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

The APIs presented herein include EBIT, EBIT margin, EBITDA, EBITDA margin. In addition, this Presentation includes certain measures that have been adjusted by us to present operating and financial performance net of any non-recurring events and non-core events. The adjusted indicators are EBITDA adjusted, EBITDA margin adjusted, EBITDA adjusted without start-up costs, EBITDA margin adjusted without start-up costs, EBIT adjusted, EBIT margin adjusted, EBIT adjusted without start-up costs, EBIT margin adjusted without start-up costs.

In order to facilitate the understanding of our financial position and financial performance, this Presentation contains other performance measures, such as CapEx (Capital Expenditures) or Investments in property, plant & equipment, Operating working capital related to continuing operations, Net Financial (liquidity) / debt Position, Net financial (liquidity)/debt position without IFRS 16, Operating net cash flow, Net cash flow and Net cash flow before dividends. These measures are not indicative of our historical operating results, nor are they meant to be predictive of future results.
AGENDA

PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

PIRELLI STRATEGY DEPLOYMENT: PILLAR 1 – COST COMPETITIVENESS

2020-2022 SCENARIO

PIRELLI STRATEGY DEPLOYMENT: PILLAR 2 - COMMERCIAL DEVELOPMENT

PIRELLI STRATEGY DEPLOYMENT: PILLAR 3 – TECHNOLOGY-BASED INNOVATION

2019 FINANCIAL REVIEW AND 2020-2022 TARGETS IN DETAIL

APPENDIX
PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

1. EVOLUTION TO DATE

2. IMPLICATIONS FROM 2020-2022 SCENARIO

3. STRATEGIC GUIDELINES & KEY 2020-2022 PROGRAMS

4. 2020-2022 TARGETS AND ENABLERS

5. 2025 VISION
PIRELLI HAS SUCCESSFULLY PURSUED A UNIQUE CONSUMER POSITIONING AND BUSINESS MODEL FOCUSED ON HIGH VALUE

HIGH VALUE (H.V.)

- Premium and Prestige Car drivers fitting ≥18"
- Focus on 3 H.V. Regions: Europe, USA and APac

STANDARD (STD)

- Standard presence reduction
- Trimming low profitability range

COMPETITIVE BARRIERS

1. Strong Relationship with Most demanding OEMs
2. Cutting-edge Technology
3. Iconic Brand
4. Selective Distribution
5. Low-Cost High-Tech Production Footprint

BUSINESS MODEL

1. Widest Marked Homologated Portfolio
   - 1,090 items\(^1\) in ≥18", ~3x avg. Tier 1 Peers
2. Long-Term Demand Visibility
   - Up to 10 Years Replacement visibility
3. Robust Pull-through Demand
   - >80% Pull-through Rate in 2019
4. Low-Cost High-Tech Footprint
   - 80% Capacity in 2019 in Low-Cost Countries
5. High Value Go-to-Market
   - >2/3 of Volumes through H.V. Channels\(^2\)

---

1. source German Product List (Pricat) @ Jan 2020; 2. Car Dealer, Tier 1 Wholesalers, Pirelli Retail, channels over which we exercise a greater control
PIRELLI FORECASTS AND VOLUME PERFORMANCES IN ≥18” PROVED CORRECT

HIGH VALUE

<table>
<thead>
<tr>
<th></th>
<th>2019 IPO¹</th>
<th>2019A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PREMIUM &amp; PRESTIGE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(million cars)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAR PROD.</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>CAR PARC</td>
<td>~ 150</td>
<td>&gt; 150</td>
</tr>
</tbody>
</table>

≥18” CAR TYRE MARKET (million tyres)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>~ 255</td>
<td>~ 255</td>
<td></td>
</tr>
</tbody>
</table>

≥18” CAR TYRE VOLUMES (million tyres)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>~ 30</td>
<td>~ 30</td>
<td></td>
</tr>
</tbody>
</table>

UNFORESEEN EVENT

> Challenging pricing environment on ≥18” non-specialties due to O.E. crisis

PIRELLI COUNTERMEASURES

> OEMs portfolio diversification (new N. America and APac contracts in 2H 2019)

> Price protection in ≥18” Specialties (~50% of H.V. sales)
...WHILE RAPID DECREASE ON ≤17" WAS NOT FULLY FORESEEN

STANDARD

<table>
<thead>
<tr>
<th></th>
<th>2019 IPO¹</th>
<th>2019A</th>
</tr>
</thead>
<tbody>
<tr>
<td>STANDARD CAR PRODUCTION (million cars)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>~ 86</td>
<td>~ 77</td>
<td></td>
</tr>
<tr>
<td>≤17” CAR TYRE MARKET (million cars)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>~ 1,400</td>
<td>~ 1,300</td>
<td></td>
</tr>
<tr>
<td>≤17” CAR TYRE VOLUMES (million tyres)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>44</td>
<td>34</td>
<td></td>
</tr>
</tbody>
</table>

UNFORESEEN EVENTS

2018
- South America economic crisis resulting in severe Standard Tyre demand contraction since 2H (-12% REPL. Car ≤17” market in 2H2018; -5.8% in 1H2019)
- EMEA and Russia more radical reduction with respect to the IPO plan (second brands and lower rim-sizes pruning)

2019
- Weaker Synergic car production caused unsaturation and competitive pressure

PIRELLI COUNTERMEASURES

- Footprint rationalization (Brazil)
- Faster standard volume reduction than previously planned, especially in EU, keeping a socially responsible approach; footprint conversion (Italy)
- Short-Term cost-cutting actions, leading to more structural savings in 2020-22 plan

¹ Implicit IPO
MORE GENERALLY, GAP IN STANDARD VOLUMES EXPLAINING KEY VARIANCE WITH IPO PLAN

IPO\(^1\) VS ACTUAL

\[\begin{array}{c|c|c|c}
\text{Year} & \text{IPO} & \Delta & \text{ACT} \\
\hline
\text{2019} & 6.4 & -0.7 \text{ bln} & 5.3 \\
\text{Adjusted Ebit} & 1.16 & -0.3 \text{ bln} & 0.92 \\
\text{Net Cash Flow} & 0.40 & -0.24 \text{ bln} & 0.33 \\
\hline
\text{Cumulated Net Cash Flow} & 0.73 & -0.30 \text{ bln} & 0.58 \\
\text{2017-2019} & & & \\
\end{array}\]

\(\Delta\) mainly Standard vol. cut (-9 million pcs) & lower Spec. \(\leq 17''\) (-1 million pcs)
-0.7 bln Price/mix (+6% CAGR vs +8% IPO, due to lower prices, driven by lower R. Mat growth and O.E. price pressures)
-0.3 bln ForEx (-2 CAGR vs -1% IPO, USD devaluation)
-0.1 bln

-0.30 bln mainly STD vol. cut & lower Spec. \(\leq 17''\)
-0.04 bln Positive P/Mix gap vs. Raw Material, almost in line with IPO
+0.10 bln Short-term cost-cutting to limit volume decline impact

-0.24 bln Lower operating performance contribution
+0.11 bln Capex optimization to face weaker market demand
+0.06 bln Better Working Capital & lower Taxes

-0.30 bln Lower cumulated EBIT
+0.15 bln Capex optimization
0 bln China JV Investment (€65 million) compensated by \(\Delta\) Work. Cap. & lower Taxes

\(1.\) Implicit IPO
PIRELLI ESG LEADERSHIP ACKNOWLEDGED BY THE MARKET

TOP-OF-THE-INDUSTRY ESG RATINGS

- Dow Jones Sustainability Indexes
  Global Sector Leader in the S&P Dow Jones Sustainability Indexes

- SAM Sustainability Award
  Awarded sector Gold Class 2020 in S&P Sustainability Yearbook

- CDP A List in Carbon Disclosure Project 2019
  Sector top rating

- FTSE4Good

- Global Compact
  LEAD company 2019

PIRELLI DISTINCTIVE FACTORS

- Comprehensive corporate positioning on key global sustainability challenges, beyond materiality
- Management model complying with most demanding ESG standards
- ESG targets are:
  - Group wide
  - Tangible
  - Challenging and realistic
  - Competitive deadlines
- Complete and transparent Reporting

1. e.g. ISO 20400, ISO 26000, AA1000, ISO 37001, etc.
EVOLUTION TO DATE SUM UP

- PURSUE HIGH VALUE APPROACH...
- ...WITH A HIGHER O.E. / HOMOLOGATION SELECTIVITY
- KEEP PRUNING LOW RIM STANDARD
- ACCELERATE STRUCTURAL COST COMPETITIVENESS PROGRAM
- LOWER CAPEX INTENSITY IN NEW PLAN AS H.V. CAPACITY ALREADY IN PLACE
- LEVERAGE ON SUSTAINABLE APPROACH TO GAIN COMPETITIVE ADVANTAGE BY ANTICIPATING FUTURE CHALLENGES
PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

1. EVOLUTION TO DATE

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5. 2025 VISION
NO MAJOR DISCONTINUITY IN «HIGH-END» MOBILITY IN THE NEXT 36 MONTHS

MILES DRIVEN GROWING CONSTANTLY

Car Global Miles Driven (billion)

2015 2018 2020 2022
9.6 10.7 11.5 12.2
+4% +4% +3%

«HIGH-END» CONSUMERS GROWING

Global # of Households with > $75k annual Income

2015 2018 2020 2022
272 340 399 465
+8% +8% +8%

PRIVATE CAR STILL DOMINANT

Car Global Miles Driven (billion) by ownership model

Shared & Services¹
2015 2018 2020 2022
9.6 10.7 11.5 12.2
7% 9% 11% 15%
93% 91% 89% 85%

Private Ownership

2015 2018 2020 2022
9% 11% 15% 20%

ELECTRIC CARS GROWING SHARE (PREMIUM)

% EV² Penetration on Global Premium production

2015 2018 2020 2022
1% 5% 11% 20%

% EV on Global Parc

2015 2018 2020 2022
n.a. 1% 2% 5%

1. Category includes Car Sharing, Ride-Hailing, Rental Fleets, Private and Company Leasing Cars; 2. EVs include BEV (Battery Electric Vehicles) and PHEV (Plug-in Electric Vehicles)

11
RESILIENT GROWTH OF HIGH VALUE TYRE DEMAND

2. Implications from 2020-2022 scenario

PRESTIGE & PREMIUM CAR PARC
(million vehicles)

Other regions
EU, N. America, APac

<table>
<thead>
<tr>
<th>Year</th>
<th>2018A</th>
<th>2019A</th>
<th>2020E</th>
<th>2021E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>87%</td>
<td>148</td>
<td>156</td>
<td>164</td>
<td>87%</td>
<td>~180</td>
</tr>
</tbody>
</table>

CAGR

<table>
<thead>
<tr>
<th>16A-19A</th>
<th>19A-22E</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.7%</td>
<td>5.8%</td>
</tr>
<tr>
<td>~5%</td>
<td>~5%</td>
</tr>
</tbody>
</table>

PRESTIGE & PREMIUM CAR PRODUCTION
(million vehicles)

Other regions
EU, N. America, APac

<table>
<thead>
<tr>
<th>Year</th>
<th>2018A</th>
<th>2019A</th>
<th>2020E</th>
<th>2021E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>94%</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>94%</td>
<td>~13</td>
</tr>
</tbody>
</table>

CAGR

<table>
<thead>
<tr>
<th>16A-19A</th>
<th>19A-22E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2%</td>
<td>1.3%</td>
</tr>
<tr>
<td>~2%</td>
<td>~2%</td>
</tr>
</tbody>
</table>

≥18” O.E. + REPLACEMENT TYRE MARKET
(million tyres)

Other regions
EU, N. America, APac

<table>
<thead>
<tr>
<th>Year</th>
<th>2018A</th>
<th>2019A</th>
<th>2020E</th>
<th>2021E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>93%</td>
<td>242</td>
<td>256</td>
<td>272</td>
<td>94%</td>
<td>~305</td>
</tr>
</tbody>
</table>

CAGR

<table>
<thead>
<tr>
<th>16A-19A</th>
<th>19A-22E</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.4%</td>
<td>9.3%</td>
</tr>
<tr>
<td>~6%</td>
<td>~6%</td>
</tr>
</tbody>
</table>

Source: Company elaborations based on third party and associations of tyre producers car market data; minor restatements on past data may occur
HIGH VALUE OVERCAPACITY IN 2019 WILL PERSIST, UNLESS PLAYERS POSTPONE PROGRAMS

≥18" NOMINAL CAPACITY VS. MARKET DEMAND (2018-2019-2022) - ESTIMATES

≥18" demand vs. Tier 1 + Tier 2 estimated Capacity

Demand CAGR '19-'22: ~+6%
Capacity CAGR '19-'22: ~+7%
- Of which Tier 1 +6.5%
- Of which Tier 2 +10%

SEVERAL RESTRUCTURING PROGRAMS ALREADY ANNOUNCED AND MORE LIKELY TO COME, BUT FOCUSED ON STANDARD
TECHNOLOGY & BRAND CAN LIMIT PRICE PRESSURE IN HIGH VALUE

TECHNOLOGIES (E.G. RUNFLAT, PNCS, SEAL INSIDE) WITH HIGHER ADDED VALUE

€ Sell-out price for tyre, same Product Line, Specialty vs. non-Specialty

<table>
<thead>
<tr>
<th>Technology</th>
<th>Specialty</th>
<th>Non-Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUNFLAT</td>
<td>~+20%</td>
<td></td>
</tr>
<tr>
<td>SEAL INSIDE</td>
<td>~+10%</td>
<td></td>
</tr>
<tr>
<td>NOISE CANCELLING</td>
<td>~+15%</td>
<td></td>
</tr>
</tbody>
</table>

PREMIUM CONSUMERS MAINLY LOOK FOR PRODUCT PERFORMANCE, BRAND AND SAFETY

Product choice factor analysis 2019, Premium target (EU) % replies “important” and “very important” (scale 1-5)

- Performance: 80%
- Brand: 75%
- Safety: 68%
- Design: 35%
- Price: 35%

Source: Pirelli Survey on CRM contacts (2019)

TECHNOLOGY FOR EVs ANOTHER KEY COMPETITIVE BARRIER
17” THE ONLY SEGMENT GROWING IN STANDARD

SYNERGIC CAR PARC
(million vehicles)

SYNERGIC CAR PRODUCTION
(million vehicles)

≤17” O.E. + REPLACEMENT TYRE MARKET
(million tyres)

Source: Company elaborations based on third party and associations of tyre producers car market data; minor restatements on past data may occur
### Market Demand Continuously Repositioning Towards High End Segments

#### H.V. Regions (EU, NA, APAC)

<table>
<thead>
<tr>
<th>Size</th>
<th>2016A</th>
<th>2019A</th>
<th>2020E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥18”</td>
<td>1299</td>
<td>1326</td>
<td>1320</td>
<td>1354</td>
</tr>
<tr>
<td>17”</td>
<td>17%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>≤16”</td>
<td>69%</td>
<td>64%</td>
<td>62%</td>
<td>61%</td>
</tr>
</tbody>
</table>

#### Standard Regions (All Other Regions)

<table>
<thead>
<tr>
<th>Size</th>
<th>2016A</th>
<th>2019A</th>
<th>2020E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥18”</td>
<td>236</td>
<td>246</td>
<td>247</td>
<td>255</td>
</tr>
<tr>
<td>17”</td>
<td>9%</td>
<td>10%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>≤16”</td>
<td>86%</td>
<td>83%</td>
<td>82%</td>
<td>82%</td>
</tr>
</tbody>
</table>

