

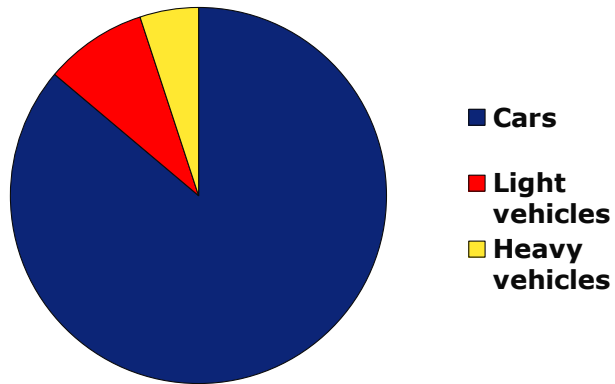
L'Osservatorio Congiunturale

The Tyre Sector

17 June 2009

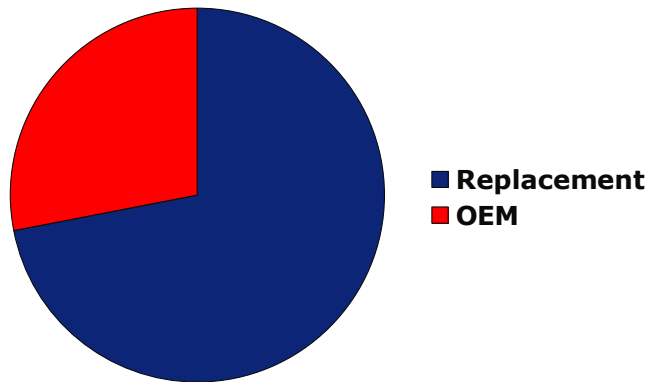
The drivers of tyre demand

European Tyre Sales, by Type, 2008



More than 80% of sales are produced for the passenger car market

European Tyre Sales by End User, 2008

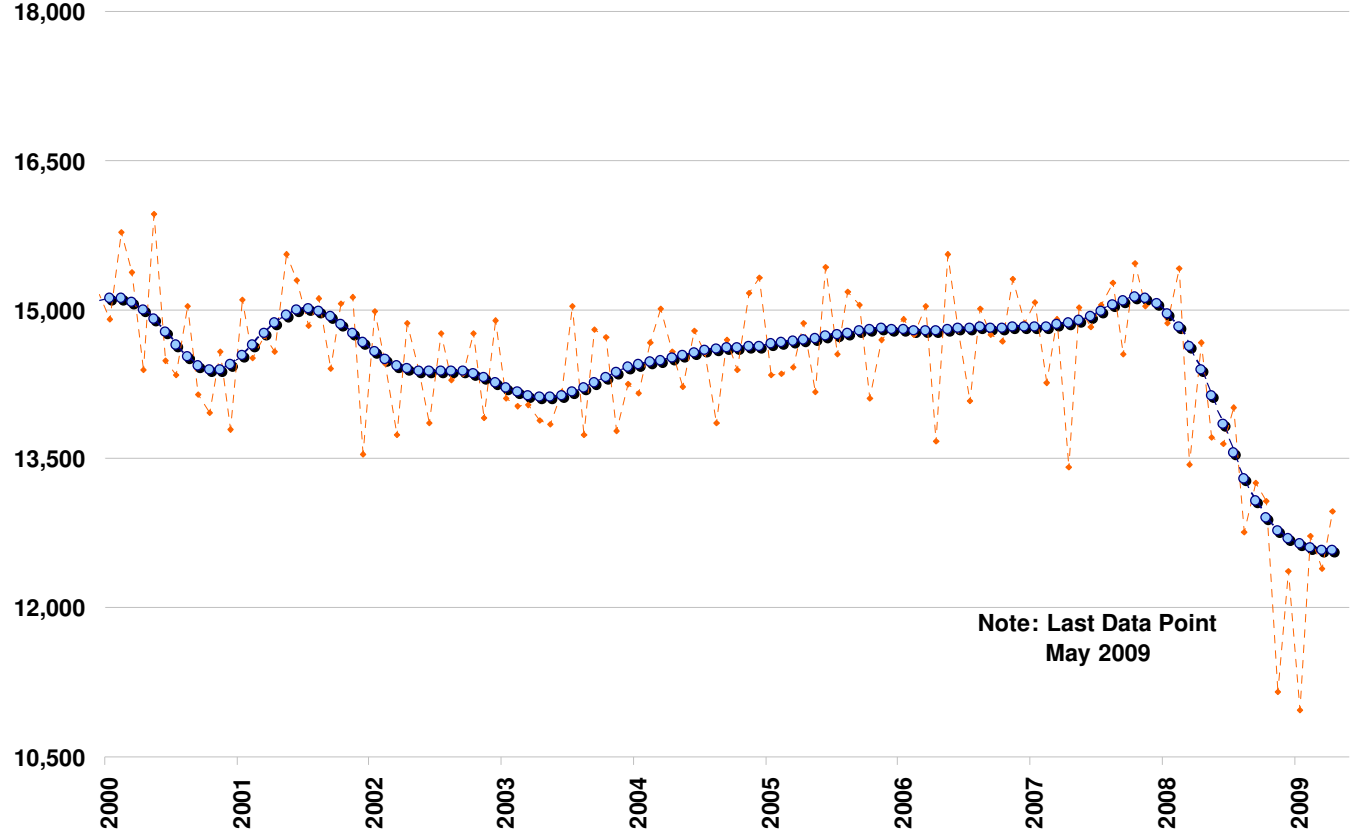


Demand is driven by sales of new vehicles and the need for replacement tires

