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Testo del comunicato

Vedi allegato

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PRESS RELEASE

THE BOARD OF PIRELLI & C. S.P.A. HAS APPROVED RESULTS TO 31 DECEMBER 2023

2023 RESULTS ABOVE TARGETS: REVENUES 6.65 BILLION EURO, ADJUSTED EBIT 1 BILLION EURO WITH A MARGIN OF 15.1%, CASH FLOW BEFORE DIVIDENDS +508.9 MILLION EURO

NET PROFIT +13.8% TO 495.9 MILLION EURO

PROPOSES DIVIDEND OF 0.198 EURO PER SHARE, TOTAL DIVIDEND PAYOUT 198 MILLION

CONFIRMED LEADER IN KEY SUSTAINABILITY INDEXES AND ACHIEVED DECARBONIZATION TARGETS TWO YEARS AHEAD OF SCHEDULE

Full Year 2023

- Revenues: at 6,650.1 million euro (2023 targets ~6.6 billion euro), +0.5% compared with 2022, organic variation +6.8% excluding forex impact of -6.3%

- Price/Mix: +8.6% thanks to price increases and mix improvement (target ~+8%)

- Adjusted Ebit: 1,001.8 million euro (figure implicit to profitability target ~985 million euro), +2.5% compared with 977.8 million euro in 2022. Improvement of price/mix and efficiencies more than offset the negative impact raw materials and inflation.

- Adjusted Ebit Margin 15.1% (target ~15%)

- Net profit: +13.8% to 495.9 million euro (435.9 million euro in 2022) thanks to the operating performance and benefit deriving from the Patent Box

- Net cash flow before dividends: +508.9 million euro (+515.5 million euro in 2022) above the "between ~450 and ~470 million euro" target

- Net Financial Position: -2,261.7 million euro (-2,552.6 million euro on 31 December 2022) better than target of ~-2.33 billion euro. Nfp/Adjusted ebitda ratio ~1.56x (better than target of between ~1.60 /~1.65 times)

- Research & Development Spend: 288.5 million euro in 2023 (4.3% of total revenues), of which 269.4 million euro earmarked for *High Value* activities (5.4% of *High value revenues*)

- In 2023 further improvement of sustainability performance

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Milan, 6 March 2024 – The Board of Directors of Pirelli & C. Spa, met today and approved results to 31 December 2023 which were above the targets indicated in November 2023 which had been revised upwards during the year. These results confirm the effectiveness of the business model and implementation of strategic plans in line with the Industrial Plan.

In 2023 **revenues** were 6,650.1 million euro (**target ~6.6 billion euro**), with growth of 0.5% compared with 2022 thanks to the great improvement of price/mix. Organic revenue growth was +6.8% (impact of forex and hyperinflation in Argentina and Turkey -6.3%). High Value accounted for 75% of total sales (71% in 2022).

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(euro millions)	Quarterly revenue performance									
	1 QTR 2023	1 QTR 2022	2 QTR 2023	2 QTR 2022	3 QTR 2023	3 QTR 2022	4 QTRI 2023	4 QTR 2022	YEAR 2023	YEAR 2022
Revenues *Variation y/y* *Organic variation y/y*	1,669.7 *+ 11.7%* *+12.0%*	1,521.1	1,737.8 *+3.7%* *+9.1%*	1,675.9	1,722.7 *-6.2%* *+2.2%*	1,836.3	1,489.9 *-5.8%* *+4.8%*	1,582.4	6,650.1 *+0.5%* *+6.8%*	6,615.7

Revenue variants	1 QTR 2023	2 QTR 2023	3 QTR 2023	4 QTR 2023	YEAR 2023
Volumes	-3.1%	-1.1%	-4.6%	+2.1%	-1.8%
Price/Mix	+15.1%	+10.2%	+6.8%	+2.7%	+8.6%
Variation on like-for-like basis	**+12.0%**	**+9.1%**	**+2.2%**	**+4.8%**	**+6.8%**
Forex/hyperinflation Argentina-Turkey	-0.3%	-5.4%	-8.4%	-10.6%	-6.3%
Totale variation y/y	**+11.7%**	**+3.7%**	**-6.2%**	**-5.8%**	**+0.5%**

In 2023 the performance of **volumes** was -1.8% (**target ~ -2%**) and reflects the strategy of reducing exposure to Standard given the confirmation of positioning in High Value, which saw growth in Car ≥18'' volumes +5%, in line with the market but with different trends by channel:

- Replacement +4% (compared with market +3%);
- Original Equipment +6% (market +8%) because of greater selectivity in favour of larger rim sizes.

