

Pirelli & C. S.p.A. — Milano

# Peers & Markets

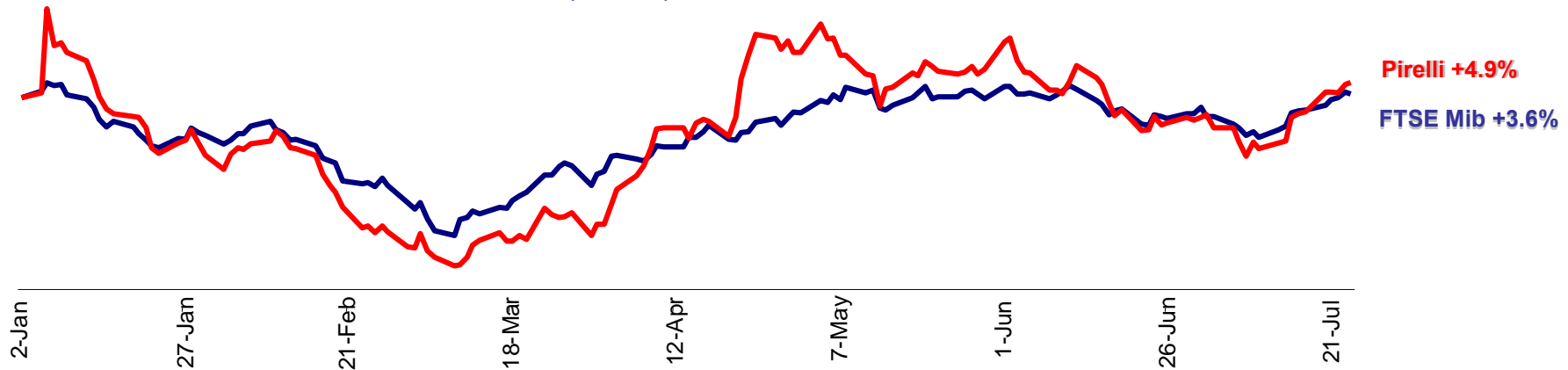
20 July – 24 July 2009



Investor Relations

# Pirelli Group on the Stock Market

PIRELLI & C. VS S&P/MIB - Trend from January 2 to July 24, 2009



GROUP TREND FROM JANUARY 2 TO JULY 24, 2009

	Official Close July 24	Percentage change				Daily average volumes		
		Week 20-24 July	1 Month	3 Months	Year to date	Week 20-24 July	1 Month	3 Months
Pirelli & C. Ord.	0.276	8.2	9.5	(11.0)	4.9	42,386,827	37,930,645	52,156,487
Pirelli & C. Risp.	0.290	7.2	13.3	(5.1)	7.6	123,552	117,107	286,594
Pirelli Real Estate	0.556	(1.9)	(41.5)	(18.0)	(9.2)	11,001,051	13,896,392	7,357,504
FTSE All Share	20812	4.3	5.5	9.0	4.9	49,398,901	53,017,317	
FTSE MIB	20161	4.6	5.9	8.1	3.6	641,974,128	661,074,379	762,936,947

## Sell side analysts evaluation on Pirelli & C (27/07/2009)

Consensus Target Price: € 0.28

% Buy: 25%

% Sell: 13%

% Hold: 62%

Market Cap: €1,493.2 mln (of which ord. €1,458.8mln)

# Markets

## MARKETS PERFORMANCE FROM JANUARY 2 TO JULY 24, 2009

	Official Close July 24	Percentage change			
		Week 20-24 July	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	219.670	4.3	6.5	12.2	11.6
FTSE MIB	20161.180	4.6	5.9	8.1	3.6
FTSE 100	4576.610	4.3	6.9	10.1	3.2
DAX	5229.360	5.0	8.1	11.9	8.7
CAC 40	3366.450	4.6	5.7	8.5	4.6
IBEX 35	10438.600	4.0	8.5	17.4	13.5
OMIX Stockholm	5659.880	4.1	1.2	4.2	4.7
OMIX Helsinki	10438.600	4.0	8.5	17.4	13.5
<b>UNITED STATES</b>					
DJ Industr. Average	9093.240	4.0	9.6	3.6	12.6
S&P 500	979.260	4.1	8.7	8.4	17.7
NASDAQ Composite	1965.960	4.2	9.7	24.7	33.1
<b>ASIA</b>					
Nikkei 225 (Giappone)	9944.550	6.4	3.7	12.2	28.4
Hang Seng (HK)	19982.790	6.3	11.7	38.9	58.9
All ordinaries (Australia)	4097.300	2.6	7.8	12.0	24.1
Strait Times (Singapore)	2533.430	4.2	11.2	43.8	50.3
BSE 30 (India)	15378.960	4.3	6.6	59.4	77.3
<b>EMIRATES</b>					
Abu Dhabi	2724.610	1.8	3.7	14.0	24.1
Dubai	1843.450	6.1	(0.8)	12.7	22.5
<b>BRAZIL</b>					
IteI (indice TLC)	1189.220	1.5	5.7	16.3	18.9
Bovespa	54457.290	4.6	9.6	45.0	42.8

