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Testo del comunicato

Vedi allegato.

PRESS RELEASE

THE BOARD OF PIRELLI & C. SPA REVIEWS CONSOLIDATED RESULTS TO 31 MARCH 2023

PIRELLI: REVENUE GROWTH OF 11.7%, ADJUSTED EBIT MARGIN 14.6%

PRICE/MIX AT 15.1% THANKS TO PRICE INCREASES AND IMPROVED MIX

NET PROFIT RISES TO 115.0 MILLION EURO (109.8 MILLION EURO ON 31 MARCH 2022)

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- Revenues: 1,699.7 million euro with growth of +11.7% compared with first quarter 2022 (organic variation +12% excluding forex effect of -0.3%)

- Price/Mix: +15.1% thanks to price increases and improved mix

- High value position strengthened with growth in Car ≥18'' of +4.9% compared with market's +2.6%

- Adjusted ebit: 248.1 million euro with growth of +8.6% compared with first quarter 2022. The improvement of the price/mix and efficiencies more than offset the impact of the external context (raw materials, inflation, and forex)

- Adjusted Ebit Margin at 14.6%

- Net profit rises to 115.0 million euro (109.8 million euro in first quarter 2022)

- Net cash flow before dividends: -691.4 million euro (-672.9 million in first quarter 2022)

- Net Financial Position: -3,244.0 million euro (-3,580 million on 31 March 2022)

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2023 TARGETS

- Confirmation of full-year 2023 targets announced to the market on 22 February 2023

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- The Board of Directors decides to call shareholders meeting

- At the shareholders meeting on 29 June there will be a proposal to postpone the renewal of the Board of Directors to a subsequent shareholder meeting to be called presumably by 31 July 2023, in consideration of the time foreseen for the conclusion of the Golden Power Procedure

- Considering the proposal to postpone the renewal of the Board, the updating of the industrial plan to 2025 will take place by the end of 2023

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Milan, 11 May 2023 – The Board of Directors of Pirelli & C. Spa met today and approved results to 31 March 2023 that, thanks to the implementation of the “key programs” of the Industrial Plan 2021-2022|2025, show growth of the main economic indicators despite the persistent volatility of the macroeconomic and market context.

In particular:

- **Commercial Program**
  The first quarter of 2023 saw a further consolidation of **High Value** with a particular focus on Car ≥ 19’’, Specialties and electric. Pirelli outperformed the Car ≥18” market with volumes’ growth of 4.9% (market +2.6%). There was further strengthening in Car ≥18” Replacement (Pirelli volumes +3% compared with market’s -0.2%) also thanks to a broad product portfolio which facilitated the acquisition of market share in North America. Growth in Car ≥18” Original Equipment was in line with the market (Pirelli volumes +7.5%, market +7.1%) but with a growing focus on higher rim sizes (the weight of ≥19” volumes grew by about 9 basis points representing 82% of those of Original Equipment ≥18”) and electric (over 25% the weight of Original Equipment ≥19” volumes, growing 13 basis points compared with the first quarter of 2022).
  There was a further reduction, on the other hand, of the exposure to the **Standard** segment (Pirelli Car ≤17” volumes -11.3% compared with market’s -6%). In the Replacement channel (Pirelli volumes -10.8% compared with market’s -8.0%) there was a continuing focus on a mix always more oriented towards products with higher rim sizes. In Original Equipment, the sales’ performance reflects greater selectivity in this channel and the halting of car production in Russia because of the Ukraine conflict.
  The different dynamics of High Value and Standard resulted in a decline of Car volumes of 2.0%, better that the 4.1% fall registered by the market.

