

1Q 2023 Financial Results

May 11th, 2023

Disclaimer

In General. This disclaimer applies to this document and any oral comments of any person presenting it. This document, taken together with any such oral comments, is referred to herein as the “**Presentation**”. This document has been prepared by Pirelli & C. S.p.A. (“**Pirelli**” or the “**Company**” and, together with its subsidiary the “**Group**”). The Presentation is being furnished to you for information purposes only and for use in presentations of the results and strategies of the Group.

No distribution of this Presentation. This Presentation is being furnished to you solely for your information and may not be reproduced, in whole or in part, or redistributed to any other individual or legal entity.

Forward-looking statement. “Forward-looking statements” (which expression shall include opinions, predictions or expectations about any future event) that may be contained in the Presentation are based on a variety of estimates and assumptions by the Group, including, among others, estimates of future operating results, the value of assets and market conditions. These estimates and assumptions are inherently uncertain and are subject to numerous business, industry, market, regulatory, geo-political, competitive and financial risks that are outside of the Group’s control. There can be no assurance that the assumptions made in connection with the forward-looking statements will prove accurate, and actual results may differ materially. The inclusion of the forward-looking statements herein should not be regarded as an indication that the Group considers the forward-looking statements to be a reliable prediction of future events and the forward-looking statements should not be relied upon as such. Neither the Group nor any of its representatives has made or makes any representation to any person regarding the forward-looking statements and none of them intends to update or otherwise revise the forward-looking statements to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the forward-looking statements are later shown to be in error.

The forward-looking statements does not take into account any additional negative effects that may arise from impacts on the global market in which Pirelli operates and more generally on the macroeconomic scenario, also following the worsening of the crisis in Ukraine.

No update. The information and opinions in this Presentation is provided to you as of the dates indicated and the Group does not undertake to update the information contained in this Presentation and/or any opinions expressed relating thereto after its presentation, even in the event that the information becomes materially inaccurate, except as otherwise required by applicable laws.

Verbal explanation. This Presentation has to be accompanied by a verbal explanation. A simple reading of this Presentation without the appropriate verbal explanation could give rise to a partial or incorrect understanding.

No offer to purchase or sell securities. The information, statements and opinions contained in this Presentation are for information purposes only and do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. None of the securities referred to herein have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States or in Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would be unlawful (the “**Other Countries**”), and there will be no public offer of any such securities in the United States. This Presentation does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or the Other Countries.

Rounding. Due to rounding, numbers presented throughout this Presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Miscellanea. This Presentation has been prepared on a voluntary basis. Pirelli is therefore not bound to prepare similar presentations in the future, unless where provided by law.

Neither the Company nor any member of the Group nor any of its or their respective representatives, directors, employees or agents accept any liability whatsoever in connection with this Presentation or any of its contents or in relation to any loss arising from its use or from any reliance placed upon it.

Fabio Bocchio, the manager in charge of preparing the corporate accounting documents, declares that, pursuant to art. 154-bis, paragraph 2, of the Legislative Decree no. 58 of February 24, 1998, the accounting information contained herein correspond to document results, books and accounting records.

Non-IFRS and Other Performance Measures

This Presentation contains certain items as part of the financial disclosure which are not defined under IFRS. Accordingly, these items do not have standardized meanings and may not be directly comparable to similarly-titled items adopted by other entities.

Pirelli management has identified a number of “Alternative Performance Indicators” (“APIs”). These APIs (i) are derived from historical results of Pirelli & C. S.p.A. and are not intended to be indicative of future performance, (ii) are unaudited non-IFRS financial measures derived from the Financial Statements, and (iii) are not an alternative to financial measures prepared in accordance with IFRS.

The APIs presented herein are EBIT, EBIT margin, EBITDA, EBITDA margin, net income and net income margin.

In addition, this Presentation includes certain measures that have been adjusted by us to present operating and financial performance net of any non-recurring events and non-core events. The adjusted indicators are EBITDA adjusted, EBIT adjusted and net income adjusted. In order to facilitate the understanding of our financial position and financial performance, this Presentation contains other performance measures, such as Net Financial Position, Operating Cash Flow, Net Cash Flow before Dividends and extraordinary Operations, Net Cash Flow before Dividends, Net Cash Flow, CapEx (Capital Expenditure), Liquidity Margin and ROIC (Return On Invested Capital).

These measures are not indicative of our historical operating results, nor are they meant to be predictive of future results.

These measures are used by our management to monitor the underlying performance of our business and operations. Similarly entitled non-IFRS financial measures reported by other companies may not be calculated in an identical manner, consequently our measures may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data.

Agenda

1

1Q'23 KEY MESSAGES

2

PIRELLI & C. – 1Q'23 RESULTS

3

FY'23 OUTLOOK AND TARGETS

4

APPENDIX

Key Messages

- **1Q'23 performance confirming the resilience of our business model**
 - Market share gain in ≥ 18 ” driven by our product portfolio
 - Strong price/mix (+15% yoy) more than offsetting external headwinds (raw mat, inflation and FX)
 - Efficient stock management with a progressive rebalance of raw mat. stock (higher in 2022 due to supply chain risks)

- **FY 2023 outlook and targets confirmed**
 - External scenario still volatile with risk of recessions and inflationary pressures
 - High value demand ($\sim +5\%$ yoy) confirming its resilience vs. a weak Standard market (-2%)
 - All targets confirmed and supported by the delivery of our strategic programs

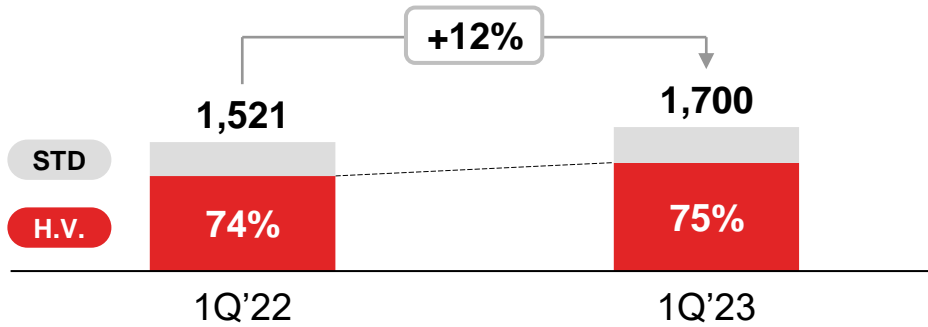
- **AGM and Industrial Plan timeline**
 - «Golden Power Procedure» final measure may be issued after the term for filing BoD renewal's slates
 - In compliance with the best Corporate Governance principles, Board will propose at the AGM, on June 29, to postpone BoD renewal to a subsequent General Meeting to be called presumably before July 31, 2023
 - Industrial Plan update is scheduled by the end of 2023. Deleverage target of 1x Net Debt/Adj. Ebitda by 2025 confirmed

