FY 2016 Financial Results

March 31st, 2017

KEY MESSAGES

> **Solid FY 2016 results, with a strong 4Q, sustained by**:

- Premium outperformance across markets, now accounting for 64% of Consumer sales
- Highest price/mix improvement in the industry
- First signs of recovery in emerging markets (e.g. South America and Russia) in 4Q

Sound profitability, with record EBIT margin in Consumer (16.8%), through internal levers (volume, price/mix and efficiencies)

> **Pirelli transformation process continues**:

- Creation of a “pure Industrial tyre Company” , while the activities for the proposed integration with Aeolus – a listed company on the Shanghai Stock Exchange – are proceeding
- Creation of the sole “pure Consumer tyre Company” in view of its future listing

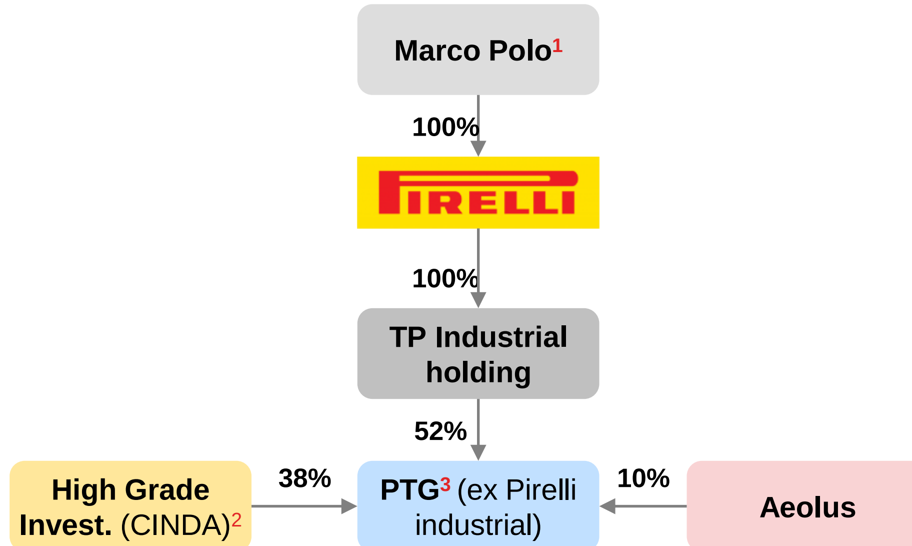
> **Geneva Motor Show – a showcase for Pirelli new products and solutions, the result of the new Consumer strategic approach**:

- **Pirelli Colored edition**, the super-specialty to respond to increasing Prestige and Premium customer needs for personalization
- **Pirelli Connesso**: the first Consumer App providing safety and tyre management services

INDUSTRIAL REORGANIZATION: STEPS TAKEN SO FAR

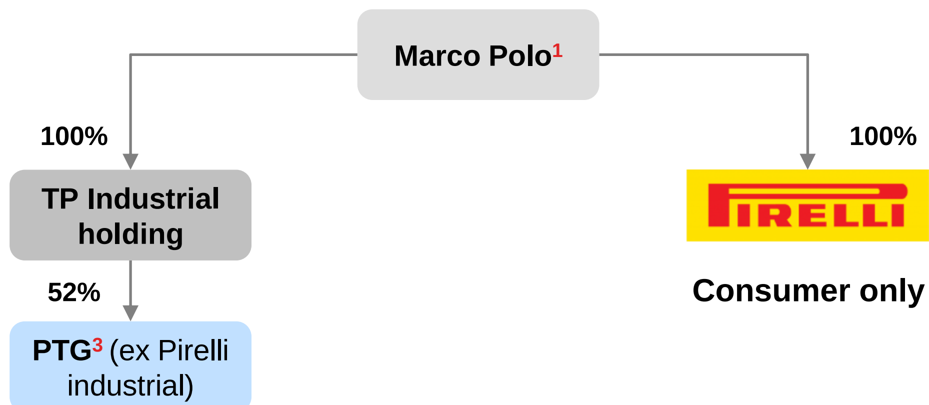
2016 – Jan. 2017

- **Swap of 10% of Pirelli Industrial with 80% of Aeolus's Car tyre business** completed on October 1, 2016; Pirelli Industrial valuation: €700 million equity value (100%)
- **Pirelli-Aeolus know-how & technology license agreement** signed
- Pirelli Industrial is renamed PTG (Prometeon Tyre Group S.r.l.)
- PTG – Pirelli license agreement on brand & technology know-how signed
- **CINDA**[2], a Chinese investment fund, **joins Pirelli Industrial with a 38% stake** for an equity value of €266 million, already included in Pirelli's 2016 cash-flow statement
- PTG other shareholders are: **TP Industrial holding** (a Pirelli company) with **52%** & **Aeolus 10%**



Mar. 2017

- **Assignment of TP Industrial holding to Marco Polo**, Pirelli sole shareholder, with **Pirelli** becoming a pure **Consumer Company**
  The assignment will ensure that Pirelli and TP Industrial can pursue their own independent paths to growth and independently developed strategies
- **€600 million refinancing of PTG** with a 3 years duration (which may be extended for 2 additional 1-year terms) is agreed and signed with major global banks; the refinancing will ensure Pirelli Industrial financial independence
- ~50% of PTG refinancing will be used to repay the debt towards Pirelli accelerating its deleveraging process



1 Simplified structure; Marco Polo is owned by CNRC (65%), Camfin (22.4%) and Long Term Investment (12.6%); 2 China Cinda (HK) Holdings Company Limited (CINDA), a wholly-owned subsidiary of China Cinda Asset Management Co., Ltd. (stock code 01359.HK), through its vehicle High Grade Investment Management Limited; 3 PTG: Prometeon Tyre Group S.r.l.

PIRELLI COLOR EDITION:
A "SUPER-SPECIALTY" FOR PRESTIGE & PREMIUM CUSTOMERS

- **A breakthrough high tech product** extending Pirelli's specialty offer (Pirelli Noise Canceling System, Run-Flat & Self-Sealing)
- **A unique technology**, deriving from F1, based on innovative materials that guarantee vivid and durable colors over time
- **The answer to increasing** Prestige and Premium customer need for personalization, design and technological excellence
- **Now available** in the **Replacement channel** for the **Prestige segment** only, whose car parc amounts to ~2.5 million cars globally

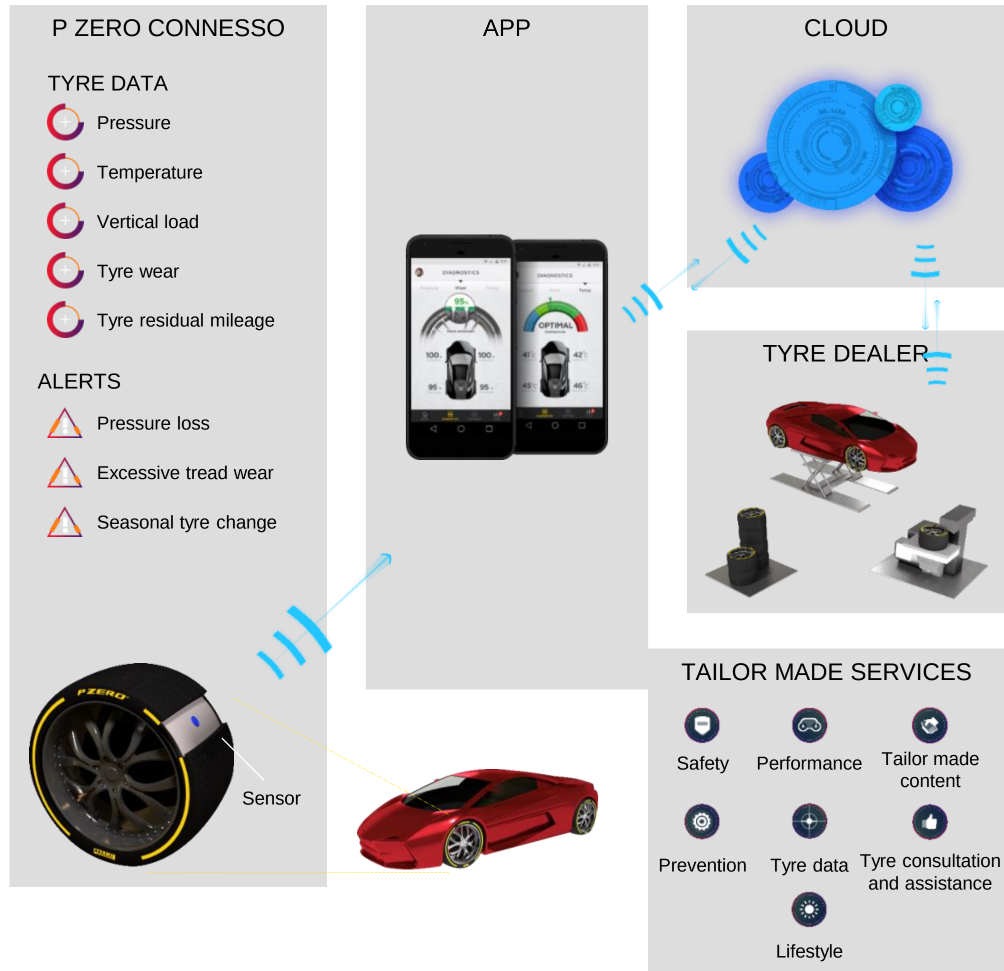
- **On offer**: **4 base colors available** for the P Zero and Winter Sottozero tyre lines, plus Bespoke on demand

- **Pricing** (for the full set of tyres): 4 base colors ~1% / 3% of Prestige Car price, in line with car customization options; on demand for the bespoke version (customized colors chosen from the pantone palette, and possibility of applying names and markings to the tyre)
- Available for pre-order now on color.pirelli.com for North America, Europe and the Far East, on sale since Summer 2017

