Pirelli & C. S.p.A.
1H 2026 Results
Conference call transcript

July 29th, 2026

Marco Tronchetti Provera - Executive Chairman

Key messages

1H'26: Resilient performance supported by solid execution

- Further strengthening of High Value positioning through market share gains
- Sound profitability sustained across quarters, with price/mix and efficiencies offsetting external headwinds (FX, Middle East impact and US tariffs)
- Cash flow performance in line with business seasonality and FY26 expectations

FY 2026 targets confirmed

- Macro backdrop remains challenging amid persistent geopolitical uncertainties
- Demand trends expected to soften in Car production and Standard, while High Value continues to outperform the market
- FY26 targets confirmed, reflecting the resilience of the business model and the effectiveness of management actions

PIRELLI 1H 2026 RESULTS
Wednesday, 29 July, 2026

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Good evening, ladies and gentlemen.

The first-half results confirm Pirelli's ability to generate value in an uncertain environment marked by growing geopolitical tensions.

We have further consolidated our leadership in the High Value segment by leveraging the strength of our brand, technological innovation and a distinctive product portfolio.

The resilience of our business model and the implementation of the strategic priorities allowed us to maintain a profitability among the best in the industry, offsetting the negative effects of tensions in the Middle East, US tariffs and exchange rate volatility.

Cash flow generation remains in line with the seasonality of the business and with the expectations for the Full Year, reflecting the Group's financial discipline.

In the second half of the year, the macroeconomic and geopolitical picture is expected to remain volatile.

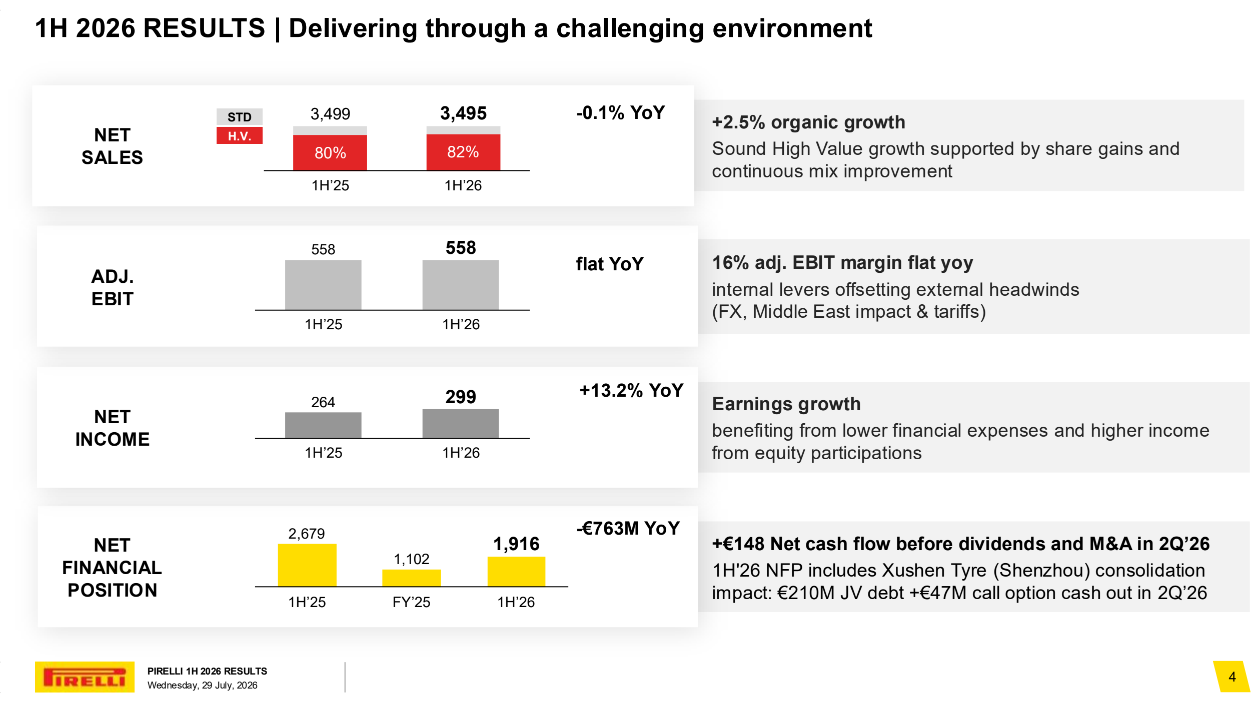
The resumed conflict in the Middle East has put further pressure on energy costs, with Brent Price back at above 90 dollars per barrel and the TTF Gas approaching 60 euro per Mega-Watt-hour.

Furthermore, there are persistent signs of weak demand, especially in car manufacturing and the Standard segment, while demand in the High Value Replacement is proving resilient, with a mid single-digit growth rate.

Despite the challenging external environment that I described and based on the quality of our first-half results, we are confirming our full-year targets for Revenue growth, Profitability and Cash Generation.

I now give the floor to Mr. Casaluci.

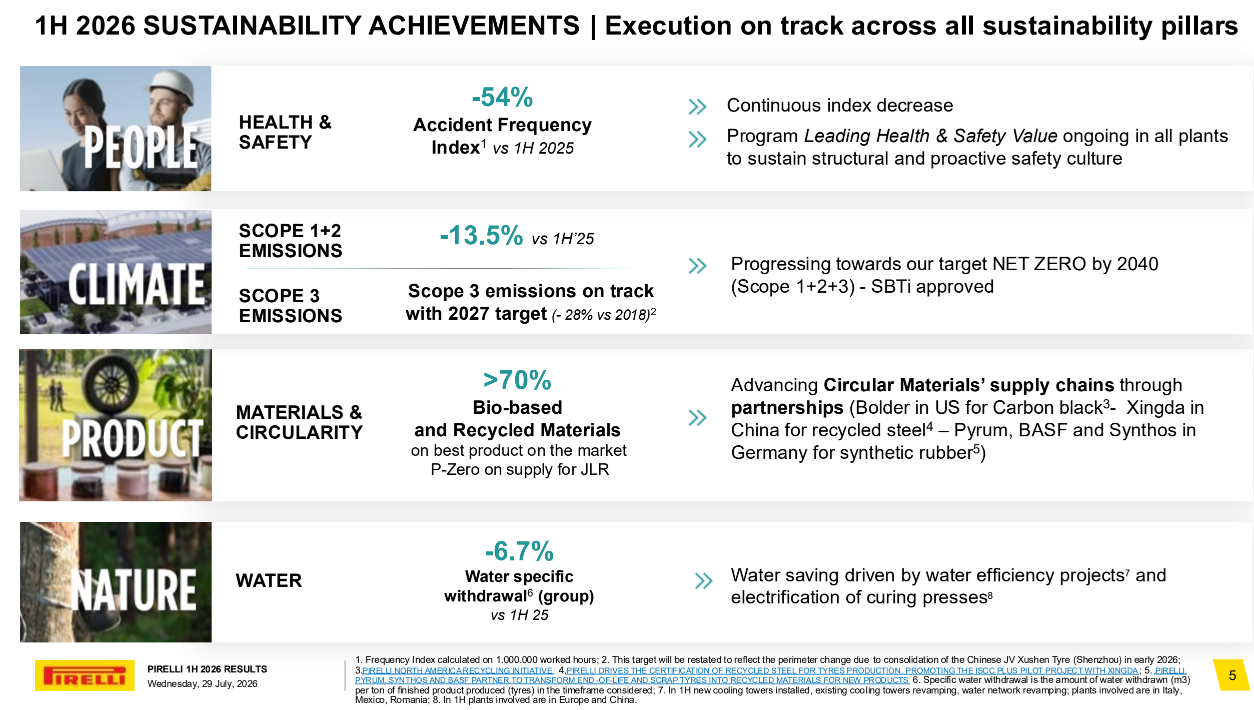
Andrea Casaluci - Chief Executive Officer



Thank you, Mr. Tronchetti.

Pirelli has reported solid results for the first half of the year, in line with our expectations.

- Revenues reached approximately 3.5 billion euro, with organic growth of +2.5%, driven by:
    - Stronger High Value, accounting for 82% of the Group's sales; and
    - Price/Mix improvement.
- Adjusted Ebit amounted to 558 million euro, with a margin of 16%, which remained stable compared with last year, thanks to the effectiveness of internal levers that offset the impact of the external scenario;
- Net Profit rose by 13% year-on-year, benefiting from lower financial expenses linked to debt reduction and a greater profit contribution from equity participations in the first quarter of the year.
- The Net Financial Position is of approximately 1.9 billion euro and includes the debt consolidation of the Chinese Joint Venture, Xushen Tyre (Shenzhou), amounting to approximately 210 million euro, as well as the payment of approximately 47 million euro relating to the exercise of the call option, which increased Pirelli's stake to 70%.
- Finally, in the second quarter, the Net Cash Flow before Dividends and M&A transactions was positive at
148 million euro, in line with the level recorded in the same period last year.



Our long-term strategy for value creation and development continues to benefit from progress in sustainability. Over the past six months, we achieved tangible results in all areas:

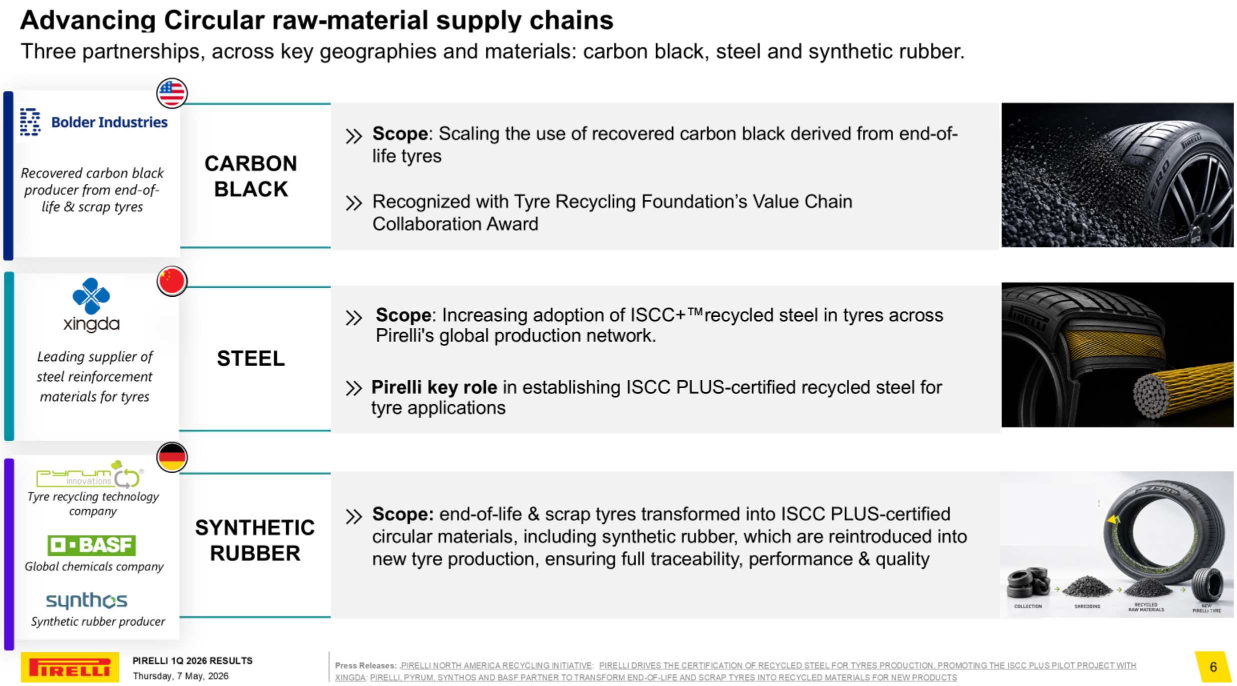
In Health and Safety, the prevention and awareness-raising programmes contributed to a significant reduction of the accident-at-work frequency index, reducing the index by 54% compared with the first half of 2025.

