



PIRELLI 9M 2012 RESULTS

NOVEMBER 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

TYRE BUSINESS

APPENDIX

KEY MESSAGES

9M '12 results

Value strategy and efficiency gains deliver strong profitability

Outlook to year end

Unfavorable demand trend in Europe counterbalanced by Emerging Markets and Premium.

Pricing discipline confirmed across markets.

Internal levers and supportive raw material costs secure profitability.

Cash generation in line with business seasonality and continued destocking.

Premium strategy

Expedite reconversion activities to rapidly curb non Premium industrial capacity.

Adoption of a more selective commercial approach.

Russia update






On track with both Industrial and Commercial Plans.

Focus on seizing all high-mix opportunities offered by the market.

MARKET OUTLOOK UPDATE

MARKET HIGHLIGHTS

PIRELLI 2H'12 CAR VOLUME OUTLOOK

		Old (July '12)	New
 <p>Europe</p> <ul style="list-style-type: none"> ▶ North West: Market downturn spreading to this side of Europe. ▶ Central: Although affected by the crisis, confirms its resilience ▶ South: All indicators still on the low 		<p>Double-digit reduction</p> <p>Premium: single-digit growth</p> <ul style="list-style-type: none"> ▶ North West: >+10% ▶ Central: ~+10% ▶ South: High single-digit reduction 	<p>Double-digit reduction</p> <p>Premium: stable</p> <ul style="list-style-type: none"> ▶ North West: mid single-digit growth ▶ Central: Single-digit growth ▶ South: Double-digit reduction
 <p>Nafta</p> <ul style="list-style-type: none"> ▶ Timid signs of recovery in a weak overall picture 		<p>High single-digit growth</p> <ul style="list-style-type: none"> ▶ Premium: >+25% 	confirmed
 <p>LatAm</p> <ul style="list-style-type: none"> ▶ Moderate growth fueled by Government actions 		<p>Mid single-digit growth</p> <ul style="list-style-type: none"> ▶ Premium: >+50% 	confirmed
 <p>Apac</p> <ul style="list-style-type: none"> ▶ Chinese growth slowing down, with mixed trends elsewhere in the Region 		<p>Double-digit growth (>+30%)</p> <ul style="list-style-type: none"> ▶ Premium: doubled 	confirmed
 <p>Mea</p> <ul style="list-style-type: none"> ▶ Regional market still immune from mature markets slowdown 		<p>Low single-digit reduction</p> <ul style="list-style-type: none"> ▶ Premium: >+50% 	confirmed

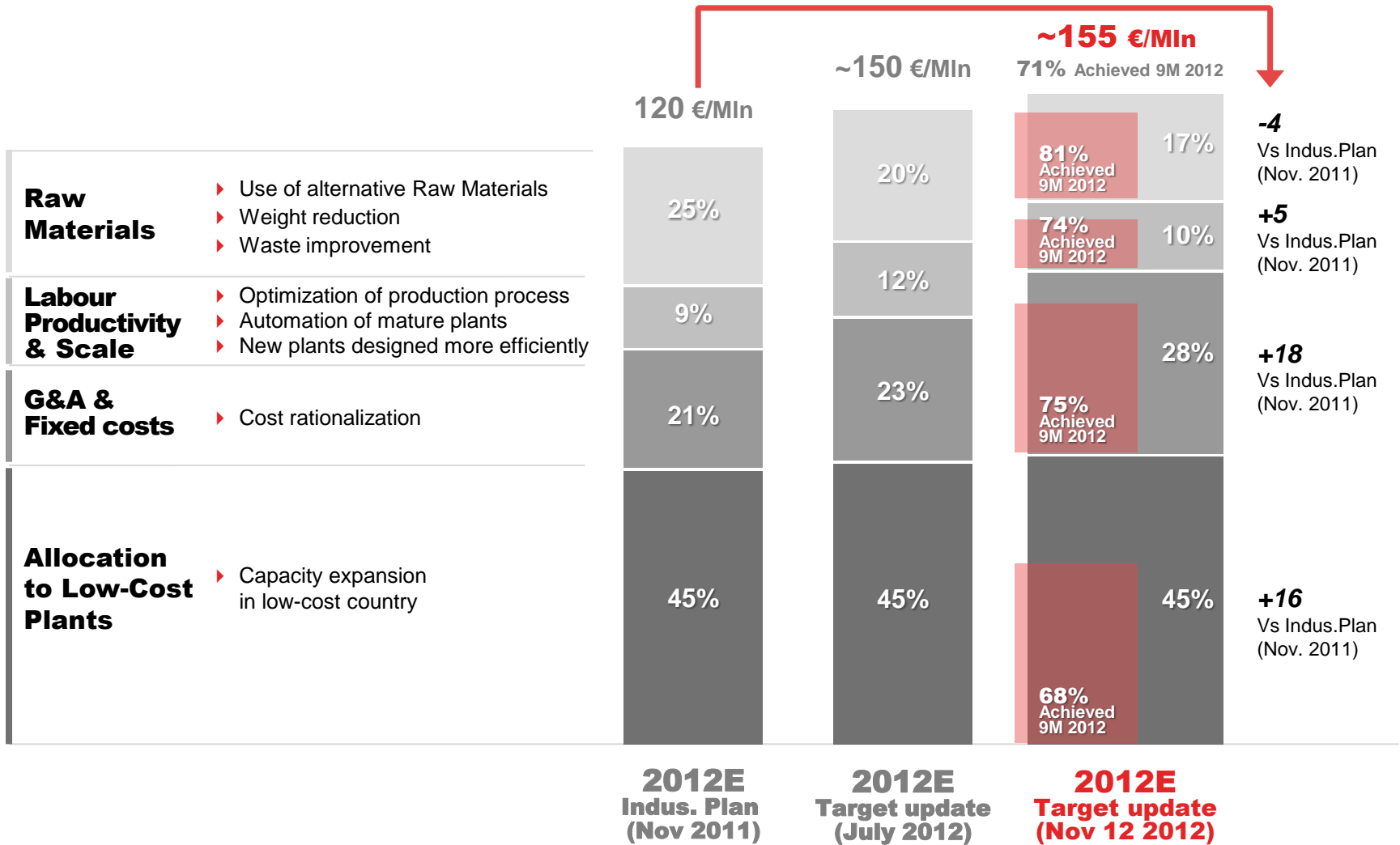
CHANGE VS NOVEMBER 2011 INDUSTRIAL PLAN: Out of low-end Tyres and full-fledged into Premium

		Δ 2012 Revenues vs Ind.Plan (Nov 2011)		Δ 2012 Ebit vs Ind. Plan (Nov 2011)		
		CONSUMER	INDUSTRIAL	CONSUMER	INDUSTRIAL	
Changes vs Nov. 2011 Plan	<ul style="list-style-type: none"> ▶ Δ sales volumes Car -4.5 mln pcs STD and -0.4 mln Premium Moto/Scooter -2.6 mln pcs STD and -0.4 mln Premium ▶ Δ Price/mix (Consumer: +3.0pp; Industrial: +3.0 pp) 	-510*		-145	-45	= -67
	<ul style="list-style-type: none"> ▶ Truck Radial -230 k pcs** ▶ Truck STD -320 k pcs** 	+110	-140	+95	+28	
Investing in Premium acceleration	<ul style="list-style-type: none"> ▶ Production slowdown due to volume reduction ▶ Acceleration of Premium industrializations ▶ Restructuring costs 			-25	-15	= -65
				-15		
				-10		
Internal levers	<ul style="list-style-type: none"> ▶ Efficiencies (Consumer from 92€/mln to 122€/mln; Industrial from 28€/mln to 33€/mln) ▶ Reduction in management incentives 			+30	+5	= +45
				+7	+3	
External factors	<ul style="list-style-type: none"> ▶ Raw material headwind (Consumer from -95€/mln to -50€/mln; Industrial from -45€/mln to -0€/mln) ▶ Exchange rate -1% 			+45	+45	= +87
				-20	-30	
Total		~-420	~-120	~-18 Vs Top of range Ebit Target	~+18 Vs Top of range Ebit Target	
Industrial Plan November 2011 Targets		~4.9€/bln	1.75 €/bln	12.5% / 13.5%	9% / 10%	
New Targets		~4.48€/bln	~1.63 €/bln	~14%	>11%	

* -50 € mln delta perimeter (-100 € mln Russia, +50 € mln Däkia)

**200k pcs one-off due to disruption of activity in Egypt and slowdown in Argentina import licence

2012 ENHANCED EFFICIENCY PLAN



PIRELLI 2012 TARGETS UPDATE

€/bln

	2011A	2012 Targets (July 26, 2012)	Δ % YoY	2012 Targets Update (November 12, 2012)	Δ % YoY
Total Revenues	5.65	~ 6.4	+13%	~ 6.15	+9%
Russia JV	-	~ 0.25		~ 0.2	
Däckia	-	~ 50€/mln		confirmed	
Foreign Exchange				-1%	
Organic Revenues		~ 6.1	+8%	~ 5.9	~4.5%
Volumes	+1.4%	-3% / -4%		-5% / -5.5%	
o/w Premium	+18.2%	~+20%		+17% / +18%	
Price/mix	+17.6%	+11% / +12%		>+11%	
EBIT %	10.3% (582€/mln)	>12% (at least 800€/mln)		~13% (~ 800 €/mln)	
<i>o/w Russia</i>		Mid single-digit		low single-digit	
Raw Material Headwind	512€/mln	60€/mln		50€/mln	
Efficiency	94€/mln	~150€/mln		~ 155€/mln	
Tax rate	34%	~36%		confirmed	
Capex	0.62	< 0.5		confirmed	
NFP	0.74	<1.1 after dividends		≥1.2 after dividends	

