



PIRELLI FY 2011 RESULTS

MARCH 12, 2012

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Statement

The Manager mandated to draft corporate accounting documents of Pirelli & C. SpA. Francesco Tanzi, attests – as per art.154-bis. comma 2 of the Testo Unico della Finanza (D.Lgs. 58/1998) – that all the accounting information contained in this presentation correspond to the documented results, books and accounting of the Company.

AGENDA

KEY MESSAGES

PIRELLI & C FINANCIAL REVIEW

PIRELLI TYRE

APPENDIX

KEY MESSAGES

2011:

achievement of major targets and establishment of a platform for growth

Great success in F1:

enhanced brand value and know-how channelled into our new generation of Premium tyres

2012 outlook:

tougher scenario where value will drive our greater profitability

Russia:

well equipped to take off

PIRELLI 2011FY RESULTS VS TARGETS

€/bln

	FY'11 Targets (8 Nov.'11)	FY'11 Results	Δ YoY
Revenues	<5.8	5.65	+16.6%
Tyre	~5.7	5.6	+17.4%
Volumes	+3%	+1.4%	
Industrial	+1%	-1.7%	▶ Truck: less conventional sales and mkt slowdown in Q4
Consumer	+5%	+3%	▶ Mild winter tyre season
Premium	+23%	+18.2%	
non Premium	0%	-2%	▶ Accelerated portfolio rebalancing and market slowdown in Q4
Price/mix	~+18%	+17.6%	
EBIT	0.58	0.58	+42.7%
margin	~10%	10.3%	+1.9 pp
Tyre	0.63	0.64	+42.1%
margin	~11%	11.5%	+2.0 pp
Tax rate	37%	34.2% (35.7% before non recurring items and deferred tax impact)	
Capex	<0.6	0.62	+0.2 € bln
Net Debt	0.75	0.74	+0.3 € bln

2012 MARKET OUTLOOK

Volumes: wider performance gap between Premium and the overall market

- ▶ Premium keeps growing at healthy rates in all Regions as confirmed by our sales and order books
- ▶ Inventories: low on Premium summer tyres; winter is higher than the exceptionally low 2010 season. Possible supportive regulatory change .

Focus on profitability

- ▶ Efficiencies, mix improvement and prompt reaction to raw materials volatility are main themes in the industry

Raw Materials: industry is keeping a cautious approach

- ▶ Natural rubber increased by 15% since January 2012;
- ▶ Brent futures reached a 10 month high (126 \$/barrel)
- ▶ Butadiene showing no signs of stabilization (2,150 €/ton in March, +26% ytd)

PIRELLI 2012 TARGETS UPDATE

€/bln

	2011E	2012 Targets (Nov 9, 2011)	Δ % YoY	2011A	2012 Targets Update (March 12, 2012)	Δ % YoY
Revenues	<5.8	~6.7	+16%	5.65	~6.6	+17%
Russia		0.3			confirmed	
Revenues net of Russia		~6.4	+10%		~6.3	+11%
Volumes		+2%			0% / -1%	
o/w Premium		+20%			≥20%	
Price/mix		+8%			+11% / +12%	
EBIT %	~10%	11% / 12%		10.3%	≥12%	
o/w Russia		Mid single digit			confirmed	
Raw Material Headwind		140			confirmed	
Tax rate					~36%	
Capex		0.56			confirmed*	
NFP		<1			confirmed	
		before dividends				

* Capex may be revised according to market trends keeping our priorities on Premium mix, special project in Romania and China, Route to Premium in Russia.

FY11 RESULTS



2012 CONSUMER TARGETS UPDATE

€/bn

	2011E	2012 Targets (Nov 9, 2011)	Δ % YoY	2011A	2012 Targets Update (March 12, 2012)	Δ % YoY
Revenues	4.0	~ 4.9	+21%	3.9	~4.8	+23%
Russia		0.3			confirmed	
Revenues net of Russia		~4.6	+14%		~4.5	+15%
Volumes		+3%			1% / 0%	
o/w Premium		+20%			≥20%	
o/w Non Premium		-4%			-8% / -10%	
Price/mix		+11%			+14% / +15%	
EBIT %	~12%	12.5% / 13.5%		12.5%	13.5% / 14%	

Fast Forward on Value Strategy in the current macro-economic scenario:

Leveraging on Premium growth momentum and accelerating portfolio re-shaping with a positive impact on profitability

2012 INDUSTRIAL TARGETS UPDATE

€/bn

	2011E	2012 Targets (Nov 9, 2011)	Δ % YoY	2011A	2012 Targets Update (March 12, 2012)	Δ % YoY
Revenues	1.68	1.75	+4%	1.68	~1.7	+3% / +2%
Volumes		+1%			-2% / -4%	
o/w Radial		+3%			+2% / 0%	
o/w Conventional		- 10%			-20%	
Price/mix		+3%			+5% / +6%	
EBIT %	~9%	9% / 10%		9.1%	~9%	

**Current macro environment weighs on truck tyre markets.
Countermeasures ready to keep profitability within the target range**

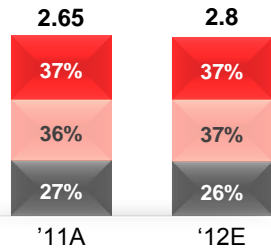
RUSSIA

Premium on the upsurge

Car Market

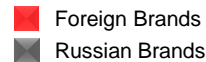
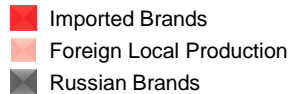
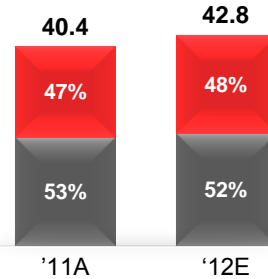
New Registration

mln pcs



Car Park

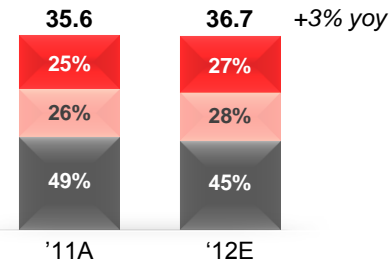
mln pcs



Tyre Replacement Market

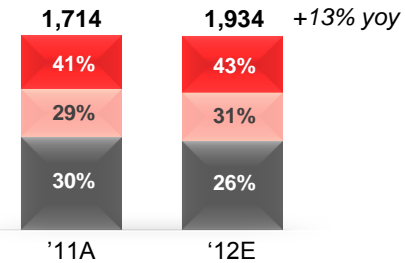
Volume

mln pcs



Value

€/mln



Pirelli value approach

Building strong Brand awareness

Strong commitment to **Media & Advertising**:

- ▶ **Traditional Media** (TV / Press / Outdoor)
- ▶ **Digital Media**
- ▶ **Sponsorship** (Pirelli Russia Football Cup)

Distribution and Retail growth

- ▶ **Pirelli Retail presence**: ~800 POS (>40% of total Russian POS by 2012)
- ▶ **322 Pirelli Qualified Stores**, with privileged shelf space and POS Pirelli branding. Operational now in Moscow, St. Petersburg and 10 other major Russian cities (> 1 mln people);
- ▶ **Starting business platform**: with **selected Premium car dealers**: 2012 winter season;

RUSSIA

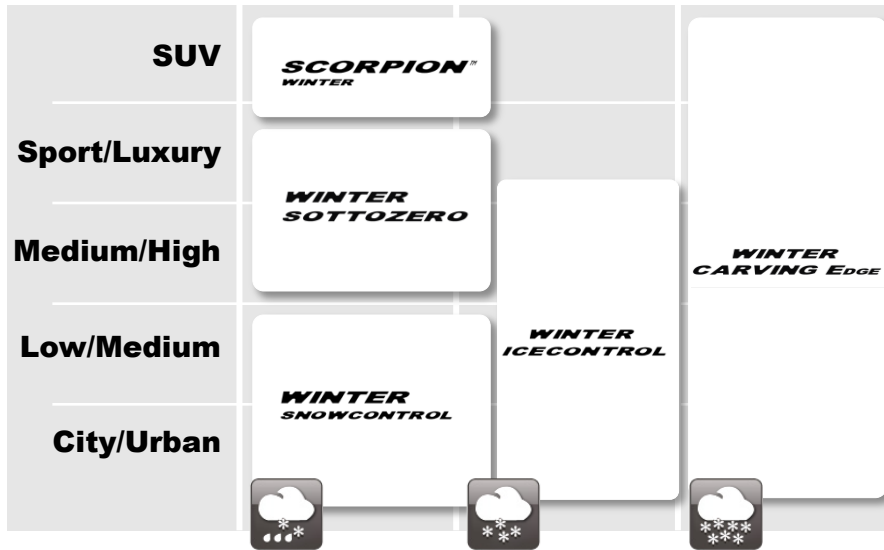
Pirelli approach to value

Product Innovation

Pirelli as Premium player in winter segment

- ▶ Enhanced product range and improved performance (hexagonal studs, new compound)
- ▶ Range extension from 40 to 63 sizes focused on premium (8 20" sizes)
- ▶ New Scorpion Winter for urban usage (high-growth market segment)

Pirelli full range coverage



Production

capacity

KIROV

- ▶ Execution on December 14, 2011
- ▶ Production of 13"-16", high volume sizes
- ▶ Capacity: 6.5 mln pcs by 2012
- ▶ Employees: 2,251
- ▶ Product industrialization: already 4 Pirelli items in production
- ▶ Cumulative Capex 2012-14: 100 €/mln

