



# **FY 2008 Financial Results**

4th March 2009

## Agenda

- FY 2008 Highlights
  - Group Overview
  - Division Results
- Financials
- Appendix

## 2008 Key Achievements

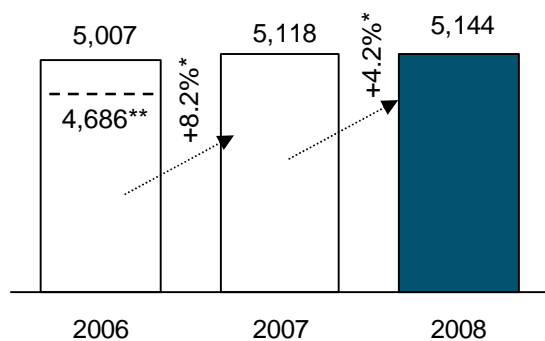
- Record Free Cash Flow at €320m (FY 2007: €245m)
- Adj.EBITDA (excl.Free stock impact) increased to €557m (FY 2007: €529m)
- Sound Balance Sheet
  - Net Debt/Adj.EBITDA to 1.1x (FY07: 1.4x)
  - Over €1bn funds available (cash + unused committed credit lines)
  - Strong working capital reduction
- Strengthened business portfolio
  - High profitability segments\* generated aprox. 50% of Group Adj.EBITDA (Vs ~40% in FY07)
- Major agreement with Petrobras to enlarge business portfolio entering Flexible Pipes

\* Energy: (Utilities – Transmission), (Industrial – Priority); Telecom: Optical cables

## FY 2008 Financial Highlights

Euro Millions, % of Sales

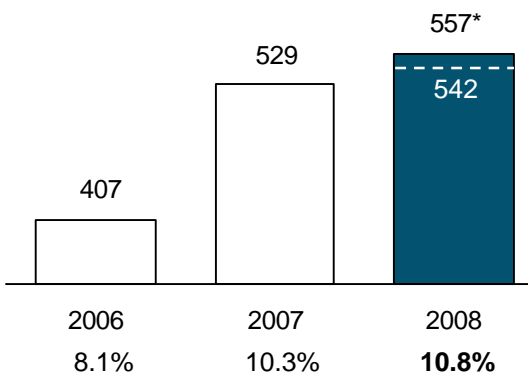
### Sales



\* Organic Growth

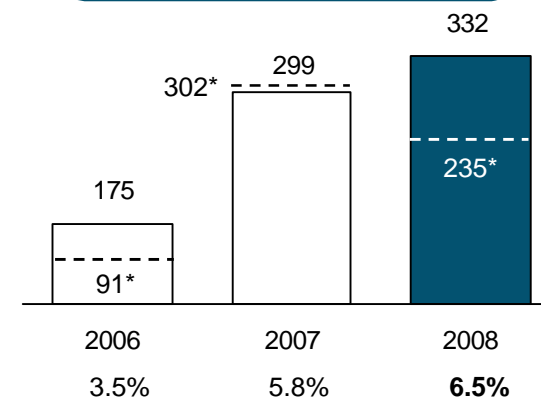
\*\* Like for like excl. UK ROD business (€321m)

### Adjusted EBITDA (1)



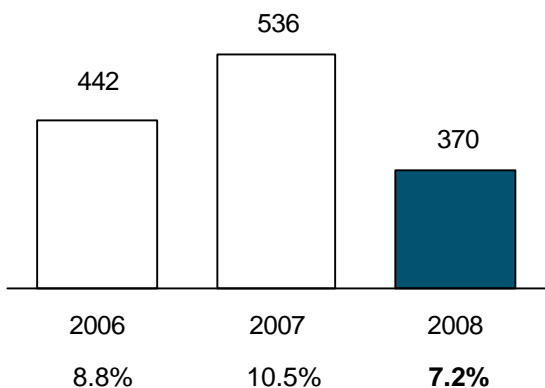
\* Excl. Free Stock impact (€15m)

### Adjusted Net Income (2)

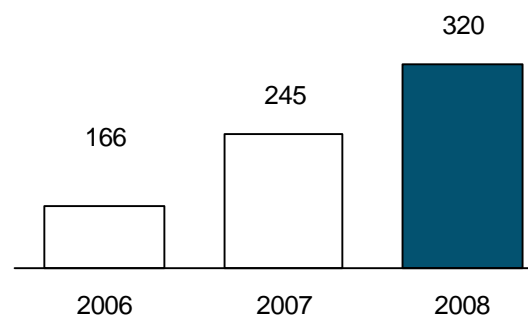


\* Reported Net Income

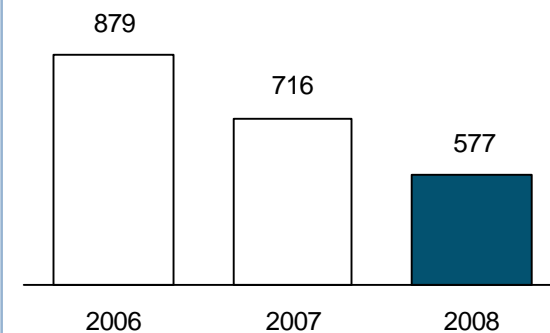
### Net Working Capital



### Free Cash flow levered



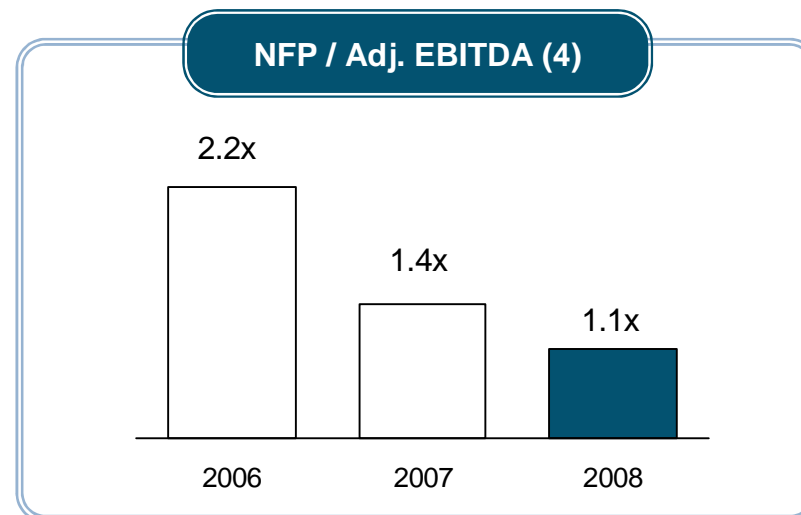
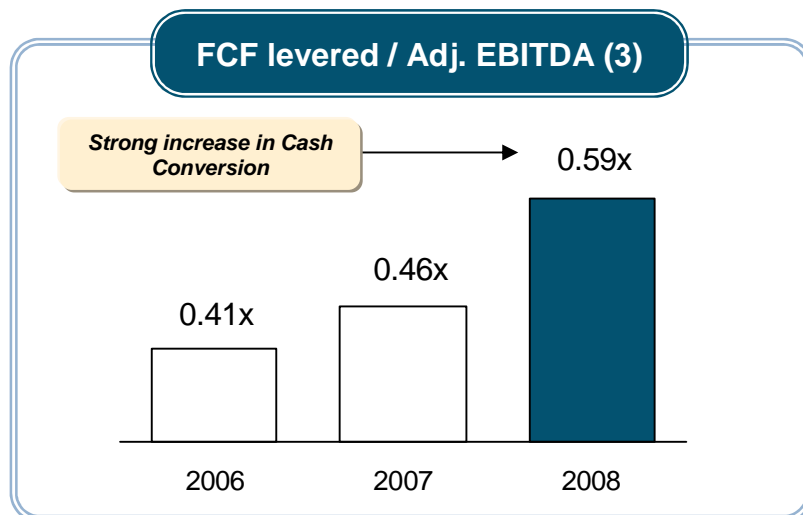
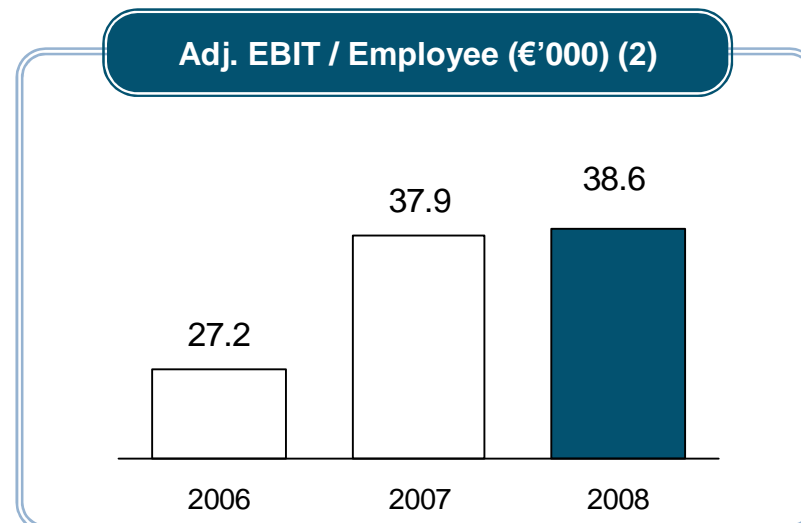
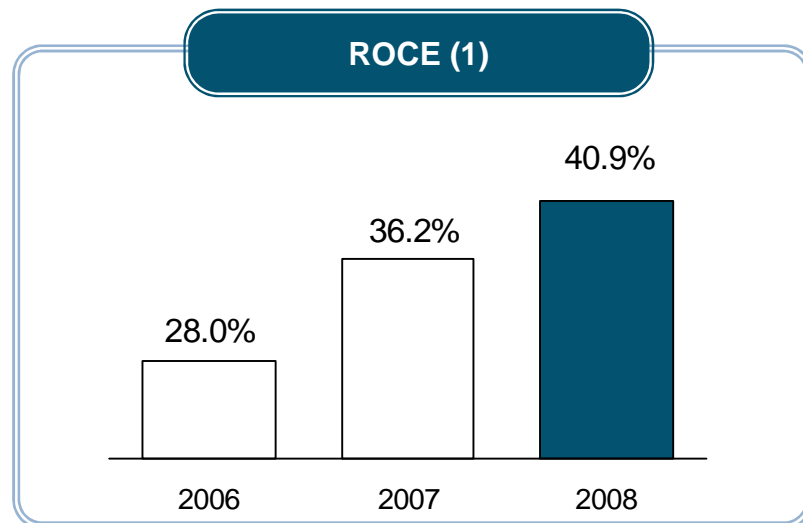
### Net Financial Position



