

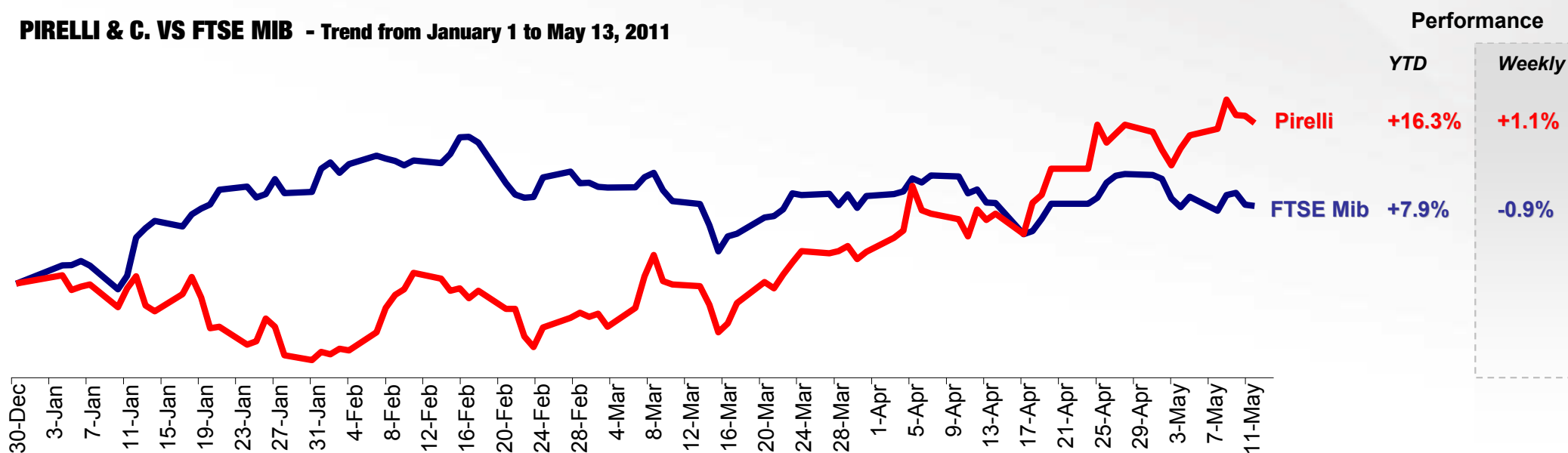


# PEERS & MARKETS

9 May – 13 May 2011

# Pirelli on the Stock Market

**PIRELLI & C. VS FTSE MIB - Trend from January 1 to May 13, 2011**



	Official Close 13 May	Percentage change				Daily average volumes		
		1 Week 9 May - 13 Apr	1 Month	3 Months	Year to date	1 Week 9 May - 13 Apr	1 Month	3 Months
<b>Pirelli &amp; C. Ord.</b>	7.035	1.1	8.1	15.0	16.3	4,059,127	4,184,722	3,938,578
<b>Pirelli &amp; C. Risp.</b>	6.200	(0.3)	4.2	10.7	10.5	29,056	39,204	31,363
<b>Pirelli Real Estate</b>	0.515	(3.2)	(4.1)	(8.2)	15.5	2,726,713	3,644,184	6,125,554
<b>FTSE All Share</b>	22491	(0.8)	(1.3)	(3.5)	7.4	1,088,118,765	1,088,772,029	1,182,947,655
<b>FTSE MIB</b>	21954	(0.9)	(1.5)	(4.1)	7.9	915,159,964	910,333,513	959,222,410

## Sell side analysts evaluation on Pirelli & C (16/05/2011)

Consensus Target Price: € 8.01

Buy: 86%

% Sell: 5%

% Hold: 9%

Market Cap: €3,420.2 mln (of which ord. €3, 344.5 mln)

