



JULY 26,  
2021

# ***FIRST-HALF 2021 RESULTS***





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



## SALES GROWTH from 2023



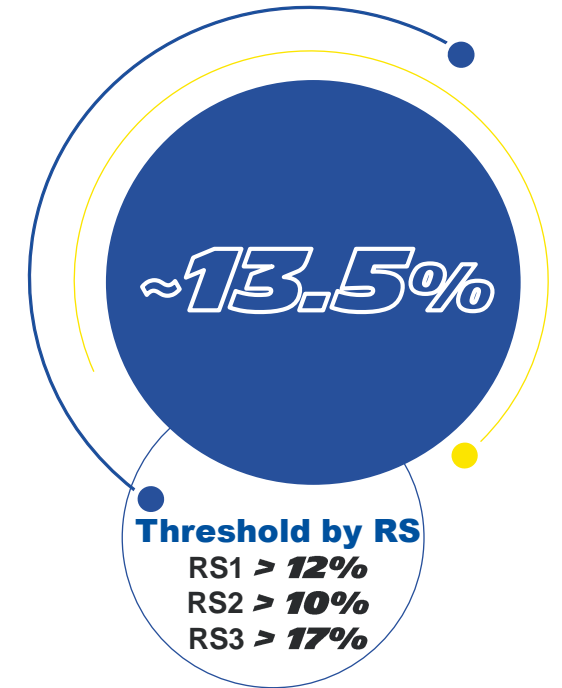
## ROCE \* from 2023



\* Return on Capital Employed (definition on slide 57),  
annual target



## Segment Operating Income in 2023





## **FIRST-HALF 2021: SALES OF €11.2BN AND SEGMENT OPERATING INCOME OF €1.4BN, OR 12.7% OF SALES. 2021 FULL-YEAR GUIDANCE RAISED <sup>(1)</sup>.**

- In an environment shaped by an enduring health crisis, the robust market recovery was tempered by major disruptions in the global supply chain.
- In this context, Michelin teams' commitment helped deliver a 19.6% increase in sales and €1,421m in SOI <sup>(2)</sup> for the period, with:
  - a 22.8% increase in tire volumes, adding €1,195m to SOI and reflecting market share gains in every segment, especially 18-inch and larger tires, and a 4.6% increase in non-tire activities sales;
  - a €126m increase from positive net price-mix/raw materials effect, as a 1.4% gain from responsive pricing management and a 1.0% increase from favorable mix offsetting the rise in raw material procurement costs;
  - an unfavorable currency effect, stemming primarily from US dollar's weakness against euro, which reduced SOI by €150m.
- Free cash flow excluding M&A<sup>(3)</sup> came to €361m, reflecting growth in SOI and still low inventory levels.
- Gearing stood at 27%, attesting the Group's financial position strength, as confirmed by rating agencies.
- 2021 full-year guidance raised <sup>(1)</sup>: SOI at constant exchange rates > €2,800m, structural free cash flow <sup>(4)</sup> > €1,000m.

<sup>(1)</sup> Barring any new systemic effect from Covid-19: deeper supply chain disruptions or tighter restrictions on freedom of movement that would result in a significant drop in the tire markets.

<sup>(2)</sup> Segment operating income.

<sup>(3)</sup> Free cash flow before acquisitions, which includes JV financing flows (see slide 12).

<sup>(4)</sup> See slide 57 for structural free cash flow definition.





A person wearing a helmet and riding gear is riding a motorcycle on a dark asphalt road that curves through a mountainous landscape. The road is bordered by large, rectangular stone blocks. The background shows steep, rocky hills with some sparse vegetation. The lighting suggests it might be late afternoon or early morning, with long shadows cast across the road.

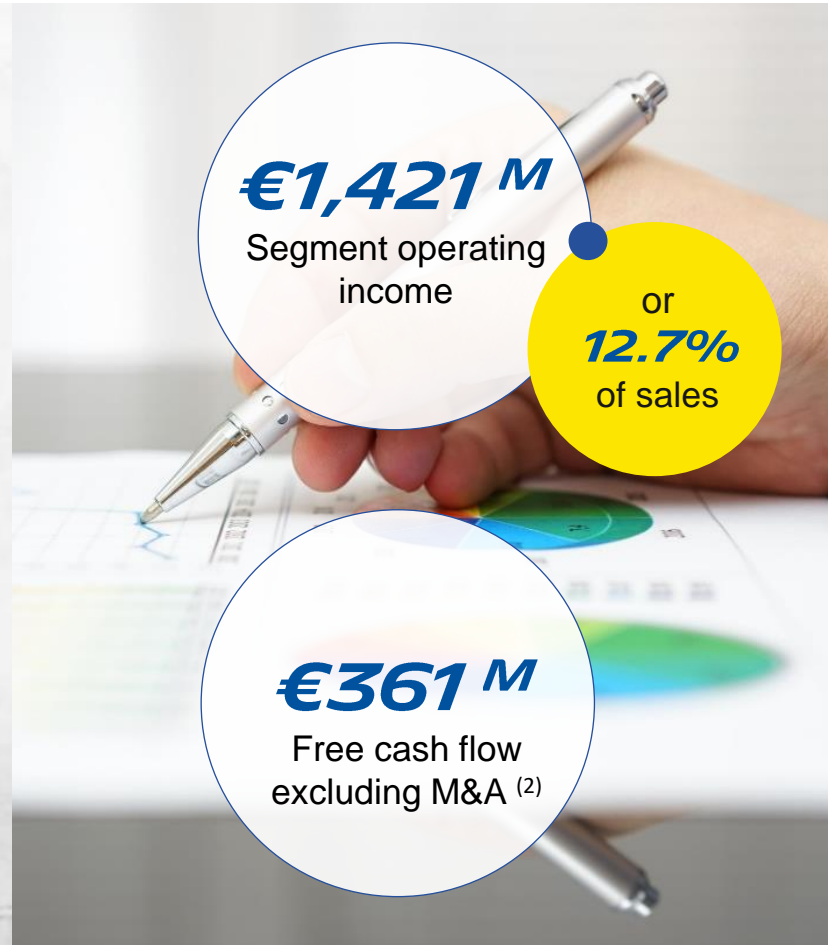
**2**

***FIRST-HALF 2021  
RESULTS***





# H1 2021: MICHELIN DEMONSTRATED ITS ABILITY TO CONSOLIDATE ITS FINANCIAL PERFORMANCE AND TO ACHIEVE ITS AMBITIONS IN FAVOR OF PEOPLE AND THE ENVIRONMENT



(1) Total Case of Incident Rate

(2) Free cash flow before acquisitions, which includes JV financing flows (see slide 12)

(3) 12 months rolling data, may be updated until the publication of the annual result.

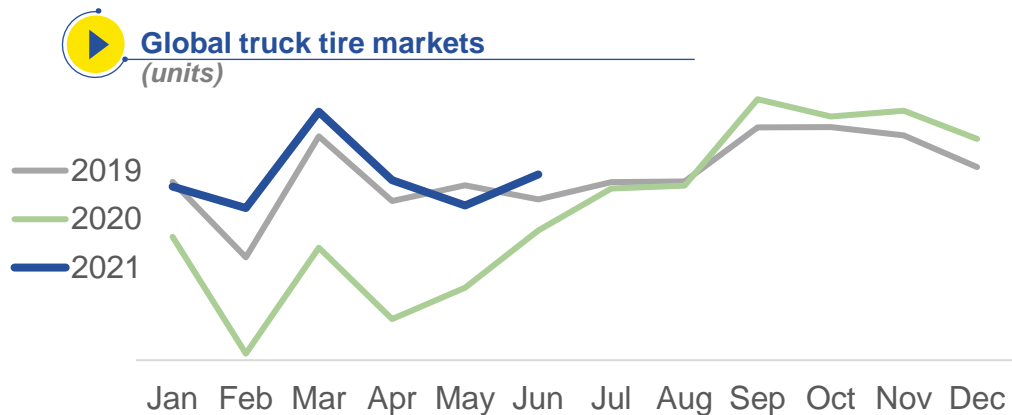
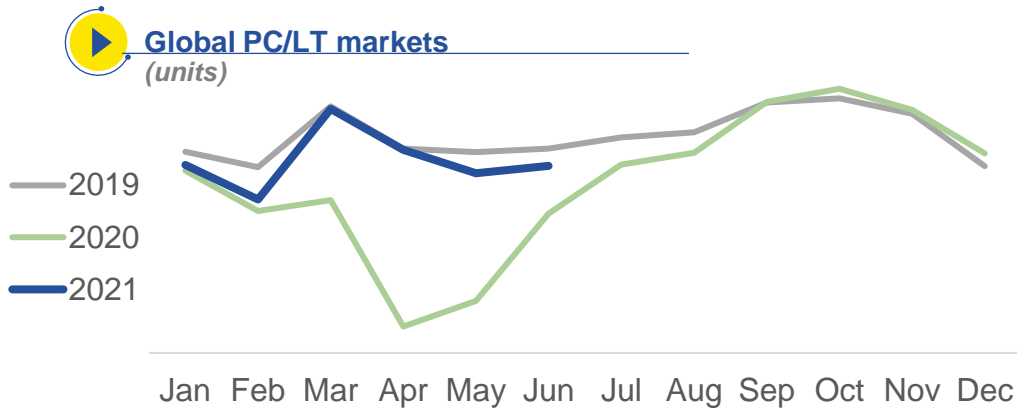
(4) See 2030 strategic scorecard, slide 37, for 2030 vision.

(5) industrial-Michelin Environmental Performance: tool for monitoring the environmental impact of the Group's industrial activities (see slide 55 and p.150 of the 2020 Universal Registration Document).



## ***SUSTAINED DEMAND IN H1 2021, IN AN ENVIRONMENT THAT IS GOING TO REMAIN PERSISTENTLY DISRUPTED***

**Strong recovery in demand in H1 2021 on favorable comparatives...**



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

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





# H1 2021 MARKETS: PC/LT STILL DOWN ON 2019, TRUCK TIRES HIGHER. SPECIALTIES EXPECTED TO REBOUND OVER THE FULL YEAR.



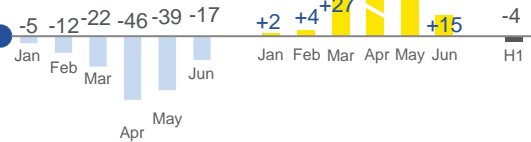
PC/LT: +26%

2020

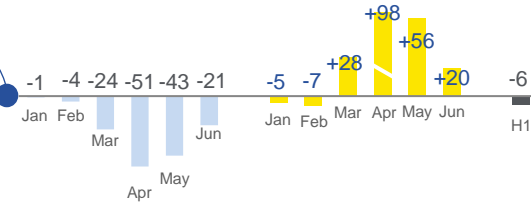
2021

2021  
vs. 2019

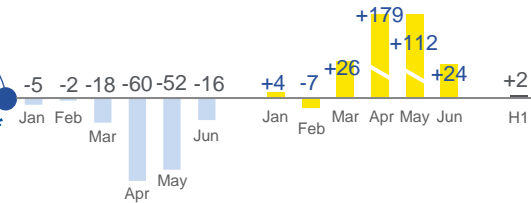
WORLD-  
WIDE



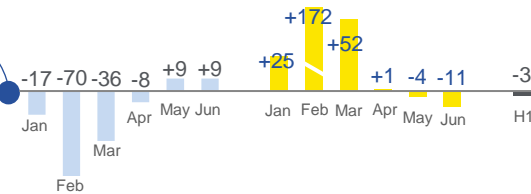
EUROPE



NORTH  
AMERICA\*



CHINA



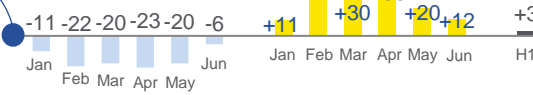
TRUCK: +24%

2020

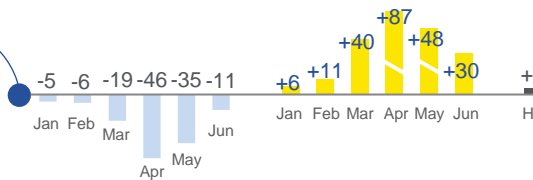
2021

2021  
vs. 2019

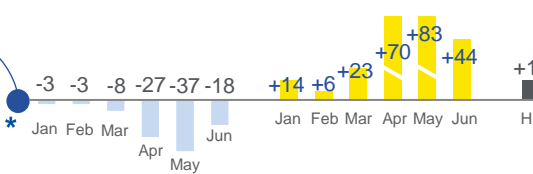
WORLD-  
WIDE



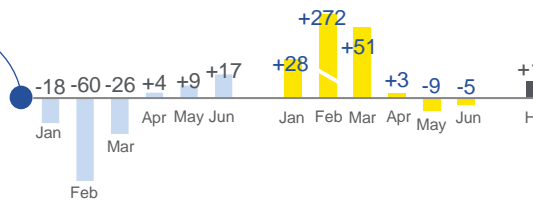
EUROPE



NORTH  
AMERICA\*



CHINA



SPECIALTIES\*: +10 to +12%

\* estimated full-year market growth in 2021

MINING

AGRICUL-  
TURE

CONSTRUC-  
TION

MATERIALS  
HANDLING

AIRCRAFT

TWO-  
WHEEL

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

\* Including Central America.

