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Testo del comunicato

Vedi allegato.

PRESS RELEASE

BOARD OF PIRELLI & C. SPA REVIEWED PRELIMINARY RESULTS TO 31 DECEMBER 2021

2021 RESULTS ABOVE TARGETS: REVENUES 5.3 BN EURO, ADJUSTED EBIT AT 816 MN, CASH FLOW BEFORE DIVIDENDS 431 MN

TOTAL VOLUMES +15.7% (HIGH VALUE VOLUMES +20.2%) AND PRICE/MIX +9.1%

NET PROFIT RISES TO 321.6 MN

FOURTH QUARTER PRICE/MIX RECORD AT +16.3% BECAUSE OF PRICE INCREAES AND MIX IMPROVEMENT

LEADERSHIP POSITION CONFIRMED ON THE KEY SUSTAINABILITY INDICES

Full year 2021

- Revenues: +23.9% to 5,331.5 million euro compared with 2020 (organic variation +24.8% excluding forex effect -0.9%), above targets of ~5.1 and ~5.15 billion euro

- Adjusted ebit: +62.8% to 815.8 million euro (501.2 million euro in 2020): the improvement of price/mix and efficiencies more than offset the impact of the external context (raw materials, forex, and inflation)

- Adjusted ebit margin at 15.3% (target between ~15% and ~15.5%)

- Net result: +321.6 million euro (+42.7 million euro in 2020)

- Net cash flow before dividends: +431.2 million euro (+248.8 million in 2020), above target of ~390 and ~410 million euro

- Net Financial Position: -2,907.1 million euro (-3,258.4 million euro at end 2020), target <3.0 billion euro. Debt/Adjusted ebitda ratio at ~2.4x (target ~2.6x)

- Research & Development expenditure: 240.4 million euro in 2021 (4.5% of sales), of which 225.1 million euro destined to *High Value* activities (6.0% of segment revenues)

- In 2021 significant improvements in terms of sustainability performance

- Board approves new EMTN program of 2 billion euro

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OUTLOOK AND 2022 TARGETS

- In 2022 growth is expected, even in a volatile context due to inflationary and geopolitical tensions

- Efficiencies and price/mix will more than offset the impact of the external context (raw materials, inflation and forex)

- Revenues estimated between ~5.6 and ~5.7 billion euro, with volumes expected between ~+1.5% and ~+2.5% driven by High Value (~+6% and ~+7%)

- **Price/mix seen growing between ~+5.5% and ~+6.5%**
- **Adjusted Ebit Margin expected between ~16% and ~16.5%**
- **Net cash generation before dividends expected between ~450 and ~480 million euro**
- **Investments at ~390 million euro (~7% of revenues)**
- **Net financial position at ~-2.6 billion euro**
- **Actions to mitigate impact of Russia-Ukraine crisis ready**

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Milan, 23 February 2022 – The Board of Directors of Pirelli & C. Spa met today and approved the preliminary and non-audited results for the year ended on 31 December 2021. These results, thanks to the recovery in demand and the implementation of the "key programs" of the Industrial Plan 2021-2022|2025, exceeded targets for the year, which had already been revised upwards twice during the year. In detail:

- Commercial Program
  In 2021 there was a further strengthening of High Value, with **Car ≥18"** volumes growing by 23% compared with the market's +15% despite the slowdown in Original Equipment because of the shortage of semi-conductors. The performance in **Car ≥19"** was more sustained (Pirelli volumes +28%, market +24%). **The exposure to electric** grew, with Original Equipment volumes growing 6 times compared with 2020. In addition, the company **consolidated its leadership in China** in the high end in both Original Equipment and Replacement. The sales of **Standard** also grew (Pirelli Car ≤ **17"** volumes increased 9% compared with the market's +6%), with a mix always more oriented towards bigger rim sizes. The price/mix improved +9.1% in 2021, with a +16.3% in the fourth quarter of 2021, which reflects price increases and the favourable mix performance.

- Innovation Program
  During 2021 the company obtained about 310 technical homologations with the principle producers of Prestige and Premium cars mainly focused on **rim sizes ≥19"** and **Specialties.** The renewal of the product range also continued with the introduction of 6 new dedicated lines for Replacement in answer to the various consumer needs.