Recent Automotive Trends

Trends in West European New Car Registrations - May 2009

Monthly evolution of the annualised rate in 000s

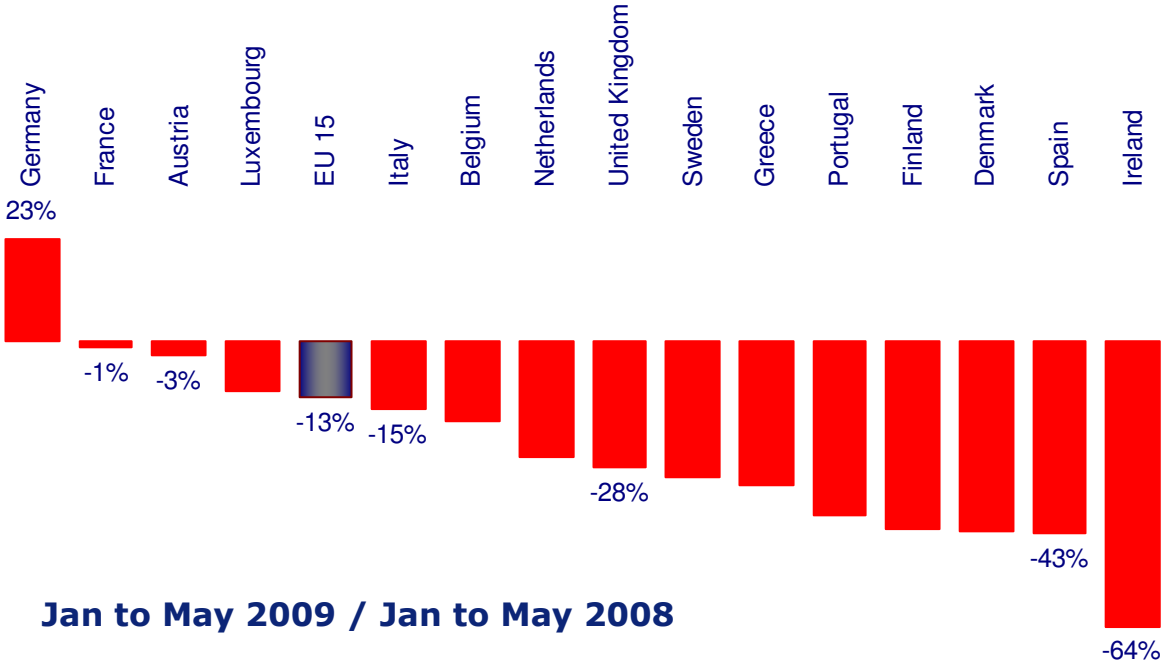


After slipping 2,7% in 2008, IHS Global Insight expects cars sales to fall 13% in 2009



Recent Automotive Trends

EU 15 Auto Sales in 2009 to date



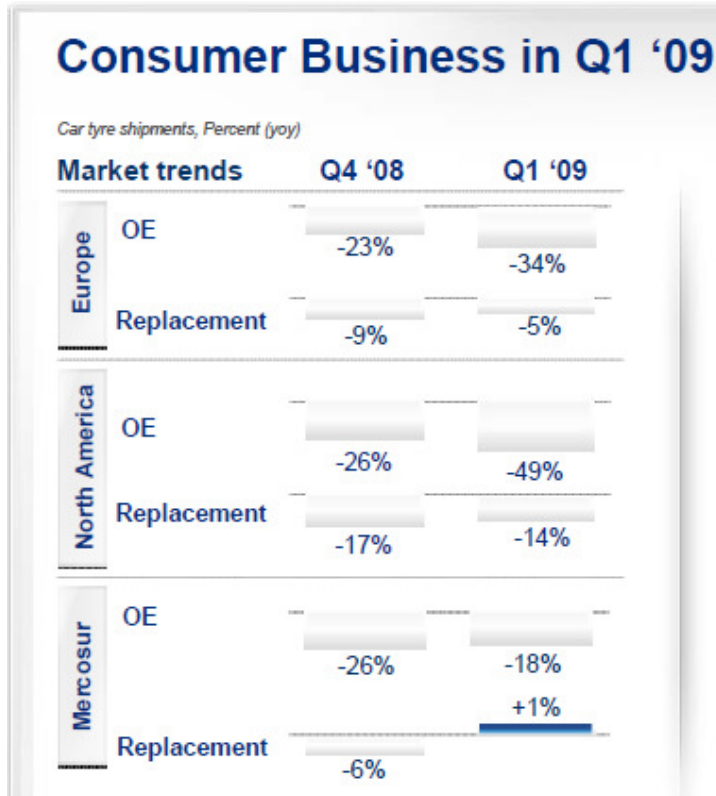
Effective auto incentives have clearly boosted car sales in Germany.