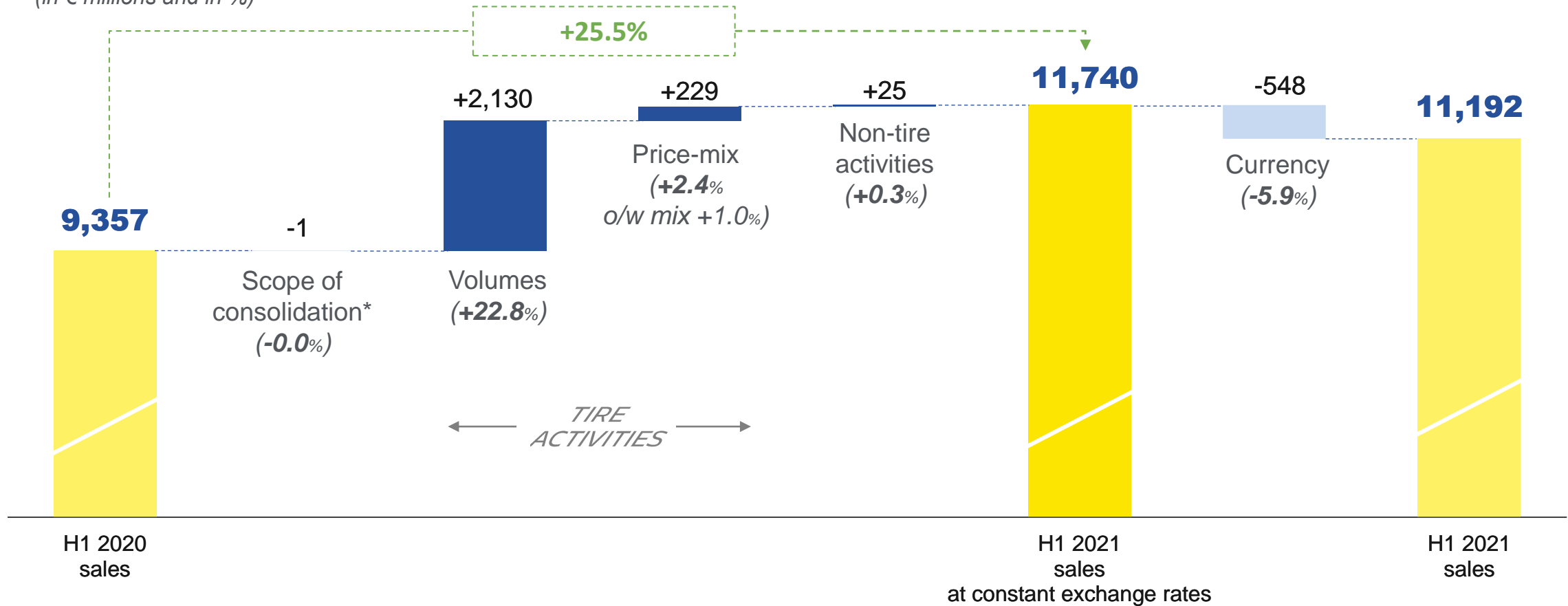


# **TIRE SALES UP, LIFTED BY THE REBOUND IN DEMAND AND A ROBUST PRICE-MIX. NON-TIRE SALES UP €25M, OR 4.6% AT CONSTANT EXCHANGE RATES.**



## **YoY change in sales**

(in € millions and in %)



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



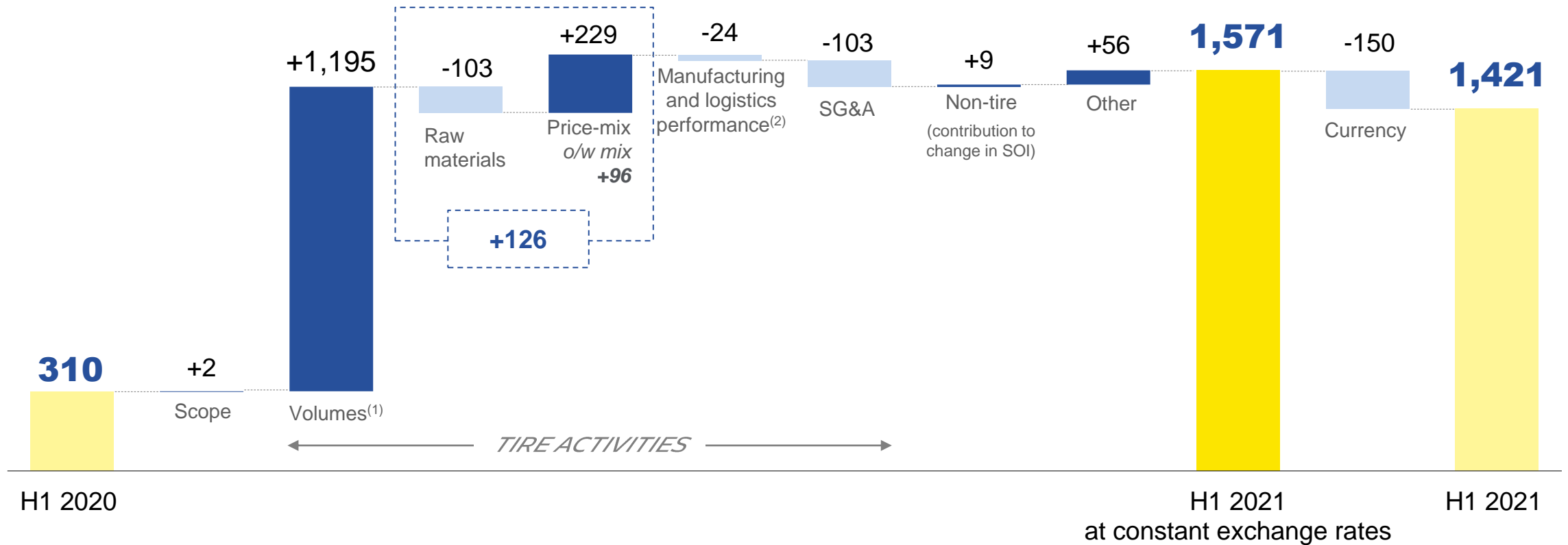


# H1 2021 SOI: STRONG GROWTH IN VOLUMES SUPPORTED BY A ROBUST MIX AND RESPONSIVE PRICING MANAGEMENT AT A TIME OF RISING INPUT COSTS



## YoY change in SOI

(in € millions)






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

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





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

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

\* of the segment

### In an environment shaped by fast rebounding demand:

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



## **FREE CASH FLOW <sup>(1)</sup> IMPROVEMENT, REFLECTING GROWTH IN EBITDA AND STILL LOWER THAN NORMAL INVENTORY LEVEL**



### **Change in free cash flow**

*(in € millions, including JV financing and acquisitions)*

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



### **A solid cash position at June 30**

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

<sup>(1)</sup> see slide 57 for FCF definition.



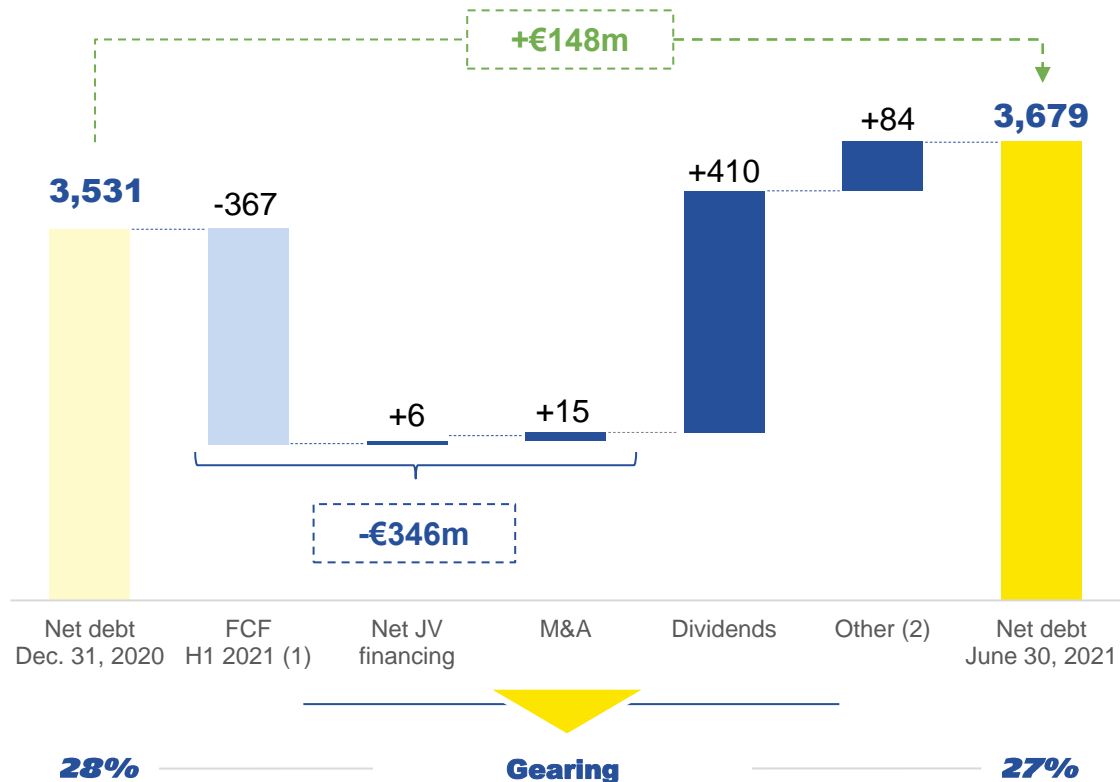


## 27% GEARING AT JUNE 30, 2021. ROBUST FINANCIAL POSITION CONFIRMED BY RATING AGENCIES.



### Net debt

(in € millions)



(1) Free cash flow before M&A and JV financing (see slide 57 for FCF definition).

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



### Agency ratings at June 30, 2021

Compagnie Générale des Établissements Michelin

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

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



## ***2021 GUIDANCE***



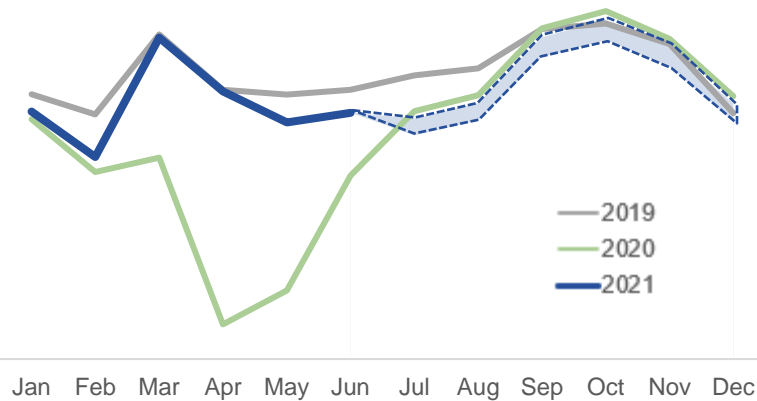
## 2021 MARKET SCENARIO: IN A VERY DISRUPTED ENVIRONMENT, DEMAND IS RECOVERING BUT STILL LAGS 2019



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

- OE: recovering demand still impacted by microchip shortages
- RT: global demand rebounding but still below pre-crisis levels

PC/LT market forecast (units)

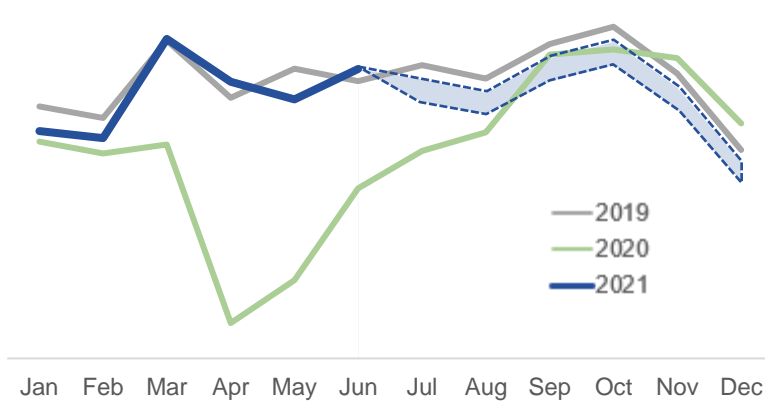


**TRUCK: +6% / +8%\***

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

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

Truck market forecast, excluding China (units)



**SPECIALTIES: +10% / +12%\***

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

\* vs. 2020





## 2021 SCENARIO

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

\* Voir slide 24



## **FULL-YEAR 2021 GUIDANCE RAISED \***

	2021
Segment Operating Income at constant exchange rates	<b>&gt; €2,800m</b> (vs > €2,500m previously)
Structural Free Cash Flow**	<b>&gt; €1,000m</b> (vs ~€1,000m previously)