The **price/mix** recorded an increase of +8.6% **in 2023** (**target ~+8%)** supported by the price increases to counter the rising inflation of input factors and the improvement of the product mix, linked to the progressive migration from Standard to High Value and the improvement of the mix in both segments.

The impact of forex was negative -6.3% in 2023 because of the weakening of the dollar, Renminbi and of emerging country currencies against the euro.

Profitability

Profitability *(euro millions)*	2023					2022
	1 QTR	2 QTR	3 QTR	4 QTR	TOTAL YEAR	TOTAL YEAR
Adjusted Ebitda *% of sales*	359.7 *21.2%*	379.4 *21.8%*	376.7 *21.9%*	330.3 *22.2%*	1,446.1 *21.7%*	1,408.3 *21.3%*
Ebitda *% of sales*	350.7 *20.6%*	367.9 *21.2%*	368.3 *21.4%*	279.4 *18.8%*	1,366.3 *20.5%*	1,335.7 *20.2%*
Adjusted Ebit *% of sales*	248.1 *14.6%*	269.3 *15.5%*	265.1 *15.4%*	219.3 *14.7%*	1,001.8 *15.1%*	977.8 *14.8%*
Ebit *% of sales*	210,7 *12.4%*	229,3 *13.2%*	228,3 *13.3%*	140.0 *9.4%*	808.3 *12.2%*	791,5 *12.0%*

Adjusted Ebitda in 2023 was 1,446.1 million euro, an increase of +2.7% compared with 1,408.3 million euro in 2022.

Adjusted Ebit was 1,001.8 million euro (~**985 million euro implicit target in November**), an improvement compared with 977.8 million in 2022, with an Adjusted Ebit margin of 15.1% (14.8% in 2022). The contribution of internal levers (price/mix and efficiencies) more than offset the negativity of the external context (raw materials and inflation).
In detail, Ebit Adjusted reflects the **positive effect of the price/mix** (+486.2 million euro) and **efficiencies** (+92.0 million euro), which more than offset:

- the **fall in volumes** (-51.4 million euro), increase in the **cost of raw materials** (-15.8 million euro including the relative forex effect), the negative impact of the inflation of the **costs of production factors** (-230.0 million euro) and the **negative effect of forex** of -193.5 million euro

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- the increase of **amortizations** (-32.0 million euro) and other **costs** (-31.5 million euro) mainly linked to the activities of marketing, R&D and inventory reductions.

Ebit was 808.3 million euro, higher than the 791.5 million euro of 2022 and includes:
- **amortizations of intangible assets** identified in the context of PPA of 113.7 million euro (in line with 2022);
- **one-off, non-recurring and restructuring charges and other** (including devaluations of fixed assets) of -79.8 million euro (compared with -72.6 million in 2022).

The **result from equity holdings** was +15.9 million euro (+5.8 million euro in 2022).

Net financial charges in 2023 were 194.1 million euro, slightly down from 201.7 million euro in 2022 because of increased charges linked to debt following the rise in interest rates, counterbalanced by a higher valuation at fair value of other financial activities in Argentina for risk management. The cost of debt on 31 December 2023, calculated as the average of the last 12 months, was 5.08% (4.04% on 31 December 2022) because of the increase in interest rates in the Eurozone.

Fiscal charges in 2023 amounted to 134.2 million euro against a **pretax profit** of 630.1 million euro with a *tax rate* of 21.3%. The value of fiscal charges includes the benefits, registered beginning from the third quarter, deriving from the application of the favourable Patent Box taxation treatment following the preliminary agreement signed on 3 August 2023 with the Italian tax agency, of 41.4 million euro for the 3-year period 2020-2022, as well as the benefit relative to 2023 of 20.9 million euro.

Net profit in 2023 was 495.9 million euro, an increase of 13.8% compared with 435.9 million euro in 2022 and reflects an improvement of the operating performance and benefits stemming from the Patent Box.