In Italy, car sales were on an upward trend in the first three months of the year but slipped in April and May.

Source: Acea



Car Tyre Sales



In Q1, trends in light vehicle and motorcycle production worsened with respect to Q4 2008.

Still negative trends in all mature replacement markets, both car and motorcycle, driven by de-stocking more so than by end user demand.

Since March, trends show some timid signs of improvement in the replacement market

Trucks: Tyre Sales



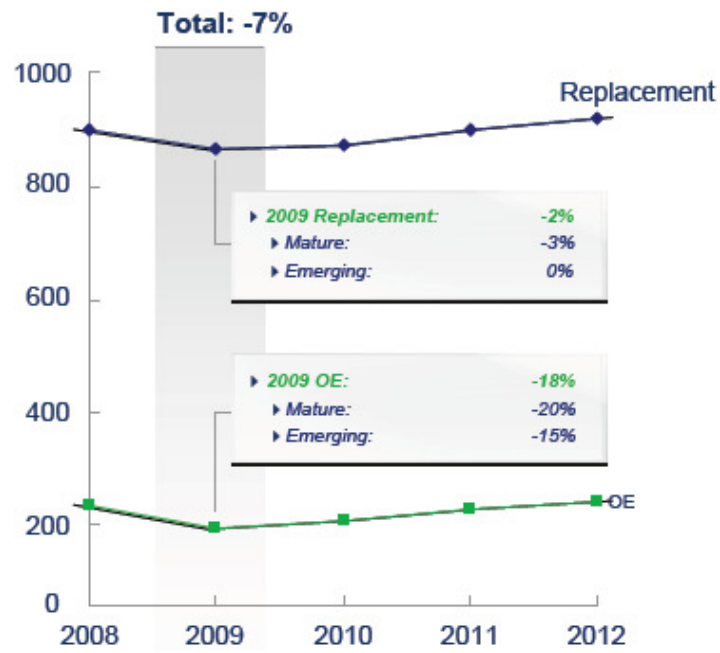
Dramatic reduction in medium-heavy vehicle production worldwide and worsening trend in replacement markets, also compared to Q4 2008, driven by overall macroeconomic scenario (with the exception of Chinese and some Middle East/Asian markets).

Outlook Tyre Sales

Light vehicles

MARKET OUTLOOK

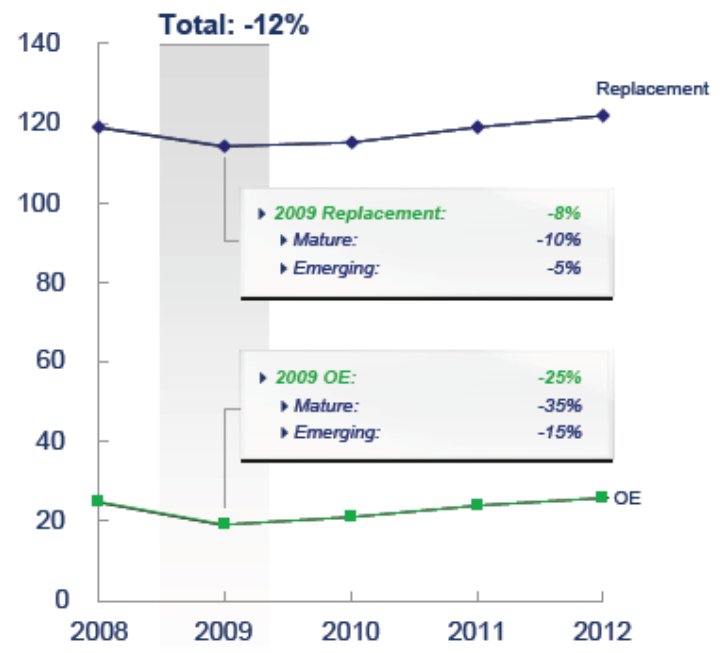
Car tires, Mln pieces, Percent



Truck

MARKET OUTLOOK

Mln pieces, Percent, Radial + truck tires



Source: LMC, Global Insight, Pirelli estimates

Source: DB 10th Italian Conference May 2009