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

\*\* Structural free cash flow : see slide 57



# ***APPENDICES***





## **FINANCE CALENDAR**

- **Coming event:**

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



## REPORTED H1 2021 AND H1 2020 FINANCIAL HIGHLIGHTS

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

\*see slide 57 for definition

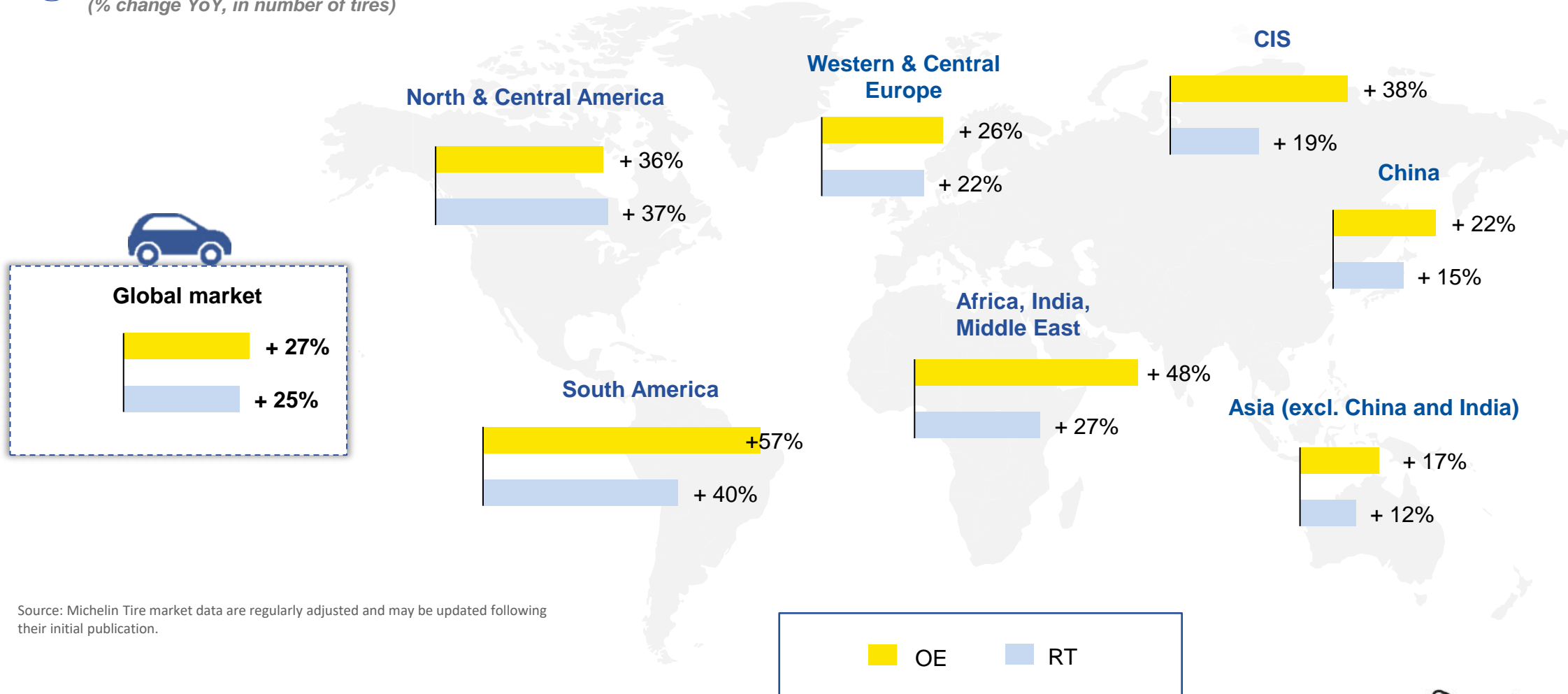


# PC/LT H1 2021 MARKETS: ON FAVORABLE PRIOR-YEAR COMPARATIVES, OE HURT BY COMPONENT SHORTAGES AND RT CONTINUED TO REBOUND



## PC/LT TIRE MARKET, H1 2021

(% change YoY, in number of tires)



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





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

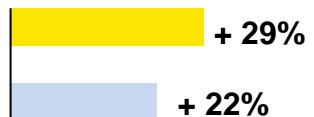


## TRUCK TIRE MARKET, H1 2021

(% change YoY, in number of tires)



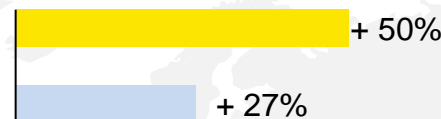
### Global market



### North & Central America



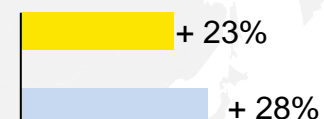
### Western & Central Europe



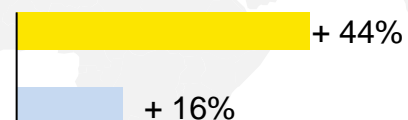
### CIS



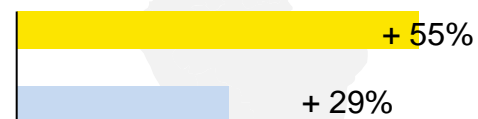
### China



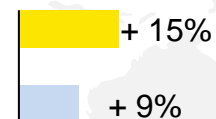
### Africa, India, Middle East



### South America



### Asia (excl. China and India)



OE RT

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



First-half 2021 Results - July 26, 2021





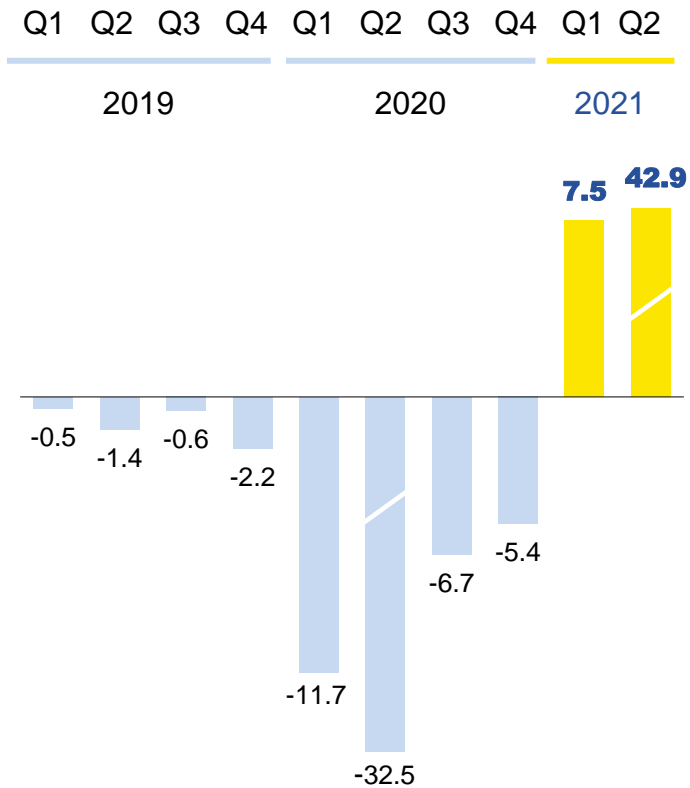
# H1 2021: STRONG VOLUMES UPTURN ON FAVORABLE BASIS OF COMPARISON, WITH SOLID MIX AND REACTIVE PRICING MANAGEMENT



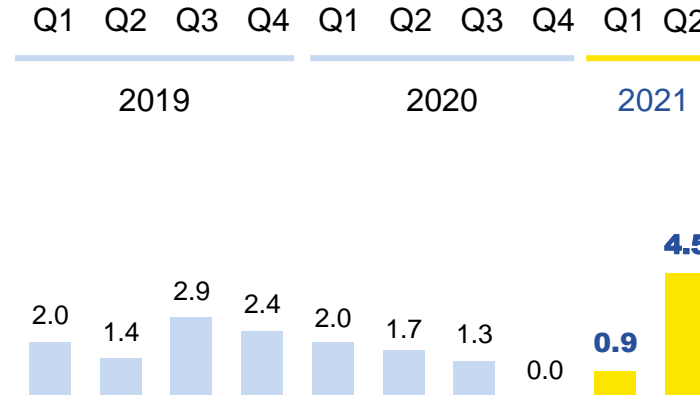
## YoY QUARTERLY CHANGE

(in %)

