

9M 2021 FINANCIAL RESULTS



Milan, November 11th, 2021



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> Industry scenario: positive outlook confirmed, but volatility is increasing

- Solid High Value Replacement demand and healthy pricing environment
- Higher volatility due to supply shortages (e.g. semi-conductor and logistics) and inflation
- Pirelli is fully seizing H.V. market recovery and anticipating external headwinds

> Industrial Plan delivery well on track in all programs

- Commercial: outperformance confirmed in Car ≥ 18 "
- Innovation: product portfolio renewal on-going; increasing homologations in ≥ 19 " and Specialties
- Competitiveness: reached 74% of FY'21 net efficiencies target
- ESG: progressing in our decarbonisation plan targeting 100% renewable electricity¹ worldwide by 2025 and carbon neutrality by 2030

> Solid 3Q results, driving the FY'21 guidance upgrade

- +10.9% price/mix in 3Q driven by price increase and mix improvement across segments
- €104 million Net Cash Flow (7.4% on Sales), supported by a tight working capital management
- Revenues and Net Cash Flow target raised, adjusted EBIT margin confirmed

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MACRO-ECON.



Growth momentum weakening

>+5% Global GDP growth in 2021E, -0.2pp vs. Aug expectations due to supply chain disruptions & ongoing COVID outbreaks

INFLATION



Rising rate

Global inflation +3.7% in 2021E (Ind. Plan +2.3%) with headwinds on raw mat., energy, transportation & labour costs

TYRE DEMAND



High Value demand outlook confirmed

FY'21E Car $\geq 18''$ demand +12% YoY, with sound Repl. (+18%)
O.E. revised downwards

TYRE PRICING



Supportive pricing environment

Additional price increases implemented in 3Q & October across Regions by all players

Pirelli is intensifying actions with all levers to counter external headwinds, i.e.:

- I. Price/mix improvement to offset Raw Mat. and FX
- II. Competitiveness Plan to more than cover inflation increase
- III. A well structured action plan to mitigate supply chain volatility impact

INDUSTRIAL PLAN DELIVERY, WELL ON TRACK ON ALL PROGRAMS



PLAN TARGETS

9M MAIN ACHIEVEMENTS



Commercial

- Capture H.V. rebound & gain share
- Growing exposure to higher rims and technologies

- **Vol. +10 pp vs. Car ≥18" market**
- **66% weight of ≥19" (+3pp YoY)¹**
- **Elect volumes ~10x vs. 9M'20 levels**



Innovation

- Homologations in ≥19" and Specialties
- Speeding-up product pipeline with focus on Regional lines

- **~85% homologations ≥19", o/w ~45% Specialties**
- **Product launches on going**, with 5 new lines to tackle different regional Consumer needs (All-seasons, Winter, push-lines)



Competitiveness

- Wave 2 program: €155M gross savings in FY'21 (4% of '20 baseline), €80M net

- **€110M gross savings (€59M net)**



Operations

- Completion of footprint rationalization and volumes ramp-up to full saturation

- **Completed plant restructuring**, with Gravatai closure (in 3Q) and Burton reorganization (in 2Q)
- Capacity **utilization** confirmed **above 90%**



ESG

- Progressing our decarbonization Plan
- Nurture Environment & Communities
- Leadership among ESG evaluations

- **100% renewable power in EU²**
- Pirelli, BMW & Birdlife project for **de-forestation free natural rubber in Indonesia**
- Confirmed in the **UN Global Compact LEAD list - the only Automotive company**

