

Pirelli & C. S.p.A. — Milano

# Peers & Markets

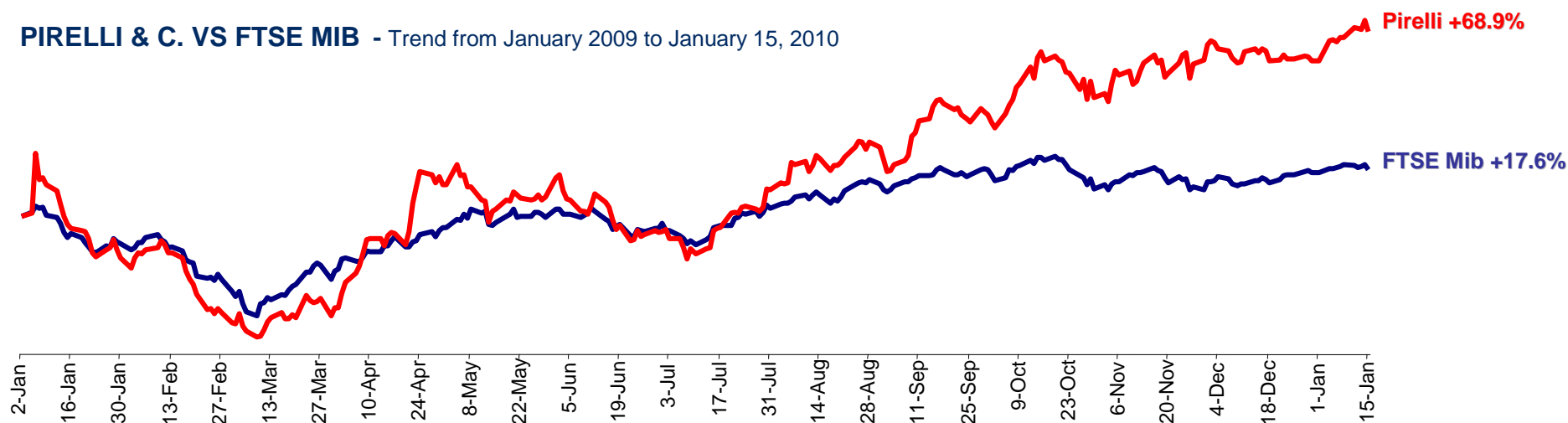
11 January – 15 January 2010



Investor Relations

# Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 2009 to January 15, 2010



	Official Close January 15	Percentage change				Daily average volumes		
		Week 11 Jan - 15 Jan	1 Month	3 Months	Year to date	Week 11 Jan - 15 Jan	1 Month	3 Months
<b>Pirelli &amp; C. Ord.</b>	0.449	1.4	4.9	4.7	6.8	48,034,123	35,371,854	48,670,454
<b>Pirelli &amp; C. Risp.</b>	0.461	(0.5)	2.9	(2.3)	2.3	206,900	318,037	435,557
<b>Pirelli Real Estate</b>	0.510	(4.3)	5.7	(24.9)	(0.4)	3,547,644	4,509,626	9,978,722
<b>FTSE All Share</b>	23902	(1.4)	3.8	(4.0)	1.1	872,456,671	495,834,694	753,431,694
<b>FTSE MIB</b>	23472	(1.4)	3.8	(3.6)	1.0	608,008,600	474,905,814	660,591,748

## Sell side analysts evaluation on Pirelli & C (18/01/2010)

Consensus Target Price: € 0.48

% Buy: 71%

% Sell: 0%

% Hold: 29%

Market Cap: €2,414.4 mln (of which ord. €2,352.3 mln)

