



Q1 2009 Financial Results

7th May 2009

Agenda

- Q1 2009 Highlights & Outlook 2009

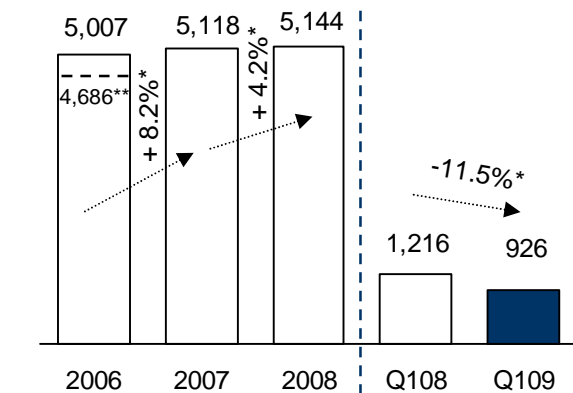
- Financial Results

- Appendix

Q1 2009 Key Financials

Euro Millions, % of Sales

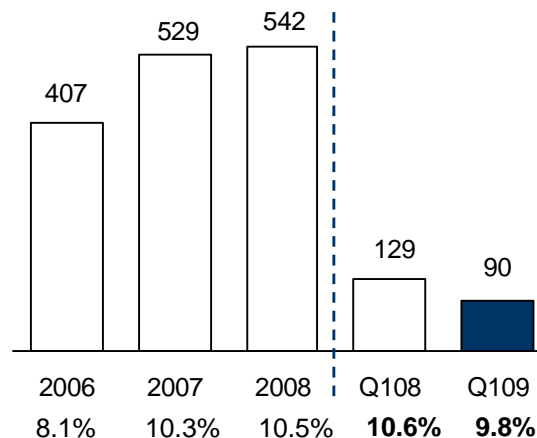
Sales



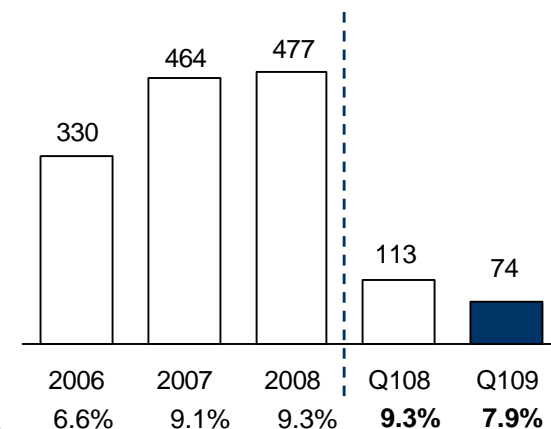
* Organic Growth

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

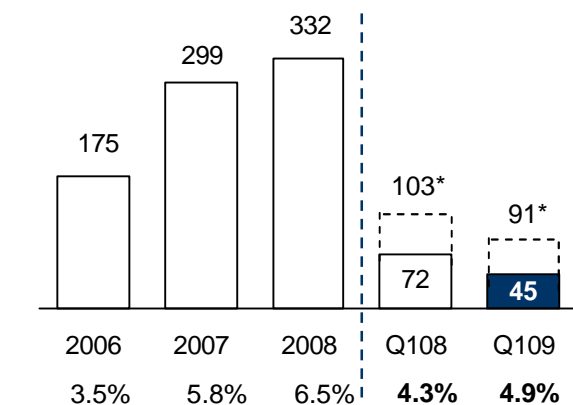
Adjusted EBITDA (1)



Adjusted EBIT (1)

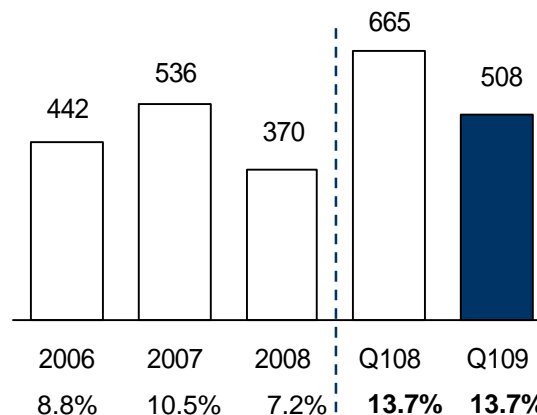


Adjusted Net Income (2)

