

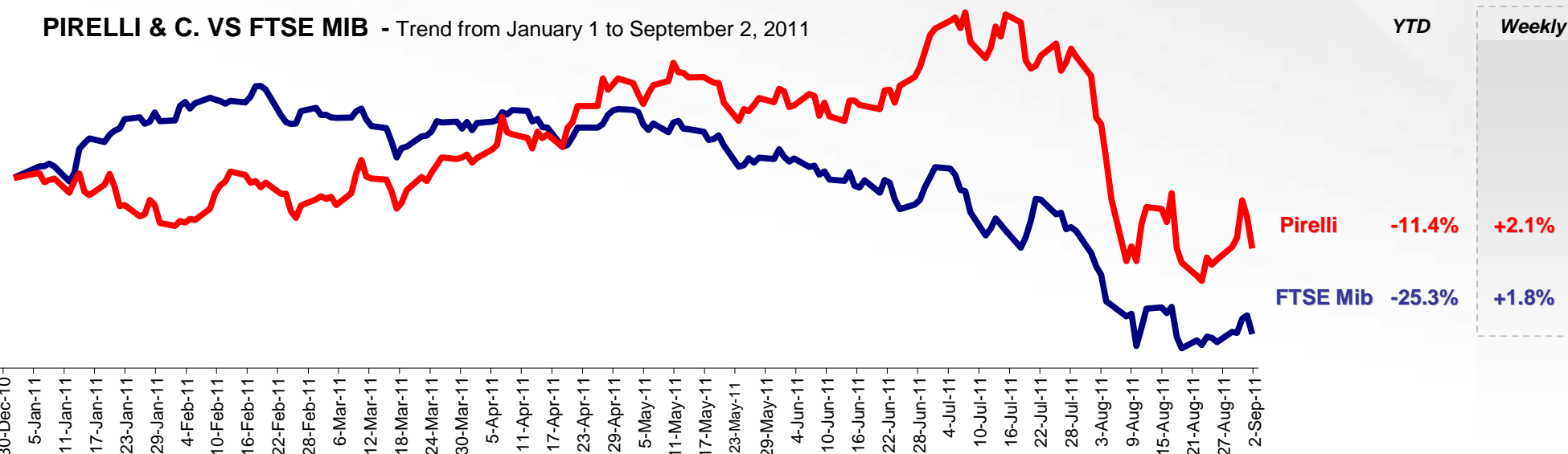


PEERS & MARKETS

29 August – 2 September 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to September 2, 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

	Official Close 2 September	Percentage change				Daily average volumes		
		1 Week 29 Aug - 2 Sep	1 Month	3 Months	Year to date	1 Week 29 Aug - 2 Sep	1 Month	3 Months
Pirelli & C. Ord.	5.360	2.1	(19.3)	(20.5)	(11.4)	4,761,472	5,937,933	4,419,298
Pirelli & C. Risp.	4.402	6.1	(10.5)	(25.1)	(21.5)	10,170	18,111	22,722
Pirelli Real Estate	0.281	15.9	(19.3)	(46.2)	(37.1)	5,684,699	6,057,668	4,140,531
FTSE All Share	15955	2.0	(11.3)	(25.8)	(23.8)	750,793,264	1,263,350,695	1,200,244,151
FTSE MIB	15061	1.8	(12.8)	(27.2)	(25.3)	637,993,580	1,145,369,316	1,061,486,434

Sell side analysts evaluation on Pirelli & C (05/09/2011)

Consensus Target Price: € 8.60

Buy: 88%

% Sell: 4%

% Hold: 8%

Market Cap: €2,544.7 mln (of which ord. €2,492.9 mln)