PIRELLI CONNESSO: THE FIRST CONSUMER CONNECTED TYRE SOLUTION IN THE INDUSTRY

- A **digital platform**, **using a sensor** (embedded in the tyre connected to Pirelli Cloud) and a **smartphone app** to constantly communicate with the driver
- **Pirelli Connesso meets the Consumer's need** for safety, vehicle and cost efficiency & maintenance, establishing a direct link with the final customer and dealer network
- **Services available at launch:** tyre wear and diagnostics enabling preventive maintenance, optimization of tyre performance, alerts, tyre change recommendation, tyre dealer locator and appointment booking
- **In future releases**: tyre diagnostics when vehicle is not in use, tyre replacement at vehicle location
- Pirelli Connesso is the result of **an incubator program** developed in California by Pirelli in conjunction with leading digital companies
- Pirelli Connesso will first be **available in ≥19" size for Prestige cars from Summer 2017 in the US only**, and later in Europe and the Far East

how it works



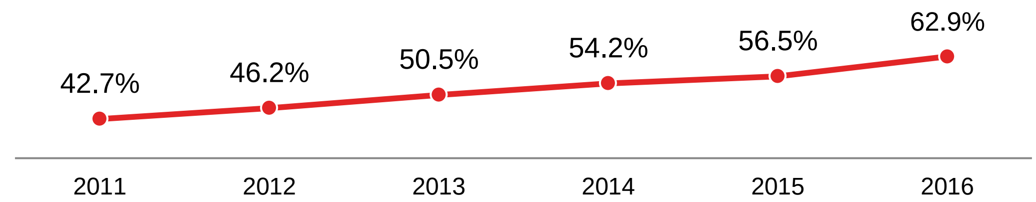
More information on Pirelli Connesso and its services are available on connect.pirelli.com

2016 SUSTAINABILITY PERFORMANCE (1/2)

EXPRESSED THROUGH THE «RETURN ON CAPITAL[1]» ADOPTED MODEL

Growth

Green performance revenues[2]
(weight on Tyre revenues)



	2016A	Target 2020 *(Nov. 2013)*
Human Capital		
Accident Frequency Index *(#accidents/worked hours x 100,000)*	-15% yoy **-80% vs. 2009**	**- 90% vs. 2009**
Training days per capita *(# of days)*	9,8 vs. 8.3 in 2015	≥7 since 2015
Process Efficiencies		
Energy specific consumption *(GJ/ton_{FP})*	+0.3% yoy **-7% vs. 2009**	**-18% vs. 2009**
CO_2 specific emissions *(ton/ton_{FP})*	-2.2% yoy **-3.6% vs. 2009**	**-15% vs. 2009**
Water Specific withdrawal *(m^3/ton_{FP})*	-6.0% yoy **-46% vs. 2009**	**-58% vs. 2009**
Waste Recovery *(%)*	**92.2% vs. 2009**	**>95% vs. 2009** no waste to landfill and efficiency actions for scrap internal recovery

[1]Pirelli sustainability model is inspired by the Value Driver framework of the UN-PRI (United Nations – Principles for Responsible Investment) and UN Global Compact.

[2] Green performance reveues relate to products that fall under rolling resistance and wet grip classes A, B, C according to the labeling parameters set by EU, considering worldwide production and not only the EU one

2016 SUSTAINABILITY PERFORMANCE (2/2)

EXPRESSED THROUGH THE «RETURN ON CAPITAL» ADOPTED MODEL

Supply chain

- Focus on **Natural Rubber** Sustainability to increase transparency on non-tier 1.
- **64 new "third party" ESG audits on site**: +7% of audited suppliers without non-conformities vs 2015.
- **Carbon Disclosure Project on Pirelli supply-chain**: analyzed suppliers globally avoided emission for about 29 million tons of CO2 equivalent, with estimated savings of $162 million.

Risk Governance

- **Operational risk:** updated methodology to assess and mitigate business interruption risks connected to IT, raw materials supply chain, security areas.
- **Group issued Policies:** Antitrust Policy, Consumer Data Protection (Privacy) Policy, Quality Policy, Health, Safety and Environment Policy, Human Rights (incl. Conflict Minerals), Product Stewardship Policy.

AGENDA

1 FY 2016 RESULTS

2 CONSUMER AND INDUSTRIAL PERFORMANCE

3 APPENDIX

PIRELLI KEY FINANCIAL RESULTS[1]

€ million	FY'15 Reported adj.	FY'15 excl. Venezuela	FY'16	Δ YoY vs FY'15 excl. Venezuela
Revenues	**6,309.6**	**5,962.5**	**6,058.4**	*+1.6%*
Organic Growth[2]				*+7.0%*
EBITDA before non-recurring items & Restr. Costs	**1,242.7**	**1,155.7**	**1,183.2**	*+2.4%*
Margin	*19.7%*	*19.4%*	*19.5%*	*+0.1 pp*
EBIT adjusted[3]	**924.7**	**860.5**	**896.6**	*+4.2%*
Margin	*14.7%*	*14.4%*	*14.8%*	*+0.4 pp*
Amortization from PPA	(6.2)	(6.2)	(105.8)	
Non-recurring items & Restr. costs	(68.2)	(68.2)	(66.6)	
EBIT	**850.3**	**786.1**	**724.2**	
Margin	*13.5%*	*13.2%*	*12.0%*	
Results from Equity Investments	(41.4)		(20.0)	
Financial Income / (Charges)	(328.2)		(440.3)	
PBT adjusted	**480.7**		**263.9**	
Venezuela decons. impact	(559.5)			
PBT	**(78.8)**		**263.9**	
Tax Rate	*n.m.*		*-44.1%*	
Net income (loss) before disc. Operations	**(368.9)**		**147.6**	
Discontinued operations	(14.6)		0.0	
Net Income (loss)	**(383.5)**		**147.6**	

2016 FY highlights

- Solid organic growth, backed by Premium outperformance and price/mix
- Trends improving in 4Q (+8.7% organic growth)

- Profitability increasing, sustained by price/mix and efficiencies
- Consumer profitability at record 16.8% (+0.6 pp YoY)
- PPA: additional amortization, due to allocation of purchasing price paid by Marco Polo, arising from Pirelli / Marco Polo merger

- Results from equity investments: mainly related to Prelios, Fenice and Eurostazioni
- Financial charges increasing, as a consequence of the Marco Polo Industrial debt consolidation

[1] 4Q 16 and 4Q 15 data available in the appendix; [2] Excluding exchange rate effects; [3] before amortization of PPA, non-recurring items and restructuring costs

FY 2016 PERFORMANCE BY REGION

€ million	Tyre Sales	Δ YoY	Organic growth[1]	Consumer Sales	Δ YoY	Organic growth[2]	Industrial Sales	Δ YoY	Organic growth[2]	Tyre EBIT Margin adjusted[3]
Total	6,056.2	+1.7%	*+7.1%*	5,068.5	+5.3%	*+8.2%*	987.7	-13.4%	*+2.6%*	14.8% (+0.2 pp YoY)
Europe	38%	+3.5%	*+5.1%*	42%	+5.8%		16%	-20.2%		Mid-teens (improving YoY)
NAFTA	16%	+10.7%	*+12.0%*	18%	+12.1%		2%	-29.7%		Twenties (stable YoY)
	46%	-2.3%	*+7.3%*	40%	+1.9%		82%	-11.5%		
Russia & CIS	3%	-9.5%	*-1.0%*		-9.5%			-10.0%		Russia: Break-even (declining YoY)
MEAI	8%	-3.1%	*+7.2%*		+7.6%			-11.4%		High-teens (stable YoY)
APac	13%	+9.0%	*+12.1%*		+7.9%			+24.1%		Twenties (stable YoY)
South America	22%	-6.6%	*+6.0%*		-1.6%			-14.5%		Mid-single digit (declining YoY)

[1] Excluding exchange rate effects and Venezuela; [2] Excluding exchange rate effects, Venezuela and Consumer / Industrial perimeter change; [3] before amortization of PPA, non-recurring items and restructuring costs

FY 2016 PREMIUM PERFORMANCE BY REGION

€ million

	FY 2015	FY 2016	Δ YoY	*Organic Growth*[1]
Total	**2,957.8**	**3,244.6**	**+9.7%**	***+12.3%***
Europe	47%	47%	+10.0%	+12.0%
NAFTA	25%	26%	+12.4%	+12.8%
	28%	**27%**		
Russia & CIS	1%	1%	*-1.8%*	+6.8%
MEAI	4%	4%	*+16.8%*	+21.5%
APac	18%	18%	*+9.7%*	+12.9%
South America	5%	4%	*-11.4%*	+2.6%
Weight on Consumer Revenues	***61%***	**64%**		

Europe
- Sound performance in SuperPremium & Prestige, and solid Winter season
- Progress in selected distribution channels (e.g. Car Dealers, independent dealers), with new services available (e.g. mobile fitting)
- Confirmed leadership in technological niches

