

Q1 2010 Financial Results

13th May 2010

Agenda

- Q1 2010 Highlights & Outlook 2010

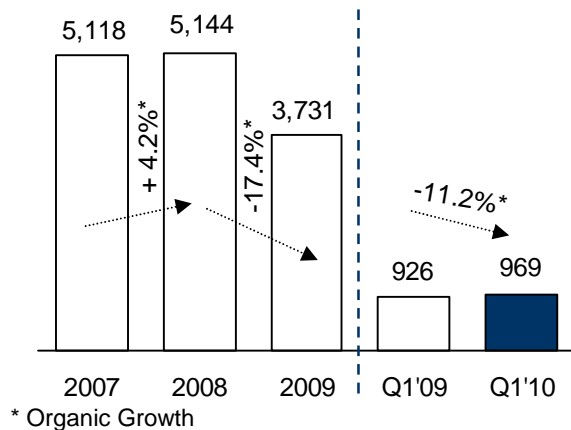
- Financial Results

- Appendix

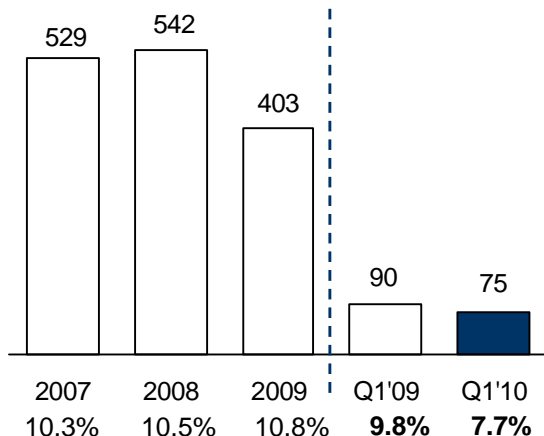
Q1 2010 Key Financials

Euro Millions, % of Sales

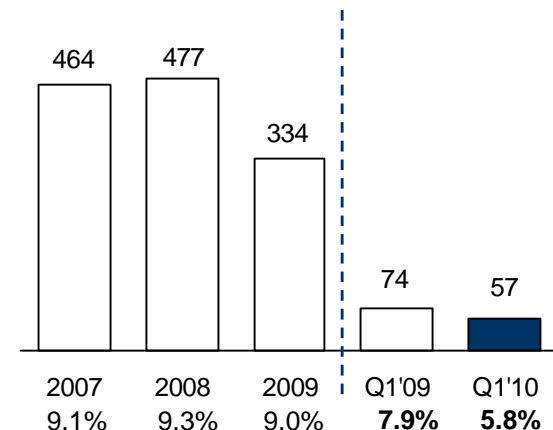
Sales



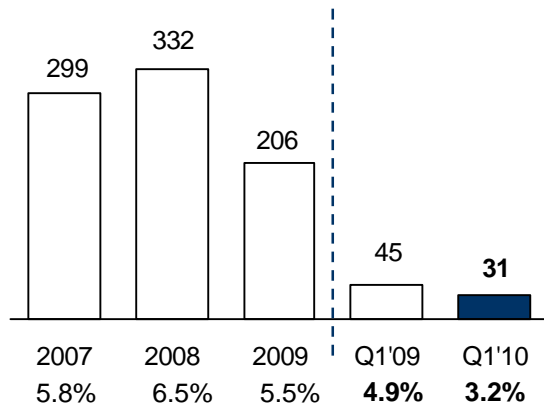
Adjusted EBITDA (1)



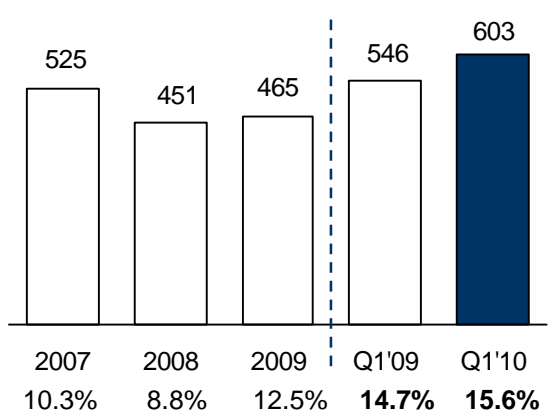
Adjusted EBIT (1)



