PRESS RELEASE

PIRELLI & C. SPA BOARD APPROVES RESULTS FOR 9 MONTHS ENDED 30 SEPT. 2014

GROWTH OF MAIN ECONOMIC INDICATORS THANKS TO:

FURTHER STRENGTHENING OF PREMIUM (VOLUMES +20.1%) IN ALL MARKETS; IMPROVED PRICE/MIX (+4.7%); EFFICIENCIES OF 71.0 MILLION EURO (ABOUT 80% OF THE FULL-YEAR TARGET)

PIRELLI CONSOLIDATED RESULTS

- EBIT: +8.9% TO 629.7 MILLION EURO (578.2 MILLION EURO ON 30 SEPT. 2013)
- EBIT MARGIN BEFORE RESTRUCTURING COSTS AT 14.3% (12.9% ON 30 SEPT. 2013), EBIT MARGIN AFTER CHARGES AT 13.9% (12.6% ON 30 SEPT. 2013)
- NET PROFIT: +16.2% TO 300 MILLION EURO (258.1 MILLION ON 30 SEPT. 2013)
- REVENUES: 4,528.7 MILLION EURO, WITH ORGANIC GROWTH OF 6.5%; -1.3% COMPARED WITH 4,586.4 MILLION ON 30 SEPT. 2013 INCLUDING FOREX EFFECT (-7.8%);
- THIRD QUARTER REVENUES GREW 6% AT THE ORGANIC LEVEL (+3% INCLUDING FOREX EFFECT)
- NET FINANCIAL POSITION NEGATIVE 2,003.9 MILLION EURO (1,935.2 MILLION ON 30 JUNE 2014 AND 1,322.4 MILLION ON 31 DECEMBER 2013)

TYRE ACTIVITIES

- EBIT: +7.4% AT 640.3 MILLION EURO (596.3 MILLION EURO ON 30 SEPT. 2013)
- EBIT MARGIN BEFORE RESTRUCTURING CHARGES AT 14.6% (13.4% ON 30 SEPT. 2013), EBIT MARGIN AFTER CHARGES AT 14.2% (13.1% ON 30 SEPT. 2013)
- TOTAL VOLUMES +2.2%, CONSUMER VOLUMES +5.2% AND PREMIUM VOLUMES +20.1%
- PREMIUM REVENUES: 1,933.9 MILLION EURO, WITH ORGANIC GROWTH OF 15.1%; +12.2% INCLUDING FOREX EFFECT (-2.9%)
- REVENUES: 4,520.0 MILLION EURO, WITH ORGANIC GROWTH OF 6.9%; - 0.9% COMPARED WITH 4,562.3 MILLION ON 30 SEPT. 2013 INCLUDING FOREX EFFECT (-7.8%)
- CONSUMER EBIT MARGIN BEFORE RESTRUCTURING CHARGES AT 14.9% (13.0% ON 30 SEPT. 2013); EBIT MARGIN AFTER CHARGES AT 14.5% (12.8% ON 30 SEPT 2013)
- INDUSTRIAL EBIT MARGIN BEFORE RESTRUCTURING CHARGES AT 13.4% (14.4% ON 30 SEPT. 2013); EBIT MARGIN AFTER CHARGES AT 12.9% (13.9% ON 30 SEPT. 2013). YEAR-ON-

YEAR INDUSTRIAL PROFITABILITY TREND REFLECTS 6.2% FALL IN VOLUMES MAINLY IN EMERGING MARKETS

TARGETS

- 2014 TARGETS CONFIRMED IN TERMS OF:
EBIT AFTER RESTRUCTURING CHARGES (850 MILLION EURO), NET FINANCIAL POSITION (~-1.2 BILLION EURO), CASH GENERATION BEFORE DIVIDENDS (>250 MILLION EURO) AND INVESTMENTS (<400 MILLION EURO)

- EXPECTED REVENUES BETWEEN >6.1 BILLION EURO AND <6.2 BILLION EURO (PREVIOUS ESTIMATE ~6.2 BILLION EURO):
TOTAL VOLUMES >+2.5% (PREVIOUS ESTIMATE >+4.5%), WITH PREMIUM VOLUMES' GROWTH CONFIRMED AT 16%;
PRICE/MIX CONFIRMED BETWEEN +4.5% AND +5.5%;
MINOR FOREX IMPACT (~-7%/~-7.5% COMPARED WITH ~-8.5%/~-9.5%)

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As a result of the underwriting of the agreement for the disposal of 100% of the steelcord activities, this business has been classified as a "discontinued operation" and the result reclassified in the accounts under the heading "result of the disposed operating activities". The economic indicators relative to 30 September 2014 refer therefore to the activities in function and the comparative data on 30 September 2013 have been the object of "restatement".