- **Innovation Program**
  In the first quarter of 2023 the Company secured around 60 new technical homologations with the main makers of Prestige and Premium cars, mainly concentrated in **rim sizes ≥19”** and **Specialties.** In **Car** there was a further strengthening in the positioning in electric thanks to a portfolio of over 350 homologations at the global level and a market share in Prestige and Premium Original Equipment 1.5 times higher than that for combustion engine vehicles in the same segment. In **Moto** the Company completed the renewal of the Diablo range with the introduction of the Diablo Supercorsa, while **Cycling** saw the introduction of the PZero Race TLR, a super-performance product characterized by low rolling resistance. In addition, the Company moved forward with activities on the sustainability front, with an ever-greater focus on renewable and recycled materials which will be preponderant in the product lines being in launched in 2023.

- **Competitiveness Program**
  The first quarter of 2023 saw gross benefits of around 10 million euro, in line with expectations and the timing of projects’ development. These benefits regarded product costs (*modularity* and *design-to-cost*), manufacturing (optimization of the industrial footprint and efficiency actions), SG&A costs (optimization of warehouse logistics network and re-negotiation actions in purchasing) and organizational costs.

- **Operations Program**
  In the first quarter of 2023, total plant saturation stood on average at about 90% and even higher in the High Value segment. Further, the plant decarbonization program continued using renewable energy sources and energy efficiency programs.

- **Digitalization Program**
  In the first quarter of 2023, following the adoption of CRM, the new B2B e-commerce platform was launched in Italy and Germany to provide integrated and digitized commercial management. The Company also continued with the rollout in the main factories of *Industrial Internet of Things technology (IioT)* to improve the efficiency of production processes. In conclusion, information

was centralized in a single Big Data Lake and the Company continued with the IT Service Model project for the digitization of IT operating processes, extending the coverage of support at the global level and increasing the levels of service on the new platforms.

In the first quarter of 2023, Pirelli recorded growth in the principal economic indicators.

Revenues totaled 1,699.7 million euro, with growth of 11.7% compared with the first quarter of 2022 thanks to the great improvement in price/mix. Organic revenue growth was +12.0% (-0.3% impact from forex and hyperinflation in Argentina and Turkey). High Value accounted for 75% of total sales (74% in first quarter 2022).

Revenue variants	31/03/2023
Volumes	-3.1%
Price/Mix	+15.1%
Argentina and Turkey Forex hyperinflation	-0.3%
Total variation (1Q2023 vs 1Q2022)	+11.7%

(euro millions)	Quarterly revenue performance	
	1 QTR 2023	1 QTR 2022
Revenues *Variation y/y* *Organic y/y variation*	**1,699.7** *+ 11.7%* *+12.0%*	**1,521.1**

The performance of **volumes** in the first quarter of 2023 was -3.1% because of the weakness of Car demand.

Price/mix registered a significant increase of +15.1% **in the first quarter of 2023** supported by price increases to counter the growing inflation of production factors and the improvement of the product mix, linked to the progressive migration from Standard to High Value and the improved micro-mix in both segments.

The forex effect had a negative impact of -0.3% in the first quarter of 2023 because of the volatility of some currencies, mainly the Renminbi and Argentinian peso.

Profitability

Profitability *(euro millions)*	31/03/2023	% of revenues	31/03/2022	% of sales	Variation y/y
Adjusted Ebitda	**359.7**	**21.2%**	**333.1**	**21.9%**	**+8.0%**
Ebitda	350.7	20.6%	325.6	21.4%	+7.7%
Adjusted Ebit	**248.1**	**14.6%**	**228.5**	**15.0%**	**+8.6%**
Ebit	210.7	12.4%	192.6	12.7%	+9.4%

Adjusted Ebitda in the first quarter of 2023 was 359.7 million euro, an increase of 8.0% compared with 333.1 million euro in the same period of 2022.

