



FIRST QUARTER REPORT AT 31 MARCH 2016

Disclaimer

This document contains forward-looking statements, specifically in the sections entitled "Significant events after the reporting period" and "Business outlook", that relate to future events and future operating, economic and financial results of the Prysmian Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Actual results may differ materially from those reflected in forward-looking statements due to a variety of factors.

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DIRECTORS' REPORT

DIRECTORS AND AUDITORS

Board of Directors

| | |
|--|---|
| Chairman | Massimo Tononi ^{(*) (2)} |
| Chief Executive Officer & General Manager | Valerio Battista |
| Directors | Maria Elena Cappello ^{(*) (**) (1)} |
| | Monica de Virgiliis ^{(*) (**)} |
| | Claudio De Conto ^{(*) (**) (1) (2)} |
| | Alberto Capponi ^{(*) (**)} |
| | Massimo Battaini |
| | Pier Francesco Facchini |
| | Maria Letizia Mariani ^{(*) (**) (1)} |
| | Fabio Ignazio Romeo |
| | Giovanni Tamburi ^{(*) (**)} |

Board of Statutory Auditors

| | |
|---------------------------------------|------------------------------|
| Chairman | Pellegrino Libroia |
| Standing Statutory Auditors | Laura Gualtieri |
| | Paolo Francesco Lazzati |
| Alternative Statutory Auditors | Michele Milano |
| | Claudia Mezzabotta |
| Independent Auditors | Reconta Ernst & Young S.p.A. |

(*) Independent directors as per Italy's Unified Financial Act

(**) Independent directors as per Italy's Corporate Governance Code

(***) Appointed by the Shareholders' Meeting on 16 April 2015

(1) Members of the Control and Risks Committee

(2) Members of the Compensation and Nominations Committee

Introduction

Legislative Decree 25/2016, which came into force on 18 March 2016, has eliminated the requirement for quarterly reporting. This same legislation has also given CONSOB the power to lay down guidelines concerning the information to be provided for the first and third quarters of the year. Pending definition of the regulatory framework, the Prysmian Group has prepared the present quarterly financial report at 31 March 2016 on a voluntary basis and in continuity with the past. This report has been drawn up and prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and in accordance with *IAS 34 – Interim Financial Reporting*, applying the same accounting standards and policies adopted to prepare the consolidated financial statements at 31 December 2015, except as described in the Explanatory Notes in the paragraph entitled "Accounting standards, amendments and interpretations applied from 1 January 2016".

This Quarterly Financial Report is unaudited.

The Group has made an organisational change since 1 January 2016 that has resulted in the creation of a new operating segment, known as OIL & GAS; this has led to segment information being redefined in keeping with the new management model adopted by the Group.

The new OIL & GAS operating segment has incorporated the SURF business, previously included in the Energy Projects segment, and the Oil & Gas business, previously included in the Energy Products segment.

Following these changes, the Group's operating segments have been redefined as follows:

- Energy Projects;
- OIL & GAS;
- Energy Products;
- Telecom.

Segment information is structured in the same way as the report periodically prepared for the purpose of reviewing business performance. This report presents operating performance by macro type of business (Energy Projects, OIL & GAS, Energy Products and Telecom) and the results of operating segments primarily on the basis of Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items (eg. restructuring costs), the fair value change in metal price derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income and taxes. This report also provides information about the statement of financial position for the Group as a whole but not by operating segment.

In order to provide users of the financial statements with clearer information, certain economic data is also reported for the following sales channels and business areas within the individual operating segments.

More details can be found in the section on Alternative Performance Indicators contained in the present Directors' Report and within the section on Segment Information within the Explanatory Notes.

SIGNIFICANT EVENTS DURING THE PERIOD

NEW INDUSTRIAL PROJECTS AND INITIATIVES

On 1 February 2016, the Group was awarded a new contract worth around Euro 250 million for an HVDC (High Voltage Direct Current) submarine link between the Netherlands and Denmark, by TenneT TSO B.V. and Energinet.dk SOV, the respective operators of the Dutch and Danish power transmission grids. The project, known as COBRACable ("COpenhagen BRussels Amsterdam" cable), will benefit the electricity grids in both countries concerned, by making Dutch capacity structurally available to Denmark and vice versa, by making the electricity supply more secure and by allowing connection to renewable energy sources at a later stage. The COBRACable will contribute to the creation of a sustainable international energy landscape, a key aim of the European Union, which is supporting the project through the EEPR (European Energy Programme for Recovery). The cable will be constructed using HVDC technology, which minimises transmission losses over long distances.

