Informazione Regolamentata n. 0206-62-2023	Data/Ora Inizio Diffusione 09 Novembre 2023 17:43:58	Euronext Milan

Societa'	:	PIRELLI & C.
Identificativo Informazione Regolamentata	:	183125
Nome utilizzatore	:	PIRELLISPAN04 - Bastanzio
Tipologia	:	REGEM
Data/Ora Ricezione	:	09 Novembre 2023 17:43:57
Data/Ora Inizio Diffusione	:	09 Novembre 2023 17:43:58
Oggetto	:	PIRELLI & C. SPA BOARD REVIEWED CONSOLIDATED RESULTS TO 30 SEPTEMBER 2023

Testo del comunicato

Vedi allegato.

PRESS RELEASE

PIRELLI & C. SPA BOARD REVIEWED CONSOLIDATED RESULTS TO 30 SEPTEMBER 2023

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PIRELLI : 9M REVENUES +2.5%, NET PROFIT +14.4% TO 411 MILLION EURO

PRICE/MIX AT 10.4% THANKS TO PRICE INCREASES AND MIX IMPROVEMENT

ADJUSTED EBIT: +3.8% TO 782.5 MILLION EURO, MARGIN INCREASED TO 15.2%

IN THE THIRD QUARTER ADJUSTED EBIT MARGIN ROSE TO 15.4% AND CASH FLOW BEFORE DIVIDENDS POSITIVE 167.2 MILLION EURO

First 9 months 2023

- Revenues: 5,160.2 million euro, +2.5% compared with the first 9 months of 2022 (organic growth of +7.4% excluding forex effect of -4.9%)
- Price/Mix: +10.4% thanks to price increases and mix improvement.
- Adjusted EBIT: 782.5 million euro, +3.8% compared with first 9 months of 2022. The improvement of the price/mix and efficiencies more than offset the impact of external context (raw materials, inflation and forex)
- Adjusted EBIT margin at 15.2% compared with +15% in the first 9 months of 2022
- Net profit: 411 million euro, +14.4% compared with 359.3 million euro in first 9 months of 2022 thanks to the improved operating performance and benefit derived from the Patent Box
- Net cash flow before dividends: -367.7 million euro (-323.2 million in the first 9 months of 2022). Excluding the impact of the 3-year LTI 2020-2022 management incentive plan of 67 million euro, the net cash flow before dividends was -300.7 million euro, an improvement compared with the 9-month figure in 2022
- Net Financial Position: -3,138.1 million euro (-3,390.5 million on 30 September 2022 and -2,552.6 million on 31 December 2022)

Third quarter 2023

- Revenues: 1,722.7 million euro (1,836.3 million in third quarter 2022) with organic growth of 2.2% excluding the forex effect of -8.4%
- Price/Mix: improvement to +6.8%
- Adjusted EBIT: 265.1 million euro (271.9 million in third quarter 2022), with an adjusted EBIT margin rising to 15.4% (14.8% in third quarter 2022)
- Net profit: +33.3% to 168.4 million euro (126.3 million euro in third quarter 2022) that reflects the benefit derived from the Patent Box

- Net cash flow before dividends: +167.2 million euro (+140.5 million in third quarter 2022)

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2023 TARGETS

- Revenues estimated at ~6.6 billion euro (previous estimate ~6.5 and ~6.7 billion euro)

- Adjusted EBIT Margin expected at ~15% (at the high end of the target range in July of ~14.5% /<15%) thanks to improved price/mix, expected at ~+8% (the high end of the range of ~+7% /~+8% indicated in July)

- Net cash generation before dividends expected at between ~450 and ~470 million euro (previous estimate between ~440 and ~470)

- Investments confirmed at ~400 million euro (~6% of revenues)

- Net financial position revised up to ~-2.33 billion euro, with a NFP/adjusted EBITDA ratio of about 1.6x/1.65x (previous estimate ~-2.35 billion euro, with a NFP/adjusted EBITDA ratio of about 1.65x/1.7x)

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Milan, 9 November 2023 – The Board of Directors of Pirelli & C. Spa met today and approved results to 30 September 2023 which show growth in the main economic and market indicators thanks to the implementation of the "key programs" of the Industrial Plan 2021-2022|2025.

