

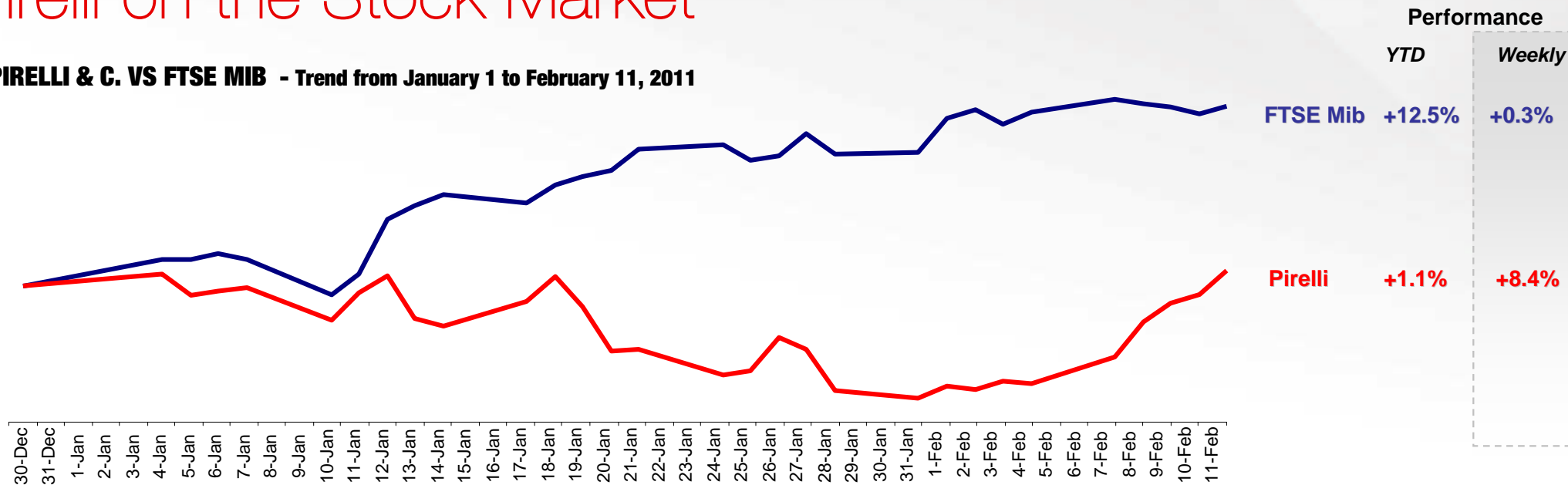


# PEERS & MARKETS

7 February – 11 February 2011

# Pirelli on the Stock Market

**PIRELLI & C. VS FTSE MIB - Trend from January 1 to February 11, 2011**



	Official Close 11 February	Percentage change				Daily average volumes		
		1 Week 7 Feb - 11 Feb	1 Month	3 Months	Year to date	1 Week 7 Feb - 11 Feb	1 Month	3 Months
Pirelli & C. Ord.	6.115	8.4	1.6	4.0	1.1	5,612,434	3,689,671	3,370,179
Pirelli & C. Risp.	5.600	6.3	0.4	(1.3)	(0.2)	31,349	25,381	30,798
Pirelli Real Estate	0.561	2.4	30.5	27.5	25.8	20,194,805	10,260,367	8,765,003
FTSE All Share	23308	0.5	10.4	8.6	11.3	1,105,216,763	1,172,518,948	954,208,014
FTSE MIB	22695	0.3	11.6	8.8	12.5	838,992,930	932,704,498	781,840,491

## Sell side analysts evaluation on Pirelli & C (14/02/2011)

Consensus Target Price: € 7.0

% Buy: 63%

% Sell: 11%

% Hold: 26%

Market Cap: €2,965.9 mln (of which ord. €2,897.3 mln)

