

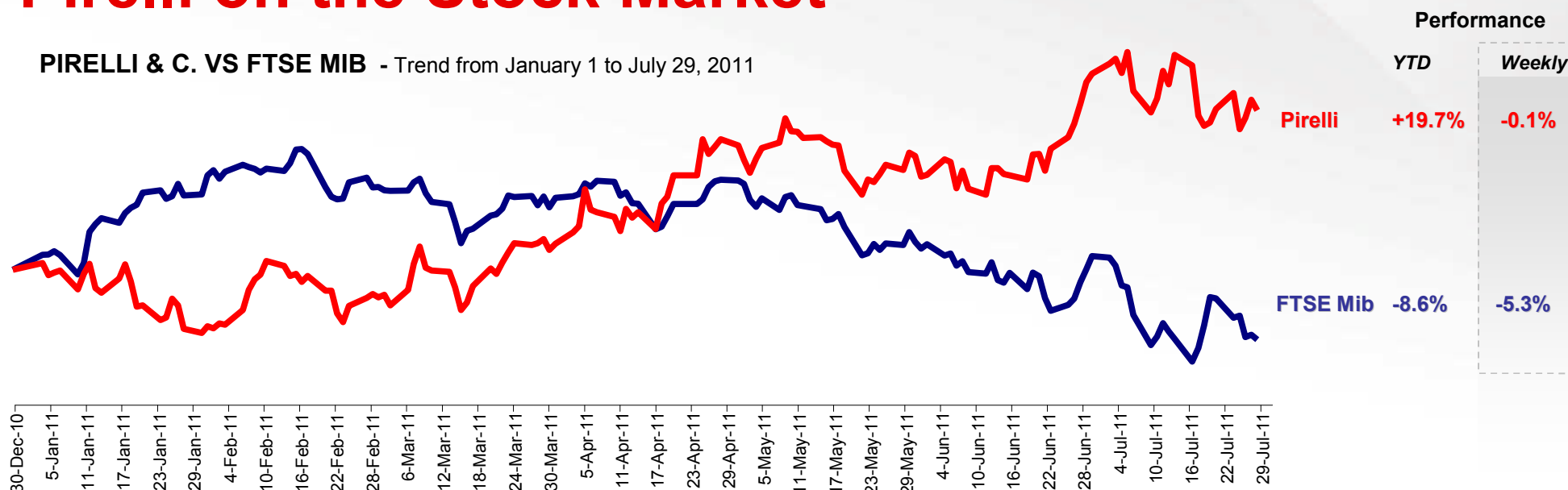


PEERS & MARKETS

25 – 29 July 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to July 29, 2011



30-Dec-10 5-Jan-11 11-Jan-11 17-Jan-11 23-Jan-11 29-Jan-11 4-Feb-11 10-Feb-11 16-Feb-11 22-Feb-11 28-Feb-11 6-Mar-11 12-Mar-11 18-Mar-11 24-Mar-11 30-Mar-11 5-Apr-11 11-Apr-11 17-Apr-11 23-Apr-11 29-Apr-11 5-May-11 11-May-11 17-May-11 23-May-11 29-May-11 4-Jun-11 10-Jun-11 16-Jun-11 22-Jun-11 28-Jun-11 4-Jul-11 10-Jul-11 16-Jul-11 22-Jul-11 29-Jul-11

	Official Close 29 July	Percentage change				Daily average volumes		
		1 Week 25 - 29 Jul	1 Month	3 Months	Year to date	1 Week 25 - 29 Jul	1 Month	3 Months
Pirelli & C. Ord.	7.240	(0.1)	(0.7)	3.1	19.7	6,094,305	4,335,832	3,799,077
Pirelli & C. Risp.	5.120	(3.9)	(13.2)	(17.3)	(8.7)	22,723	25,007	28,968
Pirelli Real Estate	0.380	(10.2)	(17.2)	(28.2)	(14.7)	5,223,717	3,389,595	3,545,781
FTSE All Share	19143	(5.0)	(7.0)	(17.2)	(8.6)	1,268,448,447	1,314,377,367	1,176,418,360
FTSE MIB	18434	(5.3)	(7.2)	(17.8)	(8.6)	1,168,756,035	1,172,568,611	1,015,032,533

Sell side analysts evaluation on Pirelli & C (01/08/2011)

