



**Company Presentation**  
**11th Italian Conference – Deutsche Bank**  
Milan, 26th May 2010

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## Agenda

### ➤ Group Overview

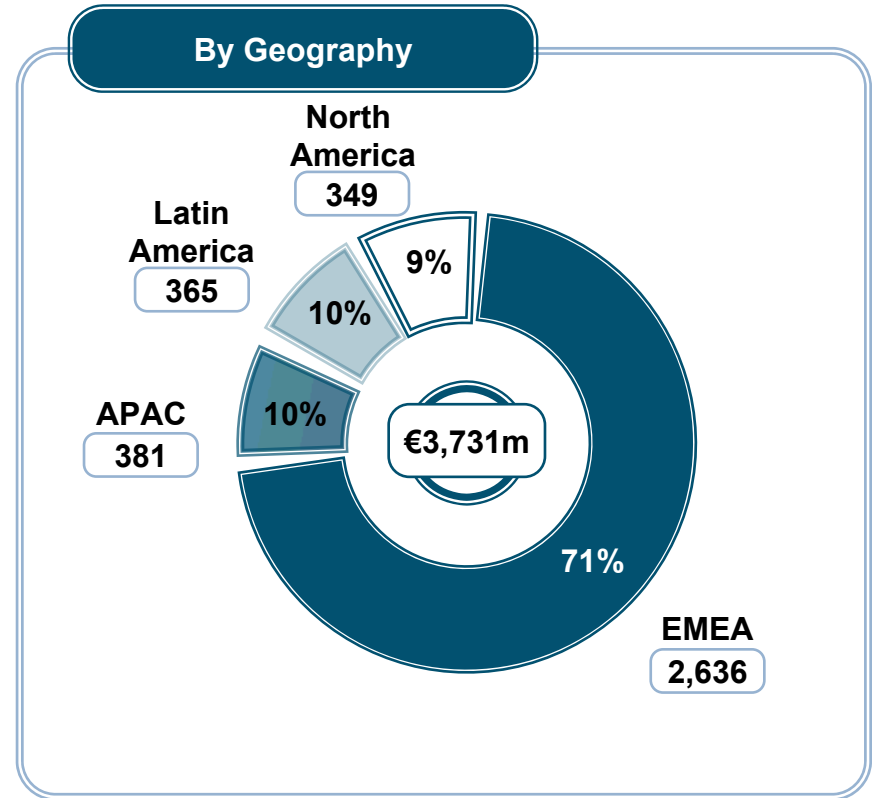
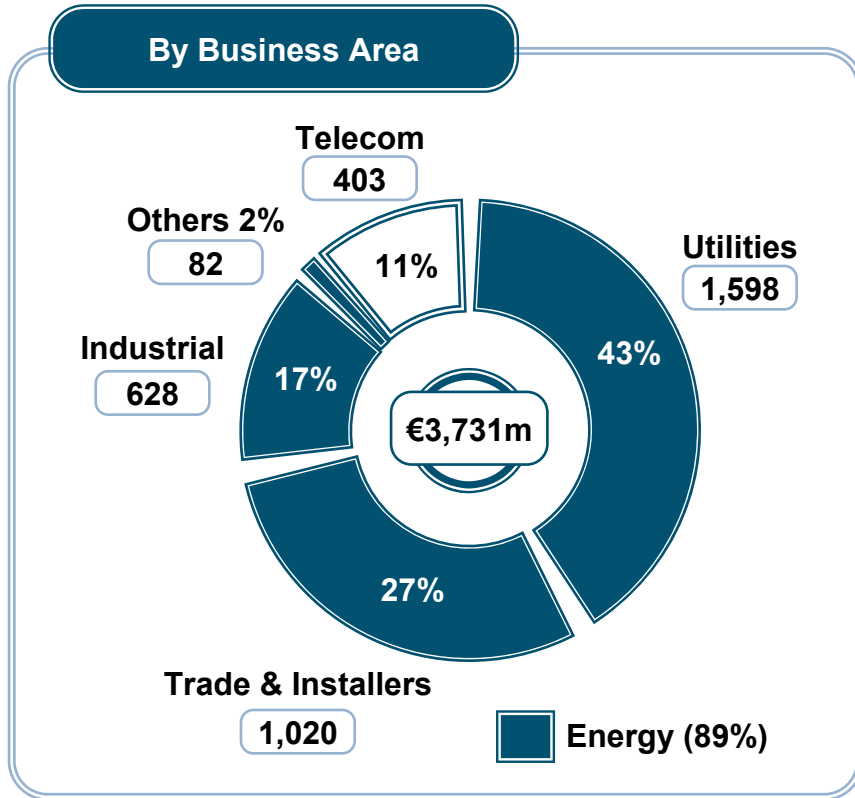
➤ Division Results

➤ Financials

➤ Appendix

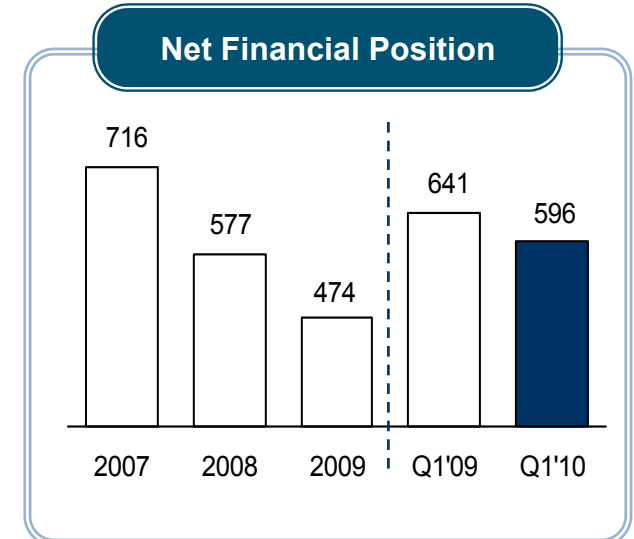
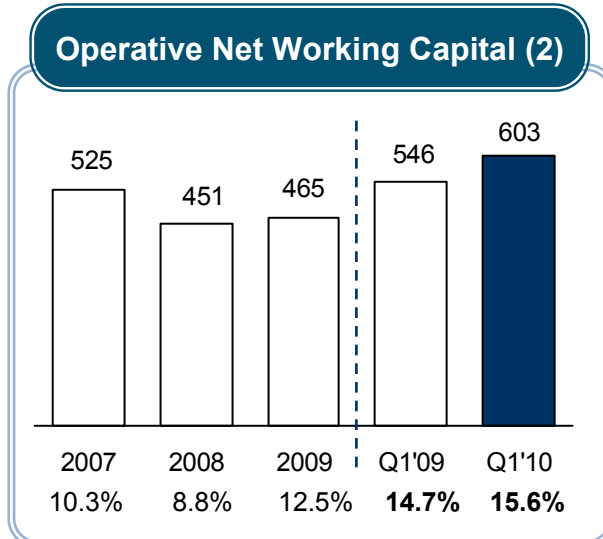
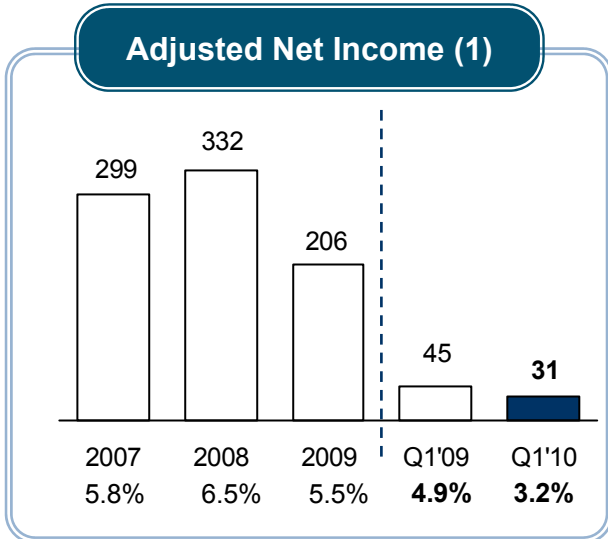
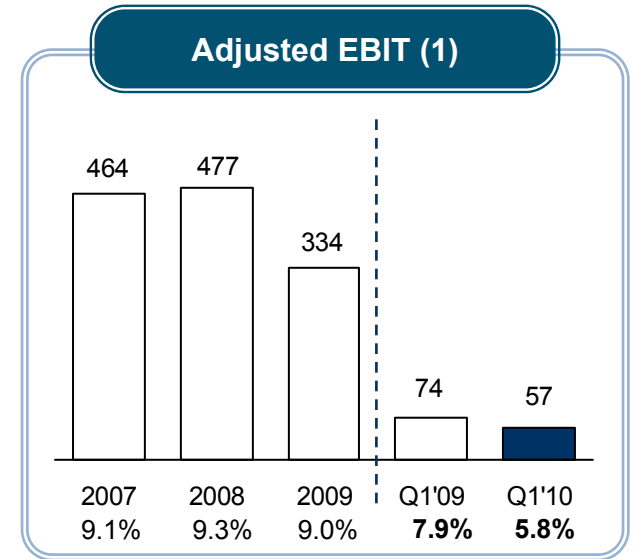
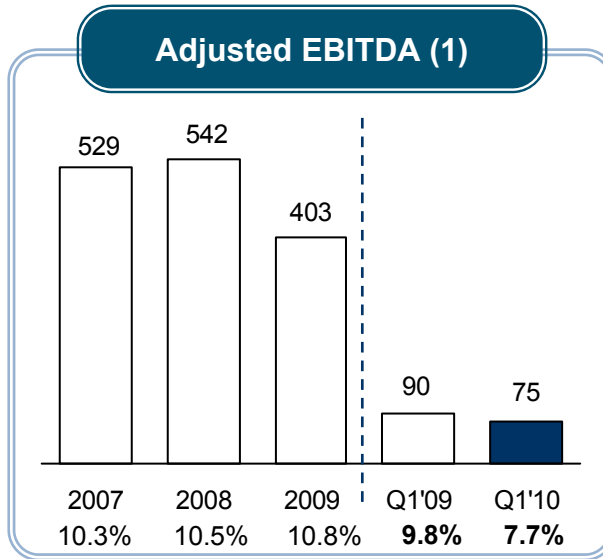
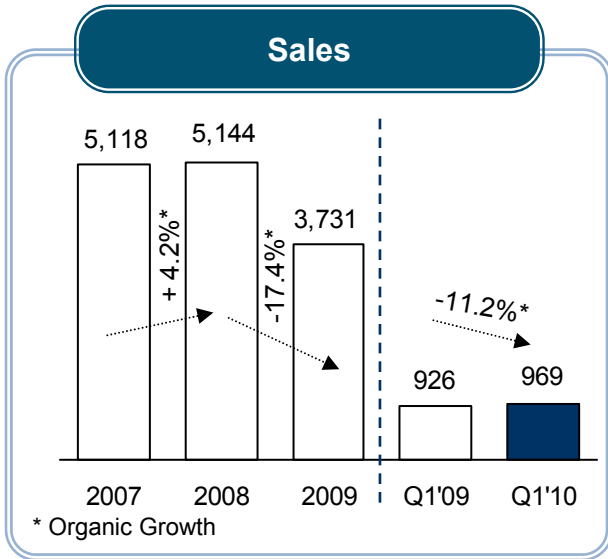
# A Complete and Diversified Presence and Product Offering

Sales FY 2009 Euro Millions



# Q1 2010 Key Financials

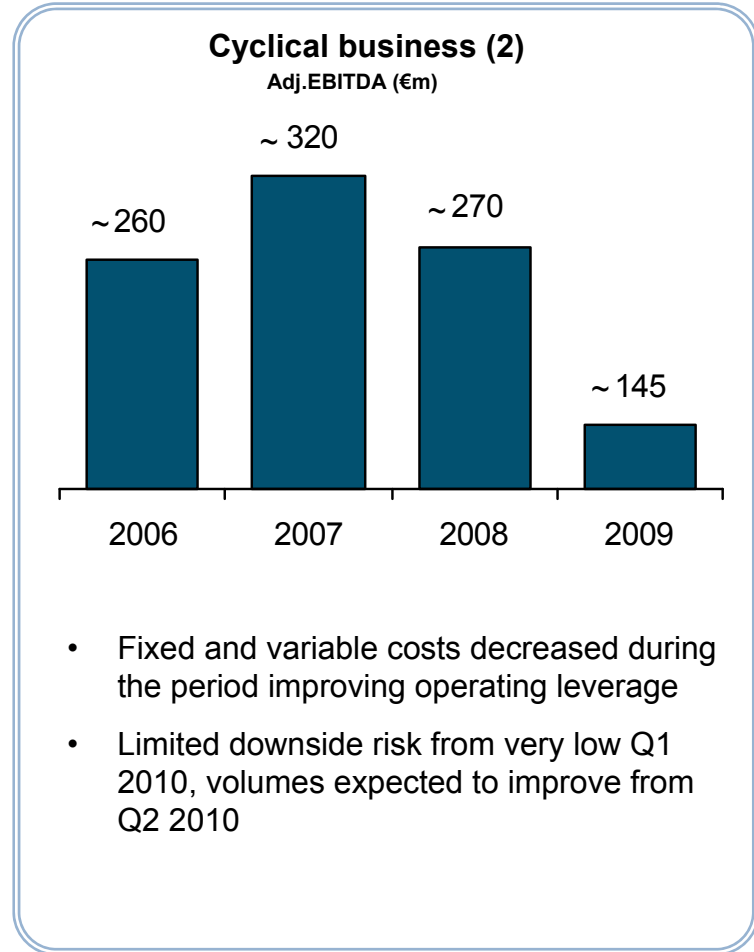
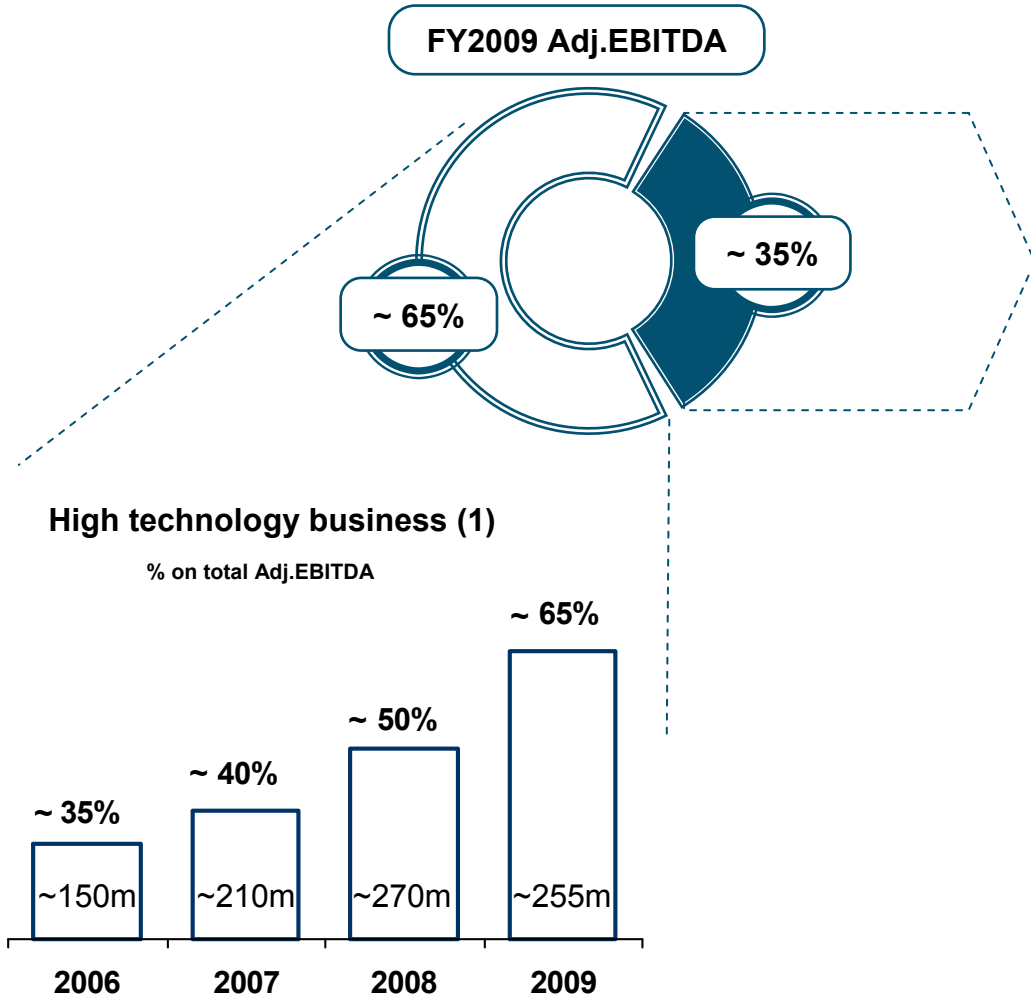
Euro Millions, % of Sales



(1) Adjusted excluding extraordinary effects

(2) Operative Net Working capital defined as Net Working Capital – Derivatives assets/(liabilities)

# High technology segments supporting profitability in global downturn, potential upside from recovery in cyclical business



(1) Includes Utilities Transmission, Industrial (Priority), TLC Optical

(2) Includes Trade&Installer, Power Distribution, Industrial (no priority segments), TLC copper

## Long term drivers to keep growing in high technology segments

### Utilities Transmission

- First tangible signs of start in European interconnections
- Grid expansion and replacement of ageing networks
- Leading player in fast-growing off-shore wind farms

### Industrial Priority Segments

- Recovery in oil off-shore exploitation activities
- Growing investments in Asia-Pacific
- Development of renewable energy sources

### Telecom Optical

- Optical cables: network expansion in developed countries and infrastructure demand in APAC
- Europe lagging behind US in optical infrastructure as growth driver for the future

## Agenda

➤ Group Overview

➤ Division Results

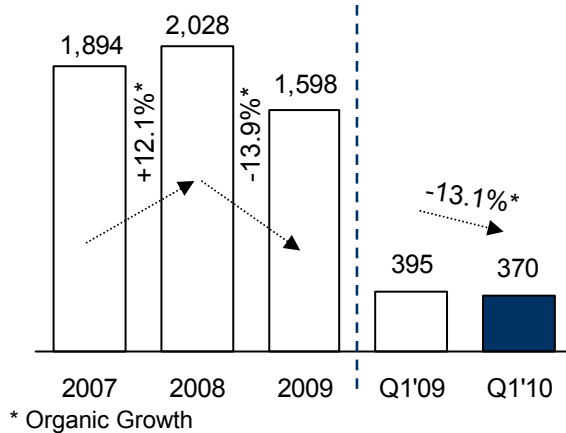
➤ Financials

➤ Appendix

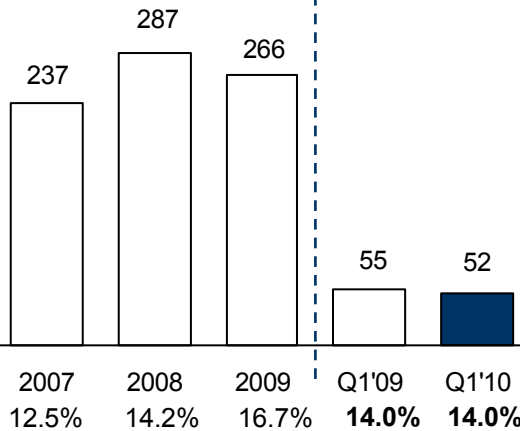
## Utilities

Euro Millions, % of Sales

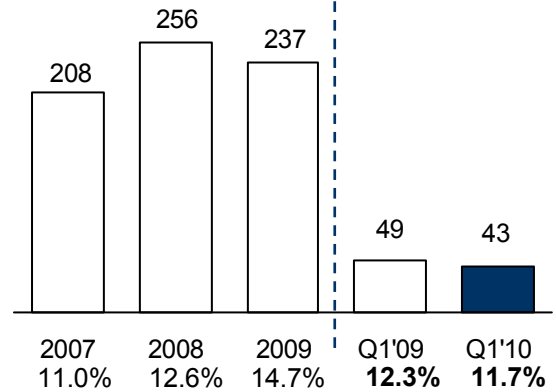
### Sales Vs Third Parties



### Adjusted EBITDA\*



### Adjusted EBIT\*



### Distribution

- First signs of recovery in demand from February (January negatively impacted by unfavourable weather conditions)
- Stable volumes in Europe (Vs Q1'09) with further deterioration in North America
- Based on current order book, volume recovery expected from Q2'10
- Profitability sustained by industrial efficiencies, better geographical (e.g. France) and product mix

