

FY 2007 Financial Results

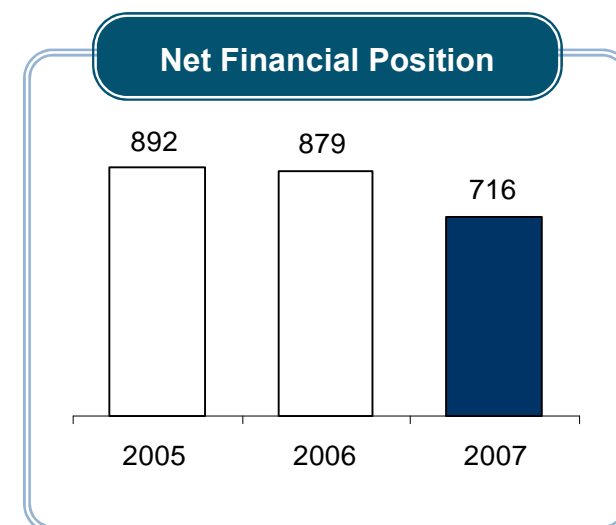
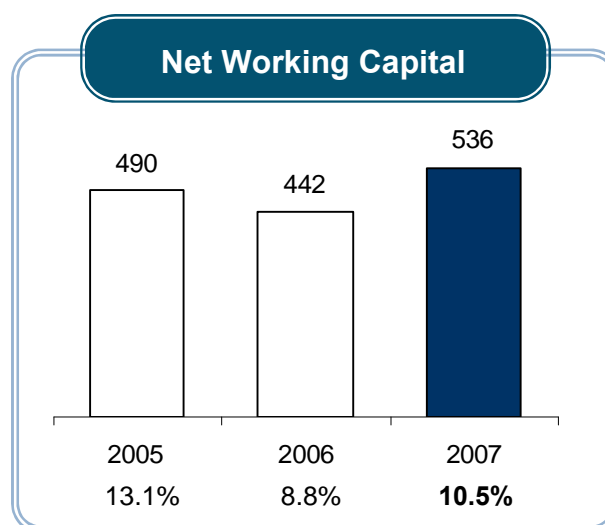
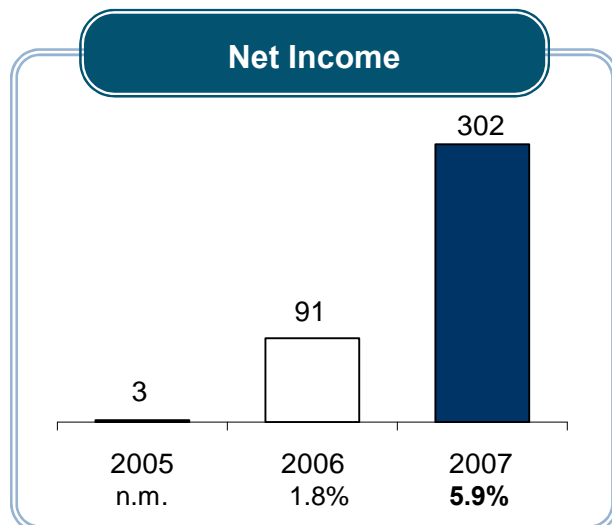
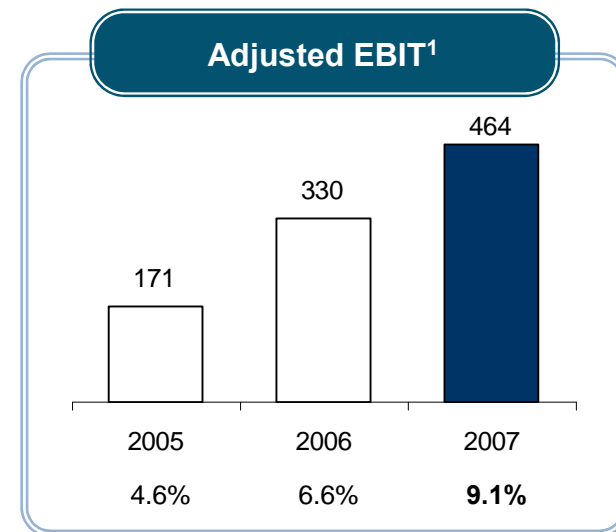
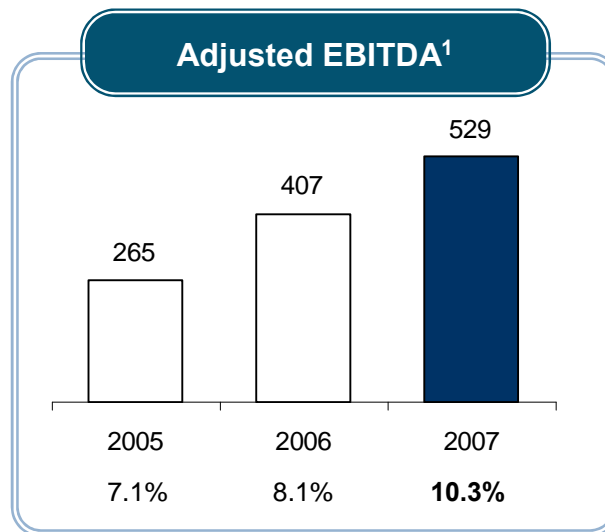
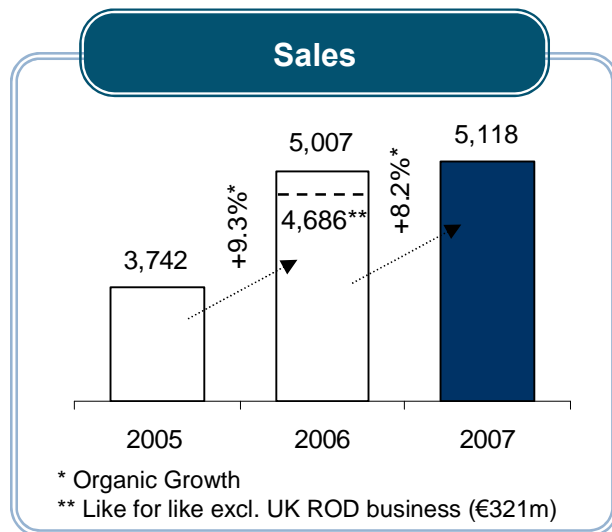
7th March 2008

