



POWER IS NOTHING WITHOUT CONTROL

1Q 2024

Financial Results

Milan

May 9, 2024



POWER IS NOTHING WITHOUT CONTROL

Agenda

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1Q 2024 KEY MESSAGES

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PIRELLI & C. – 1Q 2024 RESULTS

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FY 2024 OUTLOOK AND TARGETS

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KEY MESSAGES

>> 1Q'24 results consistent with FY targets and confirming the strength of our strategy

- Organic growth (+4.6% yoy) driven by solid commercial performance:
 - market share gain in ≥18" Replacement across regions
 - sound price/mix (+2.3% yoy) supported by product and channel mix enhancement
- Profitability improvement driven by internal levers, with efficiencies fully covering inflation
- Better net cash flow YoY (+€40 mln excluding Hevea Tec impact) driven by operating performance

>> FY 2024 outlook and targets confirmed

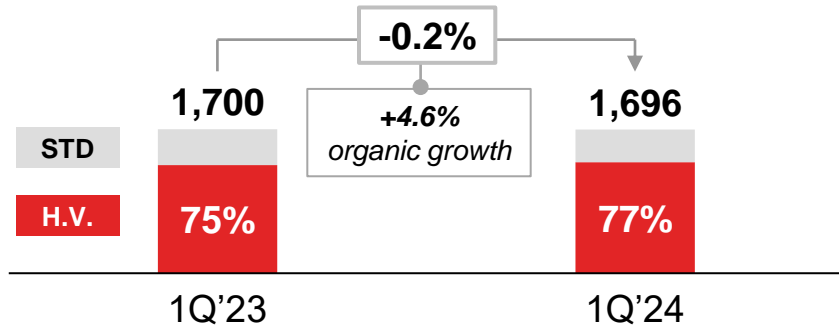
- External scenario still characterized by geopolitical tensions and moderate GDP growth
- High Value market to outperform (+6pp) a weak Standard market
- All targets confirmed and supported by the delivery of our strategic programs

1Q 2024 results highlights

Solid results, in line with FY targets and supported by operating performance

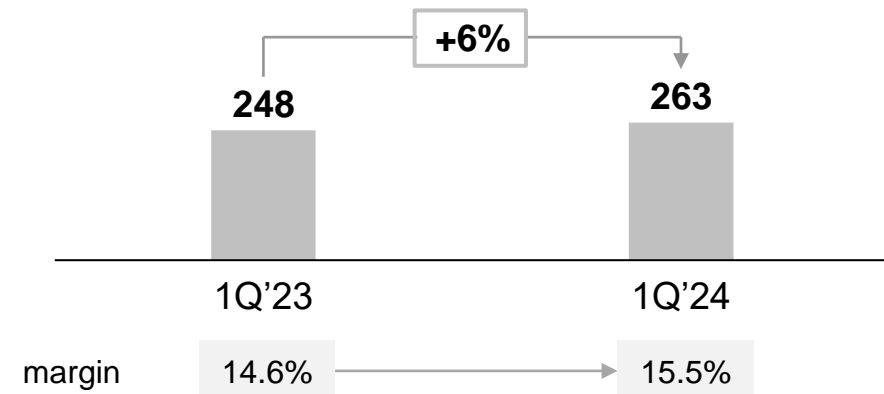
Net Sales

€ million



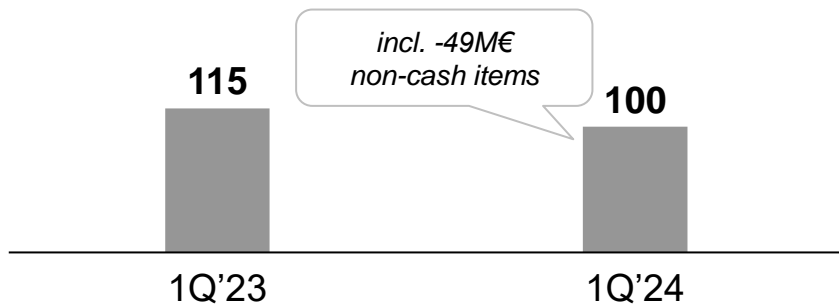
Adjusted EBIT¹

€ million



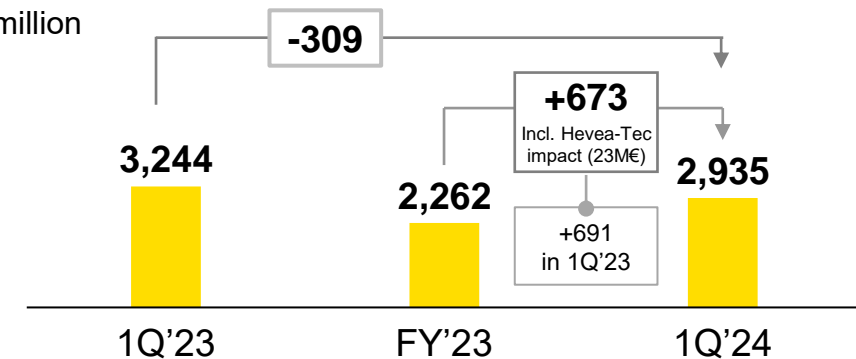
Net Income

€ million



Net Financial Position

€ million





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1Q 2024 Strategic programs implementation: delivery in line with targets



COMMERCIAL

✓ Seizing regional HV growth opportunities

» Car ≥18" Replacement +11% vs +10% Mkt

» Specialties ~60% of Group Sales (~ +2pp YoY)



INNOVATION

✓ Widening our OE portfolio

» ~80 new car homologations (~85% ≥19", ~60% EV) with EV portfolio reaching ~550 homologations worldwide

