

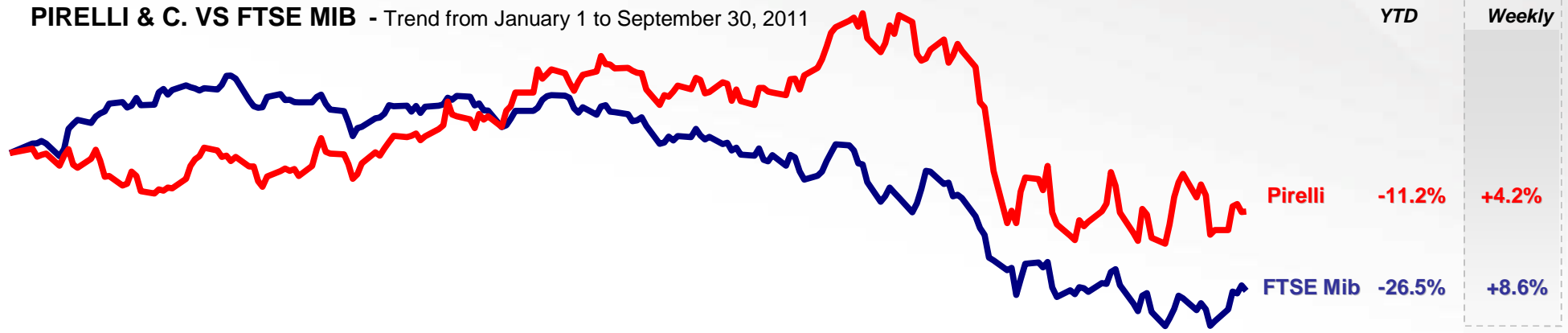


PEERS & MARKETS

26 – 30 September 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to September 30, 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 28-Jul-11 3-Aug-11 9-Aug-11 15-Aug-11 21-Aug-11 27-Aug-11 2-Sep-11 8-Sep-11 14-Sep-11 20-Sep-11 26-Sep-11 30-Sep-11

	Official Close 30 September	Percentage change				Daily average volumes		
		1 Week 26 - 30 Sep	1 Month	3 Months	Year to date	1 Week 26 - 30 Sep	1 Month	3 Months
Pirelli & C. Ord.	5.370	4.2	(7.9)	(27.9)	(11.2)	4,312,127	4,889,454	4,639,575
Pirelli & C. Risp.	4.340	5.1	(1.7)	(27.0)	(22.6)	9,621	10,532	17,763
Pirelli Real Estate	0.209	(0.5)	(22.0)	(56.9)	(53.1)	8,565,236	6,544,226	4,915,363
FTSE All Share	15570	7.6	(5.5)	(25.5)	(25.6)	1,235,857,310	1,032,637,134	1,222,134,600
FTSE MIB	14836	8.6	(4.7)	(26.5)	(26.5)	1,064,419,399	913,552,147	1,088,705,111

Sell side analysts evaluation on Pirelli & C (03/10/2011)

Consensus Target Price: € 7.96

Buy: 88%

% Sell: 4%

% Hold: 8%

Market Cap: €2,543 mln (of which ord. €2,490.5 mln)