Source: Reuters



# Markets

	Official Close 13 May	Percentage change (%)			
		1 Week 09 May - 13 May	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	280.500	(0.3)	0.8	(2.6)	1.7
FTSE MIB	21953.760	(0.9)	(1.5)	(4.1)	7.9
FTSE 100	5925.870	(0.9)	(1.4)	(2.3)	0.4
DAX	7403.310	(1.2)	3.1	0.4	7.1
CAC 40	4018.850	(1.0)	0.3	(2.0)	5.6
IBEX 35	10356.500	(2.4)	(4.0)	(4.1)	5.0
OMX Stockholm	7390.780	0.6	(1.5)	(3.8)	(3.5)
FTSE ATHEX	1376.720	(1.3)	(12.8)	(19.5)	(8.0)
<b>UNITED STATES</b>					
DJ Industr. Average	12695.920	(0.3)	2.6	2.6	8.8
S&P 500	1348.650	(0.2)	1.8	0.6	6.4
NASDAQ Composite	2828.470	0.0	2.4	0.7	6.6
<b>ASIA</b>					
SSE Composite (Cina)	2871.031	0.2	(5.9)	1.5	2.2
Nikkei 225 (Giappone)	9648.770	(2.1)	0.1	(9.0)	(5.7)
Hang Seng (HK)	23276.270	0.1	(3.6)	2.0	1.0
All ordinaries (Australia)	4787.339	(0.6)	(4.2)	(3.7)	(1.2)
Strait Times (Singapore)	3163.680	2.1	(0.3)	2.8	(0.8)
BSE 30 (India)	18531.280	0.1	(5.9)	4.5	(9.6)
<b>EMIRATES</b>					
Abu Dhabi	2655.100	(1.1)	(0.9)	(2.2)	(2.4)
Dubai	1585.450	(0.4)	(2.3)	(1.9)	(2.8)
<b>LATAM</b>					
Bovespa (Brasile)	63235.300	(1.8)	(4.9)	(3.8)	(8.8)
IPC (Messico)	35161.260	(0.5)	(6.2)	(5.3)	(9.1)
Merval (Argentina)	3389.730	1.9	(0.9)	(2.4)	(4.1)

Source: Reuters

	Official Close 13 May	Percentage change (%)			
		1 Week 09 May - 13 May	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	280.500	(0.3)	0.8	(2.6)	1.7
Auto	358.060	(1.4)	6.0	(4.4)	3.4
Banks	196.350	(1.4)	(4.5)	(10.4)	0.0
Basic Resources	563.310	(2.5)	(5.9)	(12.7)	(11.3)
Chemical	597.620	(2.3)	3.1	6.0	5.2
Construction & Material	292.800	(1.3)	(0.5)	0.1	3.6
Industrial	507.280	(0.3)	2.1	0.5	3.9
Insurance	166.760	(2.3)	(3.4)	(6.2)	6.0
Finance	273.430	(0.6)	1.8	(4.4)	2.0
Food & Beverage	369.910	1.5	5.4	6.8	1.5
FTSE EPRA Eu Residential	1796.150	0.2	1.2	2.4	4.0
Media	180.810	1.6	0.8	(6.0)	(0.0)
Oil&Gas	330.060	(2.3)	(4.4)	(7.0)	(0.8)
Retail	271.520	1.0	4.5	1.5	1.0
Tech.	234.620	1.4	4.4	(1.2)	8.7
TLC	269.650	(0.7)	(3.1)	(5.9)	0.2
Travel & Leisure	130.010	1.5	5.2	(3.1)	(2.9)
Utilities	317.650	(0.8)	(1.7)	(5.0)	1.6
<b>UNITED STATES</b>					
S&P 500	1348.650	(0.2)	1.8	0.6	15.6
Auto	171.750	(0.6)	0.0	(9.9)	20.3
Banks	219.690	(3.2)	(6.5)	(12.6)	(11.0)
Basic Resources	292.680	(3.0)	(4.8)	(5.7)	19.6
Chemical	373.74	(1.87)	1.52	2.03	33.93
Construction & Materials	254.870	(3.9)	(2.4)	(9.0)	(14.2)
Industrial	347.830	(0.6)	1.6	(0.2)	19.8
Food & Beverage	332.960	1.6	3.9	8.3	19.6
Media	374.710	(0.7)	3.2	2.9	28.6
Oil&Gas	630.590	(1.3)	(3.2)	(0.9)	27.6
Insurance	285.780	(0.7)	0.3	(2.0)	10.1
Finance	291.430	(1.7)	(2.1)	(6.0)	1.2
RE	237.590	(0.3)	4.1	2.2	14.4
Retail	237.590	(0.3)	4.1	2.2	14.4
Tech.	703.120	(0.3)	2.4	(3.0)	15.1
Tyres	66.470	0.4	12.9	18.9	27.8
TLC	141.620	0.6	3.2	5.2	26.2
Utilities	166.300	1.4	6.3	5.8	13.6