### Transmission

#### High Voltage

- Order book increased from YE'09; growing tendering activity expected to support orders backlog during the year
- Orders backlog end of march covering 6 months sales
- Still weak demand in Russia and US expected to recover from H2'10
- Strong demand in China supported by ongoing capacity increase

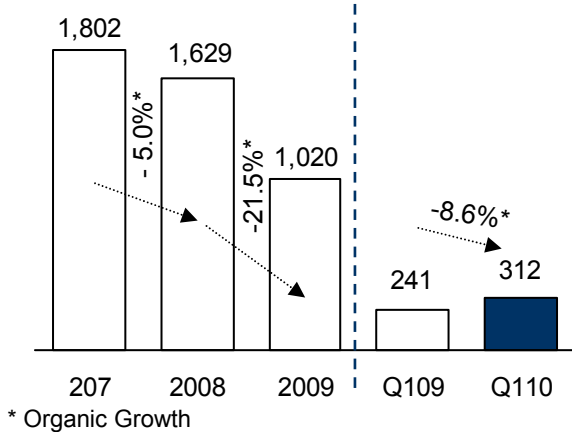
#### Submarine

- Orders backlog mainly loaded from Q2 2010
- Strong outlook confirmed with new tenders to be awarded during the year
- Large off-shore wind farm projects to fuel next quarters demand

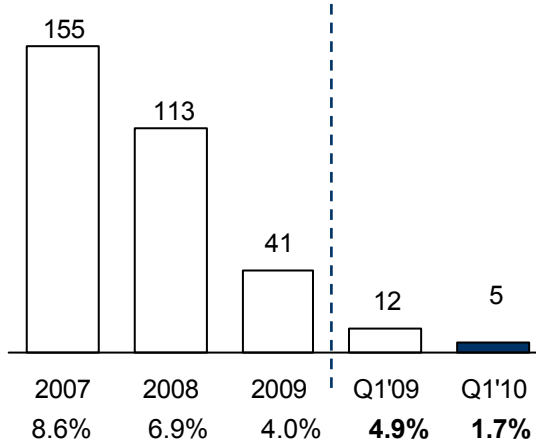
# Trade & Installers

Euro Millions, % of Sales

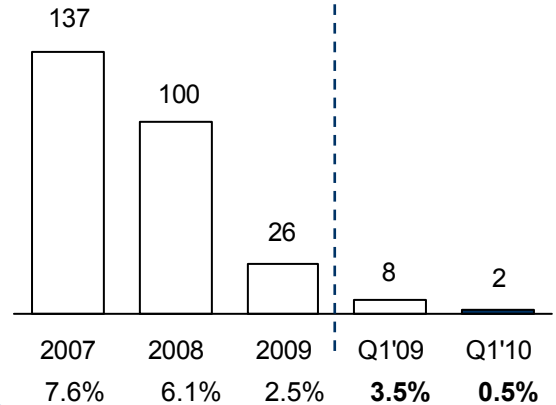
## Sales Vs Third Parties



## Adjusted EBITDA\*



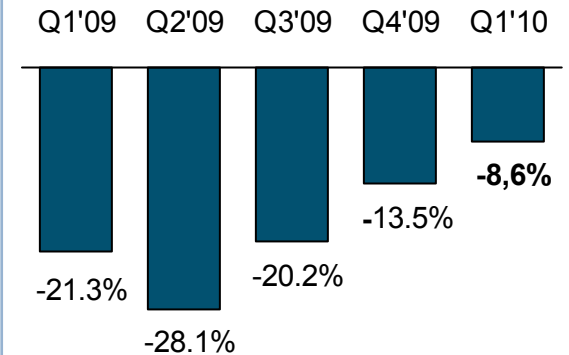
## Adjusted EBIT\*



## Highlights

- Volume recovery in Q1 (+3% Vs Q4'09 excl.acquisitions) expected to continue in Q2 with price stabilization
- Q1'10 margins under pressure due to weak demand combined with high raw material costs
- Quality assurance and service excellence to strengthen long-term relationship with key accounts
- Strict working capital control achieved also in Q1 to protect cash generation

## Sales Org.growth development

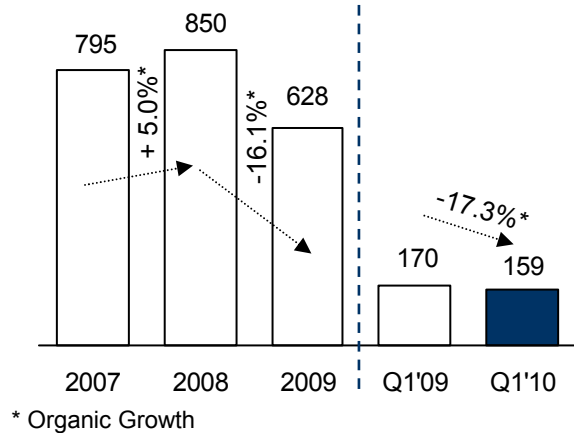


(1) Adjusted excluding extraordinary effects

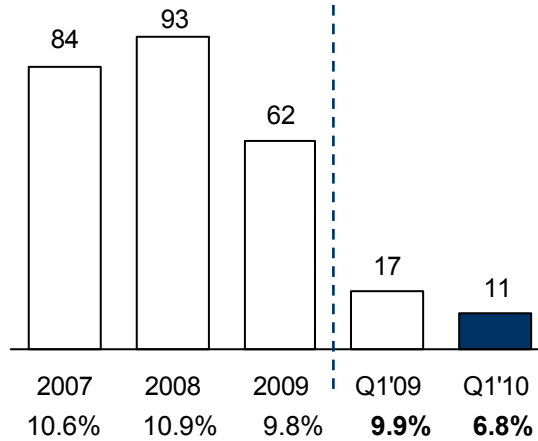
## Industrial

Euro Millions, % of Sales

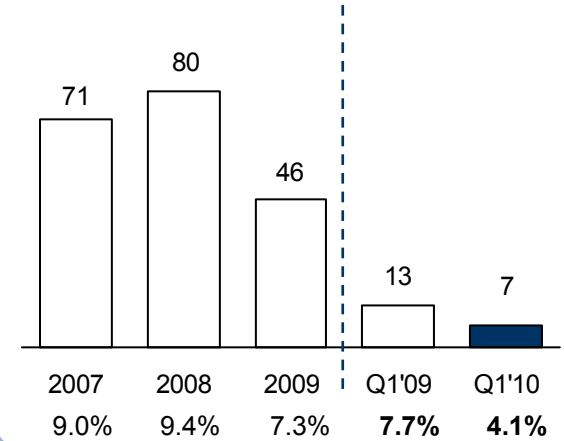
### Sales Vs Third Parties



### Adjusted EBITDA\*



### Adjusted EBIT\*



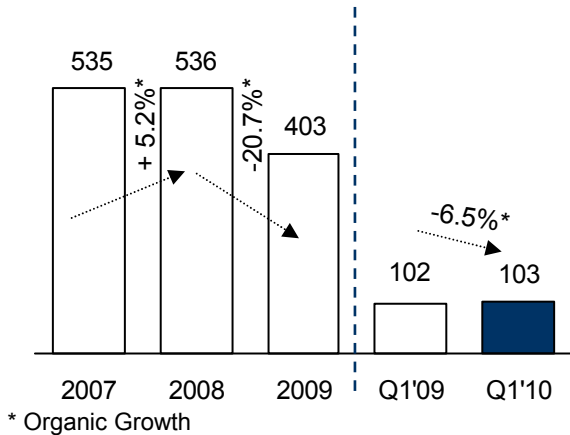
### Highlights

- Low Q1'10 results impacted by projects phasing in oil activities expected to recover from H2'10
  - OGP: improving outlook for oil off-shore activities; phasing of umbilical projects in Brazil to be recovered in next quarters
  - Renewable energy: growth in wind and solar sustained by a strong order book
  - Other Priority segments: still weak demand due to slow recovery in investments
  - Others: volume recovery confirmed in Automotive e Branchement
- Profitability decrease mainly due to low contribution from high value added oil activities

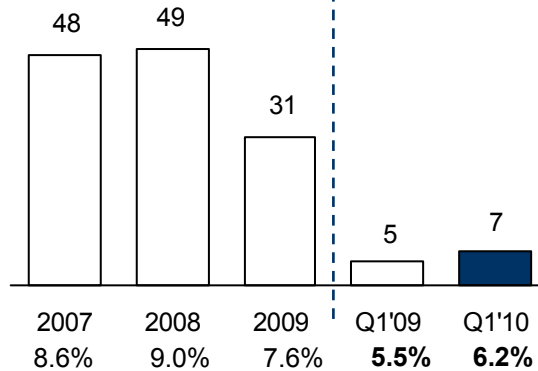
# Telecom

Euro Millions, % of Sales

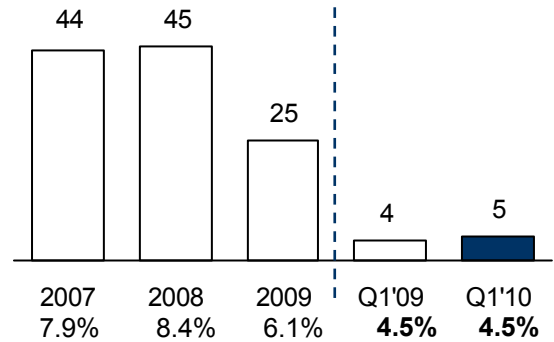
## Sales Vs Third Parties



## Adjusted EBITDA\*



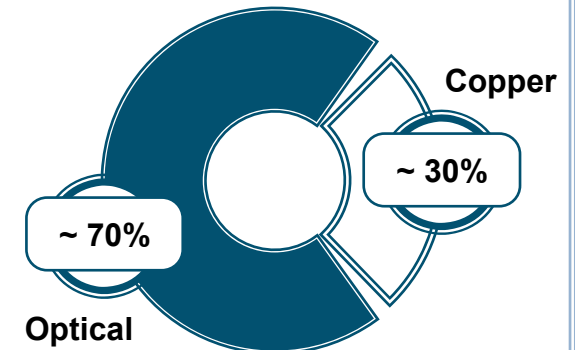
## Adjusted EBIT\*



## Highlights

- Exploiting weak global demand in optical to strengthen position with large incumbents
  - Volume growth Vs Q1'09 mainly driven by US and China
  - Start-up of Romanian plant to support growth in continental European markets
- Low stable demand in copper cables
- Slight improvement in Adj.EBITDA margin Vs Q1'09 thanks to ongoing volume recovery in optical cables and cost reduction

## 2009 Sales by business



(1) Adjusted excluding extraordinary effects

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## Agenda

- Group Overview

- Division Results

- **Financials**

- Appendix

## Profit and Loss Statement

Euro Millions

	Q1 2009	Q1 2010	FY 2009
<b>Sales</b>	<b>926</b>	<b>969</b>	<b>3,731</b>
<i>YoY total growth</i>	-23.8%	4.6%	-27.5%
<i>YoY like for like growth</i>	-24.7%	3.1%	-27.8%
<i>YoY organic growth</i>	-11.5%	-11.2%	-17.4%
<b>Contribution Margin</b>	<b>191</b>	<b>177</b>	<b>791</b>
<i>% on sales</i>	20.6%	18.2%	21.2%
Fixed Costs	(101)	(101)	(388)
<b>Adj.EBITDA</b>	<b>90</b>	<b>75</b>	<b>403</b>
<i>% on sales</i>	9.8%	7.7%	10.8%
<i>Non recurring items</i>	(2)	(3)	(37)
<b>EBITDA</b>	<b>88</b>	<b>72</b>	<b>366</b>
<i>% on sales</i>	9.5%	7.5%	9.8%
<b>Adj.EBIT</b>	<b>74</b>	<b>57</b>	<b>334</b>
<i>% on sales</i>	7.9%	5.8%	9.0%
<i>Non recurring items</i>	(2)	(3)	(37)
<i>Special items (1)</i>	56	(4)	89
<b>EBIT</b>	<b>128</b>	<b>50</b>	<b>386</b>
<i>% on sales</i>	13.8%	5.2%	10.3%
Financial charges	(2)	(16)	(49)
<b>EBT</b>	<b>126</b>	<b>34</b>	<b>337</b>
<i>% on sales</i>	13.7%	3.6%	9.0%
Taxes	(35)	(11)	(85)
<i>% on EBT</i>	28.0%	32.0%	25.2%
<b>Net income</b>	<b>91</b>	<b>23</b>	<b>252</b>
<i>Extraordinary items (after tax)</i>	46	(8)	46
<b>Adj.Net income</b>	<b>45</b>	<b>31</b>	<b>206</b>

### Notes

(1) Starting from Q3'09 fair value of raw material derivatives (previously included in Financial charges) is included in Special items. 2009 comparable data have been revised accordingly

## Statement of financial position (Balance Sheet)

Euro Millions

	Q1 2009	Q1 2010	FY 2009
Net fixed assets	895	1,001	958
Net working capital	508	600	479
<i>of which Derivatives assets/(liabilities)</i>	(38)	(3)	14
<i>Operative Net working capital</i>	546	603	465
Provisions	(93)	(128)	(123)
<b>Net Capital Employed</b>	<b>1,310</b>	<b>1,473</b>	<b>1,314</b>
Employee provisions	129	145	142
Shareholders' equity	540	732	698
<i>of which attributable to minority interest</i>	16	36	21
Net financial position	641	596	474
<i>Bank Fees</i>	(15)	(23)	(11)
<i>Net financial position vs Third Parties</i>	656	619	485
<b>Total Financing and Equity</b>	<b>1,310</b>	<b>1,473</b>	<b>1,314</b>

**Main effects  
(Q1'10 Vs FY'09):**

- Metal price: ~€ 42m
- Acquisitions: ~€ 14m
- Project Business: ~€ 53

## Cash Flow

Euro Millions

Including ~€ 42m negative metal price effect

	Q1 2009	Q1 2010	FY 2009	LTM Q1 2010
<b>EBITDA</b>	<b>88</b>	<b>72</b>	<b>366</b>	<b>350</b>
Equity Compensation IFRS2	-	-	1	1
Net Change in provisions	(7)	-	(12)	(5)
<b>Cash flow from operations (before WC changes)</b>	<b>81</b>	<b>72</b>	<b>355</b>	<b>346</b>
Working Capital changes	(96)	(120)	36	12
Paid Income Taxes	(16)	(6)	(62)	(52)
<b>Cash flow from operations</b>	<b>(31)</b>	<b>(54)</b>	<b>329</b>	<b>306</b>
Acquisitions	-	(20)	(3)	(23)
Net Operative CAPEX	(21)	(11)	(106)	(96)
Net Financial CAPEX	-	-	9	9
<b>Free Cash Flow (unlevered)</b>	<b>(52)</b>	<b>(85)</b>	<b>229</b>	<b>196</b>
Financial charges	(1)	(4)	(46)	(49)
<b>Free Cash Flow (levered)</b>	<b>(53)</b>	<b>(89)</b>	<b>183</b>	<b>147</b>
Dividends	-	-	(75)	(75)
Other Equity movements	1	8	5	12
<b>Net Cash flow</b>	<b>(52)</b>	<b>(81)</b>	<b>113</b>	<b>84</b>
<b>Net financial position at the beginning of the period</b>	<b>(577)</b>	<b>(474)</b>	<b>(577)</b>	<b>(641)</b>
Net cash flow	(52)	(81)	113	84
Other variations	(12)	(41)	(10)	(39)
<b>Net financial position at the end of the period</b>	<b>(641)</b>	<b>(596)</b>	<b>(474)</b>	<b>(596)</b>

Including € 12m bank fees related to the new Forward Start Agreement

## Long term financing agreement

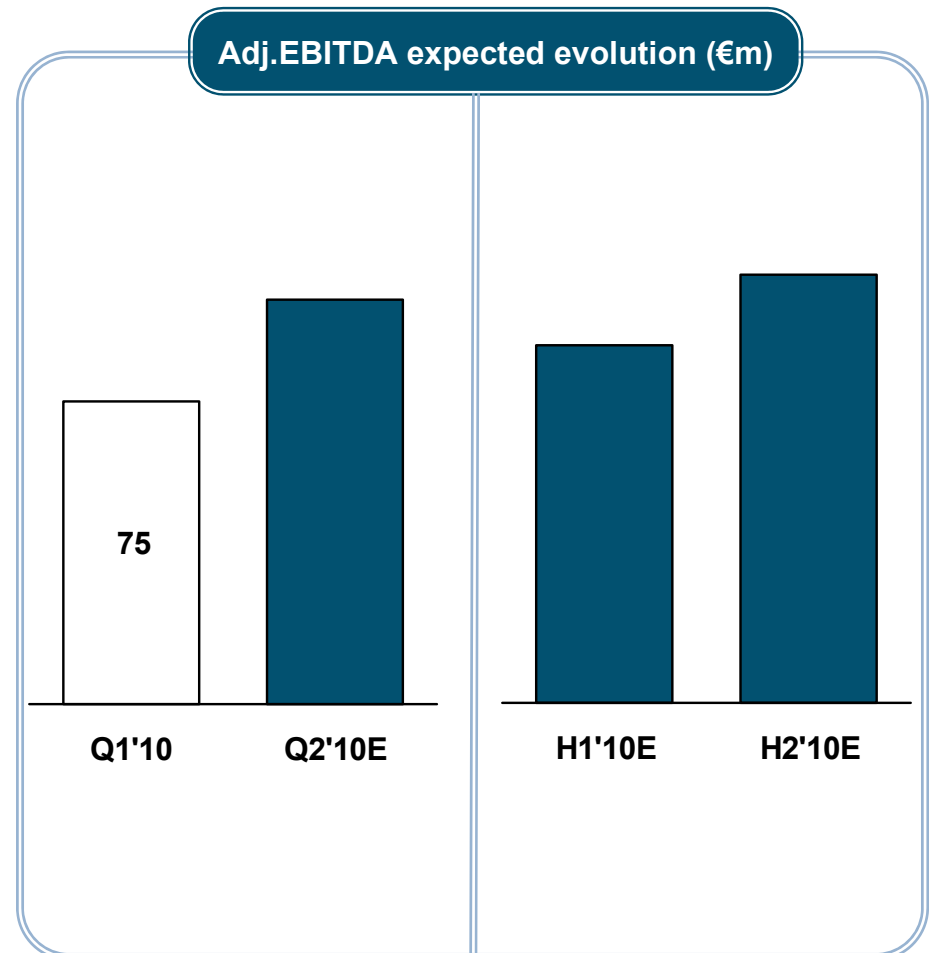
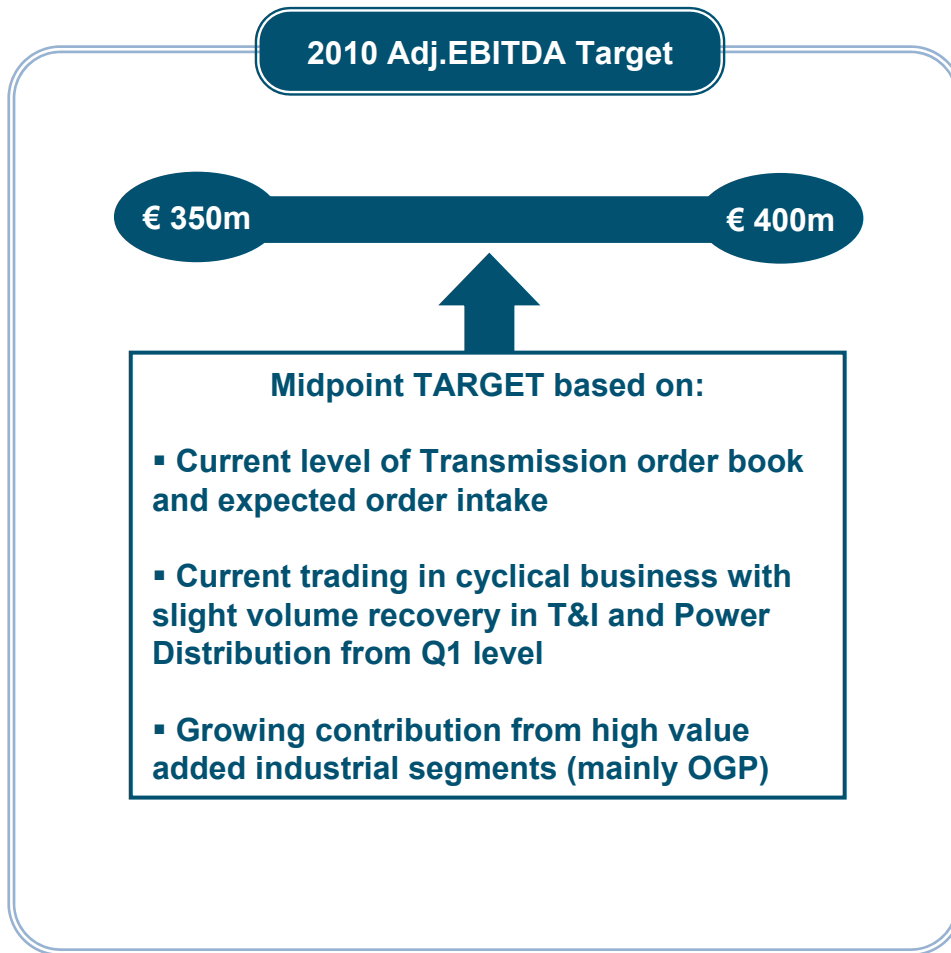
- Two long term financing contracts expiring Mid 2012 (Cash/Unused committed credit lines at 31.03.10: over €1bn)
- € 1,070 million Forward Start Credit Agreement signed in Jan 2010 (maturity December 2014) to refinance Term Loan and Revolving Facility at maturity May 2012
- € 400 million 5-year Eurobond (Coupon 5,25%) – Settlement date 9th April 2010
  - ✓ € 200 million proceeds used to prepay Term Loan on 16th April 2010