2012 CONSUMER TARGETS UPDATE

€/bln

	2011A	2012 Targets (July 26, 2012)	Δ % YoY	2012 Targets Update (November 12, 2012)	Δ % YoY
Revenues	3.9	~ 4.65	+18%	~ 4.48	+14%
Russia JV	-	~0.25		~ 0.2	
Däckia	-	~ 50€/mln		confirmed	
Organic Revenues		~ 4.35	+11%	~ 4.23	-7.5%
Volumes	+3%	-2.5% / -3.5%		-4.5% / -5.0%	
o/w Premium	18.2%	~+20%		+17% / +18%	
o/w Non Premium	-2%	-13% / -14%		~-15%	
Price/mix	+17.3%	+14%/15%		~+14%	
EBIT %	12.5%	~14%		confirmed	

2012 INDUSTRIAL TARGETS UPDATE

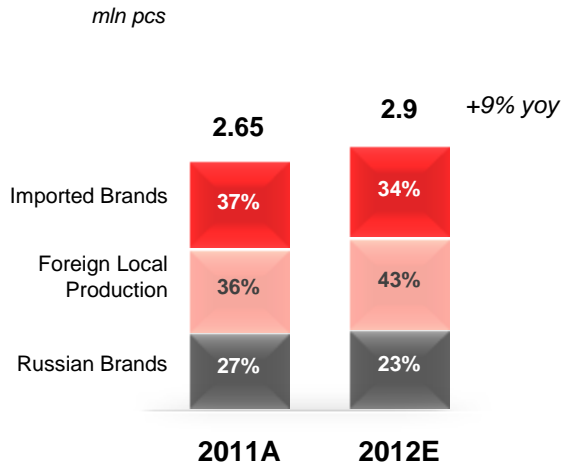
€/bln

	2011A	2012 Targets (July 26, 2012)	2012 Targets Update (November 12, 2012)
		Δ % YoY	Δ % YoY
Revenues	1.68	~ 1.7 +0% / +1%	~ 1.63 -2.5%
Volumes	-1.7%	-5% / -6%	-6.5% / -7.0%
o/w Radial		-3%	-4% / -4.5%
o/w Conventional		-20%	-21%
Price/mix	+17.8%	+5% / +6%	~6.0%
EBIT %	9.1%	~11%	>11%

RUSSIA

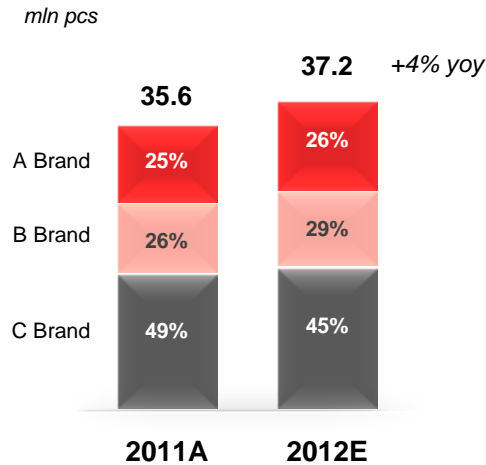
Healthy Premium market confirmed

New Car Registrations



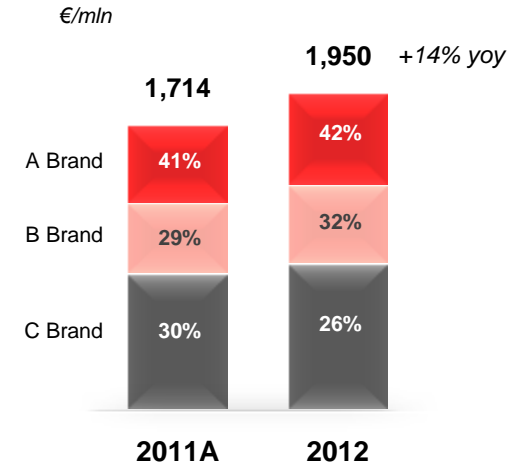
- ▶ Growth trend in **new registrations better than expected** (from 6 to 9% increase YoY)
- ▶ Growth concentrated on **foreign local production** (+31%)
- ▶ Positive impact on **tyre mix** and winter changeover

Car Tyre Repl. Market (Volume)



- ▶ Tyre market growth confirmed at around 4%
- ▶ **A and B brands leading the growth** (+13%), while C brands losing importance (-4%)
- ▶ **A+B Winter** tyres growing 16%

Car Tyre Repl. Market (Value)



- ▶ Market value reaching **almost 2 €/bln**
- ▶ **A brand outpacing the market growth** (+17%), with overall value exceeding 800€/mln

Source: AvtoStat, Pirelli estimates

RUSSIA

Pirelli on the right track

Industrial side

	Kirov	Voronezh	9M Achievements
Capex 2012-'14	100€/mln	100€/mln	40% of 3Y investment plan in place
Factory capability upgrade	<ul style="list-style-type: none"> ▶ New mixing rooms ▶ Indoor testing and laboratories ▶ SAP system for logistic / finance / purchasing ▶ Training program 		Completed start up 1Q'13 Installed Implemented On track
Capacity (mln pcs)	6.5	1.7 (2 on yearly basis)*	Confirmed
Pirelli product Industrialization	20	8	On track
Pirelli production on both factories			Started

Commercial side

	9M Achievements
Pirelli Retail network: ~800 POS by 2012 (>40% of total Russian POS)	On track (85% achieved)
322 Pirelli Qualified Premium Stores	Above target (480 Premium Stores)
Operational in Moscow, St. Petersburg and 10 other major Russian cities	Above target (20 major cities)
Shelf presence program	On track Auditing activity enlarged to 300 POS, footprint and shelf presence growing

Sept. YTD Pirelli sell-in volumes grew **more than 3 times the market (A+B)**

Premium volumes growth +56% yoy

Winter sales increase in value +70% yoy

*4.0 in 2014

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KEY MESSAGES

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PIRELLI KEY FINANCIAL RESULTS

	9M12	9M11	Δ YoY	3Q12	3Q11	Δ YoY	3Q Highlights
€/mln							
Revenues	4,574.1	4,265.8	+7.2%	1,552.3	1,476.5	+5.1%	▶ Premium segment is the engine of growth (revenues +19% , volumes +12.5%)
<i>Organic growth*</i>			+7.9%			+6.3%	
EBITDA before Restr. Costs	809.9	631.1	+28.3%	264.2	220.2	+20.0%	▶ Robust profitability: improving thanks to efficiency gains, fixed costs reduction and better mix
<i>Margin</i>	17.7%	14.8%	+2.9pp	17.0%	14.9%	+2.1pp	
EBIT before Restr. Costs	611.0	461.1	+32.5%	195.8	163.3	+19.9%	▶ Robust profitability: improving thanks to efficiency gains, fixed costs reduction and better mix
<i>Margin</i>	13.4%	10.8%	+2.6pp	12.6%	11.1%	+1.5pp	
Restructuring Costs	(18.2)	(9.9)		(3.7)	(2.2)		
EBIT	592.8	451.2	+31.4%	192.1	161.1	+19.2%	
<i>Margin</i>	13.0%	10.6%	+2.4pp	12.4%	10.9%	+1.5pp	
PBT	478.1	390.1	+22.6%	128.9	143.8	-10.4%	▶ Tax rate on track to achieve full year target
<i>Tax Rate</i>	-35.5%	-35.6%	-0.1pp	-32.8%	-35.7%	-2.9pp	
Net Income	308.3	251.3	+22.7%	86.6	92.5	-6.4%	▶ Net income affected by write-down on equity holding in RCS (21.3 €/mln)
Attributable Net Income	306.3	255.3	+20.0%	86.8	93.6	-7.3%	
Investments**	327.4	396.2		132.5	162.1		▶ Investments focused on Premium capacity increase and mix
Net Debt	1,868.8						▶ Net debt trend in line with the seasonality of the business; first results of inventory reduction

(*) Excluding exchange rate effects

(**) Tangible and intangible investments

9M12 RESULTS



9M 2012 PERFORMANCE BY REGION

Tyre Sales				Ebit %	Highlights
	Total	YoY growth	Premium	YoY growth	9M'12
€/mln	4,542.9	+7.5%	1,612.3	+24%	13.5% (+2pp yoy)
Europe	9%	-22%		-15%	Double-digit <i>(slightly improving yoy)</i>
North & Centr.	26%	+2%		+14%	
NAFTA	12%	+27%		+39%	Mid-teen <i>(from low 1-digit)</i>
Russia**	4%	n.m.		+101%	Break-even
South America	34%	+7%		+98%	Mid-teen <i>(improving yoy)</i>
MEA	8%	+4%		+45%	High-teen <i>(improving yoy)</i>
Asia Pacific	7%	+20%		+72%	Mid-teen <i>(from high 1-digit)</i>

