



## 9M 2008 Financial Results

7th November 2008

## Agenda

- 9M 2008 Highlights & Outlook FY2008

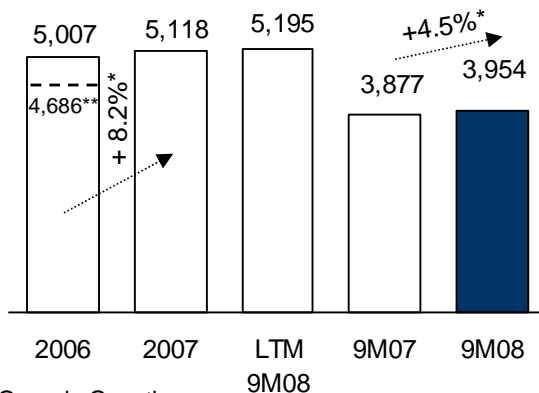
- Financial Results

- Appendix

## 9M 2008 Key Financials

Euro Millions, % of Sales

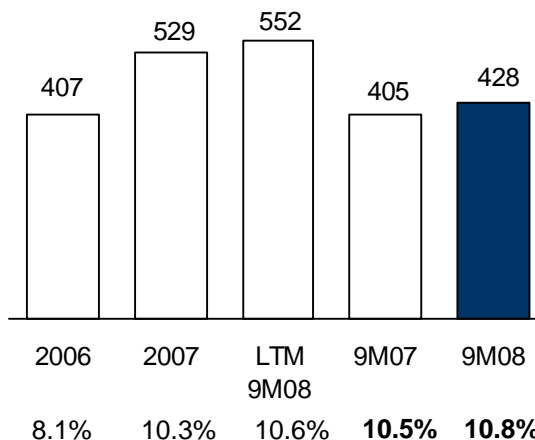
### Sales



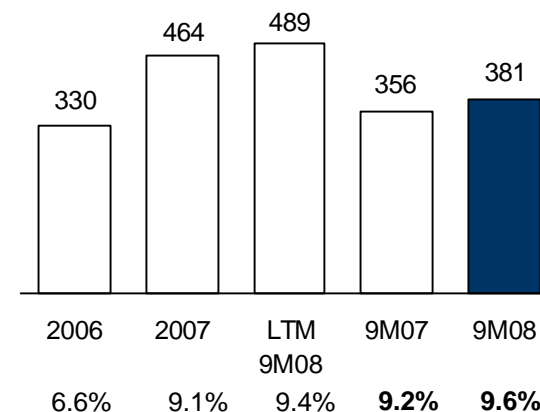
\* Organic Growth

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

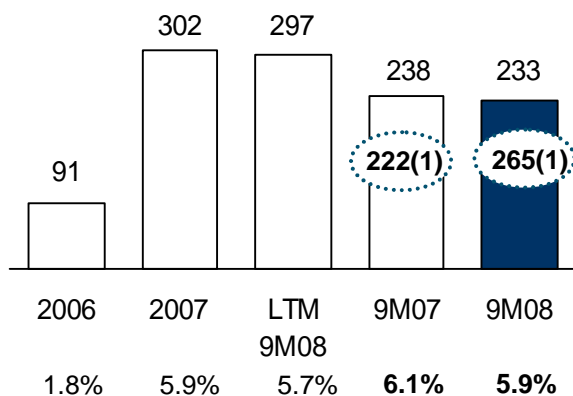
### Adjusted EBITDA (1)



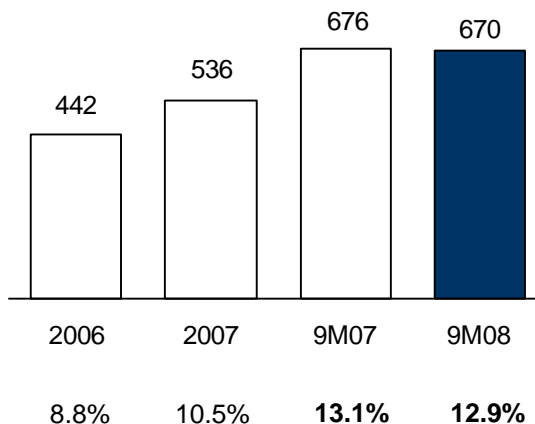
### Adjusted EBIT (1)



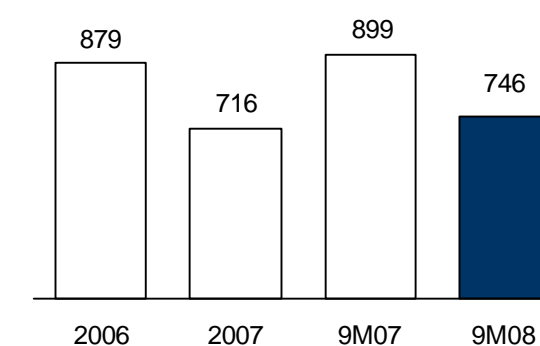
### Net Income



### Net Working Capital



### Net Financial Position

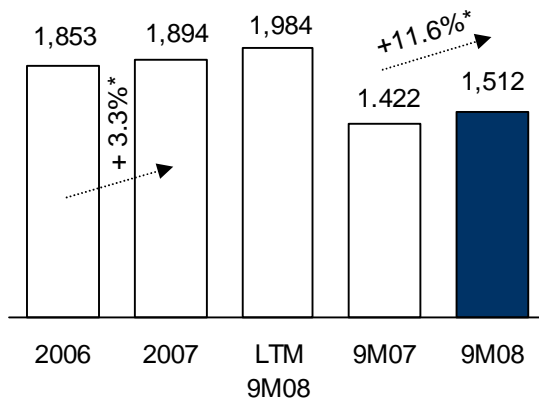


(1) Adjusted excluding non-recurring items.

