

Pirelli & C. S.p.A. — Milano

# Peers & Markets

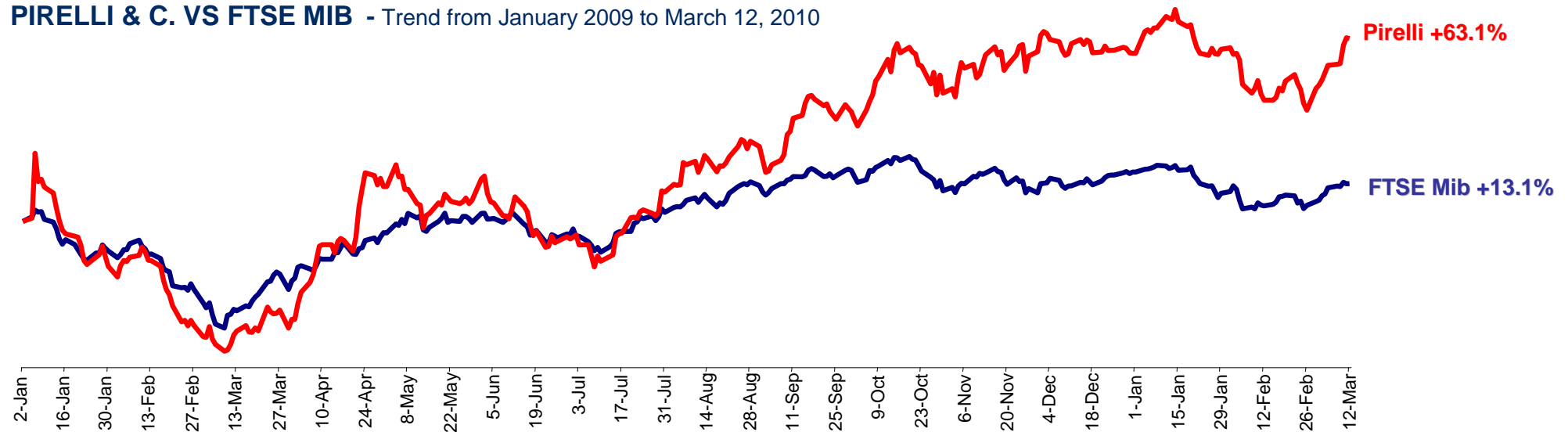
8 March – 12 March 2010



Investor Relations

# Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 2009 to March 12, 2010



	Official Close March 12	Percentage change				Daily average volumes		
		Week 8 Mar - 12 Mar	1 Month	3 Months	Year to date	Week 8 Mar - 12 Mar	1 Month	3 Months
Pirelli & C. Ord.	0.409	6.0	15.0	1.1	3.1	55,685,623	55,090,176	46,186,651
Pirelli & C. Risp.	0.440	12.6	12.5	11.5	10.0	1,115,370	357,414	314,296
Pirelli Real Estate	0.424	4.8	17.3	(11.4)	(13.3)	10,497,661	7,198,036	6,285,639
FTSE All Share	23053	1.2	7.0	1.0	(2.5)	799,424,031	922,439,624	719,456,660
FTSE MIB	22565	1.3	7.3	0.7	(2.9)	531,827,429	758,881,459	648,922,632

## Sell side analysts evaluation on Pirelli & C (15/03/2010)

Consensus Target Price: € 0.50

% Buy: 82%

% Sell: 0%

% Hold: 18%

Market Cap: €2,319.5 mln (of which ord. €2,252.9 mln)