Milan, 6 November 2014 – The Board of Directors of Pirelli & C. SpA, today reviewed and approved the **intermediate results for operations for the nine months ended 30 September 2014** which show growth in the principle economic indicators. The performance in the first nine months was characterized in particular by:
- strong growth in the premium segment, with volumes surpassing expectations to rise +20.1% and a consequent strengthening of Pirelli's positioning in all geographic areas. . Premium segment sales account for about 56% of net sales in the Consumer Business (51% in the first nine months of 2013);
- the improvement in price/mix to +4.7% (+4%/+5% is the target set for 2014) due to the performance of the premium segment, the product mix in the Industrial Business and price increases in emerging countries;
- volumes' growth (+2,2%) supported by the Consumer business, which saw volumes' growth increasing by 5.2%, with an acceleration in the third quarter (+5.3% compared with +4.3% in the second quarter);
- sales to 30 September grew by 6.5% excluding forex impact, (-1.3% the overall variation) and saw progressive improvement in the third quarter (+6% organic growth, +3% excluding forex effects)
- the accomplishment of internal efficiency gains totaling euro 71.0 million, approximately 80% of the annual target of euro 90 million (350 million, four-year cost-efficiency programme 2014-2017);
- the pronounced improvement in profitability, with EBIT growing by 8.9% to 629.7 million euro and profitability (EBIT margin) reaching 13.9%, +1.3 percentage points more than in the first nine months of 2013;
- the positive performance of the business in Europe, Asia Pacific and NAFTA, with overall net sales growing faster than the Group average, and the improvement in operating income (EBIT) that attenuates the effects of the current slowdown in the South American market;
- the turnaround of the business in Russia, characterized by a decisive improvement in product mix and positive high single digit EBIT margin,
- net profit of euro 300.0 million, up 16.2%;

Consolidated results

At the consolidated level, **revenues** (of which tyre activities account for 99.8%) on 30 September 2014 amounted to 4, 528.7 million euro, with organic growth of 6.5% compared with the corresponding period of 2013. Including the negative forex impact of 7.8%, stemming mainly from the volatility of emerging country currencies, revenues declined by 1.3% compared with 4,586.4 million euro in the first nine months of 2013. The third quarter saw a progressive improvement in the revenues' trend, of 1,541.8 million euro (1,496.4 million euro in the same period of 2013), which registered organic growth of +6% (+3% including the forex effect).

The **gross operating margin (EBITDA) before restructuring charges** was 867.7 million euro, an increase of 7.5% compared with 806.8 million euro in the same period of 2013. In the third quarter the gross operating margin was 284.9 million euro, an increase of 2.7% compared with 277.5 million euro in the same period of 2013.

The operating result (Ebit) before restructuring charges was 647.8 million euro, an increase of 9.2% compared with 593.4 million euro in the same period of 2013, with an **Ebit margin before charges** of 14.3% compared with 12.9% on September 30, 2013.

The **operating result (Ebit)** was 629.7 million euro, an increase of 8.9% compared with 578.2 million euro in the same period of 2013. The 51.5 million euro increase in Ebit compared with the first nine months of 2013 was due for 44 million euro to the positive performance of the tyre activities and for the remaining 7.5 million euro to the improved results of other areas. The Ebit margin grew over the first nine months of 2014 to 13.9% compared with 12.6% recorded in the same period of 2013, a testament to the efficacy of the value creation strategy. In the third quarter, Ebit was 203.5 million euro, an increase of 1.9% compared with 199.7 million euro in the third quarter of 2013, with an Ebit margin of 13.2% (13.3% in the third quarter of 2013).

