



FY 2019 RESULTS

Milan, March 2nd, 2020

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Francesco Tanzi, the manager in charge of preparing the corporate accounting documents, declares that, pursuant to art. 154-bis, paragraph 2, of the Legislative Decree no. 58 of February 24, 1998, the accounting information contained herein correspond to document results, books and accounting records.

Non-IFRS and Other Performance Measures

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.

Pirelli management has identified a number of “Alternative Performance Indicators” (“APIs”). These APIs (i) are derived from historical results of Pirelli & C. S.p.A. and are not intended to be indicative of future performance, (ii) are non-IFRS financial measures and, although derived from the Financial Statements, are unaudited and (iii) are not an alternative to financial measures prepared in accordance with IFRS.

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.

These measures are used by our management to monitor the underlying performance of our business and operations. Similarly entitled non-IFRS financial measures reported by other companies may not be calculated in an identical manner, consequently our measures may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data.

AGENDA

1 2019 FINANCIAL REVIEW

2 APPENDIX

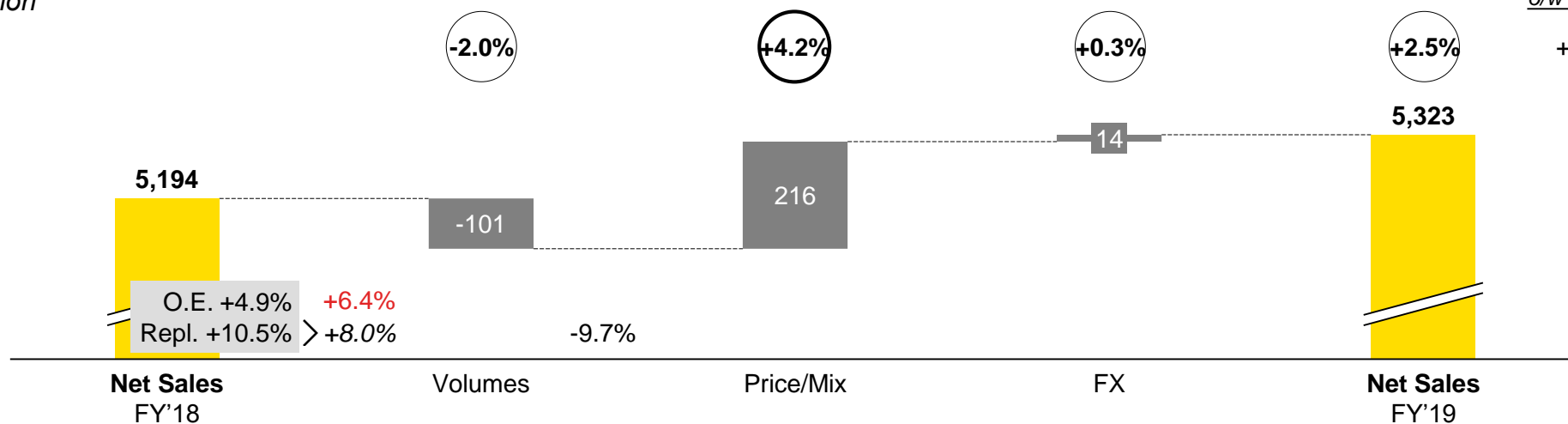
FY 2019 RESULTS IN LINE WITH GUIDANCE

	2018 A	2019 E (guid. Oct. 2019)	2019 A	
Net Sales	€5,195 mln	≥€5.3 bln	€5,323 mln	✓
<i>High Value weight</i>	~ 64%	~ 67%	67%	✓
Adjusted EBIT	€955 mln		€917 mln	
Adjusted EBIT margin	18.4%	>17% ÷ 17.5%	17.2%	✓
<i>High Value weight on adj. EBIT¹</i>	~ 83%	~ 85%	84%	
<i>Start-up costs</i>	€48 mln	~ €40 mln	€41 mln	✓
CapEx	€463 mln	~ €380 mln	€391 mln	✓
Net Cash Flow bef. dividends	€38 mln	~ €330 ÷ ~ €350 mln	€333 mln	✓
Net Financial Position	€3,180 mln		€3,024 mln €3,507 mln incl. IFRS 16	
Net Financial Position / adj. EBITDA¹	2.49x	~ 2.42x ÷ ~ 2.36x +0.17x incl. IFRS 16	2.42x 2.59x incl. IFRS 16	✓

