**Cyclicality**

-  Very high
-  High
-  Low
-  Very low

### TRANSPORTATION & SERVICES TO FLEETS

 Main drivers: GDP & PMI

26%

### SPECIALTIES

 Main drivers: GDP, public spending, commodity prices, construction

19%

### POLYMER COMPOSITE SOLUTIONS

includes 

 Main drivers: GDP, PMI, R&D & public spending

5%

### REPLACEMENT AUTO & 2-WHEEL

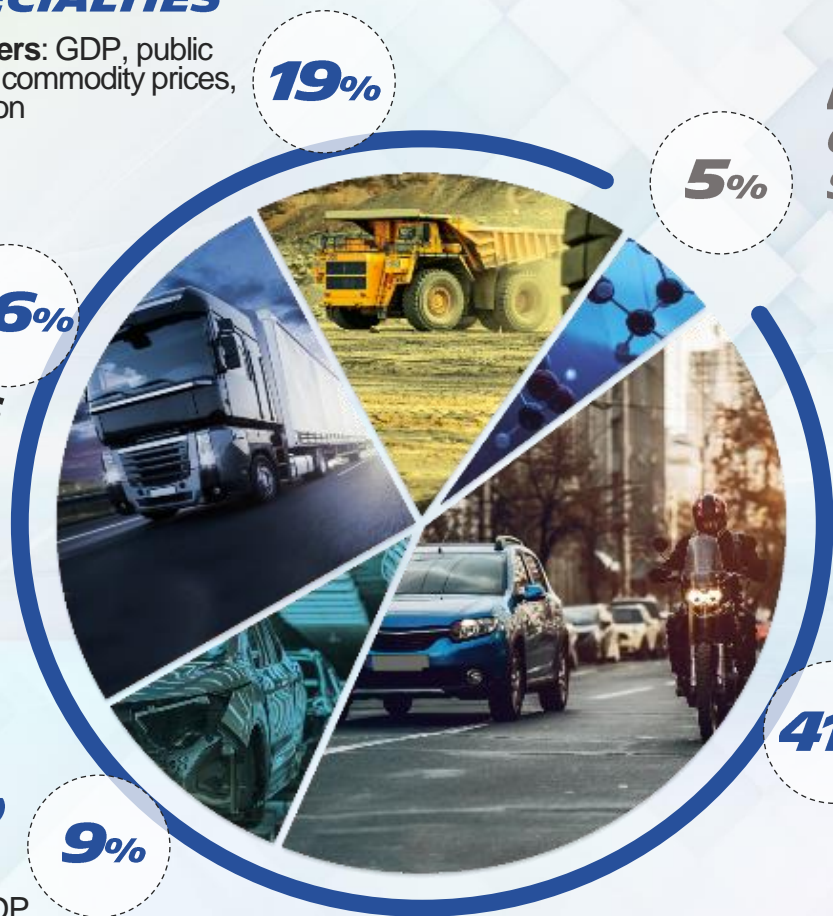
 Main drivers: miles driven, GDP, used cars market

41%

### AUTO OE <sup>(1)</sup>

 Main drivers: regulation & GDP

9%



(1) Original equipment



# Michelin's deep-innovation capabilities feed the Group's leadership on all targeted end-markets

## MICHELIN'S DEEP-INNOVATION CAPABILITIES



Unrivaled innovation ability, from fundamental research to solutions development



Extensive worldwide manufacturing expertise



Unique know-how in performance simulations



Clear roadmap towards 100% sustainable materials with dedicated R&D programs

## LEADERSHIP POSITION ON EVERY TARGETED END-MARKET

### TIRE



### SERVICES TO FLEETS



**TaaS**  
Tire-as-a-Service



### POLYMER COMPOSITE SOLUTIONS

Sealing technologies

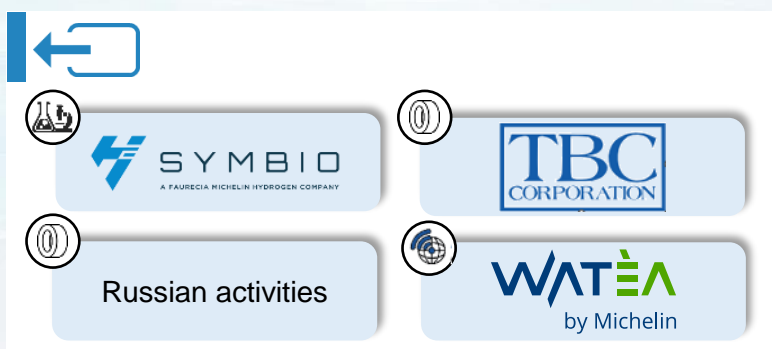
Belting solutions

Engineered fabrics & films

Engineered polymers

# M&A active portfolio management with three major steps in 9M 2023, reflecting *Michelin in Motion 2030* strategy

## 9M 2023 MAIN DEALS



Tire

Services  
to fleetHigh-Tech  
Materials

## ZOOM ON 3 MAJORS STEPS



TBC sold its retail activities to increase profitability

- 2018: 50/50 JV set up with Sumitomo Corp
- 2018-23: strong cash generation, with \$400m shareholder loans reimbursed
- 2023: divesting from company-owned retail to focus on wholesale and franchise



Stellantis acquired 33% aside Michelin and Faurecia

- 2019: 50/50 JV set up with Faurecia
- 2023: building up new assembling capacities
  - Giga factory in France (Saint-Fons)
  - 1<sup>st</sup> production line in the US (California)
  - Saint-Fons capacity: 2026: 50,000 / year  
2028: 100,000 / year



Michelin acquired FCG to create a leader in Engineered fabrics & films

- 20% increase of High-tech materials revenues to €1.3bn (FY22 pro-forma)
- Improved Michelin growth profile, margin accretive, positive cash generation and favorable impact on EPS
- Positioning the Group as a key player in polymer composite solutions



# Shareholder return policy: pay-out gradually increasing towards 50% target

## PER SHARE DATA <sup>(1)</sup>

(in €)

	2018	2019	2020	2021	2022	Target <sup>(4)</sup> @CMD21
<b>DIVIDEND</b>	0.93	0.50	0.58	1.13	1.25	
<b>NET INCOME</b> BASIC	2.33	2.42	0.88	2.58	2.81	
<b>PAY-OUT RATIO</b> <sup>(2)</sup>	40%	21%	65%	44%	44%	50%
<b>RETURN</b> <sup>(3)</sup>	4.3%	1.8%	2.2%	3.1%	4.8%	

## DIVIDEND POLICY

- Payout ratio gradually raised towards 50% in 2030
- Pay-out calculated on reported net income

## SHARE BUY-BACK POLICY

- Anti-dilutive programs to offset the impact of employee share plans
- Additional programs might be considered

(1) Data prior to 2022 restated for the 4-for-1 stock split of June 2022

(2) Dividend / Net income

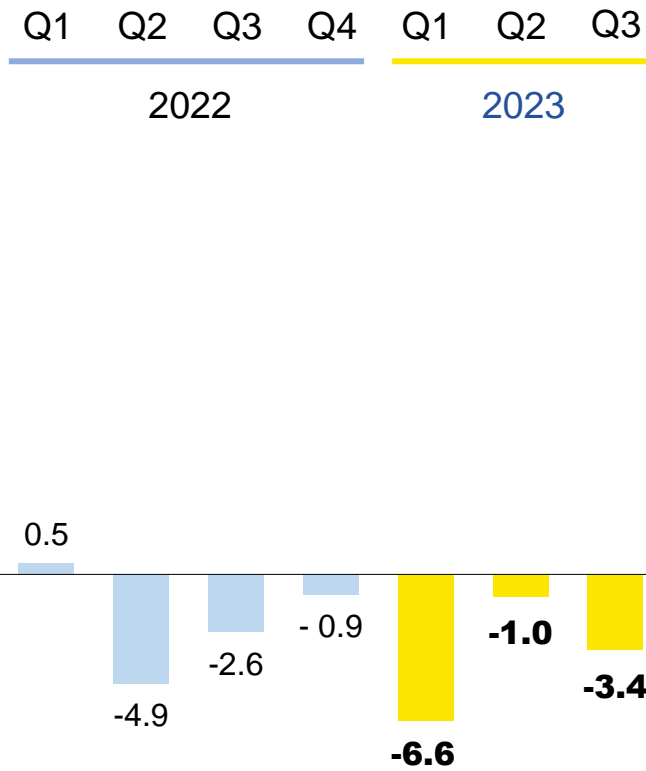
(3) Dividend / Share price; based on Dec 31 closing stock price

(4) Target set on net income before non-recurring items

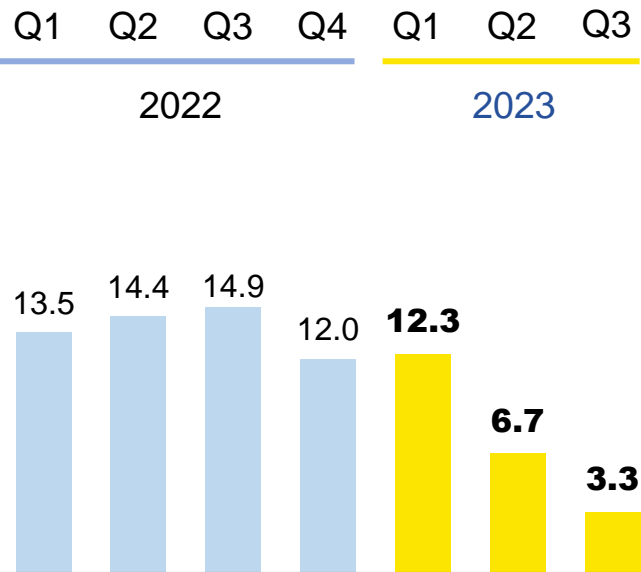
# Tight steering in a context of weak sell-in volumes

## YOY QUARTERLY CHANGE (in %)

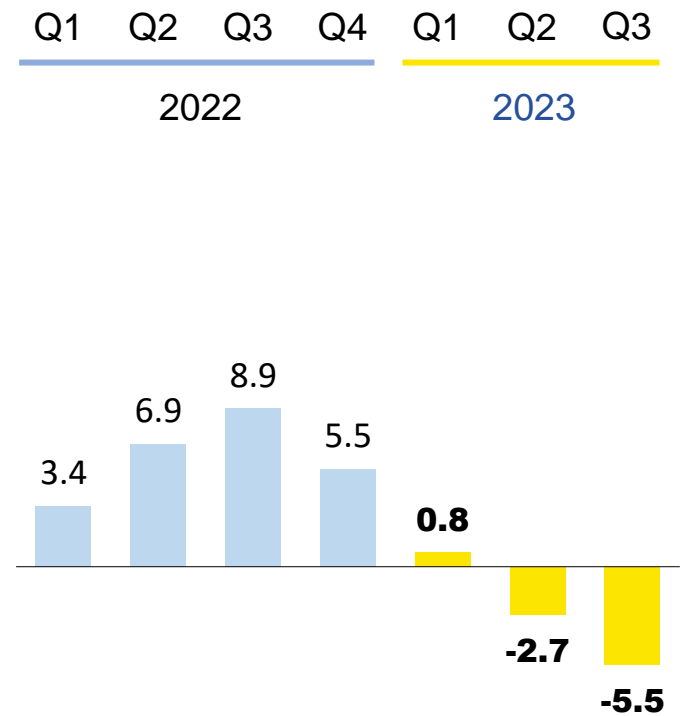
### VOLUMES



### PRICE-MIX



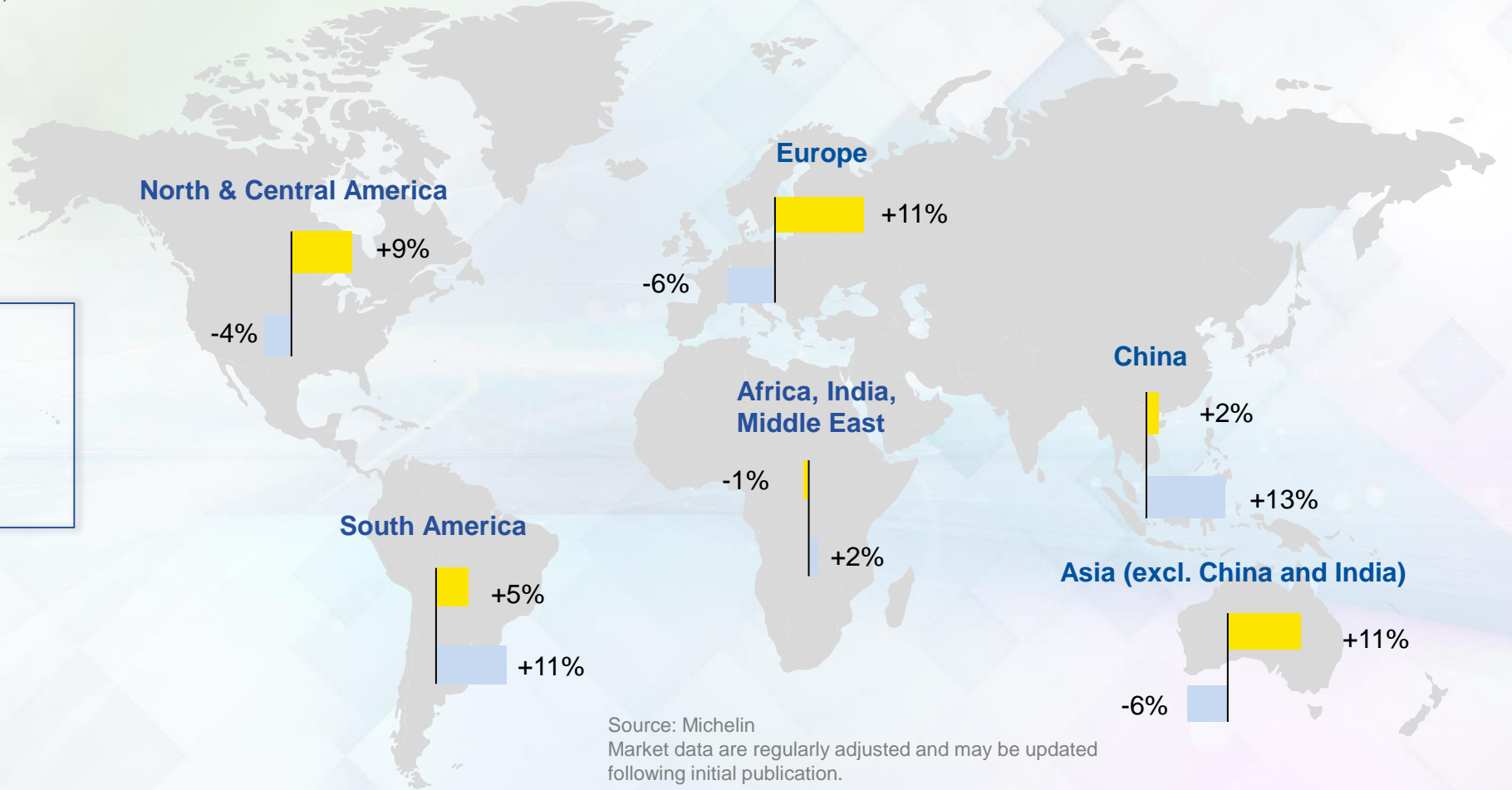
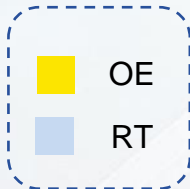
### CURRENCY