✓ New products launched

» Cinturato AS SF3 for Car & Scorpion Trail III for Moto



OPERATIONS

✓ Increasing efficiencies

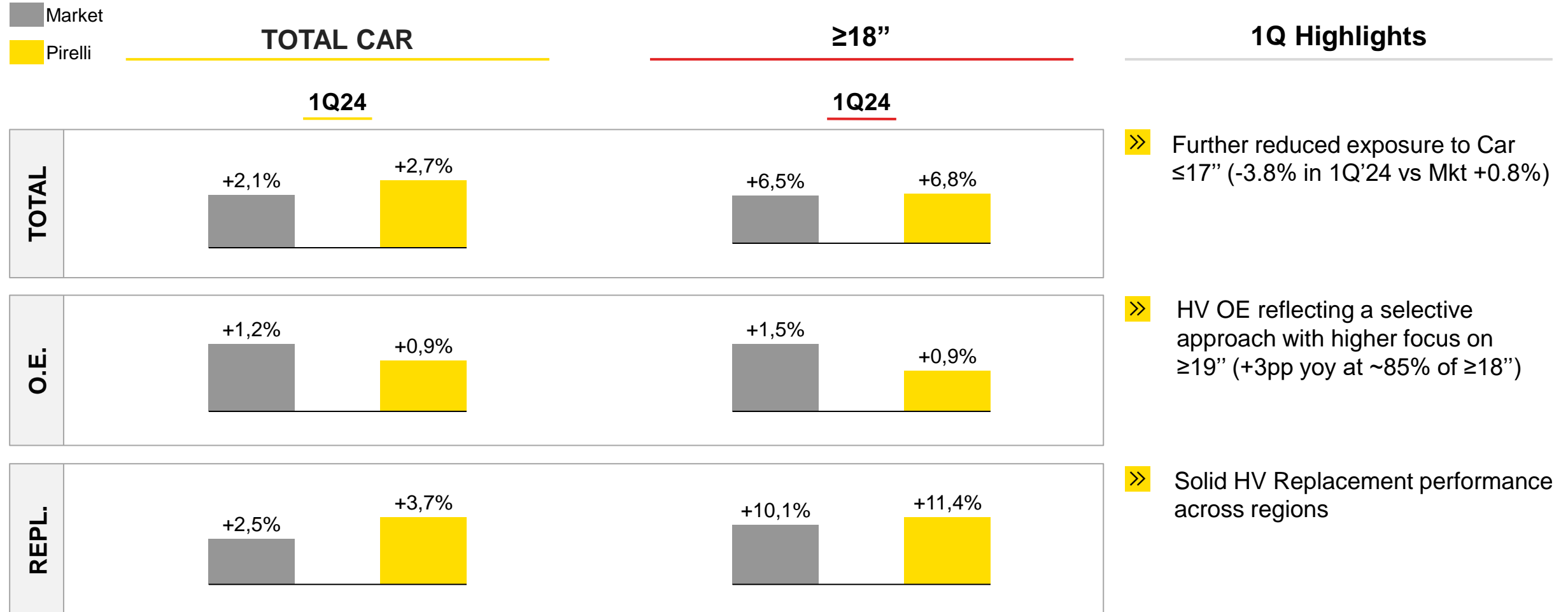
» €32M gross savings, in line with programs seasonality, fully offsetting inflation

✓ Strengthening value chain resilience

» Mitigating Red Sea crisis impact

1Q 2024 Commercial Program

Solid outperformance in Car, driven by HV Replacement. Selective strategy in OE, and STD exposure further reduced



1Q 2024 Innovation program

Strengthening our undisputed leadership in HV homologations

~ 80 new Car homologations $\geq 18''$



~85% Higher rim sizes ($\geq 19''$)



Focused on **High Value Regions**, reaching a total Portfolio of ~2700 homologations in $\geq 19''$



~65% Specialties (on $\geq 18''$)



Further pushing on Specialties portfolio with higher technological content

- » **PNCS™**
- » **»RUNFORWARD™**
- » **SEAL INSIDE™**



~60% of homologations $\geq 18''$ for EV



- » **Pzero E kicking-off homologations**, mainly for Prestige OEMs
- » Strengthened homologations with **Chinese Premium EV newcomers**



reaching ~30% Mkt share among Premium EV OEMs

1Q 2024 Innovation program

Two new products launched with Eco, Safety and Performance at the core

CAR: Pirelli Cinturato All Season SF3



- » **'A' rating** on the European tyre label for wet grip. **Snow control** guaranteed by 3PMSF marking
- » **Designed virtually**, featuring **adaptive tread** technology with 3D sipes for better grip on snow



Awarded as best All Season on the market, resulting as safest tyre both on dry and wet conditions









MOTO: SCORPION Trail III launched worldwide



- » The perfect union between **road sportiness** and **spirit of adventure**
- » **Wet performance** matching that of a Sport-Touring and **low road noise**
- » The harder compound in the central tread band offers high stability, **wear resistance and mileage**

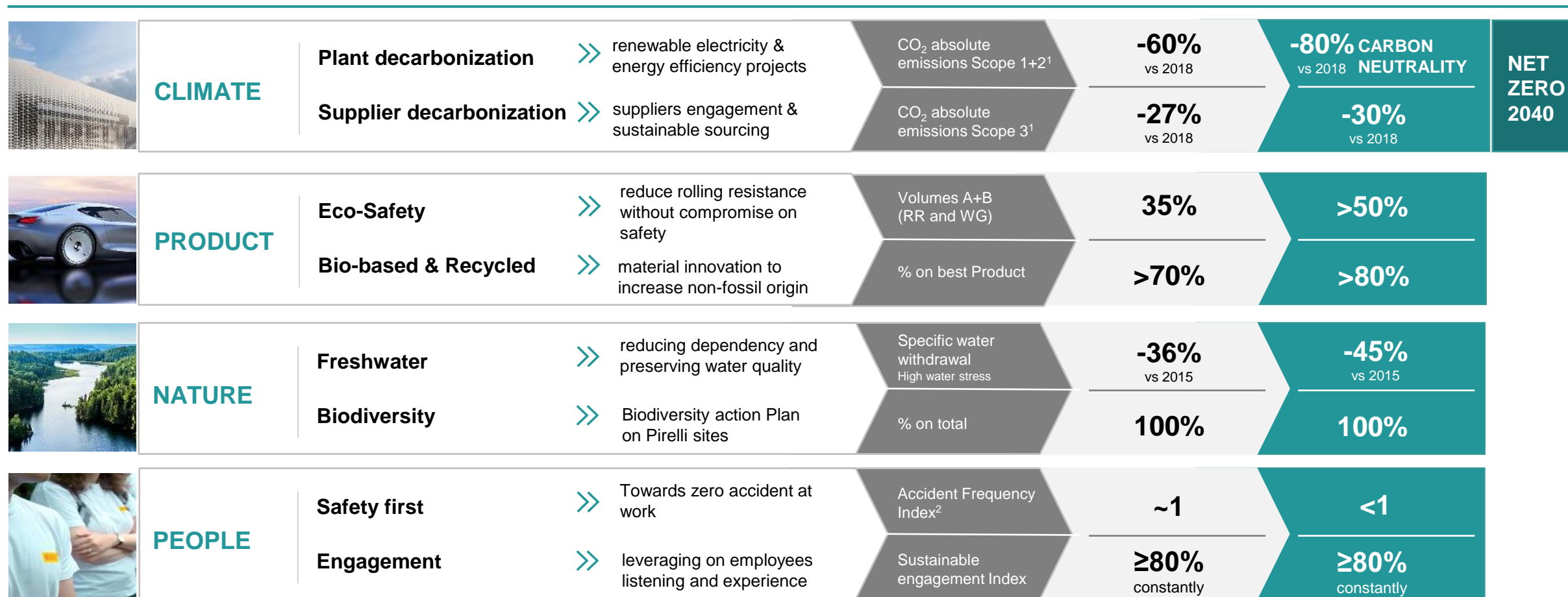
1Q 2024 Efficiency program

Efficiencies in line with the expectations and seasonality, fully offsetting inflation impact