	Amount €m	Unused at 31.03.10 €m	
Securitization	350	350	350 Maturity July 2012
Term Loan	970	-	670 Maturity December 2014
Revolving Facility	400	393	400 Maturity December 2014
Bonding Facility	300	152	300 Maturity May 2012

	31.03.09 €m	31.12.09 €m	31.03.10 €m
Term Loan	1,017	964	975
Securitization	0	-	-
Other Debt	121	101	167
<b>Total Gross Debt</b>	<b>1,138</b>	<b>1,065</b>	<b>1,142</b>
Cash & Cash equivalents	(390)	(492)	(406)
Other Financial Assets	(92)	(88)	(117)
<b>NFP Vs third parties</b>	<b>656</b>	<b>485</b>	<b>619</b>
Bank Fees	(15)	(11)	(23)
<b>NFP</b>	<b>641</b>	<b>474</b>	<b>596</b>

## 2010 Outlook – Growing profitability expected during the year



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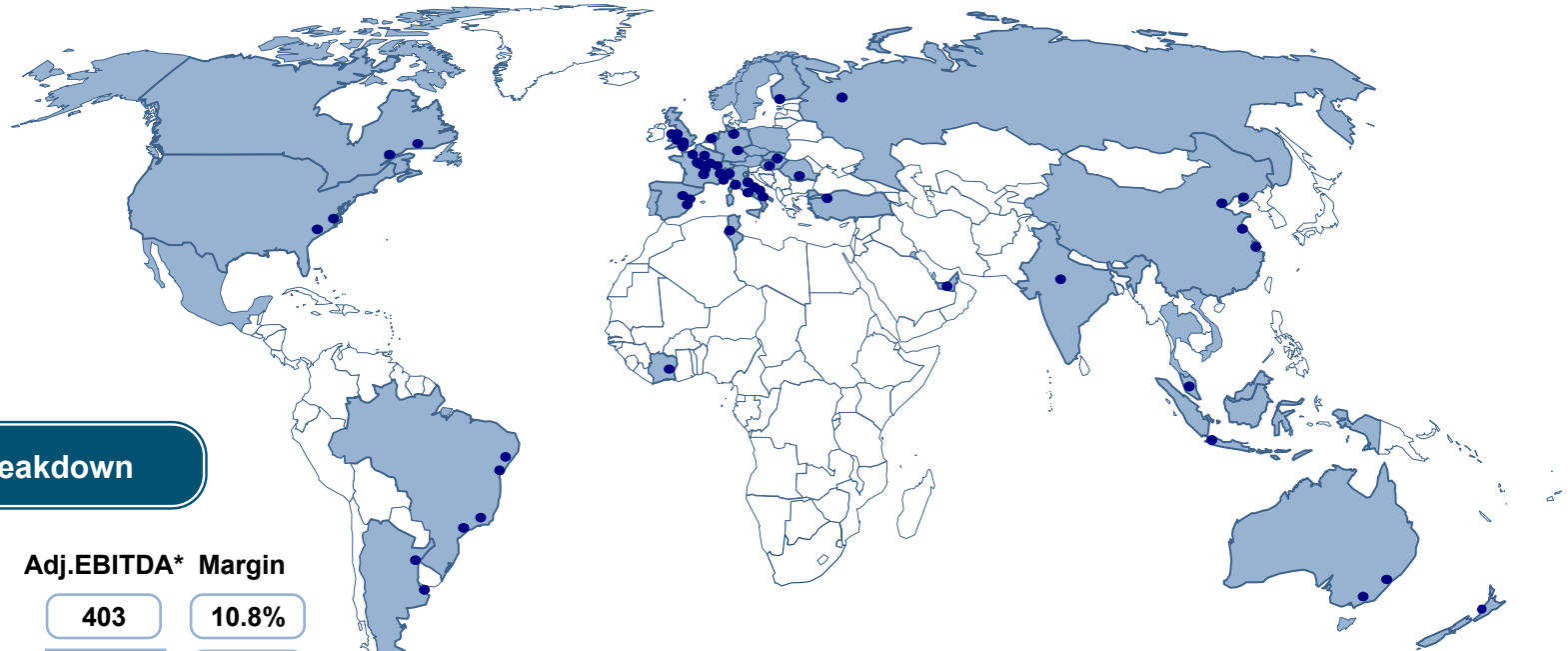
➤ Division Results

➤ Financials

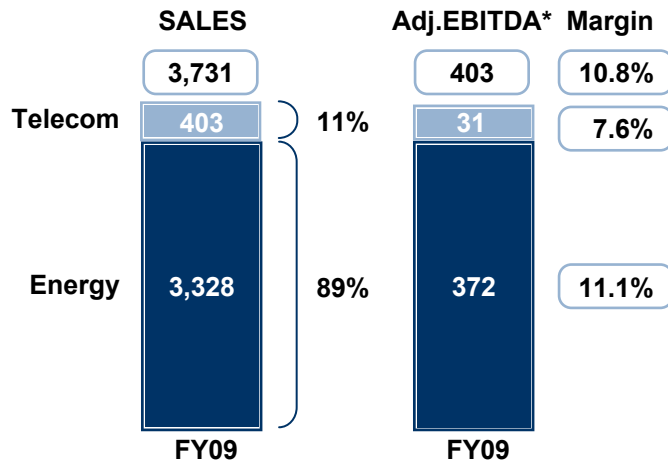
➤ Appendix

# A Global Cable Manufacturer

## Company Global Presence



### Business Breakdown

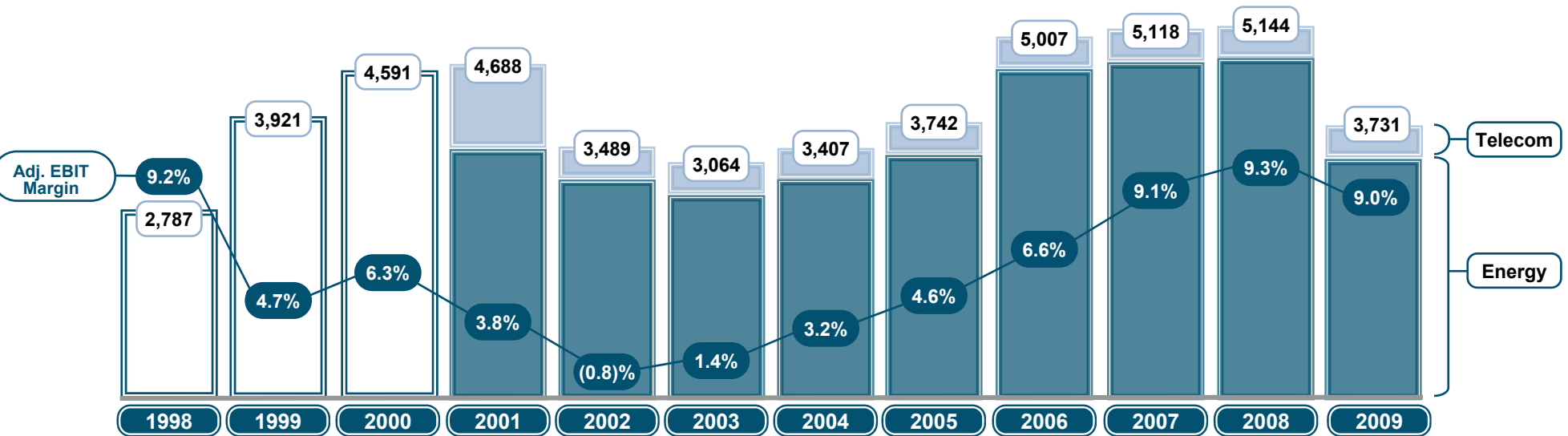
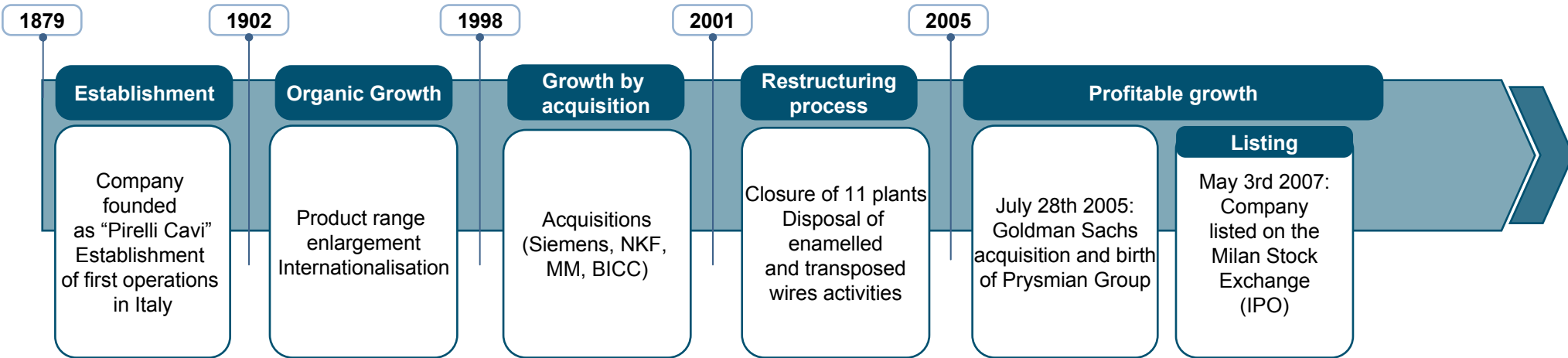


- Production plant
- Countries with physical presence

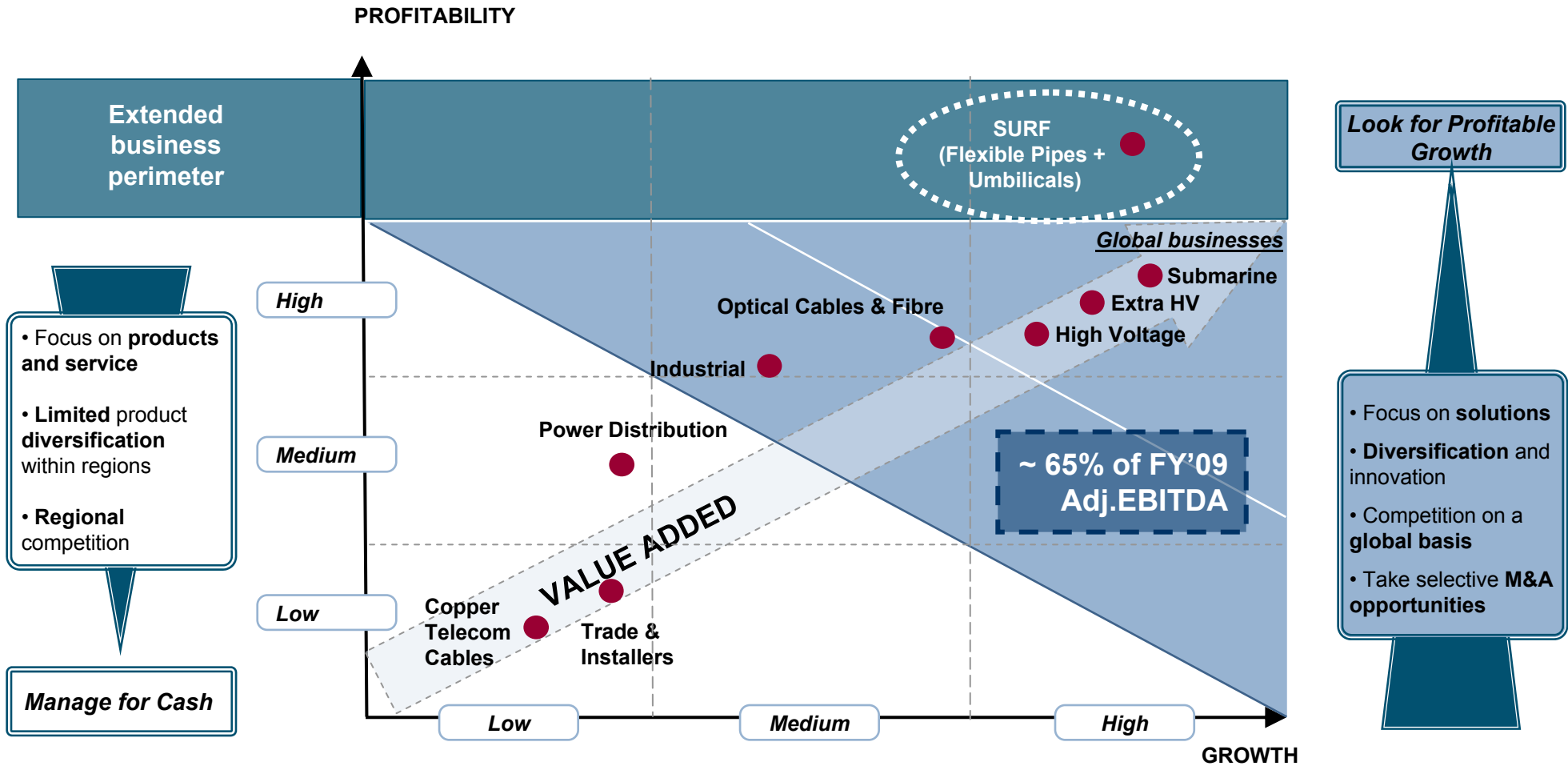
The Prysman Group operates **56** plants, has subsidiaries in **39** countries with approx. **11,704** (31Dec09) employees and sells its products worldwide

\*EBITDA adjusted excluding non-recurring items.

# Prysmian Key Milestones

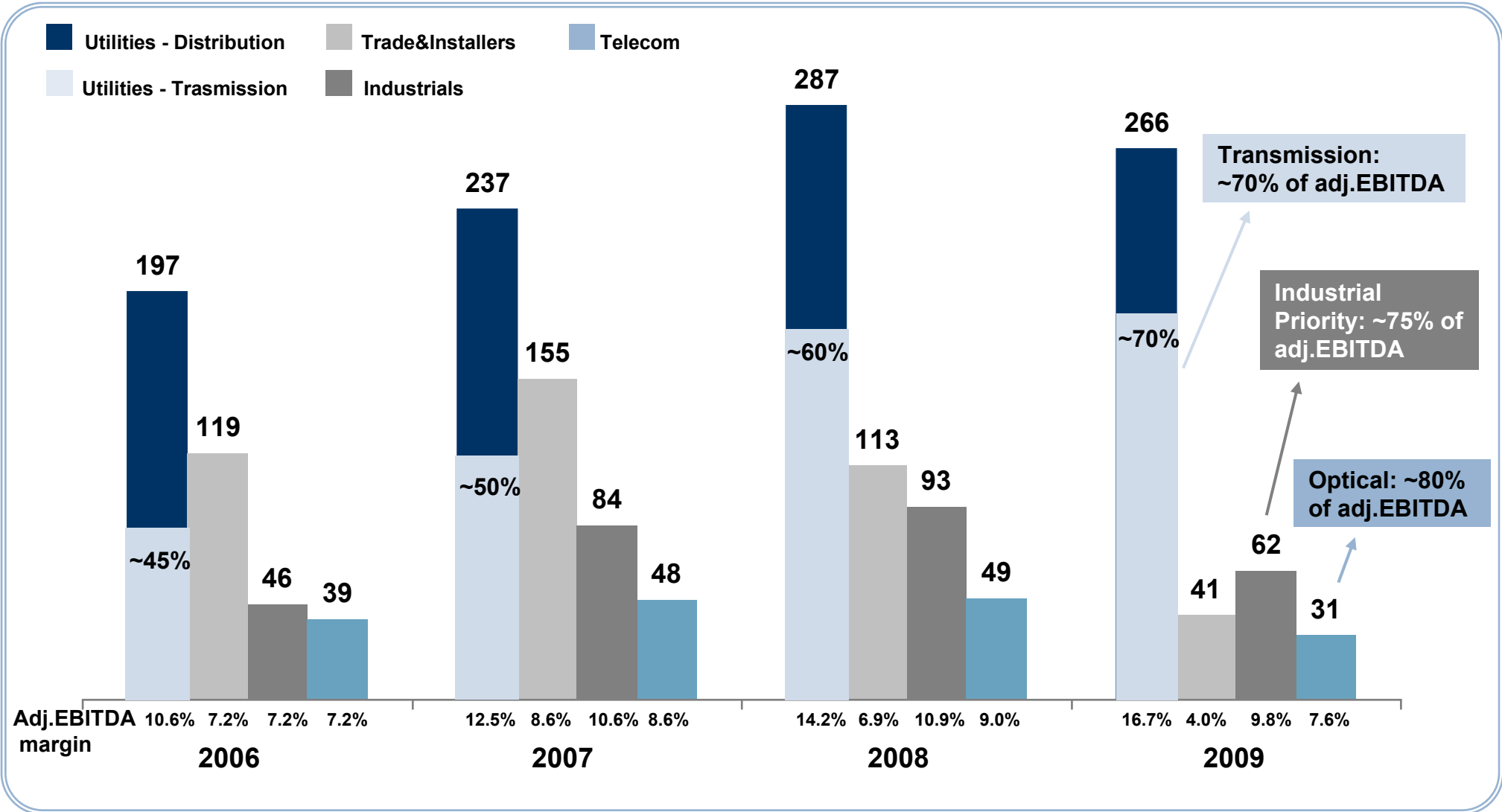


# Leverage on high resilience businesses



# A unique portfolio driving sustainable margin growth

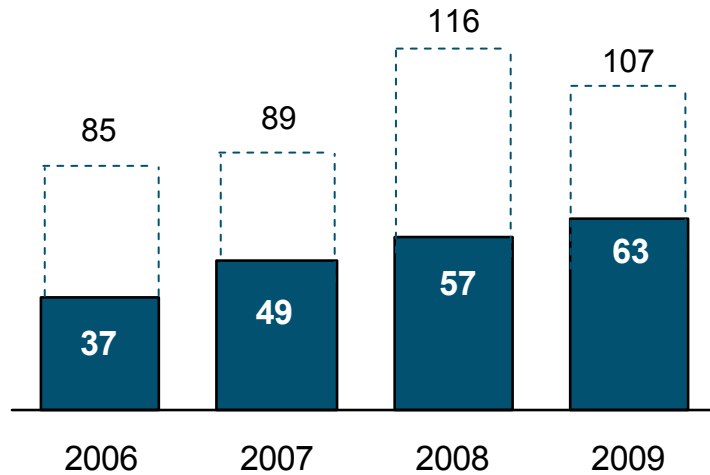
Adj.EBITDA (€ Millions); Adj.EBITDA margin (%)