# Pirelli & C. vs Auto & Parts Sector

	Official Close 13 May	Percentage change				Daily average volumes		
		1 Week 9 May - 13 May	1 Month	3 Months	Year to date	1 Week 9 May - 13 May	1 Month	3 Months
<b>EUROPE</b>								
DJ Stoxx Auto	352.950	(1.4)	6.0	(4.4)	3.4			
<b>TYRE</b>								
Pirelli & C	7.035	1.1	8.1	15.0	16.3	4,059,127	4,184,722	3,938,578
Continental	67.050	1.2	10.6	4.2	13.4	466,590	667,200	606,623
Michelin	65.330	(2.8)	8.5	10.4	21.7	934,213	1,072,270	1,225,995
Nokian	33.460	(2.4)	2.9	11.0	21.9	484,697	640,802	690,893
<b>AUTO</b>								
Fiat Auto	15.430	(2.7)	10.3	(0.7)	6.2	16,983,550	23,859,187	26,426,846
Renault	40.780	0.4	7.7	(12.5)	(6.3)	1,566,250	1,983,544	2,310,686
Peugeot	30.620	(0.3)	11.0	1.6	7.8	1,384,644	1,434,406	1,781,444
Volkswagen	117.600	(1.8)	13.6	1.5	11.0	106,816	166,651	184,606
BMW	61.860	(1.5)	7.4	(2.0)	5.1	6,148,447	3,309,370	3,116,366
Daimler	50.560	(1.5)	(1.1)	(10.5)	(0.3)	3,610,713	7,031,669	6,389,083
<b>USA</b>								
<b>TYRE</b>								
Goodyear	17.770	1.2	18.4	24.3	50.0	8,016,230	7,465,671	7,297,528
Cooper	24.750	(1.9)	(0.2)	6.1	5.0	396,401	507,784	729,931
<b>AUTO</b>								
Ford	15.260	(0.2)	0.7	(7.9)	(10.2)	6,160,694	8,583,016	10,847,650
		(2.6)		(14.8)	(15.7)			
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1825.0	0.3	7.2	12.0	16.3	3,182,100	3,567,790	4,548,489
Sumitomo	1078.0	1.3	10.0	5.7	9.9	1,705,000	1,131,703	1,544,958
Toyo	190.0	(6.9)	1.1	(5.9)	(3.1)	995,600	730,100	1,022,367
Yokohama	429.0	3.6	8.1	1.9	2.1	2,106,600	1,655,767	1,820,278
Hankook	45400.0	4.8	23.2	58.5	43.0	1,264,785	1,076,767	897,691
Khumo	17050.0	(8.6)	16.0	13.3	23.1	359,335	516,643	352,589
<b>AUTO</b>								
Toyota	3400.0	5.9	3.5	(9.9)	5.6	12,569,760	10,015,803	10,642,907
Nissan	823.0	5.9	14.9	(5.2)	6.5	25,635,260	23,970,940	21,687,256

