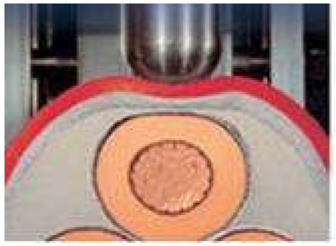







Company Presentation

JP Morgan Pan-European Capital Goods & Aerospace CEO Conference

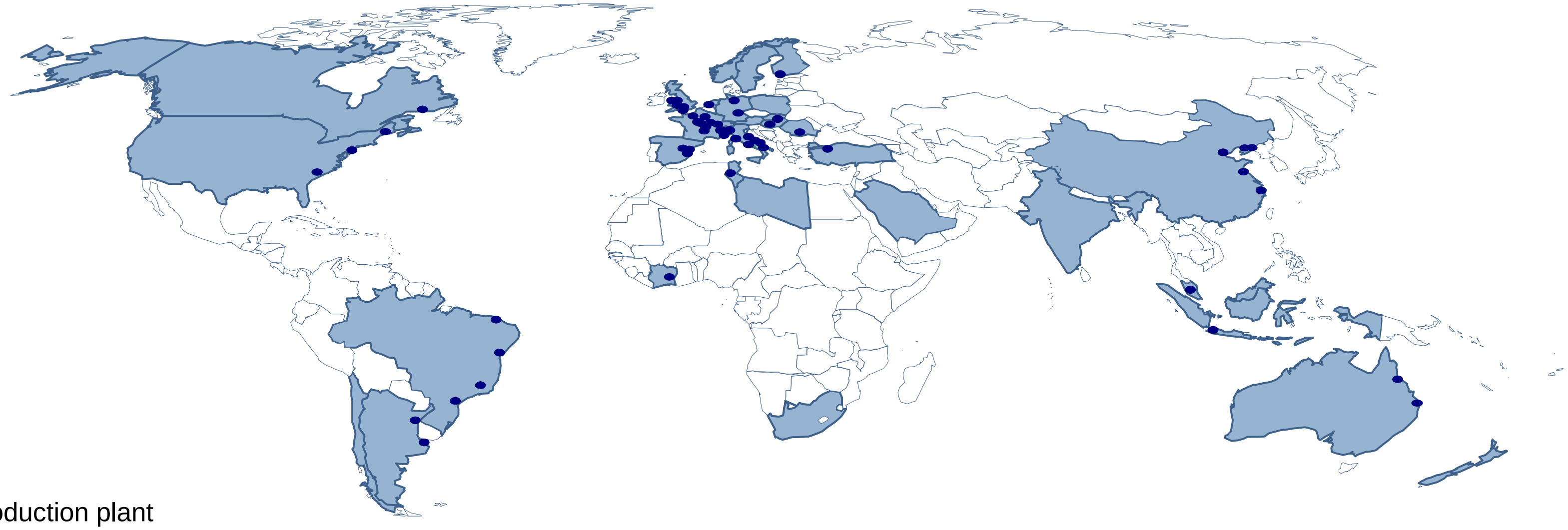
Surrey (UK), 14th June 2007

Agenda

- **Company Overview**
- Business Overview
- Financials
- Outlook
- Appendix

A Global Cable Manufacturer

The Prysmian Group operates **54** plants, has subsidiaries in **34** countries with **12,143** employees and sells its products worldwide



Production plant

Countries with physical presence

	Energy Cables & Systems	Telecom Cables & Systems	Total
2006 Net Sales	**€4,570m**	**€537m**	**€5,007m[1]**
% of Total Net Sales	*89%*	*11%*	
2006 Adj. EBITDA[2]	**€379m**	**€39m**	**€407m[3]**
% of Sales	*8.3%*	*7.3%*	*8.1%*

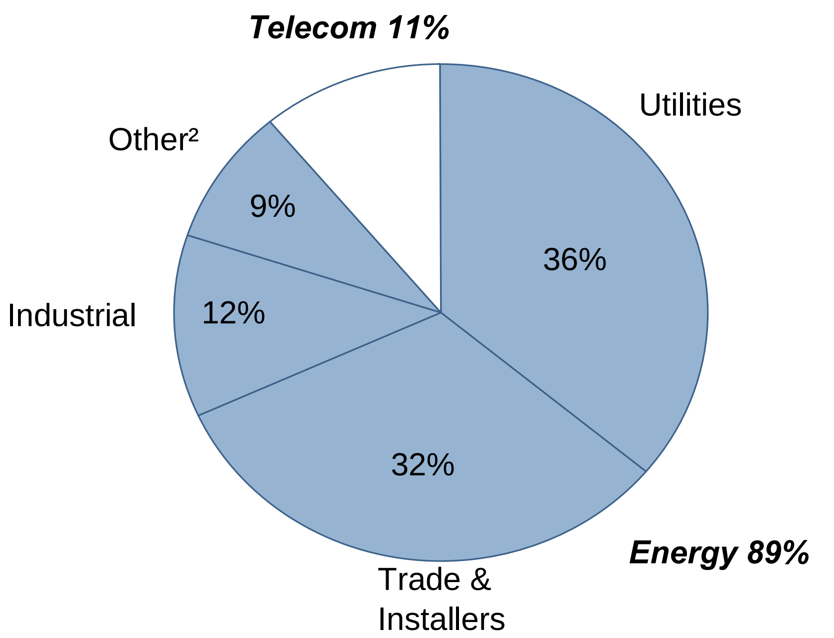
[1] Net of intercompany eliminations.
[2] EBITDA adjusted excluding non-recurring items.
[3] After corporate fixed costs.

A Complete and Diversified Presence and Product Offering

Sales 2006, Euro Millions

By Business Area

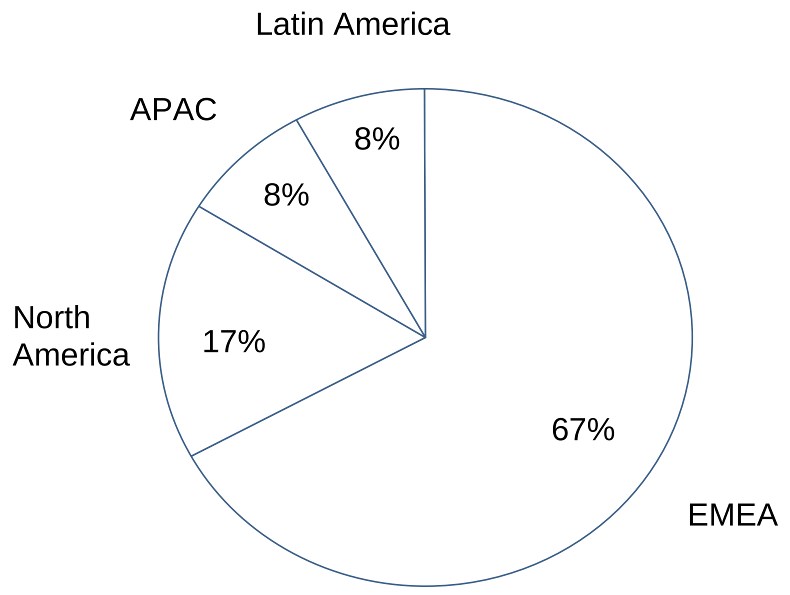
100% = 5,007[1]



Total Energy: 4,570 **Total Telecom: 537**

By Geography

100% = 5,007[1]



By Customer

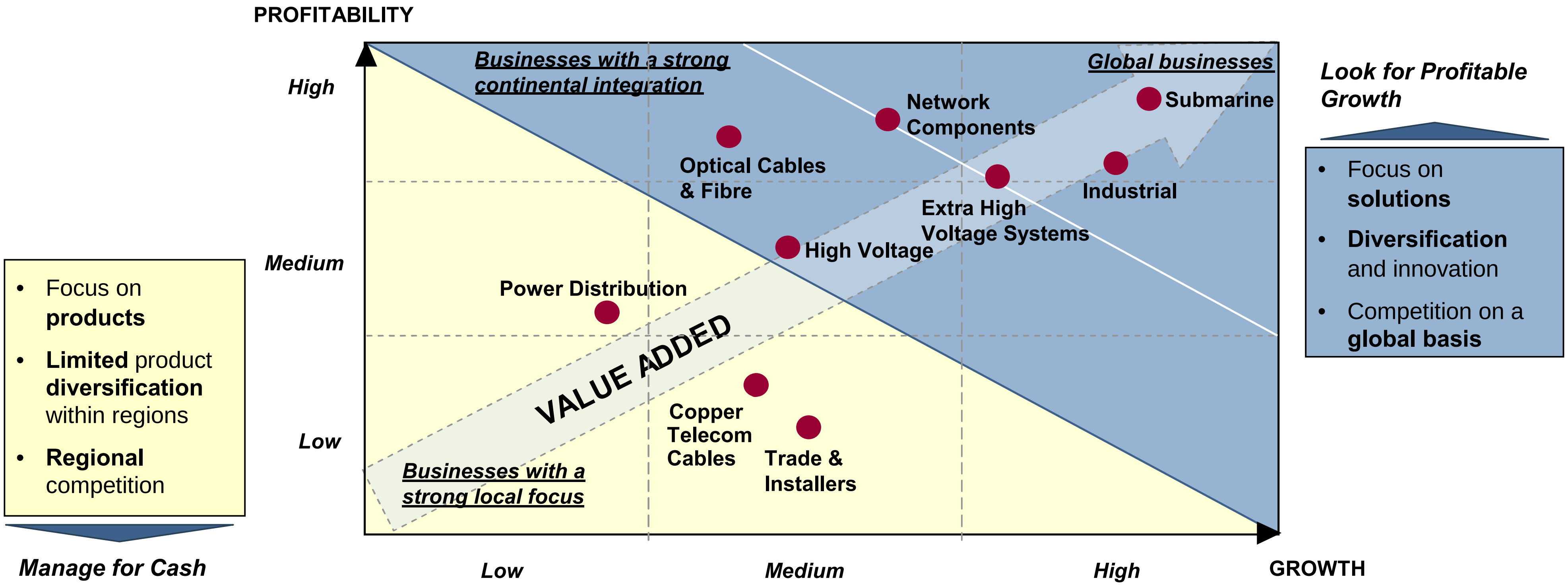
- Largest single customer: <3% of total sales

By Country

- Largest single country within EMEA: France, <12% of sales

[1] Net of intercompany eliminations.
[2] Other includes mainly Wire Rod business, closed at the end of 2006.

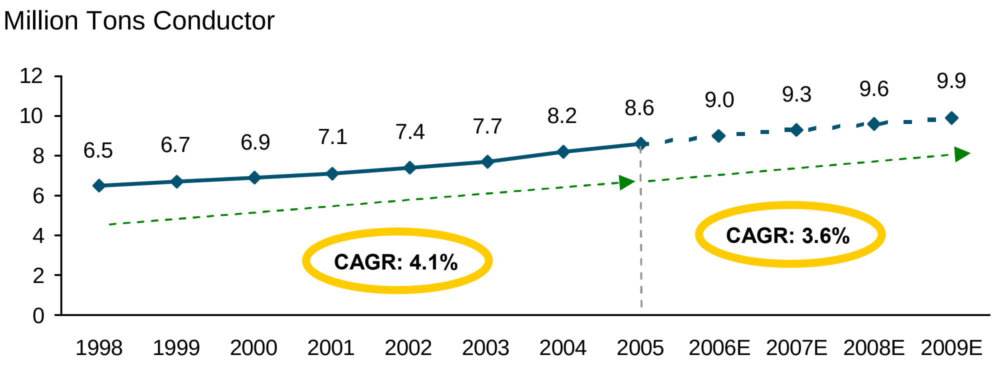
Clear Segmentation Strategy Focused on High Value-Added Products…



Research Innovation & Product Development	Operations	Purchasing	Logistics
• Product engineering driven by customer needs • Telecom: innovative fibres and products	• Continuous efficiencies on variable costs: reducing labour costs, minimizing waste and reducing per unit raw material costs	• Tight centralized control on strategic materials	• Excellence in customer service: reliability and speed

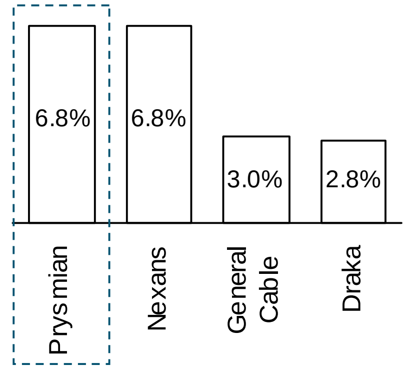
...To Benefit From Expected Solid Volume Growth Across End-Markets

Energy Cables Reference Market



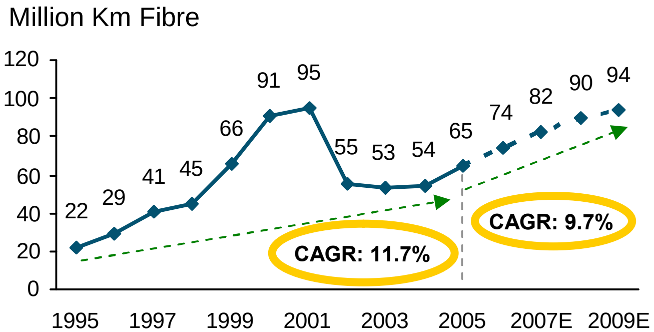
- Historically low correlation with economic cycle
- Growth driven by:
  - Investments in power grid interconnections
  - Investments in power transmission and distribution
  - Infrastructure investments

Global Players MS %[1]



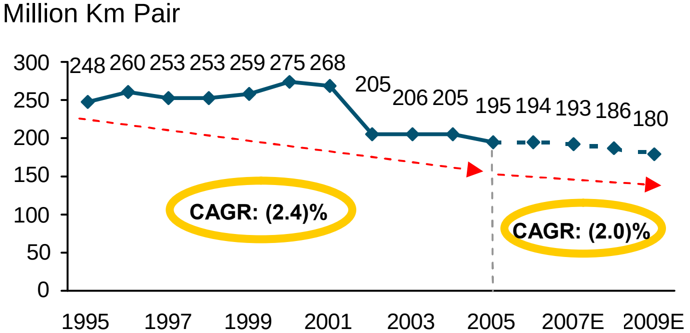
Telecom Cables Reference Market

Optical Cables



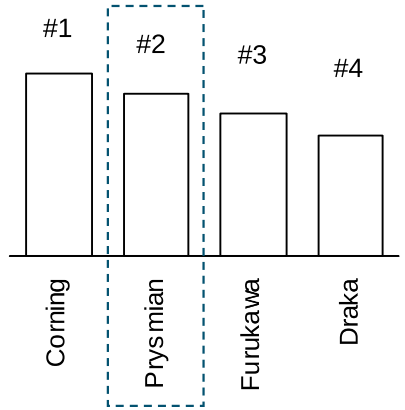
- Market growth driven by increased investment in fibre access networks (FTTx)

Copper Cables



- Stable to declining historical development in copper cables expected to continue

Optical Cable Producers[1]



Source: Value Partners analysis based on CRU data, October 2006. Energy = Low Voltage and Power Cable; TLC = External Copper Tlc Cable, Singlemode Fibre Optic, Multimode Fibre Optic. For Optical cable producers Value Partners analysis based on KMI data, April 2006.

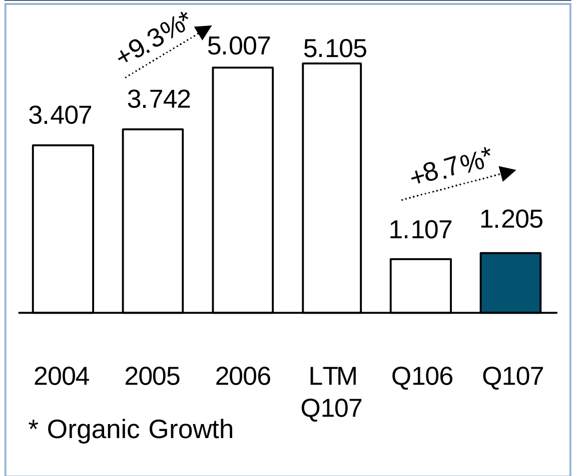
[1] 2005 Data.

PRYSMIAN
CABLES & SYSTEMS

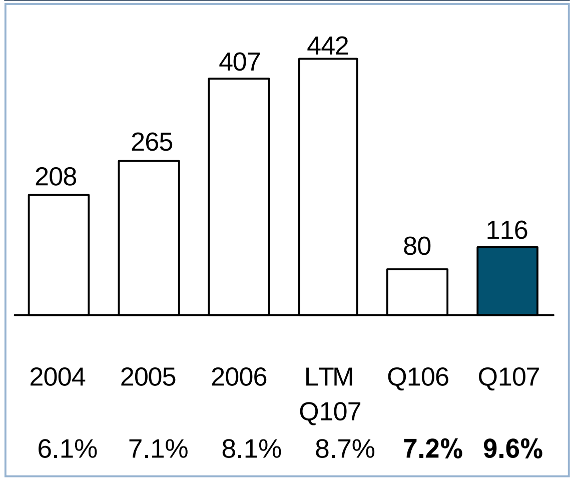
Key Financials

Euro Millions, % of Sales

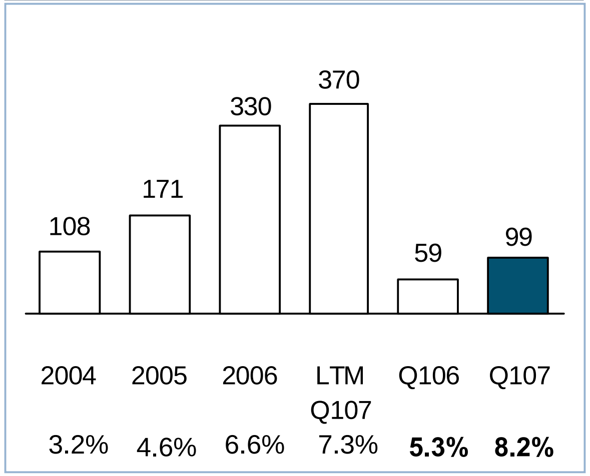
Sales



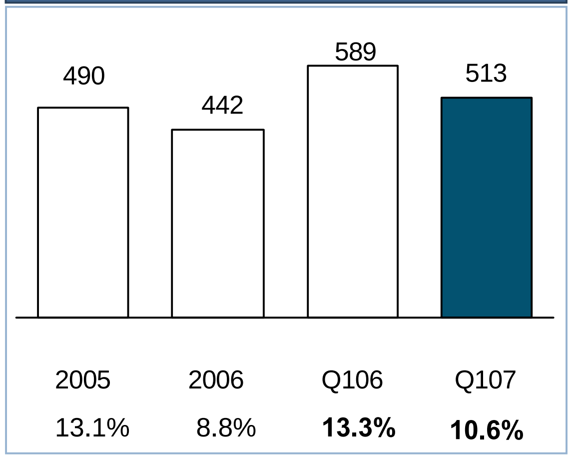
Adjusted EBITDA[1]



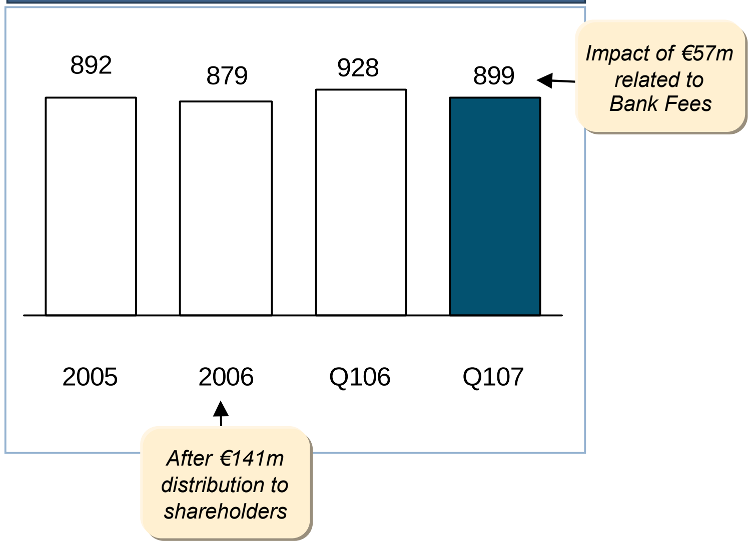
Adjusted EBIT[1]



Net Working Capital



Net Financial Position



[1] EBITDA and EBIT adjusted excluding non-recurring items.

PRYSMIAN CABLES & SYSTEMS

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- Company Overview
- **Business Overview**
  - **Energy Cables**
  - Telecom Cables and Fibres
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Overview of Energy Business Lines

Euro Millions

	Business Area	Business Line	Level of Technology	2006 Sales and Adj. EBITDA Margin[1]	Industry Trends
1	**Utilities**	High Voltage and Extra High Voltage	High	1,863 10.8%	• Grid expansion and modernisation
		Submarine	High		• New submarine interconnections
		Power Distribution	Medium		• Growth in electricity consumption • Investments incentives to utilities
		Network Components	Med-High		• Driven by HV, PD, T&I and Industrial cables demand
2	**Trade and Installers**		Low	1,650 7.5%	• Favorable construction cycle • Additional safety requirements
3	**Industrial**		Med-High	637 7.5%	• Infrastructure development in EU, NA, APAC • Investments in mining and drilling
			Total Energy[2]	**4,570** **8.3%**	

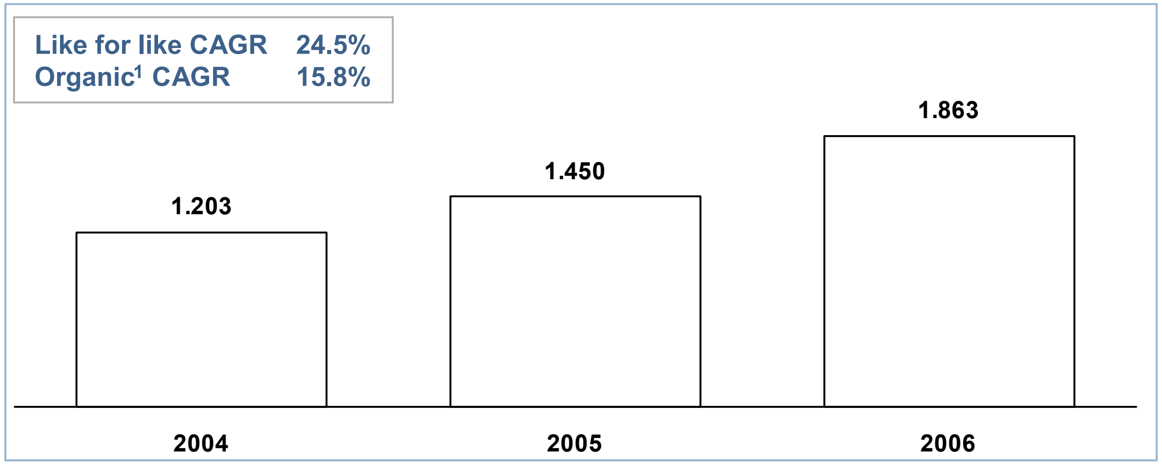
[1] EBITDA adjusted excluding non-recurring items.

[2] Including Other and intereliminations.

