



9M 2015 Financial Results

Milan – November 5th, 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



- **9M 2015 Highlights**
 - **Group overview**
 - Results by business
 - Outlook

- Financial results

- Appendix

- **9M organic growth** ex. WL impact **at 6.9%**. Solid Q3 (+6.6% organic growth ex. WL)
 - Continued strong growth in Energy Projects (+19.6% organically ex. WL)
 - Solid trend confirmed in Telecom (+10.3% org. growth) and E&I (+4.0%), despite softening in Q3
 - Stabilization of Industrial

- **9M 2015 Adj. EBITDA ex. WL at € 488m**, +€ 50m vs. 9M 2014
 - Strong contribution from Telecom, Energy Projects and E&I
 - Positive impact of currencies
 - Industrial & Network Components mainly impacted by weak Oil & Gas

- **NFP at € 955m** vs. € 1,292m at September 2014

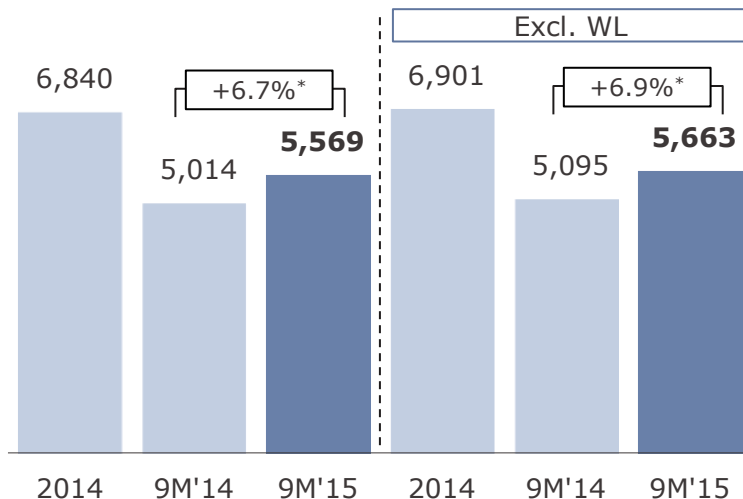
- Acquisition of US Company **Gulf Coast Downhole Technologies** completed

- Award of the first **submarine project in China**

9M 2015 Key Financials

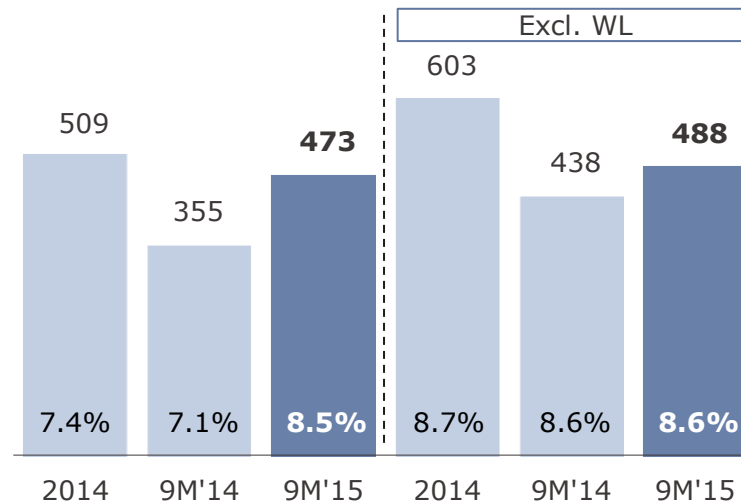
Euro Millions, % on Sales

Sales

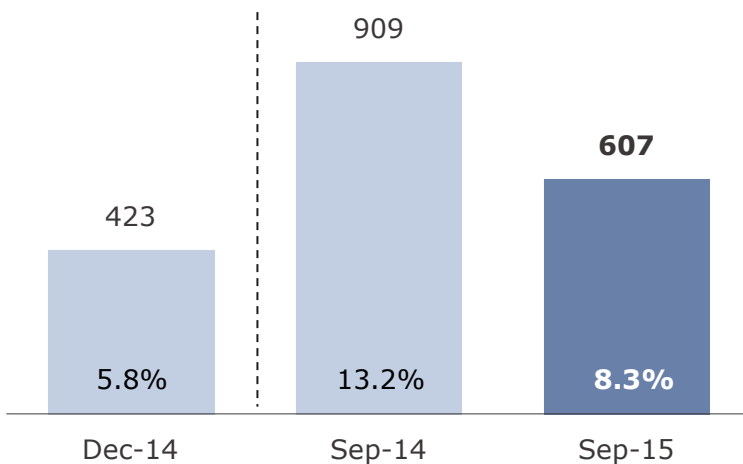


* Org. Growth

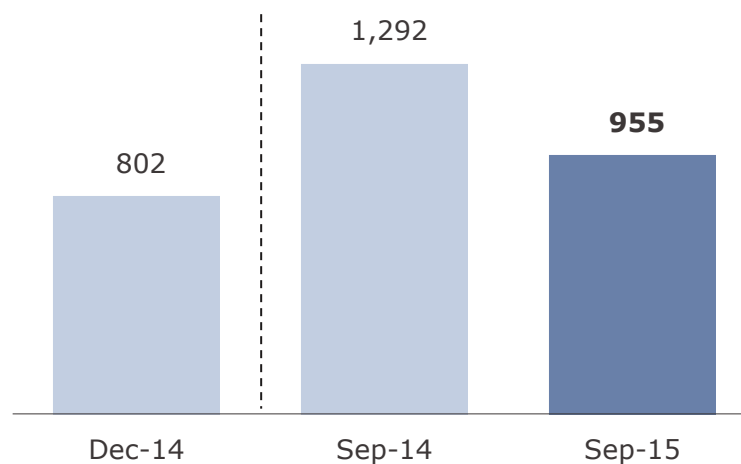
Adjusted EBITDA ⁽¹⁾



Operative Net Working Capital ⁽²⁾



Net Financial Position

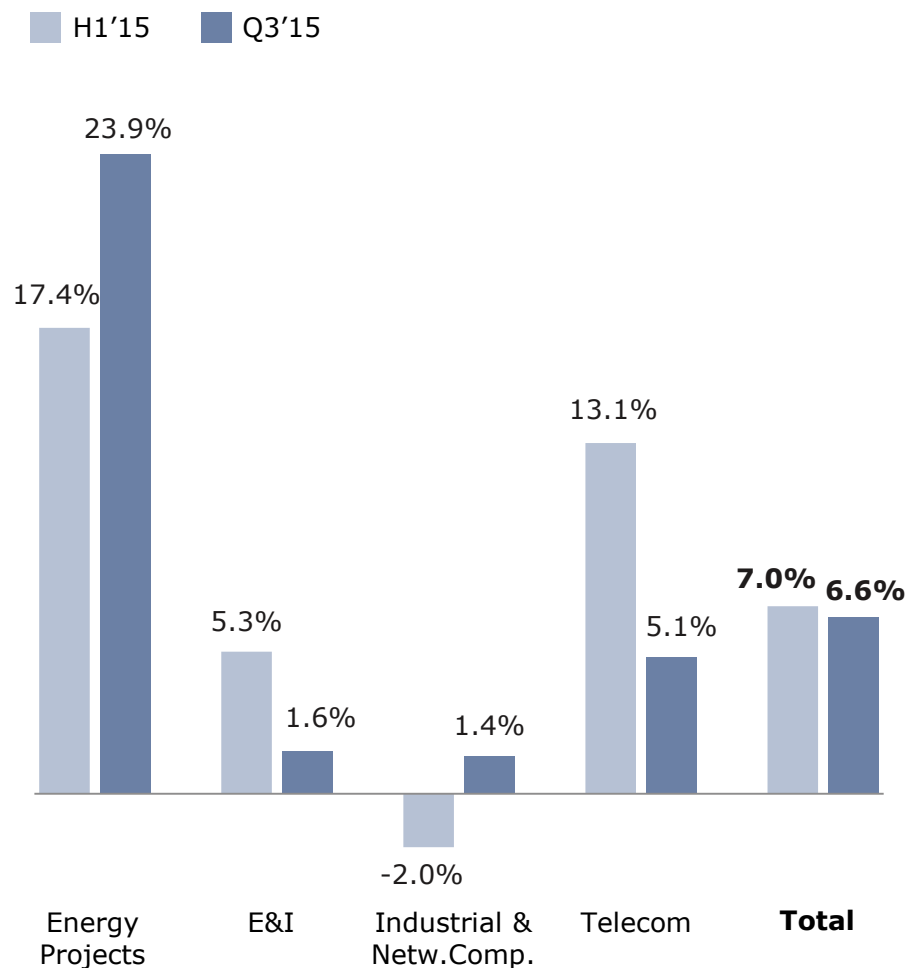


(1) Adjusted excluding non-recurring income/expenses; (2) Defined as NWC excluding derivatives; % on sales is defined as Operative NWC on annualized last quarter sales

