



Pirelli & C. S.p.A.
FY 2025 Preliminary Results
Conference call transcript
February 25th, 2026

Marco Tronchetti Provera - *Executive Vice Chairman*

Key messages

» 2025 results: Outstanding execution in a challenging environment

- High Value position strengthened, with market share gains across channels and regions
- Top profitability among Tier 1, with price/mix and efficiencies more than offsetting external headwinds
- Deleveraging above targets, driven by strong cash flow and the conversion of the equity-linked bond

» Sustainability fully on track:

- Significant progress across all pillars (People, Products, Climate and Nature), meeting all 2025 targets
- Pirelli confirmed “Top 1%” of S&P Global 2026 Sustainability Yearbook, the only tyre maker worldwide

» 2026 Guidance confirms a solid improvement despite external headwinds

- Geopolitical uncertainties continue to shape a complex environment
- Growth momentum confirmed in the High Value Car Tyre segment
- Pirelli data-driven model supports company’s growth profile, technology edge, and structural efficiencies

Good evening, ladies and gentlemen,

2025 results mark another milestone in our journey of growth and value creation.

In a highly volatile external environment, the Group closed the year with outstanding results:

- ▶ we further improved our **positioning in High Value**;
- ▶ profitability is confirmed as the highest among Tier 1;
- ▶ **Cash Generation was above expectations**, enabling us to accelerate the deleveraging process.

At the same time, we strengthened our **commitment to sustainability**, with results that reinforce our leadership.

Pirelli is the only company in the global Tyre and Auto Components sector to be included in the Top 1% of the S&P Global Sustainability Yearbook.

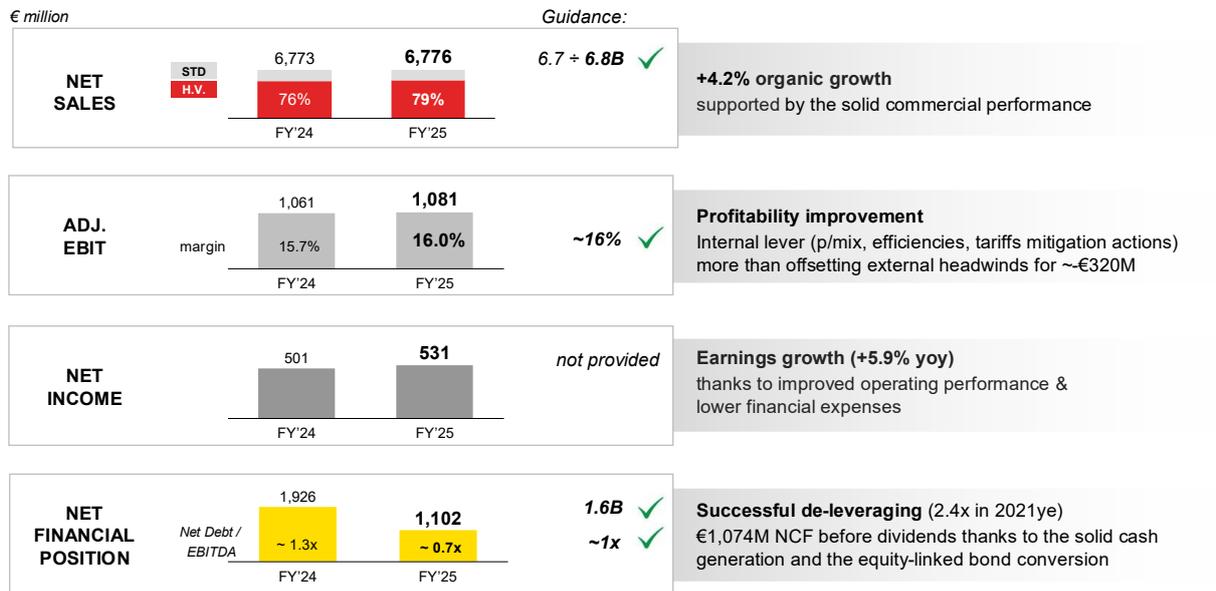
The scenario that we see for 2026 remains challenging, with geopolitical uncertainties and high macroeconomic volatility. In this complex landscape, we see real opportunities for growth, that we are ready to capture through a business model that is increasingly data-driven.

We aim to consolidate our leadership, improve profitability, deliver a sound cash generation and ensure a solid shareholder remuneration.

I now give the floor to Mr Casaluci.

Andrea Casaluci - Chief Executive Officer

Solid execution in a challenging external environment...



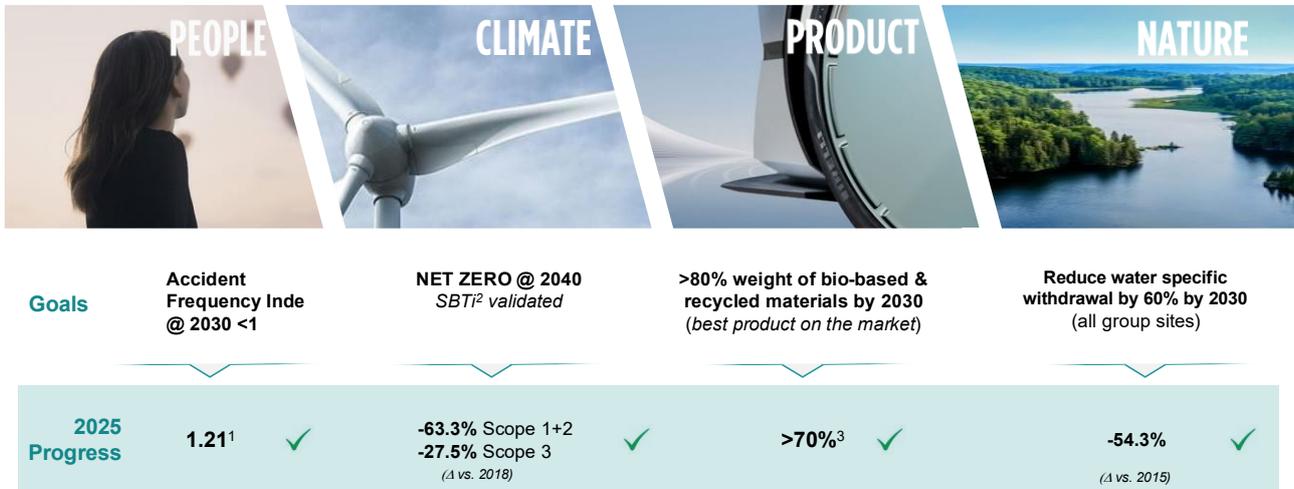
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Thank you, Mr. Tronchetti, and good evening.

- ▶ **Revenues** amounted to €6.8 billion with an organic growth of 4.2%, driven by the strengthening of High Value, which now accounts for 79% of Group's Sales, +3 percentage points year-on-year;
- ▶ **Profitability** reached 16%, supported by internal levers that more than offset the negative impact of the external headwinds, for around €320 million between exchange rates, tariffs and input cost inflation.
- ▶ **Net income** stood at €531 million, up 5.9% year-on-year, benefiting from a solid operating performance and lower financial expenses.
- ▶ **The deleveraging process** was completed, thanks to cash generation before dividends of approximately €1.1 billion, resulting from:
 - improved operating profit;
 - rigorous working capital management, and
 - the successful conversion of the equity-linked bond.

... with a continued progress on Sustainability



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All KPIs and comparison vs. 2025 guidance is illustrated on slide 14: 1. Frequency Index(FI) = (Fabiilities + Serious lost time injuries + Lost time injuries) x 1,000,000/ worked hours. If calculated based on 200,000 hours worked, Index 2025 is 0.24 and <0.2 @2030; 2. SBTi: Science Based Targets initiative; 3. IPoode 35837 28545R22 XL LR ncs 114 Y P-ZERO Summer NCS - thanks to a combination of physical segregation and mass balance approach. Bio-based and recycled contents is at least 31.7% and 38.3% respectively. Bio-based materials are natural rubber, textile reinforcements and bio-chemicals, while recycled materials are silica from rice husk ash, reclaimed rubber, recycled steel and - through mass balance - synthetic rubber, carbon black and silica.

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In 2025, we strengthened our commitment to Sustainability, a strategic lever for innovation, growth and competitiveness.

The results achieved are fully in line with our objectives and long-term strategy:

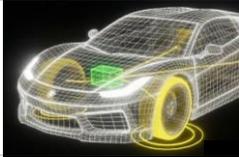
- ▶ **Accident Frequency rate was reduced by 14% year on year**, as a result of prevention and training programmes.
- ▶ In decarbonisation we achieved important results:
 - we reduced absolute CO₂ emissions by 63% in our factories, compared to 2018, through the electrification of curing processes, and
 - we intensified the efforts with our suppliers, who decreased emissions by 27.5% compared to 2018.

These results are fully consistent with the Carbon Neutrality target for 2030 and Net Zero for 2040, validated by the Science Based Targets Initiative.

As for Products, we increased the percentage of bio-based and recycled materials, which, in the Pzero developed for JLR, accounted for more than 70%. This is an important achievement that places us at the forefront of the industry and also offers interesting business opportunities and mix improvement.

Finally, to protect biodiversity, we have further **reduced water consumption** by 54.3% across all the Group's production sites compared to 2015.