# Markets

	Official Close January 15	Percentage change (%)			
		Week 11 Jan - 15 Jan	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	256.440	(1.0)	3.8	3.7	1.3
FTSE MIB	23472.110	(1.4)	3.8	(3.6)	1.0
FTSE 100	5455.370	(1.4)	3.2	4.4	0.8
DAX	5875.970	(2.7)	1.1	0.8	(1.4)
CAC 40	3954.380	(2.2)	3.1	1.8	0.5
IBEX 35	11845.000	(2.6)	0.9	(0.0)	(0.8)
OMX Stockholm	6585.920	(1.6)	5.5	5.5	2.0
OMX Helsinki	11845.000	(2.6)	0.9	(0.0)	(0.8)
<b>UNITED STATES</b>					
DJ Industr. Average	10710.550	(0.1)	1.5	5.4	1.7
S&P 500	1148.460	(0.8)	2.5	3.6	1.9
NASDAQ Composite	2287.990	(1.3)	3.9	5.3	0.8
<b>ASIA</b>					
Nikkei 225 (Giappone)	10982.100	2.8	8.9	7.3	4.1
Hang Seng (HK)	21654.160	(2.9)	(0.7)	(1.6)	(1.0)
All ordinaries (Australia)	4929.517	(0.3)	5.2	1.4	1.0
Strait Times (Singapore)	2908.420	(0.5)	3.9	7.2	0.4
BSE 30 (India)	17554.300	0.1	4.0	2.1	0.5
<b>EMIRATES</b>					
Abu Dhabi	2674.040	(3.9)	(3.6)	(17.5)	(2.5)
Dubai	1673.600	(7.8)	(10.9)	(28.8)	(7.2)
<b>BRAZIL</b>					
Itel (indice TLC)	1536.810	(5.4)	(7.7)	0.5	(5.3)
Bovespa	69801.410	(1.8)	(0.5)	3.4	0.6

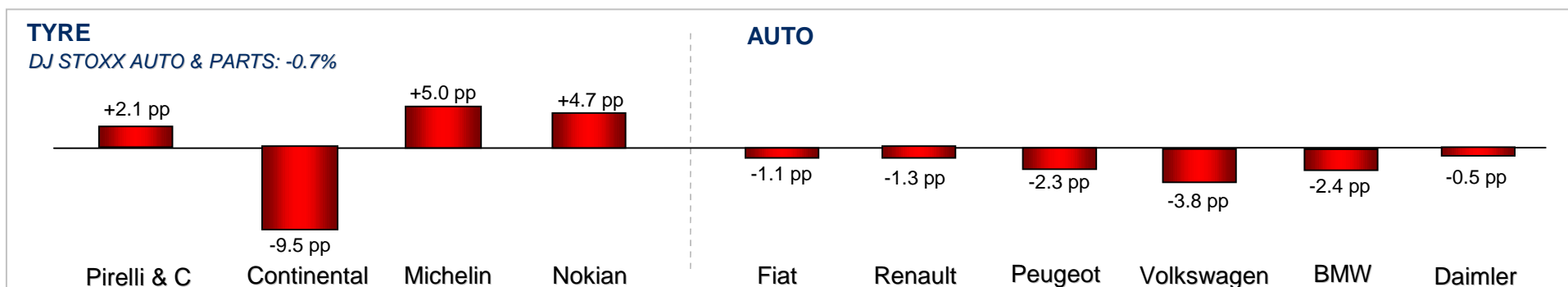
Source: Reuters

	Official Close January 15	Percentage change (%)			
		Week 11 Jan - 15 Jan	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	256.440	(1.0)	3.8	3.7	1.3
Auto	242.230	(0.7)	3.5	(1.2)	2.7
Banks	226.360	(3.7)	3.3	(5.6)	2.3
Basic Resources	519.100	(2.7)	9.7	19.0	4.2
Chemical	451.380	(2.8)	(1.2)	7.8	(2.5)
Construction & Material	282.310	(1.3)	4.7	1.8	1.7
Industrial	392.780	(1.7)	5.8	2.5	2.2
Insurance	154.040	(1.9)	5.3	(6.6)	1.7
Finance	233.410	(2.5)	3.3	(3.3)	0.2
Food & Beverage	302.190	0.8	1.1	11.2	(0.7)
FTSE EPRA Eu Residential	1609.140	(0.1)	4.1	(2.2)	1.3
Media	161.190	0.9	3.7	5.0	1.3
Oil&Gas	339.420	(0.3)	6.3	8.3	2.7
Retail	245.340	1.8	2.2	8.4	1.2
Tech.	191.980	(0.2)	7.7	0.7	4.1
TLC	252.010	(1.6)	(2.6)	0.4	(3.4)
Travel & Leisure	109.590	(0.2)	2.3	4.6	2.7
Utilities	337.080	(2.1)	1.7	5.2	(1.6)
<b>UNITED STATES</b>					
S&P 500	1148.460	(0.8)	2.5	3.6	1.9
Auto	130.010	(0.9)	18.1	38.6	13.4
Banks	227.340	(1.8)	7.4	(7.1)	6.2
Basic Resources	256.480	(5.5)	7.2	9.9	4.1
Chemical	269.11	(1.20)	4.33	3.73	3.50
Construction & Materials	282.800	(1.4)	17.4	0.3	8.6
Industrial	268.070	(0.9)	2.7	5.6	3.6
Food & Beverage	281.340	0.8	1.2	3.5	1.4
Media	264.410	(2.3)	(1.3)	6.8	(0.9)
Oil&Gas	516.300	(1.7)	5.0	(0.9)	3.6
Insurance	243.510	0.0	3.4	(3.0)	2.4
Finance	271.810	(1.4)	4.9	(2.7)	3.2
RE	179.160	(0.6)	1.6	6.0	(0.5)
Retail	179.160	(0.6)	1.6	6.0	(0.5)
Tech.	602.680	(1.4)	3.6	7.0	(0.2)
Tyres	55.510	(4.1)	3.5	(8.5)	5.8
TLC	113.780	(4.1)	(5.3)	2.5	(6.3)
Utilities	149.290	0.7	(1.1)	4.3	0.1

