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Pirelli & C. S.p.A. announces the success of its offer of €500 million senior unsecured guaranteed equity-linked zero coupon Bonds due 2025

The transaction was multiple times oversubscribed

Milan, 15 December 2020 – Pirelli & C. S.p.A., a joint stock company incorporated under the laws of Italy ("**Pirelli**" or the "**Issuer**"), has successfully priced its offering (the "**Offering**") of EUR 500 million senior unsecured guaranteed equity-linked zero coupon bonds due 2025 (the "**Bonds**"). The transaction was multiple times oversubscribed.

This financing transaction will allow the group headed by Pirelli (the “**Group**”) to optimize its debt profile extending their debt maturities, and to preserve the cash generated from the business, due to the zero coupon. The proceeds deriving from the issue of the Bonds may be used both for the general business of the Group and to refinance part of existing debt.

The Bonds will bear no interest and will be issued at an issue price of 100.0% of par. The conversion price will be EUR 6.235 per Ordinary Share (as defined below), representing a premium of 45.0% above the Reference Share Price of EUR 4.300, which is equal to the placement price of an Ordinary Share in the Concurrent Delta Placement (as defined and further described below).

<u>Bond Conditions</u>

The Bonds will be convertible into ordinary shares of the Issuer (the "**Ordinary Shares**"), subject to the approval by the Issuer's extraordinary shareholders’ meeting (the "**Meeting**") of a capital increase excluding pre-emption rights pursuant to article 2441(5) of the Italian Civil Code to be reserved solely for the service of the conversion of the Bonds (the “**Shareholder Resolution**”). The Meeting will be held no later than 30 June 2021 (the "**Long-Stop Date**") and will be convened in accordance with applicable laws. Subsequently, the Issuer will give notice thereof to holders of the Bonds (the "**Physical Settlement Notice**") informing them that the

Meeting has approved the capital increase for the service of the Bonds.

Application will be made for the Bonds to be admitted to trading on the Vienna MTF, a multilateral trading facility managed by the Vienna Stock Exchange, within 90 days from the issue date.

Prior to the Physical Settlement Notice being given by the Issuer, the Bonds will be redeemable at the option of Bondholders during the Settlement Period (as defined in the Terms and Conditions of the Bonds (the "**Conditions**", that will be available on issue of the Bonds on the website www.pirelli.com in the section "Investors")) at the Cash Settlement Amount (as defined in the Conditions).

If the Shareholder Resolution is not passed by the Long-Stop Date (*i.e.*, 30 June 2021), the Issuer may, by giving a notice to be published no later than the 10th dealing day after the Long-Stop Date, elect to redeem all but not some only of the Bonds at the greater of (i) 101% of the principal amount of the Bonds and (ii) 101% of the Fair Bond Value of the Bonds (as defined in the Conditions).

The Bonds will be guaranteed by Pirelli Tyre S.p.A. (the "**Guarantor**"), subject to the release of the Guarantee (as defined in the Conditions) in the circumstances set out in the Conditions.

The Bonds, which will bear no interest and which will be in registered form in the denomination of EUR 100,000 each, will be issued at an issue price of 100.0% of par. The Bonds will be redeemed at their principal amount at maturity on or about 22 December 2025 (5 years), unless they are previously redeemed, converted or purchased and cancelled prior to maturity in accordance with the Conditions.

Conversion price and redemption

The conversion price per Ordinary Share will be EUR 6.235 (the "**Conversion Price**"), representing a premium of 45.0% above the Reference Share Price of EUR 4.300, which is equal to the placement price of the Ordinary Shares in the Concurrent Delta Placement (as defined and further described below). Based on the Conversion Price, the underlying Ordinary Shares of the Bonds amount to approximately 8% of the outstanding Ordinary Shares (equal to 1,000,000,000 at the date of this press release).

The Issuer will have the right to redeem all but not some only of the Bonds at their principal amount (i) from the day falling 3 years and 15 dealing days after the Issue Date if the Parity Value (as defined in the Conditions) on each of at least 20 dealing days in any period of 30 consecutive dealing days ending not more than 7 calendar days prior to the date on which the relevant notice is given to holders of the Bonds, shall have exceeded EUR 130,000, or (ii) at any time if 80% or more of the Bonds originally issued shall have been converted, redeemed or purchased and cancelled. The Issuer will also have a customary tax call in the event it is required to gross-up payments, subject to Bondholders' right not to be so redeemed and to receive, thereafter, net payments.

Holders of the Bonds will be entitled to require their Bonds to be redeemed at par following a Change of Control or a Free Float Event (each as defined in the

Conditions).

