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Testo del comunicato

Vedi allegato.

PRESS RELEASE

PIRELLI & C. S.P.A. BOARD APPROVES CONSOLIDATED RESULTS TO 30 SEPTEMBER 2021

PIRELLI: RESULTS' GROWTH SUPPORTED BY KEY PROGRAMS OF THE 2021-2022|2025 INDUSTRIAL PLAN

9-MONTH REVENUES +28.6%, ADJUSTED EBIT MARGIN AT 15.0% AND NET PROFIT AT 236.2 MILLION EURO

STRENGTHENING OF HIGH VALUE: IN CAR ≥18" GROWTH MARKEDLY HIGHER THAN MARKET (PIRELLI VOLUMES +31%, MARKET +21%)

SIGNIFICANT GROWTH OF PRICE/MIX: +10.9% IN THE THIRD QUARTER AND +6.3% IN 9 MONTHS

HIGH LEVEL OF CASH GENERATION: +104.3 MILLION EURO NET CASH FLOW BEFORE DIVIDENDS IN THIRD QUARTER

First 9 months 2021

- Revenues: +28.6% to 3,979.3 million euro (organic variation +31.0%). High Value revenues accounted for 71.4% of total revenues (71.2% in the first 9 months of 2020) in line with targets
- Total volumes grew 24.7%: High Value volumes +27.8%, Car ≥18" volumes +31% (market +21%) with strengthening of market shares in all Regions. More sustained trend in Car ≥19''with 38% growth (market +27%)
- Price/Mix: +6.3% in the first 9 months of 2021 thanks to price increases and improved product mix, particularly in High Value
- Adjusted Ebit: +113.6% to 598.8 million euro (280.4 million in the first 9 months of 2020), with an Adjusted Ebit Margin of 15.0% (9.1% in the first 9 months of 2020) thanks to the contribution of internal levers
- Net result: +236.2 million euro (-17.8 million euro in the first 9 months of 2020)
- Net cash flow before dividends: -376.7 million euro, an improvement of 368.6 million euro compared to -745.3 million euro in first 9 months of 2020
- Net financial position: -3,714.9 million euro (-3,258.4 million euro on 31 December 2020, -4,252.5 million euro on 30 September 2020)
- Liquidity margin: 1,540 million euro on 30 September 2021, maturities on financial debts guaranteed until the end of first half 2023

Third quarter 2021

- Revenues: 1,414.5 million euro, +10.7% compared with third quarter 2020 (organic variation 10.5% excluding effects of forex/Argentine hyperinflation +0.2%)
- Price/Mix: +10.9% reflecting price increases and improvement of the product and channel mix

- **Volumes: -0.4%, High Value +1.8% (Car ≥18" grew +4% compared with market's -2%, Standard volumes -2.6%, in the context of a weakening market (total car tyre demand -5% because of the effect of the chip crisis on car production and new lockdown measures in Apac)**

- **Adjusted Ebit: 221.4 million euro (213.7 million euro in third quarter 2020), Adjusted Ebit Margin 15.7%, in line with second quarter margin**

- **Net result: +24.7% to 104.6 million euro (+83.9 million euro in third quarter 2020)**

- **Net cash flow before dividends: +104.3 million euro, a marked improvement compared with +12.2 million in third quarter 2020**

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- **Approved syndicated line of 1.6 billion euro to optimize debt profile**

- **Giorgio Luca Bruno nominated manager with responsibility for the preparation of the Company's accounting documents**

2021 TARGETS

- **Upward revision of revenue and cash generation targets, all other 2021 targets confirmed**

- **Revenues expected at between ~5.1 and ~5.15 billion euro, (follows upward revision in August to between ~5.0 and ~5.1 billion euro), with volumes expected at between ~+14% and ~+15% (in line with the previous indication which was revised up in August)**

- **Marked improvement in price/mix to ~+7% (follows upward revision of target in August to between +4.5% and +5%)**

