



H1 2008 Financial Results

27th August 2008

Agenda

- H1 2008 Highlights & Outlook FY2008

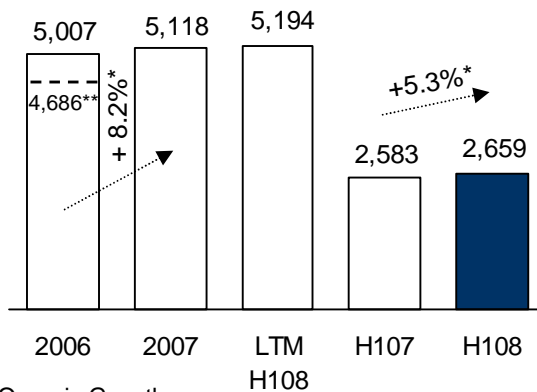
- Financial Results

- Appendix

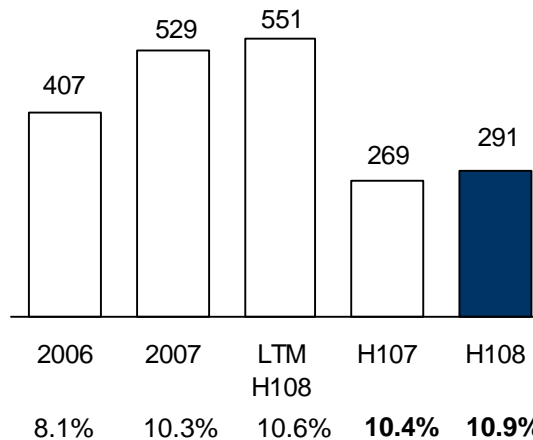
H1 2008 Key Financials

Euro Millions, % of Sales

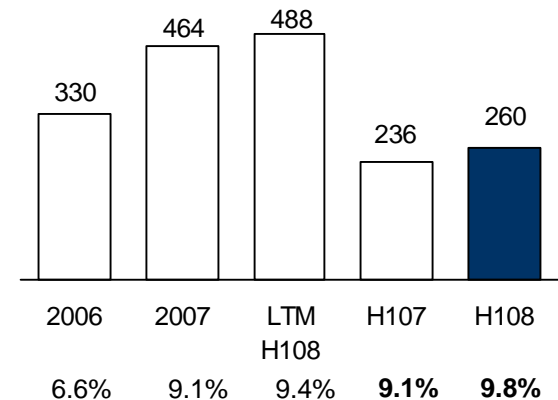
Sales



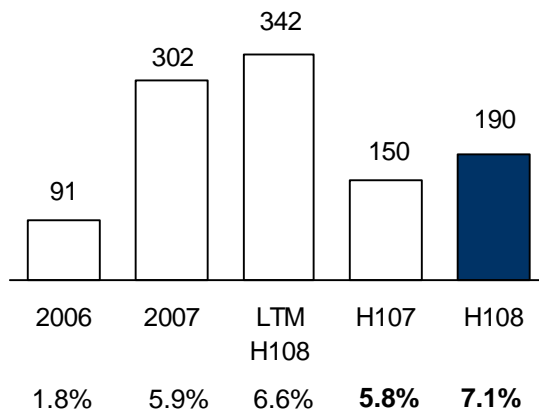
Adjusted EBITDA¹



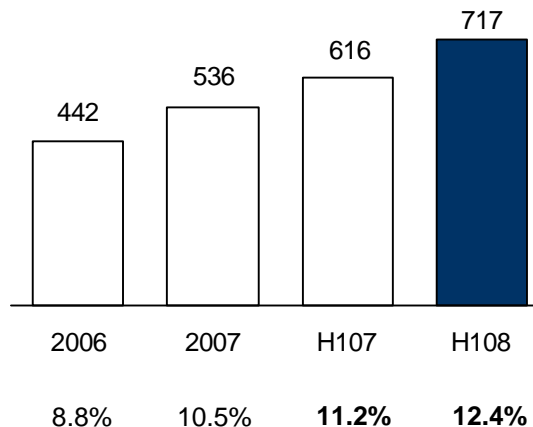
Adjusted EBIT¹



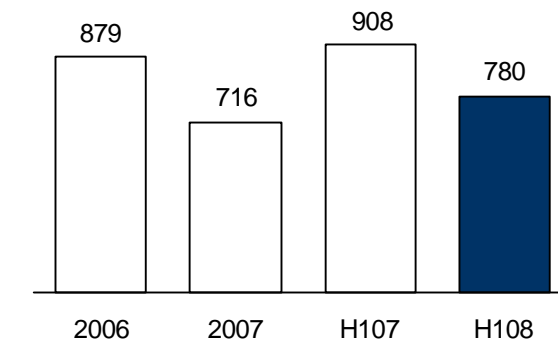
Net Income



Net Working Capital



Net Financial Position

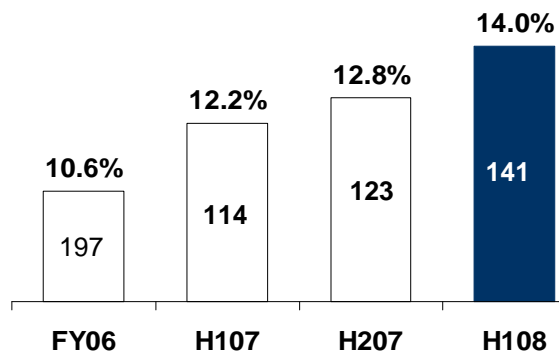


¹ EBITDA and EBIT adjusted excluding non-recurring items.

