



9M 2019 Financial Results

MILAN – November 12th, 2019

Prysmian
Group

AGENDA

- **9M 2019 Highlights**
 - **Group overview**
 - Outlook
- Financial Results
- Appendix

9M 2019 Financial Highlights

Organic sales growth at +0.3% (+1.3% excluding Projects) driven by:

- Solid performance of **North America (+3.3%)**
- Solid trend in **E&I (+2.4%)**, driven by **Power Distribution**
- Positive growth in **Telecom (+3.8%)**, driven by high single digit **Optical**, starting to slow down due to customers excess of stock

Adj. EBITDA at **773 €M** (8.9% of sales) vs 651 €M in 9M 2018 (7.5% of sales), mainly driven by:

- ♦ **Energy:** solid trend in E&I, particularly in North America and LatAm. Overall positive trend for Industrial & NWC., except Automotive
- ♦ **Projects:** results (ex WL) declining –as expected- mainly due to 2018 low order intake and projects phasing (expected to improve in Q4)
- ♦ **Telecom:** YTD performance mainly driven by Europe and North America, despite weaker contribution from YOFC. Q3 results affected by volume slowdown
- ♦ **Integration cost synergies** on track
- ♦ 9M 2019 include: **IFRS 16** positive impact of 30 €M

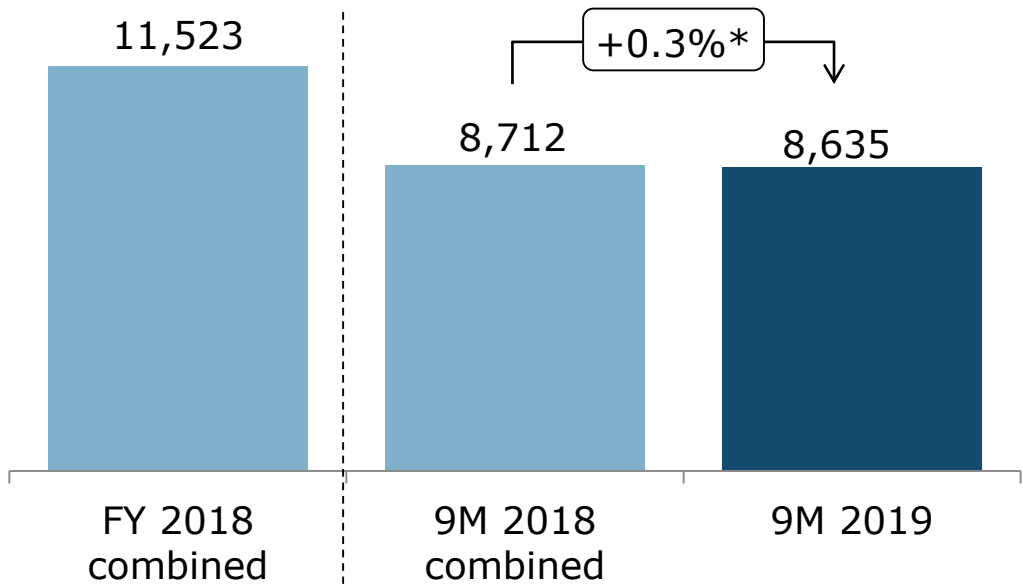
Order Backlog for Projects restored at **2,150 €M** (new order intake mainly driven by Energy Transition through renewables sources)

Net Financial Debt at 3,027 €M (2,898 €M excluding 129 €M IFRS16 impact) in line with expectations and consistent with FY guidance

9M 2019 Financial Highlights

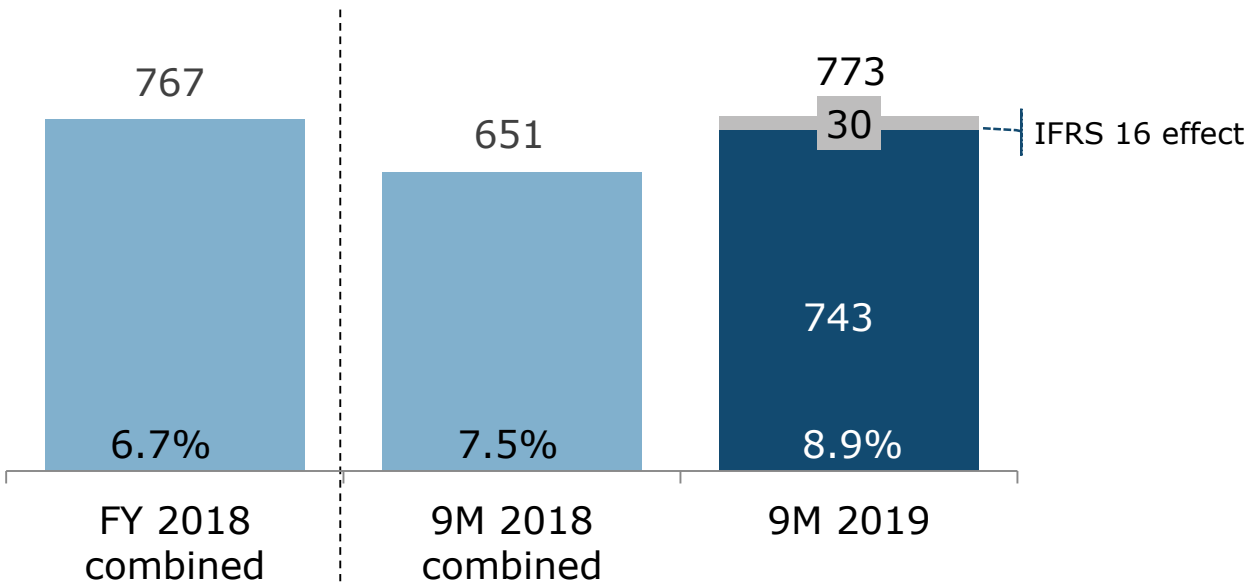
Euro Millions, % on Sales

Sales ⁽¹⁾ (4)

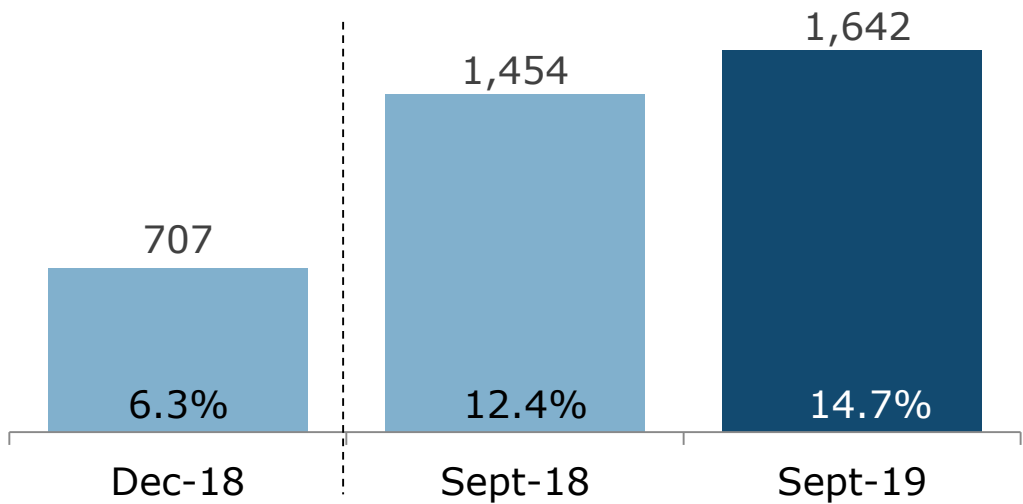


* Org. Growth.

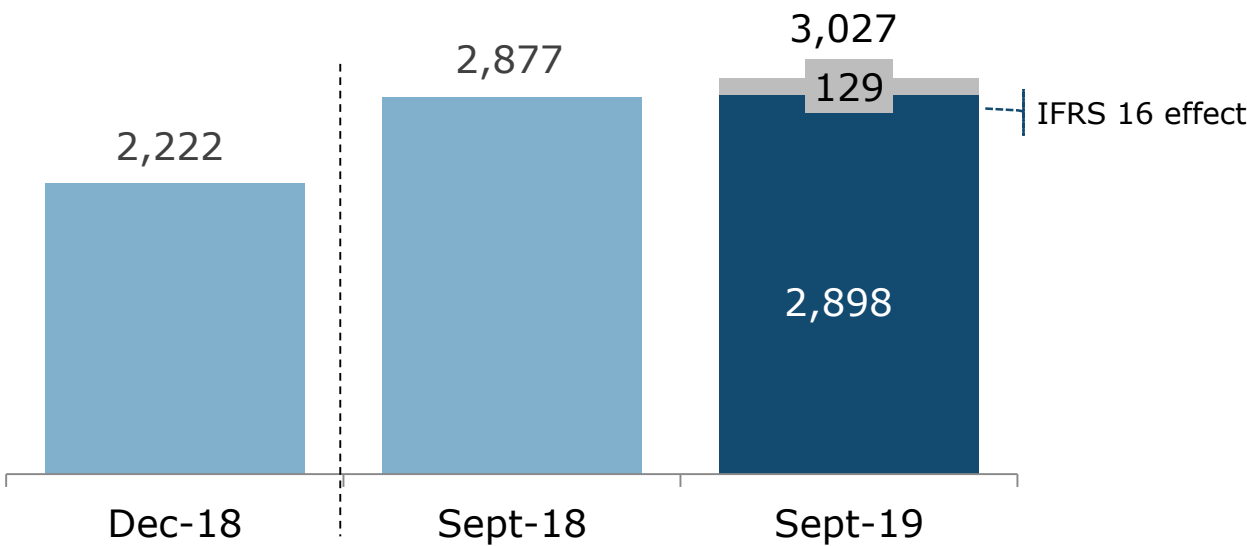
Adjusted EBITDA ⁽¹⁾(2)