(1) EBITDA adjusted excluding non-recurring items and Free Stock impact in 2008.

(2) Net Income adjusted excluding non-recurring items and other extraordinary effects

## Key Performance Ratios



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

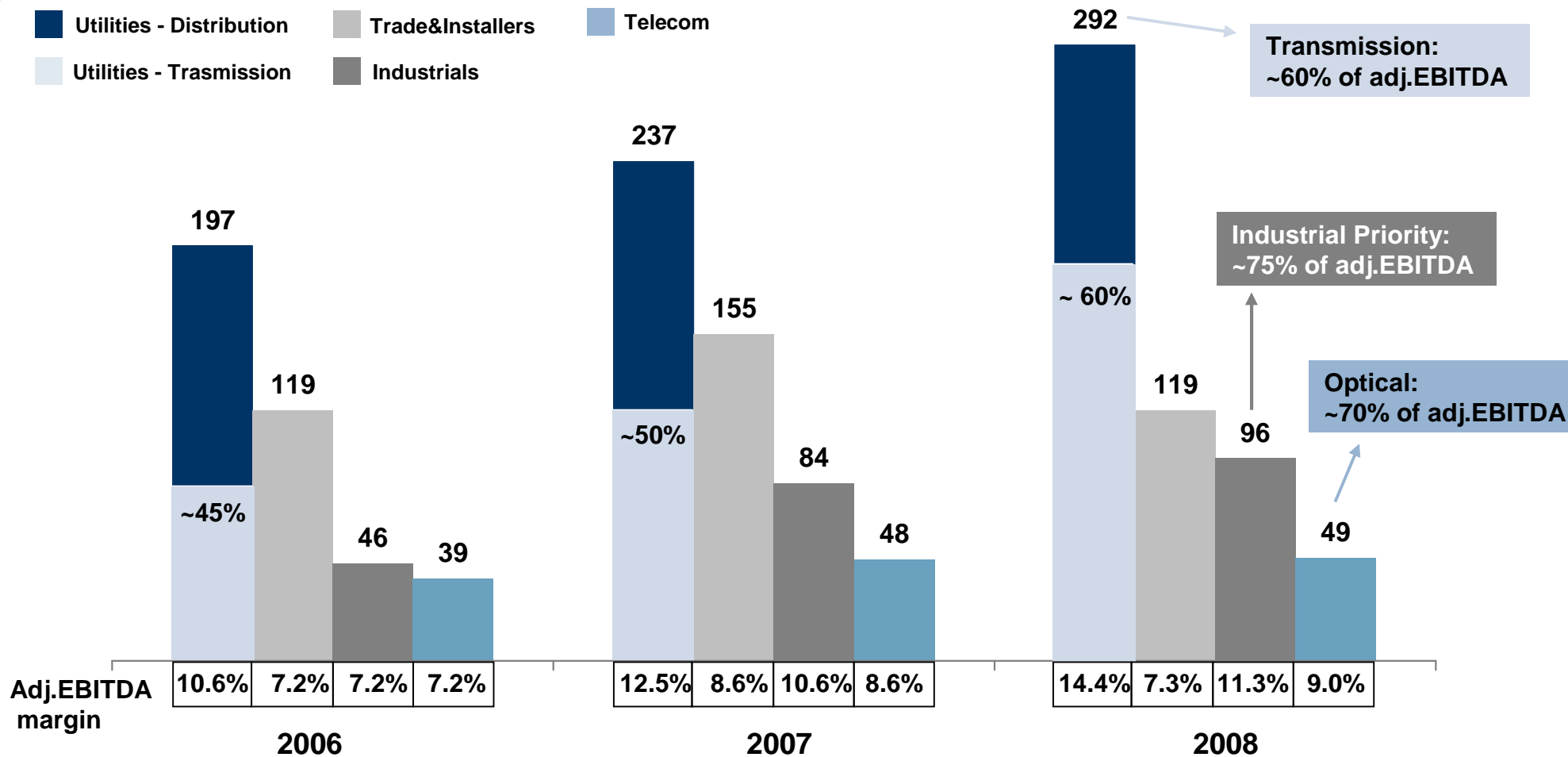
(2) Year end employees: 12,143 (2006); 12,243 (2007); 12,372 (2008)

(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

## High profitability segments driving Group performance

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



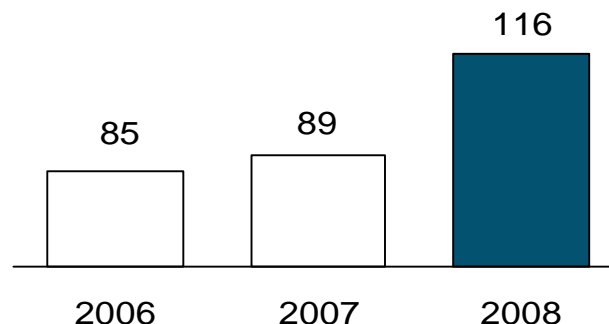
\* EBITDA adjusted excluding non-recurring items and Free Stock impact in 2008

## Growing investments on value added segments to increase ROCE

Euro Millions

**Cautious investment policy to avoid overcapacity in tough business cycle**

### Capital Expenditure



### 2008-09 Key Investments

#### INDUSTRIALS:

- Flexible Pipes (Brazil)