Agenda

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

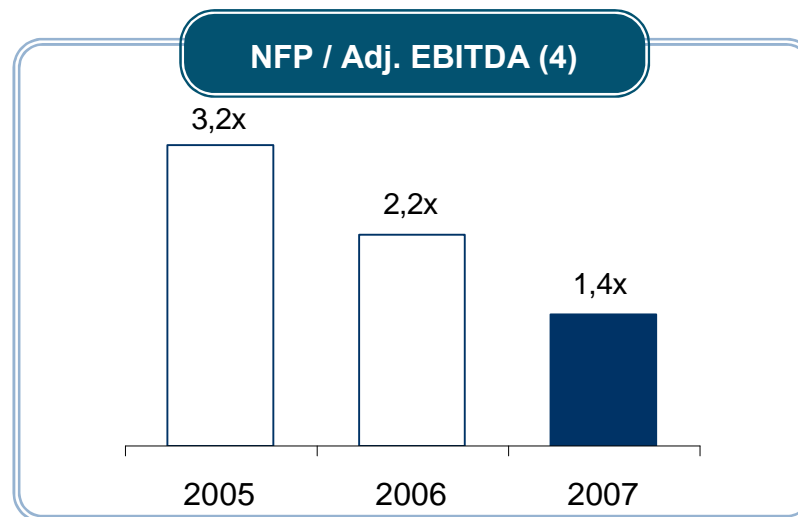
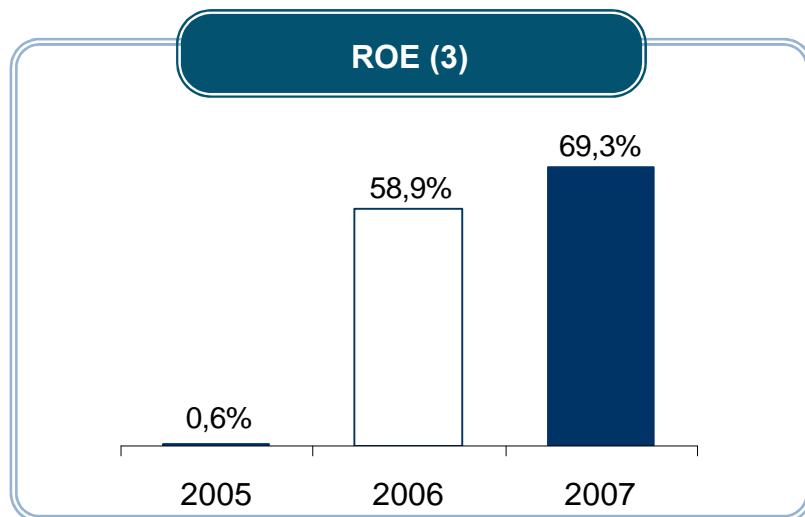
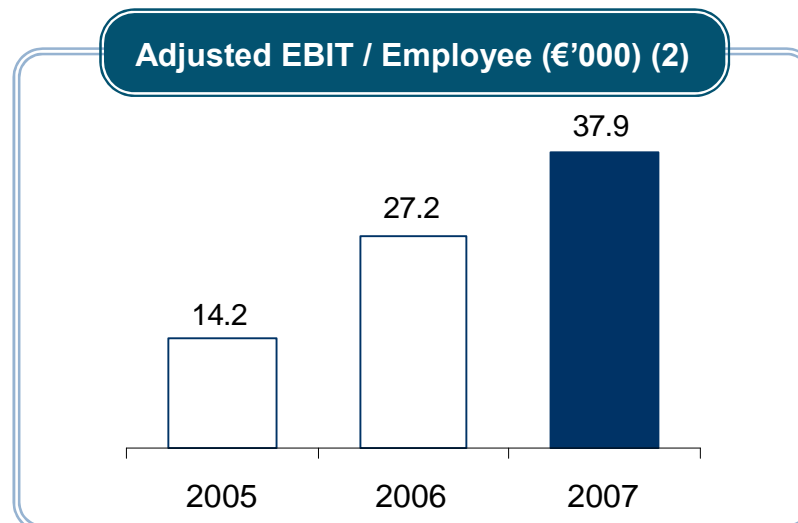
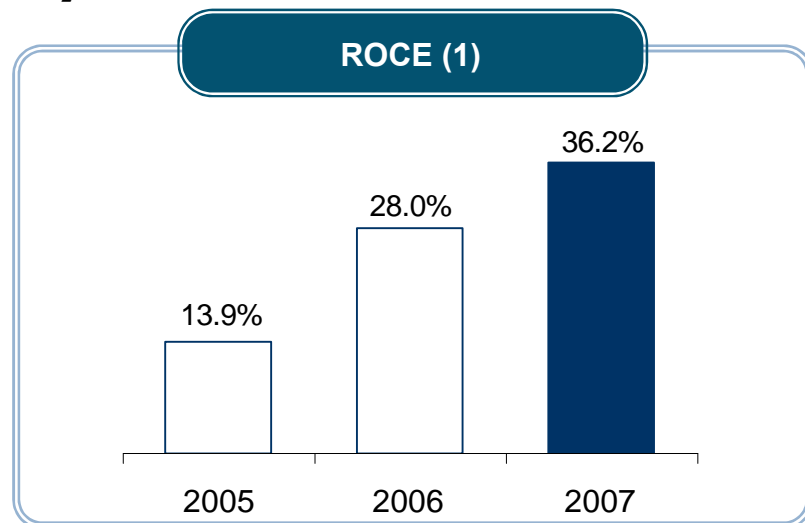
FY 2007 Key Financials

Euro Millions, % of Sales



¹ EBITDA and EBIT adjusted excluding non-recurring items.

Key Performance Ratios



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

(2) Year end employees: 12,082 (2005); 12,143 (2006); 12,243 (2007)

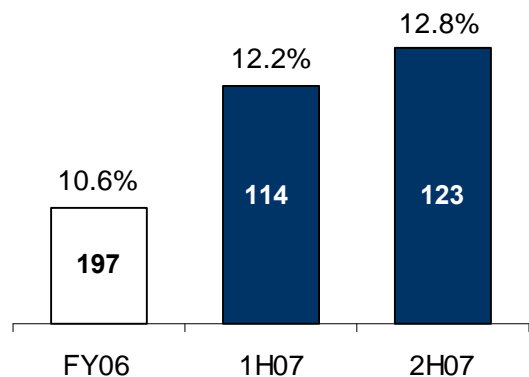
(3) Calculated as Net Income after minorities / Shareholders equity ex. Minorities YE

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

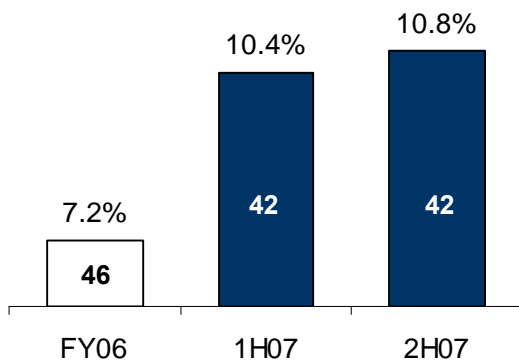
FY 2007 Adj. EBITDA breakdown by business

