



## PRESS RELEASE

*PIRELLI & C. SPA BOARD APPROVES RESULTS FOR 6 MONTHS ENDED 30 JUNE 2014*

### GROWTH OF MAIN ECONOMIC INDICATORS

FIRST HALF NET PROFIT +28.5% TO 192.1 MILLION EURO

RESULTS DRIVEN BY STRENGTHENING OF PREMIUM (VOLUMES +21.6%), POSITIVE DEMAND DYNAMICS IN EUROPE AND APAC AND BY FURTHER PRICE/MIX IMPROVEMENT (+5.3%)

PREMIUM REVENUES GROW TO 56.2% OF CONSUMER SALES  
(50.5% IN FIRST HALF 2013)

EFFICIENCIES OF 48.9 MILLION EURO, EQUAL TO 54% OF FULL-YEAR TARGET

PROFITABILITY (EBIT MARGIN BEFORE RESTRUCTURING CHARGES) GROWS TO 14.7% FROM  
12.5% IN FIRST HALF 2013

SIGNIFICANT IMPROVEMENT OF PROFITABILITY IN RUSSIA (EBIT MARGIN HIGH-SINGLE-DIGIT)

SECOND QUARTER CASH GENERATION BEFORE DIVIDENDS OF 187.1 MILLION EURO  
(104.3 IN SECOND QUARTER 2013)

### PIRELLI CONSOLIDATED RESULTS

- EBIT: +12.6% AT 426.2 MILLION EURO (378.5 MILLION EURO ON 30 JUNE 2013)
- EBIT MARGIN BEFORE RESTRUCTURING CHARGES AT 14.7% (12.5% ON 30 JUNE 2013), EBIT MARGIN AT 14.3% (12.2% ON 30 JUNE 2013)
- NET PROFIT: +28.5% AT 192.1 MILLION EURO (149.5 MILLION EURO ON 30 JUNE 2013)
  - TOTAL VOLUMES +1.8%, WITH PREMIUM VOLUMES GROWING 21.6%
  - REVENUES: 2,986.9 MILLION EURO, WITH ORGANIC GROWTH OF 6.7%;  
-3.3% COMPARED WITH 3,090 MILLION EURO ON 30 JUNE 2013 INCLUDING  
FOREX EFFECT (-10.0%);
  - PREMIUM REVENUES: 1,285.1 MILLION EURO, WITH ORGANIC GROWTH OF 16.6%;  
+12.7% INCLUDING FOREX EFFECT (-3.9%)
- NET FINANCIAL POSITION NEGATIVE 1,935.2 MILLION EURO (1,965.6 MILLION EURO ON 31 MARCH 2014 AND 1,322.4 MILLION EURO ON 31 DECEMBER 2013)

## TYRE ACTIVITIES

- EBIT: +11.1% TO 434.0 MILLION EURO (390.6 MILLION EURO ON 30 JUNE 2013)
- EBIT MARGIN BEFORE RESTRUCTURING CHARGES AT 15.0% (12.9% ON 30 JUNE 2013), EBIT MARGIN AT 14.6% (12.7% ON 30 JUNE 2013)
  - CONSUMER BUSINESS EBIT MARGIN AT 14.9% (12.4% ON 30 JUNE 2013)
  - INDUSTRIAL BUSINESS EBIT MARGIN AT 13.6% (13.5% ON 30 JUNE 2013)
  - REVENUES: 2,980.8 MILLION EURO, WITH ORGANIC GROWTH OF 7.1%;  
- 3.0% COMPARED WITH 3,072.9 MILLION EURO ON 30 JUNE 2013 INCLUDING FOREX EFFECT (-10.1%)

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## MAURIZIO BOIOCCHI NOMINATED GENERAL MANAGER TECHNOLOGY

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## 2014 TARGETS

- ALL TARGETS CONFIRMED

*As an effect of the underwriting of the agreement for the disposal of 100% of the steelcord activities, this business was classified as a "discontinued operation" and the reclassified result in the financial statements under the heading "results for discontinued operative activities". The economic indicators relative to the first half of 2014 thus refer to functioning activities and the comparative data for 30 June 2013 have been restated.*

### The first half in summary

Milan, 5 August 2014 – The Board of Directors of Pirelli & C. SpA today reviewed and approved results for the six months ended 30 June 2014.