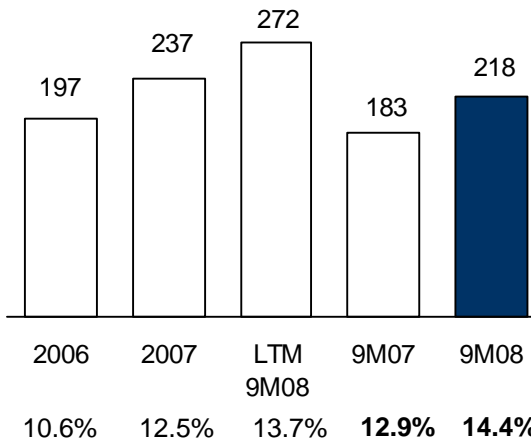
## Utilities

Euro Millions, % of Sales

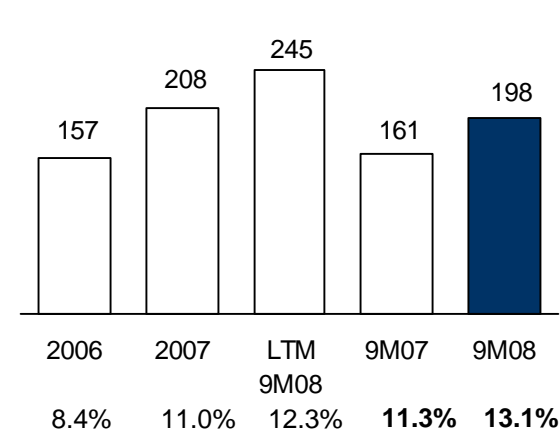
### Sales Vs Third Parties



### Adjusted EBITDA



### Adjusted EBIT



### Distribution

- Q3'08 confirms weak demand in North America
- Volumes reduction in Europe
- APAC keeps volumes increase Vs previous year
- Resilient profitability

### Transmission

#### HIGH VOLTAGE

- High double digit organic growth
- Margin increase due to significant improvement in Extra-HV and Network components
- Order book covering most of 2009 capacity

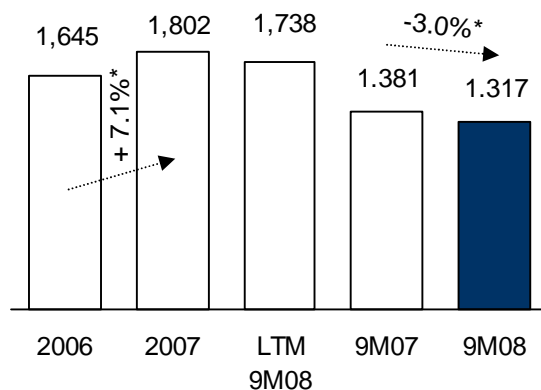
#### SUBMARINE

- Market outlook remains strong
- New projects awarded in Q3
- First HV submarine project in Qatar (Kahramaa)

