

# H1 2013 Financial Results

Milan – August 1<sup>st</sup>, 2013



WORLDWIDE LEADER IN RENEWABLES  
SMARTER AND GREENER POWER GRIDS **LINKING THE FUTURE** SUPPORTING GLOBAL  
STRONGER PLATFORM TO ENHANCE CUSTOMER

**Prysmian**  
Group



- H1 2013 Highlights & FY 2013 Outlook

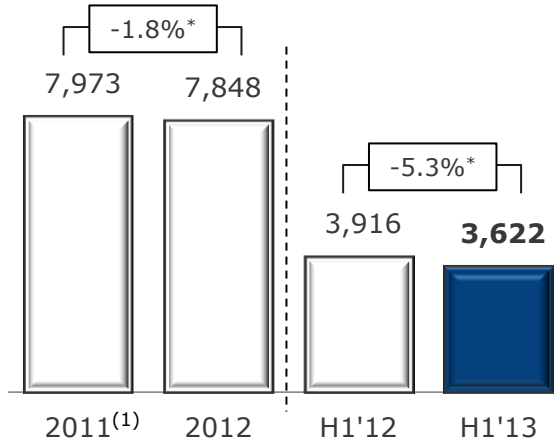
- Financial Results

- Appendix

# H1 2013 Key Financials

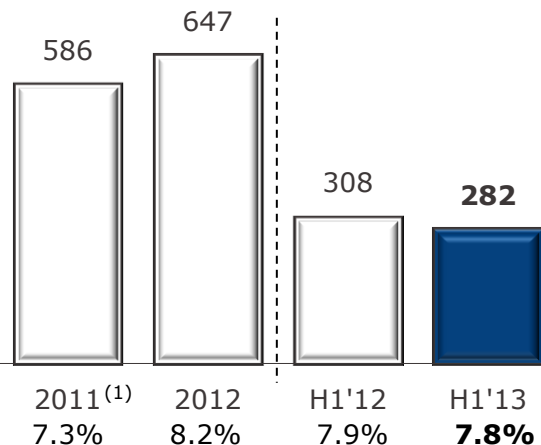
Euro Millions, % on Sales

## Sales

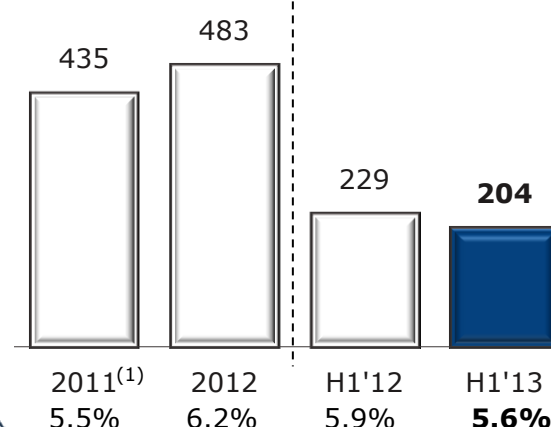


\* Org. Growth

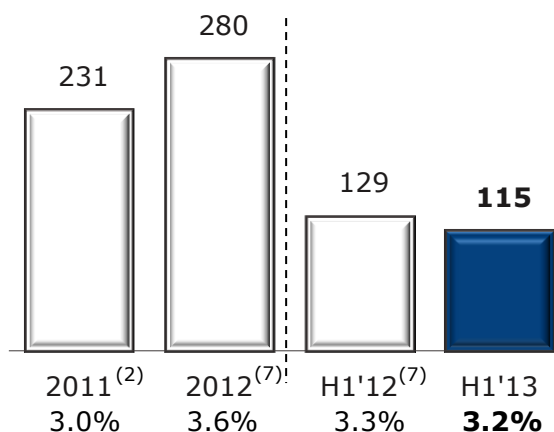
## Adjusted EBITDA <sup>(3)</sup>



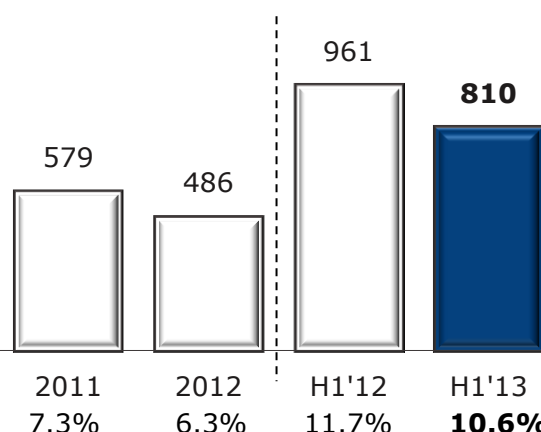
## Adjusted EBIT <sup>(4)</sup>



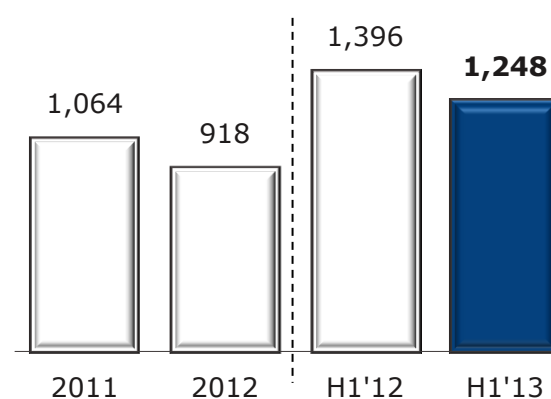
## Adjusted Net Income <sup>(5)</sup>



## Operative Net Working Capital <sup>(6)</sup>



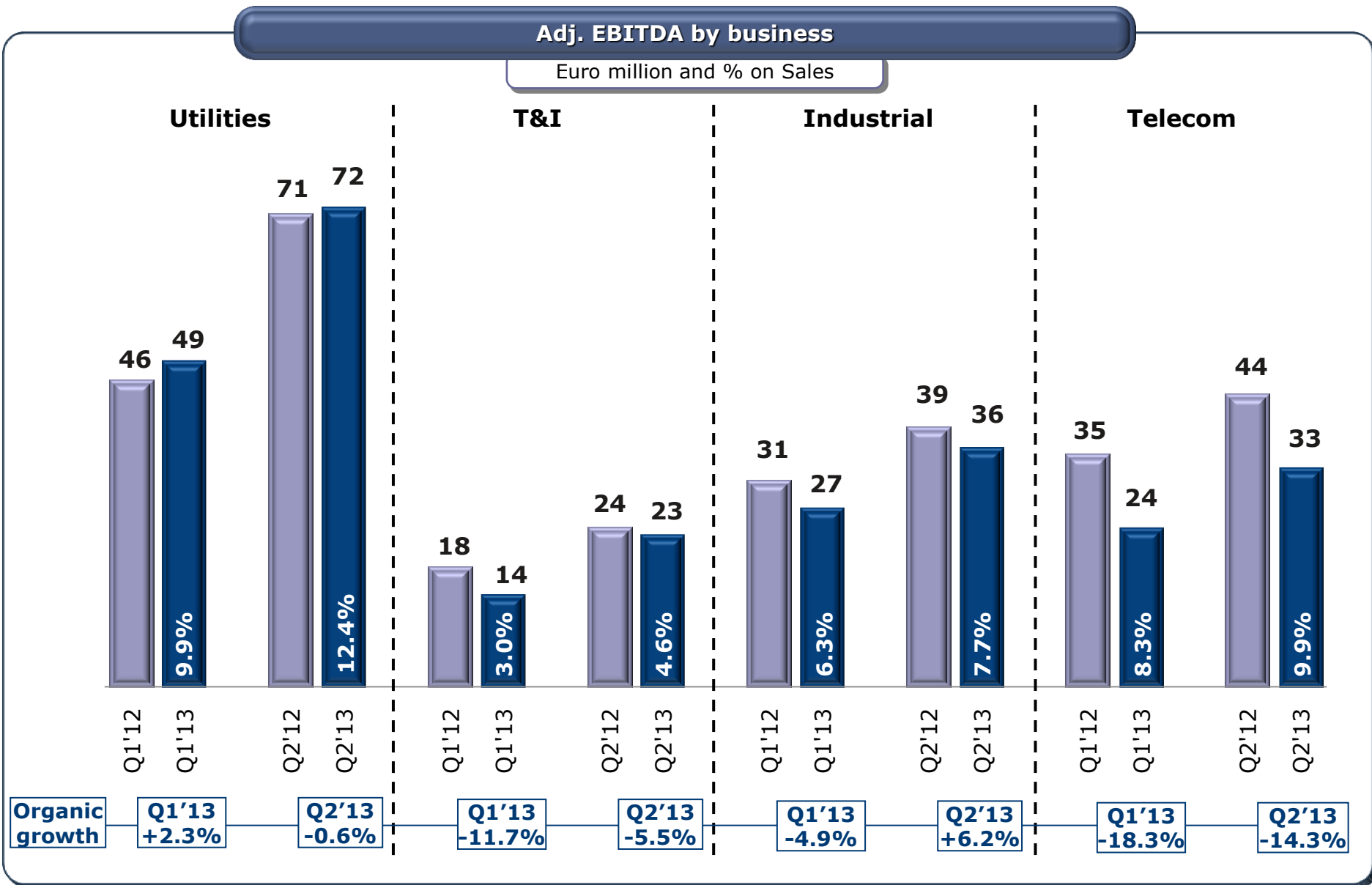
## Net Financial Position



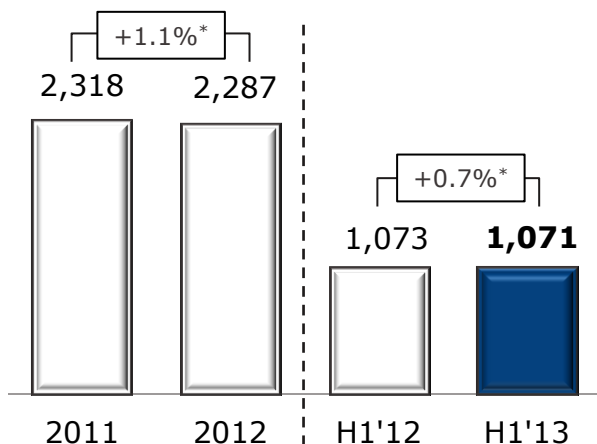
(1) Includes Draka Group's results for the period 1 January – 31 December; (2) Includes Draka Group's results for the period 1 March – 31 December (3) Adjusted excluding non-recurring income/expenses; (4) Adjusted excluding non-recurring income/(expenses) and the fair value change in metal derivatives and in other fair value items; (5) Adjusted excluding non-recurring income/(expenses), the fair value change in metal derivatives and in other fair value items, exchange rate differences and the related tax effects; (6) Operative NWC defined as NWC excluding the effect of derivatives; % of sales is defined as Operative NWC on annualized last quarter sales; (7) Restated to include effects of IAS 19 rev.(negative effect of €2mIn in FY2012, € 1mIn in H1'12)