Reported Operative Net Working Capital ⁽³⁾(4)



Reported Net Financial Debt

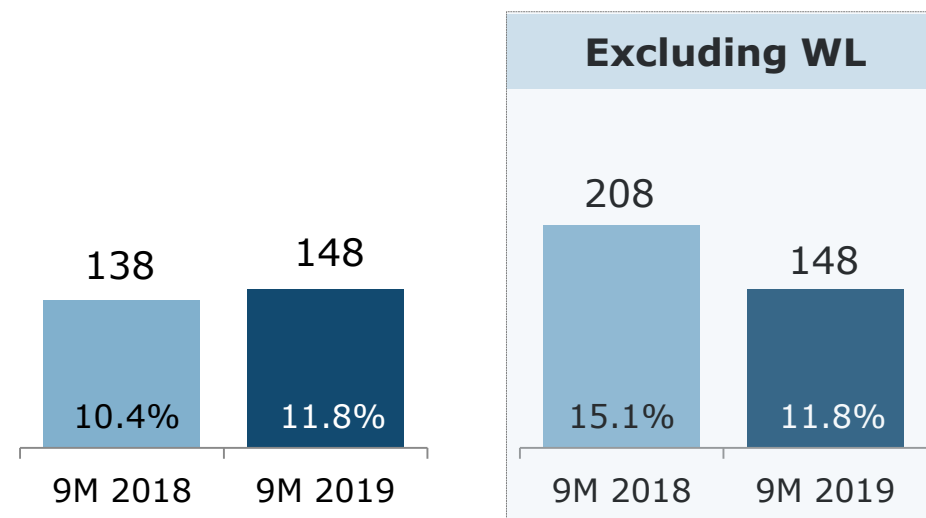


Adj. EBITDA by Segment

Euro Millions, % on Sales, excluding IFRS 16 impact

Projects

Sales Organic growth **-5.4%**

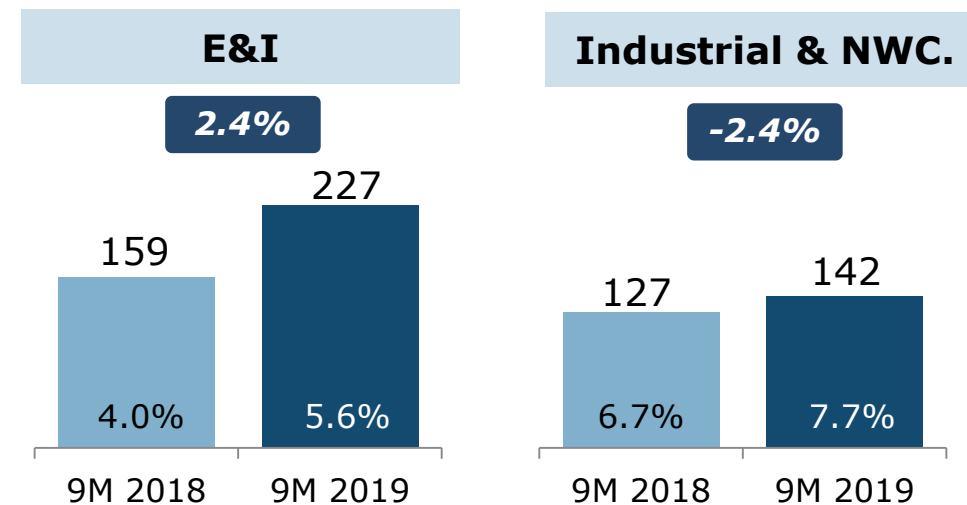


Highlights

- Order Backlog restored at 2,150 €M
- Adj. EBITDA –ex Western Link- impacted as expected by operational reworks and project phasing
- Performance improvement expected in Q4
- Flawless execution in 2019
- 525 KV: Qualification testing of P-laser and XLPE cable systems successfully completed. Company ready for German corridors

Energy

Sales Organic growth **0.8%**

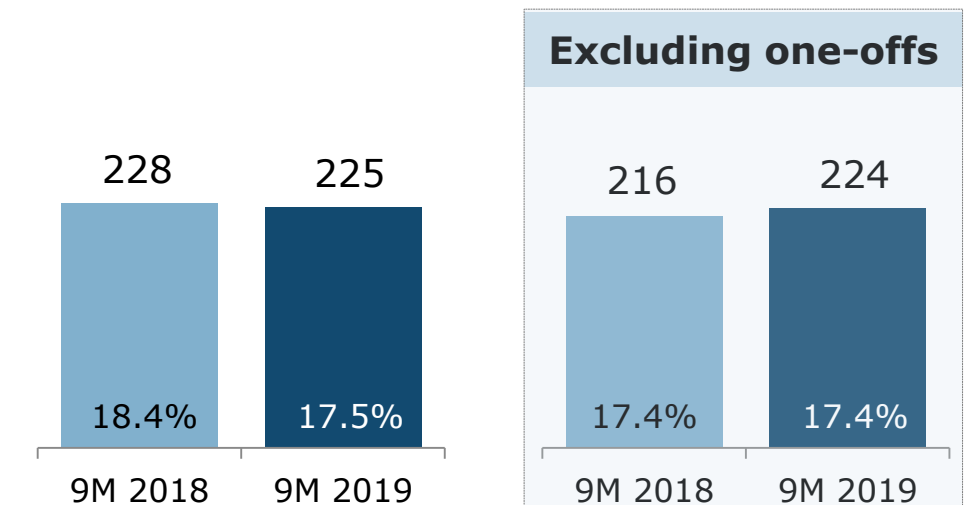


Highlights

- **E&I**
 - Strong performance of E&I, especially Power Distribution
 - Q3 recovery trend in Overhead lines in Latin America
 - Solid trend of North America & Latin America
- **Industrial & NWC.**
 - Improved profitability across all segments, except Automotive

Telecom

Sales Organic growth **3.8%**

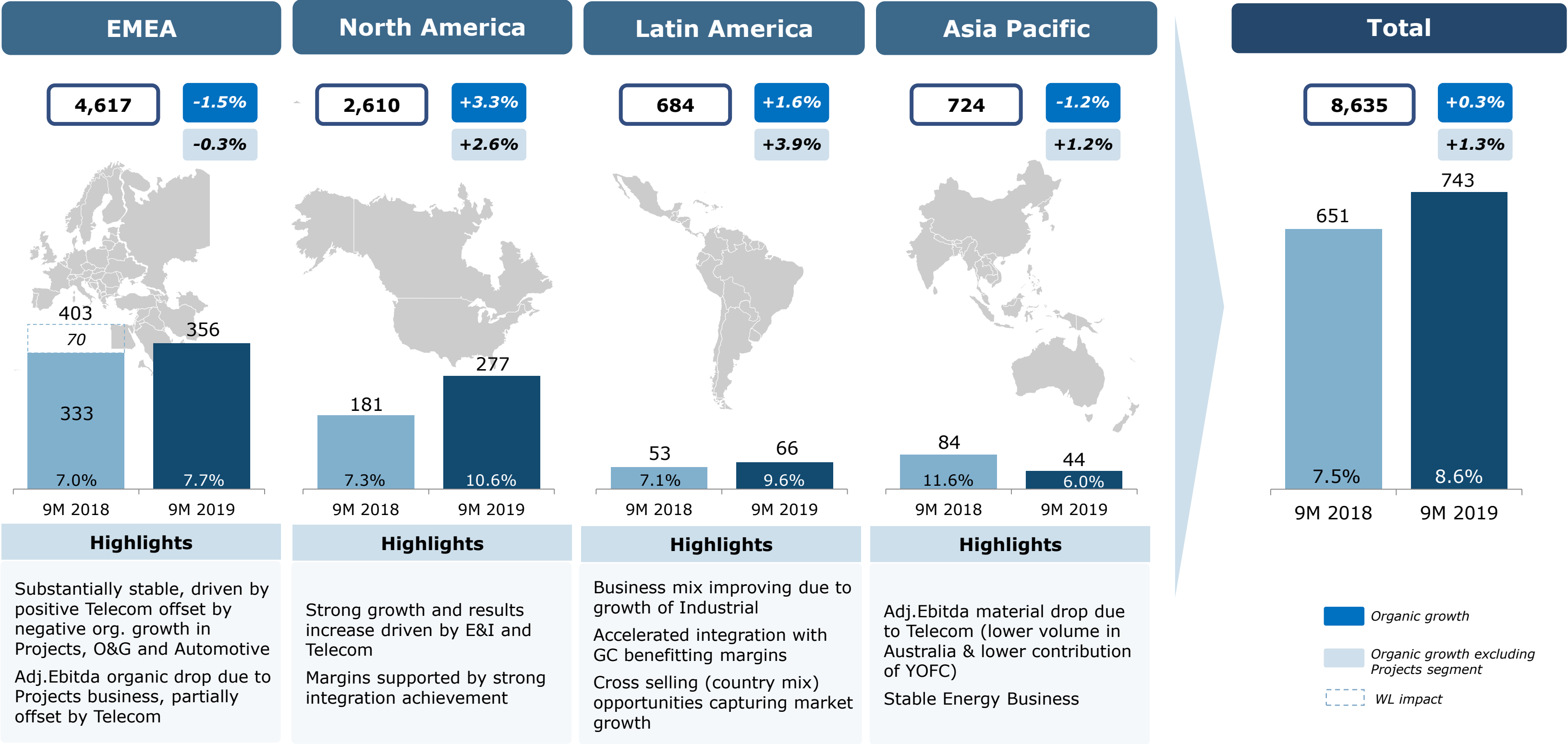


Highlights

- Solid YTD growth –declining in Q3 due to customers excess of stock- supported by positive trend mainly in Europe and North America
- EBITDA Margin benefitting from volume increase yoy and cost improvement
- Strong performance of MMS in North America
- YOFC contribution more than halved vs. prior year

