



FY 2020 PRELIMINARY FINANCIAL RESULTS

Milan, March 10th, 2021

FY 2020 PREL. UNAUDITED RESULTS

Milan, March 10th, 2021



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Francesco Tanzi, 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.

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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 non-IFRS financial measures and, although derived from the Financial Statements, are unaudited 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 (liquidity) / debt Position, Net cash flow before dividends and convertible bond impact, Net cash flow before dividends and Net cash flow.

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

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KEY MESSAGES

- > 2020 was a very challenging year, in which we **protected the interests of all Stakeholders**
- > **High Value tyre market proved** once again its **resilience** in one of the greatest global market crisis
- > Full Year **results are in line with November Guidance. Top Line and Cash Flow matched April indication**, Pirelli being the only one providing a detailed outlook
- > We closed 2020 with a strong 4Q, **gaining market share** in the High Value and reaching a **18.3% adj. EBIT margin**
- > **In 2020 we accelerated** our Programs on product innovation, sustainability, growth in China, cost competitiveness, which lead to a **positive outlook for 2021**.
On **March 31st** we will present our more complete **Industrial Plan**

AGENDA

1 2020 DELIVERY AND 2021 OUTLOOK

2 2020 MARKET AND PIRELLI PERFORMANCE

3 2020 FINANCIAL REVIEW

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IN 2020 WE TOOK GREAT CARE IN PROTECTING ALL OUR STAKEHOLDERS



Employees

- Average employees in Remote working (staff) ~60%
- Plants open >85% of the year, guaranteeing the highest levels of safety standards
- ~3,000 employees involved in Up-skilling initiatives
- Launched “From welfare to well-being” program: work life balance, support for families, healthy lifestyle and mobility management



Clients

- Despite strong internal destocking (~-3M pcs reduction) high Service Level guaranteed, supporting good 4Q performance
- Integrated supply chain with Tier 1 partners
- Collaborative Stock Management



Suppliers

- Protection of Strategic Partnerships
- Higher flexibility and local suppliers guaranteed business continuity
- Reduced days payable (~-3%)

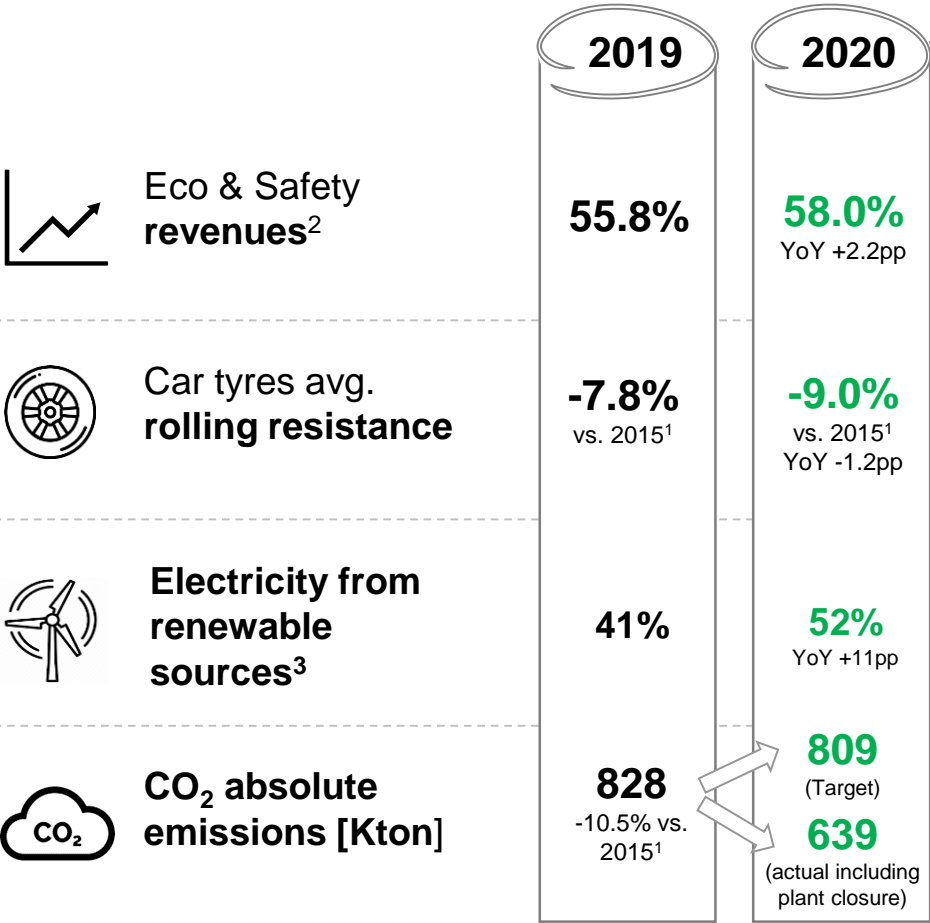


Shareholders

- >€200M Cash flow generation protected
- Capital Structure strengthened with Debt maturity extended (63% expiring from 2024 & beyond)
- €500M Convertible Bond Zero coupon issued in Dec 2020 well oversubscribed

WE STRENGTHENED OUR LEADERSHIP IN SUSTAINABILITY

2020 MAIN KPIs



2020 MAIN ACHIEVEMENTS



Confirmed in **Global Compact LEAD** Companies list



Global sustainability **Leader in the S&P Dow Jones Sustainability Indices** (World & EU) for the Auto components sector⁴



Carbon Disclosure Project. Pirelli confirmed in Leaders' A List



CO₂ emissions reduction targets **approved by the SBTi⁵**

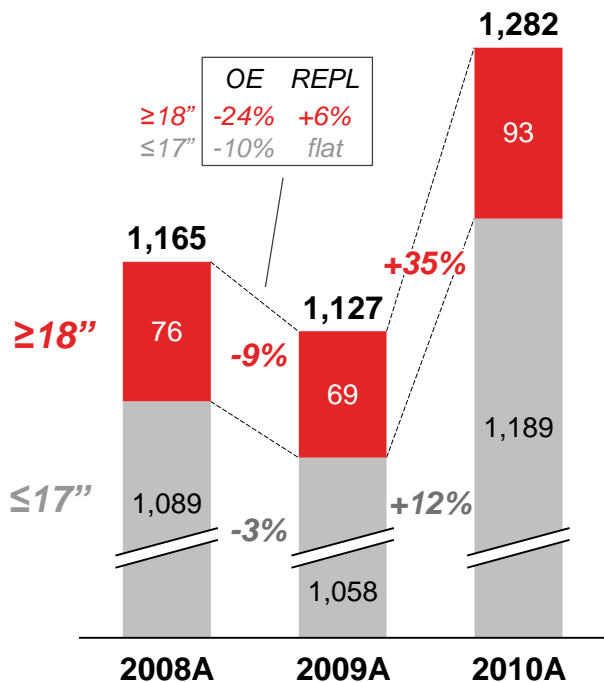
1. Target base year. 2. Figure obtained by weighing the value of sales of Eco & Safety Performance car tyres on the total value of sales of Group car tyres; Eco & Safety Performance products identify car tyres that Pirelli produces throughout the world and that fall only under rolling resistance and wet grip classes A, B, C according to the labeling parameters set by European legislation; 3. Internal assessment based on data from the International Energy Agency (IEA) taking into account the geographical distribution of Pirelli. 4. Score 2020: 84 vs sector average of 35. 5. Science Based Target initiative.



IN A CRISIS YEAR, WORSE THAN 2008 FINANCIAL MELT DOWN, H.V. MARKET PROVED ITS RESILIENCE

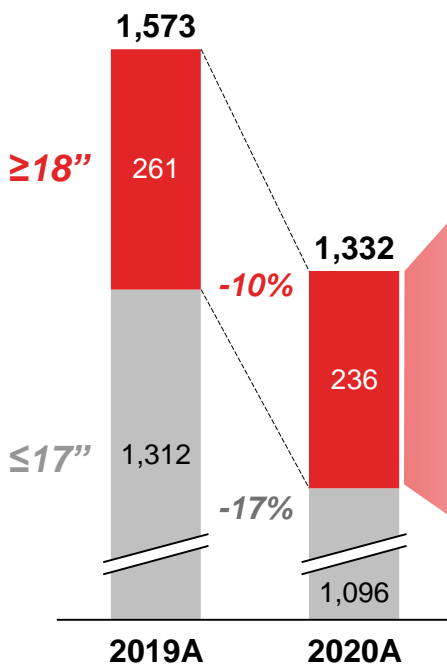
TOTAL TYRE MARKET *Financial crisis '08-'09*

