

# ***ONE-STOP-SHOP BRUSSELS***

***KEPLER CHEUVREUX***

December 5, 2024



# In a volatile and adverse business landscape...

## Demand normalization

after post-Covid boost



Net farmer income contracted



New vehicles mix softening



Leisure segment normalizing

## Sluggish economic context



Chinese domestic demand



Mining investments postponed



Residential construction depressed

## Environmental roadmap turbulences



CO2 emissions regulations uncertainties



EV penetration disturbed by public decisions



Other regulations (EUDR...)

## Geopolitical tensions



Export control constraints



Supply disruptions



Tariffs uncertainty

# ... the Group can rely on its strategy and agility



Highly engaged and talented **teams**



A powerful and widely recognized **brand**



**Innovation** leadership and unique **R&D & industrial capabilities**



Excellent, market defining **products** and **services**

## TIRES



## SERVICES AND EXPERIENCES



**Connected Solutions**



**E-Retail**



**Distribution & Retail**



**Lifestyle**

## POLYMER COMPOSITE SOLUTIONS



**Sealing technologies**



**Conveyors, belting solutions and hoses**



**Engineered fabrics & films**



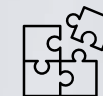
**Engineered polymers**

# Tire markets supported by Replacement sell-in. Strong OE downcycle across every segment, gradual destocking in Mining

## PASSENGER CAR LIGHT TRUCK\*



## TRUCK\* excl. China



## SPECIALTIES\*



Mining



Agriculture



Construction



Material handling



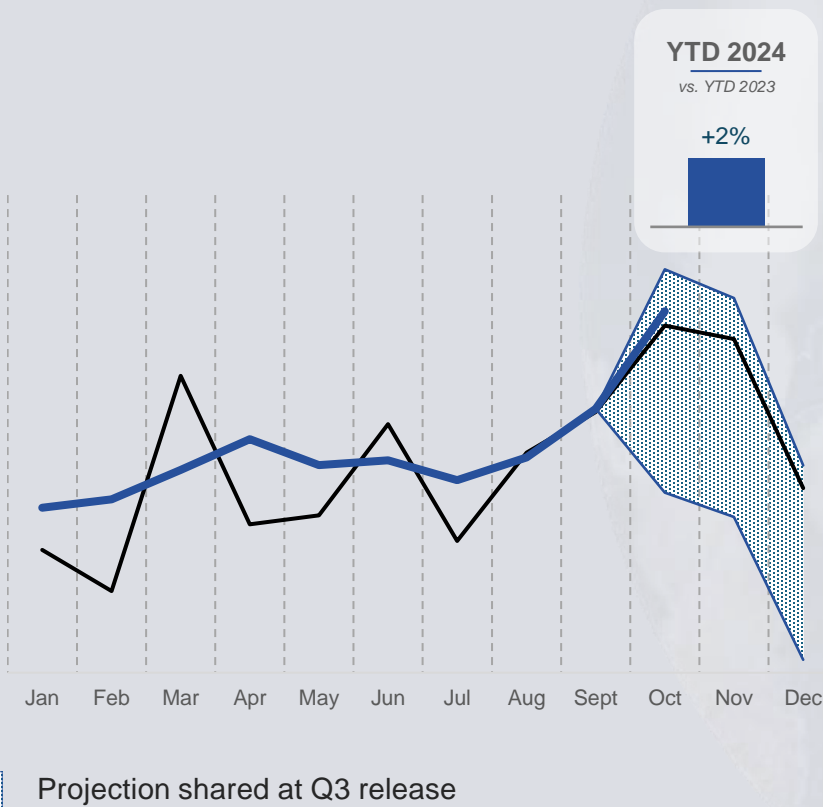
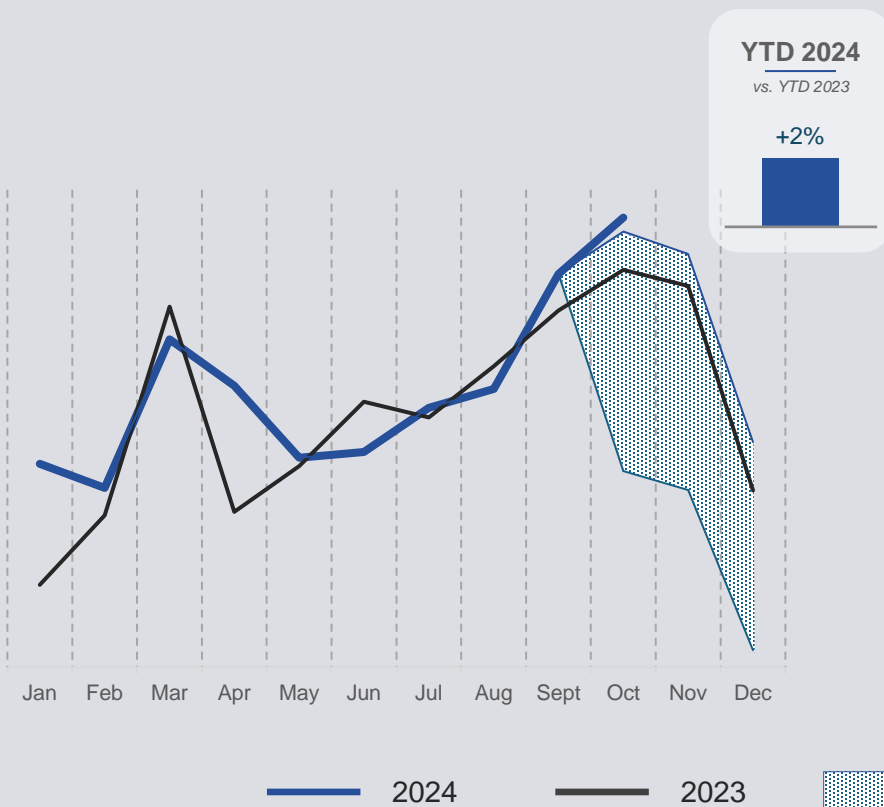
Aircraft



Two-wheel



Polymer  
Composite  
Solutions

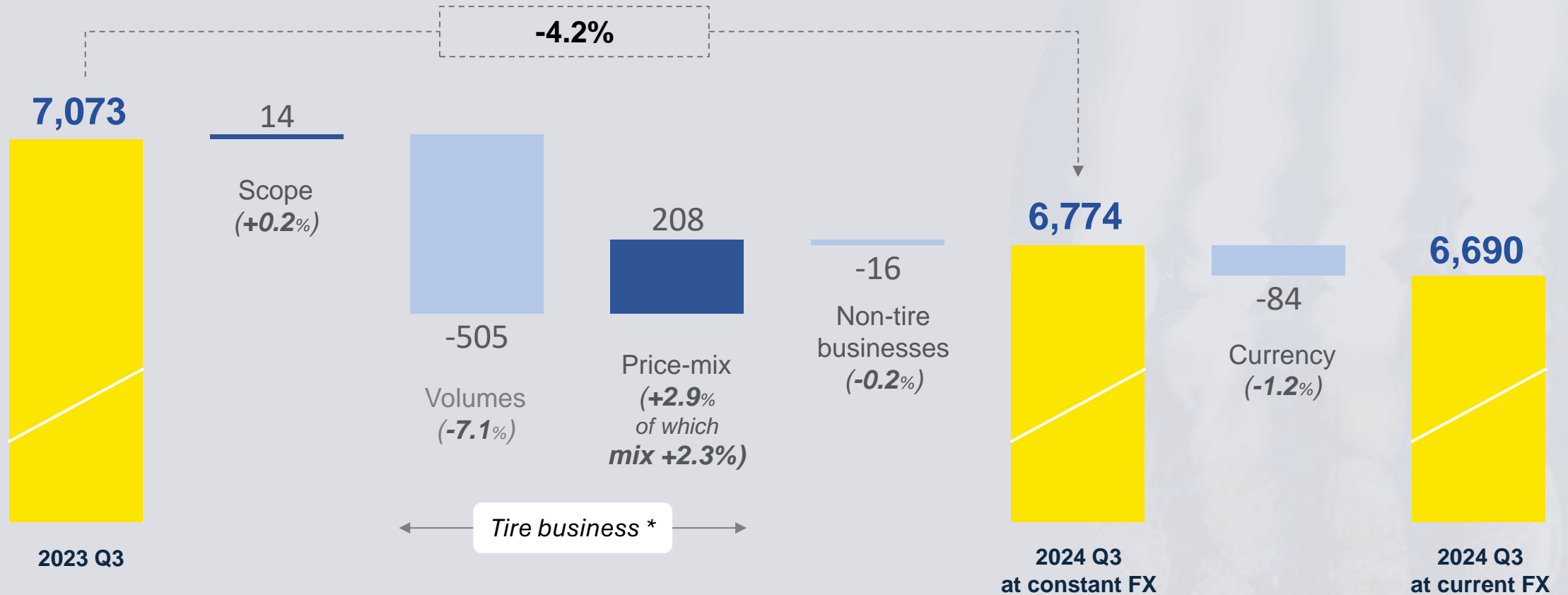


\* Sell-in Tire Markets



# Q3 sales volumes hit by deteriorating OE markets across segments, partially offset by strong mix improvement

## Q3 sales evolution (€ millions and as a %)



\* "Tire" includes Distribution and Retail

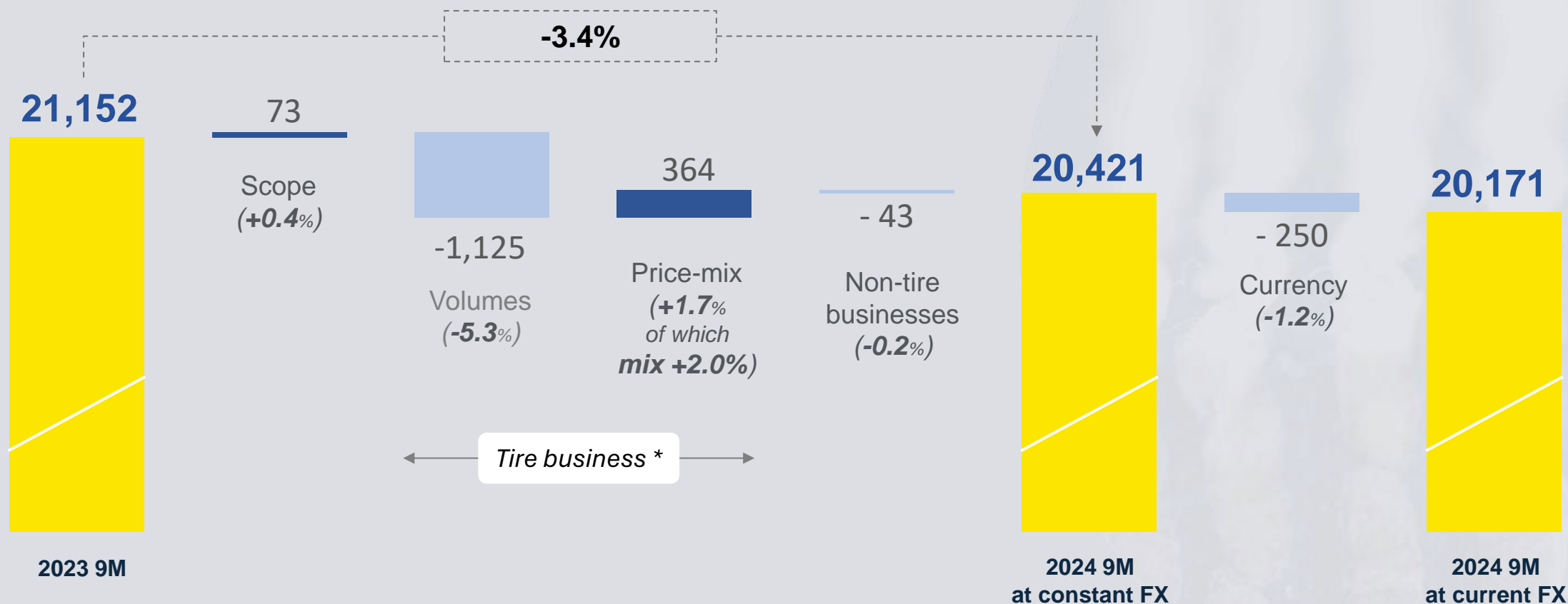




# Group's value-driven approach translating into strong mix

## 9 months sales evolution

(€ millions and as a %)










\* "Tire" includes Distribution and Retail



# Group sales penalized by OE downcycle and contextual headwinds in Specialties. Operating margin preserved

## Sales by reporting segment

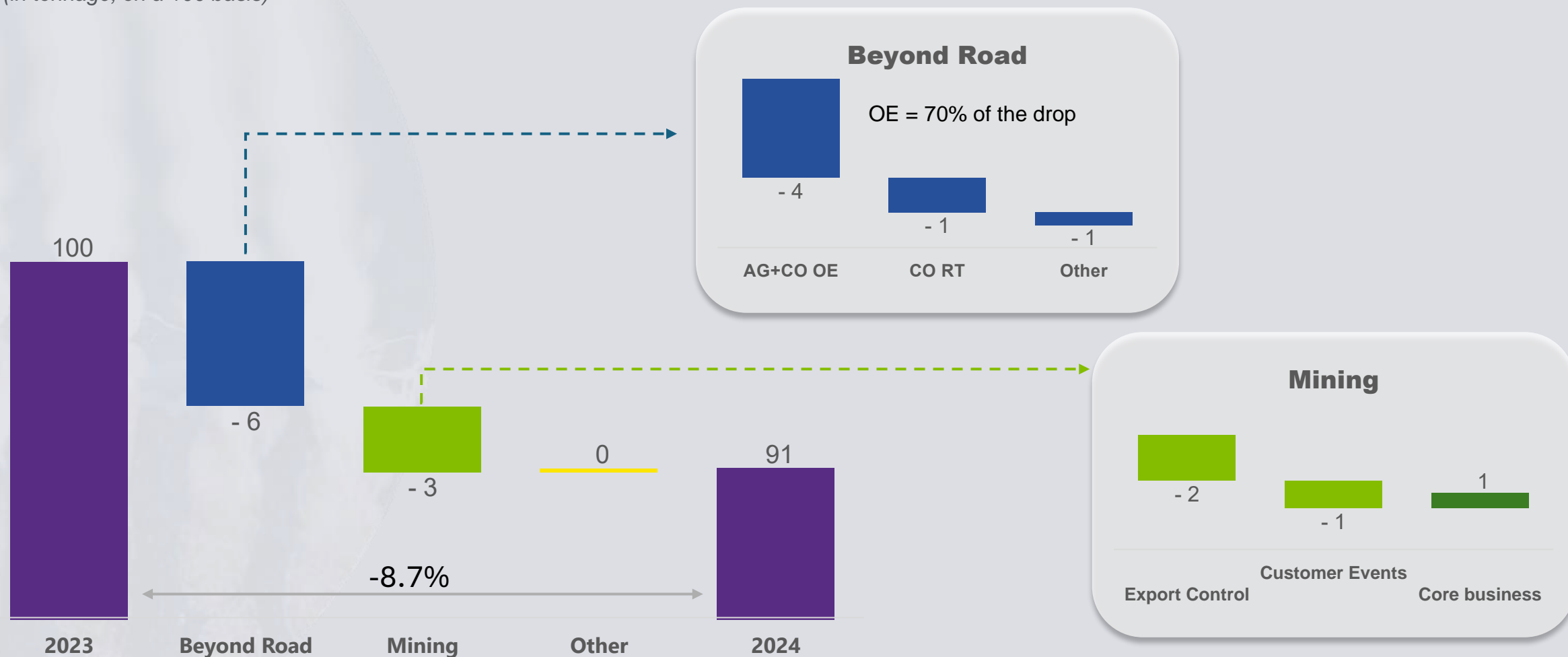
(€ millions)

		9M 24	9M 23	Δ	Operating margin variation
<b>RS1</b> 	Sales	10,356	10,611	-2.4%	
	<i>o/w volume change</i>	-	-	-2.4%	
<b>RS2</b> 	Sales	4,933	5,173	-4.6%	
	<i>o/w volume change</i>	-	-	-5.5%	
<b>RS3</b> 	Sales	4,882	5,368	-9.1%	
	<i>o/w volume change</i>	-	-	-8.7%	
<b>GROUP</b>	Sales	20,171	21,152	-4.6%	
	<i>o/w volume change</i>	-	-	-5.3%	

# SR3 sales reflecting OE downcycle and contextual headwinds. Strengthening positions in Mining

## SR3 Sales Evolution Sep-24 YTD vs previous year

(in tonnage, on a 100 basis)