The **result from shareholdings** on 30 September 2014 was negative 32.3 million euro (-22.9 million euro in the same period of 2013) and mainly refers to - for 21.4 million euro – the effects deriving from the consolidation using the net equity method of the affiliate Prelios (fourth quarter of 2013 and first half of 2014) and to the write-down of the stake in Alitalia of 11.2 million euro, which happened in the second quarter of 2014.

Total net profit which includes activities being disposed of *(steelcord business)* stood at 300.0 million euro, with an increase of 16.2% compared with 258.1 million euro in the same period of 2013. The **net profit of activities in function** was 297.4 million euro, an increase of 15.7% compared with 257.0 million in the same period of 2013. In the third quarter the net profit was 105.3 million euro, compared with 107.5 million euro in the same period of 2013.

The net profit attributable to Pirelli & C. Spa, including the results of "*discontinued operations"*, amounted to 290.5 million euro, an increase of 10.8% compared with 262.1 million euro in the same period of 2013.

Consolidated net assets on 30 September 2014 stood at 2,493.2 million euro compared with 2,436.6 million euro on 31 December 2013. **Consolidated net assets attributable to Pirelli & C. SpA** amounted to 2,413.9 million euro, compared with 2,376.1 million euro on 31 December 2013.

The **consolidated net financial position** was negative 2,003.9 million euro (the figure includes 37.9 million euro relative to *"discontinued operations"* of the steelcord activities), with limited growth compared to 1,935.2 million euro on 30 June 2014 (1,322.4 million at the end of 2013), with slight absorption of cash in the third quarter, in line with the business seasonality.

The **net cash flow generated by operations' management** in the first nine months of 2014 was negative 141.2 million euro (-65.9 million euro in the same period of 2013), essentially due to the usual seasonality of working capital, and after investments of 244.7 million euro (238.3 million euro in the first nine months of 2013) mainly destined to the increase of Premium capacity in Europe, Nafta and China and to mix improvement. The **total cash flow post dividends** was negative 681.5 million euro (-765.7 million euro in the first nine months of 2013)in line with the seasonality of the activities which foresees strong cash generation in the last quarter of the year, connected to stock reduction and receipts from seasonal markets and from the Winter sales in Europe and Russia. Approximately 45 million euro are relative to the impact on the net financial position of forex variations, especially in relation to the position in Venezuela. Working capital management was positive in the third quarter for 28.8 million euro (+49.4 million in the third quarter of 2013).

Group **employees** on 30 September 2014 totaled 39,491 (38,133 on 30 September 2013). The increase is the result of the acquisition of the Brazilian distribution chain Abouchar, and sales' staff additions and increased Premium capacity in Mexico, China and Romania.

<u>Tyre Activities</u>

Sales on 30 September 2014 totaled 4,520.0 million euro, with an organic growth of 6.9%. Including the forex effect (negative 7.8%), revenues registered a slight decline of 0.9% compared with 4,562.3 million euro in the same period of 2013.
In the third quarter, revenues were 1,539.2 million euro, with an organic growth of 6.4%. Including the forex effect, negative 3.1%, revenues grew 3.3% compared with 1,489.4 million euro in the third quarter 2013.

Total **volumes** on 30 September 2014 rose by 2.2%, supported by the positive performance of the consumer business (+5.2%) which offset the softer industrial market (-6.2%)

The **operating result (Ebit) before restructuring charges** on 30 September 2014 was 658.1 million euro, an increase of 7.8% compared with 610.5 million euro in the same period of 2013, with an **Ebit margin before charges** of 14.6% compared with 13.4% on 30 September 2013.

The **operating result (Ebit)** on 30 September 2014 amounted to 640.3 million euro, with an increase of 7.4% compared with 596.3 million euro in the first nine months of 2013 and an increase of the Ebit margin to 14.2% (13.1% in the first nine months of 2013).
The following factors contributed to the profitability improvement (+44 million euro):

- the growing contribution made by price/mix (euro +127.1 million) which, together with lower commodity costs (euro 17.9 million), more than offset the negative currency translation effect (euro 62.8 million), with a net balance of euro 82.2 million;
- euro 71 million in efficiency gains, which mitigated the inflation in production factors (euro 88.7 million for the increase in input costs);
- the positive contribution of volumes (euro +40.7 million) helped reduce the impact of higher amortization, depreciation and other costs (euro 57.4 million, of which 23 million euro for greater commercial costs linked to future Premium growth) and the increase in non-recurring expenses (euro 3.8 million).

