

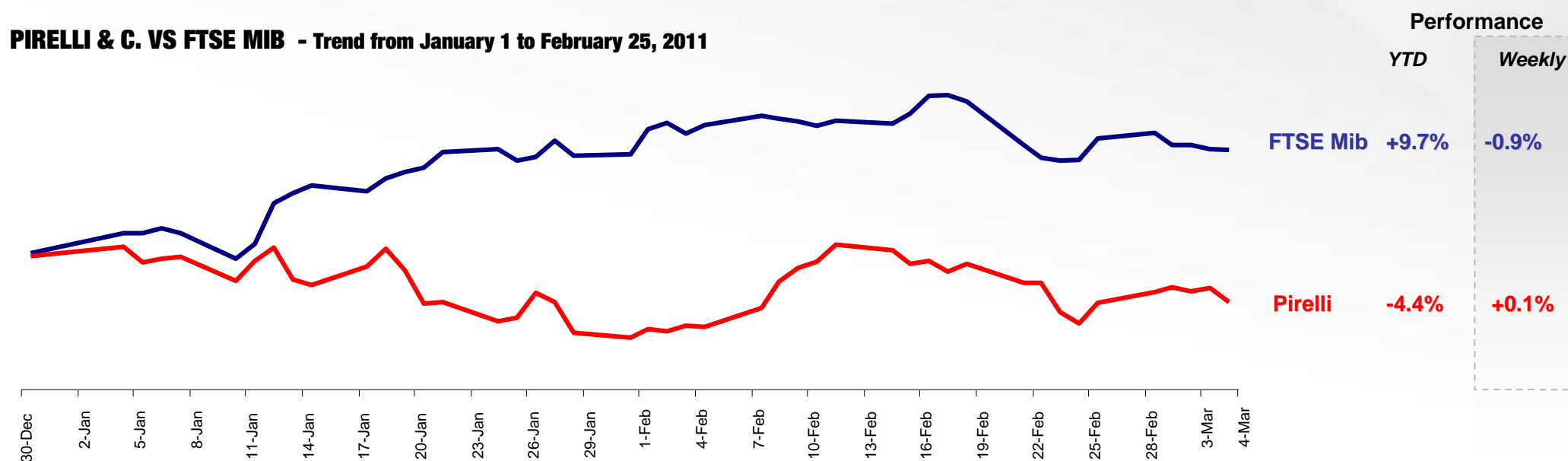


# PEERS & MARKETS

28 February – 4 March 2011

# Pirelli on the Stock Market

**PIRELLI & C. VS FTSE MIB - Trend from January 1 to February 25, 2011**



	Official Close 4 March	Percentage change				Daily average volumes		
		Week 28 Feb - 4 Mar	1 Month	3 Months	Year to date	Week 28 Feb - 4 Mar	1 Month	3 Months
Pirelli & C. Ord.	5.785	0.1	2.6	(6.6)	(4.4)	3,257,818	3,659,935	3,248,707
Pirelli & C. Risp.	5.485	1.8	4.1	(5.2)	(2.2)	14,853	25,951	22,086
Pirelli Real Estate	0.533	(0.4)	(2.7)	24.8	19.5	3,786,945	9,462,499	7,741,755
FTSE All Share	22757	(0.8)	(1.9)	9.3	8.7	1,278,215,585	1,230,783,785	1,029,453,172
FTSE MIB	22138	(0.9)	(2.1)	10.0	9.7	1,015,325,023	948,212,228	838,959,471

## Sell side analysts evaluation on Pirelli & C (07/03/2011)

Consensus Target Price: € 7.05

% Buy: 65%

% Sell: 10%

% Hold: 25%

Market Cap: €2,799.4 mln (of which ord. €2,733.13 mln)

