



1Q 2022 Financial Results

May 10th, 2022

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Key Messages

> 1Q 2022 Results supported by:

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

> 2022 global scenario becoming more volatile:

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

> Pirelli strategy and 2022 targets update:

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

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

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

Russia main KPIs - FY'21

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

Pirelli's manufacturing footprint in Russia



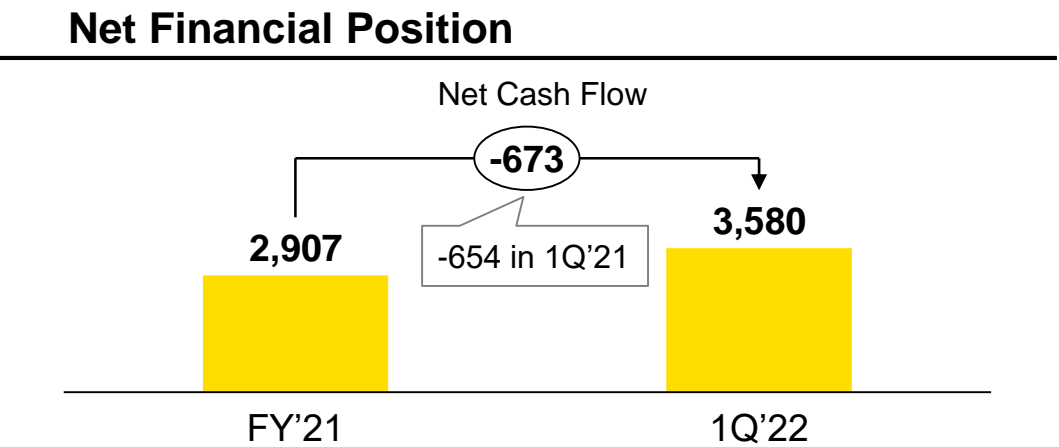
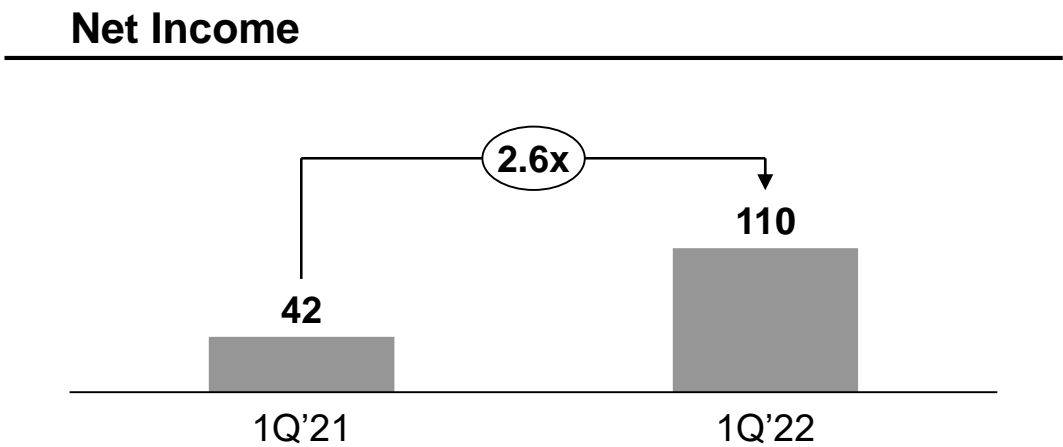
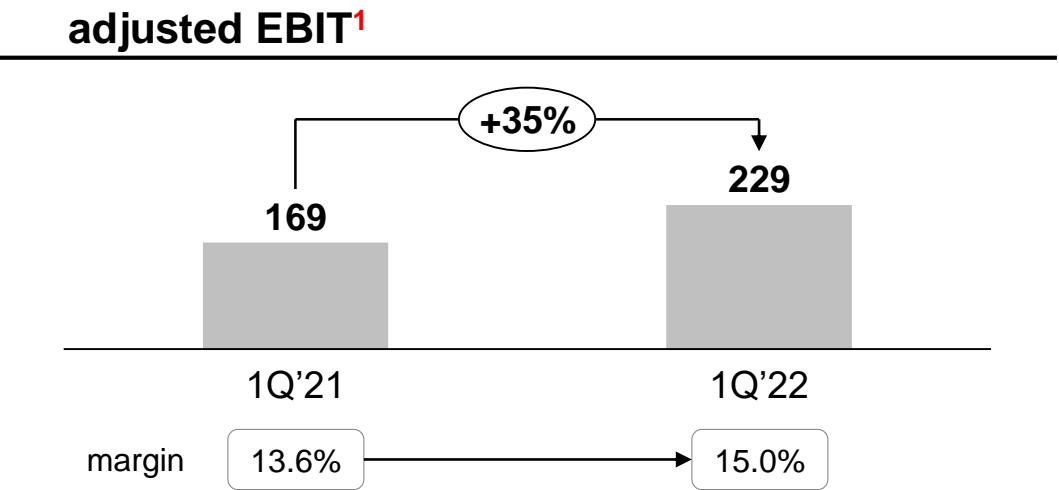
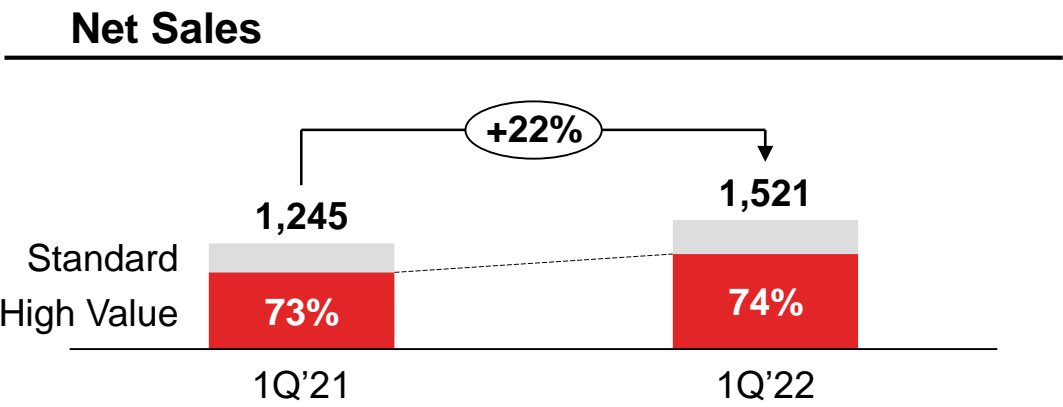
- > **2021 tot capacity:**
~8 million Car tyres,
(~85% Std., ~15% H.V.)
- > **% of exports:** ~50%,
mainly Std. and mainly
to Europe

Area	Issue	Actions taken, compliant with sanctions
Manufacturing	<ul style="list-style-type: none"> ▶ Export ban of selected raw mat. to Russia from EU ▶ From 2H, no export of finished products to Europe due to sanctions ▶ Capacity saturation 	<ul style="list-style-type: none"> ▶ Alternative Suppliers ▶ Increased Stock level ▶ European imports of Standard products sourced from other low-cost plants (Romania and Turkey) ▶ Stabilized production focusing on local demand
Logistic	<ul style="list-style-type: none"> ▶ Availability of transport from/to Russia 	<ul style="list-style-type: none"> ▶ Logistic service providers diversification to ensure supply continuity
Finance	<ul style="list-style-type: none"> ▶ Financing continuity 	<ul style="list-style-type: none"> ▶ New credit line with local bank
People	<ul style="list-style-type: none"> ▶ Safety ▶ Salaries and Social Services 	<ul style="list-style-type: none"> ▶ Confirmed Health and Safety investments ▶ No production interruption to guarantee the funding of Employees Salaries & Social Services

1Q 2022 Results highlights

Solid quarterly delivery in a challenging environment

€ million



¹. before amortization of PPA, non-recurring items, restructuring costs & other adjustments