Consensus Target Price: € 8.80

Buy: 92%

% Sell: 4%

% Hold: 4%

Market Cap: €3,511.4 mln (of which ord. €3,446.7 mln)



Source: Reuters

Markets

	Official Close 29 July	Percentage change (%)			
		1 Week 25 - 29 Jul	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	265.250	(2.5)	(1.7)	(6.5)	(3.8)
FTSE MIB	18433.680	(5.3)	(7.2)	(17.8)	(8.6)
FTSE 100	5815.190	(2.0)	(0.7)	(4.2)	(1.4)
DAX	7158.770	(2.3)	(1.9)	(4.7)	3.5
CAC 40	3671.280	(4.4)	(6.4)	(10.6)	(3.5)
IBEX 35	9630.700	(4.3)	(5.1)	(11.5)	(2.3)
OMX Stockholm	6156.580	(4.1)	(6.5)	(18.1)	(19.6)
FTSE ATHEX	1195.230	(7.9)	(6.6)	(18.4)	(20.2)
UNITED STATES					
DJ Industr. Average	12240.110	(4.2)	(1.0)	(5.2)	4.9
S&P 500	1353.220	3.5	5.3	1.5	7.6
NASDAQ Composite	2756.380	(3.6)	0.6	(4.1)	3.9
ASIA					
SSE Composite (Cina)	2701.729	(2.5)	(1.0)	(7.2)	(3.8)
Nikkei 225 (Giappone)	9833.030	(3.0)	0.4	(0.2)	(3.9)
Hang Seng (HK)	22440.250	(0.0)	1.7	(5.4)	(2.6)
All ordinaries (Australia)	4500.532	(3.7)	(1.7)	(8.1)	(7.1)
Strait Times (Singapore)	3189.260	0.2	3.6	0.3	(0.0)
BSE 30 (India)	18197.200	(2.8)	(2.7)	(4.9)	(11.3)
EMIRATES					
Abu Dhabi	2619.700	(2.5)	(3.1)	(2.8)	(3.7)
Dubai	1517.580	(0.2)	0.0	(7.1)	(6.9)
LATAM					
Bovespa (Brasile)	58708.250	(2.4)	(5.6)	(11.1)	(15.1)
IPC (Messico)	35917.800	0.7	(1.6)	(2.6)	(6.6)
Merval (Argentina)	3270.970	(1.0)	(1.0)	(2.5)	(5.7)

Source: Reuters

	Official Close 29 July	Percentage change (%)			
		1 Week 25 - 29 Jul	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	265.250	(2.5)	(1.7)	(6.5)	(3.8)
Auto	360.360	(4.8)	(3.1)	(0.6)	5.6
Banks	173.100	(4.7)	(4.9)	(14.6)	(11.8)
Basic Resources	552.190	(3.2)	(2.1)	(7.5)	(13.1)
Chemical	580.770	(2.4)	(1.8)	(5.9)	2.2
Construction & Material	258.700	(3.3)	(6.5)	(14.2)	(8.4)
Industrial	464.710	(4.3)	(6.3)	(10.0)	(4.8)
Insurance	151.810	(4.2)	(4.9)	(12.0)	(1.7)
Finance	253.740	(3.4)	(0.7)	(8.5)	(5.3)
Food & Beverage	364.540	(1.2)	0.7	1.6	0.1
FTSE EPRA Eu Residential	1713.820	(1.9)	(3.7)	(5.9)	(0.8)
Media	166.350	(3.0)	(4.8)	(8.6)	(8.0)
Oil&Gas	327.160	(2.2)	1.9	(6.7)	(1.6)
Retail	246.820	(2.3)	(2.4)	(6.2)	(8.2)
Tech.	202.090	(2.8)	(5.4)	(13.1)	(6.4)
TLC	262.870	1.3	2.0	(4.6)	(2.3)
Travel & Leisure	119.110	(3.1)	(3.7)	(6.0)	(11.0)
Utilities	290.030	(3.6)	(3.9)	(11.3)	(7.2)
UNITED STATES					
S&P 500	1353.220	3.5	5.3	1.5	27.6
Auto	148.010	(7.8)	(6.6)	(15.6)	2.9
Banks	201.860	(4.1)	(4.0)	(11.2)	(7.1)
Basic Resources	289.630	(6.3)	0.0	(9.4)	28.0
Chemical	362.93	(3.63)	(2.54)	(6.94)	31.23
Construction & Materials	242.710	(4.7)	(4.8)	(9.8)	1.8
Industrial	317.970	(6.0)	(5.3)	(10.3)	17.4
Food & Beverage	329.990	(2.7)	(1.2)	(0.4)	18.9
Media	358.450	(4.6)	(2.8)	(6.4)	24.6
Oil&Gas	656.010	(4.4)	2.6	(5.3)	40.6
Insurance	261.140	(2.6)	(4.2)	(10.2)	5.2
Finance	272.850	(3.6)	(3.1)	(8.5)	3.0
RE	234.150	(4.0)	0.2	(2.9)	17.4
Retail	234.150	(4.0)	0.2	(2.9)	17.4
Tech.	683.500	(3.6)	2.6	(3.8)	17.6
Tyres	54.960	(9.7)	(5.2)	(18.2)	21.8
TLC	131.640	(4.0)	(5.6)	(6.2)	14.4
Utilities	163.580	(2.3)	(0.9)	(0.8)	10.3



