

# 9M 2012 Financial Results

Milan, 8th November 2012



**Prysmian**  
Group



# AGENDA

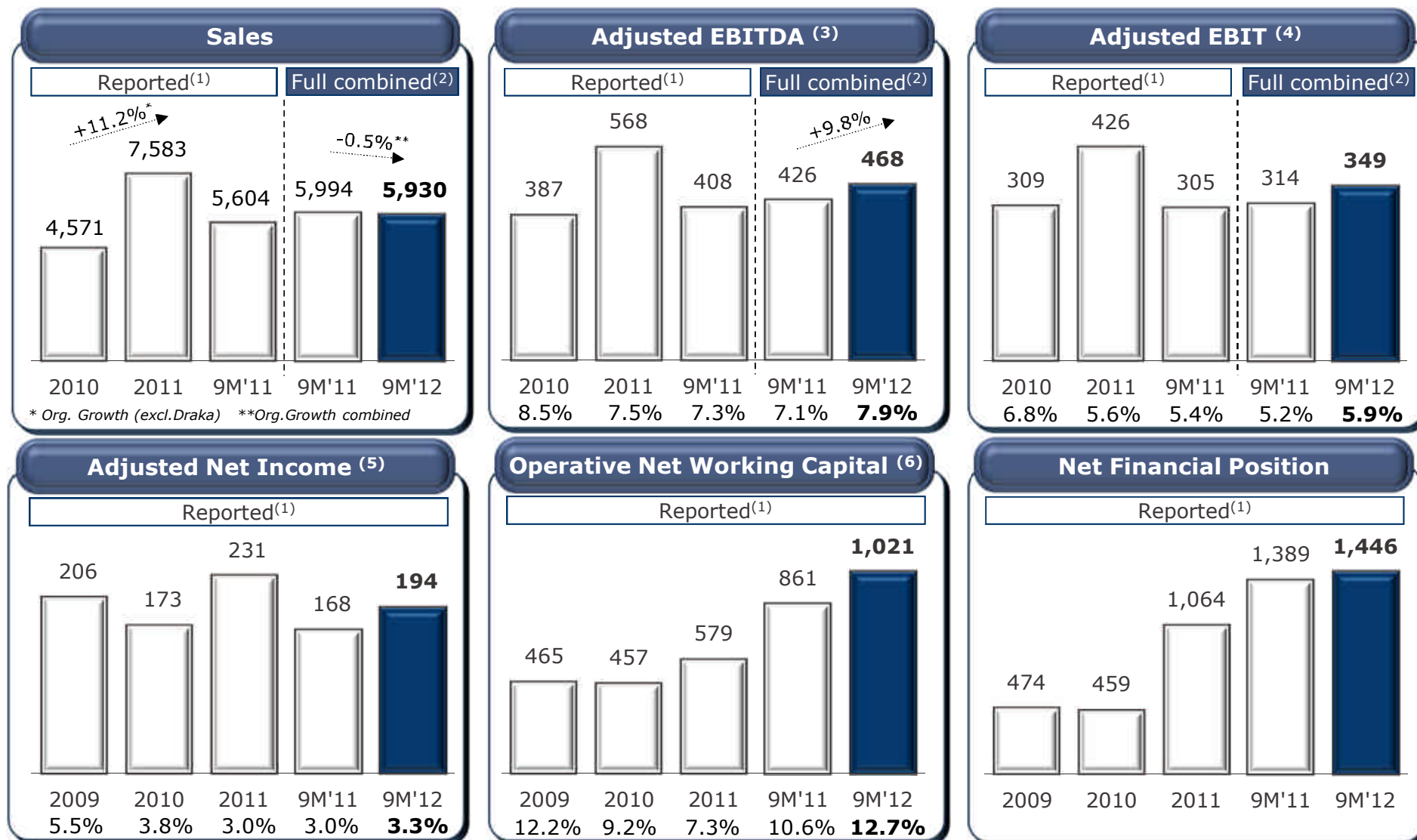
- 9M 2012 Highlights & 2012 Outlook

- Financial Results

- Appendix

# 9M 2012 Key Financials

Euro Millions, % on Sales



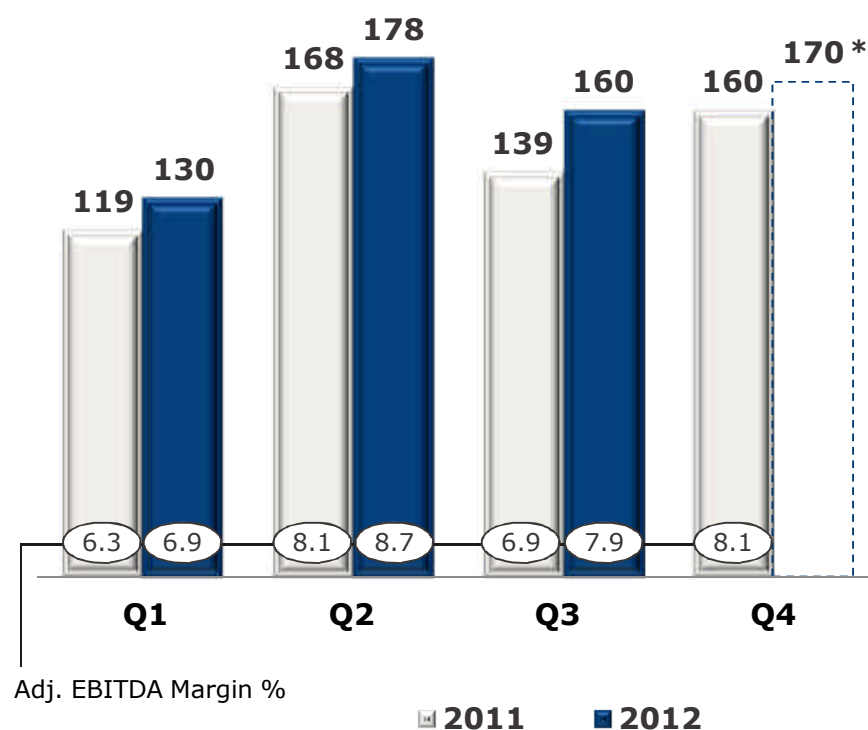
(1) Reported figures include Draka Group's results since 1 March 2011; (2) Full combined figures include Draka Group's results for the period 1 January – 30 September; (3) Adjusted excluding non-recurring income/expenses; (4) Adjusted excluding non-recurring income/expenses and the fair value change 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 Net Working capital defined as NWC excluding the effect of derivatives; % of sales is defined as Operative Net Working Capital on annualized last quarter sales

# Solid margin recovery in 2012

Additional synergies and higher contribution from high value added businesses to improve margins next years