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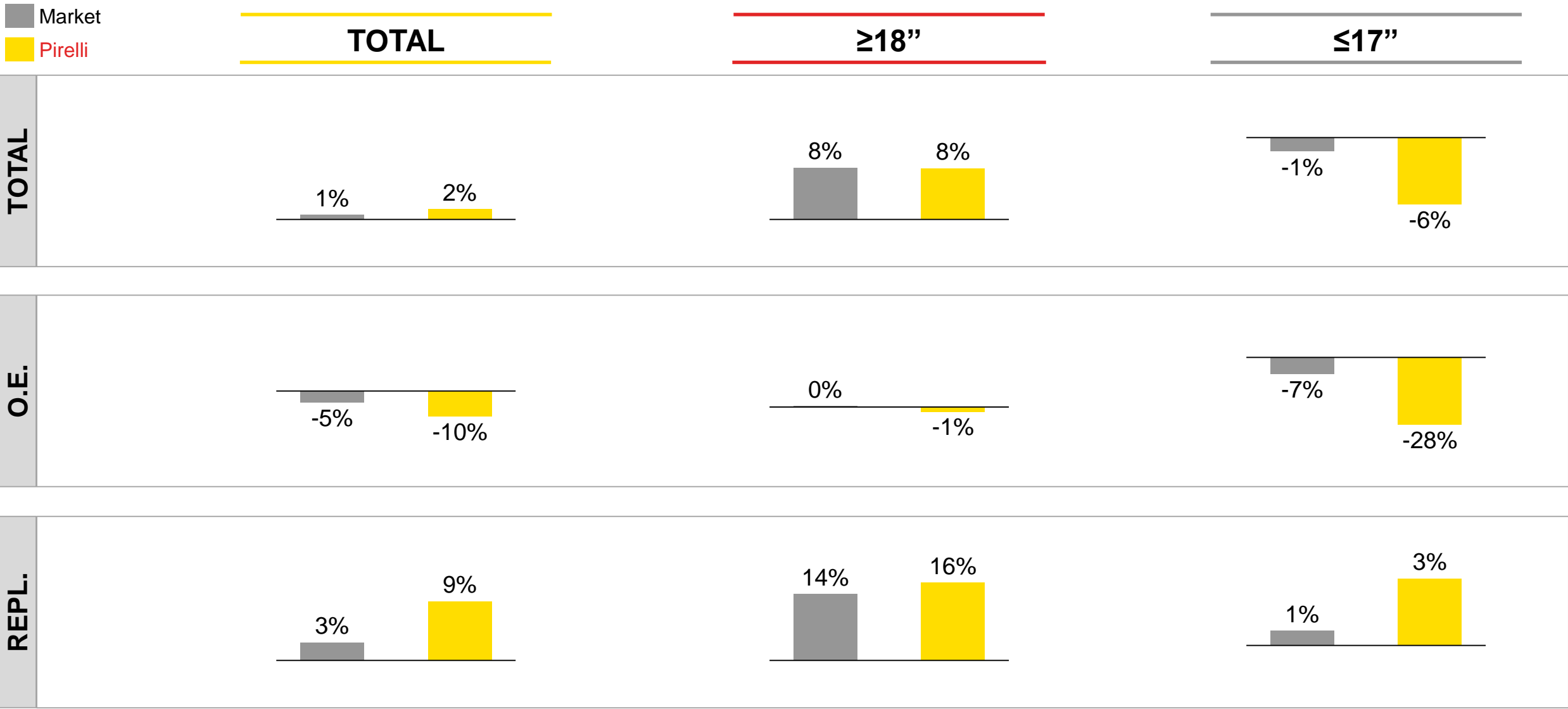
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1Q 2022 – Pirelli vs. market – outperforming in Repl., both in High Value and Standard

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

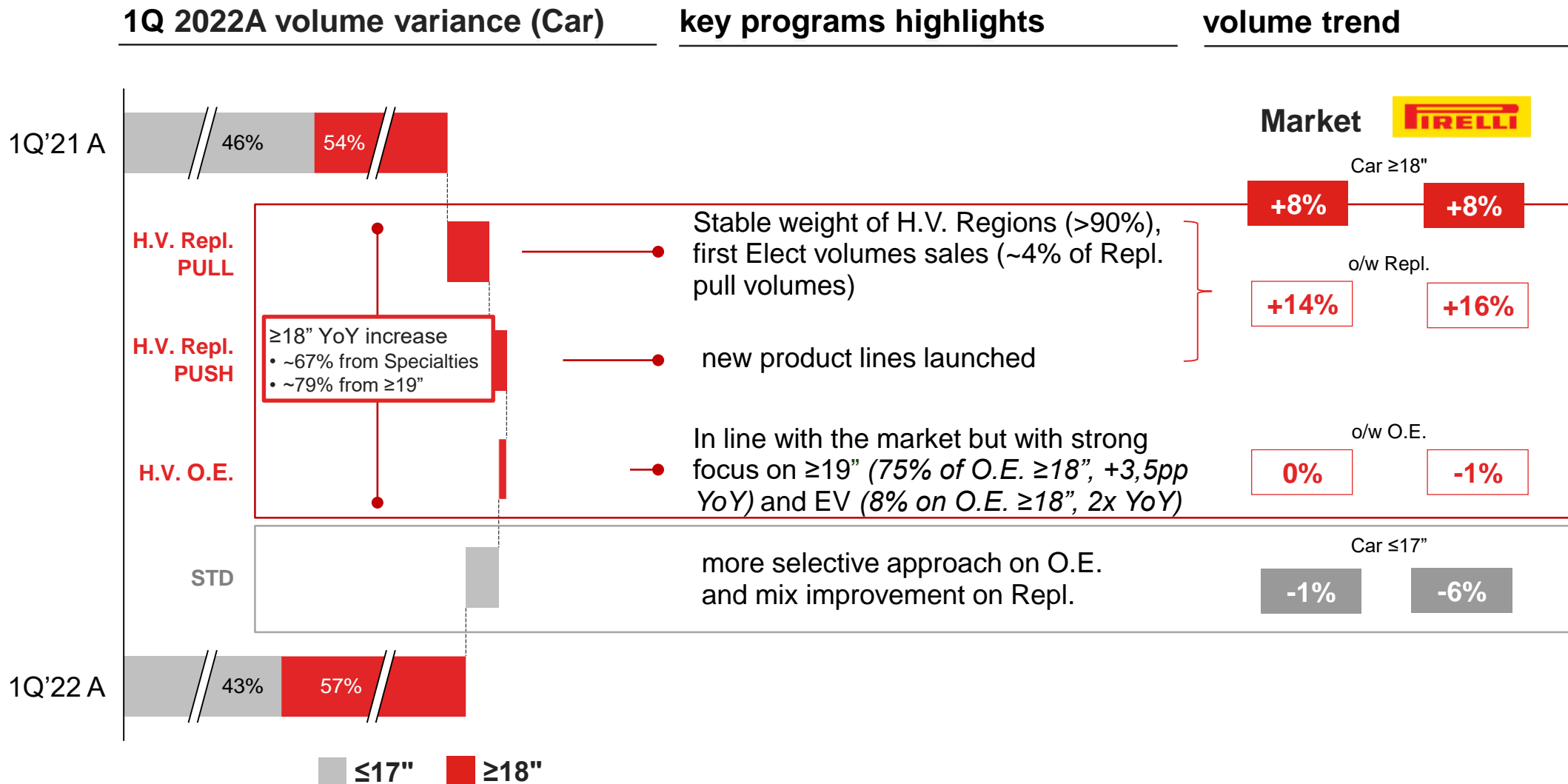


2022 Strategy implementation: 1Q 2022 delivery in line with targets

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

Commercial Program delivery in 1Q 2022

Strong over-performance driven by ≥19" & Specialties

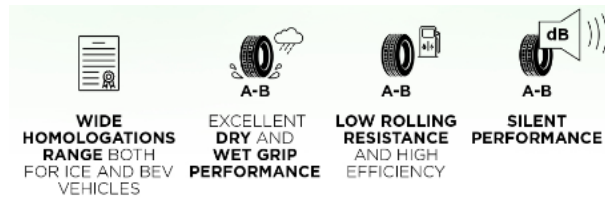


Innovation Program 1Q 2022 (1/2)