# Adj. EBITDA evolution by business

Organic growth improvement across all businesses and synergies driving margins recovery



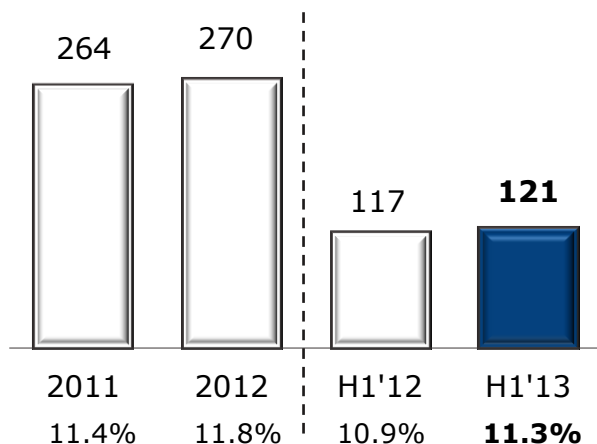
## Sales to Third Parties



\* Organic Growth

Note: FY2011 combined including Draka for 12 months

## Adjusted EBITDA



Note: FY2011 combined including Draka for 12 months

## Highlights

### DISTRIBUTION

- Volume decrease mainly due to continuous deterioration in European demand. Weak pricing driving pressure on profitability despite growing industrial efficiencies
  - Europe: lower contribution across all countries except UK. Major reductions in Italy, Spain and Germany. No drivers for profitability improvement in H2
  - North America: volume growth driven by positive market. Pricing recovery supporting profitability increase expected to continue in H2
  - South America: higher volume expected in H2 (Vs a weak H1) based on growing order book
  - Asia: sales decrease due to challenging Australian market

### TRANSMISSION – HV

- Significant increase in profitability expected in H2 (Vs H1) due to projects phasing. FY expected above previous year
- Margins improvement thanks to better projects mix
- Order book providing high visibility on next 12 months sales
- Growing activity in Europe, Middle East and selected Asian regions (e.g. Singapore and Australia)

### TRANSMISSION – Submarine

- Strong increase in profitability in H1 (Vs H1'12) expected to accelerate in H2
- Record order book at €2.3bn supported by approx. € 600m projects awarded in H1
- High tendering activity both in off-shore wind and large connections to keep long term growth
- Ongoing production capacity increase in Arco Felice (Italy)

