



**2020 - 2022 INDUSTRIAL PLAN | VISION 2025**

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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

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PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

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PIRELLI STRATEGY DEPLOYMENT: PILLAR 1 – COST COMPETITIVENESS

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2020-2022 SCENARIO

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PIRELLI STRATEGY DEPLOYMENT: PILLAR 2 - COMMERCIAL DEVELOPMENT

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**PIRELLI STRATEGY DEPLOYMENT: PILLAR 3 – TECHNOLOGY-BASED INNOVATION**

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2019 FINANCIAL REVIEW AND 2020-2022 TARGETS IN DETAIL

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APPENDIX

# INNOVATION AND PRODUCT DEVELOPMENT STRATEGIC PILLARS

1. Accelerated product innovation

## 1. ACCELERATED PRODUCT INNOVATION



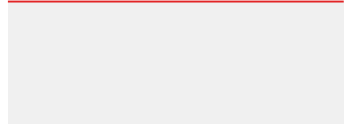
### PLAN 2020-2022

2020      2021      2022

- Product roadmap 2020 – 2022
- Innovation for 360° sustainability

### VISION 2025

2025



## 2. COST COMPETITIVENESS



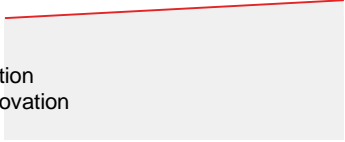
- Product cost
- Product modularity
- Design speed



## 3. INNOVATION FOCUS ON SUSTAINABLE MOBILITY



- Material innovation
- Technology innovation



# ACCELERATED PRODUCT ROADMAP IN 2020-2022, WITH 20 NEW LINES

1. Accelerated product innovation

## PULL LINES



5

- Strengthen O.E. leadership (~2x homologation vs. best competitor)
- Focus on High Mix for Selective O.E.
- Wide and deep product range
- Specialties

**PIRELLI**  
2020-2022  
PRODUCT ROADMAP



## PUSH LINES



15

- Growing all-season lines
- Support regional lines (5 USA, 3 APAC)
- Focus on Safety & Mileage (USA)
- Focus on Safety & Comfort (APAC)
- Focus Safety & Eco Labels (EU)

## INNOVATION SPEED

2017 - 2019

14  
lines



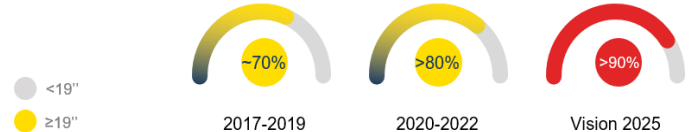
2020 - 2022

20  
lines

>40%  
acceleration

## SELECTIVE O.E. APPROACH

Higher Rim Focus (>19")



## SPECIALTIES

4  
**ELEKT**

9  
**PNCS**

12  
**SEAL INSIDE**

14  
**RUN FLAT**



# PRODUCTS LAUNCHED IN PLAN WILL BE "SUSTAINABILITY-DRIVEN"

1. Accelerated product innovation

## SOCIAL SUSTAINABILITY CUSTOMER

### Safety performance

- Wet grip
- Driving stability
- Extended mobility

### Sustainable performance

- Rolling resistance
- Noise emission
- Wear efficiency



## BUSINESS COMPANY

### Competitiveness

- Design for value
- Modularity approach: product standardization

### Design Speed

- Tyre modelling
- Virtual Performance Simulation

## ECO-SUSTAINABILITY ENVIRONMENT

### Sustainable Materials

- Recycle material
- Renewable material
- Fossil base material reduction

### Sustainable Product lifecycle

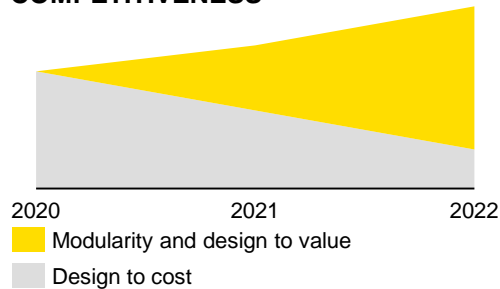
- Wear rate reduction
- Weight reduction