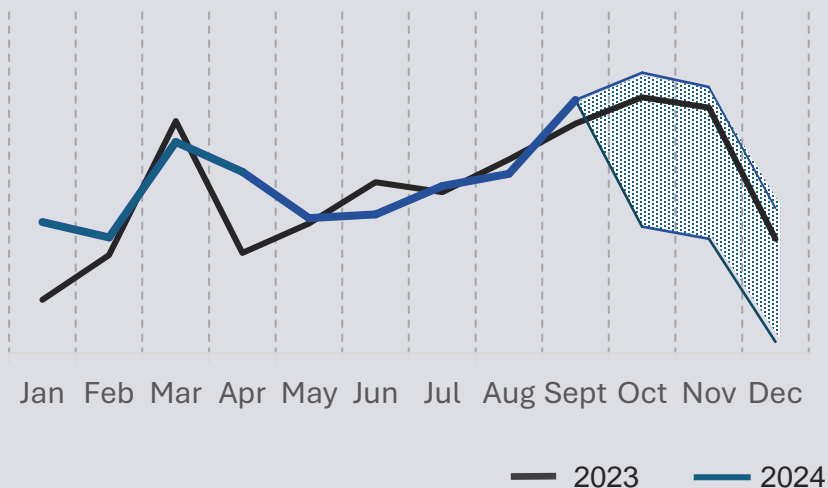
# ***2024 GUIDANCE***



# 2024 markets outlook unchanged on PC/LT & Truck, softer on Specialties

## PASSENGER CAR LIGHT TRUCK\*

**-2% / +2%**

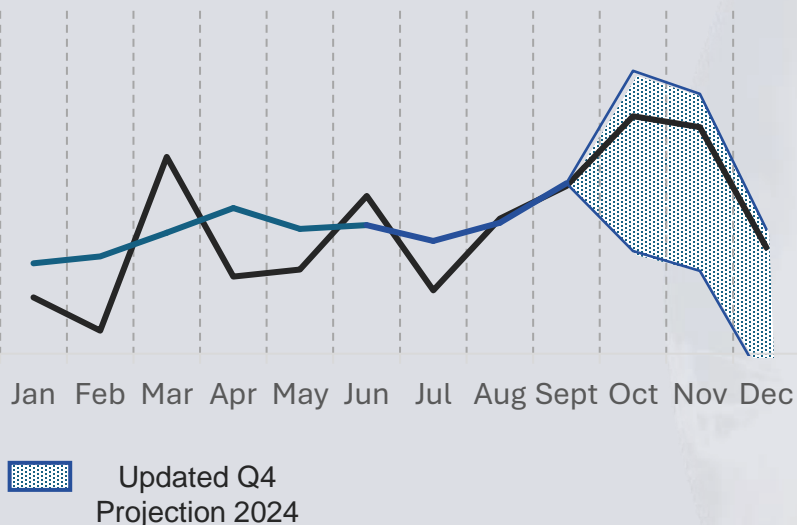


**OE:** decline in overall demand accelerating in Q3 particularly in Europe

**RT:** moderate growth to continue in all regions except China, potentially supported by winter season in Europe

## TRUCK\* excl. China

**-2% / +2%**



**OE:** market down on high 2023 comparison basis in both North America and Europe

**RT:** slight growth driven by underlying goods transportation demand, massive imports from Asia into North America in H1 to normalize in H2



## SPECIALTIES\*

**-5% / -1%**

previously -4% / 0%



**Mining tires:** fundamental demand sustained but gradual customer inventory drawdown until year-end



**Beyond-road tires:** strong decline in OE. RT businesses slightly negative on a challenged and uncertain economic context



**Two-wheel tires:** moderate market growth in all regions, more buoyant in the Americas



**Aircraft tires:** normalized growth on back-to-pre Covid reference base, with significant rebound in China



**Polymer Composite Solutions:** overall soft markets across verticals, high 2023 reference base, destocking across many industries

\* Sell-in Tire Markets



# 2024 full-year scenario and guidance

## SCENARIO

## GUIDANCE

Volumes

**UPDATED**  
[-6% ; -4%]

**PREVIOUS**  
[-5% ; -2%]

Operating performance  
net of inflation

**UPDATED**  
slightly positive

**PREVIOUS**  
slightly positive

Cash-out capex

**UPDATED**  
[€2.2bn ; €2.4bn]

**PREVIOUS**  
[€2.2bn ; €2.4bn]

Segment operating income  
at constant FX vs 2023

**UPDATED**  
c. €3.4bn

**PREVIOUS**  
> €3.5bn

Free cash flow  
before Acquisitions

**UPDATED**  
> €1.7bn

**PREVIOUS**  
> €1.5bn



# 2025 Financial Agenda

## **2024 FULL YEAR RESULTS**

February 12, 2025 \*

## **2025 Q1 SALES**

April 24, 2025 \*

## **2025 AGM**

May 16, 2025

## **2025 HALF-YEAR RESULTS**

July 24, 2025 \*

## **2025 Q3 SALES**

October 22, 2025 \*

\* After close of trading

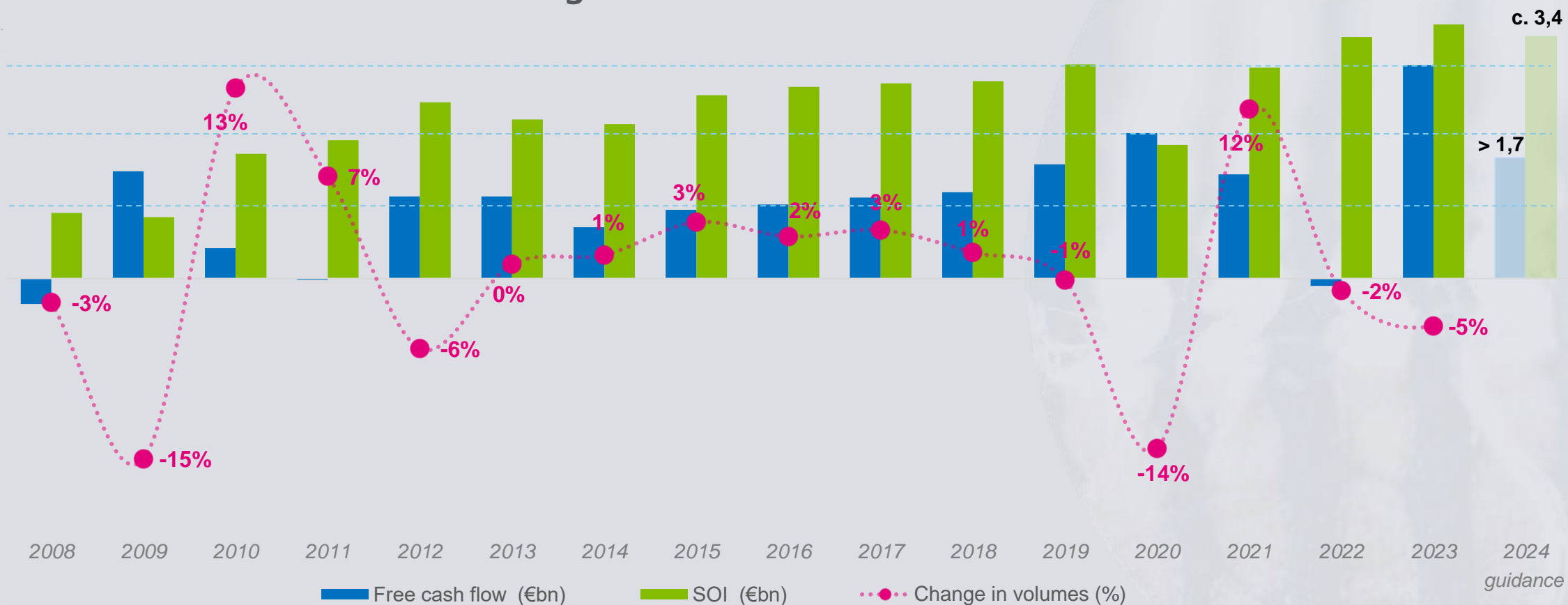


# ***APPENDIX***



# Increasing 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

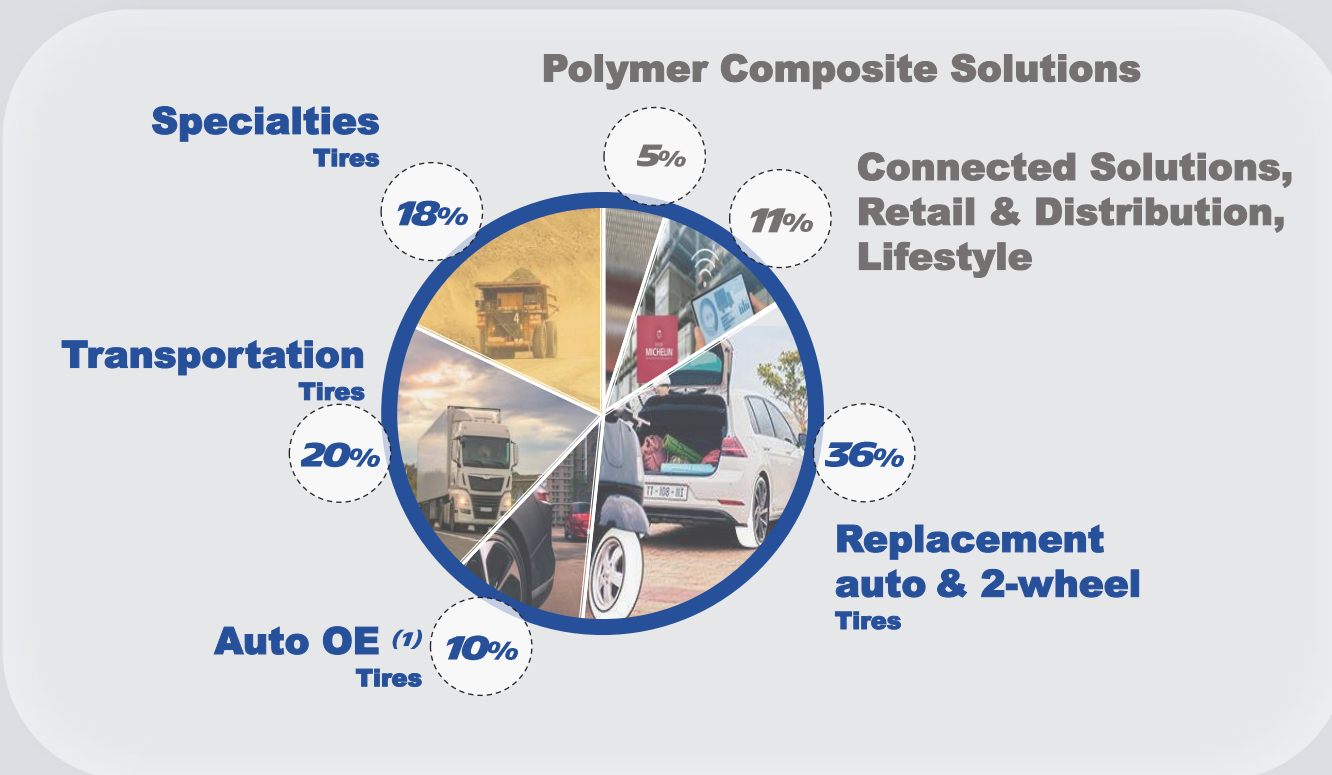




# Widening range of destination markets ensuring resilience

## Destination markets across diverse verticals

2023 sales breakdown (% of revenue)

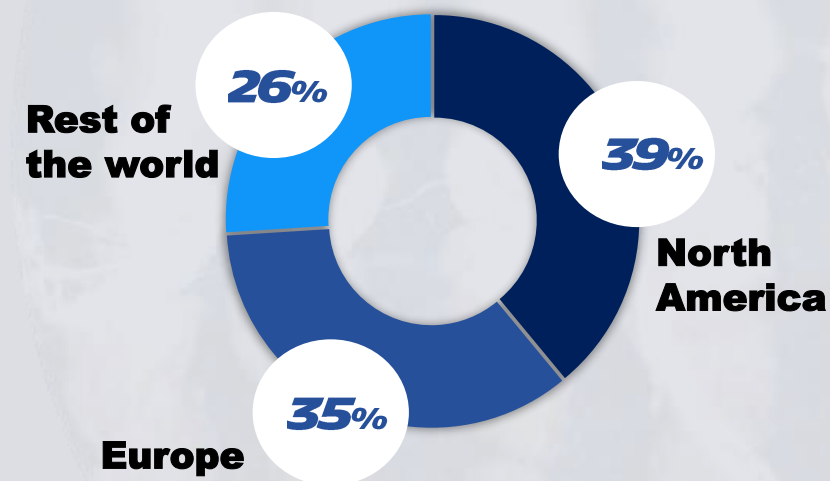


(1) Original equipment

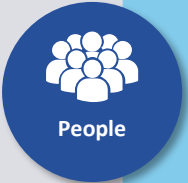
















## Balanced geographies

2023 sales breakdown (% of revenue)



# On track to deliver 2030 ambitions on People, Profit and Planet dimensions

	AMBITION	METRICS	2030 SUCCESS	2019	2023
 People	 Be world-class in employee engagement	Engagement rate	>85%	79.8%	83.5%
	 Be world-class in employee safety	TCIR <sup>(1)</sup>	<0.5	1.43	1.01
	 Be a reference in diversities and inclusion of teams	IMDI <sup>(1)</sup>	80 pts (over 100)	-	72
	 Be best-in-class in value created for customers	NPS partners <sup>(1)</sup>	48 (+10 vs. 2020)	38	42.7
 Profit	 Deliver substantial growth	Total sales	5% CAGR 23-30	€24.1bn	€28.3bn
	 Deliver continuous financial value creation	ROCE <sup>(1)</sup>	>10.5%	10.0 %	11.4%
	 Maintain Michelin brand power	Brand vitality quotient	63 (+5 pts vs. 2020 <sup>(2)</sup> )	-	73
	 Maintain best-in-class innovation pace in products and services	Offers vitality index	>30%	30%	31%
 Planet	 Reach net zero emission by 2050 (scopes 1&2)	CO2 emissions (Kt, scopes 1&2)	-50% vs. 2010	-24.8%	-44%
	 Contribute to reaching net zero emission (scope 3)	Products energy efficiency (scope 3)	+10% vs. 2020	-	+2.9%
	 Be best-in-class in environmental footprint of industrial sites	i-MEP <sup>(1)</sup>	-1/3 vs. 2019	-	-16.1%
	 Reach full circularity of products by 2050	Renewable or Recycled Material Rate <sup>(1)</sup>	40%	26%	28%

(1) See Glossary

(2) Reference year adjusted to 2020 (vs 2021)

# Value over volume: Winning where it matters

Original equipment: Being selective to extract the right value



**Innovation**



**Brand power**



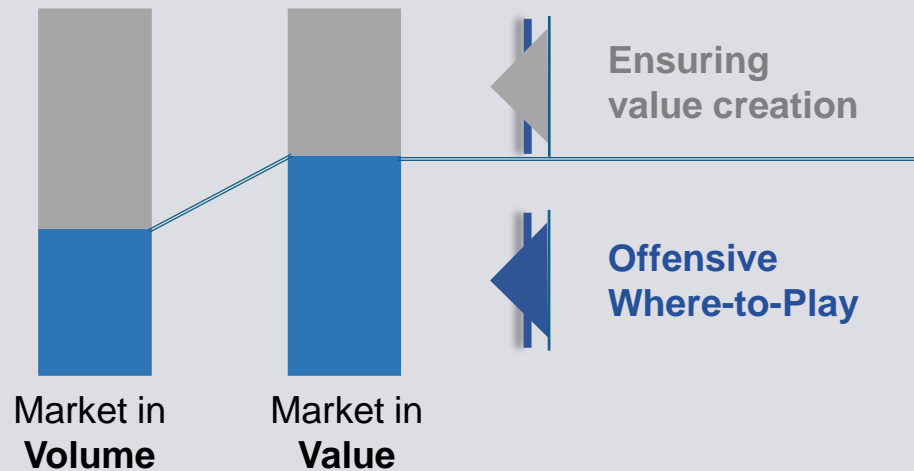
**Strategic  
partnerships**



**Loyalty**

**Maximizing value creation  
for OEMs & for Michelin**

Replacement: Accelerating on value-accretive segments



**Reinforcing leadership:**

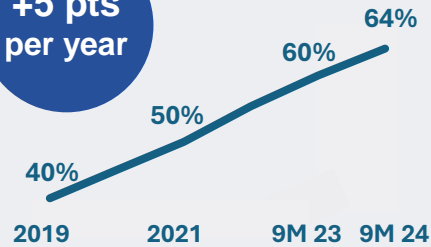
**Market share** in value-accretive segments  
**Enhancing** our partners' performance  
**Valorizing** our technology and offers

# Value over volume: Winning where it matters - illustrated



## Long-lasting trend of mix enrichment

**+5 pts  
per year**



Share of >18'' tires in  
MICHELIN brand sales (%)