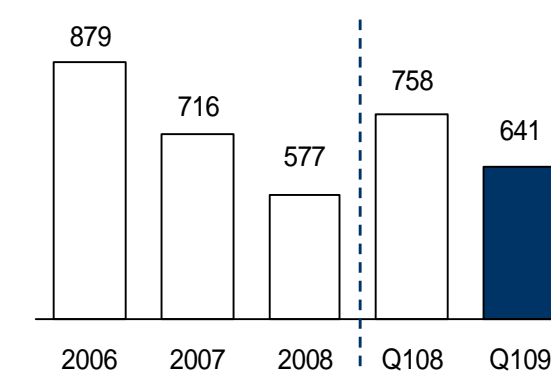


* Reported Net Income

Net Working Capital



Net Financial Position



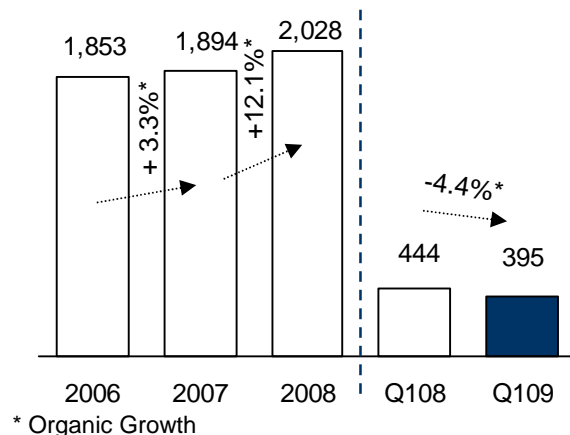
(1) EBITDA and EBIT adjusted excluding non-recurring items

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

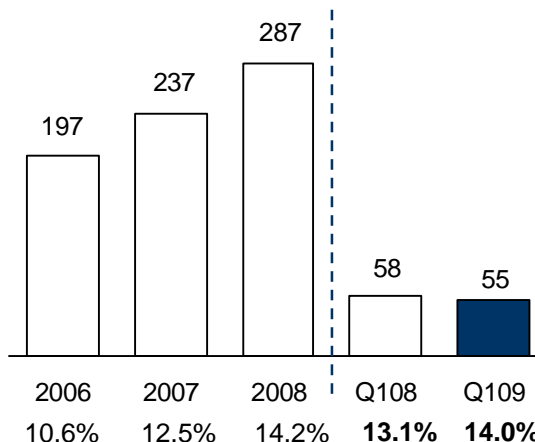
Utilities

Euro Millions, % of Sales

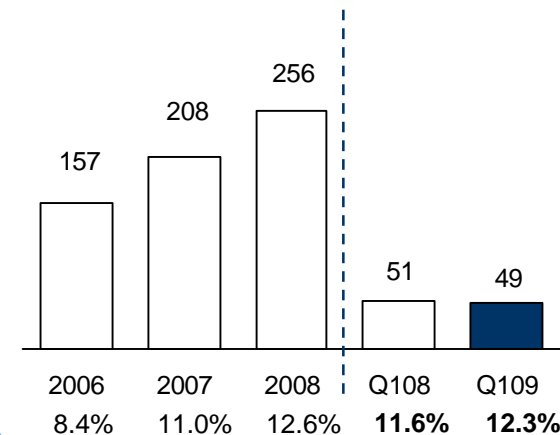
Sales Vs Third Parties



Adjusted EBITDA*



Adjusted EBIT*



Distribution

- Significant volumes decrease expected to soften in H2
- Global demand reduction except for South America still delivering positive performance
- Margins expected to stabilize in H1

Transmission

HV

- Order backlog supporting sales performance (higher contribution from Extra-HV)
- 2009 production capacity almost covered although lower order intake in some countries
- Capacity increase available from H2 in key markets (US and China) expected to invest on transmission grids
- Strong R&D activity to strengthen leadership in technology

SUBMARINE

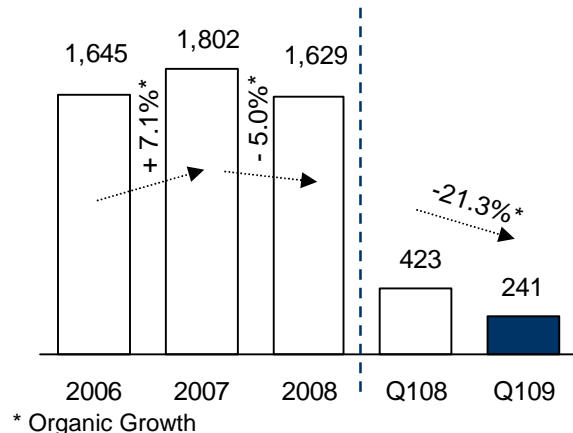
- Strong market outlook confirmed
- 2009-10 capacity fully covered by orders
- Capacity increase of HV extruded cables (off-shore wind farms) completed