Source: Reuters



# Markets

	Official Close 11 February	Percentage change (%)			
		1 Week 7 Feb - 11 Feb	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	287.990	0.7	2.1	6.1	4.4
FTSE MIB	22695.190	0.3	11.6	8.8	12.5
FTSE 100	6062.900	1.1	0.8	4.3	2.8
DAX	7371.200	2.1	6.2	9.6	6.6
CAC 40	4101.310	1.3	6.2	6.0	7.8
IBEX 35	10803.600	(0.5)	12.7	6.4	9.6
OMX Stockholm	7678.920	(1.4)	(1.3)	4.9	0.2
FTSE ATHEX	1711.240	(2.0)	19.4	6.9	14.3
<b>UNITED STATES</b>					
DJ Industr. Average	12229.290	1.5	5.2	8.8	6.0
S&P 500	1321.870	1.4	4.3	9.5	5.7
NASDAQ Composite	2809.440	1.4	3.4	9.9	5.9
<b>ASIA</b>					
SSE Composite (Cina)	2827.328	2.7	0.8	(10.2)	0.7
Nikkei 225 (Giappone)	10605.650	1.7	0.6	7.9	3.7
Hang Seng (HK)	22828.920	(4.5)	(3.9)	(7.6)	(0.9)
All ordinaries (Australia)	4970.571	0.2	3.2	3.3	2.6
Strait Times (Singapore)	3077.270	(4.2)	(5.1)	(6.6)	(3.5)
BSE 30 (India)	17728.610	(1.6)	(7.6)	(13.9)	(13.6)
<b>EMIRATES</b>					
Abu Dhabi	2727.710	2.5	(1.6)	(1.8)	(0.3)
Dubai	1604.190	1.1	(3.6)	(6.3)	(2.0)
<b>LATAM</b>					
Bovespa (Brasile)	64577.830	0.7	(6.6)	(7.6)	(5.1)
IPC (Messico)	36652.130	(1.9)	(2.7)	1.9	(4.0)
Merval (Argentina)	3414.060	(4.7)	(2.4)	3.6	(1.8)

Source: Reuters

	Official Close 11 February	Percentage change (%)			
		1 Week 7 Feb - 11 Feb	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	287.990	0.7	2.1	6.1	4.4
Auto	369.280	7.2	0.7	15.9	8.2
Banks	219.040	0.1	9.1	5.5	11.6
Basic Resources	644.900	1.6	0.3	6.7	1.5
Chemical	563.920	0.8	0.4	4.2	(0.8)
Construction & Material	292.580	1.4	4.2	11.0	3.5
Industrial	504.670	1.9	1.6	9.5	3.4
Insurance	177.740	0.8	12.2	14.1	15.1
Finance	285.970	1.1	2.7	11.1	6.7
Food & Beverage	346.250	(0.9)	(5.3)	(0.8)	(5.0)
FTSE EPRA Eu Residential	1754.320	1.3	4.5	2.2	1.1
Media	192.420	1.5	3.6	7.7	6.4
Oil&Gas	355.050	0.2	1.1	9.7	6.8
Retail	267.560	(0.5)	(3.1)	(1.7)	(0.5)
Tech.	237.350	0.1	6.8	19.0	10.0
TLC	286.460	0.2	2.9	2.0	6.5
Travel & Leisure	134.160	0.1	(5.1)	5.0	0.2
Utilities	334.370	1.8	7.4	5.9	6.9
<b>UNITED STATES</b>					
S&P 500	1321.870	1.4	4.3	9.5	23.2
Auto	184.120	3.1	(6.6)	4.2	53.7
Banks	241.730	2.9	4.1	15.8	19.0
Basic Resources	304.650	(1.7)	(3.0)	7.7	35.1
Chemical	358.38	2.40	6.11	11.74	43.04
Construction & Materials	278.390	3.8	(0.6)	10.6	(4.0)
Industrial	341.740	2.7	7.1	16.8	37.3
Food & Beverage	306.240	0.4	0.6	3.7	13.3
Media	357.740	3.5	8.4	14.2	43.7
Oil&Gas	633.610	(0.0)	7.4	16.0	32.1
Insurance	285.310	1.6	4.7	8.8	23.8
Finance	301.820	2.8	4.8	11.4	22.2
RE	228.290	2.5	6.5	7.1	38.5
Retail	228.290	2.5	6.5	7.1	38.5
Tech.	712.830	0.6	4.3	10.7	28.2
Tyres	54.320	10.2	6.0	30.2	14.3
TLC	132.730	1.8	3.3	4.7	24.4
Utilities	156.640	0.3	1.4	2.3	12.9

