

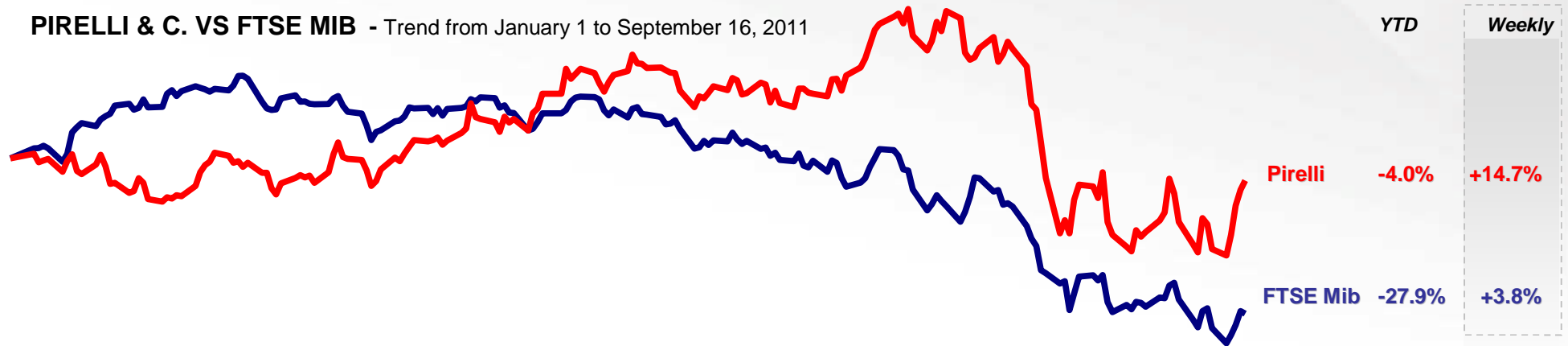


# **PEERS & MARKETS**

**12 September – 16 September 2011**

# Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to September 16, 2011



	Official Close 16 September	Percentage change				Daily average volumes		
		1 Week 12 - 16 Sep	1 Month	3 Months	Year to date	1 Week 12 - 16 Sep	1 Month	3 Months
Pirelli & C. Ord.	5.810	14.7	3.4	(14.1)	(4.0)	6,488,499	6,094,120	4,552,635
Pirelli & C. Risp.	4.262	6.9	(1.0)	(24.3)	(24.0)	14,346	14,251	19,990
Pirelli Real Estate	0.238	(11.7)	(14.0)	(51.9)	(46.7)	10,470,046	6,444,216	4,572,758
FTSE All Share	15450	3.6	(6.5)	(25.0)	(26.2)	1,381,198,231	1,177,270,486	1,225,236,158
FTSE MIB	14547	3.8	(7.6)	(26.7)	(27.9)	1,250,733,943	1,062,613,090	1,091,140,525

## Sell side analysts evaluation on Pirelli & C (19/09/2011)

Consensus Target Price: € 8.45

Buy: 88%

% Sell: 4%

% Hold: 8%

Market Cap: €2,727.4 mln (of which ord. €2,673.7 mln)



Source: Reuters

# Markets

	Official Close 16 Sep	Percentage change (%)			
		1 Week 12 Aug - 16 Sep	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	230.160	2.5	(3.1)	(13.7)	(16.6)
FTSE MIB	14547.380	3.8	(7.6)	(26.7)	(27.9)
FTSE 100	5368.410	2.9	0.2	(5.8)	(9.0)
DAX	5573.510	7.4	(7.0)	(21.6)	(19.4)
CAC 40	3031.080	1.9	(6.2)	(20.1)	(20.3)
IBEX 35	8388.400	6.0	(3.3)	(15.4)	(14.9)
OMX Stockholm	5525.070	2.8	(1.7)	(15.4)	(27.9)
FTSE ATHEX	838.810	(1.5)	(15.4)	(30.9)	(44.0)
<b>UNITED STATES</b>					
DJ Industr. Average	11433.180	4.7	0.9	(3.8)	(0.6)
S&P 500	1353.220	3.5	5.3	1.5	7.6
NASDAQ Composite	2622.310	6.3	3.9	(0.1)	(1.2)
<b>ASIA</b>					
SSE Composite (Cina)	2482.343	(0.7)	(4.8)	(6.8)	(11.6)
Nikkei 225 (Giappone)	8668.860	1.4	(2.7)	(5.8)	(13.3)
Hang Seng (HK)	19455.310	(3.0)	(3.7)	(11.4)	(15.5)
All ordinaries (Australia)	4229.876	(1.1)	(2.0)	(7.0)	(12.7)
Strait Times (Singapore)	2789.040	(1.3)	(1.5)	(7.7)	(12.6)
BSE 30 (India)	16933.830	0.4	1.2	(5.8)	(17.4)
<b>EMIRATES</b>					
Abu Dhabi	2570.820	(0.9)	(0.9)	(6.1)	(5.3)
Dubai	1471.580	(0.9)	(0.2)	(8.4)	(10.0)
<b>LATAM</b>					
Bovespa (Brasile)	57210.110	2.6	5.3	(6.0)	(17.5)
IPC (Messico)	35181.440	1.4	3.8	(0.4)	(8.7)
Merval (Argentina)	2750.330	(0.1)	(7.8)	(15.0)	(21.9)