Source: Reuters

Markets

	Official Close 30 Sep	Percentage change (%)			
		1 Week 26 - 30 Sep	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	226.180	4.6	(4.7)	(17.1)	(18.0)
FTSE MIB	14836.330	8.6	(4.7)	(26.5)	(26.5)
FTSE 100	5128.480	1.2	(4.9)	(13.7)	(13.1)
DAX	5502.020	5.9	(4.9)	(25.4)	(20.4)
CAC 40	2981.960	6.1	(8.4)	(25.1)	(21.6)
IBEX 35	8546.600	6.9	(2.0)	(17.5)	(13.3)
OMX Stockholm	5271.790	4.2	(8.6)	(21.5)	(31.2)
FTSE ATHEX	752.990	(0.4)	(14.6)	(42.0)	(49.7)
UNITED STATES					
DJ Industr. Average	11153.980	1.3	(6.0)	(12.1)	(5.7)
S&P 500	1353.220	3.5	5.3	1.5	7.6
NASDAQ Composite	2415.400	(2.7)	(6.4)	(12.9)	(9.0)
ASIA					
SSE Composite (Cina)	2365.343	(3.0)	(8.1)	(14.6)	(16.0)
Nikkei 225 (Giappone)	8700.290	1.6	(2.8)	(11.4)	(14.9)
Hang Seng (HK)	17592.410	(7.5)	(14.3)	(21.5)	(23.6)
All ordinaries (Australia)	4070.090	2.3	(6.9)	(12.7)	(16.0)
Strait Times (Singapore)	2675.160	(0.9)	(7.3)	(14.3)	(16.1)
BSE 30 (India)	16453.760	1.8	(1.3)	(12.7)	(19.8)
EMRATES					
Abu Dhabi	2535.840	(0.1)	(3.1)	(6.2)	(6.8)
Dubai	1429.730	(1.2)	(4.2)	(5.7)	(12.3)
LATAM					
Bovespa (Brasile)	52324.420	(1.7)	(7.4)	(16.2)	(24.5)
IPC (Messico)	33503.280	2.8	(6.2)	(8.4)	(13.1)
Merval (Argentina)	2463.630	(0.8)	(16.9)	(26.7)	(30.1)

Source: Reuters

	Official Close 30 Sep	Percentage change (%)			
		1 Week 26 - 30 Sep	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	226.180	4.6	(4.7)	(17.1)	(18.0)
Auto	248.360	1.4	(12.8)	(33.7)	(27.2)
Banks	133.680	8.5	(6.5)	(28.0)	(31.9)
Basic Resources	393.150	0.3	(17.8)	(31.3)	(38.1)
Chemical	452.870	3.1	(9.0)	(24.0)	(20.3)
Construction & Material	209.450	6.1	(9.3)	(25.7)	(25.9)
Industrial	365.160	3.3	(9.3)	(27.2)	(25.2)
Insurance	126.200	12.2	(5.0)	(22.3)	(18.3)
Finance	204.720	(0.0)	(9.8)	(20.9)	(23.6)
Food & Beverage	345.710	3.2	(1.8)	(4.6)	(5.1)
FTSE EPRA Eu Residential	1426.230	4.0	(10.1)	(20.6)	(17.4)
Media	147.850	3.2	(4.6)	(16.2)	(18.2)
Oil&Gas	284.480	4.5	(3.0)	(13.0)	(14.5)
Retail	231.050	4.5	0.4	(9.0)	(14.1)
Tech.	181.800	3.4	(3.6)	(15.7)	(15.8)
TLC	243.240	5.8	0.9	(6.6)	(9.6)
Travel & Leisure	104.300	2.1	(3.2)	(16.0)	(22.1)
Utilities	266.520	7.7	1.9	(12.6)	(14.8)
UNITED STATES					
S&P 500	1353.220	3.5	5.3	1.5	27.6
Auto	118.110	(2.0)	(13.3)	(29.0)	(16.3)
Banks	159.090	1.2	(13.7)	(27.1)	(24.4)
Basic Resources	203.800	(4.4)	(23.8)	(31.7)	(18.8)
Chemical	288.72	(3.40)	(16.74)	(26.17)	(7.15)
Construction & Materials	190.110	(0.4)	(11.3)	(28.0)	(25.8)
Industrial	274.290	(0.3)	(9.7)	(21.8)	(5.0)
Food & Beverage	317.910	(0.1)	(4.8)	(6.6)	9.5
Media	307.390	(2.1)	(8.7)	(19.3)	2.4
Oil&Gas	519.700	0.1	(13.2)	(21.4)	4.9
Insurance	229.100	3.9	(7.7)	(18.1)	(12.6)
Finance	227.790	0.2	(11.3)	(21.7)	(15.3)
RE	201.770	(2.0)	(11.3)	(16.3)	(4.4)
Retail	201.770	(2.0)	(11.3)	(16.3)	(4.4)
Tech.	627.970	(2.3)	(3.4)	(9.1)	2.1
Tyres	35.640	3.1	(17.3)	(41.0)	(18.3)
TLC	126.610	1.4	(2.9)	(10.7)	(0.8)
Utilities	164.030	0.5	(1.0)	(1.2)	7.2