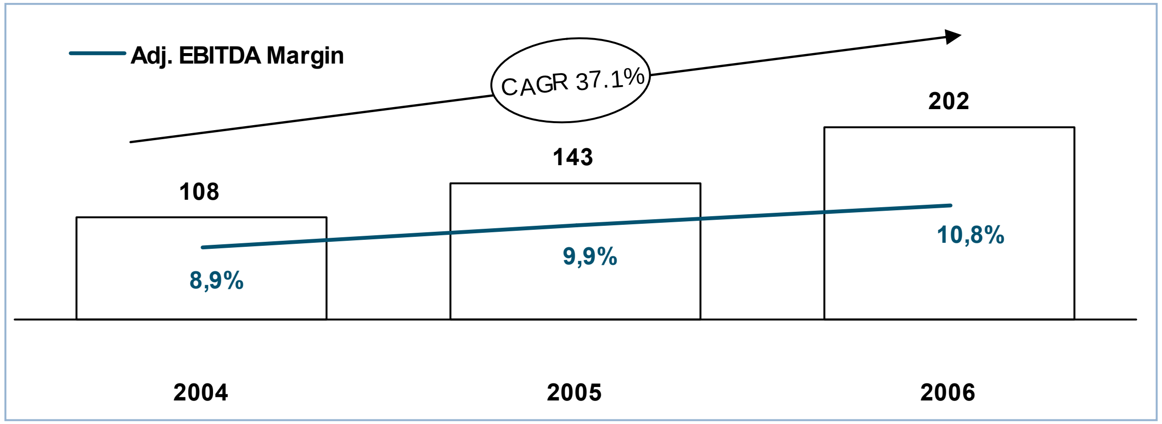
1. Utilities

Key Financials

Sales 2004-2006 (€m)



Adjusted EBITDA[2] 2004-2006 (€m)



[1] Organic growth calculated as like for like growth excluding metal and forex effect
[2] EBITDA adjusted excluding non-recurring items

STRATEGIC GUIDELINES

➢ **TRANSMISSION: Leverage on Interconnection projects and Expansion across the value chain**

- **High Voltage and EHV**
  - Reinforce positioning in US, China and Middle East
  - Expand production capacity
  - Keep leadership in product innovation
- **Submarine**
  - Complete production capacity expansion to support business development

➢ **DISTRIBUTION: Focus on product development (P-Laser) and cost reduction**

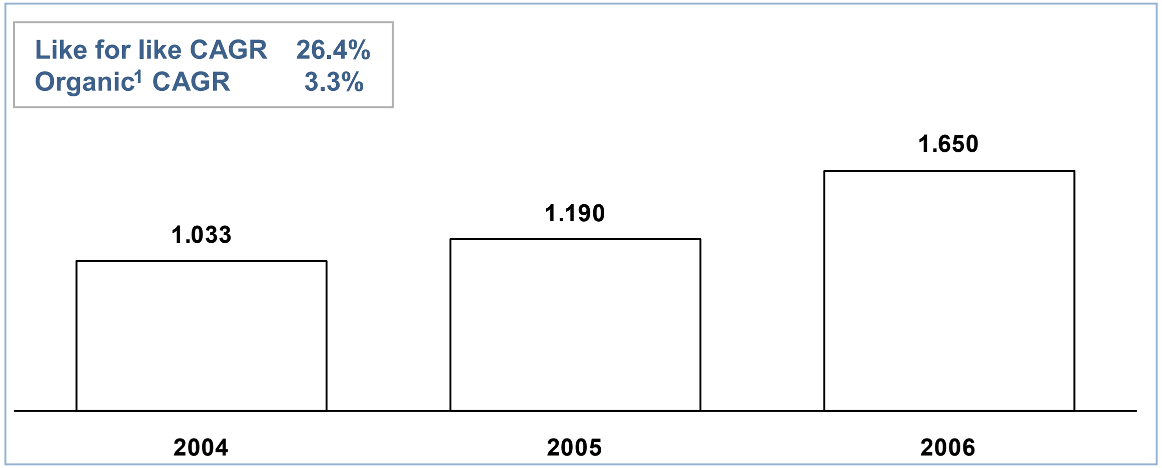
➢ **NETWORK COMPONENTS: Promote specialties**

Growth in high value added transmission business

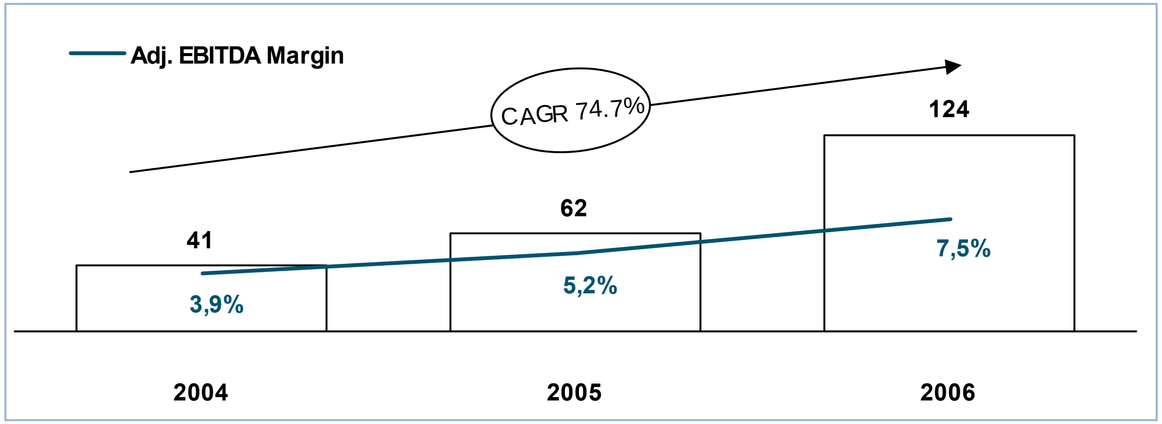
2. Trade & Installers

Key Financials

Sales 2004-2006 (€m)



Adjusted EBITDA[2] 2004-2006 (€m)



STRATEGIC GUIDELINES

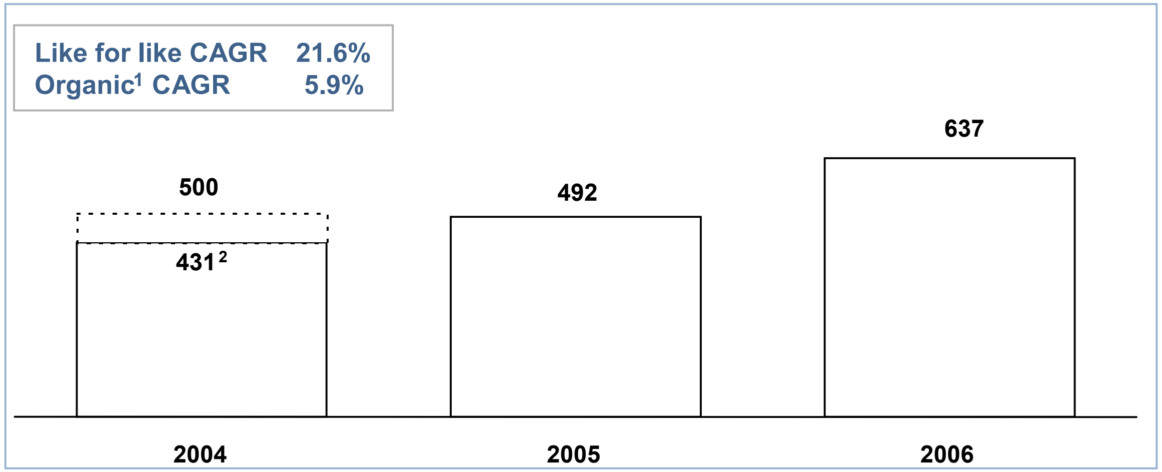
- **Continuously redefine product portfolio focusing on profitability:**
  - Growth of high-end products (Fire Performance, LSOH)
- **Growth in more profitable countries**
- **Enhancement of channel mix**
- **Tight working capital management**
- **Continuously improve service level**
- **Exploit changes in regulatory regime**

[1] Organic growth calculated as like for like growth excluding metal and forex effect
[2] EBITDA adjusted excluding non-recurring items

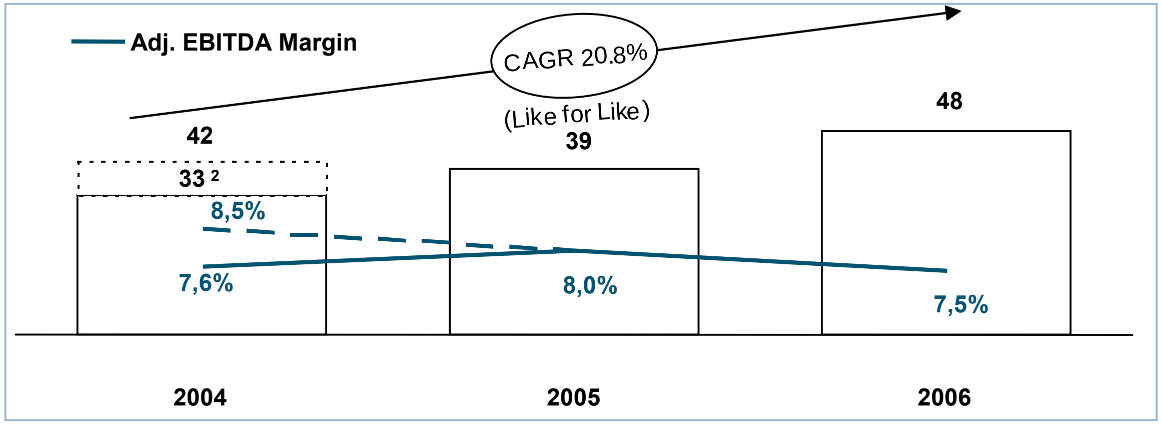
3. Industrial

Key Financials

Sales 2004-2006 (€m)



Adjusted EBITDA[3] 2004-2006 (€m)



STRATEGIC GUIDELINES

- **Growth in high margin segments:**
  - OGP, Crane, Mining, Marine, Rail & Rolling Stock
- **Exploit profitable niches** (e.g. Renewable energies)
- **Expand presence in North America and China**
- **Select opportunities in Automotive**

[1] Organic growth calculated as like for like growth excluding metal and forex effect
[2] Sales net of €69m and Adj. EBITDA net of €9m, attributable to Enamelled business, disposed in September 2004.
[3] EBITDA adjusted excluding non-recurring items.

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- Company Overview
- **Business Overview**
  - Energy Cables
  - **Telecom Cables and Fibres**
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Overview of Telecom Business Lines

Business area	Business Line		Level of Technology	Product Standardisation	Industry Trends
Optical	Optical	Optical cables	High	Medium	• Development of fibre-optic cable infrastructures and major broadband investment programs of FTTx systems
		Optical Fibre	Very High	High	
Copper	Communication Copper Cables	xDSL	High	Medium	• Market demand driven by national incumbent operators • Network expansion in the emerging countries • Technology diffusion and xDSL connections
		Standard multi-pair cable	Low	High	

Telecom Business Line – Key Financials (€m)

	2004	2005	2006
Sales	464[1]	426	537
Adj. EBITDA[2]	17	19	39
Adj. EBITDA Margin	3.6%	4.4%	7.3%

[1] Sales equal to €401m net of €63m sales attributable to Pirelli Broadband Solution business, demerged in January 2005.
[2] EBITDA adjusted excluding non-recurring items.

PRYSMIAN
CABLES & SYSTEMS

Telecom Cables and Fibre

Summary Strategic Highlights

- **Beat the trend in the optical market**
  - Further growth in market share globally
  - Targeting growth in rapidly evolving “last mile” sector. Launch of FTTx system solutions
  - Increased focus on project opportunities via system integrators
  - Maximize utilization of lower cost production facilities
- **Selectively strengthen our market position for copper cables**
  - Maintain current strong position with key incumbent operators
  - Optimize the logistic capability in order to maximize levels of supply from lower cost sources of production
  - Continue the development of high performance xDSL cables

- **Exploit high growth potential of fibre market**
- **Keep leveraging on vertical integration on optical cables as a competitive advantage**
- **Prysmian positioned strategically with key customers**

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Continuous Organic Growth and Strong Operating Leverage

Prysmian Profit and Loss Statement (Euro Millions)

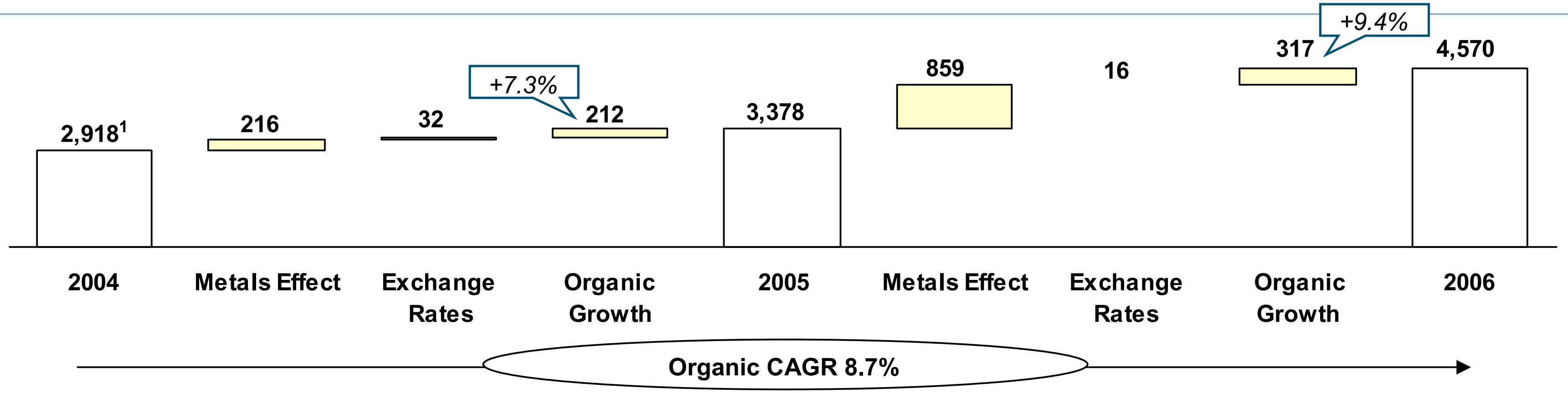
	2004	2005	2006	CAGR 04-06
Sales	**3,407**	**3,742**	**5,007**	
YoY total growth		*9.9%*	*33.8%*	*21.2%*
YoY like for like growth		*14.3%*	*33.8%*	*23.6%*
YoY organic growth		*6.3%*	*9.3%*	*8.1%*
Contribution Margin [1]	**625**	**671**	**827**	**15.0%**
% on sales	*18.3%*	*17.9%*	*16.5%*	
EBITDA	**208**	**219**	**371**	**33.6%**
% on sales	*6.1%*	*5.9%*	*7.4%*	
Non recurring items	*<1*	*46*	*36*	
Adjusted EBITDA	***208***	***265***	***407***	**39.9%**
% on sales	*6.1%*	*7.1%*	*8.1%*	
% on contribution margin	*33.3%*	*39.4%*	*49.2%*	
EBIT	**107**	**117**	**258**	**55.3%**
% on sales	*3.2%*	*3.1%*	*5.2%*	
Non recurring items	*<1*	*54*	*72*	
Adjusted EBIT	***108***	***171***	***330***	**74.8%**
% on sales	*3.2%*	*4.6%*	*6.6%*	
Financial charges	(37)	(70)	(110)	
EBT	**71**	**47**	**147**	
% on sales	*2.1%*	*1.3%*	*2.9%*	
Taxes	(13)	(45)	(56)	
% on EBT	*18.6%*	*94.5%*	*38.2%*	
Net income	**58**	**3**	**91**	
Net income attributable to the Group	*56*	*1*	*89*	

[1] Defined as: Adjusted EBITDA + Fixed costs.

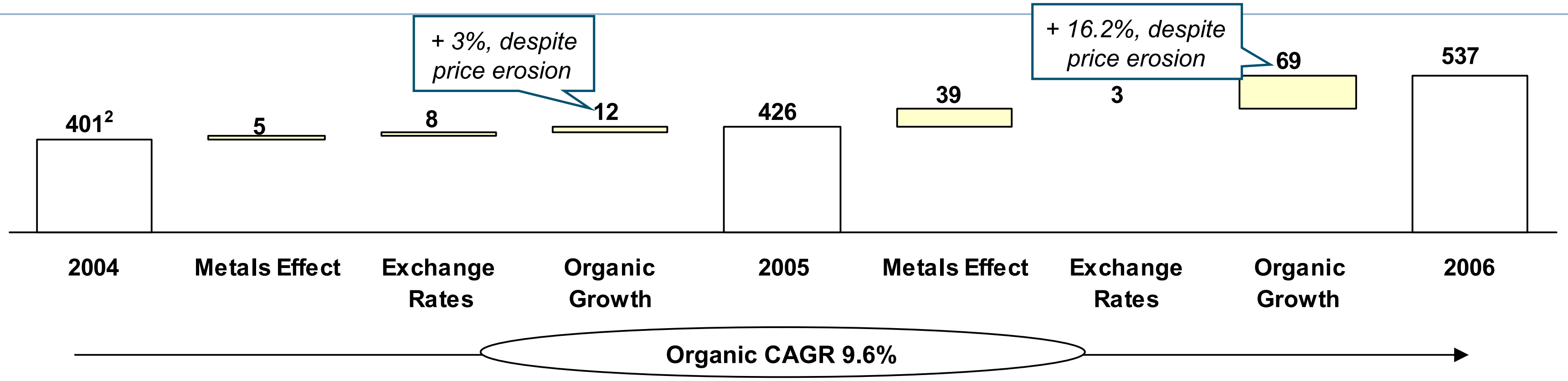
Sales Drivers

Euro Millions

Energy Cables & Systems Division



Telecom Cables & Systems Division



[1] Net of €69m related to the Enamelled business.
[2] Net of €63m related to the Pirelli Broadband Solutions.

PRYSMIAN
CABLES & SYSTEMS

Best-in-Class Capital Efficiency

Prysmian Balance Sheet (Euro Millions)

	2004	2005	2006
Net fixed assets	858	923	875
Net working capital	127	490	442
NWC as % on sales	*3.7%*	*13.1%*	*8.8%*
Provisions	(43)	(183)	(140)
Net Capital Employed	**941**	**1,230**	**1,177**
Employee provisions	224	132	128
Shareholders' equity	232	205	170
of which attributable to minority interest	*23*	*22*	*19*
Net financial position [1]	485	892	879
Total Financing and Equity	**941**	**1,230**	**1,177**
ROCE [2]	***11.4%***	***13.9%***	***28.0%***

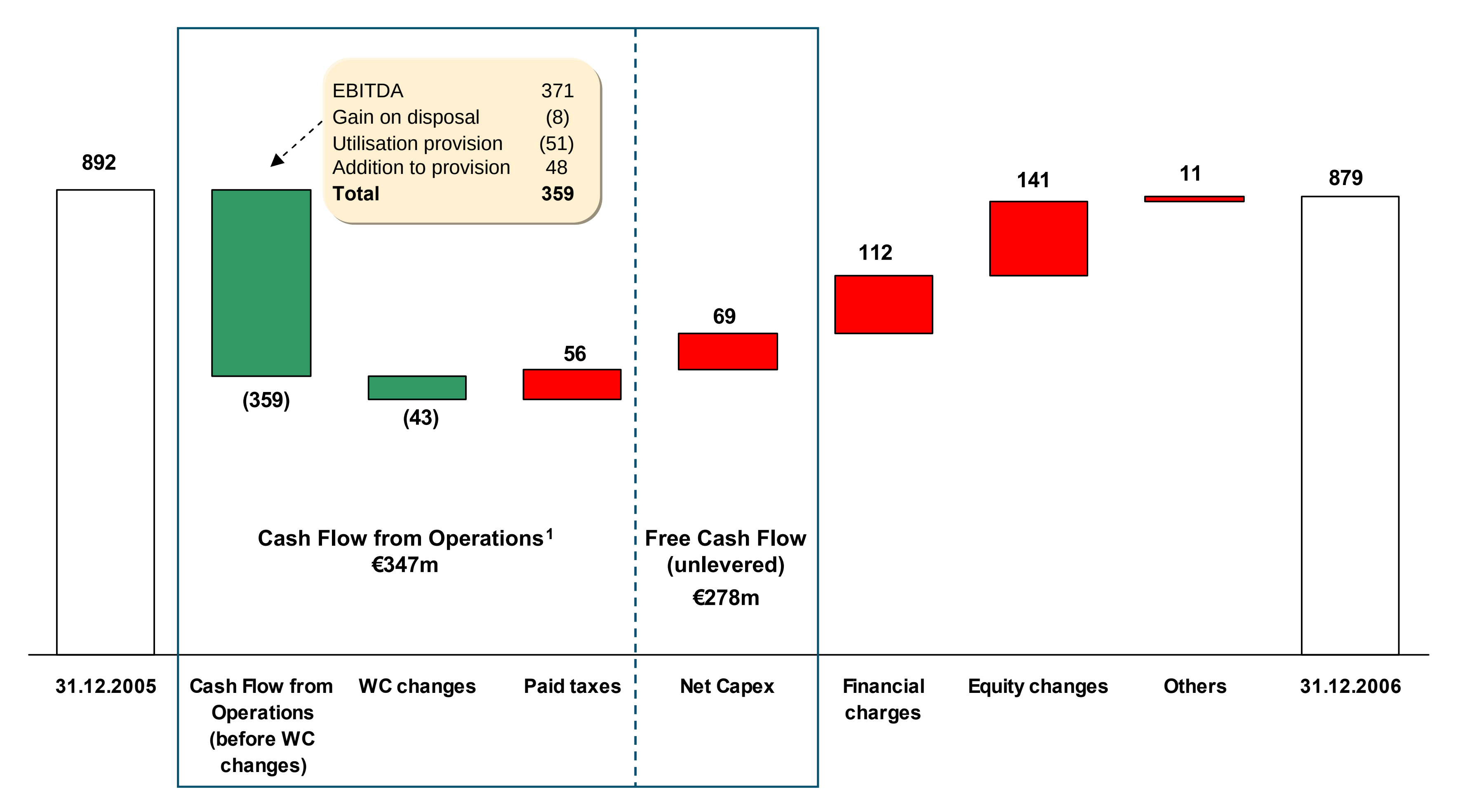
[1] Net of non amortized bank fees (€59m in 2005 and €63m in 2006).
[2] Calculated as Adj. EBIT/ (Shareholders' Equity + Net Debt + Unfunded Portion of Pension Liabilities).

PRYSMIAN CABLES & SYSTEMS

Strong Cash Generation

Euro Millions

Net Financial Position



[1] Includes €16m related to non recurring cash out.