- **Adjusted Ebit Margin confirmed at between ~ 15% and ~15.5% (follows upward revision in August)**

- **Net cash generation before dividends improving to between ~390 and ~410 million euro (in August the targets had been revised up to between ~360 and ~390 million euro)**

- **Investments confirmed at ~330 million euro**

- **Net financial position confirmed at <3 billion euro (follows improved revision in August)**

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Milan, 11 November 2021 – The Board of Directors of Pirelli & C. Spa met today and approved consolidated results for the nine months ended on 30 September 2021, which reflect the recovery in demand and the implementation of "key programs" of the 2021-2022|2025 Industrial Plan. In detail:

- **Commercial Program**
  The first nine months of the year saw a further strengthening of High Value, with a performance in **Car ≥18''** markedly superior to the market's (Pirelli volumes +31% compared with the market's +21%) notwithstanding the slowdown in Original Equipment because of the shortage of semi-conductors. The performance of **Car ≥19''** was particularly sustained (Pirelli volumes +38%, market +27%). The **exposure to electric increased**, with Original Equipment volumes growing by around 10 times compared with the same period in 2020. In addition, the company **consolidated its leadership in China** in the high end, both in Original Equipment and Replacement. Sales of **Standard** recovered (Pirelli Car ≤ 17''volumes grew 17% compared with the market's +12%), with a mix always oriented towards products with higher rim sizes. The price/mix improved: +6.3% in the nine months, with a +10.9% in the third quarter 2021, thanks to the favorable performance of the mix and price increases implemented from the end of the first quarter.

- **Innovation Program**
  Over the course of the first nine months 240 technical homologations were obtained with the main Premium and Prestige car makers (equal to about 71% of the annual target) with around 85% in ≥19” rim sizes and about 45% in Specialties. The renewal of the product range continued with the introduction of 5 regional Replacement lines to respond to the different needs of consumers.

- **Competitiveness Program**
  Phase 2 of the efficiencies plan enabled the achievement of gross benefits of 110 million euro that more than offset the inflation of production factors: 59 million euro net efficiencies, equal to 74% of the annual target. The Competitiveness program involved product cost (*modularity* and *design-to-cost*), manufacturing (completion of the optimization of the industrial footprint and efficiency actions), SG&A costs (optimization of the logistics of the warehouse network and actions on purchase negotiations) and those related to the Organization (*digital transformation*).

- **Operations Program**
  The return to optimal plant saturation levels continues, above 90% in the first nine months of 2021. The restructuring programs regarding the production structure were also concluded with the closure of the factory in Gravataì in Brazil and the subsequent transferal of moto production to Campinas and the reorganization of the factory at Burton-on-Trent in the UK, now focused on semi-finished products.

- **Digitalization Program**
  The actions to transform the company’s key processes by 2023 continued, connecting in real time and integrating internal functions with partners / external clients through digital platforms and models of artificial intelligence.

On the **Sustainability front,** Pirelli continued in its commitment to **safeguarding its people** through the adoption, already begun at the beginning of the pandemic, of anti-Covid prevention and through initiatives – in cooperation with local authorities – to support the vaccine campaign by making available its own structures like Pirelli HangarBicocca. To support the business transformation for the **development of a new generation of researchers** and technicians, Pirelli intensified its **training** activities by launching, in the context of R&D, a Master Course for new hires in collaboration with the Politecnico di Milano. In the second quarter, underlining Pirelli commitment to the **protection of the environment** and **local communities**, the company launched - a world first - the production of tyres with Forest Stewardship Council (FSC) certification. The group’s de-carbonization program continues: 100% of electricity acquired in Europe is renewable. Pirelli’s commitment to ESG is acknowledged at world level with the confirmation of its inclusion, the sole company from the Automotive sector, in the United Nations’ Global Compact LEAD. The company was confirmed, as well, in the Dow Jones Sustainability Index, as a global leader, and in the CDP Climate A list.

