

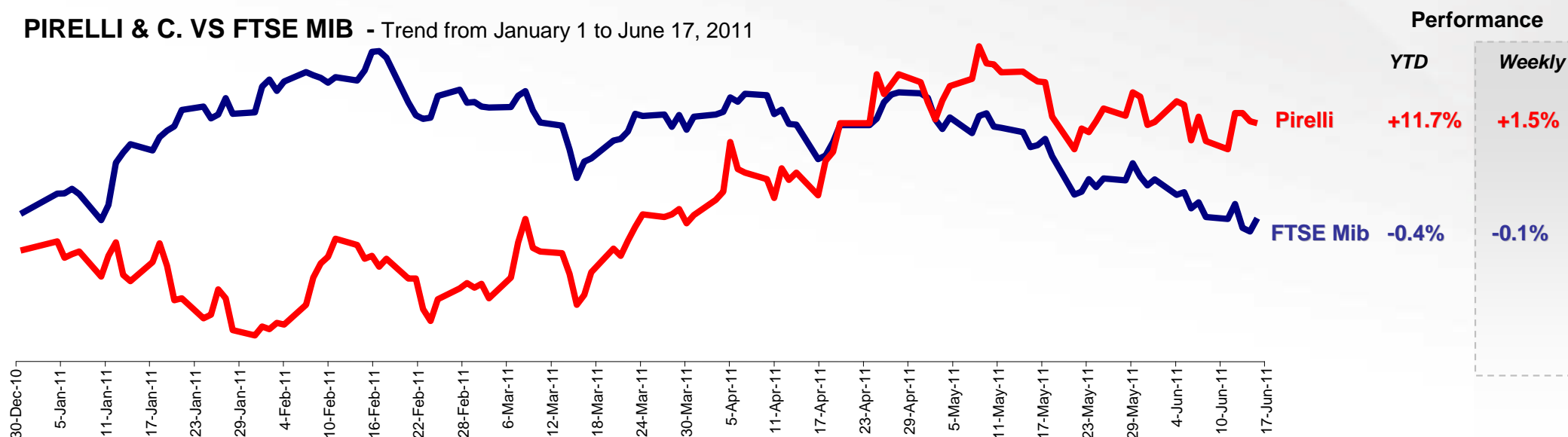


# **PEERS & MARKETS**

**13 June – 17 June 2011**

# Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to June 17, 2011



	Official Close 17 June	Percentage change				Daily average volumes		
		1 Week 13 Jun - 17 Jun	1 Month	3 Months	Year to date	1 Week 13 Jun - 17 Jun	1 Month	3 Months
Pirelli & C. Ord.	6.755	1.5	(3.6)	16.4	11.7	2,750,393	3,098,454	3,725,382
Pirelli & C. Risp.	5.560	(2.3)	(10.7)	1.3	(0.9)	17,823	21,964	29,581
Pirelli Real Estate	0.501	0.1	0.1	(4.7)	12.2	1,854,235	3,204,800	3,992,243
FTSE All Share	20836	(0.2)	(5.9)	(4.4)	(0.5)	1,217,137,123	1,120,003,526	1,153,737,937
FTSE MIB	20097	(0.1)	(6.1)	(4.9)	(0.4)	1,082,594,888	967,972,224	959,275,871

## Sell side analysts evaluation on Pirelli & C (20/06/2011)

Consensus Target Price: € 8.22

% Buy: 91%

% Sell: 4.5%

% Hold: 4.5%

Market Cap: €3,249.9 mln (of which ord. €3,182.7 mln)

