teleborsa

Informazione Regolamentata n. 0206-19-2024	Data/Ora Inizio Diffusione 9 Maggio 2024 17:41:34	Euronext Milan

Societa'	:	PIRELLI & C.
Identificativo Informazione Regolamentata	:	190353
Utenza - Referente	:	PIRELLISPAN03 - Mauri
Tipologia	:	REGEM
Data/Ora Ricezione	:	9 Maggio 2024 17:41:34
Data/Ora Inizio Diffusione	:	9 Maggio 2024 17:41:34
Oggetto	:	PIRELLI & C. SPA BOARD REVIEWS CONSOLIDATED RESULTS TO 31 MARCH 2024

Testo del comunicato

Vedi allegato

PRESS RELEASE

PIRELLI & C. SPA BOARD REVIEWS CONSOLIDATED RESULTS TO 31 MARCH 2024

PIRELLI: REVENUES STABLE IN THE QUARTER, ADJUSTED EBIT MARGIN RISES TO 15.5% AND NET PROFIT AT 100.4 MILLION EURO

NET CASH FLOW IMPROVES AGAINST FIRST QUARTER 2023

***

- Revenues: 1,695.5 million euro, substantially stable compared with 1,699.7 million euro in first quarter 2023 (organic variation +4.6% excluding forex effect of -4.8%)

- Price/Mix: +2.3% thanks to improved product and channel mix

- Further strengthening in High Value: market share grows in Replacement channel

  Adjusted Ebit: 262.6 million euro, growth of +5.8% compared with first quarter 2023 thanks to solid commercial performance (volumes and price/mix) and efficiencies

- Adjusted Ebit margin 15.5% (14.6% in first quarter 2023)

- Net profit 100.4 million euro (115.0 million euro in first quarter 2023) which discounts impacts linked to hyper-inflation, the normalization of which is expected during the course of the year

- Net cash flow before dividends: -673.4 million euro, an improvement compared with -691.4 million euro in first quarter 2023

- Net Financial Position: -2,935.1 million euro (-2,261.7 million on 31 December 2023, -3,244.0 on 31 March 2023)

***

2024 TARGETS

- 2024 targets announced to the market on 6 March confirmed

***

Milan, 9 May 2024 – The Board of Directors of Pirelli & C. Spa met today and approved results to 31 March 2024 which show a solid operating performance, thanks to the implementation of the “key programs” of the Industrial Plan.
In particular:

- Commercial Program
  The first quarter of 2024 saw a further strengthening in **High Value** with a particular focus on Car ≥ 19’’ and Specialties. In Car ≥18”, Pirelli recorded volume growth of 6.8% (market +6.5%), in particular earning market share in the Replacement channel (Pirelli volumes +11.4% compared with market’s +10.1%). In Original Equipment Car ≥18” (Pirelli volumes +0.9% compared with market’s +1.5%). Pirelli continued with its strategic focus on bigger rim sizes (weight of ≥19” volumes grew around 3 percentage representing around 85% of those of Original Equipment ≥18”) and Specialties (weight of Specialties +1 percentage points, now equal to 82% of volumes

Original Equipment ≥18”). Further reduction of exposure to **Standard** (volumes of Pirelli Car ≤17” -3.8% compared with market’s +0.8%).
The different dynamics of High Value and Standard led to a growth of Car volumes of +2.7% (market +2.1%)

- **Innovation Program**
  In the first quarter of 2024 Pirelli obtained 84 new technical homologations with the main Prestige and Premium car makers, mainly focused on **rim sizes ≥19”** and **Specialties**. In electric, Pirelli counts a portfolio of around 550 homologations at the global level with a market share in Premium Original Equipment of 30%. In addition, the homologations continue with the main Premium and Prestige car makers and with Chinese Premium electric vehicle producers. In terms of product innovation, in the Car All-Season segment, positioning has been reinforced with the launch in Europe of the Cinturato AS SF3 while **Moto** saw the launch at the global level of the Pirelli Scorpion Trail III.

- **Operations Program**
  In the first quarter of 2024, the group registered gross efficiencies of 32 million euro (23% of the annual target), in line with the expectations and the timing of project development. Actions were also taken to mitigate the impact of the crisis in the Red Sea with the aim of reinforcing the resilience of the value chain. At the industrial level, factory saturation stood at around 89% (97% in High Value) and the plant decarbonization program continued, through the use of renewable energy sources and energy efficiency program, as well as the definition of a road map for the development of a platform to support emissions’ reduction and the digitalization of sustainability processes. The company, in conclusion, continued to cover its main factories with Industrial Internet of Things technology (IioT) to improve the efficiency of production processes.

