



1Q 2022 Financial Results

May 10th, 2022

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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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1 1Q'22 KEY MESSAGES

2 PIRELLI 1Q'22 RESULTS

3 FY 2022 OUTLOOK AND TARGETS

4 APPENDIX

> 1Q 2022 Results supported by:

- strengthening in High Value (market share gain in Repl. ≥ 18 "; increasing focus on O.E. ≥ 19 " and EV)
- top-of-industry price/mix, covering 1.2x raw mat. & inflation
- operating cash flow in line with 1Q'21

> 2022 global scenario becoming more volatile:

- lower GDP growth and higher inflation due to supply chain disruptions
- 2022 Car tyre outlook now factoring in lower O.E. production, China demand slowdown in 1H and Russia crisis
- Car ≥ 18 " market growing high-single-digit, $\sim 7x$ vs. ≤ 17 " market ($\sim 4x$ in Feb.)
- confirmed solid Tyre pricing environment in response to raw mat. and inflation

> Pirelli strategy and 2022 targets update:

- quickly reacting to mitigate the external scenario:
 - price/mix and efficiencies to more than cover raw mat. and inflation
 - dynamic contingency plan on Russia-Ukraine crisis
 - working to improve cautious profitability target, impacted by Ukraine conflict and China slowdown
- strong commitment to deleverage through a solid Net C.F. bef. dividends generation ($\sim \text{€}450$ million)

> More challenging commitment to the fight against climate change, validated by SBTi¹

From March we put in place a set of measures to mitigate the impact of the Russia-Ukraine war



Russia main KPIs - FY'21

- > Revenues¹: €162M (~3% of Group Sales)
- > EBIT adjusted: €29M (~3.5% of Group adj. EBIT)
- > Net Financial Position²: ~€77M only in Rubles
- > Fixed assets: ~€170M
- > ~2,300 headcount (>80% blue collar), ~8% of Group
- > ~1,200 points of sale, all franchising (no equity)

Pirelli's manufacturing footprint in Russia



- > 2021 tot capacity: ~8 million Car tyres, (~85% Std., ~15% H.V.)
- > % of exports: ~50%, mainly Std. and mainly to Europe

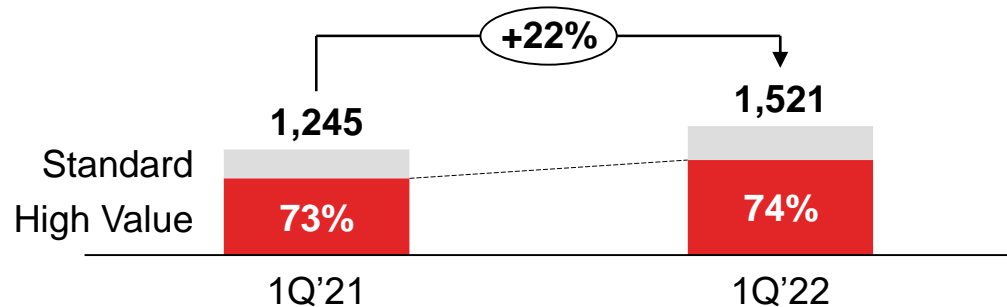
Area	Issue	Actions taken, compliant with sanctions
Manufacturing	▶ Export ban of selected raw mat. to Russia from EU	▶ Alternative Suppliers
	▶ From 2H, no export of finished products to Europe due to sanctions	▶ Increased Stock level
Logistic	▶ Capacity saturation	▶ European imports of Standard products sourced from other low-cost plants (Romania and Turkey)
	▶ Availability of transport from/to Russia	▶ Stabilized production focusing on local demand
Finance	▶ Financing continuity	▶ Logistic service providers diversification to ensure supply continuity
		▶ New credit line with local bank
People	▶ Safety	
	▶ Salaries and Social Services	▶ Confirmed Health and Safety investments
		▶ No production interruption to guarantee the funding of Employees Salaries & Social Services

1Q 2022 Results highlights

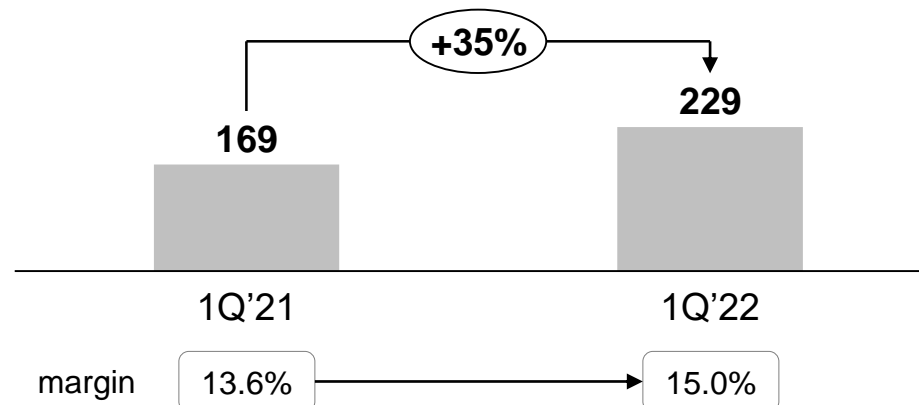
Solid quarterly delivery in a challenging environment

