

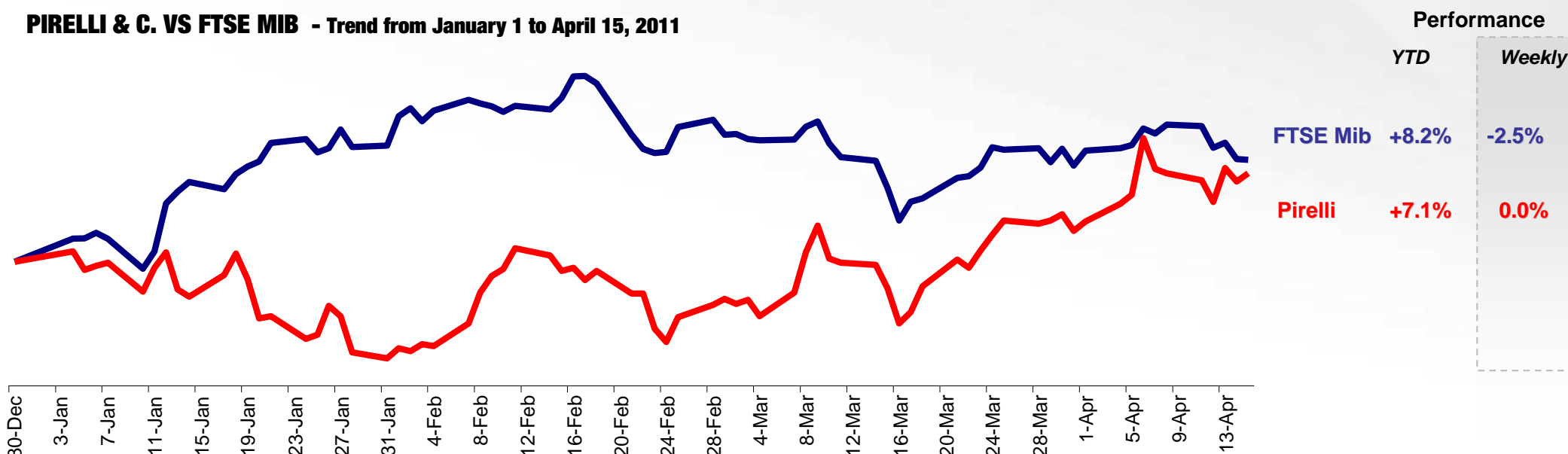


# PEERS & MARKETS

11 April – 15 April 2011

# Pirelli on the Stock Market

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



Performance  
YTD Weekly

FTSE Mib +8.2% -2.5%  
Pirelli +7.1% 0.0%

	Official Close 15 April	Percentage change				Daily average volumes		
		1 Week 11 Apr - 15 Apr	1 Month	3 Months	Year to date	1 Week 11 Apr - 15 Apr	1 Month	3 Months
Pirelli & C. Ord.	6.480	0.0	9.5	10.2	7.1	3,926,708	4,111,322	3,399,338
Pirelli & C. Risp.	5.925	(0.8)	6.8	5.6	5.6	57,592	37,984	26,437
Pirelli Real Estate	0.537	(3.8)	2.2	17.1	20.3	3,668,850	3,944,151	6,142,605
FTSE All Share	22546	(2.4)	2.5	1.8	7.7	1,097,691,744	1,230,261,895	1,112,135,963
FTSE MIB	21821	(2.5)	2.1	1.7	8.2	825,457,571	1,013,374,800	897,882,877

Sell side analysts evaluation on Pirelli & C (18/04/2011)

Consensus Target Price: € 7.55

% Buy: 82%

% Sell: 4%

% Hold: 14%

Market Cap: €3,158.1 mln (of which ord. €3,085.2 mln)