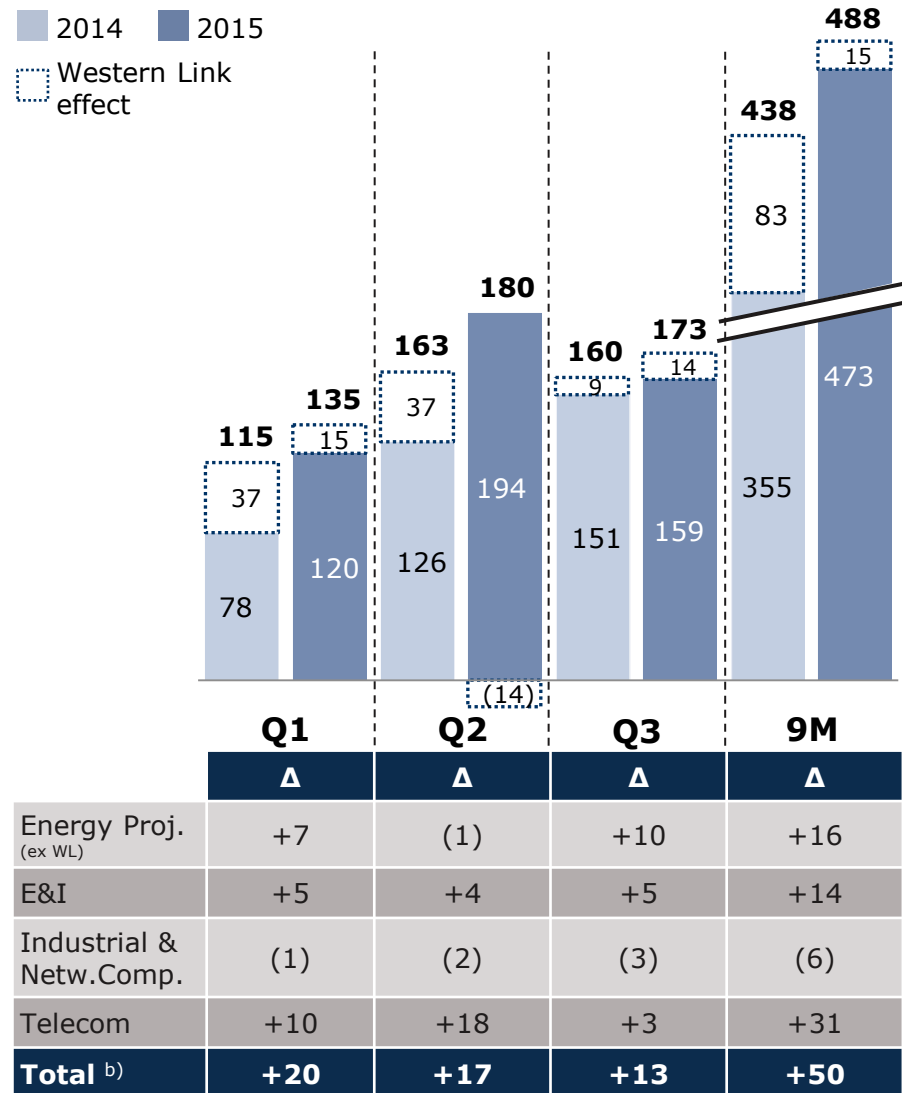
Continued organic growth and profitability improvement

Profitability increase driven by Energy Projects, Telecom & E&I

Organic Growth ^{a)} (% change)



Adj.EBITDA (€ M)



a) Org.growth excluding WL submarine project effect

b) Total includes Other Energy business: ΔQ1 (€1m), ΔQ2 (€2m), ΔQ3 (€2m), Δ9M (€5m)

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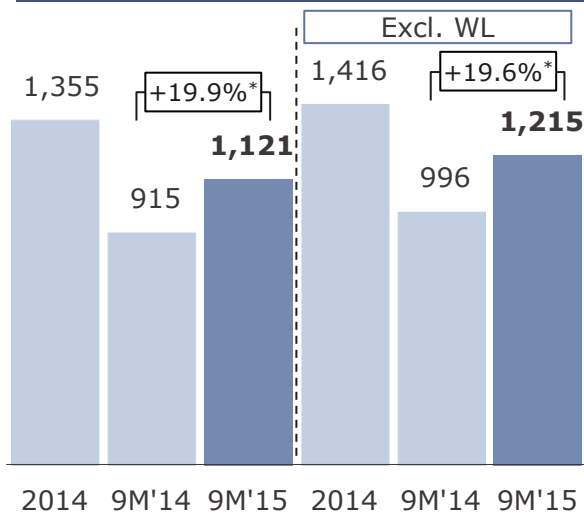
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Energy Projects

Euro Millions, % on Sales

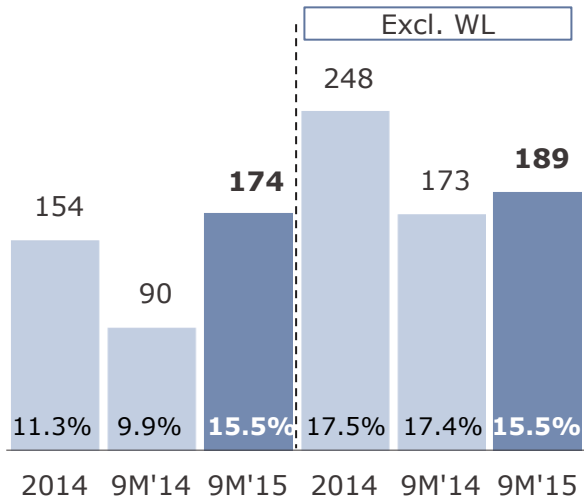
Sales



2014 9M'14 9M'15 2014 9M'14 9M'15

* Org. Growth

Adj. EBITDA



2014 9M'14 9M'15 2014 9M'14 9M'15

Highlights

Submarine

- Market remains solid in Europe, mainly driven by Interconnections projects. Off shore wind farms tenders in France and UK
- Order book remains close to peak levels, supported also by the recent award of the first submarine project in China
- WL production and installation on track

Underground High Voltage

- Performance substantially in line with previous year: stability in Europe and North America, positive trend in China and Middle East

