



## PRESS RELEASE

PIRELLI & C. SPA BOARD OF DIRECTORS APPROVES FINANCIAL STATEMENTS AS OF 31 MARCH 2009:

THE GROUP CLOSSES THE FIRST QUARTER WITH OPERATING PERFORMANCE IN LINE WITH THE TARGETS OF THE 2009-2011 INDUSTRIAL PLAN AND NET INCOME SUBSTANTIALLY IN BREAKEVEN.

INDICATORS SIGNIFICANTLY IMPROVED OVER FOURTH QUARTER 2008

- REVENUES: 1,043.0 MILLION EUROS (1,197.9 MILLION EUROS AS OF 31 MARCH 2008)
- EBIT: 46.8 MILLION EUROS, EBIT MARGIN 4.5%, IN LINE WITH TARGETS OF THE INDUSTRIAL PLAN
- TOTAL CONSOLIDATED NET INCOME: 1.1 MILLION EUROS. ATTRIBUTABLE CONSOLIDATED NET INCOME: 9.5 MILLION EUROS
- NET FINANCIAL POSITION: NEGATIVE FOR 1,278.9 MILLION EUROS (1,027.7 MILLION EUROS AT END 2008): AFFECTED BY SEASONAL FACTORS AND CASH-OUT LINKED TO RESTRUCTURING
- PIRELLI TYRE: REVENUES 926.9 MILLION EUROS (1,076.9 MILLION EUROS AS OF 31 MARCH 2008); EBIT 57.5 MILLION EUROS, EBIT MARGIN 6.2%
- PIRELLI RE: FIRST QUARTER OPERATING RESULTS STILL NEGATIVE, BUT IMPROVED OVER THE LAST QUARTER OF 2008
- LAUNCH OF NEW INCENTIVES PLAN: NEW RULES WITH "PARTICIPATION IN RISK" ON BONUSES FOR SENIOR MANAGEMENT

*Milan, 21 April 2009* – The Board of Directors of Pirelli & C. SpA, which met today, reviewed and approved the **interim financial report as of 31 March 2009**.

The restructuring measures launched last year have made it possible to limit the impact from the protracted crisis, and to close the first quarter of 2009 with results showing **improvement over the fourth quarter of 2008, even if in decline compared with the corresponding period of last year**, due to the economic slowdown in the automotive industry and in the real estate sector, where the Group operates. Overall, the Group closed the quarter with operating indicators in line with 2009-2011 industrial plan targets, as presented last 11 February, with revenues equal to 1,043.0 million euros and an EBIT margin of 4.5%. Net income, a positive figure of 1.1 million euros, was substantially at breakeven point.

In the tyre business, in the first quarter Pirelli Tyre finalized part of the restructuring actions already communicated, in order to face the difficult market context, in a process of improving its industrial footprint and adjusting the fixed cost structure to the changed scenario. The first three months of 2009 showed **signs of improvement over the last quarter of 2008**, though the high level of raw materials costs continued into the period, with benefits from the decline in these costs to be produced starting in the second quarter of 2009 together with benefits linked to a decrease in warehouse stock, already significantly underway.

Thanks to actions aiming for greater penetration in the domestic and international markets, **Pirelli Eco Technology**, the Group company operating in the area of sustainable mobility, registered during the quarter growing sales volume of particulate filters with respect to the corresponding period of 2008, even if the result was still influenced by structural costs for expansion of the business.

In real estate, **Pirelli RE** continued with the reorganization begun last year in order to face a changed scenario. The Company closed the first quarter of 2009 with operating results that were still negative, but **improved over the last quarter of 2008**, though the sector continues to be hit by the crisis that started last year. In support of the new business model, and in order to allow the Company to express in the period covered by the 2009-2011 industrial plan the real implicit value of its assets, last 17 April the **extraordinary Shareholders' meeting approved a 400 million euro capital increase**.

In the **other businesses**, the good performance of **Pirelli Broadband Solutions** was noteworthy, closing the period with a profit and with revenue growth of over 50%.

