

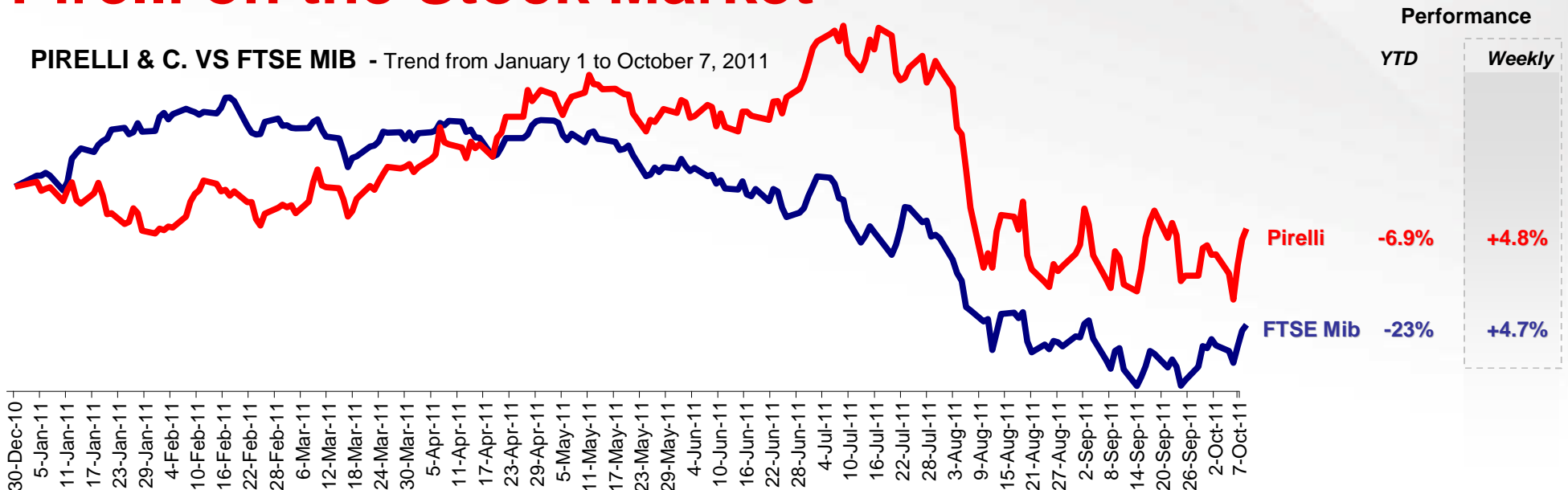


PEERS & MARKETS

3 – 7 October 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to October 7, 2011



	Official Close 7 October	Percentage change				Daily average volumes		
		1 Week 03 - 07 Oct	1 Month	3 Months	Year to date	1 Week 03 - 07 Oct	1 Month	3 Months
Pirelli & C. Ord.	5.630	4.8	4.3	(26.6)	(6.9)	4,843,919	5,011,146	4,783,306
Pirelli & C. Risp.	4.350	0.2	0.7	(24.5)	(22.5)	7,411	9,450	17,446
Pirelli Real Estate	0.209	0.1	(21.8)	(55.5)	(53.1)	6,542,526	7,010,232	5,126,496
FTSE All Share	16253	4.4	4.7	(20.6)	(22.4)	1,040,609,089	1,057,959,975	1,219,183,509
FTSE MIB	15529	4.7	6.0	(21.3)	(23.0)	870,038,062	924,751,948	1,082,487,736

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

Consensus Target Price: € 7.94

Buy: 88%

% Sell: 4%

% Hold: 8%

Market Cap: €2,746.2 mln (of which ord. €2,692.7 mln)



