PRESS RELEASE

PIRELLI & C. SPA BOARD APPROVES RESULTS FOR 6 MONTHS TO 30 JUNE 2015

FURTHER STRENGTHENING OF PREMIUM WHICH TODAY ACCOUNTS FOR 59.4% OF CONSUMER REVENUES (56.2% IN FIRST HALF 2014); PREMIUM VOLUMES' GROWTH +10.4%

EFFICIENCIES OF 45.8 MILLION EURO, EQUAL TO 51% OF FULL-YEAR TARGET

CONSOLIDATED RESULTS

- REVENUES: 3,178.5 MILLION EURO, AN INCREASE OF 6.4% COMPARED WITH 2,986.9 MILLION EURO ON 30 JUNE 2014; +3.2 EXCLUDING POSITIVE FOREX EFFECT
- EBIT: +4.8% TO 446.6 MILLION EURO (426.2 MILLION EURO ON 30 JUNE 2014)
- EBIT MARGIN AT 14.1% (14.3% ON 30 JUNE 2014); EBIT MARGIN BEFORE RESTRUCTURING CHARGES AT 14.2% (14.7% ON 30 JUNE 2014)
- NET PROFIT FOR CONTINUING OPERATIONS: +10.0%% AT 211.4 MILLION EURO (192.1 MILLION EURO ON 30 JUNE 2014)
- NET FINANCIAL POSITION NEGATIVE 1,664.4 MILLION EURO (1,935.2 MILLION EURO ON 30 JUNE 2014 AND 979.6 MILLION EURO ON 31 DECEMBER 2014), IMPROVED COMPARED WITH 31 MARCH FIGURE (1,732.9 MILLION EURO) DESPITE DIVIDEND PAYMENT OF 179.5 MILLION EURO

TYRE ACTIVITIES

- REVENUES: 3,173.7 MILLION EURO, AN INCREASE OF 6.5% COMPARED WITH 2,980.8 MILLION EURO ON 30 JUNE 2014; +3.2% EXCLUDING POSITIVE +3.3% FOREX EFFECT
- PREMIUM REVENUES: 1,497.4 MILLION EURO, AN INCREASE OF 16.5% COMPARED WITH 1,285.1 MILLION EURO ON 30 JUNE 2014
- PRICE/MIX AT +3.5% AS A CONSEQUENCE OF GOOD PREMIUM PERFORMANCE
- TOTAL VOLUMES STABLE AT -0.3% (+1.3% CONSUMER AND -5.7% INDUSTRIAL WHICH DISOUNTS THE DECLINE OF THE LATAM MARKET)
- EBIT: +4.0% TO 451.5 MILLION EURO (434.0 MILLION EURO ON 30 JUNE 2014)
- EBIT MARGIN AT 14.2% (14.6% ON 30 JUNE 2014); EBIT MARGIN BEFORE RESTRUCTURING CHARGES AT 14.3% (15.0% ON 30 JUNE 2014)

2015 TARGETS

- **CONSOLIDATED EBIT AFTER RESTRUCTURING CHARGES CONFIRMED AT ABOUT 930 MILLION EURO**

- **INVESTMENTS CONFIRMED AT BELOW 400 MILLION EURO**

- **CASH GENERATION BEFORE DIVIDENDS CONFIRMED AT OR ABOVE 300 MILLION EURO BEFORE DISPOSAL OF STEELCORD**

- **NET FINANCIAL POSITION CONFIRMED AT ABOUT 850 MILLION EURO**

- **TOTAL REVENUES AT >6.35 BILLION EURO (PREVIOUS ESTIMATE ~6.4 BILLION) DERIVING FROM:**

  - **VOLUME INCREASE EQUAL TO +0.5%/+1% IN CONSIDERATION OF A MORE CAUTIOUS SCENARIO IN LATAM AND RUSSIA (PREVIOUS ESTIMATE ~+2%). PREMIUM GROWTH CONFIRMED AT GREATER THAN OR EQUAL TO +10%**
  - **PRICE/MIX GROWTH AT ABOUT +4% (UNCHANGED FROM PREVIOUS ESTIMATE)**
  - **POSITIVE FOREX EFFECT AT ABOUT +1% (UNCHANGED FROM PREVIOUS ESTIMATE)**