- Competitiveness Program
  Phase 2 of the efficiency plan enabled the achievement of gross benefits of 155 million euro that more than offset the inflation of production costs: net efficiencies totaled 70 million euro. The Competitiveness program regarded product costs (*modularity* and *design-to-cost*), manufacturing (completion of the optimization of the industrial footprint and efficiency actions, SG&A costs (optimization of the logistics network and negotiating actions in acquisitions) and those relative to the Organization (digital transformation).

- Operations Program
  During 2021, the level of plant saturation returned to approximately 90%. In addition, the company concluded restructuring programs in Italy, with the conversion of the Bollate factory from Standard car to cycling, and in Brazil with the transfer of moto production from Gravataì to Campinas - which enables both the more efficient supply of the Latin American market and the export channel - and the re-organization of the factory in Burton-on-Trent in the UK, now focused on semi-finished goods.

- Digitalization Program
  The company continued with actions aimed at the transformation of the company's key processes by 2023, connecting them in real time and integrating internal functions with external partners/clients through digital platforms and AI models.

In 2021, Pirelli registered growth in the main economic indicators.

Revenues totaled 5,331.5 million euro (target **~5.1 and ~5.15 billion euro**), with growth of 23.9% compared with 2020 thanks to a better than expected commercial performance. The organic revenues' growth was +24.8% (-0.9% the impact of forex and Argentine hyperinflation). High Value accounted for 70.9% of total sales (70.4% in 2020). In the **fourth quarter of 2021,** revenues came in at 1,352.2 million euro, an increase of 11.9% compared with the fourth quarter of 2020 thanks to the positive performance of the price/mix. The organic revenue growth was +9.0% (+2.9% the effect of forex and Argentine hyperinflation).

Revenue variants	1 QTR 2021	2 QTR 2021	3 QTR 2021	4 QTR 2021	FY 2021
Volumes	+22.2%	+69.9%	-0.4%	-7.3%	+15.7%
-High Value	**+29.3%**	**+68.8%**	**+1.8%**	**0.0%**	**+20.2%**
- Standard	**+15.4%**	**+72.9%**	**-2.6%**	**-13.4%**	**+11.2%**
Price/Mix	+2.3%	+4.0%	+10.9%	+16.3%	+9.1%
Variation like-for-like	**+24.5%**	**+73.9%**	**+10.5%**	**+9.0%**	**+24.8%**
Forex/Argentine hyperinflation	-6.1%	-1.3%	+0.2%	+2.9%	-0.9%
Total variation	+18.4%	+72.6%	+10.7%	+11.9%	+ 23.9%

In 2021 the volumes' performance was +15.7% **(target ~+14% and ~+15%)** and was supported by the High Value segment (volumes **+20.2% compared with target of +17% / +18%**), thanks to the recovery in demand in the main geographic areas and strengthening of market share. Volumes in the Standard segment grew +11.2% **(target +11.5% / +12.5%)**.

In 2021 in **Car ≥18"**, Pirelli saw progress in terms of volumes of 23%, above the market's +15%.

- in **Original Equipment** (Pirelli volumes +21%, market +8%), thanks to consolidated relationships with Premium and Prestige car producers, the consolidation of the client portfolio in North America and Apac and the growing demand for specific products for electric vehicles.
- In the **Replacement channel** (Pirelli volumes +25%, market +20%) the company reinforced market share in the main geographic areas, thanks to the growth of "*pull-through High Value*" volumes and the launch of new dedicated lines.

There was marked growth in **Car ≥19**" volumes that posted an increase of +28% compared with the market's +24%.

In **Car ≤17"** there was also growth in **Pirelli volumes in 2021** (+9%) and was more accentuated than the market's (+6%), thanks to the strong recovery of demand in South America.

In the fourth quarter of 2021 the volumes' performance reflects a fall in global demand for Car tyres (-5%), mostly in the Original Equipment channel (-13%), because of the shortage of semi-conductors, while demand in the Replacement channel (-2%) was impacted by the volatility of the macro-economic context. In this context Pirelli's High Value volumes remained unchanged compared with 2020, while in Standard they saw a decline of -13.4%.
In **Car ≥18"**, Pirelli also **in the fourth quarter** confirmed over performance compared with the market (Pirelli volumes +4%, market volumes +1%):

- both in the **Original Equipment** channel (Pirelli volumes -5%, market volumes -11%) supported by greater exposure to Premium and Prestige car makers and thanks to new contract in North America and Apac;
- and the **Replacement** channel (Pirelli volumes +13%, market volumes +10%), particularly in North America and Asia Pacific.