Pirelli & C. vs Auto & Parts Sector

	Official Close 30 Sep	Percentage change				Daily average volumes		
		1 Week 26 - 30 Sep	1 Month	3 Months	Year to date	1 Week 26 - 30 Sep	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	248.360	1.4	(12.8)	(33.7)	(27.2)			
TYRE								
Pirelli & C	5.370	4.2	(7.9)	(27.9)	(11.2)	4,312,127	4,889,454	4,639,575
Continental	43.640	5.5	(15.0)	(39.8)	(26.2)	789,487	769,040	742,610
Michelin	45.210	5.0	(11.3)	(33.0)	(15.8)	1,467,652	1,266,805	1,215,700
Nokian	22.580	4.2	(12.5)	(34.7)	(17.7)	810,573	947,492	917,442
AUTO								
Fiat Auto	15.430	2.4	(5.5)	(45.9)	(38.9)	41,803,944	47,761,365	33,305,426
Renault	25.070	1.7	(11.5)	(38.7)	(42.4)	1,947,065	2,016,871	2,098,094
Peugeot	16.165	0.4	(24.2)	(47.6)	(43.1)	2,643,107	2,588,709	2,298,718
Volkswagen	93.190	0.2	(12.0)	(26.4)	(12.0)	197,238	205,442	204,688
BMW	49.965	(4.2)	(11.3)	(27.4)	(15.1)	4,511,542	4,211,753	3,613,290
Daimler	33.630	3.8	(10.7)	(35.2)	(33.7)	7,347,379	7,842,189	6,799,732
USA								
TYRE								
Goodyear	10.090	2.3	(19.0)	(39.8)	(14.9)	6,572,183	7,277,868	7,555,992
Cooper	10.890	5.9	(10.2)	(45.0)	(53.8)	1,719,357	1,164,710	1,108,557
AUTO								
Ford	10.000	(1.9)	(13.0)	(29.9)	(42.4)	6,468,145	8,226,767	10,435,949
		(3.9)	(16.0)	(33.5)	(45.3)			
ASIA								
TYRE								
Bridgestone	1772.0	4.9	4.5	(4.0)	12.9	4,008,700	3,379,733	3,542,911
Sumitomo	967.0	7.1	3.7	2.9	17.7	1,277,720	1,310,133	1,367,542
Toyo	195.0	6.0	(3.9)	(3.9)	(0.5)	368,600	345,000	618,756
Yokohama	454.0	6.3	6.8	(1.7)	8.1	1,419,200	1,463,733	1,556,433
Hankook	40000.0	16.4	1.6	(11.1)	27.6	979,181	799,773	883,876
Khumo	10800.0	2.8	(20.4)	(34.3)	(21.3)	316,637	280,125	471,748
AUTO								
Toyota	2688.0	2.3	(1.7)	(18.5)	(16.5)	8,540,440	9,549,770	8,182,306
Nissan	693.0	7.8	(0.6)	(17.7)	(10.3)	23,294,300	24,356,633	20,046,382

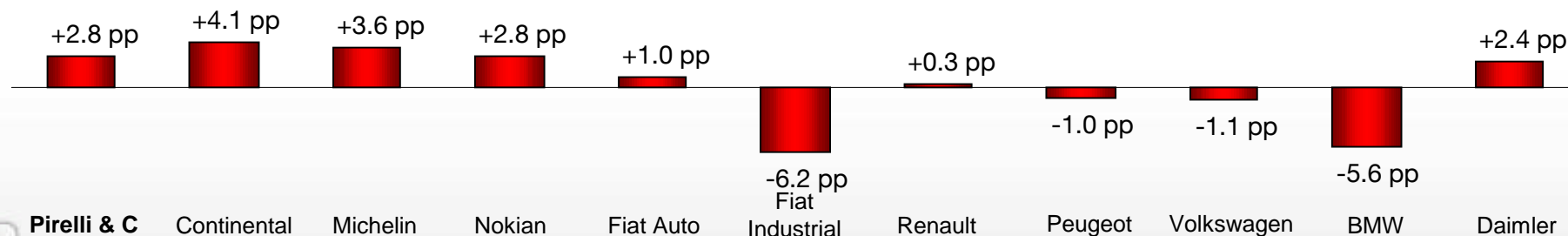
Source: Reuters

EUROPE: WEEKLY TREND 26/09/2011 – 30/09/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: +1.4%