# Markets

	Official Close March 12	Percentage change (%)			
		Week 8 Mar - 12 Mar	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	258.400	0.5	7.2	5.4	2.1
FTSE MIB	22565.190	1.3	7.3	0.7	(2.9)
FTSE 100	5625.650	0.5	9.4	6.9	3.9
DAX	5945.110	1.2	8.1	3.3	(0.2)
CAC 40	3927.400	0.4	9.1	3.3	(0.2)
IBEX 35	11077.000	0.5	8.3	(4.6)	(7.2)
OMX Stockholm	7177.470	3.0	11.5	15.0	11.2
OMX Helsinki	11077.000	0.5	8.3	(4.6)	(7.2)
<b>UNITED STATES</b>					
DJ Industr. Average	10624.690	0.6	5.2	1.5	1.9
S&P 500	1149.990	1.0	6.9	3.9	3.1
NASDAQ Composite	2367.660	1.8	8.4	8.1	4.3
<b>ASIA</b>					
Nikkei 225 (Giappone)	10751.260	3.7	6.5	6.4	1.9
Hang Seng (HK)	21209.740	2.0	4.6	(3.2)	(3.0)
All ordinaries (Australia)	4831.483	1.2	5.3	3.9	(1.0)
Strait Times (Singapore)	2881.360	3.3	4.4	2.9	(0.6)
BSE 30 (India)	17166.620	1.0	6.3	0.3	(1.7)
<b>EMIRATES</b>					
Abu Dhabi	2867.770	4.4	5.2	1.7	4.5
Dubai	1746.600	7.7	8.0	3.0	(3.2)
<b>BRAZIL</b>					
IteI (indice TLC)	1432.590	2.8	0.4	(8.4)	(8.2)
Bovespa	69341.380	0.7	5.3	0.1	1.1

