

PIRELLI

POWER IS NOTHING WITHOUT CONTROL

9M 2024

Financial Results

Milan

November 7th, 2024



POWER IS NOTHING WITHOUT CONTROL

Agenda

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9M 2024 KEY MESSAGES

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PIRELLI & C. – 9M 2024 RESULTS

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FY 2024 OUTLOOK AND TARGETS

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APPENDIX

KEY MESSAGES

- » **Solid 9M Results in line with FY targets, proving the strength of our business model**
 - High Value outperformance confirmed in both OE and Replacement
 - Strong Price/mix (+2.7% in 9M) driven by product mix enhancement
 - Profitability improvement supported by internal levers
 - Positive cash generation in 3Q, in line with our usual business seasonality

- » **FY 2024 market outlook and targets confirmed despite macro uncertainties**
 - Challenging external scenario: persisting geopolitical tensions, slowdown in OE demand and raw mat. headwinds
 - High Value resilience confirmed; Pirelli to outperform the ≥18" market leveraging on our unique positioning
 - Guidance confirmed on all metrics

- » **Further exploring intelligent tyre technology – joint development cooperation with Bosch**

- » **Leading sustainability transition aiming at Net Zero by 2040 – new emission targets validated by SBTi¹**



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FY 2024 OUTLOOK AND TARGETS

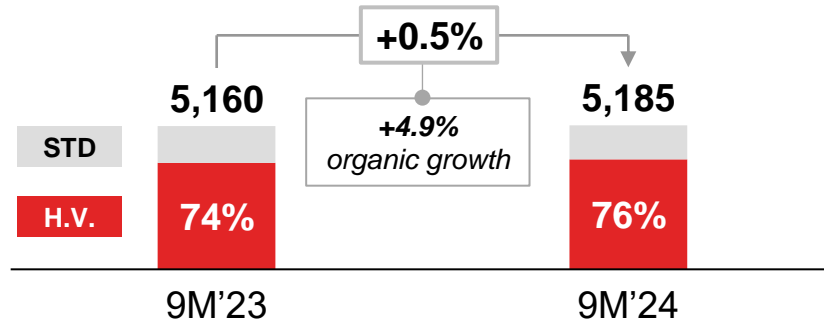
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9M 2024 results: confirming the strength of our strategy

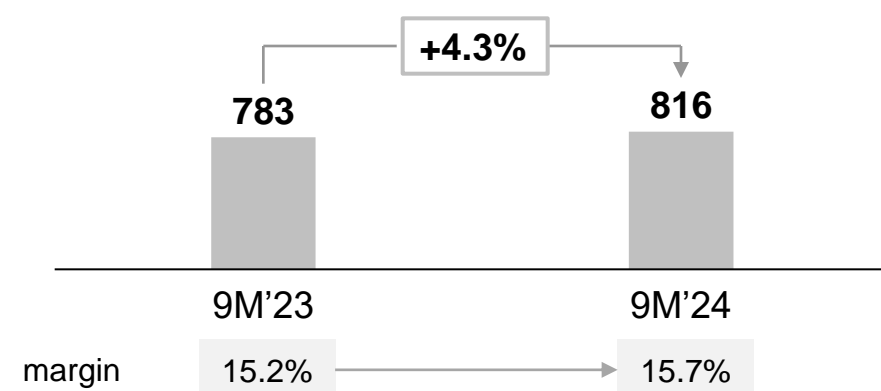
Net Sales

€ million



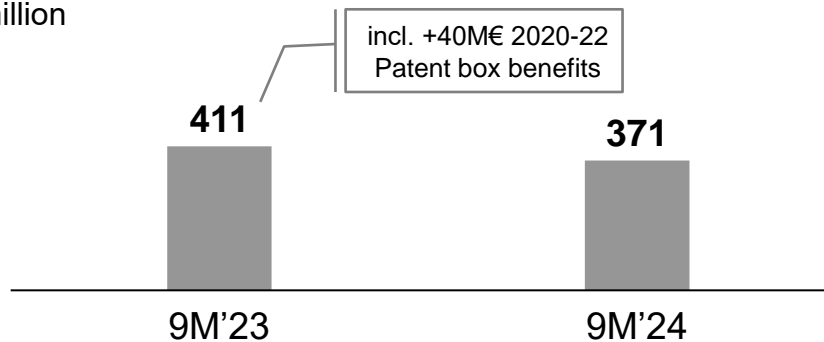
Adjusted EBIT¹

€ million



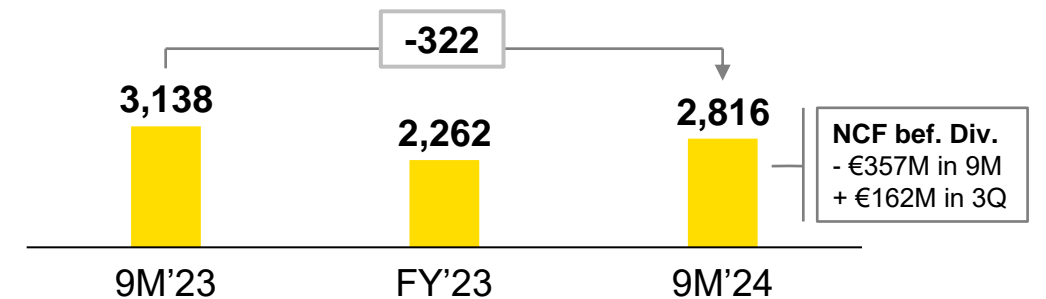
Net Income

€ million



Net Financial Position

€ million



9M 2024 Strategic programs: delivery in line with targets



COMMERCIAL

✓ Seizing regional HV growth opportunities

» **Car ≥18" (OE+Repl):** +7% in 9M vs +5% Mkt
+7% in 3Q vs +3% Mkt

» **Securing HV leadership in China, through a balanced exposure to Chinese and International Premium OEMs**



INNOVATION

✓ Widening our OE portfolio

» **~230 new car homologations** (~90% ≥19", ~50% EV)
with **EV portfolio** reaching ~730 homologations worldwide

