

PRYSMIAN S.P.A, FIRST HALF 2007 RESULTS**RECORD GROWTH IN PROFITABILITY AND CASH FLOW
NET INCOME ALMOST DOUBLED (+97.5%)**

- **SALES: €2,583 MILLION (€2,417 MILLION IN H1 2006)**
- **ORGANIC GROWTH +8.3%**
- **EBITDA¹: €299 MILLION (€194 MILLION IN H1 2006; +53.9%)**
- **ADJUSTED EBITDA²: €269 MILLION (€205 MILLION IN H1 2006; +31.1%)**
- **EBIT: €266 MILLION (€143 MILLION IN H1 2006; +86.7%)**
- **NET INCOME: €150 MILLION (€76 MILLION IN H1 2006; +97.5%)**
- **CASH FLOW FROM OPERATIONS³: +€74 MILLION (-€28 MILLION IN H1 2006)**

Milan, 11 September 2007 – The Board of Directors of Prysmian S.p.A., a worldwide leading group in the energy and telecommunications cables industry, approved today its financial results for H1 2007.

"The first half 2007 results continue to demonstrate Prysmian's ability to combine business growth and close attention to profitability, confirming the effectiveness of its strategy of focusing on high added-value segments and strengthening its presence in countries with high prospects of growth and profitability," stated Chief Executive Officer Valerio Battista. "In line with our strategy, in the last few months, we have carried out two new acquisitions in the Asia-Pacific area: Nicco Cables in India and International Wire & Cable in New Zealand, which demonstrate our ability to take advantage of new development opportunities. Based on the excellent results achieved in the first half, we expect to confirm a solid trend of organic sales growth also in the second half of the year, targeting an adjusted EBITDA well in excess of €500 million for the full year 2007".

Sales for the first half of 2007 reached €2,583 million, compared to €2,417 million in the first half of 2006. **Organic growth**, net of perimeter changes, metal prices and exchange rate effects, amounted to 8.3%, confirming the positive trend recorded in the first quarter of 2007. Net of perimeter changes, growth was 14.4%.

Adjusted EBITDA in the first half of 2007 amounted to €269 million, posting an increase of 31.1% compared to €205 million recorded for the same period of 2006, with an improvement of adjusted EBITDA margin from 8.5% in the first half of 2006 to the record level of 10.4%. This result confirms the ability to pursue a trend of profitable growth maintaining fixed costs substantially stable.

EBITDA reached €299 million in the first half of 2007, rising 53.9% compared to €194 million in the first half of 2006, with EBITDA margin growing from 8.0% to 11.6%. This increase included positive non-recurring effects of €30 million (compared to negative non-recurring effects of €11 million in the first half of 2006).

EBIT reached €266 million in the first half of 2007, an increase of 86.7% compared to €143 million in the first half of 2006; EBIT margin surged from 5.9% to 10.3%.

¹ EBITDA is the Profit/(Loss) for the period, including depreciation and amortisation, financial income and expenses, the portion of the profit/loss attributable to associated companies, other company dividends and taxes. For further information, please see the table in Annex B, which provides the reconciliation statements between Profit/(Loss) for the period, EBITDA and adjusted EBITDA.

² We define adjusted EBITDA as EBITDA before charges and income that, according to the Group's management, do not have a recurring nature and are reported in the table in Annex B.

³ After tax Cash flow before net investments and finance costs.

Adjusted EBIT, before positive non-recurring items of €30 million, reached €236 million, posting an increase of 51.2% compared to €164 million in the first half of 2006. Adjusted EBIT margin rose from 6.8% to 9.1%.

Net income for the first half of 2007 almost doubled to €150 million, compared to €76 million in the same period of 2006 (+97.5% on the first half of 2006).

In the first half of 2007, Prysmian confirmed its strong cash generation, with a positive **Cash Flow from Operations** of €74 million, compared to a negative flow of €28 million in the first half of 2006: this improvement resulted from the sharp increase in profitability and the efficient management of working capital. Total cash flow from operations generated in the last twelve months (July 2006 – June 2007) amounted to €449 million (€253 million after investments and financial expenses).

Net Financial Position as of 30 June 2007 amounted to €908 million, down from €952 million as of 30 June 2006 (after €169 million reserves distribution and shareholders loan pay-back in the last twelve months).

