

**PIRELLI**

2023 RESULTS  2024-25 INDUSTRIAL PLAN UPDATE

**Milan**

6<sup>th</sup> March, 2024

# Agenda

TIME	SESSION	SPEAKER
14:00 - 14:10	<b>Strategic guidelines</b>	<b>M. Tronchetti Provera</b> - <i>Executive Vice Chairman</i>
14:10 - 14:40	<b>Industrial Plan update</b>	<b>A. Casaluci</b> - <i>Chief Executive Officer</i>
14:40 - 15:00	<b>Innovation</b>	<b>P. Misani</b> - <i>Chief Technology Officer</i>
15:00 - 15:20	<b>FY 2023 Results &amp; 2024-25 Targets</b>	<b>F. Bocchio</b> - <i>Chief Financial Officer</i>
15:20 - 15:25	<b>Closing remarks</b>	<b>M. Tronchetti Provera</b> - <i>Executive Vice Chairman</i>
15:30 - 16:00	<b>Q&amp;A</b>	

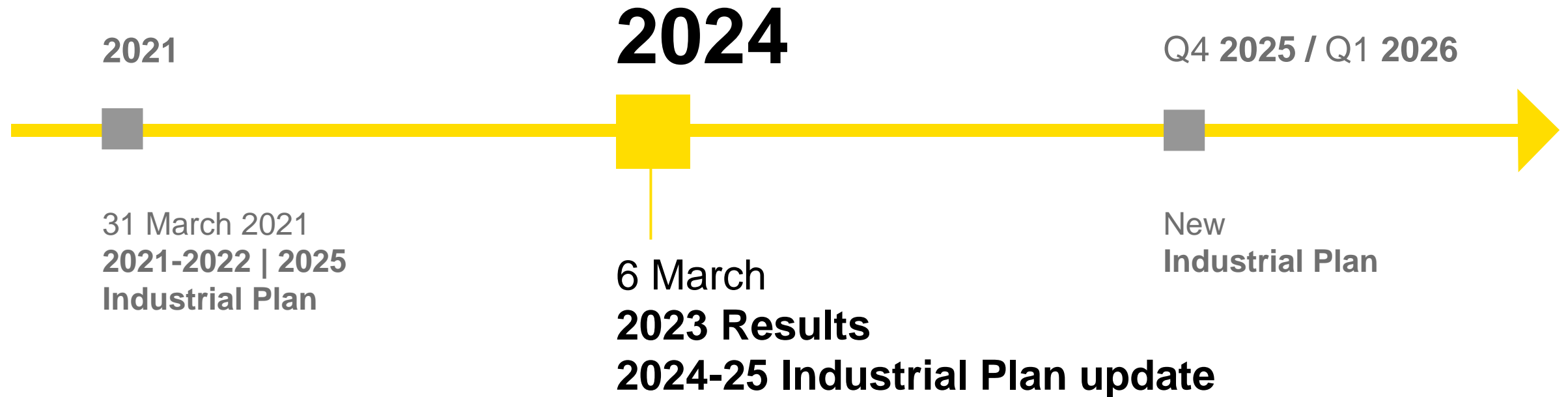
**PIRELLI**

2023 RESULTS  2024-25 INDUSTRIAL PLAN UPDATE

## Strategic guidelines

M. Tronchetti Provera  
*Executive Vice Chairman*

# Agenda for today



# Strategy proved to be effective in a challenging and unforeseen context ...



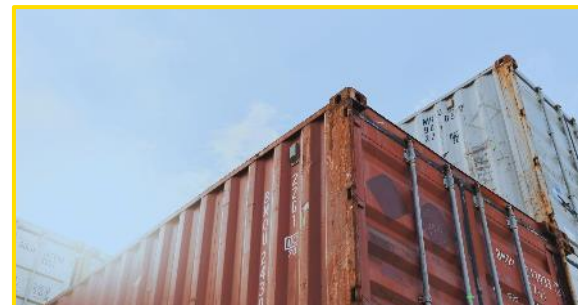
**GDP growth affected by interest hikes**

**INCREASING FOCUS ON HIGH VALUE AND SPECIALTIES**



**High Inflation**

**BOOSTING PRICE/MIX & EFFICIENCIES**



**Increasing geopolitical & supply chain risk**

**DEPLOYING MITIGATION PLAN AND IMPROVING LOCAL-FOR-LOCAL**



**Increasing Environment regulations**

**ACCELERATING DECARBONIZATION**

**ENHANCING DIGITIZATION & CONNECTIVITY**

# ... and we delivered a strong performance in 2021-23



**We strengthened our exposure to HV**

**75%**

**HV weight on 2023 Revenues**

+5 p.p. vs 2020

Two years in advance vs Industrial Plan 2021 target



**We maintained best-in-class profitability among Tier 1 players**

**15%**

**Adjusted EBIT margin**

+3.5 p.p. growth vs 2020

+5.6 p.p. above FY'23 Tier 1 profitability average<sup>1</sup>



**We accelerated deleveraging**

**1.56x**

**Net debt on Adjusted EBITDA**

vs 3.65x in 2020



**We expedited decarbonization**

**-51%**

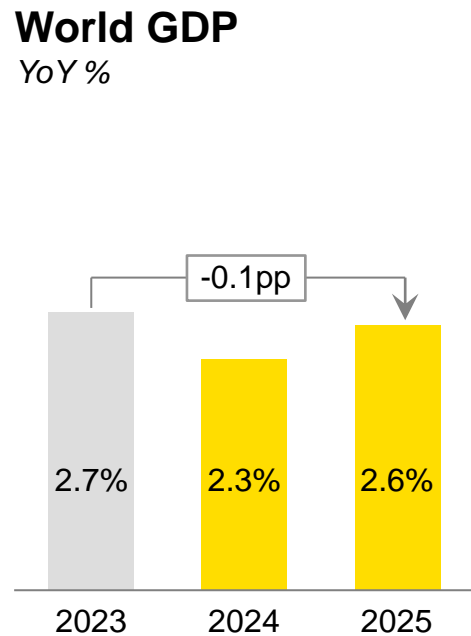
**CO<sub>2</sub> emissions scope 1+2 vs 2015**

Outperforming previous SBTi targets<sup>2</sup>

**Thanks to the strong commitment of our people**

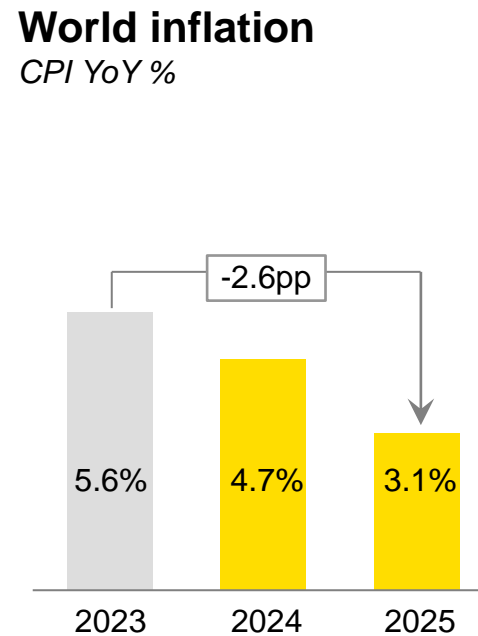
# Macro scenario: still volatile in 2024, expected to gradually improve in 2025

Actual  
Revised assumptions



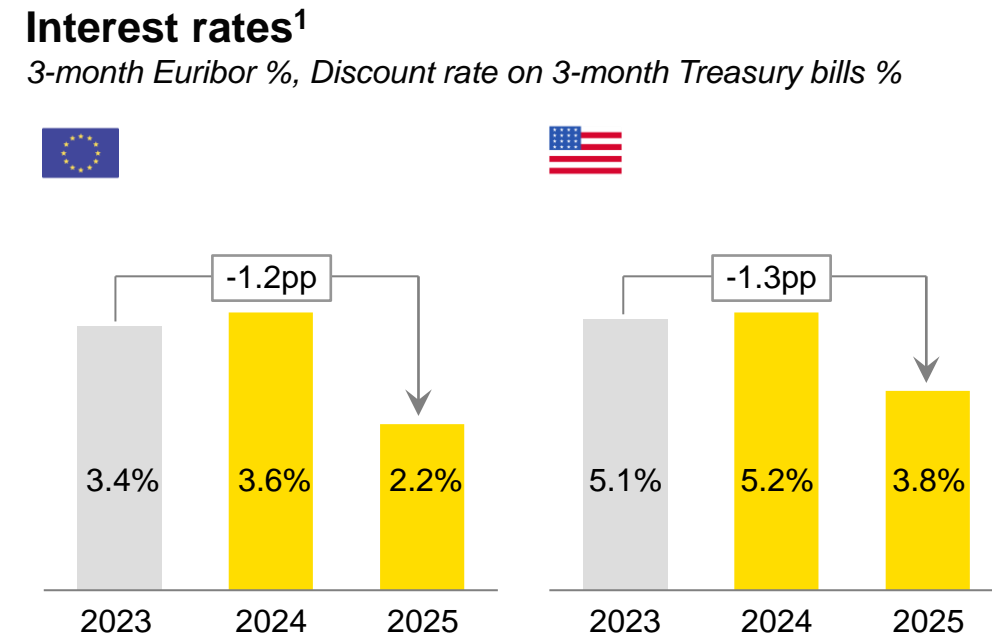
2021 Industrial Plan assumptions  
3.2% 3.1% 3.1%

**Moderate GDP growth**



2021 Industrial Plan assumptions  
2.5% 2.5% 2.6%

**Inflation progressively decreasing**



2021 Industrial Plan assumptions  
-0.5% -0.5% -0.5%      0.1% 0.1% 0.1%

**Interest rates slowly declining, still higher vs last decade**

Economic environment still **behind 2021 Industrial Plan assumptions**

# Looking forward, key industry trends are confirmed

## Resilient HV demand

### 5+%

CAGR of High Value segment in 2023-2030 vs a flat trend for the Standard

## Sustainability

### 80%

of consumers consider sustainability in automotive purchases<sup>1</sup>

### 96%

of Premium & Prestige OEMs set Net Zero targets by 2050

## Electrification

### 40%

of Premium & Prestige car production is expected to be EV<sup>2</sup> in 2025

### 80%

of Premium & Prestige car production is expected to be EV<sup>2</sup> in 2030

## Innovation & connectivity

### 32%

of global car parc is expected to be connected by 2025<sup>3</sup>

### 60%

of global car parc is expected to be connected by 2030<sup>3</sup>

vs Industrial Plan 2021

**Confirmed**

**Accelerated**

**Accelerated**

**Confirmed**



# Pirelli long-term strategy

Confirm and strengthen distinct position as the **leading High Value Consumer Tyre Player**



**Outpacing High Value** growth rate



**Leading in profitability** among Tier 1 tyre players

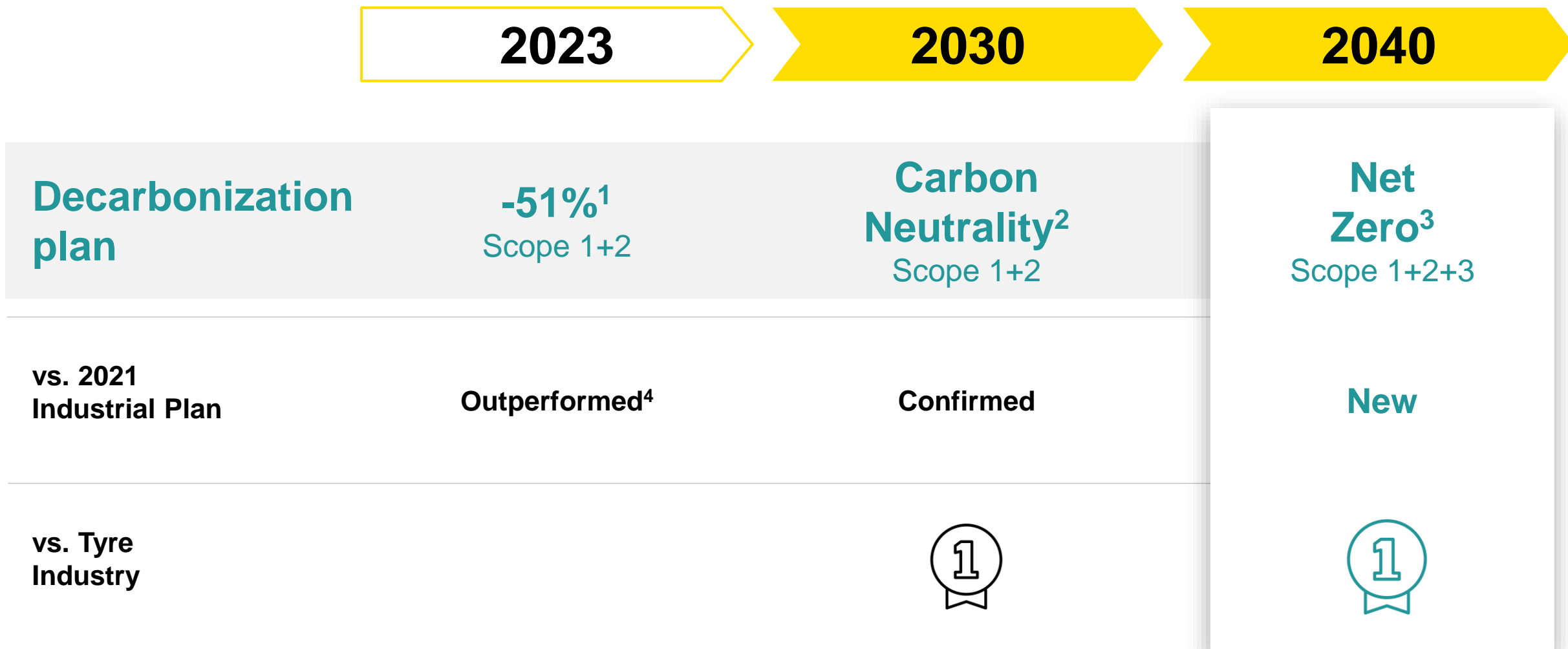


**Seizing tyre connectivity opportunities**



**Setting the decarbonization benchmark** in the tyre industry

# Leading the tyre industry sustainable transition





2023 RESULTS  2024-25 INDUSTRIAL PLAN UPDATE

## Industrial Plan update

A. Casaluci

*Chief Executive Officer*

# 2023 results above targets, confirming a solid execution of our strategy

## Financial performance

**6,650MIn € Revenues**

(November Target: ~6.6BIn €)

+6.8% organic growth with top industry Price/Mix

**1,002MIn € Adjusted EBIT**

(Implicit in November Target: ~985MIn €)

15.1% EBIT margin with internal levers offsetting external headwinds

**496MIn € Net Income**

+14% YoY thanks to operating performance & tax benefits

**509MIn € Net Cash Flow** before dividends

(November Target: ~450 ÷ 470MIn €)

Supported by efficient Inventory management

## Sustainability performance

**1.7 Accident Frequency Index<sup>1</sup>**

-15% YoY driven by a continuous focus on health & safety

**-51% Scope 1+2 emissions<sup>2</sup> -18% Scope 3 emissions<sup>2</sup>**

Outperforming 2025 Targets (-42% for Scope 1+2, -9% for Scope 3)

**>55% Bio-based and Recycled Materials** on best new product<sup>3</sup>

Well above 2025 Targets (>43%)

## Top rating ESG indices



Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

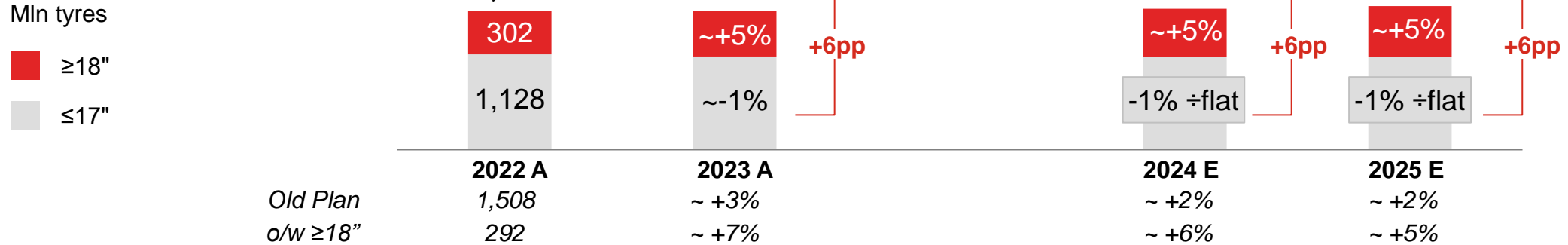


**SUSTAINALYTICS**  
Top score tyre industry  
(lowest risk)<sup>4</sup>

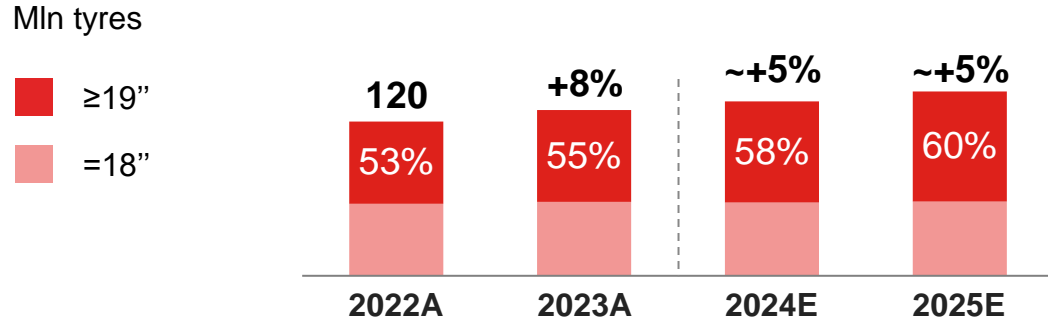
# Tyre demand: recovering in 2024-25, supported by solid High Value growth

High Value market trend in line with 2021 Industrial Plan assumptions, while Standard weakness weighs on Total Market

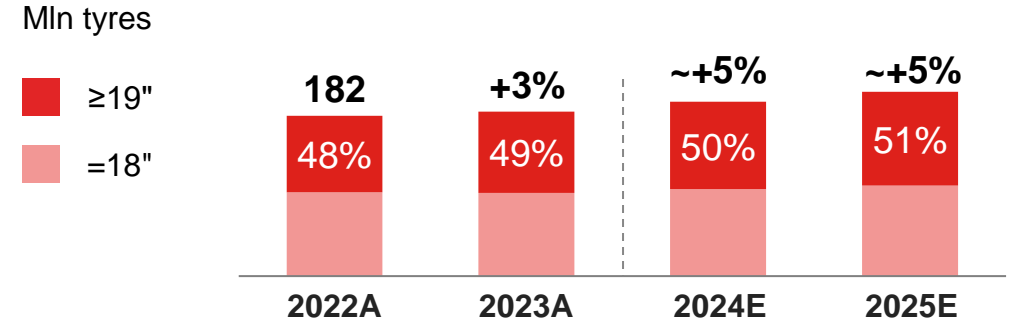
## Global car tyre market



## ≥18" O.E.



## ≥18" Repl.



## EV<sup>1</sup> O.E.



## EV<sup>1</sup> Repl.



# In 2024-25, strengthening High Value leadership through our key programs

## COMMERCIAL PROGRAM



**Accelerating on EV & Specialties**



**Seizing regional High Value growth opportunities**

## OPERATIONS PROGRAM



**Strengthening value chain resilience**



**Increasing efficiencies**

## INNOVATION PROGRAM



**Leading Sustainability transition**



**Expanding Cyber Tyre opportunities**

# People are the foundations of past and future results



## New Organization

Enabling streamlined decision-making and promoting functional excellence



## Experienced Leadership Team

Blending in-house expertise and external talents to deliver on strategic goals



## Passion and Sense of Belonging

Enhancing engagement and igniting a performance culture among our People

**>17 years** Average tenure of the Management Team

**83%** Sustainable engagement Index



# Industrial Plan update

**1**

Commercial

**2**

Operations

**3**

2024-25 Targets



# Outperforming $\geq 18''$ Replacement market & investing in fastest growing $\geq 18''$ OE lines

Lowering exposure to  $\leq 17''$ , mainly concentrated in Standard Regions

## Commercial strategy

### $\geq 18''$ Replacement OE Driven

Demand fueled by past homologations  
(increasing incidence of  $\geq 19''$ , EV & Specialties)

### $\geq 18''$ Replacement Consumer Driven

Push-through volumes increase driven by accelerated product range upgrade

### $\geq 18''$ OE

OE selectivity as a guiding principle, focusing on EV and  $\geq 19''$

### $\leq 17''$

Concentrated in Standard Regions



Performance 2023A-25E



Outperforming  
market growth



Improving mix



Reducing  
exposure

## Market

CAGR 2023A-25E

~+5%

~+5%

-1% ÷ 0%

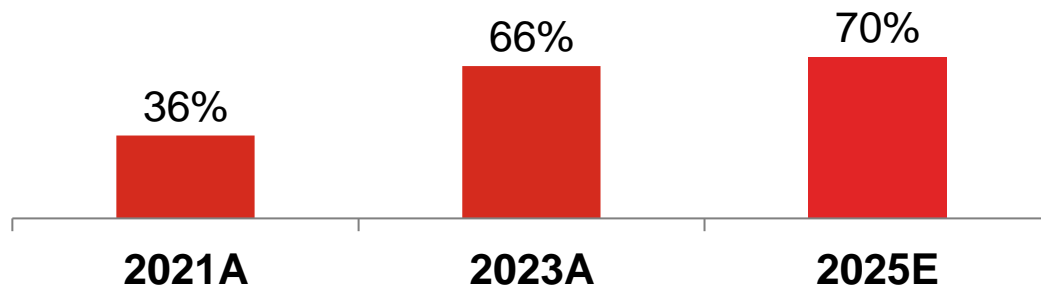
# HV Replacement growth | Secured by superior portfolio of homologations

Focus on Specialties and EV products

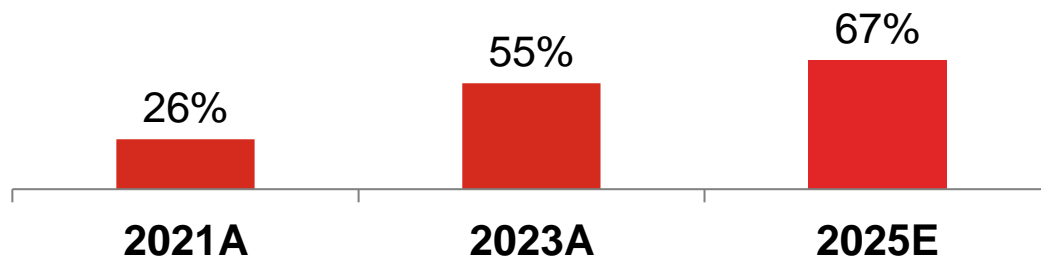
~300 ≥18" homologations per year

o/w 90+% ≥19"

