

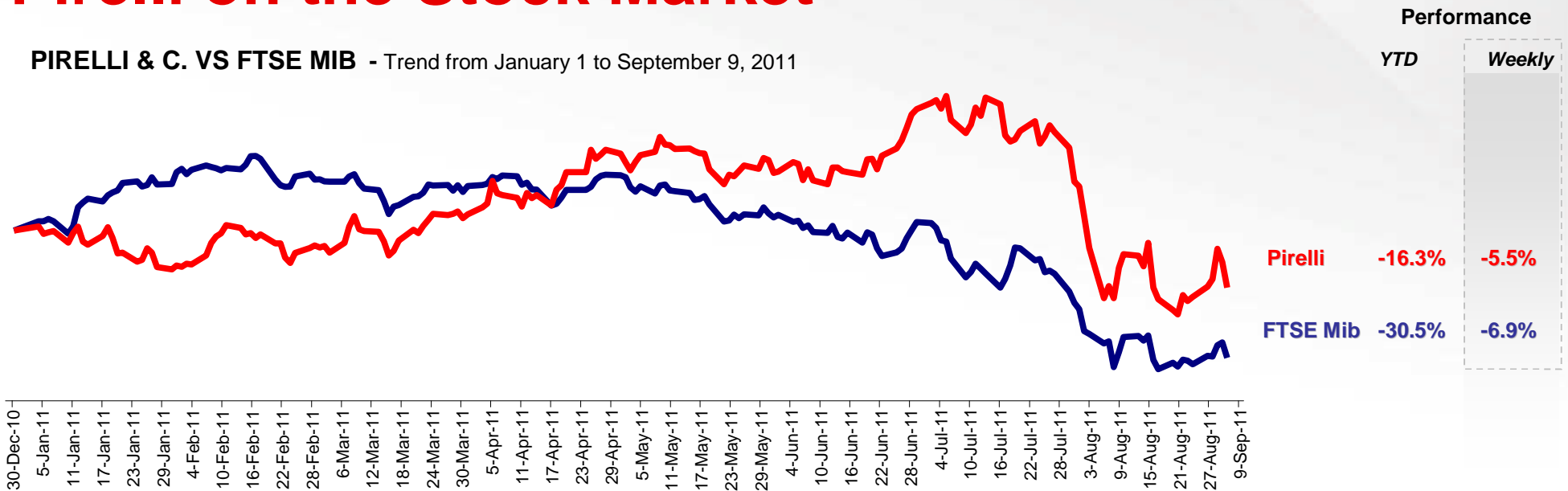


PEERS & MARKETS

5 September – 9 September 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to September 9, 2011



30-Dec-10 5-Jan-11 11-Jan-11 17-Jan-11 23-Jan-11 29-Jan-11 4-Feb-11 10-Feb-11 16-Feb-11 22-Feb-11 28-Feb-11 6-Mar-11 12-Mar-11 18-Mar-11 24-Mar-11 30-Mar-11 5-Apr-11 11-Apr-11 17-Apr-11 23-Apr-11 29-Apr-11 5-May-11 11-May-11 17-May-11 23-May-11 29-May-11 4-Jun-11 10-Jun-11 16-Jun-11 22-Jun-11 28-Jun-11 4-Jul-11 10-Jul-11 16-Jul-11 22-Jul-11 28-Jul-11 3-Aug-11 9-Aug-11 15-Aug-11 21-Aug-11 27-Aug-11 9-Sep-11

	Official Close 9 September	Percentage change				Daily average volumes		
		1 Week 5 - 9 Sep	1 Month	3 Months	Year to date	1 Week 5 - 9 Sep	1 Month	3 Months
Pirelli & C. Ord.	5.065	(5.5)	(5.9)	(25.4)	(16.3)	5,319,592	5,885,581	4,428,730
Pirelli & C. Risp.	3.986	(9.5)	0.2	(30.6)	(28.9)	8,791	16,472	20,736
Pirelli Real Estate	0.269	(4.2)	11.7	(46.5)	(39.7)	4,280,246	5,939,615	4,125,775
FTSE All Share	14913	(6.5)	(9.0)	(29.5)	(28.8)	932,940,657	1,184,529,131	1,205,260,602
FTSE MIB	14020	(6.9)	(10.8)	(31.2)	(30.5)	836,219,943	1,071,214,298	1,069,350,566