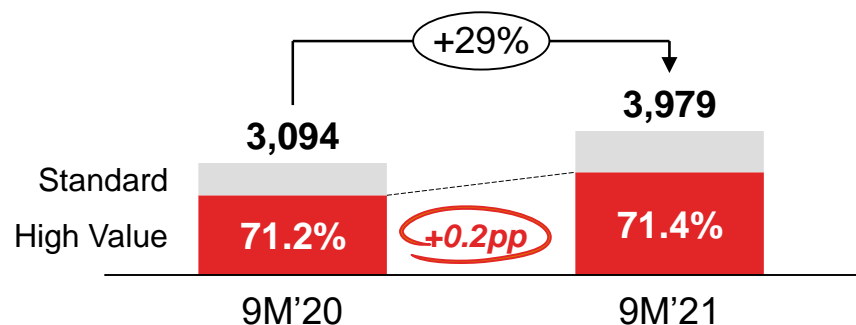


PIRELLI 9M 2021 RESULTS HIGHLIGHTS

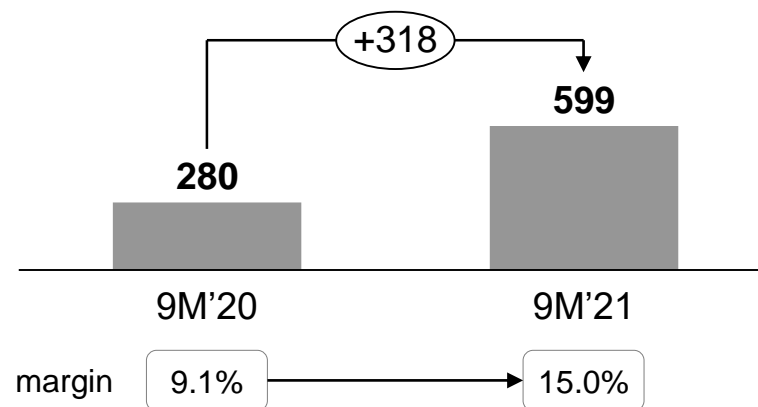


€ million

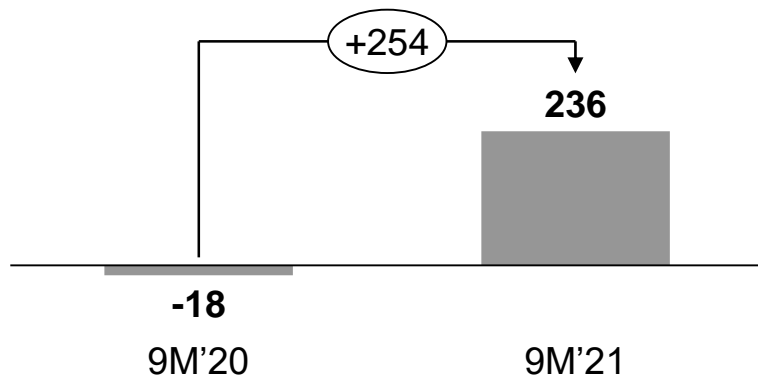
Net Sales



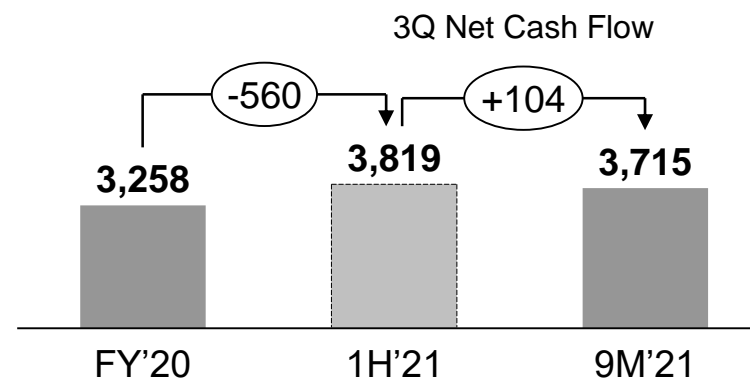
adjusted EBIT¹



Net Income



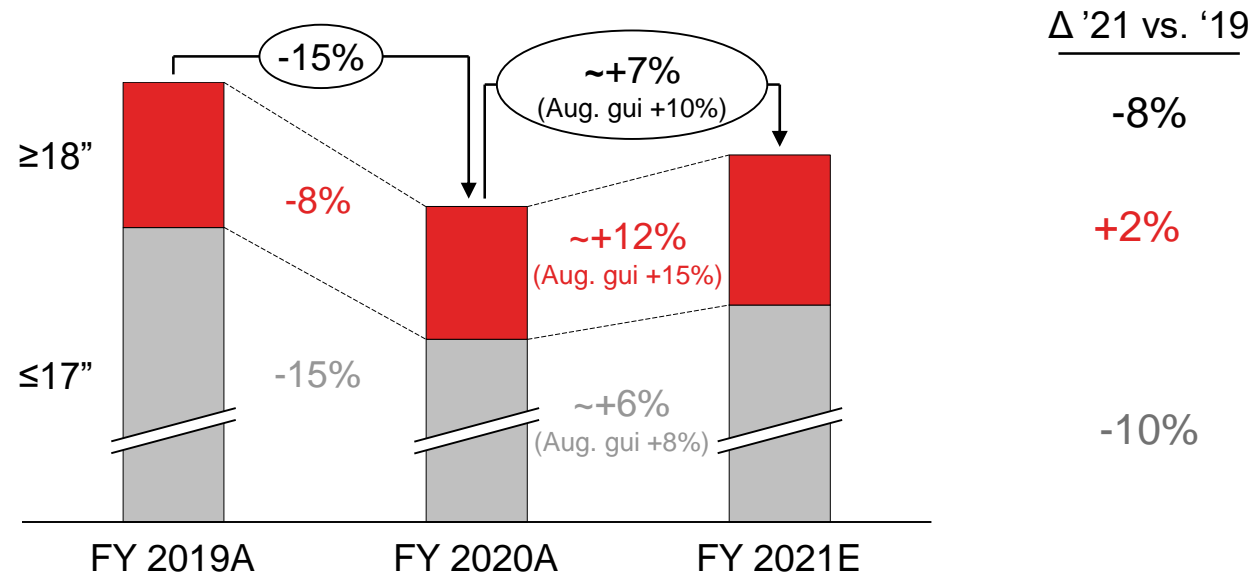
Net Financial Position



¹. before amortization of PPA, non-recurring items, restructuring costs & other adjustments



FY 2021 CAR TYRE MARKET OUTLOOK UPDATE



> Lower 2021 Car market growth, mainly due to weaker O.E.

- **O.E. impacted by chip shortage** (O.E. total -1% YoY vs. +6% Aug. outlook; O.E. ≥18\"/>
- **Repl. ≥18\"/>**

> **Pirelli 2021E volumes growth confirmed** (~+14%÷~+15% YoY) benefitting from exposure to High Value where we are gaining share.

PIRELLI FY 2021 TARGETS UPDATE



€ billion

	2020 A	@ 5-Aug 2021 E	@ 11-Nov 2021 E
Net Sales	4.3	~5.0 ÷ ~5.1	~5.1 ÷ ~5.15
adj. EBIT margin	11.6%	~15% ÷ ~15.5%	confirmed
CapEx (% of Sales)	0.14 (3.3%)	~0.33 (~7%)	~0.33 (~6.5%)
Net Cash Flow bef. Dividends	0.21 ¹	~0.36 ÷ ~0.39	~0.39 ÷ ~0.41
Net Financial Position NFP / adj. EBITDA	3.3 3.65x	<3.0 ≤2.6x	confirmed
ROIC Post taxes	10.4%	≥16%	confirmed

- **Volumes** ~+14% ÷ ~+15%
(Aug. guid. *confirmed*)
- **Price/mix** ~+7%
(Aug. guid. ~+4.5% ÷ ~+5%)
- **FX** ~-2%
(Aug. guid. ~-2.5% ÷ ~-2%)



1 | 2021 SCENARIO, STRATEGY & TARGETS

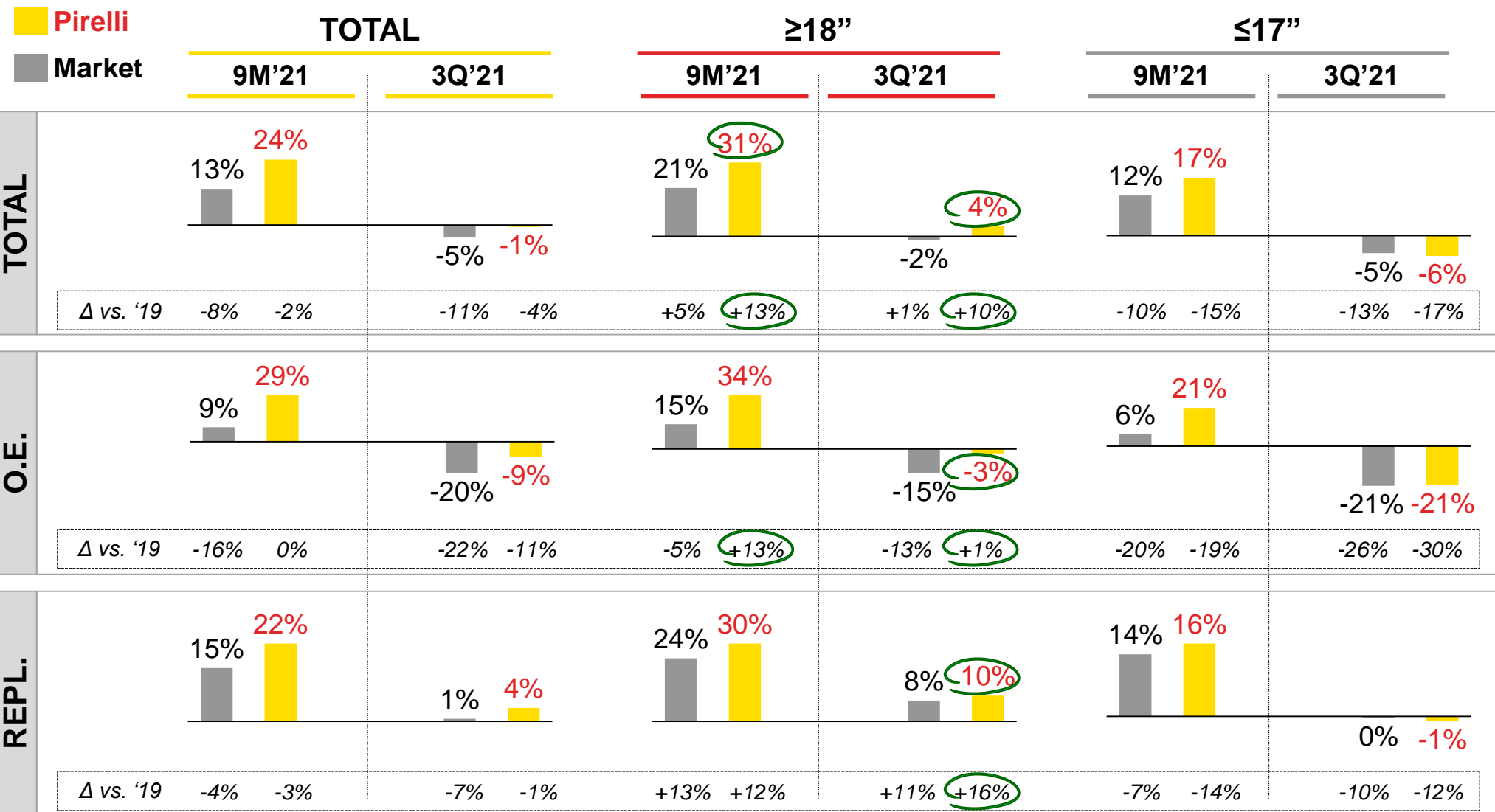
2 | **9M 2021 MARKET AND PIRELLI PERFORMANCE**

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CAR TYRE MARKET AND PIRELLI PERFORMANCE

H.V. market > 2019 level, with solid Repl. demand; O.E. impacted by chip shortage
 Pirelli outperformance confirmed in 3Q, despite a tough comparison base