Source: Reuters

Markets

	Official Close 07 Oct	Percentage change (%)			
		1 Week 03 - 07 Oct	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	231.990	2.6	1.4	(15.9)	(15.9)
FTSE MIB	15529.000	4.7	6.0	(21.3)	(23.0)
FTSE 100	5303.400	3.4	(0.3)	(12.4)	(10.1)
DAX	5675.700	3.2	5.0	(24.0)	(17.9)
CAC 40	3095.560	3.8	0.7	(22.2)	(18.6)
IBEX 35	8798.400	2.9	7.9	(13.7)	(10.8)
OMX Stockholm	5349.440	1.5	(3.5)	(21.4)	(30.2)
FTSE ATHEX	687.920	(8.6)	(23.0)	(45.9)	(54.0)
UNITED STATES					
DJ Industr. Average	11123.330	1.7	(2.7)	(12.7)	(4.1)
S&P 500	1353.220	3.5	5.3	1.5	7.6
NASDAQ Composite	2479.350	2.6	(2.7)	(13.7)	(6.5)
ASIA					
SSE Composite (Cina)	2359.220	(3.0)	(8.1)	(14.6)	(16.0)
Nikkei 225 (Giappone)	8522.020	(1.1)	(1.8)	(14.6)	(15.9)
Hang Seng (HK)	17707.010	(8.0)	(19.6)	(28.6)	(29.5)
All ordinaries (Australia)	4224.974	3.8	(0.9)	(9.5)	(12.8)
Strait Times (Singapore)	2640.300	(1.3)	(6.8)	(15.5)	(17.2)
BSE 30 (India)	16232.540	(2.8)	(4.9)	(14.9)	(20.9)
EMIRATES					
Abu Dhabi	2499.660	(1.4)	(3.8)	(7.9)	(8.1)
Dubai	1398.280	(2.2)	(5.6)	(10.2)	(14.2)
LATAM					
Bovespa (Brasile)	51243.620	(2.1)	(9.5)	(17.6)	(26.1)
IPC (Messico)	33005.090	(1.5)	(6.2)	(9.8)	(14.4)
Merval (Argentina)	2360.820	(5.6)	(19.1)	(33.3)	(34.0)

Source: Reuters

	Official Close 07 Oct	Percentage change (%)			
		1 Week 03 - 07 Oct	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	231.990	2.6	1.4	(15.9)	(15.9)
Auto	253.040	1.9	(4.0)	(33.9)	(25.8)
Banks	136.010	(1.2)	6.8	(26.4)	(30.7)
Basic Resources	419.750	6.8	(9.1)	(28.7)	(33.9)
Chemical	467.230	3.2	(0.3)	(23.3)	(17.8)
Construction & Material	217.400	3.8	0.3	(22.0)	(23.1)
Industrial	375.940	3.0	(1.7)	(24.9)	(23.0)
Insurance	131.970	4.6	7.2	(19.1)	(14.6)
Finance	207.900	1.6	(6.4)	(22.0)	(22.4)
Food & Beverage	347.010	0.4	0.4	(6.2)	(4.8)
FTSE EPRA Eu Residential	1481.510	3.9	(3.6)	(18.3)	(14.2)
Media	151.680	2.6	1.4	(14.0)	(16.1)
Oil&Gas	296.310	4.2	3.6	(11.2)	(10.9)
Retail	237.860	2.9	5.9	(7.2)	(11.5)
Tech.	185.470	2.0	0.3	(16.8)	(14.1)
TLC	247.580	1.8	4.4	(4.4)	(8.0)
Travel & Leisure	104.580	0.3	(1.7)	(16.9)	(21.9)
Utilities	276.600	3.8	10.1	(9.3)	(11.5)
UNITED STATES					
S&P 500	1353.220	3.5	5.3	1.5	27.6
Auto	127.190	8.4	(1.1)	(25.4)	(16.7)
Banks	160.660	0.2	(8.8)	(27.9)	(26.4)
Basic Resources	212.020	4.2	(19.8)	(30.9)	(17.9)
Chemical	294.84	5.38	(10.28)	(24.47)	(4.76)
Construction & Materials	188.260	2.3	(6.5)	(29.0)	(22.1)
Industrial	276.950	3.6	(3.8)	(21.2)	(3.4)
Food & Beverage	312.840	0.6	(3.3)	(7.5)	9.2
Media	311.570	4.0	(2.0)	(17.6)	4.9
Oil&Gas	528.770	3.4	(9.3)	(20.8)	5.6
Insurance	232.520	0.6	(4.8)	(18.8)	(12.8)
Finance	227.730	(0.2)	(8.7)	(23.7)	(17.0)
RE	197.890	(2.1)	(12.5)	(21.4)	(8.7)
Retail	197.890	(2.1)	(12.5)	(21.4)	(8.7)
Tech.	635.290	3.5	1.3	(9.3)	5.1
Tyres	37.570	3.4	(8.7)	(41.3)	(16.1)
TLC	123.990	(1.2)	(2.0)	(12.4)	(1.7)
Utilities	160.840	(0.6)	(0.3)	(3.2)	5.3



