



PIRELLI H1 2013 RESULTS

AUGUST 5, 2013

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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

H1 2013 RESULTS

TYRE BUSINESS H1 2013 OVERVIEW

2013 OUTLOOK & TARGETS

APPENDIX

KEY MESSAGES

- ▶ **The Tyre Industry confirms its “value strategy”.**
Profitability and FCF remain its top priorities.
- ▶ **In this context, Pirelli is the best performer in volume growth and price/mix,** given its exposure to Premium segment and Emerging Markets.
- ▶ Faced with a downturn of the economic cycle, **Pirelli is ahead with its investment timeline in areas critical for the future.** In 2008 and 2009, Pirelli launched an intensive plan for a competitive plant footprint. In 2013, Pirelli is accelerating its commercial and marketing plan to support future Premium growth.
- ▶ **Record performance of the Truck Business,** driven by production footprint, product mix, leadership in buoyant end-markets.
- ▶ **Confident of reaching FY13 FCF target,** ready to write the second Chapter of its Premium Tyre corporate story.

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PIRELLI KEY FINANCIAL RESULTS

	1H13			1H12*			Δ YoY			2Q13			2Q12*			Δ YoY			2Q Highlights		
€/mln																					
Revenues	3,131.1	3,021.8	+3.6%	1,594.8	1,465.3	+8.8%															
<i>Organic growth**</i>			+8.6%			+13.8%														▶ On going volume momentum in Emerging Markets and Premium rebound in Europe - sustaining mix improvement - delivered +14% organic growth	
EBITDA before Restr. Costs	533.5	550.3	-3.1%	278.2	271.2	+2.6%															
<i>Margin</i>	17.0%	18.2%		17.4%	18.5%																
EBIT before Restr. Costs	388.1	419.8	-7.6%	205.1	205.1	+0.0%															
<i>Margin</i>	12.4%	13.9%	-1.5 pp	12.9%	14.0%	-1.1 pp														▶ Solid profitability growth , also providing a stronger base for future growth with increased marketing and commercial investments	
Restructuring Costs	(7.4)	(14.5)		(4.2)	(12.5)																
EBIT	380.7	405.3	-6.1%	200.9	192.6	+4.3%															
<i>Margin</i>	12.2%	13.4%	-1.2 pp	12.6%	13.1%	-0.5 pp															
PBT	251.7	344.8		137.1	155.9																
<i>Tax Rate</i>	40.4%	36.6%		43.1%	39.1%															▶ Higher financial charges yoy, but cost of debt on track to meet full year guidance	
Net Income	150.1	218.5		78.0	94.9																
Attributable Net Income	151.4	216.3		78.5	95.0																
Investments***	164.0	194.9		84.3	114.8																
Net Debt	1,732.6	1,702.7	+527 €/mln vs FY 2012																	▶ Positive cash flow (107€/mln) before dividend payment worth ~160 million euro	

(*) IAS 19 Restated

(**) Excluding exchange rate effects

(***) Tangible and intangible investments

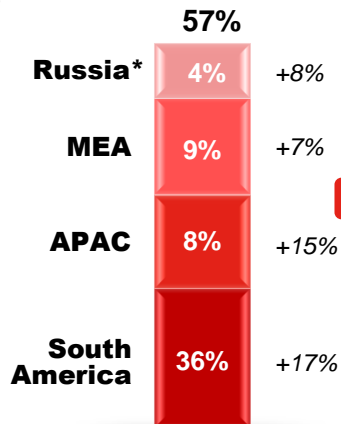
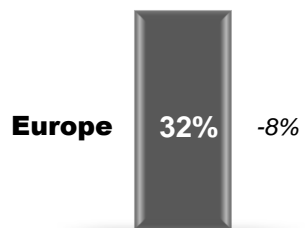
H1 2013 RESULTS



H1 2013 PERFORMANCE BY REGION

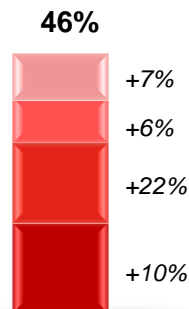
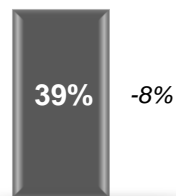
Tyre Sales

€/mln **3,114.0** +3.8% yoy



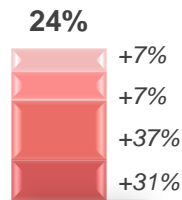
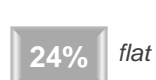
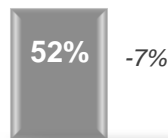
Consumer Sales

2,255.4 +1.1% yoy



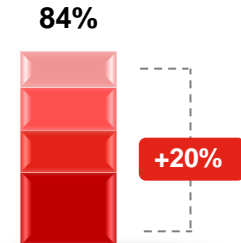
o/w Premium

1,104.7 +1.6% yoy



Industrial Sales

858.6 +11.5% yoy



Tyre Ebit Margin

12.6% (-1.3 pp)

Europe **High single-digit**
(decreasing yoy)

NAFTA **Mid-teen**
(stable yoy)

Russia* **Break-even**
(stable yoy)

MEA **High-teen**
(stable yoy)

APAC **Mid-teen**
(improving yoy)

South America **Mid-teen**
(stable yoy)

