



PRESS RELEASE

GROUP

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COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

With sales up 20.2% in 2022, Michelin delivered its segment operating income guidance by reaching €3.4 billion

Amid market turbulence and a highly inflationary context, Michelin sales increased to €28.6 billion and segment operating income totaled €3.4 billion. Free cash flow was punctually impacted by inflation and year-end trade timing. Over the 2019-2022 period, the Group has demonstrated the resilience of its business model.

Sales rose 20.2% to €28.6 billion, lifted by firm pricing discipline and fast-growing non-tire sales:

- Tire markets up slightly in 2022, supported by Original Equipment (from a low comparison basis) and sustained demand from Truck and Mining tire customers.
- Tire sales volumes down, mainly impacted by the conflict in Ukraine and the Covid consequences in China, and reflecting the Group's priority set on margin protection.
- The price-mix effect came to 13.7%, demonstrating the Group's determination to offset all cost inflation factors.
- Non-tire sales grew by 22% at constant exchange rates, confirming their strong momentum.
- A 6.2% positive currency effect, led by the US dollar.

Segment operating income totaled €3.4 billion or 11.9% of sales, driven by dynamic pricing management :

- Pricing maintained unit margin integrity, offsetting a record €2.7 billion in higher costs.
- Operating margin reflected a 1.2-point dilutive effect from price increases.
- Each reporting segment contributed to improved segment operating income, with Specialties' margin reaching 16.2% in H2 2022.

Reported free cash flow before acquisitions of - €104 million. Structural free cash flow¹ of + €378 million:

- One-off impact of inflation on working capital, reducing structural free cash flow by around €500 million
- Q4 penalized by purchasing cuts and stronger December sales for c. -€300m, which will be offset in first-quarter 2023.

Return on Capital Employed (ROCE) reached 10.8% up 0.5 points vs. 2021.

Overall Group performance improved in line with the "Michelin in Motion 2030" strategic plan objectives set for each of its three People, Profit, Planet pillars:

- Strong and rising employee engagement rate of 83%
- CO₂ emissions for scopes 1 & 2 reduced by 17% vs. 2021
- Sustainable materials rate in tires reached an average of 30%

Net income reached €2.0 billion for the year. A €1.25 per share dividend will be proposed at May 2023 Annual general meeting.

Florent Menegaux, Managing Chairman, said: "In a chaotic environment impacted by a combination of systemic crises, Michelin delivered solid results in 2022. With our future in mind, we maintained all of our industrial and R&D investments. I want to recognize our associates' engagement which contributes year after year to our Group's successful development."

2023 outlook: based on a soft market demand scenario, Michelin's objective is to report segment operating income in excess of €3.2 billion at constant exchange rates and free cash flow before acquisitions of more than €1.6 billion.

¹ Structural free cash flow corresponds to reported free cash flow before acquisitions, adjusted for the impact of changes in raw material costs on trade payables, trade receivables and inventories.

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Key figures

(IN € MILLIONS)	2022	2021	2020
SALES	28,590	23,795	20,469
SEGMENT OPERATING INCOME	3,396	2,966	1,878
SEGMENT OPERATING MARGIN	11.9%	12.5%	9.2%
AUTOMOTIVE AND RELATED DISTRIBUTION	12.1%	13.7%	8.3%
ROAD TRANSPORTATION AND RELATED DISTRIBUTION	8.6%	9.6%	5.6%
SPECIALTY BUSINESSES AND RELATED DISTRIBUTION	14.9%	13.0%	14.8%
OTHER OPERATING INCOME AND EXPENSES	(375)	(189)	(475)
OPERATING INCOME	3,021	2,777	1,403
NET INCOME	2,009	1,845	625
EARNINGS PER SHARE ¹	€2.81	€2.58	€0.88
DIVIDEND PER SHARE ²	€1.25	€1.125	€0.575
SEGMENT EBITDA	5,262	4,700	3,631
CAPITAL EXPENDITURE	2,141	1,705	1,221
NET DEBT	4,320	2,789	3,531
GEARING	25.2%	18.6%	28.0%
PROVISIONS FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS	2,561	3,362	3,700
FREE CASH FLOW ³	(180)	1,357	2,004
STRUCTURAL FREE CASH FLOW ⁴	378	1,793	2,010
ROCE ⁵	10.8%	10.3%	6.0%
EMPLOYEES ON PAYROLL ⁶	132,200	124,760	123,600

1 2021 and 2020 earnings per share have been restated to reflect the four-for-one stock split on June 16, 2022. 2021 as reported: €10.31; 2020 as reported: €3.52.

2 2022 dividend subject to approval by the Annual Shareholders Meeting on May 12, 2023. 2021 and 2020 dividends per share have been restated to reflect the four-for-one stock split on June 16, 2022. 2021 as reported: €4.50; 2020 as reported: €2.30.

3 Free cash flow corresponds to net cash from operating activities less net cash used in investing activities, adjusted for net cash flows relating to cash management financial assets and borrowing collaterals.

4 Structural free cash flow corresponds to free cash flow before acquisitions, adjusted for the impact of changes in raw material prices on trade payables, trade receivables and inventories.

5 For the ROCE calculation, amortization of acquired intangible assets and the Group's share of profit/(loss) from equity-accounted companies are added to the segment operating income. ROCE is calculated after tax, using a standard rate of 25%.

6 At period-end.



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Market review

▪ PASSENGER CAR AND LIGHT TRUCK TIRES

2022/2021 (in number of tires)	WESTERN & CENTRAL EUROPE*	NORTH & CENTRAL AMERICA	CHINA	GLOBAL MARKET
Original Equipment	+4%	+10%	+7%	+7%
Replacement	+2%	-4%	-13%	-1%

*Including Turkey.

The global Original Equipment and Replacement Passenger car and Light truck tire market grew by 1% year-on-year in 2022, but remained 2% down on 2019.