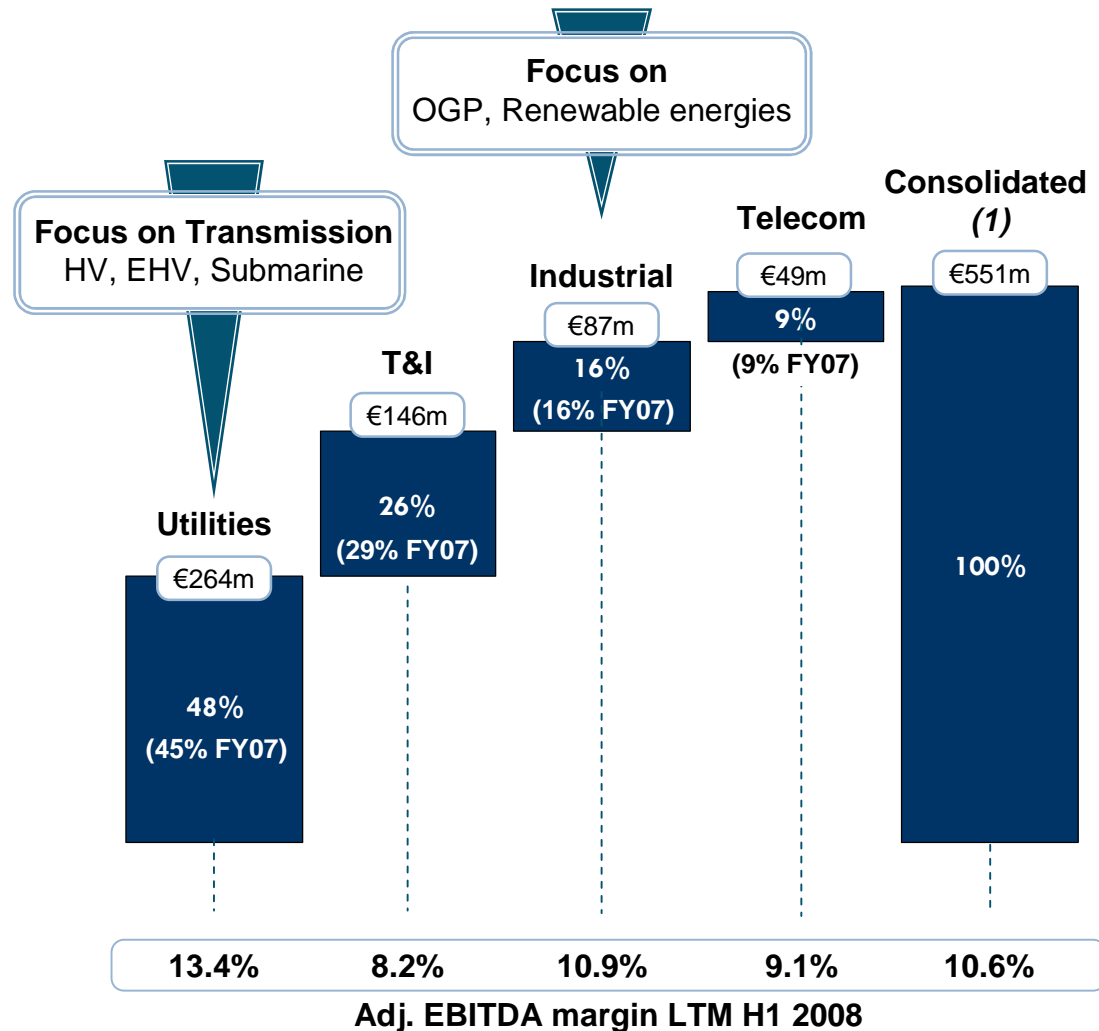
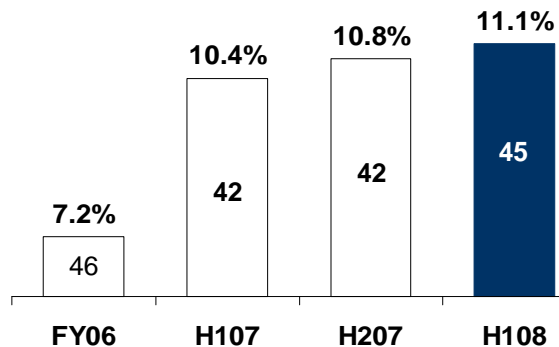
A unique portfolio driving sustainable margin growth

Euro Millions, % of Sales

Utilities – Adj. EBITDA margin



Industrial – Adj. EBITDA margin

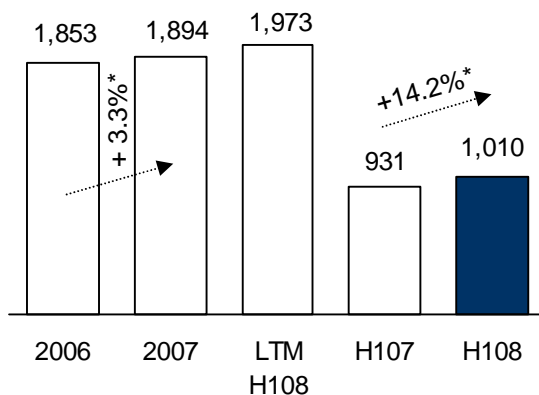


(1) Includes €5m Adj. EBITDA from Other activities

Utilities

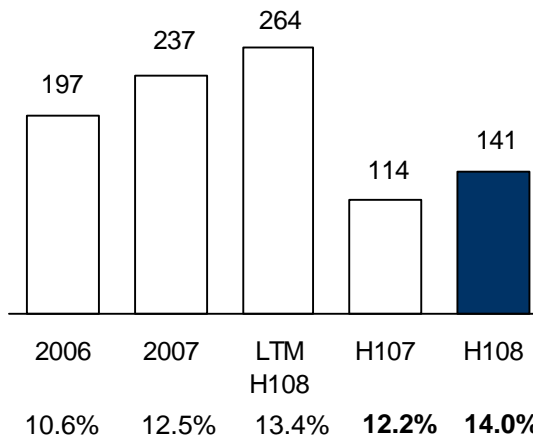
Euro Millions, % of Sales

Sales Vs Third Parties

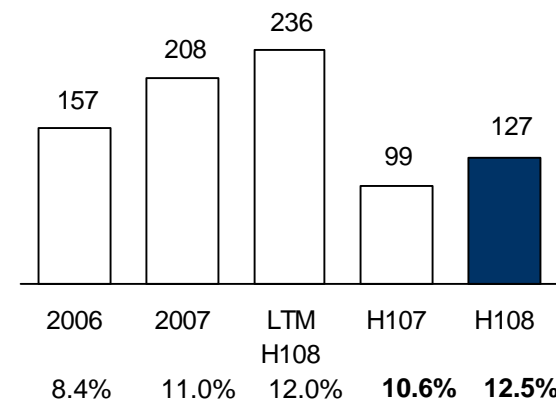


* Organic Growth

Adjusted EBITDA



Adjusted EBIT



Distribution

- Europe keeps stable volumes development Vs H1'07
- Utilities investments in North America still weak
- APAC confirming positive trend
- Slight reduction in profitability mainly due to higher raw material costs and exchange rate