Sales & Adj. EBITDA by Geography

Euro Millions, % on Sales, excluding IFRS 16 impact



AGENDA

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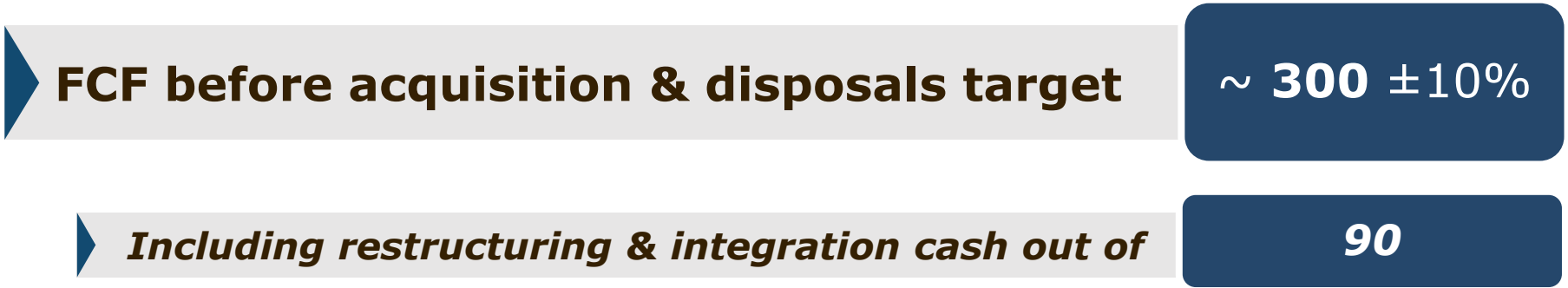
2019 Guidance Confirmed

2019 Adj. EBITDA target (€M)



2019 Adj. EBITDA target excluding the estimation impact from the application of IFRS 16 (approx. 40 €M)

FCF Outlook (€M) (*)



(*) Including estimated WL cash impact related to February 19th and April 6th problems (excluding further impact); assuming no cash impact from Brazilian Antitrust decision and other compensation claims for anti-competitive damages

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Profit and Loss Statement

Euro Millions

	9M 2019		9M 2018	
	total	of which IFRS 16	combined	reported ⁽⁴⁾
Sales	8,635		8,712	7,293
<i>YoY total growth combined</i>	<i>(0.9%)</i>			
<i>YoY organic growth</i>	<i>0.3%</i>			
Adj.EBITDA	773	30	651	577
<i>% on sales</i>	<i>8.9%</i>		<i>7.5%</i>	<i>7.9%</i>
Adjustments	(62)			(43)
EBITDA	711	30		534
<i>% on sales</i>	<i>8.2%</i>			<i>7.3%</i>
Adj.EBIT	539	2		418
<i>% on sales</i>	<i>6.2%</i>			<i>5.7%</i>
Adjustments	(62)			(43)
Special items	2			(59)
EBIT	479	2		316
<i>% on sales</i>	<i>5.6%</i>			<i>4.3%</i>
Financial charges	(102)	(3)		(73)
EBT	377	(1)		243
<i>% on sales</i>	<i>4.4%</i>			<i>3.3%</i>
Taxes	(104)			(65)
<i>% on EBT</i>	<i>27.5%</i>			<i>26.7%</i>
Net Income	273	(1)		178
<i>% on sales</i>	<i>3.2%</i>			<i>2.4%</i>
Minorities	2			-
Group Net Income	271	(1)		178
<i>% on sales</i>	<i>3.2%</i>			<i>2.4%</i>

Adj. EBITDA Bridge				
	Q1	Q2	Q3	9M
ADJ. EBITDA 2018	198	215	238	651
2018 WL effect	20	50	-	70
Projects (ex-WL)	(14)	(31)	(13)	(58)
Energy	20	35	38	93
Telecom (ex-YOFC & one-offs)	13	20	(3)	30
YOFC & one-offs	(15)	(11)	(5)	(31)
LTI	-	-	(12)	(12)
ADJ. EBITDA 2019 ex-IFRS 16	222	278	243	743
IFRS 16 EFFECT	9	12	9	30
ADJ. EBITDA 2019	231	290	252	773

Adjustments and Special Items on EBIT

Euro Millions

	9M 2019	9M 2018
Non-recurring Items (Antitrust investigation)	(20)	(1)
Restructuring	(17)	(25)
<i>of which General Cable integration costs</i>	<i>(4)</i>	<i>(15)</i>
Other Non-operating Income / (Expenses)	(25)	(17)
<i>of which General Cable acquisition related costs</i>	<i>-</i>	<i>(6)</i>
<i>of which General Cable integration costs</i>	<i>(2)</i>	<i>(20)</i>
<i>of which inventory step-up release</i>	<i>-</i>	<i>(16)</i>
<i>of which gain YOFC listing</i>	<i>-</i>	<i>36</i>
EBITDA adjustments	(62)	(43)
Special items	2	(59)
<i>Gain/(loss) on metal derivatives</i>	<i>2</i>	<i>(43)</i>
<i>Assets impairment</i>	<i>(1)</i>	<i>(1)</i>
<i>Other</i>	<i>1</i>	<i>(15)</i>
EBIT adjustments	(60)	(102)

Financial Charges

Euro Millions

	9M 2019	9M 2018
Net interest expenses	(65)	(56)
<i>of which non-cash conv.bond interest exp.</i>	<i>(7)</i>	<i>(9)</i>
Financial costs IFRS 16	(3)	n.a.
Bank fees amortization	(6)	(6)
Gain/(loss) on exchange rates	(25)	(24)
Gain/(loss) on derivatives	7	15
Non recurring effects	(2)	(2)
Other non operating financial income	5	-
Monetary adjustment on provisions	(3)	-
Impact Hyperinflationary economies	(10)	-
Net financial charges	(102)	(73)

Statement of financial position (Balance Sheet)