COMMERCIAL PROGRAM PROGRESS

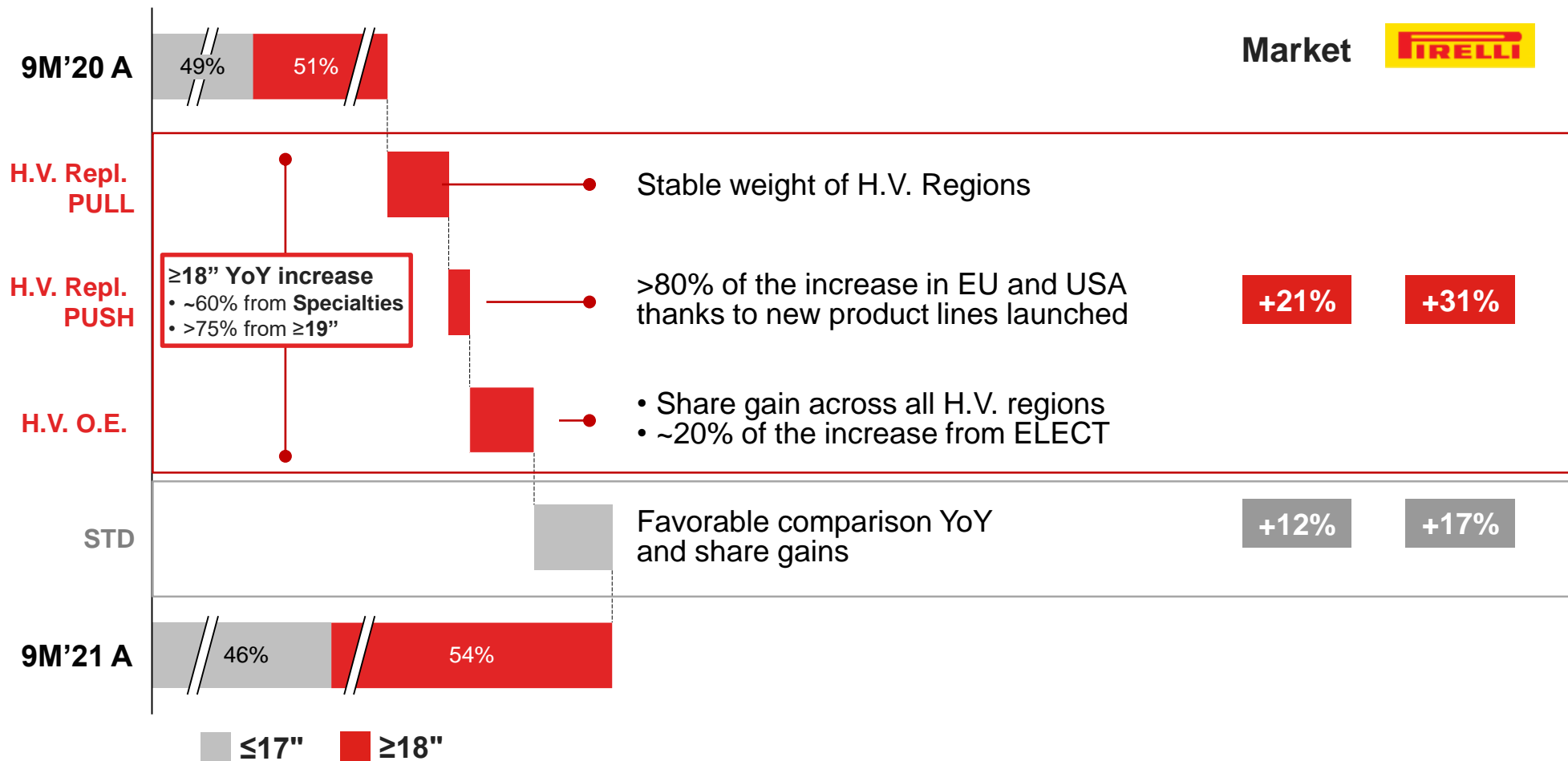


Strong over-performance mainly driven by $\geq 19''$ and Specialties

9M 2021A Volume variance (Car)

Key Programs Highlights

Volume trend



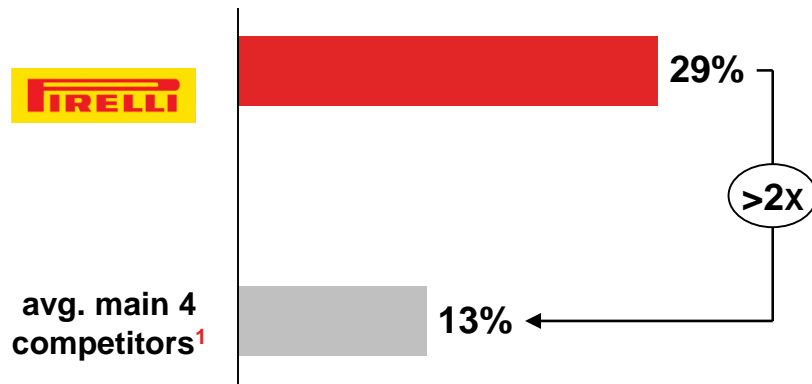
INNOVATION PROGRAM PROGRESS (1/2)



World's leading OEMs in Munich motor show chose Pirelli tyres for their EV cars

Leader in EV at Munich Motor show

Coverage of EVs on display



Key partner of the most important Premieres

	Porsche Taycan		BMW iX BMW i4 BMW the iX
	ID.4 GTX ID.5 GTX		EQE 350 Maybach S680 EQG
	Mach-E GT		Air
	EV400 AWD		Grandsphere Concept
	Precept Vision		

Pirelli FSC-certified tyres on display for the first time



BMW iX5 Hydrogen,
275/35R22 P-zero FSC / 315790R22 P-zero

Pirelli P Zero - with FSC-certified natural rubber & rayon - fitted on:

- New BMW iX5 Hydrogen
- BMW X5 xDrive45e Plug-In Hybrid



INNOVATION PROGRAM PROGRESS (2/2)

in 3Q, completed the Cinturato family renewal

Cinturato™
WINTER 2

SAFETY AND COMFORT
IN WINTER CONDITIONS



- Winter tyre for medium-sized cars and CUVs
- More Safety and Comfort with extendable tyre sipes, a Pirelli pioneered technology
- More mileage thanks to an innovative compound
- Developed with virtual simulation
- Eco-friendly tyre: low R. Resistance (B/C on EU label), low noise (A/B on EU label)



The Elect-marked Cinturato Winter 2 is available in selected sizes....



SEAL INSIDE™

.....as well as on Pirelli's cutting-edge Seal Inside technology.



The Cinturato Winter 2 offers market-leading performance in all sorts of winter weather, as proven by renowned German certification board TÜV SÜD, which has awarded Pirelli's new tyre its Performance Mark¹

9M 2021 RESULTS

Milan, November 11th, 2021



ESG: PIRELLI, BIRDLIFE & BMW FOR DEFORESTATION FREE RUBBER IN INDONESIA



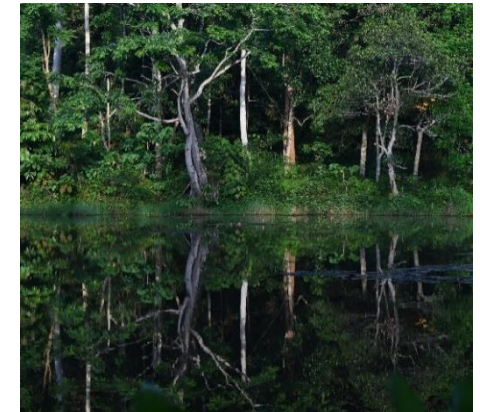
An additional milestone in our natural rubber sustainability journey, after producing the first ever FSC certified tyre in 2Q

3-year partnership project in Hutan Harapan rainforest (island of Sumatra), home to ~1,350 different animal species



Objectives:

- conserving a deforestation-free area of 2,700 hectares
- improving indigenous communities' quality of life
- promoting women's rights
- improving natural rubber quality
- Protecting endangered animal species



Project Activities - in line with Global Platform of Sustainable Natural Rubber¹ goals

- Agroforestry
- Care and protection of animals
- Local community engagement & female empowerment
- Forest protection
- Good Agricultural practices
- Traceability and use of sustainable natural rubber



COMPETITIVENESS PROGRAM PROGRESS



9M'21 efficiencies delivery in line with Industrial Plan targets

		Wave 1 - '20	Wave 2 - '21-22			
		FY'20	focusing on:	'21-'22	FY'21	o/w 9M'21
Product Cost			<ul style="list-style-type: none"> ▶ Modularity ▶ Design speed and virtualization 		~50% in 1H	
Manufacturing			<ul style="list-style-type: none"> ▶ Footprint optimization ▶ Industrial IOT and flexible factory 		mostly in 2Q (YoY recovery)	
SG&A			<ul style="list-style-type: none"> ▶ Logistics network redesign and service differentiation ▶ Procurement rationalization 		mostly in 2H	
Organization			<ul style="list-style-type: none"> ▶ Digital Processes and Organization transformation 		mostly in 2H	
Total Gross Impact as% of cost baseline		~€160M ~3.5% of baseline '19		~€310M ~8.0% of baseline '20	~€155M ~4.0% of baseline '20	~€110M ~2.9% of baseline '20
Total Net Impact as% of cost baseline		~€110M ~2.5% of baseline '19		~€170M ~4.5% of baseline '20	~€80M ~2.1% of baseline '20	~€59M ~1.6% of baseline '20