Source: Reuters

## SECTORS PERFORMANCE FROM JANUARY 2 TO JULY 24, 2009

	Official Close July 24	Percentage change			
		Week 20-24 July	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	219.670	4.3	6.5	12.2	11.6
Auto	242.590	6.0	12.6	11.8	21.6
Banks	198.820	5.2	11.3	24.0	33.0
Basic Resources	384.020	9.1	10.1	22.0	56.0
Chemical	357.240	4.8	6.9	9.0	11.1
Construction & Material	228.160	6.2	8.5	6.3	12.1
Industrial	314.160	5.7	10.5	11.0	10.2
Insurance	131.590	5.9	8.0	13.8	(2.2)
Finance	219.800	5.7	8.8	13.5	21.6
Food & Beverage	250.930	1.0	5.0	18.1	9.0
FTSE EPRA Eu Residential	1257.430	2.1	7.5	1.7	6.4
Media	134.030	3.3	4.9	0.4	(0.4)
Oil&Gas	297.090	3.9	4.8	9.2	12.3
Retail	225.240	3.3	7.2	9.9	24.1
Tech.	169.480	0.1	(0.5)	(1.3)	10.9
TLC	228.180	4.2	4.6	7.5	(2.0)
Travel & Leisure	91.380	0.8	(2.5)	(6.7)	(1.3)
Utilities	302.410	2.7	(0.1)	5.3	(10.4)
<b>UNITED STATES</b>					
S&P 500	979.260	4.1	8.7	13.0	8.4
Auto	79.820	11.3	23.2	24.2	95.9
Banks	182.610	(0.7)	4.7	8.3	(15.0)
Basic Resources	185.260	5.2	11.3	25.1	30.5
Chemical	219.360	8.9	16.6	15.1	30.9
Construction & Materials	248.040	10.1	20.3	(7.3)	12.5
Industrial	215.470	5.0	9.7	10.2	3.7
Food & Beverage	253.730	2.0	7.2	16.8	8.9
Media	212.400	5.6	10.6	18.0	15.5
Oil&Gas	456.620	6.0	8.5	11.1	6.3
Insurance	205.150	7.6	9.8	15.9	(5.4)
Finance	222.520	3.1	7.3	11.7	(1.8)
RE	135.090	8.0	9.7	3.3	(7.2)
Retail	135.090	8.0	9.7	3.3	(7.2)
Tech.	502.650	3.2	11.3	18.1	37.4
Tyres	48.660	11.2	31.7	37.8	137.3
TLC	110.680	5.6	2.7	3.1	(4.0)
Utilities	140.560	5.6	8.2	17.7	2.0

