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Testo del comunicato

Vedi allegato

PRESS RELEASE

THE BOARD OF PIRELLI & C. SPA REVIEWS CONSOLIDATED RESULTS TO 30 JUNE 2024

PIRELLI: REVENUES STABLE IN THE SEMESTER, ADJUSTED EBIT MARGIN RISES TO 15.6%, NET PROFIT AT 231.3 MILLION EURO. IMPROVED NET CASH FLOW BEFORE DIVIDENDS

IN THE SECOND QUARTER ADJUSTED EBIT MARGIN AT 15.8% AND NET PROFIT GREW BY 2.6% TO 130.9 MILLION EURO

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First half 2024

- Revenues: 3,447.5 million euro, stable compared with 3,437.5 million euro in first half 2023 (organic variation +4.6% excluding forex effect of -4.3%)
- Further strengthening of High Value (77% of sales, 74% in first half 2023)
- Price/Mix: +2.8% mainly thanks to improvement in product mix
- Adjusted Ebit: 539.1 million euro, an increase of +4.2% compared with first half 2023 thanks to a solid commercial performance (volumes and price/mix) and efficiencies
- Ebit margin rises to 15.6% (15.1% in first half 2023)
- Net profit at 231.3 million euro (242.6 million euro in first half 2023) which discounts the impacts stemming from hyper-inflation
- Net cash flow before dividends: -519.2 million euro, an improvement compared with -534.9 million euro in first half 2023
- Net Financial Position: -2,978.0 million euro (-2,261.7 million on 31 December 2023, -3,087.5 on 30 June 2023)

Second quarter 2024

- Revenues: 1,752.0 million euro, +0.8% compared with 1,737.8 million euro in the second quarter 2023 (organic variation +4.5% excluding forex effect of -3.7%)
- Price/Mix: +3.3% thanks to improved product and Region mix
- Adjusted Ebit: 276.5 million euro, an increase of +2.7% compared with the second quarter 2023 thanks to the performance of volumes, price/mix and efficiencies
- Adjusted Ebit Margin rises to 15.8% (15.5% in second quarter 2023)
- Net profit: +2.6% to +130.9 million euro (+127.6 million euro in second quarter 2023)
- Net cash flow before dividends: +154.2 million euro (+156.5 million euro in second quarter 2023)

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TARGET 2024

- **Targets announced in March 2024 confirmed, Adjusted Ebit Margin expected at the higher end of guidance at 15.5% thanks to greater contribution from price/mix**

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Milan, 1 August 2024 – The Board of Directors of Pirelli & C. Spa met today and approved the results to 30 June 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 half of 2024 saw a further reinforcement of **High Value**.
  In Car ≥18" volume growth was +7% (market +6%), with a strengthening of market share both in the Replacement channel (Pirelli volumes +10% compared with market's +9%) and Original Equipment (Pirelli volumes +3% compared with market's +2%).
  There was a further reduction in exposure to **Standard** (Pirelli Car ≤17" volumes -6% compared with a stable market), in line with the strategy of greater selectivity in Original Equipment and growing focus on bigger rim sizes in the Replacement channel (weight of 17" volumes grew 3 percentage points). The reduction in Standard was more marked in the **second quarter** (Pirelli volumes -8%, market flat), compared with the first quarter (Pirelli -4%, market +1%) also in consideration of the weakness in South America in the second quarter (market -8%), which represents one of Pirelli's main Standard markets.

The performance described above translates into **total growth in Car volumes in the first half** of +2% (market +1%). In the **second quarter the performance of Pirelli volumes** (+1% in line with the market) reflects the greater fall in Standard while the performance of High Value (+7%) was substantially stable in both quarters.

- **Innovation Program**
  In the first half of 2024 Pirelli obtained around 150 new homologations with the main Premium and Prestige car makers, mainly in **rim sizes ≥19"** and **Specialties**. In the electric vehicles segment, Pirelli has a portfolio of around 700 homologations at the global level and market share in Original Equipment of 30%. The company also continues to obtain homologations with the leading Premium Chinese producers of electric vehicles.
  In terms of product innovation, the offering was strengthened with the launch of 6 Car products, of which one at the global level (PZero Winter 2) and 5 at the regional level (Cinturato SF3, Powergy All Season and Winter in Europa, Scorpion MS in Apac and Scorpion Zero AS Plus 3 in the USA). In July, Pirelli presented a collaboration with Pagani at the Goodwood Festival of Speed for the development and supply of Cyber Tyres for the new Pagani Utopia. The sensors which are embedded into the tyre, thanks to Pirelli proprietary software, will supply to the vehicle useful information for optimal driving performance.