Euro Millions, % of Sales

Utilities – Adj. EBITDA margin



Industrial – Adj. EBITDA margin

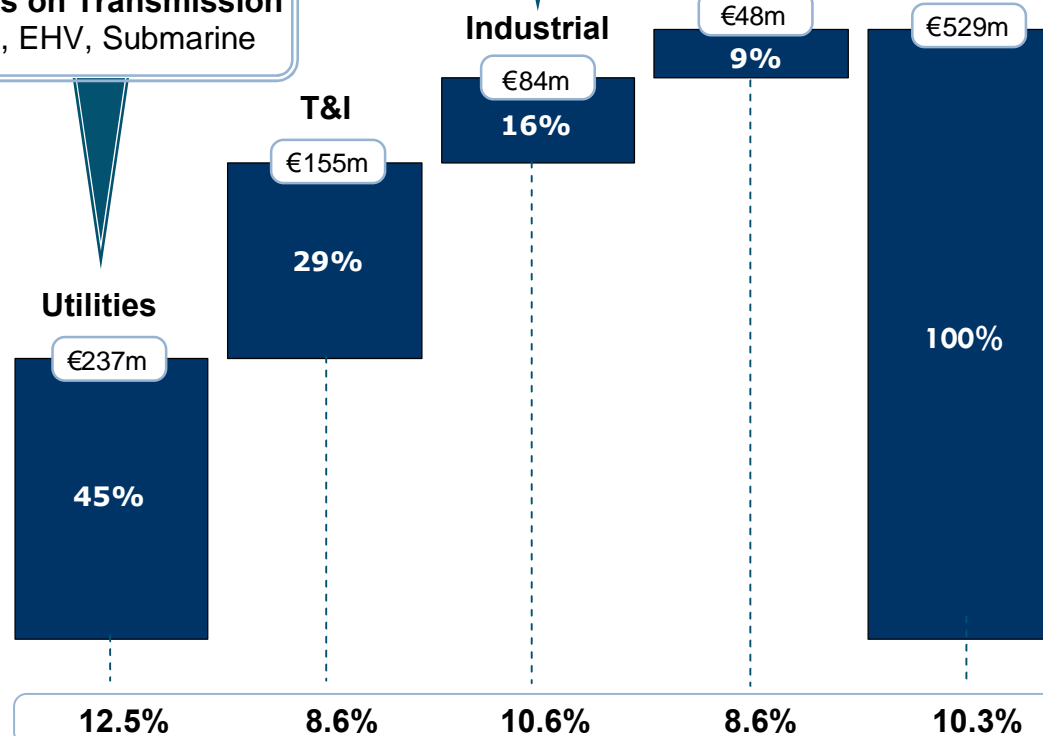


Increasing capacity in high profitability businesses to further improve ROCE and exposure to long visibility segments

Focus on
OGP, Renewable energies

Focus on Transmission
HV, EHV, Submarine

Telecom Consolidated (1)



FY07 Adj. EBITDA margin

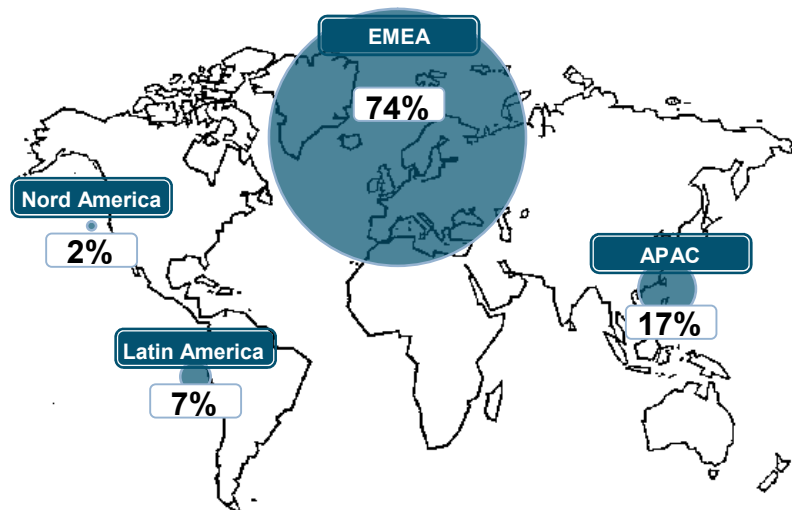
(1) Includes €5m Adj. EBITDA from Other activities

Prysmian Capex

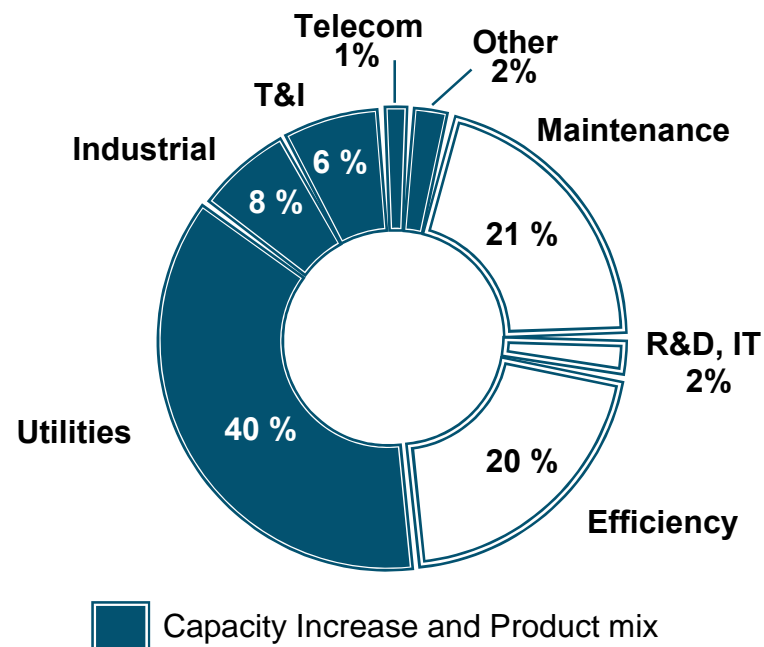
Euro Millions

€ 89 m of Capital Expenditure in 2007

Capital expenditure by Geography



Capital Expenditure by destination



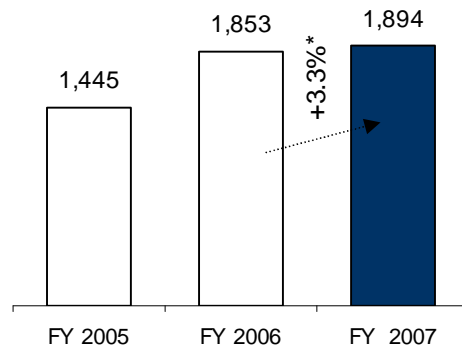
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Utilities

