

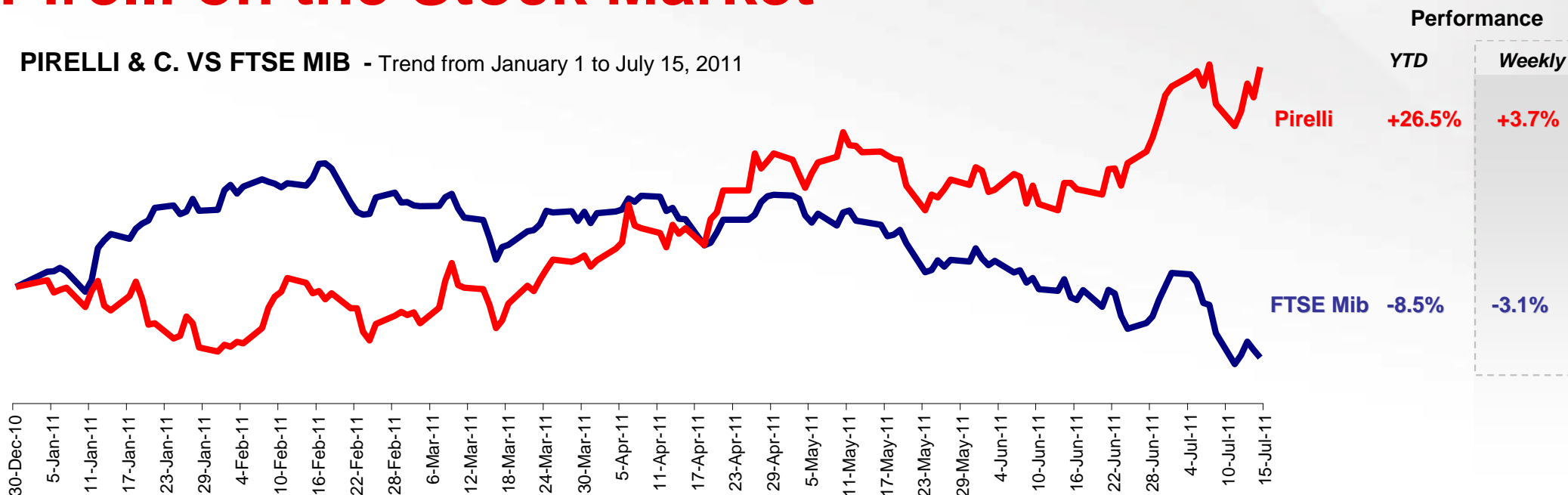


PEERS & MARKETS

11 – 15 July 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to July 15, 2011



	Official Close 15 July	Percentage change				Daily average volumes		
		1 Week 11 - 15 Jul	1 Month	3 Months	Year to date	1 Week 11 - 15 Jul	1 Month	3 Months
Pirelli & C. Ord.	7.655	3.7	12.4	18.1	26.5	4,714,741	3,306,630	3,628,544
Pirelli & C. Risp.	5.530	(2.8)	(2.6)	(6.7)	(1.4)	24,706	21,376	29,241
Pirelli Real Estate	0.403	(9.9)	(19.6)	(24.8)	(9.6)	2,780,933	2,559,204	3,463,022
FTSE All Share	19178	(3.1)	(7.2)	(14.9)	(8.4)	1,565,977,638	1,224,955,483	1,172,958,992
FTSE MIB	18450	(3.1)	(7.4)	(15.4)	(8.5)	1,412,688,611	1,074,146,709	1,001,574,426

Sell side analysts evaluation on Pirelli & C (18/07/2011)

Consensus Target Price: € 8.54

Buy: 96%

% Sell: 0%

% Hold: 4%

Market Cap: €3,727.4 mln (of which ord. €3,660.8 mln)