2025 Results overview: leadership enhanced through key strategic programs

COMMERCIAL PROGRAM	HV share gains across regions & channels <ul style="list-style-type: none">▪ OE: expanding partnerships▪ Replacement: faster portfolio renewal and top-ranked products	
INNOVATION PROGRAM	Innovation Leadership confirmed: <ul style="list-style-type: none">▪ Top position in product tests▪ Worldwide recognition for Cyber Tyre	
OPERATIONS PROGRAM	Boosting competitiveness: <ul style="list-style-type: none">▪ € 158M efficiency gain (2.3% of sales)▪ Progressing on Manufacturing program	



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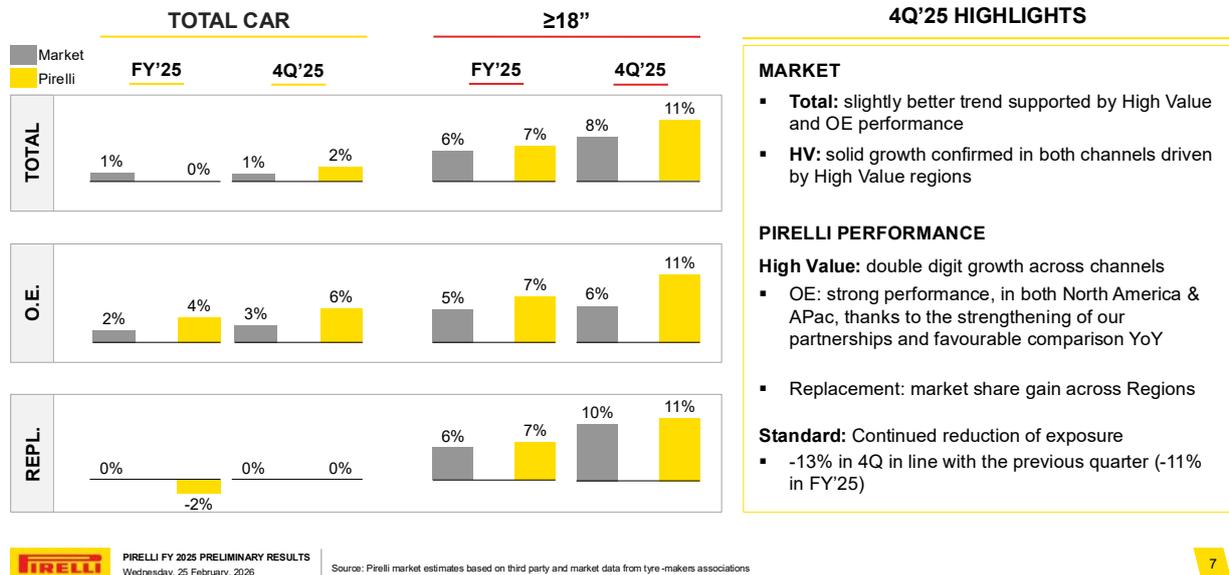
Let us now move on to a detailed analysis of 2025 operating performance.

The implementation of our **strategic programmes** enabled us:

- ▶ to strengthen the positioning in the High Value segment, gaining market share in both Replacement and OE;
- ▶ to consolidate the technological leadership, with new products that stood out in comparative tests; and
- ▶ to improve the competitiveness with the automation and digitalisation of our processes.
- ▶ Let us now take a closer look at each programme.

Strengthening our leadership in the High Value Market

Share gain in both channels of Car $\geq 18''$, while keeping reducing the exposure to Standard



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We fully captured the growth of Car 18 inches up, outperforming the market:

- ▶ +7% in FY 2025 compared to +6% of the market; and
- ▶ +11% in the fourth quarter, versus the +8% of the market.

The gain in market share concerned both channels:

- ▶ **In OE**, we benefited from strengthened partnerships with local carmakers in North America and APAC and a favourable year-on-year comparison.
- ▶ **In Replacement**, our performance was positive in all regions, driven by pull-through and continuous product innovation, which enabled us to seize opportunities in specific segments (for instance, All Season in Europe and All Terrain in the United States).

During the year, we continued to reduce our exposure to Standard, particularly in South America, where we revised our commercial and distribution policy to focus on more profitable products and channels.

A Superior Portfolio of Homologations to Secure Future Growth

Leveraging best-in-class technology and partnerships with leading Premium & Prestige OEMs

~ 320 new homologations in 2025



$\geq 19''$ Marked Homologation Portfolio ~3x vs Peers average*

Most iconic models introduced in 2025, fitting Pirelli tyres

Some examples



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(*) $\geq 19''$ OE marked IP5 @ Jan26 German pricelist (no off-road, no Winter Nordics)

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Let us now move on to the **Innovation programme**.

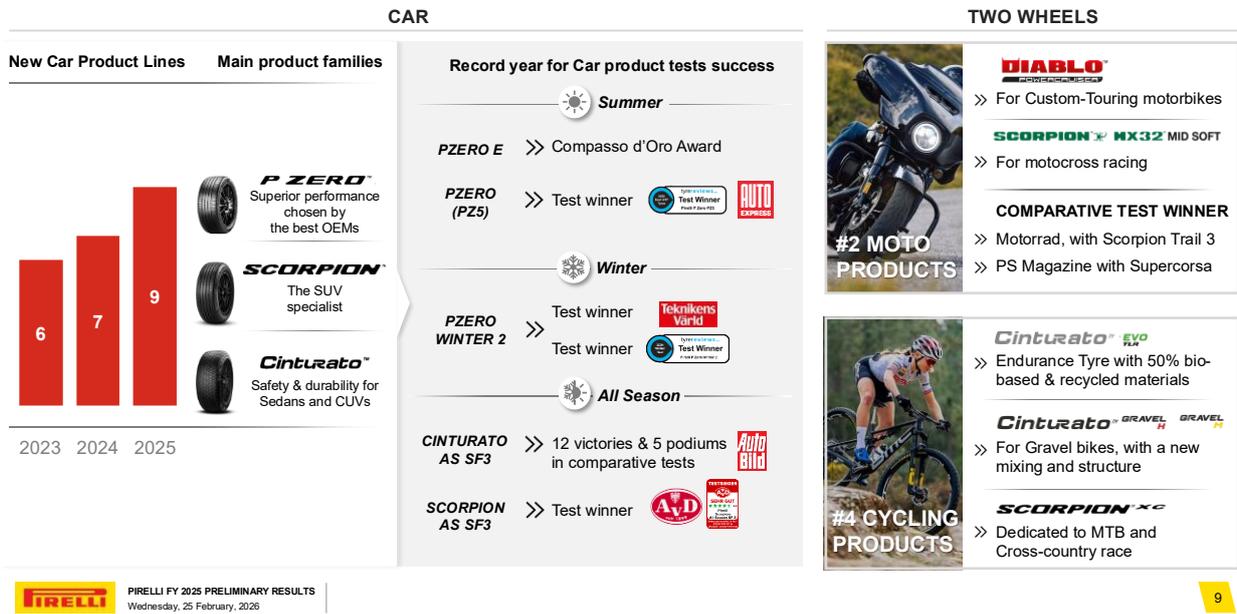
In 2025, we further consolidated our technological leadership in the high-end segments: we obtained approximately 320 new homologations, mainly in $\geq 19''$, Specialties and EVs. Our homologations portfolio is much wider than that of our peers, more than 3 times in $\geq 19''$.

This strengthened our partnerships with Premium and Prestige OEMs in various Regions:

- ▶ in **Europe**, we confirm our role as a leading technology partner, contributing to the evolution of iconic models such as **Ferrari 849 Testarossa**;
- ▶ in **North America**, we are consolidating our leadership in high-performance vehicles such as Ford Mustang;
- ▶ In **APAC**, we have a closer partnership with the most important new Premium EVs producers.
- ▶ Finally, in **South America**, we are supporting the technological evolution of car parc, with a stronger presence on multi-purpose vehicles such as the Ram Rampage.

Leadership in High-End segment with a renewed and distinctive offering

INNOVATION



Our High Value offering was enhanced with **nine new Car products**.

2025 was a record year in terms of awards and recognitions for Pirelli products:

- ▶ In **Summer**, Pzero E won Compasso d'Oro, a prestigious international industrial design award; in addition, the fifth-generation of Pzero was voted best ultra-high performance summer tyre by Tyre Reviews and Auto Express.
- ▶ The Pzero Winter 2 ranked first in tests conducted by the historic Swedish magazine and Tyre Reviews.
- ▶ Finally, in the **All-Season** category, Cinturato All Season SF3 scored 12 victories, while Scorpion All Season SF3 stood out in the German AvD comparison, taking first place.

Important results were also achieved in the world of **two wheelers**:

- ▶ in **Motorcycles**, we introduced two new products and won Motorrad and PS Magazine tests;
- ▶ finally, in **Cycling**, we further expanded our range with four new products.

Cyber Tyre gains worldwide recognition



Vehicle-to-Everything (V2X) Innovation of the Year

"Cyber Tyre is a key technology for the future of smart mobility, which includes autonomous driving, connected vehicles, and the digitalisation of infrastructures"



Pirelli named "Company of the Year" for the innovative scope of Cyber Tyre, a technology that "highlights how digital systems are able to redefine even the traditional components of the automotive sector"



SafetyBest Award "for the pioneering development of Cyber™ Tyre technology, an innovation of exceptional significance for automotive safety."



#1st prize in the Safety category at the Automobile Awards thanks to its advanced warning of risks. Combined with V2X connectivity and Pirelli's algorithms, it can also share road-condition alerts with infrastructure and other connected vehicles to improve safety and mobility.



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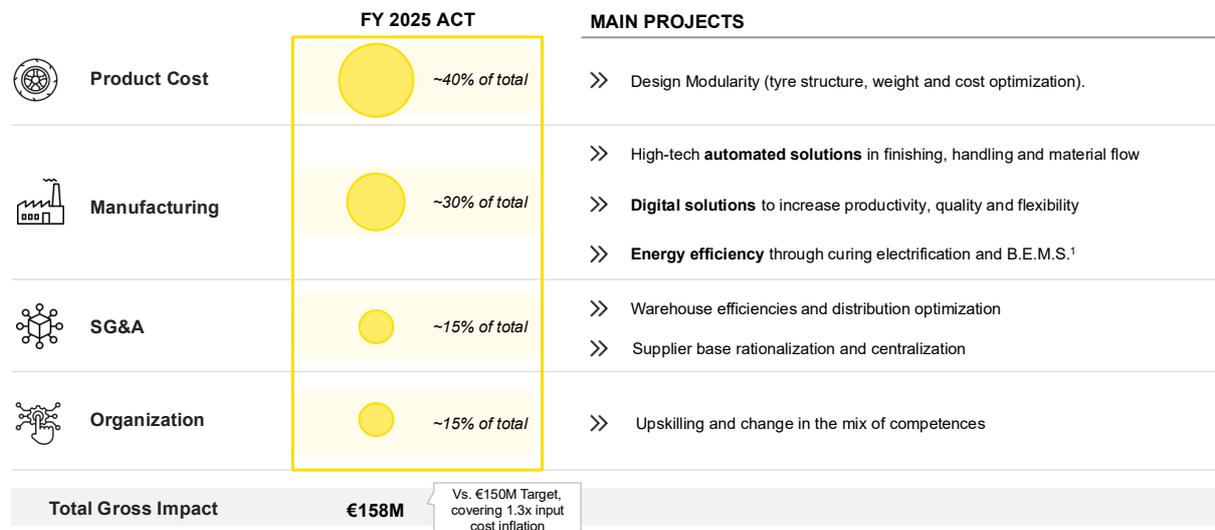


Pirelli Cyber Tyre technology also received several global awards.