### Sustainable production

- Production process CO<sub>2</sub> footprint reduction

# PRODUCT COST COMPETITIVENESS BASED ON NEW DESIGN PRINCIPLES

## PRODUCT COMPETITIVENESS



### Product range management

- **Value based** product portfolio
- Push lines **design to value**



### Specification optimization

- Tyre **structure simplification**
- Tyre **weight reduction**



### Modular approach tyre design

- Material portfolio **decomplexity**
- Semi-finished **components rationalization**



### Procurement Optimization

- **LT agreements** with strategic suppliers
- **Rationalization** of supplier portfolio



Supporting **Waste reduction** and manufacturing **Productivity increase**

2020 - 2022

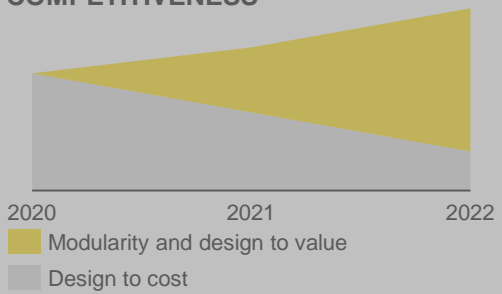
**-10%  
Product  
Cost  
(~160 M€)**

**FULL  
POTENTIAL  
IN 2025**



# PRODUCT COST COMPETITIVENESS BASED ON NEW DESIGN PRINCIPLES

## PRODUCT COMPETITIVENESS



**Product range management**

- Value based product portfolio
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**Specification optimization**

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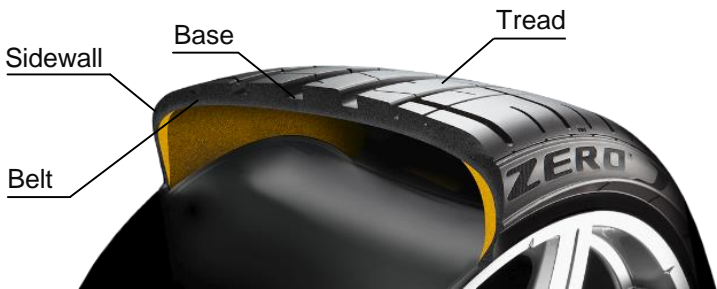
2020 - 2022


**-10% Product Cost (~160 M€)**

**FULL POTENTIAL IN 2025**




# MODULARITY WILL POSITIVELY REDUCE PLANT-LEVEL COMPLEXITY COSTS




- 

**Modularity Concept:**

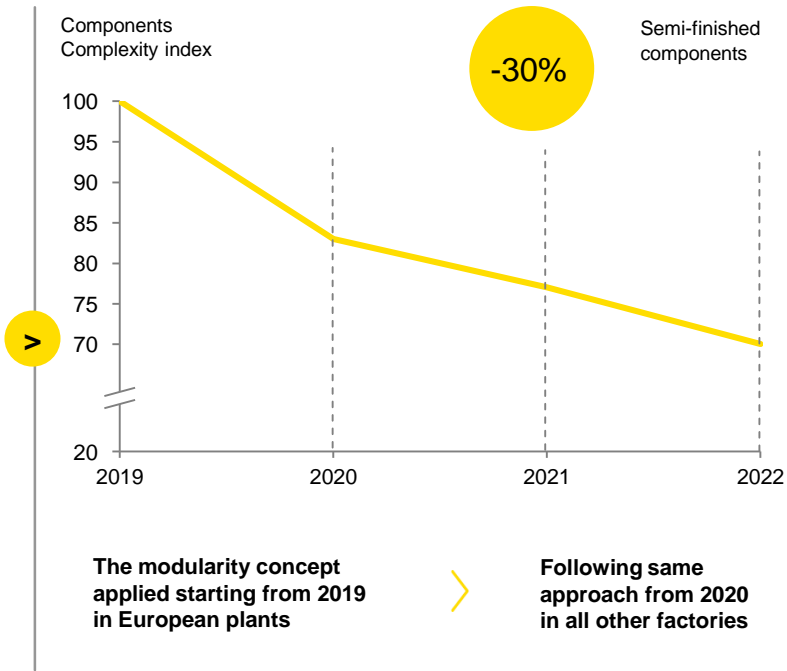
  - Reduce variety of tyre components
- 

**Complexity:**

  - To manage 500 SKUs in a factory are produced 3,500 unique semi-finished components are produced on average
- 