In the **Car ≤17"** segment, the reduction in Pirelli volumes in the last quarter (-12%) was more marked compared with the market's (-7%), in line with the strategic reduction of exposure to the segment.

There was a sustained contribution from the **price/mix** (+9.1% in 2021 compared with a **target of ~+7%**) thanks to price increases and mix improvement linked to the progressive migration from Standard to High Value and improved mixes in both segments. **In the fourth quarter,** the price/mix touched a record level of +16.3% thanks to price increases and improvements of all components of the mix: product, channel and Region.

The impact of exchange rates was negative 0.9% in 2021 **(better than the November target of -2%**) as a result of the appreciation of the euro against the dollar and the main currencies of emerging markets in particular South America and Russia. The effect of exchange rates was positive in the **fourth quarter** of 2021 at +2.9%.

Profitability (*euro millions)*	31/12/2021	% of revenues	31/12/2020	% of revenues	Variation y/y
Adjusted Ebitda	**1,210.7**	**22.7%**	**892.6**	**20.7%**	**+35.6%**
Ebitda	1,085.7	20.4%	725.1	16.9%	+49.7%
Adjusted Ebit	**815.8**	**15.3%**	**501.2**	**11.6%**	**+62.8%**
Ebit	577.1	10.8%	219.1	5.1%	+163.4%

Adjusted Ebitda in 2021 was 1,210.7 million euro, an increase of 35.6% compared with 892.6 million euro in 2020.

Adjusted Ebit in **2021** was 815.8 million euro (501.2 million in the same period of 2020), with an adjusted Ebit margin of 15.3%, an improvement compared with 11.6% in 2020. The contribution of internal levers (volumes, price/mix, efficiencies) more than offset the negativity of the external context (raw materials, inflation, forex impact) enabling the achievement of a result above the company's expectations **(implicit November target approximately 770-800 million euro**). In detail, in 2021, the Adjusted ebit reflects:

- the **positive effect of volumes** (+266.6 million euro);
- the **positive effect of price/mix** (+282.7 million euro) which more than offset the increase in the cost of **raw materials** (-211.9 million euro, including the negative impact of forex), and the negative impact of forex (-11.5 million euro);
- the **positive effect of Phase 2 of the Competitiveness Plan** which generated structural efficiencies of 154.6 million euro which more than offset the effects of **inflation** (-85 million euro), the "**reversal impact" of the Covid Plan** of -30.7 million euro (equal to the balance between -79.7 million euro in discretionary costs for activities suspended in 2020 as a result of the pandemic and benefits stemming from the greater use of plants of +49.0 million euro) and **amortizations** (-11 million euro);
- **the negative impact of Other costs** (-39.2 million euro in 2021, mainly concentrated in the first quarter). This was the balance between greater **R&D and marketing costs for High Value** (-32.0 million euro), **greater provisions** (-51.2 million euro) for long and short-term management incentive plans (the latter cancelled in 2020) and the **benefit** (+44.0 million euro) mainly due to the replenishment of inventories.

In the **fourth quarter of 2021 Adjusted Ebit** stood at 217.0 million euro, thanks to the contribution of price/mix that compensated by 1.4 times the impact of raw materials**. The Adjusted ebit margin** was 16.0% (18.3% in fourth quarter 2020) and reflects the greater impact of inflation of production costs and the reversal impact of the Covid action plan of -8.0 million euro.

Ebit was 577.1 million euro; an increase of 358 million euro compared with 219.1 million euro in 2020 and includes:

- amortizations of intangible assets identified in the context of PPA of 113.7 million euro (114.6 million euro in 2020);
- one-off, non-recurring and restructuring charges and other of 101.4 million euro (99.3 million euro in 2020) mainly related to rationalization actions on structures, as well as the retention plan approved by the Board on 26 February 2018 of 4.7 million euro (8.4 million euro in 2020);
- direct costs linked to the Covid-19 emergency of 18.9 million euro (59.8 million euro in 2020), mainly related to personal protection material for employees.

