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1H 2024

Financial Results

Milan

August 1st, 2024



POWER IS NOTHING WITHOUT CONTROL

Agenda

1**1H 2024 KEY MESSAGES****2****PIRELLI & C. – 1H 2024 RESULTS****3****FY 2024 OUTLOOK AND TARGETS****4****APPENDIX**

KEY MESSAGES



1H'24 Results in line with FY targets and confirming the effectiveness of our strategy

- Market share gain in ≥18" both in OE and Replacement
- Strong price/mix (+2.8% yoy in 1H, +3.3% in 2Q) due to product and region mix enhancement
- Profitability improvement driven by internal levers, with efficiencies fully covering inflation
- Better net cash flow before dividends thanks to sound operating performance



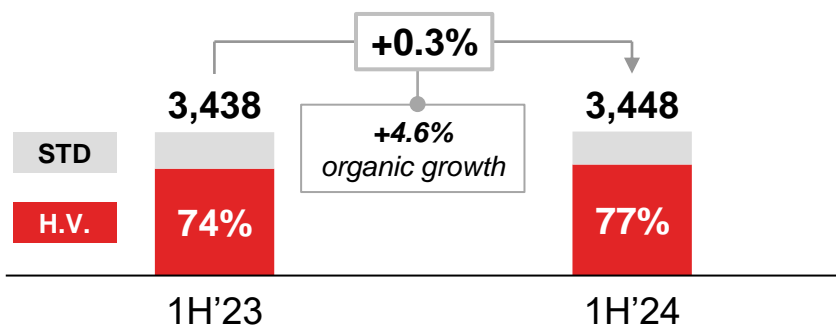
FY 2024 market outlook and targets

- Global economic outlook broadly unchanged
- High Value growth confirmed, while a weaker Standard weighs on Total Car Tyre Market (*flat yoy vs previous ~+1%*)
- Adj. EBIT margin upgrade to the upper end of the guidance, supported by better-than-expected price/mix trend
- Industrial plan delivery on track and all other targets confirmed

1H 2024 results highlights: Pirelli's strategy is paying off with solid performance

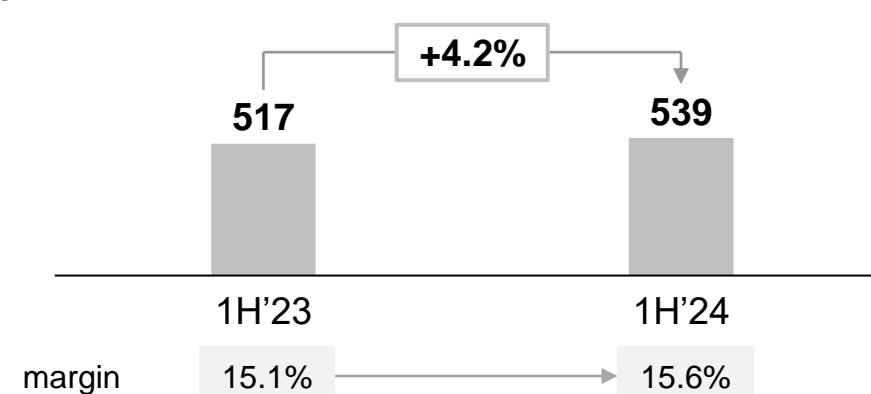
Net Sales

€ million



Adjusted EBIT¹

€ million



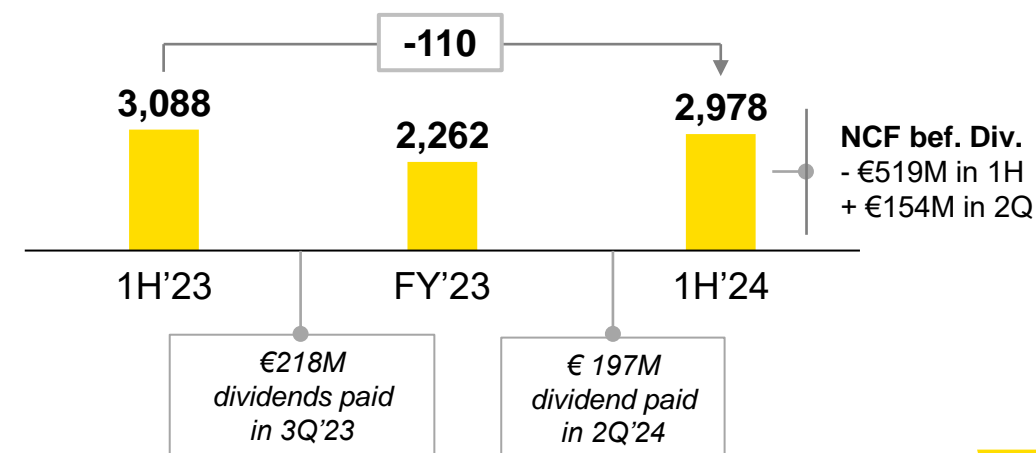
Net Income

€ million








Net Financial Position

€ million



Sustainability Plan: update on key initiatives development

Area	Focus	KPIs	2023A	2025E	2030E	1H'24 PROGRESS
 PEOPLE	>> Towards zero accidents at work	Accident Frequency Index (calculated X 1.000.000 hours worked)	1.69⁽⁵⁾ <small>If calculated x 200,000 hours worked data is: 0,34</small>	~1⁽⁵⁾ <small>If calculated x 200,000 hours worked data is: ~0,2</small>	<1⁽⁵⁾ <small>If calculated x 200,000 hours worked data is: <0,2</small>	<ul style="list-style-type: none"> Accident Frequency Index reduction: -35% vs 1H'23 Skills development core of Pirelli Manufacturing Excellence (PME) initiative launched
 TOWARDS NET ZERO 2040	>> Reduce CO ₂ footprint	 vs 2018 CO ₂ Scope 1+2 (plants) CO ₂ Scope 3 (suppliers) Renewable electricity	-45%⁽⁴⁾ -25%⁽⁴⁾ 80.4%⁽³⁾	-60% -27% 100%	-80% -30% 2040: NET ZERO ≥90% vs 2018 Scope 1+2+3	2030: Carbon Neutrality Scope 1+2 <ul style="list-style-type: none"> Progress in line with best expectations: <ul style="list-style-type: none"> CO₂ emissions scopes 1+2: -18% vs 1H'23 ⁽²⁾ Suppliers representing 60% of Scope 3 raw materials CO₂ emission provided Life Cycle Assessment Procured Renewable Electricity: up to 90% by 2024
 TYRE ECO & SAFETY PERFORMANCE	>> Improve Rolling Resistance with no compromise on safety >> Increase the % of renewable & recycled materials while reducing fossils	Target scope: new products (all new labelled IPcodes) RR ⁽¹⁾ = A/B WG ⁽¹⁾ = A/B Target scope: selected products Biobased & Recycled Target scope: all production Biobased & Recycled	55% 98% 55.5%⁽⁶⁾ 23%	>70% >90% >70% >27%	>80% >40%	<ul style="list-style-type: none"> NEW PZero Winter2 for BMW 7 series: the first winter car tyre "class A" in rolling resistance Pirelli Tyres with FSC® Certified Natural Rubber ⁽⁷⁾ <ul style="list-style-type: none"> Pirelli & JLR signed supply agreement PZero TLR RS: first ever bicycle tyre with FSC-certified natural rubber All F1™ Tyres with certified natural rubber
 NATURE	>> Freshwater preservation	vs 2015 Specific water withdrawal	-45%	-43%	-60%	<ul style="list-style-type: none"> Water withdrawal: -15% vs 1H'23⁽²⁾

✓ Previous Plan Target @2025 outperformed in 2023



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1H 2024 Strategic programs: delivery in line with targets