**European plants are managing the highest complexity level:**

  - 71% of overall product portfolio
  - 100% of prestige products



# FULL VIRTUAL PRODUCT DEVELOPMENT TO IMPROVE TIME-TO-MARKET AND REDUCE COSTS

## DEVELOPMENT PHASE

## DESCRIPTION



### TYRE MODELLING

#### Virtual modelling & Parametric design

- Material performance prediction
- New design guidelines for modularity
- Performance linked with product cost



### TYRE PROPERTIES

#### Virtual tyre test

- Tyre performance prediction
- Virtual prototype iteration



### VEHICLE PERFORMANCE SIMULATION

#### Performance prediction simulator

- Virtual spec tuning for specific car models
- Virtual outdoor test iteration
- Strong partnership with car makers (co-design)

## TIME TO MARKET



## PROTOTYPE COSTS



# DESIGN FOR SUSTAINABILITY: ACCELERATING THE INTRODUCTION OF NEW AND INNOVATIVE "GREEN INGREDIENTS"

3. Innovation focus on sustainable mobility

Product eco & safety-design

**RAW MATERIALS**

- Recycled materials increase
- Renewable materials increase
- Fossil-based materials reduction

**MANUFACTURING**

- Materials & Natural resource efficiency
- Process environmental targets (SBTI)\*
- Group carbon neutrality by 2030

**USE**

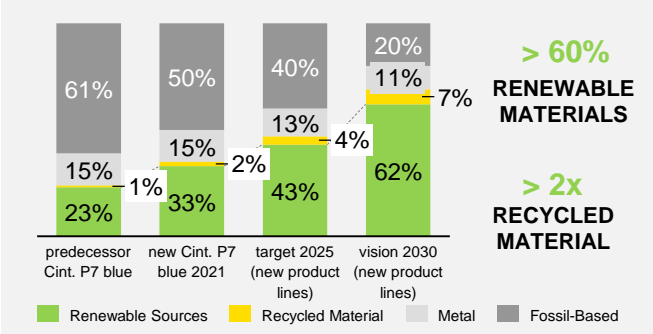
- Rolling resistance reduction
- Weight & Wear rate reduction
- Wet grip further increase

**END OF LIFE**

- Chemical recycling using innovative process to ensure the quality of secondary raw materials for closed loop

Circular economy

## TARGET ON NEW PRODUCT LINES



**Wear rate reduction**

**>15%**

**Weight reduction**

**>10%**

\*Science Based Target Initiative commitment



# TECHNOLOGY INNOVATION: SPECIFIC TECHNOLOGIES DEVELOPED TO MEET NEW “EV” REQUIREMENTS

3. Innovation focus on sustainable mobility

## PLAN 2020-2022



- Battery Range Extension
- Higher Vehicle Mass
- Higher Torque
- Higher Comfort



- Ultra Low Rolling Resistance
- High Load Capacity
- Braking & Traction Grip with Improved Wear Rate
- Low Air born and Solid born Rolling Noise

10% reduced RR → 2% Extended Battery Range (WLTP Cycle = Only Straight Running)

Improve RR in Real Driving Conditions (RR in Cornering up to 5 times higher)

Specific tyre shape to optimize aerodynamic Interaction with Vehicle



**BEVs AND PHEVs  
HOMOLOGATIONS**  
(TILL 2019)



**BEVs AND PHEVs  
PROJECTS**  
(CURRENTLY ONGOING,  
~400 FORESEEN BY 20-22)



# CYBER ENTERING NEW PHASE

3. Innovation focus on sustainable mobility

## IN A CONNECTED FUTURE, TYRE INTELLIGENCE IS THE ONLY ONE SOURCED DIRECTLY FROM ROAD SURFACE



### 1<sup>ST</sup> PHASE: TECHNOLOGICAL DEVELOPMENT

- Technology stabilization
- Tested in F2 and Motorsport
- 2 Joint-Development prospects with Prestige O.E.

### 2<sup>ND</sup> PHASE: INDUSTRIALISATION IN AN “OPEN” PARTNERSHIP

- Scaling up with Global Partners
  - Semiconductors
  - Production and Supply Chain
- Developing solutions with large-scale Premium O.E.
- Creating Connected ecosystem with other Tyre Makers

**CYBER IS AN ACTIVE ELEMENT OF CONNECTIVITY  
IT WILL ENHANCE DRIVER SAFETY, VEHICLE CONTROL, LIFECYCLE EMISSION REDUCTION**