The cable system is scheduled for delivery in the third quarter of 2018.

OTHER SIGNIFICANT EVENTS

Antitrust investigations

On 2 April 2014, the European Commission concluded the investigations started in January 2009 by adopting a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., adopted anti-competitive practices in the European market for high voltage submarine and underground power cables.

The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the alleged infringement in the period 18 February 1999 - 28 July 2005, sentencing them to pay a fine of Euro 67.3 million, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the alleged infringement in the period 29 July 2005 - 28 January 2009, sentencing them to pay a fine of Euro 37.3 million. Prysmian has appealed against this decision to the General Court of the European Union and has submitted an application to intervene in the appeals respectively lodged by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. against the same decision. Both Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. have in turn submitted applications to intervene in the appeal brought by Prysmian against the European Commission's decision. The applications to intervene presented by Prysmian, Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. have all been accepted by the General Court of the European Union. Prysmian has not incurred any financial outlay as a result of this decision having elected, pending the outcome of the appeals, to provide bank guarantees as security against payment of 50% of the fine imposed by the European Commission (amounting to approximately Euro 52 million) for the alleged infringement in both periods. As far as Prysmian is aware, Pirelli & C. S.p.A. has also provided the European Commission with a bank guarantee for 50% of the value of the fine imposed for the alleged infringement in the period 18 February 1999 - 28 July 2005. Pirelli & C. S.p.A. has also brought a civil action against Prysmian Cavi e Sistemi S.r.l. in the Milan Courts, in which it demands to be held harmless for all claims made by the European Commission in implementation of its decision and for any

expenses related to such implementation. Prysmian Cavi e Sistemi S.r.l. started legal proceedings in February 2015, requesting that the claims brought by Pirelli & C. S.p.A. be rejected in full and that it should be Pirelli & C. S.p.A. which holds harmless Prysmian Cavi e Sistemi S.r.l., with reference to the alleged infringement in the period 18 February 1999 - 28 July 2005, for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. The proceedings have since been stayed by order of the court concerned in April 2015, pending the outcome of the appeals made against the European Commission's decision by both Prysmian and Pirelli in the European Courts. Pirelli has challenged this decision before the Court of Cassation, Italy's highest court of appeal.

Following detailed and careful analysis of the European Commission's ruling, and given the fact that this ruling has been appealed and so could be submitted to second-instance judgement, as well as the fact that the investigation initiated by the Canadian Antitrust Authority had ended without any sanctions for Prysmian, it was decided already back in 2014 to release part of the existing provision.

Furthermore, during the last few months of 2015 the US Department of Justice formally closed its previously initiated investigation without charges against Prysmian.

Also in 2015, National Grid and Scottish Power, two British operators, filed claims in the High Court in London against certain cable manufacturers, including Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in the decision adopted in April 2014. The Group companies concerned were notified of this initial court filing during the month of May 2015 and presented their defence early in October 2015, along with the summons of other parties censured in the European Commission's decision. Among the parties involved in this action, Pirelli & C. S.p.A. has requested the London High Court to decline its jurisdiction or nonetheless to stay the proceedings in its regard pending the outcome of the civil action previously brought by Pirelli & C. S.p.A. against Prysmian Cavi e Sistemi S.r.l. in the Milan Courts, in which it demands to be held harmless for all claims made by the European Commission in implementation of the latter's decision and for any expenses related to such implementation. The proceedings have since been stayed, as agreed between the parties, pending the outcome of the action brought by Pirelli in the Milan Courts. A similar agreement has also been reached with The Goldman Sachs Group Inc., another company involved in the actions discussed above.

In addition, at the end of March 2016, a British law firm and a Chinese law firm presented claims against Prysmian S.p.A. and some of its subsidiaries, on behalf of the State Grid Corporation of China (SGCC), to obtain compensation for damages, but without quantifying the amount, allegedly suffered by SGCC as a result of Prysmian's participation in the anti-competitive practices condemned by the EC in its decision of April 2014.

Lastly, it is reported that the Australian and Spanish antitrust authorities have respectively initiated additional proceedings to verify the existence of anti-competitive practices by local low voltage cable manufacturers and distributors, including the Group's foreign subsidiaries based in these countries. As regards the judicial proceedings initiated by the Australian antitrust authorities, the hearing, which began at the end of November 2015, has been completed and a ruling is now awaited. As for the administrative proceedings brought by the Spanish authorities, these were initiated at the end of February 2016. The Directors are of the opinion not to

make any provision for the risks arising from the above proceedings, since they consider the liability to be unlikely.