• ORIGINAL EQUIPMENT

Worldwide Original Equipment demand climbed 7% year-on-year but fell 8% short of 2019 levels. This broadly favorable trend reflected a full-year dynamic shaped by a slight 1% contraction in the first half, caused by automaker production issues, followed by a 15% upsurge in the second half due to the favorable comparison with a prior-year period impacted by the severe global shortage of semiconductors.

The regional market most affected by the multitude of crises was Europe, where the market ended the year up just 4%, with demand still 24% down on 2019.

Buoyed by low new vehicle inventory, demand in North America held firm throughout the year, gaining 10% overall but remaining 12% lower than in 2019.

In China, the resurgence of Covid-19 in April and May caused demand to hit new lows before rebounding sharply in June as health restrictions were lifted. The favorable momentum continued into the third quarter, led by the introduction of new car incentives and fast-growing EV sales, but slowed in the final three months with the resurgence of the health crisis. In all, the market expanded by 7% over the year and stood 6% higher than in 2019.

• REPLACEMENT

Although hard hit by conditions in China and North America, global Replacement tire demand was broadly unchanged in 2022, losing just 1% and moving back in line with 2019. After rising 1% in the first half, the market contracted by 3% in the second half due to a more unfavorable basis of comparison.

Demand in Europe ended the year up 2% despite a steep 11% decline in the fourth quarter from the prior-year period, when the market was lifted by (i) early buying ahead of the January 1, 2022 price increases announced across the tire industry in a highly inflationary environment; and (ii) stronger winter season sales than in 2022.



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The North American market moved back in line with 2019 levels, despite a 4% decline in demand during the year. The firm growth delivered by the region in the first half (up 1% from the high basis of comparison) was dampened in the second (down 8%) when dealers had to clear out the substantial Asian import inventory over the summer.

In China, the impact of the health crisis weighed on demand throughout 2022, pushing the annual market down 13% year-on-year and 15% behind 2019.

▪ **TRUCK TIRES (radial and bias)**

2022/2021 (in number of tires)	WESTERN & CENTRAL EUROPE*	NORTH & CENTRAL AMERICA	SOUTH AMERICA	GLOBAL MARKET
Original Equipment	+5%	+10%	+18%	-19%
Replacement	+6%	+13%	+4%	+1%

*Including Turkey.

The worldwide Truck tire market shrank by 4% in 2022, dragged down by the 26% plunge in Chinese demand. Excluding China, the market was up 7% for the year and rose by 9% versus 2019.

The fall-off in Chinese demand over the period largely reflected the highly unfavorable comparison with 2021, when new truck purchases soared ahead of implementation of the China 6 emissions standard on July 1. This was followed by a sharp slowdown in OE demand, as well as in Replacement.

• **ORIGINAL EQUIPMENT**

In Original Equipment, the global market for Truck tires contracted by 19% in 2022. Excluding China, demand rose by 12% over the year and stood 6% higher than in 2019.

Markets in Europe (up 5%) and North America (up 10%) remained very buoyant at year-end, as driver shortages and strong freight demand continued to encourage trucking companies to upgrade their fleets, keeping truck-maker order books full through to 2023.

In South America, demand rose 18% on a surge in new truck orders in the second half ahead of the introduction of new CO₂ emissions standards on January 1, 2023.

• **REPLACEMENT**

The global Replacement Truck tire market declined by 1% in 2022. Excluding China, robust freight demand enabled the market to end the year up 6% on 2021 and 10% higher than in 2019.

In Europe, the market grew by 6% overall in 2022, but momentum slowed during the year, from a 16% gain in the first half to a 3% decline in the second half on less favorable comparatives. Compared with 2019, the market was up 17%.

Demand in the Americas was particularly robust during the year, with vibrant local economies driving growth of 13% in North America (up 34% on 2019), and 4% in South America (up 20% on 2019).



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- **SPECIALTIES**

MINING TIRES: Supply chains showed an improvement in the second quarter and demand for ore remains strong. Mining company tire inventory is still low, helping to lift the market.

AGRICULTURAL AND CONSTRUCTION TIRES: Demand for farm machinery tires rose sharply in OE markets, but was more mixed in Replacement, particularly in Europe. In the Construction segment, the Infrastructure tire market, lifted by public spending, rose over the year in both the OE and Replacement segments, while the Compact Line market, which is more dependent on residential real estate, was down due to the uncertain economic environment.

TWO-WHEEL TIRES: Demand increased year-on-year but remained adversely impacted by rising dealer inventories as sell-out slowed in the second half and inflation eroded consumer purchasing power, particularly in the Recreational segment.

AIRCRAFT TIRES: Demand rose off still favorable prior-year comparatives, particularly in the Commercial and General Aviation segments.

CONVEYOR BELTS: The market remains robust in every region, both in the mining segment, driven by strong demand for commodities, and in the manufacturing segment, supported by high capital spending.

SPECIALTY POLYMERS: Demand is continuing to expand in the leading markets, including industry, aerospace, energy and medical applications.



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Sales and Results

▪ SALES

Sales stood at €28,590 million for the year, up 20.2% compared to 2021.

The year-on-year change reflected the combined impact of the following factors:

- 2% decline in tire volumes. In an uncertain economic environment, this primarily resulted from the discontinuation of the Group's operations in Russia as from March as well as the resurgence of Covid-19 in China, particularly in the second and fourth quarters. This decrease in volumes is partially attenuated by dynamic sales within the distribution networks owned by the Group;
- a 13.7% positive price-mix effect. The €3,054 million gain from prices reflected (i) the disciplined, assertive pricing policy applied in every segment to offset rising raw materials, energy, labor and other costs of sales; and (ii) the favorable impact of price adjustments in the indexed businesses. The €196 million positive mix effect reflected the priority focus on the MICHELIN brand and on high value-added products and services, as well as the growth in demand for 18-inch and larger tires;
- a 6.2% positive currency effect, due in particular to the sharp increase in the US dollar and the Brazilian real against the euro;
- a 1.2% increase from changes in the scope of consolidation, primarily attributable to the inclusion of Allopneus since December 30, 2021.

