



2020 - 2022 INDUSTRIAL PLAN | VISION 2025

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(1/2)

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The APIs presented herein include EBIT, EBIT margin, EBITDA, EBITDA 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, EBITDA margin adjusted, EBITDA adjusted without start-up costs, EBITDA margin adjusted without start-up costs, EBIT adjusted, EBIT margin adjusted, EBIT adjusted without start-up costs, EBIT margin adjusted without start-up costs.

In order to facilitate the understanding of our financial position and financial performance, this Presentation contains other performance measures, such as CapEx (Capital Expenditures) or Investments in property, plant & equipment, Operating working capital related to continuing operations, Net Financial (liquidity) / debt Position, Net financial (liquidity)/debt position without IFRS 16, Operating net cash flow, Net cash flow and Net cash flow before dividends.

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

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AGENDA

PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

PIRELLI STRATEGY DEPLOYMENT: PILLAR 1 – COST COMPETITIVENESS

2020-2022 SCENARIO

PIRELLI STRATEGY DEPLOYMENT: PILLAR 2 - COMMERCIAL DEVELOPMENT

PIRELLI STRATEGY DEPLOYMENT: PILLAR 3 – TECHNOLOGY-BASED INNOVATION

2019 FINANCIAL REVIEW AND 2020-2022 TARGETS IN DETAIL

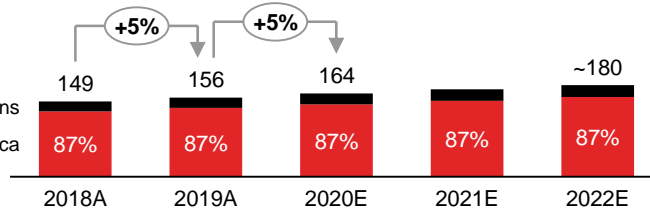
APPENDIX

2020-2022 HIGH-VALUE SCENARIO: PIRELLI EXPECTED TO OUTPERFORM MARKET GROWTH BY ~3PP



PRESTIGE & PREMIUM CAR PARC (million vehicles)

Other regions
EU, APac, N. America



CAGR
16A-19E

5.7%

5.8%

CAGR
19A-22E

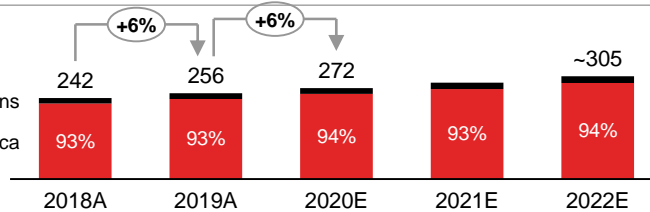
~5%

~5%



≥18" O.E. + REPLACEMENT TYRE MARKET (million tyres)

Other regions
EU, APac, N. America



CAGR
16A-19E

9.4%

9.3%

CAGR
19A-22E

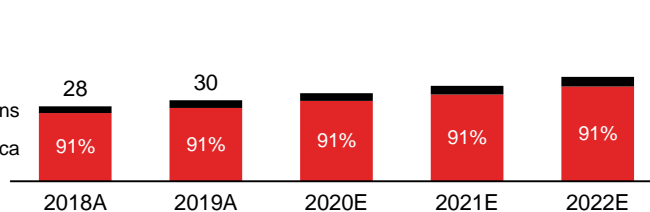
~6%

~6%



≥18" PIRELLI O.E. + REPLACEMENT VOLUMES (million tyres)