#### Source

Company elaborations based on third party and associations of tyre producers car market data; minor restatements on past data may occur.
EVOLUTION TO DATE

- Pursue High value approach…
- ...With a higher O.E. / homologation selectivity
- Keep pruning low-rim Standard
- Accelerate structural Cost Competitiveness Program
- H.V. capacity already in place: low CapEx-intensity in New Plan
- Leverage on Sustainable approach to gain competitive advantage

2020-2022 SCENARIO IMPLICATIONS

- RESILIENT HIGH VALUE DEMAND
- OVERCAPACITY/PRICE PRESSURE
- INNOVATION AND BRAND LEADERS CAN LIMIT COMPETITIVE PRESSURE
- STANDARD 17” IS A GROWING MARKET WITH DOUBLE-DIGIT REPLACEMENT PROFITABILITY
PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

1. EVOLUTION TO DATE

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4. 2020-2022 TARGETS AND ENABLERS

5. 2025 VISION
STRATEGIC GUIDELINES 2020-2022

HIGH VALUE IS PIRELLI’S “TRUE NORTH”

RAISE COMPETITIVE BARRIERS FASTER:
- Sustainability-driven innovation
- Brand
- Structural cost competitiveness
- Speedy capture of opportunities through data-rich insights

REPOSITION IN STANDARD, WITH LOW-COST SOURCES IN LATAM & RUSSIA
BUSINESS MODEL STRENGTHENED THROUGH 3 KEY MAJOR PROGRAMS, BACKED BY A MORE CONTAINED INVESTMENT

- Cost Competitiveness
- Commercial Development
- Technology-Based Innovation

Contained Investment Program

Higher Free Cash Flow Generation

3. Strategic guidelines & key 2020-2022 programs
01. COST COMPETITIVENESS: 2 WAVES, REACHING ~€510 MLN EFFICIENCY IMPROVEMENT GROSS OF INFLATION

<table>
<thead>
<tr>
<th></th>
<th>WAVE 1 - 2020</th>
<th>Weight on Wave 1</th>
<th>WAVE 2 – 2021-2022</th>
<th>Weight on Wave 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Cost</td>
<td>~ 28%</td>
<td></td>
<td>~ 33%</td>
<td></td>
</tr>
<tr>
<td>Gross impact</td>
<td>~ 28%</td>
<td>~ 22%</td>
<td>~ 36%</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>~ 28%</td>
<td>~ 22%</td>
<td>~ 18%</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>~ 28%</td>
<td></td>
<td>~ 12%</td>
<td></td>
</tr>
<tr>
<td>Total Gross Impact</td>
<td>~ €180 mln</td>
<td>~ 4.0 %</td>
<td>~ €330 mln</td>
<td>~ 7.5 %</td>
</tr>
<tr>
<td>as % of 2019 cost baseline</td>
<td></td>
<td></td>
<td>~ €510 mln</td>
<td>~ 11.5 %</td>
</tr>
<tr>
<td>Total Net Impact¹</td>
<td>~ €110 mln</td>
<td>~ 2.5 %</td>
<td>~ €180 mln</td>
<td>~ 4.0 %</td>
</tr>
<tr>
<td>as % of 2019 cost baseline</td>
<td></td>
<td></td>
<td>~ €290 mln</td>
<td>~ 6.5 %</td>
</tr>
</tbody>
</table>

¹: Net of inflation
02. COMMERCIAL DEVELOPMENT

VOLUME VARIANCE (CAR)

2019 A

- Replacement Pull-Through
- Replacement Push-Through
- O.E.: selective growths (Integrated Lifecycle Profitability)
- 17” Growth through Product Renewal
- ≤16” Pruning low-rim sizes & second brands

2022 E

KEY PROGRAMS

- 78% Specialties and ≥19” Non-Specialty
- Slight erosion on O.E.; high-teens lifecycle profitability
- Flattish, Slight erosion

PRICE POLICY

COST IMPROVEMENTS

- Product & Manufacturing Cost Reduction
- Time-to-Market reduction
- Major Cost reduction:
  - Footprint (Bollate)
  - Low Cost Plants (Kirov, Campinas)
  - Efficiency

LEADERSHIP

- 3. Strategic guidelines & key 2020-2022 programs

VOLUME VARIANCE

- 2019 A: ~64M
- 2022 E: ~69M
03. TECHNOLOGY-BASED INNOVATION: ACCELERATING PRODUCT INNOVATION

PRODUCT

Fast-pace product renewal
- H.V. homologated product families renewed, with Specialties available in most of the new Product Lines
- 15 push-through lines, regionalized

DEVELOPMENT & ENGINEERING

New Development & Engineering approach, derived from F1 & Motorsport data driven experience
- Reduced time-to-market
- Modularity & Commonality Virtualization in Design & Testing

NEW TECHNOLOGIES

Working in parallel on Medium-term opportunities
- ELECT EV “Marked” portfolio
- Entering the second stage of Cyber Innovation

APPROACH

Product roadmap led by an eco & safe design approach from cradle to grave
- Significant increase in the use of renewable and recycled materials, and decrease of fossils
- Max technological trade-off between low environmental impact and safety performances
- Consumer portfolio accompanying the transition towards smart and micro-mobility
- Supply chain co-operating in the development of high added value solutions, resilient in ESG risk management

-40% New Product Lines in ’20-’22 vs. ’17-’19
-30% development time
>1/3 2020-2022 homologations projects on EVs
PIRELLI MANUFACTURING FOOTPRINT: HIGH-TECH & ECO-EFFICIENT

IN 2022 18 PLANTS (~82% LOW COST COUNTRY)

- 9 Car Fully High Value, of which 6 new / robotized
- Bollate Plant converted to Premium Velo
- 2 Production Hubs in Low Cost Countries serving closer High Value markets: LatAm for N. America and Russia for Europe

AN INDUSTRIAL ENVIRONMENTAL FOOTPRINT SUBSTANTIALLY REDUCING

- 100% renewable electricity worldwide by 2025
- Group Carbon Neutrality by 2030
- Commitment to the Science Based Target initiative, in alignment with our CO₂ emissions reduced strategy
- Excellence in water management
- Zero waste to landfill
ALREADY REACHED OPTIMAL CAPACITY IN HIGH VALUE, LEADING TO A CONTAINED INVESTMENT PLAN

CAR CAPACITY

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity (millions)</th>
<th>Increase</th>
<th>Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 A</td>
<td>38 (54%)</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>2019 A</td>
<td>50 (65%)</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>2022 E</td>
<td>53 (71%)</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

HIGH VALUE CAPACITY CONSISTENT WITH DEMAND
- H.V. Capacity already increased strongly in 2017-2019 (Europe, China and Mexico)
- 2020-2022 further H.V. Capacity mainly from Conversion

STANDARD CAPACITY REDUCTION: -11m pcs in 6 years mainly in EMEA & LatAm. Saturation ~90% in 2022 (70% in 2019)

CAPEX PLAN

- Focus on Specialties and mix/quality improvement
- Ongoing Restructuring Plan (Italy & Brazil)

2020-2022 INVESTMENT PROJECTS HIGHLIGHTS

<table>
<thead>
<tr>
<th>Year</th>
<th>H.V. Capacity (increase + conversion)</th>
<th>Tech upgrade &amp; productivity improv.</th>
<th>Maintenance &amp; others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-2019A</td>
<td>€1.3 bln</td>
<td>€1.3 bln</td>
<td>€1.3 bln</td>
<td></td>
</tr>
<tr>
<td>2020-2022A</td>
<td>€0.9 bln</td>
<td>€0.9 bln</td>
<td>€0.9 bln</td>
<td></td>
</tr>
</tbody>
</table>
REINFORCING OUR ICONIC BRAND FOR PREMIUM CONSUMERS

ALWAYS IN TOP 3 POSITIONS IN KEY MARKETS

2019 Pirelli Brand Tracking Premium Consumers¹

MOVING EFFORTS DOWN THE CONSUMER JOURNEY

Pirelli Global Brand Investments in Consumer Journey funnel, 2019 and 2022

BRAND INITIATIVES RELEVANT FOR PREMIUM CONSUMERS

Sponsorships

1. Considering several parameters: Top-of-Mind Brand, Brand Awareness, Brand Consideration and Brand Conversion (Top Choice)
PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

1. EVOLUTION TO DATE

2. IMPLICATIONS FROM 2020-2022 SCENARIO

3. STRATEGIC GUIDELINES & KEY 2020-2022 PROGRAMS

4. 2020-2022 TARGETS AND ENABLERS

5. 2025 VISION
### 2020-2022 Targets

<table>
<thead>
<tr>
<th></th>
<th>2019 A</th>
<th>2020 E</th>
<th>2022 E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>5.3</td>
<td>~5.4</td>
<td>~5.8</td>
</tr>
<tr>
<td>adj. EBIT margin</td>
<td>0.9</td>
<td>~ flat YoY</td>
<td>18% + 19%</td>
</tr>
<tr>
<td>CapEx</td>
<td>0.39</td>
<td>~0.3</td>
<td>~0.9</td>
</tr>
<tr>
<td>Net Cash Flow bef. Dividends</td>
<td>0.33</td>
<td>~0.4</td>
<td>~1.5</td>
</tr>
<tr>
<td>Net Financial Position (IFRS 16)</td>
<td>3.5</td>
<td>~3.3</td>
<td>~2.5</td>
</tr>
</tbody>
</table>

1. Assuming average 40% dividend pay-out on consolidated net income in the 2020-22 Industrial Plan
PIRELLI REMUNERATION SYSTEM ALLIGNED WITH INDUSTRIAL PLAN

REMUNERATION STRUCTURE to be approved by the Shareholders’ Meeting (June 18, 2020)

COMPENSATION MIX FOR KEY MANAGEMENT

FIXED COMPONENT
• No more than 50% of Total Annual Direct Compensation on reaching all objectives at target level

SHORT-TERM INCENTIVE (1/3 of total variable compensation)
• Cash incentive based on key Financial objectives (Group Adj. Ebit, Net Income, Net Cash Flow before dividends) and Sustainability (Eco-Safety Performance¹ Revenues)
• On/off condition: Group Net Cash Flow before dividends
• 25% deferred to the next year

LONG-TERM INCENTIVE PLAN 2020-22 (2/3 of total variable compensation)
• Cash plan based on 3 key objectives: Relative TSR vs. Tier1 peers; 2020-22 Cumulated Group Net Cash Flow before dividends; on-going inclusion in Sustainability Indices (Dow Jones Sustainability World Index ATX Auto Component sector, CDP scoring)
• Rolling plan: every year starting a new 3-year period
• Payment in 2023 and at the end of each 3-year vesting period

ALL VARIABLE COMPONENTS ARE CAPPED

NON-COMPETITIVE AGREEMENT

CLAW-BACK CLAUSES KEY MANAGEMENT IN BOTH MBO AND LTI PLANS

1. Eco-Safety Performance products, previously named “green performance products”, identify car tyres that Pirelli produces throughout the world and that fall only under rolling resistance and wet grip classes A, B, C according to the labeling parameters set by European legislation

COMPANY PRESENTATION March 2020
GOVERNANCE CONFIRMED BY RENEWED SHAREHOLDERS’ AGREEMENT

BY-LAWS

Pirelli By-Laws shall be inspired by international best practices

Pirelli Technological know-how never be transferred unless approved by 90% of Pirelli shareholders

Pirelli headquarters shall remain in Milan (Italy) unless approved by 90% of Pirelli shareholders

One-fifth of the Board shall be appointed by minority shareholders

BOARD OF DIRECTORS

Board made of highly qualified Members with a suitable mix of skills.

Independent directors shall be the majority of the Board

Focus on Diversity value: gender, age, seniority, nationality, educational background and work-experience

Internal committees in line with the best practices, with independent directors having a key role.

Transactions with related parties to be governed by best International practices with a key role of the Committee for Related Parties Transactions

SHAREHOLDERS AGREEMENT

The partnership acknowledges: (i) Pirelli is a company specialised in high quality and technology products, (ii) loyalty, professional skills and expertise of the management, key factor for the Company success and business growth

Pivotal role of the top management to maintain quality standards, to preserve and value Pirelli industrial legacy

Pirelli Chief Executive Officer to lead top management and ensure Pirelli business culture continuity

Pirelli Recruiting, Career Plans and incentive schemes to match management and shareholders interests. Incentive plan targets consistent with Pirelli Strategic Plan, and in line with the best practices for listed Companies (e.g.: TSR, sustainability)

Leading role of Marco Tronchetti Provera in the designation of his successor
## PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EVOLUTION TO DATE</td>
</tr>
<tr>
<td>2</td>
<td>IMPLICATIONS FROM 2020-2022 SCENARIO</td>
</tr>
<tr>
<td>3</td>
<td>STRATEGIC GUIDELINES &amp; KEY 2020-2022 PROGRAMS</td>
</tr>
<tr>
<td>4</td>
<td>2020-2022 TARGETS AND ENABLERS</td>
</tr>
<tr>
<td>5</td>
<td>2025 VISION</td>
</tr>
</tbody>
</table>
KEY DYNAMICS IN 2025

**Car Global Miles Driven (billion)**

- 2015: 9.6
- 2018: 10.7
- 2020: 11.5
- 2022: 12.2
- 2025: 13.3

**SHARED & SERVICES GETTING RELEVANT**

**Car Global Miles Driven (billion) by ownership model**

<table>
<thead>
<tr>
<th>Year</th>
<th>Shared &amp; Services</th>
<th>Private Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>9.6 (7%)</td>
<td>93% (n.a.)</td>
</tr>
<tr>
<td>2018</td>
<td>10.7 (9%)</td>
<td>91%</td>
</tr>
<tr>
<td>2020</td>
<td>11.5 (11%)</td>
<td>89%</td>
</tr>
<tr>
<td>2022</td>
<td>12.2 (15%)</td>
<td>85%</td>
</tr>
<tr>
<td>2025</td>
<td>13.3 (~20%)</td>
<td>&lt;80%</td>
</tr>
</tbody>
</table>

**ELECTRIC CARS RELEVANT**

**Also in replacement**

- **Global # of Households with > $75k annual Income**
  - 2015: 272
  - 2018: 340
  - 2020: 399
  - 2022: 465
  - 2025: 577

- **% EV Penetration on Global Premium & Prestige production**
  - 2015: 1% (n.a.)
  - 2018: 5%
  - 2020: 11%
  - 2022: 20%
  - 2025: ~30%

- **% EV on Global Parc**
  - 2025: 9%

1. Category includes Car Sharing, Ride-Hailing, Rental Fleets, Private and Company Leasing Cars; 2. EVs include BEV (Battery Electric Vehicles) and PHEV (Plug-in Electric Vehicles)
### CAR TRENDS ‘2020-'2025: SOLUTIONS FOR ELECTRIC & CONNECTED

#### MARKET PENETRATION (%) IN PRESTIGE & PREMIUM

<table>
<thead>
<tr>
<th></th>
<th>PRODUCTION</th>
<th>PARC</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELECTRIC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prestige &amp; Premium</td>
<td>~11%</td>
<td>~2%</td>
</tr>
<tr>
<td>2020E</td>
<td>~11%</td>
<td>~2%</td>
</tr>
<tr>
<td>2025E</td>
<td>~30%</td>
<td>~9%</td>
</tr>
<tr>
<td>CONNECTED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prestige &amp; Premium</td>
<td>~71%</td>
<td>~30%</td>
</tr>
<tr>
<td>2020E</td>
<td>~71%</td>
<td>~30%</td>
</tr>
<tr>
<td>2025E</td>
<td>~all</td>
<td>~52%</td>
</tr>
</tbody>
</table>

#### PIRELLI SOLUTIONS

- **RIVIAN, PORSCHE, RIMAC, ELECT**
  - O.E. Partnership with top-end OEMs and start-up innovators **over 1/3 of O.E. Homologations pipeline**
  - **ELECT**: Distinctive Marking Strategy to ensure BEV tyre Replacement with tyre designed for BEVs

- **CYBER TYRE**
  - First phase of technology Development and testing in F2/Motorsport completed
  - Entered an industrialization phase, with Premium O.E. Partners and an open ecosystem of Partners in Semiconductors, Manufacturers and Tyre makers

---

Note: “Connected” refers to cars with mobile data connection (e.g. 2G, 3G, LTE), which might be provided by either embedded car systems or car hardware paired with external devices (e.g. smartphone). “Electric” refers to BEV / PHEV

Source: company analysis on consulting and investment banks research reports
**GROUP MEASURES**

- Travels to and from China are blocked and all travels to APAC are discouraged.
- APAC expatriates were returned to their homeland together with their families.
- All personnel coming back from China cannot return to workplace before 15 days after the day of arrival.
- A 24/7 hotline with specialized medical support is available.
- Continuous monitoring of the disease evolution in direct connection with national and international Organizations.
- Availability of prevention and emergency kits (e.g. masks, hand sanitizer dispensers, increased cleaning frequency of workplaces).
- Sanitizing and disease prevention training for all employees.