Sell side analysts evaluation on Pirelli & C (12/09/2011)

Consensus Target Price: € 8.60

Buy: 88%

% Sell: 4%

% Hold: 8%

Market Cap: €2,392.2 mln (of which ord. €2,344.5 mln)



Source: Reuters

Markets

	Official Close 9 Sep	Percentage change (%)			
		1 Week 5 - 9 Sep	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	224.590	(3.7)	(3.3)	(17.4)	(18.6)
FTSE MIB	14020.180	(6.9)	(10.8)	(31.2)	(30.5)
FTSE 100	5214.650	(1.5)	1.0	(11.0)	(11.6)
DAX	5189.930	(6.3)	(12.3)	(27.5)	(24.9)
CAC 40	2974.590	(5.5)	(6.3)	(23.3)	(21.8)
IBEX 35	7910.200	(6.5)	(6.2)	(21.8)	(19.8)
OMX Stockholm	5375.970	(4.1)	2.1	(21.6)	(29.8)
FTSE ATHEX	851.880	(0.3)	(13.8)	(33.2)	(43.1)
UNITED STATES					
DJ Industr. Average	11295.810	(4.4)	(2.2)	(9.3)	(5.1)
S&P 500	1353.220	3.5	5.3	1.5	7.6
NASDAQ Composite	2467.990	(3.1)	(0.6)	(8.1)	(7.0)
ASIA					
SSE Composite (Cina)	2498.943	(1.2)	(1.1)	(7.6)	(11.1)
Nikkei 225 (Giappone)	8737.660	(2.4)	(2.3)	(7.7)	(14.6)
Hang Seng (HK)	19866.630	(1.7)	2.8	(12.1)	(13.8)
All ordinaries (Australia)	4277.364	(1.0)	4.4	(7.5)	(11.8)
Strait Times (Singapore)	2825.100	(0.6)	(2.0)	(8.8)	(11.4)
BSE 30 (India)	16866.970	0.3	0.1	(8.3)	(17.8)
EMIRATES					
Abu Dhabi	2594.010	(0.7)	0.2	(4.0)	(4.6)
Dubai	1473.460	(0.7)	0.6	(5.3)	(9.6)
LATAM					
Bovespa (Brasile)	55778.390	(4.0)	9.0	(12.1)	(19.5)
IPC (Messico)	33812.620	(3.8)	4.4	(4.0)	(12.3)
Merval (Argentina)	2753.220	(4.1)	(3.9)	(14.8)	(21.9)