Other regions
EU, APac, N. America



CAGR
16A-19E

≥12%

CAGR
19A-22E

~9%



TOP LINE GROWTH KEY DRIVERS

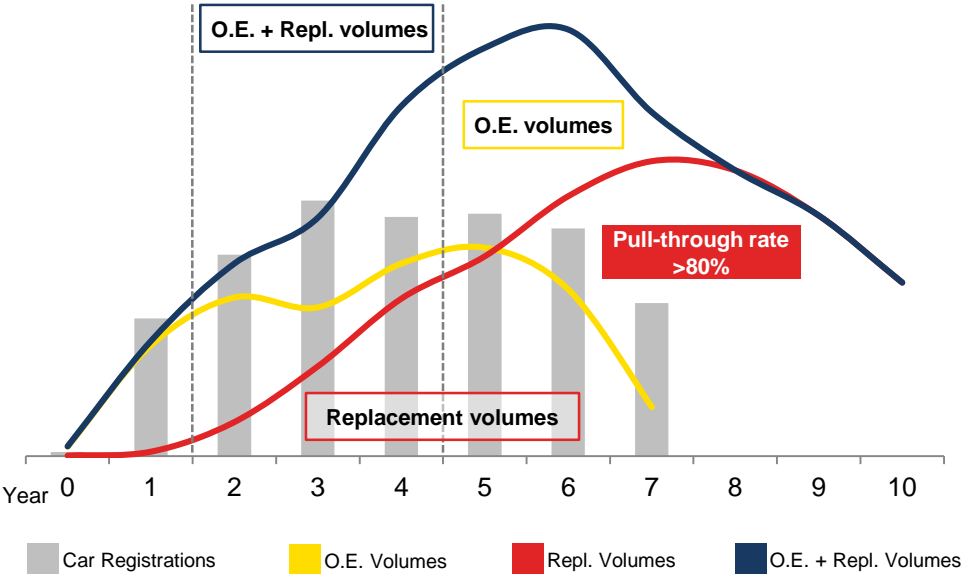
1 Reinforce leadership in the H.V. Premium Replacement driven by our core business model based on O.E. pull-through and enhanced with analytics and big-data

2 Expand in the H.V. Synergic Replacement, covering emerging market and consumer needs through new products

3 Consolidate leadership in Premium and Prestige O.E., being more selective on higher rims and new powertrain vehicles
Expand and diversify O.E. customer base to improve our penetration in USA and China

4 Plan a consistent landing point on Standard, strongly reducing in H.V. regions and improving in price/mix

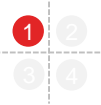
PULLTHROUGH IS PIRELLI'S CONSOLIDATED BUSINESS MODEL



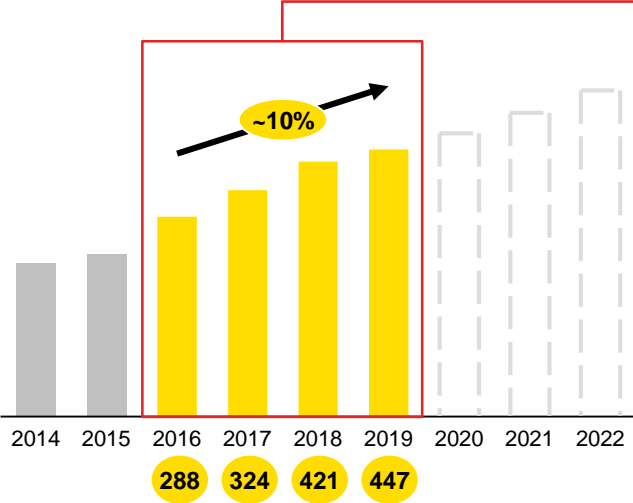
- Keep the **leadership in the Premium** segment focusing on technologically advanced products: Marked tyres, Specialties, EV tyres
- Leverage on **geo-localized** analytical coverage to further improve Pull-Through rate on cars fitting Pirelli tyres (~80% today)
- Exploit market data analytics to enable **salesforce transformation** towards a customer consultancy approach



PAST HOMOLOGATIONS ARE GENERATING A GROWING POTENTIAL IN THE PLAN HORIZON

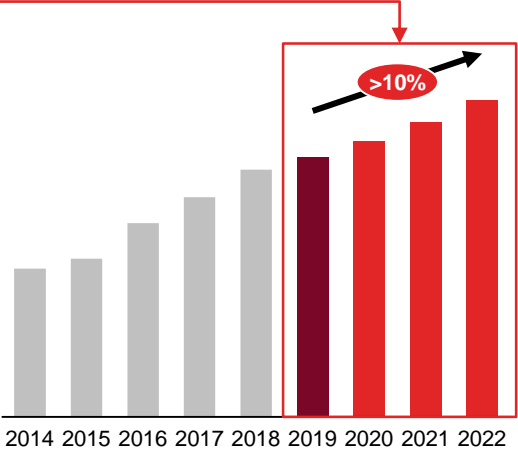


≥18" PIRELLI SALES @ O.E.