Pirelli & C. vs Auto & Parts Sector

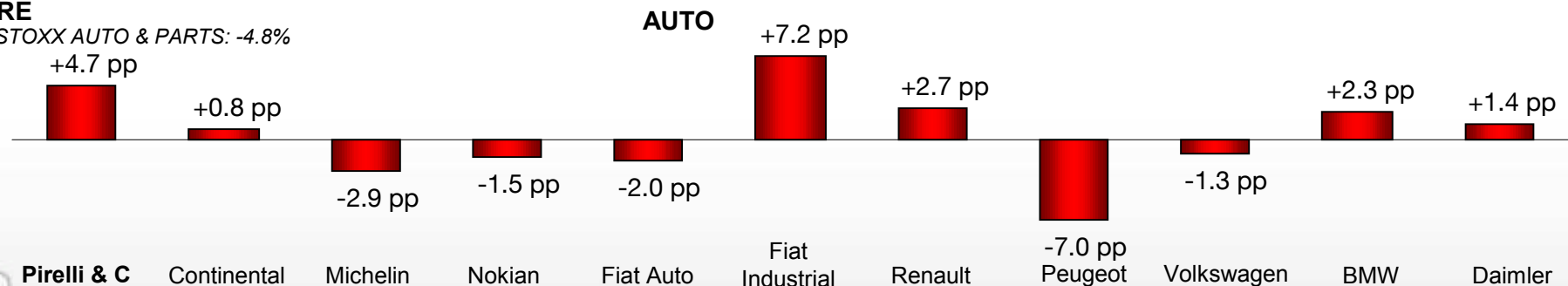
	Official Close 29 July	Percentage change				Daily average volumes		
		1 Week 25 - 29 Jul	1 Month	3 Months	Year to date	1 Week 25 - 29 Jul	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	360.360	(4.8)	(3.1)	(0.6)	5.6			
TYRE								
Pirelli & C	7.240	(0.1)	(0.7)	3.1	19.7	6,094,305	4,335,832	3,799,077
Continental	69.600	(4.0)	(3.0)	2.7	17.7	674,140	577,557	671,557
Michelin	58.660	(7.7)	(11.9)	(13.3)	9.2	1,731,755	1,038,670	1,013,341
Nokian	32.660	(6.3)	(2.8)	(6.7)	19.0	590,428	527,051	558,216
AUTO								
Fiat Auto	15.430	(6.8)	(6.2)	(4.2)	3.1	28,792,357	22,596,876	22,500,732
Renault	37.265	(2.1)	(8.2)	(9.4)	(14.3)	2,251,503	1,949,407	1,909,766
Peugeot	26.540	(11.8)	(14.4)	(13.4)	(6.6)	2,815,069	1,734,895	1,587,133
Volkswagen	127.700	(6.1)	0.3	6.1	20.6	255,283	174,659	161,371
BMW	69.820	(2.5)	1.4	9.7	18.6	2,726,404	2,777,047	2,845,043
Daimler	50.660	(3.4)	(1.3)	(2.9)	(0.1)	4,595,465	4,833,932	5,551,922
USA								
TYRE								
Goodyear	16.170	(9.6)	(2.6)	(10.9)	36.5	9,648,458	6,453,195	6,988,393
Cooper	16.860	(9.9)	(14.0)	(37.5)	(28.5)	727,452	813,786	633,581
AUTO								
Ford	12.320	(8.3)	(9.0)	(21.1)	(27.3)	12,011,171	8,960,175	9,254,960
ASIA								
TYRE								
Bridgestone	1914.0	(3.7)	5.2	8.1	22.0	2,549,580	3,047,557	3,485,678
Sumitomo	1088.0	(3.5)	3.3	10.2	17.6	1,441,660	1,170,573	1,223,389
Toyo	215.0	0.5	6.4	9.1	9.7	674,000	674,967	719,056
Yokohama	468.0	(3.9)	2.0	13.6	11.4	1,174,200	1,497,467	1,667,800
Hankook	42900.0	(6.5)	(6.3)	(0.1)	35.1	1,101,585	884,062	942,282
Khumo	16550.0	(9.1)	0.0	(12.9)	19.5	328,123	569,143	521,687
AUTO								
Toyota	3155.0	(5.4)	(3.5)	(2.3)	(2.0)	7,634,880	6,265,173	8,187,367
Nissan	822.0	(4.5)	(3.0)	6.2	6.3	19,833,900	17,761,353	21,130,613