VORONEZH

- ▶ Execution on March 1, 2012
- ▶ Specialized in Top Line, from 16" to 20" and above, Car and SUV
- ▶ Capacity: ~ 2 mln pcs by 2012
- ▶ Employees: 1,322
- ▶ Cumul. Capex 2012-14: 100 €/mln

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PIRELLI KEY FINANCIAL RESULTS

€/mln	FY11	FY10*	Δ YoY	4Q11	4Q10*	Δ YoY
Revenues	5,654.8	4,848.4	+16.6%	1,389.0	1,229.7	+13.0%
<i>Organic growth**</i>			+18.2%			+15.3%
EBITDA before Restr. Costs	834.6	653.7	+27.7%	203.5	173.6	+17.2%
<i>Margin</i>	14.8%	13.5%		14.7%	14.1%	
EBIT before Restr. Costs	609.7	432.5	+41.0%	148.6	112.8	+31.7%
<i>Margin</i>	10.8%	8.9%		10.7%	9.2%	
Restructuring Costs	(27.8)	(24.7)		(17.9)	(12.3)	
EBIT	581.9	407.8	+42.7%	130.7	100.5	+30.0%
<i>Margin</i>	10.3%	8.4%	+1.9 p.p.	9.4%	8.2%	+1.2 p.p.
PBT	475.1	365.4	+30.0%	85.0	94.6	-10.1%
<i>Tax Rate</i>	34.2%	37.6%	-3.4 p.p.	27.9%	28.4%	-0.5 p.p.
Income before disc. Operations (Adj. Net Income)	312.6	228.0	+37.1%	61.3	67.7	-9.5%
Deferred tax assets	128.1			128.1		
Attributable Net Income	451.6	21.7		196.3	108.7	
Investments***	626.2	438.6		230.0	212.0	
Net Debt	737.1	455.6	+281.5€/mln vs FY 2010	-201.2€/mln in Q4 2011		

4Q results key drivers

Value leads our performance

- ▶ Selective volume growth (+8.5% Premium, -7% Consumer non Premium, -10% Industrial Conventional)
- ▶ Price/mix improvement (+20%, highest in the year).
- ▶ Strong profitability despite the highest raw materials impact of the year (165 €/mln in Q4)

Earnings before discontinued operations affected by 27 €mln losses on equity participations (RCS and Alitalia)

One-off fiscal benefits related to deferred corporate losses

Strong cash flow generation thanks to winter tyre cash-in

(*) 2010 figures restated including Pirelli RE and Pirelli Broadband among discontinued operations following their disposal in 2010

(**) Homogeneous terms variations, excluding exchange rate effects

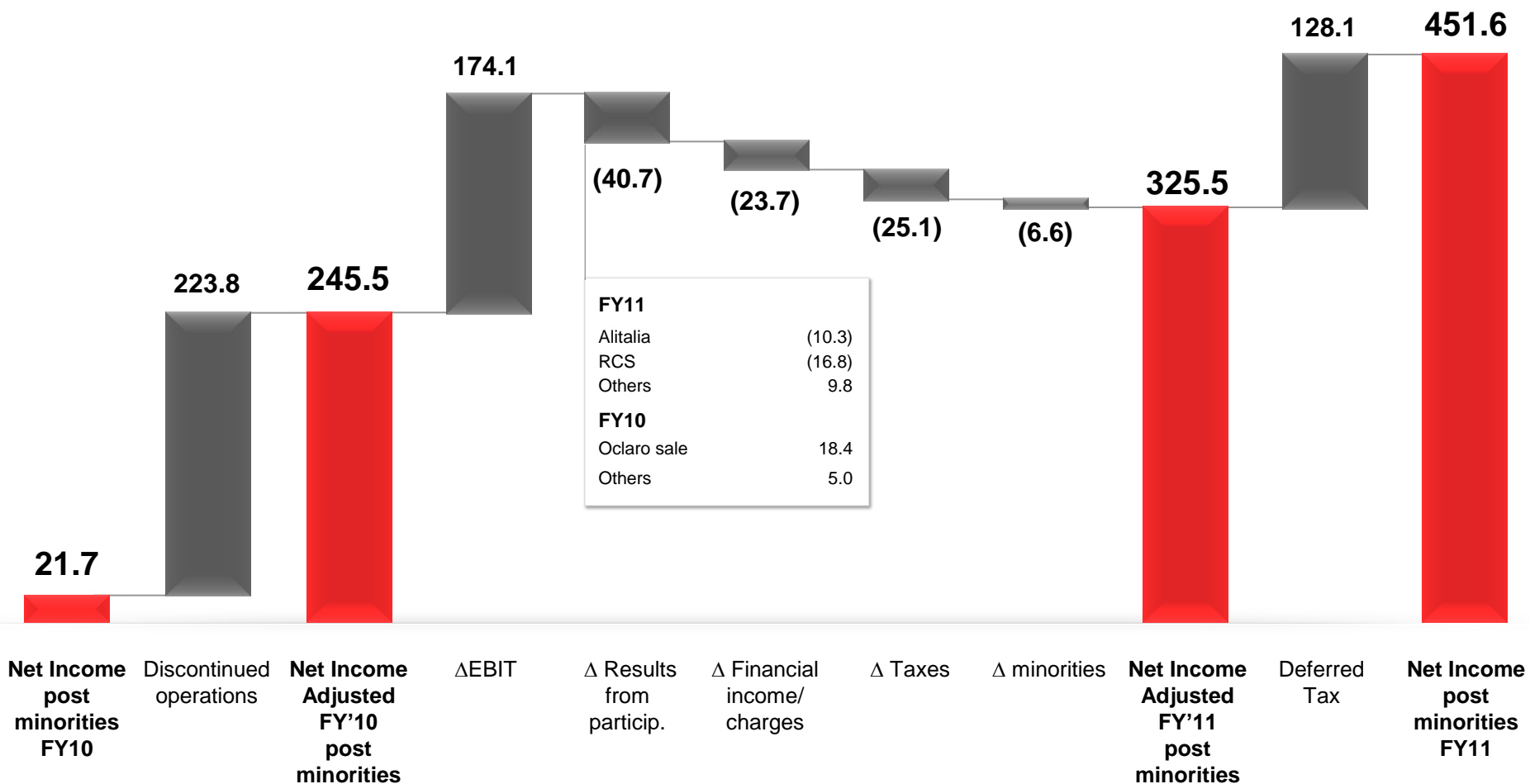
(***) Tangible and intangible investments