## Trade & Installers

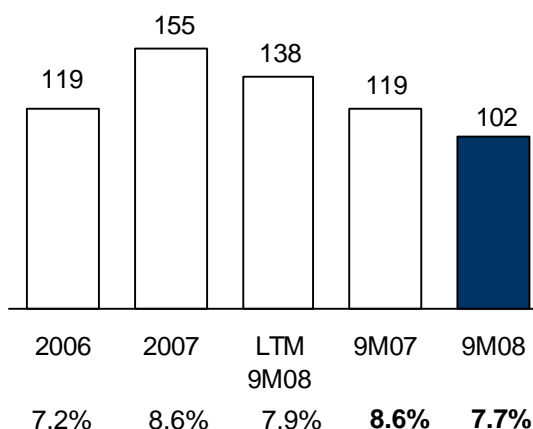
Euro Millions, % of Sales

### Sales Vs Third Parties

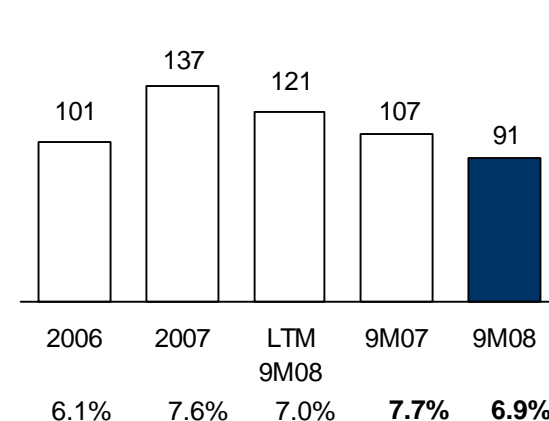


\* Organic Growth

### Adjusted EBITDA



### Adjusted EBIT



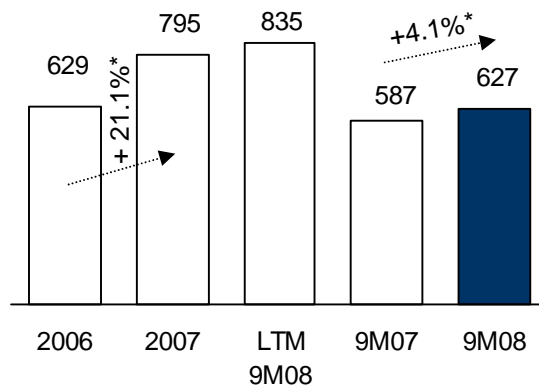
### Highlights

- Q3'08 confirming expectations of H2'08 weaker than H1'08
- Lower volumes due to further deterioration of demand in some European countries
- Margin erosion due to non-metal raw materials increase and negative exchange rate effect
- Product, channel and geographical mix improvement with no focus on volumes to reduce impact on profitability
- Strict control over working capital

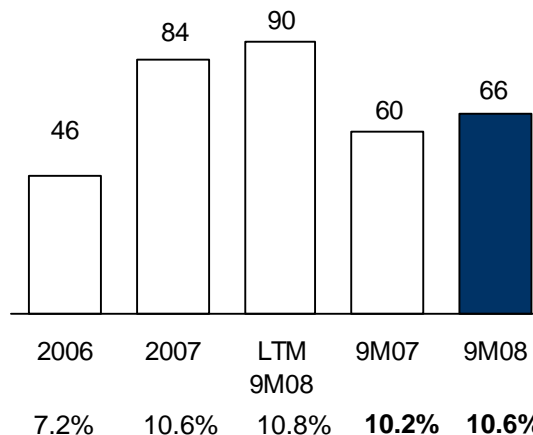
## Industrial

Euro Millions, % of Sales

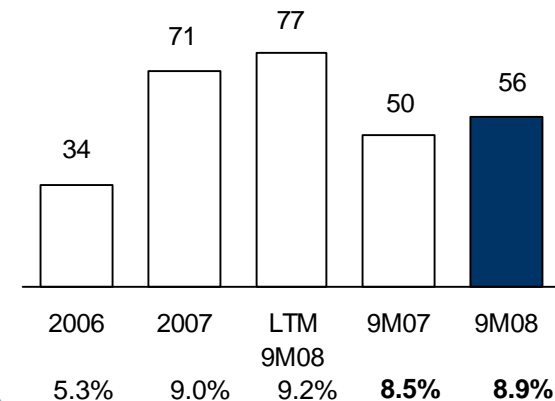
### Sales Vs Third Parties



### Adjusted EBITDA



### Adjusted EBIT



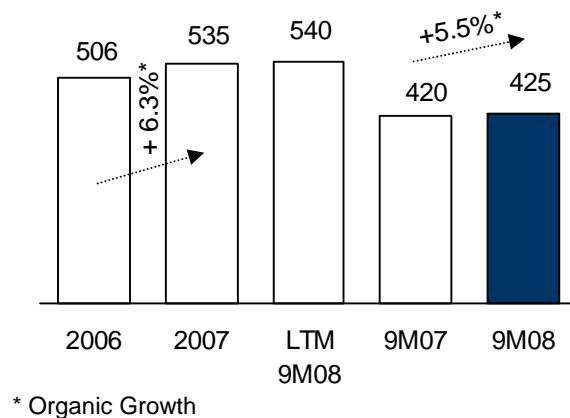
### Highlights

- Strong organic growth in Q3'08 results (+13% Vs Q3'07) confirming FY target and business resilience to economic downturn
  - OGP, Renewable top contributors to both organic growth and profitability increase (accelerating Vs H1'08)
  - Other Priority segments: positive development (e.g. Crane and Marine) in a complex scenario also thanks to a favourable geographical mix
  - Others: sales decrease mainly due to declining demand in the Automotive business
- Profitability increase driven by better business mix