- ▶ Reaping the benefits of a well balanced geographical exposure. APAC and North & South America contributed the most to Ebit growth
- ▶ **South Europe:** firm value-driven approach in the face of worsening economic crisis
- ▶ **North & Central:** not immune to the dynamics affecting Europe. Premium resilience confirmed
- ▶ **Profitability** protected by value and efficiency
- ▶ **NAFTA:** market share gains in Premium Replacement; increasing demand from both foreign and local Premium OEMs.
- ▶ **South America:** market outperformance continues across businesses, especially in high value segments: Premium growing 3x the market; clear market share increase in Truck All steel.
- ▶ **MEA:** Premium drives double digit revenue growth in car tyres; Industrial price mix compensates volume decline
- ▶ **Asia:** Successful launch of Cinturato P1 in the region and increasing penetration of Premium OE “marked” homologated tires

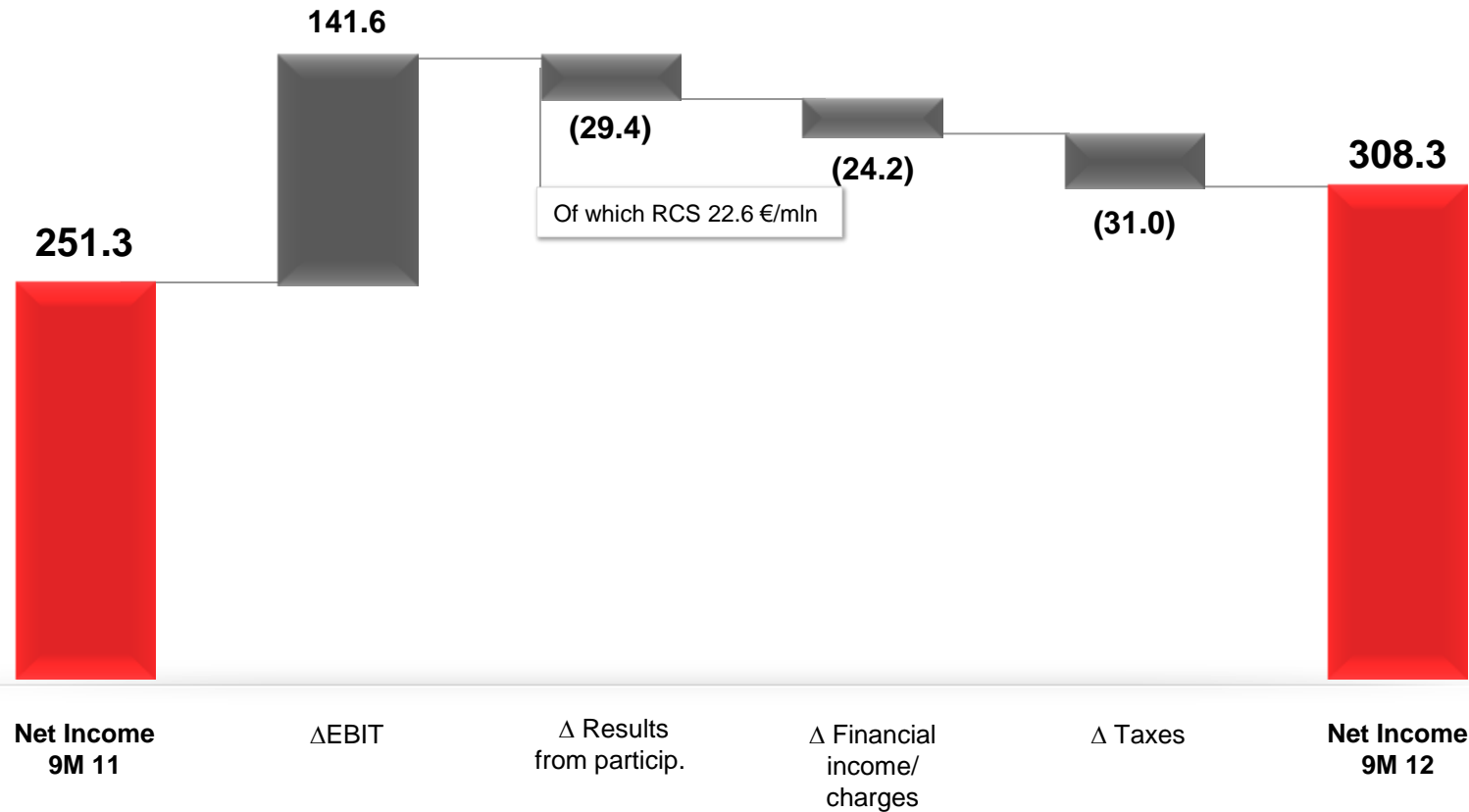
* Southern Europe: Italy, Spain, Portugal, Greece

**Import sales included



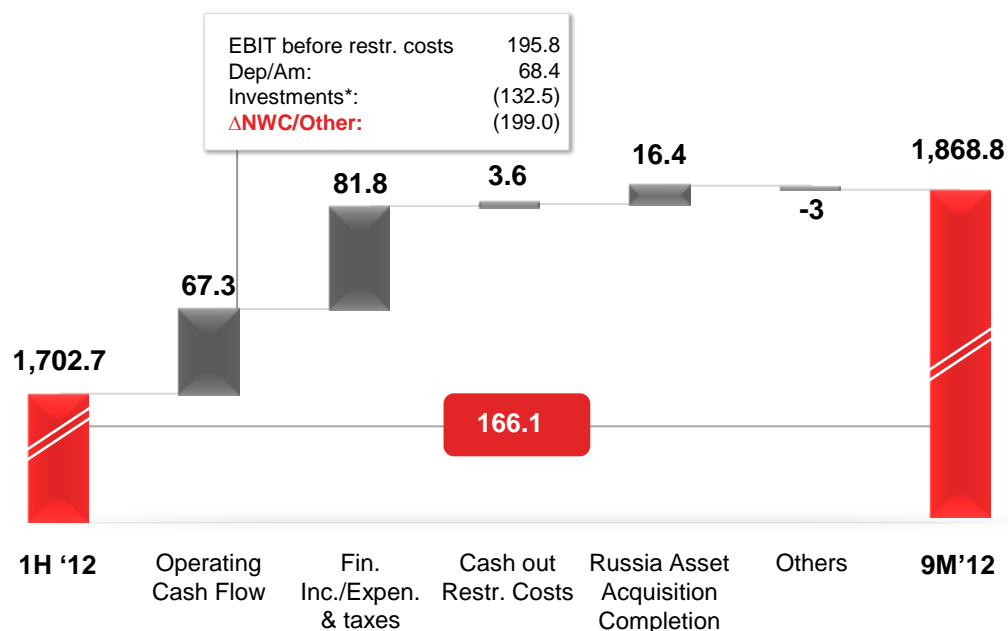
PIRELLI NET INCOME 9M12 VS 9M11

€/mln



PIRELLI 9M12 NET FINANCIAL POSITION

€/mln



EBIT before restr. costs	195.8
Dep/Am:	68.4
Investments*:	(132.5)
ΔNWC/Other:	(199.0)

Focus on NWC dynamics

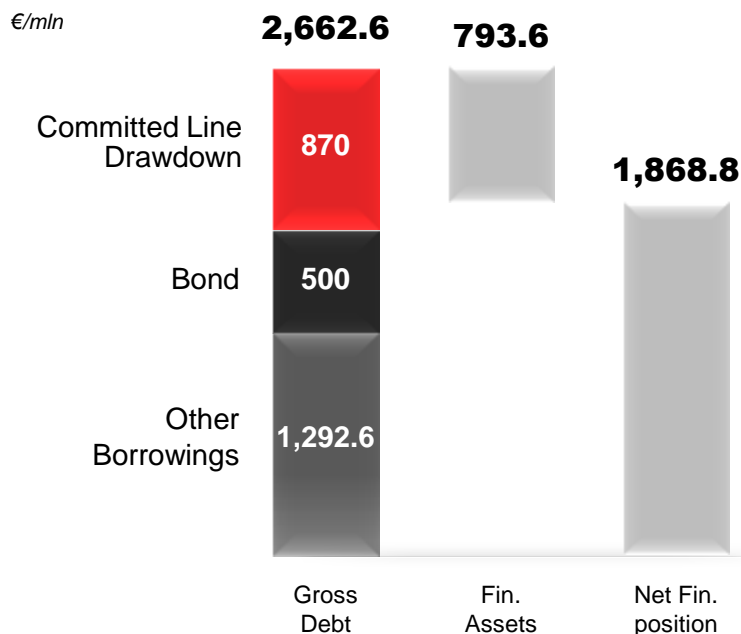
Δ Operating Working Capital:	199	
Inventories:	-47	<i>Initial benefits from production cuts</i>
Receivables:	+151	<i>In line with business seasonality (+138 € mln in 3Q'11) + higher price/mix & Δ perimeter</i>
Payables:	+94	<i>Lower production, lower purchases at lower average price</i>
Others:	+1	