FY11 RESULTS



PIRELLI NET INCOME FY11 VS FY10

€/mln

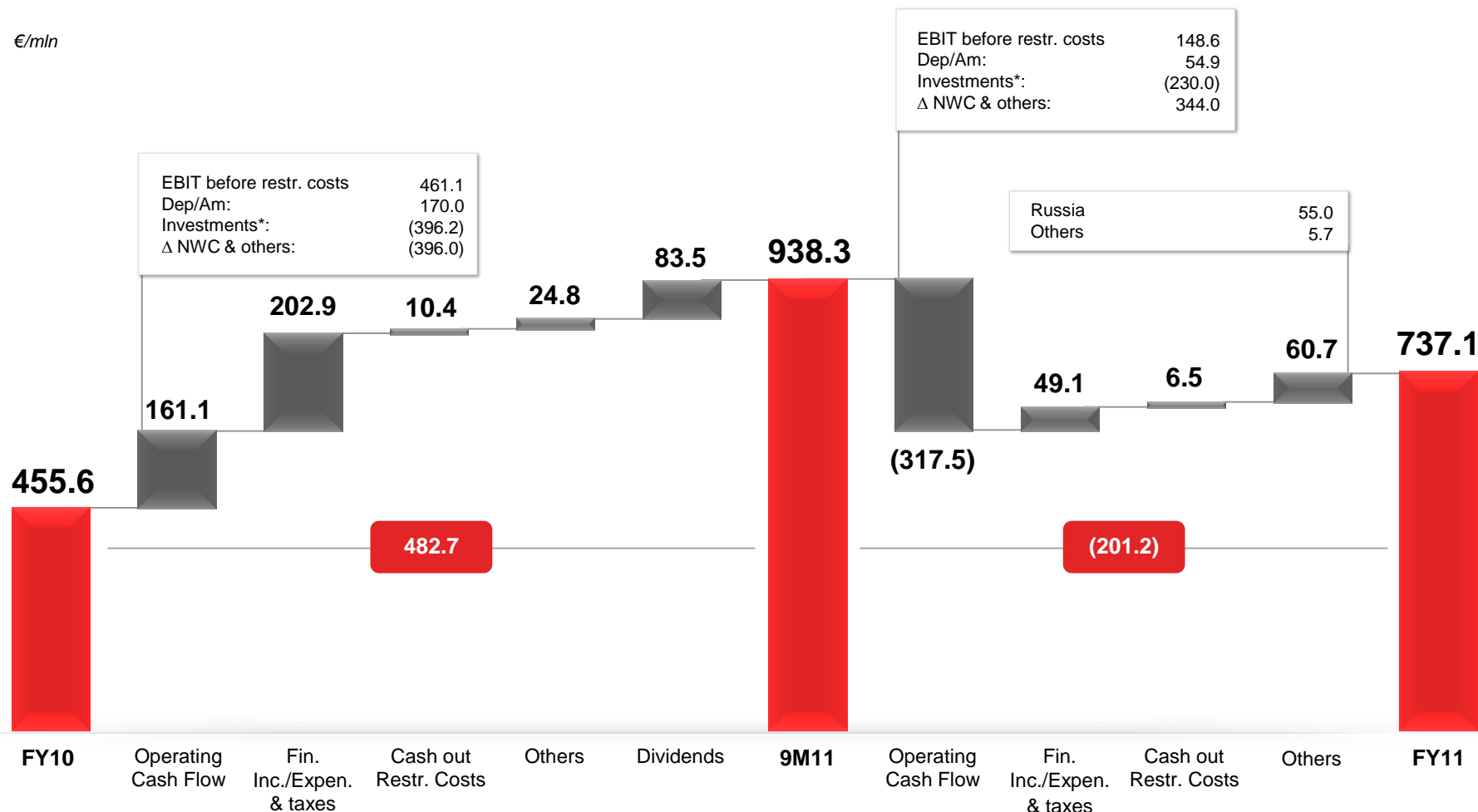


FY11 RESULTS



PIRELLI FY11 NET FINANCIAL POSITION

€/mln



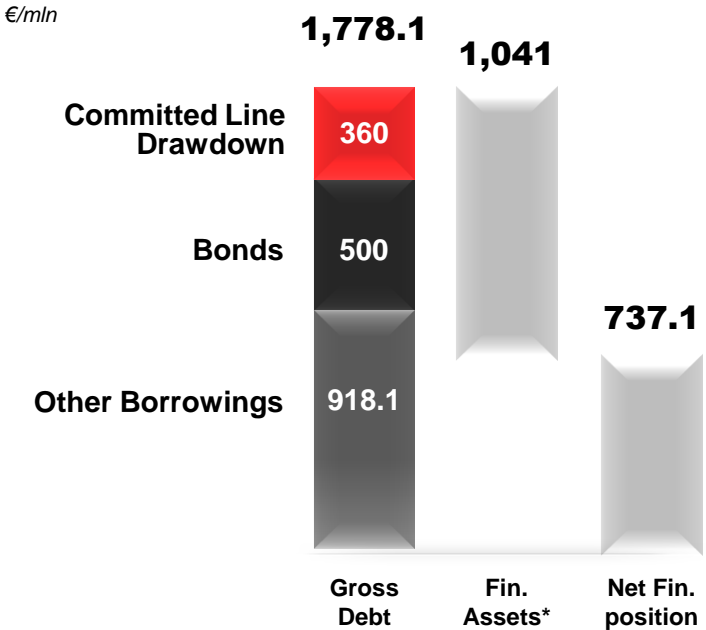
(*)Tangible and intangible investments

FY11 RESULTS



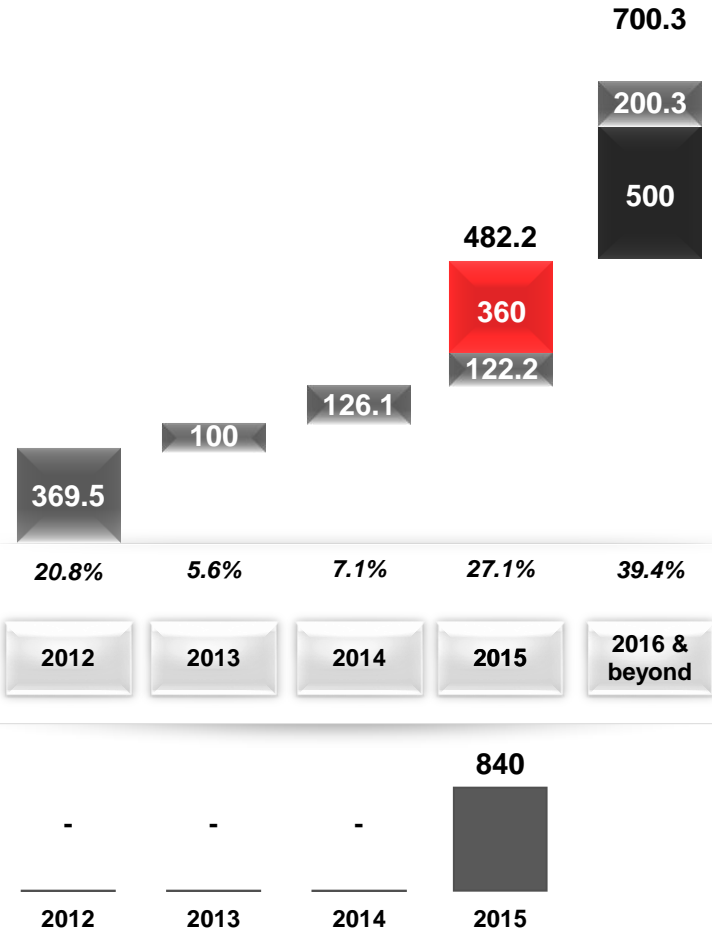
PIRELLI DEBT STRUCTURE AS OF DEC 31, 2011

Net Financial Position



Gross Debt maturity as of Dec. 31, 2011

Gross Debt Maturity



Dec '11

Total Committed Lines Not Drawn

Total 840

(*)Financial receivables, cash and cash equivalents



DIVIDEND PROPOSAL

▶ Dividend Proposal to be filed with Pirelli & C. AGM (May 10, 2012)

	DPS (€)		N° of Shares*	Dividends (€/mln)	
	2011	2010	mln	2011	Δ % yoy
Ordinary shares	0.270	0.1650	475	128.4	
Savings shares	0.340	0.2290	12	4.0	
				132.4	64
				41% of Group Net Income Adjusted ** post minorities (323.5 €/mln)	

▶ Dividend Payment Schedule

- ▶ Coupon Detachment: 21 May, 2012
- ▶ Dividend Payment: starting May 24, 2012

(*) Net of treasury shares: 0.35 mln ordinary shares and 0.40 savings shares.

** before discontinued operations

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PIRELLI TYRE KEY RESULTS

€/mln

	1Q'11	YoY%	2Q'11	YoY%	3Q'11	YoY%	4Q'11	YoY%	FY'11	YoY%
Revenues	1,384.5	+24.7%	1,376.4	+13.3%	1,464.8	+18.7%	1,375.9	+13.4%	5,601.6	+17.4%
EBITDA (before restruct. costs)	209.5	+43.1%	218.4	+23.0%	228.4	+32%	219.2	+17.0%	875.5	+27.9%
margin	15.1%	+1.9p.p.	15.9%	+1.3p.p.	15.6%	+1.6p.p.	15.9%	+0.4p.p.	15.6%	+1.3p.p.
EBIT (before restruct.costs)	155.6	+58.6%	164.6	+29.5%	174.1	+43.3%	167.4	+29.2%	661.7	+38.9%
margin	11.2%	+2.4 p.p.	12.0%	+1.5 p.p.	11.9%	+2.1p.p.	12.2%	+1.5p.p.	11.8%	+1.8p.p.
EBIT	152.4	+59.6%	160.1	+31.4%	171.9	+46.9%	159.5	+34.3%	643.9	+42.1%
margin	11.0%	+2.4p.p.	11.6%	+1.6p.p.	11.7%	+2.2 p.p.	11.6%	+1.8 p.p.	11.5%	+2.0 p.p.
Net Income	88.5	+76.6%	74.3	+23.2%	92.6	+39.9%	116.0	+52.6%	371.4	+47.0%

Q4 Highlights

▶ All time high profitability (12.2% before restruct.) despite lower volumes and higher raw materials headwind

Main drivers:

▶ **Premium and portfolio rebalancing** (reduced low margin tyre sales)

▶ **Successful execution** of price increases

▶ Higher efficiencies vs. target (39€/mln Vs 25 €/mln expected)

1Q'11

2Q'11

3Q'11

4Q'11

FY'11

Revenue drivers

Δ Price/Mix	+15.9%	+15.8%	+18.6%	+19.8%	+17.6%
Δ Volume	+6.1%	+1.2%	+2.8%	-3.9%	+1.4%
o/w Premium	+25.2%	+21.7%	+17.5%	+8.3%	+18.2%
Δ Rev. (before exch. rate impact)	+22.0%	+17.0%	+21.4%	+15.9%	+19.0%
Δ Exch. Rate	+2.7%	-3.7%	-2.7%	-2.5%	-1.6%