The parent company net profit of Pirelli & C. Spa was 242.9 million euro, compared with 252.5 million euro in 2022. The Board will propose to the shareholders' meeting the **distribution of a dividend** of 0.198 euro per share for a total of 198 million euro. The dividend for 2023 will be placed in payment from 26 June 2024 (coupon detachment date 24 June 2024 and record date 25 June 2024).

The **net cash flow before dividends** in 2023 was positive at +508.9 million euro (**above the targets indicated in November of between ~450 and ~470 million euro**) compared with +515.5 million euro in the same period of 2022. The 2023 figures do not include the acquisition of Hevea-Tec, the closing of which was signed on 3 January 2024 with an Enterprise Value of about 21 million.

The **net cash flow from operations management** in 2023 was +1,024.6 million euro (+1,008.8 million euro in 2022) and reflects:
- the growth of adjusted Ebitda;
- investments in tangible and intangible assets of 405.7 million euro in 2023 (compared with 397.7 million in 2022) mainly allocated to High Value activities, the constant improvement of mix and quality in all factories and capacity increase in Mexico and Romania.
- an "increase of rights of use" linked to new leasing contracts of 101.2 million euro (79.7 million euro in 2022);
- an improvement in cash generation linked to "working capital and other" of 7.5 million euro (a +85.4 million euro in 2023 from 77.9 million euro in 2022), also thanks to careful inventory management (20.6% the weight of revenues in 2023) down by 1.4 percentage points compared with December 2022.

The **net financial position on 31 December 2023** was -2,261.7 million euro (-2,552.6 million euro on 31 December 2022) **better than the target of ~-2.33 billion euro. Nfp/Adjusted Ebitda ratio ~1.56x (better than the target of between ~1.60 /~1.65 volte).**

The liquidity margin on 31 December 2023 was 2,981.6 million euro and guarantees the coverage of debt maturities towards banks and other financiers until the first quarter of 2028.

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In 2023 the **expenditure on Research & Development** totaled 288.5 million euro (4.3% of sales), of which 269.4 million destined to *High Value* activities (5.4% of *High value revenues*).

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Further improvement in sustainability performance in 2023

In 2023 Pirelli further improved its sustainability performance. In line with the **'carbon neutrality' in 2030 target**, the **de-carbonization plan for the value chain continued**: in terms of **absolute CO_2 emissions**, after having obtained from the Science Based Targets initiative (SBTi) un upgrade of its **SBT in line with 1.5°C**, Pirelli formalized its commitment to **Net Zero of SBTi.**

There was significant growth in the use of renewable electric energy: **in 2023 100% of the electricity purchased in Latam was certified from renewable sources, as has been the case since 2021 in Europe and since 2022 in North America.** At the global level, **80% of the total energy used is from renewable sources** (62% in 2021 and 74% in 2022), with **group absolute CO_2 emissions down 17% compared with 2022 and 51% compared with 2015** (base year for the Science Based Target for group sites – Scopes 1 and 2). The **absolute emissions of the supply chain diminished by 10.2% compared with 2022 and 18.0% compared with 2018** (base year for the Science Based Target for the supply chain – Scope 3). With these results Pirelli reached its decarbonization targets two years ahead of schedule when compared with the 2025 targets.

Positive results were achieved also thanks to **direct engagement** activities with suppliers, corresponding to more than **90% of absolute emissions** deriving from **raw materials,** and involving them in the **CDP Supply chain** program, with a **rate of reply** that reached **88%** (82% in 2022).

On the product front, those issued with **new IP Codes** (Product Code identification), **in line with the highest classes (A and B)** of European labeling in terms of **rolling resistance** (an environmental factor with indirect impact on vehicle CO_2 emissions), accounted for **55% of the total** (50% in 2022), in line with the Pirelli target of 70% by 2025. Also rising to **98% of the total** (93% in 2022), was the percentage of **new IP Code** products at the global level with values in line with the **A/B** classes of European labelling for **wet grip** (factor with direct impact on safety), including grip on ice (ICE pictogram). Also **growing** were revenues from **Eco & Safety Performance tyres**[1] **which reached 72%** of total Car sales (67% in 2022). The average **rolling resistance** of Pirelli tyres in the world **improved by 2%** from **from 2022 and 15.8% compared with 2015.**