Sales from non-tire activities, which are more resilient and less dependent on supply chains, rose by 22% over the year, adding 1.1% to the growth in consolidated sales.

▪ SITUATION OF THE GROUP'S ACTIVITIES IN RUSSIA

In a June 28, 2022 press release, Michelin acknowledged the technical impossibility of resuming operations in Russia, which had been standing still since March. As a result, it was intending to dispose of its operations in Russia by the end of the year 2022.

Since this announcement, the Group has been working on several exit scenarios, including the sale to a third-party. The process of search and negotiation with a local buyer takes more time than planned initially. It is still ongoing.

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▪ RESULTS

Segment operating income amounted to €3,396 million or 11.9% of sales for the year ended December 31, 2022, compared with €2,966 million and 12.5% in 2021. The €430 million improvement reflected the net impact of the following factors:

- a very slight €3 million decrease from changes in the scope of consolidation, as the gain from including Allopneus was offset by the removal of Solesis in May 2021;
- a €464 million decrease from the decline in volumes sold and the resulting fixed cost shortfall;
- a robust €3,143 million increase from the favorable price-mix effect, reflecting highly assertive pricing management at a time of steeply rising raw material prices, energy costs and, especially in the first half, freight charges. Over the year, the favorable mix effect was supported by sustained growth in sales of 18-inch and larger tires in the Passenger car segment and the priority focus on the MICHELIN brand in Truck tires, as well as by the strong sales of mining tires in the second half;
- a €1,194 million decrease from the spike in the cost of materials consumed over the year, as well as in their shipping costs, particularly in the first half. Given that a significant proportion of raw materials purchases are US dollar-linked, the currency's strength against the euro also contributed to the higher input costs;
- a €1,496 million decrease from the rise in production and supply chain costs, with both production and finished product shipping costs strongly impacted by the increase in energy, transportation, payroll and spare part costs;
- a €160 million decrease from the year-on-year growth in SG&A expenses (including research and development outlays) in the Tire operations, reflecting the impact of the upturn in business and especially in travel expenses, which in 2021 were still being held down by the global health situation. SG&A expenses ended the year at 2019 levels, even with the significant impact from inflation in 2022;
- a €354 million increase from other favorable cost factors, including an adjustment in variable compensation paid in respect to 2022;
- a €184 million gain from exchange rate movements, as the very favorable impact of the rise in the US dollar against the euro was attenuated by the unfavorable impact of the decline in some other currencies, most notably the Turkish lira.

Other operating income and expenses unallocated to the operating segments represented a net expense of €375 million in 2022 versus a net expense of €189 million in 2021. The €186 million increase mostly corresponded to the recognition of a €139 million impairment loss on the Group's balance sheet exposure to Russia, along with the €13 million cost of restructuring a UK-based Fenner business unit that primarily serves the Russian market.

▪ NET FINANCIAL POSITION

Free cash flow ended the year at a negative €180 million, compared to a positive €1,357 million in 2021, primarily due to the impact of cost inflation factors on working capital components and the increase in capital expenditure.

Gearing stood at 25.2% at December 31, 2022, corresponding to net debt of €4,320 million, up €1,531 million from December 31, 2021.

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▪ SEGMENT INFORMATION

In € millions	Sales		Segment operating income		Segment operating margin	
	2022	2021	2022	2021	2022	2021
Automotive and related distribution	14,138	11,998	1,711	1,643	12.1%	13.7%
Road transportation and related distribution	7,462	6,233	641	599	8.6%	9.6%
Specialty businesses and related distribution	6,990	5,564	1,044	724	14.9%	13.0%
Group	28,590	23,795	3,396	2,966	11.9%	12.5%

• AUTOMOTIVE AND RELATED DISTRIBUTION

Sales in the Automotive and related distribution segment rose by 17.8% in 2022, while sales volumes declined by 4% over the year. After contracting 3.4% in the first half, hard hit by the war in Ukraine and the health situation in China, which led to a large number of lockdowns, volumes were down another 4.5% in the second six months, reflecting less favorable comparatives and the worldwide slowdown in demand caused by the economic environment.

In this disrupted environment, the Group focused on the highest value market segments, by continuing to broaden its product portfolio and developing its sales in the premium 18-inch and larger segment. In addition, the successful deployment of an assertive, dynamic pricing policy demonstrated the Group's ability to leverage its technological leadership and brand recognition to drive higher sales at a time of significantly rising costs.

In addition to the positive price-mix effect, reported growth was boosted by the consolidation of Allopneus as from December 30, 2021.

Automotive segment operating income came to €1,711 million or 12.1% of sales, versus €1,643 million and 13.7% in 2021. The decrease of margin in percentage of sales mostly reflects the dilution effect of prices increases.

• ROAD TRANSPORTATION AND RELATED DISTRIBUTION

Sales in the Road transportation and related distribution segment increased by 19.7% year-on-year. Volumes sold edged up 0.4%, as flat growth in the first half turned slightly positive in the second half, reflecting the firm demand that helped to offset the high basis of comparison.



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In this environment, the Group significantly raised its prices to offset rising raw materials, energy, labor and other costs of sales and pursued its selective marketing strategy in value-creating segments, with a sharper focus on the MICHELIN brand.

Road transportation segment operating income amounted to €641 million or 8.6% of sales, compared with €599 million and 9.6% the year before. The decrease of margin in percentage of sales mostly reflects the dilution effect of prices increases.