NEW HOMOLOGATIONS ≥18"

≥18" REPLACEMENT TYRE MARKET **FITTING PIRELLI**



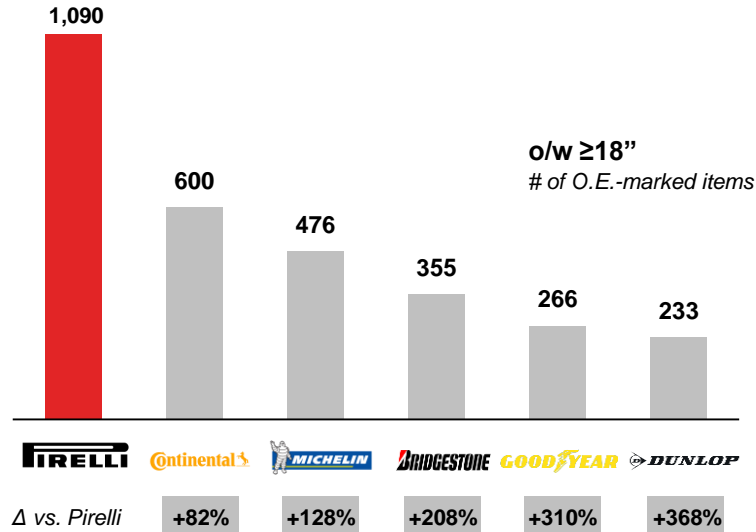
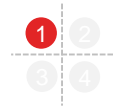
≥18" REPLACEMENT TYRE MARKET

CAGR
19A-22E

+7.5%



PIRELLI HAS AN UNDISPUTED LEADERSHIP ON PREMIUM AND PRESTIGE MARKED TYRES IN THE ≥18" ARENA



PRESTIGE



OF WHICH SOLE SUPPLIER



PREMIUM ≥ 18"



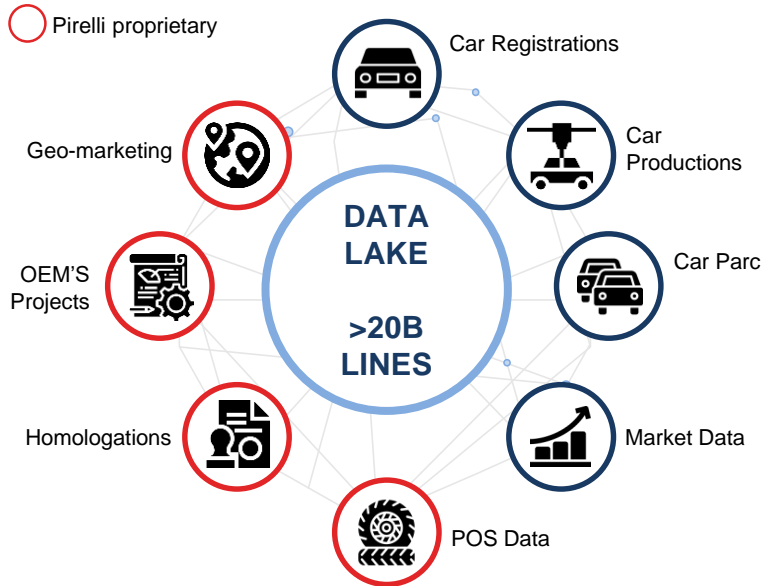
54 | Number of marked IP codes vs. premium competitors
Source: German Product List (Pricat) @ January 2020