In the area of **Research & Development into innovative, renewable and recycled materials**, the company's strong commitment permitted an acceleration in the use of **silica from rice husks,** with a volume increase of around 10% against the total consumption of silica (an increase from 5% in 2022).
Transparency towards consumers remains a central factor: Pirelli has in fact created a new **logo** which identifies tyres containing **at least 50% *bio-based* and recycled materials**. Examples of this are the **Pirelli P Zero E**, **Pirelli's Perfect Fit for premium and prestige electric vehicles** which require dedicated tyres, with specific performances in grip, rolling resistance and wear. The new Pirelli P Zero obtained the **triple class A** in European labeling **in all sizes (rolling resistance, wet braking, noisiness)** and contains **more that 55% of materials of natural and recycled origin**[2]**,** an assertion validated by **third party.** The analysis of the tyre's life cycle, conducted by Pirelli and validated by Bureau Veritas, showed a **reduction of 24% of CO2 emissions** equivalents compared with a Pirelli tyre of a prior generation[3]. In addition, **tyre wear (expressed in g/1000km) was reduced by 42%** compared with the prior generation[4], thanks to virtualization processes and new materials.
In motorsport, Pirelli was confirmed as **Global Tyre Partner for Formula 1 at least until 2027, a partnership** which has sustainability as one of its key elements, with all **the tyres** used in all the events

[1] Value calculated on the total products with labels on the global market remeasured in the A/B/C values of European labelling)

[2] Thanks to a combination of physical segregation and mass balance. Depending on the size of the tyre, the content of "bio-based & recycled" materials varies respectively between 29-31% and il 25-27%. The materials of natural origin are natural rubber, textile reinforcements, chemical substances of natural origins, bio-resin and lignin, while the recycled materials are metal reinforcements, chemical products and – through a mass balance approach – synthetic rubber, silica and carbon black. According to ISO 14021;

[3] Size 235/45R18 (IP 42865) compared with the same sized produce of the previous generation (PZ4 IP 27429) according to ISO 14067 and ISO 14026 verified by Bureau Veritas;

[4] Values certified by DEKRA

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of the FIA Formula One World Championship **certified FSC®** (Forest Stewardship Council®) **beginning from 2024.**

The active commitment to the protection of **Biodiversity** in 2023 continued with the development of a methodology to analyze the state of biodiversity in the natural areas surrounding Pirelli's production plants, as well as the **impacts and dependence on these areas.** All Pirelli's **operational locations** in the world were evaluated using the four fundamental criteria of the **TNFD LEAP framework (*Locate, Evaluate, Assess, Prepare*)**[5]**.**

In the area of **sustainable finance,** in 2023 Pirelli– the first company of the global tyre sector to do so – placed a ***sustainability-linked bond*** for 600 million euro with over 190 international investors with **demand at almost 6 times the offering.**

In 2023 Pirelli also confirmed its commitment **to engagement with and valuation of its people**, consolidating already activated programs and continuing programs for the valuation of talent and an environment attentive to diversity and inclusion. **The presence of females in management positions increased at the global level, reaching 27% in 2023 (24.5% in 2022).** The attention to improving **health and safety** led to a further fall in the **index of accident frequency**[6]**,** which in 2023 **fell by 15%** compared with 2022 and by 19% compared with 2021 (1.69 in 2023 compared with 1.98 in 2022 and 2.07 in 2021).

Pirelli's sustainability performance received excellent evaluations also in 2023 from the **principle Financial sustainability Indices.** Following the annual review of the **Dow Jones Sustainability** indices by S&P Global, the company obtained **Top Score in the Auto Components and Automotive sectors at the global level**, followed by the highest recognition as **"Top 1%" in the 2024 Sustainability Yearbook.** Pirelli was also again confirmed a **Leader in the fight against climate change** earning a position in the **CDP "Climate A list",** as well as being recognized as "**Prime" by ISS ESG**, included among the leaders in the sector for the mitigation of ESG risks and recognized as "**ESG Top Rated"** by **Sustainalytics.**

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Management Incentive Plan (LTI)

The Board of Directors of Pirelli today approved the structure of the monetary LTI plan for the 3-year period 2024-2026 ("**LTI Plan 24-26**"). The long-term Pirelli management incentive plans, as already announced to the market, have a rolling and 3-year cycle structure (cycle LTI 22-24; LTI 23-25; LTI 24-26) with targets defined to guarantee the alignment of company targets with the incentive system.