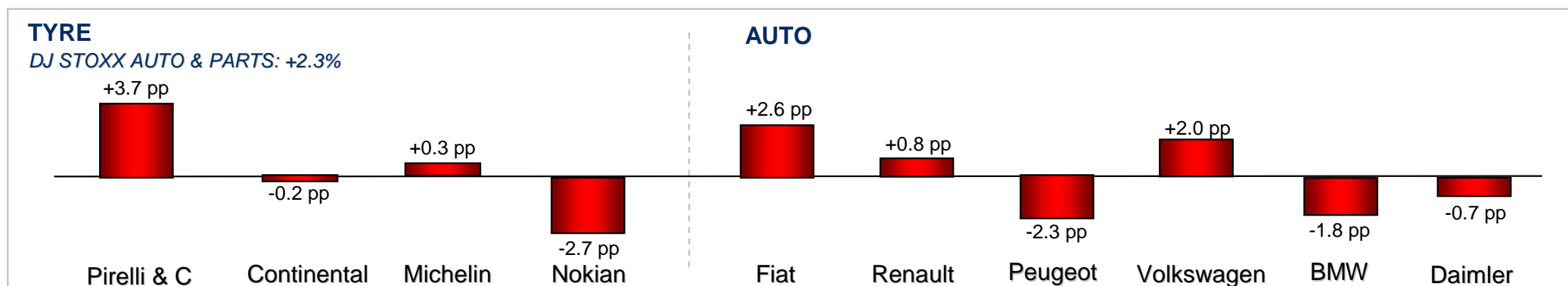
Source: Reuters

	Official Close March 12	Percentage change (%)			
		Week 8 Mar - 12 Mar	1 Month	3 Months	Year to date
<b>EUROPE</b>					
DJ Stoxx 600	258.400	0.5	7.2	5.4	2.1
Auto	221.590	2.3	10.5	(1.5)	(3.8)
Banks	219.690	0.3	11.9	0.9	(0.7)
Basic Resources	522.540	0.4	12.3	12.4	4.9
Chemical	463.980	0.4	6.9	1.7	0.2
Construction & Material	273.880	1.3	9.9	2.3	(1.3)
Industrial	401.550	1.1	11.1	9.1	4.5
Insurance	156.250	1.5	9.6	8.5	3.2
Finance	233.340	1.3	9.5	4.0	0.2
Food & Beverage	318.580	0.5	5.5	7.3	4.7
FTSE EPRA Eu Residential	1597.000	(2.1)	5.3	3.9	0.6
Media	162.970	0.5	6.6	5.4	2.4
Oil&Gas	330.000	0.8	4.6	4.8	(0.2)
Retail	254.800	0.9	3.8	6.8	5.1
Tech.	207.760	2.0	11.4	17.2	12.7
TLC	257.980	1.0	5.3	0.1	(1.1)
Travel & Leisure	115.180	0.7	7.3	8.8	8.0
Utilities	329.780	1.1	3.3	0.2	(3.7)
<b>UNITED STATES</b>					
S&P 500	1150.240	1.0	6.9	3.9	3.1
Auto	141.690	2.3	19.2	38.8	29.2
Banks	234.710	2.8	12.7	10.5	11.3
Basic Resources	251.770	0.4	12.3	9.6	4.7
Chemical	272.43	0.68	8.44	7.27	6.16
Construction & Materials	293.960	0.1	0.6	23.9	13.9
Industrial	271.940	1.6	9.5	7.1	7.0
Food & Beverage	281.570	(0.2)	4.0	1.8	2.2
Media	280.660	0.5	11.3	6.0	6.2
Oil&Gas	499.720	0.7	4.8	3.3	1.2
Insurance	254.670	0.9	8.9	9.0	8.1
Finance	278.730	2.2	11.1	8.3	7.4
RE	188.150	3.1	13.3	9.3	6.2
Retail	188.150	3.1	13.3	9.3	6.2
Tech.	598.120	1.7	6.9	4.6	0.4
Tyres	50.550	1.1	5.2	(5.4)	(2.7)
TLC	111.440	2.6	3.9	(7.4)	(7.0)
Utilities	143.980	(0.3)	3.8	(4.3)	(3.5)

# Pirelli & C. vs Auto & Parts Sector

	Official Close March 12	Percentage change				Daily average volumes		
		Week 8 Mar - 12 Mar	1 Month	3 Months	Year to date	Week 8 Mar - 12 Mar	1 Month	3 Months
<b>EUROPA</b>								
DJ Stoxx Auto	226.770	2.3	10.5	(1.5)	(3.8)			
<b>TYRE</b>								
Pirelli & C	0.433	6.0	15.0	1.1	3.1	55,685,623	55,090,176	46,186,651
Continental	37.265	2.1	12.2	5.9	2.3	358,780	684,434	506,402
Michelin	56.800	2.6	12.5	7.3	6.0	729,441	1,046,884	796,091
Nokian	19.900	(0.4)	18.5	19.9	17.1	774,573	902,913	788,223
<b>AUTO</b>								
Fiat	9.360	4.9	20.8	(8.3)	(8.7)	34,464,882	31,870,510	29,103,136
Renault	33.900	3.1	14.7	(3.7)	(6.4)	2,292,507	3,468,638	2,708,629
Peugeot	21.860	0.0	11.7	(8.0)	(7.6)	2,130,362	2,886,566	2,192,696
Volkswagen	74.430	4.3	19.5	(8.9)	(3.3)	490,731	517,088	537,892
BMW	32.540	0.5	12.2	2.6	2.3	2,578,275	2,557,608	2,454,932
Daimler	33.535	1.7	3.3	(4.7)	(9.9)	4,561,432	7,170,109	5,981,668
<b>USA</b>								
<b>TYRE</b>								
Goodyear	13.820	0.9	4.1	(7.2)	(2.0)	2,884,158	4,149,744	3,923,916
Cooper	19.070	1.8	8.7	0.2	(4.9)	980,055	1,014,895	984,926
<b>AUTO</b>								
Ford	12.910	2.6	20.0	48.2	33.4	10,124,880	13,502,333	14,207,348
<b>ASIA</b>								
<b>TYRE</b>								
Bridgestone	1538.0	(0.3)	5.0	0.1	(5.4)	4,161,760	3,852,220	4,017,222
Sumitomo	1015.0	0.0	4.7	(2.3)	(6.4)	983,160	1,703,977	1,485,512
Toyo	210.0	6.6	10.5	37.3	22.1	2,082,200	3,369,067	2,088,033
Yokohama	413.0	6.2	9.0	12.2	1.5	2,449,400	2,037,867	1,899,200
Hankook	23300.0	(2.3)	8.9	(9.9)	(8.6)	414,006	535,329	734,520
Khumo	3445.0	(2.1)	2.5	(31.1)	(4.4)	1,023,762	765,407	941,469
<b>AUTO</b>								
Toyota	3475.0	2.4	0.4	(7.3)	(10.4)	11,034,240	18,535,343	12,408,548
Nissan	764.0	9.1	4.8	4.9	(5.7)	20,547,040	20,793,093	20,196,671