COMMERCIAL

✓ Seizing regional HV growth opportunities

» Car ≥18" Total +7% vs +6% Mkt,
Repl. +10% vs +9% Mkt

» Car ≥19" Total +9% vs +8% Mkt
Repl. +12% vs +11% Mkt



INNOVATION

✓ Widening our OE portfolio

» ~150 new car homologations (~90% ≥19", ~60% EV)
with **EV portfolio** reaching ~700 homologations worldwide

✓ New products launched

» 6 new Car products launched, 1 global and 5 regional



OPERATIONS

✓ Increasing efficiencies

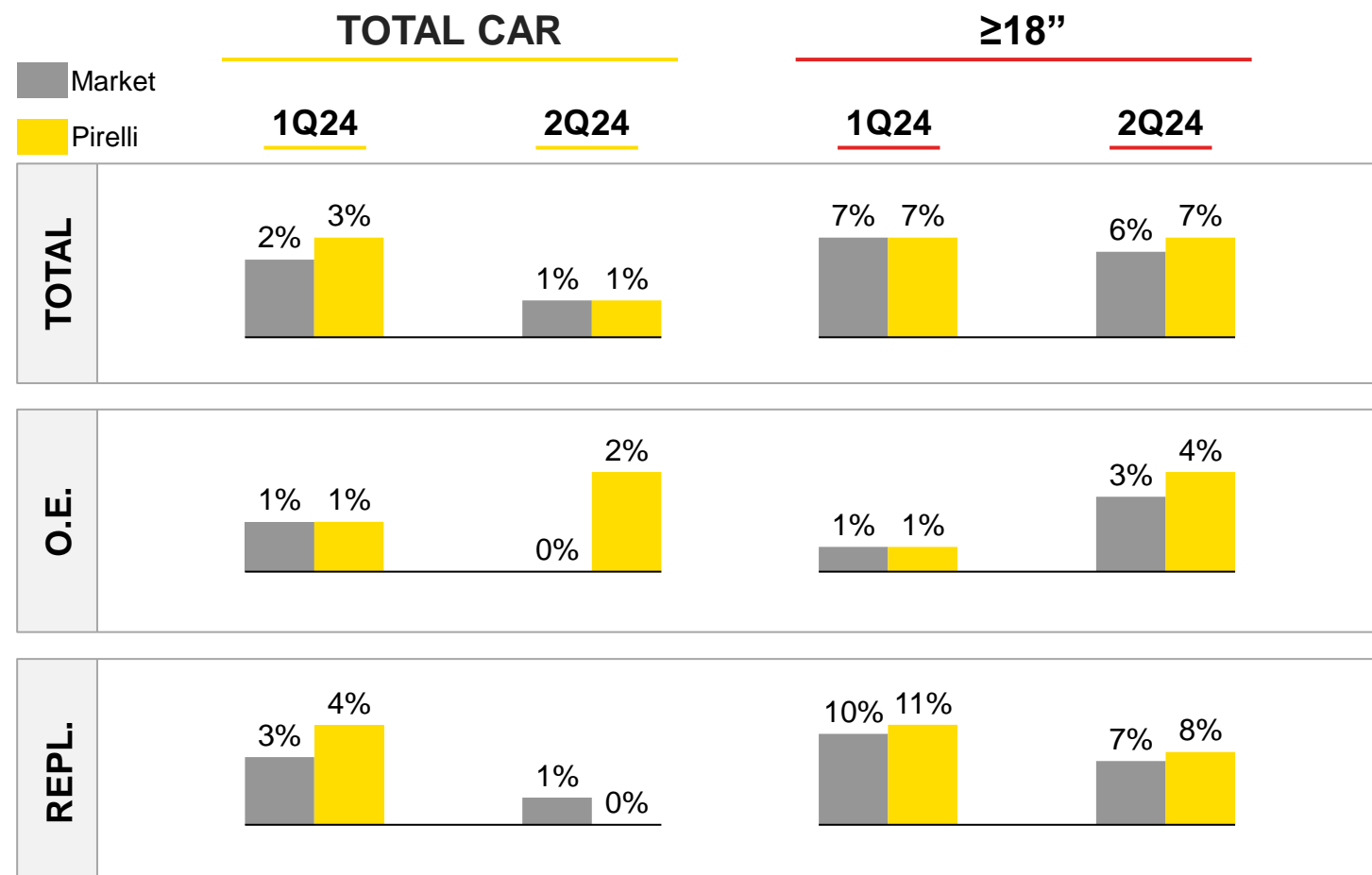
» €71M gross savings fully offsetting inflation

✓ Enhancing Value Chain resilience

» Mitigating Red Sea crisis impact

» Getting ready for EUDR

Commercial Program: Keep gaining market share in $\geq 18''$, while further reducing exposure to $\leq 17''$



2Q HIGHLIGHTS

MARKET

- Softer trend vs 1Q'24 due to a weaker **Std.** (substantially flat in 2Q'24 vs +1% in 1Q'24), especially LatAm
- **HV** overperformance confirmed with Replacement trend reflecting unfavourable comparison basis in APac & North America

PIRELLI PERFORMANCE

- **HV**: mkt share gain on both OE (benefitting from APAC exposure) and Repl. (across regions)
- **Std**: underperforming the market (Pirelli -8% in 2Q'24) due to selective strategy and LatAm weakness (~1/3 of Pirelli Std volumes)

Innovation Program: Advancing on Eco-Safety Design Products and Sustainable Materials

New P Zero Winter 2



- » Launched with a Flagship Project in partnership with BMW, with a dedicated version for the 7 Series
- » First Winter Tyre with “A class” EU labelling for Rolling Resistance with BMW Fitment
- » > 50% of bio-based & recycled materials on Elect range



Extended battery range of BMW i7 up to 50km



Uncompromised comfort



Outstanding performance in winter conditions

Pirelli's unique FSC™ strategy

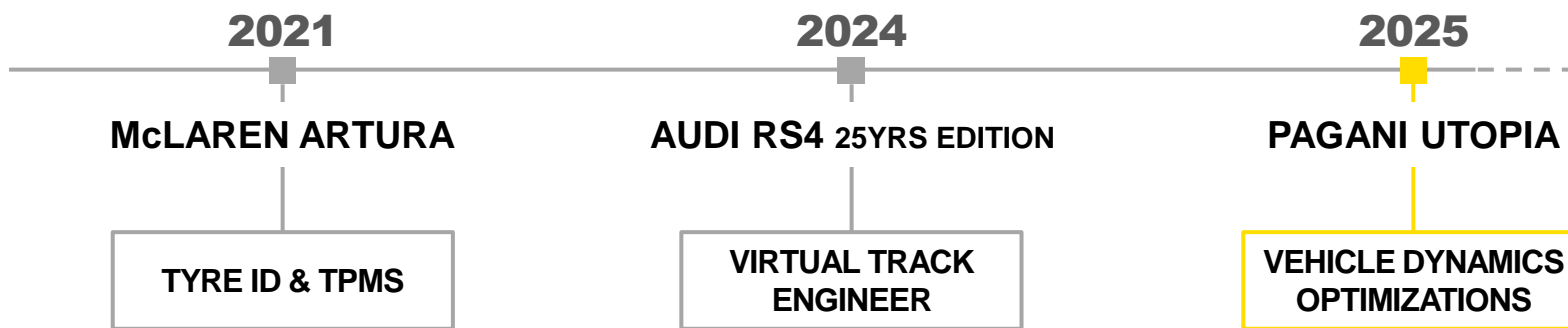


FSC® certification confirms that forest-based products are managed preserving biological diversity, while benefiting the lives of local people and workers

Pirelli tyres with FSC®-certified natural rubber

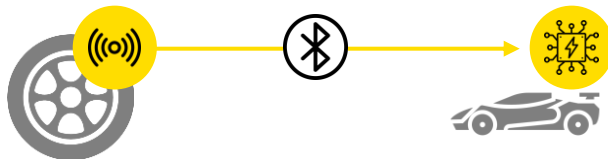
- 2021** ■ First tyre on BMW X5
- 2023** ■ F1® complete tyres range
- 2024** ■ First Replacement line
- 2024** ■ First bicycle tyre
- 2024** ■ Supply agreement with JLR
- 2026** ■ 100% certified Natural Rubber in all Pirelli EU factories²

Innovation Program: Cyber Tyre, getting into a new level



» The **sensors**, connected via Bluetooth to the ECU¹, **supply useful data** so that the car can select the **optimal driving mode** to match the tyres, acting on:

- » Traction control
- » ABS²
- » ESP³
- » Lateral Dynamics



» This dialogue between the car and tyres is made possible thanks to Pirelli's **proprietary software**, which works directly with the car's electronic 'brain'.