*Import sales included

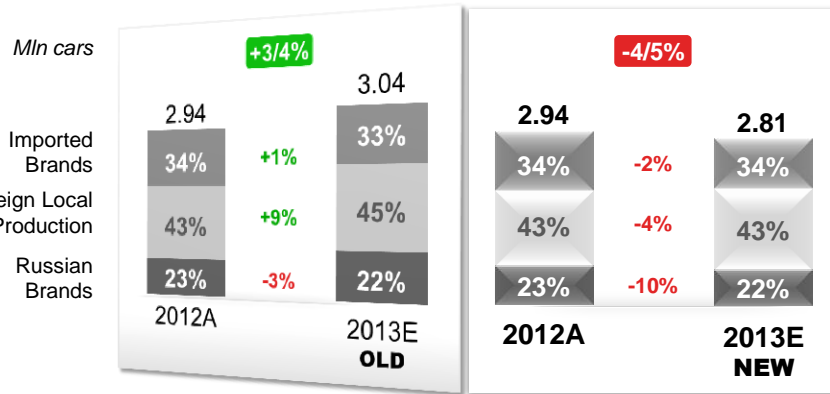
H1 2013 RESULTS



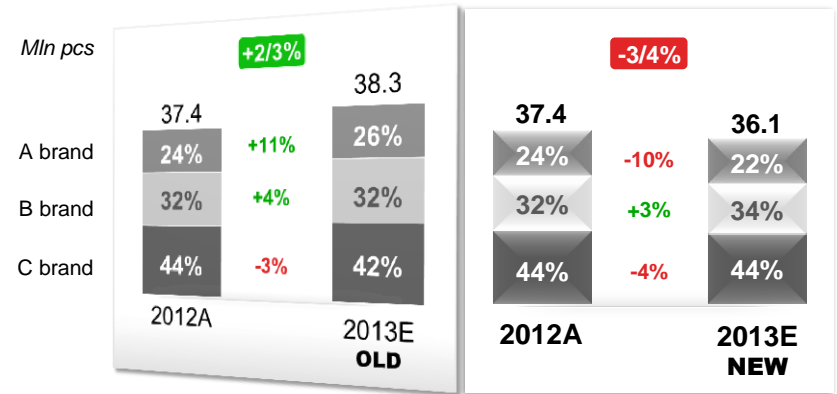
RUSSIAN JV

MARKET UPDATE

New car registrations



Tyre replacement market



PIRELLI POSITIONING

Achievements 1H 2013

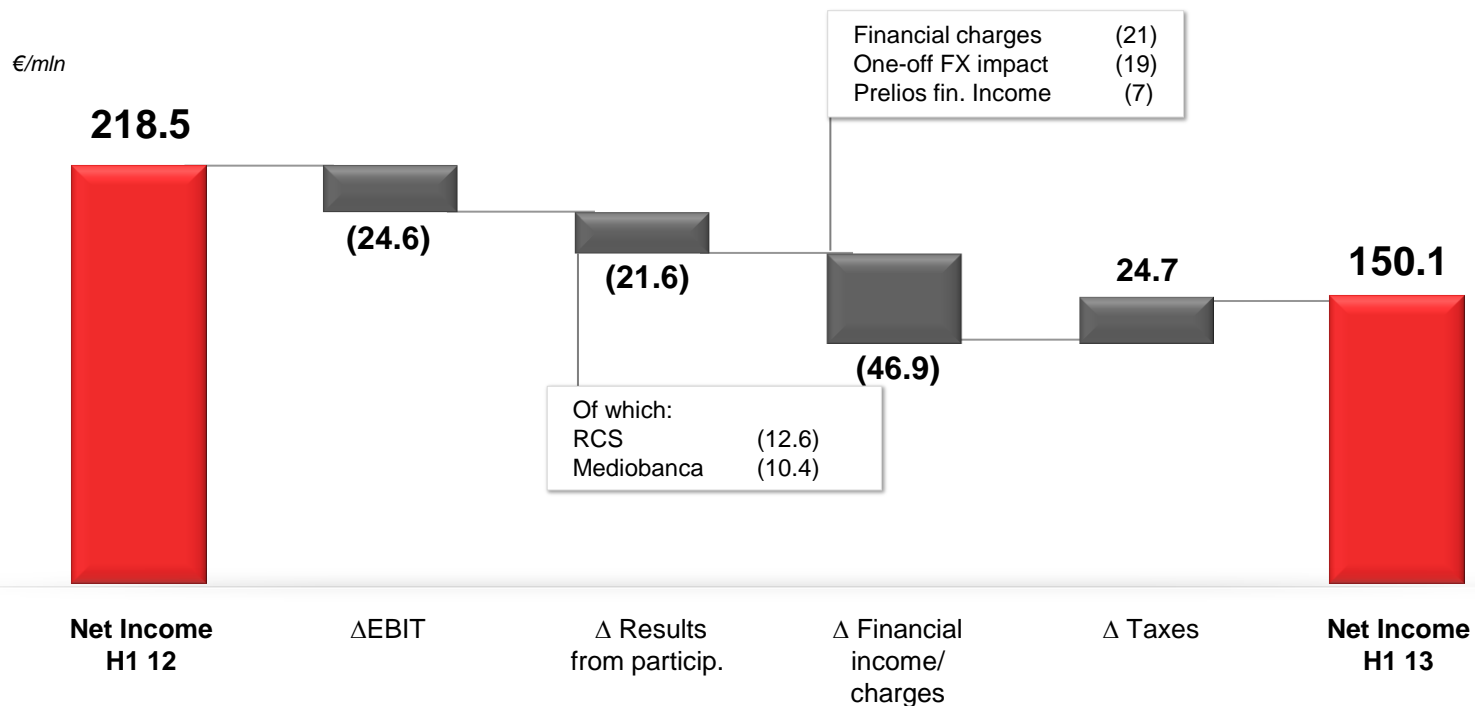
Branded shops	<input checked="" type="checkbox"/>	In line with target (>600 Premium stores)
Shelf presence	<input checked="" type="checkbox"/>	Continuous improvement (>50% yoy)
Brand consideration	<input checked="" type="checkbox"/>	From 5th to 4th (Among Premium car owners)
Industrializations	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	Above plan (59 out of 100 completed, plan increased to >110)

Headwinds

- ▶ Russian economy slowdown, with 2013 GDP forecast revised from +3.4% to +2.5%
- ▶ Overstocked market, both for summer and winter
- ▶ Factories saturation below optimal level
- ▶ Push on second brand sales with profitability dilution

Long-term value strategy is our must
Short-term target revision

PIRELLI NET INCOME H1 2013 VS H1 2012



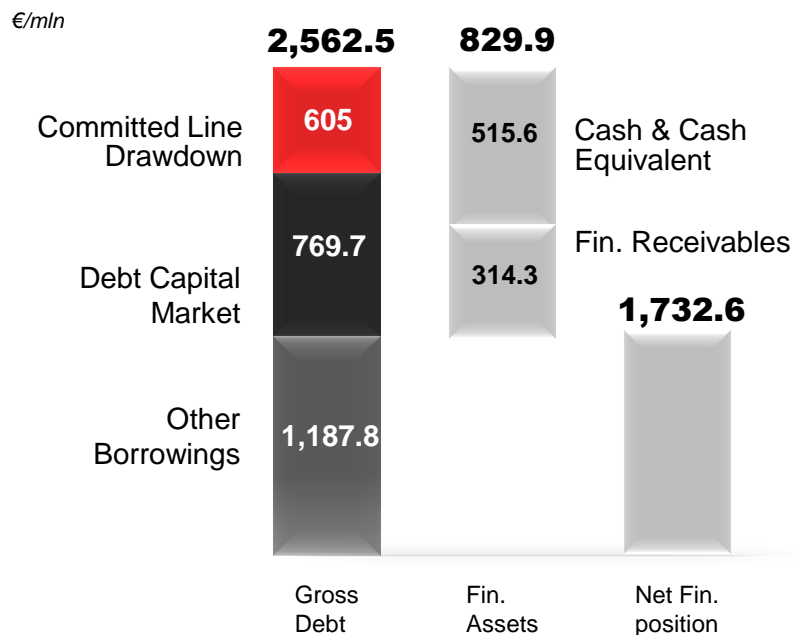
* Before deferred tax assets (positive impact)

H1 2013 RESULTS



PIRELLI DEBT STRUCTURE AS OF JUNE 30, 2013

Net Financial Position

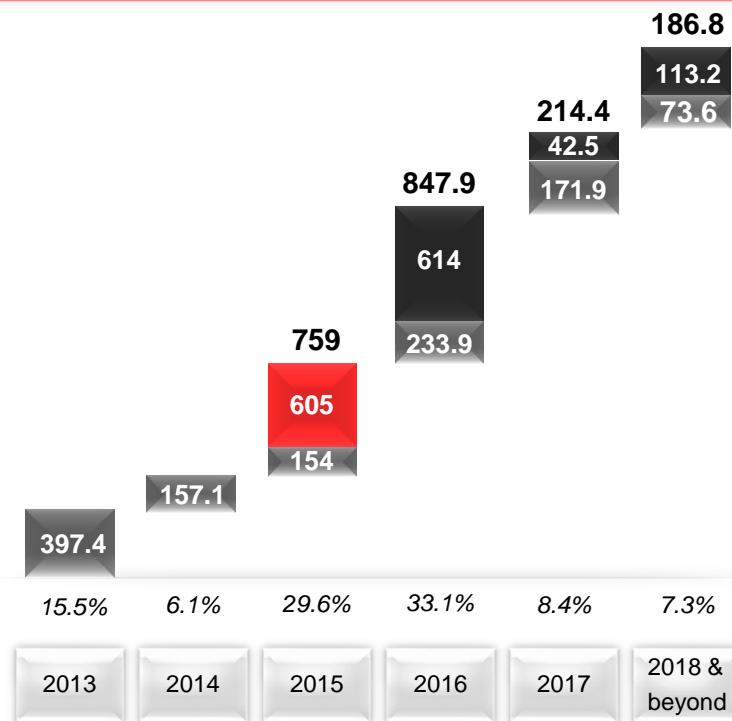


LIQUIDITY PROFILE

€/mln

Liquidity position	515.6
Total committed lines not drawn due 2015	595.0
Liquidity Margin	1,110.6