## Adj. EBITDA evolution by quarter

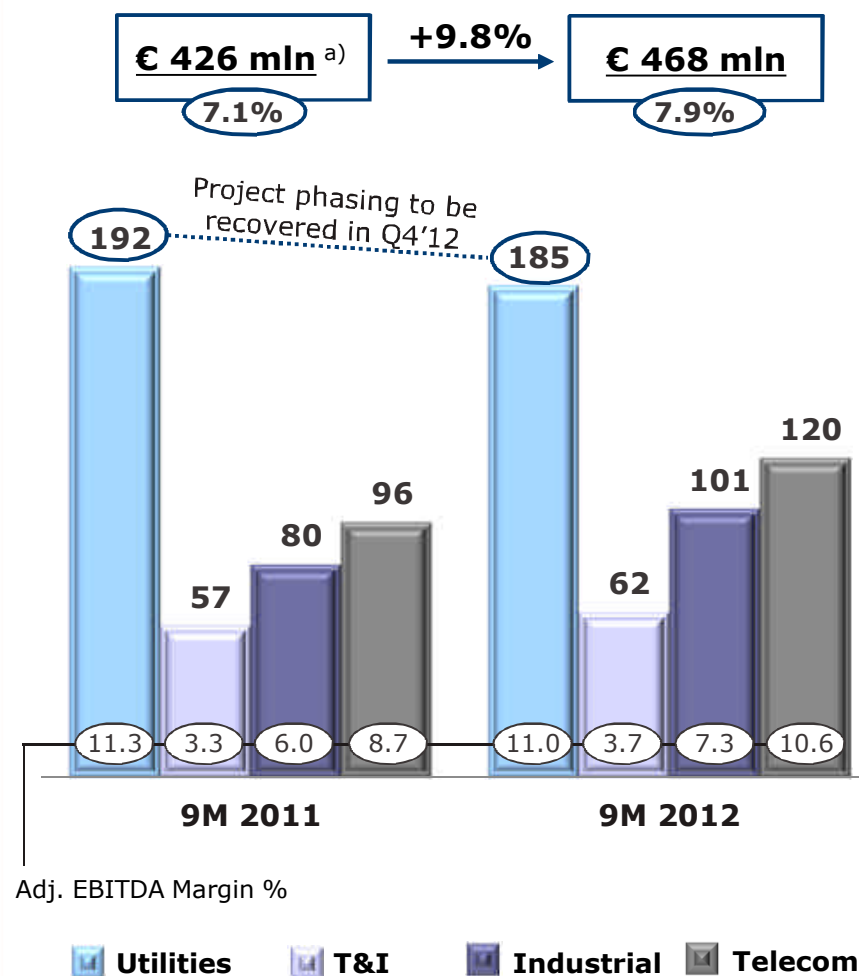
€ million



\*Q4 2012 based on FY2012 mid point target (€638m)  
Note: Full combined figures

## Adj. EBITDA breakdown

€ million - % on Sales



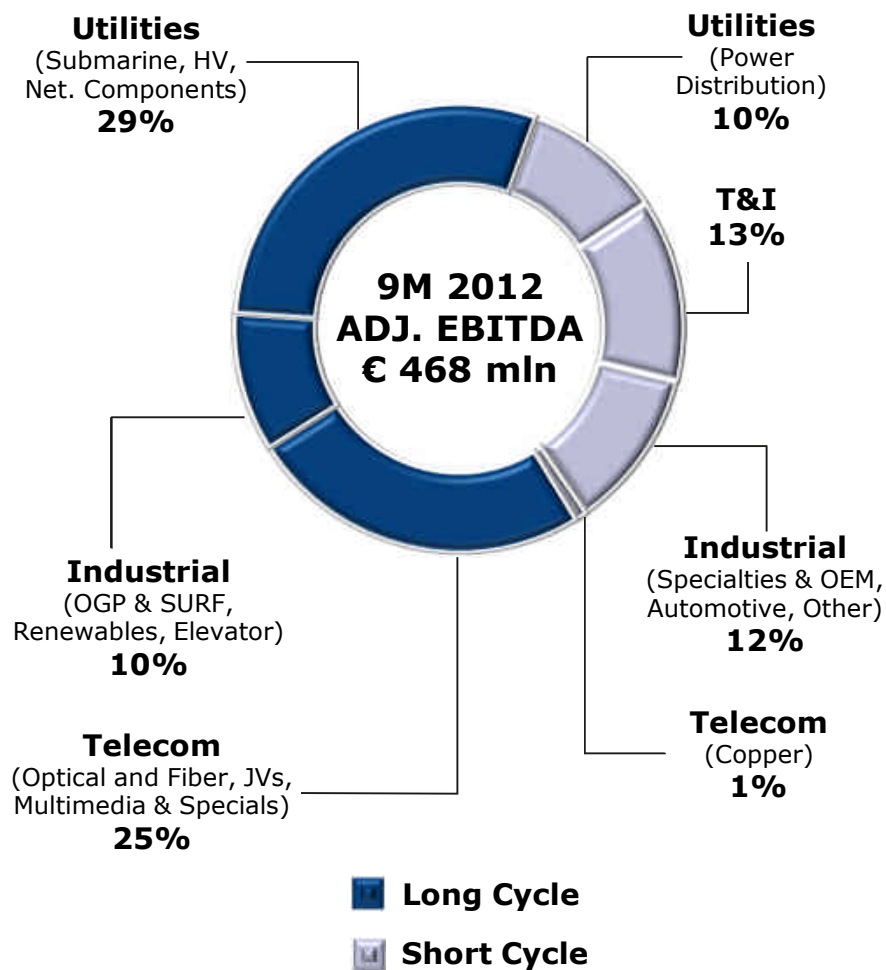
Note: Full combined figures. a) Includes € 1 mln related to Other Energy Business

# Long Cycle Businesses Vs. Short Cycle Businesses

Adj. EBITDA breakdown

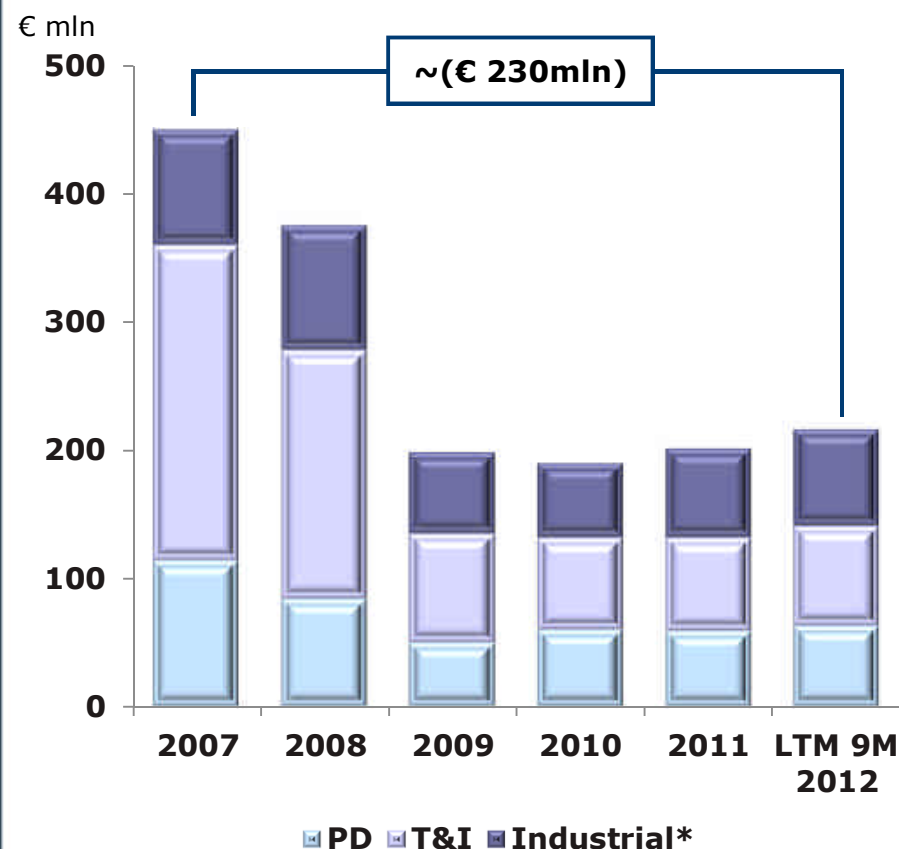
## Long Cycle Businesses 64%

## Short Cycle Businesses 36%



## Short Cycle Businesses Adj. EBITDA (Combined Prysmian + Draka)

- Profitability: stable at bottom level (excl. synergies contribution)
- Over 50% profitability decrease from the peak

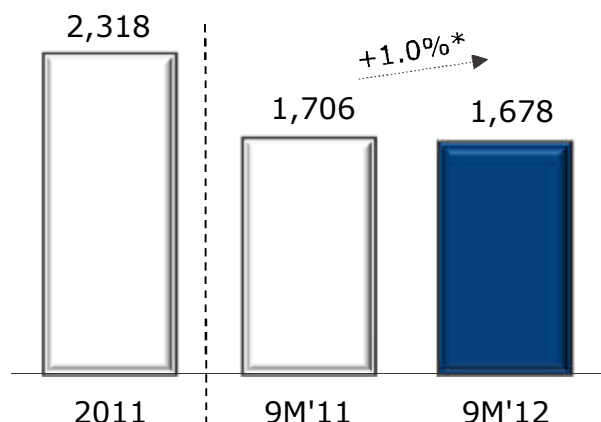


\* Industrial includes Specialties & OEM, Automotive and Other segments

# Utilities

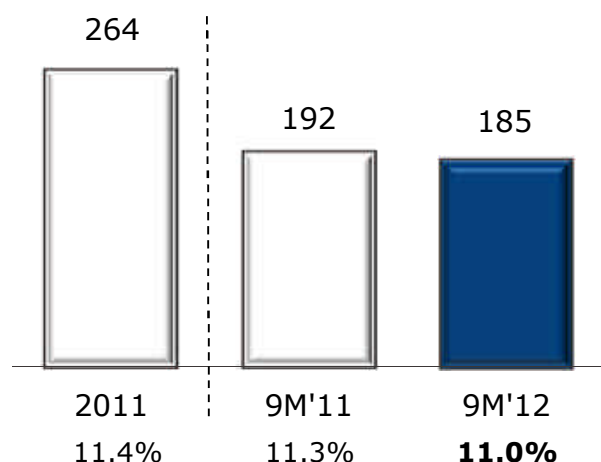
Euro Millions, % on Sales – Full Combined Results