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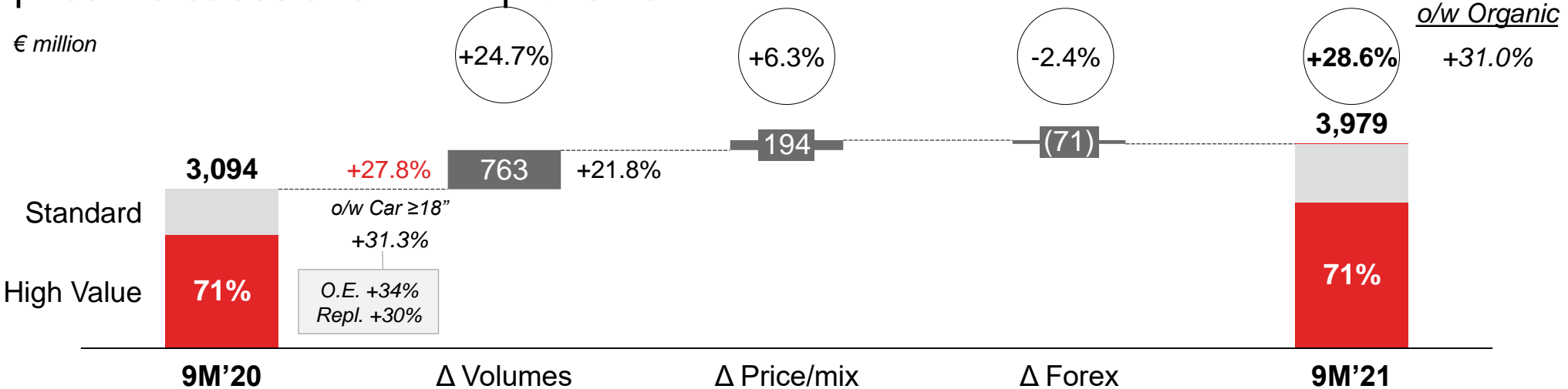
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9M 2021 NET SALES BRIDGE

Top line supported by strong commercial performance; record 3Q price/mix driver price increases and mix improvement



€ million



	High Value	Standard				
3Q'21	+1.8%	-0.4%	-2.6%	+10.9%	+0.2%	+10.7%
	o/w Car ≥18" +4.4%					+10.5%
	O.E. -3% Repl. +10%					
2Q'21	+68.8%	+69.9%	+72.9%	+4.0%	-1.2%	+72.6%
	o/w Car ≥18" +73.9%					+73.8%
	O.E. ¹ +98% Repl. ¹ +60%					
1Q'21	+29.3%	+22.2%	+15.4%	+2.3%	-6.1%	+18.4%
	o/w Car ≥18" +33.3%					+24.5%
	O.E. +36% Repl. +31%					

9M 2021 RESULTS

Milan, November 11th, 2021

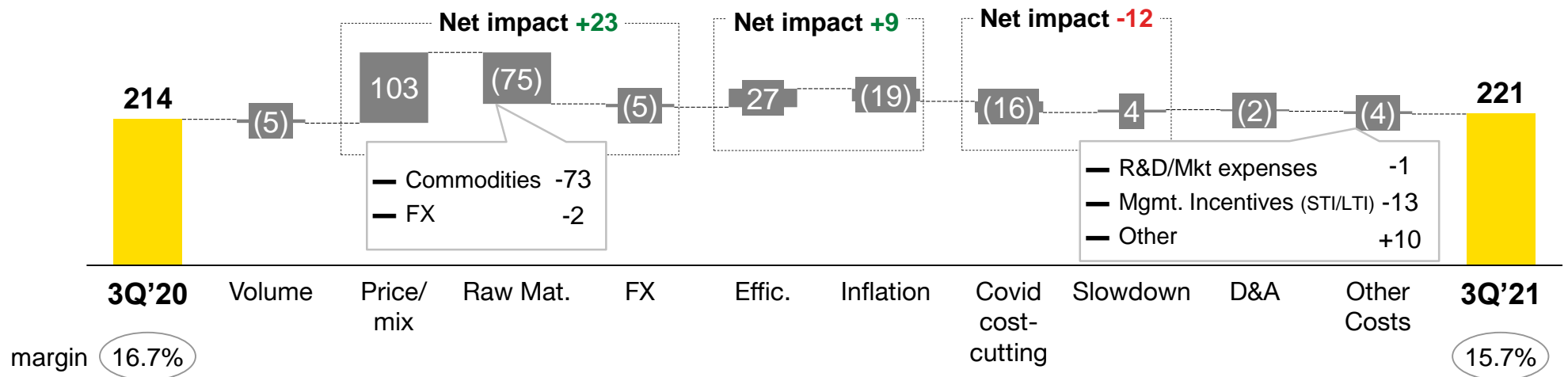
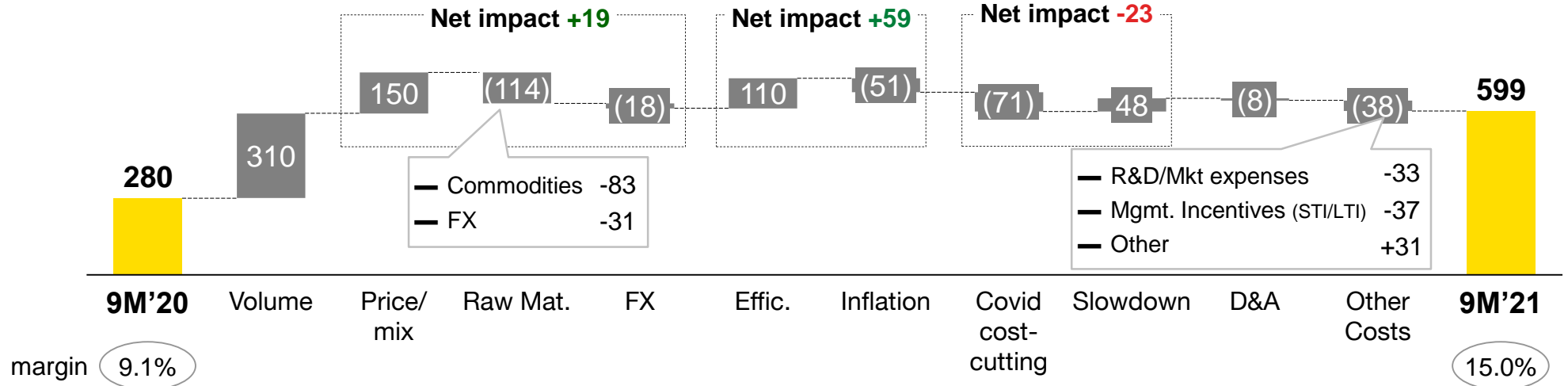


1. Car ≥18" 2Q'20: -35%, -43% O.E., -30% Repl.

9M / 3Q 2021 ADJUSTED EBIT BRIDGE

Strong Internal levers contribution offsetting external headwinds, 3Q margin YoY trend impacted by the reversal of 2020 COVID actions