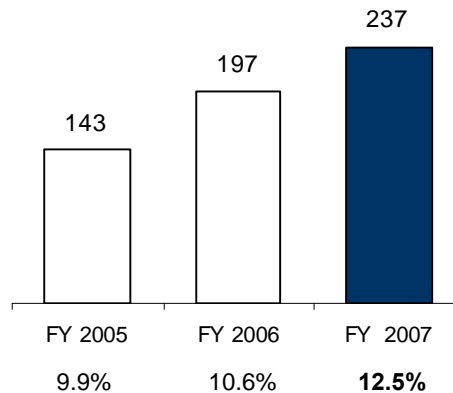
Euro Millions, % of Sales

Sales Vs Third Parties

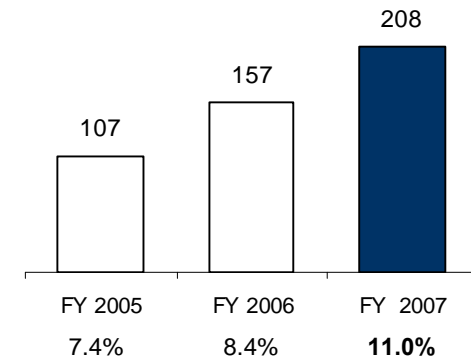


* Organic Growth

Adjusted EBITDA



Adjusted EBIT



Distribution

- Focus on profitability and cash flow generation
- Improvement in profitability achieved in key markets: Italy, Spain, UK
- Strong R&D and Operations to keep leadership in innovation (new technology P-Laser cable) and increase industrial efficiencies

Transmission

HIGH VOLTAGE

- Global increase in utilities investments due to network expansion and replacement of aging networks
- Substantial growth in project size
- Strong demand coming from Middle East, Russia and Asia
- Increasing production capacity in US and China

SUBMARINE

- Market outlook further improved (over 2 years order book)
- Emerging demand from off-shore wind farms
- Further capacity increase to keep leadership in a fast growing market

Global Leader in Transmission

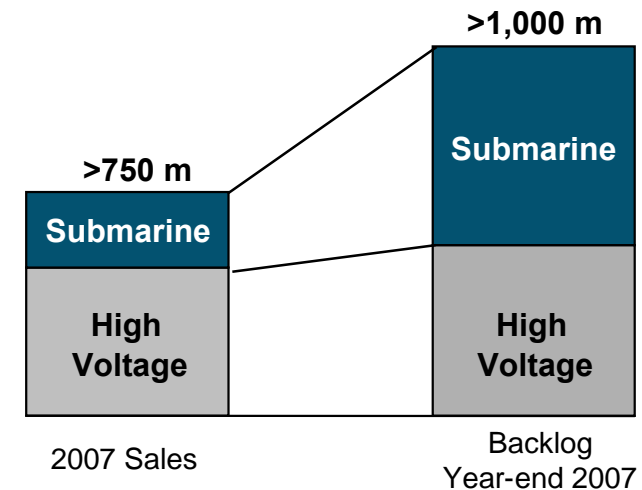
2007 Utilities Sales Breakdown

Distribution

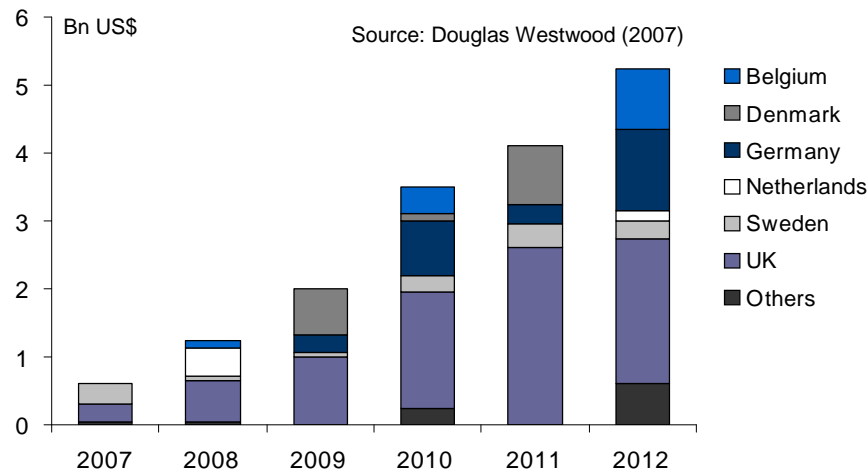
~ 60%

~ 40%

Transmission
- High Voltage
- Submarine



Off-shore Wind farms – Capital Expenditure

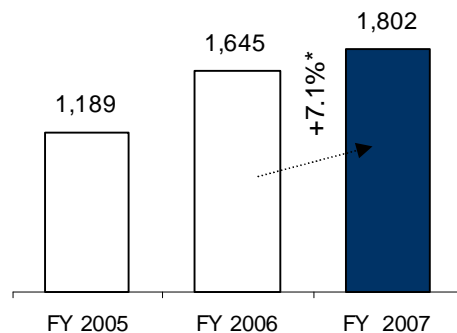


- Over US\$ 15 bn of capital expenditure in the 2008-12 period
- Limited number of players
- High entry barriers both in assets and know-how
- Transmission requirement moving from MV to HV and EHV
- Governments are stimulating investments
- 8 projects already awarded to Prysmian