* Adjusted excluding non-recurring items

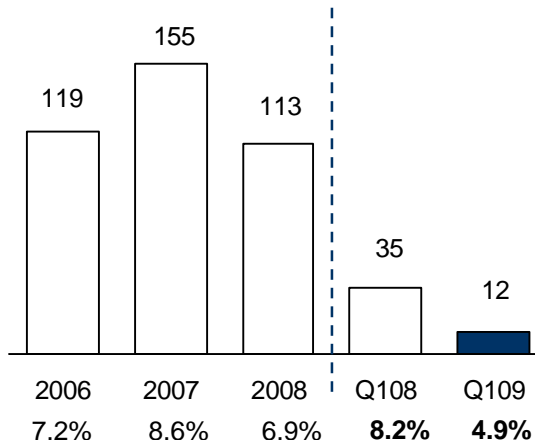
Trade & Installers

Euro Millions, % of Sales

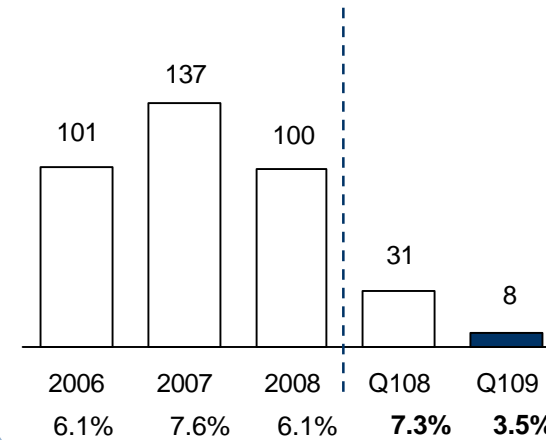
Sales Vs Third Parties



Adjusted EBITDA*



Adjusted EBIT*



Highlights

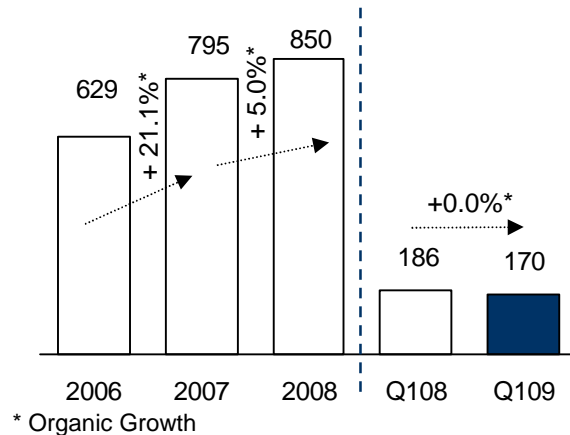
- Strong volumes decrease due to global downturn in construction market and tough comparable basis (Q1'08); expected to stabilize in the second half
- Profitability reduction due to price pressure and negative exchange rate impact
- Ongoing production capacity rationalization (started in 2008)
- Focus on cash generation with strict control on working capital