## Laying the future

Disciplined capex to fuel growth in high value added segments

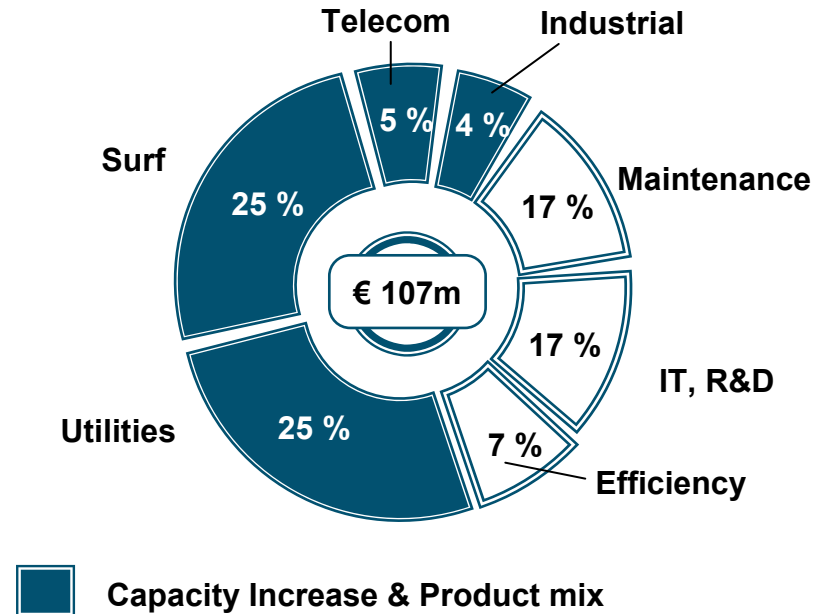
Capacity Increase & Product mix development (€m)



Utilities	35%	73%	72%	43%
Industrial	3%	14%	9%	6%
Surf	57%	-	4%	43%
T&I	-	10%	2%	-
Telecom	5%	3%	13%	8%
Total*	100%	100%	100%	100%

\* % of Capacity Increase & Product mix

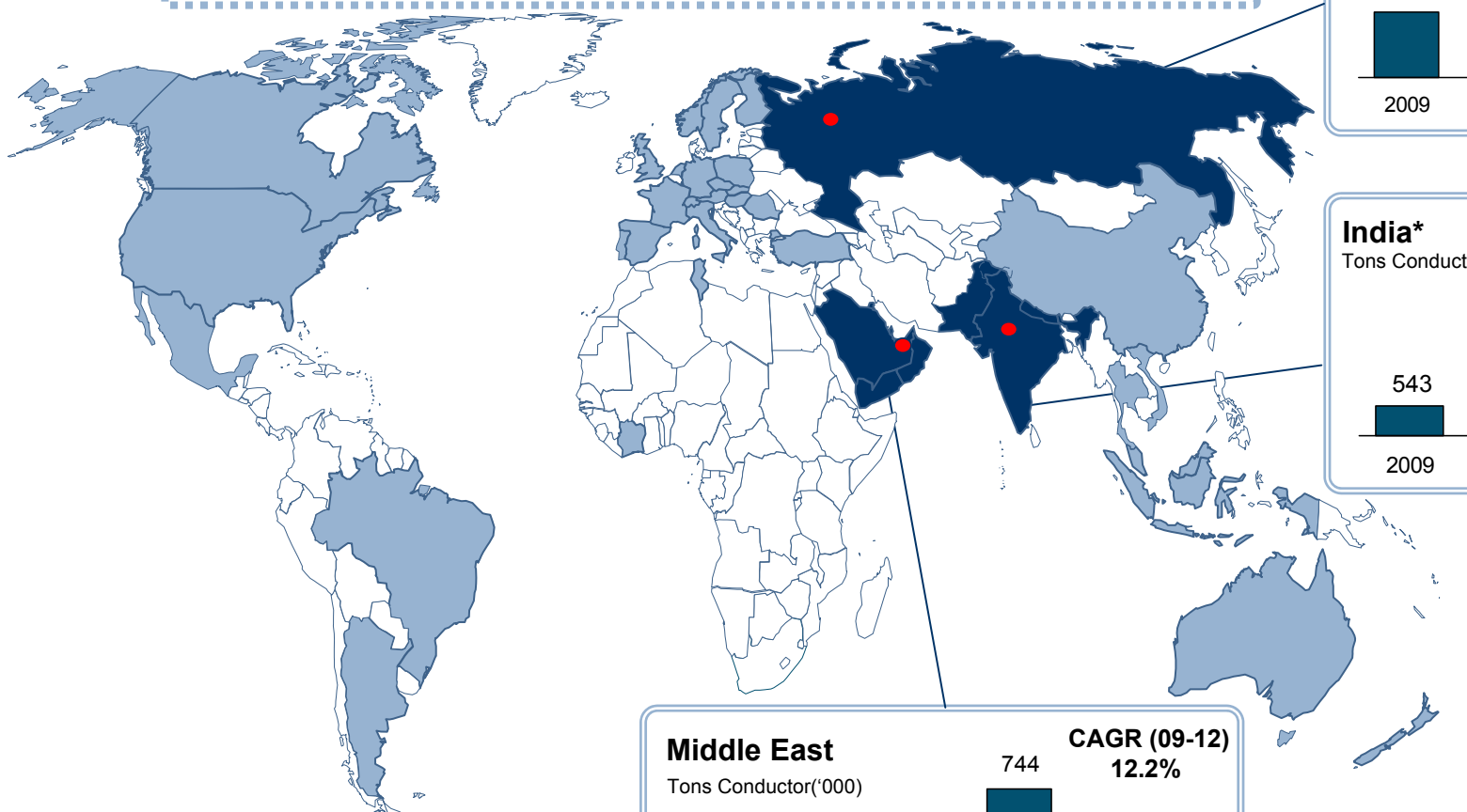
Capital Expenditure by destination (2009)



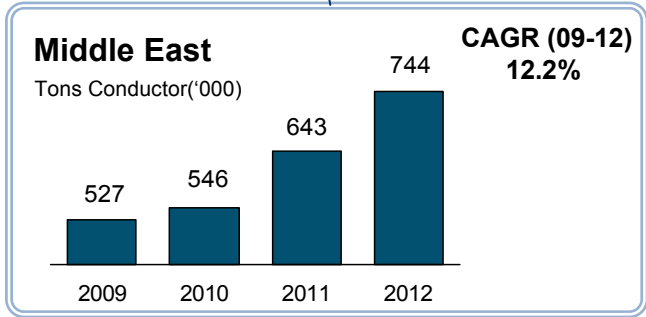
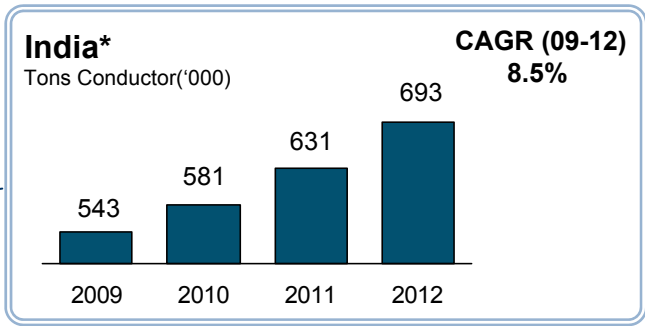
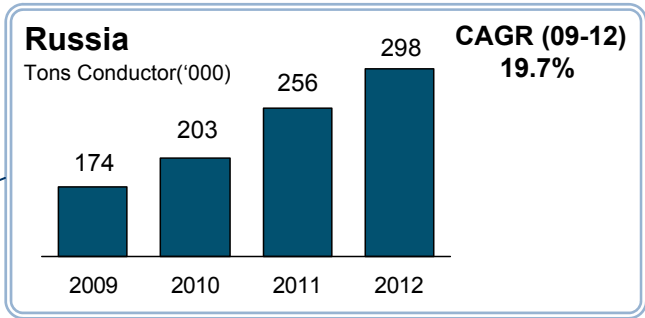
# Laying the future

## First milestones in targeting high growth countries

Worldwide Energy Cables Reference Market (CAGR 2009-12: 7.0%)



■ Countries with physical presence  
● New production plants

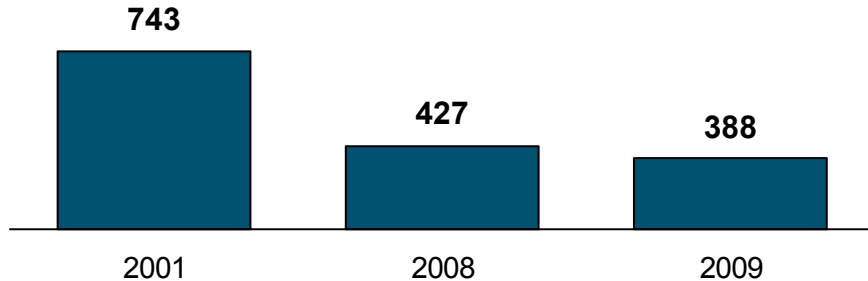


Source: CRU data (November 2009), includes Energy cables = Low Voltage and Power Cable  
 \* India defined as Indian Subcontinent

## Laying the future

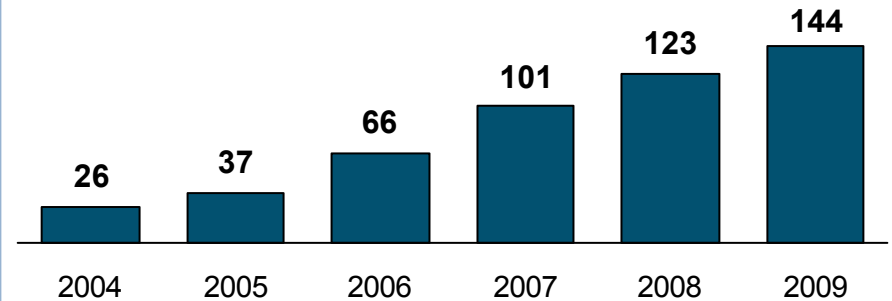
Ideally positioned to cope with industry challenges and benefit from recovery

**Prysmian Focus on Fixed Costs Reduction  
(Total Fixed Costs p.a. in €m)**



- Continuous optimization of geographical production footprint
- Improve plants productivity through optimized production process
- Lean organizational structure at Headquarter and subsidiaries level

**Prysmian Continuous Focus on Industrial Efficiencies  
(Cumulative Gross Efficiencies in €m)**



- Continue improving material efficiency, reducing scrap and over-usage
- More effective cable design
- Optimize organization and process to achieve further manpower efficiency
- Reduce impact of other costs (logistic, utilities, maintenance, ...)

## Prysmian Divisions and Business Areas

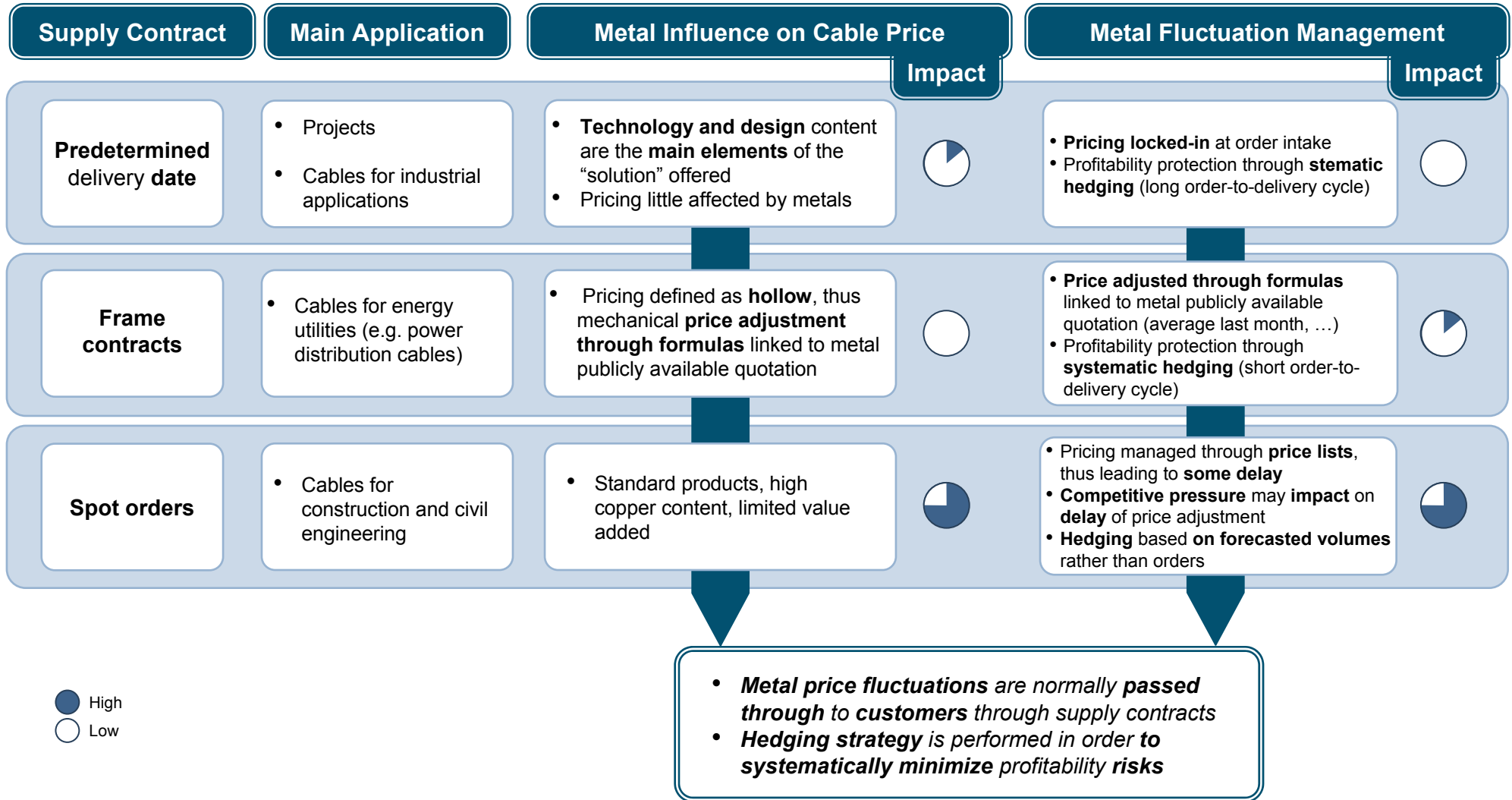
Euro Millions, 2009

Division	Business area	Business line	Sales	Adj. EBITDA <sup>1</sup>	Adj. EBITDA %	
Energy Cables & Systems	Utilities	<ul style="list-style-type: none"> <li>Power Distribution</li> <li>High Voltage &amp; Extra High Voltage</li> </ul>	1,598	266	16.7%	
		<ul style="list-style-type: none"> <li>Submarine</li> </ul>				Power <b>submarine</b> cables
		<ul style="list-style-type: none"> <li>Network Components</li> </ul>				<b>Components for power distribution and transmission</b> networks
	Trade & Installers	<ul style="list-style-type: none"> <li>Trade &amp; Installers</li> </ul>	1,020	41	4.0%	
	Industrial	<ul style="list-style-type: none"> <li>Industrial</li> </ul>	628	62	9.8%	
Telecom Cables & Systems	Telecom	<ul style="list-style-type: none"> <li>Optical Cables &amp; Fibre</li> </ul>	403	31	7.6%	
		<ul style="list-style-type: none"> <li>Copper Cables</li> </ul>				Cables and components for <b>Telecom networks</b>
	Prysmian <sup>2</sup>		<b>3,731</b>	<b>403</b>	<b>10.8%</b>	

<sup>1</sup> EBITDA adjusted excluding non-recurring items and including Other activities (€3m)

<sup>2</sup> Including Other activities (FY09 Sales: €82m)

