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

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After slipping 2.7% in 2008, IHS Global Insight expects cars sales to fall 13% in 2009.

Note: Last Data Point May 2009
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.
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).

### Industrial Business in 1Q09

<table>
<thead>
<tr>
<th>Market Trends</th>
<th>Q4 '08</th>
<th>Q1 '09</th>
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</thead>
<tbody>
<tr>
<td>Europe</td>
<td></td>
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<tr>
<td>OE</td>
<td>-23%</td>
<td>-69%</td>
</tr>
<tr>
<td>Replacement</td>
<td>-27%</td>
<td>-33%</td>
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<tr>
<td>Mercosur</td>
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</tr>
<tr>
<td>OE</td>
<td>-9%</td>
<td>-29%</td>
</tr>
<tr>
<td>Replacement</td>
<td>-17%</td>
<td>-26%</td>
</tr>
</tbody>
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Outlook Tyre Sales

Light vehicles

MKT OUTLOOK

Source: DB 10th Italian Conference May 2009

Truck

MKT OUTLOOK

Source: LMC, Global Insight, Pirelli estimates