



PIRELLI, GLOBAL HIGH VALUE

FY 2017 RESULTS - 26 FEBRUARY 2018



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The APIs presented herein are [EBIT, EBIT margin, EBITDA, EBITDA margin, net income and net income margin.

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KEY MESSAGES_

> 2017 RESULTS: SOUND HIGH VALUE STRATEGY DELIVERY

- Strengthened foothold in High Value (~58% on revenues, ~83% on adjusted EBIT before start-up costs)
 - Top Price/Mix improvement in the industry: +6.9% in FY, +7.8% in 4Q
 - Solid profitability increase driven by internal levers : EBIT margin reaching 17.3% in FY, 18.7% in 4Q
-

> 2018 EXPECTED PERFORMANCE: KEEPING THE PACE OF THE INDUSTRIAL PLAN

- High Value volumes: $\geq +13\%$ in 18" and above
 - Solid Price/Mix improvement driven by new products
 - Efficiencies ~1% of sales
-

> INDUSTRY FUTURE TRENDS: OUR STEPS AHEAD

- **Electric car:** partnership with Global Car Makers and most innovative Chinese brands
- **Connected / autonomous:** Cyber O.E. Products and solutions adoption currently under evaluation by some car makers; Connesso: market test finalized
- **New mobility:** expanding the Velo range, entering the Electric bicycle segment

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PLAN DELIVERY IN 2017 AND 2018 OUTLOOK

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2017 RESULTS HIGHLIGHTS_

€ million

	2016A	2017E	2017A	
Revenues	4,976	~+9% YoY	5,352	+7.6%
<i>HV Revenues</i>	<i>2,754</i>		<i>3,078</i>	<i>+11.8%</i>
<i>HV weight on tot. revenues</i>	<i>55%</i>	<i>>57%</i>	<i>57.5%</i>	
Adjusted EBIT w/o start-up¹	844	~930	927	+9.7%
<i>Margin</i>	<i>17.0%</i>		<i>17.3%</i>	
<i>High Value weight</i>	<i>81%</i>	<i>~83%</i>	<i>~83%</i>	
Adjusted EBIT	844	~880	876	+3.8%
Net Income Consumer	164		263	+61%
Net Financial Position	4,961		3,219	
<i>NFP / adj.EBITDA w/o start-up costs</i>	<i>4.6X</i>	<i><3X</i>	<i>2.7X</i>	
CapEx on Revenues	6.8%	~9%	9.1%	

target @ 6-Nov-18

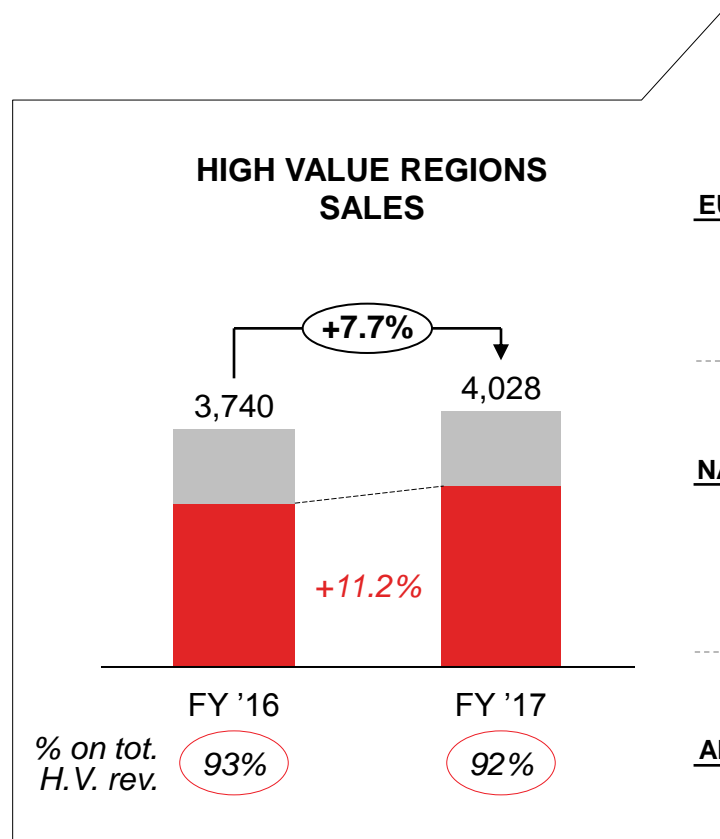
YoY

Δ vs. guidance
 --0.7pp on FX
 --0.8pp on faster
 Standard reduction

¹ EBIT adjusted excluding PPA amortization, non recurring, one-off, extraordinary items and start-up costs;;

2017 PERFORMANCE BY HIGH VALUE REGION

€ million



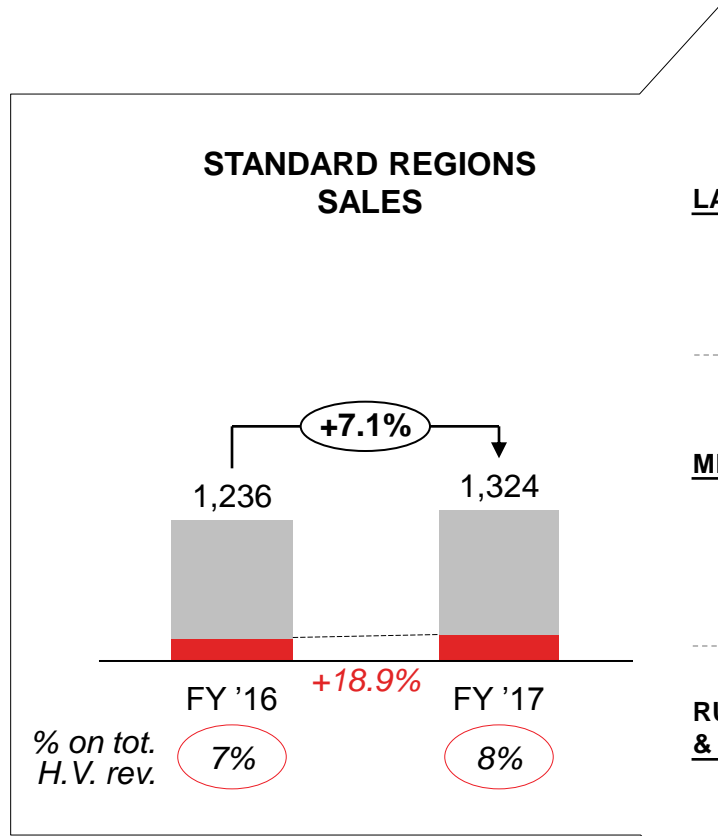
	SALES		Δ YoY %	Org. growth	EBIT adj. margin ¹	KEY HIGHLIGHTS
	FY16A	FY17A				
EUROPE	2,093	2,238	+6.9%	+7.5%	Mid-teens	<ul style="list-style-type: none"> Consolidated leadership on High Value Standard exposure decreasing
	42%	42%	+11.6%			
NAFTA	935	984	+5.3%	+7.4%	Twenties	<ul style="list-style-type: none"> Sound performance, despite O.E. market slowdown High Value sales +8% net of FX with products introduction (All-Season) and further retail penetration
	19%	18%	+5.9%			
APAC	713	806	+13.1%	+14.3%	Twenties	<ul style="list-style-type: none"> Strong High Value performance, driven by Prestige and Premium pull-through (especially on Run-Flat) Expansion into new channels (i.e. Car Dealer, online)
	14%	15%	+18.3%			

■ High Value ■ Standard
 Weight on Group revenues

¹ before amortization of PPA, non-recurring items and restructuring costs

2017 PERFORMANCE BY STANDARD REGION

€ million



Region	SALES		Δ YoY %	Org. growth	EBIT adj. margin ¹
	FY16A	FY17A			
LATAM	824	916	+11.1%	+7.4%	High-single digit
	17%	17%	+29.4%		
MEAI	249	249	-0.1%	+5.6%	Mid-teens
	5%	5%	+19.3%		
RUSSIA & C.I.S.	163	160	-2.1%	-14.6%	Low-teens
	3%	3%	-4.4%		

■ High Value ■ Standard
 Weight on Group revenues

KEY HIGHLIGHTS

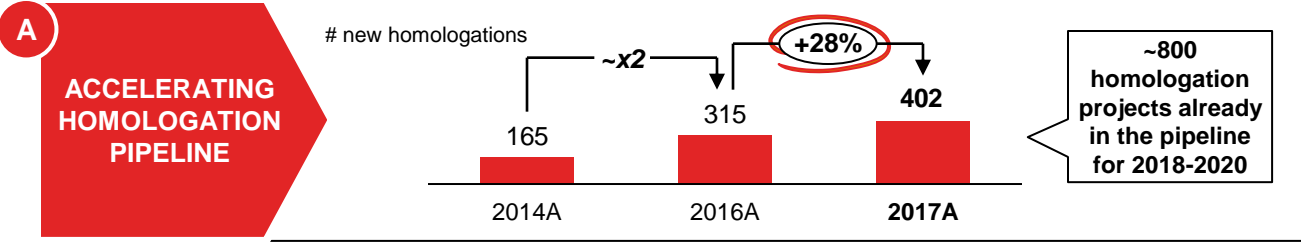
- Continuous mix improvement among Standard products
 - Export to NAFTA to support H.V. growth
 - Increasing profitability YoY
-
- Positive organic growth dented by FX headwind (mainly Turkish Lira)
 - Strong High Value sales, especially in the Gulf area
-
- Progressive reduction of Standard volumes & sales continues, with profitability improvement YoY
 - High Value trend impacted by lower imports due to strong demand in Europe

¹ before amortization of PPA, non-recurring items and restructuring costs

PILLAR 1: HIGH VALUE 2017 ACHIEVEMENTS AND 2018 PRIORITIES_

1

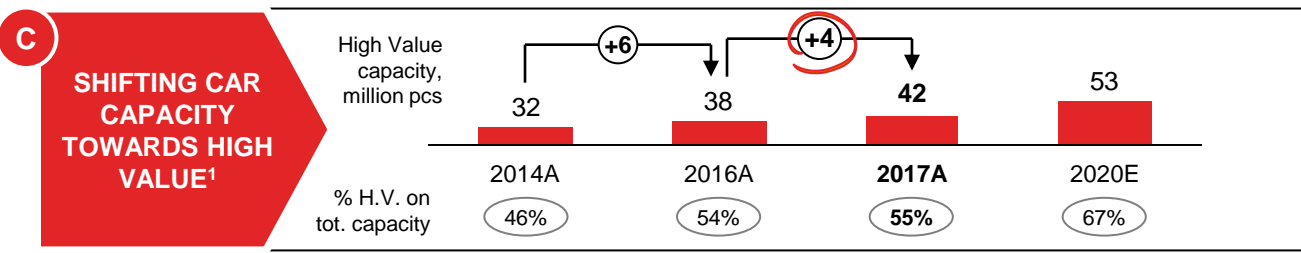
2018 PRIORITIES



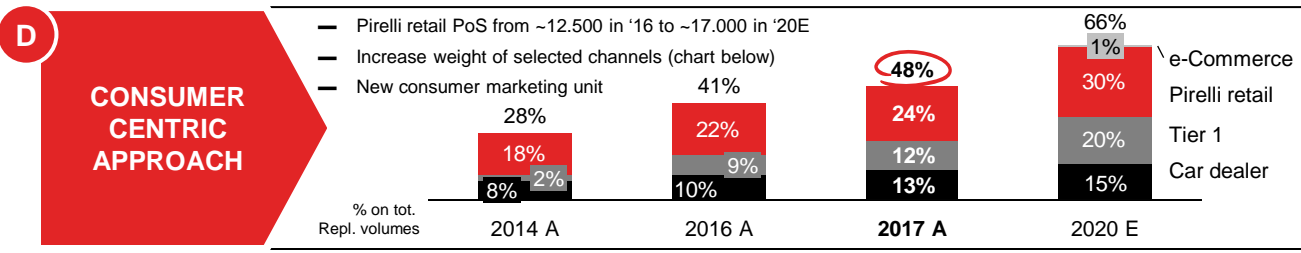
- High Value (mainly ≥19” Homologations)
- New materials and technologies



- Several new products (e.g. Cinturato, Ice Zero)
- Scorpion family extension (SUV / Crossover)
- Cyber products (for both Replacement and O.E.)