- **Operations Program**
  In the first half of 2024, the Company recorded gross efficiencies of 71 million euro (around 50% of the annual target), in line with expectations and the timing the project development. In addition, actions were implemented 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 reached 88% (96% in High Value). In the semester, the Company defined the roadmap for the development of platforms to support both CO_2 emissions' reduction and digitization of sustainability processes; de-carbonization program continued through the use of renewable energy sources and programs of energy efficiency. In conclusion, the group continued to cover its main factories with Industrial Internet of Things technology (IioT) to improve the efficiency of production processes and introduce additional levels of automation.

In the first half of 2024 Pirelli registered growth in the main economic indicators.

Revenues were 3,447.5 million euro, stable (+0.3%) compared with the first half of 2023 and with an organic growth of +4.6% (-4.3% the impact of forex and hyper-inflation in Argentina and Türkiye). High Value represented 77% of total sales (74% in first half 2023).

In the **second quarter of 2024** revenues were 1,752.0 million euro, an increase of 0.8% compared with the same period in 2023. Organic revenue growth was +4.5% (-3.7% the impact of forex and hyper-inflation in Argentina and Türkiye).

Revenue variants	1 QTR 2024	2 QTR 2024	1H 2024
Volumes	+2.3%	+1.2%	+1.8%
Price/Mix	+2.3%	+3.3%	+2.8%
Variation on like-for-like basis	**+4.6%**	**+4.5%**	**+4.6%**
Forex/Hyper-inflation in Argentina - Türkiye	-4.8%	-3.7%	-4.3%
Total variation	**-0.2%**	**+0.8%**	**+0.3%**

The performance of **volumes** in the **first half of 2024** was +1.8% and reflects the strategic focus on High Value and the gradual reduction of exposure to Standard.

In the **second quarter of 2024 volumes** saw growth of +1.2%, slower compared with the first quarter (+2.3%), mainly because of less exposure to Standard.

The **price/mix** registered an increase of +2.8% **in the first half of 2024** mainly thanks to improvement in the product mix.

In the **second quarter of 2024** the **price/mix** saw marked improvement (+3.3% compared with +2.3% in the first quarter of 2024) thanks to greater exposure to High Value and improvement in the Region mix.

The forex effect had a negative impact of -4.3% in the first half of 2024 because of the volatility of emerging country currencies against the euro.

In the **second quarter of 2024** the forex effect was negative -3.7%, an improvement compared with the performance in the first quarter (-4.8%).

Profitability

Profitability *(euro millions)*	30/06/2024	% of revenues	30/06/2023	% of revenues	Variation y/y
Adjusted Ebitda	**768.3**	**22.3%**	**739.1**	**21.5%**	**+4.0%**
Ebitda	752.7	21.8%	718.6	20.9%	+4.7%
Adjusted Ebit	**539.1**	**15.6%**	**517.4**	**15.1%**	**+4.2%**
Ebit	466.6	13.5%	440.0	12.8%	+6.0%

Adjusted Ebitda in the first half of 2024 was 768.3 million euro, an increase of +4.0% compared with 739.1 million euro in the same period of 2023.

Adjusted Ebit in the first half of 2024 was 539.1 million euro, an improvement of 21.7 million euro compared with 517.4 million euro in the same period of 2023, with an adjusted Ebit margin improving to 15.6% (15.1% in the first half of 2023) thanks to the contributions of internal levers.
In particular, **Adjusted Ebit** mainly reflects:

- the **positive contribution of price/mix** (+60.4 million euro) and **volumes** (+23.6 million euro);
- the **positive effect of efficiencies** (+71.4 million euro) which offset **input cost inflation** (-68.3 million euro);
- the **positive contribution of raw materials** (+36.3 million euro) which partially offset **forex negativity** (-62.3 million euro)

Negative also was the effect of **amortizations** (-14.1 million euro) and **other costs** (-25.3 million euro), mainly linked to marketing, R&D and inventory reduction activities.