# 9M PC/LT tire markets: sell-in demand globally flat, with OE up driven by supply chains ease vs RT slightly down on unfavorable basis of comparison and destocking

## PC/LT TIRE MARKET, 9M 2023

(% change YoY in number of tires)



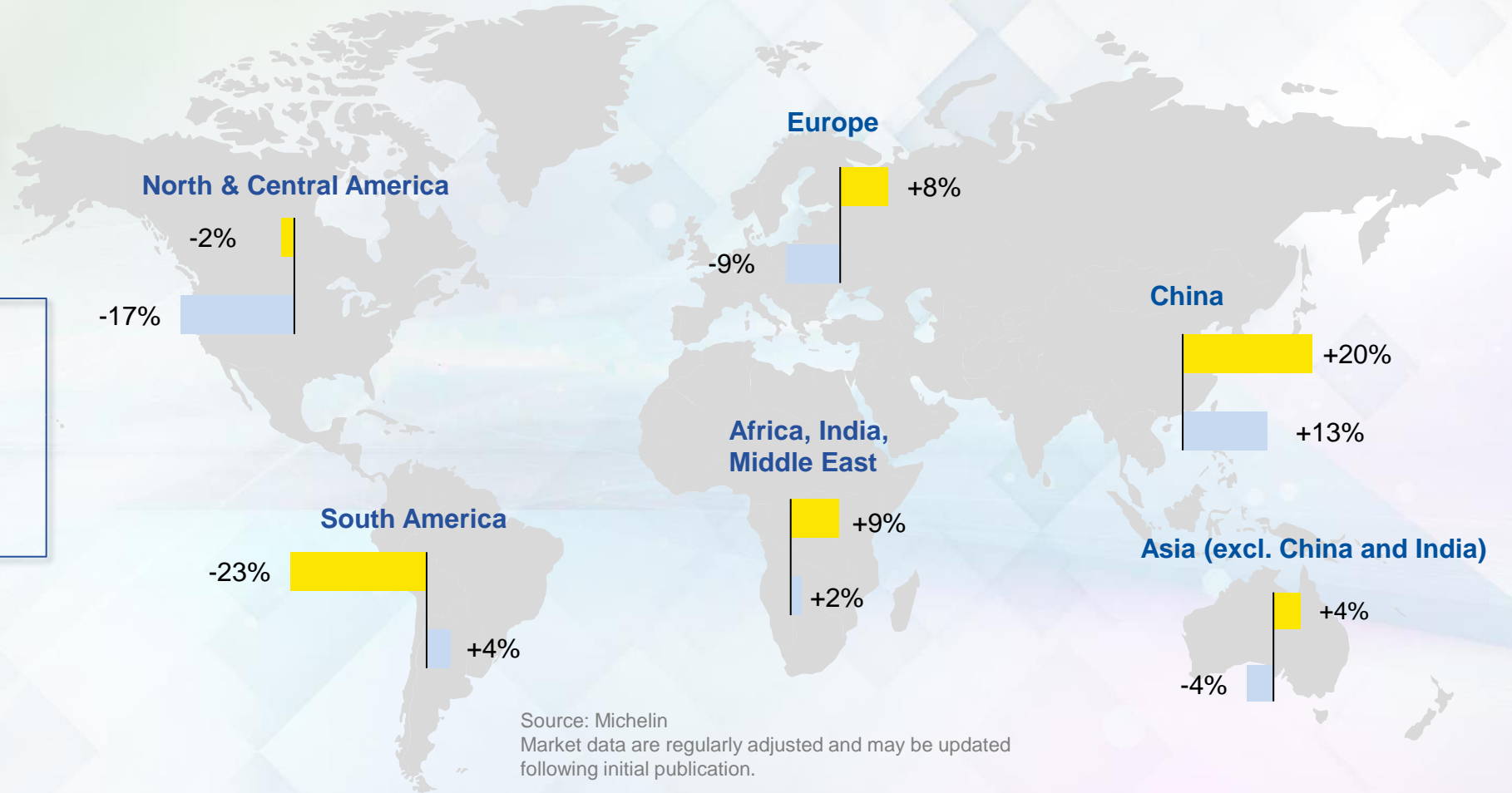
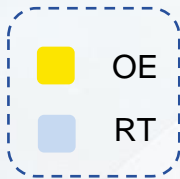
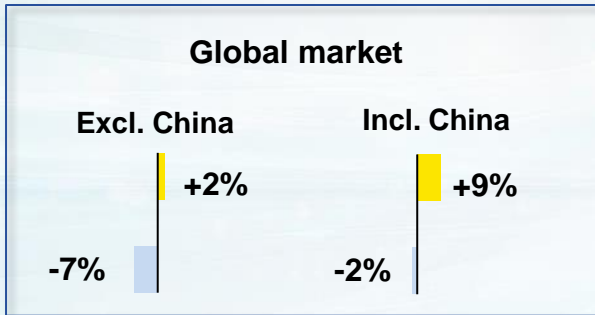
Source: Michelin  
Market data are regularly adjusted and may be updated following initial publication.



# 9M Truck tire markets: dynamic OE despite a few supply chain disruptions, but RT decrease (excl. China) driven by supply chains normalization and destocking from distribution

## TRUCK TIRE MARKET, 9M 2023

(% change YoY in number of tires)

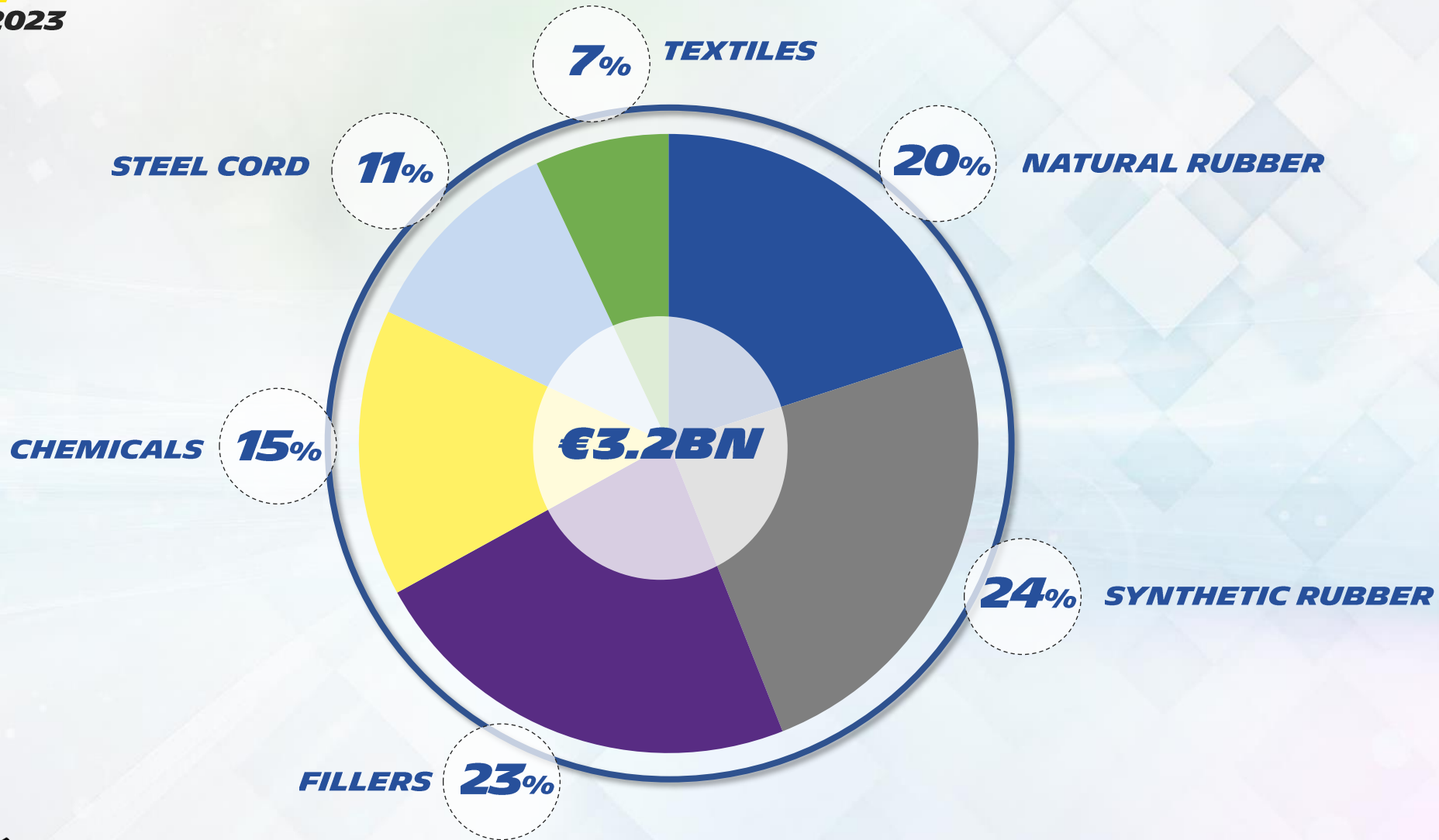


Source: Michelin  
Market data are regularly adjusted and may be updated following initial publication.



# Raw materials cost breakdown

**H1 2023**





# Natural rubber price

## TSR20 AND RSS3 IN \$/KG



— RSS3 — TSR20

Source: SICOM



# Brent price

**BRENT IN \$/BBL**



# Butadiene price

**BUTADIENE EUROPE IN €/T**



## Sales by currency & impact on segment operating income (SOI)

<b>% OF SALES</b> 9M 2023 12 month rolling		<b>2023</b> YTD currency change vs. €	<b>DROPTROUGH*</b> <b>SALES → SOI</b>	<b>% OF SALES</b> 9M 2023 12 month rolling		<b>2023</b> YTD currency change vs. €	<b>DROPTROUGH*</b> <b>SALES → SOI</b>
<b>USD</b>	40%	-1.6%	25% / 35%	<b>AUD</b>	3%	-7.0%	80% / 85%
<b>EUR</b>	31%	-	-	<b>JPY</b>	1%	-9.1%	80% / 85%
<b>CNY</b>	6%	-7.8%	25% / 30%	<b>MXN</b>	1%	+12.0%	25% / 30%
<b>BRL</b>	4%	+0.6%	-30% / -20%	<b>TRY</b>	1%	-28.7%	80% / 85%
<b>GBP</b>	3%	-2.9%	25% / 30%	<b>THB</b>	1%	-1.5%	-130% / -100%
<b>CAD</b>	3%	-6.3%	25% / 30%	<b>Other</b>	6%	-	-

*Illustration with impact of USD change on sales and SOI in €:*

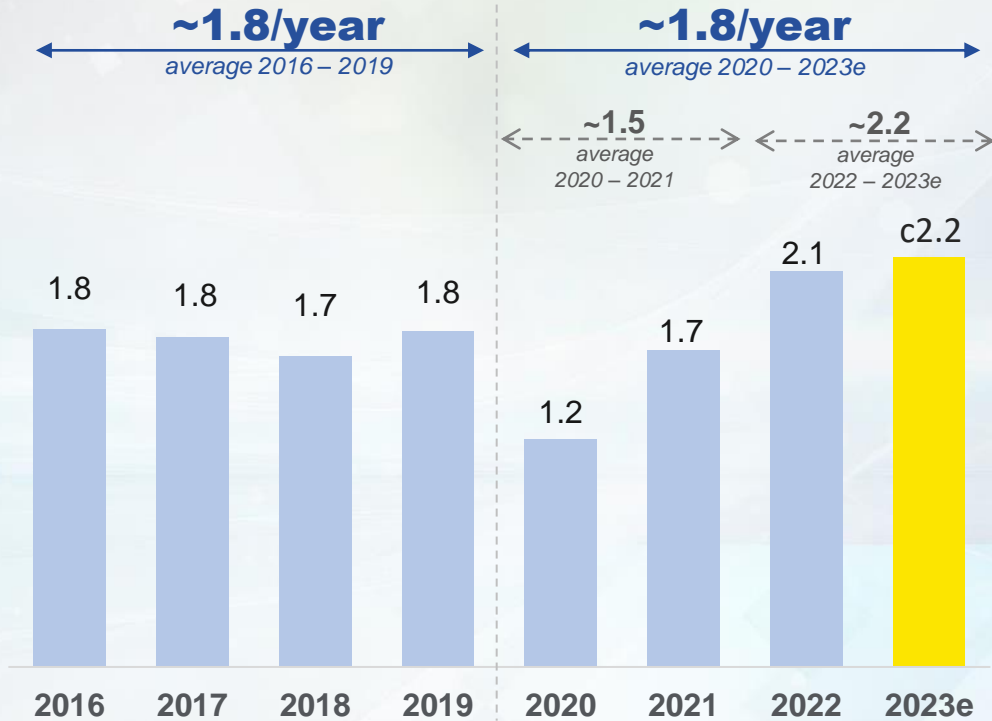
$$\text{Sales} \times \underbrace{40\% \times (-1.6\%)}_{\text{impact on sales } -0,6\%} \times \sim 30\% = \text{impact on SOI } (-0.2\%)$$