In particular:

- Commercial Program
  The first 9 months of 2023 saw consolidation of **High Value** with a particular focus on Car ≥19'', Specialties and Electric. In the period, Pirelli registered Car ≥18" volume growth of +4% (in line with the market). In the Car ≥18" Replacement channel, in particular, Pirelli volumes grew +2% (market +1%), while in Original Equipment Car ≥18" (Pirelli volumes +6%, market +7%) Pirelli pursued its strategic focus on higher rim sizes (with growth of around 4 percentage points of the weight of ≥19" volumes, which represent 81% of Original Equipment ≥18") and Electric (around 26% the weight of Original Equipment ≥19" volumes, an increase of 7 percentage points compared with the first 9 months of 2022).
  On the other hand, there was a further reduction of exposure to the **Standard** segment (Pirelli Car ≤17" volumes -10% compared with market's -3.0%). The different dynamics between ≥18"and ≤17" resulted in an overall decline in Car volumes -2% (market -1%).

- Innovation Program
  In the first 9 months of 2023 Pirelli obtained about 260 new technical homologations with the principal Prestige and Premium car producers, focused mainly on **rim sizes ≥19"** and **Specialties.**
  In **Car,** there was a further reinforcement of positioning in Electric thanks to a portfolio of about 470 homologations at the global level and a market share in Prestige and Premium Original Equipment 1.5 times higher than that of internal combustion engines in the same segment. The offering in Electric was recently enhanced with the launch of the **P Zero E**, a product of high technological content and greater sustainability. The position on the SUV segment was also strengthened thanks to the launch of the Scorpion MS. Pirelli also renewed its contract with Formula 1 until 2027 (with the possibility of extension for an additional season) with a commitment to supply tyres that are more sustainable and certified by the FSC from 2024.
  In **Moto,** Pirelli completed the renewal of the Diablo range with the introduction of the Diablo Supercorsa and beginning from 2024 Pirelli will be the official supplier for the Road to Moto GP project for the Moto2 and Moto3 classes. In **Cycling,** three new products were launched: two super performance characterized by low rolling resistance and suited to all surfaces.

- **Competitiveness Program**
  In the first 9 months of 2023, Pirelli achieved gross efficiency of around 61.4 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 the warehouse logistics network and negotiation actions in purchasing) and organization costs.

- **Operations Program**
  In the first 9 months of 2023, total plant saturation stood at around 90% (mainly because of the lower level of production in Russia and China), with a peak of 95% in the High Value segment. In addition, the plant decarbonization program continued through the use of renewable energy sources and energy efficiency programs. Further, thanks to the acquisition, announced on 4 July, of Hevea-Tec, the major independent Brazilian operator in the processing of natural rubber, Pirelli will increase its natural rubber supply quota in South America.

- **Digitalization Program**
  In the first 9 months, following the adoption of CRM, Pirelli activated in the European markets the new e-commerce B2B platform for integrated and digitized commercial management which will be implemented by the end of the year in the USA, Canada, Brazil and Argentina. Pirelli also continued to cover the main factories with *Industrial Internet of Things (IIoT)* technology to improve efficiency of production processes. In conclusion, the company centralized information into a single Big Data Lake and continued with the IT Service Model project for the digitization of IT operations processes, to extend the coverage of support at the global level and increase the levels of service on the new platforms.

In the first 9 months of 2023 Pirelli registered growth in the main economic indicators.

Revenues amounted to 5,160.2 million euro, with growth of +2.5% compared with the first 9 months of 2022 thanks to the price/mix improvement. Organic growth of revenues was +7.4% (-4.9% the impact of forex and hyperinflation in Argentina and Turkiye).
In the **third quarter of 2023 revenues** totaled 1,722.7 million euro, a decline of 6.2% compared with the third quarter of 2022 (organic growth +2.2% excluding the forex effect of -8.4%).