Gross Debt Maturity

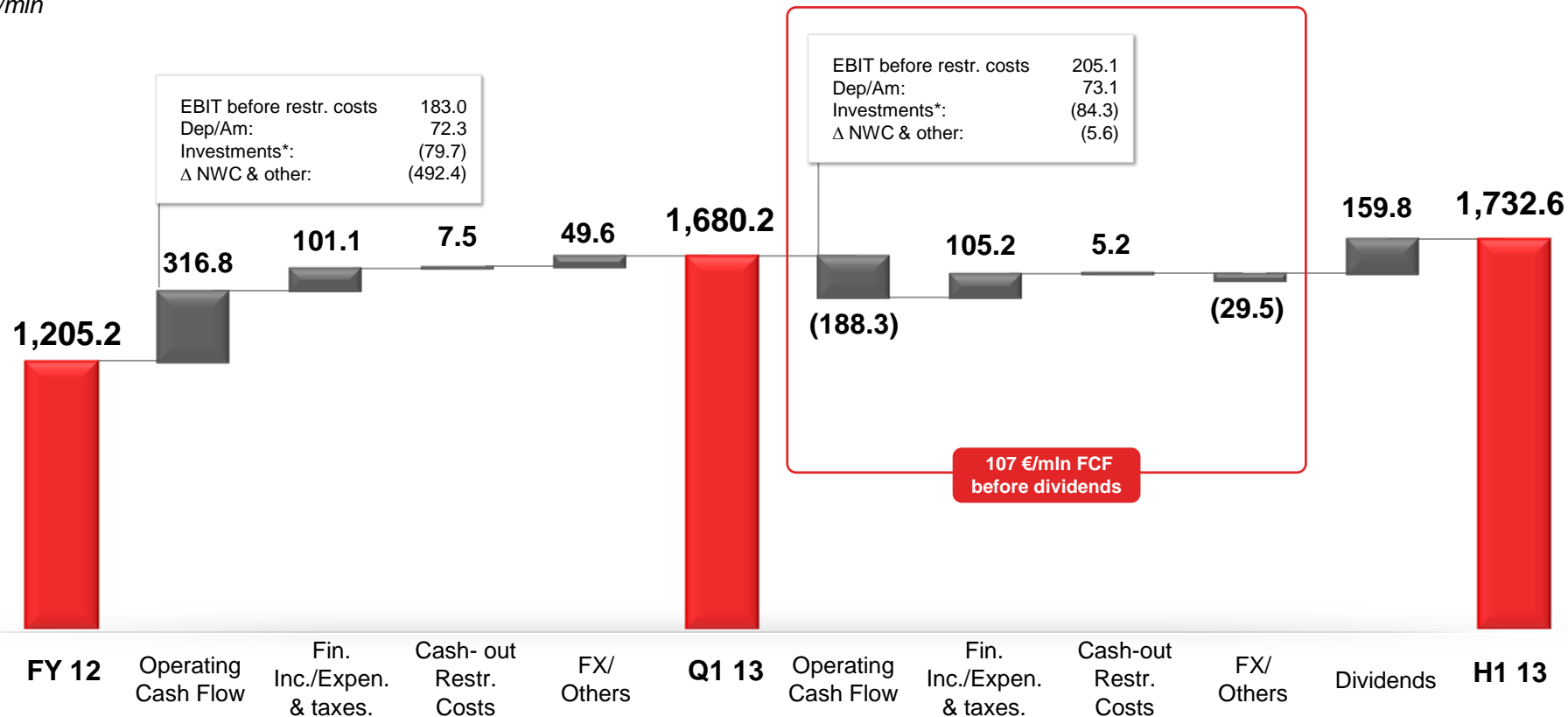


DEBT PROFILE

- ▶ > 75% of the debt maturity beyond 2014
- ▶ Cost of debt ~ 6.4%
- ▶ Gross debt profile ~76% Fixed and ~24% Floating
- ▶ Average debt maturity: ~ 2.7 years

PIRELLI 1H 2013 NET FINANCIAL POSITION

€/mln



Strong cash flow generation: +107 € mln in 2Q before dividends (vs. -265.4 € mln in 2Q '12), in line with our 2013 FY target of >200 € mln

(*)Tangible and intangible investments



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KEY MESSAGES

H1 2013 RESULTS

TYRE BUSINESS H1 2013 OVERVIEW

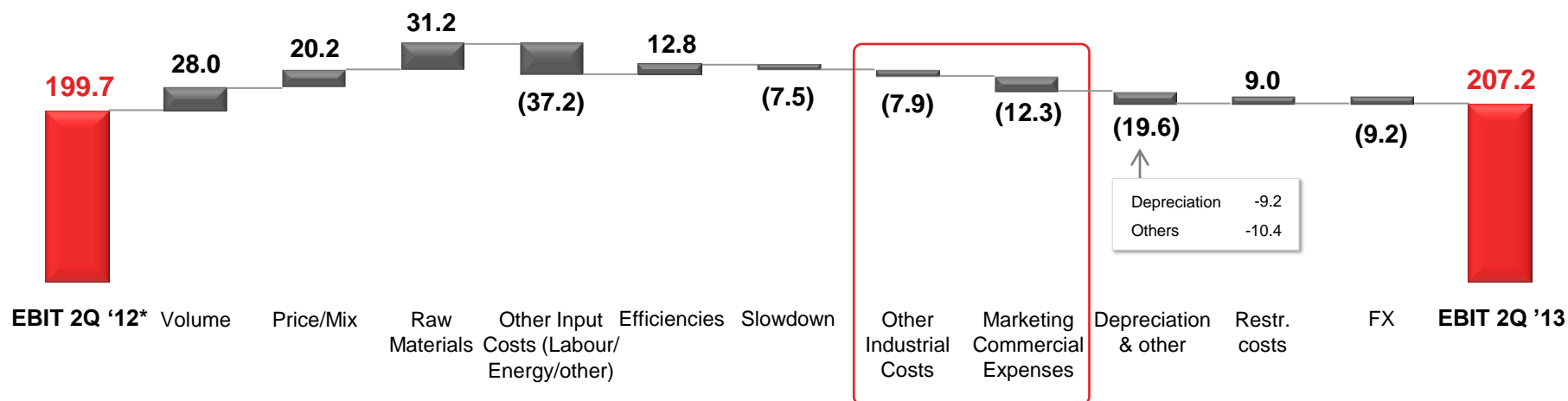
2013 OUTLOOK & TARGETS

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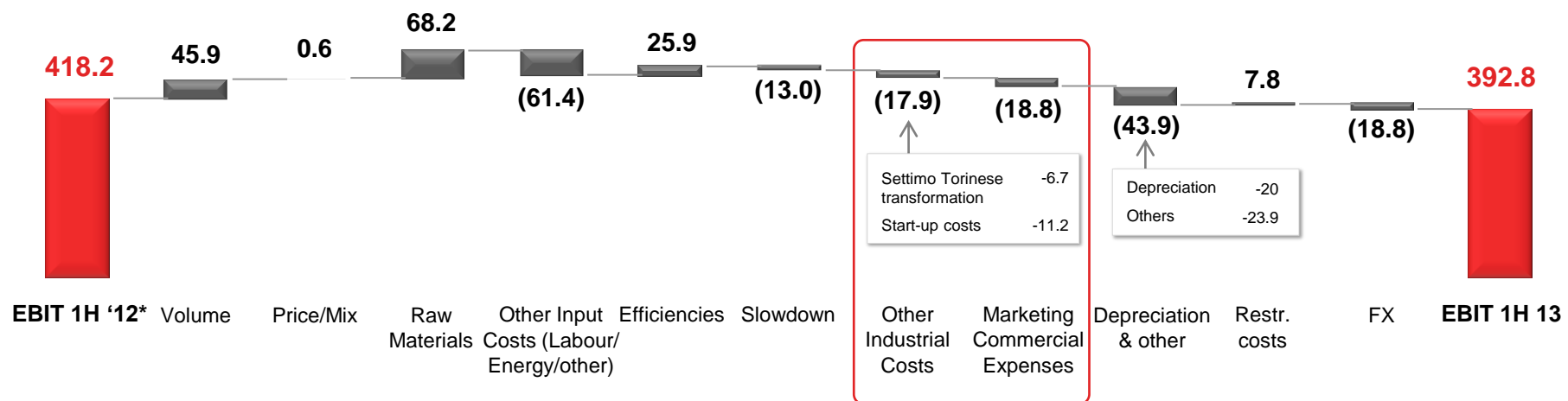
KEY TYRE RESULTS