Source: Reuters



# Markets

	Official Close 04 March	Percentage change (%)			
		Week 28 Feb - 4 Mar	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	281.900	(0.8)	(1.4)	4.0	2.2
FTSE MIB	22138.440	(0.9)	(2.1)	10.0	9.7
FTSE 100	5990.390	(0.2)	(0.1)	4.3	1.5
DAX	7178.900	(0.1)	(0.5)	3.3	3.8
CAC 40	4020.210	(1.2)	(0.7)	7.2	5.7
IBEX 35	10498.700	(3.0)	(3.3)	4.8	6.5
OMX Stockholm	7385.550	(0.5)	(5.2)	(0.0)	(3.6)
FTSE ATHEX	1654.320	(1.3)	(5.3)	4.4	10.5
<b>UNITED STATES</b>					
DJ Industr. Average	12258.200	0.3	0.6	6.9	5.1
S&P 500	1330.970	0.1	0.8	7.9	5.0
NASDAQ Composite	2784.670	0.1	0.6	7.5	5.0
<b>ASIA</b>					
SSE Composite (Cina)	2942.306	2.2	5.1	3.5	4.8
Nikkei 225 (Giappone)	10693.660	1.6	1.4	5.1	4.5
Hang Seng (HK)	23408.860	1.7	(2.1)	0.4	1.6
All ordinaries (Australia)	4958.586	0.7	(0.0)	3.7	2.3
Strait Times (Singapore)	3061.310	1.2	(4.7)	(3.5)	(4.0)
BSE 30 (India)	18486.450	4.8	2.7	(7.4)	(9.9)
<b>EMIRATES</b>					
Abu Dhabi	2558.280	(2.7)	(4.3)	(7.0)	(5.9)
Dubai	1389.040	(5.3)	(13.5)	(18.6)	(14.8)
<b>LATAM</b>					
Bovespa (Brasile)	68145.530	1.7	4.2	(2.5)	(1.9)
IPC (Messico)	37132.980	0.1	(1.5)	(1.3)	(4.3)
Merval (Argentina)	3474.970	0.9	(4.5)	1.3	(1.6)