- ▶ In the United States
 - it was voted the most innovative technology for the future of smart mobility by the *Autotech Breakthrough Awards*; and
 - **Frost & Sullivan** named Pirelli 'Company of the Year'.
- ▶ In Europe, the significant level of innovation was also recognised
 - by AutoBest, and
 - by the **Automobile Awards**, in the *Safety* category

Efficiency program delivery above target

Efficiencies supported profitability improvement, with benefits above inflation. Product cost & Manufacturing the main contributors



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1. Building Energy Management System

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Finally, let's analyse the results of the Operations programme, which generated **gross efficiencies of €158 million**, offsetting the negative impact of inflation.

More specifically, the greatest benefits derive from:

- ▶ the **Product Cost** project thanks to innovative design reducing the cost of materials; and
- ▶ the **Manufacturing** project, through factory automation and electrification of the curing phase, allowing a more efficient use of energy.

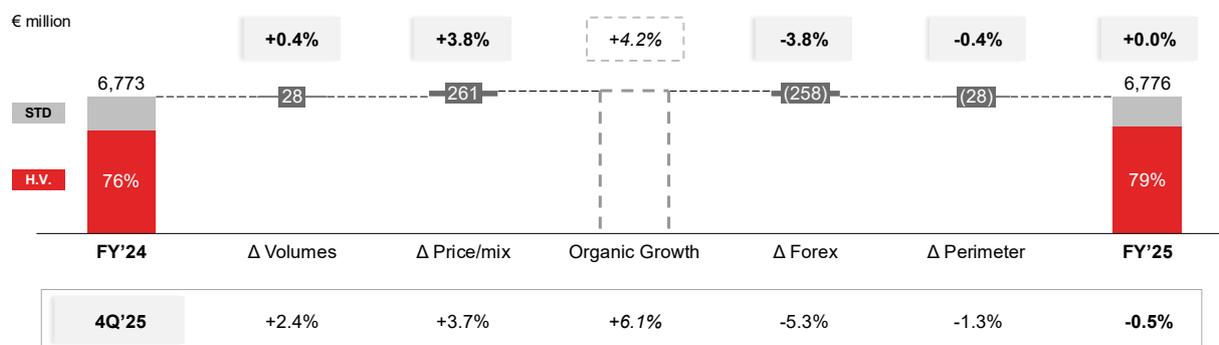
In the **SG&A** and **Organisation** projects, we continued developing the planned programmes, generating efficiencies through:

- ▶ the rationalisation of the supply chain and the optimisation of logistics; and
- ▶ the digitalisation of internal processes and personnel upskilling.

I now give the floor to Mr Bocchio.

FY 2025 Sales bridge

Solid organic growth supported by sound price/mix improvement offsetting forex headwinds. HV Sales Reach 79% of Total Sales



4Q DYNAMICS

- >> **Volumes:** strong HV growth across regions, especially in OE, coupled with continued reduction of Standard
- >> **Price/Mix:** In line with expectations, supported by product and regional mix; negative channel mix due to OE outperformance
- >> **Forex:** US\$ weakness and LatAM currencies volatility; >> **Δ perimeter** due to Däckia AB de-consolidation

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Thank you Mr. Casaluci.

Let's now analyse in detail the performance of 2025 compared to the previous year.

The Top Line recorded an organic growth of +4.2%. If you factor-in exchange rates and the difference in perimeter, the Top Line was stable.

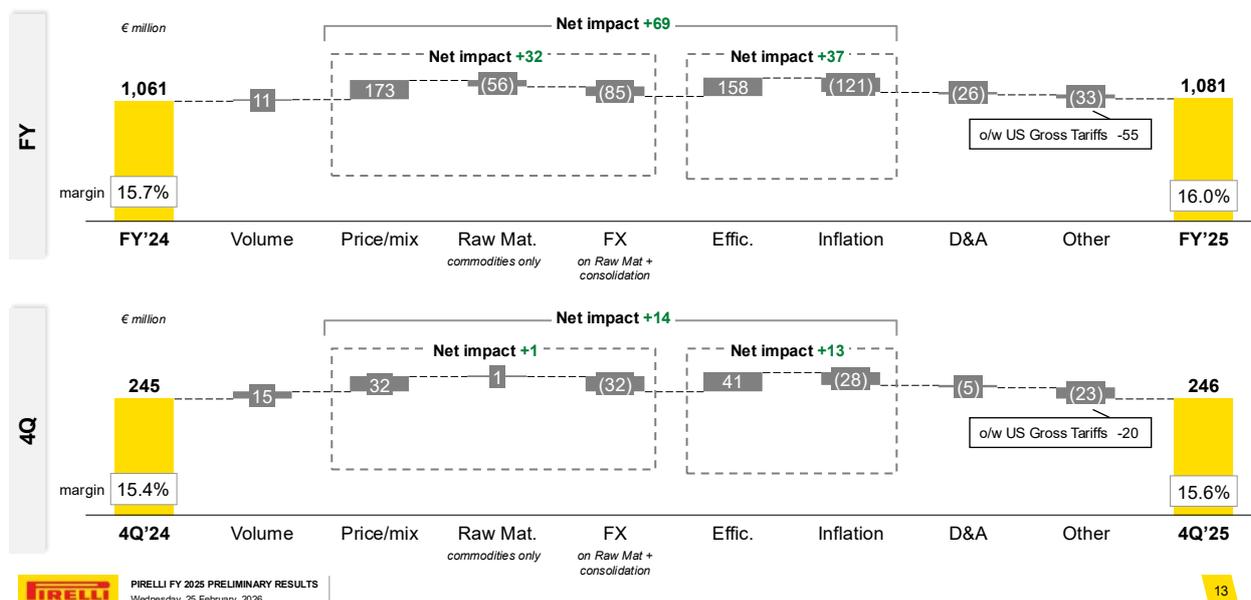
High Value Revenues were above 5.3 billion euro, accounting for 79% of the Group's revenues, up 3 percentage points compared to last year.

Let's now move on to the individual drivers:

- ▶ The trend in **volumes** (+0.4% yoy) reflects the opposite dynamics of High Value and Standard already illustrated by Mr Casaluci.
- ▶ The **price/mix** improved by 3.8%, driven by the product mix and the regional mix, while the channel mix was slightly negative, particularly in the fourth quarter, given the trend in sales of Original Equipment compared to those in Replacement.
- ▶ The impact of **exchange rates** (-3.8%) reflects the depreciation of the US dollar and the volatility of emerging market currencies against the euro.
- ▶ Finally, the **change in perimeter** (-0.4%) is linked to the deconsolidation of the Däckia AB business, which was sold in the second quarter of 2025.

FY 2025 adjusted EBIT

Internal levers (p/mix, efficiencies & tariffs mitigation actions) drive profitability growth, offsetting external headwinds for ~€320M



Let's now analyse the profitability trend.

Adjusted EBIT amounted to €1,081 million, up by approximately €20 million year-on-year, with a margin of 16%, compared to 15.7% in 2024.

The improvement in profitability is linked to the effectiveness of internal levers, which more than offset the negative impact of external factors such as exchange rates, raw materials, inflation and US tariffs, amounting to a total of €320 million.

More specifically:

- ▶ volumes contributed €11 million;
- ▶ the **price/mix** for €173 million more than offset the increase in the cost of **raw materials** for €56 million and the **impact of exchange rates** (-€85 million);
- ▶ efficiencies (+€158 million) more than covered input costs inflation (-€121 million).
- ▶ Finally, we accounted for a negative impact of **D&A** for -€26 million and **other costs** for -€33 million.

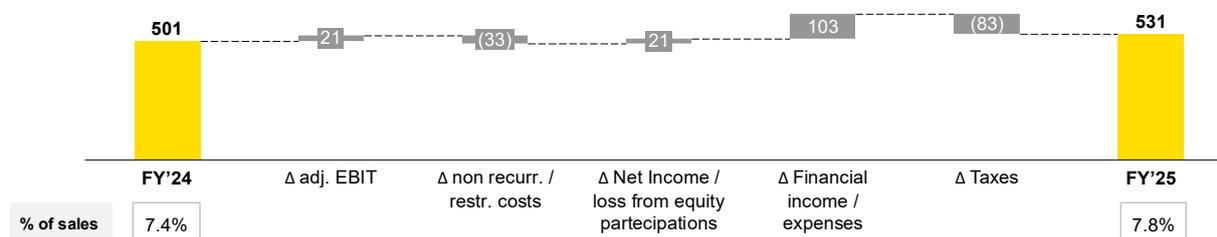
The gross impact of US tariffs was €55 million, approximately €25 million net of the mitigation plan.

In the fourth quarter, adjusted EBIT was €246 million, essentially stable compared to the previous year, with an improved margin of 15.6% (it was 15.4% in the fourth quarter of 2024) thanks to the excellent commercial performance, price/mix and efficiencies that fully offset the headwinds coming from exchange rates and tariffs.

FY 2025 Net Income

Earnings growth supported by sound operating performance and lower financial expenses

€ million



- >> **Non-recurring:** organisation streamlining in Europe and LatAm
- >> **Equity Participations:** including the proceeds from the disposal of the Finpriv stake (Mediobanca)
- >> **Financial Income & Expenses:** 184M€ vs 287M€, due to lower non-cash items and reduced financial charges
- >> **Income Taxes:** 30.2% tax rate (vs. 22.6% in FY24) no longer benefitting from tax incentives in Italy



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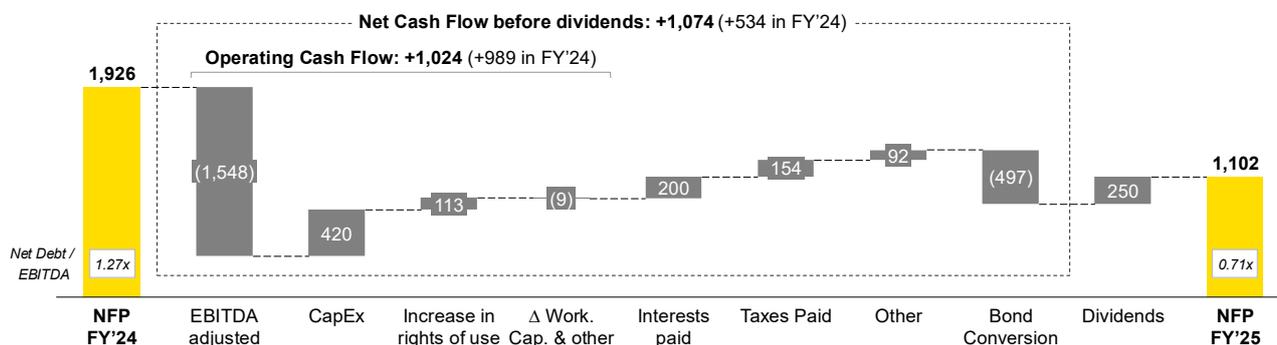
Let's now move on to the **Net Profit**, which amounted to €531 million, up by approximately 6% compared to €501 million last year.

