



# H1 2015 Financial Results

Milan – July 30<sup>th</sup> 2015

PLATFORM TO ENHANCE CUSTOMER SERVICE **LINKING THE FUTURE** STRONGER  
LEADING TECHNOLOGY LEADING TECHNOLOGY  
WORLDWIDE LEADER IN RENEWABLE ENERGY  
**EXTENDED PRODUCT OFFERING IN OGP AND IN**



- **H1 2015 Highlights**
  - **Group overview**
  - Results by business
  - Outlook
  
- Financial results
  
- Appendix

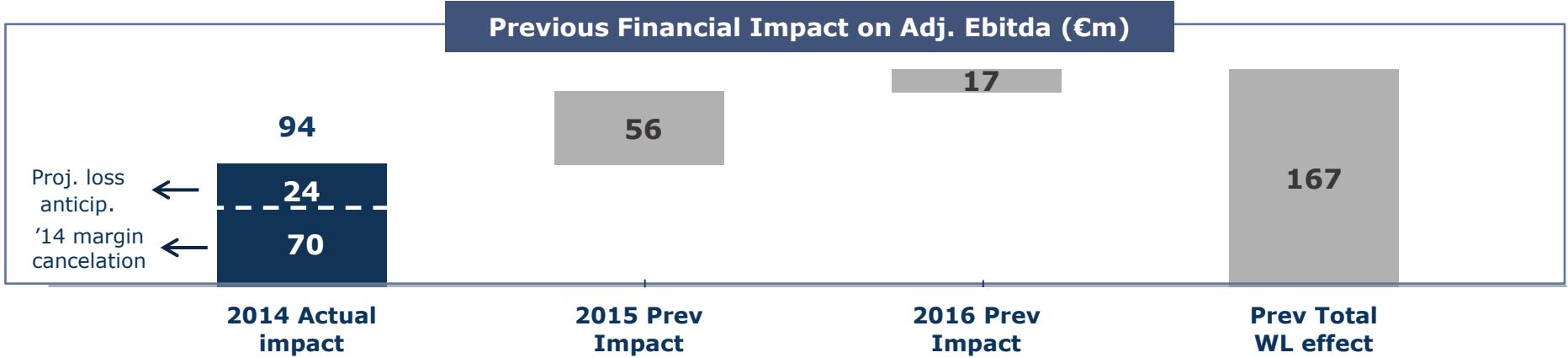
# H1 2015 Highlights

- H1 **organic growth** excl. WL impact **at 7.0%** (7.6% incl. WL impact) enhanced by a 8.0% Q2 organic growth (9.1% incl. WL impact)
- **Adj. EBITDA at € 315m excl. WL** (8.3% of sales; € 314m incl. WL at 8.4% of sales) driven by:
  - Continued solid growth in the Projects (+17.4% organically excl. WL; +21.7% incl. WL) and in Telecom business (+13.1% organically)
  - Consolidation of recovery in the E&I business in selected countries
  - Weak performance in Oil & Gas and Automotive businesses
- **Reduced negative impact** from Western Link project
- **NFP at € 979m** better than expected  
New Euro Bond transaction further strenghtens the Group's financial structure
- Award of the NSN Link (Norway-UK) project, the longest HVDC subsea cable interconnection ever awarded, worth around € 550 millions for Prysmian
- Inclusion in the FTSE4Good Global Index

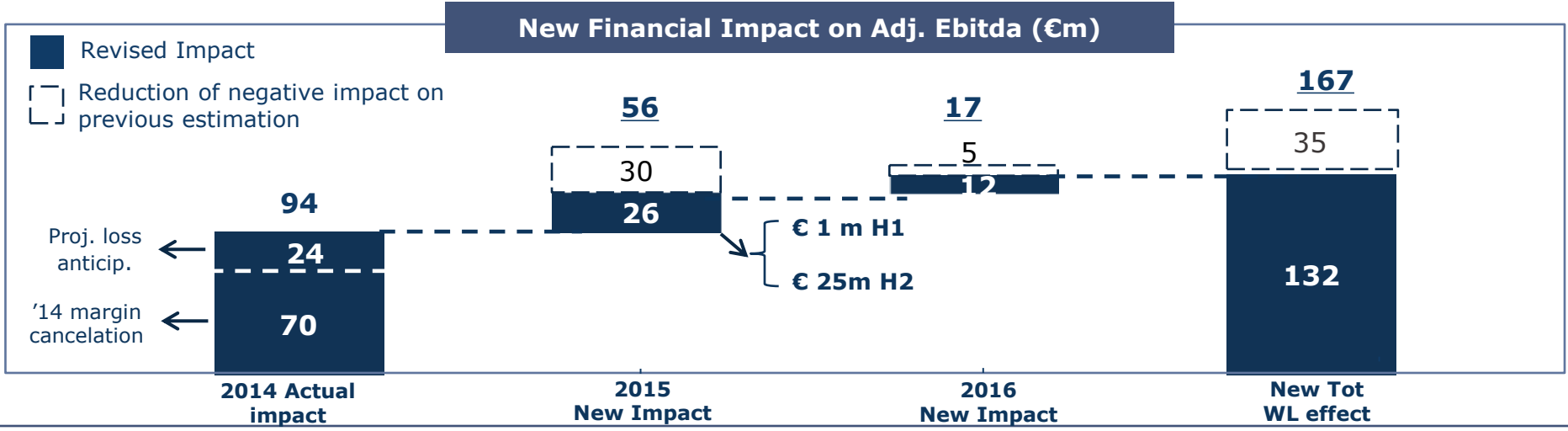


# Western Link effect: new financial impact 2015-2016

Euro 35 Millions project's result improvement



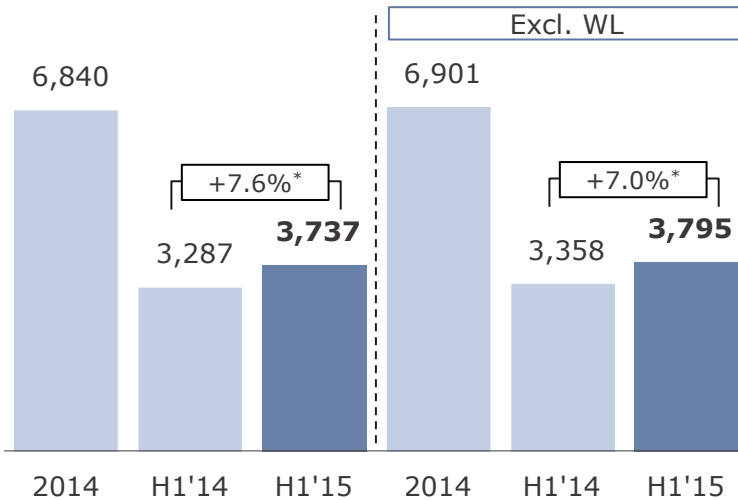
- ### Highlights and Actions
- Improved efficiency of the manufacturing process
  - Project execution accelerated thanks to recovery of full capacity
  - Enhanced warranty and extended project timing agreed between the parties