1Q'23 Results highlights

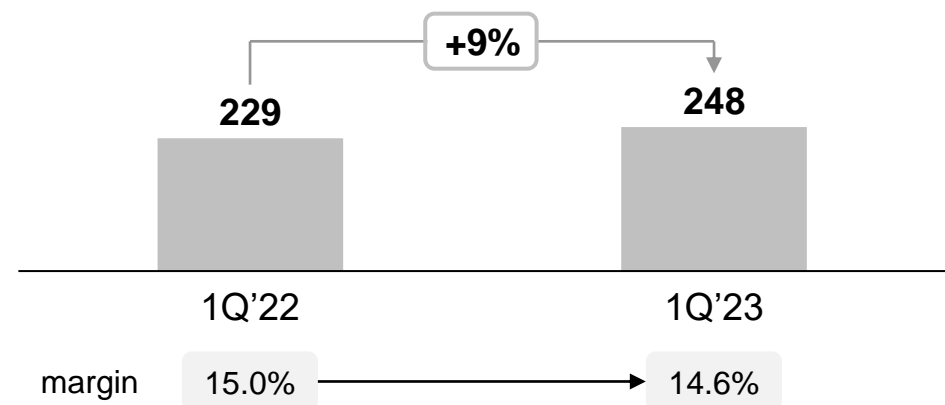
Solid quarterly delivery despite a still challenging environment

€ million

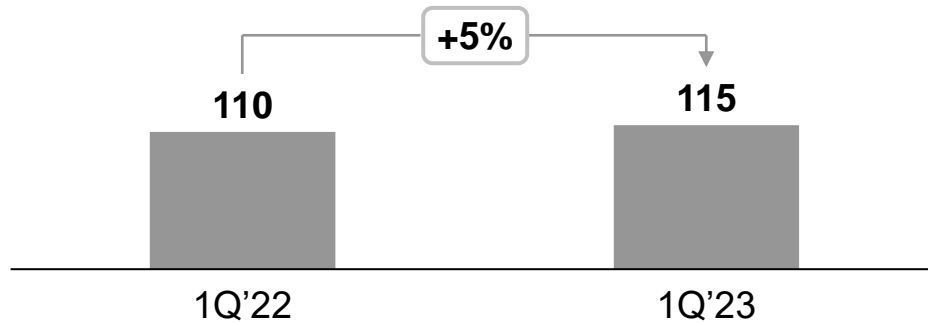
Net Sales



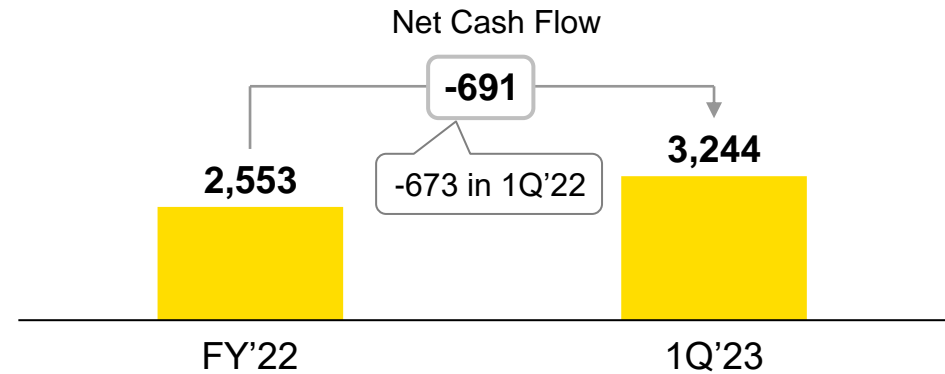
Adjusted EBIT¹








Net Income



Net Financial Position



1Q'23 update on Sustainability

Area	KPIs	2021A	2022A	2025T
 SAFETY FIRST Towards zero accidents at work	Accident frequency index	0.21 -4.5% yoy	0.20 -4.5% yoy	≤ 0.10
 PRODUCT ECO & SAFETY PERF. Improve Rolling Resistance with no compromise on Safety	Rolling Resistance/Energy Efficiency ¹ = A/B	49%	50%	>70%
	Wet Grip/Safety ¹ = A/B	87%	93%	>90%
Scope: new labelled IPCodes ²				
 MATERIALS INNOVATION Increase the % of renewable and recycled materials	Renewable	28%	30% ³	>40%
	Recycled (incl. metals)	5%	8% ³	>8%
Scope: tyre available on the market with the highest % of renew. & recycled ³				
 TOWARDS DECARBONIZATION Reduce CO ₂ footprint	Renewable electricity ⁴	62%	74%	100%
	CO ₂ (Pirelli abs. emissions)	-31% vs 2015	-41% vs 2015 (-14% yoy)	-42% vs 2015 ⁵
	CO ₂ (Suppl. abs. emissions)	-6% vs 2018	-8.9% vs 2018	-9% vs 2018 ⁶
 SCIENCE BASED TARGETS				

1Q'23 PROGRESS

- **Bio & Circular materials:** Strong focus in upcoming new product lines
- **Tyre Wear & Innovation:** working towards Euro7; new product lines launched in 2021-22⁷ already featuring a wear rate improvement up to 30% vs previous generation
- **Plant decarbonization:** working on renewable energy transition and energy efficiency projects
- **Leadership** on the action on climate change confirmed by **CDP** with **A rating**
- **Sustainable Finance:** first ever tyre sector benchmark sustainability-linked bond placed in January 2023

1. RR: Rolling Resistance, WG: Wet Grip and ICE, focus on new labelled IPcodes; 2. IP codes: Identification Product Codes, extra EU labelling scales are converted to EU labelling grades, for WG the ICE Pictogram is included; 3. Reference tyre: 235/45R20 100H XL S-ZERO(MO) IP 17884, official target 3% excl. Metals; 4. Figure including both share from direct procurement (51%) and national electric grid mix based on Int. Energy Agency data (23%); 5. target approved by the Science Based Target Initiative in line with "1.5° Scenario"; 6. Target approved by the Science Based Target Initiative in line with "2° scenario"; 7. Cinturato in 2021 and Scorpion in 2022.