Plant closures

On 29 January 2016, Prysmian Câbles et Systèmes France presented the trade unions with a plan for the closure of the Angy plant, currently employing 74 people, and the transfer of its production activities serving the automotive business to the Velke Mezerice site. The plan also envisages investing in the nearby Draka Fileca plant in Sainte Geneviève, whose products serve the aviation industry, and which will involve the creation of 25 new jobs. At the same meeting, a plan was also presented to cease production at the Xoulces plant, employing 76 people, and to transfer it to the nearby plant in Neuf Pré, which produces accessories; the idea is to create a centre of excellence for accessories production in a more suitable facility than at present, while adding 38 jobs to this plant's existing workforce of 60.

Discussion of these plans is proceeding in the manner established by the relevant legislation.

Creation of the OIL & GAS operating segment

In January 2016, the Group modified its organisational structure with the creation of a new OIL & GAS operating segment, which incorporates the SURF and Oil & Gas businesses. The new organisational structure facilitates the creation of synergies between the two businesses and allows major customers to be managed more efficiently.

Accordingly, the structure of "Segment Information" has been modified as from the current quarter with more details provided in the relevant section of these notes.

CONSOLIDATED FINANCIAL HIGHLIGHTS*

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 | % change | 2015 |
|--|---------------|---------------|----------|-------|
| Sales | 1,810 | 1,753 | 3.3% | 7,361 |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 143 | 113 | 26.8% | 584 |
| Adjusted EBITDA ⁽¹⁾ | 150 | 120 | 25.4% | 623 |
| EBITDA ⁽²⁾ | 140 | 106 | 32.4% | 622 |
| Adjusted operating income ⁽³⁾ | 111 | 84 | 32.1% | 473 |
| Operating income | 76 | 83 | -8.6% | 399 |
| Profit/(loss) before taxes | 58 | 63 | -7.8% | 310 |
| Net profit/(loss) for the year | 40 | 42 | -5.7% | 214 |

(in millions of Euro)

| | 31 March 2016 | 31 March 2015 | Change | 31 December 2015 |
|---|---------------|---------------|--------|------------------|
| Net capital employed | 2,804 | 2,693 | 111 | 2,515 |
| Employee benefit obligations | 332 | 367 | (35) | 341 |
| Equity | 1,434 | 1,286 | 148 | 1,424 |
| of which attributable to non-controlling interests | 140 | 40 | 100 | 146 |
| Net financial position | 1,038 | 1,040 | (2) | 750 |

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 | % change | 2015 |
|--|---------------|---------------|----------|--------|
| Capital expenditures ⁽⁴⁾ | 50 | 30 | 66.7% | 210 |
| Employees (at period end) | 19,719 | 19,522 | 1.0% | 19,316 |
| Earnings/(loss) per share | | | | |
| - basic | 0.15 | 0.19 | | 1.00 |
| - diluted | 0.15 | 0.19 | | 1.00 |

⁽¹⁾ Adjusted EBITDA is defined as EBITDA before non-recurring income/(expenses).

⁽²⁾ EBITDA is defined as earnings/(loss) for the period, before the fair value change in metal derivatives and in other fair value items, amortisation, depreciation, and impairment, finance costs and income, dividends from other companies and taxes.

⁽³⁾ Adjusted operating income is defined as operating income before non-recurring income/(expenses) and the fair value change in metal derivatives and in other fair value items.

⁽⁴⁾ Capital expenditure refers to additions to Property, plant and equipment and Intangible assets, gross of leased assets.

(*) All percentages contained in this report have been calculated with reference to amounts expressed in thousands of Euro.