Source: Reuters

Markets

	Official Close 2 Sep	Percentage change (%)			
		1 Week 29 Aug - 2 Sep	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	233.110	3.4	(9.3)	(15.1)	(15.5)
FTSE MIB	15060.790	1.8	(12.8)	(27.2)	(25.3)
FTSE 100	5292.030	3.1	(7.5)	(9.5)	(10.3)
DAX	5538.330	0.0	(18.5)	(21.7)	(19.9)
CAC 40	3148.530	2.0	(10.6)	(19.1)	(17.2)
IBEX 35	8463.500	3.4	(7.1)	(17.5)	(14.2)
OMX Stockholm	5604.840	4.0	(3.5)	(20.9)	(26.8)
FTSE ATHEX	854.080	2.1	(24.5)	(34.0)	(43.0)
UNITED STATES					
DJ Industr. Average	11493.570	(0.4)	(5.3)	(8.2)	(2.9)
S&P 500	1353.220	3.5	5.3	1.5	7.6
NASDAQ Composite	2480.330	0.0	(7.1)	(10.6)	(6.5)
ASIA					
SSE Composite (Cina)	2528.280	(3.2)	(5.6)	(6.5)	(10.0)
Nikkei 225 (Giappone)	8950.740	1.7	(9.1)	(6.3)	(12.5)
Hang Seng (HK)	20212.910	3.2	(9.9)	(13.1)	(12.3)
All ordinaries (Australia)	4321.545	1.2	(4.2)	(7.7)	(10.8)
Strait Times (Singapore)	2843.090	2.8	(10.5)	(10.0)	(10.9)
BSE 30 (India)	16821.460	3.3	(7.1)	(9.0)	(18.0)
EMIRATES					
Abu Dhabi	2612.820	1.4	(2.2)	(2.2)	(3.9)
Dubai	1483.710	1.7	(3.7)	(5.3)	(9.0)
LATAM					
Bovespa (Brasile)	56531.620	6.0	(1.4)	(12.0)	(18.4)
IPC (Messico)	35637.860	3.2	0.9	(0.8)	(8.9)
Merval (Argentina)	2927.090	(0.4)	(13.4)	(8.8)	(18.5)

Source: Reuters

	Official Close 2 Sep	Percentage change (%)			
		1 Week 29 Aug - 2 Sep	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	233.110	3.4	(9.3)	(15.1)	(15.5)
Auto	268.530	0.6	(20.7)	(20.9)	(21.3)
Banks	138.270	3.3	(16.3)	(27.6)	(29.6)
Basic Resources	462.130	5.3	(13.2)	(17.4)	(27.2)
Chemical	481.360	2.0	(13.5)	(17.6)	(15.3)
Construction & Material	222.230	4.7	(9.0)	(22.3)	(21.4)
Industrial	389.200	5.6	(10.8)	(19.3)	(17.4)
Insurance	128.160	3.5	(11.9)	(20.7)	(17.0)
Finance	225.450	4.8	(7.5)	(16.3)	(15.9)
Food & Beverage	356.480	3.8	(2.1)	(3.6)	(2.2)
FTSE EPRA Eu Residential	1573.270	4.2	(5.6)	(12.8)	(8.9)
Media	151.940	3.9	(5.8)	(13.1)	(16.0)
Oil&Gas	286.080	3.7	(10.4)	(12.2)	(14.0)
Retail	228.030	3.3	(4.7)	(14.6)	(15.2)
Tech.	185.160	3.7	(5.0)	(15.8)	(14.2)
TLC	240.750	1.7	(6.3)	(7.8)	(10.5)
Travel & Leisure	106.040	3.5	(7.8)	(15.1)	(20.8)
Utilities	254.620	1.7	(9.6)	(17.1)	(18.6)
UNITED STATES					
S&P 500	1353.220	3.5	5.3	1.5	27.6
Auto	128.000	(0.3)	(13.7)	(23.5)	(5.4)
Banks	171.650	(3.6)	(16.6)	(21.8)	(19.2)
Basic Resources	255.230	0.9	(9.4)	(13.7)	7.8
Chemical	326.52	0.71	(8.67)	(12.94)	13.69
Construction & Materials	202.280	1.4	(15.1)	(24.6)	(17.2)
Industrial	288.970	(0.3)	(7.8)	(16.2)	6.0
Food & Beverage	326.440	0.6	(0.4)	(2.3)	13.8
Media	322.740	0.4	(7.9)	(14.9)	10.5
Oil&Gas	576.450	0.5	(11.1)	(12.0)	22.2
Insurance	238.110	(0.3)	(9.5)	(16.1)	(7.2)
Finance	242.660	(1.7)	(11.4)	(16.8)	(8.7)
RE	217.200	0.3	(5.4)	(9.6)	2.9
Retail	217.200	0.3	(5.4)	(9.6)	2.9
Tech.	624.860	(0.5)	(7.9)	(10.0)	10.6
Tyres	41.230	(2.0)	(24.4)	(36.0)	(1.6)
TLC	127.370	(1.2)	(2.9)	(10.1)	5.8
Utilities	162.860	0.9	0.6	(1.1)	7.2