Coherently with what was announced at the time of presentation of the Group's 2009-2011 industrial plan, during the quarter the Group continued in the direction of **focus on and strengthening of the core businesses**, including through redefining its asset portfolio. This included the agreement reached with Alcatel-Lucent on 24 March 2009 for the sale to it of a stake held in Alcatel-Lucent Submarine Networks, a company operating in submarine systems for telecommunications, for a total value of 56 million euros.

## **Pirelli & C. SpA Group**

At consolidated level, **revenues** amounted to 1,043.0 million euros as of 31 March 2009, down 12.9% compared with 1,197.9 million euros in the first quarter of 2008 ( the organic variation, net of exchange rate effects, was -10.5%).

**EBIT**, amounting to 46.8 million euros, compared to a result of 115.1 million euros in the first quarter of 2008, with EBIT margin 4.5%, in line with the target foreseen by the 2009-2011 Group industrial plan. **Total consolidated net income** stood at 1.1 million euros compared with 62.4 million euros in the first quarter of 2008, while **consolidated net income attributable** to Pirelli & C. SpA amounted to 9.5 million euros compared with 33.8 million euros in the corresponding period of 2008. The results were influenced, in particular, by a lesser contribution from the real estate business to the results from investments, in part counter-balanced by the capital gain of 11.2 million euros linked to the sale of the stake in Alcatel-Lucent Submarine Networks.

**Consolidated net equity** as of 31 March 2009 was 2,302.4 million euros, compared with 2,374.4 million euros at the end of 2008. **Consolidated net equity attributable to Pirelli & C. SpA** amounted to 2,129 million euros compared with 2,171.8 million at end 2008.

The **net financial position** of the Group as of 31 March 2009 was negative for 1,278.9 million euros, compared with a negative position of 851.1 million euros at the end of the first quarter of 2008 and a negative financial position of 1,027.7 million euros at the end of 2008. The difference compared with the latter figure was related to the normal seasonal effect of the change in working capital in the businesses and to the cash-out of 45.8 million euros for restructuring.

**Employees of the Group** counted 29,662 compared with 31,056 as of 31 December 2008.

*It should be recalled that the photonics business and the Integrated Facility Management business of Pirelli RE, sold during the course of the year, are considered "discontinued operations" and thus contribute only to the net result. For homogeneous representation, the comparison with 2008 figures is based on a like-for-like perimeter.*

## Pirelli Tyre

**Revenues of Pirelli Tyre** as of 31 March 2009 amounted to 926.9 million euros, down 13.9% from 1,076.9 million euros in the corresponding period of 2008. Net of exchange rate effects, which were negative for 2.7%, the organic change was a decrease of 11.2%, with a negative variation in volumes of 18.1% and a positive price/mix variation of 6.9%.

**EBIT before restructuring charges** stood at 61.0 million euros (6.6% of revenues) compared with 102.8 million euros in the first quarter of 2008, with a 40.7% decline reflecting the still high level of manufacturing costs registered in the period and the impact on sales volumes due to the negative market scenario. **EBIT after restructuring charges** amounted to 57.5 million euros (6.2% of revenues) compared with 100.3 million euros in the first quarter of 2008.

**Net income** as of 31 March 2009 amounted to 14.6 million euros compared with 57.7 million euros in the first quarter of 2008.

The **net financial position** was negative for 1,521.8 million euros compared with negative positions of 1,266.8 million euros and 843.8 million euros, respectively, at end 2008 and at the end of the first quarter of 2008. The increase was mainly due to absorption of cash (227 million euros), particularly concentrated in the seasonal nature of working capital which, in any case, registered lower growth compared with the first quarter of 2008 both in terms of volumes of activity and, above all, in terms of an **already significant reduction in levels of stock**, which should improve rotation levels in the second quarter. The financial position was also affected by the cash-out (39 million euros) linked to restructuring actions already determined in 2008, as well as a positive balance of 11 million euros from the sale of the Central Tyre distribution business in the UK for 15 million euros, net of completion of the purchase of minority stakes in the Turkish subsidiaries, with a further payout of 4 million euros.