GROUP PERFORMANCE AND RESULTS

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 | % change | 2015 |
|--|---------------|---------------|----------|-------|
| Sales | 1,810 | 1,753 | 3.3% | 7,361 |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 143 | 113 | 26.8% | 584 |
| % of sales | 7.9% | 6.4% | | 7.9% |
| Adjusted EBITDA | 150 | 120 | 25.4% | 623 |
| % of sales | 8.3% | 6.8% | | 8.5% |
| EBITDA | 140 | 106 | 32.4% | 622 |
| % of sales | 7.7% | 6.0% | | 8.4% |
| Fair value change in metal derivatives | 2 | 20 | | (27) |
| Fair value stock options | (12) | (1) | | (25) |
| Amortisation, depreciation, impairment and impairment reversal | (54) | (42) | | (171) |
| Operating income | 76 | 83 | -8.6% | 399 |
| % of sales | 4.2% | 4.7% | | 5.4% |
| Net finance income/(costs) | (18) | (20) | | (89) |
| Profit/(loss) before taxes | 58 | 63 | | 310 |
| % of sales | 3.2% | 3.6% | | 4.2% |
| Taxes | (18) | (21) | | (96) |
| Net profit/(loss) for the year | 40 | 42 | | 214 |
| % of sales | 2.2% | 2.4% | | 2.9% |
| Attributable to: | | | | |
| Owners of the parent | 32 | 41 | | 214 |
| Non-controlling interests | 8 | 1 | | - |

Reconciliation of Operating Income / EBITDA to Adjusted Operating Income / Adjusted EBITDA

| | | | | |
|--|-----|------|-------|------|
| Operating income (A) | 76 | 83 | -8.6% | 399 |
| EBITDA (B) | 140 | 106 | 32.4% | 622 |
| Non-recurring expenses/(income): | | | | |
| Company reorganisation | 7 | 8 | | 53 |
| Antitrust | - | 6 | | (29) |
| Effect of consolidating Oman Cables Industry | - | - | | (44) |
| Other net non-recurring expenses | 3 | - | | 21 |
| Total non-recurring expenses/(income) (C) | 10 | 14 | | 1 |
| Fair value change in metal derivatives (D) | (2) | (20) | | 27 |
| Fair value stock options (E) | 12 | 1 | | 25 |
| Impairment and impairment reversal of assets (F) | 15 | 6 | | 21 |
| Adjusted operating income (A+C+D+E+F) | 111 | 84 | 32.1% | 473 |
| Adjusted EBITDA (B+C) | 150 | 120 | 25.4% | 623 |

During the first three months of 2016 the Group recorded considerable growth in profitability and good resilience in sales volumes. In particular, the Submarine and High Voltage businesses within the Energy Projects segment had a very positive performance compared with the first quarter last year. However, the new OIL & GAS segment reported a steep downturn on the same period of 2015, particularly in the business of Oil & Gas cables, while SURF cables, which since the previous year now include Gulf Coast Downhole

Technologies (GCDT), a company acquired in September 2015, posted a more moderate reduction in earnings.

The Energy Products segment saw the E&I business grow as a result of having acquired Oman Cables Industry (SAOG); apart from this acquisition-related increase, the Trade & Installers and Power Distribution businesses were basically stable, while the various sectors of the Industrial business performed well, particularly Network Components, Elevator and Renewables. Growth by the Telecom segment was linked to demand for optical fibre cables, which remained robust, and to copper cable performance in Australia.

The Group's sales in the first three months of 2016 came to Euro 1,810 million, compared with Euro 1,753 million in the same period of 2015, posting a positive change of Euro 57 million (+3.3%).

The growth in sales was attributable to the following factors:

- increase of Euro 143 million following acquisition of Oman Cables Industry (SAOG) and of Euro 7 million following acquisition of Gulf Coast Downhole Technologies (GCDT) and decrease of Euro 2 million following disposal of NK Wuhan, resulting in an overall net 8.5% increase from acquisition activity;
- increase of Euro 41 million (+2.3%) from organic growth;
- decrease of Euro 68 million (-3.9%) linked to unfavourable exchange rate movements;
- sales price erosion of Euro 64 million (-3.6%) following metal price fluctuations (copper, aluminium and lead).

The organic growth in sales of +2.3% is analysed between the four operating segments as follows:

| | |
|-----------------|---------|
| Energy Projects | +26.4%; |
| OIL & GAS | -33.9%; |
| Energy Products | +0.1%; |
| Telecom | +3.3%. |

Group Adjusted EBITDA (before Euro 10 million in non-recurring expenses) came to Euro 150 million, posting an increase of Euro 30 million on the corresponding figure in 2015 of Euro 120 million (+25.4%). Three-month Adjusted EBITDA for 2016 reflects the negative impact of Euro 7 million in lower exchange rate effects than in the same period of 2015, resulting from weakening in the British Pound, Turkish Lira, Australian Dollar and above all in the Brazilian Real and Argentine Peso.

EBITDA includes Euro 10 million in net non-recurring expenses (Euro 14 million in the first three months of 2015). The net non-recurring expenses in the first three months of 2016 mainly comprise costs for reorganising and improving industrial efficiency.