(euro millions)	Revenue performance by quarter							
	1 QTR 2023	1 QTR 2022	2 QTR 2023	2 QTR 2022	3 QTR 2023	3 QTR 2022	9 MOS 2023	9 MOS 2022
Revenues *Variation y/y* *Organic variation y/y*	1,699.7 *+11.7%* *+12.0%*	1,521.1	1,737.8 *+3.7%* *+9.1%*	1,675.9	1,722.7 *-6.2%* *+2.2%*	1,836.3	5,160.2 *+2.5%* *+7.4%*	5,033.3

The performance of **volumes** in the first 9 months of 2023 was -3.0% because of the weakness of Car demand and Pirelli's selective strategy in Standard.

In the **third quarter,** Pirelli registered a fall in volumes of 4.6%, with Car volumes down 3.8% compared with the market's -1%. In Car ≥18" in particular, volumes in the third quarter grew by 1%, in line with the market as a consequence of:
- **Growth of 2%** (in line with the market) in the Replacement Channel where Pirelli confirmed its leadership with solid price discipline;
- a **decline of 1%** (market unchanged) in Original Equipment, because of greater selectivity in Europe and an unfavorable comparison basis in China in 2022 (due to the strong post-Covid market recovery in the third quarter of 2022).

In the third quarter Pirelli further reduced its exposure to ≤17'', with a fall in volumes of 10% compared with the market's -2%.

Revenue variations	1 QTR 2023	2 QTR 2023	3 QTR 2023	9 MOS 2023
Volumes	-3.1%	-1.1%	-4.6%	-3.0%
Price/Mix	+15.1%	+10.2%	+6.8%	+10.4%
Organic growth	+12.0%	+9.1%	+2.2%	+7.4%
Forex/hyperinflaiton Argentina-Turkiye	-0.3%	-5.4%	-8.4%	-4.9%
Total variation y/y	**+11.7%**	**+3.7%**	**-6.2%**	**+2.5%**

The **price/mix** registered an increase of +10.4% **in the first 9 months of 2023** supported by price increases to counter inflation of production factors, as well as improvement in the product mix, linked to the progressive migration from Standard to High Value and the mix in both segments.
In the **third quarter** 2023 the **price/mix** was +6.8% compared with the third quarter of 2022 because of the price increases implemented in the fourth quarter of 2022 and the first quarter of 2023 and improvement of the mix.

In the **first 9 months** of 2023, **forex** had a negative impact of -4.9% because of the weakening of the dollar, renmimbi and currencies of emerging countries against the euro, which was more significant in the **third quarter** of the year (-8.4% against -5.4% in the second quarter and -0.3% in the first quarter).

Profitability

Profitability *(euro millions)*	2023				2022
	1 QTR	2 QTR	3 QTR	9 MOS	9 MOS
Adjusted EBITDA	359.7	379.4	376.7	1,115.8	1,079.2
% of sales	*21.2%*	*21.8%*	*21.9%*	*21.6%*	*21.4%*
EBITDA	350.7	367.9	368.3	1,086.9	1,043.2
% of sales	*20.6%*	*21.2%*	*21.4%*	*21.1%*	*20.7%*
Adjusted EBIT	248.1	269.3	265.1	782,5	753.5
% of sales	*14.6%*	*15.5%*	*15.4%*	*15.2%*	*15.0%*
EBIT	210.7	229.3	228.3	668.3	632.2
% of sales	*12.4%*	*13.2%*	*13.3%*	*13.0%*	*12.6%*

Adjusted EBITDA in the first 9 months of 2023 was 1,115.8 million euro, an increase of 3.4% compared with 1,079.2 million euro in the same period of 2022.

Adjusted EBIT in the first 9 months of 2023 was 782.5 million euro, an improvement of 29.0 million euro from 753.5 million euro in the same period of 2022, with an Adjusted EBIT margin growing to 15.2%, compared with 15.0% in the first 9 months of 2022. The contribution from internal levers (price/mix and efficiencies) more than compensated for the negativity of the external context (raw materials and inflation).
In detail, **Adjusted EBIT** mainly reflects the **positive effect of the price/mix** (+448.6 million euro) and **efficiencies** (+61.4 million euro) which more than offset:

- the **decline in volumes** (-64.6 million euro), the **cost of raw materials** (-77.0 million euro), the negative impact of the **input cost** inflation (-179.9 million euro) and the **negativity of forex** (-114.5 million euro);

- the effect of **amortizations** at -26.2 million euro and **other costs** (-18.8 million euro) mainly linked to marketing and R&D activities and the reduction of inventory.