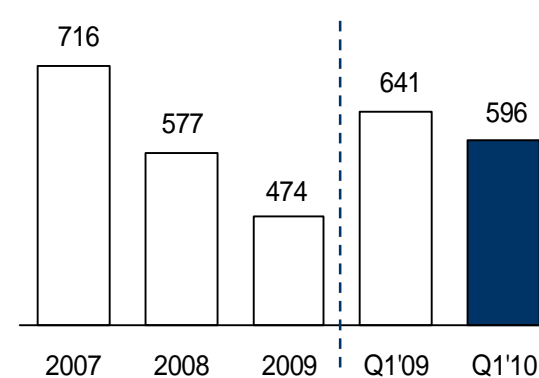
Adjusted Net Income (1)



Operative Net Working Capital (2)



Net Financial Position



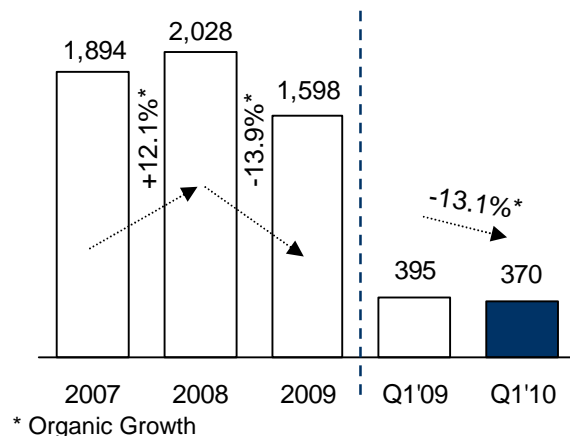
(1) Adjusted excluding extraordinary effects

