

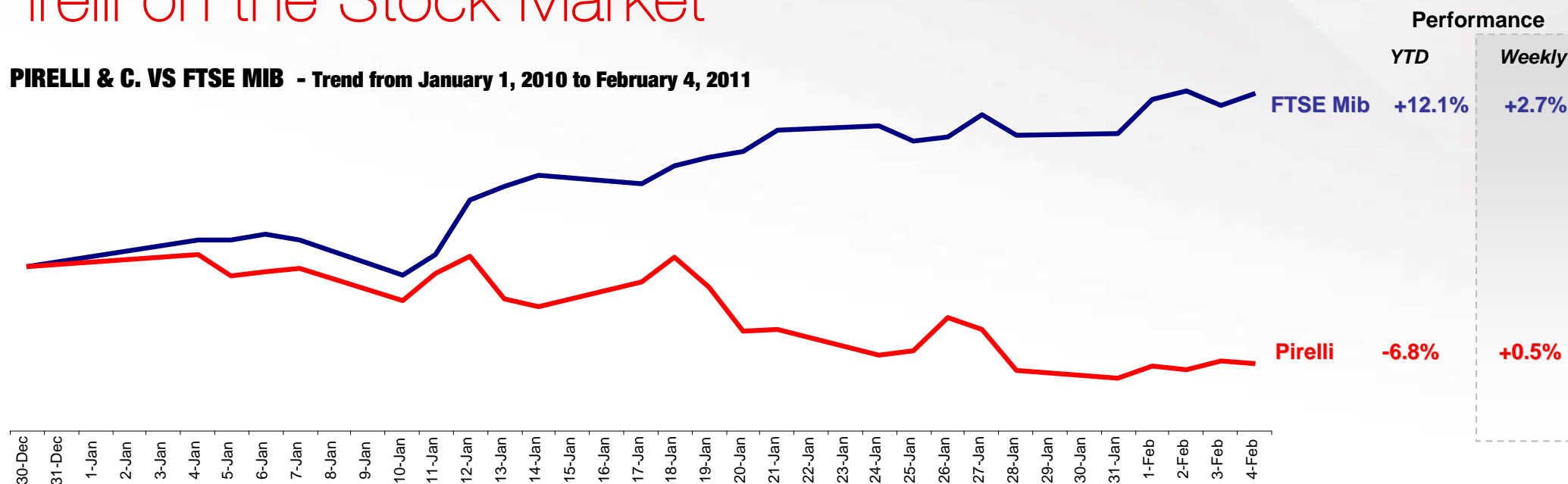


# PEERS & MARKETS

31 January – 4 February 2011

# Pirelli on the Stock Market

**PIRELLI & C. VS FTSE MIB - Trend from January 1, 2010 to February 4, 2011**



	Official Close 4 February	Percentage change				Daily average volumes		
		1 Week 31 Jan - 4 Feb	1 Month	3 Months	Year to date	1 Week 31 Jan - 4 Feb	1 Month	3 Months
Pirelli & C. Ord.	5.640	0.5	(7.5)	(8.5)	(6.8)	3,004,267	2,948,625	3,293,672
Pirelli & C. Risp.	5.270	(0.7)	(6.9)	(12.7)	(6.1)	18,983	21,204	30,256
Pirelli Real Estate	0.548	(0.5)	22.5	22.5	22.9	6,824,734	7,449,617	7,811,441
FTSE All Share	23202	2.4	9.0	5.1	10.8	1,304,719,005	1,051,778,497	939,822,874
FTSE MIB	22618	2.7	10.1	5.4	12.1	1,015,866,564	842,809,148	774,593,308

Sell side analysts evaluation on Pirelli & C (07/02/2011)

Consensus Target Price: € 7.0

% Buy: 63%

% Sell: 11%

% Hold: 26%

Market Cap: €2,767.7 mln (of which ord. €2,702.2 mln)