The **result from equity investments** was +4 million euro (-5.3 million euro in 2020).

The **net financial charges** in 2021 diminished by 12.1 million euro to 144.3 million euro (156.4 million euro in the same period of 2020). The reduction reflects greater charges on central debt – due to the temporary worsening of the margin due to Covid – more than offset by the benefits of financial management at the local level. The **cost of debt** on an annual basis (calculated for the last 12 months) was, at the end of September, 2.38% (1.94% on 31 December 2020), a value which reflects the dynamics of the above-mentioned central debt.

Taxes in 2021 totaled 115.2 million euro compared with a pretax profit of 436.8 million euro, with a tax rate of 26.4%.

Net profit in 2021 amounted to +321.6 million euro, compared with +42.7 million euro in 2020. In the **fourth quarter of** 2021 the net profit was +85.4 million euro, an increase of 41.2% compared with +60.5 million euro in the fourth quarter of 2020.

The **net cash flow before dividends** in 2021 stood at +431.2 million euro (**higher than the target indicated in November of between 390 and 410 million euro**), an improvement of 182.4 million compared with +248.8 million euro in 2020 and of 87.1 million compared with +344.1 million euro in 2019. The trend was mainly underpinned by a better **net cash flow from operations' management**: +793.6 million euro for the period (compared with +591.3 million in 2020 and 807.5 million in 2019). This benefits, beyond improving adjusted Ebit, from lower cash absorption linked to working capital, thanks to an attentive management of inventories of finished goods (15.7% of sales – in line with the figure in December 2020 and a reduction from 2019) and the debt performance linked to business's recovery (which also benefit from the low levels investment made in the fourth quarter of 2020). **The cash flow before dividends in the fourth quarter of 2021** was positive 807.9 million euro (+994.1 million in the fourth quarter of 2020) thanks to the usual seasonality of working capital in line with the historical trend.
The **net cash flow in 2021** improved compared with 2020 by 102.5 million euro and stood at +351.3 million euro (+248.8 million euro in 2020) and also includes the payment of dividends of 79.9 million euro in 2021 (dividends were not paid in 2020).

The **net financial position on 31 December 2021** was -2,907.1 million euro (-3,258.4 million euro on 31 December 2020 and -3,507.2 million euro on 31 December 2019).

The liquidity margin on 31 December 2021 was 2,698.6 million euro.

In 2021 **Research & Development expenditure** totaled 240.4 million euro (4.5% of sales), of which 225.1 million destined to High Value activities (6,0% of segment revenues).

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In 2021 significant improvements achieved in terms of sustainability performance
In 2021 - in line with the constant **attention to people**, to their needs and development – the **wellbeing** policies had an important role in supporting workers. In the pandemic phase, the company continued to apply **anti-Covid** prevention guidelines and initiatives were launched, in cooperation with local authorities, in support of the vaccination campaign also offering the use of its facilities like Pirelli HangarBicocca. Always with regard to health and safety, the **accident frequency index fell by over 4.5% compared with** 2020.

On the **product** front, it is worth noting the percentage growth - to **49%** of the **total** compared with 39% in 2020 (in line with the target of 70% in 2025) - of **new IP Codes** issued on the market with parameters **in line with the highest classes (A or B)** of European labelling for **rolling resistance** (environmental factor with indirect impact on vehicle CO2 emissions). At the same time, also confirmed at a high level that is at 87% of the total the percentage of **new IP Codes** produced at the global level with values in line with **A/B** values of European labelling for **wet grip** (a factor with direct impact on safety). Because of this performance, there was **revenue growth in Eco & Safety Performance tyres** that considering the totality of products with labels on the global market benchmarked to values **A/B/C** of European labelling, which have reached **63%** (58% in 2020) of total car tyre sales. The average **rolling resistance** of tyres produced by Pirelli in the world decreased compared with 2020 by over one basis point, with a reduction of 10.3% compared with 2015.