The results for the first half of 2014 show growth in the main economic indicators thanks to the strengthening of the Premium segment, continuing price/mix improvement and the implementation of the efficiency plan.

In the first half Premium volumes grew by 21.6% (+20.9% in the second quarter), evidence of this segment's positive demand dynamic, with consequent increases in market share in all geographic areas.

In the first six month of 2014 the price/mix component registered growth of 5.3% (+6% in the second quarter), as a result of improved product mixes in all business segments and price increases in emerging markets to offset forex volatility.

In the meantime, the efficiencies plan has continued, delivering benefits in the half of 48.9 million euro, 54% of the full-year target, the first results of the 350 million euro, 4-year plan (2014-2017) announced in November 2013.

The strategic focus on value and the results of the efficiencies plan contributed to improve profitability: +12.6% Ebit growth, reaching 426.2 million euro in the first half (full-year 2014 target ~850 million euro) and profitability (Ebit margin) at 14.3%, + 2.1 percentage points higher compared with the same period of 2013.

Consolidated revenues registered first half organic growth of 6.7% to 2,986.9 million euro, in particular thanks to the above mentioned improvement in the price/mix component, +5.3% (full-year target +4%/+5%). Including the forex impact - negative 10.0% and linked to the continuing appreciation of the euro and the volatility of other currencies - revenues registered a decline of 3.3%.

Total volume growth was 1.8%, as a result of the 5.1% increase of the Consumer business and the 7.4% decline of the Industrial business. The dynamic of the Industrial volumes discounts the very high rate of growth recorded in emerging markets in the first half of 2013 (+16.1%, +22% in the second quarter), the contraction of the Original Equipment market in South America and the progressive reduction of Pirelli's exposure to the conventional tyre business in that geographic area.

Consumer revenues, totaling 2,288.3 million euro, registered organic growth of 10.3% (+1.5% net of forex impacts) supported by volumes' growth (+5.1%) and improved price/mix (+5.2%). Ebit was 340.1 million euro, an increase of 21.4% with profitability (Ebit margin) at 14.9%, 2.5 percentage points higher than the first half of 2013.

The profitability of the Industrial business remained stable, with an Ebit margin of 13.6% despite the decline in volumes (-7.4%) and the great forex impact (-13.8% on revenues) which were offset the progressive improvement of the price/mix component (+5.9% in the half, +6.5% in the second quarter) and the lower impact of raw material costs. First half Industrial revenues totaled 692.5 million euro (organic variation -1.5%, including forex impact -15.3%).

At the geographic level, the positive business performances in Europe and the Asia Pacific region were notable, with revenues' growth of approximately 10% and profitability (Ebit margin) above the group's average (mid-teen for Europe, circa 20% for Apac). In South America, despite slowdowns in the Industrial market and Car Original Equipment, mid-teen profitability was confirmed thanks to price increases to offset forex volatility, mix improvement (product and channel) and the contribution from efficiencies. In Russia, in particular, the turnaround process continued, with an increase of market share – thanks to a broadening of the product range and greater territorial coverage – and positive high-single-digit profitability. The results in the Nafta and MEAI areas also improved.

The solid operations' performance and careful management of working capital resulted in positive second quarter cash generation of 187.1 million euro before dividends (104.3 million euro in the second quarter of 2013), with a fall in net debt on 30 June 2014 to 1,935.2 million euro from 1,965.6 million euro on 31 March 2014, notwithstanding dividend payments of 156.7 million euro.

### **Pirelli – Consolidated results**

At the consolidated level, **revenues** on 30 June 2014 totaled 2,986.9 million euro, with organic growth of 6.7% compared with the same period in 2013. Including a negative impact of 10.0% linked to exchange rates, revenues saw a reduction of 3.3% compared with 3,090.0 million euro in the first half of 2013. In the second quarter revenues amounted to 1,513.7 million euro, compared with 1,575.4 million euro in the same period of 2013.

The **gross operating margin (EBITDA) before restructuring charges** was 582.8 million euro, an increase of 10.1% compared with 529.3 million euro in the same period of 2013. In the second quarter the gross operating margin was 305.5 million euro, an increase of 10.6% compared with 276.3 million euro in the same period of 2013.