Transmission

HIGH VOLTAGE

- High double digit organic growth (accelerating Vs Q1'08)
- Strong focus on extra-HV and network components (400kv projects tripled Vs H1'07) to further increase profitability
- Sound demand (e.g. Middle East, Russia, China, Western Europe) driving long visibility orders backlog
- Capacity increase based on orders backlog to avoid over-capacity

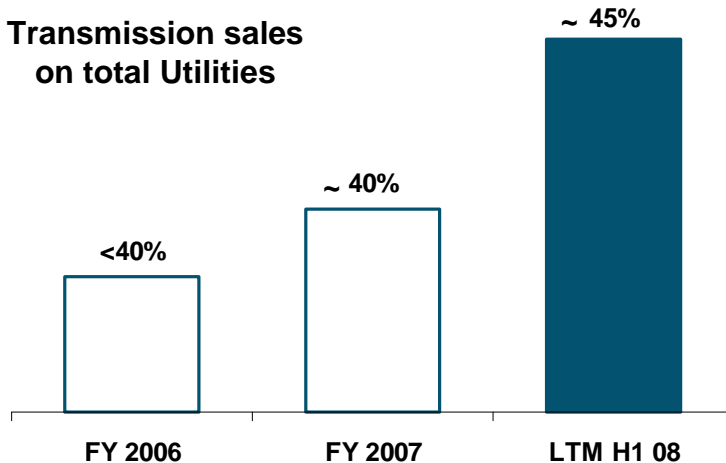
SUBMARINE

- 2008 is confirming utilities long cycle investments with growing projects size
- Ongoing investments to increase +50% extruded cables capacity in 2008 to keep leadership in fast growing off-shore wind farms business

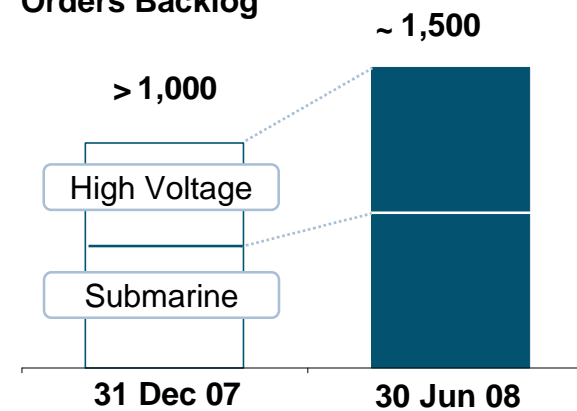
Utilities – Growing Orders Backlog

Transmission

Transmission sales
on total Utilities

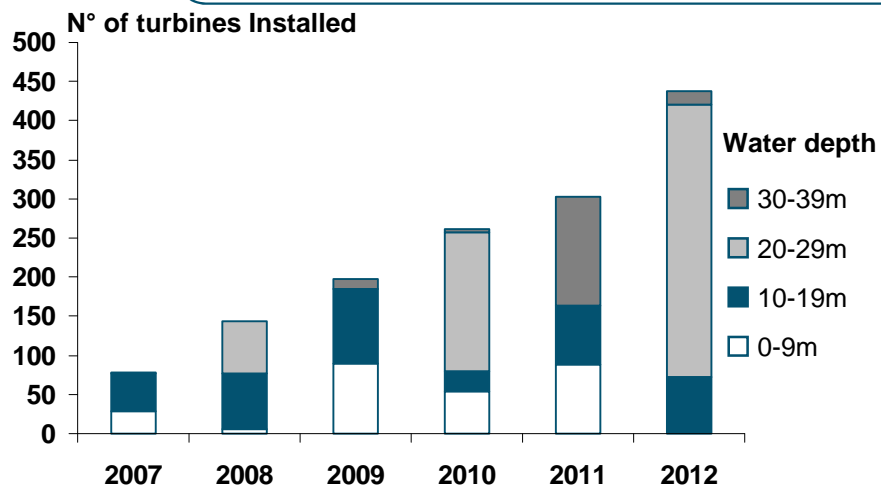


Orders Backlog



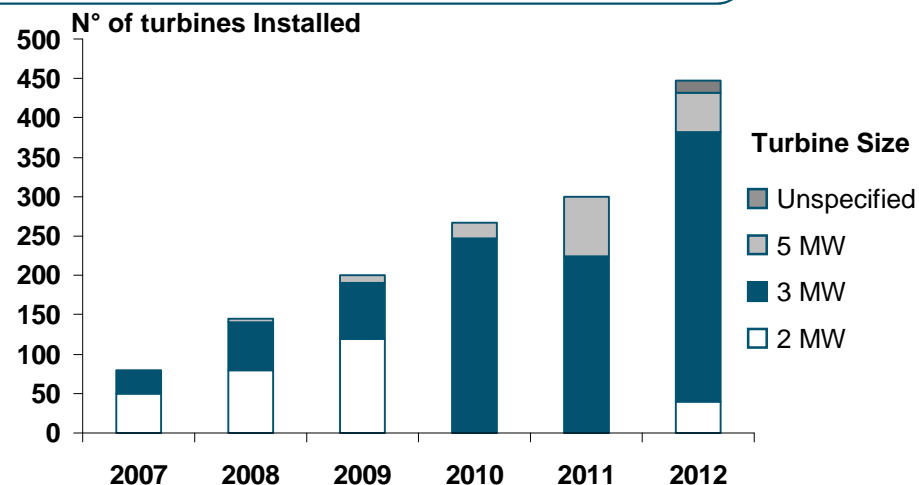
Off-shore Wind farms growing in size and water depth (e.g. new project Greater Gabbard in UK)