Source: Reuters

	Official Close 16 Sep	Percentage change (%)			
		1 Week 12 Sep - 16 Sep	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	230.160	2.5	(3.1)	(13.7)	(16.6)
Auto	273.660	9.9	(5.4)	(20.0)	(19.8)
Banks	131.610	3.9	(11.9)	(27.9)	(33.0)
Basic Resources	462.150	1.7	(1.6)	(14.2)	(27.2)
Chemical	470.380	3.0	(7.0)	(19.5)	(17.2)
Construction & Material	213.870	3.2	(5.4)	(21.8)	(24.3)
Industrial	385.600	4.9	(4.3)	(20.3)	(21.0)
Insurance	123.610	4.6	(8.1)	(22.2)	(20.0)
Finance	222.520	2.0	(1.0)	(12.6)	(17.0)
Food & Beverage	341.200	(0.3)	(3.6)	(5.8)	(6.3)
FTSE EPRA Eu Residential	1476.280	(1.9)	(2.9)	(17.3)	(14.5)
Media	150.290	1.6	(0.6)	(12.6)	(16.9)
Oil&Gas	295.350	2.7	2.0	(7.0)	(11.2)
Retail	230.750	2.9	(1.1)	(9.2)	(14.2)
Tech.	186.690	2.4	2.3	(11.2)	(13.5)
TLC	238.500	1.5	(2.8)	(6.6)	(11.3)
Travel & Leisure	107.870	2.4	0.1	(10.3)	(19.4)
Utilities	259.430	5.7	0.8	(14.0)	(17.0)
<b>UNITED STATES</b>					
S&P 500	1353.220	3.5	5.3	1.5	27.6
Auto	125.940	5.6	(6.2)	(15.6)	(9.2)
Banks	168.200	6.3	(0.8)	(17.1)	(19.9)
Basic Resources	250.780	1.1	0.3	(6.7)	4.1
Chemical	324.52	5.59	0.84	(6.43)	12.51
Construction & Materials	194.970	2.2	(3.7)	(21.2)	(17.2)
Industrial	289.850	6.3	1.8	(9.7)	7.1
Food & Beverage	326.840	3.2	1.7	0.7	13.6
Media	322.530	7.2	1.7	(6.5)	13.1
Oil&Gas	573.900	4.3	(1.0)	(6.4)	23.2
Insurance	236.070	4.9	(0.7)	(9.8)	(7.4)
Finance	241.040	5.6	0.1	(10.9)	(8.4)
RE	217.090	3.7	0.4	(3.8)	5.3
Retail	217.090	3.7	0.4	(3.8)	5.3
Tech.	644.850	7.1	2.8	1.8	11.7
Tyres	37.800	2.5	(17.7)	(28.9)	(10.9)
TLC	127.550	4.4	1.9	(4.3)	5.4
Utilities	163.580	4.5	4.2	2.8	10.9