million tyres

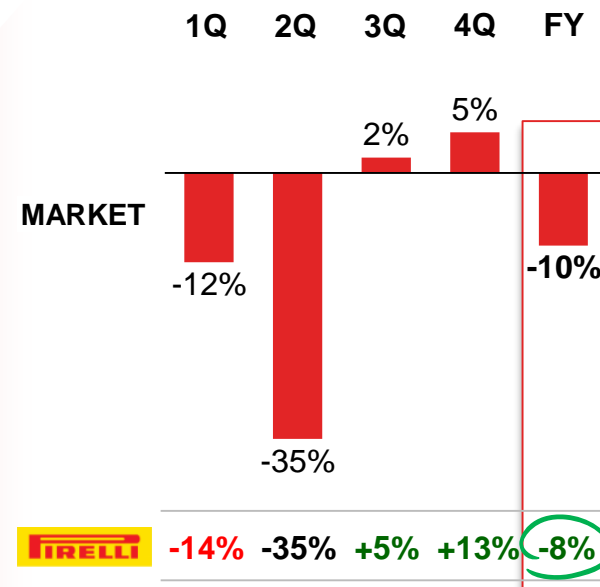


TOTAL TYRE MARKET *Covid crisis '19-'20*

million tyres



≥18'' TYRE MARKET & PIRELLI VOLUMES '20



AFTER SLOW START IN 1Q, WE ACCELERATED IN 2H

OVERALL, APRIL GUIDANCE – THE ONLY ONES TO GIVE IT – WAS DELIVERED IN TERMS OF REVENUES AND CASH FLOW

€ billion

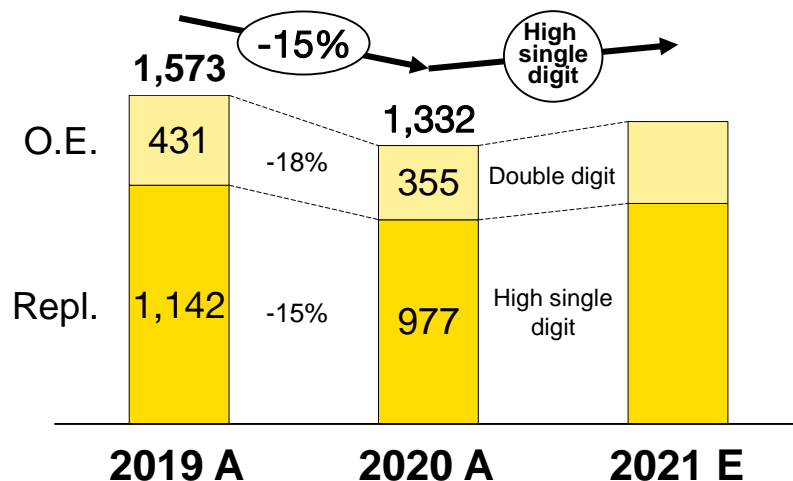
	2019 A	2020 E guidance @ 4 April	2020 E guidance @ 11-Nov	2020 A	Δ vs. Gui Nov. April
Net Sales	5.3	~4.3 ÷ ~4.4	~4.18 ÷ ~4.23	4.30	✓ ✓
adj. EBIT margin	17.2%	~14% ÷ ~15%	~11.5% ÷ ~12%	11.6%	✓ ✗
CapEx	0.39	~0.13	~0.14	0.14	✓ ✓
Net Cash Flow bef. Dividends	0.33	~0.23 ÷ ~0.26	~0.19 ¹ ÷ ~0.22 ¹	0.21 ² incl. EU fine €33.6m cash-out	✓ ✓
Net Financial Position (IFRS 16)	3.5	~3.3	~3.3	3.3	✓ ✓

1. floor of this range if payment of the EU Commission fine on the cartel of electric cables takes place in 2020, as indicated in the 28 Oct 20 Company press release; 2. excluding the impact of the convertible bond

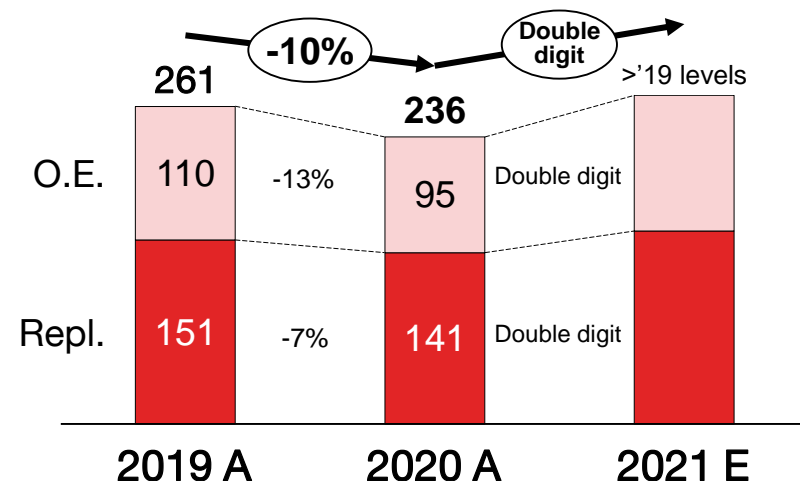
TURNING TO 2021, PROMISING MARKET OUTLOOK IN HIGH VALUE

Global Total Car tyre market

million tyres



Global ≥18" Car tyre market



TOTAL ➤ Back to '19 level in 2023

➤ ≥18" already over '19 level in 2021, with ≥19" (~44% of tot ≥18") growing even faster

O.E. ➤ Car production 2021 expected at ~+10%, impacted by semiconductors shortage

➤ 1H very strong rebound, 2H close to last year

REPL. ➤ 1H strong rebound due to weak YoY comparison and trade restocking, 2H close to last year

➤ All HV Regions growing double digit, with APAC with the highest climb

WE HAVE BEEN EVEN MORE ACTIVE IN PREPARING PROGRAMS FOR 2021

2021 PRIORITIES



- > ENHANCE HIGH VALUE LEADERSHIP THANKS TO MATURING ≥ 19 " PULL DEMAND
- > MORE BALANCED OE/REPLACEMENT GROWTH



- > RICH PRODUCT PIPELINE IN REPLACEMENT, PARTICULARLY IN PUSH LINES



- > CHINA ACCELERATION WITH STRONG ONLINE SALES



- > IMPLEMENT THE COST COMPETITIVENESS PROGRAM, IN LINE WITH OUR FEB '20 PLAN



- > MODERATE CAPEX INTENSITY (7% ON SALES): MIX, QUALITY AND DIGITAL

WHICH UNDERLY THE 2021 TARGETS



Net Sales

~ €4.7B ÷ €4.8B

(€4.3B in 2020)



adj. EBIT
margin

>14% ÷ ~15%

(11.6% in 2020)



Net Cash Flow
bef. dividends

~ €300m ÷ €340m

(~€208m¹ in 2020)

- Keep outperforming market on Car ≥18”
- ForEx still negative

- Price/Mix off-setting Raw Mat.
- Net Efficiencies in line with the 20-22 Competitiveness Plan, partially dented by COVID actions reversal

- CapEx back to ~7% on Net Sales

➤ A more detailed guidance will be provided on March 31st ◀

AGENDA

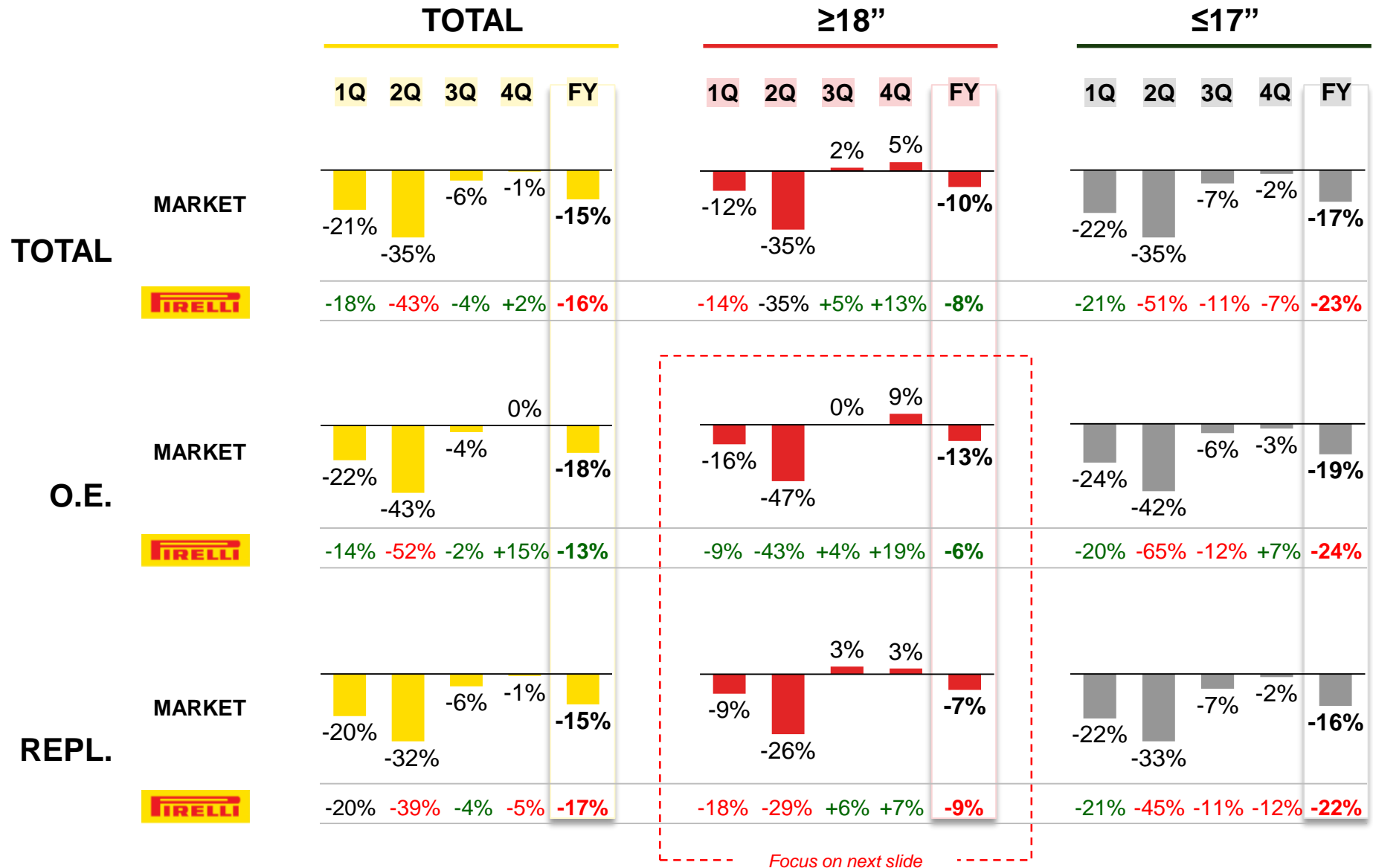
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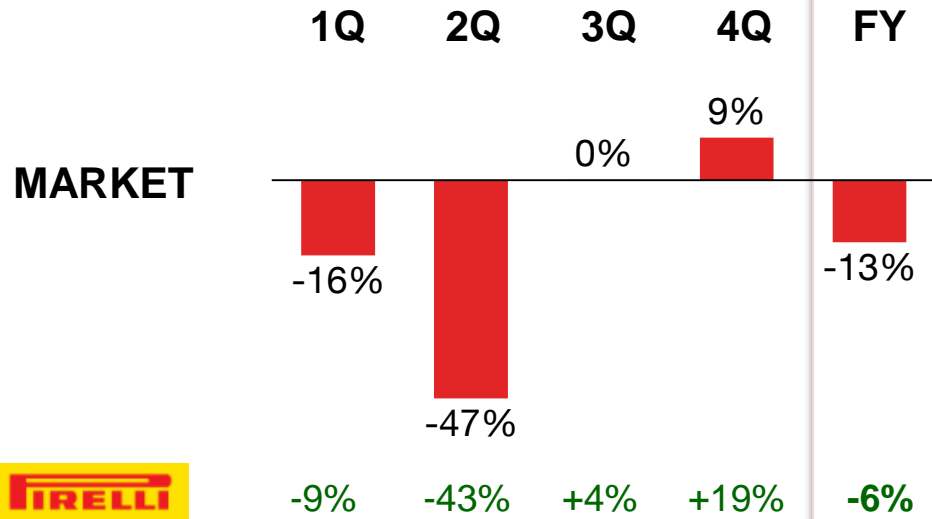
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PIRELLI OVER-PERFORMING CAR TYRE MARKET IN 2H 2020