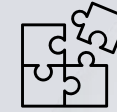
**>100m€  
per year**

Sustainable mix impact  
on EBIT

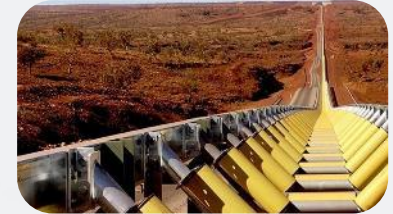
**+12%  
CAGR\***

Market trend in > 18'' tires\*

\* 2023 - 2028



## Technological leadership & differentiating service



## Targeting value-accretive market segments



Premium



Tech



Green



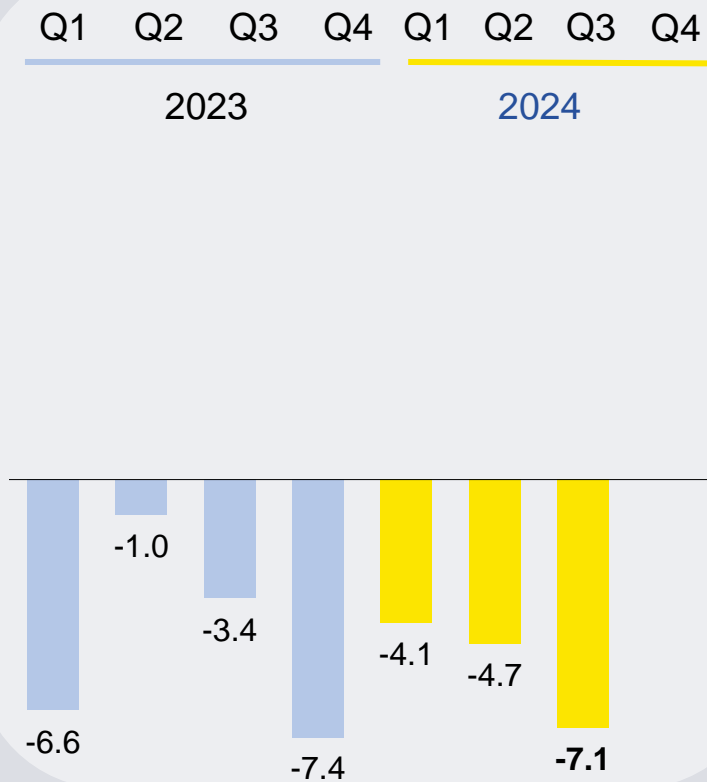
**> 50% of market Value**



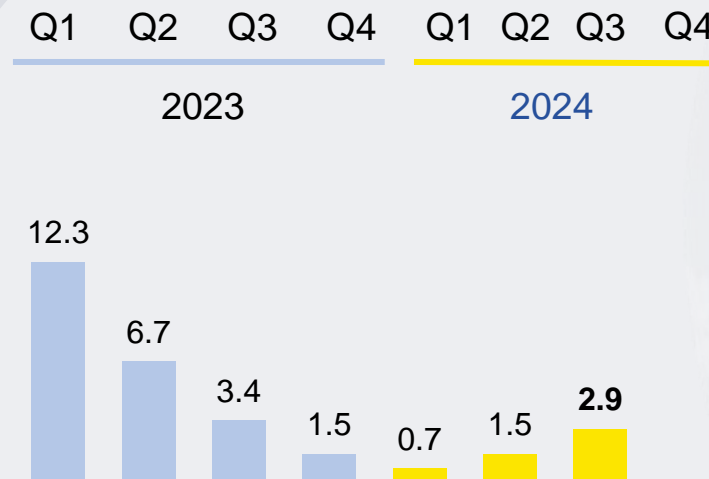
# Q3 sales volumes hit by deteriorating OE markets across segments, partially offset by strong mix improvement

YOY Quarterly change  
(as a % of sales)

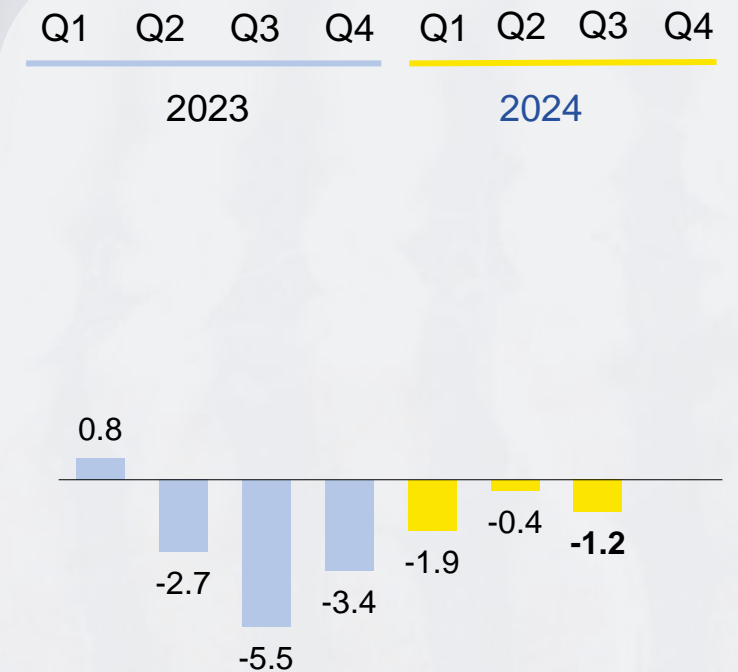
## VOLUMES



## PRICE-MIX






## CURRENCY



# Group sales penalized by OE downcycle across segments and contextual headwinds in Specialties

## Sales by reporting segment

(€ millions)

		9M 24	9M 23	Change	
<b>RS1</b> 	Sales	10,356	10,611	-2.4%	<p>Volumes hampered by lower OE demand. Price effect turning slightly positive in Q3 (update of indexation clauses). Strong mix with stable market shares at 18+, now accounting for 64% of MICHELIN-branded tire sales (up 4 points vs 9M 23).</p>
	<i>o/w volume change</i>	-	-	-2.4%	
<b>RS2</b> 	Sales	4,933	5,173	-4.6%	<p>Lower volumes due to normalizing OE markets and targeted where-to-play. Strong price/mix thanks to OE contracts renegotiations and focus on the most value-accretive segments. Connected solutions pursuing its value-driven strategy, with lower sales but higher margin contribution.</p>
	<i>o/w volume change</i>	-	-	-5.5%	
<b>RS3</b> 	Sales	4,882	5,368	-9.1%	<p>Volumes penalized by contextual headwinds: OE markets downturn, export control constraint, destocking and lower investments at some mining operators. Favorable price effect on the quarter (end of negative impact of indexation clauses) and positive OE/RT mix.</p>
	<i>o/w volume change</i>	-	-	-8.7%	
<b>GROUP</b>	Sales	20,171	21,152	-4.6%	
	<i>o/w volume change</i>	-	-	-5.3%	



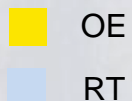
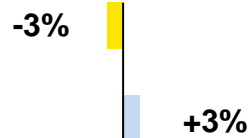
# PC/LT tire: Demand driven by RT in Americas and Europe. OE and Chinese markets decreasing in Q3

## PC/LT tire sell-in market, 9M 2024

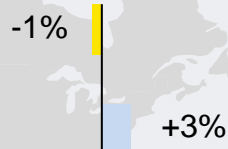
(YoY change in number of tires, in %)



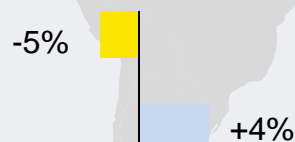
### Global market



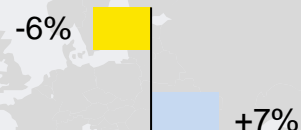
### North & Central America



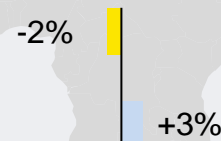
### South America



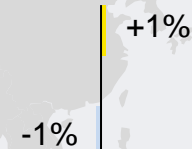
### Europe



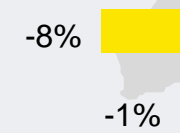
### Africa, India, Middle East



### China



### Asia (excl. China and India)



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



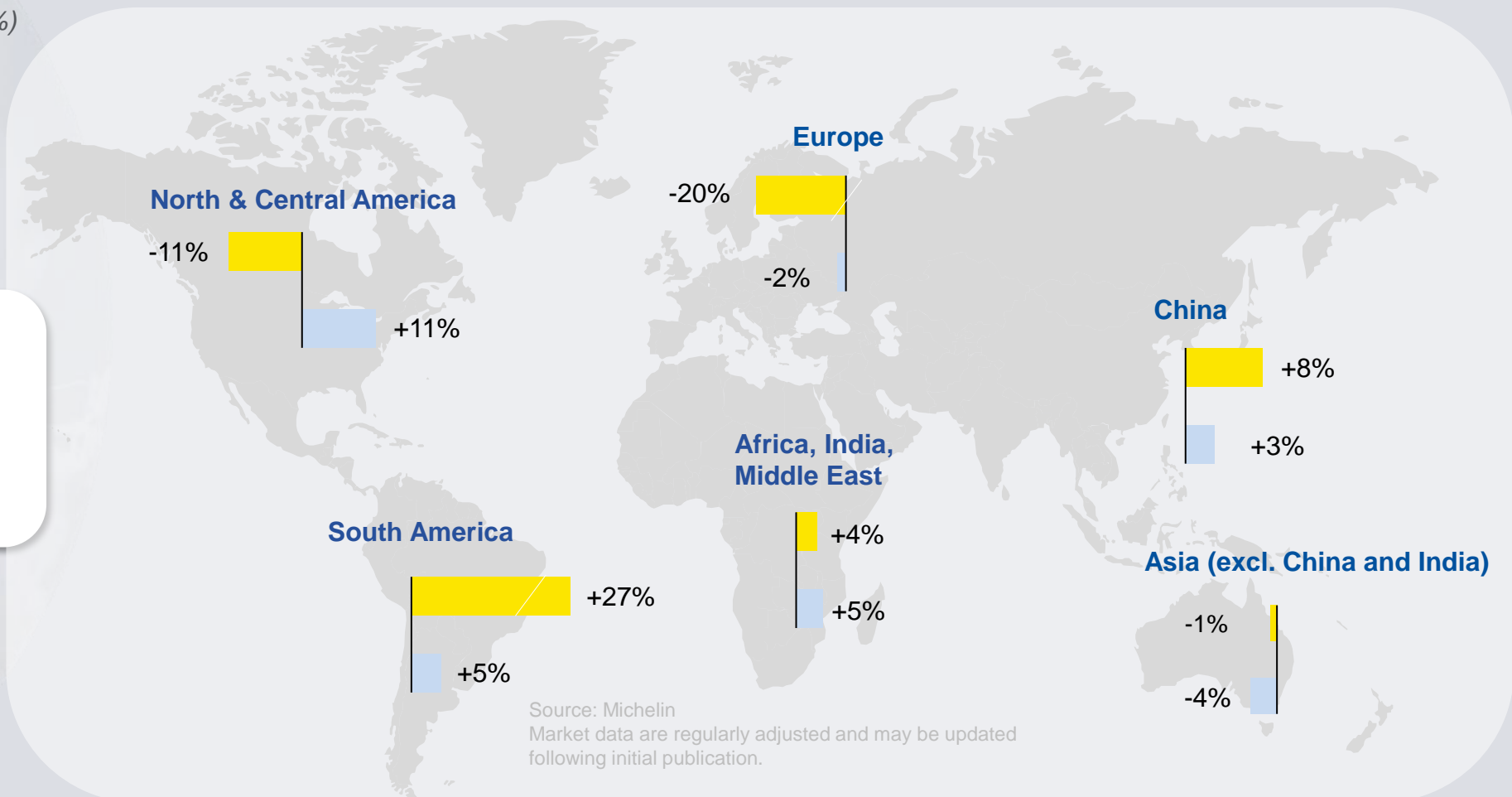
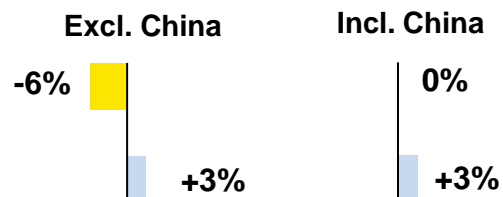
# Truck tire: Strong OE decline in North America & Europe, RT market in North America pulled by massive imports from Asia in H1

## Truck tire sell-in market, 9M 2024

(YoY change in number of tires, in %)



### Global market

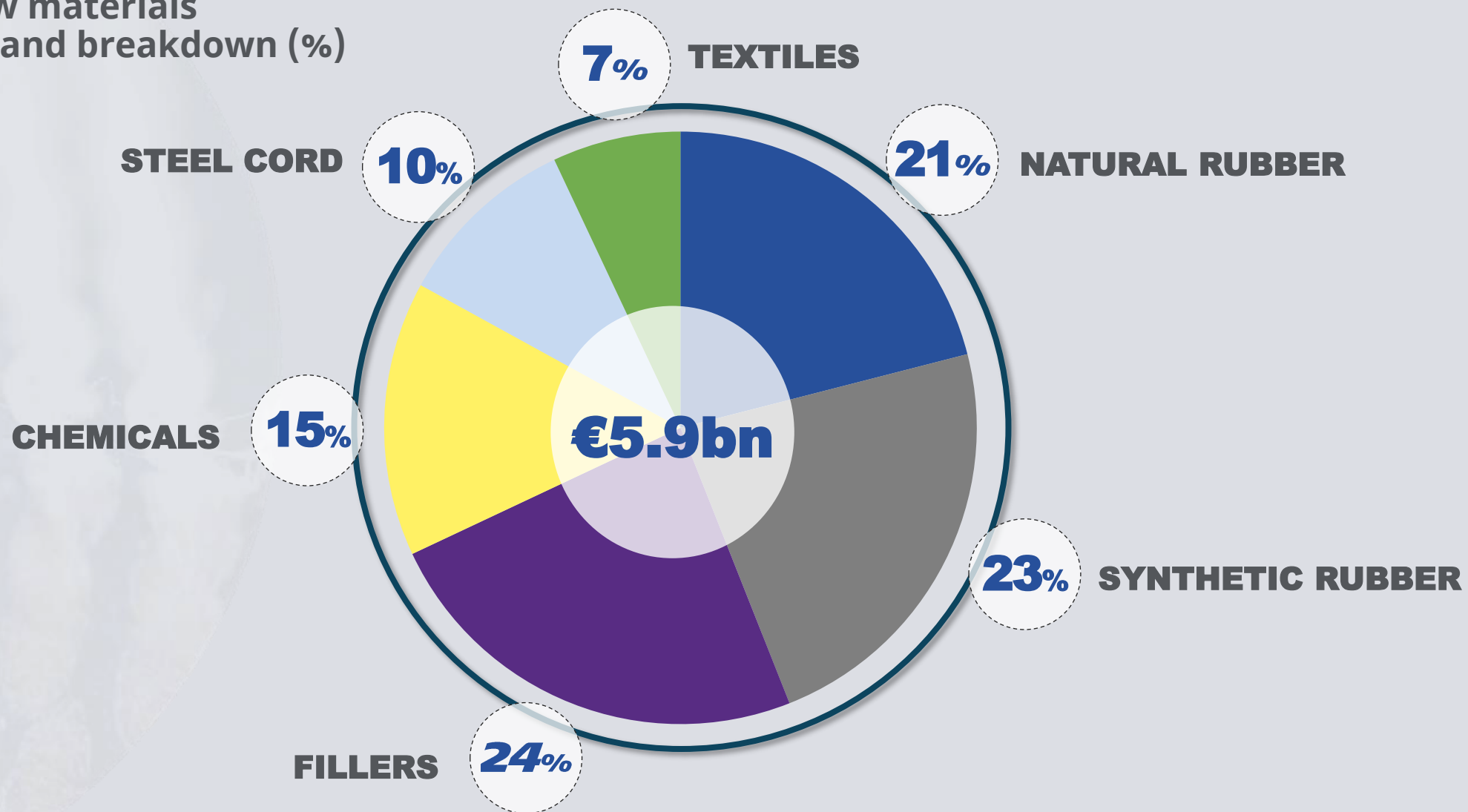


Source: Michelin  
Market data are regularly adjusted and may be updated following initial publication.



