



## **PRESS RELEASE**

### ***THE PIRELLI & C. SPA BOARD APPROVES CONSOLIDATED RESULTS AT 30 SEPTEMBER 2013:***

- **STRONG DEMAND IN EMERGING COUNTRIES OFFSETS WEAKNESS IN EUROPE AND RUSSIA**
- **GROWTH IN VOLUMES IN THIRD QUARTER SUSTAINED MAINLY BY PREMIUM**
- **OPERATING IMPROVEMENT IN THIRD QUARTER COMPARED WITH LAST YEAR AND THE PRIOR QUARTER THANKS TO EFFICIENCIES AND DESPITE EXCHANGE RATE EFFECT**
- **IN THE THIRD QUARTER EBIT MARGIN GROWS TO 13.2% FROM 12.6% A YEAR EARLIER**

### **PIRELLI & C. SPA**

- **REVENUES 4,649.9 MILLION EURO ON 30 SEPT. 2013 (+1.7% COMPARED WITH 4,574.1 MILLION A YEAR EARLIER), AN INCREASE OF 8.3% WITHOUT EXCHANGE RATE EFFECT**
- **PREMIUM REVENUES: 1,675.3 MILLION EURO (+3.9% FROM 1,612.3 MILLION A YEAR EARLIER)**
  - **TOTAL VOLUMES +6.0% IN THE NINE MONTHS**
  - **PREMIUM VOLUMES +11.7% IN THE NINE MONTHS**
  - **INDUSTRIAL VOLUMES +11.8% IN THE NINE MONTHS**
- **EBIT: 581.7 MILLION EURO (-3.2% FROM 600.8 MILLION A YEAR EARLIER)**
  - **EBIT MARGIN AT 12.5% FROM 13.1% A YEAR EARLIER**
- **NET PROFIT 258.1 MILLION EURO (-14.9% FROM 303.3 MILLION A YEAR EARLIER)**
- **NET FINANCIAL POSITION NEGATIVE 1,970.9 MILLION EURO (1,732.6 MILLION EURO ON 30 JUNE 2013) FOLLOWING IMPACT OF PRELIOS OPERATION**

## TYRE ACTIVITIES

- REVENUES 4,625.8 MILLION EURO (+1.8% COMPARED WITH 4,542.9 MILLION A YEAR EARLIER), AN INCREASE OF 8.4% WITHOUT EXCHANGE RATE EFFECT
- EBIT 599.8 MILLION EURO (-3.3% FROM 620.3 MILLION A YEAR EARLIER)
  - EBIT MARGIN 13.0% FROM 13.7% A YEAR EARLIER
  - CONSUMER BUSINESS EBIT MARGIN 12.8% (14.8% A YEAR EARLIER)
  - INDUSTRIAL BUSINESS EBIT MARGIN 13.5% (10.5% A YEAR EARLIER)

## 2013 TARGETS

- TOTAL REVENUES SEEN AT APPROX. 6.2 BILLION (APPROX. 6.3-6.35 BILLION PREVIOUSLY)
  - TOTAL VOLUMES INCREASE BETWEEN 6% AND 6.5% (BETWEEN 5.5% AND 6.5% PREVIOUSLY)
  - CONSOLIDATED EBIT APPROX. 790 MILLION EURO (DUE TO EXCHANGE RATE EFFECTS AND RUSSIA PERFORMANCE COMPARED WITH APPROX. 810 MILLION PREVIOUSLY)
    - INVESTMENT CONFIRMED AT APPROX. 400 MILLION EURO
  - CASH GENERATION BEFORE DIVIDENDS CONFIRMED ABOVE 200 MILLION EURO AND NET FINANCIAL POSITION BELOW 1.2 BILLION EURO, BEFORE PRELIOS IMPACT
- 
- BOARD CO-OPTS GAETANO MICCICHÉ

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*Following the coming into effect from 1 January 2013 of the new principle IAS 19 revised "Benefits to employees", the data relative to 2012 were restated. In the present document, the comments of variation with respect to 30 September 2012 always refer to restated data, unless otherwise indicated.*

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*Milan, 5 November 2013* – The Board of Directors of Pirelli & C. SpA today reviewed and approved the interim financial results as of 30 September 2013.