Pirelli & C. vs Auto & Parts Sector

	Official Close 07 Oct	Percentage change				Daily average volumes		
		1 Week 03 - 07 Oct	1 Month	3 Months	Year to date	1 Week 03 - 07 Oct	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	253.040	1.9	(4.0)	(33.9)	(25.8)			
TYRE								
Pirelli & C	5.630	4.8	4.3	(26.6)	(6.9)	4,843,919	5,011,146	4,783,306
Continental	46.910	7.5	3.6	(38.5)	(20.7)	846,645	773,648	741,288
Michelin	45.265	0.1	(3.6)	(32.4)	(15.7)	1,186,759	1,251,586	1,248,203
Nokian	22.490	(0.4)	(6.4)	(39.0)	(18.1)	1,396,827	1,024,723	968,884
AUTO								
Fiat Auto	15.430	3.8	6.6	(43.3)	(36.5)	50,449,386	47,761,360	35,061,774
Renault	25.660	2.4	(0.4)	(36.6)	(41.0)	2,353,619	2,000,103	2,156,892
Peugeot	17.445	7.9	(5.9)	(45.2)	(38.6)	2,739,854	2,559,000	2,371,953
Volkswagen	94.800	1.7	(6.2)	(29.6)	(10.5)	231,359	198,520	209,037
BMW	50.890	1.9	(5.3)	(26.5)	(13.5)	5,283,375	4,305,672	3,812,423
Daimler	33.980	1.0	(0.8)	(35.4)	(33.0)	7,231,303	7,734,226	6,987,015
USA								
TYRE								
Goodyear	10.300	2.1	(11.4)	(40.9)	(13.1)	7,193,664	7,083,174	7,692,934
Cooper	11.810	8.4	1.8	(42.5)	(49.9)	1,447,545	1,231,972	1,162,534
AUTO								
Ford	10.990	10.5	1.2	(24.3)	(36.3)	11,320,994	8,459,175	10,379,073
			(3.7)	(30.8)	(40.3)			
ASIA								
TYRE								
Bridgestone	1710.0	(2.8)	4.9	(12.3)	9.8	3,670,780	3,346,850	3,588,782
Sumitomo	882.0	(6.7)	(2.1)	(8.4)	9.8	1,155,120	1,246,380	1,370,504
Toyo	188.0	(4.1)	(2.6)	(9.7)	(4.6)	393,000	322,800	611,611
Yokohama	439.0	(3.3)	5.5	(8.2)	4.5	1,282,000	1,406,067	1,547,178
Hankook	39850.0	(0.4)	7.1	(18.2)	25.5	759,576	804,283	883,152
Khumo	10700.0	(0.9)	(13.7)	(41.5)	(22.7)	200,327	262,148	470,084
AUTO								
Toyota	2538.0	(5.2)	(4.9)	(25.0)	(20.8)	7,819,600	9,012,237	8,172,064
Nissan	686.0	1.2	4.3	(18.8)	(9.3)	20,384,160	22,100,790	20,213,339

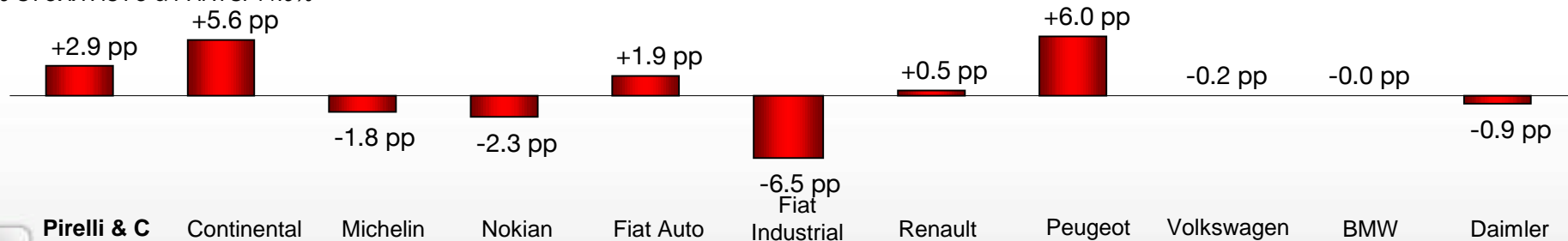
Source: Reuters

EUROPE: WEEKLY TREND 03/10/2011 – 07/10/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: +1.9%

