

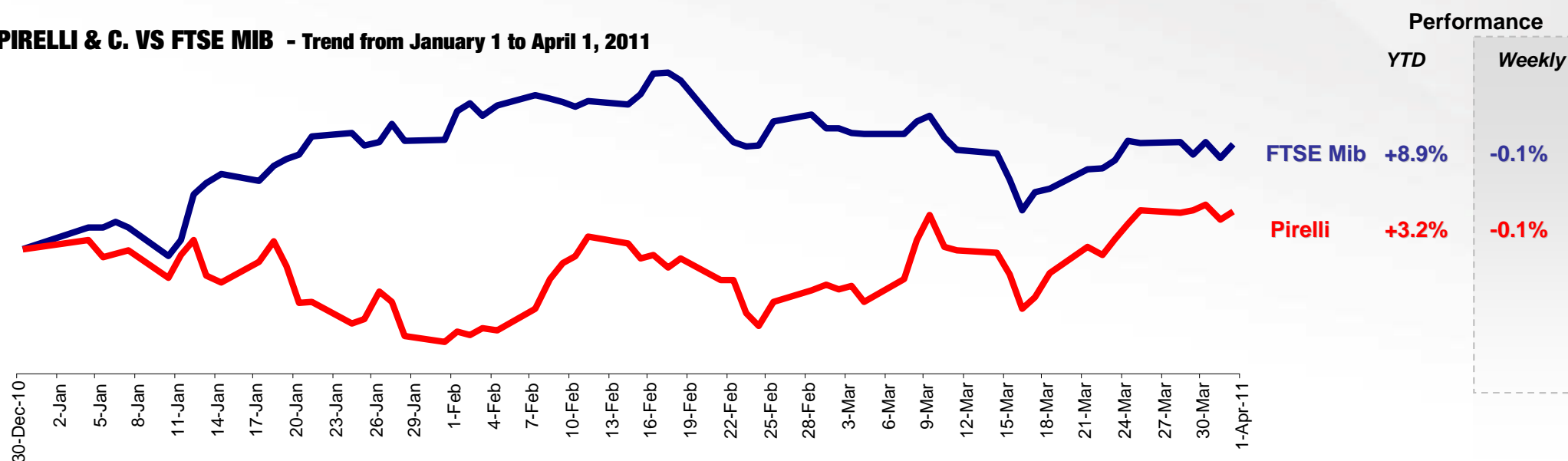


# PEERS & MARKETS

28 March – 1 April 2011

# Pirelli on the Stock Market

**PIRELLI & C. VS FTSE MIB - Trend from January 1 to April 1, 2011**



	Official Close 1 April	Percentage change				Daily average volumes		
		1 Week 28 Mar - 1 Apr	1 Month	3 Months	Year to date	1 Week 28 Mar - 1 Apr	1 Month	3 Months
Pirelli & C. Ord.	6.245	(0.1)	6.4	3.2	3.2	2,677,493	3,753,127	3,339,700
Pirelli & C. Risp.	5.850	0.7	7.2	4.3	4.3	25,818	26,024	23,462
Pirelli Real Estate	0.566	2.0	4.8	26.9	26.9	4,825,014	4,452,936	6,404,966
FTSE All Share	22687	0.2	(0.8)	8.4	8.4	1,237,749,558	1,258,762,245	1,114,688,017
FTSE MIB	21968	(0.1)	(1.2)	8.9	8.9	1,051,773,030	1,028,126,639	906,474,593

## Sell side analysts evaluation on Pirelli & C (04/04/2011)

Consensus Target Price: € 7.32

% Buy: 77%

% Sell: 14%

% Hold: 9%

Market Cap: €3,030.8 mln (of which ord. €2,959.1 mln)