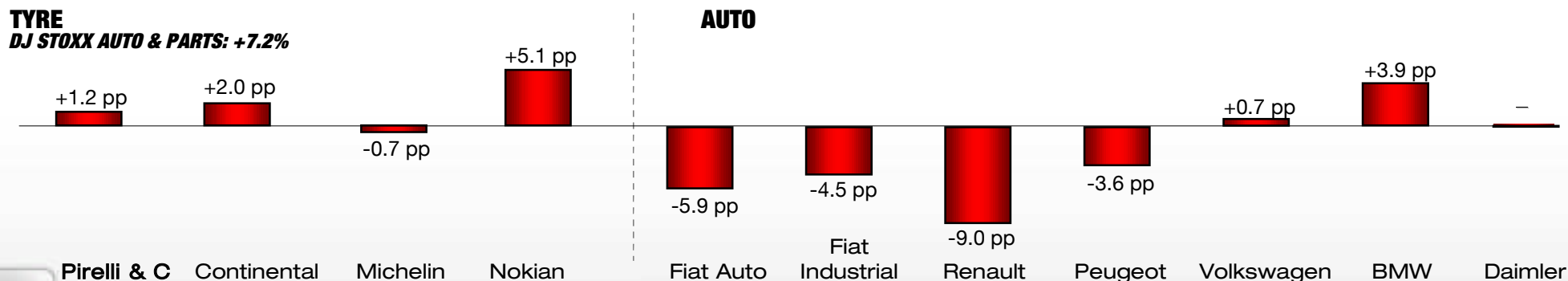


# Pirelli & C. vs Auto & Parts Sector

	Official Close 11 February	Percentage change				Daily average volumes		
		1 Week 7 Feb - 11 Feb	1 Month	3 Months	Year to date	1 Week 7 Feb - 11 Feb	1 Month	3 Months
<b>DJ Stoxx Auto</b>	369.280	7.2	0.7	15.9	8.2			
<b>EUROPE</b>								
<b>TYRE</b>								
Pirelli & C	6.115	8.4	1.6	4.0	1.1	5,612,434	3,689,671	3,370,179
Continental	64.370	9.2	5.8	12.9	8.8	625,540	541,949	437,794
Michelin	59.180	6.5	9.6	6.5	10.2	1,884,472	1,372,332	1,179,649
Nokian	30.140	12.3	7.2	17.5	9.8	1,313,658	735,928	662,687
<b>AUTO</b>								
Fiat Auto	15.430	1.3	(8.1)	26.6	6.9	19,800,283	33,760,992	27,725,756
Renault	46.600	(1.8)	(5.6)	10.9	7.1	2,686,146	2,260,021	1,768,332
Peugeot	30.140	3.6	(6.5)	2.2	6.1	3,196,072	1,960,249	1,811,758
Volkswagen	115.900	7.9	(1.9)	17.1	9.4	138,073	209,745	274,025
BMW	63.140	11.1	5.8	16.0	7.3	3,385,325	3,026,021	2,726,366
Daimler	56.510	7.2	2.8	14.0	11.4	4,467,902	4,996,601	4,487,183
<b>USA</b>								
<b>TYRE</b>								
Goodyear	14.300	12.1	11.1	38.7	20.7	10,702,712	6,903,625	5,348,427
Cooper	23.330	5.9	(4.4)	13.4	(1.1)	1,011,034	828,163	731,828
<b>AUTO</b>								
Ford	15.950	4.2	(10.4)	(1.4)	(2.4)	9,156,879	13,283,771	12,453,166
		(0.4)	(5.9)		(1.1)			
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1629.0	1.4	(0.9)	10.6	3.8	2,865,180	4,093,687	4,278,278
Sumitomo	1260.0	2.7	1.7	5.0	4.0	1,600,520	1,631,710	1,478,494
Toyo	202.0	1.5	(1.0)	21.7	3.1	951,400	797,900	940,244
Yokohama	421.0	(0.5)	(4.1)	0.5	0.2	1,466,800	1,677,667	1,573,978
Hankook	28650.0	2.7	(14.2)	(3.2)	(9.8)	998,359	686,727	638,571
Khumo	15050.0	6.4	(2.9)	(10.1)	8.7	257,323	271,140	258,311
<b>AUTO</b>								
Toyota	3775.0	9.7	9.3	23.6	17.2	12,755,860	8,706,320	9,200,987
Nissan	868.0	0.7	0.8	9.9	12.3	20,616,020	16,973,633	18,589,016