Source: Reuters



# Markets

	Official Close 15 April	Percentage change (%)			
		1 Week 11 Apr - 15 Apr	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	277.780	(1.4)	4.3	(2.1)	0.7
FTSE MIB	21821.260	(2.5)	2.1	1.7	8.2
FTSE 100	5996.010	(1.0)	5.3	(0.1)	1.6
DAX	7178.290	(0.5)	8.0	1.4	3.8
CAC 40	3974.480	(2.2)	5.1	(0.2)	4.5
IBEX 35	10558.600	(3.2)	2.2	1.7	7.1
OMX Stockholm	7384.300	(2.5)	4.0	(6.0)	(3.6)
FTSE ATHEX	1507.970	(4.7)	(9.6)	(1.3)	0.7
<b>UNITED STATES</b>					
DJ Industr. Average	12285.150	(0.3)	4.1	4.7	6.6
S&P 500	1314.520	(0.6)	2.9	2.0	4.9
NASDAQ Composite	2764.650	(0.6)	3.6	0.3	4.2
<b>ASIA</b>					
SSE Composite (Cina)	3050.526	0.7	5.3	9.3	8.6
Nikkei 225 (Giappone)	9591.520	(1.8)	11.5	(8.6)	(6.2)
Hang Seng (HK)	24008.070	(1.6)	5.9	(1.1)	4.2
All ordinaries (Australia)	4939.252	(1.9)	7.1	0.6	1.9
Strait Times (Singapore)	3153.300	(1.1)	7.0	(2.9)	(1.2)
BSE 30 (India)	19386.820	(1.1)	6.7	2.8	(5.5)
<b>EMIRATES</b>					
Abu Dhabi	2698.150	3.4	4.4	0.3	(0.8)
Dubai	1648.440	5.0	12.0	2.5	1.1
<b>LATAM</b>					
Bovespa (Brasile)	66278.890	(3.0)	(0.5)	(6.0)	(3.8)
IPC (Messico)	37069.960	(1.3)	2.7	(2.6)	(4.1)
Merval (Argentina)	3381.570	(2.8)	3.6	(4.5)	(4.0)

Source: Reuters

	Official Close 15 April	Percentage change (%)			
		1 Week 11 Apr - 15 Apr	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	277.780	(1.4)	4.3	(2.1)	0.7
Auto	330.230	(2.7)	5.8	(9.6)	(3.2)
Banks	201.240	(3.2)	(0.7)	(5.7)	2.5
Basic Resources	595.040	(4.5)	6.2	(6.2)	(6.3)
Chemical	581.650	(0.3)	10.7	3.4	2.4
Construction & Material	291.690	(2.1)	6.2	2.4	3.2
Industrial	496.660	(2.2)	5.9	(0.2)	1.7
Insurance	169.810	(2.6)	5.0	3.2	9.9
Finance	270.160	(1.2)	4.0	(4.5)	0.8
Food & Beverage	359.440	2.5	8.6	1.2	(1.3)
FTSE EPRA Eu Residential	1775.650	(1.0)	4.2	2.5	2.8
Media	178.350	(2.2)	1.1	(3.9)	(1.4)
Oil&Gas	342.420	(4.1)	1.8	(2.6)	3.0
Retail	261.180	0.7	5.9	(3.9)	(2.9)
Tech.	223.480	(2.3)	4.3	(1.4)	3.5
TLC	280.030	(0.2)	3.6	1.3	4.1
Travel & Leisure	124.300	1.7	2.8	(10.2)	(7.1)
Utilities	321.570	(0.3)	5.5	0.4	2.9
<b>UNITED STATES</b>					
S&P 500	1314.520	(0.6)	2.9	2.0	8.9
Auto	168.500	(3.3)	(1.4)	(18.1)	8.5
Banks	227.270	(3.5)	(2.6)	(7.9)	(14.0)
Basic Resources	302.300	(4.8)	3.3	(1.0)	15.3
Chemical	363.85	(1.48)	5.62	6.26	26.79
Construction & Materials	257.230	(0.4)	(1.3)	(10.2)	(11.3)
Industrial	338.260	(0.6)	3.9	4.2	15.6
Food & Beverage	322.770	2.1	6.0	4.9	13.6
Media	357.560	(0.0)	2.6	8.6	19.4
Oil&Gas	652.480	(3.1)	3.4	9.0	26.7
Insurance	279.630	(1.2)	2.1	0.9	4.5
Finance	291.870	(1.5)	0.8	(2.4)	(3.5)
RE	228.890	2.2	3.1	5.6	16.0
Retail	228.890	2.2	3.1	5.6	16.0
Tech.	676.140	(1.1)	0.8	(3.6)	5.8
Tyres	57.350	1.2	0.3	19.2	8.2
TLC	136.550	0.1	7.5	5.4	20.4
Utilities	156.490	0.0	2.9	1.6	8.3