FY11 RESULTS

SOLID PERFORMANCE ACROSS REGIONS

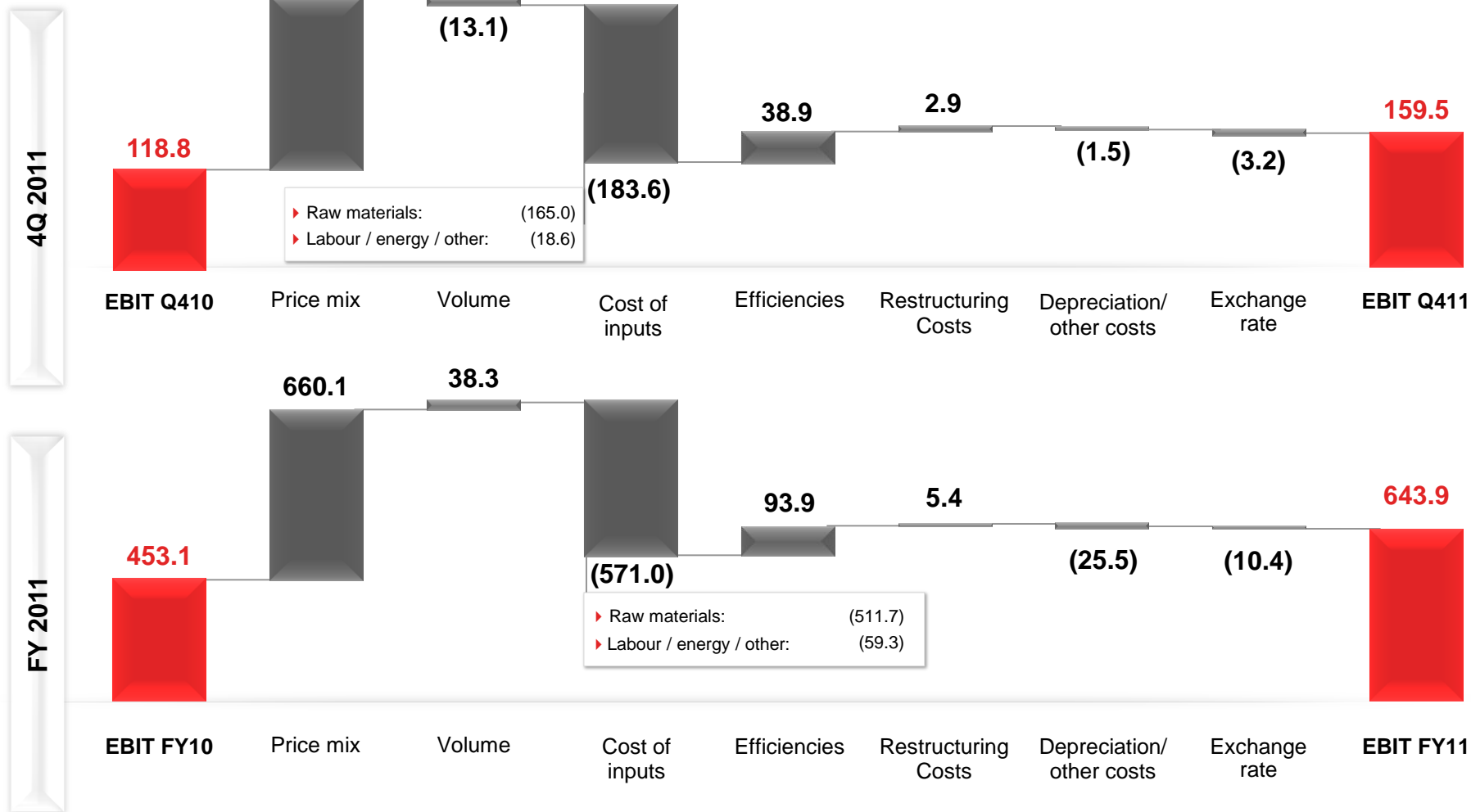
	Sales by Region		Ebit % by Region		Actions
	FY 2011	YoY growth	FY 2010	FY 2011	
Europe	41%	+18%	Mid single digit	Double digit	▶ Increasing Premium weight (67% car revenues) and efficiency gains
MEA	9%	+8%	Double digit	Stable	▶ Demand affected by crisis in the Region
NAFTA	10%	+18%	Low single digit	Improving	▶ Increasing Premium sales (+25%) on both OE and Replacement
Asia Pacific	6%	+23%	High single digit	Improving	▶ Expansion of Premium OE homologation portfolio
South America	34%	+17%	Mid teen	Confirmed	▶ Confirmed leadership in the Region; reaping the benefits of Premium market development.

Towards a more balanced profitability:

>40% Ebit from mature markets, 40% South America, <20% RDEs

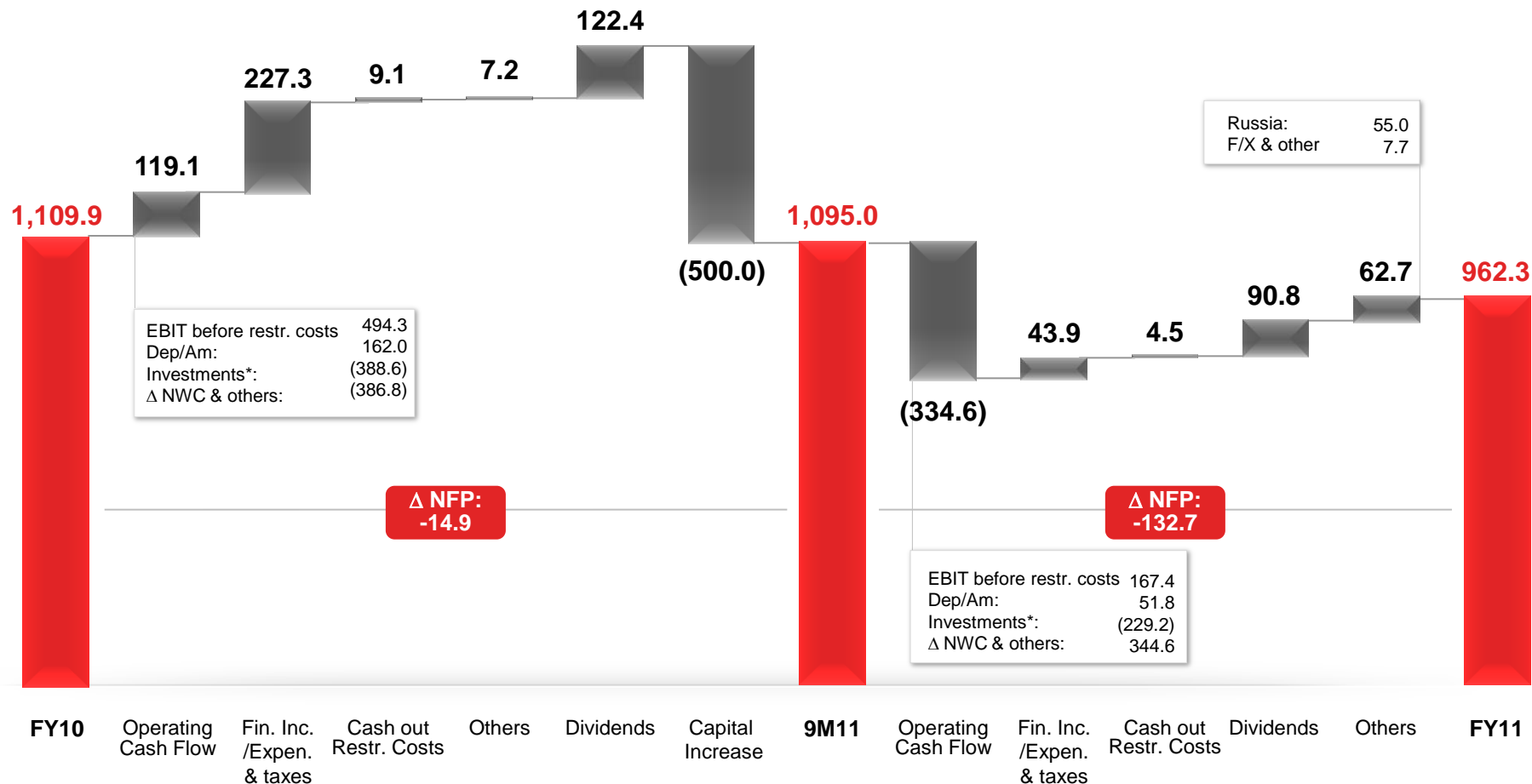
PIRELLI TYRE FY11 OPERATING PERFORMANCE

€/mln



PIRELLI TYRE FY11 NET FINANCIAL POSITION

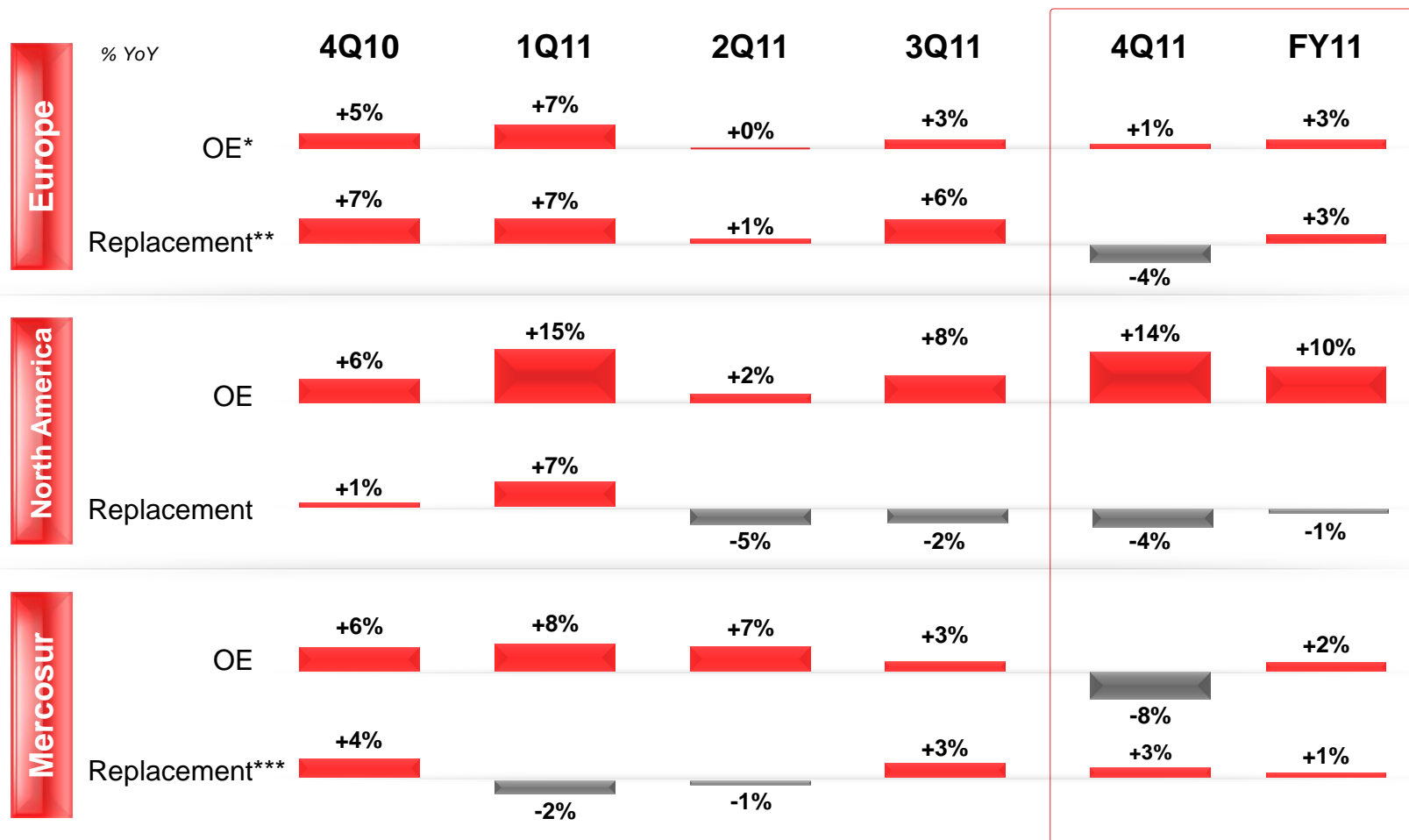
€/mln



(*) Tangible and intangible investments



CONSUMER BUSINESS: KEY MARKET TRENDS



(*)Turkey and Russia included

(**)Turkey included

(***)Non-pool members' imports not included

Sources: major external data provider for each region and Pirelli estimates

CONSUMER BUSINESS: PIRELLI PERFORMANCE

€/mln	1Q'11	YoY%	2Q'11	YoY%	3Q'11	YoY%	4Q'11	YoY%	FY'11	YoY%
Revenues	983.3	+25.9%	958.9	+14.7%	1024.3	+20.9%	959.0	+14.6%	3,925.5	+18.9%
EBITDA (before restruct. costs)	160.6	+51.5%	169.7	+38.6%	172.2	+44.8%	166.9	+18.3%	669.4	+37.1%
<i>margin</i>	16.3%	+2.7p.p.	17.7%	+3.1 p.p.	16.8%	+2.8 p.p.	17.4%	+0.5 p.p.	17.1%	+2.3 p.p.
EBIT (before restruct.costs)	119.7	+72.2%	128.6	+51.8%	131.1	+62.9%	127.1	+27.2%	506.5	+51.4%
<i>margin</i>	12.2%	+3.3 p.p.	13.4%	+3.3 p.p.	12.8%	+3.3 p.p.	13.3%	+1.4 p.p.	12.9%	+2.8 p.p.
EBIT (after restruct.costs)	116.8	+74.3%	124.3	+54.8%	129.0	+67.1%	120.5	+30.3%	490.6	+54.8%
<i>margin</i>	11.9%	+3.3p.p.	13.0%	+3.4p.p.	12.6%	+3.5p.p.	12.6%	+1.5p.p.	12.5%	+2.9p.p.

Q4 Highlights

- ▶ **Good winter sales** in spite of mild weather (revenues +33% in 4Q, +56% in FY11)
- ▶ **Value and efficiencies** lead to a **higher QoQ Ebit margin** (before restr. costs)

	1Q'11	2Q'11	3Q'11	4Q'11	FY'11
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Revenue drivers

Δ Price/Mix	+14.6%	+16.2%	+18.4%	+19.7%	+17.3%
Δ Volume	+9.0%	+2.6%	+4.3%	-3.3%	+3.0%
o/w Premium	+25.2%	+21.7%	+17.5%	+8.3%	+18.2%
o/w Non Premium	+3.7%	-4.0%	-0.8%	-7.4%	-2.0%
Δ Rev. (before exch. rate impact)	+23.6%	+18.8%	+22.7%	+16.4%	+20.3%
Δ Exch. Rate	+2.3%	-4.1%	-1.8%	-1.8%	-1.4%

Volumes: faster reduction in standard tyres, both in OE and RT

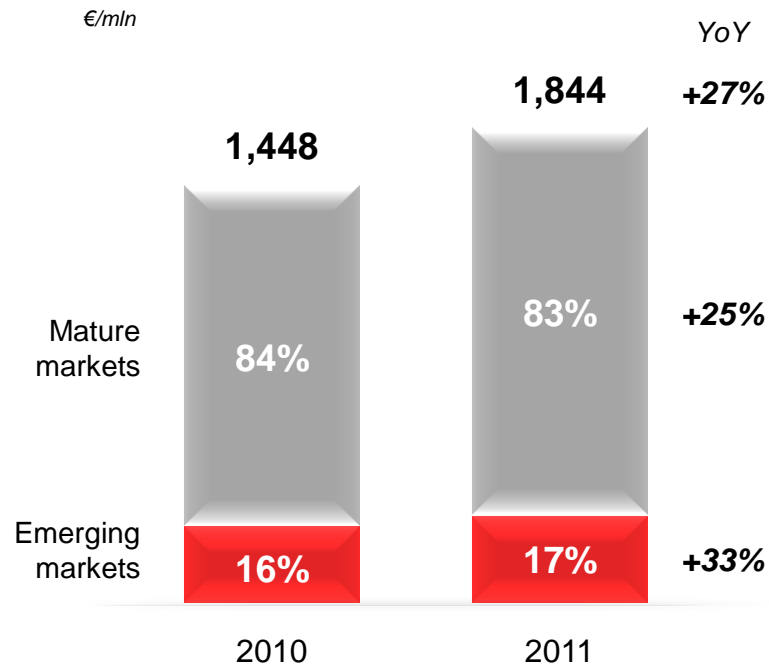
Mix improvement: premium weight on car revenues 50.6%, +3 p.p. yoy

Price increases hold up

PREMIUM: VALUE IS WHAT MATTERS

50% of car sales and 80% of car Ebit

Premium Revenues



2011 Regional breakdown

	% Premium on car sales by Region	Revenue growth (%)
Europe	67	25
Nafta	55	25
LatAm	14	59
MEA	34	21
Apac	55	32

Premium definition: WYZ speed codes, Run Flat, Motosport, SUV & Winter ≥ H

FITTING THE WORLD'S MOST PRESTIGIOUS CARS

2012 premiers at Geneva Motorshow



Ferrari F12



Porsche 911



Aston Martin Zagato

2011 main homologations



▶ **FF**



- ▶ **DBS new**
- ▶ **V12 Vantage**



▶ **MP4 – 12C**



- ▶ **Carrera**
- ▶ **Boxter, Cayman**



- ▶ **A4 Allroad**
- ▶ **A6, A7, Q3, RS4**



- ▶ **5 – Series**
- ▶ **New 1 – Series**
- ▶ **New 3 – Series**



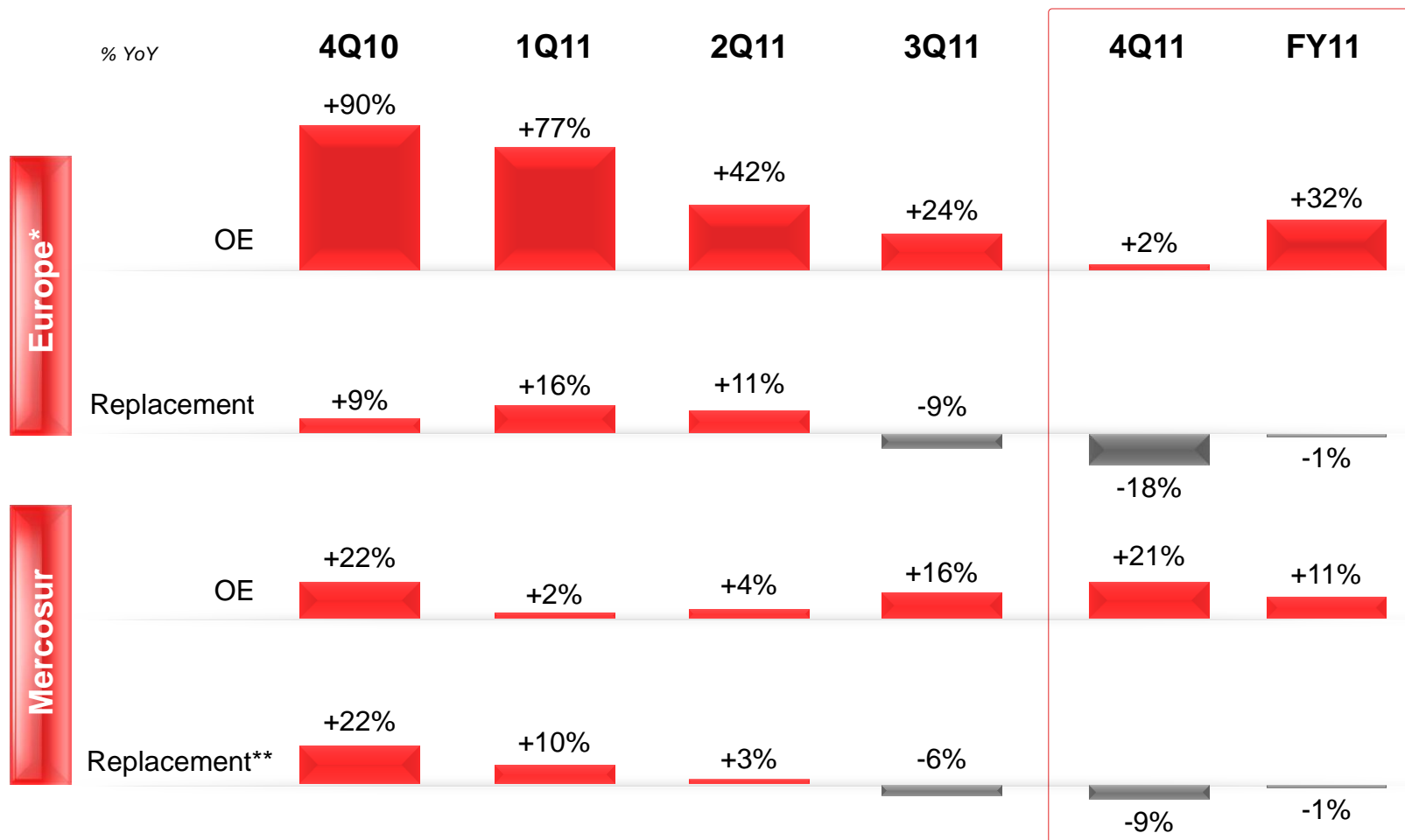
- ▶ **S – Class**
- ▶ **GLK – Class**
- ▶ **A / B / CLC - Class**