**FOCUS CHINA**

- Body temperature checks applied to all people entering Pirelli facilities.
- In addition, employees are checked twice during their shift.
- All employees must wear approved masks (provided by Pirelli).
- All incoming trucks are disinfected before entering the factories.
- The workplaces are disinfected every 3 hours.
- First aid rescue team linked with authorized hospitals has been established.
- All employees receive regular pay.
- Smart-working is encouraged.

**ALL OTHER COUNTRIES**

- Adopt all Group measures.
- Availability of prevention and emergency kits.
- Continuous monitoring of specific Country’s disease evolution.

**SUPPORT TO CHINA**

- 5 Million RMB donated to Coronavirus Relief Efforts through the Yanzhou Charity Federation of Jining city, Shandong Province.
- 90,000 N95 masks, 350,000 general medical masks, 500 thermometers, and 86,000 gloves sent directly to China from Italy, Germany, Mexico, Argentina.
CORONAVIRUS DISEASE (COVID-19) – PRELIMINARY SENSITIVITY ANALYSIS

PIRELLI IN CHINA

- Yanzhou Car / Moto – Shandong province
- Shenzhou Car (JV) – Shandong province
- Jiaozuo Car – Henan province

CURRENT SITUATION

- Temporary closure of 2 plants; Yanzhou is running at low capacity utilization
- Shanghai office (APAC HQ) closed. Region managed by Tokyo and Singapore offices.
- No delays in export and flows guaranteed today. Alternative flows identified and available. No problems world wide for Chinese components and Raw Material with alternative sources already activated.

ESTIMATED IMPACT

- In 1Q lower business seasonality (New Chinese Year);
- Current February Sales Volume -80% vs normal business activity; March projection in recovery to -30% vs normal business activity.
- Impact of ~ -€30 million on 1Q adj. EBIT, expected to be offset during the year (easing raw mat and pricing pressure with lower overseas supply)
- Should the emergency be extended to 2Q, an update will be provided with 1Q results in May, on both impacts and additional countermeasures

CHINA CONTRIBUTION:

- ~12% Group Sales
- High teens weight on Group Adj EBIT

2019 Total Capacity: ~14 million car pcs, 1.4 million Moto pcs
% of Export: ~25% mainly within Apac

Full High Value Capacity
High Value/ Standard Capacity

5. 2025 Vision
# AGENDA

<table>
<thead>
<tr>
<th>PIRELLI EVOLUTION TO DATE &amp; STRATEGIC DIRECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIRELLI STRATEGY DEPLOYMENT: PILLAR 1 – COST COMPETITIVENESS</td>
</tr>
<tr>
<td>2020-2022 SCENARIO</td>
</tr>
<tr>
<td>PIRELLI STRATEGY DEPLOYMENT: PILLAR 2 - COMMERCIAL DEVELOPMENT</td>
</tr>
<tr>
<td>PIRELLI STRATEGY DEPLOYMENT: PILLAR 3 – TECHNOLOGY-BASED INNOVATION</td>
</tr>
<tr>
<td>2019 FINANCIAL REVIEW AND 2020-2022 TARGETS IN DETAIL</td>
</tr>
<tr>
<td>APPENDIX</td>
</tr>
</tbody>
</table>
BUSINESS MODEL STRENGTHENED THROUGH 3 KEY PROGRAMS, BACKED BY A MORE CONTAINED INVESTMENT

- COST COMPETITIVENESS
- COMMERCIAL DEVELOPMENT
- TECHNOLOGY BASED INNOVATION

Contained Investment Program

HIGHER FREE CASH FLOW GENERATION
### 01. COST COMPETITIVENESS: 2 WAVES, REACHING ~€510 MLN EFFICIENCY IMPROVEMENT GROSS OF INFLATION

#### WAVE 1 - 2020

<table>
<thead>
<tr>
<th>Gross impact</th>
<th>Product Cost</th>
<th>~ €160 mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross impact</td>
<td>Manufacturing</td>
<td>~ €160 mln</td>
</tr>
<tr>
<td>Gross impact</td>
<td>SG&amp;A</td>
<td>~ €100 mln</td>
</tr>
<tr>
<td>Gross impact</td>
<td>Organization</td>
<td>~ €90 mln</td>
</tr>
</tbody>
</table>

**Gross impact focusing on:**
- Product range management
- Specification optimization
- Purchasing cost optimization
- Smart Manufacturing
- Quality enhancement
- Belt-tightening on spending
- Marketing effort optimization
- Organization streamlining
- Pay for performance
- New Skills development

**Gross impact focusing also on:**

#### WAVE 2 – 2021-2022

<table>
<thead>
<tr>
<th>Gross impact</th>
<th>Modularity</th>
<th>~ €110 mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross impact</td>
<td>Footprint optimization</td>
<td>~ €120 mln</td>
</tr>
<tr>
<td>Gross impact</td>
<td>Design speed</td>
<td></td>
</tr>
<tr>
<td>Gross impact</td>
<td>Footprint optimization</td>
<td>~ €120 mln</td>
</tr>
<tr>
<td>Gross impact</td>
<td>Flexible factory</td>
<td>~ €60 mln</td>
</tr>
<tr>
<td>Gross impact</td>
<td>Logistic optimization</td>
<td>~ €60 mln</td>
</tr>
<tr>
<td>Gross impact</td>
<td>Digital Processes and Organization transformation</td>
<td>~ €40 mln</td>
</tr>
</tbody>
</table>

**Total Gross Impact ~€510 mln**

- **as % of 2019 cost baseline**: ~11.5%

**Total Net Impact¹ ~€290 mln**

- **as % of 2019 cost baseline**: ~6.5%

**Total Gross Impact ~€180 mln**

- **as % of 2019 cost baseline**: ~4.0%

**Total Net Impact¹ ~€110 mln**

- **as % of 2019 cost baseline**: ~2.5%

**Total Gross Impact ~€330 mln**

- **as % of 2019 cost baseline**: ~7.5%

**Total Net Impact¹ ~€180 mln**

- **as % of 2019 cost baseline**: ~4.0%

---

1. _Net of inflation_
PRODUCT COST PILLARS – PLAN 2020-2022

PRODUCT RANGE MANAGEMENT
- Value based product portfolio
- Push lines design to value

SPECIFICATION OPTIMIZATION
- Activities on the existing and future product range to maximize performance and reduce product cost:
  - Tyre structure simplification
  - Weight reduction

MODULAR APPROACH TO TYRE DESIGN
- Material portfolio de-complexity with rationalization of semi-finished components

PROCUREMENT OPTIMIZATION
- LT agreements with strategic suppliers powered by shared tech roadmaps
- Rationalization of supplier portfolio

PRODUCT COST BENEFITS BY WAVE (€ million)
- Wave 1 2020: ~50
- Wave 2 21/22: ~110
- Gross benefits: ~160
MANUFACTURING PILLARS – PLAN 2020-2022

FOOTPRINT OPTIMIZATION
- Reorganization (Brazil), Italy plant conversion (to H.V.) creating Velo Hub
- Local-for-local production through regional source mix in low cost country

FLEXIBLE FACTORY
- New production processes oriented to flexibility
- Factory material/info flow optimization (-11% WIP Reduction in 2022)

SMART MANUFACTURING
- Connected Factory with real time / predictive analysis, adaptive production planning and digital-enhanced operator capability

QUALITY ENHANCEMENT
- "Zero Defect Manufacturing": predict and prevent defects through design for quality and data analytics (-20% total Waste reduction by '22)

MANUFACTURING BENEFITS BY WAVE
€ million
- Wave 1 2020 ~40
- Wave 2 21/22 ~120
- ~160 Gross benefits
SG&A PILLARS – PLAN 2020-2022

**MARKETING & SALES**
- **Reduce** effort in *awareness initiatives* in the consumer journey, *favoring conversion actions*
- **Advanced digital marketing tools** reducing customer acquisition cost

**GENERAL & ADMINISTRATIVE**
- Structural belt-tightening on *professional services*, travel, HQ overheads and Service Level Agreements across regions

**LOGISTICS**
- **Logistic network redesign**
- Distribution optimization through a *service level segmentation*

---

**SG&A BENEFITS BY WAVE**

<table>
<thead>
<tr>
<th>Wave 1 2020</th>
<th>~40</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wave 2 21/22</td>
<td>~60 (total ~100)</td>
</tr>
</tbody>
</table>

Gross benefits
ORGANIZATION PILLARS – PLAN 2020-2022

ORGANIZATION STREAMLINING

- Business processes reengineering supported by new ways of working enabled by the digital transformation

NEW SKILLS DEVELOPMENT

- Changing the mix of the available capabilities through reskilling program and development of digital skills

PAY FOR PERFORMANCE

- Enhancement of the incentive schemes effectiveness, increasing the weight of the variable remuneration on the total compensation

ORGANIZATION BENEFITS BY WAVE

€ million

Wave 1 2020
~50

Wave 2 21/22
~40
~90

Gross benefits
AGENDA

- PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION
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- APPENDIX
CAR SALES IN DOWNTURN CYCLE, HOWEVER CARS FITTING $\geq 18''$ TYRES GROWING AT HIGHER RATE

### WORLD CAR PRODUCTION

*million vehicles*

<table>
<thead>
<tr>
<th>Year</th>
<th>2016A</th>
<th>2019A</th>
<th>2020E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergic</td>
<td>81.6</td>
<td>76.8</td>
<td>75.1</td>
<td>78.0</td>
</tr>
<tr>
<td>Prestige &amp; Premium</td>
<td>11.5</td>
<td>11.9</td>
<td>12.1</td>
<td>12.6</td>
</tr>
</tbody>
</table>

CAGR 16A-19A: -1.6%
CAGR 19A-22A: 0.7%

### WORLD O.E. TYRE MARKET

*million tyres*

<table>
<thead>
<tr>
<th>Year</th>
<th>2016A</th>
<th>2019A</th>
<th>2020E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\geq 18$</td>
<td>453</td>
<td>430</td>
<td>420</td>
<td>434</td>
</tr>
<tr>
<td>$\leq 17$</td>
<td>364</td>
<td>323</td>
<td>309</td>
<td>312</td>
</tr>
</tbody>
</table>

CAGR 16A-19A: -1.7%
CAGR 19A-22A: 0.3%

- Prestige & Premium
- Synergic

CAGR 16A-19A: +6.4%
CAGR 19A-22A: +4.3%

CAGR 16A-19A: -3.9%
CAGR 19A-22A: -1.1%
HIGH VALUE REPLACEMENT TYRE MARKET: RESILIENT ALSO IN A MORE DIFFICULT SCENARIO

WORLD CAR PARC

 million vehicles

WORLD REPLACEMENT TYRE MARKET

 million tyres

Source: IHS November 2019, Company elaborations based on third party and associations of tyre producers market data
KEY DRIVERS OF GLOBAL HIGH VALUE MARKET GROWTH

Confirmed
- Penetration of Premium & Prestige cars
- Increase in number of homologations
- Growing demand for specialties
- Rising penetration of SUVs
- New Car technologies

NEW
- Synergic “Premiumization”
- Car Platform modularity
- Adding new specialties
- SUV further segmentation
- Electric and Connected acceleration
  Autonomous and Sharing slow down
DRIVER 1: PENETRATION OF PREMIUM & PRESTIGE CARS AND PREMIUMIZATION OF SYNERGIC

PREMIUM/PRESTIGE PENETRATION ON TOTAL CAR PARC

million vehicles

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td>1,281</td>
<td>1,426</td>
<td>1,555</td>
</tr>
<tr>
<td>Prestige</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Synergic</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CAGR 16A-19A: +5.7%
CAGR 19A-22A: +3.4%

NEW SYNERGIC CARS FITTING ≥18” TYRES

% on 100% index

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Prestige</td>
<td>84%</td>
<td>80%</td>
<td>77%</td>
</tr>
<tr>
<td>Synergic</td>
<td>16%</td>
<td>20%</td>
<td>23%</td>
</tr>
</tbody>
</table>

KEEP LEADERSHIP IN PREMIUM/PRESTIGE AND EXPAND OFFER ON «PREMIUMIZED» SYNERGIC

Source: IHS and Company elaborations based on third party and associations of tyre producers car market data, restated vs. Nov.17 estimates (wider perimeter), minor restatements on past data may occur;
DRIVER 2: INCREASING NUMBER OF CAR MODELS PER BRAND

ADDING ELECTRIC PLATFORM TO EXISTING ONES...

