



2004 Preliminary Unaudited Group Results
25 February 2005

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- 2004 PRELIMINARY UNAUDITED INDUSTRIAL RESULTS p.7

- 2004 PRELIMINARY UNAUDITED PIRELLI RE RESULTS p.14

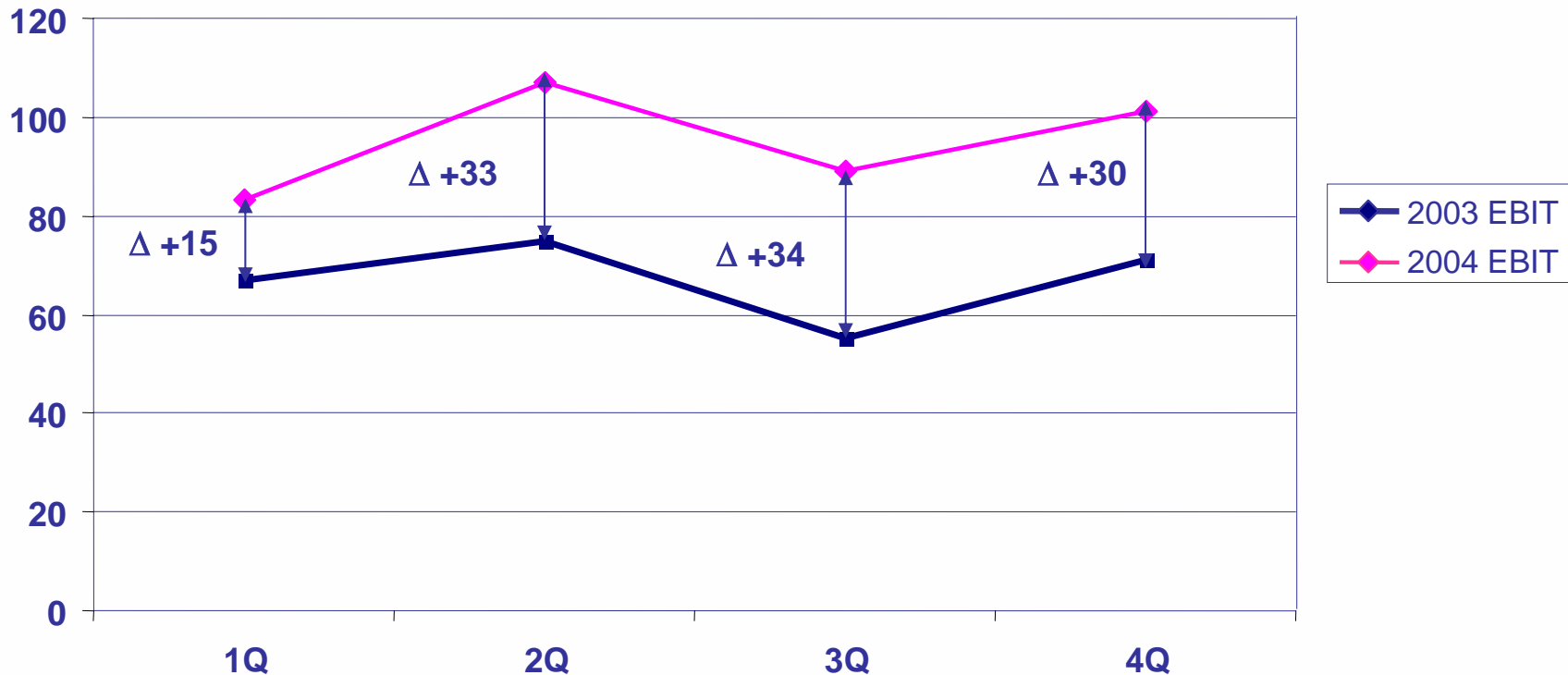
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- Significant improvement of group sales: +6.9%, from 6,671 in 2003 to approximately 7,130 million Euros in 2004 (+3.4% on a like-to-like basis)
- Strong operating result growth: +42% (from 268 million Euros in 2003 to approximately 380 million Euros in 2004)
- Net financial position reduced to approximately 1,475 million Euros from 1,745 million Euros in 2003
- Pirelli RE operating result post results from equity participations 157 million Euros from 128 million Euros in 2003 (+23%)

