



PIF and Pirelli Announce Joint Venture to Establish Leading Tire Manufacturing Facility in Saudi Arabia

- **PIF's partnership with Pirelli will localize production and capabilities in tire manufacturing and technologies to create a national and regional champion**
- **PIF is establishing Saudi Arabia as a global automotive manufacturing hub**

RIYADH/MILAN – October 26, 2023: The Public Investment Fund (PIF) and Pirelli Tyre S.P.A (Pirelli), a leading global tire manufacturer, have announced today the signing of a joint venture (JV) agreement to build a tire manufacturing facility in Saudi Arabia. PIF will hold a 75% stake in the new JV with Pirelli holding the remaining 25% and acting as a strategic technology partner to support the development of the project by providing technical and commercial assistance.

The plant is expected to start production in 2026. The JV will manufacture high-quality tires for passenger vehicles, under the Pirelli brand, and will also manufacture and market tires under a new local brand targeting the domestic and regional market. The total investment in the JV is around \$550 million. For Pirelli, the project will have a neutral impact on the company's deleveraging targets to 2025.

Saudi Arabia is set to become a global automotive manufacturing hub by 2030. PIF has established a world-class automobile sector in Saudi Arabia by driving transformation and boosting manufacturing capabilities, infrastructure and supply chains in Saudi Arabia and beyond. Among its major investments in the sector, PIF and Hyundai Motor Company recently

announced a landmark \$500 million JV to establish a state-of-the-art automotive manufacturing plant in Saudi Arabia. And the launch of Tasaru, the National Automotive and Mobility Investment Company, which is dedicated to localizing automotive supply chains and manufacturing capabilities.

PIF has also made other significant investments in the future of mobility, including establishing Ceer, Saudi Arabia's first national electric vehicle brand, as well as investing in Lucid Motors, which recently officially opened its first international manufacturing plant in Saudi Arabia.

As a leading global tire manufacturer, Pirelli will offer technical support and expertise to design, develop and operate the plant. Through this JV, PIF and Pirelli are committed to creating a national and regional champion that localizes manufacturing capabilities for an important segment in the automotive industry, while enabling upstream and downstream activities across the value chain.

The plant is expected to generate an annual production capacity of 3.5 million units, bringing additional economic benefits and complemented by a commitment to environmental sustainability. The JV will also serve as an important anchor to attract further investment to Saudi Arabia.

In line with its local-for-local strategy, Pirelli, through the JV, will become the first tier 1 tire maker to directly source production in Saudi Arabia.

Yazeed A. Al-Humied, Deputy Governor and Head of MENA Investments at PIF, said:

“Through this Joint Venture with Pirelli, PIF is building production capabilities in the automotive and mobility value chain and enhance opportunities for private sector contribution. This collaboration marks another pivotal milestone in our journey to diversify the economy, enhance sustainability and localize manufacturing capabilities in Saudi Arabia”.

Marco Tronchetti Provera, Executive Vice Chairman of Pirelli, said: “Accessing local production in Saudi Arabia, one of the most promising markets today, in line with our positioning in High Value and electric, represents a great opportunity for Pirelli. Capturing it alongside a partner like PIF with its plans to enable the automotive sector.”

The closing of the transaction is subject to obtaining approvals from the relevant authorities and satisfying certain conditions under the agreement.

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ABOUT PIF

The Public Investment Fund (PIF) is one of the largest and most impactful sovereign wealth funds in the world. Since 2015, when the Board was reconstituted and oversight transferred to the Council of Economic and Development Affairs, the Fund’s board of directors has been chaired by His Royal Highness Crown Prince Mohammad bin Salman bin Abdulaziz, Prime Minister, Chairman of the Council of Economic and Development Affairs, and Chairman of the Public Investment Fund. PIF a leading role in advancing Saudi Arabia’s economic transformation and diversification, as well as contributing to shaping the future of the global economy. Since 2017, PIF has established **90** companies. PIF is building a diversified portfolio by entering into attractive and long-term investment opportunities in 13 strategic sectors in Saudi Arabia and globally. PIF’s strategy, as set out in the PIF Program 2021-2025 - one of the Vision 2030 realization programs - aims to enable many promising sectors and contribute to increasing local content by creating partnerships with the private sector, in addition to injecting at least 150 billion riyals annually into the local economy. PIF works to transfer technologies and localize knowledge to build a prosperous and sustainable economy domestically. As the investment arm Saudi Arabia, PIF looks to make unique investments, and is building strategic alliances and partnerships with prestigious international institutions and organizations, which contribute to achieving real long-term value for Saudi Arabia, in line with the objectives of Vision 2030. PIF has also created an operational governance model that reflects its main tasks and objectives, in line with best international practices. Applying this model of governance enhances the level of transparency and effectiveness in decision-making and future progress.

More information about PIF can be found at: www.pif.gov.sa

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ABOUT Pirelli

Established in 1872, Pirelli is among the world's leading tyre producers. It is the only pure consumer tyre company that includes car, motorbike, and bicycle tyres as well as associated services.

Pirelli has a distinct positioning in high value tyres, characterised by an advanced technology with about 4,000 homologations obtained, thanks to partnerships with the most prestigious car manufacturers in the world. In order to achieve the highest levels of performance, safety and containment of environmental impact, Pirelli has always been strongly committed to research and development, in which it invested more than 5% of revenue from high-value products in 2022.

Involved in motorsport since 1907, Pirelli has been the exclusive official tyre partner of the Formula 1™ World Championship since 2011 and has renewed the agreement until 2027.

Pirelli's commitment to the creation of sustainable value, a characteristic of the Company's responsible management and its economic, social and environmental performances has resulted in its inclusion in some of the world's most prestigious sustainability stock market indices such as the Dow Jones World and Europe Sustainability Indices and Global Compact LEAD of the United Nations.

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