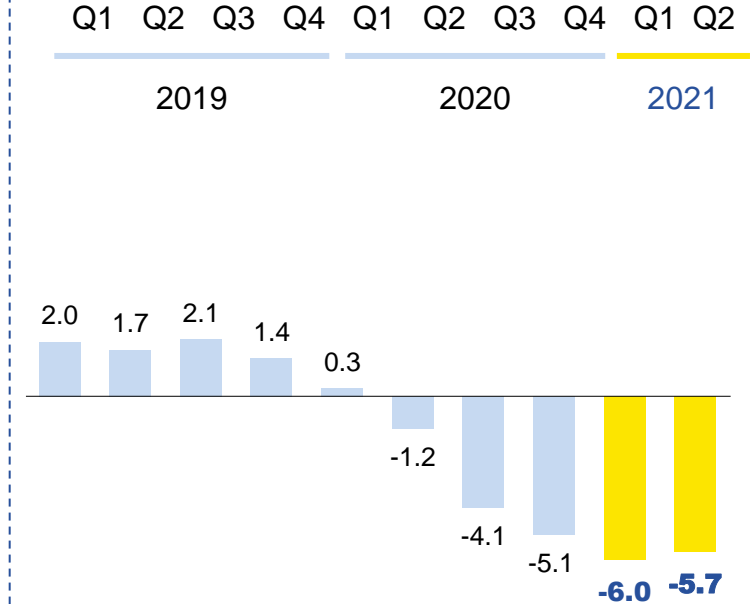
### Volumes



### Price-mix



### Currency





## SALES BY CURRENCY AND SEGMENT OPERATING INCOME (SOI) IMPACT

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

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

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

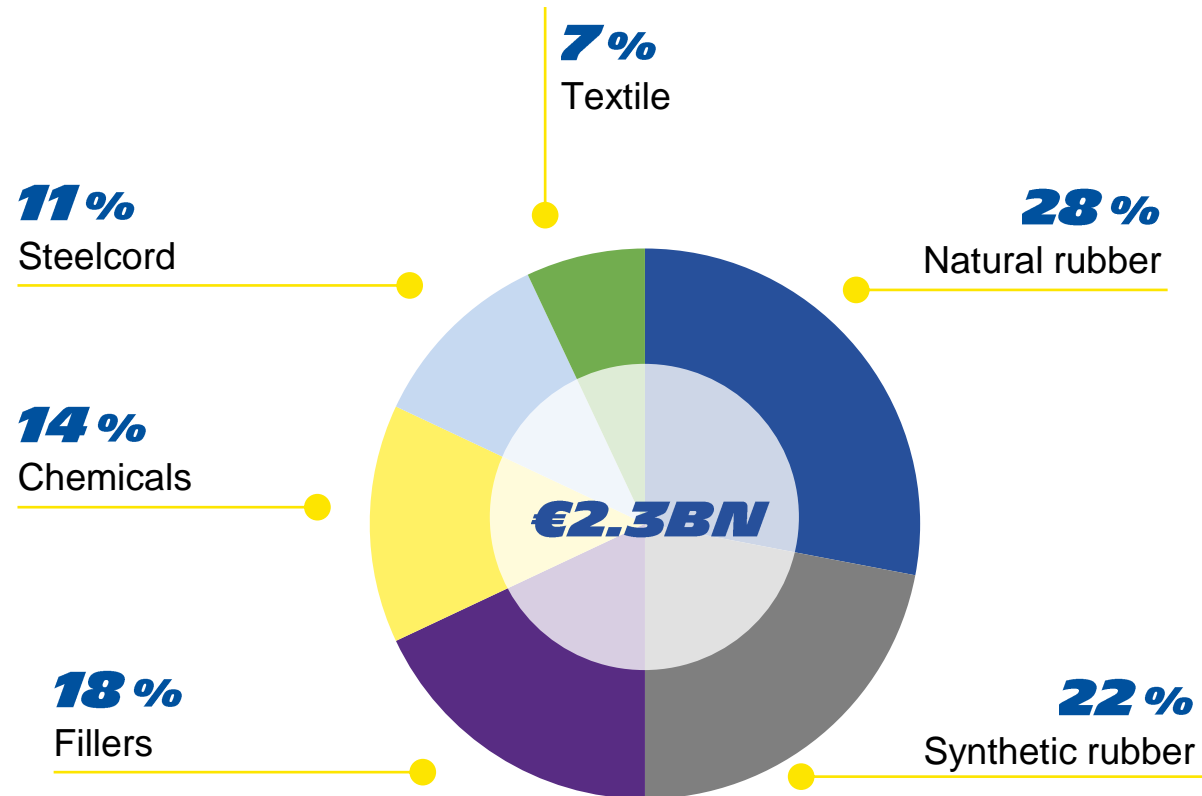




## RAW MATERIALS



### COST OF RAW MATERIAL USED IN PRODUCTION IN H1 2021

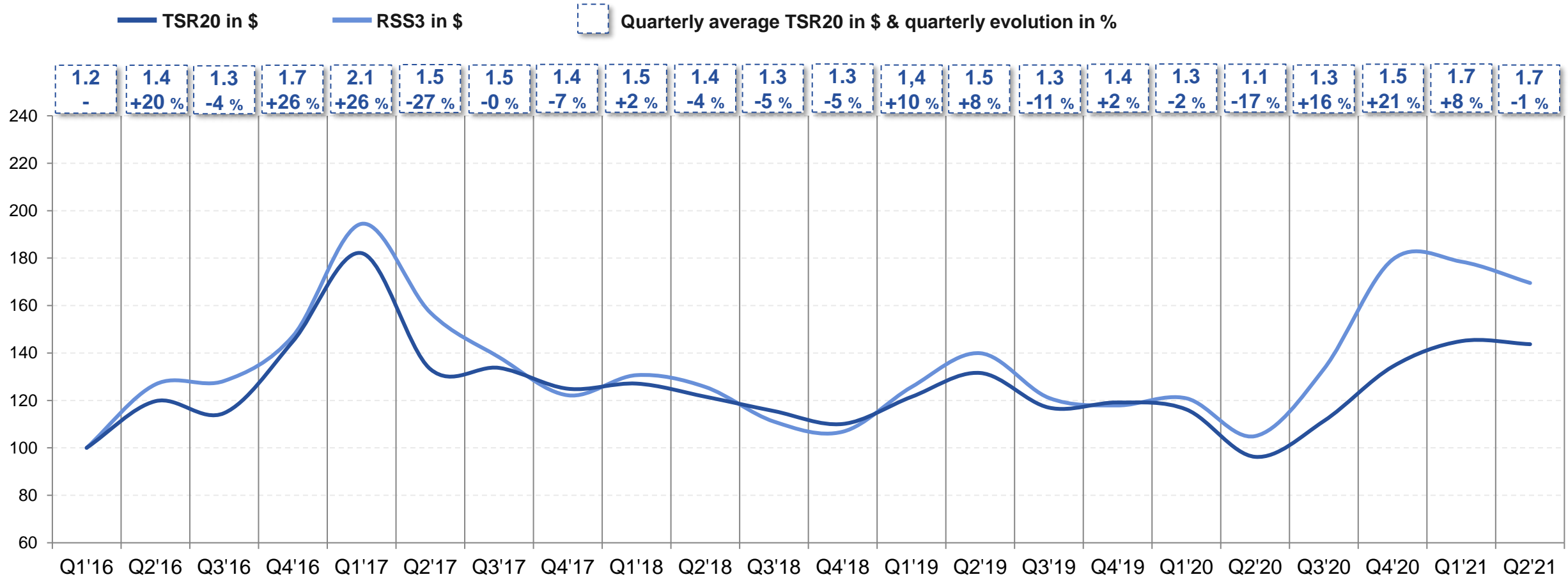




## NATURAL RUBBER PRICE TREND



\$/kg, base 100 in 1<sup>st</sup> 2016 quarter



Source SICOM



## BRENT PRICE TREND

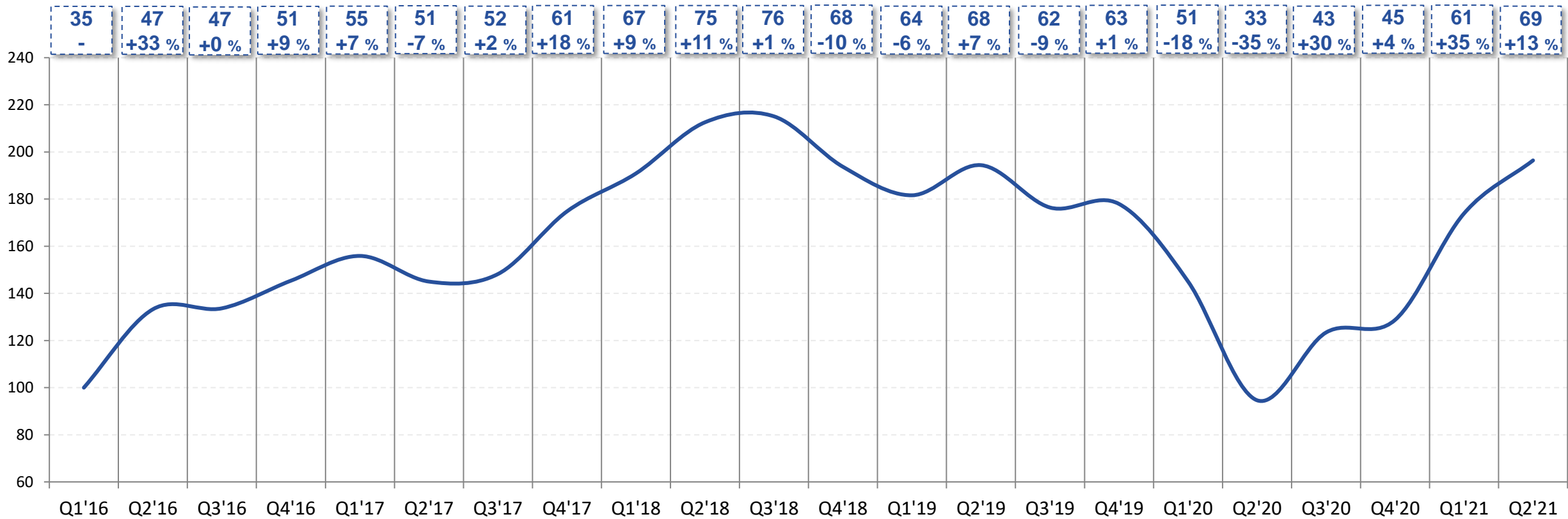


\$/bbl, base 100 in 1<sup>st</sup> 2016 quarter

— Brent in \$



Quarterly average Brent in \$ & quarterly change in %





## BUTADIENE PRICE TREND

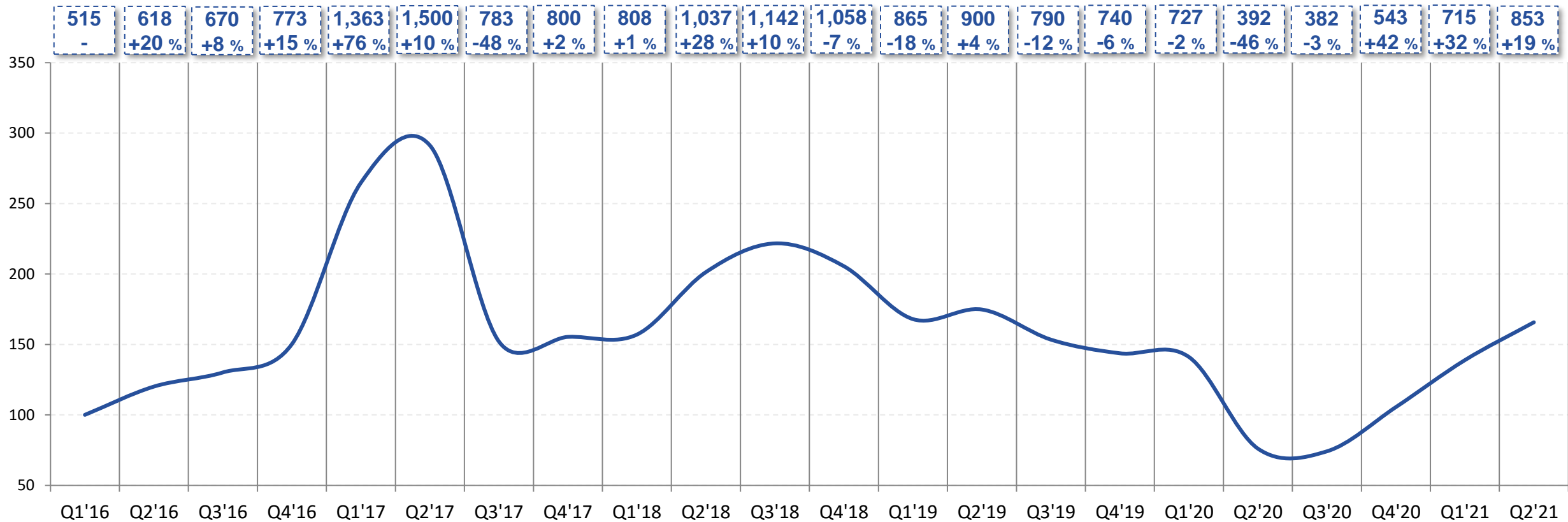


€/t, base 100 in 1<sup>st</sup> 2016 quarter

— Butadiene Europe in €



Quarterly average Butadiene in \$ & quarterly change in %







# OUTSTANDING BOND ISSUES

(AS OF JUNE 30, 2021)

Issuer	Compagnie Générale des Établissements MICHELIN										
Issue Type	Senior Note Convertible	Senior Note Bond	Senior Note Convertible	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond	Senior Note Bond
Principal Amount	\$ 500m + TAP \$100m	€ 300m	\$ 600m	€ 750m	€ 300m	€ 500m	€ 1'000m	€ 500m	€ 750m	€ 500m	€ 302m
Offering price	100% & 103,85%	99,97%	95,50%	99,10%	99,081%	99,89%	99,262%	99,54%	99,363%	99,46%	98,926%
Rating corporation at Issuance date	A- (S&P) A3 (Moody's)	BBB+ (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	A- (S&P) A3 (Moody's)	BBB+ (S&P) A3 (Moody's)	A- (S&P) A- (Fitch)	A- (S&P) A3 (Moody's)	A- (S&P) A- (Fitch)	A- (S&P) A3 (Moody's)	A- (S&P) A- (Fitch)	A- (S&P) A3 (Moody's)
Current corporation rating	A- (S&P) ; A3 (Moody's) ; A- (Fitch)										
Coupon	ZERO Conv premium 128%	1.125% p.a	ZERO Conv premium 130%	0.875% p.a	1.750% p.a	0.000% p.a	1.750% p.a	0.250% p.a	2.500% p.a	0.625% p.a	3.250% p.a
Issue Date	10-jan.-17 & 05-may-17	28-may-15	10-jan.-18	3-sept.-18	28-may-15	2-nov.-20	3-sept.-18	2-nov.-20	3-sept.-18	2-nov.-20	30-sept.-15 & 30-sept.-16
Maturity	10-jan.-22	28-may-22	10-nov.-23	3-sept.-25	28-may-27	2-nov.-28	3-sept.-30	2-nov.-32	3-sept.-38	2-nov.-40	30-sept.-45
Interest payment	N/A	Annual May 28	N/A	Annual Sept 03	Annual May 28	Annual Nov 02	Annual Sept 03	Annual Nov 02	Annual Sept 03	Annual Nov 02	Annual Sept 30
ISIN	FR0013230745	XS1233732194	FR0013309184	FR0013357845	XS1233734562	FR0014000D31	FR0013357852	FR0014000D49	FR0013357860	FR0014000D56	XS1298728707
Denomination	\$ 200'000 with min. tradable amount \$ 200'000	€ 1'000 with min. tradable amount € 1'000	\$ 200'000 with min. tradable amount \$ 200'000	€ 100'000 with min. tradable amount € 100'000	€ 1'000 with min. tradable amount € 1'000	€ 100'000 with min. tradable amount € 100'000	€ 100'000 with min. tradable amount € 100'000	€ 100'000 with min. tradable amount € 100'000	€ 100'000 with min. tradable amount € 100'000	€ 100'000 with min. tradable amount € 100'000	€ 1'000 with min. tradable amount € 1'000

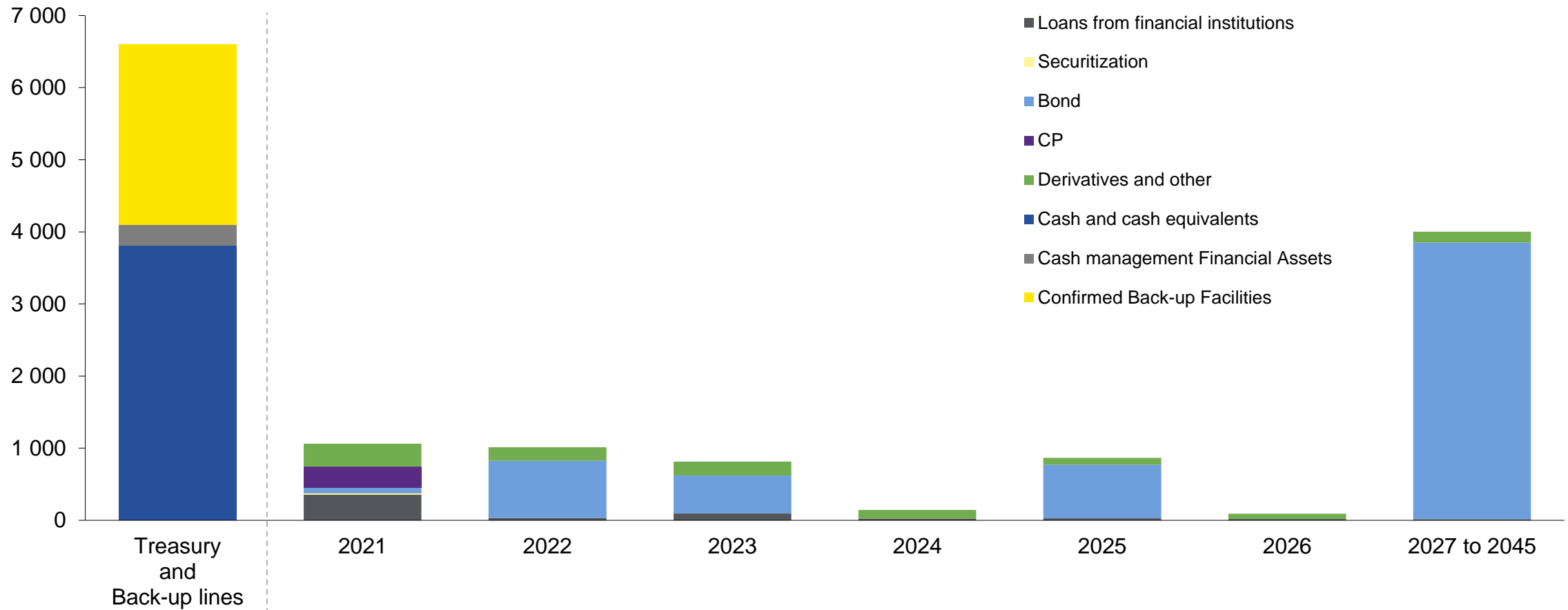


## A COMFORTABLE CASH POSITION



### Debt maturities at June 30, 2021

(carrying amount, in € millions)