Significant efforts were made by **Research & Development in renewable and recycled innovative materials**, which last November led to Pirelli fitting the Volvo Recharging Concept with a tyre containing **94% non-fossil materials** (like silica from rice husks, carbon black from recycling, bio-resin). Innovative and sustainable materials for Pirelli include attention to people and biodiversity, and it is with this conviction that last May Pirelli presented the **first tyre in the world with natural rubber and rayon certified by Forest Stewardship Council (FSC)**, destined for the BMW X5 Plug-In Hybrid. Its launch testifies to the company's pursuit of the goal of sustainable natural rubber development. In 2021, it also launched a **multi-year project in partnership with the BMW Group and NGO BirdLife International** to favour the production of sustainable natural rubber in Indonesia through a project that involves part of the rain forest of Hutan Harapan (Island of Sumatra). It aims to improve the quality of life of the indigenous community and protect animals at risk.

In line with the goal of achieving carbon neutrality in 2030, in 2021 the de-carbonization plan for the group's value chain continued: in terms of **absolute CO_2 emissions** in 2021 **Pirelli reached 4 years ahead of schedule the Science Based Target "*well below 2°C*"**, and requested a target upgrade in line with **1.5°C** at SBTi. There was significant growth in the use of renewable electricity. In particular, **100% of the electricity acquired by the group in Europe in 2021** was **certified renewable.** At the global level, 62**% of the total** electricity used by the group was from renewable sources, with the Group's absolute CO_2 emissions reduced from 2020 notwithstanding the recovery in production volumes. The **absolute emissions of the supply chain** increased from 2020 (a year that was not representative because of the lower volumes produced and acquired during the pandemic period) while **declining by 2.5% compared with 2019 and 6% compared with 2018**, base year for the Science Based Target Initiative for the supply chain (reduction target -9% in 2025 compared with 2018).

In the context of **motorsport and sustainability**, Pirelli, the only tyre producer in the world to do so, received the **three stars of *Environmental Accreditation Programme* promoted by FIA**, the International Automobile Federation. An acknowledgement that testifies to the company's results in sustainability in motorsport, obtained thanks to a supply chain that completely managed according to criteria of environmental and social sustainability.

Pirelli's 2021 sustainability performance also achieved excellent evaluations from the main sustainability indices and initiatives: Pirelli obtained "**S&P Global Gold Class"** recognition in the context of the Sustainability Yearbook 2022, published by S&P Global based on the results of evaluations of the Dow Jones Sustainability Index 2021. Pirelli, in addition, was re-confirmed among the **global leaders in the fight against climate change** positioning itself in the **CDP "Climate A list"** and obtaining the **maximum score of "A**" in the **CDP Supplier Engagement Rating Leaderboard** for the management of climate issues along its supply chain. In conclusion, Pirelli was re-confirmed, the only company in the automotive sector, in the **Global Compact Lead of the United Nations**, which includes companies identified as the most commitment to the implementation of the Ten Principles of the Global Compact of the United Nations.

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MARKET OUTLOOK

Pirelli foresees a 2022 characterized by sustained economic growth, even if in a context presenting elements of volatility linked to the Covid-19 pandemic, inflationary pressures and possible resulting monetary tightening, as well as the escalation of geopolitical tensions.
In particular, Pirelli foresees global GDP growth of 4.4% and an inflation rate of 4.1% (particularly accentuated in North America and Europe), because of the increase in the costs of raw materials, energy, labour and logistics.
Regarding the **automotive sector,** production at the global level in 2022 is expected to grow by 8.6% compared with 2021, with a more sustained increase in the Premium/Prestige segments (+10.5%) and Other Suv (+11.1%). Also growing, even more than foreseen in the Industrial plan, will be the weight of electric as a part of total production (7% vs the Plan's 6%) and in particular at the Premium/Prestige level (16% compared with the Plan's 12%).

In this context, the **global demand for car tyres** is expected to grow by around 3%, with High Value once again confirmed as the most dynamic segment, with a volume increase foreseen at 4 times greater compared with the standard one.

In particular **in High Value** the expectations for the market are:

- In **Original Equipment** volumes ≥18'' growing by around 9% thanks to the progressive normalization of the semi-conductor shortage
- In **Replacement** volumes ≥18'' growing by about 7%, driven by the dealers' restocking and the effect of new registrations of the previous years

Lower growth in the **Standard** segment, where Original Equipment ≤17'' (more greatly impacted by the semi-conductor crisis than the high end) is expected to grow by about 5%, while in the Replacement channel around +1.5% growth is expected (because of a progressive shift of the car parc towards the Premium level).