- ▶ 3Q Net debt increase in line with seasonality of the business
- ▶ Updated NFP target (≥1.2 €/bln) discounting a more challenging market scenario and delay in stock reduction (reduction of stock 130 €/mln vs Jul., ~ 200 €/mln the previous guidance)

(*)Tangible and intangible investments

PIRELLI DEBT STRUCTURE AS OF SEPTEMBER 30, 2012

Net Financial Position

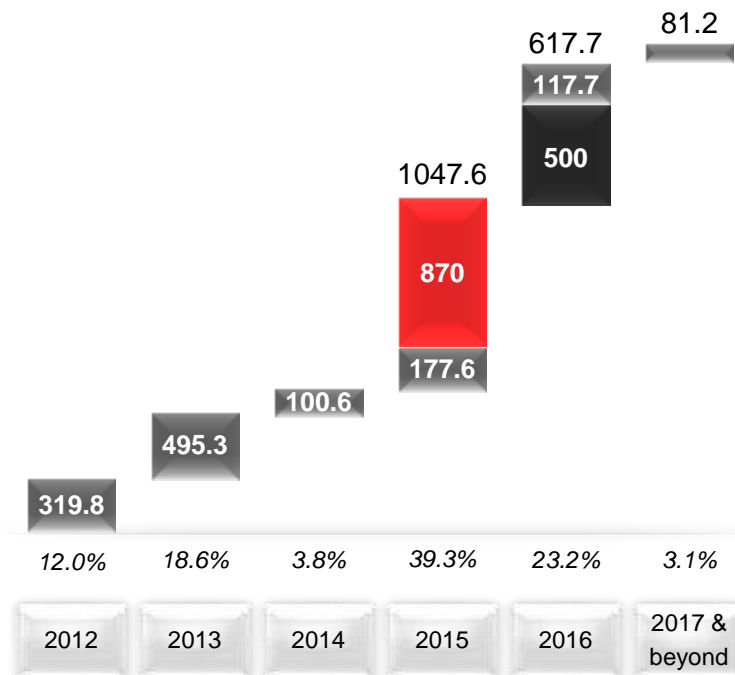


Gross Debt maturity as of Sep. 30, 2012

LIQUIDITY PROFILE

€/mln	
Liquidity position	458.5
Total committed lines not drawn due 2015	330.0
Liquidity Margin	788.5

Gross Debt Maturity



DEBT PROFILE

- ▶ > 65% of the debt maturity beyond 2014
- ▶ Cost of debt ~ 5.50% p.a.
- ▶ Gross debt profile ~67% Fixed and ~33% Floating

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KEY TYRE RESULTS

€/mln

	1Q'12	YoY%	2Q'12	YoY%	3Q'12	YoY%	9M'12	YoY%
Revenues	1,542.6	+11.4%	1,457.7	+5.9%	1,542.6	5.3%	4,542.9	7.5%
o/w Premium	584.4	+29.2 %	502.5	+22.3%	525.4	18.9%	1,612.3	23.5%
EBITDA (before restruct. costs)	280.3	+33.8%	275.9	+26.3%	269.5	18.0%	825.7	25.8%
margin	18.2%	+3.1p.p.	18.9%	+3.0pp	17.5%	+1.9pp	18.2%	+2.7pp
EBIT (before restruct.costs)	217.2	+39.6%	210.9	+28.1%	202.4	16.3%	630.5	27.6%
margin	14.1%	+2.9p.p.	14.5%	+2.5pp	13.1%	+1.2pp	13.9%	+2.2pp
Restructuring Costs	(2.0)		(12.5)		(3.7)		(18.2)	
EBIT	215.2	+41.2%	198.4	+23.9%	198.7	15.6%	612.3	26.4%
margin	14.0%	+3.0 p.p.	13.6%	+2.0pp	12.9%	+1.2pp	13.5%	+2.0pp

3Q highlights:

- ▶ Top line growth supported by successful value strategy.
- ▶ Emerging markets and Nafta main contributors to growth
- ▶ Profitability up 1.2 pp versus a record 3Q'11 sustained by exceptional winter sales

Main drivers

- ▶ Volume trend slightly improving; on-going production adjustments efforts in the low-end
- ▶ Firm pricing policy and mix improvement
- ▶ First time contribution of Däckia acquisition
- ▶ Efficiency gains and fixed costs reduction contributed to margin expansion

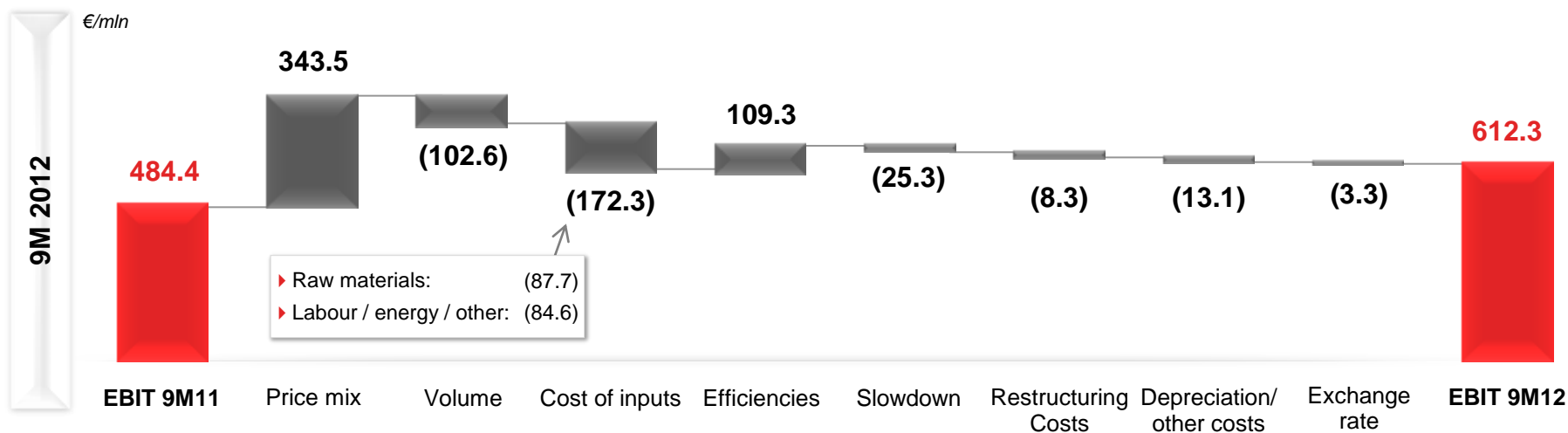
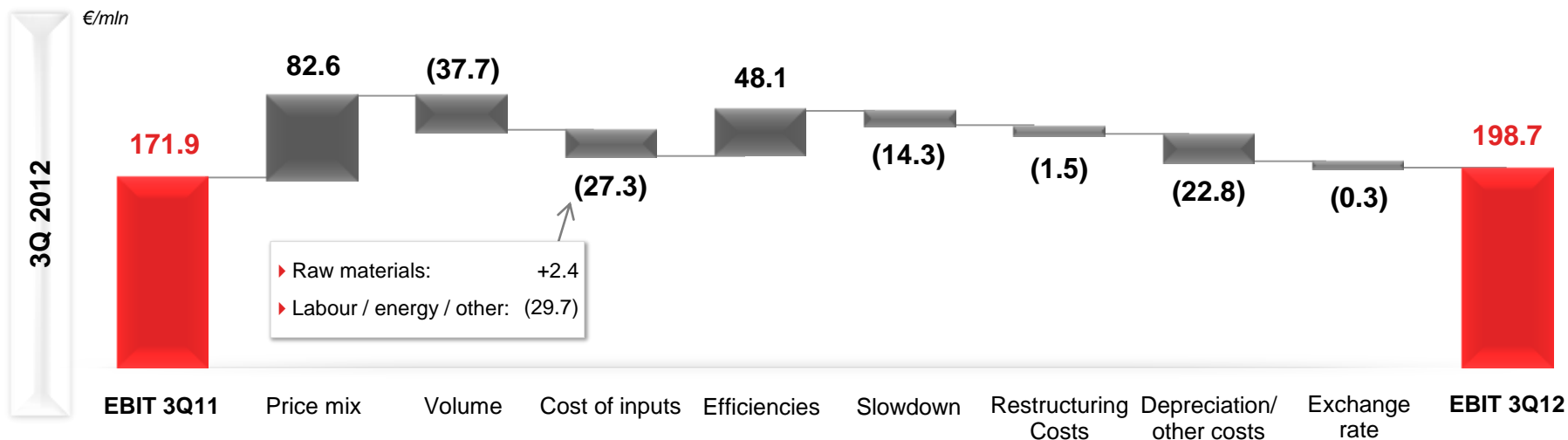
	1Q'12	2Q'12	3Q'12	9M'12
Revenue drivers				
Δ Price/Mix	+16.5%	+11.1%	+8.6%	+11.8%
Δ Perimeter*	+2.2%	+3.5%	+4.1%	+3.2%
Δ Volume	-7.4%	-7.6%	-6.2%	-6.8%
o/w Premium	+15.8%	+12.3%	+12.5%	+13.5%
Δ Rev. (before exch. rate impact)	+11.3%	+7.0%	+6.5%	+8.2%
Δ Exch. Rate	+0.1%	-1.1%	-1.2%	-0.7%