Agenda

1

1Q'23 KEY MESSAGES

2

PIRELLI & C. – 1Q'23 RESULTS

3

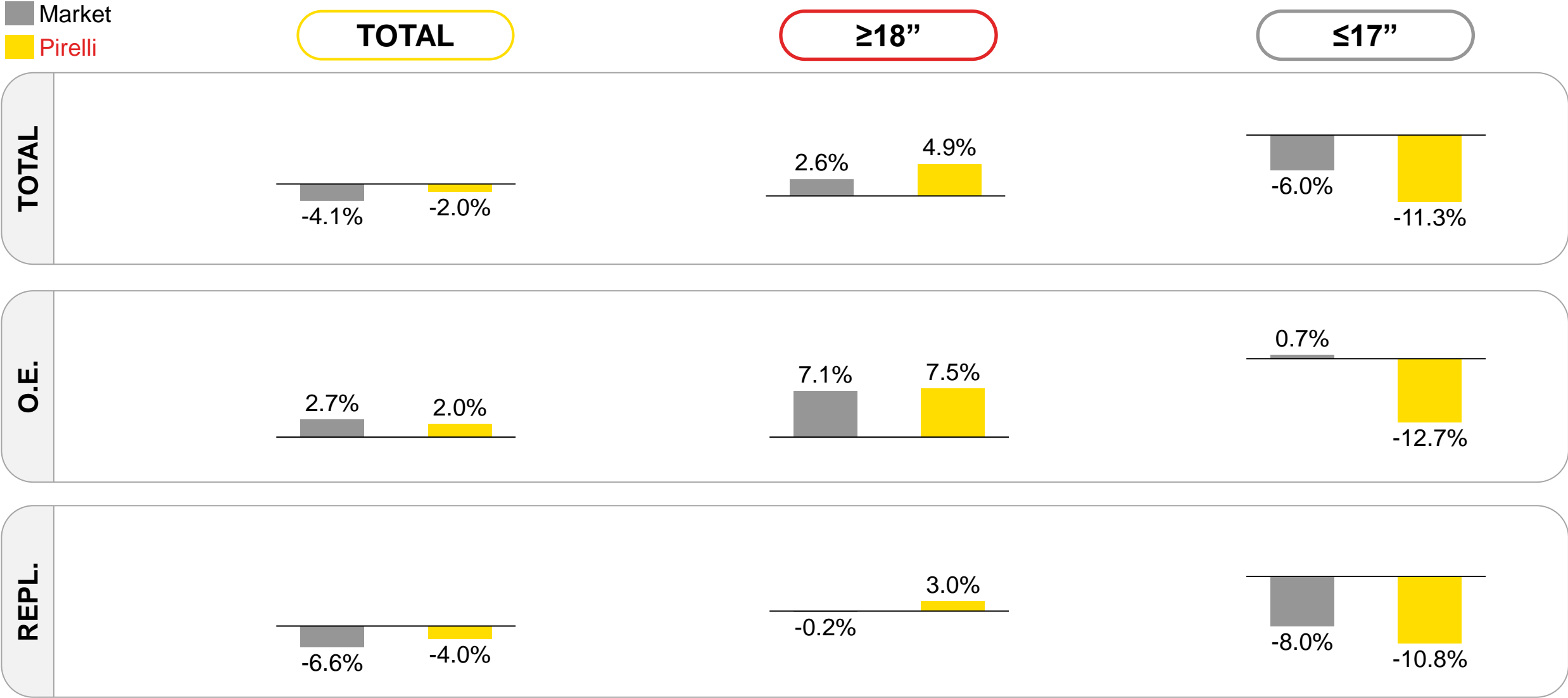
FY'23 OUTLOOK AND TARGETS

4

APPENDIX

1Q'23 Car volumes – Pirelli vs. Market

Outperformance confirmed on $\geq 18''$ driven by North America and APac



2023 Strategy implementation: 1Q'23 delivery in line with targets

Main programs

2023 targets

1Q'23 main achievements



Commercial

- › Focus on HV, **outperforming market in ≥18"**
- › More **selective approach to O.E.**
- › **Lowering exposure to Standard**

- › Car ≥18": +5% vs. market +3% with:
 - solid Repl. demand across regions
 - O.E. strong focus on ≥19" and EV
- › Car Std. weight to ~36% (-4pp YoY) in line with FY target



Innovation

- › Expanding **homologations in ≥19"/EV & Specialties**
- › **Regional product offering** (6 launches) with strong focus on sustainability

- › ~60 new car homolog. (85% ≥19", ~70% Spec., mainly EV)
- › Car: strengthening our position in EV and sustainability
- › 2 Wheels: leveraging on our racing experience



Competitiveness

- › **Efficiency program Wave 3:** ~€100 mln gross savings supported by Company digitization

- › ~€10 mln gross savings in line with the seasonality of programs delivery



Operations

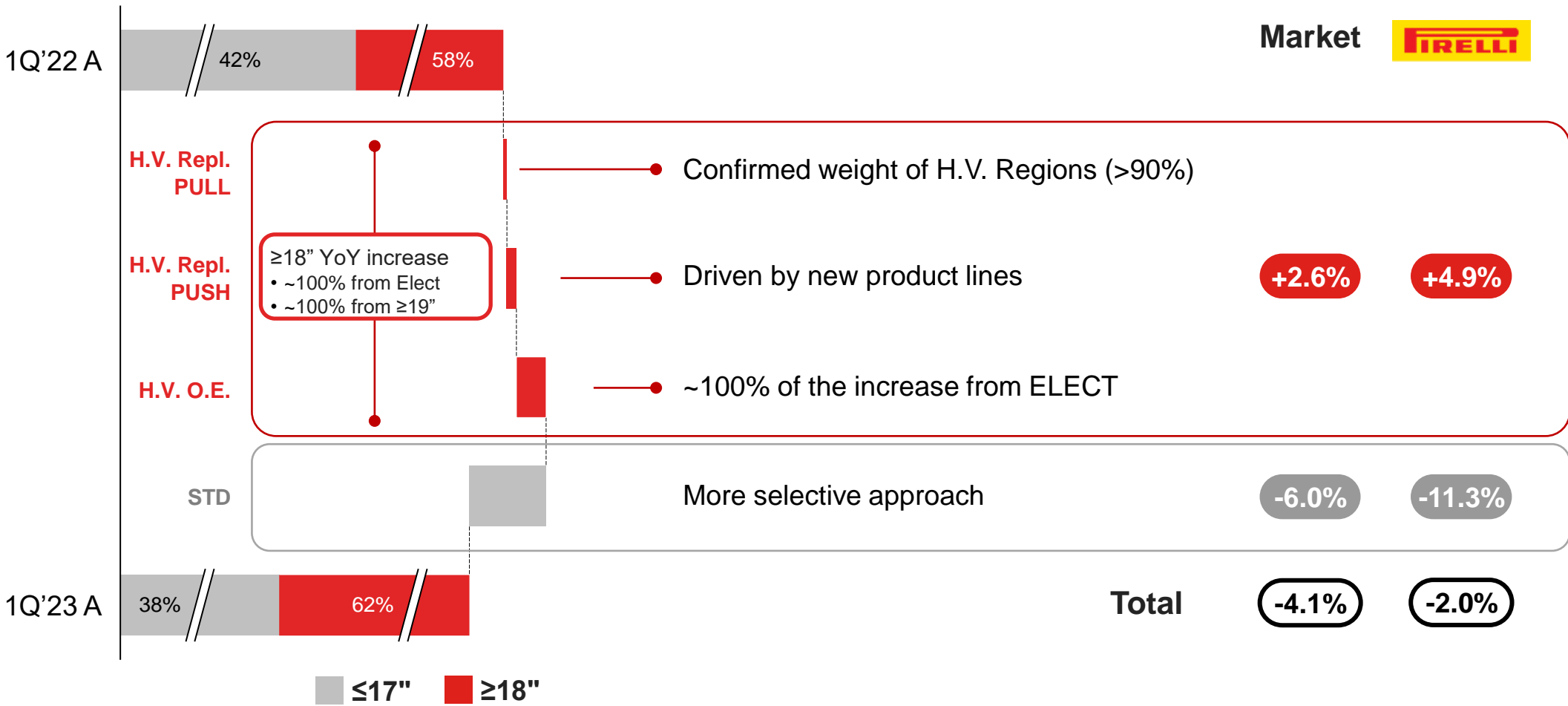
- › **Capacity saturation** at ~90%, with H.V. mitigating the lower saturation in Std. (RU)
- › **Energy consumption** containment program, consistently with our **decarbonization strategy**

- › ~90% capacity utilization discounting China and Russia lower production level (~96% on High Value)
- › Speeding up deployment of plant decarbonization working on renewable energy transition and energy efficiency projects

1Q'23 Commercial program delivery

Higher weight of ≥18" on Car Volumes, with increasing incidence of Elect and sales in US

1Q'23A Volume variance (Car) Key programs highlights Volume trend



1Q'23 Innovation program delivery

Car : EV & Sustainability at the core

EV positioning further enhanced:



- >350 homologations worldwide
- OE Premium/Prestige EV mkt share: **1.5x vs. ICE**
- >25% of our OE ≥19" vol. (+13pp yoy)

Advancing on our product sustainability roadmap

- Strong focus on **renewable materials** in upcoming new product lines
- **Towards EURO 7** (particles emission):
 - working on stakeholders' engagement on methodology,
 - 2021-22 new product lines already featuring up to 30% wear rate improvement

2 wheels: we sell what we race



Confirmed Sole Supplier until 2026



DIABLO
SUPERCORSA

- Concluded the last program generation process with the 4° generation of Diablo Supercorsa
- Concentration of **Technology, Performance & Safety** born in **Superbike**

















P ZERO ^{III} RACE TLR



- The **fastest tubeless tyre** of the road bike range, produced in Italy and raced by our World Tour teams
- **Cutting-edge compound of polymers** created to offer an **excellent handling** and **low rolling resistance**

Wave 3 Competitiveness programs: 1Q'23 results

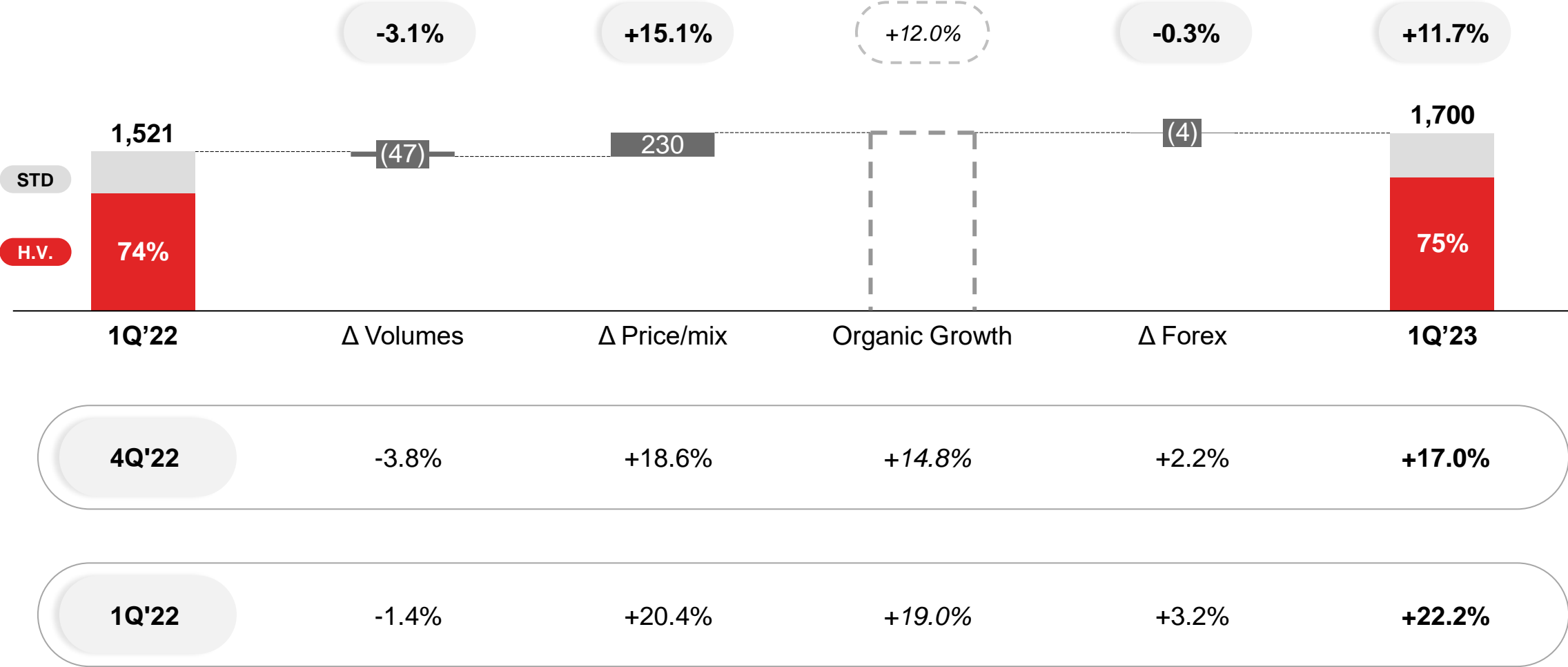
Achievement in line with expectations and the seasonality of programs' delivery

		2022	2023 E		
		FY ACT	Focusing on:	FY GUI	1Q ACT
	Product Cost		<ul style="list-style-type: none"> › Modularity › Design speed and virtualization 	 Equally split in 1H/2H	
	Manufacturing		<ul style="list-style-type: none"> › Industrial IoT and flexible factory › Energy consumption 	 producing results from 2Q	
	SG&A		<ul style="list-style-type: none"> › Logistics network redesign and service differentiation › Procurement rationalization 	 Equally split in 1H/2H	
	Organization		<ul style="list-style-type: none"> › Digital processes and organization transformation 	 Equally split in 1H/2H	
Total Gross Impact		~€136M		~€100M	~€10M

1Q'23 Sales bridge

Top line trend driven by a solid price/mix improvement

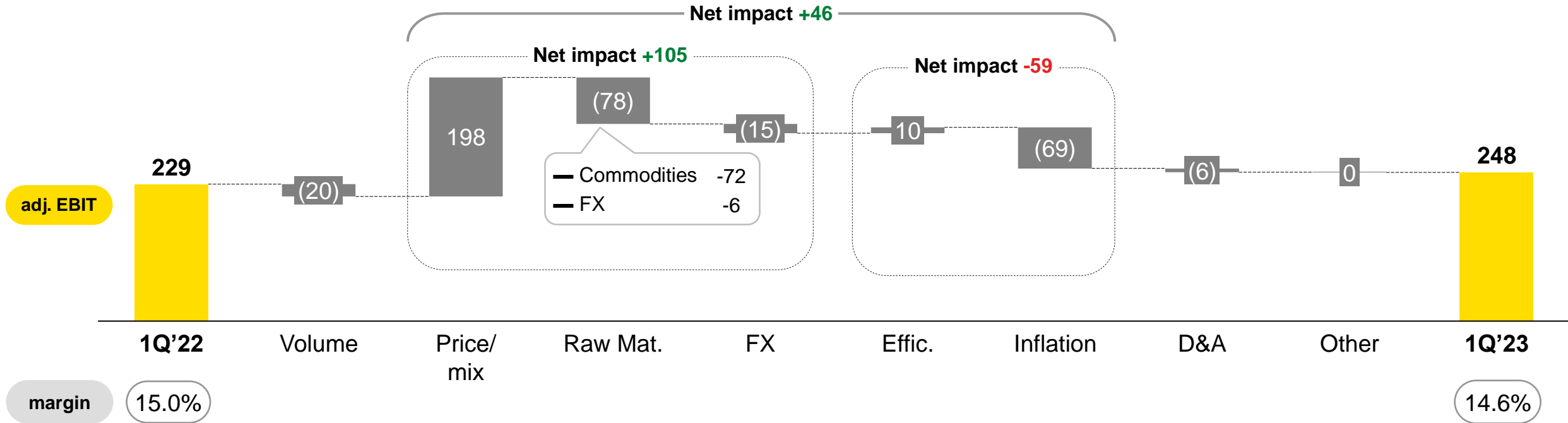
€ million



1Q'23 adjusted EBIT bridge

Profitability supported by internal levers offsetting the negative external scenario