* Adjusted excluding non-recurring items

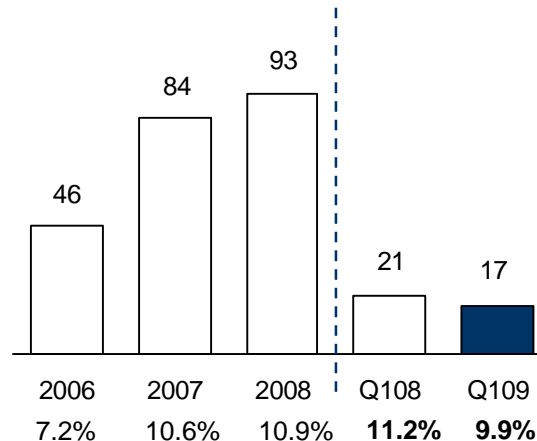
Industrial

Euro Millions, % of Sales

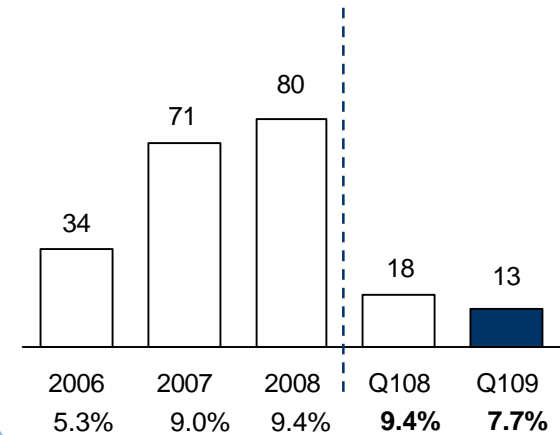
Sales Vs Third Parties



Adjusted EBITDA*



Adjusted EBIT*



Highlights

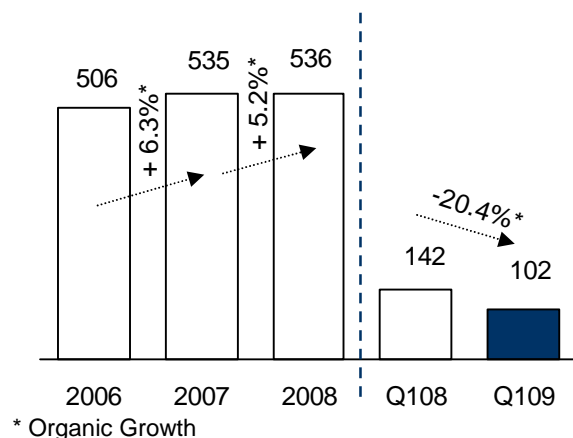
- Strong products portfolio to cope with a weak market demand
 - OGP and Renewable energy keeping a positive trend in line with order backlog
 - Other Priority segments: stable performance driven by infrastructure investments with reduction in crane
 - Others: still weak demand in Automotive; new orders for Nuclear projects
- Profitability supported by better business mix and industrial efficiencies
- Lower visibility due to shorter order backlog