# Raw materials cost breakdown

FY 2023 Raw materials  
cost (€ bn) and breakdown (%)



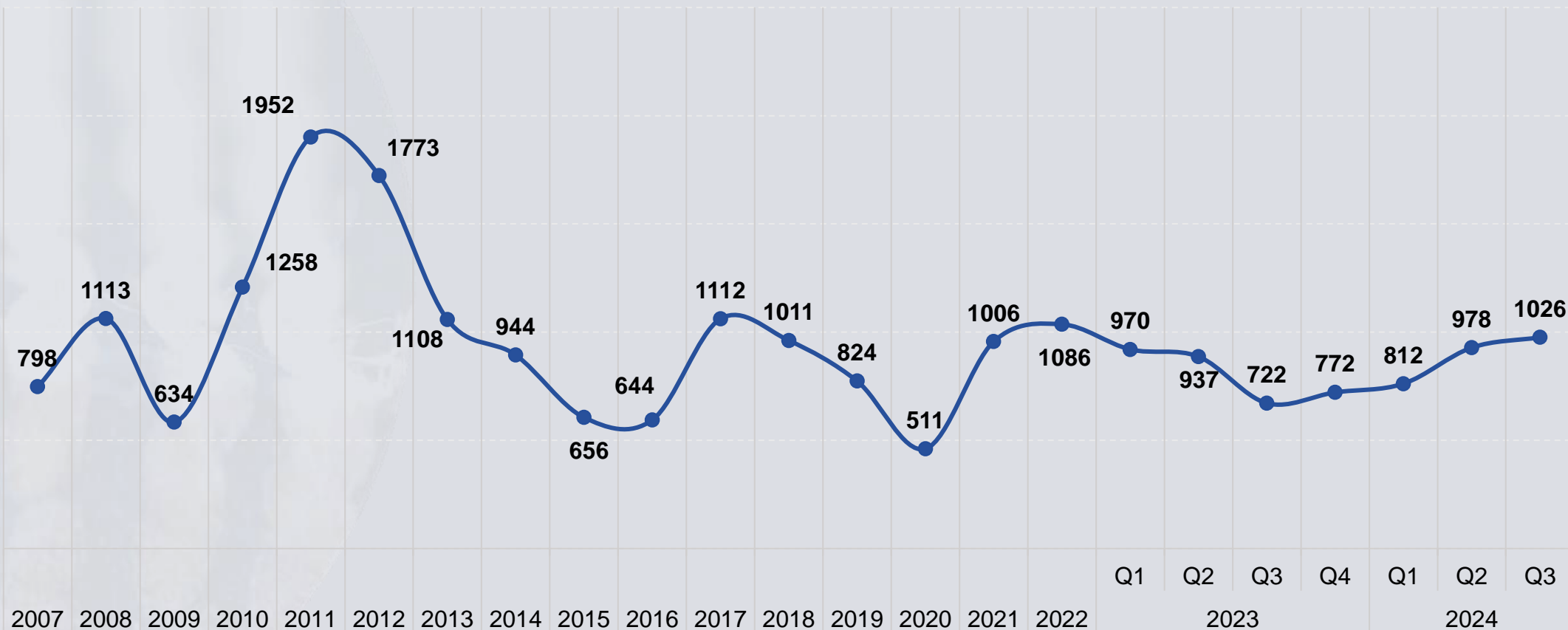
# Natural rubber price

TSR20 and RSS3 in \$/kg



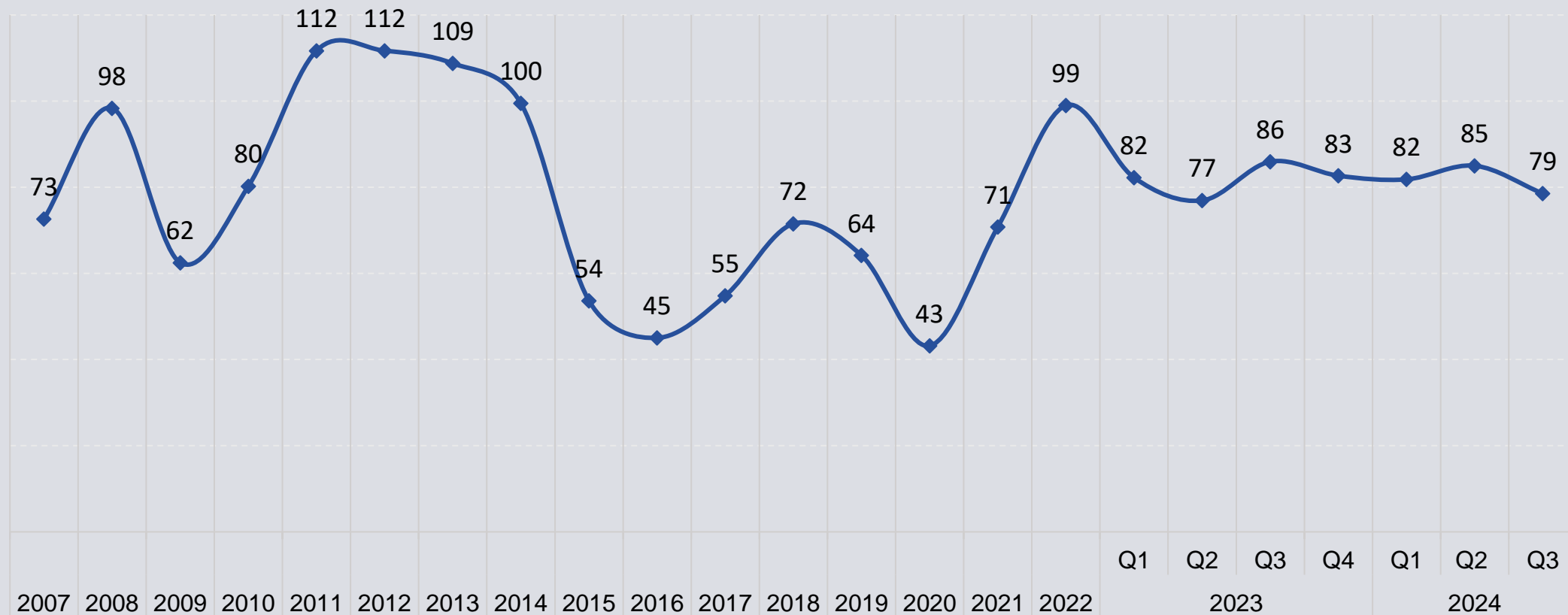
# Butadiene price

Europe contract-market in €/t



# Brent price

Brent in \$/BBL





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

% of sales Q3 2024 12 rolling months		2024 currency change vs. €	Droptrough* Sales → SOI
USD	40%	-0.3%	20% / 30%
EUR	32%	-	-
CNY	6%	-2.7%	20% / 30%
BRL	4%	-4.4%	-30% / -20%
GBP	3%	+2.3%	20% / 30%
CAD	3%	-1.4%	-20% / -30%
AUD	3%	-1.4%	50% / 60%

% of sales Q3 2024 12 rolling months		2024 currency change vs. €	Droptrough* Sales → SOI
JPY	1%	-9.1%	70% / 80%
MXN	1%	+0.4%	40% / 50%
THB	1%	-3.7%	-150% / -120%
CLP	1%	-12.7%	50% / 60%
TRY	1%	-33.1%	80% / 85%
SEK	1%	+0.5%	10% / 20%
Other	3%	-	-

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

$$\text{Sales} \times \underbrace{40\% \times (-0.3\%)}_{\substack{\text{impact on sales} \\ -0.12\%}} \times \sim 25\% = \text{impact on SOI } (-0.03\%)$$

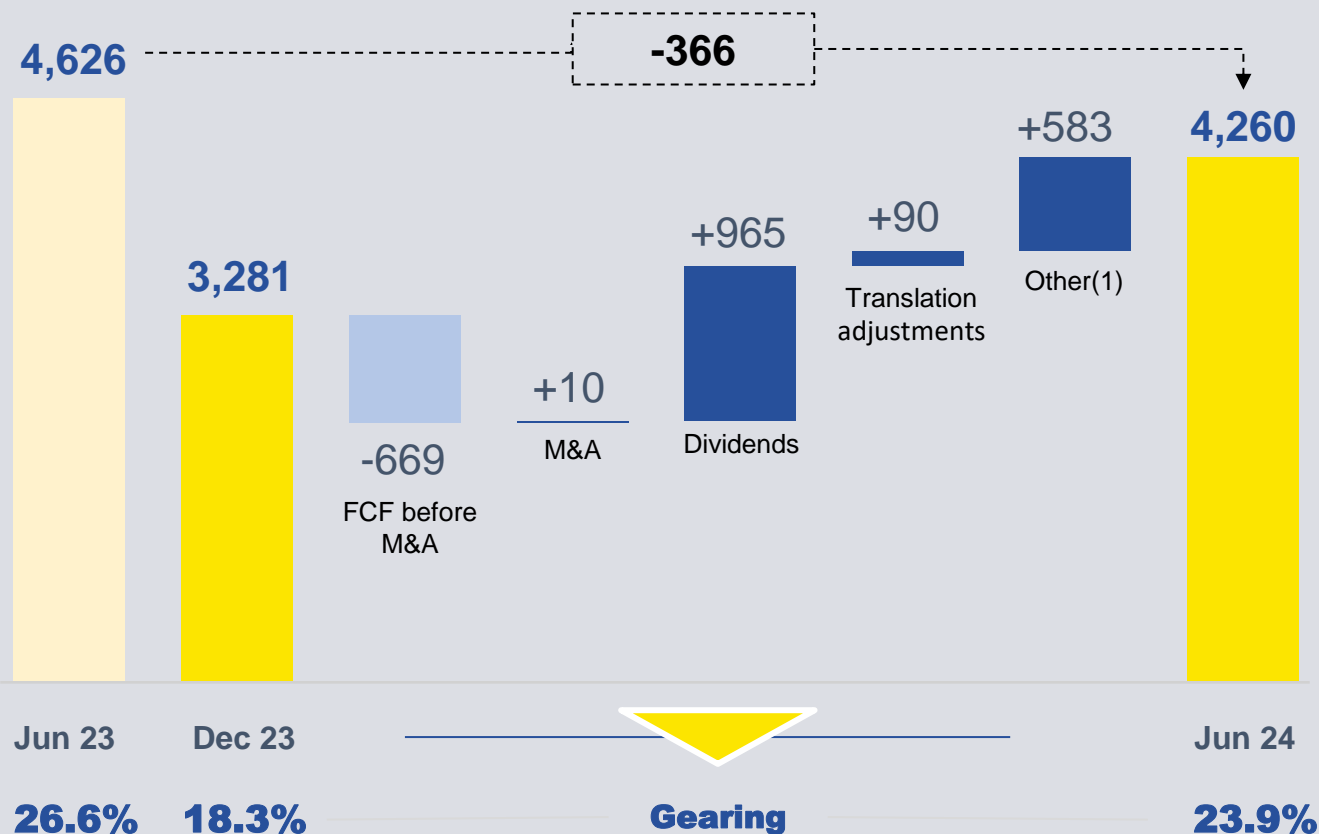
\* Droptrough linked to the export/manufacturing/sales base



# H1 2024 gearing improved fostered by solid cash generation

## Credit rating upgrade

### Net debt (€ millions)



### Agency ratings

Compagnie Générale des Établissements Michelin,  
as of July 24, 2024

	Long term	Short term	Outlook
S&P	A-	A-2	=
Fitch	A-	F2	=
Scope	A	S-1	=
Moody's <sup>(2)</sup>	A2 (previous: A3)		=

(1) Of which €502m share buyback program, and including new leases

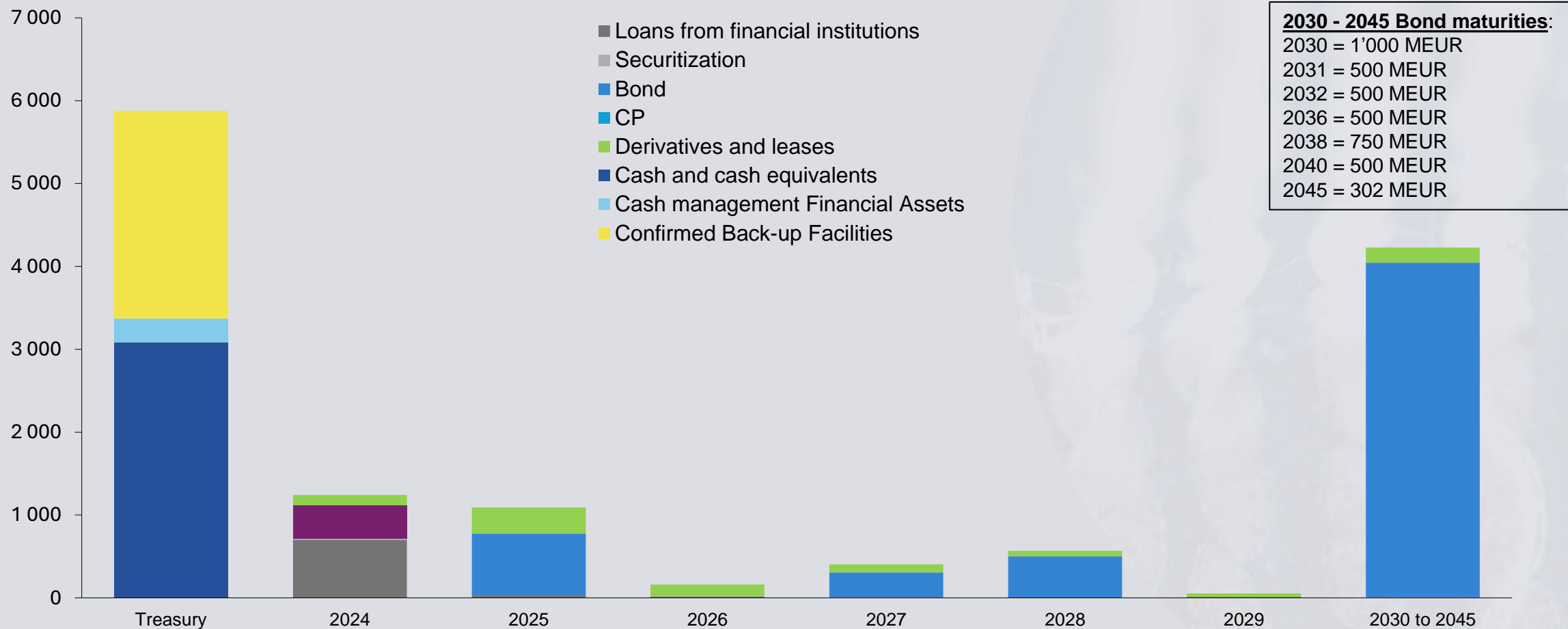
(2) Unsolicited rating – Upgraded to A2 on July 11, 2024



# An adequate cash position with maturities well spread over time

## Debt maturities at Jun. 30, 2024

(carrying amount in € millions)

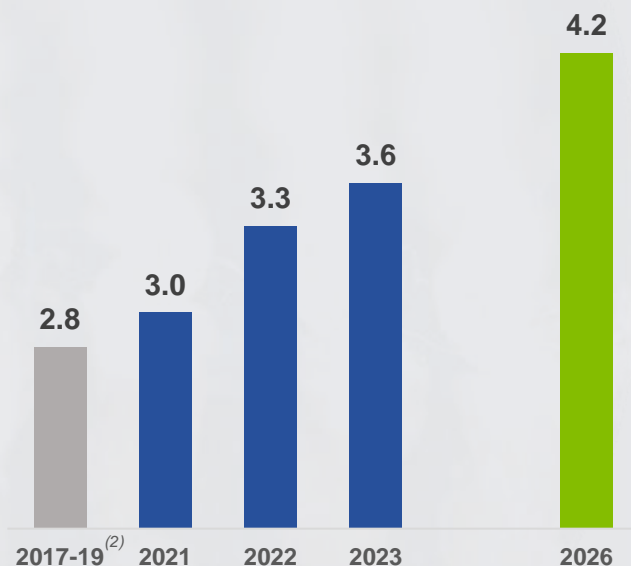


# ***2024 CMD***

# Driving higher profitability and strong cash generation

## Segment Operating Income

(bn €, excl. substantial <sup>(1)</sup> M&A, @2023 FX)

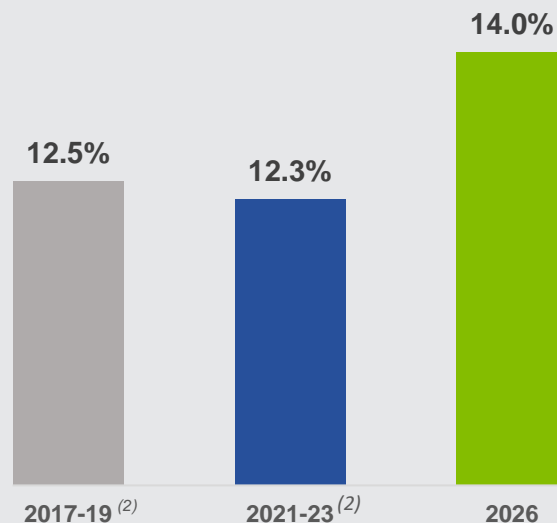


(1) Substantial = leading to structuration of a SR4

(2) Average of the period

## Segment Operating Margin

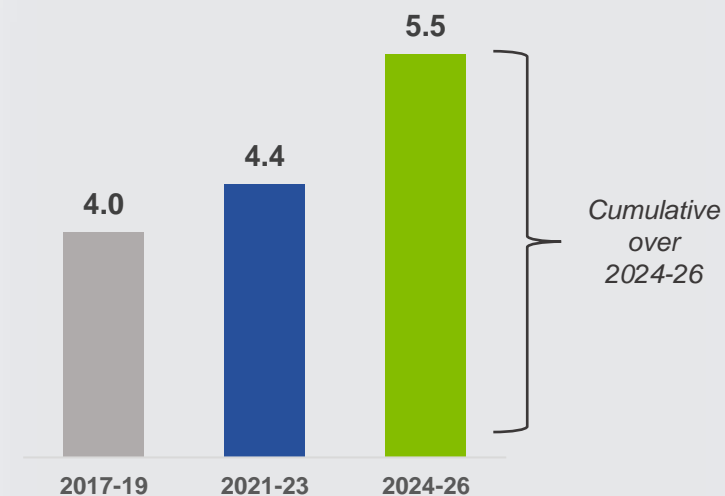
(% of sales)



(2) Average of the period

## FCF before M&A

(bn €, cumulative over the period)