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

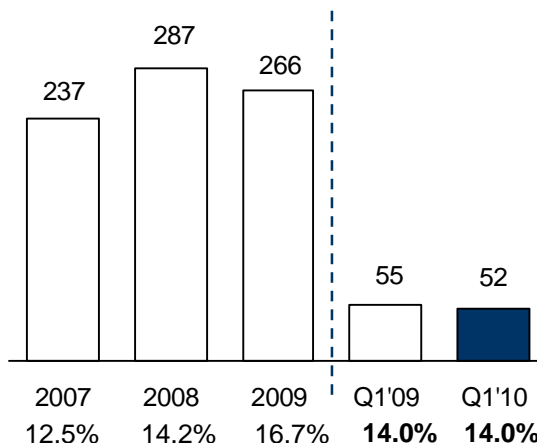
Utilities

Euro Millions, % of Sales

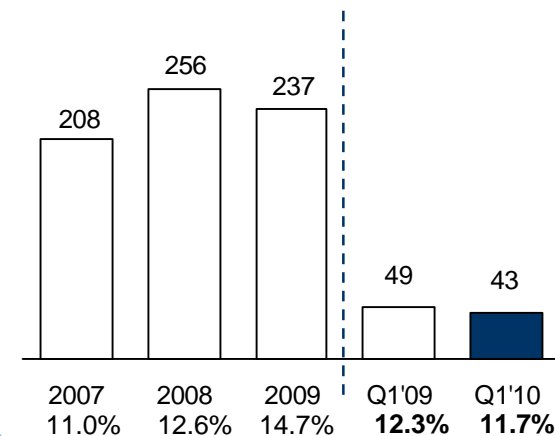
Sales Vs Third Parties



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

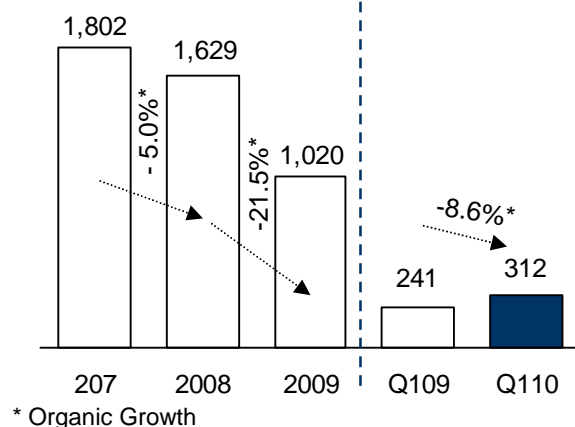
- Orders backlog mainly loaded from Q2 2010
- Strong outlook confirmed with new tenders to be awarded during the year
- Large off-shore wind farm projects to fuel next quarters demand