## Sales to Third Parties



\* Organic Growth

## Adjusted EBITDA <sup>(1)</sup>



(1) Adjusted excluding non-recurring income/expenses

## Highlights

### DISTRIBUTION

- Lower volume Vs. 2011 due to capex reduction by utilities
  - Europe: volume decreasing in all markets except Nordics and Netherlands
  - North America: positive trend in sales and profitability expected to continue
  - South America: growing investments in Brazil
  - Asia: lower volume in Australia partially offset by growth in other regions (e.g. Indonesia)
- Despite lower volumes, profitability sustained by stable pricing and industrial efficiencies

### TRANSMISSION – HV

- In line with expectations, first recovery in Q3'12 after a weak H1
- Strong contribution in profitability expected in Q4
- Stable demand in the major European market; growing activity in US
- Expected development of interconnection projects in Europe as key driver of profitability improvement during next years

### TRANSMISSION – Submarine

- Higher profitability expected in Q4 due to projects phasing
- Strong track-record driving higher market share with a record order-intake during 2012
- Sound off-shore wind-farms demand expected to support next quarters order-book
- GME acquisition to increase installation capabilities, maintain full control on execution and preserve long term profitability
- On-going capacity increase in all submarine plants to keep high growth rate next years

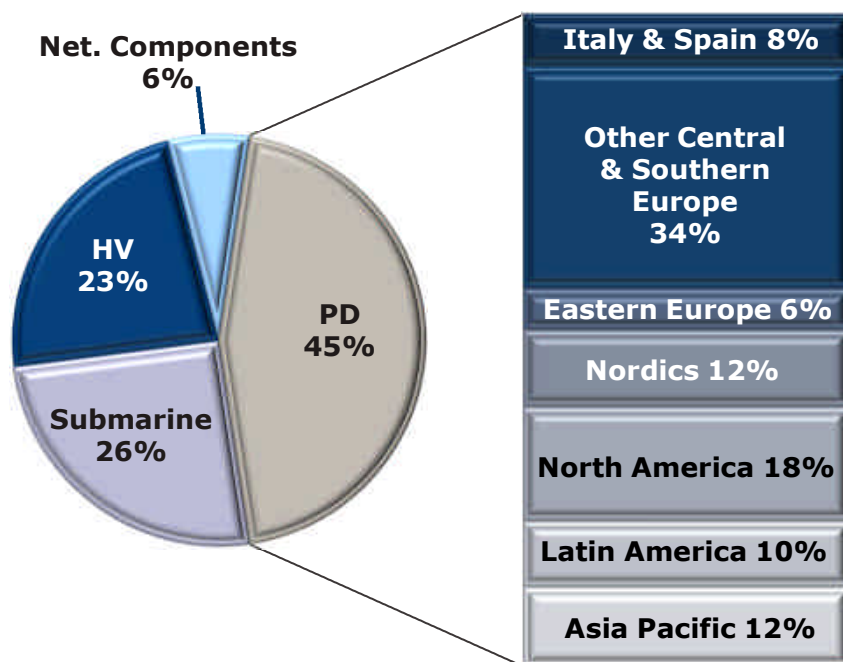
# Utilities – Submarine as key driver of profitability increase

Record order intake in Submarine confirming renewables and interconnections as priority in Europe (despite downturn)

## Utilities Sales breakdown

9M 2012

**Power Distribution: Europe accounting for about 60% of sales thus limiting short term volume recovery**



**Utilities Sales  
€ 1.7 bn**

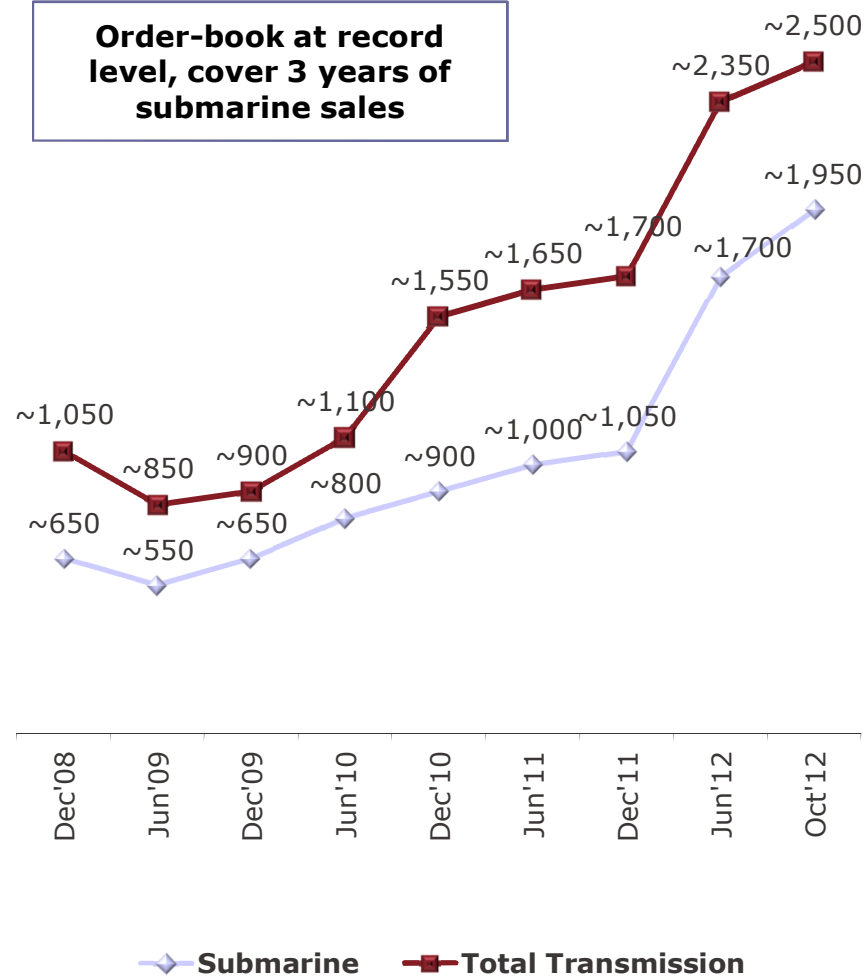
**PD Sales  
€ 0.8 bn**

*Nordics: Norway, Sweden, Finland, Denmark, Estonia  
Eastern Europe: Austria, Czech Rep, Slovakia, Hungary, Romania, Turkey, Russia*

## Transmission Order Backlog Evolution

€ million

**Order-book at record level, cover 3 years of submarine sales**





# Utilities – Investing in submarine to increase ROCE

Strengthening production and installation (GME acquisition\*) capabilities



## Main projects in execution/order backlog:

1. Western Link
2. HelWin 1-2/ SylWin 1/ BorWin 2
3. Hudson
4. Messina
5. Dardanelles
6. Phu Quoc
7. Mon.Ita



- Length overall: 133.2m
- Depth moulded: 7.6m
- Gross tonnage: 10,617 t



- Length overall: 115m
- Depth moulded: 6.8m
- Gross tonnage: 8,328t

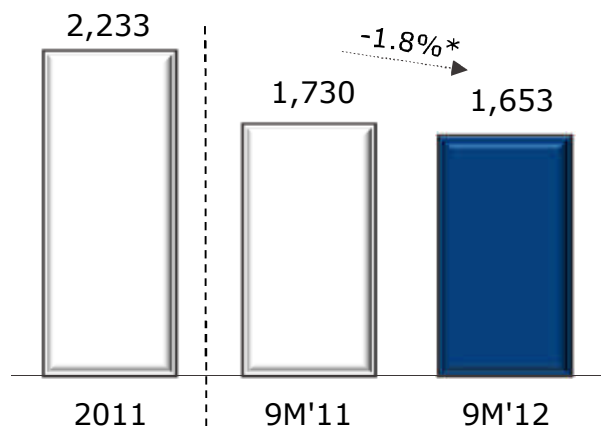
\* As of today, the closing of the acquisition is subject to certain conditions precedent, including the obtaining of clearance from the relevant antitrust authorities.