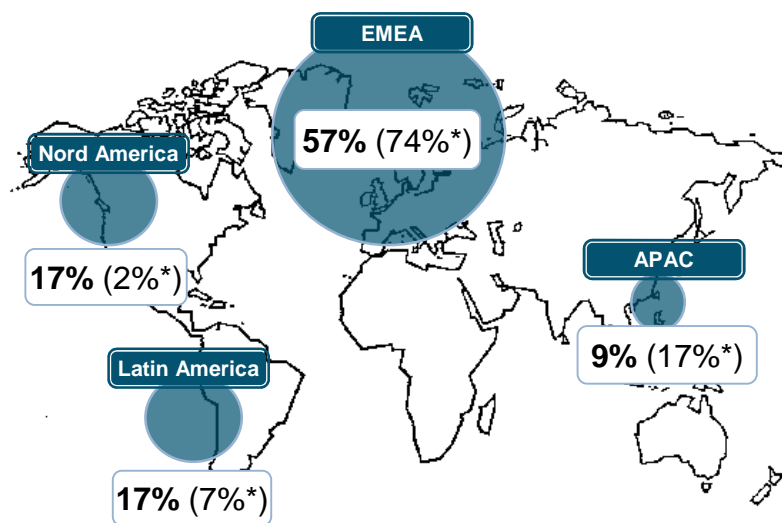
#### UTILITIES

- High Voltage (US)

- High Voltage (China)

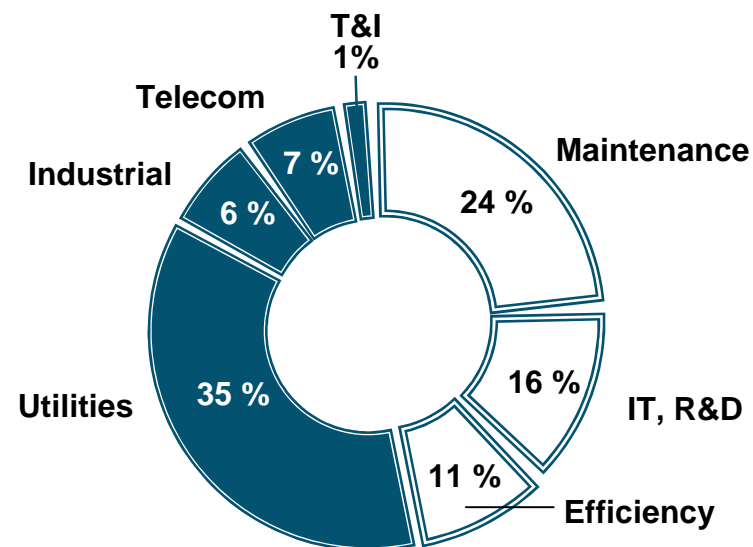
- Submarine

### Capital expenditure by Geography (2008)



\* 2007

### Capital Expenditure by destination (2008)



Capacity Increase and Product mix

## Agenda

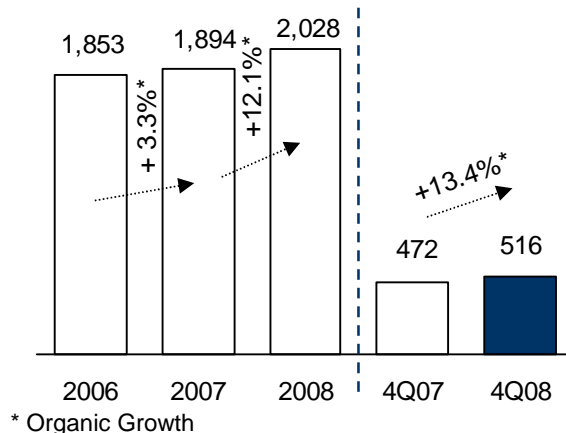
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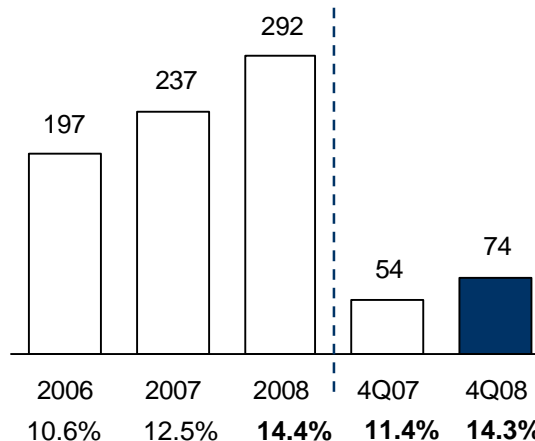
## Utilities

Euro Millions, % of Sales

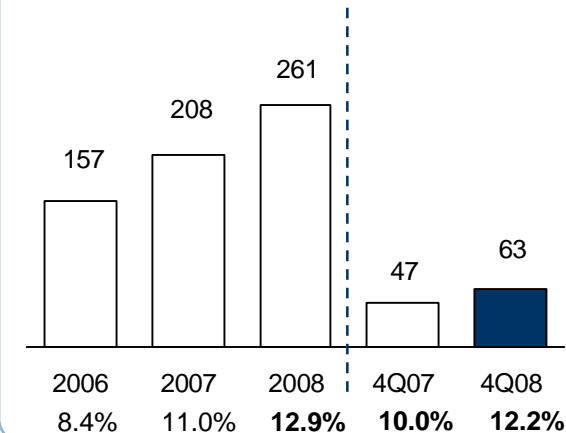
### Sales Vs Third Parties



### Adjusted EBITDA\*



### Adjusted EBIT\*



### Distribution (~50% of FY08 Sales)

- Limited organic reduction in FY'08 with declining Q4 in some key EMEA markets
- Slight decrease in profitability mainly due to still high raw material costs and currency effect
- Positive contribution expected from P-Laser homologation (Sept08)

### Transmission (~50% of FY08 Sales)

#### HV

- Q4 confirms strong organic growth and margin improvement due to better mix (Extra-HV and Network components)
- Order backlog will provide strong support into 2009
- Strategic investments (US and China) on track with plans (mainly H2'09)
- New stimulus packages expected to support orders intake

#### SUBMARINE

- Market outlook remains strong
- 2009 capacity increase fully covered by orders
- Contribution of € 500m for Off-shore Wind projects in 2009-2010 (EU Recovery plan)

\* Adjusted excluding non-recurring items and Free Stock impact in 2008 (€ 5m)