N° of turbines Installed



Note: source Douglas Westwood

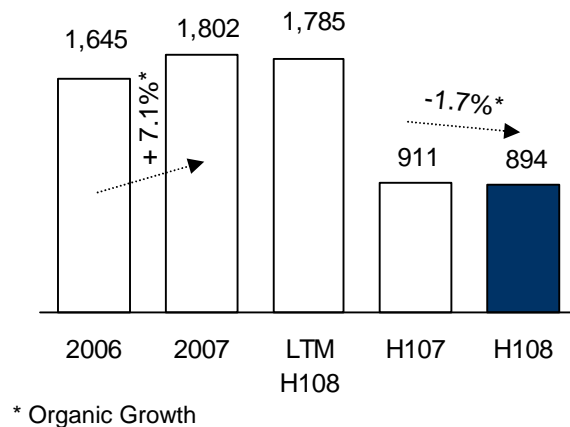
N° of turbines Installed



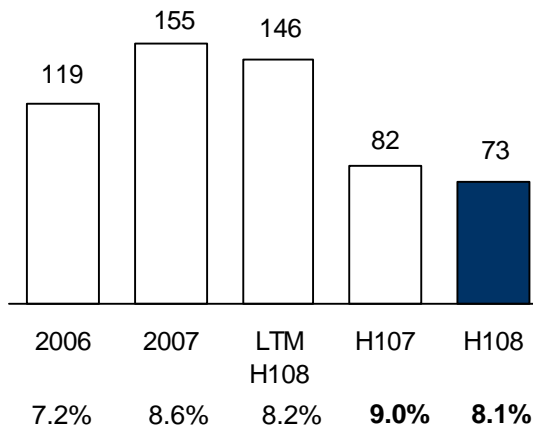
Trade & Installers

Euro Millions, % of Sales

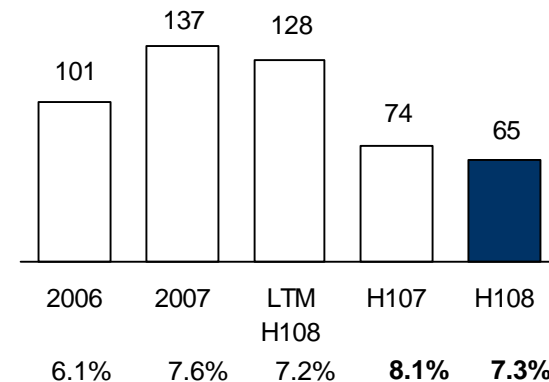
Sales Vs Third Parties



Adjusted EBITDA



Adjusted EBIT



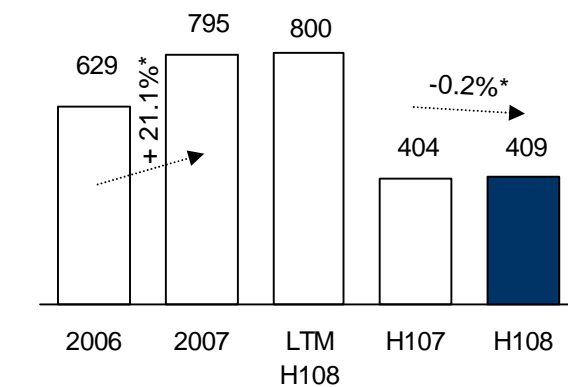
Highlights

- Weak residential demand in some European countries (started in 2007) partially offset by positive development Extra-Europe
- Stable volumes achieved in unfavourable market thanks to selective growth in high performance cables (e.g. LSOH, Fire resistant) and non-residential applications
- Margin erosion mainly due to non-metal raw materials increase and exchange rate effect