**% Specialties**  
of homologations ≥18"



**% EV**  
of homologations ≥18"



**Widest ≥18" homologation portfolio** among peers...

**1.5x** vs best competitor



... driving **High Value Replacement sales**

**>80%** Loyalty rate<sup>1</sup>

## Specialties



Safety



RUNFLAT



SEAL INSIDE



»RUNFORWARD™



Eco



NOISE CANCELLING SYSTEM



PIRELLI ELECT



Leisure



RACING TYRES



COLLECTION TYRES



Connectivity



CYBER TYRE

# HV Replacement growth | Driven by accelerated product range upgrade

2021-2023

2024-2025

7 new product lines per year

Driving 2024-2025 sales

10 new product lines per year

Enabling future growth

Product examples

Global product lines with best-in-class tech content



**P ZERO™ E**

Awarded Tyre of the year in 2023<sup>1</sup>

**5**  
new global lines

- Sustainable materials
- ELECT technology
- Extended mobility

Regional product lines to meet local customers needs



**SCORPION™**

1<sup>st</sup> for SUV homologations in 2023

**10**  
new regional lines

- All Season and Winter tyres in EU
- All Season in APAC

Product lines to enter new fast-growing segments with tailored technologies



**WEATHERACTIVE™**

1<sup>st</sup> in Tire Rack ranking in 2023

**5**  
lines dedicated to new segments

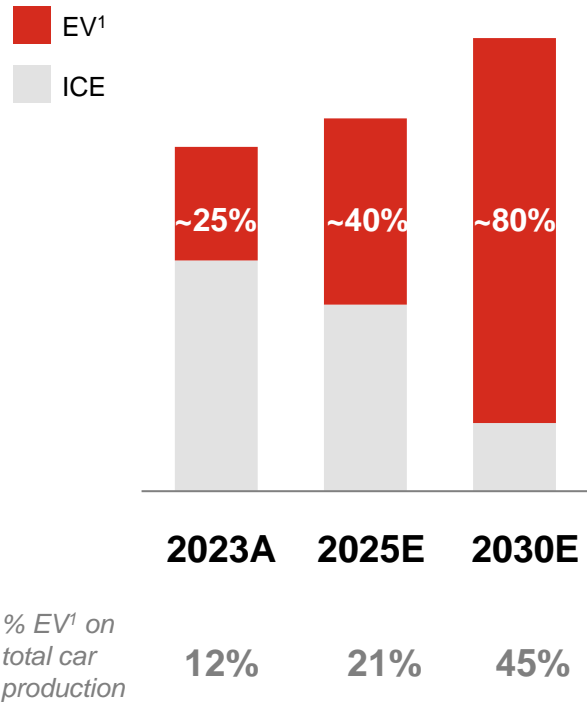
- Highly attractive All Terrain segment

Continuous upgrade of our iconic product families, focusing on **EV and sustainability-oriented solutions**

# HV OE - Electrification | Stronger leadership on EV

Leveraging on solid partnerships with Premium & Prestige OEMs and a superior technology

## Premium & Prestige car production



## Pirelli's competitive advantage

### Preferred partner for incumbents & pure EV players

**100%**  
Coverage of EV Premium & Prestige OEMs

Selected examples



### Unique EV homologation portfolio

Cumulated EV homologations

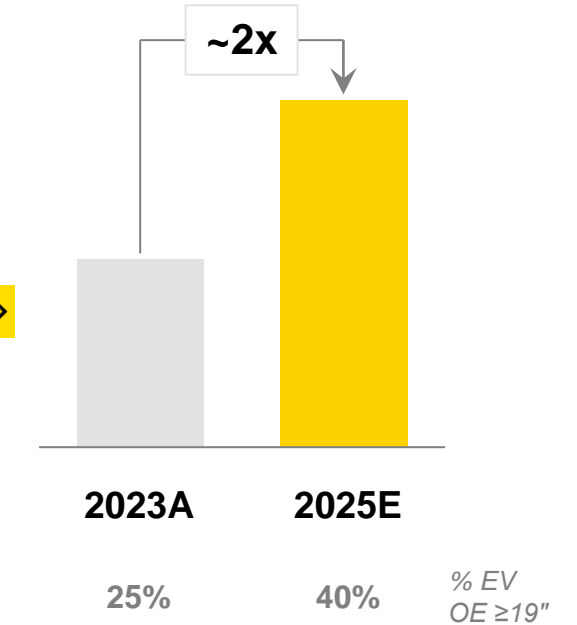


### Superior dedicated technology



## Pirelli expected growth in EV

### EV OE+RE Volumes



# High Value regional growth opportunities and geographical diversification

**95%** of total  $\geq 18''$  market volumes concentrated in 3 regions

## NORTH AMERICA

**Strengthening position in the largest High Value market**

- » **Ad-hoc product range**, covering the high-potential **All-Terrain segment**
- » **Wider homologation portfolio**, covering iconic North American models
- » Strengthened **distribution network**
- » **Strong brand recognition** through Formula 1<sup>®</sup> partnership

## EUROPE

**Confirming leading position in RE<sup>1</sup> and rebalancing exposure through OE selectivity**

- » **6 new ad-hoc lines** in 2024-25, focusing on fast-growing market opportunities
- » Increased **selectivity in OE**, to improve profitability and pull-through in RE<sup>1</sup>
- » **Optimized industrial productivity** and increasing **Local-for-Local** approach

## APAC

**Seizing new markets and Chinese Premium EV OEMs opportunities**

- » **Growth in South-East Asian and Pacific markets**
- » Seizing **opportunities** with **Chinese EV carmakers**
- » **Widening distribution** by accelerating the digitization of commercial operations

# Pirelli, the brand that matters: iconic competitive edge

## Our Brand, a key purchasing criterion



**7 out of 10**

High-value consumers are brand driven when purchasing tyres<sup>1</sup>

## Pirelli, the leading tyre HV brand



**1<sup>st</sup>**

in prestige/sporty and high-tech brand perception<sup>1</sup>

**High rating**

in brand awareness/consideration<sup>1</sup>

**1<sup>st</sup>**

in customer satisfaction for OE tyres in 2023<sup>2</sup>

**Iconic brand with 150+ years of heritage and a strong focus on sustainability and inclusiveness, constantly evolving to stay deeply connected to customers**



# Industrial Plan update

<b>1</b>	Commercial
<b>2</b>	Operations
<b>3</b>	2024-25 Targets

# Three priorities to improve operations efficiency and resilience



## Resilient Value Chain

from end to end, secured by our Local-for-Local approach

**~90%**

of finished products demand met by local production in 2025



## Efficiency Program

mostly driven by digitization and automation

**~370Mln €**

of efficiencies in 2023-25  
(Wave 3 of competitiveness program)



## Sustainability in Operations

with an ambitious and comprehensive decarbonization program

**-80%**

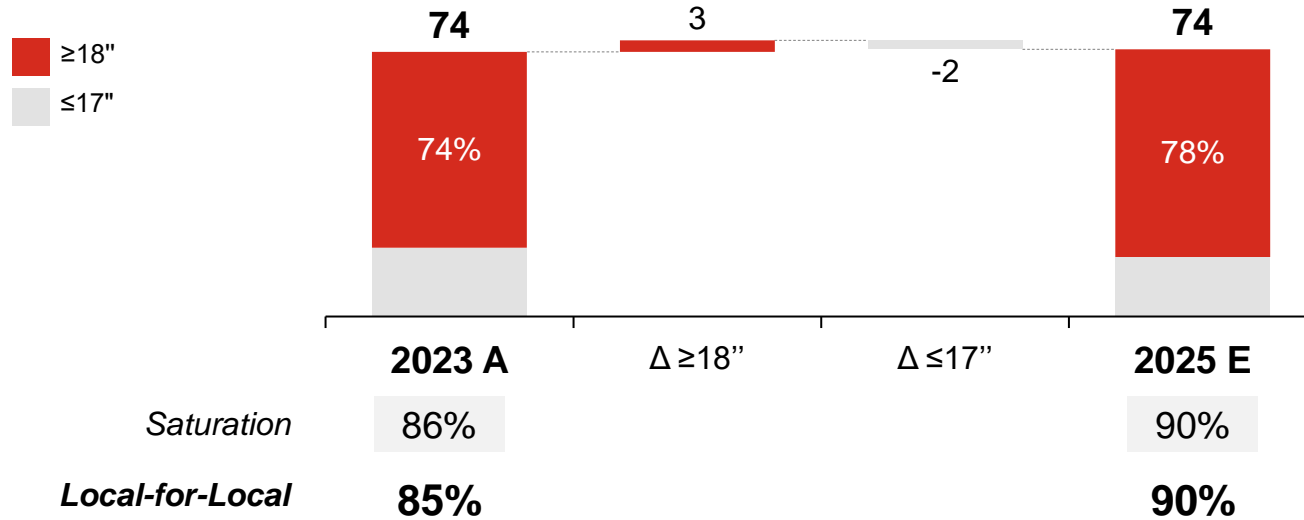
Scope 1+2 absolute CO<sub>2</sub> emissions in 2030 vs 2018



# Resilient value chain | Boosting Local-for-Local and risk mitigation approach

## Well structured production capacity, more Local-for-Local

Mln tyres/ year



### Key highlights

- **High saturation** of production capacity ensuring **efficiency**
- **Local-for-Local** footprint **de-risking operations**
- **Part of ≥18" capacity** (~20%) is allocated to ≤17"<sup>1</sup> and **available to sustain ≥18" growth**


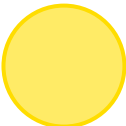

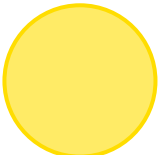

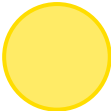


## Proactive supply chain risk control

- » **End-to-end value chain de-risking**  
Monitoring and assessment of risks beyond Tier-1
- » **Increased Local-for-Local sourcing**  
Additional 10pp in 2023-2025  
(+10pp in 2021-2023)
- » **AI-powered Supply Chain risk monitoring**  
Real-time visibility of shipments & predictive risk management
- » **Solid track record in crisis management**  
Expertise accrued during pandemic and geopolitical crises

# Efficiency Program | Accelerating cost competitiveness

Leveraging on digital transformation programs launched in the past years

## Competitiveness | 2023-25<sup>1</sup>

		2023	2024	2025
<b>Total Gross Impact</b>		<b>92MIn €</b>	<b>~140MIn €</b>	<b>~135MIn €</b>
	<b>Impact</b>	<b>Focusing on:</b>		
	<b>Product Cost</b>		<ul style="list-style-type: none"> <li>&gt;&gt; Modularity</li> <li>&gt;&gt; Design speed and virtualization</li> </ul>	
	<b>Manufacturing</b>		<ul style="list-style-type: none"> <li>&gt;&gt; Energy consumption &amp; electrification</li> <li>&gt;&gt; Automation, industrial IoT &amp; flexible factory</li> <li>&gt;&gt; Waste reduction</li> </ul>	
	<b>SG&amp;A</b>		<ul style="list-style-type: none"> <li>&gt;&gt; Logistics &amp; Go-to-Market</li> <li>&gt;&gt; G&amp;A belt tightening</li> <li>&gt;&gt; Procurement rationalization</li> </ul>	
	<b>Organization</b>		<ul style="list-style-type: none"> <li>&gt;&gt; Process digitalization</li> <li>&gt;&gt; Organization transformation</li> </ul>	

**~370MIn €**

cumulative 2023-25  
Gross Impact

**7%**

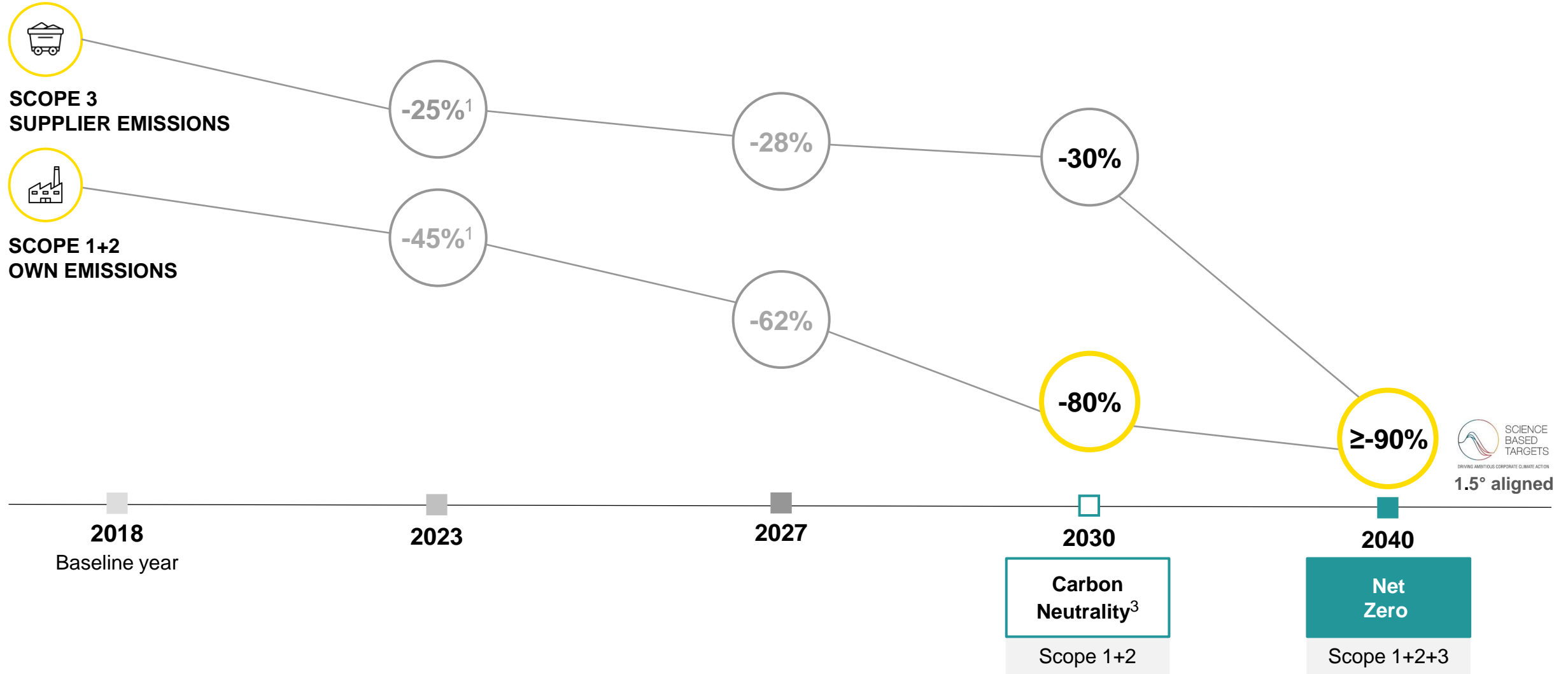
of total 2022 cost baseline

**+70MIn €**

vs 2021 Industrial Plan forecast

# Sustainability in Operations | Commitment to reach Net Zero by 2040

New Targets submitted to SBTI<sup>1</sup>, after having reached previous ones 2 years in advance<sup>2</sup>



# Sustainability in Operations | Tight roadmap of initiatives to reach this goal



## SCOPE 3 SUPPLIER EMISSIONS

### SUPPLIER DECARBONIZATION PROGRAM

>90% Scope 3 upstream emissions with available primary data and 100% requested to set **SBTi targets by 2025**

> 40% Bio-based and Recycled materials by 2030<sup>4</sup>

> 80% Bio-based and Recycled materials by 2040<sup>4</sup>



## SCOPE 1+2 OWN EMISSIONS

### RENEWABLE ELECTRICITY

100% Renewable Electricity by 2025, relying on proven market tools and additionalities

### ENERGY EFFICIENCY

90+ Energy efficiency projects with 50Mln € Capex 2022-25

### ELECT FACTORY

75%<sup>1</sup> of curing presses electrified by 2030 with 22Mln €/year Capex 2024-30 and +80% energy efficiency

OFFSET<sup>2</sup>

REMOVAL<sup>2</sup>



1.5° aligned

2018  
Baseline year

2023

2025

2030

Carbon  
Neutrality<sup>3</sup>

Scope 1+2

2040

Net  
Zero

Scope 1+2+3



# Industrial Plan update

**1**

Commercial

**2**

Operations

**3**


2024-25 Targets

# 2024-2025 targets

Financial targets	2023 A	2024 E	2025 E
Billion €			
<b>Revenues</b>	<b>6.65</b>	<b>6.6 ÷ 6.8</b>	<b>6.8 ÷ 7.0</b>
<b>Adj. EBIT margin</b> <i>% revenue</i>	<b>~15.1%</b>	<b>&gt;15% ÷ 15.5%</b>	<b>~16%</b>
<b>Net Cash Flow</b> <i>bef. Dividends</i>	<b>0.51</b>	<b>0.50 ÷ 0.52</b>	<b>0.55 ÷ 0.57</b>
<b>Net Financial Position</b> <i>NFP / adj. EBITDA</i>	<b>2.26</b> <i>1.56x</i>	<b>~1.95</b> <i>1.32x ÷ 1.26x</i>	<b>~1.6</b> <i>~1.0x</i>

**2025 Dividend Policy: 50% payout ratio (vs 40% in 2021 Industrial Plan)**

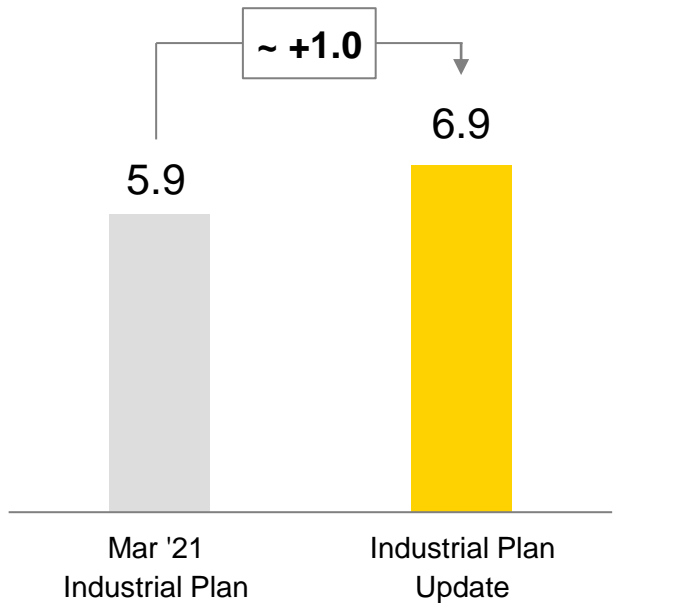
## Sustainability targets

<b>People Safety<sup>1</sup></b> <i>Accident frequency index</i>	<b>1.7</b>		<b>~1</b>
<b>Scope 1+2 emissions<sup>2</sup></b> <i>vs 2018</i>	<b>-45%</b>		<b>-60%</b>
<b>Scope 3 emissions<sup>2</sup></b> <i>vs 2018</i>	<b>-25%</b>		<b>-27%</b>
<b>Bio-based and Recycled Materials</b> <i>on best product</i>	<b>55%</b>		<b>&gt;70%</b>

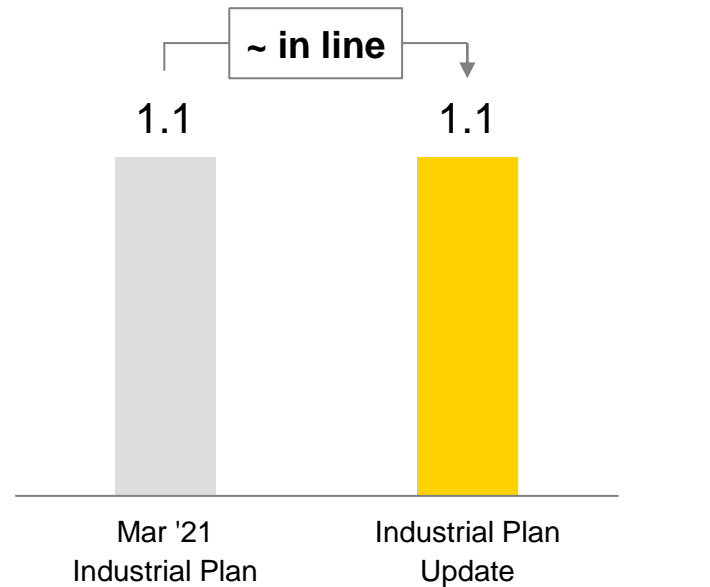
# 2025 targets vs 2021 Industrial Plan

## Revenues FY 2025

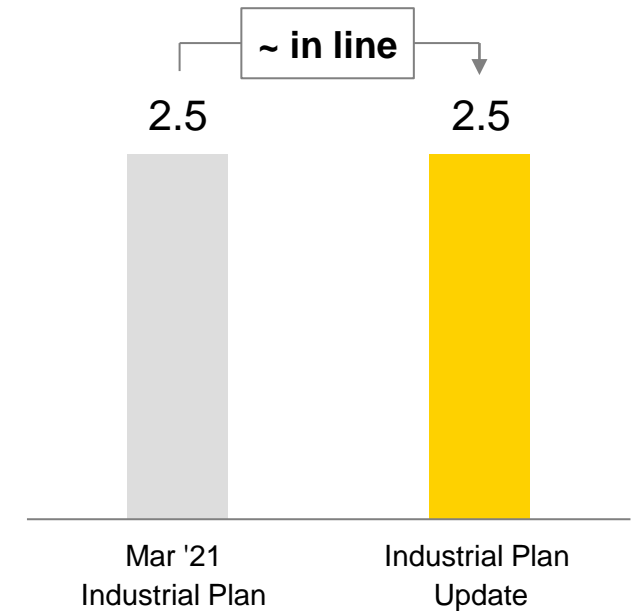
Billion €



## Adjusted EBIT FY 2025



## NCF bef. Dividends Cumulative 2021-25



**Keeping 2021 Industrial Plan promises in a challenging and unforeseen environment**

# In an evolving HV market, Pirelli is strengthening its leadership

We fully understand how the HV market is evolving...