The Decarbonisation Plan continues, in line with the 2040 Net Zero target:

- energy efficiency and machinery electrification projects led to a 13.5% decrease of our emissions compared to last year; and
- the reduction of emissions by our suppliers is also in line with our 2027 target.

Furthermore, we made significant progress in developing circular supply chains for the recovery and integration of sustainable materials into production processes, as we will see in the next slide, while maintaining the same high quality Standards and tyre performance.

Finally, energy and water efficiency programmes allowed for a 6.7% year-on-year reduction of water consumption for production purposes.



We started three Partnerships on key raw materials, namely carbon black, steel and synthetic rubber.

Our target is accelerating the transition to materials circularity from increasingly sustainable and traceable supply chains.

More specifically:

- In the US, we started a collaboration with Bolder Industries, a company specialised in retrieving carbon black from end-of-life tyres. This raw material is then recycled and used for new tyres. This project received the Value Chain Collaboration Award from the Tire Recycling Foundation.
- In China, together with our strategic partner Xingda, we gave a remarkable contribution to the development of a pilot project to include recycled steel among the materials certified under ISCC PLUS, the major international Standard for the certification of recycled and bio-based materials traceability across the supply chain.
- In Europe, we developed an integrated chain with Pyrum, BASF and Synthos to turn end-of-life products into circular ISCC PLUS-certified materials, including synthetic rubber to be reused in large-scale production processes by guaranteeing high quality, performance and traceability Standards.

Through these Partnerships, we will strengthen our strategy on circular materials, with the target of bringing products made from over 80% bio-based and recycled materials to the market by 2030.

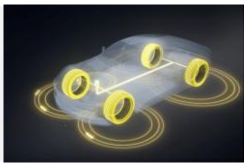
1H'26 EXECUTION | Strengthening Leadership and navigating market headwinds

HIGH VALUE GROWTH

Market share gain across businesses & regions
- Car: expanding OE reach and specialty leadership
- Moto: innovation-driven outperformance

INNOVATION

Technological leadership confirmed:
- Homologation portfolio enriched and new products launch
- Cyber Tyre: industry-leading technology with proven safety benefits in real driving conditions



EFFICIENCY & MITIGATION PLAN

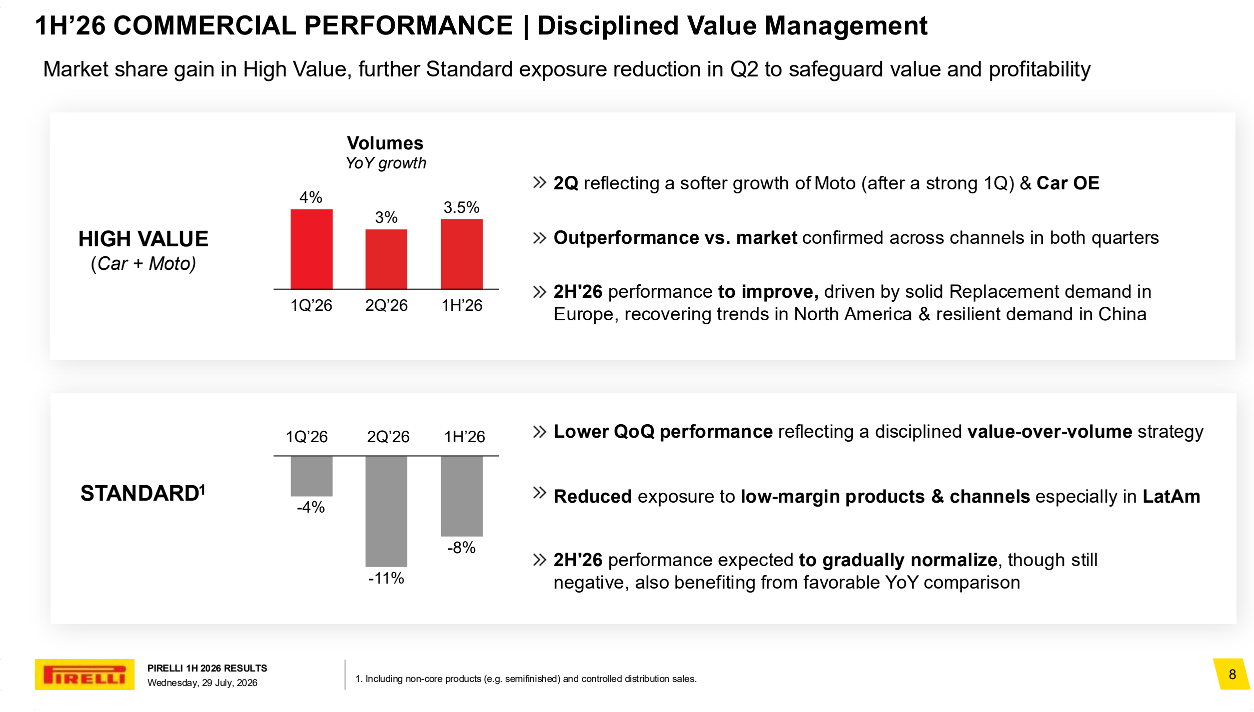
Boosting competitiveness amid external challenges:
- €81M efficiency gain (54% of FY target)
- Mitigation actions in place, in addition to the efficiency plan, to offset Middle East crisis impact

Let's now analyse our first-half operating performance.

In line with our strategic priorities, we gained share in the High Value segment in the major geographic areas and business lines by leveraging on technological innovation and seizing market opportunities.

Innovation represents a distinctive factor in our strategy. In the first six months of the year, we expanded our homologation portfolio and widened the product range. We also consolidated our position in the segments of higher value. In the Cyber Tyre, the latest tests confirmed the competitive edge of our technology. We proved that connectivity applied to tyres through a physical sensor can be translated into tangible benefits for both safety and driving experience.

Efficiency Plan proceeds according to schedule. In the first six months, the Efficiency Plan generated gross benefits of 81 million euro, that is approximately 54% of the Full-Year target.



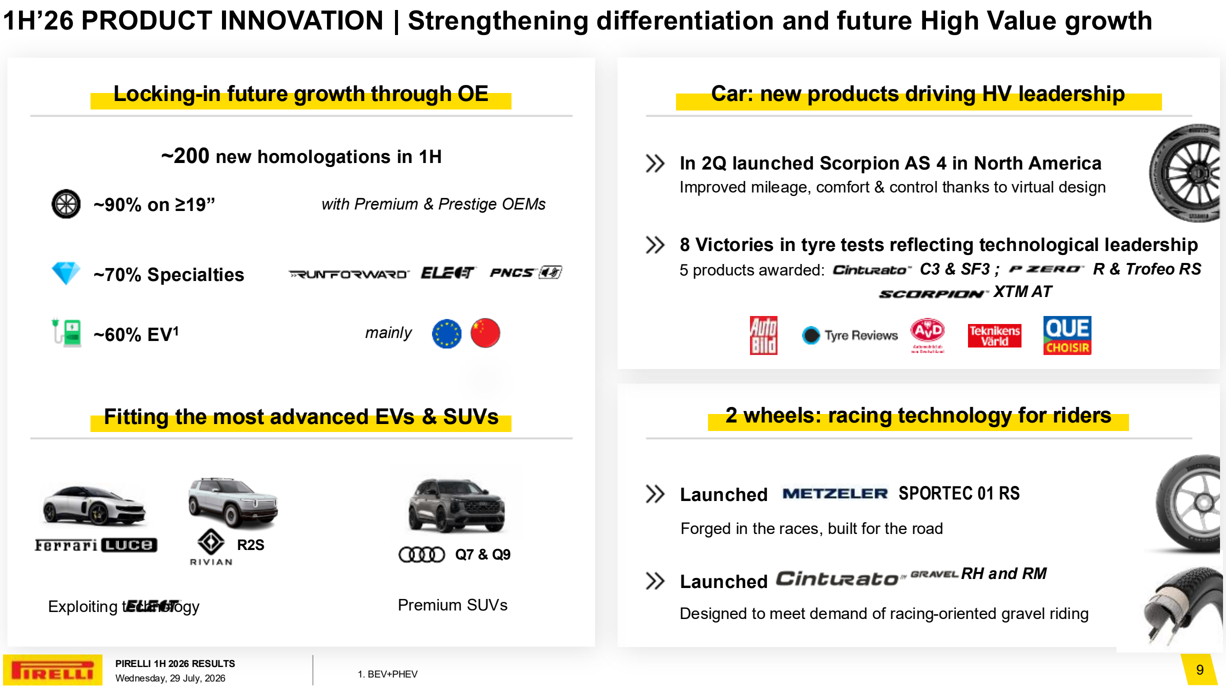
Let’s start from the commercial performance in the first six months.

We gained market share in the High Value segment, recording a volume growth of +3.5%, and strengthened our position in the Car and Moto segments. We also continued our selectivity process in the Standard segment (-8% volumes) by reducing our exposure to segments with lower profitability, mainly in South America.