Pirelli & C. vs Auto & Parts Sector

	Official Close 29 July	Percentage change				Daily average volumes		
		1 Week 29 Aug - 2 Sep	1 Month	3 Months	Year to date	1 Week 29 Aug - 2 Sep	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	268.530	0.6	(20.7)	(20.9)	(21.3)			
TYRE								
Pirelli & C	5.360	2.1	(19.3)	(20.5)	(11.4)	4,761,472	5,937,933	4,419,298
Continental	47.710	0.1	(28.0)	(31.7)	(19.3)	594,383	892,204	707,598
Michelin	47.805	(1.0)	(13.1)	(24.1)	(11.0)	917,544	1,547,211	1,143,004
Nokian	23.680	1.5	(21.4)	(30.0)	(13.7)	962,973	1,452,890	821,782
AUTO								
Fiat Auto	15.430	(2.1)	(32.9)	(42.5)	(39.0)	41,235,346	39,203,356	27,171,310
Renault	26.475	0.6	(25.1)	(30.1)	(39.1)	1,554,750	2,551,242	2,024,193
Peugeot	19.855	2.6	(18.2)	(28.1)	(30.1)	2,273,355	3,100,320	2,059,711
Volkswagen	102.400	2.7	(16.7)	(12.2)	(3.3)	184,179	282,281	192,925
BMW	54.220	0.3	(17.8)	(9.8)	(7.9)	3,301,989	4,454,591	3,485,777
Daimler	35.460	(0.4)	(25.2)	(25.1)	(30.1)	6,218,469	8,468,009	5,990,639
USA								
TYRE								
Goodyear	12.070	(2.6)	(23.8)	(31.3)	(3.0)	5,862,223	9,517,037	7,759,883
Cooper	12.250	0.7	(26.6)	(49.5)	(50.8)	923,949	1,483,069	950,220
AUTO								
Ford	10.850	0.2	(12.1)	(26.5)	(37.9)	8,899,776	13,040,810	10,342,208
		(3.5)	(18.4)	(25.4)	(40.1)			
ASIA								
TYRE								
Bridgestone	1705.0	1.2	(9.5)	(4.9)	8.7	2,554,100	3,973,843	3,570,773
Sumitomo	997.0	0.6	(3.1)	3.3	14.3	1,187,240	1,660,367	1,385,156
Toyo	202.0	3.1	(6.0)	9.8	3.1	319,800	698,100	679,356
Yokohama	428.0	0.9	(8.9)	0.7	1.9	1,465,800	1,554,033	1,611,622
Hankook	37000.0	(0.3)	(11.9)	(14.3)	16.5	990,494	944,080	917,190
Khumo	13150.0	6.9	(20.1)	(17.0)	(5.1)	291,165	373,914	500,651
AUTO								
Toyota	2711.0	(2.1)	(14.2)	(17.1)	(15.8)	14,338,980	10,812,453	8,422,007
Nissan	703.0	4.3	(14.3)	(10.0)	(9.1)	23,460,580	24,620,270	20,723,964

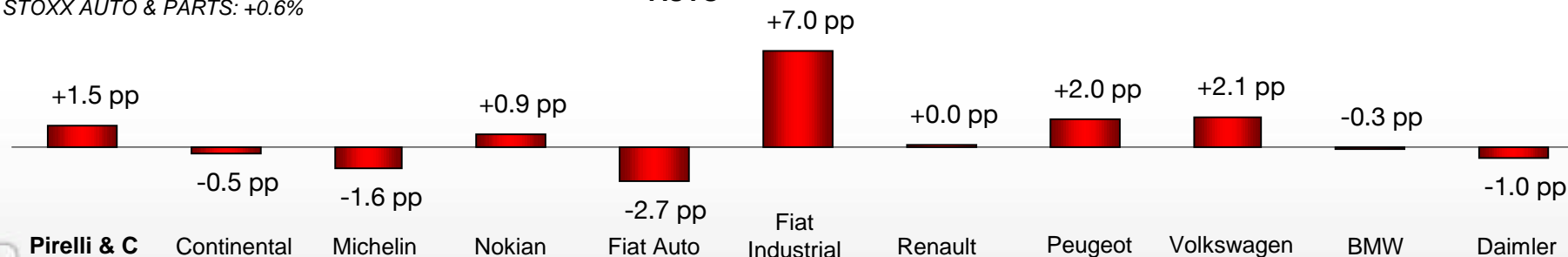
Source: Reuters

EUROPE: WEEKLY TREND 29/08/2011 – 2/09/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: +0.6%