Industrial

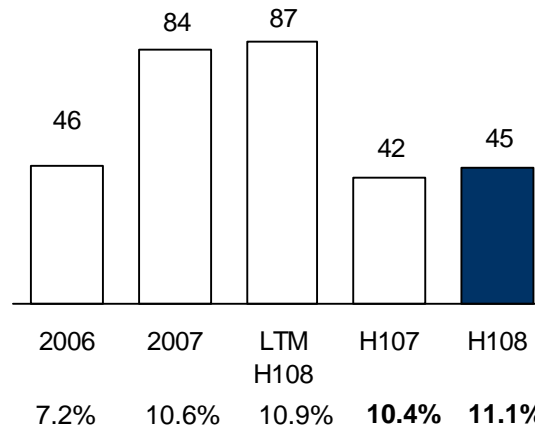
Euro Millions, % of Sales

Sales Vs Third Parties

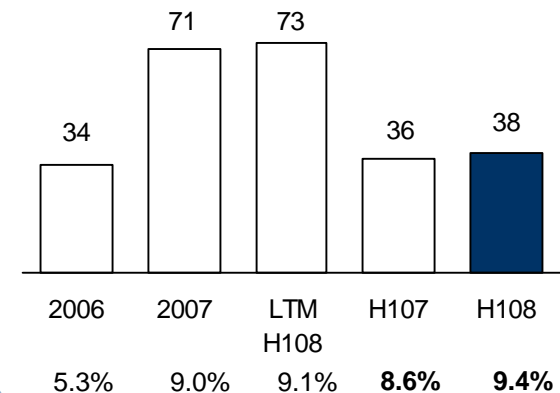


* Organic Growth

Adjusted EBITDA



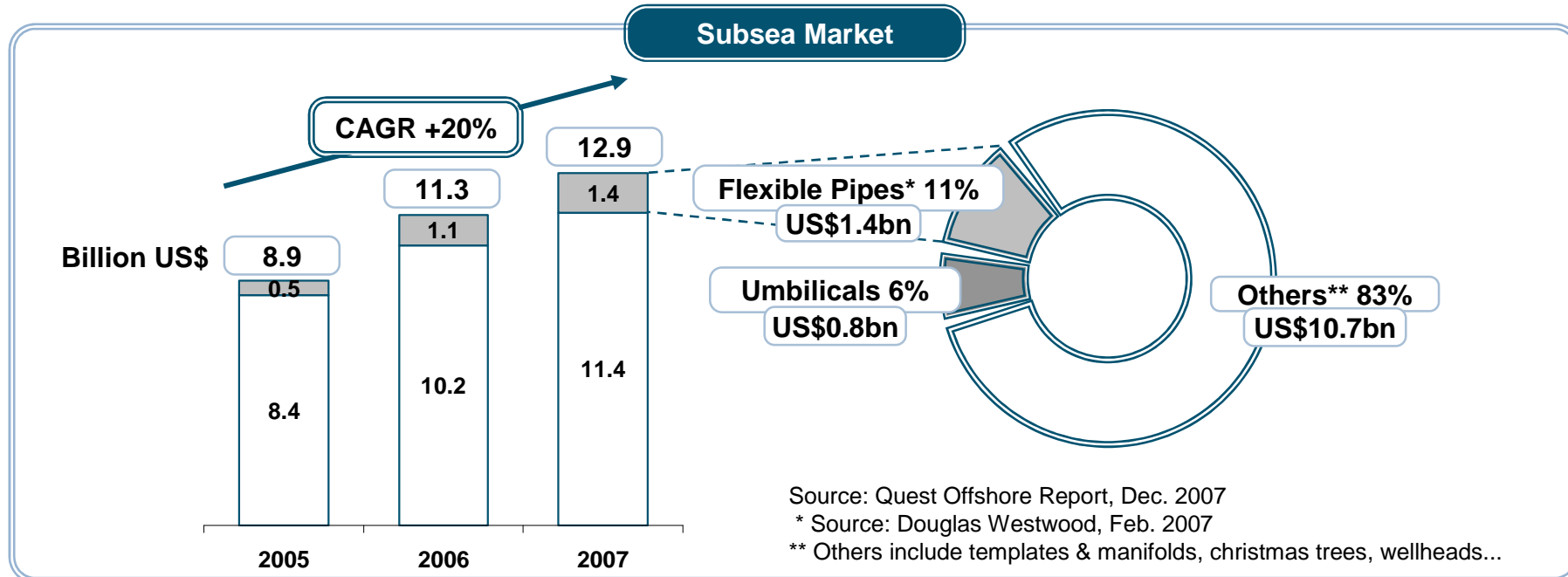
Adjusted EBIT



Highlights

- Q2'08 results in line with expectations to achieve FY target
 - Q2'08 organic growth: +7.4% Vs Q2'07
 - Umbilical business in Brazil started to deliver in Q2'08 (orders backlog mainly loaded on H2'08)
 - Growing performance (Vs Q1'08) in high profitable segments: OGP, mining and renewable energies
- Flexible pipes: 4-years frame agreement with Petrobras in Brazil to enlarge presence in oil services market
- Facab-Lynen acquisition in Germany to strengthen high profitable segments (Crane, Mining, On-shore Wind farms)
 - Strong opportunity to increase capacity on high value added industrial cables

Industrial - Global Subsea Market



Surf Market (Flexible Pipes + Umbilicals)

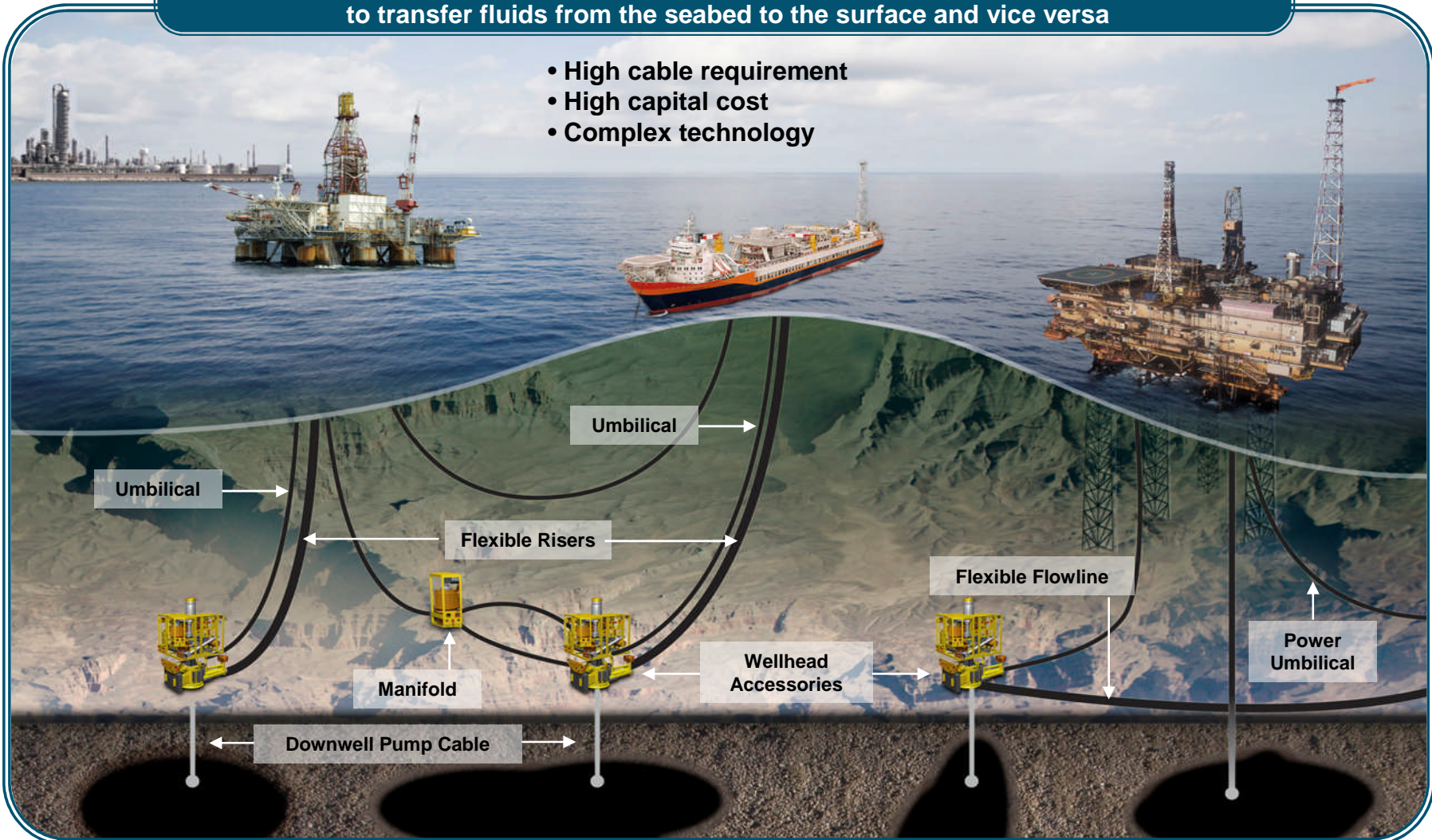


- Strong growth expected to continue
- Phenomenal increase in Exploration, Production and Refining activity focused on several geographical areas
- Continued growth of exploration in deepwater and ultra deepwater presenting new technological challenges

