



2020 - 2022 INDUSTRIAL PLAN | VISION 2025

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(1/2)

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(2/2)

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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.

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The APIs presented herein include EBIT, EBIT margin, EBITDA, EBITDA margin.

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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

PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

1

EVOLUTION TO DATE

2

IMPLICATIONS FROM 2020-2022 SCENARIO

3

STRATEGIC GUIDELINES & KEY 2020-2022 PROGRAMS

4

2020-2022 TARGETS AND ENABLERS

5

2025 VISION



PIRELLI HAS SUCCESSFULLY PURSUED A UNIQUE CONSUMER POSITIONING AND BUSINESS MODEL FOCUSED ON HIGH VALUE

HIGH VALUE (H.V.)



- Premium and Prestige Car drivers fitting $\geq 18''$
- Focus on 3 H.V. Regions: Europe, USA and APac

STANDARD (STD)



- Standard presence reduction
- Trimming low profitability range

COMPETITIVE BARRIERS



Strong Relationship with Most demanding OEMs



Cutting-edge Technology



Iconic Brand



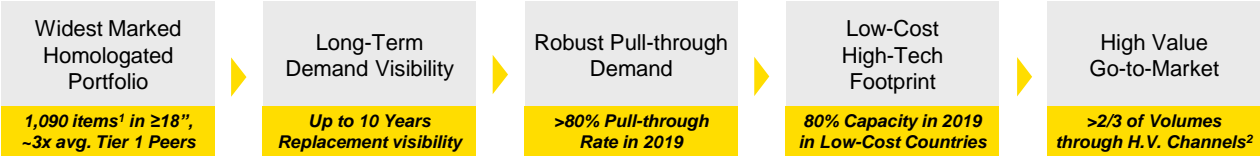
Selective Distribution



Low-Cost High-Tech Production Footprint



BUSINESS MODEL






² 1. source German Product List (Pricat) @ Jan 2020; 2. Car Dealer, Tier 1 Wholesalers, Pirelli Retail, channels over which we exercise a greater control



PIRELLI FORECASTS AND VOLUME PERFORMANCES IN ≥18" PROVED CORRECT

1. Evolution
to Date

HIGH VALUE

	2019 IPO ¹	2019A	
PREMIUM & PRESTIGE (million cars)			
 CAR PROD.	13	12	✗
CAR PARC	~ 150	> 150	✓
≥18" CAR TYRE MARKET (million tyres)			
	~ 255	~ 255	✓
≥18" CAR TYRE VOLUMES (million tyres)			
	~ 30	~ 30	✓

UNFORESEEN EVENT

➤ Challenging pricing environment
on ≥18" non-specialties due to O.E. crisis




PIRELLI COUNTERMEASURES

➤ OEMs portfolio diversification
(new N. America and APac contracts in 2H 2019)

➤ Price protection in ≥18" Specialties
(~50% of H.V. sales)

...WHILE RAPID DECREASE ON ≤17" WAS NOT FULLY FORESEEN

STANDARD

	2019 IPO ¹	2019A	
STANDARD CAR PRODUCTION (million cars)			
	~ 86	~ 77	✘
≤17" CAR TYRE MARKET (million cars)			
	~ 1,400	~ 1,300	✘
	-100 (o/w 62% O.E.)		
≤17" CAR TYRE VOLUMES (million tyres)			
	44	34	✘
	-10 o/w -1 on Specialties ≤17"		

UNFORESEEN EVENTS

- 2018**
- > South America economic crisis resulting in severe Standard Tyre demand contraction since 2H (-12% Repl. Car ≤17" market in 2H2018; -5.8% in 1H2019)
- > EMEA and Russia more radical reduction with respect to the IPO plan (second brands and lower rim-sizes pruning)
- 2019**
- > Weaker Synergic car production caused unsaturation and competitive pressure

PIRELLI COUNTERMEASURES

- > Footprint rationalization (Brazil)
- > Faster standard volume reduction than previously planned, especially in EU, keeping a socially responsible approach; footprint conversion (Italy)
- > Short-Term cost-cutting actions, leading to more structural savings in 2020-22 plan