✓ New products launched

» **5 new Car products launched, 2 two-wheels**

✓ Cyber Tyre

» **JDA Pirelli – Bosch: bringing tyres in the data era**



OPERATIONS

✓ Increasing efficiencies

» **€108M savings**, ~77% of FY target, offsetting inflation

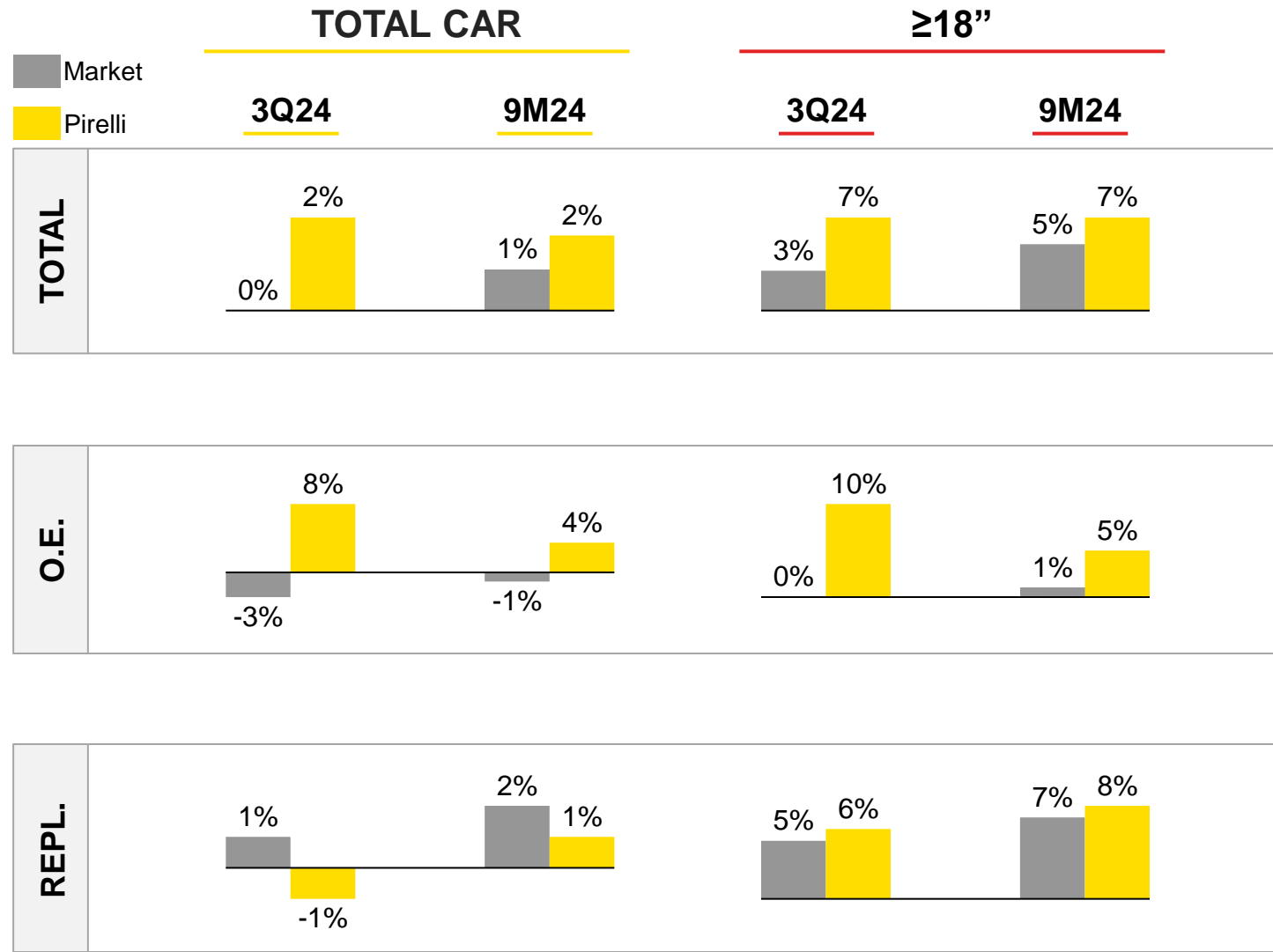
✓ Careful inventory management

» Inventories @ ~20% on sales, ~ -1pp vs 1H '24

✓ Decarbonization Plan

» 2040 Net Zero Target validated by SBTi

Commercial Program: Pirelli outperforming market, driven by HV



3Q HIGHLIGHTS

MARKET

- » Softer trend due a general weak OE demand (-3% in 3Q, -1% in 9M) and lower **Std.** (total -1% in 3Q'24, flat in 9M)
- » **HV** overperformance confirmed, OE impacted by the lower car production, Replacement reflecting unfavourable comparison basis in APac & NA.

PIRELLI PERFORMANCE

High Value:

- » strong OE performance driven by China (favourable yoy comparison and consolidating exposure to local Premium EV OEMs)
- » Repl. performance driven by EU Winter sell-in

Standard:

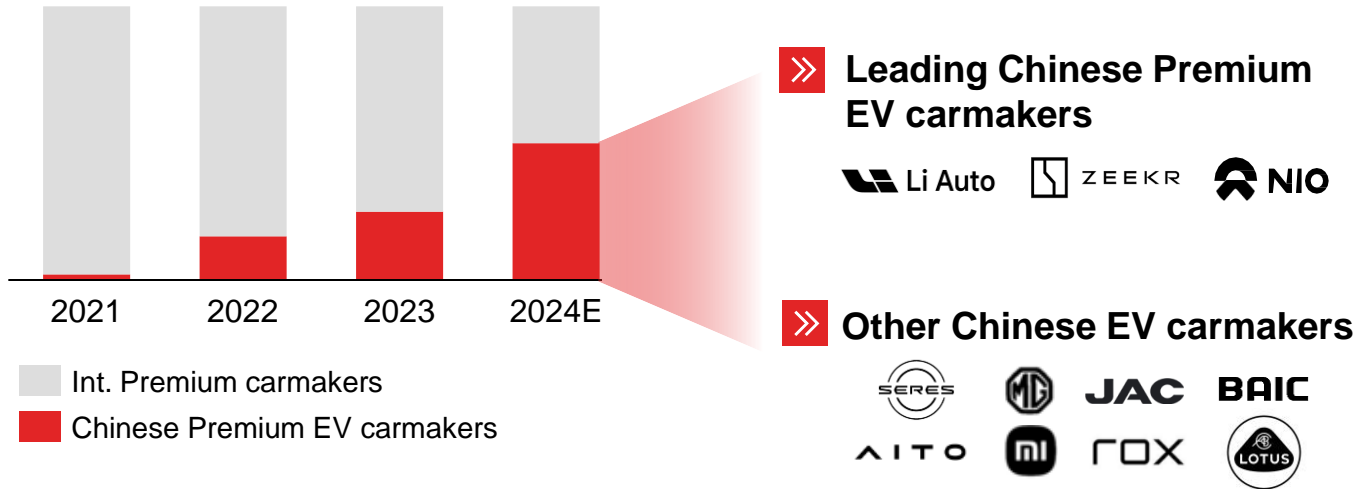
- » underperforming the market (Pirelli -5% in 3Q'24, mkt -1%) due to selective strategy

Commercial Program: Pirelli is securing its leadership in HV in China

We balanced our HV exposure to Chinese Premium EV carmakers ...