		Focusing on:	FY 2024 GUI	1Q 2024 ACT
	Product Cost	<ul style="list-style-type: none"> >> Modularity >> Design speed and virtualization 		~50% of FY
	Manufacturing	<ul style="list-style-type: none"> >> Energy consumption & electrification >> Automation, industrial IoT & flexible factory >> Waste reduction 		~5% 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 		~25% of FY
	Organization	<ul style="list-style-type: none"> >> Process digitalization >> Organization transformation 		~25% of FY
Total Gross Impact			~€140M	~€32M ~23% of FY

Sustainability: working on Plan deployment

We are acting on 4 main pillars



A global sustainability leadership confirmed by main ESG indexes

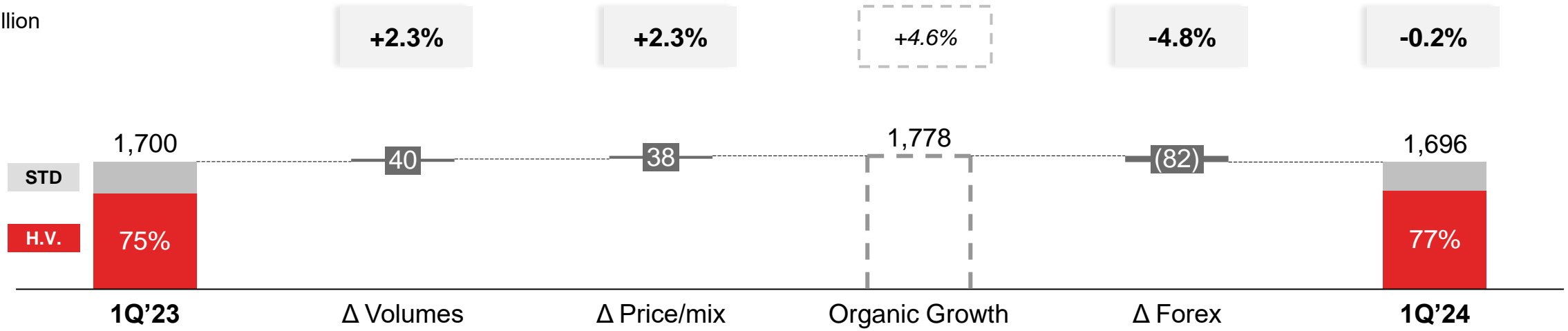
* Full Pirelli sustainability plan and targets are available in appendix and on pirelli.com

1. Target based on new SBTi submission and rules; 2. Frequency Index(FI): $\sum(\text{Fatalities} + \text{Serious lost time injuries} + \text{Lost time injuries}) \times 1.000.000 / \text{worked hours}$;

1Q 2024 Sales bridge

Top line flat YoY with a solid organic growth, in line with FY'24 target.

€ million



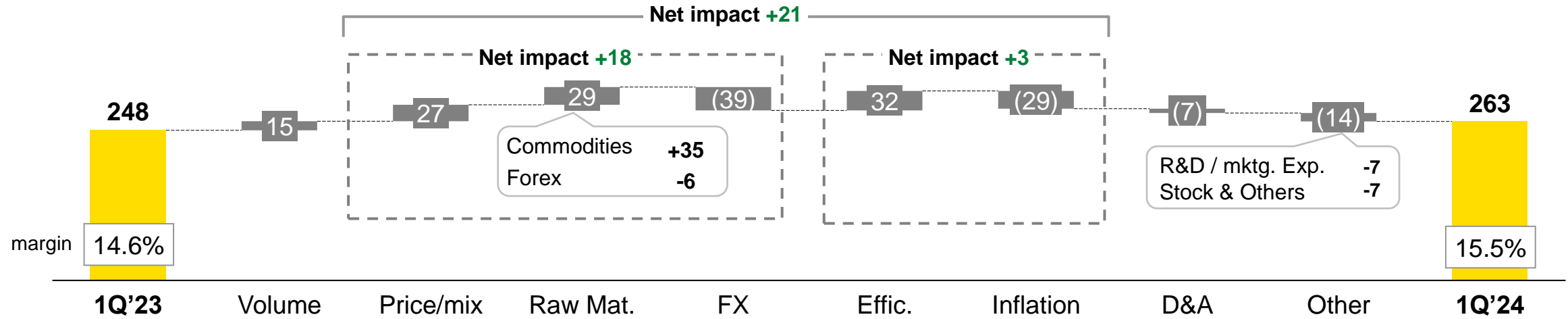
4Q'23	+2.1%	+2.7%	+4.8%	-10.6%	-5.8%
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1Q'23	-3.1%	+15.1%	+12.0%	-0.3%	+11.7%
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1Q 2024 Adjusted EBIT bridge

Solid Profitability improvement driven by internal levers

€ million



» **Price/Mix** improvement driven by increasing weight of HV and better channel mix

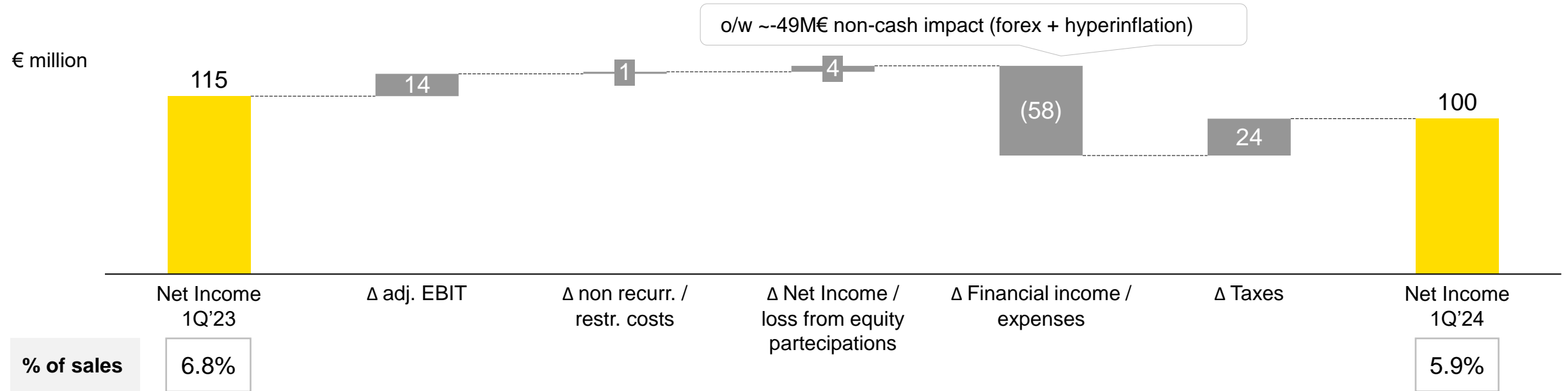
» **Efficiencies** in line with full year guidance and covering inflation headwinds