€ million



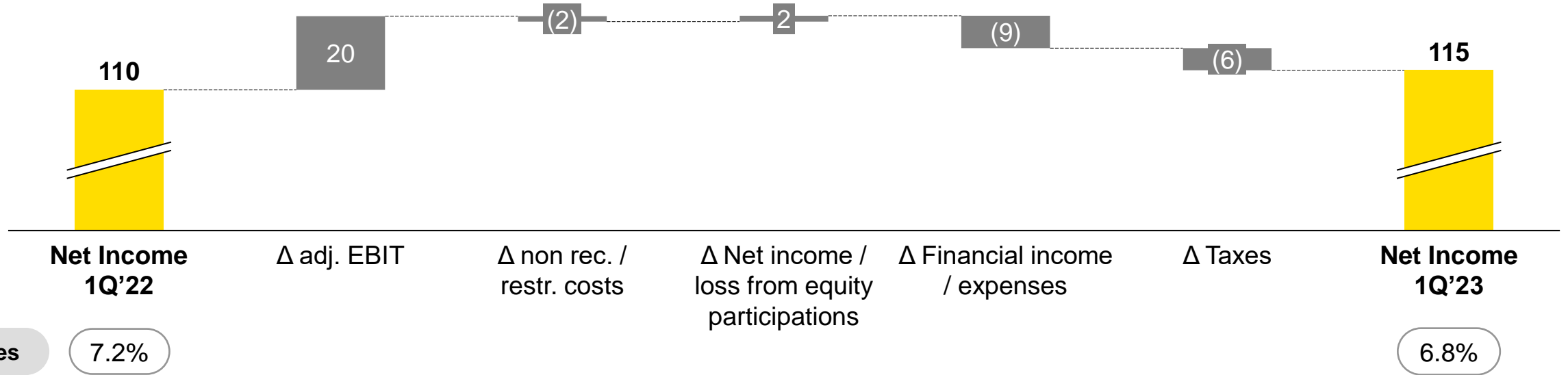
➤ Price/mix and efficiencies covering ~1.3x the raw mat., inflation and FX headwinds

➤ FX transactional effect mainly due to Mexican Peso revaluation

1Q'23 Net Income bridge

Earnings driven by improving operating performance

€ million

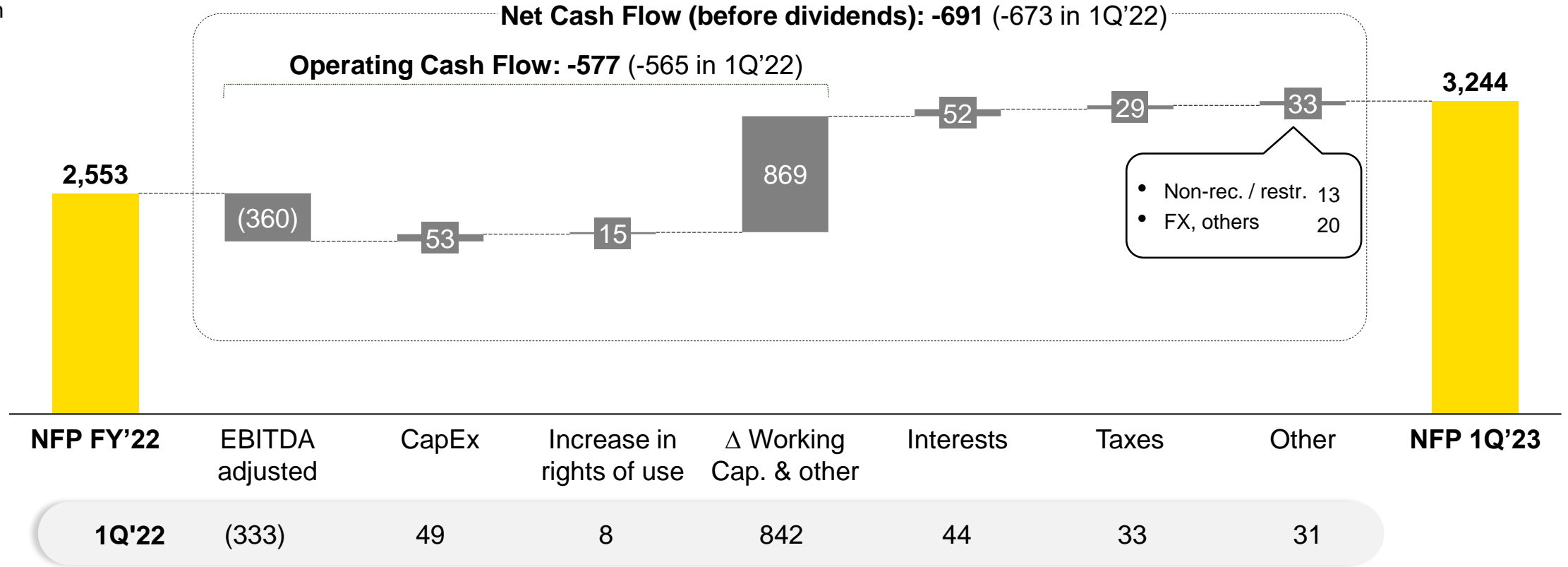


	1Q 2022	1Q 2023
Net income	110	115
Amortization from PPA	28	28
Non-recurring items and restructuring costs	8	9
Taxes impact	(10)	(11)
Net income adjusted	136	142

1Q'23 Net Financial Position

Cash Flow trend basically stable YoY and in line with business seasonality

€ million



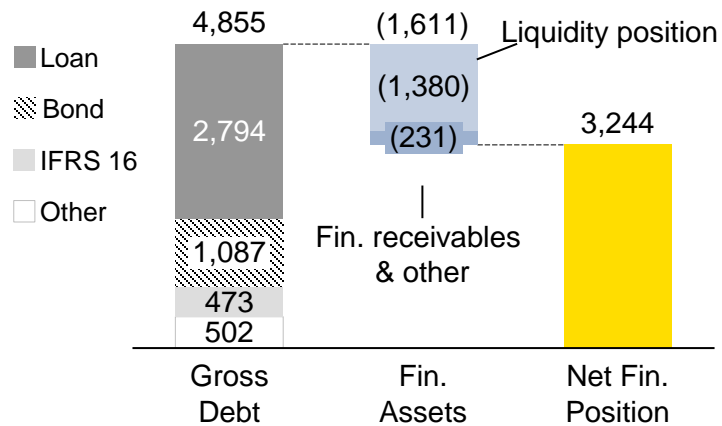
- › **Inventory at 21.5%** of sales in 1Q'23, -0.5pp vs. FY'22, mainly benefitting from raw mat inventory reduction in 1Q'23
- › **Receivables at ~14%** of sales, +4pp vs. FY'22 (+4pp in 1Q'22 vs. FY'21) in line with business seasonality
- › **Payables at ~20%** of sales (~21% in 1Q'22 and ~30% in FY'22)