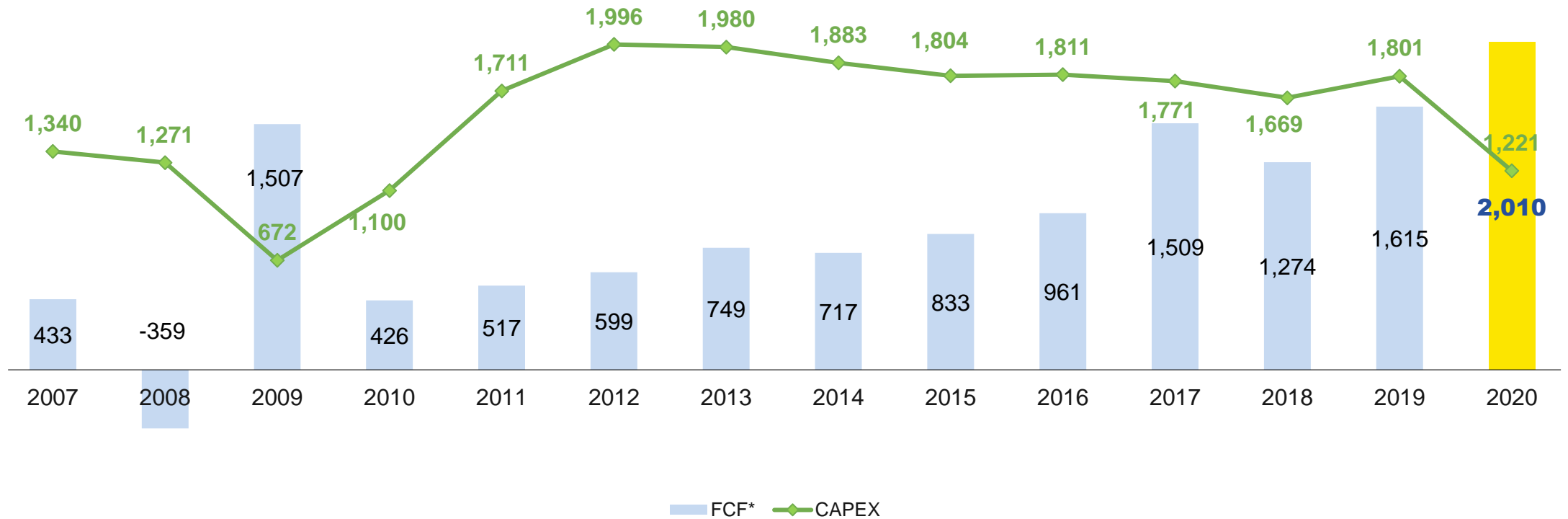


## 2007 – 2020: GROUP CAPACITY TO PROTECT AND IMPROVE ITS FREE CASH FLOW GENERATION



### Free cash flow\* and CAPEX 2007 - 2020

(in € millions)



\* Reported FCF from 2007 to 2010, Structural FCF from 2011 onwards (see slide 57 for Structural FCF definition)

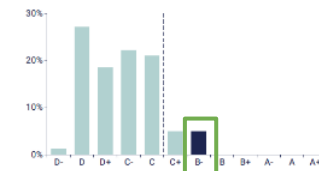
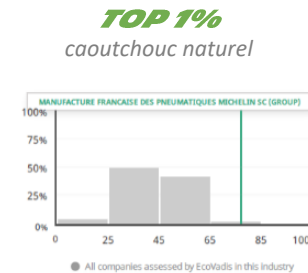
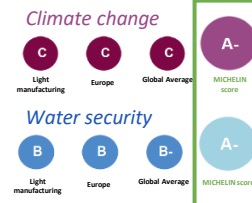
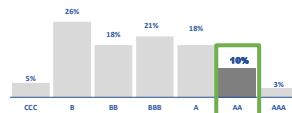


# NON-FINANCIAL PERFORMANCE: MICHELIN, A LEADING AND RECOGNIZED PLAYER IN SUSTAINABLE MOBILITY

## Major sustainability rating (as of June 30, 2021)

	SUSTAINALYTICS (risk rating) 2020	MSCI 2020	CDP 2020	ECOVADIS 2019	ISS-OEKOM 2020	VIGEO EIRIS Moody's 2021
Status	<b>LOW RISK</b> 	<b>AA</b> 	<b>LEADERSHIP</b> 	<b>GOLD</b> 	<b>PRIME</b> 	<b>A1+</b> 
Rating	<b>15.2</b>	<b>8.4/10</b>	<b>A-</b>	<b>78/100</b>	<b>B-</b>	<b>73/100</b>

## Ranking / Distribution of ratings

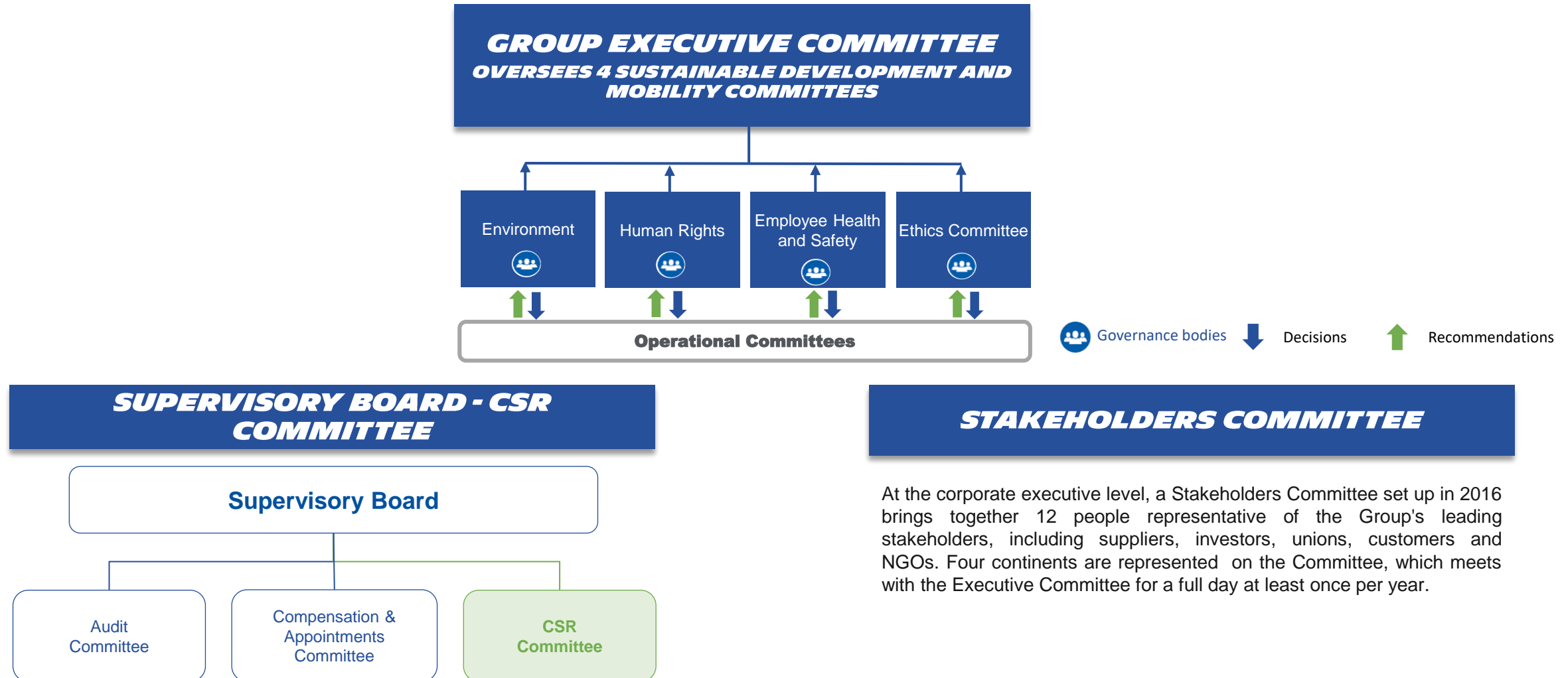


**1<sup>ER</sup> OF 39**  
in the sector





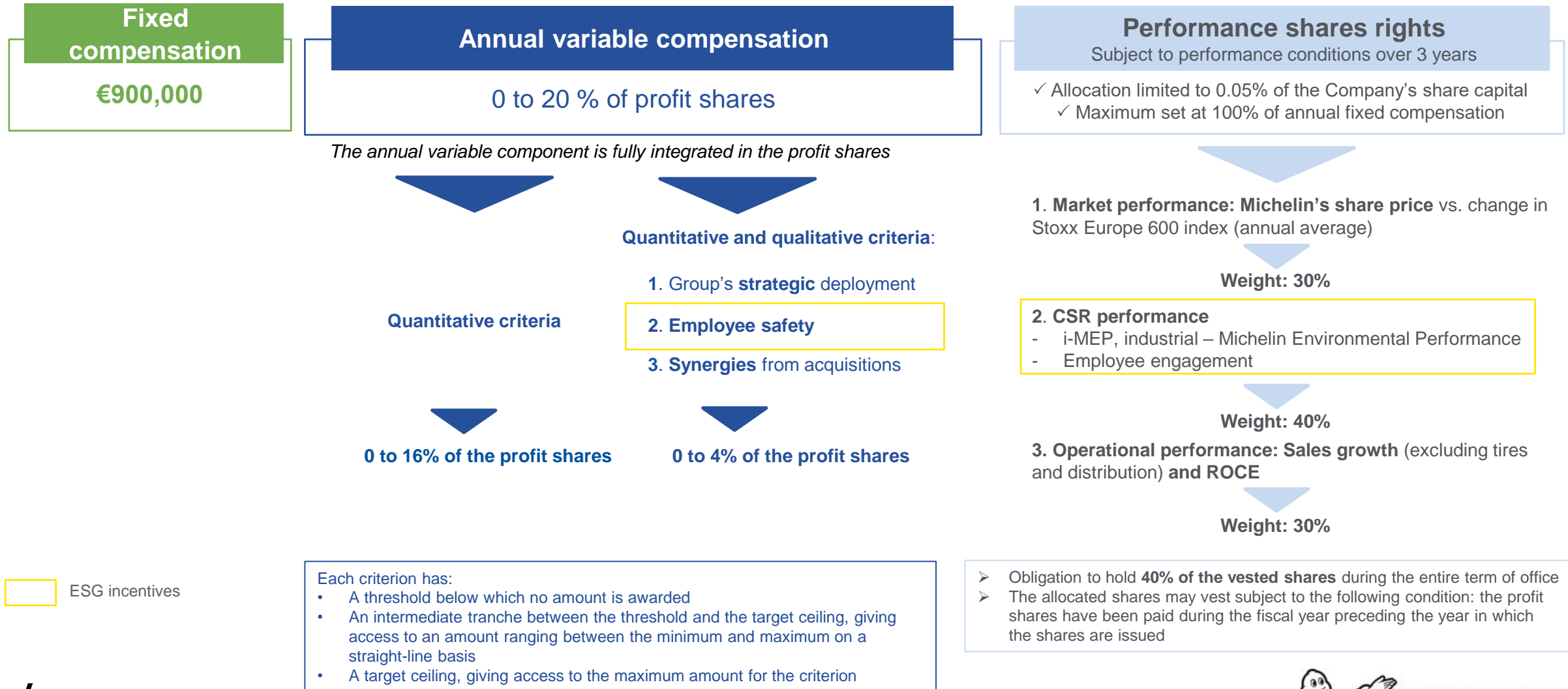
## ESG AWARENESS AND OVERSIGHT ARE FULLY EMBODIED IN MICHELIN'S GOVERNANCE STRUCTURE





## ESG IS MANAGED AT HIGHEST LEVEL BY AN INCENTIVIZED TEAM

### Florent Menegaux, Managing Chairman, compensation for 2021



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

TRWPs are tiny debris produced by the friction between tires and the road.