Industrial - SURF (Subsea Umbilicals, Risers and Flowline)

SURF is a subsector of the Subsea market covering all the Flexible Pipes and Umbilicals to transfer fluids from the seabed to the surface and vice versa

- High cable requirement
- High capital cost
- Complex technology



Industrial - New Flexible Pipes & Umbilicals Plant in Brazil

Existing Umbilicals Plant (Vila Velha - Brazil)



Over US\$ 1Bn sales expected in SURF (Flexible Pipes & Umbilicals) in the period 2010-2014

New Flexible Pipes business

- US\$110m investment (2008-10) to build up new plant in Vila Velha (Brazil) by H1 2010
- Over US\$600m Sales in 2010-2014 (excl.umbilicals)
 - US\$135m initial supply to Petrobras
- Approx. 30% EBITDA margin
- Up to 6" diameter risers and flowlines pipes to be installed at great depths

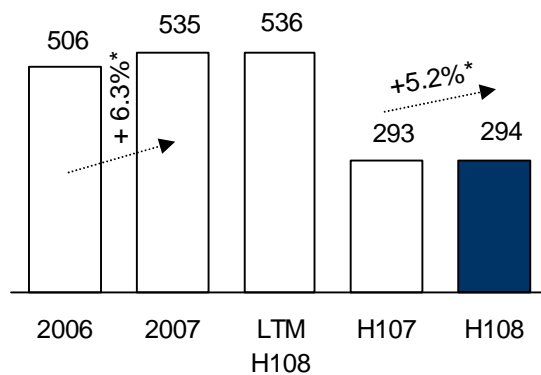


Project of New Flexible Pipes & Umbilicals Plant

Telecom Division

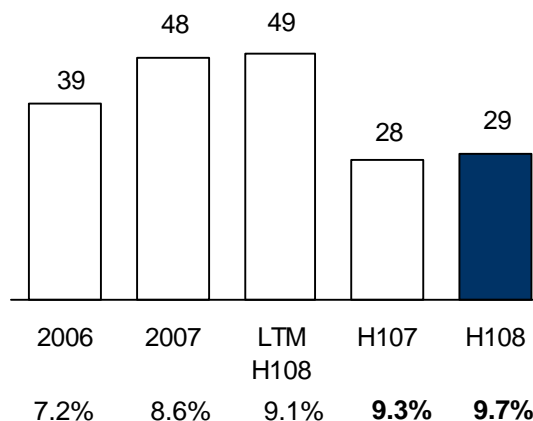
Euro Millions, % of Sales

Sales Vs Third Parties

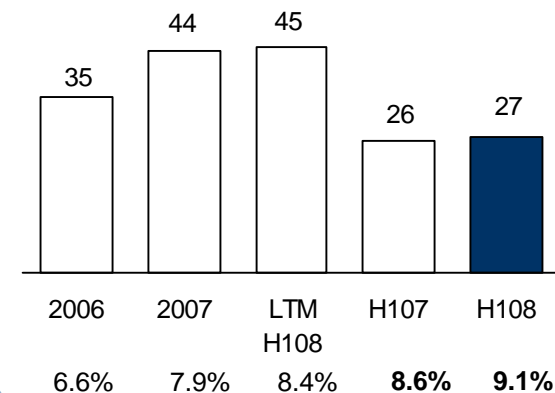


* Organic Growth

Adjusted EBITDA



Adjusted EBIT



Highlights

• Optical cables:

- Volume growth accelerated in Q2 Vs Q1 outperforming market trend
- Investments mainly supported by alternative players (e.g. US and Europe)
- Keeping profitability despite weak US\$ negatively impacting European producers
- Focus on innovation both in Fibers (as the newest bend insensitive fiber – CasaLight) and FTTx solutions/components (as the VertiCasa system) to improve product mix

• Copper cables:

- Selective growth (geography and products) in steady market demand
- Increase xDSL sales through system integrators

Upgrading 2008 Targets in a challenging market environment

- Strong performance in Utilities sales and margin expected to continue
- Order book in OGP and Other Priority segments to drive H2 Industrial growth
- FY Adj.EBITDA expected above € 550m (Vs FY2007: € 529m)
- Strict control over costs and working capital
- Selective investments on high value added businesses with high visibility
- Keep strong cash generation

Agenda

➤ Q1 2008 Highlights & Outlook 2008

➤ Financial Results

➤ Appendix

Profit and Loss Statement

Euro Millions

	H1 2007	H1 2008	FY 2007
Sales	2,583	2,659	5,118
<i>YoY total growth</i>		3.0%	2.2%
<i>YoY like for like growth</i>		2.7%	9.2%
<i>YoY organic growth</i>		5.3%	8.2%
Contribution Margin (1)	482	511	960
<i>% on sales</i>	18.7%	19.2%	18.8%
Fixed Costs (2)	(213)	(220)	(431)
<i>Non recurring items</i>	30	(11)	44
EBITDA	299	280	573
<i>% on sales</i>	11.6%	10.5%	11.2%
Adjusted EBITDA	269	291	529
<i>% on sales</i>	10.4%	10.9%	10.3%
EBIT	266	248	508
<i>% on sales</i>	10.3%	9.3%	9.9%
<i>Non recurring items</i>	30	(12)	44
Adjusted EBIT	236	260	464
<i>% on sales</i>	9.1%	9.8%	9.1%
<i>Financial charges</i>	(66)	(9)	(121)
EBT	200	239	387
<i>% on sales</i>	7.8%	9.0%	7.6%
Taxes	(50)	(49)	(85)
<i>% on EBT</i>	25.2%	20.5%	21.9%
Net income	150	190	302
<i>Net income attributable to the Group</i>	149	190	300