FY 2019 NET SALES BRIDGE

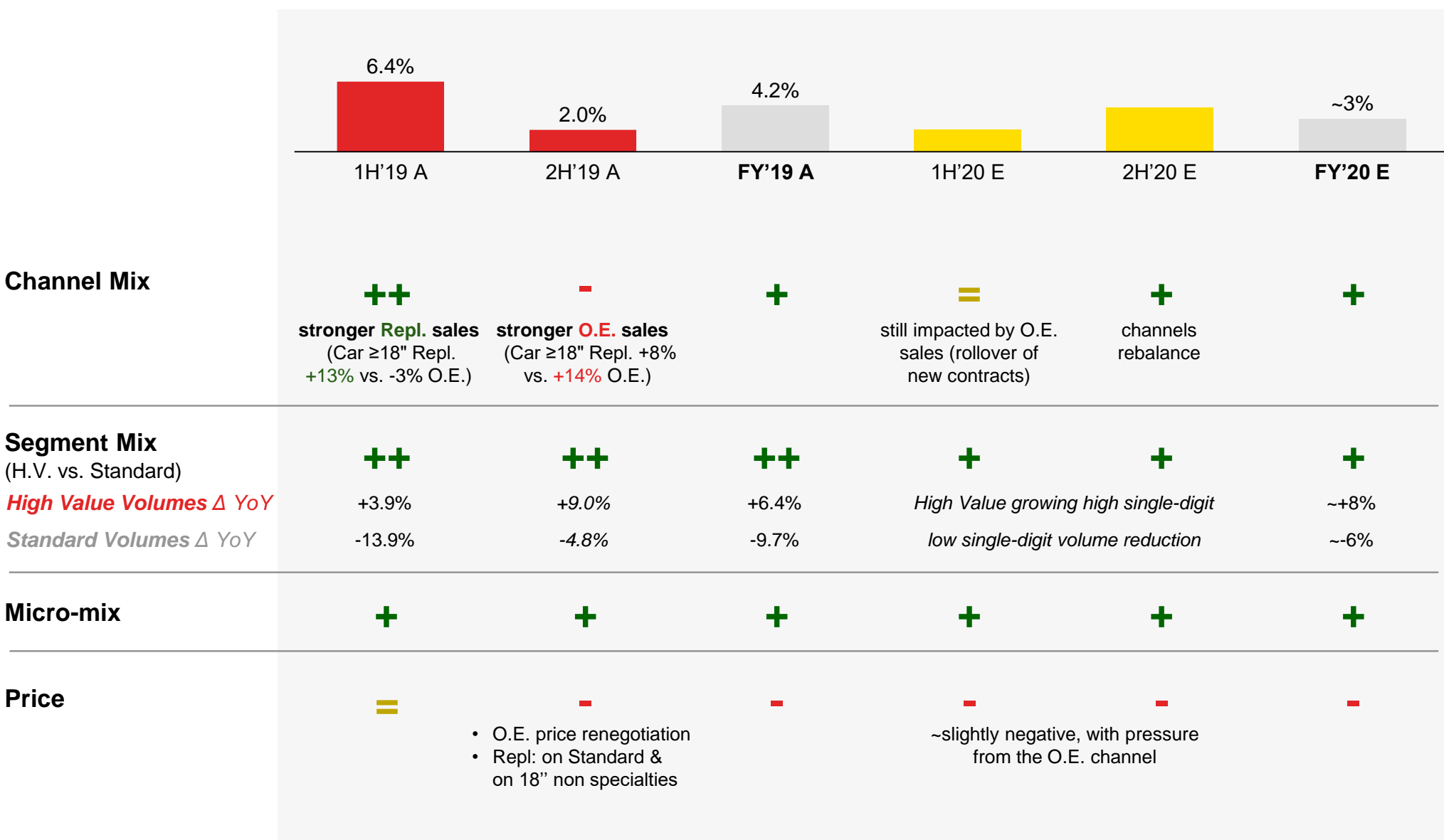
€ million

o/w Organic



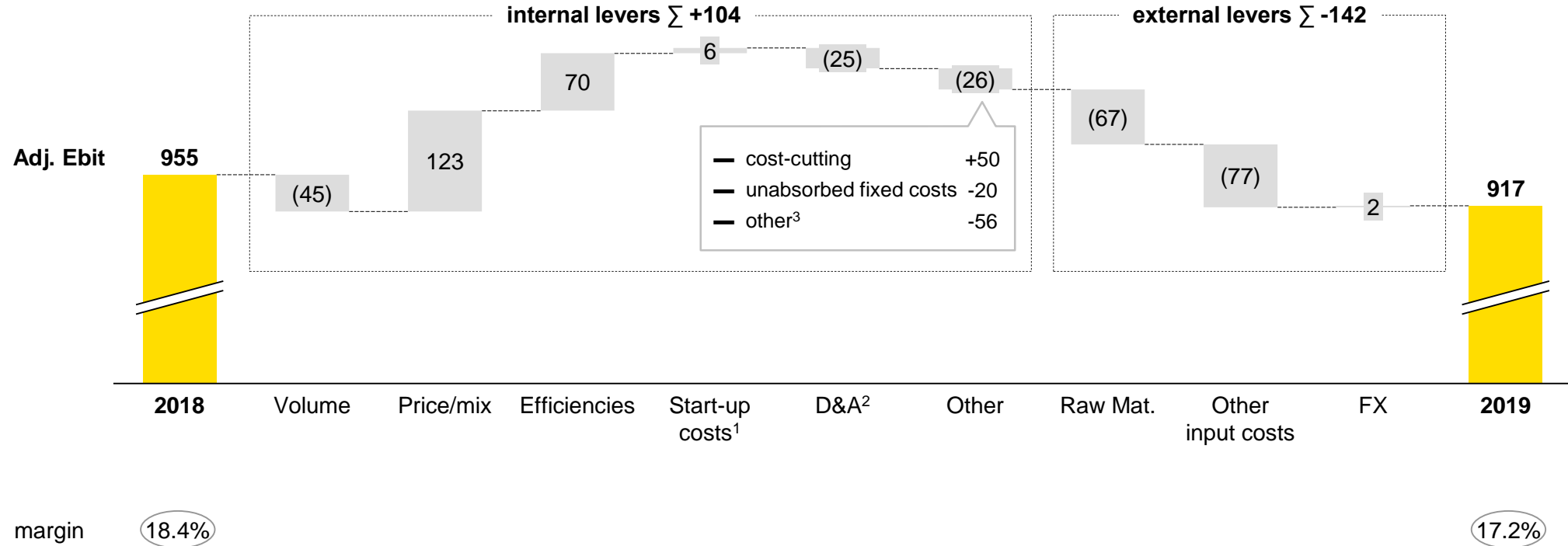
		High Value Car ≥18"	Standard					
4Q '19	O.E. +15.3% Repl. +3.5% >	+7.8% +8.7%	+1.5%	-0.7%	+0.5%	mainly negative channel mix	-0.6%	+1.4% +2.0%
2H '19	O.E. +14.4% Repl. +8.0% >	+9.0% +10.7%	+1.0%	-4.8%	+2.0%		1.0%	+4.0% +3.0%
1H '19	O.E. -3.4% Repl. +13.1% >	+3.9% +5.5%	-5.0%	-13.9%	+6.4%		-0.5%	+0.9% +1.4%

PRICE/MIX DRIVERS AND DYNAMICS IN 2019 AND 2020



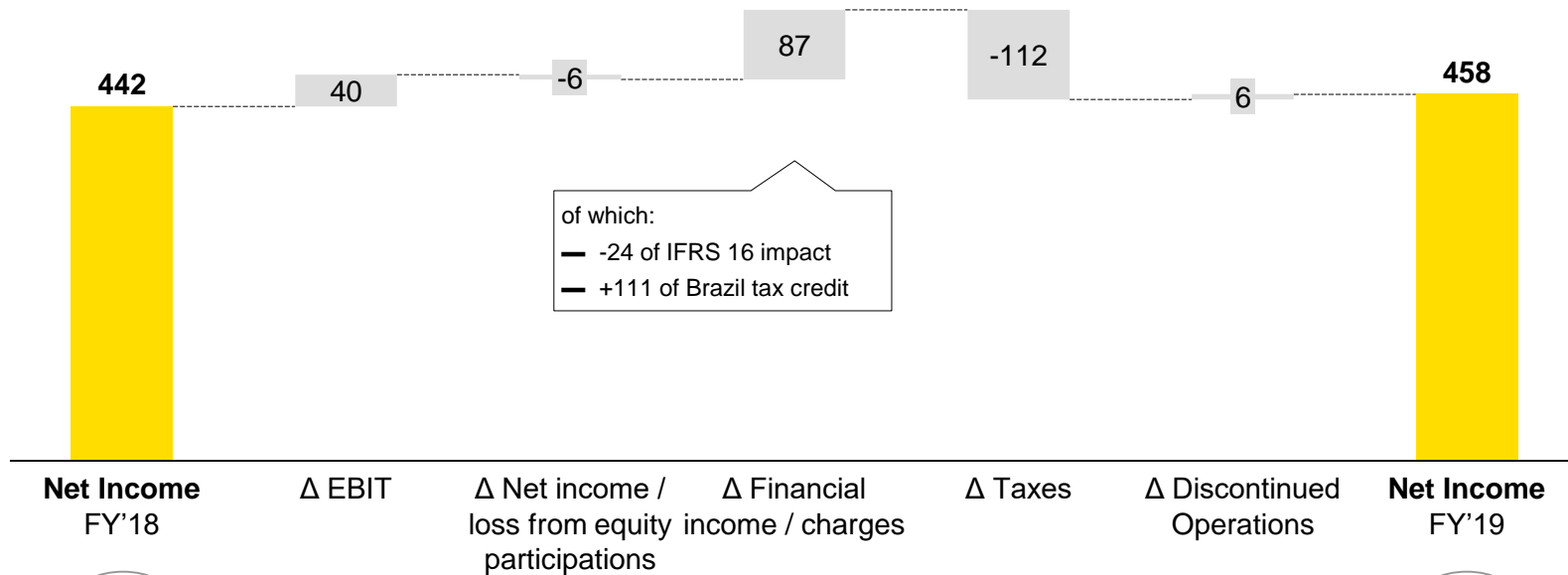
FY 2019 OPERATING PERFORMANCE

€ million



FY 2019 NET INCOME BRIDGE

€ million



% on Sales

8.5%

8.6%

	FY'18	FY'19
Net Income	442	458
Discontinued operations	+6	-
Net Income from cont. oper.	449	458
PPA amortization	+115	+115
Non recurring / restr. costs / other adj.	+137	+60
One-off financial income	+2	-107
Taxes impact	-127	-11
Ad. Net Income from Cont. Oper.	576	514