€ million

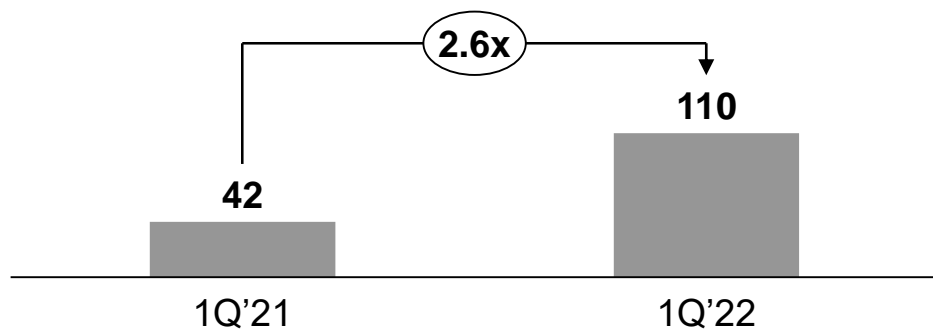
Net Sales



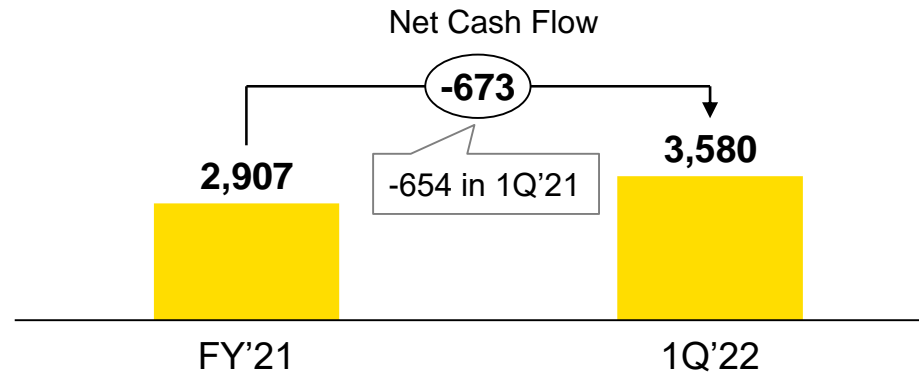
adjusted EBIT¹



Net Income



Net Financial Position



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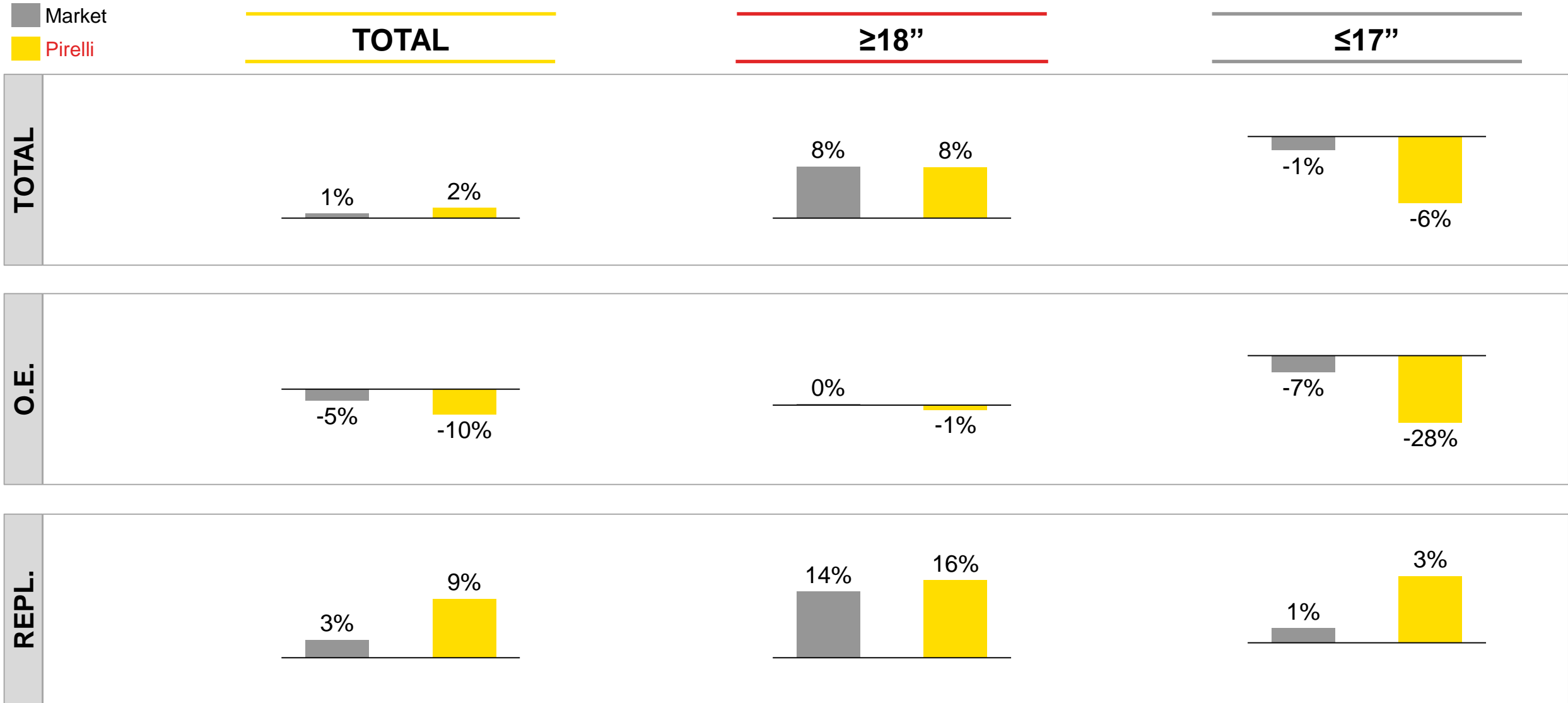
3 FY 2022 OUTLOOK AND TARGETS

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1Q 2022 – Pirelli vs. market – outperforming in Repl., both in High Value and Standard







Outperf. in ≥18” Repl. continues, driven by EU and N.A.; O.E. demand impacted by supply shortages, especially on Std.; PI trend in O.E. Std. reflecting Russia-Ukraine crisis and a more selective approach



2022 Strategy implementation: 1Q 2022 delivery in line with targets



main programs	2022 targets	1Q'22 main achievements
 <p>Commercial</p>	<ul style="list-style-type: none"> • Focus on H.V. outperforming the market in $\geq 18''$ Replacement • More selective approach to O.E. • Lowering exposure to Standard 	<ul style="list-style-type: none"> • Car $\geq 18''$: +8% in line with market <ul style="list-style-type: none"> • Repl. +16%, +2pp vs. market • O.E. -1% vs. a flat market; higher focus on $\geq 19''$ & EV • Car Std. weight to ~40% (-3pp YoY) in line with FY target
 <p>Innovation</p>	<ul style="list-style-type: none"> • Expanding homologations in $\geq 19''$ and Specialties • Product renewal (+10 new Regional lines) 	<ul style="list-style-type: none"> • ~90 new homologations, ~90% $\geq 19''$, ~30% Specialties, mainly EV • 2 new SUV products: the New Scorpion (a worldwide Summer product) and the New Scorpion All-Season SF2 (for EU market)
 <p>Competitiveness</p>	<ul style="list-style-type: none"> • Progressing with Wave 2 efficiencies plan (€150M gross efficiencies) 	<ul style="list-style-type: none"> • €29M gross savings, ~20% of FY target, consistent with projects targets • Price/mix covering 1.2x times raw mat. and inflation
 <p>Operations</p>	<ul style="list-style-type: none"> • Increasing High Value capacity (+2M pcs, to 53M pcs, ~72% of tot. Car capacity) • Further improving capacity saturation (>90%) 	<ul style="list-style-type: none"> • Start of cycling production in Bollate (ITA) • Capacity saturation >90% (~95% on High Value) • Halt of Russian CapEx and re-allocation to other Regions

Commercial Program delivery in 1Q 2022

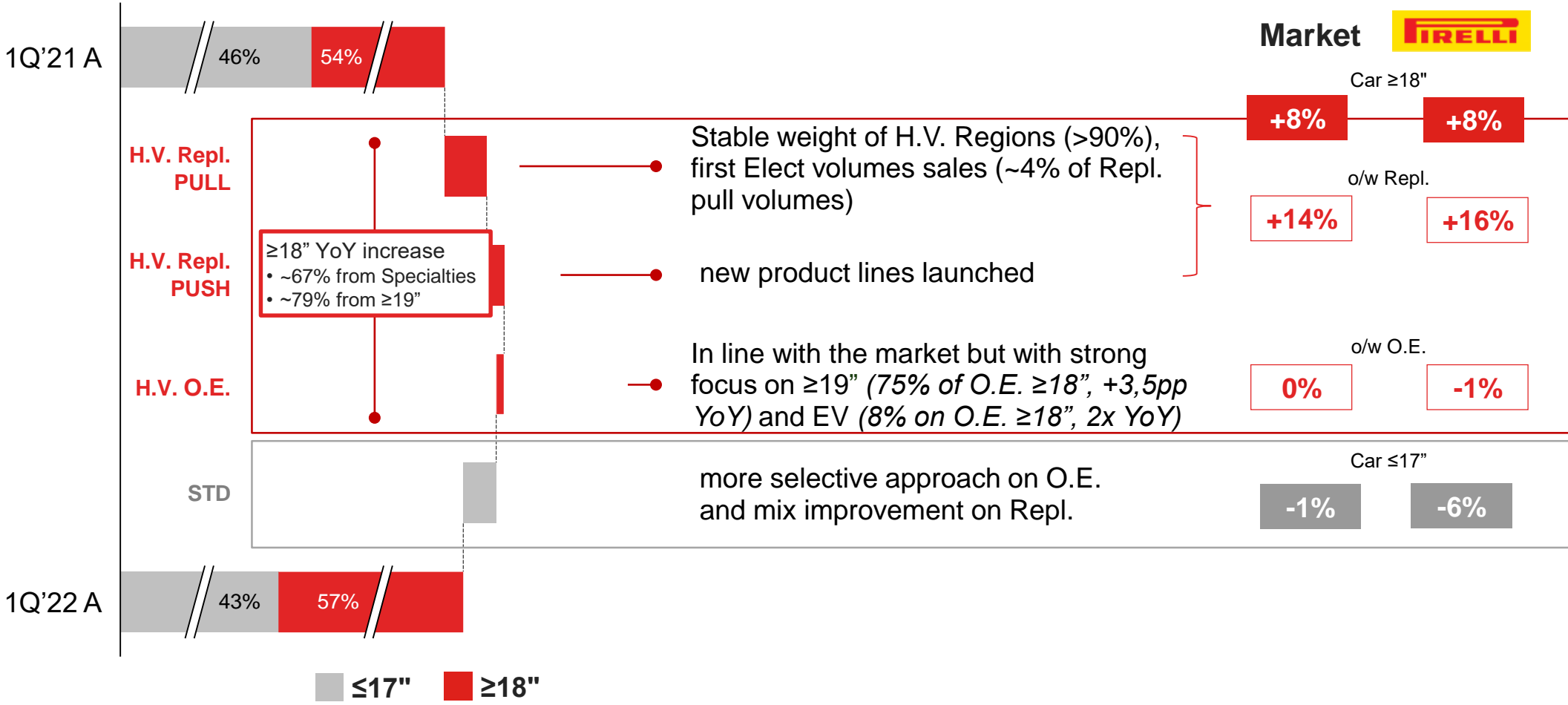


Strong over-performance driven by $\geq 19''$ & Specialties

1Q 2022A volume variance (Car)

key programs highlights

volume trend



New Scorpion tyres: a renewed range for SUVs with a strong focus on EV and hybrid vehicles

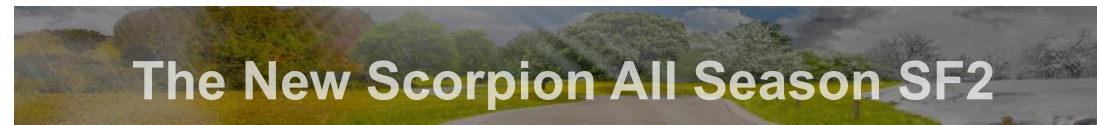


safe and silent performance for sustainable mobility



WIDE HOMOLOGATIONS RANGE BOTH FOR ICE AND BEV VEHICLES	EXCELLENT DRY AND WET GRIP PERFORMANCE A-B	LOW ROLLING RESISTANCE AND HIGH EFFICIENCY A-B	SILENT PERFORMANCE A-B