In the first nine months of 2021, Pirelli registered growth in the main economic indicators.

Revenues amounted to 3,979.3 million euro, with growth of 28.6% compared with the first nine months of 2020 thanks to the already mentioned performance of demand. Revenues saw organic growth of +31.0% (-2.4% the impact stemming from forex and Argentine hyperinflation). High Value accounted for 71.4% of group sales (71.2% in the first nine months of 2020), in line with the year’s targets.
In the **third quarter of 2021,** revenues came to 1,414.5 million euro, a 10.7% increase compared with the third quarter of 2020 thanks to the positive price/mix performance. Organic revenue growth equaled +10.5% (+0.2% the effect of forex and Argentine hyperinflation).

Revenue variants	1 QTR 2021	2 QTR 2021	3 QTR 2021	9 M 2021
Volumes	+22.2%	+69.9%	-0.4%	+24.7%
-High Value	**+29.3%**	**+68.8%**	**+1.8%**	**+27.8%**
- Standard	**+15.4%**	**+72.9%**	**-2.6%**	**+21.8%**
Price/Mix	+2.3%	+4.0%	+10.9%	+6.3%
Variation on like-for-like basis	**+24.5%**	**+73.9%**	**+10.5%**	**+31.0%**
Forex/Argentine hyperinflation	-6.1%	-1.3%	+0.2%	-2.4%
Total variation	**+18.4%**	**+72.6%**	**+10.7%**	**+28.6%**

The volumes' performance in the first nine months (+24.7%) reflects the recovery in demand in the main Regions and involved High Value in particular (volumes +27.8%) but also Standard (+21.8%), with the strengthening of market share in both segments.

In particular in Car ≥18", Pirelli posted an increase of 31%, above the market's performance (+21%):

- In Original Equipment, growth (+34% compared with the market's +15%) was supported by exposure to Premium and Prestige car makers, the consolidation of the client portfolio in North America and Apac and the growing demand for specific electric vehicle products;
- In the Replacement channel, Pirelli (volumes +30% compared with the market +24%) strengthened its share in the main Regions, thanks to the growth of High Value pull-through volumes and the launch of new dedicated lines.

Volumes of **Car** ≥19" saw marked growth, registering an increase of +38% compared with the market +27%.

Volume growth in **Car ≤17"** in the first nine months (+17%) was also more marked than that of the market (+12%) thanks to the strong recovery in demand in South America.

In the **third quarter of 2021** the performance of global demand for car tyres (-5%) mainly reflects the market decline in Original Equipment (-20%), because of the shortage of semi-conductors; a slight gain in Replacement demand (+1%) which also discounts the impact of new lockdown measures in Apac. In this context, Pirelli volumes were -0.4% with different dynamics by segment: High Value +1.8% and Standard -2.6%. In the **third quarter of 2021** Pirelli volumes in **Car ≥18"** grew 4% compared with a 2% fall in market volumes. In **Car ≤17"** the **volumes'** performance in the third quarter (-6%) was substantially in line with the market (-5%).

There was a sustained contribution from **price/mix** (+6.3% in the first nine months of 2021) thanks to price increases and improved product mixes in both segments, High Value and Standard. In the **third quarter of 2021,** the price/mix saw marked improvement: +10.9% supported by price increases and improved product and channel mix.

The **impact of forex was negative** (taking into account Argentine hyperinflation: -2.4% in the first nine months of 2021 (+0.2% in the third quarter 2021) influenced by the appreciation of the euro against the dollar and the main currencies of emerging markets (in particular South America and Russia).