In the second quarter, the volume trend (-1.5% at Group level) reflects

- a greater reduction in the exposure to the Standard segment (volumes -11% vs.-4% in Q1), outcome of a strategy based on value and protection of profitability in an extremely competitive environment;
- while the High Value trend (+3%) reflects a lower growth of the Moto segment after the strong performance in the first quarter, and a more limited growth in Car OE, due to demand slowdown.

In the second half of the year, we expect High Value performance to strengthen, supported by a solid Replacement demand in Europe as well as the gradual improvement of the North American market. In the Standard segment, we expect a gradual trend normalization.



Let’s now move to Product Innovation, which is one of the key drivers of differentiation and future growth.

In the first half of 2026, we obtained approximately 200 new homologations, mainly concentrated in higher rims sizes, Specialties and electric vehicles.

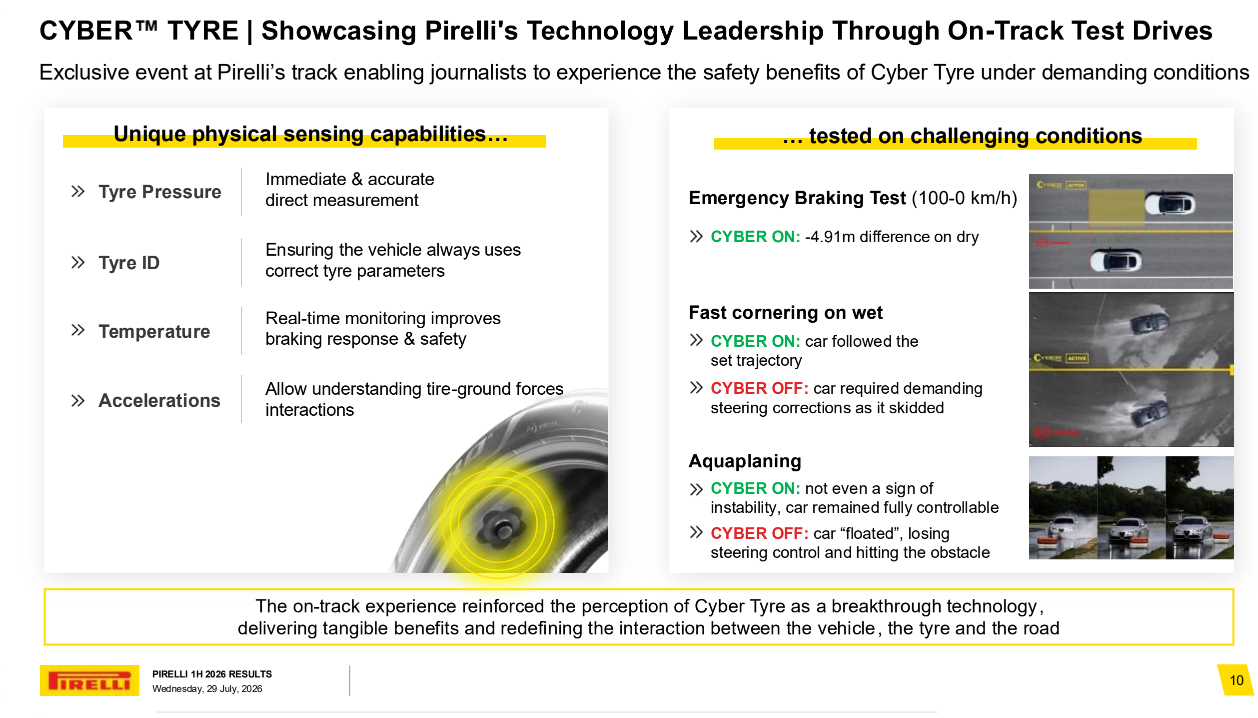
This result confirms our role as reference technology partner for both Premium and Prestige car makers.
Examples of this include the partnerships on the most advanced electric cars, like Ferrari Luce and Rivian R2S, as well as Premium SUVs like Audi Q7 and Q9.

Innovation also means constant renewal of the Product portfolio.

- In the Car segment, in North America, we launched the new Scorpion AS4, developed with an increasingly virtual approach which led to an improvement in mileage, comfort and driving control.
- The value of our technological solutions is also confirmed by comparative tests. In the first half, we obtained eight victories from leading European specialist magazines, which awarded several products in the Cinturato, P Zero and Scorpion lines.

Also in the 2 Wheels business, we continue to incorporate the racing experience into our products.

- In the Moto segment, we launched Metzeler Sportec 01 RS, developed from the racing know-how to offer top performance on the road,
- while in the Cycling segment, we introduced two new Cinturato lines, designed for Gravel riding, a rapidly growing segment.



Within Product Innovation, Cyber Tyre is one of the most distinctive solutions in the Industry.

Through sensors, integrated into the tyre, and own algorithms, our Cyber solution can turn a tyre from a passive car component into a smart sensor that can exchange data with the vehicle in real time and provide accurate information about the tyre and road condition.

All these data allow the electronic systems of vehicle – from ABS to stability control and traction – to be able to react more effectively and accurately, thus improving safety, control and driving experience.

Recent tests carried out on our Vizzola testing track, also attended by international trade press, positively proved the value of this technology under particularly challenging conditions.

Tests showed tangible advantages in terms of safety and control of the vehicle:

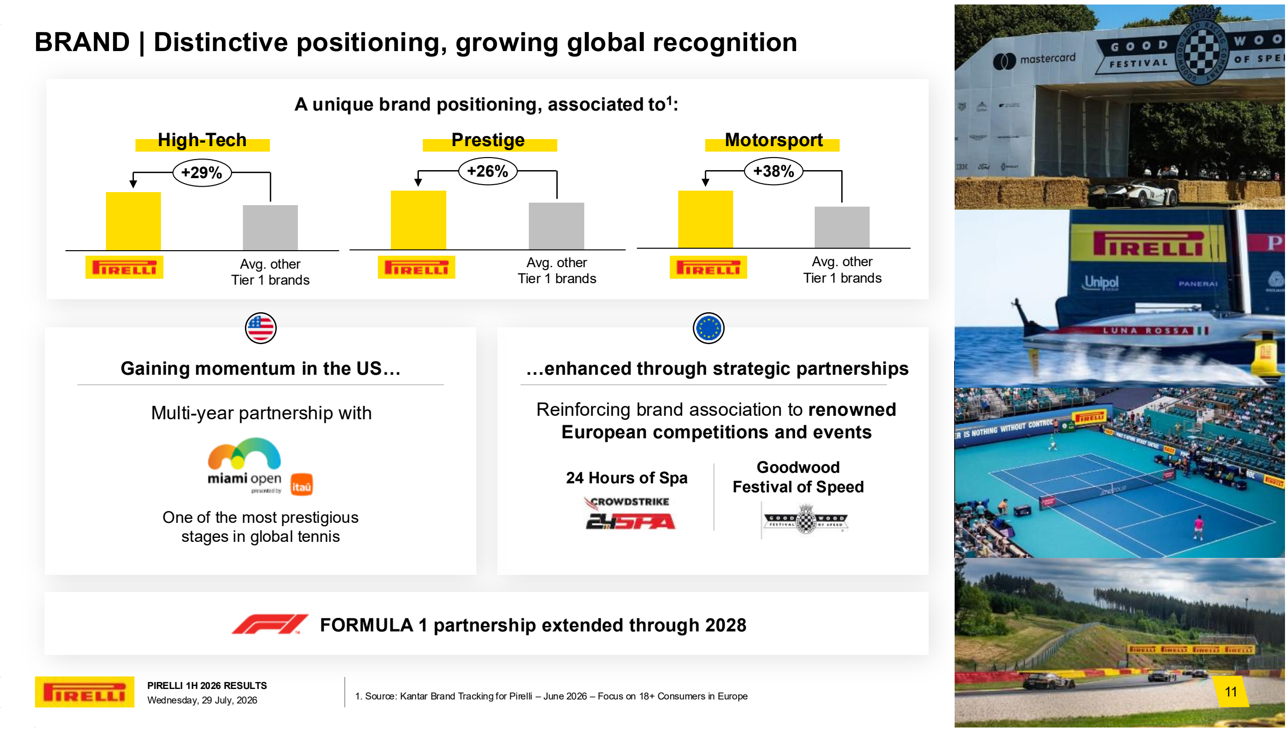
- in emergency braking tests from 100 km per hour, the system allowed for a reduction of braking space of approximately 5 meters;
- on wet surface, vehicle stability and grip improved, and
- in the event of aquaplaning, a better control of the vehicle was achieved in circumstances where, without Cyber Tyre support, the behaviour of the car would have been much more critical.

These results prove that immediate and real data availability from the tyre allows the vehicle to fully exploit the potential of safety equipment on board, with actual benefits for the driver.

Interest by car manufacturers and media confirms the role of Cyber Tyre as an enabling technology for connected mobility as well as further development of ADAS systems and autonomous driving.

Cyber Tyre is a unique solution in the industry, strengthening Pirelli’s leadership in integrating tyre, vehicle and digital platforms.

It provides new opportunities for growth and value creation along the entire mobility ecosystem.



Beside innovation, brand is one of Pirelli's distinctive assets.

Recent market analyses confirm the strength and uniqueness of our positioning, with Pirelli brand associated to High-Tech, Prestige e Motorsport concepts.

During the first-half of the year, we further strengthened this positioning, with targeted actions in strategic markets.

- In the US, we started a multi-year partnership with Miami Open, one of the most prestigious international tennis events giving even more visibility to the brand in a country which is crucial for our future growth.
- In Europe, we consolidated the presence at iconic events, such as the Goodwood Festival of Speed and the
  24 Hour of Spa, occasions that highlight Pirelli's association with innovation, performance and technological excellence.
- Finally, the partnership agreement with Formula 1 was renewed until 2028, confirming Pirelli's role at the pinnacle of motorsport.

These activities contribute to enhance our brand's global relevance and strengthen Pirelli's High-End positioning, supporting our ability to continue growing in the High Value and most profitable segments.