# Pirelli & C. vs Auto & Parts Sector

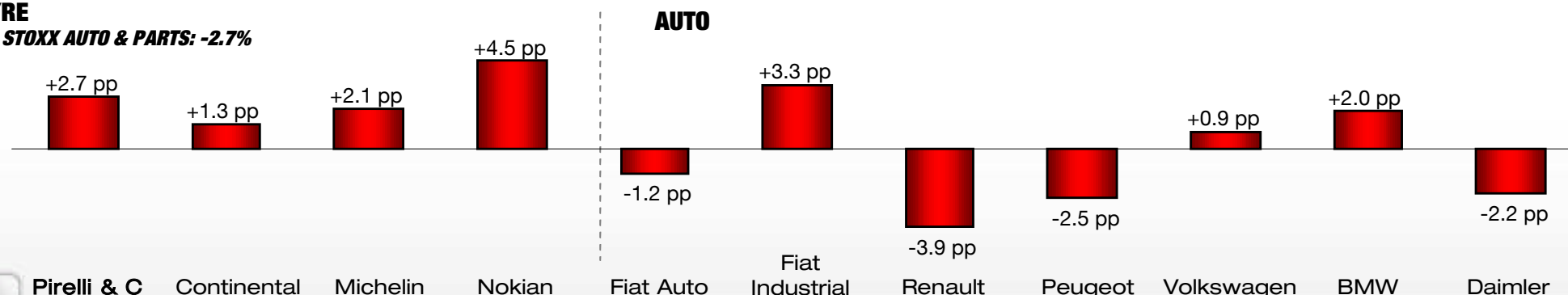
	Official Close April 15	Percentage change				Daily average volumes		
		Week 11 Apr - 15 Apr	1 Month	3 Months	Year to date	Week 11 Apr - 15 Apr	1 Month	3 Months
<b>EUROPA</b>								
DJ Stoxx Auto	355.490	(2.7)	5.8	(9.6)	(3.2)			
<b>TYRE</b>								
Pirelli & C	6.140	0.0	9.5	10.2	7.1	3,926,708	4,111,322	3,399,338
Continental	62.210	(1.4)	4.8	3.2	3.7	610,580	683,333	546,646
Michelin	54.490	(0.6)	3.5	14.5	13.0	863,596	1,118,542	1,107,964
Nokian	25.810	1.8	20.7	20.4	21.5	597,138	662,622	689,505
<b>AUTO</b>								
Fiat	14.550	(3.9)	6.3	(20.7)	(5.3)	20,215,007	23,793,149	27,101,241
Renault	44.020	(6.6)	(0.9)	(23.6)	(14.4)	2,197,796	2,564,543	2,104,150
Peugeot	30.445	(5.2)	2.4	(15.8)	(4.2)	1,195,961	1,610,456	1,652,278
Volkswagen	114.900	(1.8)	(0.3)	(10.8)	(1.3)	177,641	178,532	194,042
BMW	62.520	(0.7)	7.1	(1.4)	(1.2)	2,523,422	3,000,846	2,832,826
Daimler	54.870	(4.9)	9.3	(11.6)	(2.5)	17,558,266	8,361,573	6,202,704
<b>USA</b>								
<b>TYRE</b>								
Goodyear	11.350	1.0	1.3	24.9	27.8	6,272,107	6,839,432	6,392,461
Cooper	23.220	1.6	(2.0)	7.5	6.2	385,118	668,559	748,341
<b>AUTO</b>								
Ford	16.760	(4.0)	0.3	(21.1)	(12.4)	9,528,052	10,392,062	10,974,159
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1669.0	(2.8)	8.2	9.1	8.8	3,391,440	5,256,227	4,879,844
Sumitomo	1174.0	(0.9)	16.3	(1.4)	(0.1)	591,100	1,530,577	1,634,201
Toyo	187.0	2.6	9.6	(4.0)	(1.0)	1,037,000	1,116,367	1,139,989
Yokohama	438.0	1.0	18.7	(5.4)	(4.8)	1,967,200	2,270,567	1,874,922
Hankook	32550.0	17.7	17.2	29.5	26.6	1,351,344	993,194	770,848
Khumo	16450.0	(1.0)	(3.0)	(6.9)	6.5	239,195	292,678	274,349
<b>AUTO</b>								
Toyota	3230.0	(3.0)	5.7	(8.7)	0.6	9,041,100	12,145,260	10,175,657
Nissan	814.0	1.3	3.6	(14.5)	(6.5)	25,064,640	27,221,953	19,959,424