€/mln	1Q'13	YoY%	2Q'13	YoY%	1H'13	YoY%	Q2 Highlights
Revenues	1,526.7	-1.0%	1,587.3	+8.9%	3,114.0	+3.8%	▶ Distinctive geographic exposure (Emerging Markets 57% of sales) allowed the capture of volume growth across businesses
EBITDA (before restruct. costs)	260.1	-8.3%	282.7	+2.0%	542.8	-3.2%	
<i>margin</i>	17.0%	-1.4p.p.	17.8%	-1.2p.p.	17.4%	-1.3p.p.	
EBIT (before restruct. costs)	188.8	-14.4%	210.6	-0.8%	399.4	-7.7%	▶ Premium volumes picking up steam in line with yearly target, underpinning mix improvement
<i>margin</i>	12.4%	-1.9p.p.	13.3%	-1.3p.p.	12.8%	-1.6p.p.	
Restructuring Costs	(3.2)		(3.4)		(6.6)		▶ Strong profitability improvement quarter on quarter thanks to Premium growth in Europe and record profitability on Truck business
EBIT	185.6	-15.1%	207.2	+3.8%	392.8	-6.1%	
<i>margin</i>	12.2%	-2.0 p.p.	13.1%	-0.6 p.p.	12.6%	-1.3 p.p.	
Revenue drivers	1Q'13		2Q'13		1H'13		
Δ Price/Mix		0%		+5.1%		+2.5%	
Δ Volume		+3.9%		+8.8%		+6.3%	
o/w Premium		+4.0%		+12.9%		+8.3%	
Δ Rev. (before exchange rate impact)		+3.9%		+13.9%		+8.8%	
Δ Exchange Rate		-4.9%		-5.0%		-5.0%	

PIRELLI TYRE OPERATING PERFORMANCE



Investment for future growth



Investment for future growth

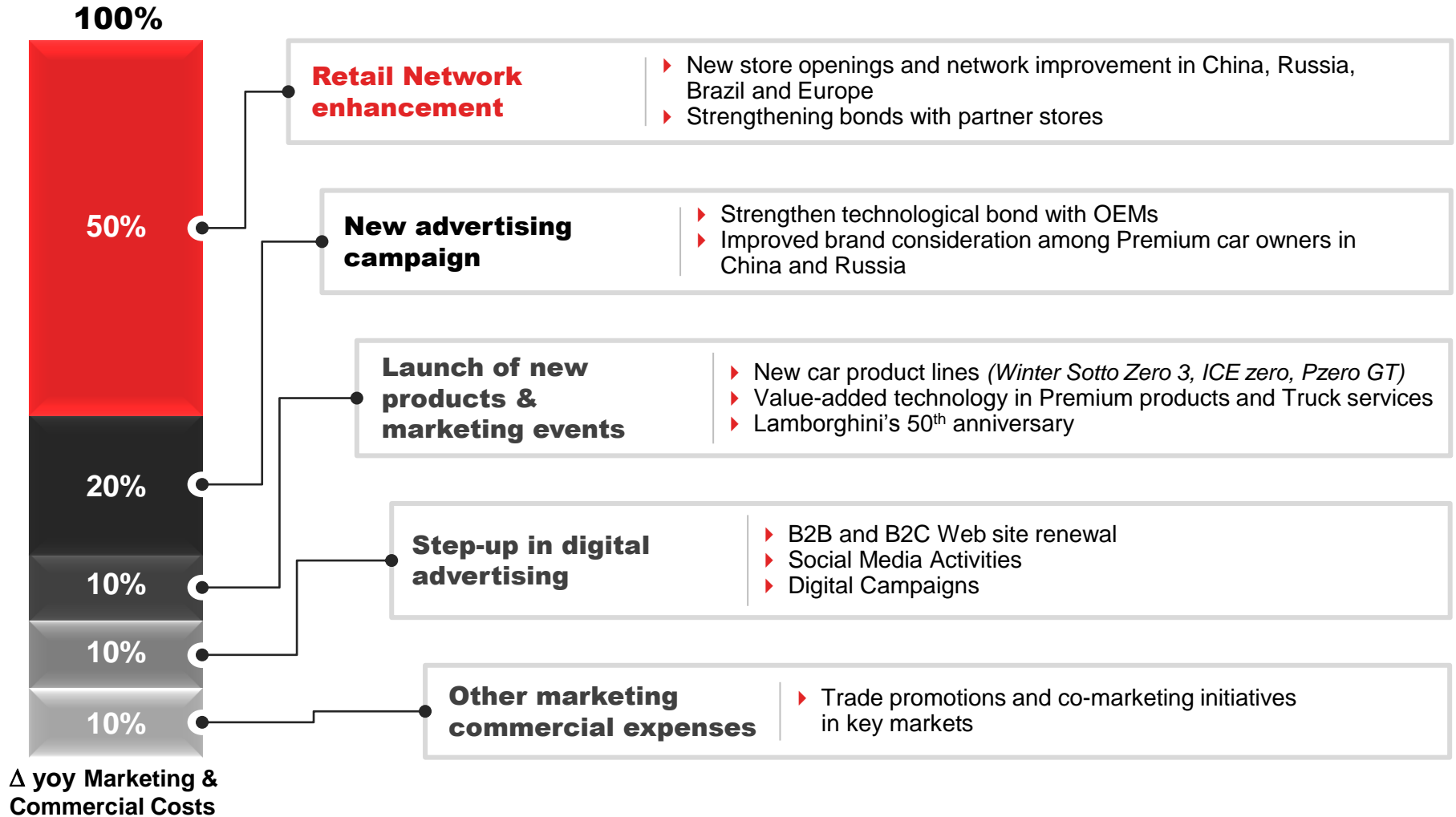
(*) IAS 19 Restated

H1 2013 RESULTS



INVESTMENTS TO FOSTER PREMIUM GROWTH

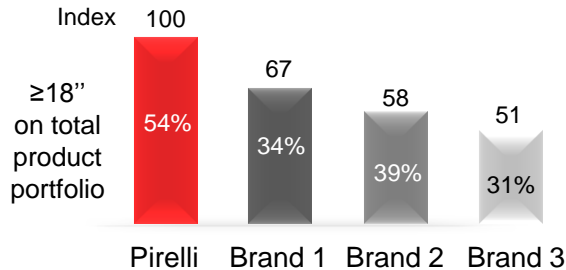
+19 € MLN Marketing & Commercial expenditure in 1H 2013



PIRELLI INNOVATION CAPABILITY

CAR

Most complete range of Premium products
(# of ≥18" items available)



Preferred partner to Premium OEM's

>400 homologated items
with Prestige and Premium clients

H12013 key homologations



Leading technological innovation



Pirelli Noise Cancelling System

Developed for the Audi Group,
it **reduces noise** inside the car
by **up to 50%**

TRUCK

01 Series

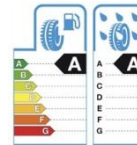
One brand new platform
leading edge of technology and performance...



...further enriched by a new product with
best rolling resistance



AA label
ranking



Fleet solutions offering a
complete range of services
through our partner dealers



Fuel consumption and
maintenance



Tyre monitoring



Processing, billing

CONSUMER BUSINESS: PIRELLI PERFORMANCE

	1Q'13	YoY%	2Q'13	YoY%	1H'13	YoY%
€/mln						
Revenues	1,116.7	-3.0%	1,138.7	+5.6%	2,255.4	+1.1%
EBITDA (before restruct. costs)	194.8	-17.2%	203.5	-5.2%	398.3	-11.5%
margin	17.4%	-3.0p.p.	17.9%	-2.0p.p.	17.7%	-2.5p.p.
EBIT (before restruct. costs)	138.0	-26.3%	146.7	-10.8%	284.7	-19.1%
margin	12.4%	-3.9 p.p.	12.9%	-2.3 p.p.	12.6%	-3.2 p.p.
EBIT	136.0	-26.6%	144.2	-6.7%	280.2	-17.6%
margin	12.2%	-3.9p.p.	12.7%	-1.6p.p.	12.4%	-2.8p.p.