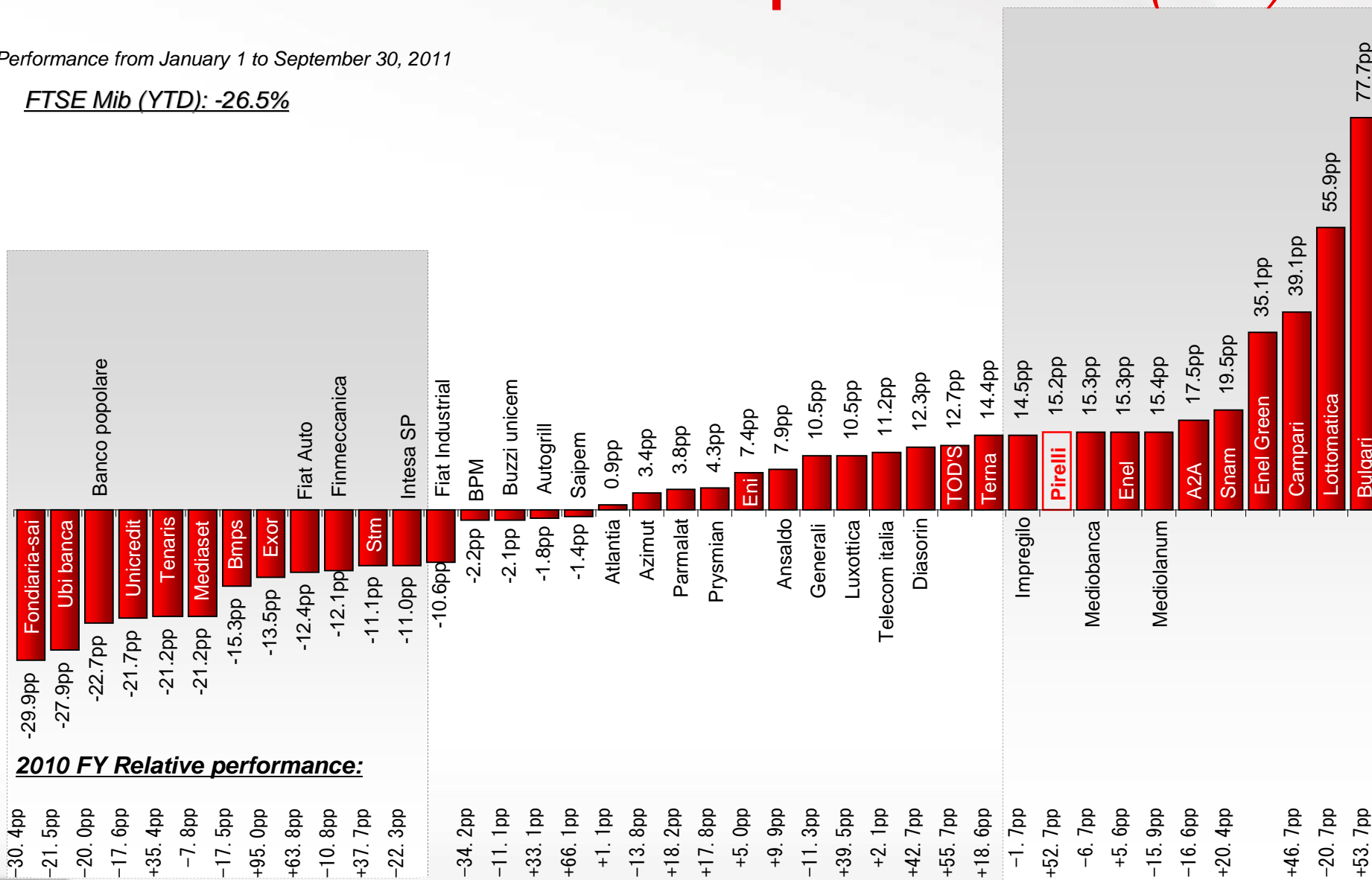
AUTO



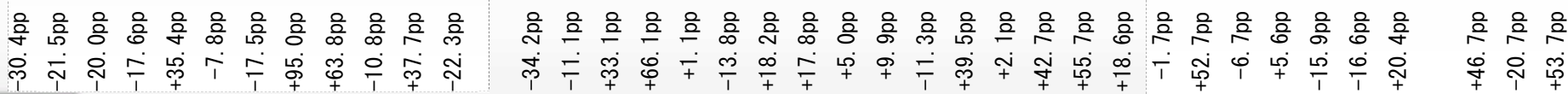
Pirelli vs FTSE Mib relative performance (YTD)