PERFORMANCE AND RESULTS OF THE BUSINESS

Energy Cables & Systems

Net sales vs third parties				
	H1 2007	H1 2006	% Change	% Organic change
Utilities	931	891	4.5%	2.8%
Trade & Installers	911	795	14.6%	6.0%
Industrial	404	299	35.1%	21.5%
Others	45	173		
Total Energy	2,291	2,158	6.2%	8.1%

Adjusted EBITDA			% on net sales	
	H1 2007	H1 2006	H1 2007	H1 2006
Utilities	114	104	12.2%	11.7%
Trade & Installers	82	49	9.0%	6.1%
Industrial	42	24	10.4%	8.0%
Others	3	4		
Total Energy	241	181	10.4%	8.3%

Adjusted EBIT			% on net sales	
	H1 2007	H1 2006	H1 2007	H1 2006
Utilities	99	84	10.6%	9.3%
Trade & Installers	74	40	8.1%	5.0%
Industrial	36	18	8.6%	6.1%
Others	1	1		
Total Energy	210	143	9.1%	6.5%

Sales to third parties of the Energy & Cables Systems business in H1 2007 reached €2,291 million, up from the €2,158 million for the same period in 2006 (organic growth +8.1%). Adjusted EBIT rose to €210 million from €143 million in the first half of 2006 (+48.2%), with an increase of adjusted EBIT margin from 6.5% to 9.1%.

This positive growth in profitability confirms the effectiveness of the Group's strategy focussing on higher added-value products and sales channels. Specifically, the positive results recorded in the Industrial business area and the increasing importance of the projects carried out in High Voltage have contributed to further improve the already strong level of profitability achieved in Q1 2007. Prysmian was also able to take advantage of the favourable market in the Trade & Installers and Power Distribution areas, mainly due to sustained demand from the European utilities.

Utilities

In the first half of 2007, sales to third parties in the Utilities business totalled €931 million, showing a 2.8% organic growth. Demand for Power Distribution cables coming from utilities proved to be strong, particularly in Europe2

where operators faced an increasing power demand from industrial and household customers. High voltage cables recorded the most significant growth also due to the need to upgrade transmission networks making them more efficient and eco-friendly. In the Submarine business the strong order book provides good visibility for future sales and profitability growth, starting from the second half of 2007.

Trade & Installers

Sales to third parties in the Trade & Installers business reached €911 million in the first half of 2007 posting a 6.0% organic growth. In a market characterised by a strong residential and non-residential demand, particularly in Europe, Canada and Brazil, Prysmian achieved very positive results by continuing to focus on highly profitable value-added products (i.e. LSOH/Afumex fire-resistant cables) and geographical markets. The selective strategy of growth and improvement in the product mix, led to a strong increase in profitability (adjusted EBITDA +67.0% vs. first half of 2006).

Industrial

In the Industrial Cables business, Sales to third parties in first half of 2007 increased to €404 million recording a 21.5% organic growth, mainly due to Prysmian’s increased market share in the oil & gas, railway, mining and renewable energy industries. Recently Prysmian secured an important contract from Norsk Hydro and Anadarko to supply Umbilicals for the Peregrino project in Brazil.

Telecom Cables & Systems

In the first six months of 2007, Sales to third parties of the Telecom Cables & Systems business reached €293 million from €258 million recorded for the same period of 2006 (organic growth 10.2%). Adjusted EBIT increased to €26 million compared to €21 million in first half 2006. Adjusted EBIT margins improved from 8.0% to 8.6%.

Prysmian benefited from growing demand in Europe, mainly in the United Kingdom, Spain, France and Germany, where the Company is involved in large-scale FTTH (Fibre to the Home) projects, and obtained positive sales results in the Asia-Pacific market. In the OPGW market (Optical Ground Wire) Prysmian strengthened its leadership position, while the copper cables business achieved an improvement of product mix and recorded higher than expected demand from large incumbent Telecom Companies, especially in South America, Middle East and North America.

SALES BY GEOGRAPHIC AREA



In **Europe** sales showed an organic growth of 15.5%, due to growing demand in all segments; Europe represents 69.0% of total sales in the first six months of 2007.

Sales in **North America** decreased in the first six months of 2007, compared to the same period of 2006, almost entirely due to the contribution of sales related to the Neptune project in 2006 (organic sales growth – 14.5%; +2.1% excluding Neptune project). Sales in North America accounted for 13.0% of total sales in the first six months of 2007.

In **Central and South America**, sales recorded an organic growth of 7.9% mainly due to the strong demand in the OGP industry, which Prysmian was able to meet thanks to its new production plant in Vila Velha, which is now running at the planned capacity level. Sales in Central-South America represented 9.0% of total sales in the first six months of 2007.

In **Asia Pacific** sales of industrial and telecom cables recorded a good trend, posting an organic growth of 4.8%; the region accounted for 9.0% of the total sales in the first six months of 2007.

SIGNIFICANT EVENTS

In Q2 2007, the Group entered into a New Credit Agreement with six banks in order to refinance the previous Senior Credit Agreement. The total credit lines provided under the New Credit Agreement amount to €1,700 million and the syndication was successfully concluded on 29 June 2007. The New Credit Agreement has a 5-year term and offers much better economic conditions and higher financial flexibility than the previous agreement.