In the **second quarter of 2024 Adjusted Ebit** was 276.5 million euro, an increase of +2.7% compared with 269.3 million euro in the second quarter of 2023, with **margin improving** to15.8% (15.5% in the second quarter of 2023) thanks to the contribution of the volumes (+8.6 million euro) as well as of the **price/mix** (+33.4 million euro) and **efficiencies** (+39.4 million euro) which more than offset the negative impact of **inflation** (-39.2 million euro) and **forex** (-23.7 million euro). The impact of the costs of **raw materials** was slightly positive (+6.9 million euro). Negative, however, the impacts of amortizations (-6.8 million euro) and **other costs** (-11.4 million euro).

Ebit was 466.6 million euro, an increase of 26.6 million euro compared with 440.0 million euro in the first half of 2023 and includes **amortizations of intangible assets** identified in the context of PPA of 56.9 million euro (in line with the first half of 2023) and **one-off, non-recurring and restructuring charges and other** of 15.6 million euro.

The **result from equity holdings** was +15.9 million euro (+6.2 million euro in the first half of 2023).

Net financial charges in the first half of 2024 were 176.1 million euro, compared with 106.9 million euro in the first half of 2023. The figure in the first half of 2024 includes negativity of around 69 million euro linked to the phenomena of currency devaluations and hyper-inflation without impact on cash generation.

On 30 June 2024 the **cost of debt**, calculated as the average of the last twelve months, stood at 5.29% (5.08% on 31 December 2023).

Fiscal charges in the first half of 2024 amounted to 75.1 million euro, a decrease compared with 96.7 million euro in the first half of 2023 also because of the effect of the benefits of the Patent Box not included in the same period of 2023.

Net profit in the **first half of 2024** was 231.3 million euro (242.6 million euro in the first half of 2023) and discounts impacts **linked to hyper-inflation.**

In the **second quarter of 2024 net profit** grew by 2.6% to 130.9 million euro (127.6 million euro in the second quarter of 2023)

The **net cash flow before dividends** in the first half of 2024 was -519.2 million euro, an improvement of 15.7 million euro compared with -534.9 million in the first half of 2023 (an improvement of around 38 million euro excluding the impact of the Hevea-Tec acquisition).

Net cash flow from operations in the first half of 2024 was -279.4 million euro (-301.6 million euro in the first half of 2023) and reflects:

- Adjusted Ebitda, improved compared with the previous year;
- Tangible and intangible investments of 143.6 million euro in the first half of 2024 (123.5 million euro in the first half of 2023) mainly earmarked for High Value activities, the constant improvement of the mix and the quality of all factories;

- An "increase of usage rights" linked to new leasing contracts for 41.4 million euro (41.6 million euro in the first half of 2023);
- Lower cash absorption linked to "working capital and other" of 12.9 million euro (to 862.7 million euro in the first half of 2024 from 875.6 million euro in the first half of 2023), as an effect of the careful management of inventories (21.3% weight against revenues in last 12 months), the usual seasonality of commercial credits (14.1% of revenues of the last 12 months) and commercial debts (22.5% of revenues of the last 12 months).

In the **second quarter of 2024**, the **net cash flow before dividends** was a positive 154.2 million euro, in line with the second quarter of 2023 (156.5 million euro), notwithstanding the greater investments (90.2 million euro in the second quarter of quarter of 2024, compared with 70.3 million in the second quarter of 2023).

The **net financial position on 30 June 2024** was -2,978.0 million euro (-2,261.7 million euro on 31 December 2023 and -3,087.5 million euro on 30 June 2023).

The liquidity margin on 30 June 2024 was 2,390.7 million euro and guarantees the coverage of debt maturities towards banks and other financiers until the end of the first quarter of 2027.