In the **Consumer business (Car/Light Truck and Motorcycle tyres)**, revenues amounted to 670.5 million euros, a decline of 10.4% (-8.1% organic decline, net of exchange rate effects) compared with the first quarter of 2008 (748.3 million euros), while EBIT before restructuring charges was 41.9 million euros, with EBIT margin 6.2%, compared with 72.5 million euros in the corresponding period in 2008.

The original equipment channel, particularly in the first two months of the year, suffered from a contraction in demand in the automobile sector already registered starting in the second half of 2008 and exacerbated in the fourth quarter of 2008, also following a cutback in production decided on by auto manufacturers in order to reduce the levels of stock. **In the month of March there were signs of recovery**, with less negative rates in some countries and positive growth rates in others, in part thanks to the positive effect of government incentives for auto sales.

For the replacement channel, the market contraction was more limited.

During the quarter, the Company presented the **Cinturato P7**, the first ecological high performance tyre for the top segment of the market. The P7 completes the family of Cinturato green products, launched last year with the models (P4 and P6) destined for mid range cars.

In the **Industrial business (tyres for Industrial Vehicles and Steelcord)** revenues amounted to a total of 256.4 million euros, down 22% compared with the corresponding period in 2008 (328.6 million euros), while EBIT stood at 19.1 million euros, with EBIT margin of 7.5%, compared with 30.2 million euros in the first quarter of 2008.

The Industrial segment, more cyclical since it is closely aligned with macroeconomic performance in general and certain specific industries such as public works and large construction projects, registered a slowdown in both sales channels. The strategic positioning of Pirelli Tyre, with 87% of total production in low cost areas and 75% of sales in emerging markets, allowed the Company to maintain in any case good levels of relative profitability, if in the presence of costs of manufacturing factors and an unfavorable sales volume trend, down 25.7% and counterbalanced in part by the positive price/mix variant (+7.2%) which, net of a negative exchange rate variation of 3.5%, brought about an organic decline in sales of 18.5%.

## Pirelli Eco Technology

**Pirelli Eco Technology** closed the first quarter of 2009 with **revenues** of 14.3 million euros compared with 16.6 million euros in the corresponding period of 2008. **EBIT** was negative for 2.8 million euros, slightly worse than the negative figure of 2.1 million euros in the first quarter of 2008, while the **net result** was negative for 3.4 million euros (-2.2 million euros in the first quarter of 2008).

The slowdown in results registered in the quarter was attributable both to lower revenues from white diesel fuel Gecam and to structural costs related to expansion of the particulate filters business. In the first three months of 2009 the Company sold 903 Feelpure filter systems compared with 122 systems sold in the corresponding period of 2008, with sales concentrated essentially in Italy and the Netherlands, countries where these systems obtained homologation in 2008.

**The homologation processes underway in Germany and in China are moving towards their final phases, after which** the company will enter markets with high growth potential. To this end, during the quarter the Group definitively launched its manufacturing site in Bumbesti Jiu, in Romania, which will allow it to serve both the markets that are already active and those where homologation is expected, with benefits foreseen in particular in the second half of the year.

During the quarter, Pirelli Eco Technology began installation of particulate filters on public transportation buses in Piedmont and by the end of September 2009 the Company, with the support of the Piedmont Region as part of its air quality improvement program, will install the filters on 879 regional vehicles.

## Pirelli RE

The economic performance in the **first quarter of 2009, though still negative, was improving compared with the last quarter of 2008.**

**Total rents** as of 31 March 2009 amounted to 201.5 million euros, in line with expectations (143.1 million euros in the first quarter of 2008, with a perimeter that did not include the Highstreet portfolio). The Pirelli RE pro-quota share of rents equaled 47.3 million euros (compared with 38.1 million euros in 2008).

**Real estate sales** amounted to 174.8 million euros (199.8 million euros in the first quarter of 2008): the Pirelli RE pro-quota share of sales equaled 50.5 million euros (compared with 66.9 million euros in 2008). The sales margin was 17% (in the first quarter of 2008 it was 26%).