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As a consequence of the underwriting of the agreement for the sale of 100% of the steelcord activities signed on 28 February 2014, this business has been classified as a "discontinued operation" and consequently the 2014 results and those of the first half of 2015 have been reclassified in the accounts under the heading "results of discontinued operating activities". The economic indicators relative to the first half of 2015 as well as the comparable data for the first half of 2014 thus refer to continuing operations.

Milan, 6 August 2015 – The Board of Directors of Pirelli & C. SpA today reviewed and approved **results for the six months ended 30 June 2015**. The results of the first half of 2015, which show growth of the key economic indicators, were characterized in particular by:

- Further strengthening of the Premium segment, as evidenced by 10.4% volume growth, in line with 2015 guidance. Premium registered a general increase in market share, particularly in Apac, Latam, Meai and Russia and reached a total weight of 59.4% of Consumer revenues, an improvement of over 3 percentage points compared with the first half of 2014;
- Revenue growth of 6.4% (+3.2% at the organic level), in line with the full-year target, sustained by the positive performance of the Consumer business (+10.2%). Revenues for the Industrial business (-5.8%) were impacted by the general market decline, in particularly in South America;
- The positive performance of the price/mix component (+3.5%), substantially in line with guidance foreseen for 2015 (about +4%). In the Consumer business, the price/mix component posted growth of +4.4% thanks to an increasing exposure high-end products and the Replacement channel and price increases in Russia and South America. The improvement of the price/mix in the Industrial business (+0.7%) thanks to the positive figure of +1.3% in the second quarter of the year as a result of price increases in South America;
- The positive performance of Consumer volumes (+1.3% in the first half, +2.2% in the second quarter), which counter-balances the decline of the Industrial business (volumes down -5.7% in the first half, -4.7% in the second quarter) because of the weakness of the South American truck and agro markets. Overall volumes were substantially stable at -0.3%. In the second quarter volumes increased +0.6%;
- The achievement of efficiencies of 45.8 million euro (51% of the full-year goal of 90 million euro) in the context of the 4-year efficiency plan (2014-2017) of 350 million euro announced in November of 2013 (efficiencies realized in 2014 totaled 92 million euro);

- The growth of the operating result (Ebit) by 4.8% to 446.6 million euro compared with the first half of 2014, with an Ebit margin of 14.1% (substantially in line with the 14.3% of first half 2014);
- Net profit of continuing operations at 211.4 million euro (+10.0% compared with 192.1 million euro in first half 2014);
- Strong cash generation in the second quarter – before dividends' payment and 35.6 million euro inflow linked to the sale of the steelcord business - 212.4 million euro, an improvement compared with 187.1 million euro in the second quarter of 2014; Net financial position is therefore 1,664.4 million euro (1,732.9 million euro on 31 March 2015).

Consolidated results

At the consolidated level, **revenues** on 30 June 2015 amounted to 3,178.5 million euro, with an increase of 6.4% compared with 2,986.9 million euro in the first half of 2014 (+3.2% excluding the positive +3.2% forex effect).

The **gross operating margin (EBITDA) before restructuring charges** totaled 609.6 million euro, an increase of 4.6% compared with 582.8 million euro in the corresponding period of 2014.

The operating result (Ebit) before restructuring charges was 451.4 million euro, an increase of 2.8% compared with 438.9 million euro for the corresponding period of 2014. The **Ebit margin before restructuring charges** was 14.2% compared with 14.7% on 30 June 2014.