» **Red Sea** impact included in raw materials and logistic costs, FY impact already factored-in in our guidance

» **Forex headwinds:** still impacted by Mexican Peso; drop-through expected to gradually normalize in the following quarters

1Q 2024 Net Income bridge

Earnings discounting non-recurring items (hyperinflation impact and one-off tax benefits) expected to normalize by year end

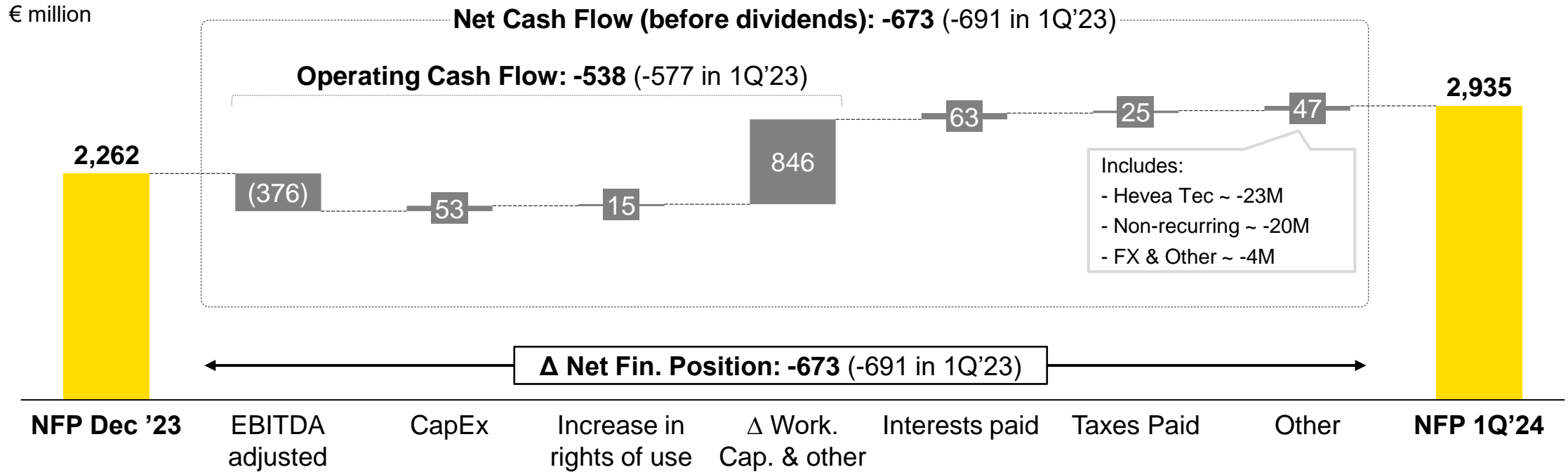


» **Hyperinflation impact** in 1Q is due to the different trend of inflation and exchange rate in high inflation countries. Based on the most up to date forecasts, we expect the impact to realign with our expectation during the year.

» **Taxes:** lower than 1Q'23 due to Patent Box benefits (not included in 1Q'23) and positive effect from tax litigation settlement, included in our FY guidance.

1Q 2024 Net Financial Position

Net Cash Flow stable YoY and in line with seasonality despite including Hevea-Tec closing (€ 23M)



- >> **Efficient Inventory management**, weight at 21% of net sales, in line with March '23
- >> **Receivables** (14% of net sales) and **Payables** (22% of net sales) in line with business seasonality
- >> **Hevea-tec acquisition** closed at the beginning of January 2024

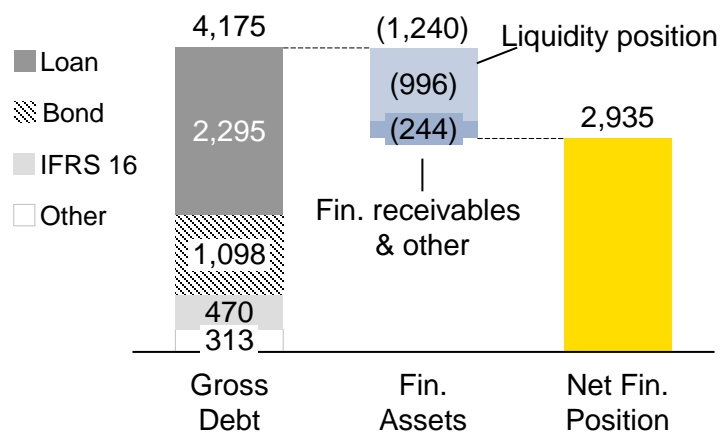
Gross Debt structure as of March 31st 2024

New Eur 600 mln ESG Term Loan indexed to the new more challenging ESG targets. ESG finance on gross debt ~ 68%