* Russian JV and retail acquisitions

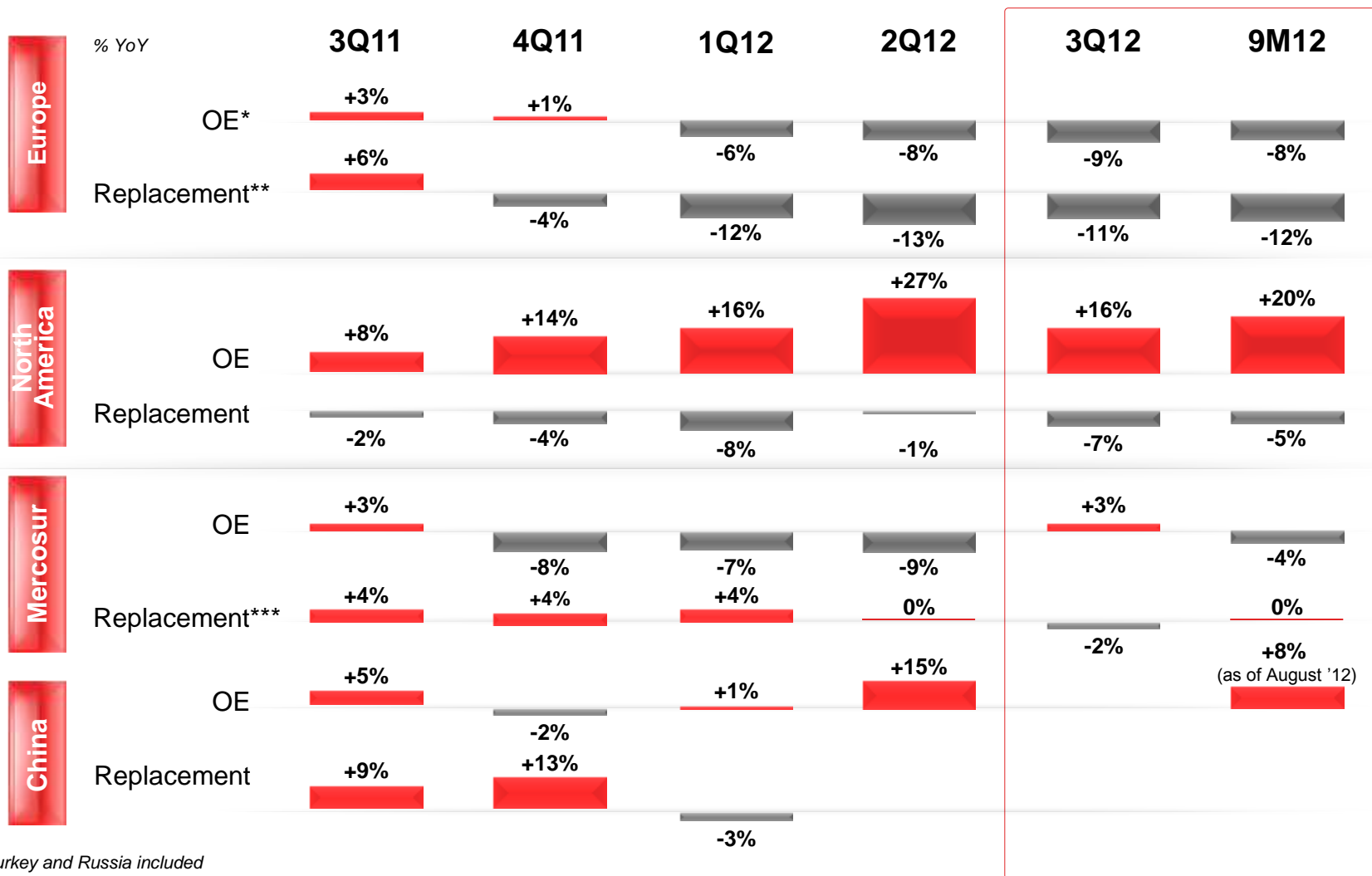
9M12 RESULTS



PIRELLI TYRE OPERATING PERFORMANCE



CONSUMER BUSINESS: KEY MARKET TRENDS



(*)Turkey and Russia included

(**)Turkey included

(***)Mercosur Replacement data was restated to include Brazilian imports

Sources: major external data providers for each Region and Pirelli estimates

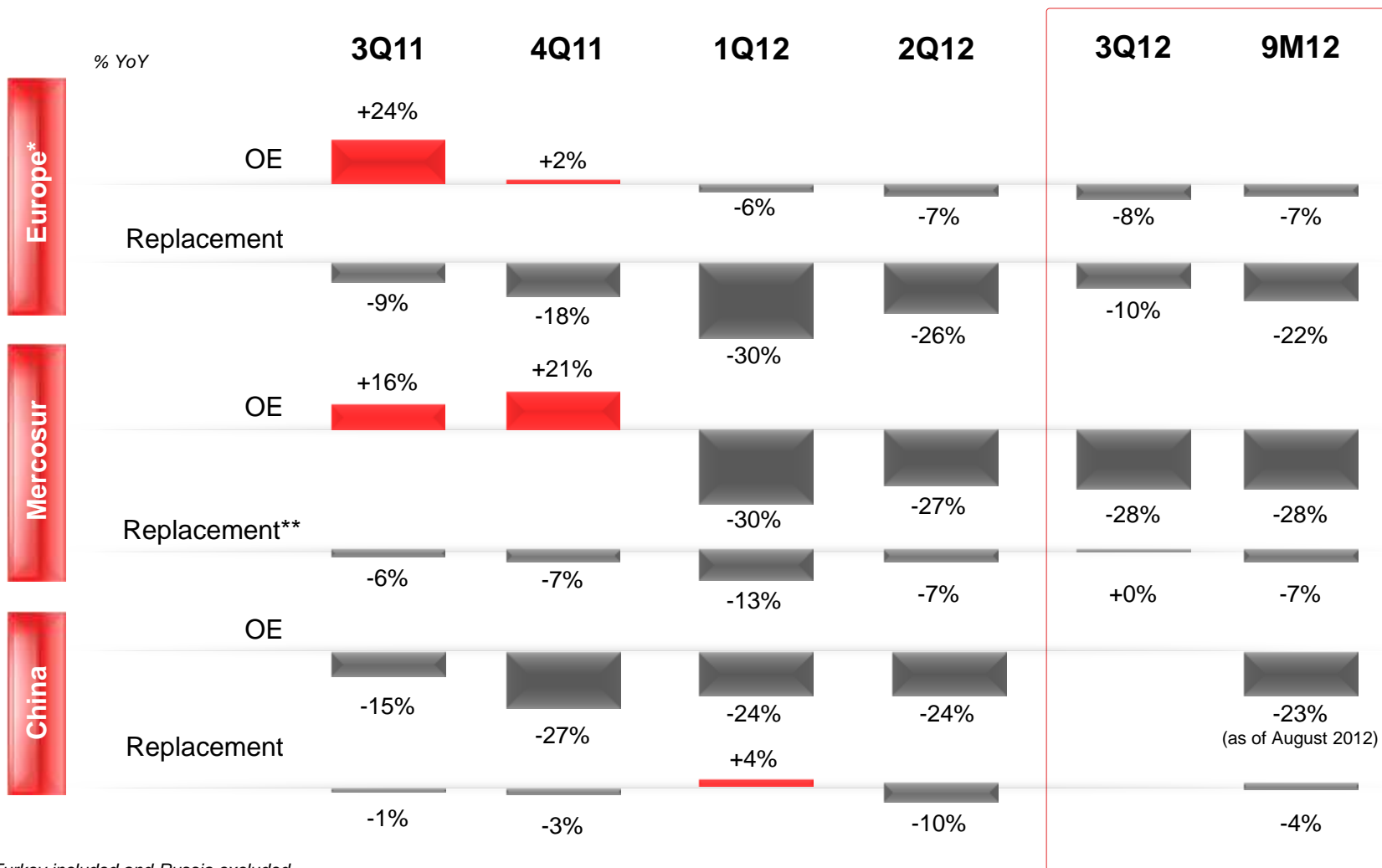
CONSUMER BUSINESS: PIRELLI PERFORMANCE

€/mln	1Q'12	YoY%	2Q'12	YoY%	3Q'12	YoY%	9M'12	YoY%
Revenues	1.151.8	+17.1%	1,078.3	+12.5%	1,116.8	+9.0%	3,346.9	+12.8%
o/w Premium		+29.2%		+22.3%		+18.9%		+23.5%
EBITDA (before restruct. costs)	232.1	+44.5%	213.4	+25.8%	206.7	+20.0%	652.2	+29.8%
<i>margin</i>	20.2%	+3.9p.p.	19.8%	+2.1p.p.	18.5%	+1.7p.p.	19.5%	+2.6p.p.
EBIT (before restruct. costs)	184.0	+53.7%	163.1	+26.8%	154.4	+17.8%	501.5	+32.2%
<i>margin</i>	16.0%	+3.8 p.p.	15.1%	+1.7p.p.	13.8%	+1.0p.p.	15.0%	+2.2p.p.
Restructuring Costs	(1.9)		(9.9)		(3.0)		(14.8)	
EBIT	182,1	+55.9%	153.2	+23.3%	151.4	+17.4%	486.7	+31.5%
<i>margin</i>	15.8%	+3.9p.p.	14.2%	+1.2 p.p.	13.6%	+1.0 p.p.	14.5%	+2.0 p.p.