- 1 Tread Pattern optimized for higher efficiency and comfort
- 2 Narrow flat car profile for an improved braking performance
- 3 Compound: Full Silica lower transition temperature tread for a better wet handling and braking with a long lasting performance



an adaptive tyre with stronger tread blocks



HIGH SAFETY IN WET AND DRY CONDITIONS*	MAXIMIZED WET GRIP A-B	LOW ROLLING RESISTANCE AND HIGH EFFICIENCY** A-B	SILENT PERFORMANCE A-B	OUTSTANDING SNOW PERFORMANCE*

- 1 Zig Zag central Groove excellent in aquaplaning and wet handling
- 2 3D diamond sipes adapting during braking and snow conditions
- 3 Compound: new combination of polymers to maximize performance in a wider temperature range

Both products are available with different technologies and certified with the TÜV SÜD performance mark¹



ELECT Scorpion range has the highest 'Elect' homologations in Pirelli: ~50% of the total homologation target

1. Obtained by achieving the essential technical performance requirements of the independent certification body Tuv Süd:

- For the New scorpion Summer following tests carried out in Jan / Feb 2022 with tyres size 235/55R19 – 255/55R18
- For the New Scorpion All Season F2 following tests carried out in Jan / Feb 2022 with tyres size 235/60R18

Innovation Program 1Q 2022 (2/2): strong focus on EVs



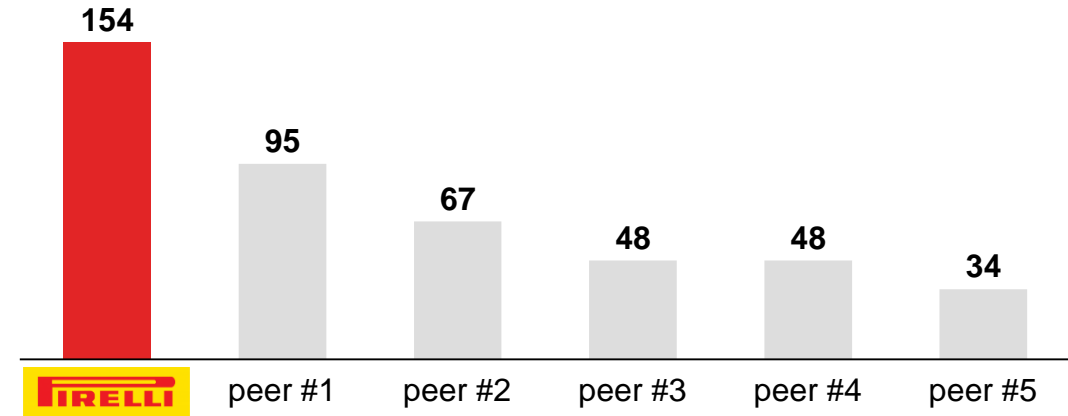
Pirelli current EV homologation portfolio

~250 EV homologations worldwide, with the following main partners¹:



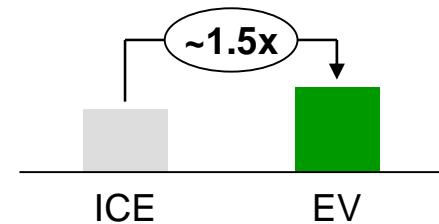
Europe EV trade homologation portfolio vs. peers

of EV O.E. marked items²: ~2.5x the peers avg.



Pirelli EV: 2022 expectations

Market share
O.E. high-end



Pirelli EV volumes ~2x vs. 2021

> O.E. ~80% of tot. EV volumes

Latest Pirelli Elect achievements

- > Pirelli's Elect won the prize for "Best Technological Innovation of 2021³"
- > Pirelli awarded as "The Top Performance seal for its tyre⁴"



1. Trade Homologation Catalogue @ Apr-22 only BEV & PHEV included; 2. source: German Product List (Pricat) @ May-22; Since Homologations and Propulsion are not declared, EV related IP5 is inferred from: O.E. markings (+, NF0, T0, T1), Product (Pilot Sport EV, Ventus S1 EVO 3 EV), Product description, Size, Technologies (Elect, Enliten); 3. assigned at the 3rd edition of Los Premios Hevea de la Industria del Neumatico (Spain); 4. From electricar magazine, issued in Apr / May 2022

Competitiveness program progress



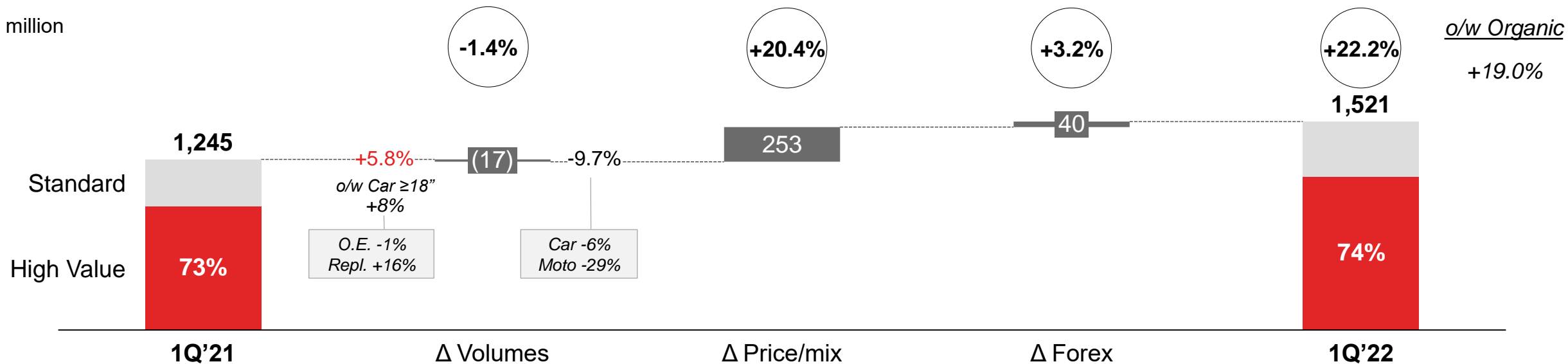
1Q achievements in line with expectations and consistent with programs quarterly targets

		2021	2022 E		
		FY ACT	Focusing on:	FY GUI	1Q'22 ACT
	Product Cost		<ul style="list-style-type: none"> ▶ Modularity ▶ Design speed and virtualization 	~40% in 1H	
	Manufacturing		<ul style="list-style-type: none"> ▶ Footprint optimization ▶ Industrial IOT and flexible factory 	mostly in 2H	
	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 	50% in 1H	
Total Gross Impact as % of baseline		~€155M ~4.0% of baseline '20		~ €150M ~3.3% of baseline '21	~ €29M ~0.6% of baseline '21

1Q 2022 Net Sales bridge

Record price/mix and further enhancement in High Value

€ million



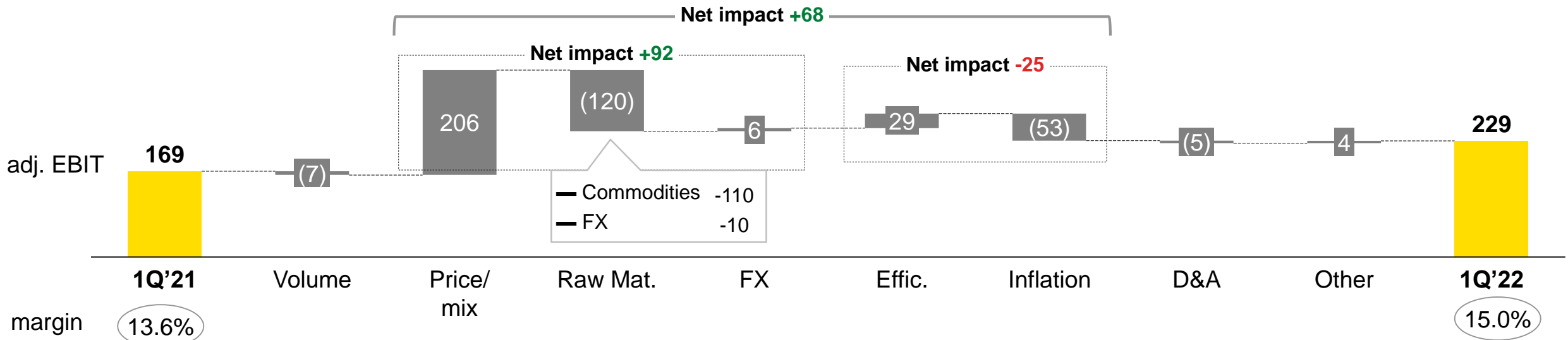
Solid Car ≥18" Replacement performance in 1Q (+16% vs +13% in 4Q) notwithstanding price increases

		High Value		Standard				
4Q'21	O.E. -5% Repl. +13%	0.0% o/w Car ≥18" +3.7%	-7.3%	-13.4%	+16.3%	+2.9%	+11.9%	+9.0%
1Q'21	O.E. +36% Repl. +31%	+29.3% o/w Car ≥18" +33.3%	+22.2%	+15.4%	+2.3%	-6.1%	+18.4%	+24.5%