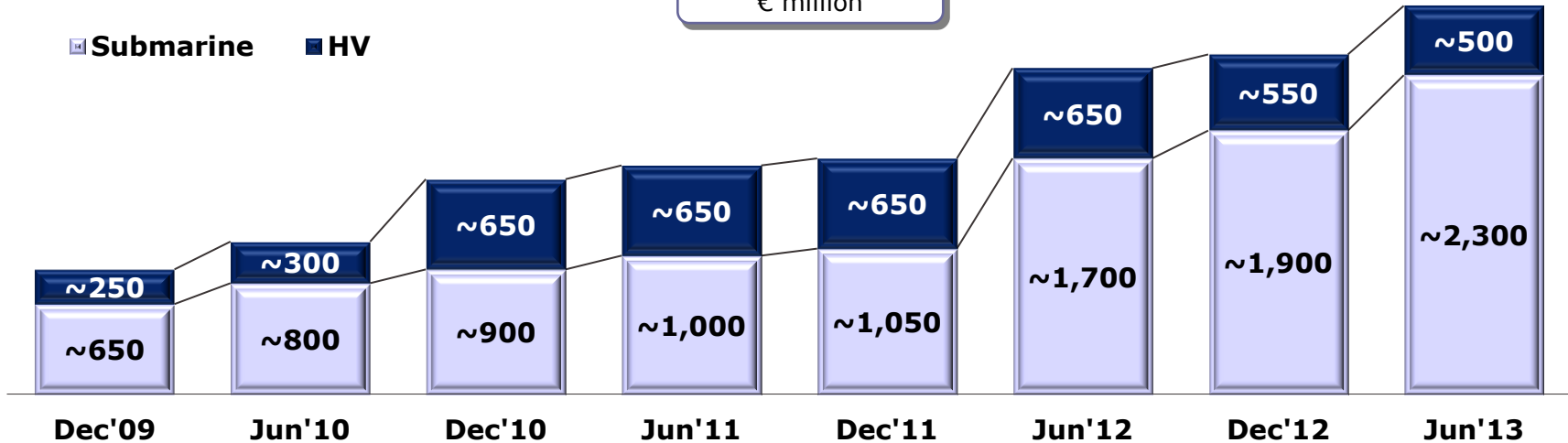
# Utilities – Transmission

Record orders backlog with high technology projects to enhance profitability

## Orders Backlog evolution

€ million

■ Submarine ■ HV

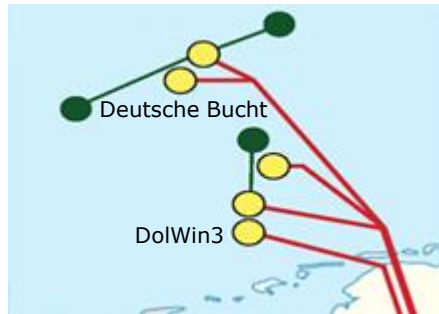


## Strengthening leadership in the submarine business

€ 600m projects awarded in H1'13 increasing visibility to over 3 years



Normandie 3  
€45m



DolWin3 €350m &  
Deutsche Bucht €50m



Mallorca - Ibiza  
€85m



ExxonMobil's oil offshore  
platforms  
\$100m

# Utilities – Strong increase in H2 profitability driven by transmission

Adj.EBITDA increase in H2 covered by Transmission order book

## Utilities – Adj.EBITDA

€ million

2012

2013E

117

153

121

H1 2012

H2 2012

H1 2013

H2 2013E

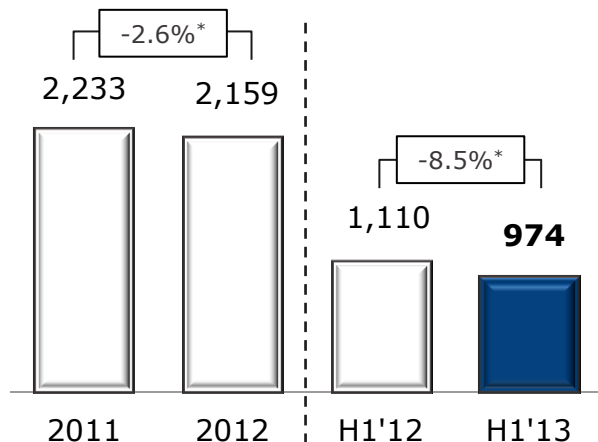
■ Distribution ■ Network Components ■ Transmission

- High visibility on H2 thanks to submarine and HV order book
- Growing contribution from high value added transmission business driving sustainable margins increase
- Bottom in power distribution not expected to recover in H2

# Trade & Installers

Euro Millions, % on Sales

## Sales to Third Parties



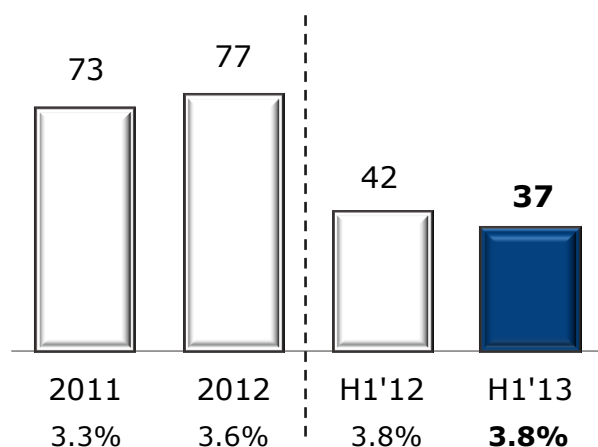
\* Organic Growth

Note: FY2011 combined including Draka for 12 months

## Highlights

- Continuous deterioration in demand in line with FY expectations. Slight improvement in organic change through the year thanks to stabilized demand. Price decrease fully offset by cost reduction.
  - Europe: demand stabilizing at significant lower level Vs 2012 across all countries. Major decrease in Germany, Spain, Italy and Eastern Europe. Ongoing production capacity rationalization
  - North America: low H1 expected to recover next quarters thanks to positive underlying construction demand
  - Growing demand in South America expected to continue during the year