In the **third quarter of 2023 Adjusted EBIT** was 265.1 million euro (substantially unchanged from 271.9 million in the same period of 2022) thanks to the great contribution from **price/mix** (+103.7 million euro) and **efficiencies** (+31.0 million) that more than compensated for the inflation of **costs of production factors** (-49.1 million euro) and **forex** (-63.4 million euro). The negative impact of **volumes** (-36.0 million euro), **amortizations** (-10.2 million euro) and **other costs** (-5.0 million euro) was partially counterbalanced by **raw materials** (+22.2 million euro). The **margin** improved to 15.4% compared with 14.8% in the third quarter of 2022.

EBIT was 668.3 million euro, an increase of 36.1 million euro from 632.2 million euro in the first 9 months of 2022 and includes:

- **amortizations and intangible assets** identified in the context of PPA of 85.3 million euro (in line with the first 9 months of 2022);
- **one-off, non-recurring and restructuring charges** of 28.9 million euro (36.0 million in the same period of 2022), mainly related to the continuation of structure rationalization actions.

The **results from equity investments** was +8.9 million euro (+3.1 million euro in the first 9 months of 2022).

Net financial charges in the first 9 months of 2023 amounted to 150.2 million euro compared with 145.1 million in the same period of 2022. The cost of debt on 30 September 2023, calculated as the average of the last 12 months, was 4.75% (4.04% compared with 31 December 2022) mainly as a result of interest rate rises in the Eurozone.

Fiscal charges in the first 9 months of 2023 amounted to 116.0 million euro against a **pretax profit** of 527.0 million euro with a tax rate that stood at 22.0%, substantially in line with the tax rate now expected for 2023. This estimate reflects the benefit, registered beginning from the third quarter, deriving from the application of the **Patent Box** tax benefit following the agreement underwritten on 3 August 2023 with the Italian tax office and equal to 40 million euro for the 3-year period 2020-2022, as well as the benefit for 2023. The effect on cash flow will be distributed between 2023 and 2025 without any significant impact of 2023 cash flow.

Net profit in the **first 9 months of** 2023 was 411.0 million euro, an increase of +14.4% compared with 359.3 million euro in the same period of 2022 and reflects the improvement of the operating performance and benefits deriving from the Patent Box.
In the **third quarter of 2023,** net profit grew by 33.3% to 168.4 million euro compared with 126.3 million euro in the third quarter of 2022 and reflects the benefit derived from the Patent Box.

Net cash flow before dividends in the first 9 months of 2023 was -367.7 million euro (-323.2 million in the same period of 2022). Excluding the impact of the 3-year LTI management incentive plan of around 67 million euro distributed in the second quarter (in 2022 there was no distribution because the plan had not reached its conclusion), the cash flow before dividends improved by 22.5 million compared with the first 9 months of 2022.

Net cash flow from operations' management was -30.5 million euro compared with +87.4 million euro in the first 9 months of 2022 and reflects:

- growth of **Adjusted EBITDA;**
- **tangible and intangible investments** of 201.2 million euro (compared with 188.7 million in the same period of 2022) devoted mainly to High Value activities, the constant improvement of the mix and the quality in all factories and the increase of production capacity in Mexico and Romania.
- **Increase in usage rights** equal to -69.1 million euro in the first 9 months of 2023 (compared with -50.5 million in the corresponding period of 2022)