AUTO



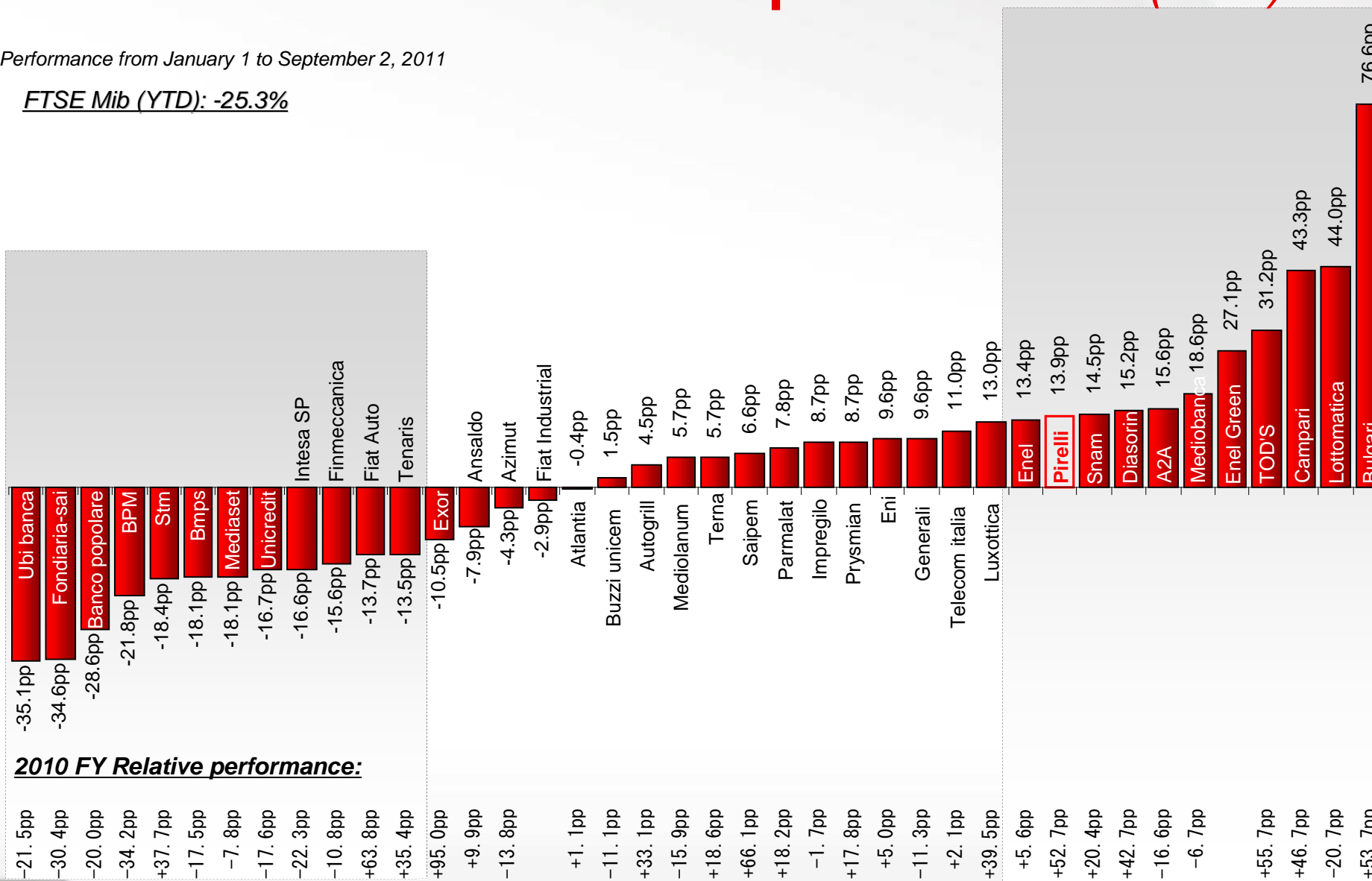
Pirelli Investor Relations - 05.09.2011



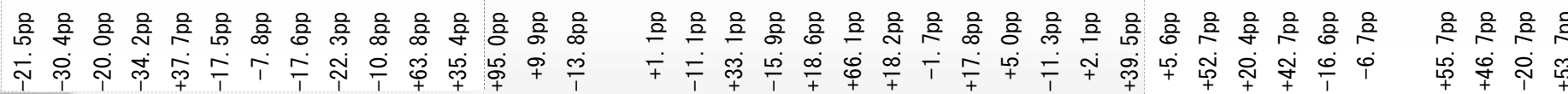
Pirelli vs FTSE Mib relative performance (YTD)