The LTI 24-26 Plan entails the following targets:

- Relative Total Shareholder Return (TSR), with a weight of 40% of the LTI premium compared with Tier 1 peers;
- Cumulative Group Net Cash Flow (before dividends), with a weight of 35% of the LTI premium;
- Pirelli's Position in the *Dow Jones Sustainability World Index ATX Auto Component sector*, with a weight of 10% of the LTI premium;
- *CO2 Emissions Reduction*, with a weight of 15% of the LTI premium.

The LTI Plan 24-26, as shown above, entails two targets linked to sustainability which have a total weight greater than previous cycles (LTI 22-24, LTI 23-25). The LTI 24-26 Plan is also based on the performance of Pirelli shares (so-called TSR), thus allowing the alignment of management's interests with those of shareholders.

Further, the LTI 24-26 Plan, as in the past, is self-financing, in as much as the relative charges are included in the economic data of the industrial plans. Payment, if any, shall be made in the first half of 2027.

[5] Beta framework v0.4, published in March 2023
[6] Number of accidents in the workplace for every one million hours worked

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Those participating in the LTI 24-26 Plan include, among others, the Executive Vice Chairman of Pirelli & C. Marco Tronchetti Provera, Chief Executive Officer Andrea Casaluci, the Managing Director Corporate Francesco Tanzi and managers qualified by the Board as “managers with strategic responsibility”. The LTI 24-26 Plan also extends to Senior Managers and Executives of the group.

In addition, the LTI 24-26 Plan was decided upon in accordance with article 2389 of the civil code, at the proposal of the Remuneration Committee, with the favourable opinion of the Statutory Auditors Committee in relation to subjects for whom such opinion is requested. Further, the LTI 24-26 Plan, is included in the remuneration policy that will be put for approval to the Shareholders Meeting called to approve annual results to 31 December 2023, just as the Shareholders Meeting will vote on the LTI 24-26 Plan in the part linked to TSR.

For more information on the functioning of the LTI 24-26 Plan, refer to the illustrative Report and information document which will be made available to the public, in the terms and manner indicated by the applicable law and regulation.

Shareholders Meeting and Corporate Governance

The Board of Directors decided to call for 28 May 2024 – in sole call – a shareholders meeting in ordinary session to:

- approve 2023 Financial Report and connected deliberations regarding dividend distribution.
- renew Board of Statutory Auditors which expires having completed its mandate. The Shareholders Meeting, with the slate mechanism and in accordance with the Bylaws, will determine the components of the board for the 3-year period 2024/2026 as well as establishing its compensation and Chairman.
- confer the mandate for the legal audit of accounts for the period 2026-2034 and determine compensation.
- approve Policy regarding remuneration and, for the part linked to Total Shareholder Return, the adoption of long-term monetary incentive plan for the 3-year period 2024-2026 (LTI 24-26) – for the group’s management in general;
- express itself, with advisory vote, on compensation paid relative to 2023.

The Shareholders Meeting will also be presented with the annual “Report of company governance and ownership structures”.

There will more information on the above available in the illustrative reports of the Board of Directors and in the documents published in view of the Shareholders Meeting.

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Operation with related parties

It should be noted that negotiations are ongoing for a possible revision of the terms and conditions of existing licenses between the Pirelli Group and Aeolus Tire Co. Ltd. (“**Aeolus**”) and Prometeon Tyre Group S.r.l. (“**PTG**”), aimed at among other things the remodulation of royalties due and terms for the concession of usage rights for Pirelli technology in the industrial segment by those companies, as well as for the PIRELLI trademark by PTG. The discussions under way are part of broader negotiations which also contemplate the renegotiation of additional agreements with Aeolus and PTG originally signed in the context of the separation of the industrial business carried out by the group between 2016 and 2017. In the case of a positive outcome, the entirety of these negotiations will be submitted for the necessary approvals by the relevant bodies of the parties, which include, for Pirelli’s part, the Committee for Operations with Related Parties. As it stands, it is not expected that the outcome of these negotiations can affect the targets of the Industrial Plan Update 2024-’25 communicated today to the market.