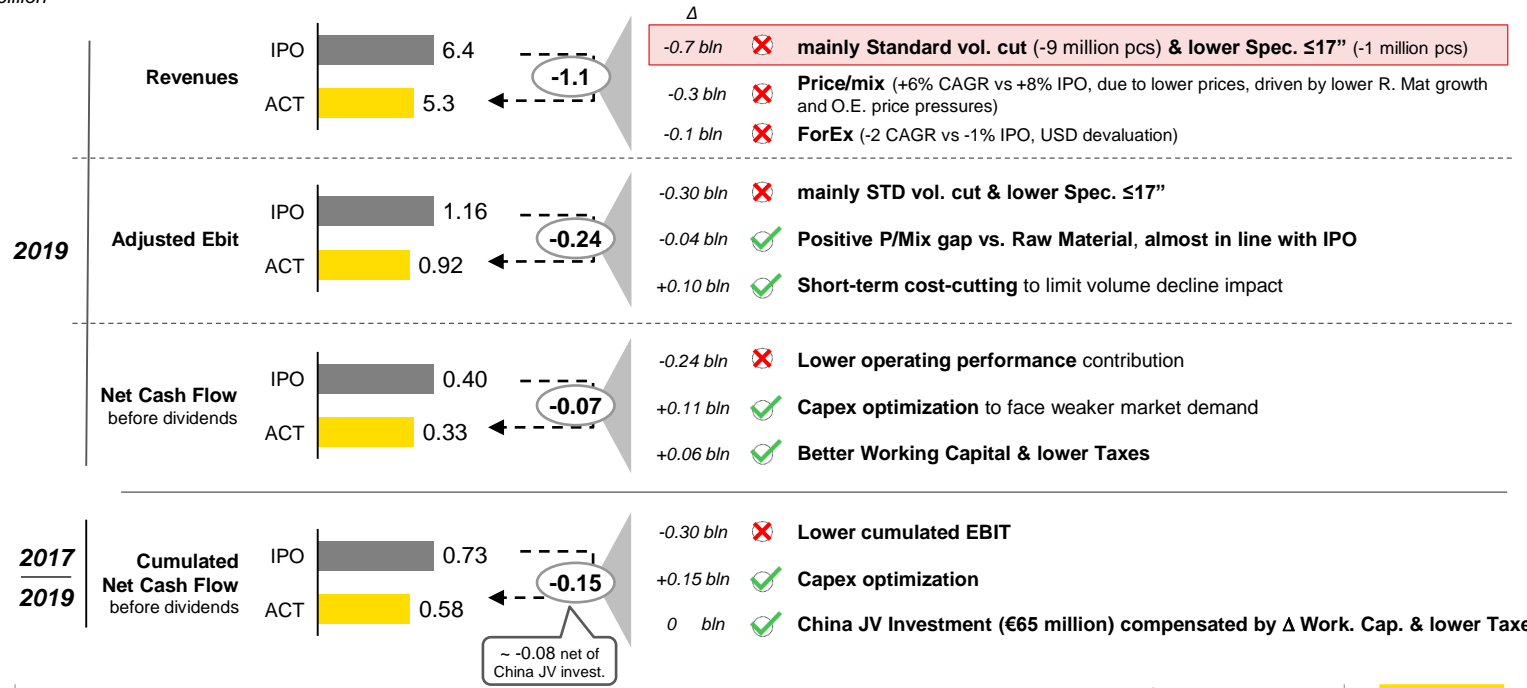
4 | 1. Implicit IPO



MORE GENERALLY, GAP IN STANDARD VOLUMES EXPLAINING KEY VARIANCE WITH IPO PLAN

IPO¹ VS ACTUAL

€ billion



PIRELLI ESG LEADERSHIP ACKNOWLEDGED BY THE MARKET

TOP-OF-THE-INDUSTRY ESG RATINGS



Global Sector Leader in the S&P Dow Jones Sustainability Indexes



Awarded sector Gold Class 2020 in S&P Sustainability Yearbook



A-List in Carbon Disclosure Project 2019



Sector top rating



Global Compact LEAD company 2019

PIRELLI DISTINCTIVE FACTORS

- > Comprehensive corporate positioning on key global sustainability challenges, beyond materiality
- > Management model complying with most demanding ESG standards¹
- > ESG targets are:
 - Group wide
 - Tangible
 - Challenging and realistic
 - Competitive deadlines
- > Complete and transparent Reporting

6 | 1. e.g. ISO 20400, ISO 26000, AA1000, ISO 37001, etc.



EVOLUTION TO DATE SUM UP



- > PURSUE HIGH VALUE APPROACH...
- > ...WITH A HIGHER O.E. / HOMOLOGATION SELECTIVITY



- > KEEP PRUNING LOW RIM STANDARD



- > ACCELERATE STRUCTURAL COST COMPETITIVENESS PROGRAM
- > LOWER CAPEX INTENSITY IN NEW PLAN AS H.V. CAPACITY ALREADY IN PLACE



- > LEVERAGE ON SUSTAINABLE APPROACH TO GAIN COMPETITIVE ADVANTAGE BY ANTICIPATING FUTURE CHALLENGES

PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

- 1 EVOLUTION TO DATE
- 2 IMPLICATIONS FROM 2020-2022 SCENARIO**
- 3 STRATEGIC GUIDELINES & KEY 2020-2022 PROGRAMS
- 4 2020-2022 TARGETS AND ENABLERS
- 5 2025 VISION

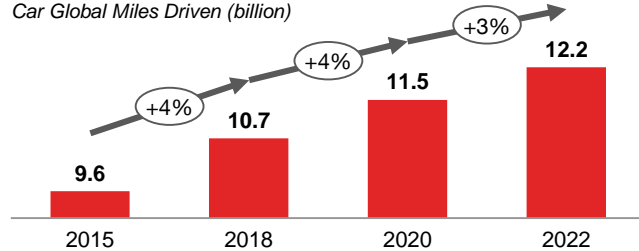


NO MAJOR DISCONTINUITY IN «HIGH-END» MOBILITY IN THE NEXT 36 MONTHS

2. Implications from 2020-2022 scenario

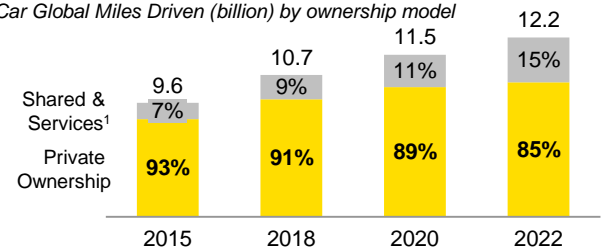
MILES DRIVEN GROWING CONSTANTLY

Car Global Miles Driven (billion)



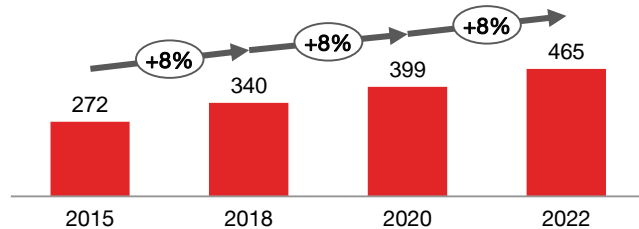
PRIVATE CAR STILL DOMINANT

Car Global Miles Driven (billion) by ownership model



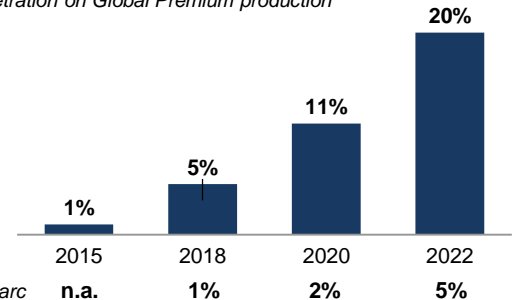
«HIGH-END» CONSUMERS GROWING

Global # of Households with > \$75k annual Income



ELECTRIC CARS GROWING SHARE (PREMIUM)

% EV² Penetration on Global Premium production



1. Category includes Car Sharing, Ride-Hailing, Rental Fleets, Private and Company Leasing Cars; 2. EVs include BEV (Battery Electric Vehicles) and PHEV (Plug-in Electric Vehicles)