Source: Reuters



# Markets

	Official Close 17 June	Percentage change (%)			
		1 Week 13 Jun - 17 Jun	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	267.170	(0.4)	(3.6)	0.0	(3.1)
FTSE MIB	20096.840	(0.1)	(6.1)	(4.9)	(0.4)
FTSE 100	5714.940	(0.9)	(2.5)	0.3	(3.1)
DAX	7164.050	1.3	(1.3)	7.6	3.6
CAC 40	3823.740	0.5	(3.0)	1.0	0.5
IBEX 35	10135.200	1.9	(1.7)	(1.8)	2.8
OMX Stockholm	6607.670	(2.3)	(10.0)	(7.7)	(13.8)
FTSE ATHEX	1273.790	(0.2)	(6.8)	(25.1)	(14.9)
<b>UNITED STATES</b>					
DJ Industr. Average	11961.520	0.4	(3.8)	2.0	3.7
S&P 500	1267.640	0.0	(4.3)	(0.2)	1.1
NASDAQ Composite	2616.480	(1.0)	(6.0)	(0.7)	(1.4)
<b>ASIA</b>					
SSE Composite (Cina)	2642.818	(2.3)	(7.4)	(8.8)	(5.9)
Nikkei 225 (Giappone)	9351.400	(1.7)	(2.3)	4.3	(8.6)
Hang Seng (HK)	21695.260	(3.2)	(5.3)	(2.6)	(5.8)
All ordinaries (Australia)	4551.100	(1.5)	(4.2)	(1.9)	(6.1)
Strait Times (Singapore)	3005.280	(2.4)	(4.2)	2.1	(5.8)
BSE 30 (India)	17870.530	(2.2)	(1.5)	(1.5)	(12.9)
<b>EMIRATES</b>					
Abu Dhabi	2775.440	2.8	4.5	7.4	2.0
Dubai	1598.790	3.0	1.0	8.6	(1.9)
<b>LATAM</b>					
Bovespa (Brasile)	61059.980	(2.6)	(4.1)	(7.8)	(11.9)
IPC (Messico)	35220.990	0.2	0.6	(1.7)	(9.1)
Merval (Argentina)	3235.000	1.3	(2.9)	0.3	(7.2)

Source: Reuters

	Official Close 17 June	Percentage change (%)			
		1 Week 13 Jun - 17 Jun	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	267.170	(0.4)	(3.6)	0.0	(3.1)
Auto	343.830	1.5	(0.0)	11.0	0.8
Banks	185.200	0.6	(4.7)	(7.6)	(5.7)
Basic Resources	536.270	(1.8)	(4.7)	(5.3)	(15.6)
Chemical	583.640	(0.3)	(0.3)	10.1	2.7
Construction & Material	273.870	(0.5)	(4.6)	(0.8)	(3.1)
Industrial	486.390	0.0	(2.8)	2.9	(0.4)
Insurance	160.290	0.4	(2.4)	(1.8)	3.8
Finance	253.550	(2.0)	(6.4)	(2.4)	(5.4)
Food & Beverage	362.350	0.1	(1.4)	8.1	(0.5)
FTSE EPRA Eu Residential	1771.480	(0.8)	0.4	3.3	2.6
Media	172.080	(0.5)	(3.7)	(2.7)	(4.8)
Oil&Gas	316.750	(1.0)	(3.1)	(6.9)	(4.8)
Retail	253.120	(1.8)	(6.3)	2.3	(5.9)
Tech.	210.100	(0.8)	(8.6)	(2.0)	(2.7)
TLC	255.540	0.4	(5.0)	(5.4)	(5.0)
Travel & Leisure	120.290	(1.0)	(6.0)	(1.0)	(10.1)
Utilities	302.770	0.0	(3.8)	(0.9)	(3.2)
<b>UNITED STATES</b>					
S&P 500	1267.640	0.0	(4.3)	(0.2)	13.9
Auto	149.380	(2.3)	(11.4)	(9.6)	16.4
Banks	204.420	1.1	(6.4)	(11.4)	(7.3)
Basic Resources	266.790	(3.5)	(6.8)	(10.0)	17.7
Chemical	349.32	(1.59)	(3.57)	0.24	32.07
Construction & Materials	249.690	3.3	(1.1)	(4.0)	(0.1)
Industrial	322.900	0.5	(4.4)	(0.8)	19.8
Food & Beverage	325.280	0.7	(2.2)	7.4	18.1
Media	349.420	(0.8)	(5.0)	0.2	19.5
Oil&Gas	610.950	(1.7)	(1.7)	(5.0)	28.7
Insurance	264.250	(0.1)	(6.1)	(3.5)	5.8
Finance	273.000	0.8	(5.5)	(5.3)	2.7
RE	229.440	1.6	(2.5)	2.9	14.3
Retail	229.440	1.6	(2.5)	2.9	14.3
Tech.	636.460	(1.3)	(6.5)	(3.0)	8.0
Tyres	53.130	(2.2)	(14.9)	(6.0)	13.9
TLC	135.610	0.6	(3.0)	5.4	21.5
Utilities	161.590	0.9	(2.7)	6.4	11.4