Source: Reuters

## EUROPE: WEEKLY TREND 11/04/2011 – 15/04/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

### TYRE

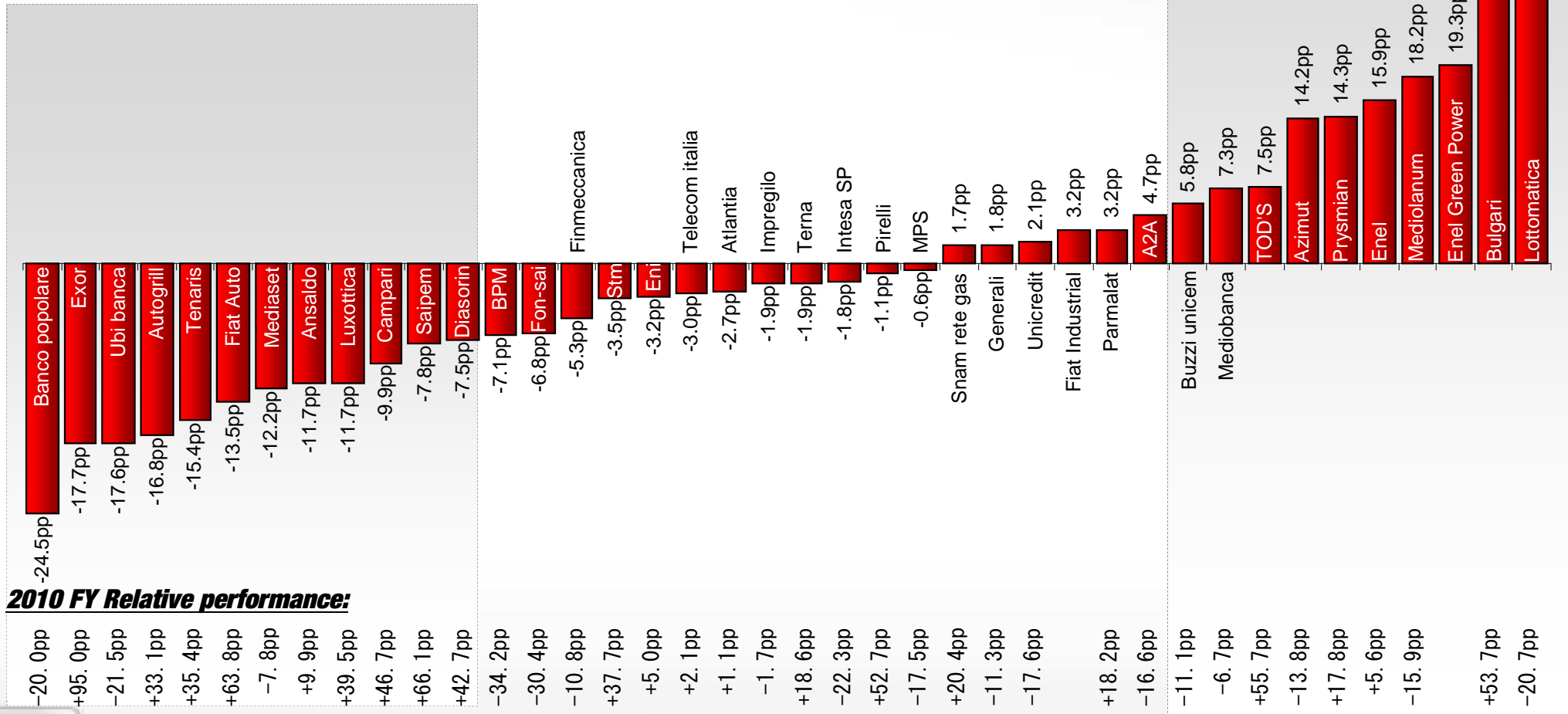
DJ STOXX AUTO & PARTS: -2.7%



# Pirelli vs FTSE Mib relative performance (YTD)

**FTSE Mib (YTD): +8.2%**

Performance from January 1 to April 15, 2011



**2010 FY Relative performance:**

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



# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 18/04/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 18-Apr-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	9,6x	8,1x	7,2x	0,6x	0,6x	0,5x	4,6x	4,1x	3,7x	7,3x	6,3x	5,6x
	Continental	9,9x	7,8x	7,8x	0,7x	0,6x	0,6x	4,7x	4,1x	4,1x	7,5x	6,2x	6,2x
	Nokian	16,6x	14,0x	12,4x	3,2x	2,7x	2,4x	10,7x	9,1x	7,9x	12,9x	10,8x	8,9x
	Simple average	12,1x	10,0x	9,1x	1,5x	1,3x	1,2x	6,7x	5,8x	5,2x	9,2x	7,8x	6,9x
	Weighted average *	10,9x	8,9x	8,3x	1,1x	0,9x	0,9x	5,6x	4,9x	4,5x	8,3x	7,0x	6,4x
US	Goodyear	29,1x	7,2x	5,4x	0,3x	0,3x		4,8x	3,7x		8,2x	5,5x	
	Cooper Tire	10,1x	8,6x		0,4x	0,3x		4,0x	3,2x		6,2x	4,8x	
	Simple average	19,6x	7,9x		0,4x	0,3x		4,4x	3,5x		7,2x	5,2x	
	Weighted average *	23,5x	7,6x		0,3x	0,3x		4,5x	3,6x		7,6x	5,3x	