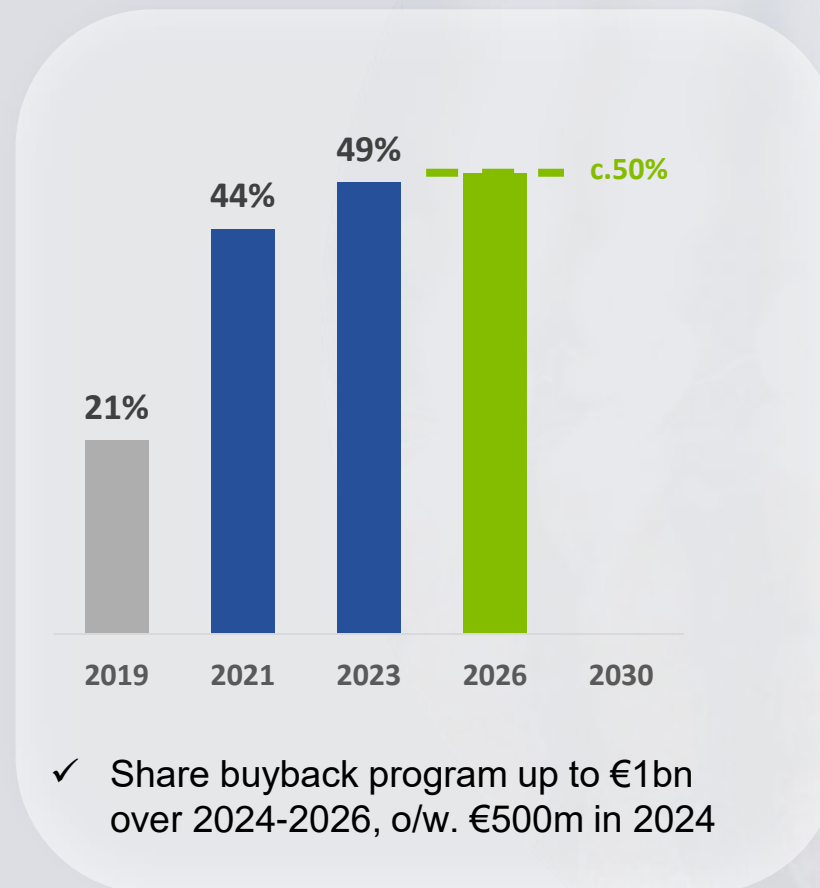
- ✓ Capex level € 2.0-2.4bn/year
- ✓ Optimized working capital

# Confirmed ROCE floor and shareholder return

## Return on Capital Employed



## Payout Ratio (% of net result)

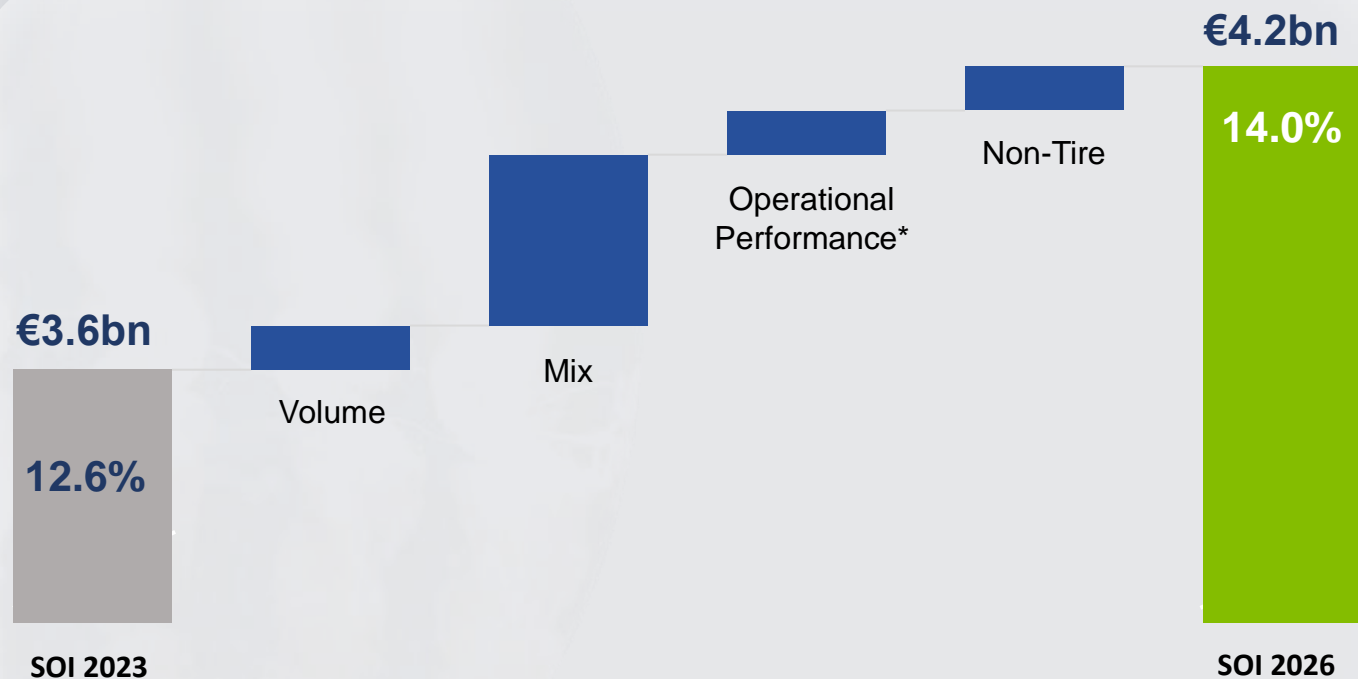




# Strong mix effect, improved margin across reporting segments

## SOI bridge by lever

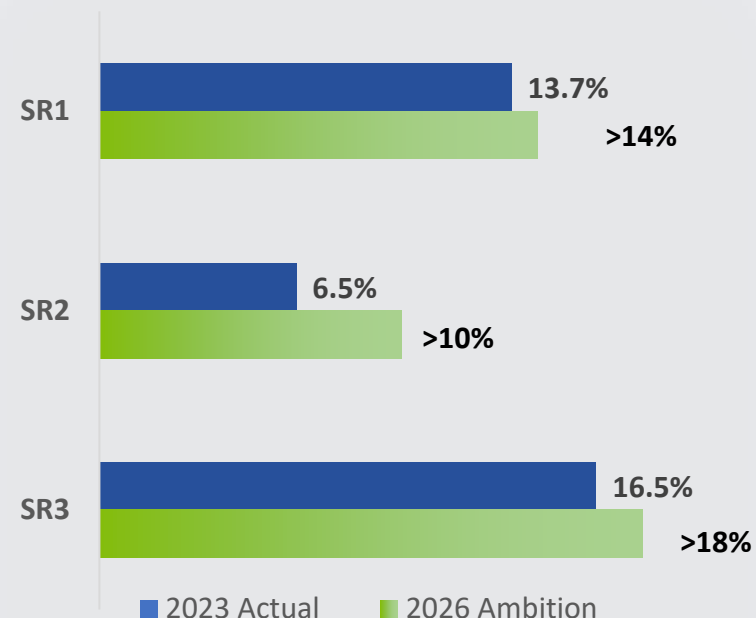
(€bn and % of sales, excl. substantial M&A, @2023 FX)



\* Including economic equation (price effect – inflators)

## Segment Operating Margin - by SR

(% of sales)



SOM ambitions by SR for illustration – commitment applies to Group level only

# Taking Group competitiveness to the next level: Manufacturing

## Strategic levers

- Local-to-local
- Value-driven production mix
- Lower environmental impact
- Talent attraction & retention

## Tech & Care levers

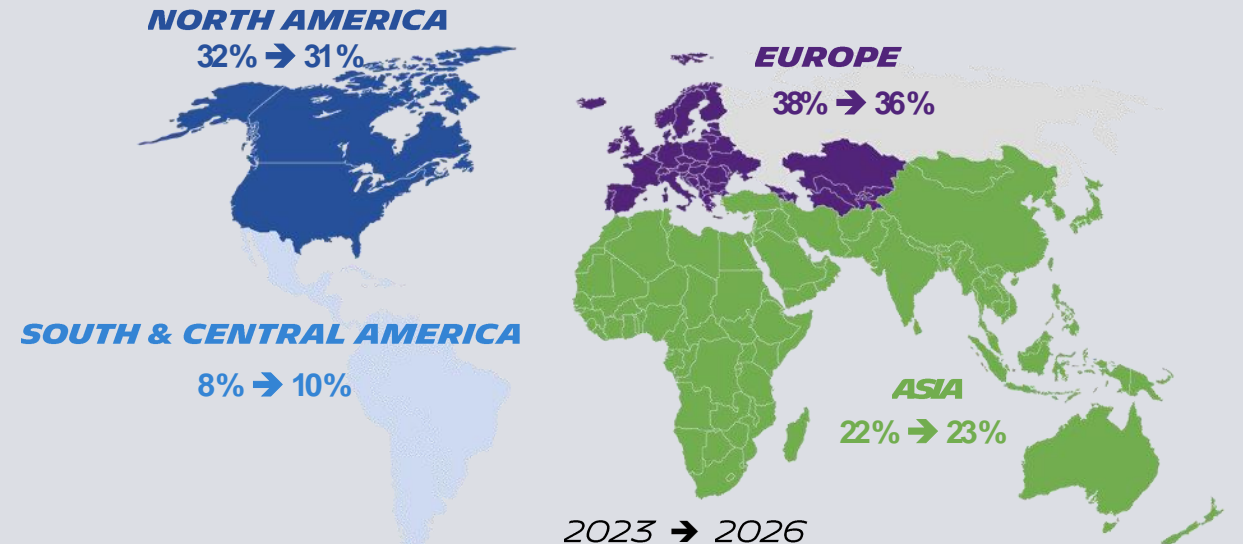
- IA & Digital
- Industrial process optimization
- Reduce water and energy consumption
- Safety, ergonomy and people empowerment

## Industrial loading rate SR1 + SR2

(% of capacity)



## Industrial capacities breakdown, 2026 vs. 2023

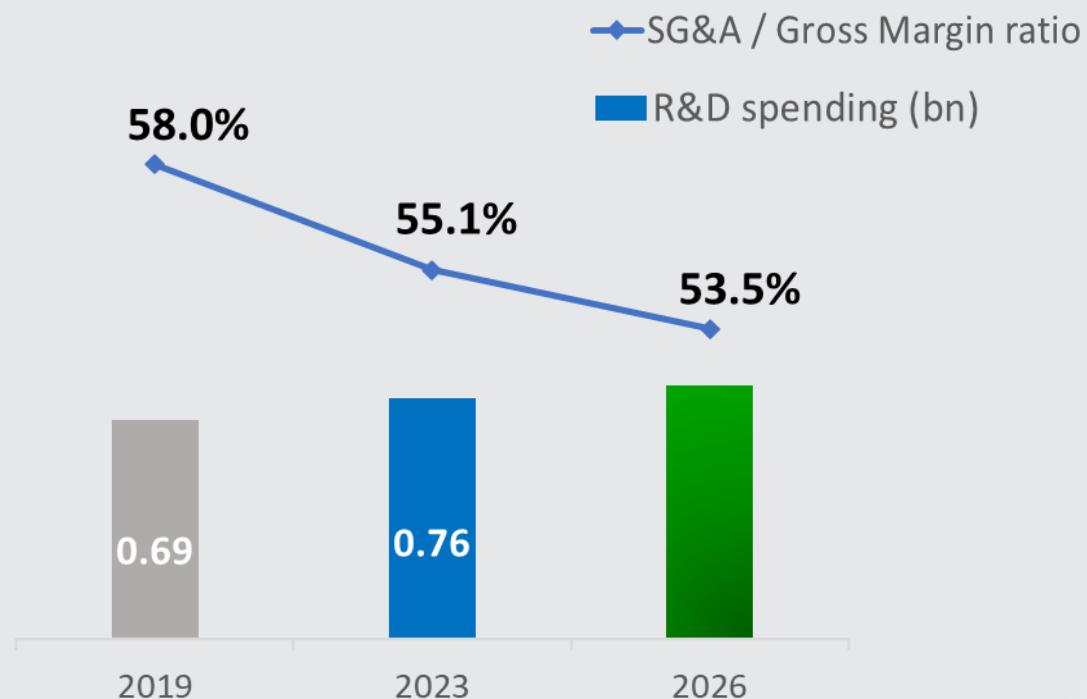


2023 → 2026  
% OF INDUSTRIAL CAPACITIES  
KEPLER CHEUVREUX\_One Stop Shop\_December 5, 2024



# Taking Group competitiveness to the next level: SG&A & Supply Chain

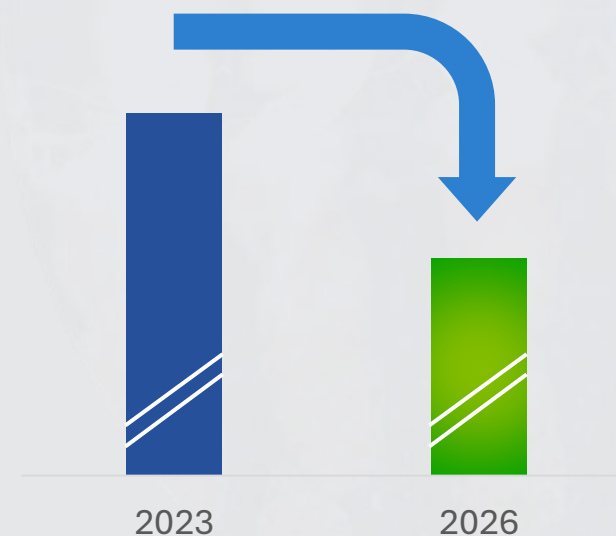
Improving SG&A performance  
and fostering innovation







Reducing inventory levels  
whilst improving customer service

Inventory reduction

€ -0.5bn



# Michelin Tires: Powerful differentiation on targeted markets

Main targeted end-markets	Market trends	Where to play	Assets
 <b>Automotive</b>	<ul style="list-style-type: none"> <li>Mix enrichment</li> </ul>	<ul style="list-style-type: none"> <li>Demanding consumers</li> </ul>	<ul style="list-style-type: none"> <li>Brand power</li> <li>360° techno edge</li> </ul>
 <b>Transportation</b>	<ul style="list-style-type: none"> <li>Sustained GDP growth</li> <li>Growing customer expectations (tech, N&amp;R)</li> </ul>	<ul style="list-style-type: none"> <li>Quality   Green   Tech fleets</li> <li>Prioritizing regions with mature market structure</li> </ul>	<ul style="list-style-type: none"> <li>Customer intimacy</li> <li>Boosted product plan</li> </ul>
 <b>Mining</b>	<ul style="list-style-type: none"> <li>Growing need for minerals</li> </ul>	<ul style="list-style-type: none"> <li>Tech-oriented &amp; green-conscious customers</li> </ul>	<ul style="list-style-type: none"> <li>Market leadership both techno &amp; “green”</li> </ul>
 <b>Beyond Road</b>	<ul style="list-style-type: none"> <li>Growing food demand</li> </ul>	<ul style="list-style-type: none"> <li>Productivity &amp; yield driven customers</li> </ul>	<ul style="list-style-type: none"> <li>Innovation &amp; Tech</li> </ul>

# Connected Solutions and Distribution: Leveraging unique data knowledge and deep customer intimacy

## Main targeted end-markets

## Market trends

## Where to play

## Assets



### Fleet management services

- 20% CAGR\* for services in value

- Fleets trending towards low downtime, low CO2, high safety

- 1.2m vehicles under contract
- Tire data & vehicle usage
- Deep customer intimacy



### Tire aftermarket retail

- EV migrating towards tire specialists
- Drive towards circularity

- Vehicle maintenance
- ELT management & retread

- Largest service network in Europe, international franchise
- Strong partnerships with leading retail players



### Tire e-retail & distribution

- Online purchasing behavior CAGR > 5%\*
- Expanding # SKUs esp. PC






- Tire e-retail in 8 countries
- Wholesale in certain regions

- Leader in conversion and user experience
- Localized approach in wholesale

\* Average worldwide CAGR for the period 2021-23



# Polymer Composite Solutions: Broadening exposure to dynamic non-automotive markets

	Market dynamics	Differentiating technologies
 <b>Industry</b>	High-single digit	<ul style="list-style-type: none"> <li>✓ High-power transmission belts for warehouse conveyors</li> <li>✓ Energy-efficient conveyor belts for mining industry</li> <li>✓ Customized valves for aggressive chemical environments</li> </ul>
 <b>Aerospace</b>	High-single digit	<ul style="list-style-type: none"> <li>✓ High-temperature coated fabrics for aircrafts</li> <li>✓ Inflatable structures reducing multi-spectral signature</li> </ul>
 <b>Construction &amp; infrastructure</b>	Mid-single digit	<ul style="list-style-type: none"> <li>✓ Low-friction seals for hydraulic cylinders</li> <li>✓ Non-toxic and bio-sourced resin for wood</li> </ul>
 <b>Transportation</b>	Mid-single digit	<ul style="list-style-type: none"> <li>✓ Long-lasting coated fabrics for Rigid Inflatable Boats</li> <li>✓ Fire-resistant coated fabrics for train gangway bellows</li> </ul>
 <b>Medical</b>	High-single digit	<ul style="list-style-type: none"> <li>✓ Drug-controlled release implants</li> <li>✓ Customized spinal implants</li> </ul>