# H1 2015 Key Financials

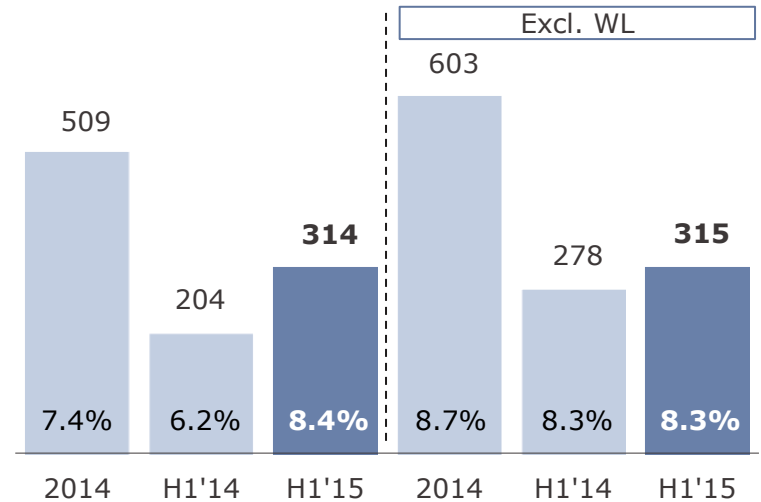
Euro Millions, % on Sales

## Sales

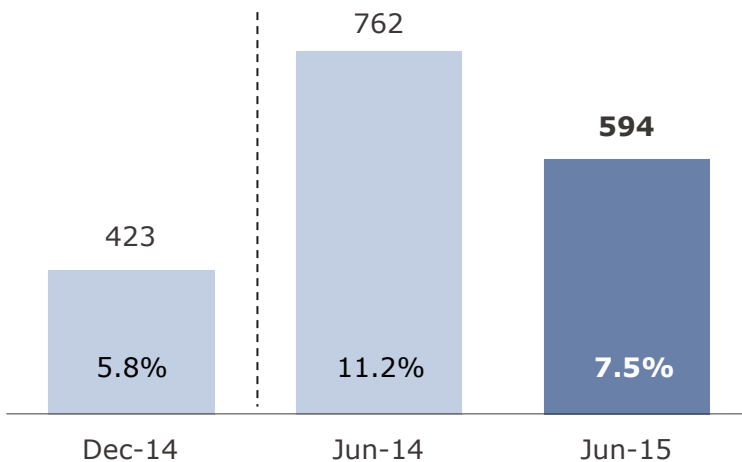


\* Org. Growth

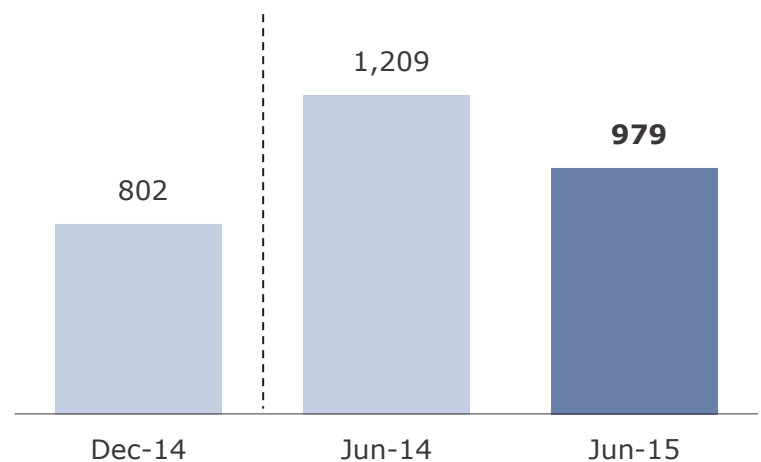
## Adjusted EBITDA <sup>(1)</sup>



## Operative Net Working Capital <sup>(2)</sup>



## Net Financial Position

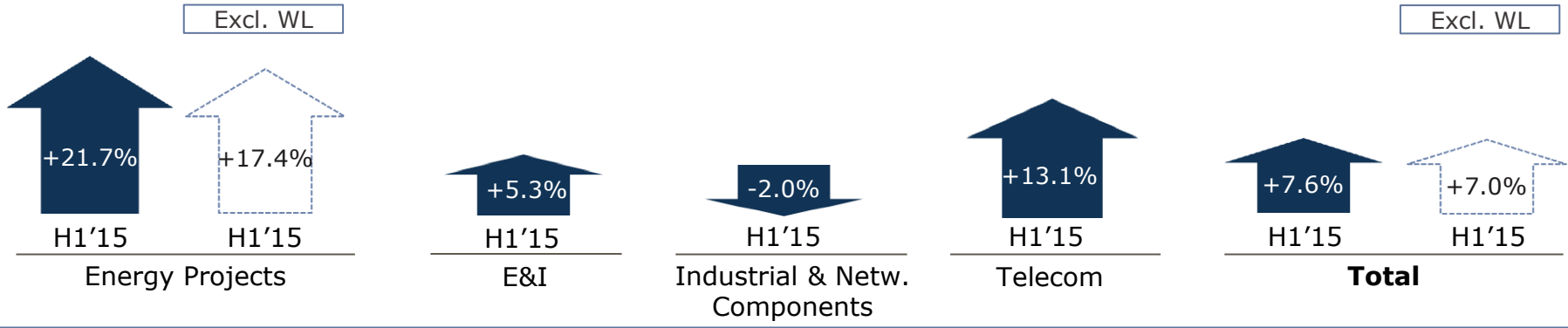


(1) Adjusted excluding non-recurring income/expenses; (2) Defined as NWC excluding derivatives; % on sales is defined as Operative NWC on annualized last quarter sales

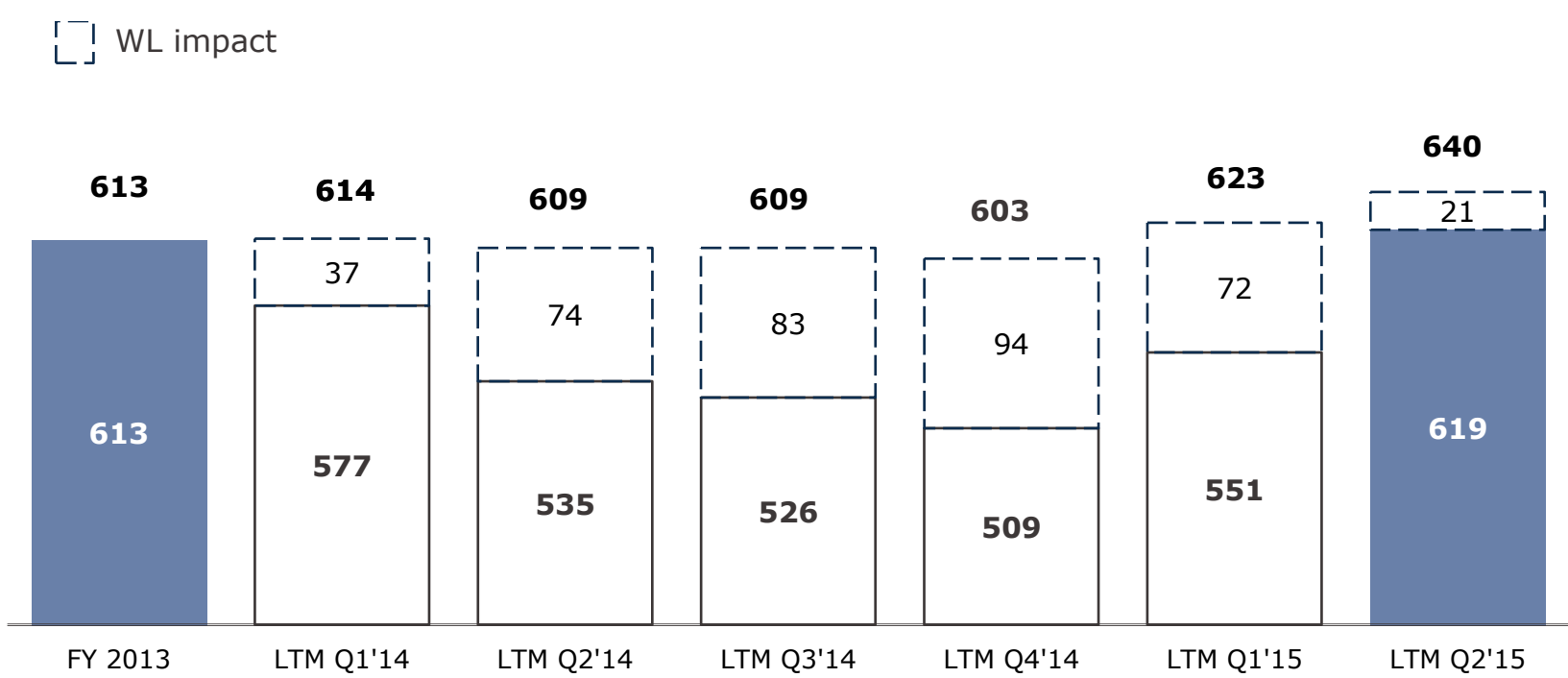
# H1 Organic Growth by business and LTM Adj. EBITDA evolution