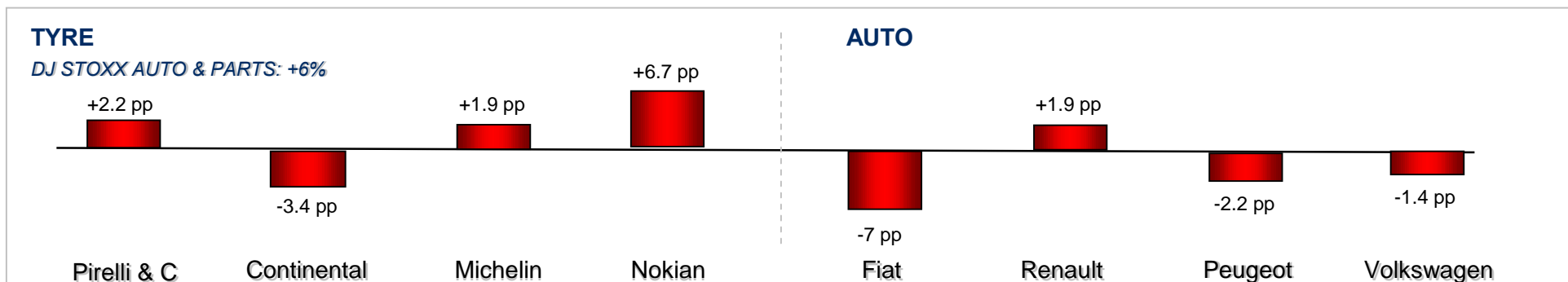
INVESTOR RELATIONS 27/07/09

# Pirelli & C. vs Auto & Parts Sector

## TREND PIRELLI & C. vs PEERS TYRE & AUTO FROM JANUARY 2 TO JULY 24, 2009

	Official Close July 24	Percentage change				Daily average volumes		
		Week 20-24 July	1 Month	3 Months	Year to date	Week 20-24 July	1 Month	3 Months
<b>EUROPA</b>								
DJ Stoxx Auto	242.590	6.0	12.6	11.8	21.6			
<b>TYRE</b>								
Pirelli & C	0.276	8.2	9.5	(11.0)	4.9	42,386,827	37,930,645	52,156,487
Continental	24.880	2.6	24.8	20.7	(13.9)	406,660	247,779	238,994
Michelin	44.465	7.9	11.5	18.4	18.4	940,684	845,161	1,110,385
Nokian	14.260	12.7	5.1	20.8	80.3	657,164	649,398	1,005,387
<b>AUTO</b>								
Fiat	7.655	(1.0)	12.3	(0.6)	66.8	28,586,646	22,741,603	41,587,903
Renault	28.050	7.9	9.0	20.4	51.2	1,960,690	1,969,397	2,898,994
Peugeot	18.900	3.8	(4.3)	6.5	55.6	1,826,185	2,123,152	2,452,395
Volkswagen	261.460	4.6	4.4	10.4	4.6	392,317	395,521	448,959
<b>USA</b>								
<b>TYRE</b>								
Goodyear	14.470	12.0	28.5	33.1	142.4	5,925,812	5,355,800	5,911,631
Cooper	13.370	8.0	48.1	62.9	117.0	1,189,298	1,191,129	1,002,752
<b>AUTO</b>								
Ford	6.980	10.4	20.4	35.6	196.1	16,939,140	12,283,660	16,818,401
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1654.000	5.9	15.2	17.7	24.6	3,732,340	5,102,237	4,796,533
Sumitomo	958.000	6.8	16.3	25.3	7.1	1,641,180	1,773,993	1,711,246
Toyo	215.000	13.2	0.9	30.3	32.7	1,900,200	2,377,267	3,265,622
Yokohama	503.000	8.6	13.5	25.1	13.3	1,467,000	2,089,233	2,035,644
Hankook	17100.000	5.6	13.2	14.8	11.8	1,119,369	807,776	1,101,069
Khumo	5070.000	6.8	7.9	(22.1)	12.9	578,840	363,586	681,180
<b>AUTO</b>								
Toyota	3750.000	7.1	3.6	(1.6)	29.1	6,599,180	7,667,787	11,008,044
Nissan	617.000	11.2	8.2	24.9	92.8	15,648,820	17,641,327	28,156,037