TRANSFORMATIVE EFFICIENCY | AI boosting innovation & reshaping industrial cost base

A deep-dive on Virtual Compounder

PIRELLI MAIN PROGRAMS

PRODUCT DESIGN

- **Modularity**
  design for competitiveness to reduce factory complexity
- **Virtualization & Simulation**
  accelerating innovation pace while reducing costs

MANUFACTURING

- **Digitalization**
  IIoT[1] solutions to raise productivity, quality & flexibility
- **Electrification**
  Improving efficiency with curing electrification & B.E.M.S.[2]
- **Automation**
  High tech solutions in finishing, handling & material flow

VIRTUAL COMPOUNDER

- **Generative AI**
  generates & optimizes compound formulations
- **Physics-Informed AI**
  simulates performance before physical testing

-20%	physical prototypes
-30%	compound development time
>80%	bio-based & recycled materials in flagship products by 2030

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I would like to conclude this section by mentioning Transformative Efficiency, a fundamental pillar in terms of competitivity roadmap.

This transformation involves the whole value chain, from Product Design to Manufacturing.

We are making full use of simulation, virtualization and modularity – which means Standardization of materials and semi-finished products. The aim is to reduce complexity in the factories while

- maintaining best of the industry quality and performance,
- and accelerating time-to-market.

An example of all this is the Virtual Compounder, a proprietary platform based on Artificial Intelligence which allows to virtually develop and optimize compounds, identifying the most promising solutions before physical validation.

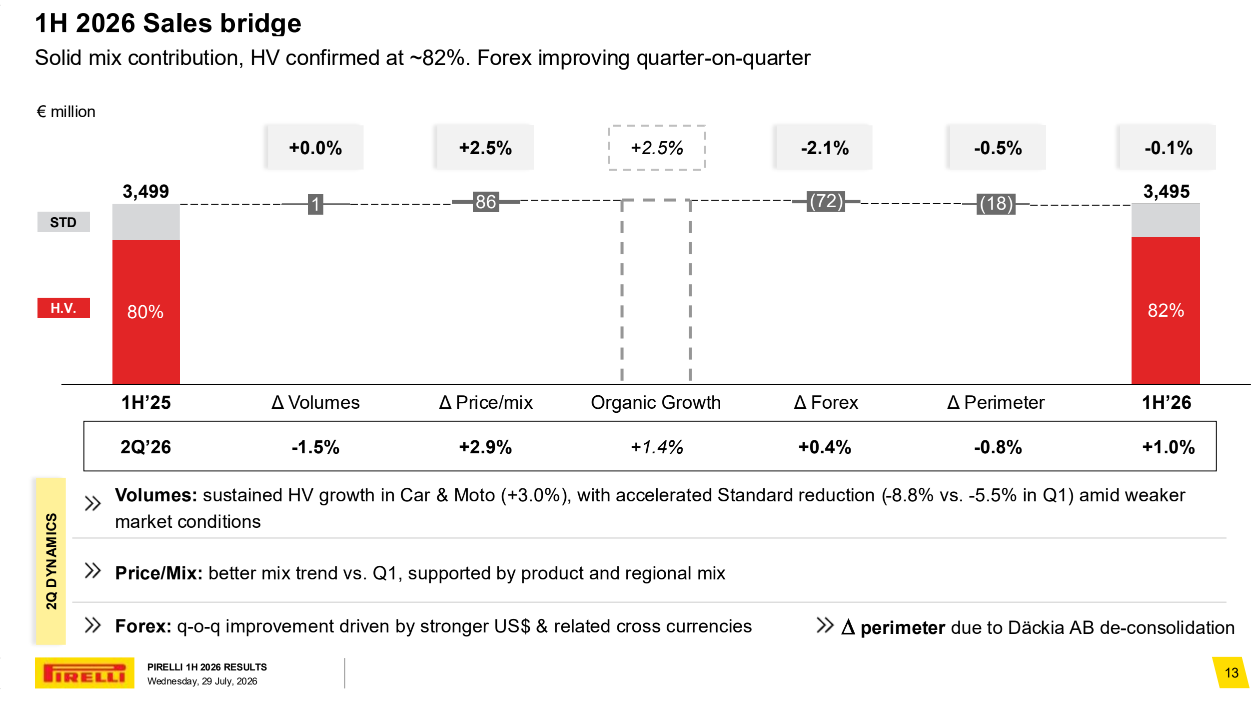
Results are already tangible:

- we reduced prototypes by 20%,
- development time was cut by 30%, and
- in parallel, we are speeding up the introduction of bio-based and recycled materials into our products.

Furthermore, we continue investing in digitization, automation and electrification to increase productivity, quality and manufacturing flexibility.

I now give the floor to Mr Bocchio.

Fabio Bocchio – Chief Financial Officer



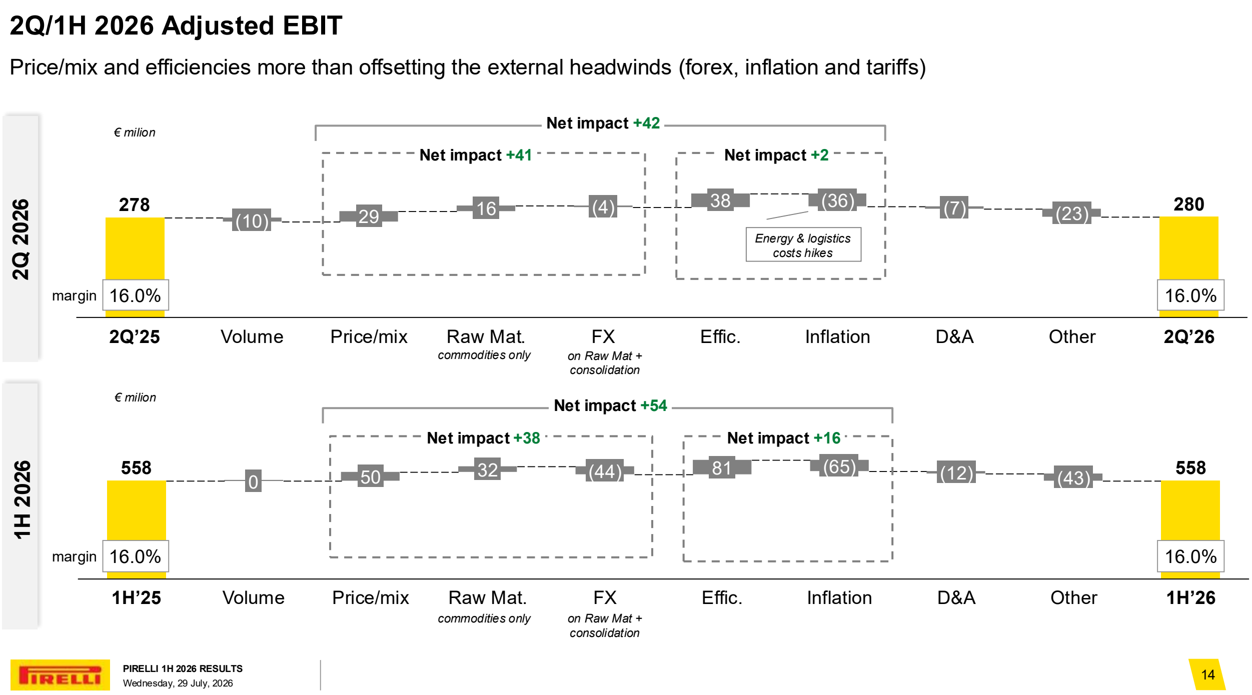
Thank you, Mr. Casaluci.

Let us now see, more in detail, the dynamics that have characterized the performance of first-half of 2026 compared to the same period last year.

As already pointed out, Revenues was approximately 3.5 billion euro, with a 2.5% organic growth.

- Volume trend in the semester was stable, reflecting a share gain in the High Value Original Equipment and Replacement in both quarters. The reduction of exposure to Standard continues, more specifically in the second quarter to protect profitability in a highly competitive environment.
- Price/Mix was positive, +2.5% in the first half and +2.9% in the second quarter, guided by the continuous improvement of the Product Mix and Regional Mix, while the Price increases announced in the second quarter will be visible in the second part of this year.

The forex impact is negative, -2.1%, mainly due to the US Dollar depreciation versus the first six months of 2025. The exchange rate trend was positive in the second quarter (+0.4%), due to the Us Dollar trend improvement and the strengthening of some currencies, such as the Chinese Renminbi and Brazilian Reais. Finally, the perimeter change (-0.5%) is linked to the deconsolidation of the Dakia AB business in the second quarter of 2025.



We close the first semester with an adjusted EBIT of 558 million euro and a 16% margin, in line with last year, thanks to the effectiveness of the internal levers which compensated the negative impact of external factors, such as exchange rate volatility, impact of the Middle East crisis as well as US duties.

More specifically:

- The positive Price/Mix contribution (+50 million euro) and of the efficiencies (+81 million euro) have more than compensated the negative impact from the exchange rates (-44 million euro) and the inflation of input costs (-65 million euro), which increased in the second quarter, following the Middle East crisis.
- Raw materials provided a positive contribution (+32 million euro).
- Finally, negative impact of depreciations and amortisations (-12 million euro) and increase in other cost (-43 million euro), mainly connected with the impact of the US tariffs as well as the rigorous management of finished product inventories due to the highly volatile environment.

Profitability remained stable at 16% also in the second quarter. The contribution from Price/Mix (€29 million) and efficiencies (€38 million) more than offset

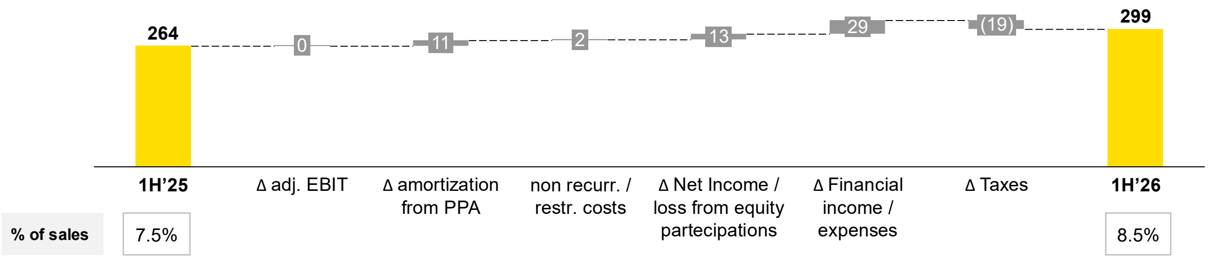
- inflationary pressures, including higher energy and logistics costs stemming from the Gulf crisis,
- the impact of U.S. tariffs recorded under "Other Costs", and
- the negative foreign exchange effect, mainly related to the appreciation of the Mexican peso.

Raw materials impact was positive. We expect this tailwind to reverse in the second half of the year, reflecting the increase in oil Prices that started at the end of February.