## EUROPE: WEEKLY TREND 08/03/2010 – 12/03/2010 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



Source: Reuters

# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 15/03/2010

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 15-Mar-10													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
EUROPA	Michelin	13,3x	9,8x	7,9x	0,7x	0,7x	0,6x	5,3x	4,5x	4,0x	10,5x	7,7x	6,8x
	Continental	17,3x	9,9x	8,2x	0,7x	0,7x	0,7x	5,9x	4,7x	4,4x	13,3x	9,4x	8,5x
	Nokian	20,6x	14,9x		2,9x	2,5x		11,3x	9,0x		15,7x	12,0x	
	Simple average	17,1x	11,5x	8,0x	1,4x	1,3x	0,7x	7,5x	6,1x	4,2x	13,2x	9,7x	7,6x
	Weighted average *	15,9x	10,5x	6,9x	1,0x	0,9x	0,6x	6,4x	5,2x	3,6x	12,3x	9,0x	6,6x
US	Goodyear	32,2x	8,1x	5,0x	0,4x	0,4x		4,6x	3,8x		9,1x	6,2x	
	Cooper Tire	9,5x	9,0x		0,4x			3,6x			5,8x		
	Simple average	20,9x	8,5x		0,4x			4,1x			7,5x		
	Weighted average *	26,4x	8,3x		0,4x			4,4x			8,3x		
ASIA	Bridgestone	22,4x	15,6x	14,6x	0,6x	0,6x	0,5x	6,0x	5,1x	4,5x	15,1x	11,2x	10,3x
	Yokohama	17,6x	13,9x	10,3x	0,6x	0,6x	0,5x	6,0x	5,8x	5,0x	16,4x	13,4x	10,7x
	Sumitomo	14,9x	10,8x	9,5x	0,8x	0,7x	0,7x	6,9x	6,0x	5,2x	12,4x	10,1x	9,4x
	Simple average	18,3x	13,5x	11,4x	0,7x	0,6x	0,6x	6,3x	5,6x	4,9x	14,6x	11,6x	10,1x
	Weighted average *	21,0x	14,9x	13,5x	0,7x	0,6x	0,5x	6,1x	5,3x	4,6x	14,9x	11,3x	10,2x
TOT. WORLD	max	32,2x	15,6x	14,6x	2,9x	2,5x	0,7x	11,3x	9,0x	5,2x	16,4x	13,4x	10,7x
	min	9,5x	8,1x	5,0x	0,4x	0,4x	0,5x	3,6x	3,8x	4,0x	5,8x	6,2x	6,8x
	median	17,5x	10,3x	8,8x	0,7x	0,7x	0,6x	5,9x	5,1x	4,5x	12,8x	10,1x	9,4x
	Simple average	18,5x	11,5x	9,2x	0,9x	0,9x	0,6x	6,2x	5,6x	4,6x	12,3x	10,0x	9,1x
	Weighted average *	18,3x	11,5x	8,8x	0,8x	0,7x	0,5x	5,9x	4,8x	3,5x	12,3x	9,0x	7,0x