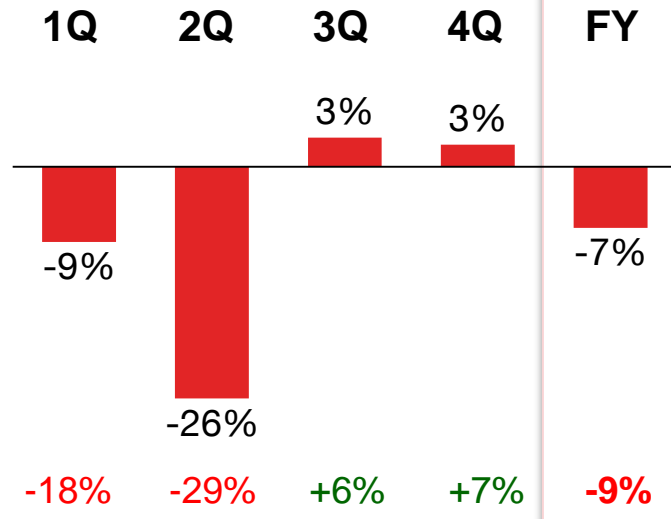


IN CAR ≥18" CONSTANT SHARE GAIN IN O.E., IN REPLACEMENT BACK ON TRACK IN 2H AFTER A SLOW START IN 1Q

O.E. ≥18"



REPL. ≥18"



- ✓ H.V. O.E over performing market in each Quarter, with customer base expansion mainly in US and APac
- ✓ Pirelli took advantage from leadership in Prestige & Premium that over performed Total Car production
- ✓ Good performance in O.E. sustaining fast growing pull through market in replacement

- ✗ Negative impact of trade destocking in 1H in EU and US, the latter also severely impacted by lockdowns where Premium parc is concentrated
- ✓ Positive rebound in 2H in all Regions
- ✓ Gained mkt Share in China through the year, already overcoming 2019 volumes

STRENGTHENED HIGH VALUE DISTRIBUTION AND PROTECTED CUSTOMER SERVICE LEVEL DESPITE SIGNIFICANT STOCK REDUCTION


**COMMERCIAL
DEVELOPMENT**



WIDENING HIGH VALUE DISTRIBUTION REACH

- 500 new Point of Sales added in 2020
- Increasing weight of strategic channels (Tier1, Car-Dealer, Direct Retail, APAC online)



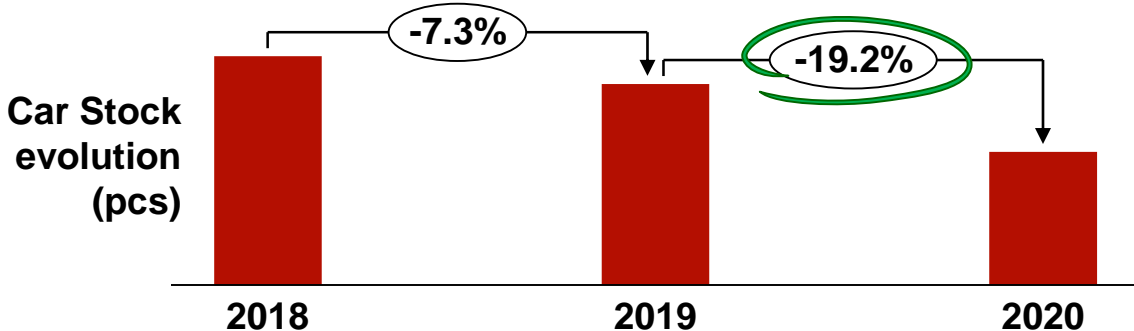
DEVELOPING ONLINE BUSINESS

- Leader in market share of value in China online (FY'20 Sales ~+50% YoY, reaching ~20% weight on Repl.)
- Launch of Click to Buy online solution in US with main Tier 1 Partners

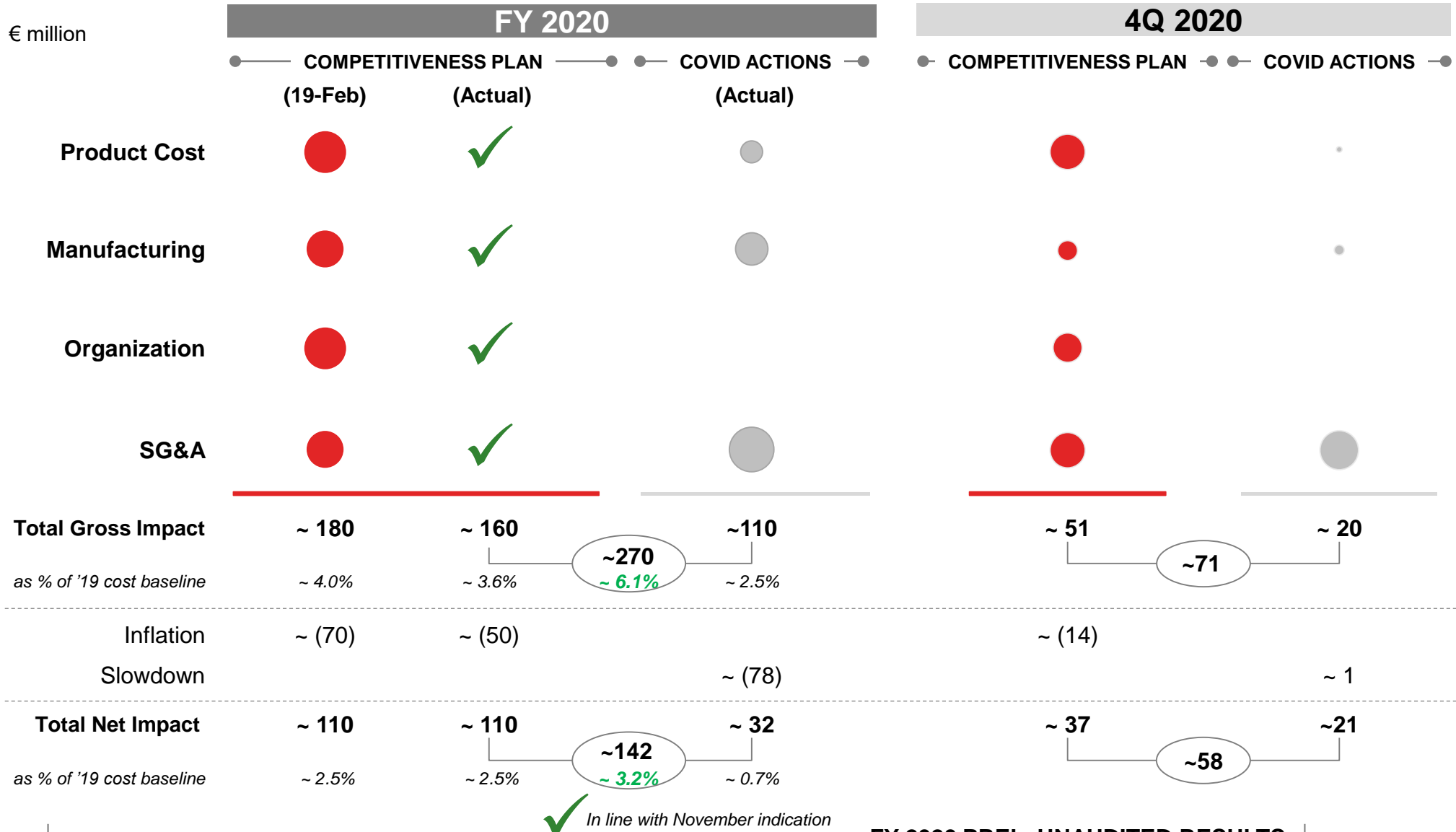


PROTECTING CUSTOMER SERVICE LEVEL

- Through optimized stock levels with distribution partners, dedicated supply chains and variety management
- Higher agility in responding to current demand volatility also thanks to lowered re-planning times