... and we are ready to continue to lead

## Connectivity

Leveraging tyres *sense of touch* for value added services



**1st**

sensorized tyre in mass production cars

## Sustainability

Innovative materials and reduced wear rate to anticipate customer needs and requirements



**1st**

UHP sustainable tyre

## Electric Vehicles

Increased tech requirements in terms of rolling resistance, torque and noise reduction to respond to EV-specific needs



**1st**

tyre with EV-specific technology

## Homologation-driven High Value

Working with Premium & Prestige OEMs to create a *perfect fit* between car and tyre, through dedicated technologies, processes and materials



**1st**

homologation with marked items

Tomorrow

Today





2023 RESULTS  2024-25 INDUSTRIAL PLAN UPDATE

## Innovation

P. Misani

*Chief Technology Officer*

# Three key pillars to innovate and sustain leadership in High Value



## Product innovation and leadership

EV, Eco-safety design  
Sustainable materials



## Technology & future factory

Innovation for future factory  
IIoT, digital and automation

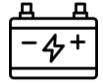


## Connectivity solutions

OE & car connectivity  
Services & end-user

# EV Leadership | Pirelli secured its leadership in High Value EV market

Leveraging on ELECT™ technology, applied across product families



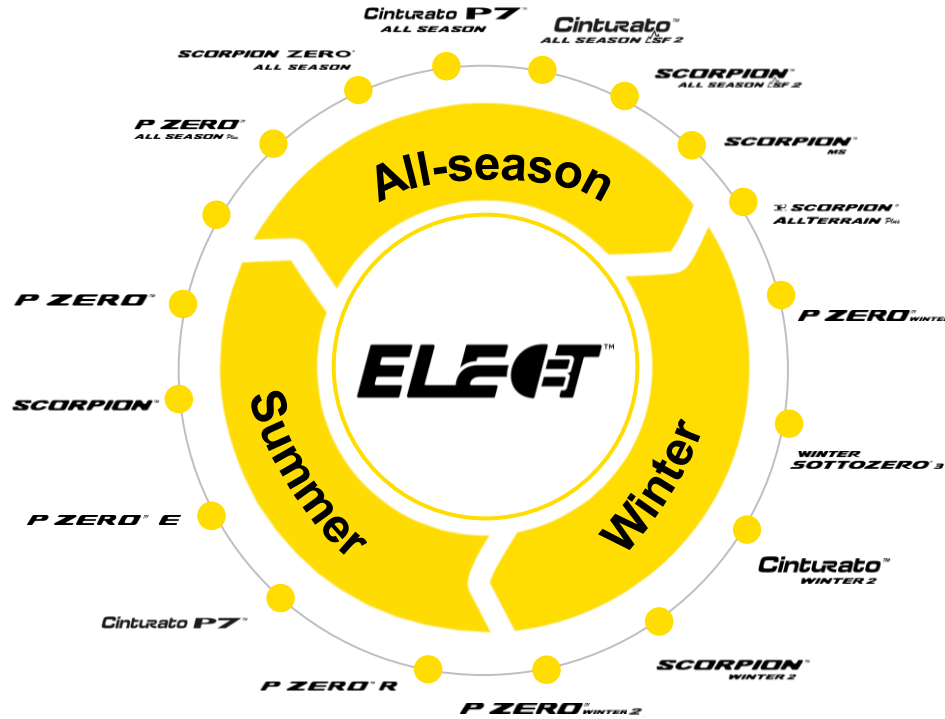
More battery range



Durable tyre



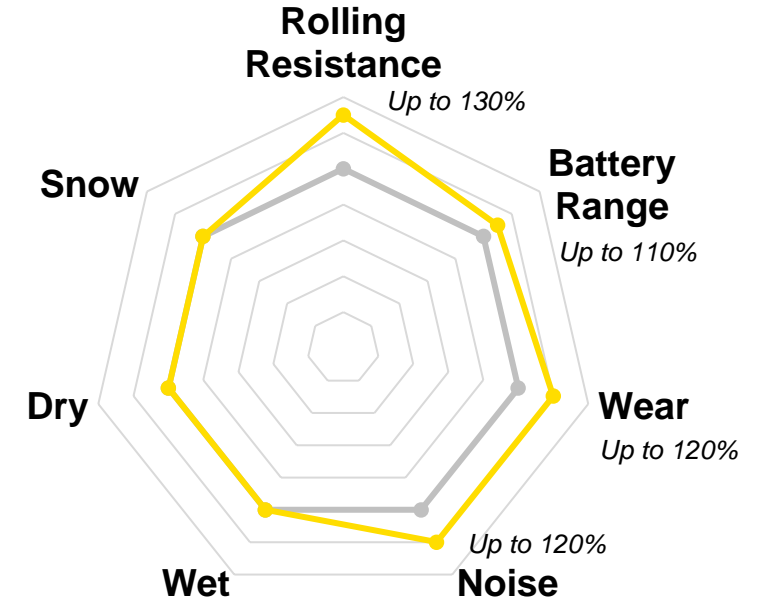
Acoustic comfort



## Superior results in key EV features

without compromising performance

- ELECT™
- Non-ELECT™



# Eco-Safety Design | Consolidating leadership

## Eco

## Safety

### Mileage & Wear rate

Increased mileage vs. previous product generation and wear rate improved by 42%<sup>1</sup>

### Rolling Resistance

Reduction in energy consumption achieving 24%<sup>1</sup> CO<sub>2</sub> equivalent reduction

### Acoustic Comfort

Reduced external noise thanks to dedicated technology (Pirelli Noise Cancelling System™) **PNCS™**

**Innovative Materials**  
> 55%<sup>1</sup> Bio-based and Recycled materials



Certified by 3<sup>rd</sup> party



### Wet Aquaplaning

Improved wet enhancing tread compound and wet performance

### Performance at worn

Optimal braking maintained during product life span

### Extended Mobility

New Run-Forward technology supporting an innovative tyre structure  
**»RUNFORWARD™**

## P ZERO™ E

**P Zero™ E as flagship product, overperforming all eco-safety dimensions...**



Triple A class on Rolling resistance, wet braking, external noise



CO<sub>2</sub> equivalent emissions improved by 24% and wear rate improved by 42%



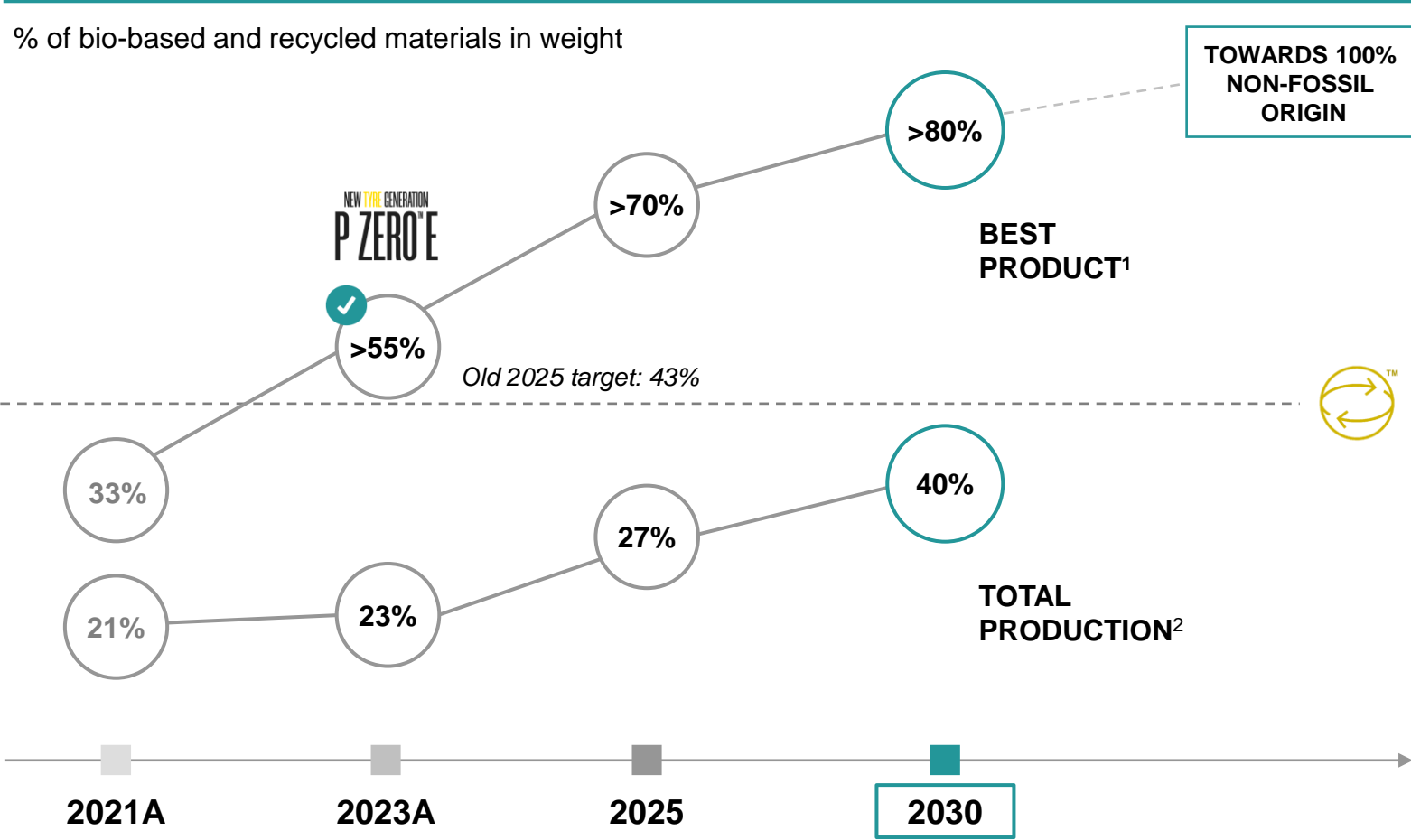
> 55% Bio-based and recycled materials

**...and more to come**

# Materials | Towards 100% of non-fossil origin, third-party certified

## Targets

% of bio-based and recycled materials in weight



✓ Old Target @2025 reached in 2023



We push innovation to increase bio-based and recycled materials while decreasing fossil ones



Transparency for consumers: New Pirelli logo identifying tyres with ≥ 50% of bio-based and recycled materials



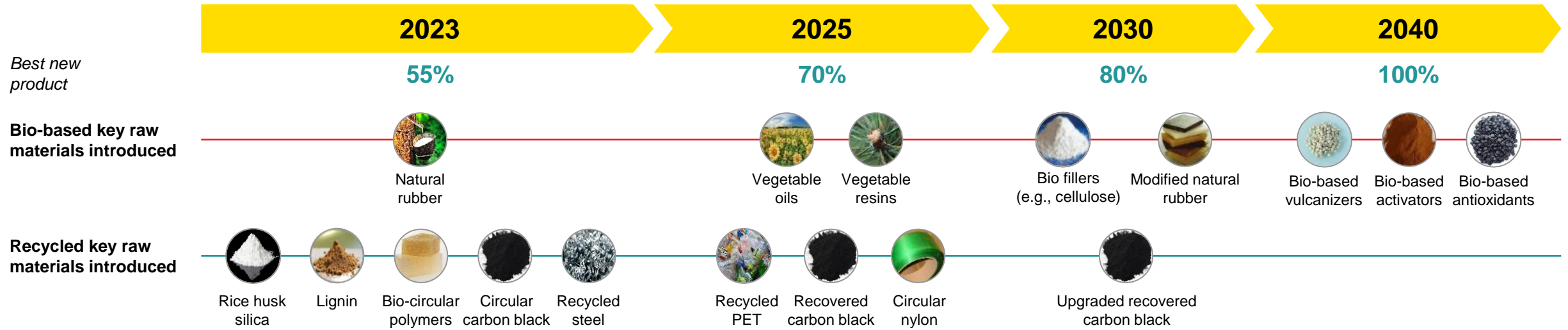
Sustainable content certified by third party



1. Available on the market; 2. volume of all raw materials bio-based and recycled vs total raw materials used for all tyre production.

# Materials Roadmap

Innovation coming both from bio-based and recycled raw materials



## Recycled raw materials coming from different industries



**End of life Tyres**  
Pyrolysis



**PET**  
Recovery process



**Rice Husk**  
Burning, ash recovery



**Used cooking oils**  
Recovery process



**Pulp & Paper waste**  
Bio-refinery

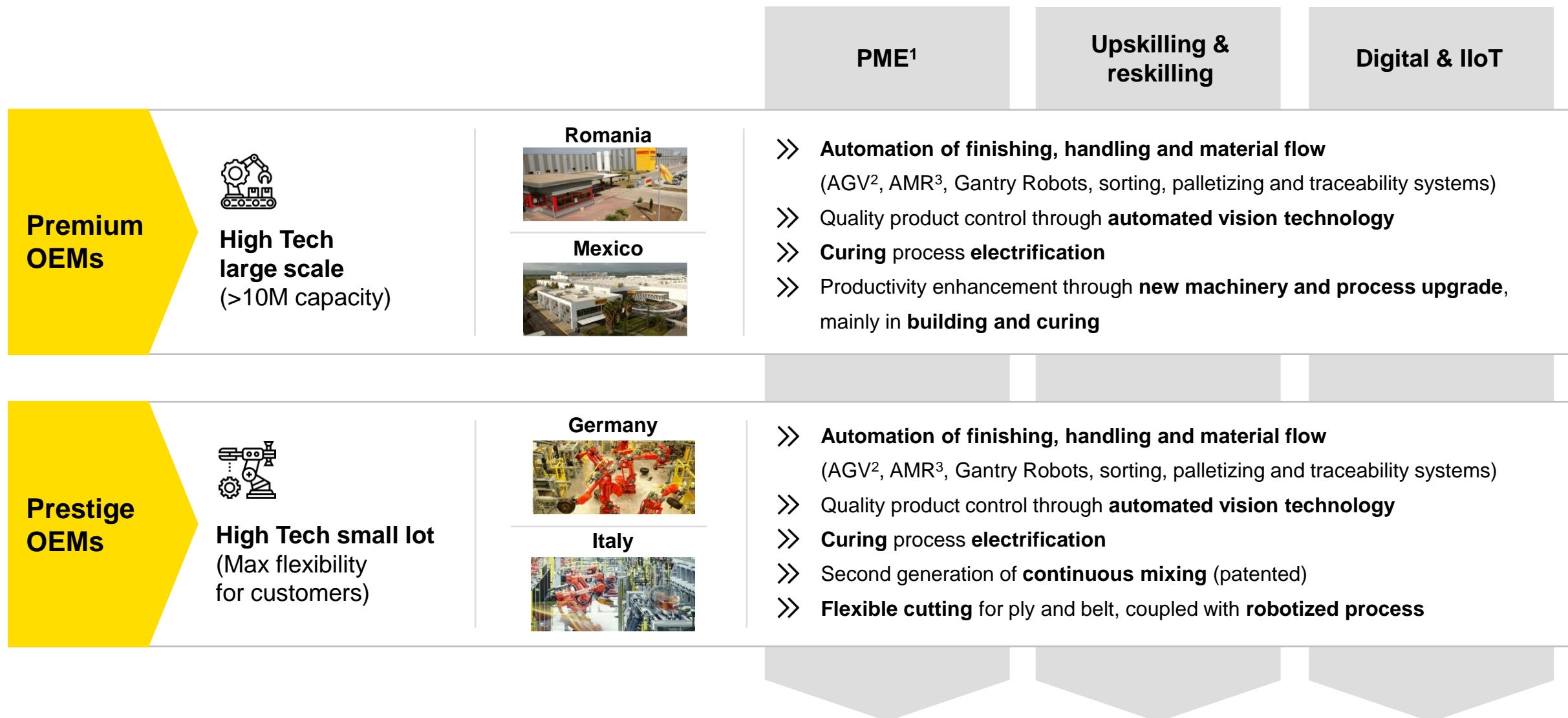
# Achieving targets and promoting circularity

Pirelli is extending its ecosystem to develop sustainable material solutions

Innovation on new materials for sustainability	New applications of bio-based materials	New circular materials from recovery of end-of-life tyres
 <p><b>Joint Development Agreements</b></p>	 <p><b>Acquisition</b></p>	 <p><b>Joint Ventures</b></p>
<p><b>JDA's with Suppliers</b></p> <p>Polymers, fillers and chemicals from sustainable sources to <b>lower environmental impact</b> with overall enhanced performance</p>	<p><b>Hevea-Tec Acquisition</b> </p> <p>Development of New Technologies to <b>replace synthetic with natural polymers</b> (bio-degradable rubber)</p>	<p><b>Dedicated partnerships</b></p> <p>Agreement with selected partners to develop <b>enhanced pyrolysis technology</b> to achieve <b>high performance carbon black</b> grades</p>
<p>Polymers Fillers Chemicals</p> 	<p>Polymers (NR) Fillers</p> 	<p>Carbon Black</p> 

# Factory of the Future | Transforming the manufacturing process

To increase efficiency, quality and flexibility





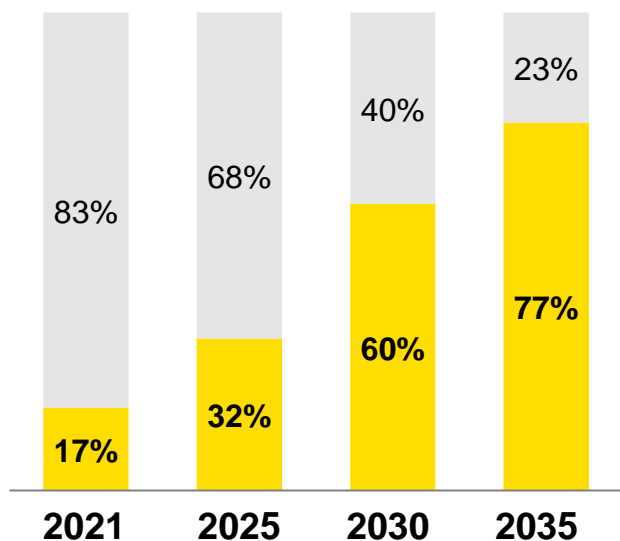
# Connectivity | Mobility is rapidly becoming connected – tyres will play a central role

Connected vehicle parc will continue to grow, driven by increasingly tech-oriented consumer habits

## Share of connected vehicles in Car Parc

% of vehicles

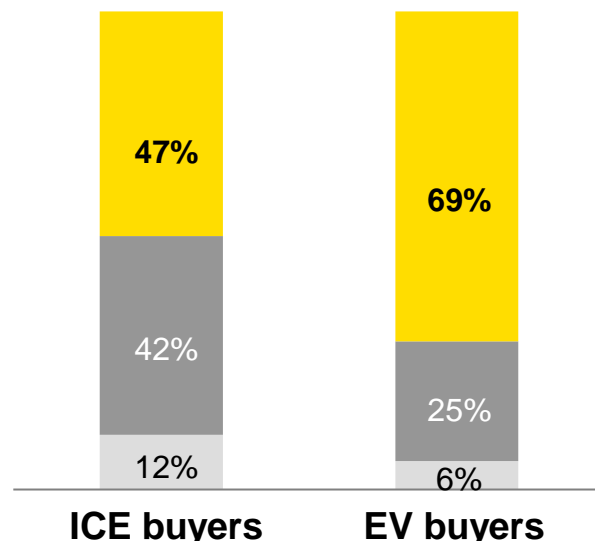
- Connected
- Non-connected



## Consumers' future use of in-car connectivity solutions

% of respondents; 2023

- More than today
- Similar to today
- Less than today



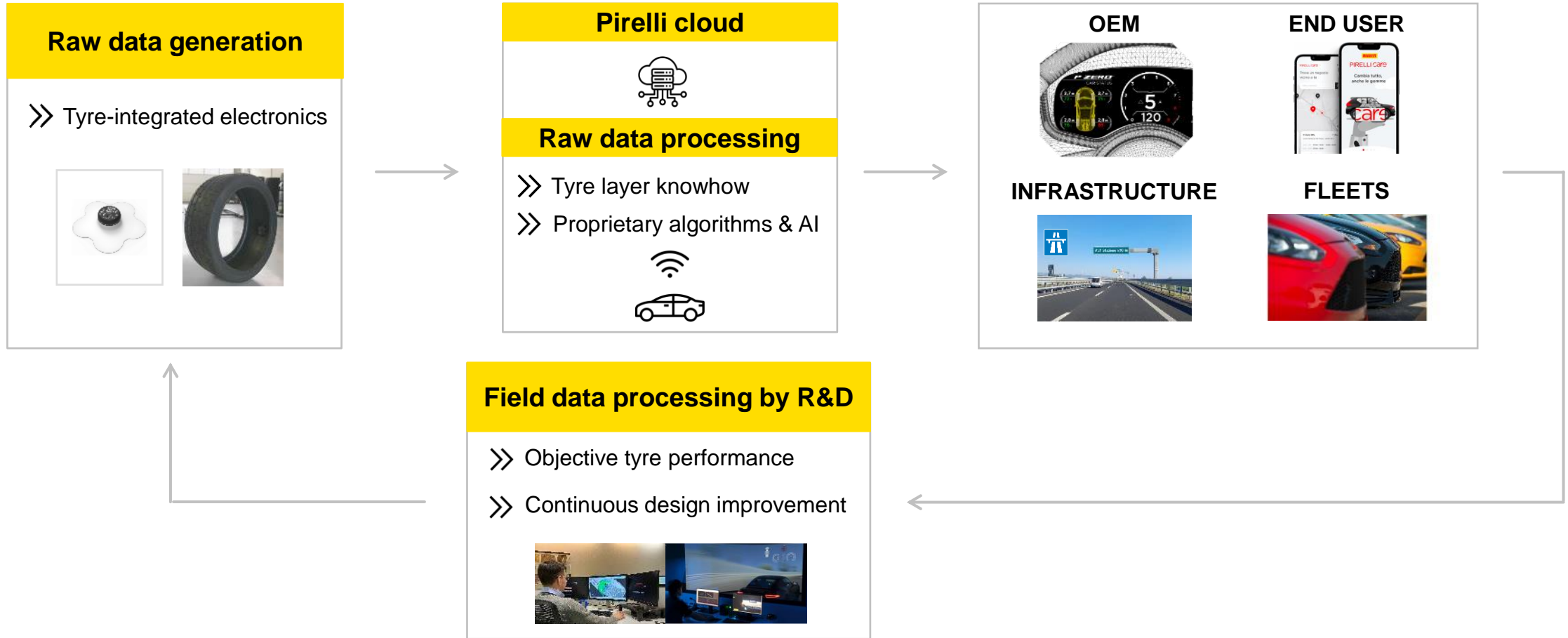
Tyres as the only point of contact between vehicle and road

Tyres are active elements in the connected car ecosystem, allowing:



# Connectivity | Cyber™ Tyre is the leading technology in the industry

## Data Flow for Customer Value and improved Tyre Development



**Cyber™ Tyre unique features**

**Advanced Tyre Mounted Sensor (TMS)**

**Full in-vehicle integration**

**Sophisticated tyre data processing algorithm**

# Connectivity market | 2 "worlds" leveraging Cyber™ Tyre

## OE & Car Connectivity

### OEMs expansion

- » Provide **real-time data** on tyre condition to **enhance vehicle capabilities** and decision making
- » **Exploit tyre information** to improve vehicle's **performances and safety**



McLaren

PAGANI

Tesla

### Control system integration

- » **Pre-integrate** Cyber™ Tyre **in vehicle control system**, shifting approach from 1:1 to 1:many
- » Enhance **R&D roadmap** and improve **technology time to market**