**Consolidated revenues** stood at 53.8 million euros, compared with 74.7 million euros as of 31 March 2008.

**EBIT including income from investments** amounted to **-14.7 million euros, compared with 22.5 million euros in the first quarter of 2008, excluding restructuring costs and writedowns.**

In terms of EBIT, the decline with respect to 2008 (24.9 million euros) was composed of savings obtained on the structure (10.0 million euros), more than compensated for by main negative components such as: the presence in 2008 of an indemnity received vis a vis the commitment to cede management of the Berenice fund (17.0 million euros); the presence in 2008 of extraordinary items (3.5 million euros); worse results of consolidated vehicle companies mainly due to a decline in sales (5.6 million euros); a lower result of the Non Performing Loans services platform (5.8 million euros).

In terms of income from investments, the decline (equal to 12.3 million euros) was attributable for 10.0 million euros to results of the vehicles and funds linked mainly to lower sales margins, and for about 2.3 million euros for adjustment to fair value of interest rate hedging instruments.

**Attributable net income** stood at -15.8 million euros (+11.6 million euros in the first quarter of 2008, when discontinued operations had brought a benefit of 0.7 million euros).

**Attributable net equity** as of 31 March 2009 amounted to 317.1 million euros compared with 361.7 million euros as of 31 December 2008. The decrease of 44.6 million euros can be mainly linked to the attributable net result (-15.8 million euros) and to the variation in reserves for interest rate hedging (-25.1 million euros).

The **net financial position** as of 31 March 2008 was negative for 309.3 million euros, compared with 289.5 million euros as of 31 December 2008 (negative for 300.3 million euros as of 31 March 2008). The financial position excluding shareholder loan credits was negative for 898.4 million euros, compared with 861.8 million euros at 31 December 2008 (negative for 807.8 million euros on 31 March 2008).

**Total net capital invested** by Pirelli RE amounted to 1.3 billion euros of which 0.2 billion for NPLs and 1.1 billion for real estate (of which 73% in Italy and 27% in Germany).

*It should be recalled, with regard to the first quarter of 2008, that the figures have been redetermined, for a correct representation, on a like-for-like perimeter. The Integrated Facility Management business, sold in 2008, has been considered "discontinued operations", helping to determine only the attributable net result and not the operating result.*

## Other businesses

**Pirelli Broadband Solutions**, the company in the Group operating in the field of solutions for broadband access, reported **revenues** of 44 million euros as of 31 March 2009, up 55.5% compared with the first three months of 2008 (28.3 million euros). **EBIT** was positive for 2.5 million euros compared with a positive result of 1.1 million euros as of 31 March 2008, while **net income was positive** for 2.8 million euros compared with a negative result of 1 million euros in the like period of 2008. The improvement was related to greater sales volumes and the positive effect of the product mix sold.

## Prospects for the current year

The results for the first quarter of 2009 are in line with the targets announced at the time of the presentation of the 2009-2011 industrial plan on 11 February. In particular revenues of 4.3 billion euros are expected, with an increase in the weight of the component linked to environmental businesses to 25% from 19% at the end of 2008. The ROS ratio is forecast at 4.5%-5%. The net financial position at the end of the year is expected to be negative for about one billion euros, essentially in line with the end 2008 level.

## New management incentive plan

The Board of Directors, following a positive opinion expressed by the Remuneration Committee, approved a new incentive plan for approximately 80 senior managers.

In line with the economic scenario, management level has been involved in the restructuring program of the Group. Revision of the structure has determined, over the last 12 months, a reduction of the number of managers by about 20%. For 2008, in addition, a policy of zero incentives was applied, as well as a block on retribution policy for 2009 internationally. These actions have determined an average contraction of about 20% in total managers' remuneration.

The aim of the new plan is to ensure a stronger and more direct link between retribution of Pirelli managers and their ability to produce value and results, in the short term, but especially in the medium and long term. The new system of incentives in the Pirelli Group in fact, links their compensation to reaching the economic and financial targets announced in the 2009-2011 industrial plan.