The **operating result (Ebit)** was 426.2 million euro, an increase of 12.6% compared with 378.5 million euro in the corresponding prior period. The improvement of the operating result (+47.7 million euro) reflects:

- the positive contribution of volumes (+26 million euro);
- the growing contribution of the price/mix component (+93.3 million euro) thanks to the improvement in the mix (Premium growth) and price increases in emerging countries;
- efficiencies (+ 48.9 million euro, equal to 54% of the full-year target);
- lower raw material costs (+13.7 million euro);
- improved operating results for minor businesses (+4.3 million euro);

which more than offset:

- the negative impact production cost inflation (-51.0 million euro);
- the volatility of exchange rate consolidation (-47.5 million euro impact on Ebit);
- greater amortization and other costs (-34.2 million euro, of which 10 million euro related to marketing expenses for future Premium growth) and restructuring costs (-5.8 million euro).

The **Ebit margin before restructuring costs** – expressed as a percentage of sales – was 14.7% compared with 12.5% on 30 June 2013. The **Ebit margin** in the first half of 2014 grew to 14.3%, compared with 12.2% registered in the same period of 2013.

In the second quarter, Ebit totaled 225.2 million euro, an increase of 12.6% compared with 200.0 million euro in the second quarter of 2013, with an Ebit margin in marked improvement to 14.9% compared with 12.7% in the second quarter of 2013.

The **result from shareholdings** on 30 June 2014 was negative 27.2 million euro (-24.3 million euro in the same period of 2013), and mainly refer – for 16.3 million euro – to the effects deriving from the consolidation using the net equity method of the results of the affiliate Prelios (fourth quarter 2013 and first quarter 2014) and the write-down of the stake in Alitalia for 11.2 million euro.

**Net profit** was 192.1 million euro, an increase of 28.5% compared with 149.5 million euro in the same period of 2013. In the second quarter, net profit grew to 101.7 million euro, an increase of 30.7% compared with 77.8 million euro in the second quarter of 2013.

**Net profit attributable to Pirelli & C. Spa**, including the results of discontinued operations, amounted to 189.1 million euro, an increase of 24.9% compared with 151.4 million euro in the same period of 2013.

**Consolidated net assets** on 30 June 2014 stood at 2,371.3 million euro compared with 2,436.6 million euro on 31 December 2013. **Consolidated net assets attributable to Pirelli & C. SpA** amounted to 2,300.3 million euro, compared with 2,376.1 million euro on 31 December 2013.

The **consolidated net financial position** was negative 1,935.2 million euro (the figure includes approximately 40.4 million euro relative to the discontinued operations of the steelcord activities), a decline from 1,965.6 million at the end of the first quarter of 2014 (1,322.4 million euro at end 2013) thanks to net cash generation of 30.4 million euro in the second quarter (negative 52.4 million a year earlier) after the distribution of dividends totaling 156.7 million euro. Gross debt stood at 2,470.9 million euro compared with 2,334.2 million euro on 31 December 2013.

The **net cash flow from operations** in the first half of 2014 was negative 170.0 million euro (-115.3 million euro in the corresponding period of 2013), essentially as a result of the usual seasonal effects of working capital, and following investments of 143.6 million euro (164.0 million euro in the first half of 2013). **Total net cash flow** was negative 612.8 million euro (-527.4 million euro in the first half of 2013) of which approximately 58 million euro was relative to the impact of forex variations on the net financial position, especially regarding Venezuela. In the **second quarter, operational cash management** was positive for 304.6 million euro (179.8 million euro in the second quarter of 2013) thanks to improved working capital.

The net cash flow before the distribution of dividends was positive for 187.1 million euro (104.3 million euro in the same period of 2013).

The Group's **employees** on 30 June 2014 numbered 39,299 (38,138 on 30 June 2013).

## Tyre Activities

**Sales** on 30 June 2014 totaled 2,980.8 million euro, with an organic growth of 7.1%. Including the forex effect (negative 10.1%), revenues declined by 3.0% compared with 3,072.9 million euro in the corresponding period of 2013. In the second quarter, revenues amounted to 1,511.3 million euro, with an organic growth of 5.8%. Including the forex effect, negative 9.4%, revenues declined by 3.6% compared with 1,567.9 million euro in the second quarter of 2013.

Total volumes grew by 1.8%: positive dynamics of mature markets (Europe and Nafta), where volumes increased by 12.2% which offset the decline in emerging markets (-3.2%) as a result of the contraction registered in the Original Equipment market in the Latam area.