The first nine months of 2013, as had already emerged in the first six months, reflected the weakness in the European economy which for Pirelli meant a falloff in sales in the area, albeit with signs of recovery in the third quarter compared with the previous quarter. The Russian market also showed signs of slowing due to changes in the economic climate and a fall in vehicle registrations following the end of government

incentives, with a consequent downturn in consumer demand, both for the Original Equipment and Replacement markets.

The healthy trend in emerging markets meanwhile has more than offset the weakness in mature markets, with an 8% increase in revenues compared with a fall in sales in Europe and North America. Performance was particularly positive in South America (+9%) and in Apac (+16%), while the Middle East/Africa area reported results in line with the previous-year period.

Volumes grew in both business segments: +3.9% in Consumer (+6% in Q3) thanks to increased sales in South America and Premium's strong performance in China and Nafta as well as Europe, while Industrial growth was 11.8% (+4.0% in Q3) mainly focused in South America.

Performance for the Premium segment was positive, with 3 times the growth in volumes compared with those of the Consumer segment, and a favourable trend in demand in emerging countries, in particular in the third quarter.

Sales and operating profit in the first nine months of 2013 both felt the impact of exchange rates, which were particularly unfavourable in the third quarter of 2013 largely due to currency devaluations in Latin America, Turkey, Egypt and Japan. Notwithstanding forex effects, EBIT in Q3 came to 201.0 million euro, up 2.8% from the corresponding period of 2012. This figure includes a negative exchange rate impact of 18.8 million euro.

Net cash flow from operations was also positive in the third quarter (as in Q2), for 45.3 million euro compared with a negative 62.1 million euro in the same period of 2012.

## **Pirelli & C. SpA**

**Consolidated revenues** at 30 September 2013 stand at 4,649.9 million euro, up 1.7% from the 4,574.1 million for the same period of the previous year. Excluding a negative impact of 6.6% linked to exchange rates, total revenues grew 8.3%. In the third quarter, in particular, revenues come to 1,518.8 million euro, 2.2% down compared with the 1,552.3 million euro of the previous-year period. Excluding the exchange rate effect, which was a negative 9.9%, revenues for the quarter grew by 7.7%.

**Gross operating margin (Ebitda) before restructuring costs** was 813.4 million euro, substantially in line with the 817.9 million euro in the same period of 2012. In the third quarter specifically, gross operating margin was 279.9 million euro, an increase of 4.6% compared with 267.6 million euro in the same period of 2012.

The **operating result (Ebit)** was 581.7 million euro, a decrease of 3.2% compared with 600.8 million in the corresponding period of 2012. The negative variation of 19.1 million euro is essentially attributable to a forex effect of 37.6 million euro. The positive contribution of volumes (+71.6 million euro), price/mix (+15.7 million euro) and lower raw material costs (+110.4 million euro), together with gross efficiencies, covered the higher production costs, including amortizations.

The result was also impacted by restructuring charges of 15.2 million euro linked to constant measures for the rationalization of facilities (18.2 million non-recurring charges in the first nine months of 2012). The **Ebit margin** – expressed as a percentage of sales – in the first nine months stood at 12.5%, compared with 13.1% the previous year.

In the third quarter Ebit was 201.0 million euro (+2.8% compared with 195.5 million in Q3 2012), with an Ebit margin of 13.2%, an improvement from 12.6% in the same period of 2012.

The **result from shareholdings** at 30 September 2013 was a negative 22.9 million euro (26.4 million for the previous-year period) and principally reflects consolidation using the net asset method linked to RCS Mediagroup, negative for 13.6 million euro and write-downs of 13.1 million euro on the first half balance sheet to the value of the shareholdings in Mediobanca (-10.4 million euro), Fin.Priv. (-1.3 million euro) and Alitalia (- 1.4 million).

The **total consolidated net profit** was 258.1 million euro, a decrease of 14.9% from 303.3 million euro in the same period of 2012. In the third quarter of 2013, net profit was 108.0 million euro, an increase of 27.3% compared with 84.8 million in the third quarter of 2012.