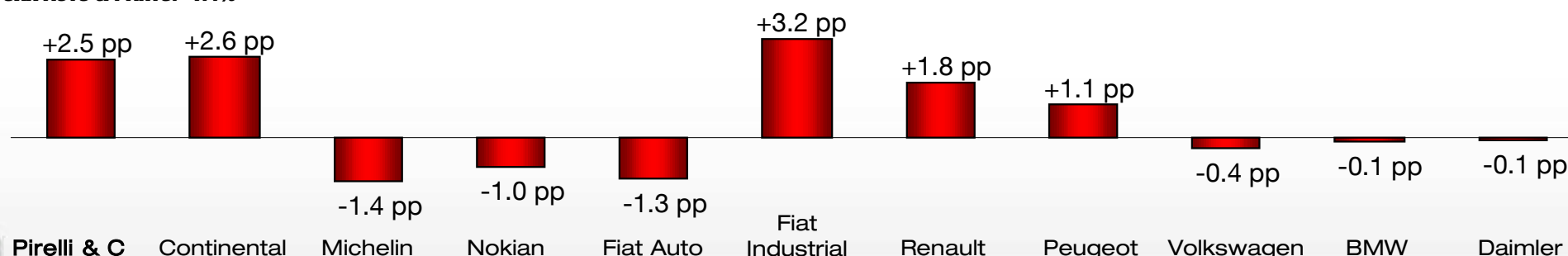
Source: Reuters

## EUROPE: WEEKLY TREND 09/05/2011 - 13/05/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

### TYRE

DJ STOXX AUTO & PARTS: -1.4%

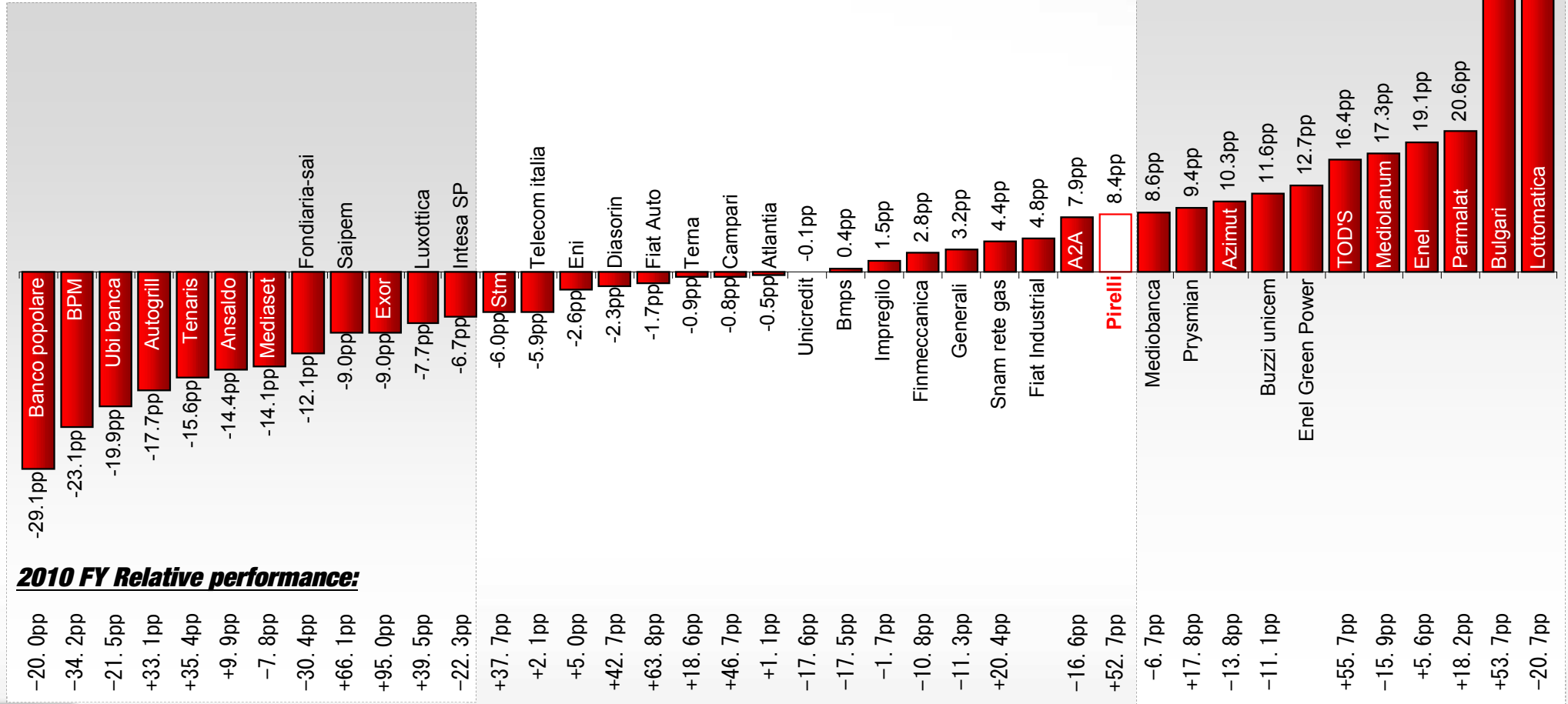
### AUTO



# Pirelli vs FTSE Mib relative performance (YTD)

**FTSE Mib (YTD): +7.9%**

Performance from January 1 to May 13, 2011



**2010 FY Relative performance:**



# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 13/05/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 16-May-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	9.9x	8.5x	7.4x	0.7x	0.6x	0.6x	4.8x	4.2x	3.8x	7.4x	6.5x	5.7x
	Continental	9.5x	7.7x	7.7x	0.7x	0.6x	0.6x	4.9x	4.2x	4.2x	6.9x	5.8x	5.8x
	Nokian	15.2x	12.9x	11.4x	3.0x	2.6x	2.2x	10.0x	8.5x	7.3x	11.9x	10.0x	8.5x
	Simple average	11.5x	9.7x	8.8x	1.5x	1.3x	1.1x	6.6x	5.6x	5.1x	8.7x	7.4x	6.7x
	Weighted average *	10.5x	8.8x	8.1x	1.0x	0.9x	0.8x	5.6x	4.8x	4.5x	7.9x	6.7x	6.2x
US	Goodyear	17.9x	7.6x	5.6x	0.3x	0.3x		4.7x	3.8x		7.9x	5.6x	
	Cooper Tire	10.1x	8.6x		0.4x	0.3x		4.3x	3.5x		6.6x	5.4x	
	Simple average	14.0x	8.1x		0.4x	0.3x		4.5x	3.6x		7.3x	5.5x	
	Weighted average *	15.9x	7.8x		0.4x	0.3x		4.6x	3.7x		7.6x	5.5x	
ASIA	Bridgestone	15.3x	10.8x	9.6x	0.6x	0.6x	0.5x	5.5x	4.5x	3.9x	10.7x	8.4x	