Source: Reuters



Markets

	Official Close 15 July	Percentage change (%)			
		1 Week 11 - 15 Jul	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	266.910	(2.5)	(0.4)	(3.9)	(3.2)
FTSE MIB	18450.450	(3.1)	(7.4)	(15.4)	(8.5)
FTSE 100	5843.660	(2.5)	1.8	(2.5)	(1.0)
DAX	7220.120	(2.5)	1.5	0.6	4.4
CAC 40	3726.590	(4.8)	(2.1)	(6.2)	(2.1)
IBEX 35	9484.200	(4.6)	(4.5)	(10.2)	(3.8)
OMX Stockholm	6340.070	(5.0)	(4.5)	(14.1)	(17.3)
FTSE ATHEX	1152.210	(8.1)	(7.8)	(23.6)	(23.0)
UNITED STATES					
DJ Industr. Average	12437.120	(1.4)	4.9	1.1	7.8
S&P 500	1353.220	3.5	5.3	1.5	7.6
NASDAQ Composite	2789.800	(2.4)	6.0	0.9	5.2
ASIA					
SSE Composite (Cina)	2820.169	0.8	4.2	(7.6)	0.4
Nikkei 225 (Giappone)	9936.120	(1.6)	4.2	4.0	(2.5)
Hang Seng (HK)	21875.380	(2.9)	(2.1)	(8.9)	(5.0)
All ordinaries (Australia)	4542.688	(3.7)	(2.0)	(8.0)	(6.3)
Strait Times (Singapore)	3084.240	(2.1)	1.0	(2.2)	(3.3)
BSE 30 (India)	18561.920	(1.6)	2.4	(4.3)	(9.5)
EMIRATES					
Abu Dhabi	2732.850	0.4	0.5	1.7	0.2
Dubai	1545.020	(0.6)	(1.3)	(4.6)	(5.1)
LATAM					
Bovespa (Brasile)	59478.010	(3.3)	(3.5)	(10.8)	(14.2)
IPC (Messico)	36155.860	(0.9)	2.4	(2.3)	(6.2)
Merval (Argentina)	3326.570	(4.2)	2.5	(1.6)	(5.6)

Source: Reuters

	Official Close 15 July	Percentage change (%)			
		1 Week 11 - 15 Jul	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	266.910	(2.5)	(0.4)	(3.9)	(3.2)
Auto	382.560	1.1	12.3	15.8	12.1
Banks	171.720	(4.5)	(6.2)	(14.7)	(12.5)
Basic Resources	566.530	(2.5)	4.2	(4.8)	(10.8)
Chemical	596.320	(1.8)	1.8	2.5	4.9
Construction & Material	260.250	(5.1)	(5.0)	(10.8)	(7.9)
Industrial	479.200	(3.1)	(1.7)	(3.5)	(1.8)
Insurance	152.420	(5.9)	(4.9)	(10.2)	(1.3)
Finance	257.390	(3.2)	(0.1)	(4.7)	(4.0)
Food & Beverage	366.510	(1.2)	1.4	2.0	0.6
FTSE EPRA Eu Residential	1724.310	(3.9)	(4.1)	(2.9)	(0.2)
Media	167.170	(3.6)	(3.2)	(6.3)	(7.6)
Oil&Gas	327.110	(1.0)	2.5	(4.5)	(1.6)
Retail	251.290	(2.3)	(2.3)	(3.8)	(6.5)
Tech.	204.150	(6.5)	(3.9)	(8.6)	(5.4)
TLC	250.070	(2.8)	(2.0)	(10.7)	(7.0)
Travel & Leisure	120.330	(4.4)	(1.0)	(3.2)	(10.1)
Utilities	289.230	(3.7)	(4.4)	(10.1)	(7.5)
UNITED STATES					
S&P 500	1353.220	3.5	5.3	1.5	27.6
Auto	155.460	(5.3)	2.2	(7.3)	18.8
Banks	201.820	(4.3)	(0.4)	(11.3)	(9.7)
Basic Resources	290.520	(0.1)	9.1	(2.3)	36.2
Chemical	368.62	(2.82)	5.29	0.95	41.89
Construction & Materials	250.660	(5.3)	2.4	(4.6)	3.5
Industrial	332.370	(3.6)	3.4	(2.2)	27.4
Food & Beverage	333.190	(1.4)	3.2	2.9	21.7
Media	362.740	(3.1)	3.7	0.3	28.2
Oil&Gas	638.930	0.4	7.4	(0.2)	44.4
Insurance	267.010	(3.2)	1.7	(5.4)	7.7
Finance	274.460	(3.7)	1.7	(6.2)	3.9
RE	234.660	(2.5)	5.0	2.5	23.5
Retail	234.660	(2.5)	5.0	2.5	23.5
Tech.	668.170	(2.1)	5.8	0.7	17.1
Tyres	60.680	2.3	14.6	5.6	32.2
TLC	136.970	(2.7)	1.4	(0.7)	24.5
Utilities	163.430	(1.2)	2.8	3.6	12.7