Trade & Installers

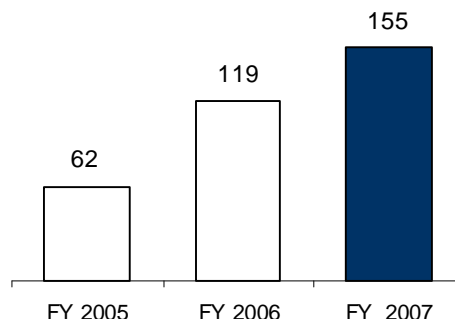
Euro Millions, % of Sales

Sales Vs Third Parties



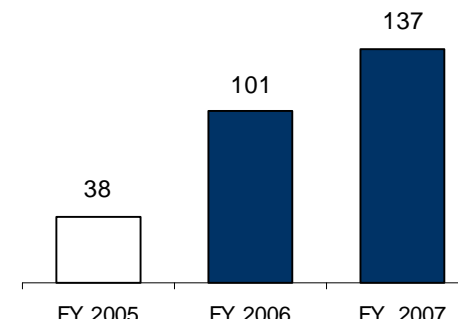
* Organic Growth

Adjusted EBITDA



5.2% 7.2% **8.6%**

Adjusted EBIT

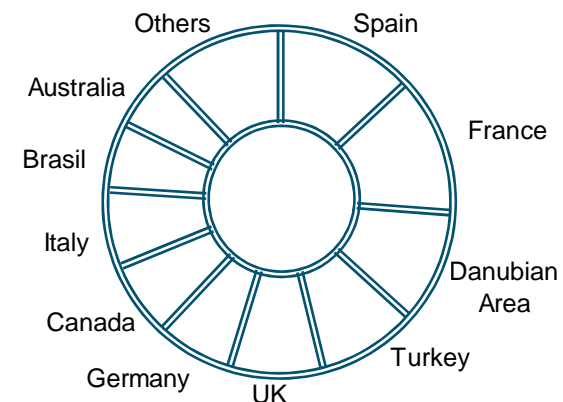


3.2% 6.1% **7.6%**

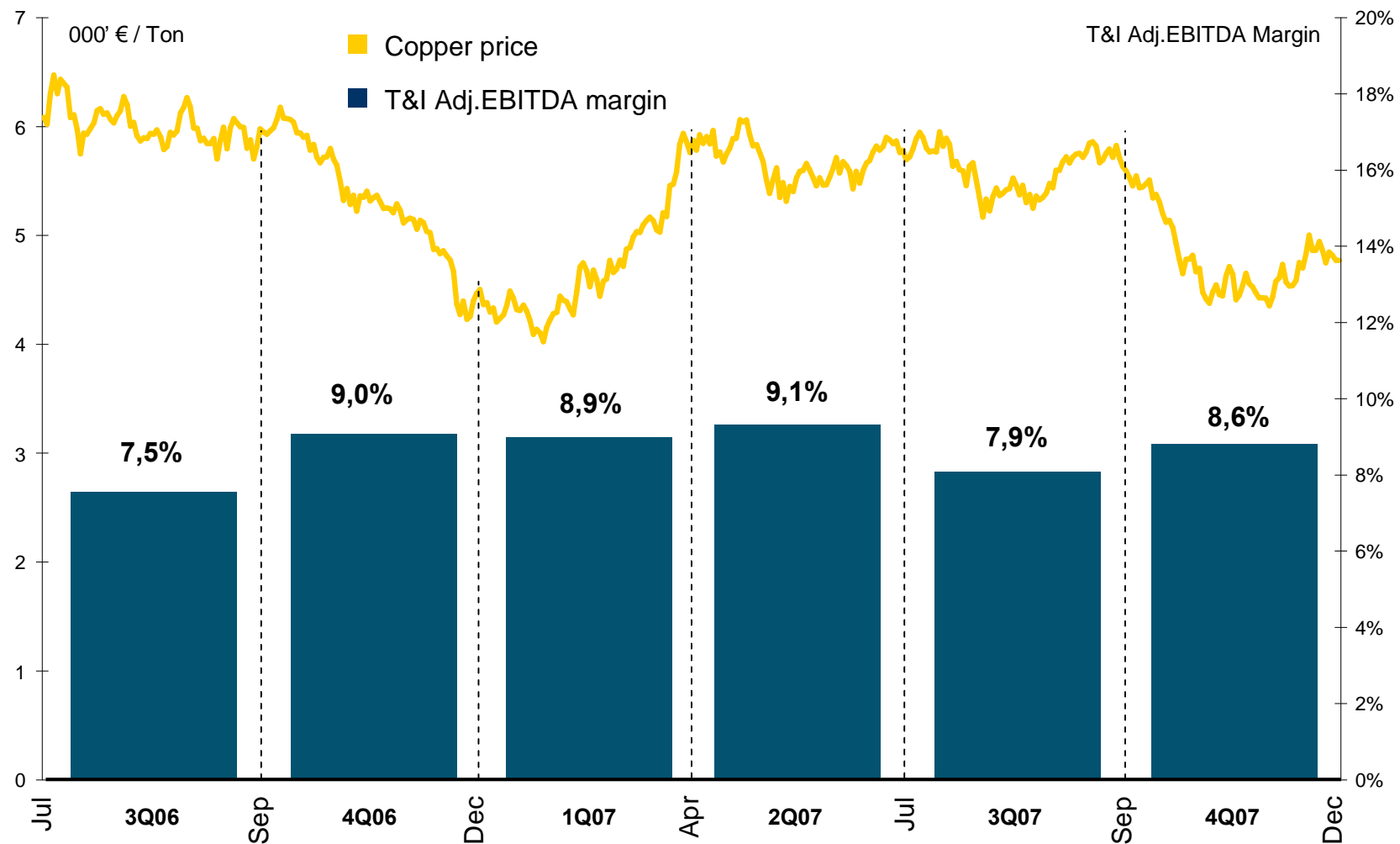
Highlights

- Current market outlook in line with company expectations
- No focus on volumes to protect profitability and working capital even in a challenging market
- High geographical diversification (marginal exposure to US) and product/channel mix improvement during the years
- Increase in profitability achieved in 2007 due to selective geographical approach (focus on more profitable countries) and strong growth in LSOH, fire performance cables

2007 Sales by geography



Trade & Installers – profitability drivers

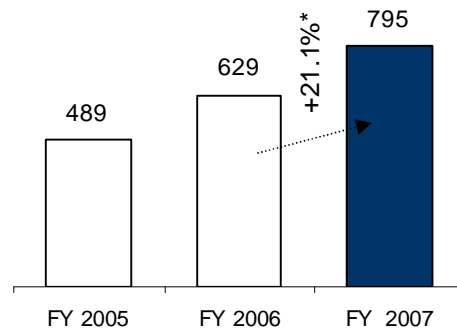


Profitability impacted by geographical and product mix development

Industrial

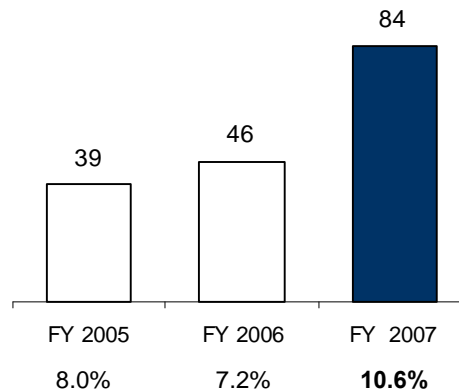
Euro Millions, % of Sales

Sales Vs Third Parties

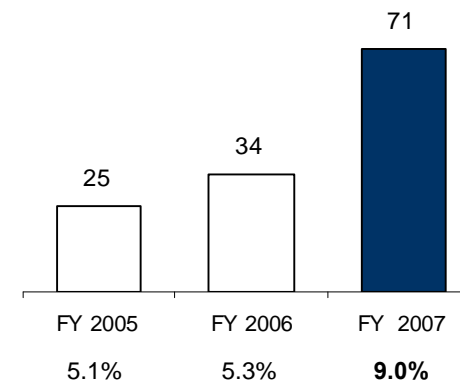


* Organic Growth

Adjusted EBITDA



Adjusted EBIT

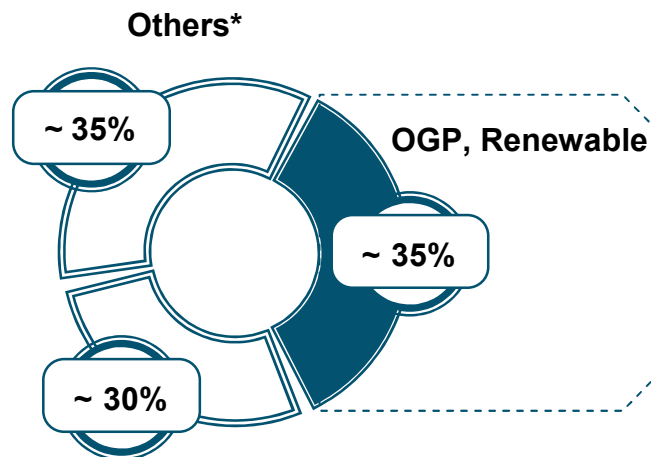


Highlights

- Growth achieved in Priority fast growing segments:
 - OGP: positive development in Italy, South America, APAC, Middle East and North America with margin improvement due to product mix (e.g. Umbilicals)
 - Renewable energies: fast growth in high value-added wind and solar business (e.g. Germany, Spain, China)
 - Mining: strong increase in Australia, Germany and China
 - Significant revenues growth in Marine and Rolling Stock