(1) Adjusted excluding extraordinary effects

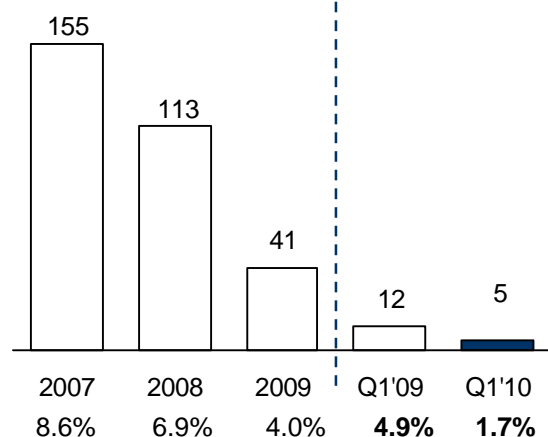
Trade & Installers

Euro Millions, % of Sales

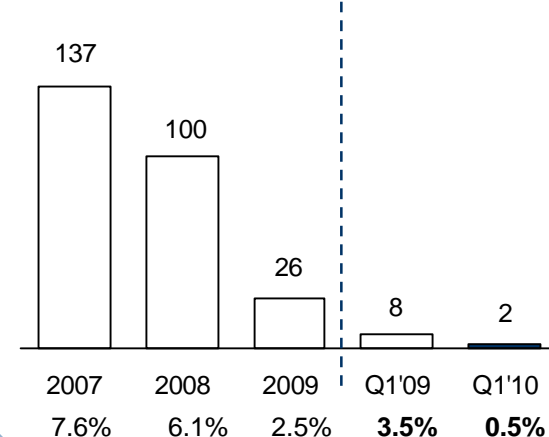
Sales Vs Third Parties



Adjusted EBITDA*



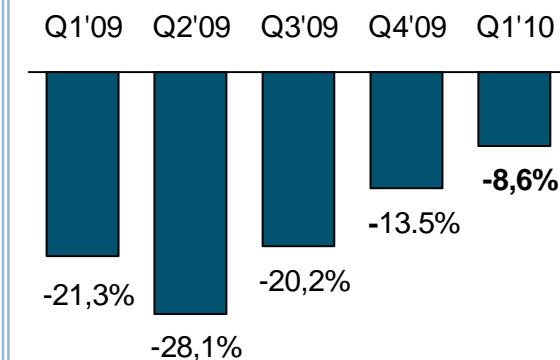
Adjusted EBIT*



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

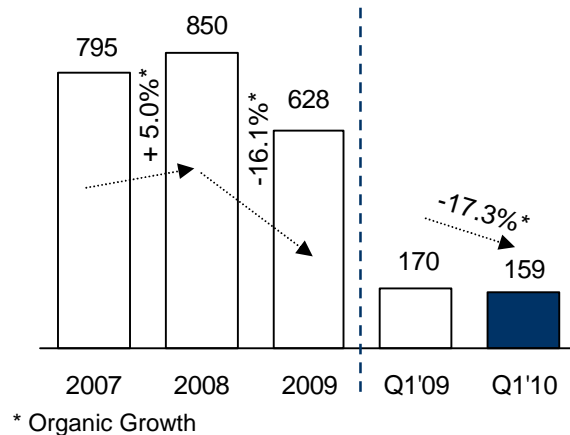


(1) Adjusted excluding extraordinary effects

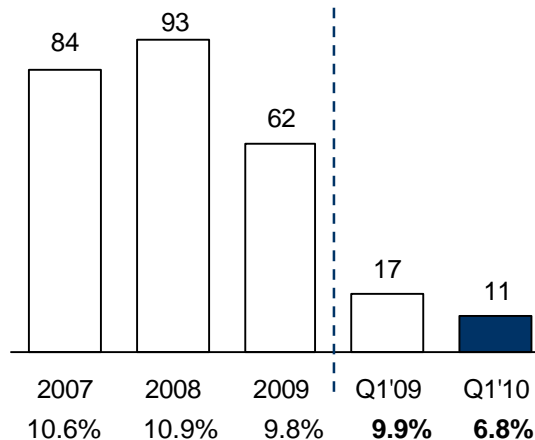
Industrial

Euro Millions, % of Sales

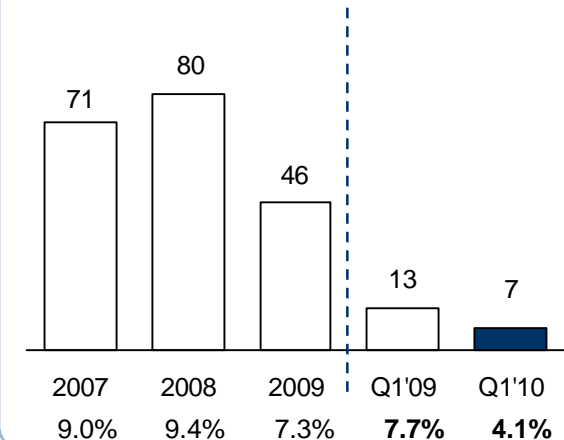