Total Gross Debt structure as of March 31st 2023

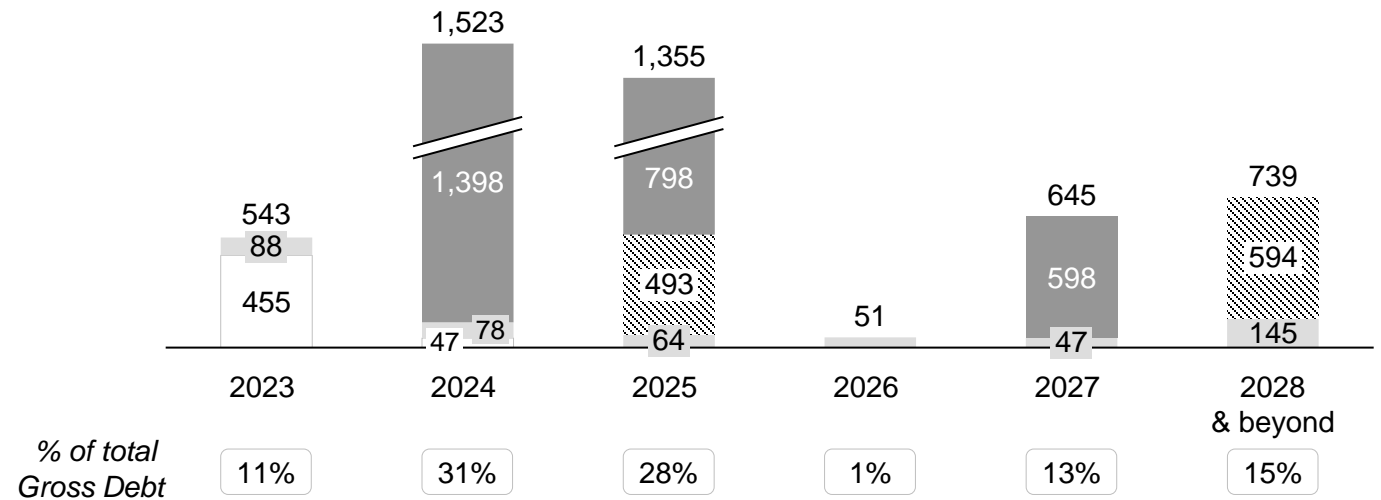
Debuts as IG-Rated company in the Debt Capital Market and Sustainability Linked space grant liquidity margin fully covering debt maturities up to 2Q'25 and reduce refinancing risk in volatile financial markets

€ million

Net Financial Position



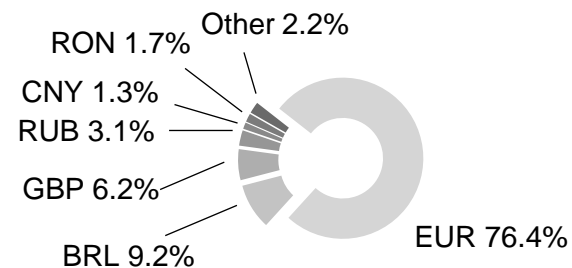
Gross Debt maturity



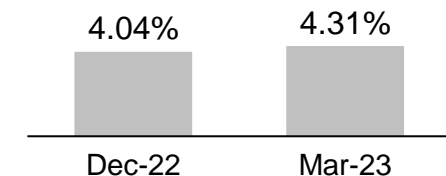
Liquidity profile

Liquidity position ¹	1,380
Committed lines not drawn	1,000
Liquidity margin	2,380

Break-down by currency²



Cost of debt (last 12 months)



Agenda

1

1Q'23 KEY MESSAGES

2

PIRELLI & C. – 1Q'23 RESULTS

3

FY'23 OUTLOOK AND TARGETS

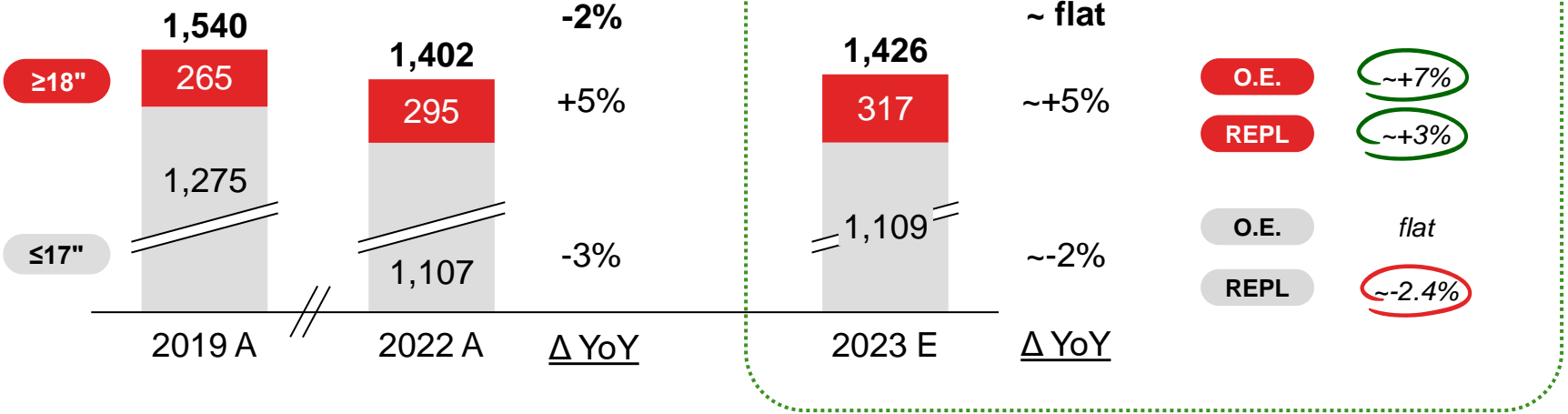
4

APPENDIX

2023 Global Car Tyre Market Outlook

High Value resilience confirmed, expected to outperform the Standard market by 7pp

Car tyre market (million pcs)



Main highlights

- > **O.E. ≥18"**: demand supported by high backlog in EU and chip shortage easing globally
- > **Repl. ≥18"**: trend in line with 2022 with a different trend across the year (softer 1H in EU, N.A. and China; rebounding in 2H)
- > **Car ≤17"**: demand trend on OE and Repl. reflecting a weak economic environment

FY 2023 Targets confirmed

€ billion

	2022 A	2023 E	
		Target @ 22-Feb -23	Target @ 11-May-23
Net Sales	6.62	~6.6 ÷ ~6.8	confirmed
adj. EBIT margin	14.8%	>14% ÷ ~14.5%	confirmed
CapEx (% of Sales)	0.40 (6.0%)	~0.40 (~6%)	confirmed
Net Cash Flow bef. Dividends	0.52	~0.44 ÷ ~0.47	confirmed
Net Financial Position NFP / adj. EBITDA	2.55 1.8x	~2.35 ~1.65x ÷ ~1.7x	confirmed
ROIC¹ Post taxes	20.3%	~20%	confirmed

- **Vol.:** flat / ~+1%
- **Price/mix:** ~+4.5% ÷ ~+5.5%
- **Forex:** ~-4.5% ÷ ~-3.5%