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



safe and silent performance for sustainable mobility



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



an adaptive tyre with stronger tread blocks



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

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



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

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

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

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

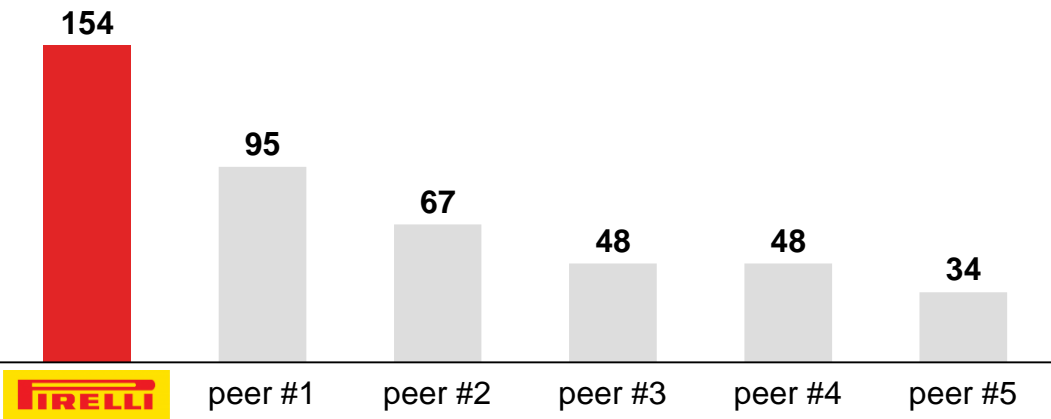
Pirelli current EV homologation portfolio

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

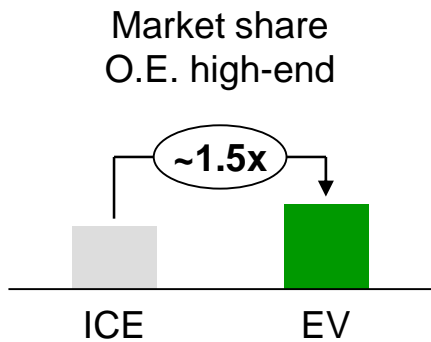


Europe EV trade homologation portfolio vs. peers

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



Pirelli EV: 2022 expectations



Pirelli EV volumes ~2x vs. 2021

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

Latest Pirelli Elect achievements

















- > Pirelli's Elect won the prize for "Best Technological Innovation of 2021"³
- > Pirelli awarded as "The Top Performance seal for its tyre"⁴



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

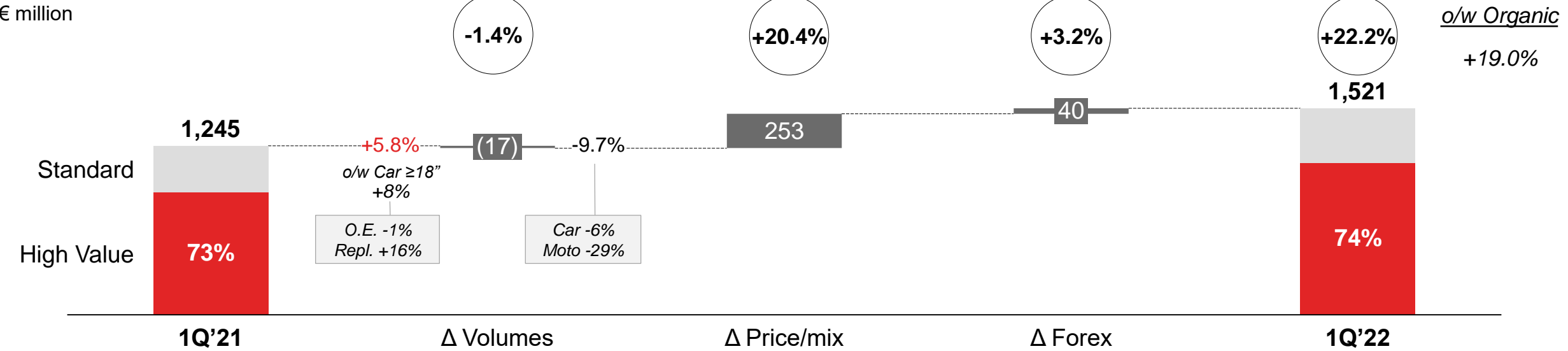
Competitiveness program progress

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

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

1Q 2022 Net Sales bridge

Record price/mix and further enhancement in High Value



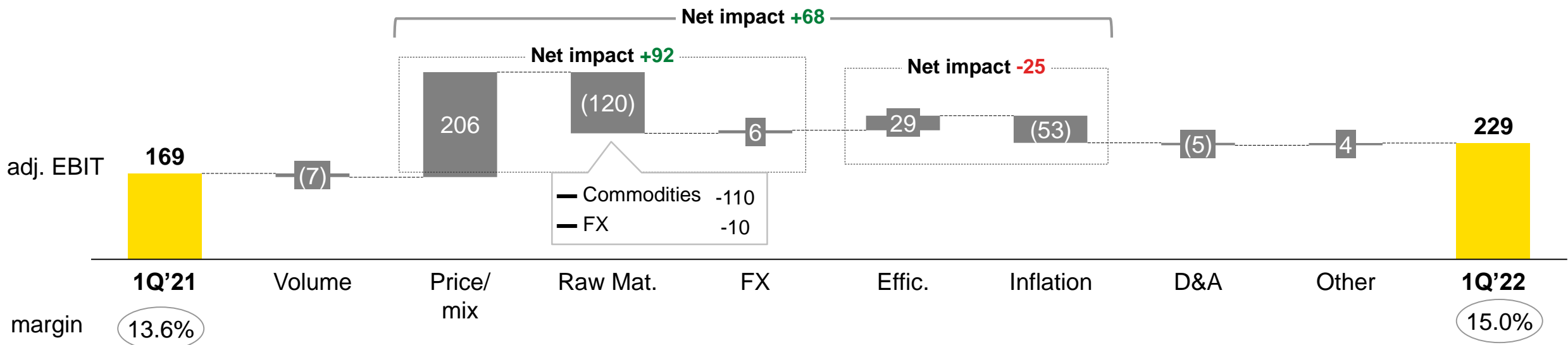
Solid Car ≥18" Replacement performance in 1Q (+16% vs +13% in 4Q) notwithstanding price increases

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

1Q 2022 adjusted EBIT bridge

Profitability improvement supported by internal levers offsetting the negative external scenario