Sales Vs Third Parties



Adjusted EBITDA*



Adjusted EBIT*



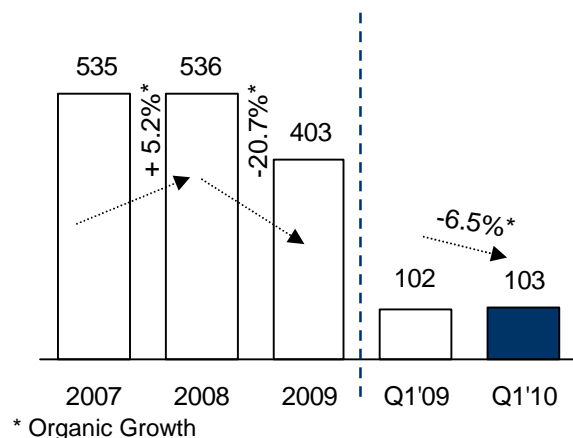
Highlights

- 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

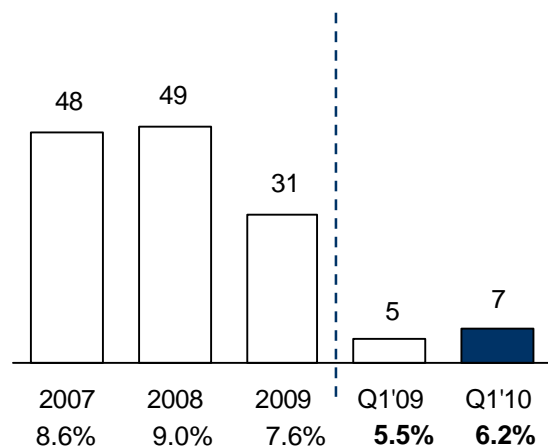
Telecom

Euro Millions, % of Sales

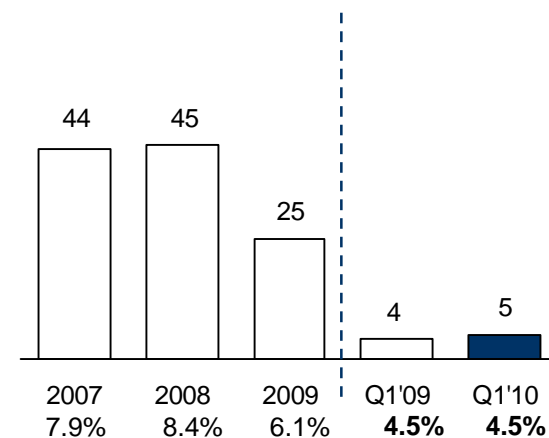
Sales Vs Third Parties



Adjusted EBITDA*



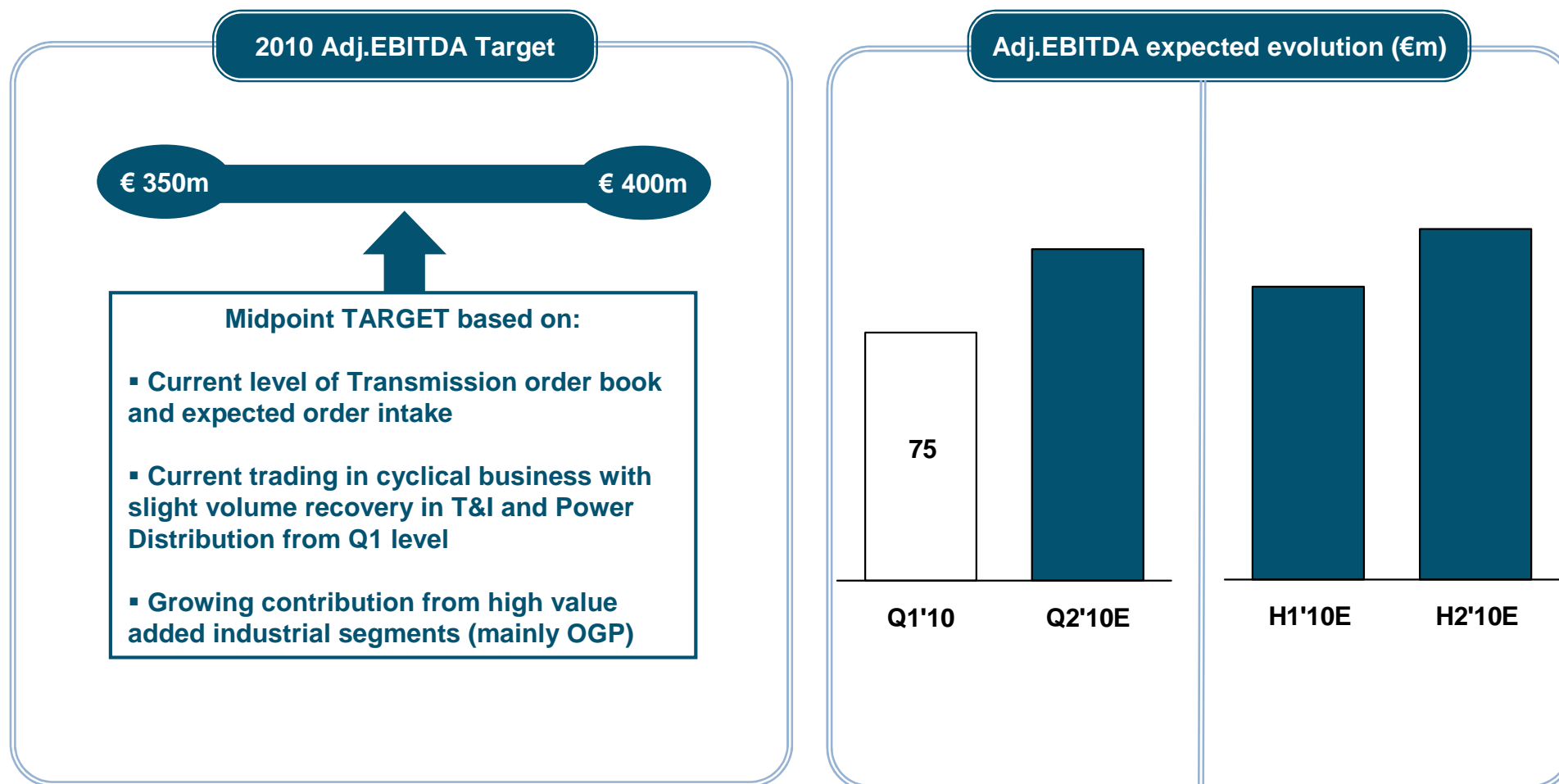
Adjusted EBIT*



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

2010 Outlook – Growing profitability expected during the year