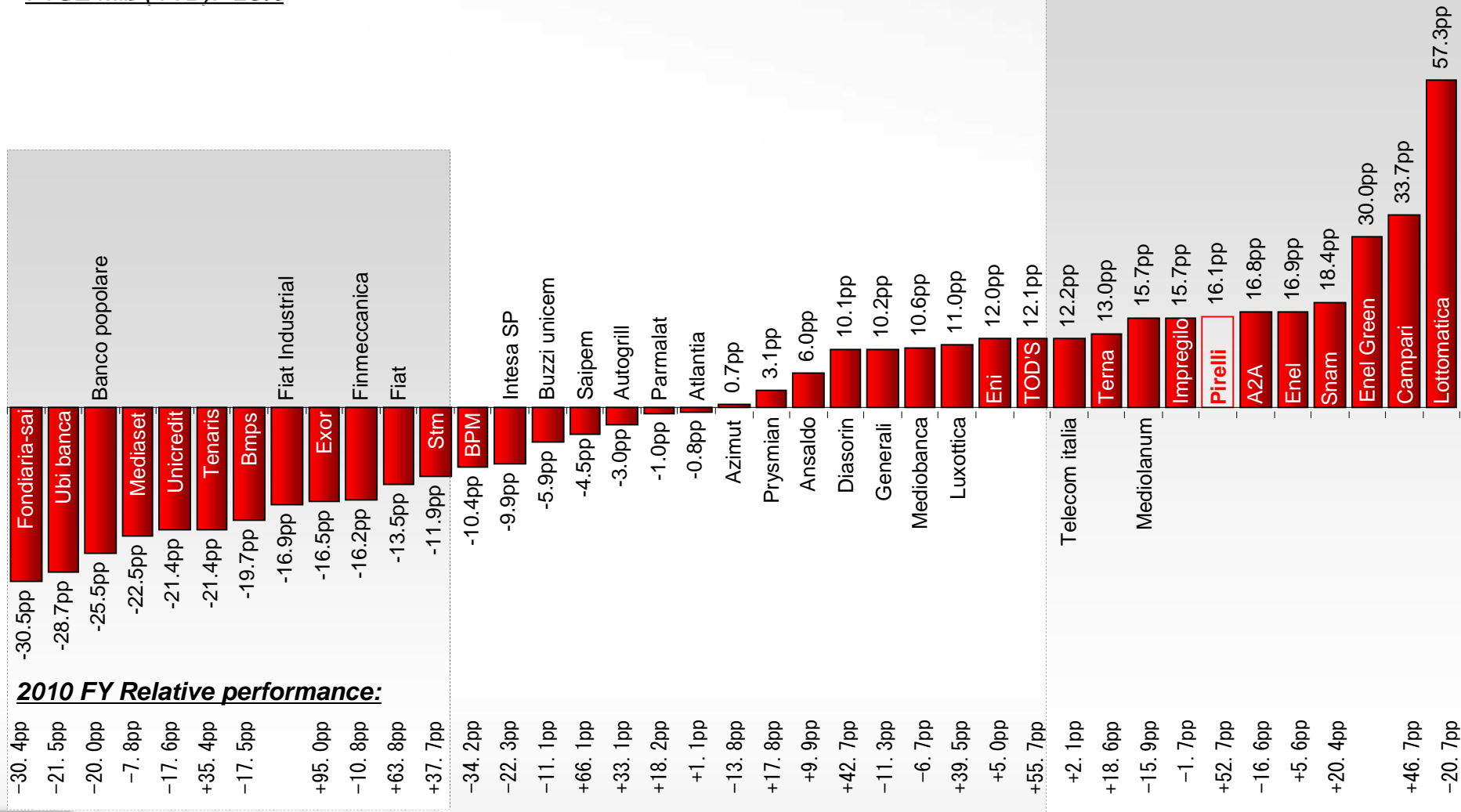
AUTO



Pirelli vs FTSE Mib relative performance (YTD)