Source: Reuters



# Markets

	Official Close 1 April	Percentage change (%)			
		1 Week 28 Mar - 1 Apr	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	280.020	1.4	(1.6)	1.5	1.5
FTSE MIB	21967.770	(0.1)	(1.2)	8.9	8.9
FTSE 100	6009.920	1.8	1.2	1.9	1.9
DAX	7179.810	3.4	(0.6)	3.8	3.8
CAC 40	4054.760	2.1	(0.3)	6.6	6.6
IBEX 35	10729.900	0.2	(0.3)	8.8	8.8
OMX Stockholm	7548.530	1.1	0.8	(1.5)	(1.5)
FTSE ATHEX	1579.440	(7.0)	(4.5)	5.5	5.5
<b>UNITED STATES</b>					
DJ Industr. Average	12319.730	1.3	2.6	6.9	6.9
S&P 500	1325.830	1.4	2.0	5.9	5.9
NASDAQ Composite	2789.600	1.7	1.9	5.2	5.2
<b>ASIA</b>					
SSE Composite (Cina)	2928.111	(0.3)	1.7	5.7	5.7
Nikkei 225 (Giappone)	9708.390	1.8	(9.7)	(5.1)	(5.1)
Hang Seng (HK)	23801.900	2.8	1.7	3.3	3.3
All ordinaries (Australia)	4954.586	2.4	0.7	2.2	2.2
Strait Times (Singapore)	3120.470	1.6	1.7	(2.2)	(2.2)
BSE 30 (India)	19420.390	3.2	5.3	(5.3)	(5.3)
<b>EMIRATES</b>					
Abu Dhabi	2608.720	(1.4)	3.1	(5.2)	(4.1)
Dubai	1554.450	(0.1)	15.0	(6.5)	(4.7)
<b>LATAM</b>					
Bovespa (Brasile)	68586.700	2.2	4.6	(0.1)	(0.1)
IPC (Messico)	37440.510	2.7	2.7	(2.0)	(2.0)
Merval (Argentina)	3388.030	3.7	1.3	(1.5)	(1.5)

Source: Reuters

	Official Close 1 April	Percentage change (%)			
		1 Week 28 Mar - 1 Apr	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	280.020	1.4	(1.6)	1.5	1.5
Auto	341.770	3.5	(0.4)	0.2	0.2
Banks	203.340	(0.9)	(5.3)	3.6	3.6
Basic Resources	609.740	3.2	(1.3)	(4.0)	(4.0)
Chemical	573.080	3.6	1.4	0.9	0.9
Construction & Material	296.270	1.9	2.2	4.8	4.8
Industrial	515.110	3.8	2.3	5.5	5.5
Insurance	171.370	1.6	(2.4)	11.0	11.0
Finance	272.960	1.1	(0.8)	1.8	1.8
Food & Beverage	349.750	1.1	(0.3)	(4.0)	(4.0)
FTSE EPRA Eu Residential	1813.400	1.2	2.3	5.0	5.0
Media	184.310	3.1	(2.0)	1.9	1.9
Oil&Gas	356.360	1.0	(0.4)	7.2	7.2
Retail	254.760	(0.3)	(3.4)	(5.3)	(5.3)
Tech.	228.760	1.7	(1.7)	6.0	6.0
TLC	282.210	1.4	(0.1)	4.9	4.9
Travel & Leisure	123.960	0.3	(3.3)	(7.4)	(7.4)
Utilities	321.010	2.0	(1.5)	2.7	2.7
<b>UNITED STATES</b>					
S&P 500	1325.830	1.4	2.0	5.9	13.1
Auto	170.790	1.7	2.7	(7.3)	24.3
Banks	231.920	0.8	(0.3)	1.5	(4.1)
Basic Resources	316.020	1.4	5.4	2.4	21.0
Chemical	368.16	2.37	5.66	9.01	31.70
Construction & Materials	257.030	(3.5)	1.1	0.6	(10.2)
Industrial	343.570	2.4	5.0	9.7	22.5
Food & Beverage	316.090	2.0	3.4	3.8	11.1
Media	363.910	1.3	0.9	12.5	25.8
Oil&Gas	677.350	2.0	3.5	17.2	35.3
Insurance	283.830	1.6	0.1	4.5	8.7
Finance	295.390	1.5	0.6	3.7	3.5
RE	230.410	2.2	1.4	6.5	18.9
Retail	230.410	2.2	1.4	6.5	18.9
Tech.	686.020	(0.0)	(1.0)	3.1	13.0
Tyres	58.460	(0.7)	11.3	22.4	22.7
TLC	138.440	4.2	6.9	3.7	20.4
Utilities	157.550	2.2	1.9	3.7	9.4