Source: Reuters



# Markets

	Official Close 4 February	Percentage change (%)			
		1 Week 31 Jan - 4 Feb	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	285.900	1.9	2.0	5.6	3.7
FTSE MIB	22618.050	2.7	10.1	5.4	12.1
FTSE 100	5997.380	2.0	(0.3)	2.3	1.7
DAX	7216.210	1.6	3.5	7.1	4.4
CAC 40	4047.210	1.1	3.3	3.3	6.4
IBEX 35	10854.700	1.0	9.8	2.4	10.1
OMX Stockholm	7790.960	(0.2)	0.1	6.4	1.7
FTSE ATHEX	1746.680	5.0	18.6	8.1	16.7
<b>UNITED STATES</b>					
DJ Industr. Average	12062.260	2.3	3.4	5.7	4.4
S&P 500	1307.100	2.7	3.2	7.4	4.2
NASDAQ Composite	2769.300	3.1	3.3	7.4	4.4
<b>ASIA</b>					
SSE Composite (Cina)	2790.694	4.5	(0.3)	(8.4)	(0.3)
Nikkei 225 (Giappone)	10543.520	1.8	1.4	12.7	3.1
Hang Seng (HK)	23908.960	0.3	3.8	1.0	3.8
All ordinaries (Australia)	4958.843	1.8	2.3	2.9	2.3
Strait Times (Singapore)	3211.120	(0.3)	0.7	0.2	0.7
BSE 30 (India)	18008.150	(2.1)	(12.1)	(13.8)	(12.2)
<b>EMIRATES</b>					
Abu Dhabi	2673.680	4.4	(2.9)	(2.8)	(1.7)
Dubai	1605.890	4.1	(3.8)	(7.6)	(1.5)
<b>LATAM</b>					
Bovespa (Brasile)	66764.840	(2.1)	(7.2)	(10.6)	(5.8)
IPC (Messico)	37739.080	1.7	(2.8)	3.5	(2.9)
Merval (Argentina)	3639.330	1.3	0.5	8.7	3.1

Source: Reuters

	Official Close 4 February	Percentage change (%)			
		1 Week 31 Jan - 4 Feb	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	285.900	1.9	2.0	5.6	3.7
Auto	344.620	(2.2)	(2.6)	8.9	1.0
Banks	218.890	2.4	8.5	3.3	11.5
Basic Resources	634.770	5.9	(1.0)	10.2	(0.1)
Chemical	559.190	2.2	(1.1)	3.3	(1.6)
Construction & Material	288.400	0.8	1.0	10.0	2.1
Industrial	495.350	(0.6)	0.1	7.9	1.5
Insurance	176.300	3.6	11.7	12.0	14.1
Finance	282.920	1.5	2.9	10.2	5.6
Food & Beverage	349.510	1.3	(4.2)	0.6	(4.1)
FTSE EPRA Eu Residential	1735.330	1.2	(0.3)	(0.7)	0.5
Media	189.540	1.8	2.4	6.2	4.8
Oil&Gas	354.300	2.7	3.1	11.3	6.5
Retail	269.010	2.1	(2.1)	(1.7)	0.0
Tech.	237.200	3.5	9.0	18.8	9.9
TLC	288.160	3.1	5.2	2.0	7.1
Travel & Leisure	134.090	1.3	(1.7)	4.9	0.2
Utilities	328.410	1.3	3.8	3.2	5.0
<b>UNITED STATES</b>					
S&P 500	1307.100	2.7	3.2	7.4	23.3
Auto	182.170	(1.7)	(5.5)	4.8	50.9
Banks	240.680	2.7	1.2	13.8	16.7
Basic Resources	312.420	4.4	(0.2)	13.5	47.9
Chemical	351.50	3.92	3.69	8.41	42.87
Construction & Materials	268.640	(3.9)	3.4	8.7	(3.6)
Industrial	334.170	2.9	5.6	12.6	35.5
Food & Beverage	304.870	1.9	0.6	2.6	14.5
Media	348.320	4.9	5.0	8.7	39.1
Oil&Gas	635.770	4.2	9.0	19.5	34.9
Insurance	280.740	2.3	2.2	4.5	23.0
Finance	297.740	2.1	1.9	7.7	20.3
RE	226.560	1.1	3.5	1.4	35.3
Retail	226.560	1.1	3.5	1.4	35.3
Tech.	705.260	3.6	5.6	8.1	31.0
Tyres	48.420	4.9	(0.6)	14.6	5.8
TLC	131.160	2.1	(3.5)	1.2	23.4
Utilities	156.760	0.6	0.8	0.4	12.2