# Pirelli & C. vs Auto & Parts Sector

	Official Close 16 Sep	Percentage change				Daily average volumes		
		1 Week 12 - 16 Jul	1 Month	3 Months	Year to date	1 Week 12 - 16 Jul	1 Month	3 Months
<b>EUROPA</b>								
DJ Stoxx Auto	273.660	9.9	(5.4)	(20.0)	(19.8)			
<b>TYRE</b>								
Pirelli & C	5.810	14.7	3.4	(14.1)	(4.0)	6,488,499	6,094,120	4,552,635
Continental	47.900	10.3	(10.8)	(29.6)	(19.0)	1,074,039	897,083	740,304
Michelin	48.410	7.4	(6.0)	(22.8)	(9.9)	1,551,191	1,352,268	1,176,027
Nokian	24.680	4.1	(4.3)	(24.0)	(10.1)	1,235,041	1,393,956	884,175
<b>AUTO</b>								
Fiat Auto	15.430	11.2	(17.0)	(41.4)	(38.4)	53,853,642	46,369,922	30,333,076
Renault	27.440	12.5	(5.8)	(25.5)	(36.9)	2,446,275	2,435,736	2,082,799
Peugeot	18.450	8.5	(12.5)	(36.0)	(35.1)	2,836,832	2,900,677	2,212,154
Volkswagen	104.300	8.9	(3.6)	(11.5)	(1.5)	224,220	254,475	199,492
BMW	57.180	10.6	(2.9)	(9.9)	(2.8)	5,217,108	4,722,576	3,443,106
Daimler	36.395	12.5	(4.4)	(22.5)	(28.3)	10,573,716	9,123,729	6,489,517
<b>USA</b>								
<b>TYRE</b>								
Goodyear	11.090	2.9	(19.2)	(24.8)	(6.4)	8,674,360	9,317,949	7,613,067
Cooper	11.070	1.3	(10.8)	(41.4)	(53.1)	1,172,647	1,356,947	996,983
<b>AUTO</b>								
Ford	10.630	5.6	(5.3)	(17.2)	(36.7)	8,121,528	11,371,337	10,410,552
			(12.5)	(20.9)	(38.7)			
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1718.0	2.2	2.3	(1.2)	11.7	3,119,700	4,020,970	3,544,687
Sumitomo	977.0	(0.6)	2.9	3.0	14.5	1,358,800	1,591,980	1,365,843
Toyo	185.0	3.2	(7.2)	(4.9)	(1.5)	224,200	443,100	635,278
Yokohama	419.0	2.8	3.1	0.2	4.0	1,091,800	1,610,267	1,592,278
Hankook	38250.0	2.8	(4.6)	(11.0)	20.5	770,071	859,922	885,351
Khumo	12850.0	3.6	(4.1)	(16.6)	(7.2)	245,741	352,753	470,219
<b>AUTO</b>								
Toyota	2690.0	2.0	(5.7)	(14.4)	(15.1)	6,913,240	10,372,967	8,158,800
Nissan	666.0	3.3	(4.3)	(13.2)	(10.9)	19,351,640	23,865,473	20,362,483