- Standard conversion in Brazil and China
- New High value capacity in Romania and Mexico



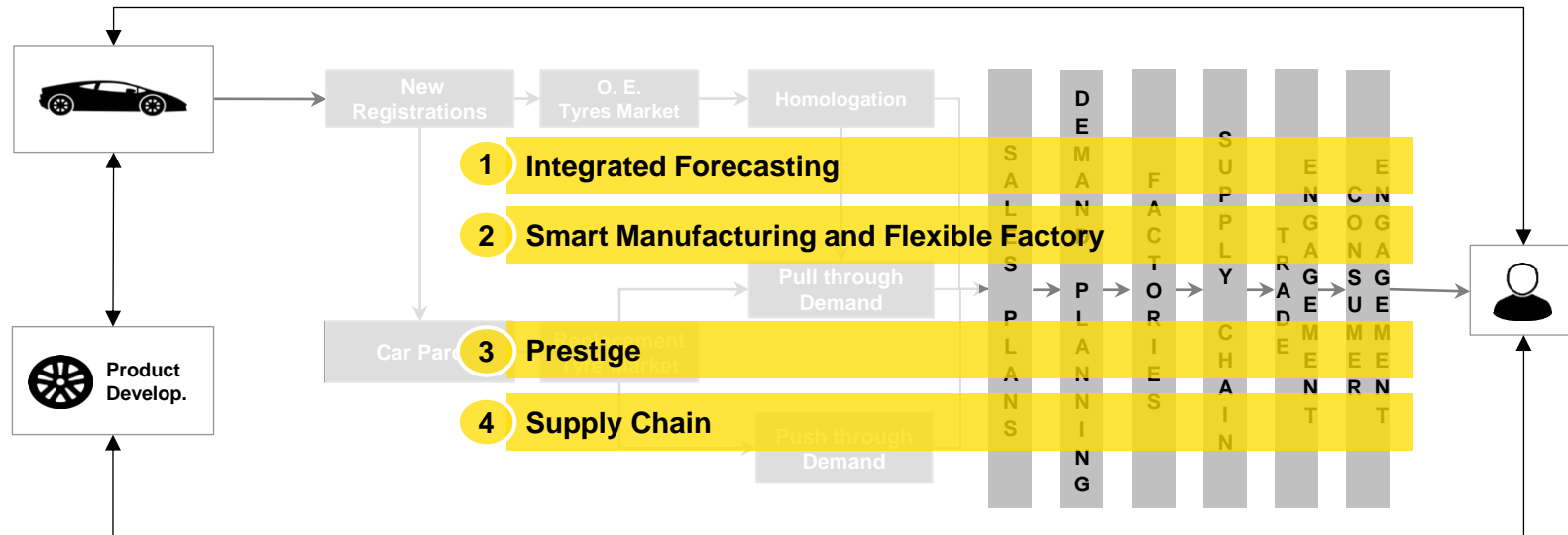
- Tier 1 client base expansion and integration
- Point of Sales increase in APac

¹ Note: More details on Pirelli capacity in appendix section



PILLAR 2: TRANSFORMATION PROGRAMS

2017 ACHIEVEMENTS AND 2018 PRIORITIES



2017 achievements

- 1 Integrated O.E. / Repl. business mgmt. successfully redesigned, first pilots of predictive/forecasting tools showing encouraging results
- 2 ~1% efficiencies reached in 2017 as planned, new centralized plant planning function working with new digital tools
- 3 Specific Prestige Business Unit bearing first fruits: Global OE Market Share increased in 2017 up to almost half of the market
- 4 New “customize to order” supply chain activated for Color Edition, Prestige supply chain reviewed

2018 priorities

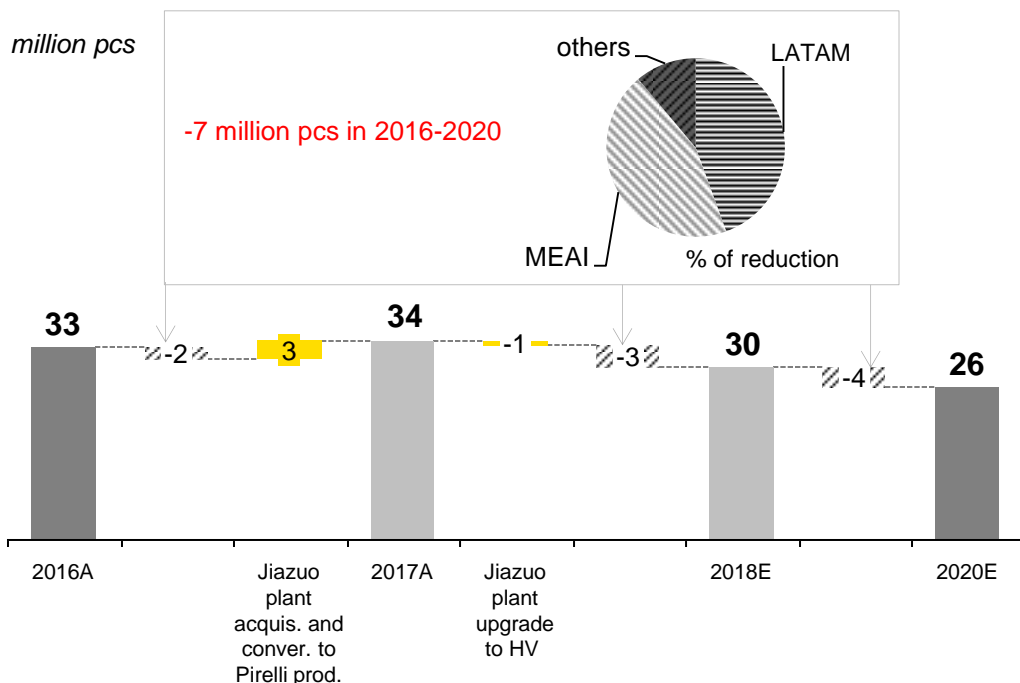
- Re-engineer and consolidate the Integrated Business Planning process, starting from Prestige
- ~1% efficiencies in continuity with plan
- Extend people training (tgt. 10 times the people involved in 2017)
- Capitalize high O.E. share in replacement market leveraging new digital approach to sales
- Increase Tier 1 agreements with additional key clients and gradually move towards a “make to order” model

¹ Internet of Things

PILLAR 3: STANDARD CAPACITY REDUCTION, 2017 ACHIEVEMENTS AND 2018 PRIORITIES

3

STANDARD CAPACITY EVOLUTION 2016-2020



Volumes Consistent with:

- Requests from O.E. Customers with Premium and Standard Range
- Retailers assortment
- Geographic car parc peculiarities (LatAm, Russia)
- Progressive upgrade of Jiazuo (former Aeouls Car) into Pirelli brand production

2017 ACHIEVEMENTS

- **Mix improvement**
 - Phasing out of legacy brands in Russia (e.g. Amtel)
 - Pruning of lower rim sizes in Europe and South America
- **Limiting low value O.E. contracts**
- **Profitability improvement:**
 - Russia and CIS EBIT margin at «Low- teen» vs. «low single digit in 2016
 - South America: high single digit profitability, improving YoY

2018 PRIORITIES

LatAm:

- Cut standard production and conversion to High Value
- Focus on high mix, exploiting increasing SUV penetration (+15% SUV registration CAGR in 16-20)

MEAI

- Progressive reduction of Standard production
- Increasing weight of High Value sales (already >50% in 2017)

Russia:

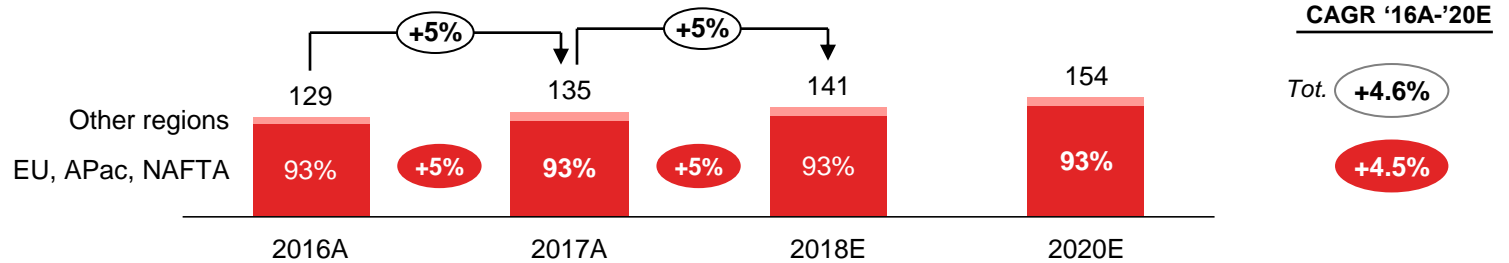
- Focus on Pirelli mix to improve share in ≥17" with an increasing weight of locally produced High Value tyre
- Strengthening price positioning

2018 HIGH VALUE MARKET OUTLOOK IN LINE WITH OUR PLAN

PRESTIGE & PREMIUM CAR PARC



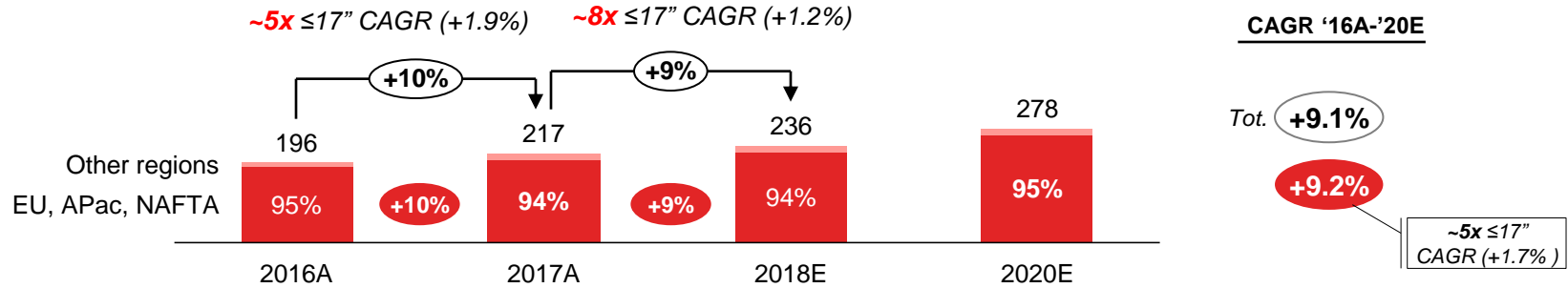
(million vehicles)