## 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

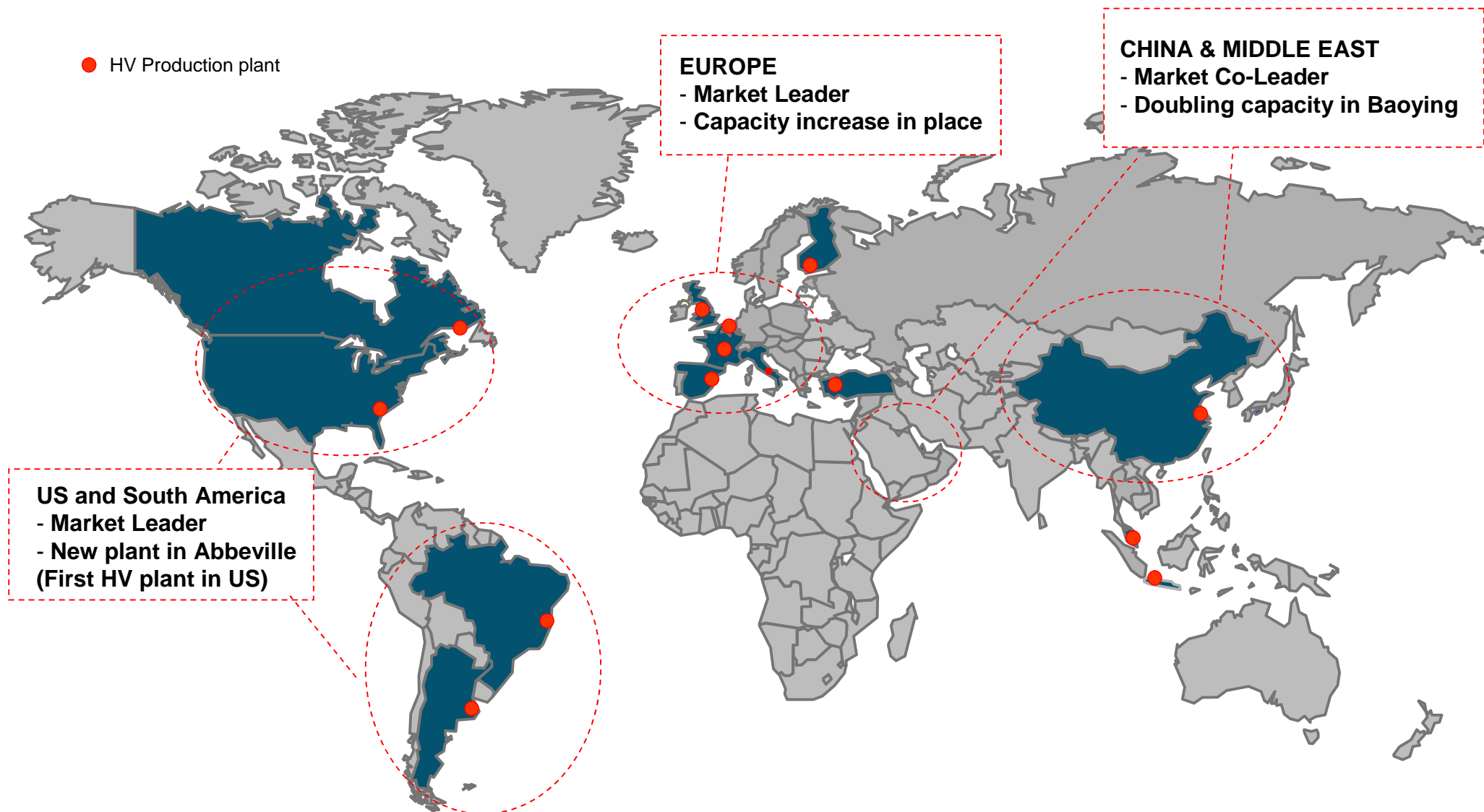
### China

- \$ 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

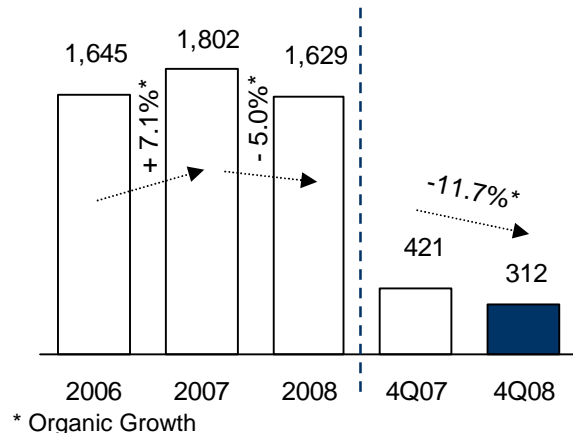
## Leading position in underground HV with a global reach



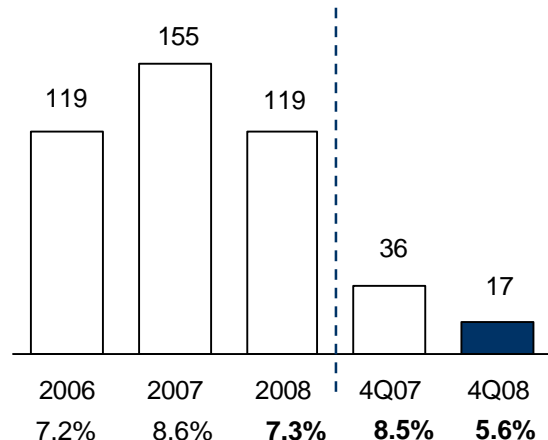
## Trade & Installers

Euro Millions, % of Sales

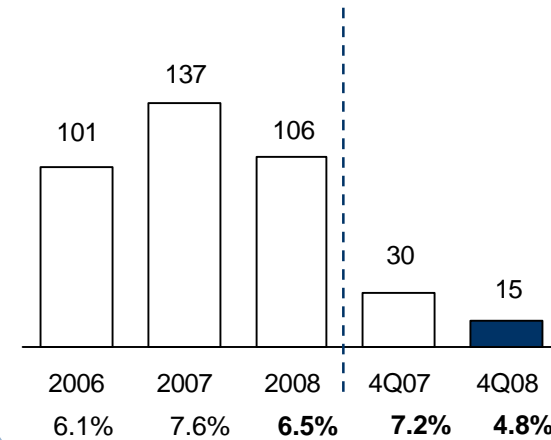
### Sales Vs Third Parties



### Adjusted EBITDA\*



### Adjusted EBIT\*



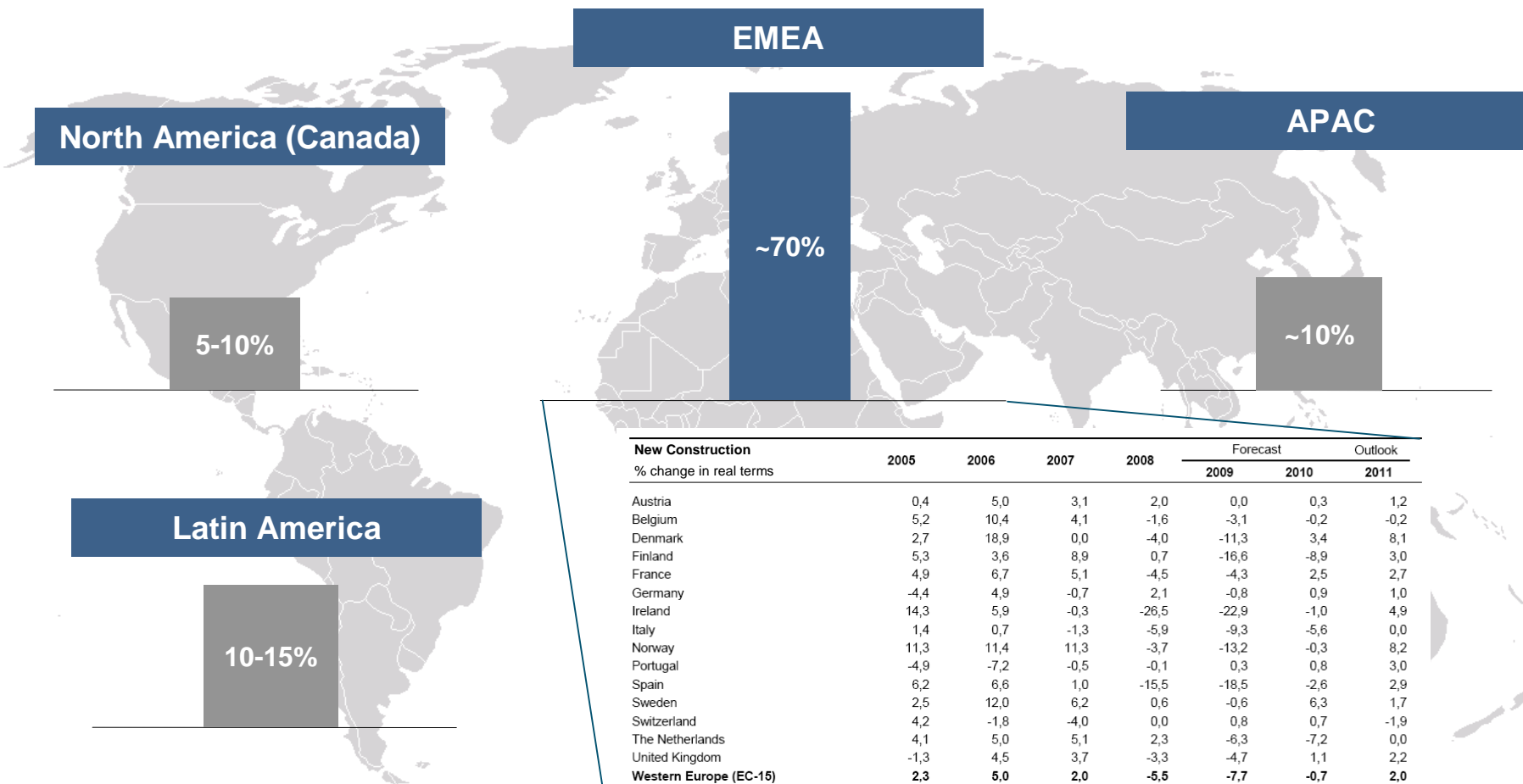
### Highlights

- Organic sales decrease in Q4 due to declining demand and tight receivables control
- Ongoing production capacity rationalization
- Reduction in profitability due to price pressure and still high raw material costs
- Focus on Fire Resistant/LSOH products more resilient to price pressure
- Stable cash generation thanks to strict management of working capital, copper price reduction and lower capital employed