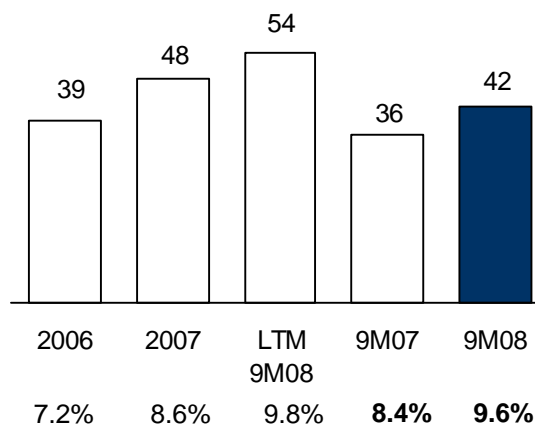
## Telecom Division

Euro Millions, % of Sales

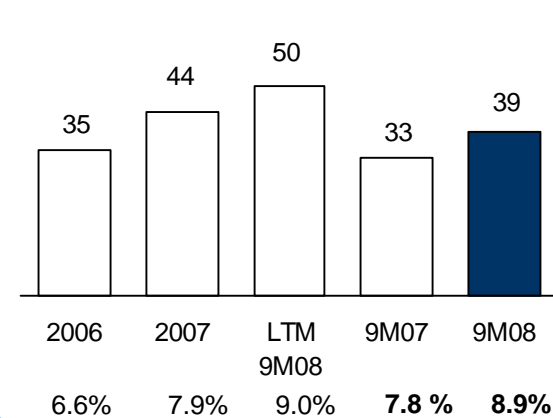
### Sales Vs Third Parties



### Adjusted EBITDA



### Adjusted EBIT

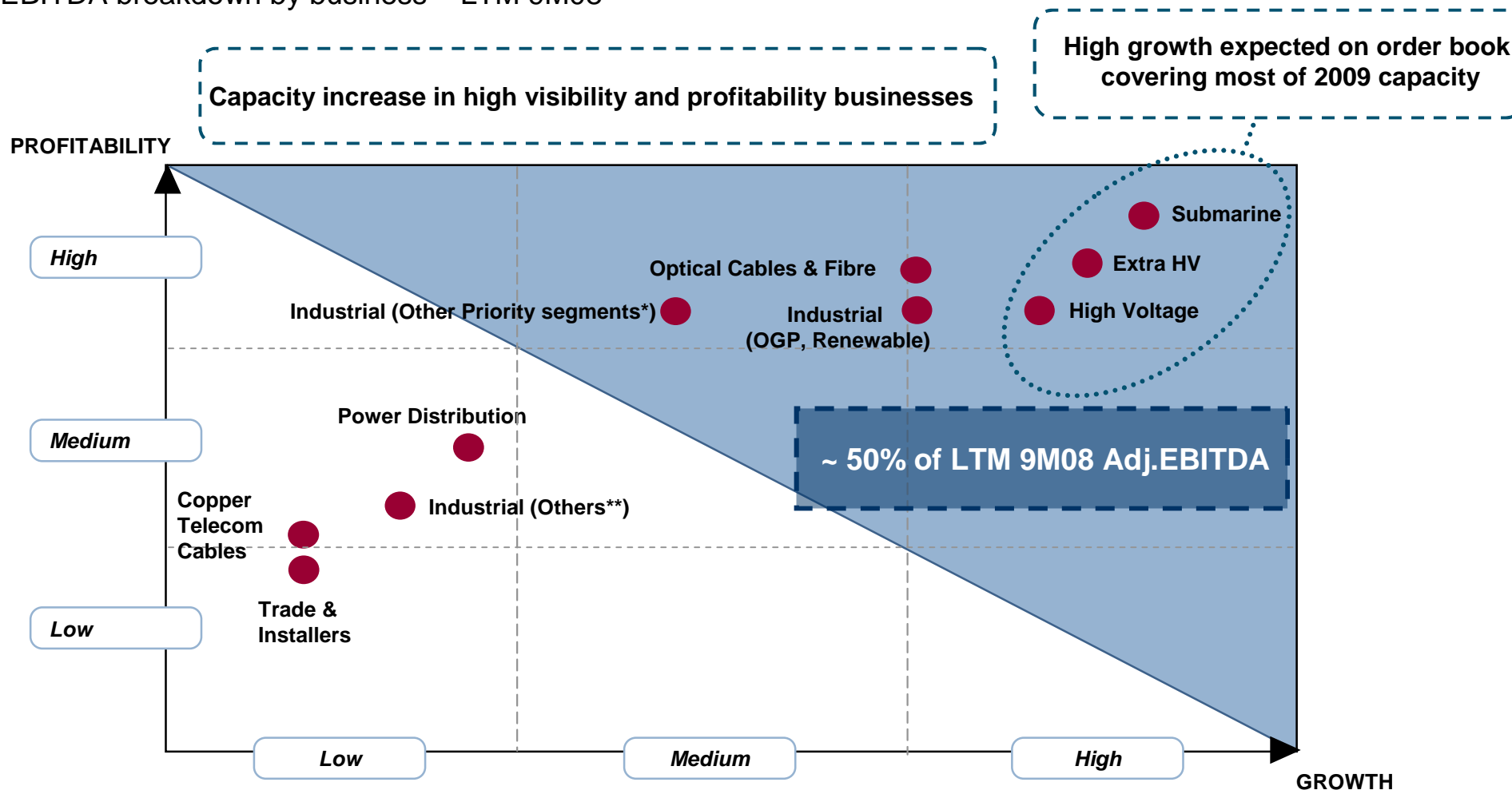


### Highlights

- Q3'08 confirmed positive organic growth (+6.2% Vs +5.2% in H108) despite competition from Non-Euro producers
- Optical cables keep high speed of volumes growth
- Increase in profitability due to better product mix and cost control offsetting negative US\$ impact
- New products launched to further improve market leadership (CasaLight fiber and VertiCasa system)

## Leverage on high resilience businesses

EBITDA breakdown by business – LTM 9M08



\*Industrial - Other Priority Segments: include Crane, Mining, Marine, Railway & Rolling Stock