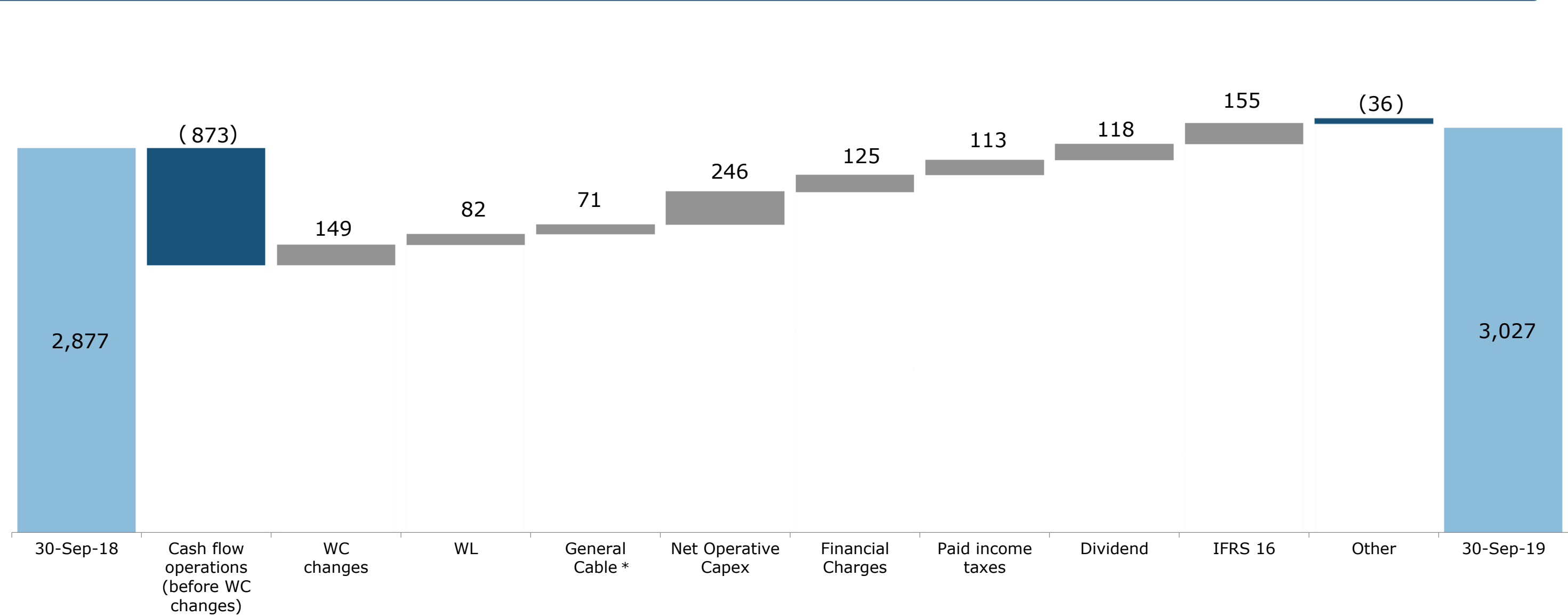
Euro Millions

	30 Sept 2019	30 Sept 2018 ⁽⁴⁾	31 Dec 18 ⁽⁴⁾
Net fixed assets	5,290	5,023	5,101
<i>of which: goodwill</i>	<i>1,618</i>	<i>1,561</i>	<i>1,571</i>
<i>of which: IFRS 16 effect</i>	<i>128</i>	<i>n.a</i>	<i>n.a</i>
Net working capital	1,627	1,458	692
<i>of which: derivatives assets/(liabilities)</i>	<i>(15)</i>	<i>4</i>	<i>(15)</i>
<i>of which: Operative Net working capital</i>	<i>1,642</i>	<i>1,454</i>	<i>707</i>
Provisions & deferred taxes	(739)	(674)	(734)
Net Capital Employed	6,178	5,807	5,059
Employee provisions	526	441	463
Shareholders' equity	2,625	2,489	2,374
<i>of which: attributable to minority interest</i>	<i>193</i>	<i>186</i>	<i>188</i>
Net financial debt	3,027	2,877	2,222
<i>of which: IFRS 16 effect</i>	<i>129</i>	<i>n.a</i>	<i>n.a</i>
Total Financing and Equity	6,178	5,807	5,059

LTM Cash Flow

Euro Millions

Net financial debt evolution LTM



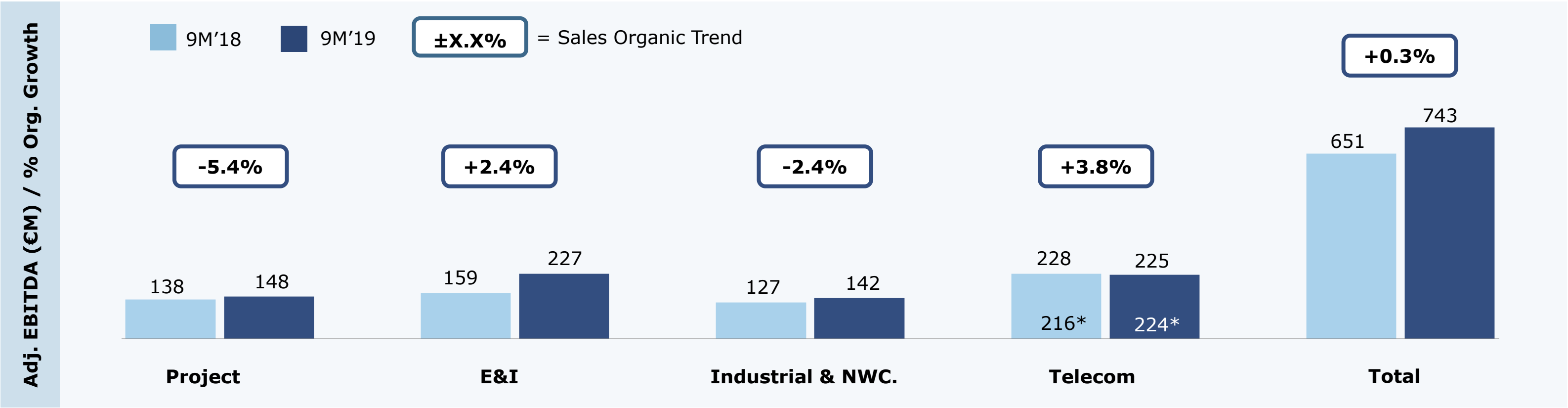
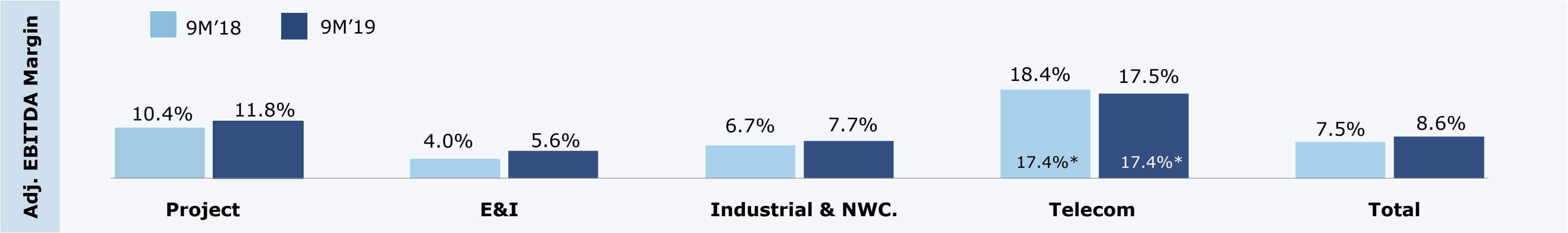
* including acquisition, restructuring and integration

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Performance by Segment

Euro Millions, % on Sales, excluding IFRS 16 impact

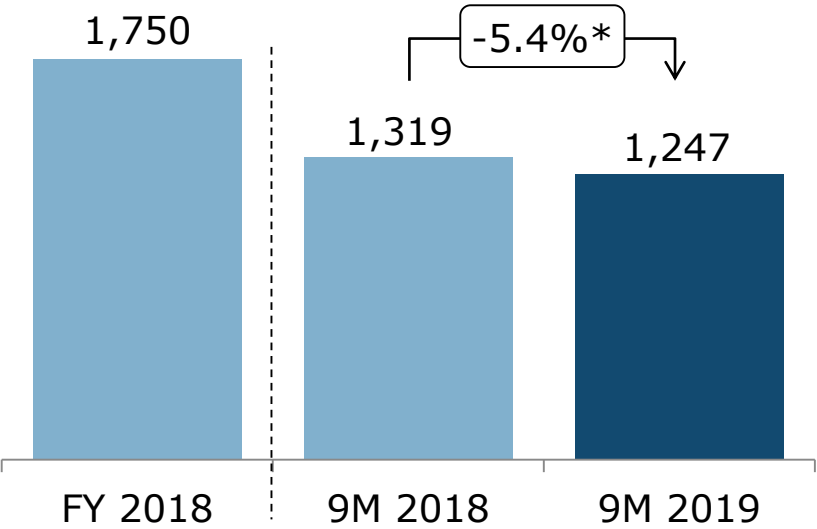


* Excluding one-offs

Projects

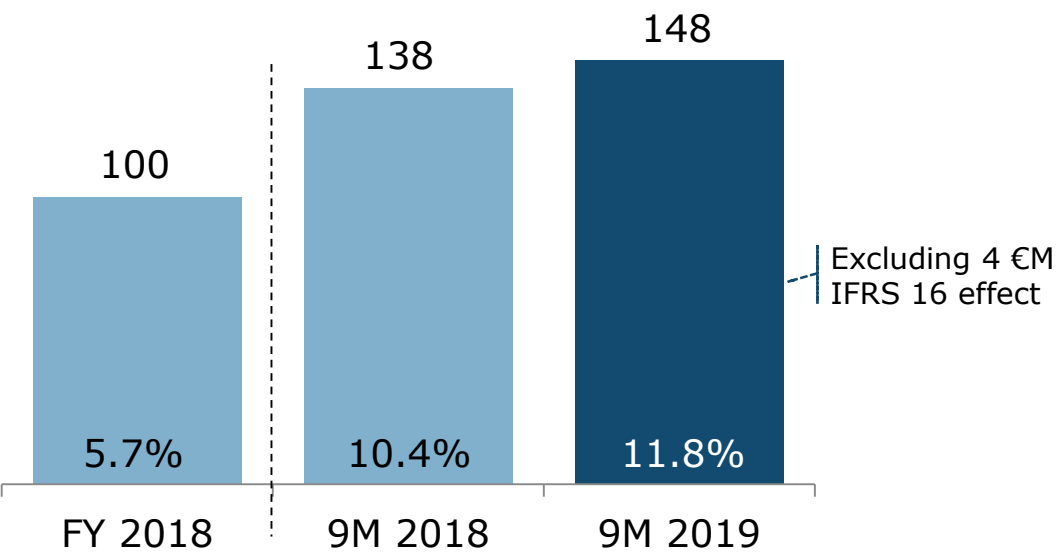
Euro Millions, % on Sales, excluding IFRS 16 impact

Sales



* Org. Growth.