SENSORS EQUIPPED



**P ZERO
WINTER**











**P ZERO
TROFEO RS**



**P ZERO
CORSA**

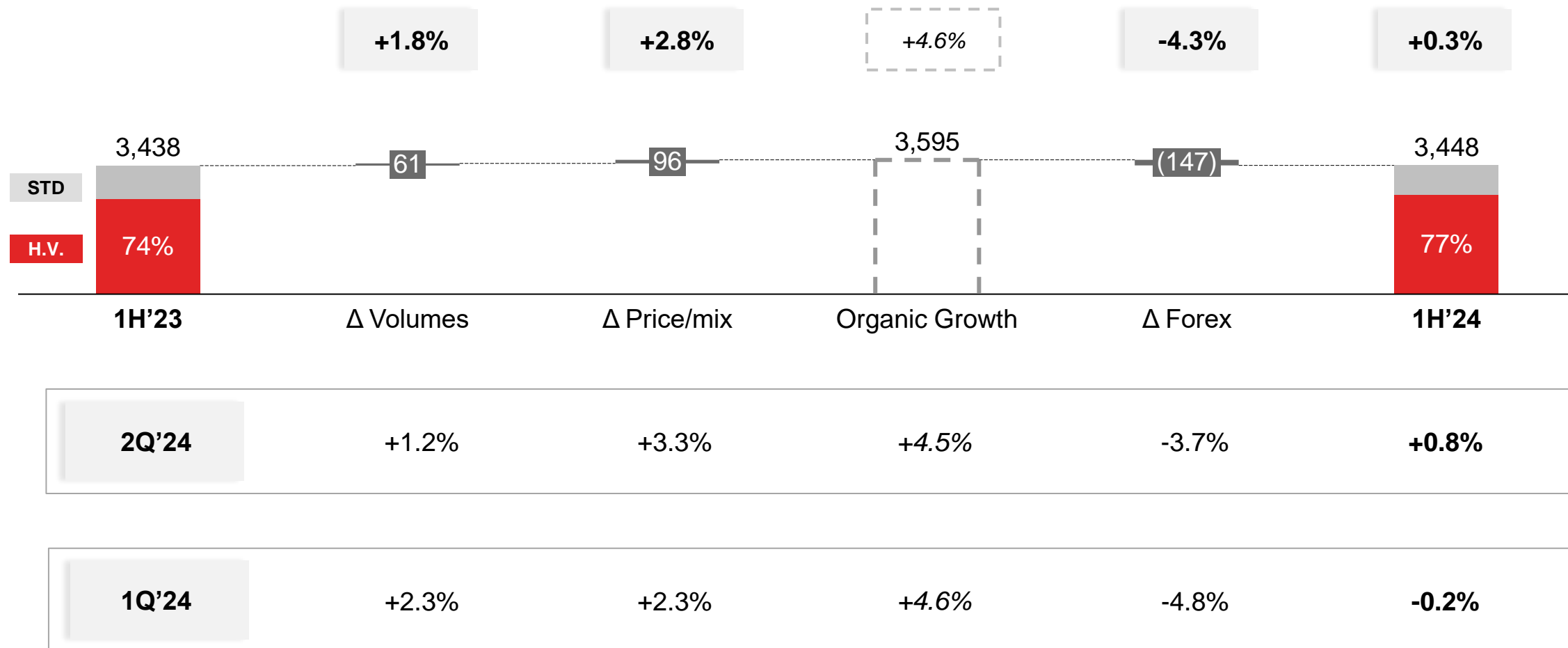


Efficiency program: offsetting inflation and in line with the expectations and seasonality

		Focusing on:	FY 2024 GUI	1H 2024 ACT
	Product Cost	<ul style="list-style-type: none"> >> Modularity >> Design speed and virtualization 		~65% of FY
	Manufacturing	<ul style="list-style-type: none"> >> Energy consumption & electrification >> Automation, industrial IoT & flexible factory >> Waste reduction 		~20% of FY, in line with expected seasonality
	SG&A	<ul style="list-style-type: none"> >> Logistics & Go-to-Market >> G&A belt tightening >> Procurement rationalization 		~70% of FY
	Organization	<ul style="list-style-type: none"> >> Process digitalization >> Organization transformation 		~55% of FY
Total Gross Impact			~€140M	~€71M ~50% of FY

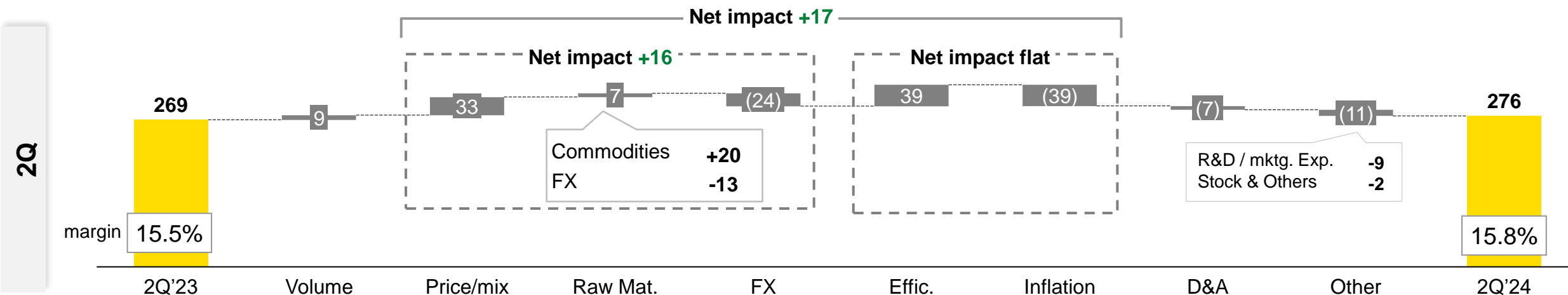
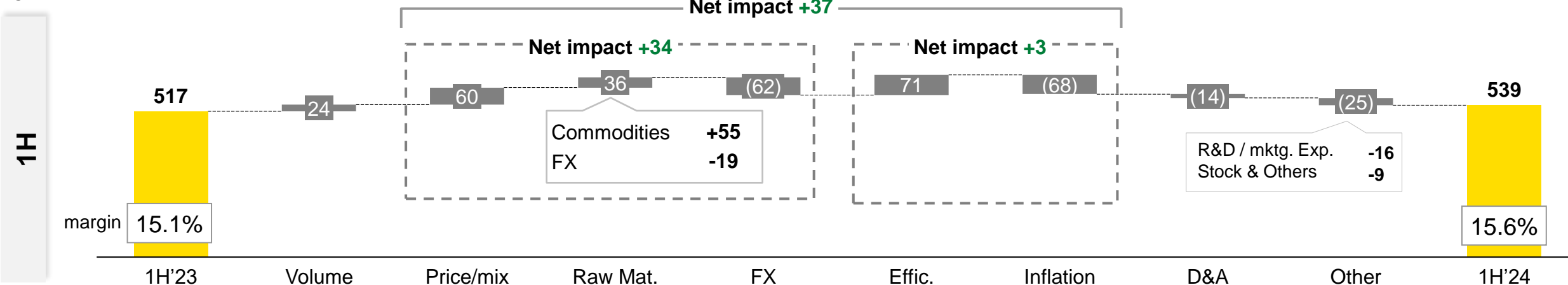
1H 2024 Sales: solid organic growth supported by the strong commercial performance

