

Pirelli & C. S.p.A. — Milano

# Peers & Markets

14 September – 18 September 2009



Investor Relations

# Pirelli Group on the Stock Market

PIRELLI & C. VS S&P/MIB - Trend from January 2 to September 18, 2009



GROUP TREND FROM JANUARY 2 TO SEPTEMBER 18, 2009

	Official Close September 18	Percentage change				Daily average volumes		
		Week 14 Sep - 18 Sep	1 Month	3 Months	Year to date	Week 14 Sep - 18 Sep	1 Month	3 Months
Pirelli & C. Ord.	0.378	4.9	19.3	49.5	43.5	63,725,438	38,928,448	41,130,199
Pirelli & C. Fisp.	0.407	5.2	27.0	43.4	51.1	768,522	351,839	234,557
Pirelli Real Estate	0.668	6.1	21.8	(46.8)	9.2	23,798,798	15,121,880	12,293,532
FTSE All Share	24056	2.0	10.3	20.3	20.8	1,180,127,041	942,877,511	
FTSE MIB	23583	1.9	10.5	22.1	20.7	867,871,063	733,321,420	703,655,032

## Sell side analysts evaluation on Pirelli & C (21/09/2009)

Consensus Target Price: € 0.339

% Buy: 51%

% Sell: 6%

% Hold: 43%

Market Cap: €2,030.3 mln (of which ord. €1,975.5mln)

# Markets

## MARKETS PERFORMANCE FROM JANUARY 2 TO SEPTEMBER 18, '09

	Official Close September 18	Percentage change (%)			
		Week 14 Sep - 18 Sep	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	244.920	1.3	7.8	19.1	24.4
FTSE MIB	23583.010	1.9	10.5	22.1	20.7
FTSE 100	5163.950	3.2	10.4	20.8	16.7
DAX	5703.830	1.4	8.6	17.9	18.6
CAC 40	3827.840	2.5	10.9	19.8	19.0
IBEX 35	11777.300	2.8	10.0	25.5	28.1
OMX Stockholm	6612.730	2.6	13.2	17.8	22.4
OMX Helsinki	11777.300	2.8	10.0	25.5	28.1
<b>UNITED STATES</b>					
DJ Industr. Average	9783.920	2.2	6.5	14.8	11.9
S&P 500	1065.490	2.5	7.9	16.3	18.3
NASDAQ Composite	2132.860	2.5	9.0	18.0	35.2
<b>ASIA</b>					
Nikkei 225 (Giappone)	10443.800	(0.7)	0.8	6.9	17.1
Hang Seng (HK)	21623.450	2.2	6.5	21.6	50.3
All ordinaries (Australia)	4693.700	2.1	7.0	20.7	28.3
Strait Times (Singapore)	2672.600	(1.2)	3.1	18.4	50.3
BSE 30 (India)	16711.110	2.9	11.3	17.4	73.5
<b>EMIRATES</b>					
Abu Dhabi	3051.650	1.3	11.4	8.3	29.7
Dubai	2084.340	4.3	19.9	2.3	30.0
<b>BRAZIL</b>					
Itel (indice TLC)	1336.850	2.9	11.9	18.9	31.6
Bovespa	60236.030	4.0	8.9	19.3	61.7