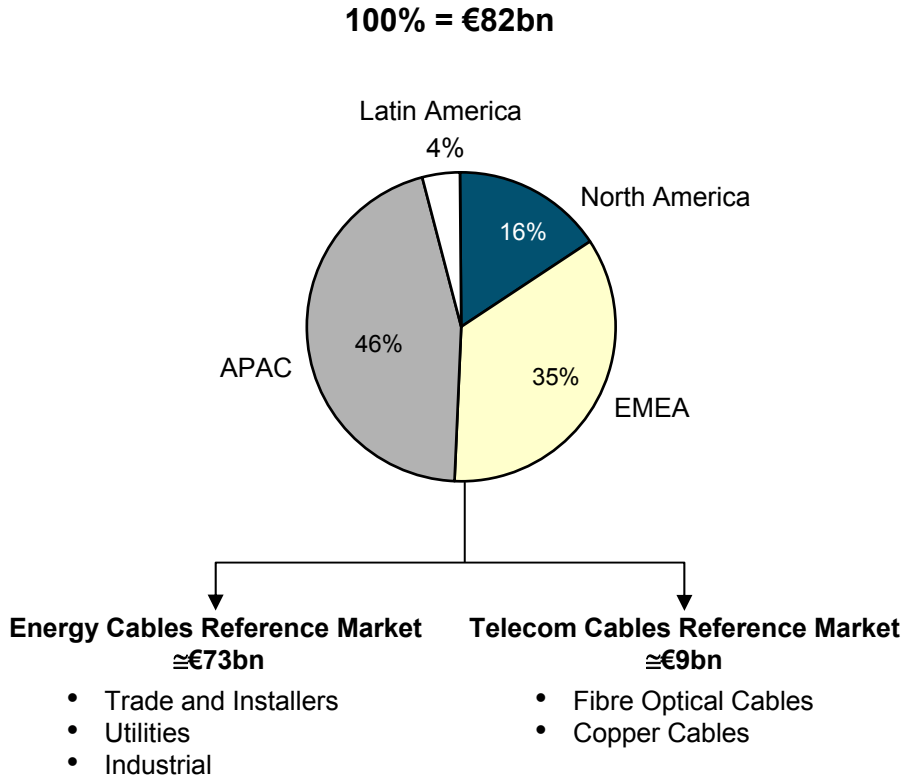
# Metal Price Impact on Profitability



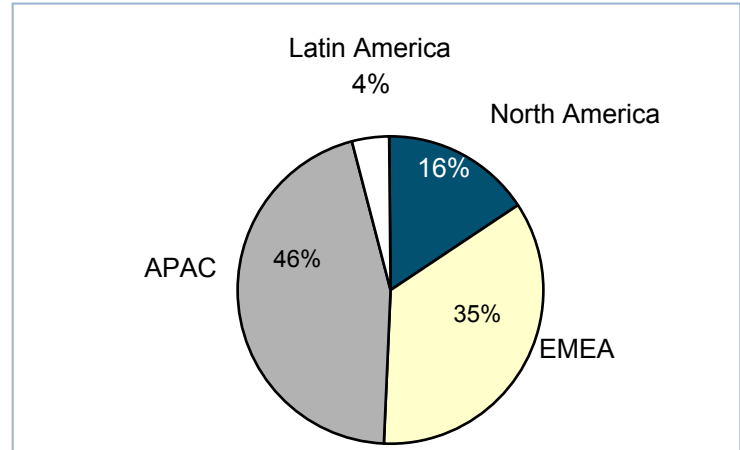
 High  
 Low

# The Global Cables Reference Market

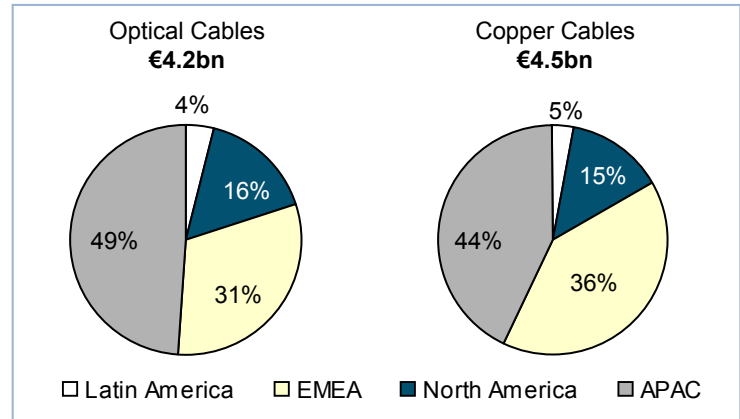
World-Wide Cable Reference Market Size, 2008



## Energy Cables Reference Market (~€73bn)



## Telecom Cables Reference Market (~€9bn)

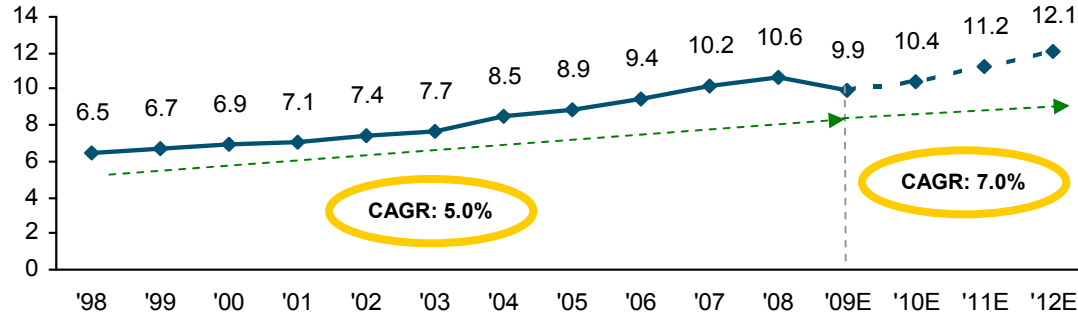


Source: Company analysis based on CRU data, Prysman reference markets are obtained by excluding from the global cable market the segments where the company does not compete (winding wire for the energy sector and internal telecom data and copper LAN cables for the telecom sector). Energy = Low Voltage and Power Cable; TLC = External Copper Tlc Cable, Fibre Optic

# Market Volumes Trend

## Energy Cables Reference Market

Million Tons Conductor

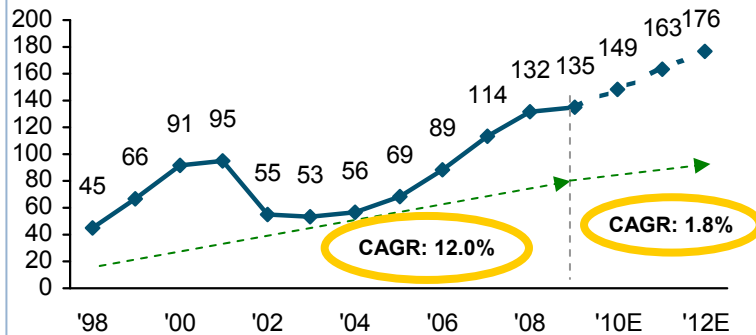


- Historically low correlation with economic cycle
- Growth driven by:
  - Investments in power grid interconnections
  - Investments in power transmission and distribution
  - Infrastructure investments

## Telecom Cables Reference Market

### Optical Cables

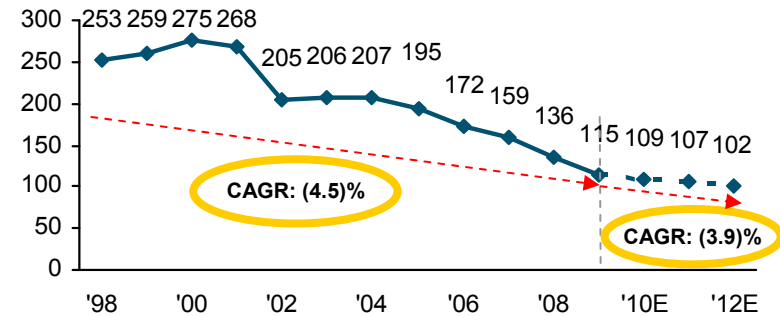
Million Km Fibre



- Market growth driven by increased investment in fibre access networks (FTTx) and Next Generation Networks

### Copper Cables

Million Km Pair



- Declining historical development in copper cables expected to continue

## Dividend approved by the Shareholders meeting

### Dividend Policy

- Dividend x share confirmed at 2009 level (€ 0.417 x share)
  - Dividend payable April 2010: € 74m (1)
- Pay-out ratio: 30% on reported Net Income
- Dividend yield of 3.2% (2)
- Sustainable despite tough scenario

(1) Based on 178,206,539 shares with dividend right:  
Total shares (181,235,039) – Treasury shares (3,028,500)

(2) Last 30 trading days average share price (€12.92) at 26/02/2010

(3) Based on 177,895,400 shares (average n° of shares in 2009; excl. Treasury shares)

**Earning Per Share (3)**

**€ 1.40**

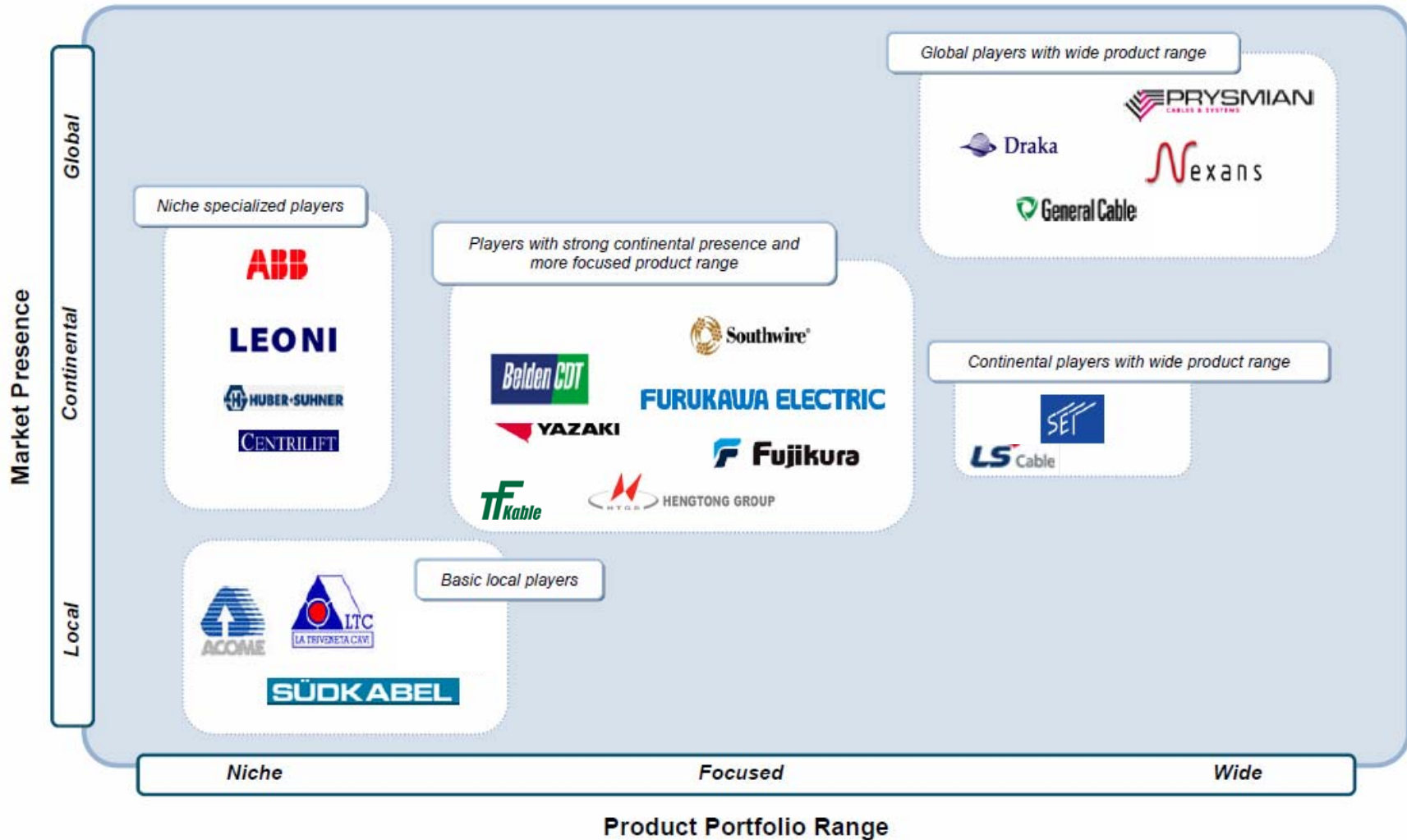
**Dividend Per Share**

**€ 0.417**

## Appendix - Energy

# Clusters of Cable Manufacturers in the Industry

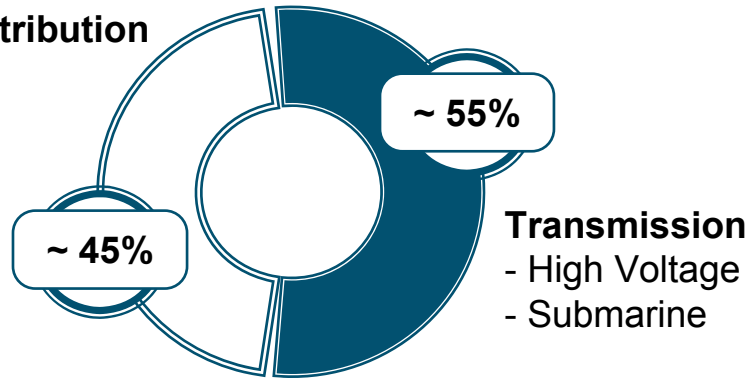
## Competitive scenario – Energy Cables



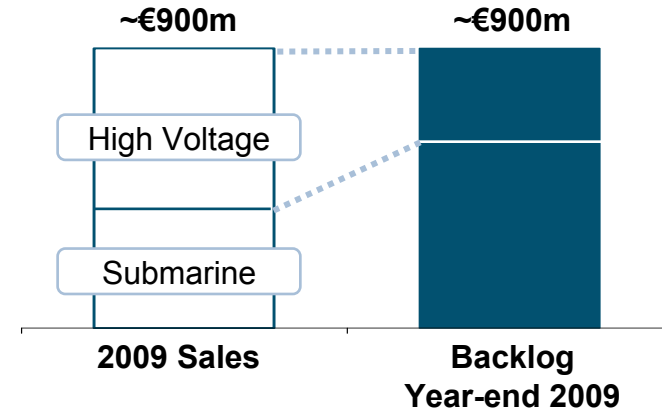
## Utilities (Transmission) – Growing opportunities in all continents

**FY2009 Utilities Sales Breakdown**

**Distribution**



**Orders Backlog**



**Key investments to growth completed**

- Continuous growth of transmission profitability during last years
- Investments already in place to support HV underground development next years
  - Over 20% potential sales increase with existing capacity
- Interconnections as long term driver for HV and Extra-HV in Europe
- Strong tenders activity for submarine projects both in Off-shore wind farms and large connections

## Utilities – Submarine Systems

### Key success factors

- Track record and reliability
- Ability to design/execute turnkey solution
- Quality of network services
- Product innovation
- State-of-the-art cable laying ship

### Action plan

Capacity expansion completed to support growth in 2010-12 (production capacity fully saturated for 2009 and 2010) through:

- Leverage on strong off-shore wind-farms trend
- Secure orders to protect long-term growth
- Focus on flawless execution

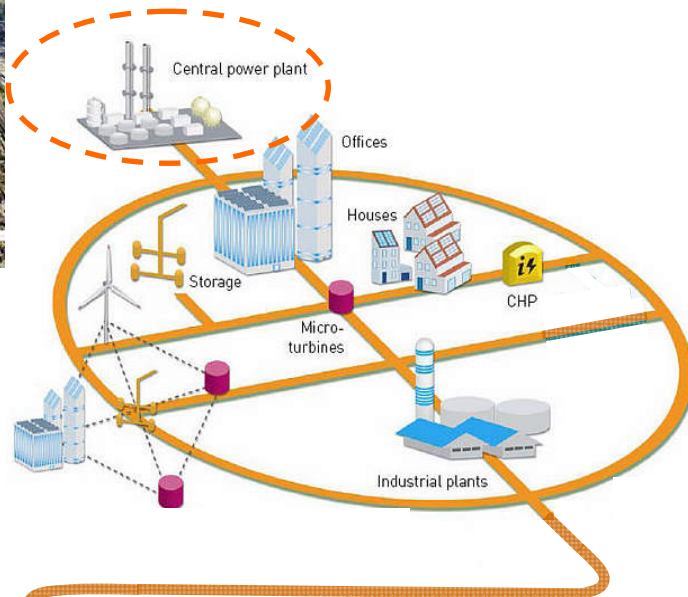
Key Projects	Customer	Period	€m (1)
• Messina	• Terna	2010-13	300
• Kahramaa	• Qatar General Electricity	2009-10	140
• Greater Gabbard	• Fluor Ltd	2009-10	93
• Cometa	• RED Electrica de España	2008-11	119
• Trans Bay	• Trans Bay Cable LLC	2008-10	\$125m
• Sa.Pe.I	• Terna	2006-10	418
• Neptune	• Neptune RTS	2005-07	159
• GCC Saudi – Bahrain	• Gulf Cooperation Council Interconnection Authority	2006-10	132
• Angel development	• Woodside		
• Rathlin Island	• Northern Ireland Electricity		
• Ras Gas WH10-11	• J. Ray Mc Dermott		
• Qatar Gas 2	• NPCC Mepi		

(1) Prysmian portion of the project.

# Transmission – Renewable as new driver for Underground HV investments

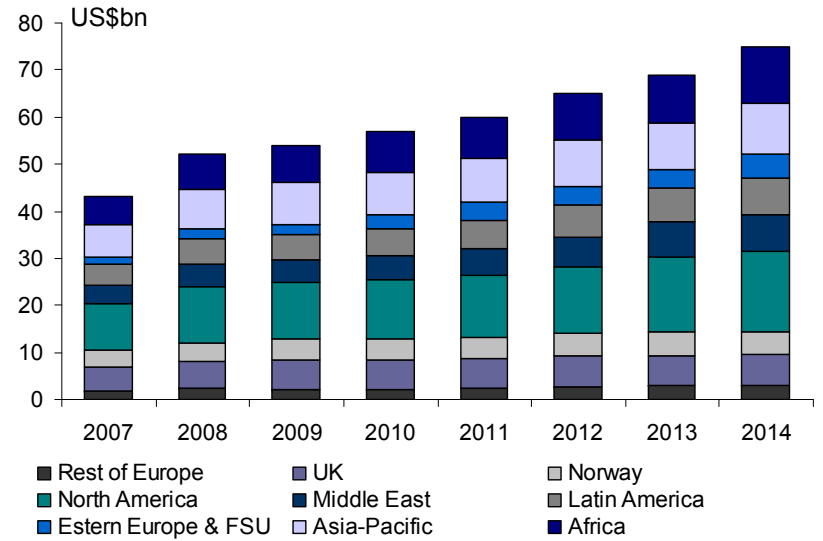


Central power plant located in the city



Off-shore wind farms far from urban areas

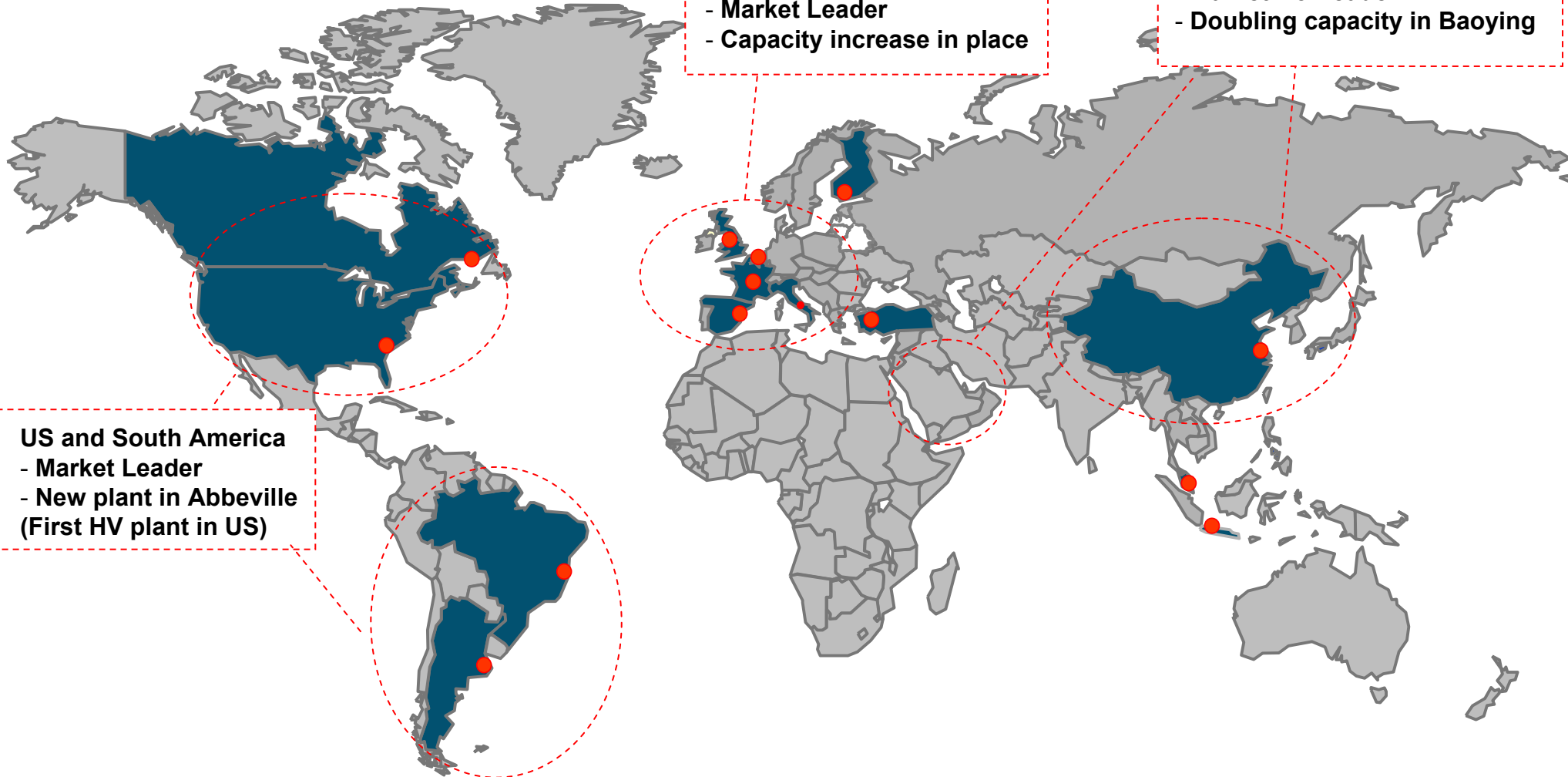
## Off-shore Wind farms – Capital Expenditure