...with a differentiated strategy

% on Pirelli China OE volumes (100% HV)



» Exploiting market growth opportunities (especially in $\geq 20''$) and developing marked tyres

» Selective approach, focusing on high end models and Specialties

...and leveraging on our Brand and capability to respond to newcomers' challenging requirements

» **Lower lead time** compared to incumbent OEMs

» **Longer Mileage Performance** for BEV

» **Low Rolling Resistance targets** also in winter conditions

» **Ultra Braking Performance** for high performance vehicles

Innovation Program: product range renewal in 3Q 2024

Continuous upgrade of our Regional product lines to meet local customers' needs



POWERGY™
WINTER

POWERGY™
ALL SEASON LSF



- » The smart choice for everyday mobility
- » High quality standards for Safety & Comfort
- » Sipes designed for long lasting performance



SCORPION™
MS



- » The All-Season Tyre for Premium and Prestige SUVs
- » High Mileage and Comfort
- » Designed for light off-road and snow driving

Cinturato™
ALL SEASON LSF3

awarded as best All Season Tyre



*"The new all-season tyre has **convincing driving characteristics** in all weather conditions"¹*



*"It offers **outstanding** all-season performance, prioritizing **safety and comfort**"²*



*"The Pirelli Cinturato All Season SF3 stands out. It **excels on wet and in dry braking**"³*



Innovation Program: JDA Pirelli – Bosch bringing tyres in the data era

First step for a long-term collaboration on Cyber Tyre

The cooperation will combine...



- » Cyber Tyre technologies
- » Algorithms and modeling
- » Software libraries
- » Sensorized tyres



- » Vehicle dynamics solutions
- » Electronic control units
- » Vehicle control software
- » MEMS sensors



...with the aim of:

**INCREASING
DRIVER'S
SAFETY**



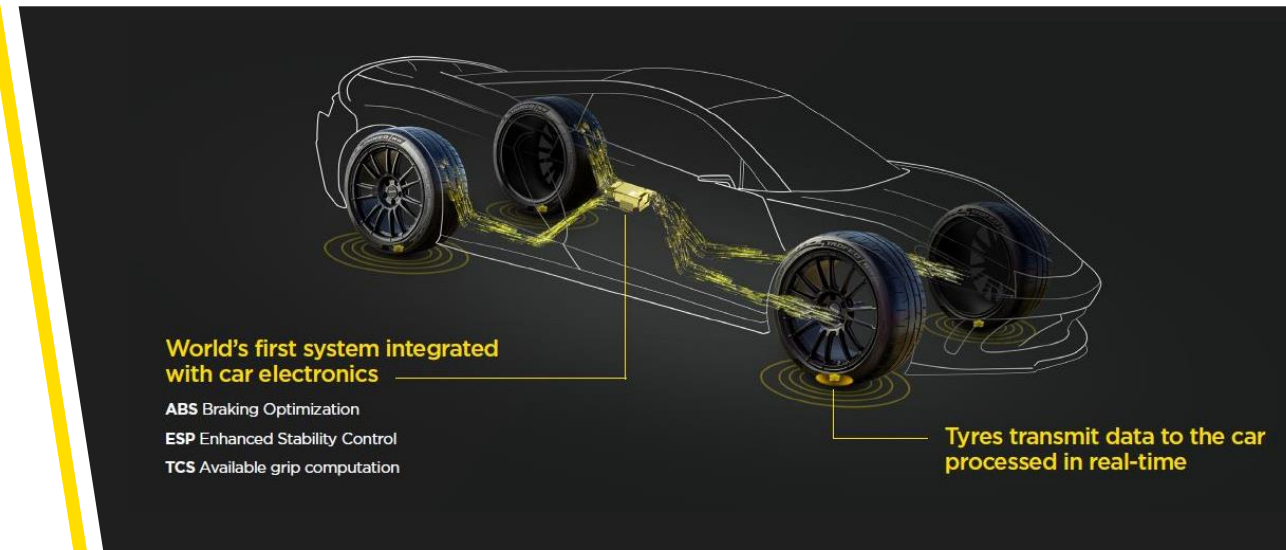
**OPTIMIZING
VEHICLE
PERFORMANCE**




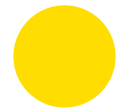

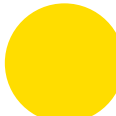




**IMPROVING
DRIVING
DYNAMICS**

How the solution works

- » Tyre sensors collect useful data
(e.g. car and road condition, driving style, tyres fitted)
- » Data are processed in real time by Pirelli's software integrated within the ECU¹ developed by Bosch
- » Data become inputs for the control systems that intervene on vehicle dynamics
- » First development on Pagani Utopia



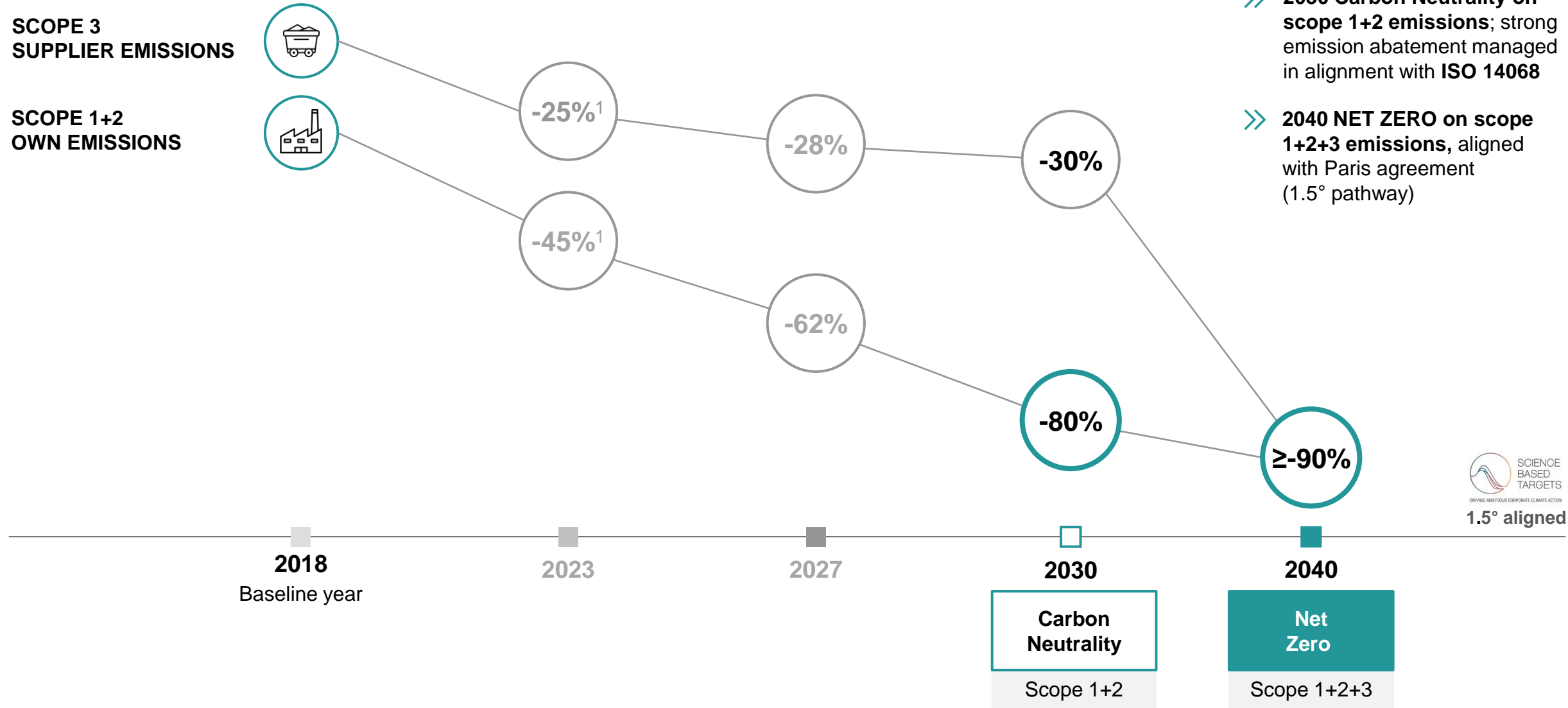
Efficiency program: offsetting inflation and in line with the expectations and seasonality