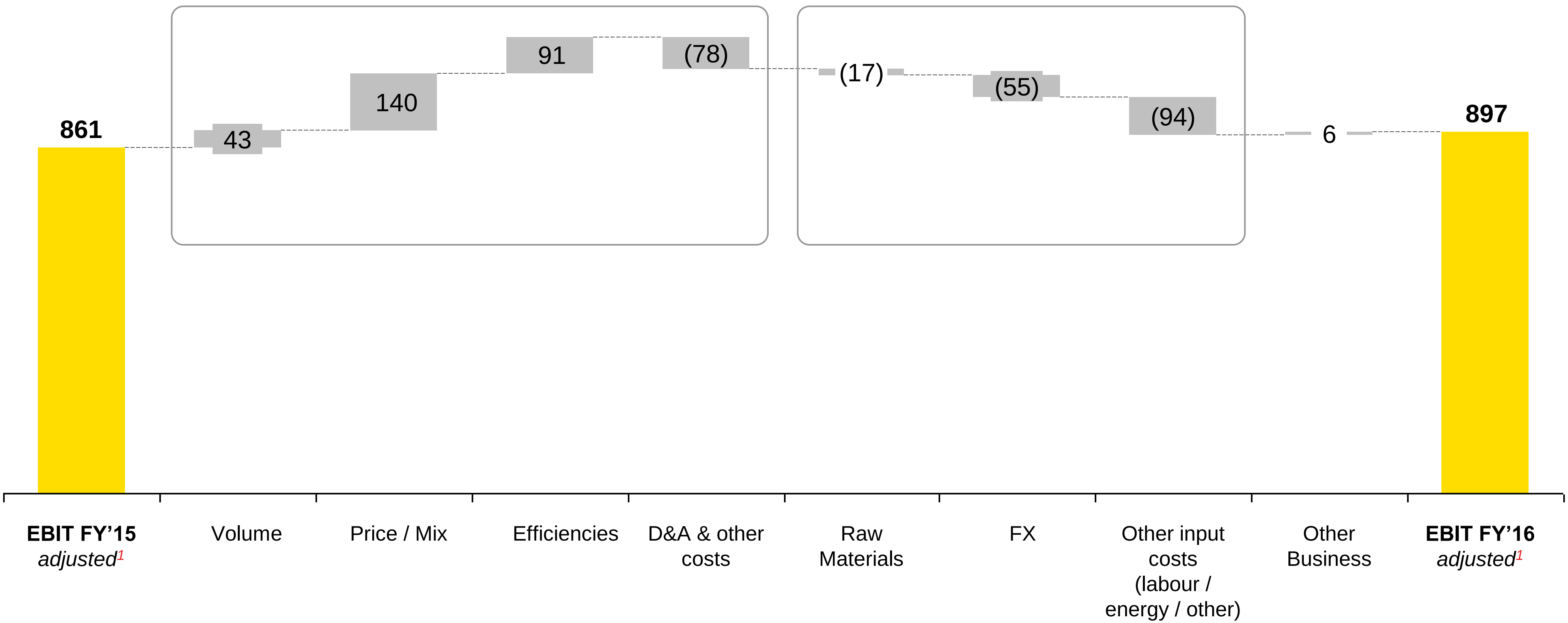
NAFTA
- Premium and SuperPremium continue to grow thanks to OE-Marked tyres and North American products; good performance of Winter
- Increased retail penetration in selected customers

Other regions
- **Russia & CIS**: improving performance sustained by rebound in volumes at year end
- **MEAI**: Super Premium growth, thanks to the expansion in selected networks
- **APac**: growth supported by pull-through and push-through projects, retail expansion
- **South America**: sound volumes in 4Q supporting a recovery in the Region

[1] *Excluding exchange rate effects, Venezuela and Consumer / Industrial perimeter change*

PIRELLI GROUP OPERATING PERFORMANCE

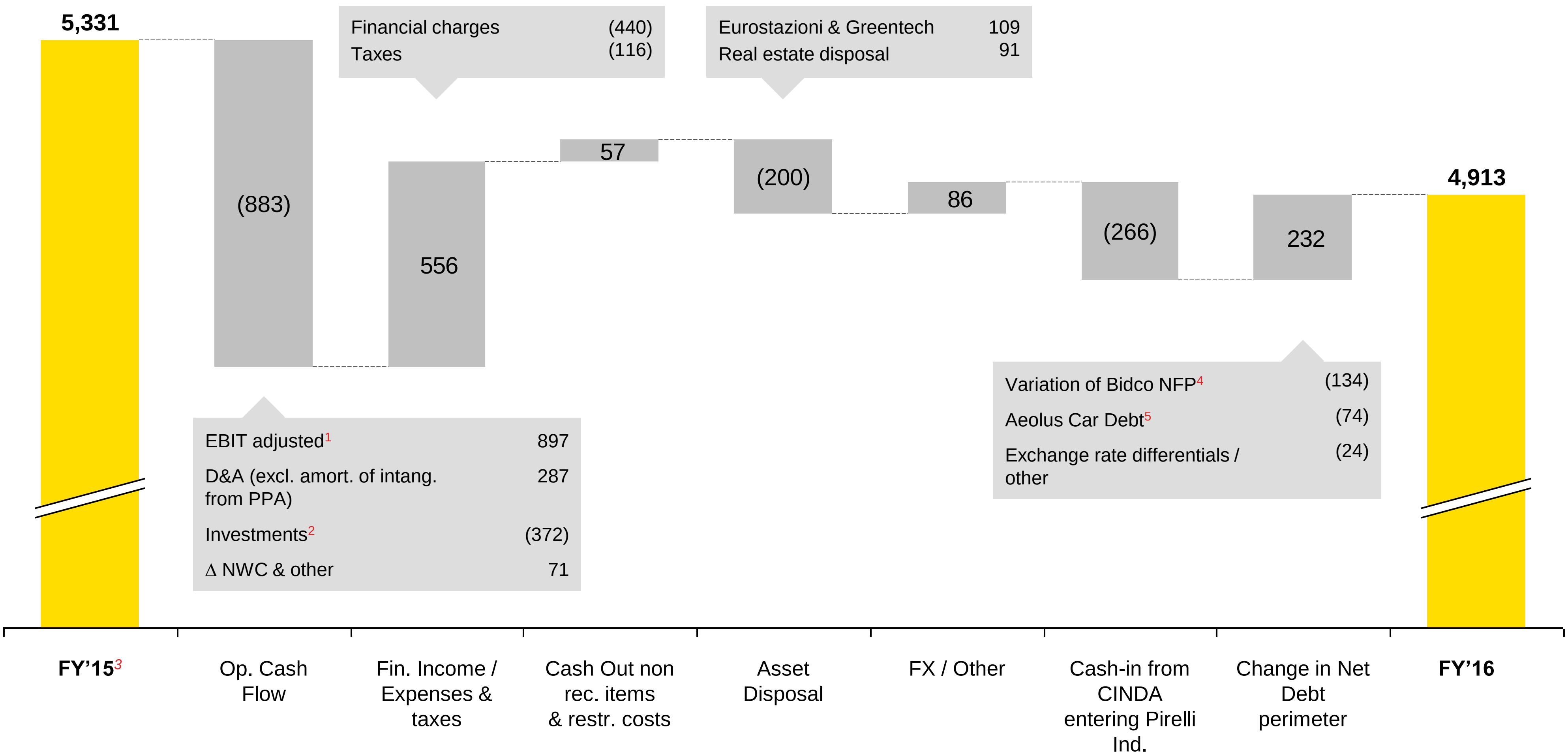
€ million



Note: FY 2015 EBIT net of Venezuela; [1] before amortization of PPA, non-recurring items and restructuring costs; 4Q details available in the appendix

FY 2016 NET FINANCIAL POSITION

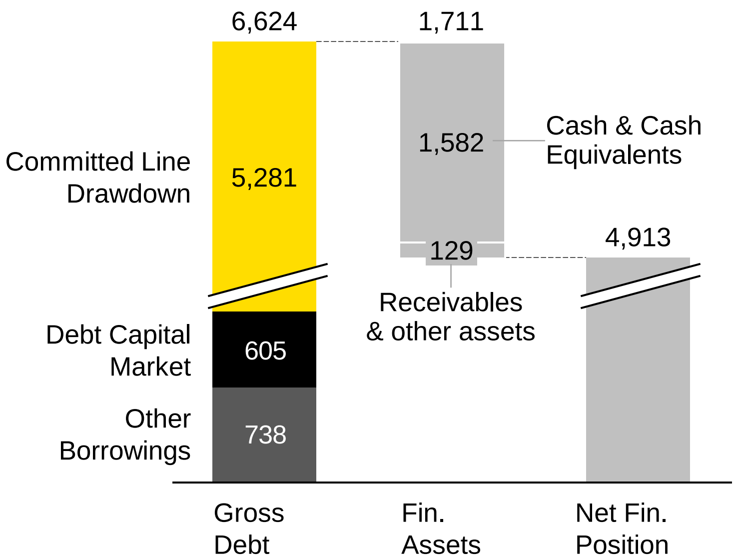
€ million



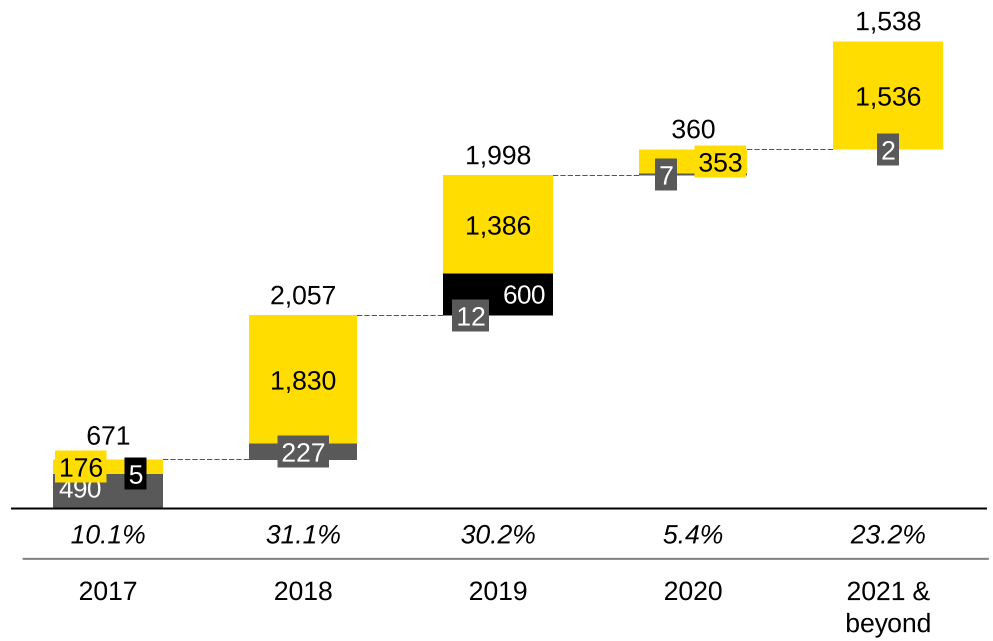
[1] before amortization of PPA, non-recurring items and restructuring costs; [2] Tangible and intangible investments; [3] Including Marco Polo Industrial Holding Debt; [4] Increase of Bidco loan costs, up to the date of the merger with Pirelli & C.; [5] Net Financial Position of Aeolus Car business, consolidated in Pirelli accounts