1Q 2022 adjusted EBIT bridge

Profitability improvement supported by internal levers offsetting the negative external scenario

€ million

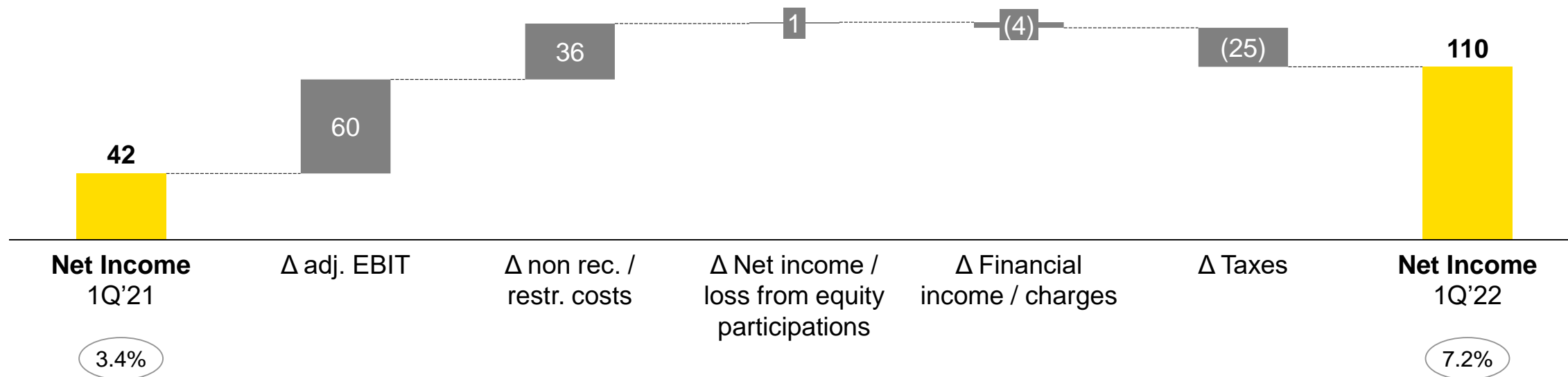


- > Price/mix covering ~1.2x raw mat. and inflation headwind (raw mat. + infl. = 11% of Sales) driven by oil and energy prices
- > Competitiveness program in line with expectations and consistent with quarterly delivery

1Q 2022 Net Income bridge

Earnings driven mainly by improving operating performance and lower non-rec. / restr. costs

€ million



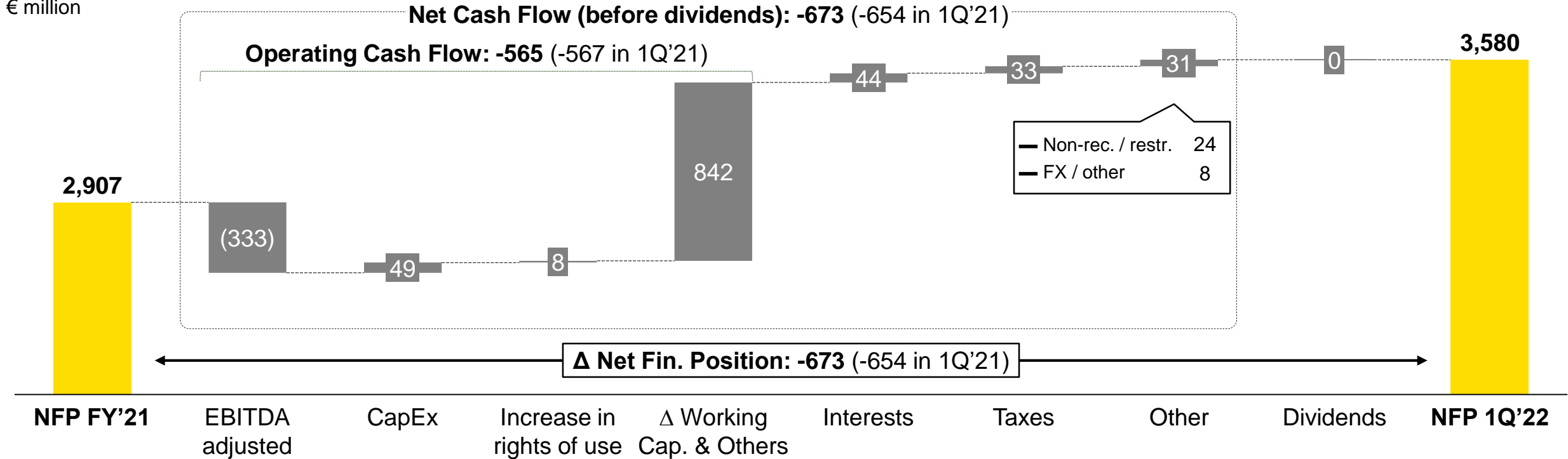
	1Q'21	1Q'22
reported Net Income	42	110
PPA amortization	+28	+28
Non recurring / restr. costs / other adj.	+43	+7
Taxes impact	-20	-10
adjusted Net Income	94	136

incl. 4 of COVID-19 direct costs

1Q 2022 Cash Flow and Net Financial Position

Cash Flow trend stable YoY and in line with business seasonality

€ million



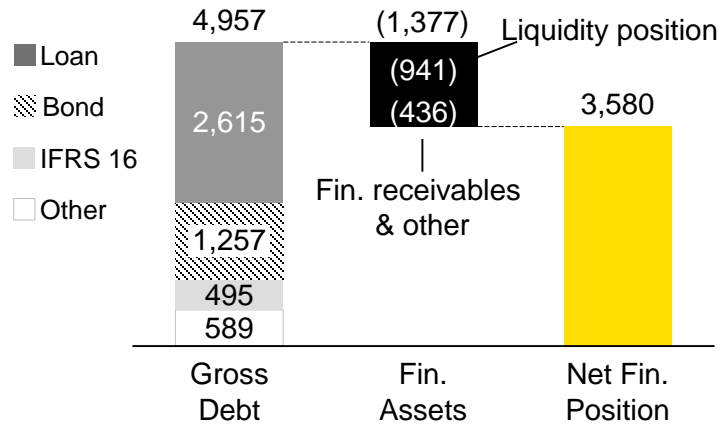
- > Lower CapEx vs. 1Q'21 due to different allocation in terms of timing and geography given the volatile external scenario
- > Better operating performance and lower investments in 1Q'22 are offsetting the higher Δ Working Capital absorption (e.g. higher inventories at 21.8% of Sales, +1.3pp vs. 2021 year-end mainly in raw mat.)

Total Gross Debt structure as of March 31st 2022

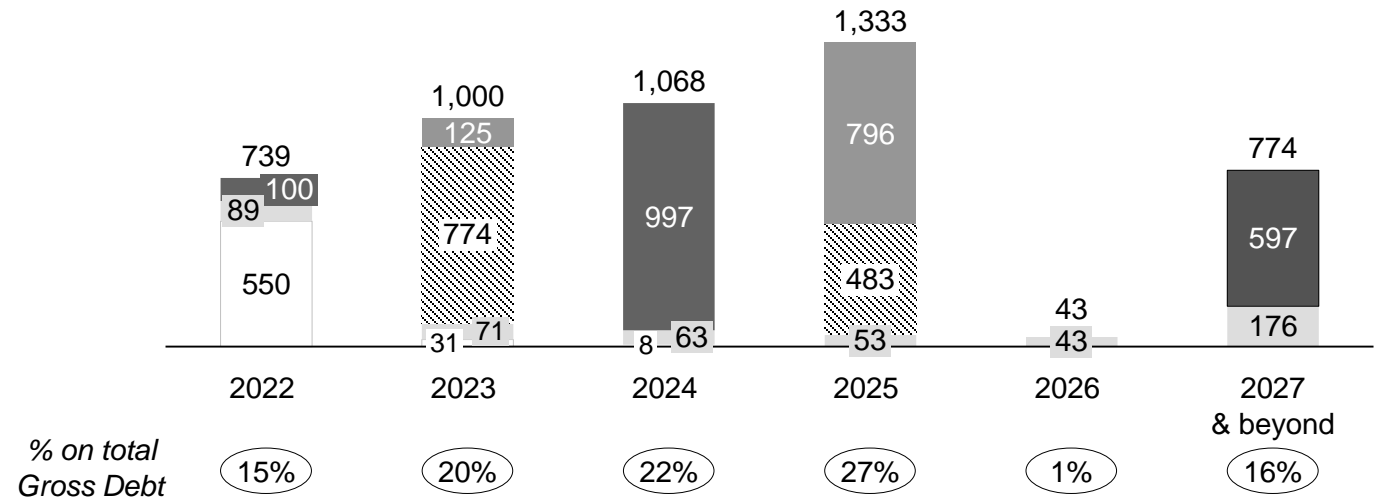
Sound liquidity position, smooth maturity profile and Investment Grade credit rating optimize cost of funding in volatile markets