Source: Reuters

	Official Close 9 Sep	Percentage change (%)			
		1 Week 5 - 9 Sep	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	224.590	(3.7)	(3.3)	(17.4)	(18.6)
Auto	248.920	(7.3)	(12.8)	(27.8)	(27.0)
Banks	126.630	(8.4)	(14.5)	(32.1)	(35.5)
Basic Resources	454.270	(1.7)	0.1	(18.5)	(28.5)
Chemical	456.510	(5.2)	(7.9)	(22.8)	(19.7)
Construction & Material	207.270	(6.7)	(7.5)	(26.1)	(26.6)
Industrial	367.630	(5.5)	(6.3)	(25.7)	(24.7)
Insurance	118.160	(7.8)	(9.6)	(26.8)	(23.5)
Finance	218.230	(3.2)	2.0	(16.6)	(18.6)
Food & Beverage	342.100	(4.0)	(1.0)	(6.2)	(6.1)
FTSE EPRA Eu Residential	1505.590	(4.3)	3.7	(15.7)	(12.8)
Media	147.960	(2.6)	0.1	(15.3)	(18.2)
Oil&Gas	287.590	0.5	3.1	(11.4)	(13.5)
Retail	224.260	(1.7)	(0.2)	(14.0)	(16.6)
Tech.	182.340	(1.5)	3.8	(15.1)	(15.5)
TLC	234.890	(2.4)	(1.6)	(9.2)	(12.7)
Travel & Leisure	105.360	(0.6)	(0.6)	(14.4)	(21.3)
Utilities	245.510	(3.6)	(3.9)	(20.4)	(21.5)
UNITED STATES					
S&P 500	1353.220	3.5	5.3	1.5	27.6
Auto	122.890	(7.0)	(9.3)	(24.4)	(8.7)
Banks	163.420	(8.3)	(9.4)	(22.0)	(23.8)
Basic Resources	253.710	(3.4)	2.8	(12.1)	5.6
Chemical	319.78	(5.06)	(2.45)	(13.72)	10.25
Construction & Materials	196.490	(6.0)	(3.7)	(22.5)	(20.6)
Industrial	281.490	(5.3)	(2.5)	(16.2)	2.3
Food & Beverage	324.180	(3.1)	0.6	(3.2)	10.6
Media	311.990	(6.0)	(2.6)	(15.6)	6.6
Oil&Gas	568.820	(4.6)	(1.6)	(13.2)	19.2
Insurance	232.110	(5.0)	(5.7)	(15.6)	(10.1)
Finance	235.880	(5.8)	(5.4)	(16.4)	(11.9)
RE	217.280	(2.9)	1.6	(8.9)	3.4
Retail	217.280	(2.9)	1.6	(8.9)	3.4
Tech.	620.680	(2.8)	(2.4)	(7.3)	8.5
Tyres	38.240	(10.7)	(12.2)	(36.8)	(7.4)
TLC	125.160	(3.1)	(0.8)	(9.1)	2.3
Utilities	161.360	(3.0)	4.3	(1.9)	5.1