Source: Reuters

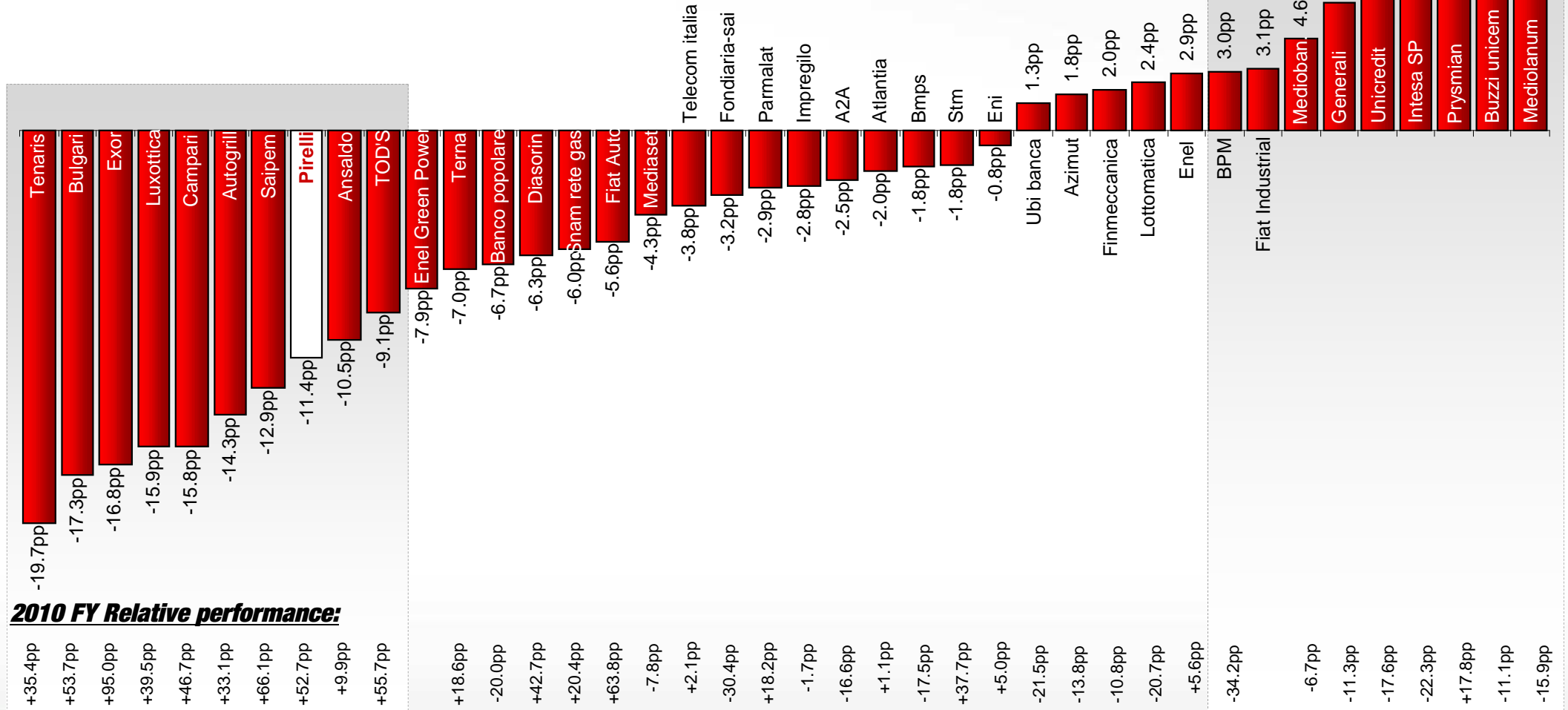
## EUROPE: WEEKLY TREND 7/02/2011 – 11/02/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