E-MARKET SDIR CERTIFIED

Profitability

Profitability *(euro millions)*		1 QTR 2021	2 QTR 2021	3 QTR 2021	9 M 2021
Adjusted Ebitda		266.5	307.4	320.1	894.0
	% of sales	*21.4%*	*23.3%*	*22.6%*	*22.5%*
Ebitda		223.5	278.5	304.8	806.8
	% of sales	18.0%	21.1%	21.5%	20.3%
Adjusted Ebit		168.8	208.6	221.4	598.8
	% of sales	13.6%	15.8%	15.7%	15.0%
Ebit		97.4	151.2	177.7	426.3
	% of sales	7.8%	11.5%	12.6%	10.7%

Adjusted ebit in the first nine months of 2021 was 598.8 million euro (280.4 million in the same period in 2020). The adjusted Ebit margin was 15.0%, an improvement compared with 9.1% in the first nine months of 2020 thanks to the contribution of internal levers (volume, price/mix, efficiencies) which more than offset the negatives of the external context (raw materials, inflation, forex impact).

In more detail, in the first nine months of 2021, adjusted Ebit reflects:
- the **positive effect of volumes** (+309.5 million euro);
- the **positive effect of the price/mix** (+150.0 million euro) which more than offset the cost increase of **raw materials** (-113.7 million euro, including the relative forex impact), and the **negative forex impact** (-17.8 million euro);
- the **positive effect of Phase 2 of the Competitiveness Plan** which generated structural efficiencies of 109.7 million euro which more than offset the effects of **inflation** (-50.6 million euro), the "**reversal impact" of the Covid Plan** of -22.7 million euro (equal to the balance between -70.7 million euro of discretionary costs related to activities suspended in 2020 because of the pandemic and the benefits stemming from greater plant utilization equal to 48.0 million euro) and **amortizations** (-8.0 million euro);
- **the increase of Other Costs** (-38.0 million euro in the nine months, mainly concentrated in the first quarter) which is the balance between greater **R&D and marketing costs for High Value** (-33.0 million euro), **greater provisions** (-36.5 million euro) for the long and short term management incentive schemes (the latter cancelled in 2020) and the **benefit** (+31.5 million euro) stemming both from the normalization of costs' seasonality compared with 2020 and the positive impact of the reconstitution of inventories.

In the **third quarter of 2021, Adjusted Ebit** grew 4% to 221.4 million euro, thanks to the contribution of the price/mix that compensated by 1.3 times for the impact of raw materials and forex. The Adjusted **Ebit margin** was 15.7% (in line with the previous quarter, 16.7% in third quarter 2020) and reflects the reversal impact of the Covid action plan of -12.3 million euro.

Ebit was 426.3 million euro (+95.6 million euro in the first nine months of 2020) and includes:
- amortization of intangible assets identified in the context of PPA of 85.3 million euro (substantially in line with the first nine months of 2020);
- one-off, non-recurring and restructuring charges and other of 73.9 million euro (66.2 million euro in the first nine months of 2020) mainly relating to actions to rationalize structures, as well as the retention plan (approved by the Board on 26 February 2018) of 4.6 million euro (6 million euro in the first nine months of 2020);
- direct costs linked to the Covid-19 emergency of 13.3 million euro (32.6 million in the first nine months of 2020), mainly linked to personal protection materials.

The **result from equity investments** was +1.6 million euro compared with -6.1 million euro in the first nine months of 2020.

Net financial charges in the first nine months of 2021 diminished by 6.4 million euro to 106.9 million euro (113.3 million euro in the same period of 2020). The reduction reflects greater charges on central debt - mainly because of the temporary worsening of the leverage due to Covid – more than offset by the benefits stemming from financial management at the local level.

The **cost of debt** on an annual basis (calculated on the last 12 months) was at the end of September 2.41% (1.94% on 31 December 2020) and reflects the company's expectations in 2021 following the dynamics of central debt outlined above.

Taxes in the first nine months of 2021 amounted to -84.8 million euro against a pretax profit of 321 million euro, with a tax rate of 26.4%, in line with the tax rate expected for 2021.