**The consolidated net profit attributable** to Pirelli & C. SpA on 30 September 2013 amounted to 262.1 million euro, compared with 301.3 million euro in the same period of 2012.

**Consolidated net assets** on 30 September 2013 stood at 2,406.4 million euro compared with 2,328.9 million euro on 30 September 2012. **Consolidated net assets attributable to Pirelli & C. SpA** amounted to 2,334.0 million euro, compared with 2,278.6 million euro on 30 September 2012.

The **consolidated net financial position** was negative 1,970.9 million euro compared with 1,732.6 million euro on 30 June 2013 and 1,205.2 on 31 December 2012. The variation compared with 31 December 2012 essentially reflects the usual seasonality of net working capital, concentrated in the first quarter of the year, and dividend payments to shareholders in the second quarter of around 157 million euro. The 30 September figure also includes the conversion of the line of credit to Prelios into shares and equity instruments following conclusion of the debt restructuring process and the capital increase of the real estate company, for an overall impact of around 193 million euro, including the increase of capital carried out through Fenice Srl for around 23 million. Gross debt stood at 2,525.2 million euro (2,455.5 million euro at end of December 2012).

**Net cash flow from operations** in the first nine months of 2013 was a negative 83.2 million euro, a decided improvement on the negative 455.1 million of the corresponding period of 2012, essentially as a result of the usual seasonality of working capital which absorbed cash which was, however, lower than in the same period of 2012. During the period, investments were made totalling 238.3 million euro (1:1 the relationship to amortizations), focused on the development of Premium in particular in Russia, Mexico, Romania and China. In the third quarter the net cash flow from operations was positive 45.3 million euro, compared with negative 62.1 million euro for the same period of 2012.

**Total net cash flow** improved, passing from negative 1,131.7 million euro in the first nine months of 2012 to -765.7 million euro on 30 September 2013. This figure, given the effects of the conclusion of the Prelios S.p.A. reorganization, was a negative 572.8 million euro, of which 156.7 million in payment of the Parent Company dividend.

**Headcount** was 38,133 as of 30 September 2013 compared with 37,338 at end of 2012 and 37,269 at 30 September 2012.

## **Tyre activities**

Sales at 30 September 2013 were 4,625.8 million euro, an increase of 1.8% compared with 4,542.9 million euro in the same period of 2012. Excluding the exchange rate effect (negative 6.6%) revenues registered growth of 8.4%. This trend reflects the growth in volumes (+6.0%), particularly marked in emerging markets (+13%) which represent 56.2% of tyre sales in the first nine months, with an increase of more than 3 percentage points year-on-year.

In the third quarter, revenues were 1,511.8 million euro, down 2.0% compared with 1,542.6 million euro in the same period of 2012. Excluding exchange rate effects - negative 9.9% - revenues increased by 7.9%.

The price/mix component grew by 2.4% in the first nine months of 2013.

Revenues for the **Premium segment** alone on 30 September 2013 came to 1,675.3 million euro, an increase of 3.9% compared with the corresponding period of 2012 thanks to a positive contribution of 8.6% in Q3.

**Operating income (Ebit)** as of 30 September 2013 amounts to 599.8 million euro, down 20.5 million euro (-3.3%) from the 620.3 million of the previous-year period, with a margin of 13.0% (13.7% in the first nine months of 2012). The operating result performance reflects:

- the positive impact of the volume component (71.6 million euro);
- the contribution of price/mix (15.7 million euro);
- gross efficiencies of over 55.5 million euro;
- raw material costs that were 110.4 million euro lower;

Which close to compensated for:

- greater production costs (100.7 million euro) mainly due to labour costs and inflation in emerging countries;
- other operating expenses for 86.9 million euro, of which: 22 million linked to the transformation of the Settimo Torinese truck tyre facility into a new manufacturing plant for Premium Car tyres and the start-up costs of plants in Mexico and Russia; 27 million euro linked to higher commercial costs for development of Premium;
- higher amortizations for 28.4 million euro
- the negative impact of exchange rates for 37.6 million euro;

- In the **Consumer Business (Car/Light Truck and Moto tyres)**, sales amounted to 3,378.6 million euro, an increase of 0.9% compared with the same period of 2012. Excluding the exchange rate effect, which had a negative impact of 5.6%, revenues in the first nine months posted growth of 6.5%.

