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## PRESS RELEASE

### **PIRELLI AND MARCO POLO APPROVE A TRANSACTION FOR IPO ALREADY FROM FOURTH QUARTER 2017**

#### **PIRELLI DEBT REDUCTION WITH MARCO POLO FINANCING WHICH WILL BE ENTIRELY REIMBURSED IN CONTEXT OF IPO**

*Milan, 28 April 2017* – The Board of Directors of Pirelli met and shared their will to accelerate the already announced process of stock market listing with the aim of being able to take advantage of market opportunities already beginning from the fourth quarter of 2017. The decision was taken in light of the positive results achieved by the company, the implemented focus on the Consumer business – which makes Pirelli the sole ‘pure consumer tyre player’ in the segment – and the present favorable market dynamics.

On the basis of these assumptions, Pirelli’s board and that of its sole shareholder Marco Polo International Italy Spa approved a transaction – proposed by a pool of primary banks composed of Banca IMI (Intesa Sanpaolo group), J.P. Morgan and Morgan Stanley – which allows for the acceleration of the IPO process thanks to the improvement of Pirelli’s financial profile, with a reduction of the net debt/Ebitda ratio to below the 3 level. In particular, as things stand, the following is foreseen:

- a concession on the part of the banks to Marco Polo of a financing of 1.25 billion euro which will be entirely reimbursed with the proceeds of the IPO;
- a Pirelli capital increase of 1.2 billion euro which will be entirely underwritten by its shareholder Marco Polo and is destined to the repayment, for the same amount, of part of Pirelli’s current debt;
- the refinancing of Pirelli’s credit lines, for a total of 4.2 billion euro, at better terms than the present ones. The refinancing will allow Pirelli to reduce the cost of its debt as well as prolonging its average maturity.

Pirelli’s listing is expected to be on the Milan stock exchange or, however, on one of the leading stock exchanges at the international level with a market free float which will be defined before the launch of the transaction. In the context of the listing, CNRC confirmed its willingness, for the greater success of the IPO, to go below 50%, the respect of the assumptions to consolidate Pirelli remaining.

In the context of the preparatory activities for the Company’s stock market listing, the Board also nominated Banca IMI (Intesa Sanpaolo group), J.P. Morgan and Morgan Stanley as *Global Coordinators* for the transaction.

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