In the first quarter of 2024 Pirelli registered growth in the key economic indicators.

Revenues were 1,695.5 million euro, substantially stable (-0.2%) compared with the first quarter of 2023. Organic revenue growth was +4.6% (impact of forex and hyper-inflation in Argentina and Turkey was -4.8%). High Value accounted for 77% of total sales (75% in first quarter 2023).

Revenue variants	31/03/2024
Volumes	+2.3%
Price/Mix	+2.3%
Variation on like-for-like basis	+4.6%
Forex/Argentina and Turkey hyperinflation	-4.8%
Total variation (1Q2024 vs 1Q2023)	-0.2%

(euro millions)	Quarterly revenue performance	
	1 QTR 2024	1 QTR 2023
Revenues *Variation y/y* *Organic variation y/y*	**1,695.5** *-0.2%* *+4.6%*	**1,699.7**

The performance of **volumes** in the first quarter of 2024 stood at +2.3% and reflects the strategic focus on High Value and the gradual reduction of exposure to Standard.

Price/mix registered an increase of +2.3% **in first quarter 2024** thanks to the improvement of the mix because of the progressive migration from Standard to High Value and the improvement of the channel mix. The price component was substantially stable.

The forex effect was a negative -4.8% in the first quarter of 2024 (an improvement from the -10.6% in the preceding quarter) because of the weakness of the dollar, renminbi, and emerging country currencies against the euro.

Profitability

Profitability *(euro millions)*	31/03/2024	% of revenues	31/03/2023	% of revenues	Variation y/y
Adjusted Ebitda	**376.3**	**22.2%**	**359.7**	**21.2%**	**+4.6%**
Ebitda	368.6	21.7%	350.7	20.6%	+5.1%
Adjusted Ebit	**262.6**	**15.5%**	**248.1**	**14.6%**	**+5.8%**
Ebit	226.5	13.4%	210.7	12.4%	+7.5%

Adjusted Ebitda in the first quarter of 2024 was 376.3 million euro, an increase of 4.6% compared with 359.7 million euro in the same period of 2023.

Adjusted Ebit in the first quarter of 2024 was 262.6 million euro, an improvement of 14.5 million euro compared with 248.1 million euro in the same period of 2023, with an adjusted ebit margin improving to 15.5% (14.6% in first quarter 2023) thanks to the contribution of internal levers.
In more detail, **Adjusted Ebit** mainly reflects:

- the **positive contribution of price/mix** (+27.0 million euro) and **volumes** (+15.0 million euro)
- the **positive effect of efficiencies** (+32.0 million euro) which offset **the inflation of input factors** (-29.1 million euro);
- the **lower costs of raw materials** (+29.4 million euro) against a greater **forex negativity** (-38.6 million euro).

Finally, the negative effect of **amortizations** (-7.3 million euro) and of **other costs** (-13.9 million euro), mainly linked to marketing activities, R&D and inventory reduction.

Ebit was 226.5 million euro, an increase of 15.8 million euro compared with 210.7 million euro in the first quarter of 2023 and include **amortizations of intangible assets** identified in the context of PPA of 28.4 million euro (in line with the first quarter of 2023) and **one-off, non-recurring and restructuring charges and other** of 7.7 million euro (9.0 million euro in first quarter 2023).

The **result from equity holdings** was +6.0 million euro (+2.3 million euro in first quarter 2023).

Net financial charges in the first quarter of 2024 were 110.1 million euro, compared with 52.2 million in the first quarter in 2023. This variation mainly reflects the negative effect of around 49 million euro linked to the phenomena of currency devaluations and hyper-inflation, with no impact on cash generation. The impact of hyper-inflation is forecast to realign with expectations over the course of the year.

On 31 March 2024 the **cost of debt**, calculated as the average of the last twelve months, stood at 5.18% (5.08% on 31 December 2023).

Fiscal charges in the first quarter of 2024 amounted to 22 million euro and reflect both the benefits of the Patent Box, not included in the first quarter of 2023, and the positive resolution of fiscal disputes.

Net profit in the first quarter of 2024 was 100.4 million euro (115.0 million euro in the first quarter of 2023) and discounts impacts linked to **hyper-inflation, the normalization of which is expected during the course of the year.**

The **net cash flow before dividends** in the first quarter of 2024 was -673.4 million euro, an improvement of 18 million euro compared with the first quarter of 2023 (an improvement of around 40 million euro excluding the impact of the Hevea-Tec acquisition).