Source: Douglas Westwood (November 2009)

## Utilities - Leading position in underground HV with a global reach

● HV Production plant



## Utilities - Stimulus packages

Over US\$ 150bn to improve Energy Transmission and Distribution networks

### U.S.

- \$ 44bn direct spending and loan guarantees for Energy investments
  - \$ 18.5bn energy efficiency and renewable energy programs
  - \$ 8bn federal loan guarantees for renewable energy systems and electricity transmission
  - \$ 17.4bn other energy investments including modernizing nation's electricity grid

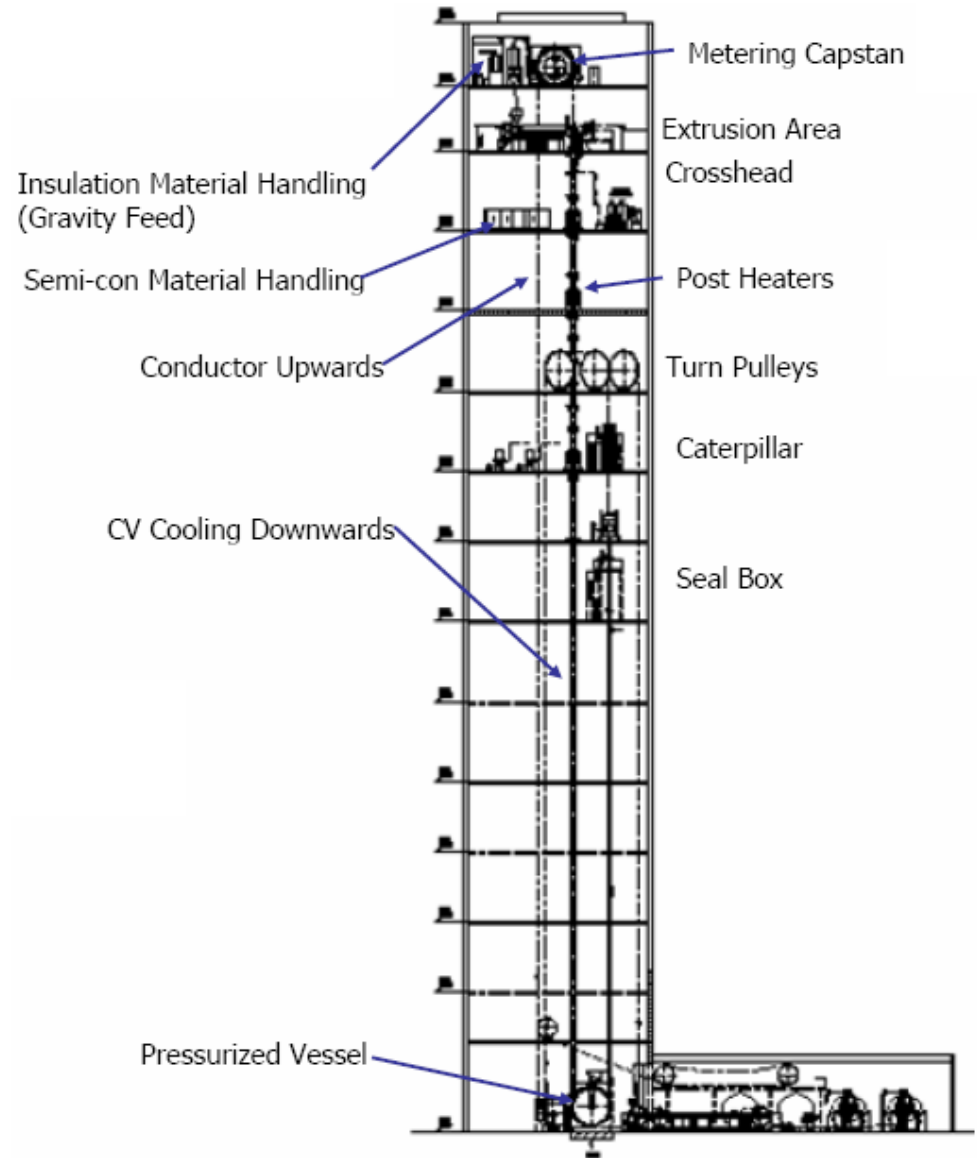
### China

- \$ 132bn to expand power grids by 26,000km, including new equipment by 2009-10

### Europe

- € 5bn in 2009-10 to support trans-European infrastructure, including energy interconnections and Off-shore wind projects

## Utilities - New HV plant in Abbeville (US)



## Utilities – Power Distribution

### Market drivers

- Long term growth in electricity consumption
- Mandated improvements in service quality
- Investment incentives to utilities
- Urbanization

### Key customers

Key customers are all major national distribution network operators



### Key success factors

- Time to market
- Quality of service
- Technical support
- Cost leadership
- Customer relationship

### Action plan

- Improve service level and time to market
- Reduce product cost
  - Cable design optimization
  - Alternative materials / compounds introduction
  - Process technologies improvement
- Innovate
  - New insulation materials
  - P-LASER launch in Europe

## Trade & Installers

### Business Description

- Low voltage cables for residential and non residential construction
- Channel differentiation with both:
  - Direct sales to end customers (Installers)
  - Indirect sales through
    - Specialised distributors
    - General distributors
    - Wholesalers
    - Do-it-yourself/modern distribution
- Wide range of products including
  - Value added fire retardant
  - Environmental friendly
  - Specialised products

### Key customers

- Key customers include major:
  - Specialised distributors



- General distributors



- Wholesalers



- Installers



## Trade & Installers

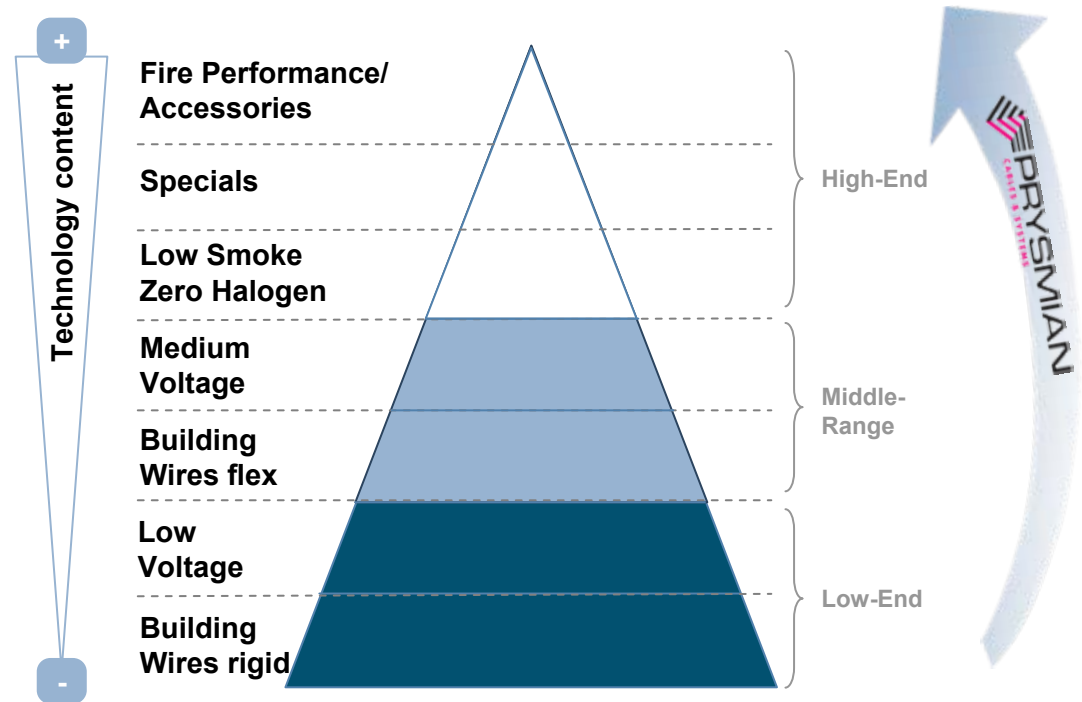
### Key success factors

- Product range
- On-time delivery / Product availability
- Inventory/WC management
- Cost leadership
- Channel management
- Customers' relationship

### Action plan

- Continuously redefine product portfolio
  - Focus on high-end products (e.g. Fire Performance)
- Exploit channel/market specificity
  - Focus on wholesalers and installers
  - Protect positioning in high margin countries
  - Grow global accounts
- Continuously improve service level
- Benefit from changes in regulatory regime

### Product overview



# Industrial

## Business description

Integrated cable solutions for industrial and infrastructure activities

- Oil Gas & Petrochemical**

*Cabling solutions to oil and petrochemicals industries such as umbilical cables for platforms (Up-stream Off-shore) and cable solutions for refineries (Down-Stream On-shore)*



- Renewable Energy**

*Products for wind and solar energy generation*



- Infrastructure**

*Products for port, railway, and airport*



- Mining**

*Products for harsh environment application*



- Transportation**

*Products for trains, ships, automobiles*



- Other niches:**

*Defence, nuclear, electromedical, branchement, ...*

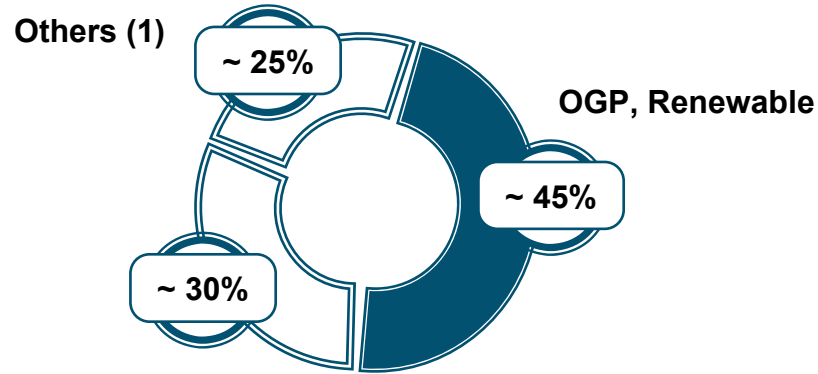
## Key customers

Large and differentiated customer base generally served through direct sales



## Industrial – Priority segments increasing contribution to profitability

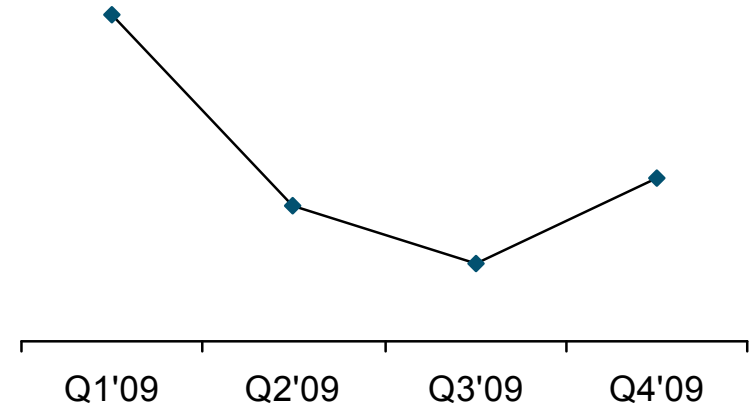
FY'09 Industrial Adj.EBITDA Breakdown



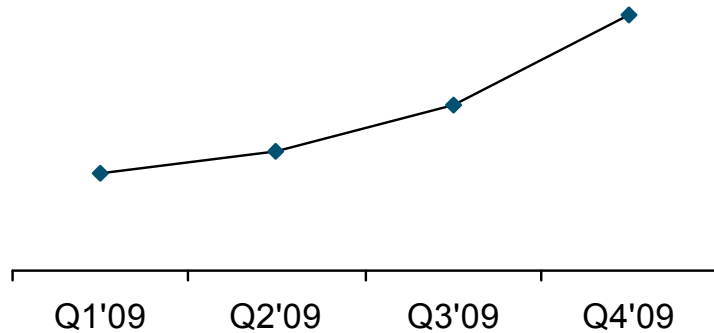
**Other Priority Segments**  
Railway & Rolling Stock, Crane, Mining, Marine

(1) Includes: Auto, Branchement, Defence, Electromedical, Nuclear, other niches

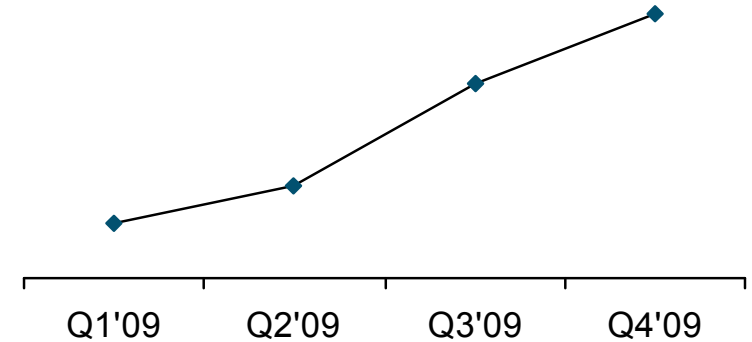
OGP – Sales trend (€m)



Automotive&Branchement – Sales trend (€m)



Renewable – Sales trend (€m)



## Industrial New Flexible Pipes & Umbilicals Plant in Brazil

Existing Umbilicals Plant (Vila Velha - Brazil)



Over US\$ 1Bn sales expected in SURF (Flexible Pipes & Umbilicals) in the period 2010-2014

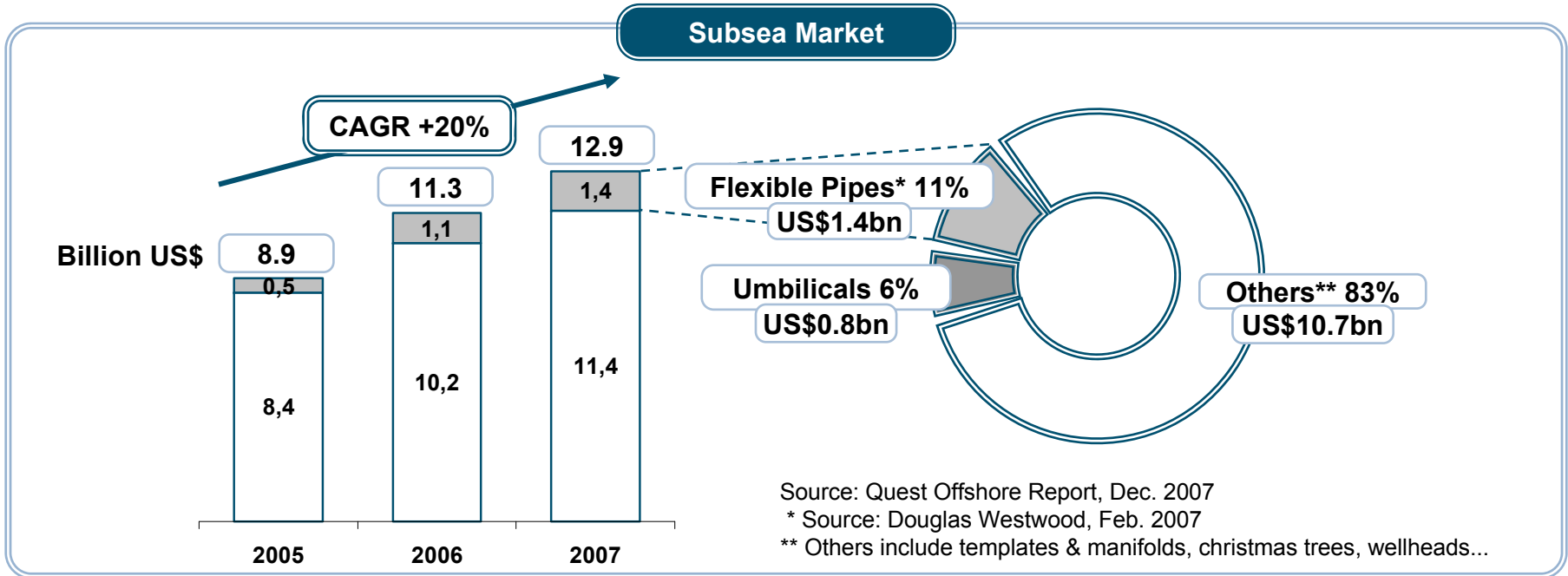
### New Flexible Pipes business

- US\$125m investment (2008-10) to build up new plant in Vila Velha (Brazil) by 2010
- Over US\$600m Sales in 2010-2014 (excl.umbilicals)
  - US\$135m frame contract with Petrobras
  - Technical Contract Agreement with Petrobras to develop new products
- Approx. 30% EBITDA margin
- Up to 6" diameter risers and flowlines pipes to be installed at great depths

Project of New Flexible Pipes & Umbilicals Plant



## Industrial - Global Subsea Market



### Surf Market (Flexible Pipes + Umbilicals)

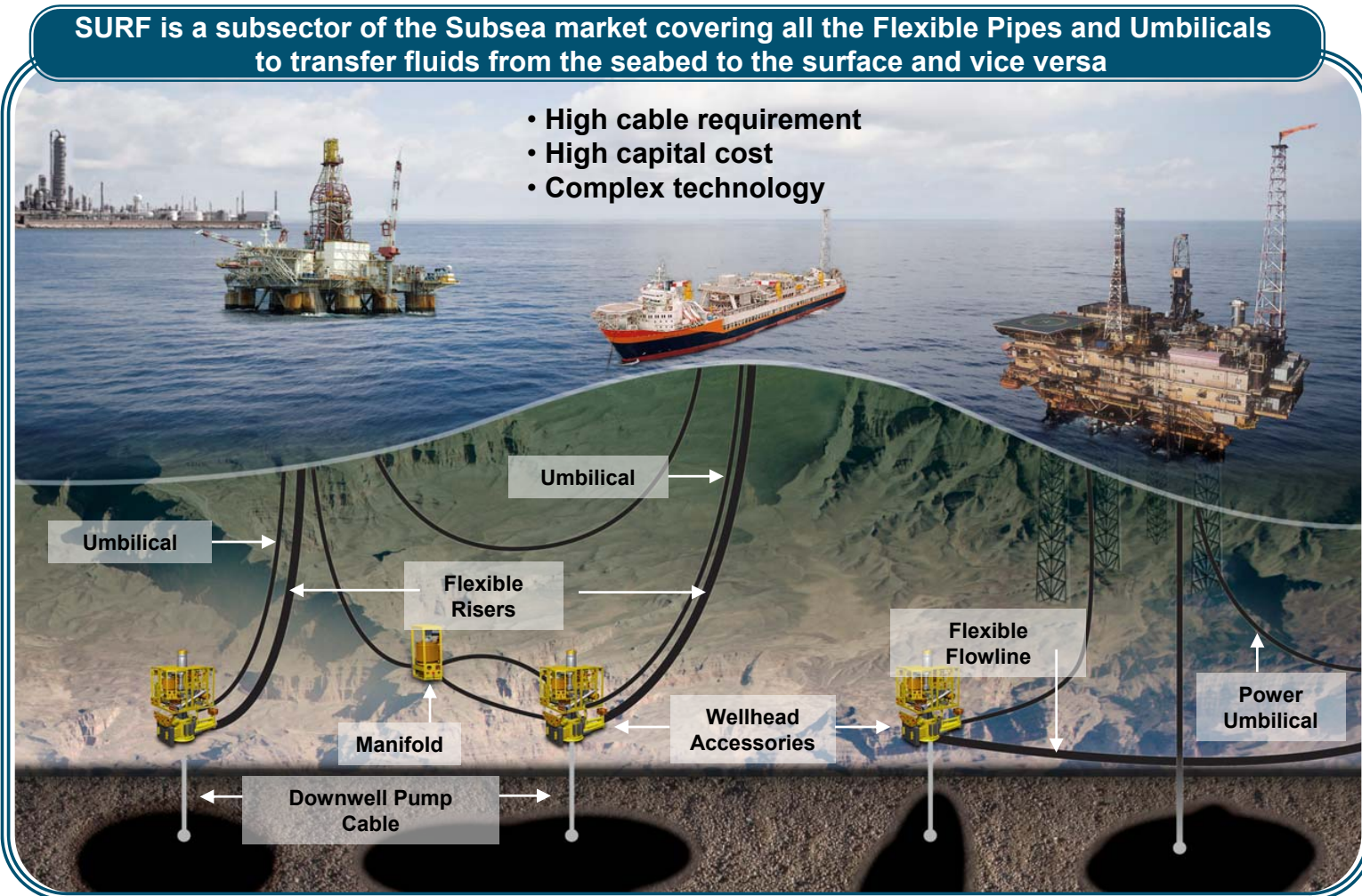


- Strong growth expected to continue
- Phenomenal increase in Exploration, Production and Refining activity focused on several geographical areas
- Continued growth of exploration in deepwater and ultra deepwater presenting new technological challenges