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2024 TARGETS

(in bln of €)	March 2024	August 2024
Revenues	~6.6÷~6.8	~6.6÷~6.8
Adjusted Ebit Margin	>15%÷~15.5%	**~15.5%**
Investments *(% of revenues)*	~0.40 *~6%*	~0.40 *~6%*
Net cash flow before dividends	~0.50÷~0.52	~0.50÷~0.52
Net financial position *NFP/Ebitda Adj.*	~ -1.95 *~1.32x÷~1.26x*	~ -1.95 *~1.32x÷~1.26x*
ROIC *post taxes*	~21%	~21%

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MARKET OUTLOOK

The **global Car tyre** market in 2024 is expected to "flat" year-on-year, compared with ~ +1% estimated in May, due to the greater weakness in the Standard segment (expected at ~-1% compared with "~-1% / flat" of previous estimate).
High Value is confirmed as the most resilient segment, with growth estimate of "mid-single digit" levels and about 7 percentage points higher compared with the expected performance of Standard (prior expectation +6 percentage points).

In particular, in the Car ≥18'' market:

- **Original Equipment** volumes are expected to grow at "mid-single digit" levels mainly thanks to demand in the Apac area;
- **Replacement** volumes are expected to grow at "mid/high single digit" levels, mainly led by demand in all High Value regions.

In the Standard segment ≤17" expectations are for weaker demand compared with previous year, because of a weaker Original Equipment market and a slightly lower Replacement market in the main Standard regions.

2024 TARGETS

In the light of first half results and the expected external scenario, for 2024 Pirelli foresees:

- **Revenues confirmed** at about **6.6 / 6.8 billion euro** with:
    - **Volumes confirmed at** ~**+1.5% /** ~**+2.5%**;
    - **price/mix improvement** to **~+2% / ~+2.5%** (previous estimate ~+ 2%) thanks to the ongoing improvement of the product mix;
    - **forex impact confirmed at ~-4% / ~-3%.**

- **Adjusted Ebit Margin** expected at **about 15.5%, at the higher end of previous guidance (** >15% / ~15.5%) thanks to the support of price/mix.

- **Net cash generation before dividends confirmed between ~500 and ~520 million** euro, thanks to operational performance and the management of working capital.

- **Investments confirmed** at 400 million euro (~6% of revenues).

- **Net financial position** confirmed at **~-1.95 billion euro**, with **NFP/ Adjusted Ebitda ratio confirmed between** ~1.32 /~1.26 times

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Progress of the Sustainability plan

The company's Sustainability plan saw significant progress, with results achieved thanks to the engagement and passion of the **people at Pirelli**. During the first half **the index of accident frequency fell by 35%** compared with the first half of 2023. The company also launched its "**Pirelli Manufacturing Excellence - PME**" program, announced during the presentation of the Industrial Plan and in which **skills development** takes a central role.

At the end of the first half of 2024 the **Decarbonization plan** continues in line with expectations, thanks to efficiency projects and the electrification of factory machinery, which contributed to **a reduction of Scope 1 and 2 emissions of 18%** compared with the end of 2023, and thanks to the **commitment of suppliers with the greatest emissions** compared with the roadmap for the abatement of **Scope 3** emissions, for whom Pirelli obtained **Life Cycle Assessment** to cover **60% of emissions** linked to raw materials purchased. By the end of 2024, also, **90% of the electric energy** acquired by the Group will be **renewable** (compared with 80% at the end of 2023).

The **Product sustainability roadmap** is also proceeding.
At "Tire Cologne 2024" Pirelli presented the **P Zero Winter 2**, with part of the range equipped with Elect technology produced with more than 50% of the material of natural origins or recycled (with third party certification). The version of the P Zero Winter 2 specifically for the BMW Serie 7 is, in addition, the **first winter tyre for cars with "classe A" certification for rolling resistance**, a fundamental quality, in particular for electrified cars which can thus save energy and run for more kilometers with one battery charge.