The **net cash flow from operations management** in the first quarter 2024 was -538.2 million euro (-577.4 million in the first quarter of 2023) and reflects:

- Adjusted Ebitda, improved compared with the prior year;
- tangible and intangible investments of 53.4 million euro in the first quarter of 2024 (53.2 million in the first quarter of 2023) mainly earmarked for High Value, the constant improvement of the mix and quality in all factories;
- an "increase in rights of use" linked to new leasing contracts of 15.3 million euro (15.1 million euro in the first quarter of 2023);
- a minor absorption of cash linked to "Working Capital and other" of 23 million euro (to 845.8 million euro in the first quarter of 2024 from 868.8 million in the first quarter of 2023), as a result of a careful management of inventory (weight of 21.4% of revenues of the last 12 months), the usual seasonality of commercial credit (14.1% of revenues in the last 12 months) and commercial debt (22% of revenues of the last 12 months).

Net cash flow in the first quarter of 2024 shows in addition the following performance compared with the first quarter of 2023:

- greater financial charges paid of 3 million euro, compensated by lower taxes paid (4.3 million euro);
- greater non-recurring and restructuring charges for a total of 7.8 million euro;
- dividends paid to minorities of 1.3 million euro.

The **net financial position** on 31 March 2024 of -2,935.1 million euro (-2,261.7 million euro on 31 December 2023 and -3,244.0 million euro on 31 March 2023).

The liquidity margin on 31 March 2024 of 2,496.1 million euro and guarantees coverage of debt maturities towards banks and other financiers until the end of the first quarter of 2027.

***

2024 TARGETS

Pirelli confirms the 2024 targets presented to the market on 6 March 2024 in the context of the Industrial Plan Update 2024-2025. Below, a summary table:

(in euro billions)	2023	2024E
Revenues	6.65	~6.6÷~6.8
Adjusted Ebit Margin	15.1%	>15%÷~15.5%
Investments *(% of revenues)*	0.41 *6.1%*	~0.40 *~6%*
Net cash flow before dividends	0.51	~0.50÷~0.52
Net Financial Position *NFP/Ebitda Adj.*	-2.26 *1.56x*	~ -1.95 *~1.32x÷~1.26x*
ROIC *post taxes*	20.3%	~21%

Together with the presentation of the Industrial Plan Update 2024-2025, in the first quarter of 2024 Pirelli published its Sustainability Plan with targets for 2025-2030-2040 which builds on 4 fundamental pillars; *Climate, Product, Nature and People.* All the sustainability targets foreseen in the Plan relative to the areas ***"People"***, ***"Climate"***, ***"Product"***, ***"Nature"***, ***"Global value chains"*** and ***"Finance"*** can be consulted in the dedicated pages of the Industrial Plan in the "*Investors*" section of www.pirelli.com.

***

Operations with Related Parties

Following that which was communicated on March 6, 2024 and given the prior favorable opinion of the Committee for Operations with Related Parties, the company's Board of Directors today approved, among other things, the signing of agreements for the review of certain terms for the licensing of technology and brand names in existence between the Pirelli Group and Aeolus Tire Co. Ltd. ("**Aeolus**") and Prometeon Tyre Group S.r.l. ("**PTG**"), aimed at, among other things, a remodulation of the durations and amount of royalties due. The agreements are part of a wider set of negotiations also regarding other agreements with Aeolus and PTG originally underwritten in the context of the separation of the Industrial business carried out by the group between 2016 and 2017. As already communicated, these agreements have no effect on the targets of the Industrial Plan Update 2024-'25 announced on March 6, 2024. The overall operation, even if qualifiable because of its value as an operation of minor importance, was treated by the company, out of prudence and voluntarily, in the same way as an operation of greater importance; therefore, the company - in line with this approach – will make available, always voluntarily, a dedicated information document prepared in accordance with Consob regulations and at its own internal procedures for such matters.

***

In the context of the periodic verification of the adequacy of the Procedure for Operations with Related Parties, the Board of Directors of Pirelli, with the prior opinion of the Committee of Operations with Related Parties given with unanimity and the participation of all members in office, updated the same with interventions of a formal nature essentially referring to intervening changes in the Company's organizational structure made after the last review. The Procedure for Operations with Related Parties is available on the Company website (www.pirelli.com).

***

Significant events after 31 March 2024

For significant events after 31 March 2024, please refer to the dedicated section of the intermediate report in the company's website www.pirelli.com

***

The intermediate financial report to 31 March 2024 will be made available to the public by the of today at the Company's legal headquarters, as well as being published on the Company website (www.pirelli.com) and on eMarket Storage (www.emarketstorage.com).