\* Adjusted excluding non-recurring items and Free Stock impact in 2008 (€ 6m)

## Volumes decline expected in Group major market (EMEA)

% of T&I Sales in 2008



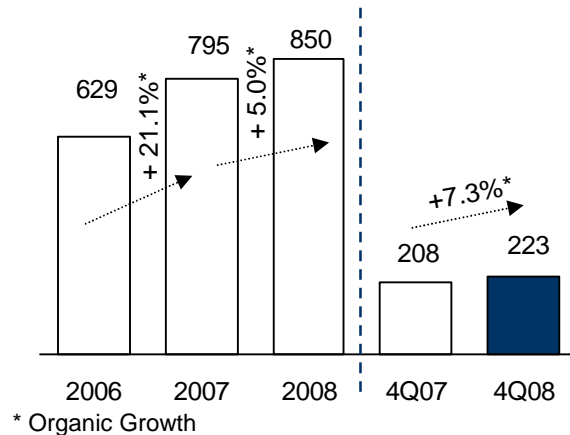
New Construction % change in real terms	2005	2006	2007	2008	Forecast		Outlook
					2009	2010	2011
Austria	0,4	5,0	3,1	2,0	0,0	0,3	1,2
Belgium	5,2	10,4	4,1	-1,6	-3,1	-0,2	-0,2
Denmark	2,7	18,9	0,0	-4,0	-11,3	3,4	8,1
Finland	5,3	3,6	8,9	0,7	-16,6	-8,9	3,0
France	4,9	6,7	5,1	-4,5	-4,3	2,5	2,7
Germany	-4,4	4,9	-0,7	2,1	-0,8	0,9	1,0
Ireland	14,3	5,9	-0,3	-26,5	-22,9	-1,0	4,9
Italy	1,4	0,7	-1,3	-5,9	-9,3	-5,6	0,0
Norway	11,3	11,4	11,3	-3,7	-13,2	-0,3	8,2
Portugal	-4,9	-7,2	-0,5	-0,1	0,3	0,8	3,0
Spain	6,2	6,6	1,0	-15,5	-18,5	-2,6	2,9
Sweden	2,5	12,0	6,2	0,6	-0,6	6,3	1,7
Switzerland	4,2	-1,8	-4,0	0,0	0,8	0,7	-1,9
The Netherlands	4,1	5,0	5,1	2,3	-6,3	-7,2	0,0
United Kingdom	-1,3	4,5	3,7	-3,3	-4,7	1,1	2,2
<b>Western Europe (EC-15)</b>	<b>2,3</b>	<b>5,0</b>	<b>2,0</b>	<b>-5,5</b>	<b>-7,7</b>	<b>-0,7</b>	<b>2,0</b>
Czech Republic	7,3	10,2	9,0	1,4	4,2	4,1	2,9
Hungary	6,2	-4,6	-3,0	-6,5	-6,3	1,5	4,1
Poland	7,6	12,1	17,2	15,6	9,5	19,3	20,0
Slovak Republic	15,7	17,5	7,6	4,3	2,9	0,8	1,4
<b>Eastern Europe (EC-4)</b>	<b>7,9</b>	<b>8,8</b>	<b>10,7</b>	<b>7,5</b>	<b>5,5</b>	<b>11,9</b>	<b>13,0</b>
<b>Euroconstruct Countries (EC-19)</b>	<b>2,5</b>	<b>5,2</b>	<b>2,5</b>	<b>-4,7</b>	<b>-6,8</b>	<b>0,3</b>	<b>2,9</b>

Source: Euroconstruct, December 2008

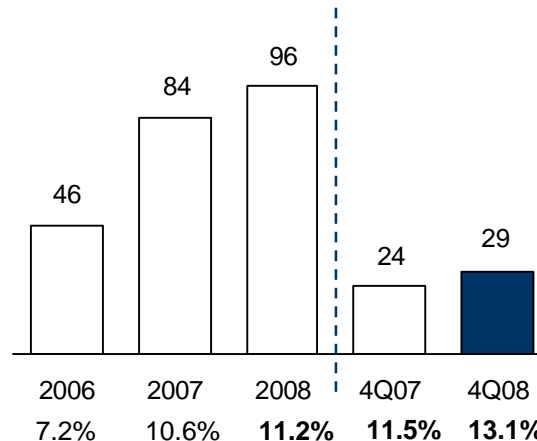
## Industrial

Euro Millions, % of Sales

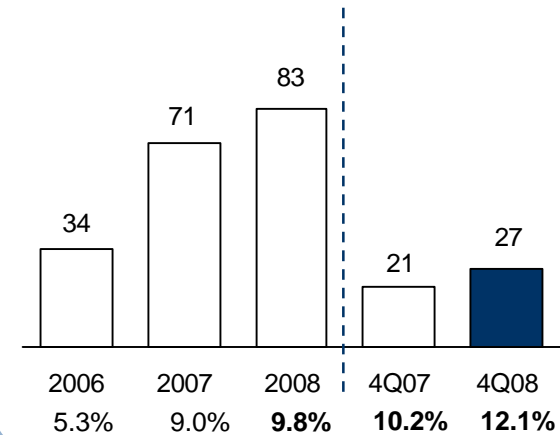
### Sales Vs Third Parties



### Adjusted EBITDA\*



### Adjusted EBIT\*



### Highlights

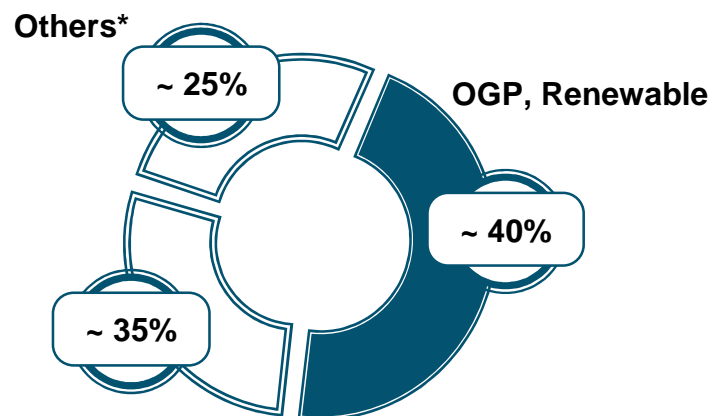
- Significant sales organic growth confirming high quality products portfolio
  - OGP and Renewable energy delivering growing performance quarter by quarter
  - Other Priority segments: keeping stable development even in a difficult environment
  - Others: material decrease in sales mainly due to declining demand in the Automotive business
- Record profitability driven by High value added segments

\* Adjusted excluding non-recurring items and Free Stock Impact in 2008 (€ 3m)

## Industrial – Priority segments major contributors to profitability

Resilience expected in Priority segments mainly driven by OGP and Renewable

### FY2008 Industrial Adj.EBITDA Breakdown



#### Other Priority Segments

Crane, Mining, Marine, Railway & Rolling Stock

#### OGP - RENEWABLE ENERGY

- Oil capex confirmed at high level
- Positive trend expected in wind and solar business
- Profitability above Other Industrial businesses