- **SPECIALTY BUSINESSES AND RELATED DISTRIBUTION**

Sales by the Specialty businesses reporting segment increased by 25.6% year-on-year, to €6,990 million. Due to the large proportion of US dollar-denominated sales, the currency's run-up against the euro had a particularly significant impact on sales.

Segment operating income from the Specialty businesses amounted to €1,044 million or 14.9% of sales, versus €724 million and 13.0% the year before. All the segment's businesses contributed to the gain for the year.

Mining tires: In a still expanding ore market, impelled by growing demand for metals, notably to support the energy transition, Group sales experienced two very different half-year periods in 2022. After a first half heavily impacted by disruptions in downstream supply chains, which slowed finished product shipments, and by the war in Ukraine, which impacted demand in Eastern Europe, the second half saw a sharp upturn, led by the recovery in maritime shipping capacity. In addition, with most mining customer contracts containing raw materials indexation clauses applicable on July 1, the resulting price adjustments gave a major boost to segment sales in the second half.

Beyond-road tires²: The Group captured robust demand in the market's two largest segments, Agricultural and Construction tires, in the first half of the year. However, both showed signs of cooling in the second half, with Construction tire sales hurt by the general slowdown in business and Agricultural tire sales suffering from the drought in Europe over the summer. In this uncertain marketplace, Group sales were impacted by production difficulties, as well as by a more intense competitive environment.

Two-wheel tires: Despite unfavorable comparatives and a highly competitive environment, Group sales rose over the year, led by price increases applied to offset cost inflation factors. Introduced in January 2022, the new MICHELIN Road 6 motorcycle tire made a major contribution to both sales volumes and the mix.

Aircraft tires: The Commercial segment rebounded sharply from very favorable 2021 comparatives, in a still fragile environment impacted by the resurgence of Covid-19 in China, which continues to hold back growth in air transportation and tourism. The Military and General Aviation segments, which were very resilient during the Covid-19 crisis, continued to hold up well.

Fenner's **conveyor belt** operations expanded over the year, driven by the Australian mining industry.

High Tech Materials businesses show a strong growth in every activity, in particular technical joints and precision polymers that benefit from the dynamism of energy markets.

² The Beyond-road segment includes Agricultural, Materials Handling, Quarry, Construction, Defense, and Powersport (snowmobiles, quads, etc.) tires.



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Non-financial performance

Michelin is included in the leading socially responsible investment (SRI) indices. The Group, whose environmental, social and governance performance has been assessed since 2003 by the main non-financial rating agencies, is today widely recognized for its engagement and outcomes.

2022 Results							
Rating agency	Sustainalytics	MSCI	CDP		Moody's ESG	ISS OEKOM	Ecovadis
Score*	Low risk 12.2	AAA	A- Climate change	A- Water security	73/100	B- Prime	77/100 Platinum

*Full details concerning the position and distribution of these scores are available at www.michelin.com.

Non-financial rating agencies in 2022 confirm the Group's excellent ESG performance:

- **SUSTAINALYTICS** (ESG RISK RATING): improvement in the overall rating for the third year in a row, LOW RISK profile, ranked 9th in the global auto components industry.
- **MSCI**: Michelin maintained its **AAA** rating (maximum rating), and confirms its position as industry leader in environmental, social and governance issues.
- **CDP**: Michelin in the "Leadership" category in tackling the challenges of climate change and water security, with the A- rating. Michelin is also recognized as leader in the "Supplier Engagement" category for associating its suppliers in measuring and reducing carbon footprint, as part of the CDP Supply chain program.
- **Moody's**: score of 73/100 retained, confirming Michelin in the top 1% of the "rubber products manufacturing" sector.
- **ISS ESG**: B- rating and PRIME status retained; Michelin keeps its ranking within the top decile across all the rated industries.
- **ECOVADIS**: score of 77/100; Michelin retained its Platinum Medal for its CSR commitment and leadership (awarded to the top 1% of rated companies).

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The Michelin in Motion strategic plan

The Group is continuing to deploy its *Michelin in Motion* strategic roadmap, as announced at the Capital Markets Day in April, 2021.

PEOPLE OBJECTIVES

	INDICATOR	2020	2021	2022	TARGET FOR 2030
Set the global standard in employee engagement	Engagement rate	82%	80%	83%	> 85%
Set the global standard in workplace safety	TCIR ⁽¹⁾	1.19	1.29	1.07	< 0.5
Set the standard for employee diversity and inclusion	IMDI ⁽²⁾	60	65	70	80/100 points
Lead the industry in creating customer value	Partner NPS ⁽³⁾	40.5	38.9	41.6	48 (up 10 pts vs. 2020)
	End customer NPS ⁽³⁾				up 5 pts vs. 2020

(1) Total Case Incident Rate: the number of accidents and cases of occupational illness recorded per 200,000 hours worked.

(2) Diversities and Inclusion Management Index.

(3) Two composite indicators will be created:

The "Partner" NPS, a weighted average of the OEM and dealer clusters, and the "End Customer" NPS, a weighted average of the retail and business customer clusters. In the case of the latter, operational difficulties made it impossible to calculate for 2022. Once the indicator has been published, the Group's objective will be adjusted.

Set the global standard in employee engagement:

The 2022 engagement rate expresses the confidence of Michelin employees towards the Group. It rose to a record high of 83%. It is in progress in every employee category, and all regions have been improving. The 2030 target remains 85%.

Set the global standard in workplace safety:

In 2022, workplace safety data reporting was extended to temp agency workers and recently acquired companies, including CAMSO.

After a challenging 2021 in an unfavorable environment, safety indicators regained their steady improvement in line with Group objectives in 2022, with Distribution in particular delivering a significant upturn of around 20%. All the preventive programs deployed in the manufacturing operations delivered benefits over the year. A roadmap has been prepared and presented to meet the Group's 2030 ambitions. It is now being rolled out with six initiatives ranging from the management of fundamentals to the future development of advanced improvement drivers.