## Services & End-User

### Infrastructure monitoring

- » Collect and share data with infra stakeholders to **enhance road management and maintenance**
- » Exploit **ground information** to **enhance vehicles eco-safety configuration**



MOIST  
CENTRO NAZIONALE PER LA MOBILITÀ SOSTENIBILE

### Servitization

- » Leverage **data** to offer **ad-hoc services** to different user profiles

#### End users

- » Predictive maintenance
- » Integration of product & services

#### Tyre dealers

- » Enhanced tyre service
- » Optimized warehousing

#### Fleets

- » Tyre fraud
- » Tyre management
- » Downtime reduction
- » Predictive maintenance



2023 RESULTS  2024-25 INDUSTRIAL PLAN UPDATE

## Financials

F. Bocchio

*Chief Financial Officer*



# Financials

**1**

FY 2023 Results

**2**

2024-25 Targets in detail

# FY 2023 results highlights:

Performance above company targets (upgraded during the year)

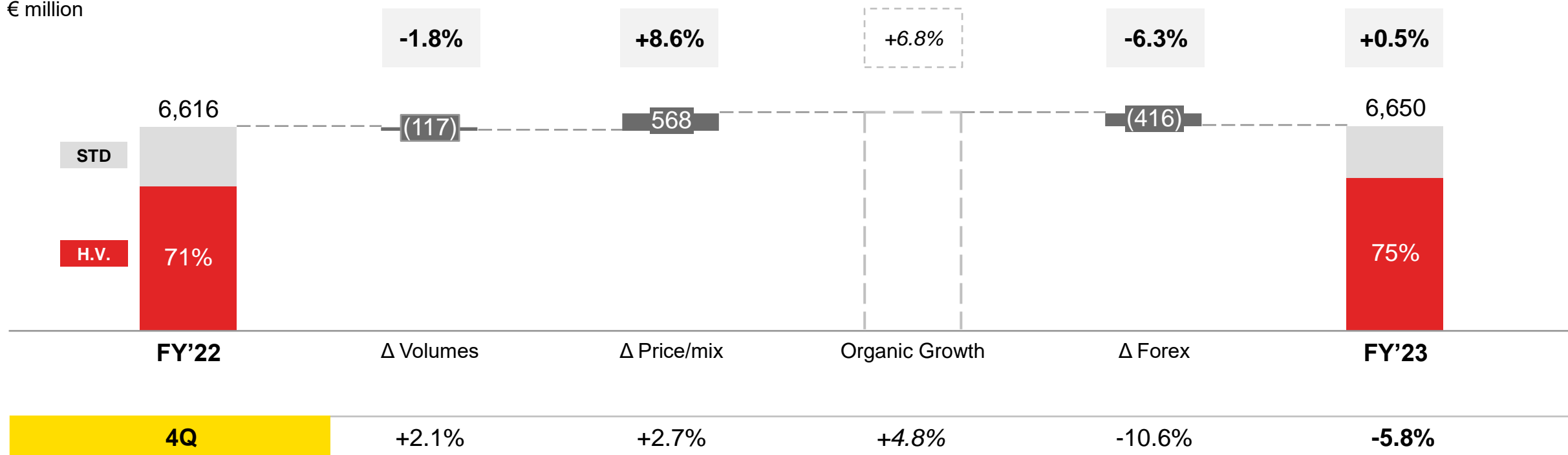
€ billion

	2022	2023 (Guidance Nov 9, 2023)	2023 A
<b>Net Sales</b> <i>Δ YoY</i>	6.62	~6.6	6.65 +0.5% <span style="border: 1px solid gray; padding: 2px;">+6.8% organic growth</span>
<b>adj. EBIT margin</b> <i>Δ YoY</i>	14.8%	~15%	15.1% +0.3pp
<b>CapEx</b> <i>% of Sales</i>	0.40 6.0%	~0.40 ~6%	0.41 6.1%
<b>Net Cash Flow</b> <i>bef. Dividends</i>	0.52	0.45 ÷ ~0.47	0.51
<b>Net Financial Position</b> <i>NFP / adj. EBITDA</i>	2.55 1.8x	~2.33 1.60x ÷ 1.65x	2.26 1.56x
<b>ROIC<sup>1</sup> post taxes</b>	20.3%	~20%	20.3%

# FY 2023 Sales bridge

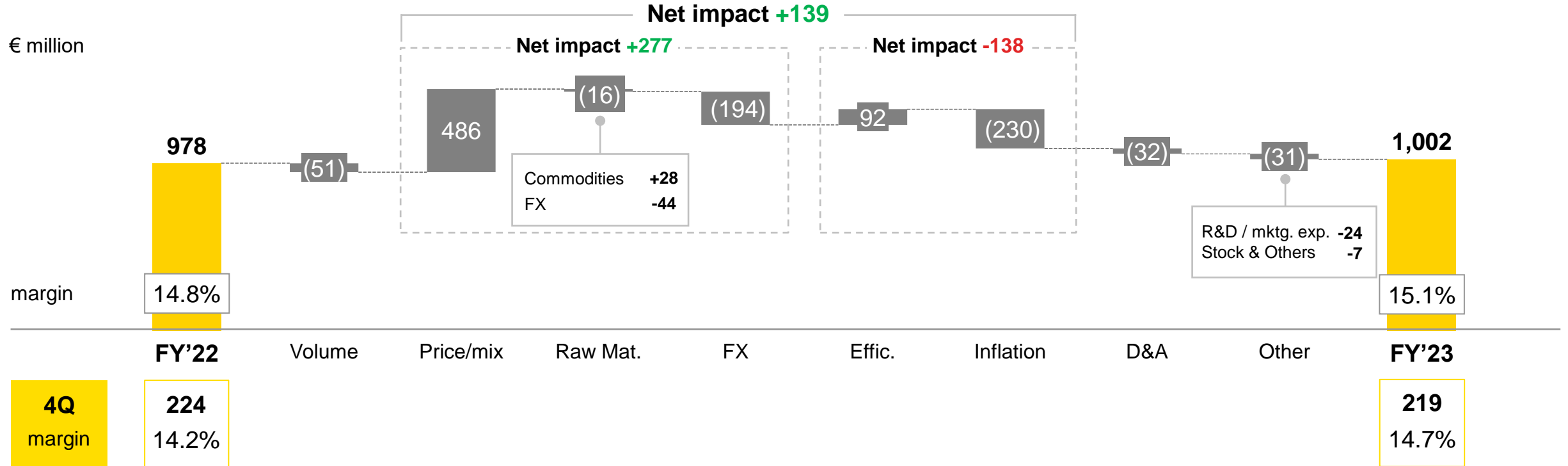
Strong price/mix mitigates impact of weak demand and high currency volatility

€ million



- >> **Volumes** growth of HV (+5% Car ≥18") while continuing to reduce exposure to Standard (-8% Car ≤17"); total volume rebound in 4Q
- >> **Price/Mix** above targets and top of the industry performance, both in Full Year and 4Q
- >> **Forex** in line with Nov guidance. 4Q trend discounting the higher volatility of emerging market currencies and impact of hyperinflation accounting

# FY 2023 adjusted EBIT bridge



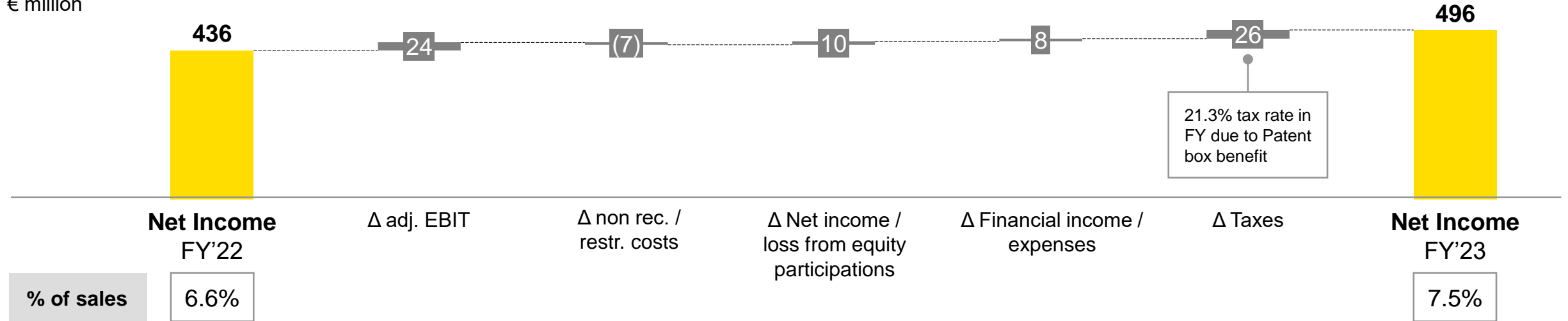
- >> **Profitability** supported by price/mix and efficiency covering ~1.3x Raw Mat, FX & Inflation headwinds
- >> **Forex:** including the revaluation of Mexican Peso; FX drop-through gradually normalizing in 2024-25
- >> **Inflation:** labour contract renegotiation, energy cost hedging and increase of regional transportation cost
- >> **4Q Adj. EBIT margin** improving YoY and in line with the seasonality of the business



# FY 2023 Net Income Bridge

Earnings growth (~+14% YoY) supported by improving operating performance and tax benefits

€ million



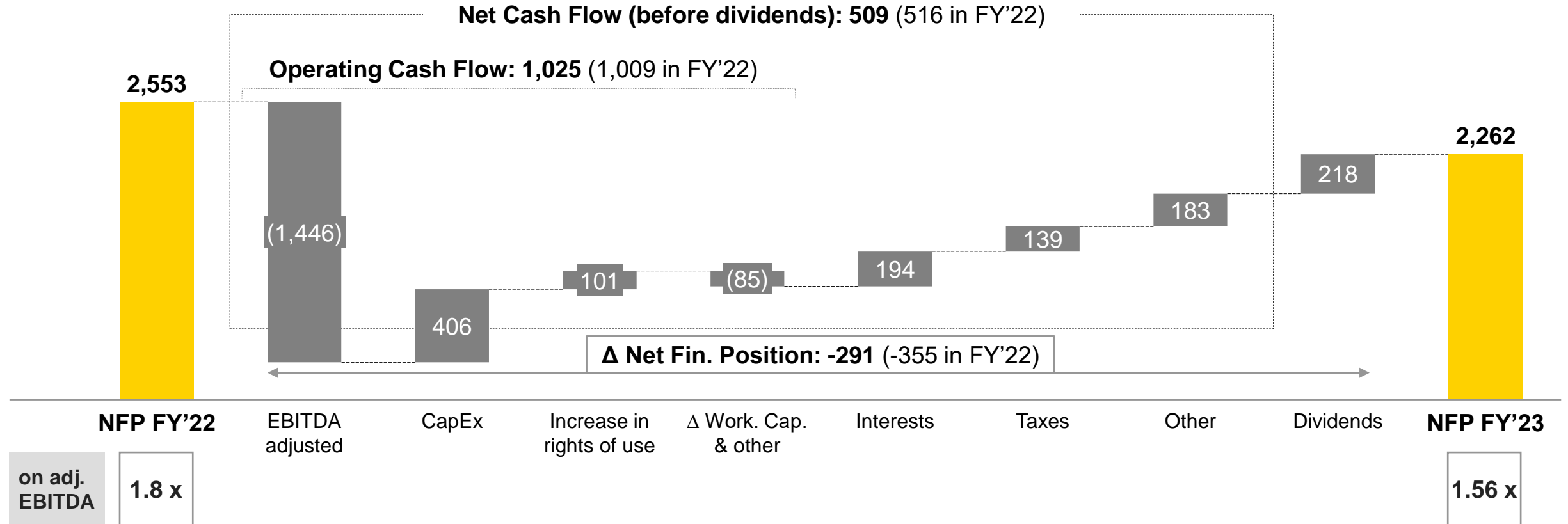
	FY 2022	FY 2023
<b>Net income</b>	<b>436</b>	<b>496</b>
Amortization from PPA	114	114
Non-recurring items and restructuring costs	73	80
Taxes	(52)	(94)
<b>Net income adjusted</b>	<b>570</b>	<b>595</b>

~ -40Mln € of patent box related to 2020-22

# FY 2023 Net Financial Position

Solid Cash Flow driven by a strong operating performance and a positive working capital management (stock decrease YoY)

€ million



» **Inventory at ~20.6%** of sales in FY'23, **-1.4pp vs. Dec'22** and back to Dec'21 level, benefitting from Raw Mat inventory reduction

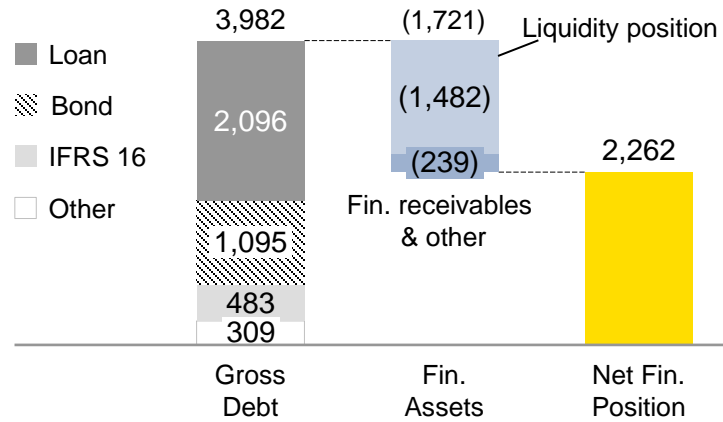
» **Receivables at ~10%** (flat YoY) and **Payables at ~30%** (flat YoY), in line with the seasonality of the business

# Total Gross Debt structure as of December 31<sup>st</sup> 2023

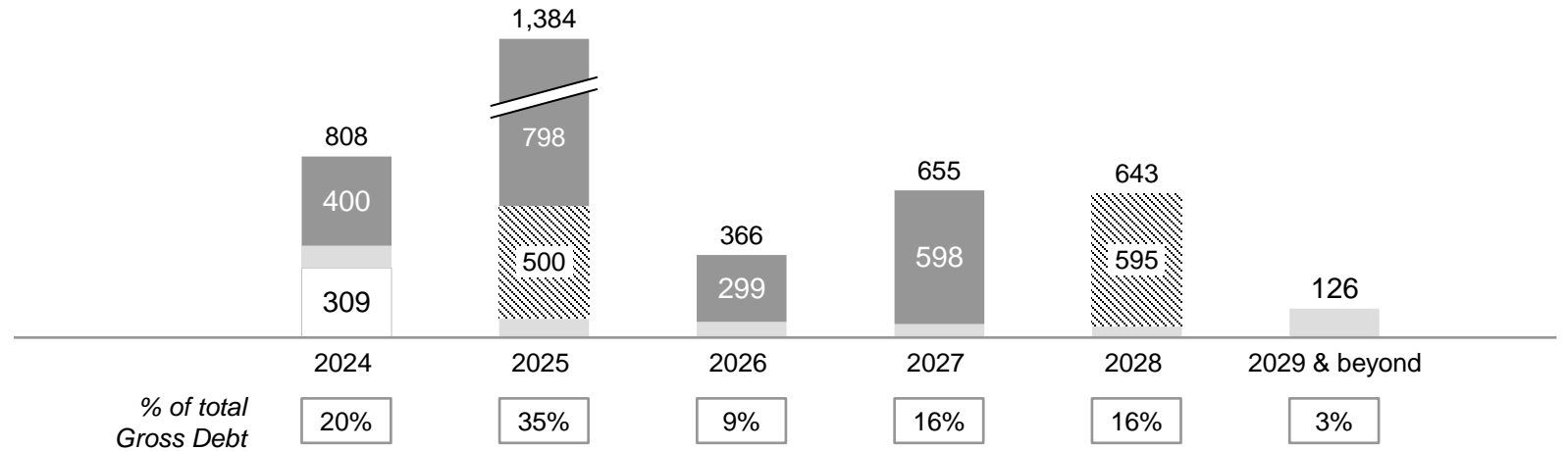
Liquidity Margin covering maturities up to 1Q'28 thanks to 500Mln € RCF<sup>1</sup> issued in Dec'23. ESG weight on gross debt ~68%

€ million

## Net Financial Position



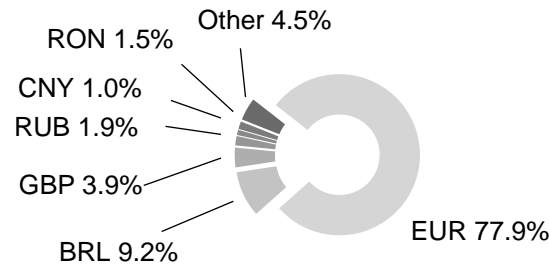
## Gross Debt maturity



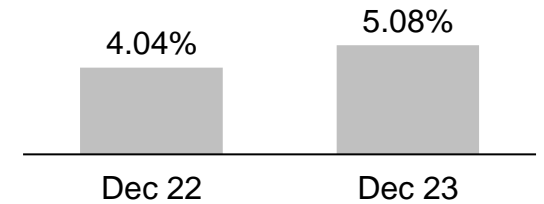
## Liquidity profile

Liquidity position <sup>2</sup>	1,482
Committed lines not drawn	1,500
<b>Liquidity margin</b>	<b>2,982</b>

## Break-down by currency<sup>3</sup>



## Cost of debt (last 12 months)





# Financials

**1**

FY 2023 Results

**2**

2024-25 Targets in detail

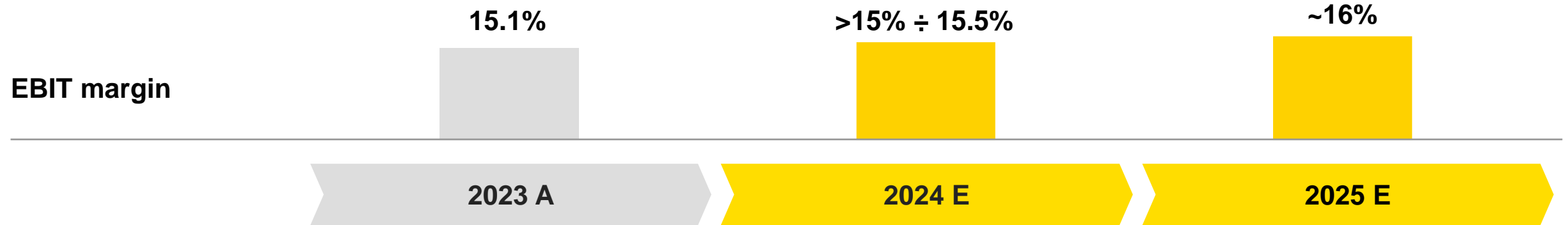
# 2024-25 Targets

	2023 A	2024 E	2025 E
€ billion			
<b>Net Sales</b>	<b>6.65</b>	<b>6.6 ÷ 6.8</b>	<b>6.8 ÷ 7.0</b>
<b>Adj. EBIT margin</b>	<b>15.1%</b>	<b>&gt;15% ÷ 15.5%</b>	<b>~16%</b>
<b>CapEx</b>	<b>0.41</b>	<b>~0.40</b>	<b>~0.42</b>
<i>% of Sales</i>	<i>6.1%</i>	<i>~6%</i>	<i>~6%</i>
<b>Net Cash Flow</b>	<b>0.51</b>	<b>0.50 ÷ 0.52</b>	<b>0.55 ÷ 0.57</b>
<i>bef. Dividends</i>			
<b>Net Financial Position</b>	<b>2.26</b>	<b>~1.95</b>	<b>~1.6</b>
<i>NFP / adj. EBITDA</i>	<i>1.56x</i>	<i>1.32x ÷ 1.26x</i>	<i>~1.0x</i>
<b>ROIC<sup>1</sup> after taxes</b>	<b>20.3%</b>	<b>~21%</b>	<b>~21%</b>



# 2024-25 Profitability improvement driven by commercial performance

Price/Mix to offset FX and Raw Mat, Efficiencies to cover inflation

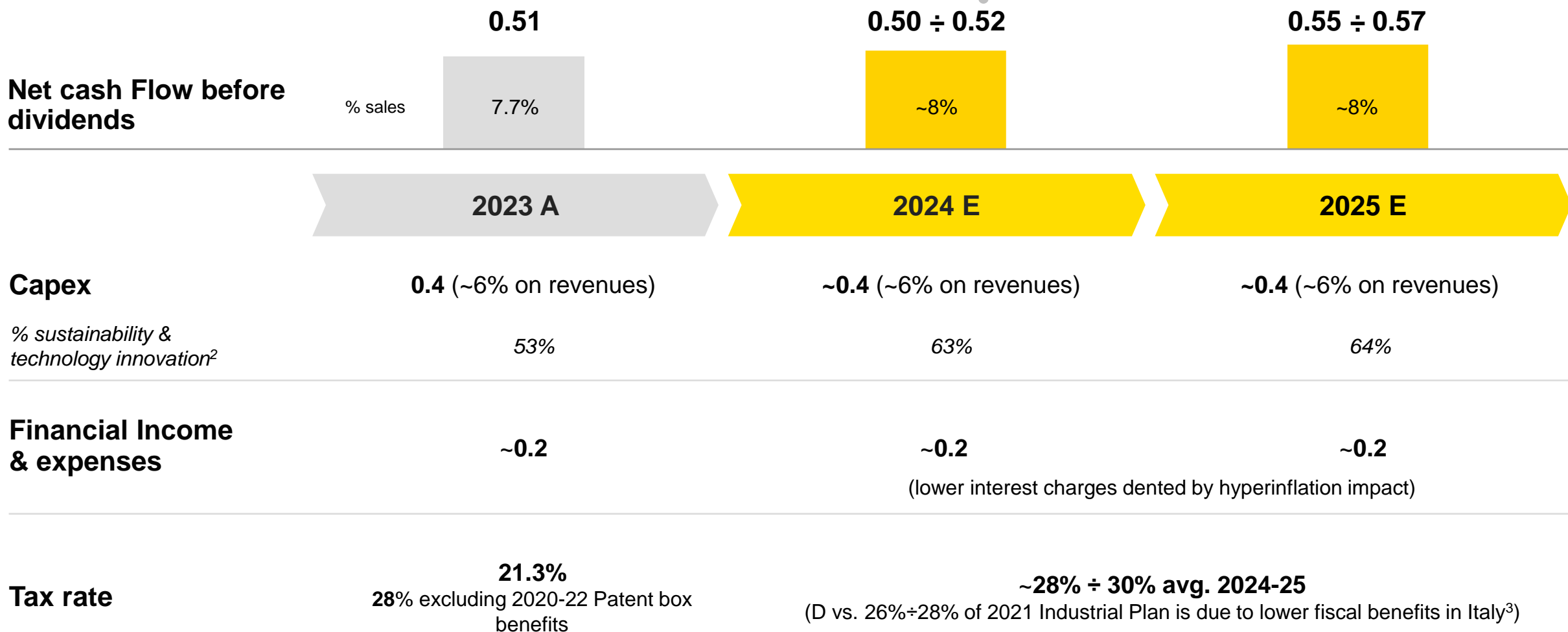


## Assumptions on Raw Mat, Inflation and Efficiencies

<b>Raw mat</b>	-16MIn € including FX impact	<b>Neutral</b> Commodity tailwind offset by FX and raw mat transp. cost increase	<b>Headwind</b> Raw mat cost increase led by natural rubber and FX headwind
<b>Efficiencies</b>	92MIn €	140MIn €	135MIn €
<b>Inflation</b>	-230MIn €	Fully covered by efficiencies. Mainly related to labour and logistic costs	More than compensated for by efficiencies. Related to labour and logistics cost increase