Source: Reuters

	Official Close 04 March	Percentage change (%)			
		Week 28 Feb - 4 Mar	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	281.900	(0.8)	(1.4)	4.0	2.2
<b>Auto</b>	<b>331.180</b>	<b>(3.3)</b>	<b>(3.9)</b>	<b>(7.0)</b>	<b>(2.9)</b>
<b>Banks</b>	<b>209.950</b>	<b>(4.3)</b>	<b>(4.1)</b>	<b>4.3</b>	<b>6.9</b>
<b>Basic Resources</b>	<b>616.130</b>	<b>0.8</b>	<b>(2.9)</b>	<b>2.4</b>	<b>(3.0)</b>
<b>Chemical</b>	<b>568.310</b>	<b>2.0</b>	<b>1.6</b>	<b>1.9</b>	<b>0.0</b>
<b>Construction &amp; Material</b>	<b>288.800</b>	<b>(0.3)</b>	<b>0.1</b>	<b>6.2</b>	<b>2.2</b>
<b>Industrial</b>	<b>496.160</b>	<b>0.1</b>	<b>0.2</b>	<b>3.3</b>	<b>1.6</b>
<b>Insurance</b>	<b>175.200</b>	<b>0.0</b>	<b>(0.6)</b>	<b>17.3</b>	<b>13.4</b>
<b>Finance</b>	<b>274.740</b>	<b>0.1</b>	<b>(2.9)</b>	<b>5.2</b>	<b>2.5</b>
<b>Food &amp; Beverage</b>	<b>346.380</b>	<b>(0.6)</b>	<b>(0.9)</b>	<b>(1.7)</b>	<b>(4.9)</b>
<b>FTSE EPRA Eu Residential</b>	<b>1786.530</b>	<b>1.7</b>	<b>3.0</b>	<b>6.0</b>	<b>3.4</b>
<b>Media</b>	<b>187.240</b>	<b>(0.2)</b>	<b>(1.2)</b>	<b>5.5</b>	<b>3.5</b>
<b>Oil&amp;Gas</b>	<b>358.810</b>	<b>0.2</b>	<b>1.3</b>	<b>13.8</b>	<b>7.9</b>
<b>Retail</b>	<b>257.660</b>	<b>(3.0)</b>	<b>(4.2)</b>	<b>(7.1)</b>	<b>(4.2)</b>
<b>Tech.</b>	<b>232.830</b>	<b>0.8</b>	<b>(1.8)</b>	<b>12.3</b>	<b>7.9</b>
<b>TLC</b>	<b>281.300</b>	<b>0.3</b>	<b>(2.4)</b>	<b>3.8</b>	<b>4.6</b>
<b>Travel &amp; Leisure</b>	<b>126.740</b>	<b>(2.0)</b>	<b>(5.5)</b>	<b>(4.5)</b>	<b>(5.3)</b>
<b>Utilities</b>	<b>320.540</b>	<b>(2.1)</b>	<b>(2.4)</b>	<b>5.4</b>	<b>2.5</b>
<b>UNITED STATES</b>					
S&P 500	1330.970	0.1	0.8	7.9	17.6
<b>Auto</b>	<b>170.980</b>	<b>(3.7)</b>	<b>(8.5)</b>	<b>(8.8)</b>	<b>19.9</b>
<b>Banks</b>	<b>238.460</b>	<b>(2.1)</b>	<b>(2.1)</b>	<b>10.3</b>	<b>6.2</b>
<b>Basic Resources</b>	<b>307.810</b>	<b>1.2</b>	<b>(1.1)</b>	<b>5.7</b>	<b>24.6</b>
<b>Chemical</b>	<b>361.29</b>	<b>1.02</b>	<b>1.50</b>	<b>8.03</b>	<b>33.09</b>
<b>Construction &amp; Materials</b>	<b>262.870</b>	<b>(2.2)</b>	<b>(3.0)</b>	<b>7.2</b>	<b>(8.5)</b>
<b>Industrial</b>	<b>339.870</b>	<b>0.3</b>	<b>0.3</b>	<b>9.8</b>	<b>27.1</b>
<b>Food &amp; Beverage</b>	<b>312.440</b>	<b>(0.0)</b>	<b>1.6</b>	<b>3.3</b>	<b>10.9</b>
<b>Media</b>	<b>371.800</b>	<b>0.8</b>	<b>5.7</b>	<b>15.2</b>	<b>35.0</b>
<b>Oil&amp;Gas</b>	<b>669.360</b>	<b>0.2</b>	<b>5.0</b>	<b>19.0</b>	<b>36.3</b>
<b>Insurance</b>	<b>287.540</b>	<b>(0.8)</b>	<b>0.9</b>	<b>8.4</b>	<b>14.7</b>
<b>Finance</b>	<b>300.370</b>	<b>(1.4)</b>	<b>(0.3)</b>	<b>8.1</b>	<b>11.3</b>
<b>RE</b>	<b>229.430</b>	<b>(1.1)</b>	<b>1.3</b>	<b>6.2</b>	<b>26.6</b>
<b>Retail</b>	<b>229.430</b>	<b>(1.1)</b>	<b>1.3</b>	<b>6.2</b>	<b>26.6</b>
<b>Tech.</b>	<b>707.350</b>	<b>(0.1)</b>	<b>(1.2)</b>	<b>7.6</b>	<b>21.1</b>
<b>Tyres</b>	<b>54.490</b>	<b>(1.0)</b>	<b>7.0</b>	<b>25.5</b>	<b>9.2</b>
<b>TLC</b>	<b>130.390</b>	<b>(0.6)</b>	<b>(1.4)</b>	<b>1.6</b>	<b>19.6</b>
<b>Utilities</b>	<b>157.710</b>	<b>0.8</b>	<b>0.6</b>	<b>3.5</b>	<b>10.4</b>