O.E. + REPLACEMENT ≥18" TYRE MARKET



(million tyres)

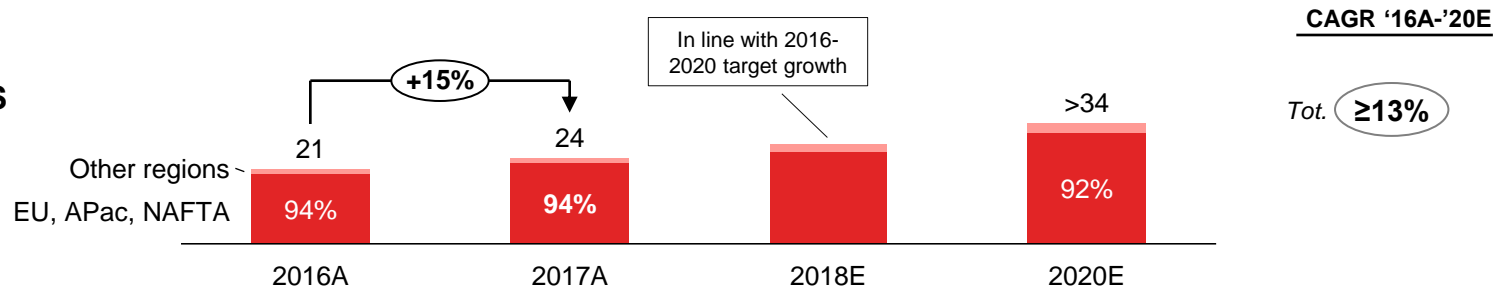


O.E. + REPLACEMENT ≥18" PIRELLI VOLUMES



(million tyres)

≥18" ~85-90% of High Value Car Volumes



Source: Company elaborations based on third party data relative to car market and on data provided by local associations of tyre producers; 2016 A market figures restated



FY 2018 OUTLOOK_

€ million

	2017A	2018E
Revenues	5,352	≥+6% YoY ~+10% Net of FX
<i>High Value weight</i>	58%	~60%
Adjusted EBIT w/o start-up¹	927	>€ 1,0 bln
<i>High Value weight</i>	83%	≥83%
<i>Start-up costs</i>	50	~40
Adjusted EBIT²	876	~€1,0 bln
Net financial position / Adjusted EBITDA w/o start-up costs³	2.7X	~2.3X
CapEx on Revenues	9.1%	~8%

- ~50% High Value capacity increase (Europe, NAFTA, APac and LatAm)
- ~25% mix & quality
- ~25% maintenance & other

¹ EBIT adjusted excluding PPA amortization, non recurring, one-off, extraordinary items and start-up costs; ² EBIT adjusted excluding PPA amortization, non recurring, one-off and extraordinary items; ³ EBITDA adjusted excluding non recurring, one-off, extraordinary items and start-up costs

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THE SUSTAINABILITY PLAN_

The Plan 2020 with selected 2025 target




- > Was drafted according to **Pirelli Value Driver Model**, with a **Return on Capital** approach
- > **Integrates Group Industrial Plan** and its **High Value** development strategy
- > **Replaces previous Sustainability Plan 2013-2017** with selected targets 2020 (vs. 2009)
- > Maintains **2009** as base reference year to allow long-term numerical trends to be appreciated
- > **Impacts on 12 of the Sustainable Development Goals 2030** set forth by the United Nations



SUSTAINABILITY PLAN UPDATE: ACHIEVEMENTS AND KEY TARGETS

KPIs	'17 vs '09	'17 vs '16	Targets '20 vs '09
 Green Performance Tyres revenues accounted for 42% of total tyre sales in 2017 ¹		+2%	>50% >65% on HV
 Accident frequency index reduction	-83%	-18%	-87%
 Plant CO₂ specific emissions reduction	-9%	-4%	-17%
 Specific energy consumption reduction	-15%	-4%	-19%
 ~43% of the electricity we buy comes from renewable sources²		+5%	↑
 93% of waste recovered in 2017	+24%	+1%	≥95%
 Specific water withdrawal reduction	-62%	-14%	-66%
 Avg. rolling resistance of Pirelli car tyres reduction	-15%		-20% -15% noise reduction
 Average training days per capita: ~8 in 2017		In line	≥7 days
 83 ESG³ audits of Supplier Sustainability risk assessment		-16% Non conformities found on site	Non-tier 1 ESG risk governance

FURTHER 2017/18 ACHIEVEMENTS

-  Issuance of Pirelli «Sustainable Natural Rubber Policy»
-  Compliance of Pirelli Purchasing Model with ISO 20400⁴
-  DJ Sustainability Index ranking included in the New LTI Plan



Awarded **Global Sustainability Leader of Auto Components sector**⁵

Awarded **Gold Class Company in the 2018 Sustainability Yearbook**⁶

¹ Figure obtained by weighing the value of sales of Green Performance tyres on the total value of sales of Group tyres; Green Performance products identify 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; ² Internal evaluation on International Energy Agency (IEA) data considering Pirelli geographical breakdown; ³ Environmental, Social and Governance; ⁴ Confirmed by third party (Feb. 2018); ⁵ with a score of 83 points vs. sector average of 42 (Feb. 2018); ⁶ Edited by RobecoSAM, who is responsible for evaluations of inclusion in the Daw Jones Sustainability Index

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PLAN DELIVERY IN 2017 AND 2018 OUTLOOK

SUSTAINABILITY PLAN UPDATE

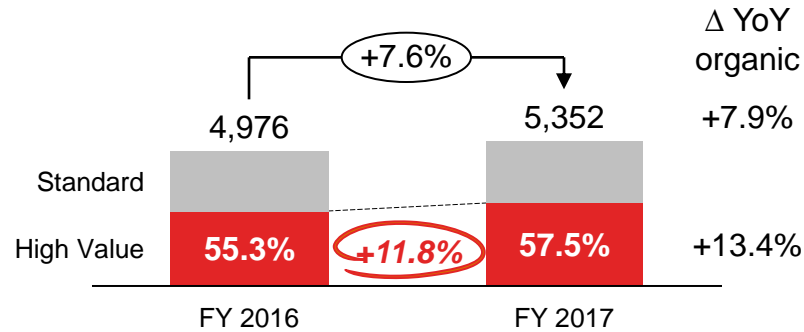
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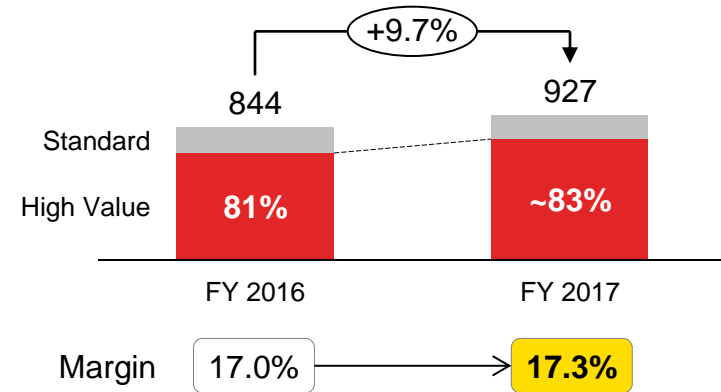
FY 2017 RESULTS: HIGHLIGHTS

€ million

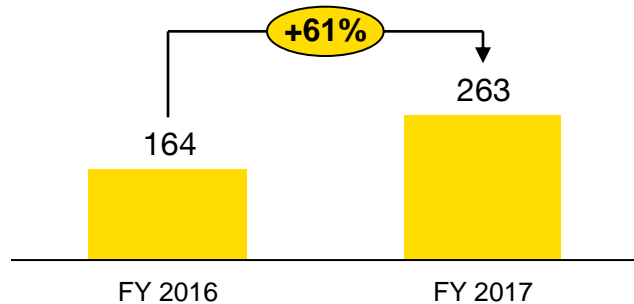
REVENUES



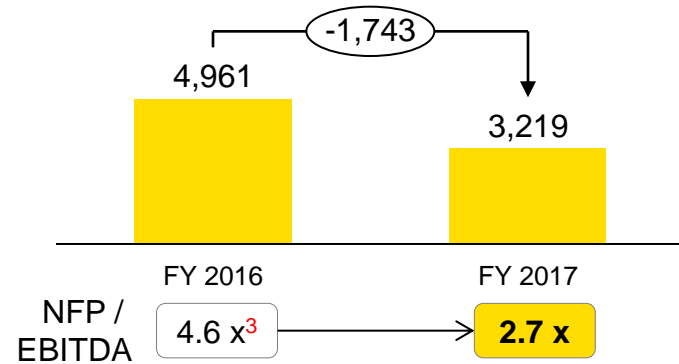
EBIT ADJ.¹ w/o start-up costs²



NET INCOME CONSUMER



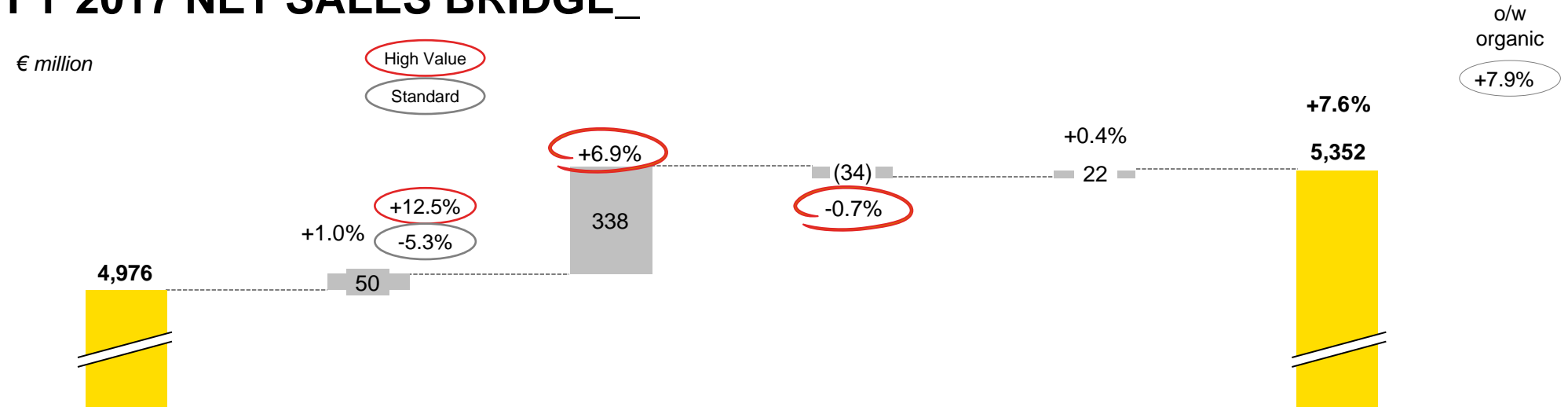
NET FINANCIAL POSITION



¹ before amortization of PPA, non-recurring items & restructuring costs; ² Aeolus Car, Velo, Cyber & digital transformation; ³ 2016 ratio calculated using the NFP relative to the sole Consumer business equal to €4,961 million