Number of Models by OEM*

...AT THE SAME TIME EXPLOITING PLATFORM MODULARITY AND TYRE HOMOLOGATION SYNERGIES

Range coverage

<table>
<thead>
<tr>
<th>SEASONALITY</th>
<th>RIM</th>
<th>SPECIALTY</th>
<th>ROOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summer</td>
<td>18&quot;</td>
<td>standard</td>
<td>235/60R18</td>
</tr>
<tr>
<td></td>
<td>19&quot;</td>
<td>standard</td>
<td>235/55R19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>self sealing</td>
<td>235/55R19</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>255/50R19</td>
</tr>
<tr>
<td></td>
<td>20&quot;</td>
<td>self sealing</td>
<td>235/50R20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>255/45R20</td>
</tr>
<tr>
<td></td>
<td>21&quot;</td>
<td>self sealing</td>
<td>235/45R21</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>255/40R21</td>
</tr>
<tr>
<td>All Season</td>
<td>19&quot;</td>
<td>self sealing</td>
<td>235/55R19</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>255/50R19</td>
</tr>
<tr>
<td>Winter</td>
<td>19&quot;</td>
<td>self sealing</td>
<td>235/55R19</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>255/50R19</td>
</tr>
</tbody>
</table>

Source: IHS Markit @ July 2019 & Pirelli Alternative Propulsion @ June 2019, Company elaborations based on third party data relative to car market and on data of local associations of tyre producers;
Note: If a car model has both the tradition and BEV version, it is counted as double
DRIVER 3: GROWING DEMAND FOR SPECIALTIES

PRODUCTS

RUNFLAT
SEAL INSIDE™
NOISE CANCELLING SYSTEM™
RACING TYRES
COLLECTION TYRES

New frontier
PIRELLI ELECT
CYBER TYRE

CONSUMER FOCUS AND NEEDS SEGMENTATION

Leader
New Tech Development

REINFORCING LEADERSHIP ON SPECIALTIES ADDRESSING SPECIFIC CUSTOMER SEGMENTS
DRIVER 4: RISING SUV AND CUV PENETRATION

WORLD CAR REGISTRATIONS: SUVS AND CUVS ARE REPLACING SEDANS

- SUV D: 24%
- SUV C: 76%
- CAR D: ~50%
- CAR C: ~50%

CAGR 2012-2022
- SUV D: -1.4%
- SUV C: 7.4%
- CAR D: 11.9%
- CAR C: -2.0%

Avg Fitment 17"
≈ 30% of the car parc is 18up

EXAMPLE: 3-SERIES AND X3 WORLD CAR REGISTRATIONS

- 2014: 76%
- 2018: 64%
- 2022: ~50%

Avg Fitment 19"
≈ 60% of the car parc is 18up

5 NEW SUV LINE LAUNCHED IN 2016-2019, 10 FORESEEN IN 2020-2022

Source: IHS Markit January 2020; analyzed the last two X3 and 3-Series programs
### DRIVER 5: ELECTRIC AND CONNECTED CARS THE KEY TRENDS

#### MARKET PENETRATION (%)

<table>
<thead>
<tr>
<th></th>
<th>Registration</th>
<th>PARC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>~30%</td>
<td>9%</td>
</tr>
<tr>
<td>Connected</td>
<td>~all</td>
<td>~52%</td>
</tr>
<tr>
<td>Shared</td>
<td>n.m.</td>
<td>4%</td>
</tr>
<tr>
<td>Autonomous</td>
<td>n.m.</td>
<td>n.m.</td>
</tr>
</tbody>
</table>

#### TYRE MARKET NEEDS

<table>
<thead>
<tr>
<th></th>
<th>Higher load</th>
<th>Lower Rolling R.</th>
<th>Higher grip</th>
<th>Lower noise</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monitoring and interaction with car connected devices</td>
<td>Integrated real-time analysis of tyres and car performance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### PIRELLI SOLUTIONS

- O.E. Partnership with Top-end OEMs and start-up innovators
- Distinctive Marking Strategy to ensure BEV Tyre Replacement with tyre designed for BEVs
- Launched a connected In-Tyre solution for track amateur drivers
- Working with confidential OEM partners on in-tyre Homologated sensors

#### LONG-TERM TRENDS

R&D and Innovation projects activated

---

1. Figures refers to autonomous driving levels 4, 5
   Note: Connected” refers to cars with mobile data connection (e.g. 2G, 3G, LTE), which might be provided by either embedded car systems or car hardware paired with external devices (e.g. smartphone), “Electric” refers to BEV / PHEV
   All data refers to Prestige & Premium cars;
   Source: company analysis on consulting and investment banks research reports

**COMPANY PRESENTATION**

March 2020
AGENDA

PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

PIRELLI STRATEGY DEPLOYMENT: PILLAR 1 – COST COMPETITIVENESS

2020-2022 SCENARIO

PIRELLI STRATEGY DEPLOYMENT: PILLAR 2 - COMMERCIAL DEVELOPMENT

PIRELLI STRATEGY DEPLOYMENT: PILLAR 3 – TECHNOLOGY-BASED INNOVATION

2019 FINANCIAL REVIEW AND 2020-2022 TARGETS IN DETAIL

APPENDIX
2020-2022 HIGH-VALUE SCENARIO: PIRELLI EXPECTED TO OUTPERFORM MARKET GROWTH BY ~3% PPI

Source: Company elaborations based on third party and associations of tyre producers car market data
TOP LINE GROWTH KEY DRIVERS

1. **Reinforce leadership in the H.V. Premium Replacement** driven by our core business model based on O.E. pull-through and enhanced with analytics and big-data

2. **Expand in the H.V. Synergic Replacement**, covering emerging market and consumer needs through new products

3. **Consolidate leadership in Premium and Prestige O.E.**, being more selective on higher rims and new powertrain vehicles
   - **Expand and diversify O.E. customer base** to improve our penetration in USA and China

4. **Plan a consistent landing point on Standard**, strongly reducing in H.V. regions and improving in price/mix
PULLTHROUGH IS PIRELLI'S CONSOLIDATED BUSINESS MODEL

- Keep the **leadership in the Premium** segment focusing on technologically advanced products: Marked tyres, Specialties, EV tyres.

- Leverage on **geo-localized** analytical coverage to further improve Pull-Through rate on cars fitting Pirelli tyres (~80% today).

- Exploit market data analytics to enable **salesforce transformation** towards a customer consultancy approach.

The chart shows the relationship between O.E. volumes, replacement volumes, and the pull-through rate. The pull-through rate is indicated to be greater than 80%.
PAST HOMOLOGATIONS ARE GENERATING A GROWING POTENTIAL IN THE PLAN HORIZON

≥18” PIRELLI SALES @ O.E.

NEW HOMOLOGATIONS ≥18”

288 324 421 447

≥18” REPLACEMENT TYRE MARKET FITTING PIRELLI

≥18” REPLACEMENT TYRE MARKET

CAGR 19A-22E

+7.5%
PIRELLI HAS AN UNDISPUTED LEADERSHIP ON PREMIUM AND PRESTIGE MARKED TYRES IN THE ≥18” ARENA

Number of marked IP codes vs. premium competitors
Source: German Product List (Pricat) @ January 2020
STRONG RELATIONSHIP WITH OEMS ALLOWS TO ENHANCE GO-TO-MARKET EFFECTIVENESS, THROUGH BIG DATA AND ADVANCED ANALYTICS

BIG DATA TO COMBINE COUNTELESS DATA SOURCES

- Car Registrations
- Geo-marketing
- Car Productions
- Car Parc
- Market Data
- OEM’S Projects
- Homologations
- POS Data

>20B LINES

CUSTOMER CENTRIC PREDICTIVE CAPABILITIES

- Early identification of O.E. project targets based on potential growth
- Car parc analysis to identify replacement pull-through potential
- Maximize coverage in location with concentrated homologated potential
TAKE “PULL-THROUGH STRATEGY” TO A NEW “PRECISION LEVEL”

Premium car parc: 160 million cars

US: 5.0M  EU: 15.9M  CN: 4.6M

Mercedes-EU car parc: 15.9 million cars

UK: 240K  ITA: 186K  GER: 713K

Mercedes E-Class GERMANY: 713K cars

ST: 3088  BE: 7,080

E-Class (MY 2016) BERLIN: 7,080 cars

From Car Parc to Tyre Potential

TOOL AVAILABLE IN OUR SALESFORCE.COM PLATFORM
Expanding high value boundaries using big data to identify high-end synergic consumer needs.

- Safety in every driving condition
- Known and high quality brand
- High mileage tyre
- Comfortable drive
- Product with eco-friendly materials
- Value for money product
- Original spare parts just like the original equipment

- In particular in Europe
- In particular in China
- In particular in US
THROUGH A DEDICATED PRODUCTS PORTFOLIO WITH EXPECTED DOUBLE-DIGIT PROFITABILITY

DESIGNED TO ADDRESS SAFETY, PERFORMANCE & MILEAGE

HIGH TECHNOLOGICAL CONTENT

ECO-FRIENDLY APPROACH

EFFICIENT PRODUCTION PROCESS

FOCUS ON REGIONAL NEEDS

15 new lines
### Reinforce leadership in the H.V. Premium Replacement
- Continuous focus on car dealers and high-end retails

### Expand presence in the H.V. Synergic Replacement
- Complete range to be competitive across all channels, and mainly to retail

<table>
<thead>
<tr>
<th>Year</th>
<th>Car dealer</th>
<th>Tier 1</th>
<th>Pirelli retail</th>
<th>Other channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 A</td>
<td>11%</td>
<td>17%</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>2020 E</td>
<td>12%</td>
<td>25%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>2022 E</td>
<td>12%</td>
<td>25%</td>
<td>34%</td>
<td></td>
</tr>
</tbody>
</table>

**THE DISTRIBUTION NETWORK WILL COHERENTLY SUPPORT THE REPLACEMENT REGIONAL STRATEGY**

- Striped presence in car-dealers through leadership in homologations
- Redesign presence on major Tier 1 distributors
- Long-standing agreements with Fleets
- Solid double digit growth on Top 5 Tier 1 players in US
- Established share in tyre manufacturers JVs
- Strong presence in car-dealers through leadership in homologations
- Established retail network in Tier 1 cities, expanding in Tier 2 cities
- Exploiting e-commerce channel

**Sources:** Pirelli Trade Marketing (February 2020)
2020-22 ORIGINAL EQUIPMENT: FOLLOWING OUR CUSTOMERS GLOBALLY, EXPANDING THE CUSTOMER BASE

Index: 100

2019 customer base

Current customers
- Consolidate the relationships strengthening our technological leadership

2-3

New customers
- Geographical expansion in APAC and NA, also with “premiumizing” Synergic customers
- Growth in the Electric New Comers

6-7

2022 customer base

109
AS A RESULT, PIRELLI'S LEADERSHIP POSITION STRENGTHENS

**HOMOLOGATIONS**

**NUMBER OF O.E. PROJECTS**

- ~1,000
  - 2017-2019
- ~900
  - 2020-2022

**EV PENETRATION**

- ~5%
  - 2017-2019
- ~45%
  - 2020-2022
- >50%
  - Vision 2025

**HIGHER RIM FOCUS (>19")**

- ~70%
  - 2017-2019
- >80%
  - 2020-2022
- >90%
  - Vision 2025
STANDARD: CAR TYRE REDUCTION PLAN CONTINUES, AT A LOWER PACE

**TOTAL STANDARD**

<table>
<thead>
<tr>
<th></th>
<th>Market Standard</th>
<th>CAGR 16-19</th>
<th>CAGR 19-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pirelli</td>
<td></td>
<td>-9.0%</td>
<td>~-4%</td>
</tr>
</tbody>
</table>

**LANDING POINT @ 2022**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>68%</td>
<td>53%</td>
<td>43%</td>
</tr>
<tr>
<td>Net Sales</td>
<td>48%</td>
<td>35%</td>
<td>30%</td>
</tr>
</tbody>
</table>
THREE KEY LEVERS TO MAXIMIZE VALUE

PRODUCT MIX IMPROVEMENT
- Mix shift towards 17" (~+1.5 million, in line with market growth)
- Exit from 13" and second brands (except in LatAm and Russia)
- Focus on more profitable segments (SUV, All Season)

INDUSTRIAL FOOTPRINT OPTIMIZATION
- Competitive sourcing (Kirov, Campinas, Jiaozuo)
- Industrial mission re-focus (Bollate)
- Efficiency programs across the board

BETTER PRICE POINT
- Reduction strategy coherent with price protection
- Focus on segments less exposed to Tier 2 and Tier 3 competition

EBIT MARGIN FROM SINGLE TO DOUBLE DIGIT
AGENDA

PIRELLI EVOLUTION TO DATE & STRATEGIC DIRECTION

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2019 FINANCIAL REVIEW AND 2020-2022 TARGETS IN DETAIL

APPENDIX
INNOVATION AND PRODUCT DEVELOPMENT STRATEGIC PILLARS

1. ACCELERATED PRODUCT INNOVATION
   - Product roadmap 2020 – 2022
   - Innovation for 360° sustainability

2. COST COMPETITIVENESS
   - Material innovation
   - Technology innovation

3. INNOVATION FOCUS ON SUSTAINABLE MOBILITY
   - Product cost
   - Product modularity
   - Design speed
   - Material innovation
   - Technology innovation
ACCELERATED PRODUCT ROADMAP IN 2020-2022, WITH 20 NEW LINES

PULL LINES

- Strengthen O.E. leadership (~2x homologation vs. best competitor)
- Focus on High Mix for Selective O.E.
- Wide and deep product range
- Specialties

5

PUSH LINES

- Growing all-season lines
- Support regional lines (5 USA, 3 APAC)
- Focus on Safety & Mileage (USA)
- Focus on Safety & Comfort (APAC)
- Focus Safety & Eco Labels (EU)

15

INNOVATION SPEED

2017 - 2019
14 lines

> 2020 - 2022
20 lines

>40% acceleration

SELECTIVE O.E. APPROACH

Higher Rim Focus (>19")

<19”

≥19”

2017-2019

70%

2020-2022

>80%

Vision 2025

>90%

SPECIALTIES

4 ELECT

9 PNCS 4F

12 SEAL INSIDE

14 RUN FLAT

69

COMPANY PRESENTATION
March 2020
PRODUCTS LAUNCHED IN PLAN WILL BE "SUSTAINABILITY-DRIVEN"

SOCIAL SUSTAINABILITY CUSTOMER

Safety performance
- Wet grip
- Driving stability
- Extended mobility

Sustainable performance
- Rolling resistance
- Noise emission
- Wear efficiency

BUSINESS COMPANY

Competitiveness
- Design for value
- Modularity approach: product standardization

Design Speed
- Tyre modelling
- Virtual Performance Simulation

ECO-SUSTAINABILITY ENVIRONMENT

Sustainable Materials
- Recycle material
- Renewable material
- Fossil base material reduction

Sustainable Product lifecycle
- Wear rate reduction
- Weight reduction

Sustainable production
- Production process
- CO₂ footprint reduction
PRODUCT COST COMPETITIVENESS BASED ON NEW DESIGN PRINCIPLES

- Product range management
  - Value based product portfolio
  - Push lines design to value

- Specification optimization
  - Tyre structure simplification
  - Tyre weight reduction

- Modular approach tyre design
  - Material portfolio decomplexity
  - Semi-finished components rationalization

- Procurement Optimization
  - LT agreements with strategic suppliers
  - Rationalization of supplier portfolio

Supporting Waste reduction and manufacturing Productivity increase

2020 - 2022
-10% Product Cost (~€160 million)

FULL POTENTIAL IN 2025

PRODUCT COMPETITIVENESS
COMPANY PRESENTATION
March 2020

PRODUCT COST COMPETITIVENESS BASED ON NEW DESIGN PRINCIPLES

PRODUCT COMPETITIVENESS

- Supporting Waste reduction and manufacturing Productivity increase
- Specification optimization
  - Tyre structure simplification
  - Tyre weight reduction
- Modular approach tyre design
  - Material portfolio decomplexity
  - Semi-finished components rationalization
- Procurement Optimization
  - LT agreements with strategic suppliers
  - Rationalization of supplier portfolio
- Product range management
  - Value based product portfolio
  - Push lines design to value

2020 - 2022
-10% Product Cost (~€160 million)
FULL POTENTIAL IN 2025
MODULARITY WILL POSITIVELY REDUCE PLANT-LEVEL COMPLEXITY COSTS

Modularity Concept:
• Reduce variety of tyre components

Complexity:
• To manage 500 SKUs in a factory are produced 3,500 unique semi-finished components are produced on average

European plants are managing the highest complexity level:
• 71% of overall product portfolio
• 100% of prestige products

The modularity concept applied starting from 2019 in European plants

Following same approach from 2020 in all other factories

Semi-finished components

-30%
# Full Virtual Product Development to Improve Time-to-Market and Reduce Costs