Set the global standard for employee diversity and inclusion:

In a compelling demonstration of the Group's commitment to diversity and inclusion, three of the five IMDI components improved in 2022 (gender balance, disability and promoting from within),

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raising the overall score from 65 to 70/100. In particular, the proportion of women continued to rise, to 18.8% of senior managers (17.3% in 2021) and to 29.4% of all managers and supervisors (28.9% in 2021). The proportion of employees who started their careers as production operators further increased, to 14.8% from 13.8% in 2021, and disability ambassadors were appointed in 16 of the 17 host countries with more than 1,000 employees. Lastly, two of the sub-indicators of the identity metric also improved, reflecting the growing inclusion of all forms of diversity across the Group. The percentage of non-French nationals among senior executives did not significantly increase in 2022.

- **Lead the industry in creating customer value:**

The Partner NPS stood at 41.6 in 2022, versus 38.9 in 2021, with a sharp improvement in the dealer NPS highlighting the major progress made in the quality of the relationship between Michelin sales teams and the customers. The quality of Group's products and brand identity are clearly appreciated. NPS may have been penalized in some geographies by the price increases introduced to offset inflation, as well as by supply chain disruptions in certain segments.

In the Replacement segment, NPS rose to 39.8 from 34.5, with product quality and brand identity still cited as the main strengths of the Group's products and services.

In the OE segment, NPS declined to 47.3 from 52.1, penalized by the price increase context.

- **PROFIT OBJECTIVES**

	INDICATOR	2020	2021	2022	TARGET FOR 2030
Drive significant growth in sales, particularly in segments other than tire manufacturing and distribution	Average annual growth in sales, 2023 to 2030	€20.5bn	€23.8bn	€28.6bn	CAGR 5%
Continuously create value	ROCE ⁽⁴⁾	6.0%	10.3%	10.8%	>10.5% from 2023
Maintain the strength of the MICHELIN brand	Brand vitality indicator ⁽⁵⁾	58	68	65	up 5 pts vs. 2021
Maintain the sustained pace of product and service innovation	Product/service vitality indicator ⁽⁶⁾	33%	31%	31%	>30%

(4) Consolidated ROCE is calculated after adding back (i) goodwill, acquired intangible assets and investments in equity-accounted companies to economic assets; and (ii) amortization of acquired intangible assets and the Group's share of profit from and loans to equity-accounted companies to after-tax earnings.

(5) Composite indicator used to measure the brand's vitality.

(6) Percentage of sales from products and services introduced in the last three years.



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- **Drive significant growth in sales in segments other than tire manufacturing and related distribution:**

In 2022, the Group reported a robust 20.2% increase in sales, led by a dynamic pricing policy, a positive product mix and the 22% growth in its non-tire businesses. The Group is continuing to deploy its growth strategy in new ecosystems around and beyond tires. In 2022, this expansion was driven primarily by sales of precision polymers and fleet management solutions.

- **Continuously create value:**

In 2021, the Group integrated goodwill, acquired intangible assets and investments and loans to equity-accounted companies into its return on capital employed (ROCE) calculation. Consolidated ROCE stood at 10.8% in 2022, up from 10.3% the year before. The gain, which reflected the improvements in both the Group's profitability and its optimization of capital employed, was perfectly in line with the target of sustainably delivering a more than 10.5% ROCE as from 2023.

- **Maintain the strength of the MICHELIN brand:**

In 2021, the brand vitality indicator improved sharply, pulled in particular by the deployment of the MICHELIN brand campaign.

Performances stabilized in 2022, as was the case for most of the other surveyed global brands.

The Group is now confident in:

- The quality of its indicator, consistent with the Brand's performance in the Passenger car tire market, as measured by the Brand Promoter Score.
- The management of its optimization drivers.

To sustain performance over time, the main challenge is to commit the necessary funding, in an inflationist context.

- **Maintain the sustained pace of product and service innovation:**

At 31% in 2022, the product/service vitality indicator was maintained above its objective of 30%, meaning that 31% of the products and services sold in 2022 had been introduced within the past three years.

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▪ PLANET OBJECTIVES

	INDICATOR	2020	2021	2022	TARGET FOR 2030
Achieve carbon neutrality in manufacturing and energy use by 2050	CO ₂ emissions Scopes 1 and 2	-36.5%	-29%	-41%	down 50% vs. 2010
Help achieve carbon neutrality in use	Product/tire energy efficiency (Scope 3)	100	+0.5%	+1.8%	up 10% vs. 2020
Set the global standard for the environmental footprint of manufacturing facilities	i-MEP ⁽⁷⁾	100	-7.4%	-11.2%	down one-third vs. 2020
Ensure that tires are made entirely of sustainable materials	Sustainable materials rate	28%	29%	30%	40%

(7) The "industrial - Michelin Environmental Performance" (i-MEP) indicator is used to track the environmental impacts of the Group's manufacturing operations over the next ten years. It will make these impacts easier to understand by focusing on five priority areas: energy use, CO₂ emissions, organic solvent use, water withdrawals, and waste production. The i-MEP is described in more detail in the methodological note in section 4 of the 2020 URD.

• **Achieve carbon neutrality in manufacturing and energy use by 2050:**

In 2022, carbon emissions declined by 17% year-on-year, led by:

- a decrease in output;
- a slight 1% improvement in energy efficiency, as the decline in output was offset by the sustained implementation of best practices in processes such as curing, compounding and building air management;
- a significant increase in the share of electricity from guaranteed renewable sources in the power mix, from 42% to 52%, thanks to the purchase of International Registration Energy Certificates in China and Thailand.

Related capital expenditure have been in line with the initial plan.

• **Help achieve carbon neutrality in use:**

In the Passenger car and Light truck tire segment, progress is being driven by the e-Primacy, Primacy 4+ and Pilot Sport EV lines.