Group operating income came to Euro 76 million in the first three months of 2016, compared with Euro 83 million in the first three months of 2015, posting a decrease of Euro 7 million, which mainly reflects fair value

changes in metal derivatives, the fair value of stock options serving long-term incentive plans and impairment losses recognised against the property, plant and equipment of the OIL & GAS segment.

Net finance costs came to Euro 18 million in the first three months of 2016, down from Euro 20 million (-10.0%) in the same period last year.

The reduction of Euro 2 million is mainly attributable to lower finance costs associated with improved efficiency of the financial structure.

Taxes came to Euro 18 million, representing an effective tax rate of around 31%.

Net profit for the first three months of 2016 was Euro 40 million (of which Euro 32 million attributable to the Group and Euro 8 million to non-controlling interests), compared with Euro 42 million in the first three months of 2015 (of which Euro 41 million attributable to the Group and Euro 1 million to non-controlling interests).

REVIEW OF ENERGY PROJECTS OPERATING SEGMENT

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 | % change | 2015 |
|---|------------------|------------------|----------|-------|
| Sales | 346 | 281 | 23.3% | 1,416 |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 39 | 26 | 48.2% | 222 |
| % of sales | 11.2% | 9.4% | | 15.6% |
| Adjusted EBITDA | 39 | 26 | 46.9% | 221 |
| % of sales | 11.2% | 9.4% | | 15.6% |
| EBITDA | 38 | 20 | 100.2% | 247 |
| % of sales | 11.0% | 6.8% | | 17.4% |
| Amortisation and depreciation | (8) | (7) | | (34) |
| Adjusted operating income | 31 | 19 | 58.5% | 187 |
| % of sales | 8.8% | 6.9% | | 13.2% |

Reconciliation of Operating Income / EBITDA to Adjusted Operating Income / Adjusted EBITDA

| | | | | |
|--|-----------|-----------|---------------|-------------|
| EBITDA (A) | 38 | 20 | 90.0% | 247 |
| Non-recurring expenses/(income): | | | | |
| Company reorganisation | 1 | - | | 4 |
| Antitrust | - | 6 | | (29) |
| Gains on asset disposals | - | - | | (2) |
| Other net non-recurring expenses | - | - | | 1 |
| Total non-recurring expenses/(income) (B) | 1 | 6 | -83.3% | (26) |
| Adjusted EBITDA (A+B) | 39 | 26 | 50.0% | 221 |

The Energy Projects Operating Segment incorporates the high-tech High Voltage underground and Submarine businesses, focused on projects and their execution, as well as on product customisation.

The Group engineers, produces and installs high and extra high voltage cables for electricity transmission both from power stations and within transmission and primary distribution grids. These highly specialised, high-tech products include cables insulated with oil or fluid-impregnated paper for voltages up to 1100 kV and extruded polymer insulated cables for voltages up to 500 kV. These are complemented by laying and post-laying services, grid monitoring and preventive maintenance services, power line repair and maintenance services, as well as emergency services, including intervention in the event of damage.

In addition, Prysmian Group engineers, produces and installs "turnkey" submarine cable systems for power transmission and distribution. The products offered include cables with different types of insulation (cables insulated with layers of oil or fluid-impregnated paper for AC and DC transmission up to 500 kV; cables insulated with extruded polymer for AC transmission up to 400 kV and DC transmission up to 300 kV). The Group offers specific technological solutions for power transmission and distribution in underwater environments, which also satisfy the strictest international standards.

MARKET OVERVIEW

The submarine cables business has enjoyed a level of market demand in the first three months of 2016 consistent with the previous year. In future years, the market is expected to be stable at around Euro 2-2.5 billion per year. Demand for offshore wind farm projects has confirmed the stabilising trend already emerging late in 2013 (after the boom in 2011, 2012 and part of 2013), as a consequence of the high overall implementation costs of such projects and their subsequent transfer to the end consumer. The market continues to be dominated by a few large global players who have been awarded almost all of the projects up for tender. The much more fragmented medium voltage segment of the market has slowed, with all suppliers exposed to weak market for inter-array connections.

Demand in the high voltage underground business has been essentially stable in the mature markets of Europe and North America. The imbalance between high production capacity and limited demand has continued to exert pressure on prices in these markets. By contrast, demand has continued to grow in the Middle and Far East, where prices and profitability have nonetheless remained well below those in mature markets due to competition from local manufacturers and importers.