# Trade & Installers

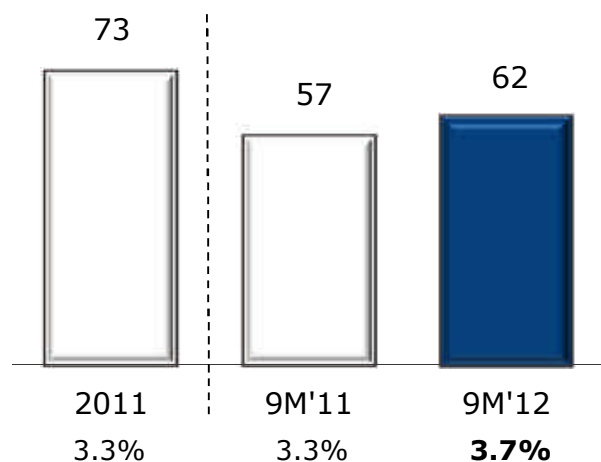
Euro Millions, % on Sales – Full Combined Results

## Sales to Third Parties



\* Organic Growth

## Adjusted EBITDA <sup>(1)</sup>



(1) Adjusted excluding non-recurring income/expenses

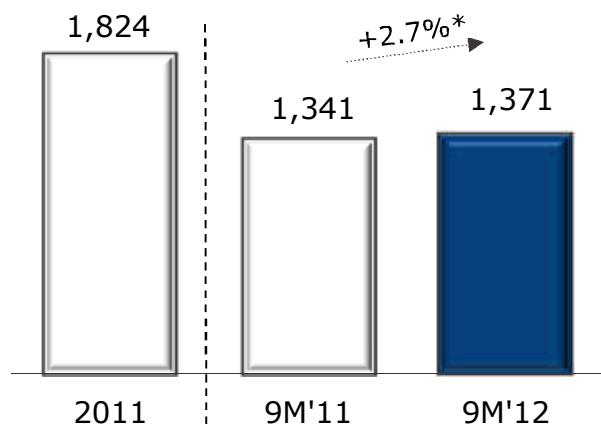
## Highlights

- Volume decrease in Europe in line with expectations. Positive demand in extra-European countries
  - Europe: weak demand with lower volume in all major countries. Stable in Germany and slightly recovering in UK, Eastern Europe and Turkey
  - Positive trend in North and South America confirmed
  - Growing construction activities in all APAC regions expected to continue next quarters
- Next quarters profitability be sustained by the on-going industrial rationalization despite weak pricing and still high raw material price
- Leveraging on long established presence in South America and APAC to benefit from the positive demand

# Industrial

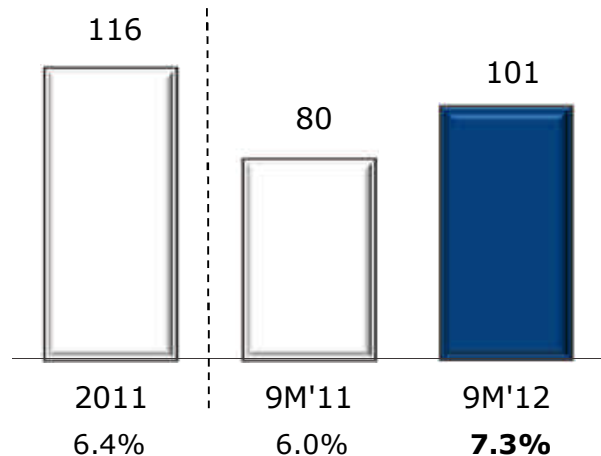
Euro Millions, % on Sales – Full Combined Results

## Sales to Third Parties



\* Organic Growth

## Adjusted EBITDA <sup>(1)</sup>



(1) Adjusted excluding non-recurring income/expenses

## Highlights

### OGP

- Continuous positive demand driving profitability increase. Focus on high margin off-shore business to grow in North Europe, APAC and Latin America

### SURF

- Strong contribution expected in Q4 (based on order-backlog) both for flexible pipes and umbilicals to achieve FY targets in line with initial expectations. Still limited visibility on 2013
- Double digit growth achieved in DHT in the first 9M expected to be confirmed on the full year

### Renewable

- Lower demand in Europe. Future investments in N.America linked to incentives renewal

### Automotive

- Volume decreasing in all European markets except Eastern Europe. Positive demand in Apac, North and South America

### Elevator

- Q3 confirmed the positive trend in sales and profitability in all geographical areas. Capacity increased in Europe and South America

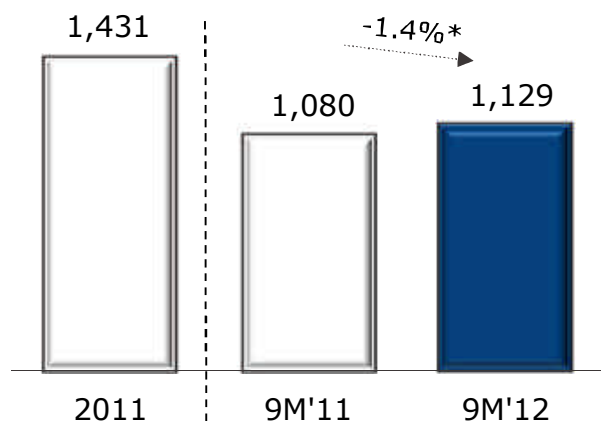
### Specialties & OEM

- Volume recovering in Crane, Mining and Rolling Stock applications. Weak demand in Railway, Marine and Military

# Telecom

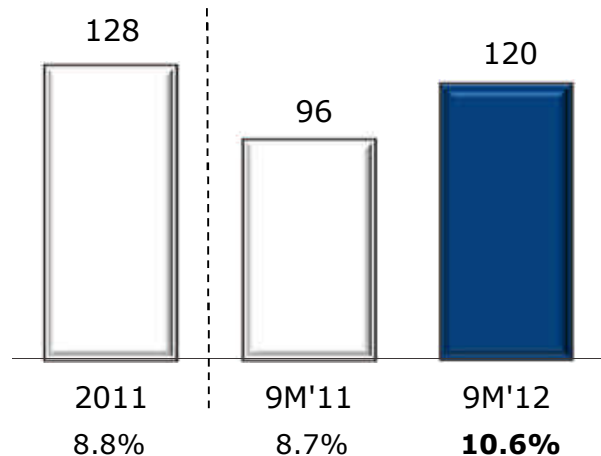
Euro Millions, % on Sales – Full Combined Results

## Sales to Third Parties



\* Organic Growth

## Adjusted EBITDA <sup>(1)</sup>



(1) Adjusted excluding non-recurring income/expenses

## Highlights

### Optical / Fiber

- Positive demand in optical confirmed across all geographical areas except US. Despite difficult economic environment, data traffic increase sustaining investments in optical fiber
  - **Europe:** growing volume in several countries such as Italy, France, Nordics and Eastern Europe
  - **North America:** incentives suspended from Q3'12 driving volume down to pre-stimulus level (2010). Incentives renewal as key driver for volume recovery
  - **Australia:** in line with expectations, after a weak H1, NBN deliveries restarted from Q3
  - **Brazil:** temporary reduction in stimulus packages limiting short term investments. Large capex plan confirmed for next years
  - **China:** continuous positive trend expected in next quarters
- On-going production capacity optimization to further improve profitability

### Multimedia & Specials

- Growing profitability during the year thanks to costs reduction. Leveraging on strong product portfolio to increase exposure to major European markets such as Germany, UK, France and the Nordics

### OPGW

- Keeping a growing trend mainly driven by Spain, Brazil and Middle East & Africa

### COPPER

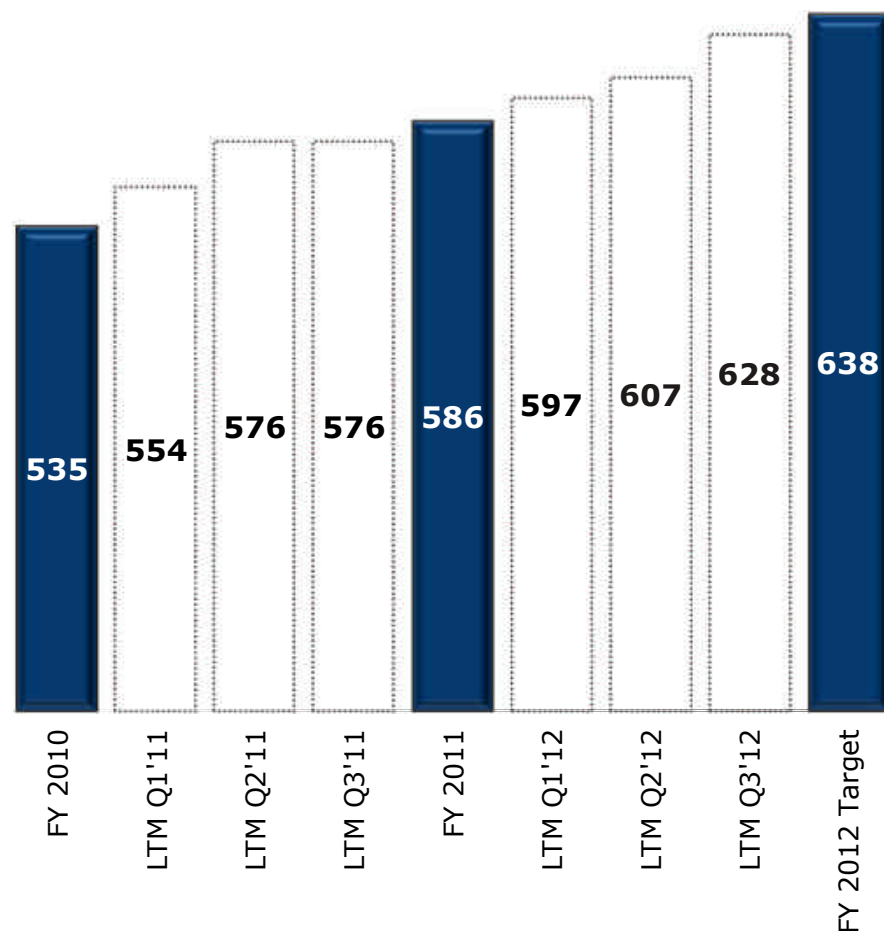
- Gradual volume decrease expected to continue