# Pirelli & C. vs Auto & Parts Sector

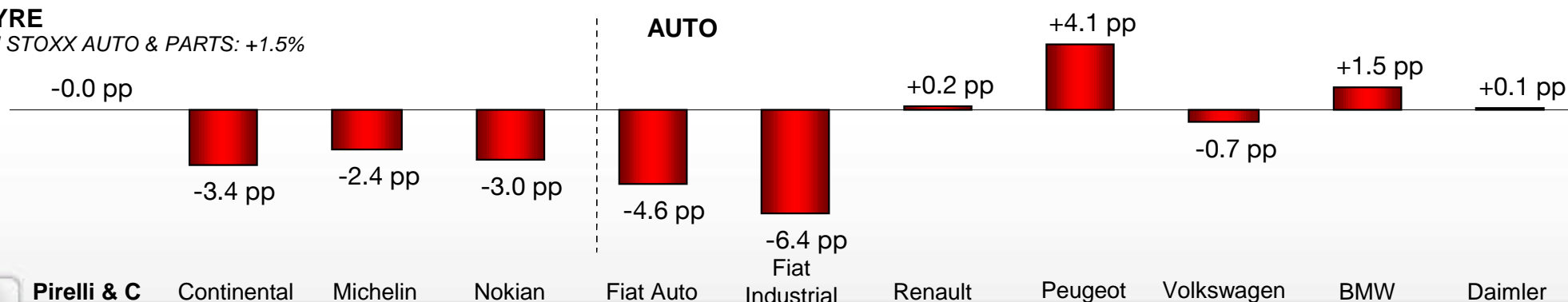
	Official Close 17 June	Percentage change				Daily average volumes		
		1 Week 6 - 10 Jun	1 Month	3 Months	Year to date	1 Week 6 - 10 Jun	1 Month	3 Months
<b>EUROPA</b>								
DJ Stoxx Auto	343.830	1.5	(0.0)	11.0	0.8			
<b>TYRE</b>								
Pirelli & C	6.755	1.5	(3.6)	16.4	11.7	2,750,393	3,098,454	3,725,382
Continental	67.220	(1.9)	0.4	15.2	13.7	696,931	644,296	640,707
Michelin	62.760	(0.9)	(2.5)	10.7	16.9	1,013,612	934,006	1,114,133
Nokian	32.850	(1.5)	0.4	17.6	19.7	491,736	512,651	642,538
<b>AUTO</b>								
Fiat Auto	15.430	(3.1)	0.4	14.6	3.2	25,692,626	20,298,860	23,487,298
Renault	37.020	1.7	(5.8)	(1.5)	(14.9)	2,026,400	1,636,447	2,149,299
Peugeot	29.000	5.6	(2.7)	9.7	2.1	1,802,916	1,581,282	1,675,398
Volkswagen	118.850	0.8	3.0	16.8	12.2	124,925	136,143	164,858
BMW	64.180	3.0	6.0	18.6	9.1	2,863,141	3,069,975	2,939,993
Daimler	47.340	1.6	(3.6)	5.5	(6.7)	5,632,538	4,497,810	6,262,748
<b>USA</b>								
<b>TYRE</b>								
Goodyear	14.800	(1.3)	(12.9)	1.8	24.9	6,951,368	6,806,673	7,350,601
Cooper	18.740	(5.0)	(20.6)	(24.0)	(20.5)	672,634	574,931	680,243
<b>AUTO</b>								
Ford	12.830	(4.3)	(14.6)	(10.4)	(23.9)	13,114,046	9,999,922	10,010,156
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1773.0	(4.1)	(3.6)	7.5	13.0	3,815,220	3,437,970	4,312,310
Sumitomo	1030.0	(3.9)	1.8	15.6	11.1	1,422,640	1,393,357	1,459,702
Toyo	199.0	1.5	7.6	11.2	1.5	950,200	710,600	990,811
Yokohama	434.0	(1.1)	1.6	18.3	3.3	1,565,800	1,809,533	1,828,689
Hankook	41600.0	(2.1)	(7.6)	29.6	31.0	1,180,330	928,887	952,457
Khumo	15250.0	(10.0)	(6.7)	8.2	10.1	965,488	488,832	421,558
<b>AUTO</b>								
Toyota	3175.0	(3.8)	(3.9)	(2.9)	(1.4)	6,409,240	7,945,697	10,399,704
Nissan	800.0	0.9	(1.1)	9.1	3.5	16,287,060	19,027,703	22,093,099