	Hankook	13.8x	12.0x	10.9x	1.5x	1.4x	1.2x	9.2x	8.0x	6.9x	13.0x	10.8x	9.4x
	Yokohama	11.3x	12.4x	9.1x	0.6x	0.6x	0.5x	5.3x	5.8x	4.7x	10.6x	13.0x	11.2x
	Sumitomo	14.1x	9.3x	8.3x	0.7x	0.6x	0.6x	6.1x	5.0x	4.3x	11.1x	8.3x	
	Simple average	13.6x	11.1x	9.5x	0.8x	0.8x	0.7x	6.5x	5.8x	5.0x	11.4x	10.1x	10.3x
	Weighted average *	13.1x	10.1x	8.7x	0.6x	0.6x	0.5x	5.2x	4.6x	3.9x	9.9x	8.6x	2.6x
TOT. WORLD	max	17.9x	12.9x	11.4x	3.0x	2.6x	2.2x	10.0x	8.5x	7.3x	13.0x	13.0x	11.2x
	min	9.5x	7.6x	5.6x	0.3x	0.3x	0.5x	4.3x	3.5x	3.8x	6.6x	5.4x	5.7x
	median	13.8x	9.3x	8.7x	0.7x	0.6x	0.6x	5.3x	4.5x	4.3x	10.6x	8.3x	8.5x
	Simple average	13.0x	10.0x	8.7x	0.9x	0.8x	0.9x	6.1x	5.3x	5.0x	9.6x	8.2x	8.1x
	Weighted average **	12.5x	9.6x	8.4x	0.9x	0.8x	0.7x	5.8x	5.0x	4.2x	9.1x	7.6x	4.3x

\* on peers market capitalization by geographical area

\*\* on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Min	Local currency	€ adjustment	% on cluster
Michelin	€11.550	€11.550	21,2%
Continental	€13.298	€13.298	24,4%
Nokian	€4.313	€4.313	7,9%
Goodyear	\$4.338,45	€3.070	5,6%
Cooper Tire	\$1.536,91	€1.087	2,0%
Bridgestone	¥1.523.754	€13.332	24,5%
Yokohama	¥147.317	€1.289	2,4%
Sumitomo	¥243.052	€2.127	3,9%
Hankook	¥6.684.112	€4.326	8,0%
TOT.		€54.392	