PIRELLI DEBT STRUCTURE[1] AS OF DECEMBER 31, 2016

Net Financial Position



Gross Debt Maturity



Liquidity Profile

€ million

Liquidity position	1,582
Total committed lines not drawn due 2020	1,000
Liquidity Margin	**2,582**

Debt Profile

- Cost of debt 5.82%
- Gross debt profile: ~15% Fixed and ~85% Floating
- Average debt maturity: ~2.5 years

[1] *Taking into account the Merger between Pirelli & C. S.p.A. and Marco Polo Industrial Holding S.p.A., which became effective on June 1st, 2016; acquisition facilities turned into Pirelli's debt*

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KEY TYRE RESULTS

€ million	1Q'16	Δ YoY[1]	2Q'16	Δ YoY[1]	3Q'16	Δ YoY[1]	4Q'16	Δ YoY[1]	FY'16	Δ YoY[1]
Revenues	**1,435.1**	**-4.0%**	**1,531.8**	**-1.6%**	**1,564.0**	**+5.7%**	**1,525.3**	**+7.3%**	**6,056.2**	**+1.7%**
o/w Premium	*781.9*	*+8.4%*	*825.3*	*+7.7%*	*835.9*	*+10.3%*	*801.5*	*+12.4%*	*3,244.6*	*+9.7%*
EBITDA before non-recurring items & restr. costs	**290.2**	**+2.0%**	**289.1**	**-5.7%**	**293.5**	**+6.5%**	**311.7**	**+5.3%**	**1,184.5**	**+1.9%**
Margin	*20.2%*	*+1.2 pp*	*18.9%*	*-0.8 pp*	*18.8%*	*+0.1 pp*	*20.4%*	*-0.4 pp*	*19.6%*	*+0.1 pp*
EBIT adjusted[2]	**217.6**	**+3.4%**	**215.7**	**-6.7%**	**223.1**	**+10.3%**	**242.4**	**+7.7%**	**898.8**	**+3.5%**
Margin	*15.2%*	*+1.1 pp*	*14.1%*	*-0.7 pp*	*14.3%*	*+0.7 pp*	*15.9%*	*+0.1 pp*	*14.8%*	*+0.2 pp*
EBIT	**175.8**		**181.1**		**185.0**		**184.7**		**726.6**	
Margin	*12.3%*		*11.8%*		*11.8%*		*12.1%*		*12.0%*	

Revenue drivers	**1Q'16**	**2Q'16**	**3Q'16**	**4Q'16**	**FY'16**
Δ Volumes	-0.8%	+0.8%	+3.7%	+5.1%	+2.1%
o/w Premium	*+11.7%*	*+15.0%*	*+15.9%*	*+14.1%*	*+14.2%*
Δ Price/Mix	+6.1%	+5.9%	+4.3%	+3.7%	+5.0%
Δ Organic growth (before exchange rate impact)	**+5.3%**	**+6.7%**	**+8.0%**	**+8.8%**	**+7.1%**
Δ Exchange Rate	-9.3%	-8.3%	-2.3%	-1.5%	-5.4%
Δ Revenues *(w/o Venezuela)*	**-4.0%**	**-1.6%**	**+5.7%**	**+7.3%**	**+1.7%**

[1] Δ % vs. same period of 2015, excl. Venezuela; [2] before amortization of PPA, non-recurring items and restructuring costs

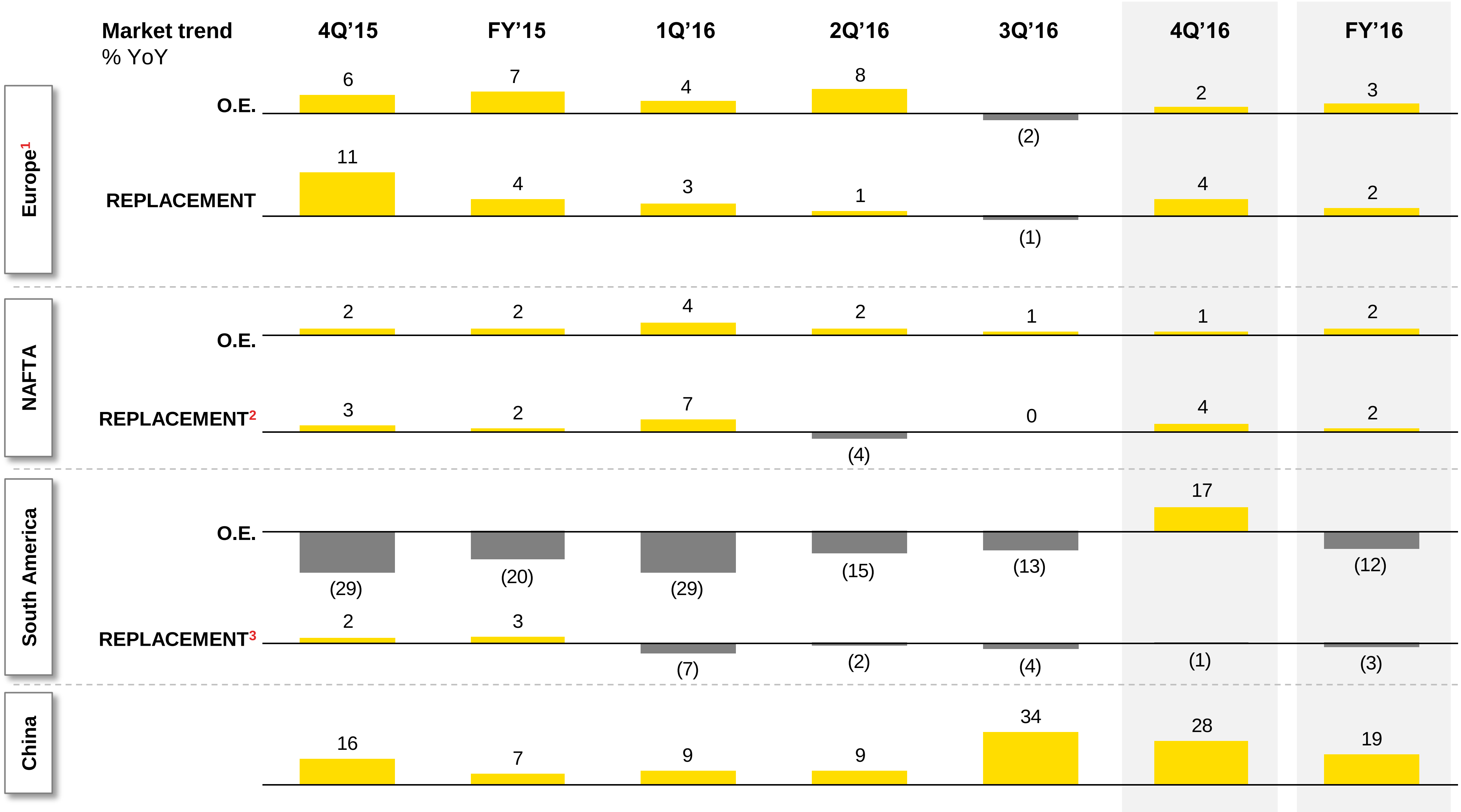
CONSUMER BUSINESS[1]: PIRELLI PERFORMANCE

€ million	1Q'16	Δ YoY[2]	2Q'16	Δ YoY[2]	3Q'16	Δ YoY[2]	4Q'16	Δ YoY[2]	FY'16	Δ YoY[2]
Revenues	**1,165.7**	**-1.0%**	**1,303.9**	**+5.0%**	**1,314.4**	**+10.4%**	**1,284.5**	**+6.8%**	**5,068.5**	**+5.3%**
o/w Premium	*781.9*	*+8.4%*	*825.3*	*+7.7%*	*835.9*	*+10.3%*	*801.5*	*+12.4%*	*3,244.6*	*+9.7%*
% revenues	*67.1%*	*+5.9 pp*	*63.3%*	*+1.6 pp*	*63.6%*	*0.0 pp*	*62.4%*	*+3.1 pp*	*64.0%*	*+2.5 pp*
EBITDA before non-recurring items & restr. costs	**263.3**	**+9.9%**	**270.2**	**+1.4%**	**273.0**	**+10.3%**	**287.0**	**+7.7%**	**1,093.5**	**+7.2%**
Margin	*22.6%*	*+2.3 pp*	*20.7%*	*-0.8 pp*	*20.8%*	*0.0 pp*	*22.3%*	*+0.1 pp*	*21.6%*	*+0.4 pp*
EBIT adjusted[3]	**201.2**	**+12.4%**	**207.6**	**+2.1%**	**213.6**	**+14.7%**	**228.3**	**+7.8%**	**850.7**	**+9.0%**
Margin	*17.3%*	*+2.1 pp*	*15.9%*	*-0.5 pp*	*16.3%*	*+0.6 pp*	*17.8%*	*+0.2 pp*	*16.8%*	*+0.6 pp*
EBIT	**164.2**		**174.2**		**178.6**		**176.0**		**693.0**	
Margin	*14.1%*		*13.4%*		*13.6%*		*13.7%*		*13.7%*	

Revenue drivers	**1Q'16**	**2Q'16**	**3Q'16**	**4Q'16**	**FY'16**
Δ Volumes	+1.7%	+2.1%	+5.5%	+4.8%	+3.5%
o/w Premium	*+11.7%*	*+15.0%*	*+15.9%*	*+14.1%*	*+14.2%*
Δ Price/Mix	+5.2%	+5.8%	+4.5%	+3.4%	+4.7%
Δ Organic growth (before exchange rate impact)	**+6.9%**	**+7.9%**	**+10.0%**	**+8.2%**	**+8.2%**
Δ Perimeter Consumer / Industrial	-0.3%	+4.6%	+2.2%	-0.8%	+1.5%
Δ Exchange Rate	-7.6%	-7.5%	-1.8%	-0.6%	-4.4%
Δ Revenues *(w/o Venezuela)*	**-1.0%**	**+5.0%**	**+10.4%**	**+6.8%**	**+5.3%**