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As of October 4, 2017, the date on which trading of the Company's shares began on Euronext Milan organized and managed by Borsa Italiana S.p.A., MPI Italy has declared control pursuant to Art. 93 of the TUF over the Company, of which it holds approximately 37% of the share capital, without exercising activities of direction and coordination. MPI Italy, in turn is indirectly controlled by Sinochem Holdings

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Corporation Ltd ("Sinochem"), a state-owned enterprise incorporated under the law of China, subject to control by the State-owned Assets Supervision and Administrative Commission of the State Council (SASAC) of the People's Republic of China.
Note that, following the issuance of the Golden Power Prime Ministerial Decree, the Board of Statutory Auditors together with management have been performed analysis regarding the permanence of the control by MPI Italy over Pirelli pursuant to both with Art. 93 of the TUF and IFRS 10; the aforesaid analysis is still ongoing. Similar activity is being carried out by MPI Italy. Pending the outcome of the mentioned analysis, the disclosure regarding MPI Italy's declaration of control at this stage has not changed.

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Bond Issues

In accordance with the provisions of Borsa Italiana, the Company announces that in January 2023 it placed with institutional investors a *sustainability-linked bond* (guaranteed by Pirelli Tyre S.p.A.) for a nominal total amount of 600 million euro with maturity in January 2028 and a 4.25% coupon. The securities are listed on the Luxembourg Stock Exchange. In addition, it should be noted that there are no bond loans maturing in the next 18 months.

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Significant events after the year's end

For important events that took place after 31 December 2023 refer to the dedicated section within the Financial Report file that will be available at the Company website www.pirelli.com

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The file of the 2023 Financial Report, which will be made available to the public in the modes and terms of law, will also contain (chapter "Report of the Responsible Management of the Value Chain") the annual consolidated Statement of a non-financial nature approved today by the Board of Directors.

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Video Conference

The results for the year to 31 December 2023 and the update of the Industrial Plan to 2025 will be discussed today, 6 March 2024, at 02.00 pm via a video conference call with the participation of the Executive Vice Chairman of Pirelli, Marco Tronchetti Provera, the CEO Andrea Casaluci and top management. Journalists will be able to follow the presentation via streaming, without the option of asking questions, by connecting to www.pirelli.com in the Investors section or by telephone at **+39 02 802 09 27.**

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The manager indicated for the preparation of the company accounting documents of Pirelli & C. S.p.A., Mr. Fabio Bocchio, declares in accordance with paragraph 2 of article 154 bis of the Testo Unico della Finanza that the accounting information contained in the present press release corresponds to the documentary results, books and accounting scripts.

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Pirelli – Economic data to 31 December 2023

(in millions of euro)	**2023**	**2022**
Net sales	**6.650,1**	**6.615,7**
EBITDA adjusted (°)	**1.446,1**	**1.408,3**
% of net sales	21,7%	21,3%
EBITDA	**1.366,3**	**1.335,7**
% of net sales	20,5%	20,2%
EBIT adjusted	**1.001,8**	**977,8**
% of net sales	15,1%	14,8%
Adjustments: - amortisation of intangible assets included in PPA	(113,7)	(113,7)
- one-off, non-recurring and restructuring expenses	(79,8)	(72,6)
EBIT	**808,3**	**791,5**
% of net sales	12,2%	12,0%
Net income/(loss) from equity investments	15,9	5,8
Financial income/(expenses)	(194,1)	(201,7)
Net income/(loss) before taxes	**630,1**	**595,6**
Taxes	(134,2)	(159,7)
Tax rate %	21,3%	26,8%
Net income/(loss)	**495,9**	**435,9**
Earnings/(loss) per share (in euro per basic share)	0,48	0,42
Net income/(loss) adjusted	595,4	570,4
Net income/(loss) attributable to owners of the Parent Company	479,1	417,8

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 79.8 million (euro 72.6 million for 2022).

Pirelli – Balance sheet to 31 December 2023

(in millions of euro)		**12/31/2023**	**12/31/2022**
Fixed assets		**8.812,1**	**8.911,1**
	Inventories	1.371,4	1.457,7
	Trade receivables	649,4	636,5
	Trade payables	(1.999,4)	(1.973,3)
Operating net working capital		**21,4**	**120,9**
% of net sales		0,3%	1,8%
	Other receivables/other payables	45,8	42,3
Net working capital		**67,2**	**163,2**
% of net sales		1,0%	2,5%
Net invested capital		**8.879,3**	**9.074,3**
Equity		**5.619,6**	**5.453,8**
Provisions		998,0	1.067,9
Net financial (liquidity)/debt position		**2.261,7**	**2.552,6**
Equity attributable to owners of the Parent Company		5.494,4	5.323,8
Investments in intangible and owned tangible assets (CapEx)		405,7	397,7
Increases in right of use		101,2	79,7
Research and development expenses		288,5	263,9
% of net sales		4,3%	4,0%
Research and development expenses - High Value		269,4	247,1
% of High Value sales		5,4%	5,3%
Employees (headcount at end of period)		31.072	31.301
Industrial sites (number)		18	18