# Pirelli vs FTSE Mib relative performance (YTD)

## **FTSE Mib (YTD): +12.5%**

Performance from January 1 to February 11, 2011



### **2010 FY Relative performance:**



# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 14/02/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 14-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	11.2x	9.8x	8.4x	7.2x	0.7x	0.6x	0.6x		4.8x	4.5x	4.0x		7.9x	7.2x	6.3x	
	Continental	15.0x	10.6x	8.3x	8.3x	0.8x	0.7x	0.6x	0.6x	5.6x	4.9x	4.2x	4.2x	9.2x	7.8x	6.5x	6.5x
	Nokian	23.1x	16.7x	13.9x	12.2x	3.9x	3.0x	2.6x	2.2x	14.3x	10.6x	8.9x	7.6x	18.7x	13.0x	10.6x	9.0x
	Simple average	16.5x	12.4x	10.2x	9.2x	1.8x	1.4x	1.3x	1.4x	8.2x	6.7x	5.7x	5.9x	11.9x	9.3x	7.8x	7.7x
	Weighted average *	14.7x	11.2x	9.1x	8.4x	1.2x	1.0x	0.9x		6.5x	5.6x	4.8x		10.0x	8.3x	7.0x	
US	Goodyear	43.1x	16.9x	7.4x		0.3x	0.3x	0.3x		4.8x	4.5x	3.8x		9.2x	7.4x		
	Cooper Tire	9.3x	9.3x			0.5x				4.1x				6.0x			
	Simple average	26.2x	13.1x			0.4x				4.4x				7.6x			
	Weighted average *	33.2x	14.7x			0.4x				4.6x				8.3x			
ASIA	Bridgestone	13.4x	13.3x	10.5x	11.1x	0.6x	0.6x	0.6x	0.6x	5.4x	5.3x	4.6x	4.1x	11.1x	11.2x	9.2x	
	Hankook	10.3x	9.9x	8.8x	9.0x	1.3x	1.1x	1.0x	0.8x	7.9x	7.2x	6.3x	5.9x	10.4x	10.0x	8.1x	12.3x
	Yokohama	15.9x	11.9x	11.3x	9.0x	0.6x	0.6x	0.5x	0.5x	6.0x	5.5x	5.3x	4.6x	15.8x	10.6x	12.8x	11.1x
	Sumitomo	11.4x	11.2x	8.9x	8.6x	0.8x	0.7x	0.7x	0.7x	5.9x	5.8x	4.9x	5.1x	11.0x	9.7x	7.9x	
	Simple average	12.7x	11.6x	9.9x	9.4x	0.8x	0.8x	0.7x	0.6x	6.3x	6.0x	5.3x	4.9x	12.1x	10.4x	9.5x	11.7x
	Weighted average *	13.0x	12.1x	10.0x	9.9x	0.7x	0.6x	0.6x	0.5x	5.4x	5.2x	4.6x	4.1x	11.5x	10.4x	9.4x	3.0x
TOT. WORLD	max	43.1x	16.9x	13.9x	12.2x	3.9x	3.0x	2.6x	2.2x	14.3x	10.6x	8.9x	7.6x	18.7x	13.0x	12.8x	12.3x
	min	9.3x	9.3x	7.4x	7.2x	0.3x	0.3x	0.3x	0.5x	4.1x	4.5x	3.8x	4.1x	6.0x	7.2x	6.3x	6.5x
	median	13.4x	11.2x	8.8x	9.0x	0.7x	0.7x	0.6x	0.6x	5.6x	5.4x	4.8x	4.8x	10.4x	9.9x	8.1x	10.0x
	Simple average	17.0x	12.2x	9.7x	9.3x	1.1x	1.0x	0.9x	0.9x	6.5x	6.0x	5.3x	5.3x	11.0x	9.6x	8.8x	9.7x
	Weighted average **	15.4x	11.9x	9.2x	8.5x	1.0x	0.8x	0.8x	0.6x	6.1x	5.4x	4.7x	3.4x	10.4x	9.0x	7.3x	3.4x

\* on peers market capitalization by geographical area

\*\* on tyre sector market capitalization

WORLD TYRE MARKET CAP				
Mln	Local currency	€ adjustment	% on cluster	% on geographical Area
Michelin	€10.488	€10.488	21,5%	38,7%
Continental	€12.714	€12.714	26,0%	47,0%
Nokian	€3.874	€3.874	7,9%	14,3%
Goodyear	\$3.474,56	€2.580	5,3%	70,8%
Cooper Tire	\$1.434,60	€1.065	2,2%	29,2%
Bridgestone	¥1.325.357	€11.816	24,2%	65,0%
Yokohama	¥145.262	€1.295	2,6%	20,4%
Sumitomo	¥232.267	€2.071	4,2%	3,8%
Hankook	₩4.520.041	€2.986	6,1%	5,8%
TOT.		€48.890		