# Pirelli & C. vs Auto & Parts Sector

	Official Close 1 April	Percentage change				Daily average volumes			
		1 Week 28 Mar - 1 Apr	1 Month	3 Months	Year to date	1 Week 28 Mar - 1 Apr	1 Month	3 Months	
EUROPA	DJ Stoxx Auto	341.770	3.5	(0.4)	0.2	0.2			
	TYRE								
	Pirelli & C	6.245	(0.1)	6.4	3.2	3.2	2,677,493	3,753,127	3,339,700
	Continental	64.400	5.6	4.4	8.9	8.9	1,380,008	634,957	523,461
	Michelin	60.470	0.4	3.3	12.6	12.6	892,006	1,143,056	1,153,916
	Nokian	30.800	1.3	5.4	12.2	12.2	466,732	591,820	682,262
	AUTO								
	Fiat Auto	15.430	0.5	(1.1)	(2.0)	(2.0)	19,116,277	26,728,703	28,228,650
	Renault	39.945	5.5	(8.0)	(8.2)	(8.2)	2,494,871	2,730,672	2,079,965
	Peugeot	28.680	3.9	0.5	1.0	1.0	1,265,793	1,886,988	1,707,510
	Volkswagen	108.250	2.8	(1.1)	2.2	2.2	123,629	185,298	213,503
BMW	61.220	6.5	2.6	4.0	4.0	2,479,525	3,039,481	2,860,938	
Daimler	51.590	5.3	1.1	1.7	1.7	5,588,528	6,685,194	5,453,722	
USA	TYRE								
	Goodyear	15.220	(1.5)	10.7	28.4	28.4	10,260,910	7,022,817	6,295,289
	Cooper	26.070	1.2	12.7	10.6	10.6	386,332	821,956	777,555
AUTO									
Ford	14.910	1.0	3.4	(9.7)	(9.7)	9,295,093	11,446,786	11,149,334	
ASIA	TYRE								
	Bridgestone	1719.0	(3.6)	(1.0)	9.6	9.6	4,698,480	6,026,007	5,010,067
	Sumitomo	1199.0	0.6	(6.0)	0.5	0.5	1,469,280	1,778,590	1,667,061
	Toyo	203.0	0.5	(14.0)	3.6	3.6	791,800	1,460,367	1,151,300
	Yokohama	396.0	(1.0)	(9.6)	(5.7)	(5.7)	1,985,000	2,203,300	1,796,178
	Hankook	35200.0	3.8	18.7	10.9	10.9	892,916	873,025	729,313
	Khumo	16100.0	11.8	0.0	16.2	16.2	435,864	290,461	271,398
	AUTO								
	Toyota	3355.0	2.4	(13.0)	4.2	4.2	9,478,280	12,400,050	10,472,927
	Nissan	729.0	7.0	(14.9)	(5.7)	(5.7)	28,267,920	25,609,260	19,881,668