Q2 result key drivers

- ▶ **Revenues up 10.3%** before the impact of foreign exchange
- ▶ **Material sequential improvement of revenue drivers** vs Q1:
 - ▶ **strong volumes in Emerging Markets** offset slower Europe and stable North America
 - ▶ **Premium growing 3x** overall volumes delivering better mix
- ▶ **Profitability** affected by conversion costs of Settimo Truck into Premium Car, marketing & commercial expenses as an investment in Premium growth, cost inflation

	1Q'13	2Q'13	1H'13
Revenue drivers			
Δ Price/Mix	-0.5%	+5.7%	+2.4%
Δ Volume	+1.2%	+4.6%	+2.9%
o/w Premium	+4.0%	+12.9%	+8.3%
o/w Non Premium	-0.1%	+0.9%	+0.4%
Δ Rev. (before exchange rate impact)	+0.7%	+10.3%	+5.3%
Δ Exchange Rate	-3.7%	-4.7%	-4.2%

INDUSTRIAL BUSINESS: PIRELLI PERFORMANCE

	1Q'13	YoY%	2Q'13	YoY%	1H'13	YoY%	Q2 result key drivers
€/mln							
Revenues	410.0	+4.9%	448.6	+18.2%	858.6	+11.5%	▶ Sales growth acceleration thanks to leadership position in buoyant end-markets, especially Latin America
EBITDA (before restruct. costs)	65.3	+35.5%	79.2	+26.7%	144.5	+30.5%	
<i>margin</i>	15.9%	+3.6 p.p.	17.7%	+1.2p.p.	16.8%	+2.4p.p.	
EBIT (before restruct. costs)	50.8	+53.0%	63.9	+33.7%	114.7	+41.6%	▶ Firm pricing, supportive mix coupled with volume outperformance in all businesses
<i>margin</i>	12.4%	+3.9p.p.	14.2%	+1.6p.p.	13.4%	+2.9p.p.	
EBIT (after restruct. costs)	49.6	+49.8%	63.0	+39.4%	112.6	+43.8%	▶ Profitability benefits from supportive raw material costs and improved geographic footprint yoy (100% of production based in low cost countries)
<i>margin</i>	12.1%	+3.6p.p.	14.0%	+2.1p.p.	13.1%	+2.9p.p.	
	1Q'13		2Q'13		1H'13		
Revenue drivers							
Δ Price/Mix		+1.4%		+3.6%		+2.6%	
Δ Volume		+11.7%		+20.6%		+16.1%	
Δ Rev. (before exchange rate impact)		+13.1%		+24.2%		+18.7%	
Δ Exchange Rate		-8.2%		-6.0%		-7.2%	

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2013 OUTLOOK BY REGION

		Old Guidance		New Guidance		
Region	Car Tyre market	Revenue trend	EBIT%	Revenue trend	EBIT%	
(Total Tyre Car Market in Mln pcs)						
Mature	Europe Total: 314 Premium % weight: Mid-twenties	▶ Mid single-digit decline. Premium resilient, flat yoy	▶ Slight reduction	▶ High single-digit (lower YoY)	Confirmed	Confirmed
	NAFTA Total: 330 Premium % weight: Low-teens	▶ Slow growth after a challenging 2012, Premium on a faster track (+6%)	▶ Low single-digit growth	▶ Mid-teens (improving YoY)	Confirmed	Confirmed
Emerging	Russia Total: 61 Premium % weight: Double digit	▶ Slight decline. Premium still growing, albeit at slower pace (+5%)	▶ Double-digit growth (>+25%)	▶ Mid single-digit (up YoY)	High single-digit growth ▼	Slightly negative ▼
	South America Total: 85 Premium % weight: double digit	▶ Positive trend, strong Premium growth (+25%)	▶ High single-digit growth	▶ Mid-teens (stable YoY)	Double-digit growth ▲	Confirmed
	MEAI Total: 93 Premium % weight: High single-digit	▶ All regional markets showing positive outlooks for 2013 (Premium +15%)	▶ Basically stable	▶ High teens (up YoY)	Low single-digit growth ▲	Confirmed
	Asia Pacific Total: 438 Premium % weight: High single-digit	▶ Same growth as 2012, stronger Premium increase (+15%)	▶ High single-digit growth	▶ High teens (up YoY)	Double-digit growth ▲	Confirmed

Source: Local Pools, Pirelli estimate

PIRELLI 2013 TARGETS UPDATE

€/bln

2013 Targets
May '13 Δ YoY

2013 Targets
update Δ YoY

Revenues ~ 6.3 / <6.4 +4% / +5% 6.3 / 6.35 > +4%

Volumes ~ +3% / ~ +4%; high-end more likely

~ +5.5% / ~ +6.5% *higher focus on Premium OE*

Emerging markets High single-digit, upside more likely

High single-digit *growth in LatAm, APAC more than offset Russian slowdown*

Mature markets ~ flat, Europe probably weaker

~ flat

Premium ~13% / ~14%

>13%

Price/mix +4% / +5%; low-end more likely

~ +3.5% / ~ +4%

Foreign Exchange ~ -4%

~ -6%

Raw Materials impact +110€/mln

+125€/mln

EBIT ~810 / ~850 €/mln

at the floor of previous guidance: ~810 € mln €

Capex ~400 €/mln

Confirmed

Net cash flow
before dividends >200 €/mln
Before Prelios impact

Confirmed

NFP < 1.2 before reconfiguration of
Prelios Credit Impact

Confirmed

2013 CONSUMER & INDUSTRIAL TARGETS

Consumer business

Industrial business

2013 Targets
May '13

2013 Targets
update

2013 Targets
May '13

2013 Targets
update

€/bln

	2013 Targets May '13	2013 Targets update		2013 Targets May '13	2013 Targets update
Revenues	~ 4.6	Confirmed	Revenues	~ 1.7	Confirmed
Volumes	+3% / +4%	+4.5% / +5.5%	Volumes	+3.5% / +4.5% <i>High end more likely</i>	+9%
o/w Premium	~ +13% / ~ +14%	>13%			
Price/mix	+4.5% / +5.5% <i>Low end more likely</i>	+3.5% / +4.5%	Price/mix	+4% / +5%	+3% / +4%
Forex	< -3%	-5%	Forex	-5%	-8%
EBIT %	<14%	>13%	EBIT %	>12%	>13%

2013 MAIN PROFITABILITY DRIVERS – H1 UPDATE

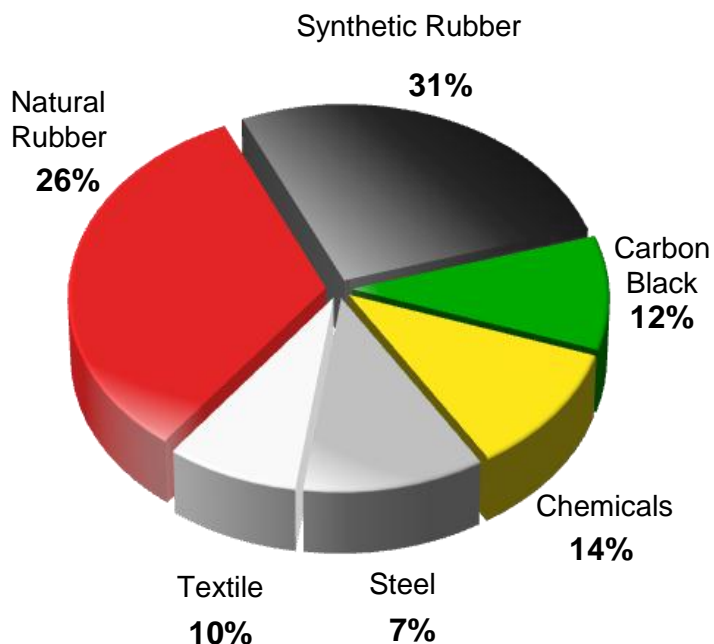
Driver	Impact	Changes vs previous guidance
Volumes	+5.5% / +6.5% revenue growth (previous guidance +3% / +4%)	<ul style="list-style-type: none"> ▶ Upside from LatAm, APAC more than compensate downside from Russia ▶ Higher impact of OE channel and slightly negative pricing ▶ Mainly weaker South American currencies Zero net impact on Ebit vs previous guidance
Price/Mix	+3.5% / +4% revenue growth (previous guidance +4% / +5%)	
Forex translation impact	-60 €/mln impact on Ebit (previous guidance -40€/mln)	
Efficiency	+70 €/mln	<ul style="list-style-type: none"> ▶ Confirmed
Raw Materials	125 €/mln tailwind (previous guidance 110€/mln)	<ul style="list-style-type: none"> ▶ Higher visibility of impact on 2H 2013 P&L
Other input costs	-130 €/mln impact on Ebit (previous guidance -120€/mln)	<ul style="list-style-type: none"> ▶ Mainly labour and high inflation rates in Emerging Markets
Marketing and commercial costs	-35 €/mln impact on Ebit (previous guidance -40€/mln)	<ul style="list-style-type: none"> ▶ Lower marketing expenses in mature markets given the current market scenario
Industrial costs	-35 €/mln impact on Ebit (previous guidance -25€/mln)	<ul style="list-style-type: none"> ▶ Higher industrialization and insaturation costs in Russia
Depreciation & other	-60 €/mln impact on Ebit	<ul style="list-style-type: none"> ▶ Confirmed