<table>
<thead>
<tr>
<th>Development Phase</th>
<th>Description</th>
<th>Time to Market</th>
<th>Prototype Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tyre Modelling</td>
<td>Virtual modelling &amp; Parametric design</td>
<td>-30%</td>
<td>-20%</td>
</tr>
<tr>
<td></td>
<td>• Material performance prediction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• New design guidelines for modularity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Performance linked with product cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tyre Properties</td>
<td>Virtual tyre test</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Tyre performance prediction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Virtual prototype iteration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle Performance Simulation</td>
<td>Performance prediction simulator</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Virtual spec tuning for specific car models</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Virtual outdoor test iteration</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Strong partnership with car makers (co-design)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
DESIGN FOR SUSTAINABILITY: ACCELERATING THE INTRODUCTION OF NEW AND INNOVATIVE "GREEN INGREDIENTS"

1. Science Based Target Initiative commitment

23% 33% 43% 62%

3. Innovation focus on sustainable mobility

TARGET ON NEW PRODUCT LINES

- Recycled materials increase
- Renewable materials increase
- Fossil-based materials reduction

- Materials & Natural resource efficiency
- Process environmental targets (SBTI)\(^1\)
- Group carbon neutrality by 2030

- Rolling resistance reduction
- Weight & Wear rate reduction
- Wet grip further increase

- Chemical recycling using innovative process to ensure the quality of secondary raw materials for closed loop

<table>
<thead>
<tr>
<th>Product eco &amp; safety-design</th>
<th>RAW MATERIALS</th>
<th>MANUFACTURING</th>
<th>USE</th>
<th>END OF LIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Recycled materials increase</td>
<td>• Materials &amp; Natural resource efficiency</td>
<td>• Rolling resistance reduction</td>
<td>• Chemical recycling using innovative process to ensure the quality of secondary raw materials for closed loop</td>
</tr>
<tr>
<td></td>
<td>• Renewable materials increase</td>
<td>• Process environmental targets (SBTI)(^1)</td>
<td>• Weight &amp; Wear rate reduction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Fossil-based materials reduction</td>
<td>• Group carbon neutrality by 2030</td>
<td>• Wet grip further increase</td>
<td></td>
</tr>
</tbody>
</table>

Circular economy

TARGET ON NEW PRODUCT LINES

- Wear rate reduction: >15%
- Weight reduction: >10%

- Renewable Sources
- Recycled Material
- Metal
- Fossil-Based
TECHNOLOGY INNOVATION: SPECIFIC TECHNOLOGIES DEVELOPED TO MEET NEW “EV” REQUIREMENTS

PLAN 2020-2022

- Battery Range Extension
- Higher Vehicle Mass
- Higher Torque
- Higher Comfort

- Ultra Low Rolling Resistance
- High Load Capacity
- Braking & Traction Grip with Improved Wear Rate
- Low Air born and Solid born Rolling Noise

10% reduced RR → 2% Extended Battery Range
(WLTP Cycle = Only Straight Running)

Improve RR in Real Driving Conditions
(RR in Cornering up to 5 times higher)

Specific tyre shape to optimize aerodynamic Interaction with Vehicle

74 BEVs AND PHEVS HOMOLOGATIONS (TILL 2019)

286 BEVs AND PHEVS PROJECTS
(CURRENTLY ONGOING, ~400 FORESEEN BY 20-22)

COMPANY PRESENTATION
March 2020

3. Innovation focus on sustainable mobility
IN A CONNECTED FUTURE, TYRE INTELLIGENCE IS THE ONLY ONE SOURCED DIRECTLY FROM ROAD SURFACE

1ST PHASE:
TECHNOLOGICAL DEVELOPMENT

- Technology stabilization
- Tested in F2 and Motorsport
- 2 Joint-Development prospects with Prestige O.E.

2ND PHASE:
INDUSTRIALISATION IN AN “OPEN” PARTNERSHIP

- Scaling up with Global Partners
  - Semiconductors
  - Production and Supply Chain
- Developing solutions with large-scale Premium O.E.
- Creating Connected ecosystem with other Tyre Makers

CYBER IS AN ACTIVE ELEMENT OF CONNECTIVITY
IT WILL ENHANCE DRIVER SAFETY, VEHICLE CONTROL, LIFECYCLE EMISSION REDUCTION
Design for competitiveness

- Modularity
- Design Speed
- Specialties

Design for sustainability

- New product concepts
- Sustainable Product life-cycle
- Sustainable mobility
AGENDA

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2019 FINANCIAL REVIEW AND 2020-2022 TARGETS IN DETAIL

APPENDIX
2019 FINANCIAL REVIEW AND 2020-2022 TARGETS IN DETAIL

1. 2019 FINANCIAL REVIEW

2. 2020-22 TARGETS IN DETAILS
## FY 2019 RESULTS IN LINE WITH GUIDANCE

### Key Metrics Comparison

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>€5,195 mln</td>
<td>≥€5.3 bln</td>
<td>€5,323 mln</td>
</tr>
<tr>
<td><strong>High Value weight</strong></td>
<td>~ 64%</td>
<td>~ 67%</td>
<td>67%</td>
</tr>
<tr>
<td><strong>Adjusted EBIT</strong></td>
<td>€955 mln</td>
<td></td>
<td>€917 mln</td>
</tr>
<tr>
<td><strong>Adjusted EBIT margin</strong></td>
<td>18.4%</td>
<td>&gt;17% + 17.5%</td>
<td>17.2%</td>
</tr>
<tr>
<td><strong>High Value weight on adj. EBIT¹</strong></td>
<td>~ 83%</td>
<td>~ 85%</td>
<td>84%</td>
</tr>
<tr>
<td><strong>Start-up costs</strong></td>
<td>€48 mln</td>
<td>~ €40 mln</td>
<td>€41 mln</td>
</tr>
<tr>
<td><strong>CapEx</strong></td>
<td>€463 mln</td>
<td>~ €380 mln</td>
<td>€391 mln</td>
</tr>
<tr>
<td><strong>Net Cash Flow bef. dividends</strong></td>
<td>€38 mln</td>
<td>~ €330 + ~ €350 mln</td>
<td>€333 mln</td>
</tr>
<tr>
<td><strong>Net Financial Position</strong></td>
<td>€3,180 mln</td>
<td></td>
<td>€3,024 mln €3,507 mln incl. IFRS 16</td>
</tr>
<tr>
<td><strong>Net Financial Position / adj. EBITDA¹</strong></td>
<td>2.49x</td>
<td>~ 2.42x + ~ 2.36x +0.17x incl. IFRS 16</td>
<td>2.42x 2.59x incl. IFRS 16</td>
</tr>
</tbody>
</table>

¹ 1. without start-up costs
## FY 2019 NET SALES BRIDGE

### € million

<table>
<thead>
<tr>
<th>O/E.</th>
<th>Repl.</th>
<th>High Value Car ≥18&quot;</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>O/E. +4.9%</td>
<td>Repl. +10.5%</td>
<td>+6.4%</td>
<td>+8.0%</td>
</tr>
<tr>
<td>4Q '19</td>
<td></td>
<td></td>
<td>mainly negative channel mix</td>
</tr>
<tr>
<td>O/E. +15.3%</td>
<td>Repl. +3.5%</td>
<td>+7.8%</td>
<td>+8.7%</td>
</tr>
<tr>
<td>2H '19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O/E. +14.4%</td>
<td>Repl. +8.0%</td>
<td>+9.0%</td>
<td>+10.7%</td>
</tr>
<tr>
<td>1H '19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O/E. -3.4%</td>
<td>Repl. +13.1%</td>
<td>+3.9%</td>
<td>+5.5%</td>
</tr>
</tbody>
</table>

### 1. 2019 financial review

- **Net Sales**
  - FY'18: 5,194
  - O/E. +4.9% | Repl. +10.5% | -101
  - Prices/Mix: +6.4% | -9.7%
  - FY'19: 5,323
  - O/E. +6.4% | Repl. +8.0%

- **Volumes**
  - FY'18: 216
  - FY'19: 14

- **FX**
  - +2.5% | +2.2%

- **o/w Organic**
  - +6.4% | +8.0% | +2.2%
**PRICE/MIX DRIVERS AND DYNAMICS IN 2019 AND 2020**

<table>
<thead>
<tr>
<th>Channel Mix</th>
<th>1H'19 A</th>
<th>2H'19 A</th>
<th>FY'19 A</th>
<th>1H'20 E</th>
<th>2H'20 E</th>
<th>FY'20 E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment Mix</strong></td>
<td>++</td>
<td>-</td>
<td>+</td>
<td>=</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td><strong>High Value Volumes Δ YoY</strong></td>
<td>+3.9%</td>
<td>+10.2%</td>
<td>+6.4%</td>
<td></td>
<td></td>
<td>~+8%</td>
</tr>
<tr>
<td><strong>Standard Volumes Δ YoY</strong></td>
<td>-13.9%</td>
<td>-8.8%</td>
<td>-9.7%</td>
<td></td>
<td></td>
<td>~-6%</td>
</tr>
<tr>
<td><strong>Micro-mix</strong></td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td>=</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>~slightly negative, with pressure from the O.E. channel</td>
<td></td>
</tr>
</tbody>
</table>
FY2019 ADJUSTED EBIT PERFORMANCE

€ million

internal levers \(\sum +104\)
- Volume: 955
- Price/mix: 123
- Efficiencies: 70
- Start-up costs\(^1\): 6
- D&A\(^2\): 25
- Other: 26

external levers \(\sum -142\)
- Raw Mat.
- Other input costs: 67
- Other: 77
- FX:
- D&A: 2

2018

2019

margin 18.4% 17.2%

1. Digital transformation, Cyber, Velo; 2. net of FX impact; 3. other costs related to High Value development
FY 2019 NET INCOME BRIDGE

€ million

<table>
<thead>
<tr>
<th>Net Income FY'18</th>
<th>Δ EBIT</th>
<th>Δ Net income / loss from equity participations</th>
<th>Δ Financial income / charges</th>
<th>Δ Taxes</th>
<th>Δ Discontinued Operations</th>
<th>Net Income FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>442</td>
<td>-6</td>
<td>-127</td>
<td>87</td>
<td>-112</td>
<td>6</td>
<td>458</td>
</tr>
</tbody>
</table>

% on Sales 8.5%

Net Income FY'18

Δ YoY mainly related to the Argentina hyper-inflation accounting

1. wash down fee BCC financing; 2. mainly related to gains from re-pricing of unsecured facilities

FY'18 FY'19

Net Income 442 458

Discontinued operations +6 -

Net Income from cont. oper. 449 458

PPA amortization +115 +115

Non recurring / restr. costs / other adj. +137 +60

One-off financial income +2 -107

Taxes impact -127 -11

Ad. Net Income from Cont. Oper. 576 514
1. 2019 financial review

Dividend Proposal to be filed with Pirelli & C. Annual General Meeting (June 18th, 2020)

**2019 dividend**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income Reported (€ million)</td>
<td>458</td>
</tr>
<tr>
<td>payout (% of net income reported)</td>
<td>40.0%</td>
</tr>
<tr>
<td>DPS (€)</td>
<td>0.183</td>
</tr>
<tr>
<td># of shares (million)</td>
<td>1,000.0</td>
</tr>
<tr>
<td>dividends (€ million)</td>
<td>183</td>
</tr>
</tbody>
</table>

**Dividend Payment Schedule**

- Coupon Detachment: June 22nd, 2020
- Dividend Payment: June 24th, 2020, record date June 23rd
**FY 2019 CASH FLOW AND NET FINANCIAL POSITION**

€ million

- **Op. CF: +772** (+383 in FY’18)
- **NCF bef. dividends & IFRS 16 impact: +333 (+978 in 4Q’19)**

Net Cash Flow: +156 (+978 in 4Q’19)

Main working capital dynamics in 2019

- **Inventories** back to normalized level: 20.5% on sales (21.7% in 2018);
  Inventory volume reduction -7% YoY (-23% on Standard and +5% on High Value, to ensure the high service level)

- **Trade receivables**: 12% on sales (stable YoY)

- **Trade payables**: 30% on Sales (~1pp YoY)

**1. without start-up costs**
**CURRENT CAPITAL STRUCTURE (DECEMBER 2019)**

€ million

<table>
<thead>
<tr>
<th>Net Financial Position</th>
<th>Gross Debt maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan</strong></td>
<td><strong>2020</strong></td>
</tr>
<tr>
<td>5,411</td>
<td>1,452</td>
</tr>
<tr>
<td><strong>Bond</strong></td>
<td><strong>2021</strong></td>
</tr>
<tr>
<td>2,917</td>
<td>452</td>
</tr>
<tr>
<td><strong>IFRS 16</strong></td>
<td><strong>2022</strong></td>
</tr>
<tr>
<td>1,271</td>
<td>200</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td><strong>2023</strong></td>
</tr>
<tr>
<td>483</td>
<td>78</td>
</tr>
<tr>
<td><strong>Fin. receivables &amp; other</strong></td>
<td><strong>2024</strong></td>
</tr>
<tr>
<td>740</td>
<td>721</td>
</tr>
<tr>
<td><strong>Net Fin. Position</strong></td>
<td><strong>2025 &amp; beyond</strong></td>
</tr>
<tr>
<td>(1,904)</td>
<td>1,811</td>
</tr>
<tr>
<td>(1,648)</td>
<td>1,145</td>
</tr>
<tr>
<td>(256)</td>
<td>639</td>
</tr>
<tr>
<td>3,507</td>
<td>215</td>
</tr>
</tbody>
</table>

*Net Financial Position: 4,928 (w/o IFRS 16 impact), 3,024*

**Liquidity profile**

- Liquidity position: 1,610
- Assets at FV through P&L: 38
- Total committed lines not drawn: 700

**Liquidity margin**: 2,348*

* Liquidity Margin is Covering ~2.2 years of forthcoming maturities (~ 3.7 years considering the Committed Bank lines extension option***)

**Break-down by currency**

- CNY 1.2%
- RUB 1.2%
- BRL 10.3%
- EUR 84.9%
- other 2.3%

**Cost of Debt (last 12 months)**

- Dec-18: 2.95%
- Dec-19: 2.83%
2019 FINANCIAL REVIEW AND 2020-2022 TARGETS IN DETAIL

1. 2019 FINANCIAL REVIEW

2. 2020-22 TARGETS IN DETAILS
## OUR 2020-2022 TARGETS …

<table>
<thead>
<tr>
<th></th>
<th>2019 A</th>
<th>2020 E</th>
<th>2022 E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>5.3</td>
<td>~5.4</td>
<td>~5.8</td>
</tr>
<tr>
<td><strong>Adjusted EBIT</strong></td>
<td>0.9</td>
<td>~ flat YoY</td>
<td>18% + 19%</td>
</tr>
<tr>
<td><strong>margin</strong></td>
<td>17.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CapEx</strong></td>
<td>0.39</td>
<td>~0.3</td>
<td></td>
</tr>
<tr>
<td><strong>Net Cash Flow bef. dividends</strong></td>
<td>0.33</td>
<td>~0.4</td>
<td>cum. ’20-’22 ~0.9</td>
</tr>
<tr>
<td><strong>Net Financial Position (IFRS 16)(^1)</strong></td>
<td>3.5</td>
<td>~3.3</td>
<td>cum. ’20-’22 ~1.5</td>
</tr>
</tbody>
</table>

\(^1\) assuming average 40% dividend pay-out on consolidated net income in the 2020-22 Industrial Plan

vs. cum ’17-’19 ~1.3

o/w ~0.5 in ’21
~0.6 in ’22
## 2020-2022 Revenues Trend

### Volumes

<table>
<thead>
<tr>
<th></th>
<th>2019 A</th>
<th>2020 E</th>
<th>2022 E</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Value</td>
<td>5.3</td>
<td>~5.4</td>
<td>~5.8</td>
</tr>
<tr>
<td>Standard</td>
<td>33%</td>
<td>31%</td>
<td>27%</td>
</tr>
</tbody>
</table>