| | | Focusing on: | FY 2024 GUI | 9M 2024 ACT |
|--|----------------------|---|--|---|
|  | Product Cost | <ul style="list-style-type: none"> >> Modularity >> Design speed and virtualization |  | ~90% of FY |
|  | Manufacturing | <ul style="list-style-type: none"> >> Energy consumption & electrification >> Automation, industrial IoT & flexible factory >> Waste reduction |  | ~50% of FY, in line with expected seasonality |
|  | SG&A | <ul style="list-style-type: none"> >> Logistics & Go-to-Market >> G&A belt tightening >> Procurement rationalization |  | ~90% of FY |
|  | Organization | <ul style="list-style-type: none"> >> Process digitalization >> Organization transformation |  | ~85% of FY |
| Total Gross Impact | | | ~€140M | ~€108M ~77% of FY |



Sustainability Plan: SBTi validates Pirelli 2040 Net Zero Target

Pirelli's decarbonization plan confirmed as the most challenging in the tyre industry

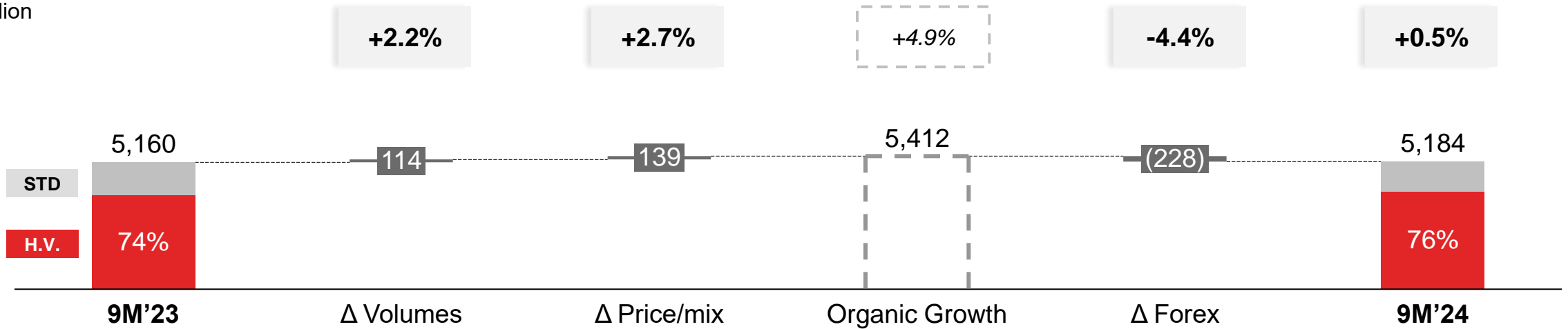


1. New Science Based Targets initiative implies: restatement of base year for scope 1+2, inclusion of Biogenic emission and Land Use Change, inclusion of outbound logistics into scope 3

9M 2024 Sales

Solid organic growth supported by strong volumes and mix improvement

€ million

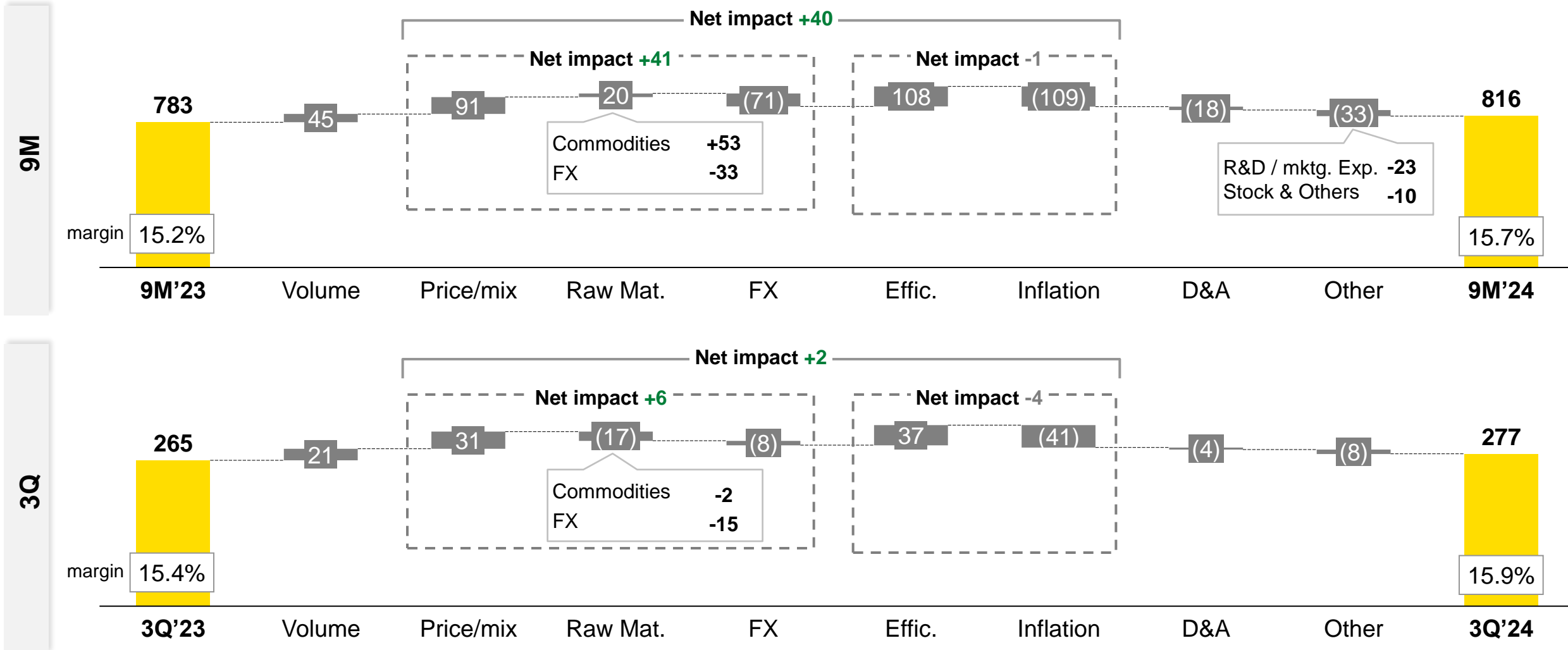


| Quarter | Δ Volumes | Δ Price/mix | Organic Growth | Δ Forex | Net Change |
|---------|-----------|-------------|----------------|---------|------------|
| 3Q'24 | +3.0% | +2.5% | +5.5% | -4.7% | +0.8% |
| 2Q'24 | +1.2% | +3.3% | +4.5% | -3.7% | +0.8% |
| 1Q'24 | +2.3% | +2.3% | +4.6% | -4.8% | -0.2% |