SURF

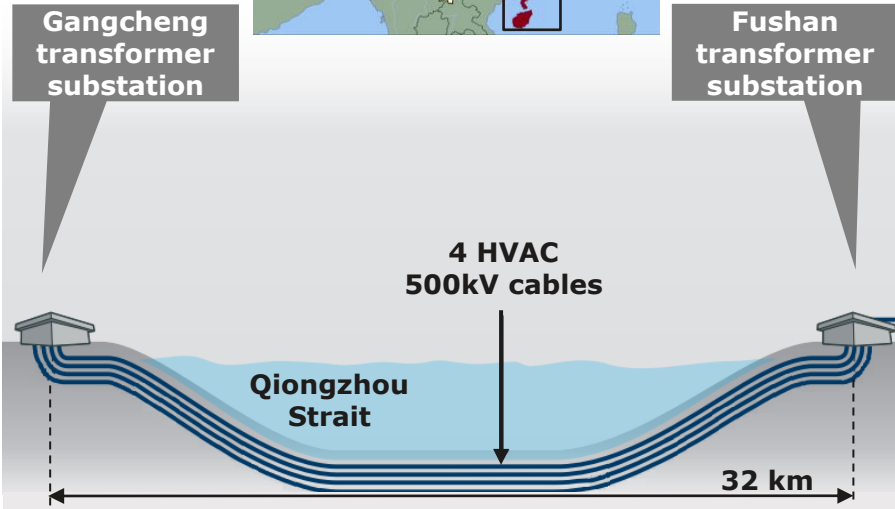
- Positive contribution from the Umbilicals business (Brazil). Stabilization of DHT thanks to a broad customer base and wide geographical presence
- Acquisition of GCDT to expand presence in DHT business and complement the product range. Consolidation starting from October 1, 2015

Focus on two milestones in Energy Projects strategy

Award of first submarine project in China and acquisition of GCDT in the US

Hainan-China mainland submarine interconnection

- The first submarine cable project in People's Republic of China for the Group



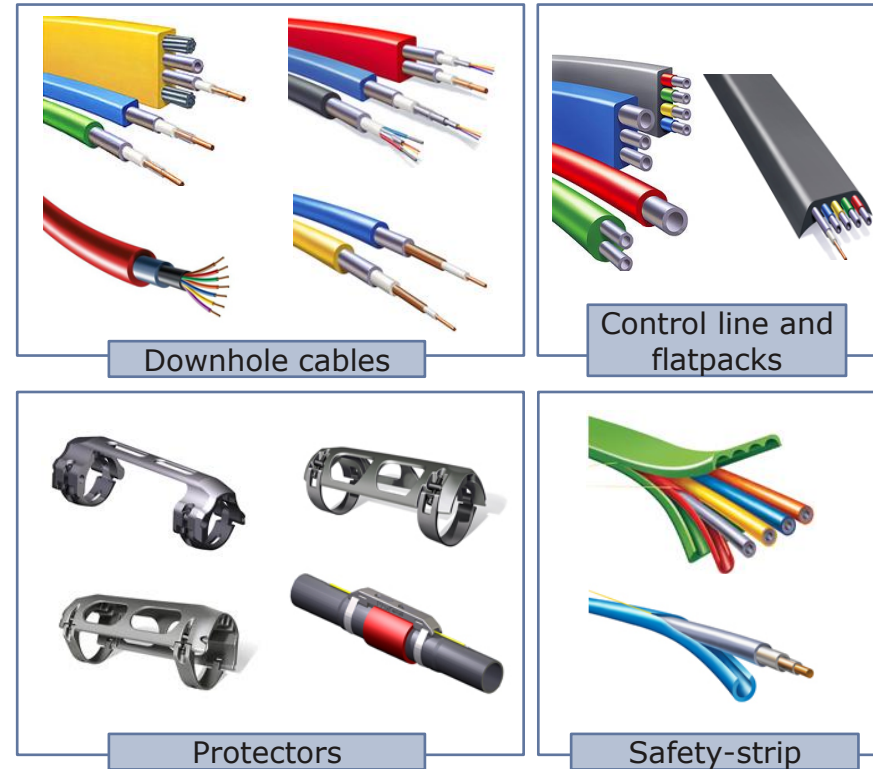
- Total project value above \$ 140 million
- Customer: China Southern Power Grid
- Delivery and commissioning: Q1 2019

Gulf Coast Downhole Technologies

- Acquisition of 100% of the privately-held US company GCDT for \$45 M in cash + max \$21 M earn-out payment



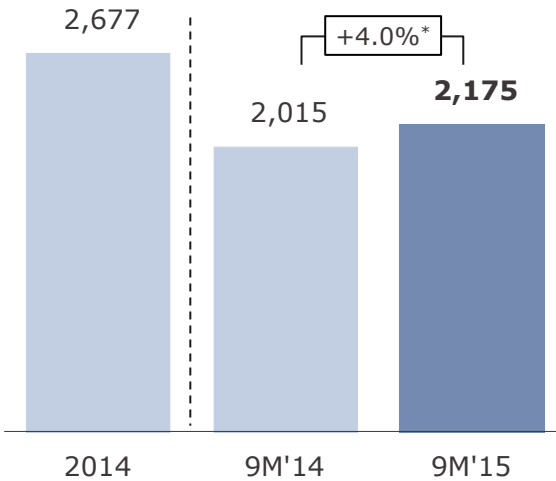
- Rationale: further increased differentiation of the product offer in a high-ROCE niche (DHT – SURF)
- Turnover: \$34 million in 2014
- Products



Energy & Infrastructure

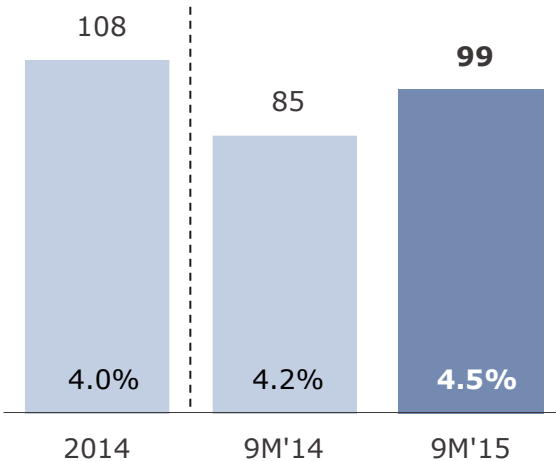
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA



Highlights

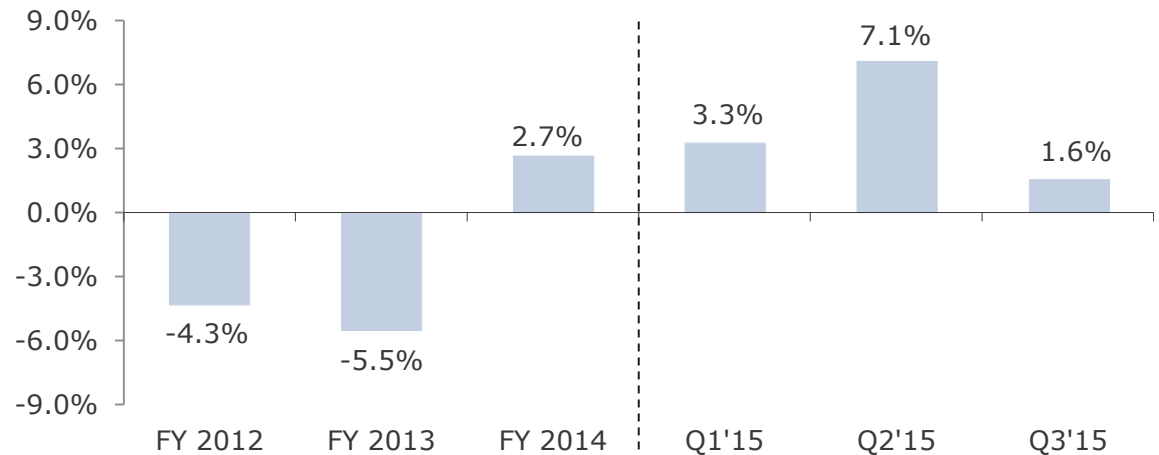
Trade & Installers

- Flat organic sales in 9M, softening in Q3
- Positive trend in some European countries (Spain, UK and Danubian area) and robust orders for wind farms in N.A.
- Further slowdown in Brazil and weak market in France, Turkey and Germany