2022 TARGETS

(euro billions)	2021	2022
Revenues	5.33	~5.6÷~5.7
Adjusted Ebit Margin	15.3%	~16%÷~16.5%
Investments *% of revenues*	0.35 *6.5%*	~0.39 *~7%*
Net cash flow before dividends	0.43	~0.45÷~0.48
Net financial position *NPF / Adj. Ebitda*	-2.9 *2.4x*	~-2.6 *≤ 2x*
ROIC *post taxes*	17.6%	≥19%

Pirelli will respond to a challenging 2022 by strengthening the levers already foreseen in the Industrial Plan. In particular an even more selective approach is foreseen in Original Equipment and with a focus on bigger rims sizes (≥19'') and specialties, particularly electric.
Competitiveness Plan confirmed with gross benefits of 150 million euro; these efficiencies, together with price increases and mix improvements will more than compensate for the increase in the costs of raw materials, inflation of productions factors and forex volatility.

In light of the results obtained in 2021 and context foreseen for 2022, Pirelli expects:

- **Revenues between ~5.6 and ~5.7 billion euro** with:
  - **Group volumes' growth** between ~+1.5% and ~+2.5%: High Value volumes expected to increase by ~+6% / ~+7%; Standard volumes expected to decline by ~-3%/~-4%, in line with the strategy of progressively reducing exposure to the segment;
  - **price/mix improving** to ~+5.5% / ~+6.5% thanks to further price increases and a more favourable mix
  - **forex impact seen between** ~-1.5% / ~-2%

- **Adjusted Ebit Margin between about 16% and about 16.5%** in consideration of the above-mentioned dynamics.

- **Net cash generation before dividends expected between 450 and 480 million euro,** thanks to the operating performance and the efficient management of working capital

- **Investments** of about 390 million euro (~7% of revenues)

- **Net financial position** at ~-2.6 billion euro with a NFP/ Adjusted Ebitda ratio ≤ 2 times.

With reference to the escalation of the Russia-Ukraine crisis, Pirelli has conducted an initial analysis assuming that the cost of oil and energy will remain at current levels from March 2022 to the end of the year and considering the potential impact on local operations linked to import and export to and from Russia of raw materials and finished goods.
In this context, in part absorbed by mitigation actions already under way and the adoption of a contingency plan to deal with the evolution of the situation, it is estimated that the guidance for profitability and cash generation will be positioned in the lower part of the range (adjusted ebit around 890 million euro and cash generation before dividends around 450 million euro).

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Board approves new EMTN program of 2 billion euro
In the context of the company's refinancing strategy the Board approved a new EMTN (Euro Medium Term Note) program for the issue of senior non-convertible unsecured to a maximum value of 2 billion euro replacing the previous EMTN program of 2 billion euro, approved on 21 December 2017.
In the context of this program, the Board of Directors authorized the issue, to be carried out in 12 months from the finalization of documentation, of one or more bond loans, to place with institutional investors, for a total maximum amount of one billion euro. As with the previous program, the newly issued securities can be listed in one or more regulated markets and guaranteed by Pirelli Tyre.
The EMTN program responds to the goal of constantly optimizing Pirelli's financial structure, also through the refinancing and/or reimbursement of existing debt, and permits the timely exploitation of favorable windows in the bond market.

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Improved fiscal profile, in 2021 four fiscal agreements signed for "transfer prices"
In line with the Global Tax Policy published in 2018 and the goal of promoting an open relationship with the fiscal authorities in different countries where it operates, Pirelli promoted fiscal agreements relative to "transfer prices" and in 2021 benefitted from the underwriting of four of these agreements. This refers to sale and purchase prices of its own products and services between companies in the group, a significant factor in the intra-group exchanges of companies with a multi-national scale. The agreements reached will permit the further improvement of the company's fiscal profile, allowing the identification in advance and in a shared manner the criteria for the determination of transfer prices, thus eliminating the possibility of double taxation.
In detail, three bilateral agreements were signed (*Bilateral Advance Pricing Agreement,* BAPA) and one unilateral agreement (*Advance Pricing Agreement,* APA) with the Italian Tax Agency. Pirelli in addition promoted three bilateral agreements (BAPA) between Italy and the main countries in which it operates as well as three unilateral agreements (APA) with the Taxation Agency, activities of which are still in the inquiry phase. The plan for the promotion of the agreements, launched in 2016, will enable the coverage of the majority of the inter-company transactions in which the group operates in Europe and North America, and in future APAC.