9M/3Q Adjusted EBIT

Margin expansion driven by strong commercial performance. Price/mix & efficiencies offsetting external headwinds

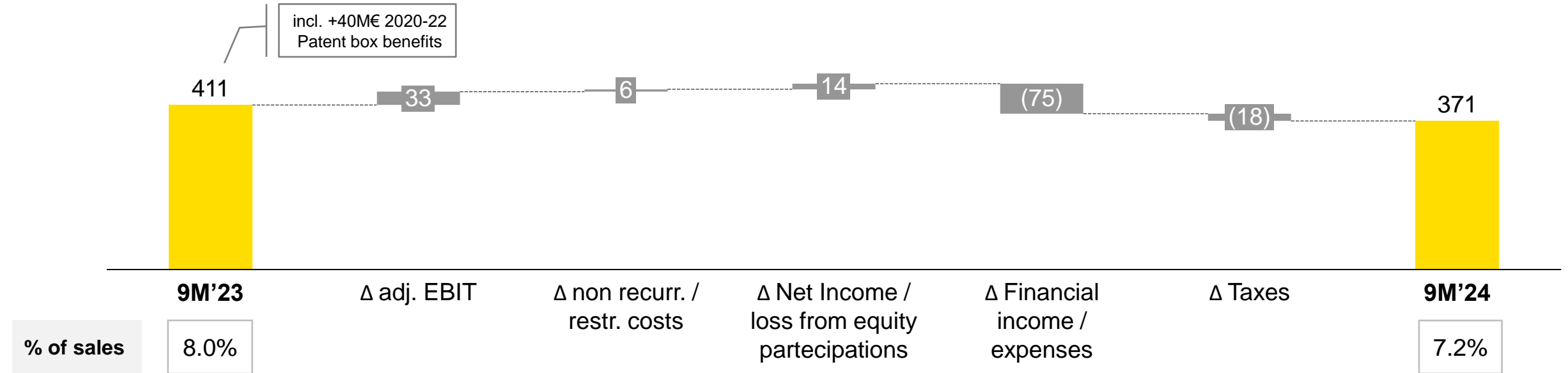
€ million



9M 2024 Net Income

Earnings trend reflecting different dynamics: non-cash impact in 1Q'24 and Patent-box benefits in 9M'23

€ million

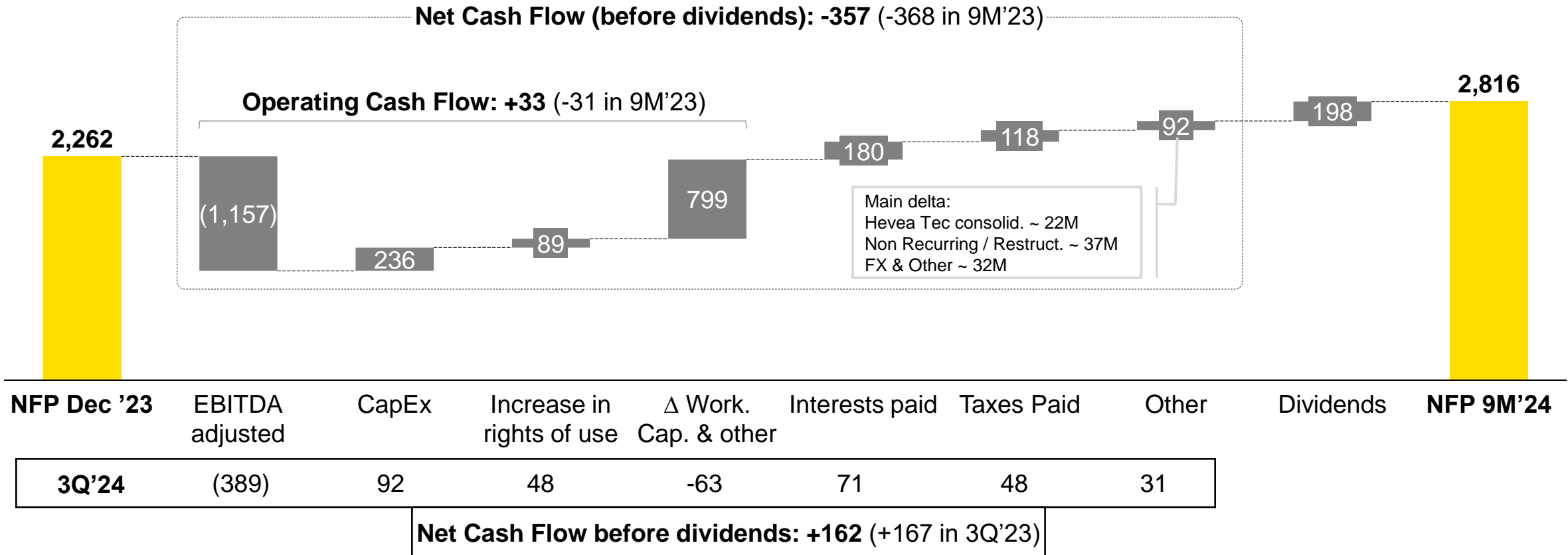


» **9M'24 Financial Income and Expenses** for a total -€226M including -€65M non-cash impact linked to forex and hyperinflation

» **Taxes:** higher than 9M'23 due also to Patent Box benefits Years 2020-'21-'22 included in 3Q'23 (~ 40€M)

9M 2024 Net Financial Position

Better Net Cash Flow before dividends thanks to sound operating performance



» **Inventory** at ~ 20%, in line with 9M '23 and ~ -1pp vs 1H '24

» **Receivables** at ~ 16% and **Payables** at ~ 23%, essentially in line with 9M '23