Power Distribution

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

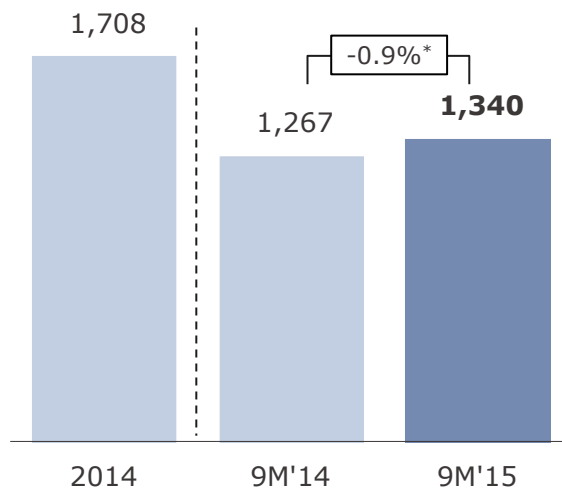
Organic Growth*



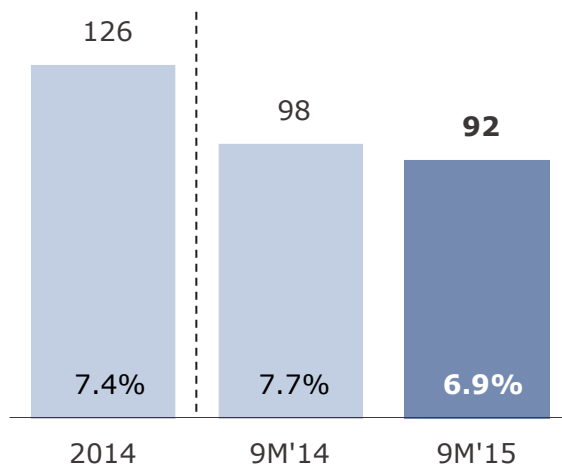
Industrial & Network Components

Euro Millions, % on Sales

Sales



Adj. EBITDA



Highlights

Specialties & OEMs

- Progressive organic improvement along the year
- Positive performance in N. America and Europe, mainly driven by Nuclear (France, Germany), Crane (Germany, US) and Railway (Germany, Italy, US)

Oil & Gas

- Tough market with MRO business at the bottom and slowdown in new projects

Elevator

- Positive developments in all geographies (US, Europe and APAC)

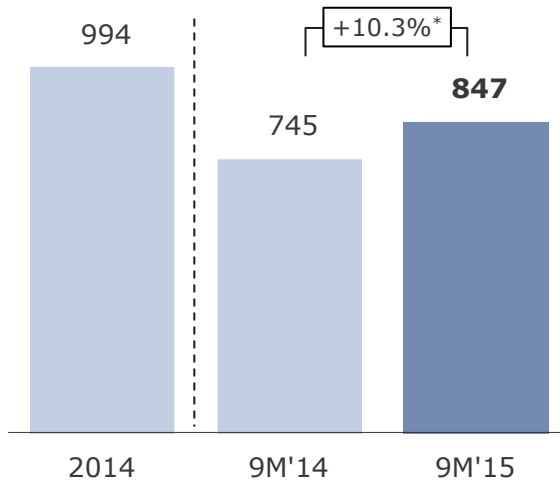
Automotive

- Strong competition on standard products still affecting the performance of the business

Network Components

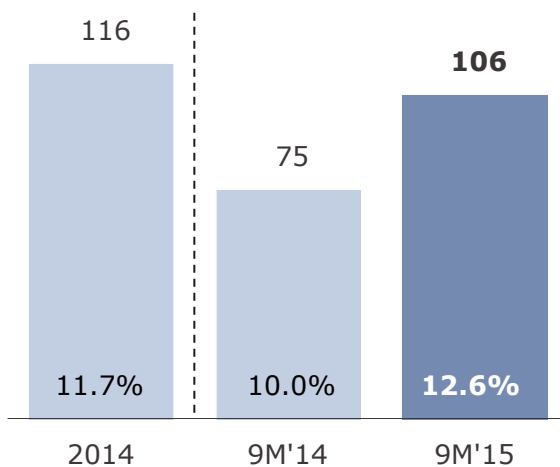
- Positive performance in China and North America offset by weak demand of HV accessories in Europe and tough market in Brazil

Sales



* Org. Growth

Adj. EBITDA



Highlights

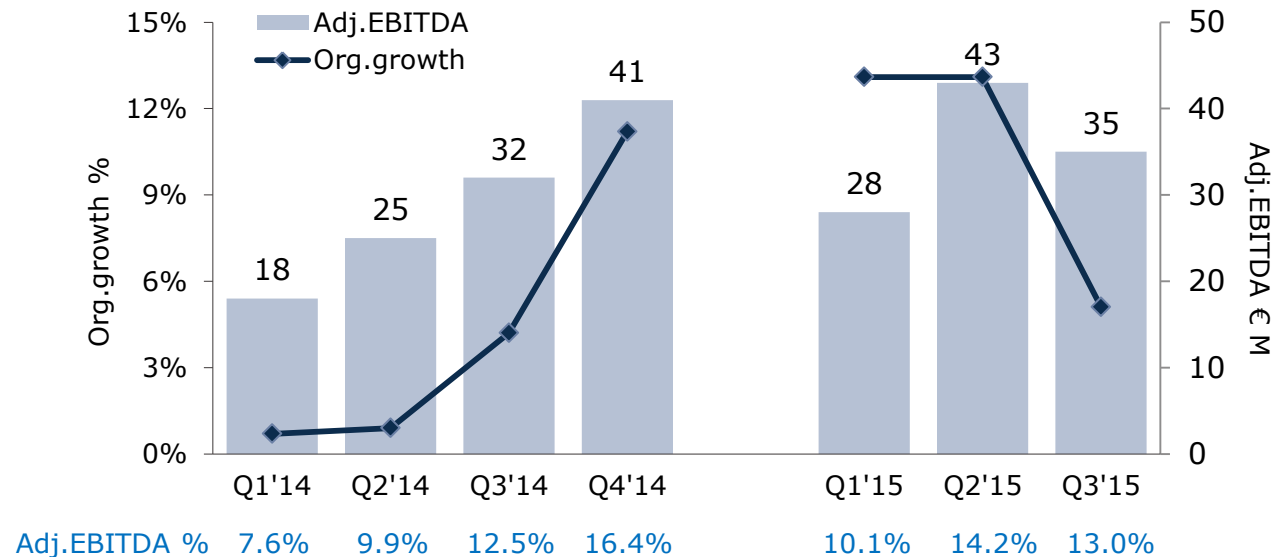
Optical, Connectivity & Fiber

- Positive organic growth in all geographies with the anticipated softening in H2, prices stable vs. previous year
- Market fundamentals remain sound in the US, Europe and Australia (despite expected slowdown in H2). Brazil still weak
- Challenging comparison basis in Q3 and particularly in Q4, which benefited from one-off effect of YOFC