#### Other Priority Segments

- Growing investments in infrastructure
- Slow-down expected in Marine and Mining

#### Others

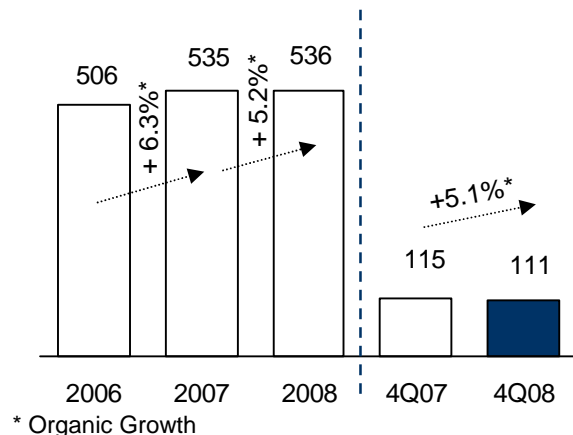
- More cyclical businesses (e.g. Automotive) exposed to global demand deterioration
- Production capacity rationalization

\* Others include: Automotive, Branchement, Defence, Electromedical, Nuclear, other niches

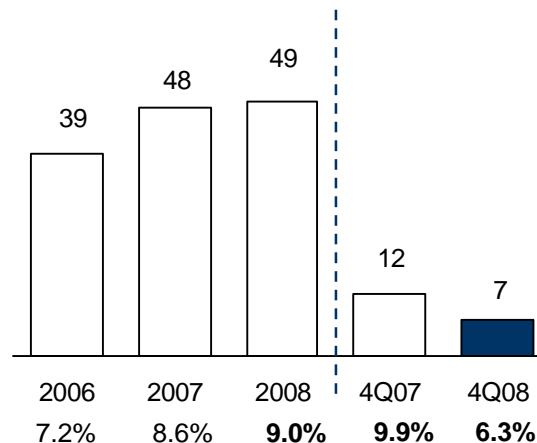
## Telecom Division

Euro Millions, % of Sales

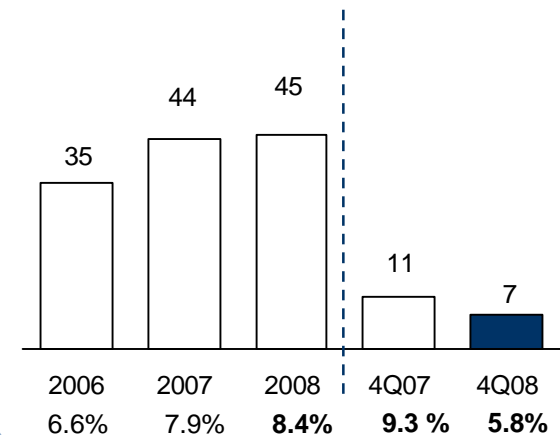
### Sales Vs Third Parties



### Adjusted EBITDA\*



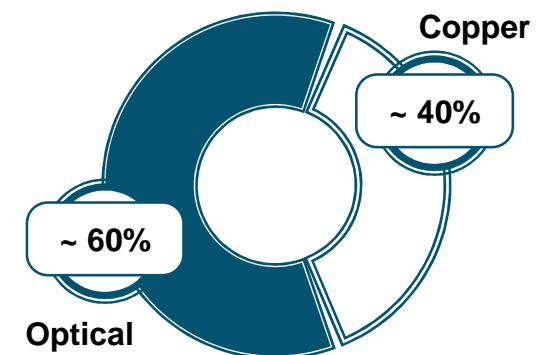
### Adjusted EBIT\*



### Highlights

- Global demand in optical cables grew in the first half, softening in H2
  - Main drivers: Broadband in developed markets and infrastructure in developing regions
- Focus on new products development (fibers & cables) and cost efficiencies to maintain leadership
- Q4'08 profitability impacted by unfavourable forex effect
- Positive contribution expected from stimulus packages
  - € 1bn investment to extend and upgrade high-speed internet network in Europe (EU Recovery plan)

### 2008 Sales by business



\* Adjusted excluding non-recurring items



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# Profit and Loss Statement

Euro Millions

	FY 2007	FY 2008
<b>Sales</b>	<b>5,118</b>	<b>5,144</b>
<i>YoY total growth</i>	2.2%	0.5%
<i>YoY like for like growth</i>	9.2%	-0.1%
<i>YoY organic growth</i>	8.2%	4.2%
<b>Contribution Margin</b>	<b>960</b>	<b>970</b>
<i>% on sales</i>	18.8%	18.8%
Fixed Costs	(431)	(427)
<b>Adj.EBITDA</b>	<b>529</b>	<b>542</b>
<i>% on sales</i>	10.3%	10.5%
<i>Non recurring items</i>	44	(24)
<b>EBITDA</b>	<b>573</b>	<b>518</b>
<i>% on sales</i>	11.2%	10.1%
<b>Adj.EBIT</b>	<b>464</b>	<b>477</b>
<i>% on sales</i>	9.1%	9.3%
<i>Non recurring items</i>	44	(29)
<b>EBIT</b>	<b>508</b>	<b>448</b>
<i>% on sales</i>	9.9%	8.7%
<i>Financial charges</i>	(121)	(162)
<b>EBT</b>	<b>387</b>	<b>286</b>
<i>% on sales</i>	7.6%	5.6%
<i>Taxes</i>	(85)	(51)
<i>% on EBT</i>	21.9%	18.0%
<b>Net income</b>	<b>302</b>	<b>235</b>
<i>Extraordinary items (after tax)</i>	3	(97)
<b>Adj.Net income</b>	<b>299</b>	<b>332</b>

Excl. €-15m  
Free stock impact

**557**  
10.8%

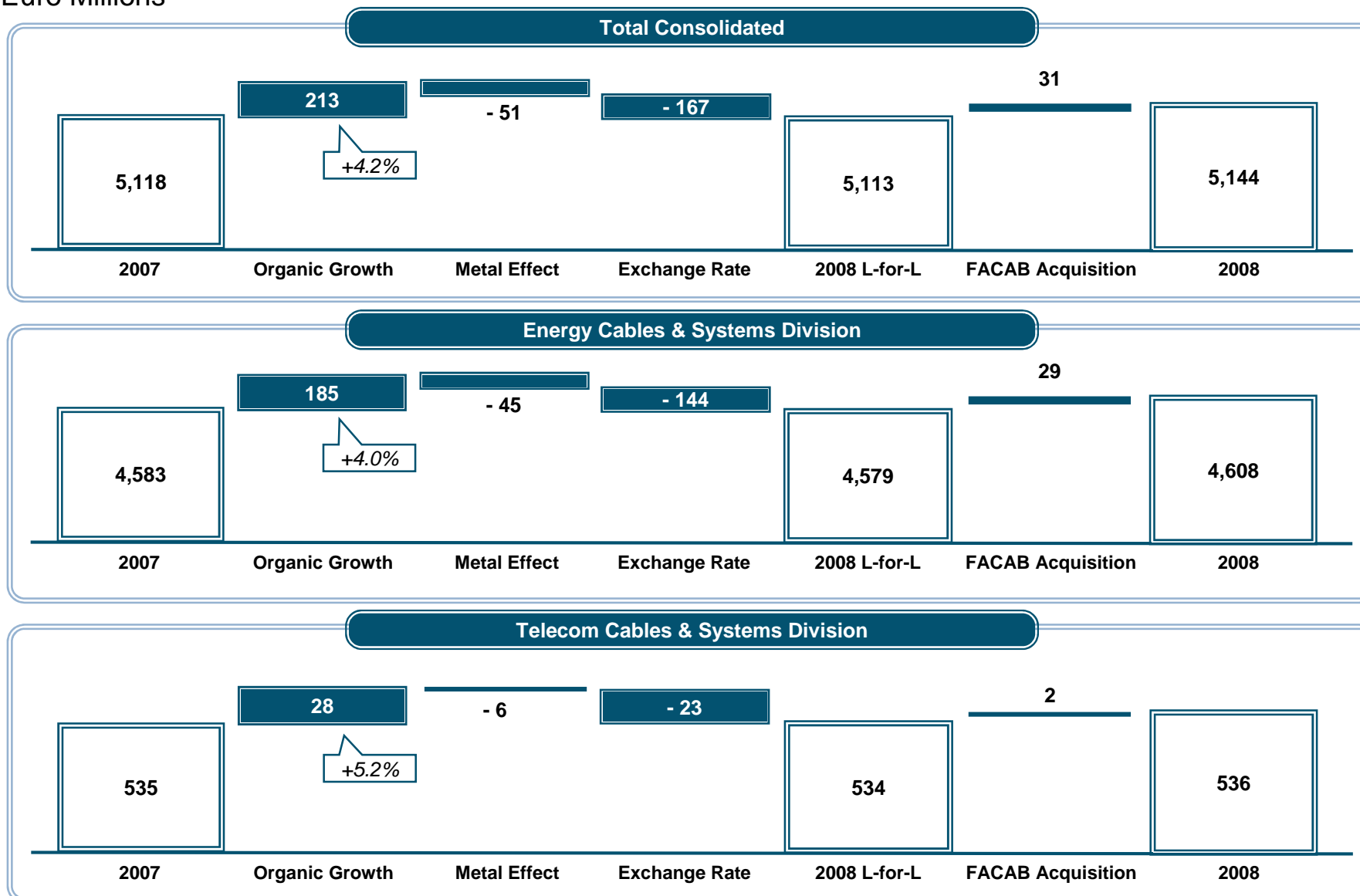
4Q 2007		4Q 2008	
1,241		1,190	-4.1%
			-4.9%
			3.1%
234		222	
18.4%		18.7%	
(110)		(108)	
124		114	
10.0%		9.6%	
10		(10)	
134		104	
18.8%		8.7%	
108		96	
8.7%		8.0%	
10		(15)	
118		82	
9.5%		6.9%	
(45)		(88)	
73		(6)	
5.9%		(0.5%)	
(9)		7	
11.9%		n.m.	
64		2	
(13)		(65)	
51		67	