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



# Capex increase in 2022-2023 to catch up 2020-2021 postponements

## COMMITTED AND PLANNED CAPITAL EXPENDITURE<sup>(1)</sup> (€ billions)



## KEY POINTS

On track to reach c2.2bn capex cash-out in 2023



- Investing in growth segments
- Optimizing routine capex
- Digital manufacturing and competitiveness
- Decarbonation of our operations



- Services and Solutions



- Flexible composites
- Engineered polymers

<sup>(1)</sup> Purchases of intangible assets and PP&E



# Outstanding bond issues

(As of Sep 30, 2023)

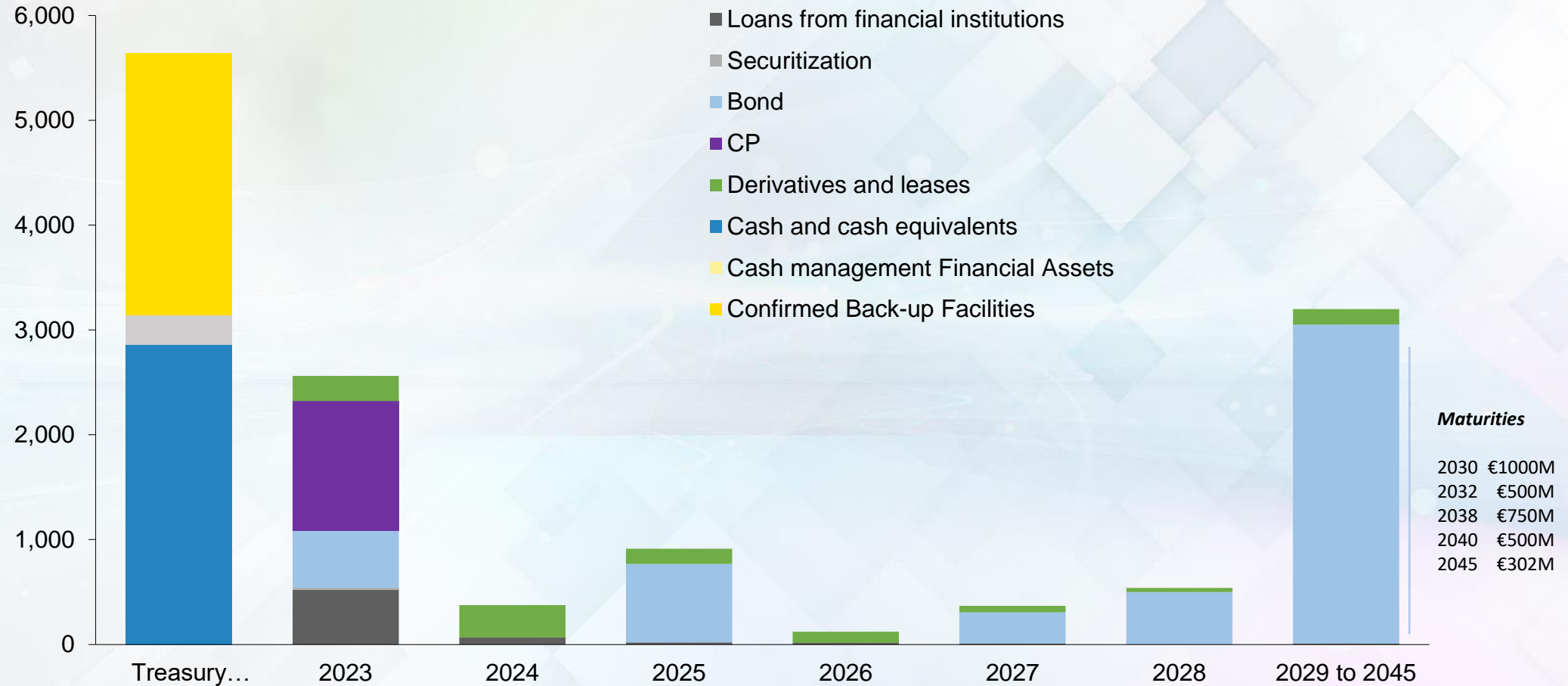
Issuer	Compagnie Générale des Établissements MICHELIN								
<b>Issue Type</b>	Senior Note Convertible	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond
<b>Principal Amount</b>	<b>\$600m</b>	<b>€750m</b>	<b>€300m</b>	<b>€500m</b>	<b>€1,000m</b>	<b>€500m</b>	<b>€750m</b>	<b>€500m</b>	<b>€302m</b>
<b>Offering price</b>	95.50%	99.10%	99.081%	99.89%	99.262%	99.54%	99.363%	99.46%	98.926%
<b>Corporate rating 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 corporate 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 well spread over time

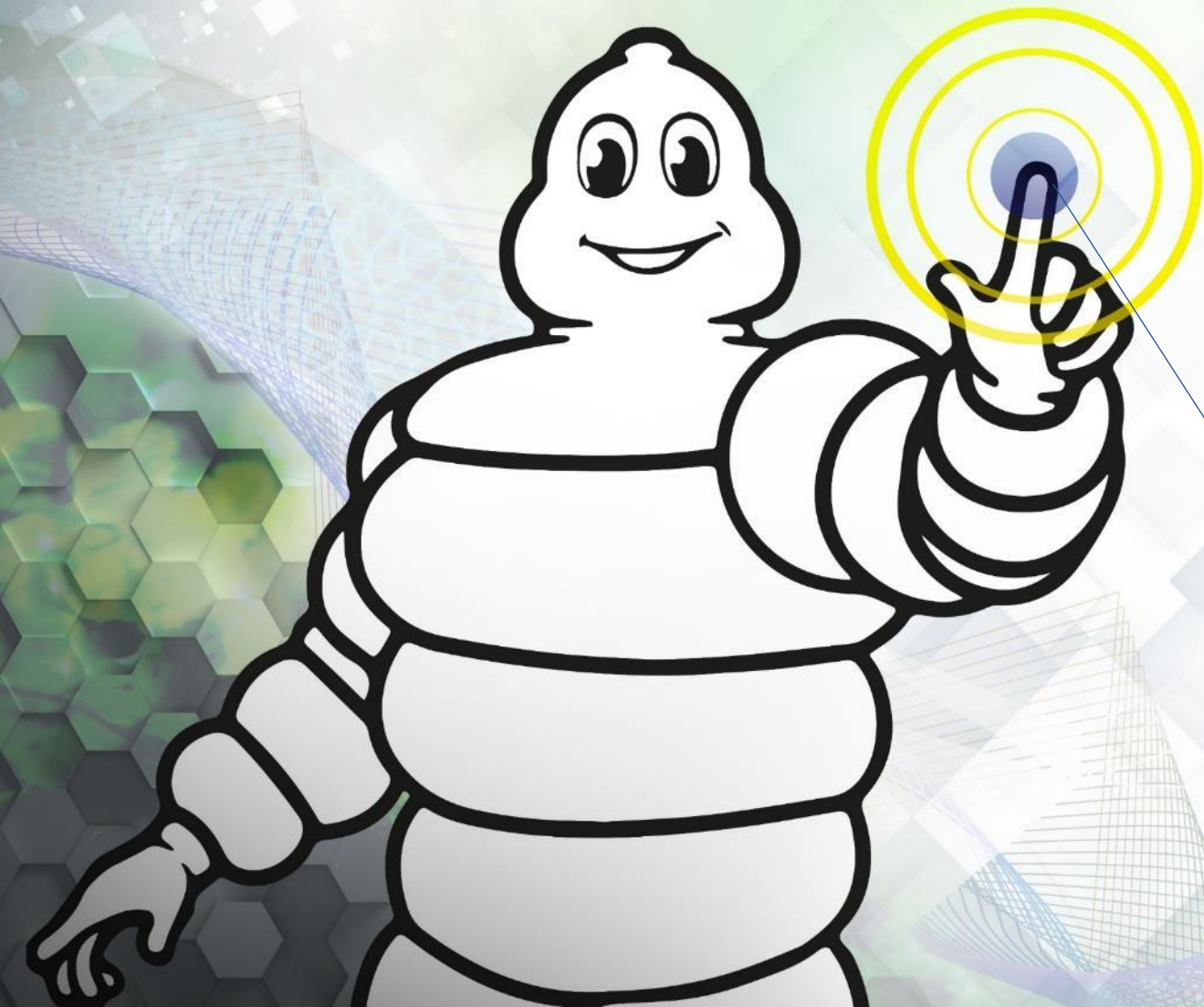
## DEBT MATURITIES AT JUNE 30, 2023

(carrying amount in € millions)



MICHELIN ACQUIRED FLEX COMPOSITE  
GROUP FROM IDI

CREATE A LEADER  
IN HIGH-TECH  
**ENGINEERED FABRICS  
AND FILMS**





## Transaction overview

### FLEX COMPOSITE GROUP AT A GLANCE

A European leader in high-tech Engineered Fabrics & Films  
EUR 202 million revenue in 2022, +11% organic revenue CAGR 2015-2022  
[25-30%] EBITDA margin

### TRANSACTION METRICS

EUR 700 million Enterprise Value  
EUR 21 million annual run-rate EBIT synergies by year 5  
9.0x EV / EBITDA multiple post synergies

### ACCRETIVE MOVE

Michelin's High-Tech Materials revenues up by c.20%, in line with 2030 ambition  
Enhanced growth profile, EBIT-margin and EPS accretive from year 1  
Positive cash generation

### FINANCING

100% available cash  
Limited impact on Group leverage: 29% Gearing post-transaction vs 25% today

### NEXT STEPS

Closing end of Q3 2023  
Focus on integration and delivering expected synergies



# Flex Composite Group – FCG, a European leader in engineered fabrics & films

## FCG KEY FIGURES

**€ 202m**  
revenue in 2022

**11%**  
organic revenue  
CAGR 15-22A

**[25-30%]**  
EBITDA margin

**400**  
employees, including  
c.10% dedicated to R&D

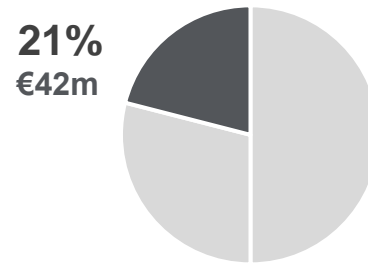
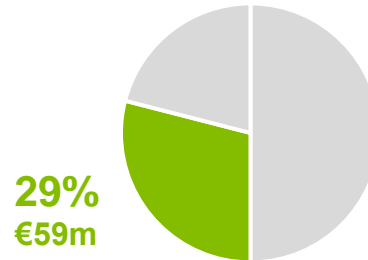
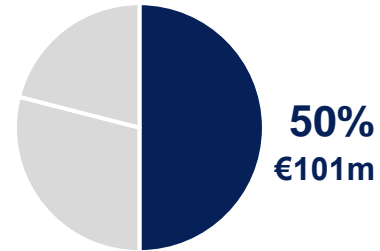
## 3 PRODUCTS CATEGORIES

**Resin impregnated fabrics**

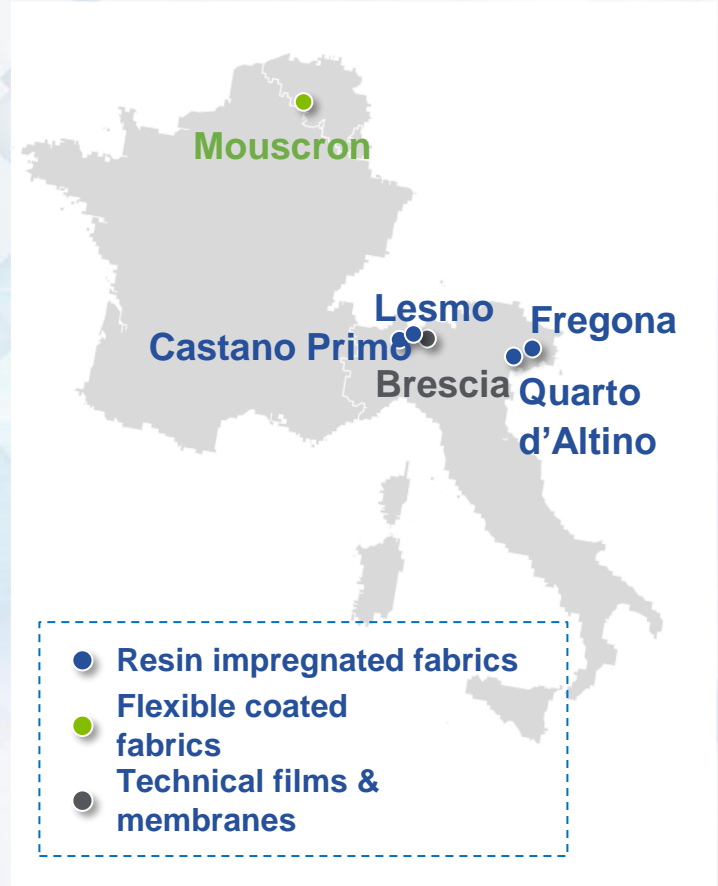
**Flexible coated fabrics**

**Technical films & membranes**





## 2022 REVENUE SPLIT



## 6 PLANTS IN EUROPE



# Strong growth prospects through multiple dynamic end-markets

Main end-markets	Activities	Market Growth <sup>(1)</sup> 2022-27E	Fundamental growth drivers
 <b>Marine</b> (leisure & pro)	<b>Flexible coated fabrics</b> <b>Resin impregnated fabrics</b>	<b>High-single digit</b>	<ul style="list-style-type: none"> <li>Continued growth of recreational boats and penetration gains for RIBs<sup>(2)</sup></li> <li>Increasing carbon composites demand within top class yachts and sailboats design</li> </ul>
 <b>Sports cars, Supercars &amp; Electric cars</b>	<b>Resin impregnated fabrics</b>	<b>Double digit</b>	<ul style="list-style-type: none"> <li>Electrification transition in the automotive sector</li> <li>Dynamism of sports cars and supercars segments</li> </ul>
 <b>Technical Apparel</b>	<b>Technical films &amp; membranes</b>	<b>Mid-single digit</b>	<ul style="list-style-type: none"> <li>Increasing technical requirements, new customer behaviours post covid and development of extreme sports</li> </ul>
 <b>Construction</b>	<b>Resin impregnated fabrics</b>	<b>Mid-single digit</b>	<ul style="list-style-type: none"> <li>Increasing composite materials penetration in infrastructure construction and renovation to comply with tightening green regulation in the EU</li> </ul>