Multimedia & Specials

- Ongoing improving trend in APAC and Europe

Organic growth * and Adj.EBITDA evolution



* % change vs. same quarter of previous year

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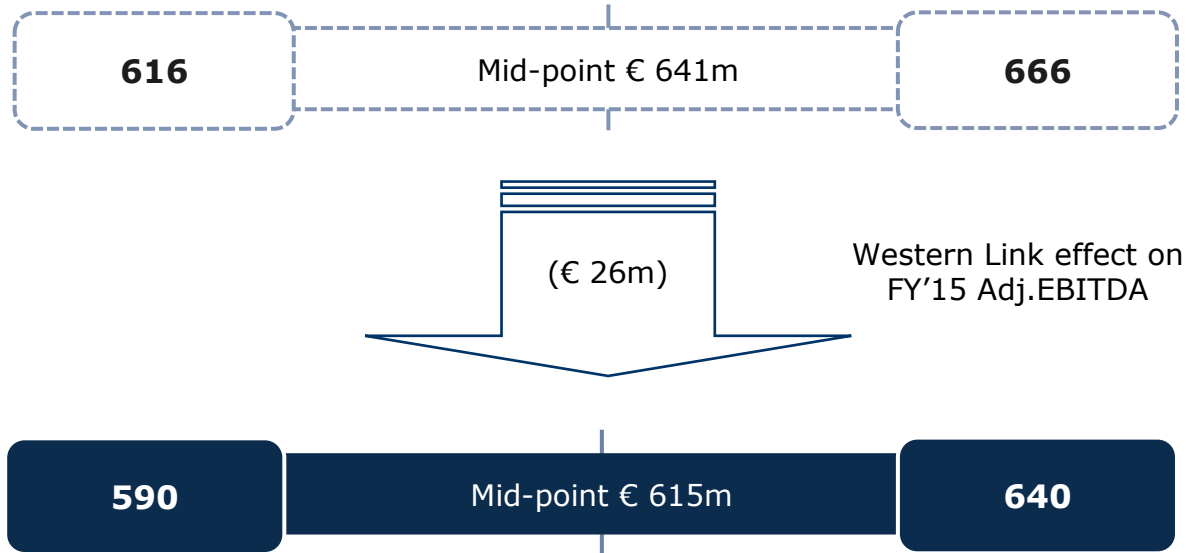
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FY 2015 Outlook

FY target confirmed above mid-point of the range

2015 Adj.EBITDA Target (€ million)



FY 2015 expected above mid-point of the range based on:

- Confirmed positive trend in Energy Projects
- Softening of Telecom and cyclical businesses in some countries
- Q4 expected to be negatively impacted by the recent weakening of several currencies (mainly BRL, TRY, NOK, AUD)

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Profit and Loss Statement

Euro Millions

	9M 2015	9M 2014	WL effect 9M'15 vs. 9M'14
Sales	5,569	5,014	(13)
<i>YoY total growth</i>	11.0%		
<i>YoY organic growth</i>	6.7%		
<i>YoY organic growth excl. WL</i>	6.9%		
Adj.EBITDA	473	355	68
<i>% on sales</i>	8.5%	7.1%	
Adj.EBITDA excl. WL	488	438	-
<i>% on sales</i>	8.6%	8.6%	
Non recurring items	(28)	28	-
EBITDA	445	383	68
<i>% on sales</i>	8.0%	7.6%	
Adj.EBIT	364	249	68
<i>% on sales</i>	6.5%	5.0%	
Non recurring items	(28)	28	-
Special items	(52)	4	-
EBIT	284	281	68
<i>% on sales</i>	5.1%	5.6%	
Financial charges	(77)	(108)	-
EBT	207	173	68
<i>% on sales</i>	3.7%	3.5%	
Taxes	(68)	(38)	(21)
<i>% on EBT</i>	32.9%	22.0%	
Net income	139	135	47
<i>% on sales</i>	2.5%	2.7%	
Net income excl. WL	149	192	-
<i>% on sales</i>	2.6%	3.8%	

(15) in 9M'15
(83) in 9M'14

(10) in 9M'15
(57) in 9M'14

Non Recurring and Special Items on EBIT

Euro Millions

	9M 2015	9M 2014
Antitrust	21	28
Restructuring	(36)	(16)
Price adjustments	-	22
Other	(13)	(6)
EBITDA adjustments	(28)	28
Special items	(52)	4
<i>Gain/(loss) on metal derivatives</i>	(29)	12
<i>Assets impairment</i>	(7)	(5)
<i>Other</i>	(16)	(3)
EBIT adjustments	(80)	32

Financial Charges

Euro Millions

	9M 2015	9M 2014
Net interest expenses	(59)	(67)
<i>of which non-cash conv.bond interest exp.</i>	(6)	(6)
Bank fees amortization	(3)	(5)
Gain/(loss) on exchange rates	(30)	(18)
Gain/(loss) on derivatives ¹⁾	19	(9)
Non recurring effects	(4)	(9)
Net financial charges	(77)	(108)

1) Includes currency and interest rate derivatives

Statement of financial position (Balance Sheet)

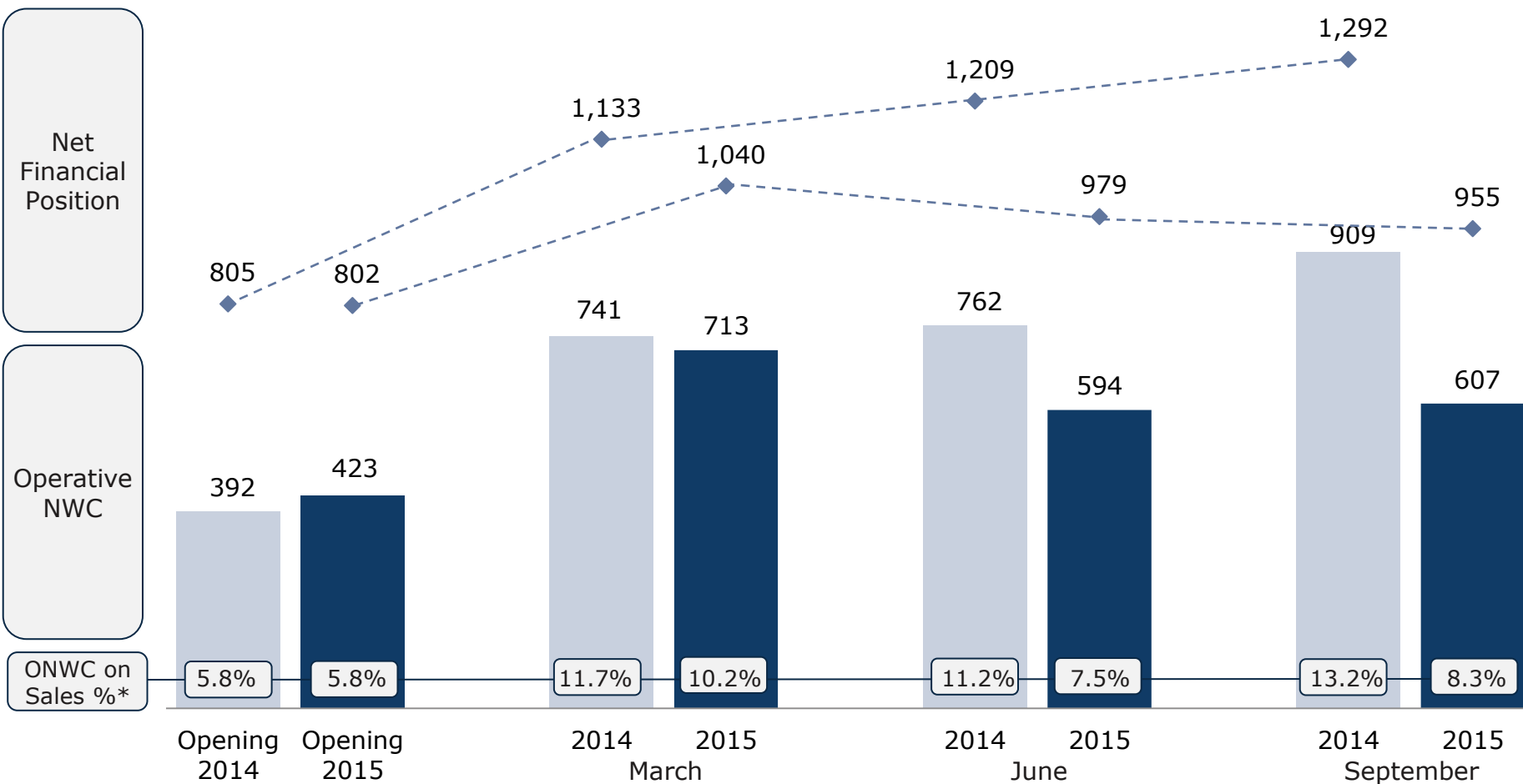
Euro Millions

	30 Sep 2015	30 Sep 2014	31 Dec 2014
Net fixed assets	2,224	2,255	2,219
<i>of which: intangible assets</i>	545	586	561
<i>of which: property, plants & equipment</i>	1,418	1,430	1,414
Net working capital	571	900	407
<i>of which: derivatives assets/(liabilities)</i>	(36)	(9)	(16)
<i>of which: Operative Net working capital</i>	607	909	423
Provisions & deferred taxes	(279)	(281)	(281)
Net Capital Employed	2,516	2,874	2,345
Employee provisions	357	333	360
Shareholders' equity	1,204	1,249	1,183
<i>of which: attributable to minority interest</i>	32	32	33
Net financial position	955	1,292	802
Total Financing and Equity	2,516	2,874	2,345