1H 2026 Net Income

Earnings improvement driven by lower financial expenses and higher income from equity participations

€ million



- **Net Income from equity participations** mainly related to 1Q'26 revaluation at fair value of the 49% stake in Xushen Tyre (Shenzhou)
- **Net Financial Charges** decreased YoY to -€94M (from -€123M in 1H'25), driven by a lower cost of debt
- **Tax rate** at 30.0% (vs 29.2% in 1H'25), increasing as expected but benefitting from non-taxable incomes and one-off events

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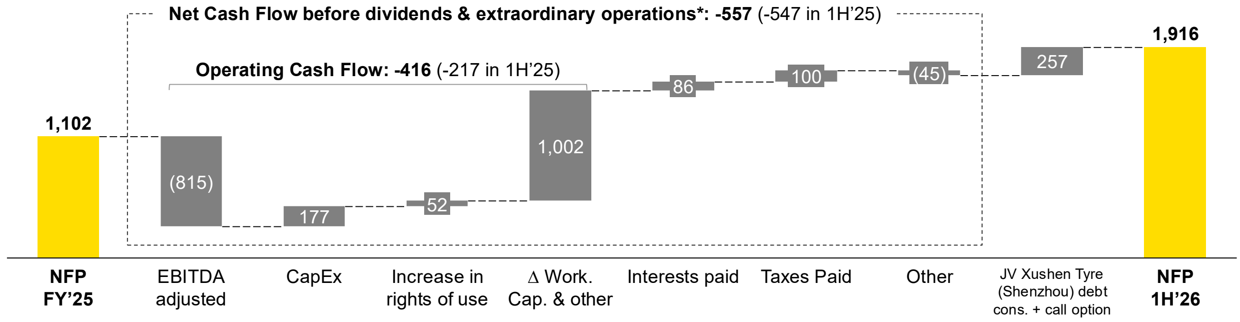
Let us now analyse the trend in Net Income, equal to 299 million euro, up 13% compared to the 264 million euro recorded in the first half of 2025. This trend reflects:

- the reduction of amortisation included in the Purchase Price Allocation worth 11 million euro,
- lower net financial expenses of 29 million euro, mainly related to the reduced gross debt as well as to a lighter financial debt in countries with higher interest rates;
- greater contribution from the results of equity participations for 13 million euro, mainly connected to a revaluation at Fair Value of the 49% stake in the JV Xushen Tyre (Shenzhou) which occurred in the first quarter;
- higher tax charges of 19 million euro, with tax rate at 30%, an increase – as expected – from the 29.2% in the first half of last year, but benefiting from positive impacts from non-taxable income and one-offs.

1H 2026 Net Financial Position

Cash flow absorption in line year-on-year, Net Financial Position records JV debt consolidation & call option for ~257M€

€ million



Net Cash Flow before dividends & extraordinary operations*: +148 (+150 in 2Q'25)

2Q'26	(410)	90	17	63	51	48	(8)	47

- **Inventory** at ~22.4% (vs 21.2% in 1H'25) discounting raw materials inflation and "safety stock" building due to the Middle East crisis
- **Receivables** at ~14.5% (vs 13,1% in 1H'25), reflecting business seasonality & some delays related to Middle East
- **Payables** at ~23% on sales. Higher cash absorption due to capex concentration in Q4'25 & Q1'26

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(*) Note: excluding the sale of Dackia AB and JV Xushen Tyre (Shenzhou) debt consolidation & the exercise of the call option

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Let's now move to the Net Financial Position.

As of June 30, 2026, our Net Financial Position is negative for approximately 1.92 billion euro.

This reflects:

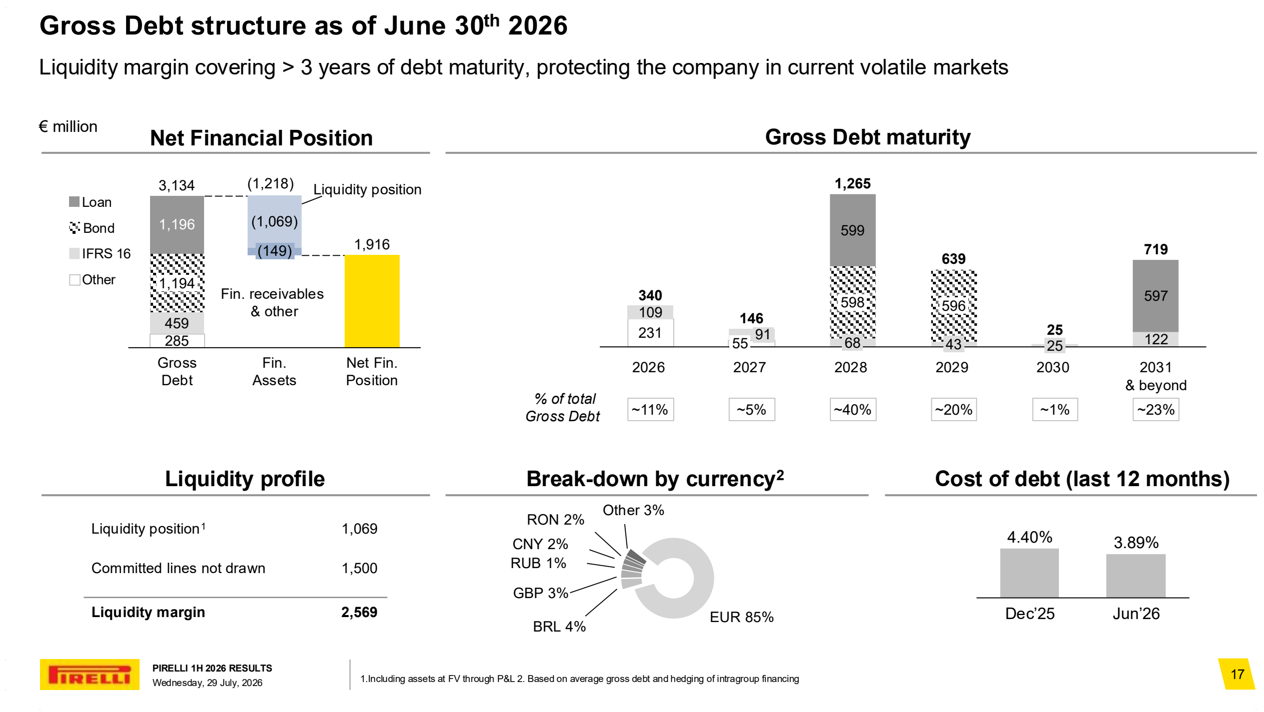
- on the one hand, a net cash flow before dividends and extraordinary operations of -557 million euro, substantially in line with the first half of 2025, which had recorded -547 million euros net of the positive impact from the divestment of Dackia AB; while
- on the other hand, includes the negative impact of 257 million euro, related to the consolidation of the debt and the increased stake to 70% into Xushen Tyre.

The Operating Net Cash Flow in the first half of 2026 is negative of -416 million euro (-€217 mln in the same period in 2025) and mainly discounts increased investments and greater cash absorption due to trade payables dynamics. More specifically:

- Capex reached 177 million euro, compared to 128 million euro in the first six months of 2025 and were mainly dedicated to High Value development, technology upgrades and industrial automation.
- Working capital trend (negative for 1 billion euro compared to -810 million euro of the first six months of 2025) reflects the reduction of trade payables related to the payment of the investments concentrated between the fourth quarter 2025 and the first quarter 2026.
  Receivables follow the usual business seasonality, with a limited negative impact due to the Middle East situation.
  Inventories on sales over the last twelve months stood at 22.4%, compared with 21.2% for the same period in 2025, a figure that reflects the rigorous control of finished product volumes, as the increase is mainly attributable to the rise in the

cost of raw materials and the build-up of raw mat safety stock to support business continuity in a context characterised by tensions in the Gulf region.

The Net Cash Flow before dividends in the second quarter 2026 is positive for 148 million euro, in line with the result of the second quarter 2025 (€150 mln) excluding the already-mentioned positive impact from the divestment of Däckia AB.



As of June 30, 2026 Pirelli had a gross debt of approximately 3.1 billion euro, financial assets worth 1.2 billion euro and therefore its Net Financial Position is of approximately 1.9 billion euro.

The cost of debt over the last twelve months was 3.89%, down by more than 50 basis points compared to 4.40% at the end of 2025. This decrease is attributable to the reduction of the level of debt as well as optimization of the Mix, due to the lower financial debts in countries with higher interest rates.

The liquidity margin is of approximately 2.6 billion euro and allows for the hedging of maturities for over 3 years until the third quarter of 2029.

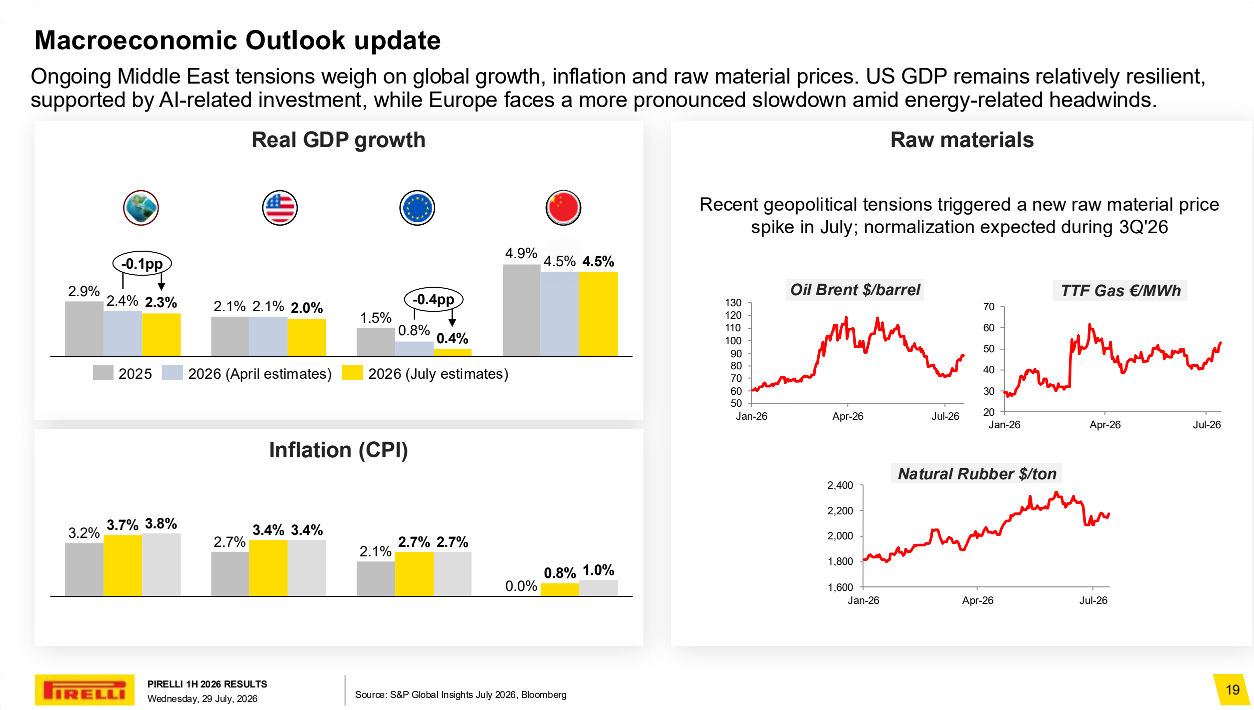
In January 2026, the Group signed a contract for a new multi-currency banking line worth 2.1 billion euro with a group of leading domestic and international banks. This new line – linked to decarbonization targets of the Group for Scope 1,2 and 3 – consists of a term loan worth 600 million euro and revolving lines for a total amount of 1.5 billion euro.