Profitability increase driven by Energy Projects, Telecom & E&I. Forex impact still positive

Organic Growth %



LTM Adj. EBITDA (€ million)

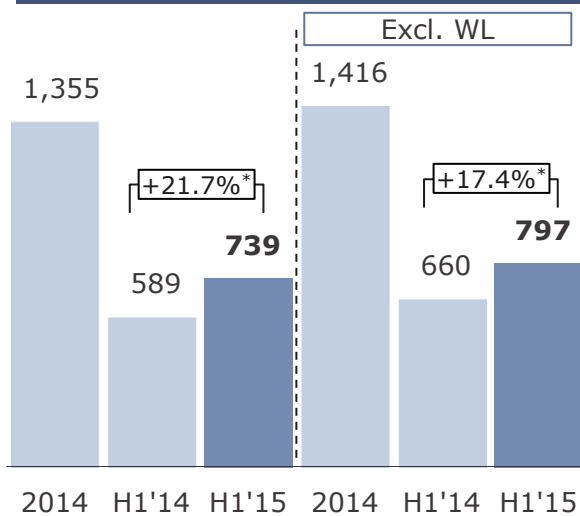


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# Energy Projects

Euro Millions, % on Sales

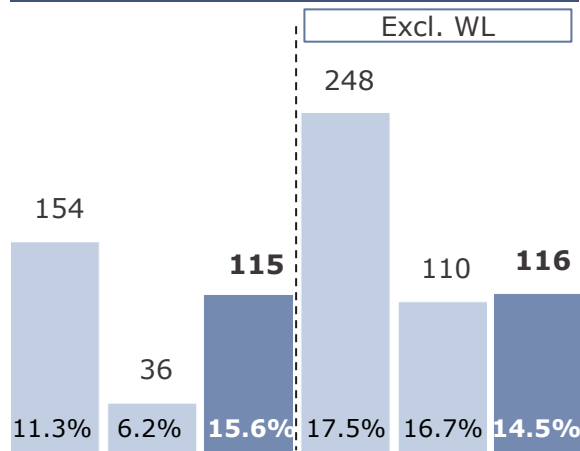
## Sales



2014 H1'14 H1'15 2014 H1'14 H1'15

\* Org. Growth

## Adj. EBITDA



2014 H1'14 H1'15 2014 H1'14 H1'15

## Highlights

### Submarine

- Market remains solid in Europe, mainly driven by Interconnections projects.
- Order book at peak levels.
- Recovery of the WL project ahead of expectations:
  - Improved efficiency of the manufacturing process
  - Project execution accelerated thanks to recovery of full capacity
  - Enhanced warranty and extended project timing agreed between the parties

### Underground High Voltage

- H1 performance in line with previous year: positive results in the UK, opposed to some weakness in France, Italy and the Nordics. Positive trend in China.

### SURF

- Positive contribution from the Umbilicals business (Brazil) and continued growth of DHT (North America and outside), despite oil price decline, due to the execution of long term projects

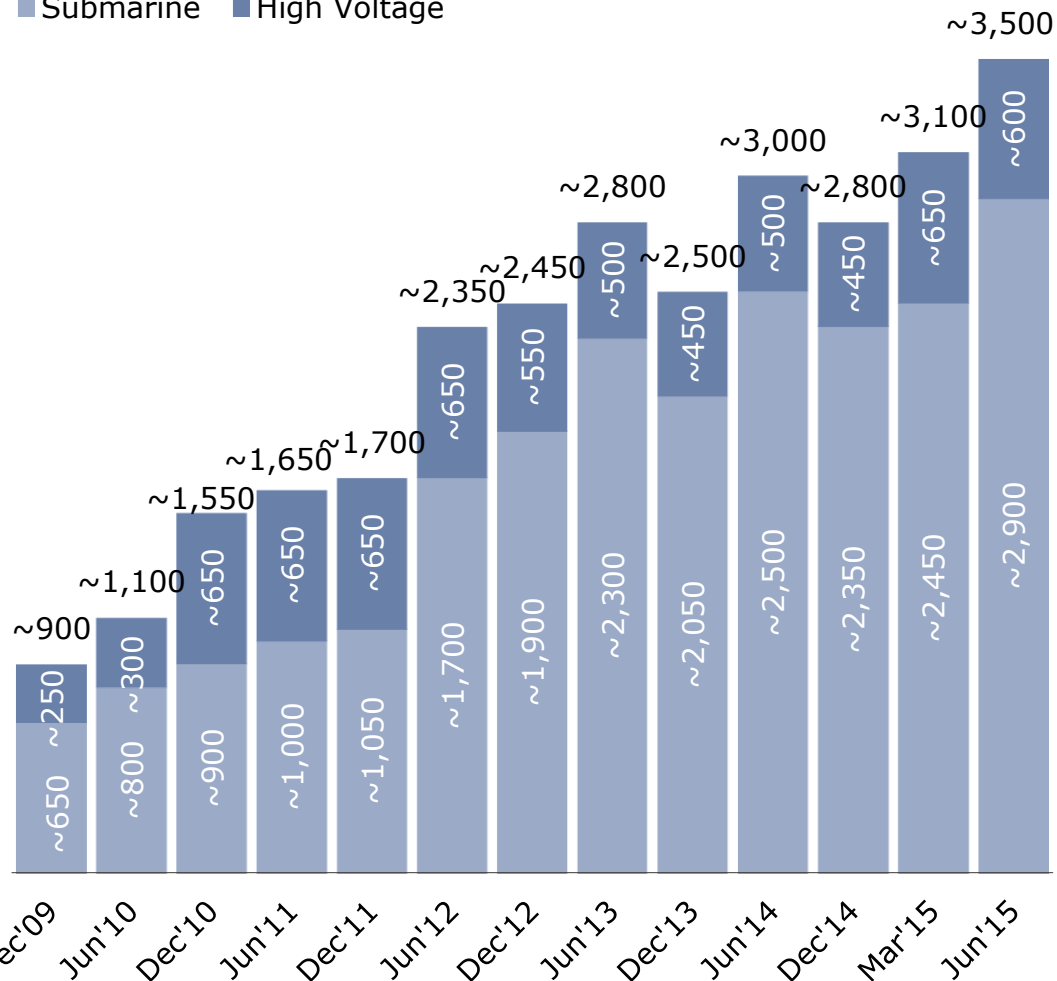


# Transmission backlog at peak level

Strong tendering activity in H1

## Transmission – Orders Backlog (€m)

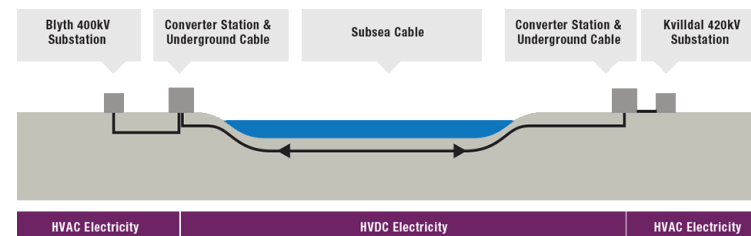
■ Submarine ■ High Voltage



## Major transmission projects awarded in H1

- Kuwait, underground € 50m
- Italy-France, underground € 200m
- 50 Hertz option (GER), submarine € 230m
- NSN Link (Norway-UK), submarine € 550m