Agenda

1

1Q'23 KEY MESSAGES

2

PIRELLI & C. – 1Q'23 RESULTS

















3

FY'23 OUTLOOK AND TARGETS

4

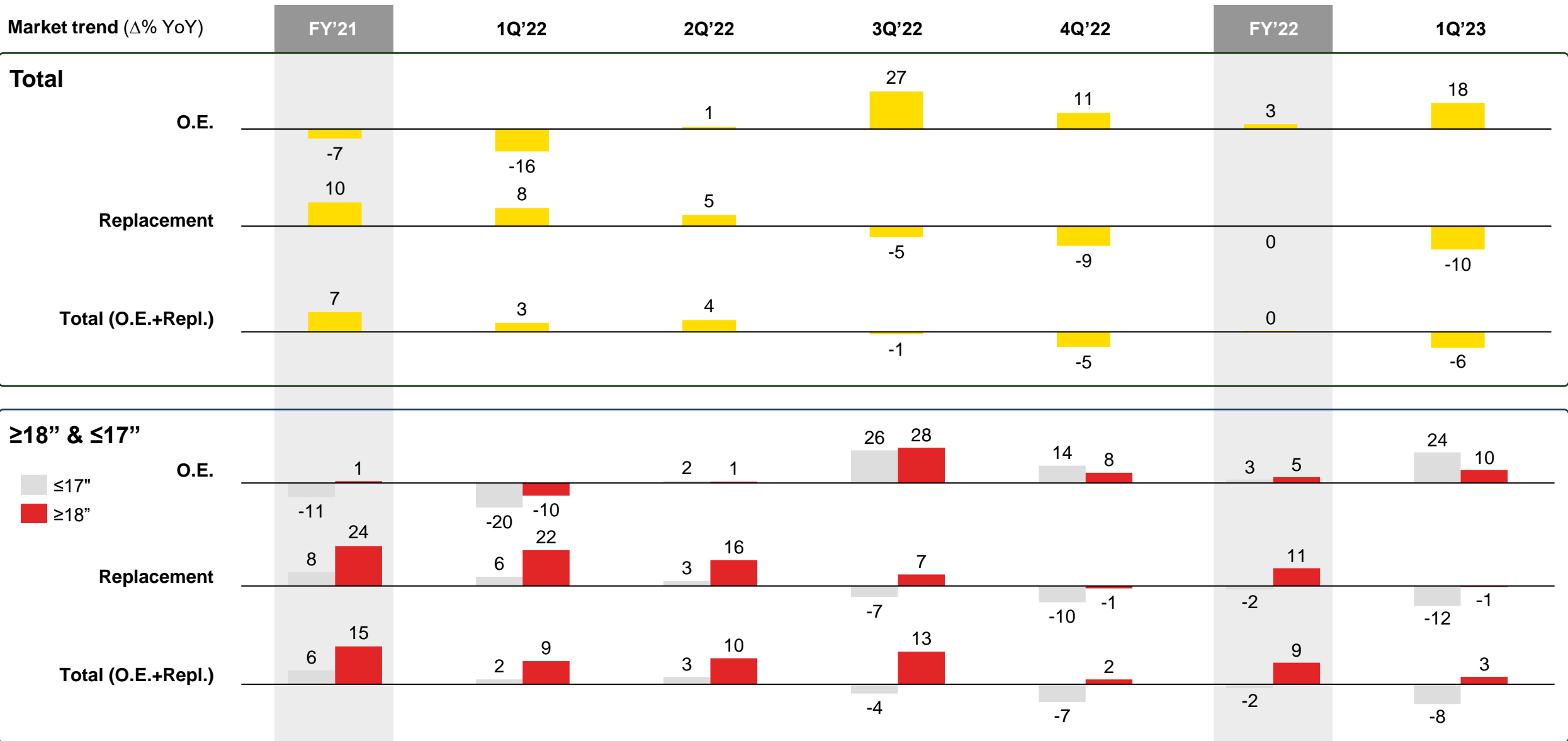
APPENDIX

A globally acknowledged sustainability leadership

Major ratings	Last update	Score	Positioning in the reference sector
 <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	2022	86	 Top score ATX Auto Components
 <p>Top 1% S&P Global ESG Score 2022 86 /100</p>	2023	TOP 1% ESG	 Max Score
 <p>CDP DISCLOSURE LEADER ACTION A LIST 2022 CLIMATE</p>	2022	A	 Max Score
 <p>CDP SUPPLIER ENGAGEMENT LEADER 2022</p>	2022	SUPPLIER ENGAGEMENT LEADER	 Max Score
 <p>FTSE4Good</p>	2023	4.4 / 5	 Top score Autoparts
 <p>SUSTAINALYTICS</p>	2023	11.7	 Top ESG Rated
 <p>MSCI</p>	2022	AA	 6% of the Auto components in AA
 <p>ecovadis</p>	2022	Platinum	 Max score