Source: Reuters

## EUROPE: WEEKLY TREND 13/06/2011 – 17/06/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

### TYRE

DJ STOXX AUTO & PARTS: +1.5%

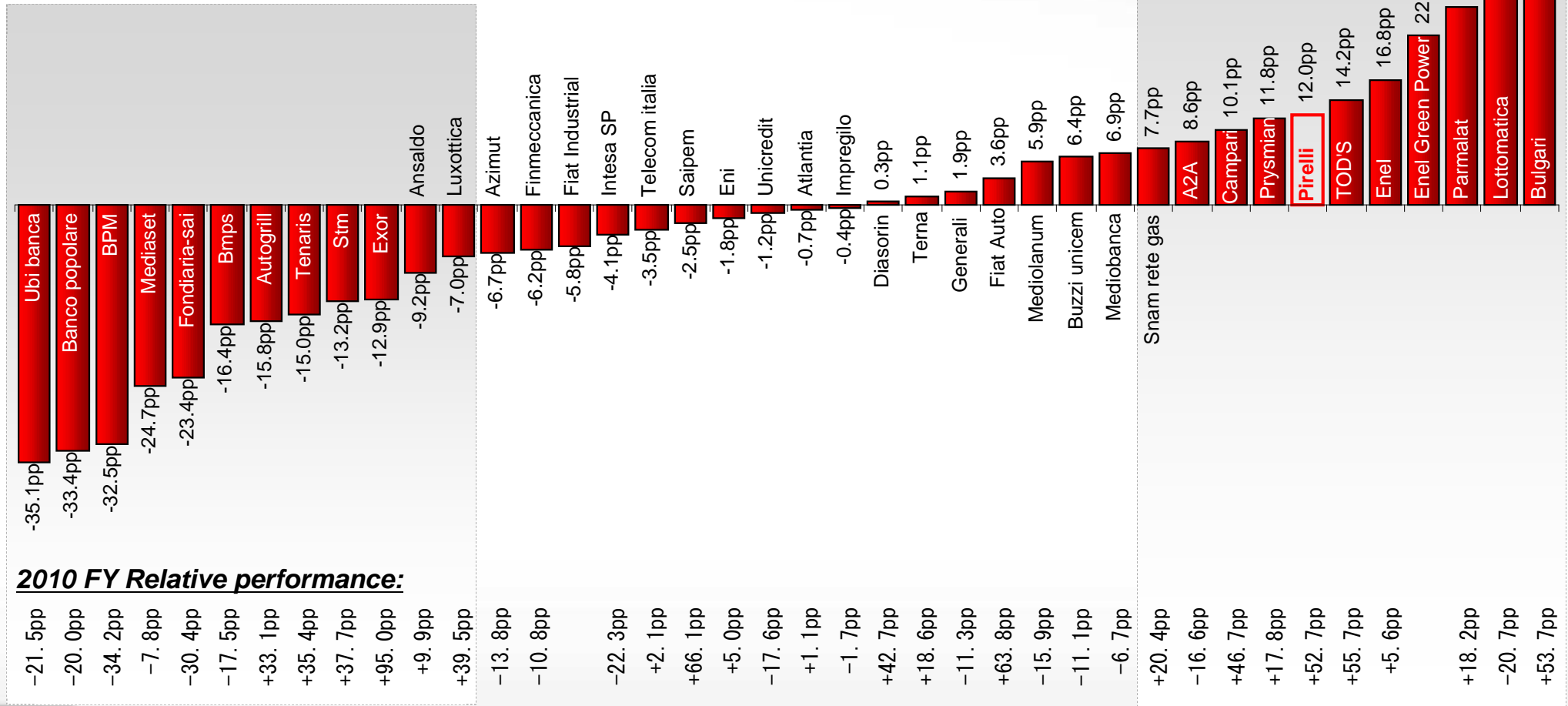


Pirelli & C Continental Michelin Nokian Fiat Auto Industrial Renault Peugeot Volkswagen BMW Daimler