* Adjusted excluding non-recurring items

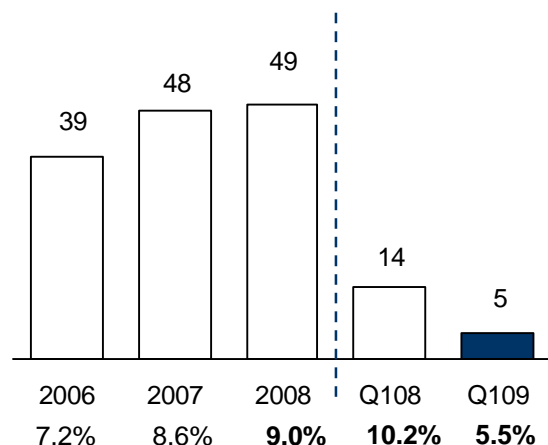
Telecom Division

Euro Millions, % of Sales

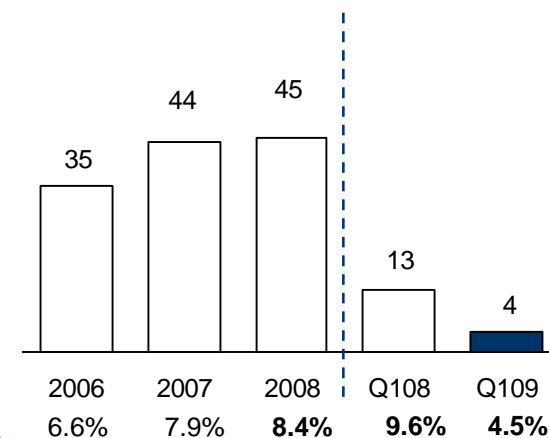
Sales Vs Third Parties



Adjusted EBITDA*



Adjusted EBIT*



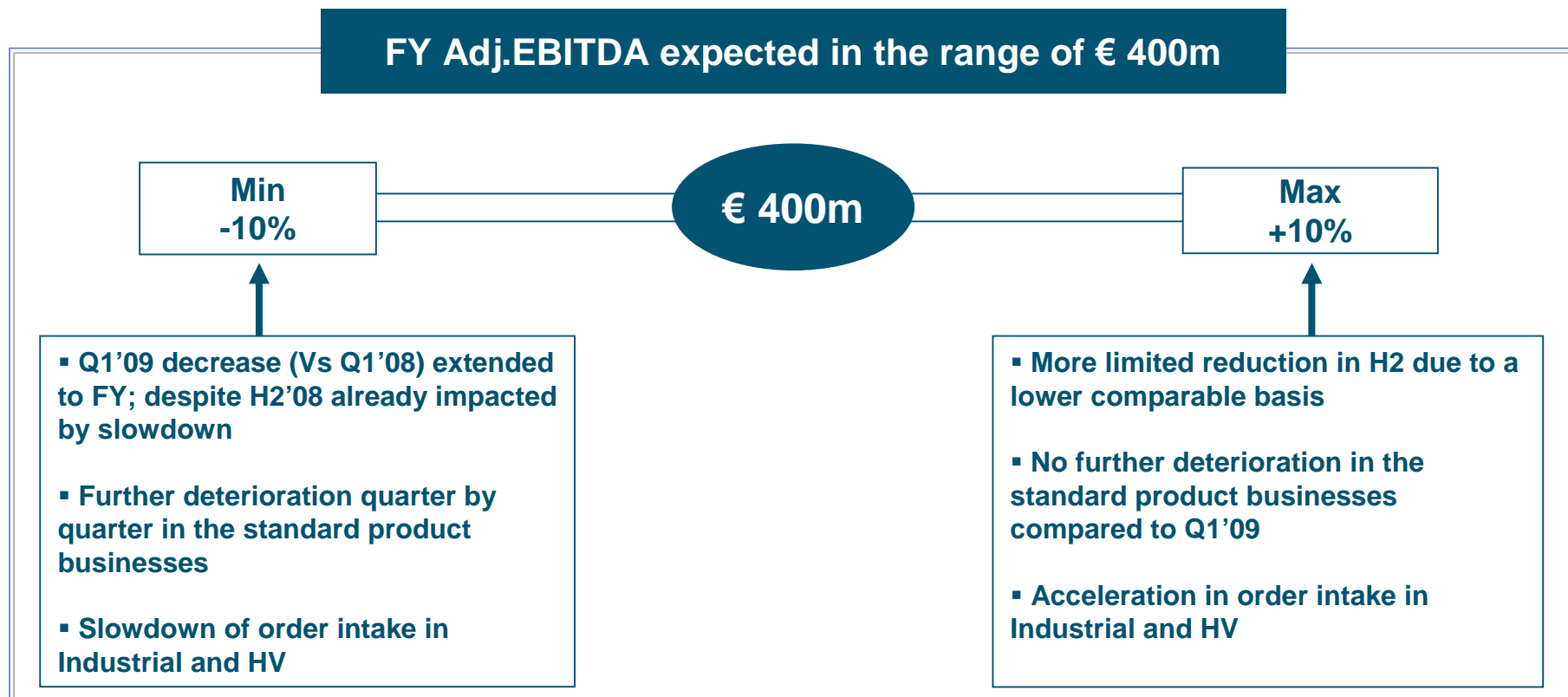
Highlights

- Sales slowdown mainly due to weak copper cables demand
 - Optical cables: lower order rate from key clients expected to be partially recovered in H2
 - Copper cables: declining trend of demand emphasized by global economic downturn; negative projects' phasing effect Vs previous year
- Profitability mainly impacted by unfavourable country mix and forex effect; exceptionally strong H1'08
- Improving product mix through new products launched (CasaLight fiber and VertiCasa system)

* Adjusted excluding non-recurring items

2009 Outlook

- High uncertainty for the remainder of the year
- Utilities supported by order backlog in Transmission
- Strict control over costs and working capital; ongoing actions to rationalize capacity
- Keep selective investments on high value added businesses
- Focus on cash generation