The **operating result (Ebit)** was 446.6 million euro with an increase of 4.8% compared with 426.2 million euro in the first half of 2014. The improved operating result (+20.4 million euro) reflects for 17.5 million euro the better Ebit of the tyre activities, thanks to the positive performance of the operational variables, and for 2.9 million euro because of the improved operating result of other activities. The operating result was impacted by restructuring charges of 4.8 million euro linked to the ongoing efficiency actions (12.7 million euro on 30 June 2014). The **Ebit margin** was 14.1%, substantially in line with the 14.3% of 30 June 2014.

The **result from shareholdings** on 30 June 2015 was negative 4.0 million euro, a net improvement compared with -27.2 million euro in the first half of 2014. The 2015 figure refers mainly to the impact of the consolidation using the net equity method of the results of the affiliate Prelios S.p.A. (3.9 million euro relative to the pro-quota loss in the fourth quarter 2014 and in the first quarter of 2015).

Net profit from continuing operations on 30 June 2015 was 211.4 million euro, an increase of 10.0% compared with 192.1 million euro in the same period of 2014 and reflects, beyond the improved operating result and results from shareholdings, greater net financial charges (21.3 million euro). This increase of financial charges is principally due to the impact of the devaluation of the Venezuelan Bolivar from 12 to 12.80 per US dollar on total commercial positions of 14.2 million euro and to interest rate increases in countries outside the Euro area (about 40% of the total) in which Pirelli operates, in particular in Russia.

Net profit for discontinued operations in the first half of 2015 was negative 14.9 million euro (+1.7 million euro in the first half of 2014). This result was mainly due to the extraordinary accounting effect linked to the disposal, which took place in February 2015, of the Turkish steelcord unit and consequent booking in accounts, during the first quarter of 2015 of past losses for forex consolidations, previously booked in net assets. As a result, **total net profit** was 196.5 million euro stable compared with the 193.8 million euro of the first half of 2014.

Net profit attributable to Pirelli & C. Spa, including the result from discontinued operations, was 190.8 million euro (189.1 million euro in the same period of 2014).

Net equity on 30 June 2015 was 2,772.3 million euro compared with 2,611.5 million euro on 31 December 2014. **Net equity attributable to Pirelli & C. S.p.A.** on 30 June 2015 was 2,707.5 million euro (5.548 euro per share) compared with 2,548.3 million euro on 31 December 2014 (5.222 euro per share).

The **Consolidated net financial position** was negative 1,664.4 million euro (1,935.2 million euro in first half 2014 and 979.6 million euro on 31 December 2014).

Net cash flow from continuing operations in the first half of 2015 was negative 322.8 million euro (-170.0 million euro in the same period of 2014), essentially because of the usual seasonality of working capital in the first quarter of the year, with an increase in commercial credits proportional to the sales' performance. In the **second quarter** of 2015 the net flow from continuing operations was positive 366.1 million euro (304.6 million euro in the second half of 2014), with a positive variation of working capital of 151.6 million euro (+77.4 million euro in the corresponding period of 2014), thanks to receipts from the summer season in the European and Russian markets. In total, in the first half, investments totaling 188.8 million euro were made – an increase compared with 143.6 million euro on 30 June 2014 – mainly earmarked for increasing Premium capacity in Europe, Nafta and China, and the improvement of the mix.

The **net total cash flow before dividends and excluding the impact of the operations of partial disposal of** ***steelcord***, in the semester was negative 565.3 million euro (-456.1 million euro on 30 June 2014). In the second quarter of 2015 the figure was positive 212.4 million euro (+187.2 million in the same period of 2014).

The **total cash flow** was negative 684.8 million euro (-612.8 million euro on 30 June 2014) including the positive effect deriving from the disposal the steelcord activities for 60 million euro.

Group **employees** on 30 June 2015 numbered 37,832 (compared with 37,561 on 31 December 2014).