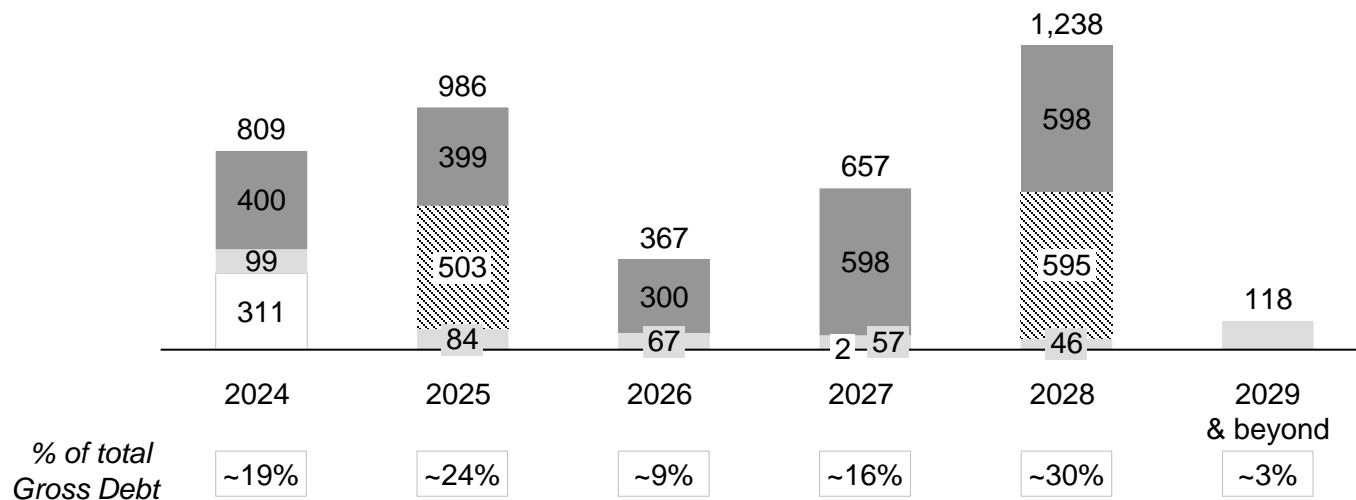
Sound liquidity margin covering maturities for the next 3 years

€ million

Net Financial Position



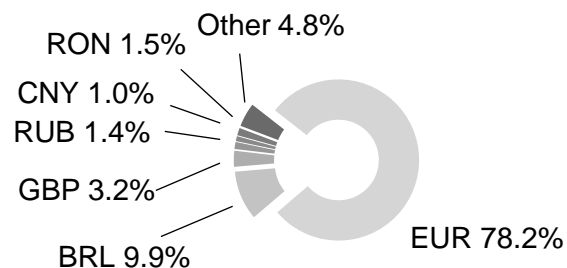
Gross Debt maturity



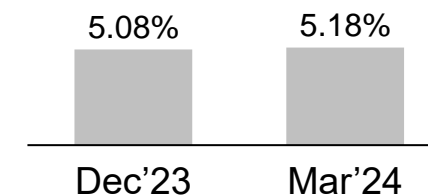
Liquidity profile

Liquidity position ¹	996
Committed lines not drawn	1,500
Liquidity margin	2,496

Break-down by currency²



Cost of debt (last 12 months)





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Tyre demand outlook confirmed

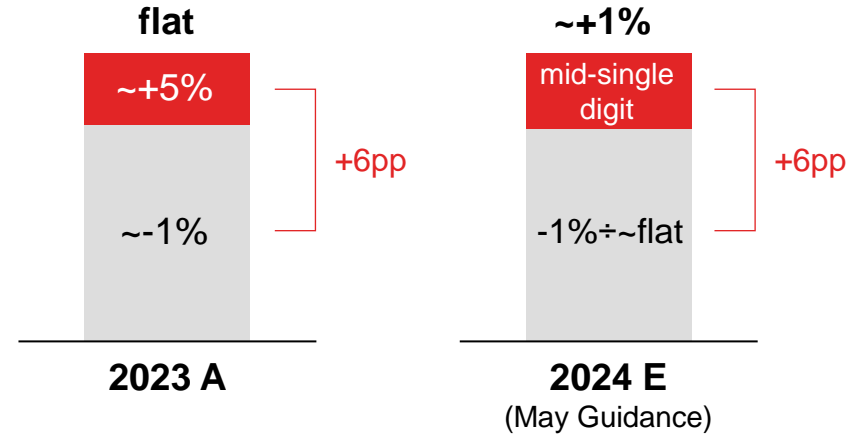
High Value market confirms its outperformance, while Standard weakness weighs on Total Market

Global car tyre market

Mln tyres

■ ≥18"

■ ≤17"



» **O.E. ≥18"**: mid single-digit growth, driven by APAC and North America

» **Repl. ≥18"**: mid/high single digit, across regions

» **Car ≤17"**: flat demand year over year, with a weaker OE market and a substantially flat Replacement

We expect to outperform the Car ≥18" market, especially on the Replacement channel.
Selective approach confirmed in both HV OE and Standard.

FY 2024 Targets confirmed

€ billion	2023 A	2024 E	
		(March 2024 Guidance)	(May 2024 Guidance)
Net Sales	6.65	6.6 ÷ 6.8	<i>confirmed</i>
		Volumes +1.5% ÷ +2.5% Price / Mix ~ +2.0% FX -4.0% ÷ -3.0%	
adj. EBIT margin	15.1%	>15% ÷ 15.5%	<i>confirmed</i>
CapEx	0.41	~0.40	<i>confirmed</i>
<i>% of Sales</i>	<i>6.1%</i>	<i>~6%</i>	
Net Cash Flow <i>bef. Dividends</i>	0.51	0.50 ÷ 0.52	<i>confirmed</i>
Net Financial Position	2.26	~1.95	<i>confirmed</i>
<i>NFP / adj. EBITDA</i>	<i>1.56x</i>	<i>1.32x ÷ 1.26x</i>	
ROIC¹ after taxes	20.3%	~21%	<i>confirmed</i>