Adjusted ebit in the first quarter of 2023 was 248.1 million euro, an improvement of 19.6 million euro compared with 228.5 million euro in the same period of 2022, with an adjusted ebit margin of 14.6% (15.0% in first quarter 2022). The contribution of internal levers (price/mix and efficiencies) more than offset the negativity of the external context (raw materials and inflation).
In more detail, **Adjusted Ebit** mainly reflects:

- the **positive effect of the price/mix** (+198.3 million euro) and **efficiencies** (+9.8 million euro) which more than offset the **decline in volumes** (-20.4 million euro), the increase in the **cost of raw materials** (-77.6 million euro), the negative impact of inflation in the **costs of production factors** (-68.6 million euro) and the **negativity of exchange rates** (-15.4 million euro) that mainly reflects the revaluation of the Mexican Peso.
- the effect of **amortizations of** -6.3 million euro.

Ebit was 210.7 million euro, an increase of 18.1 million euro compared with 192.6 million euro in 2021 and includes:

- **amortizations of intangible assets** identified in the context of PPA of 28.4 million euro (in line with the first quarter of 2022).
- **one-off, non-recurring and restructuring charges and other** of 9.0 million euro (7.5 million in the first quarter of 2022), principally related to the continuation of actions to rationalize structures and costs linked to the conversion of the factory in Bollate.

The **result of equity holdings** was +2.3 million euro (+0.8 million euro in the first quarter of 2022).

Net financial charges in the first quarter of 2023 totaled 52.2 million euro compared with 43.6 million in the same period of 2022. The cost of debt, calculated as the average of the last 12 months, grew to 4.31%, an increase compared with 4.04% on 31 December 2022, mainly because of the increase in interest rates in the Eurozone. The average cost of debt for the last 12 months (that is both as of 31 December 2022 and as of 1 March 2023) was also influenced by the high cost of covering forex risk in Russia. Net of this effect, the average cost of debt would have been 3.76% on 31 March 2023 (3.49% on 31 December 2022).

Pretax profit in the first quarter of 2023 was 160.8 million euro, with **taxation** of 45.8 million, equal to a tax rate of 28.5%.

Net profit in the first quarter of 2023 was 115.0 million euro, up from 109.8 million euro in the same period of 2022.

Net cash flow before dividends in the first quarter of 2023 was -691.4 million euro substantially in line with -672.9 million euro in the same period of 2022. A performance also in line with the **net cash flow from operations' management** (-577.4 million euro compared with -565.2 million euro in the first quarter of 2022) which reflects:

- growth in Adjusted Ebitda;
- tangible and intangible investments of 53.2 million euro (compared with 48.6 million in the same period of 2022) mainly earmarked for High Value activities, constant mix, and quality improvement in all factories.
- An increase in the value of usage rights linked to new leasing contracts of 15.1 million euro (8.1 million euro in the first quarter 2022).
- A performance in the first quarter of 2023 substantially in line with the first quarter of 2022 of the management of "working capital and other " (-868.8 million euro in the first quarter of 2023 compared with –841.6 million euro in the same period of 2022) stemming from **the dynamics of trade payables** (20.1% weight against revenues on 31 March 2023 compared with 21.3% on 31 March 2022 and 29.8% on 31 December 2022) and **seasonality** of **trade receivables** (13.7% weight against revenues on 31 March 2023, an increase of 4.1 percentage points compared with the figure on 31 December 2022). There was a **fall in inventories as a percentage of revenues of 0.5** basis points (21.5% weight against revenues of the last 12 months, 22% on 31 December 2022) thanks to the reduction of raw materials' inventories. It should be noted that in 2022 the high incidence of these inventories was due both to rising inflation and risk containment actions linked to the supply chain.

The **net financial position on 31 March 2023 was** -3,244.0 million euro (-3,580.0 million euro on 31 March 2022 and -2,552.6 million euro on 31 December 2022).

The liquidity margin on 31 March 2023 was 2,379.8 million euro and guarantees coverage of debt maturities towards banks and other financiers until the end of the first quarter of 2025.