# Pirelli vs FTSE Mib relative performance (YTD)

**FTSE Mib (YTD): -0.4%**

Performance from January 1 to June 17, 2011



# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 20/06/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 20-Jun-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	9,0x	7,7x	6,9x	0,6x	0,6x	0,5x	4,5x	4,0x	3,6x	6,9x	6,0x	5,3x
	Continental	9,4x	7,6x	7,6x	0,7x	0,6x	0,6x	4,8x	4,2x	4,2x	7,0x	5,8x	5,8x
	Nokian	14,5x	12,5x	11,1x	2,9x	2,5x	2,2x	9,5x	8,2x	7,1x	11,2x	9,6x	8,3x
	Simple average	11,0x	9,3x	8,5x	1,4x	1,2x	1,1x	6,3x	5,5x	4,9x	8,4x	7,1x	6,5x
	Weighted average *	10,0x	8,4x	7,9x	1,0x	0,9x	0,8x	5,4x	4,7x	4,4x	7,6x	6,4x	6,0x
US	Goodyear	14,1x	6,1x	4,6x	0,3x	0,3x		4,2x	3,4x		7,2x	5,3x	
	Cooper Tire	8,0x	6,9x		0,3x	0,3x		3,5x	2,9x		5,4x	4,4x	
	Simple average	11,1x	6,5x		0,3x	0,3x		3,9x	3,1x		6,3x	4,8x	
	Weighted average *	12,6x	6,3x		0,3x	0,3x		4,0x	3,3x		6,7x	5,0x	
ASIA	Bridgestone	13,4x	10,0x	9,0x	0,6x	0,5x	0,5x	5,1x	4,3x	3,7x	10,0x	8,2x	
	Hankook	13,0x	11,2x	10,1x	1,4x	1,3x	1,1x	8,5x	7,3x	6,2x	12,1x	10,0x	8,4x
	Yokohama	11,4x	12,9x	9,4x	0,6x	0,6x	0,5x	5,3x	6,7x	5,1x	10,7x	13,7x	10,9x
	Sumitomo	13,9x	9,1x	8,0x	0,7x	0,6x	0,6x	6,0x	4,9x	4,2x	11,2x	8,3x	
	Simple average	12,9x	10,8x	9,1x	0,8x	0,8x	0,7x	6,2x	5,8x	4,8x	11,0x	10,0x	9,6x
	Weighted average *	11,7x	9,5x	8,2x	0,6x	0,5x	0,5x	4,9x	4,5x	3,8x	9,3x	8,4x	2,5x
TOT. WORLD	max	14,5x	12,9x	11,1x	2,9x	2,5x	2,2x	9,5x	8,2x	7,1x	12,1x	13,7x	10,9x
	min	8,0x	6,1x	4,6x	0,3x	0,3x	0,5x	3,5x	2,9x	3,6x	5,4x	4,4x	5,3x
	median	13,0x	9,1x	8,5x	0,6x	0,6x	0,6x	5,1x	4,3x	4,2x	10,0x	8,2x	8,3x
	Simple average	11,9x	9,3x	8,3x	0,9x	0,8x	0,9x	5,7x	5,1x	4,9x	9,1x	7,9x	7,7x
	Weighted average **	11,4x	9,0x	8,1x	0,9x	0,8x	0,7x	5,5x	4,8x	4,1x	8,7x	7,3x	4,2x

\* on peers market capitalization by geographical area

\*\* on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Mln	Local currency	€ adjustment	% on cluster
Michelin	€10.985	€10.985	21,1%
Continental	€13.268	€13.268	25,5%
Nokian	€4.192	€4.192	8,1%
Goodyear	\$3.613,34	€2.536	4,9%
Cooper Tire	\$1.163,70	€817	1,6%
Bridgestone	¥1.429.434	€12.503	24,1%
Yokohama	¥148.002	€1.295	2,5%
Sumitomo	¥247.524	€2.165	4,2%
Hankook	₩6.493.790	€4.199	8,1%
TOT.		€51.960	

