

# Q1 2007 Financial Results

14 May 2007

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## Agenda

Q12007 Highlights and Outlook 2007

Financial Results

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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 1Q 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)

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## Energy Q1 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
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### 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)
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### 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

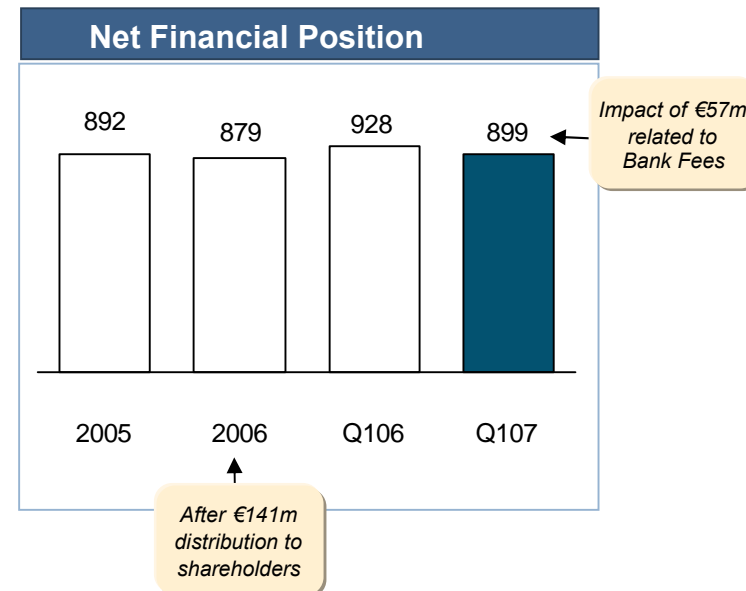
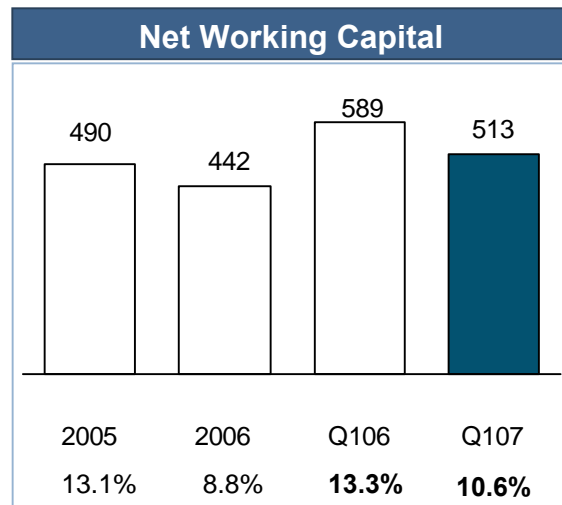
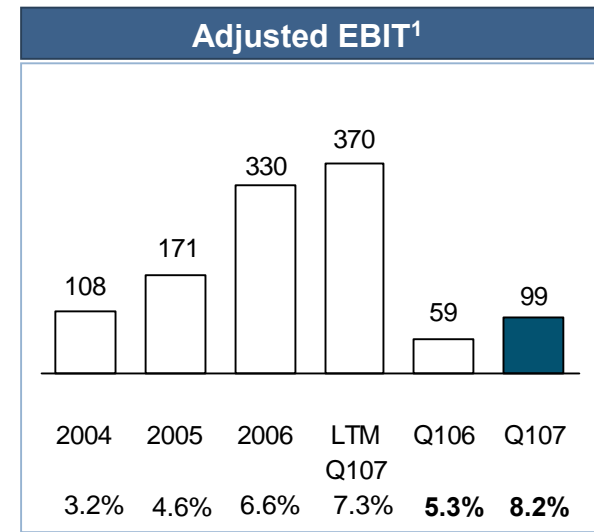
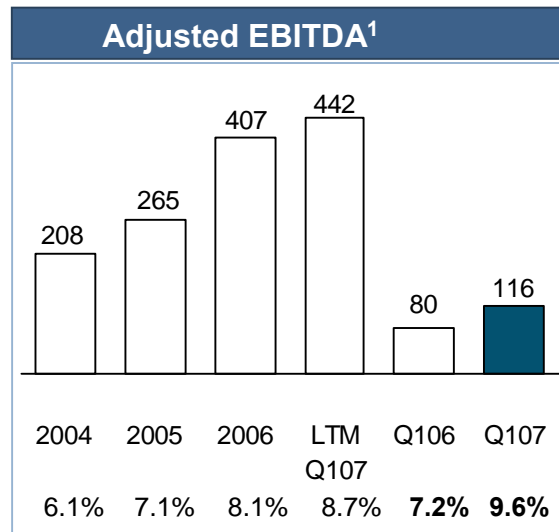
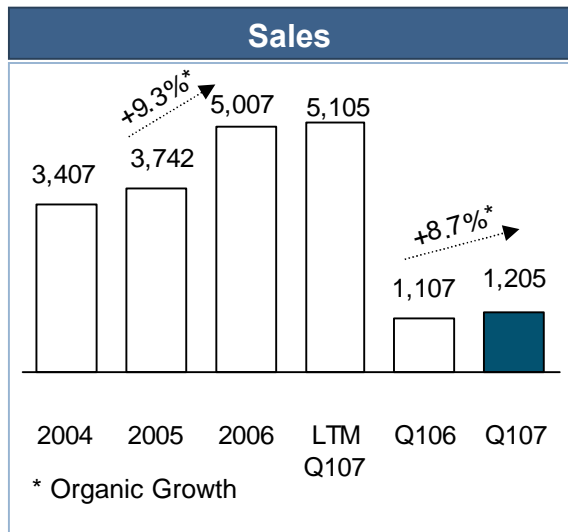
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## Telecom Q1 Highlights