2004 PRELIMINARY UNAUDITED GROUP RESULTS

€mn	Industrial Aggregate		Pirelli RE		Others		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
Net Sales (as reported)	6,560	6,034	570	645	(7)	(8)	7,130	6,671
Net Sales (organic)	6,560	6,255	570	645	(7)	(8)	7,130	6,892
EBITDA	660	567	83	79	(20)	(18)	723	628
<i>EBITDA margin</i>	10.1%	9.4%	-	-	-	-	10.1%	9.4%
EBIT	380	264	61	61	(61)	(57)	380	268
<i>EBIT margin</i>	5.8%	4.4%	-	-	-	-	5.3%	4.0%
Results from EQUITY Part.	-	-	96	67	-	-	-	-
EBIT post Results from EQUITY Part.	-	-	157	128	-	-	-	-
NFP	-	-	-	-	-	-	1,475	1,745

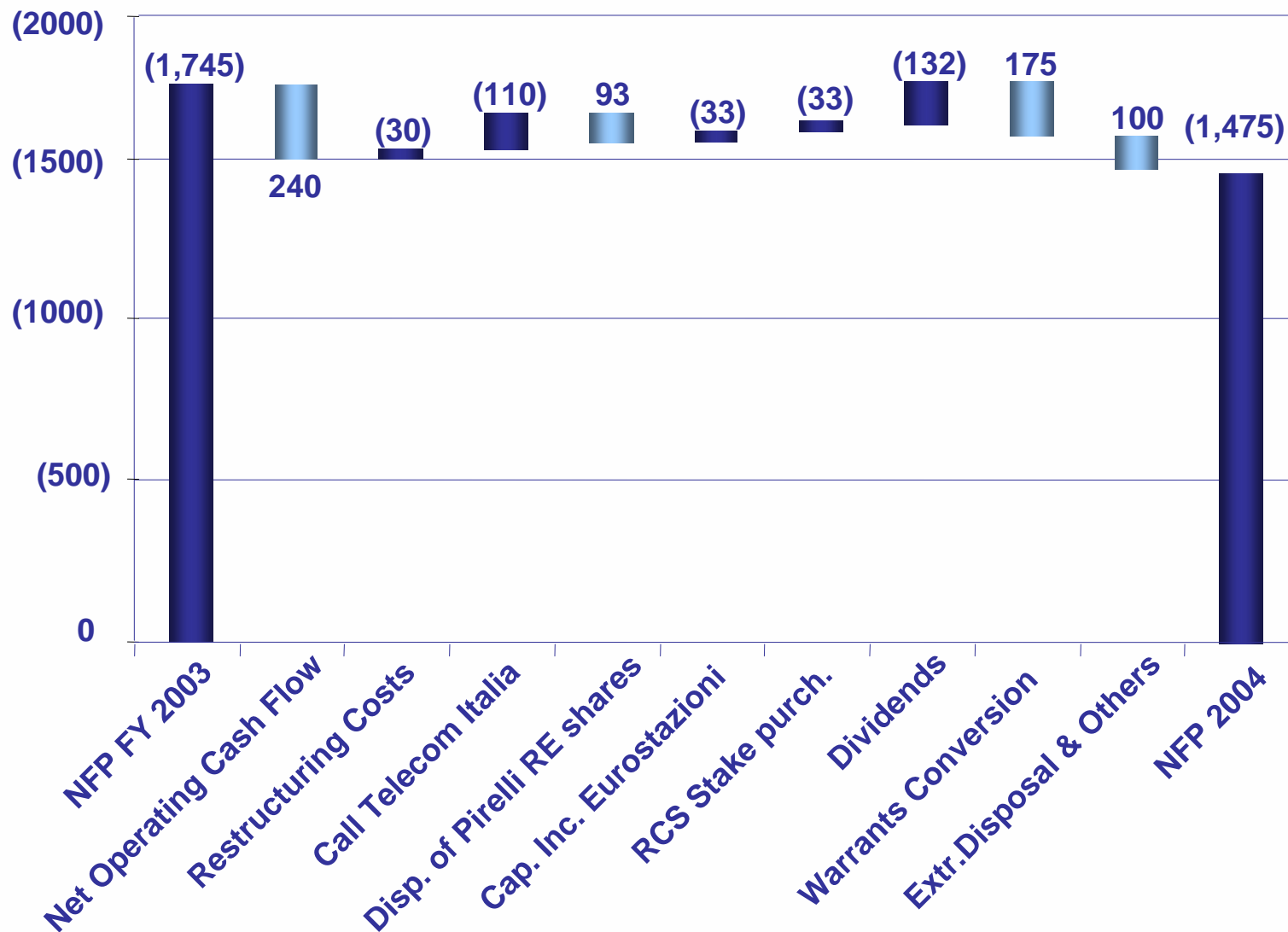
2004 PRELIMINARY UNAUDITED GROUP EBIT TREND