% EV on Global Parc

n.a. 1% 2% 5%

2020 - 2022 INDUSTRIAL PLAN | VISION 2025
MILAN, 19TH FEBRUARY 2020

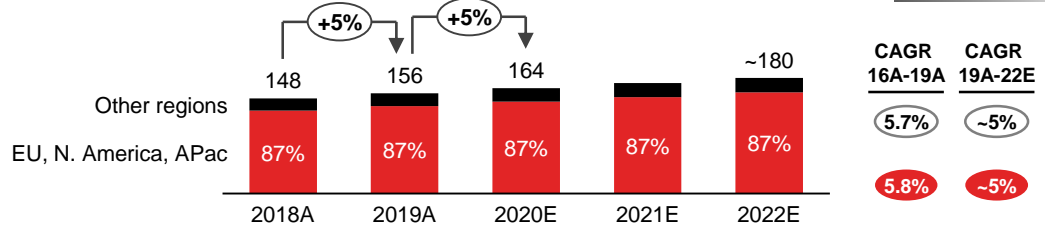


RESILIENT GROWTH OF HIGH VALUE TYRE DEMAND

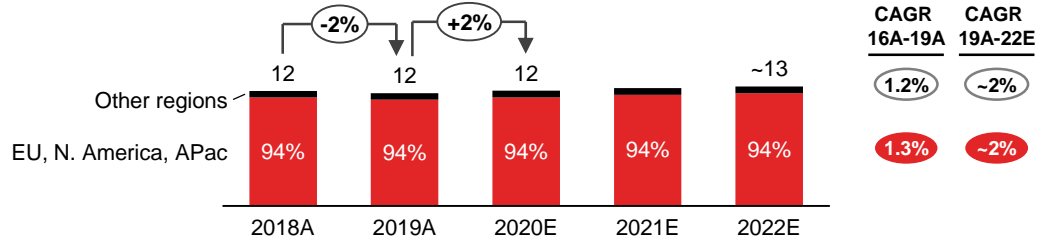
2. Implications from 2020-2022 scenario



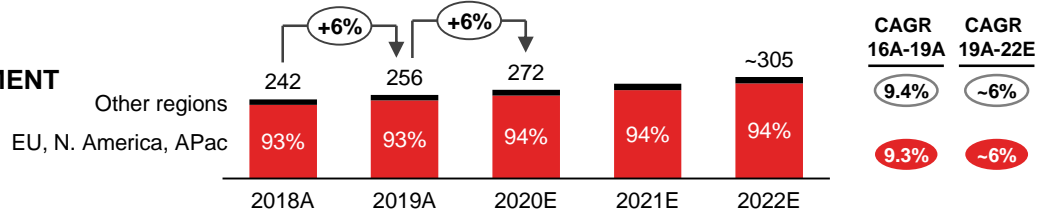
PRESTIGE & PREMIUM CAR PARC (million vehicles)



PRESTIGE & PREMIUM CAR PRODUCTION (million vehicles)



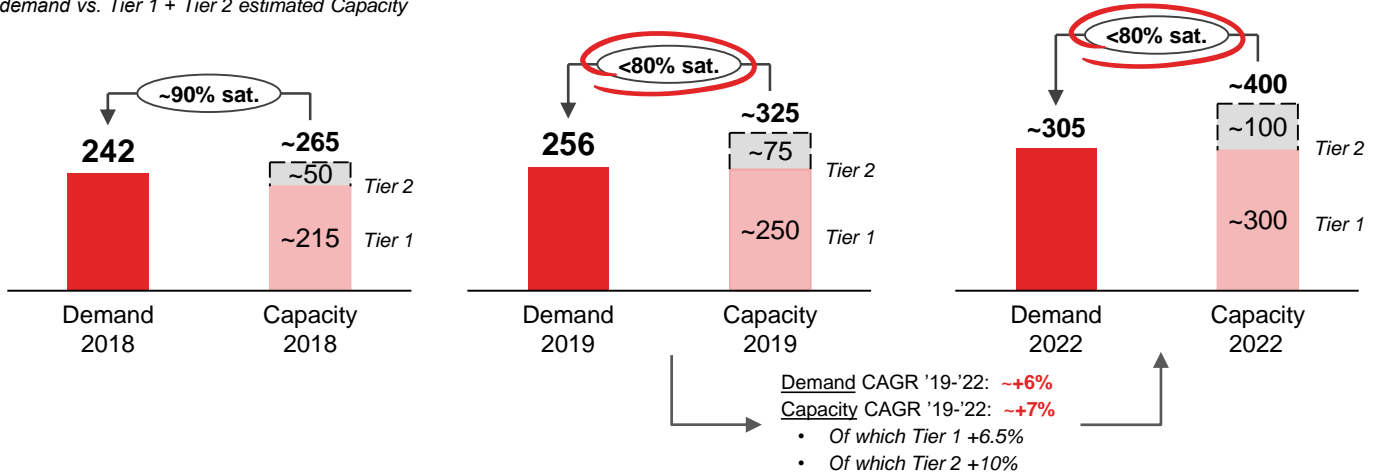
≥18" O.E. + REPLACEMENT TYRE MARKET (million tyres)



HIGH VALUE OVERCAPACITY IN 2019 WILL PERSIST, UNLESS PLAYERS POSTPONE PROGRAMS

≥18" NOMINAL CAPACITY VS. MARKET DEMAND (2018-2019-2022) - ESTIMATES

≥18" demand vs. Tier 1 + Tier 2 estimated Capacity



SEVERAL RESTRUCTURING PROGRAMS ALREADY ANNOUNCED AND MORE LIKELY TO COME, BUT FOCUSED ON STANDARD

Source: Company elaborations based on third party and associations of tyre producers for car market data; Company elaborations and estimates based on public announcements and third party data for Car Capacity data; for 2019-2022 period assuming all new capacity installed is ≥18" and deployment according to latest available public announcements (possible slowdowns in capacity deployment not included in figures)

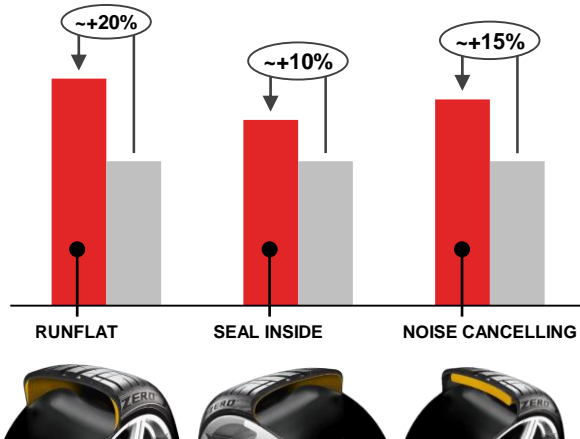


TECHNOLOGY & BRAND CAN LIMIT PRICE PRESSURE IN HIGH VALUE

TECHNOLOGIES (E.G. RUNFLAT, PNCS, SEAL INSIDE) WITH HIGHER ADDED VALUE

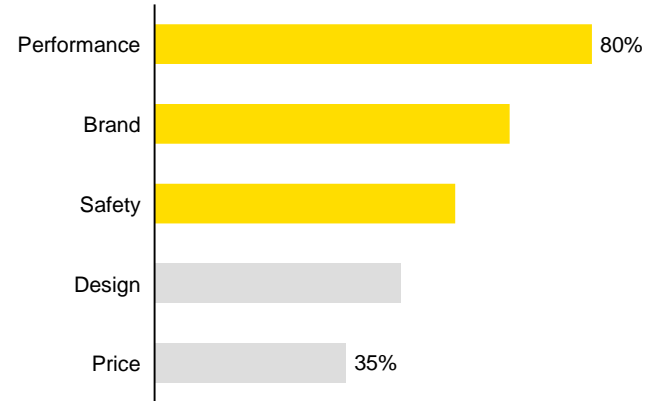
€ Sell-out price for tyre, same Product Line, Specialty vs. non-Specialty