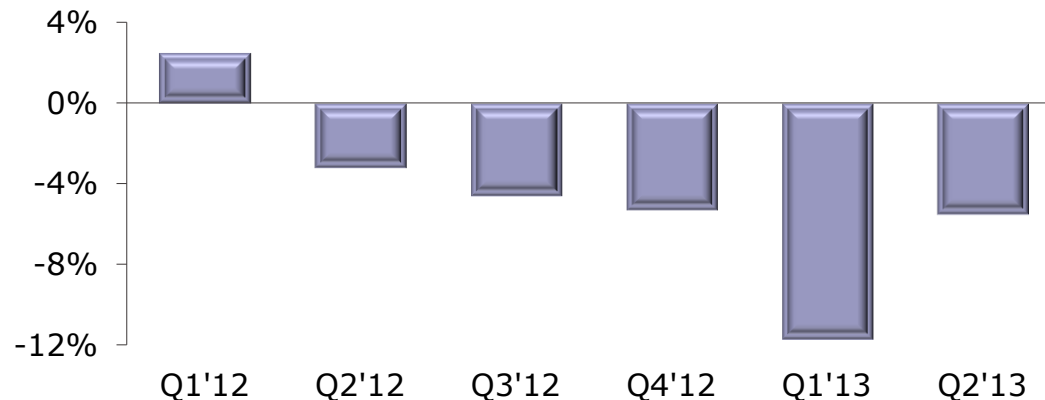
## Adjusted EBITDA



Note: FY2011 combined including Draka for 12 months

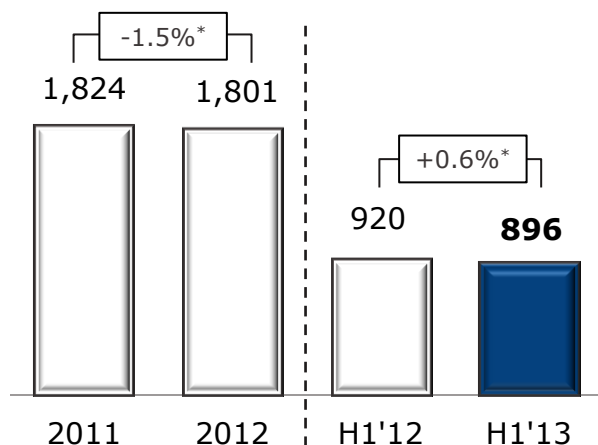
## Organic Growth

On the same quarter of previous year





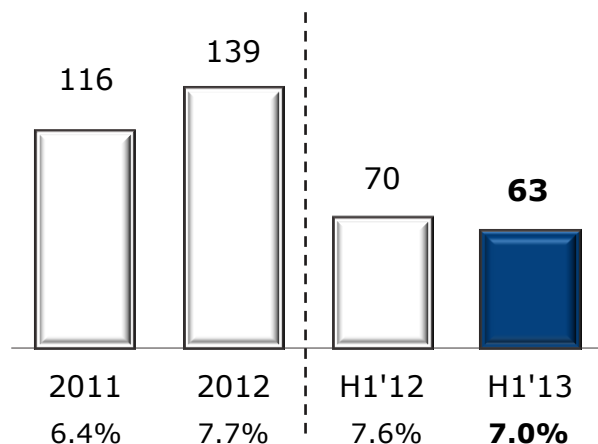
## Sales to Third Parties



\* Organic Growth

Note: FY2011 combined including Draka for 12 months

## Adjusted EBITDA



Note: FY2011 combined including Draka for 12 months

## Highlights

### OGP

- Orders backlog to drive higher results in H2 fully offsetting weak H1. Recovery expected from off-shore projects in South America, Singapore and North Sea

### SURF

- Growing contribution in Umbilicals through the year with first deliveries in Indonesia and West Africa during H2. Lower investments in Brazil limiting flexible pipes development
- DHT: positive performance in sales and profitability mainly driven by N.America and N.Europe

### Elevator

- Steady increase supported by North America and APAC

### Renewable

- Slight order intake improvement in Europe to support higher contribution in H2 (Vs very low H1). Investments expected to recover in North America

### Automotive

- Positive organic growth driven by North and South America. Stable contribution from Europe achieved through industrial efficiencies

### Specialties & OEM

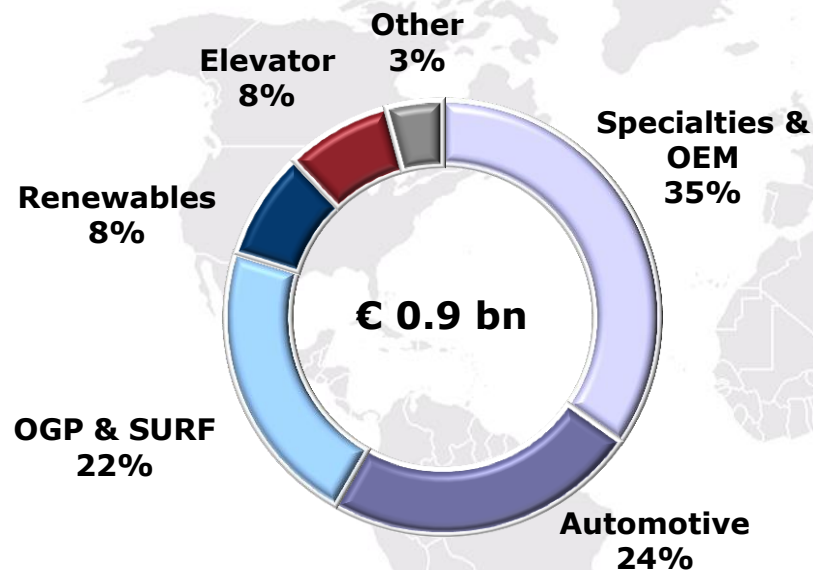
- Growing sales and profitability thanks to Railway/Rolling Stock in Europe, N.America and Australia. Positive trend also in Crane (Germany, China) and Marine (Russia, Nordics & new initiatives in S.America). Demand reduction in Defence, Mining and Infrastructure

# Industrial

Growing in higher value added segments to offset current profitability decrease in Renewables