This trend reflects:

- ▶ The €21 million improvement in **operating performance**;
- ▶ **The €33 million increase in non-recurring expenses**, mainly linked to the continued streamlining of the organization in Europe and South America;
- ▶ The positive contribution of **equity investments** for €21 million, especially for the dividends received from the liquidation of Fin.Priv;
- ▶ A reduction in net financial expenses of €103 million, due:
 - on the one hand, to the lower non-monetary impact linked to hyperinflation accounting and,
 - on the other, to lower expenses linked to the reduction in debt and interest rates.
- ▶ **Finally**, the €83 million **increase in taxes**, following the discontinuation of the tax benefits that were included in the 2024 results. The tax rate was 30%, in line with expectations.

FY 2025 Net Financial Position

Strong deleverage thanks to solid operating cash flow and equity bond conversion



MWC DYNAMICS

- >> Careful inventories management (~21.5% of sales, stable YoY)
- >> Payables and Receivables in line with previous year (Payables ~31% of sales, Receivables ~9%)



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Pirelli closed 2025 with a negative **Net Financial Position** of approximately €1.1 billion and a leverage of 0.71 times the Adjusted EBITDA.

Cash generation before dividends amounted to €1.074 billion, with the €497 million benefit coming from the conversion of the equity-linked bond. Excluding this effect, the cash flow before dividends amounted to €577 million, up €43 million compared to 2024.

Net cash flow from operating activities was positive at €1.024 billion. This result is an improvement of €35 million compared to 2024 and is due to:

- ▶ the operating performance just discussed;
- ▶ **investments** of €420 million related to High Value activities, technological upgrades and factory automation;
- ▶ €113 million increase in rights of use;
- ▶ positive contribution from **working capital** management thanks to efficient management of inventory, whose weight on revenues reduced to 21.5% versus 21.7% last year.

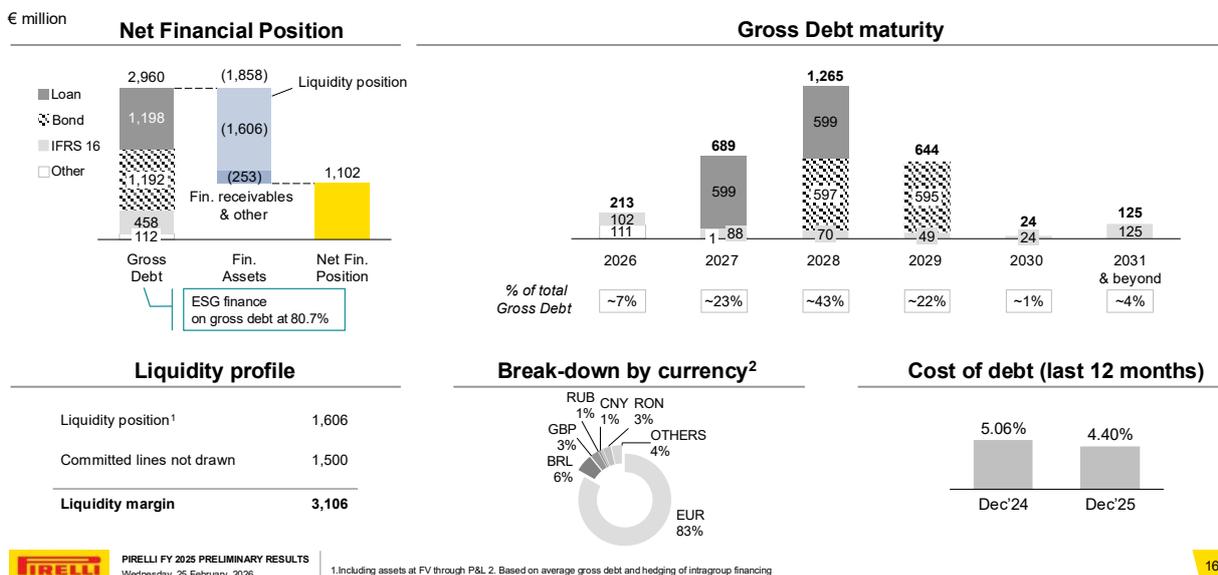
The weight of trade receivables and trade payables on revenues remained substantially unchanged.

Interest paid went down to 200 million euro (they were €249 mln in 2024) due to the reduction in debt and interest rates.

Taxes paid were basically stable year-on-year and amount to 154 million euro. Please, note that in 2025 the taxes paid are lower than those in the P&L because the Italian tax system allows for payment on a historical basis. Therefore, the point of reference was the taxes due in 2024, that still accounted for tax benefits such as Patent Box and ACE. This difference between P&L and Cash Flow tends to disappear in 2026, with an expected tax rate between 32% and 34%

Gross Debt structure as of December 31st 2025

In January 2026 completed the full refinancing of 2027 loan maturities and renewed the undrawn committed lines to 2031. 2025 Target of 100% of ESG debt at HQ level achieved.



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As of 31 December 2025, Pirelli had a **gross debt of approximately €2.96 billion**, financial assets of €1.86 billion and therefore Net Financial Position of approximately €1.1 billion.

Sustainable finance accounts for 100% of the parent company's gross debt, confirming the achievement of the target announced in 2024.

The **cost of debt** over the last twelve months was 4.40%, **down 66 basis points** compared to 2024, benefiting - for the variable rate portion - **from the trend in interest rates in the Eurozone**, and from a **reduction** of the debt portion in countries with **high interest rates**.

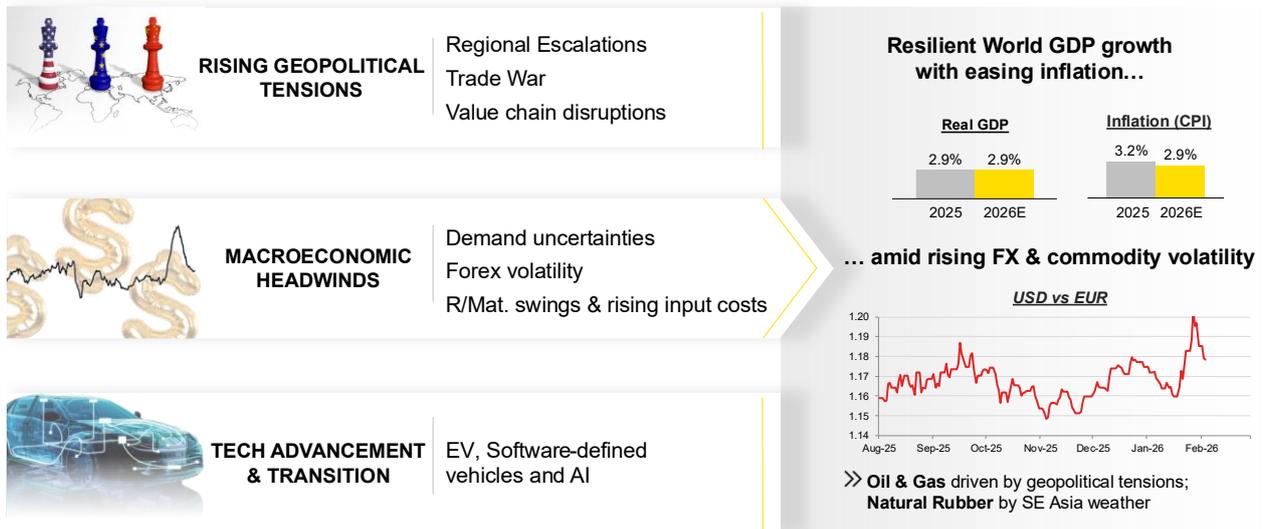
As of December 2025, the **liquidity margin** of €3.1 billion covered debt maturities up to the third quarter of 2029.

In January 2026, Pirelli signed a contract for a **new multi-currency bank line** for a total amount of **€2.1 billion** with a group of leading national and international banks. Specifically, the new line – **based on the Group's decarbonisation** targets for Scopes 1, 2 and 3 – consists of a term loan of €600 million and revolving lines for a total amount of €1.5 billion. The agreement provides for the possibility, by mutual understanding between the Company and financial institutions, to extend the maturity, under the same contractual terms, for a maximum of two additional years, until 2033.

The transaction also allowed for the **refinancing**, more than a year in advance, of all **debt maturing in 2027**.

I now leave the floor to Mr. Casaluci

Navigating a dynamic landscape characterized by uncertainty and structural transformations



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Source: S&P Global Market Intelligence, February 2026; Bloomberg

Thank you, Fabio.

The scenario in which we operate continues to be marked by **great uncertainty and structural transformations**.

On a **geopolitical** level, regional tensions, protectionism and the fragmentation of global supply chains persist as elements of complexity.

From a **macroeconomic** perspective, we continue to operate with an uncertain demand and different trends between segments and markets, as we will see in the next slide.

For 2026 we expect

- ▶ from the one side, a global GDP growth of 2.9%, together with a gradual slowdown of CPI inflation;
- ▶ on the other, a greater volatility of exchange rates and commodity prices.

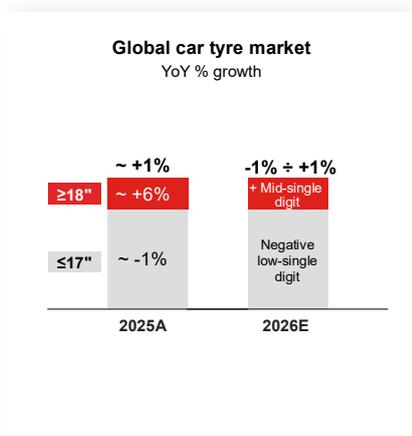
Finally, the **technological transformation** is bringing about structural changes in the automotive sector.