	1Q'12	2Q'12	3Q'12	9M'12
Revenue drivers				
Δ Price/Mix	+18.8%	+13.6%	+9.6%	+13.7%
Δ Volume	-5.1%	-5.3%	-6.1%	-5.5%
o/w Premium	+15.8%	+12.3%	+12.5%	+13.5%
o/w Non Premium	-14.5%	-11.5%	-13.4%	-13%
Δ Perimeter*	+2.7%	+4.4%	+5.9%	+4.6%
Δ Rev. (before exch. rate impact)	+16.4%	+12.7%	+9.4%	+12.8%
Δ Exch. Rate	+0.7%	-0.2%	-0.4%	+0.0%

* Russian JV and retail acquisitions

INDUSTRIAL BUSINESS: KEY MARKET TRENDS



(*)Turkey included and Russia excluded

(**)Non-pool members imports not included

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

INDUSTRIAL BUSINESS: PIRELLI PERFORMANCE

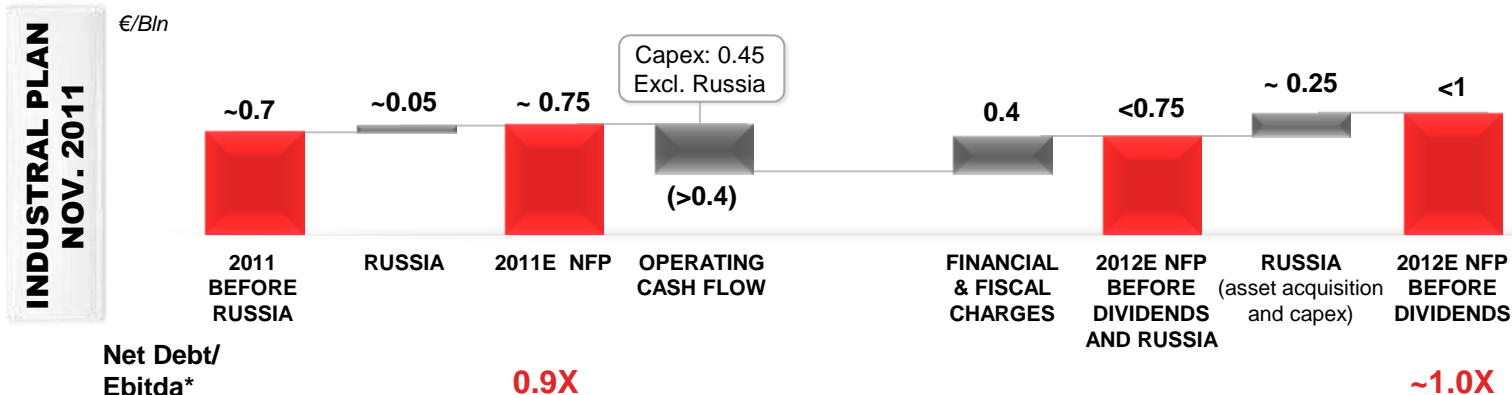
€/mln	1Q'12	YoY%	2Q'12	YoY%	3Q'12	YoY%	9M'12	YoY%
Revenues	390.8	-2.6%	379.4	-9.1%	425.8	-3.3%	1,196.0	-5.0%
EBITDA (before restruct. costs)	48.2	-1.4%	62.5	+28.3%	62.8	+11.7%	173.5	+12.8%
<i>margin</i>	12.3%	+0.1p.p.	16.5%	+4.8p.p.	14.7%	+1.9p.p.	14.5%	+2.3p.p.
EBIT (before restruct. costs)	33.2	-7.5%	47.8	+32.8%	48.0	+11.6%	129.0	+12.3%
<i>margin</i>	8.5%	-0.4p.p.	12.6%	+4.0p.p.	11.3%	+1.5p.p.	10.8%	+1.7p.p.
Restructuring Costs	(0.1)		(2.6)		(0.7)		(3.4)	
EBIT	33.1	-7.0%	45.2	+26.3%	47.3	+10.3%	125.6	+9.9%
<i>margin</i>	8.5%	-0.4p.p.	11.9%	+3.3p.p.	11.1%	+1.4p.p.	10.5%	+1.4p.p.

	1Q'12	2Q'12	3Q'12	9M'12
Revenue drivers				
Δ Price/Mix	+11.2%	+5.3%	+6.0%	+7.2%
Δ Volume	-12.3%	-11.3%	-6.2%	-9.6%
Δ Rev. (before exch. rate impact)	-1.1%	-6.0%	-0.2%	-2.4%
Δ Exch. Rate	-1.5%	-3.1%	-3.1%	-2.6%

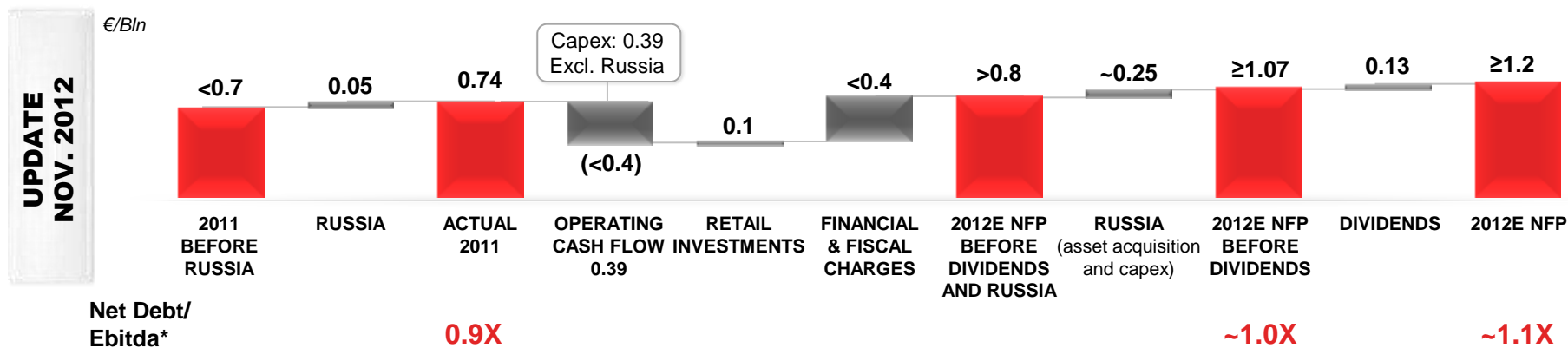
A WALK THROUGH 4Q 2012

	9M'12 A	4Q'12 E	FY'12 E
EBIT	593 €/mln	~ 210	~ 800 €/MLN
Volumes	- 6.8%	flat yoy (-3.9% in 4Q'11) <ul style="list-style-type: none"> ▶ strong Premium in Emerging Markets and Nafta; improvement in LatAm; ▶ Winter expected down ~15% yoy 	-5%/-5.5%
Price Mix	+11.8%	>8.5% <ul style="list-style-type: none"> ▶ firm pricing policy confirmed; ▶ mix improvement will continue 	>11%
Efficiencies	109€/mln	~45€/mln	~155€/mln
Raw Mat	~-90€/mln	+40€/mln	-50€/mln
Slowdown/ Industrializ./ restruct. costs	-45€/mln	-20€/mln	-65€/mln
NFP	1.87 €/bln		≥1.2 €/bln
<ul style="list-style-type: none"> ▶ >80 €/mln inventories reduction thanks to additional production cuts in 4Q (-130 €/mln in 2H) ▶ >550 €/mln operating working capital reduction (net of inventories) variation coherent with 4Q'11 (almost 500 €/mln) through: <ul style="list-style-type: none"> ▶ Winter season cash-in collection including Däckia and Russia: rigorous payment terms policy ▶ Increase in payables (4Q capex due to seasonality and restart of purchasing increase linked to 2013 production schedule) 			

2012 CASH FLOW UPDATE VS INDUSTRIAL PLAN



Main variances vs 2012 Industrial Plan			
- 60€/mln capex excl. Russia	+ 70€/mln working capital	+ 20€/mln others	+ 70€/mln Däckia acquisition