Δ YoY mainly related to the Argentina hyper-inflation accounting

DIVIDEND PROPOSAL

€ million

Dividend Proposal to be filed with Pirelli & C. Annual General Meeting (June 18th, 2020)

2019 dividend

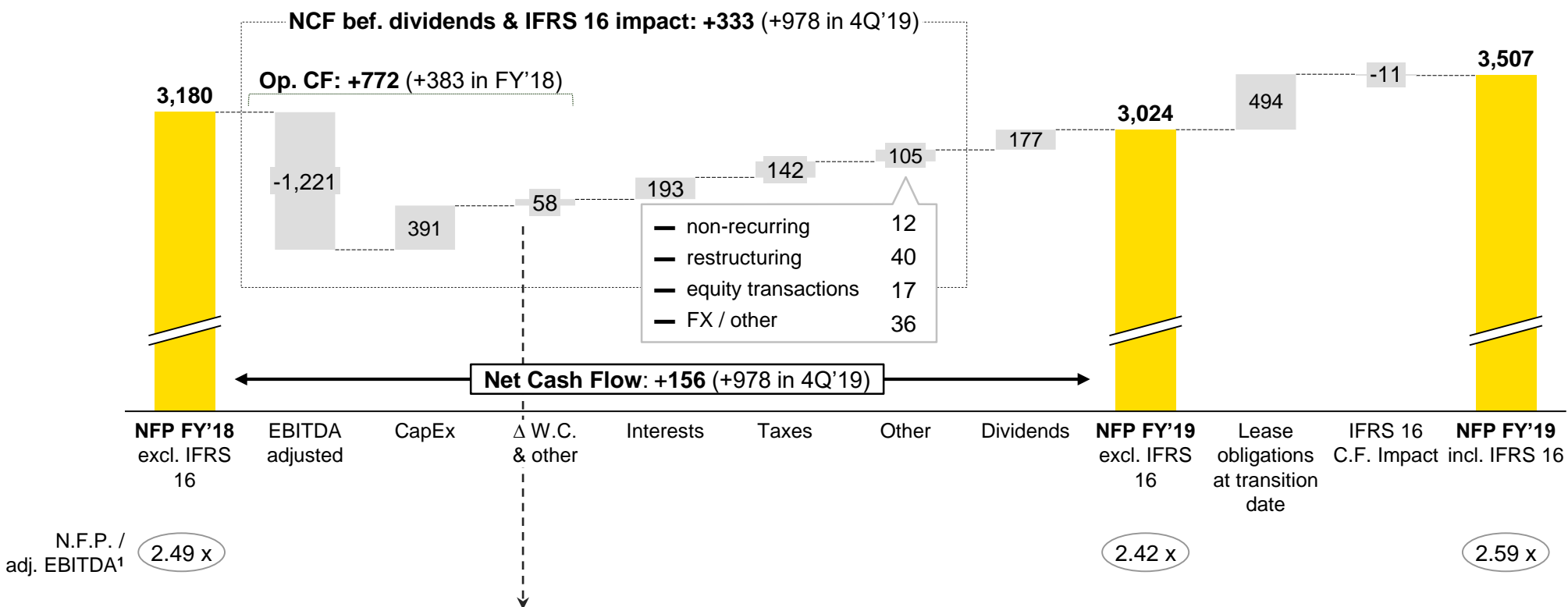
Net Income Reported (€ million)	458
payout (% of net income reported)	40.0%
DPS (€)	0.183
# of shares (million)	1,000.0
dividends (€ million)	183

Dividend Payment Schedule

- Coupon Detachment: June 22nd, 2020
- Dividend Payment: June 24th, 2020, record date June 23rd

FY 2019 CASH FLOW AND NET FINANCIAL POSITION

€ million



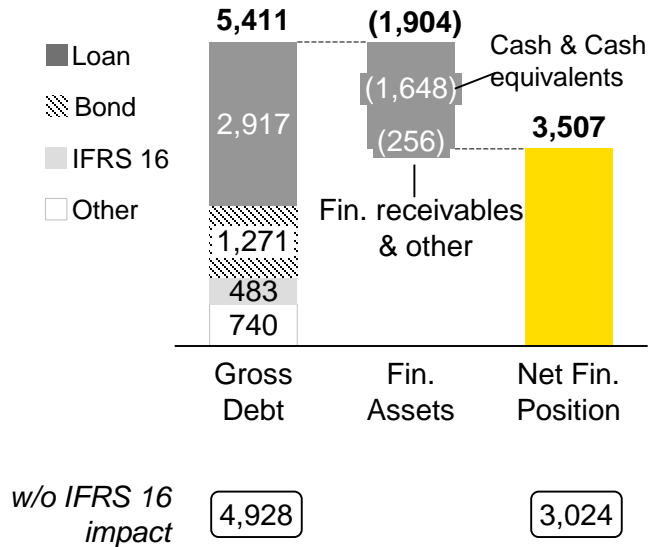
Main working capital dynamics in 2019

- **Inventories** back to normalized level: 20.5% on sales (21.7% in 2018); Inventory volume reduction -7% YoY (-23% on Standard and +5% on High Value, to ensure the high service level)
- **Trade receivables:** 12% on sales (stable YoY)
- **Trade payables:** 30% on Sales (~-1pp YoY)

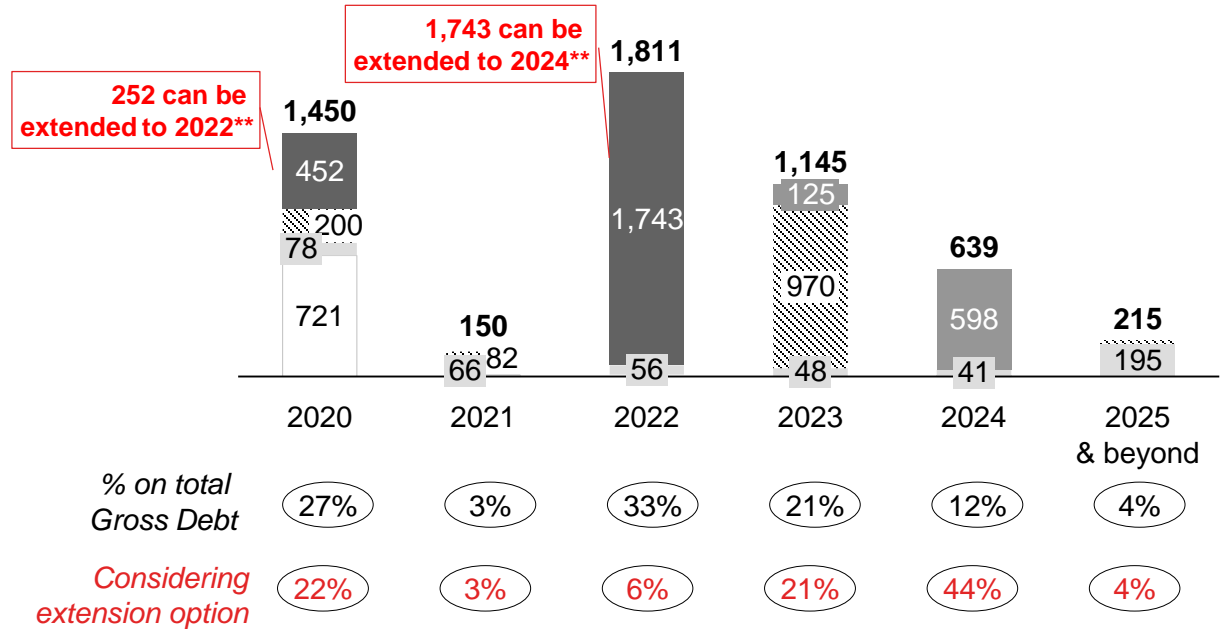
CURRENT CAPITAL STRUCTURE (DECEMBER 2019)