We are living in an era of truly disruptive technologies: it is not just artificial intelligence, but automation evolving towards advanced robotics; and it is not just the powertrain, but the vehicle architecture that is becoming *software-defined* and fully connected.

For a Group with a strong technological DNA, this transformation is a key lever for differentiation and sustainable growth in the long term.

Pirelli's reference market expected to be resilient: High Value growing mid-single-digit

Weak demand for ≤17" in key Standard regions



» **Car ≥18"**: mid-single digit Repl. demand, car production expected to recover in 2H

- 
EU OE slightly positive (car production expected to recover in 2H), Replacement expected to grow mid-single digit
- 
NA Flattish OE market (due to uncertainty around consumer spending) while Replacement confirms its resilience (supported by the existing car parc)
- 
China Low single-digit growth on OE (due to the changes incentive systems); a better trend on Replacement

Pirelli expects to outgrow the market, gaining share in High Value, while keeping on reducing exposure to Standard



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Let's move on to the market outlook for 2026 and our expectations for the main Regions.

The Car Tyre market is expected to remain basically flat (~-1% to +1%) **with High Value**, our reference segment, **confirming a mid-single digit growth rate**.

High Value growth is driven by Replacement, especially in Europe, APAC and North America.

Demand for High Value Original Equipment is expected to grow at a low single-digit rate and to recover in the second half of the year, in line with the trend of car production.

In the ≤17" Car segment, demand is expected to be negative low-single-digit in both channels.

In this scenario, Pirelli confirms its strategy of gaining market share in the ≥18" and reducing its exposure to Standard.

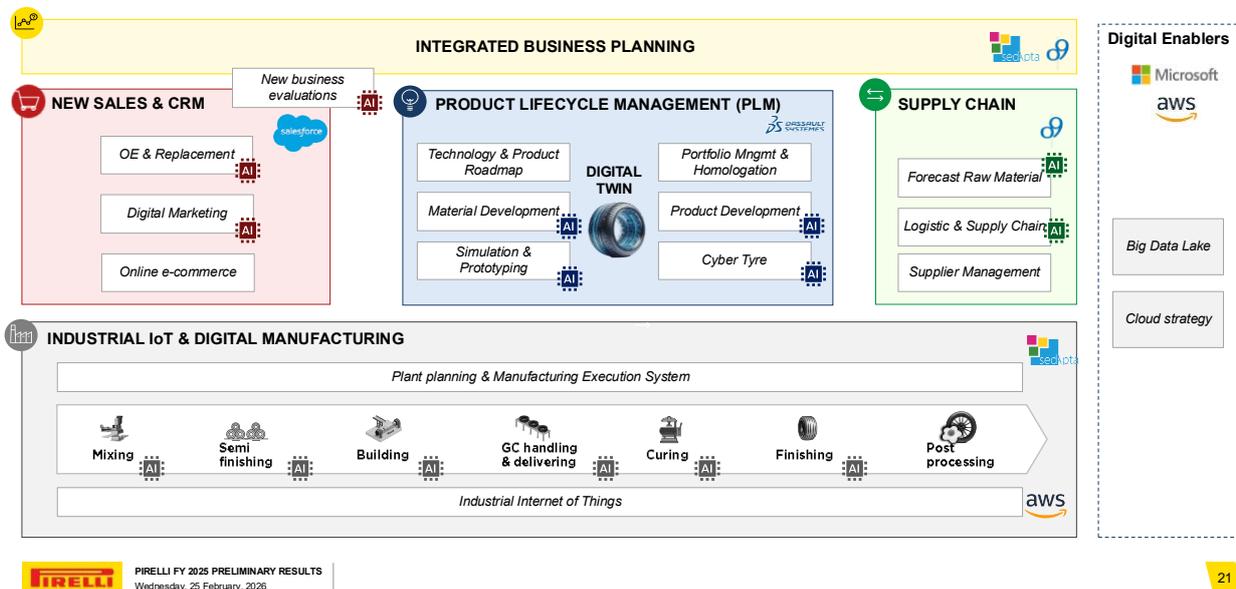
Three main priorities to strengthen leadership & cope with a challenging external scenario...



We have identified three strategic priorities for 2026.

- ▶ The first is **growth in the High Value segment**, which will be driven:
 - by a continuous mix improvement, leveraging on EV and Specialties;
 - by the expansion of partnerships with Premium and Prestige Car Makers, and
 - by the increase of exposure to markets where we have upside potential.
- ▶ The second priority is to strengthen the technological leadership, through
 - continuous renewal of the product range; and
 - the development of opportunities offered by the Cyber Tyre.
- ▶ The third priority is **transformative efficiency** as a structural lever of competitiveness.

... leveraging a pervasive Digital Architecture integrated across the entire value chain, empowered by progressive AI introduction



Before expanding on the three strategic priorities, I would like to focus on our **data-driven Business Model**.

In recent years, we have gradually built an integrated digital ecosystem, powered by the digitalization of our core processes, advanced analytics, and more than 110 artificial intelligence models. This ecosystem is strengthening the quality and speed of our decision-making and is progressively transforming Pirelli into a truly **data-driven company**.

Let's now review more in detail our digital ecosystem.

- ▶ Starting from the top of the slide, the **Integrated Business Planning** platform allows us to forecast Replacement demand generated by OE homologations, integrating it with external data on car parc. This process enables us to select businesses based on their expected profitability throughout the entire product supply lifecycle. This is supporting our long and short-term forecasting.
- ▶ Below, on the left, the **Integrated CRM** platform. Combining geolocalised data of the car parc with our algorithms, this platform allows us to support sales, making the best offers based on the clients' reference market.
- ▶ Moving to the right, the **Product Lifecycle Management** platform is enabling us to digitalise the tyre development process: from compound design to simulation and testing.
 - With the help of virtualisation and AI, we are accelerating the development of new products, reducing time to market and costs, and improving quality. In 2025, we increased the number of virtual tests fivefold.
- ▶ Moving down to the **manufacturing**, we are progressively connecting all machineries using **Industrial IoT technologies** to allow real-time production data collection and, through AI, improve product quality and factories' competitiveness.

- ▶ In the **supply chain**, thanks to the introduction of AI algorithms, we are building a control tower to plan procurement of raw materials well in advance and to predict logistic flows.
- ▶ This ecosystem relies on a set of **infrastructural digital enablers**, illustrated on the right end side, like
 - the **cloud**, which greatly increases computational capacity, and
 - the **data lake**, making data available to every business process and all AI models.

Cyber Tyre technology is fully integrated in this approach.

The data collected by sensors integrated into the tyre, processed through proprietary algorithms and enhanced by AI, not only improves vehicle safety and control dynamics, but also product development, AI models and overall performance.

The Cyber Tyre is a pillar of our evolution towards a **fully data-driven industrial model** geared towards **sustainable value in the long term**.

GROWTH | Exploit technological & market opportunities



PRODUCT MIX IMPROVEMENT

- » Leverage leadership on **EV and Specialties**
- » **Boosting regional** offer to meet customer needs
- » Broader portfolio coverage in **niche segments**



EXPANDING OE OPPORTUNITIES

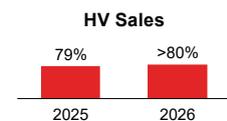
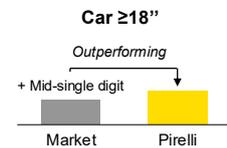
- » **US OEMs** Partnerships on **Iconic Models**
- » Consolidate **leadership** with **Chinese Premium NEV**
- » Leveraging **our tech leadership** with **EU Prestige & Premium OEMs**



MARKET OPPORTUNITIES

- » **Growing in USA, the largest HV market**
- » Exploiting **opportunities** in **fast growing HV markets**

REINFORCING HV POSITIONING



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Let's now go back to our strategic priorities, starting from growth in **High Value**.

Despite our leading position, we intend to seize more opportunities.

The first guiding principle is mix improvement:

- ▶ valuing EV and Specialties
- ▶ **developing a more regional offering**, capable of meeting the specific needs of the different markets, and
- ▶ increasing our presence in product segments where we see unexplored potential for Pirelli.

At the same time, we are strengthening our **partnerships with the main OEMs** to extend business opportunities and enlarge the customer base:

- ▶ in North America, on iconic vehicles;
- ▶ in China, with Premium NEV producers;
- ▶ in Europe, with Premium and Prestige car makers.

Lastly, we want to speed up our **geographic growth**:

- ▶ **in the U.S.**, where the potential is not fully expressed; and
- ▶ in emerging markets where High Value is growing at a faster pace, such as South Korea, South East Asia, Gulf countries or India.

These are the three principles that are leading us to overperform the market of the Car $\geq 18''$ and increase exposure to High Value above 80% of Revenues in 2026.

GROWTH | Leveraging an iconic brand beyond tyres

Enlarging our reach through art, culture and strategic sponsorships

STRATEGIC SPONSORSHIPS	
	Exclusive global tyre partner
	Road to MotoGP: Sole Tyre Supplier from 2027
	Olympic Official Tyre Partner
	Official Tyre Partner
	Sponsor & Technical Partner

ART & CULTURE ASSETS	
THE CAL™	Shaping contemporary culture for > 50 years
Pirelli HangarBicocca	Promoting and producing contemporary art



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1. Based on Kantar 2025 Brand Equity Research for Pirelli



WORLDWIDE BRAND RECOGNITION

1st in prestige/sporty & high-tech brand perception¹

Top Scorer in brand metrics among high-value consumers worldwide¹



Brand continues to be a distinctive asset, supporting growth.

Formula 1 and the major international sports competitions, together with MotoGP from 2027, allow Pirelli brand an extraordinary visibility worldwide, further enhanced by cultural activities such as The Cal and the Hangar Bicocca.

The result of such initiatives is an iconic and strongly distinctive brand:

- ▶ Pirelli is globally recognised as a synonym of technology, sports and performance,
- ▶ and a reference point for our High Value target,

as proven by the top scores achieved in Brand Equity studies carried out by major research institutes.