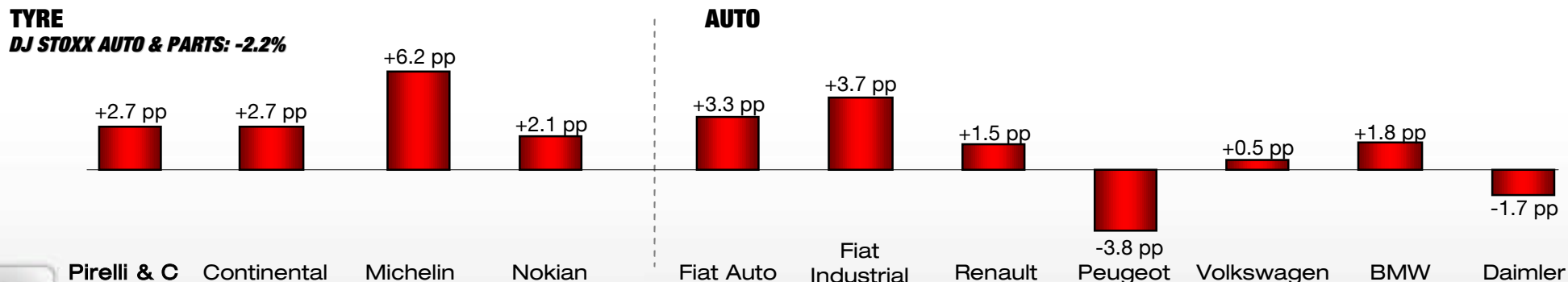


# Pirelli & C. vs Auto & Parts Sector

	Official Close 4 February	Percentage change				Daily average volumes		
		1 Week 31 Jan - 4 Feb	1 Month	3 Months	Year to date	1 Week 31 Jan - 4 Feb	1 Month	3 Months
<b>EUROPA</b>								
DJ Stoxx Auto	344.620	(2.2)	(2.6)	8.9	1.0			
<b>TYRE</b>								
Pirelli & C	5.640	0.5	(7.5)	(8.5)	(6.8)	3,004,267	2,948,625	3,293,672
Continental	58.950	0.5	(3.1)	(5.8)	(0.3)	443,685	470,392	421,433
Michelin	55.580	4.0	2.4	(3.7)	3.5	1,219,687	1,108,411	1,231,667
Nokian	26.830	(0.1)	(3.6)	4.3	(2.3)	608,243	568,924	626,241
<b>AUTO</b>								
Fiat Auto	15.430	1.1	(5.5)	30.0	5.5	28,866,499	34,890,590	28,062,679
Renault	47.470	(0.7)	5.6	19.3	9.1	2,851,675	1,898,353	1,811,351
Peugeot	29.100	(6.0)	(2.9)	2.2	2.4	2,147,284	1,526,123	1,733,334
Volkswagen	110.250	(1.7)	(3.5)	14.2	4.1	208,861	222,879	279,347
BMW	56.850	(0.4)	(6.4)	5.1	(3.4)	2,563,955	2,801,213	2,734,861
Daimler	52.690	(3.9)	1.3	5.4	3.9	5,906,081	4,656,557	4,535,463
<b>USA</b>								
<b>TYRE</b>								
Goodyear	12.760	9.4	3.6	21.6	7.7	5,500,184	5,514,851	4,930,643
Cooper	22.040	(4.2)	(9.0)	1.3	(6.5)	1,226,350	716,369	721,190
<b>AUTO</b>								
Ford	15.760	(3.4)	(9.6)	(0.9)	(6.4)	20,832,181	12,520,123	12,519,920
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1608.0	0.8	0.3	8.4	2.5	3,230,440	4,006,590	4,266,400
Sumitomo	1250.0	0.2	1.3	1.8	2.2	1,061,820	1,630,170	1,435,592
Toyo	205.0	1.5	2.5	24.2	4.6	844,400	803,033	926,944
Yokohama	425.0	1.7	(1.2)	2.2	1.2	1,569,400	1,660,233	1,581,356
Hankook	27900.0	(5.7)	(12.1)	(8.7)	(12.1)	707,052	613,870	627,771
Khumo	14150.0	(5.0)	2.2	(71.0)	2.2	164,568	280,682	246,361
<b>AUTO</b>								
Toyota	3460.0	2.1	6.0	18.9	7.5	7,821,000	7,433,350	8,924,898
Nissan	867.0	2.1	7.6	20.2	12.2	18,759,160	15,729,750	18,431,186