€ million

Net Financial Position



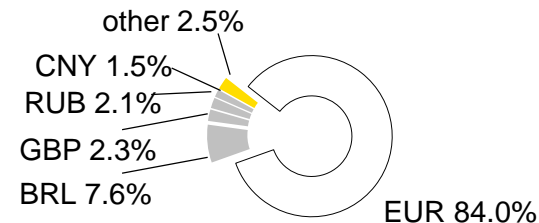
Gross Debt maturity: liquidity margin covering maturities until February 2024



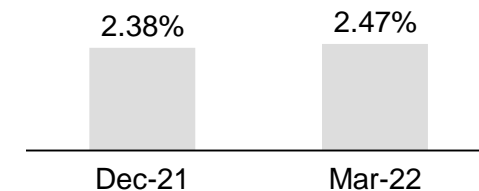
Liquidity profile

Liquidity position ¹	941
Committed lines not drawn	1,000
Liquidity margin	1,941

Break-down by currency²



Cost of Debt (last 12 months)



1 1Q'22 KEY MESSAGES

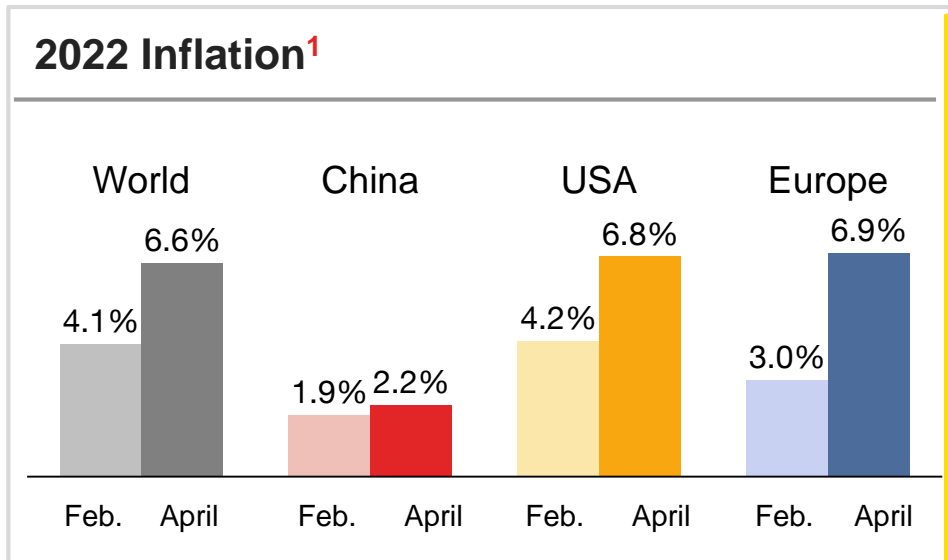
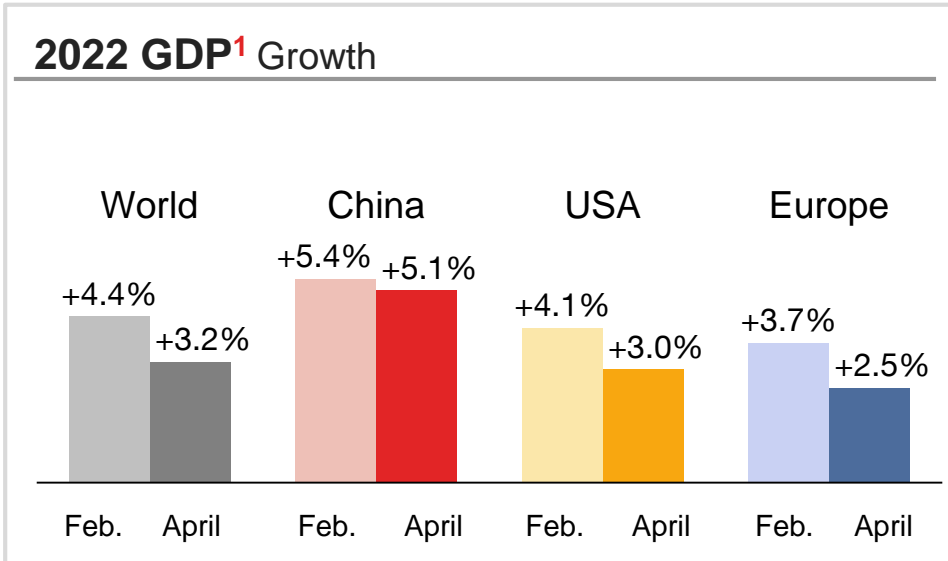
2 PIRELLI 1Q'22 RESULTS

3 **FY 2022 OUTLOOK AND TARGETS**

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2022 macro outlook deteriorates vs. Feb-22 assumptions

Geopolitical tension and COVID in China further impacting global supply chains, inflation and GDP



Zoom-In on key Cost components

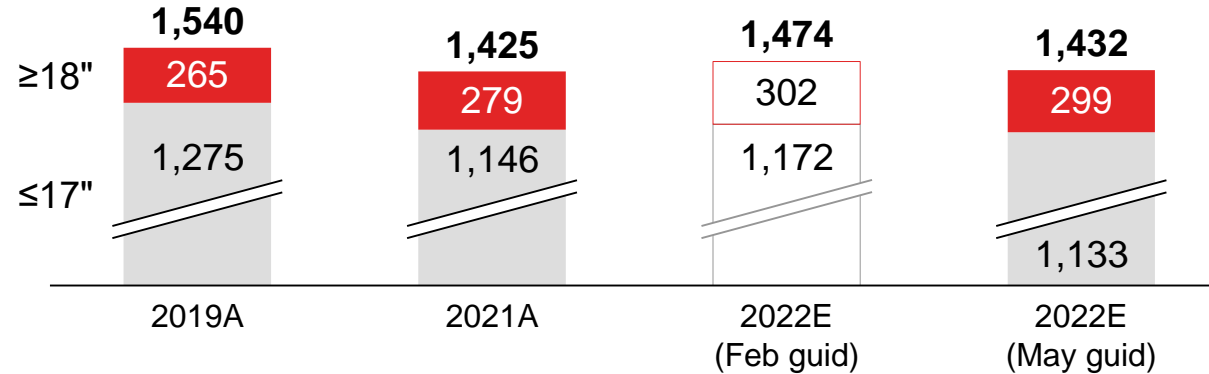
Area	2022 Highlights	Pirelli countermeasures
Raw Materials	<ul style="list-style-type: none"> Oil price impacted by supply shortage & geopolitical tensions (<i>Brent yearly avg.¹: \$104 / bbl</i>) 	<ul style="list-style-type: none"> Sound pricing on both channels: <ul style="list-style-type: none"> Cost matrix on O.E. Price hikes on Repl.
Energy	<ul style="list-style-type: none"> Energy prices hikes (especially in Europe) due to Russia-Ukraine conflict 	<ul style="list-style-type: none"> Further initiatives to contain energy consumption in all plants Hedging to mitigate price volatility
Shipping	<ul style="list-style-type: none"> Surge driven by ports congestion and closure and labour shortage 	<ul style="list-style-type: none"> Increasing Local for local supply
Labour	<ul style="list-style-type: none"> Developments 2022 and beyond linked to inflation trends 	<ul style="list-style-type: none"> Limited impact in 2022 with majority of blue-collar contracts already negotiated

2022 Car Tyre market: a more cautious view on Car prod. (~flat vs. +6% in Feb) and on Chi

High Value outperformance vs. Standard confirmed

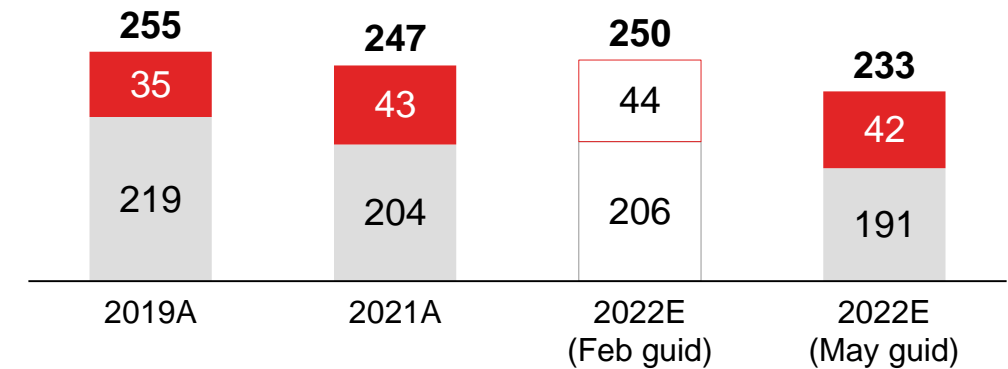
WORLD Car tyre market

(million pcs)



