



Industrial Spotlight

Milan, 30th November 2005

Claudio De Conto

General Manager Administration & Control

ENHANCING ENTERPRISE VALUE

through

LEADING TECHNOLOGY & BUSINESS INNOVATION

leveraging on

MANAGEMENT SKILLS

driven by

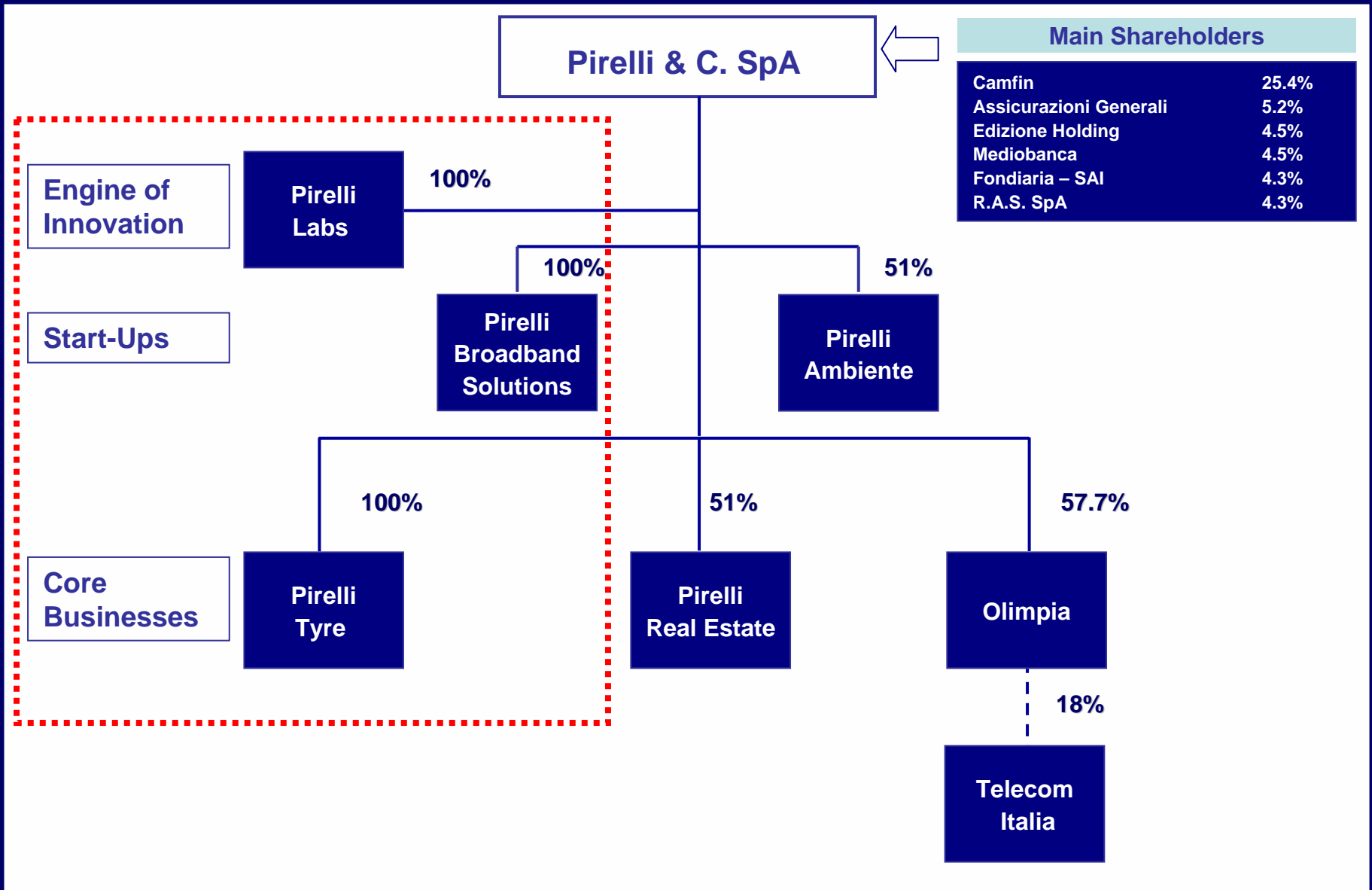
AN EFFECTIVE CORPORATE GOVERNANCE

9M 2005 GROUP RESULTS

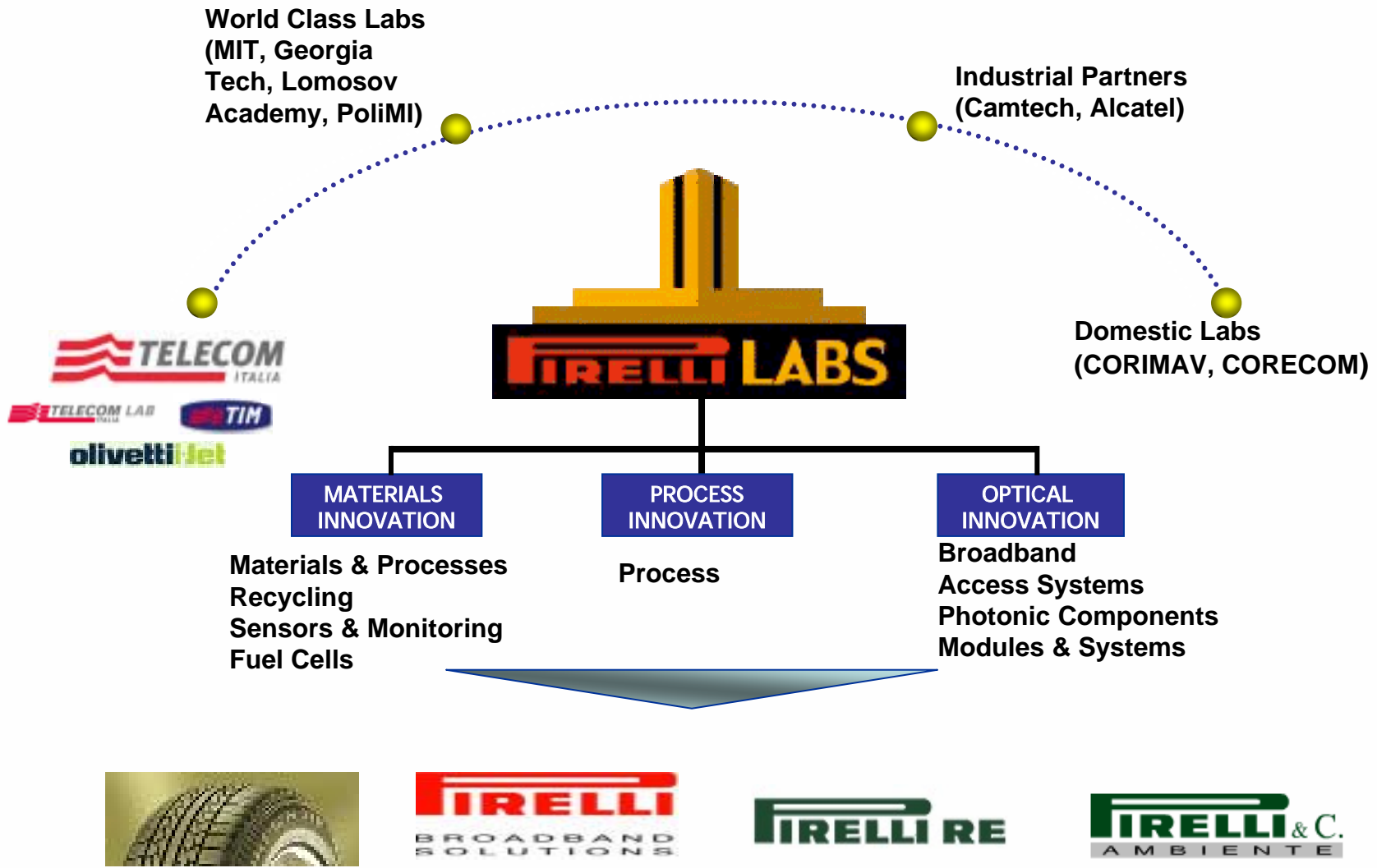
€/mn	Pirelli Tyres			Pirelli Broadband Solutions			Pirelli RE			Others			PIRELLI GROUP		
	9M 2005	9M 2004	Δ 05/04	9M 2005	9M 2004	Δ 05/04	9M 2005	9M 2004	Δ 05/04	9M 2005	9M 2004	Δ 05/04	9M 2005	9M 2004	Δ 05/04
Net Sales (as reported)	2,707	2,466	9.8%	81	39	107.7%	459	392	17.1%	75	35		3,322	2,932	13.3%
Net Sales (organic)		2,530	7.0%								74			3,035	9.5%
EBITDA	412	350	17.7%	(6)	(7)		48	34	41.2%	(18)	(2)		436	375	16.3%
EBITDA margin	15.2%	14.2%											13.1%	12.8%	
EBIT	271	217	24.9%	(6)	(7)		42	27	55.6%	(29)	(13) (*)		278	224	24.1%
EBIT margin	10.0%	8.8%											8.4%	7.6%	
Result from Equity Participations (included Dividends) <i>Olimpia</i>							63	52		2	54		65	106	
										130	8		130	8	
EBIT including Result from Equity Participations	271	217	24.9%	(6)	(7)		105	79	32.9%	103	49		473	338	39.9%
Financial Charges	(30)	(27)		(1)	(4)			4		(79)	(47)		(110)	(74)	
EBT	241	190	26.8%	(7)	(11)		105	83	26.5%	24	2		364	264	37.9%
Fiscal Charges	(76)	(71)		-	-		(26)	(21)		5	9		(97)	(83)	
Net Income (loss) before Discontinued Operations	165	119	38.7%	(7)	(11)		79	62	27.4%	29	11		266	181	47.0%
Discontinued Operations										15			50	53	
Net Income (loss) Attributable Net Income	165	119	38.7%	(7)	(11)		79	62	27.4%	44	11		316	234	35.0%
							78	62	25%				276	206	
NET FINANCIAL POSITION of which Discontinued operations	385	340		3	16		29	43		819	998		1,236	2,046	
														649	