Q1 2007 Profit and Loss Statement

Euro Millions

	Q1 2006	Q1 2007	FY 2006
Sales	**1,107**	**1,205**	**5,007**
YoY total growth		*8.9%*	*33.8%*
YoY like for like growth[1]		*17.3%*	*33.8%*
YoY organic growth		*8.7%*	*9.3%*
Contribution Margin[2]	**180**	**222**	**827**
% on sales	*16.3%*	*18.4%*	*16.5%*
EBITDA	**78**	**152**	**371**
% on sales	*7.1%*	*12.6%*	*7.4%*
Non recurring items[3]	*2*	*(36)*	*36*
Adjusted EBITDA	***80***	***116***	***407***
% on sales	*7.2%*	*9.6%*	*8.1%*
EBIT	**52**	**135**	**258**
% on sales	*4.7%*	*11.2%*	*5.2%*
Non recurring items	*7*	*(36)*	*72*
Adjusted EBIT	***59***	***99***	***330***
% on sales	*5.3%*	*8.2%*	*6.6%*
Financial charges[4]	(14)	(64)	(110)
EBT	**38**	**71**	**147**
% on sales	*3.4%*	*5.9%*	*2.9%*
Taxes	(16)	(19)	(56)
% on EBT	*42.3%*	*26.7%*	*38.2%*
Net income	**22**	**52**	**91**
Net income attributable to the Group	*22*	*49*	*89*

[1] Adjusted for closing of ROD UK business in December 2006 (€80m of sales in Q12006)
[2] Defined as: Adjusted EBITDA + Fixed costs
[3] Including €39m profit from Purchase Price Adjustment with Pirelli
[4] Including in Q1 2007 Bank Fees write-off equal to €59m

PRYSMIAN CABLES & SYSTEMS

Q1 2007 Cash Flow

Euro Millions

	Q1 2006	Q1 2007	FY 2006
EBITDA	**78**	**152**	**371**
Price adjustment	-	(40)	-
Gain/losses on disposal	(0)	(1)	(8)
Net Change in provisions	(3)	(2)	(3)
Cash flows from operations (before WC changes)	**75**	**109**	**359**
Working Capital changes	(86)	(64)	43
Paid Income Taxes	(11)	(16)	(56)
Cash Flow from operations	**(22)**	**29**	**347**
Price adjustment	-	40	-
Net CAPEX[1]	(8)	(10)	(69)
Free Cash Flow (unlevered)	**(30)**	**59**	**278**
Financial charges	(14)	(22)	(112)
Free Cash Flow (levered)	**(44)**	**37**	**166**
Equity changes	-	-	(141)
Net Cash Flow	**(44)**	**37**	**25**
Net Financial Position at the beginning of the period	**(892)**	**(879)**	**(892)**
Net Cash Flow	(44)	37	25
Other variations[2]	8	(57)	(11)
Net Financial Position at the end of the period	**(928)**	**(899)**	**(879)**

[1] Not including movements of the item "Securities held for trading" (included in Net Financial Position)
[2] Including of €59m due to bank fees write-off in Q107

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Outlook 2007

- Positive market outlook expected to continue (despite potential slow-down in housing demand)
- Organic sales growth to maintain momentum
  - Expected increase in Utilities high value added segments in H207
  - Maintain positive trends in Industrial and Telecom Optical cables
- Historic FY improvement trend in EBITDA margin expected to continue in 2007
- Operating cash flow generation expected to confirm the positive trend

Continue to focus on profitability to create value for our shareholders

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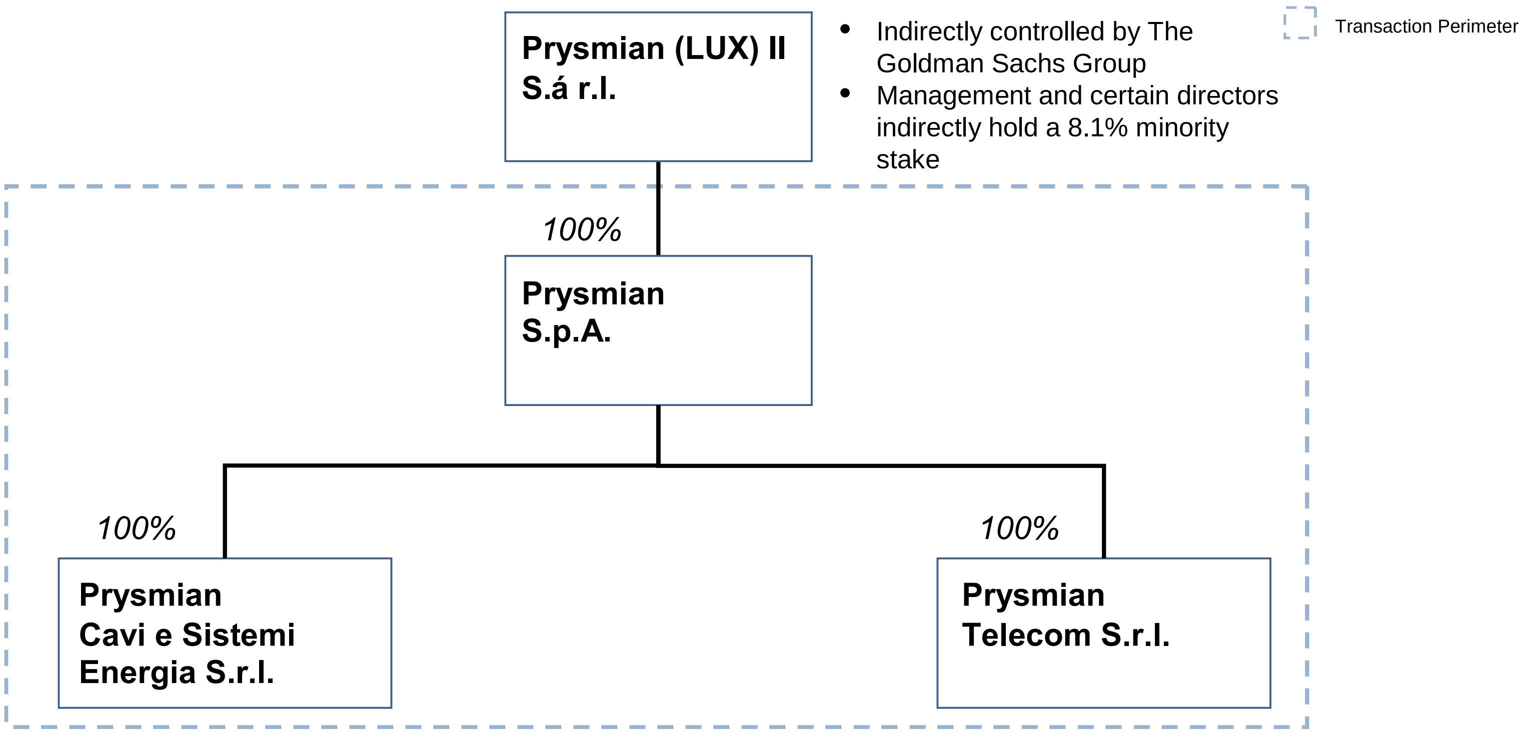
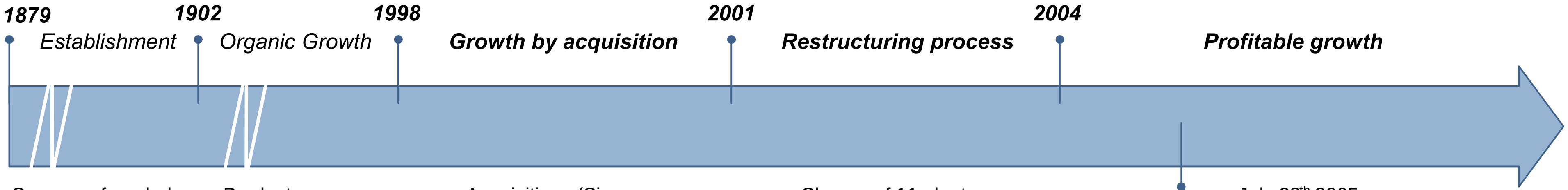
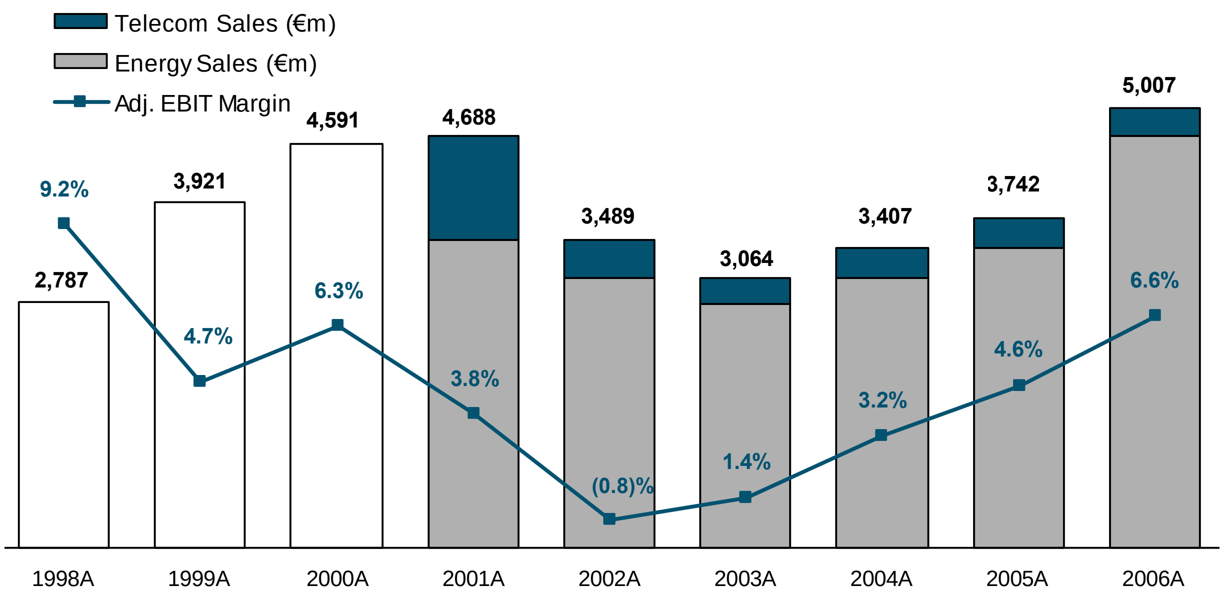
Prysmian Group Structure



Prysmian Key Milestones



1879 – Establishment	1902 – Organic Growth	1998 – Growth by acquisition	2001 – Restructuring process	2004 – Profitable growth
Company founded as "Pirelli Cavi" Establishment of first operations in Italy	Product range enlargement Internationalisation	Acquisitions (Siemens, NKF, MM, BICC)	Closure of 11 plants Disposal of enamelled and transposed wires activities	July 28th 2005: Goldman Sachs acquisition and birth of Prysmian Group



Source: 1998-2003 Pirelli Group Annual Reports, data reported under Italian GAAP; 2004-2006 Prysmian accounts, data reported under IFRS.
Note: Sales and EBIT margins are not reported at constant perimeter.

Prysmian Divisions and Business Areas

Euro Millions, 2006

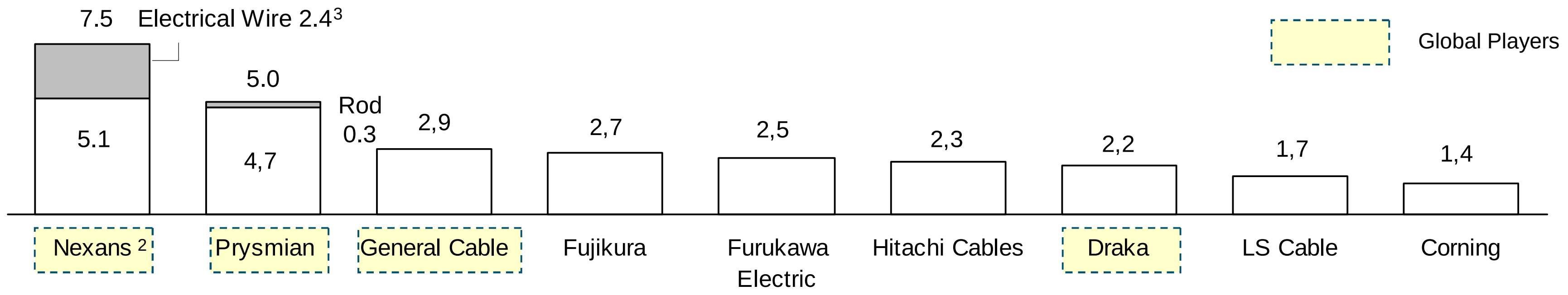
Division	Business area	Business line		Sales	Adj. EBITDA[1]	Adj. EBITDA %
Energy Cables & Systems	Utilities	• Power Distribution • High Voltage & Extra High Voltage	Cables for **power transmission** and **distribution** networks	1,863	202	10.8%
		• Submarine	**Power submarine** cables			
		• Network Components	**Components** for **power distribution and transmission** networks			
	Trade & Installers	• Trade & Installers	Cables for **construction projects** and **civil engineering, building wires**	1,650	124	7.5%
	Industrial	• Industrial	Special application cables for **OEMs** and **industrial contractors** (e.g. OGP, transportation, crane, mining, marine, etc.)	637	48	7.5%
Telecom Cables & Systems	Telecom	• Optical Cables & Fibre • Copper Cables	Cables and components for **Telecom networks**	537	39	7.3%
	Prysmian[2]			**5,007**	**407**	**8.1%**

[1] EBITDA adjusted excluding non-recurring items.

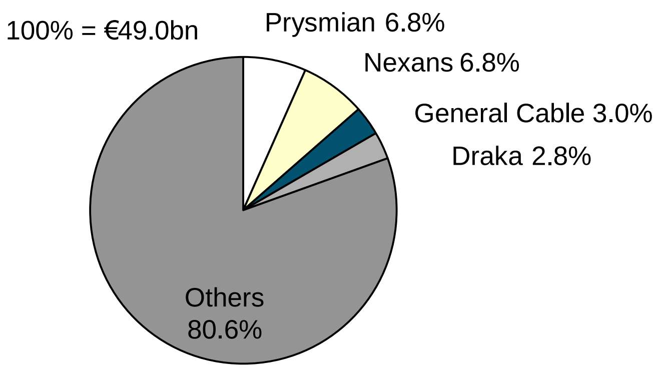
[2] Including Other (mainly Wire Rod business, €321m of sales, closed at the end of 2006), fixed corporate costs and net of intereliminations.

A Leading Player in the Cables Industry

Main Players in the Cables Industry – LTM Sales (€bn)[1]

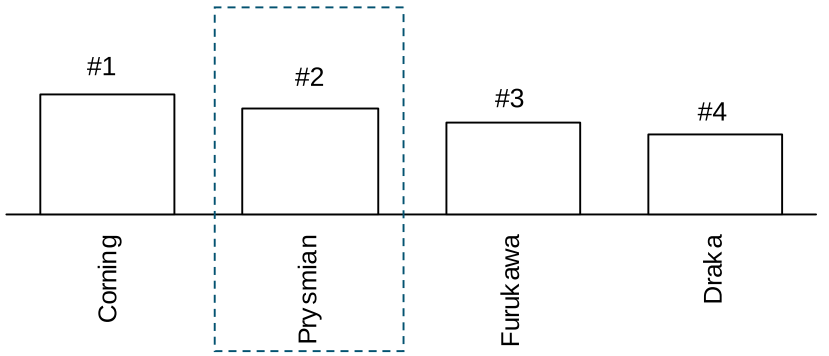


Co-leader in the Energy Cables Reference Market (2005)



Source: Value Partners analysis based on CRU data, October 2006.

Number 2 Producer in the Optical Cables Market (2005)



Source: Value Partners analysis based on KMI data, April 2006.

[1] Sumitomo and Southwire, important players in the industry, do not disclose cable-related sales. Sources: Cable-related sales estimates based on publicly available companies' filings. Nexans, Prysmian and General Cable as at December 2006; Fujikura, considering only Telecom & Metal Cables and Systems segments, expected at December 2006 as per company guidance; Furukawa, considering only Telecommunications and Energy & Industrial Products segments, as at March 2006; Hitachi Cables, considering only Wires & Information and Telecommunications Networking segments, as at December 2006; Draka as at June 2006; LS Cable, considering only Cable and Components segments, as at December 2005; Corning, considering only Telecommunications segment, as at December 2006. Rates used to convert currencies to Euro: Yen/€ = 0.00693748; Krw/€ = 0.0008367; USD/€ = 0.803.

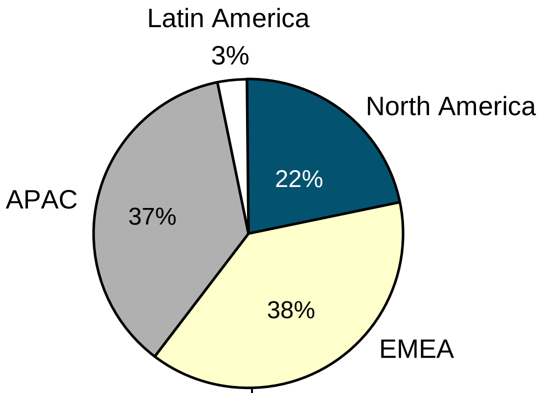
[2] Net Sales as reported.

[3] Net of intereliminations.

The Global Cables Reference Market

World-Wide Cable Reference Market Size, 2005

100% = €58bn



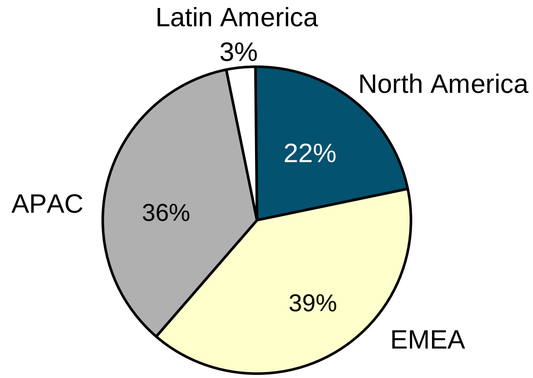
Energy Cables Reference Market
≅€49bn

- Trade and Installers
- Utilities
- Industrial

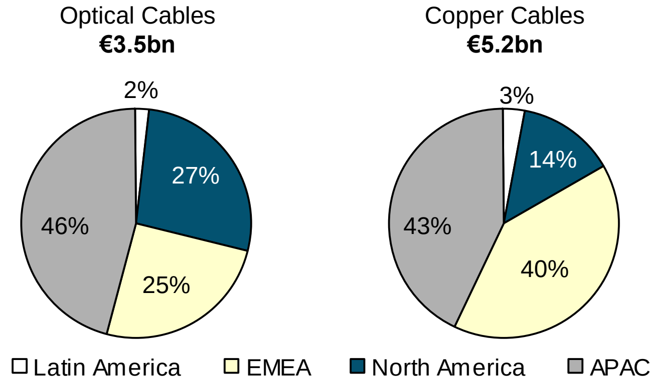
Telecom Cables Reference Market
≅€9bn

- Fibre Optical Cables
- Copper Cables

Energy Cables Reference Market (~€49bn)



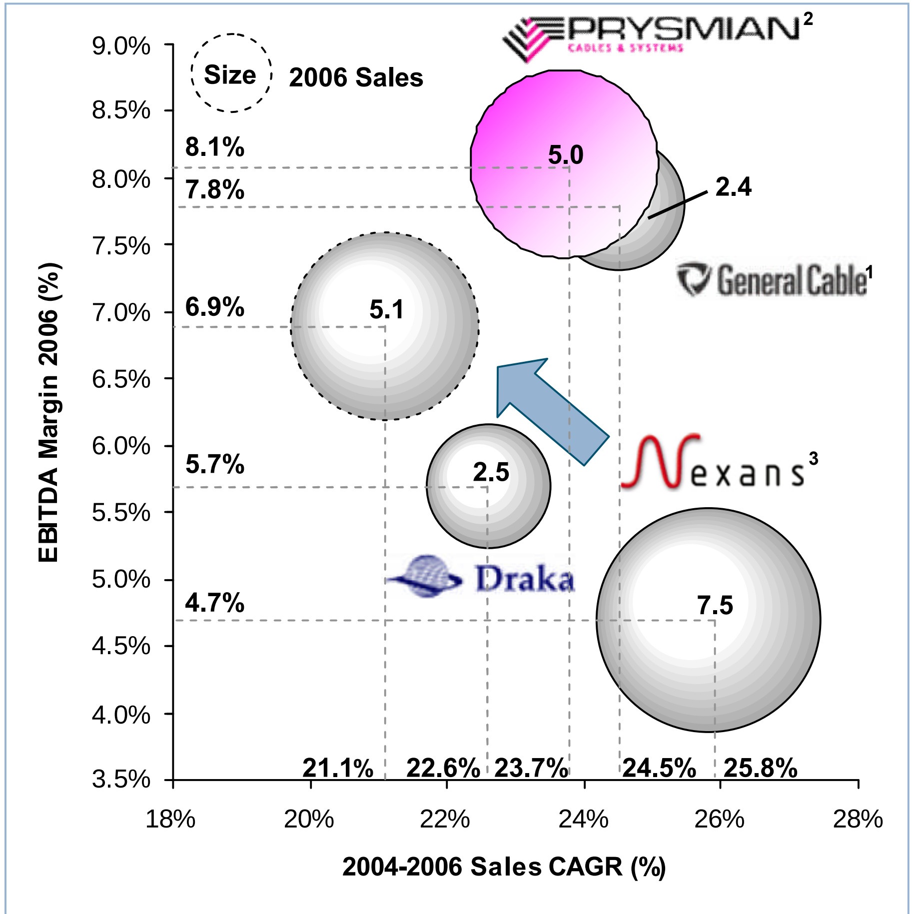
Telecom Cables Reference Market (~€9bn)



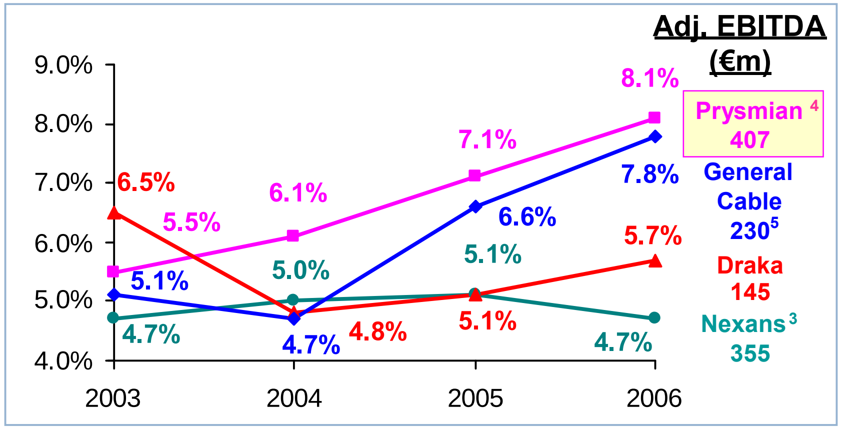
Source: Value Partners analysis based on CRU data, October 2006. Prysmian reference markets are obtained by excluding from the global cable market the segments where the company does not compete (winding wire for the energy sector and internal telecom data and copper LAN cables for the telecom sector). Energy = Low Voltage and Power Cable; TLC = External Copper Tlc Cable, Singlemode Fibre Optic, Multimode Fibre Optic.