The **operating result (Ebit after restructuring costs)** on 30 June 2014 amounted to 434.0 million euro, an increase of 11.1% compared with 390.6 million euro in the first half of 2013. The **Ebit margin before restructuring charges** was 15.0% compared with 12.9% on 30 June 2013, while the **Ebit margin** of 14.6% (12.7% in the first half of 2013). The performance reflects the positive dynamic of the operational levers, with volumes, price/mix and efficiencies which more than offset higher production costs, increased amortizations and forex impacts.

In the second quarter of 2014, the operating result grew to 229.1 million euro, an increase of 11.1% compared with 206.3 million euro in the second quarter of 2013. The Ebit margin in the second quarter reached 15.2%, an increase of 2.0 percentage points from 13.2% in the second quarter of 2013.

- In the **Consumer business (Car/Light Truck and Moto tyres)**, sales totaled 2,288.3 million euro, with an organic growth of 10.3% compared with the same period in 2013. Including the forex effect, which had a negative impact of 8.8%, revenues grew by 1.5% compared with 2,255.4 million euro in the first half of 2013. Overall, volumes increased by 5.1% and the price/mix component made a positive contribution of 5.2%. In the second quarter, revenues totaled 1,159.6 million euro, organic growth of 10.1%. Including the forex effect (negative 8.3%) they increased by 1.8%.

The **Premium** segment is again confirmed as the driver of growth, with an increase in volumes of 21.6%. Revenues totaled 1,285.1 million euro, with an organic growth of 16.6% compared with the previous year (+12.7% including forex impact of -3.9%) and accounted for 56.2% of Consumer sales (50.5% in first half 2013). There was Premium sales' growth in all markets: revenues in Europe +13.1%, Apac and MEAI around +28%, Nafta around +12%, LatAm +23% and Russia +47.6%.

The **operating result (Ebit after restructuring costs)** on 30 June 2014 grew by 21.4% to 340.1 million euro compared with 280.2 million euro in the corresponding period of 2013, with an Ebit margin of 14.9%, an increase of 2.5 percentage points compared with the prior 12.4%. The growth in profitability reflects the positive contribution of the sales mix, growing weight of Premium in all areas, greater weight of the Replacement channel, efficiencies and better use of production capacity. In the second quarter, Ebit totaled 181.3 million euro, an increase of 25.7% compared with 144.2 million euro in the corresponding period of 2013, with an Ebit margin of 15.6% (12.7% in the second quarter of 2013).

- In the **Industrial Business (Industrial vehicle tyres)** sales were 692.5 million euro, with a decline – excluding forex – of 1.5% compared with the corresponding period of 2013. Including the forex effect, of negative 13.8%, revenues registered a fall of 15.3% compared with 817.5 million euro in the same period of 2013. In the second quarter, revenues amounted to 351.7 million euro, with a decline – excluding the forex effect – of 5.7%, (-18.1% including a forex effect of -12.4%) compared with 429.2 million euro a year earlier.

Volumes declined by 7.4%. The figure discounts the high rate of growth registered in emerging markets in the corresponding period of 2013 (+16.1%), the contraction of the Latam market and the progressive reduction of the conventional business and Truck Original Equipment in the second quarter in Latin America.

The price/mix component was positive 5.9% both because of the progressive sales' price increases applied in emerging markets to offset currency devaluations and improvements in the product mix.

The **operating result (Ebit after restructuring costs)** was 93.9 million euro, lower than the 110.4 million euro in the first half of 2013, with profitability at 13.6%, an increase of 0.1 percentage points compared with 13.5% in the corresponding period of 2013. In the second quarter, Ebit after restructuring amounted to 47.8 million euro compared with 62.1 million euro in the corresponding period of 2013, with an Ebit margin of 13.6% (14.5% in the second quarter of 2013).