[1] Results refer to the two different businesses based on view by product (Industrial vs. Consumer products) in accordance with IFRS 8 (Operating Segments); this view does not represent the current structure by legal entities of Pirelli Consumer & Pirelli Industrial; [2] Δ% vs. same period of 2015, excl. Venezuela; [3] before amortization of PPA, non-recurring items & restr. costs

CONSUMER BUSINESS: KEY MARKET TRENDS



[1] Russia excluded, Turkey excluded in 2016 (included in 2015); [2] NAFTA Replacement includes imports; [3] South America Replacement restated to include Brazilian imports

Source: Local tyre manufacturer associations

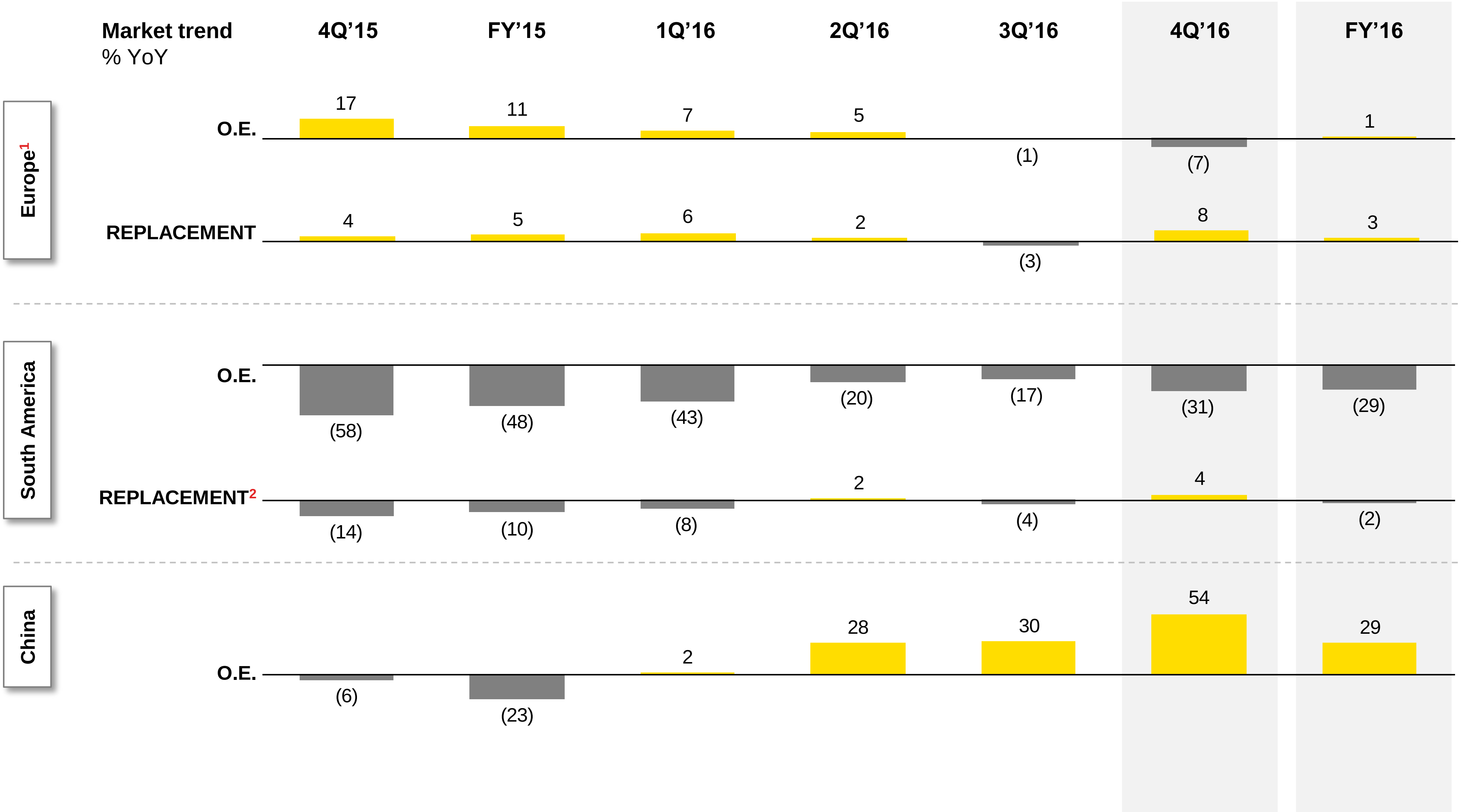
INDUSTRIAL BUSINESS[1]: PIRELLI PERFORMANCE

€ million	1Q'16	Δ YoY[2]	2Q'16	Δ YoY[2]	3Q'16	Δ YoY[2]	4Q'16	Δ YoY[2]	FY'16	Δ YoY[2]
Revenues	**269.4**	**-15.3%**	**227.9**	**-27.8%**	**249.6**	**-13.5%**	**240.8**	**+9.9%**	**987.7**	**-13.4%**
EBITDA before non-recurring items & restr. costs	**26.9**	**-40.2%**	**18.9**	**-52.6%**	**20.5**	**-26.5%**	**24.7**	**-16.3%**	**91.0**	**-36.1%**
Margin	*10.0%*	*-4.2 pp*	*8.3%*	*-4.3 pp*	*8.2%*	*-1.5 pp*	*10.3%*	*-3.2 pp*	*9.2%*	*-3.3 pp*
EBIT adjusted[3]	**16.4**	**-47.8%**	**8.1**	**-70.8%**	**9.5**	**-41.0%**	**14.1**	**+6.8%**	**48.1**	**-45.6%**
Margin	*6.1%*	*-3.8 pp*	*3.6%*	*-5.2 pp*	*3.8%*	*-1.8 pp*	*5.9%*	*-0.1 pp*	*4.9%*	*-2.8 pp*
EBIT	**11.6**		**6.9**		**6.4**		**8.7**		**33.6**	
Margin	*4.3%*		*3.0%*		*2.6%*		*3.6%*		*3.4%*	

Revenue drivers	1Q'16	2Q'16	3Q'16	4Q'16	FY'16
Δ Volumes	-10.1%	-4.5%	-3.8%	+6.5%	-3.8%
Δ Price/Mix	+9.1%	+6.3%	+3.9%	+5.6%	+6.4%
Δ **Organic growth (before exchange rate impact)**	**-1.0%**	**+1.8%**	**+0.1%**	**+12.1%**	**+2.6%**
Δ Perimeter Consumer / Industrial	+1.1%	-18.1%	-9.0%	+4.3%	-6.1%
Δ Exchange Rate	-15.4%	-11.5%	-4.6%	-6.5%	-9.9%
Δ **Revenues *(w/o Venezuela)***	**-15.3%**	**-27.8%**	**-13.5%**	**+9.9%**	**-13.4%**

[1] Results refer to the two different businesses based on view by product (Industrial vs. Consumer products) in accordance with IFRS 8 (Operating Segments); this view does not represent the current structure by legal entities of Pirelli Consumer and Pirelli Industrial; [2] Δ% vs. same period of 2015, excl.Venezuela; [3] before amortization of PPA, non-recurring items & restr. costs

INDUSTRIAL BUSINESS: KEY MARKET TRENDS



[1] Russia excluded, Turkey excluded in 2016 (included in 2015); [2] Non-pool members' imports not included
Source: Major external data providers for each Region and Pirelli estimates

AGENDA

1 FY 2016 RESULTS

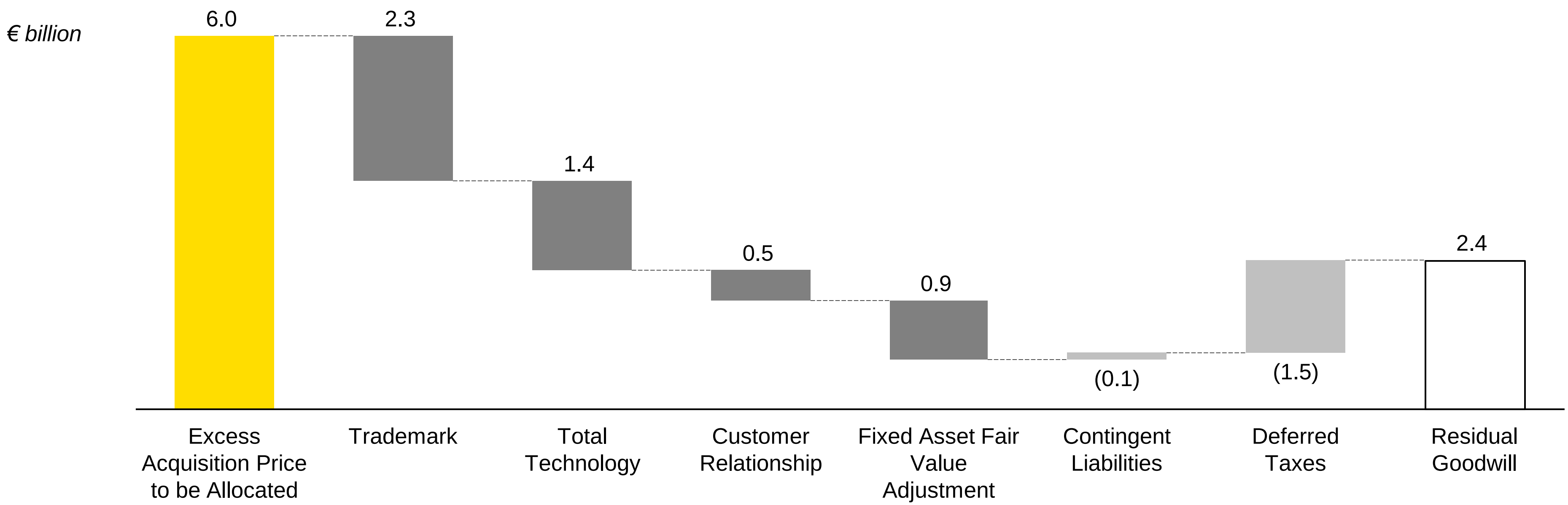
2 CONSUMER AND INDUSTRIAL PERFORMANCE

3 APPENDIX

PIRELLI / MARCO POLO MERGER: PURCHASE PRICE ALLOCATION IMPACT

> Following the merger of Marco Polo into Pirelli, the acquisition price excess amounting to €6 billion (€7.3 billion acquisition price minus Pirelli net equity adjusted at the acquisition date) has been allocated through the Purchase Price Allocation process (PPA) to the fair value of Pirelli assets and liabilities as of September 1, 2015 (acquisition date)