The net result in the first nine of 2021 was +236.2 million euro (compared with a loss of 17.8 million euro in the first nine months of 2020). **In the third quarter of 2021, the net result** was +104.6 million euro (+83.9 million euro in the third quarter of 2020).

The **net cash flow before dividends** in the first nine months of 2021 was -376.7 million euro, an improvement of 368.6 million euro compared with -745.3 million euro in the first nine months of 2020 and 252.2 million euro compared with -628.9 million euro in the first nine months of 2019. The trend was chiefly underpinned by improved **net cash flow from operations management**: -84.5 million euro in the period (compared with -493.3 million in the first nine months of 2020 and -252.1 million in the first nine months of 2019), which benefits, beyond the improved operating result, from lower cash absorption linked to working capital, thanks to the attentive management of inventories (18.8% as a percentage of sales in the last 12 months, in line with the first nine months of 2020 but a two basis point improvement compared with the same period of 2019) and debts' performance (which also benefit from the low level of investments carried out in the fourth quarter of 2020).

The **net cash flow** improved by 288.8 million euro compared with the first nine months of 2020 and was equal to –456.5 million euro (-745.3 million euro in the first nine months of 2020).

In the **third quarter of 2021** the **net cash flow before dividends** was positive 104.3 million euro, compared with +12.2 million euro in the same period of 2020 and +11.6 million euro in the third quarter of 2019, thanks to the already mentioned dynamics of working capital.

The Net Financial Position on 30 September 2021 was -3,714.9 million euro (-3,258.4 million euro on 31 December 2020, -4,252.5 million euro on 30 September 2020 and -3,818.7 million euro on 30 June 2021).

The liquidity margin, 1,540 million euro on 30 September 2021, guarantees the coverage of debt maturities towards banks and other financiers up to the first half of 2023, thanks in part to the company's right to extend bank debt maturing in 2022 for an additional two years.

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2021 Targets

(euro billions)	August 2021	November 2021
Revenues	~5.0÷~5.1	~5.1÷~5.15
Adjusted Ebit Margin	~15%÷~15.5%	~15%÷~15.5%
Investments *% of revenues*	~0.33 *~7%*	~0.33 *~6.5%*
Net cash flow before dividends	~0.36÷~0.39	~0.39÷~0.41
Net financial position *NFP / Adj. Ebitda*	<3.0 *≤ 2.6x*	<3.,0 *≤ 2.6x*
ROIC *post taxes*	≥16%	≥16%

Market outlook and 2021 targets

In 2021 Pirelli foresees an increase in demand for tyres at the global level of about +7%, a decline from the previously indicated +10%, because of the prolongation of the semi-conductor crisis throughout the entire automotive supply chain. In particular, in the **Original Equipment** channel the market is expected to decline by 1% (compared with the previous indication of +6%). On the other hand, the forecast growth of the **Replacement channel is confirmed at** +10% in 2021.

The *High Value* segment is again confirmed as the most resilient with global demand for Car ≥18'' seen growing by 12%. In particular:

- In the **Replacement** channel estimated growth of +18% is confirmed
- In the **Original Equipment** channel the estimate has been revised to +3% (in August +10%)

In the Standard segment, the market is expected to grow by *mid-single-digits* (+6% compared with +8% indicated in August).

In light of the market outlook and results obtained in the first nine months, Pirelli has revised upwards its 2021 revenue and cash generation targets while confirming all the other targets for the year:

- **Revenues between ~5.1 and ~5.15 billion euro** (in August target had been revised up to between ~5.0 and ~5.1 billion euro, with:
    - **Volume growth** between +~14% and +~15% (in line with the previous targets which had been revised up in August,
    - a **marked improvement in price/mix to** ~+7% (in August the target had been revised up to between +4.5% and 5%) thanks to further price increases and a more favourable mix
    - **Impact of exchange rates improved** to -2% (previous indication -2.5% / -2%)

- **Adjusted Ebit margin confirmed at between ~15% and ~15.5%** (target revised up in August). The impact of raw materials – expected to be higher than previous indications – and the effect of exchange rates will be more than offset by the greater contribution from price/mix.