# Continuous profitability increase despite worsening economic scenario

Confirming FY 2012 guidance (upgraded in August 2012)

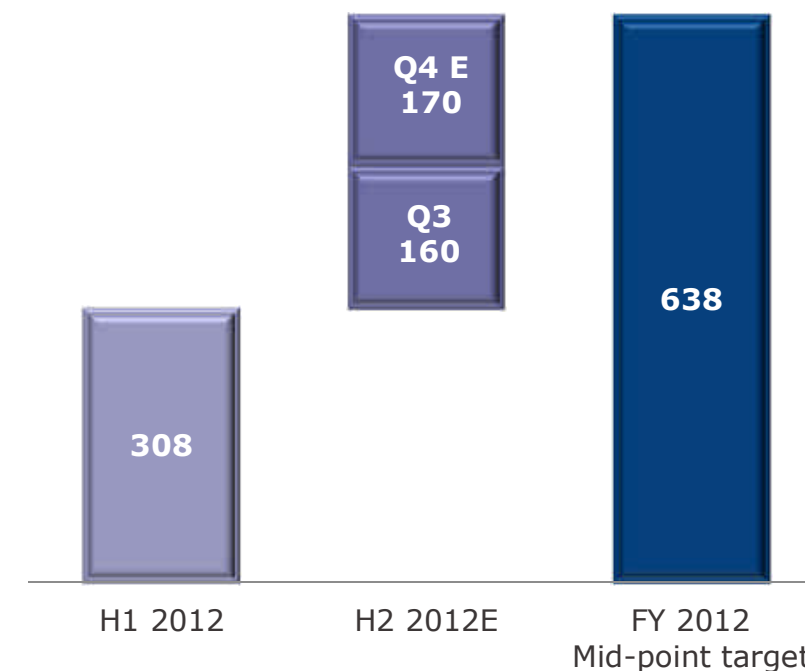
## LTM\* Adj. EBITDA Evolution

€ million



Note: full combined figures Prysmian + Draka  
\* LTM stands for Last Twelve Months

## FY 2012 Adj. EBITDA Target (€ mln)



### Profitability improvement in Q4 vs. Q3 thanks to:

- Transmission projects phasing
- Higher SURF deliveries in Q4

# AGENDA

➤ 9M 2012 Highlights & 2012 Outlook

➤ Financial Results

➤ Appendix



# Profit and Loss Statement

Euro Millions

	9M 2012	9M 2011 Reported <sup>a)</sup>	9M 2011 Combined <sup>b)</sup>
<b>Sales</b>	<b>5,930</b>	<b>5,604</b>	<b>5,994</b>
<i>YoY total growth</i>	<i>(1.1%) c)</i>		
<i>YoY organic growth</i>	<i>(0.5%) c)</i>		
<b>Adj.EBITDA</b>	<b>468</b>	<b>408</b>	<b>426</b>
<i>% on sales</i>	<i>7.9%</i>	<i>7.3%</i>	<i>7.1%</i>
<i>Non recurring items</i>	<i>(66)</i>	<i>(260)</i>	
<b>EBITDA</b>	<b>402</b>	<b>148</b>	
<i>% on sales</i>	<i>6.8%</i>	<i>2.6%</i>	
<b>Adj.EBIT</b>	<b>349</b>	<b>305</b>	<b>314</b>
<i>% on sales</i>	<i>5.9%</i>	<i>5.4%</i>	<i>5.2%</i>
<i>Non recurring items</i>	<i>(66)</i>	<i>(260)</i>	
<i>Special items</i>	<i>12</i>	<i>(98)</i>	
<b>EBIT</b>	<b>295</b>	<b>(53)</b>	
<i>% on sales</i>	<i>5.0%</i>	<i>(0.9%)</i>	
<i>Financial charges</i>	<i>(85)</i>	<i>(86)</i>	
<b>EBT</b>	<b>210</b>	<b>(139)</b>	
<i>% on sales</i>	<i>3.5%</i>	<i>(2.5%)</i>	
<i>Taxes</i>	<i>(61)</i>	<i>(20)</i>	
<i>% on EBT</i>	<i>29.0%</i>	<i>n.m.</i>	
<b>Net income</b>	<b>149</b>	<b>(159)</b>	
<i>Extraordinary items (after tax)</i>	<i>(45)</i>	<i>(327)</i>	
<b>Adj.Net income</b>	<b>194</b>	<b>168</b>	

a) Includes Draka Group's results since 1 March 2011  
b) Includes Draka Group's results since 1 January 2011  
c) Variation calculated on 9M 2011 Combined

# Extraordinary Effects

Euro Millions

	9M 2012	9M 2011 Reported <sup>a)</sup>
Antitrust investigation	(3)	(199)
Restructuring	(51)	(27)
Draka transaction costs	-	(6)
Draka integration costs	(5)	(9)
Draka change of control effects	-	(2)
Inventory step-up (PPA)	-	(14)
Other	(7)	(3)
<b>EBITDA adjustments</b>	<b>(66)</b>	<b>(260)</b>
Special items	12	(98)
Gain/(loss) on metal derivatives	30	(97)
Assets impairment	(4)	-
Other	(14)	(1)
<b>EBIT adjustments</b>	<b>(54)</b>	<b>(358)</b>
Gain/(Loss) on other derivatives <sup>(1)</sup>	18	17
Gain/(Loss) exchange rate	(25)	(26)
Other one-off financial Income/exp.	(2)	-
<b>EBT adjustments</b>	<b>(63)</b>	<b>(367)</b>
Tax	18	40
<b>Net Income adjustments</b>	<b>(45)</b>	<b>(327)</b>

## Notes

(1) Includes currency and interest derivatives

a) Includes Draka Group's results since 1 March 2011

# Financial Charges

Euro Millions

	9M 2012	9M 2011 Reported <sup>a)</sup>
<b>Net interest expenses</b>	<b>(81)</b>	<b>(75)</b>
Bank fees Amortization	(7)	(8)
Gain/(loss) on exchange rates	(25)	(26)
Gain/(loss) on derivatives <sup>(1)</sup>	18	17
Non recurring effects	(2)	-
<b>Net financial charges</b>	<b>(97)</b>	<b>(92)</b>
Share in net income of associates	12	6
<b>Total financial charges</b>	<b>(85)</b>	<b>(86)</b>

## Notes

(1) Includes currency and interest derivatives

a) Includes Draka Group's results since 1 March 2011

# Statement of financial position (Balance Sheet)

Euro Millions

	30 Sept '12	30 Sept '11	31 December '11
Net fixed assets	2,248	2,223	2,255
<i>of which: intangible assets</i>	615	611	618
<i>of which: property, plants &amp; equipment</i>	1,533	1,523	1,544
Net working capital	1,033	814	552
<i>of which: derivatives assets/(liabilities)</i>	12	(47)	(27)
<i>of which: Operative Net working capital</i>	1,021	861	579
Provisions & deferred taxes	(351)	(343)	(371)
<b>Net Capital Employed</b>	<b>2,930</b>	<b>2,694</b>	<b>2,436</b>
Employee provisions	310	236	268
Shareholders' equity	1,174	1,069	1,104
<i>of which: attributable to minority interest</i>	55	62	62
Net financial position	1,446	1,389	1,064
<b>Total Financing and Equity</b>	<b>2,930</b>	<b>2,694</b>	<b>2,436</b>