ROS

2004	4.9%	5.6%	5.1%	5.6%
2003	4.3%	4.3%	3.4%	4.1%
	1Q	2Q	3Q	4Q

2004 PRELIMINARY UNAUDITED GROUP NET FINANCIAL POSITION



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2004 PRELIMINARY UNAUDITED INDUSTRIAL RESULTS

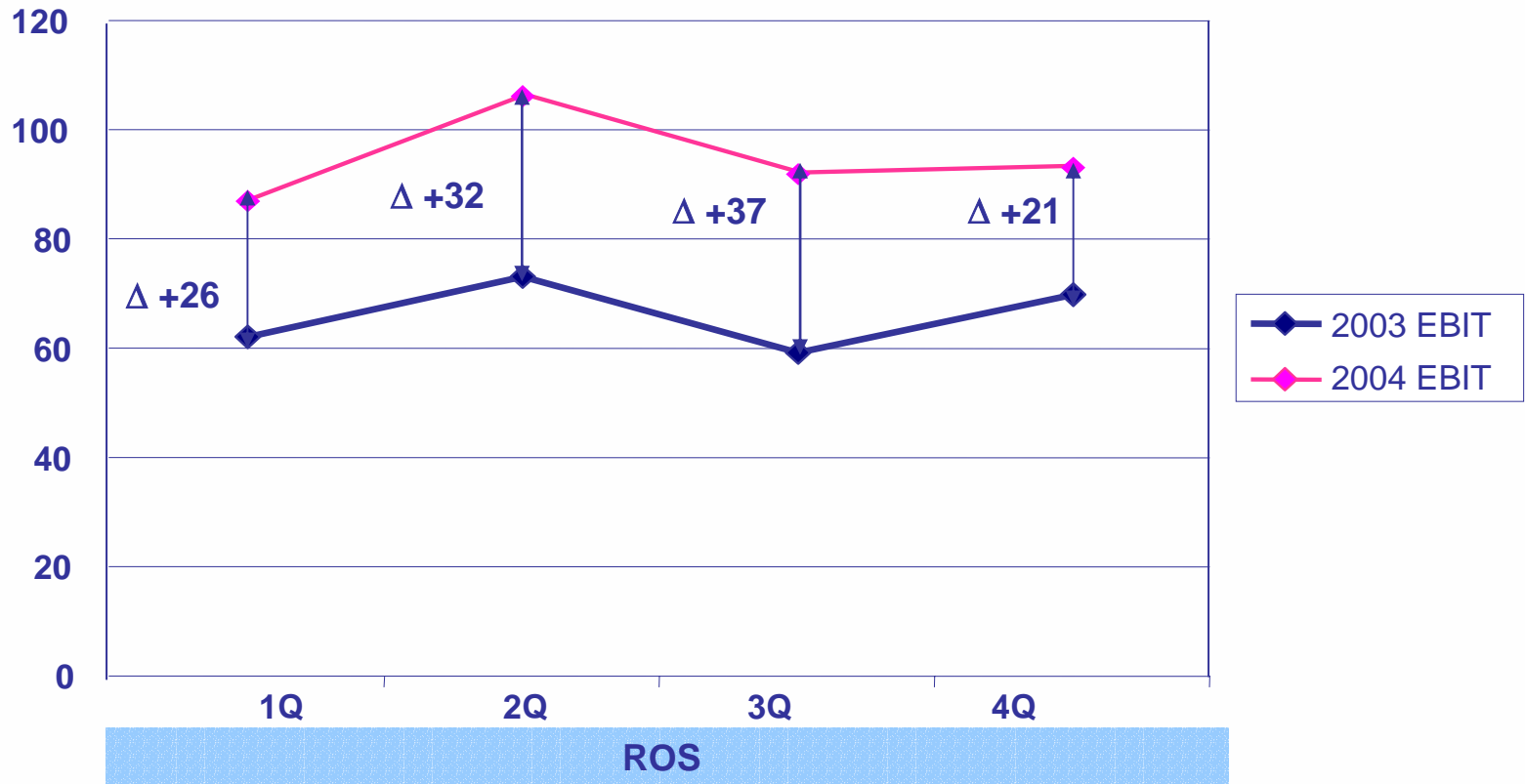
€mn

INDUSTRIAL AGGREGATE

	2004	2003	Variation %
Net Sales (as reported)	6,560	6,034	+8.8%
Net Sales (organic)	6,560	6,255	+5.0%
EBITDA	660	567	+16%
<i>EBITDA margin</i>	10.1%	9.4%	
EBIT	380	264	+44%
<i>EBIT margin</i>	5.8%	4.4%	