Adj. EBITDA / % of Sales ⁽⁴⁾



Highlights

SUBMARINE

- Adj. EBITDA margin –ex WL- impacted by operational reworks and project phasing
- Operations strengthening: flawless execution in 2019
- Tendering activity ongoing, with a solid pipeline of projects (interconnections and off-shore wind farms)

UNDERGROUND HIGH VOLTAGE

- Order Intake focused in Europe and North America
- Tendering process ongoing and in line with schedule for German corridors

Orders Backlog Evolution (€m)

	Dec '13	Dec '14	Dec '15	Dec '16	Dec '17	Dec'18*	Sept'19*
Underground HV	~450	~450	~600	~350	~400	~435	~350
Submarine	~2,050	~2,350	~2,600	~2,050	~2,050	~1,465	~1,800
Group	~2,500	~2,800	~3,200	~2,400	~2,450	~1,900	~2,150

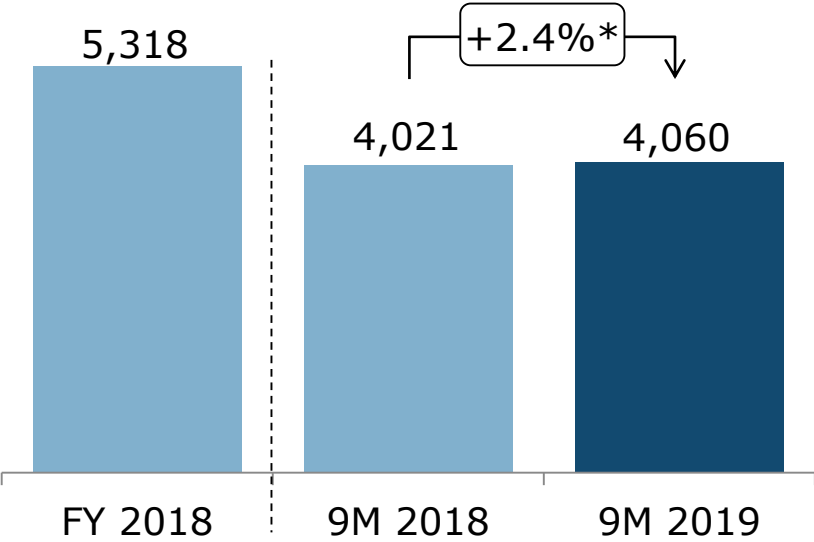
* It does not include €220m offshore wind projects in France announced on August 29th 2018

* Including General Cable

Energy & Infrastructure

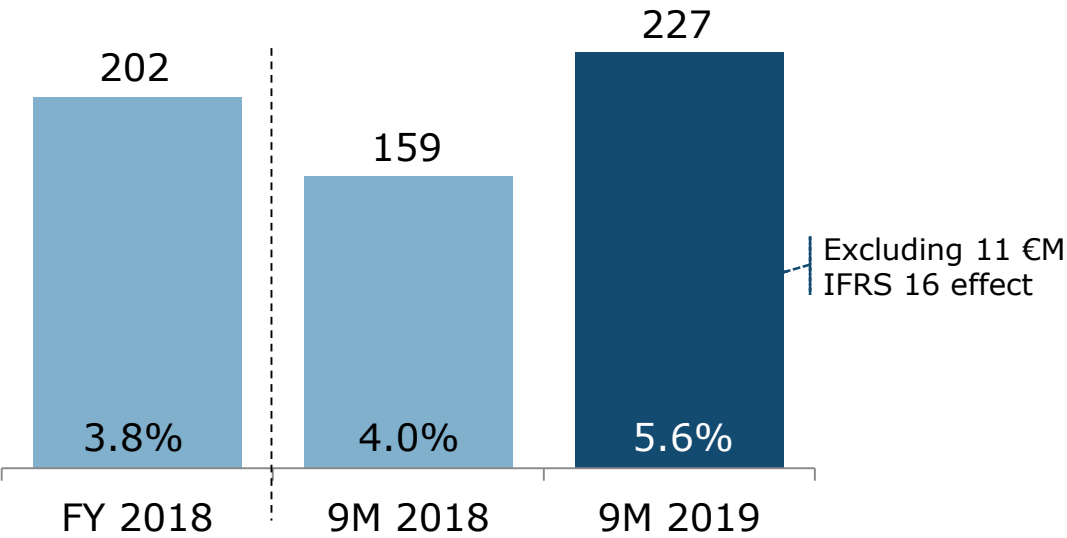
Euro Millions, % on Sales, excluding IFRS 16 impact

Sales ⁽⁵⁾



* Org. Growth.

Adj. EBITDA / % of Sales ⁽⁵⁾



Highlights

TRADE & INSTALLERS

- Global stable trend -mainly driven by North America- slowing down in Q3
- Profitability improvement in North America and Latin America

POWER DISTRIBUTION

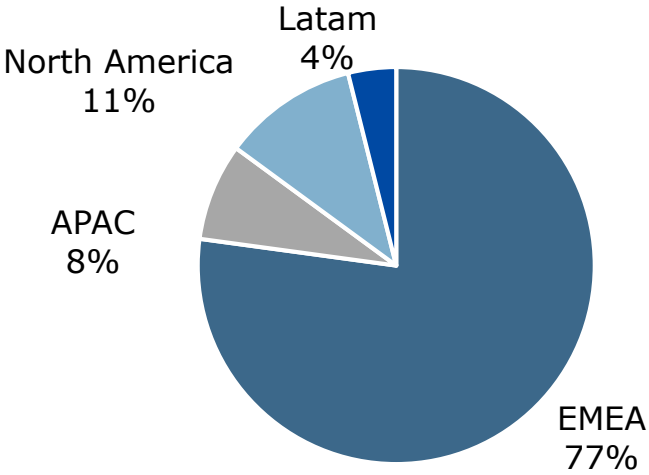
- Sound growth, mainly driven by North America and Northern Europe
- Improvement in profitability thanks to geographical mix, volume growth and operational efficiency

OVERHEAD

- Overall stable results. Positive in Latin America, improving in Q3, offset by North America

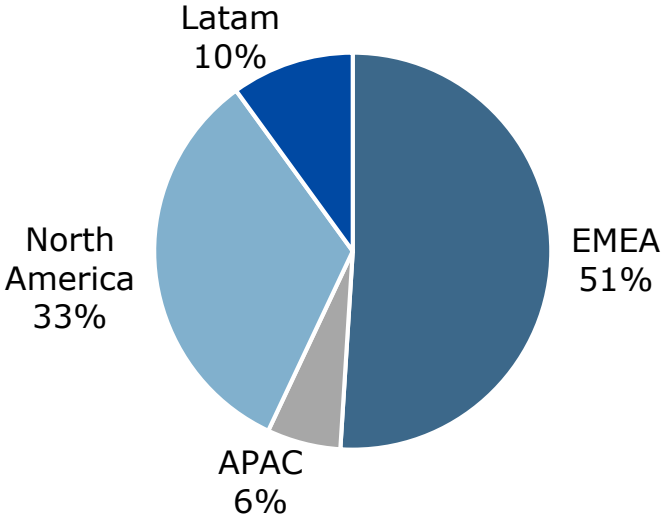
New geographical presence

9M 2018



Prysmian Group

9M 2019



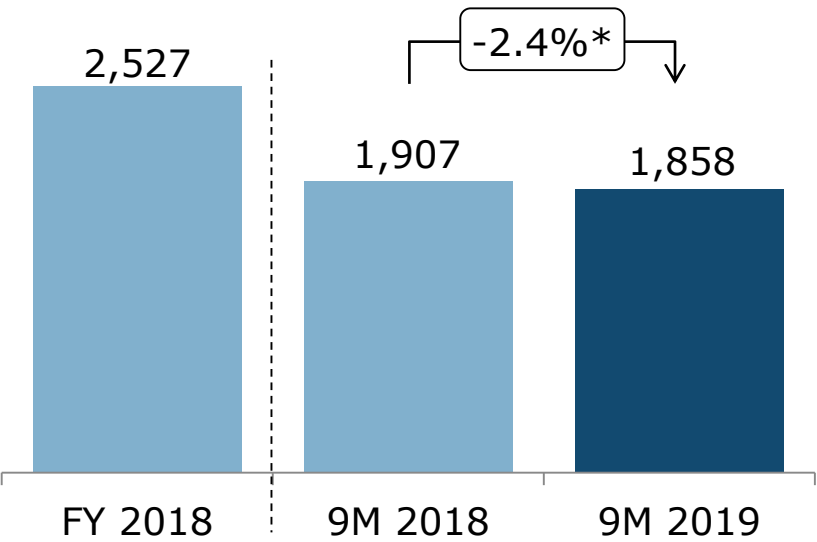
Prysmian Group

+ General Cable

Industrial & Network Components

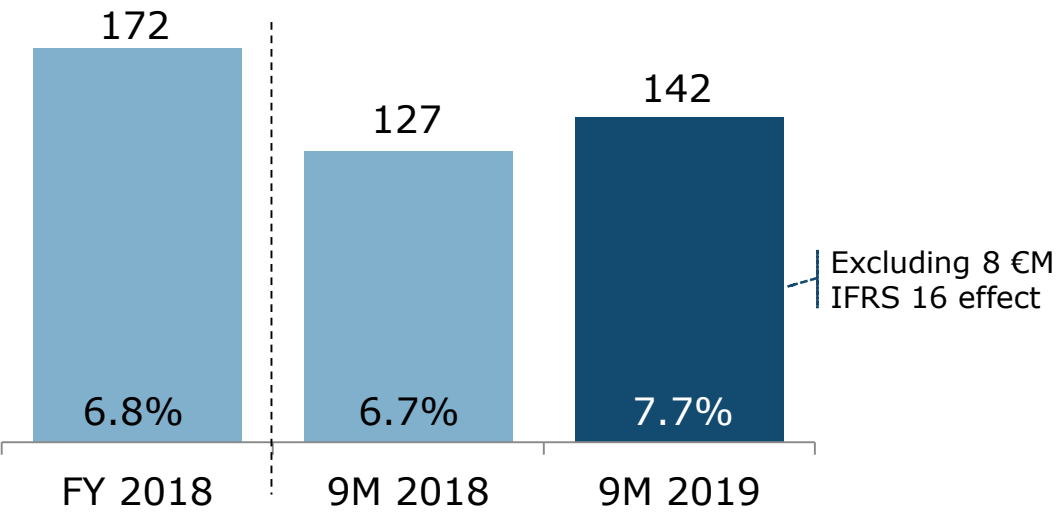
Euro Millions, % on Sales, excluding IFRS 16 impact

Sales ⁽⁵⁾



* Org. Growth.