In the third quarter of 2014, the operating result was 206.3 million euro (205.7 million euro in the third quarter of 2013), with an Ebit margin of 13.4% (13.8% in the same period of 2013).

At the geographic level, the positive performances of the businesses in Europe, Asia-Pacific and Nafta attenuated the effects of the slowdown in the South American market. **Europe** is confirmed as one of the

principle growth areas, with an increase of revenues of 8% and profitability improving to the *"mid-teens"* level.
The performance was also positive in the **Nafta** area, with organic revenue growth of 6.7% and an improvement in profitability of approximately 2 percentage points as a result of the strengthening of Premium. The **Apac** area is confirmed as the one with the greatest growth, with an organic increase in revenues of 16.6%, in particular thanks to Premium sales (+25.8%), and profitability in the *"low-twenties*".

In **Russia** the decided improvement in the product mix led to organic growth in revenues of 10.9% and positive *"high single digit"* profitability. The **Meai** area shows a *"high-teens*" profitability (an improvement from 2013), with organic revenues growing by 5.2%. **South America** registered organic revenue growth of +4.3% (-12.2% including forex impacts) and profitability in the "*low-teens"*, a decline from the first nine months of 2013. The results were impacted by the marked decline in the car Original Equipment market (-19% both in the first nine months and in the third quarter of 2014) and truck (-20% in the first nine months, -29% in the third quarter of 2014), Pirelli attenuated this fall with the growth of its high-value segments in the Car Replacement market, where overall the company gained over 1 percentage point of market share in the first nine months, thanks in part to the policy of strengthening the distribution chain. The significant reduction of the Original Equipment market in the third quarter, which was bigger than expected and is seen continuing into the fourth quarter, required actions to contain production in order to ensure optimal management of stocks. This, together with inflation increases in production elements, is reflected in the short term on profitability.

- In the ***Consumer business (Car and Moto tyres)***, sales amounted to 3,466.3 million euro, with an organic growth of 9.6% compared with the same period of 2013. Including the negative 7% forex impact, revenues saw an increase of 2.6% compared with 3,378.6 million euro in the first nine months of 2013. In total volumes increased by 5.2% and the price/mix component was positive for 4.4%. In the third quarter, revenues were 1,178.0 million euro, with organic growth of 8.4%. Including the forex effect (negative 3.5%), they increased by 4.9%. Volumes in the third quarter increased by 5.3%, an improvement from the +4.3% recorded in the second quarter of 2014.

  Premium is confirmed as the driver of growth, with a volume increase over the nine months of 20.1% (+17.3% in the third quarter). Revenues in this segment totaled 1,933.9 million euro, with an organic growth of 15.1% compared with the prior year (+12.2% including forex impact of – 2.9%) and accounting for 55.8% of Consumer sales (51.0% in the first nine months of 2013). There was sales growth in all markets, in particular: premium revenues in Europe +10.9%, in Apac +25.8%, in Meai +13.6%, +41% in Russia.

  The **operating result (Ebit) before restructuring charges** on 30 September 2014 grew by 17.5% to 516.8 million euro compared with 440.0 million euro in the same period of 2013, with an **Ebit margin before charges of** 14.9%, an increase of 1.9 percentage points compared with 13.0% a year earlier.
  The operating result (Ebit) on 30 September 2014 was 504.3 million euro, an increase of 16.9% compared with 431.4 million euro in the same period a year earlier, with an Ebit margin of 14.5%, an increase of 1.7 percentage points compared with 12.8% on 30 September 2013. The growth in profitability reflects the improvement in price/mix, the growing weight of Premium in all areas, the greater weight of the replacement channel, volumes' increase, efficiencies and better exploitation of production capacity. In the third quarter Ebit was 164.2 million euro, an increase of 8.6% compared with 151.2 million euro in the same period of 2013, with an Ebit margin of 13.9% (13.5% in the third quarter of 2013) which discounts higher commercial costs +13 million euro compared with the third quarter of 2013) for future Premium growth.