COMPETITIVENESS PROGRAM DELIVERED, «COVID ACTIONS» SAFEGUARDED PROFITABILITY AGAINST SLOWDOWN

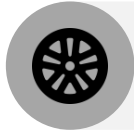


FY 2020 PREL. UNAUDITED RESULTS

Milan, March 10th, 2021



BOOSTING INNOVATION THROUGH HOMOLOGATIONS, PRODUCT LAUNCHES AND ADVANCES IN NEW TECHNOLOGIES



INTRODUCTION OF NEW CINTURATO P7 FLAGSHIP PRODUCT

- 'intelligent' compound that adapts itself to temperature and driving conditions
- ~90 homologations already achieved



STRENGTHENING KEY HOMOLOGATIONS

- ~30% of FY Homologations for EVs in $\geq 18''$
- ~80% of FY Homologations in Specialties and Marked tyres



PRODUCT DEVELOPMENT ACCELERATION

- Product development speed-up thanks to simulation tools shortening design and testing phases
- Enriched product pipeline for 2021 and 2022 beyond previous plan

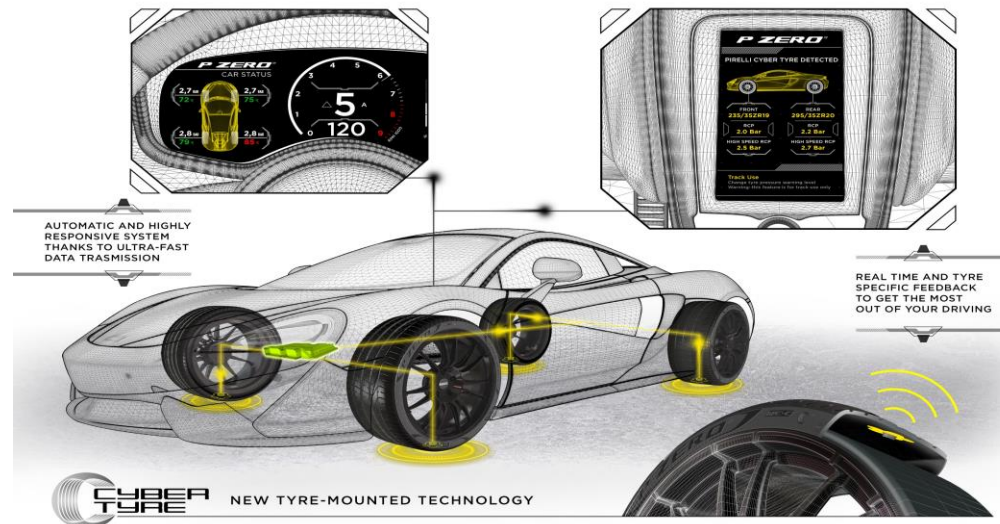


ADVANCING IN NEW TECHNOLOGIES

- Preparing the ground for 2021 product launches...
- ...as demonstrated by recent announcement of Cyber Tyre system equipped as O.E. on McLaren Artura



TECH- BASED INNOVATION



AGENDA

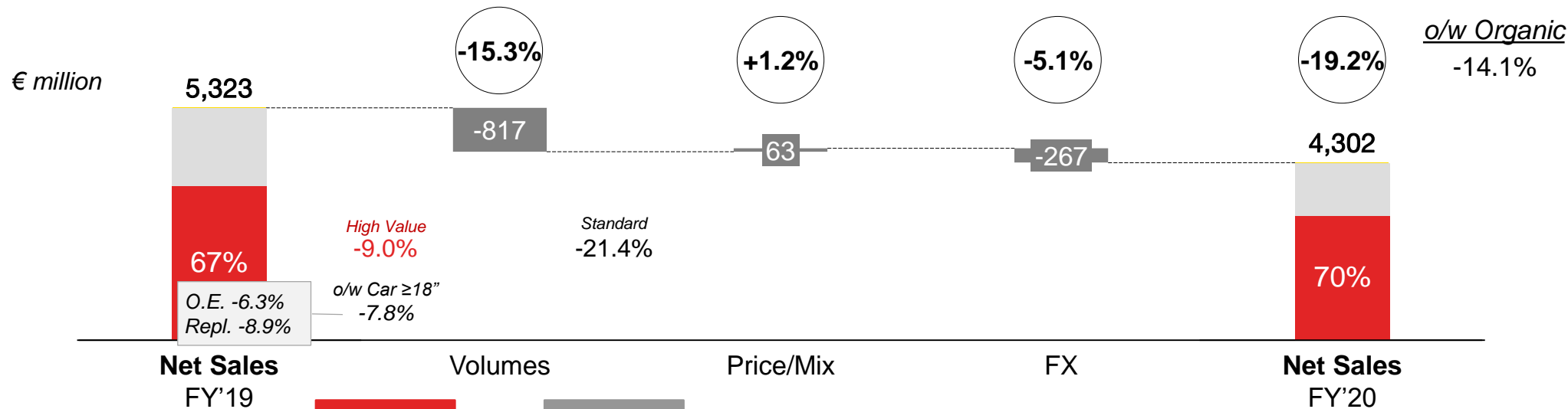
1 KEY MESSAGES AND 2021 OUTLOOK

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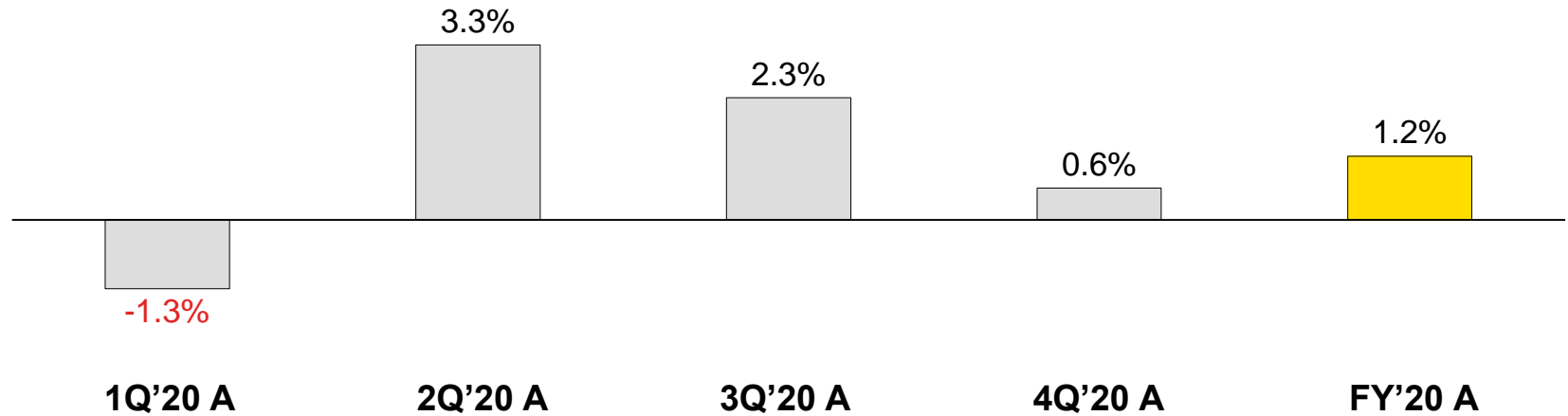
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FY 2020 NET SALES BRIDGE



Quarter	O.E. Repl.	Volumes		Price/Mix	FX	Net Sales FY'20	o/w Organic
		High Value	Standard				
4Q'20	+19.1% +6.5%	+10.3% +12.6%	+1.1%	-7.3%	+0.6%	-7.8%	-6.1% +1.7%
3Q'20	+4.3% +6.1%	+3.9% +5.3%	-3.8%	-11.9%	+2.3%	-6.0%	-7.5% -1.5%
2Q'20	-42.6% -29.5%	-35.2% -35.0%	-41.6%	-50.4%	+3.3%	-4.7%	-43.0% -38.3%
1Q'20	-9.5% -17.5%	-14.2% -14.0%	-17.2%	-20.2%	-1.3%	-1.5%	-20.0% -18.5%