> Due to the subsequent reverse merger of Marco Polo into Pirelli, the PPA effects are included in Pirelli accounts:



> It is worth noticing that intangible assets are continuously regenerated inside the Group incurring certain costs that cannot be capitalized (e.g. R&D costs for technology, commercial costs for brand, etc.); as consequence the amortization related to such assets duplicates the cost recorded in P&L In order to neutralize this effect and make the Income Statement figures for 2016 more comparable with those of previous periods, we introduced, in line with industry best practices, the "adjusted EBIT" measure, which does not include either non-recurring or restructuring expenses, as well as the PPA amortizations attributable to intangible assets

PIRELLI BALANCE SHEET

€ million	**FY'15** (reported[1])	**FY'15** (restated[2])	**FY'16**
FIXED ASSETS	**3,780.5**	**10,361.4**	**10,299.2**
Inventories	1,053.9	1,053.9	1,055.6
Trade receivables	676.2	676.2	679.3
Trade payables	(1,313.1)	(1,320.1)	(1,498.5)
NET OPERATING WORKING CAPITAL	**417.0**	**410.0**	**236.4**
Other payables / receivables	(107.6)	(111.0)	(310.7)
Net Working Capital	**309.4**	**299.0**	**(74.3)**
NET INVESTED CAPITAL	**4,089.9**	**10,660.4**	**10,224.9**
Total Net Equity	**2,343.5**	**3,281.6**	**3,274.9**
Provisions	**547.3**	**2,047.8**	**2,037.2**
Net Financial Position	**1,199.1**	**5,331.0**	**4,912.8**
TOTAL	**4,089.9**	**10,660.4**	**10,224.9**
Attributable Net Equity	*2,280.1*	*3,209.6*	*3,134.1*

[1] Pirelli & C. reported consolidated financial statement; [2] Marco Polo Industrial Holding S.p.A. consolidated financial statement

PIRELLI KEY FINANCIAL RESULTS

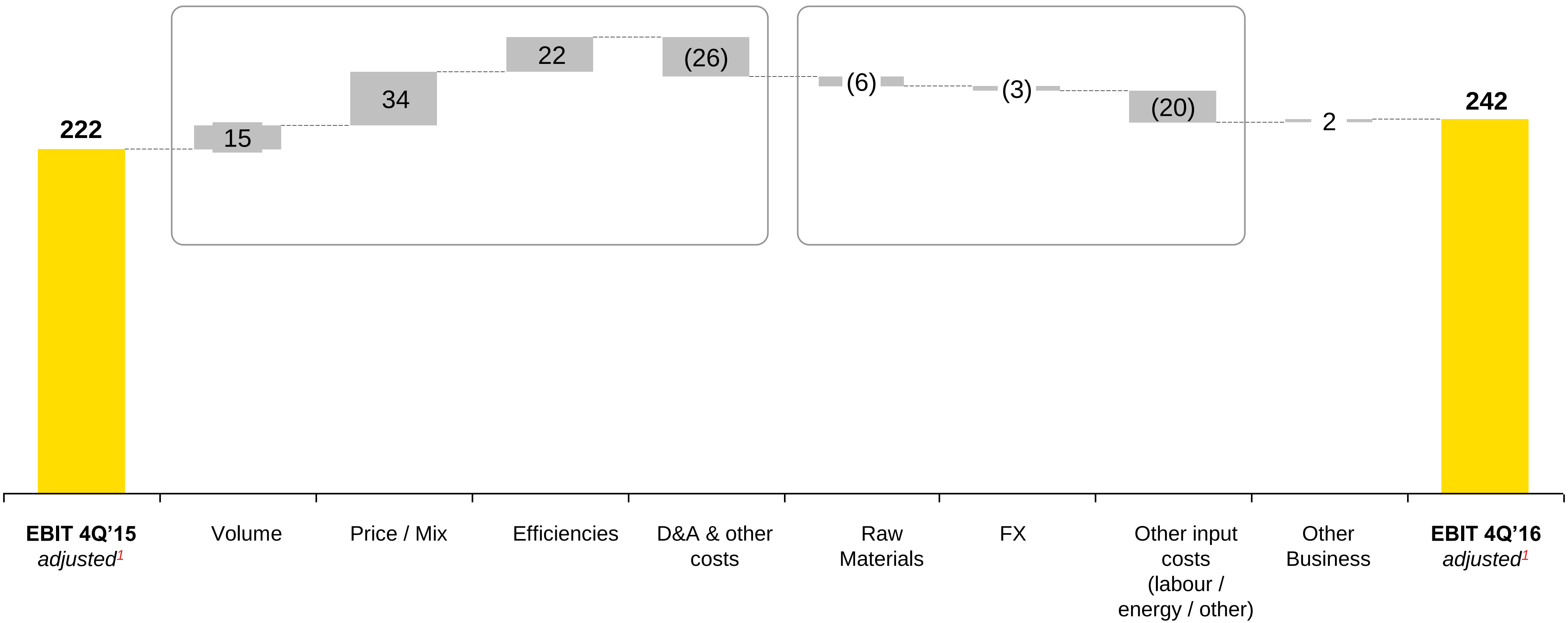
€ million	4Q'15 Reported adj.	4Q'15 excl. Venezuela	4Q'16	Δ YoY vs 4Q'15 excl. Venezuela
Revenues	**1,597.7**	**1,423.4**	**1,525.3**	*+7.2%*
Organic Growth[1]				*+8.7%*
EBITDA before non-recurring items & Restr. Costs	**349.3**	**293.8**	**311.1**	*+5.9%*
Margin	*21.9%*	*20.6%*	*20.4%*	*-0.2pp*
EBIT adjusted[2]	**262.9**	**222.3**	**241.6**	*+8.7%*
Margin	*16.5%*	*15.6%*	*15.8%*	*+0.2 pp*
Amortization from PPA	(1.6)		(26.5)	
Non-recurring items & Restr. Costs	(59.1)		(31.4)	
EBIT	**202.2**		**183.7**	
Margin	*12.7%*		*12.0%*	
Results from Equity Investments	(35.2)		32.7	
Financial Income / (Charges)	(147.7)		(56.9)	
PBT	**(540.2)**		**159.5**	
Tax Rate	*n.m.*		*-21.7%*	
Net income before disc. operations	**(660.1)**		**124.9**	
Discontinued operations	0.0		0.0	
Net Income	**(660.1)**		**124.9**	
Attributable Net Income	**(660.4)**		**118.4**	
Investments[3]	**129.6**		**133.8**	
Net Debt	**1,199.1**		**4,912.8**	

[1] Excluding exchange rate effects; [2] before amortization of PPA, non-recurring items and restructuring costs; [3] Tangible and Intangible investments

PIRELLI

PIRELLI GROUP OPERATING PERFORMANCE

€ million



Note: 4Q 2015 EBIT net of Venezuela; 1 before amortization of PPA, non-recurring items and restructuring costs