- In the ***Industrial Business (tyres for Industrial Vehicles)*** sales were 1,053.7 million euro, with a decline – excluding forex – of 0.9% compared with the same period of 2013. Including the forex effect, negative 10.1%, revenues registered a fall of 11.0% compared with 1,183.7 million euro in the same period of 2013. In the third quarter revenues were 361.2 million euro, with organic growth of 0.4% (-1.4% including forex effect of -1.8%) compared with 366.2 million euro a year earlier.

The significant improvement in mix and price increases to offset currency devaluations resulted in a price/mix improvement of 5.3%. The decline in volumes (-6.2%) discounts the shrinking of the Latin American market, in particular in Original Equipment which in the first nine months of 2014 registered a fall in volumes of 20% at the market level (-29% in the third quarter) and the progressive exiting of the conventional business in that geographic area. The volumes' trend discounts an unfavourable basis of comparison above all with regard to the performance in the first half of 2013 (a period when volumes grew by 16.1% compared with +8.7% for the full year).

The **operating result (Ebit) before restructuing charges** was 141.3 million euro (170.5 million euro in the first nine months of 2013) with an **Ebit margin before charges** of 13.4% (14.4% in the same period of 2013). The operating result (Ebit) on 30 September 2014 was 136.0 million euro (164.9 million euro in the same period of 2013), with an Ebit margin of 12.9% (13.9% in the first nine months of 2013). In the third quarter the operating result (Ebit) was 42.1 million euro compared with 54.5 million euro in the same period of 2013, with an Ebit margin of 11.7% (14.9% in the third quarter of 2013). The profitability trend discounts market declines in emerging countries, in particular South America, and therefore the already mentioned actions to reduce both production and the inflation of production factor costs in South America.

2014 Outlook

Based on the performance of the first nine months of 2014, Pirelli confirms, at a constant scope of consolidation, the 2014 targets indicated last August in terms of:

- Ebit at 850 million euro after non-recurring charges and restructuring
- Investments below 400 million euro
- Cash generation before dividends above 250 million euro
- Net financial position negative for approximately 1.2 billion euro

Consolidated revenues expected at between >6.1 billion and <6.2 billion euro, substantially in line with the previous year and slightly below the previous forecast (~6.2 billion euro forecast last August) with:

- a price/mix component confirmed growing by between +4.5% and +5.5%
- Premium volumes confirmed growing by over 16%
- total volumes expected to grow by over 2.5% (previous forecast ~+4.5%) taking into account the slowdown in Latam, Russia and Meai markets
- lower negative forex impact, expected at ~-7%/~-7.5% (previous forecast ~-8.5%/~-9.5%)

The target for the operating result (Ebit) after restructuring charges is confirmed at 850 million euro which is the effect of:

- the lower impact of raw material costs (-5 million euro compared with -35 million euro previous forecast), with a positive impact on Ebit of 30 million euro compared with previous estimates;
- the already cited improvement in the forex component, with a total positive impact on the operating result of +15 million euro
- lower non-recurring charges of 10 million euro

Which compnesate for:

- lower volumes' growth, with a negative impact on Ebit of 45 million euro
- higher production costs of 10 million euro (lower saturation of plant in South America and increased inflation).

In particular, for the Consumer business:
- the revenues' target is confirmed at approximately 4.7 billion euro
- the growth of total volumes in the segment is forecast at >+5% (>+6.5% previous estimate), with the increase in Premium volumes confirmed at over +16%
- a contribution from the price/mix component confirmed at +4.5%/5.5%
- a lower negative forex impact (~-6%/-6.5% compared with ~-7.5%/~-8.5% previously indicated)

These operational variables translate into a confirmation of Consumer profitability, with an Ebit margin before restructuring charges estimated at equal to or above 15%.

For the Industrial business, revenues are expected to be below or equal to 1.5 billion euro (~1.5 billion euro previous target) which is the result of:
- a decline in volumes of 5% (-2% previous indication) in consideration of the slowdown in the Latam truck and agro market
- a price/mix increase confirmed at +4%/+5%
- a lower negative forex impact, forecast at ~-9%/~-9.5% (~-11.0%/~-11.5% previous indication)

The profitability of the Industrial business (Ebit margin before restructuring costs) is expected to be approximately 13% (previous target equal to or above 13.5%)

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Operation for the disposal of Steelcord activities

In relation to the agreement for the disposal by Pirelli of its steelcord activities to Bekaert, announced to the market on 28 February 2014, it is stated that the operation has already obtained the necessary regulatory approvals in Brazil and Europe and remains subject to those of China and Turkey. The closing is expected between the end of 2014 and the first quarter of 2015.