Agenda

➤ Q1 2008 Highlights & Outlook 2008

➤ Financial Results

➤ Appendix

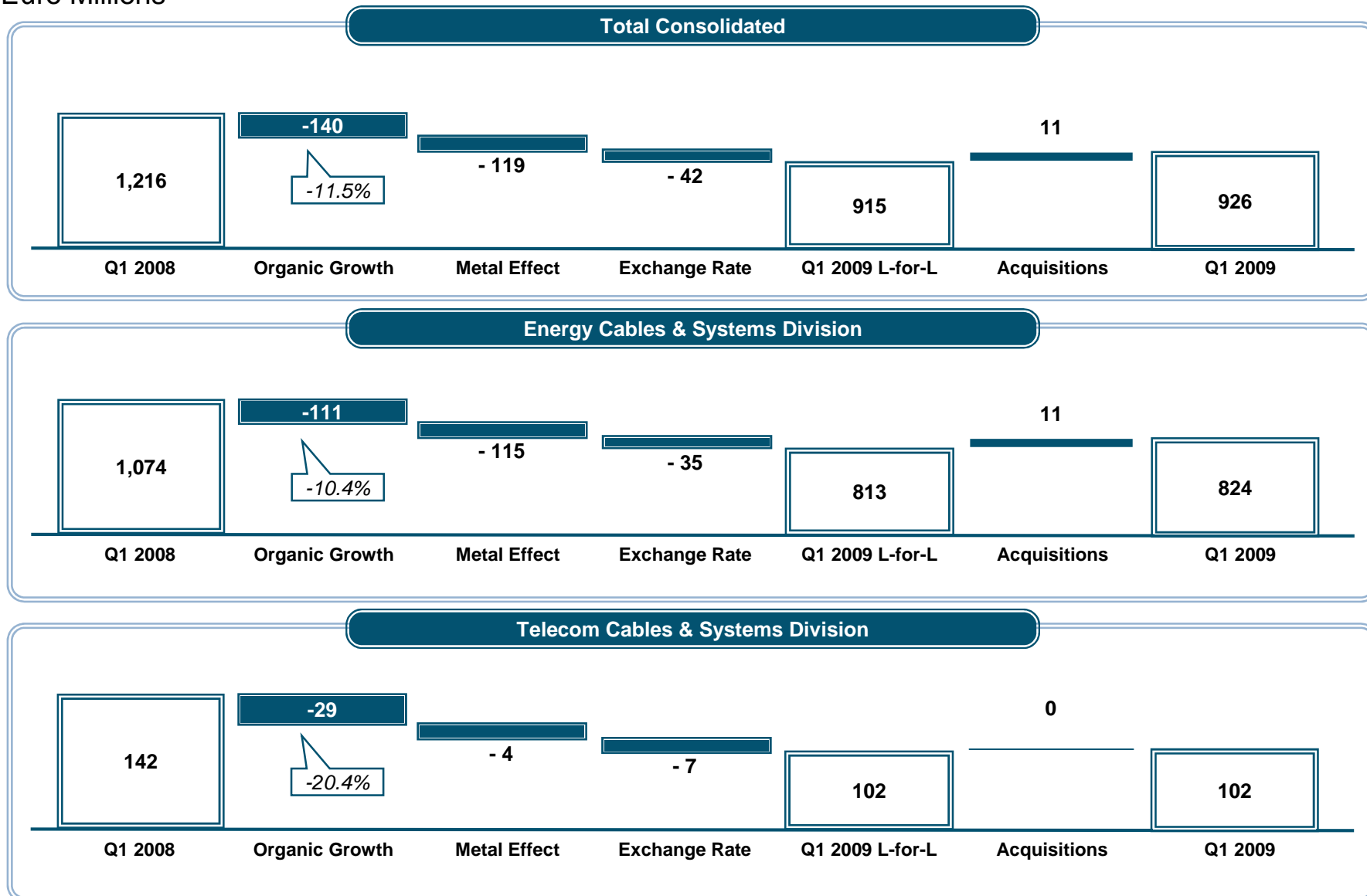
Profit and Loss Statement

Euro Millions

	Q1 2008	Q1 2009	FY 2008
Sales	1,216	926	5,144
<i>YoY total growth</i>	0.9%	-23.8%	0.5%
<i>YoY like for like growth</i>	0.9%	-24.7%	-0.1%
<i>YoY organic growth</i>	3.4%	-11.5%	4.2%
Contribution Margin	234	191	970
<i>% on sales</i>	19.3%	20.6%	18.8%
Fixed Costs	(105)	(101)	(427)
Adj.EBITDA	129	90	542
<i>% on sales</i>	10.6%	9.8%	10.5%
<i>Non recurring items</i>	(1)	(2)	(24)
EBITDA	128	88	518
<i>% on sales</i>	10.5%	9.5%	10.1%
Adj.EBIT	113	74	477
<i>% on sales</i>	9.3%	7.9%	9.3%
<i>Non recurring items</i>	(1)	(2)	(29)
EBIT	112	72	448
<i>% on sales</i>	9.2%	7.8%	8.7%
<i>Financial charges</i>	23	54	(162)
EBT	135	126	286
<i>% on sales</i>	11.1%	13.7%	5.6%
<i>Taxes</i>	(32)	(35)	(51)
<i>% on EBT</i>	24.0%	28.0%	18.0%
Net income	103	91	235
<i>Extraordinary items (after tax)</i>	31	46	(97)
Adj.Net income	72	45	332