(1) Global end-market volume CAGR (third party consulting firm estimate)

(2) Rigid Inflatable Boats

# Unlocking deep-innovation synergies in engineered fabrics & films

## DEEP-INNOVATION CAPABILITIES



Unrivaled innovation ability, from fundamental research to solutions development



Extensive **worldwide** manufacturing expertise



Unique know-how in **performance simulations**



Clear roadmap towards **100% sustainable materials (2050)** with dedicated R&D programs

## MICHELIN'S HIGH-TECH MATERIALS ACTIVITIES

Sealing technologies

Belting solutions

**Engineered fabrics & films**

Engineered polymers



Complementary know-how

**RESIN IMPREGNATED FABRICS**



**FCG**  
FLY COMPOSITE GROUP



**FLEXIBLE COATED FABRICS**



**FCG**  
FLY COMPOSITE GROUP



**TECHNICAL FILMS & MEMBRANES**



**FCG**  
FLY COMPOSITE GROUP



## Run-rate EBIT Synergies of €21 million unlocked by year 5, driven by product mix enrichment and geographic expansion

### REVENUE SYNERGIES

Deep-innovation in materials and processes, leading to increased performance and more sustainable products

Leverage Michelin's footprint to grow in North America

Leverage Michelin's market access in Defense, Aeronautics and high-end Automotive sectors

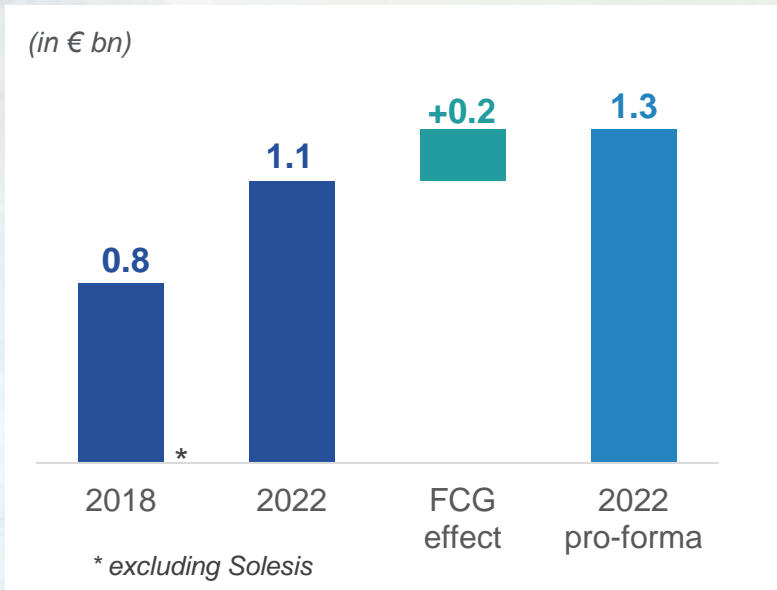
Cross-selling opportunities from product complementary

### COST SYNERGIES

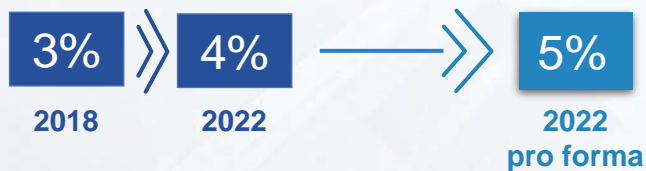
Economies of scale in purchasing mostly raw materials

# Create a leader in engineered fabrics & films, with superior financial profile

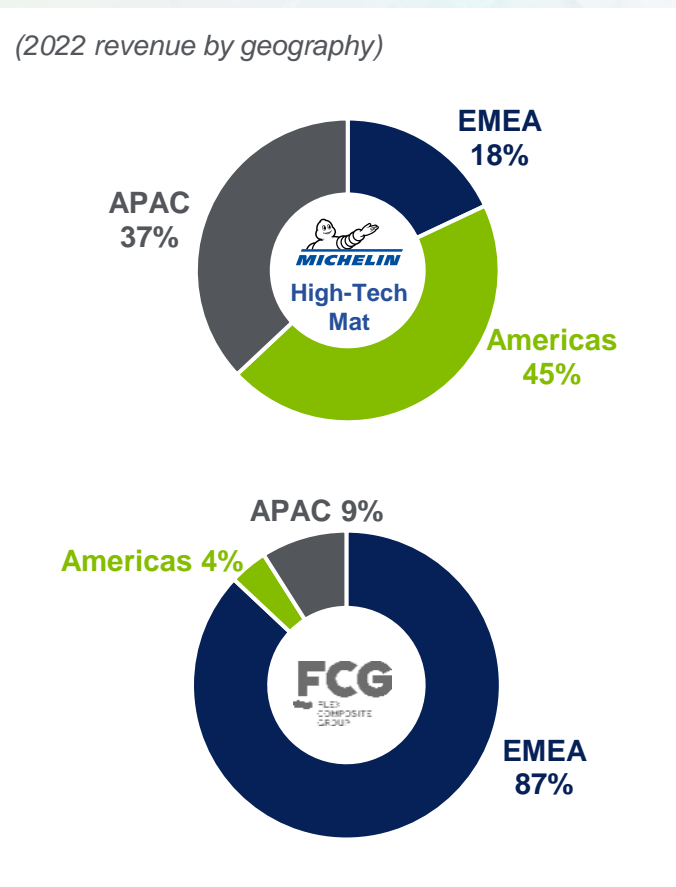
## MICHELIN'S HIGH-TECH MATERIALS REVENUES UP BY c.20%



## HIGH-TECH MATERIALS % OF GROUP REVENUES



## OPPORTUNITY TO EXPAND FCG IN NORTH AMERICA



## SUPERIOR FINANCIAL PROFILE

Run-rate EBIT synergies of €21m reached by year 5

High single digit revenue growth prospects

EBIT-margin accretive at Group level and for the Specialty segment

Positive cash conversion from lower capital intensity

EPS accretive from year 1



# Enhanced People, Profit and Planet performance at the heart of future success



## PEOPLE

Access to **more career opportunities**

A leadership model that puts people, **teams and empowerment at the centre of our mindset** and behaviours

**Enhanced skills management**

Strong **people ambitions**:

- be world-class in employee engagement, with **engagement rate > 85%**
- be world-class in employee safety, with **TCIR < 0.5**



## PROFIT

**Increase High-Tech Materials revenue by c.20%**, with high single digit organic growth prospects

**EBIT-margin accretive** acquisition for Specialty segment

**Positive cash conversion** from lower capital intensity

**EPS accretive from year 1**

**Group financial position remains strong** post acquisition: 2022 pro-forma gearing at 29%



## PLANET

**Accelerating R&D** related to the next generation of materials

**Increase bio-sourced and recycled materials** rate in resins, glues and reinforcements

Comprehensive approach to **reduce VOC emissions and solvent usage in coating processes**

## Key takeaways

**High-Tech Materials revenue up c.20%, creating a leader in high-tech Engineered Fabrics & Films**

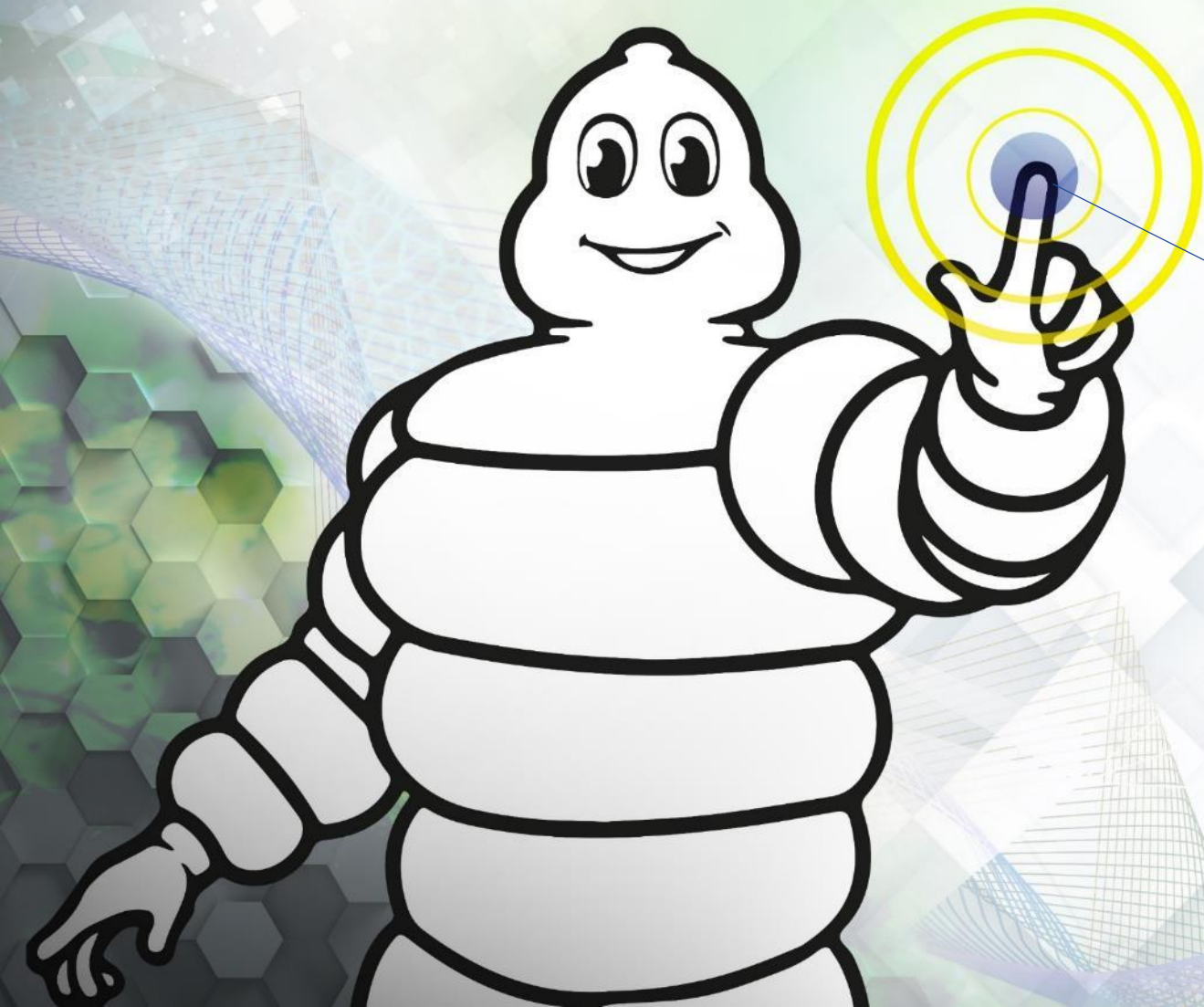
**Important step to develop Michelin beyond mobility, in line with 2030 ambition to position the Group as a key player in polymer composite solutions**

**Unlocking deep-innovation synergies in a broad range of products and applications**

**Enhancing growth profile, EBIT-margin accretive for Group and Specialty segment, positive cash generation and EPS impact**

**Michelin's strong financial position maintained, delivering long-term value for all stakeholders**





# *APPENDIX*

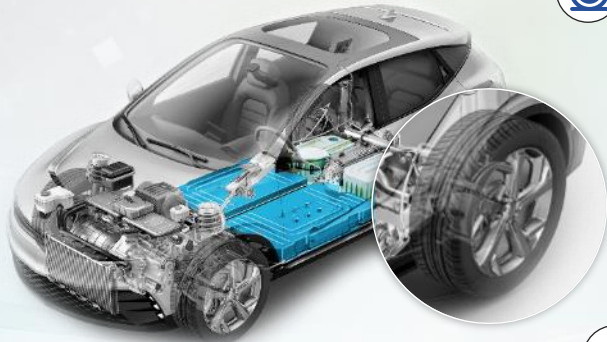
Tire businesses



# Michelin uniquely positioned to leverage vehicle electrification

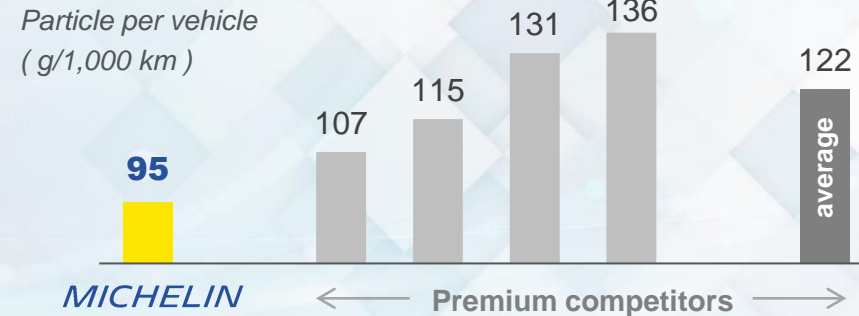
## BEV: HIGHLY DEMANDING VEHICLES PERFECTLY FIT WITH MICHELIN'S UNIQUE KNOW-HOW

### KEY REQUIREMENTS FOR TIRES



-  Low rolling resistance
-  Silent architecture
-  Low abrasion rate
-  High rim capacity
-  High load capacity

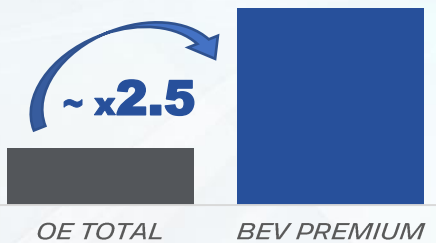
### MICHELIN: BEST COMBINATION OF PERFORMANCES