- Greater cash absorption in the first 9 months of 2023 compared with the same period of 2022 of the “**working capital and other**” (-876.0 million euro compared with -752.6 million euro in the first 9 months of 2022). In detail, this performance reflects:
    - a careful **management of inventory** (20.4% the weight against revenues in the last 12 months, a reduction of 1.6 percentage points compared with the end of 2022);
    - **trade receivables** at 16.2% of revenues (18.3% in the first 9 months of 2022) an increase compared with the figure on 31 December 2022 (9.6%), in line with the business seasonality;
    - **trade payables** which equaled 22.0% of revenues over the last 12 months (25.5% to 30 September 2022), a decline from 29.8% on 31 December 2022 because of lower debts following the actions taken to reduce and normalize stocks of raw materials and higher payments (-50 million euro the negative impact compared with the first 9 months of 2022) linked the concentration of investments in the last quarter of 2022 following the re-planning of some projects and delays in the delivery of machinery;
    - the already mentioned **impact of the LTI 2020-2022 management incentive plan** – which matured on 31 December 2022 – for about 67 million euro (no payment in 2022).

In the **third quarter of 2023**, the **net cash flow before dividends** was positive 167.2 million euro, an improvement of 26.7 million compared with 140.5 million euro in the same period of 2022, principally due to inventory optimization.

The **net financial position on 30 September 2023** was -3,138.1 million euro (-3,390.5 million euro on 30 September 2022 and -2,552.6 million euro on 31 December 2022).

The liquidity margin on 30 September 2023 was 1,921.6 million euro and guarantees the coverage of debt maturities with banks and other financiers until the end of 2025.

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The **Sustainability** path in the first 9 months of 2023 saw significant progress, beginning with the **de-carbonization plan.** The results relative to the energy transition of the factories were above expectations, for this reason Pirelli is getting ready to define a **new Science Based Target both short and long term** in line with its **Commitment** to **Net Zero.** The **transition** also involves the **entire value chain (considering the so-called Scope 3 emissions):** the **clients** of the European market were involved in days of in-depth study on **low carbon products and technologies,** while **suppliers with higher emissions** were involved in the definition of challenging de-carbonization **targets** and in line with Pirelli’s strategy.
For Pirelli, **transparency towards consumers** is central: Pirelli created a new logo that identifies tyres containing at least 50% of bio-based and recycled materials**.**
In July Pirelli launched the **new Pirelli P Zero E**, **Pirelli’s Perfect Fit for premium and prestige electric vehicles** which, because of the vehicles’ own characteristics, require dedicated tyres with performances in grip, rolling resistance and resistance to specific wear. The new Pirelli P Zero obtained a **triple class A** in European labeling in **all measures (rolling resistance, wet braking, noisiness)** and **is made of more than 55% of Bio-based & Recycled materials**[1], affirmations validated by **third parties.** The analysis of the tyre’s life cycle, conducted by Pirelli and validated by Bureau Veritas, shows a **reduction of 24% of CO2 emissions** equivalent compared with a Pirelli tyre of the previous generation[2] . In addition, **tyre wear (expressed in g/1000km) was reduced by 42%** compared with the previous generation[3], thanks

[1] Thanks to a combinatoin of physical segregation and mass balance. And according to the tyre’s size, the content of “bio-based & recycled” materials varies respectively from 29-31% and 25-27%. Materials of natural origin are natural rubber, textile reinforcements, chemical substances of natural origin, bio-resin and lignin, while recycled materials are metallic reinforcements, chemical products and - through a mass balance approach – synthetic rubber and carbon black. According to ISO 14021.

[2] Size 235/45R18 (IP 42865) compared with the same size product of the preceding generation (PZ4 IP 27429) according to ISO 14067 and ISO 14026 verified by Bureau Veritas;

[3] Values certified by DEKRA

to virtualization and new materials. The P Zero E offers new Pirelli RunForward technology, which permits you to drive for about 40 km after a puncture at a maximum speed of 80 km/h.
In October, Pirelli was confirmed as **Formula One's Global Tyre Partner at least until 2027, a partnership** with sustainability at its heart and which from **2024 will see all the tyres** used in all occasions of the FIA Formula One World Championship **certified FSC®** (Forest Stewardship Council®)[4].

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The Board of Directors of Pirelli & C. Spa today maintained that the General Operations Office, previously entrusted to Andrea Casaluci, is superseded following his nomination as the CEO of the Company decided on 3 August 2023.