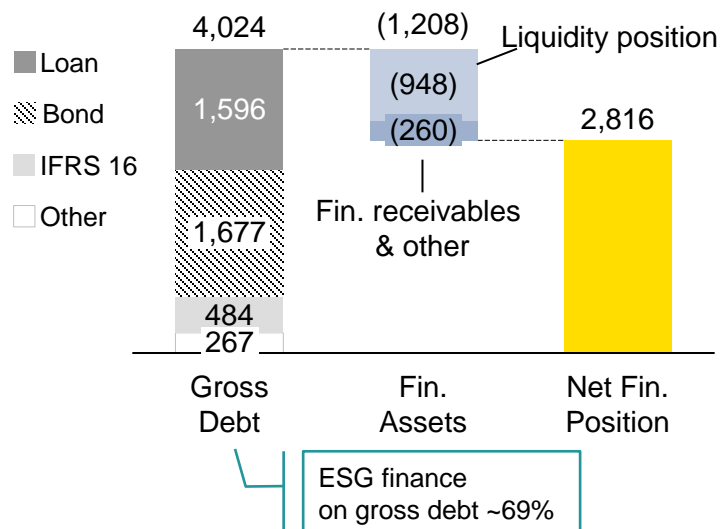
Gross Debt structure as of September 30th 2024

New Eur 600 mln sustainability-linked bond aligned with Pirelli Sustainability Targets validated by SBTi.

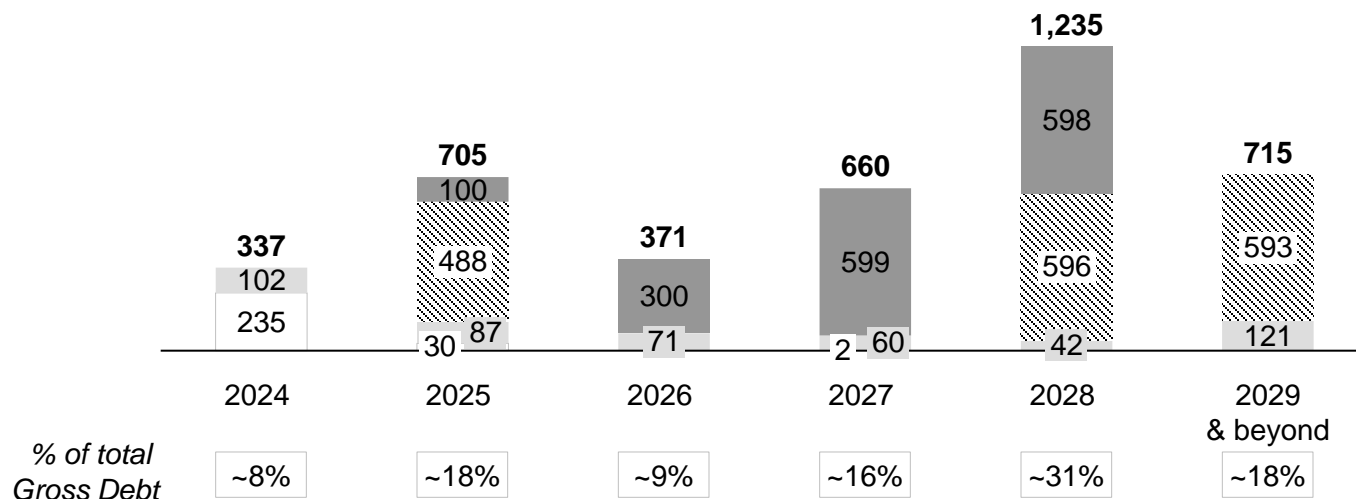
Liquidity margin covers debt maturities until 4Q'28.

€ million

Net Financial Position



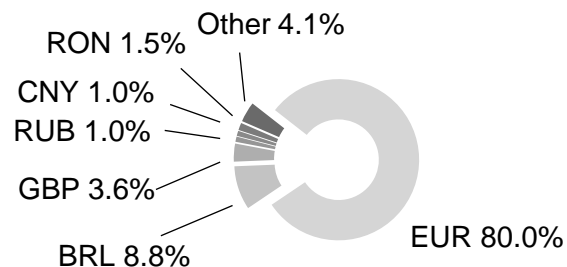
Gross Debt maturity



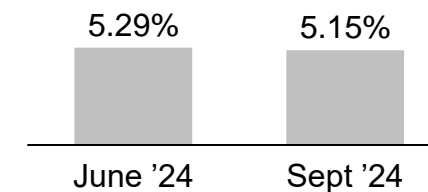
Liquidity profile

| | |
|---------------------------------|--------------|
| Liquidity position ¹ | 948 |
| Committed lines not drawn | 1,500 |
| Liquidity margin | 2,448 |

Break-down by currency²



Cost of debt (last 12 months)





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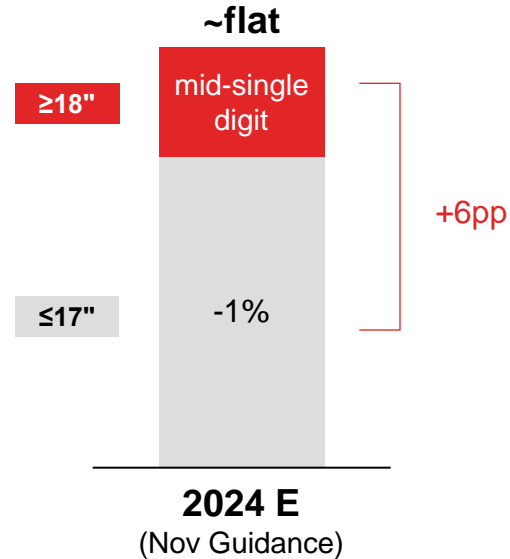
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APPENDIX

Car Tyre demand outlook confirmed

Mid-single digit growth confirmed for $\geq 18''$, while demand for $\leq 17''$ still weak in key Standard regions

Global car tyre market



» **O.E. $\geq 18''$** : low single-digit growth, mainly driven by APAC

» **Repl. $\geq 18''$** : mid-single digit growth, driven by all High Value regions

» **Car $\leq 17''$** : softer demand year over year, with a weak OE market and a stable Replacement in major Standard Regions

Pirelli volume guidance confirmed: we expect to outgrow the Car $\geq 18''$ market, while keeping on reducing our exposure in Standard.

