

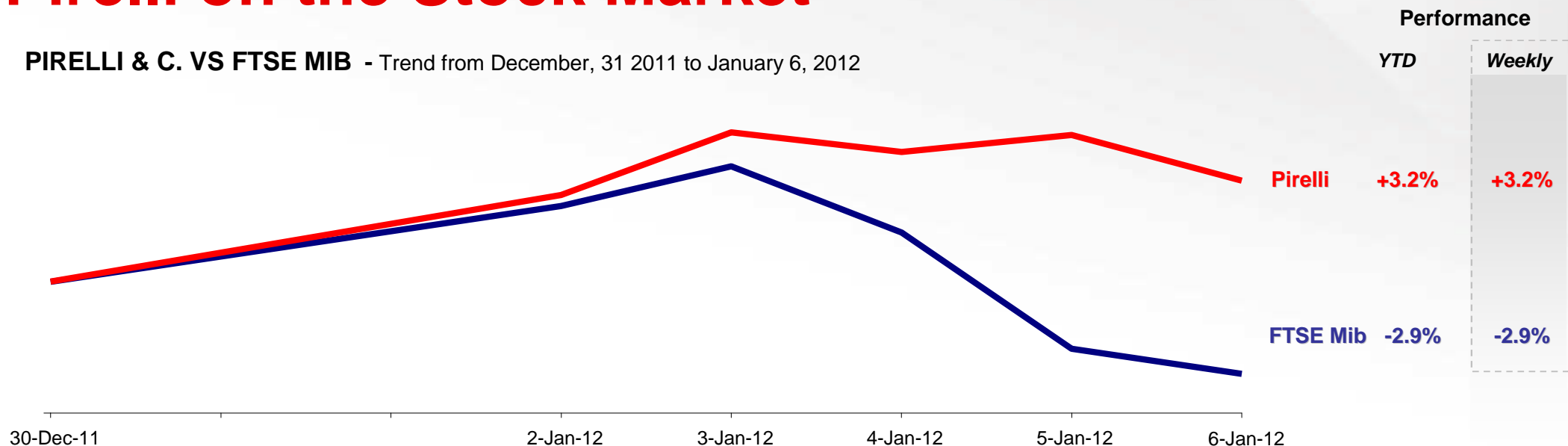


# **PEERS & MARKETS**

**2– 6 January 2012**

# Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from December, 31 2011 to January 6, 2012



	Official Close January, 6	Percentage change				Daily average volumes		
		1 Week 2 - 6 Jan	1 Month	3 Months	Year to date	1 Week 2 - 6 Jan	1 Month	3 Months
Pirelli & C. Ord.	6.715	3.2	(2.3)	21.6	3.2	2,232,838	3,674,584	4,604,859
Pirelli & C. Risp.	4.492	1.6	(4.2)	0.9	1.6	6,181	6,919	10,162
Prelios	0.079	(4.0)	(28.1)	(61.5)	(4.0)	8,231,743	8,379,243	7,731,402
FTSE All Share	15527	(2.0)	(6.4)	(3.4)	(2.0)	652,256,294	851,564,072	1,023,950,007
FTSE MIB	14646	(2.9)	(7.6)	(4.5)	(2.9)	505,273,946	701,841,545	883,682,937

## Sell side analysts evaluation on Pirelli & C (09/01/2012)

Consensus Target Price: € 8.61

Buy: 88%

% Sell: 8%

% Hold: 4%

Market Cap: €3,246.2 mln (of which ord. €3,192.2 mln)