Expected 2013 Ebit at ~ 810 €/mln

2013 RAW MATERIALS GUIDANCE

BREAKDOWN FY 2012

(based on purchase cost)



Guidance
May 2013

Update
Aug 2013

Average Cost of Goods Sold €/mln	2012A	2013	Δ yoy (2013 vs 2012)	2013	Δ yoy (2013 vs 2012)
Natural Rubber <i>TSR20 (\$/ton)</i>	3,450	~2,800	+132	~2,700	+150
Brent Oil <i>(\$/barrell)</i>	111	110	+5	Confirmed	+5
Butadiene EU <i>(€/ton)</i>	1,868	~1,700	+33	~1,400	+75
FX (R\$, TRY, EGP, US\$)			~(60)		~(105)
TOTAL			~+110		~+125

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PIRELLI GROUP – H1 13 RESULTS

Profit & Loss and Net Financial Position by Business Unit

	Pirelli Tyre		Other		Pirelli & C. Cons.	
	H1 13	H1 12	H1 13	H1 12	H1 13	H1 12
€/mln						
Sales	3,114.0	3,000.3	17.1	21.5	3,131.1	3,021.8
EBITDA before Restruct. Costs	542.8	560.8	(9.3)	(10.5)	533.5	550.3
<i>% on sales</i>	<i>17.4%</i>	<i>18.7%</i>			<i>17.0%</i>	<i>18.2%</i>
EBIT before Restruct. Costs	399.4	432.7	(11.3)	(12.9)	388.1	419.8
<i>% on sales</i>	<i>12.8%</i>	<i>14.4%</i>			<i>12.4%</i>	<i>13.9%</i>
Restructuring Costs	(6.6)	(14.5)	(0.8)	(0.0)	(7.4)	(14.5)
EBIT	392.8	418.2	(12.1)	(12.9)	380.7	405.3
<i>% on sales</i>	<i>12.6%</i>	<i>13.9%</i>			<i>12.2%</i>	<i>13.4%</i>
Results from equity participations					(24.3)	(2.7)
Financial Income/Charges					(104.7)	(57.8)
EBT					251.7	344.8
Fiscal Charges					(101.6)	(126.3)
Net Income					150.1	218.5
Attributable Net Income					151.4	216.3
Net Financial Position					1,732.6	1,702.7

PIRELLI GROUP – Q2 13 RESULTS

Profit & Loss and Net Financial Position by Business Unit

	Pirelli Tyre		Other		Pirelli & C. Cons.	
	Q2 13	Q2 12	Q2 13	Q2 12	Q2 13	Q2 12
€/mln						
Sales	1,587.3	1,457.7	7.5	7.6	1,594.8	1,465.3
EBITDA before Restruct. Costs	282.7	277.2	(4.5)	(6.0)	278.2	271.2
<i>% on sales</i>	17.8%	19.0%			17.4%	18.5%
EBIT before Restruct. Costs	210.6	212.2	(5.5)	(7.1)	205.1	205.1
<i>% on sales</i>	13.3%	14.6%			12.9%	14.0%
Restructuring Costs	(3.4)	(12.5)	(0.8)	(0.0)	(4.2)	(12.5)
EBIT	207.2	199.7	(6.3)	(7.1)	200.9	192.6
<i>% on sales</i>	13.1%	13.7%			12.6%	13.1%
Results from equity participations					(17.7)	(3.2)
Financial Income/Charges					(46.1)	(33.5)
EBT					137.1	155.9
Fiscal Charges					(59.1)	(61.0)
Net Income					78.0	94.9
Attributable Net Income					78.5	95.0
Net Financial Position					1,732.6	1,702.7

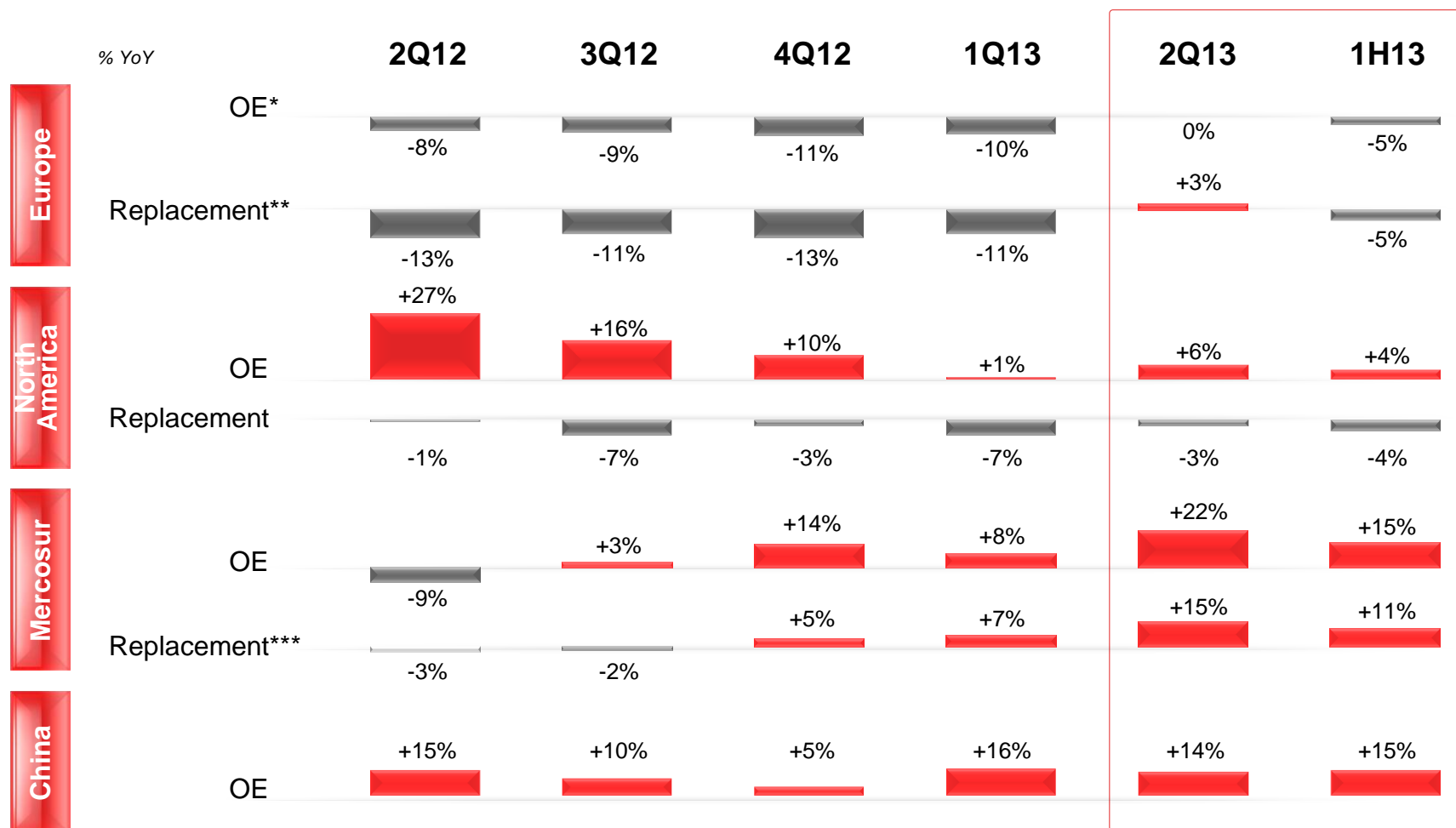
PIRELLI BALANCE SHEET

<i>€/mln</i>	H1 13	FY12
Fixed Assets	3,800.0	3,877.2
Inventories	1,096.7	1,102.6
Trade receivables	935.5	704.6
Trade payables	(1,101.2)	(1,268.7)
Net Operating Working Capital	931.0	538.5
Other payables/receivables	94.2	11.0
Net Working Capital	1,025.2	549.5
Net Invested Capital	4,825.2	4,426.7
Total Net Equity	2,321.8	2,389.4
Provisions	770.8	832.1
Net Financial Position	1,732.6	1,205.2
Total	4,825.2	4,426.7
Attributable Net Equity	2,279.3	2,337.4
Equity per Share (euro)	4.67	4.79