FY 2024 Targets confirmed

| | 2023 A | 2024 E |
|-------------------------------------|--------------|----------------------|
| € billion | | (Nov 2024 Guidance) |
| Net Sales | 6.65 | ~6.7 |
| adj. EBIT margin | 15.1% | ~15.5% |
| CapEx | 0.41 | ~0.40 |
| <i>% of Sales</i> | <i>6.1%</i> | <i>~6%</i> |
| Net Cash Flow | 0.51 | 0.50 ÷ 0.52 |
| <i>bef. Dividends</i> | | |
| Net Financial Position | 2.26 | ~1.95 |
| <i>NFP / adj. EBITDA</i> | <i>1.56x</i> | <i>1.32x ÷ 1.26x</i> |
| ROIC¹ after taxes | 20.3% | ~21% |

Volumes: ~+2%
(old guid.:+1.5% ÷ +2.5%)

P / Mix: ~+2.5%
(old guid.:+2.0% ÷ +2.5%)

FX: -4.0% ÷ -3.5%
(old guid.: -4.0% ÷ -3.0%)



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Sustainability Plan: update on key initiatives development

| Area | Focus | KPIs | 2023A | 2025E | 2030E |
|---|--|--|--|--|---|
|  PEOPLE | >> Towards zero accidents at work | Accident Frequency Index (calculated X 1.000.000 hours worked) | 1.69⁽⁵⁾ <small>If calculated x 200,000 hours worked data is: 0.34</small> | ~1⁽⁵⁾ <small>If calculated x 200,000 hours worked data is: ~0.2</small> | <1⁽⁵⁾ <small>If calculated x 200,000 hours worked data is: <0.2</small> |
|  TOWARDS NET ZERO 2040 | >> Reduce CO ₂ footprint |  CO₂ Scope 1+2 (plants) vs 2018 CO₂ Scope 3 (suppliers) Renewable electricity | -45%⁽⁴⁾ -25%⁽⁴⁾ 80.4%⁽³⁾ | -60% -27% 100% | -80% -30% 2030: Carbon Neutrality Scope 1+2 2040: NET ZERO ≥-90% vs 2018 Scope 1+2+3 |
|  TYRE ECO & SAFETY PERFORMANCE | >> Improve Rolling Resistance with no compromise on safety >> Increase the % of renewable & recycled materials while reducing fossils | Target scope: new products (all new labelled IPCodes) RR⁽¹⁾ = A/B WG⁽¹⁾ = A/B Target scope: selected products Biobased & Recycled Target scope: all production Biobased & Recycled | 55% 98% 55.5%⁽⁶⁾ 23% | >70% >90% >70% >27% | >80% >40% |
|  NATURE | >> Freshwater preservation | vs 2015 Specific water withdrawal | -45% | -43%  | -60% |

Previous Plan Target @2025 outperformed in 2023

Economic results summary

| € million | 3Q 2024 | 3Q 2023 | Δ YoY | 9M 2024 | 9M 2023 | Δ YoY |
|---|----------------|----------------|---------------|----------------|----------------|--------------|
| Net Sales | 1,737.0 | 1,722.7 | +0.8% | 5,184.5 | 5,160.2 | +0.5% |
| <i>Organic variation</i> | | | +5.5% | | | +4.9% |
| adjusted EBITDA¹ | 388.7 | 376.7 | +3.2% | 1,157.0 | 1,115.8 | +3.7% |
| <i>% of net sales</i> | 22.4% | 21.9% | +0.5 p.p. | 22.3% | 21.6% | +0.7 p.p. |
| reported EBITDA | 381.5 | 368.3 | +3.6% | 1,134.2 | 1,086.9 | +4.4% |
| <i>% of net sales</i> | 22.0% | 21.4% | +0.6 p.p. | 21.9% | 21.1% | +0.8 p.p. |
| adjusted EBIT¹ | 276.8 | 265.1 | +4.4% | 815.9 | 782.5 | +4.3% |
| <i>% of net sales</i> | 15.9% | 15.4% | +0.5 p.p. | 15.7% | 15.2% | +0.5 p.p. |
| reported EBIT | 241.2 | 228.3 | +5.7% | 707.8 | 668.3 | 5.9% |
| <i>% of net sales</i> | 13.9% | 13.3% | +0.6 p.p. | 13.7% | 13.0% | +0.7 p.p. |
| Net income / (loss) from equity investments | 6.6 | 2.7 | n.m. | 22.5 | 8.9 | n.m. |
| Financial income / (expenses) | (49.4) | (43.3) | +14.1% | (225.5) | (150.2) | +50.1% |
| EBT | 198.4 | 187.7 | +5.7% | 504.8 | 527.0 | -4.2% |
| Taxes | (58.6) | (19.3) | n.m. | (133.7) | (116.0) | +15.3% |
| Tax rate % | -29.5% | -10.3% | | -26.5% | -22.0% | |
| Net Income / (loss) | 139.8 | 168.4 | -17.0% | 371.1 | 411.0 | -9.7% |
| Earnings / (loss) per share (€ per share) | 0.13 | 0.16 | | 0.35 | 0.39 | |
| Net income / (loss) adjusted | 165.4 | 154.8 | | 448.4 | 453.1 | |

Consolidated Balance Sheet

| € million | 30/09/2024 | 31/12/2023 | 30/09/2023 |
|---|----------------|----------------|----------------|
| Fixed assets | 8,664.7 | 8,812.1 | 8,804.7 |
| <i>Inventories</i> | 1,342.7 | 1,371.4 | 1,376.3 |
| <i>Trade receivables</i> | 1,032.0 | 649.4 | 1,092.7 |
| <i>Trade payables</i> | (1,562.8) | (1,999.4) | (1,484.3) |
| Operating net working capital | 811.9 | 21.4 | 984.7 |
| <i>% of net sales*</i> | 12.2% | 0.3% | 14.6% |
| Other receivables / payables | 78.7 | 45.8 | 57.9 |
| Net working capital | 890.6 | 67.2 | 1,042.6 |
| <i>% of net sales*</i> | 13.3% | 1.0% | 15.5% |
| Total net invested capital | 9,555.3 | 8,879.3 | 9,847.3 |
| Equity | 5,709.1 | 5,619.6 | 5,632.0 |
| Provisions | 1,030.0 | 998.0 | 1,077.2 |
| Net financial position | 2,816.2 | 2,261.7 | 3,138.1 |
| Total financing and shareholders' equity | 9,555.3 | 8,879.3 | 9,847.3 |
| Attributable net equity | 5,566.2 | 5,494.4 | 5,504.8 |
| Total net financial debt¹ | 2,927.9 | 2,387.4 | 3,275.6 |

Net Cash Flow

€ million


| | 3Q 2024 | 3Q 2023 | 9M 2024 | 9M 2023 |
|--|----------------|---------------|----------------|----------------|
| Adjusted Operating income (EBIT) | 276.8 | 265.1 | 815.9 | 782.5 |
| Amortiz. & depreciations (excl. PPA amortiz.) | 111.9 | 111.6 | 341.1 | 333.3 |
| Investments in tangible and intangible assets (Capex) | (92.1) | (77.7) | (235.7) | (201.2) |
| Increase in right of use | (47.8) | (27.5) | (89.2) | (69.1) |
| Change in working capital/other | 63.3 | (0.4) | (799.4) | (876.0) |
| Operating Cash Flow | 312.1 | 271.1 | 32.7 | (30.5) |
| Interests paid | (70.9) | (49.3) | (179.8) | (167.6) |
| Taxes paid | (48.0) | (43.8) | (117.5) | (105.1) |
| Cash-out for non recurring items and restructuring costs / other | (6.9) | (8.8) | (36.8) | (31.6) |
| Dividend paid to minorities | - | 0.3 | (6.5) | (3.6) |
| Exchange rates difference/other | (24.0) | (2.3) | (26.5) | (29.3) |
| Net Cash Flow before extr. oper. / equity transactions / divid. | 162.3 | 167.2 | (334.4) | (367.7) |
| Extraordinary operations | 0.1 | - | (22.4) | - |
| Net Cash Flow before dividends | 162.4 | 167.2 | (356.8) | (367.7) |
| Dividends paid by Parent | (0.6) | (217.8) | (197.7) | (217.8) |
| Net Cash Flow | (161.8) | (50.6) | (554.5) | (585.5) |