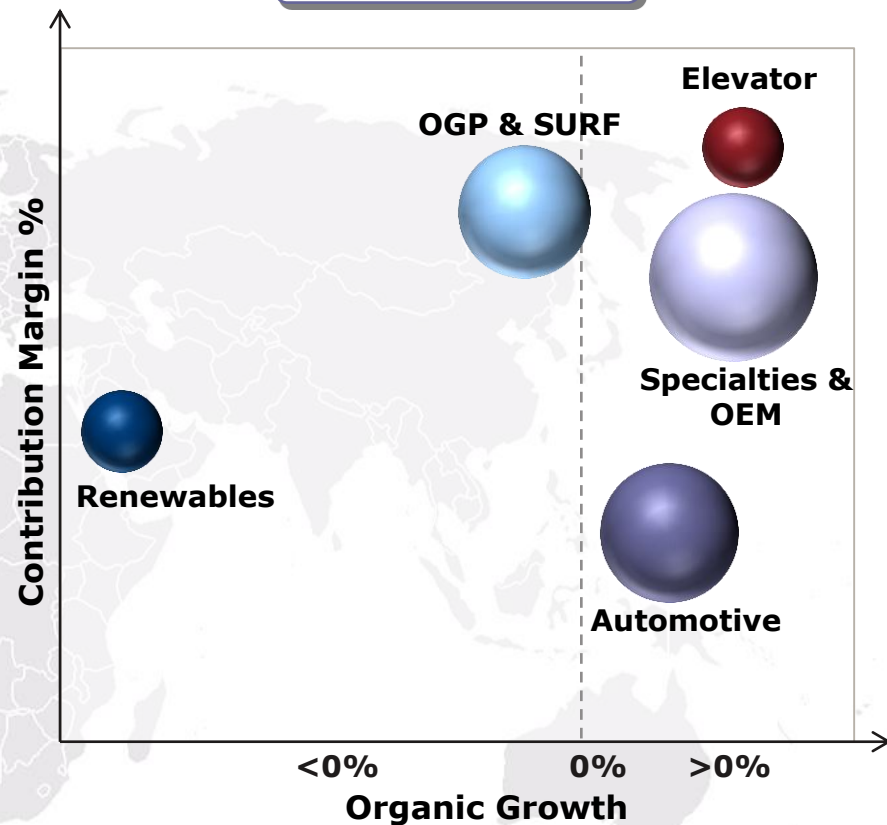
## Sales breakdown by business segment

H1 2013

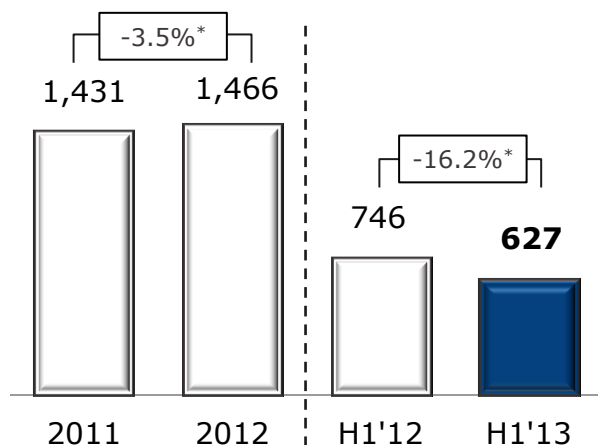


## Business segment matrix

H1 2013



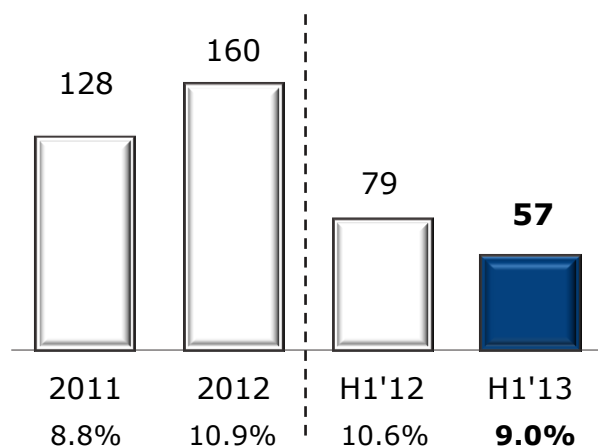
## Sales to Third Parties



\* Organic Growth

Note: FY2011 combined including Draka for 12 months

## Adjusted EBITDA



Note: FY2011 combined including Draka for 12 months

## Highlights

- H1 contraction in sales and profitability substantially in line with Q1 due to still very high comparable basis in Optical North and South America

### Optical / Fiber

- Europe:** substantially stable volume vs. previous year
- North America:** still high double digit volume decrease due to strong H1'12 and uncertainty on incentives renewal
- Australia:** continuous increase in sales and profitability driven by NBN project
- Brazil:** Very low investments in H1 waiting for stimulus packages
- China:** growing demand in FTTH and FTTA expected to continue through the year

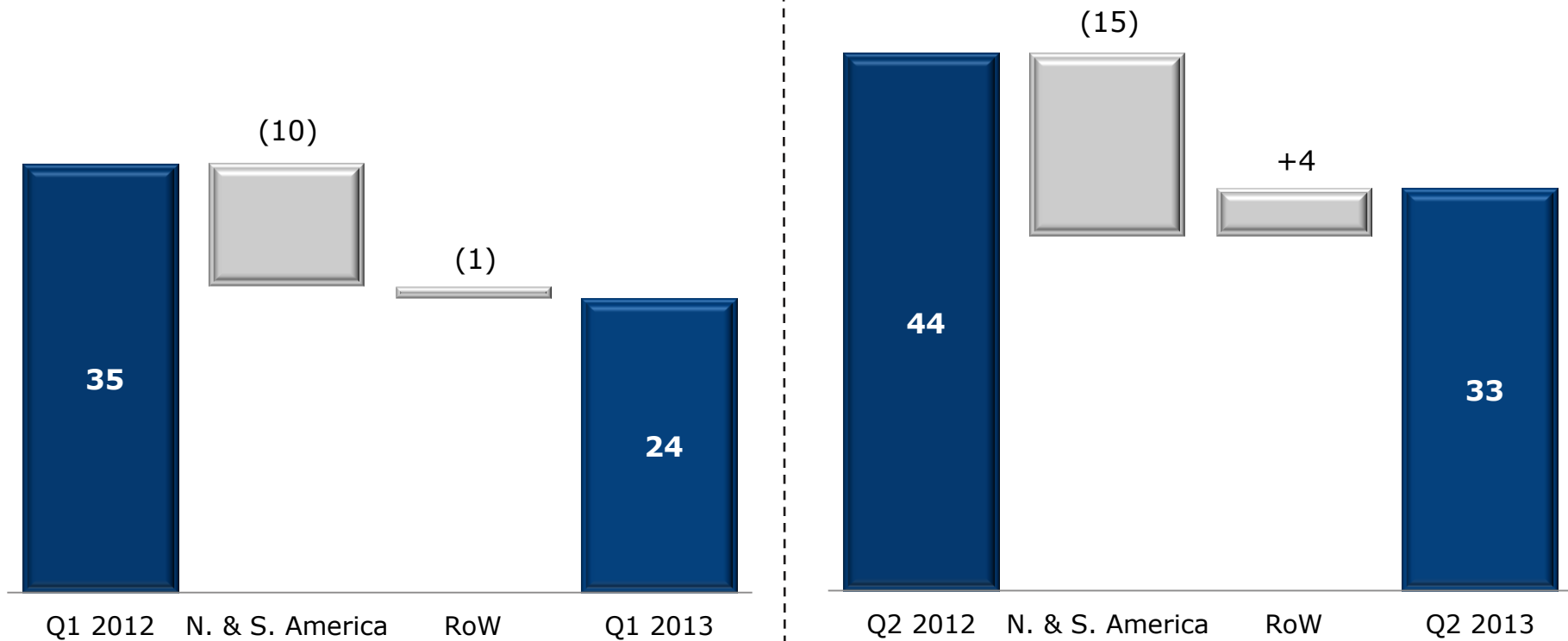
### Multimedia & Specials

- Lower investments in data centers in consolidated European countries (e.g. Spain, France, Italy) partially offset by emerging markets and European countries under investing in the last years (e.g. Turkey, Poland)

# Telecom – H1 profitability decrease fully attributable to incentives suspended in North and South America

## Adj. EBITDA evolution

Euro million



# 2013 Outlook – FY target confirmed with strong increase in profitability in H2

Solid orders backlog in Transmission and synergies to face continuous weakness in cyclical businesses

## FY 2013 Adj.EBITDA Target (€ mln)

600

650

## H1 2013

308

282



H1 2012

H1 2013

- H1 consistent with FY target
- Weak telecom performance due to lower demand in US and South America
- Bottom in cyclical businesses in Europe
- Strong decrease in Renewables

## H2 2013E

339

343



H2 2012

H2 2013E

- Continuous weakness in European cyclical businesses
- Strong growth in Transmission contribution
- Slight recovery in Telecom vs. H1
- Limited improvement in Industrial (OGP & Renewables)