Tyre activities

Sales on 30 June 2015 totaled 3,173.7 million euro, with an increase of 6.5% compared with 2,980.8 million euro in the first half of 2014. Organic growth, before the positive +3.3% forex impact, was +3.2%. The sales' performance was underpinned by the Consumer business (revenues +10.2%), while the Industrial business (-5.8%) discounts the market's slowdown particularly in South America (-43% volume decline in the Latam truck Original Equipment market and -10% in the Replacement channel). Total volumes declined by 0.3% as a consequence of the following dynamics:

- Volume growth in the Consumer segment (+1.3%), underpinned by Premium's good performance in all key markets (+10.4%), while Non-Premium (volumes -4,7%) was mainly impacted by the weakness of the LatAm and Russia markets, particularly in the Original Equipment channel;
- The decline of Industrial volumes (-5.7%) as a consequence of the weakness of the South American market in Original Equipment, where the crisis became accentuated beginning from the second quarter of 2014, and the slowdown of the Replacement markets in Latam and China.

The price/mix component posted growth of 3.5%, supported by the performance of the Consumer business (price/mix +4.4%), which benefits from the improved product mix deriving from the greater weight of the Premium segment and sales in the Replacement channel compared with the first half of 2014, as well as, the diverse composition of the business at the regional level, which sees greater weight of the Nafta and Apac areas. The price/mix component was also positive in the Industrial segment (+0.7%) thanks to price increases in South America which just in the second quarter of 2015 brought a price/mix of +1.3%.

The operating result (Ebit) before restructuring charges on 30 June 2015 was 455.0 million euro, an increase of 2% compared with 446.4 million euro in the same period of 2014. The **Ebit margin before restructuring charges** was 14.3% (15% on 30 June 2014).

The **operating result (Ebit) after restructuring charges** on 30 June 2015 amounted to 451.5 million euro, an increase of 4.0% compared with 434.0 million euro on 30 June 2014, with an **Ebit margin** of 14.2% (14.6% in first half 2014).
The improvement in the operating result (Ebit) reflects the growth of the internal levers of value creation: price/mix and efficiencies. In particular:

- The positive contribution of the price/mix component (+56.2 million euro) and efficiencies (45.8 million euro) more than offset higher amortizations and other costs (-59.0 million euro, of which 24.8 million euro mainly linked to the development of Premium, 15 million euro to greater amortizations, 14 million euro linked to a different mode of steelcord sourcing and 5.2 million euro for reduced plant saturation in LatAm);
- The lower cost of raw materials (+24.9 million euro) and the positive forex impact (+14.2 million euro) mitigated the negative effect of the inflation of production factors (-68.9 million euro);
- Non-recurrent charges which were 8.8 million euro lower.

At the geographic level, **Apac** (11% of tyre revenues, grew by about 2.2 percentage points compared with 2014) is confirmed as the area with the greatest growth and profitability: revenues grew +16.2% in organic terms (+33.7% including forex impact), driven by high-end sales (Premium revenues grew +41.8%, with an increase in market share particularly in the Replacement channel thanks to the progressive growth of the distribution network) and an Ebit margin in the twenties, an increase compared with the previous year.
Nafta (13.4% of tyre revenues) posted revenue growth of 21%. Premium car had a positive performance while the moto and Non-Premium businesses reflect the weakness of market demand. The revenue performance reflects the positive volumes' trend, improved mix and partial adjustment of prices to the current forex scenario and raw materials. Profitability (Ebit margin) improved to the *high-teens* level compared with the first half of 2014.
MEAI (8.6% of tyre revenues) registered a revenue growth of 12.1% (+6.4% excluding the positive forex effect), with profitability in the *high-teens* and stable compared with 2014.
Europe revenues were up 3.9% (34.5% of tyre revenues) despite the challenging basis for comparison (+10% revenue growth in the first half of 2014). The business saw marked growth in the second quarter (+5.6% revenue increase) thanks to the good performance of Premium and the progressive improvement of the price/mix component. Profitability in the first semester was at the low-teens level and stable compared with the first half of 2014.
Russia (3.4% of tyre revenues), despite the unfavourable context, saw organic sales' growth of 7.0% (-18.1% including forex impact) and volume growth above the market trend. High single digit profitability is confirmed, only slightly lower than the first half of 2014 thanks to the improved mix and efficiencies' programme.
Latam (29.1% of tyre revenues) saw a reduction of revenues of 1.7% (+0.3% excluding the negative forex impact). The enduring difficult market situation, above all in Original Equipment (car -15% and truck -43%) weighed on volumes which fell overall by 8.8%, despite slight growth in the Car replacement channel and the good Premium performance (volumes +19% in the first half of the year, above market trends). The revenues' performance was helped by the continuing growth of the product mix, together with price increases in Consumer and the beginning of increases in Industrial in the second quarter in response to forex volatility. These factors partially mitigated the impact on profitability stemming from the decline in volumes and costs linked to decreased plant usage, in particular in Venezuela. Profitability in the semester stood at the *double digit* level, in decline compared with the first half of 2014.