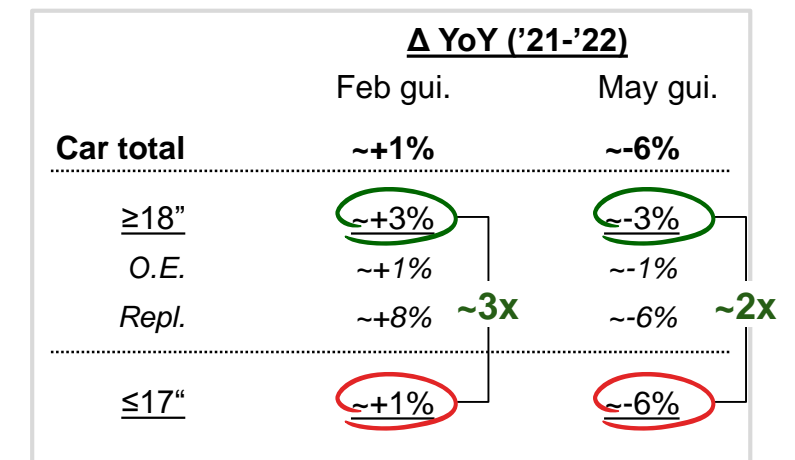
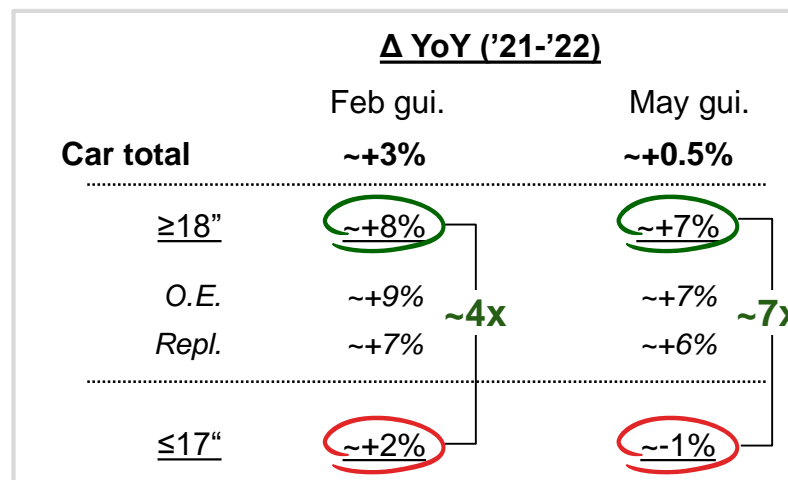
China Car tyre market

(million pcs)



- ≥18": O.E.: chip supply normalizing in 2H; China Repl. trend compensated by N.A
- ≤17": O.E. supply shortages, Russia-Ukraine crisis, China slowdown

- lockdowns triggered a slowdown of demand from March
- recovery starting in 2H'22, mainly driven by O.E. & H.V.



Pirelli FY 2022 targets update: price/mix & efficiencies more than offsetting raw mat. & inflati



Ukraine conflict and China slowdown affecting profitability; solid NCF target confirmed

€ billion

	2021 A	2022 E	
		Target @ 23-Feb-22	Target @ 10-May-22
Net Sales	5.33	~5.6 ÷ ~5.7	~5.9 ÷ ~6.0
adj. EBIT margin	15.3%	~16% ÷ ~16.5%	~15%
CapEx (% of Sales)	0.35 (6.5%)	~0.39 (~7%)	confirmed (~6.5%)
Net Cash Flow bef. Dividends	0.43	~0.45 ÷ ~0.48	~0.45
Net Financial Position NFP / adj. EBITDA	2.91 2.40x	~2.6 ≤2.0x	confirmed
ROIC¹ Post taxes	17.6%	≥19%	~19%

- **Volumes** ~+0.5% ÷ ~+1.5%
 - ▶ High Value ~+5.5% ÷ ~+6%
 - ▶ Standard ~-5% ÷ ~-4%
- **Price/mix** ~+10% ÷ ~+11%
- **Forex** ~flat

Russia sensitivity
~€0.89B
adj. EBIT

Russia sensitivity:
~€0.45B

- cautious target factoring:**
- Russia-Ukraine impact (lead to Feb sensitivity, adj. EBIT €0.89B)
 - China slowdown impact partially compensated for by Americas improvement

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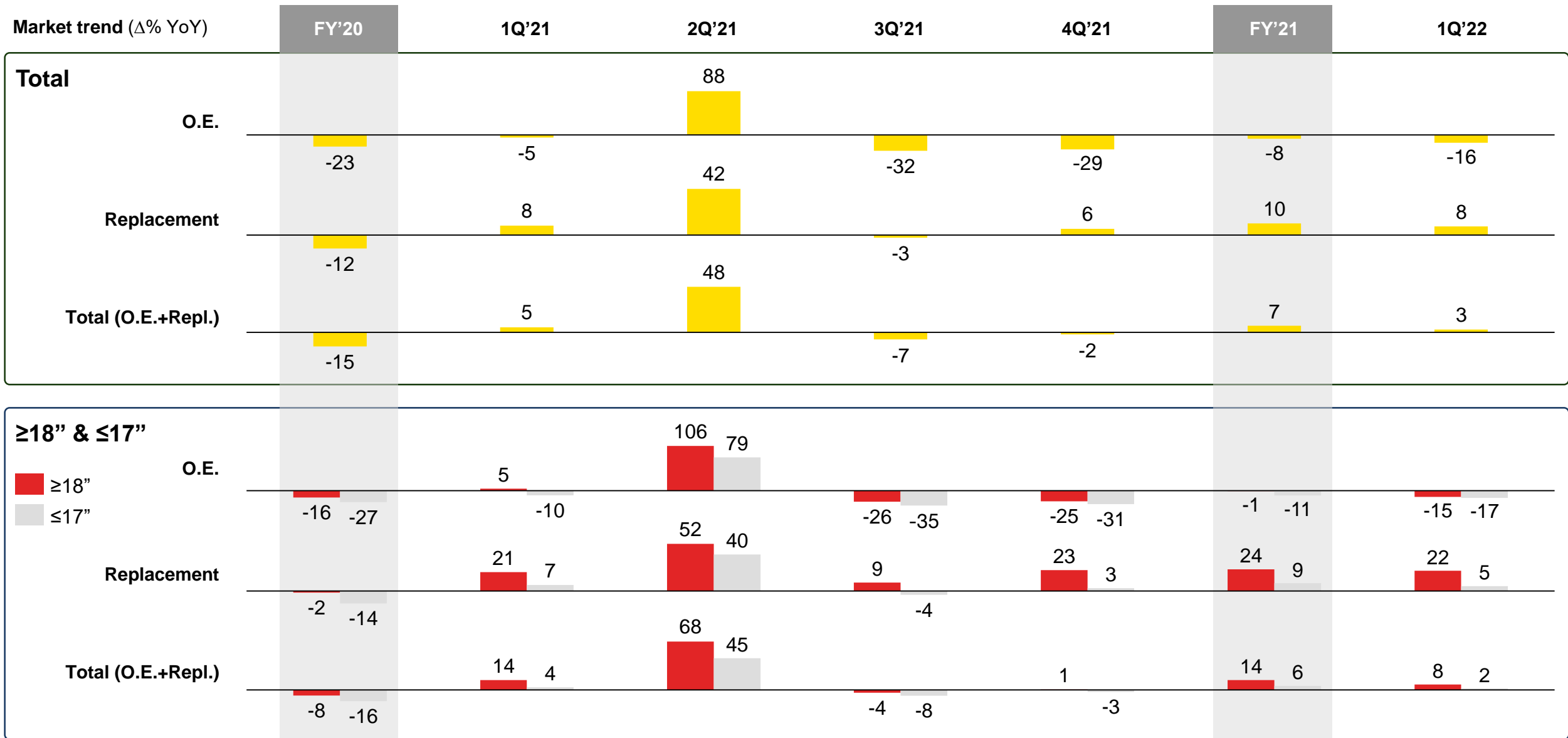
Pirelli leading position in Sustainability rankings & initiatives