2024-2025 targets

| | 2023 A | 2024 E (November '24 update) | 2025 E |
|---|---------------|---------------------------------|---------------|
| Financial targets | | | |
| Billion € | | | |
| Revenues | 6.65 | 6.7 | 6.8 ÷ 7.0 |
| Adj. EBIT margin <i>% revenue</i> | ~15.1% | ~15.5% | ~16% |
| Net Cash Flow <i>bef. Dividends</i> | 0.51 | 0.50 ÷ 0.52 | 0.55 ÷ 0.57 |
| Net Financial Position <i>NFP / adj. EBITDA</i> | 2.26 1.56x | ~1.95 1.32x ÷ 1.26x | ~1.6 ~1.0x |

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

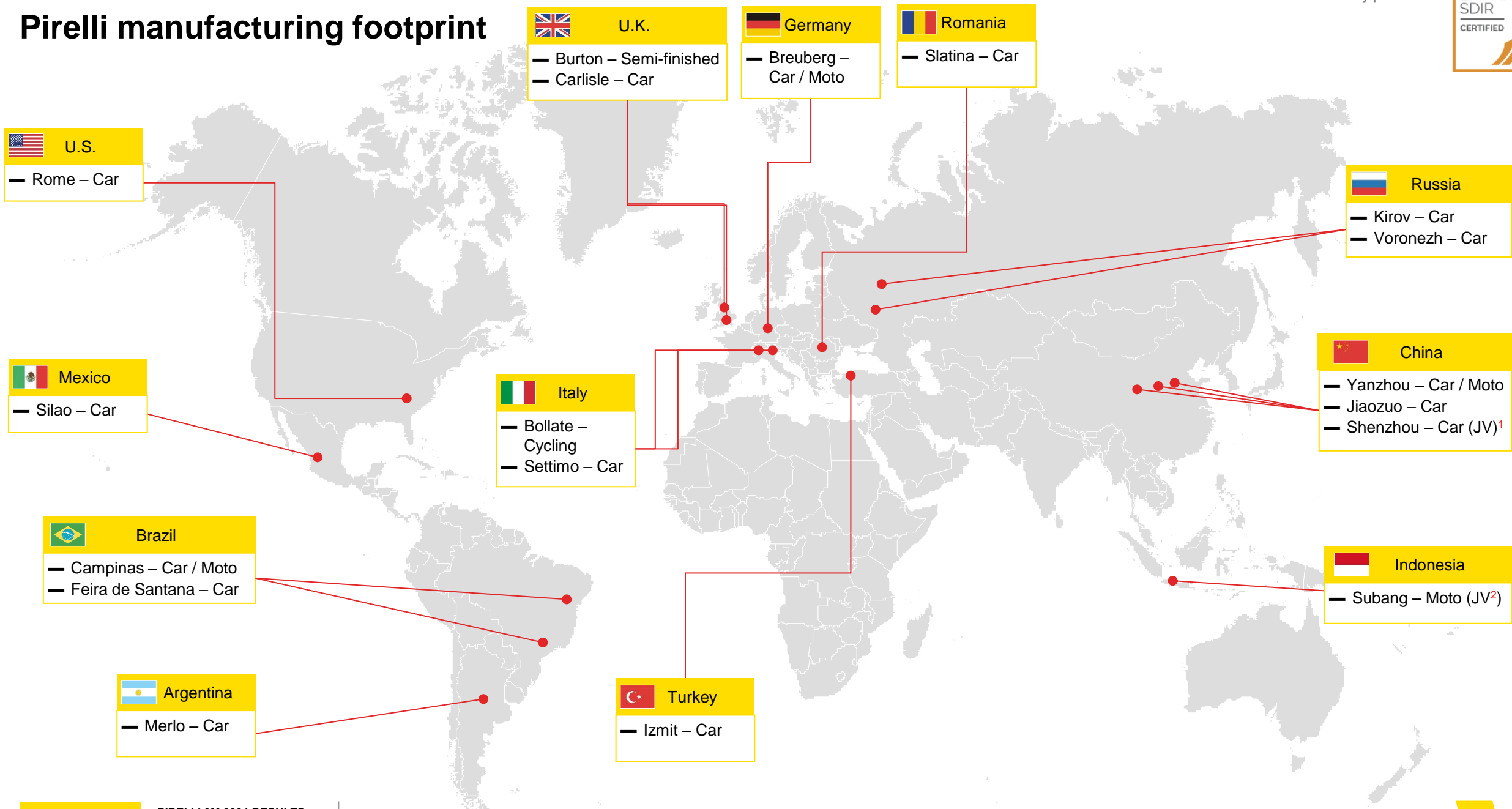
Sustainability targets

| | | | |
|---|------|---|------|
| People Safety¹ <i>Accident frequency index</i> | 1.7 | | ~1 |
| Scope 1+2 emissions² <i>vs 2018</i> | -45% |  | -60% |
| Scope 3 emissions² <i>vs 2018</i> | -25% | | -27% |
| Bio-based and Recycled Materials <i>on best product</i> | 55% | | >70% |

ESG Indices: a globally acknowledged sustainability leadership

| Major rankings | Last update | Score | Positioning in the reference sector |
|--|-------------|------------|---|
|  <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p> | 2024 | 82 | Top score ATX - Auto Components and Automotive |
|  <p>Top 1%</p> | 2024 | TOP 1% ESG | The only tyre maker in Top1% |
|  <p>CDP A LIST 2023 CLIMATE</p> | 2023 | A | A LIST – Max score |
|  <p>CDP SUPPLIER ENGAGEMENT LEADER 2023</p> | 2024 | A | A LIST– Max score Supplier Engagement Leaders |
|  <p>Corporate ESG Performance RATED BY ISS ESG Prime</p> | 2024 | B | Prime status and Top score Auto Components |
|  <p>MSCI ESG RATINGS AA</p> | 2024 | AA | ESG Leader Category |
| SUSTAINALYTICS | 2024 | 9.9 | First score Tyre industry (Negligible risk); Awarded both <i>Industry</i> and <i>Region Top Rating</i> |
|  <p>PLATINUM 2023 ecovadis Sustainability Rating</p> | 2023 | Platinum | Top 1% |

Pirelli manufacturing footprint



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