\* source: ADAC, March 2022 - Download the ADAC study

## OVER-INDEXED IN PREMIUM \* BEV

Michelin OE market share



\*Premium: Luxury-Premium and Sport-Passion segments

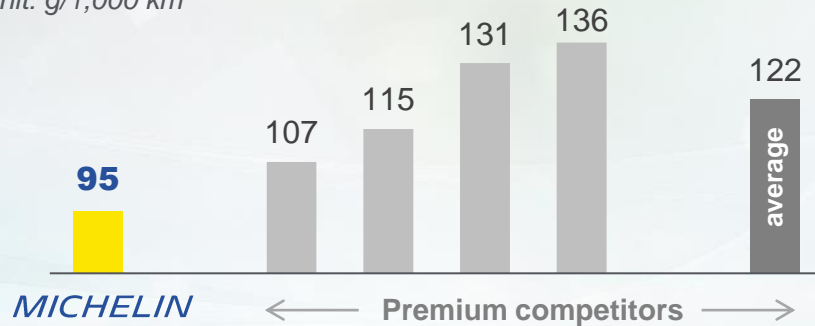
## MICHELIN PREFERRED TIREMAKER FOR LEADING EV OEMs



# Wear particles: considerable competitive advantage, without any compromise on safety

## PARTICLE EMISSIONS: MICHELIN VS. OTHER PREMIUM TIRES MAKERS <sup>(1)</sup>

Particle per vehicle  
unit: g/1,000 km



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](#)

(1) Tyre wear particles in the environment, ADAC, March 2022 – 100 sizes tested

(2) DEKRA studies in 2020 (MARK20B, MARK20E) and 2021 (MARK21E)

## PARTICLE EMISSIONS GET REDUCED WITH EACH NEW RANGE <sup>(2)</sup>

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

## SCIENTIFIC STUDIES HAVE STARTED TO MEASURE THE ENVIRONMENTAL IMPACT OF TRWP <sup>(1)</sup>:



**AIR**

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



**WATER**

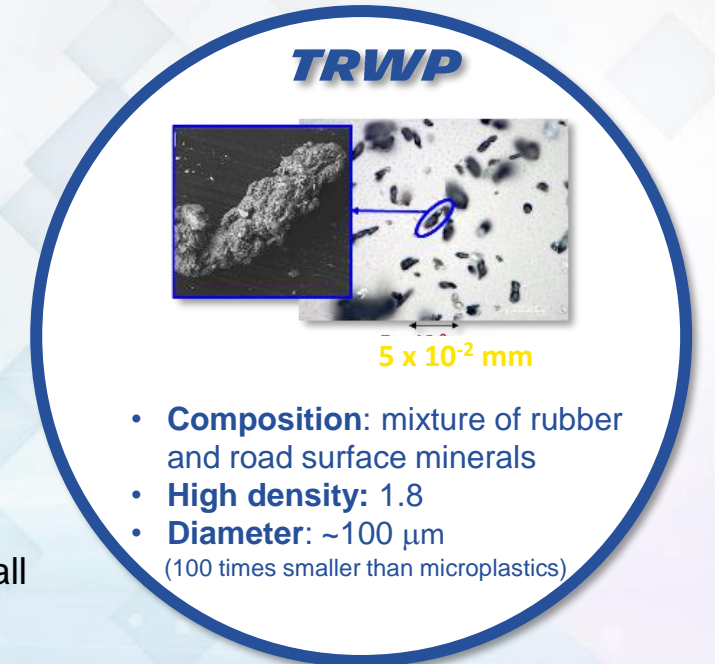
Studies suggest that most TRWP never reach estuaries.

Michelin is strongly in favor of a regulation that would limit the level of wear particle emissions of all tires worldwide → work in progress with ETRMA<sup>(2)</sup> members in order to :

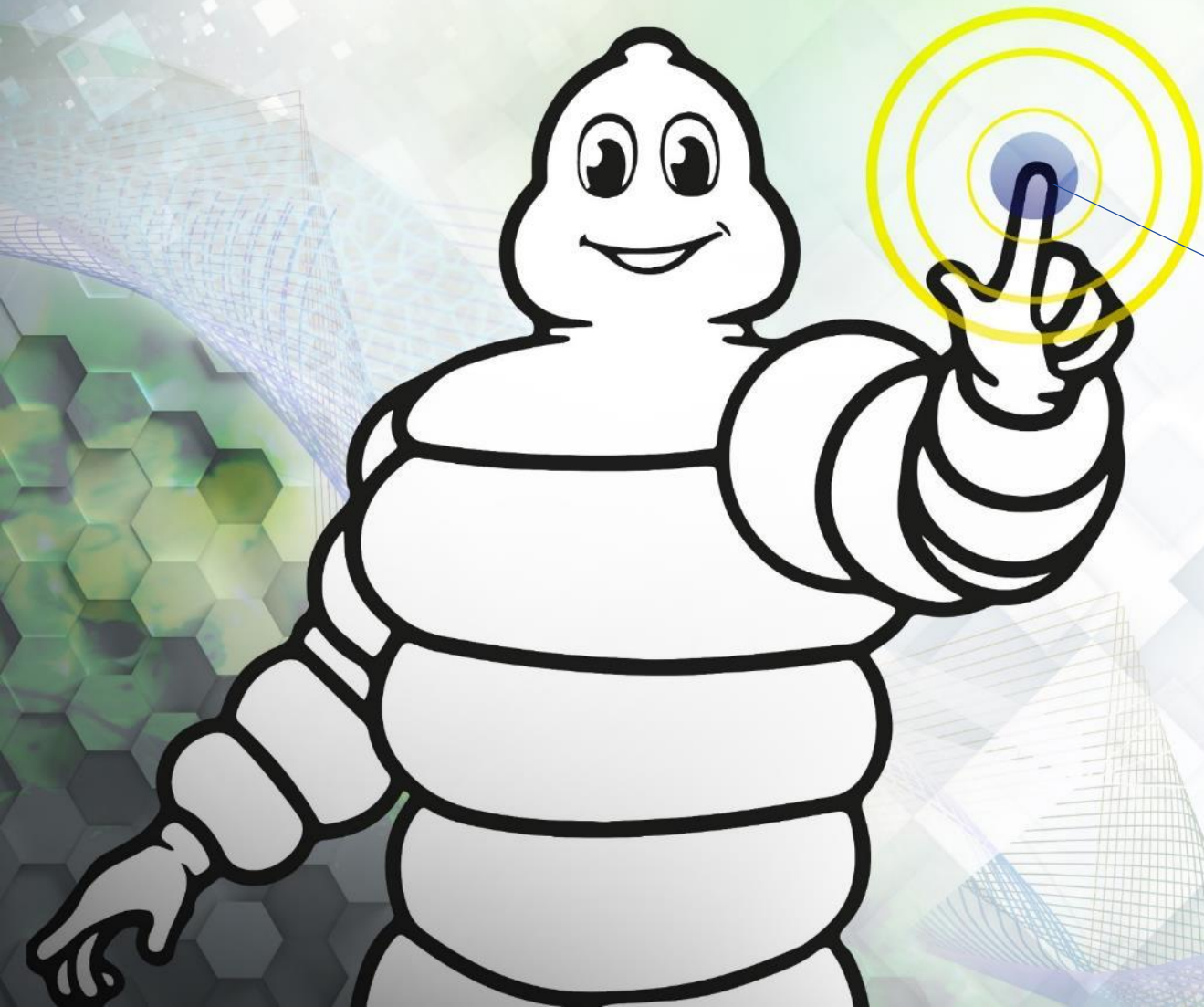
- define a standardized TRWP emission rate test method
- promote a threshold regulation and eliminate the less performing tires from the market.

(1) 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. For more information about TRWP, [see the following document](#)

(2) European Tyre & Rubber Manufacturers Association



+ [Download the ADAC study](#)  
*Tyre wear particles in the environment* (March 2022)



# ***APPENDIX***

Services & Solutions



# Services to fleets: a suite of innovative solutions that empower mobility players to race towards zero-accident, zero-downtime, zero-emission

Unique customer intimacy and usage expertise

## MICHELIN CONNECTED FLEET

Actionable insight provider for fleets leading towards zero-accident, zero-downtime, zero-emission



**MICHELIN  
CONNECTED FLEET**

Connected fleet management services



**TaaS**

Tire-as-a-Service

High-value tire outsourcing offer



**MICHELIN  
ONCALL**

24/7 road emergency service



**WATèA**

by Michelin

LCV fleets decarbonation solution



**MICHELIN  
MEMS 4**

Monitoring tool for Mining tyre and usage conditions

## MICHELIN MOBILITY INTELLIGENCE

Decision levers provider for public and private sector to make mobility safer, better and smarter.



**SAFER  
ROADS**

Save lives



**BETTER  
ROADS**

Optimize road maintenance



**MICHELIN  
MOBILITY DATA**

Monetize Michelin's high value mobility data outside

**TRUCKFLY**  
by Michelin

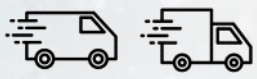
First and unique European truck driver's community

Powered by Michelin connected technologies



# Watèa by Michelin: a unique solution to decarbonize urban LCV fleets

## STAKES OF TRANSITION TO E-LCV



LCVs ~ 3-4% of global CO2 emissions



Switch to EV  
→ - 60% emissions



Mandatory to operate in cities

## FLEETS PAIN POINTS

How to transition ?



How to operate?



How to finance ?



## VALUE PROPOSITION

**Tailored solution**

EV, charging solution, maintenance

**Digital services**

productivity increase and service continuity

A unique value proposal through an **all-inclusive subscription** (Opex)

## LEVERAGING MULTIPLE GROUP ASSETS

With Tire

MICHELIN AGILIS CROSSCLIMATE



Around Tire



Beyond Tire



## PARTNERING WITH CA FOR VEHICLE FINANCING

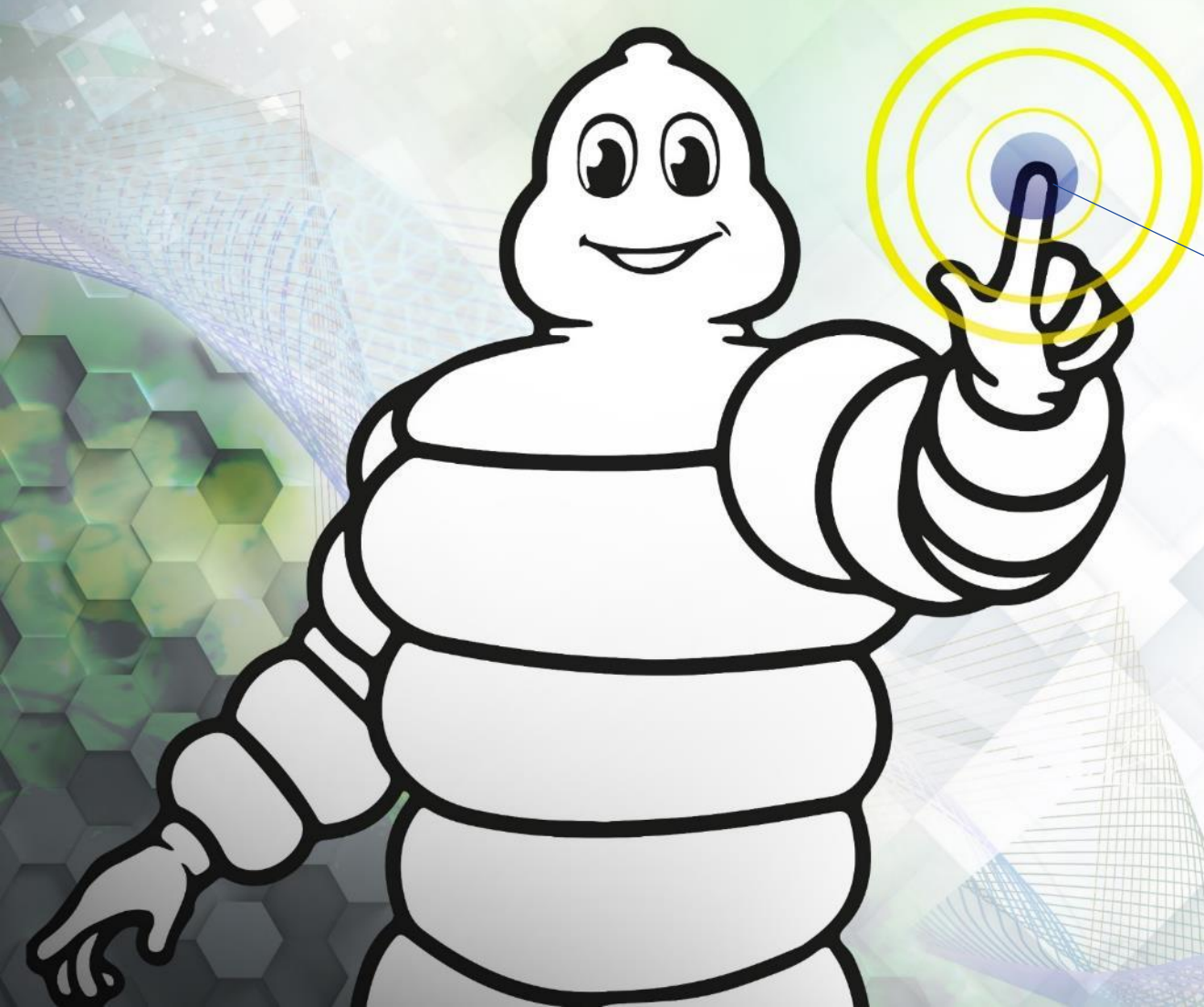
April 2023: 30% stake in Watèa capital finalized by Credit Agricole Leasing & Factoring



- Vehicles deconsolidation from balance sheet
- Leveraging CA mobility's commercial platform and expertise in small fleets

- Acceleration in automotive leasing in Europe
- Shared commitment to a decarbonized mobility





# ***APPENDIX***

High Tech Materials

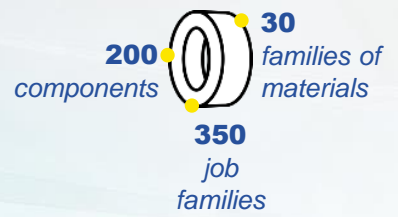




# High-tech materials: expanding beyond tires by leveraging our expertise and our innovations, from materials to solutions, for highly demanding applications