- In the ***Consumer business (Car/Light Truck and Moto tyres)***, sales amounted to 2,521.7 million euro, with an increase of 10.2% compared with 2,288.3 million euro in the first half of 2014. Organic growth, before the positive +4.5% forex effect, was 5.7%. In total, volumes increased by 1.3%, with greater growth in mature markets (+2.7%), Apac and Meai (*mid-teen* in both areas),

while the performance in Latam and Russia was impacted by the decline in the Original Equipment market (-15% Original Equipment market in LatAm, -27% in Russia).
The price/mix component was +4.4%, mainly as a result of the growing weight of Premium (59.4% of Consumer revenues in the first half of 2015 compared with 56.2% in 2014) and price increases in South America and in Russia to counter the forex effect.

Premium is confirmed, once more, as the driver of growth, with a volume increase of 10.4% (+16.5% revenue increase, +7.6% excluding the positive forex effect), and with revenue growth in emerging markets of 31.3% and of 11.4% in mature markets.

The **operating result (Ebit)** on 30 June 2015 grew by 14.3% to 388.9 million euro, with an increase of 48.8 million euro compared with 340.1 million euro in the same period of 2014, with an Ebit margin of 15.4%, an increase with the previous 14.9%. The growth in profitability reflects the improved price/mix component (thanks to the growing weight of Premium in all regions), and the greater weight of the Replacement channel and progressive achievement of internal efficiencies.

- In the ***Industrial Business (tyres for Industrial vehicles)*** sales totaled 652.0 million euro, with a decline of 5.8% (-5% at the organic level excluding the negative 0.8% forex impact) compared with 692.5 million euro in the same period of 2014. Volumes fell by 5.7% as a consequence of market contraction in the Latin American market. The price/mix component improved, +0.7%, thanks to price increases in South America which in the second quarter of 2015 led to a price/mix of +1.3%.

  The **operating result (Ebit)** stood at 62.6 million euro (93.9 million euro in first half 2014), equal to 9.6% of sales compared with 13.6% in the same period of 2014 (12.3% excluding from the result for the first half 2014 the full contribution of the steelcord activities and not only those to third parties).
  The profitability performance of Industrial, discounts the decline in volumes, forex negativity, the impact of diverse steelcord sourcing, inflation of production costs in Latin America as well as costs linked to the minor utilization of production capacity in the area.

Events after 30 June 2015

On august 5, 2015, CNRC, Camfin and the shareholders of Camfin inform that the approvals of the Antitrust and other relevant authorities competent for the transaction announced to the market on 22 March 2015, as well as the opinion expressed by Consob on the query concerning the mandatory tender offer price (already published on the web site of the Authority www.consob.it), have been obtained. The abovementioned parties agreed that the completion of the transaction will take place on 11 August 2015 with the transfer to Marco Polo Industrial Holding S.p.A. (Bidco), a newly incorporated Italian company, of the direct shareholding of Camfin in Pirelli, and the simultaneous reinvestment by Camfin in Marco Polo International Italy S.p.A. (Newco), a company which controls Bidco through Marco Polo International Holding Italy S.p.A. (Holdco). Following the completion of the purchase and pursuant to Article 102 of the Italian Consolidated Financial Law, Bidco will launch the Mandatory Tender Offer on the remaining ordinary share capital of Pirelli at a price of Euro 15 per ordinary share and the Voluntary Tender Offer on the entire savings share capital of Pirelli, subject to reaching at least 30% of the savings share capital, at a price per savings share of Euro 15. Extracts of the shareholder agreements relative to the partnership are available on Pirelli's website.