Best in Class Financial Performance

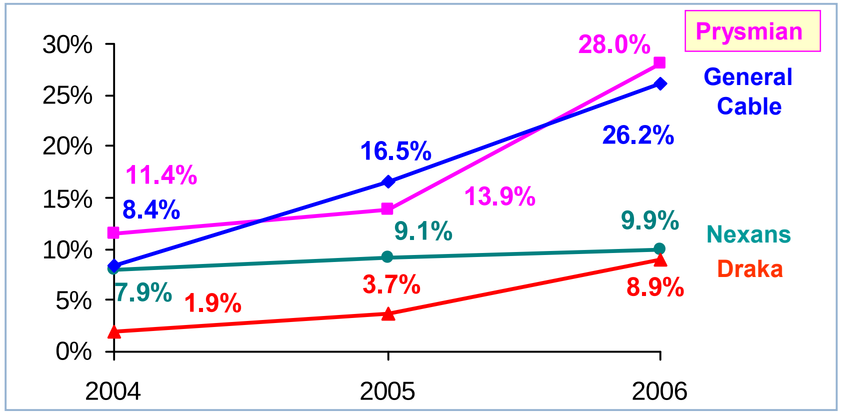
Sales Growth and Adj. EBITDA Margin (€bn)



Adj. EBITDA Margin Evolution



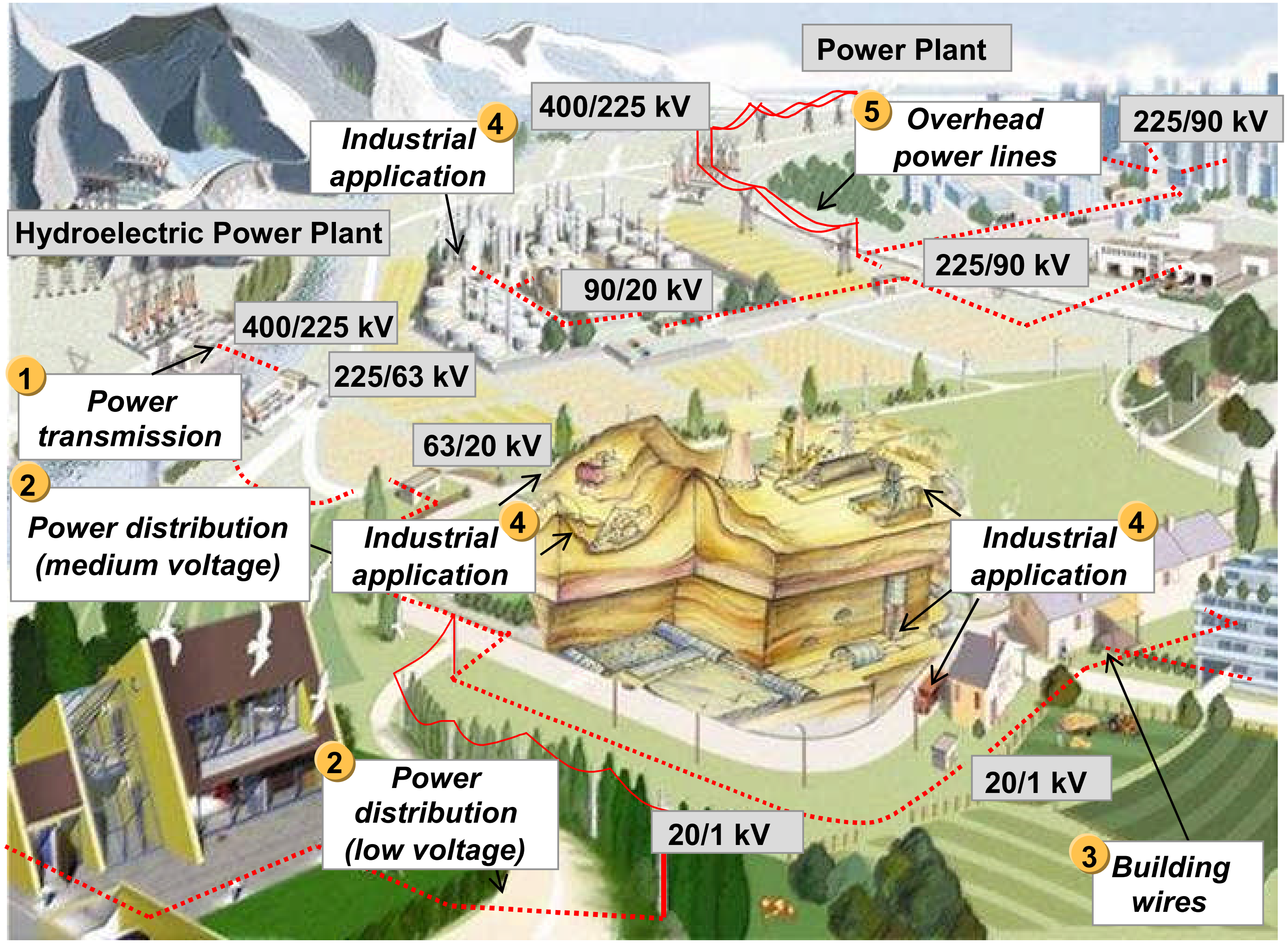
ROCE[6]



Source: Publicly available information from companies' filings, except where stated.
Note: Not all companies calculate Adj. EBITDA identically, therefore data may not be comparable.
1 Excluding the contribution of Silec and other assets acquired over the period. USD/€ = 0.803.
2 Excluding the impact of Enamelled and Pirelli Broadband Solutions businesses, disposed in September 2004 and demerged in January 2005, respectively.
3 For the sake of consistency, Nexans margins calculated at current metal prices. The ball in dotted line represents Nexans excluding the Electrical Wires segment, net of intereliminations.
4 2003 figures from Pirelli Group Annual Report.
5 USD/€ = 0.803.
6 Calculated as Adj. EBIT/(Shareholder's Equity + Net Debt + Unfunded Portfolio of Pension Liabilities).

Appendix - Energy

Energy Cables Main Applications



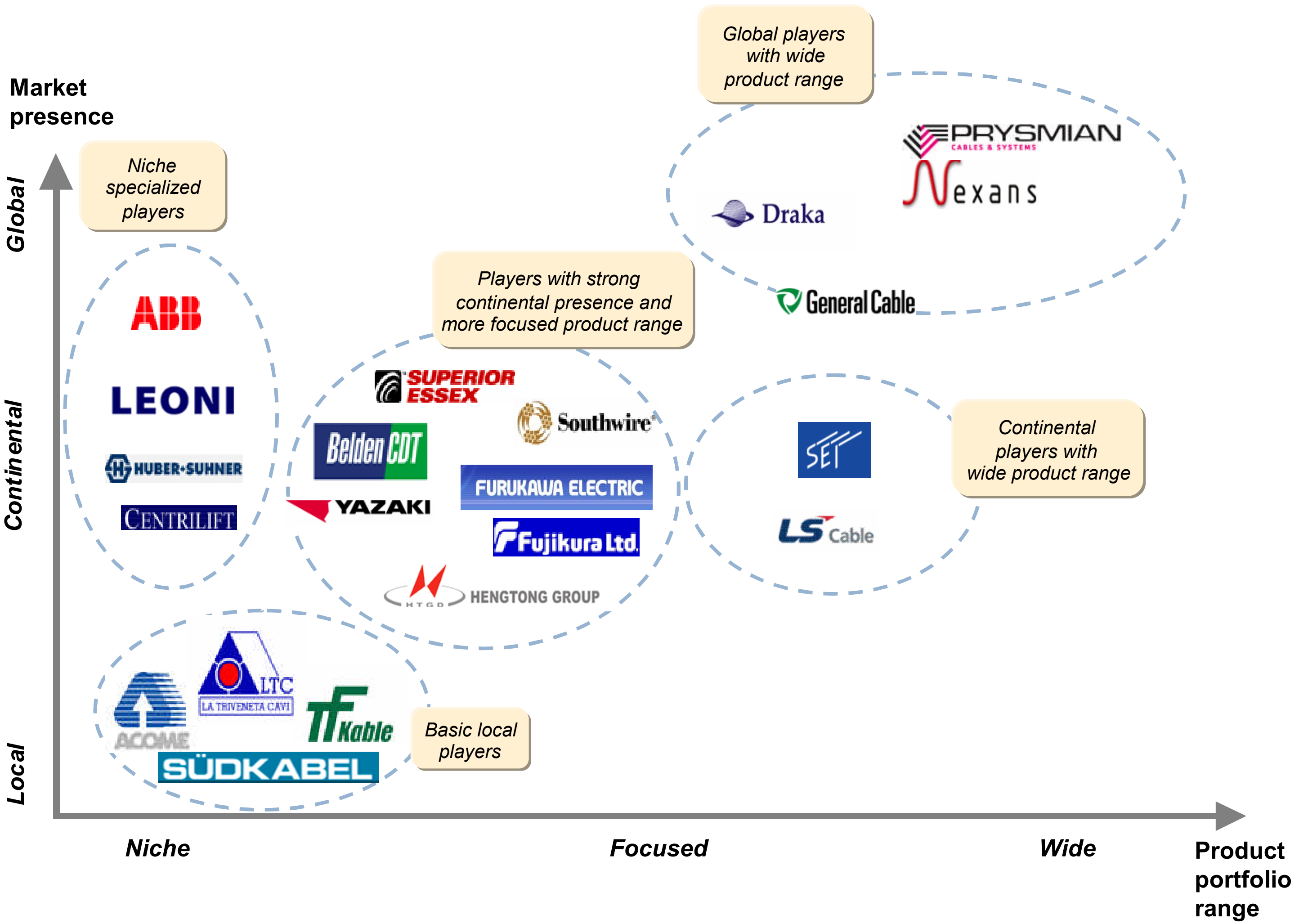
The Energy Cables are used for the **transmission** (1) and **distribution** (2) **of electrical power** through the utility companies' networks for carrying it **within buildings** (3) and for **usage in industrial applications** (4)

Overhead non insulated **power lines**[1] (5) and **enamelled wires**[2] are **not part of Prysmian portfolio**

[1] Except for Optical Ground Wires (OPGW) and Optical Phase Conductor (OPPC) that are considered Telecommunication cables.
[2] Magnet wires for electrical engines winding, continuous transposed cables (CTC) and rectangular insulated conductors for power generators and transformers.

Major Players Within the Energy Industry

2005

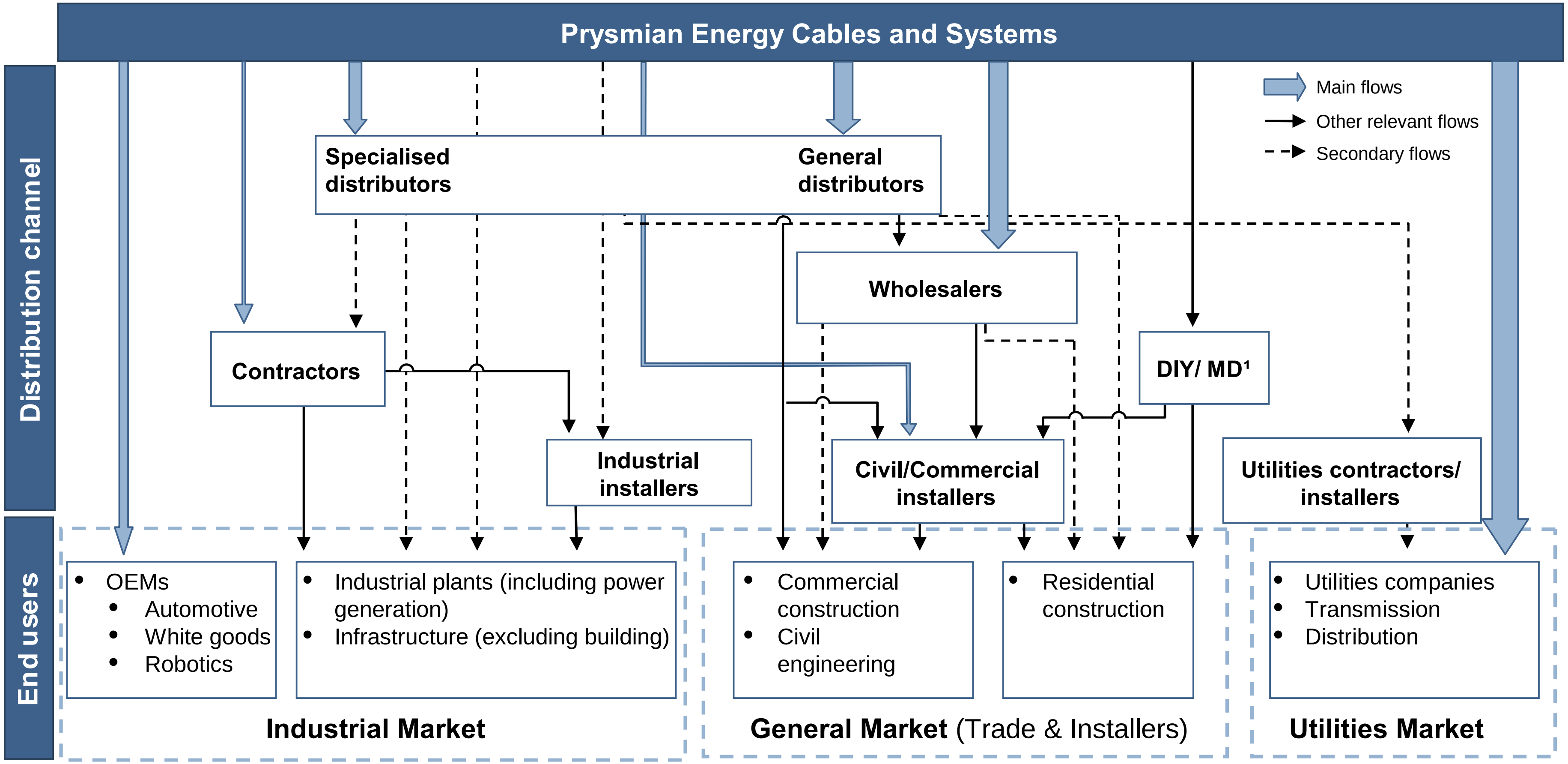


Global players MS %

- Prysmian 6.8%
- Nexans 6.8%
- General Cable 3.0%
- Draka 2.8%

Source: Value Partners analysis based on CRU data, October 2006.

Customer Differentiation and Distribution Channels



Market Approach

- Integrated solutions
- Tendering and contract management
- Technical support

- Commercial/ Trade Marketing approach

- Key Account Management
- Partnership

[1] Do It Yourself chains / Modern Distribution.

Metal Price Impact on Profitability

High
Low

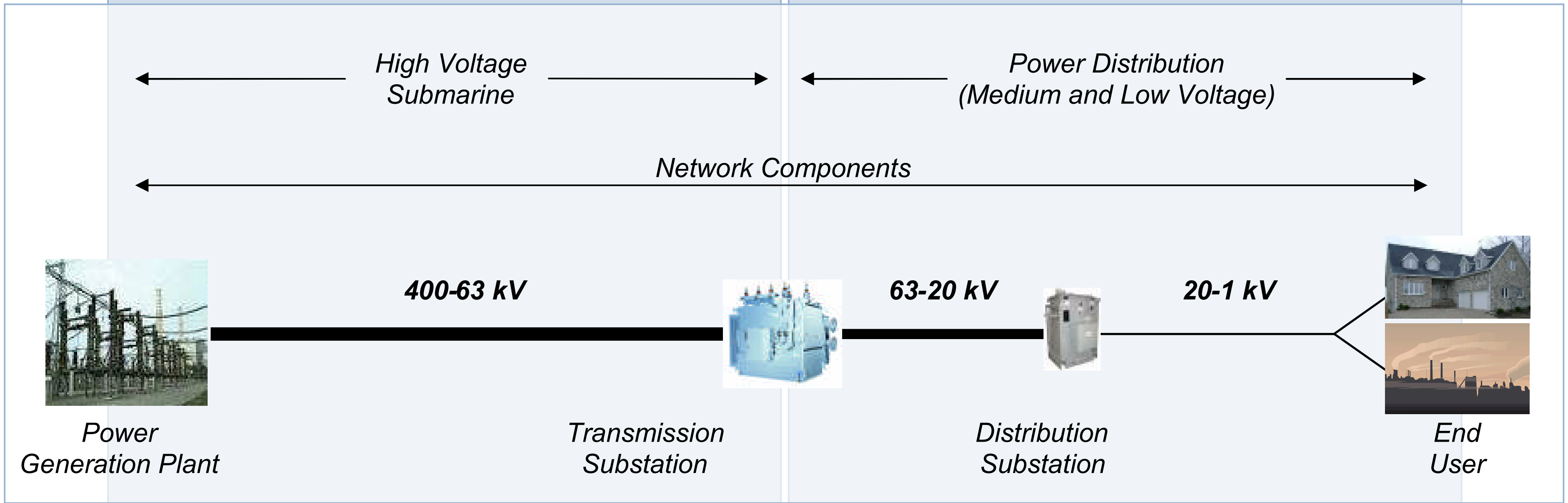
Supply Contract	Main Application	Metal Influence on Cable Price	Impact	Metal Fluctuation Management	Impact
• **Predetermined** delivery **date**	• Projects • Cables for industrial applications	• **Technology and design** content are the **main elements** of the “solution” offered • Pricing little affected by metals		• **Pricing locked-in** at order intake • Profitability protection through **systematic hedging** (long order-to-delivery cycle)	
• **Frame contracts**	• Cables for energy utilities (e.g. power distribution cables)	• Pricing defined as **hollow**, thus mechanical **price adjustment through formulas** linked to metal publicly available quotation		• **Price adjusted through formulas** linked to metal publicly available quotation (average last month, …) • Profitability protection through **systematic hedging** (short order-to-delivery cycle)	
• **Spot orders**	• Cables for construction/ civil engineering	• **Standard products**, high copper content, limited value added		• Pricing managed through **price lists**, thus leading to **some delay** • **Competitive pressure** may **impact** on **delay** of price adjustment • **Hedging** based **on forecasted volumes** rather than orders	

- ***Metal price fluctuations** are normally **passed through** to **customers** through supply contracts*
- ***Hedging strategy** is performed in order **to systematically minimize** profitability **risks***

PRYSMIAN
CABLES & SYSTEMS

Utilities – Business Description

Transmission	Distribution



Transmission

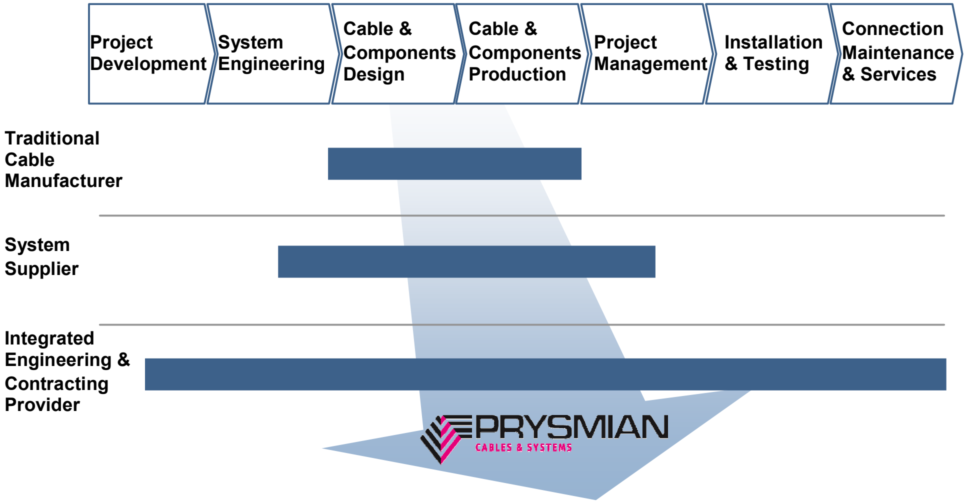
- Power transmission between generation plants and primary distribution network
- Systems (cables, accessories and installation) covering all types of underground terrestrial and submarine power transmission technology
- High predictability and visibility. Global business, large long-term projects.

Distribution

- Power distribution between primary distribution network and civil/industrial facilities (medium voltage cables)
- Power distribution to residential and non residential constructions (low voltage cables)
- Medium and low voltage accessories used either to join cables together or connect cables to various types of end terminations
- Mainly local business, frame contracts

Utilities – Focus on Transmission Opportunities

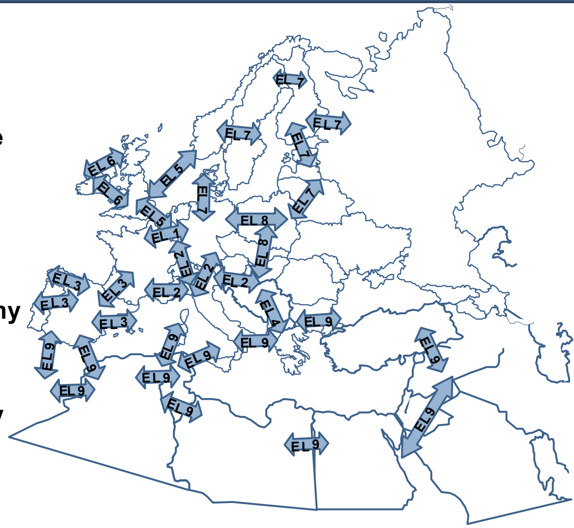
1. Expansion Across the Value Chain



2. The Interconnections Opportunity

The EU identified **priority axes of development for the European network interconnections** (Decision n. 1364/2006/CE)

In the next years **many interconnection projects will take place on the priority axes**



3. A leader in Submarine Projects

- More than 30 projects completed in the last five years
- Italy-Greece: deepest ever submarine connection
- Tasmania-Victoria: longest ever submarine connection
- A part of some of the most important projects worldwide (Neptune, Sa.Pe.i, GCC, Sa.Pe.i I)
- Prysmian owns the Giulio Verne, one of the few ships able to lay high capacity submarine cables

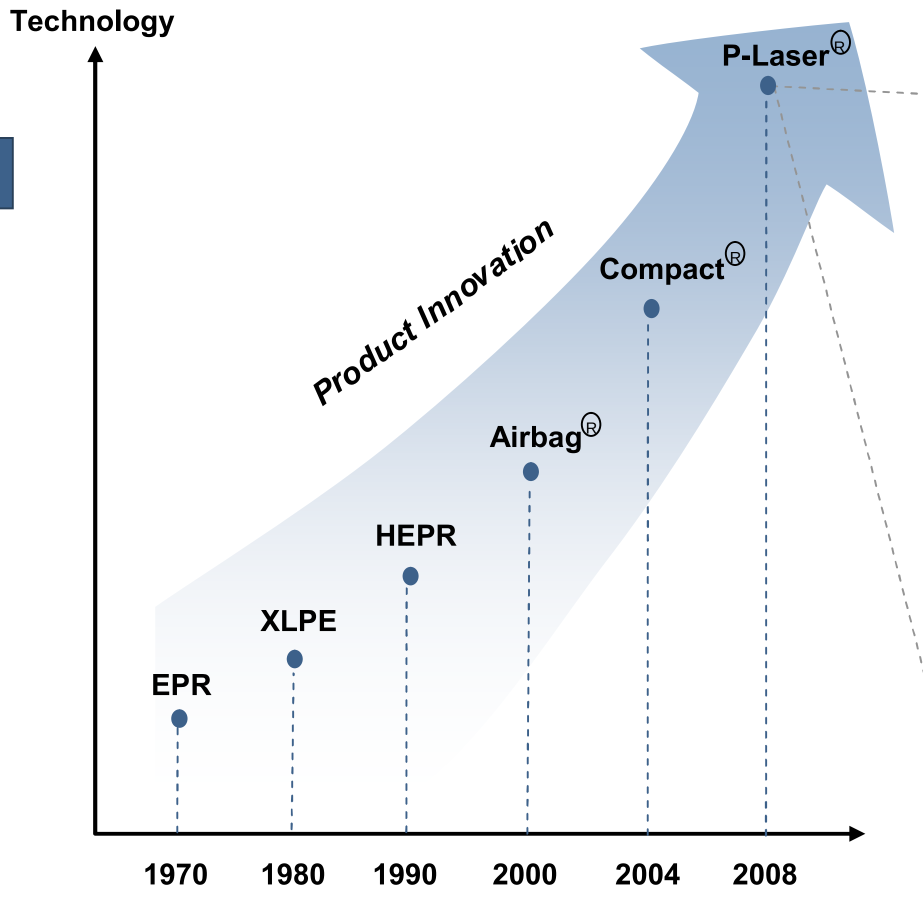
• *Length overall*	*133.18 m*
• *Moulded breadth*	*30.48 m*
• *Gross tonnage*	*10,617 tons*
• *Max speed*	*10 knots*
• *Bollard pull*	*100 tons*

Prysmian is uniquely positioned to catch the utility market opportunities across the value chain thanks to its ability to provide tailored solutions to its customer under all conditions

Power Distribution: Focus on Product Development

Market features

- Moderate increase in demand
- Product standardization
- Technology longevity



Value proposition

- Extended Temperature Range
- Environmental Care
- Compatibility with existing network components
- Composite architecture

Production Process Effectiveness

- One-step process
- Modular & Integrated
- Factory lead-time

Network Components

Business description

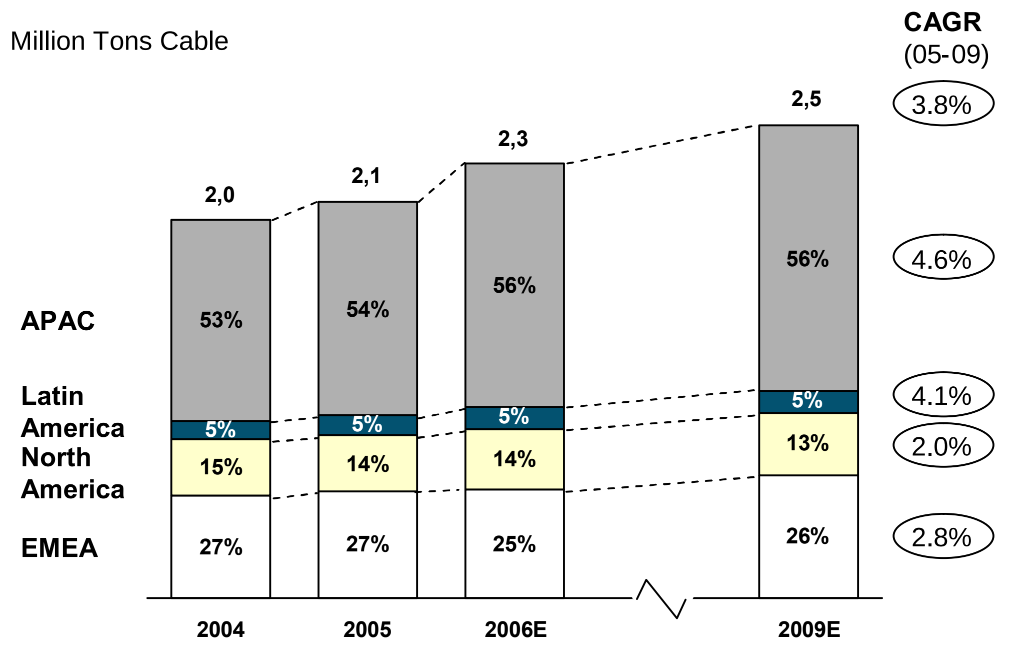
Power Generation Plant — ***400-63 kV*** — *Transmission Substation* — ***63-20 kV*** — *Distribution Substation* — ***20-1 kV*** — *End User*

(Industrial and construction application)

- High, medium and low voltage accessories used either to joint cables together or to connect cables to various types of end terminations
- Wide product diversification both in terms of application and voltage
- Technological content and customization

Utilities – Growth Expected at Worldwide Level

Steady Market Growth Expected…



Source: Value Partners analysis based on CRU data, October 2006.