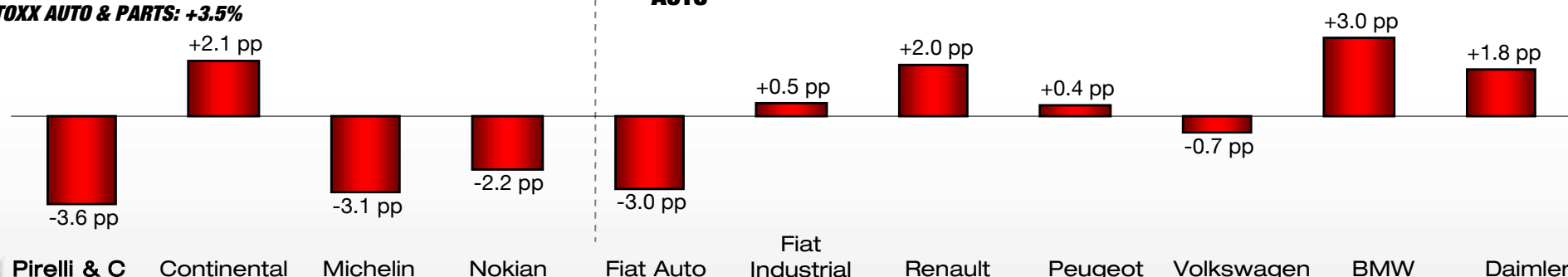
Source: Reuters

## EUROPE: WEEKLY TREND 28/03/2011 – 01/04/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

### TYRE

DJ STOXX AUTO & PARTS: +3.5%

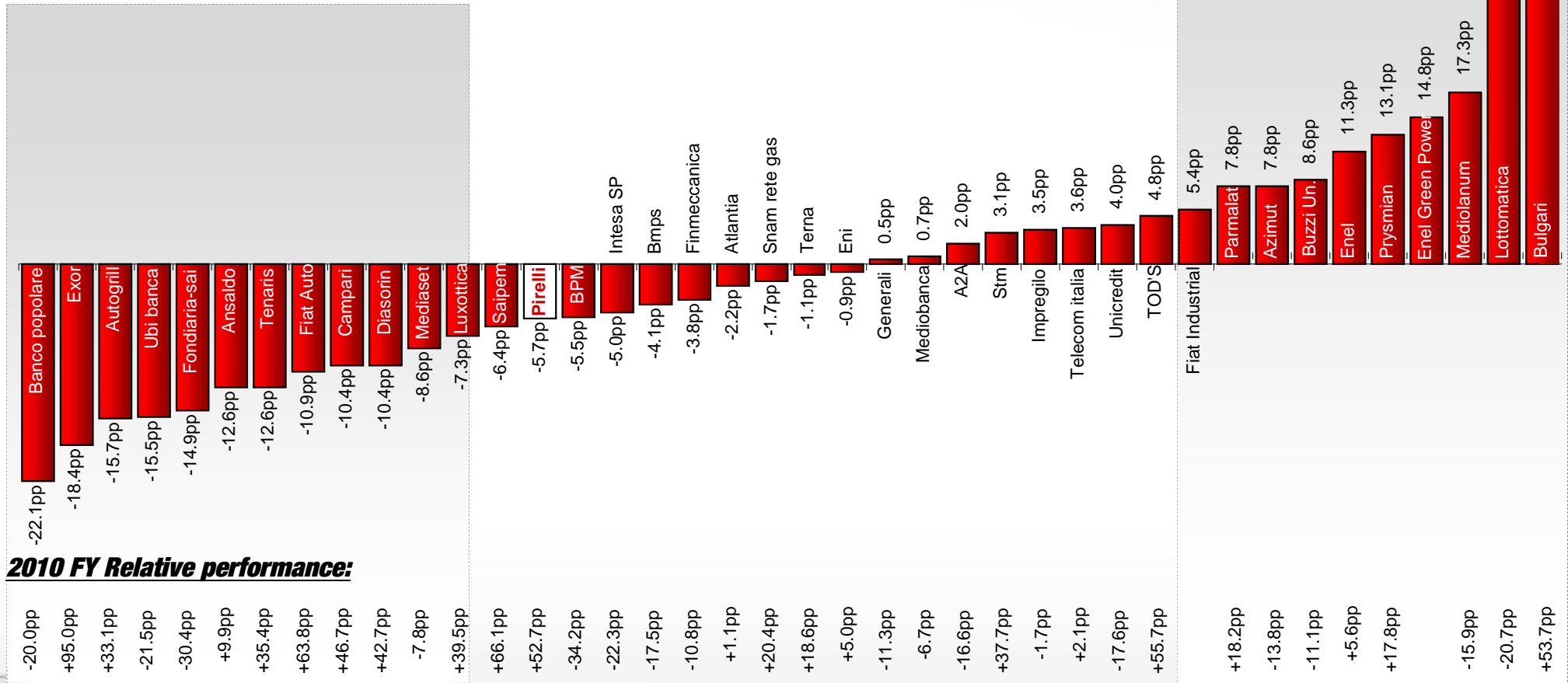
### AUTO



# Pirelli vs FTSE Mib relative performance (YTD)

**FTSE Mib (YTD): +8.9%**

Performance from January 1 to April 1, 2011



**2010 FY Relative performance:**



# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 04/04/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 4-Apr-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	9.7x	8.3x	7.2x	0.6x	0.6x		4.6x	4.1x		7.3x	6.3x	
	Continental	10.3x	8.1x	8.1x	0.7x	0.6x	0.6x	4.9x	4.2x	4.2x	7.7x	6.4x	6.4x
	Nokian	17.0x	14.0x	12.4x	3.0x	2.6x	2.2x	10.7x	9.0x	7.6x	13.1x	10.7x	9.3x
	Simple average	12.3x	10.1x	9.2x	1.4x	1.3x	1.4x	6.7x	5.8x	5.9x	9.4x	7.8x	7.9x
	Weighted average *	11.0x	9.0x	8.4x	1.0x	0.9x		5.6x	4.8x		8.3x	7.0x	
US	Goodyear	29.3x	7.3x	5.4x	0.3x	0.3x		4.7x	3.7x		8.1x	5.4x	
	Cooper Tire	10.5x	8.7x		0.4x	0.3x		4.1x	3.3x		6.4x	5.0x	
	Simple average	19.9x	8.0x		0.4x	0.3x		4.4x	3.5x		7.3x	5.2x	
	Weighted average *	23.6x	7.7x		0.3x	0.3x		4.6x	3.6x		7.6x	5.3x	