The incentive mechanism, in particular, foresees that participants waive 50% of their annual incentive pay, which will be invested, and will allow for a bonus to be paid in March 2012 only if the three-year results are reached. If not, the value invested will be cut significantly. The three-year incentive in support of the industrial plan will not produce any payment until March 2012; with the new plan put into effect today, the variable portion of compensation directly linked to results will on average amount to more than **40%** of total remuneration of management, reaching **64%** for top management. About **75%** of the variable compensation will thus be exclusively linked to reaching the three-year goals.

The plan also foresees a link with Total Shareholder Return, in order to ensure greater alignment between the performance of management and the expectations of shareholders.

The economic targets of the plan, finally, include the cost of the incentivization.

## Relevant facts which occurred after 31 March 2009

- **Redemption of bonds maturing**

On 7 April 2009 the 150 million euro bond issued by Pirelli & C. SpA in 1999 at a fixed rate of 5.125% was redeemed.

- **Change in management at Pirelli RE**

On 8 April 2009 Carlo A. Puri Negri left the post of Executive Vice President of Pirelli RE. At the same time, Giulio Malfatto entered the Group with the role of Managing Director of Pirelli RE, with responsibility for the business, while Claudio De Conto, Managing Director Finance maintains responsibilities for supervision and direction in financial areas.

- **Sale of Telecom Italia shares**

In the month of April, 44.7 million Telecom Italia shares were sold on the market for about 47 million euros.

## Conference call

The results of operations as of 31 March 2009 will be illustrated today at 5:30 p.m. during a conference call in which the Chairman of Pirelli & C. SpA, Marco Tronchetti Provera, will intervene. Journalists will be able to follow the presentation by telephone, without the possibility to ask questions, by calling the number **+39.06.3348.5042**.

The presentation will also be available via webcast – in real time – on the website [www.pirelli.com](http://www.pirelli.com) in the Investor Relations section, where it will be possible to consult the slides.

In this press release, in addition to the financial performance measures established by IFRS, certain non-IFRS measures originated from the latter are presented although they are not required by IFRS ("Non-GAAP Measures"). These performance measures are presented for purposes of a better understanding of the trend of operations of the Group and should not be construed as a substitute for the information required by IFRS. Specifically, the "Non-GAAP Measures" used are described as follows:

**Gross operating profit (EBITDA):** this financial measure is used by the Group as the financial target in internal business plans and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group as a whole and for each single segment, in addition to EBIT. EBITDA is an intermediate performance measure represented by the Operating Income from which amortization of material and immaterial fixed assets are subtracted.

**Results from participations:** results from participations consists of all the effects recorded in the income statement referring to investments that are not consolidated line-by-line. These include dividends, the share of the earnings (losses) of companies accounted for using the equity method, impairment losses of available-for sale financial assets and gains (losses) on the disposal of available-for-sale financial assets. Movements in the fair value of assets available-for-sale that are recognized directly in equity are excluded.

**Fixed assets:** this is the sum of the items "material fixed assets", "immaterial fixed assets", "investments in related companies and JVs", and "other financial assets".

**Funds:** this is the sum of the items "funds for risks and charges (current and non current)", "funds for personnel" and "funds for deferred taxes".

**Net working capital:** this includes all the other items not included in the two items "net equity" and "net financial position".

**Net financial position:** this performance measure is represented by the gross financial debt less cash and cash equivalents as well as other interest-earning financial receivables.

*The Manager mandated to draft corporate accounting documents of Pirelli & C. S.p.A., Claudio De Conto, declares – as per art. 154-bis, comma 2 of the Testo Unico della Finanza – that the accounting information contained in this press release corresponds to the documented results, books and accounting registers.*

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Prospectuses relating to the consolidated income statement, synthesized balance sheet data and cash flow statements are all appended to this press release. In compliance with CONSOB Communication 6064291 of July 28th, 2006, you are advised that these tables are not subject to review by the auditing company.