- ▶ **Evoque**
- ▶ **New Range Rover**



INDUSTRIAL BUSINESS: KEY MARKET TRENDS



(*)Turkey included and Russia excluded

(**)Non-pool members'imports not included

Source: major external data provider for each Region and Pirelli estimates

INDUSTRIAL BUSINESS: PIRELLI PERFORMANCE

€/mln	1Q'11	YoY%	2Q'11	YoY%	3Q'11	YoY%	4Q'11	YoY%	FY'11	YoY%	Q4/FY Highlights
Revenues	401.2	+21.9%	417.5	+10.0%	440.5	+13.9%	416.9	+10.8%	1,676.1	+13.9%	▶ FY'11 revenues and profitability on target despite weaker volumes
EBITDA (before restruct. costs)	48.9	+21.0%	48.7	-11.6%	56.2	+3.9%	52.3	+13.0%	206.1	+5.2%	
<i>margin</i>	12.2%	-0.1p.p.	+11.7%	-2.8p.p.	12.8%	-1.2 p.p.	12.5%	+0.2 p.p.	12.3%	-1.0 p.p.	▶ Q4 margin rebound thanks to strong price/mix improvement and efficiency gains
EBIT (before restruct.costs)	35.9	+25.5%	36.0	-15.1%	43.0	+4.9%	40.3	+35.7%	155.2	+9.5%	
<i>margin</i>	8.9%	+0.2p.p.	8.6%	-2.6p.p.	9.8%	-0.8 p.p.	9.7%	+1.8 p.p.	9.3%	-0.3 p.p.	▶ Raw mat. headwind fully offset by price/mix
EBIT (after restruct.costs)	35.6	+24.9%	35.8	-13.7%	42.9	+7.8%	39.0	+48.3%	153.3	+12.6%	
<i>margin</i>	8.9%	+0.2p.p.	8.6%	-2.3p.p.	9.7%	-0.6 p.p.	9.4%	+2.4p.p.	9.1%	-0.1p.p.	

1Q'11

2Q'11

3Q'11

4Q'11

FY'11

Revenue drivers

Δ Price/Mix	+19.0%	+14.9%	+19.0%	+20.1%	+17.8%
Δ Volume	-0.7%	-1.9%	-0.5%	-5.4%	-1.7%
Δ Rev. (before exch. rate impact)	+18.3%	+13.0%	+18.5%	+14.7%	+16.1%
Δ Exch. Rate	+3.6%	-3.0%	-4.6%	-3.9%	-2.2%

- ▶ 4Q volumes trend affected by market slowdown in Europe and Asia and by accelerated reduction of conventional tyres (-10%) in South America and MEA
- Prices** : full benefits from price increases in the year

AGENDA

KEY MESSAGES

PIRELLI & C FINANCIAL REVIEW

PIRELLI TYRE

APPENDIX

PIRELLI GROUP – FY'11 RESULTS

Profit & Loss and Net Financial Position by Business Unit

€/mln

	Pirelli Tyre		Other		Pirelli & C. Cons.	
	FY'11	FY'10	FY'11	FY'10	FY'11	FY'10
Sales	5,601.6	4,772.0	53.2	76.4	5,654.8	4,848.4
<i>Δ% YoY</i>		17.4%				16.6%
EBITDA before Restruct Costs	875.5	684.3	(40.9)	(30.6)	834.6	653.7
<i>% on sales</i>	15.6%	14.3%			14.8%	13.5%
EBIT before Restruct Costs	661.7	476.3	(52.0)	(43.8)	609.7	432.5
<i>% on sales</i>	11.8%	10.0%			10.8%	8.9%
Restructuring Costs	(17.8)	(23.2)	(10.0)	(1.5)	(27.8)	(24.7)
EBIT	643.9	453.1	(62.0)	(45.3)	581.9	407.8
<i>% on sales</i>	11.5%	9.5%			10.3%	8.4%
Results from equity participations	(1.3)	0.3	16.0	23.1	(17.3)	23.4
Financial Income/Charges	(90.1)	(66.4)	0.6	0.6	(89.5)	(65.8)
EBT	552.5	387.0	(77.4)	(21.6)	475.1	365.4
Fiscal Charges	(181.1)	(134.4)	18.6	(3.0)	(162.5)	(137.4)
Net Result before disc. Op.	371.4	252.6	(58.8)	(24.6)	312.6	228.0
Discontinued Operations				(223.8)	0.0	(223.8)
Deferred Tax assets			128.1		128.1	
Net Income	371.4	252.6	69.3	(248.4)	440.7	4.2
Attributable Net Income					451.6	21.7
Net Financial Position	962.3	1,109.9	(225.2)	(654.3)	737.1	455.6

PIRELLI GROUP – 4Q11 RESULTS

Profit & Loss and Net Financial Position by Business Unit

€/mln

	Pirelli Tyre		Other		Pirelli & C. Cons.	
	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10
Sales	1,375.9	1,212.9	13.1	16.8	1,389.0	1,229.7
<i>Δ%</i>		13.4%				13.0%
EBITDA before Restruct Costs	219.2	187.4	(15.7)	(13.8)	203.5	173.6
<i>% on sales</i>	15.9%	15.5%			14.7%	14.1%
EBIT before Restruct Costs	167.4	129.6	(18.8)	(16.8)	148.6	112.8
<i>% on sales</i>	12.2%	10.7%			10.7%	9.2%
Restructuring Costs	(7.9)	(10.8)	(10.0)	(1.5)	(17.9)	(12.3)
EBIT	159.5	118.8	(28.8)	(18.3)	130.7	100.5
<i>% on sales</i>	11.6%	9.8%			9.4%	8.2%
Results from equity participations	0.4	(0.1)	(20.7)	5.4	(20.3)	5.3
Financial Income/Charges	(24.8)	(13.7)	(0.6)	2.5	(25.4)	(11.2)
EBT	135.1	105.0	(50.1)	(10.4)	85.0	94.6
Fiscal Charges	(19.1)	(29.0)	(4.6)	2.1	(23.7)	(26.9)
Net Result before disc. Op.	116.0	76.0	(54.7)	(8.3)	61.3	67.7
Discontinued Operations			0.0	38.0	0.0	38.0
Deferred Tax assets			128.1		128.1	
Net Income	116.0	76.0	73.4	29.7	189.4	105.7
Attributable Net Income					196.3	108.7
Net Financial Position	962.3	1,109.9	(225.2)	(654.3)	737.1	455.6

PIRELLI GROUP – 3Q11 RESULTS

Profit & Loss and Net Financial Position by Business Unit

€/mln

	Pirelli Tyre		Other		Pirelli & C. Cons.	
	3Q11	3Q10	3Q11	3Q10	3Q11	3Q10
Sales	1,464.8	1,233.8	11.7	15.9	1,476.5	1,249.7
<i>Δ%</i>		18.7%				18.1%
EBITDA before Restruct Costs	228.4	173.0	(8.2)	1.9	220.2	174.9
<i>% on sales</i>	15.6%	14.0%			14.9%	14.0%
EBIT before Restruct Costs	174.1	121.5	(10.8)	(1.6)	163.3	119.9
<i>% on sales</i>	11.9%	9.8%			11.1%	9.6%
Restructuring Costs	(2.2)	(4.5)			(2.2)	(4.5)
EBIT	171.9	117.0	(10.8)	(1.6)	161.1	115.4
<i>% on sales</i>	11.7%	9.5%			10.9%	9.2%
Results from equity participations	(1.0)	0.0	3.1	22.1	2.1	22.1
Financial Income/Charges	(18.3)	(14.0)	(1.1)	0.0	(19.4)	(14.0)
EBT	152.6	103.0	(8.8)	20.5	143.8	123.5
Fiscal Charges	(60.0)	(36.8)	8.7	(3.4)	(51.3)	(40.2)
Net Result before disc. Op.	92.6	66.2	(0.1)	17.1	92.5	83.3
Discontinued Operations			0.0	(9.2)	0.0	(9.2)
Net Income	92.6	66.2	(0.1)	7.9	92.5	74.1
Attributable Net Income					93.6	78.5
Net Financial Position	1,095.0	1,205.0	(156.7)	(575.5)	938.3	704.9