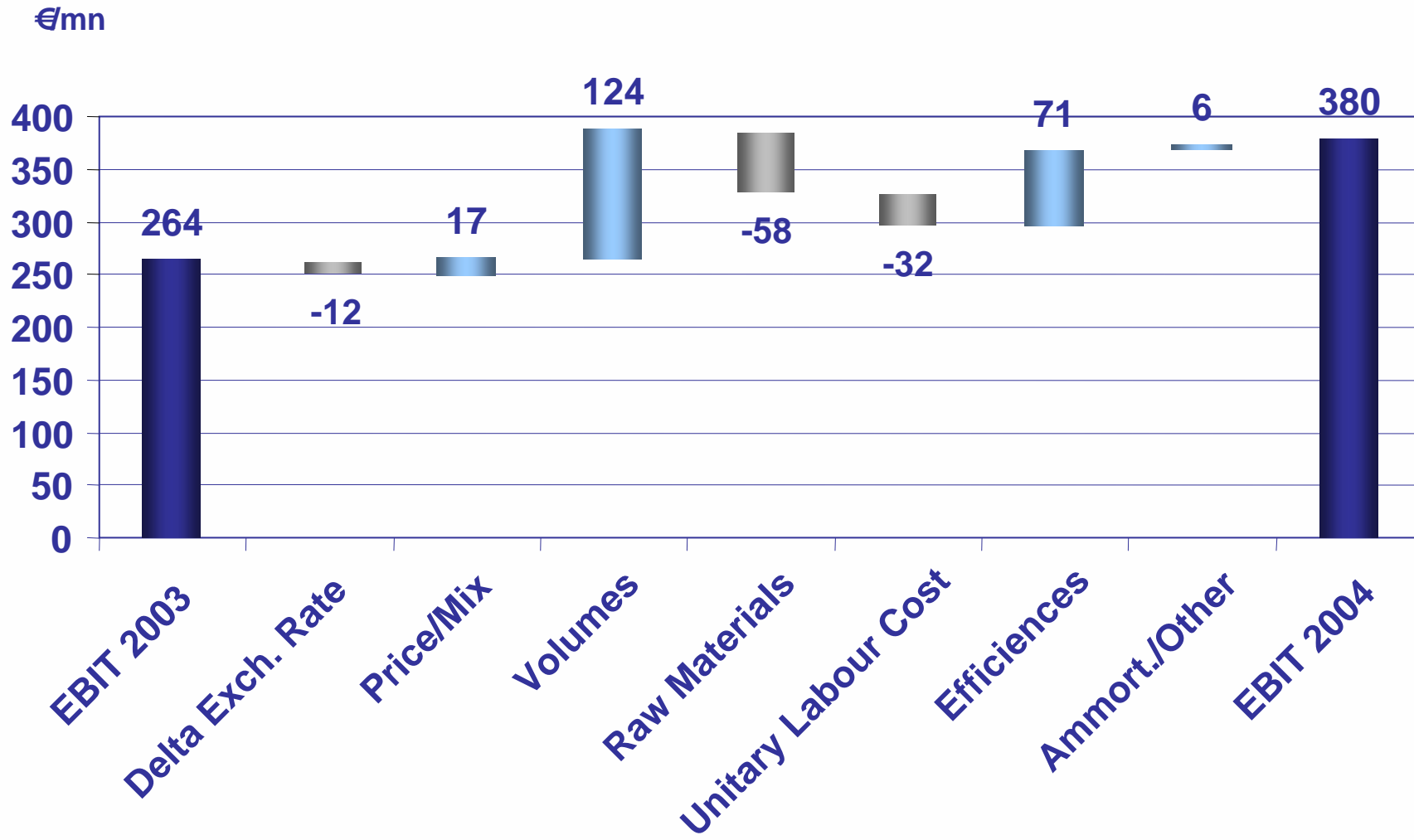
(*) Exchange Rates/Perimeter/Metal Price