Industrial – High growth expected in Priority segments

2007 Industrial Sales Breakdown



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

OGP

- Strong demand with high visibility
- Focus on major projects requiring international capability and presence
- Leverage accessories capability – glands, joints, terminations etc.
- Expand international presence (e.g. Middle East & Russia)

RENEWABLE ENERGY

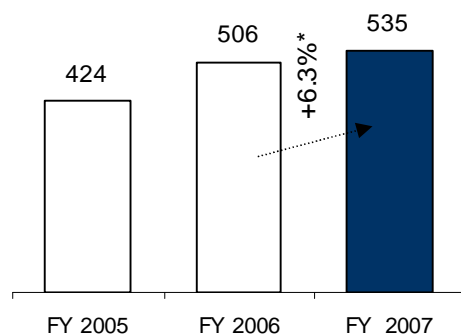
- EU set individual country target to reach the overall 20% of total energy from renewable sources by 2020 from 8.5% in 2005
- Strong growth expected in wind and solar business

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

Telecom Division

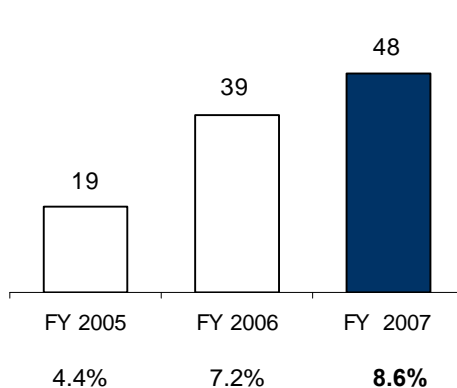
Euro Millions, % of Sales

Sales Vs Third Parties

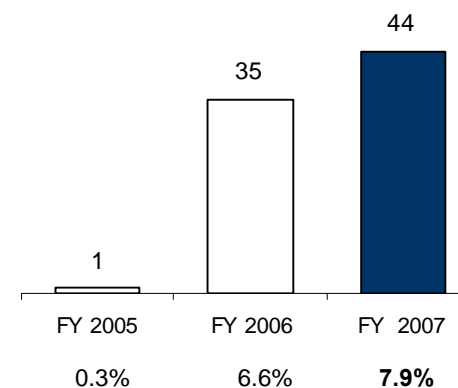


* Organic Growth

Adjusted EBITDA



Adjusted EBIT



Highlights

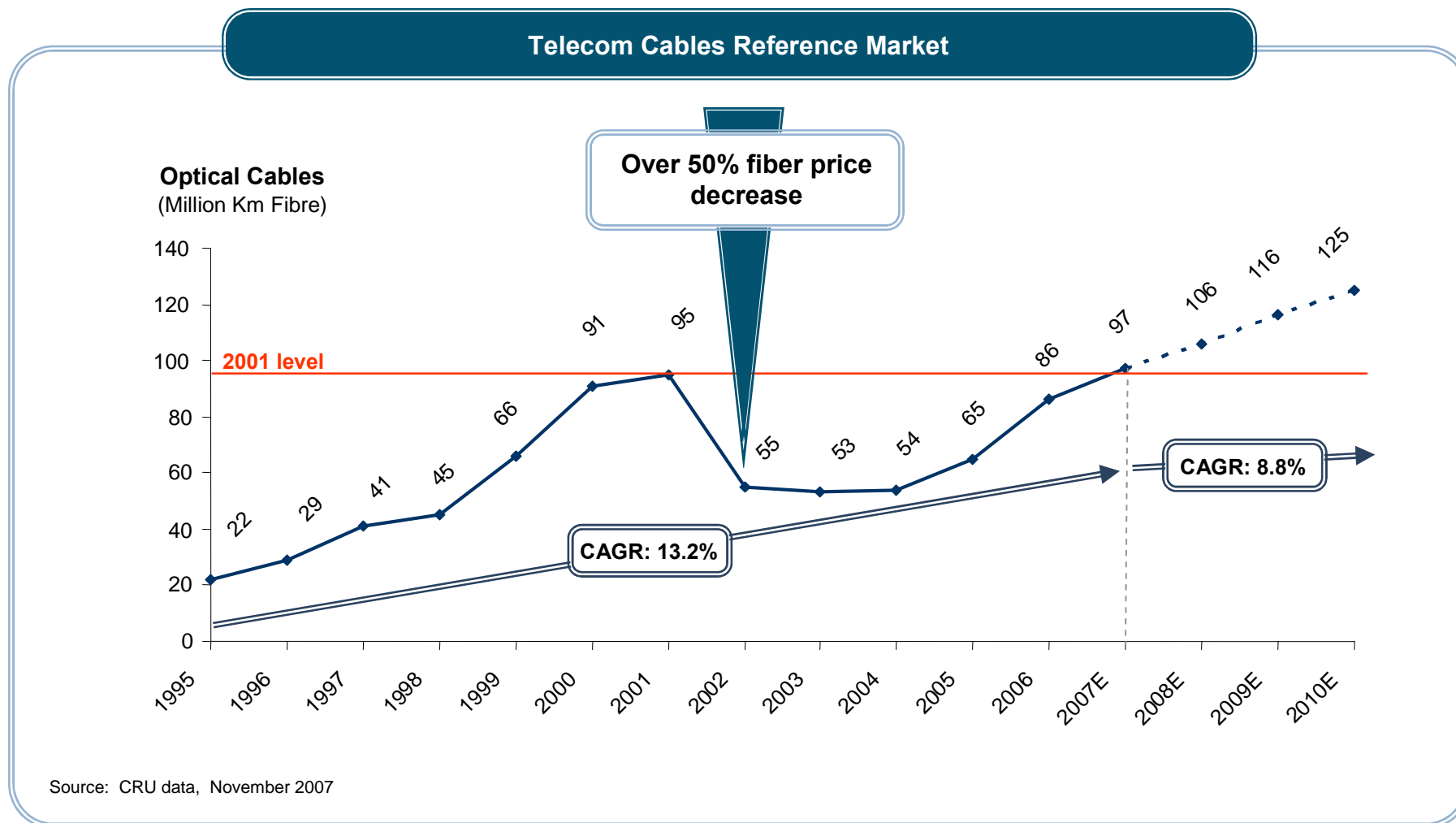
• Optical cables:

- Flat market conditions in USA partially offset by higher growth in emerging countries
- Steady demand from traditional incumbent operators in Europe, complemented by new network built activities from alternative operators
- Solid growth of demand in APAC
- Strong demand in aerial cables confirmed (particularly in emerging countries)

• Copper cables:

- Continuous growth of demand for xDSL cables in line with the growing broadband market
- Emerging markets confirm solid demand