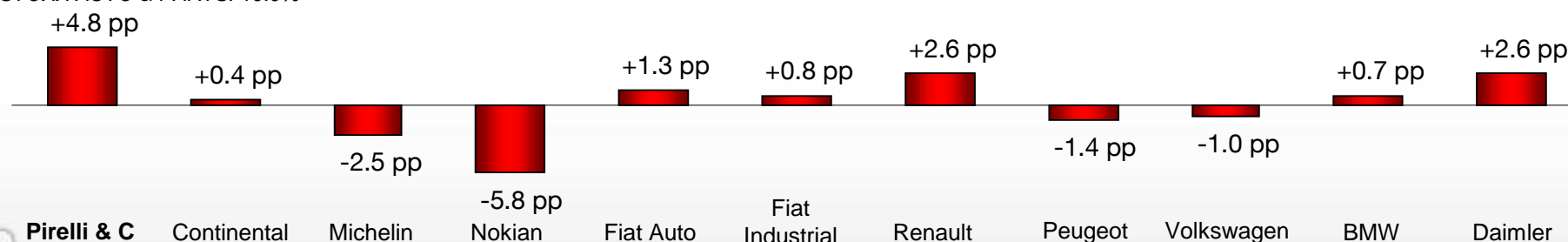
Source: Reuters

## EUROPE: WEEKLY TREND 12/09/2011 – 16/09/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

### TYRE

DJ STOXX AUTO & PARTS: +9.9%

### AUTO



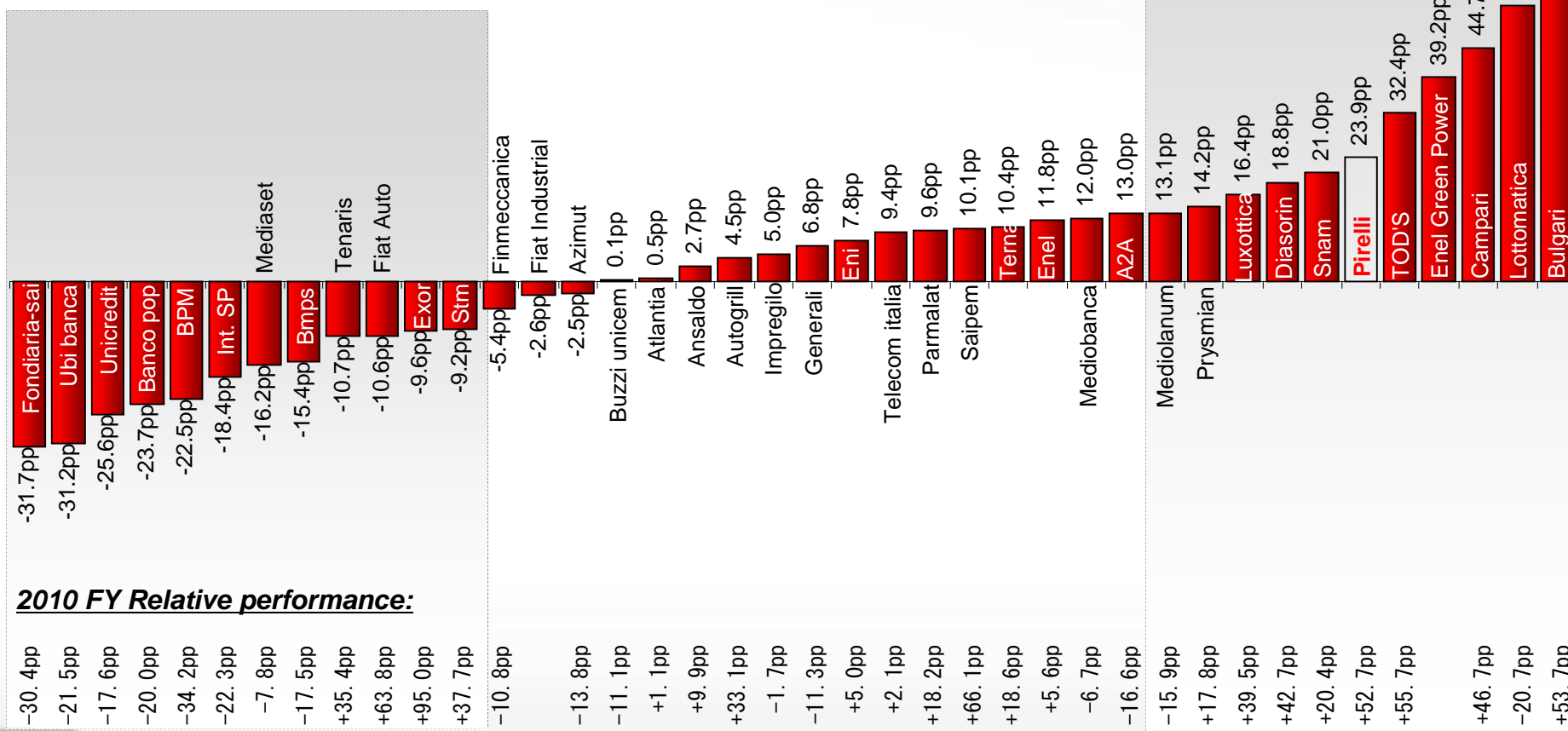
Pirelli Investor Relations - 19.09.2011



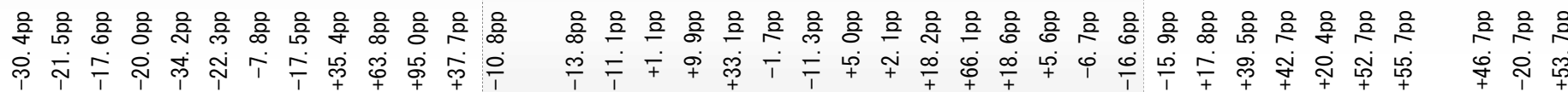
# Pirelli vs FTSE Mib relative performance (YTD)