Pirelli & C. vs Auto & Parts Sector

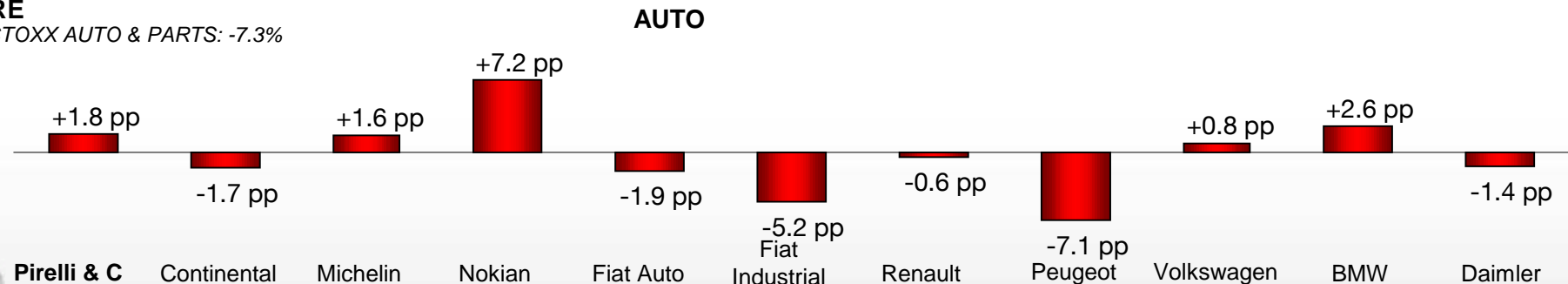
	Official Close 9 September	Percentage change				Daily average volumes		
		1 Week 5 - 9 Sep	1 Month	3 Months	Year to date	1 Week 5 - 9 Sep	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	248.920	(7.3)	(12.8)	(27.8)	(27.0)			
TYRE								
Pirelli & C	5.065	(5.5)	(5.9)	(25.4)	(16.3)	5,319,592	5,885,581	4,428,730
Continental	43.425	(9.0)	(18.6)	(38.1)	(26.6)	707,825	897,819	706,557
Michelin	45.090	(5.7)	(8.2)	(30.8)	(16.0)	1,163,943	1,452,575	1,141,750
Nokian	23.700	0.1	(3.3)	(28.8)	(13.7)	997,595	1,520,751	855,258
AUTO								
Fiat Auto	15.430	(9.2)	(28.0)	(49.0)	(44.6)	47,137,944	42,207,415	28,368,717
Renault	24.390	(7.9)	(15.7)	(34.4)	(43.9)	2,039,291	2,515,874	2,033,909
Peugeot	17.000	(14.4)	(18.9)	(40.2)	(40.2)	2,682,678	3,078,255	2,131,477
Volkswagen	95.770	(6.5)	(8.5)	(19.0)	(9.6)	170,232	268,106	192,969
BMW	51.690	(4.7)	(11.8)	(17.9)	(12.2)	3,823,984	4,637,521	3,494,848
Daimler	32.360	(8.7)	(16.8)	(31.8)	(36.2)	7,645,260	8,976,308	6,102,683
USA								
TYRE								
Goodyear	10.780	(10.7)	(13.1)	(32.9)	(9.0)	8,199,790	9,403,499	7,560,855
Cooper	10.930	(10.8)	(8.5)	(48.5)	(53.6)	875,835	1,499,652	959,344
AUTO								
Ford	10.350	(7.3)	(7.8)	(27.1)	(40.1)	8,004,482	12,434,952	10,361,873
ASIA								
TYRE								
Bridgestone	1715.0	0.6	(1.0)	(7.8)	9.3	3,818,320	4,185,300	3,572,150
Sumitomo	978.0	0.8	7.1	(1.0)	15.2	1,072,220	1,598,793	1,381,009
Toyo	187.0	(7.4)	(9.7)	(4.1)	(4.6)	335,600	641,700	674,689
Yokohama	425.0	(0.7)	(0.5)	(2.7)	1.2	1,703,000	1,642,167	1,639,911
Hankook	39000.0	3.0	(0.5)	(9.3)	20.0	799,748	879,489	896,450
Khumo	12800.0	(5.3)	(5.0)	(27.2)	(10.1)	212,502	348,951	471,983
AUTO								
Toyota	2680.0	(1.1)	(8.8)	(18.0)	(16.8)	8,767,980	11,001,303	8,415,856
Nissan	667.0	(5.1)	(9.0)	(14.3)	(13.7)	18,125,060	24,335,463	20,444,602

Source: Reuters

EUROPE: WEEKLY TREND 5/09/2011 – 9/09/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