€ million



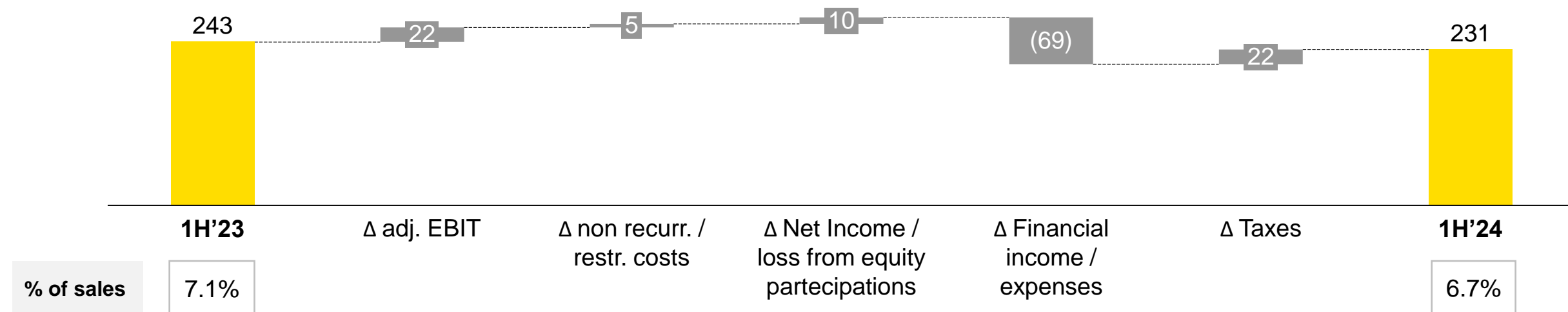
1H 2024 Adjusted EBIT: profitability improvement driven by commercial performance & efficiencies

€ million



1H 2024 Net Income: earnings discounting non-cash impact in 1Q, already normalizing in 2Q

€ million

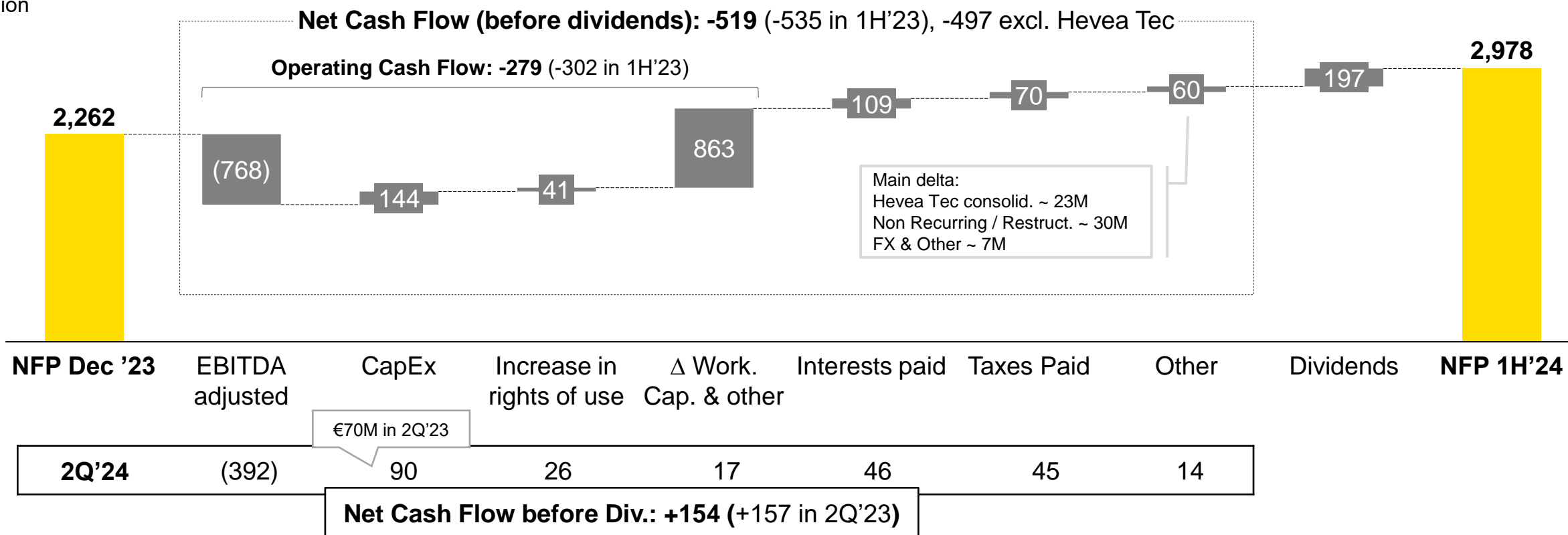


» **1H'24 Financial Income and Expenses** for a total -€176M including -€69M non-cash impact linked to forex and hyperinflation

» **Taxes:** lower than 1H'23 due also to Patent Box benefits (not included in 1H'23)

1H'24 Net Financial Position: Better Net Cash Flow before div. thanks to sound operating performance

€ million



- >> **Inventory** at ~ 21%, unchanged vs 1Q'24 and discounting Red Sea impact
- >> **Receivables** (14% of net sales) and **Payables** (23% of net sales) in line with business seasonality
- >> **Hevea-tec acquisition** closed at the beginning of January 2024

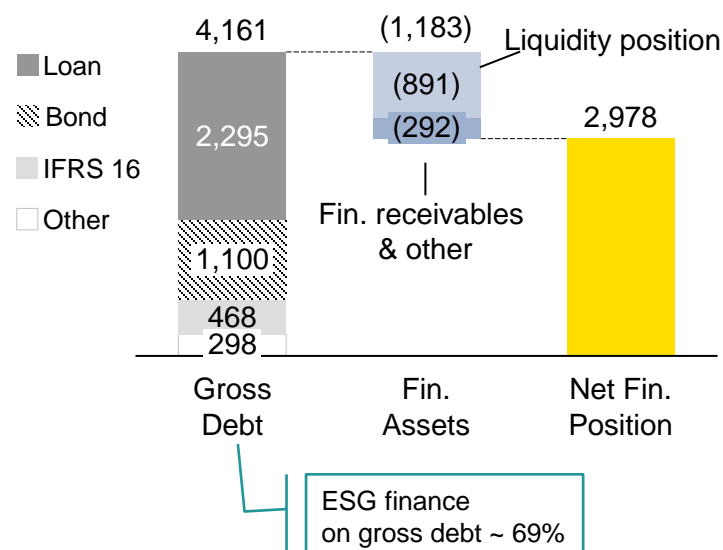
Gross Debt structure as of June 30th 2024

Pirelli upgraded to BBB (stable outlook) by Fitch; S&P confirmed rating at BBB-, improving outlook to positive.