PIRELLI GROUP CASH FLOW

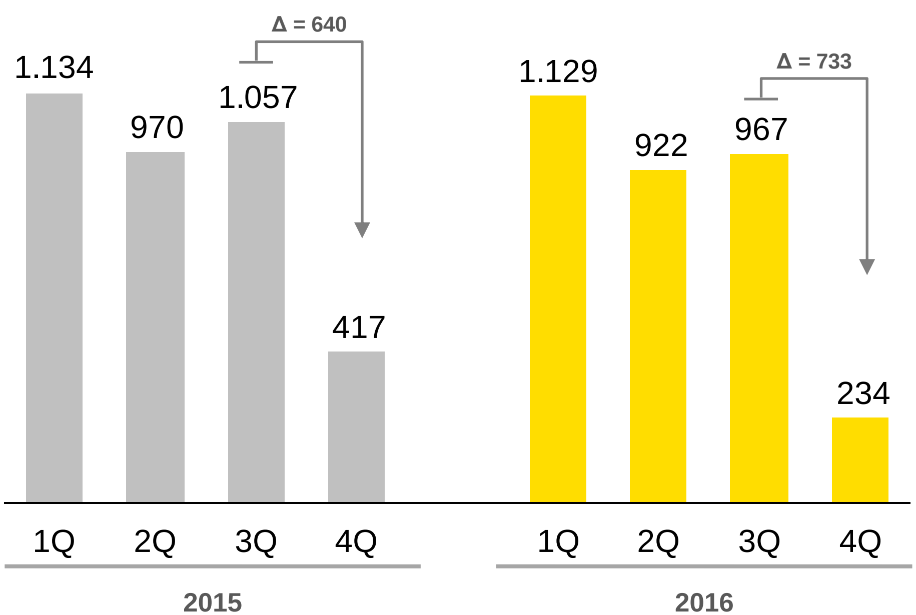
€ million	1Q'15[2]	2Q'15[2]	3Q'15[2]	4Q'15[2]	FY'15[2]	1Q'16	2Q'16	3Q'16	4Q'16	FY'16
EBIT adjusted[1]	215.0	239.5	207.3	262.9	924.7	217.1	215.1	222.8	241.6	896.6
Amortization (excl. PPA amortization)	76.9	78.2	76.5	86.4	318.0	72.9	73.6	70.6	69.5	286.6
Capital Expenditure	(85.6)	(103.2)	(73.0)	(129.6)	(391.4)	(74.0)	(82.0)	(82.4)	(133.8)	(372.2)
Working capital / other variations	(895.2)	151.6	(113.7)	707.4	(149.9)	(715.9)	101.4	(51.7)	737.9	71.7
OPERATING CASH FLOW	**(688.9)**	**366.1**	**97.1**	**927.1**	**701.4**	**(499.9)**	**308.1**	**159.3**	**915.2**	**882.7**
Financial income / (expenses)	(52.1)	(61.3)	(67.1)	(147.7)	(328.2)	(82.7)	(198.1)	(102.6)	(56.9)	(440.3)
Taxes	(54.1)	(63.7)	(52.4)	(119.9)	(290.1)	(27.2)	(25.9)	(28.6)	(34.6)	(116.3)
NET OPERATING CASH FLOW	**(795.1)**	**241.1**	**(22.4)**	**659.5**	**83.1**	**(609.8)**	**84.1**	**28.1**	**823.7**	**326.1**
Financial / assets (investments) divestments	(14.4)	(0.4)	(12.2)	6.6	(20.4)	(5.2)	11.1	16.1	171.4	193.4
Other dividends paid	(7.6)	(2.5)	-	-	(10.1)	-	(2.4)	-	0.3	(2.1)
Cash-out for non-rec. items and restr. costs	(6.4)	(2.6)	(3.7)	(15.4)	(28.1)	(19.5)	(11.4)	(8.8)	(17.4)	(57.1)
Venezuela impact on financial charges	-	14.2	9.1	0.7	24.0	-	-	-	-	-
Release of deferred tax liabilities incl. In tax charges	-	-	-	-	-	-	-	(22.1)	(7.4)	(29.5)
Deferred tax assets included in fiscal charges	-	-	-	107.6	107.6	-	-	-	-	-
Fin. charges incl. in Debt acquisition	-	-	-	-	-	-	122.2	-	-	122.2
Bidco costs post merger / other refinancing adjustments already included in financial charges	-	-	-	-	-	-	-	-	23.0	23.0
Exchange rate differentials / others	45.8	(37.4)	22.5	5.1	36.0	(70.1)	(33.1)	13.7	(103.4)	(192.9)
NET CASH FLOW BEFORE DIVIDENDS & EXTRAORDINARY ITEMS	**(777.7)**	**212.4**	**(6.7)**	**764.1**	**192.1**	**(704.6)**	**170.5**	**27.0**	**890.2**	**383.1**
Dividends paid	-	(179.5)	-	-	(179.5)	-	-	-	-	-
Impact of Steelcord disposal	24.4	35.6	(14.4)	-	45.6	-	-	-	-	-
Impact of Venezuela deconsolidation on NFP	-	-	-	(277.7)	(277.7)	-	-	-	-	-
Variation of Bidco NFP from 1/1 to 31/5/2016	-	-	-	-	-	-	(134.3)	-	-	(134.3)
Bidco costs post merger / other refinancing adjustments	-	-	-	-	-	-	-	-	(23.0)	(23.0)
Impact of Aeolus Car NFP	-	-	-	-	-	-	-	-	(73.6)	(73.6)
Cash-in from Cinda of sales 38% of P.I.	-	-	-	-	-	-	-	-	266.0	266.0
NET CASH FLOW	**(753.3)**	**68.5**	**(21.1)**	**486.4**	**(219.5)**	**(704.6)**	**36.2**	**27.0**	**1,059.6**	**418.2**

Note: Venezuela deconsolidated since 31 December 2015; [1] before amortization of PPA, non-recurring items and restructuring costs; [2] reported adjusted

OPERATING NET WORKING CAPITAL AND CAPEX SEASONALITY TREND

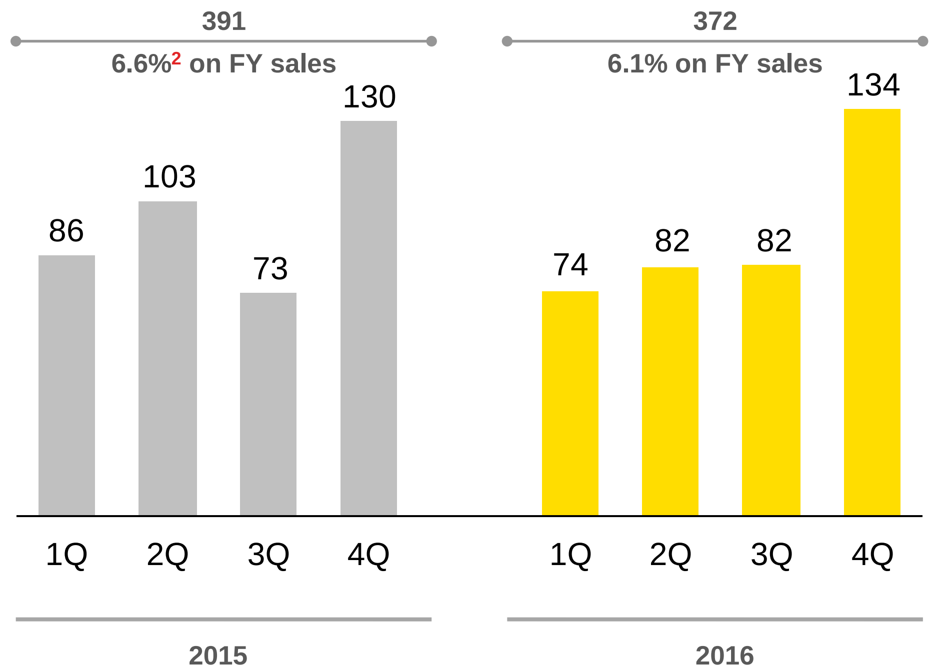
Operating Net Working Capital[1]

€ million



CapEx

€ million



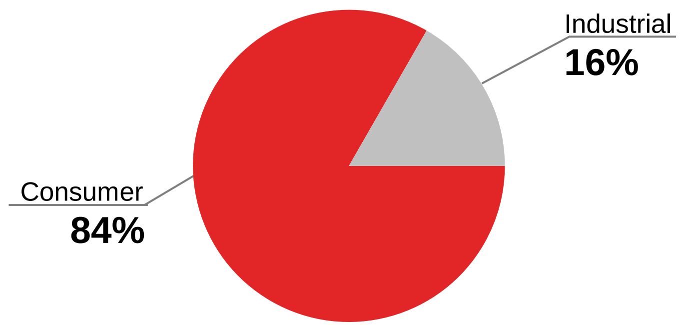
CapEx / Sales

5.5%	6.4%	4.8%	8.1%	5.2%	5.4%	5.3%	8.8%

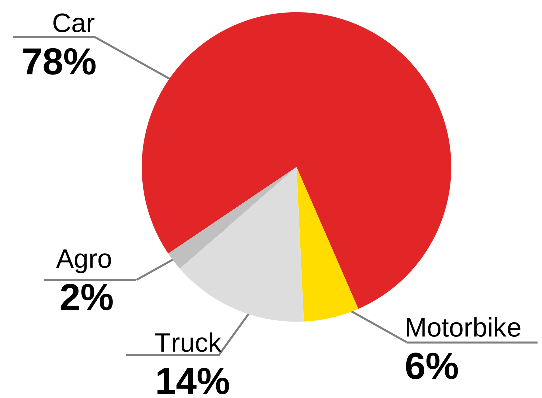
[1] NWC definition: inventories + trade receivables - trade payables +/- other payables / receivables; [2] On 2015 Net Sales excluding Venezuela