The contract allows for the possibility to agree between the company and all the financial institutions to extend the expiration date with the same terms for a maximum period of another 2 years, until 2033.

This transaction has also allowed for refinancing of the whole amount of the debt due in 2027.

I now give the floor to Mr Casaluci.

Andrea Casaluci – Chief Executive Officer



Thank you, Mr. Bocchio. Let us now talk about our update on this year's outlook.

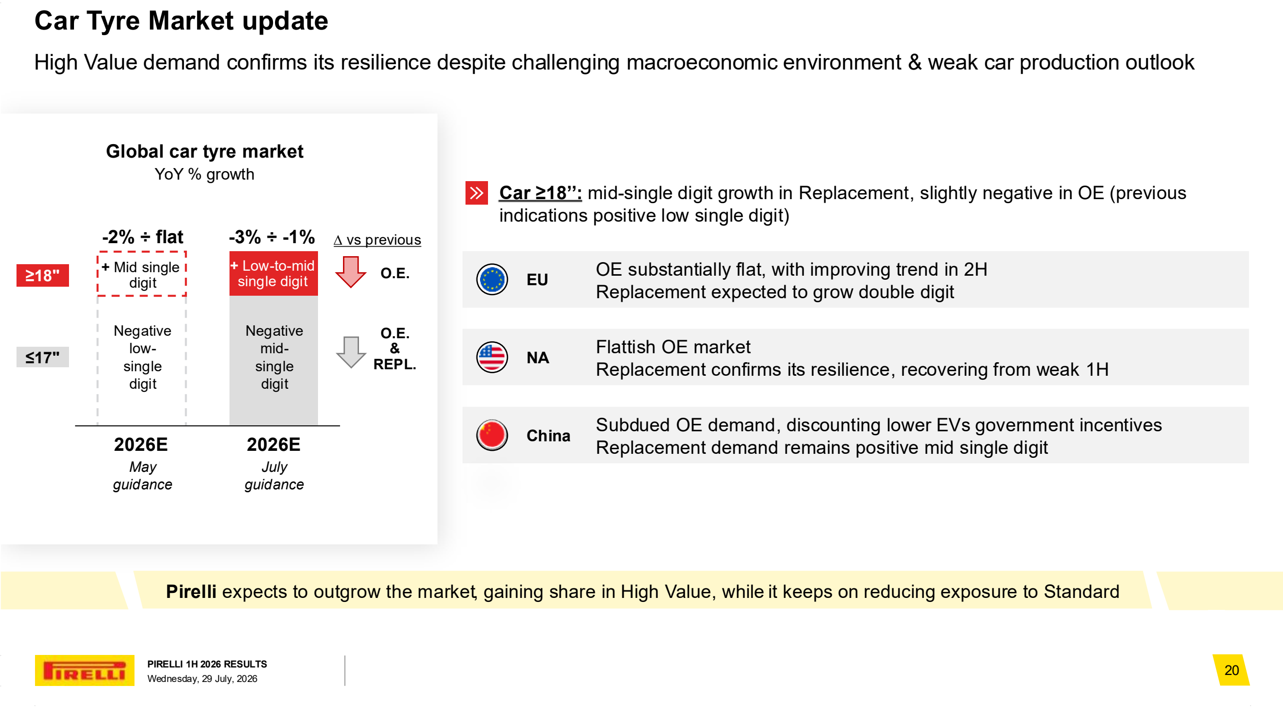
This macroeconomic environment continues to be characterized by high uncertainty, with the Middle East tensions remaining the major risk factor when it comes to growth, inflation and raw material costs.
Recent hostilities between the US and Iran have indeed caused a new increase in energy Prices and commodities and caused an interruption in the normalization process observed in the weeks following the Strait of Hormuz agreement in June 2026.

Based on the last estimates, the worsening of the scenario is confirmed, compared to our assumption in the first quarter of this year.

In 2026, global GDP growth is now expected to be +2.3%, versus +2.4% in April. The slowdown is more marked in Europe, given its strong energy dependency, while the US continue to show a good resilience, supported by the investment connected with AI. China is confirmed at +4.5% expansion, although its domestic demand is still weak.

Inflation is expected to increase at 3.8% versus the previous 3.7% and continues to be an element of scrutiny for the major central banks.

Regarding the commodities, the scenario remains very volatile, and a reduction of Prices is expected in the third quarter, as well as a normalization of the flows through the Strait of Hormuz.



Based on this new environment, we updated our market outlook for 2026. The Car tyre demand is now expected to be between -3% and -1%, versus -2% and flat indicated in May.

The estimates review involved the two most cyclical segments:

- Standard, now expected to be *negative mid-single-digit* (versus a *negative low-single-digit* in May), and
- OE demand (-3% compared to -2% in May) in line with the car production trend.

Regarding the High Value segment, expectations are now for a *low-to-mid-single-digit demand growth,* given the more cautious outlook on OE following the weak market performance in 1H (-2,5%), especially in China due to the end of government incentives that supported demand last year.

In the High Value Replacement segment, we expect a *mid-single-digit growth* with an improving trend in the second half of the year driven by Europe and Apac also thanks to a better EV penetration and above all the improving demand in North America, following a weak first half.

2026 Guidance

Drivers updated based on current scenario

€ billion	2025 A	2026 E *July Guidance*
Net Sales	6.78	~ 6.75 ÷ 6.95
Adj. EBIT Margin	16%	~ 16%
CapEx *% of sales*	0.42 *6.2%*	~ 0.45 *~ 6.5%*
Net Cash Flow *bef. Dividends, conv. Bond and Xushen Tyre (Shenzhou) impact*	0.58	~ 0.5
Net Financial Position	1.1	~ 1.2
Leverage *Net debt / adj. EBITDA*	~0.7x	~ 0.75x

Volumes:
~ +0% ÷ +1%
(old +1% ÷ +2%)
Price/Mix:
~ +2.5 ÷ +3%
Forex & Δ perimeter:
-2.5% ÷ -1.5%
(old -4% ÷ -2%)

2026 targets incorporate the impact of the Middle East conflict, assuming a commodity price progressive normalization in Q3

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In light of the quality of the results in the first half of the year, we confirm the 2026 guidance and update some of the drivers based on the current external scenario.

- Revenues are expected between ~6.75 and ~6.95 billion euro, with
  - Volumes between stable and +1%, slowing down compared to +1% and +2% indicated in May, due to the OE and Standard market demand slowdown;
  - Price/Mix improvement is confirmed between +2.5% and +3%
  - Exchange rates impact has been slightly revised, based on expectations of a smaller US Dollar depreciation. Forex is now expected to range between -2.5% and -1.5%, versus previous -4% and -2%.
- Profitability is expected to be of approximately 16%, with an Adjusted Ebit in absolute value at ~1.080 million euro in the midpoint.
- Investments confirmed at ~450 million euro (approximately 6.5% of Revenues);
- Net cash generation before dividends and impact of the exercise of the call option for the Xushen Tyre JV confirmed at ~500 million euro;
- Net financial position confirmed at ~€1.2 billion, including the impact of the call option exercise.

I now leave the floor to Mr. Tronchetti for the final remarks.

Marco Tronchetti Provera - *Executive Chairman*

Thank you, Mr Casaluci.

The results of the first half of the year confirm the strength of Pirelli’s business model and the effectiveness of the strategic decisions taken in recent years.

In an environment characterised by high volatility and growing geopolitical uncertainties, we have continued to deliver strong results, maintaining a profitability that ranks among the best in the industry and confirming the Group’s ability to react rapidly to changes in the external scenario.

We continue to stand out thanks to a combination of unique assets: the strength of the brand, our technological leadership and an increasingly efficient and sustainable industrial platform.

Innovation remains a key element of our differentiation. Cyber Tyre is a clear example: a unique technology in the industry, that reinforces Pirelli’s role in the evolution of connected mobility. It confirms our ability to anticipate the main trends in the automotive industry.

The quality of these assets, combined with disciplined execution and the flexibility of our operating model, allows us to look forward to the second half of the year with confidence and to confirm our 2026 targets for revenue, profitability and cash generation.

We will continue investing on our areas of strength to further improve Pirelli’s competitive positioning and create sustainable value over the long term.

This concludes our presentation.

We may now open the Q&A session.

Questions & Answers

Monica Bosio – Intesa San Paolo

Good evening everyone, and thanks for taking my questions. I have four questions.

The first one is on the market share at the country level. At the country level, where did the group find the most relevant market share gains in the second quarter? If I remember well, in the first quarter, it was in the USA. Is it still the case for the second quarter?

The second question is on the Replacement channel trend in China, which keeps positive also in the second half. Can you confirm that you expect to get market share in China in the Replacement channel on the back of the EV tyres Replacement cycle? And if you can share with us, what is the loyalty rate of the Chinese consumer towards Pirelli brand.

The third question is on the Price Mix. Please correct me if I'm wrong, but I think that the 2.9% Price Mix in the second quarter was mostly Product and Regions, so mostly Mix. And for the second half, we should also add the pricing effect, so if you can confirm this and tell us what will be the drop-through by year end.

And finally, on the Cyber Tyres, I was wondering if you can share with us some indication on the multi-year investment plan, what is the time horizon? And I'm curious to know if you get further homologation in Cyber Tyres since the beginning of the year. Thank you very much.