\*\*Industrial - Others: include Automotive, Branchement, Defence, Electromedical, Nuclear and other niches

Note: Network Components included in related businesses



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## **On target to deliver 2008 guidance despite tougher scenario**

- Strong performance in Utilities sales and margin expected to continue
- Order book in OGP, Renewable and Other Priority segments sustaining high growth in Industrial
- FY Adj.EBITDA confirmed above € 550m (Vs FY2007: € 529m)
- Keep strong cash generation
- Shares Buy-back: 1,835,000 purchased at 07.11.08 (max 4,000,000 shares approved by 31.12.08)

## Agenda

➤ 9M 2008 Highlights & Outlook FY2008

➤ Financial Results

➤ Appendix

## Profit and Loss Statement

Euro Millions

	9M 2007	9M 2008	FY 2007
<b>Sales</b>	<b>3,877</b>	<b>3,954</b>	<b>5,118</b>
<i>YoY total growth</i>		2.0%	2.2%
<i>YoY like for like growth</i>		1.4%	9.2%
<i>YoY organic growth</i>		4.5%	8.2%
<b>Contribution Margin (1)</b>	<b>726</b>	<b>747</b>	<b>960</b>
<i>% on sales</i>	18.7%	18.9%	18.8%
Fixed Costs (2)	(321)	(319)	(431)
<i>Non recurring items</i>	34	(14)	44
<b>EBITDA</b>	<b>439</b>	<b>414</b>	<b>573</b>
<i>% on sales</i>	11.3%	10.5%	11.2%
<b>Adjusted EBITDA</b>	<b>405</b>	<b>428</b>	<b>529</b>
<i>% on sales</i>	10.5%	10.8%	10.3%
<b>EBIT</b>	<b>390</b>	<b>366</b>	<b>508</b>
<i>% on sales</i>	10.1%	9.3%	9.9%
<i>Non recurring items</i>	34	(15)	44
<b>Adjusted EBIT</b>	<b>356</b>	<b>381</b>	<b>464</b>
<i>% on sales</i>	9.2%	9.6%	9.1%
<i>Financial charges</i>	(76)	(74)	(121)
<b>EBT</b>	<b>314</b>	<b>292</b>	<b>387</b>
<i>% on sales</i>	8.1%	7.4%	7.6%
Taxes	(76)	(59)	(85)
<i>% on EBT</i>	24.2%	20.3%	21.9%
<b>Net income</b>	<b>238</b>	<b>233</b>	<b>302</b>
<i>Net income attributable to the Group</i>	236	233	300