# Net Cash Flow generation

€ billion



Discounting 21Mln €  
Hevea-Tec acquisition<sup>1</sup>





2023 RESULTS  2024-25 INDUSTRIAL PLAN UPDATE

# Sustainability Strategy & Targets Update

6<sup>th</sup> March, 2024

# Content

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1 Context and Sustainability macro-trends in our industry

**ACTION PILLARS**

2 **Climate:** fast forwarding our transition to Science Based Net Zero

3 **Product:** pioneering sustainability of Global High Value Tyre

4 **Nature:** redefining business interactions with Natural Capital

5 **People:** at the heart of our growth

6 Strengthening our **Global Value Chains**

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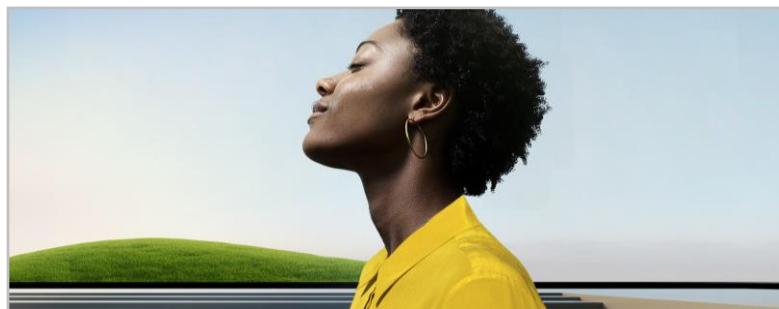
7 **ESG Indexes & Ratings: performance**

# Context & Sustainability macro-trends in our industry



## Mobility demand growing and evolving towards sustainable models

- » **Global demand for Mobility growing**  
@ 2030 +40% vs 2015<sup>1</sup>
- » **Electrification of Powertrains**  
~80% of global Premium & Prestige car production is expected to be EV in 2030 vs ~25% in 2023<sup>2</sup>
- » **OEM pressure towards Sustainability**  
Rolling resistance and sustainable materials are the key drivers for OE business, to reduce carbon footprint
- » **Rise of conscious Consumers**  
80% of consumers consider sustainability in automotive purchases<sup>3</sup>
- » **Eco-limits for driving in cities**  
All major cities considering lowering speed limits to reduce pollution and improve safety, with active/micromobility share growing from 10% to 13-17%<sup>1</sup>



## Social factors rising in prominence

- » **Greater Focus on Human Rights along the entire value chain**  
Focus on safety, rights at work, living wage among others
- » **Diverse & Inclusive Work Environment**  
Rising need for inclusion, gender representation, co-existing generation needs, multicultural environment
- » **People evolving expectations**  
Purpose at work is central, with a workplace mindset shifting from 'what' to 'why' and 'how'. Rising work-life balance and wellbeing expectations
- » **New Skills shortage**  
e.g. Digital/AI, Climate Science, Women in STEM. Competition on Talents and internal re-skilling needs



## Key ESG Regulation impacting plan horizon

- » **European Deforestation Regulation (EUDR) - 30 Dec. 2024**  
Legislation to curb the EU's contribution to global deforestation
- » **Corporate Sustainability Reporting Directive (CSRD) - 2025 on FY 2024**  
Requires companies to report on the impact of their activities on the environment and society, risks and opportunities, considering both a retrospective and a forward-looking view
- » **Carbon Border Adjustment Mechanism (CBAM) – definitive regime in 2026**  
EU's tool to put a fair price on the carbon emitted during the production of carbon intensive goods that are entering the EU
- » **EURO 7 – 2028-2030**  
Sets updated rules for the exhaust gas emissions of road vehicles, but also for other types of emissions like from tyre abrasion and brakes



# Our commitment

Lead a value chain creating a positive impact on People, Planet and Mobility, with ambitious Plans supported by Technology, Innovation and data driven Actions, setting challenging Targets fully embedded in day-to-day management and constantly checked for progress.

**REDUCING CLIMATE IMPACT**

**-51%**  
CO2 emission scope 1+2 today vs 2015

**NET ZERO 2040**

**CREATING SUSTAINABLE PRODUCTS**

**>55%**  
Bio-based and Recycled materials today

**>80%**  
Bio-based and Recycled materials by 2030

**RESPECT AND CONSERVATION OF NATURE**



First FSC™ certified tyre ever (launched in 2021)

**-60%**  
Water withdrawal by 2030 vs 2015

**PEOPLE AT THE HEART OF GROWTH**

**-65%**  
Accident index today vs 2015

**>33%**  
Woman in management within 2030



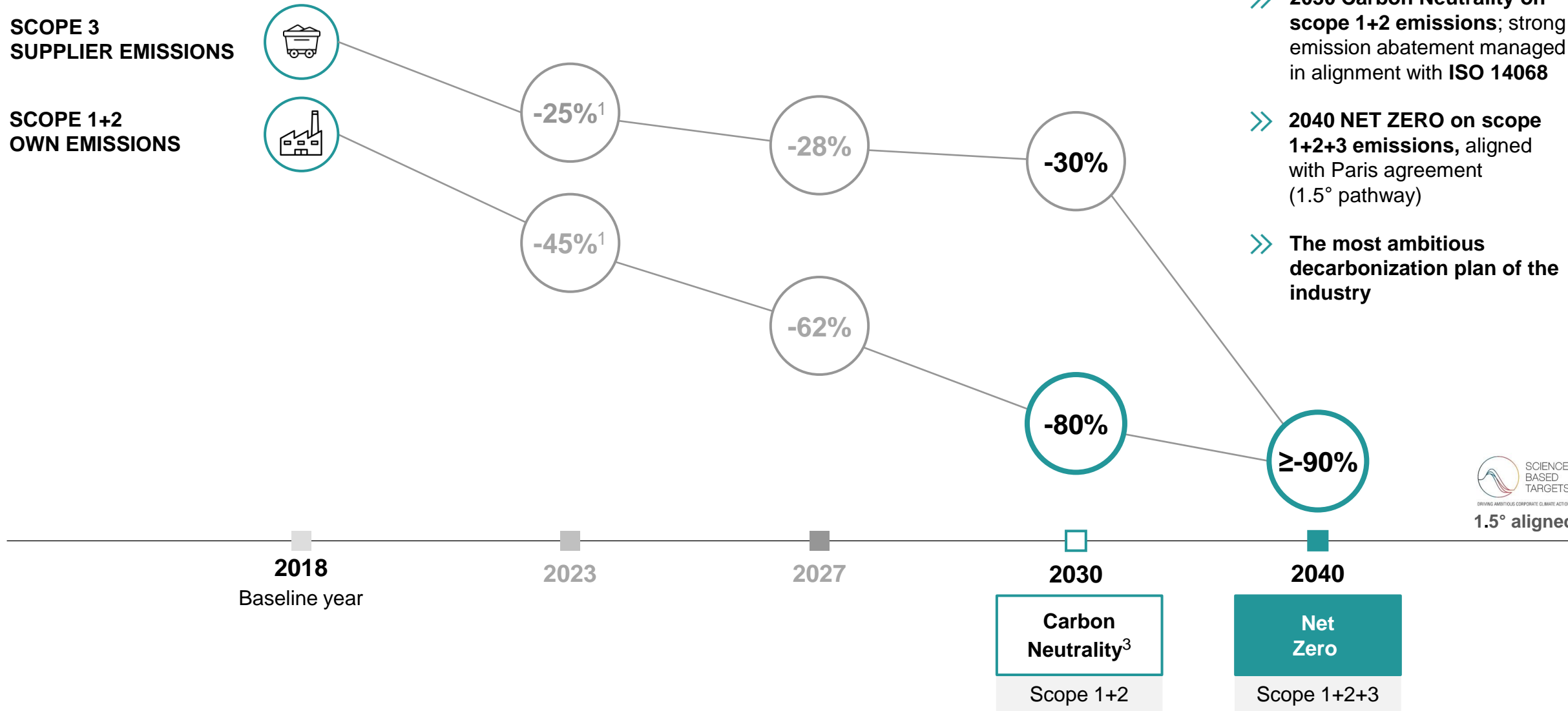
# Reducing Climate Impact

- The most ambitious decarbonization plan of the industry



# Fast forwarding our Transition: commitments to reach Net Zero by 2040

New Targets submitted to SBTi<sup>1</sup>, after having reached previous ones 2 years in advance<sup>2</sup>

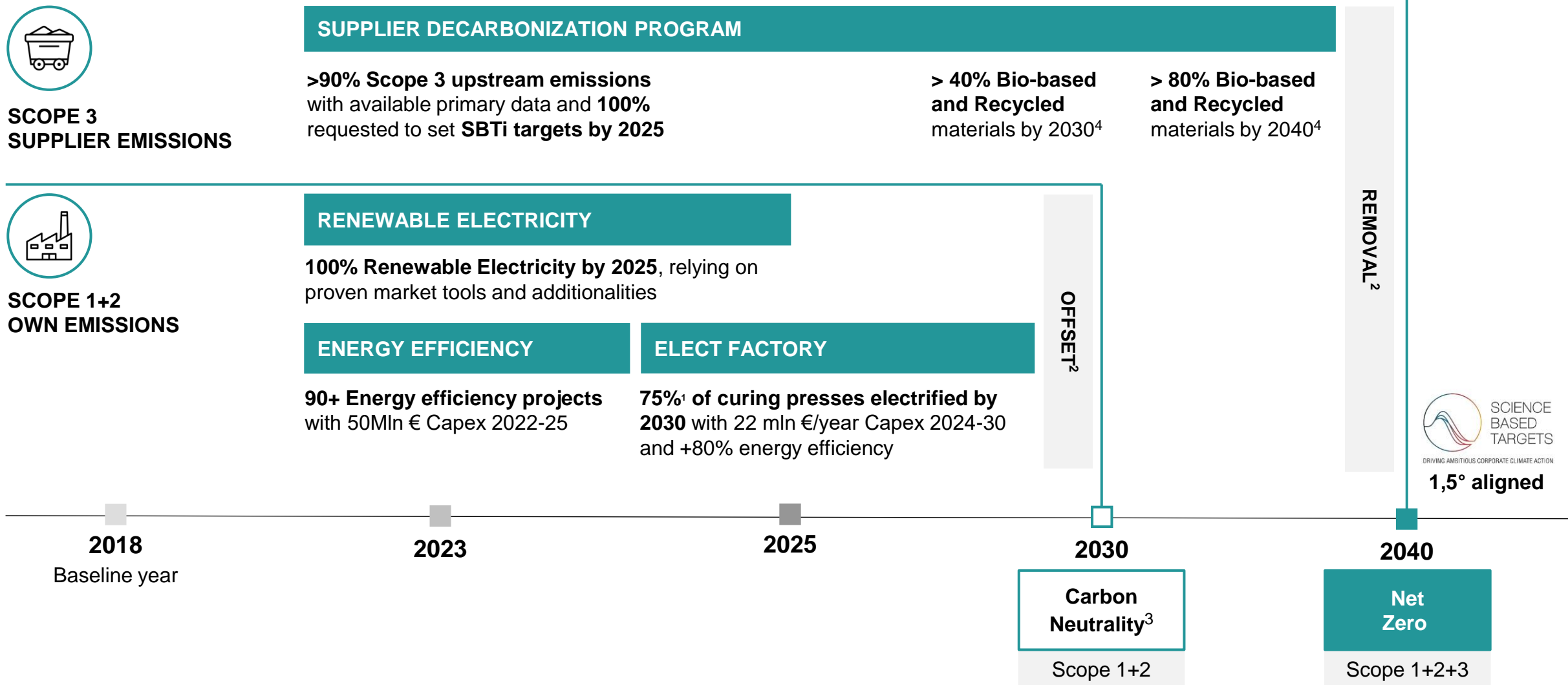


1. New SBTi submission implies: restatement of base year for scope 1+2, inclusion of Biogenic emission and Land Use Change, inclusion of outbound logistics into scope 3  
2. Previous SBTi targets at 2025 were: scope 1+2: -42% vs 2015, Scope 3: -9% vs 2018; 3. In alignment with ISO 14068



# Meeting our climate goals: How and When

Increasing availability of **primary data on total emissions** (already >90% in 2024)

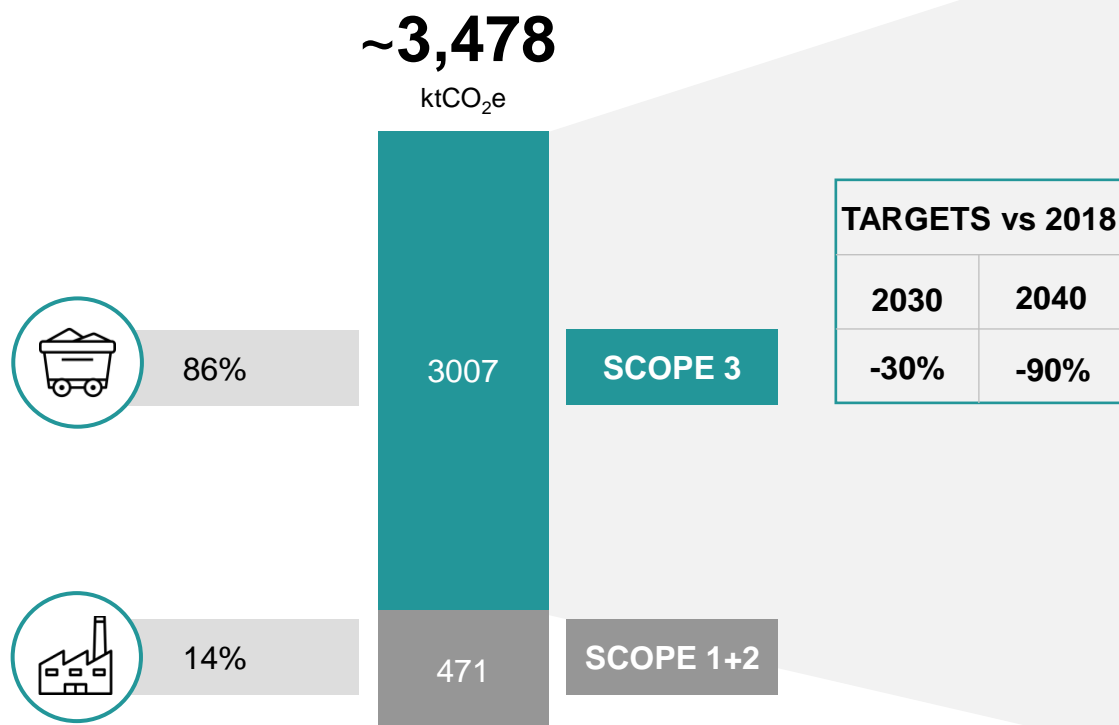




# Focus on Scope 3: supply chain decarbonization strategy

## Pirelli total absolute emissions @2023

(GHG Protocol and SBTi aligned)



## Action on raw material suppliers

(Responsible for 90% of scope 3<sup>1</sup>)



Increasing availability of **primary data on total emissions** (already >90% in 2024<sup>2</sup>)



**Suppliers engagement in targets:**

- 100% requested to set **SBTi Targets by 2025**
- 100% requested to **use only Renewable Electricity** attributed to Pirelli supplies by 2025



Increasing **local-for-local sourcing**, reducing logistics emission



Raw Materials switch to **bio-based and recycled**, targeting >40% of total production by 2030 and >80% by 2040



## Creating Sustainable Products

- Designed for EV mobility, towards 100% materials of non-fossil origin, enabling our customers' decarbonization journey



# New PZERO E: our lighthouse on the market

Pioneering sustainability of the High Value segment: pushing the limits of sustainable design key drivers

## NEW TYRE GENERATION P ZERO™ E



### Less fossil materials

>55% Bio-based and Recycled materials<sup>1</sup>

Validated by third party<sup>3</sup>

### Reduced vehicle CO<sub>2</sub> emission

AAA<sup>2</sup> European Label

### Designed for new EV mobility

**ELECT**

»RUNFORWARD™

### Low wear rate

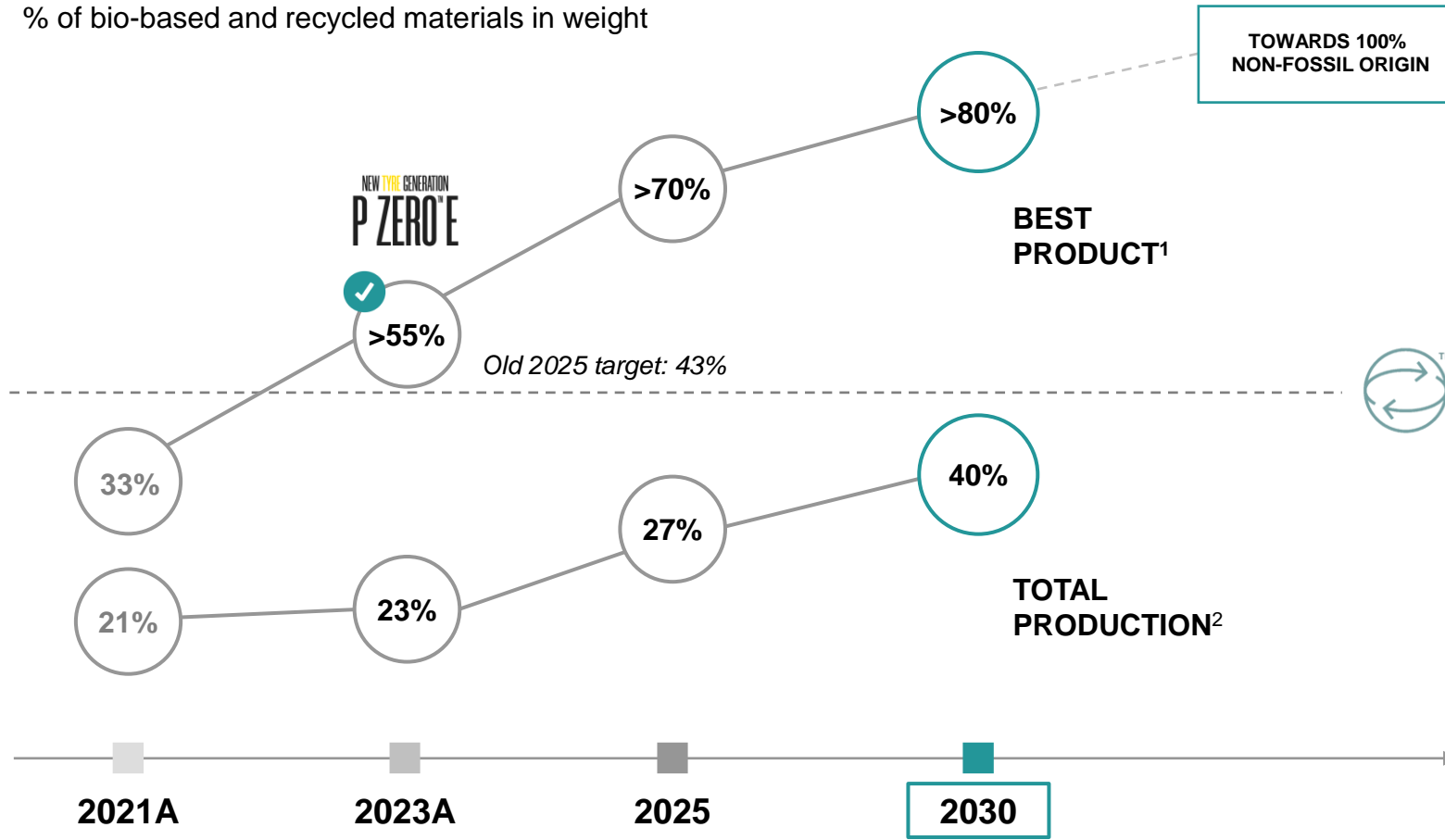
-42% wear rate vs previous product, as certified by Dekra



# Materials | Towards 100% of non-fossil origin, third-party certified

## Targets

% of bio-based and recycled materials in weight



✓ Old Target @2025 reached in 2023



We push innovation to increase bio-based and recycled materials while decreasing fossil ones



Transparency for consumers: New Pirelli logo identifying tyres with ≥ 50% of bio-based and recycled materials



Sustainable content certified by third party



# Circularity along our product life-cycle

## Embedding the 5R in product life-cycle

**5R**

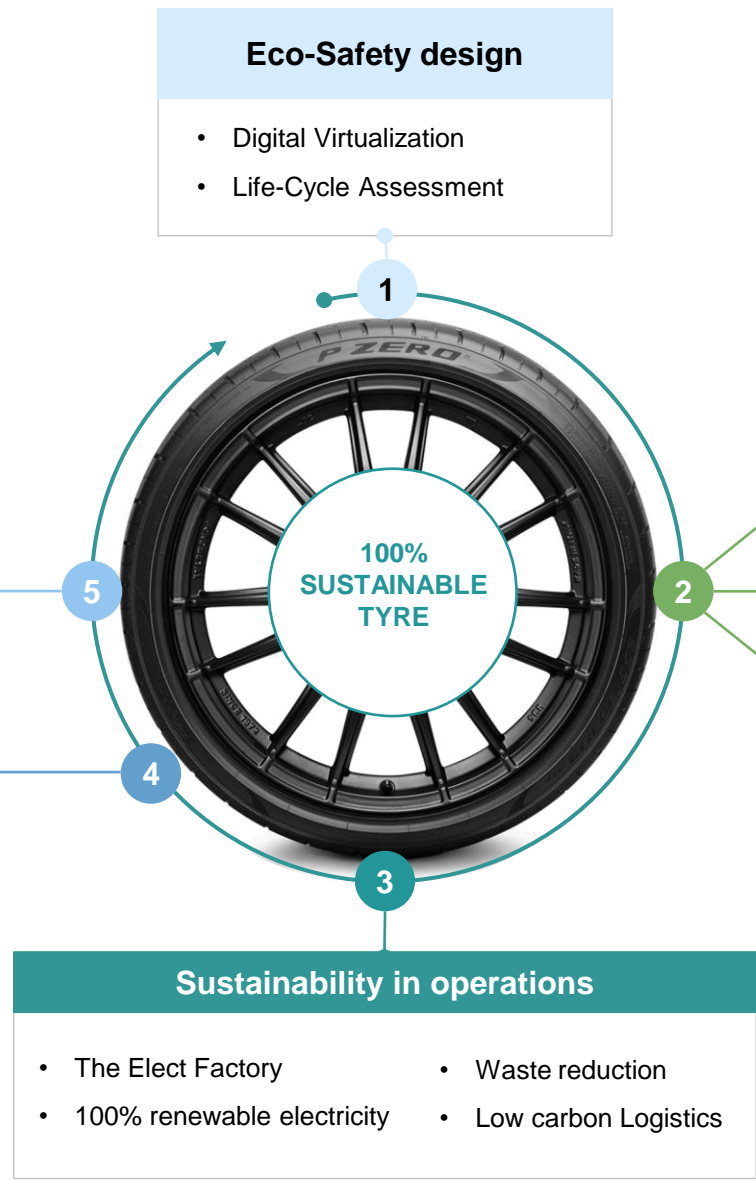
- Re-think
- Refuse
- Reduce
- Reuse
- Recycle