PRODUCT INNOVATION in 2026

9 NEW CAR PRODUCTS

- » **Renewal of highly successful lines** for specific segments/markets
- » Focus on **safety & performance**, incorporating our **latest technologies**
- » Leveraging **modularity** to **reduce manufacturing complexity**



7 NEW TWO-WHEELS PRODUCTS

- » Addressing **customers' needs** across segments
- » **Moto: 3 new products**, ensuring **performance** with a **sporty character**
- » **Cycling: Launch of 4 new products** for **racing, road & gravel and MTB**



Virtualization and advanced materials drive lower time-to-market and better quality



PIRELLI FY 2026 PRELIMINARY RESULTS
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1. Time To Market

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Let's turn to the **second strategic priority: product innovation**, which relies on the whole digital ecosystem we have just described.

We are introducing **nine new car products**, marking a significant renewal of our most successful lines.

This new portfolio strengthens our position in key segments and markets.

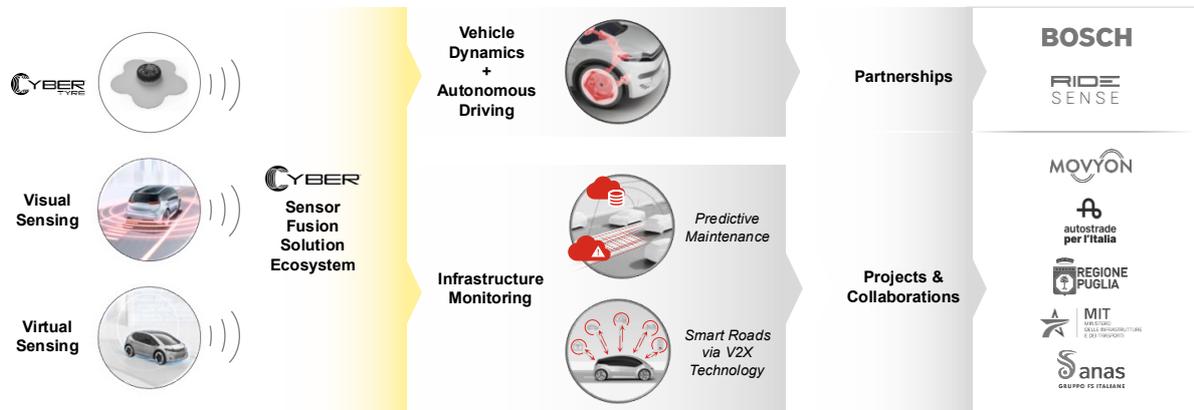
We have put a strong emphasis on safety and performance, integrating our most advanced technologies to deliver measurable improvements in driving experience, safety and durability.

On the **two-wheels** side, we are launching **seven new products** designed to meet evolving customer needs across segments.

- ▶ In **motorcycles**, we introduce three new models engineered to deliver high performance with a distinctly sporty character—responding to riders who demand both excitement and control.
- ▶ In **cycling**, we expand with four new products covering racing, road & gravel, and MTB, broadening our reach and reinforcing our presence in high-growth segments.

PRODUCT INNOVATION | Cyber Tyre ecosystem development is ongoing

Advanced smart infrastructure monitoring and safety through partnerships with top technology players & Institutions...



... while expanding agreements with new International Prestige & Premium OEMs



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Regarding **Cyber Tyre**, the development is ongoing.

Our Technology is a key component of **Software-Defined Vehicles** and autonomous driving, since it provides the vehicle accurate information on the tyre conditions and grip.

At the same time, it contributes to developing **smart roads** and **smart cities**, where the data collected enable predictive maintenance of infrastructures and a more efficient and safe management of urban mobility.

To make this evolution feasible, we set up an expanding network of partnerships: we work with technological leaders, like Bosch, RIDE Vision and Movyon, and institutions of excellence, like the Italian Ministry for Infrastructures and Transportation, the Politecnico di Milano and ANAS, to develop advanced solutions for smart and safe infrastructures.

In the meantime, we are building partnerships with Prestige and Premium carmakers that recognize in this technology a key feature for their next generation models.

TRANSFORMATIVE EFFICIENCY | delivering ~€150M mainly through product & manufacturing

Programs leveraging Digitalization, Automation and AI introduction to enable a sustainable cost base transformation

PRODUCT DESIGN



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

>80% of products developed
-12% of semifinished commonality across the whole production

MANUFACTURING



- » **Digitalization:** Expanding IIoT¹ & digital solutions to increase productivity, quality & flexibility
- » **Electrification:** Improving energy efficiency through curing electrification & B.E.M.S.²
- » **Automation:** High tech automation solutions in process plus finishing, handling & material flow

~80% of machineries is already connected
-80% energy consumption³



PIRELLI FY 2025 PRELIMINARY RESULTS
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1. Industrial internet of Things
2. Building energy management system
3. kWh/pcs plus CO2 and water withdrawal reduction

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Let's now move to the third strategic priority: **transformative efficiency.**

There are two main programmes, that will contribute the most to the approximately €150M efficiencies in 2026.

► The first involves **Product design.**

The vast adoption of virtualization and simulation in product development allows us to expedite the time-to-market and to decrease environmental impact.

More than 80% of our current products, is developed through these digital tools, with structural benefits in terms of quality, speed and efficiency.

In parallel, our modular design approach allows us to reduce production complexity. We are progressively increasing the number of common components—both across product families and within our factories—with clear and tangible benefits.

► The second programme is related to **Manufacturing.** As mentioned, we are making our industrial platform more efficient and flexible by digitalising factories and adopting next-generation technologies.

Approximately 80% of our machinery is connected by industrial IoT, allowing for real-time data collection and improving process control and stability.

Besides all this, we developed technologies specific to key processes, such as:

- Curing electrification, cutting down on energy consumption by 80% compared to traditional steam systems, with additional major benefits on emissions and water consumption;
- Process and handling automation, making low added value activities more efficient and safer.

FY 2026 Guidance

Targeting solid organic growth & profitability improvement, while sustaining sound cash generation despite higher taxes

€ billion	2025 A	2026 E <i>Guidance</i>	
Net Sales	6.78	~ 6.7 ÷ 6.9	Volumes: ~ +1% ÷ +2% Price/Mix: ~ +2% <hr/> Organic growth: +3% ÷ +4% Forex & Δ perimeter: -4.5% ÷ -2.5%
Adj. EBIT Margin	16%	~ 16% <i>slightly improving YoY</i>	
CapEx <i>% of sales</i>	0.42 6.2%	~ 0.45 ~ 6.5%	<ul style="list-style-type: none"> • Solid operating cash flow generation confirmed (Free Cash Flow conversion >70%) • Higher taxes due to expiration of tax benefits in Italy
Net Cash Flow <i>bef. dividends & convertible bond</i>	0.58	~ 0.5	
Net Financial Position	1.1	~ 1.2	Including ~€0.25B impact (delta Net Debt + option strike price) related to the exercise of the option to increase the stake in Jining Shenzhou Tyre Co. from 49% up to 70%
Leverage <i>Net debt / adj. EBITDA</i>	~0.7x	~ 0.75x	

- » In line with last year dividend policy (~50% of group net profit), the Board will propose a dividend of **€0.24/share**, for a total of **~€260M**.
- » Considering the solid 2025 results and lower leverage, an **additional dividend of €0.10/share** will also be proposed, for **~€109M**.
- » Overall, the proposed total dividend amounts to **€0.34/share**, corresponding to a total distribution of **~€369M**.



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Finally, let's review the targets for 2026.

Revenues are expected to be in the range of ~6.7 to ~6.9 billion euros, with:

- volumes growing between ~+1% and ~+2%, supported by the strengthening of High Value;
- price/mix improving to up to +2%, driven by the product mix;
- a negative currency impact of between ~ -4.5% and ~ -2.5% linked to the weakness of the dollar and the volatility of South American currencies;

Profitability is expected to improve slightly, with an adjusted EBIT margin of around 16%, similar between first and second semester, despite the different impact of external variables, that will impact more heavily in the first quarter.

Investments are expected to amount to ~€450 million (~6.5% of revenues) and will be mainly allocated to High Value activities, technological upgrades and factory automation.

Net cash generation before dividends is expected to be approximately €500 million, following increased tax pressure.

Finally, the **Net Financial Position** is expected to be approximately €1.2 billion, with a leverage of 0.75 times. This will include the impact for around €250 million, related to the exercise of the option to increase the stake in Jining Shenzhou Tyre Co. from 49% up to 70%. This will allow us to take the control of the Shenzhou plant which is strategically important for strengthening the Pirelli Group's presence in China and our positioning in the local Premium EV market.

In line with last year's **dividend policy**, which provides for a payout of around 50% of consolidated net income, the Board will propose to the next AGM the **distribution of an ordinary dividend of €0.24 per share**, for a total amount of €260 million.

In addition, in light of the positive results achieved in 2025 and lower leverage, the Board will also propose the **payment of an additional dividend of €0.10 per share**, for a total of €109 million.

Therefore, the overall dividend per share will amount to €0.34, equal to a total distribution of €369 million.

Thank you for the attention, I now leave the floor back to Mr. Tronchetti for the final remarks.

Marco Tronchetti Provera - *Executive Vice Chairman*

Thank you, Mr Casaluci.

With 2025, the Industrial Plan cycle ends with a solid execution, above peers.

2026 starts with new challenges. Despite this, we aim at growing, improving profitability and ensuring a solid cash generation.

All this, by leveraging a unique data-driven business model, which, as we saw, combines

- ▶ technology,
- ▶ a strong focus on High Value, and
- ▶ industrial excellence.

This model allows us not only to respond to external dynamics, but even to foresee them, and turn complexity and volatility into a competitive edge.

The digital infrastructure, the consistent use of Artificial Intelligence in all areas of the Company, as illustrated by Mr. Casaluci, and the integration of the data collected thanks to our unique Cyber Technology within the software of the controlling units of our clients, and in our modelling, is strengthening our business model, making it future proof in a fast changing environment.

With all of this we end now our presentation and we may open the Q&A session.

Questions & Answers

Akshat Kacker – *JP Morgan*

Good evening. Akshat from JP Morgan, and congratulations on another strong quarter. I have three questions, please.

The first one is on Sinochem. Is it just possible to give us some more clarity on the situation, and how are the discussions proceeding? And how should we think about the next steps or timelines from here, given that the US screening deadline and even the shareholder pact negotiation is due in March? So, the first question on Sinochem, please.