Telecom – View on optical cables price development



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Profit and Loss Statement

Euro Millions

	FY 2006	FY 2007
Sales	5,007	5,118
<i>YoY total growth</i>	33.8%	2.2%
<i>YoY like for like growth (1)</i>	33.8%	9.2%
<i>YoY organic growth</i>	9.3%	8.2%
Contribution Margin (2)	827	960
<i>% on sales</i>	16.5%	18.8%
Fixed Costs and Others (3)	(420)	(431)
<i>Non recurring items</i>	(36)	44
EBITDA	371	573
<i>% on sales</i>	7.4%	11.2%
Adjusted EBITDA	407	529
<i>% on sales</i>	8.1%	10.3%
EBIT	258	508
<i>% on sales</i>	5.2%	9.9%
<i>Non recurring items</i>	(72)	44
Adjusted EBIT	330	464
<i>% on sales</i>	6.6%	9.1%
<i>Financial charges</i>	(110)	(121)
EBT	147	387
<i>% on sales</i>	2.9%	7.6%
<i>Taxes</i>	(56)	(85)
<i>% on EBT</i>	38.2%	21.9%
Net income	91	302
<i>Net income attributable to the Group</i>	89	300

Notes

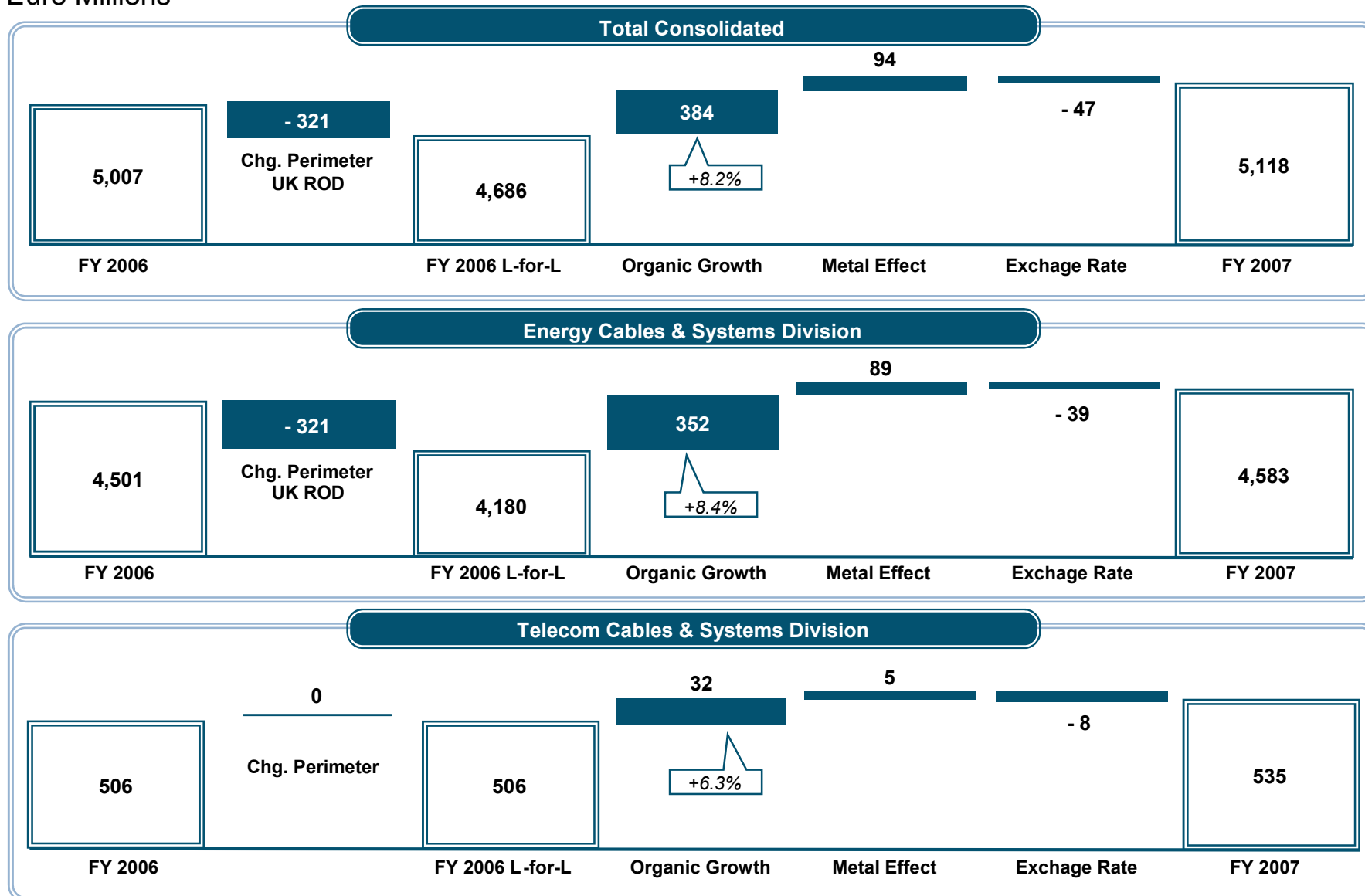
(1) Adjusted for closing of UK ROD business in December 2006 (€321m of sales in FY 2006)

(2) Defined as: Adjusted EBITDA + Fixed costs

(3) Excluding non recurring items

Sales Drivers Vs Third Parties

Euro Millions



Extraordinary Effects

Euro Millions

	FY 2006	FY 2007
Price adjustment	-	39
Other settlements with Pirelli	-	21
Restructuring	(17)	(6)
Launch of Prysmian brand	(6)	-
IPO costs	(10)	(8)
TLC submarine (disposed in 2004)	(1)	(1)
IT Segregation and other fees	(1)	(1)
EBITDA adjustments	(36)	44
<i>of which attributable to Energy Business</i>	(22)	(6)
<i>of which attributable to Telecom Business</i>	(2)	(1)
<i>of which Corporate</i>	(12)	51
Pirelli brand licence D&A	(32)	-
Goodwill reallocation	(5)	-
EBIT adjustments	(72)	44
<i>of which attributable to Energy Business</i>	(54)	(6)
<i>of which attributable to Telecom Business</i>	(2)	(1)
<i>of which Corporate</i>	(16)	51
Bank Fees Write-Off (non cash)	(15)	(59)
(Gain)/Loss Derivatives	(14)	8
(Gain)/Loss Exchange Rate	12	3
(Gain)/Loss Cash Flow Hedge (1)	2	4
EBT adjustments	(87)	(1)
Tax	3	4
Net Income Adjustments	(84)	3

Notes

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

Financial Charges

Euro Millions

	FY 2006	FY 2007
Net interest expenses (1)	(87)	(69)
- gain on cash flow hedge	2	4
Bank fees Amortization	(8)	(6)
Bank fees Write-Off	(15)	(59)
Gain/(loss) on exchange rates	12	3
Gain/(loss) on derivatives	(14)	8
Net financial charges	(112)	(123)
Share in net income of associates	2	2
Total financial charges	(110)	(121)