ASIA	Bridgestone	14.7x	10.4x	9.2x	0.6x	0.5x	0.5x	5.3x	4.3x	3.8x	10.9x	8.5x	
	Hankook	11.6x	10.2x	10.4x	1.3x	1.2x	1.0x	8.6x	7.5x	7.0x	12.0x	9.9x	9.7x
	Yokohama	10.4x	11.0x	8.3x	0.5x	0.5x	0.5x	5.1x	5.3x	4.5x	10.1x	12.3x	10.6x
	Sumitomo	12.8x	8.8x	8.1x	0.7x	0.6x	0.6x	5.8x	4.7x	4.4x	9.9x	7.7x	
	Simple average	12.4x	10.1x	9.0x	0.8x	0.7x	0.6x	6.2x	5.5x	4.9x	10.7x	9.6x	10.2x
	Weighted average *	12.5x	9.6x	8.3x	0.6x	0.5x	0.5x	5.1x	4.4x	3.8x	9.9x	8.6x	2.5x
TOT. WORLD	max	29.3x	14.0x	12.4x	3.0x	2.6x	2.2x	10.7x	9.0x	7.6x	13.1x	12.3x	10.6x
	min	9.7x	7.3x	5.4x	0.3x	0.3x	0.5x	4.1x	3.3x	3.8x	6.4x	5.0x	6.4x
	median	11.6x	8.8x	8.2x	0.6x	0.6x	0.6x	5.1x	4.3x	4.4x	9.9x	7.7x	9.5x
	Simple average	14.0x	9.6x	8.6x	0.9x	0.8x	0.9x	6.0x	5.1x	5.3x	9.5x	8.0x	9.0x
	Weighted average **	12.9x	9.4x	8.4x	0.9x	0.8x	0.6x	5.7x	4.8x	3.4x	9.2x	7.6x	3.3x

\* on peers market capitalization by geographical area

\*\* on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Min	Local currency	€ adjustment	% on cluster
	Michelin	€10.685	21.7%
	Continental	€12.884	26.1%
	Nokian	€3.956	8.0%
	Goodyear	\$3.698.10	5.3%
	Cooper Tire	\$1.608.99	2.3%
	Bridgestone	¥1.391.218	23.6%
	Yokohama	¥132.928	2.3%
	Sumitomo	¥219.378	3.7%
	Hankook	₩5.336.632	7.0%
	TGT.	€49.313	