## R&D

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



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



## GROWTH STRATEGY

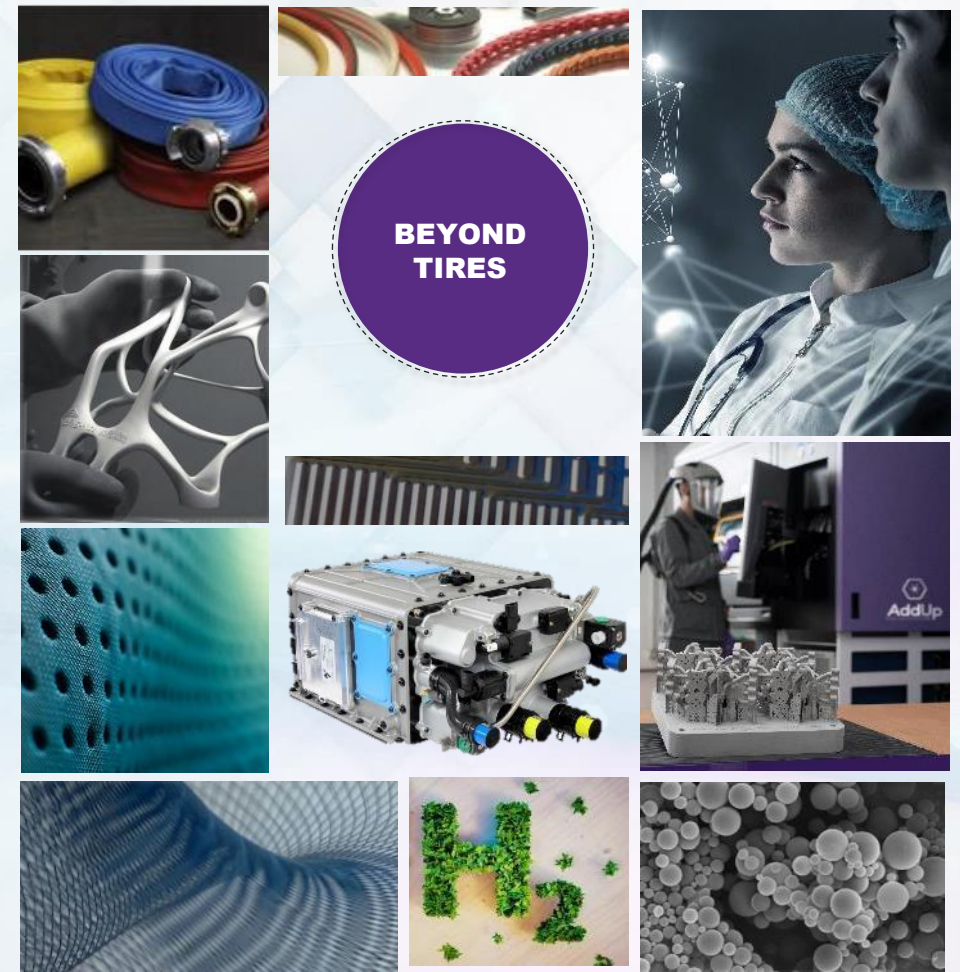
- Organic growth**




- M&A-driven growth**  
Features vs. tires:
  - Higher **growth** and **EBIT %**
  - Lower capital intensity



- Joint ventures**



# Symbio: fast expansion towards worldwide leadership in light and heavy commercial vehicles

 **Major grants** awarded in Europe (IPCEI \*) and in the USA (California)

  
Fuel cell development leveraging expertise in materials and industrial processes

**2014**  
  
Michelin stake:  
- 47% in 2014  
- 100% in 2019


  
**faurecia**  
inspiring mobility

**2019**  
  
A FAURECIA MICHELIN HYDROGEN COMPANY

**2020  
2022**  


New headquarters and facility in Venissieux, France

**2022**

  
**SCHAEFFLER**  
creation of **Innoplate** 50/50 JV

**2023**



Start of Saint-Fons giga factory, France  
1<sup>st</sup> production line in California, USA

**2026**

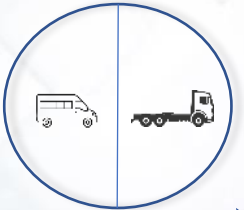
**Fuel cell assembling capacity increase**

50,000 per year



**2028**

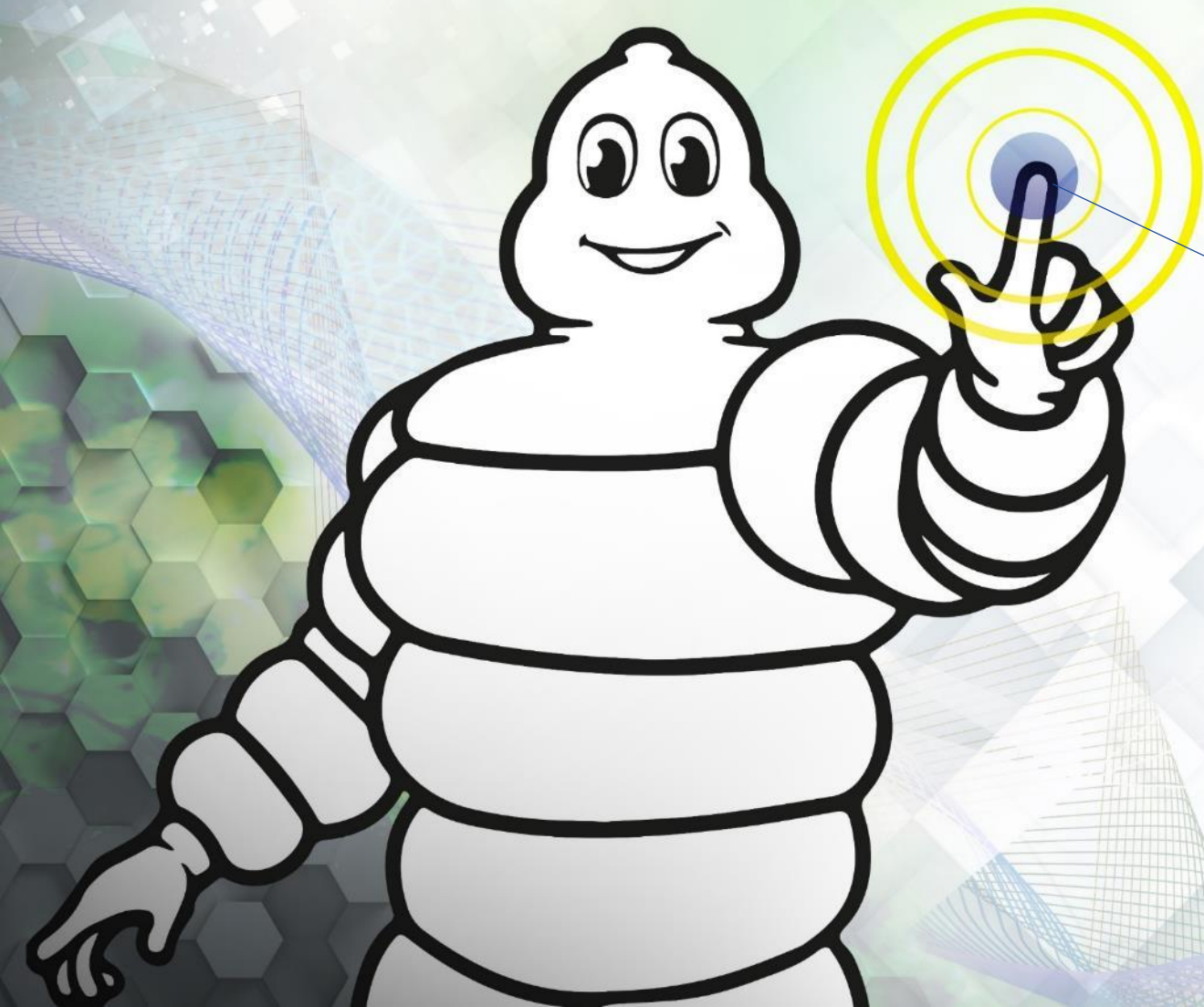
100,000 per year



**2030**

\* Important Projects of Common European Interest





# ***APPENDIX***

Non-financial performance



# Recognized leadership in non-financial performance

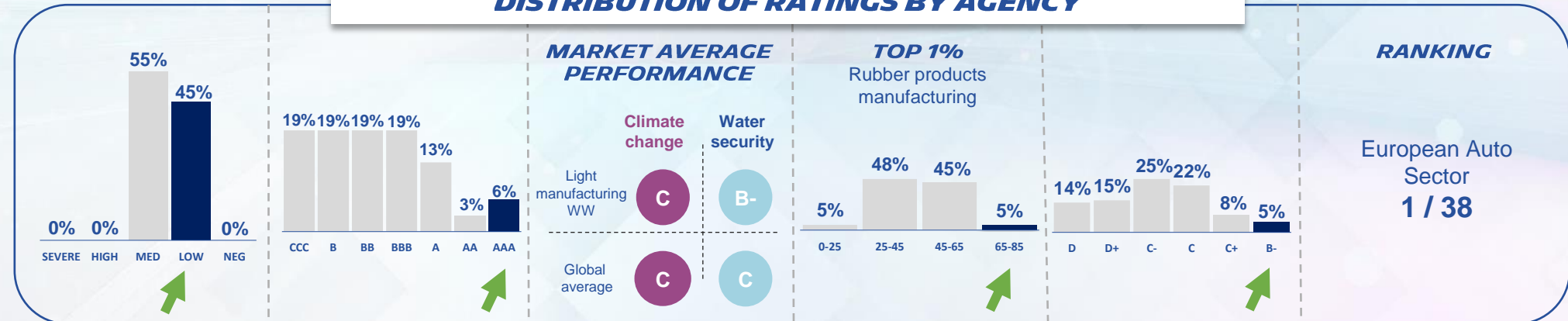
## MAJOR RATINGS

(as of September 30, 2023)

### MICHELIN RATINGS 2023



### DISTRIBUTION OF RATINGS BY AGENCY



# Natural resources and decarbonation: driving up industry standards on product performance

**IF THE WORLD WAS DRIVING ON MICHELIN PC/LT TIRES, PER YEAR IT WOULD SAVE...**



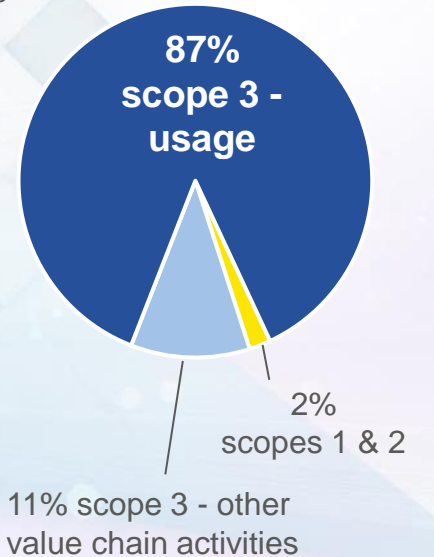
thanks to **lower abrasion**, while maintaining low rolling resistance and other performance features.



thanks to **lower rolling resistance**, without sacrificing other performance features such as safety and low abrasion.



**TIRE INDUSTRY CO<sub>2</sub> EMISSIONS ARE MOSTLY RELATED TO SCOPE 3** <sup>(3)</sup>  
Illustration: Michelin 2022 CO<sub>2</sub> emissions



(1) Underlying hypothesis: 30% advantage for Michelin vs. competitors in abrasion, as calculated by ADAC - *Tyre wear particles in the environment*, March 2022.  
 (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 166 of the 2022 Universal Registration Document for details.



# Michelin has been leading all major innovations in the tire industry

## PRODUCT RANGES SUBJECT TO LIFE-CYCLE ANALYSIS

50% IN 2021 ► 100% IN 2025



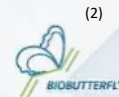
# On the path to full product circularity with 40% sustainable raw materials by 2030, up to 100% by 2050



## NATURAL RUBBER

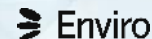


## SYNTHETIC RUBBER



PYROWAVE

## FILLERS



## METALS



## PLASTIFIERS/RESINS



## TEXTILES



## OTHER



(1) European project sponsored by Horizon 2020; project number: 82068

(2) Carried out with the support of ADEME.



# Michelin 1<sup>st</sup> manufacturer to design a road-homologated tire with 58% sustainable materials

**ON THE WAY TO OUR "100% SUSTAINABLE TIRES BY 2050" GOAL:  
NEW TIRES WITH BREAKTHROUGH TECHNOLOGIES**

**BUS TIRE<sup>(1)</sup>**  
**58%**  
**SUSTAINABLE MATERIALS**

Carbon black recycled from end-of-life tires

Natural rubber

Bio-based silica from rice husks

Steel incorporating recycled scrap metal

**PASSENGER CAR TIRE<sup>(2)</sup>**  
**45%**  
**SUSTAINABLE MATERIALS**

Steel incorporating recycled scrap metal

Carbon black recycled from end-of-life tires

Natural rubber

Sustainable textile fibers

Bio-based oils and resins

Bio-based silica from rice husks

(1) Size: 275/70 R22.5 152/149

(2) Size: 235/55R19 105W





# Strong commitment to reduce impact of operations on biodiversity and ecosystems

## 2022 RESULTS, 2030 COMMITMENTS

	2022	2030
<b>RESEARCH &amp; DEVELOPMENT</b> Life Cycle Analysis incl. biodiversity criteria from best methods	At least <b>75%</b> of new projects	<b>100%</b> of new ranges marketed
<b>RAW MATERIALS</b> Compliance with the Responsible Natural Rubber Policy environmental criteria	Assessment carried out on all subsidiaries and JVs*	<b>80%</b> of the volume used
Evaluation of raw material supplier policies & practices **	Study carried out to identify the raw materials with the greatest impacts ***	<b>80%</b> of suppliers
<b>PRODUCTION SITES</b> Biodiversity plan adapted to local issues	<b>8 sites</b>	<b>100%</b> of industrial sites
No phytosanitary products to maintain green spaces	<b>12 sites</b>	<b>100%</b> of industrial sites



[+ To know more](#)

\* Accounts for ~4.5% of the Group's supply  
 \*\* Other than natural rubber  
 \*\*\* Based on the results of the Science Based Targets for Nature (SBTN) method and the life cycle analyses of raw materials

# Sustainable natural rubber by Michelin: driving progress across a fragmented value chain

## ID CARD

~90% of Group's supply come from ~2 M farmers with an average farm size of 3 Ha.