STRONG RELATIONSHIP WITH OEMS ALLOWS TO ENHANCE GO-TO-MARKET EFFECTIVENESS, THROUGH BIG DATA AND ADVANCED ANALYTICS



BIG DATA TO COMBINE COUNTLESS DATA SOURCES



CUSTOMER CENTRIC PREDICTIVE CAPABILITIES



Early identification of **O.E. project targets** based on potential growth



Car parc analysis to identify **replacement pull-through potential**



Maximize coverage in location with concentrated homologated potential



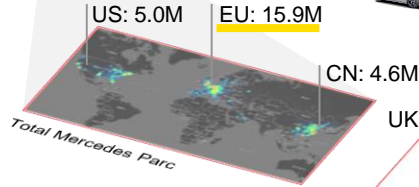
TAKE “PULL-THROUGH STRATEGY” TO A NEW “PRECISION LEVEL”



Premium car parc: 160 million cars



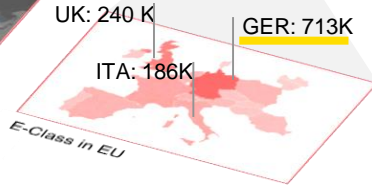
Mercedes
32.4M



Mercedes-EU car parc:
15.9 million cars



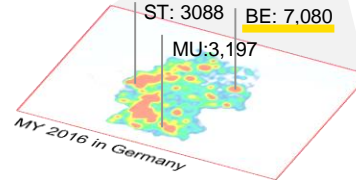
E-Class
2.17M



Mercedes E-Class GERMANY:
713K cars



MY 2016
138K



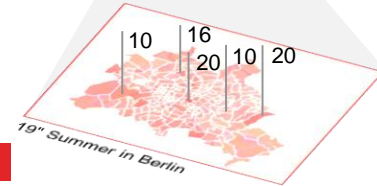
Mercedes E-Class (MY 2016)
BERLIN: 7,080 cars