2015 Outlook

Over the course of 2015 a further improvement of the Consumer business is expected – thanks to the positive performance of the Premium segment – which will compensate for the weakness of the Industrial business in emerging markets, particularly accentuated in the Latam area. Pirelli confirms, as such, its 2015 targets in terms of:

- Ebit equal to ~930 million euro after restructuring charges of about 30 million euro (previous estimate 40 million euro)
- Investments below 400 million euro
- Cash generation before dividends equal to or above 300 million euro before steelcord disposal
- Net financial position at about 850 million euro

Consolidated revenues are expected to grow by about 6% to >6.35 billion euro, compared with the previous indication of revenues increasing by 6.5%/7% to ~6.4 billion euro as a consequence of:

- price/mix component growing by ~+4% (unchanged from the previous estimate)
- Confirmed Premium volumes' growth equal to or above +10%
- Total volumes expected to grow by +0.5%/+1% (previous estimate ~+2%), discounting the slowdown in the Truck and Agro market, particularly in the Latam area, and Car Original Equipment in Latam and Russia
- Forex effect seen positive at ~+1% (unchanged from previous indications).

The target for the operating result (Ebit) after restructuring charges is confirmed at ~930 million euro following restructuring charges of about 30 million euro. Lower commercial costs, correlated to a more cautious volume scenario in emerging markets (+10 million positive impact), lower raw material costs (+10 million euro) and lower estimated non-recurring charges due to lower devaluations (+10 million euro), will compensate for the negative impact of lower volumes (-20 million euro) and the negative impact of lower plant saturation in South America (-10 million euro).

As already announced to the market last February, the targets cautiously assume the prolongation of the difficult economic situation in Venezuela and Argentina and should the macro-economic scenario worsen – with a consequent further reduction of Venezuelan capacity utilization from the present 50% to 30%, and sales' volumes in Argentina of 10%/15% - it would present a risk for the 2015 consolidated Ebit target (~930 million euro) quantifiable at 30 million euro.

With regard to the Consumer business, the revenues target is revised upwards to >5 billion euro, with an increase of +8% compared with the prior year, (previous estimate ~5 billion) as a result of:

- Growth of the segment's total volumes seen between +1.5% and +2% (previous estimate >+2%), with an increase of Premium volumes confirmed at equal to or above+10%);
- Greater price/mix component contribution, at~+4.5% (previous estimate ≥+4%);
- Positive forex effect equal to about +2% (unchanged from the previous estimate)

These operational variables translate into improved Consumer profitability, with an Ebit margin before restructuring charges seen at above 16% compared with the previous indication of "equal to or above 16%".

With regard to the Industrial business, revenues are estimated to fall by ~-4% to ~1.35 billion euro (previous target +1.5% to ~1.4 billion euro) as a result of:

- Lower volumes' growth of ~-3% (previous indication ~+1%) in consideration of the slowdown of Truck and Agro markets in emerging markets and particularly in Latam;
- price/mix growth of about 1% (previous indication >+2.5%)
- forex impact at ~-2% (unchanged from the previous estimate)

The profitability of the Industrial business (Ebit margin before restructuring charges) is expected to be about 10% (previous target approximately 11%).

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LORENZO SISTINO NOMINATED GENERAL MANAGER INDUSTRIAL

The Board also appointed Lorenzo Sistino as General Manager Industrial of Pirelli & C. The appointment of Sistino, who joined the group on 6 July 2015, is part of the process of strengthening - also through its separation from the Consumer business unit - the organizational unit focused on Truck and Agro tyres, in line with the strategy already announced to the market when the Industrial Plan 2014-2017 was presented in November of 2013.