Adj. EBITDA / % of Sales ⁽⁵⁾



Highlights

SPECIALTIES, OEMS & RENEWABLES

- Positive O&M and renewables, especially in Latin America and North America, supported by clear Management approach
- Positive trend in Mining, Marine, Infrastructure and Solar, partially offset by weak trend in Railways

ELEVATOR

- Solid growth (double digit) driven by North America and China
- Better profitability

AUTOMOTIVE

- Continued negative trend, mainly driven by North America and Europe
- Lower Adj. EBITDA due to tough market conditions partially recovered by efficiencies

OIL & GAS

- Overall negative volume trend, partially offset by a positive performance in DHT
- Slight recovery trend in North America and Middle East

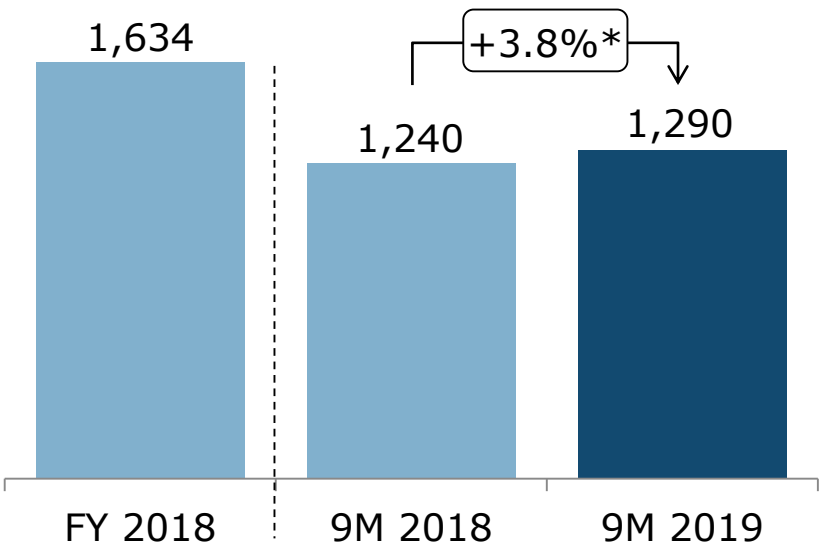
NETWORK COMPONENTS

- Stable trend confirmed
- Profitability improvement in Q3 thanks to costs efficiency

Telecom

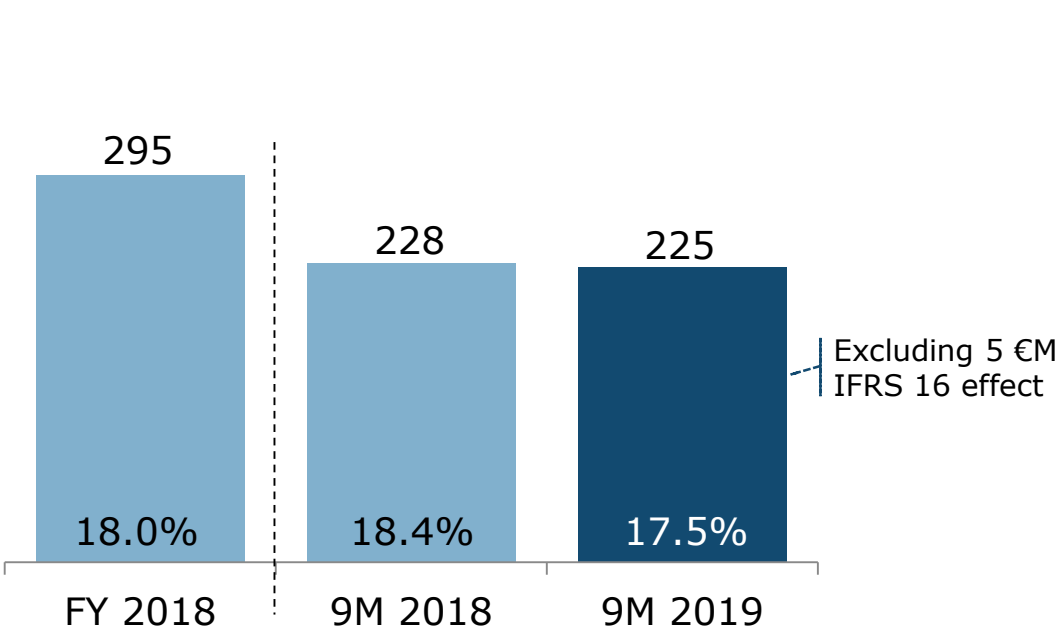
Euro Millions, % on Sales, excluding IFRS 16 impact

Sales



* Org. Growth.

Adj. EBITDA / % of Sales



20

Highlights

OPTICAL CABLE & FIBRE

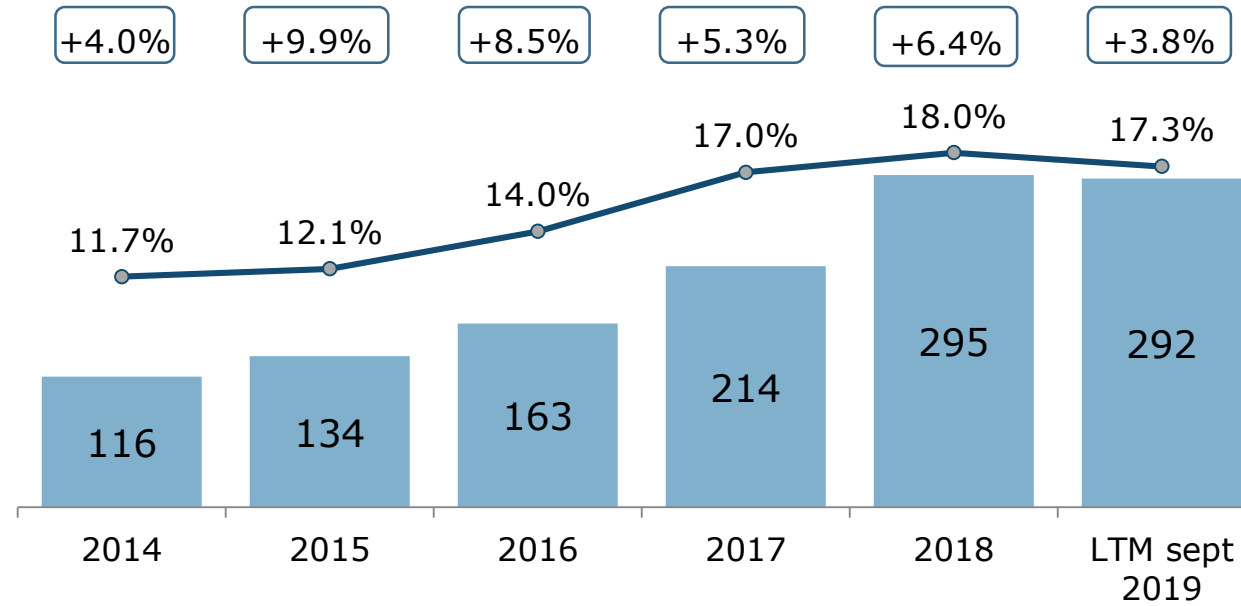
- Solid YTD growth –softer in Q3 due to customers excess of stock- supported by positive trend mainly in Europe and North America
- EBITDA Margin benefitting from volume increase yoy and cost improvement
- Tough comp with 9M 2018 which was positively impacted by one-offs and stronger performance of YOFC

MMS

- Solid performance mainly driven by North America, benefitting from General Cable integration synergies (commercial & cost synergies)

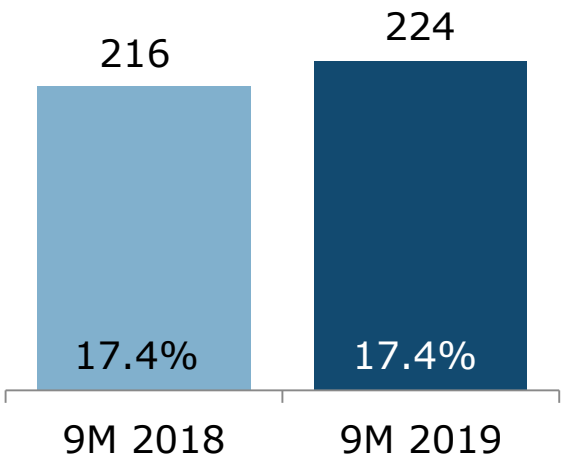
LTM Adj.EBITDA and % LTM Sales

Adj.Ebitda Adj.Ebitda margin ±X.X% = YoY Sales Organic growth



2018 & LTM sept 2019 include General Cable

Excluding one-offs & IFRS 16

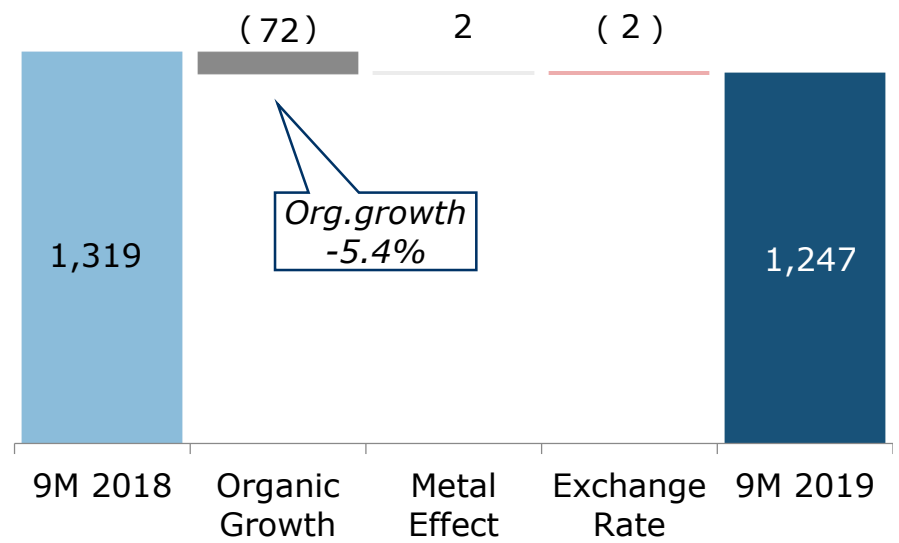


One-offs refers to Bad debt provision reversal in Brazil, Carry over of YOFC 2017 results & IFRS 16