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Calendar of 2015 Company Events

The calendar of Board and Shareholder activities for 2015 follows:

12 February 2015 – Board of Directors meeting to review preliminary results for the year ending 31 December 2014;

12 March 2015 – Board of Directors meeting to review consolidated results for the year ending 31 December 2014;

13 May 2015 – Board of Directors meeting to review intermediate results for the three months ending 31 March 2015;

14 May 2015 – Shareholders' meeting - sole call - to approve results for the year ending 31 December 2014; (*)

6 August 2015 – Board of Directors meeting to review results for the six months ending 30 June 2015;

11 November 2015 – Board of Directors meeting to review intermediate results for the nine months ending 30 September 2015.

(*) In compliance with the dispositions of Borsa Italiana it should be noted that – taking into account the date set for the shareholders' meeting – the dividend payment relative to fiscal year 2014 should take place in May 2015. For fiscal year 2013 the dividend was paid in June 2014.

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Conference call

The results for the nine months ended 30 September 2014 will be illustrated today, 6 November 2014, at 6:30 pm via a conference call with the participation of Chairman and CEO of Pirelli & C. SpA, Marco Tronchetti Provera, and I top management. Journalists will be able to follow the presentation, but without the possibility of asking questions, by dialing +3902 3626 9650 or 800 089 737. The presentation will also be webcast in real time at www.pirelli.com in the Investor section, where the slides can also be consulted.

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The Interim results for the nine months ended 30 September 2014 will be available to the public at the company's legal headquarters and at Borsa Italiana SpA, as well through the authorized stocking mechanism, as well as being published online at www.pirelli.com, by 10 November 2014.

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

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Pirelli Press Office – Tel. +39 02 64424270 – pressoffice@pirelli.com
Pirelli Investor Relations – Tel. +39 02 64422949 – ir@pirelli.com
www.pirelli.com

Nel presente comunicato stampa, in aggiunta alle grandezze finanziarie previste dagli IFRS, vengono presentate alcune grandezze derivate da queste ultime ancorchè non previste dagli IFRS (« Non-GAAP Measures »). Tali grandezze sono presentate al fine di consentire una migliore valutazione sull'andamento della gestione di Gruppo e non devono essere considerate alternative a quelle previste dagli IFRS. In particolare, le « Non-GAAP Measures » utilizzate sono le seguenti:

Margine Operativo Lordo (EBITDA): tale grandezza economica è utilizzata dal Gruppo come financial target nelle presentazioni interne (business plan) e in quelle esterne (agli analisti e agli investitori) e rappresenta un'utile unità di misura per la valutazione delle performance operative del Gruppo nel suo complesso e dei singoli settori d'attività in aggiunta al Risultato Operativo. Il Margine Operativo Lordo è una grandezza economica intermedia che deriva dal Risultato Operativo dal quale vengono esclusi gli Ammortamenti delle immobilizzazioni materiali e immateriali.

Attività fisse: tale grandezza è costituita dalla sommatoria delle voci "Immobilizzazioni materiali", "Immobilizzazioni immateriali", "Partecipazioni in imprese collegate e JV" e "Altre attività finanziarie";

Fondi: tale grandezza è costituita dalla sommatoria delle voci "Fondi per rischi e oneri (correnti e non correnti)", "Fondi del personale" e "Fondi per imposte differite";

Capitale circolante netto: tale grandezza è costituita da tuttle altre voci non comprese nelle due grandezze citate, nel "Patrimonio netto" e nella "Posizione finanziaria netta";

Posizione finanziaria netta: tale grandezza è rappresentata dal debito finanziario lordo ridotto della cassa e delle altre disponibilità liquide equivalenti, nonchè degli altri crediti finanziari .