# Pirelli & C. vs Auto & Parts Sector

	Official Close January 15	Percentage change				Daily average volumes		
		Week 11 Jan - 15 Jan	1 Month	3 Months	Year to date	Week 11 Jan - 15 Jan	1 Month	3 Months
<b>EUROPA</b>								
DJ Stoxx Auto	242.230	(0.7)	3.5	(1.2)	2.7			
<b>TYRE</b>								
Pirelli & C	0.449	1.4	4.9	4.7	6.8	48,034,123	35,371,854	48,670,454
Continental	40.690	(10.2)	9.2	(0.9)	11.7	1,378,654	426,252	348,482
Michelin	60.020	4.3	12.2	5.5	12.0	1,014,957	609,412	778,002
Nokian	18.250	4.0	10.5	8.6	7.4	840,866	662,306	667,805
<b>AUTO</b>								
Fiat	10.670	(1.8)	3.5	(3.9)	4.1	19,266,064	18,390,029	31,522,082
Renault	38.605	(2.0)	8.0	7.0	6.6	2,345,961	1,977,582	2,579,830
Peugeot	25.700	(3.0)	8.3	8.4	8.6	1,919,561	1,604,240	2,175,075
Volkswagen	72.640	(4.5)	(9.7)	(39.1)	(5.7)	263,408	559,009	503,997
BMW	31.630	(3.1)	0.1	(5.8)	(0.5)	2,633,978	1,990,137	2,469,103
Daimler	36.490	(1.2)	0.4	4.0	(2.0)	5,273,966	4,484,994	5,977,111
<b>USA</b>								
<b>TYRE</b>								
Goodyear	15.190	7.8	7.7	(14.9)	146.6	4,052,122	5,705,239	5,339,556
Cooper	20.620	1.1	8.0	21.5	3.9	965,569	704,308	1,074,781
<b>AUTO</b>								
Ford	11.760	(0.8)	23.5	51.4	16.0	18,406,060	12,971,607	13,185,938
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1495.0	(3.4)	(4.2)	(4.8)	(8.1)	6,808,040	3,957,390	3,329,424
Sumitomo	1106.0	(0.3)	(2.9)	(2.0)	(3.1)	1,725,260	1,380,660	1,195,764
Toyo	182.0	5.8	13.8	(2.2)	5.8	1,012,400	1,126,100	1,574,033
Yokohama	382.0	(1.0)	0.3	(8.0)	(6.1)	2,389,400	1,916,400	1,535,067
Hankook	22000.0	(6.0)	(10.8)	(1.8)	(13.7)	926,857	895,297	977,710
Khumo	3290.0	(2.7)	(35.9)	(41.8)	(8.7)	1,439,240	1,517,407	754,983
<b>AUTO</b>								
Toyota	4200.0	9.1	13.5	16.0	8.2	12,920,420	8,725,863	8,464,109
Nissan	801.0	1.4	10.5	18.3	(1.1)	21,207,420	20,753,323	20,051,197