Source: Reuters

EUROPE: WEEKLY TREND 25/07/2011 – 29/07/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

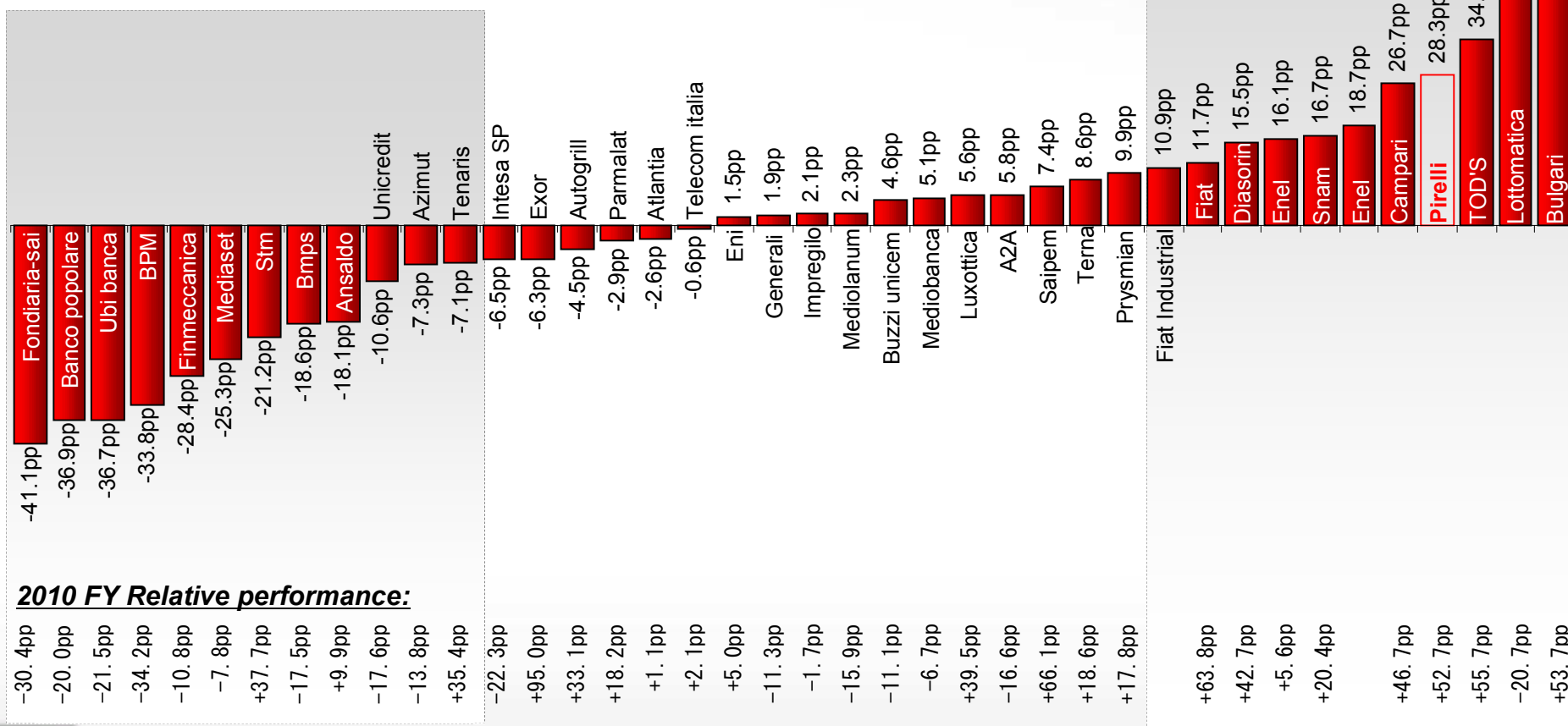
DJ STOXX AUTO & PARTS: -4.8%



Pirelli vs FTSE Mib relative performance (YTD)