## EUROPE: WEEKLY TREND 20/07/2009 – 24/07/2009 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



Source: Reuters

INVESTOR RELATIONS 27/07/09

# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 27/07/2009

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 27-Jul-09																	
		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	62.7x	15.2x	10.6x	11.6x	0.7x	0.7x	0.6x	0.6x	6.6x	5.1x	4.4x	3.7x	17.9x	10.1x	8.2x	9.2x
	Continental		16.7x	9.3x	7.2x	0.7x	0.6x	0.6x	0.6x	7.0x	5.5x	4.5x	4.5x	35.5x	15.6x	9.9x	9.4x
	Nokian	23.7x	14.7x	12.0x		2.3x	2.0x	1.7x		10.4x	8.1x	6.6x		15.6x	11.2x	9.1x	8.0x
	Simple average	43.2x	15.5x	10.6x	9.4x	1.2x	1.1x	1.0x	0.6x	8.0x	6.2x	5.2x	4.1x	23.0x	12.3x	9.1x	8.8x
	Weighted average *	35.9x	15.6x	10.3x	8.5x	0.9x	0.8x	0.8x	0.5x	7.3x	5.7x	4.8x	3.4x	23.6x	12.1x	8.9x	9.1x
US	Goodyear		11.8x	7.2x		0.4x	0.4x			6.8x	4.5x			11.5x	6.5x		
	Cooper	14.2x	14.0x	13.1x	11.1x	1.2x	1.2x			9.1x	9.3x			11.6x	11.6x		
	Simple average	14.2x	12.9x	10.1x	11.1x	0.8x	0.8x			7.9x	6.9x			11.6x	9.1x		
	Weighted average *	8.7x	13.1x	10.8x	6.8x	0.9x	0.9x			8.2x	7.4x			11.6x	9.6x		
ASIA	Bridgestone	138.8x	21.2x	15.6x	15.2x	0.7x	0.6x	0.6x	0.6x	7.2x	5.6x	4.9x	4.5x	28.0x	12.9x	9.7x	11.8x
	Yokohama		26.3x	16.7x	13.7x	0.7x	0.7x	0.6x	0.6x	9.4x	7.0x	6.3x	5.9x	65.1x	19.7x	15.4x	14.8x
	Sumitomo	-101.4x	19.4x	16.2x	13.2x	0.8x	0.8x	0.8x	0.7x	8.9x	7.9x	7.8x	9.5x	21.1x	17.2x	22.2x	21.0x
	Simple average	18.7x	22.3x	16.1x	14.0x	0.7x	0.7x	0.7x	0.6x	8.5x	6.8x	6.3x	6.7x	38.1x	16.6x	15.8x	15.9x
	Weighted average *	94.6x	21.5x	15.8x	14.8x	0.7x	0.7x	0.6x	0.6x	7.6x	6.0x	5.4x	5.3x	30.9x	14.2x	11.8x	13.2x
TOT. WORLD	max	138.8x	26.3x	16.7x	15.2x	2.3x	2.0x	1.7x	0.7x	10.4x	9.3x	7.8x	9.5x	65.1x	19.7x	22.2x	21.0x
	min	-101.4x	11.8x	7.2x	7.2x	0.4x	0.4x	0.6x	0.6x	6.6x	4.5x	4.4x	3.7x	11.5x	6.5x	8.2x	8.0x
	median	23.7x	15.9x	12.6x	12.4x	0.7x	0.7x	0.6x	0.6x	8.0x	6.3x	5.6x	4.5x	19.5x	12.3x	9.8x	10.6x
	Simple average	27.6x	17.4x	12.6x	12.0x	0.9x	0.9x	0.8x	0.6x	8.2x	6.6x	5.8x	5.6x	25.8x	13.1x	12.4x	12.3x
	Weighted average *	54.1x	16.4x	11.9x	10.1x	0.8x	0.8x	0.5x	0.4x	7.2x	5.9x	3.8x	3.3x	21.4x	11.6x	7.7x	8.3x

\* on peers market capitalization by geographical area

\*\* on tyre sector market capitalization

WORLD TYRE MARKET CAP				
	Local currency	€ adjustment	% on cluster	% on geographical Area
Michelin	€6,487	€6,487	20.6%	51.9%
Continental	€4,269	€4,269	13.5%	34.1%
Nokian	€1,752	€1,752	5.6%	14.0%
Goodyear	\$ 3,499	€2,455	7.8%	38.9%
Cooper	\$ 5,504	€3,861	12.2%	61.1%
Bridgestone	¥1,331,049	€9,820	31.1%	77.3%
Yokohama	¥176,096	€1,299	4.1%	10.2%
Sumitomo	¥215,432	€1,589	5.0%	12.5%
TOT.		€31,532		

# Pirelli & C. RE vs Real Estate Sector

## PIRELLI RE TREND vs PEERS RE FROM JANUARY 2 TO JULY 24, 2009

	Official Close July 24	Percentage change				Daily average volumes		
		Week 20-24 July	1 Month	3 Months	Year to date	Week 20-24 July	1 Month	3 Months
Pirelli RE	0.556	(1.9)	(41.5)	(18.0)	(9.2)	11,001,051	13,896,392	7,357,504
Tecla	409.070	(0.9)	4.9	(7.2)	3.3	16.00	25.37	26.29
Olinda	290.000	5.5	0.0	(10.8)	0.0	52.00	58.30	88.87
Spazio Investment	5.000	(1.3)	10.3	63.9	(16.7)	46,625	45,088	87,987
<b>ITALIA</b>								
Epra Europe	1257.430	2.1	7.5	1.7	6.4			
Gabetti	0.875	0.6	(1.7)	(5.7)	(12.4)	28,517	11,264	33,795
Beni Stabili	0.565	1.1	5.6	15.3	14.1	1,069,655	1,502,679	2,475,794
Aedes	0.213	13.4	(0.1)	2.8	51.8	630,751	346,816	581,423
Bastogi	2.160	(0.9)	4.9	(10.7)	46.0	15,173	14,616	37,863
Brioschi	0.190	5.0	0.6	(2.1)	(3.3)	847,990	499,279	1,215,321
Gabetti	0.875	0.6	(1.7)	(5.7)	(12.4)	28,517	11,264	33,795
IGD	1.190	(0.3)	(2.3)	12.8	13.9	183,547	413,739	714,429
IPI	1.891	(0.2)	0.7	46.0	33.0	90,346	71,280	80,286
Risanamento	0.262	(27.0)	(30.9)	25.3	(38.8)	9,851,533	2,930,519	3,268,317

## WEEKLY TREND 20/07/2009 – 24/07/2009 REAL ESTATE STOCK vs EPRA EUROPE INDEX