2004 PRELIMINARY UNAUDITED INDUSTRIAL EBIT TREND



	ROS			
	1Q	2Q	3Q	4Q
2004	5.5%	6.1%	5.8%	5.6%
2003	4.3%	4.6%	4.0%	4.7%

2004 PRELIMINARY UNAUDITED INDUSTRIAL EBIT VARIATIONS



2004 PRELIMINARY UNAUDITED ENERGY RESULT

€/mn

	2004	2003	Variation
Net Sales	2,890	2,637	+9.5%
EBITDA	200	169	18%
EBITDA margin	6.9%	6.4%	
EBIT	118	83	+43%
EBIT margin	4.1%	3.1%	

ΔPrice/mix:	-0.1%
ΔVolumes:	-0.5%
ΔActual Variation:	-0.6%
ΔExch. Rates:	-1.2%
ΔMetal Price:	+11.8%
ΔPerimeter (Brazil):	-0.5%
ΔTotal:	+9.5%

Δ Commercial Variations:	€29mn
ΔEfficiencies:	€24mn
ΔUnit Costs/Other:	€-18mn
ΔTotal:	€35mn

- Strong profitability increase, led by a strategy of product mix improvement and customer channel selection, as opposed to a strategy based on volume growth
- Working Capital also benefited from volume selection, offsetting copper price increase

2004 PRELIMINARY UNAUDITED TELECOM RESULTS

€/mn

	2004	2003	Variation
Net Sales	425	427	-0.5%
EBITDA	8	(1)	n.m.
EBITDA margin	1.9%	n.m.	
EBIT	(15)	(39)	n.m.
EBIT margin	n.m.	n.m.	

ΔPrice/mix:	-16.7%
ΔVolumes:	+14.8%
ΔActual Variation:	-1.9%
ΔExch. Rates:	-1.2%
ΔMetal Price:	+2.6%
ΔTotal:	-0.5%

Δ Commercial Variations:	€-34mn
ΔEfficiencies:	€26mn
ΔUnit Costs/Other:	€32mn
ΔTotal:	€24mn

- EBIT of Cables and Fibers business unit in break-even
- Broadband Solutions sales over 60 mn €(+133% growth from 2003)

2004 PRELIMINARY UNAUDITED TYRES RESULTS

€/mn

	2004	2003	Variation
Net Sales	3,250	2,970	+9.4%
EBITDA	455	399	+14%
EBITDA margin	14.0%	13.4%	
EBIT	275	220	+25%
EBIT margin	8.5%	7.4%	

ΔPrice/mix:	+3.4%
ΔVolumes:	+8.1%
ΔActual Variation:	+11.5%
ΔExch. Rates:	-2.1%
ΔTotal:	+9.4%

Δ Commercial Variations:	€146mn
ΔEfficiencies:	€21mn
ΔUnit Costs/Other:	€112mn
ΔTotal:	€55mn

- Market share gains in most markets thanks to new premium products
- North and South America positive trends continue
- Raw material and energy costs offset by price-mix and efficiencies

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2004 PRELIMINARY UNAUDITED PIRELLI RE RESULTS AT A GLANCE

- EBIT including income from equity participations grew to € 157 mn (+23% YoY)
- Property trading generated approx. Euro 1.7bn of sales while the group posted acquisition for approx Euro 2.1bn of which Euro 1.1bn of property assets and Euro 990m (BV) of NPLs
- In the Fund Management business 4 specialized seeded funds were placed (Tecla, Cloe, Olinda and Clarice) for a contribution value of around € 2.4 bn. In the first year of operation the SGR generated operating profit of Euro 5mn. Pirelli RE SGR is also a co-manager of the Treasury Real Estate Fund (FIP).
- Service Provider posted value of production of € 355 mn (+10% YoY) and ROS 16% slightly higher than 2004
- Distribution Network: as of December 2004, 525 contracts were signed (higher than targets of the 500 contracts)

2004 PRELIMINARY UNAUDITED PIRELLI RE RESULTS

	Profit and Loss		
	2004	2003	Variation
Net Aggregate Production value	1.973	1.525	+29%
EBIT including Results from Equity Participations	157	128	+23%

- **Asset Management:**

- Sales to third parties 1.7 bn€ (BV 1.3 bn€) and acquisitions for approx. 2.1 bn€
- Assets contributed to Funds 2.387bn€

- **Services:** production value reached 355 m€ (+10% YoY)

- **Net Debt** 2004 35m€ (9.2 m€ in 2003)

- **Net Financial Position** not including shareholders loans 245 m€ (223.7 m€ in 2003)

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22 March 2005

Conference Call for the release of FY 2004 Results

13 May 2005

Milan - Pirelli Investor Day