Overall **volumes** rose by 3.9%, with the third quarter reporting an increase of 6%.

**Premium** continues to drive growth, with an increase in volumes (+11.7% in the first nine months) three times that of the Consumer segment and showing different regional dynamics. Strong growth in emerging markets continues (+36% volumes; +25% revenues), in particular in Asia (+32% revenues) and in South America (+29% revenues), while sales in the Nafta area were substantially stable.

Europe, however, saw a fall in revenues in the period (-2%), due to the area's consumption crisis, partial price adjustments to the current scenario for raw materials and the different mix between sales channels, with greater weight in Original Equipment as an investment for the future development of the Replacement channel. In Q3 alone Premium revenues in Europe grew by 7%.

In third quarter 2013 revenues grew by 0.6% to 1,123.2 million euro. Excluding the exchange rate effect, which had a negative impact of 8.5%, revenues grew by 9.1%. In Q3 2013, **Premium** volumes increased 19.1%, after growth of 12.9% in the second quarter of 2013.

The operating result (Ebit) in the first nine months came to 431.4 million euro, with a margin of 12.8%, compared with 494.7 million euro in the same period of 2012 (14.8% of sales). In the third quarter, Ebit was 151.2 million euro, compared with 154.8 million euro for the corresponding period in 2012.

- In the **Industrial Business (Industrial vehicle tyres and Steelcord)** sales totaled 1,247.2 million euro, an increase of 4.3% compared with the first nine months of 2012 (1,196.0 million euro). Excluding the exchange rate effect, a negative 9.5%, revenues grew by 13.8%. In the third quarter, revenues were 388.6 million euro, a downturn of 8.7% compared with 425.8 million euro in the same period of 2012, but 4.9% higher net of the exchange rate effect which had a negative impact of 13.6%.

The volume component was particularly positive, growing 11.8% in the first nine months of 2013

(-9.6% in the previous-year period) essentially due to the good performance in South America. The price/mix component saw growth of 2.0% in the first nine months and 0.9% in the third quarter.

The operating result (Ebit) reached 168.4 million euro, equal to 13.5% of sales compared with 125.6 million euro posted in September 2012 (10.5% of sales). In the third quarter, Ebit was 55.8 million euro, an increase of 18% on the corresponding period of 2012.

The results for the period benefitted from the growth in business activity in specific markets – especially South America, where Pirelli increased its share, and in the Middle East/Africa area – and the exclusive location of truck production capacity in countries characterized by competitive cost bases.

### **Events subsequent to 30 September 2013**

On **16 October 2013** Carlo Salvatori resigned his position as company director, due to a recent overlapping of professional commitments.

On **21 October 2013** the Board of Directors of Pirelli & C. S.p.A. co-opted Claudio Sposito and Paolo Fiorentino following the resignation of Directors Vittorio Malacalza and Giulia Maria Ligresti announced on 10 May 2013 and 24 July 2013, respectively.

On **21 October 2013** the leadership of the Pirelli & C. S.p.A. Shareholder Block Agreement voted to appoint lawyer Alessandro Pedersoli to open consultations between all adherents to the pact in view of its upcoming expiry (15 April 2014), and to evaluate a possible early winding up of the agreement. At the end of the consultations promoted by the leaders of the Pirelli & C. S.p.A. Shareholder Block Agreement, the participants (Assicurazioni Generali S.p.A., Camfin S.p.A., Edizione S.r.l., Fondiaria-SAI S.p.A., Intesa Sanpaolo S.p.A., Mediobanca S.p.A., Massimo Moratti and Sinpar S.p.A) decided to wind up the agreement in advance of the 15 April 2014 expiry date. From **31 October 2013**, therefore, all adherents to the pact are definitively and irrevocably freed from all commitments and obligations deriving from the pact.