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As already announced to the market, the Pirelli Board of Directors will review results for the year ended on 31 December 2021, and the relative dividend proposal, at a meeting planned for 17 March 2022.

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Significant events after the close of the year
On **21 February 2022** Pirelli, in line with the announcement to the market of 11 November, announces that it has finalized the signing of a 5-year multi-currency bank line of 1.6 billion euro, with a pool of primary national and international banks.
The new line – benchmarked to the group's ESG targets – will mainly enable:

- reimbursing debt maturing in June 2022 (around 950 million euro on 31 December 2021) using the new line for 600 million euro and drawing on the company's liquidity for the remainder;
- replacing 700 million euro of an available and not utilized line maturing in June 2022 with 1 billion euro of the new line, thus increasing financial flexibility by 300 million euro.

The operation, concluded with better conditions - as foreseen in the company's plans - compared with the substituted lines, enables the optimization of the debt profile, extending maturities.

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Conference call

The preliminary results for the year ended on 31 December 2021 will be illustrated today, 23 February 2022, at 6.30 pm. in a conference call with the participation of the Executive Vice Chairman and CEO of Pirelli & C. SpA, Marco Tronchetti Provera, and top management. Journalists will be able to follow the conference by telephone, without the possibility of asking questions, by dialing **+39 02 802 0927.** The presentation will be also available via webcast – in real time – at www.pirelli.com in the Investors section, where the slides can also be viewed.

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The manager indicated for the preparation of Company's accounting documents of Pirelli & C. S.p.A., Mr. Giorgio Luca Bruno, declares in accordance with paragraph 2 of article 154 bis of the Testo Unico della Finanza that the accounting information contained in this press release corresponds to the results in documents, books and accounting scripts.

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Pirelli preliminary asset economic and financial data on 31 December 2021

(in millions of euro)	**2021**	**2020**
Net sales	**5.331,5**	**4.302,1**
EBITDA adjusted (°)	**1.210,7**	**892,6**
% of net sales	22,7%	20,7%
EBITDA (°°)	**1.085,7**	**725,1**
% of net sales	20,4%	16,9%
EBIT adjusted (°)	**815,8**	**501,2**
% of net sales	15,3%	11,6%
EBIT	**577,1**	**219,1**
% of net sales	10,8%	5,1%
Net income/(loss) from equity investments	4,0	(5,3)
Financial income/(expenses) (°°)	(144,3)	(156,4)
Net income/(loss) before tax	**436,8**	**57,4**
Taxes	(115,2)	(14,7)
Tax rate %	26,4%	25,6%
Net income/(loss)	**321,6**	**42,7**
Eanings/(loss) per share (in euro per share)	0,30	0,03
Net income/(loss) adjusted	468,8	245,5
Net financial (liquidity)/debt position	**2.907,1**	**3.258,4**
Operating net cash flow	**793,6**	**591,3**
Net cash flow before dividends paid by the Parent Company	**431,2**	**248,8**
Net cash flow	**351,3**	**248,8**
Investments in tangible and intangible assets (CapEx)	345,6	140,0
Increases in rights of use	122,4	68,5
Research and development expenses	240,4	194,6
% of net sales	4,5%	4,5%
Research and development expenses - High Value	225,1	182,5
% of High Value net sales	6,0%	6,0%
Employees (headcount at end of period)	30.690	30.510
Industrial sites (number)	18	19

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 101.4 million (euro 99.3 million for 2020), to expenses relative to the retention plan approved by the Board of Directors on February 26, 2018 to the amount of euro 4.7 million (euro 8.4 million for 2020), and to COVID-19 direct costs to the amount of euro 18.9 million (euro 59.8 million for 2020). With reference only to EBIT, amortization of intangible assets recognised as a consequence of Business Combinations amounting to euro 113.7 millions (114.6 millions in 2020).