€ million

Net Financial Position



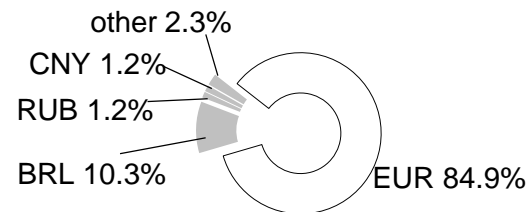
Gross Debt maturity



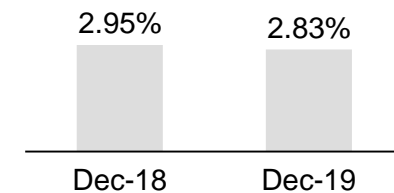
Liquidity profile

Liquidity position	1,610
Assets at FV through P&L	38
Total committed lines not drawn	700
Liquidity margin	2,348*

Break-down by currency



Cost of Debt (last 12 months)



***Liquidity Margin is Covering ~2.2 years of forthcoming maturities (~ 3.7 years considering the Committed Bank lines extension option**)**










FY 2019 RESULTS

Milan, March 2nd, 2020



KEY FIGURES & ACHIEVEMENTS 2019

KPIs¹

	2019
 Eco-Safety Performance revenues ²	55.8% 63.3% on H.V. ³
 Car tyres avg. rolling resistance reduction	-18% (vs. 2009)
 Accident frequency index reduction	-83% (vs. 2009)
 Average training days per capita	>7 days
 Specific energy consumption reduction	-13.1% (vs. 2009)
 Electricity from renewable sources ⁴	> 41%
 Specific CO₂ emissions reduction	-10.8% (vs. 2009)
 Specific water withdrawal reduction	-70% (vs. 2009)
 Waste recovered	97%

PIRELLI ESG LEADERSHIP ACKNOWLEDGED BY THE MARKET

Top-of-the-industry ESG ratings

 Dow Jones Sustainability Indexes	Global Sector Leader in the S&P Dow Jones Sustainability Indices ⁵
 SAM Sustainability Award Gold Class 2020	Awarded sector Gold Class 2020 in S&P Sustainability Yearbook
 CDP Climate Change 2019 A LIST	A-List in CDP Climate Change 2019
 FTSE4Good	Sector top rating
 Global Compact LEAD 2019 PARTICIPANT	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 standards⁶
-  **ESG targets** are:
 - Group wide
 - Tangible
 - Challenging and realistic
 - Set to be reached within competitive deadlines
-  Complete and **transparent Reporting**

Pirelli also included in:



1. Preliminary unaudited data; 2. Figure is obtained by weighing the value of sales of Eco-Safety Performance car tyres on the total value of sales of Group car tyres; 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; 3. Focus on HIGH VALUE products including RIM18+ and «specialties» (Run-Flat, PNCS, Seal Inside with rim ≤17"); 4. Internal assessment based on data from the International Energy Agency (IEA) taking into account the Pirelli geographical distribution; 5. Score 2019: 85 vs sector average of 36; 6. e.g. ISO 20400, ISO 26000, AA1000, ISO 37001, etc.

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2 **APPENDIX**

2019 RESULTS HIGHLIGHTS BY QUARTER

€ million

	1Q'18	1Q'19	Δ YoY	2Q'18	2Q'19	Δ YoY	3Q'18	3Q'19	Δ YoY	4Q'18	4Q'19	Δ YoY	FY'18	FY'19	Δ YoY
Revenues	1,310	1,314	+0.3%	1,320	1,341	+1.6%	1,295	1,382	+6.7%	1,269	1,287	+1.4%	5,195	5,323	+2.5%
<i>Organic Growth¹</i>			+1.2%			+1.6%			+4.1%			+2.0%			+2.2%
High Value Revenues	834	895	+7.3%	850	893	+5.0%	846	932	+10.2%	780	820	+5.1%	3,310	3,540	+6.9%
<i>% on total Revenues</i>	63.6%	68.1%	+4.5 pp	64.4%	66.6%	+2.2 pp	65.3%	67.5%	+2.4 pp	61.5%	63.7%	+2.2 pp	63.7%	66.5%	+2.8 pp
EBITDA adj. w/o start-up costs ²	298	327 ⁵	+9.7%	310	331 ⁵	+6.5%	328	350 ⁵	+6.7%	343	343 ⁵	+0.1%	1,279	1,351 ⁵	+5.6%
<i>Margin</i>	22.7%	24.9%	+2.2 pp	23.5%	24.6%	+1.1 pp	25.3%	25.3%	0.0 pp	27.0%	26.7%	-0.3 pp	24.6%	25.4%	+0.8 pp
EBITDA adjusted³	288	316⁵	+9.5%	300	321⁵	+6.9%	320	342⁵	+7.1%	327	332⁵	+1.4%	1,235	1,310⁵	+6.1%
<i>Margin</i>	22.0%	24.0%	+2.0 pp	22.7%	23.9%	+1.2 pp	24.7%	24.8%	+0.1 pp	25.8%	25.8%	0.0 pp	23.8%	24.6%	+0.8 pp
EBIT adj. w/o start-up costs ²	229	231	+0.6%	244	232	-5.0%	259	252	-2.6%	271	244	-9.8%	1,003	959	-4.4%
<i>Margin</i>	17.5%	17.6%	+0.1 pp	18.5%	17.3%	-1.2 pp	20.0%	18.2%	-1.8 pp	21.3%	19.0%	-2.3 pp	19.3%	18.0%	-1.3 pp
EBIT adjusted⁴	218	219	+0.4%	232	221	-4.5%	250	245	-2.2%	255	232	-8.9%	955	917	-3.9%
<i>Margin</i>	16.7%	16.7%	0.0 pp	17.6%	16.5%	-1.1 pp	19.3%	17.7%	-1.6 pp	20.1%	18.1%	-2.0pp	18.4%	17.2%	-1.2 pp
EBIT	184	183	-0.5%	194	242	+24.9%	214	173	-19.1%	112	145	+29.6%	703	743	+5.6%
<i>Margin</i>	14.0%	13.9%	-0.1 pp	14.7%	18.0%	+3.3 pp	16.5%	12.5%	-4.0 pp	8.8%	11.3%	+2.5 pp	13.5%	14.0%	+0.5 pp
Results from Equity Investments	1	2		-5	0		-3	-1		3	-12		-5	-11	
Financial Income (Charges)	-55	-48		-63	38		-21	-65		-58	-34		-196	-109	
EBT	130	137		126	280		190	107		57	98		502	622	
<i>Tax Rate</i>	28.7%	26.0%		28.7%	26.6%		n.m.	26.4%		n.m.	26.7%		10.6%	26.5%	
Net Income	89	101		88	206		194	79		71	72		442	458	