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Bond Issues

In accordance with the provisions issued by of Borsa Italiana, the Company announces that in February 2016 an unrated bond issue placed by Pirelli & C SpA on the Eurobond market in February 2011, for a total nominal value of 500 million euro with a fixed coupon of 5.125%, will expire.

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Conference call

The results for the six months ended 30 June 2015 will be illustrated to today, 6 August 2015, at 18.30 via conference call with the participation of the Chairman and CEO of Pirelli & C. SpA, Marco Tronchetti Provera, and the top management. Journalists will be able to follow the conference by telephone, without the possibility of asking questions, by dialing **+39 02 3600 9866** or **800 089 737**. The presentation will also be webcast – in real time – on the www.pirelli.com site in the Investor section, where the slides will also be available.

The results for the six months ended 30 June 2015 will be available to the public at the Company's legal headquarters and at Borsa Italiana SpA, as well as through the authorized storage mechanism "NIS storage" (www.emarketstorage.com), and also on the company website (www.pirelli.com), on 7 August 2015.

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Il Dirigente Preposto alla redazione dei documenti contabili societari di Pirelli & C. S.p.A., Dott. Francesco Tanzi, dichiara ai sensi del comma 2 dell'articolo 154 bis del Testo Unico della Finanza che l'informativa contabile contenuta nel presente comunicato corrisponde alle risultanze documentali, ai libri e alle scritture contabili.

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Group – Pirelli & C. Spa

(in millions of euro)

	06/30/2015	06/30/2014	12/31/2014
Net sales	**3.178,5**	**2.986,9**	**6.018,1**
Gross operating margin before restructuring expenses	609,6	582,8	1.168,0
% of net sales	19,2%	19,5%	19,4%
Operating income before restructuring expenses	451,4	438,9	869,2
% of net sales	14,2%	14,7%	14,4%
Restructuring expenses	(4,8)	(12,7)	(31,3)
Operating income (loss)	**446,6**	**426,2**	**837,9**
% of net sales	14,1%	14,3%	13,9%
Net income (loss) from equity investments	(4,0)	(27,2)	(87,0)
Financial income/(expenses)	(113,4)	(92,1)	(262,4)
Net Income before tax	**329,2**	**306,9**	**488,5**
Tax expenses	(117,8)	(114,8)	(173,3)
Tax rate %	35,8%	37,4%	35,5%
Net income (loss) from continuing operations	**211,4**	**192,1**	**315,2**
Net income (loss) from discontinued operations	**(14,9)**	**1,7**	**17,6**
Total net income (loss)	**196,5**	**193,8**	**332,8**
Net income attributable to Pirelli & C. S.p.A.	190,8	189,1	319,3
Total net earnings per share attributable to Pirelli & C. S.p.A. (in euro)	0,391	0,388	0,654
Operating fixed assets	**4.012,6**	**3.896,8**	**3.874,0**
Inventories	1.131,8	1.043,7	1.055,0
Trade receivables	1.002,0	974,0	673,8
Trade payables	(1.163,5)	(1.053,7)	(1.394,4)
Operating Net working capital related to continuing operations	**970,3**	**964,0**	**334,4**
% of net sales (°)	15,3%	16,1%	5,6%
Other receivables/other payables	119,2	40,9	33,9
Total Net working capital related to continuing operations	**1.089,5**	**1.004,9**	**368,3**
% of net sales (°)	17,1%	16,8%	6,1%
Net invested capital held for sale	-	**143,9**	**30,8**
Total Net invested capital	**5.102,1**	**5.045,6**	**4.273,1**
Equity	**2.772,3**	**2.371,3**	**2.611,5**
Total Provisions	**665,4**	**739,1**	**682,0**
of which provisions held for sale	-	*12,1*	*5,2*
Total Net financial (liquidity)/debt position	**1.664,4**	**1.935,2**	**979,6**
of which Net Financial (liquidity)/debt position held for sale	-	*40,4*	*(5,8)*
Equity attributable to Pirelli & C. S.p.A.	2.707,5	2.300,3	2.548,3
Equity per share attributable to Pirelli & C. S.p.A. (in euro)	5,548	4,714	5,222
Investments in property, plant and equipment and intangible assets	188,8	143,6	378,1
Research and development expenses	107,6	99,7	205,5
% of net sales	3,4%	3,3%	3,4%
Headcount (number at end of period)	37.832,0	39.299	37.561
Industrial sites (number)	19	22	19