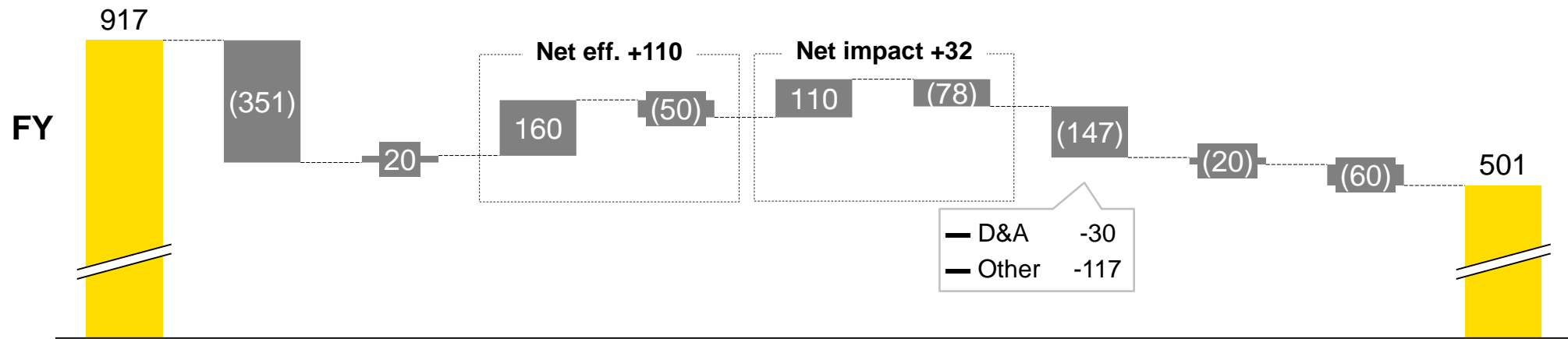
FY 2020 PRICE MIX TREND



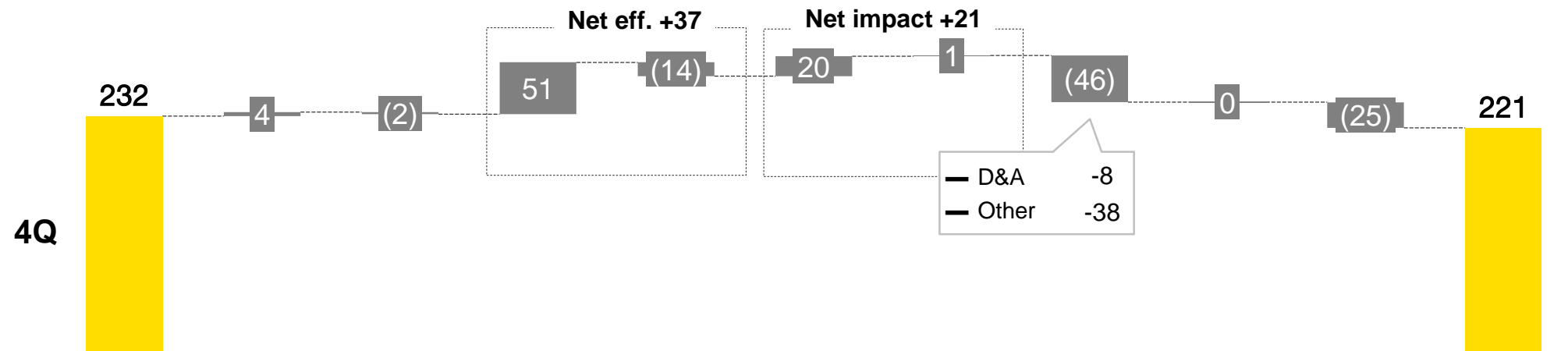
	1Q'20 A	2Q'20 A	3Q'20 A	4Q'20 A	FY'20 A
REGION MIX	<p style="text-align: center;">-</p> <p>China impacted by Covid</p>	<p style="text-align: center;">+</p> <p>China recovery</p>	<p style="text-align: center;">+</p> <p>Solid demand in China, demand recovery in EU (3Q) and in N.A. (4Q)</p>		POSITIVE
CHANNEL MIX	<p style="text-align: center;">-</p> <p>O.E. outperf. market (client base expansion) Repl.: trade de-stocking in EU & N.A.</p>	<p style="text-align: center;">+</p> <p>O.E.: impacted by production halt Repl.: de-stocking completed in EU)</p>	<p style="text-align: center;">=</p> <p>Balanced O.E. vs. Repl. Trend</p>	<p style="text-align: center;">-</p> <p>O.E. growing 3x Repl.</p>	NEGATIVE
PRODUCT MIX	<p style="text-align: center;">+</p> <p>H.V. outperforming Standard mix improvement in both segments across quarters</p>				POSITIVE

FY/4Q 2020 ADJUSTED EBIT BRIDGE

€ million



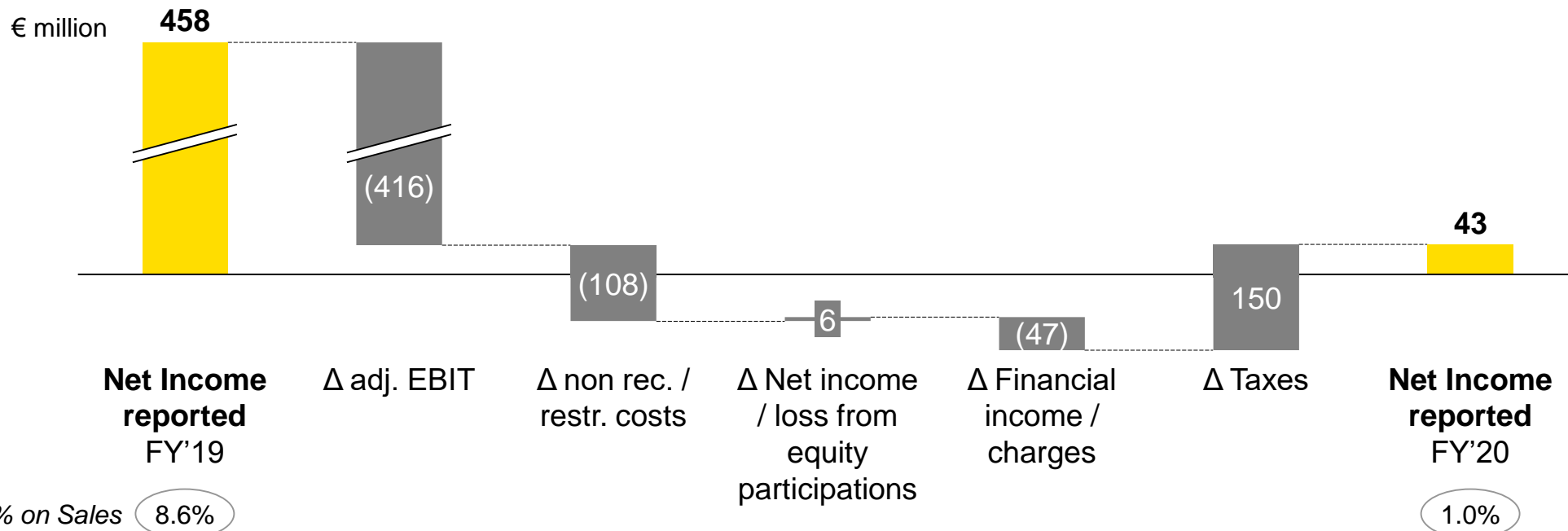
FY'19 margin (17.2%) Volume Price/mix Efficiencies Inflation Covid Cost Cutting Slowdown D&A / Other Raw Mat. FX **FY'20** margin (11.6%)



4Q'19 margin (18.1%) Volume Price/mix Efficiencies Inflation Covid Cost Cutting Slowdown D&A / Other Raw Mat. FX **4Q'20** margin (18.3%)



FY 2020 NET INCOME BRIDGE



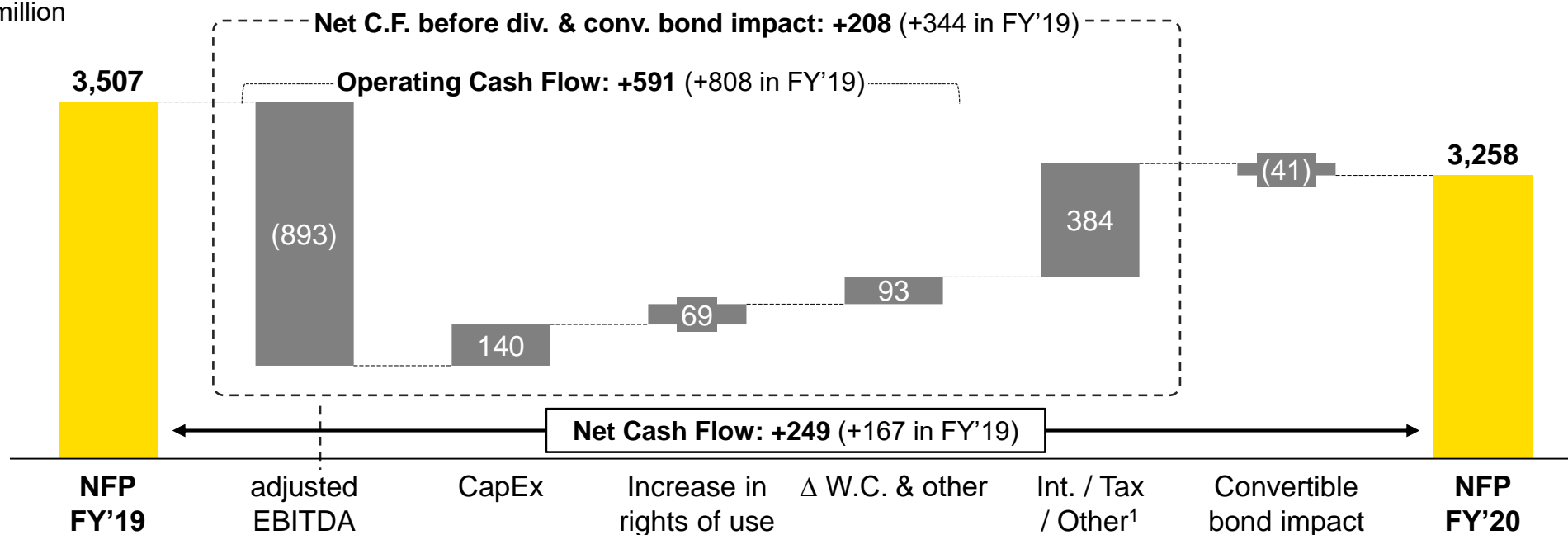
	FY'19	FY'20
Net Income reported	458	43
PPA amortization	+115	+115
Non recurring / restr. costs / other adj.	+60	+168
Financial income (Brazilian tax credit)	-107	-
Taxes impact	-11	-79
Adj. Net Income	514	246

incl. -71 of Brazilian tax credit impact

incl. +60 of COVID-19 direct costs

FY 2020 CASH FLOW AND NET FINANCIAL POSITION

€ million



4Q'20 NCF

EBITDA adjusted ¹	315
Capital expenditures	(34)
Increase in rights of use	(6)
Change in W.I.C. / other	810
Taxes / Interests	(64)
Other	(68)
Total	953