■ Specialty ■ Non-Specialty



PREMIUM CONSUMERS MAINLY LOOK FOR PRODUCT PERFORMANCE, BRAND AND SAFETY

Product choice factor analysis 2019, Premium target (EU) % replies "important" and "very important" (scale 1-5)



Source: Pirelli Survey on CRM contacts (2019)

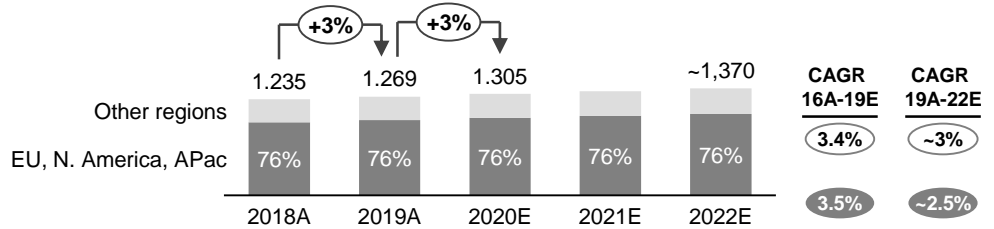
TECHNOLOGY FOR EVs ANOTHER KEY COMPETITIVE BARRIER

17" THE ONLY SEGMENT GROWING IN STANDARD

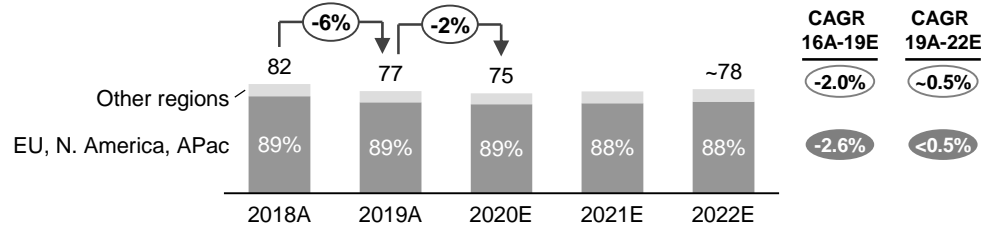
2. Implications from 2020-2022 scenario



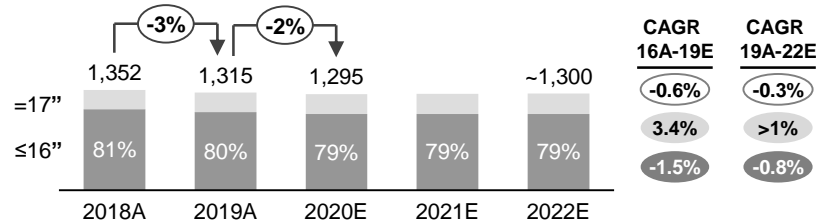
SYNERGIC CAR PARC (million vehicles)



SYNERGIC CAR PRODUCTION (million vehicles)



≤17" O.E. + REPLACEMENT TYRE MARKET (million tyres)



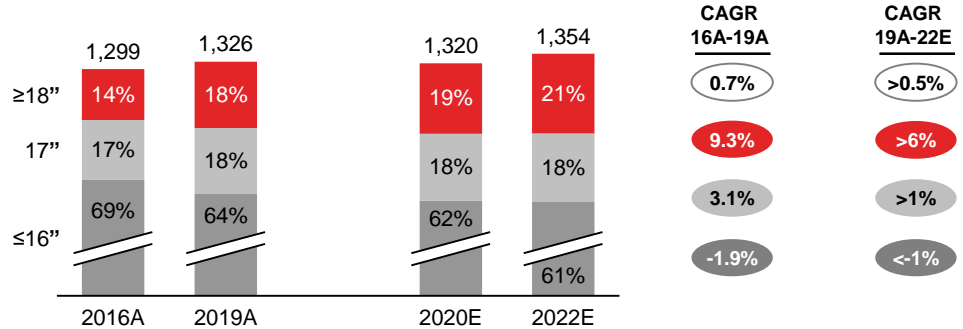
MARKET DEMAND CONTINUOUSLY REPOSITIONING TOWARDS HIGH END SEGMENTS

2. Implications from 2020-2022 scenario



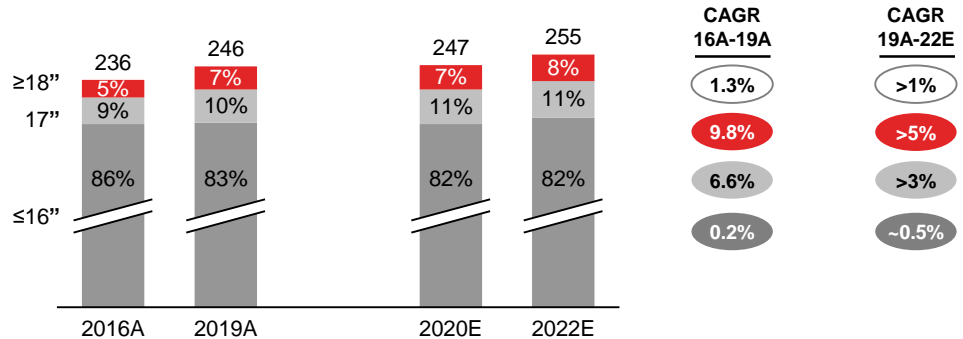
H.V. REGIONS (EU, NA, APAC)

(million tyres)



STANDARD REGIONS (ALL OTHER REGIONS)

(million tyres)



EVOLUTION TO DATE

- > Pursue High value approach...
- > ...With a higher O.E. / homologation selectivity
- > Keep pruning low-rim Standard
- > Accelerate structural Cost Competitiveness Program
- > H.V. capacity already in place: low CapEx-intensity in New Plan
- > Leverage on Sustainable approach to gain competitive advantage

2020-2022 SCENARIO IMPLICATIONS

- > RESILIENT HIGH VALUE DEMAND
- > OVERCAPACITY/PRICE PRESSURE
- > INNOVATION AND BRAND LEADERS CAN LIMIT COMPETITIVE PRESSURE
- > STANDARD 17" IS A GROWING MARKET WITH DOUBLE-DIGIT REPLACEMENT PROFITABILITY

PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

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2025 VISION



STRATEGIC GUIDELINES 2020-2022

3. Strategic guidelines &
key 2020-2022 programs



> HIGH VALUE IS PIRELLI'S "TRUE NORTH"



RAISE COMPETITIVE BARRIERS FASTER:

- > – Sustainability-driven innovation
- Brand
- Structural cost competitiveness
- Speedy capture of opportunities through data-rich insights