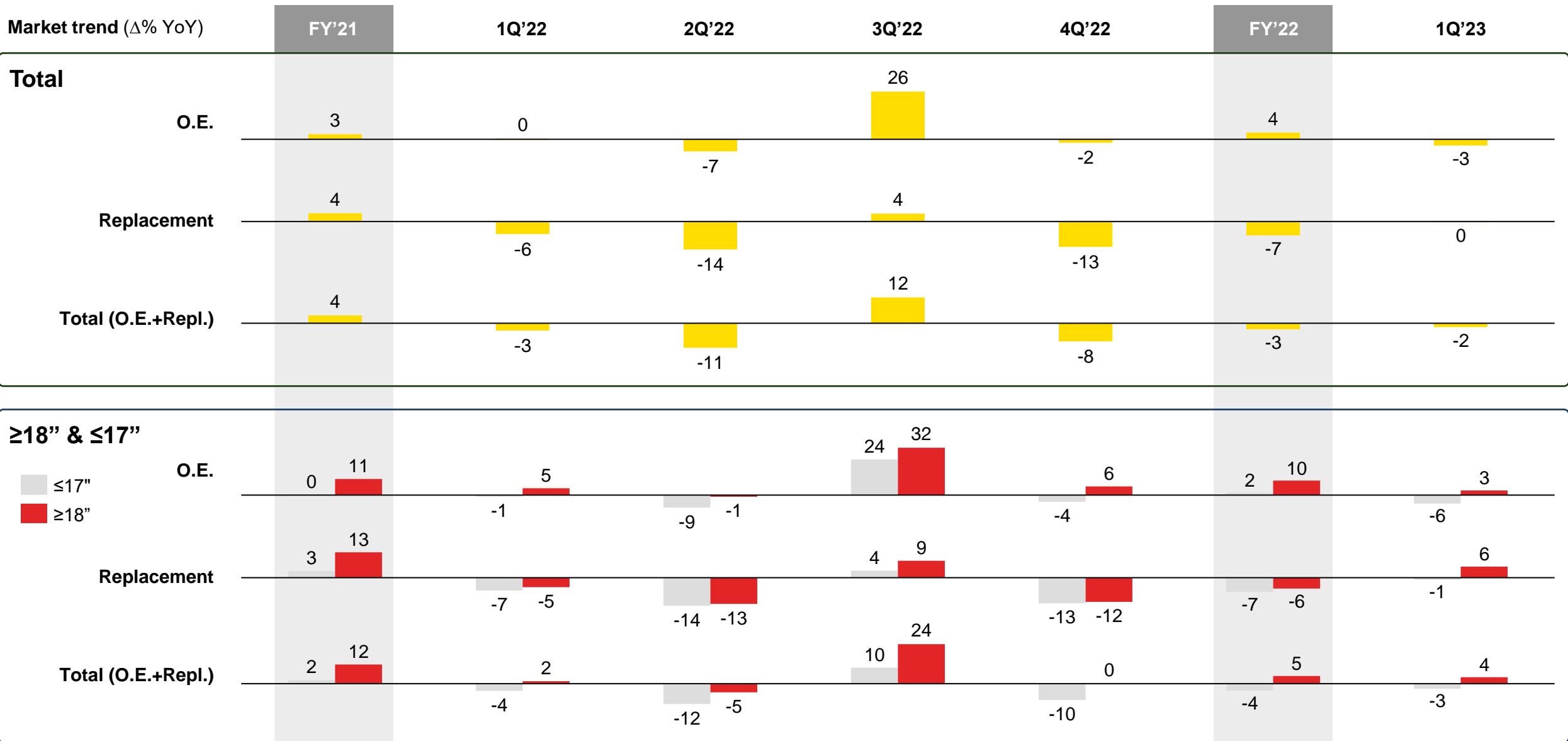
Key Car Market Trends: Europe



Key Car Market Trends: North America



Key Car Market Trends: Asia Pacific



Key Car Market Trends: Russia, MEAI / South America



Financial Results Highlights

€ million

	1Q 2023	1Q 2022	Δ YoY
Net Sales	1,700	1,521	+11.7%
<i>Organic Growth¹</i>			+12.0%
High Value Revenues (% on total)	75.1%	73.7%	+1.4 p.p.
adj. EBITDA ²	360	333	+8.0%
<i>Margin</i>	21.2%	21.9%	-0.7 p.p.
adj. EBIT³	248	229	+8.6%
<i>Margin</i>	14.6%	15.0%	-0.4 p.p.
PPA amortization	(28)	(28)	
Non rec. & restr. costs	(9)	(8)	
EBIT	211	193	+9.4%
<i>Margin</i>	12.4%	12.7%	-0.3 p.p.
Results from equity investments	2	1	<i>n.m.</i>
Financial income (expenses)	(52)	(44)	+19.7%
EBT	161	150	+7.3%
<i>Tax Rate</i>	-28.5%	-26.7%	
Net Income	115	110	+4.7%
Net Income adjusted ⁴	142	136	

Consolidated Balance Sheet

€ million

	31-Mar-2023	31-Dec-2022	31-Mar-2022
Fixed assets	8,855	8,911	8,911
<i>Inventories</i>	1,458	1,458	1,222
<i>Trade receivables</i>	929	637	908
<i>Trade payables</i>	(1,368)	(1,973)	(1,197)
Operating net working capital	1,019	121	933
<i>% of net sales¹</i>	15.0%	1.8%	16.6%
Other receivables / payables	5	42	111
Net working capital	1,024	163	1,044
<i>% of net sales¹</i>	15.1%	2.5%	18.6%
Total net invested capital	9,879	9,074	9,955
Equity	5,581	5,454	5,294
Provisions	1,054	1,068	1,081
Net financial position	3,244	2,553	3,580
Total financing and shareholders' equity	9,879	9,074	9,955

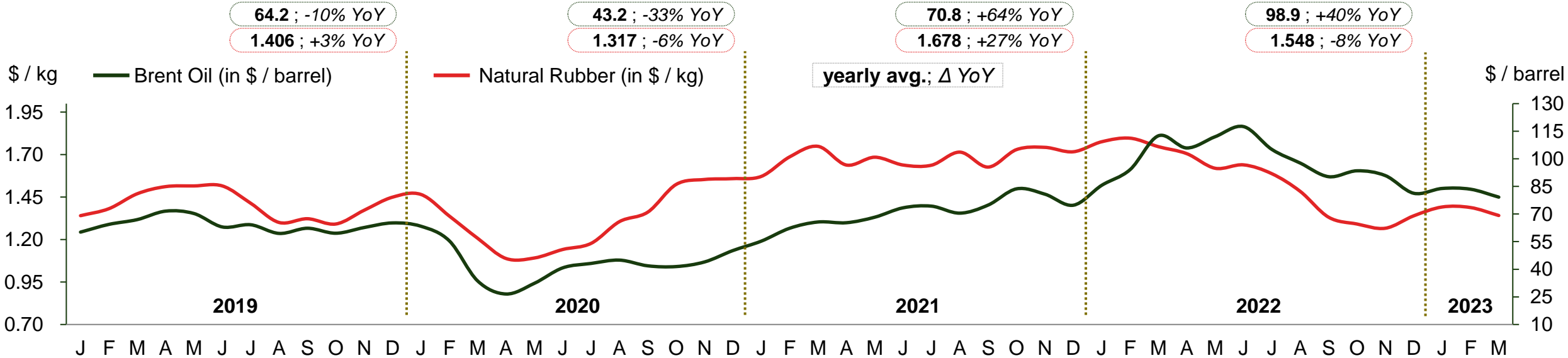
Net Cash Flow

€ million

	1Q 2023	1Q 2022
Adjusted EBIT ¹	248	229
Depreciation & Amortization (excl. PPA amortization)	112	105
Capital expenditures	(53)	(49)
Rights of use (IFRS 16)	(15)	(8)
Change in working capital / other	(869)	(842)
Operating Cash Flow	(577)	(565)
Financial income / (expenses)	(52)	(44)
Taxes paid	(29)	(33)
Cash-out for non recurring items and restructuring costs	(13)	(24)
Exchange rates difference / other	(20)	(8)
Net cash flow before dividends & extraordinary operations	(691)	(673)
Financial asset disposals / (acquisitions)	-	-
Net cash flow before dividends	(691)	(673)
Dividends paid	-	-
Net cash flow	(691)	(673)

Raw material costs trend and mix

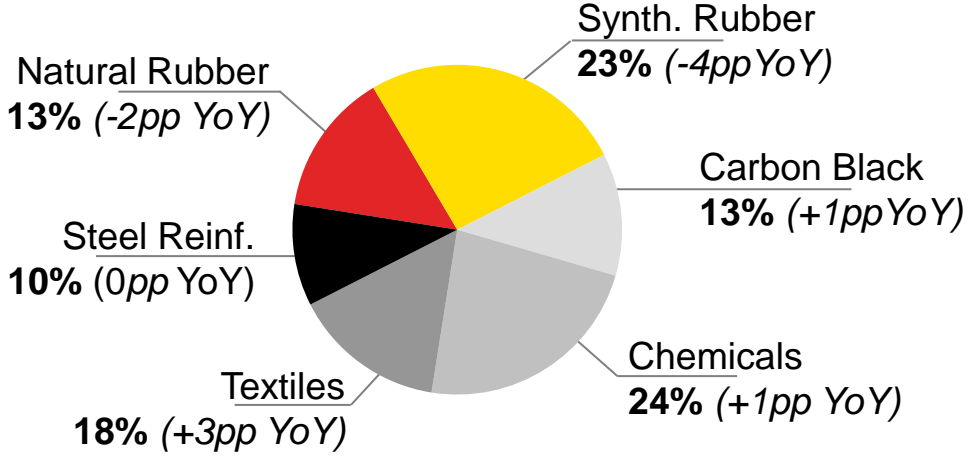
Main raw materials price trend



Pirelli 1Q 2023 mix

based on purchasing cost

36%
raw mat. costs
on sales



Pirelli manufacturing footprint