Group – Pirelli & C. Spa

(in millions of euro)

	3° Q 2014	3° Q 2013 restated	09/30/2014	09/30/2013 restated (*)	09/30/2013 reported	12/31/2013 restated (*)	12/31/2013 reported
Net sales	**1.541,8**	**1.496,4**	**4.528,7**	**4.586,4**	**4.649,9**	**6.061,0**	**6.146,2**
Gross operating profit before restructuring expenses	284,9	277,5	867,7	806,8	813,4	1.095,0	1.105,4
% of net sales	18,5%	18,5%	19,2%	17,6%	17,5%	18,1%	18,0%
Operating income before restructuring expenses	208,9	207,5	647,8	593,4	596,9	810,2	816,5
% of net sales	13,5%	13,9%	14,3%	12,9%	12,8%	13,4%	13,3%
Restructuring expenses	(5,4)	(7,8)	(18,1)	(15,2)	(15,2)	(25,5)	(25,5)
Operating income	**203,5**	**199,7**	**629,7**	**578,2**	**581,7**	**784,7**	**791,0**
% of net sales	13,2%	13,3%	13,9%	12,6%	12,5%	12,9%	12,9%
Net income (loss) from equity investments	(5,1)	1,4	(32,3)	(22,9)	(22,9)	(78,3)	(78,3)
Financial income/(expenses)	(43,6)	(43,3)	(135,7)	(146,8)	(148,6)	(192,9)	(195,8)
Pre-tax income (loss)	**154,8**	**157,8**	**461,7**	**408,5**	**410,2**	**513,5**	**516,9**
Income tax	(49,5)	(50,3)	(164,3)	(151,5)	(152,1)	(209,0)	(210,4)
Tax rate %	32,0%	31,9%	35,6%	37,1%	37,1%	40,7%	40,7%
Net income (loss) from continuing operations	**105,3**	**107,5**	**297,4**	**257,0**	**258,1**	**304,5**	**306,5**
Net income (loss) from discontinued operations	**0,9**	**0,5**	**2,6**	**1,1**	**-**	**2,0**	**-**
Total net income (loss)	**106,2**	**108,0**	**300,0**	**258,1**	**-**	**306,5**	**-**
Net income attributable to owners of Pirelli & C. S.p.A.			290,5	262,1	262,1	303,6	303,6
Total net earnings per share attributable to owners of Pirelli & C. S.p.A. (in euro)			0,595	0,537	0,537	0,622	0,622
Non-current assets related to continuing operations			**3.910,1**	**4.002,5**	**4.002,5**	**4.043,0**	**4.043,0**
Inventories			1.060,7	1.052,9	1.052,9	987,3	987,3
Trade receivables			1.075,2	1.057,3	1.057,3	666,4	666,4
Trade payables			(1.020,4)	(1.005,8)	(1.005,8)	(1.244,5)	(1.244,5)
Operating Net working capital related to continuing operations			**1.115,5**	**1.104,4**	**1.104,4**	**409,2**	**409,2**
% of net sales (°)			18,5%	18,1%	17,8%	6,8%	6,7%
Other receivables/other payables			93,0	13,6	13,6	3,0	3,0
Total Net working capital related to continuing operations			**1.208,5**	**1.118,0**	**1.118,0**	**412,2**	**412,2**
% of net sales (°)			20,0%	18,3%	18,0%	6,8%	6,7%
Net invested capital held for sale			**134,5**	**-**	**-**	**-**	**-**
Total Net invested capital			**5.253,1**	**5.120,5**	**5.120,5**	**4.455,2**	**4.455,2**
Equity			**2.493,2**	**2.406,4**	**2.406,4**	**2.436,6**	**2.436,6**
Total Provisions			**756,0**	**743,2**	**743,2**	**696,2**	**696,2**
of which provisions held for sale			*17,3*	-	-	-	-
Total Net financial (liquidity)/debt position			**2.003,9**	**1.970,9**	**1.970,9**	**1.322,4**	**1.322,4**
of which Net Financial (liquidity)/debt position held for sale			*37,9*	-	-	-	-
Equity attributable to the owners of Pirelli & C. S.p.A.			2.413,9	2.334,0	2.334,0	2.376,1	2.376,1
Equity per share attributable to the owners of Pirelli & C. S.p.A. (in euro)			4,947	4,783	4,783	4,869	4,869
Capital expenditure			244,7	238,3	238,3	413,1	413,1
Research and development expenses			152,3	145,1	145,1	199,2	199,2
% of net sales			3,4%	3,2%	3,1%	3,3%	3,2%
Headcount (number at end of period)			39.491	38.133	38.133	37.979	37.979
Industrial sites (number)			22	23	23	23	23

(°) the net sales figure is annualized in interim periods

(*) only Income Statement figures related to Steelcord business have been restated and reclassified as "net income (loss) from discontinued operations".