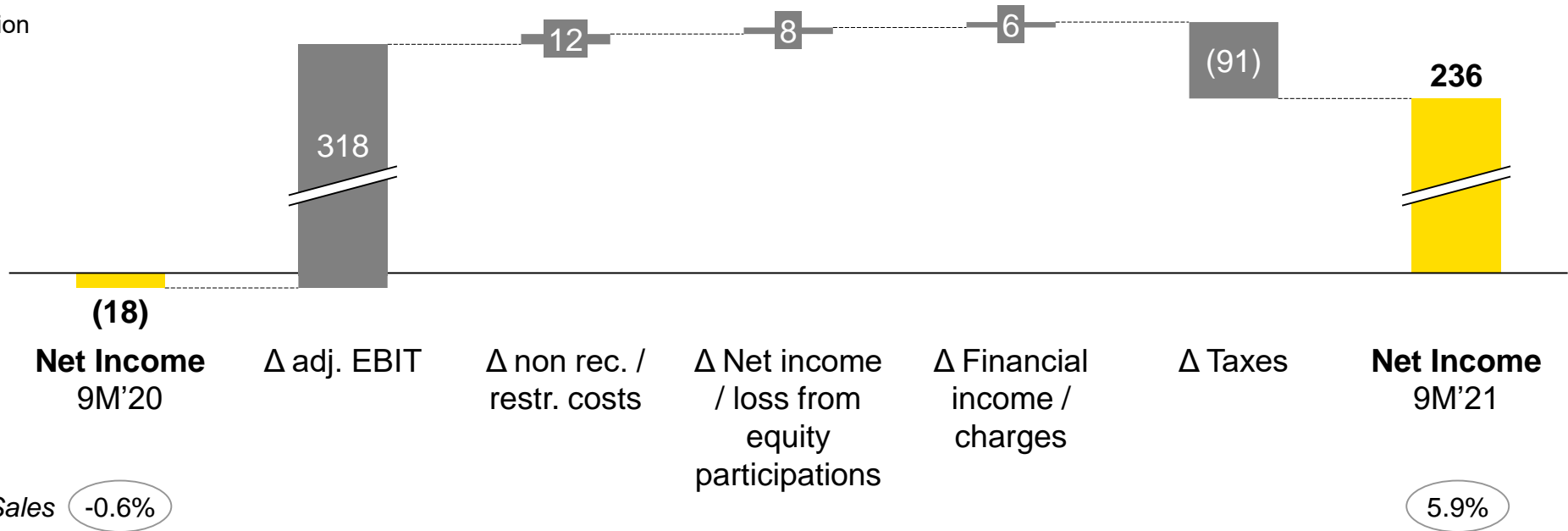
€ million



9M 2021 NET INCOME BRIDGE

Earnings driven by improving operating performance

€ million



	9M'20	9M'21
Net Income reported	-18	236
PPA amortization	+86	+85
Non recurring / restr. costs / other adj.	+99	+87
Taxes impact	-52	-49
Adj. Net Income	115	360

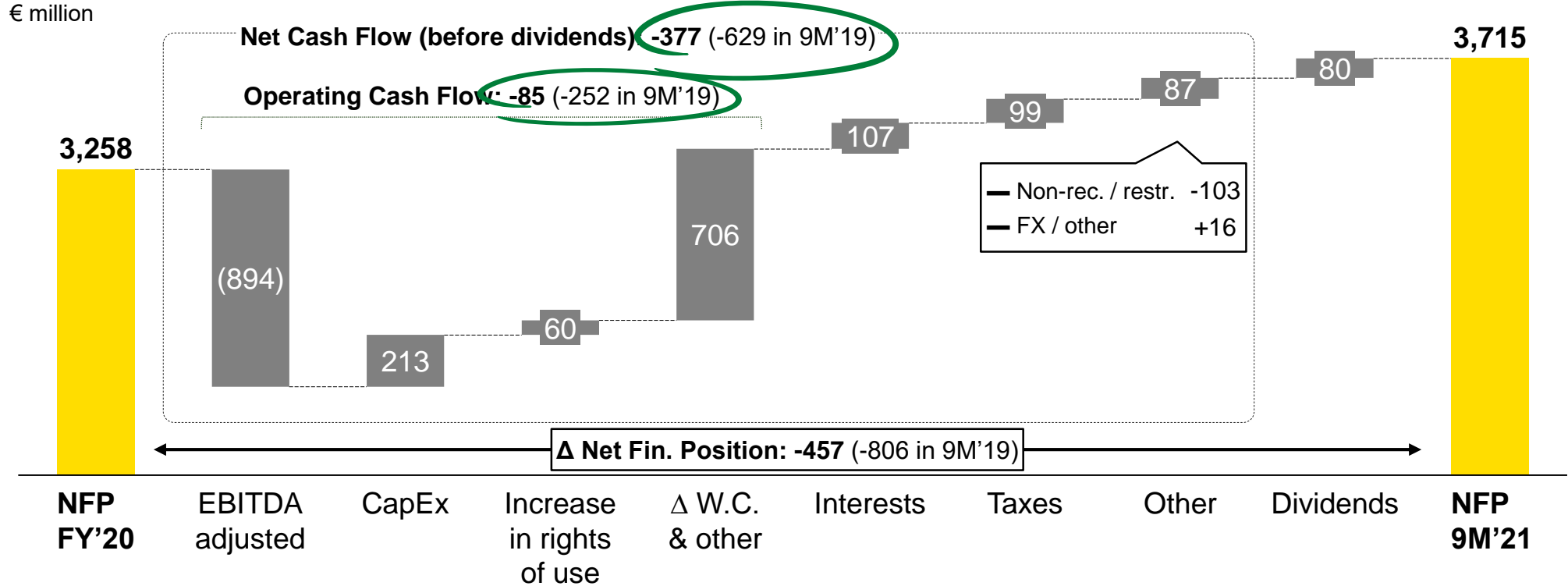
incl. 33 of COVID-19 direct costs (for Non recurring / restr. costs / other adj. in 9M'20)

incl. 13 of COVID-19 direct costs (for Non recurring / restr. costs / other adj. in 9M'21)

9M'21 NET FINANCIAL POSITION

Cash Flow better vs. 9M'19, due to Working Capital management

€ million



3Q'21 Net C.F. (before dividends)

EBITDA adjusted	320
Capital expenditures	-61
Increase in rights of use	-10
Change in WC / other	-62
Taxes / Interests	-62
Other	-22
Total	104

12 in 3Q'19

9M'21 Working Capital trend

- Inventories** at 19%¹ of Sales stable YoY and vs. 1H'21 (-2pp vs. 9M'19)
- Trade receivables** at 18%¹ of Sales (stable vs. 9M'19) increasing in 3Q due to the seasonality of the business
- Trade payables** at 20%¹ of Sales (22%¹ in 9M'19), increasing in 3Q coherently with the recovery of the business

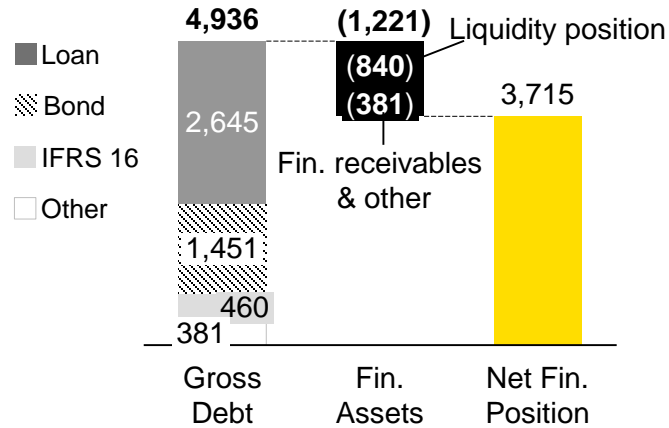
PIRELLI CAPITAL STRUCTURE AS OF SEPT. 30TH 2021



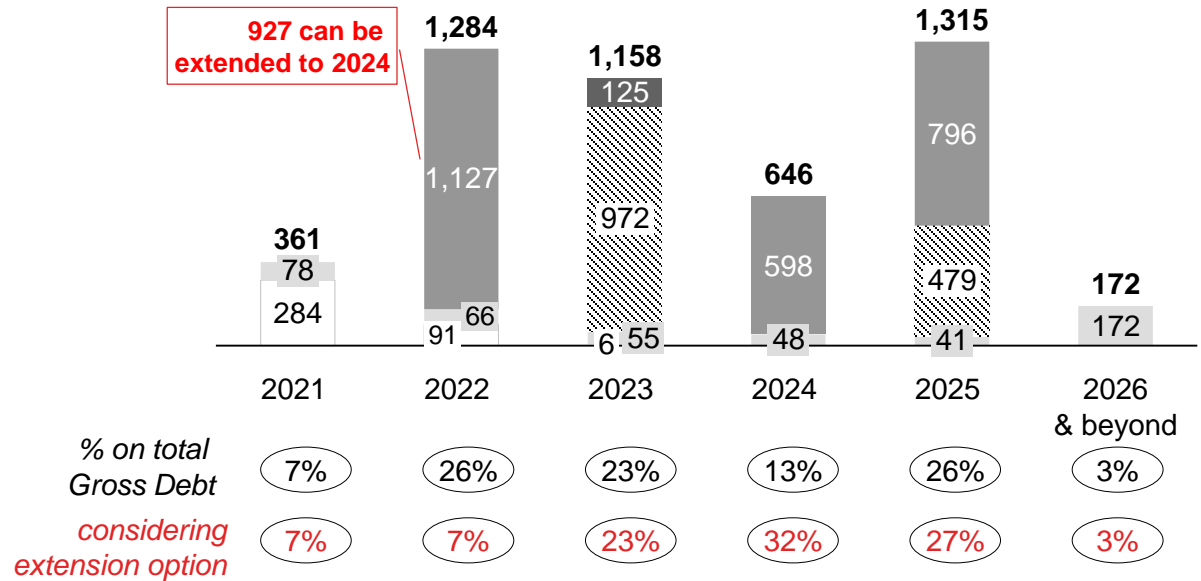
Liquidity Margin covering maturities until 1H'23, considering the extension option
 Cost of debt trend in line with FY'21 assumptions