Strong working capital management

Euro Millions

Evolution of Net Financial Position and Operative NWC



* % on sales is defined as Operative NWC on annualized last quarter sales

Cash Flow

Euro Millions

	9M 2015	9M 2014	FY 2014
Adj.EBITDA	473	355	509
Non recurring items	(28)	28	(13)
EBITDA	445	383	496
Net Change in provisions & others	(41)	(65)	(53)
Share of income from investments in op.activities	(27)	(26)	(43)
Cash Flow from operations (bef. WC changes)	377	292	400
Working Capital changes	(198)	(472)	(1)
Dividends received	15	12	36
Paid Income Taxes	(39)	(46)	(72)
Cash flow from operations	155	(214)	363
Acquisitions	-	9	9
Net Operative CAPEX	(117)	(106)	(155)
Free Cash Flow (unlevered)	38	(311)	217
Financial charges	(88)	(88)	(110)
Free Cash Flow (levered)	(50)	(399)	107
Free Cash Flow (levered) excl. acquisitions	(50)	(408)	98
Dividends	(91)	(90)	(90)
Treasury shares buy-back & other equity movements	3	-	(20)
Net Cash Flow	(138)	(489)	(3)
NFP beginning of the period	(802)	(805)	(805)
Net cash flow	(138)	(489)	(3)
Other variations	(15)	2	6
NFP end of the period	(955)	(1,292)	(802)

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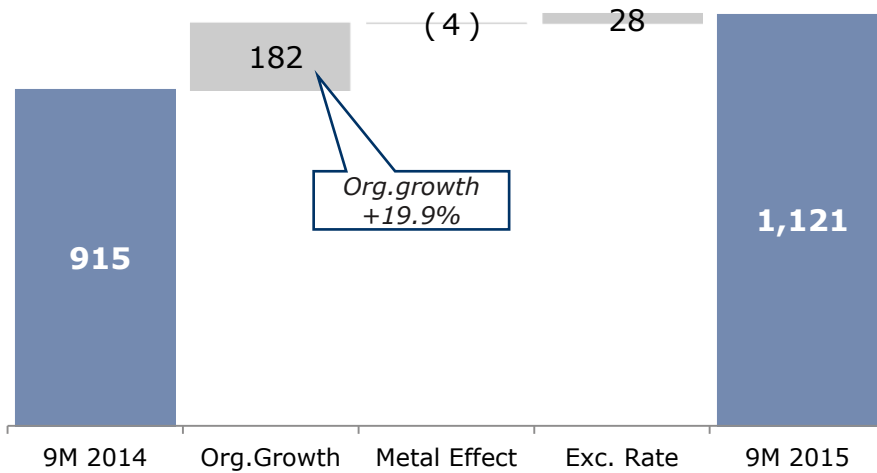
- Financial results