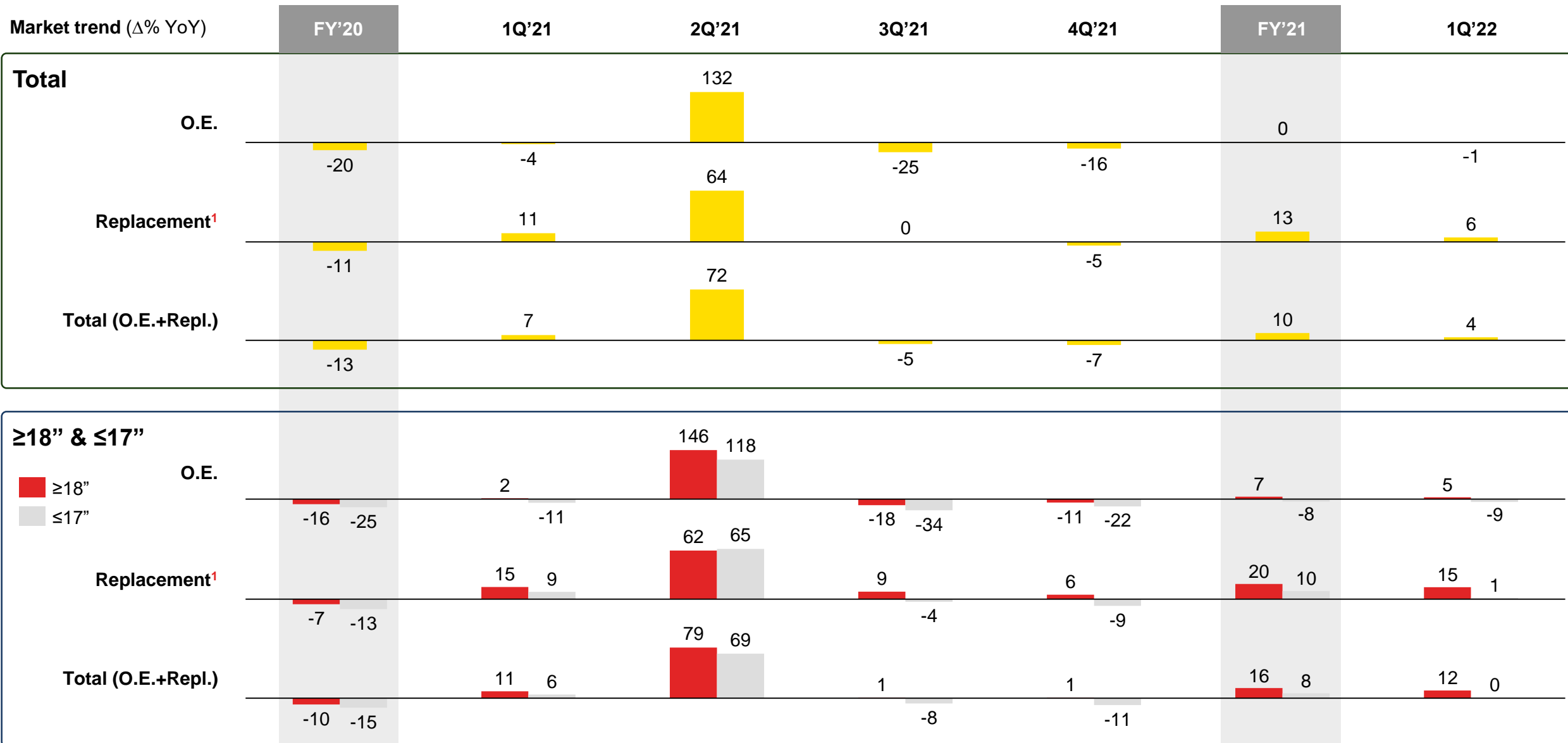
Major ratings (May-22)

	last update	score	positioning in the reference sector
<p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	2021	77	= leading the ranking or initiative ATX Auto Components
<p>Sustainability Award Gold Class 2021 S&P Global</p>	2022	Gold class	Max score
<p>CDP A LIST 2021 CLIMATE</p>	2021	A	Max score
<p>MSCI</p>	2021	AA	6% of the Auto comp. companies in AA
<p>FTSE4Good</p>	2021	4.5 / 5	Auto & Parts / Tyres
<p>United Nations Global Compact</p>	2021	LEAD	Max score
<p>SUSTAINALYTICS</p>	2021	10.3	Auto Components
<p>ecovadis</p>	2021	Platinum	
<p>V.E</p>	2021	69	Auto Components