Utilities Business Area – Key Financials (€m)

	2004	2005	2006
Sales	1,203	1,450	1,863
Adj. EBITDA	108	143	202
Adj. EBITDA Margin	8.9%	9.9%	10.8%

…Prysmian Perfectly Positioned: Backlog Overview

High Voltage

Under development in the next 2 years

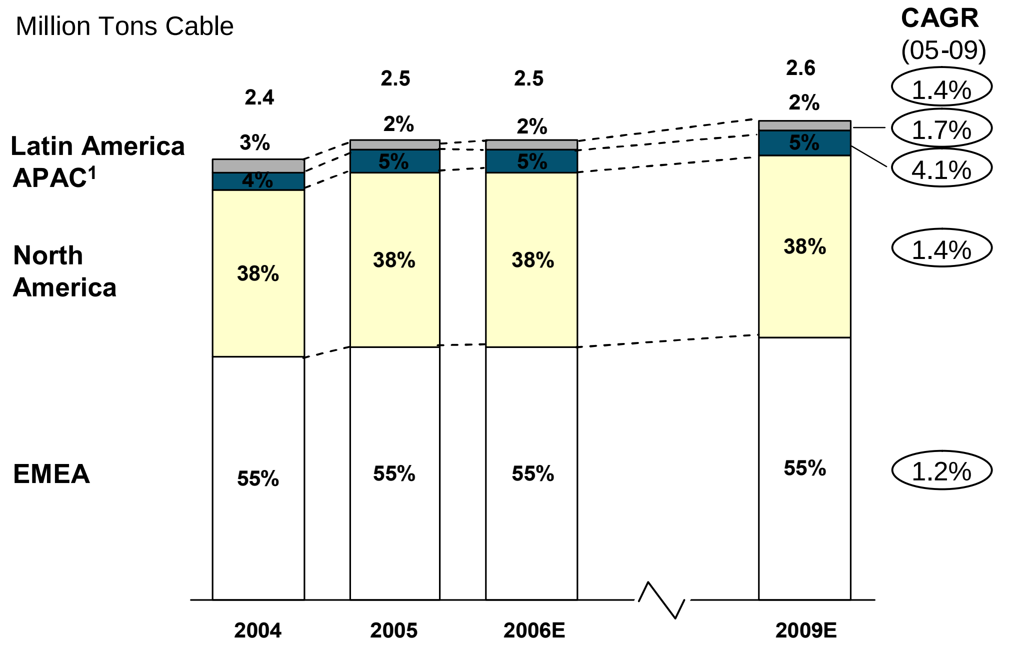
- Turkey
- UK
- Abu Dhabi
- Qatar
- USA
- Tunisia
- Russia
- Spain

Submarine

Key Projects	Customer	Period	
Sa.Pe.I	Terna	2006-10	€418m
Neptune	Neptune RTS	2005-07	€159m
GCC Saudi – Bahrain	Gulf Cooperation Council Interconnection Authority	2006-10	€132m
Angel development	Woodside		
Rathlin Island	Northern Ireland Electricity		
Ras Gas	J. Ray Mc Dermott		
Qatar Gas 2	NPCC Mepi		

Trade & Installers: Shift Towards High-End Products

Market Trend

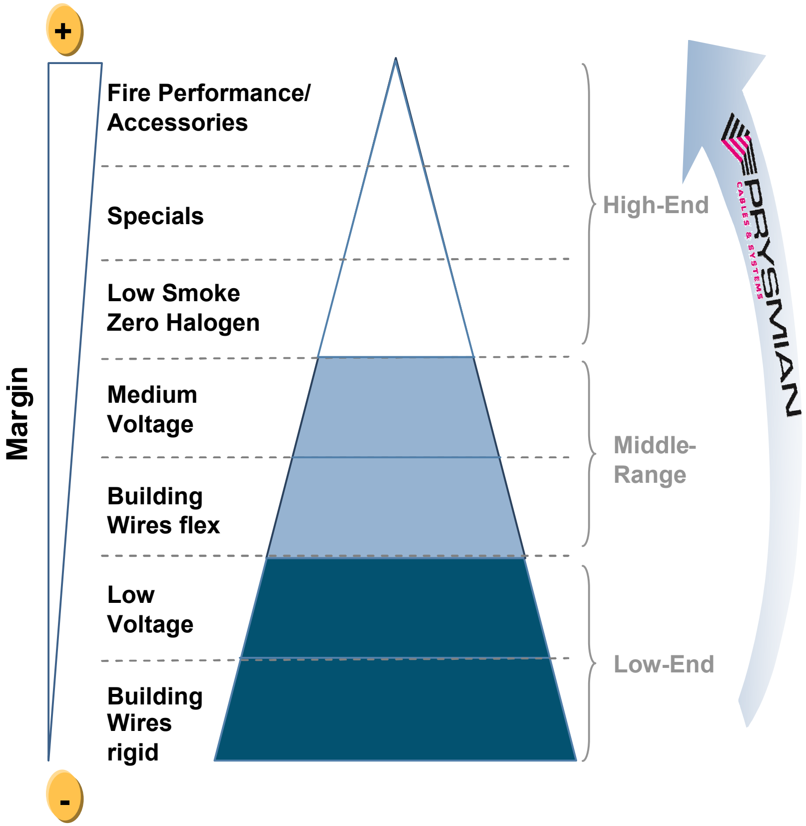


Source: Value Partners analysis based on CRU data, October 2006. [1] Australia only.

Trade & Installers Business Area – Key Financials (€m)

	2004	2005	2006
Sales	1,033	1,190	1,650
Adj. EBITDA	41	62	124
Adj. EBITDA Margin	3.9%	5.2%	7.5%

Product Overview

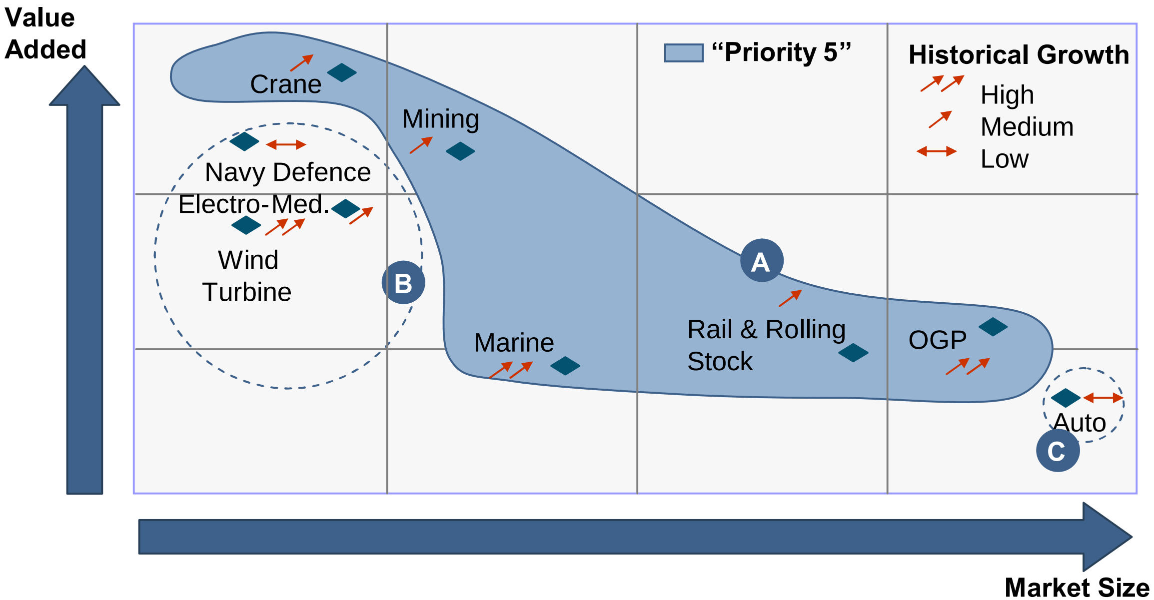


Industrial – Priority 5 Products Driving Prysmian's Strategy

Products 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)
  - **Transportation**
    Products for trains, ships, automobiles
  - **Infrastructure**
    Products for port, railway, and airport
  - **Mining**
    Products for harsh environment application
  - **Renewable Energy**
    Products for wind and solar energy generation
  - **Other niches:**
    Defence (cables for military applications), nuclear, electromedical, ...

Strategic Highlights



Industrial Business Area – Key Financials (€m)

	2004	2005	2006
Sales	500[1]	492	637
Adj. EBITDA	42	39	48
Adj. EBITDA Margin	7.6%	8.0%	7.5%

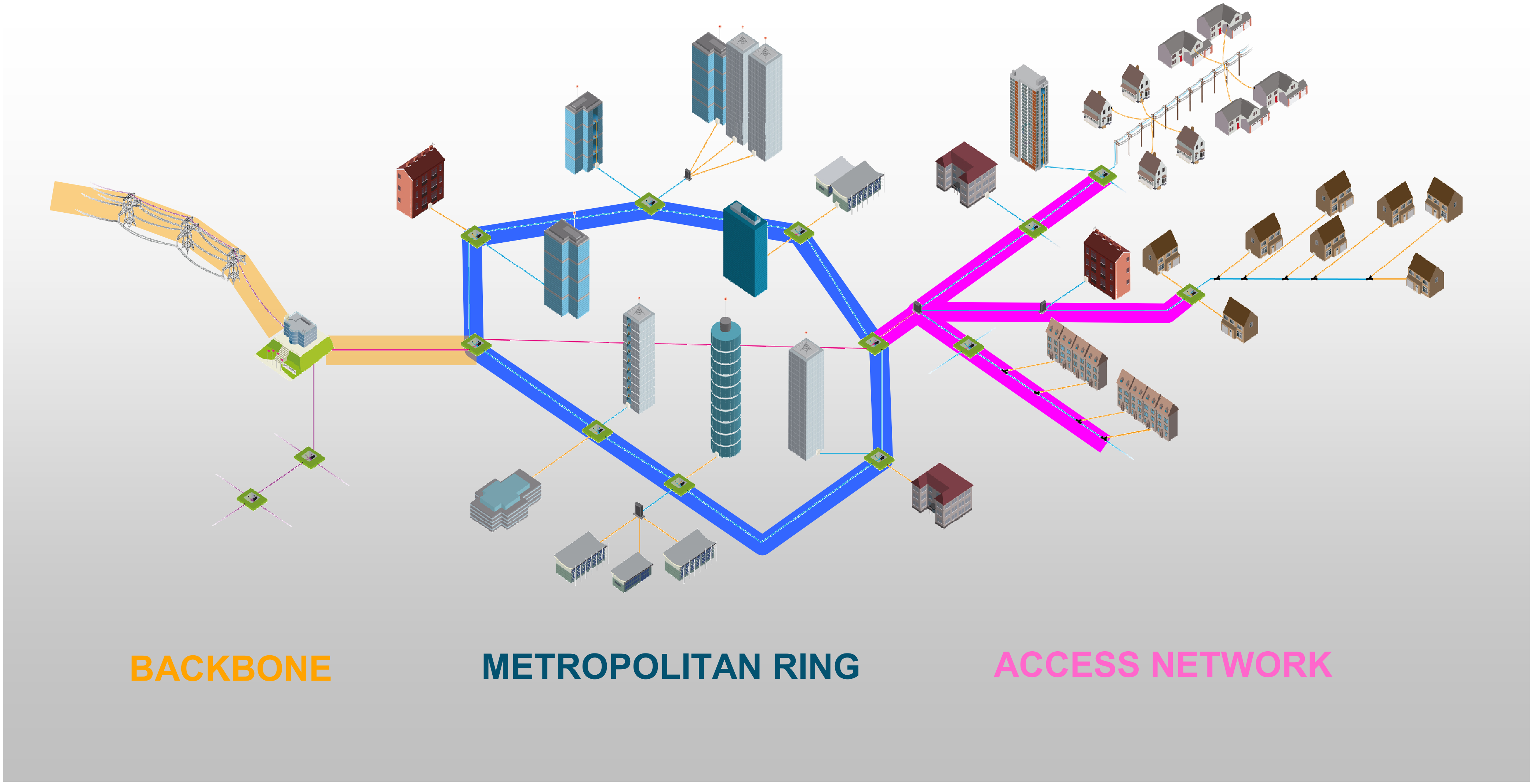
Market Trend (2005 = 1.1mtons)

	CAGR 05-09
APAC	7.3%
Latin America	4.9%
North America	2.7%
EMEA	1.4%
Total	3.4%

[1] Sales equal to €431m and Adj. EBITDA equal to €33m, net of the Enamelled business portion, disposed in September 2004.
Market trend source: Value Partners analysis based on CRU data, October 2006.

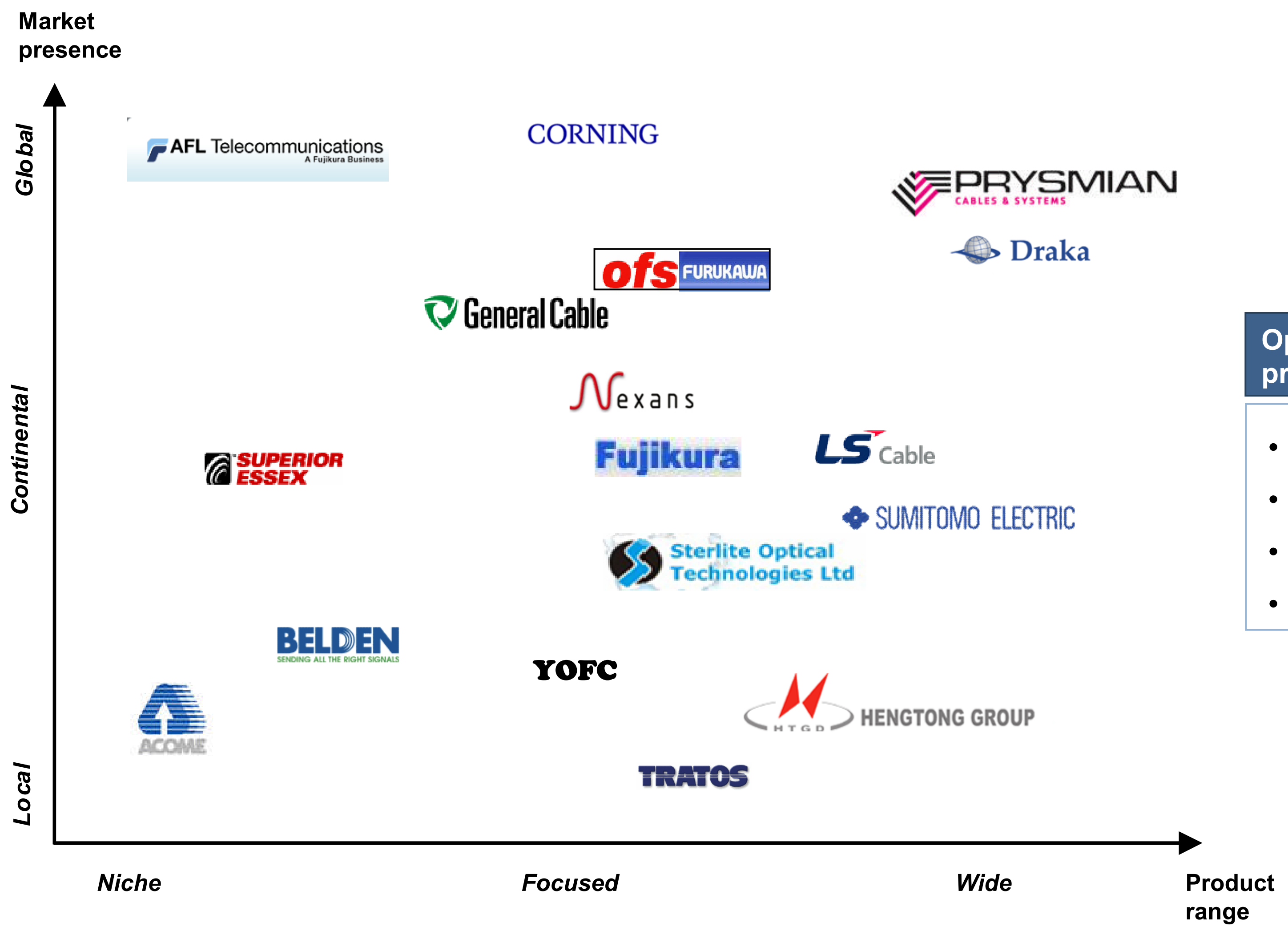
Appendix - Telecom

Telecom Cables Main Applications



Major Players within the Telecom Industry

2005

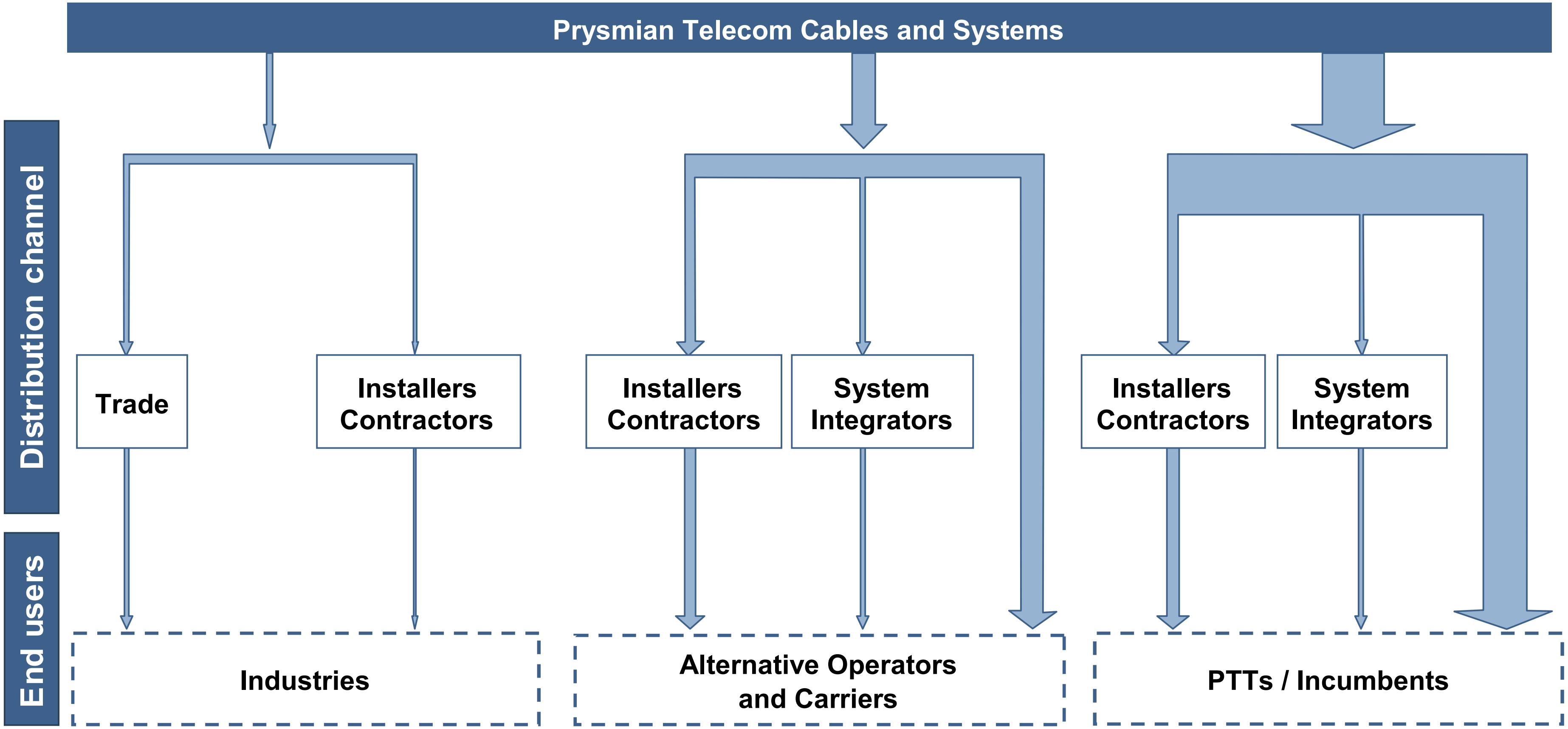


Optical cable producers – 2005[1]

- Corning
- Prysmian
- Furukawa
- Draka

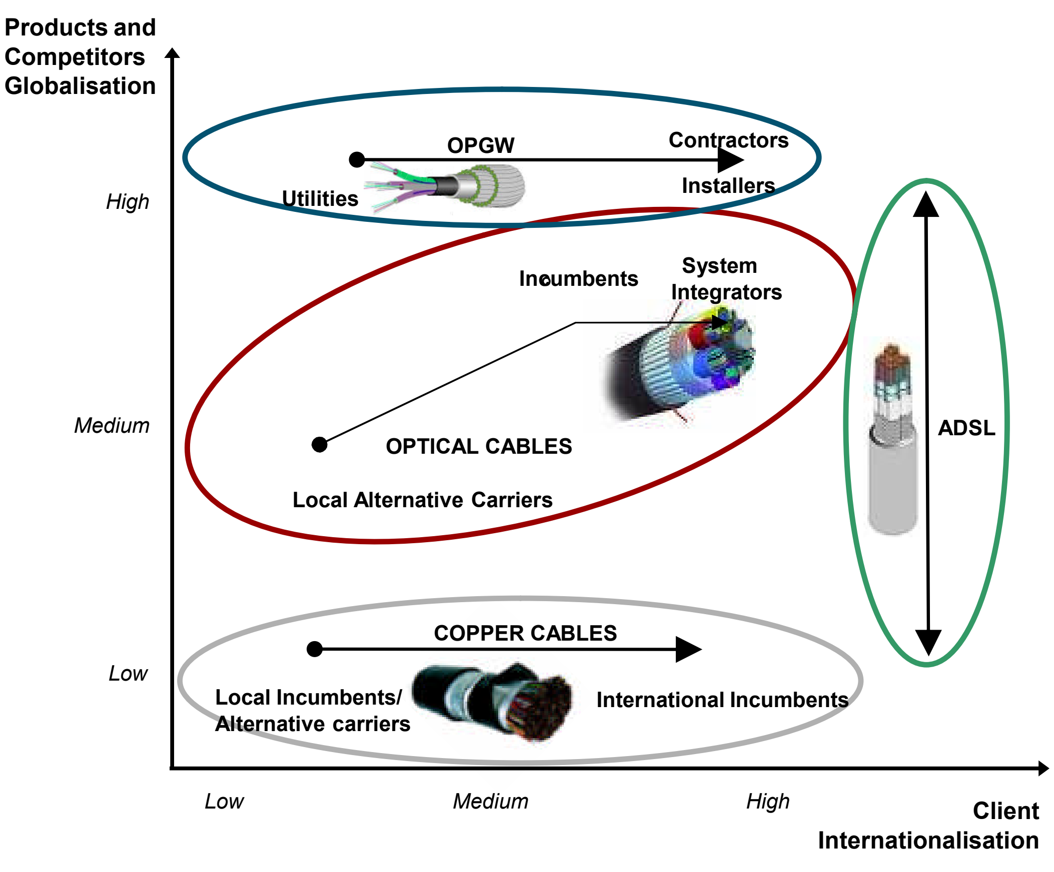
[1] Source: Value Partners analysis based on KMI data, April 2006.