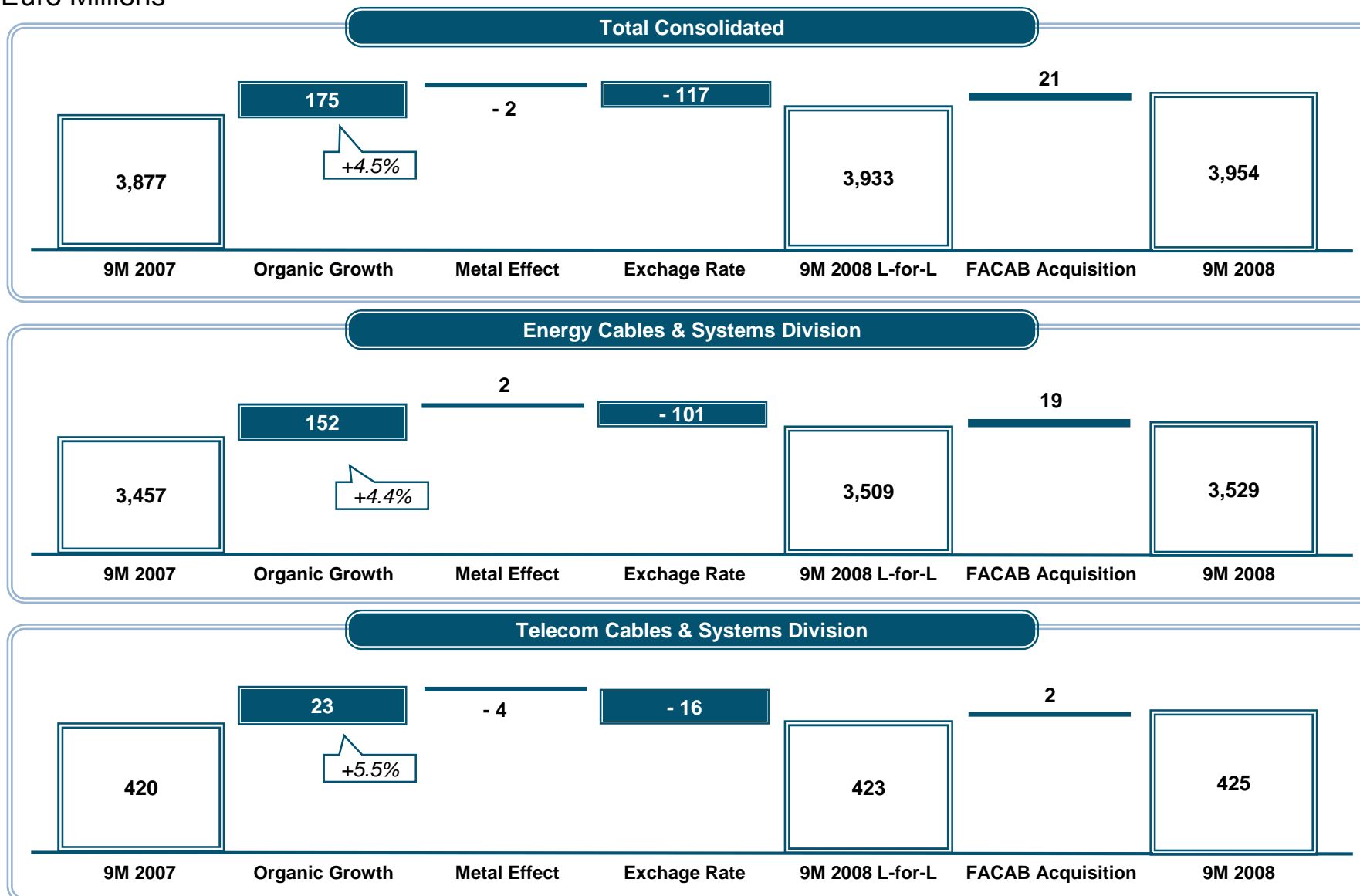
### Notes

(1) Defined as: Adjusted EBITDA + Fixed costs

(2) Excluding non recurring items

## Sales Drivers Vs Third Parties

Euro Millions



## Extraordinary Effects

Euro Millions

	9M 2007	9M 2008	FY 2007
Price adjustment	39	-	39
Other settlements with Pirelli	5	-	21
Restructuring	(3)	(3)	(6)
IPO costs	(7)	-	(8)
Badwill FACAB Acquisition	-	2	-
Tax Provision	-	(12)	-
Other	-	(1)	(2)
<b>EBITDA adjustments</b>	<b>34</b>	<b>(14)</b>	<b>44</b>
<i>of which attributable to Energy Business</i>	(3)	(13)	(6)
<i>of which attributable to Telecom Business</i>	-	(0)	(1)
<i>of which Corporate</i>	37	(1)	51
Assets impairment (plant closure)	-	(1)	-
<b>EBIT adjustments</b>	<b>34</b>	<b>(15)</b>	<b>44</b>
<i>of which attributable to Energy Business</i>	(3)	(14)	(6)
<i>of which attributable to Telecom Business</i>	-	(0)	(1)
<i>of which Corporate</i>	37	(1)	51
Bank Fees Write-Off (non cash)	(59)	-	(59)
Gain/(Loss) Derivatives	40	(18)	8
Gain/(Loss) Exchange Rate	1	(4)	3
Gain/(Loss) Cash Flow Hedge (1)	4	-	4
<b>EBT adjustments</b>	<b>20</b>	<b>(37)</b>	<b>(1)</b>
Tax	(4)	5	4
<b>Net Income adjustments</b>	<b>16</b>	<b>(32)</b>	<b>3</b>

### 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

	9M 2007	9M 2008	FY 2007
<b>Net interest expenses</b>	<b>(54)</b>	<b>(51)</b>	<b>(69)</b>
- Gain on cash flow hedge	4	-	4
Bank fees Amortization	(5)	(2)	(6)
Bank fees Write-Off	(59)	-	(59)
Gain/(loss) on exchange rates	1	(4)	3
Gain/(loss) on derivatives	40	(18)	8
<b>Net financial charges</b>	<b>(77)</b>	<b>(75)</b>	<b>(123)</b>
Share in net income of associates	1	1	2
<b>Total financial charges</b>	<b>(76)</b>	<b>(74)</b>	<b>(121)</b>

## Energy Division: Profit and Loss Statement

Euro Millions

	9M 2007	9M 2008	FY 2007
<b>Sales</b>	<b>3,487</b>	<b>3,542</b>	<b>4,618</b>
<b>Sales vs. Third Parties</b>	<b>3,457</b>	<b>3,529</b>	<b>4,583</b>
<i>YoY total growth</i>		2.1%	1.8%
<i>YoY like for like growth</i>		1.5%	9.6%
<i>YoY organic growth</i>		4.4%	8.4%
<b>Contribution Margin (1)</b>	<b>640</b>	<b>661</b>	<b>851</b>
<i>% on sales</i>	18.4%	18.6%	18.4%
<b>EBITDA</b>	<b>366</b>	<b>373</b>	<b>475</b>
<i>% on sales</i>	10.5%	10.5%	10.3%
<i>Non recurring items</i>	(3)	(13)	(6)
<b>Adjusted EBITDA</b>	<b>369</b>	<b>386</b>	<b>481</b>
<i>% on sales</i>	10.6%	10.9%	10.4%
<b>EBIT</b>	<b>320</b>	<b>330</b>	<b>414</b>
<i>% on sales</i>	9.2%	9.3%	9.0%
<i>Non recurring items</i>	(3)	(14)	(6)
<b>Adjusted EBIT</b>	<b>323</b>	<b>344</b>	<b>420</b>
<i>% on sales</i>	9.3%	9.7%	9.1%