Up to 7 middlemen between direct suppliers and smallholders in Asia

~150 direct suppliers

**Global presence**  
in Brazil, Indonesia, Thailand & West Africa :

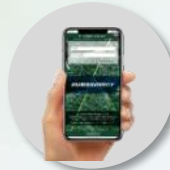
- 85,000 ha. of plantations
- 15 rubber processing plants
- 500,000 tons/year production

**GPSNR Founding member**  
(Global Platform for Sustainable Natural Rubber)



### ACCELERATING SUSTAINABILITY ACROSS THE INDUSTRY BY 2025

- **Dedicated roadmap** tracking commitments on zero deforestation, human rights, and farmer empowerment



### EXTENDING ASSESSMENTS OF PRACTICES ACROSS THE VALUE CHAIN : 2022 ACHIEVEMENTS

- **Direct suppliers via EcoVadis:** 92% of expenditures assessed, 90% "ESG mature"
- **Indirect suppliers : RubberWayTM app.** deployed at 80% of suppliers (in volume) in 2022



### IMPLEMENTING IMPACTFUL PROJECTS

- **Brazil**
  - increase harvest while preserving the forest (6.8 million hectares)\* - 3,800 families in Amazonas
- **Indonesia**
  - improve skills of 1,000 smallholders using RubberWayTM app. by 2024 – (with Porsche)
    - East Kalimantan : train 2,000 farmers by 2024
- **Sri Lanka**
  - improve skills & sustainability performance of 6,000 smallholders by 2025, impacting ~30,000 people
- **Thailand**
  - helping 1,000 farmers diversify their income with agroforestry by 2025\*\*
- **West Africa**
  - ~90,000 farmers trained per year

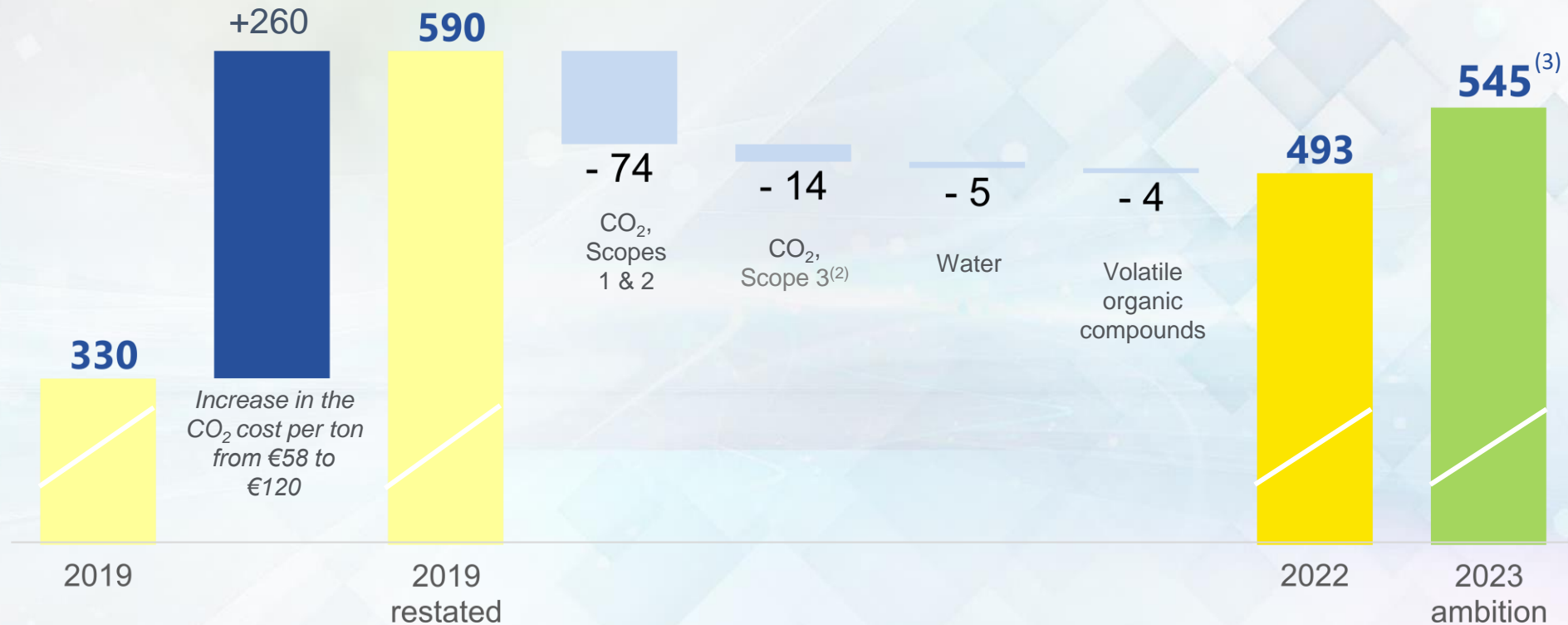
\* With WWF

\*\* As part of the Global Platform for Sustainable Natural Rubber (GPSNR)

# Reduction of CO<sub>2</sub> emissions, VOC<sup>(1)</sup> emissions and water withdrawals: 2022 achievements exceeded 2023 ambitions

## EXTERNALITY COSTS EVOLUTION

(€ millions)



(1) Volatil Organic Compounds

(2) Inbound and outbound transportation and distribution of natural rubber, semi-finished products and finished product

(3) Corresponds to 2023 target of approximately €300m announced at the CMD on April 8, 2021, adjusted for the ton of CO<sub>2</sub> valued at €120/t



# Michelin applies the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

## **MICHELIN'S ANSWER**

See p. 175 of 2022 Universal Registration Document for more details



Detailed information concerning the application of TCFD recommendations may be found in the public answers to the CDP Climate Change 2022 questionnaire (see <https://www.cdp.net/en/responses>).



### **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.

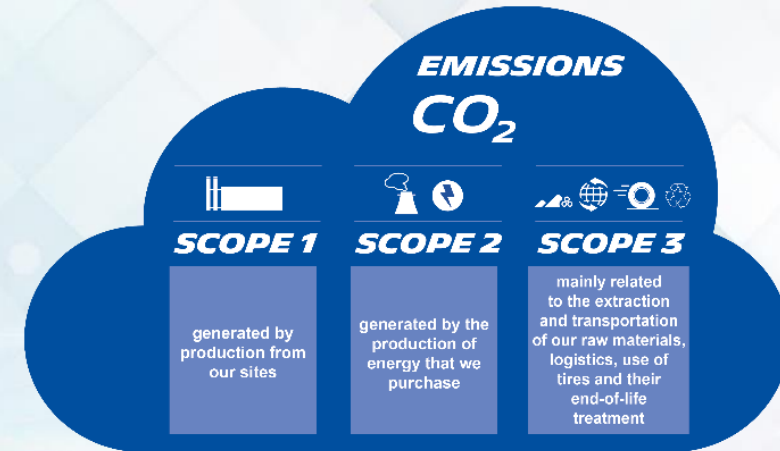
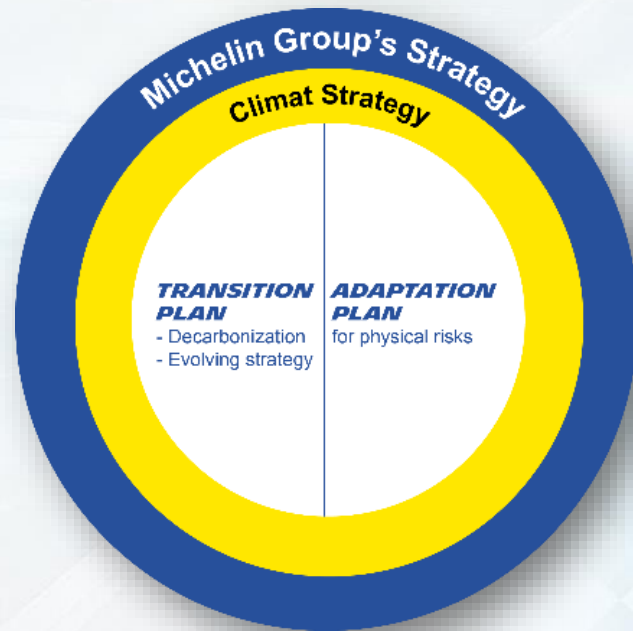
### **METRICS AND TARGETS**

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, by committing to reach net zero emissions by 2050.

# Climate strategy structured around transition and adaptation plans, towards Net-Zero emissions by 2050

## 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** responding to physical impacts of climate change

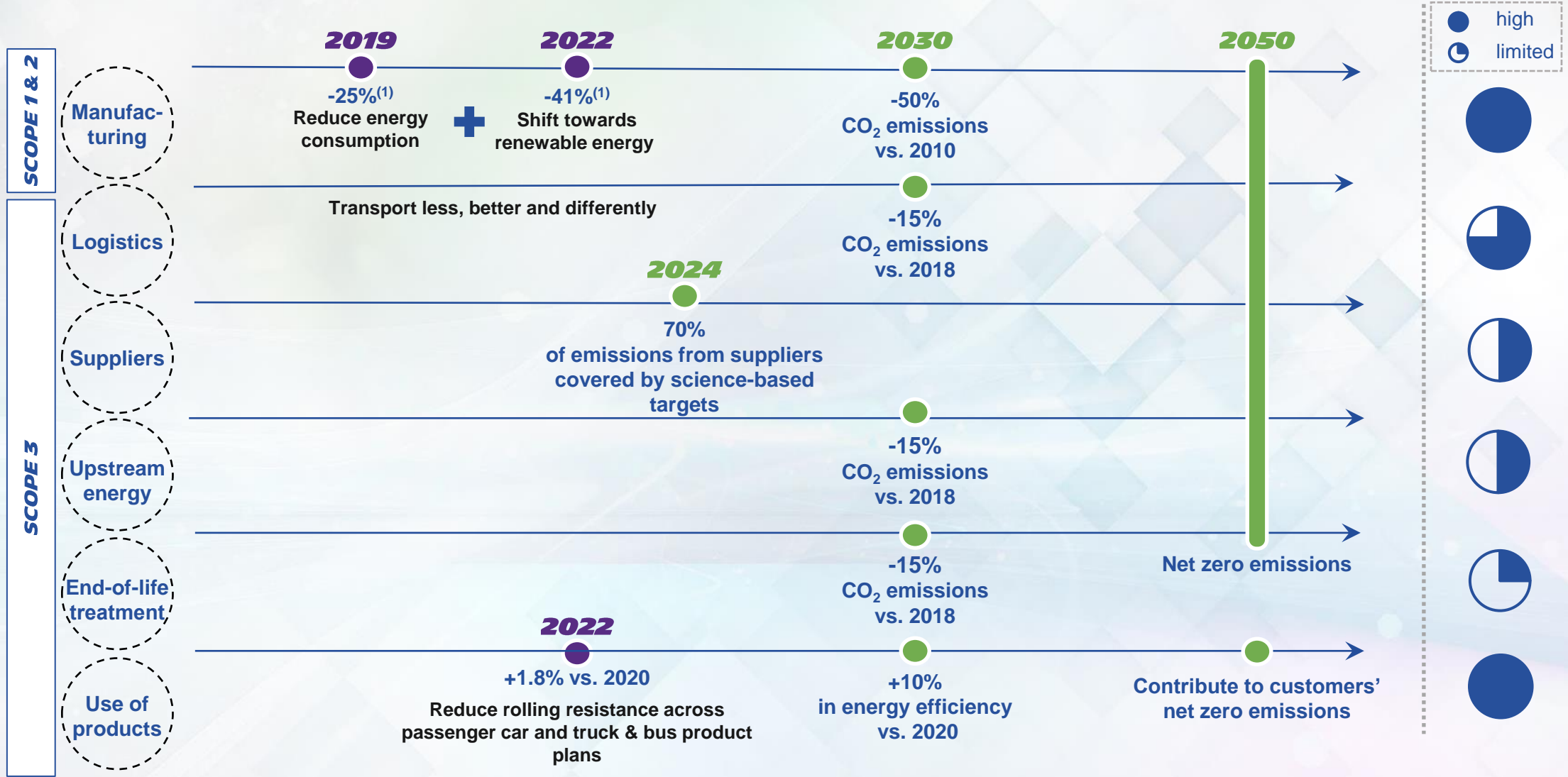


## BASED ON 3 PRINCIPLES:

- **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 emissions in 2050

Group's ability to have an influence



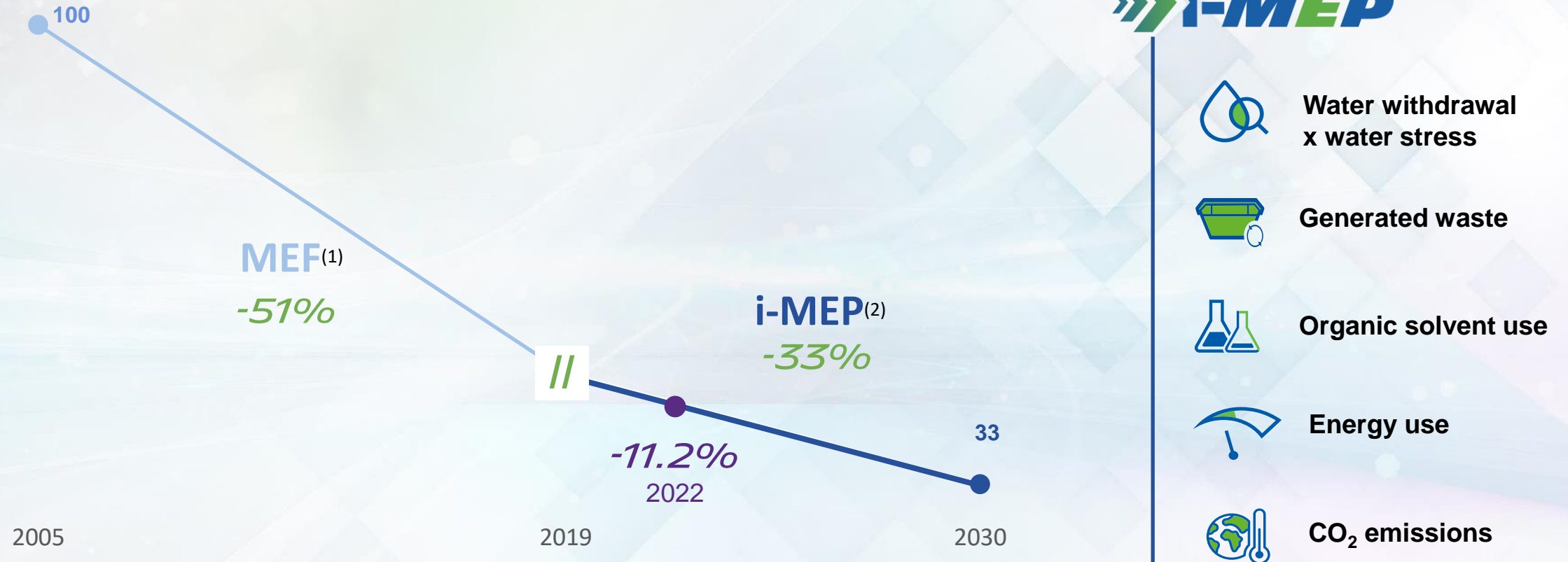
(1) CO<sub>2</sub> emissions vs. 2010    ● Results    ● Ambitions