FY 2017 NET SALES BRIDGE

€ million



o/w organic
+7.9%

Net Sales FY '16 restated

Volume

Price/Mix

FX

Perimeter¹

Net Sales FY '17

4th Quarter

+0.5%

+11.5%
-5.8%

+7.8%

-4.5%

-0.3%

+3.5%

o/w organic
+8.3%

3rd Quarter

+1.0%

+12.2%
-5.8%

+7.3%

-3.1%

+0.6%

+5.8%

+8.3%

2nd Quarter

-0.3%

+9.6%
-4.2%

+6.5%

+1.2%

+0.6%

+8.0%

+6.2%

1st Quarter

+2.9%

+17.1%
-5.3%

+5.5%

+4.0%

+1.0%

+13.4%

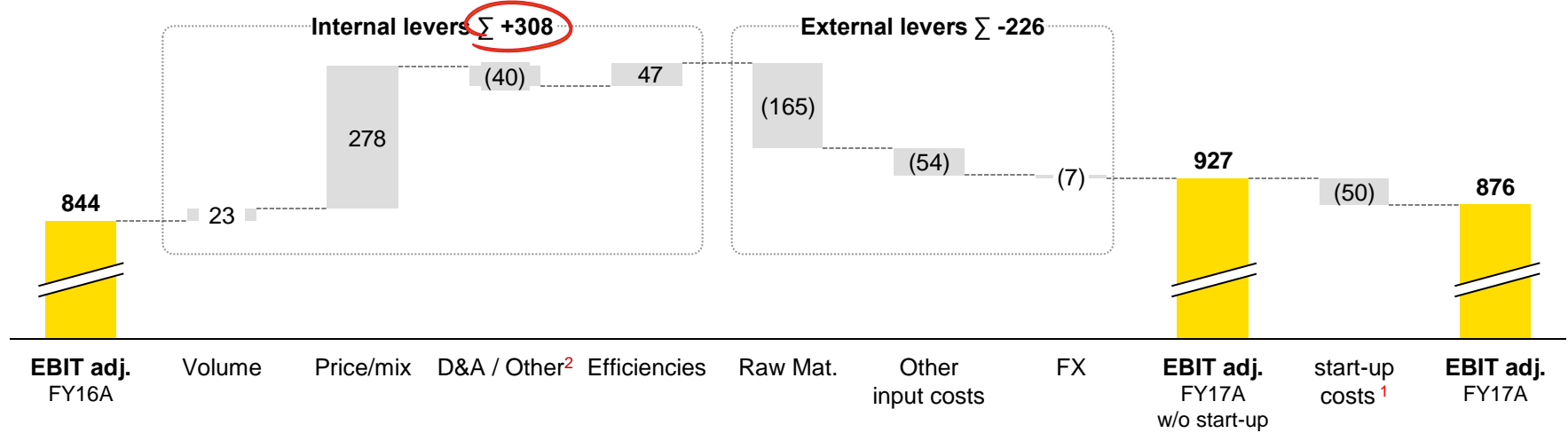
+8.4%

¹ Aeolus Car / Velo

FY / 4Q 2017 OPERATING PERFORMANCE

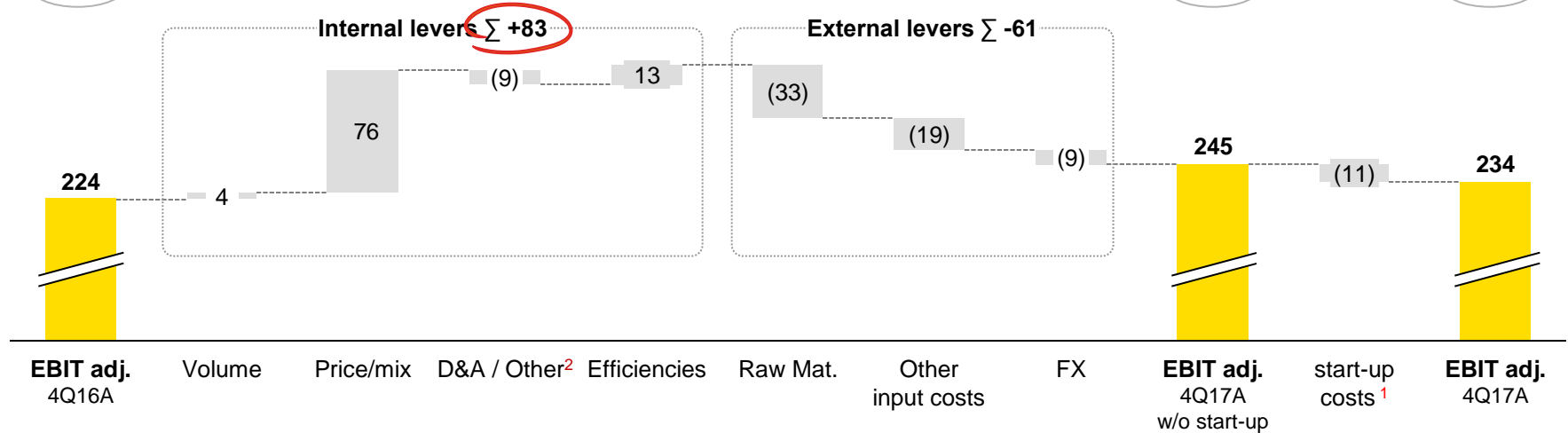
€ million

FY



margin **17.0%**

4Q

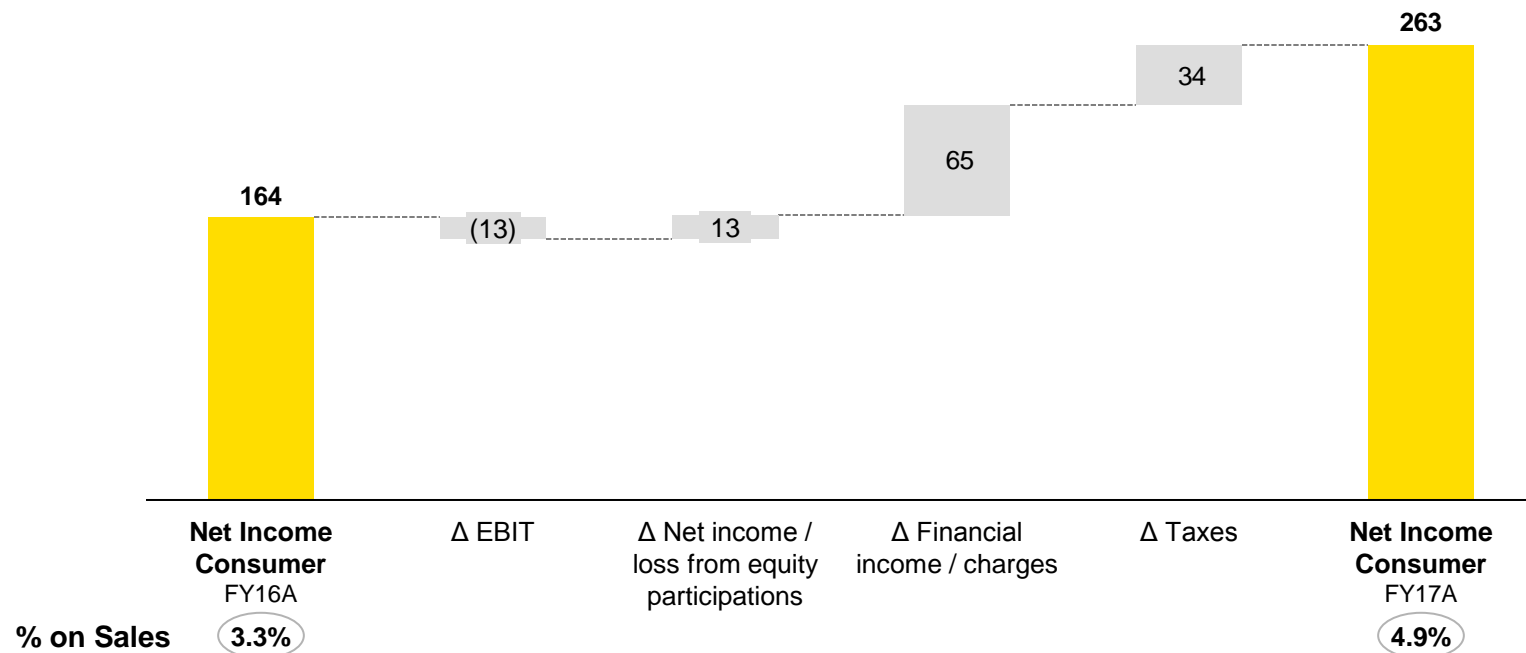


margin **17.6%**

¹ Aeolus Car, Velo, Cyber & digital transformation; ² Other costs related to high value development

FY 2017 NET INCOME BRIDGE__

€ million

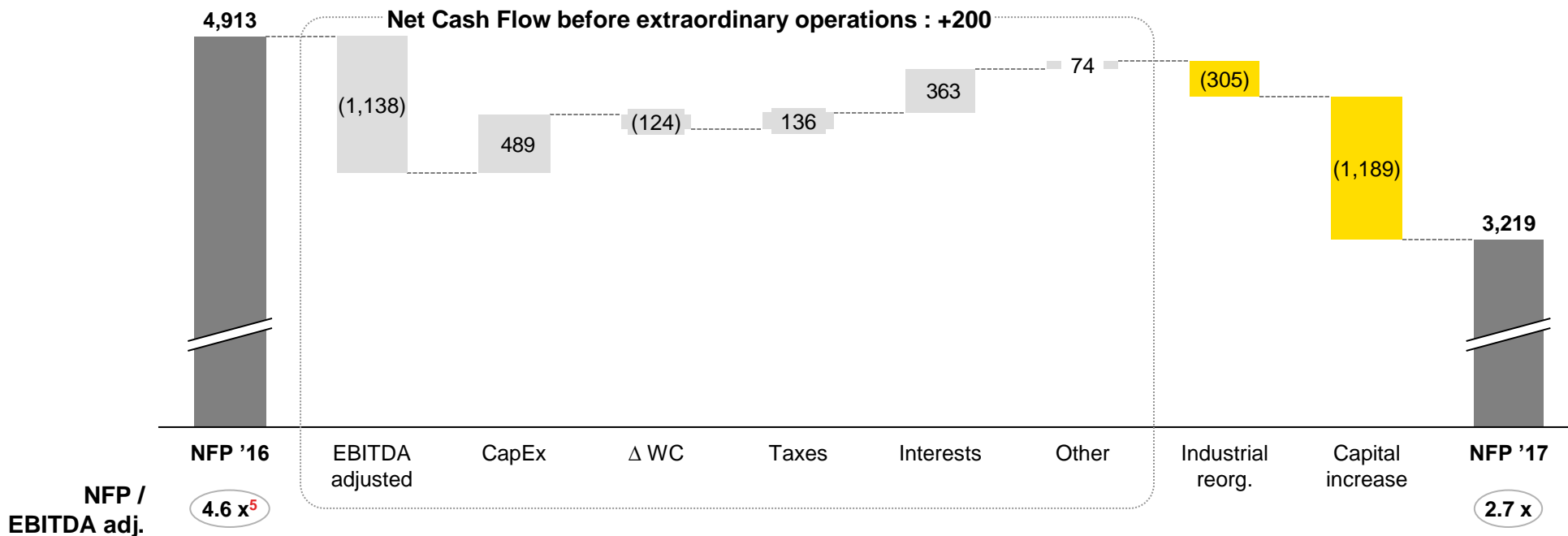


	<u>FY '16</u>	<u>FY '17</u>
Net Income	164	263
PPA amortization	+ 105	+ 110
Non recurring / restr. costs	+ 53	+ 93
Non recurring fin. expenses	+ 25 ¹	+ 61 ²
Deferred tax assets recognition		- 81
Tax impact on adjustment	- 51	- 60
Net income adjusted	297	387