## EUROPE: WEEKLY TREND 11/01/2010 – 15/01/2010 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



Source: Reuters

# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 18/01/2010

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 18-Jan-10																	
		P/E				EV/SALES				EV/EBITDA				EV/EBIT			
		2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
EUROPA	Michelin	35.2x	13.9x	10.1x	13.8x	0.8x	0.8x	0.7x	0.7x	7.3x	5.7x	4.6x	4.6x	19.2x	10.8x	7.9x	10.1x
	Continental		22.1x	10.3x	11.3x	0.9x	0.8x	0.7x	0.7x	9.4x	6.4x	5.1x	5.2x		16.2x	10.7x	10.8x
	Nokian	39.4x	18.8x	14.0x		3.0x	2.6x	2.2x		14.3x	10.0x	8.0x		22.1x	13.6x	10.5x	
	Simple average	37.3x	18.3x	11.4x	12.6x	1.6x	1.4x	1.2x	0.7x	10.3x	7.3x	5.9x	4.9x	20.7x	13.6x	9.7x	10.5x
	Weighted average *	21.0x	17.9x	10.6x	11.1x	1.1x	1.0x	0.9x	0.6x	9.0x	6.5x	5.2x	4.3x	11.6x	13.4x	9.4x	9.2x
US	Goodyear		19.3x	9.2x		0.4x	0.4x	0.4x		8.2x	4.9x	3.9x		39.0x	9.0x	5.9x	
	Cooper Tire	11.3x	9.4x	7.0x		0.5x	0.4x			4.6x	3.8x			7.8x	6.0x		
	Simple average	11.3x	14.3x	8.1x		0.5x	0.4x	0.4x		6.4x	4.3x	3.9x		23.4x	7.5x	5.9x	
	Weighted average *	2.9x	16.7x	8.6x		0.4x	0.4x	0.3x		7.3x	4.6x	2.9x		31.0x	8.2x	4.4x	
ASA	Bridgestone	236.0x	22.0x	15.4x	14.5x	0.7x	0.6x	0.6x	0.5x	7.0x	5.8x	5.1x	4.3x	25.3x	14.1x	10.4x	10.6x
	Yokohama		18.2x	13.8x	9.4x	0.6x	0.6x	0.5x	0.5x	8.1x	5.9x	5.7x	4.9x	55.9x	16.0x	12.3x	9.8x
	Sumitomo	31.2x	15.3x	11.4x	10.9x	0.8x	0.8x	0.7x	0.7x	7.3x	6.7x	6.0x	6.3x	16.7x	12.1x	10.1x	13.4x
	Simple average	133.6x	18.5x	13.6x	11.6x	0.7x	0.7x	0.6x	0.5x	7.4x	6.1x	5.6x	5.1x	32.6x	14.1x	11.0x	11.3x
	Weighted average *	188.8x	20.8x	14.7x	13.6x	0.7x	0.6x	0.6x	0.5x	7.1x	6.0x	5.3x	4.6x	26.7x	14.0x	10.6x	10.9x
TOT. WORLD	max	236.0x	22.1x	15.4x	14.5x	3.0x	2.6x	2.2x	0.7x	14.3x	10.0x	8.0x	6.3x	55.9x	16.2x	12.3x	13.4x
	min	11.3x	9.4x	7.0x	9.4x	0.4x	0.4x	0.4x	0.5x	4.6x	3.8x	3.9x	4.3x	7.8x	6.0x	5.9x	9.8x
	median	35.2x	18.5x	10.9x	11.3x	0.7x	0.7x	0.7x	0.7x	7.7x	5.9x	5.1x	4.9x	22.1x	12.9x	10.4x	10.6x
	Simple average	70.6x	17.4x	11.4x	12.0x	1.0x	0.9x	0.8x	0.6x	8.3x	6.1x	5.5x	5.0x	26.6x	12.2x	9.7x	10.9x
	Weighted average *	77.9x	18.3x	11.5x	10.5x	0.9x	0.8x	0.7x	0.5x	7.9x	5.9x	4.8x	3.8x	17.2x	12.6x	8.9x	8.6x