Excl. €-15m  
Free stock impact

**129**  
10.9%

## Sales Drivers Vs Third Parties

Euro Millions



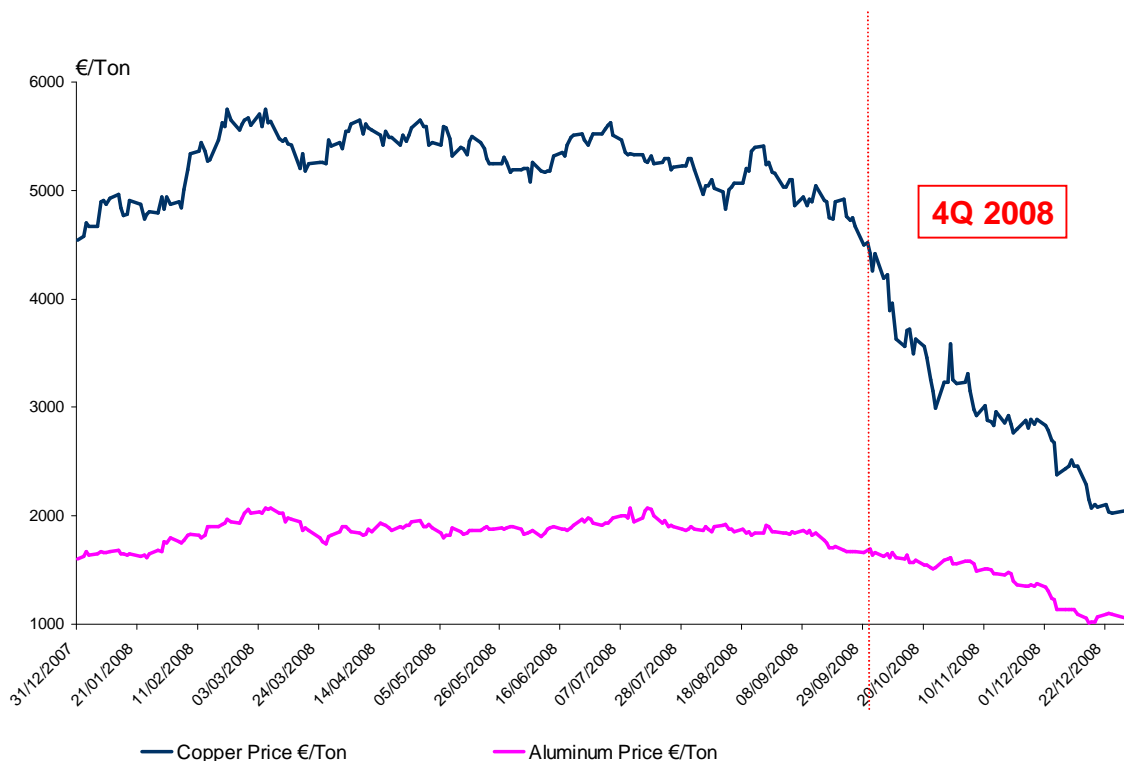
## Extraordinary Effects

Euro Millions

	FY 2007	FY 2008	4Q 2008
Price adjustment	39	-	-
Other settlements	21	-	-
Restructuring	(6)	(11)	(8)
IPO costs	(8)	-	-
Badwill FACAB Acquisition	-	3	1
Tax Provision	-	(12)	-
Other	(2)	(4)	(3)
<b>EBITDA adjustments</b>	<b>44</b>	<b>(24)</b>	<b>(10)</b>
<i>of which attributable to Energy Business</i>	(6)	(23)	(10)
<i>of which attributable to Telecom Business</i>	(1)	-	(0)
<i>of which Corporate</i>	51	(1)	-
Assets impairment (plant closure)	-	<b>(5)</b>	<b>(4)</b>
<b>EBIT adjustments</b>	<b>44</b>	<b>(29)</b>	<b>(14)</b>
<i>of which attributable to Energy Business</i>	(6)	(28)	(14)
<i>of which attributable to Telecom Business</i>	(1)	-	(0)
<i>of which Corporate</i>	51	(1)	-
Bank Fees Write-Off (non cash)	(59)	-	-
Gain/(Loss) Derivatives/Exch.Rate	11	(95)	(73)
Gain/(Loss) Cash Flow Hedge	4	-	-
<b>EBT adjustments</b>	<b>(1)</b>	<b>(124)</b>	<b>(87)</b>
Tax	4	27	22
<b>Net Income adjustments</b>	<b>3</b>	<b>(97)</b>	<b>(65)</b>

## Copper/Aluminum price impact on P&L

### Copper/Aluminum price evolution



### Free Stock Impact

- Average Tons in 2008 (~7,600):
  - Copper: ~5,000 Tons
  - Aluminum: ~2,600 Tons
- Free stock impact in Q408:
  - € 15m negative impact (Copper: ~€13.5m; Aluminum: ~€1.5m)
- Copper Price (€/Ton): -54% in Q4
- Aluminum Price (€/Ton): -38% in Q4

### Derivatives Impact

- Tons included in metal derivatives
  - Equivalent to sales orders in excess of physical metal stock
- Mark-to-Market derivatives valuation:
  - €68m non cash negative impact
- Neutral impact on profitability over sales orders lifetime

## Financial Charges

Euro Millions

	FY 2007	FY 2008
<b>Net interest expenses</b>	<b>(68)</b>	<b>(65)</b>
- Gain on cash flow hedge	4	-
- Gain/(loss) on financial disposal	4	2
Bank fees Amortization	(7)	(5)
Bank fees Write-Off	(59)	-
Gain/(loss) on exchange rates	3	(32)
Gain/(loss) on currency derivatives	7	5
Gain/(loss) on interest derivatives	8	-
Gain/(loss) on metal derivatives	(7)	(68)
<b>Net financial charges</b>	<b>(123)</b>	<b>(165)</b>
Share in net income of associates	2	3
<b>Total financial charges</b>	<b>(121)</b>	<b>(162)</b>