Data by business sector

(in millions of euro)

	A		B		A+B = C		D		C+D = E	
	Consumer		Industrial		Total Tyre		Other business		TOTAL	
	09/30/2014	09/30/2013	**09/30/2014**	09/30/2013	**09/30/2014**	09/30/2013	**09/30/2014**	09/30/2013	**09/30/2014**	09/30/2013
Net sales	**3.466,3**	3.378,6	**1.053,7**	1.183,7	**4.520,0**	4.562,3	**8,7**	24,1	**4.528,7**	4.586,4
Gross operating profit before restructuring expenses	**692,5**	610,2	**183,7**	210,7	**876,2**	820,9	**(8,5)**	(14,1)	**867,7**	806,8
Operating income before restructuring expenses	**516,8**	440,0	**141,3**	170,5	**658,1**	610,5	**(10,3)**	(17,1)	**647,8**	593,4
Restructuring expenses	**(12,5)**	(8,6)	**(5,3)**	(5,6)	**(17,8)**	(14,2)	**(0,3)**	(1,0)	**(18,1)**	(15,2)
Operating income	**504,3**	431,4	**136,0**	164,9	**640,3**	596,3	**(10,6)**	(18,1)	**629,7**	578,2

Cashflow statement

(in millions of euro)

	Q1		Q2		Q3		at 9/30	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Operating income (EBIT) before restructuring expenses	206,7	181,7	232,2	204,2	208,9	207,5	647,8	593,4
Amortisation and depreciation	70,6	71,3	73,3	72,1	76,0	70,0	219,9	213,4
Capital expenditures of property, plant and equipment and intangible assets	(65,3)	(79,7)	(78,3)	(84,3)	(101,1)	(74,3)	(244,7)	(238,3)
Change in working capital/other	(686,6)	(468,4)	77,4	(12,2)	(155,0)	(153,8)	(764,2)	(634,4)
Operating cash flow	**(474,6)**	**(295,1)**	**304,6**	**179,8**	**28,8**	**49,4**	**(141,2)**	**(65,9)**
Ordinary financial income/(expenses)	(43,3)	(58,0)	(48,8)	(45,5)	(43,6)	(43,3)	(135,7)	(146,8)
Ordinary tax charges	(53,5)	(42,2)	(61,3)	(59,0)	(49,5)	(50,3)	(164,3)	(151,5)
Net operating cash flow	**(571,4)**	**(395,3)**	**194,5**	**75,3**	**(64,3)**	**(44,2)**	**(441,2)**	**(364,2)**
Financial investments/disinvestments	(3,7)	-	2,8	-	(12,1)	(31,6)	(13,0)	(31,6)
Real estate disposals	-	-	-	-	-	26,5	-	26,5
Retail Investment	-	-	-	-	-	(4,1)	-	(4,1)
Other dividends paid	(0,5)	-	(2,9)	(3,1)	-	-	(3,4)	(3,1)
Cash Out for restructuring operations	(12,9)	(7,5)	(5,9)	(5,2)	(8,0)	(4,2)	(26,8)	(16,9)
Net cash flow from discontinued operations	(8,7)	(22,6)	10,5	7,8	2,5	(4,9)	4,3	(19,7)
Foreign exchange differences/other	(46,0)	(49,6)	(11,9)	29,5	13,2	17,1	(44,7)	(3,0)
Net cash flow before divid. Paid	**(643,2)**	**(475,0)**	**187,1**	**104,3**	**(68,7)**	**(45,4)**	**(524,8)**	**(416,1)**
Dividend paid by Parent	-	-	(156,7)	(156,7)	-	-	(156,7)	(156,7)
Prelios: receivable conversion/share capital increase	-	-	-	-	-	(192,9)	-	(192,9)
Net cash flow	**(643,2)**	**(475,0)**	**30,4**	**(52,4)**	**(68,7)**	**(238,3)**	**(681,5)**	**(765,7)**