On **31 October 2013** the RCS Mediagroup Shareholder Lock-up and Consultation Agreement to which Pirelli belonged, was wound up in advance and has ceased to have any binding effect. As a consequence, from the date of conclusion of the Pact, each participant is entirely free to take any decision regarding the exercise of its rights regarding its shareholdings, expressly including the faculty to dispose of its shares in complete freedom, unconstrained by any pre-emptive offer from other members. From the date of winding up of the pact, Pirelli's stake in RCS Mediagroup will therefore be reclassified in the financial statements among assets available-for-sale.

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### **2013 Outlook**

High exchange rate volatility, seen in particular in the third quarter, and the changed scenario in the tyre market in Russia, have led Pirelli to partially review the guidance given last August.

In particular:

- Consolidated sales expected to be around 6.2 billion euro (about 6.3-6.35 billion euro previously) as a consequence of the following variables:
  - total volumes increasing by between 6% and 6.5% (5.5%-6.5% the previous target), driven by the Premium segment where volumes continue to show healthy growth above 13% in 2013.
  - the price/mix is seen growing by between 3% and 3.5% (3.5%-4% the previous target)

- exchange rates are expected to diminish by about 7% (around 6% previously) with a negative impact on Ebit of 70 million euro (previous indication 60 million).
- Consolidated Ebit at around 790 million euro (due to exchange rate effects and Russia performance compared with around 810 million euro the previous target). The variation is explained mainly by the aforementioned exchange rates dynamic, by results in Russia - affected by the steep slowdown of the tyre market in a weakening macroeconomic context - and by trends in the non-tyre businesses.
- Lower raw materials costs (impact on Ebit from 125 to 135 million euro), offset in part by the decline in Ebit.
- Investments confirmed at about 400 million euro.
- Cash generation, before dividends, confirmed at above 200 million euro and net financial position confirmed negative at below 1.4 billion euro, after the reclassification of Prelios's credit (1.2 billion euro before the Prelios impact).

Revenues for the Consumer segment are expected to come in at around 4.5 billion euro (4.6 billion the previous guidance) which reflects:

- growth in volumes between 5% and 5.5% (4.5%-5.5% previously), with an increase of Premium confirmed at above 13%;
  - price/mix between 3% and 3.5% (3.5%-4.5% previously);
  - exchange rates effect about -6% (below -5% previously).
- Ebit margin confirmed at >13%.

For the Industrial segment we foresee revenues at <1.7 billion euro (~1.7 billion the previous indication) deriving from:

- volumes up by 9%-9.5% (previously +9%);
  - price/mix +2.5%/+3% (+3%/+4% previously)
  - exchange rates effect about -9% (from -8% previously)
- Ebit margin confirmed at >13%.

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## **STEELCORD**

The Board of Directors of Pirelli & C. confirmed the Chairman's mandate to examine in depth, in view of final decisions, a possible partnership for the Steelcord business unit. The decision, shared by the Strategies Committee, reflects the management's ascertainment to verify eventual opportunities to enhance the business value in the context of partnerships which will guarantee a significant international presence and suitable standards of competitiveness.

## **NEW BOARD MEMBER CO-OPTED**

The Board of Directors proceeded to co-opt Gaetano Micciché following the resignation of board member Carlo Salvatori, announced on 16 October, 2013. His curriculum will be available at [www.pirelli.com](http://www.pirelli.com)

The Board of Directors also nominated Gaetano Micciché and Paolo Fiorentino as members of the Strategies Committee. Their curricula will be available at [www.pirelli.com](http://www.pirelli.com).

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Pirelli, enacting a specific CONSOB recommendation, three years having passed since its adoption, reviewed the Procedure on Related Party Transactions approved on 3 November 2010.

The Board of Directors, having heard the opinion of the Committee for Related Party Transactions, decided that the RPT Procedure is substantially valid and effective, only introducing the definition of “transaction” and removing the provisional Article 22.2 which is no longer effective.

The Procedure will be published on the company website [www.pirelli.com](http://www.pirelli.com)

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### **Calendar of company events 2014**

Below is a calendar of board and shareholder meetings for 2014:

**11 March 2014:** Board of Directors’ meeting to examine the annual financial statements and consolidated statements at 31 December 2013;

**7 May 2014:** Board of Directors’ meeting to examine the interim financial statements at 31 March 2014;

**9 May 2014:** Shareholders’ Meeting to approve the 2013 financial statements (single convocation);

**5 August 2014:** Board of Directors’ meeting to examine the first half financial statements at 30 June 2014;

**6 November 2014:** Board of Directors’ meeting to examine the interim financial statements at 30 September 2014.

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The slides of the presentation for the interim results to 30 September 2013, are available at [www.pirelli.com](http://www.pirelli.com).