## Balance Sheet

Euro Millions

	FY 2007	FY 2008
Net fixed assets	881	882
Net working capital	536	370
<i>NWC as % on sales</i>	<i>10.5%</i>	<i>7.2%</i>
Provisions	(135)	(87)
<b>Net Capital Employed</b>	<b>1,282</b>	<b>1,165</b>
Employee provisions	112	125
Shareholders' equity	454	463
<i>of which attributable to minority interest</i>	<i>21</i>	<i>16</i>
Net financial position	716	577
<i>Bank Fees</i>	<i>(20)</i>	<i>(15)</i>
<i>Net financial position vs Third Parties</i>	<i>736</i>	<i>592</i>
<b>Total Financing and Equity</b>	<b>1,282</b>	<b>1,165</b>

## Cash Flow

Euro Millions

	FY 2007	FY 2008
<b>EBITDA</b>	<b>573</b>	<b>518</b>
Price adj. and other settlements	(60)	-
Badwill FACAB Acquisition	-	(3)
Equity Compensation IFRS2	6	2
Gains/losses on disposals	(1)	-
Net Change in provisions	(6)	2
<b>Cash flow from operations (before WC changes)</b>	<b>512</b>	<b>519</b>
Working Capital changes	(60)	66
Paid Income Taxes	(86)	(83)
<b>Cash flow from operations</b>	<b>366</b>	<b>502</b>
Price adj. and other settlements	45	16
Net CAPEX	(83)	(110)
<b>Free Cash Flow (unlevered)</b>	<b>328</b>	<b>408</b>
Financial charges	(83)	(88)
<b>Free Cash Flow (levered)</b>	<b>245</b>	<b>320</b>
Dividends	-	(76)
Treasury Shares	-	(30)
Shareholders Loan (Equity component)	(28)	-
Other Equity movements	(2)	2
<b>Net Cash flow</b>	<b>215</b>	<b>216</b>
<b>Net financial position at the beginning of the period</b>	<b>(879)</b>	<b>(716)</b>
Net cash flow	215	216
Other variations	(52)	(77)
<b>Net financial position at the end of the period</b>	<b>(716)</b>	<b>(577)</b>



## Long term financing agreement

- Two long term financing contracts expiring Mid 2012 (Cash/Unused committed credit lines at 31.12.08: over €1bn)
- ✓ Only 33% of Term Loan due by 2011

	Amount €m	Unused at 31.12.08 €m	Current Pricing NFP/EBITDA < 1.5x	
			spread	comm.fee
Securitization	350	251	0.325%	0.20%
Term Loan	1,000	0	0.40%	n/a
Revolving Facility	400	364	0.40%	0.12%
Bonding Facility	300	129	0.30%	0.09%

	31.12.07 €m	31.12.08 €m
Term Loan	995	1,001
Securitization	0	99
Other Debt	73	97
<b>Total Gross Debt</b>	<b>1,068</b>	<b>1,197</b>
Cash & Cash equivalents	(252)	(492)
Other Financial Assets	(80)	(112)
<b>NFP Vs third parties</b>	<b>736</b>	<b>592</b>
Bank Fees	(20)	(15)
<b>NFP</b>	<b>716</b>	<b>577</b>

## Dividend Policy

### Dividend Policy

- €74m dividend in 2009 (31% Pay-out ratio)
- Dividend x share confirmed at 2008 level
- Dividend yield of 5.0% (1)
- Sustainable despite tough scenario
- Shares Buy-Back: 3,028,500 at 31.12.08

(1) Last month average share price (€ 8.3)

(2) Total shares (180,546,227) - Treasury shares (3,028,500)

(3) Based on 179,766,121 shares (average n° of shares in 2008; excl. Treasury shares)

(4) Based on 177,517,727 shares with dividend right

**Number of Shares  
with dividend right (2)**

**177,517,727**

**Earning Per Share (3)**

**€ 1.32**

**Dividend Per Share (4)**

**€ 0.417**

## Agenda

- FY 2007 Highlights
  - Group Overview
  - Division Results
- Financials
- Appendix

## Energy Division: Profit and Loss Statement

Euro Millions

	FY 2007	FY 2008
<b>Sales</b>	<b>4,618</b>	<b>4,623</b>
<b>Sales vs. Third Parties</b>	<b>4,583</b>	<b>4,608</b>
<i>YoY total growth</i>	1.8%	0.5%
<i>YoY like for like growth</i>	9.6%	-0.1%
<i>YoY organic growth</i>	8.4%	4.0%
<b>Contribution Margin</b>	<b>851</b>	<b>861</b>
<i>% on sales</i>	18.4%	18.6%
<b>Adj. EBITDA</b>	<b>481</b>	<b>493</b>
<i>% on sales</i>	10.4%	10.6%
<i>Non recurring items</i>	(6)	(23)
<b>EBITDA</b>	<b>475</b>	<b>470</b>
<i>% on sales</i>	10.3%	10.1%
<b>Adj. EBIT</b>	<b>420</b>	<b>435</b>
<i>% on sales</i>	9.1%	9.4%
<i>Non recurring items</i>	(6)	(28)
<b>EBIT</b>	<b>414</b>	<b>407</b>
<i>% on sales</i>	9.0%	8.8%

## Energy – Sales by business

Euro Millions, % of Sales Growth

	FY 2007	FY 2008	Total Growth	Organic Growth
Utilities	1,895	2,029		
<i>of which to third parties</i>	1,894	2,028	7.1%	12.1%
Trade & Installers	1,803	1,631		
<i>of which to third parties</i>	1,802	1,629	(9.6%)	(5.0%)
Industrial	795	851		
<i>of which to third parties</i>	795	850	7.0%	5.0%
Others	125	112		
<i>of which to third parties</i>	92	101	n.m.	n.m.
<b>Total Energy</b>	<b>4,618</b>	<b>4,623</b>		
<i>of which to third parties</i>	<b>4,583</b>	<b>4,608</b>	<b>0.6%</b>	<b>4.0%</b>

## Energy – Profitability by business

Euro Millions, % of Sales

	FY 2007	FY 2008	FY 2007 % of Sales	FY 2008 % of Sales
<b>Adjusted EBITDA</b>				
Utilities	237	287	12.5%	14.2%
Trade & Installers	155	113	8.6%	6.9%
Industrial	84	93	10.6%	10.9%
Others	5	0	5.5%	n.m.
<b>Total Energy</b>	<b>481</b>	<b>493</b>	<b>10.4%</b>	<b>10.7%</b>
<b>Adjusted EBIT</b>				
Utilities	208	256	11.0%	12.6%
Trade & Installers	137	100	7.6%	6.1%
Industrial	71	80	9.0%	9.4%
Others	4	-1	4.0%	n.m.
<b>Total Energy</b>	<b>420</b>	<b>435</b>	<b>9.1%</b>	<b>9.5%</b>

## Telecom Division: Profit and Loss Statement

Euro Millions

	FY 2007	FY 2008
<b>Sales</b>	<b>548</b>	<b>547</b>
<b>Sales vs. Third Parties</b>	<b>535</b>	<b>536</b>
<i>YoY total growth</i>	5.7%	0.2%
<i>YoY like for like growth</i>	5.7%	(0.2%)
<i>YoY organic growth</i>	6.3%	5.2%
<b>Contribution Margin (1)</b>	<b>109</b>	<b>109</b>
<i>% on sales</i>	20.0%	19.9%
<b>Adj. EBITDA</b>	<b>48</b>	<b>49</b>
<i>% on sales</i>	8.6%	9.0%
<i>Non recurring items</i>	(1)	-
<b>EBITDA</b>	<b>47</b>	<b>49</b>
<i>% on sales</i>	8.5%	9.0%
<b>Adj. EBIT</b>	<b>44</b>	<b>45</b>
<i>% on sales</i>	7.9%	8.4%
<i>Non recurring items</i>	(1)	0
<b>EBIT</b>	<b>43</b>	<b>45</b>
<i>% on sales</i>	7.8%	8.4%

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