FINANCIAL PERFORMANCE

Sales to third parties by the Energy Projects segment amounted to Euro 346 million in the first three months of 2016, compared with Euro 281 million in the same period of 2015, posting a positive change of Euro 65 million (+23.3%).

The increase in sales can be broken down into the following main factors:

- positive organic growth of Euro 74 million (+26.4%);
- decrease of Euro 7 million (-2.4%) for exchange rate fluctuations;
- sales price reduction of Euro 2 million (-0.7%) for metal price fluctuations.

The organic sales growth in the first three months of 2016 is attributable to the significant upsurge in the Submarine business, accompanied by a positive performance for the High Voltage business.

Although High Voltage performed well in France, the United Kingdom and North America, it underperformed in some of the major European markets (Italy and Spain) because of lower demand for energy infrastructure. The Group has confirmed its important presence in markets in the Middle and Far East, which continue to be characterised by growing demand for energy infrastructure but also by lower profitability. During 2015 Prysmian won some important orders in Kuwait, which are currently being fulfilled. Demand in Russia is still weak due to the ongoing uncertainty of the local political situation, which has delayed the implementation of previously planned major projects.

Sales by the Submarine business were sharply up on the prior year equivalent period thanks to the sustained level of work on existing contracts.

The main projects on which work was performed in the period were the interconnector between Greece and the Cyclades islands, the Shannon River crossing in Ireland, the link between Italy and Montenegro, the second interconnector across the Dardanelles Strait, the link between Sicily and Calabria, the links between

offshore wind farms in the North and Baltic Seas and the German mainland (DoWin3, 50Hertz) and the Western HVDC Link in the United Kingdom.

The main contribution to the quarter's sales came from cable manufacturing by the Group's industrial facilities (Pikkala in Finland, Arco Felice in Italy and Drammen in Norway) and to a lesser extent from installation services, for seasonal reasons.

The manufacture of HVDC submarine cable for the Western Link contract is proceeding as planned, with installation having started in the third quarter of last year.

The value of the Group's Submarine order book is around Euro 2.7 billion, ensuring sales visibility for a period of about three years. The order book mainly consists of the following contracts: the link between Montenegro and Italy (Monita); the interconnector between Norway and Britain (NSN Link); the Cobra cable between the Netherlands and Denmark; the inter-array and export cables for offshore wind platforms (Deutsche Bucht and Wikinger); the links between offshore wind farms in the North and Baltic Seas and the German mainland (BorWin3, DoWin3, 50Hertz); the interconnection of the Philippine islands of Panay and Negros; the interconnector between England and Scotland (Western HVDC Link); and the Hainan2 project awarded in China.

Adjusted EBITDA for the first three months of 2016 came to Euro 39 million, up Euro 13 million (+46.9%) from Euro 26 million in the same period of 2015.

REVIEW OF OIL & GAS OPERATING SEGMENT

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 | % change | 2015 |
|--|------------------|------------------|----------------|-----------|
| Sales | 82 | 130 | -36.8% | 421 |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 3 | 13 | -76.5% | 16 |
| % of sales | 3.8% | 10.3% | | 3.8% |
| Adjusted EBITDA | 3 | 13 | -76.5% | 16 |
| % of sales | 3.8% | 10.3% | | 3.8% |
| EBITDA | 3 | 11 | -78.0% | - |
| % of sales | 3.2% | 9.2% | | |
| Amortisation and depreciation | (5) | (3) | 40.1% | (13) |
| Adjusted operating income | (2) | 10 | -122.9% | 3 |
| % of sales | -1.8% | 7.7% | | 0.7% |

Reconciliation of Operating Income / EBITDA to Adjusted Operating Income / Adjusted EBITDA

| | 3 | 11 | -78.0% | - |
|--|----------|-----------|---------------|-----------|
| EBITDA (A) | 3 | 11 | -78.0% | - |
| Non-recurring expenses/(income): | | | | |
| Company reorganisation | - | 2 | | 3 |
| Antitrust | - | - | | |
| Other net non-recurring expenses | - | - | | 13 |
| Total non-recurring expenses/(income) (B) | - | 2 | | 16 |
| Adjusted EBITDA (A+B) | 3 | 13 | -76.5% | 16 |

The OIL & GAS operating segment encompasses the businesses of SURF (Subsea Umbilical, Riser and Flowline), DHT (Downhole Technology) and Oil & Gas (cables for Upstream, Midstream and Downstream applications) and is characterised by its focus on the oil industry.