On 31 July, the Board of Directors of Prysmian S.p.A. approved a Term Sheet with the Indian group Nicco for the acquisition of a majority shareholding in a Newco, encompassing all the industrial and commercial operations related to the cables and energy systems activities of Nicco Corporation. In the last financial year the business recorded a turnover in excess of €55 million. The aim of the acquisition is to penetrate a fast growing market that Prysmian considers strategic, particularly in industrial cables and energy transmission and distribution business. Prysmian expect to finalize the acquisition by the first quarter of 2008.

The Group also acquired, effective 3 September 2007, the business operations of International Wire & Cable (IWC), a cable manufacturer based in New Zealand. This acquisition will allow Prysmian to further strengthen its presence in the Asia-Pacific area. IWC has been producing energy cables for over 60 years, and specialises in aluminium/neutral screened cables. In the last fiscal year the company recorded a turnover of around €20 million.

With the objective of further reinforcing its leadership position in the High Voltage market, the Group decided to invest around €25 million in USA to build a new production plant for High and Extra-High Voltage cables. The new plant will be located close to the existing Prysmian Abbeville plant and will be operative within the first half of 2009.

OUTLOOK

Based on the excellent results achieved in the first half of the year we expect to confirm a solid trend of sales organic growth also in the second half, targeting an adjusted EBITDA well in excess of €500 million for the full year 2007.

The Quarterly Report as of 30 June 2007 will be filed at the Company's registered offices at Viale Sarca 222, Milan, and with Borsa Italiana S.p.A. in compliance with relevant regulations. It will also be available on the corporate website at www.prysmian.com.

Prysmian

A leading player in the industry of high-technology cables and systems for energy and telecommunication, the Prysmian Group is a truly global company with sales exceeding 5 billion euro in 2006 and a strong position in higher-added value market segments. With its two business, Energy Cables & Systems (submarine and underground cables for power transmission and distribution, for industrial applications and for the distribution of electricity to residential and commercial buildings) and Telecom Cables & Systems (optical cables and fibres and copper cables for video, data and voice transmission), Prysmian boasts a global presence with subsidiaries in 34 countries, 54 plants in 20 countries, 7 Research & Development Centres in Europe, USA and South America, and over 12,000 employees. Specialising in the development of products and systems designed to meet clients' specific requirements, Prysmian's key strengths include: a focus on Research & Development, the capacity to innovative on products and production processes, and the use of advanced proprietary technologies. Prysmian is listed on the Milan Stock Exchange Blue Chip index.

Media relations:

Lorenzo Caruso
Communication Director
Tel. 0039 02 64491
lorenzo.caruso@prysmian.com

Investor Relations

Luca Caserta
Head of Investor Relations
Tel. 0039 02 64491
luca.caserta@prysmian.com

Consolidated Balance Sheet Prysmian Group

(in thousands of Euro)		
	30 June 2007	31 December 2006
ASSETS		
Non-current assets		
Property, plant and equipment	831,442	827,244
Intangible assets	23,713	26,667
Investments in associates	9,485	10,575
Available for sale financial assets	11,824	10,747
Derivatives	29,154	21,693
Deferred tax assets	37,503	30,949
Other non-current receivables	35,198	47,798
Total non current assets	978,319	975,673
Current assets		
Inventories	647,658	535,495
Trade receivables	1,012,073	847,788
Other current receivables	223,482	159,321
Financial Assets held for trading	33,677	24,376
Derivatives	67,473	32,773
Cash and cash equivalents	238,388	392,907
Total current assets	2,222,751	1,992,660
Total assets	3,201,070	2,968,333
SHAREHOLDER'S EQUITY AND LIABILITIES		
Shareholder's equity attributable to the Group	297,434	151,218
Share capital	18,000	18,000
Reserves	130,486	44,125
Net income for the period	148,948	89,093
Shareholder's equity attributable to minority interest	20,931	19,155
Share capital and reserves	20,053	17,086
Net income for the period	878	2,069
Total shareholder's equity	318,365	170,373
Non-current liabilities		
Long-term borrowings	1,001,935	1,098,992
Other non-current payables	42,114	38,640
Provisions for risks and charges	27,489	26,033
Derivates	2,952	-
Deferred tax liabilities	68,453	65,694
Employee benefits liability	117,285	127,571
Total non current liabilities	1,260,228	1,356,930
Current liabilities		
Short term borrowings	228,889	255,077
Trade payables	877,762	736,158
Other current payables	344,589	269,337
Derivatives	35,519	31,895
Provisions for risks and charges	91,869	79,224
Tax payables	43,849	69,339
Total current liabilities	1,622,477	1,441,030
Total liabilities	2,882,705	2,797,960
Total shareholder's equity and liabilities	3,201,070	2,968,333