Andrea Casaluci - Chief Executive Officer

Thank you for your questions.

I will start from the gain of market share in the 2Q. We have been able to gain market share in all the High Value markets, but the better performance also in the second quarter is coming mainly from United States, where we have been able to gain market share both in the Original Equipment and in the Replacement. This is the result of our growth strategy based on the introduction of new products fully dedicated for the U.S. market, the enlargement of the customer base where we grow market share with all the most iconic vehicles for the United States in the last years, like the Ford F-150 or the Dodge Ram or the Tesla's most popular models, but also the growing popularity of our brand and the enlargement of the customer base. In the second quarter, we also gained quite significantly market share in China in the Replacement channel. And this is mainly driven by the pull-through effect starting in the EVs, as you correctly said. And so we are taking advantage of the Original Equipment growth in the last years.

Price Mix, you are also right. In the second quarter, the performance, roughly 3% has been mainly driven by a Product Mix, including the Region Mix, with still a slightly negative Channel Mix, where we had a grow of the Original Equipment faster than the Replacement. What we do expect in the second half is a slight reduction of the Mix effect, mainly due to a lower reduction of the Standard volumes. Where we do expect a normalization of the volume performance also thanks to a more profitable comparison versus last year in South America while the Price will start to be meaningful because the price increase that we announced during the months of May and June will be effective starting from the second half. So you can expect another 3% roughly of Price Mix performance. But in this case half driven by Price and half by Product Mix. That's roughly it's improving the drop-through in the second half. We do expect 80% more or less of drop-through in the second half.

Moving to Cyber Tyre, we keep on growing in penetration. Considering the high interest of the most important Premium and Prestige car makers in Europe and in China, but also in the United States, we do expect to finalize agreements also in the Premium segment. We are already delivering in the prestige segment the Cyber Tyre technology. We do expect to scale up into the Premium and we are confident some good news will come already in the last quarter of this year.

Martino de Ambroggi – *Equita*

Good evening, everybody.

The first question is on net working capital. Considering the additional absorption you saw in the first half and considering the raw materials price increase, isn't it a risk for your free cash flow guidance? And if I remember correctly, you are always using factoring in the region of EUR200 million at year end.

The second is on the Standard profitability because volumes are heavily down. So just to have an idea, if it remains profitable this year, maybe this is too rude to say. But in price increases, is it easy to pass price increases also in this segment? And referring to price increase, any pre-buy that you saw in the second quarter? Thank you.

Fabio Bocchio - Chief Financial Officer

I will start from the first question related to the net working capital. Obviously, we confirm our guidance of the cash generation for the full year. We don't expect to have difficulties. Everything is on plan. As you saw in the first semester, stock management made us arrive at an incidence on net sales of about 22.4%, which is a little bit higher than March and last year. But this was due not from the volume of the stock, but from the value of the finished products and the raw material, given the fact that obviously the commodity has grown up quite a lot since the end of February.

We expect a little bit this effect to slow down during the last part of the year. So we expect for December to have an incidence of inventories on net sales over the last 12 month at about 22%. Considering even that in June, actually, we were building up a little bit of safety stock on raw materials in order to avoid any kind of disruption in our factories.

On the receivables side, we achieved 14.5% in June, which was in line with March, and for the remaining part of the year, by year-end, we expect this number to arrive at about 9% on sales. On the payables, again, we had a negative impact in June related to the fact that there was this accumulation of CapEx between Q4 2025 and the beginning of 2026, so with a cash-out during quarter three, but then we expect normalization, given that our

CapEx at €450 million will be expected. So by the end of the year, we are expecting payables to be in the range of 30% or so, not dissimilar to what we had in the previous years.

We use factoring to balance the cash flow of the company on one side and to balance the risk of our accounts receivable. And we are in line with the usual trend. In some quarters, a little bit higher, and some quarter a little bit lower. In June, for example, it was lower than the average of the previous quarter, but no major differences compared to the past.

Andrea Casaluci - Chief Executive Officer

Thank you. And now we'll move to the following questions. The Standard profitability in 2026 is expected to be in between 7% and 8%. So a high single digit. We still target the double digit and we are confident we will arrive there. But nevertheless, it's a more volatile segment. It's not really a question of price increase, but a volatility of the demand. It's down to 18% of our total sales. It will be reduced even more. Let's consider that in the High Value regions, Europe, US and Asia-Pacific, the weight on sales is already in the ballpark of 10%, 12%. And in these regions, we are very close to the double digit profitability. And last point, the pre-buying, no, we haven't seen pre-buying effects. The stock level in the trade is well normalized so far. Thank you.

Christoph Laskawi - *Deutsche Bank*

Good evening. Thank you for taking my questions. I'd like to start on the US investment plan, please. I know it's not yet fully approved by the Board, but the size that you have indicated in the press release of €1 billion to €1.2 billion, very back of the envelope, I can get to up to a 10% capacity additions from that.

Could you comment on if there is a need then to cut elsewhere, say, in South America or Europe, the capacity? And if there essentially is now a bit of a change in strategy, should it be approved from basically growing through a Mix improvement, now actually chasing volume a bit? And then the last one would be, is it in the short-term limiting cash return potential if you should approve the US investment plan and actually follow through with it?

And then on volumes into H2, you mentioned that High Value added volumes should improve in the second half. At the same time, obviously, you've raised prices. Is there any indication that volume or demand has changed as a result of the price hikes, or is it pretty stable and resilient as you see right now? Thank you.

Marco Tronchetti Provera - *Executive Chairman*

Thank you for your questions. First, there is no change in strategy, so the investment in US is just related to the growth we are having in the United States, as have been told you few minutes ago. We grew in the first quarter. We grew in the second quarter. We continue to grow. We are underrepresented in United States compared to our market share in the other main regions. So, what we are doing, it's in line with our strategy. And now I leave the floor to Mr. Casaluci.

Andrea Casaluci - Chief Executive Officer

Yes. Thank you. No, let's consider that as we commented in other occasions, if you do consider 100%, what we sell in the United States today, more or less 5% is already produced locally. 55% is coming from Mexico and 40%, 45%, the remaining – sorry, 40% is imported by Europe and South America. The capacity we will install in the US will be, of course, 100% High Value and will support, as Mr. Tronchetti said, the local growth, plus eventually a reduction of import from Europe and South America. And the free capacity in these regions will be used to support the local growth. So we don't plan any kind of reduction on the High Value capacity of the group. While the major changes on the demand – on the second half, it's mainly linked to the different expectation of the market.

First, we have to remind that the change in the outlook of the market, it's mainly driven by the result of the first half, where we saw worsening of the Replacement demand in United States and Original Equipment demand in China compared to our previous guidance. So what we do expect in the second half is an improvement in these two areas, also driven by a better comparison year-over-year on the two regions.

So all in all, we keep on growing in the High Value, overperforming the market, and we have a more positive outlook on the second half compared to the first half, mainly driven by a lower reduction of the Original Equipment in China and start growing environment in United States Replacement, while Europe is expected to maintain its high double digit growth in the Replacement High Value as has been shown in the first half.

Harry Martin - *Bernstein*

Hi. Good evening, everyone. Thanks for taking my questions. The first one actually is a follow up about the outlook for the US volume growth in the market in the second half. What gives the confidence that that will get better? It looks like the first half of the year has already been driven by the weak consumer. I appreciate the June data maybe was a little bit better. Is there an extrapolation of that or do you have any other information for us that can help on why that market will get better?

The second question I wanted to ask about the USMCA renegotiation. What are you hearing? We've seen some headlines that the US is pushing for increased US content within cars, but is there anything else that you've had or we need to think about for that Mexico to US business?

And then finally, I wanted to ask about your capabilities in digital twin and software. How high a proportion of Original Equipment fitments today are requiring some level of digital integration with the R&D and design phase? And how differentiating is Pirelli's software in this field and helping to win those market share gains? Thank you.

Marco Tronchetti Provera – *Executive Chairman*

Thank you for your questions. Mexico, USMCA, the fact is that the agreement will be renewed for 10 years, renegotiable every year. But as far as we can see, considering the importance of the Mexican supply to the American market, to the North American market, we do not expect the impact on our operations in Mexico. So we feel comfortable on that side. But now I leave the floor to Mr. Casaluci.

Andrea Casaluci - Chief Executive Officer

Yes. Thank you. The US volume – we are optimistic on the second half mainly in the Replacement. First of all, because we come from six months in a row of negative markets, which is something that is preparing a restart of the demand, in our view.

And also because more favourable comparison versus last year, which is also helping. And we target to overperform the market. So we have already a long-term agreement with our partners in distributions. So the orders are already on our hands with a view, a clear view, at least for the following three, four months.

So we are very positive on the outlook of US, both driven by an expectation of a better market, and also our order collection. Digital twin. Yes, you are fully right. This is one of the most important innovation that we have been able to introduce in our research and development processes. And the competitive advantage that we see are of two sets reasons.

So first of all, we are becoming much faster in the development of new products, which is fitting the needs and requirements of the OEMs about the Chinese one. And that's one of the major reasons why we have a competitive advantage in this arena. It's also allowing us to reduce the number of prototypes. And so with a positive impact on cost and is helping us to accelerate the introduction of recycled bio-based materials because with a Virtual Compounder, so the simulation on the development of new compounds, we can make tests on laboratory without losing a lot of time for the physical test. And that's also a good competitive advantage.

The second reason is linked to our Cyber Tyre technology. So the digital twin of tires and mathematical model mirroring the real performance of a tire is part of the Cyber Tyre technology that is integrating data collection from sensors into the tires into a way to use this data, applied that to the digital twin of a tire thanks to the new computing capacity of the cars to elaborate on the best possible instruction to give to the control unit of the car, using the same logic that we use when we develop virtually a tire, but applied with completely different conditions. Thank you.

Stephen Benhamou – *Bank of America*

Yes, good evening. Thanks for taking my questions. I have three questions. The first one is on raw mats. So they are going to turn the negative in H2. Based on your latest assumption, can you just give us an indication of what do you anticipate in terms of headwind for H2? The second question is regarding the efficiency gains.

So if I'm not mistaken, when we are doing the math, you are anticipating around €70 million of efficiency gains in H2. Given the global cost inflation, should we expect those efficiency gains to more than offset cost inflation just like in H1? And the last question is regarding the tax rate. Again, if I'm not mistaken, you were anticipating a slightly higher tax rate in 2026. In H1, you are at only 30%. So should we expect any tax rate increase in H2? And what are the reasons for that? Thank you.