Source: Reuters



# Markets

	Official Close Jan, 6	Percentage change (%)			
		1 Week 2 - 6 Jan	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	247.530	1.2	2.3	7.5	1.2
FTSE MIB	14645.640	(2.9)	(7.6)	(4.5)	(2.9)
FTSE 100	5649.680	1.5	1.5	6.8	1.4
DAX	6057.920	2.7	0.5	7.3	2.7
CAC 40	3137.360	(0.7)	(1.3)	2.0	(0.7)
IBEX 35	8289.100	(3.2)	(4.9)	(4.8)	(3.2)
OMX Stockholm	5513.830	4.1	(1.0)	6.3	3.0
FTSE ATHEX	568.080	(4.6)	(9.7)	(16.2)	(6.5)
<b>UNITED STATES</b>					
DJ Industr. Average	12359.920	0.6	1.7	11.1	1.2
S&P 500	vice permissioned	3.5	5.3	1.5	7.6
NASDAQ Composite	2674.220	2.3	0.9	6.7	2.7
<b>ASIA</b>					
SSE Composite (Cina)	2163.395	(0.3)	(7.0)	(8.3)	(1.6)
Nikkei 225 (Giappone)	8488.710	(0.4)	(2.2)	(1.5)	(0.8)
Hang Seng (HK)	18593.060	1.1	(1.8)	14.4	0.9
All ordinaries (Australia)	4164.454	1.0	(3.6)	0.8	1.3
Strait Times (Singapore)	2715.590	1.6	(1.2)	4.3	2.6
BSE 30 (India)	15848.800	2.7	(5.6)	0.5	2.7
<b>EMIRATES</b>					
Abu Dhabi	2386.470	1.4	(2.9)	(3.6)	(0.1)
Dubai	1335.030	0.2	(3.6)	(2.6)	(0.3)
<b>LATAM</b>					
Bovespa (Brasile)	58600.370	3.3	(1.6)	12.1	3.3
IPC (Messico)	36804.050	(0.7)	(0.7)	10.6	(0.7)
Merval (Argentina)	2769.750	14.2	5.9	17.3	12.5

Source: Reuters

	Official Close Jan, 6	Percentage change (%)			
		1 Week 2 - 6 Jan	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	247.530	1.2	2.3	7.5	1.2
Auto	275.630	6.4	0.6	10.8	6.4
Banks	129.020	(2.7)	(5.6)	(5.1)	(2.7)
Basic Resources	469.710	5.8	2.8	13.1	5.8
Chemical	527.900	2.9	4.3	13.4	2.9
Construction & Material	226.850	(0.2)	0.9	4.3	(0.2)
Industrial	399.750	2.9	2.1	6.5	2.9
Insurance	133.040	(0.2)	(3.7)	1.2	(0.2)
Finance	209.730	0.2	(2.9)	2.0	0.2
Food & Beverage	385.280	0.3	5.7	10.8	0.3
FTSE EPRA Eu Residential	1340.140	(2.1)	(3.6)	(3.4)	(3.5)
Media	162.070	0.2	2.1	8.2	0.2
Oil&Gas	348.870	3.4	5.5	20.2	3.4
Retail	248.020	(0.7)	1.4	5.2	(0.7)
Tech.	193.530	2.8	0.1	5.1	2.8
TLC	251.610	(0.3)	0.5	1.4	(0.3)
Travel & Leisure	113.870	0.9	3.4	10.4	0.9
Utilities	259.620	(0.4)	(0.7)	(4.9)	(0.4)
<b>UNITED STATES</b>					
S&P 500	vice permissioned	3.5	5.3	1.5	27.6
Auto	135.270	8.8	4.7	6.4	(32.9)
Banks	179.400	5.2	5.9	11.7	(24.9)
Basic Resources	228.330	5.3	(4.7)	7.7	(25.5)
Chemical	333.60	2.42	2.12	13.15	(2.14)
Construction & Materials	260.570	4.8	4.2	38.4	(4.3)
Industrial	314.440	1.7	1.8	13.5	(1.5)
Food & Beverage	329.810	(0.7)	1.1	5.4	8.0
Media	353.810	2.7	4.2	13.6	5.8
Oil&Gas	604.320	1.6	(0.2)	14.3	4.4
Insurance	255.040	0.2	0.4	9.7	(7.9)
Finance	251.000	1.7	2.5	10.2	(14.5)
RE	220.250	(0.6)	3.4	11.3	1.8
Retail	220.250	(0.6)	3.4	11.3	1.8
Tech.	677.880	2.5	(0.2)	6.7	(0.9)
Tyres	51.480	7.3	6.7	37.0	2.8
TLC	129.480	(2.0)	0.5	4.4	(3.0)
Utilities	170.590	(3.2)	0.5	6.1	10.9