## Industrial - SURF (Subsea Umbilicals, Risers and Flowline)

SURF is a subsector of the Subsea market covering all the Flexible Pipes and Umbilicals to transfer fluids from the seabed to the surface and vice versa

- High cable requirement
- High capital cost
- Complex technology



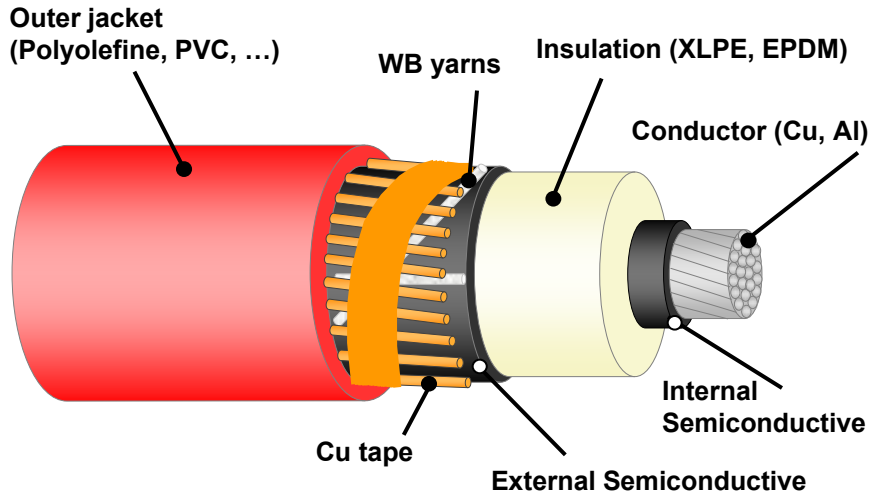
Umbilical



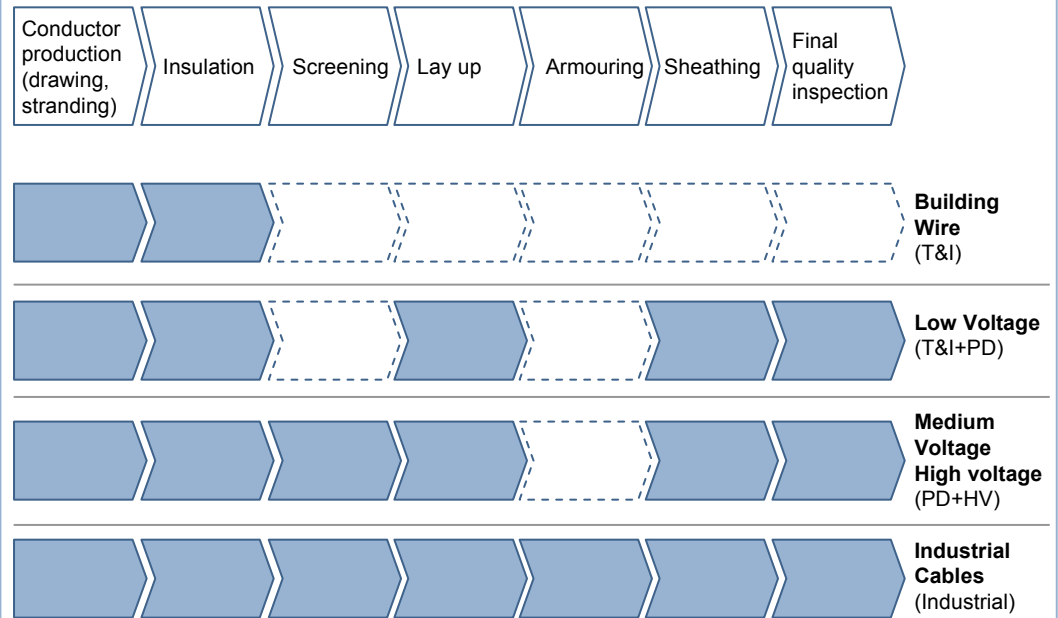
Flexible Pipe

# Macro-structure of Energy Cables

## Product macro structure



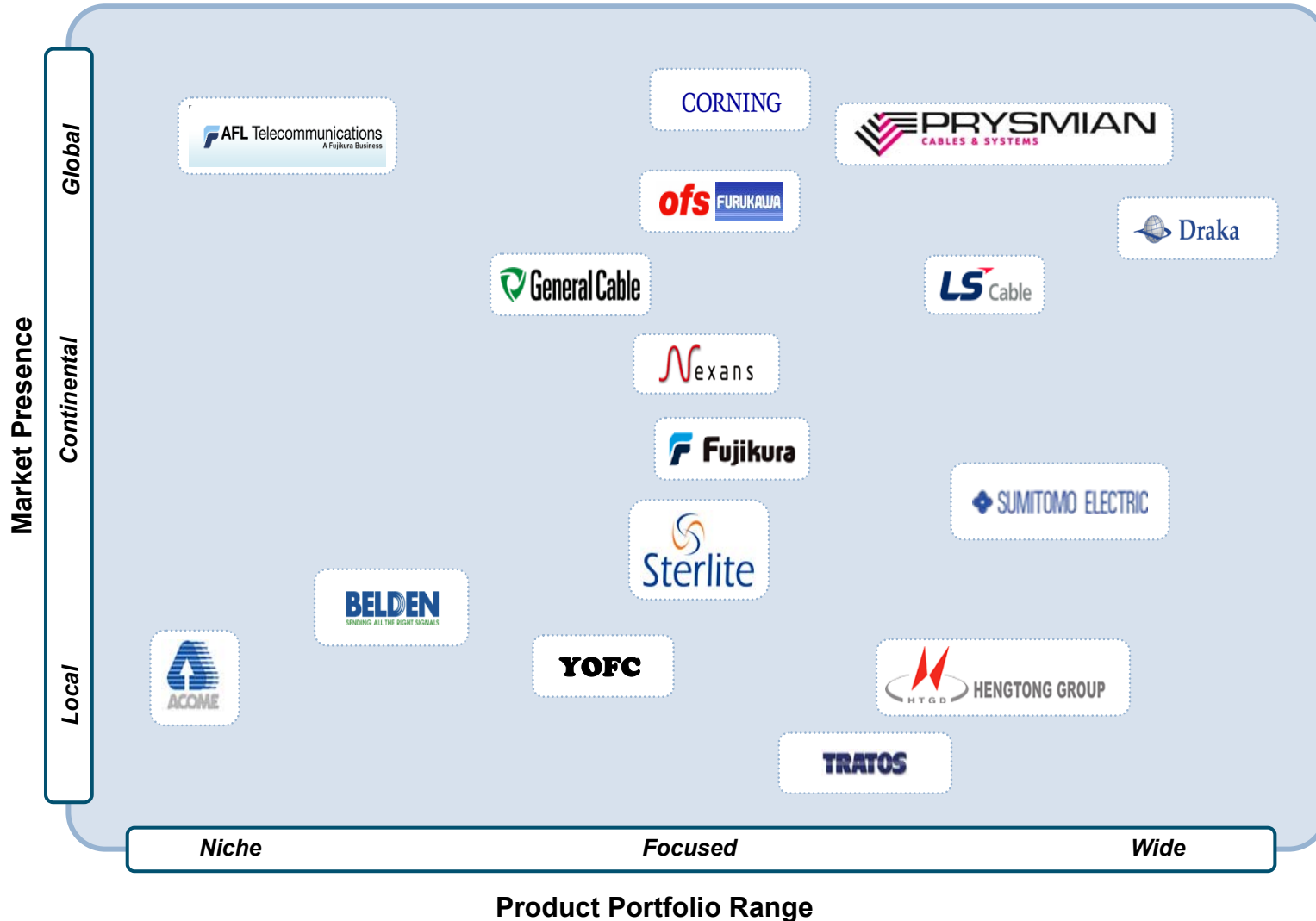
## Production process



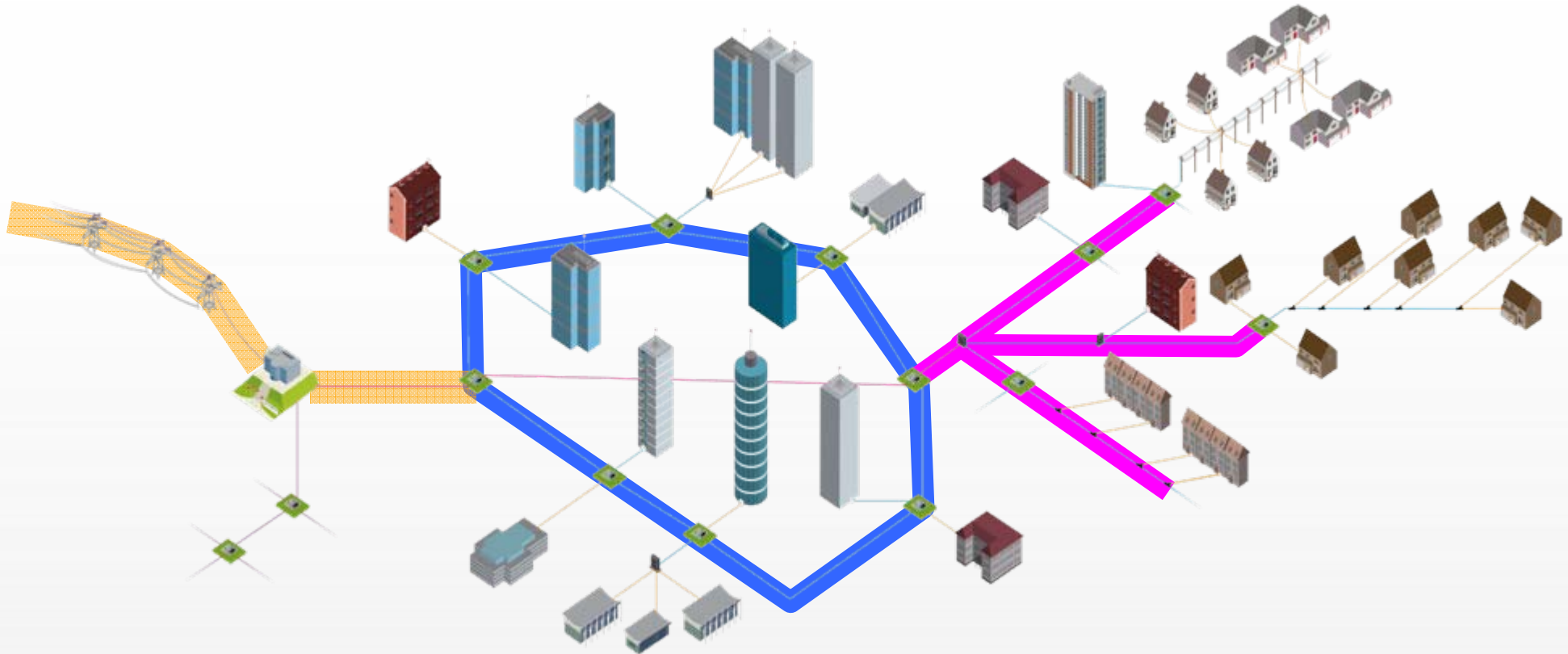
## Appendix - Telecom

# Major Players within the Telecom Industry

## Competitive scenario



## Telecom Cables Main Applications



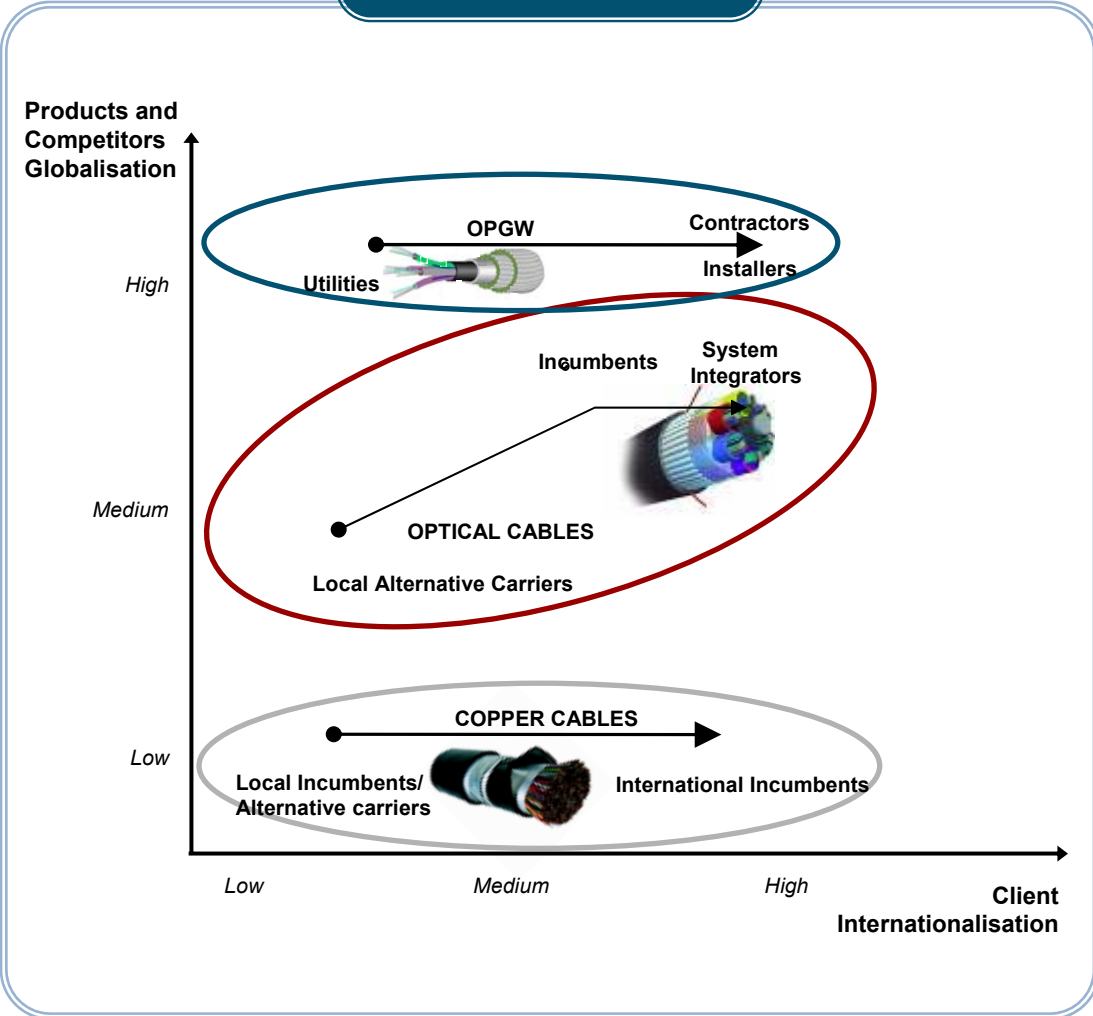
**BACKBONE**

**METROPOLITAN RING**

**ACCESS NETWORK**

# Telecom - Key Products and Customers

## Key products



## Key customers

Key customers include some of the main operators of the telecom sectors

### TELCO Carriers





### System Integrators



### Other Operators



## Overview of Telecom Business Lines

Business Area	Business Line	Level of Technology	Product Standardisation	
1	 Optical	Optical cables	High	Medium
		Optical Fibre	Very High	High
2	 Communication Copper Cables	xDSL	High	Medium
		Standard multi-pair cable	Low	High

### Optical cables

- A complete range of fibre optic products suitable for the transmission of voice/video/data signals in a wide variety of applications (from long-haul through to metro/access systems and finally the last mile access)

### Copper cables

- A complete range of copper telecommunication cables suitable for the transmission of voice/video/data signals including a range of xDSL cable products for high speed broadband applications

## Optical cables

### Market Trends

- Demand function of level of capital expenditures budgeted by large telecom companies (PTT/incumbents as well as alternative operators) for network infrastructures, mainly as a consequence of:
  - Growing number of internet users
  - Diffusion of broadband services / other high-tech services (i.e. IPTV)

### Key success factors

- Continuous innovation and development of new cable & fibre products
- Cable design innovation with special focus on installation cost reduction
- Relentless activity to maintain the highest quality and service level
- Focus on costs to remain competitive in a highly price sensitive environment

### Strategic value of Fibre

- Fibre optic represents the major single component cost of optical cables
- Fibre optic production has high entry barriers:
  - Owned licenses difficult to obtain
  - Long time to develop know-how
  - Capital intensity
- When fibre optic is short, vertically integrated cable manufacturers leverage on a strong competitive advantage

### Action plan

- Maintain & reinforce position with key established clients
- Further penetration of large incumbents in emerging regions
- Optimize utilization of low cost manufacturing units
- Expand distribution model in Domestic & Export
- Streamline the intercompany process
- Fully integrated products sales
- Refocus on export activities
- Increase level and effectiveness of agents