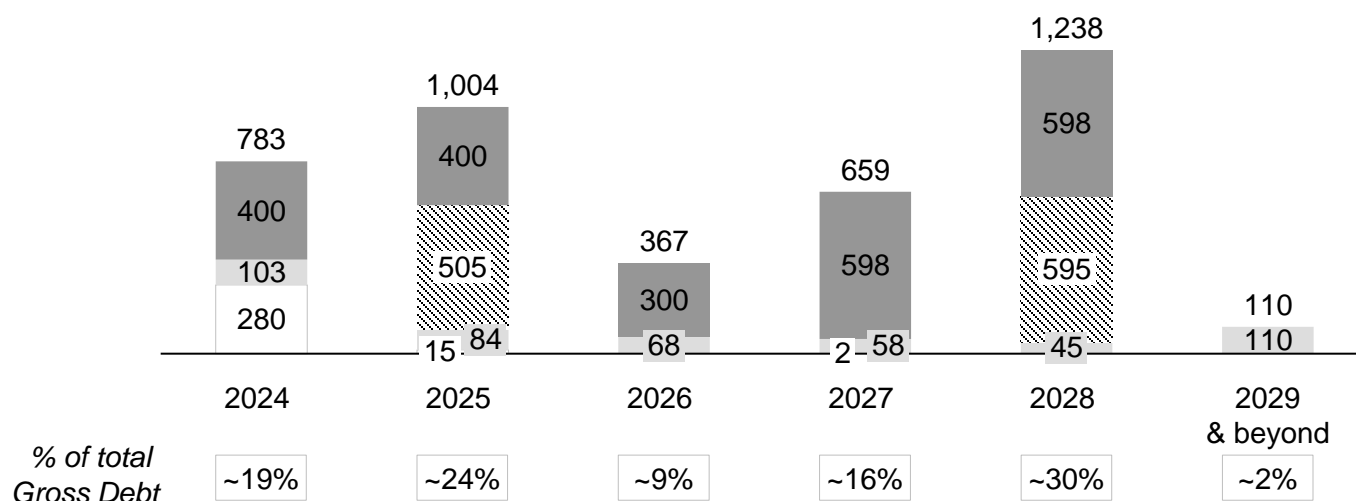
Liquidity margin covers debt maturities until 1Q'27 (1Q'28 considering July bond issuance).

€ million

Net Financial Position



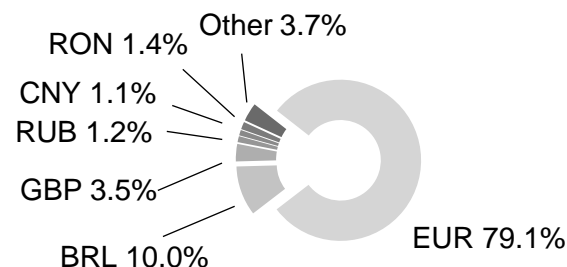
Gross Debt maturity



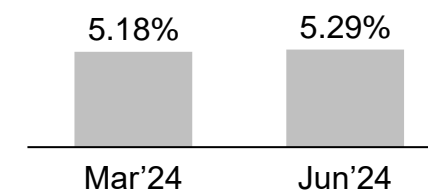
Liquidity profile

Liquidity position ¹	891
Committed lines not drawn	1,500
Liquidity margin	2,391

Break-down by currency²



Cost of debt (last 12 months)





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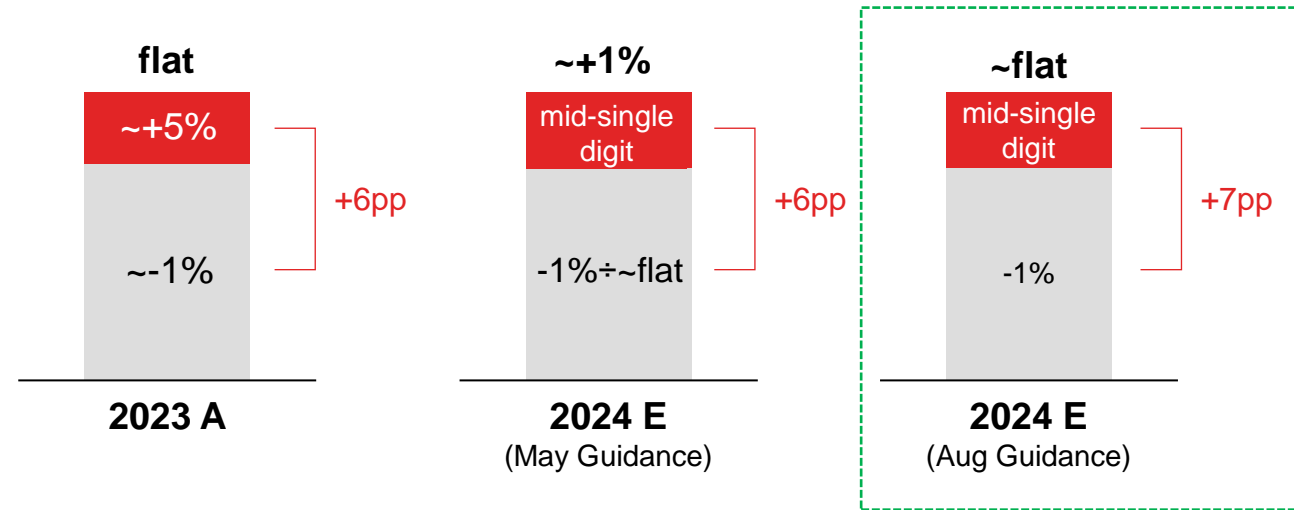
Car Tyre demand outlook update

Mid-single digit growth confirmed for $\geq 18''$, while demand for $\leq 17''$ weakening in key Standard regions

Global car tyre market

Mln tyres

■ $\geq 18''$
■ $\leq 17''$



» **O.E. $\geq 18''$** : mid single-digit growth, mainly driven by APAC

» **Repl. $\geq 18''$** : mid/high single digit growth, driven by all High Value regions

» **Car $\leq 17''$** : Softer demand year over year, with a weaker OE market and a slightly lower Replacement in major Standard Regions

Pirelli volume guidance confirmed: we expect to outgrow the Car $\geq 18''$ market, while keeping on reducing our exposure in Standard.

Targets update: a better mix will lead to the upper end of the profitability guidance range