# Pirelli & C. vs Auto & Parts Sector

	Official Close Jan. 6	Percentage change				Daily average volumes		
		1 Week 2 - 6 Jan	1 Month	3 Months	Year to date	1 Week 2 - 6 Jan	1 Month	3 Months
<b>EUROPA</b>								
DJ Stoxx Auto	275.630	6.4	0.6	10.8	6.4			
<b>TYRE</b>								
Pirelli & C	6.715	3.2	(2.3)	21.6	3.2	2,232,838	3,674,584	4,604,859
Continental	53.900	12.1	5.4	20.5	12.1	472,832	414,429	611,617
Michelin	46.645	2.1	(2.4)	3.7	2.1	780,964	892,125	1,153,531
Nokian	26.390	7.1	4.5	25.5	6.1	574,399	821,248	946,545
<b>AUTO</b>								
Fiat Auto	15.430	12.1	(0.4)	(4.8)	12.1	28,384,062	31,879,126	42,958,816
Renault	28.310	5.6	(4.4)	11.0	5.6	1,160,888	1,479,134	1,942,139
Peugeot	12.800	5.7	(8.1)	(24.8)	5.7	1,693,007	2,033,628	2,496,828
Volkswagen	110.550	6.7	(1.9)	20.0	6.7	71,378	106,495	151,642
BMW	55.550	7.3	(0.9)	13.6	7.3	2,213,286	2,468,094	3,300,761
Daimler	36.470	7.5	6.3	8.7	7.5	5,168,323	5,619,857	6,806,385
<b>USA</b>								
<b>TYRE</b>								
Goodyear	15.150	7.1	6.2	41.2	6.9	3,749,344	3,863,708	5,913,882
Cooper	14.980	8.2	8.8	22.7	6.9	604,502	631,373	889,868
<b>AUTO</b>								
Ford	11.590	9.6	6.0	6.6	8.8	8,207,008	7,301,647	7,724,310
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1752.0	1.2	0.5	1.8	(0.3)	1,823,060	2,309,167	2,784,017
Sumitomo	1057.0	2.2	0.5	(2.4)	0.3	647,520	943,923	1,024,496
Toyo	179.0	2.8	1.1	(3.7)	3.4	190,200	245,367	300,489
Yokohama	428.0	(0.5)	1.7	(3.4)	(1.9)	913,400	1,231,500	1,268,056
Hankook	43550.0	(3.8)	(2.1)	13.1	(3.8)	725,130	700,527	974,573
Khumo	10100.0	(2.9)	(7.8)	(4.3)	(2.9)	413,762	431,548	456,786
<b>AUTO</b>								
Toyota	2644.0	4.4	1.2	3.9	2.8	6,107,600	6,610,077	7,453,377
Nissan	691.0	(1.5)	(3.3)	(1.5)	(2.3)	17,274,140	16,961,233	17,649,081