**PIRELLI & C. S.p.A. GROUP**

(million euros)

	31/03/2009	31/03/2008	31/12/2008
. Sales	<b>1,043.0</b>	1,197.9	4,660.2
. EBITDA before restructuring charges	<b>101.7</b>	172.1	396.1
% on sales	<b>9.8%</b>	14.4%	8.5%
. <b>EBIT before restructuring charges</b>	<b>50.3</b>	119.9	187.4
% on sales	<b>4.8%</b>	10.0%	4.0%
. Restructuring charges	<b>(3.5)</b>	(4.8)	(144.2)
. <b>EBIT</b>	<b>46.8</b>	115.1	43.2
% on sales	<b>4.5%</b>	9.6%	0.9%
. Income from equity participations	<b>0.8</b>	(16.5)	(366.5)
. <b>Operat. income incl. income from equity part. and before restructuring charges</b>	<b>51.1</b>	103.4	(179.1)
. <b>Operat. income incl. income from equity part.</b>	<b>47.6</b>	98.6	(323.3)
. Financial charges/income	<b>(20.2)</b>	(2.0)	(80.0)
. Tax charges	<b>(26.3)</b>	(30.0)	(72.6)
. <b>Net profit operat. activities</b>	<b>1.1</b>	66.6	(475.9)
% on sales	<b>0.1%</b>	5.6%	(10.2%)
. <b>Net profit discontinued operations</b>	-	(4.2)	63.4
. <b>Total net profit</b>	<b>1.1</b>	62.4	(412.5)
. Net profit attributable to Pirelli & C. S.p.A.	<b>9.5</b>	33.8	(347.5)
. Attributable net profit per share (in euro)	<b>0.002</b>	0.006	(0.065)
. Fixed assets	<b>3,557.4</b>	3,977.5	3665.4
. Working capital	<b>730.9</b>	643.9	418.4
. Net invested capital	<b>4,288.3</b>	4,621.4	4083.8
. <b>Total Shareholders' equity</b>	<b>2,302.4</b>	3,187.5	2374.4
. Funds	<b>707.0</b>	582.9	681.7
. <b>Net financial position (assets)/liabilities</b>	<b>1,278.9</b>	851.0	1027.7
. Shareholders' equity attributable to Pirelli & C. S.p.A.	<b>2,129.0</b>	2,772.5	2171.8
. Shareholders' equity per share (in euro)	<b>0.397</b>	0.516	0.405
. Employees n. (at the end of the period)	<b>29,662</b>	31,293	31,056
. Number of plants	<b>23</b>	24	23
<i>Pirelli &amp; C. shares</i>			
. ordinary (n. million)	5,233.1	5,233.1	5,233.1
<i>of which treasury shares</i>	3.9	2.6	3.9
. savings (n. million)	134.8	134.8	134.8
<i>of which treasury shares</i>	4.5	4.5	4.5
. Total shares	5,367.9	5,367.9	5,367.9