From Car Parc to
Tyre Potential

19"
1,164 tyres

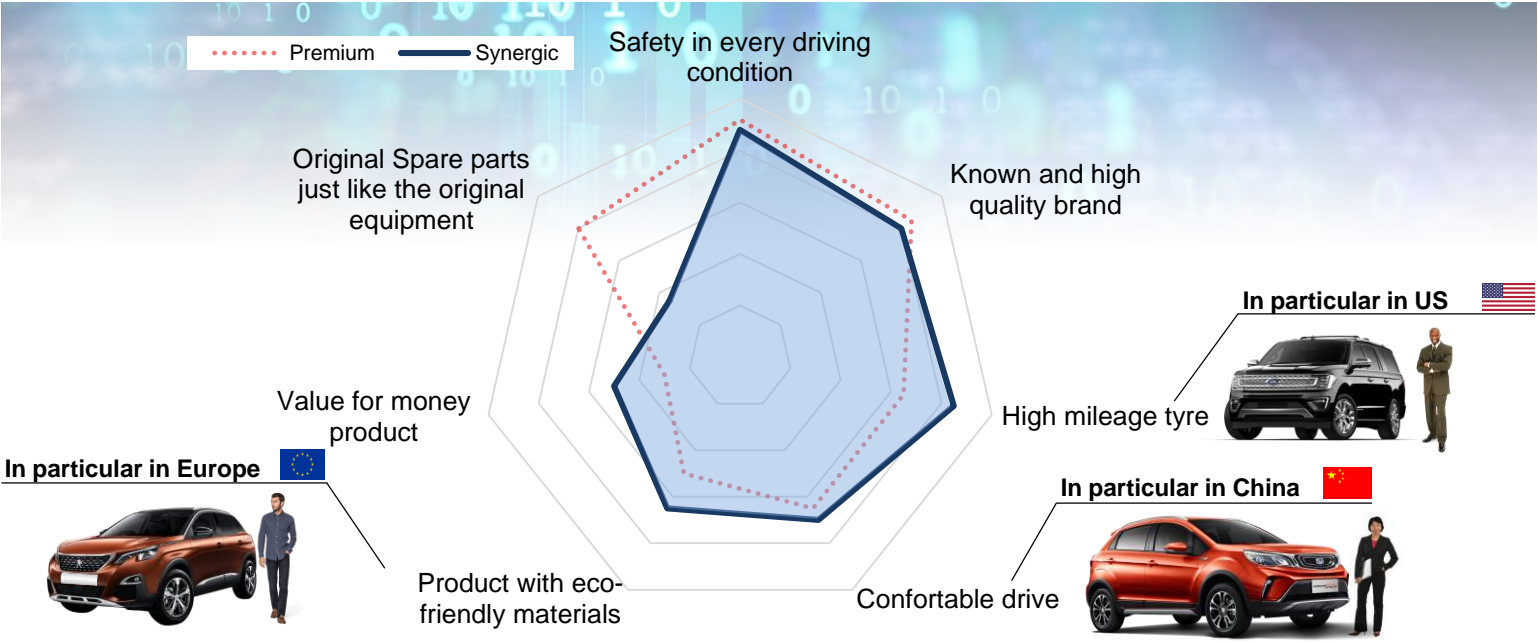
764 ☀️ **400** ❄️



TOOL AVAILABLE IN OUR SALESFORCE.COM PLATFORM



EXPANDING HIGH VALUE BOUNDARIES USING BIG DATA TO IDENTIFY HIGH-END SYNERGIC CONSUMER NEEDS



THROUGH A DEDICATED PRODUCTS PORTFOLIO WITH EXPECTED DOUBLE-DIGIT PROFITABILITY



THE DISTRIBUTION NETWORK WILL COHERENTLY SUPPORT THE REPLACEMENT REGIONAL STRATEGY



1

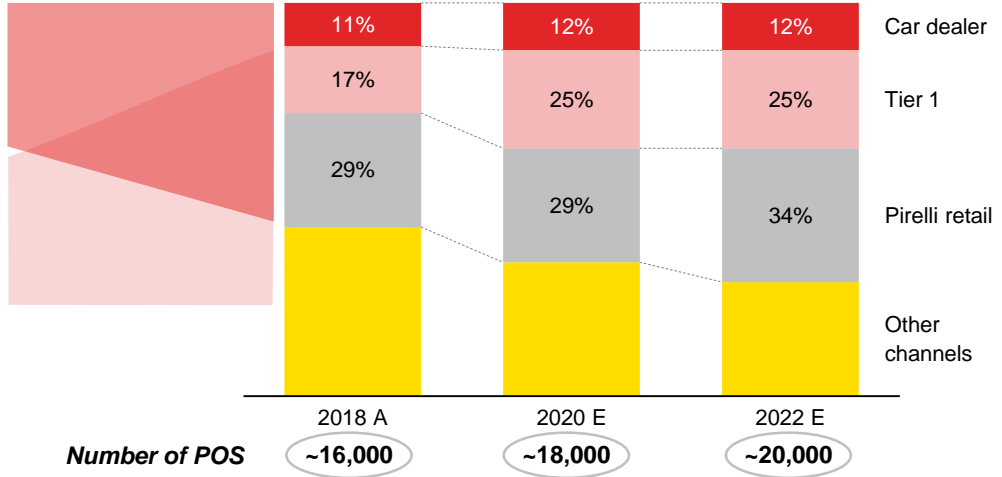
Reinforce leadership in the H.V. Premium Replacement

- Continuous focus on car dealers and high-end retails

2

Expand presence in the H.V. Synergic Replacement

- Complete range to be competitive across all channels, and mainly to retail



- Strong presence in car-dealers through leadership in homologations
- Redesign presence on major Tier 1 distributors
- Long-standing agreements with Fleets