Source: Reuters

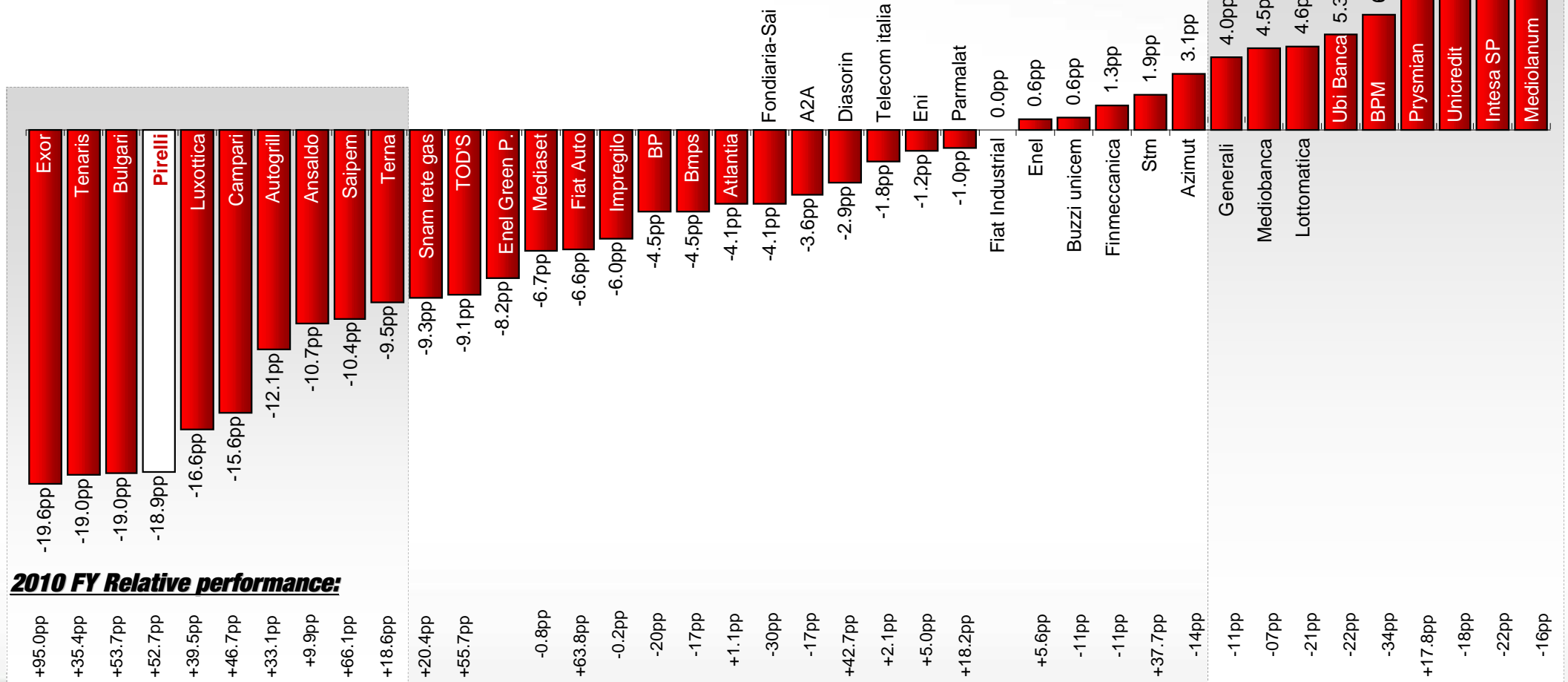
## EUROPE: WEEKLY TREND 31/01/2011 - 4/02/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



# Pirelli vs FTSE Mib relative performance (YTD)

## FTSE Mib (YTD): +12.1%

Performance from January 1 to February 4, 2011



### 2010 FY Relative performance:

+95.0pp
+35.4pp
+53.7pp
+52.7pp
+39.5pp
+46.7pp
+33.1pp
+9.9pp
+66.1pp
+18.6pp
+20.4pp
+55.7pp
-0.8pp
+63.8pp
-0.2pp
-20pp
-17pp
+1.1pp
-30pp
-17pp
+42.7pp
+2.1pp
+5.0pp
+18.2pp
+5.6pp
-11pp
-11pp
+37.7pp
-14pp
-11pp
-07pp
-21pp
-22pp
-34pp
+17.8pp
-18pp
-22pp
-16pp



# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 07/02/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 7-Feb-11																	
		PIE				EV/SALES				EV/EBITDA				EV/EBIT			
		2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
EUROPA	Michelin	10,6x	9,6x	8,1x	6,7x	0,7x	0,6x	0,6x		4,6x	4,3x	3,9x		7,4x	7,0x	6,1x	
	Continental	14,6x	10,0x	7,8x	7,8x	0,8x	0,7x	0,6x	0,6x	5,4x	4,7x	4,1x	4,1x	8,8x	7,4x	6,1x	6,1x
	Nokian	20,7x	15,8x			3,5x	2,8x			12,8x	10,1x			16,8x	12,6x		
	Simple average	15,3x	11,8x	8,0x	7,3x	1,6x	1,4x	0,6x	0,6x	7,6x	6,4x	4,0x	4,1x	11,0x	9,0x	6,1x	6,1x
	Weighted average *	13,9x	10,7x			1,1x	1,0x			6,1x	5,3x			9,3x	7,9x		
US	Goodyear	33,5x	11,8x	6,9x		0,3x	0,3x	0,3x		4,5x	3,9x	3,5x		8,1x	6,1x		
	Cooper Tire	8,8x	8,7x			0,4x				3,9x				5,8x			
	Simple average	21,2x	10,3x			0,4x				4,2x				7,0x			
	Weighted average *	26,0x	10,9x			0,4x				4,3x				7,4x			
ASIA	Bridgestone	13,3x	13,5x	10,6x	11,1x	0,6x	0,6x	0,6x	0,6x	5,4x	5,4x	4,6x	4,1x	10,9x	11,7x	9,2x	
	Hankook	10,1x	9,5x	8,5x	8,2x	1,3x	1,1x	1,0x	0,9x	7,7x	6,9x	6,0x	5,5x	10,2x	9,4x	7,7x	7,5x
	Yokohama	16,0x	12,0x	11,6x	9,2x	0,6x	0,6x	0,5x	0,5x	6,0x	5,5x	5,6x	4,7x	15,9x	10,8x	14,0x	11,1x
	Sumitomo	12,0x	11,6x	8,9x	8,5x	0,8x	0,7x	0,7x	0,6x	6,0x	6,0x	4,9x	5,0x	11,0x	10,9x	7,9x	
	Simple average	12,8x	11,7x	9,9x	9,3x	0,8x	0,8x	0,7x	0,6x	6,3x	6,0x	5,3x	4,8x	12,0x	10,7x	9,7x	9,3x
	Weighted average *	13,1x	12,3x	10,2x	10,0x	0,7x	0,6x	0,6x	0,5x	5,4x	5,3x	4,7x	4,1x	11,5x	10,8x	9,7x	2,7x
TOT. WORLD	max	33,5x	15,8x	11,6x	11,1x	3,5x	2,8x	1,0x	0,9x	12,8x	10,1x	6,0x	5,5x	16,8x	12,6x	14,0x	11,1x
	min	8,8x	8,7x	6,9x	6,7x	0,3x	0,3x	0,3x	0,5x	3,9x	3,9x	3,5x	4,1x	5,8x	6,1x	6,1x	6,1x
	median	13,3x	11,6x	8,5x	8,4x	0,7x	0,6x	0,6x	0,6x	5,4x	5,4x	4,6x	4,7x	10,2x	10,1x	7,8x	7,5x
	Simple average	15,5x	11,4x	8,9x	8,6x	1,0x	0,9x	0,6x	0,6x	6,2x	5,9x	4,7x	4,7x	10,5x	9,5x	8,5x	8,3x
	Weighted average **	14,3x	11,4x	8,0x	7,4x	0,9x	0,8x	0,5x	0,4x	5,9x	5,3x	4,0x	2,8x	9,9x	8,9x	6,4x	2,3x

\* 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	€9.865	€9.865	21,2%	39,1%
Continental	€11.876	€11.876	25,5%	47,1%
Nokian	€3.463	€3.463	7,4%	13,7%
Goodyear	\$3.099,58	€2.281	4,9%	69,6%
Cooper Tire	\$1.355,27	€997	2,1%	30,4%
Bridgestone	¥1.323.731	€11.834	25,4%	65,2%
Yokohama	¥145.947	€1.305	2,8%	20,7%
Sumitomo	¥230.426	€2.060	4,4%	4,0%
Hankook	₩4.421.118	€2.941	6,3%	5,9%
TOT.		€46.623		