## Focus on NSN Link (Norway-UK)

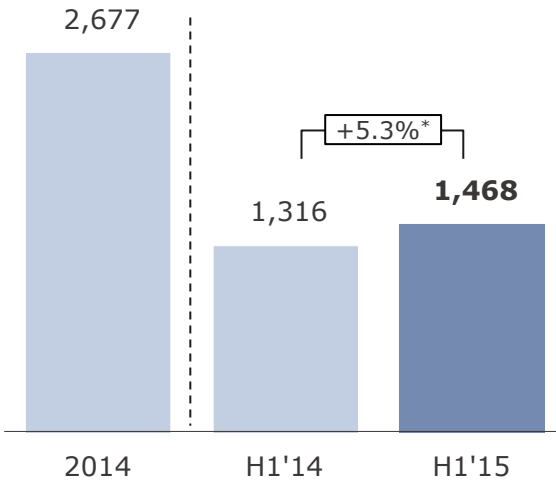


- Approx. 740 km of cable route in land and sea, using an HVDC mass impregnating paper insulation cable operating at a  $\pm 515$  kV
- Total project value (cables) just below € 0.9bn, of which Prysmian's share approx. € 550m
- Customers: Statnett SF and National Grid plc

# Energy & Infrastructure

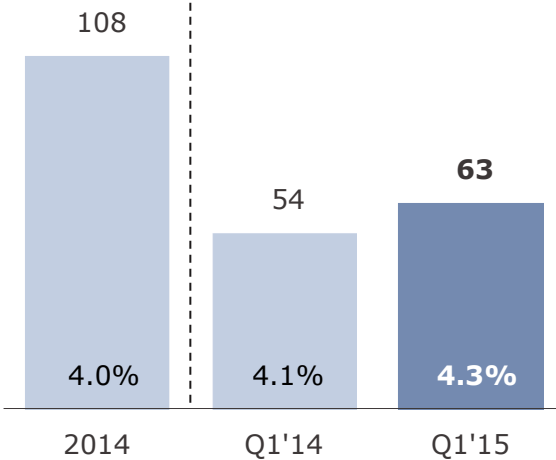
Euro Millions, % on Sales

## Sales



\* Org. Growth

## Adj. EBITDA



## Highlights

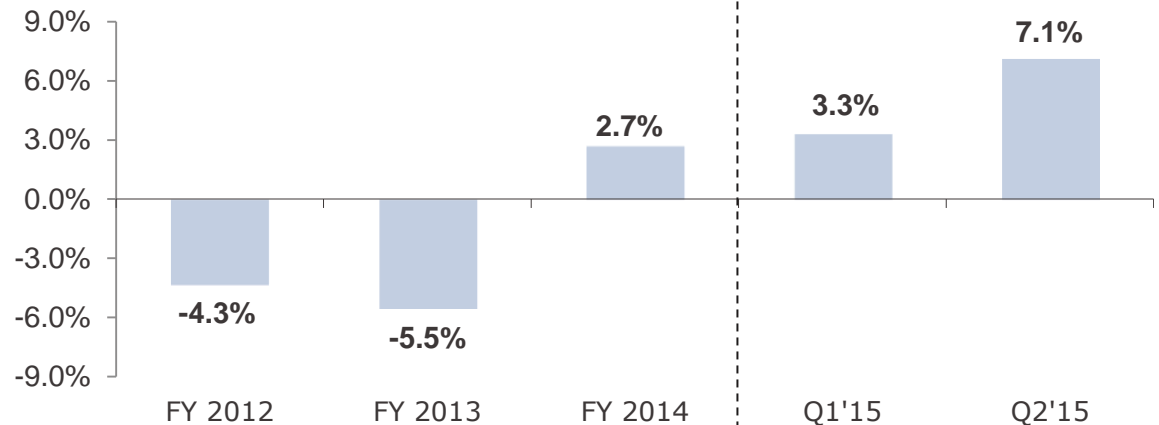
### Trade & Installers

- Low single digit organic growth supported by positive trends in some European countries (Spain, UK and Eastern Europe) and robust orders for wind farm in N.A.
- Price pressure in Brazil

### Power Distribution

- Stronger than expected organic growth driven by good volume recovery in the Nordics, Germany and Argentina.
- Prices in line with previous quarters

## E&I Organic Growths\*

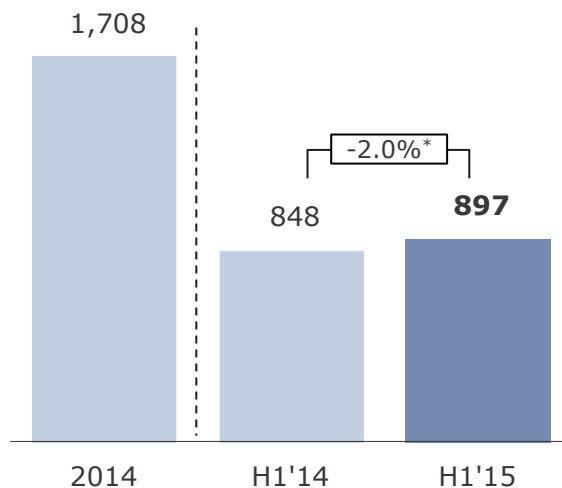


\*% change on previous year period

# Industrial & Network Components

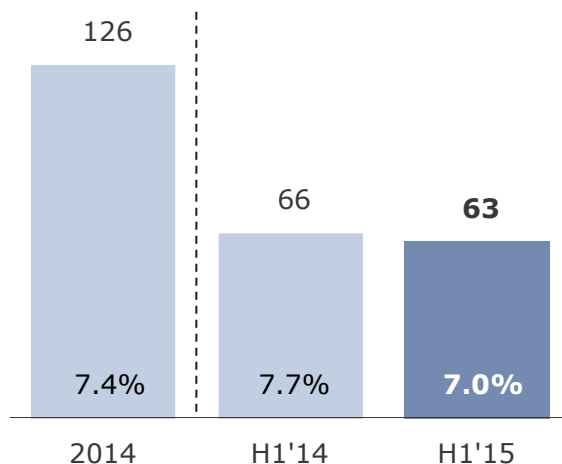
Euro Millions, % on Sales

## Sales



\* Org. Growth

## Adj. EBITDA



## Highlights

### Specialties & OEMs

- Overall positive organic growth in H1
- Positive performance in APAC and in Europe, mainly driven by Nuclear (France) and Railway.

### Oil & Gas

- Continued weakness of the MRO business. The projects business (>75% of sales) starting to reflect the effects of the weak oil price environment.

### Elevator

- Good improvement in all the geographies (US, Europe and APAC)

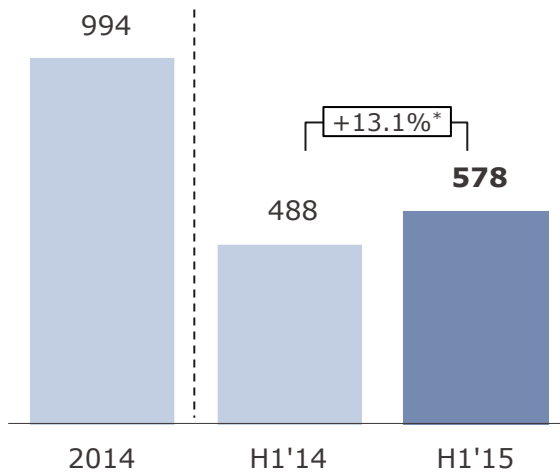
### Automotive

- Strong competition on standard products also from Harness Makers still affecting the performance of the business.