*After continuous restructuring

AGENDA

KEY MESSAGES

PIRELLI & C FINANCIAL REVIEW

TYRE BUSINESS

APPENDIX

PIRELLI GROUP 9M12 RESULTS

Profit & Loss and Net Financial Position by Business Unit

€/mln	Pirelli Tyre		Other		Pirelli & C. Cons.	
	9M12	9M11	9M12	9M11	9M12	9M11
Sales	4,542.9	4,225.7	31.2	40.1	4,574.1	4,265.8
EBITDA before Restruct. Costs	825.7	656.3	(15.8)	(25.2)	809.9	631.1
<i>% on sales</i>	18.2%	15.5%			17.7%	14.8%
EBIT before Restruct. Costs	630.5	494.3	(19.5)	(33.2)	611.0	461.1
<i>% on sales</i>	13.9%	11.7%			13.4%	10.8%
Restructuring Costs	(18.2)	(9.9)	0.0	0.0	(18.2)	(9.9)
EBIT	612.3	484.4	(19.5)	(33.2)	592.8	451.2
<i>% on sales</i>	13.5%	11.5%			13.0%	10.6%
Results from equity participations					(26.4)	3.0
Financial Income/Charges					(88.3)	(64.1)
EBT					478.1	390.1
Fiscal Charges					(169.8)	(138.8)
Net Income					308.3	251.3
Attributable Net Income					306.3	255.3
Net Financial Position					1,868.8	983.3

PIRELLI GROUP 3Q12 RESULTS

Profit & Loss and Net Financial Position by Business Unit

€/mln	Pirelli Tyre		Other		Pirelli & C. Cons.	
	3Q12	3Q11	3Q12	3Q11	3Q12	3Q11
Sales	1,542.6	1,464.8	9.7	11.7	1,552.3	1,476.5
EBITDA before Restruct. Costs	269.5	228.4	(5.3)	(8.2)	264.2	220.2
<i>% on sales</i>	17.5%	15.6%			17.0%	14.9%
EBIT before Restruct. Costs	202.4	174.1	(6.6)	(10.8)	195.8	163.3
<i>% on sales</i>	13.1%	11.9%			12.6%	11.1%
Restructuring Costs	(3.7)	(2.2)	0.0	0.0	(3.7)	(2.2)
EBIT	198.7	171.9	(6.6)	(10.8)	192.1	161.1
<i>% on sales</i>	12.9%	11.7%			12.4%	10.9%
Results from equity participations					(23.7)	2.1
Financial Income/Charges					(39.5)	(19.4)
EBT					128.9	143.8
Fiscal Charges					(42.3)	(51.3)
Net Income					86.6	92.5
Attributable Net Income					86.8	93.6
Net Financial Position					1,868.8	938.3

PIRELLI BALANCE SHEET

€/mln

	9M 12	1H 12	FY 11
Fixed Assets	3,814.2	3,813.4	3,577.5
Inventories	1,153.7	1,200.4	1,036.7
Commercial receivables	1,115.5	964.3	745.2
Commercial payables	(1,054.9)	(1,149.0)	(1,382.8)
Net Operating Working Capital	1,214.3	1,015.7	399.1
Other receivables/payables	(42.9)	(69.9)	(248.3)
Net Working Capital	1,171.4	945.8	150.8
Net Invested Capital	4,985.6	4,759.2	3,728.3
Total Net Equity	2,328.9	2,246.9	2,191.6
Provisions	787.9	809.6	799.6
Net Financial Position	1,868.8	1,702.7	737.1
Total	4,985.6	4,759.2	3,728.3
Attributable Net Equity	2,278.6	2,195.3	2,146.1
Equity per Share (Euro)	4.669	4.499	4.398

% Net Invested Capital

	9M12	FY11
Tyre Business	98.3%	91.8%
Other	1.7%	8.2%

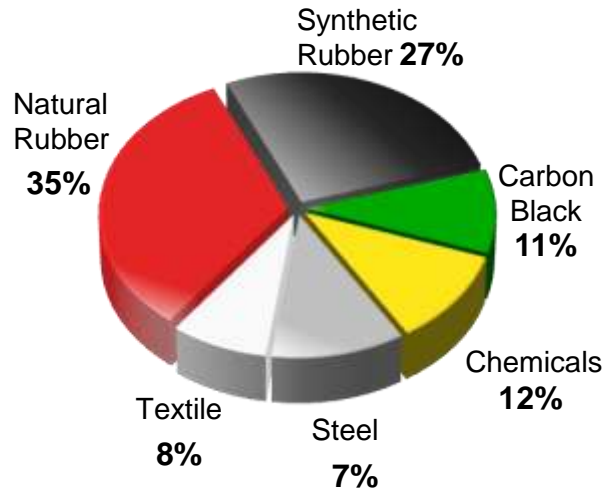
PIRELLI GROUP CASH FLOW

€/mln	3Q12	9M12	3Q11	9M11
EBIT before restructuring costs	195.8	611.0	163.3	461.1
Depreciation	68.4	198.9	56.9	170.0
Net investments	(132.5)	(327.4)	(162.1)	(396.2)
Working capital/other variations	(199.0)	(950.6)	(100.6)	(396.0)
OPERATING CASH FLOW	(67.3)	(468.1)	(42.5)	(161.1)
Financial income (expenses)	(39.5)	(88.3)	(19.4)	(64.1)
Tax charges	(42.3)	(169.8)	(51.3)	(138.8)
NET OPERATING CASH FLOW	(149.1)	(726.2)	(113.2)	(364.0)
Financial investments/divestments	2.3	5.5	(16.4)	8.0
Russian JV	(16.4)	(170.9)	-	-
Däckia	-	(70.8)	-	-
Campneus	-	(35.4)	-	-
Minorities buy-out in China	-	-	(28.0)	(28.0)
Dividends paid	-	(135.2)	-	(83.5)
Cash-out for restructuring	(3.6)	(11.1)	(1.9)	(10.4)
Exchange rate differentials/Other	0.7	12.4	0.1	(4.8)
NET CASH FLOW	(166.1)	(1,131.7)	(159.4)	(482.7)

RAW MATERIALS

BREAKDOWN FY 2011

(based on purchasing cost)



Guidance
Industrial Plan Nov. 2011

Guidance
July 2012

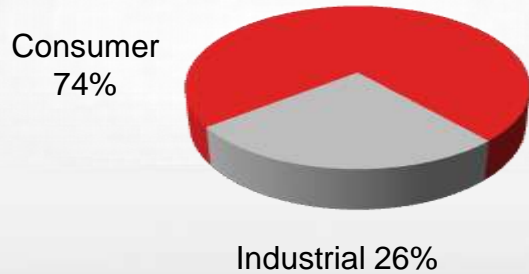
Update
November 2012

Average Cost of Goods Sold €/mln	2011	2012	Headwind (2012 vs 2011)	2012	Headwind (2012 vs 2011)	2012	Headwind (2012 vs 2011)
Natural Rubber <i>TSR20 (\$/ton)</i>	4,600	4,300	+50	3,600	+150	3,450	+160
Brent Oil <i>(\$/barrell)</i>	100	105	(20)	110	(25)	111	(25)
Butadiene EU <i>(€/ton)</i>	1,900	2,100	(30)	1,850	+5	1,865	+0
FX (<i>R\$, TRY, EGP, US\$</i>)			(140)		(190)		(185)
TOTAL			(140)		(60)		(50)

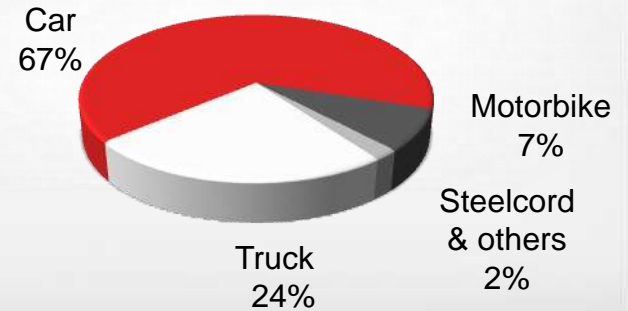
+90
vs Industrial Plan
Nov. 2011 Targets