ASIA	Bridgestone	14,6x	10,3x	9,1x	0,6x	0,5x	0,5x	5,3x	4,3x	3,8x	10,8x	8,5x	
	Hankook	12,9x	11,4x	10,7x	1,5x	1,3x	1,1x	9,2x	8,1x	7,2x	12,9x	10,8x	9,7x
	Yokohama	10,7x	11,3x	8,5x	0,5x	0,5x	0,5x	5,2x	5,5x	4,6x	10,2x	12,4x	10,8x
	Sumitomo	13,0x	9,0x	8,2x	0,7x	0,6x	0,6x	5,9x	4,7x	4,5x	10,0x	7,7x	
	Simple average	12,8x	10,5x	9,1x	0,8x	0,8x	0,7x	6,4x	5,7x	5,0x	11,0x	9,9x	10,2x
	Weighted average *	12,3x	9,5x	8,2x	0,6x	0,5x	0,5x	5,0x	4,4x	3,8x	9,7x	8,4x	2,5x
TOT. WORLD	max	29,1x	14,0x	12,4x	3,2x	2,7x	2,4x	10,7x	9,1x	7,9x	12,9x	12,4x	10,8x
	min	9,6x	7,2x	5,4x	0,3x	0,3x	0,5x	4,0x	3,2x	3,7x	6,2x	4,8x	5,6x
	median	12,9x	9,0x	8,4x	0,6x	0,6x	0,6x	5,2x	4,3x	4,5x	10,0x	7,7x	8,9x
	Simple average	14,1x	9,8x	8,7x	0,9x	0,8x	0,9x	6,0x	5,2x	5,1x	9,5x	8,1x	8,3x
	Weighted average **	12,9x	9,4x	8,3x	0,9x	0,8x	0,7x	5,8x	4,9x	4,2x	9,3x	7,7x	4,6x

\* on peers market capitalization by geographical area

\*\* on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Min	Local currency	€ adjustment	% on cluster
	Michelin	€10.706	21,6%
	Continental	€12.354	24,9%
	Nokian	€4.354	8,8%
	Goodyear	\$3.681,09	5,2%
	Cooper Tire	\$1.546,03	2,2%
	Bridgestone	¥1.377.395	23,4%
	Yokohama	¥136.697	2,3%
	Sumitomo	¥223.061	3,8%
	Hankook	₩6.044.630	7,8%
*	TOT.	€49.524	