### Network Components

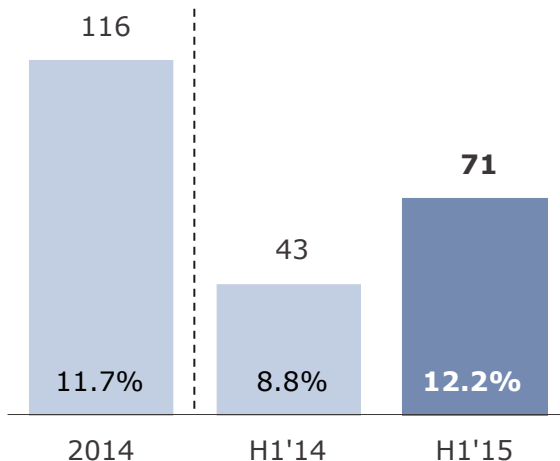
- Weak demand of the European HV (NL) affected the first half growth of the business. Positive performance in China.

## Sales



\* Org. Growth

## Adj. EBITDA



## Highlights

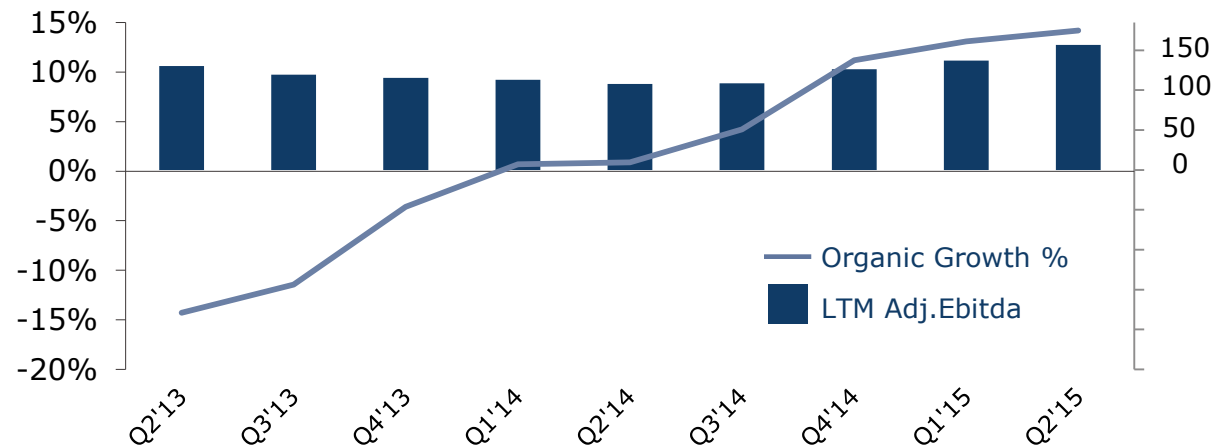
### Optical, Connectivity & Fiber

- Strong organic growth in almost all geographies thanks to FTTH/FTTA national plans and backhaul investments, with prices stable vs. previous year.
- Sound demand in the US, Europe (mainly France, Italy and the UK) and Australia (NBN project expected to temporarily slow down in the second half). Latam (Brazil) still below expectations.
- The fiber cost reduction plan is delivering the expected results

### Multimedia & Specials

- Solid growth trend in APAC and Brazil. Europe stable on previous year.

## Quarter organic growth\* and LTM Adj. Ebitda evolution

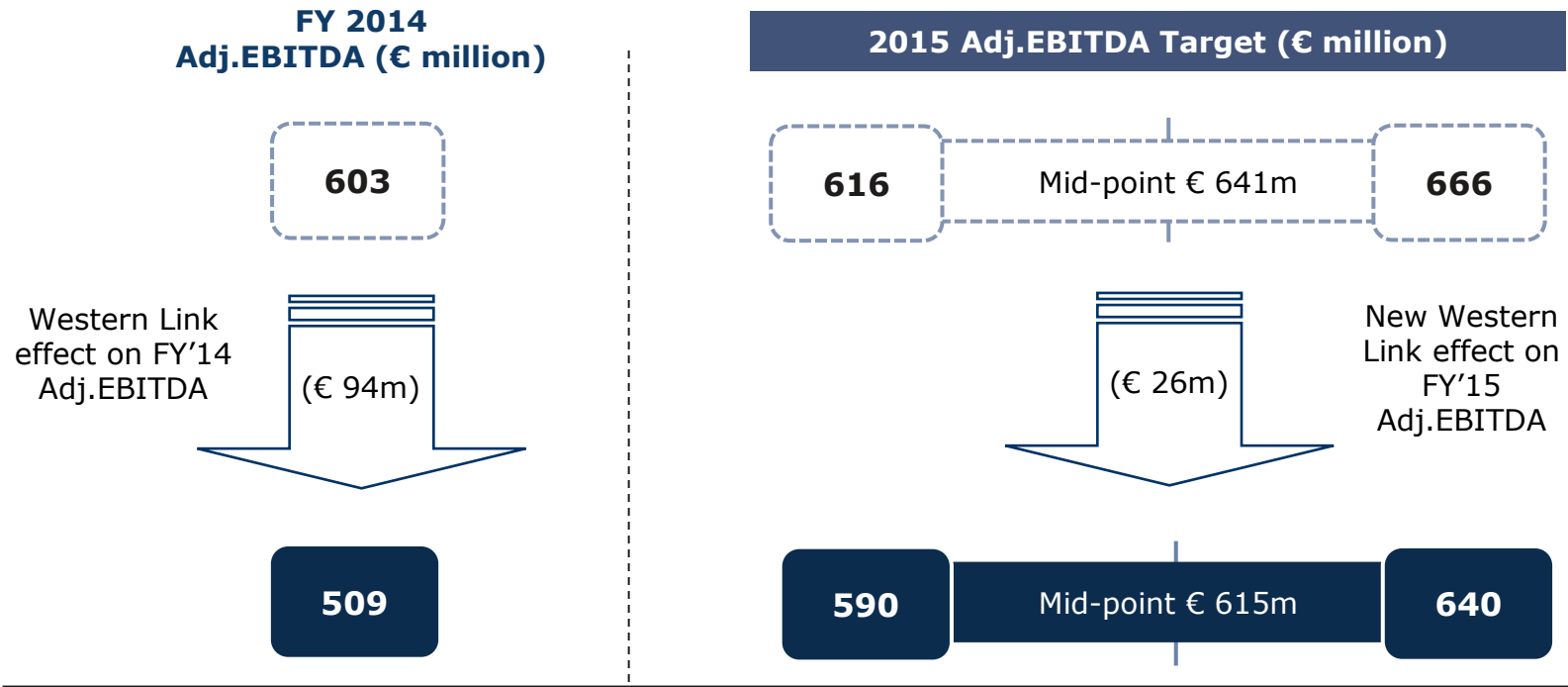


\* % change vs. same quarter of previous year

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# FY 2015 Outlook

New guidance for 2015



Assuming current business trends and fx,

the target is to reach the upper part of the guidance range

- Q1 2015 Highlights
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# Profit and Loss Statement