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Cash flow statement

(in millions of euro)	1 Q		2 Q		3Q		4Q		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
EBIT adjusted	248,1	228,5	269,3	253,1	265,1	271,9	219,3	224,3	1.001,8	977,8
Amortisation and depreciation (excluding PPA amortisation)	111,6	104,6	110,1	109,1	111,6	112,0	111,0	104,8	444,3	430,5
Investments in intangible and owned tangible assets (CapEx)	(53,2)	(48,6)	(70,3)	(67,1)	(77,7)	(73,0)	(204,5)	(209,0)	(405,7)	(397,7)
Increases in right of use	(15,1)	(8,1)	(26,5)	(33,2)	(27,5)	(9,2)	(32,1)	(29,2)	(101,2)	(79,7)
Change in working capital and other	(868,8)	(841,6)	(6,8)	138,6	(0,4)	(49,6)	961,4	830,5	85,4	77,9
Operating net cash flow	**(577,4)**	**(565,2)**	**275,8**	**400,5**	**271,1**	**252,1**	**1.055,1**	**921,4**	**1.024,6**	**1.008,8**
Financial income / (expenses)	(52,2)	(43,6)	(54,7)	(46,0)	(43,3)	(55,5)	(43,9)	(56,6)	(194,1)	(201,7)
Taxes paid	(29,0)	(32,9)	(32,3)	(71,5)	(43,8)	(46,8)	(33,9)	(54,3)	(139,0)	(205,5)
Cash-out for one-off, non-recurring and restructuring expenses	(12,6)	(23,6)	(10,2)	(11,9)	(8,8)	(11,0)	(8,5)	(11,8)	(40,1)	(58,3)
Dividends paid to minority shareholders	-	-	(3,9)	(24,4)	0,3	(0,2)	0,1	0,2	(3,5)	(24,4)
Differences from foreign currency translation and other	(20,2)	(7,6)	(18,2)	(37,5)	(8,3)	1,9	(92,3)	39,8	(139,0)	(3,4)
Net cash flow before dividends paid by the Parent Company	**(691,4)**	**(672,9)**	**156,5**	**209,2**	**167,2**	**140,5**	**876,6**	**838,7**	**508,9**	**515,5**
Dividends paid by the Parent Company	-	-	-	(159,9)	(217,8)	(0,3)	(0,2)	(0,8)	(218,0)	(161,0)
Net cash flow	**(691,4)**	**(672,9)**	**156,5**	**49,3**	**(50,6)**	**140,2**	**876,4**	**837,9**	**290,9**	**354,5**

ALTERNATIVE PERFORMANCE INDICATORS

This document, in addition to the financial measures provided for by the International Financial Reporting Standards (IFRS), also includes measures derived from the latter, even though not provided for by the IFRS (Non-GAAP Measures), in compliance with the ESMA Guidelines on Alternative Performance Indicators (ESMA/2015/1415) published on October 5, 2015. These measures are presented in order to allow for a better assessment of the results of the Group's operations, and should not be considered as alternatives to those required by the IFRS.