¹ U.S. private placement early redemption fees; ² Wash down fee BBC financing

FY 2017 CASH FLOW AND NET FINANCIAL POSITION

€ million

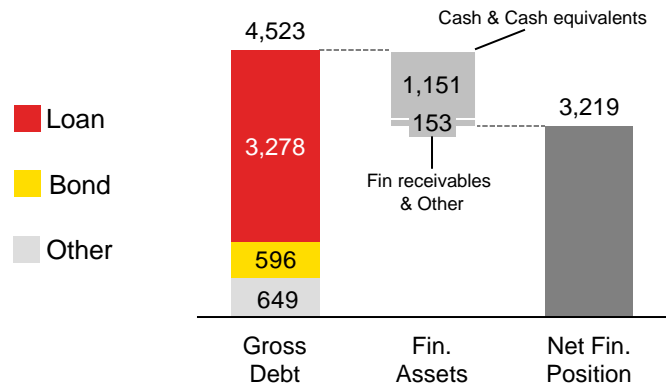


¹ reported; ² before non-recurring items and restructuring costs; ³ Industrial reorg: partial debt push down to Prometeon ; ⁴ Capital Increase made by Marco Polo; ⁵ 2016 ratio calculated using the NFP relative to the sole Consumer business equal to €4,961 million

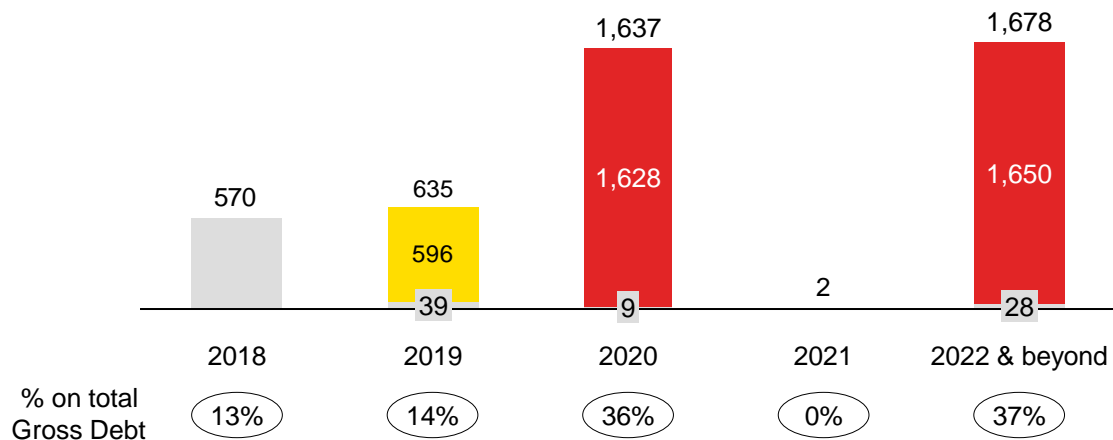
CURRENT CAPITAL STRUCTURE (DECEMBER 2017)_

€ million

NET FINANCIAL POSITION



GROSS DEBT MATURITY

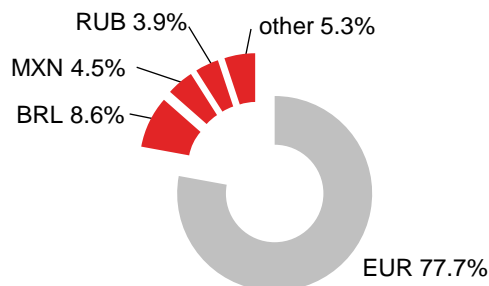


LIQUIDITY PROFILE

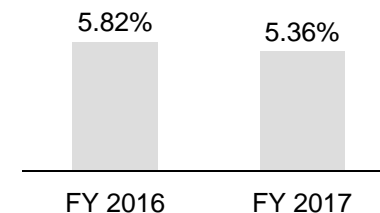
Liquidity position	1,151
Total committed lines not drawn	700
Liquidity margin¹	1,851

¹ covers ~ 2.4 years of forthcoming maturities

BREAK-DOWN BY CURRENCY



COST OF DEBT



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FY / 4Q 2017 RESULTS HIGHLIGHTS

€ million

	FY '16 restated	FY '17	Δ YoY	4Q '16 restated	4Q '17	Δ YoY
Revenues	4,976.4	5,352.3	+7.6%	1,269.9	1,313.8	+3.5%
<i>Organic Growth</i> ¹			+7.9%			+8.3%
High Value Revenues	2,753.8	3,078.1	+11.8%	677.2	734.2	+8.4%
<i>Organic Growth</i> ¹			+13.4%			+12.7%
% on total Revenues	55.3%	57.5%	+3 p.p.	53.3%	55.9%	+3 p.p.
EBITDA adjusted w/o start-up costs ²	1,082.3	1,175.1	+8.6%	280.9	309.4	+10.1%
Margin	21.7%	22.0%	+0.3 p.p.	22.1%	23.6%	+1.5 p.p.
EBITDA adjusted ³	1,082.3	1,137.7	+5.1%	280.9	301.4	+7.3%
Margin	21.7%	21.3%	-0.4 p.p.	22.1%	22.9%	+0.8 p.p.
EBIT adjusted w/o start-up costs ²	844.3	926.6	+9.7%	223.6	245.4	+9.7%
Margin	17.0%	17.3%	+0.3 p.p.	17.6%	18.7%	+1.1 p.p.
EBIT adjusted ³	844.3	876.4	+3.8%	223.6	234.2	+4.7%
Margin	17.0%	16.4%	-0.6 p.p.	17.6%	17.8%	-0.2 p.p.
EBIT	686.5	673.6		172.8	132.5	
Margin	13.8%	12.6%		13.6%	10.1%	
Results from Equity Investments	(20.0)	(6.9)		32.7	11.7	
Financial Income / (Charges)	(427.3)	(362.6)		(75.7)	(72.7)	
EBT	239.2	304.1		129.8	71.5	
Tax Rate	31.4%	13.4%		n.m.	9.9%	
Net Income (Consumer)	164.0	263.3		128.2	64.4	
Net Income adjusted (Consumer)	296.6	386.8		164.0	129.3	

4Q Highlights

Strong organic growth on the back of:

- Strengthening High Value
- Top Industry price/mix (+7.8%)
- Volumes +0.5%, with +11.5% on High Value and -5.8% on Standard, given the accelerated exit from low profitable products

- EBIT adj. improvement, with internal levers which more than compensated for rising raw mat. costs, inflation and other costs related to business development
- EBIT margin adj. w/o start-up at 18.7% (+1.1pp YoY)

- Lower financial charges related to reduced cost of debt
- Tax rate positively impacted by detection of deferred tax assets and other temporary differences (e.g. ACE)

¹ Excl. FX / perimeter; ² Aeolus Car, Velo, Cyber & digital transformation; ³ before amortization of PPA, non-recurring items & restructuring costs;

2017 RESULTS HIGHLIGHTS BY QUARTER

€ million

	1Q '16 restated	1Q '17	Δ YoY	2Q '16 restated	2Q '17	Δ YoY	3Q '16 restated	3Q '17	Δ YoY	4Q '16 restated	4Q '17	Δ YoY
Revenues	1,180.9	1,339.3	+13.4%	1,246.0	1,346.0	+8.0%	1,279.6	1,353.2	+5.8%	1,269.9	1,313.8	+3.5%
<i>Organic Growth¹</i>			+8.4%			+6.2%			+8.3%			+8.3%
High Value Revenues	663.4	775.0	+16.8%	707.5	786.7	+11.2%	705.7	782.3	+10.8%	677.2	734.2	+8.4%
<i>Organic Growth¹</i>			+16.0%			+11.2%			+13.9%			+12.7%
% on total Revenues	56%	58%	+2 p.p.	57%	58%	+1 p.p.	55%	58%	+3 p.p.	53%	56%	+3 p.p.
EBITDA adjusted w/o start-up costs²	261.5	281.7	+7.7%	268.4	285.1	+6.2%	271.5	298.9	+10.1%	280.9	309.4	+10.1%
<i>margin</i>	22.1%	21.0%	-1.1 p.p.	21.5%	21.2%	-0.3 p.p.	21.2%	22.1%	+0.9 p.p.	22.1%	23.6%	+1.5 p.p.
EBITDA adjusted ³	261.5	270.4	+3.4%	268.4	276.0	+6.2%	271.5	289.9	+6.8%	280.9	301.4	+7.3%
<i>margin</i>	22.1%	20.2%	-1.9 p.p.	21.5%	20.5%	-0.1 p.p.	21.2%	21.4%	+0.2 p.p.	22.1%	22.9%	+0.8 p.p.
EBIT adjusted w/o start-up costs²	203.6	219.5	+7.8%	209.6	233.5	+11.4%	207.5	238.2	+14.8%	223.6	245.4	+9.7%
<i>margin</i>	17.2%	16.4%	-0.8 p.p.	16.8%	16.6%	+0.8 p.p.	16.2%	17.6%	+1.4 p.p.	17.6%	18.7%	+1.1 p.p.
EBIT adjusted ³	203.6	205.0	+0.7%	209.6	211.2	+0.8%	207.5	226.0	+8.9%	223.6	234.2	+4.7%
<i>Margin</i>	17.2%	15.3%	-1.9 p.p.	16.8%	15.7%	-0.1 p.p.	16.2%	16.7%	+0.5 p.p.	17.6%	17.8%	+0.2 p.p.
PPA amortization	(26.2)	(26.2)		(26.1)	(26.1)		(26.1)	(28.6)		(26.2)	(28.7)	
non recurring & restructuring costs	(11.3)	(10.1)		(8.1)	(35.6)		(9.2)	25.5		(24.6)	(73.0)	
EBIT	166.1	168.7	+1.6%	175.4	149.5	-14.8%	172.2	222.9	+29.4%	172.8	132.5	-23.3%
<i>margin</i>	14.1%	12.6%	-1.5 p.p.	14.1%	11.1%	-3.0 p.p.	13.5%	16.5%	+3.0 p.p.	13.6%	10.1%	-3.5 p.p.