### Notes

(1) Defined as: Adjusted EBITDA + Fixed costs

## Telecom Division: Profit and Loss Statement

Euro Millions

	9M 2007	9M 2008	FY 2007
<b>Sales</b>	<b>431</b>	<b>434</b>	<b>548</b>
<b>Sales vs. Third Parties</b>	<b>420</b>	<b>425</b>	<b>535</b>
<i>YoY total growth</i>		1.2%	5.7%
<i>YoY like for like growth</i>		0.9%	5.7%
<i>YoY organic growth</i>		5.5%	6.3%
<b>Contribution Margin (1)</b>	<b>86</b>	<b>87</b>	<b>109</b>
<i>% on sales</i>	20.0%	19.9%	20.0%
<b>EBITDA</b>	<b>36</b>	<b>42</b>	<b>47</b>
<i>% on sales</i>	8.4%	9.6%	8.5%
<i>Non recurring items</i>	-	0	(1)
<b>Adjusted EBITDA</b>	<b>36</b>	<b>42</b>	<b>48</b>
<i>% on sales</i>	8.4%	9.6%	8.6%
<b>EBIT</b>	<b>33</b>	<b>39</b>	<b>43</b>
<i>% on sales</i>	7.8%	8.9%	7.8%
<i>Non recurring items</i>	-	0	(1)
<b>Adjusted EBIT</b>	<b>33</b>	<b>39</b>	<b>44</b>
<i>% on sales</i>	7.8%	8.9%	7.9%

### Notes

(1) Defined as: Adjusted EBITDA + Fixed costs



## Balance Sheet

Euro Millions

	9M 2007	9M 2008	FY 2007
Net fixed assets	872	906	881
Net working capital	676	670 (1)	536
<i>NWC as % on sales</i>	13.1%	12.9%	10.5%
Provisions	(138)	(126)	(135)
<b>Net Capital Employed</b>	<b>1,410</b>	<b>1,450</b>	<b>1,282</b>
Employee provisions	115	124	112
Shareholders' equity	396	580	454
<i>of which attributable to minority interest</i>	22	19	21
Net financial position	899	746 (2)	716
<i>Bank Fees</i>	(22)	(18)	(20)
<i>Net financial position vs Third Parties</i>	921	764	736
<b>Total Financing and Equity</b>	<b>1,410</b>	<b>1,450</b>	<b>1,282</b>

### Notes

(1) NWC includes € 18m from Facab Lynen acquisition (consolidated from 1st June 2008)

(2) Includes € 13m related to Facab Lynen acquisition (€ 11 NFP; € 2m net consideration paid)