- +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)

# Q107 Key Financials

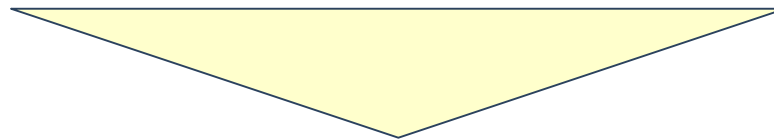
Euro Millions, % of Sales



<sup>1</sup> EBITDA and EBIT adjusted excluding non-recurring items.

## 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**

## Q12007 Highlights and Outlook 2007

### Financial Results

# Profit and Loss Statement

Euro Millions

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

<sup>1</sup> Adjusted for closing of ROD UK business in December 2006 (€80m of sales in Q12006)

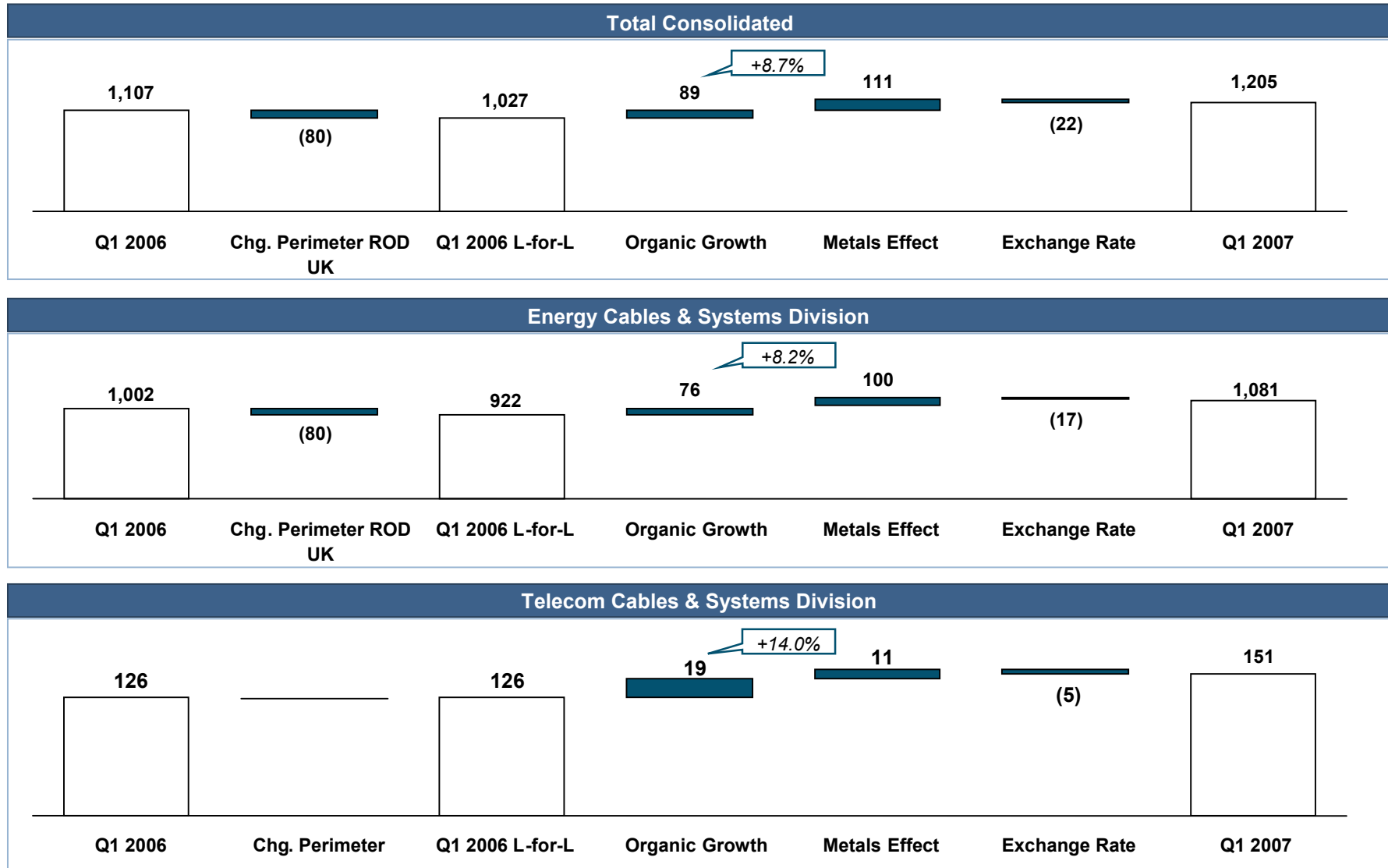
<sup>2</sup> Defined as: Adjusted EBITDA + Fixed costs