**End-of-life**

- Materials recycle
- High-tech recovered Carbon Black

**Low emissions in use**

- Ultra Low RR
- Wear rate reduced



**Eco-Safety design**

- Digital Virtualization
- Life-Cycle Assessment

**Natural rubber**

- Sustainable sourcing certified
- R&D for biodegradability

**Non fossil materials certified**

- Bio-based
- Recycled

**Sustainable chemistry<sup>2</sup>**

- No use of SVHC & POPs<sup>1</sup>
- Alternatives to 6PPD

**Sustainability in operations**

- The Elect Factory
- 100% renewable electricity
- Waste reduction
- Low carbon Logistics

1. Per its Policy, Pirelli tyres and rubber compounds are manufactured: without the use of Substances of Very High Concern (SVHC) and without substances covered by Stockholm Convention on Persistent Organic Pollutants (POPs) and by Minamata Convention on Mercury 2| Pirelli applies and supports the technical indications concerning a development model based on a sustainable chemistry provided by the Organisation for Economic Cooperation and Development (OECD) – FSC™ N003618

# Eco-Safety performance: enabling our customers decarbonization journey

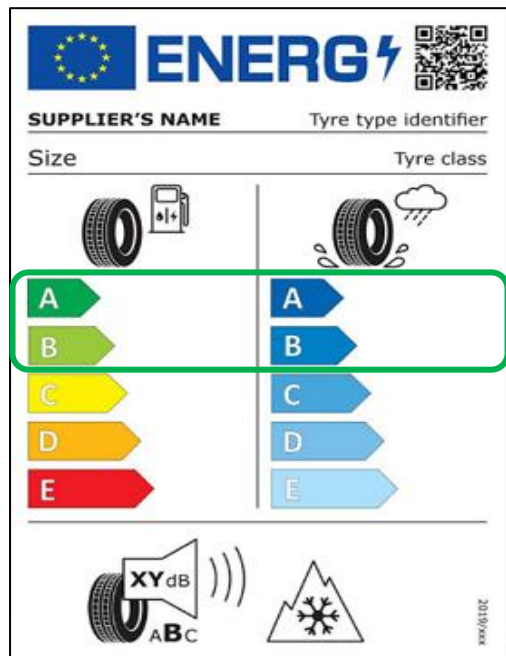
Expanding offer of low Rolling Resistance tyres, never compromising on safety



Tyre rolling resistance plays a key role in **reducing fuel and energy consumption** and thus vehicles CO<sub>2</sub> emissions.



Our **Eco-Safety approach** consists in a continuous reduction of rolling resistance without **any compromise on safety** in all driving conditions.



## Targets

New IPCodes <sup>1</sup>	2023A	2025	
Rolling Resistance	A+B=55%	A+B>70%	
Wet Grip <sup>2</sup>	A+B=98%	A+B>90% ✓	
Life-Cycle Assessment: 100% for New Car Lines by 2025			
Eco-Safety Business <sup>1</sup>	2023	2025	2030
A+B+C revenues <sup>3</sup>	73%	66% ✓	
A+B volumes <sup>4</sup>	30%	35%	>50%

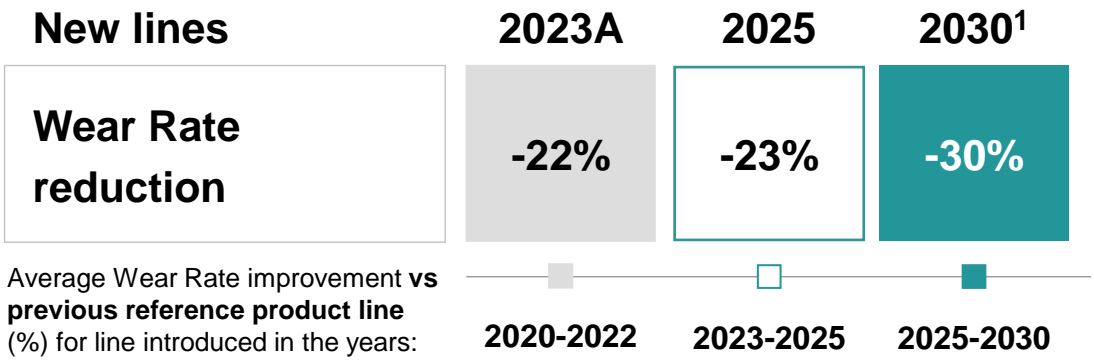
✓ Target 2025 already reached in 2023

# Wear Rate: our reduction roadmap

Paving the way to anticipate EURO 7 compliance, addressing the higher weight of Electric Vehicles while improving mileage and consumers' satisfaction



## Targets



### Additional Pirelli focus

>> Particulate size

>> Material composition

## Full readiness vs upcoming regulations

EURO 7

?

WHAT IS

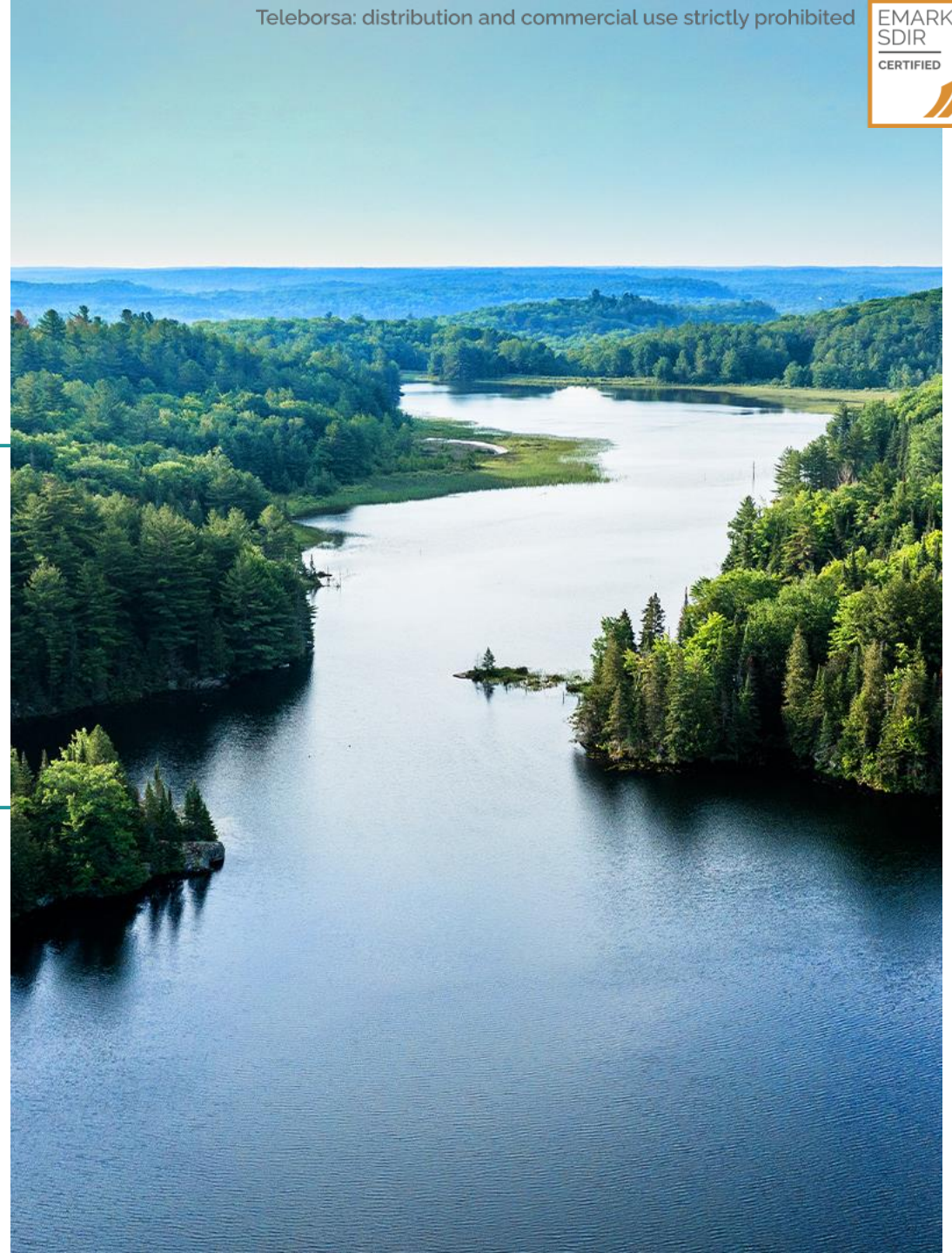
Euro 7 establishes updated rules for the exhaust gas emissions of road vehicles, **tyre abrasion** and brakes.

TIMING

Tyre abrasion limits will be mandatory from 2028-2030 depending on tyres classes.

## Nature

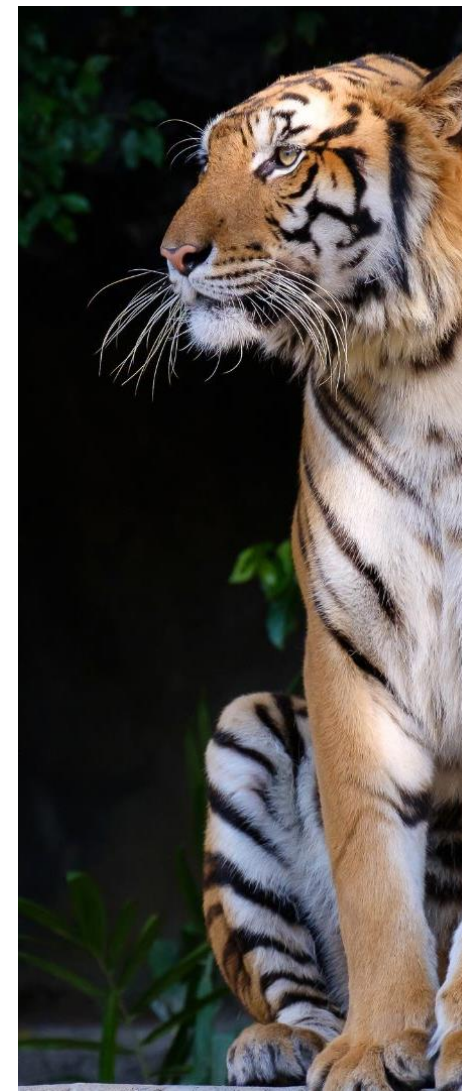
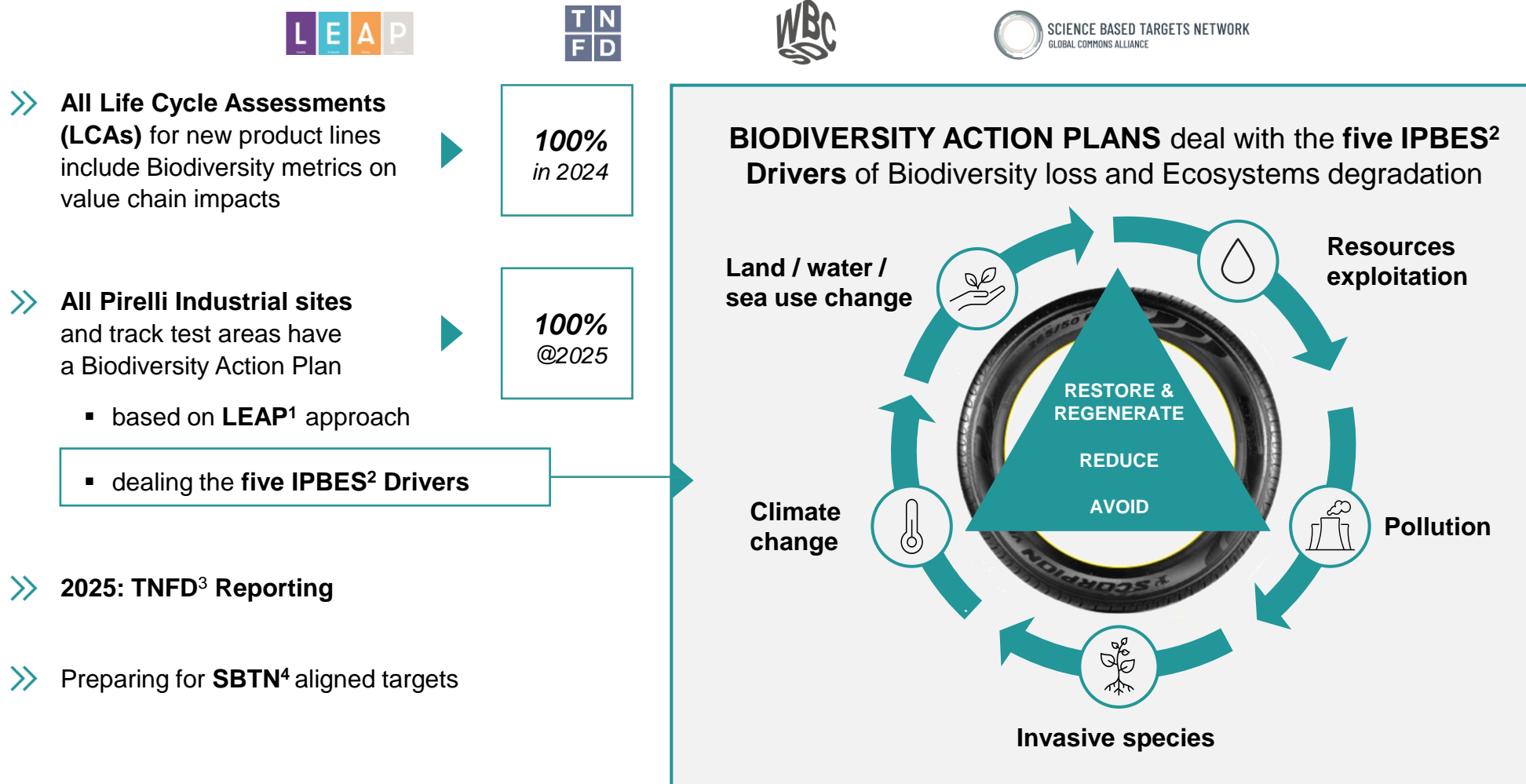
- Redefining business interactions with Natural Capital



# Our Global Biodiversity Strategy along value chain

Redefining business interactions with Nature

## In line with new Global Standards, towards Science Based Targets for Nature (SBTN)

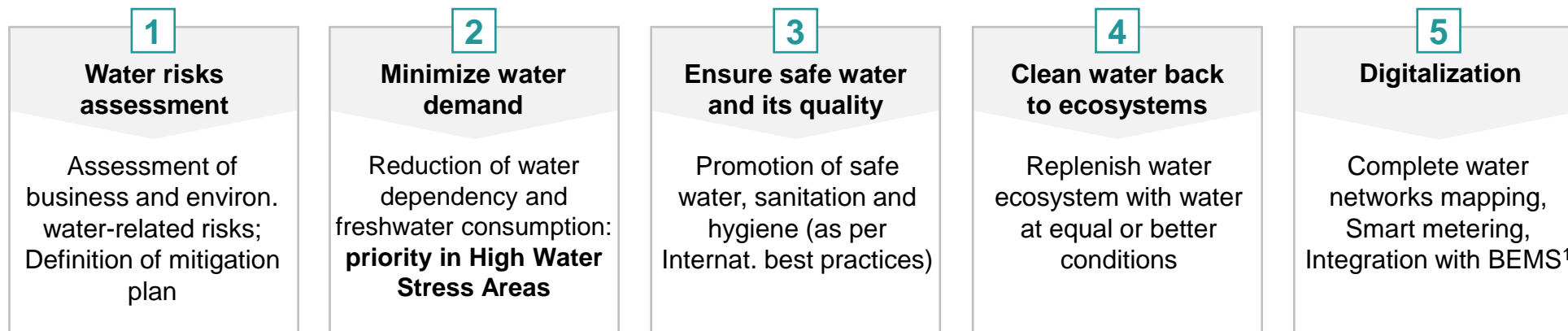






# Freshwater: reducing dependency and preserving quality

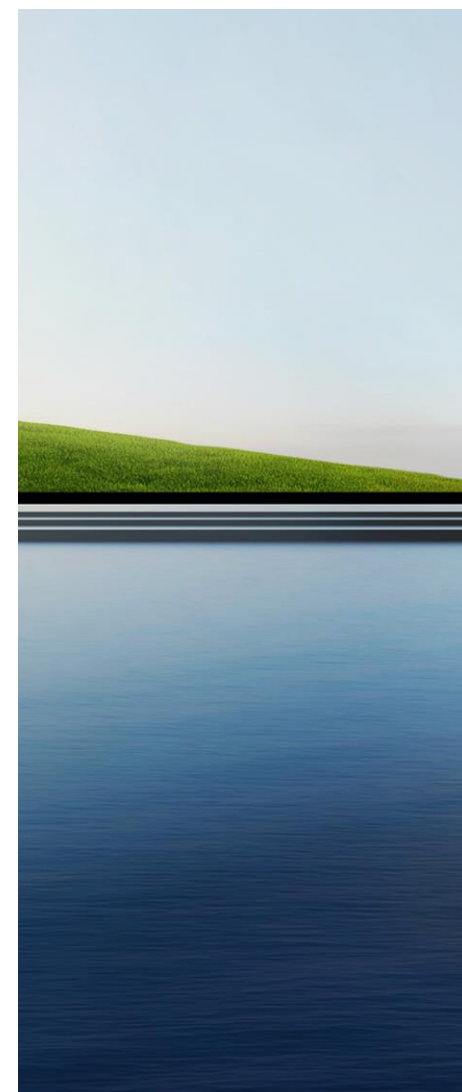
## Our Model and Targets according to Excellence in Water Management Program



## Targets

		2023	Reduction vs 2015		
		m <sup>3</sup> /ton FP <sup>2</sup>	2023	2025	2030
<b>QUANTITY</b> Specific water withdrawal	<b>Group</b>	7.0	-45%	-43% ✓	-60%
	<b>High Water Stress Areas</b>	5.4	-31%	-36%	-45%
<b>QUALITY</b> Water emissions	<b>Group</b>	Preserving water quality Towards maximization of water reuse and recycling			

✓ Previous Plan Target @2025 outperformed in 2023



# Forest: Towards 100% of FSC™ Natural Rubber in European plants by 2026

We promote the development of a Sustainable Natural Rubber Economy based on traced and certified supply chains, engaging our major partners to be part of this journey

## Pirelli unique FSC™ strategy



**Forest Stewardship Council** ensures that products from Forest origin are managed in a way that preserves biological diversity and benefits the lives of local people and workers

2021

2024

2026



World first consumer FSC™ certified tyres, made in Rome (Georgia, US) for BMW X5



World first F1® FSC™ certified tyres, from 2024 season



100% FSC™ Rubber used in European Pirelli plants

## Full readiness vs upcoming regulations



### European Deforestation Regulation



WHAT IS

EU rules to guarantee that the products EU citizens consume **do not contribute to deforestation or forest degradation** worldwide



TIMING

**Tracing & Due Diligence**  
- 30 December 2024



SCOPE

Beef, wood, palm oil, soya, coffee, cocoa. **Rubber and derivatives.**

# Tyre Road Wear Particles: facing the challenge

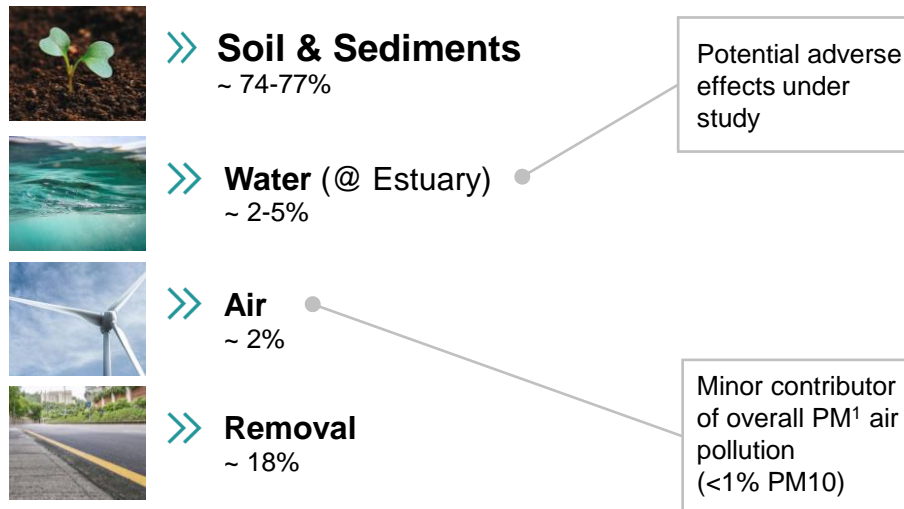
## Context

### What is TRWP?

Mixture of tyre tread fragments and road surface elements generated by the friction between the road and the tyre

**Key influencing factors:** tyre design, road characteristics, driving style, vehicles, weather

### Where does it go?



### How is industry moving?

#### Tire Industry Project (TIP)



**CEO-led initiative**, proactively working to **identify and address potential human health and environmental impacts of TRWP**