***

Conference call

The results to 31 March 2024 will be illustrated today, 9 May 2024 at 18.30, in a 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 by telephone, without the option of asking questions, at **+39 02 802 09 27.** The presentation will also be webcast – in real time – at www.pirelli.com in the Investors section, where the slides can also be viewed.

***

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 this press release corresponds to the documentary results, books and accounting scripts.

***

Pirelli Press Office – Tel. +39 02 64424270 – pressoffice@pirelli.com
Pirelli Investor Relations – Tel. +39 02 64422949 – ir@pirelli.com
www.pirelli.com

Pirelli – Economic data to 31 March 2024

(in millions of euro)	**1 Q 2024**	**1 Q 2023**
Net sales	**1.695,5**	**1.699,7**
EBITDA adjusted (°)	**376,3**	**359,7**
% of net sales	22,2%	21,2%
EBITDA	**368,6**	**350,7**
% of net sales	21,7%	20,6%
EBIT adjusted	**262,6**	**248,1**
% of net sales	15,5%	14,6%
Adjustments: - amortisation of intangible assets included in PPA	(28,4)	(28,4)
- one-off, non-recurring and restructuring expenses	(7,7)	(9,0)
EBIT	**226,5**	**210,7**
% of net sales	13,4%	12,4%
Net income/(loss) from equity investments	6,0	2,3
Financial income/(expenses)	(110,1)	(52,2)
Net income/(loss) before taxes	**122,4**	**160,8**
Taxes	(22,0)	(45,8)
Tax rate %	18,0%	28,5%
Net income/(loss)	**100,4**	**115,0**
Net income/(loss) attributable to owners of the Parent Company	93,7	111,6
Earnings/(loss) per share (in euro per basic share)	0,09	0,11
Net income/(loss) adjusted	126,2	141,9

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 7.7 million (euro 9.0 million for the first quarter of 2023).

Pirelli – Balance Sheet data to 31 March 2024

(in millions of euro)		**03/31/2024**	**12/31/2023**	**03/31/2023**
Fixed assets		**8.826,3**	**8.812,1**	**8.854,9**
	Inventories	1.420,3	1.371,4	1.458,4
	Trade receivables	939,8	649,4	928,5
	Trade payables	(1.460,5)	(1.999,4)	(1.367,8)
Operating net working capital		**899,6**	**21,4**	**1.019,1**
% of net sales		13,5%	0,3%	15,0%
	Other receivables/other payables	83,3	45,8	5,2
Net working capital		**982,9**	**67,2**	**1.024,3**
% of net sales		14,8%	1,0%	15,1%
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 (liquidity)/debt position		**2.935,1**	**2.261,7**	**3.244,0**
Equity attributable to owners of the Parent Company		5.734,5	5.494,4	5.453,4
Investments in intangible and owned tangible assets (CapEx)		53,4	405,7	53,2
Increases in right of use		15,3	101,2	15,1
Research and development expenses		70,3	288,5	70,5
% of net sales		4,1%	4,3%	4,1%
Research and development expenses - High Value		65,6	269,4	65,5
% of High Value sales		5,0%	5,4%	5,1%
Employees (headcount at end of period)		31.391	31.072	31.071
Industrial sites (number)		18	18	18

Cashflow Statement

(in millions of euro)	1 Q	
	2024	**2023**
EBIT adjusted	262,6	248,1
Amortisation and depreciation (excluding PPA amortisation)	113,7	111,6
Investments in intangible and owned tangible assets (CapEx)	(53,4)	(53,2)
Increases in right of use	(15,3)	(15,1)
Change in working capital and other	(845,8)	(868,8)
Operating net cash flow	**(538,2)**	**(577,4)**
Financial income / (expenses) paid	(63,2)	(60,2)
Taxes paid	(24,7)	(29,0)
Cash-out for one-off, non-recurring and restructuring expenses	(20,4)	(12,6)
Dividends paid to minority shareholders	(1,3)	(1,3)
Differences from foreign currency translation and other	(2,6)	(12,2)
Net cash flow before dividends, extraordinary transactions and investments	**(650,4)**	**(691,4)**
Hevea-Tec acquisition	(23,0)	-
Net cash flow before dividends paid by the Parent Company	**(673,4)**	**(691,4)**
Dividends paid by the Parent Company	-	-
Net cash flow	**(673,4)**	**(691,4)**

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;
- **EBITDA 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;
- **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**: is 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**: 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"*.

Fine Comunicato n.0206-19-2024	Numero di Pagine: 11