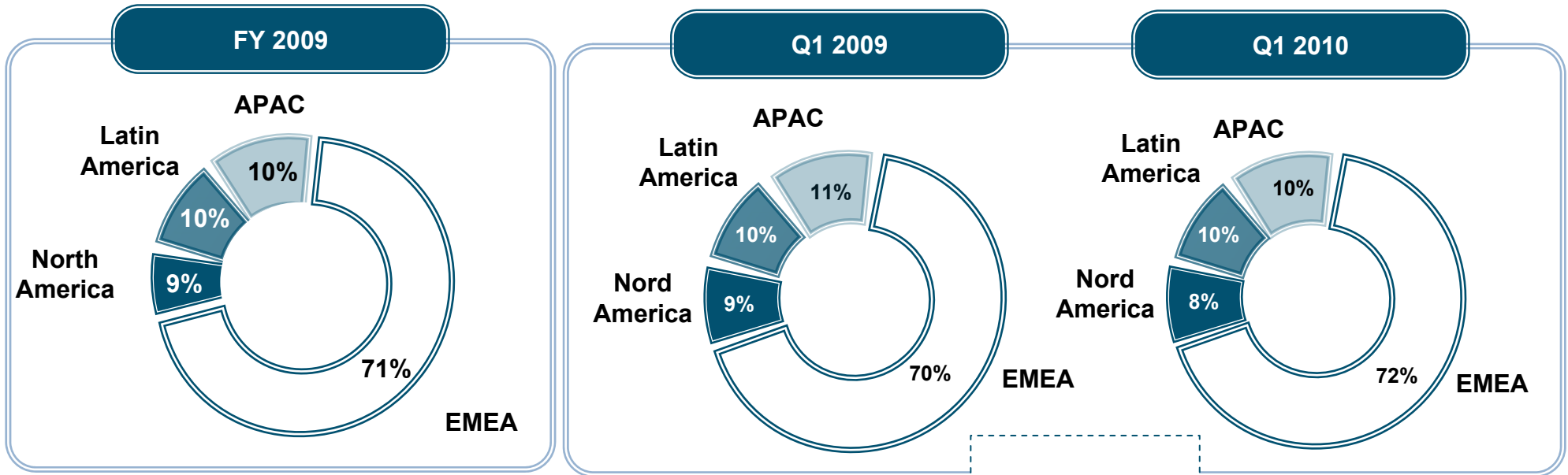
# Macro-structure of Telecom Cables

Product macro structure	Production process
<p><b>Fibre optic</b></p> <p>Primary Coating (250 Micron) Cladding (125 Micron) Core (10 Micron)</p> <p><b>Main Technologies:</b> OVD - VAD - MCVD</p>	<pre> graph LR     A[Pre form deposition] --&gt; B[Consolidation]     B --&gt; C[Drawing]     C --&gt; D[Final quality inspection]             </pre>
<p><b>Optical cables</b></p> <p>(Tracking resistant) Sheathing Compound Sheath Fillers Ripcords Central strength member Loose tubes Optical fibres Aramid Yarns</p>	<pre> graph LR     A[Colouring] --&gt; B[Buffering]     B --&gt; C[Lay up]     C --&gt; D[Armouring (yarn or metal)]     D --&gt; E[Sheathing]     E --&gt; F[Final quality inspection]             </pre>
<p><b>Copper cables</b></p> <p>Outer sheath Screen/Armour Stranded pairs core Insulated Conductors</p>	<pre> graph LR     A[Conductor production] --&gt; B[Insulation]     B --&gt; C[Twining]     C --&gt; D[Lay up]     D --&gt; E[Armouring]     E --&gt; F[Sheathing]     F --&gt; G[Final quality inspection]             </pre>

## Appendix - Financials

# Sales Breakdown by Geographical Area

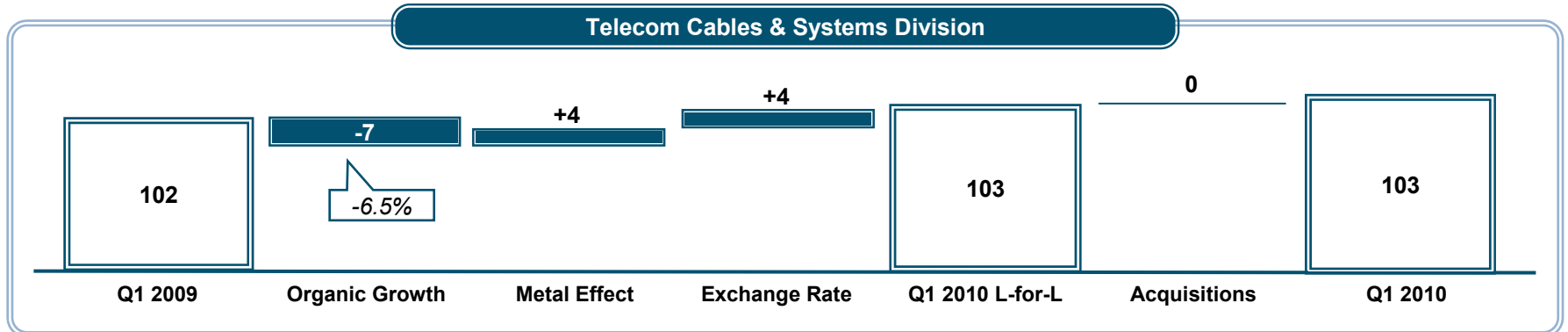
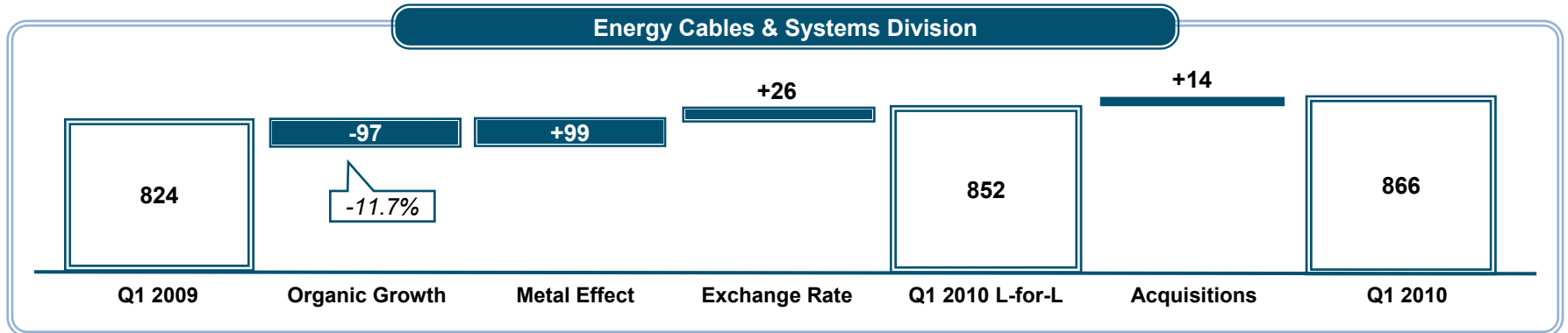
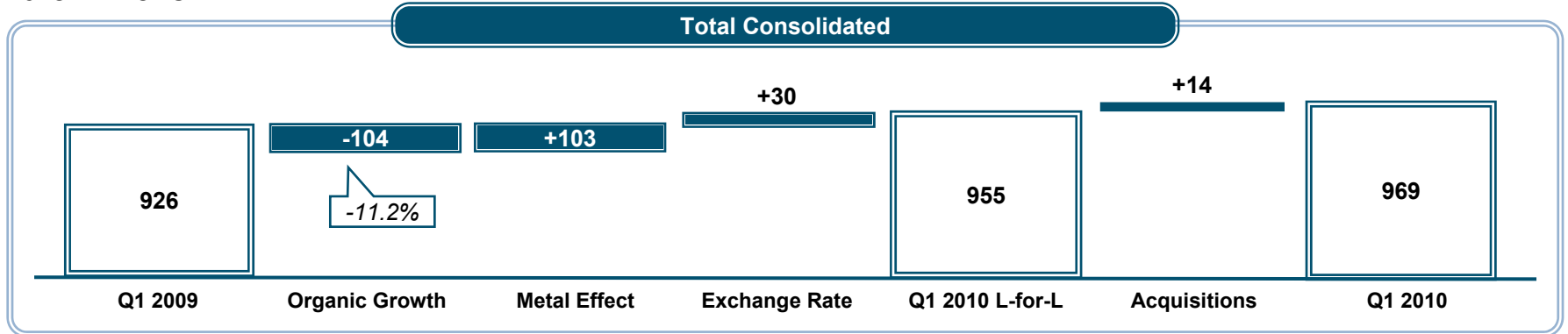
Euro Millions, % on Total Sales



	Total Growth	Organic Growth
EMEA	+6.9%	-6.9%
North America	-9.8%	-18.3%
Latin America	+4.2%	-20.2%
APAC	+2.0%	-24.1%

# Sales Drivers Vs Third Parties

Euro Millions



## Extraordinary Effects

Euro Millions

	Q1 2009	Q1 2010	FY 2009
Restructuring	(2)	-	(19)
Legal costs	-	-	(11)
Other	-	(3)	(7)
<b>EBITDA adjustments</b>	<b>(2)</b>	<b>(3)</b>	<b>(37)</b>
Special items	56	(4)	89
<i>Gain/(loss) on metal derivatives</i>	56	(4)	91
<i>Assets impairment (plant closure)</i>	-	-	(2)
<b>EBIT adjustments</b>	<b>54</b>	<b>(7)</b>	<b>52</b>
Gain/(Loss) on other derivatives (1)	8	(13)	(2)
Gain/(Loss) exchange rate	4	11	(1)
Other one-off financial Income/exp.	-	-	9
<b>EBT adjustments</b>	<b>66</b>	<b>(9)</b>	<b>58</b>
Tax	(20)	1	(12)
<b>Net Income adjustments</b>	<b>46</b>	<b>(8)</b>	<b>46</b>

### Notes

(1) Including currency and interest derivatives

## Financial Charges

Euro Millions

	Q1 2009	Q1 2010	FY 2009
<b>Net interest expenses</b>	<b>(13)</b>	<b>(13)</b>	<b>(44)</b>
- One-off effects	-	-	9
Bank fees Amortization	(1)	(1)	(5)
Gain/(loss) on exchange rates	4	11	(1)
Gain/(loss) on derivatives (1)	8	(13)	(2)
<b>Net financial charges</b>	<b>(2)</b>	<b>(16)</b>	<b>(52)</b>
Share in net income of associates	-	-	3
<b>Total financial charges</b>	<b>(2)</b>	<b>(16)</b>	<b>(49)</b>

### Notes

(1) Including currency and interest derivatives

## Energy Segment: Profit and Loss Statement

Euro Millions

	Q1 2009	Q1 2010	FY 2009
<b>Sales</b>	<b>827</b>	<b>873</b>	<b>3,344</b>
<b>Sales vs. Third Parties</b>	<b>824</b>	<b>866</b>	<b>3,328</b>
<i>YoY total growth</i>	-23.3%	5.1%	-27.8%
<i>YoY like for like growth</i>	-24.3%	3.5%	-28.1%
<i>YoY organic growth</i>	-10.4%	-11.7%	-17.0%
<b>Contribution Margin</b>	<b>171</b>	<b>156</b>	<b>706</b>
<i>% on sales</i>	20.7%	17.9%	21.1%
Fixed Costs	(86)	(88)	(334)
<b>Adj. EBITDA</b>	<b>85</b>	<b>68</b>	<b>372</b>
<i>% on sales</i>	10.3%	7.8%	11.1%
<b>Adj. EBIT</b>	<b>70</b>	<b>52</b>	<b>309</b>
<i>% on sales</i>	8.5%	5.9%	9.3%

## Energy – Sales by business area

Euro Millions, % of Sales Growth

	Q1 2009	Q1 2010	Total Growth	Organic Growth
Utilities	395	370		
<i>of which to third parties</i>	395	370	-6.4%	-13.1%
Trade & Installers	241	312		
<i>of which to third parties</i>	241	312	29.5%	-8.6%
Industrial	170	159		
<i>of which to third parties</i>	170	159	-6.5%	-17.3%
Others	21	32		
<i>of which to third parties</i>	18	25	<i>n.m.</i>	<i>n.m.</i>
<b>Total Energy</b>	<b>827</b>	<b>873</b>		
<i>of which to third parties</i>	<b>824</b>	<b>866</b>	<b>5.1%</b>	<b>-11.7%</b>

## Energy – Profitability by business area

Euro Millions, % of Sales

	Q1 2009	Q1 2010	Q1 2009 % of Sales	Q1 2010 % of Sales
<b>Adjusted EBITDA</b>				
Utilities	55	52	14.0%	14.0%
Trade & Installers	12	5	4.9%	1.7%
Industrial	17	11	9.9%	6.8%
Others	1	-	n.m.	n.m.
<b>Total Energy</b>	<b>85</b>	<b>68</b>	<b>10.3%</b>	<b>7.8%</b>
<b>Adjusted EBIT</b>				
Utilities	49	43	12.3%	11.7%
Trade & Installers	8	2	3.5%	0.5%
Industrial	13	7	7.7%	4.1%
Others	-	-	n.m.	n.m.
<b>Total Energy</b>	<b>70</b>	<b>52</b>	<b>8.5%</b>	<b>5.9%</b>

## Telecom Segment: Profit and Loss Statement

Euro Millions

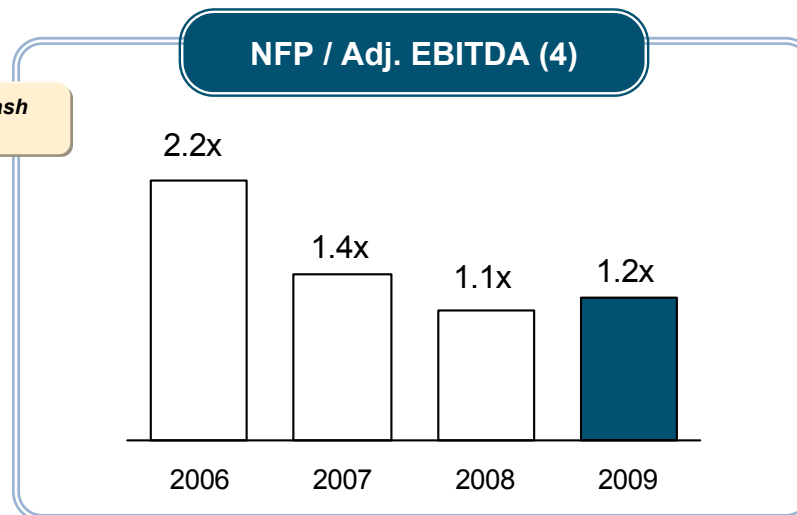
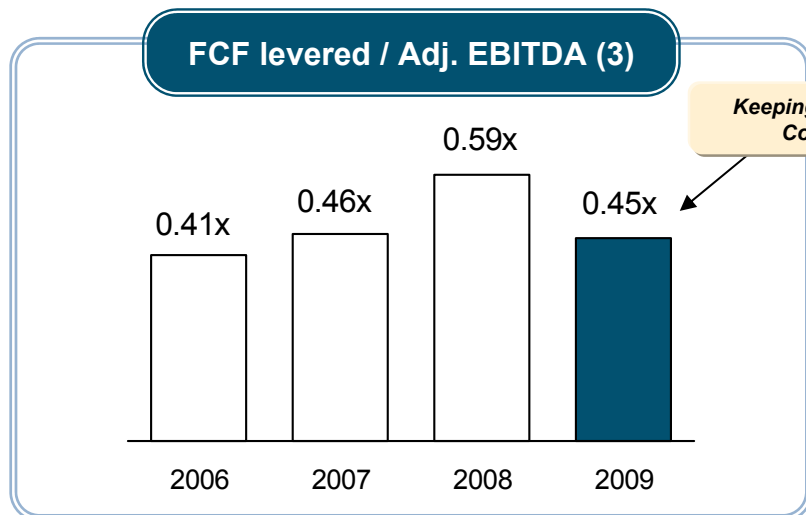
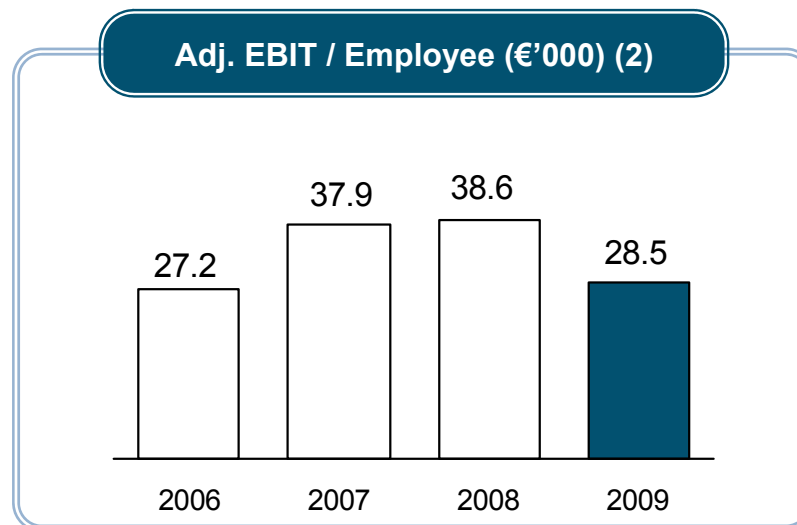
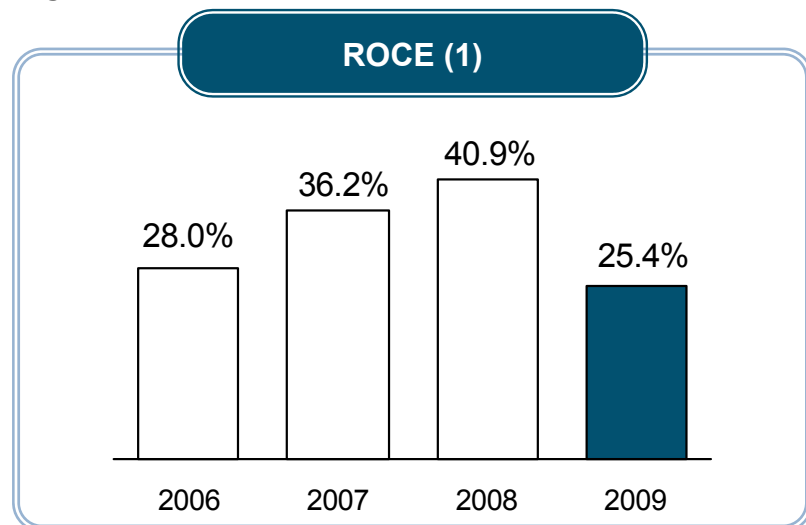
	Q1 2009	Q1 2010	FY 2009
<b>Sales</b>	<b>104</b>	<b>106</b>	<b>411</b>
<b>Sales vs. Third Parties</b>	<b>102</b>	<b>103</b>	<b>403</b>
<i>YoY total growth</i>	-28.2%	1.0%	-24.8%
<i>YoY like for like growth</i>	-28.3%	1.0%	-24.9%
<i>YoY organic growth</i>	-20.4%	-6.5%	-20.7%
<b>Contribution Margin</b>	<b>20</b>	<b>20</b>	<b>85</b>
<i>% on sales</i>	19.2%	19.0%	20.7%
Fixed Costs	(15)	(13)	(54)
<b>Adj. EBITDA</b>	<b>5</b>	<b>7</b>	<b>31</b>
<i>% on sales</i>	5.5%	6.2%	7.6%
<b>Adj. EBIT</b>	<b>4</b>	<b>5</b>	<b>25</b>
<i>% on sales</i>	4.5%	4.5%	6.1%

## Net Working Capital

Euro Millions

	Q1 2009	Q1 2010	FY 2009
Inventories	489	561	443
Trade accounts receivables	716	723	622
Trade accounts payables	(548)	(694)	(561)
Other receivables/(payables)	(111)	13	(39)
<b>Operative Net working capital</b>	<b>546</b>	<b>603</b>	<b>465</b>
Derivatives assets/(liabilities)	(38)	(3)	14
<b>Net working capital</b>	<b>508</b>	<b>600</b>	<b>479</b>
<b>% Operative NWC on sales</b>	<b>14.7%</b>	<b>15.6%</b>	<b>12.5%</b>

## Key Performance Ratios



(1) Calculated as Adj. EBIT / (Shareholder's Equity YE + Net Debt YE + Employee provisions YE)

(2) Year end employees: 12,143 (2006); 12,243 (2007); 12,372 (2008); 11,704 (2009)

(3) Calculated as Free Cash Flow levered (before dividends, shares buy back and other equity movements) / Adj. EBITDA

(4) Net Financial Position to Third Parties YE / Adj. EBITDA

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