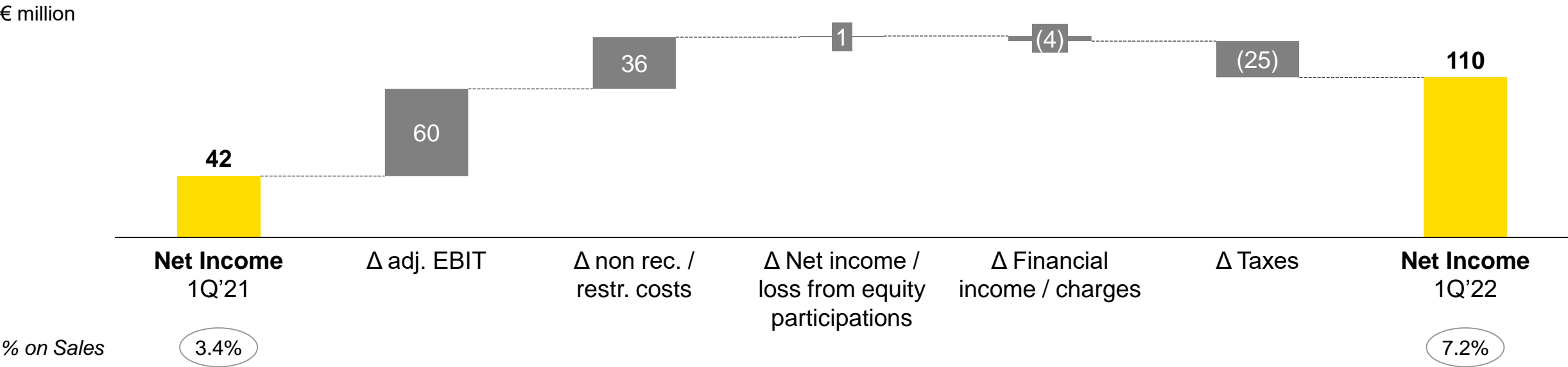
€ million



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

1Q 2022 Net Income bridge

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

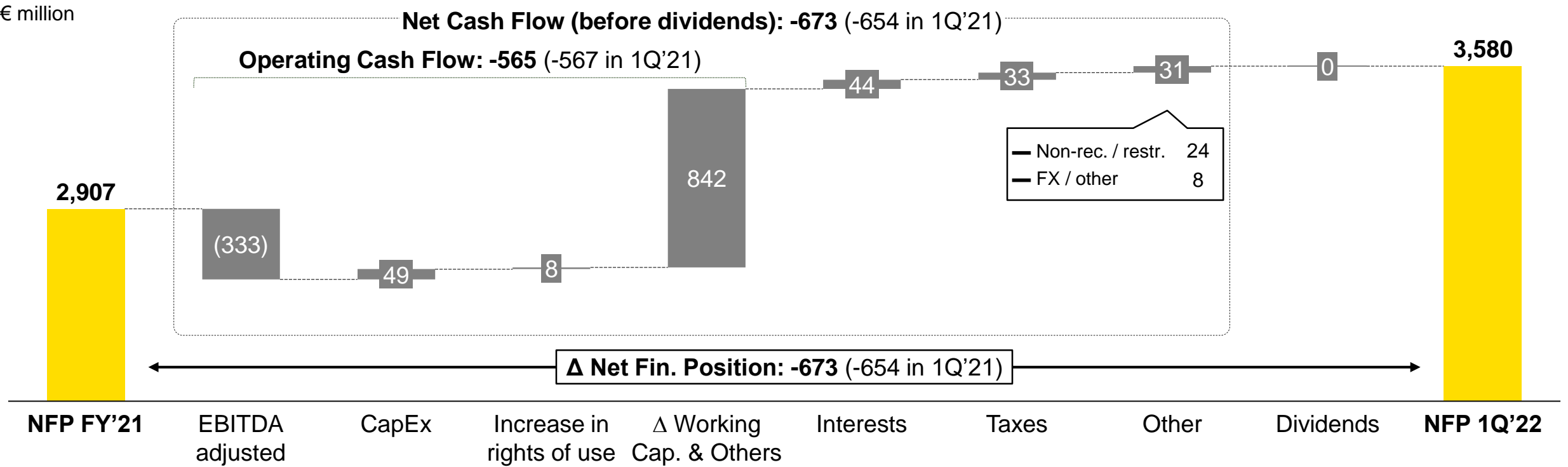


	1Q'21	1Q'22
reported Net Income	42	110
PPA amortization	+28	+28
Non recurring / restr. costs / other adj.	+43	+7
Taxes impact	-20	-10
adjusted Net Income	94	136

incl. 4 of COVID-19 direct costs

1Q 2022 Cash Flow and Net Financial Position

Cash Flow trend stable YoY and in line with business seasonality



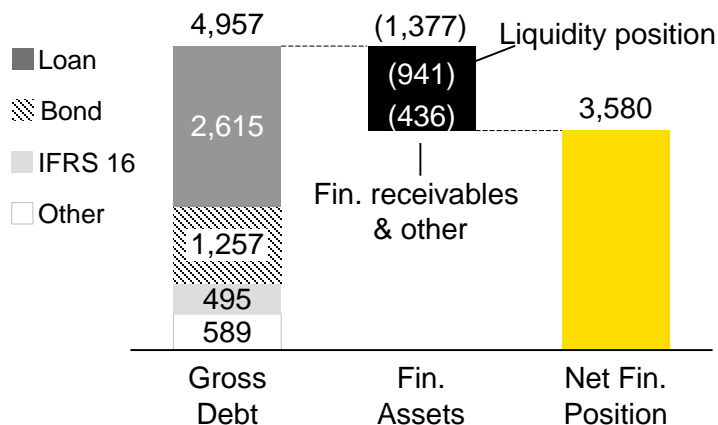
- > Lower CapEx vs. 1Q'21 due to different allocation in terms of timing and geography given the volatile external scenario
- > Better operating performance and lower investments in 1Q'22 are offsetting the higher Δ Working Capital absorption (e.g. higher inventories at 21.8% of Sales, +1.3pp vs. 2021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

Total Gross Debt structure as of March 31st 2022

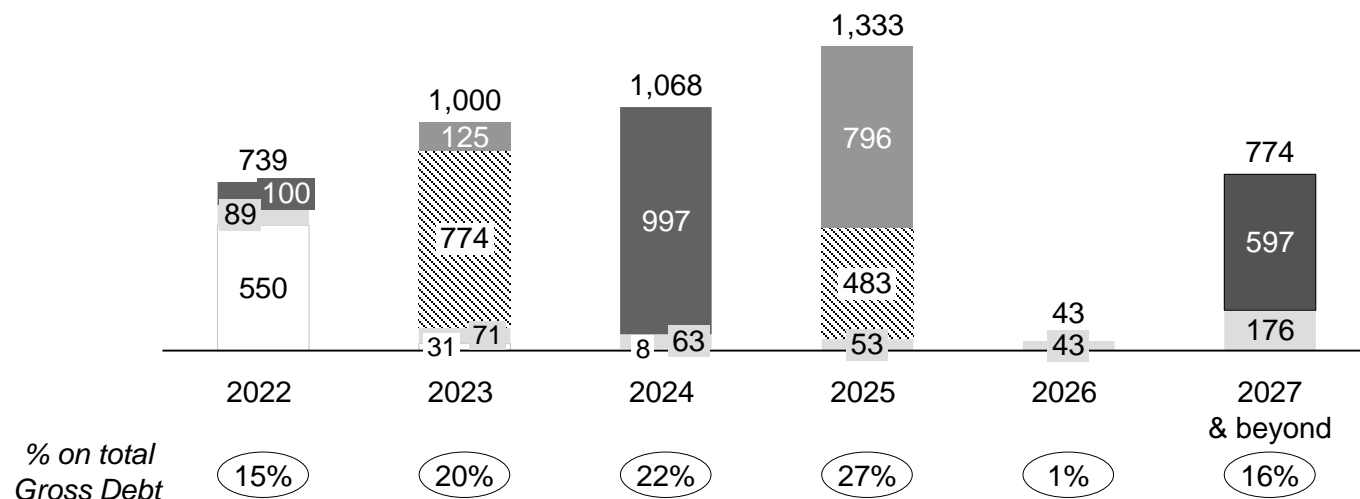
Sound liquidity position, smooth maturity profile and Investment Grade credit rating optimize cost of funding in volatile markets

€ million

Net Financial Position



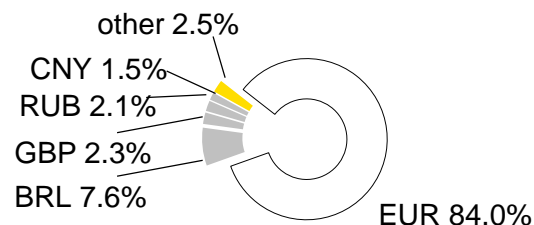
Gross Debt maturity: liquidity margin covering maturities until February 2024



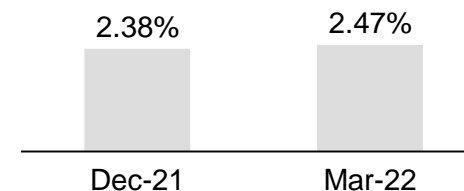
Liquidity profile

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

Break-down by currency²



Cost of Debt (last 12 months)