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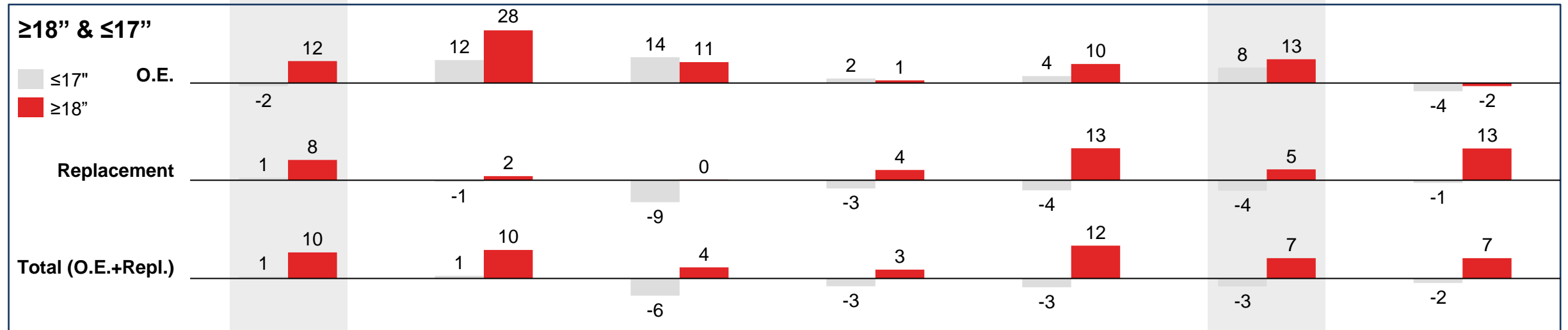
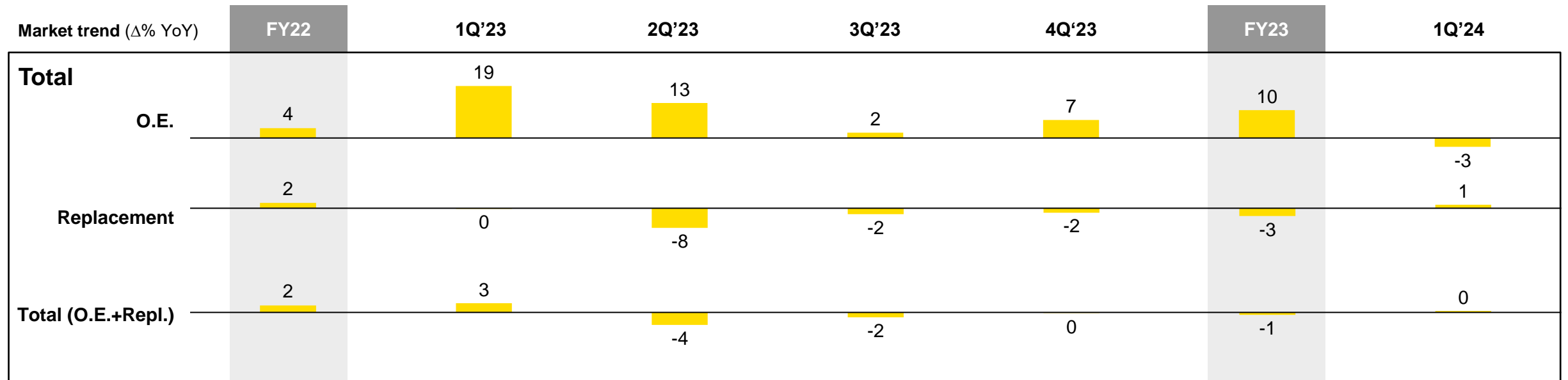
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FY 2024 OUTLOOK AND TARGETS