# M&A: A proven track record of successful integration

## Multistrada & Camso

- Multistrada EBIT from negative territory in 2019 to SR1 accretive in 2023
- Camso accelerating in AG Tracks

## Retail & Distribution

### TBC (JV with Sumitomo)

- Cash positive since '21
- \$350m shareholder loans fully paid back
- ~160m€ cash proceeds from Retail activities sale (2023)

### Euromaster Denmark sale (2023)

### Tyroola acquisition (2023)

## Fenner

- 9% CAGR 2018-2023 (excl. Solesis)
- 2023 EBIT +4 pts vs 2018
- Solesis capital opened to Altaris based on €450M EV (2021)

## Polymer Composite Solutions

## FCG

- 9% CAGR 2015-2023
- EBIT accretive (> 20%)
- EV/EBITDA 9.0 post-synergies (2028)

## Symbio (est. 2019)

- Michelin 33% | Faurecia 33% | Stellantis 33%
- based on €900m EV (2023)

## Connected Solutions

- **Michelin Connected Fleet** regrouping Sascar & Masternaut & Nextraq offers (2022)
- **RoadBotics** acquisition (2022)
- **Watèa** capital opened to Crédit Agricole (2023)

## Tires

## Active portfolio management

2018-2019 :  
**€4.5bn** net acquisitions

2021-2023 :  
**€1.0bn** acquisitions  
**€0.6bn** divestments

**>60 transactions**  
o/w 13 with cash amount >€50m





# M&A as a growth & value accelerator: Accessing new markets and leveraging Group innovation power

## Clear fundamentals

**Strategic fit**

**Parental advantage  
brought by Michelin**

**Value-accretive  
to Group**

**Cultural fit**

## Strict financial criteria

EPS-accretive  
from year 1

Accelerating  
growth

Group ROCE  
sustained  
above 10.5%

Higher cash  
conversion

Margin-accretive  
(SOI%)

# Shareholder return: further development of dividend and pay-out

## Per share data <sup>(1)</sup> (in €)

	2019	2020	2021	2022	2023
<b>DIVIDEND</b>	0.50	0.58	1.13	1.25	1.35
<b>NET INCOME</b> BASIC	2.42	0.88	2.58	2.81	2.77
<b>PAY-OUT-RATIO</b> <sup>(2)</sup>	21%	65%	44%	44%	49%
<b>RETURN</b> <sup>(3)</sup>	1.8%	2.2%	3.1%	4.8%	4.2%

50%

### DIVIDEND POLICY

- Gradually raise payout ratio towards 50% in 2030
- Pay-out calculated on reported net income

### SHARE BUY-BACK POLICY

- Share buy-back program €1bn over the period 2024-2026, of which €500m in 2024

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

(2) Dividend / Net income

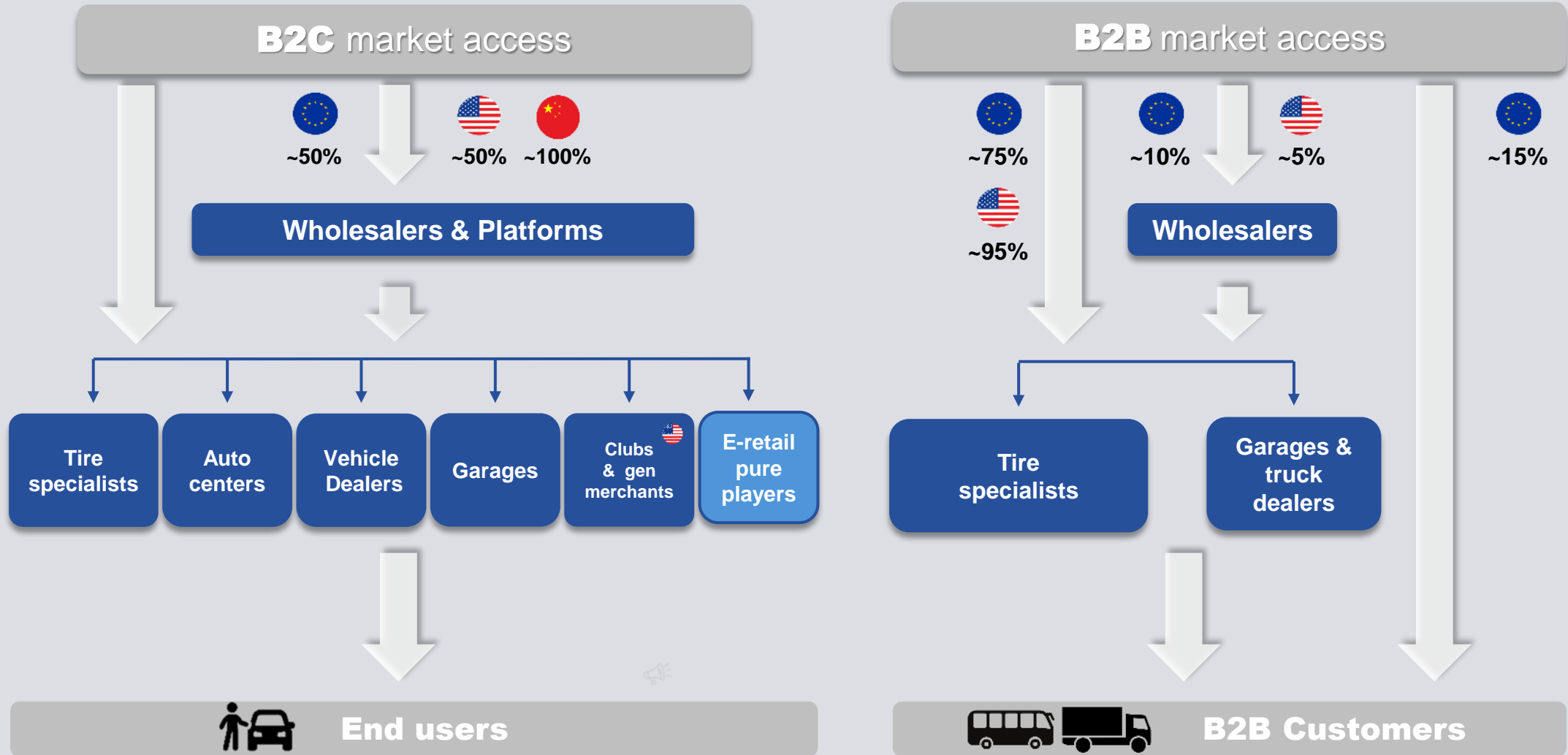
(3) Dividend / Share price; based on Dec 31 closing stock price



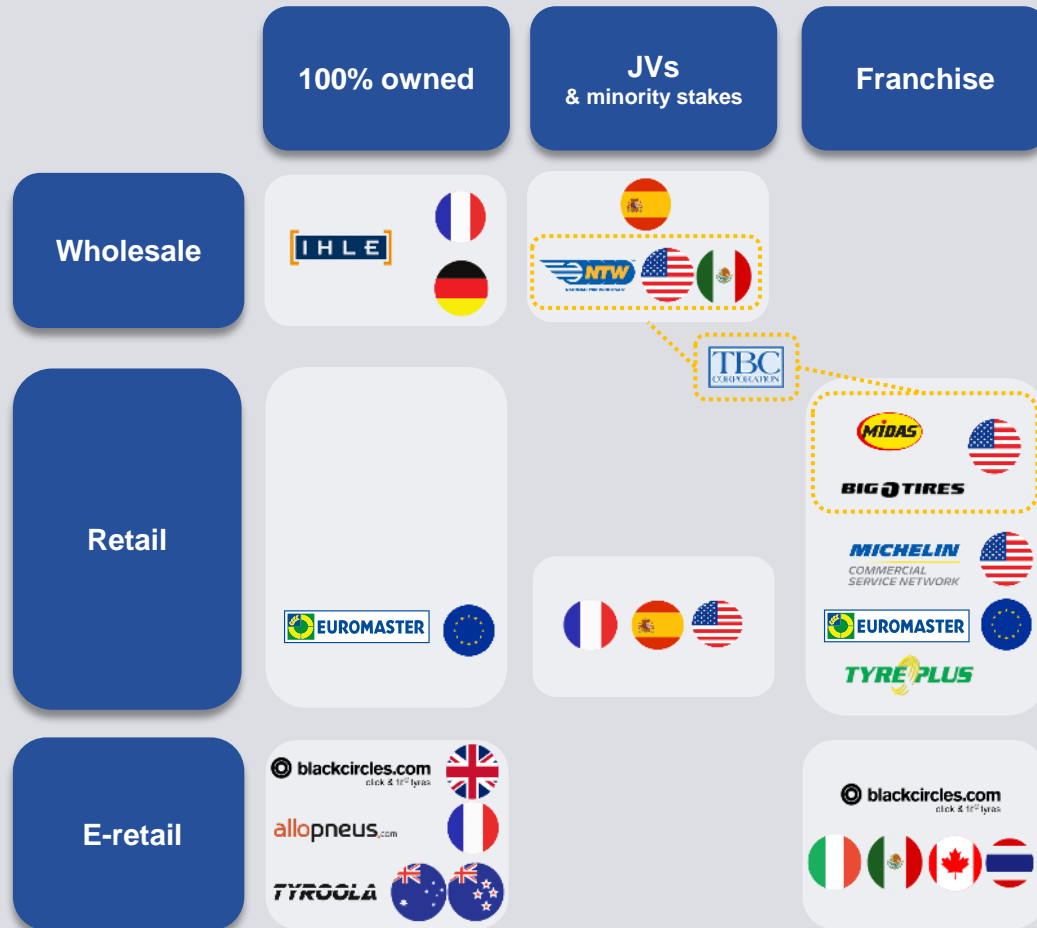
# ***TIRE BUSINESSES***



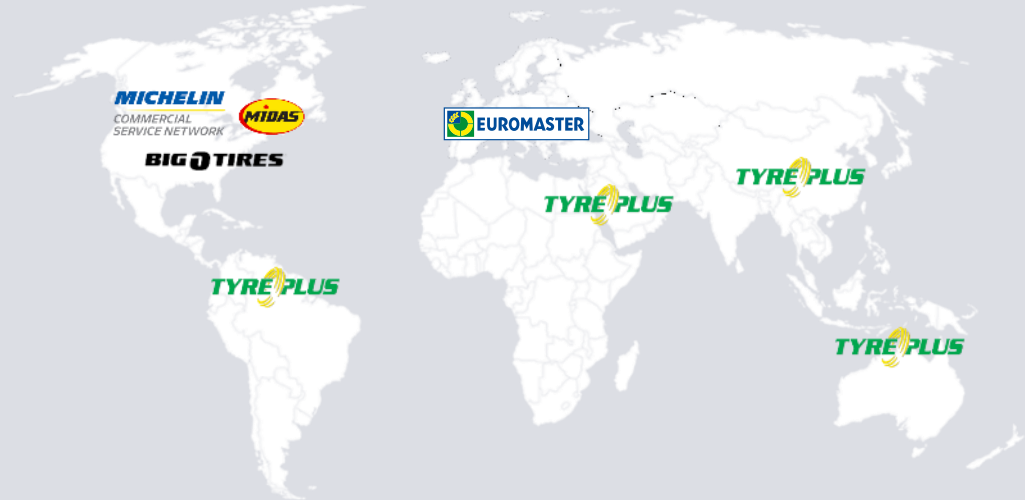
# Michelin tire market access: Reflecting broad product range in B2C and deep intimacy with service providers in B2B



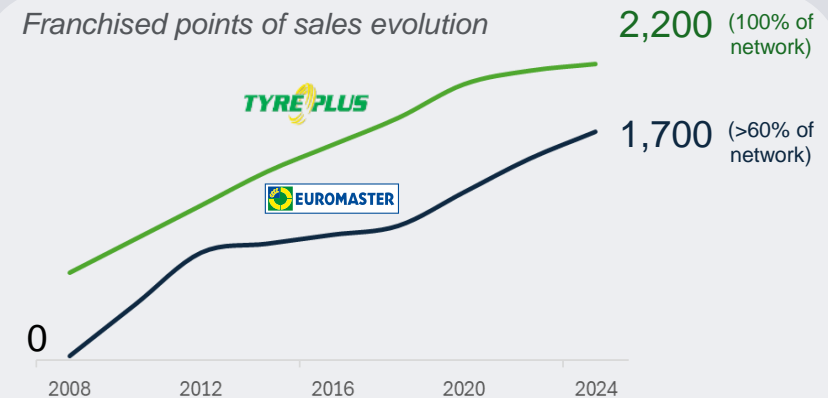
# Leveraging Michelin distribution assets and accelerating franchise



## Franchised and company-owned retail networks



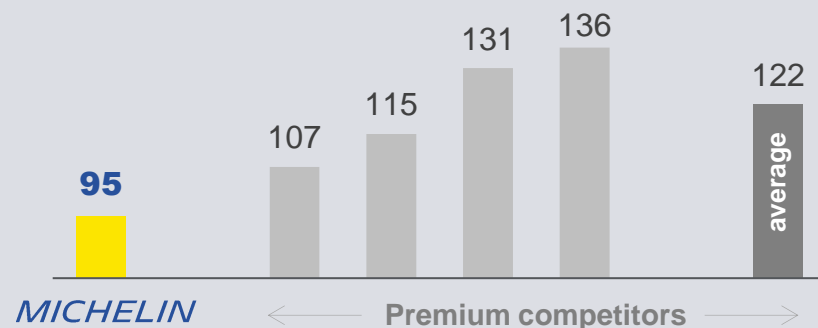
### Franchised points of sales evolution



# Tires abrasion: A considerable competitive advantage, without any compromise on safety

## Particle emissions: Michelin vs. other premium tiremakers <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](#)

## 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

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

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



An aerial view of a city with glowing blue lines representing a network or data flow. The lines connect various points across the city, creating a complex web. The city buildings and streets are visible in the background, rendered in a dark blue color.

# ***CONNECTED 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

## CONNECTED SOLUTIONS

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



**MICHELIN  
CONNECTED FLEET**

Connected fleet management services



**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 ?



**WATÈA**  
by Michelin

## 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



Tire



Connected  
Mobility  
Solutions



Polymer  
Composite  
Solutions



MICHELIN  
AGILIS CROSSCLIMATE

MICHELIN  
CONNECTED FLEET  
Powered by MASTernaut

## Partnering with CA for vehicle financing

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

**WATÈA**  
by Michelin



- 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





# ***POLYMER COMPOSITE SOLUTIONS***

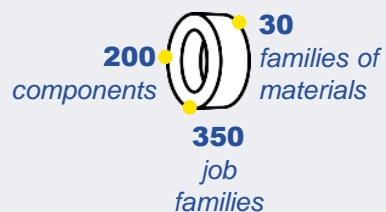




# Polymer Composite Solutions: Leveraging our expertise and our innovations, for highly demanding applications

## R&D

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



- Proficiency in **materials chemistry and processing**, from components to composites
- Fundamental & applied **research** capabilities
- 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**



*With the same level of quality*



*Around the world*

## Growth strategy

- **Organic growth**



**MICHELIN**  
INFLATABLE SOLUTIONS

- **M&A-driven growth**

Features vs. tires:

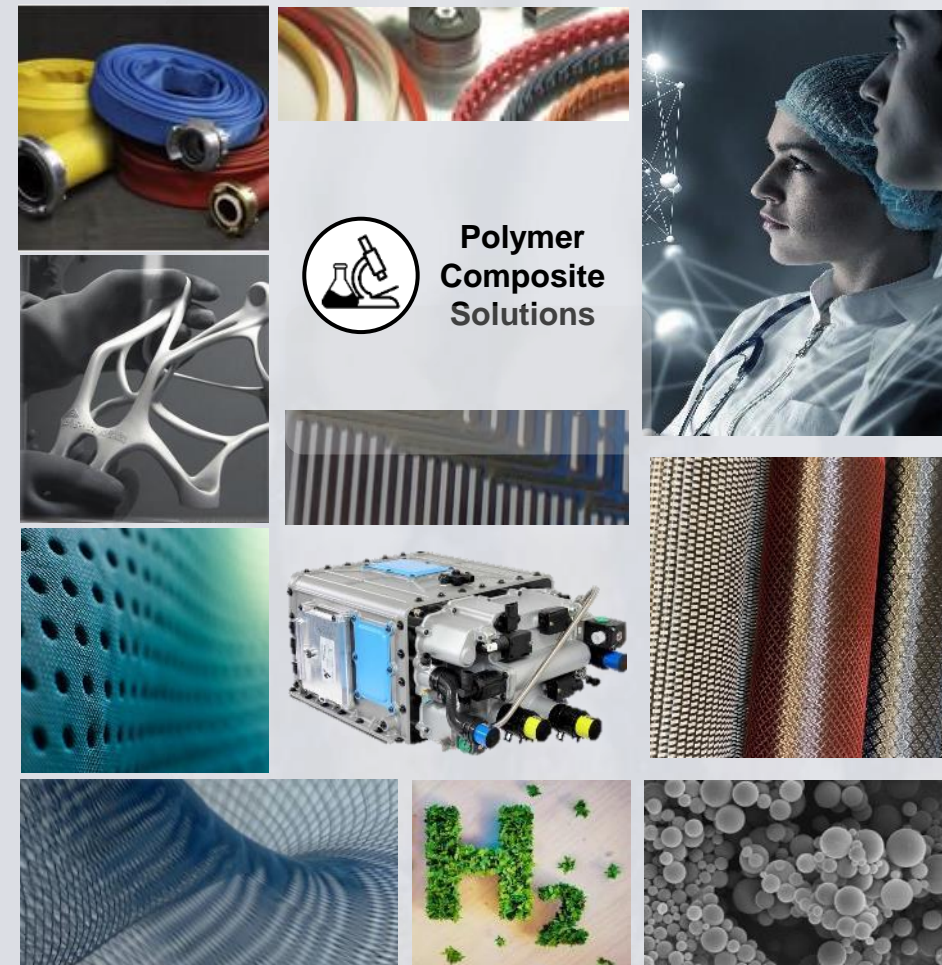
- Higher **growth**
- Higher **EBIT margin**
- Lower capital intensity