Customer Differentiation and Distribution Channels



Prysmian Current Product Portfolio and Key Customers

Key products



Key customers

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

TELCO Carriers

verizon, Telstra, BT

System Integrators

SIEMENS, ALCATEL, ZTE中兴

Other Operators

bharti (building telecom, building partnerships), FASTWEB, NetCologne

Optical Cables

Products Overview

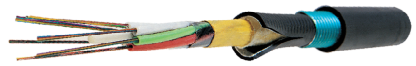
Key products

Underground cables

Applications: Direct buried, sub duct, pipelines, sewers, waterways

Product Families:

- Ribbon 96 – 1728 fo
- Microsheath 24 – 864 fo
- Multi LooseTube (MLT) 24 – 720 fo
- Blown-Fibre 2 – 12 fo



Overhead cables

Applications: Short span pole, long span high voltage transmission lines

Product Families:

- All Dielectric Self-Supporting (ADSS) 12-144 fo
  OPGW: Optical Ground Wire 12-144 fo
- Lashed 12 - 96

Optical fibre

A complete range of optical fibres in accordance with the main international standards including ITU-T. Products include:

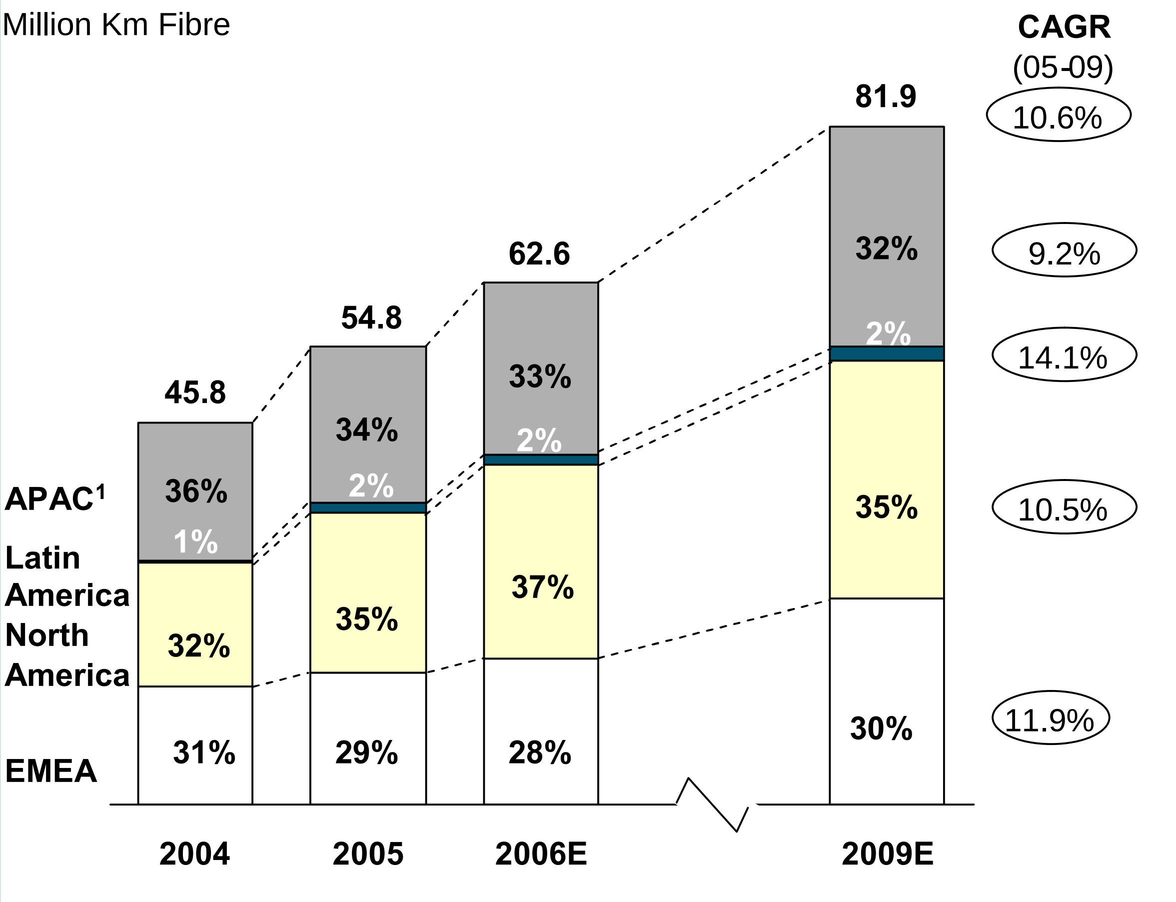
- **DeepLight**: single mode fibre for submarine applications (ITU-T G655)
- **FreeLight**: single mode fibre for terrestrial long distance applications (ITU-T G655)
- **SMLight**: single mode fibre for applications in metropolitan rings compliant with ITU-T recommendation G652
- **MagniLight**: single mode fibre compliant with ITU-T G652d
- **PrimaLight**: single mode fibre (G652) with reduced outer diameter of 200 micron
- **CasaLight**: bend insensitive fibre (ITU-T G657)

PRYSMIAN CABLES & SYSTEMS

Optical Cables

Market Evolution

Covered market evolution and forecast



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)
- Overall demand for fibre-optic cable is expected to reach over 80 million km/year by 2009, compared with 54.8 million km/year recorded in 2005, with a CAGR in excess of 10% in terms of volumes

[1] Excluding Japan.

Source: Value Partners analysis based on CRU data, October 2006.

Copper Cables

Business and Products Overview

Business description

- 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

Key success factors

Key success factors in the Copper Cable business include

- Local presence of production plants in strategic markets
- High levels of service and quality with established key clients
- Maintain logistical flexibility & cost effective operation in a competitive environment

Action plan

- Maintain & reinforce position with key established clients
- Optimize utilization of low cost manufacturing units
- Capitalize on xDSL opportunities

Key products

Cables – Underground

- Direct buried, duct
  - Pair or quad formation
  - 2 to 2400 pairs
  - 0.4 mm to 0.9 mm conductor diameter
  - Fire resistant, low smoke emission outer sheathing

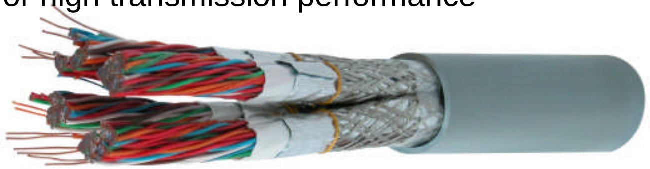
Cables – Overhead

Figure 8 and circular constructions available in pair counts up to 200

Design variations available as in underground constructions

Cables – xDSL

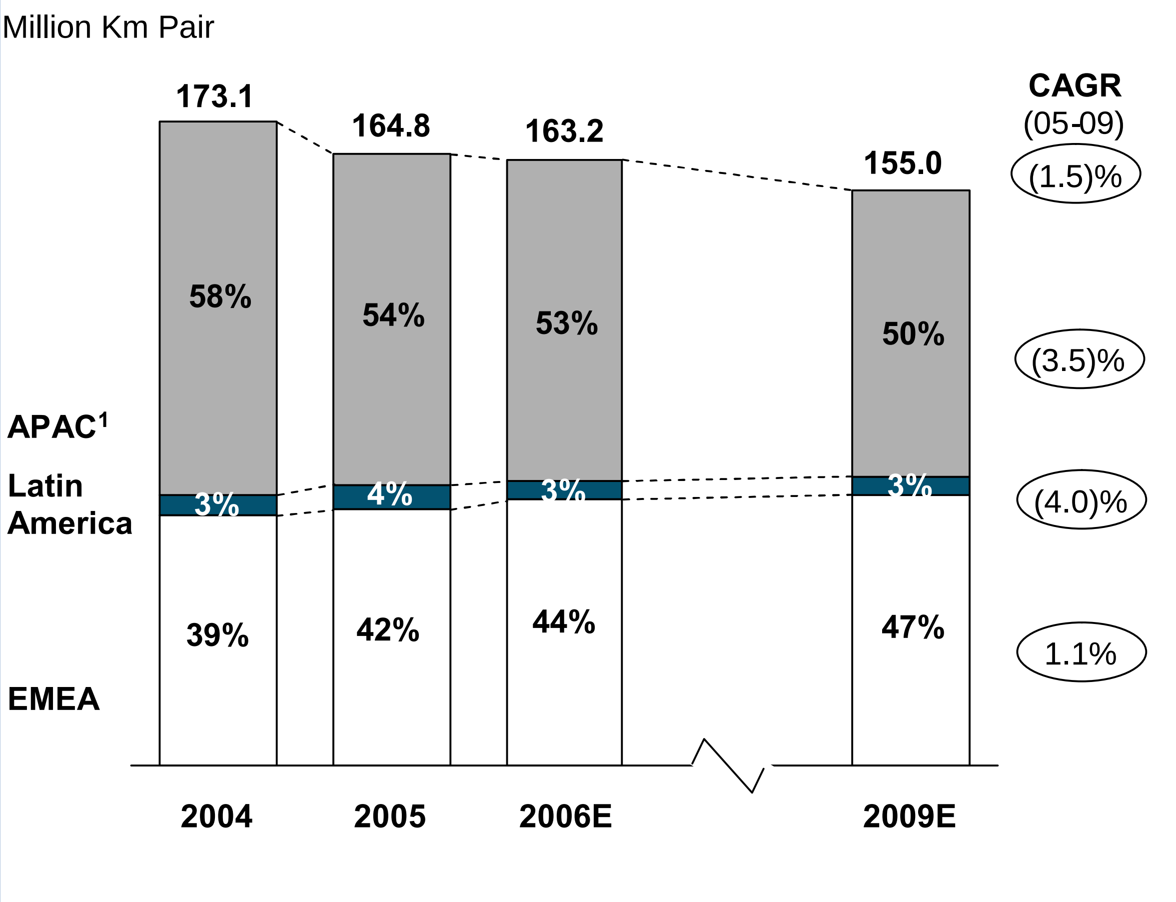
Up to 128 pairs, 0.4 / 0.5 mm conductor diameter screened, designed for high transmission performance



Copper Cables

Market Evolution

Covered market evolution and forecast



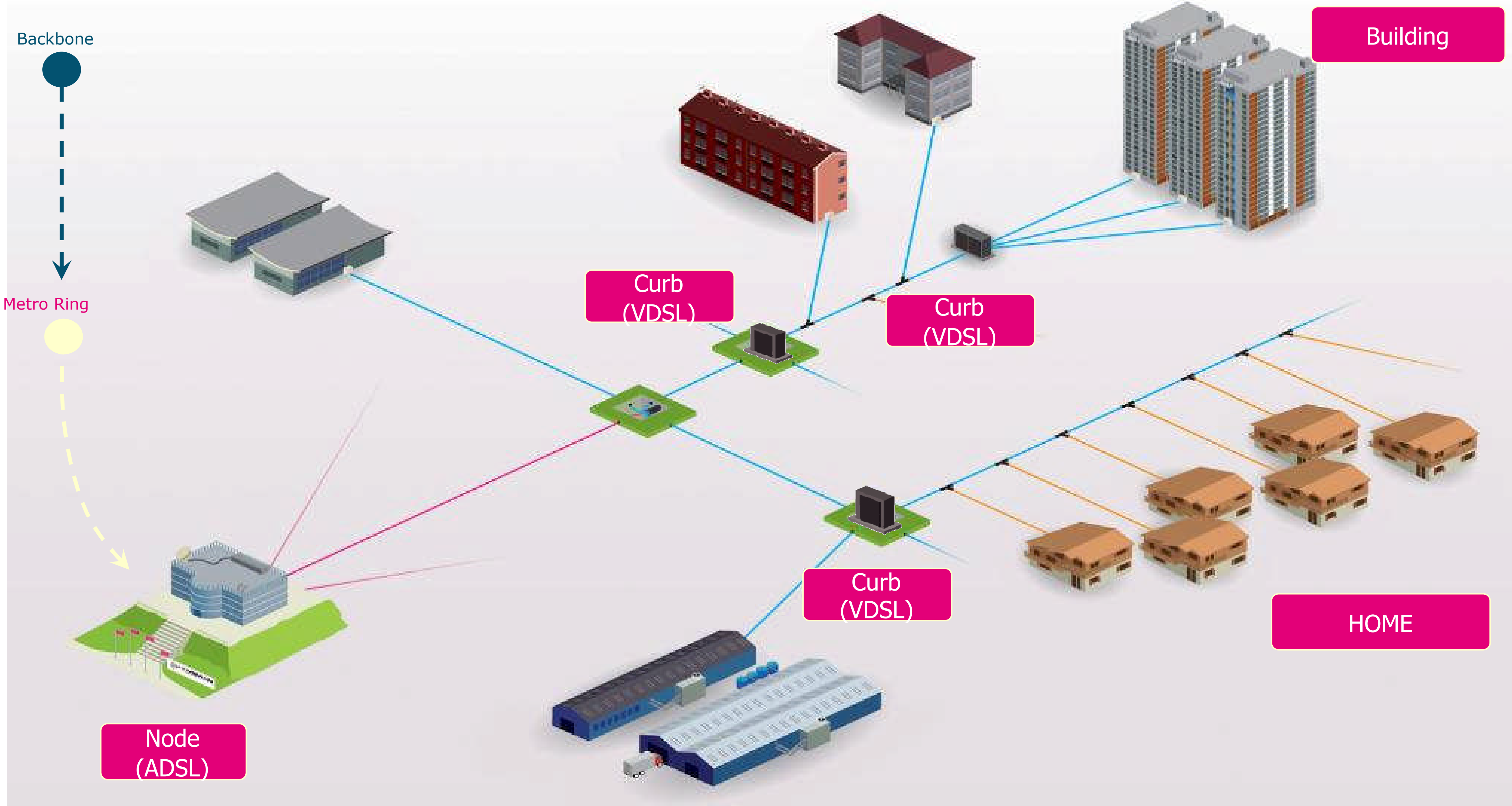
Market trends

- Market demand driven by national incumbent operators
- Designs generally standardized in line with their requirements. Local suppliers consequently tend to dominate, supported also by logistic & shipping factors
- Continued demand driven by:
  - Maintenance of existing networks
  - Networks expansion in the growing countries
  - Technology diffusion and xDSL connections

[1] Excluding Japan.

Source: Value Partners analysis on CRU data, October 2006.

Broadband Drive



Appendix – Operations and R&D

Operations and R&D Strategic Plan

Operations and R&D focus

Key actions

Product innovation

- Support top line growth focusing on innovation and customers needs
- Development of distinctive cable solutions

Efficiency and competitiveness on variable costs

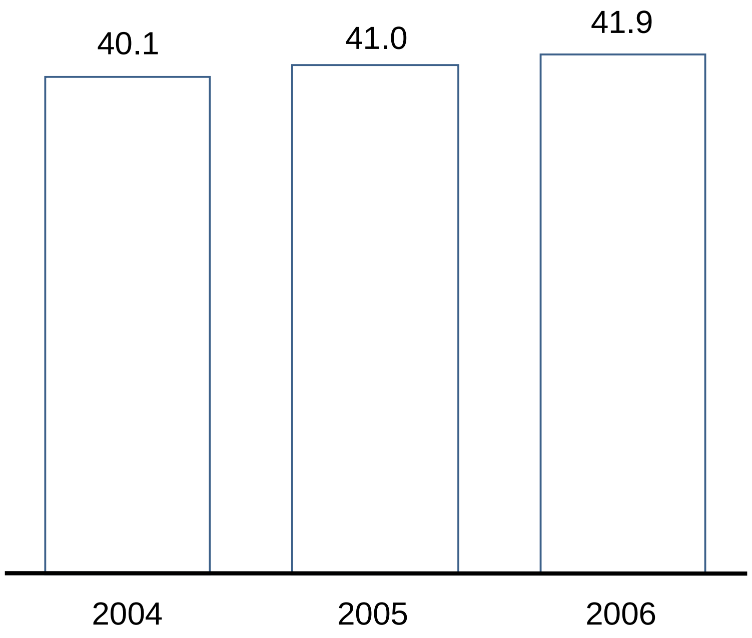
- Continue improving material efficiency, reducing scrap and over-usage
- Minimize material consumption through a more effective cable design (Design to Cost)
- Optimize organization and process to achieve further manpower efficiency

PRYSMIAN
CABLES & SYSTEMS

Research & Development

Euro Millions

R&D Expenses

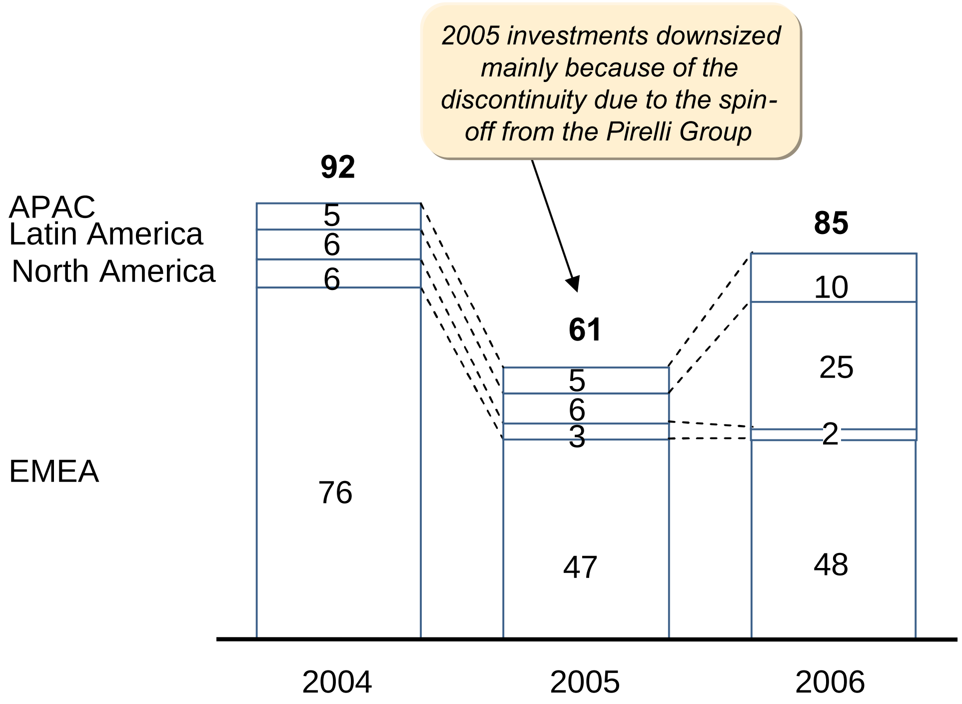


Comments

- **2 Functions** involved:
  - **Research & Innovation**
    - Concepts identification (process, materials, products, IT systems)
    - Feasibility
    - Prototype realization
  - **Product Development and Quality**
    - First industrial trial
    - Optimized industrial trial
    - Product range evolution
    - Quality (products, processes and service)
- **1 central R&D in Milan and 6 main local R&D centres** (North America, Latin America, France, UK, Germany and Spain)
- **More than 400 resources** employed (2006)
- **More than 3,000 patents** granted in 6 countries
- **258 patents** registered in 2006 only

Prysmian Capex

Euro Millions



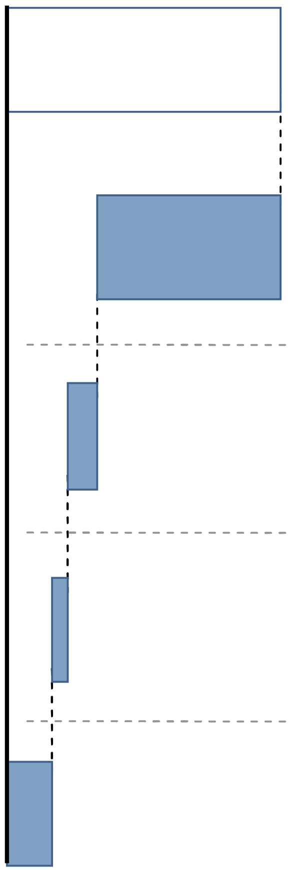
	2004	2005	2006
Energy	63	47	81
Telecom	29	14	4

Major Investments in the 2004-2006 Period

- Construction of a new umbilicals plant in Brazil
- Acquisition of 2 production plants in China
- Production capability and capacity increase for HV
- Production capacity increase in Submarine plants
- Rationalization of operations in the Danubian area (closure and relocation of 2 plants, consolidation of warehouses – from 2 to 1)
- Industrial cables rationalization in Italy (closure of 1 plant and capacity increase in other 2 plants)
- Telecom production relocation towards low cost countries
- Completion (2004-05) of fibre optic production capacity increase (FOS +50%), launched in 2001

Efficiency and Competitiveness on Variable Costs

Efficiency and Competitiveness on Variable Costs



Variable cost structure	Projects	Target
Total variable cost		
Materials	1 Design to cost 2 Material efficiency	• Minimize material consumption costs (through more effective design) • Minimize usage/overusage, scrap (through process and tools improvement)
Labour costs	3 Man power	• Increase manpower efficiency (better organization, process improvement, …)
Logistics	4 Logistic efficiencies	• Reduce total cost • Improve service level
Other variable costs	5 Utilities and other variable costs	• Reduce impact of other costs (utilities, maintenance, …)

Appendix - Financials

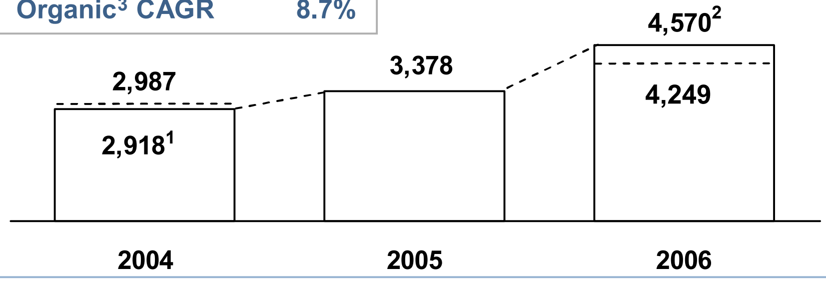
PRYSMIAN CABLES & SYSTEMS

A Story of Strong Organic Growth

Euro Millions

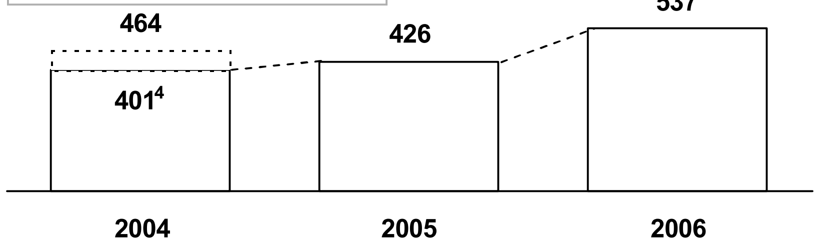
Energy Cables & Systems Division

Total CAGR	23.7%
Like for Like CAGR	25.1%
Organic[3] CAGR	8.7%



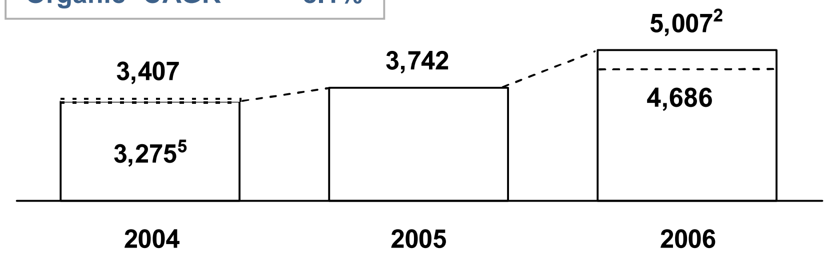
Telecom Cables & Systems Divisions

Total CAGR	7.6%
Like for Like CAGR	15.6%
Organic[3] CAGR	9.6%



Total Prysmian

Total CAGR	21.2%
Like for Like CAGR	23.6%
Organic[3] CAGR	8.1%

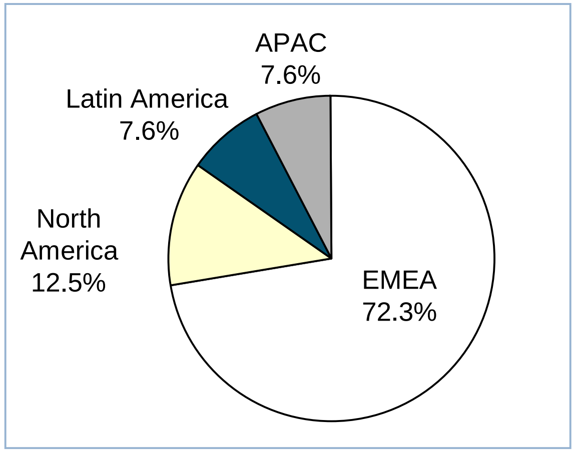


[1] Net of €69m attributable to the Enamelled business, disposed in September 2004.
[2] Includes €321m attributable to the Wire Rod business, closed at the end of 2006.
[3] Organic growth calculated as like for like growth excluding metal and forex effect.
[4] Net of €63m attributable to Pirelli Broadband Solutions business, demerged in January 2005.
[5] Net of €132m, of which €69m attributable to the Enamelled business and €63m attributable to Pirelli Broadband Solutions business.