Source: Reuters

## SECTORS PERFORMANCE FROM JANUARY 2 TO SEPTEMBER 18, '09

	Official Close September 18	Percentage change (%)			
		Week 14 Sep - 18 Sep	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	244.920	1.3	7.8	19.1	24.4
Auto	229.210	(1.6)	(0.2)	8.3	14.9
Banks	237.970	3.5	8.3	33.1	59.2
Basic Resources	422.070	0.3	12.1	26.3	71.5
Chemical	405.490	3.2	9.7	20.2	26.1
Construction & Material	273.610	3.4	14.3	30.1	34.4
Industrial	377.350	3.0	15.2	32.6	32.3
Insurance	153.080	0.6	9.1	25.2	13.8
Finance	236.770	1.4	8.3	15.9	30.9
Food & Beverage	271.460	2.2	6.7	16.5	18.0
FTSE EPRA Eu Residential	1589.930	4.0	14.9	35.8	36.8
Media	151.960	2.4	9.8	18.9	13.0
Oil&Gas	312.440	(0.2)	7.2	8.5	18.1
Retail	229.340	0.2	2.6	11.3	26.4
Tech.	194.820	0.4	12.0	13.9	27.4
TLC	251.380	0.3	6.9	15.4	7.9
Travel & Leisure	106.750	(0.8)	11.8	15.3	15.4
Utilities	338.000	0.8	8.4	13.1	0.1
<b>UNITED STATES</b>					
S&P 500	1065.490	2.5	7.9	16.3	18.3
Auto	83.220	(4.3)	(4.9)	27.4	105.1
Banks	228.900	3.9	6.1	27.3	6.1
Basic Resources	221.860	3.7	15.6	27.0	54.5
Chemical	252.53	7.00	12.30	31.44	51.87
Construction & Materials	300.550	3.9	7.8	46.9	37.3
Industrial	248.290	3.6	11.5	22.5	19.5
Food & Beverage	261.220	2.0	5.7	8.3	13.1
Media	242.000	2.4	14.8	24.7	32.4
Oil&Gas	484.490	2.9	11.2	9.4	12.7
Insurance	241.460	2.4	8.9	27.6	10.8
Finance	267.640	4.3	9.1	26.8	18.1
RE	173.220	8.4	17.7	39.3	19.4
Retail	173.220	8.4	17.7	39.3	19.4
Tech.	537.170	1.5	7.8	18.8	47.1
Tyres	58.120	3.1	0.9	49.6	187.2
TLC	110.440	0.0	5.4	5.5	(2.3)
Utilities	141.920	3.5	3.9	7.7	3.3