In Truck tires, the strong sales of the MICHELIN X-Incity EV Z line of electric bus tires attests to the Group's commitment to supporting the decarbonization of urban transportation systems.

The ongoing deployment of the eco-design process is helping to make this continuous improvement dynamic more robust.

Finally, Michelin accelerated the deployment of its offer Watèa by Michelin, aiming at supporting LCV electrification, and announced its project to open Watèa's capital to Credit Agricole leasing branch.



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- **Set the global standard for the environmental footprint of manufacturing facilities:**

The i-MEP indicator improved by 3.8 points in 2022, even as output declined over the year.

Gains were observed in energy use (1%), CO₂ emissions (12%), VOC³ use (8%) and waste generated (1%).

The water withdrawal metric was slightly under-target, impacted by unfavorable production conditions and high summer temperatures, particularly in Europe.

- **Ensure that tires are made entirely of sustainable materials:**

The 2022 result was in line with the roadmap to meet the 2030 target of 40%.

In 2022, the Group enhanced the maturity of dedicated technologies in its R&D projects, increased the use of certain sustainable materials in existing tires, and improved the traceability of its supply chains with certain suppliers.

- **MICHELIN IN MOTION UPDATE: DIGITAL CMD 2023**

On March 13th 2023, the Group will hold a Capital Markets Day to update on the 2020 strategy deployment presented at the April 2021 CMD.

This event will allow to precise and illustrate the deployment of this strategy with Tires, around Tires and beyond Tires, as well as the evolution of performance metrics mentioned for 2023 in former publications.

³ VOC: Volatile Organic Compounds



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Highlights

January 7, 2022 – [With tires] – Michelin launches the new MICHELIN Road 6/Road 6 GT motorcycle tire. Leveraging the latest technologies developed by Michelin's R&D, the new tire differentiates in both wet grip and tire life improvement.

January 13, 2022 – [Beyond tires] Michelin is continuing to develop WISAMO, the prototype wing sail system designed to help decarbonize maritime shipping. The innovative solution will be fitted on a Compagnie Maritime Nantaise - MN ro-ro container ship, which in late 2022 will begin operating two weekly rotations between Spain and the United Kingdom with a WISAMO wing sail.

January 28, 2022 – [With tires] – Michelin introduces two new summer tires, the MICHELIN Pilot Sport 5 and the MICHELIN Primacy 4+. With their long-lasting performance, they can be used for more kilometers, thereby helping to reduce mobility's environmental impact.

February 3, 2022 – [With tires] – Michelin launches the new MICHELIN City Extra commuter tire, with fitments available for scooters, step-throughs and small motorcycles. By offering a larger range of sizes, Michelin aims to broaden its global market coverage.

February 22, 2022 – [Beyond tires] – Michelin, Air France's exclusive tire supplier for the next ten years, has been selected, via its Michelin Editions subsidiary, to produce travel-related content for the airline's new "EnVols" media platform.

February 23, 2022 – [With tires] – Michelin redesigns its MICHELIN EVOBIB tire to optimize longevity, reduce soil compaction and improve fuel economy. With this new addition, Michelin now has a complete range of solutions for powerful tractors.

March 2022 – [Beyond tires] – Michelin is participating with French National Railways (SNCF), Milla Group and the Railenium Technology Research Institute in a project to develop a fully electric shuttle. Known as Flexy, the hybrid concept will be able to run on roads and rails, with the goal of revitalizing smaller transit lines in France.

March 7, 2022 – [With tires] – Michelin is chosen by Ferrari as an official tire supplier for its new 296 GTB. The new fittings are the product of Michelin's innovation capabilities and co-design work by Michelin and Ferrari teams.

March 10, 2022 – [With tires] – Michelin introduces its new MICHELIN STARCROSS 6 tire, the first MICHELIN motocross tire to use MICHELIN Silica Technology for superior long-lasting performance.

March 15, 2022 – [Group] – The Michelin Group suspends its industrial operations in Russia as well as its exports to the country. Michelin is dedicated to helping address the humanitarian needs of the people impacted by the conflict, both in Ukraine and abroad. Through the Michelin Corporate Foundation and its facilities in Central Europe, the Group has donated funding to support local humanitarian organizations, as well as initiatives undertaken by the Red Cross and the Red Crescent.

March 21, 2022 – [With tires] – At a time when soft mobility is becoming increasingly popular with consumers, Michelin is launching the new MICHELIN Power Cup premium road bicycle tire range, designed for racers and optimized for highly demanding cyclists.

March 22, 2022 – [Beyond tires] – Michelin presents the 2022 restaurant selection of the MICHELIN Guide France and, demonstrating its strategic focus on the "All Sustainable" commitment, celebrates the environmentally responsible engagement of 87 chefs by awarding them a Green Star.



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April 12, 2022 – [Beyond tires] – The California Energy Commission (CEC) has selected Symbio, Faurecia and Michelin, along with other industry partners, to develop and demonstrate a hydrogen-fueled, regional-haul Class 8 truck, as leading contributors to a state-supported, zero-emission hydrogen mobility project.

April 29, 2022 – [With tires] – Michelin launches the new all-season MICHELIN CrossClimate2 SUV tire. Delivering outstanding performance up to the legal wear limit, the new tire is a further demonstration of the Group's "All-Sustainable" commitment.

May 13, 2022 – [Group] – Nearly 800 people attend the Annual Meeting of Michelin shareholders, held in Clermont-Ferrand, France under the chairmanship of Florent Menegaux, Managing Chairman.

May 24, 2022 – [Beyond tires] – Fenner Conveyors acquires Conveyor Products & Solutions, a global leader in innovative design, engineering and Australian-based manufacturing of high-quality conveyor rollers, idlers and pulleys.

May 25, 2022 – [Group] – Michelin will support UNICEF in its road safety programs for children in Southeast Asia and China.