The second one is on the standard tire business. Volumes were down 13% in Q4, 11% in 2025. Could you just give us your expectations for 2026, please? How should we think about volume decline, and what are the current margins and operating income in this segment, please?

And the last one is if you could just give us an updated assumption on your raw material guide for 2026, please. Thank you so much.

Marco Tronchetti Provera - *Executive Vice Chairman*

Thank you. So, I will answer the question related to the shareholder structure, and then Mr. Casaluci will answer all the other questions.

There are no ongoing negotiations with Sinochem. We are going to end the pact, we will not renew the pact in May next. Now, let's say that the Golden Power is analyzing the situation.

What we can confirm is that clearly the government, the Minister of Industry, they stated that Pirelli will be in a position to enter in all markets, obviously including the American market, with its technologies. And so, for what concerns the 17th of March, which is the date in which the car makers have to confirm their alignment, to the regulation of the BIS, the statement of the government and of the Minister of Industry are the answers. So we don't see an issue looking forward and so we are sure that Pirelli will be in a condition to fulfill the requirements of the BIS. Please, Mr. Casaluci.

Andrea Casaluci - *Chief Executive Officer*

So on Standard, the target volume we have for 2026, stays around 19 million, 18.8 million tyres. That represents a further decrease versus 2025. I would say around 4%-5% reduction on volume. It's important to remind that half of this volume remains concentrated in South America.

The target of profitability for the segment, is in the ballpark of mid-high single-digit and we maintain our mid-long-term target to reach the double-digit profitability, but not yet in 2026. I will leave the floor to Mr. Bocchio for the raw material scenario. Thank you.

Fabio Bocchio – *Chief Financial Officer*

On the raw material we are expecting a tailwind in 2026 compared to 2025. All of this tailwind is expected to be in the first half, while in the second half we are expected to have a sort of neutral impact, so zero variance compared to previous year and the overall impact is expected to be in the ballpark of EUR30 million. Obviously, we are monitoring the situation of the commodities, specifically of the natural rubber trend because it went from a low point in mid-2025 of about \$1,600 to the quotation in these days, which arrived to \$1,900 or \$2,000 per ton.

So, we are strictly monitoring this point. The other point is related to the geopolitical and economical tension in the Middle East, which obviously may affect the value of the Brent. Monitoring the situation, but so far, this is our view for 2026.

Akshat Kacker – *JP Morgan*

Thank you so much. One very quick clarification on accounting. Your increased stake in the Xushen Tyre joint venture: you expect to account for that at equity going forward?

Andrea Casaluci - *Chief Executive Officer*

You mean on the Shenzhou plant in China? The expectation is to exercise this call to enter in full control of the plant and to use the production capacity of the factory and the expected growth on the following year of this capacity that will be 100% High Value to take the opportunity to grow in the fast-growing high-value market on the electric vehicle segments, where the market is still growing with a high single-digit pace of growth and where we are enlarging our customer base partnering with new successful premium players in China. That's the target. Thank you.

Akshat Kacker – *JP Morgan*

Sorry, I just wanted to confirm you're increasing your stake to 70%. So, will this be fully consolidated on your P&L for 2026 or are you still accounting for it at equity?

Fabio Bocchio - *Chief Financial Officer*

Yes. We will have the option to go from the 49% up to the 70%.

This will be our option, and it will be consolidated line by line starting from January first 2026.

Monica Bosio – *Intesa San Paolo*

Good evening. Thanks for taking my questions. I have a few.

The first is on the deployment of the business across the year. So, should we expect a soft start to the year at the revenue line and maybe a stronger second-half? On the other side, in the first part of the year, you will have the tailwinds from raw materials. So any insights on how the business will deploy across the year?

The second question is on the Cyber Tyre. You entered in a lot of negotiations also with premium players. I was wondering if you can share with us what is the weight in terms of revenues coming from the Cyber Tyres.

And the last question is on the Chinese market. In the last call, the company highlighted that it enjoys, with Chinese carmakers, a market-share which is even slightly higher than Pirelli market share with Western car players in the country. Can you quantify the market-share gains the group get in 2025 with Chinese players? And in relation to this, are you seeing a strong revenue stream from the Replacement channel in the BEV segment in China and overall? Thank you very much.

Andrea Casaluci - Chief Executive Officer

Thank you for the three questions. So on the first question, I would say is a bit the contrary. We do expect the first half with more headwinds, mainly related to duties. I do remember that we started to pay duties in 2025 from May on.

So, we will have a negative comparison in the first five months of the year and also the exchange rate that will be the main headwind for the first quarter. I do remember that the euro dollar exchange rate in the Q12025 was roughly 1.05 average. Now we stay around 1.18, something like this. So is absolutely negative.

We target to have a stable profitability in terms of EBIT margin along the year in all the quarters, as Mr. Bocchio explained it. But in terms of EBIT in absolute value, I would say that the growth that we have in our plan, it's mainly concentrated in the second half for this reason. While if we move on the Cyber Tyre Revenues, no, we don't disclose these numbers yet, but these will be a very important chapter of the new industrial plan.

We are fully concentrated in developing the technology and accelerating the penetration of the technology, both in the car industry and in the Italian infrastructure projects. But the meaningful impact in terms of Revenues will be part of the next future, not now. It is also important for the data collections coming from this new technology that in a way is supporting as a value creation already now, but is not represented by a Revenue itself on the Cyber product.

Last, the original equipment market share we have in China with the premium players is similar to the one we have with the European premium players and all the Americans today, and it stays around the 20%. What we are doing is we are enlarging the customer base because we want to have the same share with the most important premium players in China, which is a process in place. And of course, we do expect that these will benefit the replacement demand for the coming years. It is still mainly supporting the OE business because it is a technology quite young but the first volumes in the Replacement channel are already present in our numbers in 2026. Thank you.

Monica Bosio – *Intesa San Paolo*

We should see more in 2027, is it correct?

Andrea Casaluci - *Chief Executive Officer*

Yes, of course. It will be of growing importance in the coming years. Just to give you a flavor, already 30%, more or less, of our volume in electric vehicles technology, is replacement. So, the Replacement starts to represent a meaningful value.

Stephen Benhamou – *Bank of America*

Yes, good evening, everyone. I have three questions.

The first one is on the EBIT bridge. So you've already mentioned the Raw Mat tailwind.

Can you please give us more color regarding the efficiency-gains that you anticipate? So you've mentioned EUR150 million. If you could give us the phasing and the flip side is for sure the concentration. So, what should we expect in 2026?

The second question is regarding your return policy. So, given the group's historical strong cash-flow generation and the solid balance-sheet, should we expect a higher payout ratio going forward?

And the last question is more a confirmation. So, do you confirm that despite this ongoing situation with Sinochem, this will have no consequence regarding the ability of Pirelli to have access to the US market? Because if I'm not mistaken, you said just before regarding the Akshat questions that the US ban on March 17th will not be an issue at all for Pirelli because Pirelli will still have access to the US market or at least for the Cyber Tyre market. Can you please confirm this remark? Thank you

Marco Tronchetti Provera - *Executive Vice Chairman*

Thank you for your questions.

I start with the last one. We confirm the will that have been expressed by the government and by ministers. So it's obvious that we have to align the governance of the company to the BIS prescriptions and we are confident that it will happen. So we stick with what has been stated by the official Italian authorities. Please, Mr. Casaluci.

Andrea Casaluci - *Chief Executive Officer*

Yes. On the payout policy, no, we are not changing the payout policy.

We do consider payout policy today, 50% of the net results, is best practice in the industry. So, we do remain with this policy. What we decided to do this year, in 2026, considering the good results of '25 and the deleverage is to propose an extraordinary dividend for 2026. And in the following years, we will see and this will be part of our new industrial plan.

For the balance between efficiency and inflation, if I correctly understood your question, we do expect to have a positive balance between our efficiency plan and inflation. Overall, we do expect around EUR25 million positive on the full year, compensating EUR125 more or less million negative of inflation, well distributed during the four quarters, during the year, with a positive efficiency plan of EUR150 million. I would say also well distributed during the year. So, we don't expect to major changes in the seasonality of the positive balance between efficiency and inflation.

Stephen Benhamou – *Bank of America*

Thank you very much. If I may just follow up question regarding the situation. So, you believe that you will solve this governance issue at some point.

Do you believe that this governance issue will be solved before the deadline of March 17? And does the Italian government have any power to force Sinochem to comply with this US regulation?

Marco Tronchetti Provera - *Executive Vice Chairman*

This is something you have to ask to the Italian government. So, we confirm what the government mentioned last year, what has been confirmed year-end by the Minister of Industry, and that the golden power now has in his hands the new regulation to align the governance to the requirements of the American regulation. So, that is what we can confirm.

Martino De Ambroggi – *Equita*

Thank you. Good evening, everybody. Good evening, everybody.

Focusing on the Chinese deal now in your Slide 27, you mentioned that the debt will have a EUR250 million impact coming from debt consolidation and the exercise of the option. Could you split the two figures and in order to understand that, since it will be consolidated since the beginning of the year. I don't know the size of this business that will be consolidated, the capacity in High Value that you mentioned to be added, so just to have a flavor of what are the figures involved in this deal.

Mr. Casaluci, just you mentioned the electric vehicles will be showed the potential in a business plan presentation, so there is already a scheduled a presentation?

Andrea Casaluci - *Chief Executive Officer*

Yes, so the consolidation of the Shenzhou plant what you said is the EUR250 million is mainly debt consolidation of the investment done in the previous years. What we do expect is to consolidate the factory, as I said before, that will grow in value in the coming years in terms of capacity and will be a value accretive operation, because it will improve in profitability and stay above the average of our Group profitability.

CMD already scheduled? No, not yet, but after the new board of directors will be in place and so I do consider in the second-half of the year could be a reasonable period of time to present. I don't know if Mr. Tronchetti wants to agree.

Marco Tronchetti Provera - *Executive Vice Chairman*

We don't have yet a scheduled data but just after the approval of the annual general meeting, we will set the new schedule for the year-end.

Martino De Ambroggi – *Equita*

Okay, sorry if I come back to the consolidation impact so I don't have the idea what is the impact of the sales and EBIT consolidated for the joint venture in China so just a very rough indication in order to understand what is the impact?