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

Data by business sector

(in millions of euro)

	A		B		A+B = C			D		C+D	
	Consumer		Industrial		Total Tyre			Other business		TOTAL	
	1H 2015	1H 2014	**1H 2015**	1H 2014	**1H 2015**	1H 2014		**1H 2015**	1H 2014	**1H 2015**	1H 2014
Net sales	**2.521,7**	2.288,3	**652,0**	692,5	**3.173,7**	2.980,8		**4,8**	6,1	**3.178,5**	2.986,9
Gross operating margin before restructuring expenses	**523,1**	464,5	**89,5**	124,5	**612,6**	589,0		**(3,0)**	(6,2)	**609,6**	582,8
Operating income (loss) before restructuring expenses	**392,0**	349,5	**63,0**	96,9	**455,0**	446,4		**(3,6)**	(7,5)	**451,4**	438,9
Restructuring expenses	**(3,1)**	(9,4)	**(0,4)**	(3,0)	**(3,5)**	(12,4)		**(1,3)**	(0,3)	**(4,8)**	(12,7)
Operating income (loss)	**388,9**	340,1	**62,6**	93,9	**451,5**	434,0		**(4,9)**	(7,8)	**446,6**	426,2

Cashflow statement

(in millions of euro)

	1 Q			2 Q			1 H	
	2015	**2014**		**2015**	**2014**		**2015**	**2014**
Operating income (loss) before restructuring expenses	213,4	206,7		238,0	232,2		451,4	438,9
Amortisation and depreciation	78,5	70,6		79,7	73,3		158,2	143,9
Investments in property, plant and equipment and intangible assets	(85,6)	(65,3)		(103,2)	(78,3)		(188,8)	(143,6)
Change in working capital/other	(895,2)	(686,6)		151,6	77,4		(743,6)	(609,2)
Operating net cash flow	**(688,9)**	**(474,6)**		**366,1**	**304,6**		**(322,8)**	**(170,0)**
Ordinary financial income/(expenses)	(52,1)	(43,3)		(61,3)	(48,8)		(113,4)	(92,1)
Ordinary tax expenses	(54,1)	(53,5)		(63,7)	(61,3)		(117,8)	(114,8)
Ordinary net cash flow	**(795,1)**	**(571,4)**		**241,1**	**194,5**		**(554,0)**	**(376,9)**
Financial investments/disinvestments	(14,4)	(3,7)		(0,4)	2,8		(14,8)	(0,9)
Other dividends paid to third parties	(7,6)	(0,5)		(2,5)	(2,9)		(10,1)	(3,4)
Cash Out for restructuring	(6,4)	(12,9)		(2,6)	(5,9)		(9,0)	(18,8)
Reversal of impairment in Venezuela included in financial expenses	-	-		14,2	-		14,2	-
Net cash flow from discontinued operations	-	(8,7)		-	10,5		-	1,8
Differences from foreigh currency translation/other	45,8	(46,0)		(37,4)	(11,9)		8,4	(57,9)
Net cash flow before dividends paid	**(777,7)**	**(643,2)**		**212,4**	**187,2**		**(565,3)**	**(456,1)**
Dividends paid by Parent	-	-		(179,5)	(156,7)		(179,5)	(156,7)
Impact Steelcord units disposal	24,4	-		35,6	-		60,0	-
Net cash flow	**(753,3)**	**(643,2)**		**68,5**	**30,4**		**(684,8)**	**(612,8)**