**FCG**  
FLEX COMPOSITE GROUP

- **Joint ventures**

**SOLESIS**

**SYMBIO**  
A MICHELIN TECHNOLOGIES COMPANY



**Polymer Composite Solutions**

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

## 2023 main deals



## 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



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



Fuel cell development leveraging expertise in materials and industrial processes

2014



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



faurecia  
inspiring mobility

2019



2020  
2022



New headquarters and facility in Venissieux, France

2022



creation of Innoplate 50/50 JV



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



3rd shareholder aside Michelin and Faurecia (33 / 33 / 33)

2023



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

2026

Fuel cell assembling capacity increase

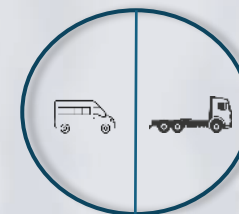
50,000 per year

100,000 per year



2028

2030



\* Important Projects of Common European Interest





# ***NON-FINANCIAL PERFORMANCE***



# Recognized leadership in non-financial performance

## Major ratings

(as of September 30, 2024)

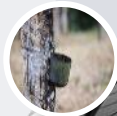
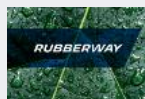
### Michelin Ratings

 <b>SUSTAINALYTICS</b>	 <b>MSCI</b> MSCI ESG RESEARCH LLC	 <b>CDP</b> DISCLOSURE INSIGHT ACTION	 <b>MOODY'S</b> ESG Solutions	 <b>ISS-ekom</b>	 <b>ecovadis</b>
<b>Negligible Risk 9,6</b>	<b>AAA</b>	 <b>A -</b> CLIMATE CHANGE « LEADERSHIP »  <b>B</b> WATER SECURITY « MANAGEMENT »	<b>73 / 100</b>	<b>B- Prime</b>	<b>78 / 100 Platinum</b>

# On the path to full product circularity with 40% renewable or recycled materials by 2030, up to 100% by 2050



## NATURAL RUBBER



## SYNTHETIC RUBBER



## PLASTIFIERS / RESINS



## FILLERS



## METALS



## TEXTILES



## OTHER



...

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

(2) Carried out with the support of ADEME



# TRWP: Michelin driving innovation and advancing knowledge in the tire industry

## Scientific studies to measure the environmental impact of TRWP <sup>(1)</sup>



### AIR

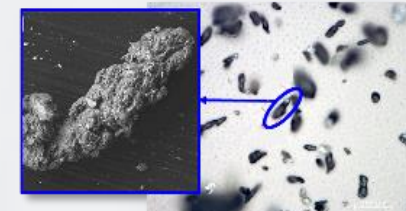
Studies confirm that TRWP account for less than 1% of particulate matter pollution



### WATER

Studies suggest that most TRWP do not reach estuaries

### TRWP



$5 \times 10^{-2}$  mm

100 times smaller than microplastics

2023

- ✓ Established Dec 2023
- ✓ Joint laboratory with CNRS (French National Center for Scientific Research) and University of Clermont Auvergne
- ✓ Mission 1: to understand the biodegradation of wear particles
- ✓ Mission 2: to develop tools to foster new solutions to make particles bio-assimilable by the environment.



2024

- ✓ Methodology to measure particles emitted by tires & road
- ✓ Developed by Michelin
- ✓ Validated by scientific reviews
- ✓ To be used by ETRMA<sup>(2)</sup> as a reference for its testing
- ✓ Complementing Michelin's advocacy of EURO 7 regulation

<sup>(1)</sup> TRWP – Tire & road wear particles – 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.

<sup>(2)</sup> European Tyre & Rubber Manufacturers Association

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



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

If the world was driving on Michelin PC/LT tires, it would save every year ...

**-620<sup>(1)</sup>**

thousand tons  
Of materials

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



or  
2,500 Statues  
of Liberty

**-115<sup>(2)</sup>**

million tons  
of CO<sub>2</sub> emissions  
(scope 3 - usage)

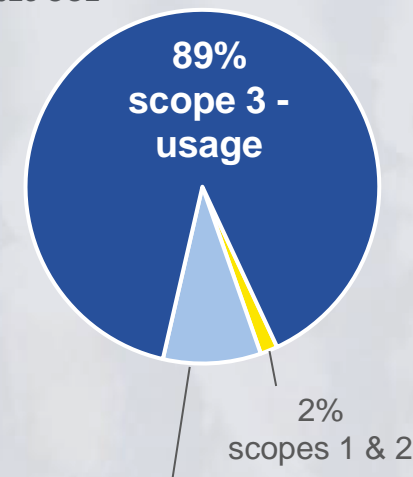
thanks to **lower rolling  
resistance**, without sacrificing  
other performance features such  
as safety and low abrasion.



or  
2 years of  
New York City's  
CO<sub>2</sub> emissions

## Tire industry CO2 emissions are mostly related to scope 3<sup>(3)</sup>

Illustration: Michelin 2023 CO2 emissions



9% scope 3 - other  
value chain activities

(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 179 of the 2023 Universal Registration Document for details.



# Michelin: First manufacturer to design a road-homologated tire with 58% renewable or recycled materials

On the way to our “100% Renewable or Recycled materials by 2050” goal: new tires with breakthrough technologies



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

(2) Size: 235/55R19 105W





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

<b>RESEARCH &amp; DEVELOPMENT</b>			
	2023	2025	2030
Life Cycle Analysis incl. biodiversity criteria from best methods	100% of new products	products: 100% services: Pilot	100% of new ranges marketed
<b>RAW MATERIALS</b>			
	2023	2025	2030
Natural rubber used by the Group assessed "deforestation-free" <sup>(1)</sup> Direct operations and suppliers <small>N.B. Under validation by act4nature international</small>	9% <sup>(2)</sup>	100% EUDR compliant	100% of the volume use
Reducing pesticide use in rubber cultivation <sup>(3)</sup> Direct operations and joint ventures <small>N.B. Under validation by act4nature international</small>	-58%	-50%	-70% vs. 2019
Evaluation of raw material supplier policies & practices <sup>(4)</sup>	Approach under definition	Pilot	80% of suppliers
<b>MANUFACTURING AND RESEARCH FACILITIES</b>			
	2023	2025	2030
Biodiversity plan adapted to local issues	16 sites	at least 15 sites	100% of sites
No phytosanitary products to maintain outdoor spaces	22 sites	at least 30 sites	100% of sites

(1) Criteria in accordance with the EUDR - European Union Deforestation-free Regulation

(2) Calculated on the basis of 2023 volumes by supplier

(3) Per hectare

(4) Other than natural rubber ; Impacts of raw materials identified through Life Cycle Analyses (LCA)

# 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

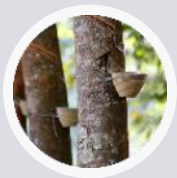
### Global presence

in Brazil, Indonesia, Thailand & West Africa (including joint-ventures):

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

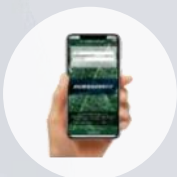
### GPSNR Founding member

(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
- **Geolocation of millions of rubber tree plots** in collaboration with suppliers to meet EU regulation requirements for deforestation-free products by Dec.30, 2024.



## EXTENDING ASSESSMENTS OF PRACTICES ACROSS THE VALUE CHAIN: 2023 ACHIEVEMENTS

- **Direct suppliers via EcoVadis:** 97% of expenditures assessed, 94% "ESG mature"
- **Indirect suppliers :** RubberWay<sup>TM</sup> app. deployed at 83% of suppliers (in volume) in 2023



## IMPLEMENTING IMPACTFUL PROJECTS

- **Brazil**  
increasing harvest while preserving the forest (767,600 hectares)\* - 1,000 families in Amazonas
- **Indonesia**  
improve skills of 1,000 smallholders using RubberWay<sup>TM</sup> app. by 2024 – (with Porsche)  
East Kalimantan : training 2,000 farmers by 2024
- **Sri Lanka**  
improving 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 (with joint-venture)**  
~90,000 farmers trained per year

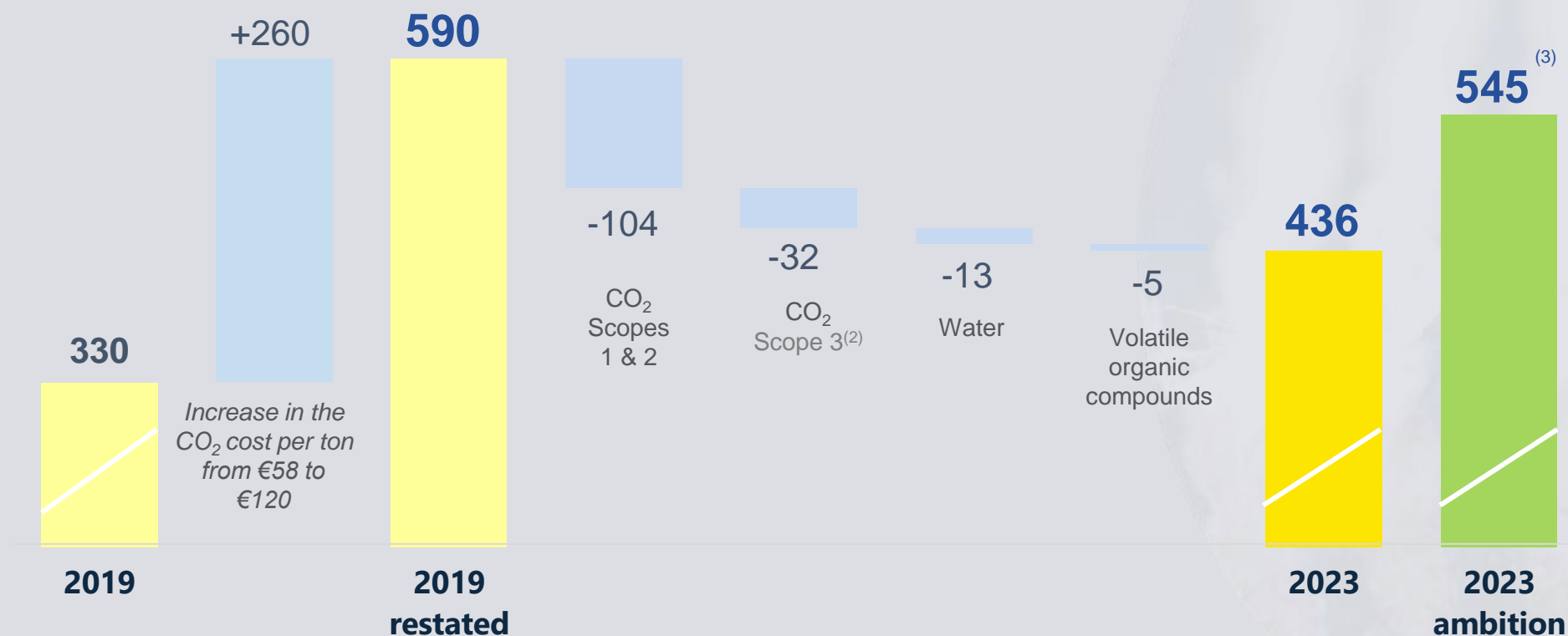
\* With WWF

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



# Externalities: 2023 achievements exceeded ambitions

Externalities costs evolution: CO<sub>2</sub> emissions, VOC<sup>(1)</sup> emissions and water withdrawals  
(€ 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. 189 of 2023 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.

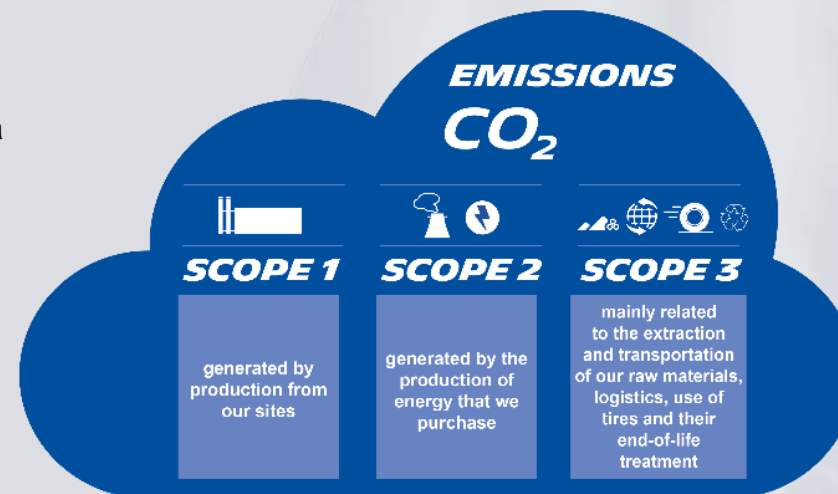
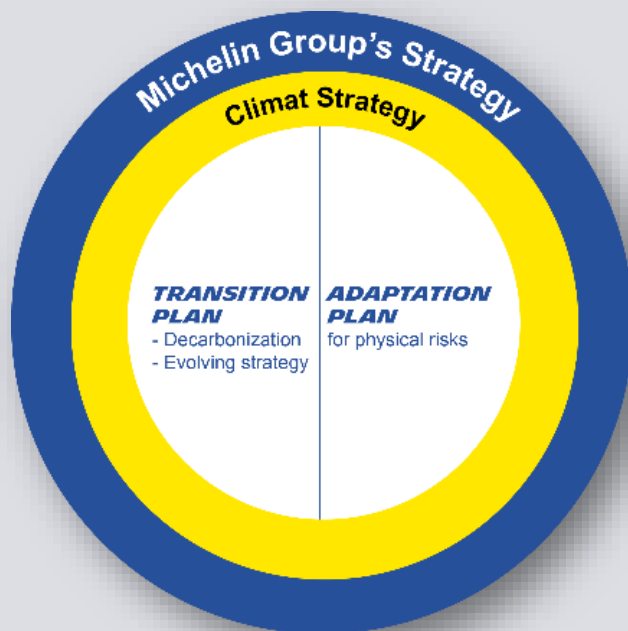
### **METRICS AND TARGETS**