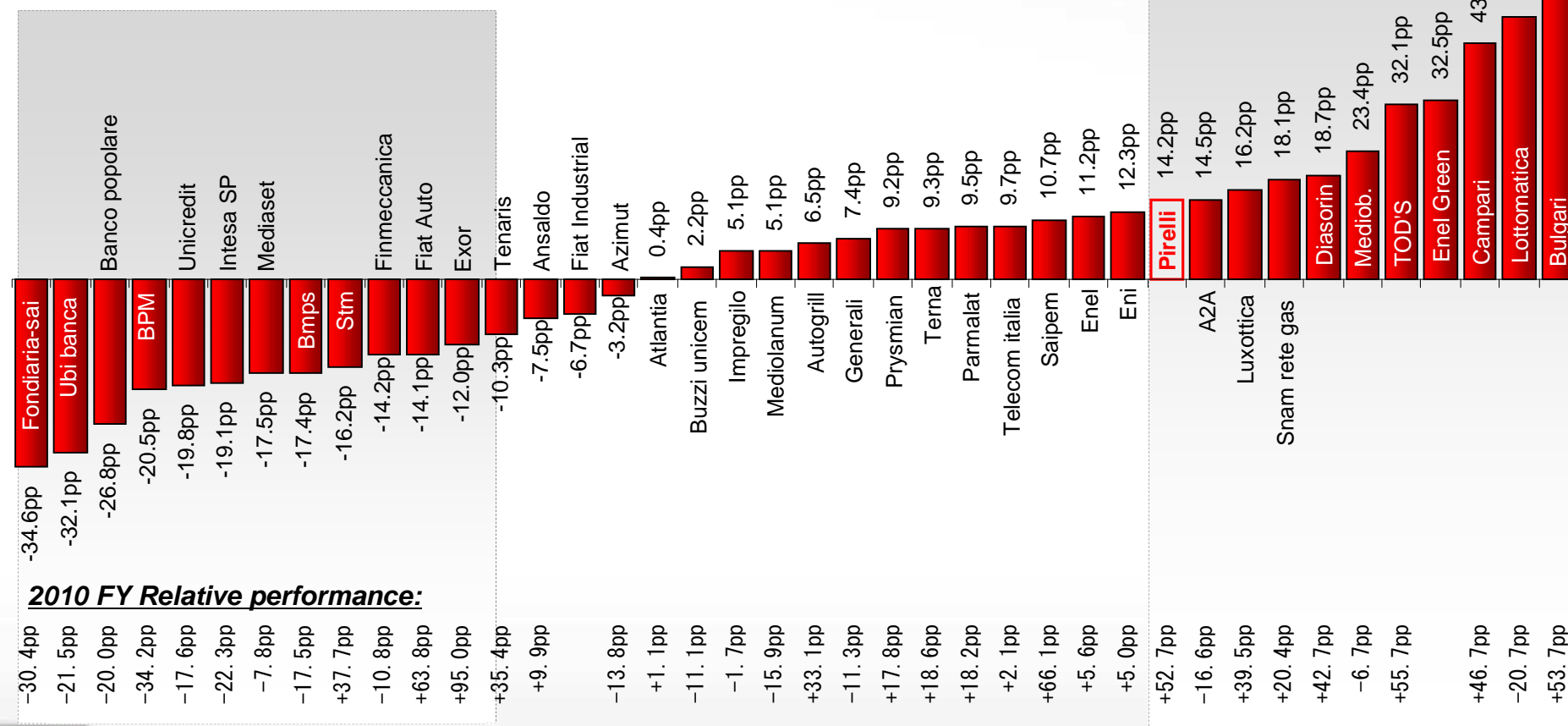
DJ STOXX AUTO & PARTS: -7.3%



Pirelli vs FTSE Mib relative performance (YTD)

Performance from January 1 to September 9, 2011

FTSE Mib (YTD): -30.5%



2010 FY Relative performance:

-30.4pp
-21.5pp
-20.0pp
-34.2pp
-17.6pp
-22.3pp
-7.8pp
-17.5pp
+37.7pp
-10.8pp
+63.8pp
+95.0pp
+35.4pp
+9.9pp
-13.8pp
+1.1pp
-11.1pp
-1.7pp
-15.9pp
+33.1pp
-11.3pp
+17.8pp
+18.6pp
+18.2pp
+2.1pp
+66.1pp
+5.6pp
+5.0pp
+52.7pp
-16.6pp
+39.5pp
+20.4pp
+42.7pp
-6.7pp
+55.7pp
+46.7pp
-20.7pp
+53.7pp