# Sharp reduction in the environmental footprint of our operations

## REDUCTION OF THE ENVIRONMENTAL FOOTPRINT OF OUR SITES

ISO14001- certified



Water withdrawal  
x water stress



Generated waste



Organic solvent use



Energy use



CO<sub>2</sub> emissions

(1) MEF: Michelin Environmental Footprint;

(2) i-MEP: industrial-Michelin Environmental Performance; see detailed definition p.152 of the 2022 Universal Registration Document



# Universal social protection: since March 2022, deployment of the Michelin One Care Program

## ESSENTIAL GUARANTEES IN THREE AREAS

### GIVE EMPLOYEES TIME TO WELCOME A NEW CHILD

Compensated at 100%

- **Maternity and adoption leave:**  
14 weeks minimum
- **Paternity leave:**  
4 weeks minimum



### PROTECT THE FAMILY IN CASE OF AN EMPLOYEE'S DEATH

Payment of a death benefit  
(for employees with at least one year of base salary)

### ENSURE ALL EMPLOYEES AND THEIR FAMILIES CAN ACCESS A HEALTH PROGRAM

Including at least:

- in-patient hospitalization
- maternity care
- out-patient and routine care
- emergency care

**AMBITION:** 100% of employees covered by the **Michelin One Care Program** by January 1, 2025.



# Diversity and inclusion: Progress in every dimension in 2022, 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.

## 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.



## GENDER BALANCE

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

## IDENTITY

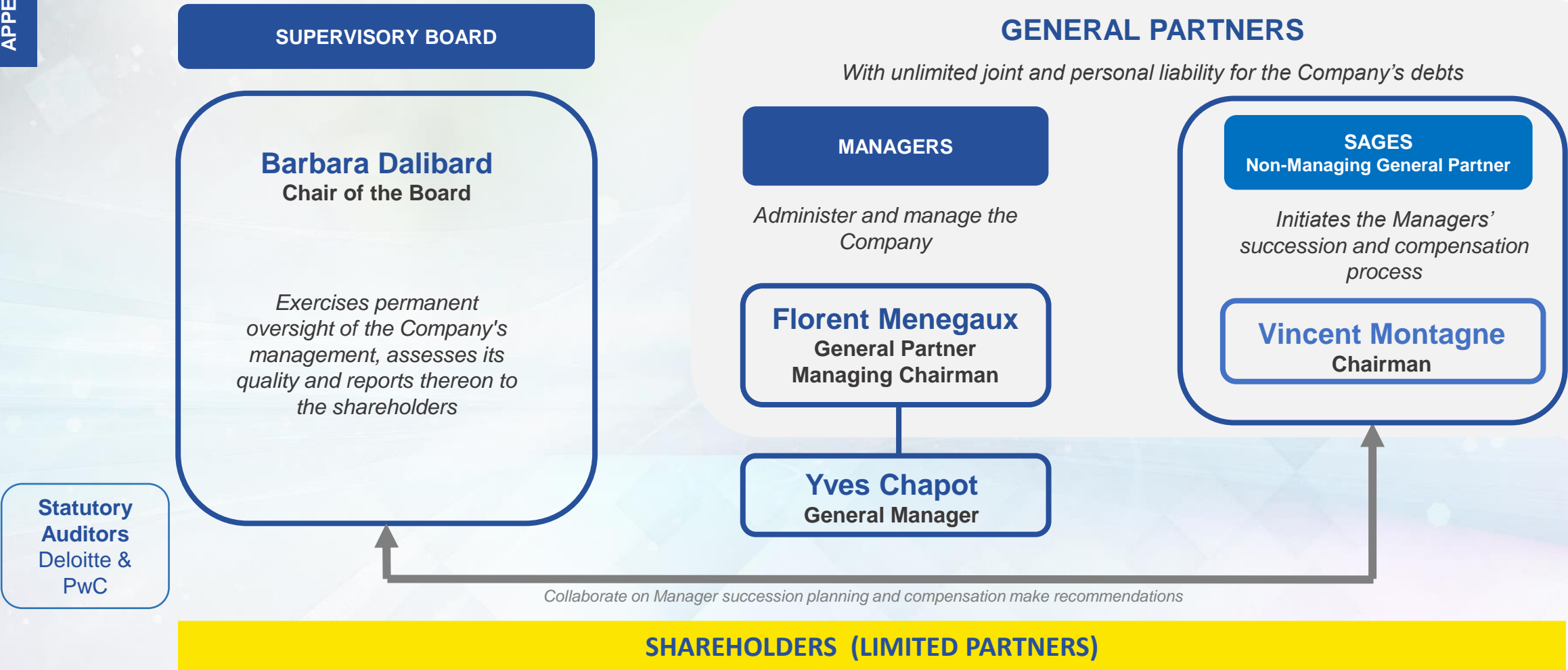
All D&I<sup>(2)</sup> aspects, (e.g., age, sexual orientation, ethnicity, religion, etc.) Enable every person to be who they really are and to bring their authentic selves to work.

(1) IMDI Management Index: see definition on p. 215 of the 2022 Universal Registration Document

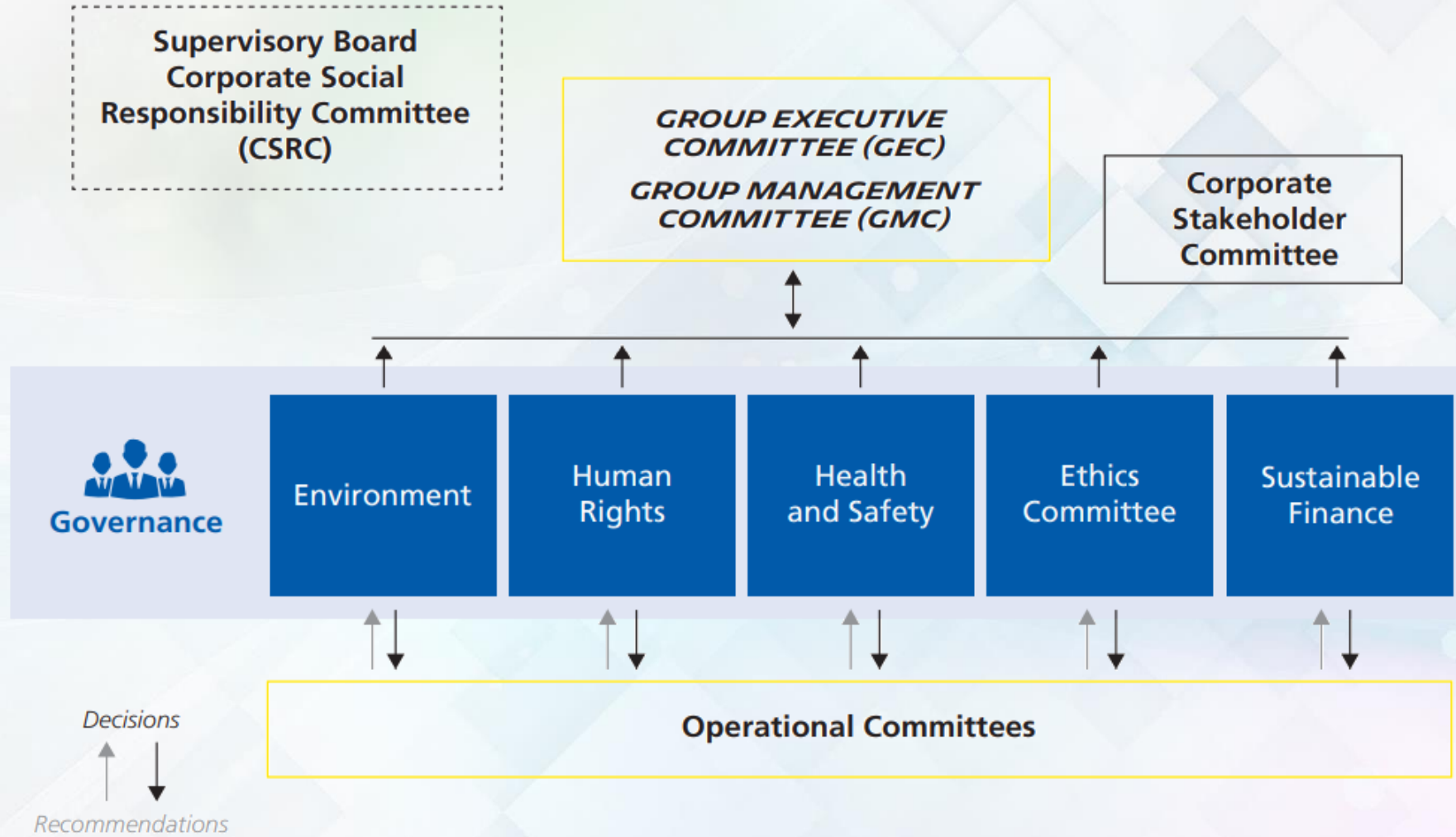
(2) Diversity and Inclusion



# Michelin governance pillars: clear segregation of management and supervisory powers

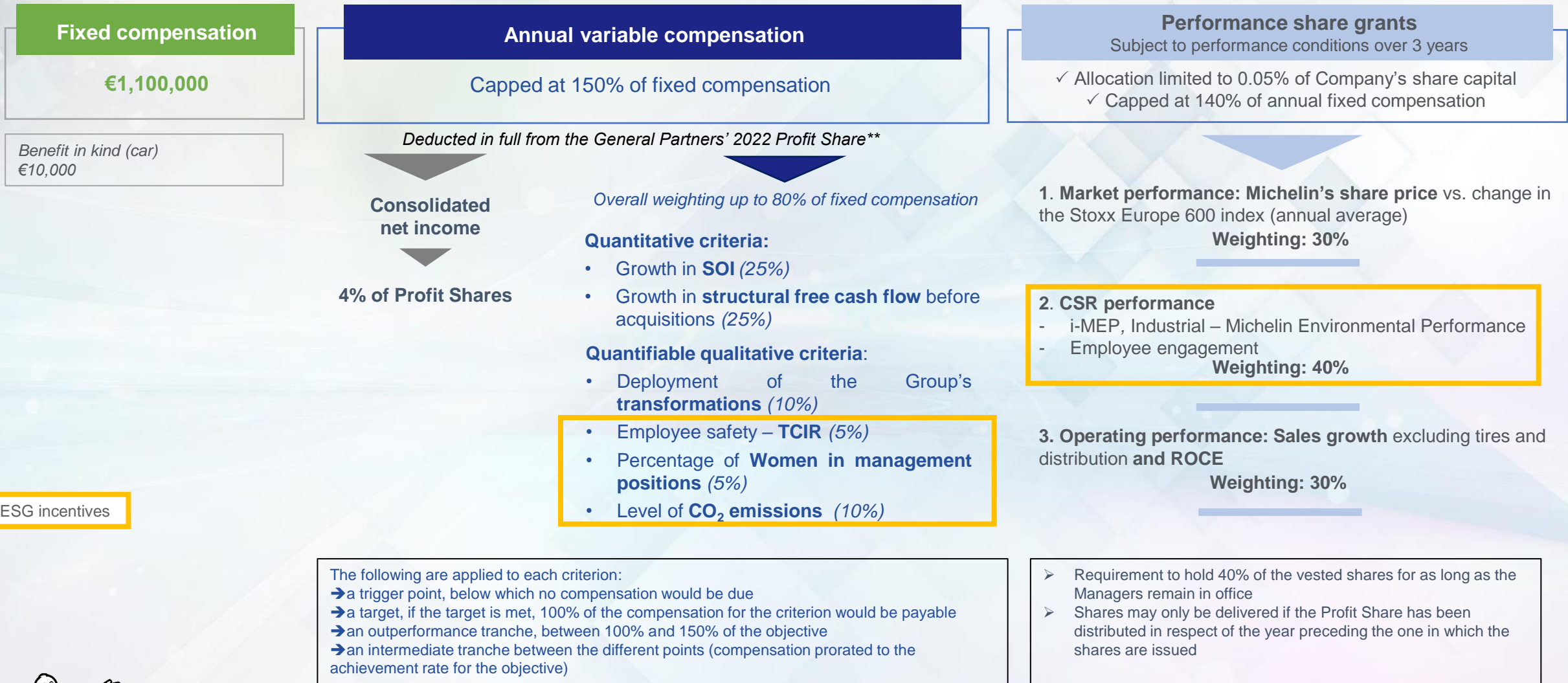


# ESG awareness and oversight are fully embodied in Michelin's governance structure



# ESG criteria are included in the Managers' compensation and shared with all employees via performance share plans

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### **FREE CASH FLOW (FCF)**

Free cash-flow excluding M&A : 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, including JV financing, adjusted for net cash-flows relating to cash management financial assets and borrowing collaterals. M&A-related cash-flows and repayment of IFRS 16 debt are not included.

### **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.

"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 [Michelin.com](https://www.michelin.com) 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."

**Guillaume JULLIENNE**

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**Pierre HASSAÏRI**

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**Flavien HUET**

BUSINESS CENTER PARIS TROCADERO  
112 avenue Kléber  
75116 Paris – France

---

23 place des Carmes Dechaux  
63040 Clermont-Ferrand – France

[investor-relations@michelin.com](mailto:investor-relations@michelin.com)