PIRELLI GROUP – 2Q11 RESULTS

Profit & Loss and Net Financial Position by Business Unit

€/mln

	Pirelli Tyre		Other		Pirelli & C. Cons.	
	2Q11	2Q10	2Q11	2Q10	2Q11	2Q10
Sales	1,376.4	1,215.3	12.0	18.7	1,388.4	1,234.0
<i>Δ%</i>		13.3%				12.5%
EBITDA before Restruct Costs	218.4	177.5	(10.9)	(14.2)	207.5	163.3
<i>% on sales</i>	15.9%	14.6%			14.9%	13.2%
EBIT before Restruct Costs	164.6	127.1	(13.3)	(17.5)	151.3	109.6
<i>% on sales</i>	12.0%	10.5%			10.9%	8.9%
Restructuring Costs	(4.5)	(5.3)			(4.5)	(5.3)
EBIT	160.1	121.8	(13.3)	(17.5)	146.8	104.3
<i>% on sales</i>	11.6%	10.0%			10.6%	8.5%
Results from equity participations	(0.4)	0.2	0.5	(1.3)	0.1	(1.1)
Financial Income/Charges	(30.4)	(22.3)	0.5	(0.7)	(29.9)	(23.0)
EBT	129.3	99.7	(12.3)	(19.5)	117.0	80.2
Fiscal Charges	(55.0)	(39.4)	15.4	(0.5)	(39.6)	(39.9)
Net Result before disc. Op.	74.3	60.3	3.1	(20.0)	77.4	40.3
Discontinued Operations			0.0	(254.8)	0.0	(254.8)
Net Income	74.3	60.3	3.1	(274.8)	77.4	(214.5)
Attributable Net Income					78.9	(204.7)
Net Financial Position	963.9	1,212.9	(185.0)	(553.5)	778.9	696.9

PIRELLI GROUP – 1Q11 RESULTS

Profit & Loss and Net Financial Position by Business Unit

€/mln

	Pirelli Tyre		Other		Pirelli & C. Cons.	
	1Q11	1Q10	1Q11	1Q10	1Q11	1Q10
Sales	1,384.5	1,110.0	16.4	25.0	1,400.9	1,135.0
<i>Δ%</i>		24.7%				23.4%
EBITDA before Restruct Costs	209.5	146.4	(6.1)	(4.5)	203.4	141.9
<i>% on sales</i>	15.1%	13.2%			14.5%	12.5%
EBIT before Restruct Costs	155.6	98.1	(9.1)	(7.9)	146.5	90.2
<i>% on sales</i>	11.2%	8.8%			10.5%	7.9%
Restructuring Costs	(3.2)	(2.6)			(3.2)	(2.6)
EBIT	152.4	95.5	(9.1)	(7.9)	143.3	87.6
<i>% on sales</i>	11.0%	8.6%			10.2%	7.7%
Results from equity participations	(0.3)	0.2	1.1	(3.1)	0.8	(2.9)
Financial Income/Charges	(16.6)	(16.4)	1.8	(1.2)	(14.8)	(17.6)
EBT	135.5	79.3	(6.2)	(12.2)	129.3	67.1
Fiscal Charges	(47.0)	(29.2)	(0.9)	(1.2)	(47.9)	(30.4)
Net Result before disc. Op.	88.5	50.1	(7.1)	(13.4)	81.4	36.7
Discontinued Operations			0.0	2.2	0.0	2.2
Net Income	88.5	50.1	(7.1)	(11.2)	81.4	38.9
Attributable Net Income					82.8	39.2
Net Financial Position	1,359.0	1,122.5	(646.2)	(475.8)	712.8	678.4

PIRELLI BALANCE SHEET

€/mln

FY 11 **FY10**

Fixed Assets	3,558.1	3,164.1
Net Working Capital	155.2	116.7
Net Invested Capital	3,713.3	3,280.8
Total Net Equity	2,191.6	2,028.0
Provisions	784.6	797.2
Net Financial Position	737.1	455.6
Total	3,713.3	3,280.8
Attributable Net Equity	2,146.1	1,990.8
Equity per Share (euro)	4,398	4,080

% Net Invested Capital		
	FY11	FY10
Pirelli Tyre	85.0%	84.7%
Other	15.0%	15.3%

PIRELLI GROUP CASH FLOW

€/mln	1Q'11	2Q'11	3Q'11	4Q'11	FY'11
EBIT before restructuring costs	146.5	151.3	163.3	148.6	609.7
Depreciation	56.9	56.2	56.9	54.9	224.9
Net investments	(96.9)	(137.2)	(162.1)	(230.0)	(626.2)
Working capital/other variations	(313.5)	18.1	(100.6)	344.0	(52.0)
OPERATING CASH FLOW	(207.0)	88.4	(42.5)	317.5	156.4
Financial income (expenses)	(14.8)	(29.9)	(19.4)	(25.4)	(89.5)
Tax charges	(47.9)	(39.6)	(51.3)	(23.7)	(162.5)
NET OPERATING CASH FLOW	(269.7)	18.9	(113.2)	268.4	(95.6)
Financial investments/divestments	24.4	-	(16.4)	(7.0)	1.0
15% China JV stake increase	-	-	(28.0)	-	(28.0)
Russian JV	-	-	-	(55.0)	(55.0)
Dividends paid	(0.7)	(82.8)	-	-	(83.5)
Cash-out for restructuring	(2.8)	(5.7)	(1.9)	(6.5)	(16.9)
Exchange rate differentials/Others	(8.4)	3.5	0.1	1.3	(3.5)
NET CASH FLOW	(257.2)	(66.1)	(159.4)	201.2	(281.5)

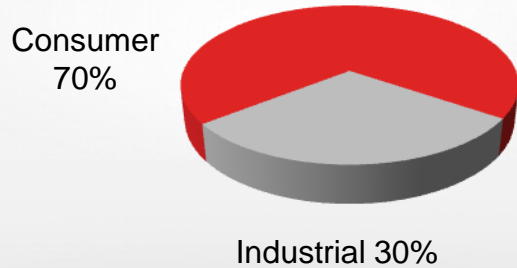
PIRELLI GROUP: FY11 NET FINANCIAL POSITION BY BUSINESS

€/mln

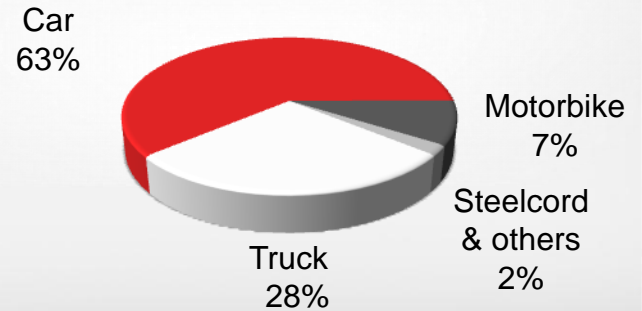
	Tyre			Other businesses			Corporate			Pirelli Group		
	Dec. 11	June 2011	Dec. 10	Dec. 11	June 2011	Dec. 10	Dec. 11	June 2011	Dec. 10	Dec. 11	June 2011	Dec. 10
Gross Debt	1,798.2	1,391.3	1,613.6	130.7	91.9	83.3	641.3	708.4	123.0	1,778.1	1,400.5	1,147.0
to Corporate	669.5	696.1	589.6	113.7	83.2	83.3						
Financial receivables	(161.2)	(114.7)	(98.3)	(7.3)	(5.1)	(4.8)	(947.1)	(932.3)	(806.7)	(323.5)	(261.0)	(236.9)
to Pirellis							(160.0)	(150.0)	(140.4)	(160.0)	(150.0)	(140.4)
Cash and cash equivalents	(674.7)	(312.7)	(405.4)	(4.2)	(3.6)	(6.6)	(38.6)	(44.3)	(42.5)	(717.5)	(360.6)	(454.5)
Net Financial Position	962.3	963.9	1,109.9	119.2	83.2	71.9	(344.4)	(268.2)	(726.2)	737.1	778.9	455.6