The range of products for the offshore oil industry includes not only submarine cables to link offshore platforms to mainland power grids but also solutions for the drilling, production and storage of hydrocarbons. The wide portfolio includes all the so-called SURF products and services - multifunction umbilicals for transmitting energy and telecommunications and for hydraulic powering of wellheads by offshore platforms and/or by FPSOs (Floating, Production, Storage and Offloading vessels); flexible pipes for transporting hydrocarbons; Downhole Technology (DHT) solutions, which include cables encased in insulated tubing to control and power systems inside extraction and production machinery below the seabed surface. DHT products are also used in onshore applications.

The range of products for the Oil & Gas industry also includes low and medium voltage power cables, and instrumentation and control cables for offshore and onshore applications. The onshore product range is able to support applications in the Upstream, Midstream and Downstream segments.

MARKET OVERVIEW

The SURF business has seen a contraction in the umbilicals market in Brazil, as well as a reduction in demand for flexible pipes used in pre-salt fields, in which, however, the Group is not yet present. Demand for "post-salt" products, a sector in which Prysmian does compete, was also down.

The Downhole Technology business has experienced a slight downward trend, with demand by global operators nonetheless supported by projects in South America, Africa and the Middle East.

For the time being, the decline in oil prices has had only a limited impact on this business's performance. The Oil & Gas business has faced a highly negative trend in the first three months of the year: in fact, the market for international projects has deteriorated further, with oil companies slowing down/postponing investments in new exploration fields pending more favourable market conditions. In addition, even the drilling sector (MRO business) has been heavily impacted by lower oil prices, with a consequent reduction in operations worldwide. The extreme weakness of this market observed in the first part of the year is expected to continue in the next quarter.

FINANCIAL PERFORMANCE

Sales to third parties by the OIL & GAS segment amounted to Euro 82 million in the first three months of 2016, compared with Euro 130 million in the same period of 2015, posting a negative change of Euro 48 million (-36.8%).

The decrease in sales can be broken down into the following main factors:

- negative organic sales growth of Euro 44 million (-33.9%);
- decrease of Euro 9 million (-7.3%) for exchange rate fluctuations;
- sales price reduction of Euro 2 million (-1.2%) for metal price fluctuations;
- increase of Euro 7 million for the acquisition in 2015 of Gulf Coast Downhole Technologies LLC in the United States, a company operating in the DHT sector.

The performance of the OIL & GAS segment has been hit hard by the drop in oil prices, which is affecting decisions by the industry's major players.

The SURF business has witnessed a contraction in the umbilicals market in Brazil, Prysmian's main country of sales.

Demand for Downhole Technology products has remained positive but below 2015 levels.

The decline in volumes has been offset by a positive industrial performance.

The acquisition of Gulf Coast Downhole Technologies LLC, completed in the second half of 2015, is designed to strengthen Prysmian's presence in the DHT market. The company's integration into the Group and development of commercial and industrial synergies are in line with expectations.

The Oil & Gas business has seen the collapse in oil prices trigger a sharp slowdown in demand in the area of both onshore and offshore projects. The business's overall profitability has been additionally affected by the sharp drop in higher-margin MRO volumes, particularly in Norway and the United States, and by a slowdown in call-off contracts for projects in progress. Measures have been put in place to reduce risks related to the slowdown in call-offs.

Adjusted EBITDA for the first three months of 2016 came to Euro 3 million, down Euro 10 million (-76.5%) from Euro 13 million in the same period of 2015.

REVIEW OF ENERGY PRODUCTS OPERATING SEGMENT

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 | % change | 2015 |
|--|------------------|------------------|--------------|------------|
| Sales | 1,110 | 1,063 | 4.4% | 4,415 |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 66 | 50 | 37.7% | 236 |
| % of sales | 6.0% | 4.5% | | 5.3% |
| Adjusted EBITDA | 66 | 53 | 27.4% | 252 |
| % of sales | 6.0% | 4.9% | | 5.7% |
| EBITDA | 60 | 49 | 21.6% | 265 |
| % of sales | 5.4% | 4.6% | | 6.0% |
| Amortisation and depreciation | (16) | (17) | 6.6% | (59) |
| Adjusted operating income | 50 | 36 | 28.0% | 193 |
| % of sales | 4.5% | 3.4% | | 4.4% |