**Bringing the scientific community together** to advance the understanding on tyre unintentional emissions



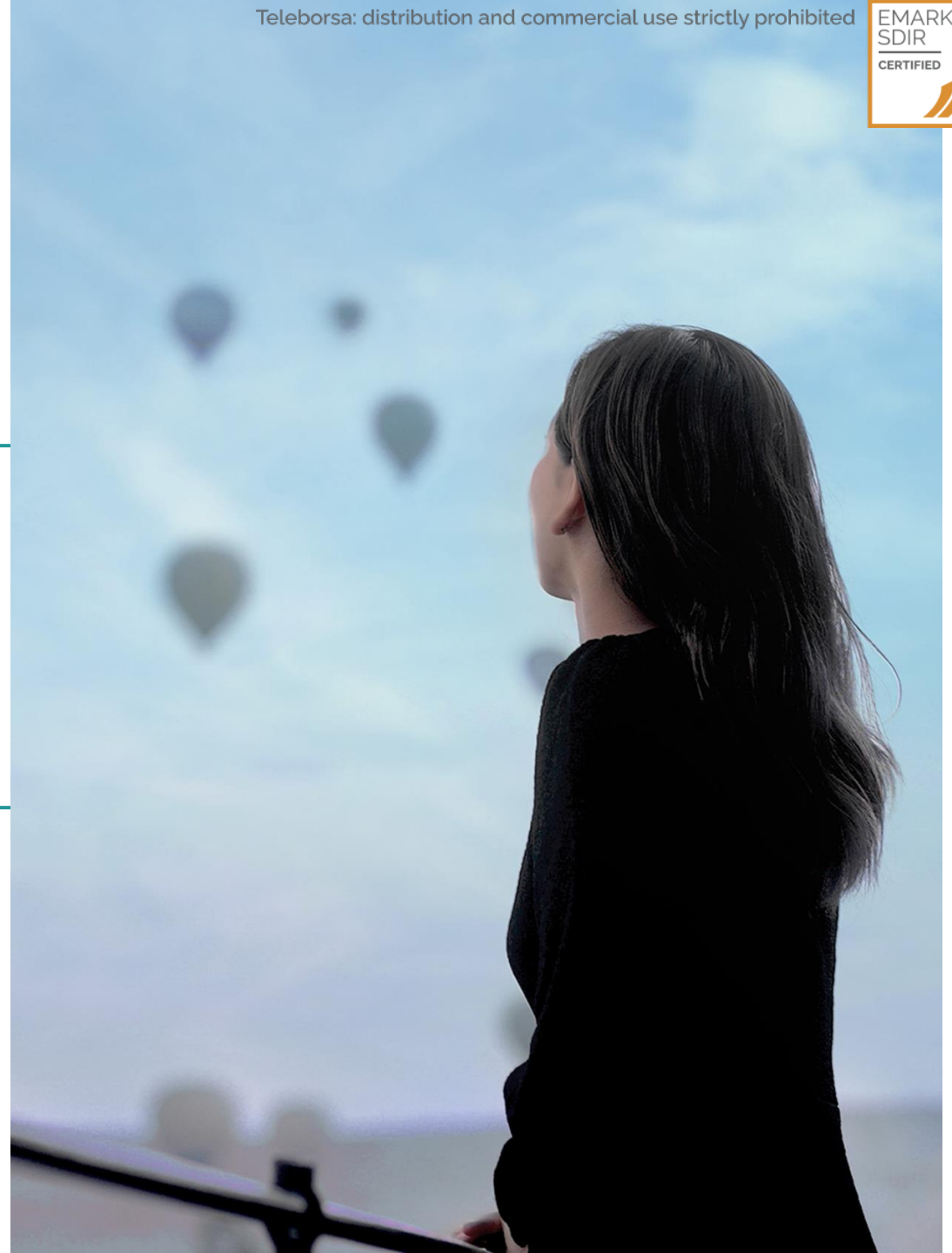
**TRWP Mitigation task force engaging with relevant stakeholders** and guiding **mitigation actions** through selected **pilot projects**

## Our leverage on innovation and engagement

1. Reduction @source	2. Generation & Size	3. Biodegradability	4. Capturing	5. Industry initiatives
-30% wear rate on new product lines by 2030	Cooperation with universities and research centers on airborne particle <b>generation models and means to optimize particle size</b>	Innovation through <b>JDA</b> s and universities on <b>material biodegradability</b> , also through extension of <b>Natural Rubber</b> use	<b>Scouting TRWP capturing solutions</b> , including rainwater collection systems	<b>Active participation</b> in industry initiatives (TIP and Regional Trade Associations)

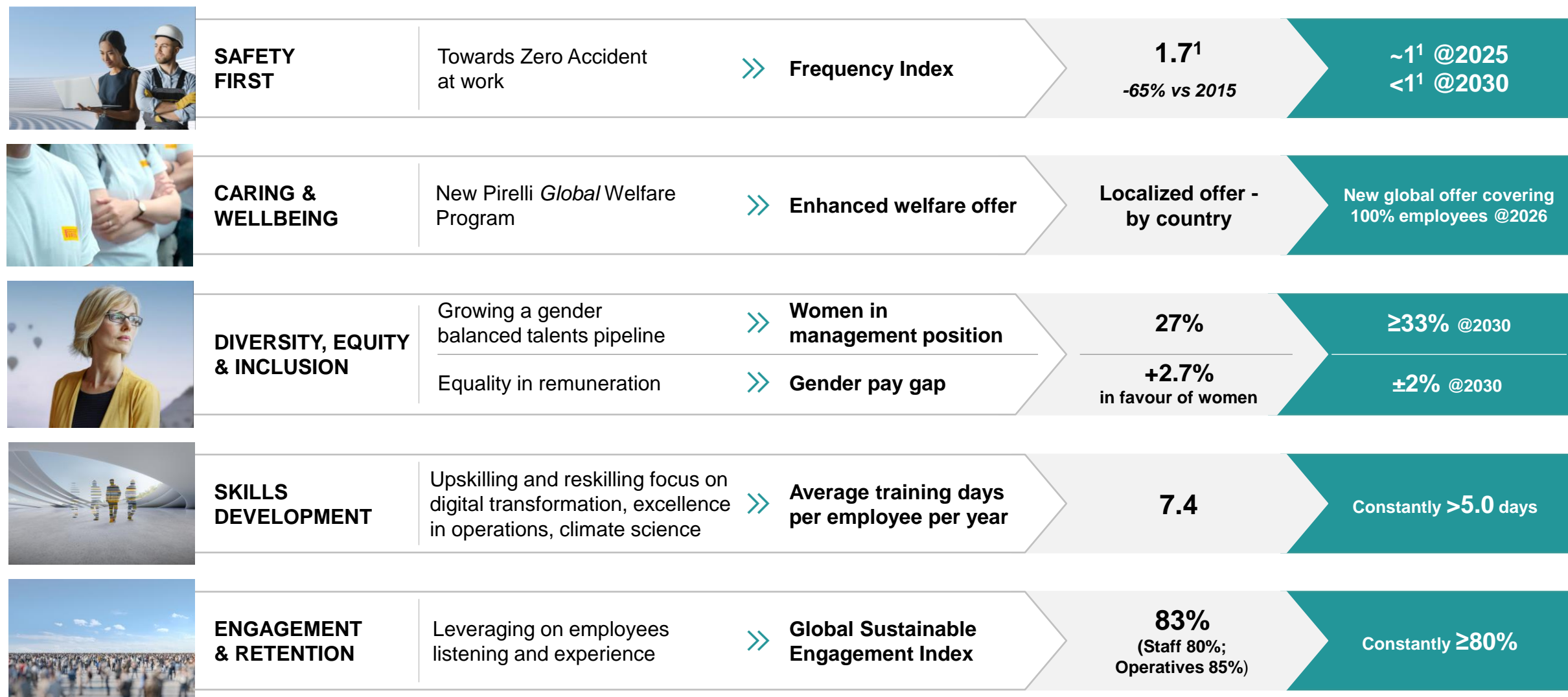
# People

- At the heart of our growth



# Our strategy for an engaged, diverse and talented global workforce

## We are acting on 5 main pillars



# Strengthening our Global Value Chain



# Partnering with our suppliers: managing risks while creating capacity

## Risk Assessment & Mitigation

*on Environment, Labour, Human Rights, Business Ethics*

Drive excellence in responsible business conduct & mitigate risks



**ANNUAL RISK ANALYSIS**  
to select potentially High, Mid and Low risk Suppliers (on all supplier base)

## Capacity Building & Engagement

Strengthening Partners' resiliency and accelerate transformation



**TRAINING**



**DECARBONIZATION**  
Continuous engagement on primary data collection and CO<sub>2</sub> emission reduction initiatives"

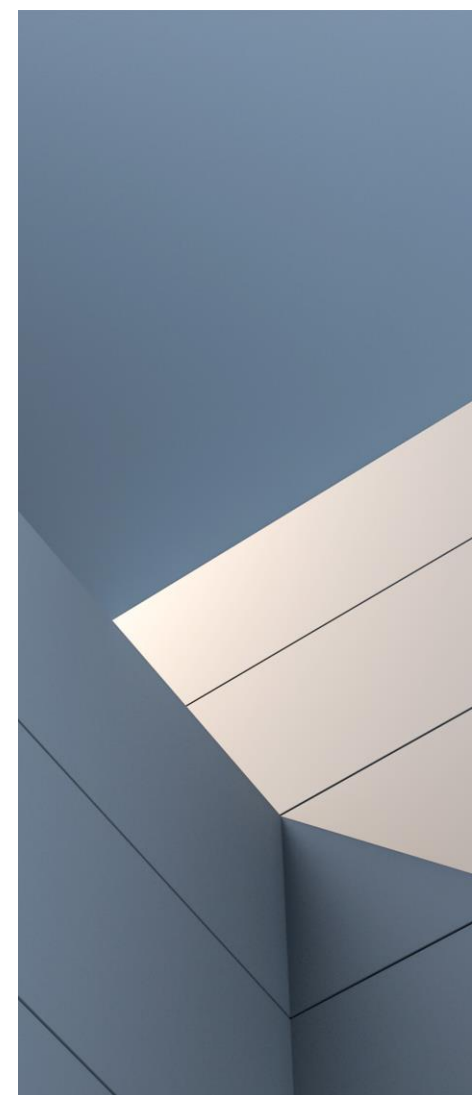
Scope	2023	2025	2027
-------	------	------	------

**Suppliers assessed - % on Total Spending from Suppliers selected as potentially High and Mid ESG Risk <sup>(3)</sup>**

High ESG Risk <sup>4</sup>	90%	96%	100%
Mid ESG Risk <sup>4</sup>	82%	96%	100%

- » Mandatory recovery plan for non-conformities
- » Mandatory ESG on-site Audit for all potential suppliers of Raw Materials during Homologation Phase
- » Continuous effort towards full upstream traceability

Business and Human Rights Management	100% of Raw Materials suppliers and CAPEX strategic suppliers	100% of High Risk <sup>4</sup> (all other categories)	100% of Mid Risk <sup>4</sup> (all other categories)
Nature & Biodiversity	<b>FSC ENGAGEMENT</b>	100% of Raw Materials suppliers and CAPEX strategic suppliers	
Raw Material Suppliers accounting for 90% of CO <sub>2</sub> upstream emissions	>90% Raw Mat Emissions covered by primary data	<ul style="list-style-type: none"> <li>• requested to have an SBTi</li> <li>• requested to use 100% renewable electricity</li> </ul>	



# Engaging with our customers on sustainability journey



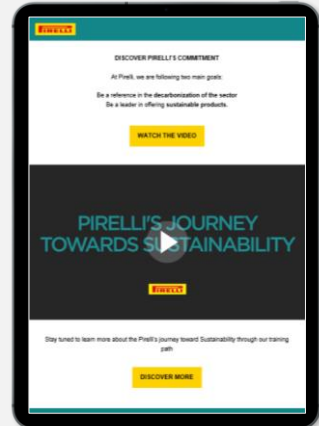
## EUROPEAN SUSTAINABILITY MEETING

September 2023: European Dealer convention



## SUSTAINABILITY NARRATIVE ON B2B CHANNEL

2023 Campaign on Pirelli Sustainability Journey



## SUSTAINABLE RETAIL NETWORK

Embedding sustainability models into retail practices



## LINKING THE BRAND WITH SUSTAINABILITY VALUES

Conveying the value of sustainability within purchasing experience

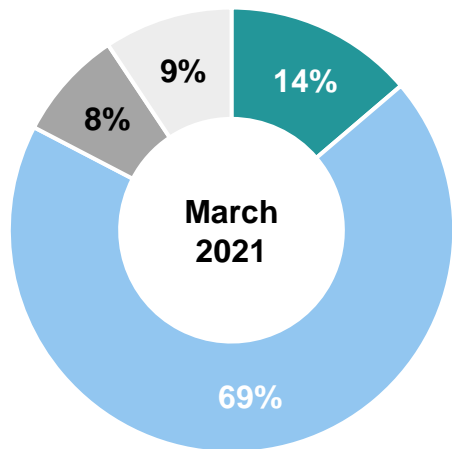




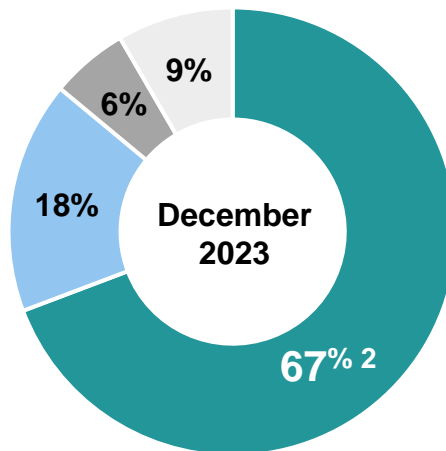
# An ESG shaped finance

## 2021 Industrial Plan

- HQ<sup>1</sup> Debt – ESG Linked
- HQ<sup>1</sup> Debt – Conventional
- Local Debt
- IFRS 16



## Today



Vs Top 5 peers average 31%

## with a strong ambition



Working on **100% HQ Funding** in Sustainability Linked Format by 2025

## Pioneering Sustainability Linked Finance in the tyre industry

- 2022** ■ First Sustainability Linked Financing framework in the tyre industry
- 2023** ■ First Benchmark Sustainability Linked Bond in the tyre industry

# ESG Indices: a globally acknowledged sustainability leadership

Major rankings	Last update	Score	Positioning in the reference sector
<p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA</p>	2023	84	Top score ATX Auto Components and automotive
<p>Top 1%</p>	2024	TOP 1% ESG	Max Score
<p>CDP A LIST 2023 CLIMATE</p>	2023	A	Max Score
<p>CDP CLIMATE CHANGE LEADER 2023</p>	2024	A	Max Score
<p>Corporate ESG Performance RATED BY ISS ESG Prime</p>	2024	B	Prime status and Top score Auto Components
<p>FTSE4Good</p>	2023	4.5 / 5	Second score Auto parts
<p>MSCI ESG RATINGS AA</p>	2023	AA	ESG Leader
SUSTAINALYTICS	2024	11,0	Top score tyre industry (lowest risk); Awarded both <i>Industry</i> and <i>Region Top Rating</i>
<p>PLATINUM 2023 ecovadis Sustainability Rating</p>	2023	Platinum	Top 1%

**PIRELLI**



**POWER IS NOTHING WITHOUT CONTROL.<sup>TM</sup>**  
**BUT CONTROL IS NOT ENOUGH.**  
**WE HAVE TO DO MORE.<sup>TM</sup>**



### **FOR PEOPLE**

We work for safety and caring for people is a fundamental part of our job.

### **FOR PLANET**

There is no place for shortcuts and we consider the earth our most demanding stakeholder.

### **FOR MOBILITY**

We are in the middle of a true revolution and nothing will be as before.



2023 RESULTS  2024-25 INDUSTRIAL PLAN UPDATE

# Financial Appendix

6<sup>th</sup> March, 2024

# Economic results summary

€ million	1Q 2023	1Q 2022	Δ YoY	2Q 2023	2Q 2022	Δ YoY	3Q 2023	3Q 2022	Δ YoY	4Q 2023	4Q 2022	Δ YoY	FY 2023	FY 2022	Δ YoY
<b>Net Sales</b>	<b>1,700</b>	<b>1,521</b>	<b>11.7%</b>	<b>1,738</b>	<b>1,676</b>	<b>3.7%</b>	<b>1,723</b>	<b>1,836</b>	<b>-6.2%</b>	<b>1,490</b>	<b>1,582</b>	<b>-5.8%</b>	<b>6,650</b>	<b>6,616</b>	<b>0.5%</b>
<i>Organic variation</i>			12.0%			9.0%			2.2%			4.8%			6.8%
<b>adjusted EBITDA<sup>1</sup></b>	<b>360</b>	<b>333</b>	<b>8.0%</b>	<b>379</b>	<b>362</b>	<b>4.7%</b>	<b>377</b>	<b>384</b>	<b>-1.9%</b>	<b>330</b>	<b>329</b>	<b>0.3%</b>	<b>1,446</b>	<b>1,408</b>	<b>2.7%</b>
<i>% of net sales</i>	21.2%	21.9%	-0.7p.p.	21.8%	21.6%	+0.2p.p.	21.9%	20.9%	+1.0p.p.	22.2%	20.8%	+1.4p.p.	21.7%	21.3%	+0.5p.p.
<b>reported EBITDA</b>	<b>351</b>	<b>326</b>	<b>7.7%</b>	<b>368</b>	<b>350</b>	<b>5.1%</b>	<b>368</b>	<b>367</b>	<b>0.2%</b>	<b>279</b>	<b>293</b>	<b>-4.5%</b>	<b>1,366</b>	<b>1,336</b>	<b>2.3%</b>
<i>% of net sales</i>	20.6%	21.4%	-0.8p.p.	21.2%	20.9%	+0.3p.p.	21.4%	20.0%	+1.4p.p.	18.8%	18.5%	+0.3p.p.	20.5%	20.2%	+0.4p.p.
<b>adjusted EBIT<sup>1</sup></b>	<b>248</b>	<b>228</b>	<b>8.6%</b>	<b>269</b>	<b>253</b>	<b>6.4%</b>	<b>265</b>	<b>272</b>	<b>-2.5%</b>	<b>219</b>	<b>224</b>	<b>-2.2%</b>	<b>1,002</b>	<b>978</b>	<b>2.5%</b>
<i>% of net sales</i>	14.6%	15.0%	-0.4p.p.	15.5%	15.1%	+0.4p.p.	15.4%	14.8%	+0.6p.p.	14.7%	14.2%	+0.5p.p.	15.1%	14.8%	+0.3p.p.
<b>reported EBIT</b>	<b>211</b>	<b>193</b>	<b>9.4%</b>	<b>229</b>	<b>213</b>	<b>7.8%</b>	<b>228</b>	<b>227</b>	<b>0.6%</b>	<b>140</b>	<b>159</b>	<b>-12.1%</b>	<b>808</b>	<b>791</b>	<b>2.1%</b>
<i>% of net sales</i>	12.4%	12.7%	-0.3p.p.	13.2%	12.7%	+0.5p.p.	13.3%	12.4%	+0.9p.p.	9.4%	10.1%	-0.7p.p.	12.2%	12.0%	+0.2p.p.
Net income / (loss) from equity investments	2	1	n.m.	4	2	n.m.	3	1	n.m.	7	3	n.m.	16	6	n.m.
Financial income / (expenses)	(52)	(44)	19.9%	(55)	(46)	18.6%	(43)	(55)	-21.9%	(44)	(57)	-22.3%	(194)	(202)	-3.8%
<b>EBT</b>	<b>161</b>	<b>150</b>	<b>7.4%</b>	<b>179</b>	<b>168</b>	<b>6.2%</b>	<b>188</b>	<b>172</b>	<b>8.9%</b>	<b>103</b>	<b>105</b>	<b>-2.1%</b>	<b>630</b>	<b>596</b>	<b>5.8%</b>
Taxes	(46)	(40)	14.7%	(51)	(45)	13.2%	(19)	(46)	-58.1%	(18)	(29)	-36.6%	(134)	(160)	-16.0%
Tax rate %	-28.5%	-26.7%	-1.8p.p.	-28.5%	-26.7%	-1.8p.p.	-10.3%	-26.7%	+16p.p.	-17.7%	-27.3%	+9.6p.p.	-21.3%	-26.8%	+5.5p.p.
<b>Net Income / (loss)</b>	<b>115</b>	<b>110</b>	<b>4.7%</b>	<b>128</b>	<b>123</b>	<b>3.6%</b>	<b>168</b>	<b>126</b>	<b>33.3%</b>	<b>85</b>	<b>77</b>	<b>10.8%</b>	<b>496</b>	<b>436</b>	<b>13.8%</b>
<b>Earnings / (loss) per share (€ per share)</b>	<b>0.11</b>	<b>0.11</b>	<b>3.8%</b>	<b>0.12</b>	<b>0.11</b>	<b>5.7%</b>	<b>0.16</b>	<b>0.12</b>	<b>37.5%</b>	<b>0.09</b>	<b>0.08</b>	<b>8.5%</b>	<b>0.48</b>	<b>0.42</b>	<b>14.7%</b>
<b>Net income / (loss) adjusted</b>	<b>142</b>	<b>137</b>	<b>3.9%</b>	<b>156</b>	<b>151</b>	<b>3.4%</b>	<b>155</b>	<b>158</b>	<b>-2.0%</b>	<b>142</b>	<b>125</b>	<b>14.2%</b>	<b>595</b>	<b>570</b>	<b>4.4%</b>

# Consolidated Balance Sheet

€ million	31/12/2023	31/12/2022
<b>Fixed assets</b>	<b>8,812.1</b>	<b>8,911.1</b>
<i>Inventories</i>	1,371.4	1,457.7
<i>Trade receivables</i>	649.4	636.5
<i>Trade payables</i>	(1,999.4)	(1,973.3)
Operating net working capital	21.4	120.9
<i>% of net sales</i>	0.3%	1.8%
Other receivables / payables	45.8	42.3
<b>Net working capital</b>	<b>67.2</b>	<b>163.2</b>
<i>% of net sales</i>	1.0%	2.5%
<b>Total net invested capital</b>	<b>8,879.3</b>	<b>9,074.3</b>
<b>Equity</b>	<b>5,619.6</b>	<b>5,453.8</b>
<b>Provisions</b>	<b>998.0</b>	<b>1,067.9</b>
<b>Net financial position</b>	<b>2,261.7</b>	<b>2,552.6</b>
<b>Total financing and shareholders' equity</b>	<b>8,879.3</b>	<b>9,074.3</b>
<b>Attributable net equity</b>	<b>5,494.4</b>	<b>5,323.8</b>
<b>Total net financial debt<sup>1</sup></b>	<b>2,387.4</b>	<b>2,683.8</b>