Euro Millions

	H1 2015	H1 2014	WL effect H1'15 vs. H1'14
<b>Sales</b>	<b>3,737</b>	<b>3,287</b>	<b>13</b>
<i>YoY total growth</i>	13.7%		
<i>YoY organic growth</i>	7.6%		
<i>YoY organic growth excl. WL</i>	7.0%		
<b>Adj.EBITDA</b>	<b>314</b>	<b>204</b>	<b>73</b>
<i>% on sales</i>	8.4%	6.2%	
<b>Adj.EBITDA excl. WL</b>	<b>315</b>	<b>278</b>	<b>-</b>
<i>% on sales</i>	8.3%	8.3%	
Non recurring items	(53)	40	-
<b>EBITDA</b>	<b>261</b>	<b>244</b>	<b>73</b>
<i>% on sales</i>	7.0%	7.4%	
<b>Adj.EBIT</b>	<b>242</b>	<b>133</b>	<b>73</b>
<i>% on sales</i>	6.5%	4.0%	
Non recurring items	(53)	40	-
Special items	(16)	3	-
<b>EBIT</b>	<b>173</b>	<b>176</b>	<b>73</b>
<i>% on sales</i>	4.6%	5.4%	
Financial charges	(53)	(74)	-
<b>EBT</b>	<b>120</b>	<b>102</b>	<b>73</b>
<i>% on sales</i>	3.2%	3.1%	
Taxes	(42)	(22)	(22)
<i>% on EBT</i>	35.0%	21.6%	
<b>Net income</b>	<b>78</b>	<b>80</b>	<b>51</b>
<i>% on sales</i>	2.1%	2.4%	
<b>Net income excl. WL</b>	<b>79</b>	<b>132</b>	<b>-</b>
<i>% on sales</i>	2.1%	3.9%	

(1) in H1'15  
(74) in H1'14

(1) in H1'15  
(52) in H1'14



# Non Recurring and Special Items on EBIT

Euro Millions

	H1 2015	H1 2014
Antitrust	(20)	32
Restructuring	(33)	(7)
Price adjustments	-	22
Other	-	(7)
<b>EBITDA adjustments</b>	<b>(53)</b>	<b>40</b>
Special items	(16)	3
<i>Gain/(loss) on metal derivatives</i>	(1)	6
<i>Assets impairment</i>	(7)	-
<i>Other</i>	(8)	(3)
<b>EBIT adjustments</b>	<b>(69)</b>	<b>43</b>

# Financial Charges

Euro Millions

	H1 2015	H1 2014
<b>Net interest expenses</b>	<b>(40)</b>	<b>(42)</b>
<i>of which non-cash conv.bond interest exp.</i>	<i>(4)</i>	<i>(4)</i>
Bank fees amortization	(2)	(4)
Gain/(loss) on exchange rates	(16)	(4)
Gain/(loss) on derivatives <sup>1)</sup>	8	(15)
Non recurring effects	(3)	(9)
<b>Net financial charges</b>	<b>(53)</b>	<b>(74)</b>

1) Includes currency and interest rate derivatives

# Statement of financial position (Balance Sheet)

Euro Millions

	30 Jun 2015	30 Jun 2014	31 Dec 2014
Net fixed assets	2,268	2,232	2,219
<i>of which: intangible assets</i>	555	587	561
<i>of which: property, plants &amp; equipment</i>	1,447	1,415	1,414
Net working capital	580	751	407
<i>of which: derivatives assets/(liabilities)</i>	(14)	(11)	(16)
<i>of which: Operative Net working capital</i>	594	762	423
Provisions & deferred taxes	(294)	(268)	(281)
<b>Net Capital Employed</b>	<b>2,554</b>	<b>2,715</b>	<b>2,345</b>
Employee provisions	362	329	360
Shareholders' equity	1,213	1,177	1,183
<i>of which: attributable to minority interest</i>	33	35	33
Net financial position	979	1,209	802
<b>Total Financing and Equity</b>	<b>2,554</b>	<b>2,715</b>	<b>2,345</b>

# Cash Flow

Euro Millions

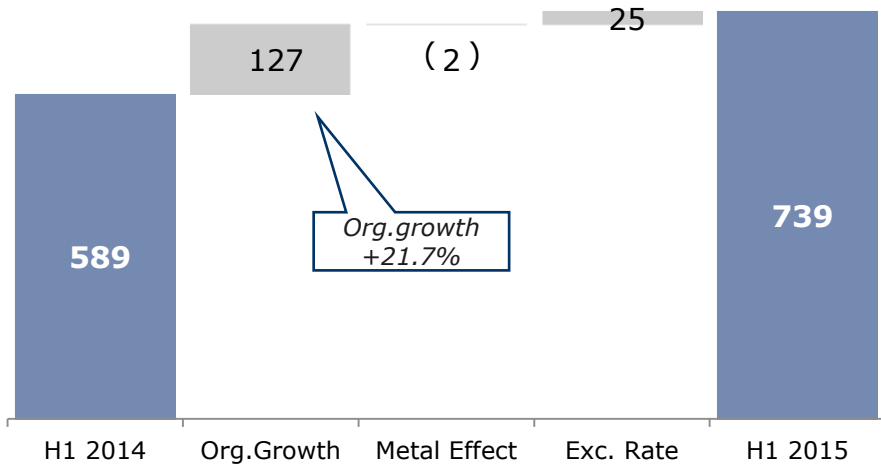
	H1 2015	H1 2014	FY 2014
<b>Adj.EBITDA</b>	<b>314</b>	<b>204</b>	<b>509</b>
Non recurring items	(53)	40	(13)
<b>EBITDA</b>	<b>261</b>	<b>244</b>	<b>496</b>
Net Change in provisions & others	8	(75)	(53)
Share of income from investments in op.activities	(18)	(15)	(43)
<b>Cash Flow from operations (bef. WC changes)</b>	<b>251</b>	<b>154</b>	<b>400</b>
Working Capital changes	(198)	(341)	(1)
Dividends received	11	8	36
Paid Income Taxes	(25)	(29)	(72)
<b>Cash flow from operations</b>	<b>39</b>	<b>(208)</b>	<b>363</b>
Acquisitions	-	15	9
Net Operative CAPEX	(72)	(69)	(155)
<b>Free Cash Flow (unlevered)</b>	<b>(33)</b>	<b>(262)</b>	<b>217</b>
Financial charges	(64)	(54)	(110)
<b>Free Cash Flow (levered)</b>	<b>(97)</b>	<b>(316)</b>	<b>107</b>
<b>Free Cash Flow (levered) excl. acquisitions</b>	<b>(97)</b>	<b>(331)</b>	<b>98</b>
Dividends	(91)	(90)	(90)
Treasury shares buy-back & other equity movements	2	-	(20)
<b>Net Cash Flow</b>	<b>(186)</b>	<b>(406)</b>	<b>(3)</b>
<b>NFP beginning of the period</b>	<b>(802)</b>	<b>(805)</b>	<b>(805)</b>
Net cash flow	(186)	(406)	(3)
Other variations	9	2	6
<b>NFP end of the period</b>	<b>(979)</b>	<b>(1,209)</b>	<b>(802)</b>

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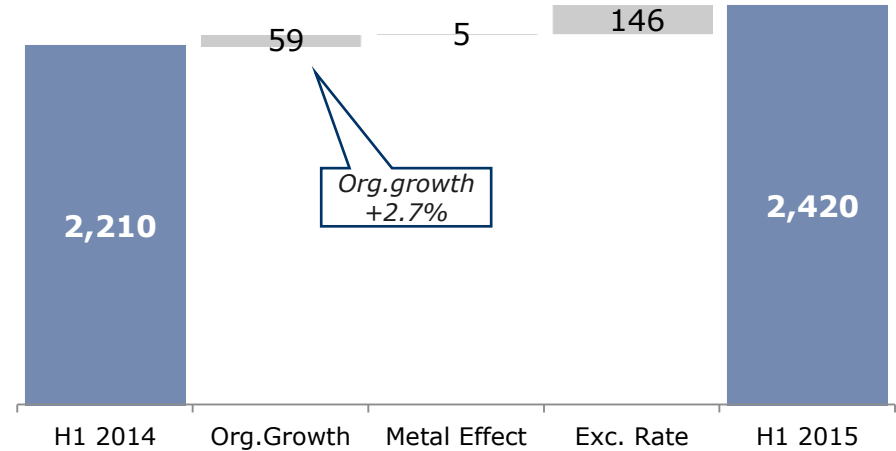
# Bridge Consolidated Sales