Data by business sector

<b>31.03.2009</b>						
(million euros)	Tyre	Eco Technology	Real Estate	Broadband Access	Others (*)	TOTAL
Sales	926.9	14.3	53.8	44.0	4.0	<b>1,043.0</b>
EBITDA before restructuring charges	107.8	(2.3)	(0.5)	2.7	(6.0)	<b>101.7</b>
<b>EBIT before restructuring charges</b>	<b>61.0</b>	<b>(2.8)</b>	<b>(2.2)</b>	<b>2.5</b>	<b>(8.2)</b>	<b>50.3</b>
Restructuring charges	(3.5)	-	-	-	0.0	<b>(3.5)</b>
EBIT	57.5	(2.8)	(2.2)	2.5	(8.2)	<b>46.8</b>
Income from equity participations	3.5	-	(12.5)	-	9.8	<b>0.8</b>
<b>Operat. income incl. income from equity part. and before restructuring charges</b>	<b>64.5</b>	<b>(2.8)</b>	<b>(14.7)</b>	<b>2.5</b>	<b>1.6</b>	<b>51.1</b>
<b>Operat. income incl. income from equity part.</b>	<b>61.0</b>	<b>(2.8)</b>	<b>(14.7)</b>	<b>2.5</b>	<b>1.6</b>	<b>47.6</b>
Financial charges/income	(23.1)	(0.6)	0.2	0.4	2.9	<b>(20.2)</b>
Tax charges	(23.3)	-	(2.1)	(0.1)	(0.8)	<b>(26.3)</b>
<b>Total net profit</b>	<b>14.6</b>	<b>(3.4)</b>	<b>(16.6)</b>	<b>2.8</b>	<b>3.7</b>	<b>1.1</b>
Net financial position (assets)/liabilities	1,521.8	26.8	309.3	(32.3)	(546.7)	<b>1,278.9</b>
<b>31.03.2008</b>						
(million euros)	Tyre	Eco Technology	Real Estate	Broadband Access	Others (*)	TOTAL
Sales	1,076.9	16.6	74.7	28.3	1.4	<b>1,197.9</b>
EBITDA before restructuring charges	151.0	(1.9)	24.6	1.3	(2.9)	<b>172.1</b>
<b>EBIT before restructuring charges</b>	<b>102.8</b>	<b>(2.1)</b>	<b>22.7</b>	<b>1.1</b>	<b>(4.6)</b>	<b>119.9</b>
Restructuring charges	(2.5)	-	(2.3)	-	0.0	<b>(4.8)</b>
EBIT	100.3	(2.1)	20.4	1.1	(4.6)	<b>115.1</b>
Income from equity participations	0.1	-	(0.2)	-	(16.4)	<b>(16.5)</b>
<b>Operat. income incl. income from equity part. and before restructuring charges</b>	<b>102.9</b>	<b>(2.1)</b>	<b>22.5</b>	<b>1.1</b>	<b>(21.0)</b>	<b>103.4</b>
<b>Operat. income incl. income from equity part.</b>	<b>100.4</b>	<b>(2.1)</b>	<b>20.2</b>	<b>1.1</b>	<b>(21.0)</b>	<b>98.6</b>
Financial charges/income	(15.2)	(0.1)	(2.5)	(2.0)	17.8	<b>(2.0)</b>
Tax charges	(27.5)	-	(5.4)	(0.1)	3.0	<b>(30.0)</b>
<b>Net profit operat. activities</b>	<b>57.7</b>	<b>(2.2)</b>	<b>12.3</b>	<b>(1.0)</b>	<b>(0.2)</b>	<b>66.6</b>
Net profit discontinued operations	-	-	0.7	-	(4.9)	<b>(4.2)</b>
<b>Total net profit</b>	<b>57.7</b>	<b>(2.2)</b>	<b>13.0</b>	<b>(1.0)</b>	<b>(5.1)</b>	<b>62.4</b>
Net financial position (assets)/liabilities	843.8	8.3	300.3	33.4	(334.8)	<b>851.0</b>

(\*) the item includes the Environmental sector, Pzero Moda, all the financial companies (including the parent company) and other services companies



Cash flow report

(in millions of euros)

	Q1 2009	Q1 2008
EBIT	46.8	115.1
Amortization	51.4	52.2
Net investments	(42.9)	(47.1)
Variation working capital/other	(258.7)	(324.2)
<b>FREE CASH FLOW</b>	<b>(203.4)</b>	<b>(204.0)</b>
Financial income/charges	(20.2)	(2.0)
Tax charges	(26.3)	(30.0)
<b>OPERATING CASH FLOW</b>	<b>(249.9)</b>	<b>(236.0)</b>
Impact of Speed SpA acquisition	-	(835.5)
Financial investments/divestments	37.9	(9.2)
Tyre dividends paid out	-	(35.2)
Cash Out for restructuring	(45.8)	(0.9)
Other	(0.6)	(19.9)
<b>NET CASH FLOW</b>	<b>(258.4)</b>	<b>(1,136.7)</b>