- **Appendix**

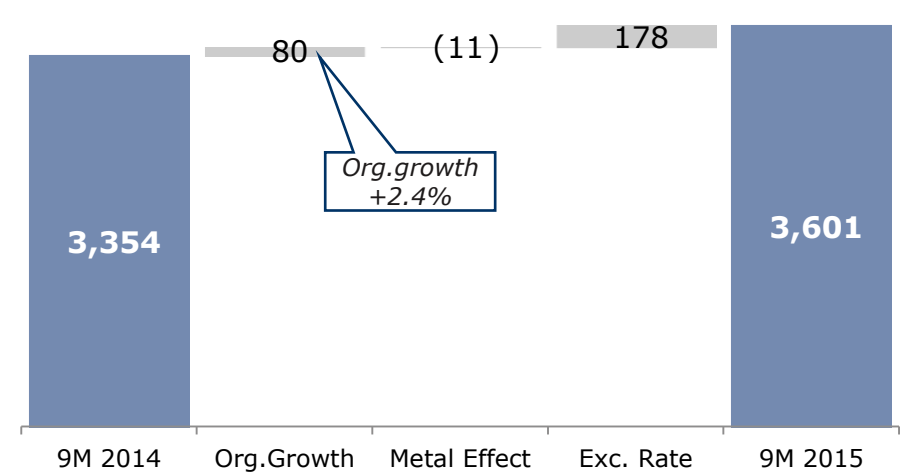
Bridge Consolidated Sales

Euro Millions

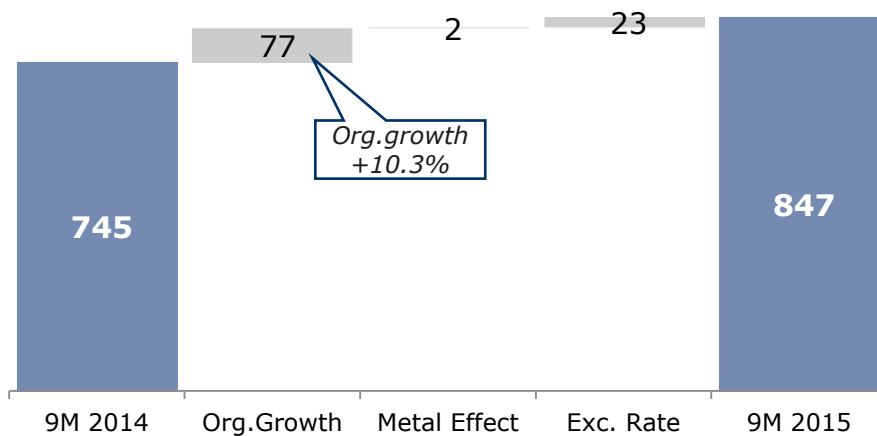
Energy Projects



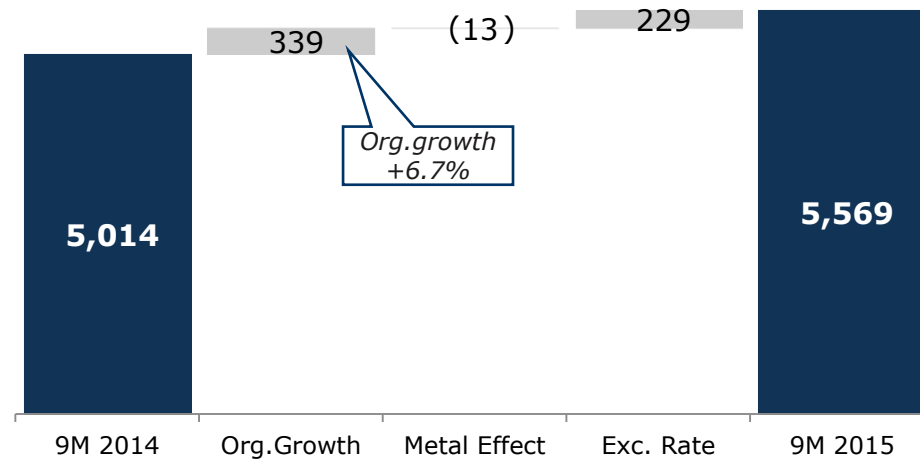
Energy Products



Telecom



Total Consolidated



Profit and Loss Statement

Euro Millions

	9M 2015 excl. WL submarine project effect	9M 2015 WL submarine project effect	9M 2015	9M 2014 excl. WL submarine project effect	9M 2014 WL submarine project effect	9M 2014
Sales	5,663	(94)	5,569	5,095	(81)	5,014
<i>YoY total growth</i>	11.1%		11.0%			
<i>YoY organic growth</i>	6.9%		6.7%			
Adj.EBITDA	488	(15)	473	438	(83)	355
<i>% on sales</i>	8.6%		8.5%	8.6%		7.1%
Non recurring items	(28)	-	(28)	28	-	28
EBITDA	460	(15)	445	466	(83)	383
<i>% on sales</i>	8.1%		8.0%	9.1%		7.6%
Adj.EBIT	379	(15)	364	332	(83)	249
<i>% on sales</i>	6.7%		6.5%	6.5%		5.0%
Non recurring items	(28)	-	(28)	28	-	28
Special items	(52)	-	(52)	4	-	4
EBIT	299	(15)	284	364	(83)	281
<i>% on sales</i>	5.3%		5.1%	7.1%		5.6%
Financial charges	(77)	-	(77)	(108)	-	(108)
EBT	222	(15)	207	256	(83)	173
<i>% on sales</i>	3.9%		3.7%	5.0%		3.5%
Taxes	(73)	5	(68)	(64)	26	(38)
<i>% on EBT</i>	32.9%		32.9%	25.0%		22.0%
Net income	149	(10)	139	192	(57)	135
<i>% on sales</i>	2.6%		2.5%	3.8%		2.7%

Energy Projects Segment – Profit and Loss Statement

Euro Millions

	9M 2015 excl. WL submarine project effect	9M 2015 WL submarine project effect	9M 2015	9M 2014 excl. WL submarine project effect	9M 2014 WL submarine project effect	9M 2014
Sales to Third Parties	1,215	(94)	1,121	996	(81)	915
<i>YoY total growth</i>	22.0%		22.5%			
<i>YoY organic growth</i>	19.6%		19.9%			
Adj. EBITDA	189	(15)	174	173	(83)	90
<i>% on sales</i>	15.5%		15.5%	17.4%		9.9%
Adj. EBIT	160	(15)	145	143	(83)	60
<i>% on sales</i>	13.1%		13.0%	14.4%		6.6%

Energy Products Segment – Profit and Loss Statement

Euro Millions

		9M 2015	9M 2014
Sales to Third Parties	E&I	2,175	2,015
	<i>YoY total growth</i>	7.9%	
	<i>YoY organic growth</i>	4.0%	
	Industrial & Netw. Comp.	1,340	1,267
	<i>YoY total growth</i>	5.8%	
	<i>YoY organic growth</i>	(0.9%)	
	Other	86	72
	<i>YoY total growth</i>	19.7%	
	<i>YoY organic growth</i>	15.3%	
	ENERGY PRODUCTS	3,601	3,354
	<i>YoY total growth</i>	7.4%	
	<i>YoY organic growth</i>	2.4%	
Adj. EBITDA	E&I	99	85
	<i>% on sales</i>	4.5%	4.2%
	Industrial & Netw. Comp.	92	98
	<i>% on sales</i>	6.9%	7.7%
	Other	2	7
	<i>% on sales</i>	1.8%	10.2%
	ENERGY PRODUCTS	193	190
	<i>% on sales</i>	5.4%	5.7%
Adj. EBIT	E&I	72	60
	<i>% on sales</i>	3.3%	3.0%
	Industrial & Netw. Comp.	73	80
	<i>% on sales</i>	5.5%	6.3%
	Other	1	5
	<i>% on sales</i>	0.7%	6.8%
	ENERGY PRODUCTS	146	145
	<i>% on sales</i>	4.1%	4.3%

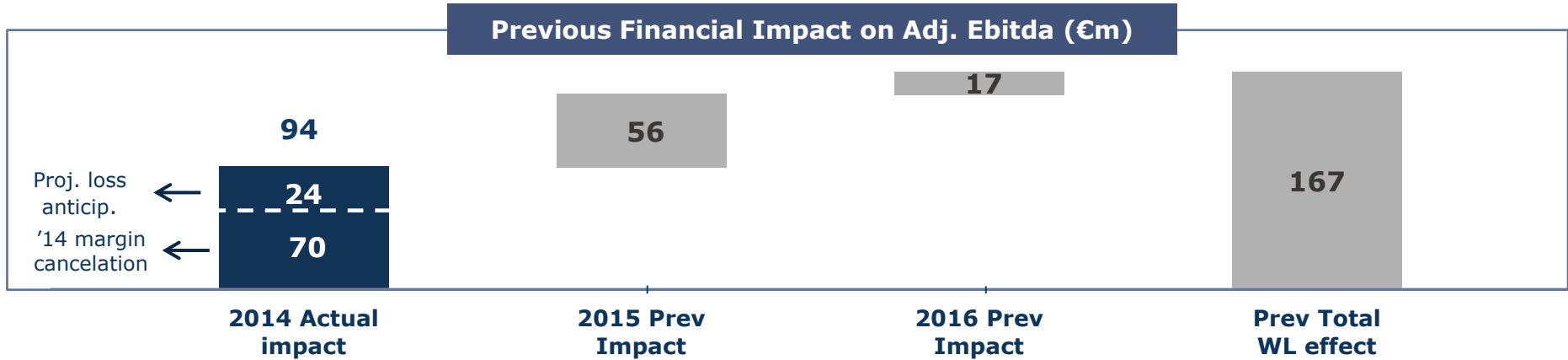
Telecom Segment – Profit and Loss Statement

Euro Millions

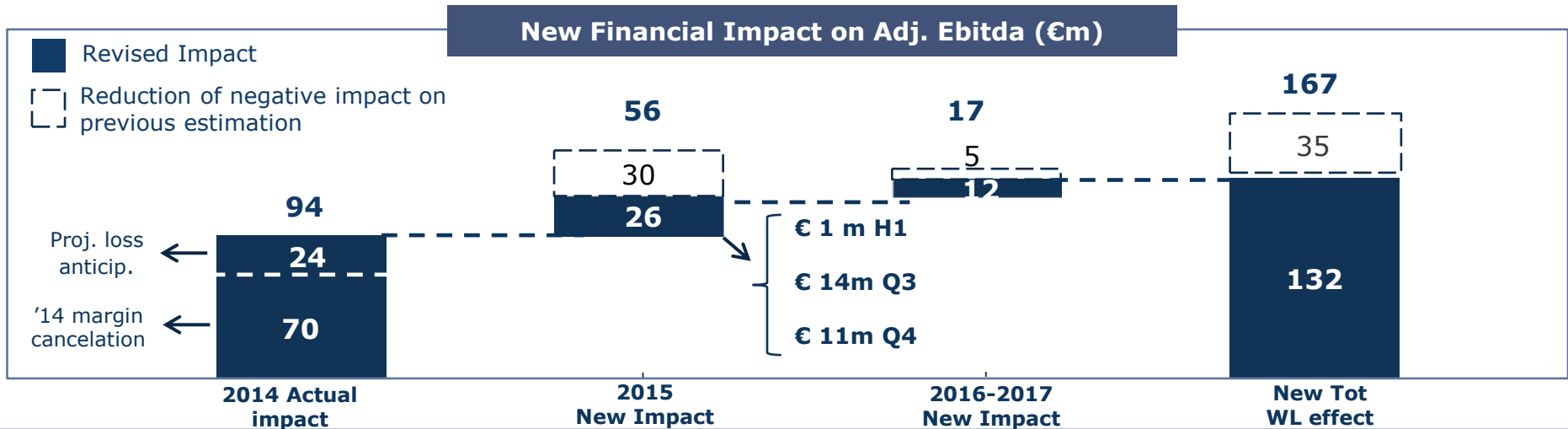
	9M 2015	9M 2014
Sales to Third Parties	847	745
<i>YoY total growth</i>	<i>13.7%</i>	
<i>YoY organic growth</i>	<i>10.3%</i>	
<hr/>		
Adj. EBITDA	106	75
<i>% on sales</i>	<i>12.6%</i>	<i>10.0%</i>
<hr/>		
Adj. EBIT	73	44
<i>% on sales</i>	<i>8.6%</i>	<i>5.9%</i>
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Western Link effect: new financial impact