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



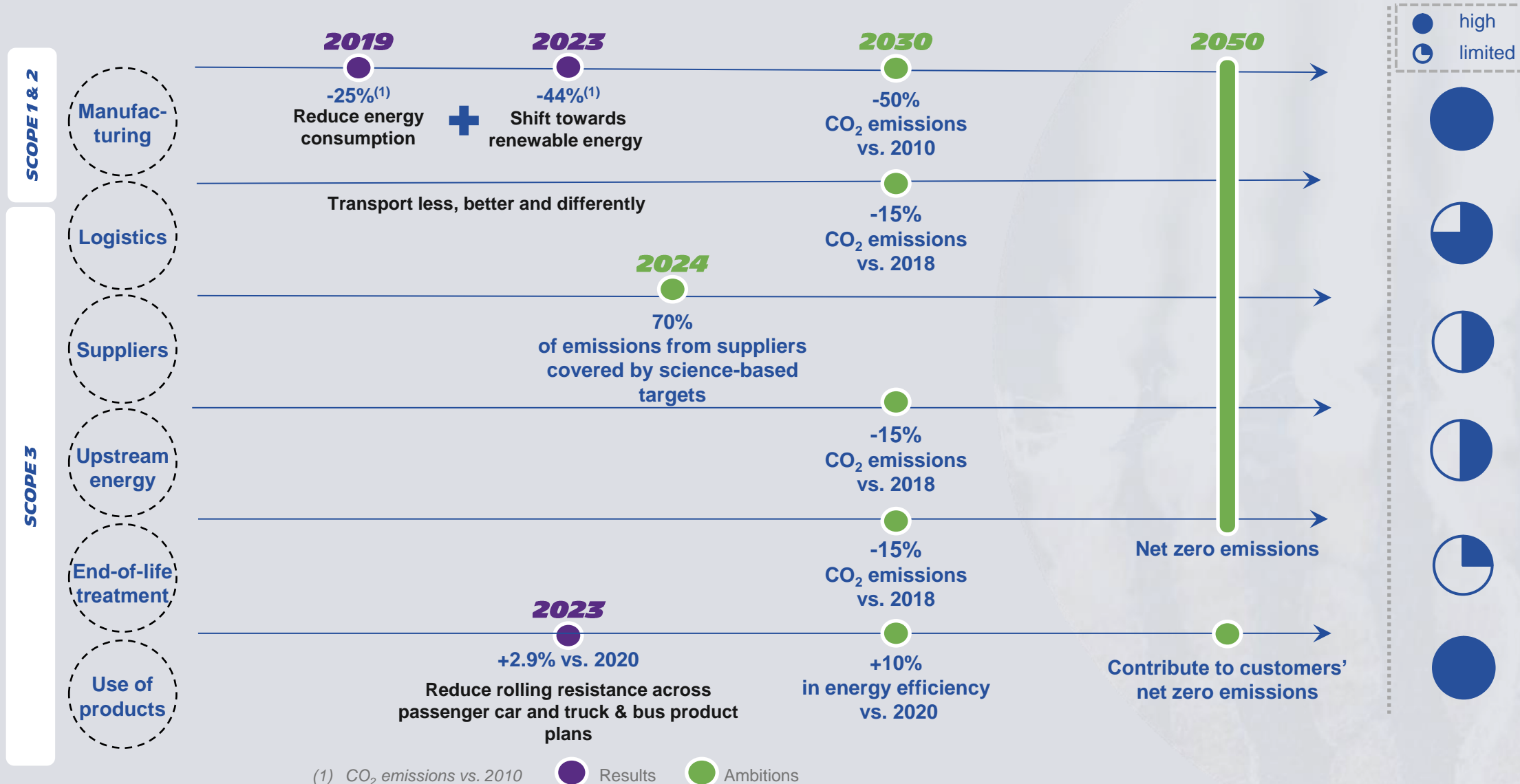
## BASED ON 3 PRINCIPLES:

- **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 track to reach net zero emissions in 2050

Group's ability to have an influence

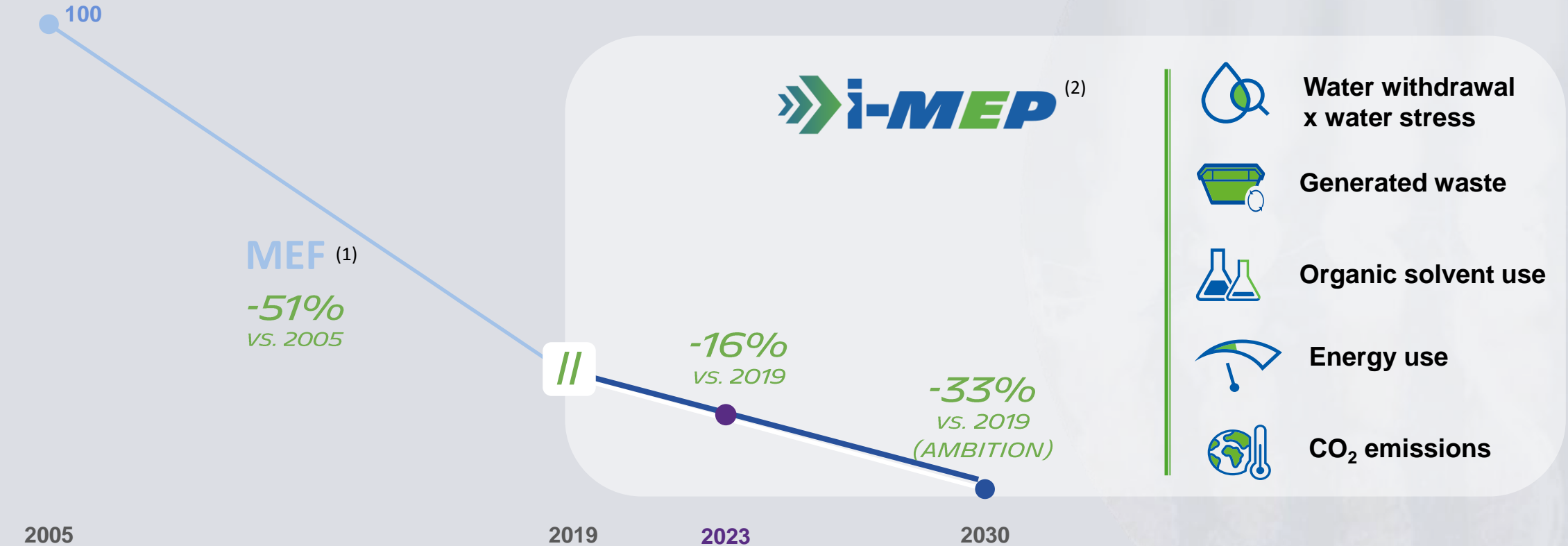




# Sharp reduction in the environmental footprint of our operations, on track to reach 2030 target

## Environmental footprint of our sites

(MEF vs. 2025 till 2019, i-MEP since 2019 - ISO14001- certified)



(1) Michelin Environmental Footprint;

(2) industrial-Michelin Environmental Performance; see detailed definition p.173 of the 2023 Universal Registration Document

# Fostering social and societal cohesion through ambitious initiatives

## 'Living wage' for every Group employee

- 'Global Living Wage Employer' certified by Fair Wage Network
- Enabling each employee to provide for his/her **family's essential needs**
- For **all Group employees**, since Jan. 2024



## Michelin One Care Program, a universal social protection floor

- Provide **time to welcome a new child**
- **Family protection** in case of employee's death
- Ensuring employees and their families can **access a health program**
- For **all Group employees**, by Jan.2025

## Lifelong learning approach

- Each year, over **€240m** dedicated to **training**
- **Talent Campus** launched in 2022, with 1,000 teaching contributors
- **55,000 online modules**, available 24 hours a day

# Diversity and inclusion: Progress in gender balance and acceptance of diversity, 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.

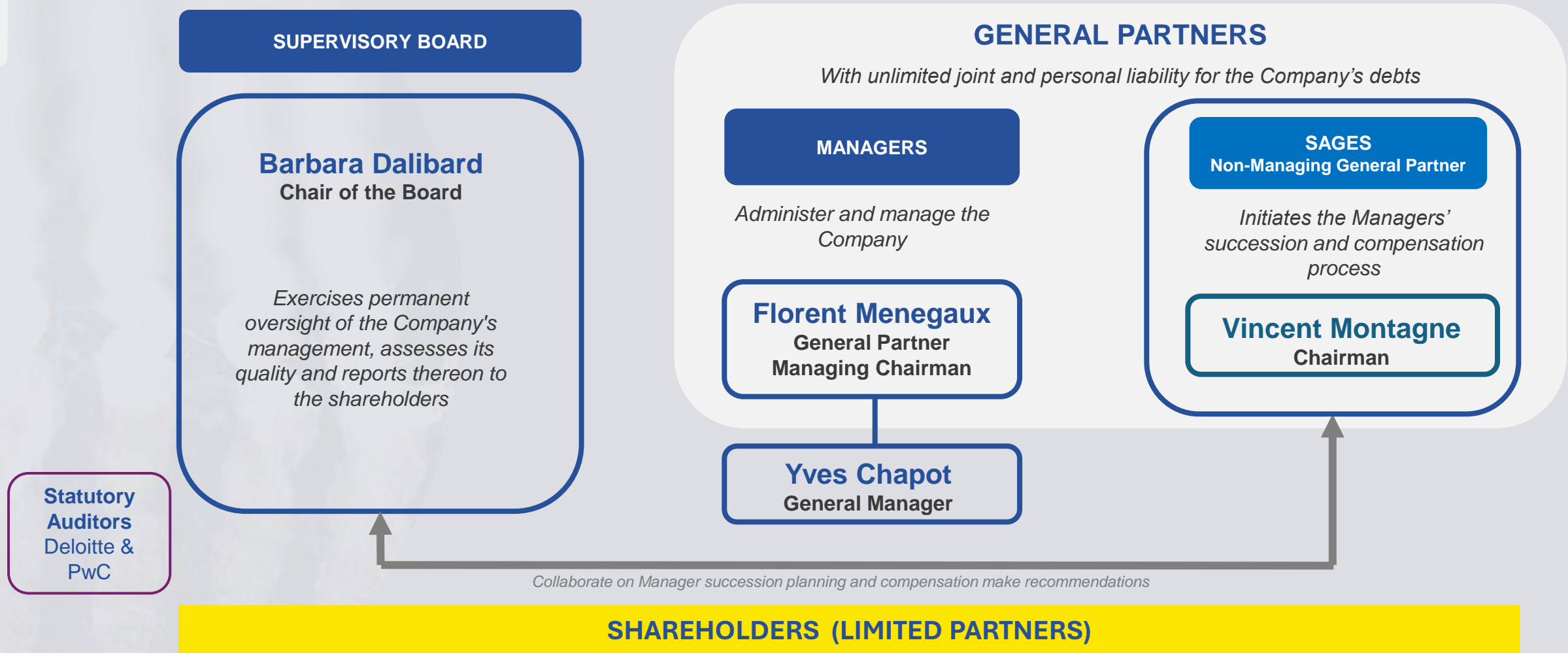
## IDENTITY

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.

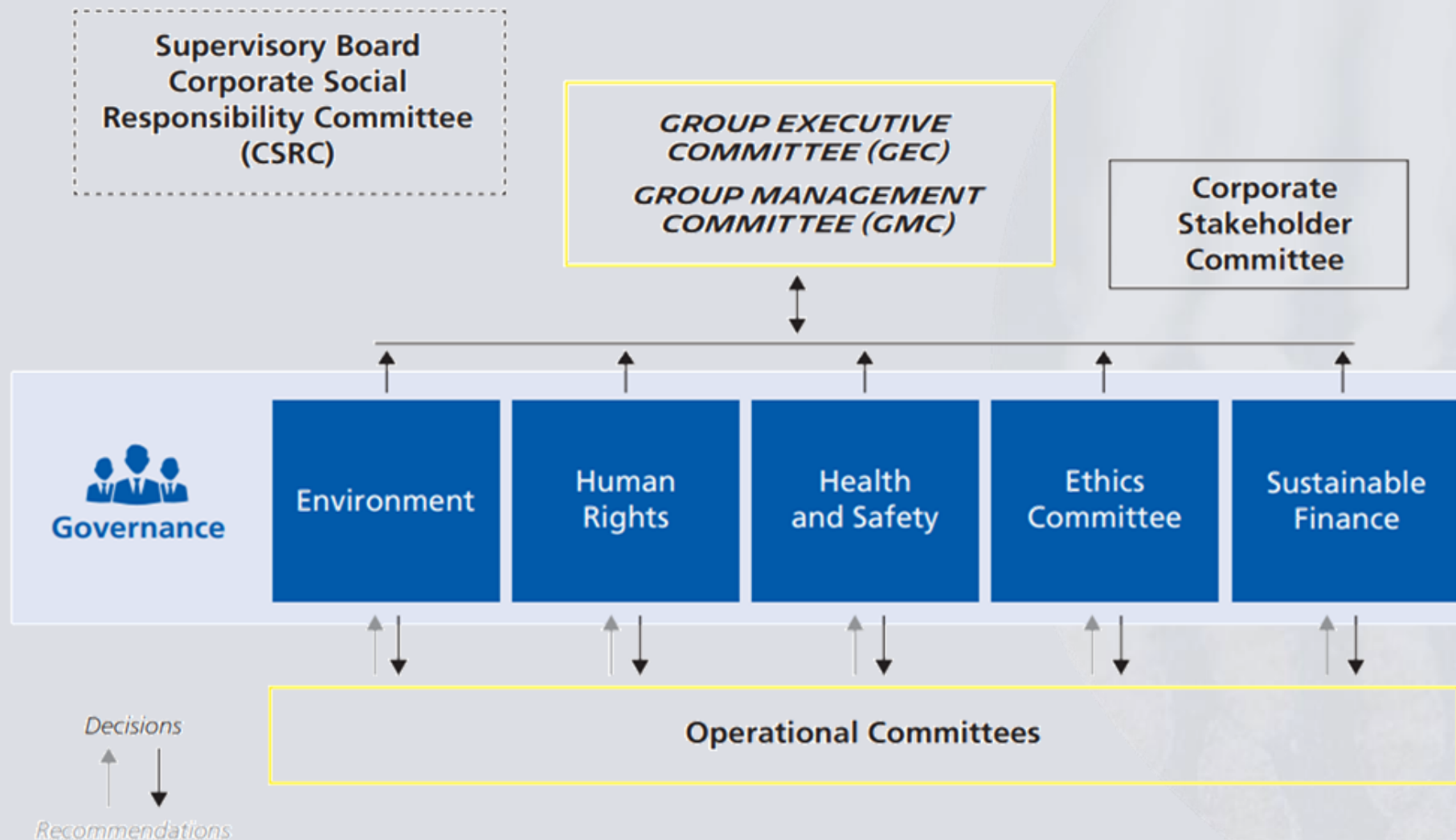
(1) IMDI Management Index: see definition on p. 237 of the 2023 Universal Registration Document

(2) Diversity and Inclusion

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

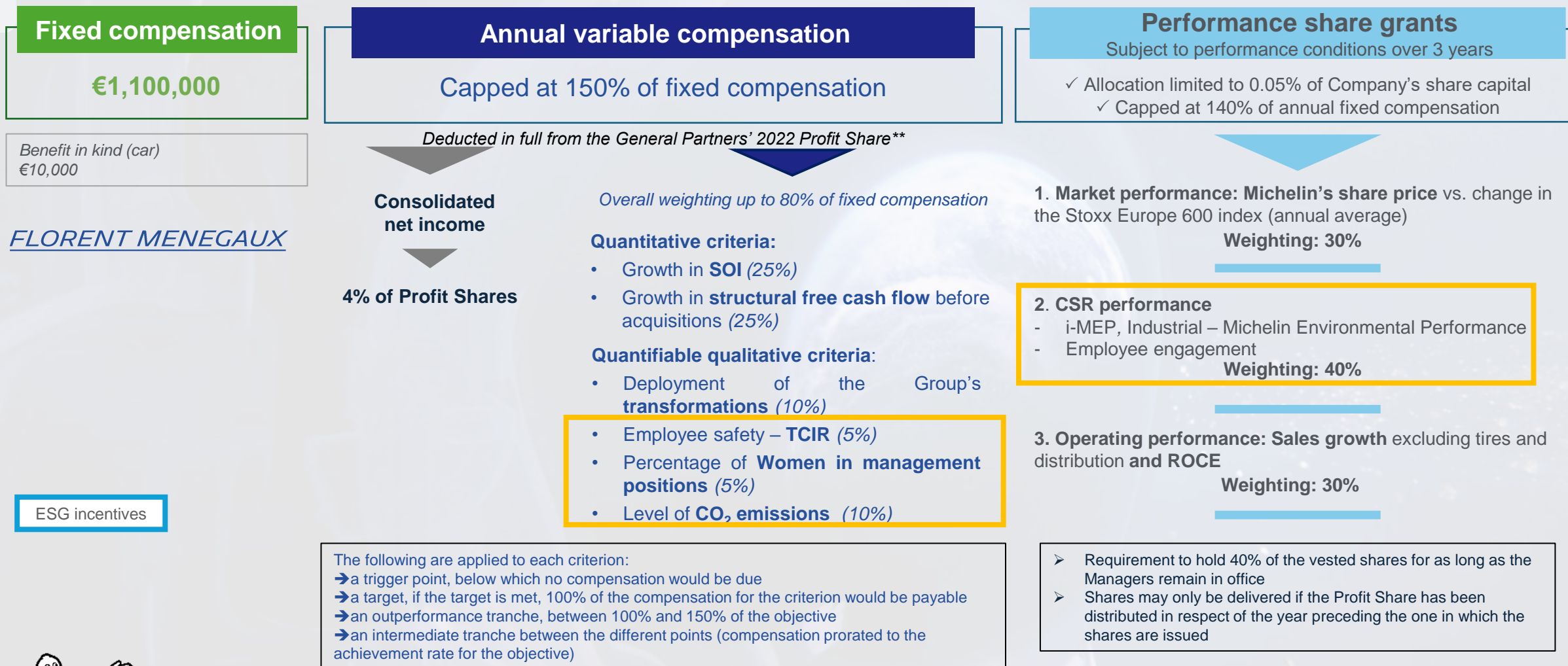


# ESG awareness and oversight are fully embodied in Michelin's governance structure





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



# Glossary

## ***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: Net operating profit after tax (NOPAT), 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, 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.

## ***TIRE SALES***

Sales from Michelin's core business, including the Tire-as-a-Service (TaaS) business and Distribution operations.

## ***NON-TIRE SALES***

Sales from the Connected Solutions (excluding TaaS and Distribution) and Polymer Composite Solutions businesses, excluding joint ventures.

## ***IMDI***

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

## ***TCIR***

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

## ***I-MEP***

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

## ***RENEWABLE OR RECYCLED MATERIALS***

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

## ***NPS***

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



# Disclaimer

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.

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