June 3, 2022 – [With tires] – Michelin unveils the MICHELIN Pilot Sport CUP2 R tire, custom-made to fit the new Mercedes-AMG ONE hypercar.

June 7, 2022 – [Beyond tires] – Symbio, the Group's hydrogen power joint venture with Faurecia, and Schaeffler Group agree to form Innoplate, a joint venture that will boost production of bipolar plates (BPP), a strategic component in fuel cells.

June 7, 2022 – [Group] – The cornerstone is officially laid for the Cleantech Innovation Park, a project to revitalize the Bamberg facility in Bavaria, Germany.

June 8, 2022 – [Group] – Michelin breaks ground on the future Parc Cataroux in Clermont-Ferrand. Scheduled for completion in late 2026, the highly ambitious project involves transforming spaces in the century-old Cataroux facility, the emblem of Michelin's history and culture of innovation.

June 13, 2022 – [With tires] – At the 24 Hours of Le Mans, Michelin unveils a tire containing 53% sustainable materials, demonstrating its full potential on the Mission H24 hydrogen fuel-cell prototype and the new fully electric Porsche 718 Cayman GT4 ePerformance.

June 16, 2022 – [Group] – Michelin carries out a four-for-one stock split. The four-for-one split makes the stock more accessible to retail investors and employees, thereby supporting the Group's commitment to effectively sharing its created value.

June 20, 2022 – [Group] – The Michelin Group, which previously owned 49% of Royal Lestari Utama (RLU), purchases the remaining 51% of the joint venture created with Barito Pacific Group. In this way, Michelin has reasserted its objectives and its commitment to producing sustainable natural rubber in Indonesia and to improving the living conditions of local communities.

June 21, 2022 – [Beyond tires] – Michelin unveils the first curated selection in the MICHELIN Guide Dubai, after presenting three other first-time selections for Florida, Estonia and Nara Prefecture in Japan.

June 23, 2022 – [Beyond tires] – Michelin launches AirProne, a line of air cushions designed for the treatment of intensive care patients, an innovative technology jointly developed with the Amiens University Hospital and trialed in nine French hospitals.

June 28, 2022 – [Group] – Michelin announces its intention to transfer all its Russian activities to local management by the end of 2022 and is working to provide the most favorable framework possible for its employees. Completion of the project would lead to the removal of the related assets from the Group's scope of consolidation, but would not have any impact on the Group's financial guidance.



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June 28, 2022 – [Around tires] – Group subsidiary Watèa is awarded the 2022 Clean Transport Sustainable Industry Award by French magazine *Usine Nouvelle*, in recognition of its comprehensive electric mobility solution for business fleets.

June 30, 2022 – [Group] – Michelin is recognized as a Clarivate™ Top 100 Global Innovator 2022. With a budget of €682 million in 2021 and a key role in the all-sustainable “Michelin in Motion” strategy, innovation is a core focus of every aspect of the Group’s business.

June 30, 2022 – [Group] – Michelin announces its renewed support for the United Nations Road Safety Fund (UNRSF), to help meet the Global Plan’s goal of reducing the number of road traffic deaths and injuries by at least 50% by 2030.

July 5, 2022 – [Beyond tires] – Launch of the Michelin-coordinated WhiteCycle project to encourage the recycling of plastic waste.

July 5, 2022 – [Group] – Michelin receives the Value Sharing Grand Prize at the Annual Meeting and Gender Equality Awards ceremony organized by the Responsible Capitalism Institute (ICR).

July 11, 2022 – [Around tires] – Michelin acquires RoadBotics, a US-based start-up specialized in road infrastructure computer vision. The acquisition offers a further illustration of Michelin’s ambitions around tires, in particular in the field of mobility intelligence.

July 13, 2022 – [Beyond tires] – Symbio, the Group’s hydrogen power joint venture with Faurecia, celebrates the rapid progress being made on the construction of its Gigafactory in Saint-Fons, near Lyon. Mass production is scheduled to start in mid-2023 with an initial capacity of 15,000 fuel cell systems, followed by gradual ramp-up to 50,000 systems a year. In particular, Symbio will supply fuel cell systems for Stellantis light commercial vehicles.

July 15, 2022 – [Beyond tires] – Symbio, the Group’s hydrogen power joint venture with Faurecia, is one of the companies involved in the European Commission’s “IPCEI Hy2Tech” program, which will provide up to €5.4 billion in state aid support from 15 member states to accelerate the development of a European hydrogen value chain.

August/October 2022 – [Beyond tires] – The MICHELIN Guide is enhanced with new curated selections making their debut in Tainan and Kaohsiung (Taiwan), Toronto (Canada) and Istanbul (Turkey).

September 12, 2022 – [Group] – Capital reduction: following the cancellation of 4,326,536 treasury shares, representing 0.61% of total shares outstanding, the Company’s issued share capital consists of 709,795,312 shares. The cancellation was in line with the Group’s commitment to offsetting dilution from new shares issued or vesting under employee share ownership plans and performance share plans.

September 14 to 29, 2022 – [Group] – Strong take-up for the new “BIB’Action 2022” employee share ownership plan. Open to more than 120,000 employees in 47 countries, the new plan, which offers more attractive terms, illustrates Michelin’s determination to have its employees collectively rank among its main shareholders. With half of all employees participating in the plan, including 30% who became new shareholders, take-up was high, demonstrating the confidence and commitment of everyone in the corporate community.

October 5, 2022 – [With tires] – In a world first, Michelin unveils two new tires, one for cars and the other for buses, approved for road use and containing 45% and 58% sustainable materials respectively. The Group has once again demonstrated its technological leadership in materials, and intends to bring the innovation to market by 2025.