# Cash Flow

Euro Millions

	9M 2012	9M 2011 Combined <sup>a)</sup>	FY 2011 Combined <sup>a)</sup>
<b>Adj.EBITDA</b>	<b>468</b>	<b>426</b>	<b>586</b>
Non recurring items	(66)	(264)	(303)
<b>EBITDA</b>	<b>402</b>	<b>162</b>	<b>283</b>
Net Change in provisions & others	4	170	197
Release of inventory step-up	-	14	14
<b>Cash flow from operations (before WC changes)</b>	<b>406</b>	<b>346</b>	<b>494</b>
Working Capital changes	(460)	(210)	91
Paid Income Taxes	(57)	(70)	(98)
<b>Cash flow from operations</b>	<b>(111)</b>	<b>66</b>	<b>487</b>
Acquisitions	(35)	(501)	(501)
Net Operative CAPEX	(89)	(86)	(150)
Net Financial CAPEX	5	6	4
<b>Free Cash Flow (unlevered)</b>	<b>(230)</b>	<b>(515)</b>	<b>(160)</b>
Financial charges	(97)	(109)	(132)
<b>Free Cash Flow (levered)</b>	<b>(327)</b>	<b>(624)</b>	<b>(292)</b>
<b>Free Cash Flow (levered) excl. acquisitions</b>	<b>(292)</b>	<b>(123)</b>	<b>209</b>
Dividends	(45)	(36)	(37)
Other Equity movements	1	1	1
<b>Net Cash Flow</b>	<b>(371)</b>	<b>(659)</b>	<b>(328)</b>
<b>NFP beginning of the period</b>	<b>(1,064)</b>	<b>(732)</b>	<b>(732)</b>
Net cash flow	(371)	(659)	(328)
Other variations	(11)	3	(4)
<b>NFP end of the period</b>	<b>(1,446)</b>	<b>(1,388)</b>	<b>(1,064)</b>

<sup>a)</sup> Includes Draka Group's results since 1 January 2011



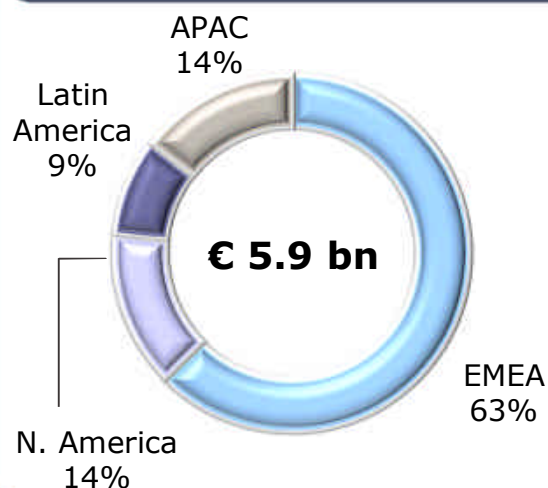
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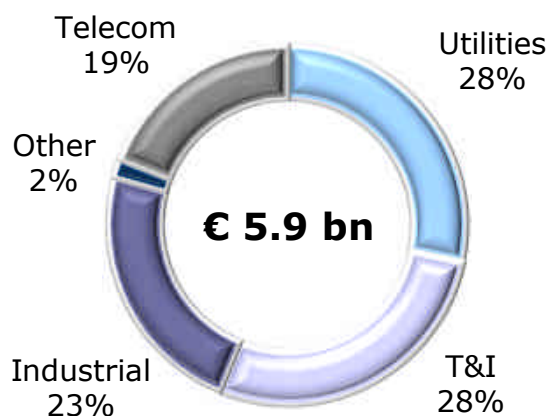
# Prysmian Group at a glance