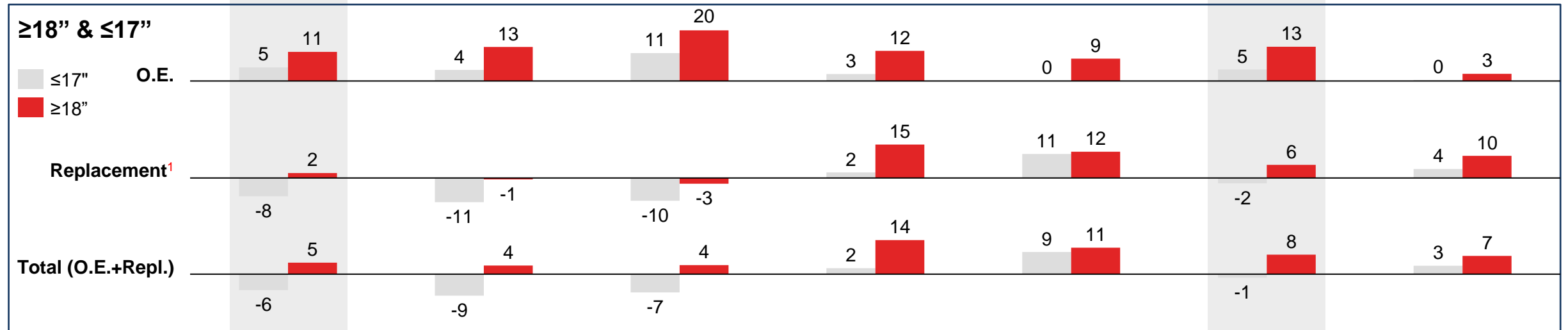
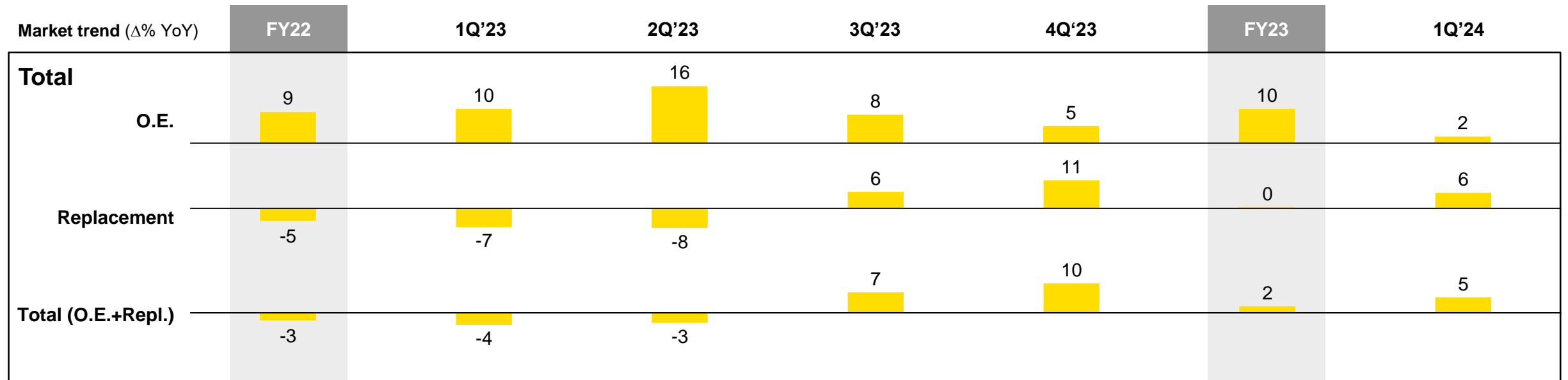
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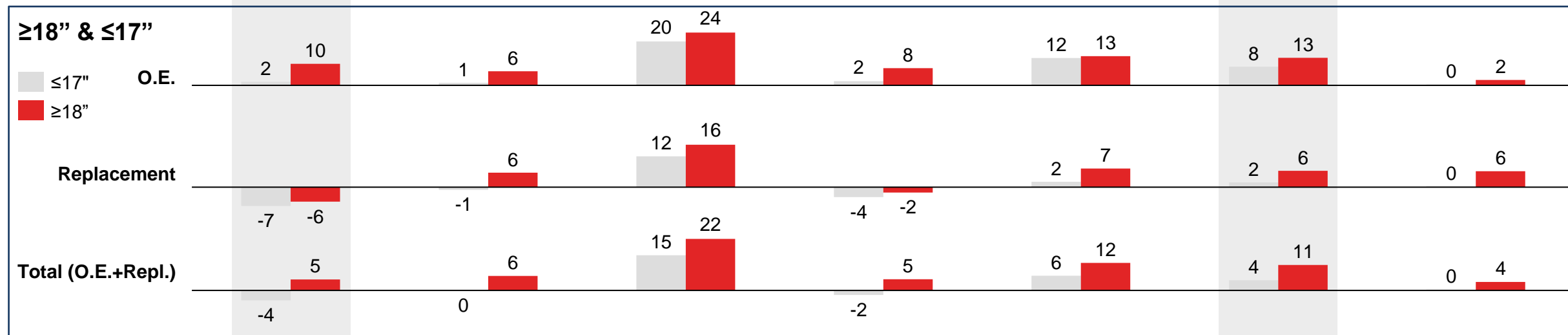
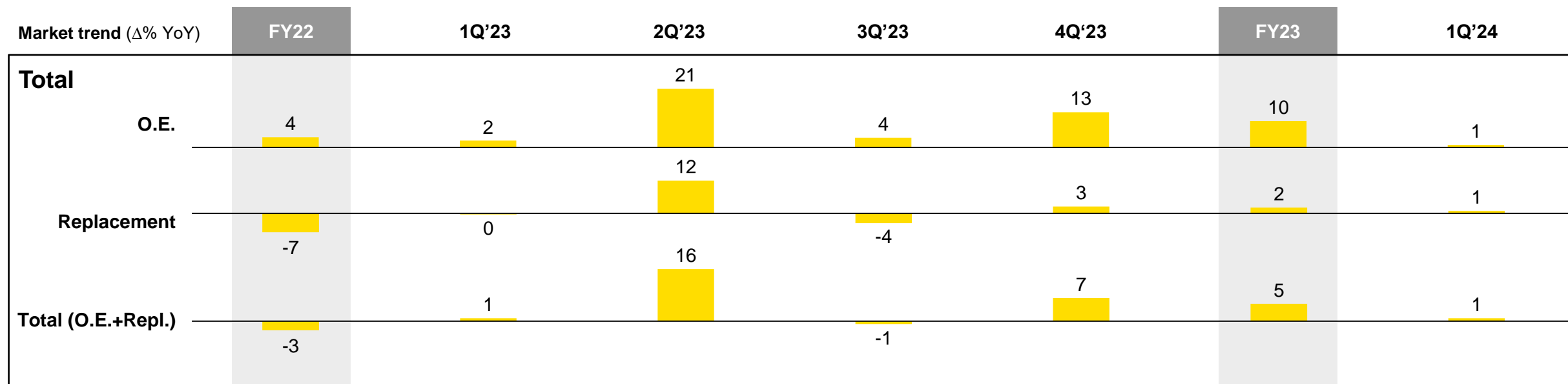
Key Car Market Trends: Europe