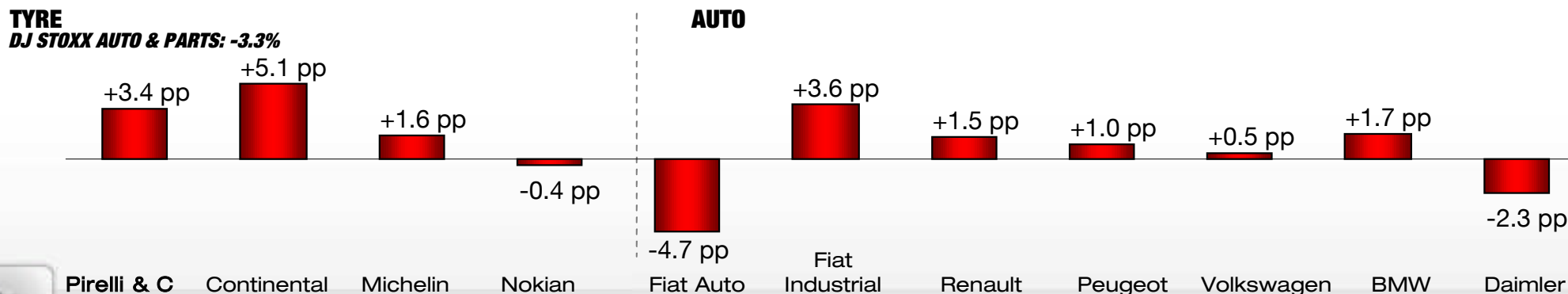


# Pirelli & C. vs Auto & Parts Sector

	Official Close 4 March	Percentage change				Daily average volumes		
		1 Week 28 Feb - 4 Mar	1 Month	3 Months	Year to date	1 Week 28 Feb - 4 Mar	1 Month	3 Months
<b>EUROPA</b>								
DJ Stoxx Auto	331.180	(3.3)	(3.9)	(7.0)	(2.9)			
<b>TYRE</b>								
Pirelli & C	5.785	0.1	2.6	(6.6)	(4.4)	3,257,818	3,659,935	3,248,707
Continental	60.240	1.8	2.2	(8.0)	1.9	580,546	500,023	462,937
Michelin	57.640	(1.7)	3.7	2.5	7.3	940,652	1,353,244	1,109,649
Nokian	28.210	(3.7)	5.1	9.7	2.8	601,903	794,891	685,099
<b>AUTO</b>								
Fiat Auto	15.430	(8.0)	(11.7)	5.3	(6.9)	34,862,108	25,760,471	28,224,892
Renault	42.165	(1.8)	(11.2)	(3.8)	(3.1)	2,418,774	2,409,025	1,782,592
Peugeot	28.190	(2.3)	(3.1)	(8.8)	(0.8)	2,163,106	2,104,782	1,672,814
Volkswagen	106.150	(2.8)	(3.7)	(7.5)	0.2	173,545	186,875	246,461
BMW	57.780	(1.6)	1.6	(9.3)	(1.8)	2,906,253	2,854,644	2,774,714
Daimler	48.235	(5.6)	(8.5)	(10.6)	(4.9)	6,992,603	5,899,231	4,911,580
<b>USA</b>								
<b>TYRE</b>								
Goodyear	13.680	(1.6)	7.2	37.8	15.4	6,383,178	6,931,746	5,868,446
Cooper	23.440	0.5	6.4	4.1	(0.6)	726,957	920,437	768,007
<b>AUTO</b>								
Ford	14.420	(4.3)	(8.3)	(14.2)	(14.1)	9,610,834	13,359,316	12,697,693
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1757.0	6.7	9.3	6.2	12.0	4,942,100	4,668,510	4,573,437
Sumitomo	1248.0	2.2	3.1	1.2	5.4	1,179,140	1,632,507	1,587,729
Toyo	230.0	5.0	12.2	23.7	17.3	1,504,000	1,213,700	1,082,667
Yokohama	440.0	4.3	3.5	0.7	4.8	1,439,800	1,697,000	1,609,411
Hankook	29750.0	(4.0)	6.6	(8.5)	(6.3)	605,066	793,648	639,039
Khumo	15450.0	(2.8)	9.2	(11.5)	11.6	182,180	222,743	280,687
<b>AUTO</b>								
Toyota	3785.0	0.8	9.4	15.6	17.5	9,264,720	10,637,963	9,558,019
Nissan	851.0	1.6	(1.8)	3.5	10.1	18,653,480	17,017,230	17,438,278