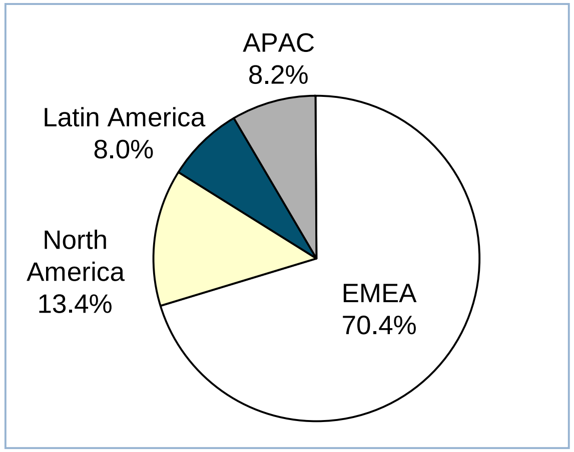
Sales Breakdown by Geographical Area

Euro Millions

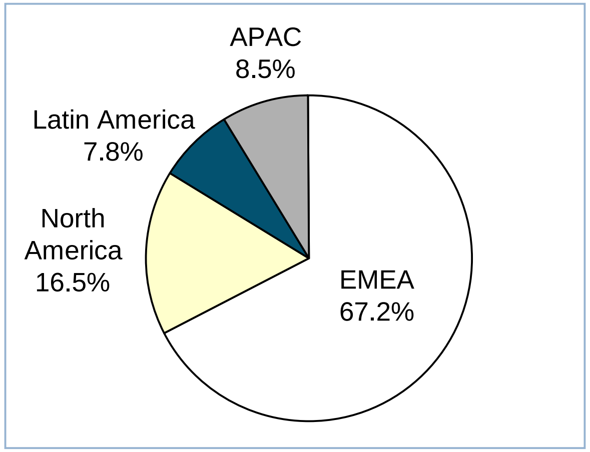
2004

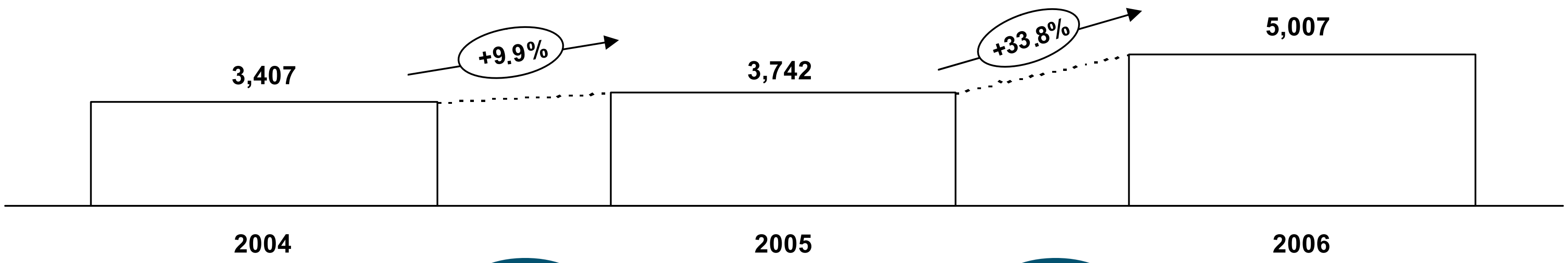


2005



2006





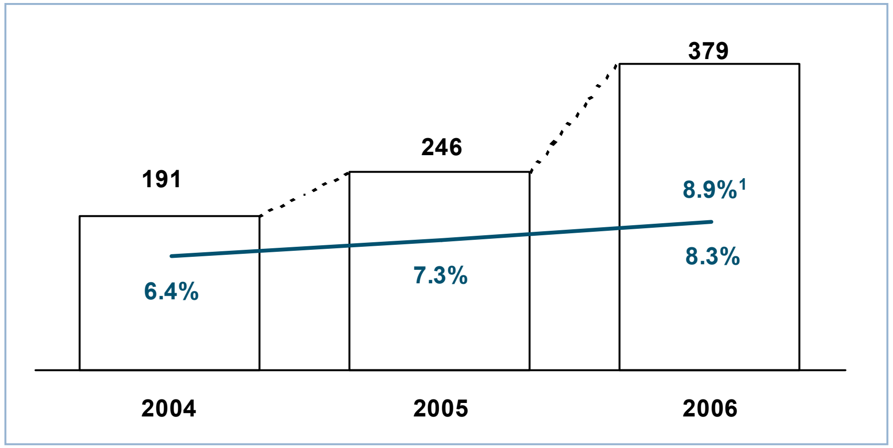
	Δ 04-05	Δ 05-06
EMEA	*+ 7.0%*	*+27.8%*
North America	*+18.0%*	*+65.1%*
Latin America	*+15.7%*	*+29.4%*
APAC	*+18.0%*	*+38.1%*

Positive Margins Trend

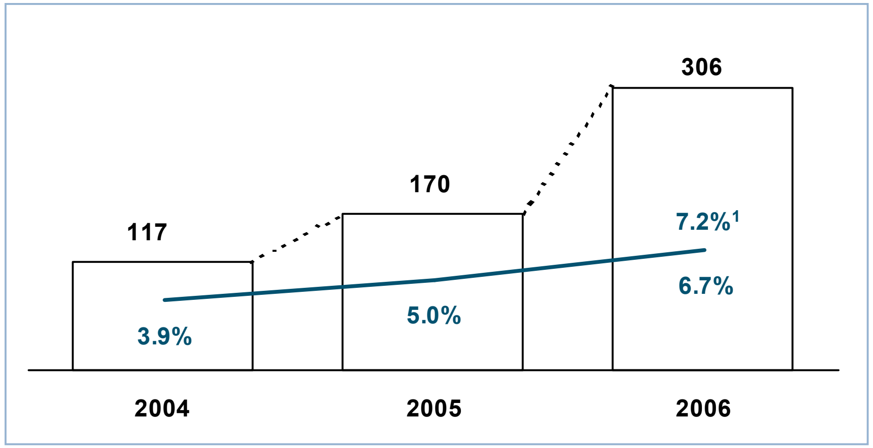
Euro Millions, % of Sales

ENERGY

Energy Division Adjusted EBITDA

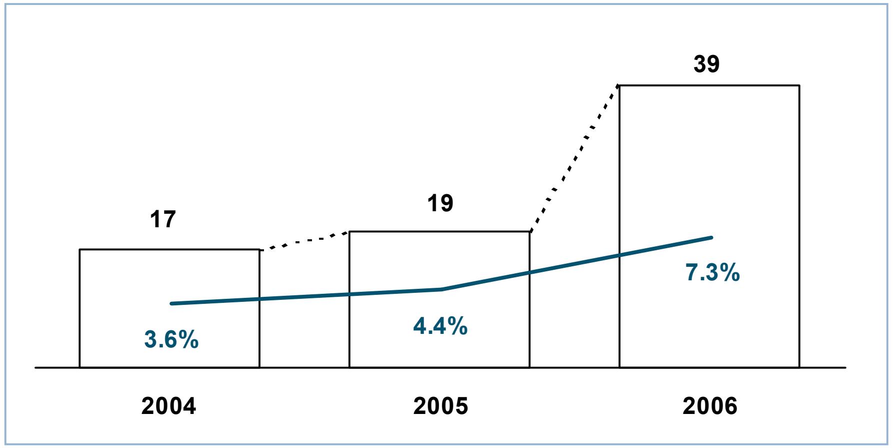


Energy Division Adjusted EBIT

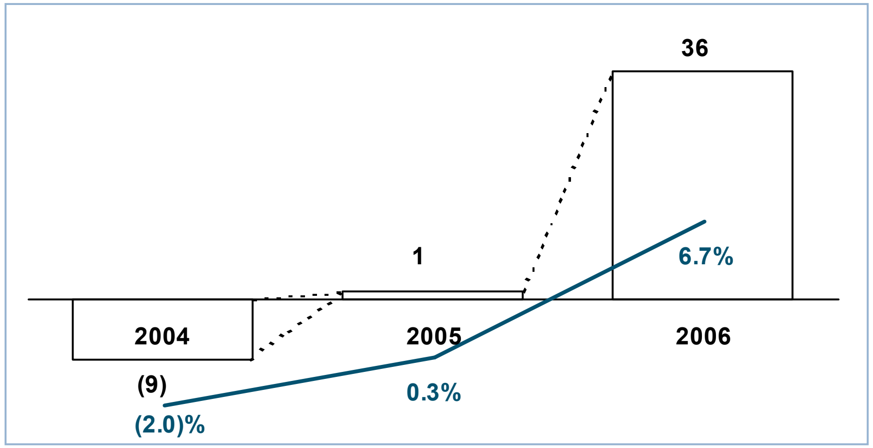


TELECOM

Telecom Division Adjusted EBITDA



Telecom Division Adjusted EBIT



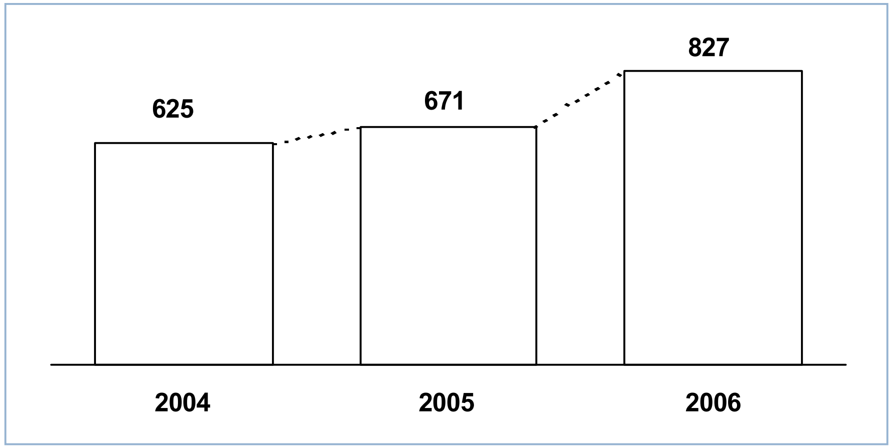
Note: all figures before corporate fixed costs.

[1] Excluding sales from Wire Rod business, closed at the end of 2006.

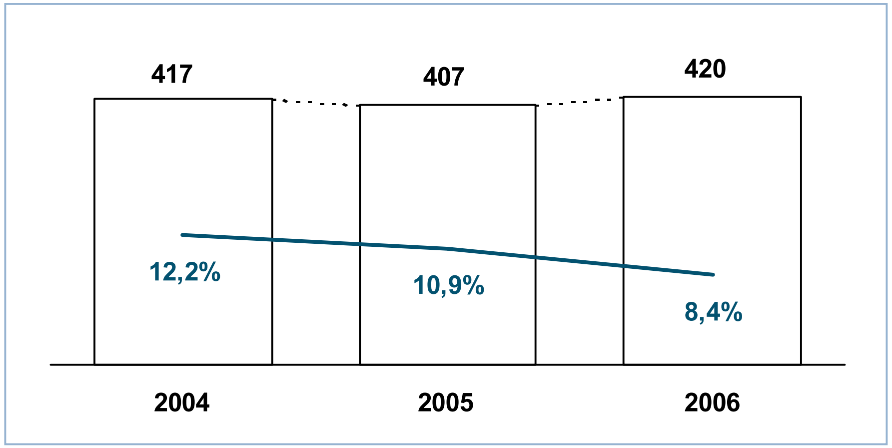
Contribution Margin, Fixed Costs and D&A Trend

Euro Millions, % of Sales

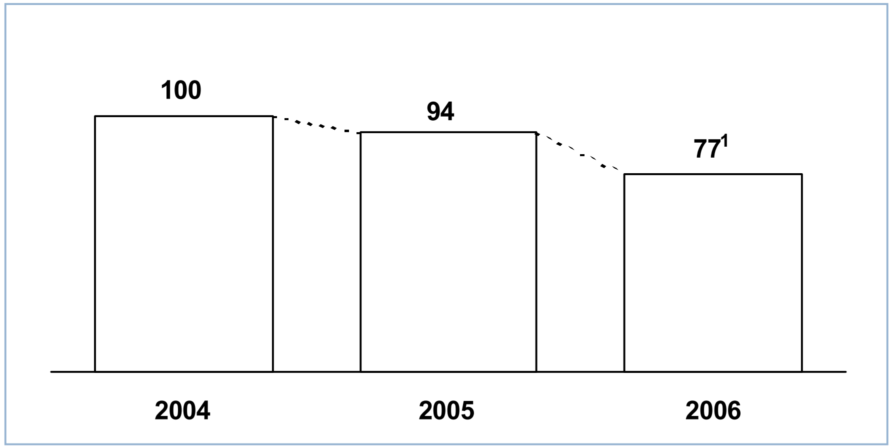
Contribution Margin



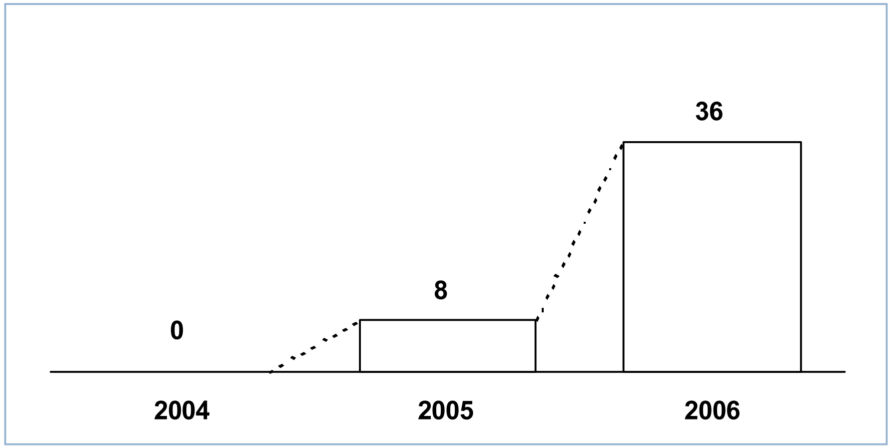
Fixed Costs



D&A (excluding non-recurring)



D&A (non-recurring)



[1] Including approx. €11m related to the FV of long term contracts (expiring in 2007).

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Non-Recurring Items

Euro Millions

	2004	2005	2006
Restructuring	7	4	17
Launch of Prysmian brand	-	8	6
IPO costs	-	-	10
Inventories step-up (IFRS 3) [1]	-	33	-
TLC submarine (disposed in 2004)	(7)	-	1
IT Segregation and other fees	-	-	1
EBITDA adjustments	**<1**	**46**	**36**
of which attributable to Energy Business	*7*	*44*	*22*
of which attributable to Telecom Business	*(7)*	*1*	*2*
of which Corporate Costs [2]	-	-	*12*
Pirelli brand licence D&A	-	8	32
Goodwill reallocation	-	-	5
EBIT adjustments	**<1**	**54**	**72**
of which attributable to Energy Business	*7*	*52*	*54*
of which attributable to Telecom Business	*(7)*	*1*	*2*
of which Corporate Costs [2]	-	-	*16*

[1] Application of Purchase accounting, following the acquisition by Goldman Sachs.
[2] IPO costs, IT segregation + other fees and Goodwill reallocation.

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Financial Charges

Euro Millions

	2004	2005	2006
Net interest expenses	**(31)**	**(37)**	**(62)**
Bank fees	-	(4)	(23)
Other financial expenses	(11)	(24)	(25)
Gain/(loss) on exchange rates	(1)	16	12
Gain/(loss) on derivatives	(2)	(22)	(14)
Net financial charges	**(45)**	**(71)**	**(112)**
Share in net income of associates	8	1	2
Total financial charges	**(37)**	**(70)**	**(110)**

Post-IPO Financing

	AMOUNT	31.12.2006		POST-IPO		POST-IPO if NFP/EBITDA < 2.0x	
	€m	*spread*	*comm.fee*	*spread*	*comm.fee*	*spread*	*comm.fee*
•Securitisation	up to 400	n/a	n/a	0.50%	0.30%	0.45%	0.275%
•Term Loan	up to 1,100	2.60%	n/a	0.80%	n/a	0.50%	n/a
•Revolving Facility	400	2.00%	0.75%	0.80%	0.32%	0.50%	0.15%
•Bonding Facility	300	1.50%	0.62%	0.55%	0.22%	0.40%	0.12%
•Weighted spread [1]		***2.60%***		***0.75%***		***0.49%***	

[1] Calculated by attributing an 83% weight to the Term Loan and 17% to the Securitisation.

PRYSMIAN CABLES & SYSTEMS

Taxes

Euro Millions, % of EBT

	2004		2005		2006	
EBT	71		47		147	
Nominal Tax Charge	**(22)**	**(31.6)%**	**(19)**	**(40.7)%**	**(50)**	**(34.1)%**
Use of tax losses carried forward	7	10.0%	8	15.9%	10	6.7%
Deferred taxes not booked	(19)	(26.6)%	(24)	(50.0)%	(24)	(16.3)%
Deferred taxes booked [1]	-	-	-	-	20	13.5%
Non-deductible costs/gains	(1)	(1.1)%	(9)	(19.5)%	(14)	(9.4)%
Tax refunds	22	30.7%	-	-	2	1.4%
Effective Tax Charge	**(13)**	**(18.6)%**	**(45)**	**(94.3)%**	**(56)**	**(38.2)%**

	2004	2005	2006
Current income taxes	(7)	(44)	(78)
Deferred income taxes	(6)	(1)	22
Total taxes	**(13)**	**(45)**	**(56)**

- **Tax losses carried forward as at 31 December 2006: approx €590m, thereof:**
  - **approx. €215m w/o time limitation**
  - **approx. €174m expiring between 2010 - 2015**

[1] Related to temporary differences as at 31 December 2005.

Prysmian Net Working Capital

Euro Millions

	2004	2005	2006
Inventories	421	466	535
Trade accounts receivables	677	842	848
Trade accounts payables	(759)	(604)	(736)
Other receivables/(payables)	(212)	(213)	(205)
Net working capital	**127**	**490**	**442**
% on sales [1]	***3.7%***	***13.1%***	***8.8%***

2004-05 Trend: discontinuity following Acquisition

- Copper financing discontinued
- Factoring w/o recourse discontinued
- Effect of metals prices increase

2005-06 Trend: Strong improvement

- Best in class performance
- Significant Net Working Capital drop despite copper effect
- Improvement both in Receivables and Payables

[1] Calculated as Net Working Capital / Sales as of year end.

Energy Division: Profit and Loss Statement

Euro Millions

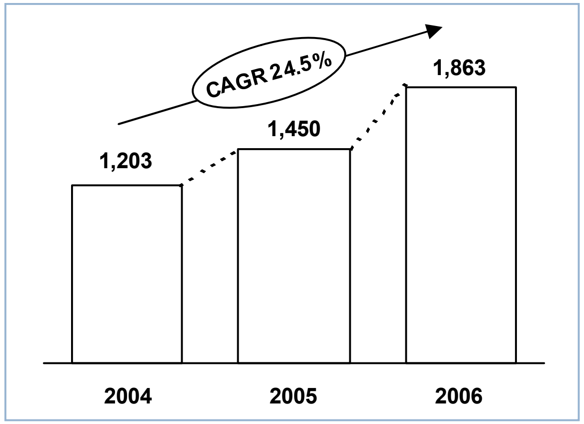
	2004	2005	2006
Sales	**2,987**	**3,378**	**4,570**
YoY growth		*+13.1%*	*+35.3%*
Contribution Margin[1]	**535**	**582**	**717**
% on sales	*17.9%*	*17.2%*	*15.7%*
EBITDA	**184**	**202**	**357**
% on sales	*6.2%*	*6.0%*	*7.8%*
Non recurring items	*7*	*44*	*22*
Adjusted EBITDA	***191***	***246***	***379***
% on sales	*6.4%*	*7.3%*	*8.3%*
% on contribution margin	*35.8%*	*42.3%*	*52.8%*
EBIT	**109**	**118**	**252**
% on sales	*3.7%*	*3.5%*	*5.5%*
Non recurring items	*7*	*52*	*54*
Adjusted EBIT	***117***	***170***	***306***
% on sales	*3.9%*	*5.0%*	*6.7%*

[1] Defined as: Adjusted EBITDA + Fixed costs.