➤ H1 2013 Highlights & FY 2013 Outlook

➤ **Financial Results**

➤ Appendix

# Profit and Loss Statement

Euro Millions

	H1 2013	H1 2012	FY 2012
<b>Sales</b>	<b>3,622</b>	<b>3,916</b>	<b>7,848</b>
<i>YoY total growth</i>	(7.5%)		
<i>YoY organic growth</i>	(5.3%)		
<b>Adj.EBITDA</b>	<b>282</b>	<b>308</b>	<b>647</b>
<i>% on sales</i>	7.8%	7.9%	8.2%
<i>Non recurring items</i>	(26)	(42)	(101)
<b>EBITDA</b>	<b>256</b>	<b>266</b>	<b>546</b>
<i>% on sales</i>	7.1%	6.8%	7.0%
<b>Adj.EBIT</b>	<b>204</b>	<b>229</b>	<b>483</b>
<i>% on sales</i>	5.6%	5.9%	6.2%
<i>Non recurring items</i>	(26)	(42)	(101)
<i>Special items</i>	(44)	(9)	(20)
<b>EBIT</b>	<b>134</b>	<b>178</b>	<b>362</b>
<i>% on sales</i>	3.7%	4.5%	4.6%
<i>Financial charges</i>	(76)	(51) <sup>a)</sup>	(120) <sup>a)</sup>
<b>EBT</b>	<b>58</b>	<b>127</b>	<b>242</b>
<i>% on sales</i>	1.6%	3.2%	3.1%
Taxes	(17)	(38)	(73)
<i>% on EBT</i>	29.0%	29.9%	30.2%
<b>Net income</b>	<b>41</b>	<b>89</b>	<b>169</b>
<i>Extraordinary items (after tax)</i>	(74)	(40)	(111)
<b>Adj.Net income</b>	<b>115</b>	<b>129</b>	<b>280</b>

a) Restated to include effects of IAS 19 revised; negative effect of €2mIn in FY2012, €1mIn in H1 2012

# Extraordinary Effects

Euro Millions

	H1 2013	H1 2012	FY 2012
Antitrust investigation	1	(3)	(1)
Restructuring	(21)	(27)	(74)
Draka integration costs	-	(3)	(9)
Other	(6)	(9)	(17)
<b>EBITDA adjustments</b>	<b>(26)</b>	<b>(42)</b>	<b>(101)</b>
Special items	(44)	(9)	(20)
Gain/(loss) on metal derivatives	(37)	1	14
Assets impairment	-	(1)	(24)
Other	(7)	(9)	(10)
<b>EBIT adjustments</b>	<b>(70)</b>	<b>(51)</b>	<b>(121)</b>
Gain/(Loss) on ex.rates/derivat. <sup>(1)</sup>	(21)	1	(11)
Other extr. financial Income/exp.	(7)	(2)	(5)
<b>EBT adjustments</b>	<b>(98)</b>	<b>(52)</b>	<b>(137)</b>
Tax	24	12	26
<b>Net Income adjustments</b>	<b>(74)</b>	<b>(40)</b>	<b>(111)</b>

## Notes

(1) Includes currency and interest rate derivatives



# Financial Charges

Euro Millions

	H1 2013	H1 2012	FY 2012
<b>Net interest expenses</b>	<b>(51)</b>	<b>(53)<sup>a)</sup></b>	<b>(111)<sup>a)</sup></b>
<i>of which non cash Conv.Bond interest exp.</i>	(2)	-	-
Bank fees amortization	(5)	(5)	(10)
Gain/(loss) on exchange rates	(10)	(21)	(29)
Gain/(loss) on derivatives <sup>(1)</sup>	(11)	22	18
Non recurring effects	(5)	(2)	(5)
<b>Net financial charges</b>	<b>(82)</b>	<b>(59)</b>	<b>(137)</b>
Share in net income of associates	6	8	17
<b>Total financial charges</b>	<b>(76)</b>	<b>(51)</b>	<b>(120)</b>

## Notes

(1) Includes currency and interest rate derivatives

a) Restated to include effects of IAS 19 revised; negative effect of €2mIn in FY2012, €1mIn in H1 2012

# Statement of financial position (Balance Sheet)

Euro Millions

	30 June 2013	30 June 2012	31 December 2012
Net fixed assets	2,252	2,264	2,311
<i>of which: intangible assets</i>	643	619	655
<i>of which: property, plants &amp; equipment</i>	1,496	1,549	1,543
Net working capital	772	934	479
<i>of which: derivatives assets/(liabilities)</i>	(38)	(27)	(7)
<i>of which: Operative Net working capital</i>	810	961	486
Provisions & deferred taxes	(294)	(369)	(369)
<b>Net Capital Employed</b>	<b>2,730</b>	<b>2,829</b>	<b>2,421</b>
Employee provisions	332	308	344
Shareholders' equity	1,150	1,125	1,159
<i>of which: attributable to minority interest</i>	44	52	47
Net financial position	1,248	1,396	918
<b>Total Financing and Equity</b>	<b>2,730</b>	<b>2,829</b>	<b>2,421</b>

# Cash Flow

Euro Millions

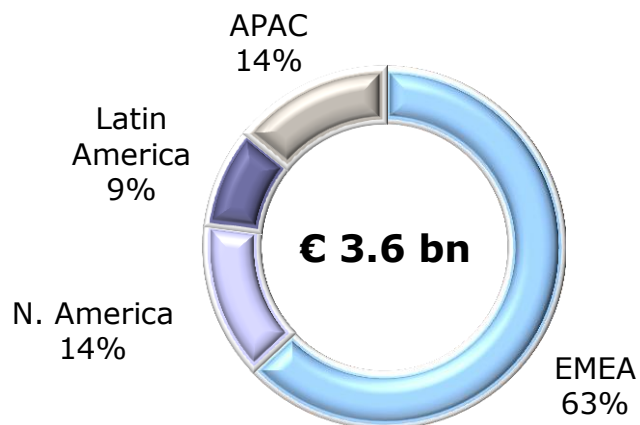
	H1 2013	H1 2012	FY 2012
<b>Adj.EBITDA</b>	<b>282</b>	<b>308</b>	<b>647</b>
Non recurring items	(26)	(42)	(101)
<b>EBITDA</b>	<b>256</b>	<b>266</b>	<b>546</b>
Net Change in provisions & others	(41)	(8)	(1)
<b>Cash flow from operations (before WC changes)</b>	<b>215</b>	<b>258</b>	<b>545</b>
Working Capital changes	(367)	(359)	75
Paid Income Taxes	(28)	(32)	(74)
<b>Cash flow from operations</b>	<b>(180)</b>	<b>(133)</b>	<b>546</b>
Acquisitions	-	(35)	(86)
Net Operative CAPEX	(50)	(63)	(141)
Net Financial CAPEX	8	6	8
<b>Free Cash Flow (unlevered)</b>	<b>(222)</b>	<b>(225)</b>	<b>327</b>
Financial charges	(72)	(76)	(129)
<b>Free Cash Flow (levered)</b>	<b>(294)</b>	<b>(301)</b>	<b>198</b>
<b><i>Free Cash Flow (levered) excl. acquisitions</i></b>	<b><i>(294)</i></b>	<b><i>(266)</i></b>	<b><i>284</i></b>
Dividends	(91)	(45)	(45)
Other Equity movements	-	-	1
<b>Net Cash Flow</b>	<b>(385)</b>	<b>(346)</b>	<b>154</b>
<b>NFP beginning of the period</b>	<b>(918)</b>	<b>(1,064)</b>	<b>(1,064)</b>
Net cash flow	(385)	(346)	154
Other variations	55	14	(8)
<b>NFP end of the period</b>	<b>(1,248)</b>	<b>(1,396)</b>	<b>(918)</b>