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



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1

1H 2024 KEY MESSAGES

2

PIRELLI & C. – 1H 2024 RESULTS

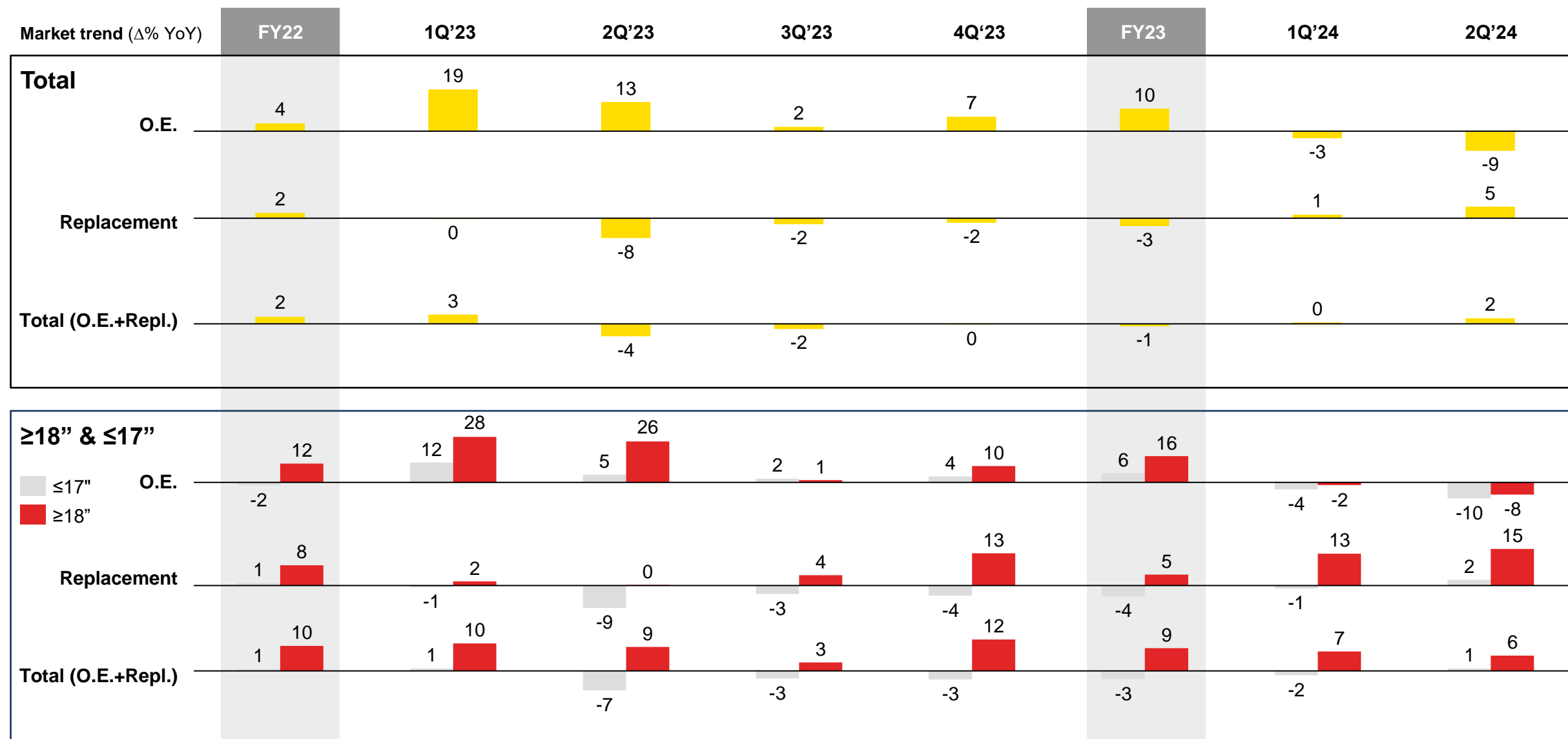
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FY 2024 OUTLOOK AND TARGETS

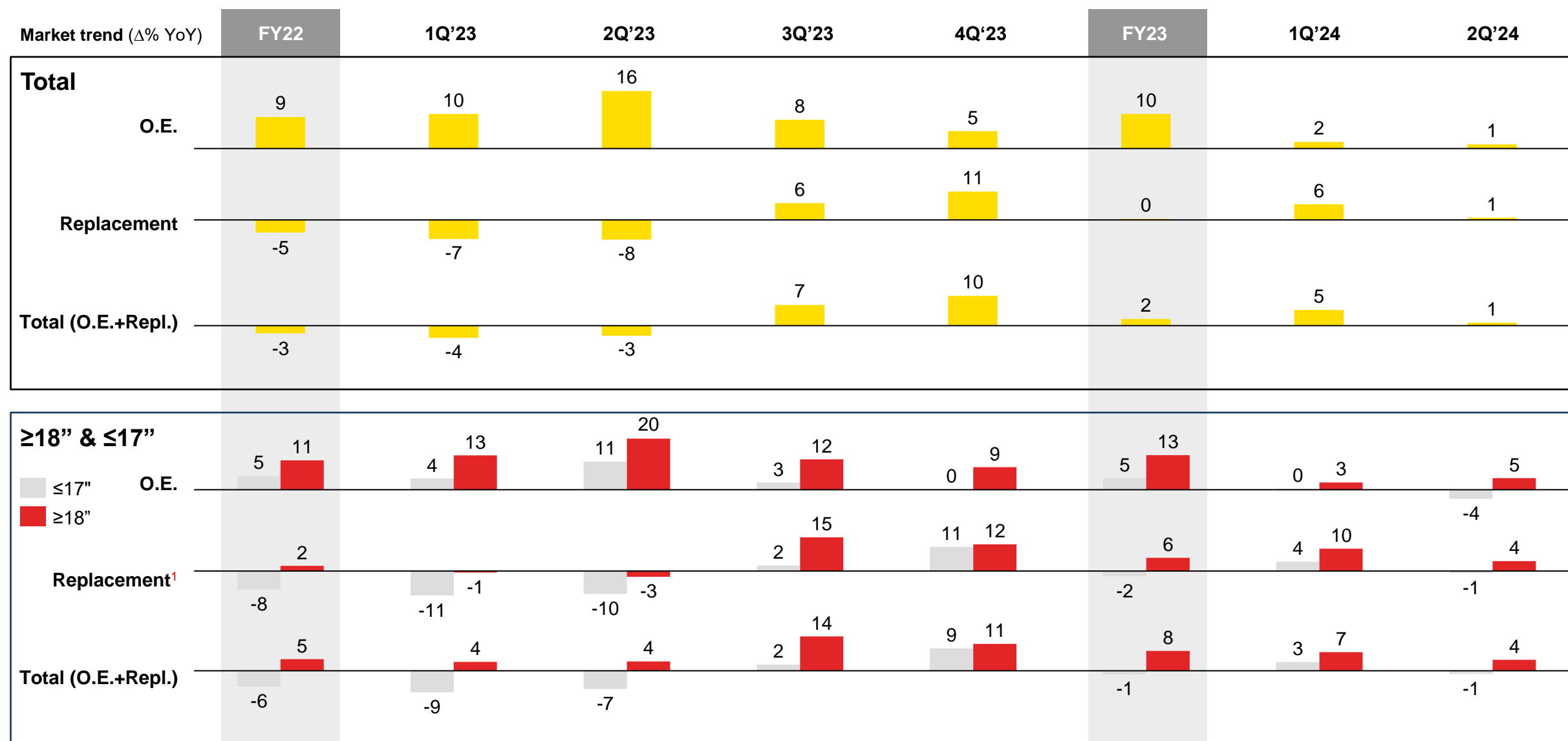
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APPENDIX