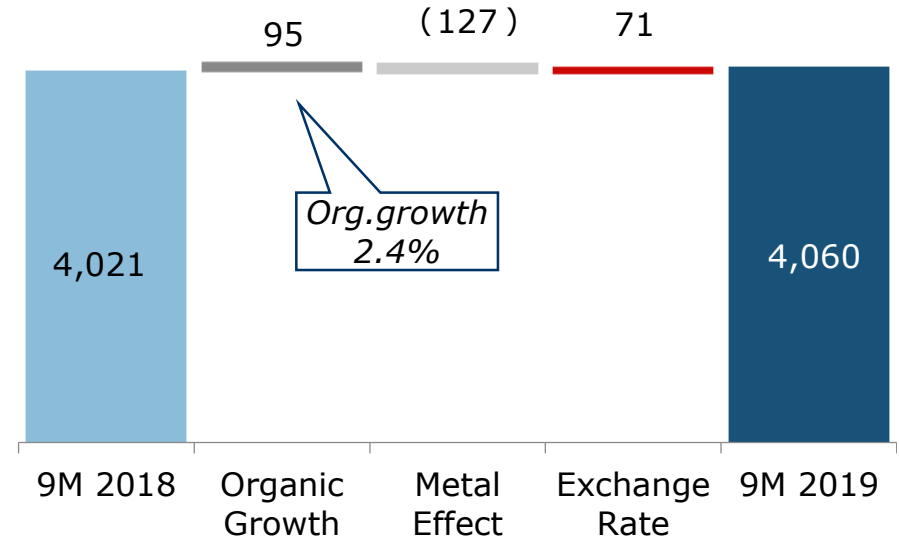
Bridge Consolidation Sales

Euro Millions - Fully Combined Results

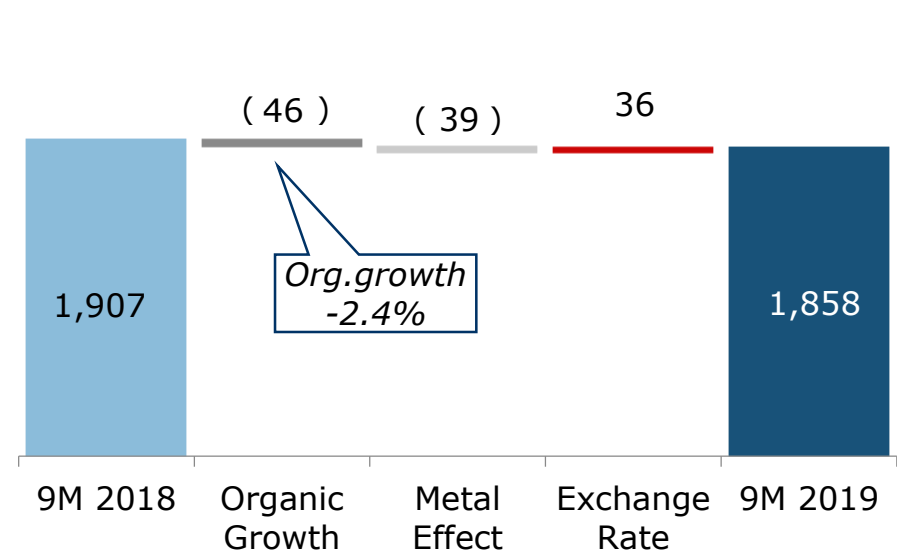
Projects



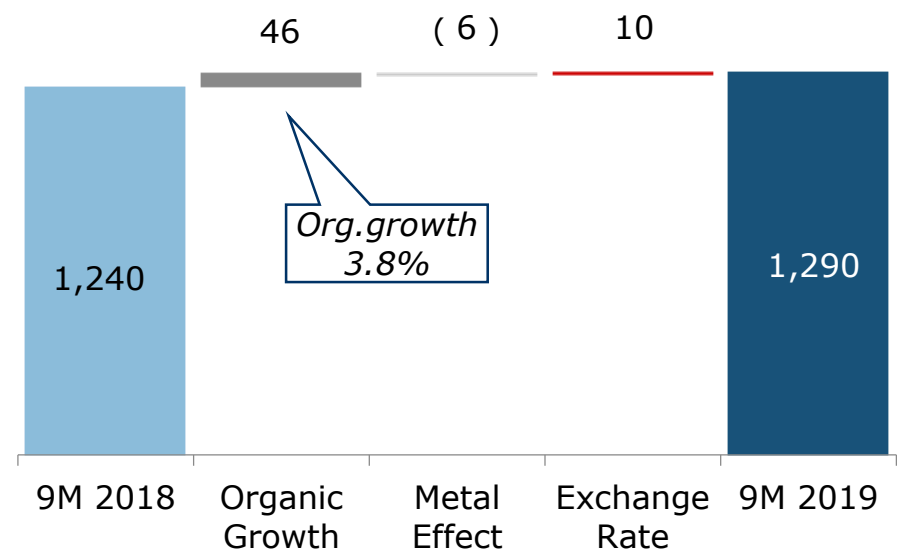
Energy & Infrastructure



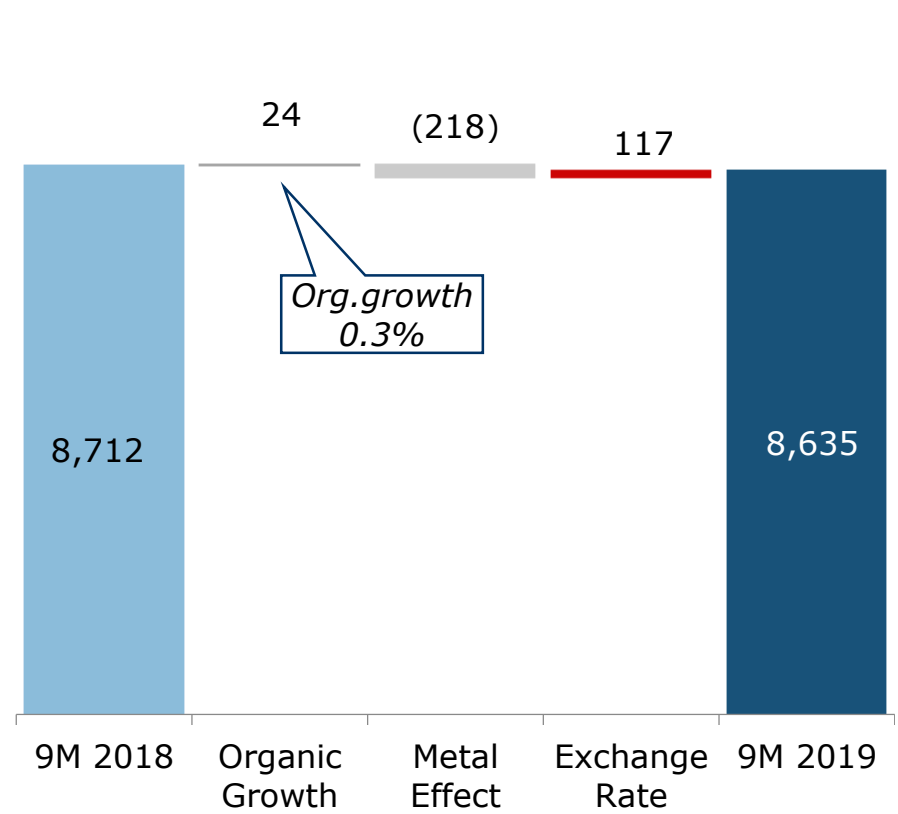
Industrial & Network Comp.