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- **Appendix**

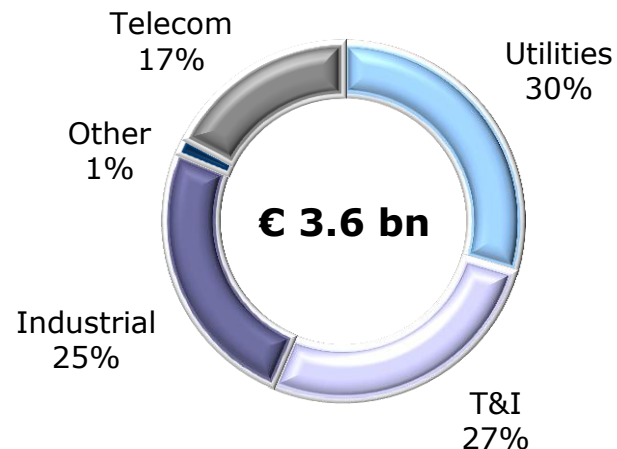
# Prysmian Group at a glance

H1 2013 Results

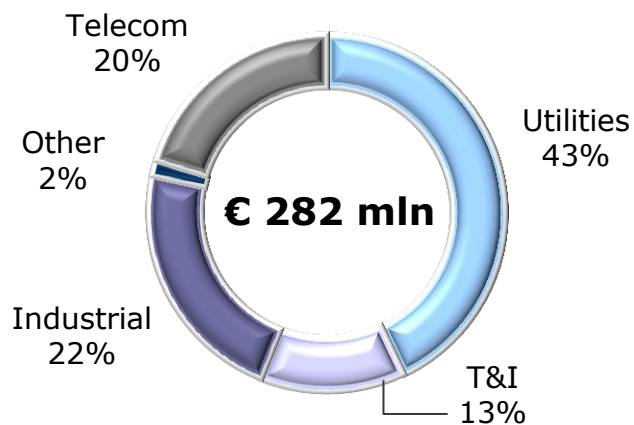
## Sales breakdown by geography



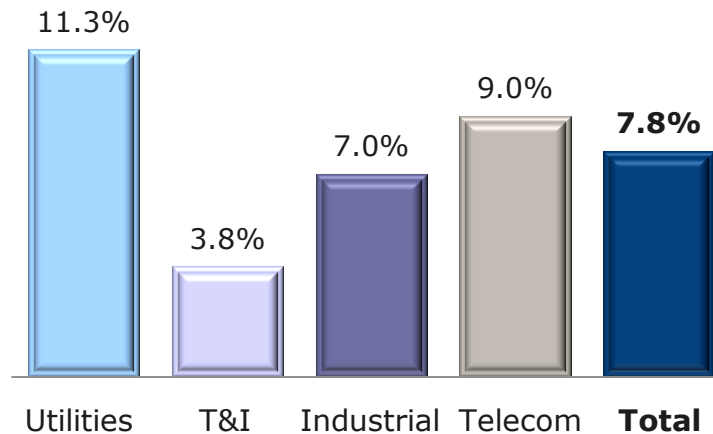
## Sales breakdown by business



## Adj. EBITDA by business

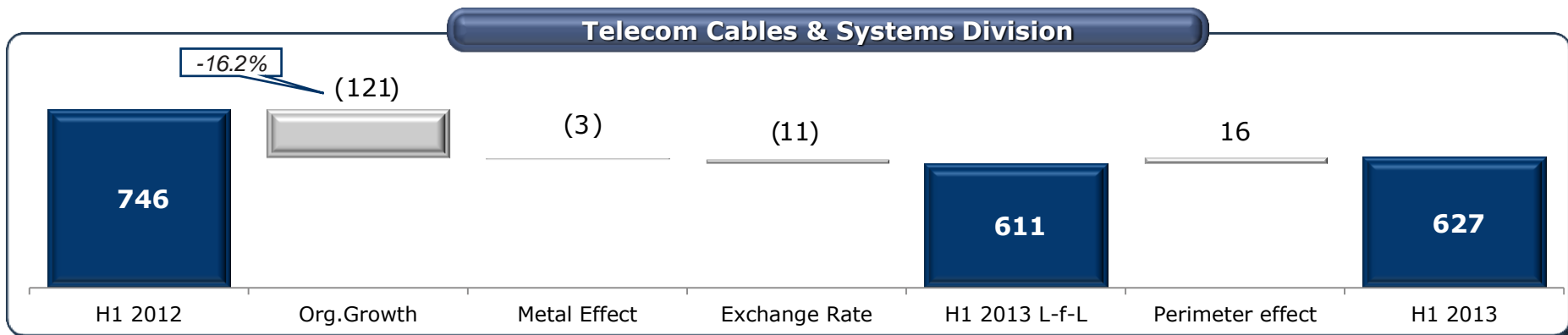
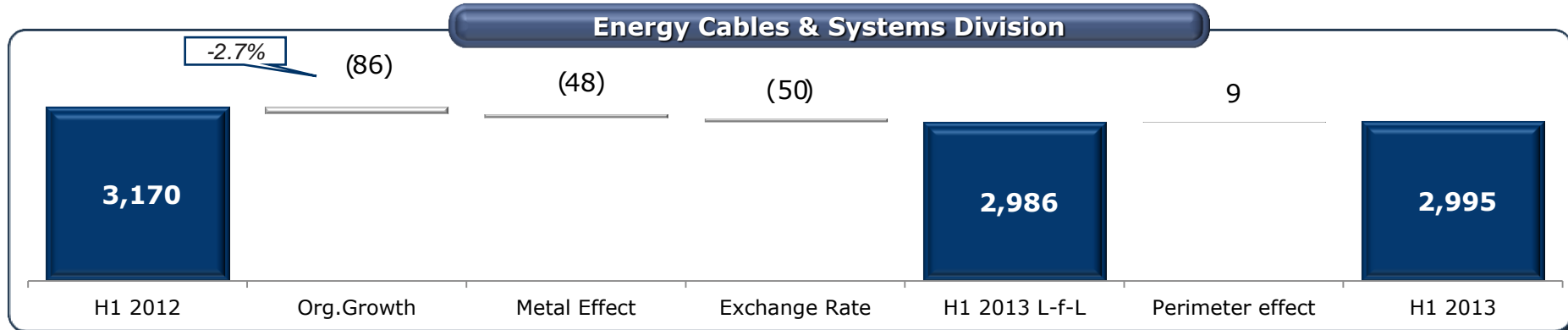
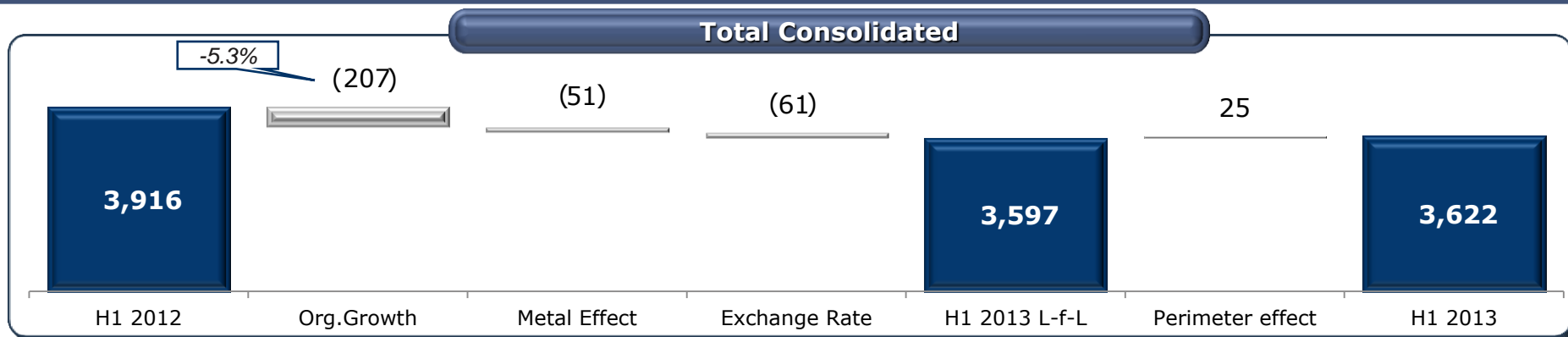