Pirelli & C. vs Auto & Parts Sector

	Official Close 15 July	Percentage change				Daily average volumes		
		1 Week 11 - 15 Jul	1 Month	3 Months	Year to date	1 Week 11 - 15 Jul	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	382.560	1.1	12.3	15.8	12.1			
TYRE								
Pirelli & C	7.655	3.7	12.4	18.1	26.5	4,714,741	3,306,630	3,628,544
Continental	75.130	(0.9)	10.6	22.5	27.0	777,801	573,060	659,751
Michelin	65.340	0.3	3.7	7.7	21.7	1,124,034	967,546	1,032,909
Nokian	36.010	0.1	8.6	7.9	31.2	460,664	516,521	566,275
AUTO								
Fiat Auto	15.430	(2.1)	(1.6)	10.3	5.9	24,464,239	21,387,129	22,746,709
Renault	36.995	(5.6)	0.8	(0.6)	(15.0)	2,115,683	1,894,857	2,067,739
Peugeot	29.925	(4.3)	5.3	10.0	5.3	1,670,012	1,571,592	1,580,316
Volkswagen	136.950	2.8	16.1	31.1	29.3	158,998	148,795	162,655
BMW	72.670	6.1	16.5	25.0	23.5	3,812,525	2,881,933	3,006,250
Daimler	53.270	1.7	14.2	7.7	5.0	5,983,452	5,133,740	5,952,452
USA								
TYRE								
Goodyear	17.840	3.5	19.3	17.8	50.5	6,160,863	6,496,357	6,974,198
Cooper	19.200	(1.9)	(0.1)	(23.4)	(18.6)	706,213	844,185	668,998
AUTO								
Ford	13.090	(5.7)	(0.5)	(11.0)	(22.0)	8,456,848	10,115,214	9,543,178
		(5.8)		(1.6)	(19.3)			
ASIA								
TYRE								
Bridgestone	1940.0	(0.7)	6.4	13.7	23.7	2,497,820	3,360,433	3,940,676
Sumitomo	1096.0	(0.3)	6.2	21.1	21.0	853,540	1,260,750	1,324,309
Toyo	210.0	0.0	1.5	7.7	6.6	587,600	776,700	808,811
Yokohama	487.0	1.3	9.3	20.8	15.0	1,378,800	1,670,100	1,827,233
Hankook	44150.0	(5.7)	2.9	9.8	39.1	926,864	866,323	956,291
Khumo	17600.0	(3.8)	17.7	19.3	27.1	406,847	726,221	514,086
AUTO								
Toyota	3340.0	(3.3)	2.5	2.8	3.4	5,594,860	6,303,060	9,119,328
Nissan	846.0	(2.5)	4.7	17.3	9.7	15,148,720	17,292,933	22,211,564