#### Events after 30 June 2014

On **July 10th, 2014**, board members Claudio Sposito, Riccardo Bruno, Piero Alonzo, Emiliano Nitti, Luciano Gobbi and Enrico Parazzini resigned from Pirelli's Board of Directors. The Board of Directors then proceeded to coopt **Igor Sechin** (President of Rosneft, Chairman of Rosneft's Management Board), **Didier Casimiro** (Vice President for Commerce and Logistics of Rosneft), **Andrey Kostin** (President and Chairman of the Management Board, Member of the Supervisory Council of VTB Bank.), **Ivan Glasenberg**; (CEO of Glencore), Petr Lazarev (Financial Director of Rosneft) and **Igor Soglaev** (President, CJCS Novokuibyshevskaya Petrochemical Company – CJSC NPC) in substitution of the resigning board members. The Board of Directors also asserted, on the basis of the available information and statements from the interested parties, the existence of the requisites of independence of Ivan Glasenberg and Andrey Kostin.

The Board of Directors also confirmed the institution of four board Committees, with instructional, consultative and proposal tasks: the **Remuneration Committee**, the **Internal Controls, Risks, Sustainability and Corporate Governance Committee**, the **Nominations and Successions Committee** and the **Strategies Committee**. The Board of Directors also designated Luigi Roth as **Lead Independent Director** and saw to the nomination of the new Supervisory Board, which will remain in power until the end of the present Board's mandate. The following people have been called upon to be part of this body: Carlo Secchi (Chairman), Elisabetta Magistretti, Antonella Carù and Maurizio Bonzi.

#### FY 2014 Outlook

Given the 1H 2014 trend, Pirelli confirms, at constant consolidation perimeter, its full year targets indicated last May in terms of:

- Consolidated revenues of approx. 6.2 billion euro, confirming a growth of almost 1%
- Ebit of 850 million euro after restructuring costs for 50 million euro
- Investments for less than 400 million euro
- Cash generation of over 250 million euro before dividend payout
- Net Financial Position of approx. 1.2 billion euro negative

The outlook for both the Consumer and Industrial businesses has been updated.

More specifically, the Consumer business revenue target increases to approx. 4.7 billion euro (vs. previous target of ~4.6 billion euro) driven by:

- Higher volume growth (>6.5% vs. previously indicated >6%)
- Stronger Premium segment with volume growing above 16% (>14% was the previous indication)
- Improved Price/Mix (+4.5/5.5% vs previous target of +4/+4.5%)
- Lower negative impact from foreign exchange rates (~ -7.5%/~-8.5% versus previously indicated ~ -8%/~-9%)

These operating variables contributed to improve Consumer profitability with an Ebit margin before restructuring costs equal or higher than 15% (~15% was the previous target).

For the Industrial business, we expect revenues for ~1.5 billion euro (against the previous target of ~1.6 billion euro) due to:

- 2% Volume reduction (the previous indication was ~+4%/~+4.5%) due to the truck and agro market slowdown in LatAm.
- Price-mix growth by +4%/+5% (against the previous target of +5%/6%) due to lower price increases (versus what was initially planned) deriving from the current scenario of natural rubber prices and from foreign exchange rates.
- Lower exchange rate negative impact (~-11.0%/~-11.5% vs. previously indicated ~-11.5%/~-12.5%)

As a consequence, profitability in the Industrial business (Ebit margin before restructuring costs) is expected to be equal or above 13.5% (vs. the previously announced target of ~14%)

Higher revenues and profitability in the Consumer business thus counterbalance the Industrial business trend, leaving our Group targets unchanged.

At Group level, the trend of both businesses combined shows:

- ~+4.5% growth in volume (previous target was >+5%)
- ~+4%/~+5% price-mix improvement (in line with previous target)
- Lower exchange rates negative impact (~-8.5%/~-9.5% vs. ~-9%/~-10%)

We thus confirm our operating income after restructuring costs target (Ebit) of 850 million euro as a result of:

- Lower impact from raw material cost (-35 million euro vs. the previous target of -75 million euro, with a 40 million euro positive impact on Ebit);
- The already mentioned foreign exchange rate improvement, with a general positive impact of +5 million euro on the operating income;

Such variables offset the lower growth in volume (-30 million euro is the delta on Ebit when compared with the previous guidance) and allow the funding of higher marketing costs (15 million euro), as investments to accelerate developments in the Premium segment where the growth trend was 3 x that of the non Premium.

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Further, Pirelli wishes to announce that the role of General Manager Technology structure has been instituted and entrusted to Maurizio Boiocchi – already Chief Technical Officer – who will become General Manager Technology, always a direct report of the Chairman and CEO Marco Tronchetti Provera. The new structure will flank that of General Manager Operations, entrusted to Gregorio Borgo, in line with the present organizational structure.