At the Goodwood Festival of Speed 2024, Pirelli announced a **collaboration with Jaguar Land Rover (JLR) to supply tyres with FSC™ certified materials of forest origin** for a wide range of luxury vehicles, while in 2021 Pirelli presented the first road tyre in the world to contain natural rubber and rayon with

FSC™ certification. Other significant legs of this journey are the introduction of **tyres with FSC™ certified natural rubber in the Formula 1 championship** beginning with the first Gran Prix of 2024 and the certification's debut also in the world of cycling with the new **Pirelli P Zero Race RS1**[1]**.** The FSC™ certification of forest management confirms that the plantations are run in such a way as to preserve biodiversity and bring benefits to the people who live and work in those areas. The certification process FSC™ Chain of Custody verifies that material that is FSC™ certified is separated from uncertified material, from the plantation to the tyre producer.
In line with the goal of the Plan, **by 2026 all the natural rubber used in Pirelli's European factories with be FSC™ certified:** a process that has already begun and which will gradually involve all factories.
In the context of the **Nature Program**, the reduction of dependence on water resources takes a primary role. In the first half Pirelli registered a **reduction of specific water drawing of 15%** compared with the first half of 2023.
It should be noted that all the sustainability targets foreseen in the Plan, presented in the first quarter of 2024 with targets to 2025-2030-2040 and based on four fundamental pillars - *People, Climate, Product and Nature* – can be consulted in the pages dedicated to the Industrial Plan in the Investors section at www.pirelli.com

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Pirelli advises that the company's Board of Directors has taken stock of the communication received from the Statutory Auditors in relation to its completed verification – at the first useful meeting after its relative renewal on May 28 and on the basis of information supplied by each member of the Board of Statutory Auditors and other available information – of the existence for each member of the requisites to qualify as independent in accordance with the TUF, of the Code of Corporate Governance, to which the Company adheres. In the evaluation of its independence the Statutory Auditors also took into account of the "Criteria of independence" – available online at www.pirelli.com – that the Board of Directors adopted on 3 August 2023.
The Board of Directors, in conclusion, nominated Professor Maria Campra as a member of the Supervisory Body, in her capacity as a member of the Board of Statutory Auditors, and thanked Professor Antonella Carù for the work done over the entire mandate. The Supervisory Body, at present composed of Carlo Secchi (Chairman), Maura Campra and Alberto Bastanzio, will remain in force until the end of the current Board's mandate.

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Significant events after 30 June 2024

For significant events after 30 June 2024, please refer to the section in the half year financial report on the company website www.pirelli.com

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The first half financial report to 30 June 2024 will be available to the public tomorrow, 2 August 2024, at the Company's legal headquarters, as well as on the Company website (www.pirelli.com) and on eMarket Storage (www.emarketstorage.com).

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Bond issues
In accordance with the dispositions of Borsa Italiana, the Company announces that to June 2024 it has placed with institutional investors a *sustainability-linked bond* (guaranteed by Pirelli Tyre S.p.A.) for a total nominal value of 600 million euro with maturity in July 2029 and with a coupon of 3.875%. The

[1] Natural rubber represents the following percentages of total tyre weight:
circa 16% in the tyres for the BMW X5 xDrive45e Plug-In Hybrid;
circa 15% in Formula 1 tyres;
circa 23% in the P Zero Race RS.

bonds are listed on the Luxembourg stock exchange. It should be noted, in addition, that December 2025 will see the maturity of the 500-million-euro equity-linked bond loan denominated "*EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025*".

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Conference call
The results to 30 June 2024 will be illustrated today, 1 August 2024, at 18.30 via 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, by dialing **+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 will also be viewable.

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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 communique corresponds to document, book and accounting script results.

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Pirelli – Economic data to 30 June 2024

(in millions of euro)	**1 HY 2024**	**1 HY 2023**
Net sales	**3,447.5**	**3,437.5**
EBITDA adjusted (°)	**768.3**	**739.1**
% of net sales	22.3%	21.5%
EBITDA	**752.7**	**718.6**
% of net sales	21.8%	20.9%
EBIT adjusted	**539.1**	**517.4**
% of net sales	15.6%	15.1%
Adjustments: - amortisation of intangible assets included in PPA	(56.9)	(56.9)
- one-off, non-recurring and restructuring expenses	(15.6)	(20.5)
EBIT	**466.6**	**440.0**
% of net sales	13.5%	12.8%
Net income/(loss) from equity investments	15.9	6.2
Financial income/(expenses)	(176.1)	(106.9)
Net income/(loss) before taxes	**306.4**	**339.3**
Taxes	(75.1)	(96.7)
Tax rate %	24.5%	28.5%
Net income/(loss)	**231.3**	**242.6**
Net income/(loss) attributable to owners of the Parent Company	215.6	232.1
Earnings/(loss) per share (in euro per basic share)	0.22	0.23
Net income/(loss) adjusted	283.0	298.3

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 15.6 million (euro 20.5 million for the first half-year of 2023).