## Cash Flow

Euro Millions

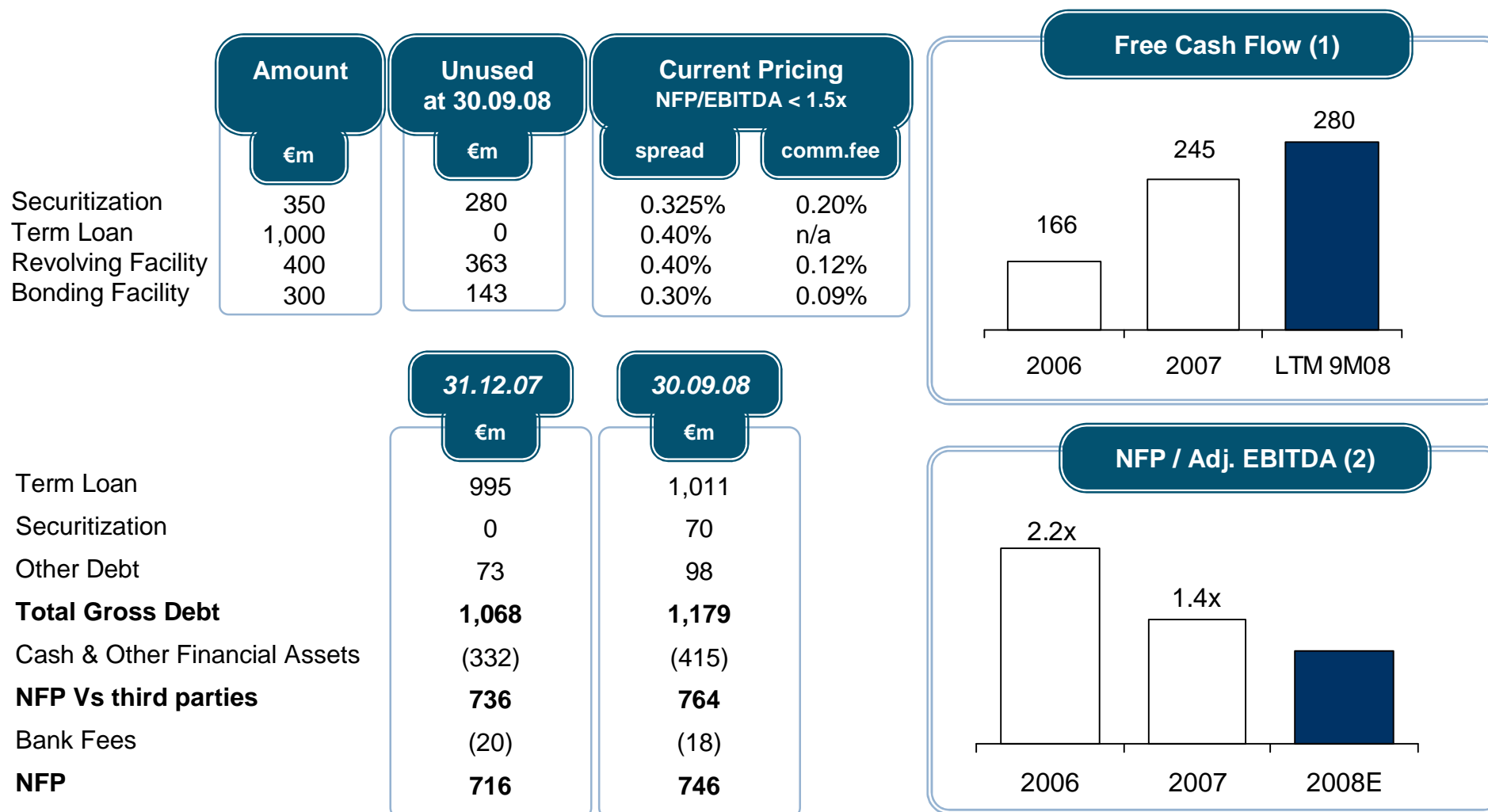
	9M 2007	9M 2008	FY 2007	LTM 9M08
<b>EBITDA</b>	<b>439</b>	<b>414</b>	<b>573</b>	<b>548</b>
Price adj. and other settlements with Pirelli	(39)	-	(60)	(21)
Badwill FACAB Acquisition	-	(2)	-	(2)
Equity Compensation IFRS2	3	1	6	4
Gains/losses on disposals	(2)	0	(1)	1
Net Change in provisions	(1)	4	(6)	(1)
<b>Cash flow from operations (before WC changes)</b>	<b>400</b>	<b>417</b>	<b>512</b>	<b>529</b>
Working Capital changes	(199)	(172)	(60)	(33)
Paid Income Taxes	(68)	(59)	(86)	(77)
<b>Cash flow from operations</b>	<b>133</b>	<b>186</b>	<b>366</b>	<b>419</b>
Price adj. and other settlements with Pirelli	39	16	45	22
Net CAPEX (1)	(46)	(69)	(83)	(106)
Acquisitions	-	(2)	-	(2)
<b>Free Cash Flow (unlevered)</b>	<b>126</b>	<b>131</b>	<b>328</b>	<b>333</b>
Financial charges	(65)	(35)	(83)	(53)
<b>Free Cash Flow (levered)</b>	<b>61</b>	<b>96</b>	<b>245</b>	<b>280</b>
Reserves distribution & Minorities movements (2)	-	(74)	(2)	(76)
Shareholders Loan (Equity component)	(28)	-	(28)	-
<b>Net Cash flow</b>	<b>33</b>	<b>22</b>	<b>215</b>	<b>204</b>
<b>Net financial position at the beginning of the period</b>	<b>879</b>	<b>(716)</b>	<b>(879)</b>	<b>(899)</b>
Net cash flow	33	22	215	204
Other variations	(53)	(52)	(52)	(51)
<b>Net financial position at the end of the period</b>	<b>(899)</b>	<b>(746)</b>	<b>(716)</b>	<b>(746)</b>

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

(2) 9M08 and LTM 9M08 include € 2m capital contribution

## Long term financing agreement

- Two long term financing contracts expiring Mid 2012 (Cash/Unused committed credit lines at 30.09.08: over €900m)
  - ✓ Only 33% of Term Loan due by 2011



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## Energy – Sales by business

Euro Millions

	9M 2007	9M 2008	Total Growth	Organic Growth
Utilities	1,422	1,512		
<i>of which to third parties</i>	1,422	1,512	6.3%	11.6%
Trade & Installers	1,382	1,318		
<i>of which to third parties</i>	1,381	1,317	(4.7%)	(3.0%)
Industrial	588	627		
<i>of which to third parties</i>	587	627	6.8%	4.1%
Others	95	85		
<i>of which to third parties</i>	67	73	n.m.	n.m.
<b>Total Energy</b>	<b>3,487</b>	<b>3,542</b>		
<i>of which to third parties</i>	<b>3,457</b>	<b>3,529</b>	<b>2.1%</b>	<b>4.4%</b>

## Energy – Profitability by business

Euro Millions

	9M 2007	9M 2008	9M 2007 % of Sales	9M 2008 % of Sales
<b>Adjusted EBITDA</b>				
Utilities	183	218	12.9%	14.4%
Trade & Installers	119	102	8.6%	7.7%
Industrial	60	66	10.2%	10.6%
Others	7	0	n.m.	n.m.
<b>Total Energy</b>	<b>369</b>	<b>386</b>	<b>10.6%</b>	<b>10.9%</b>
<b>Adjusted EBIT</b>				
Utilities	161	198	11.3%	13.1%
Trade & Installers	107	91	7.7%	6.9%
Industrial	50	56	8.5%	8.9%
Others	5	-1	n.m.	n.m.
<b>Total Energy</b>	<b>323</b>	<b>344</b>	<b>9.3%</b>	<b>9.6%</b>

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- 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.