1. Excl. FX; 2. Velo, Cyber / digital transformation; 3. before non-recurring items & restructuring costs; 4. before amortization of PPA, non-recurring items & restructuring costs; 5. including the application of the new IFRS 16 on adjusted EBITDA: in FY'19 +€104 million, in 4Q'19 +€26 million, in 3Q'19 +€26 million, in 2Q'19 +€27 million, in 1Q'19 +€25 million

FY 2019 RESULTS

Milan, March 2nd, 2020



FY 2019 PIRELLI BALANCE SHEET

€ million

	31-Dec-2018	31-Dec-2019
Fixed assets related to continuing operations (before IFRS 16)	9,018	9,007
Right of use IFRS 16	n.a.	463
Fixed assets related to continuing operations (incl. IFRS 16)	n.a.	9,470
<i>Inventories</i>	1,129	1,094
<i>Trade receivables</i>	628	649
<i>Trade payables</i>	(1,605)	(1,612)
Operating net working capital related to continuing operations	152	132
Other receivables / payables	(40)	81
Net Working Capital related to continuing operations	112	213
Net invested capital held for sale	11	-
Total net invested capital	9,141	9,683
Equity	4,551	4,827
Provisions	1,410	1,349
Net Financial Position (excl. IFRS 16)	3,180	3,024
Lease Obligations (IFRS 16)	n.a.	483
Net Financial Position (incl. IFRS 16)	n.a.	3,507
Total financing and shareholders' equity	9,141	9,683

FY 2019 PIRELLI GROUP CASH FLOW

€ million

Please note that 2019 figures are including IFRS 16 impact, applicabile as Jan 1st 2019

	4Q '18	4Q '19	FY '18	FY '19
Adjusted EBIT ¹	255	232	955	917
Depreciation & Amortization (excl. PPA amortization)	72	99	280	393
Capital expenditures	(167)	(148)	(463)	(391)
Rights of use (IFRS 16)	n.a.	(26)	n.a.	(51)
Change in working capital / other	857	902	(388)	(61)
Operating Cash Flow	1,017	1,060	383	808
Financial income / (expenses)	(58)	(41)	(196)	(217)
Taxes paid	(18)	(29)	(119)	(142)
Cash-out for non recurring items and restructuring costs	(17)	(11)	(72)	(52)
Exchange rates difference / other	15	(6)	(18)	(35)
Net cash flow before dividends & extraordinary operations	939	973	(22)	362
Industrial reorganization	(15)	-	(10)	-
Financial asset disposals / (acquisitions)	(67)	-	70	(17)
Net cash flow before dividends	858	973	38	344
Net cash flow before dividends & IFRS 16 impact	-	978	-	333
Dividends paid	-	-	-	(177)
Net cash flow	858	973	38	156
Net cash flow before IFRS 16 impact	-	978	-	167

FY 2019 RESULTS

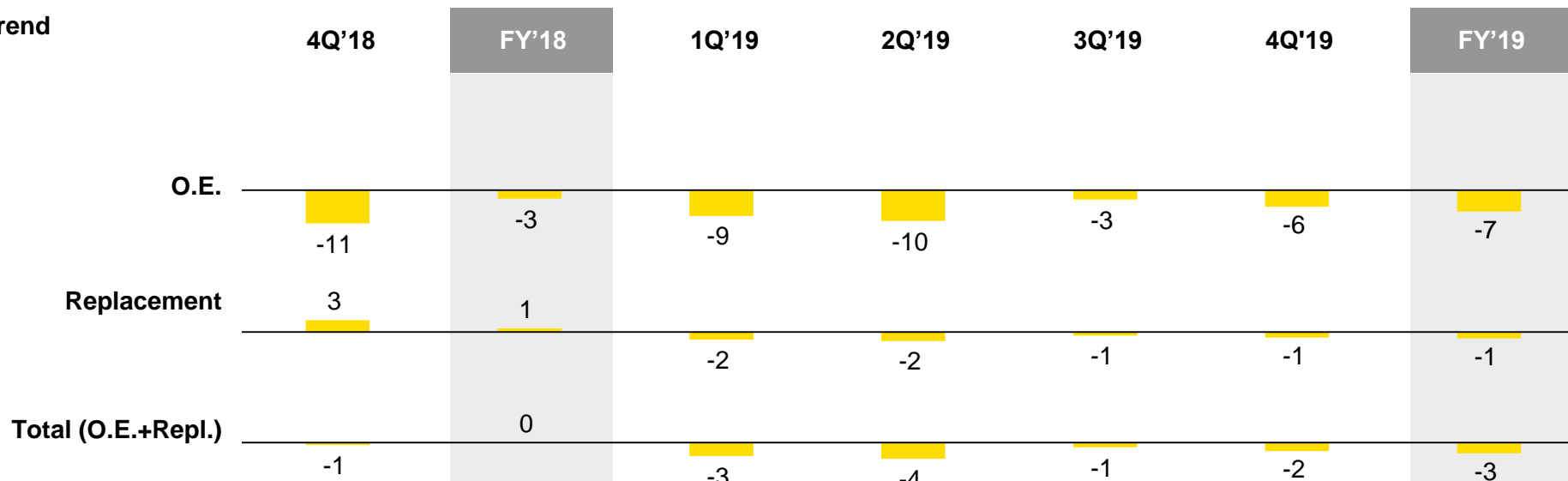
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KEY CAR MARKET TRENDS: EMEA

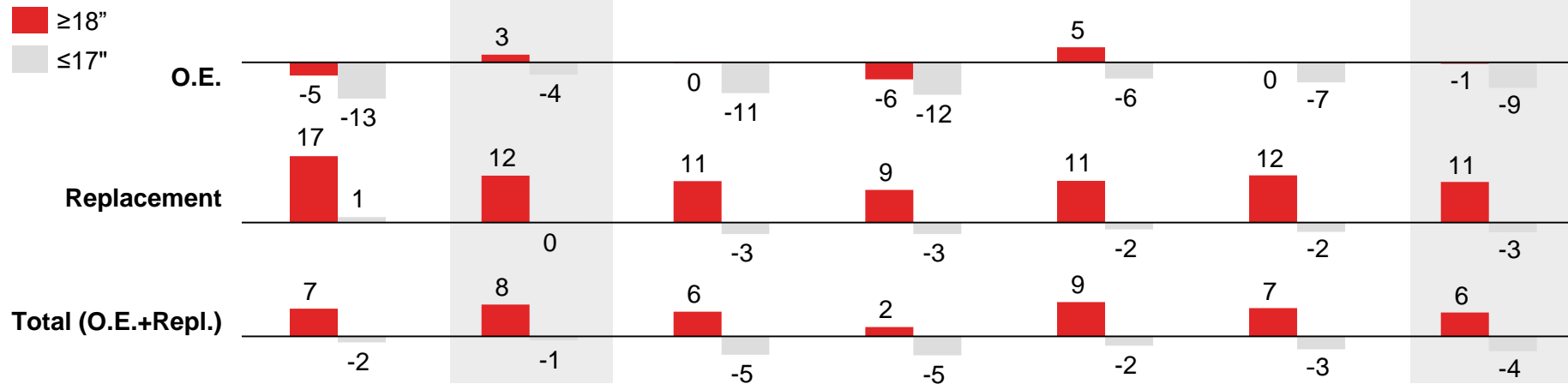
Market trend
Δ% YoY

Total Car market



of which ≥18" & ≤17"