FY11 PIRELLI TYRE MIX

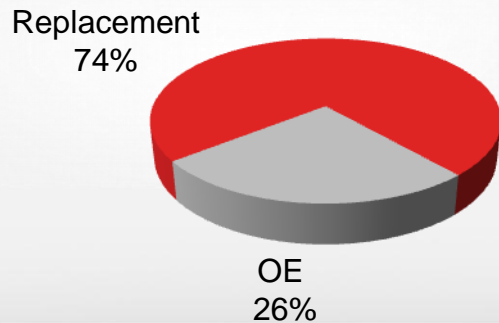
SALES BY BUSINESS



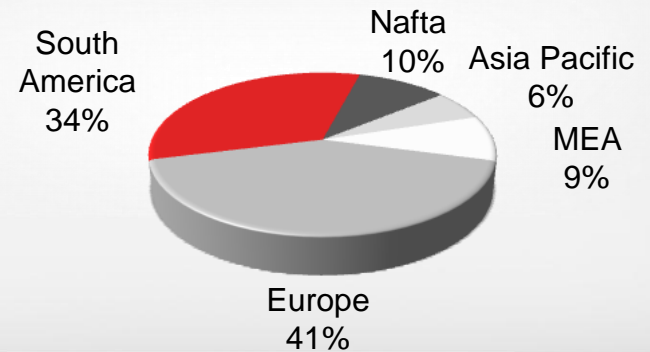
SALES BY SEGMENT



SALES BY CHANNEL

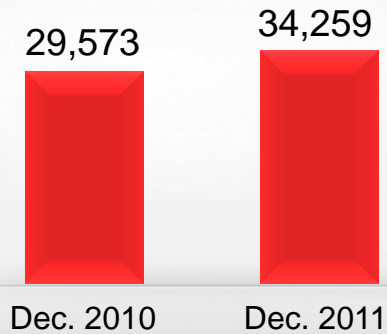


SALES BY REGION

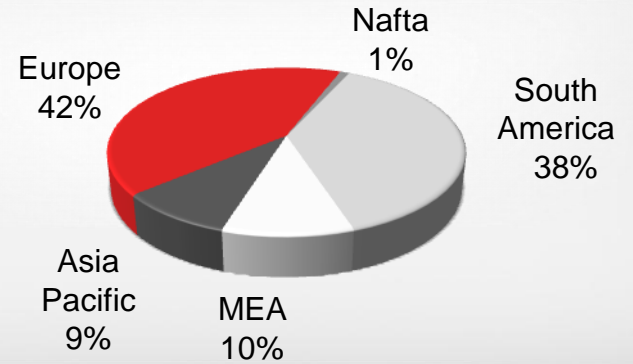


DECEMBER 2011 PIRELLI PEOPLE

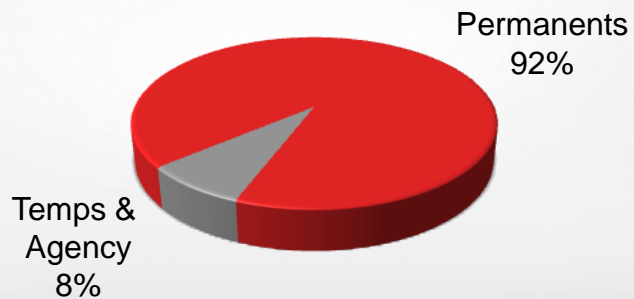
HEADCOUNT



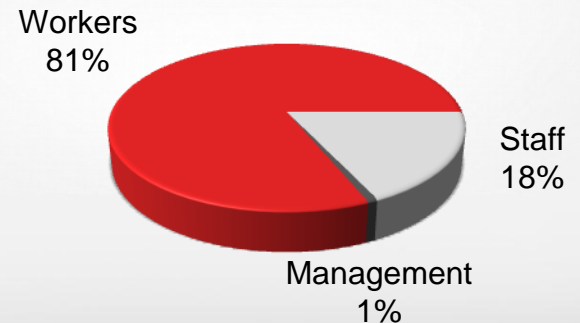
PEOPLE BY REGION



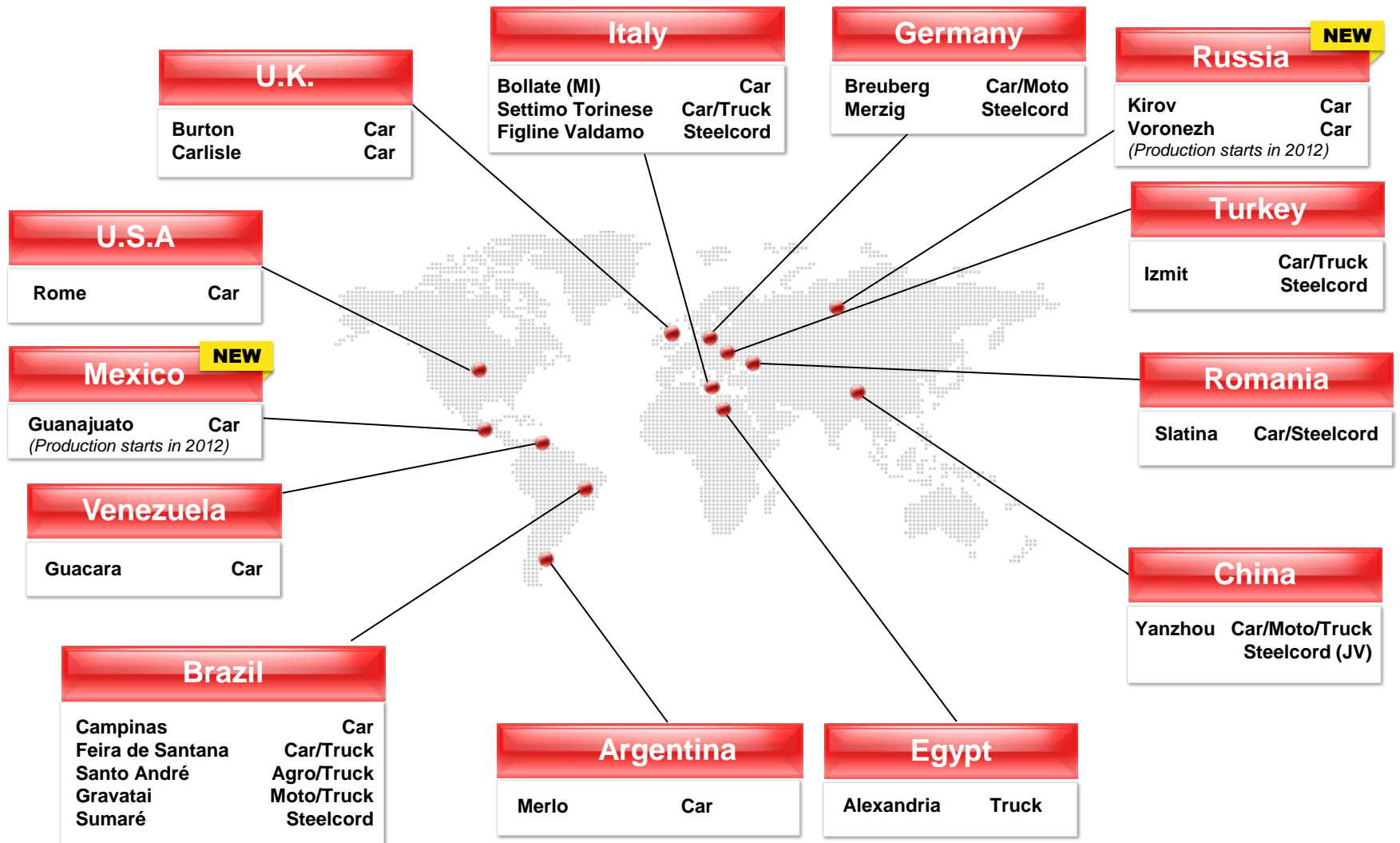
PEOPLE BY CONTRACT



PEOPLE BY CLUSTER

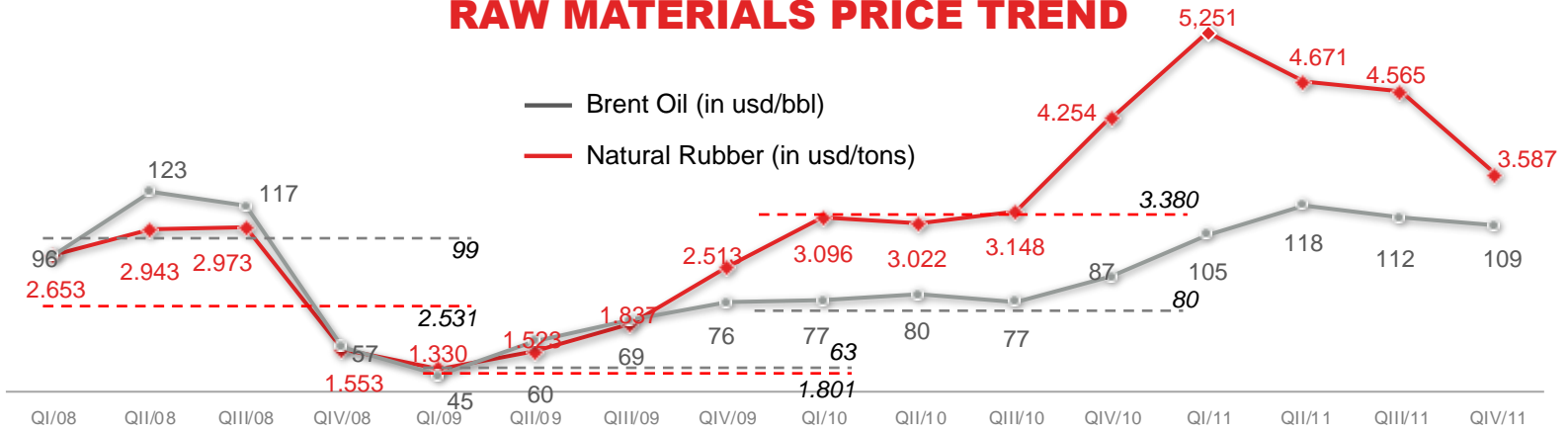


PIRELLI PLANTS IN THE WORLD



RAW MATERIALS

RAW MATERIALS PRICE TREND



Natural Rubber: Sicom
Brent: www.oilenergy.com

In Italic Year Average

FY 2011 MIX (BASED ON PURCHASING COST)

Raw mat. costs on sales: 43%