- **Net cash flow before dividends improving to between 390 and 410 million euro** (in August the target was revised up to between 360 and 390 million), thanks to the operating performance and efficient management of working capital.

- **Investments** confirmed at around 330 million euro

- **Net financial position** confirmed at <3 billion euro (target was improved in August)

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Syndicated line of 1.6 billion approved to optimize debt profile

The Board of Directors today approved a syndicated line, which will be finalized in the coming months, for a total of 1.6 billion euro that will be used to refinance and/or substitute bank lines maturing in June 2022. The operation will enable the optimization of the debt profile by lengthening maturities.

Giorgio Luca Bruno nominated manager indicated for the preparation of company accounting documents

The Board of Directors – following the favorable opinion of the Board of Statutory Auditors and the verification of the requisites indicated in the Bylaws – decided to nominate from 11 November 2021 Mr. Giorgio Luca Bruno as the manager indicated for the preparation of company accounting documents, replacing Francesco Tanzi who, as announced to the market on 7 September 2021, will be leaving the Company.
Mr. Giorgio Luca Bruno's curriculum vitae is available on the Company website.
Mr. Giorgio Luca Bruno possesses 500 Pirelli shares.

Significant events after the end of the quarter

On **28 October 2021**, Pirelli announced the launch of 3-year project in the Indonesian forest of Hutan Harapan, in collaboration with the BMW Group and BirdLife International, which entails activities aimed at supporting local communities, conserving the forests and protecting at risk animal species.

Calendar of 2022 Company Events

Pirelli will publish the calendar of 2022 Company events to the market by 31 December 2021.

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Conference call
The results to 30 September 2021 will be illustrated today, 11 November 2021, at 18.30 via a conference call with remarks from the Executive Vice Chairman and CEO of Pirelli & C. SpA, Marco Tronchetti Provera, and the top management. Journalists will be able to follow the presentation by telephone, with the option of asking questions, at **+39 02 805 88 27**. The presentation will also be webcast in real time at the Company website www.pirelli.com in the Investor section where the slides will also be available.

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The intermediate report through 30 September 2021 will be available to the public today at the Company's legal headquarters, as well as published at the Company's website (www.pirelli.com) and at eMarket Storage (www.emarketstorage.com).

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The manager indicated for the preparation of Company's accounting documents of Pirelli & C. S.p.A., Mr. Francesco Tanzi, 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 – Economic data to 30.09.2021

(in millions of euro)		**1/1 - 09/30/2021**	**1/1 - 09/30/2020**
Net sales		**3.979,3**	**3.093,8**
EBITDA adjusted (°)		**894,0**	**577,3**
% of net sales		22,5%	18,7%
EBITDA (°°)		**806,8**	**478,5**
% of net sales		20,3%	15,5%
EBIT adjusted		**598,8**	**280,4**
% of net sales		15,0%	9,1%
Adjustments:	- amortisation of intangible assets included in PPA	(85,3)	(86,0)
	- non-recurring, restructuring expenses and other	(73,9)	(66,2)
	- COVID-19 direct costs	(13,3)	(32,6)
EBIT		**426,3**	**95,6**
% of net sales		10,7%	3,1%
Net income/(loss) from equity investments		1,6	(6,1)
Financial income/(expenses) (°°)		(106,9)	(113,3)
Net income/(loss) before taxes		**321,0**	**(23,8)**
Taxes		(84,8)	6,0
Tax rate %		26,4%	25,0%
Net income/(loss)		**236,2**	**(17,8)**
Eanings/(loss) per share (in euro per share)		0,22	(0,02)
Net income/(loss) adjusted		360,1	115,2
Net income/(loss) attributable to owners of the Parent Company		224,0	(23,5)

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 69.3 million (euro 60.2 million for the first nine months of 2020), to expenses relative to the retention plan approved by the Board of Directors on February 26, 2018 to the amount of euro 4.6 million (euro 6.0 million for the first nine months of 2020), and COVID-19 direct costs to the amount of euro 13.3 million (euro 32.6 million for the first nine months of 2020).