Euro 35 Millions project's result improvement

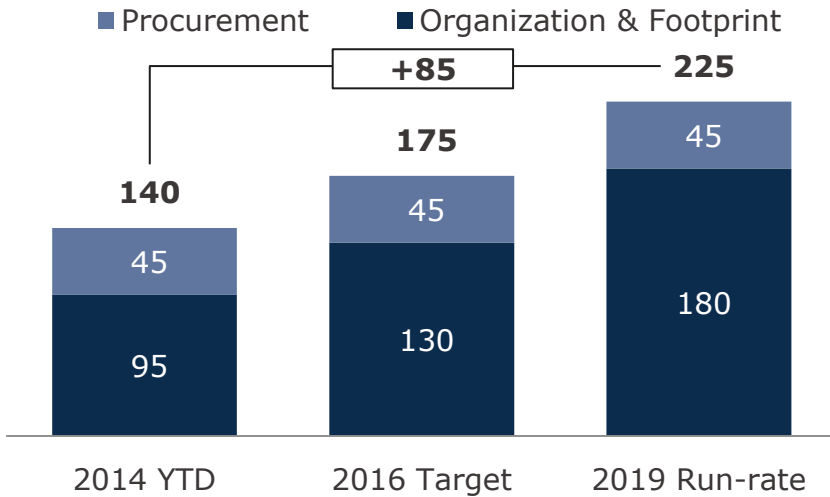


- Highlights and Actions**
- Improved efficiency of the manufacturing process
 - Project execution accelerated thanks to recovery of full capacity
 - Enhanced warranty and extended project timing agreed between the parties

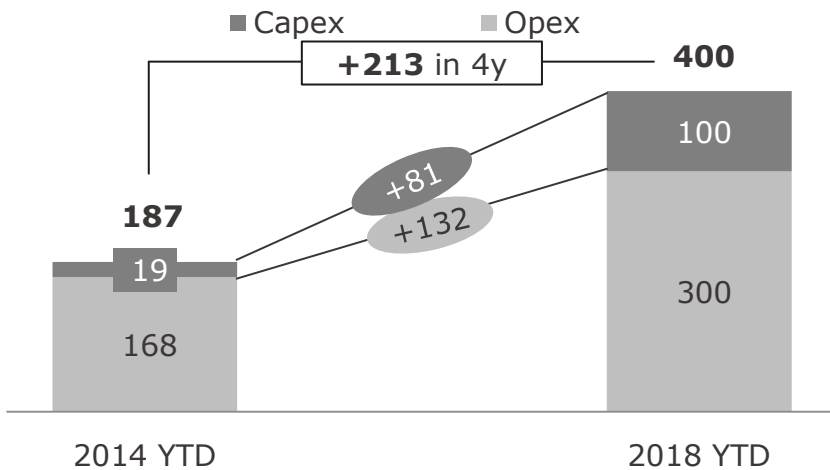


Cost Efficiency plan

Cumulated Cost Savings (€ million)



Cumulated Costs (€ million)



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

Organization & Footprint

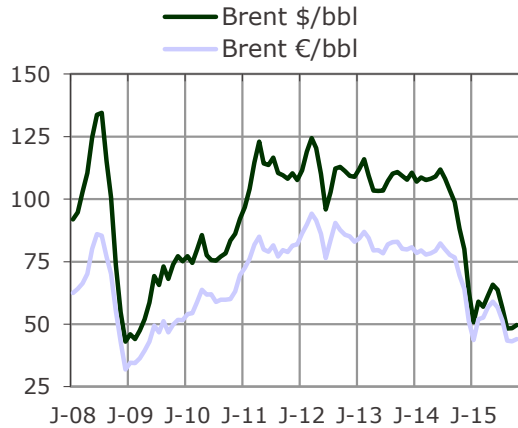


- ❑ **Optimization of European organization & footprint**
 - ✓ Creation of Centers of Operational Excellence and Service Centers
 - ✓ Regional scope and scale effectiveness
 - ✓ Networking streamlining and lean structures
 - ✓ Service performance and flexibility vs. market dynamics
- ❑ **€ 85 million** additional cost efficiencies by 2019
- ❑ **€ 30-40 million** future cash-in from disposals of land & building

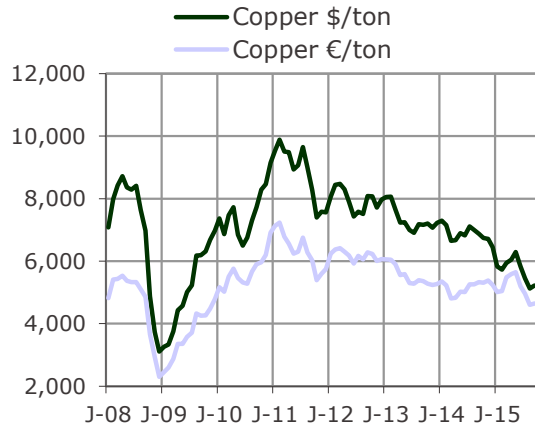
Reference Scenario

Commodities & Forex

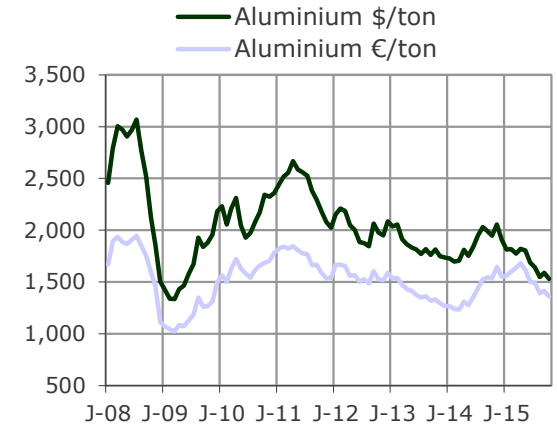
Brent



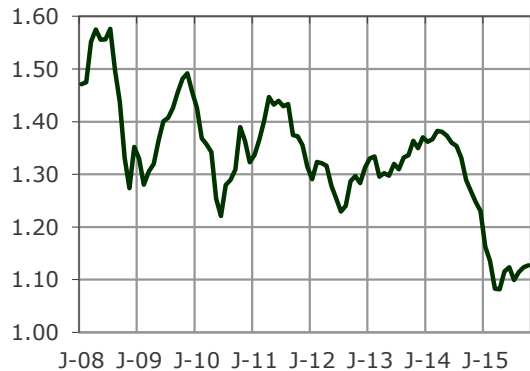
Copper



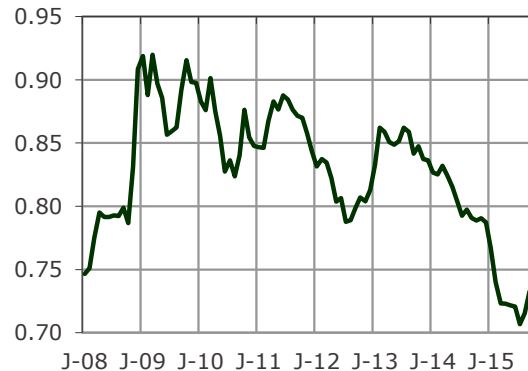
Aluminium



EUR / USD



EUR / GBP



EUR / BRL



Based on monthly average data
Source: Nasdaq OMX

Disclaimer

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