€ million

Net Financial Position



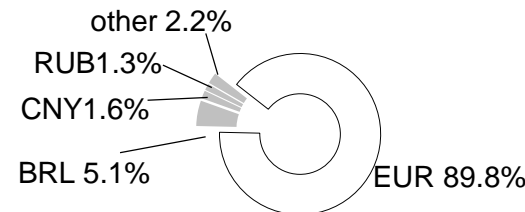
Gross Debt maturity



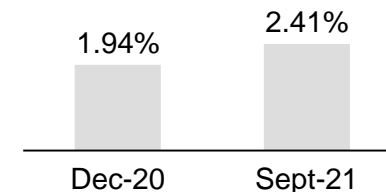
Liquidity profile

Liquidity position ¹	840
Committed lines not drawn	700
Liquidity margin	1,540

Break-down by currency



Cost of Debt (last 12 months)



9M 2021 RESULTS

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PIRELLI LEADING POSITION IN SUSTAINABILITY RANKINGS & INITIATIVES



Major sustainability ratings (Nov-21)	last update	score	positioning in the reference sector
Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	2020	84	#1 ATX Auto Components
Sustainability Award Gold Class 2021 	2021	Gold class	#1 Max score
	2020	A	#1 Max score
	2021	AA	#2 Auto Components (PI #2 / 36)
	2021	4.5 / 5	#1 Auto & Parts / Tyres
	2021	LEAD	#1 Max score
	2021	10.4	#3 Auto Components (PI #3 / 209)
	2020	B-	#1 Auto Components (PI #1 / 78)
	2021	Platinum	n.a.
	2020	Advanced	#2 Automobiles (PI #2 / 40)



PIRELLI 3Q / 9M RESULTS HIGHLIGHTS



€ million

	3Q'20	3Q'21	Δ YoY	9M'20	9M'21	Δ YoY
Revenues	1,277	1,414	+10.7%	3,094	3,979	+28.6%
<i>Organic Growth¹</i>			<i>+10.5%</i>			<i>+31.0%</i>
High Value Revenues	918	997	+8.7%	2,203	2,842	+29.0%
adj. EBITDA ²	309	320	+3.5%	577	894	+54.9%
<i>Margin</i>	<i>24.2%</i>	<i>22.6%</i>	<i>-1.6pp</i>	<i>18.7%</i>	<i>22.5%</i>	<i>+3.8pp</i>
adj. EBIT³	214	221	+3.6%	280	599	<i>n.m.</i>
<i>Margin</i>	<i>16.7%</i>	<i>15.7%</i>	<i>-1.0pp</i>	<i>9.1%</i>	<i>15.0%</i>	<i>+5.9pp</i>
PPA amortization	(29)	(28)		(86)	(85)	
Non recurring & restructuring costs	(33)	(15)		(99)	(87)	
EBIT	152	178		96	426	
<i>Margin</i>	<i>11.9%</i>	<i>12.6%</i>		<i>3.1%</i>	<i>10.7%</i>	
Results from Equity Investments	(1)	(0)		(6)	2	
Financial Income (Charges)	(40)	(35)		(113)	(107)	
EBT	111	142		(24)	321	
<i>Tax Rate</i>	<i>24.2%</i>	<i>26.4%</i>		<i>25.0%</i>	<i>26.4%</i>	
Net Income	84	105		(18)	236	
Net Income adjusted ³	129	136		115	360	

PIRELLI BALANCE SHEET



€ million

	30-Sept-2020	31-Dec-2020	30-Sept-2021
Fixed assets (before IFRS 16)	8,465	8,423	8,396
Right of use IFRS 16	444	434	427
Fixed assets (incl. IFRS 16)	8,909	8,857	8,823
<i>Inventories</i>	825	836	974
<i>Trade receivables</i>	949	598	939
<i>Trade payables</i>	(808)	(1,268)	(1,044)
Operating net working capital	965	166	869
Other receivables / payables	51	(26)	(29)
Net Working Capital	1,016	141	840
Total net invested capital	9,925	8,998	9,662
Equity	4,404	4,552	4,911
Provisions	1,269	1,187	1,036
Net Financial Position (excl. IFRS 16)	3,780	2,793	3,256
Lease Obligations (IFRS 16)	472	466	459
Net Financial Position (incl. IFRS 16)	4,252	3,258	3,715
Total financing and shareholders' equity	9,925	8,998	9,662

PIRELLI 3Q / 9M GROUP CASH FLOW



€ million

	3Q'20	3Q'21	9M'20	9M'21
Adjusted EBIT ¹	214	221	280	599
Depreciation & Amortization (excl. PPA amortization)	96	99	297	295
Capital expenditures	(25)	(61)	(106)	(213)
Rights of use (IFRS 16)	(15)	(10)	(62)	(60)
Change in working capital / other	(173)	(62)	(902)	(706)
Operating Cash Flow	97	188	(493)	(85)
Financial income / (expenses)	(40)	(35)	(113)	(107)
Taxes paid	(16)	(27)	(70)	(99)
Cash-out for non recurring items and restructuring costs	(42)	(33)	(91)	(103)
Exchange rates difference / other	15	11	23	12
Net cash flow before dividends & extraordinary operations	12	104	(745)	(381)
Financial asset disposals / (acquisitions)	-	-	-	4
Net cash flow before dividends	12	104	(745)	(377)
Dividends paid	-	(1)	-	(80)
Net cash flow	12	103	(745)	(457)