Source: Reuters

## EUROPE: WEEKLY TREND 28/02/2011 – 04/03/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS





# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 07/03/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 7-Mar-11																	
		P/E				EV/SALES				EV/EBITDA				EV/EBIT			
		2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
EUROPA	Michelin	10.9x	9.3x	7.9x	7.0x	0.7x	0.6x	0.6x		4.7x	4.4x	4.0x		7.6x	7.0x	6.1x	
	Continental	12.7x	9.3x	7.5x	7.5x	0.8x	0.7x	0.6x	0.6x	5.5x	4.7x	4.1x	4.1x	8.3x	7.3x	6.1x	6.1x
	Nokian	21.5x	15.5x	12.9x	11.4x	3.6x	2.7x	2.4x	2.0x	13.3x	9.8x	8.2x	7.0x	17.4x	12.1x	9.8x	8.3x
	Simple average	15.0x	11.4x	9.4x	8.6x	1.7x	1.3x	1.2x	1.3x	7.8x	6.3x	5.4x	5.6x	11.1x	8.8x	7.3x	7.2x
	Weighted average *	13.2x	10.2x	8.4x	7.8x	1.1x	0.9x	0.8x		6.3x	5.3x	4.6x		9.3x	7.8x	6.6x	
US	Goodyear	41.2x	20.3x	6.9x	6.1x	0.3x	0.3x	0.3x		4.7x	4.6x	3.8x		9.0x	8.1x	5.5x	
	Cooper Tire	9.3x	9.4x	7.9x		0.5x	0.4x	0.3x		4.1x	3.7x	3.1x		6.0x	5.8x	4.5x	
	Simple average	25.2x	14.9x	7.4x		0.4x	0.3x	0.3x		4.4x	4.1x	3.4x		7.5x	7.0x	5.0x	
	Weighted average *	31.5x	17.0x	7.2x		0.4x	0.3x	0.3x		4.5x	4.3x	3.6x		8.1x	7.4x	5.2x	
ASIA	Bridgestone	14.1x	15.1x	11.1x	9.6x	0.7x	0.6x	0.5x	0.5x	5.6x	5.4x	4.5x	4.0x	11.5x	11.0x	8.7x	
	Hankook	10.1x	9.7x	8.5x	8.8x	1.3x	1.1x	1.0x	0.8x	7.7x	7.1x	6.1x	5.7x	10.2x	10.0x	8.2x	9.0x
	Yokohama	16.4x	11.8x	12.2x	9.3x	0.6x	0.6x	0.6x	0.5x	6.1x	5.4x	5.6x	4.8x	16.1x	10.7x	13.0x	11.3x
	Sumitomo	11.5x	13.4x	9.3x	8.4x	0.8x	0.7x	0.6x	0.6x	6.0x	6.0x	4.9x	4.6x	11.1x	10.2x	7.9x	
	Simple average	13.0x	12.5x	10.3x	9.0x	0.8x	0.7x	0.7x	0.6x	6.3x	6.0x	5.3x	4.7x	12.2x	10.5x	9.4x	10.2x
	Weighted average *	13.9x	13.6x	10.8x	9.1x	0.7x	0.6x	0.6x	0.5x	5.7x	5.4x	4.7x	4.1x	12.1x	10.5x	9.3x	2.9x
TOT. WORLD	max	41.2x	20.3x	12.9x	11.4x	3.6x	2.7x	2.4x	2.0x	13.3x	9.8x	8.2x	7.0x	17.4x	12.1x	13.0x	11.3x
	min	9.3x	9.3x	6.9x	6.1x	0.3x	0.3x	0.3x	0.5x	4.1x	3.7x	3.1x	4.0x	6.0x	5.8x	4.5x	6.1x
	median	12.7x	11.8x	8.5x	8.6x	0.7x	0.6x	0.6x	0.6x	5.6x	5.4x	4.5x	4.7x	10.2x	10.0x	7.9x	8.7x
	Simple average	16.4x	12.6x	9.4x	8.5x	1.0x	0.9x	0.8x	0.8x	6.4x	5.7x	4.9x	5.0x	10.8x	9.1x	7.8x	8.7x
	Weighted average **	14.6x	12.1x	9.2x	8.1x	0.9x	0.8x	0.7x	0.5x	6.0x	5.4x	4.6x	3.2x	10.1x	8.9x	7.4x	3.0x

\* on peers market capitalization by geographical area

\*\* on tyre sector market capitalization

WORLD TYRE MARKET CAP					
Min	Local currency	€ adjustment	% on cluster	% on geographical Area	
	Michelin	€10.132	€10.132	21.3%	39.4%
	Continental	€12.000	€12.000	25.2%	46.6%
	Nokian	€3.604	€3.604	7.6%	14.0%
	Goodyear	\$3.323.92	€2.378	5.0%	69.7%
	Cooper Tire	\$1.446.67	€1.035	2.2%	30.3%
	Bridgestone	¥1.401.788	€12.223	25.7%	66.4%
	Yokohama	¥149.715	€1.305	2.7%	21.1%
	Sumitomo	¥234.108	€2.041	4.3%	3.9%
	Hankook	₩4.428.727	€2.834	6.0%	5.6%
TOT.			€47.554		