> REPOSITION IN STANDARD, WITH LOW-COST SOURCES IN LATAM & RUSSIA

BUSINESS MODEL STRENGTHENED THROUGH 3 KEY MAJOR PROGRAMS, BACKED BY A MORE CONTAINED INVESTMENT

3. Strategic guidelines & key 2020-2022 programs

 **COST
COMPETITIVENESS**

 **COMMERCIAL
DEVELOPMENT**

 **TECHNOLOGY-BASED
INNOVATION**



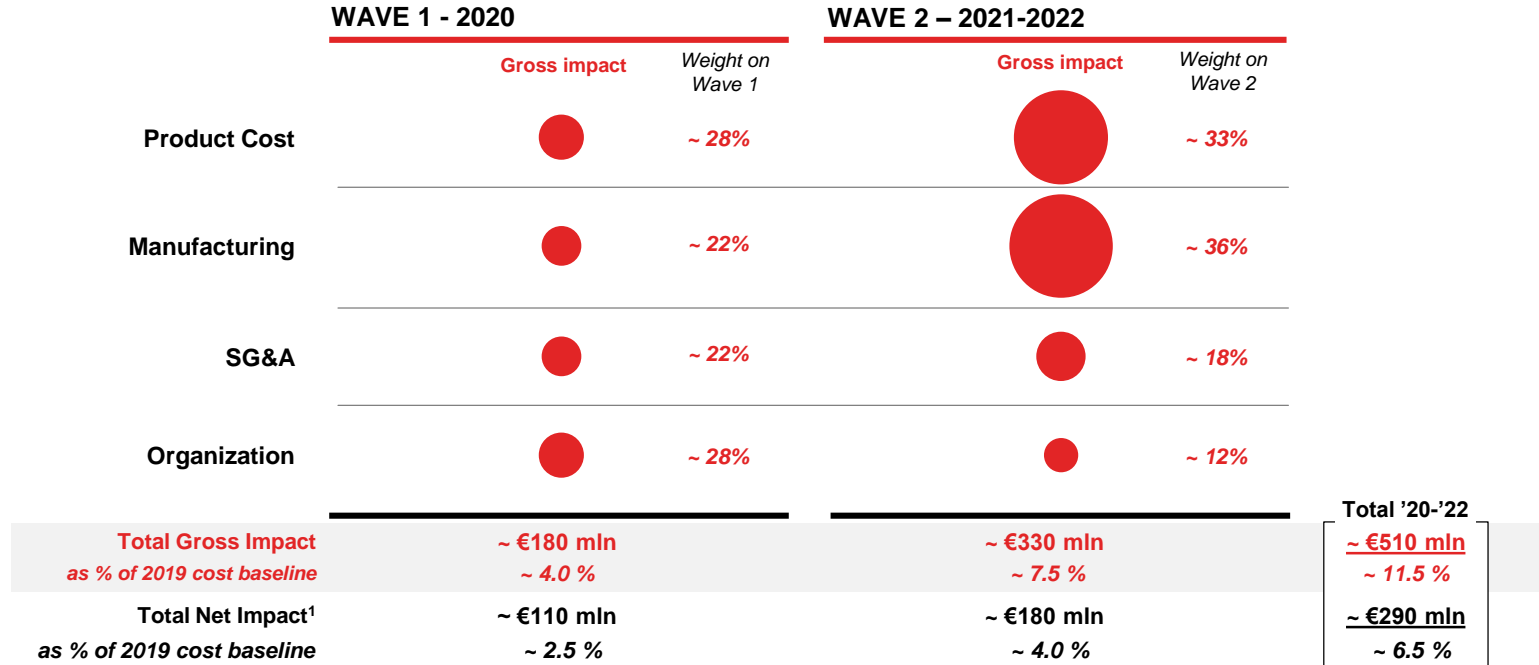
Contained Investment Program

HIGHER FREE CASH FLOW GENERATION



01. COST COMPETITIVENESS: 2 WAVES, REACHING ~510M€ EFFICIENCY IMPROVEMENT GROSS OF INFLATION

3. Strategic guidelines & key 2020-2022 programs



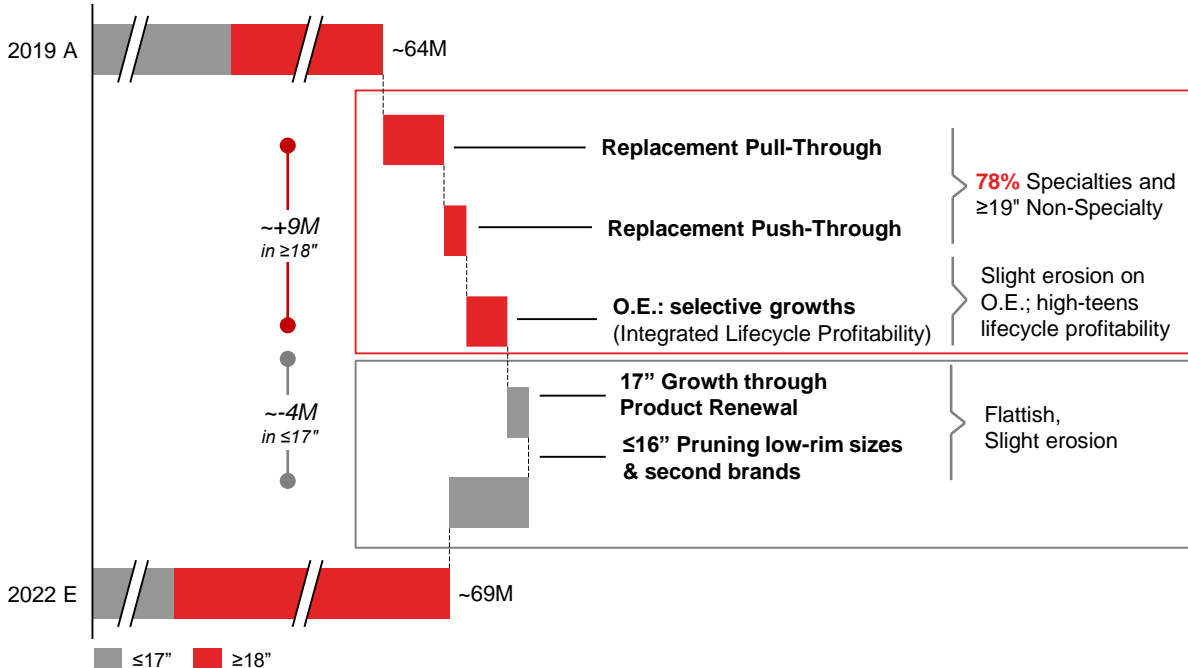
02. COMMERCIAL DEVELOPMENT

VOLUME VARIANCE (CAR)

KEY PROGRAMS

PRICE POLICY

COST IMPROVEMENTS



- > Product & Manufacturing Cost Reduction
- > Time-to-Market reduction
- Major Cost reduction:**
- > Footprint (Bollate)
- > Low Cost Plants (Kirov, Campinas)
- > Efficiency