The interim financial results as of 30 September 2013 will be made available to the public at the company’s legal headquarters and at Borsa Italiana SpA, as well as being published on the company’s website ([www.pirelli.com](http://www.pirelli.com)), by 8 November 2013.

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*The manager responsible for preparing the accounts of Pirelli & C. SpA, Francesco Tanzi, declares under comma 2 of Article 154-(ii) of the Testo Unico finance law that the information presented in this press release corresponds to the results documented in the company accounts and balance sheets.*

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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. S.p.A.**

(in millions of euro)

	3° Q 2013	3° Q 2012 restated	09/30/2013	09/30/2012 restated	09/30/2012 reported	12/31/2012 restated	12/31/2012 reported
<b>Net sales</b>	<b>1.518,8</b>	<b>1.552,3</b>	<b>4.649,9</b>	<b>4.574,1</b>	<b>4.574,1</b>	<b>6.071,5</b>	<b>6.071,5</b>
Gross operating profit before restructuring expenses	279,9	267,6	813,4	817,9	809,9	1.102,9	1.091,2
% of net sales	18,4%	17,2%	17,5%	17,9%	17,7%	18,2%	18,0%
Operating income before restructuring expenses	208,8	199,2	596,9	619,0	611,0	831,6	819,9
% of net sales	13,7%	12,8%	12,8%	13,5%	13,4%	13,7%	13,5%
Restructuring expenses	(7,8)	(3,7)	(15,2)	(18,2)	(18,2)	(39,1)	(39,1)
<b>Operating income</b>	<b>201,0</b>	<b>195,4</b>	<b>581,7</b>	<b>600,8</b>	<b>592,8</b>	<b>792,5</b>	<b>780,8</b>
% of net sales	13,2%	12,6%	12,5%	13,1%	13,0%	13,1%	12,9%
Net income (loss) from equity investments	1,4	(23,7)	(22,9)	(26,4)	(26,4)	(52,2)	(52,2)
Financial income/(expenses)	(43,9)	(45,5)	(148,6)	(103,3)	(88,3)	(150,5)	(129,5)
<b>Pre-tax income (loss)</b>	<b>158,5</b>	<b>126,3</b>	<b>410,2</b>	<b>471,1</b>	<b>478,1</b>	<b>589,8</b>	<b>599,1</b>
Income tax	(50,5)	(41,5)	(152,1)	(167,8)	(169,8)	(198,3)	(200,9)
Tax rate %	31,8%	32,8%	37,1%	35,6%	35,5%	33,6%	33,5%
<b>Total net income (loss)</b>	<b>108,0</b>	<b>84,8</b>	<b>258,1</b>	<b>303,3</b>	<b>308,3</b>	<b>391,5</b>	<b>398,2</b>
Net income attributable to owners of Pirelli & C. S.p.A.			262,1	301,3	306,3	387,1	393,8
Total net earnings per share attributable to owners of Pirelli & C. S.p.A. (in euro)			0,537	0,617	0,628	0,793	0,807
<b>Non-current assets</b>			<b>4.002,5</b>	<b>3.814,2</b>	<b>3.814,2</b>	<b>3.877,2</b>	<b>3.877,2</b>
Inventories			1.052,9	1.153,7	1.153,7	1.102,6	1.102,6
Trade receivables			1.057,3	1.115,5	1.115,5	704,6	704,6
Trade payables			(1.005,8)	(1.054,9)	(1.054,9)	(1.268,7)	(1.268,7)