9M 2012 Results

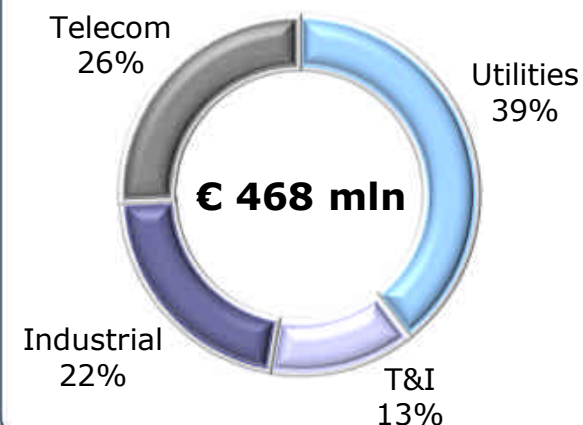
**Sales breakdown by geography**



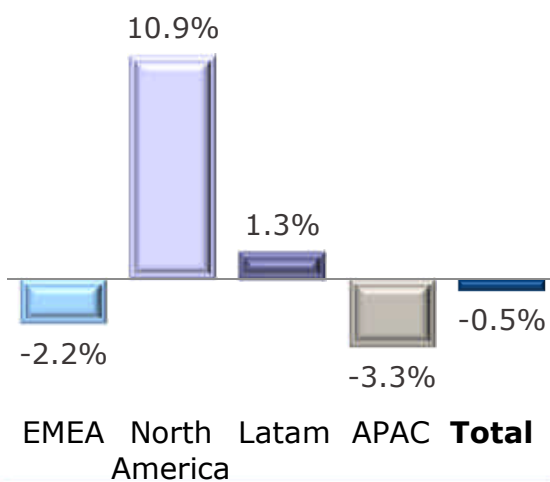
**Sales breakdown by business**



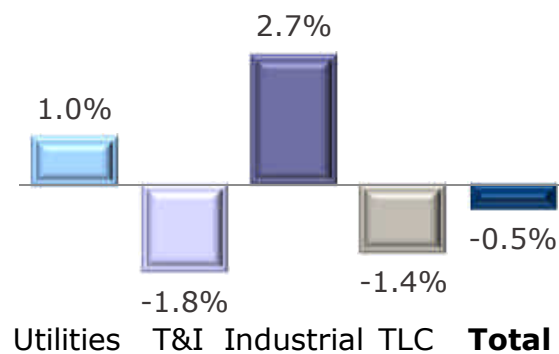
**Adj. EBITDA by business**



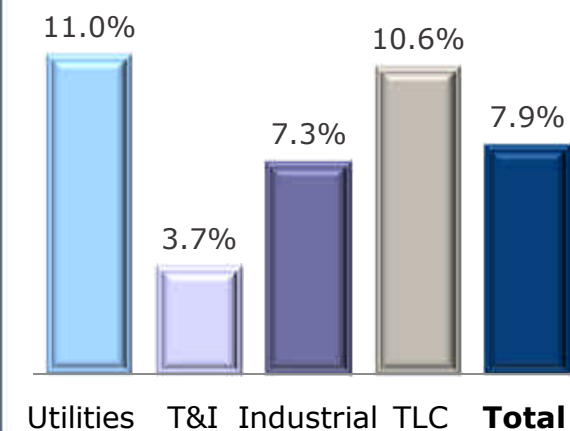
**Organic Growth by geography**



**Organic Growth by business**



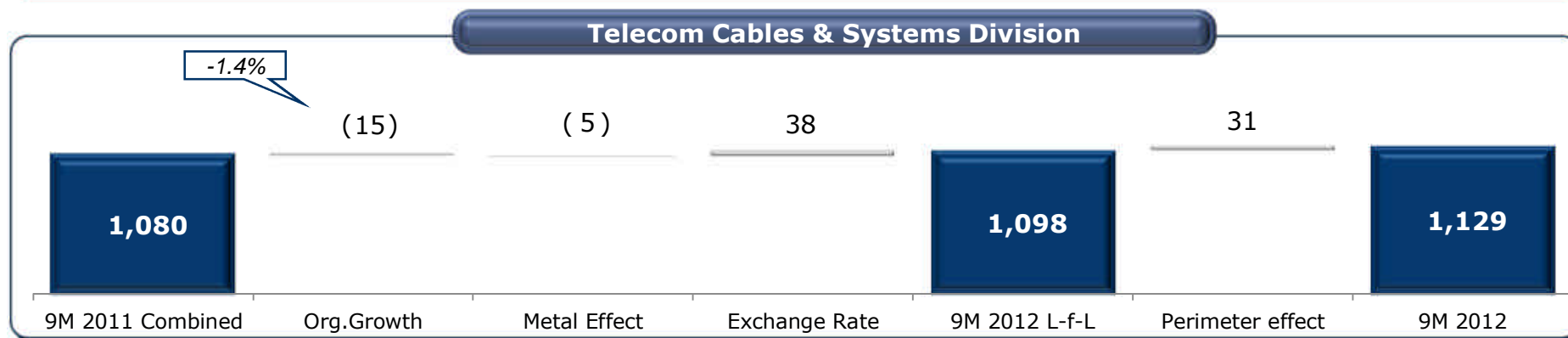
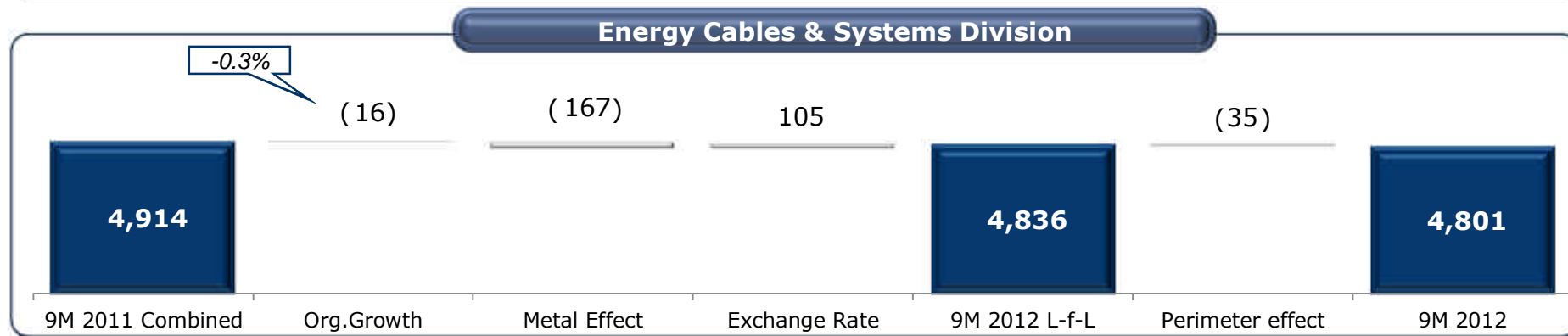
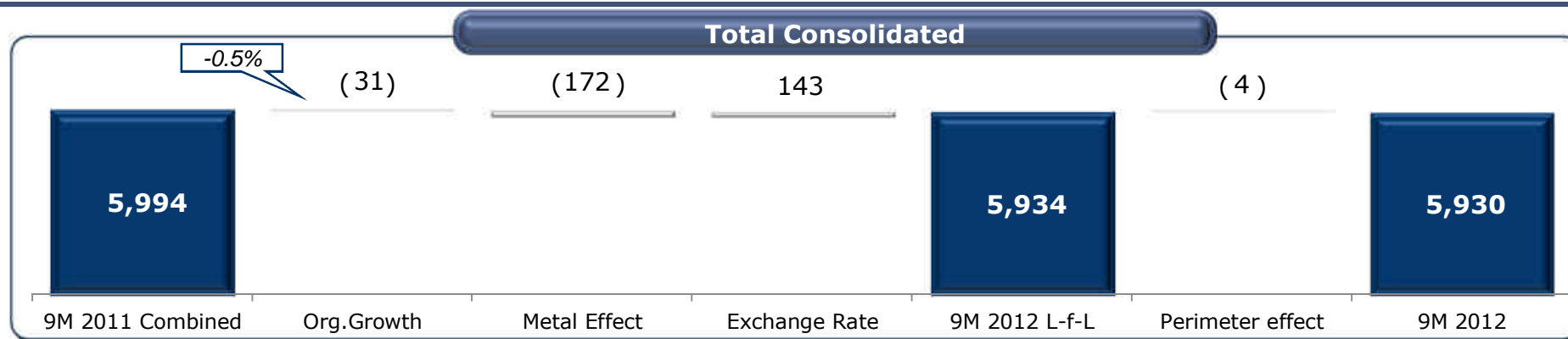
**Adj. EBITDA margin by business**



Note: Organic Growth is calculated on 9M 2011 Combined

# Bridge Consolidated Sales

Euro Millions – Full Combined



# Energy Segment – Profit and Loss Statement

Euro Millions

	9M 2012	9M 2011 Reported <sup>a)</sup>	9M 2011 Combined <sup>b)</sup>
<b>Sales to Third Parties</b>	<b>4,801</b>	<b>4,640</b>	<b>4,914</b>
<i>YoY total growth</i>	-2.3% <sup>c)</sup>		
<i>YoY organic growth</i>	-0.3% <sup>c)</sup>		
<b>Adj. EBITDA</b>	<b>348</b>	<b>320</b>	<b>330</b>
<i>% on sales</i>	7.3%	6.8%	6.6%
<b>Adj. EBIT</b>	<b>268</b>	<b>247</b>	<b>252</b>
<i>% on sales</i>	5.6%	5.3%	5.1%

a) Includes Draka Group's results since 1 March 2011  
b) Includes Draka Group's results since 1 January 2011  
c) Variation calculated on 9M 2011 Combined

# Energy Segment – Sales and Profitability by business area

Euro Millions, % of Sales Growth – 9M combined

		9M 2012	9M 2011 Comb.	Total growth	Organic growth
Sales to Third Parties	Utilities	1,678	1,706	-1.7%	1.0%
	Trade & Installers	1,653	1,730	-4.4%	-1.8%
	Industrial	1,371	1,341	2.2%	2.7%
	Others	99	137	n.m.	n.m.
	<b>Total Energy</b>	<b>4,801</b>	<b>4,914</b>	<b>-2.3%</b>	<b>-0.3%</b>
Adj. EBITDA	Utilities	185	192	11.0%	11.3%
	Trade & Installers	62	57	3.7%	3.3%
	Industrial	101	80	7.3%	6.0%
	Others	-	1	n.m.	n.m.
	<b>Total Energy</b>	<b>348</b>	<b>330</b>	<b>7.3%</b>	<b>6.6%</b>
Adj. EBIT	Utilities	159	164	9.3%	9.6%
	Trade & Installers	41	34	2.5%	2.0%
	Industrial	70	55	5.1%	4.1%
	Others	(2)	(1)	n.m.	n.m.
	<b>Total Energy</b>	<b>268</b>	<b>252</b>	<b>5.6%</b>	<b>5.1%</b>



# Telecom Segment – Profit and Loss Statement

Euro Millions

	9M 2012	9M 2011 Reported <sup>a)</sup>	9M 2011 Combined <sup>b)</sup>
<b>Sales to Third Parties</b>	<b>1,129</b>	<b>964</b>	<b>1,080</b>
<i>YoY total growth</i>	<i>4.6% <sup>c)</sup></i>		
<i>YoY organic growth</i>	<i>-1.4% <sup>c)</sup></i>		
<b>Adj. EBITDA</b>	<b>120</b>	<b>88</b>	<b>96</b>
<i>% on sales</i>	<i>10.6%</i>	<i>8.9%</i>	<i>8.7%</i>
<b>Adj. EBIT</b>	<b>81</b>	<b>58</b>	<b>62</b>
<i>% on sales</i>	<i>7.3%</i>	<i>5.9%</i>	<i>5.6%</i>

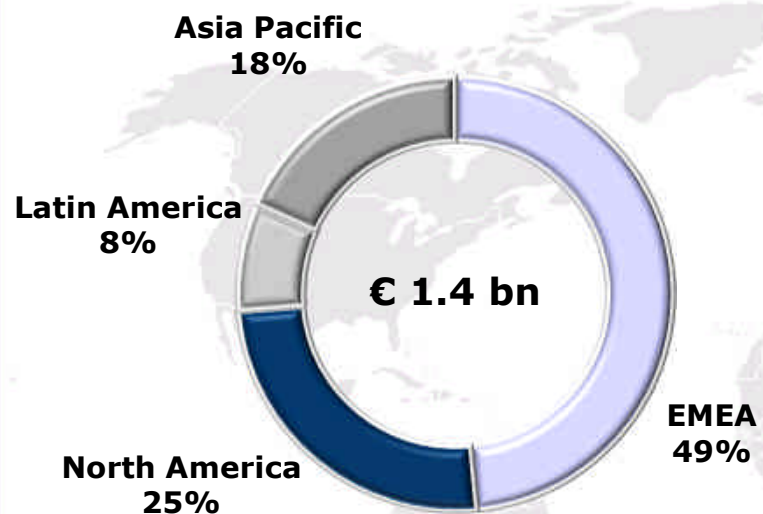
<sup>a)</sup> Includes Draka Group's results since 1 March 2011  
<sup>b)</sup> Includes Draka Group's results since 1 January 2011  
<sup>c)</sup> Variation calculated on 9M 2011 Combined