Pirelli – Balance sheet data to 30 June 2024

(in millions of euro)		06/30/2024	12/31/2023	06/30/2023
Fixed assets		**8,748.0**	**8,812.1**	**8,821.7**
	Inventories	1,417.7	1,371.4	1,418.7
	Trade receivables	937.3	649.4	895.1
	Trade payables	(1,499.1)	(1,999.4)	(1,405.1)
Operating net working capital		**855.9**	**21.4**	**908.7**
% of net sales (*)		12.9%	0.3%	13.3%
	Other receivables/other payables	114.6	45.8	(101.7)
Net working capital		**970.5**	**67.2**	**807.0**
% of net sales (*)		14.6%	1.0%	11.8%
Net invested capital		**9,718.5**	**8,879.3**	**9,628.7**
Equity		**5,713.3**	**5,619.6**	**5,455.6**
Provisions		1,027.2	998.0	1,085.6
Net financial (liquidity)/debt position		**2,978.0**	**2,261.7**	**3,087.5**
Equity attributable to owners of the Parent Company		5,572.1	5,494.4	5,335.4
Investments in intangible and owned tangible assets (CapEx)		143.6	405.7	123.5
Increases in right of use		41.4	101.2	41.6
Research and development expenses		148.2	288.5	142.8
% of net sales		4.3%	4.3%	4.2%
Research and development expenses - High Value		139.2	269.4	132.5
% of High Value sales		5.2%	5.4%	5.2%
Employees (headcount at end of period)		31,284	31,072	31,212
Tyre production sites (number)		18	18	18

(*) during interim periods net sales refer to the last twelve months.

Cash flow statement

(in millions of euro)	1 Q		2 Q		1 HY	
	2024	2023	2024	2023	2024	2023
EBIT adjusted	262.6	248.1	276.5	269.3	539.1	517.4
Amortisation and depreciation (excluding PPA amortisation)	113.7	111.6	115.5	110.1	229.2	221.7
Investments in intangible and owned tangible assets (CapEx)	(53.4)	(53.2)	(90.2)	(70.3)	(143.6)	(123.5)
Increases in right of use	(15.3)	(15.1)	(26.1)	(26.5)	(41.4)	(41.6)
Change in working capital and other	(845.8)	(868.8)	(16.9)	(6.8)	(862.7)	(875.6)
Operating net cash flow	**(538.2)**	**(577.4)**	**258.8**	**275.8**	**(279.4)**	**(301.6)**
Financial income / (expenses) paid	(63.2)	(60.2)	(45.7)	(58.1)	(108.9)	(118.3)
Taxes paid	(24.7)	(29.0)	(44.8)	(32.3)	(69.5)	(61.3)
Cash-out for one-off, non-recurring and restructuring expenses	(20.4)	(12.6)	(9.5)	(10.2)	(29.9)	(22.8)
Dividends paid to minority shareholders	(1.3)	-	(5.2)	(3.9)	(6.5)	(3.9)
Differences from foreign currency translation and other	(2.6)	(12.2)	0.1	(14.8)	(2.5)	(27.0)
Net cash flow before dividends, extraordinary transactions and investments	**(650.4)**	**(691.4)**	**153.7**	**156.5**	**(496.7)**	**(534.9)**
Hevea-Tec acquisition	(23.0)	-	0.5	-	(22.5)	-
Net cash flow before dividends paid by the Parent Company	**(673.4)**	**(691.4)**	**154.2**	**156.5**	**(519.2)**	**(534.9)**
Dividends paid by the Parent Company	-	-	(197.1)	-	(197.1)	-
Net cash flow	**(673.4)**	**(691.4)**	**(42.9)**	**156.5**	**(716.3)**	**(534.9)**

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;
- **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, 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".*

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