### Price/mix

<table>
<thead>
<tr>
<th></th>
<th>2019-22</th>
<th>2020-22</th>
<th>2022-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Value</td>
<td>+6.4%</td>
<td>~ +8%</td>
<td>~ +8%</td>
</tr>
<tr>
<td>Standard</td>
<td>-9.7%</td>
<td>~ -6%</td>
<td>~ -5%</td>
</tr>
</tbody>
</table>

### Forex

<table>
<thead>
<tr>
<th></th>
<th>2019-22</th>
<th>2020-22</th>
<th>2022-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Value</td>
<td>+0.3%</td>
<td>~ -2%</td>
<td>~ -2%</td>
</tr>
</tbody>
</table>

### CAGR 19-22

<table>
<thead>
<tr>
<th></th>
<th>~ +1.5%</th>
<th>~ +2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Value</td>
<td>~ +8%</td>
<td></td>
</tr>
<tr>
<td>Standard</td>
<td>~ -5%</td>
<td></td>
</tr>
</tbody>
</table>

### Δ’19-’20

<table>
<thead>
<tr>
<th></th>
<th>~ +2%</th>
<th>~ +6%</th>
<th>~ +6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Value</td>
<td>~ +8%</td>
<td>~ +6%</td>
<td>~ +6%</td>
</tr>
<tr>
<td>Standard</td>
<td>~ -6%</td>
<td>~ -6%</td>
<td>~ -4%</td>
</tr>
</tbody>
</table>

### CAGR ‘19-’22

<table>
<thead>
<tr>
<th></th>
<th>~ +3%</th>
<th>~ +6%</th>
<th>~ -4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Value</td>
<td>~ +8%</td>
<td>~ +6%</td>
<td>~ +6%</td>
</tr>
<tr>
<td>Standard</td>
<td>~ -5%</td>
<td>~ -4%</td>
<td>~ -4%</td>
</tr>
</tbody>
</table>

Lower contribution from standard reduction
## 2020-2022 Profitability Trend

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
<th>Price/mix</th>
<th>Raw Mat.</th>
<th>Efficiencies</th>
<th>Inflation</th>
<th>D&amp;A</th>
<th>Other</th>
<th>FX</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>~flat</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>917</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### EBIT Margin
- 2019: 17.2%
- 2020: ~flat vs. '19
- 2022: 18% + 19%

1. Other costs for the High Value development
FINANCIAL AND FISCAL MANAGEMENT

€ million

FINANCIAL INCOME & EXPENSES¹

2019A ~217 2020E-22E ~185

100% new strategic funding will be Green or linked to our Sustainability targets

Option to extend the maturity of current credit lines

Reduction of the exposure to high-yield currencies

2. 2020-22 targets in details

2020-2022E TAX RATE

2019E 26% 2020E-22E 25%-27%

Expected weighted average consolidated tax rate in line with 2019 actual tax rate

Tax rate guidance includes a “prudential” estimate of the Italian Patent Box renewal benefit

1. Including interests rates, hedging costs, hyperinflation
## 2020-22 NET CASH FLOW (BEFORE DIVIDENDS) TRENDS

** MAIN COMPONENTS **

<table>
<thead>
<tr>
<th>Year</th>
<th>Δ op. C.F.</th>
<th>Δ int. / taxes</th>
<th>Δ int. / taxes</th>
<th>Δ adj. EBITDA</th>
<th>Δ adj. EBITDA</th>
<th>Δ int. / taxes</th>
<th>Δ int. / taxes</th>
<th>Δ restr. / non-rec.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 A</td>
<td></td>
<td>Δ CapEx</td>
<td>Δ W.C.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020 E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021 E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022 E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.6</td>
</tr>
</tbody>
</table>

** FCF conversion $^2$ **

- **68%**
- **76%**
- **78%**
- **79%**

** CapEx / D&A $^1$ **

- **1.3x**
- **0.9x**
- **0.85x**
- **0.8x**

** CapEx already at optimal level **

1. *Operating Cash Flow: adj. EBITDA – CapEx – Δ working capital*
2. *(EBITDA – CapEx) / EBITDA*
3. Assuming average 40% dividend pay-out on consolidated net income in the 2020-22 Industrial Plan

** 2020-22 N.C.F. $^3$ **

- ~1.5 cum., o/w:
  - ~0.5 for dividends
  - ~1.0 for Debt reduction

** Notes:**

- *Δ* denotes change.
- EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization.
### 2020E-2022E RAW MATERIAL GUIDANCE

**Commodities – avg. Quotation**

<table>
<thead>
<tr>
<th></th>
<th>2019 A</th>
<th>2020 E</th>
<th>2021 E</th>
<th>2022 E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Rubber TSR20 ($ / tonne)</td>
<td>1,407</td>
<td>~1,480</td>
<td>~1,495</td>
<td>~1,565</td>
</tr>
<tr>
<td>Brent Oil ($ / barrel)</td>
<td>64.0</td>
<td>~64</td>
<td>~64</td>
<td>~64</td>
</tr>
<tr>
<td>Butadiene Europe (€ / tonne)</td>
<td>824</td>
<td>~860</td>
<td>~880</td>
<td>~920</td>
</tr>
</tbody>
</table>

**Commodities – avg. cost of goods sold**

<table>
<thead>
<tr>
<th></th>
<th>2019 A</th>
<th>2020 E</th>
<th>2021 E</th>
<th>2022 E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Rubber TSR20 ($ / tonne)</td>
<td>1,381</td>
<td>~1,430</td>
<td>~1,500</td>
<td>~1,545</td>
</tr>
<tr>
<td>Brent Oil ($ / barrel)</td>
<td>67.0</td>
<td>~63</td>
<td>~64</td>
<td>~64</td>
</tr>
<tr>
<td>Butadiene Europe (€ / tonne)</td>
<td>937</td>
<td>~820</td>
<td>~885</td>
<td>~910</td>
</tr>
</tbody>
</table>

**Adj. EBIT impact**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Mat.¹</td>
<td>+18</td>
<td>~flat</td>
<td>~30</td>
<td>~30</td>
</tr>
<tr>
<td>FX only</td>
<td>-85</td>
<td>~65</td>
<td>~15</td>
<td>~10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-67</td>
<td>~65</td>
<td>~45</td>
<td>~40</td>
</tr>
</tbody>
</table>

1. Including fees

---

**Raw Materials 33% on Sales**

**Breakdown FY 2019 A based on purch costs**

- **10% Steel Reinf.**
- **13% Natural Rubber**
- **17% Textiles**
- **23% Chemicals**
- **27% Synthetic Rubber**
- **10% Carbon Black**

**Commodities**

- Natural Rubber TSR20
- Brent Oil
- Butadiene Europe

**€ million**

---

2. 2020-22 targets in details
2020E-2022E FOREX GUIDANCE

Main average exchange rates

<table>
<thead>
<tr>
<th></th>
<th>2019 A</th>
<th>2020E</th>
<th>Δ YoY (vs. EUR)</th>
<th>2021E</th>
<th>Δ YoY (vs. EUR)</th>
<th>2022E</th>
<th>Δ YoY (vs. EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR / USD</td>
<td>1.12</td>
<td>1.12</td>
<td>0%</td>
<td>1.14</td>
<td>+2%</td>
<td>1.18</td>
<td>+4%</td>
</tr>
<tr>
<td>USD / CNY</td>
<td>6.9</td>
<td>7.05</td>
<td>+2%</td>
<td>7.06</td>
<td>+2%</td>
<td>6.95</td>
<td>+2%</td>
</tr>
<tr>
<td>USD / BRL</td>
<td>3.95</td>
<td>4.07</td>
<td>+3%</td>
<td>4.21</td>
<td>+5%</td>
<td>4.26</td>
<td>+5%</td>
</tr>
<tr>
<td>EUR / RUB</td>
<td>72.4</td>
<td>73.0</td>
<td>+1%</td>
<td>75.0</td>
<td>+3%</td>
<td>77.0</td>
<td>+3%</td>
</tr>
<tr>
<td>EUR / GBP</td>
<td>0.88</td>
<td>0.90</td>
<td>+3%</td>
<td>0.88</td>
<td>-3%</td>
<td>0.86</td>
<td>-2%</td>
</tr>
</tbody>
</table>

TOT. IMPACT ON SALES ~-2% ~-2% ~-2%
APPENDIX

1. GOVERNANCE

2. SUSTAINABILITY STRATEGY & TARGETS

3. FINANCIALS
GOVERNANCE CONFIRMED BY RENEWED SHAREHOLDERS’ AGREEMENT

**BY-LAWS**

- Pirelli By-Laws shall be inspired by international best practices
- Pirelli Technological know-how never be transferred unless approved by 90% of Pirelli shareholders
- Pirelli headquarters shall remain in Milan (Italy) unless approved by 90% of Pirelli shareholders
- One-fifth of the Board shall be appointed by minority shareholders

**BOARD OF DIRECTORS**

- Board made of highly qualified Members with a suitable mix of skills.
- **Independent directors shall be the majority** of the Board
- Focus on **Diversity value**: gender, age, seniority, nationality, educational background and work-experience
- **Internal committees in line with the best practices**, with independent directors having a key role.
- **Transactions with related parties** to be governed by **best International practices** with a key role of the Committee for Related Parties Transactions

**SHAREHOLDERS AGREEMENT**

- The partnership acknowledges: (i) Pirelli is a company specialised in high quality and technology products, (ii) loyalty, professional skills and expertise of the management, key factor for the Company success and business growth
- Pivotal role of the top management to maintain **quality standards**, to preserve and value Pirelli industrial legacy
- **Pirelli Chief Executive Officer** to lead top management and ensure **Pirelli business culture continuity**
- Pirelli Recruiting, Career Plans and incentive schemes to match **management and shareholders interests**. Incentive plan targets consistent with Pirelli Strategic Plan, and in line with the best practices for listed Companies (e.g.: TSR, sustainability)
- Leading role of Marco Tronchetti Provera in the designation of his successor
PIRELLI SHAREHOLDER STRUCTURE

1. On September 2019 Camfin SpA has underwritten, with primary financial institutions, financial instruments denominated “Call Spread”, maturing on September 2022, with 48.9 million Pirelli shares underlying equal to approximately 5% of the Pirelli’s share capital. By virtue of the acquisition of these financial instruments, Camfin has the right to buy Pirelli shares at a predetermined price and increase its stake in Pirelli’s share capital from 10.1% up to approximately 15%.

2. Tacticum Investment S.A (formerly Long-Term Investments Luxembourg S.A.): stake transferred to a third party, subject to a “Repurchase Agreement”. Such third party committed to transfer back to LTI, when due, the ownership of the same number of Pirelli stocks and to do everything is in its power to exercise the right to vote, subject to the transaction, according to the voting instructions given by LTI each time.

Source: NASDAQ, Libro soci Pirelli at December 2019
PIRELLI REMUNERATION SYSTEM ALLIGNED WITH INDUSTRIAL PLAN

REMUNERATION STRUCTURE to be approved by the Shareholders’ Meeting (June 18, 2020)

COMPENSATION MIX FOR KEY MANAGEMENT

FIXED COMPONENT
- No more than 50% of Total Annual Direct Compensation on reaching all objectives at target level

SHORT-TERM INCENTIVE (1/3 of total variable compensation)
- Cash incentive based on key Financial objectives (Group Adj. EBIT, Net Income, Net Cash Flow before dividends) and Sustainability (Eco-Safety Performance Revenues)
- On/off condition: Group Net Cash Flow before dividends
- 25% deferred to the next year

LONG-TERM INCENTIVE PLAN 2020-22 (2/3 of total variable compensation)
- Cash plan based on 3 key objectives: Relative TSR vs. Tier 1 peers; 2020-22 Cumulated Group Net Cash Flow before dividends; on-going inclusion in Sustainability Indices (Dow Jones Sustainability World Index ATX Auto Component sector, CDP scoring)
- Rolling plan: every year starting a new 3-year period
- Payment in 2023 and at the end of each 3-year vesting period

1. Eco-Safety Performance products, previously named “green performance products”, identify car tyres that Pirelli produces throughout the world and that fall only under rolling resistance and wet grip classes A, B, C according to the labeling parameters set by European legislation
SHORT TERM INCENTIVE PLAN OBJECTIVES

On/off condition: Group Net Cash Flow before dividends

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Adjusted EBIT</td>
<td>40%</td>
</tr>
<tr>
<td>Group Net Cash Flow(^1)</td>
<td>30%</td>
</tr>
<tr>
<td>Net Income</td>
<td>20%</td>
</tr>
<tr>
<td>Green performance Revenues</td>
<td>10%</td>
</tr>
</tbody>
</table>

Bonus at target level defined as percentage of base salary; pay-out cap is 2.5x bonus at target level, entry level pay-out is 0.75x bonus at target level.

25% of the bonus deferred to the next year and relevant payment subject to the achieving of the STI objectives of the following years, with a reward mechanism in case of achievement of the objectives at least at the target level.
### 2020-2022 LONG-TERM INCENTIVE PLAN HIGHLIGHTS

- Cash, long-term incentive plan aligned with the 2020-2022 Industrial Plan
- Rolling plan, with 3 objectives with different weights

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>WEIGHT</th>
<th>VALUE AT TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative TSR</td>
<td>40%</td>
<td>Pirelli performance aligned to the average of the peers’ performance – Tier 1 (Nokian, Michelin, Continental, Good Year, Bridgestone).</td>
</tr>
<tr>
<td>Group Cash Flow¹</td>
<td>40%</td>
<td>2020-2022 cumulated Pirelli Cash Flow consistent with the Industrial Plan</td>
</tr>
</tbody>
</table>
| Sustainability Index | 20%  | • Pirelli ranking in Dow Jones Sustainability World Index ATX Auto Component sector (weight 10%);  
|                     |        | • Pirelli ranking in CDP ranking /weight 10%                                   |

- Rolling plan: every year starting a new three-years period, with relevant targets
- Bonus at target level defined as percentage of base salary; pay-out cap is 2,6-2,9 bonus at target level, entry level pay-out is 0.75x bonus at target level.

¹ Before dividends
APPENDIX

1. GOVERNANCE

2. SUSTAINABILITY STRATEGY & TARGETS

3. FINANCIALS
PIRELLI INTEGRATED MODEL

MULTI-STAKEHOLDER APPROACH

<table>
<thead>
<tr>
<th>Governance</th>
<th>Management systems</th>
<th>Planning</th>
<th>Reporting²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>Quality</td>
<td>Return on capital</td>
<td>Group integrated Annual Report</td>
</tr>
<tr>
<td>Board Committee</td>
<td>ISO 9001</td>
<td></td>
<td>Governance</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Labour and Social</td>
<td>Growth Opportunities</td>
<td>Economic performance</td>
</tr>
<tr>
<td>Steering Committee</td>
<td>OHSAS 18001/ISO45001</td>
<td>Productivity</td>
<td>Social performance</td>
</tr>
<tr>
<td>Country Sustainability and Future Mobility</td>
<td>Environment</td>
<td>Risk Governance</td>
<td>Strategy</td>
</tr>
<tr>
<td>(CEOs)</td>
<td>ISO 14001</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ISO 14040</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ISO 14064</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anti-Bribery</td>
<td>ISO 37001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchasing</td>
<td>ISO 20400¹</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### KPIs

1. **Eco-Safety Performance revenues**
   - 55.8% (63.3% on H.V.)