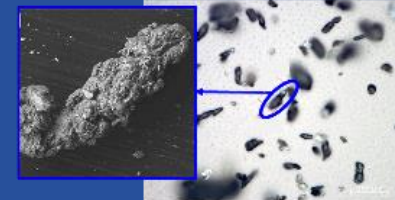
**This friction is what ensures grip and safety on the road**



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

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

### TRWP



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

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

### MICROPLASTICS



5 mm

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

(1) TIP - Tire Industry Project

(2) ETRMA – European Tyre & Rubber Manufacturers Association

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



# ***CAPITAL MARKETS DAY***

## ***KEY MESSAGES***







## ***CAPITAL MARKETS DAY: RELIVE THE EVENT***

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


























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



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



## 2030 VISION: DETAILED STRATEGIC SCORECARD

	AMBITIONS	METRICS	2030 SUCCESS
 People	 Be world-class in employee engagement	 <b>Engagement rate</b>	<b>&gt;85%</b>
	 Be world-class in employee safety	 <b>TCIR*</b>	<b>&lt;0.5</b>
	 Be a reference in diversities and inclusion of teams	 <b>IMDI*</b>	<b>80 points over 100</b>
	 Be best-in-class in value created for customers	 <b>NPS* partners and NPS final customers</b>	<b>+10 and +5 pts respectively</b>
 Profit	 Deliver substantial growth	 <b>Total sales</b>	<b>5% CAGR 23-30</b>
	 Deliver continuous financial value creation	 <b>ROCE*</b>	<b>&gt;10.5%</b>
	 Maintain MICHELIN brand power	 <b>Brand vitality quotient</b>	<b>+5 pts vs 2021</b>
	 Maintain best-in-class innovation pace in products and services	 <b>Offers vitality index</b>	<b>&gt;30%</b>
 Planet	 Reach carbon neutrality by 2050 (manuf. and energy)	 <b>CO2 emissions scopes 1&amp;2</b>	<b>(50%) vs. 2010</b>
	 Contribute to reaching carbon neutrality (usage)	 <b>Products energy efficiency (scope 3)</b>	<b>+10% vs. 2020</b>
	 Be best-in-class in environmental footprint of industrial sites	 <b>i-MEP*</b>	<b>-1/3 vs. 2019</b>
	 Reach full circularity of products by 2050	 <b>Sustainable Material Rate</b>	<b>40%</b>

\* TCIR = Total Case Incident Rate ; IMDI = Inclusion and Diversities Management Index ; NPS = Net Promoter Score ; ROCE = Return on Capital Employed ; i-MEP = industrial - Michelin Environmental Performance, see p.150 of the 2020 Universal Registration Document



## 2023 TARGET: EXITING THE CRISIS IN A POSITION OF STRENGTH

### 2020 → 2023

**€300M**

Cumulated net gain, tire activity

**~ €80M / YEAR**

#### Manufacturing

Partly reinvested to finance mix enrichment and improve operating leverage

**~ €20M / YEAR**

#### SG&A

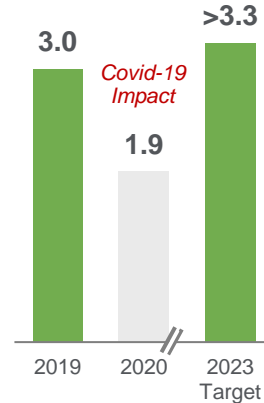
Partly reinvested to finance non-tire businesses expansion, around and beyond tire

### 2023 Group target

#### PROFITABILITY

Segment Operating Income

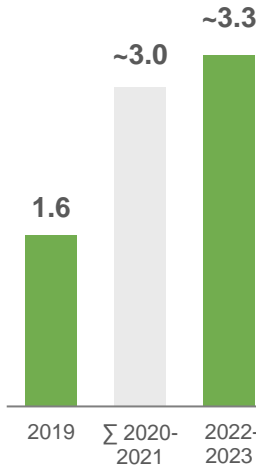
% margin  
12.5% ~13.5%



Cost competitiveness and price mix

#### CASH GENERATION

Structural FCF



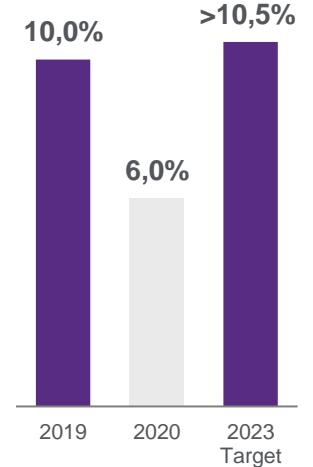
~€6.3bn cumul. structural FCF over 4 years  
€100m inventory reduction / year

- ▶ Segment operating margin thresholds:
- RS1 > 12%
  - RS2 > 10%
  - RS3 > 17%

### From 2023 and beyond

#### RETURN ON CAPITAL EMPLOYED

Including M&A (%)



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

\* See section 5.1.6 of 2020 Universal registration document

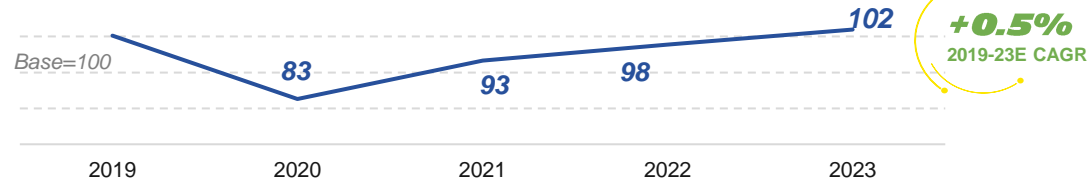


## PASSENGER CAR: STEADY GROWTH WITH STRONG MIX ENRICHMENT

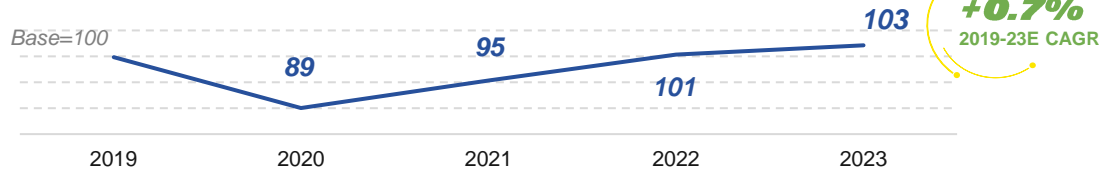


### PASSENGER CAR MARKETS TREND

Original equipment world market (unit)

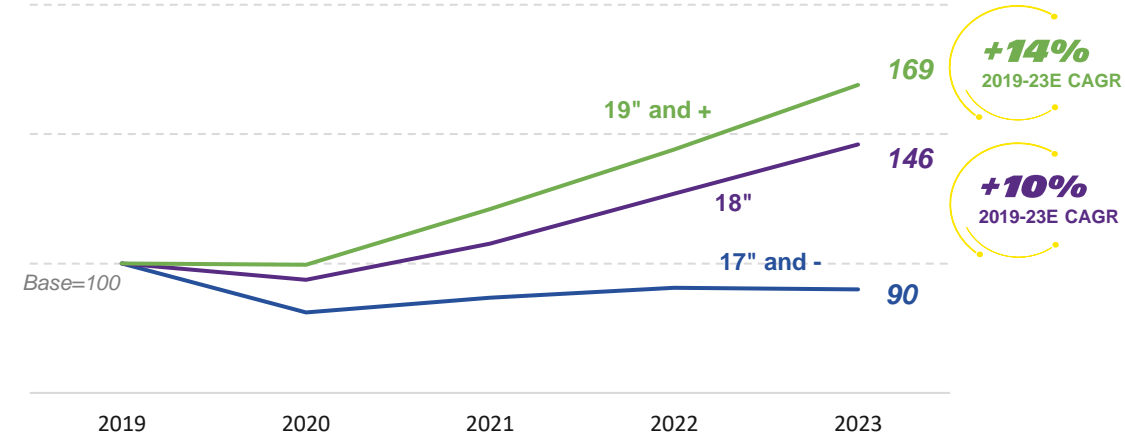


Replacement world market (Unit)



### PASSENGER CAR MARKET BY RIM DIAMETER

Original equipment + Replacement market by diameter (unit)



### GROWTH



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



### SIMPLEXITY



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



### MARGIN



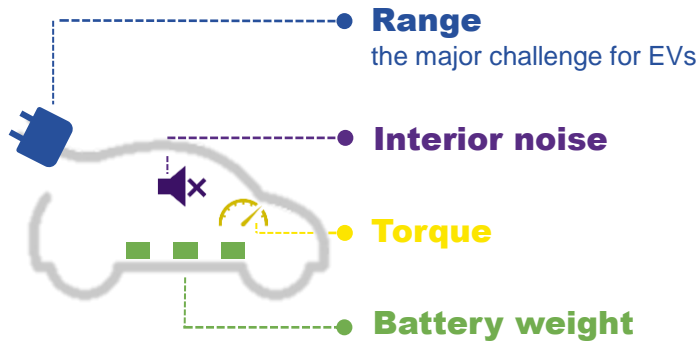
Strong and sustained mix enrichment



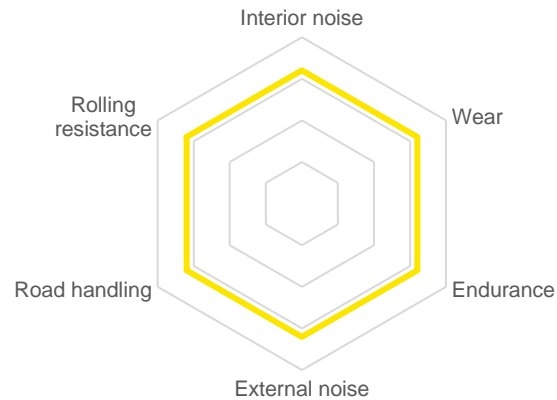
# EV<sup>(1)</sup> MARKET: A GREAT OPPORTUNITY FOR MICHELIN TO DEMONSTRATE ITS TECHNOLOGICAL LEADERSHIP



## VEHICLE ELECTRIFICATION CHALLENGES



## TIRES FOR EV: INCREASE DEMAND FOR PERFORMANCE



High-performance solutions

aligned with EV needs



## AN OFFERING FULLY ALIGNED WITH OPPORTUNITY

EV OE share /  
Total OE share

1.5  
time

for battery  
electric-vehicles

3.1  
times

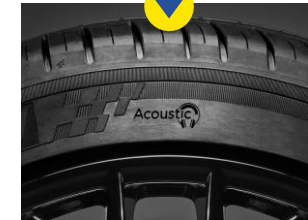
EV >  
ICE<sup>(2)</sup>

OE/RT  
loyalty rate

HL TIRES  
(High Load)

1<sup>ST</sup> TIRES  
in the coming weeks

ACOUSTIC  
TECHNOLOGY



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



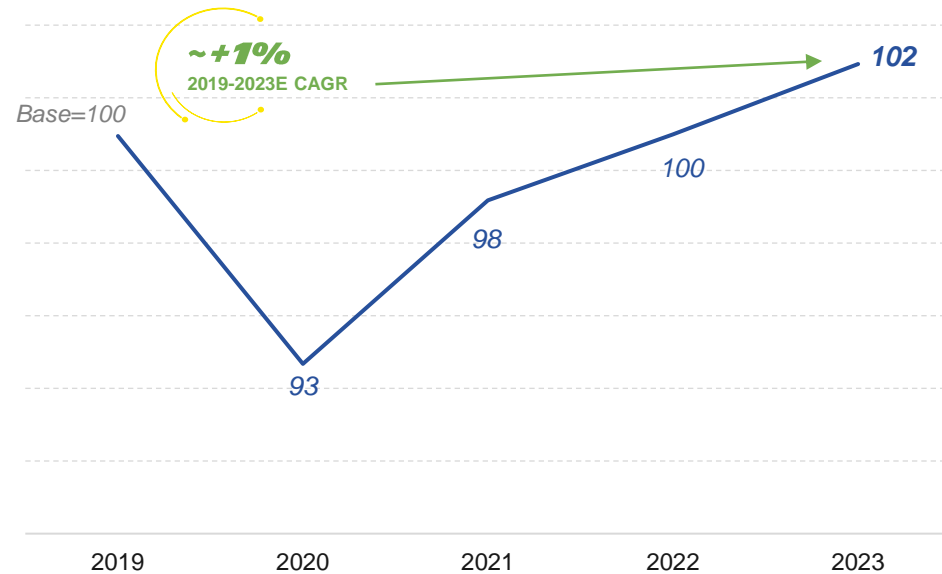


# TRUCKS: RECOVERY PROSPECTS DRIVING VALUE CREATION FOR MICHELIN

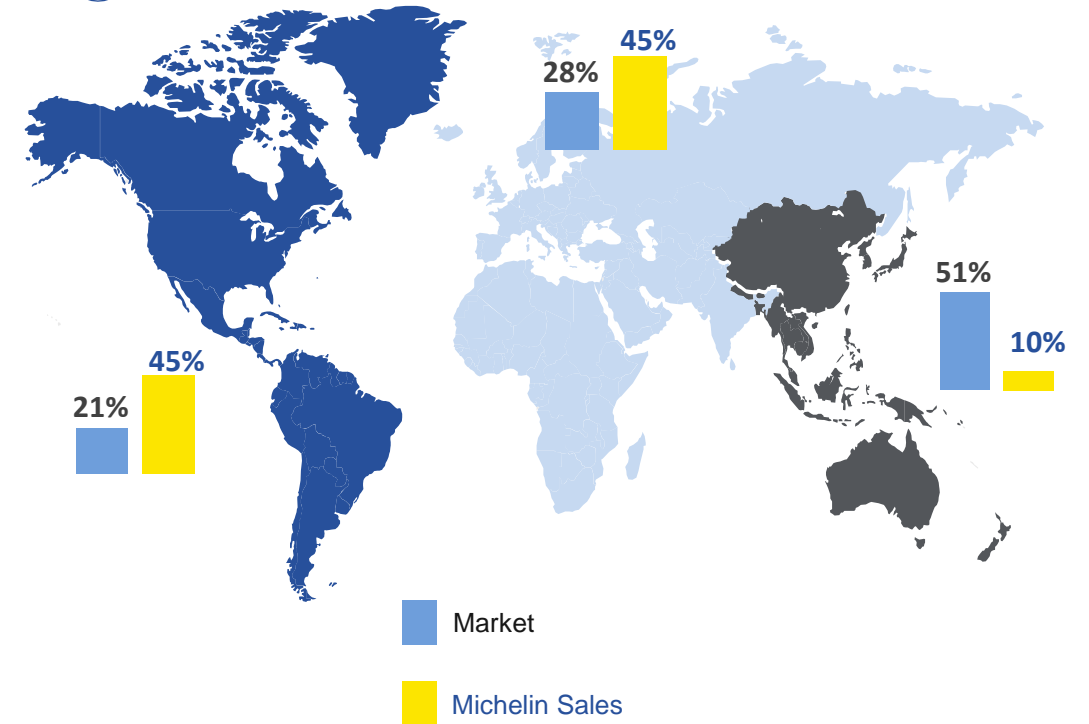


## TRUCK TIRE MARKET TREND

Worldwide market (units)