(°°) This item includes the impacts deriving from the application of the accounting standard IFRS 16 – Leases, on EBITDA to the amount of euro +76.2 million (euro +77.6 million for the first nine months of 2020), and on financial expenses to the amount of euro -15.8 million (euro -16.6 million for the first nine months of 2020).

Pirelli – Balance sheet data to 30.09.2021

(in millions of euro)		09/30/2021	12/31/2020	09/30/2020
Fixed assets		**8.822,5**	**8.857,1**	**8.908,8**
	Inventories	973,7	836,4	824,7
	Trade receivables	939,4	597,7	949,1
	Trade payables	(1.043,9)	(1.268,0)	(808,4)
Operating net working capital		**869,2**	**166,1**	**965,4**
% of net sales (*)		16,8%	3,9%	22,0%
	Other receivables/other payables	(29,5)	(25,6)	50,8
Net working capital		**839,7**	**140,5**	**1.016,2**
% of net sales (*)		16,2%	3,3%	23,2%
Net invested capital		**9.662,2**	**8.997,6**	**9.925,0**
Equity		**4.910,9**	**4.551,9**	**4.403,9**
Provisions		1.036,4	1.187,3	1.268,6
Net financial (liquidity)/debt position		**3.714,9**	**3.258,4**	**4.252,5**
Equity attributable to owners of the Parent Company		4.786,9	4.447,4	4.306,3
Investments in intangible and owned tangible assets (CapEx)		213,3	140,0	106,1
Increases in right of use		59,6	68,5	62,2
Research and development expenses		177,3	194,6	143,5
% of net sales		4,5%	4,5%	4,6%
Research and development expenses - High Value		166,3	182,5	135,2
% of High Value sales		5,9%	6,0%	6,1%
Employees (headcount at end of period)		30.523	30.510	30.154
Industrial sites (number)		18	19	19
(°) during interim periods net sales refer to the last twelve months				

Financial statement to 30.09.2021

(in millions of euro)	1 Q		2 Q		3Q		cumulative at 09/30	
	2021	2020	2021	2020	2021	2020	2021	2020
EBIT adjusted	168,8	141,1	208,6	(74,4)	221,4	213,7	598,8	280,4
Amortisation and depreciation (excluding PPA amortisation)	97,7	103,1	98,8	98,1	98,7	95,7	295,2	296,9
Investments in intangible and owned tangible assets (CapEx)	(89,8)	(56,6)	(63,0)	(24,8)	(60,5)	(24,7)	(213,3)	(106,1)
Increases in right of use	(26,7)	(22,9)	(23,2)	(24,1)	(9,7)	(15,2)	(59,6)	(62,2)
Change in working capital / other	(717,2)	(861,2)	73,3	131,9	(61,7)	(173,0)	(705,6)	(902,3)
Operating net cash flow	**(567,2)**	**(696,5)**	**294,5**	**106,7**	**188,2**	**96,5**	**(84,5)**	**(493,3)**
Financial income / (expenses)	(40,0)	(32,5)	(31,8)	(40,6)	(35,1)	(40,2)	(106,9)	(113,3)
Taxes paid	(37,1)	(31,4)	(34,9)	(22,4)	(26,8)	(16,2)	(98,8)	(70,0)
Cash Out for non-recurring, restructuring expenses / other	(28,9)	(20,7)	(40,4)	(28,2)	(33,4)	(42,4)	(102,7)	(91,3)
Differences from foreign currency translation / other	15,9	27,6	(14,9)	(19,5)	11,4	14,5	12,4	22,6
Net cash flow before dividends, extraordinary transactions and investments	**(657,3)**	**(753,5)**	**172,5**	**(4,0)**	**104,3**	**12,2**	**(380,5)**	**(745,3)**
(Acquisition) / Disposals of investments	3,8	-	-	-	-	-	3,8	-
Net cash flow before dividends paid by the Parent Company	**(653,5)**	**(753,5)**	**172,5**	**(4,0)**	**104,3**	**12,2**	**(376,7)**	**(745,3)**
Dividends paid by the Parent Company	-	-	(79,3)	-	(0,5)	-	(79,8)	-
Net cash flow	**(653,5)**	**(753,5)**	**93,2**	**(4,0)**	**103,8**	**12,2**	**(456,5)**	**(745,3)**