9M12 PIRELLI TYRE MIX

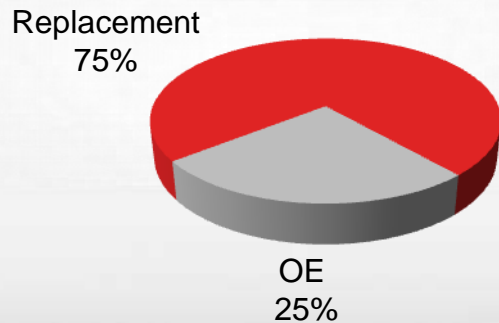
SALES BY BUSINESS



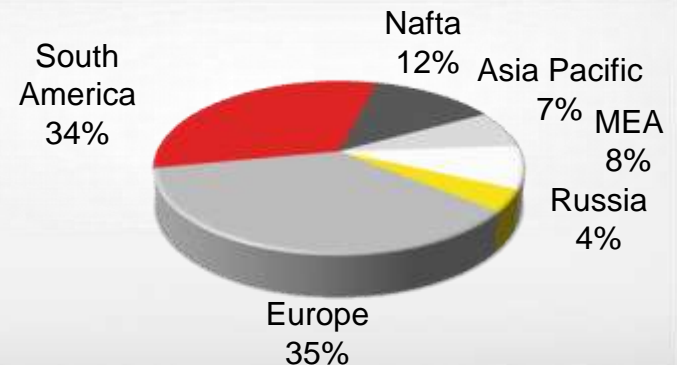
SALES BY SEGMENT



SALES BY CHANNEL

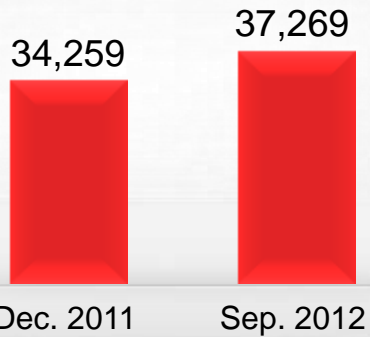


SALES BY REGION

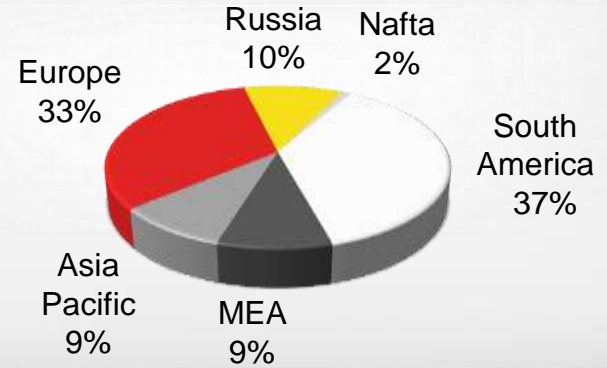


SEPTEMBER 2012 PIRELLI PEOPLE

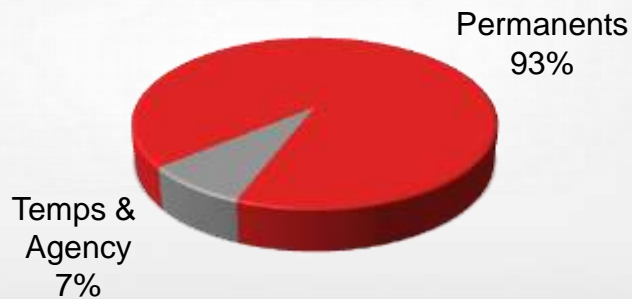
HEADCOUNT



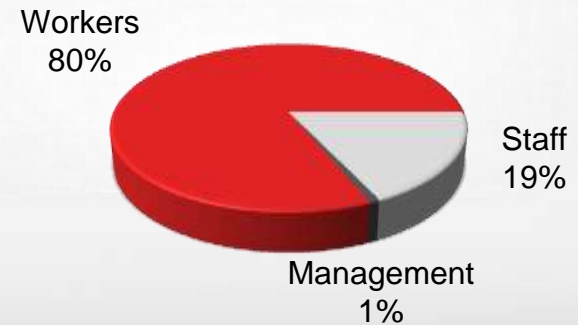
PEOPLE BY REGION



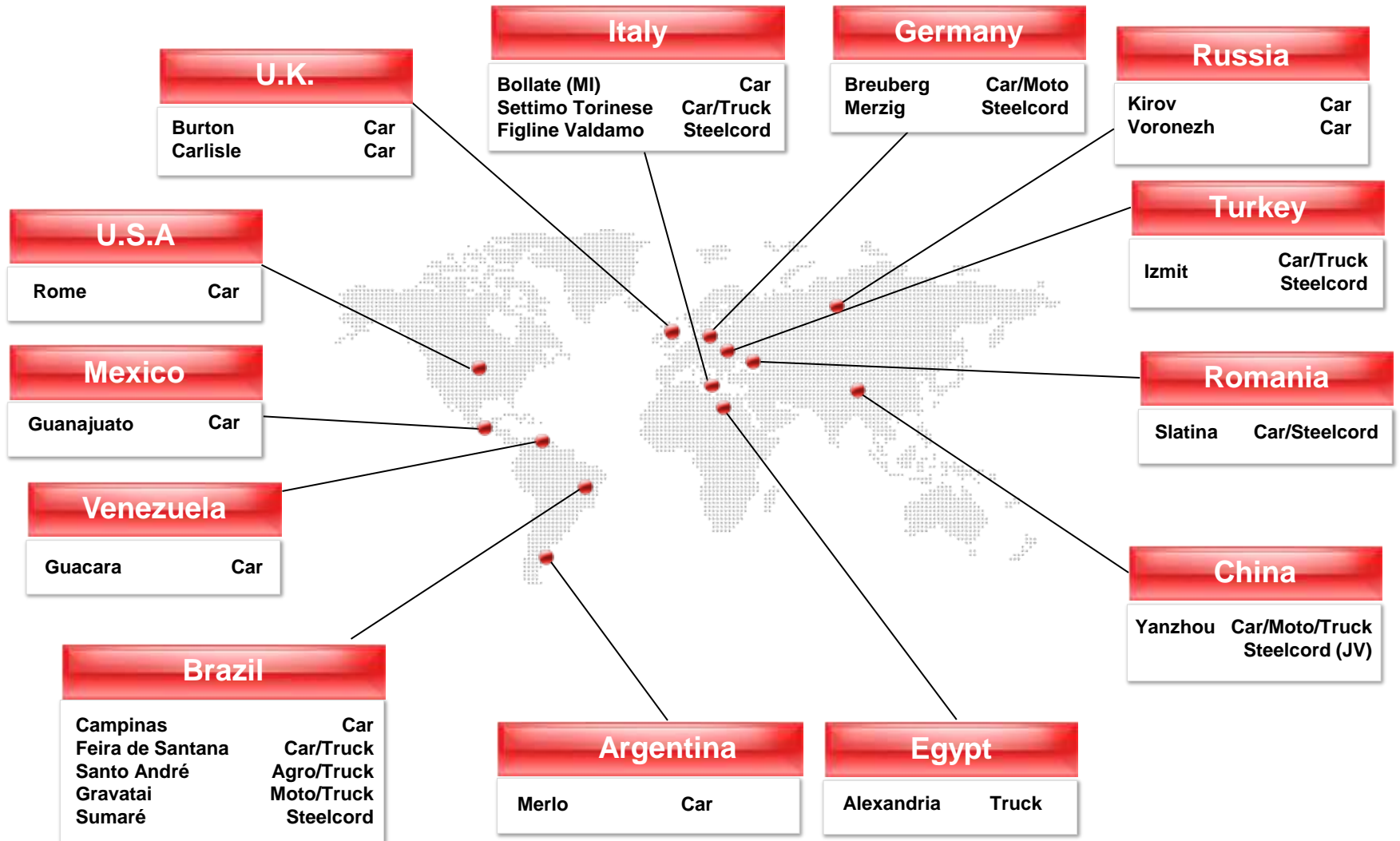
PEOPLE BY CONTRACT



PEOPLE BY CLUSTER

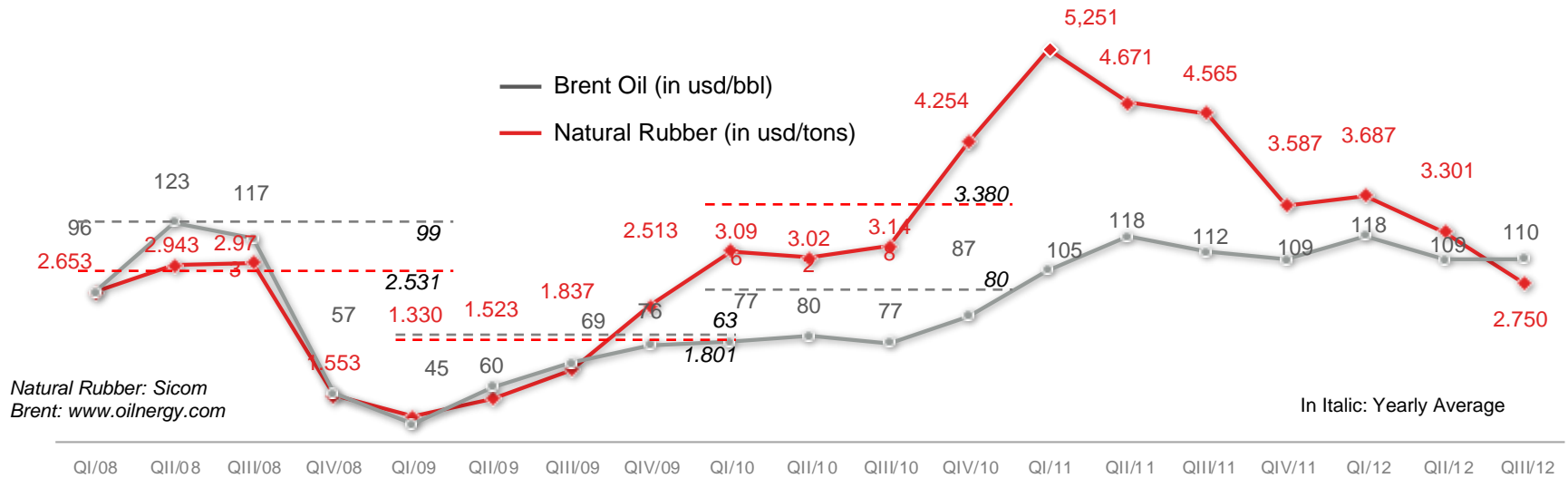


PIRELLI PLANTS IN THE WORLD



RAW MATERIALS

RAW MATERIAL PRICE TREND



9M 2012 MIX (BASED ON PURCHASING COST)

Raw mat. costs on sales: **37%**