Performance from January 1 to September 16, 2011

FTSE Mib (YTD): -27.9%



## 2010 FY Relative performance:



# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 19/09/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 19-Sep-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	6.6x	6.1x	5.5x	0.5x	0.5x	0.4x	3.6x	3.3x	2.9x	5.5x	5.0x	4.5x
	Continental	6.1x	5.6x	5.6x	0.5x	0.5x	0.5x	3.8x	3.3x	3.3x	5.6x	4.6x	4.6x
	Nokian	10.4x	9.7x	8.3x	2.2x	1.9x	1.6x	6.9x	6.4x	5.4x	8.2x	7.6x	6.3x
	Simple average	7.7x	7.1x	6.4x	1.1x	1.0x	0.8x	4.8x	4.3x	3.9x	6.4x	5.7x	5.1x
	Weighted average *	6.9x	6.4x	5.9x	0.8x	0.7x	0.6x	4.2x	3.8x	3.5x	5.9x	5.2x	4.8x
US	Goodyear	6.6x	4.6x	3.6x	0.2x	0.2x		3.1x	2.7x		5.2x	4.2x	
	Cooper Tire	7.8x	5.7x		0.2x	0.2x		3.0x	2.2x		6.0x	3.9x	
	Simple average	7.2x	5.1x		0.2x	0.2x		3.0x	2.5x		5.6x	4.1x	
	Weighted average *	6.8x	4.8x		0.2x	0.2x		3.0x	2.6x		5.3x	4.2x	
ASIA	Bridgestone	12.1x	9.6x	8.7x	0.6x	0.5x	0.5x	4.9x	4.1x	3.7x	9.0x	7.5x	
	Hankook	11.2x	9.4x	8.2x	1.3x	1.2x	1.1x	8.5x	7.2x	6.0x	11.6x	9.5x	8.0x
	Yokohama	12.8x	8.3x	7.7x	0.6x	0.5x	0.4x	6.2x	4.5x	3.9x			
	Sumitomo	11.9x	8.8x	7.6x	0.7x	0.7x	0.6x	5.7x	5.0x	4.4x	10.7x	8.5x	
	Simple average	12.0x	9.0x	8.0x	0.8x	0.7x	0.6x	6.3x	5.2x	4.5x	10.5x	8.5x	8.0x
	Weighted average *	11.7x	8.9x	8.1x	0.6x	0.6x	0.5x	5.3x	4.3x	3.8x	7.2x	6.0x	0.6x
TOT. WORLD	max	12.8x	9.7x	8.7x	2.2x	1.9x	1.6x	8.5x	7.2x	6.0x	11.6x	9.5x	8.0x
	min	6.1x	4.6x	3.6x	0.2x	0.2x	0.4x	3.0x	2.2x	2.9x	5.2x	3.9x	4.5x
	median	10.4x	8.3x	7.6x	0.6x	0.5x	0.5x	4.9x	4.1x	3.9x	7.1x	6.2x	5.5x
	Simple average	9.5x	7.5x	6.9x	0.8x	0.7x	0.7x	5.1x	4.3x	4.2x	7.7x	6.4x	5.9x
	Weighted average **	9.3x	7.7x	6.9x	0.7x	0.6x	0.6x	4.8x	4.2x	3.6x	7.4x	6.2x	2.9x

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

WORLD TYRE MARKET CAP			
Mln	Local currency	€ adjustment	% on cluster
Michelin	€8,200	€8,200	18.6%
Continental	€9,212	€9,212	20.9%
Nokian	€3,082	€3,082	7.0%
Goodyear	\$2,709.96	€1,986	4.5%
Cooper Tire	\$689.19	€505	1.1%
Bridgestone	¥1,425,368	€13,602	30.9%
Yokohama	¥149,715	€1,429	3.2%
Sumitomo	¥255,415	€2,437	5.5%
Hankook	₩5,526,955	€3,557	8.1%
TOT.		€44,010	