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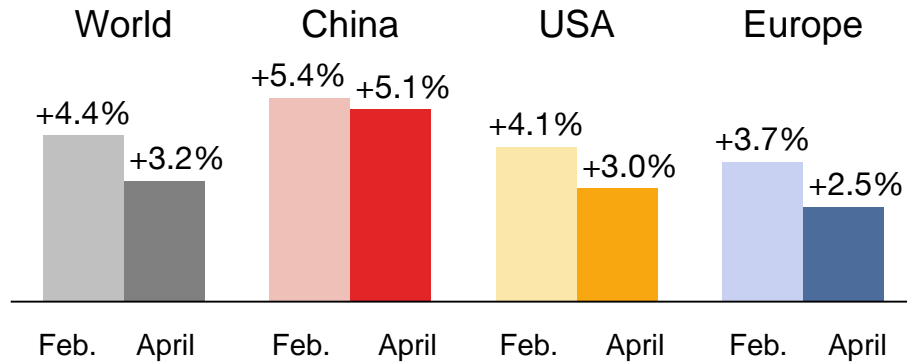
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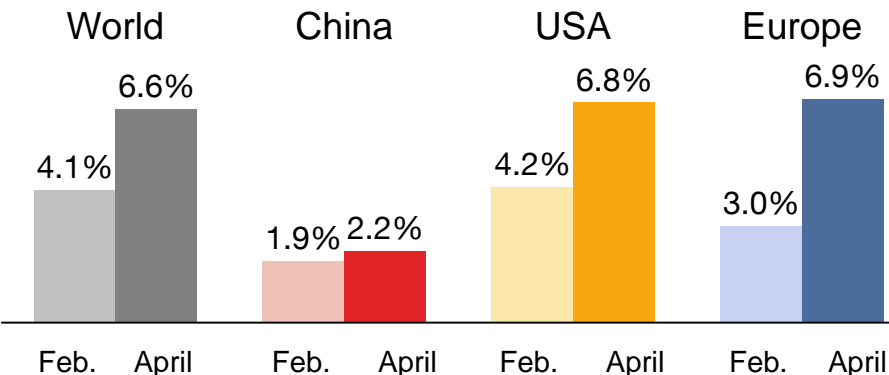
2022 macro outlook deteriorates vs. Feb-22 assumptions

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

2022 GDP¹ Growth



2022 Inflation¹



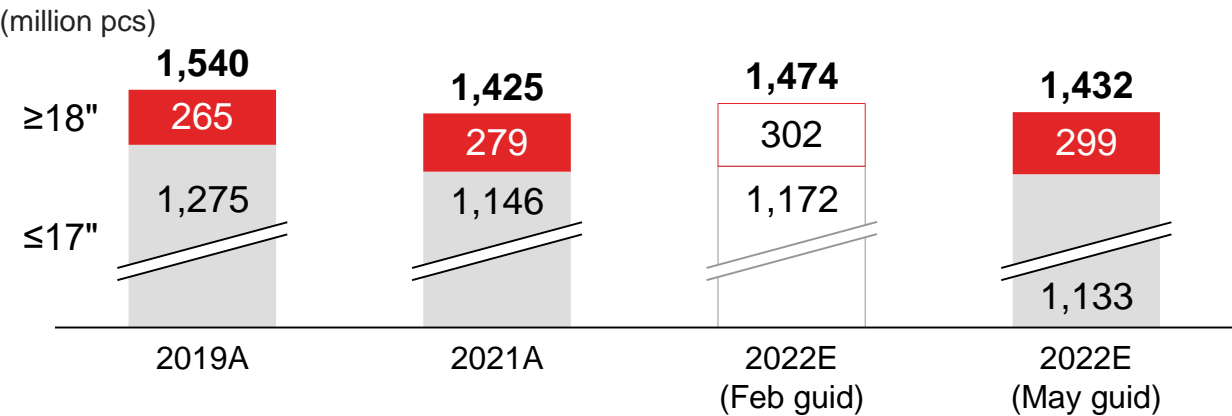
Zoom-In on key Cost components

Area	2022 Highlights	Pirelli countermeasures
Raw Materials	<p>> Oil price impacted by supply shortage & geopolitical tensions (<i>Brent yearly avg.²: \$104 / bbl</i>)</p>	<p>> Sound pricing on both channels:</p> <ul style="list-style-type: none"> • Cost matrix on O.E. • Price hikes on Repl.
Energy	<p>> Energy prices hikes (especially in Europe) due to Russia-Ukraine conflict</p>	<p>> Further initiatives to contain energy consumption in all plants</p> <p>> Hedging to mitigate price volatility</p>
Shipping	<p>> Surge driven by ports congestion and closure and labour shortage</p>	<p>> Increasing Local for local supply</p>
Labour	<p>> Developments 2022 and beyond linked to inflation trends</p>	<p>> Limited impact in 2022 with majority of blue-collar contracts already negotiated</p>

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

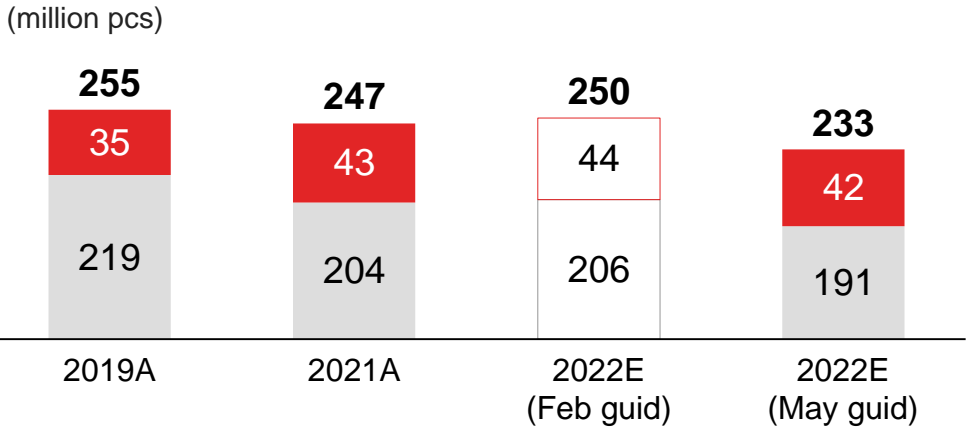
High Value outperformance vs. Standard confirmed

WORLD Car tyre market

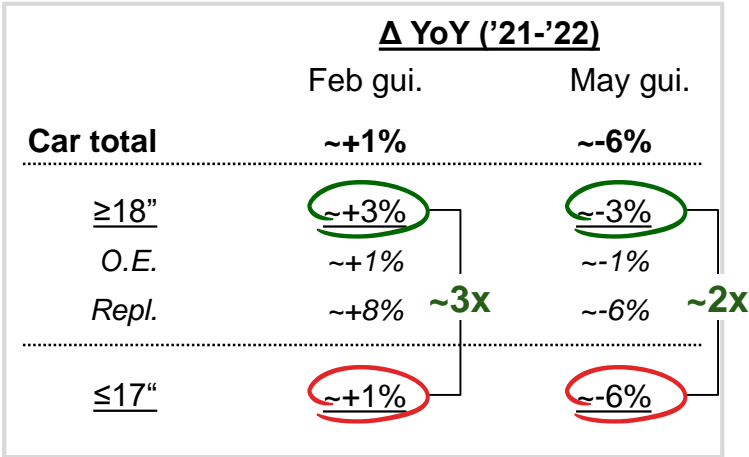
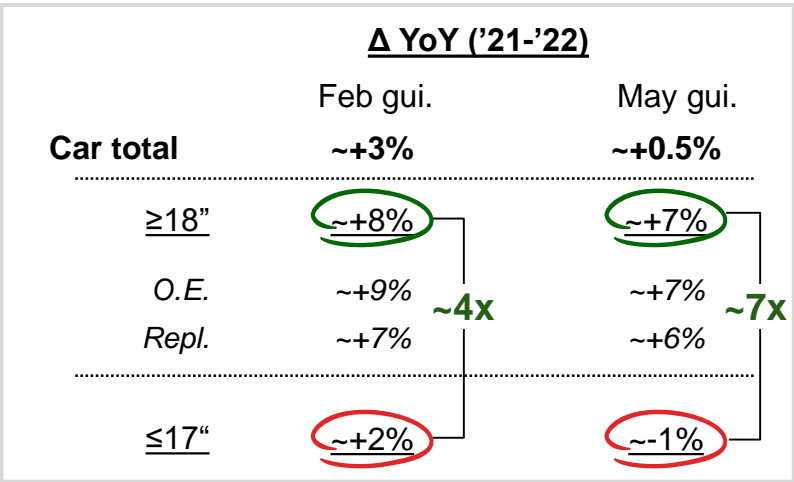


- ≥18": O.E.: chip supply normalizing in 2H; China Repl. trend compensated by N.A
- ≤17": O.E. supply shortages, Russia-Ukraine crisis, China slowdown

China Car tyre market



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



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

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

€ billion

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

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

cautious target factoring:

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

Russia sensitivity
~€0.89B
adj. EBIT

Russia sensitivity:
~€0.45B

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Sustainability strategy: key targets