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## Conference call

The results for the six months ended 30 June 2014 will be illustrated today, 5 August 2014, at 6.30 pm via a conference call with the participation of the Chairman and CEO of Pirelli & C. SpA, Marco Tronchetti Provera, and the top management. Journalists will be able to follow the presentation by telephone, without the possibility of asking questions, by dialing **+39 02 3600 9868** or **800 145 655**. The presentation will also be webcast live at [www.pirelli.com](http://www.pirelli.com) in the Investors section, where the slides can also be consulted.

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The first half 2014 results statement will be available to the public at the company's legal headquarters and at Borsa Italiana SpA, as well through the authorized stocking mechanism, as well as being published online at [www.pirelli.com](http://www.pirelli.com), by 8 August 2014.

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*The Director indicated for the preparation of the company accounting documents of Pirelli & C. S.p.A., Mr. Francesco Tanzi, declares in accordance with paragraph 2 of article 154 bis of the Testo Unico della Finanza (financial law) the accounting information contained in the present press release corresponds to the documentary results, the accounting books and scripts.*

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In this press release, in addition to the financial performance measures established by IFRS, certain non-IFRS measures originated from the latter are presented although they are not required by IFRS ("Non-GAAP Measures"). These performance measures are presented for purposes of a better understanding of the trend of operations of the Group and should not be construed as a substitute for the information required by IFRS. Specifically, the "Non- GAAP Measures" used are described as follows:

**Gross operating profit (EBITDA):** this financial measure is used by the Group as the financial target in internal business plans and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group as a whole and for each single segment, in addition to EBIT. EBITDA is an intermediate performance measure represented by the Operating Income from which amortization of material and immaterial fixed assets are subtracted.

**Fixed assets:** this is the sum of the items "material fixed assets", "immaterial fixed assets", "investments in related companies and JVs", and "other financial as sets".

**Funds:** this is the sum of the items "funds for risks and charges (current and non current)", "funds for personnel" and "funds for deferred taxes".

**Net working capital:** this includes all the other items not included in the two items "net equity" and "net financial position".

Attached are prospectuses related to the profit and loss account, to equity data in summary and to consolidated financial reports. The company notes that these attachments are not subject to review by the auditing company.



## Group – Pirelli & C. Spa

(in millions of euro)