987 excl. EU Comm. fine

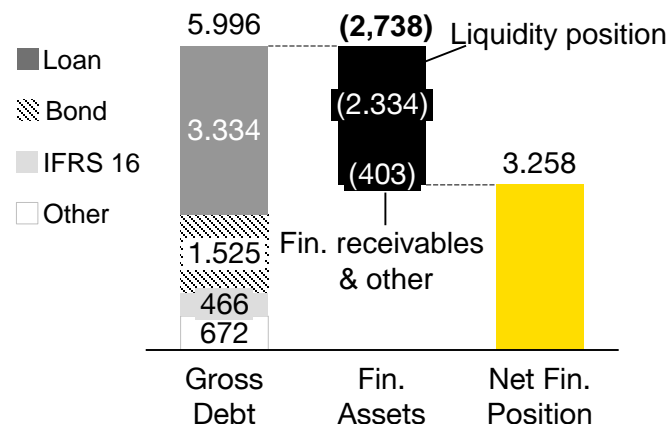
973 in 4Q'19

- **Inventories:** 19.4% on Sales (20.5% at FY'19); significant reduction vs. FY'19 (-2.6m pcs Car, -0.3m pcs Moto)
- **Trade receivables:** 13.9% on Sales (12.2% at FY'19); significant cash generation in 4Q, in line with the seasonality of the business
- **Trade payables:** 29.5% on Sales (30.3% at FY'19), showing an increase in 4Q due to business recovery

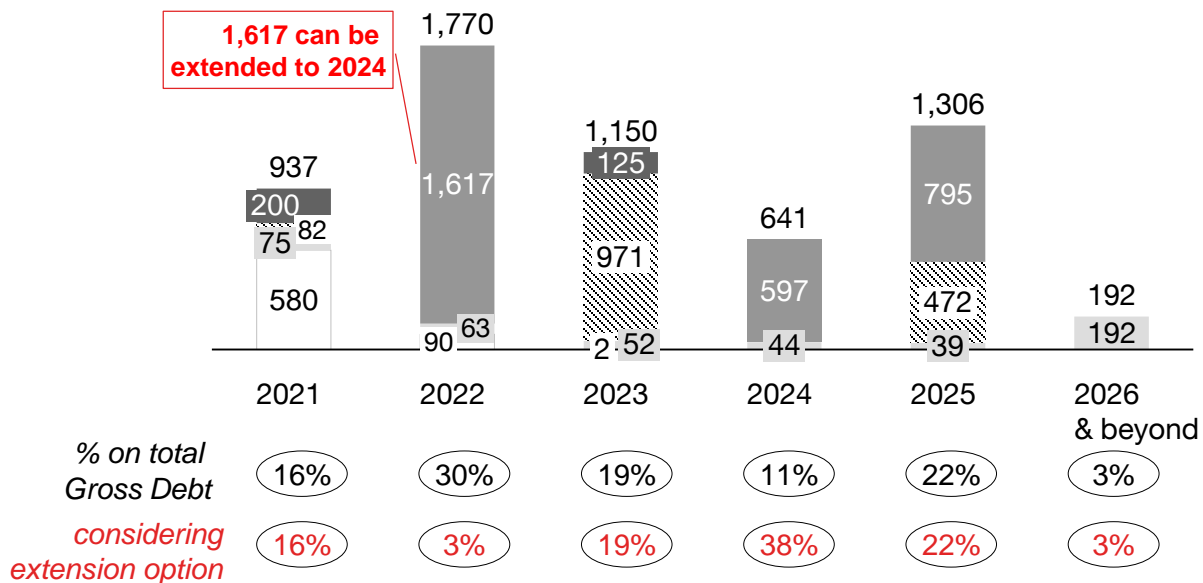
TOTAL GROSS DEBT STRUCTURE

€ million

Net Financial Position



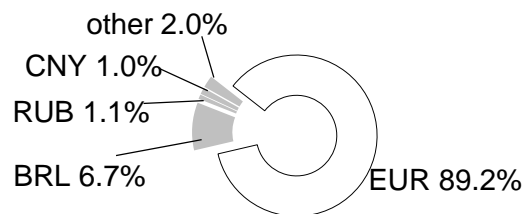
Gross Debt maturity



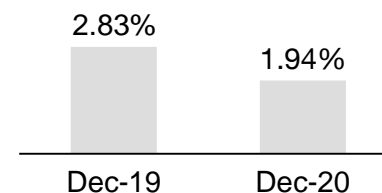
Liquidity profile

Liquidity position ¹	2,334
Committed lines not drawn	700
Liquidity margin	3,034

Break-down by currency



Cost of Debt (last 12 months)



Liquidity Margin covering maturities until 1H'24, considering the extension option

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2020 RESULTS HIGHLIGHTS BY QUARTER

€ million

	1Q'19	1Q'20	Δ YoY	2Q'19	2Q'20	Δ YoY	3Q'19	3Q'20	Δ YoY	4Q'19	4Q'20	Δ YoY	FY'19	FY'20	Δ YoY
Revenues	1,314	1,052	-20.0%	1,341	765	-43.0%	1,382	1,277	-7.5%	1,287	1,208	-6.1%	5,323	4,302	-19.2%
<i>Organic Growth</i> ¹			-18.5%			-38.3%			-1.5%			+1.7%			-14.1%
High Value Revenues	895	732	-18.2%	893	554	-38.0%	932	918	-1.6%	820	826	+0.8%	3,540	3,030	-14.4%
% on total Revenues	68.1%	69.6%	+1.5 pp	66.6%	72.4%	+5.8pp	67.5%	71.8%	+4.3pp	63.7%	68.4%	+4.7 pp	66.5%	70.4%	+3.9 pp
adj. EBITDA ²	316	244	-22.6%	321	24	-92.6%	342	309	-9.6%	332	315	-4.9%	1,310	893	-31.9%
<i>Margin</i>	24.0%	23.2%	-0.8 pp	23.9%	3.1%	-20.8pp	24.8%	24.2%	-0.6pp	25.8%	26.1%	+0.3 pp	24.6%	20.7%	-3.9 pp
adj. EBIT ³	219	141	-35.6%	221	(74)	n.m.	245	214	-12.6%	232	221	-5.0%	917	501	-45.4%
<i>Margin</i>	16.7%	13.4%	-3.3 pp	16.5%	-9.7%	-26.2pp	17.7%	16.7%	-1.0pp	18.1%	18.3%	+0.2 pp	17.2%	11.6%	-5.6 pp
PPA amortization	(29)	(29)		(29)	(29)		(29)	(29)		(29)	(29)		(115)	(115)	
Non rec. & restr. costs	(7)	(24)		49	(42)		(43)	(33)		(59)	(69)		(60)	(168)	
EBIT	183	88		242	(145)		173	152		145	124		743	219	
<i>Margin</i>	13.9%	8.4%		18.0%	-19.0%		12.5%	11.9%		11.3%	10.2%		14.0%	5.1%	
Results from Equity Inv.	2	(5)		0	1		(1)	(1)		(12)	1		(11)	(5)	
Financial Income (Charges)	(48)	(32)		38	(41)		(65)	(40)		(34)	(43)		(109)	(156)	
EBT	137	51		280	(185)		107	111		98	81		622	57	
<i>Tax Rate</i>	26.0%	24.0%		26.6%	24.3%		26.4%	24.2%		26.7%	25.4%		26.4%	25.6%	
Net Income	101	38		206	(140)		79	84		72	61		458	43	
Net Income adjusted ⁴	123	76		133	(90)		124	128		134	130		514	246	

FY 2020 PREL. UNAUDITED RESULTS

Milan, March 10th, 2021

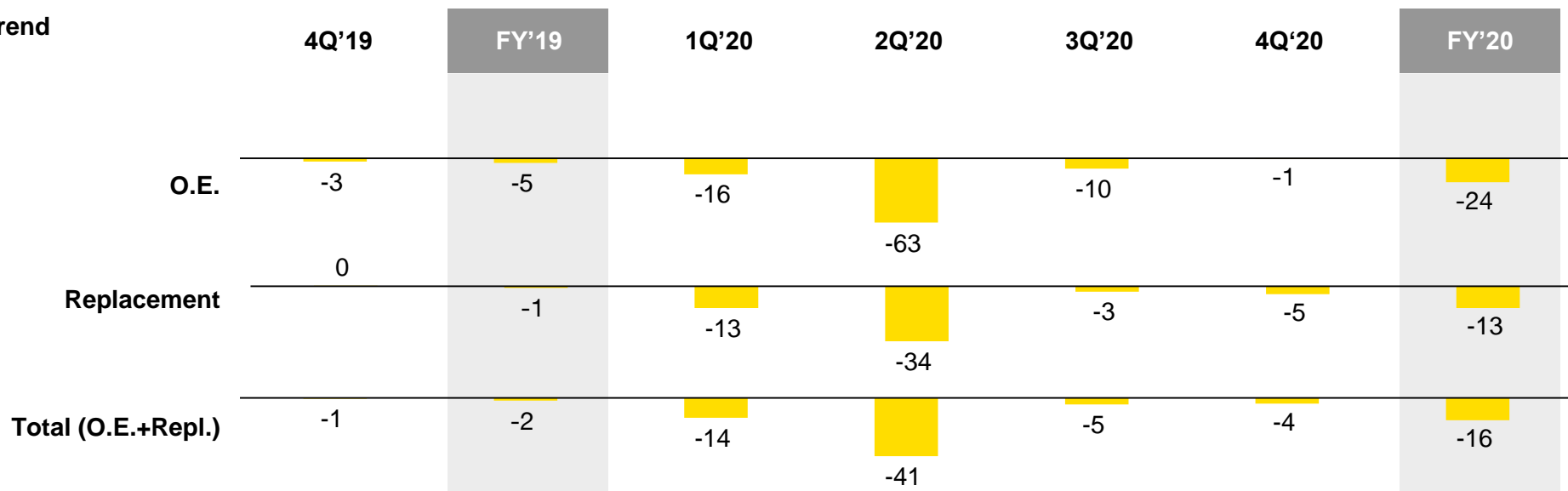


1. Excl. FX; 2. before non-recurring items & restructuring costs; 3. before amortization of PPA, non-recurring items & restructuring costs; 4. calculated by adjusting Net Income (Loss) for EBIT adjustments, net financial expenses and taxes