PIRELLI GROUP CASH FLOW

€/mln	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13
EBIT before restructuring costs	205.1	199.2	212.6	183.0	205.1
Depreciation	66.1	68.4	72.4	72.3	73.1
Net investments	(114.8)	(132.5)	(143.5)	(79.7)	(84.3)
Working capital/other variations	(237.3)	(197.2)	594.7	(492.4)	(5.6)
OPERATING CASH FLOW	(80.9)	(62.1)	736.2	(316.8)	188.3
Financial income (expenses)	(33.5)	(45.5)	(47.2)	(58.6)	(46.1)
Taxes	(61.0)	(41.5)	(30.5)	(42.5)	(59.1)
NET OPERATING CASH FLOW	(175.4)	(149.1)	658.5	(417.9)	83.1
Financial investments/divestments	-	2.3	-	-	-
Russian JV		(16.4)	-	-	-
Däckia	(70.8)	-	-	-	-
Campneus	(35.4)	-	-	-	-
Property divestments	-	-	20.5	-	-
Dividends paid	(133.0)	-	-	-	(159.8)
Cash-out for restructuring	(3.3)	(3.6)	(12.4)	(7.5)	(5.2)
Exchange rate differentials/Others	20.2	0.7	(3.0)	(49.6)	29.5
NET CASH FLOW	(397.7)	(166.1)	663.6	(475.0)	(52.4)

CONSUMER BUSINESS: KEY MARKET TRENDS



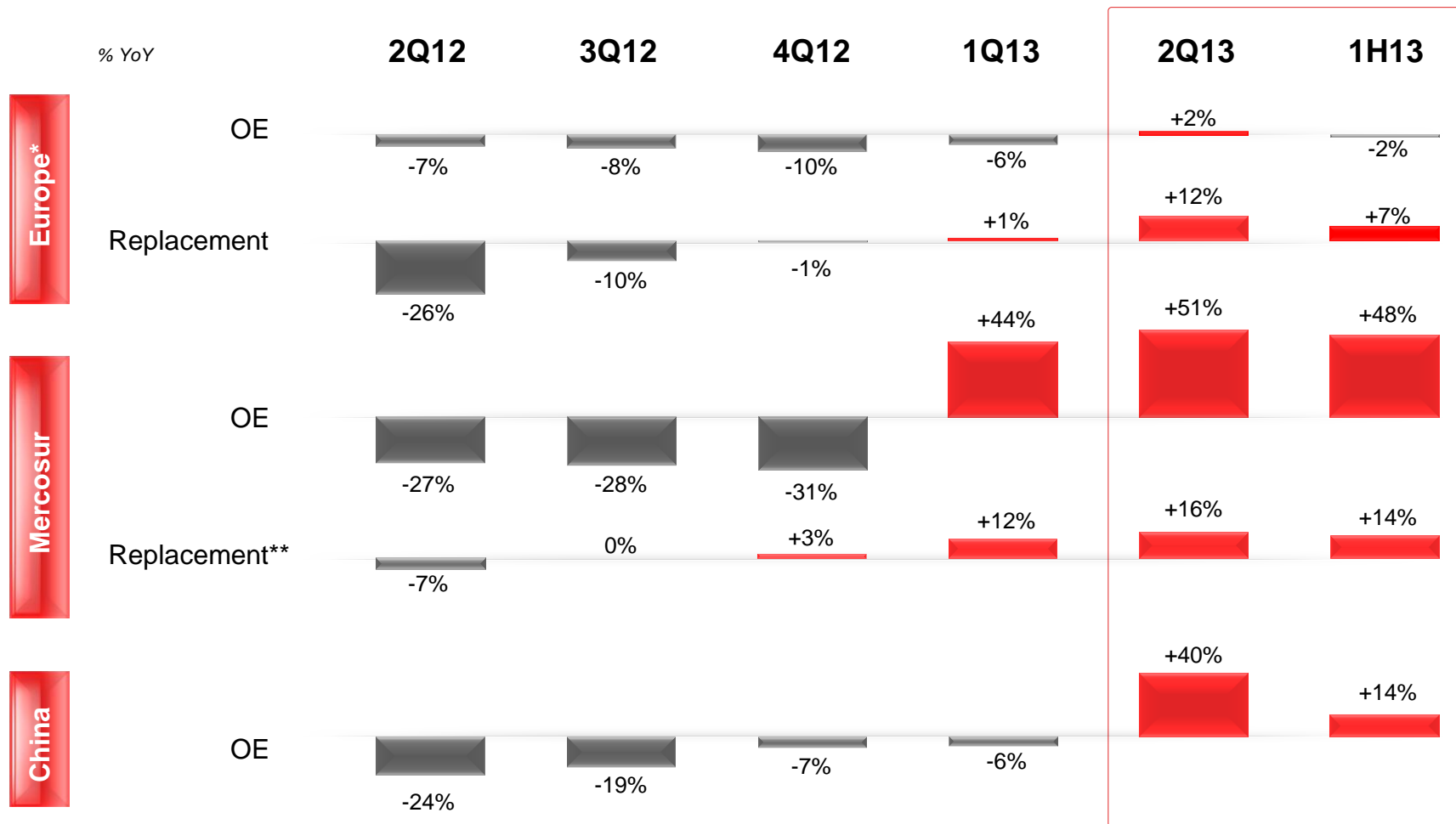
(*)Turkey and Russia included

(**)Turkey included

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

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

INDUSTRIAL BUSINESS: KEY MARKET TRENDS



(*)Turkey included and Russia excluded

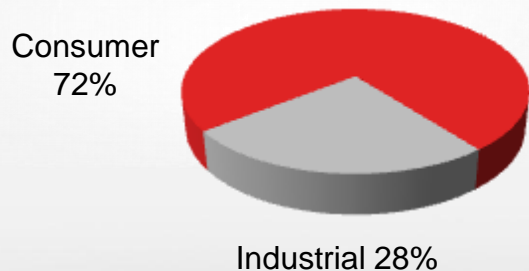
(**)Non-pool members'imports not included