October 5, 2022 – [Group] – Michelin presents the changes in tire markets and the transformation of its facilities at the 2022 Media Day. Michelin also reviewed both the major transformations underway in its



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production facilities to respond to emerging environmental, technological and human challenges and its core objectives for the years ahead: reaching net zero carbon emissions by 2050 while striving to cut these emissions in half between 2010 and 2030; catalyzing business performance with digitalization, leveraging artificial intelligence, and increasing employee empowerment.

October 6, 2022 – [Beyond tires] – Symbio, the Group’s hydrogen joint-venture with Faurecia, announces the start-up of its Innoplate joint-venture with Schaeffler, which will produce fuel cell bipolar plates to support global mobility and energy solutions. Located in Haguenau, in France’s Alsace region, the Innoplate plant will begin production in early 2024.

October 6, 2022 – [Beyond tires] – Symbio, the Group’s hydrogen joint-venture with Faurecia, unveils the global scale of its game-changing HyMotive project, which is accelerating its roadmap towards leadership in the global fuel cell market. HyMotive has been selected as a Hy2Tech hydrogen IPCEI (Important Project of Common European Interest), with the support of the France Relance/France 2030 program. It will enable Symbio to fast-forward its process engineering and disruptive innovation capabilities, while increasing total production capacity in France to 100,000 systems a year by 2028 and creating 1,000 jobs. The Saint-Fons gigafactory will begin production in late 2023.

October 27, 2022 – [Beyond tires] – AirCaptif, a Michelin start-up specializing in inflatable structures, unveils a revolutionary device, developed in partnership with Dassault Aviation, to facilitate the certification trials for the Falcon 6x aircraft range. The company announces that the new technology will be produced at Michelin’s facility in Bourges Saint-Doulchard. Starting in 2023, it plans to double its output from the plant and hire new talent.

November 2022 – [People] – The Michelin Group formalizes its human rights policy, with a particular concern for respecting every individual and preserving his or her well-being, in accordance with the Group’s founding values. This policy is aligned both with the duty of care that Michelin owes to all its stakeholders and with its commitment to complying with international law.

November 2022 – [People] – The Group formalizes the Michelin One Care Program, which embeds all the Group’s advances in providing a universal social protection floor, for a deployment within January 1st 2025. The program incarnates the Company’s dedication to supporting all its employees around the world at important moments in their lives with a package of fundamental benefits.

November 2, 2022 – [Beyond tires] – Solesis, the Group’s medical joint venture with Altaris, announces the acquisition of Polyzen, a leader in polymer-based film and coating technologies in the medical device and biopharmaceutical industries. This acquisition will expand Solesis’ design and production capabilities and broaden its service offerings to customers.

November 16, 2022 – [Planet] – At the Smithers Recovered Carbon Black Conference, Michelin and Bridgestone present the results of their common work on rCB in the tire industry, including an initial version of proposed rCB grade definitions and specifications, defined with the rCB community, and a set of draft worldwide standards. Using rCB in tires will play a critical role in meeting the objective of supplying products made entirely from sustainable materials by 2050.

November 16, 2022 – [Beyond Tires] – In 2022, the Robert Parker Wine Advocate experts selected a total of 16 inspiring wineries for their sustainable approach to winemaking, joining the 24 already recognized in the inaugural 2021 list.

December 2022 – [Planet] As part of the Group’s ambition to achieve net zero emissions in all its direct and indirect activities by 2050, SBTi validates that commitments announced in 2021 are aligned with the “well below 2°C” trajectory. Beyond this step, Michelin is continuing to seek levers to set a course compatible with keeping global warming below 1.5°C.



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December 23, 2022 – [Group] – Michelin, Faurecia and Stellantis announce exclusive negotiations for Stellantis to acquire a substantial stake in Symbio, a leader in zero-emission hydrogen mobility, to become a significant partner alongside existing shareholders Faurecia and Michelin.

January 10, 2023 – [With tires] – Michelin UPTIS, the prototype puncture-proof tire, will be fitted on nearly 50 DHL delivery vehicles in Singapore by end-2023. Based on internal research, Michelin projects that UPTIS airless technology could prevent the premature scrapping of up to 200 million tires a year worldwide. Airless technology is the key to Michelin’s vision of a fully sustainable tire by 2050.

February 2, 2023 – [Beyond tires] – CDI Energy Products, which is part of the High-Tech Materials Division and an industry leader in the custom manufacturing of high-performance polymer products, announced the acquisition of EGC Enterprises, Inc. a leading manufacturer of graphite-based sealing products located in Ohio and North Carolina. The acquisition reflects the deployment of the Group’s “Beyond tires” growth strategy.

A full description of the highlights may be found on the Michelin website: www.michelin.com/en



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Results presentation

PRESENTATION AND CONFERENCE CALL

Full-year 2022 results will be reviewed with analysts and investors during a presentation today, Monday, February 13, 2023 at **6:30 pm** CET. The event will be in English, with simultaneous interpreting in French.

WEBCAST

The presentation will be webcast live on: www.michelin.com

CONFERENCE CALL

The conference call will be accessible from 6:20 pm CET on one of the following numbers:

- | | | |
|----------------------------|-------------------|------------------|
| • From France (in English) | 01 70 91 87 04 | PIN code: 147778 |
| • In the UK | +44 1 212 818 004 | PIN code: 147778 |
| • In North America | +1 718 705 8796 | PIN code: 147778 |

Financial information for the year ended December 31, 2022 (press release, presentation, financial report) may also be viewed at <http://www.michelin.com/en>, along with practical information concerning the conference call.

2023 INVESTOR CALENDAR

- March 13 **Michelin in Motion strategy progress report** (digital event)
- April 26 **Quarterly information for the three months ending March 31, 2023**
- May 12 **Annual Shareholders Meeting**
- May 17 **Ex-dividend**
- May 19 **Dividend Payment**
- July 26 **First-half 2023 results**
- October 24 **Financial information for the nine months ending September 30, 2023**

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