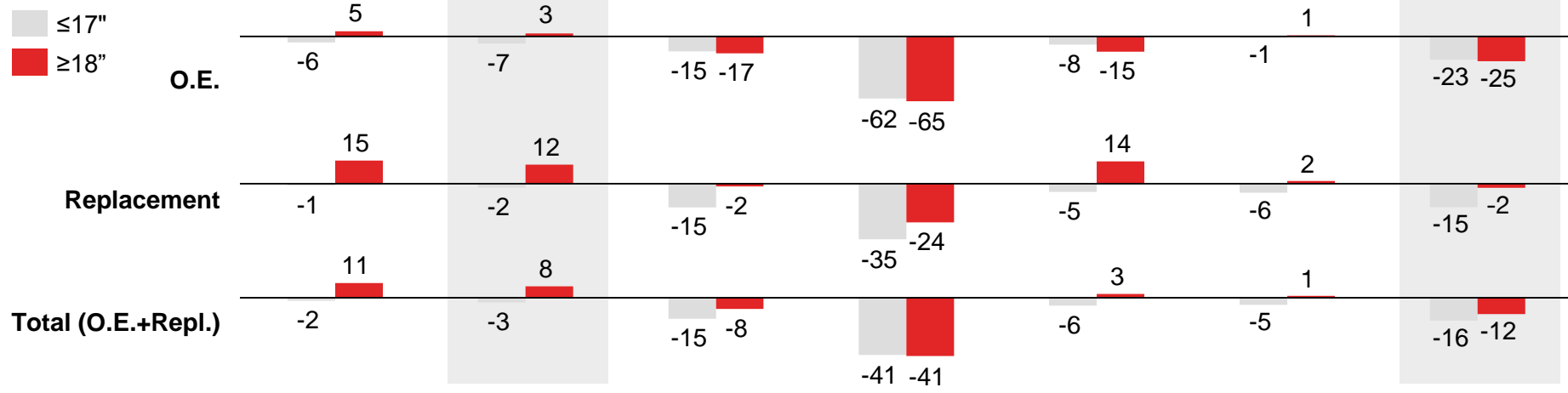
KEY CAR MARKET TRENDS: EUROPE

Market trend
Δ% YoY

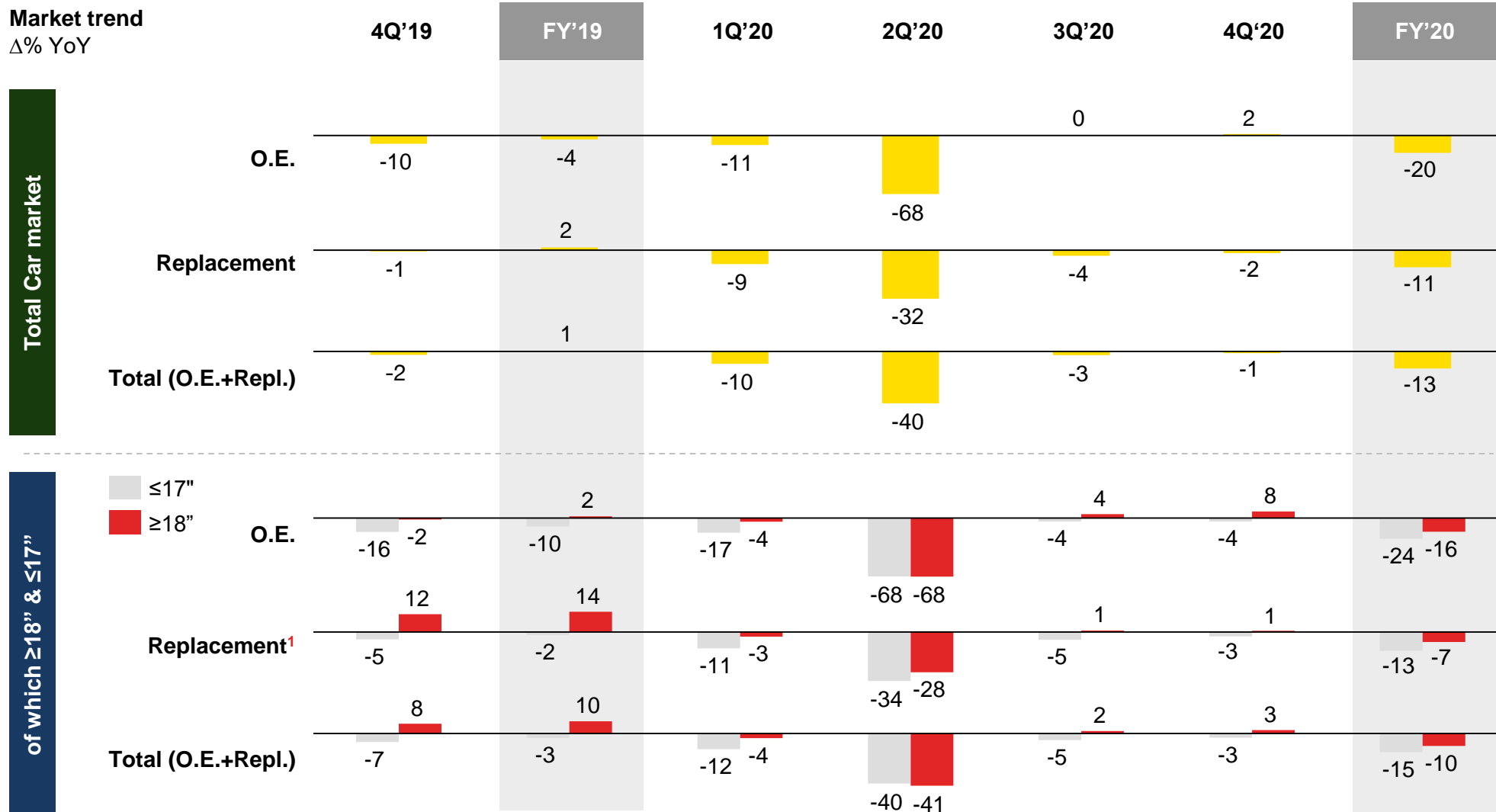
Total Car market



of which ≥18" & ≤17"