03. TECHNOLOGY-BASED INNOVATION: ACCELERATING PRODUCT INNOVATION

PRODUCT

Fast-pace product renewal

- H.V. homologated product families renewed, with Specialties available in most of the new Product Lines
- 15 push-through lines, regionalized



~+40% New Product Lines
in '20-'22 vs. '17-'19

DEVELOPMENT & ENGINEERING

New Development & Engineering approach, derived from F1 & Motorsport data driven experience

- Reduced time-to-market
- Modularity & Commonality Virtualization in Design & Testing



-30% development time

NEW TECHNOLOGIES

Working in parallel on Medium-term opportunities

- ELECT EV "Marked" portfolio
- Entering the second stage of Cyber Innovation



>1/3 2020-2022
homologations
projects on EVs

APPROACH

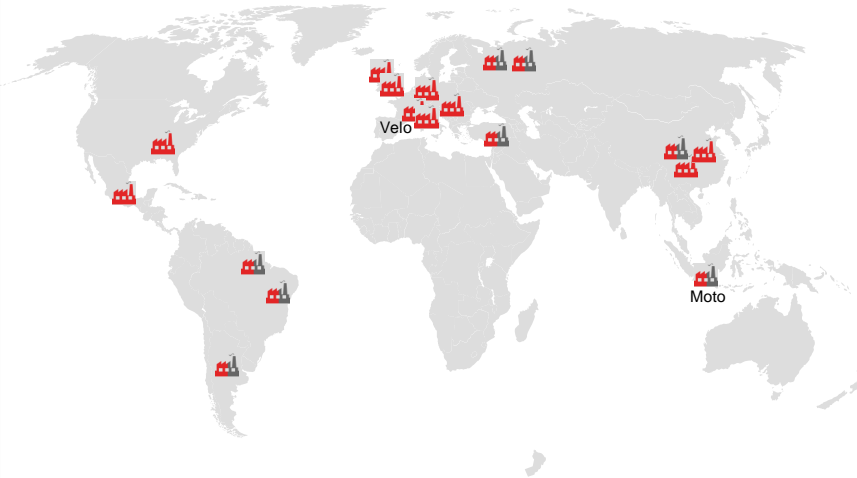
Product roadmap led by an eco & safe design approach from cradle to grave

- Significant increase in the use of renewable and recycled materials, and decrease of fossils
- Max technological trade-off between low environmental impact and safety performances
- Consumer portfolio accompanying the transition towards smart and micro-mobility
- Supply chain co-operating in the development of high added value solutions, resilient in ESG risk management

HIGH TECH AND ECO-EFFICIENT MANUFACTURING FOOTPRINT

3. Strategic guidelines & key 2020-2022 programs

PIRELLI MANUFACTURING FOOTPRINT: HIGH-TECH & ECO-EFFICIENT



Full High Value Capacity



H.V. / Std. Capacity

IN 2022 18 PLANTS (~82% LOW COST COUNTRY)

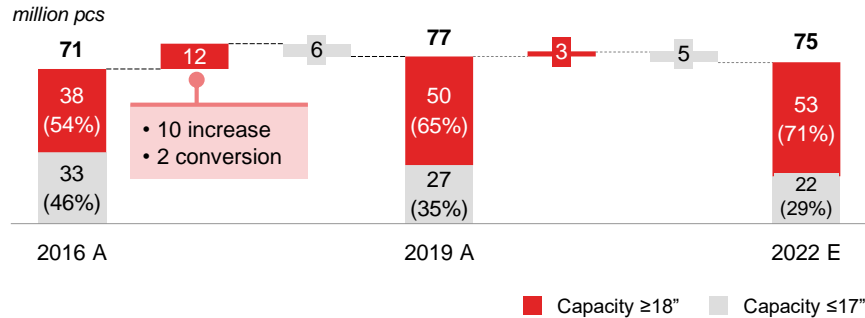
- > 9 Car Fully High Value, of which 6 new / robotized
- > Bollate Plant converted to Premium Velo
- > 2 Production Hubs in Low Cost Countries serving closer High Value markets: LatAm for N. America and Russia for Europe

AN INDUSTRIAL ENVIRONMENTAL FOOTPRINT SUBSTANTIALLY REDUCING

- > 100% renewable electricity worldwide by 2025
- > Group Carbon Neutrality by 2030
- > Commitment to the Science Based Target initiative, in alignment with our CO₂ emissions reduced strategy
- > Excellence in water management
- > Zero waste to landfill

ALREADY REACHED OPTIMAL CAPACITY IN HIGH VALUE, LEADING TO A CONTAINED INVESTMENT PLAN

CAR CAPACITY

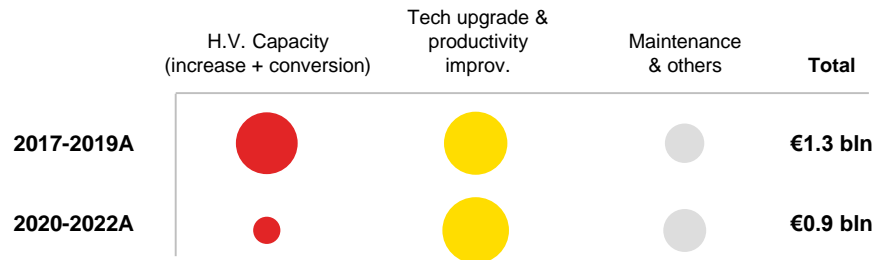


HIGH VALUE CAPACITY CONSISTENT WITH DEMAND

- H.V. Capacity already increased strongly in 2017-2019 (Europe, China and Mexico)
- 2020-2022 further H.V. Capacity mainly from Conversion

STANDARD CAPACITY REDUCTION: -11m pcs in 6 years mainly in EMEA & LatAm. Saturation ~90% in 2022 (70% in 2019)

CAPEX PLAN



2020-2022 INVESTMENT PROJECTS HIGHLIGHTS

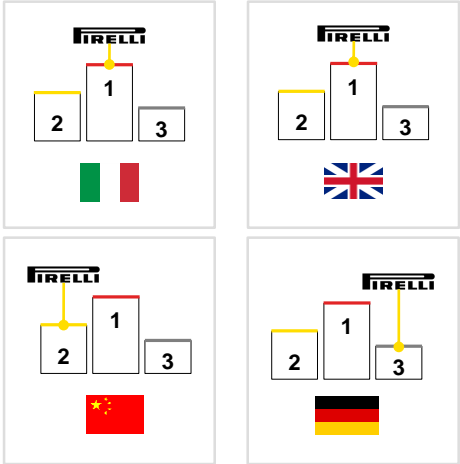
- Focus on Specialties and mix/quality improvement
- Ongoing Restructuring Plan (Italy & Brazil)