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2023 TARGETS

Pirelli confirms the targets for full-year 2023 announced to the market on 22 February 2023. A summary table follows:

(euro billions)	2022	2023
Revenues	6.62	~6.6÷~6.8
Adjusted Ebit Margin	14.8%	>14%÷~14.5%
Investments *% of revenues*	0.40 *6%*	~0.40 *~6%*
Net cash flow before dividends	0.52	~0.44÷~0.47
Net Financial Position *NFP / Adjusted Ebitda*	-2.55 *1.8x*	~-2.35 *~1.65x÷~1.7x*
ROIC *post taxes*	20.3%	~20%

Shareholders meeting

The Board of Directors decided to call in the coming days a shareholder meeting in ordinary session – and sole call – on 29 June 2023 to:

1. Approve the financial report for 2022 and related decisions regarding the dividend distribution.
2. Deliberate with regard to the postponement to a subsequent shareholders meeting, to be called presumably by 31 July 2023 in consideration of the time required for the conclusion of the Golden Power Procedure; to treat the matters on the agenda relating to the renewal of the Board of Directors with the consequent prorogation in the medium term of the Board of Directors currently in power, and the subsequent items on the agenda.

If the proposal at point 2 above were not approved the meeting will proceed with votes on the subsequent items on the agenda to:

3. Renew the Board of Directors whose mandate has ended, determining the number of components of the administrative body, seeing to the nomination of the Board Members (through the list-based mechanism) and of the Chairman and establishing the relative remuneration.
4. Approve policy with regard to remuneration for 2023 as well as expressing itself, via consultative vote, on the remuneration paid in 2022.
5. Approve, for the part linked to *Total Shareholder Return*, the adoption of the long-term monetary incentive plan for the 3-year period 2023-2025 (LTI 23-25) – destined for Group management in general and correlated to the targets of the Strategic Plan 2021-2022|2025.
6. Renew the authorization to stipulate an insurance policy to cover the managerial risks of Administrators and Auditors (so called D&O).

In particular, the Board was updated by the shareholder China National Tire & Rubber Co., Ltd ("**CNRC**") on the state of progress of the "***Golden Power Procedure***" which, as announced by the Company on 5 April 2023, was launched in relation to the renewal of the shareholder agreement signed on 16 May 2022 by, among others, CNRC, Marco Polo International Italy S.r.l., Camfin S.p.A. and Marco Tronchetti Provera & C. S.p.A. (the "**Shareholder Agreement**") that will take effect with the publication of the announcement of the call for the shareholders meeting of 29 June 2023. The Board of Directors was informed that, as things stand, it is foreseeable that the final provision of the Golden Power Procedure may be issued on a date after the expiry of the term for the presentation of the lists for the next renewal of the Board of Directors.
The Board maintained that respect for the principals and best practices of corporate governance suggest taking into consideration the timing of the Golden Power Procedure and, for this reason, decided to propose to shareholders to express themselves on the postponement of the nomination of the Board (and of the decisions regarding the subsequent items on the agenda) to when the Golden Power Procedure has concluded.
Following the approval of point 2 of the agenda to postpone the renewal of the Board of Directors, all the members of the current administrative body (including the 3 directors coopted by the Board of Directors following the call for the last shareholders meeting held on 18 May 2022) would remain in power under conditions of *prorogation* until a subsequent shareholder meeting which the Board of Directors will see to calling presumably by 31 July 2023.
Additional information of a procedural nature on that which is stated above will be available in the convocation announcement and in the illustrative reports, prepared by the Board of Directors in accordance with art. 125-ter of the D. Lgs. 24 February 1998, no. 58, which will be available to the public in terms indicated by law.
The shareholders meeting will also be presented with the annual "Report of corporate governance and ownership structures", already available to the public together with the file of the financial report.

Industrial Plan Update
Because of the proposal to postpone the nomination of the new Board of Directors, the company will present the update of the Industrial Plan to 2025 by the end of 2023, and not in the second quarter of 2023 as previously announced. The deleverage goal is confirmed with Net Financial Position/Adjusted Ebitda ratio of about 1 time at end 2025.