Area	KPIs	2020A	2021A	2025E
 SAFETY FIRST Towards zero accidents at work	Accident frequency index	0.22	0.21	<0.10
 PRODUCT ECO & SAFETY PERF. Improve Rolling Resistance with no compromise on safety	RR ¹ = A/B	39%	49%	>70%
	WG ¹ = A/B	87%	87%	>90%
Scope: new labelled IPCode ²				
 MATERIALS INNOVATION Increase the % of renewable and recycled materials	Renewable	23% ³	28% ⁴	>40%
	Recycled (incl. metals)	5% ³	5% ⁴	>8% ⁵
Scope: tyre available on the market with the highest % of renew. & recycled				
 TOWARDS DECARBONIZATION Reduce CO ₂ footprint	Renewable electricity ⁶	52%	62%	100%
	CO ₂ (abs. emissions plants)	-31% vs 2015 (COVID impact)	-31% vs 2015	-25% vs 2015 ⁷
	CO ₂ (abs. emissions suppliers)	-22% vs 2018 (COVID impact)	-6% vs 2018	-9% vs 2018 ⁷



1. RR: Rolling Resistance, WG: Wet Grip, focus on new labelled IPcode; 2. IP codes: Identification Product Codes, extra EU labelling scales are converted to EU labelling grades; 3. reference tyre: 235/45R18 98W XL P7-CNT (VOL) IP29146, in 2020 the total % of renewable & recycled (incl. metals) raw materials used by the group was respectively 19% and 4%; 4. reference tyre: 285/45R21 113W XL S-ZERO(MO1) IP 28143, in 2021 the total % of renewable & recycled (incl. metals) raw materials used by the group was respectively 22% and 4%; 5. official target 3% excl. Metals; 6. figure including both share from direct procurement and national electric grid mix based on IEA data; 7. target updated and approved by the Science Based Target Initiative, in line with "1.5° degree scenario"

2021 MAIN ACHIEVEMENTS

- **100% of electricity** sourced in Europe and Turkey is renewable
- **FIA's 3 star Environmental Accreditation** obtained – first and only tyre maker
- **First ever FSC⁴ certified tyre** produced
- **Three-year Partnership with BMW and BirdLife International** to protect Biodiversity and Communities in natural rubber production areas (Indonesia)

LEADING POSITIONS IN ESG INDEXES & INITIATIVES

Sustainability Award
Gold Class 2021
S&P Global




















ECOVADIS
PLATINUM

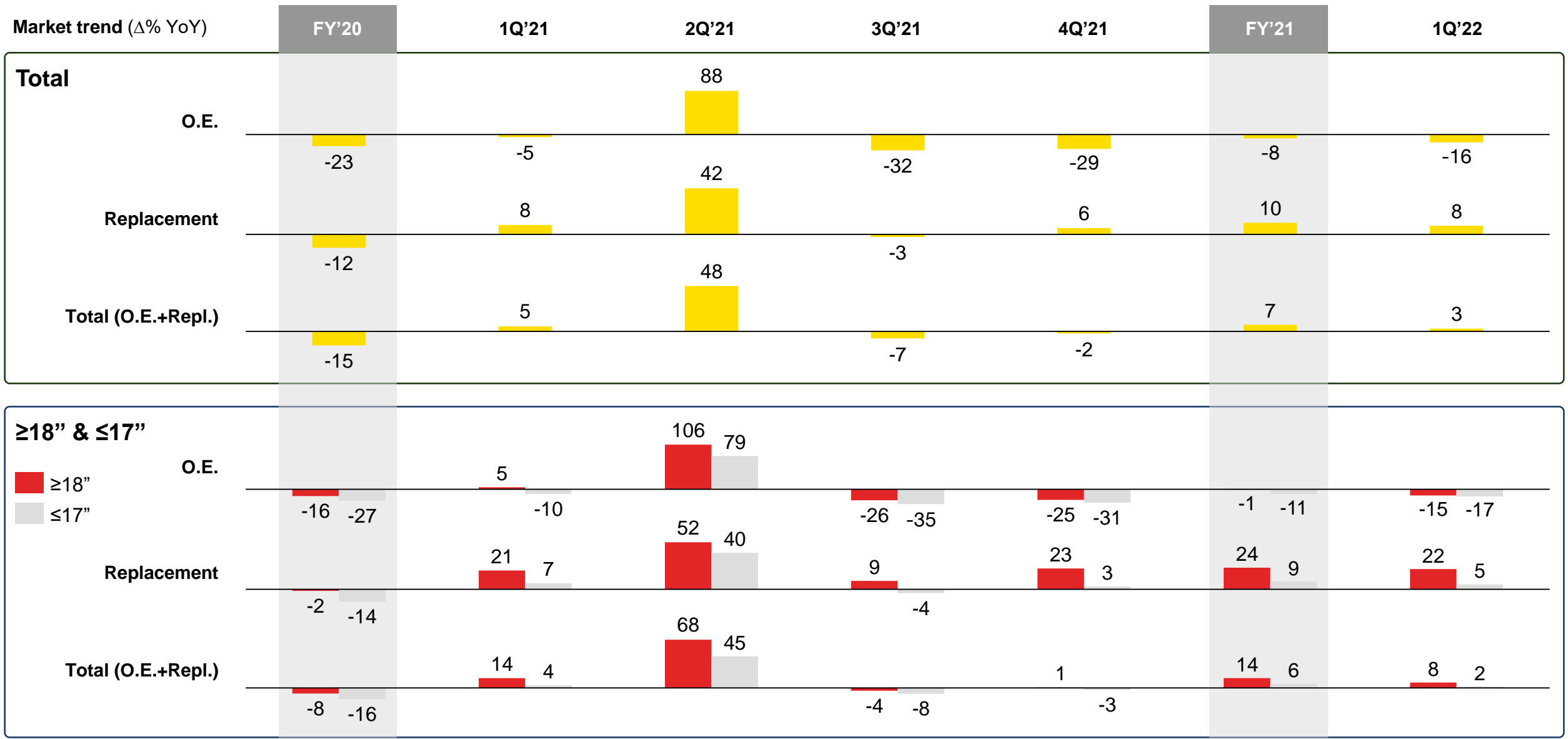


Pirelli leading position in Sustainability rankings & initiatives

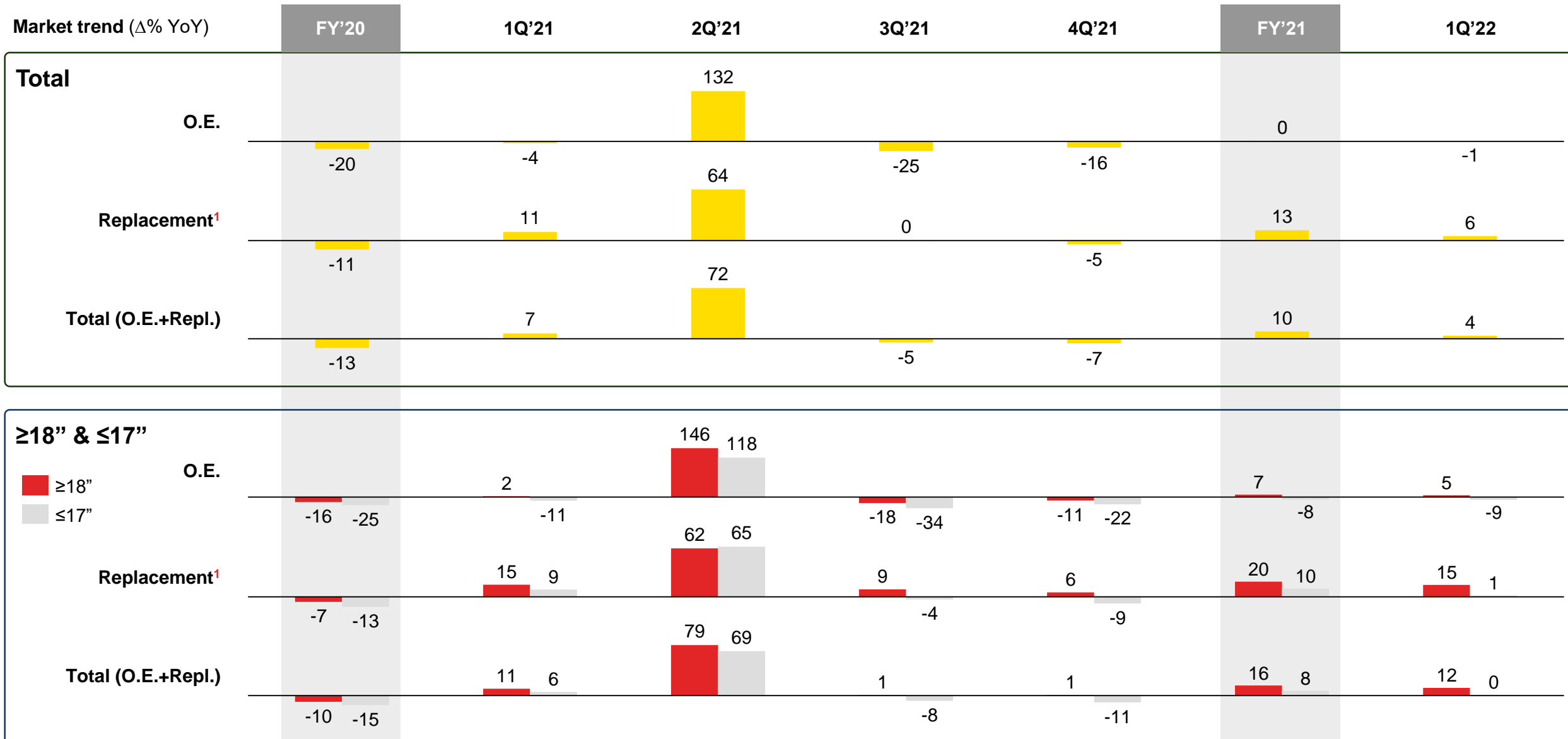
Major ratings (May-22)