FY 2016 PIRELLI TYRE MIX

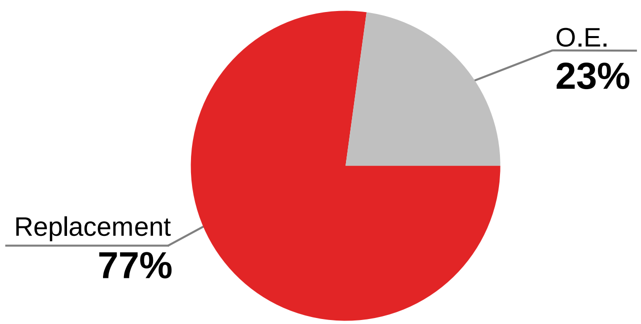
Sales by Business



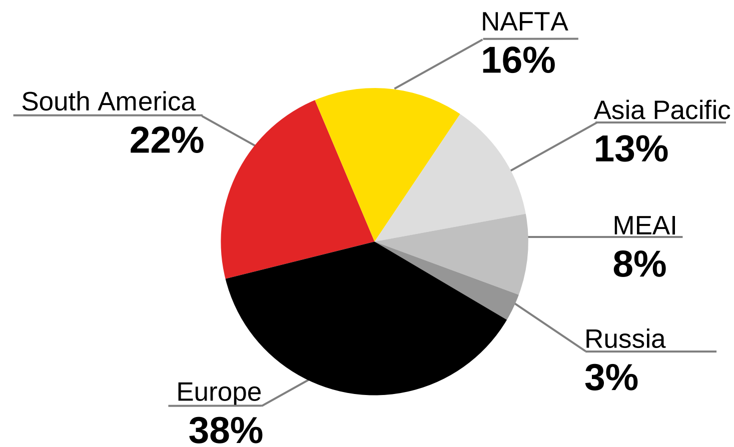
Sales by Segment



Sales by Channel

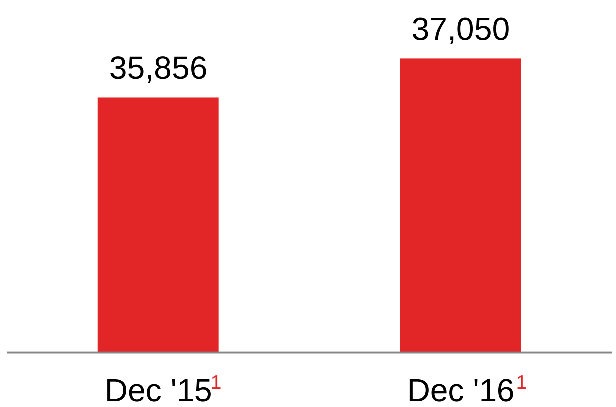


Sales by Region

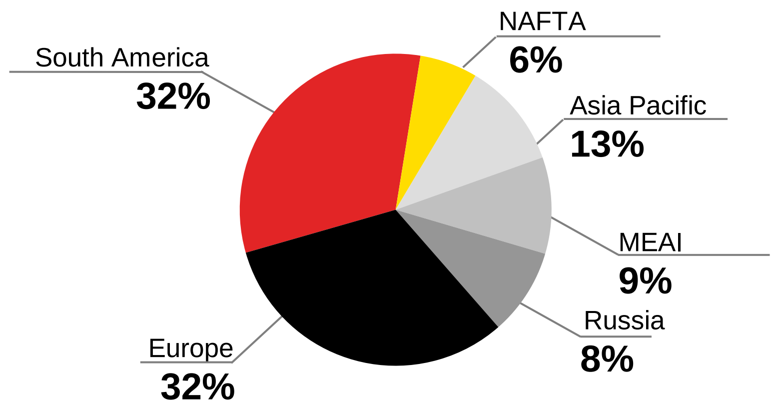


DECEMBER 2016 PIRELLI PEOPLE

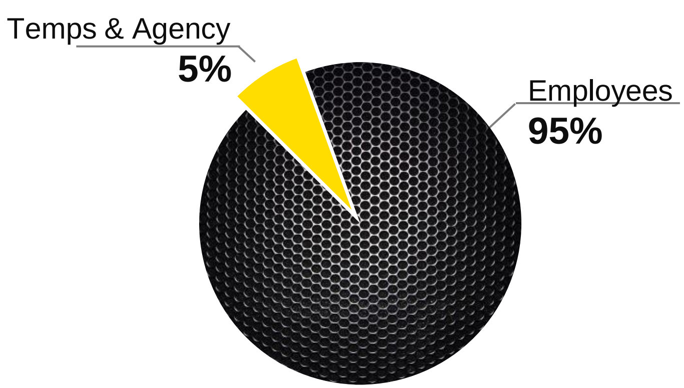
Headcount



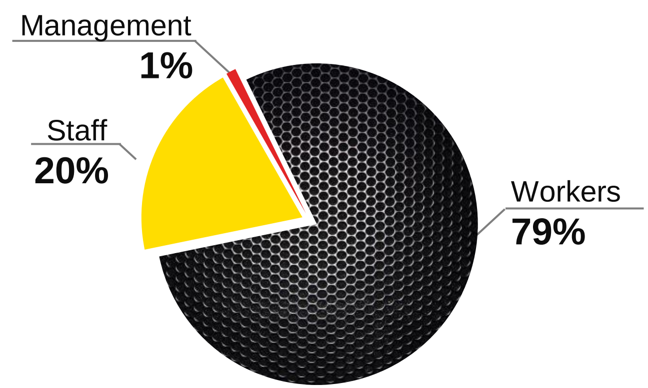
People by Region



People by Contract

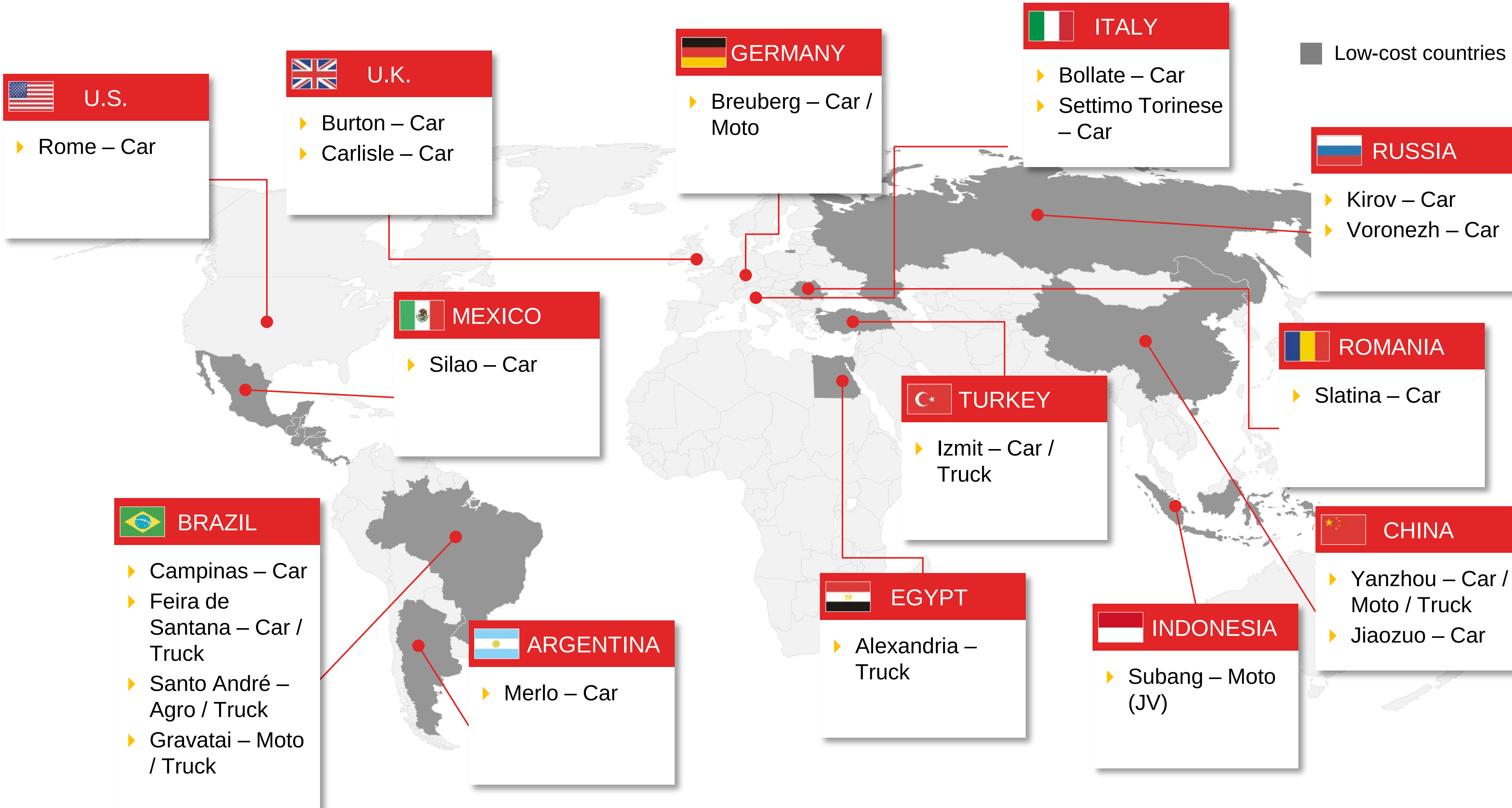


People by Cluster



1 Without Venezuela headcount, including Aeolus headcount

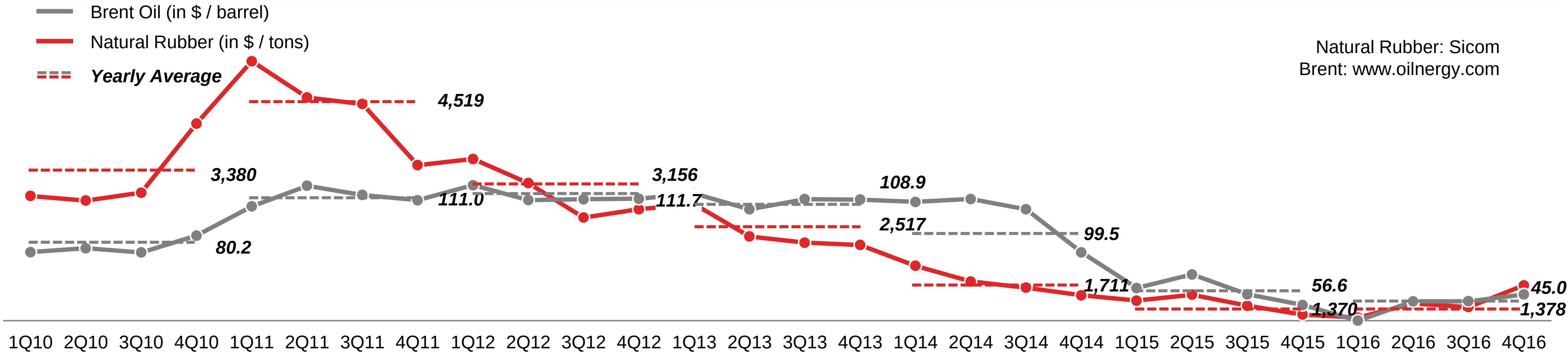
PIRELLI PLANTS IN THE WORLD[1] AS OF DECEMBER 31ST 2016



1 *Excluding Venezuela*

RAW MATERIALS

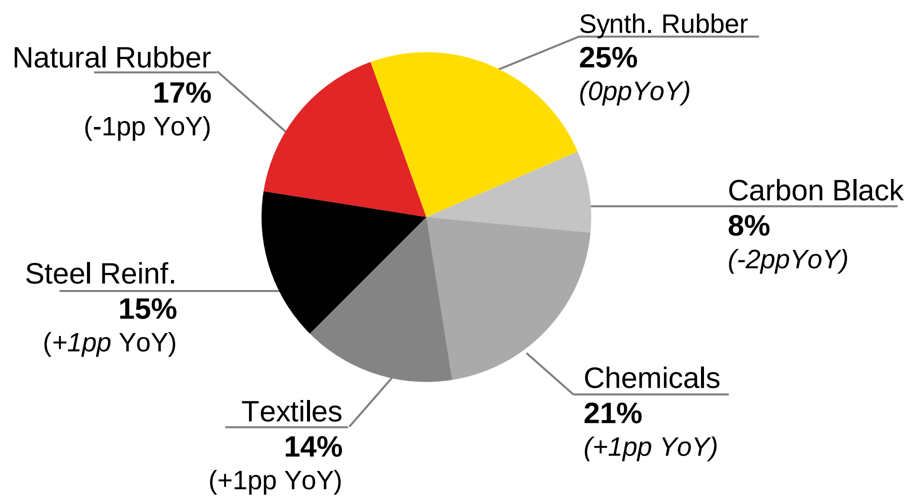
Raw Material Price Trend



FY 2016 Mix (Based on Purchasing Cost)

33%

Raw mat. costs on sales



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