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Activities in Russia
Pirelli operates in Russia in respect of the international sanctions and, as already announced to the market, has suspended investments in its factories except for those for safety in the carrying out of operational activities. In the first quarter of 2023, Russia accounted for about 3.5% of total sales and about 8% of group production.

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EMTN program update
In the context of the company's refinancing strategy and the annual updating of documentation relative to the 2-billion-euro EMTN program, approved by the company on 23 February 2022, the Board of Directors approved a new authorization – to be executed within 12 months from the date of approval of the base prospectus by the relevant authority - to issue one or more bond loans to place with institutional investors, for a total maximum amount up to one billion euro. This authorization – in the context of the company's EMTN program - replaces the one expiring approved by the Board on 22 June 2022, having the same characteristics.
It should be noted that in January 2023 the Company issued – drawing from this EMTN Program – a bond issue of 600 million euro and that therefore the residual amount of the EMTN Program stands at 1.4 billion euro.

Significant events after the end of the quarter
For significant events after 31 March 2023, please refer to the dedicated section of the intermediate report in the company's website www.pirelli.com

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The interim financial report at 31 March 2023 will be available to the public today at the Company's registered office, as well as at the Company's website (www.pirelli.com) and at the storage system eMarket Storage (www.emarketstorage.com).

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Conference call

The results to 31 March 2023 will be illustrated today, 11 May 2023, at 18.30 during a conference call with the participation of 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, without the possibility of asking questions, by calling **+39 02 802 09 27.** The presentation will also be webcast – in real time – at www.pirelli.com in the Investors section, where the slides will also be viewable.

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The manager in charge of preparing the company financial documents of Pirelli & C. S.p.A., Mr. Fabio Bocchio, 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 documentary findings, books, and accounting records.

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Pirelli – Economic data to 31 March 2023

(in millions of euro)	**1 Q 2023**	**1 Q 2022**
Net sales	**1,699.7**	**1,521.1**
EBITDA adjusted (°)	**359.7**	**333.1**
% of net sales	21.2%	21.9%
EBITDA	**350.7**	**325.6**
% of net sales	20.6%	21.4%
EBIT adjusted	**248.1**	**228.5**
% of net sales	14.6%	15.0%
Adjustments: - amortisation of intangible assets included in PPA	(28.4)	(28.4)
- non-recurring, restructuring expenses and other	(9.0)	(7.5)
EBIT	**210.7**	**192.6**
% of net sales	12.4%	12.7%
Net income/(loss) from equity investments	2.3	0.8
Financial income/(expenses)	(52.2)	(43.6)
Net income/(loss) before taxes	**160.8**	**149.8**
Taxes	(45.8)	(40.0)
Tax rate %	28.5%	26.7%
Net income/(loss)	**115.0**	**109.8**
Earnings/(loss) per share (in euro per basic share)	0.11	0.11
Net income/(loss) adjusted	141.9	135.6
Net income/(loss) attributable to owners of the Parent Company	111.6	107.5

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 9.0 million (euro 7.5 million for the first quarter of 2022).

Pirelli – Balance sheet data to 31 March 2023

(in millions of euro)		03/31/2023	12/31/2022	03/31/2022
Fixed assets		**8,854.9**	**8,911.1**	**8,910.8**
	Inventories	1,458.4	1,457.7	1,221.8
	Trade receivables	928.5	636.5	908.0
	Trade payables	(1,367.8)	(1,973.3)	(1,196.8)
Operating net working capital		**1,019.1**	**120.9**	**933.0**
% of net sales (*)		15.0%	1.8%	16.6%
	Other receivables/other payables	5.2	42.3	111.2
Net working capital		**1,024.3**	**163.2**	**1,044.2**
% of net sales (*)		15.1%	2.5%	18.6%
Net invested capital		**9,879.2**	**9,074.3**	**9,955.0**
Equity		**5,581.2**	**5,453.8**	**5,294.0**
Provisions		1,054.0	1,067.9	1,081.0
Net financial (liquidity)/debt position		**3,244.0**	**2,552.6**	**3,580.0**
Equity attributable to owners of the Parent Company		5,453.4	5,323.8	5,158.8
Investments in intangible and owned tangible assets (CapEx)		53.2	397.7	48.6
Increases in right of use		15.1	79.7	8.1
Research and development expenses		70.5	263.9	63.0
% of net sales		4.1%	4.0%	4.1%
Research and development expenses - High Value		65.5	247.1	57.3
% of High Value sales		5.1%	5.3%	5.1%
Employees (headcount at end of period)		31,071	31,301	30,991
Industrial sites (number)		18	18	18