	06/30/2014	06/30/2013	06/30/2013	12/31/2013	12/31/2013
		restated (*)	reported	restated (*)	reported
<b>Net sales</b>	<b>2.986,9</b>	<b>3.090,0</b>	<b>3.131,3</b>	<b>6.061,0</b>	<b>6.146,2</b>
Gross operating profit before restructuring expenses	582,8	529,3	533,5	1.095,0	1.105,4
% of net sales	19,5%	17,1%	17,0%	18,1%	18,0%
Operating income before restructuring expenses	438,9	385,9	388,1	810,2	816,5
% of net sales	14,7%	12,5%	12,4%	13,4%	13,3%
Restructuring expenses	(12,7)	(7,4)	(7,4)	(25,5)	(25,5)
<b>Operating income</b>	<b>426,2</b>	<b>378,5</b>	<b>380,7</b>	<b>784,7</b>	<b>791,0</b>
% of net sales	14,3%	12,2%	12,2%	12,9%	12,9%
Net income (loss) from equity investments	(27,2)	(24,3)	(24,3)	(78,3)	(78,3)
Financial income/(expenses)	(92,1)	(103,5)	(104,7)	(192,9)	(195,8)
<b>Pre-tax income (loss)</b>	<b>306,9</b>	<b>250,7</b>	<b>251,7</b>	<b>513,5</b>	<b>516,9</b>
Income tax	(114,8)	(101,2)	(101,6)	(209,0)	(210,4)
Tax rate %	37,4%	40,4%	40,4%	40,7%	40,7%
<b>Net income (loss) from continuing operations</b>	<b>192,1</b>	<b>149,5</b>	<b>150,1</b>	<b>304,5</b>	<b>306,5</b>
<b>Net income (loss) from discontinued operations</b>	<b>1,7</b>	<b>0,6</b>	<b>-</b>	<b>2,0</b>	<b>-</b>
<b>Total net income (loss)</b>	<b>193,8</b>	<b>150,1</b>	<b>-</b>	<b>306,5</b>	<b>-</b>
Net income attributable to owners of Pirelli & C. S.p.A.	189,1	151,4	151,4	303,6	303,6
Total net earnings per share attributable to owners of Pirelli & C. S.p.A. (in euro)	0,388	0,310	0,310	0,622	0,622
<b>Non-current assets related to continuing operations</b>	<b>3.896,8</b>	<b>3.800,0</b>	<b>3.800,0</b>	<b>4.043,0</b>	<b>4.043,0</b>
Inventories	1.043,7	1.096,7	1.096,7	987,3	987,3
Trade receivables	974,0	935,5	935,5	666,4	666,4
Trade payables	(1.053,7)	(1.101,2)	(1.101,2)	(1.244,5)	(1.244,5)
<b>Operating Net working capital related to continuing operations</b>	<b>964,0</b>	<b>931,0</b>	<b>931,0</b>	<b>409,2</b>	<b>409,2</b>
% of net sales (*)	16,1%	15,1%	14,9%	6,8%	6,7%
Other receivables/other payables	40,9	94,2	94,2	3,0	3,0
<b>Total Net working capital related to continuing operations</b>	<b>1.004,9</b>	<b>1.025,2</b>	<b>1.025,2</b>	<b>412,2</b>	<b>412,2</b>
% of net sales (*)	16,8%	16,6%	16,4%	6,8%	6,7%
<b>Net invested capital held for sale</b>	<b>143,9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Net invested capital</b>	<b>5.045,6</b>	<b>4.825,2</b>	<b>4.825,2</b>	<b>4.455,2</b>	<b>4.455,2</b>
<b>Equity</b>	<b>2.371,3</b>	<b>2.321,8</b>	<b>2.321,8</b>	<b>2.436,6</b>	<b>2.436,6</b>
<b>Total Provisions</b>	<b>739,1</b>	<b>770,8</b>	<b>770,8</b>	<b>696,2</b>	<b>696,2</b>
<i>of which provisions held for sale</i>	<i>12,1</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Net financial (liquidity)/debt position</b>	<b>1.935,2</b>	<b>1.680,2</b>	<b>1.680,2</b>	<b>1.322,4</b>	<b>1.322,4</b>
<i>of which Net Financial (liquidity)/debt position held for sale</i>	<i>40,4</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Equity attributable to the owners of Pirelli & C. S.p.A.	2.300,3	2.279,3	2.279,3	2.376,1	2.376,1
Equity per share attributable to the owners of Pirelli & C. S.p.A. (in euro)	4,714	4,671	4,671	4,869	4,869
<b>Total Tyre - net sales</b>	<b>2.980,8</b>	<b>3.072,9</b>	<b>3.114,0</b>	<b>6.030,6</b>	<b>6.115,8</b>
% of net sales total	99,8%	99,4%	99,4%	99,5%	99,5%
<b>Total Tyre - operating income</b>	<b>434,0</b>	<b>390,6</b>	<b>392,8</b>	<b>815,7</b>	<b>822,0</b>
% on total tyre - net sales	14,6%	12,7%	12,6%	13,5%	13,4%
<b>Total Tyre - net sales Consumer</b>	<b>2.288,3</b>	<b>2.255,4</b>	<b>2.255,4</b>	<b>4.393,7</b>	<b>4.478,9</b>
% on total tyre - net sales	76,8%	73,4%	72,4%	72,9%	73,2%
<b>Total Tyre - net sales Industrial</b>	<b>692,5</b>	<b>817,5</b>	<b>858,6</b>	<b>1.636,9</b>	<b>1.636,9</b>
% on total tyre - net sales	23,2%	26,6%	27,6%	27,1%	26,8%
<b>Total Tyre - net sales Premium</b>	<b>1.285,1</b>	<b>1.139,8</b>	<b>1.139,8</b>	<b>2.210,0</b>	<b>2.210,0</b>
% on net sales Consumer	56,2%	50,5%	50,6%	50,3%	49,3%
Capital expenditure	143,6	164,0	164,0	413,1	413,1
Research and development expenses	99,7	93,3	93,3	199,2	199,2
% of net sales	3,3%	3,0%	3,0%	3,3%	3,2%
Research and development expenses - Premium	80,9	75,3	75,3	163,3	163,3
% on sales Premium	6,3%	6,6%	6,6%	7,4%	7,4%
Headcount (number at end of period)	39.299	38.138	38.138	37.979	37.979
Industrial sites (number)	22	23	23	23	23

