

Pirelli profits: up nearly 40% in the first half

Pirelli & C. SpA posted net income of 221.7 million euros on net sales of 3 billion euros of the first half ended June 30, 2012. That compares to income of 158.8 million euros on sales of nearly 2.8 billion euros for the first half of 2012. Based on the exchange rate on June 30, 2012, Pirelli recorded net income of \$278.8 million on net sales of \$3.8 billion for 1H 2012. Its income-to-sales ratio was 7.3%. Operating income increased 38%, from 290.1 million euros in the first half of 2011 to 400.7 million euros the first half of this year. “The first half of 2012 saw growth in key economic and profit indicators compared with the same period in 2011, despite the slowdown of the macro-economic scenario which worsened in the second quarter,” said the company. “The strategic focus on the premium (consumer tire) segment, the growth of which was confirmed; the reinforcement of production and commercial presence in rapidly growing economies; and a more favourable demand dynamic offset the negative impact on sales’ volumes, resulting in a further increase in profitability.” In line with its premium strategy — focused in particular on the Pirelli brand — Pirelli Tyre Spa signed an licensing agreement allowing Zafco Trading LLC to use the Armstrong brand for a maximum period of five years from the signing of the agreement (see “The Armstrong brand is back!“). Zafco will pay a minimum royalty of \$2.5 million, of which \$1 million was paid at the moment of signing. When Zafco acquires the brand, which will happen within the same five years, says Pirelli, Zafco will pay an additional \$1.5 million.