# Industrial

## Sales breakdown

### Sales breakdown by geographical area

9M 2012

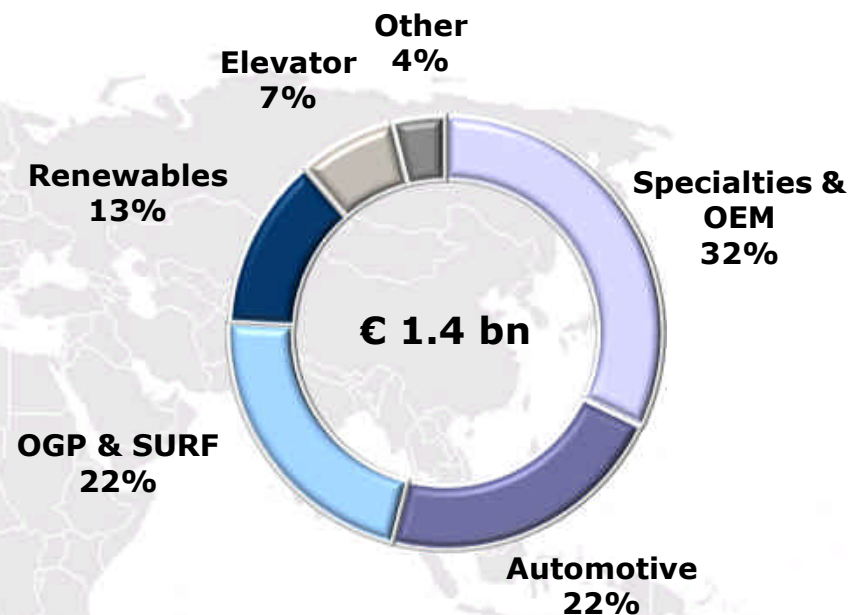


Sound geographical diversification



### Sales breakdown by business segment

9M 2012



Strong presence in all market segments

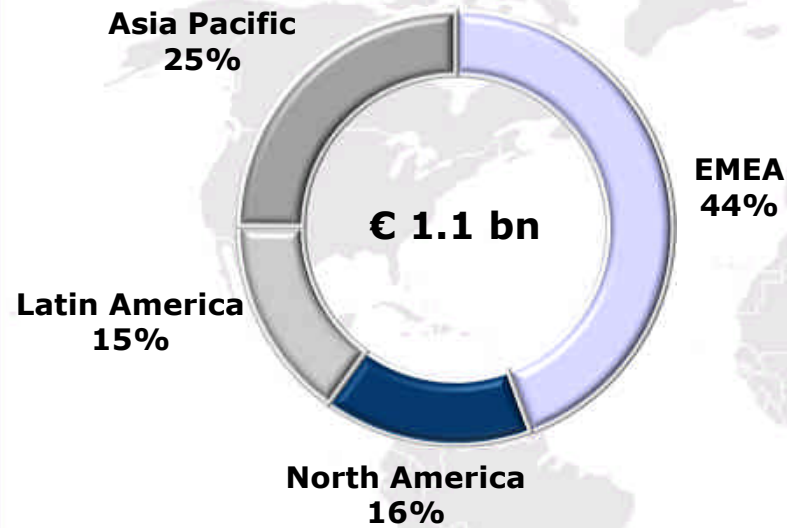


# Telecom

Sales breakdown

## Sales breakdown by geographical area

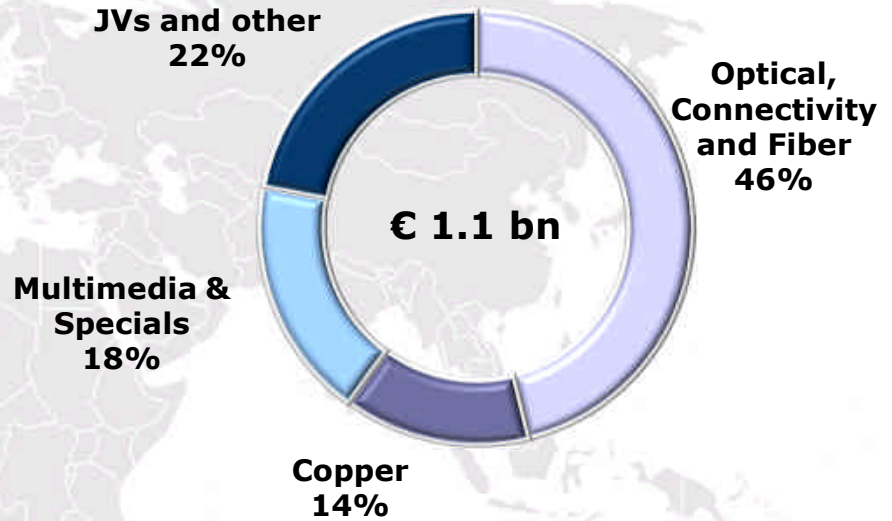
9M 2012



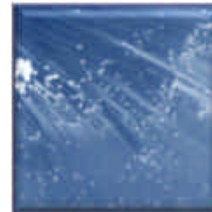
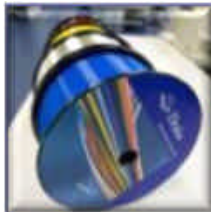
Increased exposure to Asia Pacific

## Sales breakdown by business segment

9M 2012



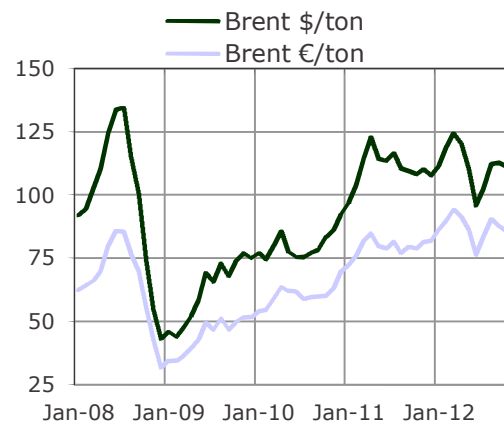
Leader in optical fiber cables



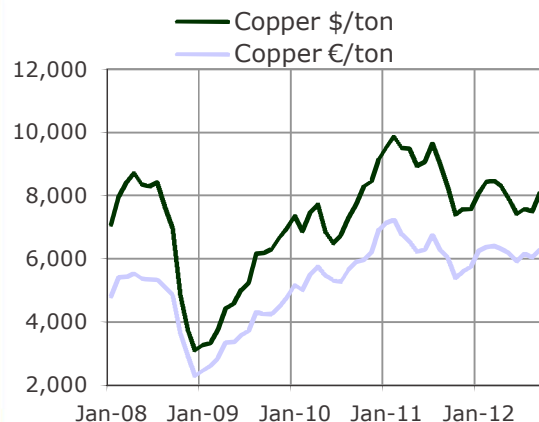
# Reference Scenario

## Commodities & Forex

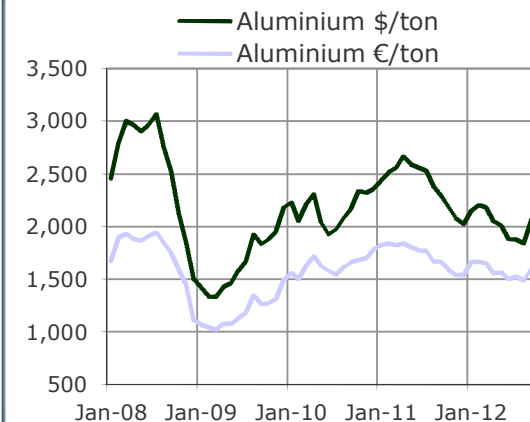
**Brent**



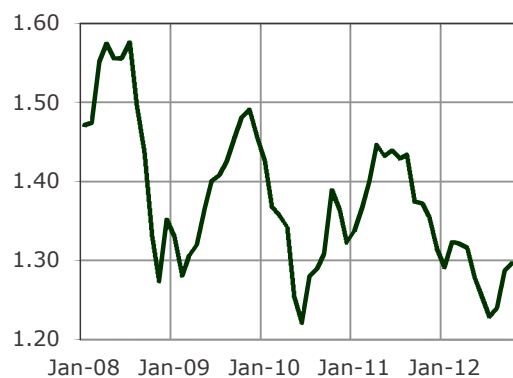
**Copper**



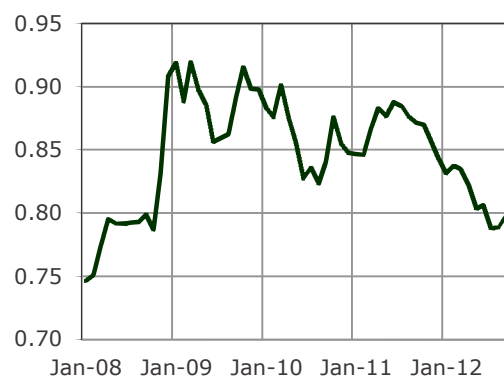
**Aluminium**



**EUR / USD**



**EUR / GBP**



**EUR / BRL**



Based on monthly average data  
Source: Thomson Reuters

# Disclaimer

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