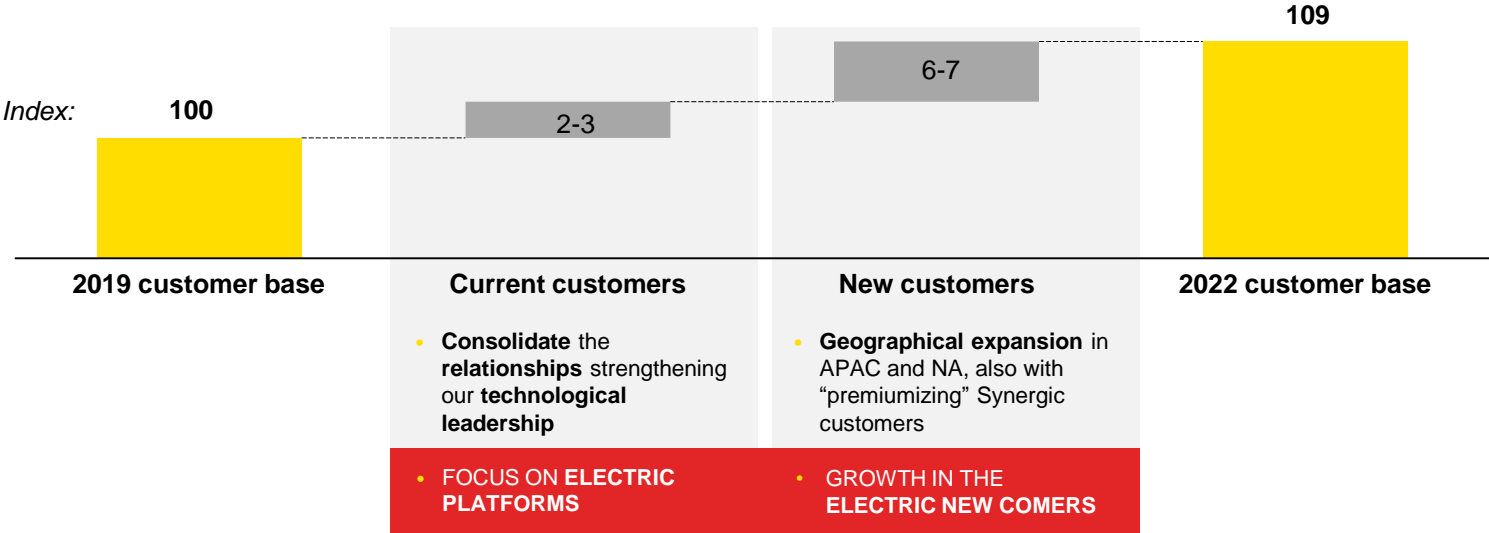
- Solid double digit growth on Top 5 Tier 1 players in US
- Established share in tyre manufacturers JVs



- Strong presence in car-dealers through leadership in homologations
- Established retail network in Tier 1 cities, expanding in Tier 2 cities
- Exploiting e-commerce channel