2. **Car tyresAvg. rolling resistance reduction**
   - -18% (vs. 2009)

3. **Accident frequency index reduction**
   - -83% (vs. 2009)

4. **Average training days per capita**
   - >7 days

5. **Specific energy consumption reduction**
   - -13.1% (vs. 2009)

6. **Electricity from renewable sources**
   - >41%

7. **Specific CO₂ emissions reduction**
   - -10.8% (vs. 2009)

8. **Specific water withdrawal reduction**
   - -70% (vs. 2009)

9. **Waste recovered**
   - 97%

### Pirelli ESG Leadership Acknowledged by the Market

<table>
<thead>
<tr>
<th>Pirelli distinctive factors</th>
<th>ESG targets are:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive corporate positioning</td>
<td>• Group wide</td>
</tr>
<tr>
<td>Management model complying with most demanding ESG standards</td>
<td>• Tangible</td>
</tr>
<tr>
<td>ESG targets</td>
<td>• Challenging and realistic</td>
</tr>
<tr>
<td></td>
<td>• Set to be reached within competitive deadlines</td>
</tr>
<tr>
<td></td>
<td>Complete and transparent Reporting</td>
</tr>
</tbody>
</table>

### Pirelli also included in:

- Dow Jones Sustainability Indexes
- Global Sector Leader in the S&P Dow Jones Sustainability Indices
- SAM Sustainability Award Gold Class 2020
- Awarded sector Gold Class 2020 in S&P Sustainability Yearbook
- A-List in CDP Climate Change 2019
- FTSE4Good
- Sector top rating
- Global Compact LEAD company 2019

### 1. Preliminary unaudited data; 2. Figure is obtained by weighing the value of sales of Eco-Safety Performance car tyres on the total value of sales of Group car tyres; Eco-Safety Performance products, previously named “Green Performance Products”, identify car tyres that Pirelli produces throughout the world and that fall only under rolling resistance and wet grip classes A, B, C according to the labeling parameters set by European legislation; 3. Focus on HIGH VALUE products including RIM18+ and «specialties» (Run-Flat, PNCS, Seal Inside with rim ≤17’’); 4. Internal assessment based on data from the International Energy Agency (IEA) taking into account the Pirelli geographical distribution; 5. Score 2019: 85 vs sector average of 36; 6. E.g. ISO 20400, ISO 26000, AA1000, ISO 37001, etc.
GLOBAL SCENARIOS @2025-2030

OPPORTUNITIES & CHALLENGES MUST MATCH THE GLOBAL JOURNEY TOWARDS UN SDGS

Technological breakthroughs
- Automation, Robotics, Artificial Intelligence

Demographic growth and urbanization
- Population reaching **8.3 billion** by 2030 (7.7 billion in ‘19)
- @2030: Urban 5.1 billion, extra-urban 3.2 billion

Future of work
- Manufacturing **productivity gain**
- Aging pressure
- Competition on talents
- Social inequality rising

Climate change
- Flooding, weather emergencies, displaced people **impacting businesses, governments and economies**
- Stress on natural resources

Cybersecurity
- Cyberattacks may cost up to **several trillions** dollars by 2030 if not properly tackled

COMPANY PRESENTATION
March 2020
INDUSTRIAL PLAN SUSTAINABILITY LEVERS

STRATEGY & TARGETS @2022-2025-2030:

- Are embedded into Pirelli High Value & Pure Consumer strategy
- Replace previous 2017-2020 Sustainability Plan with selected targets to 2025
- Impact on 11 UN Sustainable Development Goals

[Image showing icons for the 11 UN Sustainable Development Goals]
**PRODUCT SUSTAINABILITY STRATEGY 2022/2025/2030**

**CIRCULAR ECONOMY (closed loop)**

### RAW MATERIALS

- Raw mat. CO₂ absolute emissions reduction
- Raw materials suppliers: @2025
- Absolute CO₂ emissions: -8.6% vs. 2018
- Renewable & recycled Materials increase
- Fossil based materials reduction

### MANUFACTURING

- Towards Carbon Neutrality
- Raw materials & natural resources efficiency
- Industrial hygiene & HS protection

### USE

- Rolling resistance reduction
- Weight reduction
- Wear efficiency
- Noise reduction
- Safety performances increase

### END OF LIFE

- Chemical recycling based on innovative process to ensure the quality of secondary raw materials for closed loop use

**PRODUCT ECO-SAFETY DESIGN**

**Committed to Science Based Target initiative (SBTi) & to Carbon Neutrality**

1. Major scope 3 emissions in product LCA (excl. use phase);
2. Renewable Natural Resources are natural resources that, after exploitation, can return to their previous stock levels by natural processes of growth or replenishment. (source: OECD glossary definition at https://stats.oecd.org/glossary/detail.asp?ID=2290);
3. Excluding recycled metals.
MATERIALS INNOVATION

STRATEGY

Focusing on:

- Increase Renewable\(^1\) Materials
- Increase Recycled Materials
- Decrease Fossil Based Materials
- Quickly Anticipating Market Requirements

ACTING ON

- Reinforcements
- Bio-Chemicals
- Bio-Fillers
- Polymers
- Recycled Materials

TARGETS

By 2025, on new product lines:
- > 40% of renewable materials
- > 3% of recycled materials\(^2\)
- < 40% of fossil based materials

By 2030, on new product lines:
- > 60% of renewable materials
- > 7% recycled materials\(^2\)
- < 30% fossil based materials

Example of Materials evolution to date (Cint. P7) and towards new lines

1. Renewable Natural Resources are natural resources that, after exploitation, can return to their previous stock levels by natural processes of growth or replenishment. (source: OECD glossary definition at [https://stats.oecd.org/glossary/detail.asp?ID=2290](https://stats.oecd.org/glossary/detail.asp?ID=2290)); 2. Excluding recycled metals.
## ECO-SAFETY PERFORMANCE INNOVATION

### CAR - AVG. TOTAL GAMMA (VS. 2015)

<table>
<thead>
<tr>
<th></th>
<th>@2022</th>
<th>@2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rolling Resistance</td>
<td>-10%</td>
<td>-14%</td>
</tr>
<tr>
<td>Weight</td>
<td>-25%</td>
<td>-30%</td>
</tr>
<tr>
<td>Wear rate</td>
<td>-12%</td>
<td>-18%</td>
</tr>
<tr>
<td>Noise</td>
<td>-4%</td>
<td>-4%</td>
</tr>
<tr>
<td>Wet grip</td>
<td>+7%</td>
<td>+9%</td>
</tr>
</tbody>
</table>

### MOTO - AVG. RADIAL TYRES (VS. 2015)

<table>
<thead>
<tr>
<th></th>
<th>@2022</th>
<th>@2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rolling Resistance</td>
<td>-15%</td>
<td>-20%</td>
</tr>
<tr>
<td>Wet grip</td>
<td>+21%</td>
<td>+25%</td>
</tr>
<tr>
<td>Mileage</td>
<td>+4%</td>
<td>+13%</td>
</tr>
</tbody>
</table>

### VELO - AVG. TOTAL TYRES (VS. 2017)

<table>
<thead>
<tr>
<th></th>
<th>@2022</th>
<th>@2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rolling Resistance</td>
<td>-25%</td>
<td>-25%</td>
</tr>
<tr>
<td>Wet grip</td>
<td>+10%</td>
<td>+15%</td>
</tr>
<tr>
<td>Braking</td>
<td>+5%</td>
<td>+10%</td>
</tr>
</tbody>
</table>

- Less rolling resistance
- Less noise
- Better grip
- Less weight

- Less CO₂ emissions
- Better living environment
- Higher safety
- Less impact on natural resources
ECO-SAFETY PRODUCT INNOVATION

PIONEERING THE CONSUMER SPECIALTIES BUSINESS

2001

RUNFLAT
Safe & extended mobility

SEAL INSIDE™
Safe & extended mobility

PNCS™ APPLICATION
Noise reduction

ELECT™
Pirelli package for electric vehicles

2020

CYBER TYRE SYSTEM
Smart and connected mobility
5G ready

SHORT TERM DEVELOPMENT ROADMAP TO ACCELERATE CONSUMERS TRANSITION TO FUTURE MOBILITY

NEW AND DISRUPTIVE FEATURES ON:
• Rolling resistance
• Noise
• High load capacity
• Grip
• Connectivity
• Recyclability

ENABLED BY NEW SIMULATOR
• From Formula 1 experience
• Development time for new tyres reduced by 30%
• Number of physical prototypes drastically reduced
• Rapid remodeling
• Maximization of co-development efficiency with car manufacturers

1. Pirelli Noise Cancelling System
### ECO-SAFETY PERFORMANCE REVENUES

<table>
<thead>
<tr>
<th>Year</th>
<th>Eco-safety Performance revenues on total Car tyres revenues</th>
<th>Eco-safety Performance revenues Focus on High Value products</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>33%</td>
<td>42%</td>
</tr>
<tr>
<td>2019</td>
<td>56%</td>
<td>63%</td>
</tr>
<tr>
<td>2022</td>
<td>71%</td>
<td>78%</td>
</tr>
</tbody>
</table>

**Criteria to categorize the Eco-Safety Performance products:** Rolling Resistance and Wet Grip that falls only in A, B, C classes

**Figure calculated by applying the EU-label regulation to all car tyres sold worldwide**

1. Eco-Safety Performance products, previously named “Green Performance products”, identify car tyres that Pirelli produces throughout the world and that fall only under rolling resistance and wet grip classes A, B, C according to the labeling parameters set by European legislation.
2. Figure is obtained by weighing the value of sales of Eco-Safety Performance car tyres on the total value of sales of Group car tyres;
3. Focus on HIGH VALUE products including RIM18+ and «specialties» (Run-Flat, PNCS, Seal Inside with rim ≤ 17).
1. Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered “science-based” if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.
ECO-EFFICIENCY: WATER, WASTE

98% OF WASTE SENT TO RECOVERY BY 2025

Towards zero waste to landfill vision

Single Use Plastic Free
- All Group premises: elimination of Single Use Plastic by 2021
- Production Process: progressive¹ elimination of Single Use Plastic in the respect of production processes quality preservation

¹ Timing depends on the market offer of the proper alternatives to SUP directly impacting the production process quality.

- 43% SPECIFIC WATER WITHDRAWAL BY 2025 VS 2015

Excellence in water management:
Reduce, Reuse, Recover, Recycle, Replenish (5R Principles)
HUMAN CAPITAL

ORGANIZATION PREPAREDNESS TO EMBRACE FUTURE SCENARIOS ENSURING:

- People safety & welfare
- A diverse and engaged workplace
- Availability of digital & new competences
- Adaptiveness to respond to changes and capture value

THROUGH

- **Accident frequency index reduction**: ≤ 0.15 by 2022, ≤ 0.1 by 2025
- **Upskilling** and **reskilling** of new digital competences
- **STEM¹ talent** attraction and innovative **recruitment marketing** solutions
- New **smart and horizontal** ways of working and **open collaborations**
- Sound integration of **ESG targets** into Short and Long Term Incentives²

---

1. Science, Technology, Engineering, Mathematics
2. Applied to the generality of Group top management and executives.

COMPANY PRESENTATION
March 2020
SUPPLY CHAIN SUSTAINABILITY

Full compliance of Purchasing Model with ISO 20400 provisions attested

- ESG assessment questionnaire
- Third party on-site audit (raw material and High Value Added suppliers)
- Cobalt & conflict minerals assessment

CONTRACTUAL STAGE

Sustainability Clause

ONSITE THIRD-PARTY AUDIT

- 100% coverage of high ESG risk suppliers
- Checklist derived from SA8000®, sustainability contractual obligations, local law

A MORE EFFICIENT AND SUSTAINABLE SUPPLY CHAIN THANKS TO

Pirelli advanced digitalized management systems to monitor and manage suppliers’ compliance

Supply chain economic, social, environmental and loss prevention risks fully embedded in Pirelli Enterprise Risk Management

Joint Development partnerships with third competence centers for innovative eco & safe materials

Pirelli target to reduce raw material suppliers' CO₂ absolute emissions by 8.6% in 2025 vs 2018

Pirelli 2019-2021 Sustainable Natural Rubber Roadmap:
ON-SITE Engagement, risk mapping and mitigation
As of the beginning of 2020:
- 100% of Pirelli purchased NR4 volumes come from suppliers trained on Pirelli Sustainable Natural Rubber Policy
- 95% of Pirelli purchased NR⁴ volumes come from suppliers which confidentially have shared information on sourcing areas
- 100% of Pirelli purchased NR⁴ volumes come from suppliers that defined a roadmap in line with Pirelli Sustainable Natural Rubber Policy

SOUND CYBER SECURITY PROGRAM

A BUSINESS ENABLER TO SECURE CORPORATE OPERATIONS AND DELIVERY OF WELL-PROTECTED BUSINESS SERVICES AND QUALITY PRODUCTS TO PIRELLI CUSTOMERS

Main pillars

- Enhanced Rights Management Program
- Cyber Threat Hunting
- External Threat Protection (Dark Web)
- Cyber Deception
- Supply Chain Security
- Risk-Based Vulnerability Management
- OT & IoT\(^1\) Threat Detection (Industry 4.0)
- Cyber Security for Connected Cars

1. Operational Technology and Internet of Things
ADVOCACY AND COMMITMENT FOR ROAD SAFETY

Pirelli is Donor and Member of the Advisory Board of the United Nations Road Safety Trust Fund

**Goal:** provide aid to United Nations’ Member States to significantly:
- reduce the number of deaths and injuries caused by traffic accidents
- reduce the economic losses resulting from such accidents

**Actions:** concrete projects within the Global Plan of the Decade of Action for Road Safety, to improve:
- road safety management capacities
- safety of road infrastructures and broader transport networks
- safety of vehicles
- road users’ behavior
- post-crash care