Telecom



Total Consolidated



Profit and Loss Statement

Euro Millions

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	total	of which IFRS 16	combined	reported ⁽⁴⁾
Sales	8,635		8,712	7,293
<i>YoY total growth combined</i>	<i>(0.9%)</i>			
<i>YoY organic growth</i>	<i>0.3%</i>			
Adj.EBITDA	773	30	651	577
<i>% on sales</i>	<i>8.9%</i>		<i>7.5%</i>	<i>7.9%</i>
<i>of which share of net income</i>	<i>22</i>			<i>50</i>
Adjustments	(62)			(43)
EBITDA	711	30		534
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Minorities	2			-
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Cash Flow Statement

Euro Millions

	9M 2019	9M 2018	12 Months (from 1/10/2018 to 30/9/2019)
Adj.EBITDA	773	577	889
Adjustments	(62)	(43)	(211)
EBITDA	711	534	678
Net Change in provisions & others	(104)	(81)	87
Share of income from investments in op.activities	(22)	(50)	(31)
Cash flow from operations (before WC changes)	585	403	734
Working Capital changes	(831)	(664)	(163)
Dividends received	8	4	20
Paid Income Taxes	(81)	(78)	(113)
Cash flow from operations	(319)	(335)	478
Acquisitions/Disposals	-	(1,290)	-
Net Operative CAPEX	(130)	(162)	(246)
Free Cash Flow (unlevered)	(449)	(1,787)	232
Financial charges	(79)	(38)	(125)
Free Cash Flow (levered)	(528)	(1,825)	107
<i>Free Cash Flow (levered) excl. Acquisitions & Disposals</i>	<i>(528)</i>	<i>(535)</i>	<i>107</i>
Dividends	(118)	(105)	(118)
Capital increase, Shares buy-back & other equity movements	-	496	-
Net Cash Flow	(646)	(1,434)	(11)
Net Financial Debt beginning of the period	(2,222)	(436)	(2,877)
Net cash flow	(646)	(1,434)	(11)
Conversion of Convertible Bond 2013	-	283	-
Consolidation of General Cable Net Financial Debt	-	(1,215)	-
NFD increase due to IFRS16	(155)	-	(155)
Other variations	(4)	(75)	16
Net Financial Debt end of the period	(3,027)	(2,877)	(3,027)

Financial Highlights

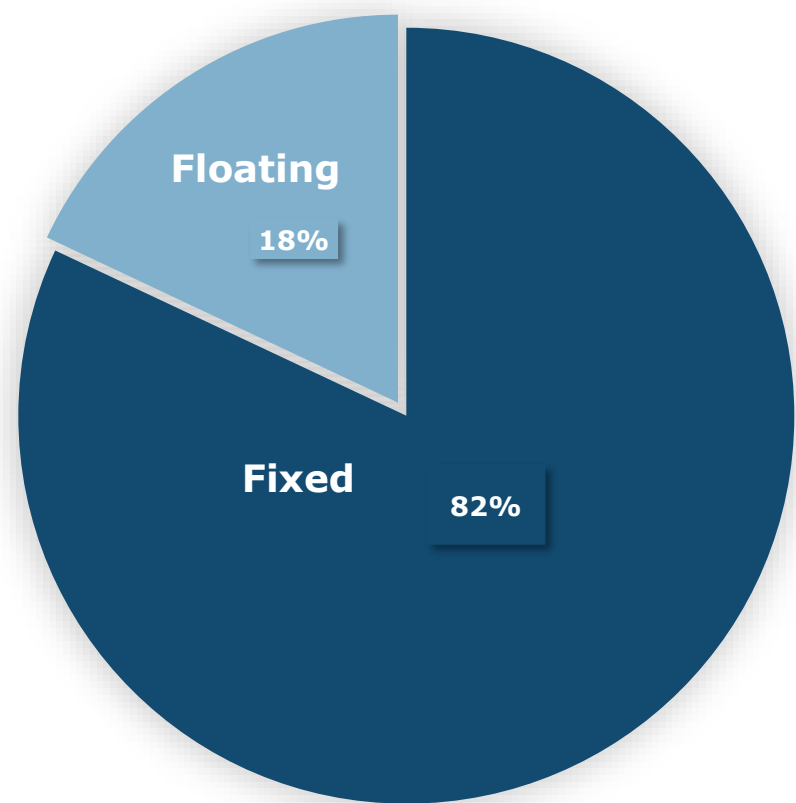
Euro Millions - Fully Combined Results

	Sales				Adj.EBITDA				
	9M 2019			9M 2018	9M 2019			9M 2018 *	
	€M	total growth	organic growth	€M	€M	of which IFRS 16	Adj.EBITDA Margin	€M	Adj.EBITDA Margin
PROJECTS	1,247	-5.5%	-5.4%	1,319	152	4	12.2%	138	10.4%
Energy & Infrastructure	4,060	1.0%	2.4%	4,021	238	11	5.9%	159	4.0%
Industrial & Network Components	1,858	-2.6%	-2.4%	1,907	150	8	8.0%	127	6.7%
Other	180	-19.8%	0.2%	225	3	2	1.5%	(1)	-0.3%
ENERGY	6,098	-0.9%	0.8%	6,153	391	21	6.4%	285	4.6%
TELECOM	1,290	4.1%	3.8%	1,240	230	5	17.8%	228	18.4%
Total Group	8,635	-0.9%	0.3%	8,712	773	30	8.9%	651	7.5%

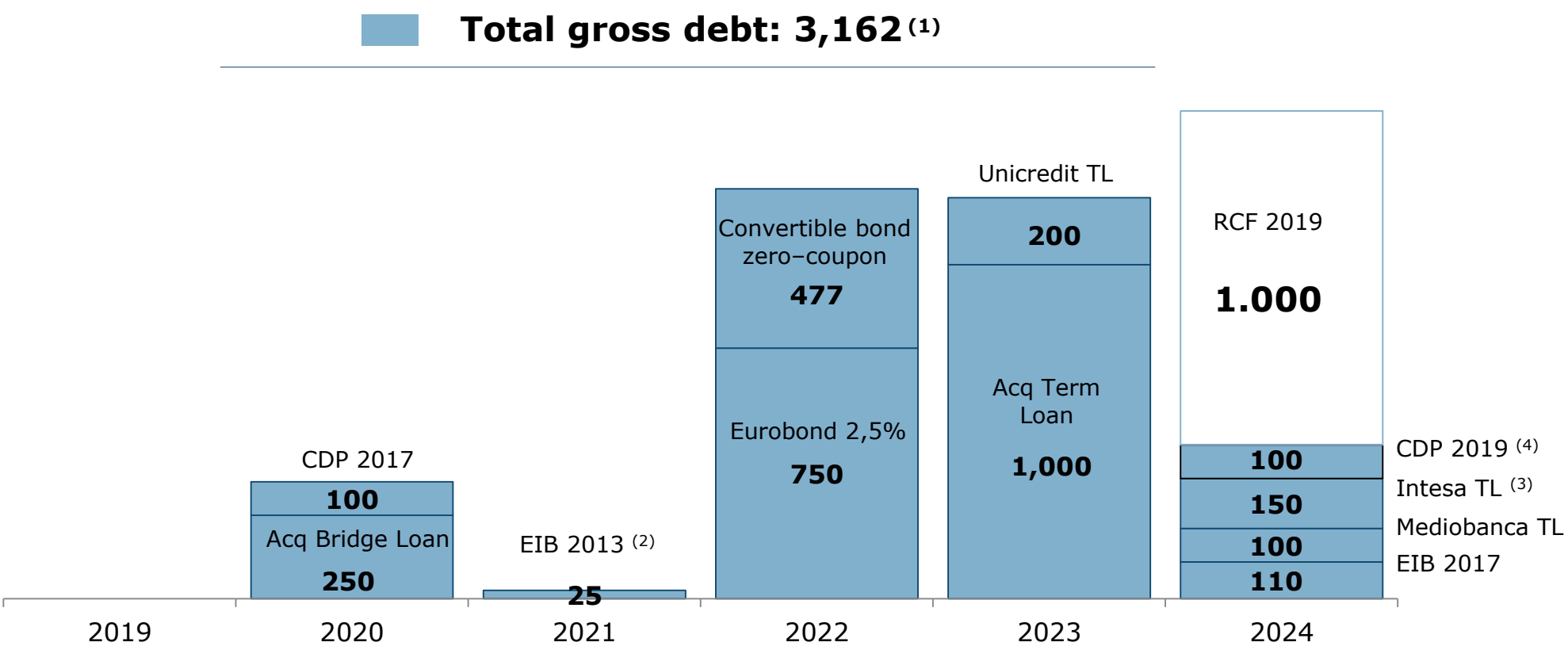
Prysmian Group Debt Profile

Average maturity of 3.3 years including RCF 2019 – Limited exposure to financial market volatility

FIXED/VARIABLE RATE COMPOSITION



REPAYMENT DATE (€M)



(1) excluding 146 €M of debt held by local affiliated, 129 €M coming from IFRS 16 and 100 €M CDP 2019 Loan

(2) amortization period from 2019 to 2021

(3) on October 11th 2019 signing of Intesa Term Loan for 150 €M and subsequent repayment of Acq. Bridge Loan for the same amount

(4) on October 28th 2019 signing of CDP 2019 Loan for 100 €M

Notes

- (1) General Cable figures included starting from 1 January 2018; General Cable figures are restated applying Prysmian accounting principles and policies;
- (2) Adjusted excluding restructuring, non-operating income/expenses and non-recurring income / expenses;
- (3) Defined as NWC excluding derivatives; % on annualized last quarter sales;
- (4) The 2018 figures have been restated due to definition of the purchase price allocation for General Cable, conducted in accordance with the procedures and timing established by IFRS 3 - Business Combinations;
- (5) 2018 figures have been reclassified, following a better allocation inside the *Energy segment* mainly related to Oman Cable Industries

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Thank you