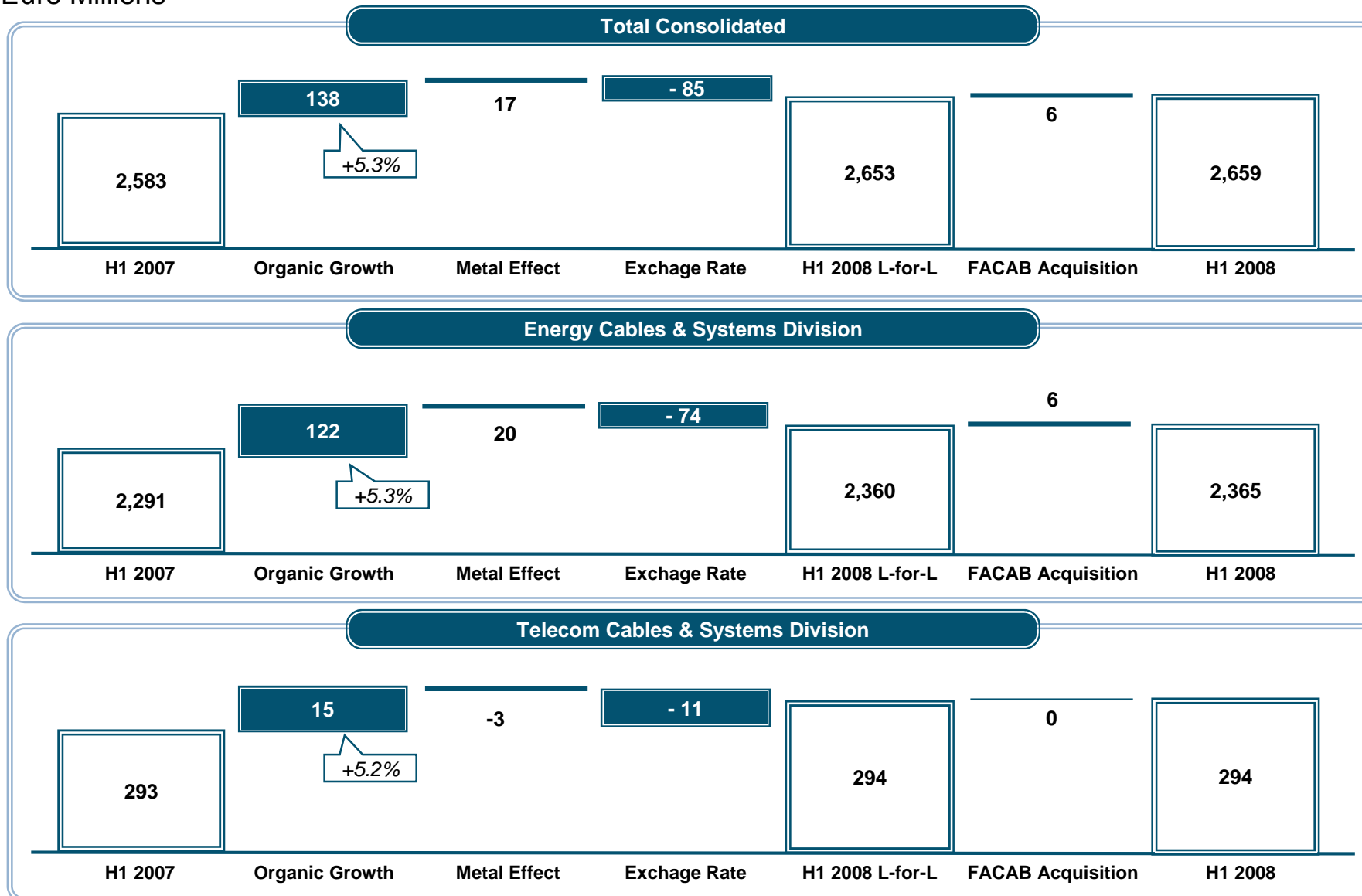
Notes

(1) Defined as: Adjusted EBITDA + Fixed costs

(2) Excluding non recurring items

Sales Drivers Vs Third Parties

Euro Millions



Extraordinary Effects

Euro Millions

	H1 2007	H1 2008	FY 2007
Price adjustment	39	-	39
Other settlements with Pirelli	-	-	21
Restructuring	(2)	-	(6)
IPO costs	(7)	-	(8)
Badwill FACAB Acquisition	-	2	-
Tax Provision	-	(12)	-
Other	-	(1)	(2)
EBITDA adjustments	30	(11)	44
<i>of which attributable to Energy Business</i>	(2)	(10)	(6)
<i>of which attributable to Telecom Business</i>	-	-	(1)
<i>of which Corporate</i>	32	(1)	51
Assets impairment (plant closure)	-	(1)	-
EBIT adjustments	30	(12)	44
<i>of which attributable to Energy Business</i>	(2)	(11)	(6)
<i>of which attributable to Telecom Business</i>	-	-	(1)
<i>of which Corporate</i>	32	(1)	51
Bank Fees Write-Off (non cash)	(59)	-	(59)
Gain/(Loss) Derivatives	39	23	8
Gain/(Loss) Exchange Rate	(5)	4	3
Gain/(Loss) Cash Flow Hedge (1)	4	-	4
EBT adjustments	10	15	(1)
Tax	(2)	(5)	4
Net Income Adjustments	8	10	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

	H1 2007	H1 2008	FY 2007
Net interest expenses	(38)	(35)	(69)
- Gain on cash flow hedge	4	-	4
Bank fees Amortization	(4)	(2)	(6)
Bank fees Write-Off	(59)	-	(59)
Gain/(loss) on exchange rates	(5)	4	3
Gain/(loss) on derivatives	39	23	8
Net financial charges	(67)	(10)	(123)
Share in net income of associates	1	1	2
Total financial charges	(66)	(9)	(121)

Energy Division: Profit and Loss Statement

Euro Millions

	H1 2007	H1 2008	FY 2007
Sales	2,310	2,372	4,618
Sales vs. Third Parties	2,291	2,365	4,583
<i>YoY total growth</i>		3.2%	1.8%
<i>YoY like for like growth</i>		3.0%	9.6%
<i>YoY organic growth</i>		5.3%	8.4%
Contribution Margin (1)	420	450	851
<i>% on sales</i>	18.2%	19.0%	18.4%
EBITDA	239	252	475
<i>% on sales</i>	10.3%	10.6%	10.3%
<i>Non recurring items</i>	(2)	(10)	(6)
Adjusted EBITDA	241	262	481
<i>% on sales</i>	10.4%	11.0%	10.4%
EBIT	208	222	414
<i>% on sales</i>	9.0%	9.3%	9.0%
<i>Non recurring items</i>	(2)	(11)	(6)
Adjusted EBIT	210	233	420
<i>% on sales</i>	9.1%	9.8%	9.1%