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2023 TARGETS

(euro billions)	July 2023	November 2023
Revenues	~6.5÷~6.7	~6.6
Adjusted EBIT Margin	~14.5% ÷ <15%	~15%
CAPEX *% of revenues*	~0.40 *~6%*	~0.40 *~6%*
Net cash flow before dividends	~0.44÷~0.47	~0.45÷~0.47
Net Financial Position *NFP / EBITDA Adj.*	~-2.35 *~1.65x÷~1.7x*	~-2.33 *~1.60x÷~1.65x*
ROIC *post taxes*	~20%	~20%

MARKET OUTLOOK

The **global Car tyre market** in 2023 is expected to improve slightly compared with the July estimate, thanks to more sustained demand in the ≥18'' Replacement. We foresee that the global tyre market will decline by around -1%, compared with the previous indication of about -2%.
High Value is confirmed as the most resilient segment, with estimated demand growth of +4% (previous indication +3%) compared with -3% foreseen for ≤17''.

In particular, the expectations for the Car ≥18'' market are:

- in **Original Equipment** Car ≥18'' volumes growth of around 5% (in line with the previous indication)
- in **Replacement** Car ≥18'' volumes are expected to grow by about +3% (previous indication +2%), thanks to stronger demand in North America and improvement in China; recovery of demand in Europe in the second half of the year confirmed.

2023 TARGETS

In this context, Pirelli will continue in line with its strategy:

- reinforcing its positioning in High Value, and particularly in higher rim sizes (≥19''), Specialties and Electric, maintaining solid price discipline;

[4] FSC® N003618

- implementing the third phase of the efficiencies plan included in the Industrial Plan 2021-2002|2025, with benefits equal to about 100 million euro, also resulting from the digitization of all company processes.
- Maintaining efficient management of inventory and, generally, of working capital.

Given the results obtained in the first 9 months and the expected market scenario, for 2023 Pirelli expects:

- **Revenues** of about **6.6 billion euro** (previous estimate ~**6.5 / ~6.7 billion euro**), with:
  - **Volumes expected at ~-2%** (previous indication "~-2% / ~ -1%"), in consideration of a greater reduction of exposure to Standard, while in Car ≥18'' Pirelli volumes are expected to be in line with the market, but with a better trend in the Replacement channel.
  - **price/mix improvement** to ~**+8%,** at the higher end of the previous indication of "~+7% / ~+8%" thanks to solid price discipline and continuing improvement of the product mix
  - **forex impact at ~-6%** (previous indication "~-7% / ~-6%")

- **Adjusted EBIT Margin** expected at **around 15%** (previous indication ~14.5% / <15%) thanks to the support of price/mix which will more than offset the impact of the external headwinds (inflation and forex).

- **Net cash generation before dividends improving and expected between ~450 and ~470 million** euro (previous indication between ~440 and ~470 million euro)**,** thanks to the operating performance and efficient management of working capital.

- **Capex** confirmed at about 400 million euro (~6% of revenues).

- **Net financial position** revised up to **~-2.33 billion euro** with a NFP/adjusted EBITDA ratio between ~1.60 and~1.65 times (previous estimate ~-2.35 billion euro with an NFP/adjusted EBITDA ratio between ~1.65 and ~1.7 times).

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Industrial Plan Update

In light of the uncertainties linked to the international environment, the Board maintained it opportune to postpone the presentation of the Industrial Plan update to 2025, initially foreseen by the end of the year, to March 2024 together with the presentation of the FY2023 results. Pirelli confirms its deleverage target with a Net Financial Position/Adjusted EBITDA ratio of around 1 time by the end of 2025.

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Activities in Russia

Pirelli operates in Russia respecting the international sanctions and, as already announced to the market, has suspended investment in its factories in the Country with the exception of those required for the safety of operations. In the first 9 months of 2023, Russia accounted for about 4% of sales.

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Significant events which took place after the end of the quarter

For significant events which took place after 30 September 2023 refer to the dedicated section inside the interim report in the Company website www.pirelli.com

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The interim report to 30 September 2023 will be available to the public today at the Company's legal headquarters, as well as on the Company website (www.pirelli.com) and via eMarket Storage (www.emarketstorage.com).