Euro Millions

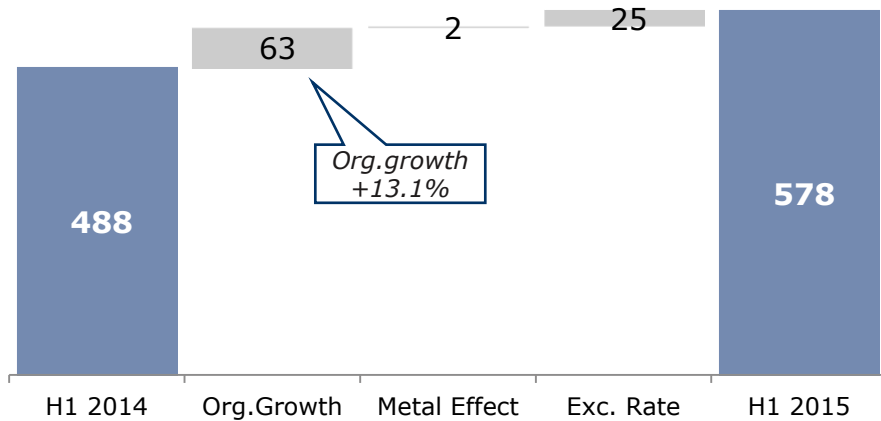
## Energy Projects



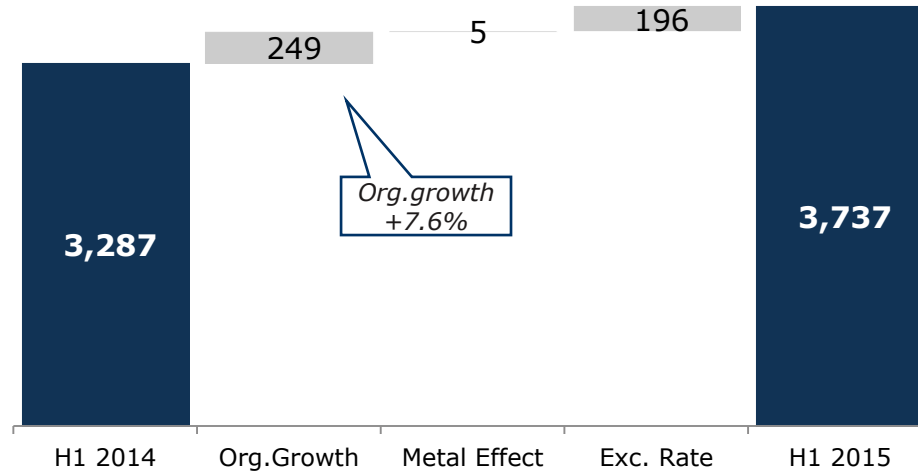
## Energy Products



## Telecom



## Total Consolidated



# Profit and Loss Statement

Euro Millions

	H1 2015 excl. WL submarine project effect	H1 2015 WL submarine project effect	H1 2015	H1 2014 excl. WL submarine project effect	H1 2014 WL submarine project effect	H1 2014
<b>Sales</b>	<b>3,795</b>	<b>(58)</b>	<b>3,737</b>	<b>3,358</b>	<b>(71)</b>	<b>3,287</b>
<i>YoY total growth</i>	13.0%		13.7%			
<i>YoY organic growth</i>	7.0%		7.6%			
<b>Adj.EBITDA</b>	<b>315</b>	<b>(1)</b>	<b>314</b>	<b>278</b>	<b>(74)</b>	<b>204</b>
<i>% on sales</i>	8.3%		8.4%	8.3%		6.2%
Non recurring items	(53)	-	(53)	40	-	40
<b>EBITDA</b>	<b>262</b>	<b>(1)</b>	<b>261</b>	<b>318</b>	<b>(74)</b>	<b>244</b>
<i>% on sales</i>	6.9%		7.0%	9.5%		7.4%
<b>Adj.EBIT</b>	<b>243</b>	<b>(1)</b>	<b>242</b>	<b>207</b>	<b>(74)</b>	<b>133</b>
<i>% on sales</i>	6.4%		6.5%	6.2%		4.0%
Non recurring items	(53)	-	(53)	40	-	40
Special items	(16)	-	(16)	3	-	3
<b>EBIT</b>	<b>174</b>	<b>(1)</b>	<b>173</b>	<b>250</b>	<b>(74)</b>	<b>176</b>
<i>% on sales</i>	4.6%		4.6%	7.4%		5.4%
Financial charges	(53)	-	(53)	(74)	-	(74)
<b>EBT</b>	<b>121</b>	<b>(1)</b>	<b>120</b>	<b>176</b>	<b>(74)</b>	<b>102</b>
<i>% on sales</i>	3.2%		3.2%	5.2%		3.1%
Taxes	(42)	-	(42)	(44)	22	(22)
<i>% on EBT</i>	34.8%		35.0%	25.0%		21.6%
<b>Net income</b>	<b>79</b>	<b>(1)</b>	<b>78</b>	<b>132</b>	<b>(52)</b>	<b>80</b>
<i>% on sales</i>	2.1%		2.1%	3.9%		2.4%

# Energy Projects Segment – Profit and Loss Statement

Euro Millions

	H1 2015 excl. WL submarine project effect	H1 2015 WL submarine project effect	H1 2015	H1 2014 excl. WL submarine project effect	H1 2014 WL submarine project effect	H1 2014
<b>Sales to Third Parties</b>	<b>797</b>	<b>(58)</b>	<b>739</b>	<b>660</b>	<b>(71)</b>	<b>589</b>
<i>YoY total growth</i>	20.9%		25.6%			
<i>YoY organic growth</i>	17.4%		21.7%			
<b>Adj. EBITDA</b>	<b>116</b>	<b>(1)</b>	<b>115</b>	<b>110</b>	<b>(74)</b>	<b>36</b>
<i>% on sales</i>	14.5%		15.6%	16.7%		6.2%
<b>Adj. EBIT</b>	<b>96</b>	<b>(1)</b>	<b>96</b>	<b>90</b>	<b>(74)</b>	<b>16</b>
<i>% on sales</i>	12.1%		13.0%	13.7%		2.8%



# Energy Products Segment – Profit and Loss Statement

Euro Millions

		H1 2015	H1 2014
Sales to Third Parties	<b>E&amp;I</b>	<b>1,468</b>	<b>1,316</b>
	<i>YoY total growth</i>	11.6%	
	<i>YoY organic growth</i>	5.3%	
	<b>Industrial &amp; Netw. Comp.</b>	<b>897</b>	<b>848</b>
	<i>YoY total growth</i>	5.7%	
	<i>YoY organic growth</i>	(2.0%)	
	<b>Other</b>	<b>55</b>	<b>46</b>
<i>YoY total growth</i>	19.0%		
<i>YoY organic growth</i>	14.0%		
	<b>ENERGY PRODUCTS</b>	<b>2,420</b>	<b>2,210</b>
	<i>YoY total growth</i>	9.5%	
	<i>YoY organic growth</i>	2.7%	
Adj. EBITDA	<b>E&amp;I</b>	<b>63</b>	<b>54</b>
	<i>% on sales</i>	4.3%	4.1%
	<b>Industrial &amp; Netw. Comp.</b>	<b>63</b>	<b>66</b>
	<i>% on sales</i>	7.1%	7.7%
	<b>Other</b>	<b>2</b>	<b>5</b>
<i>% on sales</i>	3.2%	10.9%	
	<b>ENERGY PRODUCTS</b>	<b>128</b>	<b>125</b>
	<i>% on sales</i>	5.3%	5.6%
Adj. EBIT	<b>E&amp;I</b>	<b>46</b>	<b>38</b>
	<i>% on sales</i>	3.1%	2.9%
	<b>Industrial &amp; Netw. Comp.</b>	<b>50</b>	<b>54</b>
	<i>% on sales</i>	5.6%	6.3%
	<b>Other</b>	<b>1</b>	<b>3</b>
<i>% on sales</i>	1.3%	7.3%	
	<b>ENERGY PRODUCTS</b>	<b>97</b>	<b>95</b>
	<i>% on sales</i>	4.0%	4.3%