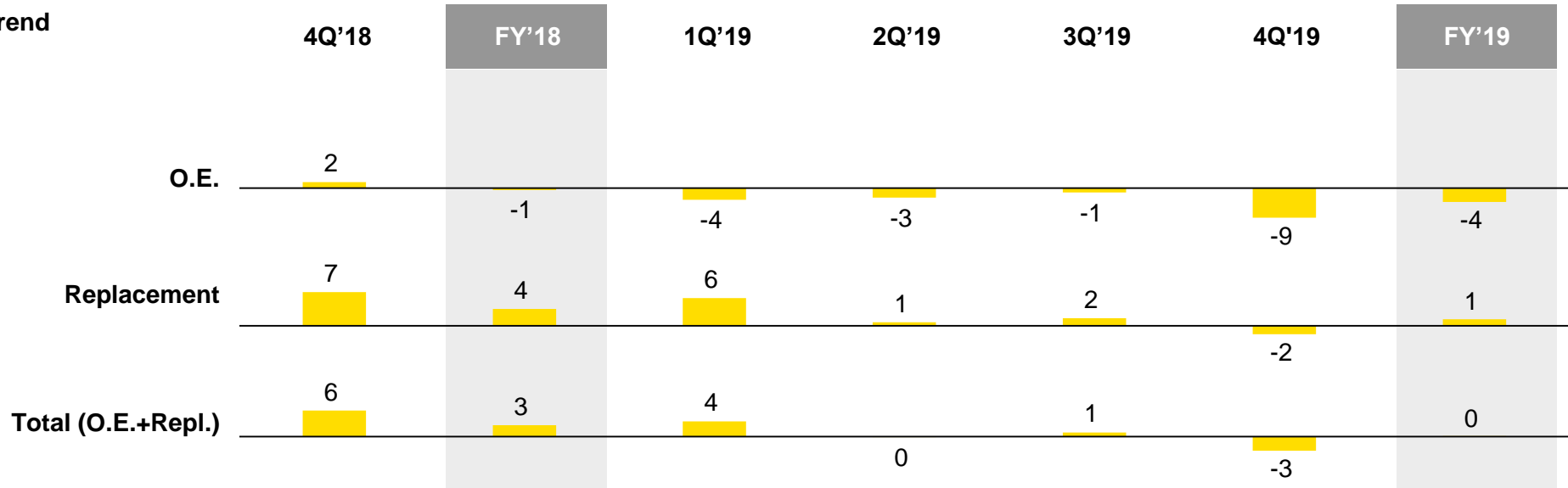
■ ≥18"
■ ≤17"