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 12/09/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 12-Sep-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	6.2x	5.7x	5.1x	0.5x	0.5x	0.4x	3.4x	3.1x	2.8x	5.3x	4.8x	4.3x
	Continental	5.6x	4.9x	4.9x	0.5x	0.4x	0.4x	3.6x	3.1x	3.1x	5.3x	4.4x	4.4x
	Nokian	9.8x	8.9x	7.7x	2.1x	1.8x	1.5x	6.5x	5.9x	5.0x	7.8x	7.2x	5.9x
	Simple average	7.2x	6.5x	5.9x	1.0x	0.9x	0.8x	4.5x	4.1x	3.6x	6.1x	5.4x	4.9x
	Weighted average *	6.5x	5.8x	5.4x	0.7x	0.7x	0.6x	4.0x	3.5x	3.3x	5.7x	5.0x	4.6x
	Discount (-)/ Premium (+) Pirelli vs Michelin	6,9%	-5,8%	-10,8%	14,5%	13,6%	15,5%	13,9%	9,0%	8,2%	4,2%	-1,7%	0,0x
	Discount (-)/ Premium (+) Pirelli vs Nokian	-32,2%	-40,3%	-40,9%	-72,9%	-71,2%	-68,2%	-40,0%	-42,7%	-39,3%	-29,0%	-34,2%	-29,2%
Discount (-)/ Premium (+) Pirelli vs W.average	2,5%	-8,4%	-15,7%	-24,5%	-21,5%	-19,6%	-1,3%	-3,7%	-6,9%	-2,7%	-5,2%	-8,9%	
US	Goodyear	6.6x	4.4x	3.5x	0.2x	0.2x	0.2x	3.1x	2.7x	2.7x	5.4x	4.2x	4.2x
	Cooper Tire	7.7x	5.6x		0.2x	0.2x		3.0x	2.1x		6.0x	3.9x	
	Simple average	7.2x	5.0x		0.2x	0.2x		3.0x	2.4x		5.7x	4.1x	
	Weighted average *	6.9x	4.7x		0.2x	0.2x		3.1x	2.6x		5.5x	4.2x	
ASIA	Bridgestone	11.4x	9.1x	8.3x	0.6x	0.5x	0.5x	4.7x	4.0x	3.5x	8.6x	7.2x	
	Hankook	11.8x	9.9x	8.6x	1.4x	1.3x	1.1x	9.0x	7.6x	6.4x	12.3x	10.0x	8.5x
	Yokohama	12.1x	7.8x	7.3x	0.6x	0.5x	0.4x	6.0x	4.3x	3.8x			
	Sumitomo	11.6x	8.5x	7.4x	0.7x	0.6x	0.6x	5.7x	4.9x	4.3x	10.6x	8.3x	
	Simple average	11.7x	8.8x	7.9x	0.8x	0.7x	0.7x	6.3x	5.2x	4.5x	10.5x	8.5x	8.5x
	Weighted average *	10.9x	8.4x	7.6x	0.6x	0.5x	0.5x	5.1x	4.1x	3.6x	7.0x	5.8x	0.7x
TOT. WORLD	max	12.1x	9.9x	8.6x	2.1x	1.8x	1.5x	9.0x	7.6x	6.4x	12.3x	10.0x	8.5x
	min	5.6x	4.4x	3.5x	0.2x	0.2x	0.4x	3.0x	2.1x	2.8x	5.3x	3.9x	4.3x
	median	9.8x	7.8x	7.3x	0.6x	0.5x	0.5x	4.7x	4.0x	3.8x	6.9x	6.0x	5.1x
	Simple average	9.2x	7.2x	6.6x	0.7x	0.7x	0.7x	5.0x	4.2x	4.1x	7.6x	6.2x	5.8x
	Weighted average **	9.0x	7.3x	6.6x	0.7x	0.6x	0.6x	4.8x	4.1x	3.5x	7.3x	6.1x	2.9x

* on peers market capitalization by geographical area
** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Mn	Local currency	€ adjustment	% on cluster
Michelin	€7.836	€7.836	18,7%
Continental	€8.269	€8.269	19,7%
Nokian	€2.909	€2.909	6,9%
Goodyear	\$2.634.21	€1.932	4,6%
Cooper Tire	\$680.48	€499	1,2%
Bridgestone	¥1.352.189	€12.879	30,7%
Yokohama	¥140.808	€1.341	3,2%
Sumitomo	¥247.524	€2.358	5,6%
Hankook	¥5.801.019	€3.881	9,3%
TOT.		€41.904	
Pirelli	€2.392	€2.392	