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 were as follows:

- **EBITDA:** is equal to EBIT, but excludes the depreciation and amortisation of property, plant and equipment and intangible assets. EBITDA is used to measure the ability to generate earnings, excluding the impacts deriving from investments;
- **EBITDA adjusted:** is an alternative measure to 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 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 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 net income/(loss) from equity investments. EBIT is used to measure the ability to generate earnings, including the impacts deriving from investments;
- **EBIT adjusted:** is an alternative measure to 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 EBIT by revenues from sales and services. This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted:** is calculated by dividing 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 of the adjustments referred to in the previous points;
- **Fixed assets**: this measure is constituted of the sum of the Financial Statement items, *"Property, plant and equipment", "Intangible assets", "Investments in associates and joint ventures", "Other financial assets at fair value through other Comprehensive Income"* and *"Other non-current financial assets at fair value through the Income Statement".* Fixed assets represent the non-current assets included in the net invested capital;
- **Net operating working capital:** this measure is constituted by the sum of *"Inventory", "Trade receivables"* and *"Trade payables";*
- **Net working capital**: this measure is constituted by the net operating working capital, and by other receivables and payables and derivative financial instruments not included in the net financial position. This measure represents the short-term assets and liabilities included in the net invested capital, and is used to measure short-term financial stability;
- **Net invested capital:** this measure is constituted by the sum of (i) fixed assets, and (ii) net working capital. Net invested capital is used to represent the investment of financial resources;
- **Provisions**: this measure is constituted by the sum of *"Provisions for liabilities and charges (current and non-current)", "Provisions for employee benefit obligations (current and non-current)", "other non-current assets", "deferred tax liabilities"* and *"deferred tax assets"*;
- **Net financial debt**: is calculated pursuant to the CONSOB Notice dated July 28, 2006, and in compliance with the ESMA guidelines on disclosure requirements pursuant to the Prospectus Regulation applicable as of May 5, 2021. Net financial debt represents borrowings from banks and other financial institutions net of cash and cash equivalents, of other current financial assets at fair value through the Income Statement, of current financial receivables (included in the Financial Statements under *"Other receivables"),* and of derivative financial instruments included in the net financial position (included in the Financial Statements under *"Derivative financial instruments*" as current assets, current liabilities and non-current liabilities);
- **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 *"Derivative financial instruments"* as current assets), and the non-current derivative financial instruments included in the net financial position (included in the Financial Statements under *"Derivative financial instruments"* as non-current assets*).* Net financial position is an alternative measure to net financial debt 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 but non-utilised credit facilities;
- **Operating net cash flow:** is calculated as the change in the net financial position relative to operations;
- **Net cash flow before dividends, extraordinary transactions and investments:** is calculated by adding the change in the net financial position due to financial and tax management, to the operating net cash flow;
- **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 investments, to the net cash flow before dividends, 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):** this 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:** this is calculated as the ratio between the EBIT adjusted net of tax effects, and the average net invested capital net of provisions that 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", intangible assets relative to assets recognised as a consequence of Business Combinations, deferred tax liabilities relative to the latter, and "Provisions for employee benefit obligations (current and non-current)".

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