(*) after €14 mn positive contribution from disposed submarine TLC cables activities IPR

PIRELLI GROUP STRUCTURE



THE GROUP'S INNOVATION ENGINE



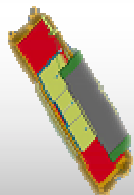
Long Haul-Photonics

New Photonics



Tunable
Laser

OADM

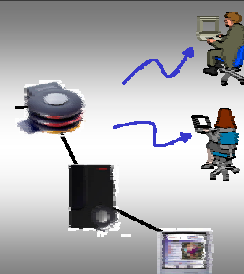


Triplexer

CWDM

Metro & Access- BBA

Broadband Access (BBA)



Connectivity Solutions



PIRELLI BROADBAND SOLUTIONS: FIELDS OF ACTIVITY

BROADBAND ACCESS: ENLARGING CLIENTS PORTFOLIO

- Increasing contribution to Revenues from businesses with Italian TLC carriers
- Scouting the European TLC market to provide value added BBA solutions
- ROS FY2005: Positive

PHOTONICS: BECOMING A REALITY

- First revenues contribution in 3Q 2005 (CWDM City 8™)
- DTL qualification test
- ROS FY2005: Still negative but improving

2003- 2005

- Revenue CAGR > 50%
- Still improving Operating Margin
- Wise Net Invested Capital management

PIRELLI GROUP STRUCTURE