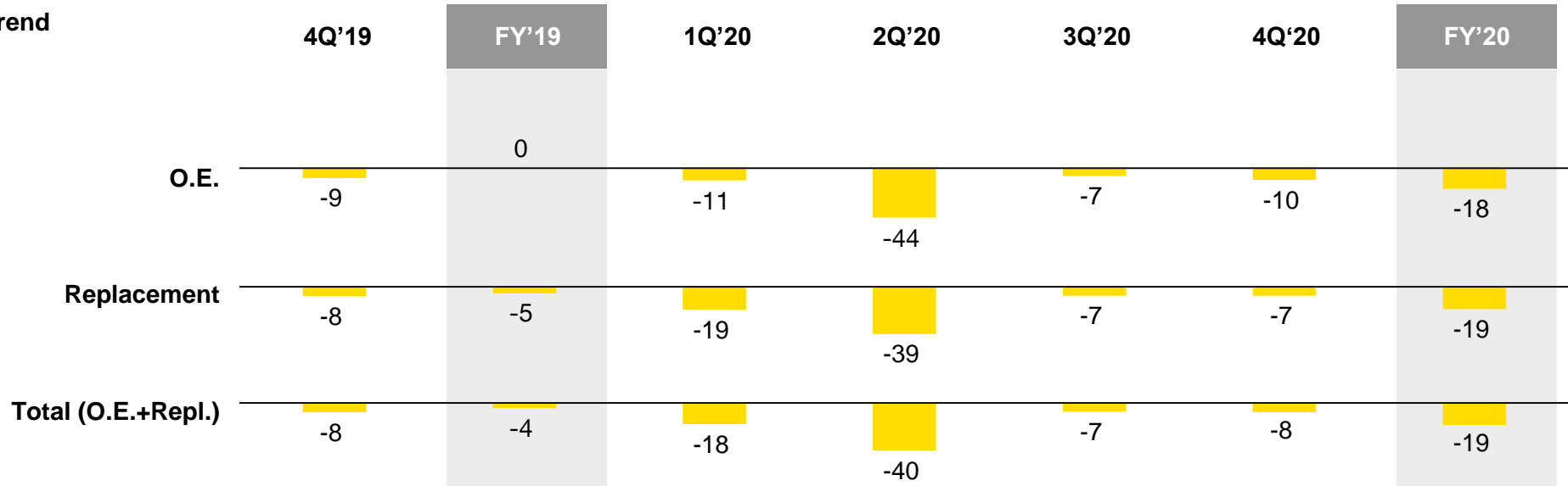
KEY CAR MARKET TRENDS: NORTH AMERICA



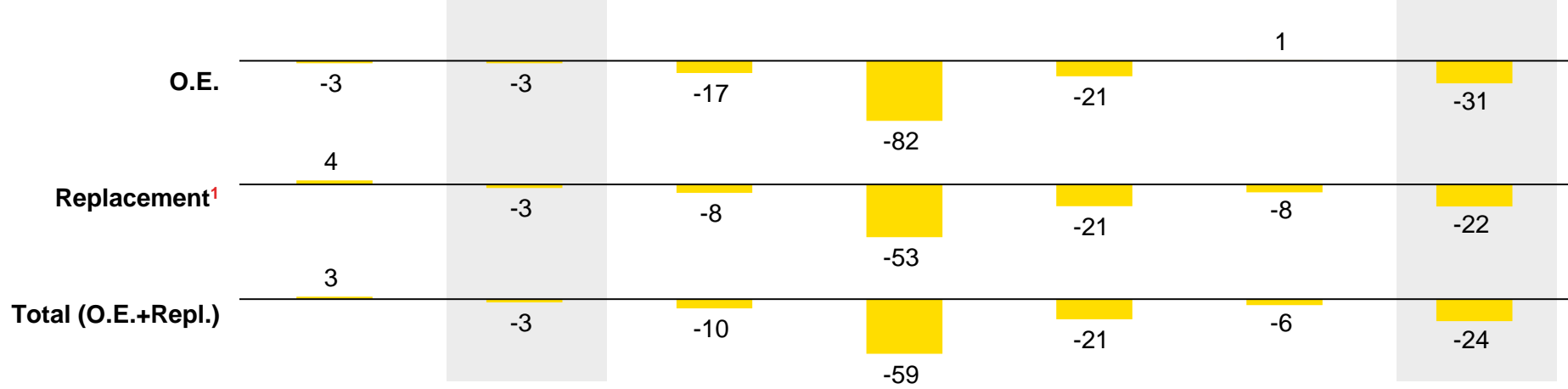
KEY CAR MARKET TRENDS: RUSSIA & NORDICS / SOUTH AMERICA

Market trend
Δ% YoY

Russia & Nordics

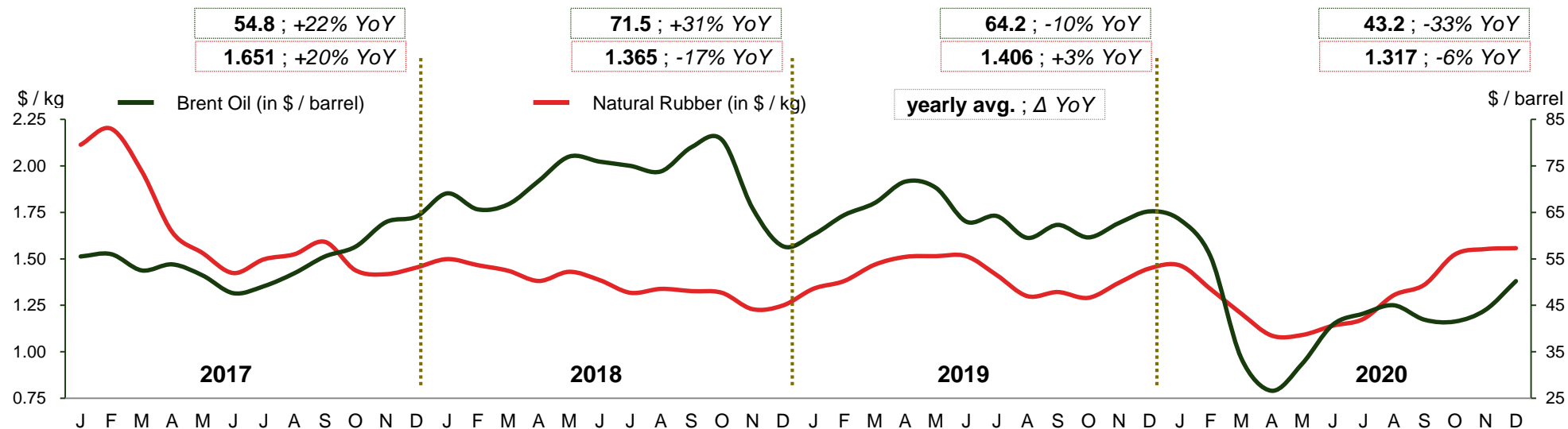


South America

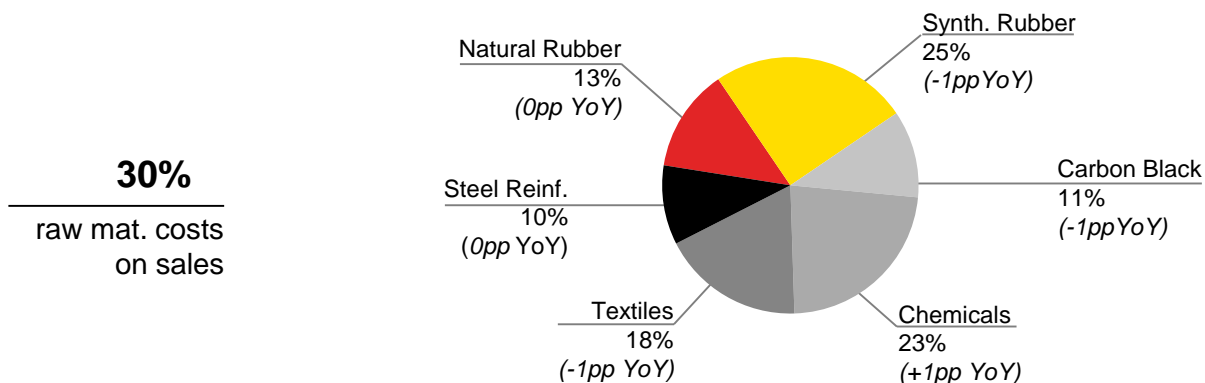


RAW MATERIAL COSTS TREND AND MIX

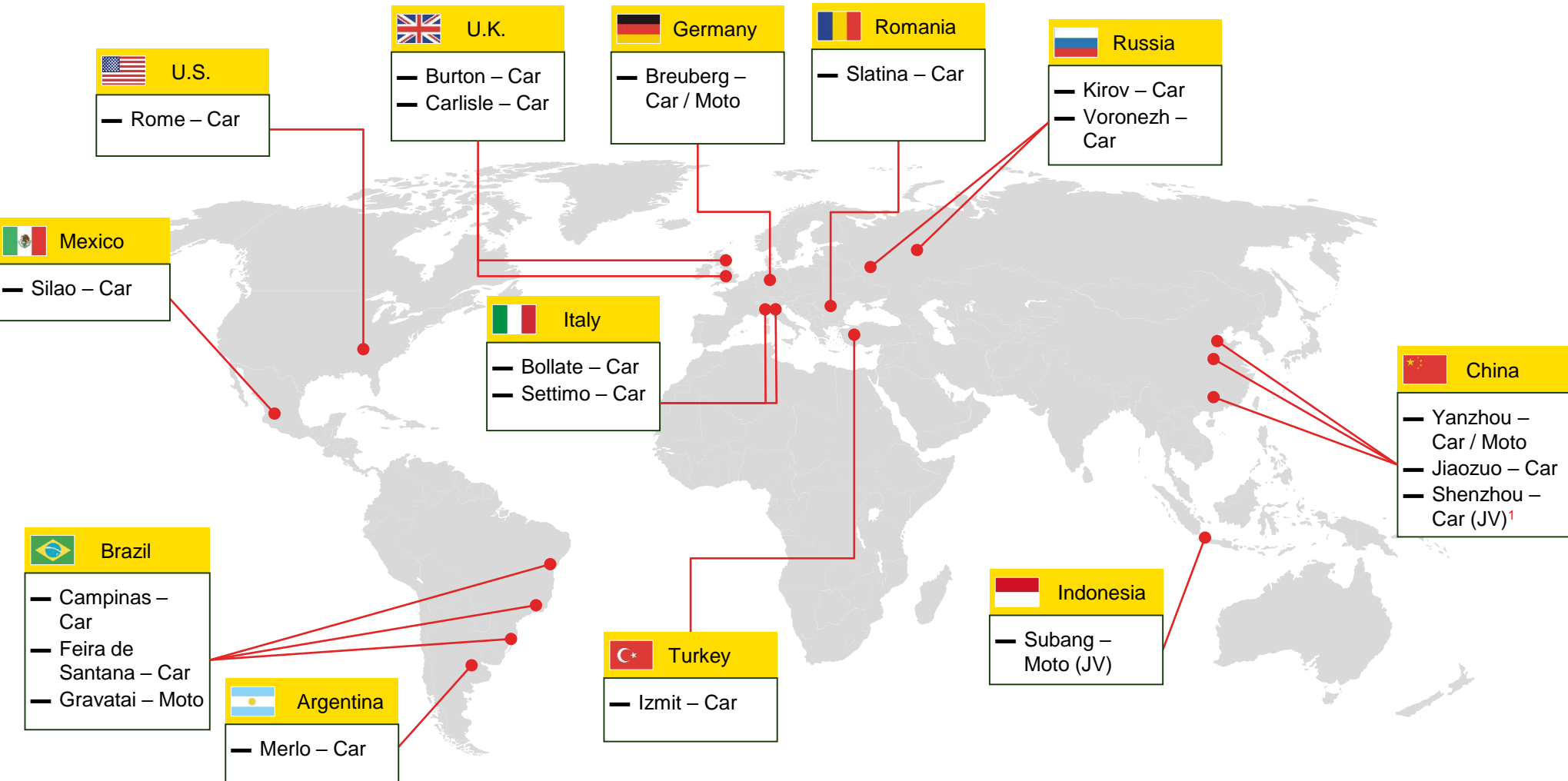
main raw materials price trend



FY 2020 mix (based on purchasing cost)



MANUFACTURING FOOTPRINT AS OF DECEMBER 31ST, 2020





FY 2020 PREL. UNAUDITED RESULTS

Milan, March 10th, 2021