Performance from January 1 to July 29, 2011

FTSE Mib (YTD): -8.6%



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 01/08/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 1-Aug-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	8.6x	7.5x	6.7x	0.6x	0.6x	0.5x	4.4x	3.9x	3.5x	6.8x	5.8x	5.3x
	Continental	9.4x	7.8x	7.8x	0.7x	0.6x	0.6x	5.0x	4.2x	4.2x	7.3x	6.0x	6.0x
	Nokian	14.1x	12.2x	10.7x	2.9x	2.5x	2.1x	9.4x	8.1x	6.9x	11.0x	9.5x	8.0x
	Simple average	10.7x	9.2x	8.4x	1.4x	1.2x	1.1x	6.2x	5.4x	4.9x	8.4x	7.1x	6.4x
	Weighted average *	9.8x	8.3x	7.8x	1.0x	0.9x	0.8x	5.4x	4.7x	4.4x	7.7x	6.4x	6.0x
US	Goodyear	10.3x	6.3x	4.8x	0.3x	0.3x		3.9x	3.3x		6.7x	5.2x	
	Cooper Tire	7.3x	6.3x		0.3x	0.2x		3.2x	2.6x		4.9x	4.0x	
	Simple average	8.8x	6.3x		0.3x	0.3x		3.6x	2.9x		5.8x	4.6x	
	Weighted average *	9.7x	6.3x		0.3x	0.3x		3.8x	3.1x		6.3x	4.9x	
ASIA	Bridgestone	14.2x	10.9x	9.8x	0.6x	0.6x	0.5x	5.4x	4.6x	4.0x	10.3x	8.8x	
	Hankook	13.1x	11.2x	10.1x	1.4x	1.3x	1.2x	8.9x	7.6x	6.6x	12.3x	10.2x	8.8x
	Yokohama	12.5x	14.2x	10.3x	0.6x	0.6x	0.5x	5.6x	7.0x	5.4x	11.2x	14.3x	11.4x
	Sumitomo	14.9x	9.8x	8.6x	0.7x	0.7x	0.6x	6.2x	5.1x	4.4x	11.7x	8.6x	
	Simple average	13.7x	11.5x	9.7x	0.8x	0.8x	0.7x	6.5x	6.1x	5.1x	11.4x	10.5x	10.1x
	Weighted average *	12.8x	10.6x	9.1x	0.6x	0.6x	0.5x	5.3x	4.9x	4.2x	9.9x	9.2x	2.7x
TOT. WORLD	max	14.9x	14.2x	10.7x	2.9x	2.5x	2.1x	9.4x	8.1x	6.9x	12.3x	14.3x	11.4x
	min	7.3x	6.3x	4.8x	0.3x	0.2x	0.5x	3.2x	2.6x	3.5x	4.9x	4.0x	5.3x
	median	12.5x	9.8x	9.2x	0.6x	0.6x	0.6x	5.4x	4.6x	4.4x	10.3x	8.6x	8.0x
	Simple average	11.6x	9.6x	8.6x	0.9x	0.8x	0.9x	5.8x	5.2x	5.0x	9.1x	8.1x	7.9x
	Weighted average **	11.5x	9.3x	8.3x	0.9x	0.8x	0.7x	5.6x	4.9x	4.2x	8.9x	7.6x	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	€10.612	€10.612	19,5%
Continental	€14.080	€14.080	25,8%
Nokian	€4.229	€4.229	7,8%
Goodyear	\$3.951.32	€2.745	5,0%
Cooper Tire	\$1.046.96	€727	1,3%
Bridgestone	¥1.557.904	€13.973	25,6%
Yokohama	¥162.734	€1.460	2,7%
Sumitomo	¥266.463	€2.390	4,4%
Hankook	₩6.516.629	€4.314	7,9%
TOT.		€54.529	