	last update	score	positioning in the reference sector  = leading the ranking or initiative	
	2021	77		ATX Auto Components
	2022	Gold class		Max score
	2021	A		Max score
	2021	AA		6% of the Auto comp. companies in AA
	2021	4.5 / 5		Auto & Parts / Tyres
	2021	LEAD		Max score
	2021	10.3		Auto Components
	2021	Platinum	n.a.	
	2021	69		Auto Components

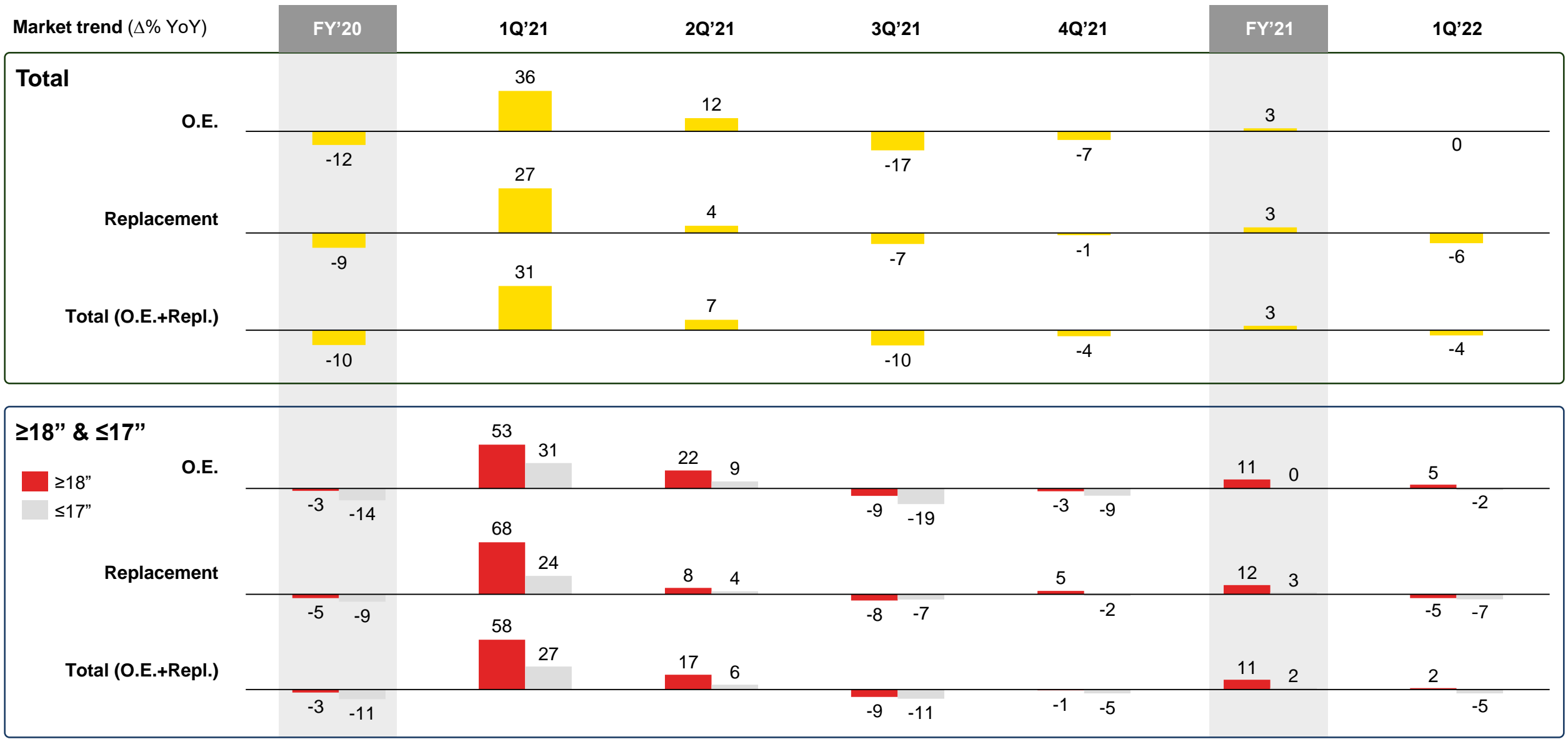
Key Car tyre market trends: Europe



Key Car tyre market trends: North America



Key Car tyre market trends: Asia Pacific



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

Market trend (Δ% YoY)		FY'20	1Q'21	2Q'21	3Q'21	4Q'21	FY'21	1Q'22
Russia, Nordics, MEAI								
O.E.				144				
		-19	16	51	0	-11	17	-9
Replacement		-25	-4	66	15	-1	12	2
		-23	0	11		-4	13	-1
Total (O.E.+Repl.)								
		-23	0	11		-4	13	-1
South America								
O.E.				290				
		-31	7	118	-13	-8	15	-14
Replacement ¹		-22	7	134	25	-1	25	1
		-24	7	18		-2	23	-2
Total (O.E.+Repl.)								
		-24	7	18		-2	23	-2

Pirelli financial results highlights

€ million

	1Q 2021	1Q 2022	Δ YoY
Revenues	1,245	1,521	+22.2%
<i>Organic Growth¹</i>			+19.0%
High Value Revenues (% on total)	72.6%	73.7%	+1.1 pp
adj. EBITDA ²	267	333	+25.0%
<i>Margin</i>	21.4%	21.9%	+0.5 pp
adj. EBIT³	169	229	+35.4%
<i>Margin</i>	13.6%	15.0%	+1.4 pp
PPA amortization	(28)	(28)	
Non rec. & restr. costs	(43)	(7)	
EBIT	97	193	
<i>Margin</i>	7.8%	12.7%	
Results from Equity Inv.	(0)	1	
Financial Income (Charges)	(40)	(44)	
EBT	57	150	
<i>Tax Rate</i>	26.4%	26.7%	
Net Income	42	110	
Net Income adjusted ⁴	94	136	