<b>Operating Net working capital</b>			<b>1.104,4</b>	<b>1.214,3</b>	<b>1.214,3</b>	<b>538,5</b>	<b>538,5</b>
% of net sales (*)			17,8%	19,9%	19,9%	8,9%	8,9%
Other receivables/other payables			13,6	(42,9)	(42,9)	11,0	11,0
<b>Total net working capital</b>			<b>1.118,0</b>	<b>1.171,4</b>	<b>1.171,4</b>	<b>549,5</b>	<b>549,5</b>
% of net sales (*)			18,0%	19,2%	19,2%	9,1%	9,1%
<b>Net invested capital</b>			<b>5.120,5</b>	<b>4.985,6</b>	<b>4.985,6</b>	<b>4.426,7</b>	<b>4.426,7</b>
<b>Equity</b>			<b>2.406,4</b>	<b>2.328,9</b>	<b>2.328,9</b>	<b>2.389,4</b>	<b>2.389,4</b>
Provisions			743,2	787,9	787,9	832,1	832,1
<b>Net financial (liquidity)/debt position</b>			<b>1.970,9</b>	<b>1.868,8</b>	<b>1.868,8</b>	<b>1.205,2</b>	<b>1.205,2</b>
Equity attributable to the owners of Pirelli & C. S.p.A.			2.334,0	2.278,6	2.278,6	2.337,4	2.337,4
Equity per share attributable to the owners of Pirelli & C. S.p.A. (in euro)			4,783	4,669	4,669	4,790	4,790
<b>Total Tyre - net sales</b>	<b>1.511,8</b>	<b>1.542,6</b>	<b>4.625,8</b>	<b>4.542,9</b>	<b>4.542,9</b>	<b>6.031,3</b>	<b>6.031,3</b>
% of net sales total	99,5%	99,4%	99,5%	99,3%	99,3%	99,3%	99,3%
<b>Total Tyre - operating income</b>	<b>207,0</b>	<b>202,0</b>	<b>599,8</b>	<b>620,3</b>	<b>612,3</b>	<b>820,8</b>	<b>809,1</b>
% on total tyre - net sales	13,7%	13,1%	13,0%	13,7%	13,5%	13,6%	13,4%
<b>Total Tyre - net sales Consumer</b>	<b>1.123,2</b>	<b>1.116,8</b>	<b>3.378,6</b>	<b>3.346,9</b>	<b>3.346,9</b>	<b>4.419,8</b>	<b>4.419,8</b>
% on total tyre - net sales	74,3%	72,4%	73,0%	73,7%	73,7%	73,3%	73,3%
<b>Total Tyre - net sales Industrial</b>	<b>388,6</b>	<b>425,8</b>	<b>1.247,2</b>	<b>1.196,0</b>	<b>1.196,0</b>	<b>1.611,5</b>	<b>1.611,5</b>
% on total tyre - net sales	25,7%	27,6%	27,0%	26,3%	26,3%	26,7%	26,7%
<b>Total Tyre - net sales Premium</b>	<b>570,6</b>	<b>525,5</b>	<b>1.675,3</b>	<b>1.612,4</b>	<b>1.612,4</b>	<b>2.075,9</b>	<b>2.075,9</b>
% on net sales Consumer	50,8%	47,1%	49,6%	48,2%	48,2%	47,0%	47,0%
<b>Capital expenditure</b>			<b>238,3</b>	<b>327,4</b>	<b>327,4</b>	<b>470,9</b>	<b>470,9</b>
Research and development expenses			145,1	132,2	132,2	178,9	178,9
% of net sales			3,1%	2,9%	2,9%	2,9%	2,9%
Research and development expenses - Premium			117,9	103,5	103,5	141,9	141,9
% on sales Premium			7,0%	6,4%	6,4%	6,8%	6,8%
Headcount (number at end of period)			38.133	37.269	37.269	37.338	37.338
Industrial sites (number)			23	23	23	23	23

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

## Data by business sector

(in millions of euro)