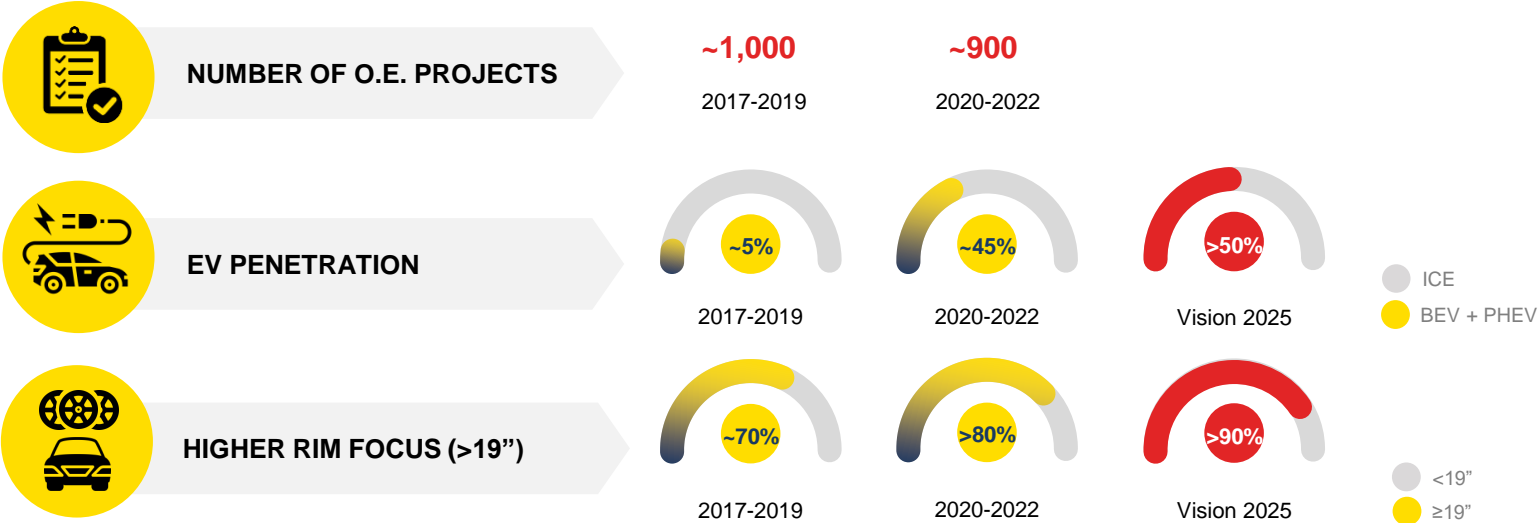
2020-22 ORIGINAL EQUIPMENT: FOLLOWING OUR CUSTOMERS GLOBALLY, EXPANDING THE CUSTOMER BASE



AS A RESULT, PIRELLI'S LEADERSHIP POSITION STRENGTHENS



HOMOLOGATIONS

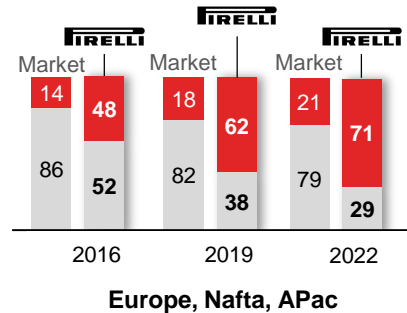


STANDARD: CAR TYRE REDUCTION PLAN CONTINUES, AT A LOWER PACE



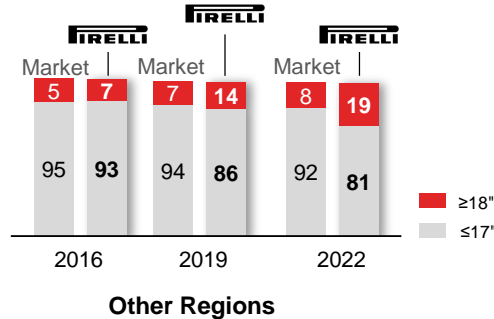
H.V. REGIONS

% of Volume by Region Cluster



STANDARD REGIONS

% of Volume by Region Cluster



TOTAL STANDARD

Market Standard CAGR 16-19 CAGR 19-22

-0.6%

-0.3%

Pirelli CAGR 16-19 CAGR 19-22

-9.0%

~-4%

LANDING POINT @ 2022

% of Standard on Total

	2016	2019	2022
Volume	68%	53%	43%
Net Sales	48%	35%	30%



THREE KEY LEVERS TO MAXIMIZE VALUE

PRODUCT MIX IMPROVEMENT



- Mix **shift towards 17"** (~+1.5 million, in line with market growth)
- **Exit** from 13" and second brands (except in LatAm and Russia)
- Focus on **more profitable** segments (SUV, All Season)

INDUSTRIAL FOOTPRINT OPTIMIZATION



- **Competitive** sourcing (Kirov, Campinas, Jiaozuo)
- Industrial mission **re-focus** (Bollate)
- **Efficiency** programs across the board

BETTER PRICE POINT



- Reduction strategy coherent with **price protection**
- Focus on segments **less exposed** to Tier 2 and Tier 3 competition



**EBIT MARGIN FROM
SINGLE TO DOUBLE
DIGIT**