Notes

(1) Including Other financial expenses

Energy Division: Profit and Loss Statement

Euro Millions

	FY 2006	FY 2007
Sales	4,570	4,618
Sales vs. Third parties	4,501	4,583
<i>YoY total growth</i>	35.1%	1.8%
<i>YoY like for like growth (1)</i>	35.1%	9.6%
<i>YoY organic growth</i>	8.9%	8.4%
Contribution Margin (2)	717	851
<i>% on sales</i>	15.7%	18.4%
EBITDA	346	475
<i>% on sales</i>	7.6%	10.3%
<i>Non recurring items</i>	(22)	(6)
Adjusted EBITDA	368	481
<i>% on sales</i>	8.1%	10.4%
EBIT	241	414
<i>% on sales</i>	5.3%	9.0%
<i>Non recurring items</i>	(54)	(6)
Adjusted EBIT	295	420
<i>% on sales</i>	6.5%	9.1%

Notes

(1) Adjusted for closing of UK ROD business in December 2006 (€321m of sales in FY 2006)

(2) Defined as: Adjusted EBITDA + Fixed costs

Telecom Division: Profit and Loss Statement

Euro Millions

	FY 2006	FY 2007
Sales	537	548
Sales vs. Third parties	506	535
<i>YoY total growth</i>	22.8%	5.7%
<i>YoY like for like growth</i>	22.8%	5.7%
<i>YoY organic growth</i>	12.5%	6.3%
Contribution Margin (1)	110	109
<i>% on sales</i>	20.5%	20.0%
EBITDA	37	47
<i>% on sales</i>	6.9%	8.5%
<i>Non recurring items</i>	(2)	(1)
Adjusted EBITDA	39	48
<i>% on sales</i>	7.2%	8.6%
EBIT	33	43
<i>% on sales</i>	6.1%	7.8%
<i>Non recurring items</i>	(2)	(1)
Adjusted EBIT	35	44
<i>% on sales</i>	6.6%	7.9%

Notes

(1) Defined as: Adjusted EBITDA + Fixed costs

Balance Sheet

Euro Millions

	FY 2006	FY 2007
Net fixed assets	875	881
Net working capital	442	536
<i>NWC as % on sales</i>	8.8%	10.5%
Provisions	(140)	(135)
Net Capital Employed	1,177	1,282
Employee provisions	128	112
Shareholders' equity	170	454
<i>of which attributable to minority interest</i>	19	21
Net financial position	879	716
<i>Debt Shareholders Loans</i>	42	-
<i>Bank Fees</i>	(63)	(20)
<i>Net financial position vs Third Parties</i>	900	736
Total Financing and Equity	1,177	1,282

Cash Flow

Euro Millions

	FY 2006	FY 2007
EBITDA	371	573
Price adj. and other settlements with Pirelli	-	(60)
Equity compensation (IFRS 2)	4	6
Gains/losses on disposals	(8)	(1)
Net Change in provisions	(3)	(6)
Cash flow from operations (before WC changes)	363	512
Working Capital changes	39	(60)
Paid Income Taxes	(56)	(86)
Cash flow from operations	346	366
Price adj. and other settlements with Pirelli	-	45
Net CAPEX (1)	(69)	(83)
Free Cash Flow (unlevered)	278	328
Financial charges	(112)	(83)
Free Cash Flow (levered)	166	245
Reserves distribution & Minorities movements	(90)	(2)
Shareholders Loan (Equity component)	(51)	(28)
Net Cash flow	25	215
Net financial position at the beginning of the period	(892)	(879)
Net cash flow	25	215
Other variations	(11)	(52)
Net financial position at the end of the period	(879)	(716)

Notes

(1) Not including movements of the item
"Securities held for trading"
(included in Net Financial Position)

Strong financial structure

- Two long term financing contracts
- Over €700m committed facilities currently unutilized

	Amount €m	Current pricing		NFP/EBITDA < 2.0x		NFP/EBITDA < 1.5x	
		spread	comm.fee	spread	comm.fee	spread	comm.fee
Securitization	350	0.45%	0.275%	0.375%	0.225%	0.325%	0.20%
Term Loan	1,000	0.80%	n/a	0.50%	n/a	0.40%	n/a
Revolving Facility	400	0.80%	0.32%	0.50%	0.15%	0.40%	0.12%
Bonding Facility	300	0.55%	0.22%	0.40%	0.12%	0.30%	0.09%

	31.12.06 €m	31.12.07 €m
Term Loan	1,285	995 (2)
Securitization	0	0
Other Debt	69	73
Total Gross Debt	1,354	1,068
Cash & Other Financial Assets	(454)	(332)
NFP Vs third parties	900	736
Bank Fees	(63)	(20)
SHL (Debt component) (1)	42	0
NFP	879	716

Notes

(1) Total shareholders loan paid back in May 2007 equal to €71m

(2) Including interest accrued €4.7m

Sustainable Dividend Policy

Dividend Policy

- €75m dividends in 2008 (25% Pay-out ratio)
- Dividend yield of 3.1% (1)
- Keep an efficient financial structure
 - Net Debt to EBITDA ratio
- Cash availability for M&A transactions

(1) Last month average share price
(2) Based on 180m shares

Number of Shares

180,000,000

Earning Per Share

€ 1.67

Dividend Per Share (2)

€ 0.417

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Energy – Sales by business

Euro Millions, % of Sales Growth

	FY 2006	FY 2007	Total Growth	L-for-L Growth	Organic Growth
Utilities	1,863	1,895			
<i>of wich to third parties</i>	1,853	1,894	2.2%	2.2%	3.3%
Trade & Installers	1,650	1,803			
<i>of wich to third parties</i>	1,645	1,802	9.5%	9.5%	7.1%
Industrial	637	795			
<i>of wich to third parties</i>	629	795	26.3%	26.3%	21.1%
Other	420	125			
<i>of wich to third parties</i>	374	92	n.m.	n.m.	n.m.
Total Energy	4,570	4,618			
<i>of wich to third parties</i>	4,501	4,583	1.8%	9.7%	8.4%

Energy – Profitability by business

Euro Millions, % of Sales

	FY 2006	FY 2007	FY 2006 % of Sales	FY 2007 % of Sales
Adjusted EBITDA				
Utilities	197	237	10.6%	12.5%
Trade & Installers	119	155	7.2%	8.6%
Industrial	46	84	7.2%	10.6%
Others	5	5	1.3%	5.5%
Total Energy	368	481	8.1%	10.4%
Adjusted EBIT				
Utilities	157	208	8.4%	11.0%
Trade & Installers	101	137	6.1%	7.6%
Industrial	34	71	5.3%	9.0%
Others	3	4	0.7%	4.0%
Total Energy	295	420	6.5%	9.1%

Disclaimer

- The manager responsible for preparing the company's financial reports, Pier Francesco Facchini, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Financial Act, that the accounting information contained in this presentation corresponds to the results documented in the books, accounting and other records of the company.
- This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.