



PRESS RELEASE

PIRELLI TO SIGN AGREEMENT WITH HIXIH GROUP TO ACQUIRE 49% OF NEW PRODUCTION PLANT IN CHINA FOR AROUND 65 MILLION EURO

THE INVESTMENT WILL ENSURE FLEXIBILITY OF PRODUCTION FOR THE DEVELOPMENT OF THE HIGH VALUE STRATEGY IN APAC, NECESSARY TO TAKE ADVANTAGE OF OPPORTUNITIES IN A CONSTANTLY EVOLVING MARKET

THE OPERATION WILL HAVE NO IMPACT ON TARGETS IN THE 2017-2020 PLAN

Yanzhou (China), 1 August 2018 – Pirelli has reached an understanding with the Hixih Group, the signing of which is expected in the coming days, for the creation of a Joint Venture which will own, through the company Jining Shenzhou Tyre Co., a new consumer tyre production plant in China.

The investment will give Pirelli the necessary production flexibility in the *High Value* segment, taking into account the evolution of the Chinese market, the expected developments in electric vehicles and the growing share of homologations obtained in the Original Equipment segment in China, Japan and Korea.

Under the terms of the agreement, Pirelli will manage the operation of the plant and acquire a 49% stake in the JV for around 65 million euro with the right to increase it up to 70% in the period from 1 January 2021 to December 2025.

The transaction, which is subject to the obtainment of the relevant approvals from local authorities and the closing of which is expected to occur by the end of the current year, leaves all targets indicated in the 2017-2020 industrial plan unchanged.

The acquisition of a significant stake in this technologically advanced consumer tyre plant will reinforce the group's *High Value* strategy, which identified the Apac area a key growth driver, through a strategy which calls for the continuous improvement of the product mix, the digitalization of processes and constant attention to environmental sustainability.

In the future, a new local structure for Research and Development, deploying the latest innovations and technologies, will be concentrated in Yanzhou in the Hixih Industrial Park, near Pirelli's existing Chinese production hub. This will further reinforce Pirelli's operations in Yanzhou, which is today among the most advanced tyre manufacturing facilities in the world, focused on the production of High Performance tyres.

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