REINFORCING OUR ICONIC BRAND FOR PREMIUM CONSUMERS

3. Strategic guidelines & key 2020-2022 programs

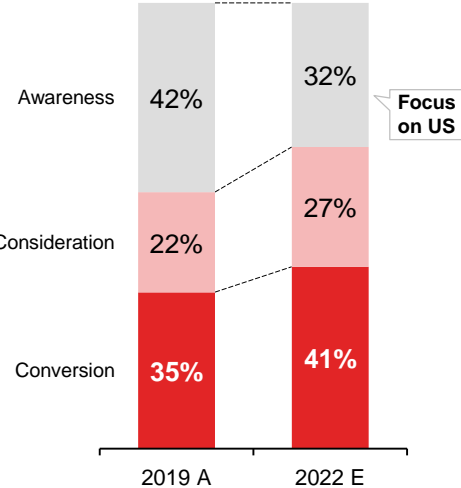
ALWAYS IN TOP 3 POSITIONS IN KEY MARKETS

2019 Pirelli Brand Tracking Premium Consumers¹



MOVING EFFORTS DOWN THE CONSUMER JOURNEY

Pirelli Global Brand Investments in Consumer Journey funnel, 2019 and 2022



BRAND INITIATIVES RELEVANT FOR PREMIUM CONSUMERS

Sponsorships



¹ Considering several parameters: Top-of-Mind Brand, Brand Awareness, Brand Consideration and Brand Conversion (Top Choice)



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2020-2022 TARGETS

€ billion

	2019 A	2020 E	2022 E	
Net Sales	5.3	~5.4	~5.8	
adj. EBIT margin	0.9 17.2%	~ flat YoY	18% ÷ 19%	
CapEx	0.39	~0.3	cum. '20-'22 ~0.9	vs. cum '17-'19 ~1.3
Net Cash Flow bef. Dividends	0.33	~0.4	cum. '20-'22 ~1.5	o/w ~0.5 in '21 ~0.6 in '22
Net Financial Position (IFRS 16) ¹	3.5	~3.3	~2.5	

1. Assuming average 40% dividend pay-out on consolidated net income in the 2020-22 Industrial Plan



PIRELLI REMUNERATION SYSTEM ALLIGNED WITH INDUSTRIAL PLAN

REMUNERATION STRUCTURE to be approved by the Shareholders' Meeting (June 18, 2020)

COMPENSATION MIX FOR KEY MANAGEMENT

FIXED COMPONENT

- No more than 50% of Total Annual Direct Compensation on reaching all objectives at target level

SHORT-TERM INCENTIVE *(1/3 of total variable compensation)*

- Cash incentive based on key Financial objectives (Group Adj. Ebit, Net Income, Net Cash Flow before dividends) and Sustainability (Eco-Safety Performance¹ Revenues)
- On/off condition: Group Net Cash Flow before dividends
- 25% deferred to the next year

LONG-TERM INCENTIVE PLAN 2020-22 *(2/3 of total variable compensation)*

- Cash plan based on **3 key objectives**: Relative **TSR** vs. Tier1 peers; 2020-22 Cumulated Group **Net Cash Flow before dividends**; on-going inclusion in **Sustainability** Indices (Dow Jones Sustainability World Index ATX Auto Component sector, CDP scoring)
- **Rolling plan**: every year starting a new 3-year period
- **Payment** in 2023 and at the end of each 3-year vesting period

ALL **VARIABLE** COMPONENTS ARE **CAPPED**

NON-COMPETITIVE AGREEMENT

CLAW-BACK CLAUSES KEY MANAGEMENT
IN BOTH MBO AND LTI PLANS

1. Eco-Safety Performance products, previously named "green 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

GOVERNANCE CONFIRMED BY RENEWED SHAREHOLDERS' AGREEMENT

BY-LAWS



Pirelli By-Laws shall be **inspired by international best practices**



Pirelli Technological know-how never be transferred unless approved by **90% of Pirelli shareholders**



Pirelli headquarters shall remain in Milan (Italy) unless approved by **90% of Pirelli shareholders**



One-fifth of the Board shall be **appointed by minority shareholders**

BOARD OF DIRECTORS



Board made of highly qualified Members with a suitable mix of skills.

Independent directors shall be the majority of the Board



Focus on **Diversity value**: gender, age, seniority, nationality, educational background and work-experience



Internal committees in line with the best practices, with independent directors having a key role.



Transactions with related parties to be governed by **best International practices** with a key role of the Committee for Related Parties Transactions

SHAREHOLDERS AGREEMENT



The partnership acknowledges: (i) Pirelli is a company specialised in high quality and technology products, (ii) loyalty, professional skills and expertise of the management, key factor for the Company success and business growth



Pivotal role of the top management to maintain **quality standards**, to preserve and value Pirelli industrial legacy



Pirelli Chief Executive Officer to lead top management and ensure **Pirelli business culture continuity**



Pirelli Recruiting, Career Plans and incentive schemes to **match management and shareholders interests**. Incentive plan targets consistent with Pirelli Strategic Plan, and in line with the best practices for listed Companies (e.g.: TSR, sustainability)



Leading role of Marco Tronchetti Provera in the designation of his successor

PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

- 1 EVOLUTION TO DATE

- 2 IMPLICATIONS FROM 2020-2022 SCENARIO

- 3 STRATEGIC GUIDELINES & KEY 2020-2022 PROGRAMS

- 4 2020-2022 TARGETS AND ENABLERS

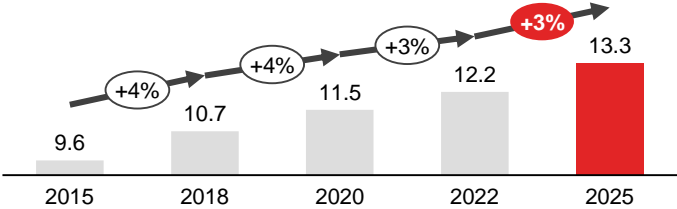
- 5 2025 VISION**



KEY DYNAMICS IN 2025

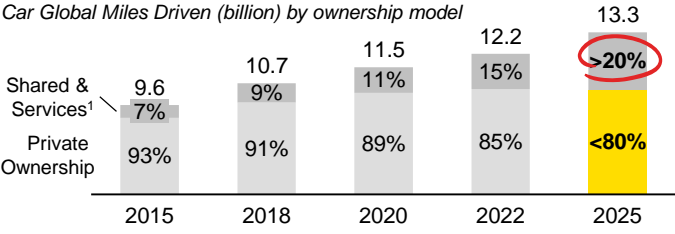
MILES DRIVEN KEEP GROWING CONSTANTLY

Car Global Miles Driven (billion)