Sales Drivers Vs Third Parties

Euro Millions



Extraordinary Effects

Euro Millions

	Q1 2008	Q1 2009	FY 2008
Restructuring	(0)	(2)	(11)
Badwill FACAB Acquisition	-	-	3
Tax Provision	-	-	(12)
Other	(1)	-	(4)
EBITDA adjustments	(1)	(2)	(24)
<i>of which attributable to Energy Business</i>	<i>(0)</i>	<i>(2)</i>	<i>(23)</i>
<i>of which attributable to Telecom Business</i>	<i>(0)</i>	<i>(0)</i>	<i>-</i>
<i>of which Corporate</i>	<i>(1)</i>	<i>-</i>	<i>(1)</i>
Assets impairment (plant closure)	-	-	(5)
EBIT adjustments	(1)	(2)	(29)
<i>of which attributable to Energy Business</i>	<i>(0)</i>	<i>(2)</i>	<i>(28)</i>
<i>of which attributable to Telecom Business</i>	<i>(0)</i>	<i>(0)</i>	<i>-</i>
<i>of which Corporate</i>	<i>(1)</i>	<i>-</i>	<i>(1)</i>
Bank Fees Write-Off (non cash)	-	-	-
Gain/(Loss) Derivatives/Exch.Rate	42	68	(95)
Gain/(Loss) Cash Flow Hedge	-	-	-
EBT adjustments	41	66	(124)
Tax	(10)	(20)	27
Net Income adjustments	31	46	(97)

Financial Charges

Euro Millions

	Q1 2008	Q1 2009	FY 2008
Net interest expenses	(18)	(13)	(65)
- Gain/(loss) on financial disposal	-	-	2
Bank fees Amortization	(1)	(1)	(5)
Bank fees Write-Off	-	-	-
Gain/(loss) on exchange rates	(8)	4	(32)
Gain/(loss) on currency derivatives	15	8	5
Gain/(loss) on interest derivatives	-	-	-
Gain/(loss) on metal derivatives	35	56	(68)
Net financial charges	23	54	(165)
Share in net income of associates	-	-	3
Total financial charges	23	54	(162)

Statement of financial position (Balance Sheet)

Euro Millions

	Q1 2008	Q1 2009	FY 2008
Net fixed assets	855	895	882
Net working capital	665	508	370
<i>NWC as % on sales</i>	13.7%	13.7%	7.2%
Provisions	(128)	(93)	(87)
Net Capital Employed	1,392	1,310	1,165
Employee provisions	110	129	125
Shareholders' equity	524	540	463
<i>of which attributable to minority interest</i>	21	16	16
Net financial position	758	641	577
<i>Bank Fees</i>	(19)	(15)	(15)
<i>Net financial position vs Third Parties</i>	777	656	592
Total Financing and Equity	1,392	1,310	1,165

Cash Flow

Euro Millions

	Q1 2008	Q1 2009	FY 2008	LTM Q109
EBITDA	128	88	518	478
Badwill FACAB Acquisition	-	-	(3)	(3)
Equity Compensation IFRS2	-	-	2	2
Gains/losses on disposals	-	-	-	-
Net Change in provisions	(2)	(7)	2	(3)
Cash flow from operations (before WC changes)	126	81	519	474
Working Capital changes	(112)	(96)	66	82
Paid Income Taxes	(14)	(16)	(83)	(85)
Cash flow from operations	0	(31)	502	471
Price adj. and other settlements	16	-	16	-
Net CAPEX	(16)	(21)	(110)	(115)
Acquisitions	-	-	-	(1)
Free Cash Flow (unlevered)	0	(52)	408	356
Financial charges	(14)	(1)	(88)	(75)
Free Cash Flow (levered)	(14)	(53)	320	281
Dividends	-	-	(76)	(76)
Treasury Shares	-	-	(30)	(30)
Shareholders Loan (Equity component)	-	-	-	-
Other Equity movements	1	1	2	2
Net Cash flow	(13)	(52)	216	177
Net financial position at the beginning of the period	(716)	(577)	(716)	(758)
Net cash flow	(13)	(52)	216	177
Other variations	(29)	(12)	(77)	(60)
Net financial position at the end of the period	(758)	(641)	(577)	(641)