Pirelli balance sheet

€ million

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

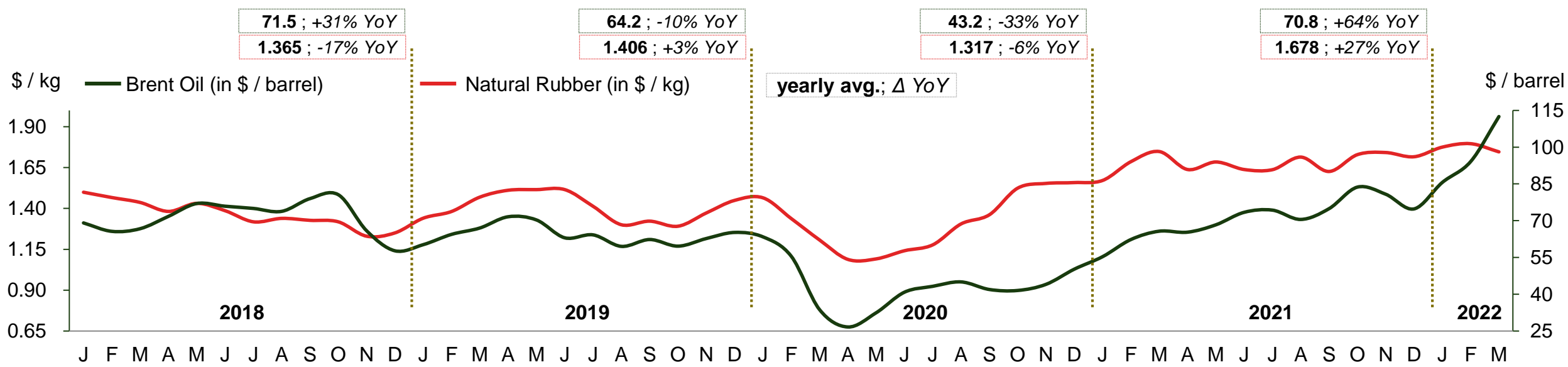
Pirelli cash flow

€ million

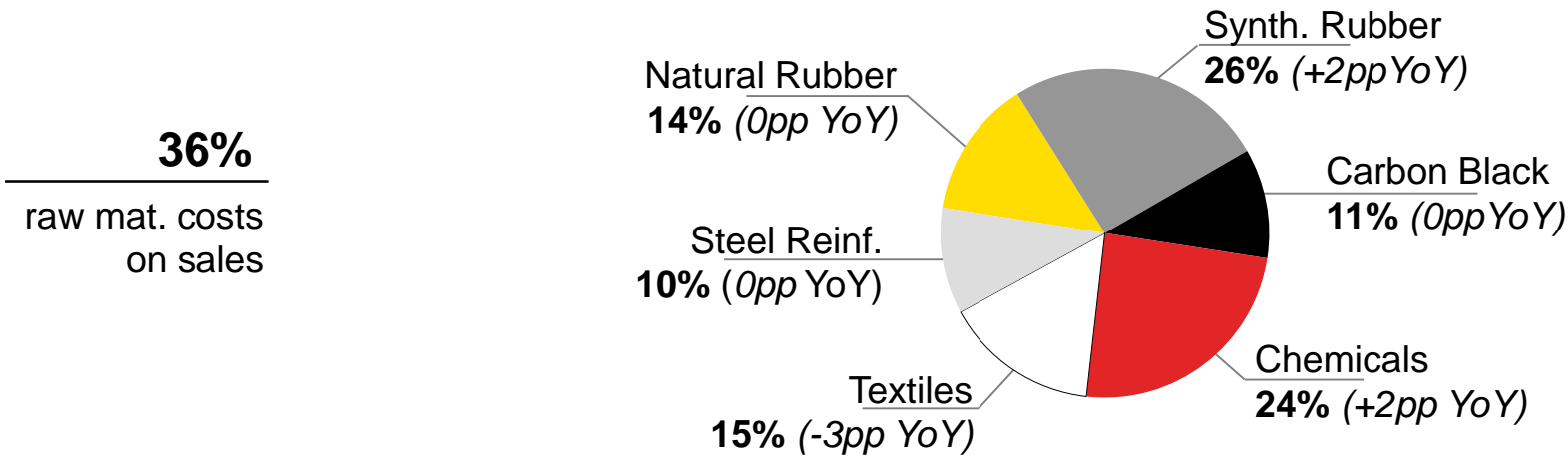
	1Q 2021	1Q 2022
Adjusted EBIT ¹	169	229
Depreciation & Amortization (excl. PPA amortization)	98	105
Capital expenditures	(90)	(49)
Rights of use (IFRS 16)	(27)	(8)
Change in working capital / other	(717)	(842)
Operating Cash Flow	(567)	(565)
Financial income / (expenses)	(40)	(44)
Taxes paid	(37)	(33)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

Raw Material costs trend and mix

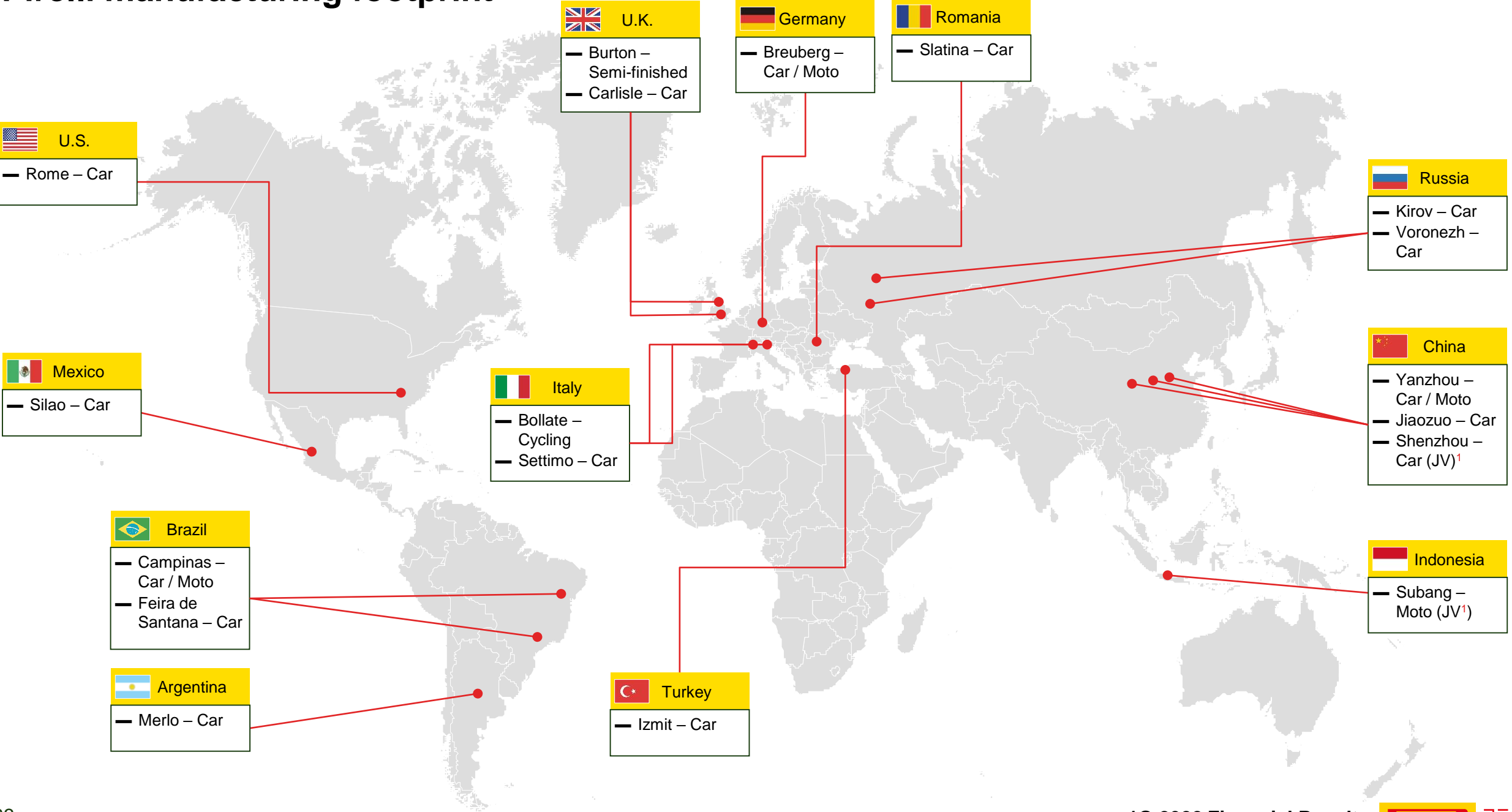
main raw materials price trend



Pirelli 1Q 2022 mix (based on purchasing cost)



Pirelli manufacturing footprint



1. 49% Joint Venture with the Hixih Group