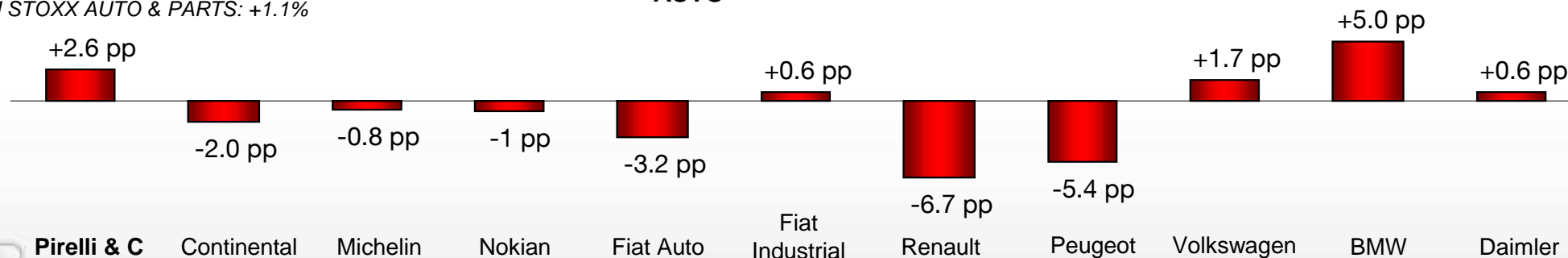
Source: Reuters

EUROPE: WEEKLY TREND 11/07/2011 – 15/07/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: +1.1%

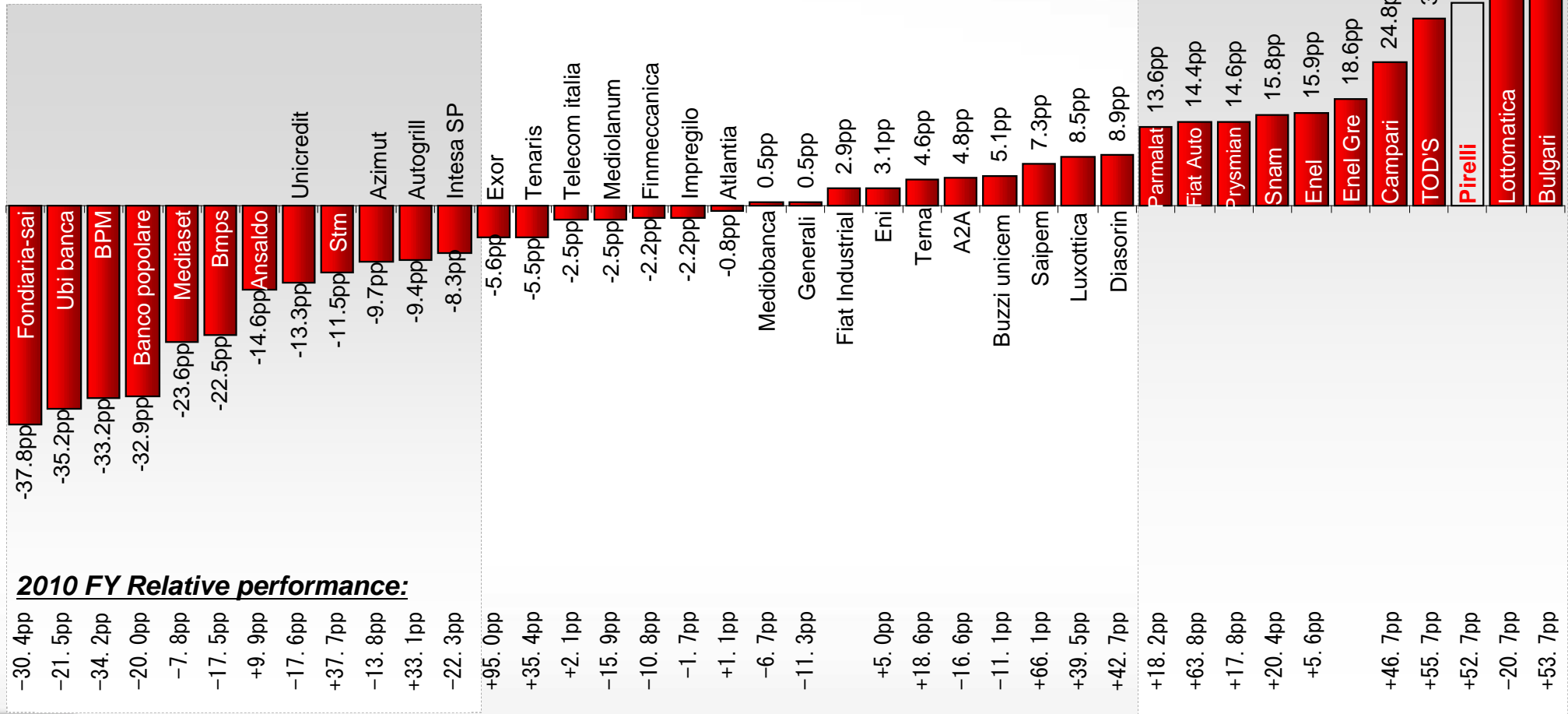
AUTO



Pirelli vs FTSE Mib relative performance (YTD)