(*) during interim periods net sales refer to the last twelve months

Financial Statement

(in millions of euro)	1 Q	
	2023	**2022**
EBIT adjusted	248.1	228.5
Amortisation and depreciation (excluding PPA amortisation)	111.6	104.6
Investments in intangible and owned tangible assets (CapEx)	(53.2)	(48.6)
Increases in right of use	(15.1)	(8.1)
Change in working capital and other	(868.8)	(841.6)
Operating net cash flow	**(577.4)**	**(565.2)**
Financial income / (expenses)	(52.2)	(43.6)
Taxes paid	(29.0)	(32.9)
Cash-out for non-recurring, restructuring expenses and other	(12.6)	(23.6)
Differences from foreign currency translation and other	(20.2)	(7.6)
Net cash flow before dividends, extraordinary transactions and investments	**(691.4)**	**(672.9)**
(Acquisition) / Disposals of investments	-	-
Net cash flow before dividends paid by the Parent Company	**(691.4)**	**(672.9)**
Dividends paid by the Parent Company	-	-
Net cash flow	**(691.4)**	**(672.9)**

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/2015/1415) published on October 5, 2015. These measures are presented 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.

Specifically, the Non-GAAP Measures used were as follows:

- **EBITDA**: is equal to the EBIT but which excludes the depreciation and amortization 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 the EBITDA which excludes non-recurring, restructuring and one-off expenses.
- **EBITDA margin**: is calculated by dividing the EBITDA by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding impacts deriving from investments.
- **EBITDA margin adjusted**: is calculated by dividing the 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.
- **EBIT**: is an intermediate measure which is derived from the net income/(loss), but which excludes taxes, financial income/(expenses) and the 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 the EBIT which excludes the amortization of intangible assets relative to assets recognized because of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off expenses.
- **EBIT margin**: is calculated by dividing the EBIT by revenues from sales and services. This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted**: is calculated by dividing the EBIT adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency excluding the amortization of intangible assets relative to assets recognized because of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off expenses.
- **Net income/(loss) adjusted**: is calculated by excluding the following items from the net income/(loss):
  - the amortization of intangible assets relative to assets recognized because of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off expenses.
  - non-recurring expenses/income recognized under financial income and expenses.
  - non-recurring expenses/income recognized under taxes, as well as the tax impact relative to 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, including tax receivables and payables, and by the 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 regarding 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 the derivative hedging instruments for items included in the net financial position and included in the Financial Statements under current assets, current liabilities and non-current liabilities under *"Derivative financial instruments"*;
- **Net financial position**: this measure represents the net financial debt less the non-current financial receivables (included in the Financial Statements under *"Other receivables"*) and the non-current derivative hedging instruments for items included in the net financial position (included in the Financial Statements under non-current assets as *"Derivative financial instruments"*). Net financial position is an alternative measure to net financial debt, but 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 credit facilities which have not been non-utilized.
- **Operating net cash flow** is calculated as the change in the net financial position relative to operations management.
- **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 the management of investments, to the net cash flow before dividends and 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)**: 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**: is calculated as the ratio between the EBIT adjusted net of tax effects and the average net invested capital net of provisions which does not include *"Investments in associates 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"*, the intangible assets relative to assets recognized as a consequence of Business Combinations, the deferred tax liabilities relative to the latter and the *"Provisions for employee benefit obligations current and non-current"*.

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