Consolidated Income Statement

(in thousands of Euro)		
	1st Half 2007	1st Half 2006
Net Sales	2,583,085	2,416,715
Changes in inventories of work in progress and finished goods	57,840	89,487
Other income	66,083	21,205
<i>of which other not recurring incomes</i>	<i>39,315</i>	<i>-</i>
Raw materials and consumables used	(1,661,226)	(1,687,959)
Personnel costs	(270,181)	(274,569)
<i>of which not recurring personnel costs</i>	<i>(359)</i>	<i>-</i>
Depreciation and amortization	(32,522)	(51,508)
<i>of which not recurring depreciations</i>	<i>-</i>	<i>(10,000)</i>
Other expenses	(476,847)	(370,739)
<i>of which other not recurring costs</i>	<i>(8,463)</i>	<i>(11,186)</i>
Operating income	266,232	142,632
Finance costs	(148,381)	(88,450)
<i>of which not recurring finance costs</i>	<i>(59,052)</i>	<i>-</i>
Finance incomes	81,469	69,223
<i>of which not recurring finance incomes</i>	<i>3,846</i>	<i>-</i>
Share of income from investments in associates and dividends from other companies	971	404
Income before income tax expense	200,291	123,809
Income tax expense	(50,465)	(47,932)
Net income for the period	149,826	75,877
Attributable to:		
Equity holders of the Group	148,948	75,376
Minority interests	878	501
Earnings/(loss) per share - base (in Euro)	0.83	0.42
Earnings/(loss) per share - diluted (in Euro)	0.82	0.42

Consolidated Cash Flow Statements

(in thousands of Euro)

	1 st Half 2007	1 st Half 2006
Net income before income tax expense	200,291	123,809
Depreciation expense	29,155	31,095
Amortization expense	3,367	20,413
Purchase price adjustment of the Energy and Telecom Cables and Systems divisions from the Pirelli & C. S.p.A. group	(39,315)	-
Gains from disposal of property, plant and equipment and intangible assets and other non-current assets	(1,580)	(405)
Gains from disposal activities	-	(665)
Share of income from investments in associates	(971)	(404)
Net finance costs	66,912	19,227
Decrease/(increase) in inventories	(104,340)	(131,085)
Decrease/(increase) in trade receivables and trade payables	(25,662)	(63,314)
Decrease/(increase) in other assets and other liabilities	(18,812)	28,515
(Increase)/decrease in fair value of currency and metal derivatives	(3,857)	(22,328)
Income tax paid	(39,224)	(29,011)
Utilization of provisions and employee benefits liability	(28,191)	(22,668)
Accruals of provisions and employee benefits liability	36,452	18,608
A. Net cash provided by/(used in) operating activities	74,225	(28,213)
Purchase price adjustment of the Energy and Telecom Cables and Systems divisions from the Pirelli & C. S.p.A. group	39,315	-
Investments in property, plant and equipment	(27,973)	(16,718)
Disposal of property, plant and equipment	4,442	7,203
Investments in intangible assets	(846)	(2,763)
Investments in financial assets held for trading	(7,737)	(2,541)
Investments in associates	-	(543)
Dividends received from investments in associates	2,056	96
Effect of disposed operations	-	1,032
B. Net cash provided by/(used in) investing activities	9,257	(14,234)
Capital contribution	(217)	-
Net finance costs	(63,237)	(19,227)
Net changes in short and long term borrowings	(176,456)	(4,789)
C. Net cash provided by/(used in) financing activities	(239,910)	(24,016)
D. Exchange gains/(losses) on cash and cash equivalents	1,909	(3,842)
E. Net increase in cash and cash equivalents (A+B+C+D)	(154,519)	(70,305)
F. Cash and cash equivalents at the beginning of the period	392,907	235,093
G. Cash and cash equivalents at the end of the period (E+F)	238,388	164,788

ANNEX B
RECONCILIATION TABLE BETWEEN GAIN/LOSS OF THE PERIOD, EBITDA AND ADJUSTED EBITDA OF THE GROUP

(in thousands of Euro)		
	1st Half 2007	1st Half 2006
Net income/(loss) of the period	149,826	75,877
Income tax expense	50,465	47,932
Share of income from investments in associates and dividends from other companies	(971)	(404)
Finance income	(81,469)	(69,223)
Finance costs	148,381	88,450
Depreciation and amortization	32,522	51,508
EBITDA	298,754	194,140
Shutdown of operating facilities	2,302	7,208
Launching of the Prysmian trademark	-	3,519
IPO project costs	6,677	-
Price adjustment from Pirelli	(39,315)	-
Corporate reorganization	-	400
IT segregation	202	59
Adjusted EBITDA	268,620	205,326