(\*) the net sales figure is annualized in interim periods

(\*) only Income Statement figures have been restated

## Data by business sector

(in millions of euro)

	Total Tyre		Other business		Total	
	1Half 2014	1Half 2013 restated	1Half 2014	1Half 2013	1Half 2014	1Half 2013 restated
<b>Net sales</b>	<b>2.980,8</b>	<b>3.072,9</b>	<b>6,1</b>	<b>17,1</b>	<b>2.986,9</b>	<b>3.090,0</b>
Gross operating profit before restructuring expenses	589,0	538,6	(6,2)	(9,3)	582,8	529,3
Operating income before restructuring expenses	446,4	397,2	(7,5)	(11,3)	438,9	385,9
Restructuring expenses	(12,4)	(6,6)	(0,3)	(0,8)	(12,7)	(7,4)
<b>Operating income</b>	<b>434,0</b>	<b>390,6</b>	<b>(7,8)</b>	<b>(12,1)</b>	<b>426,2</b>	<b>378,5</b>
<i>% of net sales</i>	<i>14,6%</i>	<i>12,7%</i>			<i>14,3%</i>	<i>12,2%</i>
Net income (loss) from equity investments					(27,2)	(24,3)
Financial income/(expenses)					(92,1)	(103,5)
<b>Pre-tax income (loss)</b>					<b>306,9</b>	<b>250,8</b>
Income tax					(114,8)	(101,2)
Tax rate %					<i>37,4%</i>	<i>40,4%</i>
<b>Net income (loss) from continuing operations</b>					<b>192,1</b>	<b>149,6</b>
<b>Net income (loss) from discontinued operations</b>					<b>1,7</b>	<b>0,6</b>
<b>Total net income (loss)</b>					<b>193,8</b>	<b>150,2</b>

## Cashflow statement

(in millions of euro)

	1° Q		2° Q		1° HALF	
	2014	2013 restated	2014	2013 restated	2014	2013 restated
Operating income (EBIT) before restructuring expenses	206,7	181,7	232,2	204,2	438,9	385,9
Amortisation and depreciation	70,6	71,3	73,3	72,1	143,9	143,4
Capital expenditures of property, plant and equipment and intangible assets	(65,3)	(79,7)	(78,3)	(84,3)	(143,6)	(164,0)
Change in working capital/other	(686,6)	(468,4)	77,4	(12,2)	(609,2)	(480,6)
<b>Operating cash flow</b>	<b>(474,6)</b>	<b>(295,1)</b>	<b>304,6</b>	<b>179,8</b>	<b>(170,0)</b>	<b>(115,3)</b>
Ordinary financial income/(expenses)	(43,3)	(58,0)	(48,8)	(45,5)	(92,1)	(103,5)
Ordinary tax charges	(53,5)	(42,2)	(61,3)	(59,0)	(114,8)	(101,2)
<b>Net operating cash flow</b>	<b>(571,4)</b>	<b>(395,3)</b>	<b>194,5</b>	<b>75,3</b>	<b>(376,9)</b>	<b>(320,0)</b>
Financial investments/disinvestments	(3,7)	-	2,8	-	(0,9)	-
Other dividends paid	(0,5)	-	(2,9)	(3,1)	(3,4)	(3,1)
Cash Out for restructuring operations	(12,9)	(7,5)	(5,9)	(5,2)	(18,8)	(12,7)
Net cash flow from discontinued operations	(8,7)	(22,6)	10,5	7,8	1,8	(14,8)
Foreign exchange differences/other	(46,0)	(49,6)	(11,9)	29,5	(57,9)	(20,1)
<b>Net cash flow before divid. Paid</b>	<b>(643,2)</b>	<b>(475,0)</b>	<b>187,1</b>	<b>104,3</b>	<b>(456,1)</b>	<b>(370,7)</b>
Dividend paid by Parent	-	-	(156,7)	(156,7)	(156,7)	(156,7)
<b>Net cash flow</b>	<b>(643,2)</b>	<b>(475,0)</b>	<b>30,4</b>	<b>(52,4)</b>	<b>(612,8)</b>	<b>(527,4)</b>