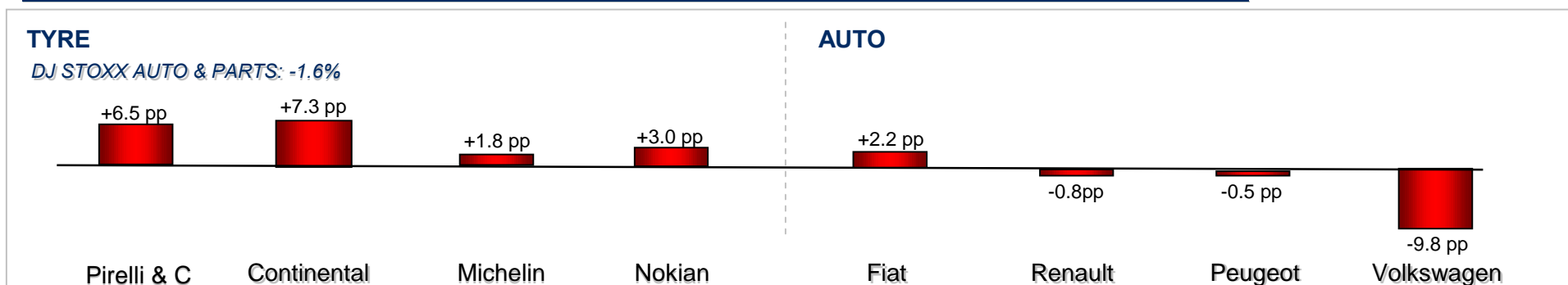
INVESTOR RELATIONS 21/09/09

# Pirelli & C. vs Auto & Parts Sector

## TREND PIRELLI & C. vs PEERS TYRE & AUTO FROM JANUARY 2 TO SEPTEMBER 18, 2009

	Official Close September 18	Percentage change				Daily average volumes		
		Week 14 Sep - 18 Sep	1 Month	3 Months	Year to date	Week 14 Sep - 18 Sep	1 Month	3 Months
<b>EUROPA</b>								
DJ Stoxx Auto	229.210	(1.6)	(0.2)	8.3	14.9			
<b>TYRE</b>								
Pirelli & C	0.378	4.9	19.3	49.5	43.5	63,725,438	38,928,448	41,130,199
Continental	37.540	5.7	43.8	90.6	30.0	441,970	322,695	265,574
Michelin	54.740	0.2	9.5	36.1	45.7	1,066,923	855,070	932,016
Nokian	16.550	1.4	4.3	23.0	109.2	815,124	699,049	748,459
<b>AUTO</b>								
Fiat	8.845	0.6	8.4	25.3	92.7	27,206,455	21,704,408	23,796,067
Renault	32.500	(2.4)	2.1	20.8	75.2	4,470,279	2,696,908	2,319,227
Peugeot	20.915	(2.1)	3.7	4.1	72.1	3,532,967	2,418,227	2,328,953
Volkswagen	113.220	(11.4)	(33.3)	(51.0)	(54.7)	1,072,031	673,343	484,909
<b>USA</b>								
<b>TYRE</b>								
Goodyear	17.000	(1.1)	(4.7)	41.4	186.1	6,487,211	4,756,212	5,419,671
Cooper	17.120	23.3	31.1	92.6	191.7	2,397,907	1,239,969	1,151,909
<b>AUTO</b>								
Ford	6.920	(5.3)	(9.2)	22.2	203.1	12,009,080	10,177,880	14,427,657
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1657.000	1.5	(1.5)	19.3	27.4	2,445,920	2,990,453	4,098,903
Sumitomo	943.000	(3.2)	(3.0)	17.2	7.8	1,114,860	1,286,133	1,511,356
Toyo	223.000	(5.8)	(3.2)	(3.2)	31.5	1,852,800	1,244,967	1,900,900
Yokohama	458.000	(2.2)	(7.6)	5.6	1.1	937,600	1,399,867	1,714,078
Hankook	21500.000	(2.9)	7.8	34.4	40.5	1,795,277	1,117,164	1,137,368
Khumo	6310.000	(3.7)	16.2	27.7	40.5	545,252	860,406	688,385
<b>AUTO</b>								
Toyota	3780.000	(0.3)	(5.2)	4.9	31.8	8,132,020	7,533,247	8,169,880
Nissan	613.000	2.0	(10.6)	12.0	95.9	24,235,800	19,637,247	20,457,716

## EUROPE: WEEKLY TREND 14/09/2009 – 18/09/2009 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



Source: Reuters

INVESTOR RELATIONS 21/09/09

# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 21/09/2009

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 21-Sep-09																	
		P/E				EV/SALES				EV/EBITDA				EV/EBIT			
		2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
EUROPA	Michelin	38.8x	13.8x	10.4x	13.5x	0.8x	0.8x	0.7x	0.7x	7.1x	5.4x	4.7x	4.4x	18.9x	10.3x	8.3x	9.8x
	Continental		19.4x	9.5x	7.3x	0.8x	0.8x	0.7x	0.7x	8.5x	6.4x	5.2x	4.5x	76.6x	19.1x	11.0x	15.5x
	Nokian	30.4x	17.2x	13.8x		2.7x	2.4x	2.1x		12.9x	9.4x	7.6x		19.6x	13.1x	10.3x	
	Simple average	34.6x	16.8x	11.3x	10.4x	1.5x	1.3x	1.2x	0.7x	9.5x	7.1x	5.8x	4.5x	38.4x	14.2x	9.9x	12.6x
	Weighted average *	22.8x	16.4x	10.5x	9.4x	1.1x	1.0x	0.9x	0.6x	8.4x	6.3x	5.2x	3.9x	41.2x	14.0x	9.6x	10.8x
US	Goodyear		11.9x	8.1x		0.5x	0.4x			7.9x	4.9x			16.4x	7.2x		
	Cooper	16.3x	15.8x	14.2x	12.7x	1.3x	1.3x			10.2x	10.4x			13.1x	13.1x		
	Simple average	16.3x	13.9x	11.1x	12.7x	0.9x	0.9x			9.1x	7.6x			14.8x	10.1x		
	Weighted average *	9.8x	14.3x	11.8x	7.7x	1.0x	1.0x			9.3x	8.2x			14.4x	10.8x		
ASIA	Bridgestone	84.4x	19.0x	14.7x	15.0x	0.7x	0.6x	0.6x	0.6x	6.9x	5.4x	4.8x	4.4x	26.3x	12.6x	10.0x	11.6x
	Yokohama		22.1x	14.4x	11.9x	0.6x	0.6x	0.6x	0.5x	8.8x	6.6x	5.9x	5.4x	61.0x	17.6x	13.5x	11.7x
	Sumitomo	35.8x	14.5x	11.5x	10.5x	0.8x	0.8x	0.7x	0.7x	7.6x	6.9x	6.3x	6.8x	17.1x	14.4x	12.4x	13.2x
	Simple average	60.1x	18.5x	13.5x	12.4x	0.7x	0.7x	0.6x	0.6x	7.8x	6.3x	5.7x	5.6x	34.8x	14.9x	12.0x	12.2x
	Weighted average *	70.9x	18.7x	14.2x	14.1x	0.7x	0.7x	0.6x	0.6x	7.2x	5.7x	5.1x	4.8x	28.2x	13.2x	10.6x	11.8x
TOT. WORLD	max	84.4x	22.1x	14.7x	15.0x	2.7x	2.4x	2.1x	0.7x	12.9x	10.4x	7.6x	6.8x	76.6x	19.1x	13.5x	15.5x
	min	16.3x	11.9x	8.1x	7.3x	0.5x	0.4x	0.6x	0.5x	6.9x	4.9x	4.7x	4.4x	13.1x	7.2x	8.3x	9.8x
	median	35.8x	16.5x	12.6x	12.3x	0.8x	0.8x	0.7x	0.7x	8.2x	6.5x	5.5x	4.5x	19.3x	13.1x	10.6x	11.7x
	Simple average	41.1x	16.7x	12.1x	11.8x	1.0x	1.0x	0.9x	0.6x	8.7x	6.9x	5.8x	5.1x	31.1x	13.4x	10.9x	12.4x
	Weighted average *	37.3x	16.1x	11.6x	10.4x	0.9x	0.8x	0.6x	0.5x	7.9x	6.3x	4.0x	3.3x	29.5x	12.6x	7.7x	8.7x