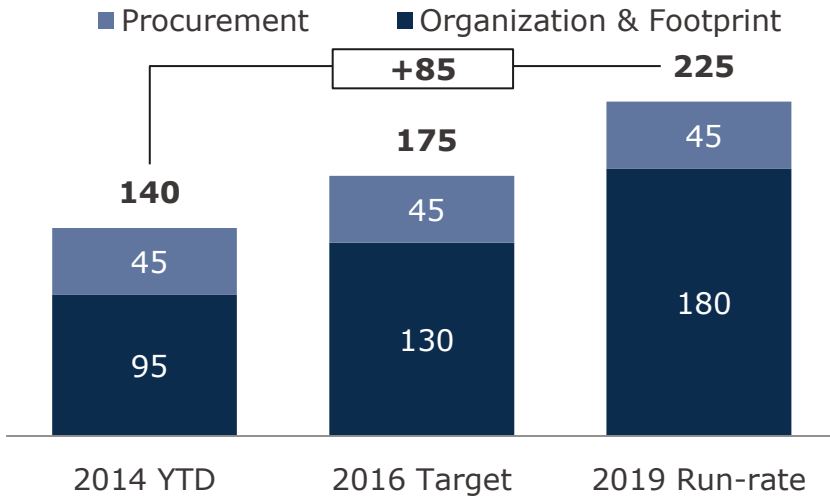
# Telecom Segment – Profit and Loss Statement

Euro Millions

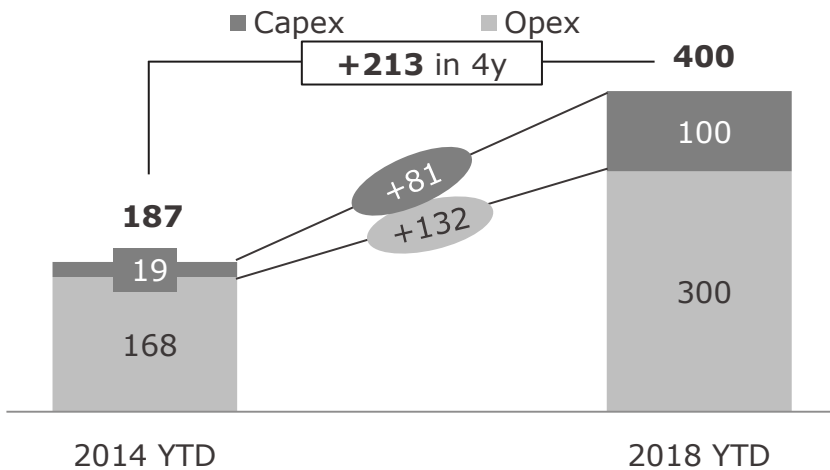
	H1 2015	H1 2014
<b>Sales to Third Parties</b>	<b>578</b>	<b>488</b>
<i>YoY total growth</i>	18.6%	
<i>YoY organic growth</i>	13.1%	
<hr/>		
<b>Adj. EBITDA</b>	<b>71</b>	<b>43</b>
<i>% on sales</i>	12.2%	8.8%
<hr/>		
<b>Adj. EBIT</b>	<b>49</b>	<b>22</b>
<i>% on sales</i>	8.5%	4.5%
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# Cost Efficiency plan

## Cumulated Cost Savings (€ million)



## Cumulated Costs (€ million)



Additional cash-in from disposals of land & building ~€ 30-40m

## Organization & Footprint



### □ Optimization of European organization & footprint

- ✓ Creation of Centers of Operational Excellence and Service Centers
- ✓ Regional scope and scale effectiveness
- ✓ Networking streamlining and lean structures
- ✓ Service performance and flexibility vs. market dynamics

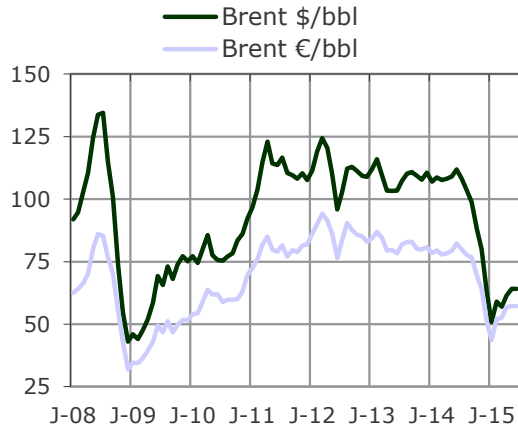
□ **€ 85 million** additional cost efficiencies by 2019

□ **€ 30-40 million** future cash-in from disposals of land & building

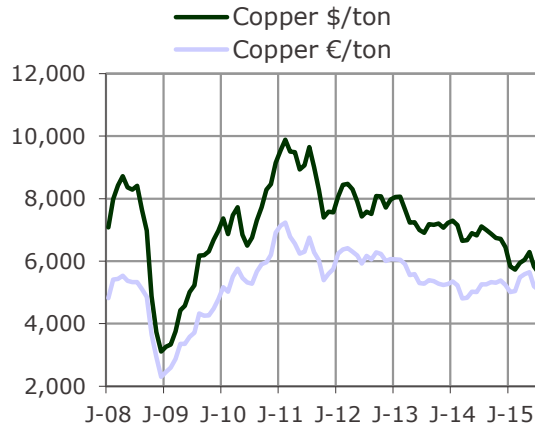
# Reference Scenario

## Commodities & Forex

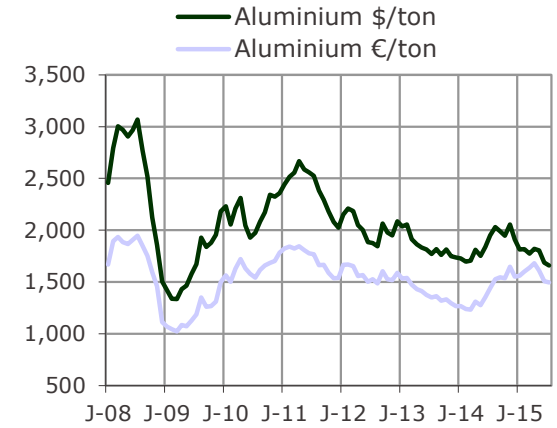
### Brent



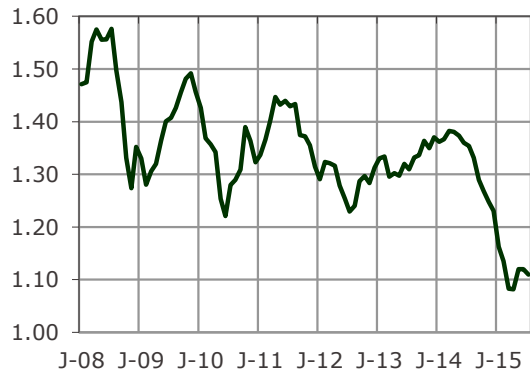
### Copper



### Aluminium



### EUR / USD



### EUR / GBP



### EUR / BRL



Based on monthly average data  
Source: Nasdaq OMX

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