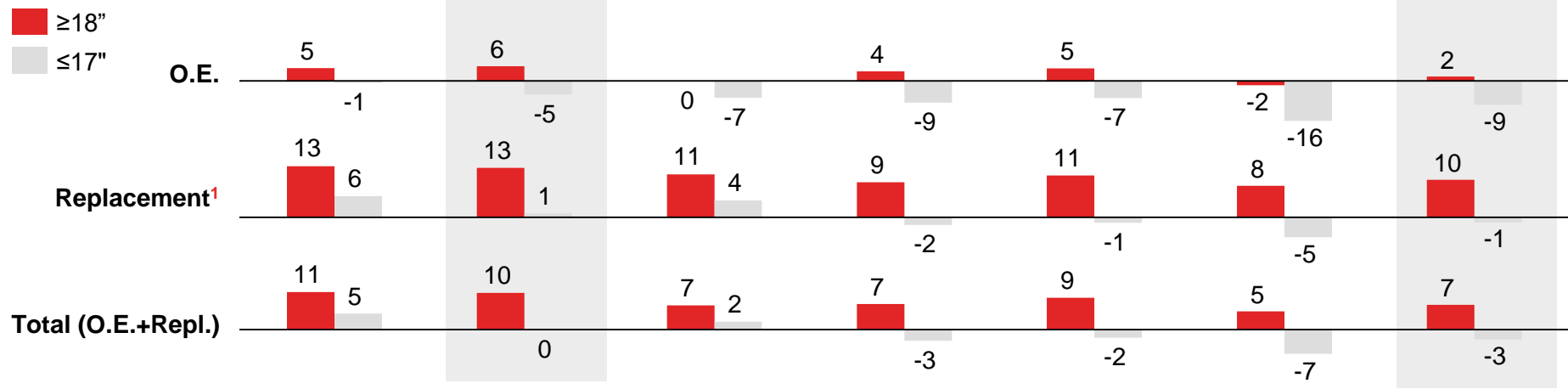
KEY CAR MARKET TRENDS: NORTH AMERICA

Market trend
Δ% YoY

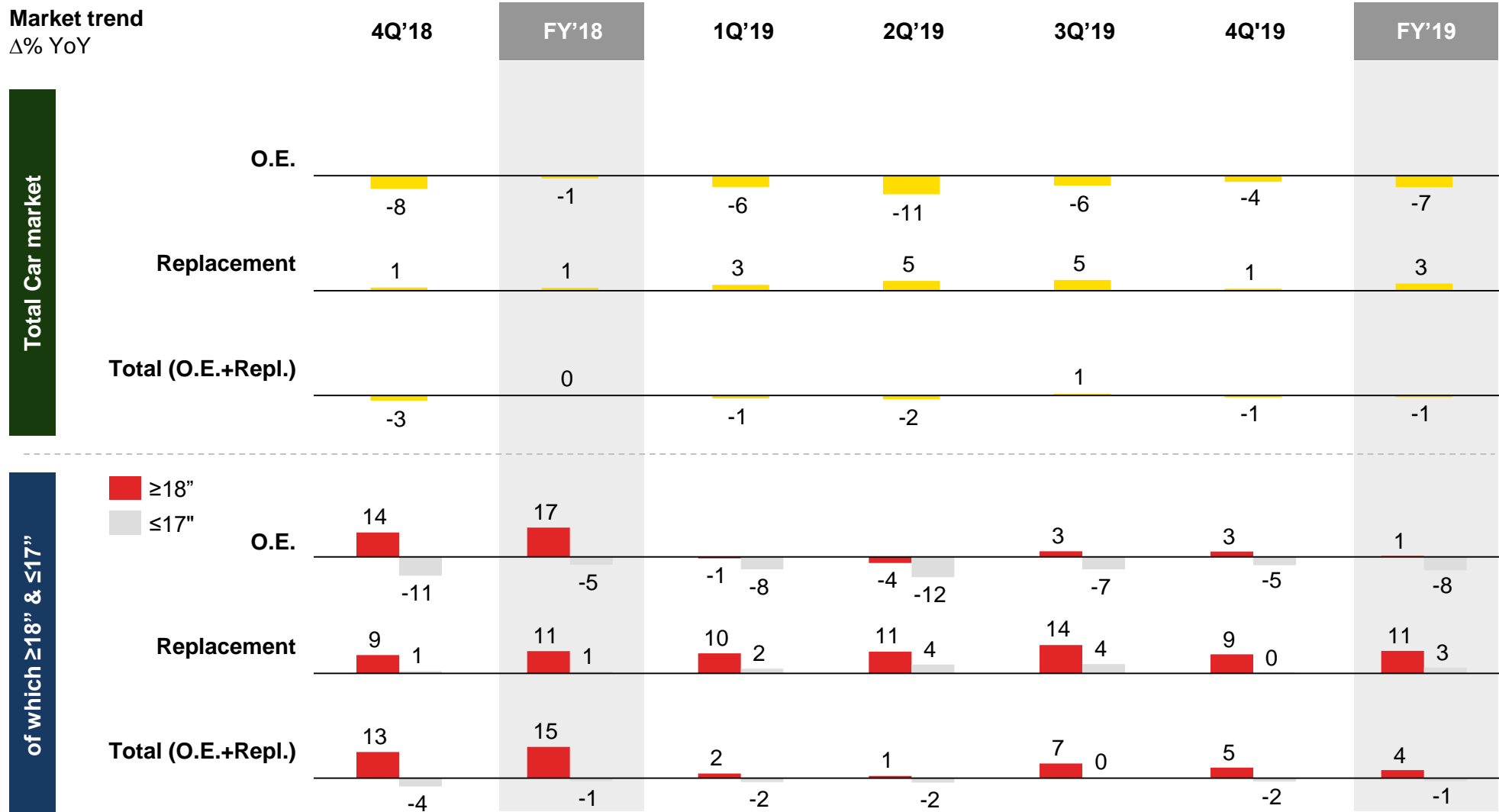
Total Car market



of which ≥18" & ≤17"