Fabio Bocchio – *Chief Financial Officer*

On the top-line there won't be a material effect of the top-line of the company because we had already in place. place an off-take agreement with the company, so actually the vast majority of the flow of tyres were already purchased from then and resold into the Chinese market. So, no major impact on our top line. On EBIT obviously there will be an accretive value, it is a plant that is fully dedicated to High Value, so the average of the profitability generated by the plant is higher than the average of the group, so that's why we are saying that is an accretive operation.

Martino De Ambroggi – *Equita*

Okay.

In terms of capacity, how many millions of tyres is the installed capacity?

Andrea Casaluci - *Chief Executive Officer*

From 3.5 million to 4 million now and with a plan to grow in the coming years.

Thomas Besson – *Kepler Cheuvreux*

Thank you very much. I'd like to ask a quick question on modeling, please. Your net industry position has improved dramatically.

Can you give us an idea of the net interest charge we should anticipate in 2026, please? You've mentioned pressure, and that's my second question, on taxes in 2026. Could you tell us what you expect in terms of P&L and cash tax expenses in '26 versus '25?

And final question, in 2025 you've deconsolidated the business of distribution that you've sold. In 2026 you're going to consolidate this factory with higher margins than the group. Could you just help us understand the benefits of both operations on group margins in 2025 and 2026, please? Thank you.

Fabio Bocchio – *Chief Financial Officer*

Okay. Hello. Thank you for the question. I will take the first and the second one.

First of all, on the financial expenses, just to recap that in 2025 we had financial expenses in profit and loss for about EUR184 million, which was a significant decrease compared to the EUR287 million that we booked in 2024. And the main driver of this decrease is related on one side for about half of the decrease related to the currency devaluation, local inflation in the hyper inflation countries, so with no impact on the net financial position. And for about the other half, slightly less than the other half, is related to lower financial charges linked to the overall cost of debt and to the overall net financial position, which was decreasing quarter by quarter. Now, for 2026, what we foresee is to have financial expenses in the ballpark of EUR200 million, so slightly above what we booked in 2025, because we have two different dynamics.

On the first one, we anticipate an additional slight reduction of financial charges related to the cost of debt, even if we foresee the average of the interest in the Eurozone may slightly increase during 2026. But on the other side, we have a prudent view, and we are taking into consideration some negative impact, again, from the non-cash component linked to the hyperinflation and the effects of volatility, especially in the Latin American countries.

For the second question related to tax, as you saw already in 2025, the tax-rate for the full-year has been at about 30%, so fully in line with the guidance that was between 28% to 30%. What expect going forward and for 2026, we expect the tax-rate in the ballpark from 32% to 34%, so an additional slight increase.

What is important to remind is what I was saying during the presentation, that the tax cash-out in 2025 has still been lower compared to the tax-rate and the profit-and-loss while starting from 2026, what we expect is that the tax cash-out and the tax-rate and the profit-and-loss will be very similar. So, we will have a hit in the cash-flow generation given the higher taxes that will be paid in 2026.

Andrea Casaluci - *Chief Executive Officer*

On the last question, sorry, the benefit of the Däckia deconsolidation and the expected benefit of the Shenzhou consolidation in 2026.

So, on Däckia, no major impact on the group profitability affected in 2025, just a bit of impact on the net sales, that is what you see in the line, the delta perimeter in the revenue drivers of 2025. While 2026 Shenzhou, we don't expect major impact on the sales because the vast majority of this production was, as Bocchio said before, already consolidated because the factory was producing Pirelli tires that we were buying and

reselling. In 2026, consolidating the factory, we have a slight improvement in the profitability as we said, it is value-accretive because being the owner of the factory and consolidating the factory, we will not have the transfer cost, but we will consolidate the whole margin of the production. So it's slightly positive in the group impact, but not that meaningful anyhow, it's value-accretive.

Thank you.

Christoph Laskawi – *Deutsche Bank*

Good evening. Thank you for taking my questions. The first one on the dividend and cash distribution again, with the leverage nicely below one time, is there any reason why you shouldn't move to, in one to two years, distributing essentially the majority or close to the entire net cash flow before dividends, either through adjusting the regular dividend or always with a special dividend on top? And then the second question, just on the guidance on the margin, there's the comment of a slight improvement year over year. Is that related to the percentage margin or to absolute adjusted EBIT? Thank you.

Marco Tronchetti Provera - *Executive Vice Chairman*

Thank you for your question. For what concerns the distribution of dividends, obviously, it's never enough. We are all happy if we have more money. But I think that is a good policy to improve the dividends, and this is what we are doing in line with what has been done by other competitors. And then we have to see how the market will evolve looking forward in the coming years. So, it's too early to say anything. So we are proving now that as soon as there are the conditions, we want to share with all shareholders the positive results.

It is a positive step. Let's enjoy it. Please, Mr. Casaluci.

Andrea Casaluci - Chief Executive Officer

I would say improvement on both in EBIT margin percentage and absolute value. In absolute value, if you consider the midpoint is roughly EUR20 million absolute as improvement. And in percentage, as we said in the guidance, we do expect a slight improvement. So let's see based also on the trend of the net sales what will happen, but 0.2%, 0.3%, that's the target.

So we target to improve on both sides. Thank you.

Gianluca Bertuzzo – *Intermonte SIM*

Hi everybody and thank you for taking my question. First one is on net working capital contribution in 2026. What are you embedding in the guidance?

Second question is about the JV in Saudi. How are things going there? Can you provide maybe an update?

And last question is on the Cyber Tire.

You mentioned that you're focused on developing the technology for the auto but also the infrastructure business. I was wondering, is there a way to monetize this product beyond the automotive market given also the partnership you had with the Apulia region? Am I right, or I'm going too far? Thank you.

Andrea Casaluci - Chief Executive Officer

So, I will answer the second and the third question and I will leave to Bocchio for the working-capital answer. Joint venture in Saudi is proceeding as expected in the initial plan.

So, we have very positive feedback from the first step in the construction of the factory. We will expect the first tire production in the second half of 2027, most probably Q3 2027, and hopefully we will celebrate the groundbreaking in the following weeks. So far, so good.

On the Cyber Tyre, absolutely. We do this to improve the value-creation of the whole company. There is direct monetization in the business with the car industry, which is easily understandable. So, it's a question of price power linked to the technology, increase of the pull-through rate into the Replacement, and the loyalty rate. But above all, the capability to take advantage of the data collection, and we target to be in the position to understand the tire behavior during the real-life conditions, during the driving experience, which is something that as a tire industry today we are not able with the traditional tire.

Once the tire is circulating into the market, we basically lose contact. But in the future with the Cyber Tyre, we will maintain, and which is already happening with Cyber Tyres circulating, we will maintain the link with the performance of our product during the real-life cycle. And when we talk about infrastructure, of course, this is not our core-business but is an important development of the technology because it makes part of the new ecosystem of the autonomous driving. Once the cars will be autonomous and most probably the pure performance as we see the performance of the tires today will be less important.

I mean, when we talk about handling or the traditional driving experience with an autonomous driving car will be less relevant, while it will be of paramount importance the capability from a tire perspective to measure the grip and to collect data about the tire status and the road conditions, because this information will be of paramount importance for the vehicle dynamics in the future. So that's the vision we have. And that's the reason why we have been investing a lot for decades in this technology. And we can see that these will be a relevant part of the High Value tire of the future.

We have already had several tires circulating in the market and we are accelerating because the automotive industry is realizing that that's the major trend of automotive for the future. Okay. I leave the floor to Mr. Bocchio.

Fabio Bocchio – Chief Financial Officer

On the working capital in 2025, we had a positive contribution from the working capital to the cash flow of the company for about EUR9 million.

What we are expecting for 2026 is to have a higher contribution from working capital, slightly higher in order to try to balance somehow the additional cash out from the taxes. What I can tell you anyhow is that the focus on the net working capital management in the past few years has been a priority for the company for the past years in order to achieve the leverage. Now we arrive at a point where the leverage is 0.75x the adjusted EBITDA, but anyhow, we confirm that the priority to manage the working capital properly is still the focus for the company.

So the cash flow still remains one of the targets of the company.

Ross MacDonald - *Citi*

Yes. Thank you. Two quick questions on the China JV news. I appreciate there's been a lot of questions on this already, so I apologize in advance for coming back to that one.

But just curious, you bought, if I understand correctly, the 49% stake back in 2018. I think for around EUR65 million. Firstly, correct me if that's if that's not valid. So just wanted to understand what is the consideration that you're paying for that additional 21% stake here? I'd understood that to build a 4 million or 5 million units factory in the US must cost around \$400 million, something like this.

So just trying to understand the book value of the assets that come into the group here.

Second question, obviously, just trying to put the two and two together. The timing of this, obviously, you're showing a commitment to investing in China.

Does this in any way benefit negotiations with Chem China in terms of how they think about their stake in Pirelli? It seems like the two are completely unrelated, but obviously investors will ask just given the timing of this news flow.

And then third question, just be interested in your views on overall industry pricing in 2026. There's been some commentary in the market around promotional activity on the tier ones. How confident are you in protecting price mix, which I think on the price side is mostly a first-half story? Do you see any further scope for price hikes this year? Thank you

Marco Tronchetti Provera - *Executive Vice Chairman*

I try to answer part of your question. First, there is no link between Chem China, Sinochem Group, and the negotiation in Shenzhou. So that's different shareholder, it is a private company, the one that owns 51% of the company in Shenzhou. And we are negotiating with them, with this private company.

What we are going to buy is something between 2%/3% and 20%/21%, going up to 70%, which means that we will consolidate by year-end. We could consolidate with 51% or with 70%. We don't know yet. The maximum payment we will make will be up to EUR44 million.

So that's the base on the contract we have that is based on the book value. So maximum EUR44 million, for sure we will consolidate. And we are now looking to what is more convenient for us. And we are negotiating with our partner.

And please now, Mr. Casaluci.

Andrea Casaluci - *Chief Executive Officer*

Yes, on the price environment for 2026, also we never disclose the price expectation by region or by channel. But what we do is a general expectation for the whole year. And on the two percentage points of price mix you see in our guidance, I would consider the vast majority will come from product mix.

So, on the price overall scenario, we do expect a flattish environment, considering altogether Replacement, Original Equipment, all the markets all around the world. So, clearly, you can easily understand the scenarios will be different market by market. But all in all, that's the expectation.

Marco Tronchetti Provera - *Executive Vice Chairman*

Thank you, everybody. Thank you for your questions.

And this ends our presentation. And I wish all of you a good evening.