<sup>3</sup> Including €39m profit from Purchase Price Adjustment with Pirelli

<sup>4</sup> Including in Q1 2007 Bank Fees write-off equal to €59m

# Sales Drivers

Euro Millions



## Non-Recurring Items

Euro Millions

	Q1 2006	Q1 2007	FY 2006
Price adjustments <sup>1</sup>	-	(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
<b>EBITDA adjustments</b>	<b>2</b>	<b>(36)</b>	<b>36</b>
<i>of which attributable to Energy Business</i>	2	1	22
<i>of which attributable to Telecom Business</i>	0	-	2
<i>of which Corporate</i>	-	(37)	12
Pirelli brand licence D&A	5	-	32
Goodwill reallocation	-	-	5
<b>EBIT adjustments</b>	<b>7</b>	<b>(36)</b>	<b>72</b>
<i>of which attributable to Energy Business</i>	7	1	54
<i>of which attributable to Telecom Business</i>	-	-	2
<i>of which Corporate</i>	-	(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 <sup>2</sup>	-	(4)	(2)
<b>EBT Adjustments</b>	<b>(7)</b>	<b>2</b>	<b>87</b>

<sup>1</sup> Resulting from €39.8m Price adjustments from Pirelli net of €0.5m arbitration costs

<sup>2</sup> Release of equity reserve due to temporary mismatch of interest rate derivatives (transition from old to new credit agreement)

## Financial Charges

Euro Millions

	Q1 2006	Q1 2007	F Y 2006
<b>Net interest expenses</b>	<b>(16)</b>	<b>(14)</b>	<b>(62)</b>
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)
<b>Net financial charges</b>	<b>(14)</b>	<b>(64)</b>	<b>(112)</b>
Share in net income of associates	-	-	2
<b>Total financial charges</b>	<b>(14)</b>	<b>(64)</b>	<b>(110)</b>

## 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)
<b>Tax rate</b>	<b>26.7%</b>	-	-	<b>31.3%</b>

## Energy Division: Profit and Loss Statement

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

## Telecom Division: Profit and Loss Statement

Euro Millions

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

<sup>1</sup> Defined as: Adjusted EBITDA + Fixed costs.

## Balance Sheet

Euro Millions

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

<sup>1</sup> Net of non amortized bank fees (€57m in Q12006, €63m in FY2006, €6m in Q12007)

## Cash Flow

Euro Millions

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

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

<sup>2</sup> Including of €59m due to bank fees write-off in Q107