# Net Cash Flow

	1Q 2023	2Q 2023	3Q 2023	4Q 2023	4Q 2022	FY 2023	FY 2022
Adjusted Operating income (EBIT)	248.1	269.3	265.1	219.3	224.3	1.001.8	977.8
Amortiz. & depreciations (excl. PPA amortiz.)	111.6	110.1	111.6	111.0	104.8	444.3	430.5
Investments in tangible and intangible assets (Capex)	(53.2)	(70.3)	(77.7)	(204.5)	(209.0)	(405.7)	(397.7)
Increase in right of use	(15.1)	(26.5)	(27.5)	(32.1)	(29.2)	(101.2)	(79.7)
Change in working capital/other	(868.8)	(6.8)	(0.4)	961.4	830.5	85.4	77.9
<b>Operating Cash Flow</b>	<b>(577.4)</b>	<b>275.8</b>	<b>271.1</b>	<b>1,055.1</b>	<b>921.4</b>	<b>1,024.6</b>	<b>1,008.8</b>
Financial income/(expenses)	(52.2)	(54.7)	(43.3)	(43.9)	(56.6)	(194.1)	(201.7)
Taxes paid	(29.0)	(32.3)	(43.8)	(33.9)	(54.3)	(139.0)	(205.5)
Cash-out for non recurring items and restructuring costs / other	(12.6)	(10.2)	(8.8)	(8.5)	(11.8)	(40.1)	(58.3)
Dividend paid to minorities	-	(3.9)	0.3	0.1	0.2	(3.5)	(24.4)
Exchange rates difference/other	(20.2)	(18.2)	(8.3)	(92.3)	39.8	(139.0)	(3.4)
<b>Net Cash Flow before extr. oper. / equity transactions / divid.</b>	<b>(691.4)</b>	<b>156.5</b>	<b>167.2</b>	<b>876.6</b>	<b>838.7</b>	<b>508.9</b>	<b>515.5</b>
Extraordinary operations	-	-	-	-	-	-	-
<b>Net Cash Flow before dividends</b>	<b>(691.4)</b>	<b>156.5</b>	<b>167.2</b>	<b>876.6</b>	<b>838.7</b>	<b>508.9</b>	<b>515.5</b>
Dividends paid by Parent	-	-	(217.8)	(0.2)	(0.8)	(218.0)	(161.0)
<b>Net Cash Flow</b>	<b>(691.4)</b>	<b>156.5</b>	<b>(50.6)</b>	<b>876.4</b>	<b>837.9</b>	<b>290.9</b>	<b>354.5</b>

# 2023 Strategic programs implementation: delivery in line with targets



## Commercial

- ✓ **Consolidating High Value positioning:**
  - +5% in Car ≥18" in line with market and overperformance in Repl. (+4% PI vs +3% mkt)
  - strong focus on ≥19" and EV
- ✓ **Lowering exposure to Standard**



## Innovation

- ✓ **Widening our OE portfolio:**
  - ~**340** new car homologations (84% ≥19", ~50% EV)
  - **EV portfolio reaching ~570** homologations worldwide
- ✓ **Launched 6 products:** 4 global lines and 2 dedicated to USA
- ✓ **Pirelli PZero E wins "Tyre of the year" award at the 2023 Automobile Awards in Paris**



## Competitiveness

- ✓ **Delivering Wave 3 Efficiency program**
  - ~**€92 mln** gross savings confirmed
  - supported by Company digitization



## Operations

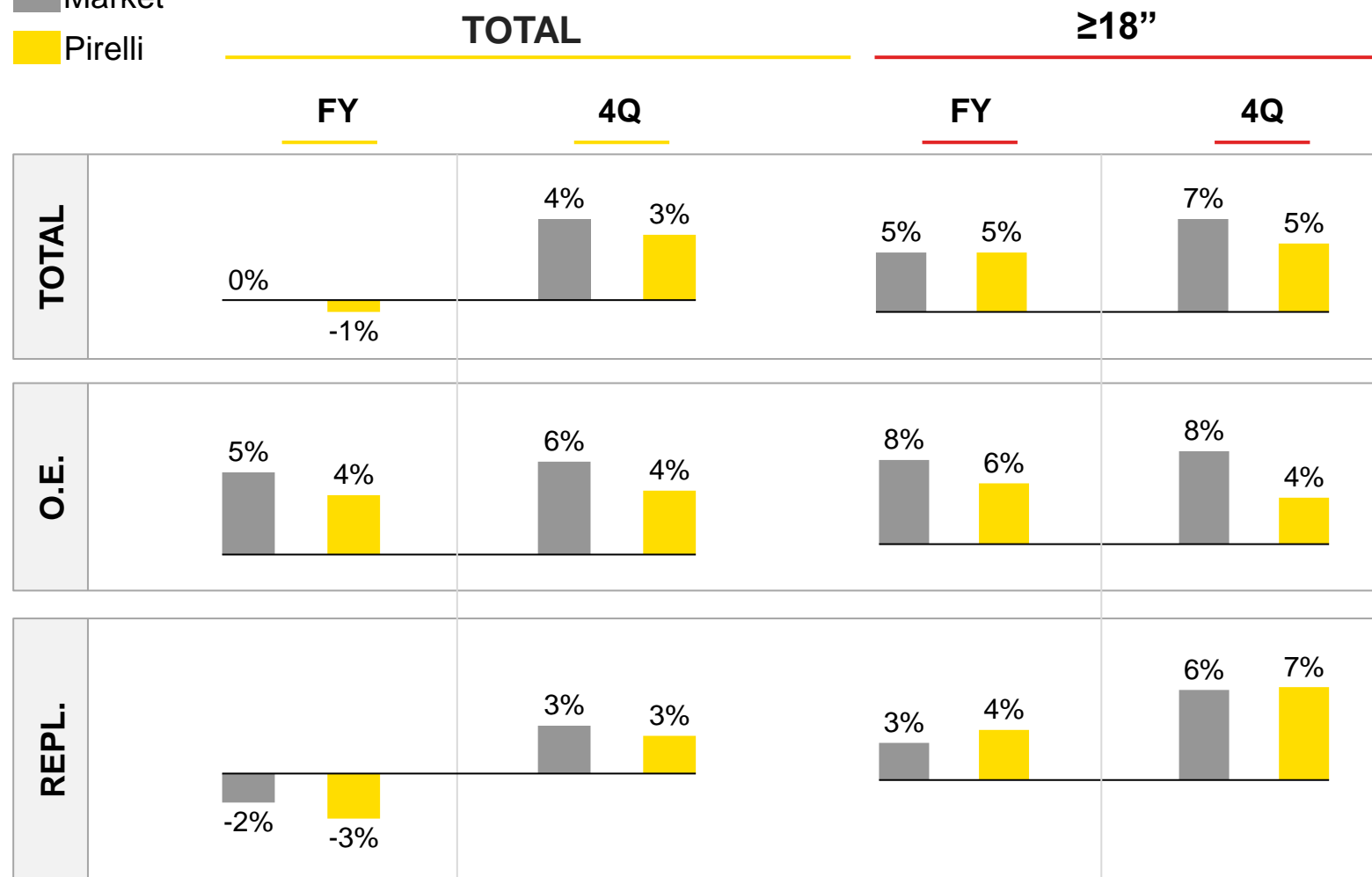
- ✓ **Improving operations and environmental footprint**
  - ~**90%** capacity utilization (~**95%** in **High Value**)
  - Speeding up deployment of **plant decarbonization**



# FY 2023 Commercial Program:

Pursuing a selective, value-oriented strategy

Market  
Pirelli



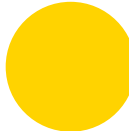
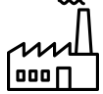











## 4Q Highlights

- » Further reduction in Car ≤17" (flat in 4Q vs. +2% Mkt; -8% in FY vs. -1% Mkt)
- » HV OE reflecting a selective approach (mainly in EU) with higher focus on ≥19" and EV
- » Consolidating our positioning in major HV Markets, seizing Repl. growth opportunities while maintaining a solid price discipline

# FY 2023 Competitiveness program:

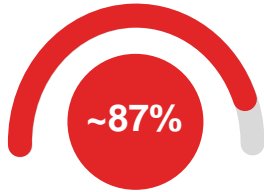
Achieved efficiencies for ~92M€, in line with expectations

		Focusing on:	FY 2022 ACT	FY 2023 ACT	4Q 2023 ACT
	<b>Product Cost</b>	<ul style="list-style-type: none"> <li>» Modularity</li> <li>» Design speed and virtualization</li> </ul>			~34% of FY
	<b>Manufacturing</b>	<ul style="list-style-type: none"> <li>» Industrial IoT and flexible factory</li> <li>» Energy consumption</li> </ul>			~50% of FY
	<b>SG&amp;A</b>	<ul style="list-style-type: none"> <li>» Logistics network redesign and service differentiation</li> <li>» Procurement rationalization</li> </ul>			~40% of FY
	<b>Organization</b>	<ul style="list-style-type: none"> <li>» Digital processes and organization transformation</li> </ul>			~40% of FY
<b>Total Gross Impact</b>			~€136M	~€92M 	~€31M ~33% of FY

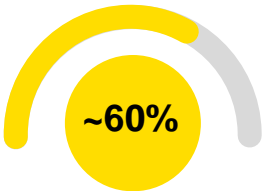
# FY 2023 Innovation program

Secure future HV volumes through homologations, targeting share gain in Repl. with our product pipeline

## ~ 340 New Homologations



Higher rim sizes ( $\geq 19''$ )



Specialties  
(on  $\geq 19''$ )

**ELECT**



Reaching a ~30% Mkt sh.  
among Premium EV OEMs

## 6 new High Value products launched

- >> 4 Global lines with focus on EV, SUV & racing
- >> 2 All-Season dedicated to North American customers

**P ZERO™ E**



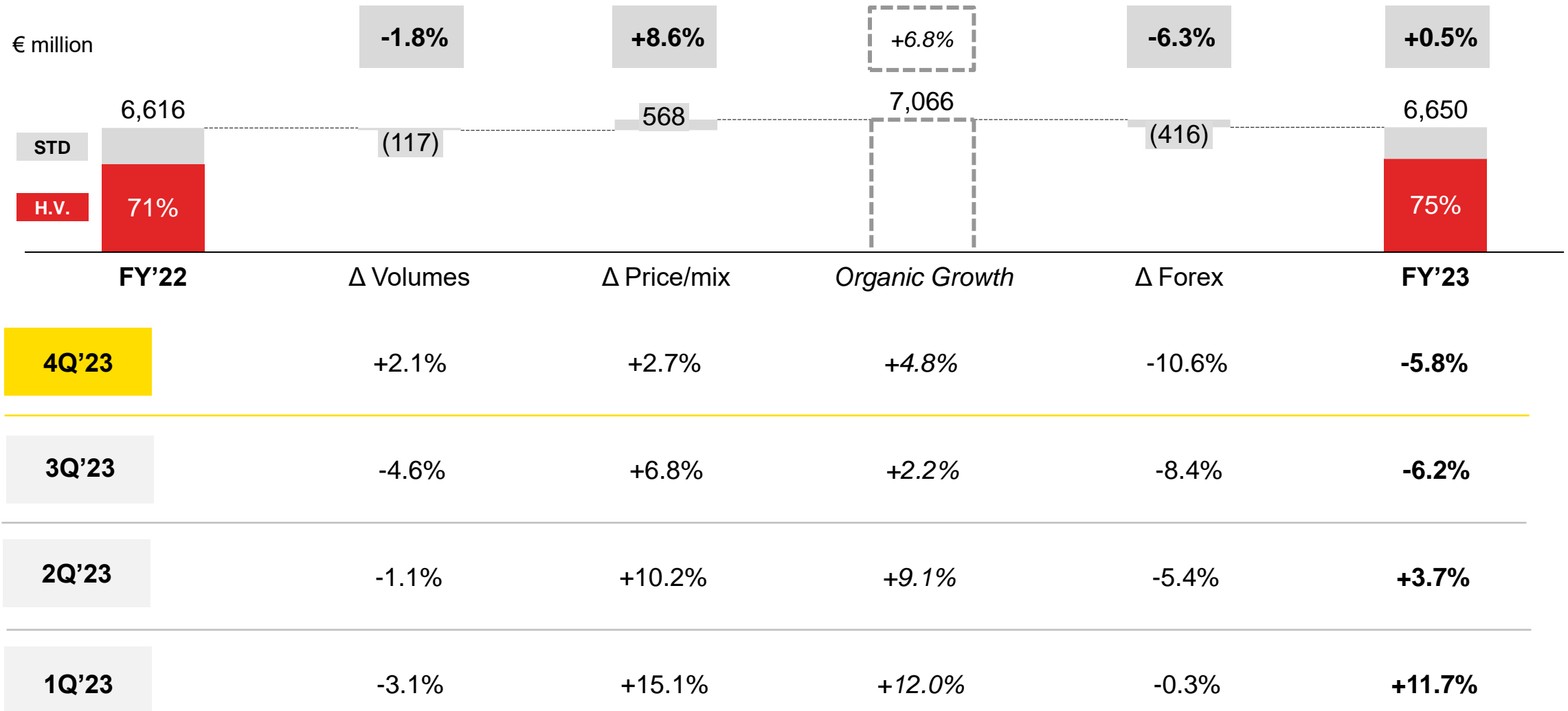
**Eco-Safety champion** for High-End EV,  
designed for sustainable mobility

Awarded  
**“Tyre of the year” 2023**



# FY 2023 Sales bridge

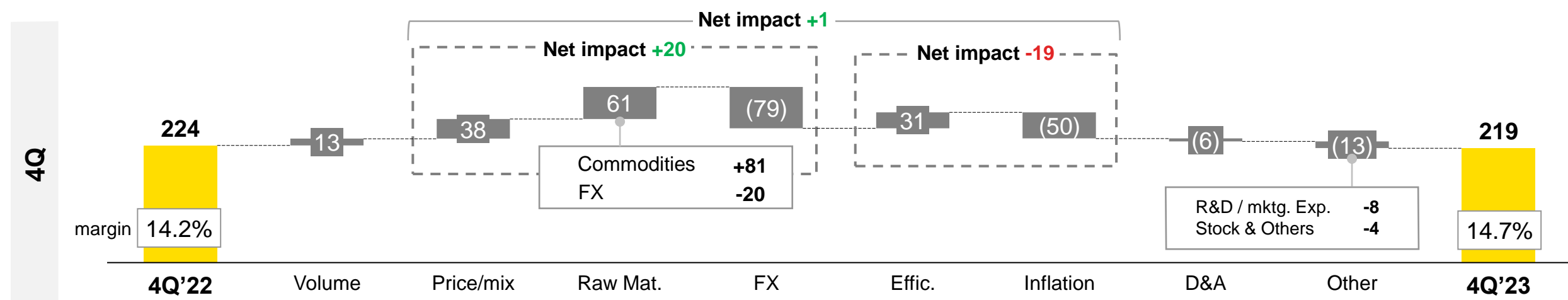
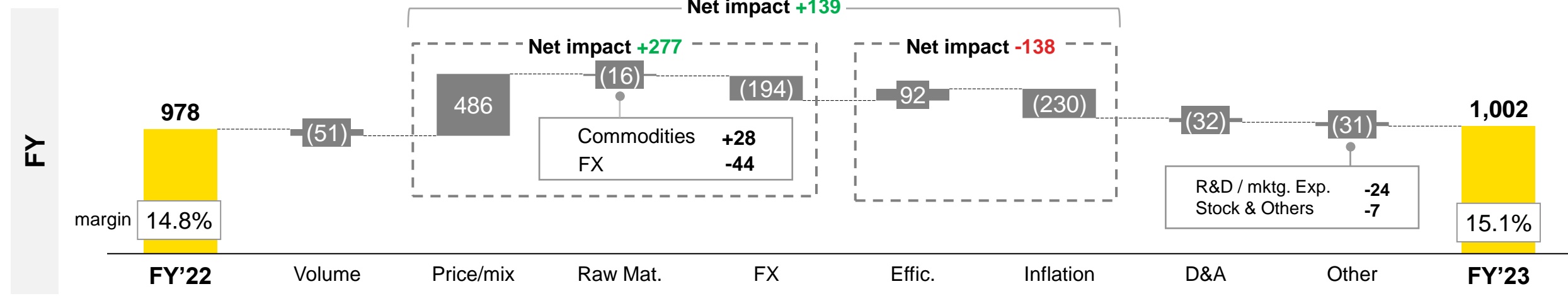
Strong price/mix mitigates impact of weak demand and high currency volatility



# FY 2023 adjusted EBIT bridge

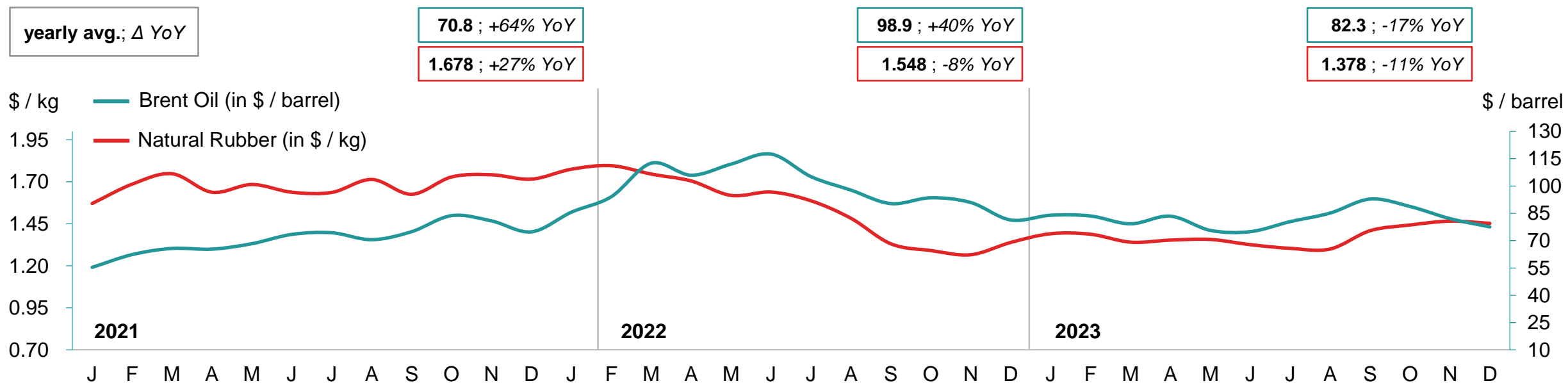
Profitability supported by price/mix and efficiency covering ~1.3x Raw Mat, FX & Inflation headwinds

€ million



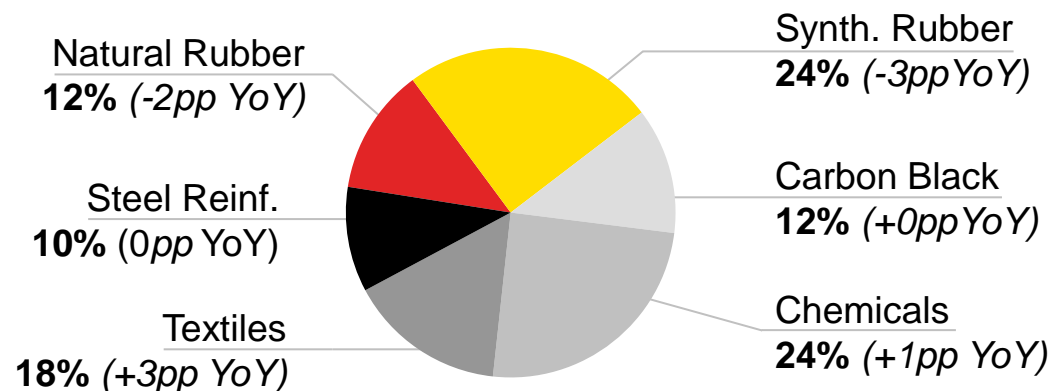
# Raw material costs trend and mix

## Main raw materials price trend

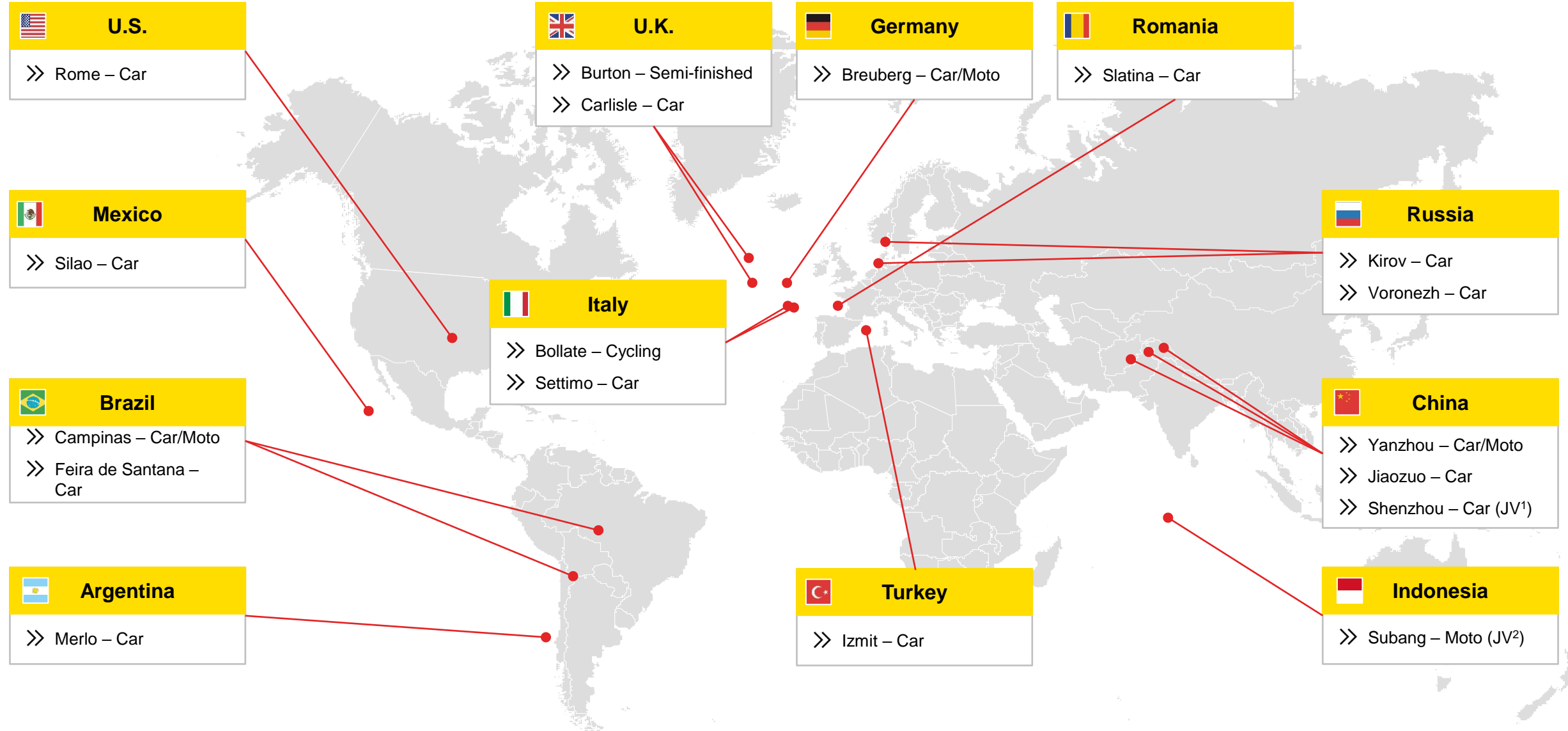


## Pirelli FY 2023 mix based on purchasing cost

**33%**  
raw mat. Costs on sales



# Pirelli manufacturing footprint



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