Performance from January 1 to September 30, 2011

FTSE Mib (YTD): -26.5%



2010 FY Relative performance:



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 03/10/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 3-Oct-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	6.4x	6.0x	5.4x	0.5x	0.5x	0.4x	3.5x	3.3x	2.9x	5.4x	5.0x	4.5x
	Continental	5.9x	5.5x	5.5x	0.5x	0.5x	0.5x	3.6x	3.2x	3.2x	5.5x	4.7x	4.7x
	Nokian	9.4x	9.0x	7.7x	2.0x	1.7x	1.5x	6.3x	5.9x	4.9x	7.5x	7.0x	5.7x
	Simple average	7.2x	6.8x	6.2x	1.0x	0.9x	0.8x	4.5x	4.1x	3.7x	6.1x	5.6x	5.0x
	Weighted average*	6.6x	6.2x	5.8x	0.7x	0.7x	0.6x	4.0x	3.6x	3.4x	5.7x	5.2x	4.8x
US	Goodyear	6.0x	4.1x	3.3x	0.2x	0.2x		2.9x	2.6x		4.9x	4.0x	
	Cooper Tire	7.7x	5.6x		0.2x	0.2x		2.9x	2.1x		5.9x	3.9x	
	Simple average	6.8x	4.9x		0.2x	0.2x		2.9x	2.4x		5.4x	4.0x	
	Weighted average*	6.4x	4.5x		0.2x	0.2x		2.9x	2.5x		5.2x	4.0x	
ASIA	Bridgestone	11.9x	9.4x	8.6x	0.6x	0.5x	0.5x	4.9x	4.1x	3.6x	8.9x	7.4x	
	Hankook	12.4x	10.4x	9.0x	1.5x	1.4x	1.2x	9.6x	8.2x	6.9x	13.0x	10.7x	9.0x
	Yokohama	13.1x	8.5x	7.6x	0.6x	0.5x	0.4x	6.3x	4.5x	4.0x			
	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	12.3x	9.3x	8.2x	0.8x	0.8x	0.7x	6.6x	5.4x	4.7x	10.9x	8.9x	9.0x
Weighted average*	11.7x	8.9x	8.0x	0.6x	0.6x	0.5x	5.4x	4.4x	3.8x	7.3x	6.0x	0.7x	
TOT. WORLD	max	13.1x	10.4x	9.0x	2.0x	1.7x	1.5x	9.6x	8.2x	6.9x	13.0x	10.7x	9.0x
	min	5.9x	4.1x	3.3x	0.2x	0.2x	0.4x	2.9x	2.1x	2.9x	4.9x	3.9x	4.5x
	median	9.4x	8.5x	7.6x	0.6x	0.5x	0.5x	4.9x	4.1x	4.0x	6.7x	6.0x	5.2x
	Simple average	9.4x	7.5x	6.8x	0.8x	0.7x	0.7x	5.1x	4.3x	4.3x	7.7x	6.4x	6.0x
	Weighted average**	9.3x	7.8x	6.9x	0.7x	0.6x	0.6x	4.9x	4.2x	3.6x	7.5x	6.3x	2.9x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Min	Local currency	€ adjustment	% on cluster
Michelin	€7,913	€7,913	18.4%
Continental	€8,462	€8,462	19.6%
Nokian	€2,791	€2,791	6.5%
Goodyear	\$2,465.60	€1,849	4.3%
Cooper Tire	\$677.99	€508	1.2%
Bridgestone	¥1,406,667	€13,723	31.8%
Yokohama	¥154,169	€1,504	3.5%
Sumitomo	¥255,415	€2,492	5.8%
Hankook	₩6,166,437	€3,869	9.0%
TOT.		€43,111	