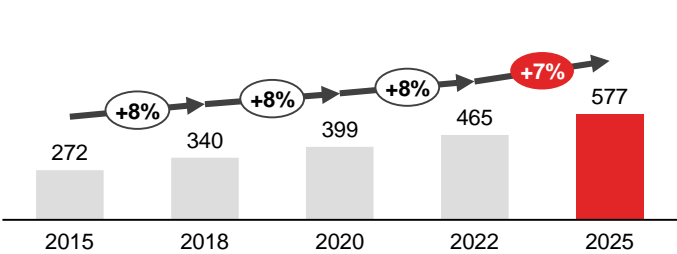
SHARED & SERVICES GETTING RELEVANT

Car Global Miles Driven (billion) by ownership model



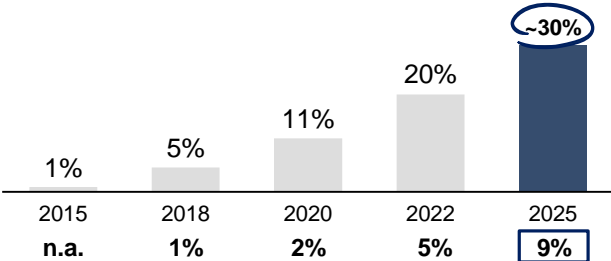
«HIGH-END» CONSUMERS KEEP GROWING

Global # of Households with > \$75k annual Income

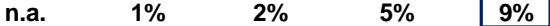


ELECTRIC CARS RELEVANT ALSO IN REPLACEMENT

% EV² Penetration on Global Premium & Prestige production



% EV on Global Parc




1. Category includes Car Sharing, Ride-Hailing, Rental Fleets, Private and Company Leasing Cars; 2. EVs include BEV (Battery Electric Vehicles) and PHEV (Plug-in Electric Vehicles)



CAR TRENDS '2020-'2025: SOLUTIONS FOR ELECTRIC & CONNECTED

MARKET PENETRATION (%) IN PRESTIGE & PREMIUM



ELECTRIC

Prestige & Premium

	PRODUCTION	PARC
2020E	~11%	~2%
2025E	~30%	~9%




CONNECTED


Prestige & Premium

	PRODUCTION	PARC
2020E	~71%	~30%
2025E	~all	~52%

PIRELLI SOLUTIONS



- O.E. Partnership with top-end OEMs and start-up innovators **over 1/3 of O.E. Homologations pipeline**
- **ELECT**: Distinctive Marking Strategy to ensure BEV tyre Replacement with tyre designed for BEVs



- First phase of technology Development and testing in F2/Motorsport completed
- Entered an industrialization phase, with Premium O.E. Partners and an open ecosystem of Partners in Semiconductors, Manufacturers and Tyre makers

Note: "Connected" refers to cars with mobile data connection (e.g. 2G, 3G, LTE), which might be provided by either embedded car systems or car hardware paired with external devices (e.g. smartphone), "Electric" refers to BEV / PHEV
 Source: company analysis on consulting and investment banks research reports



CORONAVIRUS DISEASE (COVID-19) – PREVENTION AND READINESS

GROUP MEASURES

- Travels to and from China are blocked and all travels to APAC are discouraged.
- APAC expatriates were returned to their homeland together with their families.
- All personnel coming back from China cannot return to workplace before 15 days after the day of arrival.
- A 24/7 hotline with specialized medical support is available.
- Continuous monitoring of the disease evolution in direct connection with national and international Organizations.
- Availability of prevention and emergency kits (e.g. masks, hand sanitizer dispensers, increased cleaning frequency of workplaces).
- Sanitizing and disease prevention training for all employees.

FOCUS CHINA

- Body temperature checks applied to all people entering Pirelli facilities.
- In addition, employees are checked twice during their shift.
- All employees must wear approved masks (provided by Pirelli).
- All incoming trucks are disinfected before entering the factories.
- The workplaces are disinfected every 3 hours.
- First aid rescue team linked with authorized hospitals has been established.
- All employees receive regular pay.
- Smart-working is encouraged.

ALL OTHER COUNTRIES

- Adopt all Group measures.
- Availability of prevention and emergency kits.
- Continuous monitoring of specific Country's disease evolution.

SUPPORT TO CHINA

- 5 Million RMB donated to Coronavirus Relief Efforts through the Yanzhou Charity Federation of Jining city, Shandong Province.
- 90,000 N95 masks, 350,000 general medical masks, 500 thermometers, and 86,000 gloves sent directly to China from Italy, Germany, Mexico, Argentina.

PREVENTION

Coronavirus: things to know

Symptoms: Fever, Cough, Sore throat, Shortness of breath, Fatigue, Loss of taste or smell.

Disease and structure: Coronavirus is a family of viruses that are responsible for a wide range of diseases, from the common cold to SARS-CoV-2.

Spread:

- INCUBATION PERIOD:** The time between exposure to the virus and the start of symptoms.
- FIRST EVIDENCE:** The first time the virus is detected in a person.
- REPRODUCTION:** The virus multiplies and spreads to other people.
- CONTINUATION:** The virus continues to spread from person to person.

HOW TO PREVENT IT:

- AVOID CONTACT:** Stay away from people who are sick.
- WASH YOUR HANDS:** Wash your hands frequently with soap and water.
- WEAR A MASK:** Wear a mask when you are around people who are sick.
- DISINFECT SURFACES:** Clean surfaces that people touch often.
- DO NOT TOUCH YOUR FACE:** Avoid touching your eyes, nose, and mouth.
- STAY HOME:** Stay home if you are sick.
- SEEK MEDICAL CARE:** Get medical attention if you have symptoms.



CONSTANT MONITORING

World Health Organization

CDC
CENTERS FOR DISEASE CONTROL AND PREVENTION

Ministero della Salute





CORONAVIRUS DISEASE (COVID-19) – PRELIMINARY SENSITIVITY ANALYSIS

PIRELLI IN CHINA



 Yanzhou Car / Moto –
Shandong province

 Shenzhou Car (JV) –
Shandong province

 Jiaozuo Car –
Henan province

 Full High Value Capacity

 High Value/ Standard Capacity

2019 Total Capacity: ~14 million car pcs, 1.4 million Moto pcs
% of Export: ~25% mainly within Apac

CHINA CONTRIBUTION:

- ~12% Group Sales
- **High teens weight on Group Adj EBIT**

CURRENT SITUATION

- Temporary closure of 2 plants;
Yanzhou is running at low capacity utilization
- Shanghai office (APAC HQ) closed. Region managed by Tokyo and Singapore offices.
- No delays in export and flows guaranteed today. Alternative flows identified and available. **No problems world wide for Chinese components and Raw Material with alternative sources already activated.**

ESTIMATED IMPACT

- **In 1Q lower business seasonality (New Chinese Year);**
- Current February Sales Volume -80% vs normal business activity; March projection in recovery to -30% vs normal business activity.
- **Impact of ~ -€30 million on 1Q adj. EBIT, expected to be offset during the year** (easing raw mat and pricing pressure with lower overseas supply)
- Should the emergency be extended to 2Q, an update will be provided with 1Q results in May, on both impacts and additional countermeasures