Fabio Bocchio - Chief Financial Officer

Thank you. And we take the question, I'll start from the raw materials. In the first two quarters of the year, we benefited from the positive contribution from raw mat against previous year. And overall, we had an impact for about a little more than €30 million. Now, this trend for the second half will reverse completely because commodity after the end of February has gone up quite a lot. So we will see the first impact of this increase in commodity, and that means an increase in our cost of goods sold starting from quarter three. That means starting from now. What we expect is a sizable impact for the second semester because if the first half was a positive contribution for raw mat for €30 million in the second semester, we expect a negative impact for about €70 million. So total different trend between the first half and the second half.

Regarding the efficiencies and the inflation, I can confirm that for the full year, we expect efficiency from our projects that are absolutely in line with the expectation for a total amount of €150 million. And on top of this €150 million, there will be an additional impact of the cost mitigation plan that will be between €20 million to €30 million related to the Middle East crisis in order to try to offset and balance the additional inflation that will come related to the energy cost and inflation on the transportation cost.

Having said that, with this additional mitigation plan, we think that on the overall of the year, the efficiency plan and the mitigation plan will be sufficient to not only offset, but even give a little bit of positive impact to the result of the company.

Regarding the third point, related to the tax rate, tax rate in the first semester was equal to 30%. But I confirm the full year guidance for the tax rate between 32% to 34%, which was, as in our original guidance, taking into consideration some one-off positive impact for the full year that has been materialized a little bit earlier than expected, meaning in the first half. That is why we had this 30% in the first half and it will be a little bit higher on the second semester, but fully in line with the expected tax rate that not only for 2026 but even for the following years, we expect it to be in this ballpark, 32% to 34%.

Thomas Besson – *Kepler Cheuvreux*

Thank you very much. Good evening. I'll try to make it quick. I have three questions, please. Firstly, your net interest charge to follow up with Mr. Bocchio was low in H1. Should we expect this to continue in H2 and have a benefit versus the previous years or whether, as well, like all the tax rates, and one-offs helping you on that front? The first question.

The second question, could you remind us broadly or approximately your OE share with Chinese automakers in H1 and as well directionally where you stand in terms of China Replacement share in H1 and how it improved versus H1 2025? And finally, I think you mentioned that you believe you could sign the first Cyber Tyre contracts with a Premium automaker eventually in Q4, which is great.

May I please ask you to remind us what are the existing contracts today with Prestige automakers and whether you would expect a contract with a Premium automaker to have you being the sole supplier of that car or whether the Cyber Tyre would be an option for the vehicles that would only be allocated to customers effectively choosing the Pirelli/Cyber Tyre solution? Thank you very much.

Fabio Bocchio - Chief Financial Officer

I will take the one related to the financial expenses, the net financial expenses. As you correctly pointed out in the first half, we had a positive impact on financial expenses for about €29 million compared to previous year.

And as I was saying, this is related to the lower gross debt and to the mix of debt between countries with a high interest rate and countries with lower interest rate. For the full year, we expect dynamic in second semester to be a little bit different. So I expect a reduction in the financial charges related to the lower debt that will be at the same level for the second part of the year.

But on the other side, we expect some volatility and some negative impact from non-cash component linked to hyperinflation and FX volatility. So for the full year, the expectation is to arrive to a level that would be in the range €190 million to €200 million, or let me say, similar to the full amount for 2025.

Andrea Casaluci - Chief Executive Officer

Well, moving to the second question. So the OE market share, we have in the Premium segment, it's similar in all the geographies. It means that we target always market share in the Prestige, which is 100% concentrated in Europe, around 50% in the Original Equipment. While in the Premium in between 20%, 22%. And the more we go into the upper end, the more the market share of the product portfolio of the carmakers, the more the market share is growing.

And that's exactly the market share we are performing in China, but only if we focus on the Premium carmakers namely Li Auto, Xiaomi, AITO Seres, NIO. These are the kind of newcomers in the EV we are working with. And that's the result of a strategy of customer-base enlargement and diversification that we started five, six years ago, growing in share Premium segment both in United States and in China.

Regarding the Cyber technology, yes, we are working with some very important Prestige carmakers in Europe. And as I said before, we are enlarging the partnership and the collaboration with some Premium carmakers. And as I said before, the Chinese Premium carmakers are very interested not only because of the typical safety performance or driving performance of the Prestige segment, but also because of the opportunities related to the autonomous driving.

Why? because with an autonomous driving solution, where the decision and responsibility of braking or steering will be in the hands of a software and no more in the hands of a human. So, it will be important to have a very accurate estimation of the grip and the forces between the tire and the road. It will be of paramount importance to take the right decision. This is the kind of application we are working on with some of the most important Premium Chinese carmakers.

Ross MacDonald - *Citigroup*

Yes, thank you very much for taking my questions, especially given we have run over slightly. The first one is just on organic growth and just noting that year-to-date the organic growth for Pirelli is at the low end of the full year guidance corridor at 2.5%. We are talking a lot about a recovery in the second half on organic growth on Price Mix and volume, but specifically on Q3, how should we think about organic growth compared to the slightly lower 1.4% that we see in Q2? Would you expect organic growth to recover back to the midpoint of the full year guidance corridor at the above 3% as soon as Q3, or is this more of a Q4-loaded recovery? That's my first question.

Second question, just coming back on the US CapEx to Christoph's question. Obviously, the $1 billion to $1.2 billion is a big number, but it's over several years. But could you maybe give us a sense of what that sort of check buys you in terms of capacity, just in terms of units? How should we think about the cost of a US factory and what that would bring Pirelli in terms of capacity?

And then my final question is just on the EV trends in Europe. Obviously, these are going quite strongly. You talk about the homologations with EV. I think your definition is EV plus plug-in hybrid, but specifically in the BEV segment, how do you feel about your market share versus your competitors on OE? Thank you.

Andrea Casaluci - Chief Executive Officer

Thank you. On the organic growth, we have performed at 2.5% in the first half and a bit below our expectation mainly driven by the reduction of volume on Standard, higher than expected. And the Chinese Original Equipment that – where the demand in China in the local market was negative in the first six months, double-digit negative. So more than expected. While our expectation for the second half is to stay in the ballpark of 4% of organic growth, mainly driven by Price Mix, 3% and 1% on volume.

We are confident on this growth, and nevertheless, the organic growth of Pirelli remains the highest in the tire industry. That's mainly driven by our overexposure to the High Value segment representing now 82% of our sales. And the High Value is a growing segment and the more resilient.

United States capacity, yes, we announced, first of all, as you correctly said before, it's not fully approved by the board of directors. This will be included in one of the following board of directors meeting. But a rough indication, it is in the ballpark of between $1.2 billion, $1.3 billion investment.

That is an investment that will target the highest possible level of automation and innovation in the plant. And we are upgrading our MIRS technology with a new release. So it will be capital-intensive, euro for tire, because of the high level of automation that will lead a more efficiency, better quality performance, stability and flexibility for the plant. And the capacity we target to arrive at the end of the process of development in the year around, €6 million, fully High Value tires with a high flexible plant. But let us finalize approval and then we will be back with all the details of the project.

BEV homologations. In our view, the electrification, it will be the major technology in the car registration of the future. In China, we have seen already more than 60% of new car registration being fully electric or plug-in hybrid or range-extended. But the most important, and most relevant technology remains the fully electric.

In Europe, we have seen more than 20%, 23% of car registration being a new electric vehicle. Again, and mainly fully electric. While in the United States, the percentage is still – it's below Europe and China, not far from 10%. So we are confident that full electric will be the main technology but also plug-in hybrid, it's growing. And from a tire perspective, both powertrains requires the same performance. From a tire perspective, you need higher load index, better grip, lower rolling resistance, better noise control performance. So all in all, for us, it's a great opportunity.

Gianluca Bertuzzo - *Intermonte*

Hello. Good evening and thank you for taking my question. I have a question on anti-dumping measures in Europe. What's your take on that? Do you think you can have some benefit or not? Second question is on your penetration with Chinese vehicles, but not in China, I'm referring in Europe. It is too early to measure your market share in the Replacement channel with these Chinese vehicles, or can you share some of your achievements in that field? Thank you.

Andrea Casaluci - Chief Executive Officer

So the anti-dumping measures, we welcome the final decision of Europe because the uncertainty before was creating a bit of confusion in the market. So we welcome the final decision because we are confident that will lead into a better stability. But all in all, the dumping on the Chinese imported tires are not affecting our addressable market because it's mainly Standard – are mainly Standard tires.

So not a direct impact on our sales, but a positive impact because finally, will create stability and clarity into the market. Penetration of Chinese car models is growing in

Europe. As a matter of fact, the car registration in Europe of the most important Chinese players like BYD or Geely are growing.

But in the Premium segment, the penetration of Chinese models is still very limited in Europe. So we see the penetration of EV in Europe in the Premium and Prestige segment, still driven by the European carmakers that are now in the process of introducing new car models with very good performance. And so we are confident that the Premium segment and of course the Prestige will remain at least in the short-term, two, three years in the hands of the European carmakers. Nevertheless, the penetration, the synergy market of the Chinese models is growing.

José M. Asumendi – *JP Morgan*

Thank you very much. I want to go back again, please, to the Xushen Tyre Joint Venture. If you could please speak a bit more about the rationale of the partnership there and whether we should be expecting any other financial impacts on the net financial position on the net debt during the year. Thank you.

Andrea Casaluci - Chief Executive Officer

So thank you for your question. The rationale is that we are now in the position to fully control an asset that is dedicated to the production of High Value product and the high content of technology. So for us, strategically, it has been a positive move. I leave the floor to Mr. Bocchio for the impact on the net financial positions.

Fabio Bocchio - Chief Financial Officer

For the impact on the net financial position, we already accounted for the impact, the consolidation of the debt of this JV at the beginning of the year. So in quarter one, there was an impact of €210 million. Then in quarter two, there was the exercise and the payment of the call option for an additional €247 million.

So the net financial position achieved at the end of half one. It is already accounted for the full amount of the impact for the operation. Obviously that plant is now creating value for the group. It is selling with an average contribution that is higher than the average of the group. So obviously there is the cash flow generation coming from the operative business of that company. But for the remaining part of the year, we don't have any additional impact to take into account considering the specific operation.

Marco Tronchetti Provera – *Executive Chairman*

So thank you for the attendance to our conference call. This ends today's program. Thank you and I wish you a very good evening.