(°°) This item includes the impacts deriving from the application of the accounting standard IFRS 16 – Leases, on EBITDA to the amount of euro +103.0 million (euro +103.9 million for 2020), and on financial expenses to the amount of euro -20.8 million (euro -22.3 million for 2020).

ALTERNATIVE PERFORMANCE INDICATORS

This document, in addition to the financial measures provided for by the International Financial Reporting Standards (IFRS), also includes measures derived from the latter, even though not provided for by the IFRS (Non-GAAP Measures), in compliance with the ESMA Guidelines on Alternative Performance Indicators (ESMA Guidelines/2015/1415) published on October 5, 2015. These measures are presented in order to allow for a better assessment of the results of the Group's operations and should not be considered as alternatives to those required by the IFRS.

In particular, the Non-GAAP Measures used are as follows:

- **EBITDA**: is equal to the EBIT but which excludes the depreciation and amortisation of property, plant and equipment and intangible assets. The EBITDA is used to measure the ability to generate earnings, excluding the impacts deriving from investments;
- **EBITDA adjusted:** is an alternative measure to the EBITDA which excludes non-recurring restructuring and one-off expenses, COVID-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBITDA margin:** is calculated by dividing the EBITDA by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments;
- **EBITDA margin adjusted:** is calculated by dividing the EBITDA adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments, operating costs attributable to non-recurring, restructuring and one-off expenses, COVID-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBIT**: is an intermediate measure which is derived from the net income/(loss) but which excludes taxes, financial income, financial expenses, and the net income/(loss) from equity investments. The EBIT is used to measure the ability to generate earnings, including the impact arising from investments;
- **EBIT adjusted:** is an alternative measure to the EBIT which excludes the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off expenses, COVID-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBIT margin:** is calculated by dividing the EBIT by revenues from sales and services. This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted:** is calculated by dividing the EBIT adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency excluding the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off expenses, COVID-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **Net Income (loss) adjusted;** is calculated by excluding the following items from the net income/(loss):
  - the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off expenses, COVID-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
  - non-recurring expenses/income recognised under financial income and expenses;
  - non-recurring expenses/income recognised under taxes, as well as the tax impact relative to the adjustments referred to in the previous points;
- **Net financial position:** this measure represents the net financial debt less, the *"non-current financial receivables"* (included in the Financial Statements under *"Other receivables"*), the current derivative financial instruments included in the net financial position (included in the Financial Statements under current assets as *"Derivative financial instruments"*), and the non-current derivative financial instruments included in the net financial position (included in the Financial Statements under non-current assets as *"Derivative financial instruments"*). Net financial position is an alternative measure to net financial debt, but which includes
  non-current financial assets;
- **Liquidity margin**: this measure is constituted by the sum of the Financial Statement items, *"cash and cash equivalents", "other financial assets at fair value through the Income Statement"* and the committed credit facilities which have not been non-utilised.
- **Operating net cash flow**: this is calculated as the change in the net financial position relative to operations management;
- **Net cash flow before dividends paid by the Parent company:** is calculated by adding the change in the net financial position due to extraordinary transactions and the management of investments, to the net cash flow before dividends and extraordinary transactions and investments;
- **Net cash flow**: is calculated by subtracting the dividends paid by the Parent company, from the net cash flow before dividends paid by the Parent company;
- **Investments in intangible and owned tangible assets (CapEx):** is calculated as the sum of investments (increases) in intangible assets, and investments (increases) in property, plant and equipment excluding any increases relative to the right of use;
- **Increases in the right of use**: is calculated as the increases in the right of use relative to lease contracts;
- **ROIC:** is calculated as the ratio between the EBIT adjusted net of tax effects, and the average net invested capital net of provisions which does not include "*Investments in associated companies and joint ventures"*, *"Other financial assets at fair value through other Comprehensive Income"*, *"Other non-current financial assets at fair value through the Income Statement", "Other non-current assets",* the intangible assets relative to assets recognised as a consequence of Business Combinations, the deferred tax liabilities relative to the latter, and the *"Provisions for employee benefit obligations current and non-current"*.

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