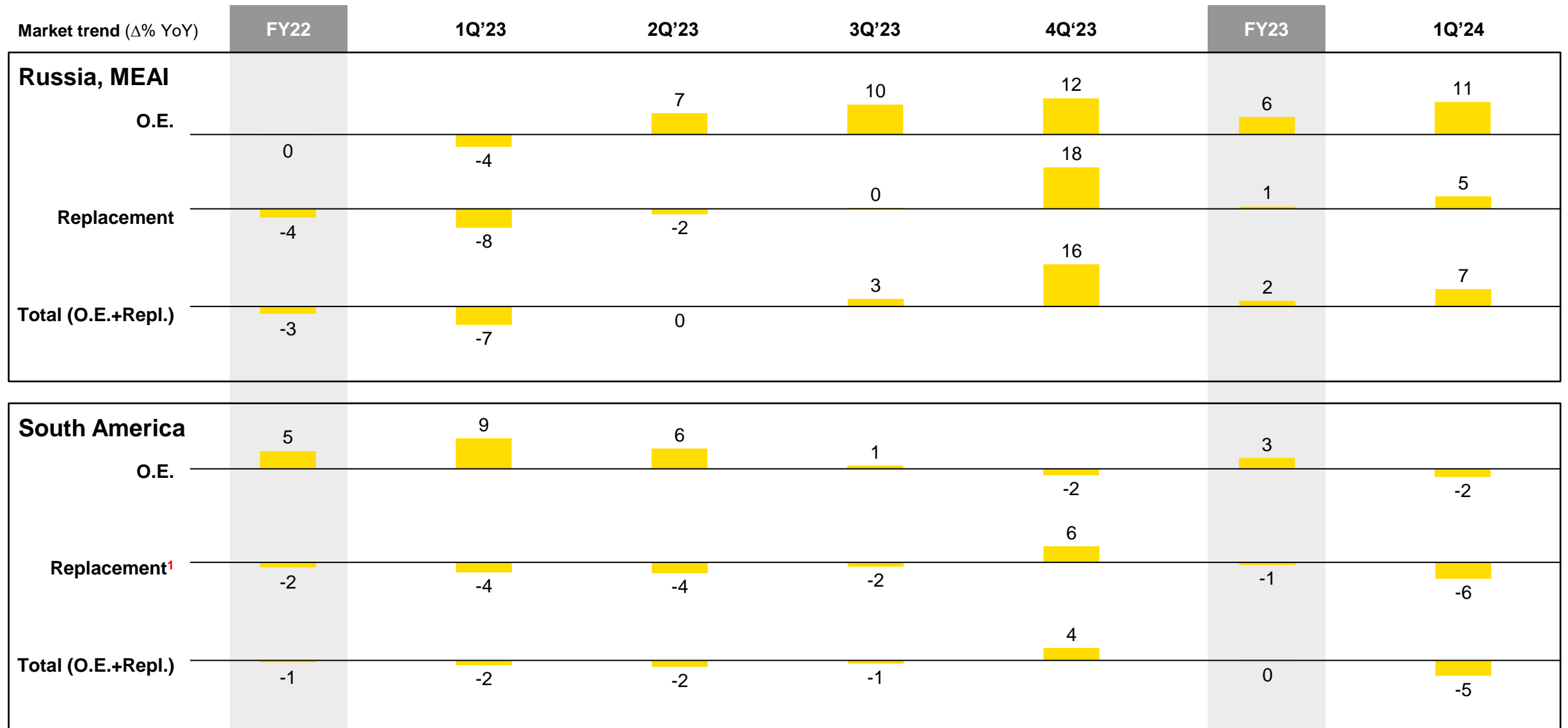
Key Car Market Trends: North America



Key Car Market Trends: Asia Pacific



Key Car Market Trends: Russia, MEAI / South America



Economic results summary

€ million	1Q 2024	1Q 2023	Δ YoY
Net Sales	1,695.5	1,699.7	-0.2%
<i>Organic variation</i>			+4.6%
adjusted EBITDA¹	376.3	359.7	+4.6%
<i>% of net sales</i>	22.2%	21.2%	+1.0 p.p.
reported EBITDA	368.6	350.7	+5.1%
<i>% of net sales</i>	21.7%	20.6%	+1.1 p.p.
adjusted EBIT¹	262.6	248.1	+5.8%
<i>% of net sales</i>	15.5%	14.6%	+0.9 p.p.
reported EBIT	226.5	210.7	+7.5%
<i>% of net sales</i>	13.4%	12.4%	+1.0 p.p.
Net income / (loss) from equity investments	6.0	2.3	n.m.
Financial income / (expenses)	(110.1)	(52.2)	n.m.
EBT	122.4	160.8	-23.9%
Taxes	(22.0)	(45.8)	-52.0%
Tax rate %	-18.0%	-28.5%	
Net Income / (loss)	100.4	115.0	-12.7%
Earnings / (loss) per share (€ per share)	0.09	0.11	
Net income / (loss) adjusted	126.2	141.9	

Consolidated Balance Sheet

€ million	31/03/2024	31/12/2023	31/03/2023
Fixed assets	8,826.3	8,812.1	8,854.9
<i>Inventories</i>	1,420.3	1,371.4	1,458.4
<i>Trade receivables</i>	939.8	649.4	928.5
<i>Trade payables</i>	(1,460.5)	(1,999.4)	(1,367.8)
Operating net working capital	899.6	21.4	1,019.1
<i>% of net sales</i>	13.5%	0.3%	15.0%
Other receivables / payables	83.3	45.8	5.2
Net working capital	982.9	67.2	1,024.3
<i>% of net sales</i>	14.8%	1.0%	15.1%
Total net invested capital	9,809.2	8,879.3	9,879.2
Equity	5,868.7	5,619.6	5,581.2
Provisions	1,005.4	998.0	1,054.0
Net financial position	2,935.1	2,261.7	3,244.0
Total financing and shareholders' equity	9,809.2	8,879.3	9,879.2
Attributable net equity	5,734.5	5,494.4	5,453.4
Total net financial debt¹	3,063.5	2,387.4	3,375.0

Net Cash Flow


€ million	1Q 2024	1Q 2023
Adjusted Operating income (EBIT)	262.6	248.1
Amortiz. & depreciations (excl. PPA amortiz.)	113.7	111.6
Investments in tangible and intangible assets (Capex)	(53.4)	(53.2)
Increase in right of use	(15.3)	(15.1)
Change in working capital/other	(845.8)	(868.8)
Operating Cash Flow	(538.2)	(577.4)
Interests paid	(63.2)	(60.2)
Taxes paid	(24.7)	(29.0)
Cash-out for non recurring items and restructuring costs / other	(20.4)	(12.6)
Dividend paid to minorities	(1.3)	-
Exchange rates difference/other	(2.6)	(12.2)
Net Cash Flow before extr. oper. / equity transactions / divid.	(650.4)	(691.4)
Extraordinary operations	(23.0)	-
Net Cash Flow before dividends	(673.4)	(691.4)
Dividends paid by Parent	-	-
Net Cash Flow	(673.4)	(691.4)

2024-2025 targets






Financial targets	2023 A	2024 E	2025 E
Billion €			
Revenues	6.65	6.6 ÷ 6.8	6.8 ÷ 7.0
Adj. EBIT margin <i>% revenue</i>	~15.1%	>15% ÷ 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%

Main Sustainability Targets

Area	Focus		KPIs	2023A	2025E	2030E	
 PEOPLE	» Towards zero accidents at work		Accident frequency Index ⁶	1.69 ⁶	~1 ⁶	<1 ⁶	
 TOWARDS NET ZERO 2040	» Reduce CO ₂ footprint	 SCIENCE BASED TARGETS vs 2018	CO ₂ Scope 1+2 (plants)	-45% ⁵	-60%	-80%	Carbon Neutrality 2040: NET ZERO CO ₂ TOTAL EMISSION REDUCTION: ≥-90% vs 2018 Scope 1+2+3
			CO ₂ Scope 3 (suppliers)	-25% ⁵	-27%	-30%	
			Renewable electricity	80.4% ⁴	100%		
 SUSTAINABLE TYRE	» Improve Rolling Resistance with no compromise on safety	Target scope: new products (all new labelled IPCodes)	RR ¹ = A/B	55%	>70%		
			WG ¹ = A/B	98%	>90%		
	» Increase the % of renewable and recycled materials while reducing fossils	Target scope: selected products	Biobased & Recycled	55.5% ⁷	>70%	>80%	
			Target scope: all production	Biobased & Recycled	23%	>27%	>40%
 NATURE	» Freshwater preservation	vs 2015	Specific water withdrawal High stress	-31%	-36%	-45%	

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>	2023	84	Top score ATX Auto Components and automotive
 <p>Top 1% ESG</p>	2024	TOP 1% ESG	Max Score
 <p>CDP A LIST 2023 CLIMATE</p>	2023	A	Max Score
 <p>CDP SUPPLIER ENGAGEMENT LEADER 2023</p>	2024	A	Max Score
 <p>Corporate ESG Performance RATED BY ISS ESG Prime</p>	2024	B	Prime status and Top score ATX Auto Components and automotive
 <p>FTSE4Good</p>	2023	4.5 / 5	Second score Auto parts
 <p>MSCI ESG RATINGS AA</p>	2023	AA	ESG Leader
SUSTAINALYTICS	2024	11.1	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%

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Pirelli management has identified a number of “Alternative Performance Indicators” (“APIs”). These APIs (i) are derived from historical results of Pirelli & C. S.p.A. and are not intended to be indicative of future performance, (ii) are unaudited non-IFRS financial measures derived from the Financial Statements, and (iii) are not an alternative to financial measures prepared in accordance with IFRS.

The APIs presented herein are EBIT, EBIT margin, EBITDA, EBITDA margin, net income and net income margin.

In addition, this Presentation includes certain measures that have been adjusted by us to present operating and financial performance net of any non-recurring events and non-core events. The adjusted indicators are EBITDA adjusted, EBIT adjusted and net income adjusted. In order to facilitate the understanding of our financial position and financial performance, this Presentation contains other performance measures, such as Net Financial Position, Operating Cash Flow, Net Cash Flow before Dividends and extraordinary Operations, Net Cash Flow before Dividends, Net Cash Flow, CapEx (Capital Expenditure), Liquidity Margin and ROIC (Return On Invested Capital).

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