Pirelli is Global Partner of the FIA Action for Road Safety Campaign

**Goal:** educate road users on the importance of respecting key road safety rules

**Actions:** promotion of the FIA ‘Golden Rules’ for road safety through all Pirelli networks
## 2019 RESULTS HIGHLIGHTS BY QUARTER

|                      | 1Q'18 | 1Q'19 | Δ YoY | 2Q'18 | 2Q'19 | Δ YoY | 3Q'18 | 3Q'19 | Δ YoY | 4Q'18 | 4Q'19 | Δ YoY | FY'18 | FY'19 | Δ YoY |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| **Revenues**         | €1,310 | €1,314 | +0.3% | €1,320 | €1,341 | +1.6% | €1,295 | €1,382 | +6.7% | €1,269 | €1,287 | +1.4% | €5,195 | €5,323 | +2.5% |
| **Organic Growth**^1 |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| High Value Revenues  | €834  | €895  | +1.2% | €850  | €932  | +5.0% | €846  | €932  | +10.2%| €780  | €820  | +5.1% | €3,310 | €3,540 | +6.9% |
| % on total Revenues  | 63.6% | 68.1% | +4.5 pp| 64.4% | 66.6% | +5.0% | 65.3% | 67.5% | +2.4% | 61.5% | 63.7% | +2.2% | 63.7% | 66.5% | +2.8 pp|
| **EBITDA adj. w/o start-up costs**^2 | €298 | €327 | +9.7% | €310 | €331 | +6.5% | €328 | €350 | +6.7% | €343 | €343 | +0.1% | €1,279 | €1,351 | +5.6% |
| Margin               | 22.7% | 24.9% | +2.2 pp| 23.5% | 24.6% | +1.1% | 25.3% | 25.3% | 0.0 pp | 27.0% | 26.7% | -0.3 pp| 24.6% | 25.4% | +0.8 pp|
| **EBITDA adjusted**^3 | €288 | €316 | +9.5% | €300 | €321 | +6.9% | €320 | €342 | +7.1% | €327 | €332 | +1.4% | €1,235 | €1,310 | +6.1% |
| Margin               | 22.0% | 24.0% | +2.0 pp| 22.7% | 23.9% | +1.2 pp| 24.7% | 24.8% | +0.1 pp| 25.8% | 25.8% | 0.0 pp | 23.8% | 24.6% | +0.8 pp|
| **EBIT adj. w/o start-up costs**^2 | €229 | €231 | +0.6% | €244 | €232 | -5.0% | €259 | €252 | -2.6% | €271 | €244 | -9.8% | €1,003 | €959 | -4.4% |
| Margin               | 17.5% | 17.6% | +0.1 pp| 18.5% | 17.3% | -1.2 pp| 20.0% | 18.2% | -1.8 pp| 21.3% | 19.0% | -2.3 pp| 19.3% | 18.0% | -1.3 pp|
| **EBIT adjusted**^4  | €218 | €219 | +0.4% | €232 | €221 | -4.5% | €250 | €245 | -2.2% | €255 | €232 | -8.9% | €955 | €917 | -3.9% |
| Margin               | 16.7% | 16.7% | 0.0 pp | 17.6% | 16.5% | -1.1 pp| 19.3% | 17.7% | -1.6 pp| 20.1% | 18.1% | -2.0 pp| 18.4% | 17.2% | -1.2 pp|
| **EBIT**             | €184 | €183 | -0.5% | €194 | €242 | +24.9%| €214 | €173 | -19.1%| €112 | €145 | +29.6%| €703 | €743 | +5.6% |
| Margin               | 14.0% | 13.9% | -0.1 pp| 14.7% | 18.0% | +3.3 pp| 16.5% | 12.5% | -4.0 pp| 8.8%  | 11.3% | +2.5 pp| 13.5% | 14.0% | +0.5 pp|
| Results from Equity Investments | €1 | €2 |       | -5   | 0    |       | -3    | -1    |       | 3     | -12   |       | -5    | -11   |       |
| EBT                  | €130 | €137 |       | €126 | €280 |       | €190  | €107  |       | €57   | €98   |       | €502  | €622  |       |
| Tax Rate             | 28.7%| 26.0%|       | 28.7%| 26.6%|       | n.m.  | 26.4%|       | n.m.  | 26.7%|       | 10.6% | 26.5% |       |
| Net Income           | €89 | €101 |       | €88  | €206 |       | €194  | €79   |       | €71   | €72   |       | €442  | €458  |       |

1. Excl. FX; 2. Velo, Cyber / digital transformation; 3. before non-recurring items & restructuring costs; 4. before amortization of PPA, non-recurring items & restructuring costs; 5. including the application of the new IFRS 16 on adjusted EBITDA: in FY'19 +€104 million, in 4Q'19 +€26 million, in 3Q'19 +€26 million, in 2Q'19 +€27 million, in 1Q'19 +€25 million
## FY 2019 PIRELLI BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>31-Dec-2018</th>
<th>31-Dec-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>€ million</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets related to continuing operations (before IFRS 16)</td>
<td>9,018</td>
<td>9,007</td>
</tr>
<tr>
<td>Right of use IFRS 16</td>
<td>n.a.</td>
<td>463</td>
</tr>
<tr>
<td><strong>Fixed assets related to continuing operations (incl. IFRS 16)</strong></td>
<td>n.a.</td>
<td>9,470</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,129</td>
<td>1,094</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>628</td>
<td>649</td>
</tr>
<tr>
<td>Trade payables</td>
<td>(1,605)</td>
<td>(1,612)</td>
</tr>
<tr>
<td>Operating net working capital related to continuing operations</td>
<td>152</td>
<td>132</td>
</tr>
<tr>
<td>Other receivables / payables</td>
<td>(40)</td>
<td>81</td>
</tr>
<tr>
<td><strong>Net Working Capital related to continuing operations</strong></td>
<td>112</td>
<td>213</td>
</tr>
<tr>
<td>Net invested capital held for sale</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total net invested capital</strong></td>
<td>9,141</td>
<td>9,683</td>
</tr>
<tr>
<td>Equity</td>
<td>4,551</td>
<td>4,827</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,410</td>
<td>1,349</td>
</tr>
<tr>
<td>Net Financial Position (excl. IFRS 16)</td>
<td>3,180</td>
<td>3,024</td>
</tr>
<tr>
<td>Lease Obligations (IFRS 16)</td>
<td>n.a.</td>
<td>483</td>
</tr>
<tr>
<td><strong>Net Financial Position (incl. IFRS 16)</strong></td>
<td>n.a.</td>
<td>3,507</td>
</tr>
<tr>
<td><strong>Total financing and shareholders’ equity</strong></td>
<td>9,141</td>
<td>9,683</td>
</tr>
<tr>
<td>€ million</td>
<td>4Q '18</td>
<td>4Q '19</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Adjusted EBIT&lt;sup&gt;1&lt;/sup&gt;</td>
<td>255</td>
<td>232</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization (excl. PPA amortization)</td>
<td>72</td>
<td>99</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(167)</td>
<td>(148)</td>
</tr>
<tr>
<td>Rights of use (IFRS 16)</td>
<td>n.a.</td>
<td>(26)</td>
</tr>
<tr>
<td>Change in working capital / other</td>
<td>857</td>
<td>902</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>1,017</td>
<td>1,060</td>
</tr>
<tr>
<td>Financial income / (expenses)</td>
<td>(58)</td>
<td>(41)</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(18)</td>
<td>(29)</td>
</tr>
<tr>
<td>Cash-out for non recurring items and restructuring costs</td>
<td>(17)</td>
<td>(11)</td>
</tr>
<tr>
<td>Exchange rates difference / other</td>
<td>15</td>
<td>(6)</td>
</tr>
<tr>
<td><strong>Net cash flow before dividends &amp; extraordinary operations</strong></td>
<td>939</td>
<td>973</td>
</tr>
<tr>
<td>Industrial reorganization</td>
<td>(15)</td>
<td>-</td>
</tr>
<tr>
<td>Financial asset disposals / (acquisitions)</td>
<td>(67)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash flow before dividends</strong></td>
<td>858</td>
<td>973</td>
</tr>
<tr>
<td><strong>Net cash flow before dividends &amp; IFRS 16 impact</strong></td>
<td>-</td>
<td>978</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td>858</td>
<td>973</td>
</tr>
<tr>
<td><strong>Net cash flow before IFRS 16 impact</strong></td>
<td>-</td>
<td>978</td>
</tr>
</tbody>
</table>

<sup>1</sup> before amortization of PPA, non recurring items and restructuring costs
## Key Car Market Trends: EMEA

### Market Trend

<table>
<thead>
<tr>
<th>Market trend</th>
<th>4Q'18</th>
<th>FY'18</th>
<th>1Q'19</th>
<th>2Q'19</th>
<th>3Q'19</th>
<th>4Q'19</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>O.E.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (O.E.+Repl.)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Δ% YoY</td>
<td></td>
<td></td>
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<td></td>
</tr>
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</table>

### Total Car Market

<table>
<thead>
<tr>
<th>Market</th>
<th>4Q'18</th>
<th>FY'18</th>
<th>1Q'19</th>
<th>2Q'19</th>
<th>3Q'19</th>
<th>4Q'19</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>O.E.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (O.E.+Repl.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Source:
Pirelli tyre market estimates based on main data provider for the Region; historical market data may be subject to restatement.

---

**New Premium & Standard**

<table>
<thead>
<tr>
<th>Market</th>
<th>4Q'18</th>
<th>FY'18</th>
<th>1Q'19</th>
<th>2Q'19</th>
<th>3Q'19</th>
<th>4Q'19</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>O.E.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (O.E.+Repl.)</td>
<td></td>
<td></td>
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</tbody>
</table>

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**≥18”**

<table>
<thead>
<tr>
<th>Market</th>
<th>4Q'18</th>
<th>FY'18</th>
<th>1Q'19</th>
<th>2Q'19</th>
<th>3Q'19</th>
<th>4Q'19</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>O.E.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (O.E.+Repl.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**≤17”**

<table>
<thead>
<tr>
<th>Market</th>
<th>4Q'18</th>
<th>FY'18</th>
<th>1Q'19</th>
<th>2Q'19</th>
<th>3Q'19</th>
<th>4Q'19</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>O.E.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (O.E.+Repl.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### KEY CAR MARKET TRENDS: NORTH AMERICA

<table>
<thead>
<tr>
<th>Market trend</th>
<th>4Q'18</th>
<th>FY'18</th>
<th>1Q'19</th>
<th>2Q'19</th>
<th>3Q'19</th>
<th>4Q'19</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>O.E.</td>
<td>2</td>
<td>-1</td>
<td>-4</td>
<td>-3</td>
<td>-1</td>
<td>-9</td>
<td>-4</td>
</tr>
<tr>
<td>Replacement</td>
<td>7</td>
<td>4</td>
<td>6</td>
<td>1</td>
<td>2</td>
<td>-2</td>
<td>1</td>
</tr>
<tr>
<td>Total (O.E.+Repl.)</td>
<td>6</td>
<td>3</td>
<td>4</td>
<td>0</td>
<td>1</td>
<td>-3</td>
<td>0</td>
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</tbody>
</table>

### Market trend

<table>
<thead>
<tr>
<th>New Premium &amp; Standard</th>
<th>Total Car market</th>
<th>Replacement</th>
<th>Total (O.E.+Repl.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥18&quot;</td>
<td>-1</td>
<td>-5</td>
<td>0</td>
</tr>
<tr>
<td>≤17&quot;</td>
<td>5</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>-1</td>
<td>-7</td>
<td>-9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-9</td>
<td>-7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-2</td>
<td>-16</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Source:
Pirelli tyre market estimates based on main data provider for the Region; historical market data may be subject to restatement; 1. N. America Replacement includes imports
**KEY CAR MARKET TRENDS: ASIA PACIFIC**

<table>
<thead>
<tr>
<th>Market trend</th>
<th>4Q'18</th>
<th>FY'18</th>
<th>1Q'19</th>
<th>2Q'19</th>
<th>3Q'19</th>
<th>4Q'19</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>O.E.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O.E.</td>
<td>-8</td>
<td>-1</td>
<td>-6</td>
<td>-11</td>
<td>-6</td>
<td>-4</td>
<td>-7</td>
</tr>
<tr>
<td>Replacement</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total (O.E.+Repl.)</strong></td>
<td>-3</td>
<td>0</td>
<td>-1</td>
<td>-2</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
</tr>
</tbody>
</table>

| **New Premium & Standard** |       |       |       |       |       |       |       |
| O.E.                     |       |       |       |       |       |       |       |
| ≥18"                     | 14    | 17    | 10    | 11    | 14    | 3     | 3     |
| ≤17"                     | -11   | -5    | -8    | -4    | -12   | -7    | -5    |
| Replacement              | 9     | 1     | 2     | 4     | 4     | 9     | 11    |
| Total (O.E.+Repl.)       | 13    | 15    | 2     | 4     | 8     | 5     | 16    |

Source: Pirelli tyre market estimates based on main data provider for the Region; historical market data may be subject to restatement
### KEY CAR MARKET TRENDS: RUSSIA & NORDICS / SOUTH AMERICA

<table>
<thead>
<tr>
<th>Market trend</th>
<th>4Q'18</th>
<th>FY'18</th>
<th>1Q'19</th>
<th>2Q'19</th>
<th>3Q'19</th>
<th>4Q'19</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>O.E.</strong></td>
<td>16</td>
<td>12</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>-9</td>
<td>3</td>
</tr>
<tr>
<td><strong>Replacement</strong></td>
<td>8</td>
<td>7</td>
<td>-10</td>
<td>-2</td>
<td>1</td>
<td>-5</td>
<td>-4</td>
</tr>
<tr>
<td><strong>Total (O.E.+Repl.)</strong></td>
<td>9</td>
<td>8</td>
<td>-8</td>
<td>-1</td>
<td>1</td>
<td>-6</td>
<td>-3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Russia &amp; Nordics</th>
<th>4Q'18</th>
<th>FY'18</th>
<th>1Q'19</th>
<th>2Q'19</th>
<th>3Q'19</th>
<th>4Q'19</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>O.E.</strong></td>
<td>-3</td>
<td>6</td>
<td>-4</td>
<td>-1</td>
<td>-4</td>
<td>-3</td>
<td>-3</td>
</tr>
<tr>
<td><strong>Replacement</strong></td>
<td>-14</td>
<td>-7</td>
<td>-8</td>
<td>-3</td>
<td>-6</td>
<td>4</td>
<td>-3</td>
</tr>
<tr>
<td><strong>Total (O.E.+Repl.)</strong></td>
<td>-12</td>
<td>-4</td>
<td>-7</td>
<td>-2</td>
<td>-6</td>
<td>3</td>
<td>-3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>South America</th>
<th>4Q'18</th>
<th>FY'18</th>
<th>1Q'19</th>
<th>2Q'19</th>
<th>3Q'19</th>
<th>4Q'19</th>
<th>FY'19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>O.E.</strong></td>
<td>-12</td>
<td>-4</td>
<td>-7</td>
<td>-2</td>
<td>-6</td>
<td>3</td>
<td>-3</td>
</tr>
<tr>
<td><strong>Replacement</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Total (O.E.+Repl.)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*Source: Pirelli tyre market estimates based on main data provider for the Region; historical market data may be subject to restatement*
RAW MATERIAL COSTS TREND AND MIX

Main raw materials price trend

<table>
<thead>
<tr>
<th>Year</th>
<th>Brent Oil (in $ / barrel)</th>
<th>Natural Rubber (in $ / kg)</th>
<th>Δ YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>45.0; -16% YoY</td>
<td>1.378; +1% YoY</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>54.8; +22% YoY</td>
<td>1.651; +20% YoY</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>71.5; +31% YoY</td>
<td>1.365; -17% YoY</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>64.2; -10% YoY</td>
<td>1.406; +3% YoY</td>
<td></td>
</tr>
</tbody>
</table>

FY 2019 mix (based on purchasing cost)

- **33%** raw mat. costs on sales
- **26%** Synth. Rubber (0pp YoY)
- **22%** Chemicals (-1pp YoY)
- **17%** Textiles (0pp YoY)
- **13%** Natural Rubber (-1pp YoY)
- **10%** Steel Reinf. (0pp YoY)
- **12%** Carbon Black (+2pp YoY)

Source: Natural Rubber -> Sicom; Brent -> www.oilnergy.com
MANUFACTURING FOOTPRINT AS OF DECEMBER 31ST, 2019

- **U.S.**
  - Rome – Car
- **U.K.**
  - Burton – Car
  - Carlisle – Car
- **Germany**
  - Breuberg – Car / Moto
- **Romania**
  - Slatina – Car
- **Russia**
  - Kirov – Car
  - Voronezh – Car
- **Mexico**
  - Silao – Car
- **Brazil**
  - Campinas – Car
  - Feira de Santana – Car
  - Gravatai – Moto
- **Argentina**
  - Merlo – Car
- **Turkey**
  - Izmit – Car
- **Italy**
  - Bollate – Car
  - Settimo – Car
- **China**
  - Yanzhou – Car / Moto
  - Jiaozuo – Car
  - Shenzhou – Car (JV)
- **Indonesia**
  - Subang – Moto (JV)

1. 49% Joint Venture with the Hixih Group