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

- **EBITDA**: equal to the EBIT but which excludes the depreciation and amortisation of property, plant and equipment and intangible assets. The EBITDA is used to measure the ability to generate earnings, excluding the impacts deriving from investments;
- **EBITDA adjusted**: an alternative measure to the EBITDA which excludes non-recurring, restructuring and one-off expenses;
- **EBITDA margin**: calculated by dividing the EBITDA by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments;
- **EBITDA margin adjusted**: calculated by dividing the EBITDA adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments and the operating costs attributable to non-recurring, restructuring and one-off expenses.
- **EBIT**: an intermediate measure which is derived from the net income/(loss), but which excludes taxes, financial income and financial expenses and the net income/(loss) from equity investments. The EBIT is used to measure the ability to generate earnings, including the impacts deriving from investments;
- **EBIT adjusted**: an alternative measure to the EBIT which excludes the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations and the operating costs attributable to non-recurring, restructuring and one-off expenses;
- **EBIT margin**: calculated by dividing the EBIT by revenues from sales and services. This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted**: calculated by dividing the EBIT adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations and the operating costs attributable to non-recurring, restructuring and one-off expenses;
- **Net income/(loss) adjusted**: calculated by excluding the following items from the net income/(loss):
  - the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations and the operating costs attributable to non-recurring, restructuring and one-off expenses;
  - non-recurring expenses/income recognised under financial income and expenses;
  - non-recurring expenses/income recognised under taxes, as well as the tax impact relative to the adjustments referred to in the previous points;
- **Fixed assets**: this measure is constituted by the sum of the Financial Statement items, *"Property, plant and equipment", "Intangible assets", "Investments in associates and joint ventures", "Other financial assets at fair value through other Comprehensive Income*" and *"Other non-current financial assets at fair value through the Income Statement".* Fixed assets represent the non-current assets included in the net invested capital;
- **Net operating working capital**: this measure is constituted by the sum of *"Inventory", "Trade receivables"* and *"Trade payables"*;
- **Net working capital**: this measure is constituted by the net operating working capital and by other receivables and payables, including tax receivables and payables, and by derivative financial instruments not included in the net financial position. This measure represents the short-term assets and liabilities included in the net invested capital, and is used to measure short-term financial stability;
- **Net invested capital**: this measure is constituted by the sum of (i) fixed assets, and (ii) net working capital. Net invested capital is used to represent the investment of financial resources;
- **Provisions**: this measure is constituted by the sum of *"Provisions for liabilities and charges (current and non-current)", "Provisions for employee benefit obligations (current and non-current)", "Other non-current assets", "Deferred tax liabilities"* and *"Deferred tax assets";*
- **Net financial debt**: calculated pursuant to the CONSOB Notice dated July 28, 2006 and in compliance with the ESMA Guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable as of May 5, 2021. Net financial debt represents borrowings from banks and other financial institutions net of cash and cash equivalents, of other current financial assets at fair value through the Income Statement, of current financial receivables (included in the Financial Statements under *"Other receivables"*), and of the derivative hedging instruments for items included in the net financial position and included in the Financial Statements under *"Derivative financial instruments"* as current assets, current liabilities and non-current liabilities;
- **Net Financial Position**: this measure represents the net financial debt less the non-current financial receivables (included in the Financial Statements under *"Other receivables"*) and the non-current derivative financial hedging instruments for items included in the net financial position and included in the Financial Statements under *"Derivative financial instruments"* as non-current assets. The net financial position is an alternative measure to net financial debt but which includes non-current financial assets;

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- **Liquidity margin***:* this measure is constituted by the sum of the Financial Statement items, *"Cash and cash equivalents", "Other financial assets at fair value through the Income Statement" and the committed but unutilised credit facilities;*
- **Operating net cash flow**: calculated as the change in the net financial position relative to operations management;
- **Net cash flow before dividends, extraordinary transactions and investments**: calculated by adding the change in the net financial position due to financial and tax management, to the operating net cash flow;
- **Net cash flow before dividends paid by the Parent company**: calculated by adding the change in the net financial position due to extraordinary transactions and the management of investments, to the net cash flow before dividends and extraordinary transactions and investments;
- **Net cash flow**: calculated by subtracting the dividends paid by the Parent company from the net cash flow before dividends paid by the Parent company;
- **Investments in intangible and owned tangible assets (CapEx)**: calculated as the sum of investments (increases) in intangible assets and investments (increases) in property, plant and equipment excluding any increases relative to the right of use;
- **Increases in the right of use**: is calculated as the increases in the right of use relative to lease contracts;
- **ROIC**: calculated as the ratio between the EBIT adjusted net of tax effects and the average net invested capital net of provisions which does not include, *"Investments in associates and joint ventures"*, *"Other financial assets at fair value through other Comprehensive Income"*, *"Other non-current financial assets at fair value through the Income Statement"*, *"Other non-current assets"*, the intangible assets relative to assets recognised as a consequence of Business Combinations, the deferred tax liabilities relative to the latter and the *"Provisions for employee benefit obligations current and non-current"*.

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