¹ Excl. FX / perimeter; ² Aeolus Car, Velo, Cyber & digital transformation; ³ before amortization of PPA, non-recurring items & restructuring costs;

FY PIRELLI BALANCE SHEET_

€ million

	31/12/2016 Carve-out	31/12/2016 Reported	31/12/2017
Fixed assets related to continuing operations	9,168	10,299	9,121
Inventories	874	1,056	941
Trade receivables	680	679	653
Trade payables	(1,281)	(1,499)	(1,674)
Operating net working capital related to continuing operations	274	236	(80)
Other receivables / payables	19	(311)	(42)
Net Working Capital related to continuing operations	293	(74)	(123)
Net invested capital held for sale	-	-	61
Total net invested capital	9,460	10,225	9,059
Equity	2,633	3,275	4,177
Provisions	1,866	2,037	1,664
Net Financial Position	4,961	4,913	3,219
Total financing and shareholders' equity	9,460	10,225	9,059

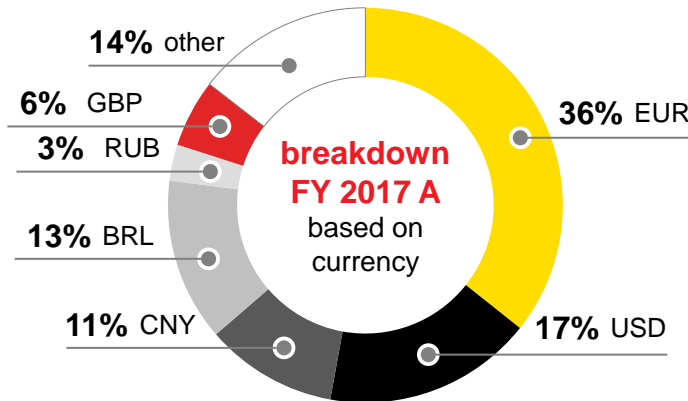
FY PIRELLI GROUP CASH FLOW__











€ million	FY '16 restated	FY '17
EBIT adjusted ¹	844	876
Depreciation & Amortization (excl. PPA amortization)	238	261
Capital expenditures	(342)	(489)
Change in working capital / other	32	124
Operating Cash Flow	772	772
Financial income / (expenses)	(427)	(363)
Taxes paid	(104)	(136)
Financial investments	(7)	(3)
Financial asset disposals	109	26
Asset disposals	91	-
Dividends paid to minorities	-	(13)
Cash-out for non recurring items and restructuring costs	(49)	(64)
Bidco financial costs after merger / other refinancing adjust. already incl. in fin. charges	23	-
Minorities	-	(6)
Financial expenses already included in acquisition debt	122	-
Partial purchase from Dasa of Pneuac shares	-	(15)
Exchange rates difference/other	(193)	1
Net cash flow before extraordinary operations	336	200
Industrial reorganization	47	305
Capital increase	-	1,189
Impact on NFP Aeolus Car	(74)	-
Cinda cash-in from 38% of P.I. sale	266	-
Bidco NFP variation 1.1 – 31.05.2016	(134)	-
Bidco financial costs after merger/other refinancing adjustments	(23)	-
Net cash flow	418	1,694

¹ before amortization of PPA, non recurring items and restructuring costs

2018E FOREX GUIDANCE

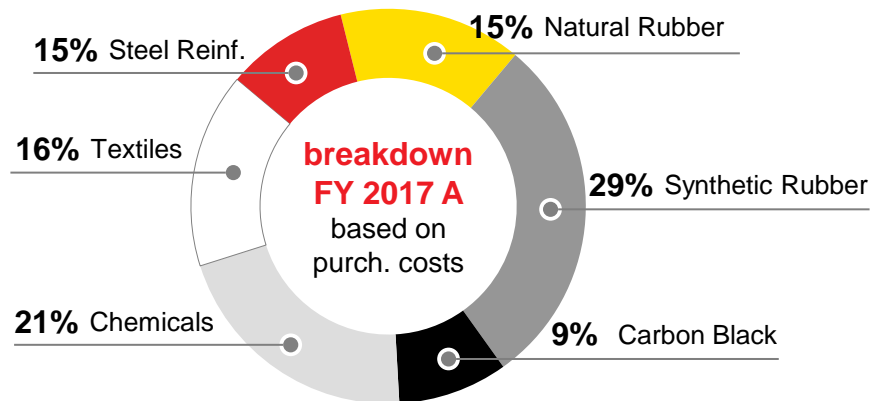
€ million



MAIN AVERAGE EXCHANGE RATES		2017 A	2018 E	Δ YoY	Δ YoY vs EUR	2018E IPO plan
EUR / USD	 / 	1.130	~1.17	-4%	-4%	~1,05
USD / CNY	 / 	6.752	~6.85	-1%	-5%	~7.3
USD / BRL	 / 	3.193	~3.4	-6%	-9%	~3.55
EUR / RUB	 / 	65.85	~71.37	-8%	-8%	~64.05
EUR / GBP	 / 	0.876	~0.91	-4%	-4%	~0.87
TOT. IMPACT ON SALES					~-4%	flat / ~-1%

2018E RAW MATERIAL GUIDANCE

€ million



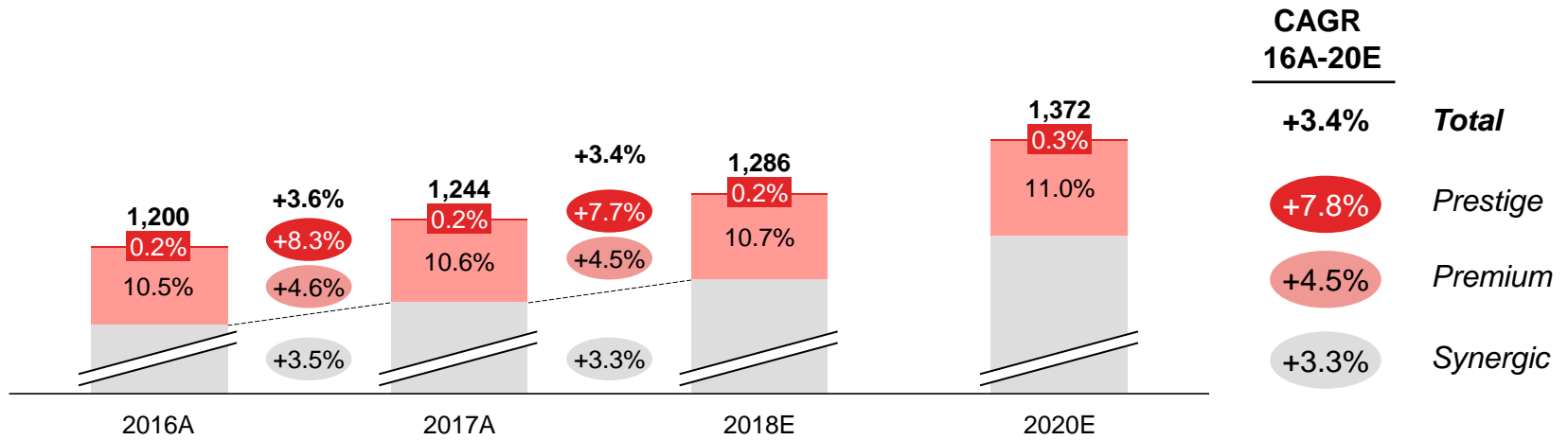
raw mat.
35% on Sales

AVERAGE COST OF COMMODITIES	2017 A	2018 E	Δ YoY	2018E EBIT impact	2018E IPO plan
Natural Rubber TSR20 (\$ / tonne)	1,651	~1.800	+8%	~+10	~2,200
Brent Oil (\$ / barrel)	54.9	~68	+23%	~-80	~61
Butadiene EU (€ / tonne)	1,112	~1,200	+7%	~+15	~1,800
Raw Mat. subtotal				~-55	
FX impact				~-40	
TOT. IMPACT				~-95	

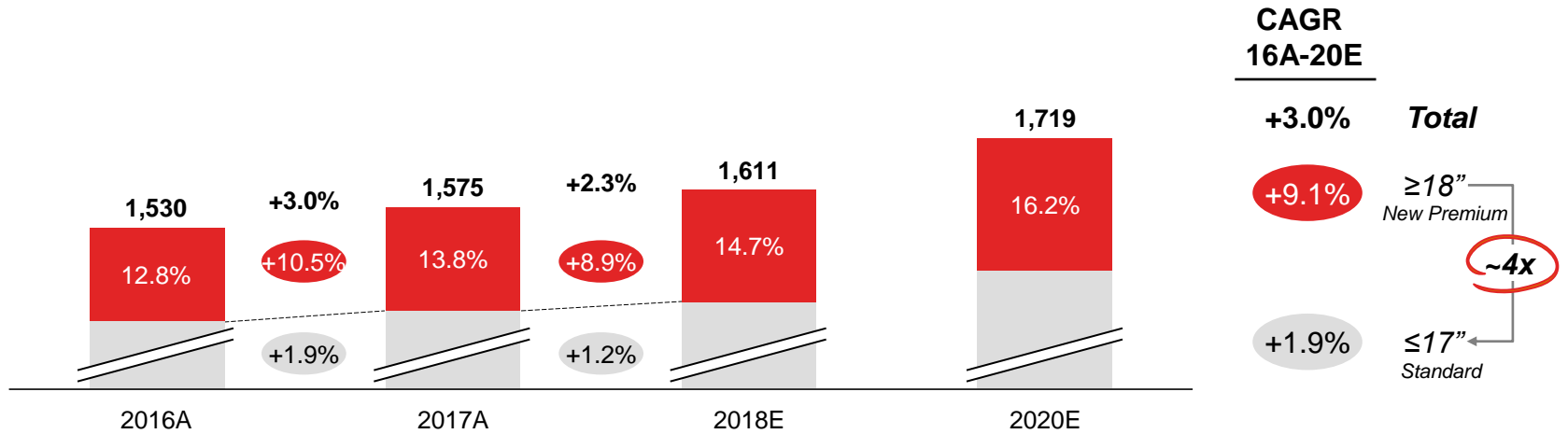
~76% of production in low-cost countries

ATTRACTIVE TYRE MARKET: ≥18" OUTGROWING STANDARD ~4x SUSTAINED BY PREMIUM & PRESTIGE CAR PARC EXPANSION_

CAR PARC
(million vehicles)