Performance from January 1 to July 15, 2011

FTSE Mib (YTD): -8.5%



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 18/07/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 18-Jul-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	9.5x	8.2x	7.3x	0.7x	0.6x	0.6x	4.7x	4.2x	3.7x	7.3x	6.3x	5.6x
	Continental	10.8x	8.6x	8.6x	0.7x	0.7x	0.7x	5.2x	4.4x	4.4x	7.5x	6.2x	6.2x
	Nokian	15.6x	13.5x	11.9x	3.2x	2.7x	2.4x	10.3x	8.9x	7.7x	12.2x	10.5x	9.0x
	Simple average	11.9x	10.1x	9.3x	1.5x	1.3x	1.2x	6.7x	5.8x	5.3x	9.0x	7.7x	6.9x
	Weighted average *	11.0x	9.2x	8.6x	1.1x	1.0x	0.9x	5.8x	5.0x	4.7x	8.1x	6.9x	6.4x
US	Goodyear	17.0x	7.4x	5.6x	0.3x	0.3x	0.3x	4.5x	3.6x	3.6x	7.8x	5.6x	5.6x
	Cooper Tire	8.3x	7.1x		0.3x	0.3x		3.6x	3.0x		5.5x	4.5x	
	Simple average	12.6x	7.3x		0.3x	0.3x		4.0x	3.3x		6.6x	5.0x	
	Weighted average *	15.1x	7.4x		0.3x	0.3x		4.3x	3.4x		7.3x	5.4x	
ASIA	Bridgestone	14.5x	11.0x	9.9x	0.6x	0.6x	0.5x	5.5x	4.6x	4.1x	10.8x	8.9x	
	Hankook	13.4x	11.7x	10.5x	1.4x	1.4x	1.2x	9.1x	7.8x	6.7x	12.9x	10.8x	9.1x
	Yokohama	12.7x	14.5x	10.5x	0.6x	0.6x	0.6x	5.6x	7.1x	5.4x	11.3x	14.5x	11.5x
	Sumitomo	15.2x	9.9x	8.7x	0.7x	0.7x	0.6x	6.3x	5.1x	4.4x	11.8x	8.7x	
	Simple average	14.0x	11.8x	9.9x	0.9x	0.8x	0.7x	6.6x	6.2x	5.2x	11.7x	10.7x	10.3x
	Weighted average *	12.9x	10.7x	9.2x	0.6x	0.6x	0.5x	5.3x	4.9x	4.2x	10.2x	9.2x	2.7x
TOT. WORLD	max	17.0x	14.5x	11.9x	3.2x	2.7x	2.4x	10.3x	8.9x	7.7x	12.9x	14.5x	11.5x
	min	8.3x	7.1x	5.6x	0.3x	0.3x	0.5x	3.6x	3.0x	3.7x	5.5x	4.5x	5.6x
	median	13.4x	9.9x	9.3x	0.7x	0.6x	0.6x	5.5x	4.6x	4.4x	10.8x	8.7x	9.0x
	Simple average	13.0x	10.2x	9.1x	1.0x	0.9x	0.9x	6.1x	5.4x	5.2x	9.7x	8.4x	8.3x
	Weighted average **	12.5x	9.9x	8.8x	0.9x	0.8x	0.7x	5.9x	5.1x	4.4x	9.3x	7.8x	4.5x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Mln	Local currency	€ adjustment	% on cluster
Michelin	€11.724	€11.724	20.3%
Continental	€14.876	€14.876	25.7%
Nokian	€4.604	€4.604	8.0%
Goodyear	\$4.355.54	€3.100	5.4%
Cooper Tire	\$1.192.27	€849	1.5%
Bridgestone	¥1.578.232	€14.216	24.6%
Yokohama	¥165.475	€1.491	2.6%
Sumitomo	¥269.882	€2.431	4.2%
Hankook	₩6.699.338	€4.494	7.8%
TOT.		€57.784	