## Adj. EBITDA margin by business



# Bridge Consolidated Sales

Euro Millions



# Energy Segment – Profit and Loss Statement

Euro Millions

	H1 2013	H1 2012	FY 2012
<b>Sales to Third Parties</b>	<b>2,995</b>	<b>3,170</b>	<b>6,382</b>
<i>YoY total growth</i>	<i>(5.5%)</i>		
<i>YoY organic growth</i>	<i>(2.7%)</i>		
<b>Adj. EBITDA</b>	<b>225</b>	<b>229</b>	<b>487</b>
<i>% on sales</i>	<i>7.5%</i>	<i>7.2%</i>	<i>7.6%</i>
<b>Adj. EBIT</b>	<b>172</b>	<b>175</b>	<b>379</b>
<i>% on sales</i>	<i>5.8%</i>	<i>5.5%</i>	<i>5.9%</i>

# Energy Segment – Sales and Profitability by business area

Euro Millions, % on Sales

		H1 2013	H1 2012	Total growth	Organic growth
Sales to Third Parties	Utilities	1,071	1,073	(0.2%)	0.7%
	Trade & Installers	974	1,110	(12.3%)	(8.5%)
	Industrial	896	920	(2.7%)	0.6%
	Others	54	67	n.m.	n.m.
	<b>Total Energy</b>	<b>2,995</b>	<b>3,170</b>	<b>(5.5%)</b>	<b>(2.7%)</b>
Adj. EBITDA	Utilities	121	117	11.3%	10.9%
	Trade & Installers	37	42	3.8%	3.8%
	Industrial	63	70	7.0%	7.6%
	Others	4	-	n.m.	n.m.
	<b>Total Energy</b>	<b>225</b>	<b>229</b>	<b>7.5%</b>	<b>7.2%</b>
Adj. EBIT	Utilities	101	100	9.4%	9.3%
	Trade & Installers	24	28	2.5%	2.5%
	Industrial	45	49	5.0%	5.4%
	Others	2	(2)	n.m.	n.m.
	<b>Total Energy</b>	<b>172</b>	<b>175</b>	<b>5.8%</b>	<b>5.5%</b>



# Telecom Segment – Profit and Loss Statement

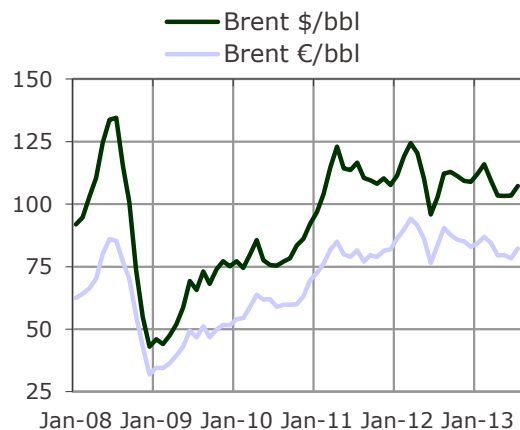
Euro Millions

	H1 2013	H1 2012	FY 2012
<b>Sales to Third Parties</b>	<b>627</b>	<b>746</b>	<b>1,466</b>
<i>YoY total growth</i>	<i>(16.0%)</i>		
<i>YoY organic growth</i>	<i>(16.2%)</i>		
<b>Adj. EBITDA</b>	<b>57</b>	<b>79</b>	<b>160</b>
<i>% on sales</i>	<i>9.0%</i>	<i>10.6%</i>	<i>10.9%</i>
<b>Adj. EBIT</b>	<b>32</b>	<b>54</b>	<b>104</b>
<i>% on sales</i>	<i>5.2%</i>	<i>7.3%</i>	<i>7.1%</i>

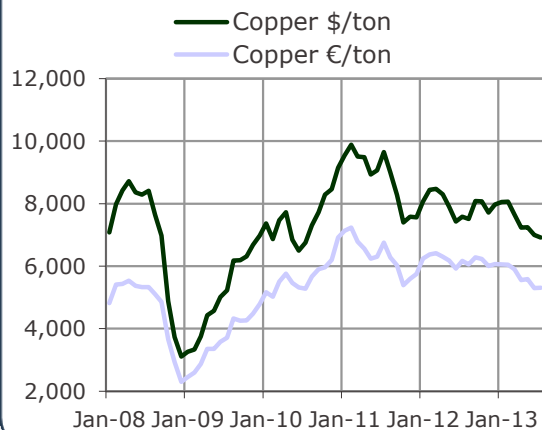
# Reference Scenario

## Commodities & Forex

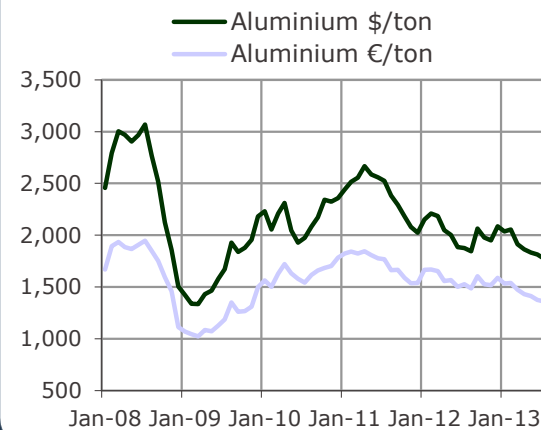
**Brent**



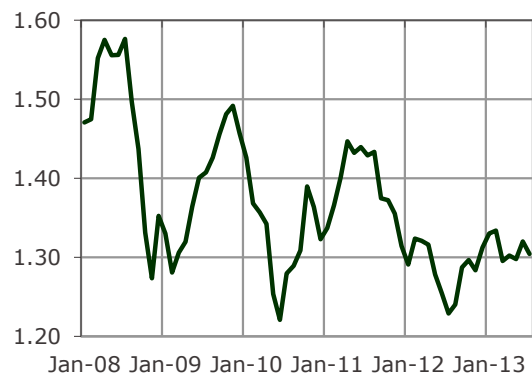
**Copper**



**Aluminium**



**EUR / USD**



**EUR / GBP**



**EUR / BRL**



Based on monthly average data  
Source: Thomson Reuters

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