## 2020 TRUCK TIRE MARKET AND SALES GEOGRAPHICAL DISTRIBUTION



Innovating in new Solutions & Services in Americas and EMEA

Capturing pockets of value creation in Asia



First-half 2021 Results - July 26, 2021





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

## Fleets in search of increased efficiency

Additional projects with connected vehicles



## Acceleration in sustainable transportation

Original Equipment with the new VECTO standards



## Acceleration in "Last mile delivery"

E-commerce: +36% of professional vehicles in the city center by 2025\*



## Connected solutions focused on efficiency

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

## Solutions to improve environmental footprint

- New optimized products:
  - Rolling resistance
  - Sustainable material rate
  - Long-lasting performance
- Strengthening of the retreading business
- Michelin Green Mobility / Watea

## Targeted offers for "last mile" fleets

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

\* Source: Accenture Research



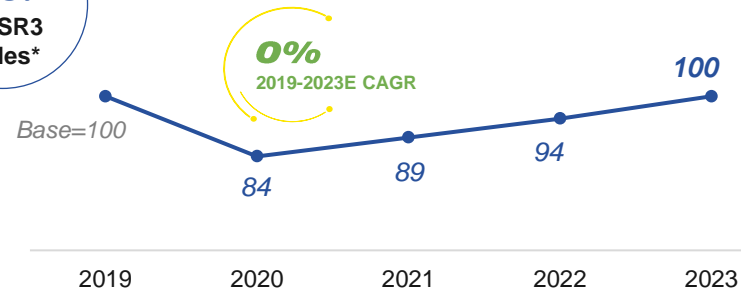
# MINING, OFF THE ROAD AND 2-WHEELS TIRES: STRUCTURALLY GROWING MARKETS, INCREASINGLY INFLUENCED BY ENVIRONMENTAL CONCERNS



## MINING MARKETS

Worldwide market / underground mining (tons)

~35%  
of SR3  
sales\*



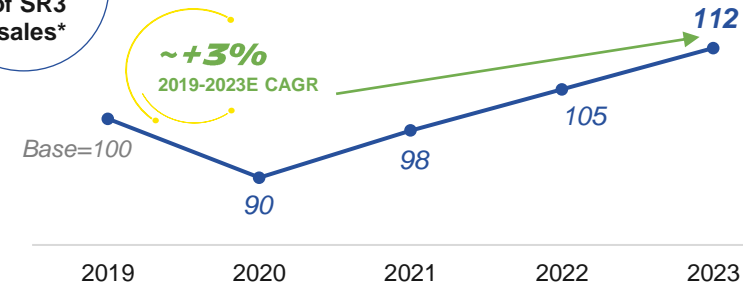
2019-2030  
CAGR:  
~+3%



## MOTO LEISURE & COMMUTING MARKETS

Worldwide market (units)

~7%  
of SR3  
sales\*



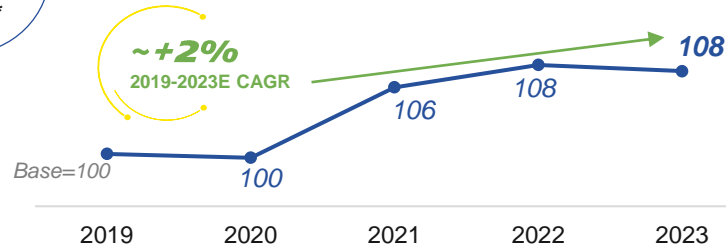
Volume and value  
growth: use of  
bicycles and  
scooters to increase  
up to 10% by 2030



## AGRICULTURE MARKETS

Worldwide\* market (units tires & tracks)

~12%  
of SR3  
sales\*



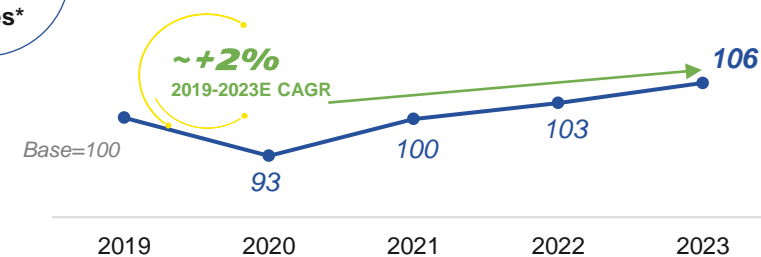
Long-term  
CAGR:  
~+3%



## CONSTRUCTION MARKETS

Worldwide market (units)

~12%  
of SR3  
sales\*



Recovery  
following  
adverse cycle  
in construction

\* 2019 Sales



## ***SPECIALTIES: POSITIONED TO CAPTURE CYCLE UPSIDE THROUGH DIFFERENTIATION***

### **Product Differentiation**

- Performance and braking
  - Wet grip, for new and used tires
- 
- Tire resistance
  - Connected tire (e.g., MEMS or TPMS)
- 
- Increase in loads carried and driving speeds
  - Reduced of compaction of agricultural soils
- 
- Lower energy consumption and CO<sub>2</sub> emissions
  - Mass efficiency
  - Recyclable products

**MICHELIN  
XDR – 63"**



**MICHELIN  
CEREXBIB 2**



### ***SAFETY***

### ***OPERATIONS CONTINUITY***

### ***OPERATIONS PRODUCTIVITY***

### ***SUSTAINABILITY***

### **Service Differentiation**

- On-site auditing
- 
- On-site inspections and connected preventive maintenance
- 
- Real-time monitoring of mining and agricultural tires
  - Engineering (e.g., conveyors)
- 
- End-of-life product management

### **ON-SITE INSPECTION AND MAINTENANCE**



### **RECYCLING**



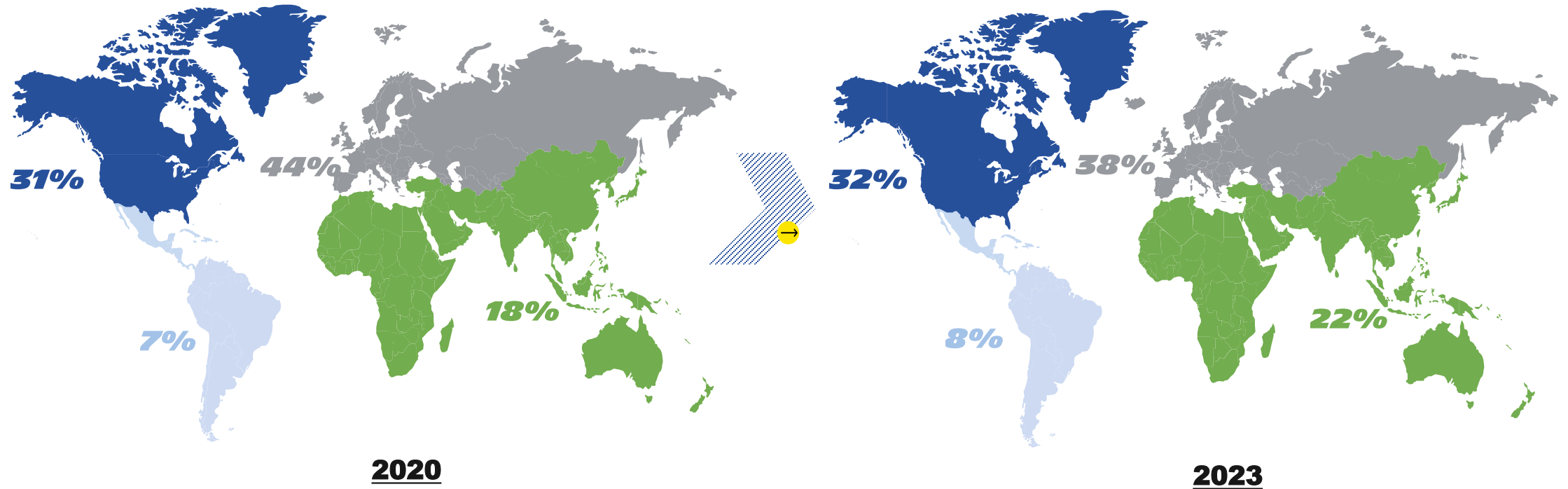


# COMPETITIVENESS PLAN: REBALANCING OUR INDUSTRIAL FOOTPRINT TO BECOME MORE LOCAL-TO-LOCAL



## SEIZING POSITIVE MOMENTUM IN EMERGING MARKETS

(% Manufacturing capacity)



Increase local-to-local ratio  
Reducing inventories and CO<sub>2</sub> emissions  
Best-in-class supply chain





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

Automation  
Artificial  
Intelligence

**DIGITAL  
MANUFACTURING**

**MASSIFYING  
FLAGSHIP  
PLANTS**

**€80M**  
**in productivity**  
**gains/year**  
**net of inflation**  
**2020-2023**

**OPERATIONAL  
EXCELLENCE**

**MATERIAL COST  
REDUCTION**

Flexibility  
Simplexity  
Process  
Standardization

Responsiveness  
Cost optimum

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

Design to cost  
Scrap reduction  
Upstream gains



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

### **INCREASING PRODUCTIVITY**

Leveraging new technologies (AI)

Digitalizing operations

Optimizing the industrial footprint

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

### **SIMPLIFYING PROCESSES**

Standardizing best practices

Decision making closer to customers

Developing shared service centers

Reengineering end to end processes

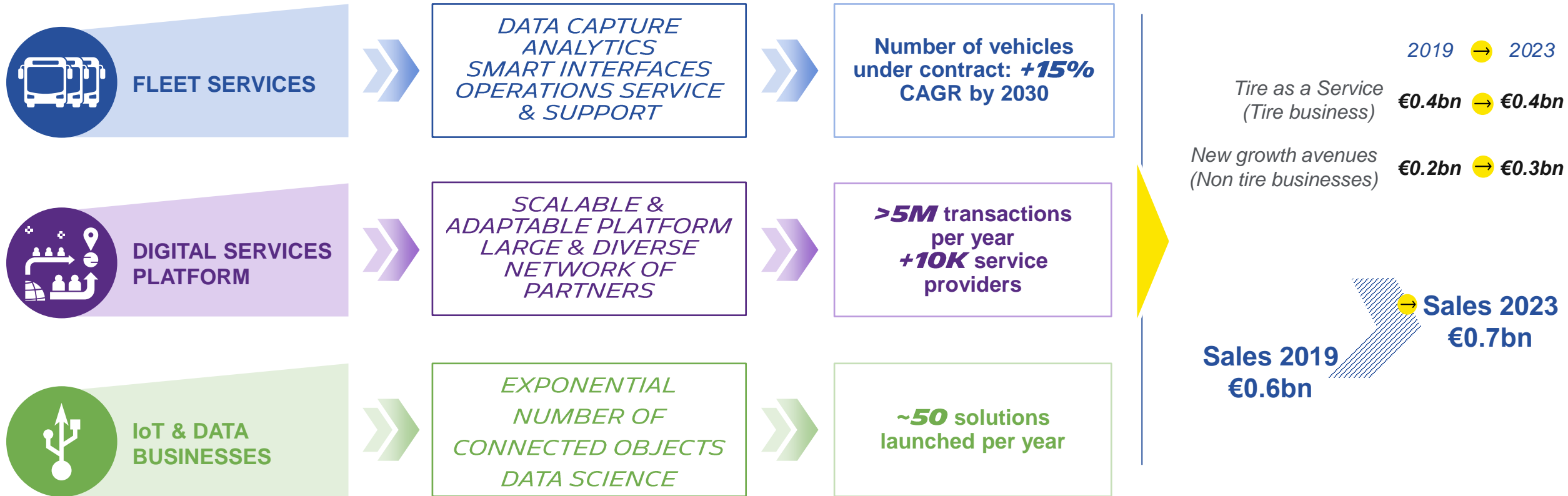


## SERVICES AND SOLUTIONS: DEVELOPING AND ENRICHING OUR VALUE PROPOSITION FOR FLEETS AND MOBILITY



Expanding our customer base  
Reaching new territories

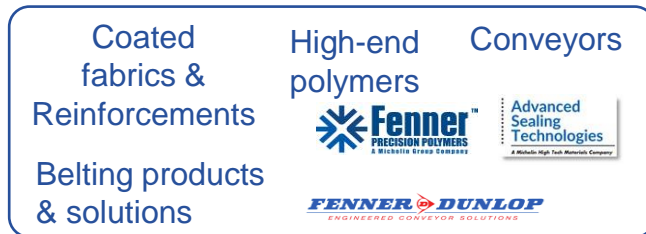
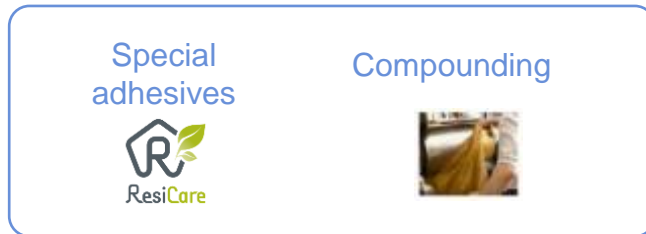
# **SERVICES AND SOLUTIONS: KEY LEVERS TO REACH OUR AMBITIONS**



