PIRELLI AT A GLANCE

FORMULA 1® CHAMPIONSHIP
Performance, safety and control: the challenge continues. Passion, creativity and experience: the winning formula.

VISIT PIRELLI RACING SPOT

- 224 motorsport racing championships
- 119 motorcycle championships
- 5 million special cases on tracks, in damages
- 15 days of competitions
- 64 games
- Over 17 days involving the world’s best teams
- 2004 exclusive tire supplier
PIRELLI AT A GLANCE (2017ACT)

Revenues
€5,352 Mln

Adj. EBIT\(^1\) w/o start-up costs
€927 Mln
(Margin 17.3%)

Revenues by Channel:
- Original Equipment: 26%
- Replacement: 74%

Revenues by Region:
- LATAM
- Russia
- APAC
- MEAI
- Europe
- NAFTA

Production Capacity:
- Mature Countries: 52%
- Low Cost Countries: 48%

Car
93% of revenues\(^3\)

Moto
7% of revenues

140+ years of heritage

~50% Market Share Prestige Car Manufacturers

Long standing partnership with and exclusive supplier

14,600 PoS in 160+ countries

18 plants in 12 countries
HOW TO DELIVER VALUE?

HIGH COMPLEXITY AND TECHNOLOGICAL BARRIERS:

Increasing # of car models per brand

- # of models by OEM:
  - 2010: 14, 24, 27, 29
  - 2015: 17, 25, 31, 29

OEMs requirements more sophisticated

- 90's: 8 TECHNICAL PARAMETERS
- Tomorrow: 15 TECHNICAL PARAMETERS

- Added important aspects:
  - Wet breaking
  - Rolling resistance
  - Weight
  - Internal/External noise
  - High Load Capacity
  - Aerodynamics

HIGH VALUE STRATEGY

- COMPLEXITY MANAGEMENT
- FLEXIBLE FACTORY

- DIGITAL TRANSFORMATION
- SMART MANUFACTURING
### High Value, la varietà è guidata dall’OE

<table>
<thead>
<tr>
<th></th>
<th>PREVIOUS GENERATION</th>
<th>CURRENT GENERATION</th>
<th>FUTURE GENERATION</th>
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</thead>
<tbody>
<tr>
<td><strong>Modello</strong></td>
<td>16</td>
<td>28</td>
<td>44</td>
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<tr>
<td><strong>Telaio</strong></td>
<td>16</td>
<td>28</td>
<td>44</td>
</tr>
<tr>
<td><strong>Rim Size</strong></td>
<td>7” – 30”</td>
<td>17” – 21”</td>
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*Source: IHS Markit @ August 2010*

**Telaio**: size + technology + applicazioni
PIT STOP KAIZEN WEEK RESULTS

Improvements

Pit Stop organization in shopfloor

Building Set up time  -28%
Curing Set up time    -66%
Tyre Uniformity Set up time  -62%
Planning Frictionless flow

- Decoupling
- Phase in/out standard
- Clustering
- E-Kanban
# FLEXIBLE FACTORY PROGRAM

<table>
<thead>
<tr>
<th>People</th>
<th>Multiskill &amp; Digital</th>
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<tr>
<th>ACTIVITY</th>
<th>SKILLS</th>
<th>PROGRAMS</th>
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<tbody>
<tr>
<td>HQ</td>
<td>Roadmap &amp; Priorities</td>
<td>Smart Manufacturing program (Manufacturing / DSA / ICT / Quality / R&amp;D)</td>
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<tr>
<td>Plant management</td>
<td>Digital Transformation</td>
<td>Manufacturing to Digital</td>
</tr>
<tr>
<td>Engineers</td>
<td>Analytics skills coupled with technical and industrial methodologies</td>
<td>Manufacturing to Digital • SMO/SMC Training = 60 People involved • Target 300 Training &gt; 240 People involved</td>
</tr>
<tr>
<td>Operators</td>
<td>Shopfloor leadership multiskill program</td>
<td>Flexible approach &amp; fast reaction</td>
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<td>Kaizen Week Training</td>
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Asset for zero cost set-up

Designing new processes to ensure the

ZERO IMPACT SETUP
DIGITAL TRANSFORMATION

SMART MANUFACTURING
DIGITAL SHOPFLOOR – PEOPLE

COCKPIT CAPITANO
AUGMENTED REALITY IN FACTORY SHOPFLOOR

STREAMLINING LOCAL PLANT ISSUES WITH AUGMENTED REALITY

The Modern Workplace with Hololens Mixed Reality

Remote Maintenance with Hololens

Mixed-reality paperless SOP

Proprietary and strictly confidential
THANKS