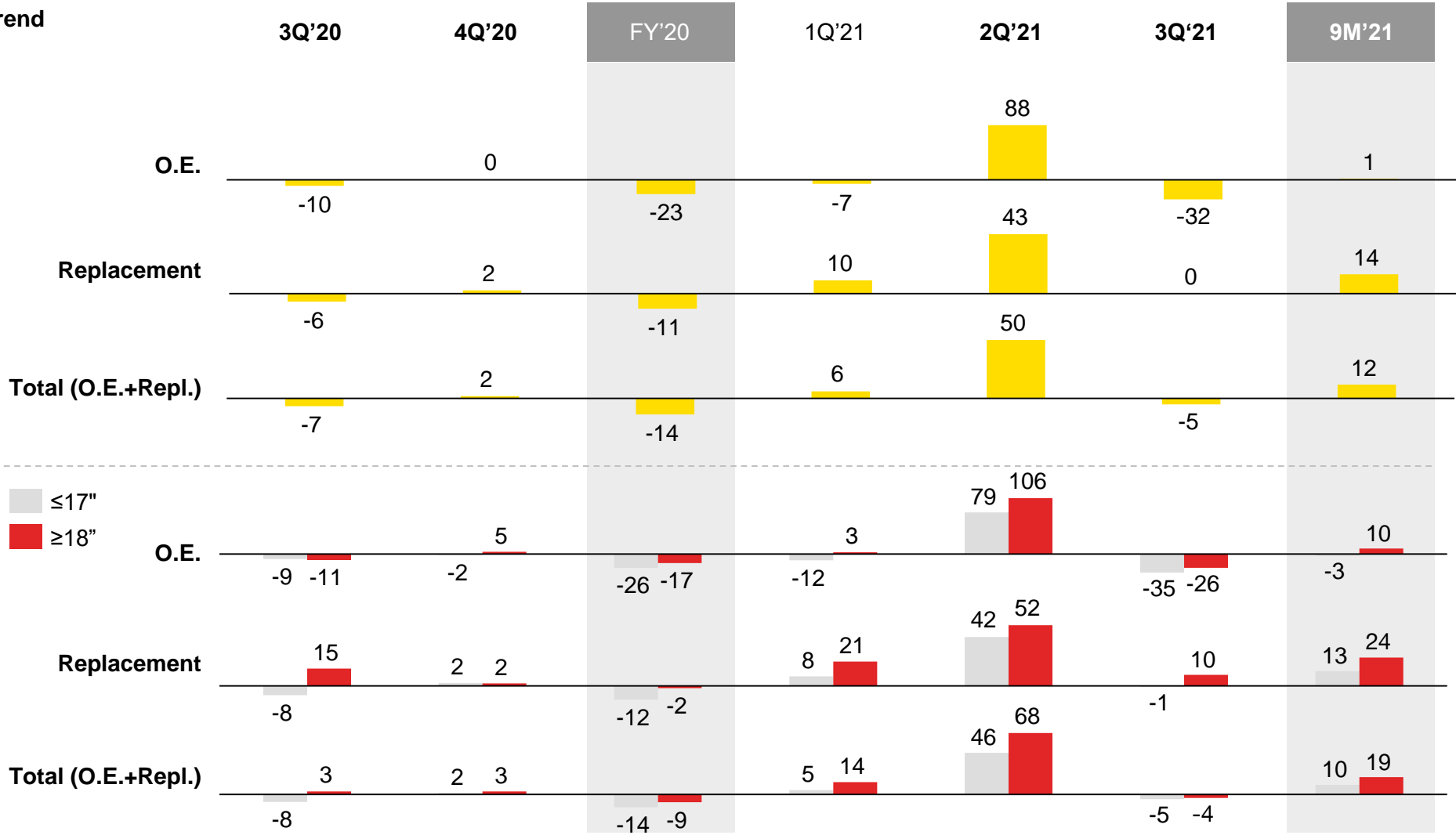
KEY CAR MARKET TRENDS: EUROPE



Market trend
Δ% YoY

Total Car market

≥18" & ≤17"



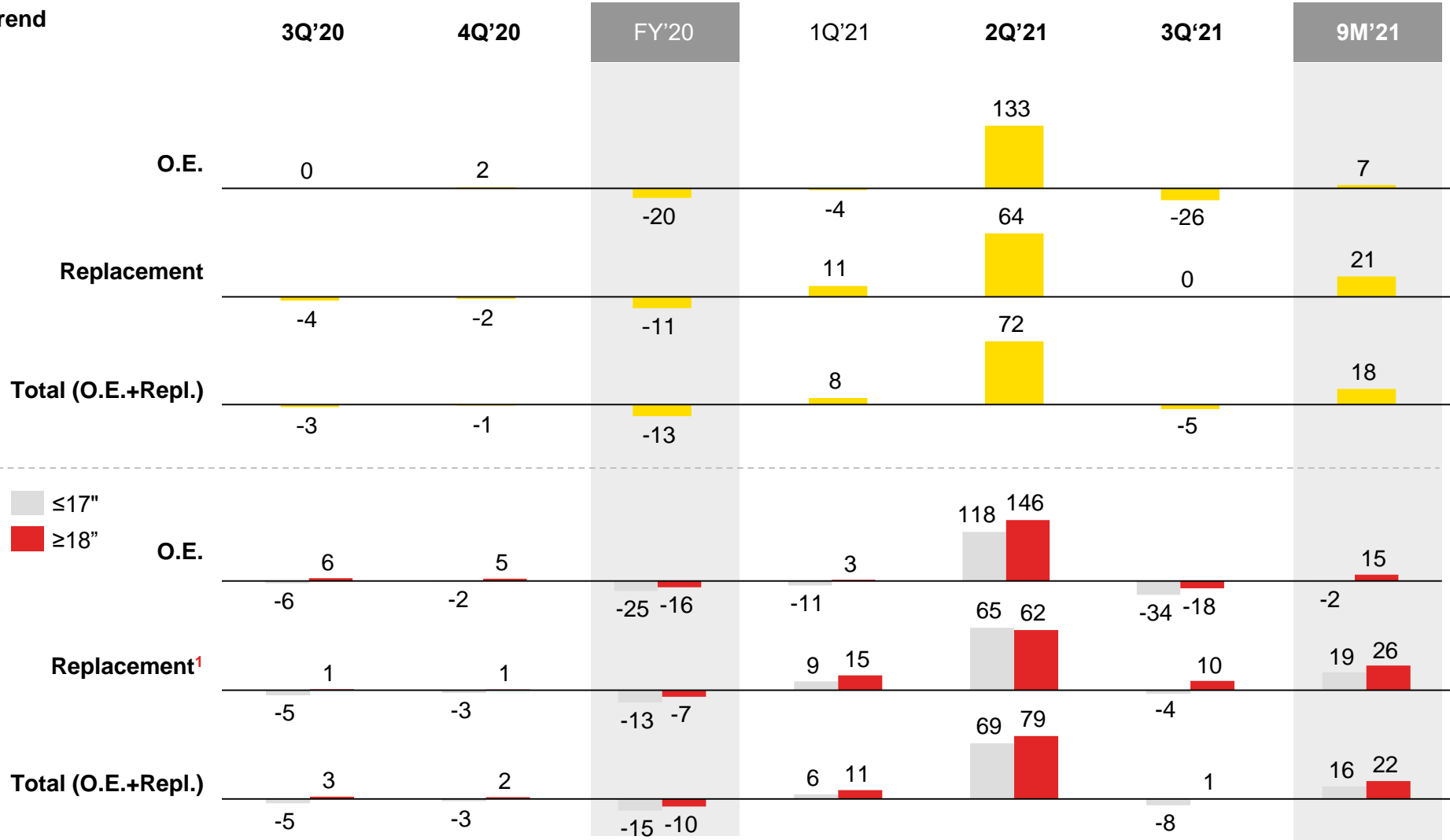
KEY CAR MARKET TRENDS: NORTH AMERICA



Market trend
Δ% YoY

Total Car market

≥18" & ≤17"