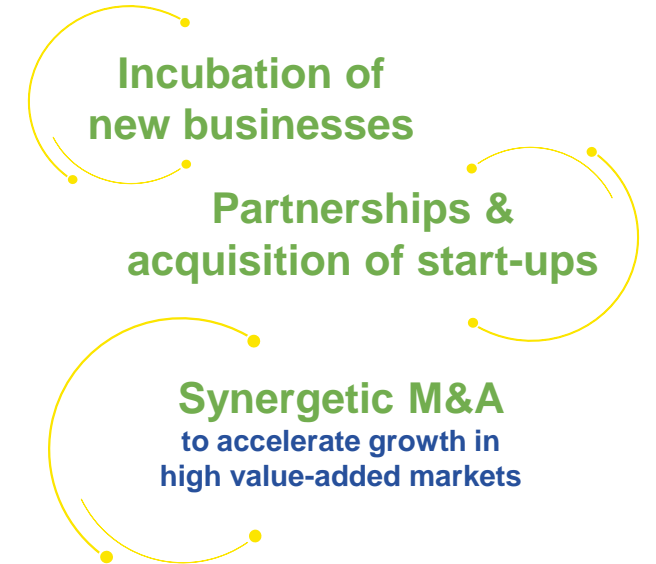
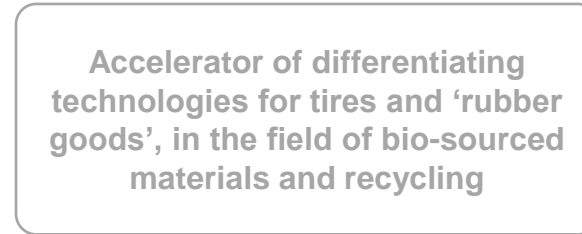
# 5 HIGH-TECH MATERIALS: STRENGTHENING OUR POSITIONS ALONG THE VALUE CHAIN



## CURRENT ACTIVITIES



## TARGET POSITIONING







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

## REGENERATIVE MEDICINE & CELLULAR THERAPY

SOLESIS

### MARKET POTENTIAL

Cell & gene therapy  
**+20%  
CAGR 2020-2030**

Cardio medical devices  
**>10%  
CAGR 2020-2030**

### AMBITIONS <sup>1</sup>

Becoming a leading innovation and manufacturing partner  
**Cell therapy  
Bioresorbables  
Regenerative medicine**

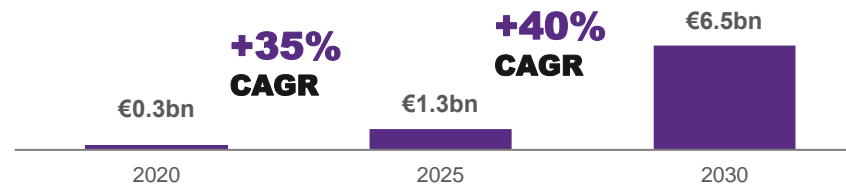
Being the manufacturing operator customers' trust

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

## HYDROGEN MOBILITY

SYMBIO  
A FAURECIA MICHELIN HYDROGEN COMPANY

### MARKET POTENTIAL



### AMBITIONS <sup>2</sup>

Becoming a leader in fuel cell stack systems

**€0.2bn sales in 2025**

**€1.5bn sales in 2030**

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

## 3D METAL PRINTING

AddUp  
GLOBAL ADDITIVE SOLUTIONS

### MARKET POTENTIAL

Medical & aerospace are the most industrial-scale end markets

**+23%  
CAGR 2020-2030**

**~\$13bn in 2030**

### AMBITIONS <sup>3</sup>

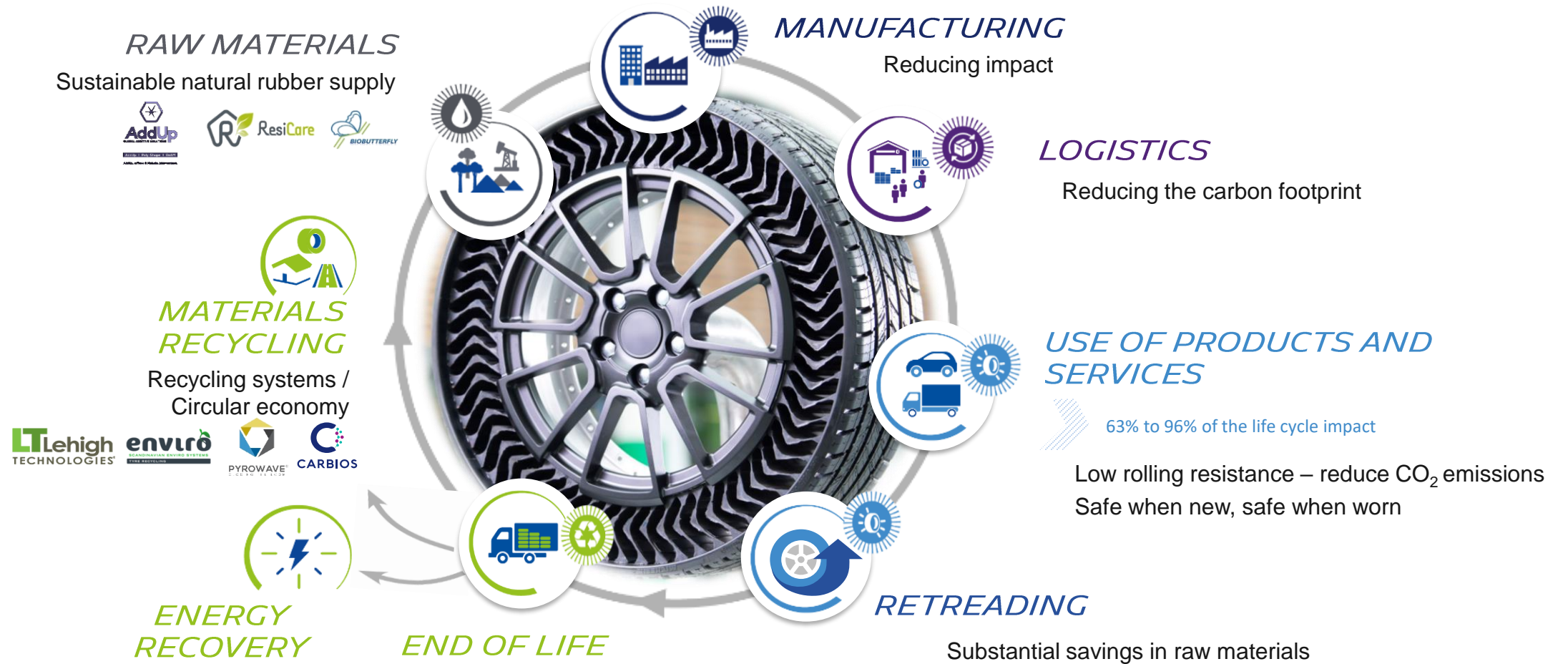
**€100m sales and breakeven by 2023**

**>€500m sales by 2030**

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



# ENVIRONMENTAL AWARENESS, THROUGHOUT THE LIFECYCLE OF MICHELIN'S PRODUCT, STARTING FROM R&D DESIGN





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

act4nature  
international



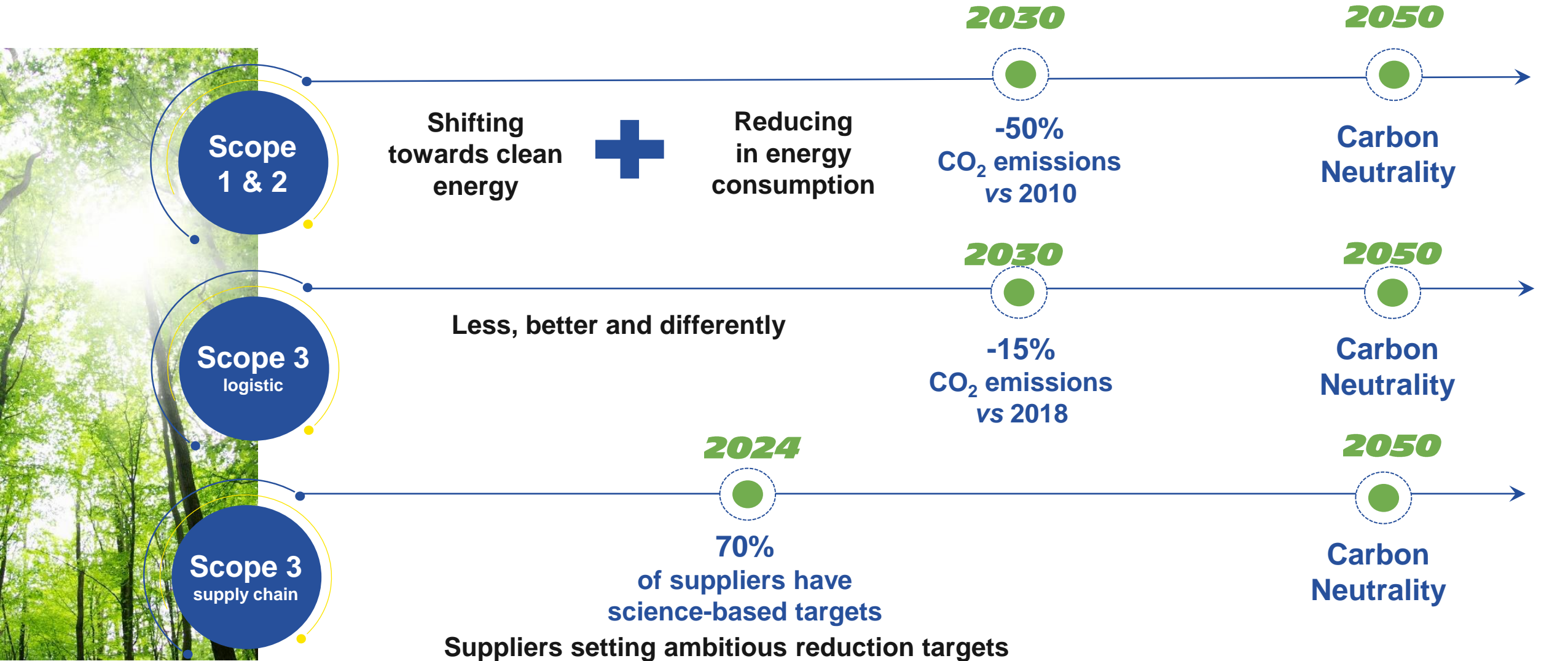
AMBITIONS  
FOR 2030

▶ BIODIVERSITY





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





## CONTINUOUSLY IMPROVING THE ENVIRONMENTAL PERFORMANCE OF OUR PRODUCTION SITES



### 2030 OBJECTIVES

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



WATER  
WITHDRAWALS



**-33% <sup>(1)</sup>**

(m<sup>3</sup>/t weighted by water stress index)



GENERATED  
WASTE



**-25% <sup>(1)</sup>**

(kg/t)



ORGANIC  
SOLVENT  
CONSUMPTION



**-50% <sup>(1)</sup>**

(kg/t)



ENERGY  
CONSUMPTION



**-37% <sup>(2)</sup>**

(GJ/t)



CO<sub>2</sub> EMISSION



**-50% <sup>(2)</sup>**

(t)

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

(2) vs 2010

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





## **SETTING THE STANDARD FOR EMPLOYEE DIVERSITY AND INCLUSION**

### **EQUAL OPPORTUNITY**

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

### **GENDER BALANCE**

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

### **DISABILITY**

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



### **IDENTITY**

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

\* Diversity & Inclusion

### **MULTI-NATIONAL MANAGEMENT**

All our host country nationalities and cultures are represented in all corporate functions in the operating regions and at headquarters, in line with the geographical footprint of each business.

### Free cash flow

FCF is stated before dividend payments and financing transactions. It corresponds to net cash from operating activities less net cash used in investing activities, adjusted for net cash flows relating to cash management financial assets and borrowing collaterals.

### Structural free cash flow

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

### ROCE

In the 2016-2020 Plan, ROCE was calculated as

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

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

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

### Tire Sales

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

### Non-tire sales

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



## **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 <http://www.michelin.com/eng/> 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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