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Conference call

The results to 30 September 2023 will be illustrated today, 9 November 2023, at 18.30 with a conference call with the participation of the **Executive Vice Chairman** of Pirelli & C. SpA, **Marco Tronchetti Provera**, the **CEO Andrea Casaluci** and top management. Journalists will be able to follow the presentation, without the option of asking questions, by telephone at **+39 02 802 09 27.** The presentation will also be webcast – in real time – at www.pirelli.com in the Investors section, where it will also be possible to consult the relative slides.

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The manager indicated for the preparation of the company accounting 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 the present press release corresponds to the documentary results, books and other accounting writings.

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Pirelli – Economic data to 30 September 2023

(in millions of euro)	**01/01 - 09/30/2023**	**01/01 - 09/30/2022**
Net sales	**5.160,2**	**5.033,3**
EBITDA adjusted (°)	**1.115,8**	**1.079,2**
% of net sales	21,6%	21,4%
EBITDA	**1.086,9**	**1.043,2**
% of net sales	21,1%	20,7%
EBIT adjusted	**782,5**	**753,5**
% of net sales	15,2%	15,0%
Adjustments: - amortisation of intangible assets included in PPA	(85,3)	(85,3)
- one-off, non-recurring and restructuring expenses	(28,9)	(36,0)
EBIT	**668,3**	**632,2**
% of net sales	13,0%	12,6%
Net income/(loss) from equity investments	8,9	3,1
Financial income/(expenses)	(150,2)	(145,1)
Net income/(loss) before taxes	**527,0**	**490,2**
Taxes	(116,0)	(130,9)
Tax rate %	22,0%	26,7%
Net income/(loss)	**411,0**	**359,3**
Earnings/(loss) per share (in euro per basic share)	0,39	0,34
Net income/(loss) adjusted	453,1	445,8
Net income/(loss) attributable to owners of the Parent Company	393,0	338,4

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 28.9 million (euro 36.0 million for the first nine months of 2022).

Pirelli – Balance sheet data to 30 September 2023

(in millions of euro)		**09/30/2023**	**12/31/2022**	**09/30/2022**
Fixed assets		**8.804,7**	**8.911,1**	**9.006,6**
	Inventories	1.376,3	1.457,7	1.464,3
	Trade receivables	1.092,7	636,5	1.169,0
	Trade payables	(1.484,3)	(1.973,3)	(1.625,3)
Operating net working capital		**984,7**	**120,9**	**1.008,0**
% of net sales (*)		14,6%	1,8%	15,8%
	Other receivables/other payables	57,9	42,3	70,2
Net working capital		**1.042,6**	**163,2**	**1.078,2**
% of net sales (*)		15,5%	2,5%	16,9%
Net invested capital		**9.847,3**	**9.074,3**	**10.084,8**
Equity		**5.632,0**	**5.453,8**	**5.646,6**
Provisions		1.077,2	1.067,9	1.047,7
Net financial (liquidity)/debt position		**3.138,1**	**2.552,6**	**3.390,5**
Equity attributable to owners of the Parent Company		5.504,8	5.323,8	5.487,3
Investments in intangible and owned tangible assets (CapEx)		201,2	397,7	188,7
Increases in right of use		69,1	79,7	50,5
Research and development expenses		218,2	263,9	196,0
% of net sales		4,2%	4,0%	3,9%
Research and development expenses - High Value		202,8	247,1	181,3
% of High Value sales		5,3%	5,3%	5,0%
Employees (headcount at end of period)		31.213	31.301	31.396
Industrial sites (number)		18	18	18