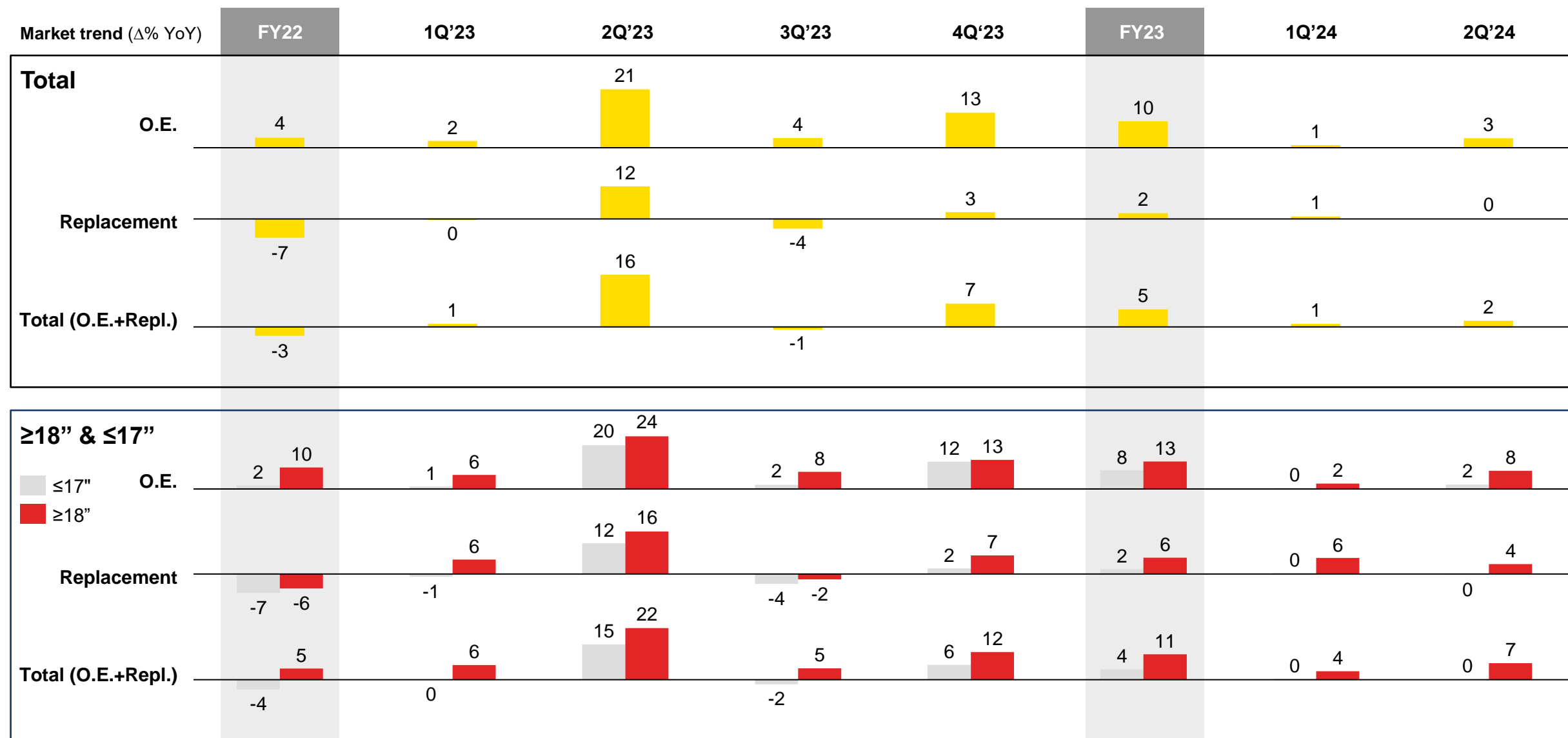
Key Car Market Trends: Europe



Key Car Market Trends: North America



Key Car Market Trends: Asia Pacific



Key Car Market Trends: Russia, MEAI / South America

Market trend ($\Delta\%$ YoY)	FY22	1Q'23	2Q'23	3Q'23	4Q'23	FY23	1Q'24	2Q'24
Russia, MEAI								
O.E.	0	-4	7	10	12	6	11	5
Replacement	-4	-8	-2	0	18	1	5	0
Total (O.E.+Repl.)	-3	-7	0	3	16	2	7	1
South America								
O.E.	5	9	6	1	-2	3	-2	-9
Replacement	-2	-4	-4	-2	6	-1	-6	-8
Total (O.E.+Repl.)	-1	-2	-2	-1	4	0	-5	-8

Economic results summary

€ million	2Q 2024	2Q 2023	Δ YoY	1H 2024	1H 2023	Δ YoY
Net Sales	1,752.0	1,737.8	+0.8%	3,447.5	3,437.5	+0.3%
<i>Organic variation</i>			+4.5%			+4.6%
adjusted EBITDA¹	392.0	379.4	+3.3%	768.3	739.1	+4.0%
<i>% of net sales</i>	22.4%	21.8%	+0.6 p.p.	22.3%	21.5%	+0.8 p.p.
reported EBITDA	384.1	367.9	+4.4%	752.7	718.6	+4.7%
<i>% of net sales</i>	21.9%	21.2%	+0.7 p.p.	21.8%	20.9%	+0.9 p.p.
adjusted EBIT¹	276.5	269.3	+2.7%	539.1	517.4	+4.2%
<i>% of net sales</i>	15.8%	15.5%	+0.3 p.p.	15.6%	15.1%	+0.5 p.p.
reported EBIT	240.1	229.3	+4.7%	466.6	440.0	6.0%
<i>% of net sales</i>	13.7%	13.2%	+0.5 p.p.	13.5%	12.8%	+0.7 p.p.
Net income / (loss) from equity investments	9.9	3.9	n.m.	15.9	6.2	n.m.
Financial income / (expenses)	(66.0)	(54.7)	+20.7%	(176.1)	(106.9)	+64.7%
EBT	184.0	178.5	+3.1%	306.4	339.3	-9.7%
Taxes	(53.1)	(50.9)	+4.3%	(75.1)	(96.7)	-22.3%
Tax rate %	-28.9%	-28.5%		-24.5%	-28.5%	
Net Income / (loss)	130.9	127.6	+2.6%	231.3	242.6	-4.7%
Earnings / (loss) per share (€ per share)	0.13	0.12		0.22	0.23	
Net income / (loss) adjusted	156.8	156.4		283.0	298.3	

Consolidated Balance Sheet

€ million	30/06/2024	31/12/2023	30/06/2023
Fixed assets	8,748.0	8,812.1	8,821.7
<i>Inventories</i>	1,417.7	1,371.4	1,418.7
<i>Trade receivables</i>	937.3	649.4	895.1
<i>Trade payables</i>	(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 / 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%
Total 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 position	2,978.0	2,261.7	3,087.5
Total financing and shareholders' equity	9,718.5	8,879.3	9,628.7
Attributable net equity	5,572.1	5,494.4	5,335.4
Total net financial debt¹	3,098,6	2,387.4	3,226.8

Net Cash Flow

€ million	2Q 2024	2Q 2023	1H 2024	1H 2023
Adjusted Operating income (EBIT)	276.5	269.3	539.1	517.4
Amortiz. & depreciations (excl. PPA amortiz.)	115.5	110.1	229.2	221.7
Investments in tangible and intangible assets (Capex)	(90.2)	(70.3)	(143.6)	(123.5)
Increase in right of use	(26.1)	(26.5)	(41.4)	(41.6)
Change in working capital/other	(16.9)	(6.8)	(862.7)	(875.6)
Operating Cash Flow	258.8	275.8	(279.4)	(301.6)
Interests paid	(45.7)	(58.1)	(108.9)	(118.3)
Taxes paid	(44.8)	(32.3)	(69.5)	(61.3)
Cash-out for non recurring items and restructuring costs / other	(9.5)	(10.2)	(29.9)	(22.8)
Dividend paid to minorities	(5.2)	(3.9)	(6.5)	(3.9)
Exchange rates difference/other	0.1	(14.8)	(2.5)	(27.0)
Net Cash Flow before extr. oper. / equity transactions / divid.	153.7	156.5	(496.7)	(534.9)
Extraordinary operations	0.5	-	(22.5)	-
Net Cash Flow before dividends	154.2	156.5	(519.2)	(534.9)
Dividends paid by Parent	(197.1)	-	(197.1)	-
Net Cash Flow	(42.9)	156.5	(716.3)	(534.9)

Net Financial Position Detail

€ million

	30/06/2024	31/12/2023
Current borrowings from banks and other financial institutions	1,185.6	789.5
- of which lease liabilities	102.7	99.1
Current derivative financial instruments	11.5	18.2
Non-current borrowings from banks and other financial institutions	2,963.7	3,174.7
- of which lease liabilities	365.5	383.4
Non-current derivative financial instruments	-	-
Total gross debt	4,160.8	3,982.4
Cash and cash equivalents	(716.2)	(1,252.8)
Other financial assets at fair value through income statement	(174.5)	(228.8)
Current financial receivables	(127.8)	(106.1)
Current derivative financial instruments	(43.7)	(7.3)
Total net financial debt	3,098.6	2,387.4
Non-current derivative financial instruments	(14.6)	(12.9)
Non-current financial receivables	(106.0)	(112.8)
Total net financial position	2,978.0	2,261.7