Performance from January 1 to September 2, 2011

FTSE Mib (YTD): -25.3%



2010 FY Relative performance:



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 05/09/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 5-Sep-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	6.8x	6.1x	5.5x	0.5x	0.5x	0.4x	3.7x	3.3x	3.0x	5.6x	5.0x	4.5x
	Continental	6.6x	5.6x	5.6x	0.6x	0.5x	0.5x	3.9x	3.3x	3.3x	5.8x	4.7x	4.7x
	Nokian	10.3x	9.4x	8.1x	2.2x	1.9x	1.6x	6.9x	6.2x	5.3x	8.1x	7.5x	6.2x
	Simple average	7.9x	7.0x	6.4x	1.1x	0.9x	0.8x	4.8x	4.3x	3.8x	6.5x	5.7x	5.1x
	Weighted average *	7.2x	6.3x	5.9x	0.8x	0.7x	0.6x	4.2x	3.7x	3.5x	6.1x	5.2x	4.8x
US	Goodyear	7.1x	4.7x	3.6x	0.2x	0.2x		3.2x	2.8x		5.6x	4.4x	
	Cooper Tire	7.9x	5.8x		0.2x	0.2x		3.1x	2.2x		6.3x	4.1x	
	Simple average	7.5x	5.2x		0.2x	0.2x		3.2x	2.5x		5.9x	4.3x	
	Weighted average *	7.3x	4.9x		0.2x	0.2x		3.2x	2.7x		5.8x	4.3x	
ASIA	Bridgestone	12.0x	9.3x	8.5x	0.6x	0.5x	0.5x	4.8x	4.0x	3.5x	8.7x	7.2x	
	Hankook	11.4x	9.5x	8.5x	1.2x	1.1x	1.0x	7.9x	6.6x	5.7x	10.8x	8.8x	7.4x
	Yokohama	12.6x	8.1x	7.6x	0.6x	0.5x	0.4x	6.1x	4.4x	3.9x			
	Sumitomo	12.5x	8.9x	7.8x	0.7x	0.6x	0.6x	5.9x	5.0x	4.3x	10.7x	8.4x	
	Simple average	12.1x	9.0x	8.1x	0.8x	0.7x	0.6x	6.2x	5.0x	4.3x	10.1x	8.2x	7.4x
	Weighted average *	11.4x	8.5x	7.8x	0.6x	0.5x	0.5x	5.0x	4.1x	3.6x	6.8x	5.7x	0.6x
TOT. WORLD	max	12.6x	9.5x	8.5x	2.2x	1.9x	1.6x	7.9x	6.6x	5.7x	10.8x	8.8x	7.4x
	min	6.6x	4.7x	3.6x	0.2x	0.2x	0.4x	3.1x	2.2x	3.0x	5.6x	4.1x	4.5x
	median	10.3x	8.1x	7.7x	0.6x	0.5x	0.5x	4.8x	4.0x	3.9x	7.2x	6.1x	5.4x
	Simple average	9.7x	7.5x	6.9x	0.8x	0.7x	0.7x	5.0x	4.2x	4.1x	7.7x	6.3x	5.7x
	Weighted average **	9.4x	7.6x	6.8x	0.7x	0.6x	0.6x	4.8x	4.1x	3.5x	7.3x	6.1x	3.0x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Mn	Local currency	€ adjustment	% on cluster
Michelin	€8.592	€8.592	19,6%
Continental	€9.564	€9.564	21,8%
Nokian	€3.068	€3.068	7,0%
Goodyear	\$2.856,58	€2.011	4,6%
Cooper Tire	\$726,55	€511	1,2%
Bridgestone	¥1.386.340	€12.710	29,0%
Yokohama	¥146.632	€1.344	3,1%
Sumitomo	¥254.889	€2.337	5,3%
Hankook	₩5.633.535	€3.722	8,5%
TOT.		€43.860	
Pirelli	€2.545	€2.545	