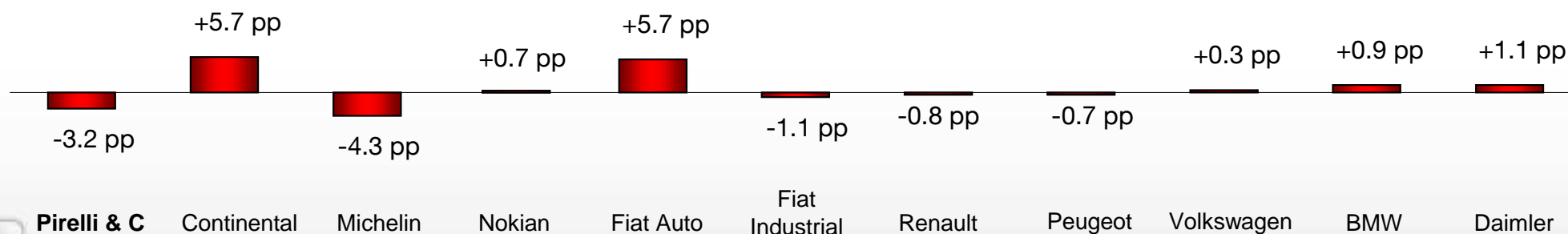
Source: Reuters

## EUROPE: WEEKLY TREND 2/1/2012 – 6/1/2012 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

### TYRE

DJ STOXX AUTO & PARTS: +6.4%

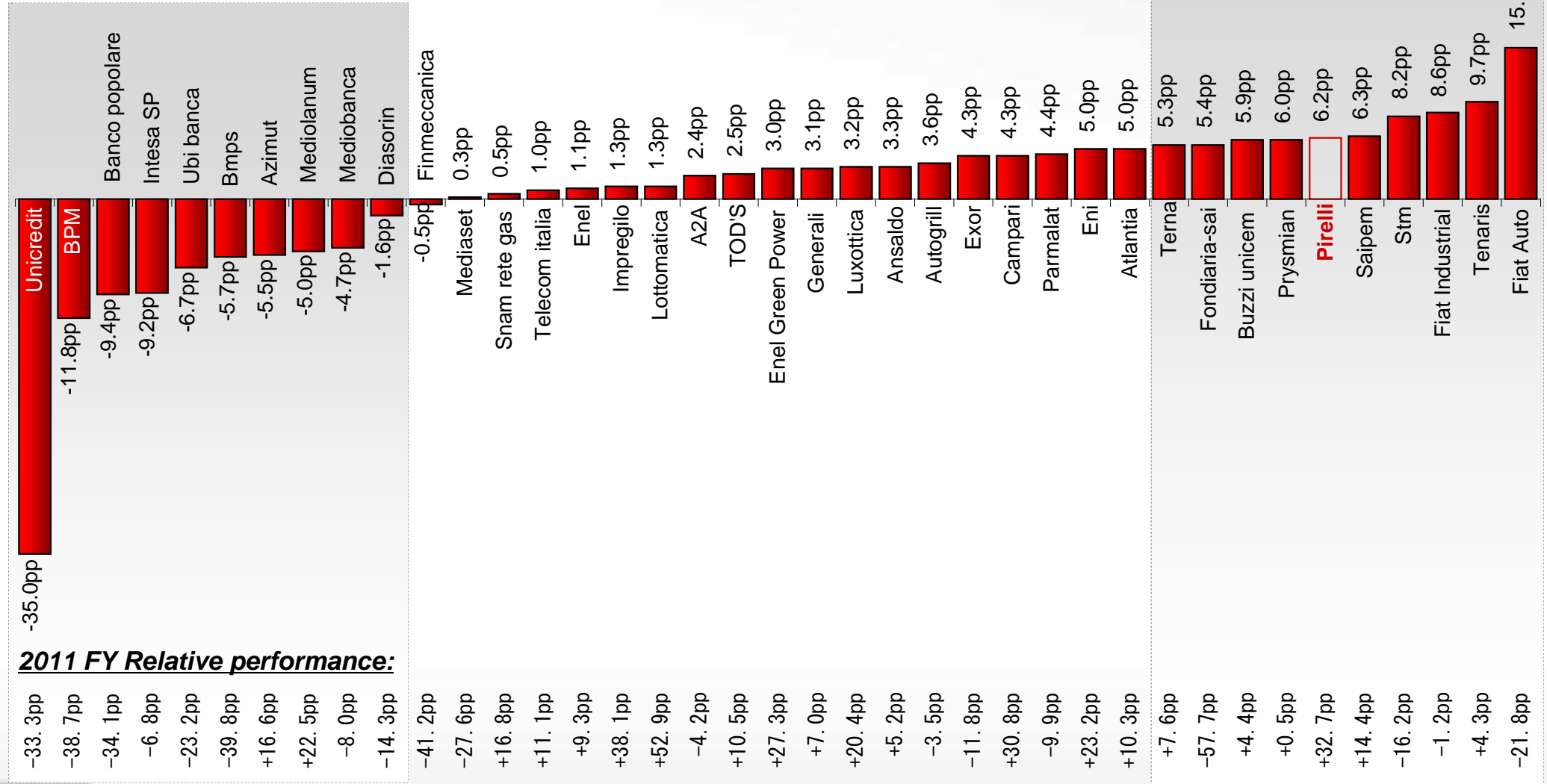
### AUTO



# Pirelli vs FTSE Mib relative performance (YTD)

Performance from December, 30 2011 to January, 6 2012

FTSE Mib (YTD): -2.9



# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 09/01/2012

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 9-Jan-12													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	6.6x	6.6x	5.9x	0.5x	0.5x	0.5x	3.7x	3.5x	3.1x	5.6x	5.3x	4.8x
	Continental	6.9x	6.9x	6.9x	0.6x	0.5x	0.5x	4.3x	3.9x	3.9x	6.2x	5.7x	5.7x
	Nokian	11.3x	11.2x	9.8x	2.4x	2.2x	1.9x	7.6x	7.3x	6.3x	8.9x	9.0x	7.7x
	Simple average	8.3x	8.2x	7.5x	1.2x	1.1x	1.0x	5.2x	4.9x	4.5x	6.9x	6.7x	6.1x
	Weighted average *	7.5x	7.4x	7.0x	0.8x	0.8x	0.7x	4.5x	4.3x	4.0x	6.4x	6.0x	5.7x
US	Goodyear	6.5x	5.2x	4.5x	0.3x	0.3x		3.1x	3.0x		4.9x	4.6x	
	Cooper Tire	11.8x	8.1x	5.8x	0.3x	0.3x		4.4x	3.3x		8.0x	5.4x	
	Simple average	9.2x	6.6x	5.2x	0.3x	0.3x		3.7x	3.1x		6.5x	5.0x	
	Weighted average *	7.6x	5.8x	4.8x	0.3x	0.3x		3.3x	3.0x		5.5x	4.8x	
ASIA	Bridgestone	11.8x	8.7x	7.8x	0.6x	0.5x	0.5x	4.9x	3.9x	3.4x	9.0x	7.2x	5.8x