Net Income Adjusted detail

€ million

	2Q 2024	2Q 2023	1H 2024	1H 2023
Net income	130.9	127.6	231.3	242.6
Amortization from PPA	28.5	28.5	56.9	56.9
Non recurring items and restructuring costs	7.9	11.5	15.6	20.5
Taxes impact	(10.5)	(11.2)	(20.8)	(21.7)
Net income adjusted	156.8	156.4	283.0	298.3

Total Gross Debt Structure

€ million

Total gross debt structure at June 30, 2024

	Within 1 year	Between 1 & 2 years	Between 2 & 3 years	Between 3 & 4 years	Between 4 & 5 years	Beyond 5 years	Total
Bilateral borrowing EUR 400 mln. ESG 2021 3y	399.8	-	-	-	-	-	399.8
Club Deal EUR 800 mln. ESG 2020 5y	399.5	-	-	-	-	-	399.5
Schuldshein	-	20.0	-	-	-	-	20.0
Convertible bond	-	485.1	-	-	-	-	485.1
Bilateral borrowing EUR 300 mln. ESG 2023 2.5y	-	299.6	-	-	-	-	299.6
Club Deal EUR 1.6 bln. ESG 2022 5y	-	-	598.5	-	-	-	598.5
Bond SLB EUR 600 mln. 4.25% due 01/28	-	-	-	595.3	-	-	595.3
Club Deal EUR 600 mln. ESG 2024 4.5y	-	-	-	-	597.7	-	597.7
Bank debt held by subsidiaries	206.0	-	1.7	-	-	-	207.7
Other financial indebtedness	89.3	0.1	-	-	-	-	89.4
Lease liabilities	102.7	84.4	67.6	58.5	44.8	110.2	468.2
Total gross debt	1,197.3	889.2	667.8	653.8	642.5	110.2	4,160.8
<i>% on total gross debt</i>	<i>28.8%</i>	<i>21.4%</i>	<i>16.1%</i>	<i>15.7%</i>	<i>15.4%</i>	<i>2.6%</i>	
Non-utilised credit facilities							1,500.0
Liquidity position							716.2
Other fin. assets at fair value through inc. statem.							174.5
Liquidity margin							2,390.7

2024-2025 targets


Financial targets

Billion €




	2023 A	2024 E (August '24 update)	2025 E
Revenues	6.65	6.6 ÷ 6.8	6.8 ÷ 7.0
Adj. EBIT margin <i>% revenue</i>	~15.1%	~15.5% (old target: >15.0% ÷ ~15.5%)	~16%
Net Cash Flow <i>bef. Dividends</i>	0.51	0.50 ÷ 0.52	0.55 ÷ 0.57
Net Financial Position <i>NFP / adj. EBITDA</i>	2.26 1.56x	~1.95 1.32x ÷ 1.26x	~1.6 ~1.0x

2025 Dividend Policy: 50% payout ratio (vs 40% in 2021 Industrial Plan)

Sustainability targets

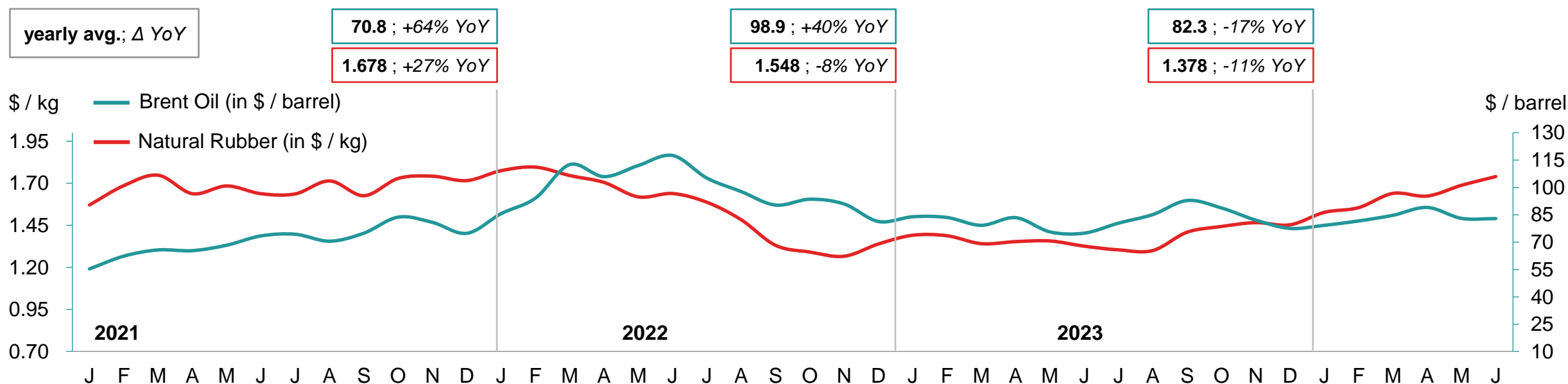
People Safety¹ <i>Accident frequency index</i>	1.7		~1
Scope 1+2 emissions² <i>vs 2018</i>	-45%		-60%
Scope 3 emissions² <i>vs 2018</i>	-25%		-27%
Bio-based and Recycled Materials <i>on best product</i>	55%		>70%

ESG Indices: a globally acknowledged sustainability leadership

Major rankings	Last update	Score	Positioning in the reference sector
 <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	2024	82	Top score ATX - Auto Components and Automotive
 <p>Top 1%</p>	2024	TOP 1% ESG	The only tyre maker in Top1%
 <p>CDP A LIST 2023 CLIMATE</p>	2023	A	A LIST – Max score
 <p>CDP SUPPLIER ENGAGEMENT LEADERS 2023</p>	2024	A	A LIST– Max score Supplier Engagement Leaders
 <p>Corporate ESG Performance ISS ESG Prime</p>	2024	B	Prime status and Top score Auto Components
 <p>MSCI ESG RATINGS AA</p>	2024	AA	ESG Leader Category
SUSTAINALYTICS	2024	9.9	Negligible risk; Awarded both <i>Industry</i> and <i>Region Top Rating</i>
 <p>PLATINUM 2023 ecovadis Sustainability Rating</p>	2023	Platinum	Top 1%

Raw material costs trend and mix

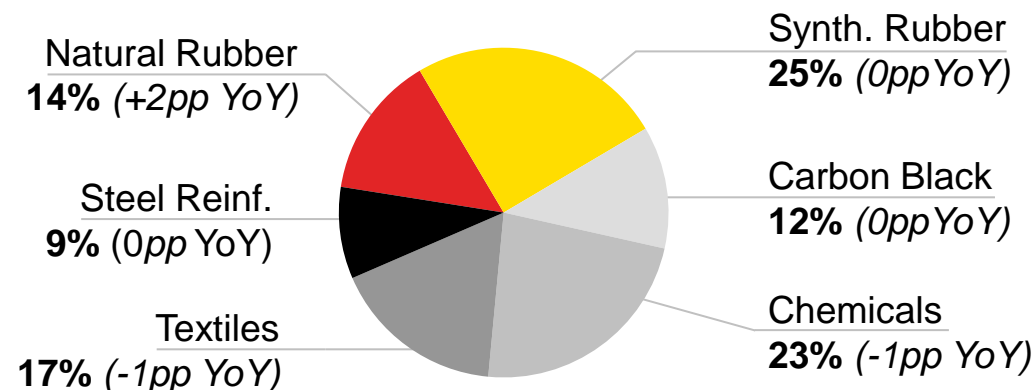
Main raw materials price trend



Pirelli H1 2024 mix based on purchasing cost

31%

raw mat. Costs on sales



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