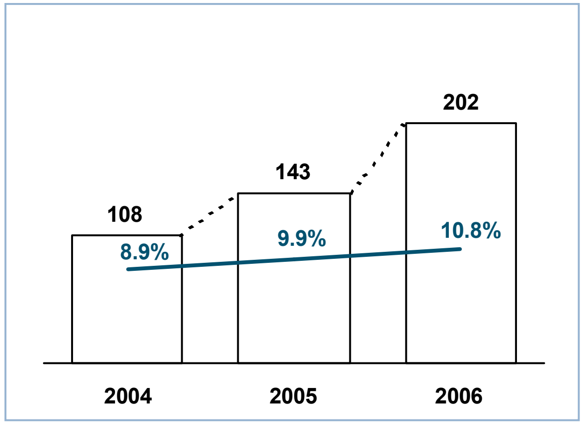
Utilities Trend

Euro Millions, % of Sales

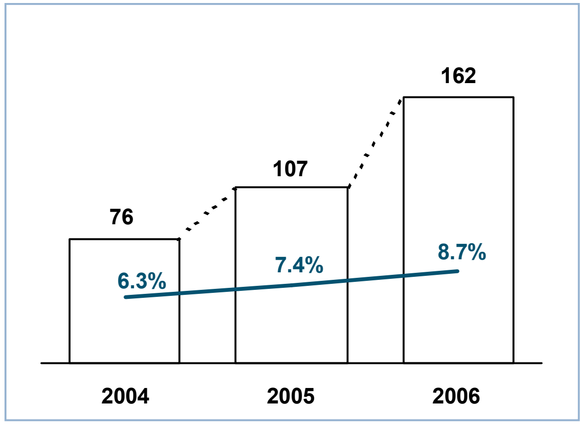
Sales



Adjusted EBITDA



Adjusted EBIT



2004-05 Trend

- Strong volumes growth (solid demand from main EU and NA utilities)
- Strong growth in HV, mainly EHV (UK, Spain, Singapore, Kuwait)
- Submarine: Basslink project (€174m), full capacity utilisation

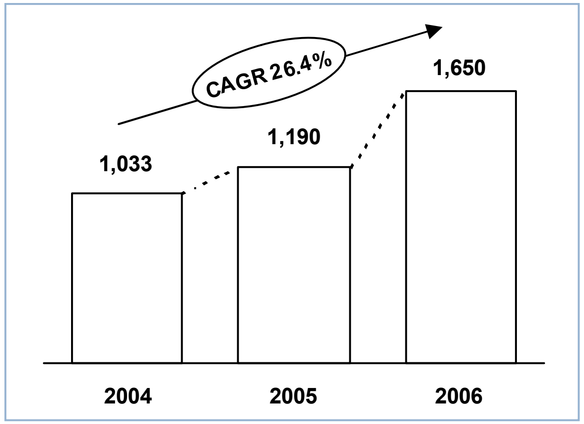
2005-06 Trend

- Volume growth in PD (esp. North America) and in HV (North America, Turkey, Spain, Italy and Middle East)
- Mix improvement in PD (MV vs LV)
- Positive net price effect (favourable market conditions)
- Submarine major projects (Neptune, Spain-Morocco):
  - Award of Sa.Pe.I (€418m)
- Variable costs efficiencies (materials and labour)

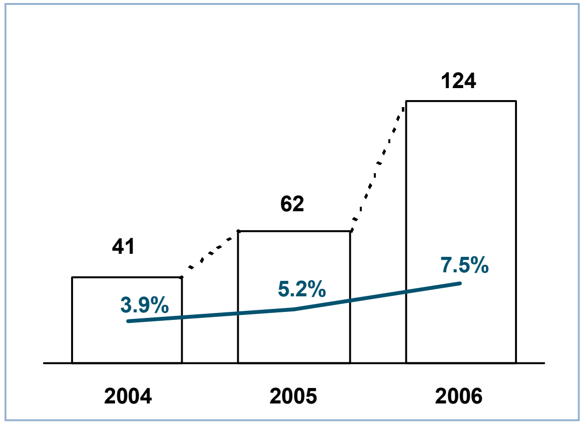
Trade & Installers Trend

Euro Millions, % of Sales

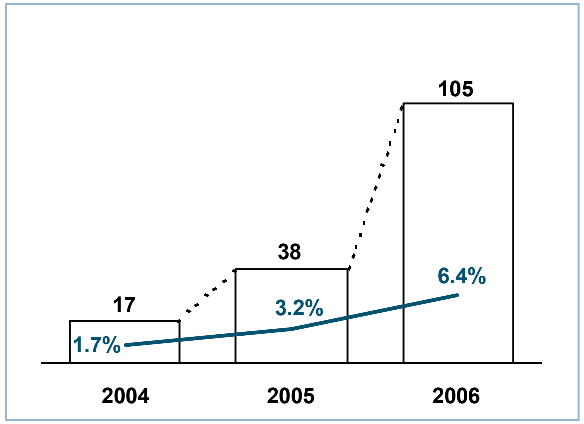
Sales



Adjusted EBITDA



Adjusted EBIT



2004-2006 Trend

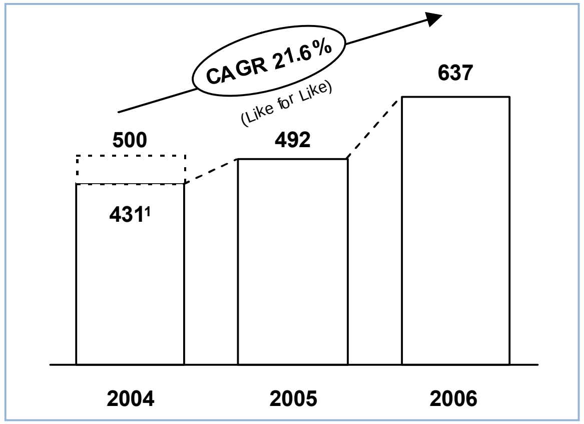
- About 80% sales growth coming from metals prices rise
- Selective approach to market share and focus on margins:
    - slight volumes reduction: trim low-end products LV and BW
    - growth of high-end products (FP, MV, LSOH)
    - tight working capital management
- Improvement of channel / country mix
- Effective price management thanks to strong relations with key accounts and favourable demand environment
- Significant manufacturing efficiencies (materials and labour)

PRYSMIAN CABLES & SYSTEMS

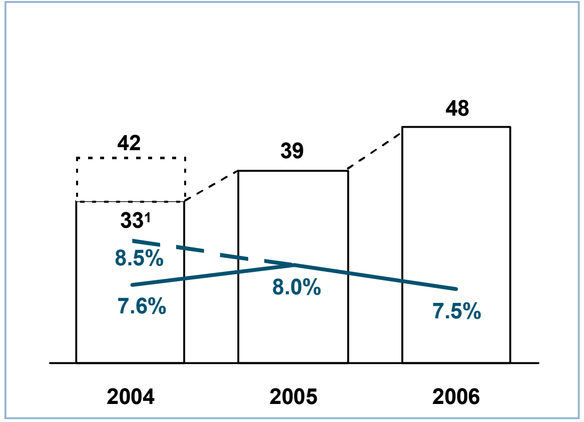
Industrial Trend

Euro Millions, % of Sales

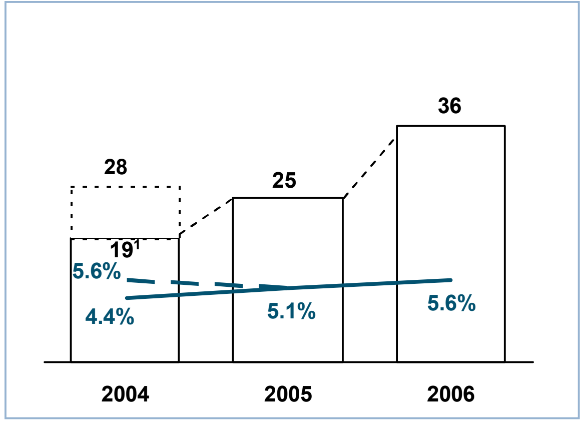
Sales



Adjusted EBITDA



Adjusted EBIT



2004-05 Trend

- Disposal of Enamelled business
- Price pressure: difficult to pass to customers metals costs increase (branchement)
- Better product mix

2005-06 Trend

- Growth in high margin sectors: crane, OGP, railway and rolling stock, marine, renewable energy
- Volume increase in automotive
- Improvement of manufacturing process (esp. in OEM factories Italy and China)
- OGP: start-up of new umbilicals factory in Brazil (positive mix effect ongoing)

[1] Sales net of €69m, Adj. EBITDA net of €9.4m and Adj. EBIT net of €8.7m attributable to Enamelled business, disposed in September 2004.

Telecom Division: Profit and Loss Statement

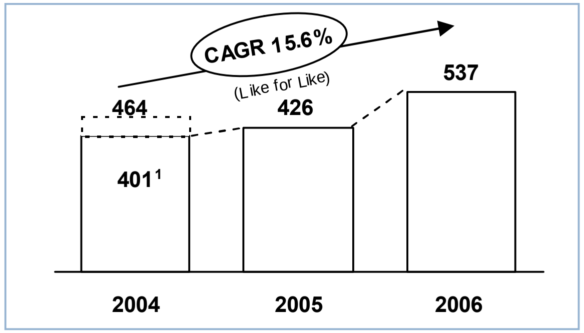
Euro Millions

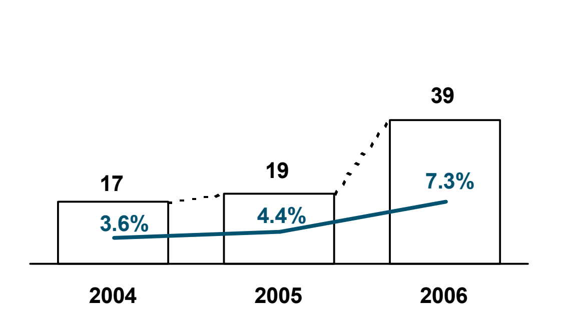
	2004	2005	2006
Sales	**464**	**426**	**537**
YoY growth		*-8.2%*	*+25.8%*
Contribution Margin[1]	**90**	**90**	**110**
% on sales	*19.3%*	*21.0%*	*20.5%*
EBITDA	**24**	**17**	**37**
% on sales	*5.2%*	*4.1%*	*7.0%*
Non recurring items	*(7)*	*1*	*2*
Adjusted EBITDA	***17***	***19***	***39***
% on sales	*3.6%*	*4.4%*	*7.3%*
% on contribution margin	*18.5%*	*21.0%*	*35.7%*
EBIT	**(2)**	**0**	**34**
% on sales	*nm*	*0.0%*	*6.4%*
Non recurring items	*(7)*	*1*	*2*
Adjusted EBIT	***(9)***	***1***	***36***
% on sales	*nm*	*0.3%*	*6.7%*

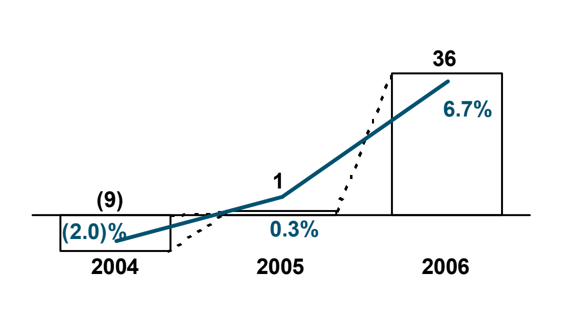
[1] Defined as: Adjusted EBITDA + Fixed costs.

Telecom Division: Main Profit and Loss Drivers

Sales	Adjusted EBITDA	Adjusted EBIT







2004-05: Restructuring Phase

2005-06: Organic Growth

- Price erosion in Optical Cables (slowing down in 2006)

2004-05: Restructuring Phase

- Demerger of Pirelli Broadband Solutions business
- Harvesting benefits from capacity restructuring (-4 factories in 2001-2004)
- July 2005: write-down of Telecom assets consequent to acquisition (IFRS 3)

2005-06: Organic Growth

- Volumes growth in Optical Cables (broadband in developed countries and trunks for emerging countries):
  - EMEA
  - USA
  - Australia
  - China
- Strong efficiencies on variable costs (delocalization to low cost countries, capacity saturation)
- Positive mix effect (OPGW, Fibre vs Copper Cables, XDSL in Copper Cables)

[1] Net of €63m attributable to Pirelli Broadband Solutions business, demerged in January 2005.

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Prysmian Capex

Euro Millions

	2004	2005	2006
EMEA	76	47	48
North America	5	3	2
Latin America	5	6	25
APAC	5	5	10
Total capex	**92**	**61**	**85**
Divestitures	(93)	(31)	(17)
Capex net of divestitures	**(2)**	**30**	**69**
D&A (excluding non recurring)	***100***	***94***	***77***
Property, Plants and Equipment	84	57	79
Intangible assets	8	3	6
Total capex	**92**	**61**	**85**

Prysmian Net Financial Position

Euro Millions

	2004	2005	2006
LT financial liabilities	134	1,119	1,099
ST financial liabilities	845	72	256
Total financial liabilities	**980**	**1,192**	**1,355**
LT financial receivables	(24)	(28)	(38)
ST financial receivables	(289)	(13)	(20)
Securities held for trading	(65)	(23)	(24)
Cash and cash equivalents	(116)	(235)	(393)
Total financial assets	**(495)**	**(299)**	**(476)**
Net financial position[1]	**485**	**892**	**879**

[1] Net of non amortized bank fees (€59m in 2005 and €63m in 2006).

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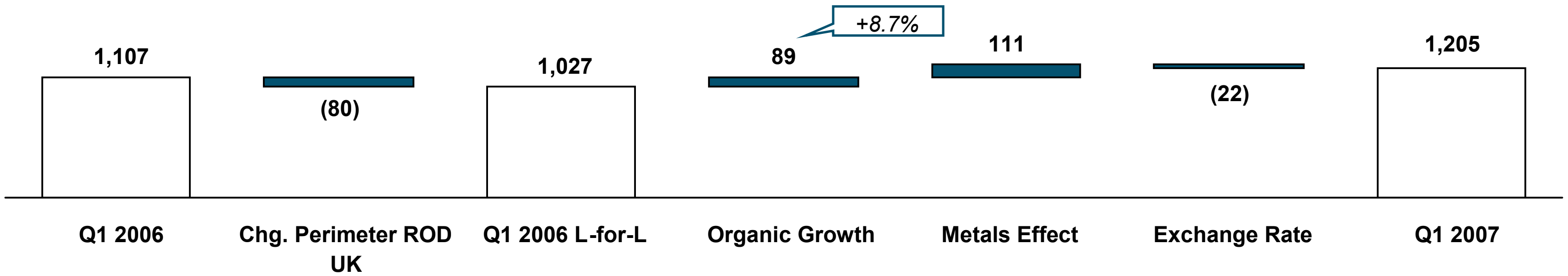
First Quarter 2007 at a glance

- Solid Sales growth from €1,107m to 1,205
  - Organic growth +8.7% (excluding metal and forex effect)
- Further improvement of profitability through operating leverage
  - +45.0% Adj.EBITDA (from €80m to 116)
  - LTM Adj.EBITDA (€ 442m)
- More than doubled Net Income from €22m to 52
- Positive cash flow from operations (+ €29m Vs -22 Q106) despite Q1 working capital seasonality
- Energy Business
  - +8.2% sales organic growth
  - +51.8% Adj.EBITDA (from €73m to 111)
- Telecom Business
  - +14.0% sales organic growth
  - +35.3% Adj.EBITDA (from €10m to 14)

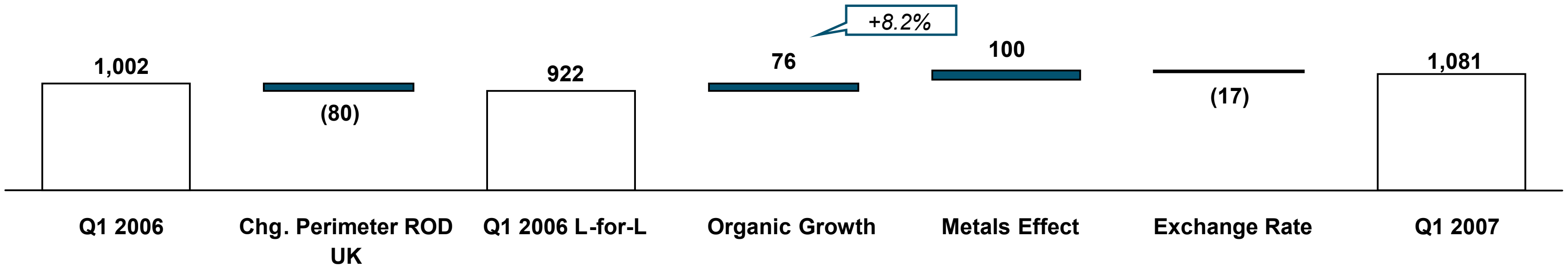
Q1 2007 Sales Drivers

Euro Millions

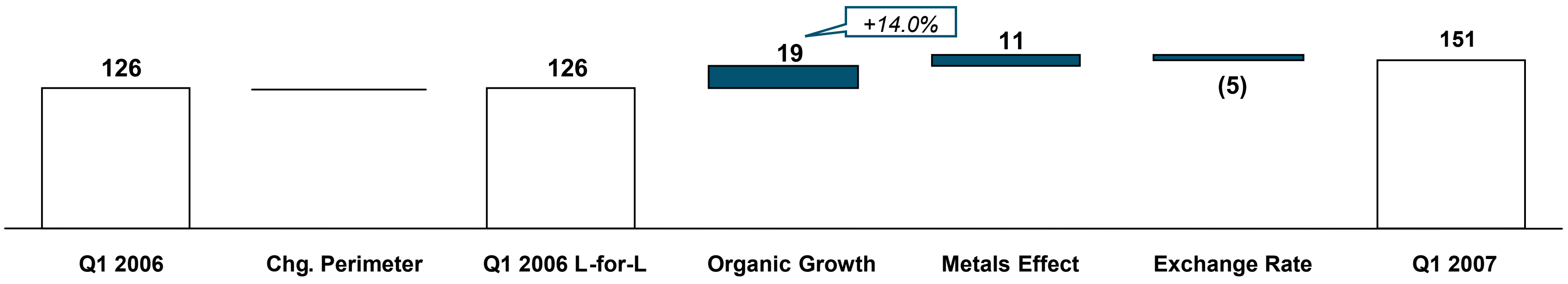
Total Consolidated



Energy Cables & Systems Division



Telecom Cables & Systems Division



Q1 2007 Non-Recurring Items

Euro Millions

	Q1 2006	Q1 2007	FY 2006
Price adjustments[1]	-	(39)	-
Restructuring	-	1	17
Launch of Prysmian brand	2	-	6
IPO costs	-	2	10
TLC submarine (disposed in 2004)	-	-	1
IT Segregation and other fees	-	-	1
EBITDA adjustments	**2**	**(36)**	**36**
of which attributable to Energy Business	*2*	*1*	*22*
of which attributable to Telecom Business	*0*	*-*	*2*
of which Corporate	*-*	*(37)*	*12*
Pirelli brand licence D&A	5	-	32
Goodwill reallocation	-	-	5
EBIT adjustments	**7**	**(36)**	**72**
of which attributable to Energy Business	*7*	*1*	*54*
of which attributable to Telecom Business	*-*	*-*	*2*
of which Corporate	*-*	*(37)*	*16*
Non Recurring Bank Fees	-	59	15
(Gain)/Loss Derivatives	(13)	(18)	14
(Gain)/Loss Exchange Rate	(1)	1	(12)
(Gain)/Loss Cash Flow Hedge[2]	-	(4)	(2)
EBT Adjustments	**(7)**	**2**	**87**

[1] Resulting from €39.8m Price adjustments from Pirelli net of €0.5m arbitration costs

[2] Release of equity reserve due to temporary mismatch of interest rate derivatives (transition from old to new credit agreement)

Q1 2007 Financial Charges

Euro Millions

	Q1 2006	Q1 2007	F Y 2006
Net interest expenses	**(16)**	**(14)**	**(62)**
Bank fees	(2)	(3)	(8)
Non Recurring Bank fees	-	(59)	(15)
Other financial expenses	(10)	(6)	(25)
Gain/(loss) on exchange rates	1	(1)	12
Gain/(loss) on derivatives	13	18	(14)
Net financial charges	**(14)**	**(64)**	**(112)**
Share in net income of associates	-	-	2
Total financial charges	**(14)**	**(64)**	**(110)**

Q1 2007 Taxes

Euro Millions, % of EBT

	Q1 2007	Price Adjustment	Write off bank fees	Q1 2007 Adjusted
EBT	71	39	(59)	91
Taxes	(19)	-	10	(29)
Tax rate	**26.7%**	-	-	**31.3%**

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Energy Division: Q1 2007 Profit and Loss Statement

	Q1 2006	Q1 2007	F Y 2006
Sales	**1,002**	**1,081**	**4,570**
YoY total growth		*7.9%*	*35.3%*
YoY like for like growth [1]		*17.2%*	*35.3%*
YoY organic growth		*8.2%*	*9.4%*
Contribution Margin [2]	**153**	**192**	**717**
% on sales	*15.3%*	*17.7%*	*15.7%*
EBITDA	**71**	**110**	**357**
% on sales	*7.1%*	*10.1%*	*7.8%*
Non recurring items	*2*	*1*	*22*
Adjusted EBITDA	***73***	***111***	***379***
% on sales	*7.3%*	*10.3%*	*8.3%*
EBIT	**46**	**94**	**252**
% on sales	*4.6%*	*8.7%*	*5.5%*
Non recurring items	*7*	*1*	*54*
Adjusted EBIT	***53***	***95***	***306***
% on sales	*5.3%*	*8.8%*	*6.7%*

1 Adjusted for closing of ROD UK business in December 2006 (€80m of sales in Q12006)
2 Defined as: Adjusted EBITDA + Fixed costs.

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Energy Q107 Highlights

Utilities	• Positive trend in utilities capital expenditure confirmed • Strong order book in highly profitable project businesses (High Voltage, Submarine) to drive sales growth in H207 and beyond • Power distribution delivered significant improvement in Eastern Europe and North America
Trade & Installers	• Continued strong residential and non-residential demand • Improved geographical and product mix in a favorable T&I sector • Positive increase in higher technology products (LSOH)
Industrial	• Strong sales and profitability improvement in most of the “Priority Five” business segments (OGP, Crane, Mining, Rail & Rolling Stock) and Renewable Energies • New Brazilian umbilical plant (started Q406) running at full capacity • More than doubled sales of Special cables in China

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Telecom Division: Q1 2007 Profit and Loss Statement

Euro Millions

	Q1 2006	Q1 2007	FY 2006
Sales	**126**	**151**	**537**
YoY total growth		*19.1%*	*25.8%*
YoY like for like growth		*19.1%*	*25.8%*
YoY organic growth		*14.0%*	*16.1%*
Contribution Margin[1]	**27**	**30**	**110**
% on sales	*21.4%*	*20.2%*	*20.5%*
EBITDA	**10**	**14**	**37**
% on sales	*8.0%*	*9.1%*	*7.0%*
Non recurring items	*-*	*-*	*2*
Adjusted EBITDA	***10***	***14***	***39***
% on sales	*8.0%*	*9.1%*	*7.3%*
EBIT	**9**	**13**	**34**
% on sales	*7.1%*	*8.5%*	*6.4%*
Non recurring items	*-*	*-*	*2*
Adjusted EBIT	***9***	***13***	***36***
% on sales	*7.1%*	*8.5%*	*6.7%*

¹ Defined as: Adjusted EBITDA + Fixed costs.

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Telecom Q107 Highlights

- +14% organic growth with a strong improvement in profitability (Adj EBITDA: +35.3%)
  - Volume growth in strategic optical cables
  - Selective growth in copper cables highly profitable growing markets

- Optical cables business achieved a significant increase in all major markets
  - Important contracts gained in Emerging markets and Europe

- Focus on innovation (FTTx Fibre to the Home components, CasaLight Fibre, xDSL new Copper cables generation)

Q1 2007 Balance Sheet

Euro Millions

	Q1 2006	Q1 2007	FY 2006
Net fixed assets	901	867	875
Net working capital	589	513	442
NWC as % on sales	*13.3%*	*10.6%*	*8.8%*
Provisions	(182)	(133)	(140)
Net Capital Employed	**1,308**	**1,247**	**1,177**
Employee provisions	131	126	128
Shareholders' equity	249	222	170
of which attributable to minority interest	*20*	*22*	*19*
Net financial position[1]	928	899	879
Total Financing and Equity	**1,308**	**1,247**	**1,177**

[1] Net of non amortized bank fees (€57m in Q12006, €63m in FY2006, €6m in Q12007)