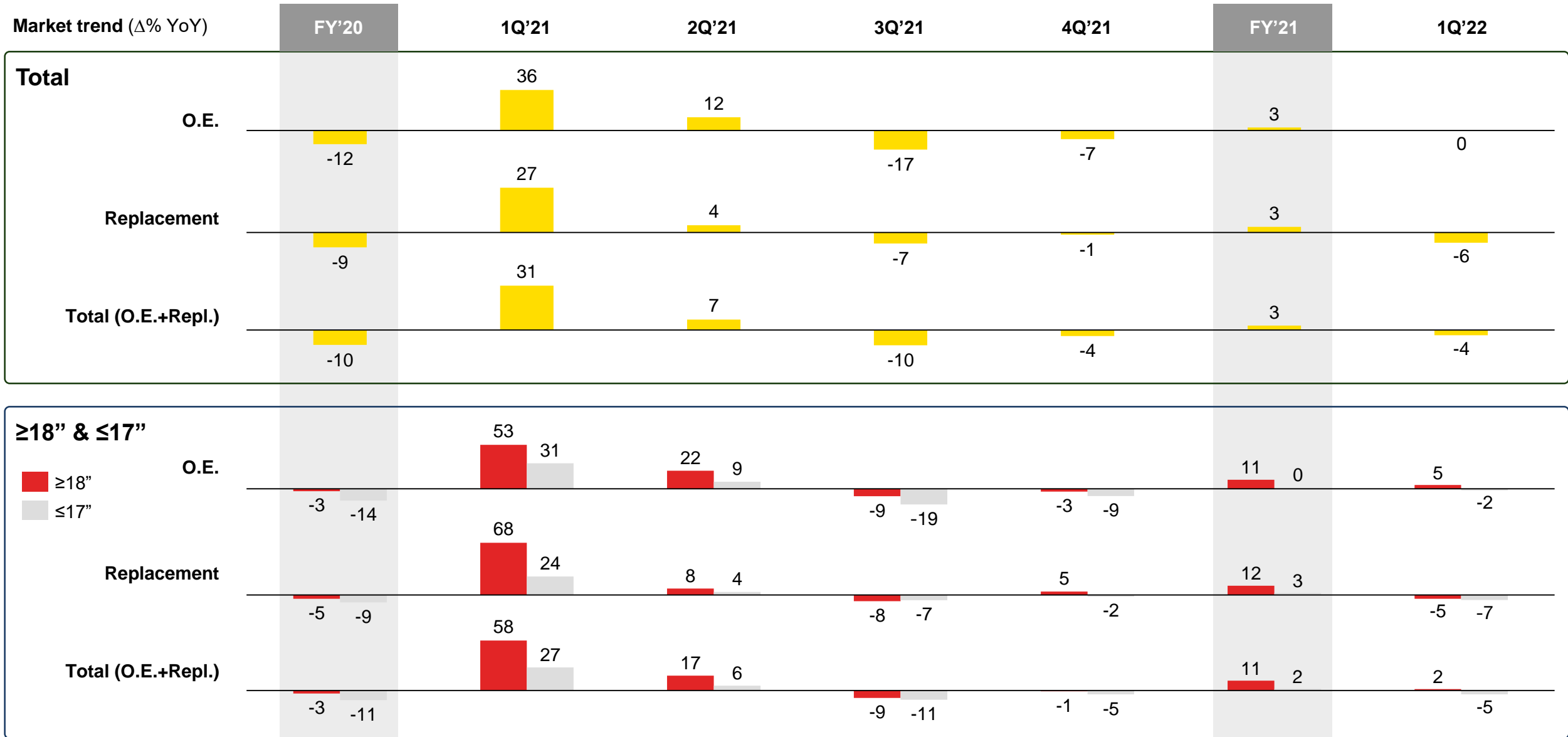
Key Car tyre market trends: Europe



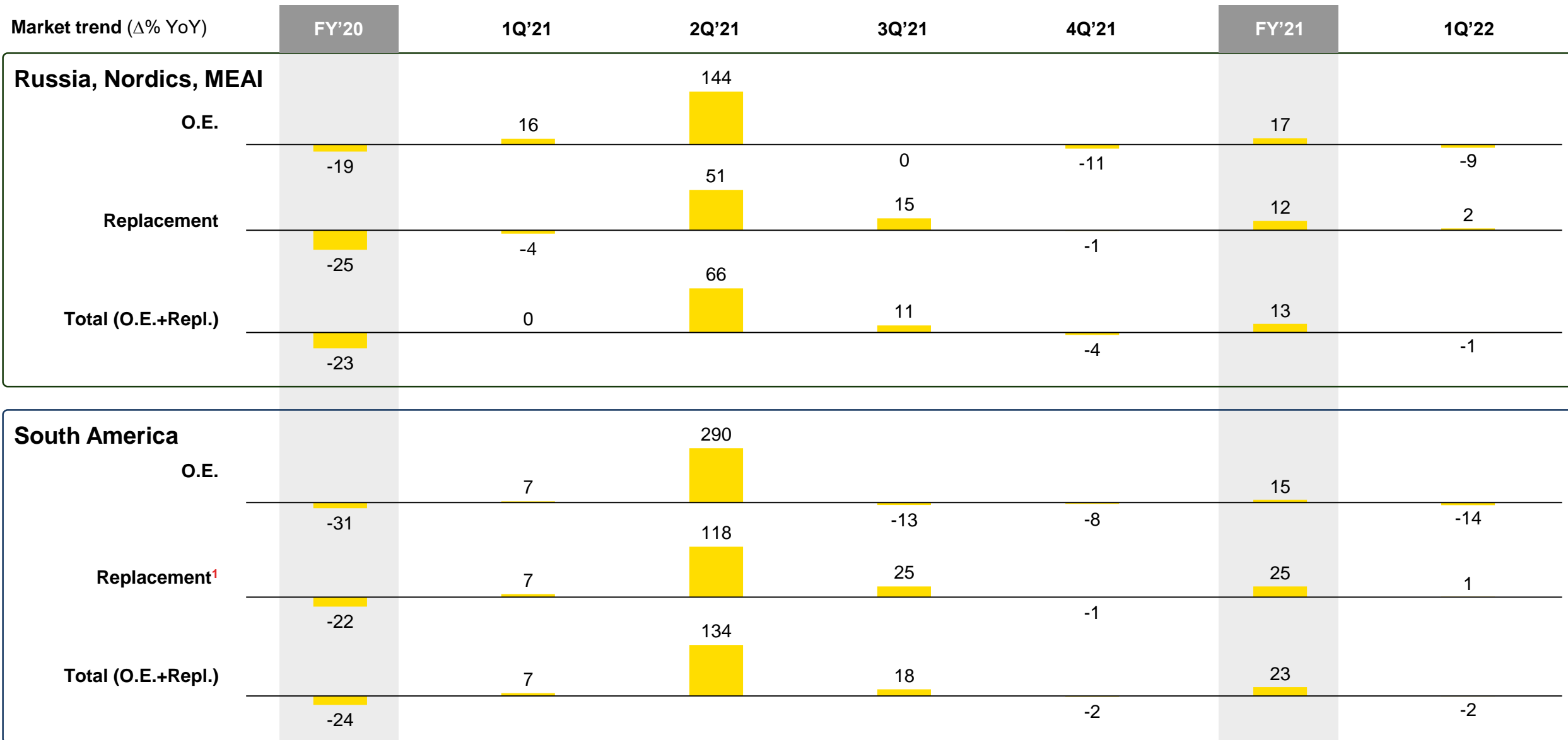
Key Car tyre market trends: North America



Key Car tyre market trends: Asia Pacific



Key Car tyre market trends: Russia, Nordics, MEAI / South America



Pirelli financial results highlights



€ million

	1Q 2021	1Q 2022	Δ YoY
Revenues	1,245	1,521	+22.2%
<i>Organic Growth</i> ¹			+19.0%
High Value Revenues (% on total)	72.6%	73.7%	+1.1 pp
adj. EBITDA ²	267	333	+25.0%
<i>Margin</i>	21.4%	21.9%	+0.5 pp
adj. EBIT ³	169	229	+35.4%
<i>Margin</i>	13.6%	15.0%	+1.4 pp
PPA amortization	(28)	(28)	
Non rec. & restr. costs	(43)	(7)	
EBIT	97	193	
<i>Margin</i>	7.8%	12.7%	
Results from Equity Inv.	(0)	1	
Financial Income (Charges)	(40)	(44)	
EBT	57	150	
<i>Tax Rate</i>	26.4%	26.7%	
Net Income	42	110	
Net Income adjusted ⁴	94	136	

Pirelli balance sheet



€ million

	31-Mar-2021	31-Dec-2021	31-Mar-2022
Fixed assets	8,871	8,912	8,911
<i>Inventories</i>	875	1,092	1,222
<i>Trade receivables</i>	814	659	908
<i>Trade payables</i>	(914)	(1,626)	(1,197)
Operating net working capital	775	125	933
<i>% of Sales¹</i>	17.2%	2.3%	16.6%
Other receivables / payables	54	1	111
Net Working Capital	829	126	1,044
% of Sales¹	18.4%	2.4%	18.6%
Total net invested capital	9,699	9,038	9,955
Equity	4,633	5,043	5,294
Provisions	1,155	1,089	1,081
Net Financial Position	3,912	2,907	3,580
Total financing and shareholders' equity	9,699	9,038	9,955

Pirelli cash flow



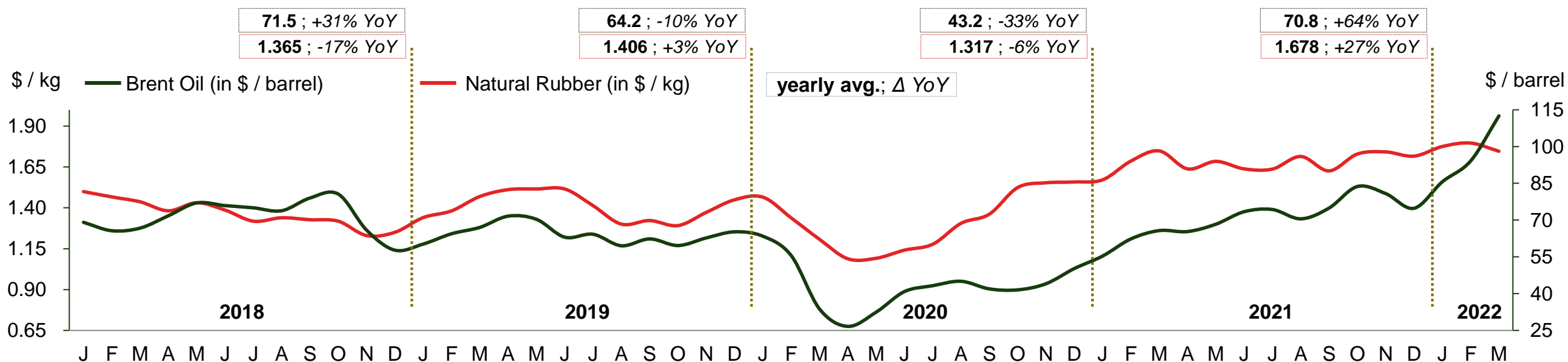
€ million

	1Q 2021	1Q 2022
Adjusted EBIT ¹	169	229
Depreciation & Amortization (excl. PPA amortization)	98	105
Capital expenditures	(90)	(49)
Rights of use (IFRS 16)	(27)	(8)
Change in working capital / other	(717)	(842)
Operating Cash Flow	(567)	(565)
Financial income / (expenses)	(40)	(44)
Taxes paid	(37)	(33)
Cash-out for non recurring items and restructuring costs	(29)	(24)
Exchange rates difference / other	16	(8)
Net cash flow before dividends & extraordinary operations	(657)	(673)
Financial asset disposals / (acquisitions)	4	-
Net cash flow before dividends	(654)	(673)
Dividends paid	-	-
Net cash flow	(654)	(673)

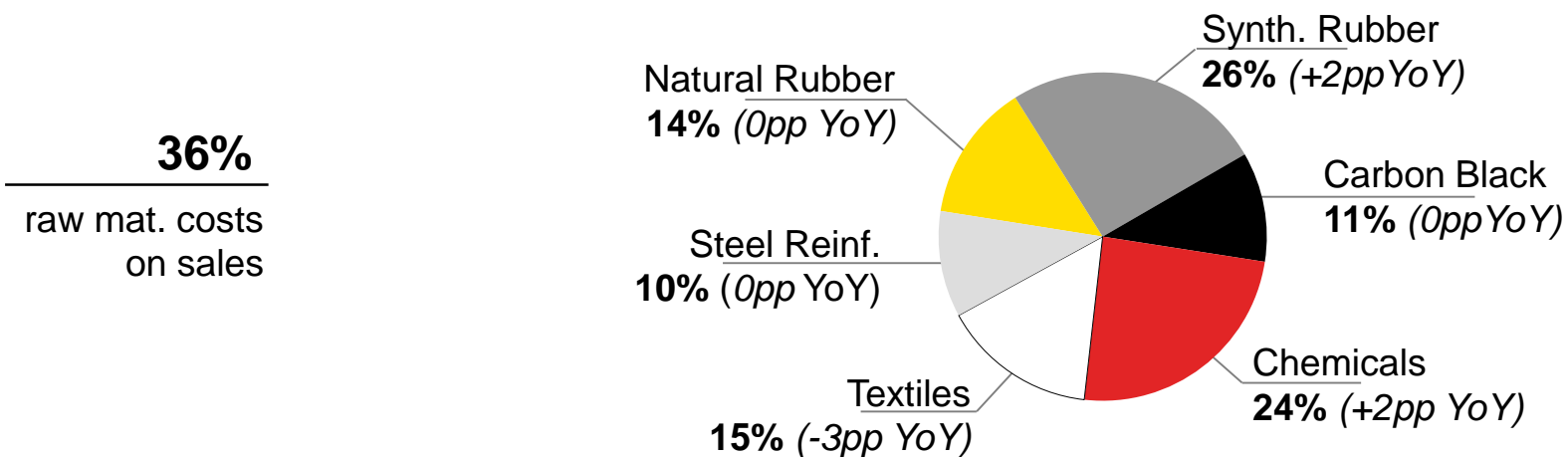
Raw Material costs trend and mix



main raw materials price trend



Pirelli 1Q 2022 mix (based on purchasing cost)



Pirelli manufacturing footprint