\* on peers market capitalization by geographical area

\*\* on tyre sector market capitalization

WORLD TYRE MARKET CAP				
	Local currency	€ adjustment	% on cluster	% on geographical Area
Michelin	€8,067	€8,067	22.1%	49.0%
Continental	€6,344	€6,344	17.4%	38.5%
Nokian	€2,066	€2,066	5.7%	12.5%
Goodyear	\$ 4,132	€2,817	7.7%	39.7%
Cooper	\$ 6,288	€4,287	11.7%	60.3%
Bridgestone	¥1,374,143	€10,187	27.9%	78.6%
Yokohama	¥153,827	€1,140	3.1%	8.8%
Sumitomo	¥220,693	€1,636	4.5%	12.6%
TOT.		€36,546		

# Pirelli & C. RE vs Real Estate Sector

## PIRELLI RE TREND vs PEERS RE FROM JANUARY 2 TO SEPTEMBER 18, 2009

	Official Close September 18	Percentage change				Daily average volumes		
		Week 14 Sep - 18 Sep	1 Month	3 Months	Year to date	Week 14 Sep - 18 Sep	1 Month	3 Months
<b>Pirelli RE</b>	0.668	6.1	21.8	(46.8)	9.2	23,798,798	15,121,880	12,293,532
<b>Tecla</b>	428.000	1.9	(2.0)		8.1	33.20	19.87	23.13
<b>Ofinla</b>	306.990	3.4	4.8	5.5	5.9	143.40	92.57	82.96
<b>Spazio Investment</b>	4.885	0.0	0.1	12.3	(18.6)	6,849	45,626	88,172
<b>ITALIA</b>								
<b>Epra Europe</b>	1589.930	4.0	14.9	35.8	36.8			
<b>Gabetti</b>	1.200	1.6	82.6	90.4	67.7	1,288,931	393,251	145,359
<b>Beni Stabili</b>	0.624	(3.3)	0.7	14.2	26.0	2,198,828	1,615,591	1,563,784
<b>Aedes</b>	0.254	13.4	19.0	15.3	81.0	34,858,242	19,274,825	7,715,296
<b>Bastogi</b>	2.350	2.2	11.0	13.9	58.9	33,240	44,061	25,309
<b>Brioschi</b>	0.229	3.1	20.7	21.3	16.7	3,218,444	1,953,979	1,251,523
<b>Gabetti</b>	1.200	1.6	82.6	90.4	67.7	1,288,931	393,251	145,359
<b>IGD</b>	1.400	5.3	5.3	22.2	34.0	764,460	666,210	684,531
<b>IPI</b>	1.897	(0.2)	0.1	0.7	33.4	54,003	44,926	74,708
<b>Risanamento</b>	0.566	8.8	82.6	53.0	32.2	4,585,521	7,252,861	5,164,038

## WEEKLY TREND 14/09/2009 – 18/09/2009 REAL ESTATE STOCK vs EPRA EUROPE INDEX