	Hankook	13.5x	10.7x	10.3x	1.6x	1.5x	1.3x	10.2x	8.5x	7.1x	14.4x	10.9x	9.1x
	Yokohama	16.1x	7.2x	6.8x	0.6x	0.5x	0.4x	5.9x	4.0x	3.5x			
	Sumitomo	11.0x	7.7x	6.6x	0.7x	0.6x	0.6x	5.6x	4.7x	4.3x	11.0x	8.7x	
	Simple average	13.1x	8.6x	7.9x	0.9x	0.8x	0.7x	6.6x	5.3x	4.6x	11.4x	8.9x	7.5x
	Weighted average *	11.9x	8.0x	7.3x	0.6x	0.6x	0.5x	5.2x	4.1x	3.5x	7.3x	5.8x	4.4x
TOT. WORLD	max	16.1x	11.2x	10.3x	2.4x	2.2x	1.9x	10.2x	8.5x	7.1x	14.4x	10.9x	9.1x
	min	6.5x	5.2x	4.5x	0.3x	0.3x	0.4x	3.1x	3.0x	3.1x	4.9x	4.6x	4.8x
	median	11.3x	7.7x	6.8x	0.6x	0.5x	0.5x	4.9x	3.9x	3.9x	8.5x	6.4x	5.8x
	Simple average	10.6x	8.0x	7.2x	0.8x	0.8x	0.8x	5.5x	4.7x	4.5x	8.5x	7.1x	6.6x
	Weighted average **	9.7x	8.0x	7.3x	0.8x	0.7x	0.6x	5.2x	4.5x	3.8x	7.8x	6.7x	5.1x

\* on peers market capitalization by geographical area

\*\* on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Min	Local currency	€ adjustment	% on cluster
Michelin	€8,520	€8,520	17.3%
Continental	€10,892	€10,892	22.1%
Nokian	€3,445	€3,445	7.0%
Goodyear	\$3,702.00	€2,902	5.9%
Cooper Tire	\$932.97	€731	1.5%
Bridgestone	¥1,414,798	€14,433	29.3%
Yokohama	¥145,262	€1,482	3.0%
Sumitomo	¥243,841	€2,488	5.0%
Hankook	₩6,539,468	€4,422	9.0%
TOT.		€49,315	