\* on peers market capitalization by geographical area

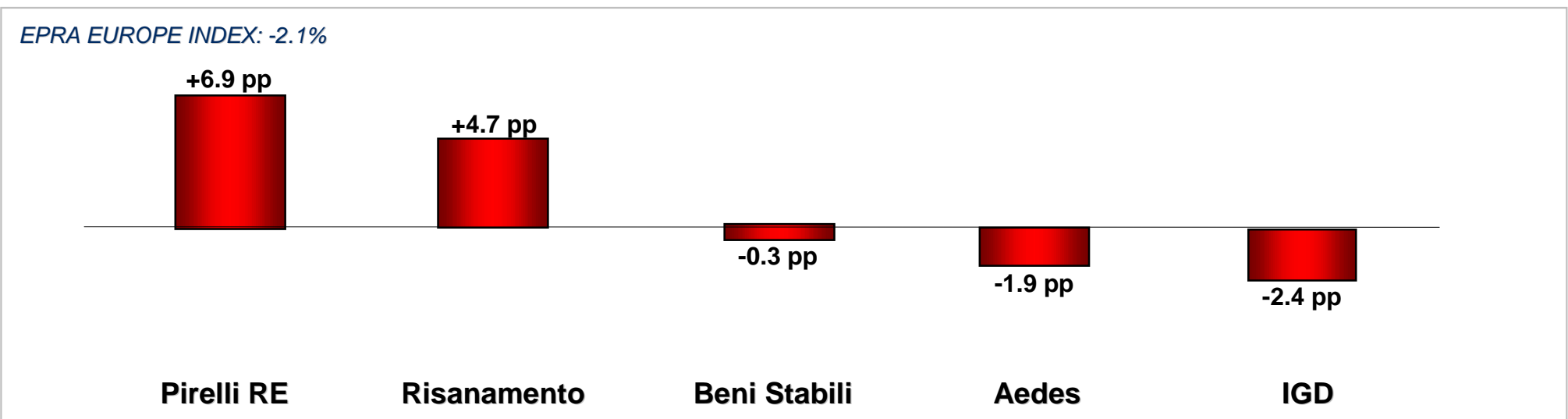
\*\* on tyre sector market capitalization

WORLD TYRE MARKET CAP				
Mln	Local currency	€ adjustment	% on cluster	% on geographical Area
Michelin	€8.325	€8.325	24,3%	45,9%
Continental	€7.336	€7.336	21,4%	40,5%
Nokian	€2.465	€2.465	7,2%	13,6%
Goodyear	\$3.347,42	€2.442	7,1%	74,3%
Cooper Tire	\$1.159,29	€846	2,5%	25,7%
Bridgestone	¥1.254.617	€10.092	29,4%	78,5%
Yokohama	¥142.521	€1.146	3,3%	8,9%
Sumitomo	¥202.017	€1.625	4,7%	12,6%
TOT.		€34.278		

# Pirelli & C. RE vs Real Estate Sector

	Official Close March 12	Percentage change				Daily average volumes		
		Week 8 Mar - 12 Mar	1 Month	3 Months	Year to date	Week 8 Mar - 12 Mar	1 Month	3 Months
<b>Pirelli RE</b>	0.444	4.8	17.3	(11.4)	(13.3)	10,497,661	7,198,036	6,285,639
<b>Tecla</b>	435.000	2.3	(3.6)	3.8	3.0	27.20	32.80	29.92
<b>Olinda</b>	345.000	(0.9)	(3.2)	11.8	6.2	214.20	246.27	196.49
<b>ITALIA</b>								
<b>Epra Europe</b>	1597.000	(2.1)	5.3	3.9	0.6			
<b>Beni Stabili</b>	0.706	(2.4)	17.6	22.5	22.8	1,649,804	2,109,698	1,738,992
<b>Aedes</b>	0.240	(4.0)	9.7	16.2	17.4	3,361,431	3,674,274	2,816,171
<b>Bastogi</b>	2.040	(1.0)	(0.4)	2.6	(3.1)	6,169	15,750	16,124
<b>Brioschi</b>	0.222	(0.5)	7.8	18.5	1.8	449,175	970,274	954,843
<b>Gabetti</b>	0.446	2.6	(6.9)	(26.0)	(29.0)	496,274	343,561	251,048
<b>IGD</b>	1.470	(4.5)	1.7	(2.7)	(5.7)	324,546	235,258	295,608
<b>Risanamento</b>	0.390	2.6	2.8	(6.0)	(7.4)	1,981,811	924,254	1,389,345

## WEEKLY TREND 08/03/2010 – 12/03/2010 REAL ESTATE STOCK vs EPRA EUROPE INDEX



Source: Reuters