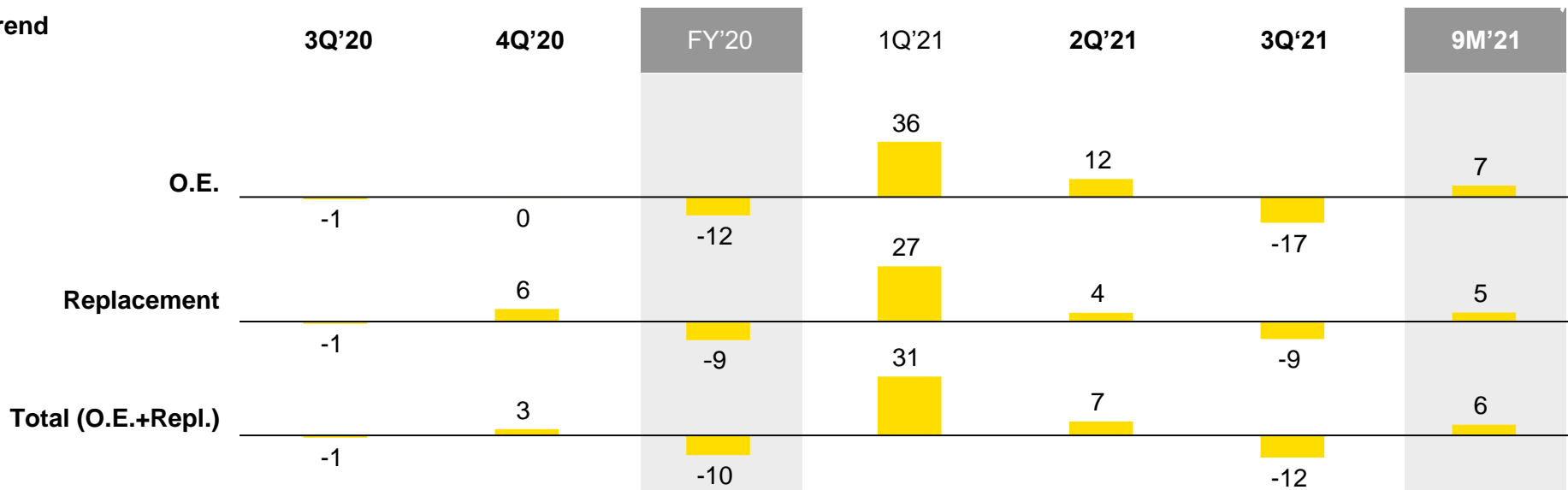


KEY CAR MARKET TRENDS: ASIA PACIFIC

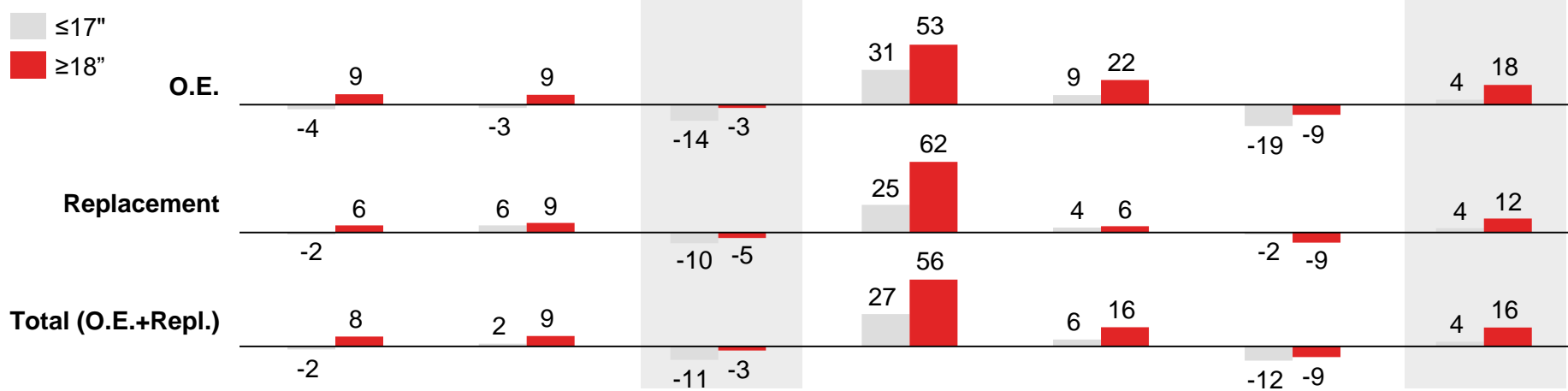


Market trend
Δ% YoY

Total Car market



≥18" & ≤17"



KEY MARKET TRENDS: RUSSIA, NORDICS, MEAI / SOUTH AMERICA

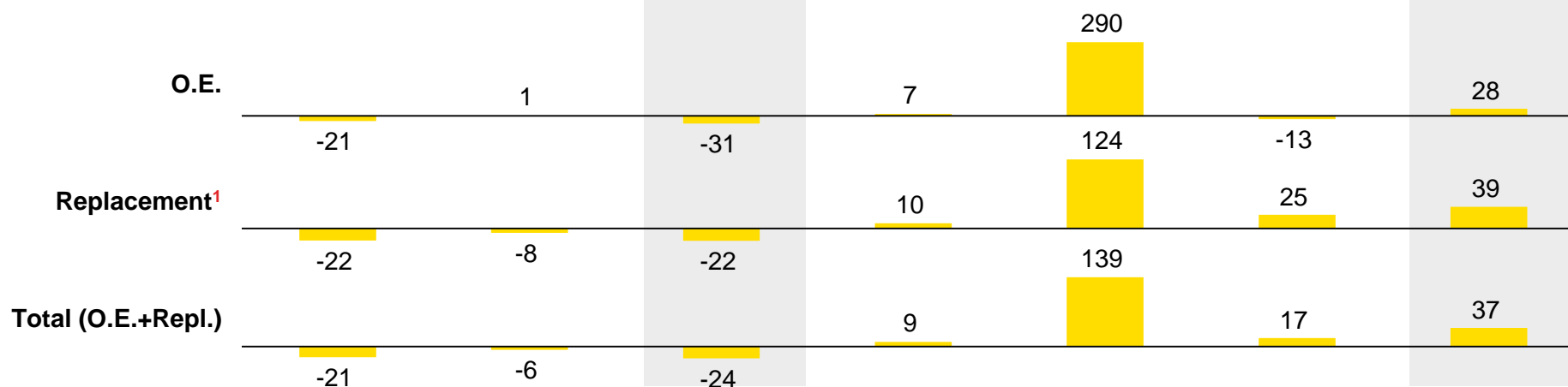


Market trend
Δ% YoY

Russia, Nordics, MEAI



South America



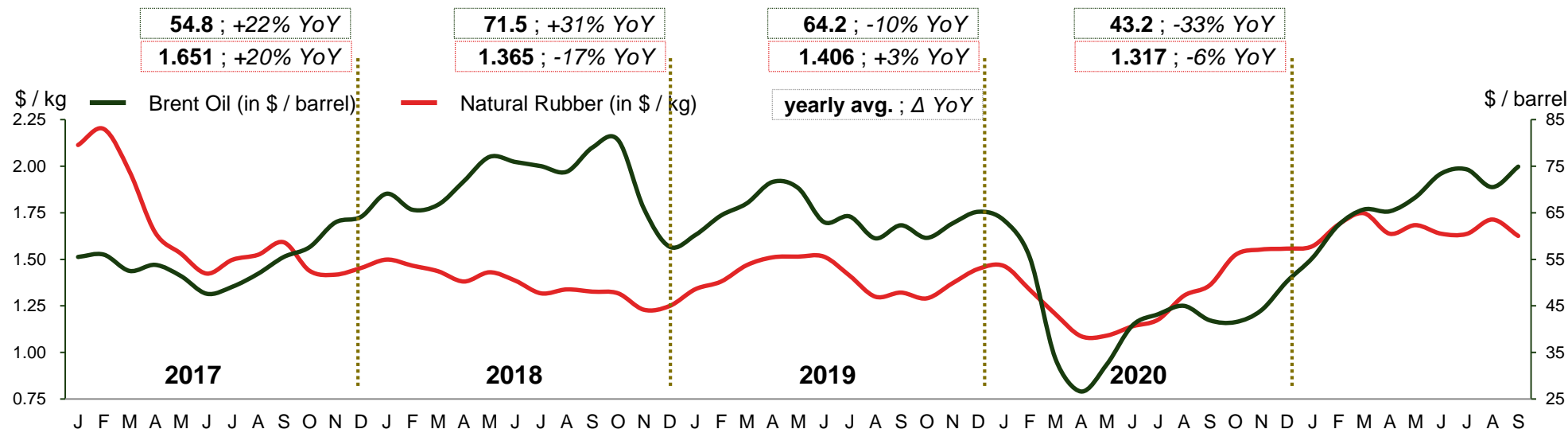
Source: Pirelli tyre market estimates based on main data provider for the Region; historical market data may be subject to restatement; 1. South America Replacement restated to include Brazilian imports



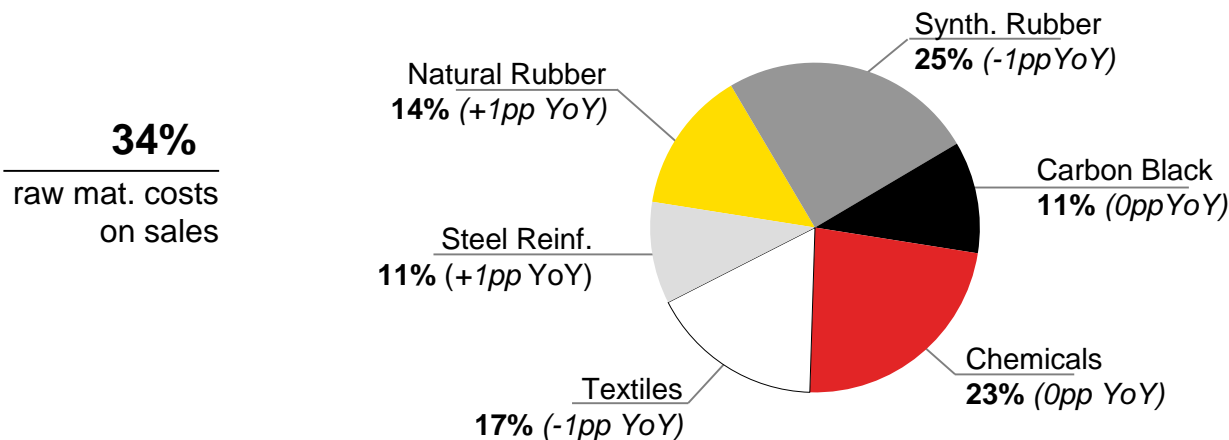
RAW MATERIAL COSTS TREND AND MIX



main raw materials price trend



Pirelli 9M 2021 mix (based on purchasing cost)



9M 2021 RESULTS

Milan, November 11th, 2021



PIRELLI MANUFACTURING FOOTPRINT