Performance from January 1 to October 7, 2011

FTSE Mib (YTD): -23%



2010 FY Relative performance:

-30.4pp
-21.5pp
-20.0pp
-7.8pp
-17.6pp
+35.4pp
-17.5pp
+95.0pp
-10.8pp
+63.8pp
+37.7pp
-34.2pp
-22.3pp
-11.1pp
+66.1pp
+33.1pp
+18.2pp
+1.1pp
-13.8pp
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+55.7pp
+2.1pp
+18.6pp
-15.9pp
-1.7pp
+52.7pp
-16.6pp
+5.6pp
+20.4pp
+46.7pp
-20.7pp



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 10/10/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 10-Oct-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	6.7x	6.3x	5.6x	0.5x	0.5x	0.4x	3.6x	3.4x	3.0x	5.6x	5.2x	4.7x
	Continental	6.6x	6.3x	6.3x	0.6x	0.5x	0.5x	3.8x	3.5x	3.5x	5.9x	5.2x	5.2x
	Nokian	10.0x	9.9x	8.3x	2.1x	1.9x	1.6x	6.7x	6.4x	5.3x	7.9x	7.7x	6.2x
	Simple average	7.8x	7.5x	6.7x	1.1x	1.0x	0.8x	4.7x	4.4x	3.9x	6.5x	6.0x	5.4x
	Weighted average *	7.1x	6.8x	6.3x	0.8x	0.7x	0.6x	4.2x	3.9x	3.6x	6.1x	5.6x	5.1x
US	Goodyear	6.1x	4.2x	3.4x	0.2x	0.2x		3.0x	2.6x		5.0x	4.1x	
	Cooper Tire	8.6x	6.1x		0.2x	0.2x		3.1x	2.3x		6.6x	4.2x	
	Simple average	7.4x	5.1x		0.2x	0.2x		3.1x	2.5x		5.8x	4.1x	
	Weighted average *	6.7x	4.6x		0.2x	0.2x		3.0x	2.6x		5.3x	4.1x	
ASIA	Bridgestone	11.8x	9.5x	8.6x	0.6x	0.5x	0.5x	4.8x	4.1x	3.6x	8.9x	7.4x	
	Hankook	11.9x	9.9x	8.5x	1.4x	1.3x	1.1x	9.0x	7.6x	6.5x	12.1x	9.8x	8.2x
	Yokohama	12.7x	8.3x	7.4x	0.6x	0.5x	0.4x	6.2x	4.5x	3.9x			
	Sumitomo	11.4x	8.5x	7.3x	0.7x	0.6x	0.6x	5.6x	4.9x	4.3x	10.5x	8.3x	
	Simple average	12.0x	9.0x	7.9x	0.8x	0.7x	0.7x	6.4x	5.3x	4.6x	10.5x	8.5x	8.2x
Weighted average *	11.5x	8.9x	7.9x	0.6x	0.6x	0.5x	5.3x	4.3x	3.8x	7.1x	5.9x	0.6x	
TOT. WORLD	max	12.7x	9.9x	8.6x	2.1x	1.9x	1.6x	9.0x	7.6x	6.5x	12.1x	9.8x	8.2x
	min	6.1x	4.2x	3.4x	0.2x	0.2x	0.4x	3.0x	2.3x	3.0x	5.0x	4.1x	4.7x
	median	10.0x	8.3x	7.3x	0.6x	0.5x	0.5x	4.8x	4.1x	3.9x	7.3x	6.3x	5.7x
	Simple average	9.5x	7.6x	6.9x	0.8x	0.7x	0.7x	5.1x	4.4x	4.3x	7.8x	6.5x	6.1x
	Weighted average **	9.4x	7.9x	7.1x	0.7x	0.7x	0.6x	4.9x	4.2x	3.7x	7.4x	6.4x	3.1x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Min	Local currency	€ adjustment	% on cluster
Michelin	€8,198	€8,198	18.7%
Continental	€9,397	€9,397	21.4%
Nokian	€2,974	€2,974	6.8%
Goodyear	\$2,516.92	€1,853	4.2%
Cooper Tire	\$735.26	€541	1.2%
Bridgestone	¥1,400,162	€13,457	30.6%
Yokohama	¥150,401	€1,446	3.3%
Sumitomo	¥244,893	€2,354	5.4%
Hankook	₩5,861,922	€3,697	8.4%
TOT.		€43,917	