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Energy Division: Profit and Loss Statement

Euro Millions

	Q1 2008	Q1 2009	FY 2008
Sales	1,077	827	4,623
Sales vs. Third Parties	1,074	824	4,608
<i>YoY total growth</i>	1.4%	-23.3%	0.5%
<i>YoY like for like growth</i>	1.4%	-24.3%	-0.1%
<i>YoY organic growth</i>	3.6%	-10.4%	4.0%
Contribution Margin	204	171	861
<i>% on sales</i>	18.9%	20.7%	18.6%
Adj. EBITDA	115	85	493
<i>% on sales</i>	10.6%	10.3%	10.6%
<i>Non recurring items</i>	(0)	(2)	(23)
EBITDA	115	83	470
<i>% on sales</i>	10.6%	10.0%	10.1%
Adj. EBIT	100	70	435
<i>% on sales</i>	9.2%	8.5%	9.4%
<i>Non recurring items</i>	(0)	(2)	(28)
EBIT	100	68	407
<i>% on sales</i>	9.2%	8.2%	8.8%

Energy – Sales by business

Euro Millions, % of Sales Growth

	Q1 2008	Q1 2009	Total Growth	Organic Growth
Utilities	444	395		
<i>of which to third parties</i>	444	395	-11.1%	-4.4%
Trade & Installers	424	241		
<i>of which to third parties</i>	423	241	-43.0%	-21.3%
Industrial	186	170		
<i>of which to third parties</i>	186	170	-8.9%	0.0%
Others	23	21		
<i>of which to third parties</i>	21	18	n.m.	n.m.
Total Energy	1,077	827		
<i>of which to third parties</i>	1,074	824	-23.3%	-10.4%

Energy – Profitability by business

Euro Millions, % of Sales

	Q1 2008	Q1 2009	Q1 2008 % of Sales	Q1 2009 % of Sales
Adjusted EBITDA				
Utilities	58	55	13.1%	14.0%
Trade & Installers	35	12	8.2%	4.9%
Industrial	21	17	11.2%	9.9%
Others	1	1	n.m.	n.m.
Total Energy	115	85	10.6%	10.3%
Adjusted EBIT				
Utilities	51	49	11.6%	12.3%
Trade & Installers	31	8	7.3%	3.5%
Industrial	18	13	9.4%	7.7%
Others	0	0	n.m.	n.m.
Total Energy	100	70	9.2%	8.5%

Telecom Division: Profit and Loss Statement

Euro Millions

	Q1 2008	Q1 2009	FY 2008
Sales	144	104	547
Sales vs. Third Parties	142	102	536
<i>YoY total growth</i>	-2.7%	-28.2%	0.2%
<i>YoY like for like growth</i>	-2.7%	-28.3%	-0.2%
<i>YoY organic growth</i>	2.3%	-20.4%	5.2%
Contribution Margin	30	20	109
<i>% on sales</i>	21.1%	19.2%	19.9%
Adj. EBITDA	14	5	49
<i>% on sales</i>	10.2%	5.5%	9.0%
<i>Non recurring items</i>	-	-	-
EBITDA	14	5	49
<i>% on sales</i>	9.9%	5.2%	9.0%
Adj. EBIT	13	4	45
<i>% on sales</i>	9.6%	4.5%	8.4%
<i>Non recurring items</i>	-	-	0
EBIT	13	4	45
<i>% on sales</i>	9.3%	4.2%	8.4%

Long term financing agreement

- Two long term financing contracts expiring Mid 2012 (Cash/Unused committed credit lines at 31.03.09: over €1bn)
- ✓ Only 33% of Term Loan due by 2011

	Amount €m	Unused at 31.03.09 €m	Current Pricing NFP/EBITDA < 1.5x	
			spread	comm. fee
Securitization	350	350	0.325%	0.20%
Term Loan	1,000	0	0.40%	n/a
Revolving Facility	400	374	0.40%	0.12%
Bonding Facility	300	132	0.30%	0.09%

	31.03.08 €m	31.12.08 €m	31.03.09 €m
Term Loan	1,001	1,001	1,017
Securitization	30	99	0
Other Debt	73	97	121
Total Gross Debt	1,104	1,197	1,138
Cash & Cash equivalents	(252)	(492)	(390)
Other Financial Assets	(75)	(112)	(92)
NFP Vs third parties	777	592	656
Bank Fees	(19)	(15)	(15)
NFP	758	577	641

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