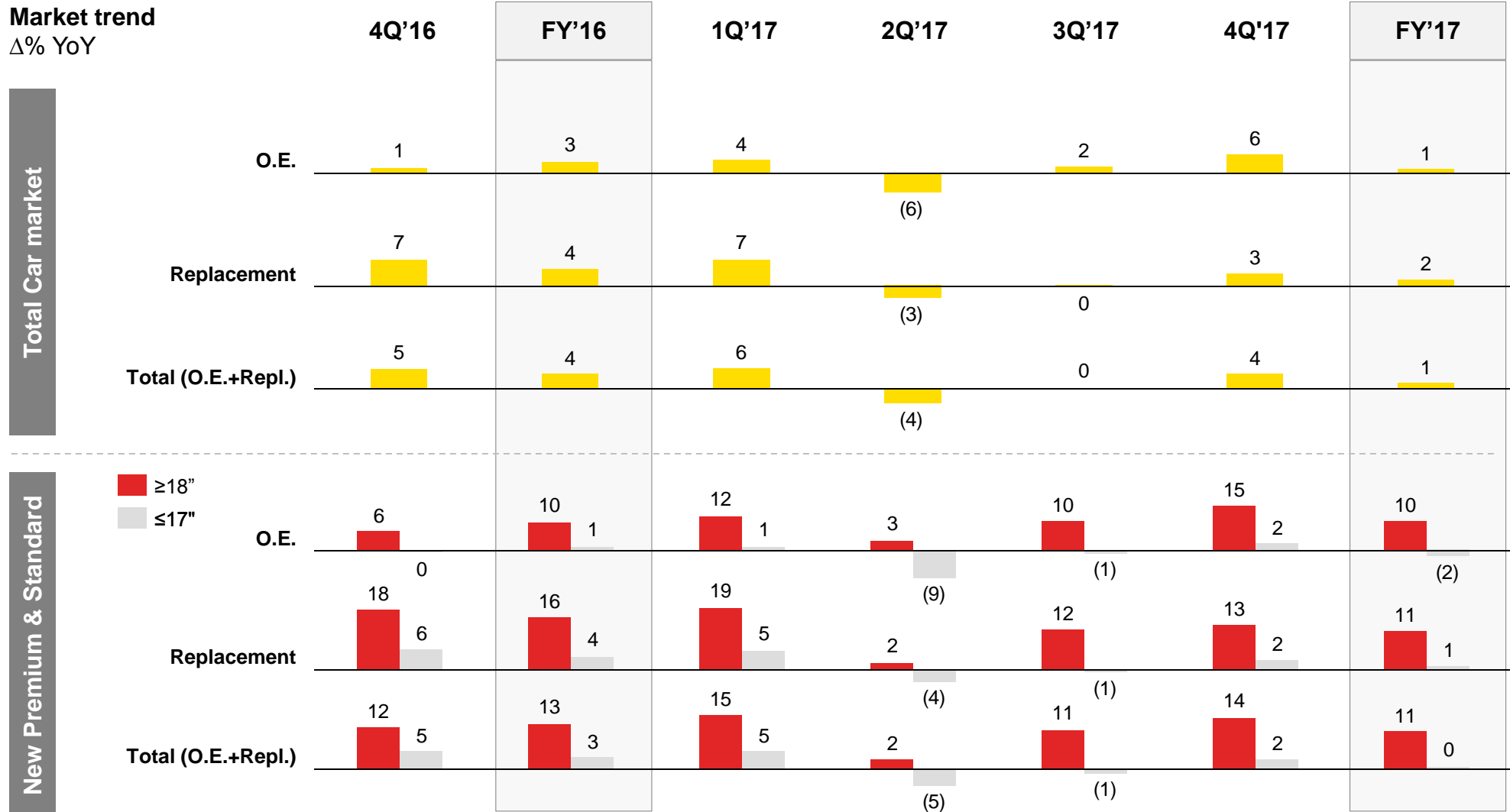


TYRE MARKET
(million tyres)



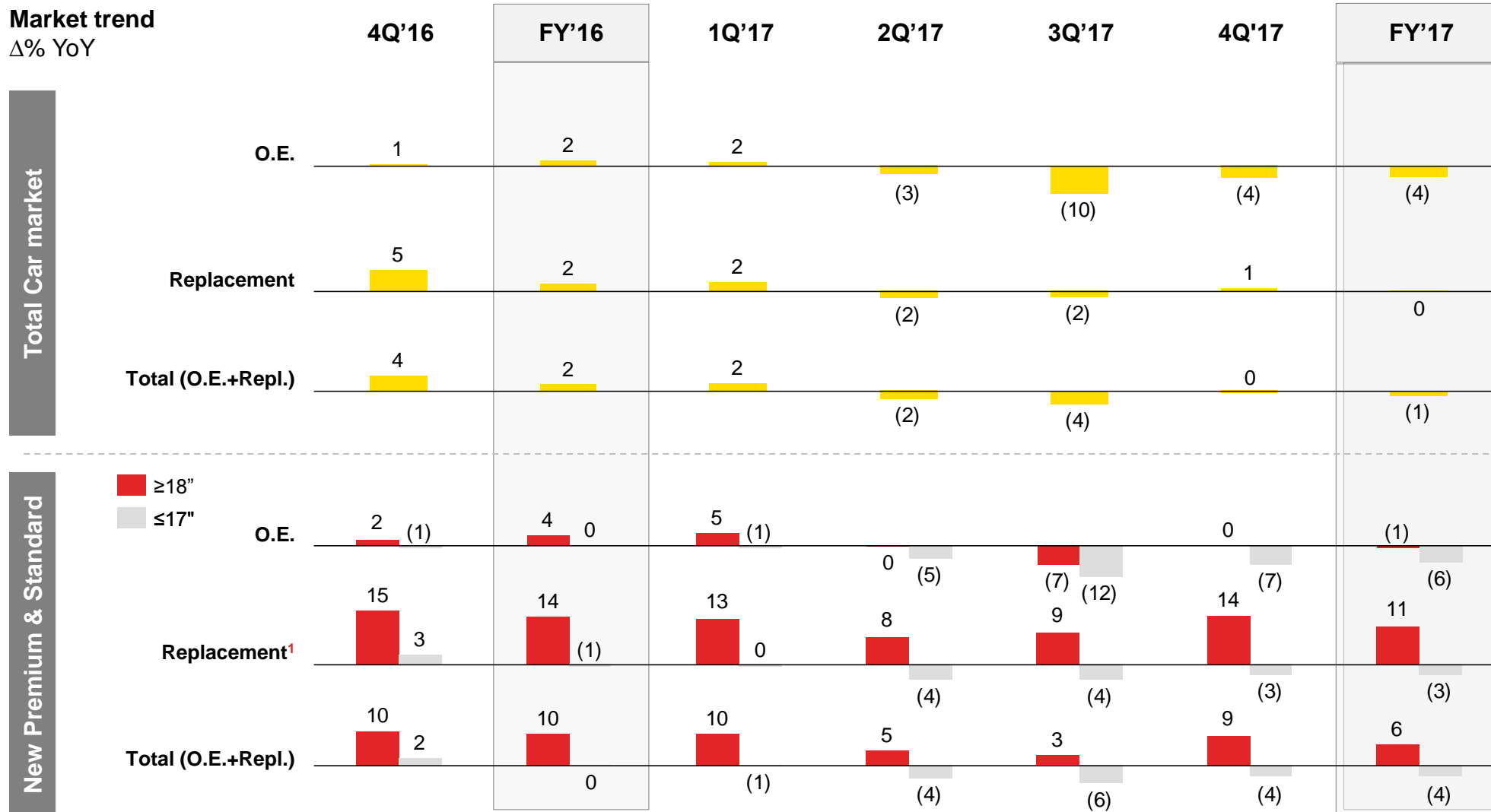
Source: Company elaborations based on third party data relative to car market and on data provided by local associations of tyre producers

KEY CAR MARKET TRENDS: EUROPE¹



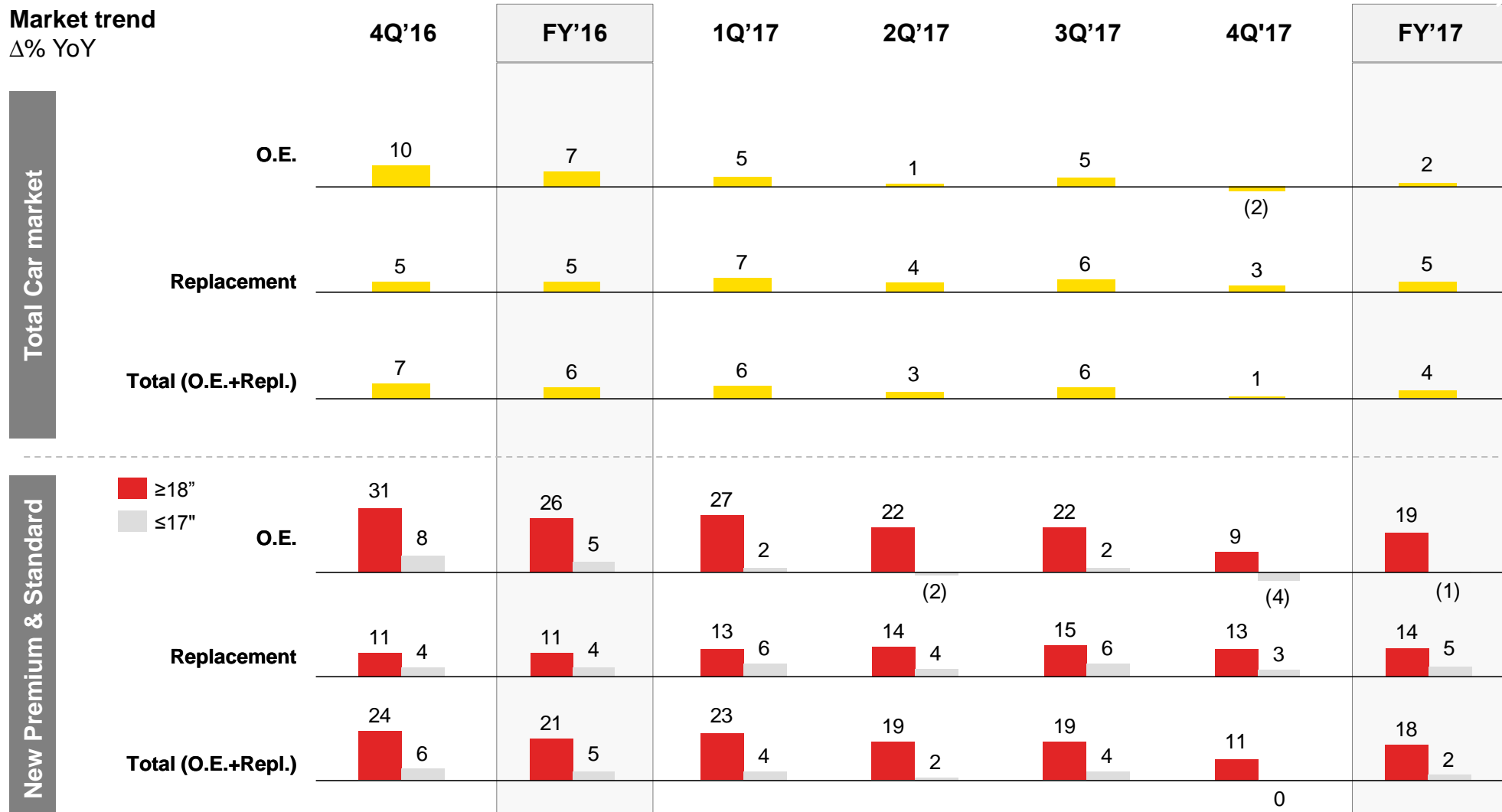
Source: Pirelli tyre market estimates based on main data provider for the Region; historical market data may be subject to restatement