\* on peers market capitalization by geographical area

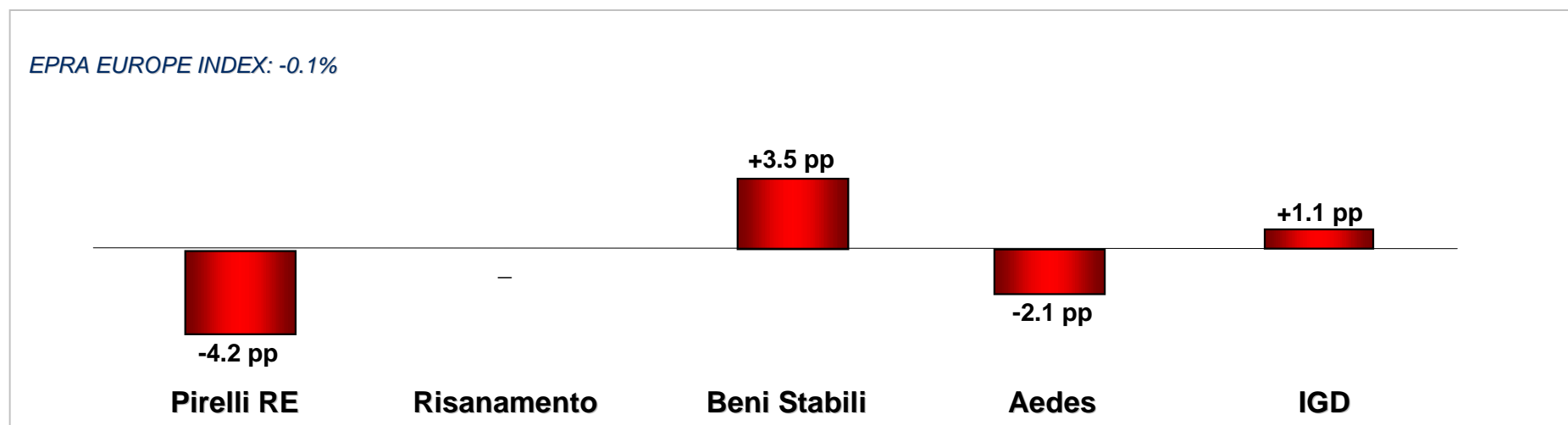
\*\* on tyre sector market capitalization

WORLD TYRE MARKET CAP				
Mln	Local currency	€ adjustment	% on cluster	% on geographical Area
Michelin	€8,341	€8,341	25.2%	46.1%
Continental	€7,563	€7,563	22.8%	41.8%
Nokian	€2,199	€2,199	6.6%	12.1%
Goodyear	\$ 3,833	€2,530	7.6%	74.3%
Cooper Tire	\$ 1,261	€877	2.6%	25.7%
Bridgestone	¥1,258,682	€9,073	27.4%	78.2%
Yokohama	¥126,761	€969	2.9%	8.4%
Sumitomo	¥204,121	€1,560	4.7%	13.4%
TOT.		€33,112		

# Pirelli & C. RE vs Real Estate Sector

	Official Close January 15	Percentage change				Daily average volumes		
		Week 11 Jan - 15 Jan	1 Month	3 Months	Year to date	Week 11 Jan - 15 Jan	1 Month	3 Months
Pirelli RE	0.510	(4.3)	5.7	(24.9)	(0.4)	3,547,644	4,509,626	9,978,722
Tecla	423.000	(1.1)	0.7	(1.9)	0.2	44.80	23.87	26.53
Olinda	348.000	7.1	12.6	4.8	7.1	251.00	172.63	142.94
<b>ITALIA</b>								
Epra Europe	1608.330	(0.1)	4.1	(2.2)	1.3			
Boni Stabili	0.610	3.4	6.3	(6.1)	6.1	1,531,455	1,333,819	1,590,753
Aedes	0.209	(2.2)	1.3	(16.5)	2.1	1,415,716	2,151,150	7,945,618
Bastogi	2.158	(0.6)	7.3	(6.6)	2.5	6,945	24,467	19,466
Brioschi	0.205	(2.3)	11.6	(9.8)	(5.9)	201,094	1,008,596	1,253,204
Gabetti	0.629	(1.6)	8.8	(25.1)	0.2	93,203	263,448	505,922
IGD	1.574	1.0	1.9	2.2	1.0	362,653	354,069	449,929
Risanamento	0.420	(0.1)	3.2	(26.3)	(0.2)	498,736	845,106	3,100,380

## WEEKLY TREND 11/01/2010 – 15/01/2010 REAL ESTATE STOCK vs EPRA EUROPE INDEX



Source: Reuters