	Total Tyre		Other business		Total	
	09/30/2013	09/30/2012 restated	09/30/2013	09/30/2012 restated	09/30/2013	09/30/2012 restated
<b>Net sales</b>	<b>4.625,8</b>	<b>4.542,9</b>	<b>24,1</b>	<b>31,2</b>	<b>4.649,9</b>	<b>4.574,1</b>
Gross operating profit before restructuring expenses	827,5	833,7	(14,1)	(15,8)	813,4	817,9
Operating income before restructuring expenses	614,0	638,5	(17,1)	(19,5)	596,9	619,0
Restructuring expenses	(14,2)	(18,2)	(1,0)	-	(15,2)	(18,2)
<b>Operating income</b>	<b>599,8</b>	<b>620,3</b>	<b>(18,1)</b>	<b>(19,5)</b>	<b>581,7</b>	<b>600,8</b>
<i>% of net sales</i>	<i>13,0%</i>	<i>13,7%</i>			<i>12,5%</i>	<i>13,1%</i>
Net income (loss) from equity investments					(22,9)	(26,4)
Financial income/(expenses)					(148,6)	(103,3)
<b>Pre-tax income (loss)</b>					<b>410,2</b>	<b>471,1</b>
Income tax					(152,1)	(167,8)
Tax rate %					<i>37,1%</i>	<i>35,6%</i>
<b>Total net income (loss)</b>					<b>258,1</b>	<b>303,3</b>
<b>Net financial (liquidity)/debt position</b>					<b>1.970,9</b>	<b>1.868,8</b>

## Cashflow statement

(in millions of euro)

	1° Q		2° Q		3° Q		at 09/30	
	2013	2012	2013	2012	2013	2012	2013	2012
Operating income (EBIT) before restructuring expenses	183,0	214,7	205,1	205,1	208,8	195,8	596,9	615,7
Amortisation and depreciation	72,3	64,4	73,1	66,1	71,1	68,4	216,5	198,9
Capital expenditures of property, plant and equipment and intangible assets	(79,7)	(80,1)	(84,3)	(114,8)	(74,3)	(132,5)	(238,3)	(327,4)
Change in working capital/other	(492,4)	(511,1)	(5,6)	(237,3)	(160,3)	(199,0)	(658,3)	(947,4)
<b>Operating cash flow</b>	<b>(316,8)</b>	<b>(312,1)</b>	<b>188,3</b>	<b>(80,9)</b>	<b>45,3</b>	<b>(67,3)</b>	<b>(83,2)</b>	<b>(460,2)</b>
Ordinary financial income/(expenses)	(58,6)	(24,3)	(46,1)	(33,5)	(43,9)	(39,5)	(148,6)	(97,3)
Ordinary tax charges	(42,5)	(65,3)	(59,1)	(61,0)	(50,5)	(42,3)	(152,0)	(168,6)
<b>Net operating cash flow</b>	<b>(417,9)</b>	<b>(401,7)</b>	<b>83,1</b>	<b>(175,4)</b>	<b>(49,1)</b>	<b>(149,1)</b>	<b>(383,9)</b>	<b>(726,2)</b>
Financial investments/disinvestments	-	3,2	-	-	(31,6)	2,3	(31,6)	5,5
Real estate disposals	-	-	-	-	26,5	-	26,5	-
Russia Investment	-	(154,5)	-	-	-	(16,4)	-	(170,9)
Retail investments	-	-	-	(106,2)	(4,1)	-	(4,1)	(106,2)
Other dividends paid	-	(2,2)	(3,1)	(0,7)	-	-	(3,1)	(2,9)
Cash Out for restructuring operations	(7,5)	(4,2)	(5,2)	(3,3)	(4,2)	(3,6)	(16,9)	(11,1)
Foreign exchange differences/other	(49,6)	(8,5)	29,5	20,2	17,1	0,7	(3,0)	12,4
<b>Net cash flow before dividend paid/Prelios</b>	<b>(475,0)</b>	<b>(567,9)</b>	<b>104,3</b>	<b>(265,4)</b>	<b>(45,4)</b>	<b>(166,1)</b>	<b>(416,1)</b>	<b>(999,4)</b>
Dividend paid by Parent	-	-	(156,7)	(132,3)	-	-	(156,7)	(132,3)
Prelios : receivable conversion/share capital	-	-	-	-	(192,9)	-	(192,9)	-
<b>Net cash flow</b>	<b>(475,0)</b>	<b>(567,9)</b>	<b>(52,4)</b>	<b>(397,7)</b>	<b>(238,3)</b>	<b>(166,1)</b>	<b>(765,7)</b>	<b>(1.131,7)</b>