KEY CAR MARKET TRENDS: NAFTA



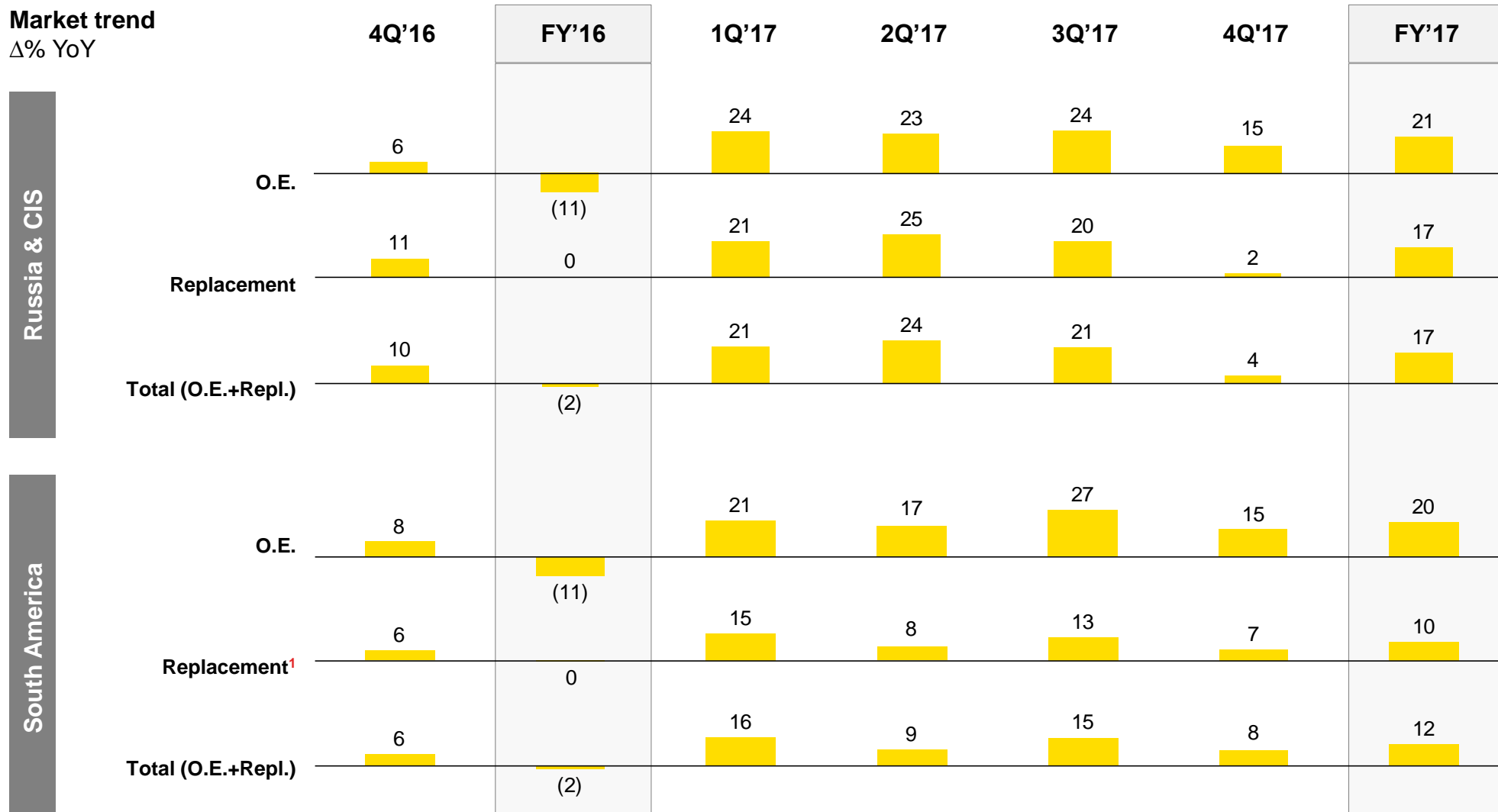
Source: Pirelli tyre market estimates based on main data provider for the Region; historical market data may be subject to restatement; ¹ NAFTA Replacement includes imports

KEY CAR MARKET TRENDS: APAC



Source: Pirelli tyre market estimates based on main data provider for the Region; historical market data may be subject to restatement

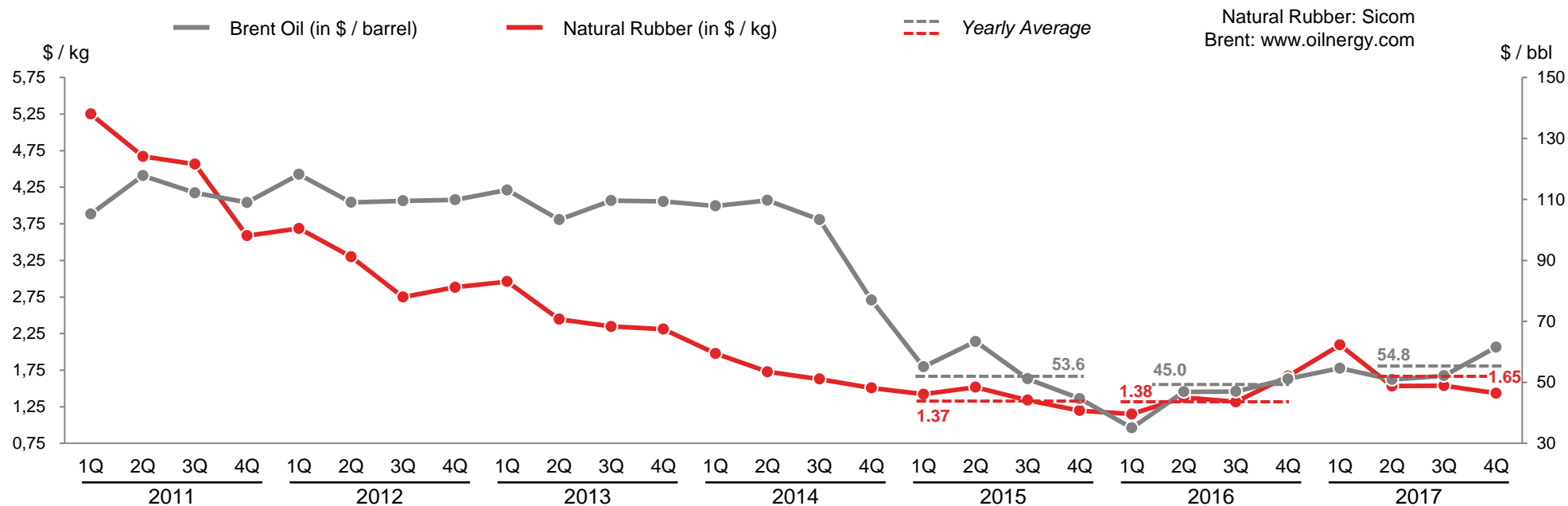
KEY MARKET TRENDS: RUSSIA & CIS AND SOUTH AMERICA



Source: Pirelli tyre market estimates based on main data provider for the Region; historical market data may be subject to restatement; ¹ South America Replacement restated to include Brazilian imports

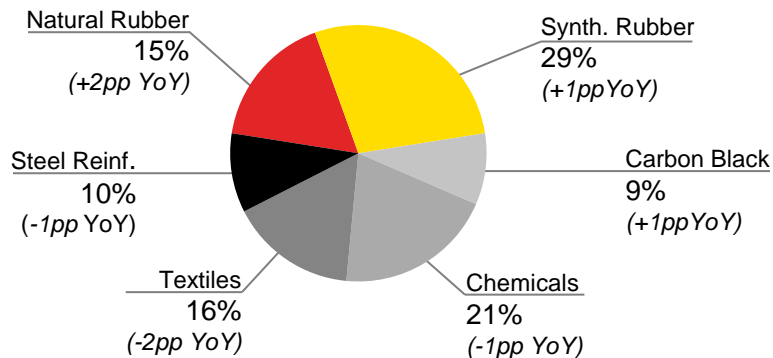
RAW MATERIAL COSTS TREND AND MIX

MAIN RAW MATERIALS PRICE TREND

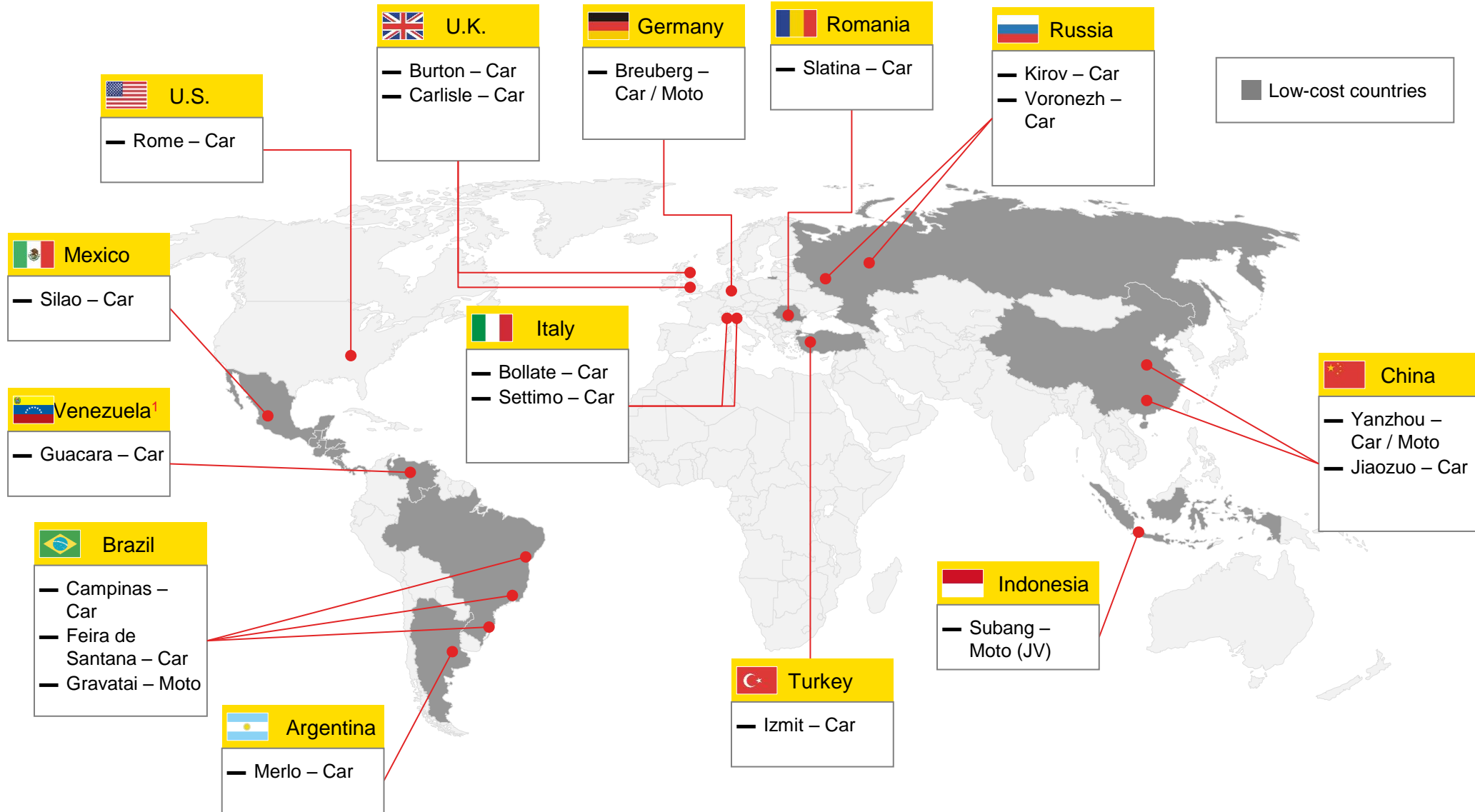


FY 2017 MIX (BASED ON PURCHASING COST)

35%
Raw mat. costs
on sales



PIRELLI MANUFACTURING FOOTPRINT AS OF DECEMBER 31ST 2017



¹ not consolidated since December 2016



PIRELLI