Concurrent Delta Placement

In order to facilitate hedging transactions (if any) by the subscribers of the Bonds, the Joint Global Coordinators (as defined below) simultaneously conducted a so-called accelerated bookbuilding process on the Issuer's Ordinary Shares (the "**Concurrent Delta Placement**") at a placement price of EUR 4.300 per Ordinary Share. The Issuer will not receive any proceeds from the Concurrent Delta Placement.

Lock-up

The Issuer, on behalf of itself and its subsidiaries, and the Guarantor, have agreed to a customary lock-up, ending on the date falling 90 days after the Issue Date (as defined below), in respect of Ordinary Shares and certain related securities and derivative transactions relating to Ordinary Shares, subject to customary exceptions (including pursuant to share options or incentive schemes) and waiver by the Joint Global Coordinators on behalf of the Joint Bookrunners.

Settlement of the Bonds is expected to occur on or about 22 December 2020 (the "**Issue Date**").

Credit Suisse Securities (Europe) Limited and Goldman Sachs International acted as Joint Global Coordinators and Joint Bookrunners of the Offering (the "**Joint Global Coordinators and Joint Bookrunners**"). BNP Paribas, China International Capital Corporation Hong Kong Securities Limited, Intesa Sanpaolo S.p.A., Mizuho International plc, UniCredit Bank AG, Milan Branch also acted as Joint Bookrunners alongside the Joint Global Coordinators (together, the "**Joint Bookrunners**").

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Important Notice

The information contained in this announcement is for background purposes only and does not purport to be full or complete. The information in this announcement is subject to change.

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This announcement has been prepared on the basis that any offer of the securities described herein in the European Economic Area (the "EEA") or the United Kingdom (the "UK") will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "Prospectus Regulation") from the requirement to publish a prospectus for offers of such securities. Accordingly any person making or intending to make any offer in any member state of the EEA or in the UK which are the subject of the placement contemplated in this document may only do so in circumstances in which no obligation arises for the Issuer, Guarantor or the Joint Bookrunners to publish or supplement a prospectus pursuant to the Prospectus Regulation in relation to such offer. Neither the Issuer nor the Joint Bookrunners have authorised, nor do they authorise, the making of any offer of Bonds or Ordinary Shares in circumstances in which an obligation arises for any of them to publish or supplement a prospectus under the Prospectus Regulation.

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***MIFID II PROFESSIONALS/ECPS-ONLY/NO PRIIPS KID**: Solely for the purposes of the product* *governance requirements contained within: (a) EU Directive 2014/65/EU on Markets in Financial Instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EUR) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II product governance requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II product governance requirements) may otherwise have with respect thereto, the Bonds have been subject to a product approval process, which has determined that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.*

The target market assessment is without prejudice to the requirements of any contractual or legal selling restrictions in relation to any offering of the Bonds or the Concurrent Delta Placement.

For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Bonds.

Prohibition of sales to EEA and UK retail investors** - the Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as* defined in point (11) of article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPS Regulation***"*) for offering or selling the Bonds, or otherwise making them available, to retail investors* in the EEA or the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPS Regulation.

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Each prospective investor should proceed on the assumption that it must bear the economic risk of an investment in the Bonds or the Ordinary Shares to be issued or transferred and delivered upon conversion of the Bonds and notionally underlying the Bonds. None of the Issuer, the Guarantor or the Joint Bookrunners make any representation as to (i) the suitability of such securities for any particular investor, (ii) the appropriate accounting treatment and potential tax consequences of investing in such securities or (iii) the future performance of the securities either in absolute terms or relative to competing investments.

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In connection with the Offering of the Bonds and the Concurrent Delta Placement, the Joint Bookrunners and any of their affiliates may take up a portion of the Bonds in the Offering and/or may acquire Ordinary Shares as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such Bonds, Ordinary Shares and other securities of the Issuer, Guarantor, and/or their group or related investments in connection with the Offering, the Concurrent Delta Placement or otherwise.

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The date of admission of the Bonds to the Vienna MTF may be influenced by things such as market conditions. There is no guarantee that admission will occur and you should not base your financial decisions on Pirelli's intentions in relation to admission. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Offering, the Concurrent Delta Placement, the Bonds, the Ordinary Shares or any other securities or any derivative transaction in respect thereof. The value of the Bonds and the Ordinary Shares can decrease as well as increase. Potential investors should consult a professional adviser as to the suitability of the Bonds and the Ordinary Shares for the person concerned.

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