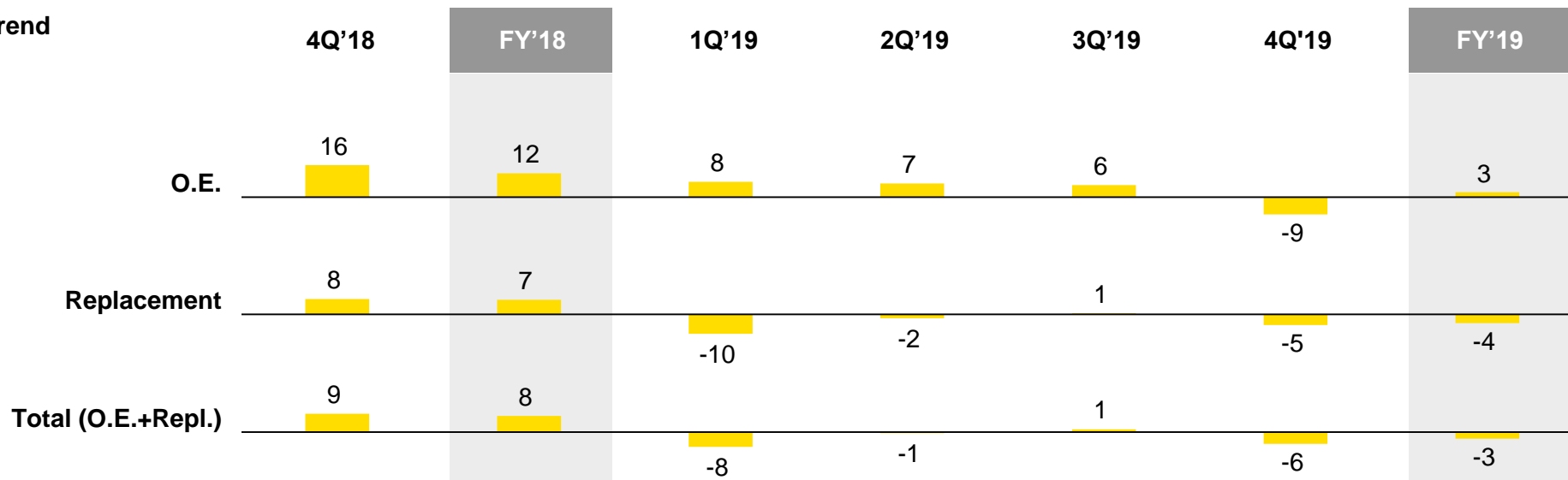
KEY CAR MARKET TRENDS: ASIA PACIFIC



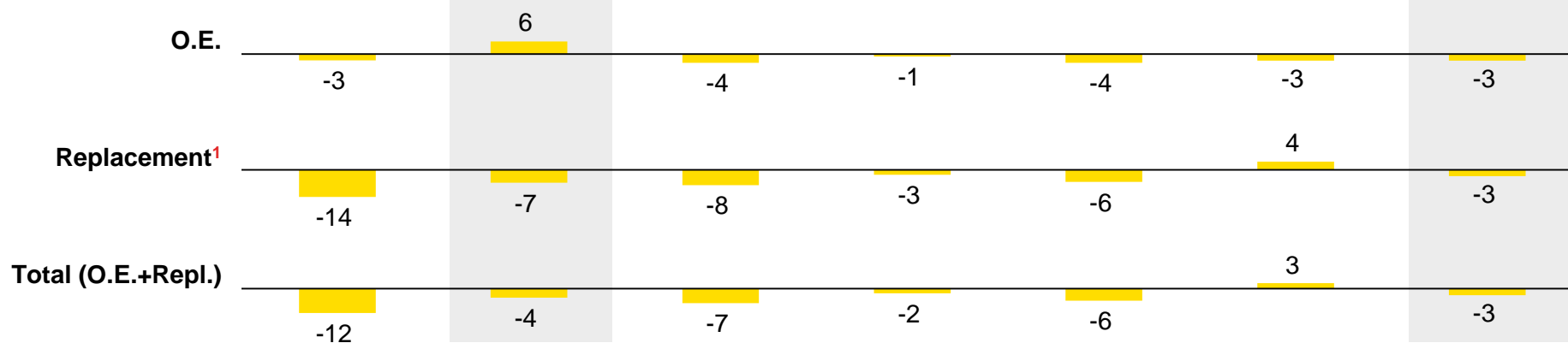
KEY MARKET TRENDS: RUSSIA & NORDICS / SOUTH AMERICA

Market trend
Δ% YoY

Russia & Nordics



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

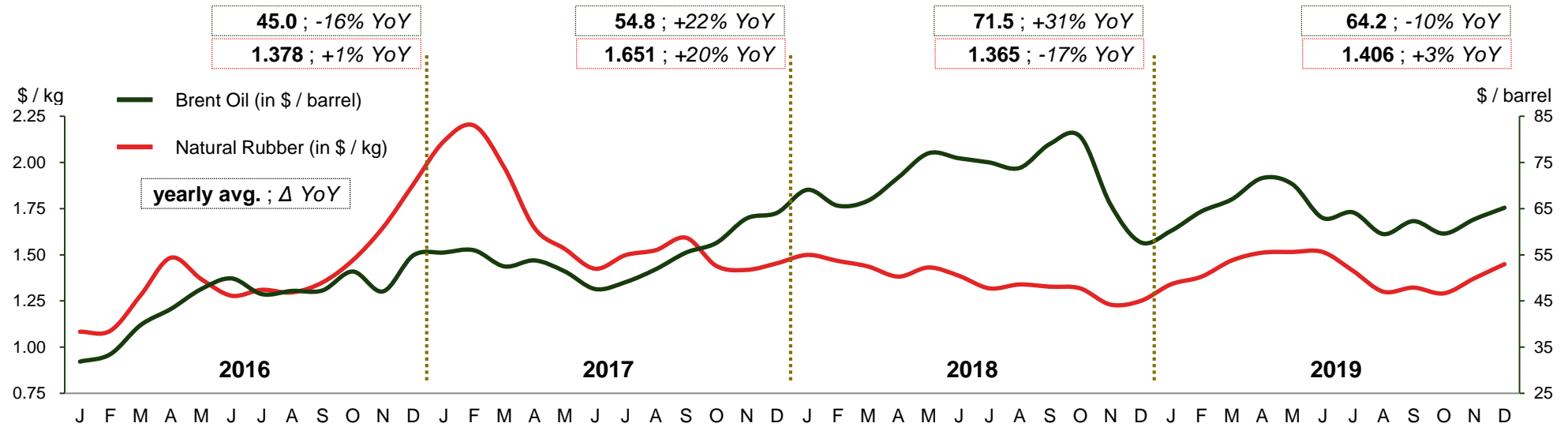
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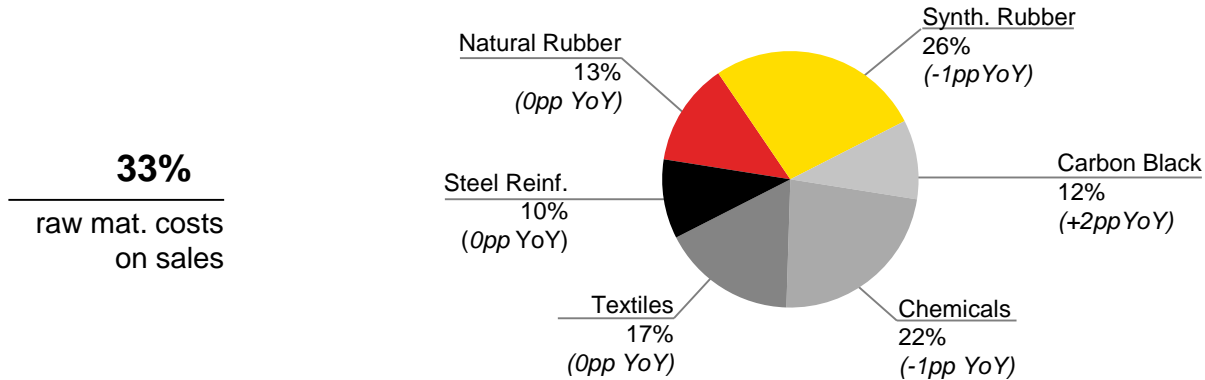


RAW MATERIAL COSTS TREND AND MIX

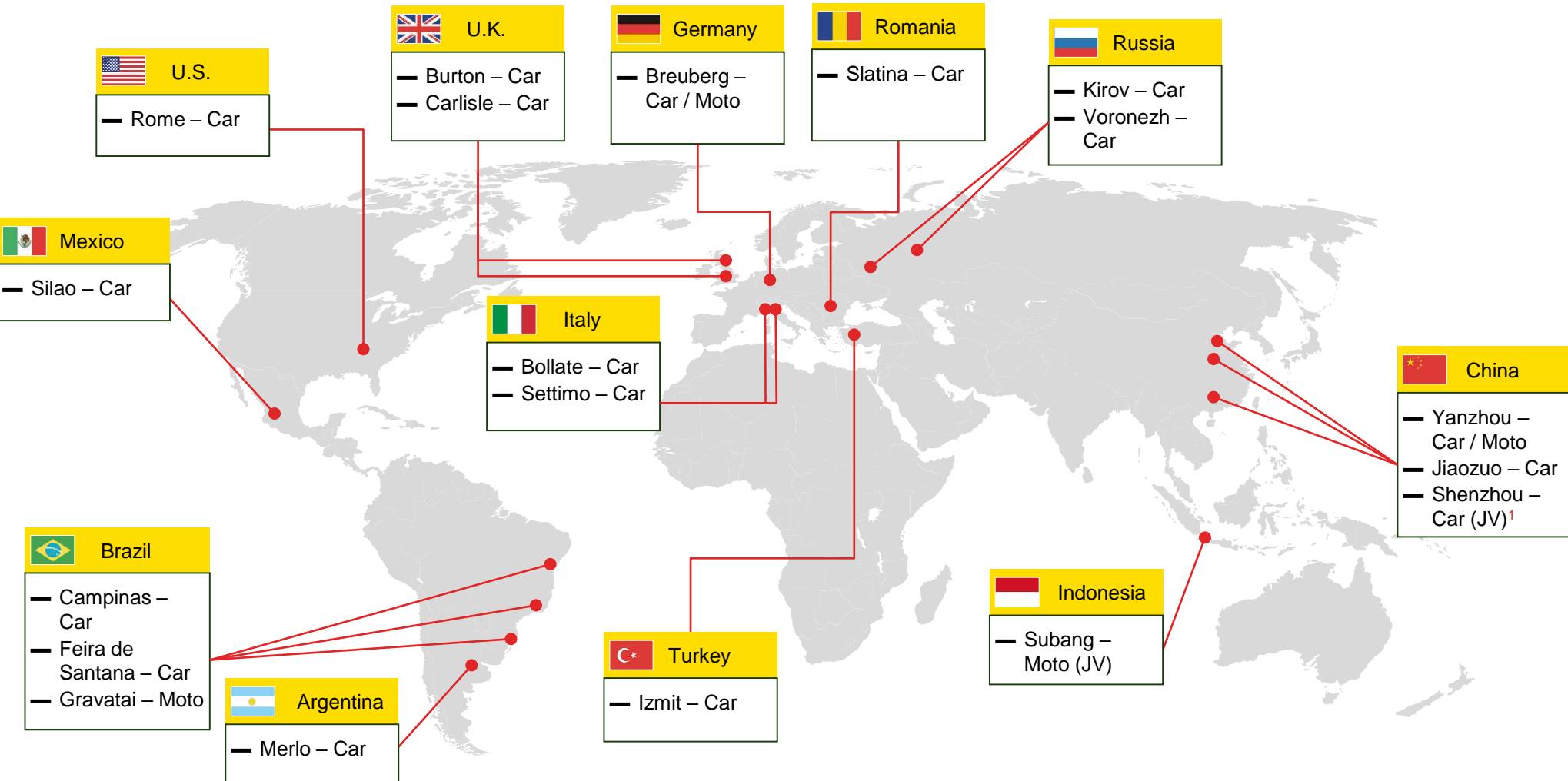
Main raw materials price trend



FY 2019 mix (based on purchasing cost)



MANUFACTURING FOOTPRINT AS OF DECEMBER 31ST, 2019



The word "PIRELLI" is rendered in a large, bold, white sans-serif font. The letters are filled with a blurred, blue-toned image of a city skyline at night, with lights from buildings and streets visible. The background of the entire graphic is a dark blue, blurred cityscape. A white horizontal bar with rounded ends is positioned above the letters.

PIRELLI