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➤ Q1 2010 Highlights & Outlook 2010

➤ Financial Results

➤ Appendix

Profit and Loss Statement

Euro Millions

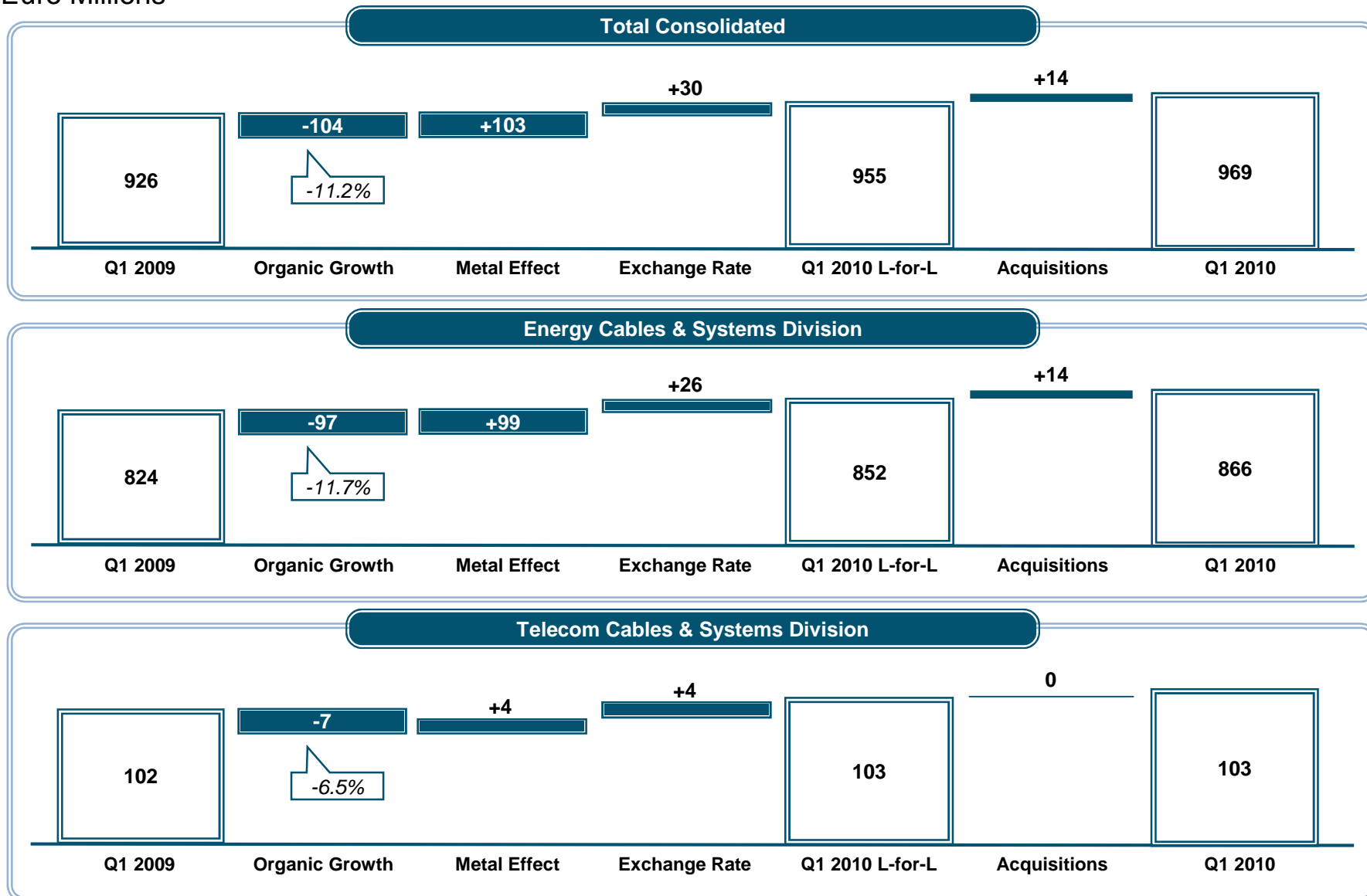
	Q1 2009	Q1 2010	FY 2009
Sales	926	969	3,731
<i>YoY total growth</i>	-23.8%	4.6%	-27.5%
<i>YoY like for like growth</i>	-24.7%	3.1%	-27.8%
<i>YoY organic growth</i>	-11.5%	-11.2%	-17.4%
Contribution Margin	191	177	791
<i>% on sales</i>	20.6%	18.2%	21.2%
Fixed Costs	(101)	(101)	(388)
Adj.EBITDA	90	75	403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