Notes

(1) Defined as: Adjusted EBITDA + Fixed costs

Telecom Division: Profit and Loss Statement

Euro Millions

	H1 2007	H1 2008	FY 2007
Sales	300	299	548
Sales vs. Third Parties	293	294	535
<i>YoY total growth</i>		0.3%	5.7%
<i>YoY like for like growth</i>		0.3%	5.7%
<i>YoY organic growth</i>		5.2%	6.3%
Contribution Margin (1)	61	61	109
<i>% on sales</i>	20.2%	20.5%	20.0%
EBITDA	28	29	47
<i>% on sales</i>	9.3%	9.7%	8.5%
<i>Non recurring items</i>	-	0	(1)
Adjusted EBITDA	28	29	48
<i>% on sales</i>	9.3%	9.7%	8.6%
EBIT	26	27	43
<i>% on sales</i>	8.6%	9.1%	7.8%
<i>Non recurring items</i>	-	0	(1)
Adjusted EBIT	26	27	44
<i>% on sales</i>	8.6%	9.1%	7.9%

Notes

(1) Defined as: Adjusted EBITDA + Fixed costs

Balance Sheet

Euro Millions

	H1 2007	H1 2008	FY 2007
Net fixed assets	877	892	881
Net working capital	616	717 (1)	536
<i>NWC as % on sales</i>	11.2%	12.4%	10.5%
Provisions	(150)	(143)	(135)
Net Capital Employed	1,343	1,466	1,282
Employee provisions	117	122	112
Shareholders' equity	318	564	454
<i>of which attributable to minority interest</i>	21	19	21
Net financial position	908	780 (2)	716
<i>Debt Shareholders Loans</i>	-	-	-
<i>Bank Fees</i>	(23)	(18)	(20)
<i>Net financial position vs Third Parties</i>	931	798	736
Total Financing and Equity	1,343	1,466	1,282

Notes

(1) NWC includes € 21m from Facab Lynen acquisition (sales consolidated 1 month from 1st June 2008)

(2) Includes € 16m related to Facab Lynen acquisition (€ 14 NFP; € 2m net consideration paid)

Cash Flow

Euro Millions

	H1 2007	H1 2008	FY 2007	LTM H108
EBITDA	299	280	573	554
Price adj. and other settlements with Pirelli	(39)	-	(60)	(21)
Badwill FACAB Acquisition	-	(2)	-	(2)
Equity Compensation IFRS2	2	1	6	5
Gains/losses on disposals	(2)	-	(1)	1
Net Change in provisions	8	11	(6)	(3)
Cash flow from operations (before WC changes)	268	290	512	534
Working Capital changes	(155)	(172)	(60)	(77)
Paid Income Taxes	(39)	(34)	(86)	(81)
Cash flow from operations	74	84	366	376
Price adj. and other settlements with Pirelli	39	16	45	22
Net CAPEX (1)	(22)	(40)	(83)	(101)
Acquisitions	-	(2)	-	(2)
Free Cash Flow (unlevered)	91	58	328	295
Financial charges	(63)	(26)	(83)	(46)
Free Cash Flow (levered)	28	32	245	249
Reserves distribution & Minorities movements (2)	-	(74)	(2)	(76)
Shareholders Loan (Equity component)	(28)	-	(28)	-
Net Cash flow	-	(42)	215	173
Net financial position at the beginning of the period	(879)	(716)	(879)	(908)
Net cash flow	-	(42)	215	173
Other variations (3)	(29)	(22)	(52)	(45)
Net financial position at the end of the period	(908)	(780)	(716)	(780)

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

(2) H108 and LTM H108 include € 2m capital contribution

(3) H108 and LTM H108 include € 14m NFP consolidated from Facab Lynen acquisition

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Energy – Sales by business

Euro Millions

	H1 2007	H1 2008	Total Growth	Organic Growth
Utilities	931	1,010		
<i>of which to third parties</i>	931	1,010	8.5%	14.2%
Trade & Installers	912	896		
<i>of which to third parties</i>	911	894	-1.9%	-1.7%
Industrial	405	409		
<i>of which to third parties</i>	404	409	1.2%	-0.2%
Others	62	57		
<i>of which to third parties</i>	45	52	n.m.	n.m.
Total Energy	2,310	2,372		
<i>of which to third parties</i>	2,291	2,365	3.2%	5.3%

Energy – Profitability by business

Euro Millions

	H1 2007	H1 2008	H1 2007 % of Sales	H1 2008 % of Sales
Adjusted EBITDA				
Utilities	114	141	12.2%	14.0%
Trade & Installers	82	73	9.0%	8.1%
Industrial	42	45	10.4%	11.1%
Others	3	3	n.m.	n.m.
Total Energy	241	262	10.4%	11.0%
Adjusted EBIT				
Utilities	99	127	10.6%	12.5%
Trade & Installers	74	65	8.1%	7.3%
Industrial	36	38	8.6%	9.4%
Others	1	3	n.m.	n.m.
Total Energy	210	233	9.1%	9.8%

Upstream cables and Flexible Pipes

Down-well pump cable

Connects the downhole pump motor to the surface power supply



Umbilicals

Electro/Hydraulic

Control the operation of subsea valves by supplying hydraulic fluid to the valve actuators. Low voltage power may also be supplied to operate subsea instrumentation devices



Power

Supply medium voltage power (up to 66kV) to subsea pumps, compressors and interconnecting floating platforms/FPSO's as well as providing connections to land



Flexible Pipes

Connect subsea wellheads to floating platforms/FPSO's and transport oil fluid from the well. They are also used to inject water into the wellhead to accelerate oil recovery

- 1) **Carcass** (prevents collapse under external hydrostatic pressure)
- 2) **Internal Pressure Sheath** (act as the boundary for conveyed fluid)
- 3) **Interlocked Pressure Armour** (resists internal and external pressure in the hoop directions)
- 4) **Inner Layer & Outer Layer of Tesile Armour** (provide both hoop and axial strength)
- 5) **Outer Sheath** (protects against seawater ingress and other mechanical damage)



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