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

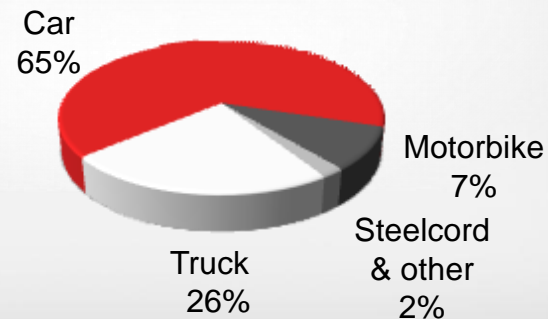
H1 2013 RESULTS

1H 2013 PIRELLI TYRE MIX

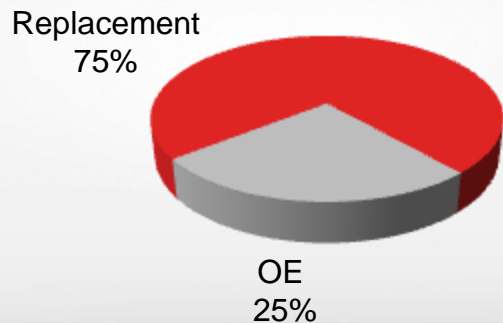
SALES BY BUSINESS



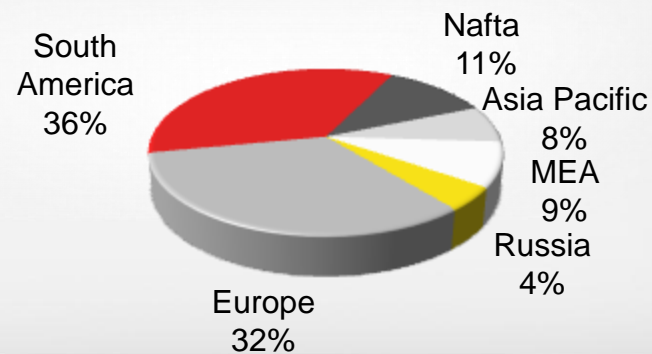
SALES BY SEGMENT



SALES BY CHANNEL



SALES BY REGION

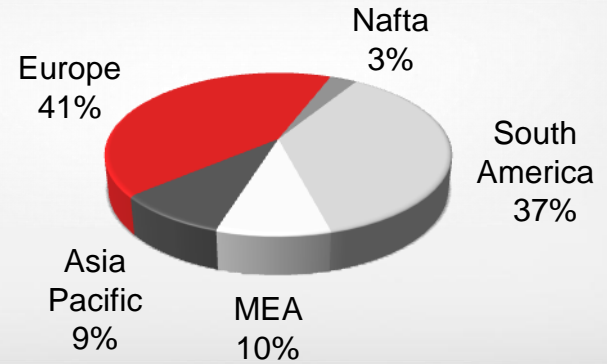


JUNE 2013 PIRELLI PEOPLE

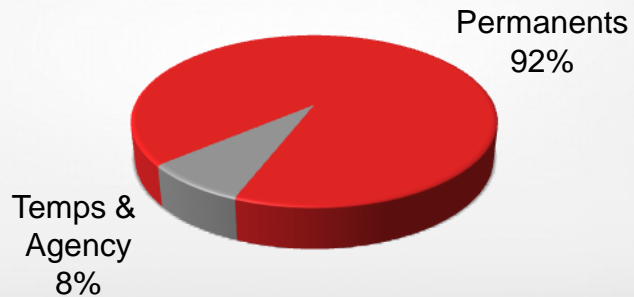
HEADCOUNT



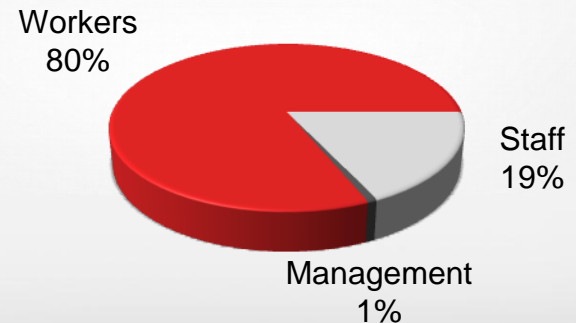
PEOPLE BY REGION



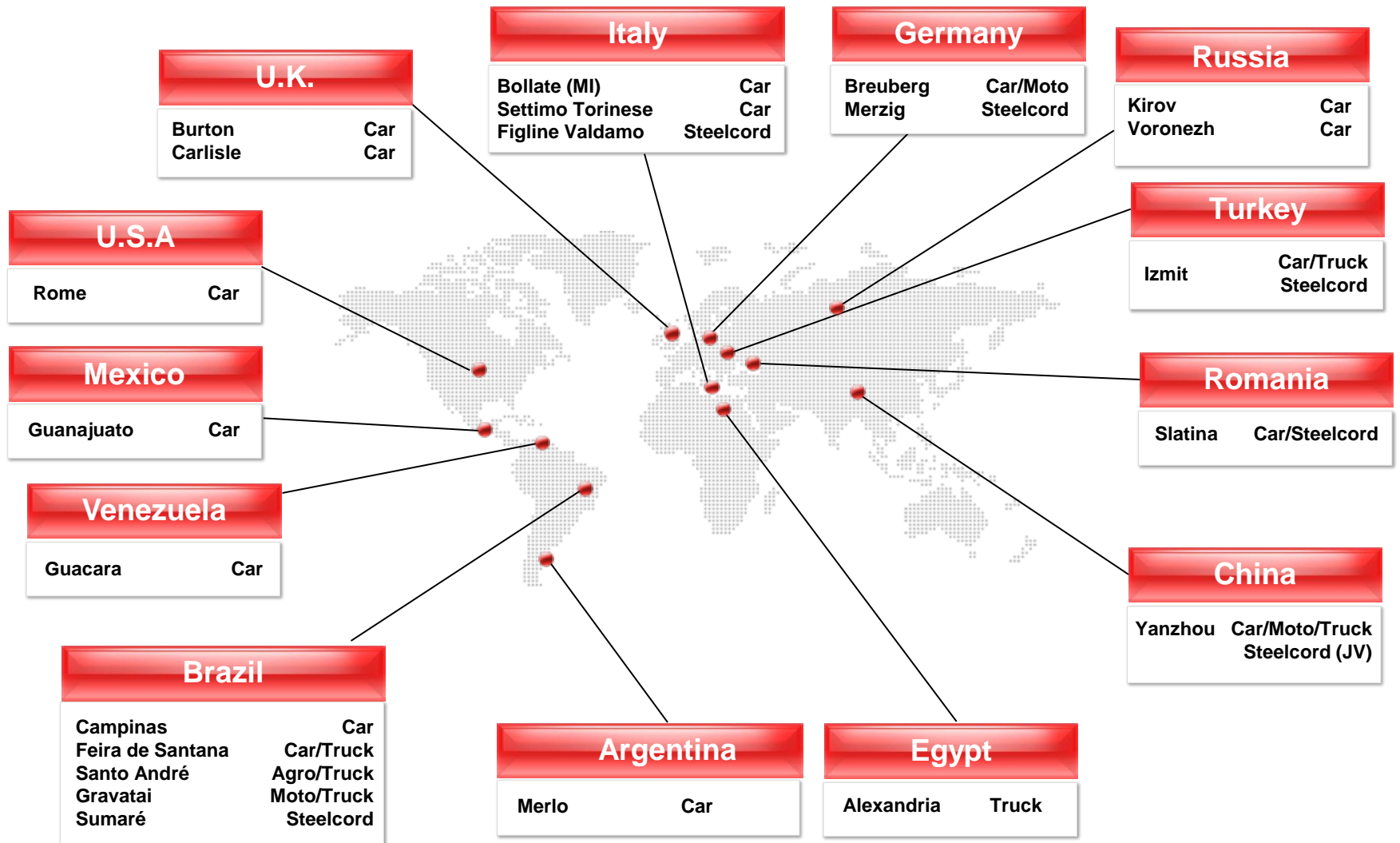
PEOPLE BY CONTRACT



PEOPLE BY CLUSTER

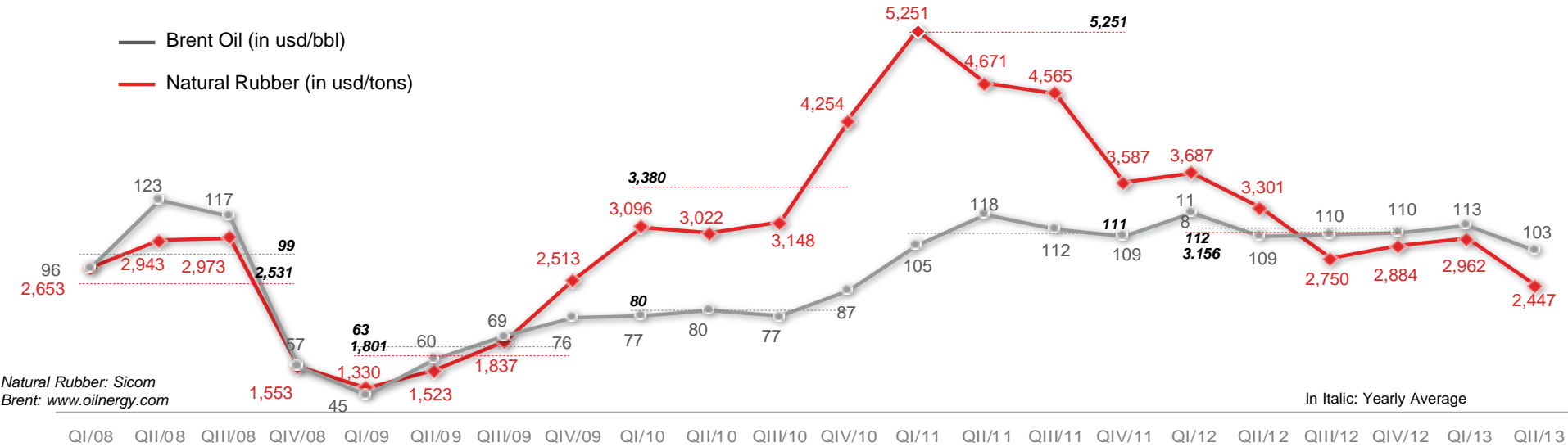


PIRELLI PLANTS IN THE WORLD



RAW MATERIALS

RAW MATERIAL PRICE TREND



1H 2013 MIX (BASED ON PURCHASING COST)

Raw mat. costs on sales: 38.7%