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

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

Notes

(1) Including currency and interest derivatives

Financial Charges

Euro Millions

	Q1 2009	Q1 2010	FY 2009
Net interest expenses	(13)	(13)	(44)
- 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)
Net financial charges	(2)	(16)	(52)
Share in net income of associates	-	-	3
Total financial charges	(2)	(16)	(49)

Notes

(1) Including currency and interest derivatives

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)
Net Capital Employed	1,310	1,473	1,314
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
Total Financing and Equity	1,310	1,473	1,314

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

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

Cash Flow

Euro Millions

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

Including ~€ 42m negative metal price effect

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

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Energy Segment: Profit and Loss Statement

Euro Millions

	Q1 2009	Q1 2010	FY 2009
Sales	827	873	3,344
Sales vs. Third Parties	824	866	3,328
<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%
Contribution Margin	171	156	706
<i>% on sales</i>	20.7%	17.9%	21.1%
Fixed Costs	(86)	(88)	(334)
Adj. EBITDA	85	68	372
<i>% on sales</i>	10.3%	7.8%	11.1%
Adj. EBIT	70	52	309
<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	n.m.	n.m.
Total Energy	827	873		
<i>of which to third parties</i>	824	866	5.1%	-11.7%

Energy – Profitability by business area

Euro Millions, % of Sales

	Q1 2009	Q1 2010	Q1 2009 % of Sales	Q1 2010 % of Sales
Adjusted EBITDA				
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.
Total Energy	85	68	10.3%	7.8%
Adjusted EBIT				
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.
Total Energy	70	52	8.5%	5.9%

Telecom Segment: Profit and Loss Statement

Euro Millions

	Q1 2009	Q1 2010	FY 2009
Sales	104	106	411
Sales vs. Third Parties	102	103	403
<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%
Contribution Margin	20	20	85
<i>% on sales</i>	19.2%	19.0%	20.7%
Fixed Costs	(15)	(13)	(54)
Adj. EBITDA	5	7	31
<i>% on sales</i>	5.5%	6.2%	7.6%
Adj. EBIT	4	5	25
<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)
Operative Net working capital	546	603	465
Derivatives assets/(liabilities)	(38)	(3)	14
Net working capital	508	600	479
% Operative NWC on sales	14.7%	15.6%	12.5%

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
Total Gross Debt	1,138	1,065	1,142
Cash & Cash equivalents	(390)	(492)	(406)
Other Financial Assets	(92)	(88)	(117)
NFP Vs third parties	656	485	619
Bank Fees	(15)	(11)	(23)
NFP	641	474	596

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