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

Pirelli – Cashflow Statement to 30 September 2023

(in millions of euro)	1 Q		2 Q		3Q		cumulative at 09/30	
	2023	2022	2023	2022	2023	2022	2023	2022
EBIT adjusted	248,1	228,5	269,3	253,1	265,1	271,9	782,5	753,5
Amortisation and depreciation (excluding PPA amortisation)	111,6	104,6	110,1	109,1	111,6	112,0	333,3	325,7
Investments in intangible and owned tangible assets (CapEx)	(53,2)	(48,6)	(70,3)	(67,1)	(77,7)	(73,0)	(201,2)	(188,7)
Increases in right of use	(15,1)	(8,1)	(26,5)	(33,2)	(27,5)	(9,2)	(69,1)	(50,5)
Change in working capital and other	(868,8)	(841,6)	(6,8)	138,6	(0,4)	(49,6)	(876,0)	(752,6)
Operating net cash flow	**(577,4)**	**(565,2)**	**275,8**	**400,5**	**271,1**	**252,1**	**(30,5)**	**87,4**
Financial income / (expenses)	(52,2)	(43,6)	(54,7)	(46,0)	(43,3)	(55,5)	(150,2)	(145,1)
Taxes paid	(29,0)	(32,9)	(32,3)	(71,5)	(43,8)	(46,8)	(105,1)	(151,2)
Cash-out for one-off, non-recurring and restructuring expenses	(12,6)	(23,6)	(10,2)	(11,9)	(8,8)	(11,0)	(31,6)	(46,5)
Dividends paid to minority shareholders	-	-	(3,9)	(24,4)	0,3	(0,2)	(3,6)	(24,6)
Differences from foreign currency translation and other	(20,2)	(7,6)	(18,2)	(37,5)	(8,3)	1,9	(46,7)	(43,2)
Net cash flow before dividends, extraordinary transactions and investments	**(691,4)**	**(672,9)**	**156,5**	**209,2**	**167,2**	**140,5**	**(367,7)**	**(323,2)**
(Acquisition) / Disposals of investments	-	-	-	-	-	-	-	-
Net cash flow before dividends paid by the Parent Company	**(691,4)**	**(672,9)**	**156,5**	**209,2**	**167,2**	**140,5**	**(367,7)**	**(323,2)**
Dividends paid by the Parent Company	-	-	-	(159,9)	(217,8)	(0,3)	(217,8)	(160,2)
Net cash flow	**(691,4)**	**(672,9)**	**156,5**	**49,3**	**(50,6)**	**140,2**	**(585,5)**	**(483,4)**

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 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.

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

- **EBITDA**: equal to the EBIT but which excludes the depreciation and amortisation of property, plant and equipment and intangible assets. The EBITDA is used to measure the ability to generate earnings, excluding the impacts deriving from investments;
- **EBITDA adjusted**: an alternative measure to the EBITDA which excludes non-recurring, restructuring and one-off expenses;
- **EBITDA margin**: calculated by dividing the EBITDA by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments;
- **EBITDA margin adjusted**: 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 and the operating costs attributable to non-recurring, restructuring and one-off expenses.
- **EBIT**: an intermediate measure which is derived from the net income/(loss), but which excludes taxes, financial income and expenses, and the net income/(loss) from equity investments. The EBIT is used to measure the ability to generate earnings, including the impacts deriving from investments;
- **EBIT adjusted**: an alternative measure to the EBIT which excludes the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, and the operating costs attributable to non-recurring, restructuring and one-off expenses;
- **EBIT margin**: calculated by dividing the EBITDA by revenues from sales and services. This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted**: calculated by dividing the 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 and the operating costs attributable to non-recurring, restructuring and one-off expenses;
- **Net income/(loss) adjusted**: 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 and the operating costs attributable to non-recurring, restructuring and one-off expenses;
  - non-recurring expenses/income recognised under financial income and expenses;
  - non-recurring expenses/income recognised under taxes, as well as the tax impact relative to the adjustments referred to in the previous points;
- **Fixed assets**: this measure is constituted by 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**: 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 *"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")* and the non-current derivative financial hedging instruments for items included in the net financial position and included in the Financial Statements under "*Derivative financial instruments" as* non-current assets. The 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 but non-utilised credit facilities;
- **Operating net cash flow**: calculated as the change in the net financial position relative to operations management;
- **Net cash flow before dividends, extraordinary transactions and investments**: 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**: 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**: 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)**: 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:** calculated as the increases in the right of use relative to lease contracts;
- **ROIC**: 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 recognised 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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