Reconciliation of Operating Income / EBITDA to Adjusted Operating Income / Adjusted EBITDA

| | | | | |
|--|-----------|-----------|--------------|-------------|
| EBITDA (A) | 60 | 49 | 21.6% | 265 |
| Non-recurring expenses/(income): | | | | |
| Company reorganisation | 5 | 4 | | 35 |
| Antitrust | - | - | | - |
| Effects of consolidating Oman Cables Industry | - | - | | (44) |
| Other net non-recurring expenses | 1 | - | | (4) |
| Total non-recurring expenses/(income) (B) | 6 | 4 | | (13) |
| Adjusted EBITDA (A+B) | 66 | 53 | 27.4% | 252 |

The Energy Products Operating Segment, encompassing the businesses offering a complete and innovative product portfolio for a variety of industries, is organised into the businesses of Energy & Infrastructure (including Power Distribution, Trade & Installers) and Industrial & Network Components (comprising Specialties & OEM, Elevators, Automotive and Network Components).

Sales to third parties by the Energy Products operating segment amounted to Euro 1,110 million in the first three months of 2016, compared with Euro 1,063 million in the first three months of 2015, posting a positive change of Euro 47 million (+4.4%), due to the combined effect of the following main factors:

- increase of Euro 143 million associated with acquisition of Oman Cables Industry;
- largely flat organic sales growth of Euro 1 million (+0.1%), reflecting growth in North America, Oceania and some Asian countries, stability in Europe and steep reduction in underlying sales in Brazil;
- decrease of Euro 37 million (-3.5%) linked to unfavourable exchange rate movements;
- sales price reduction of Euro 60 million (-5.6%) for metal price fluctuations.

Adjusted EBITDA for the first three months of 2016 came to Euro 66 million, up Euro 13 million (+27.4%) from Euro 53 million in the same period of 2015.

The following paragraphs describe market trends and financial performance in each of the business areas of the Energy Products operating segment.

ENERGY & INFRASTRUCTURE

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 | % change | % organic sales changes | 2015 |
|---|------------------|------------------|----------|-------------------------------|-------|
| Sales | 754 | 686 | 10.0% | -0.5% | 2,795 |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 37 | 23 | 71.6% | | 111 |
| % of sales | 5.0% | 3.2% | | | 4.0% |
| Adjusted EBITDA | 38 | 26 | 45.7% | | 128 |
| % of sales | 5.0% | 3.8% | | | 4.6% |
| Adjusted operating income | 28 | 16 | 59.0% | | 93 |
| % of sales | 3.7% | 2.4% | | | 3.3% |

Prysmian produces high and medium voltage cable systems to connect industrial and/or civilian buildings to primary distribution grids and low voltage cables and systems for *power distribution* and the wiring of buildings. All the products offered comply with international standards regarding insulation, fire resistance, smoke emissions and halogen levels. The low voltage product portfolio includes rigid and flexible cables for distributing power to and within *residential and commercial buildings*. The Group concentrates product development and innovation activities on high performance cables, such as Fire-Resistant and Low Smoke zero Halogen cables, capable of guaranteeing specific safety standards. The product range has been recently expanded to satisfy cabling demands for infrastructure such as airports, ports and railway stations, by customers as diverse as international distributors, buying syndicates, installers and wholesalers.

MARKET OVERVIEW

The reference markets have distinct geographical characteristics (despite international product standards) both in terms of customer and supplier fragmentation and the range of items produced and sold.

The first three months of 2016 have continued to witness the trend towards a stabilisation in the construction market already seen last year, uncertainty about whose future prospects had paralysed the buying plans of the industry's main players and exacerbated the pressure on sales prices during previous years.

This has translated into a minor recovery in volumes in some European markets, with demand in the rest of the continent remaining at a steady but low level accompanied by generally stable prices.

The North American market, where infrastructure construction demand has shown signs of recovering in recent quarters from its flat level in previous years, has continued to report positive growth but less than last year. In Canada, the renewables sector (wind farms) has continued to display growth in demand.

In South America, Brazil has remained weak, with demand in line with the previous year, reflecting slowdown in the industrial and residential construction sectors and uncertainties about political stability.

Lastly, demand has grown on the Australian construction market. The strong competitive pressures from Asian operators characterising last year are retreating in the face of quality issues encountered with the latter; the market is therefore rewarding local suppliers, also thanks to national campaigns on power cable safety.

The Power Distribution business is seeing a similar growth in demand in 2016 as in 2015.

The trend in the principal European countries in recent years has reflected generally stagnant energy consumption, which in turn has adversely affected demand by the major utilities. The latter, operating in a recessionary economic environment, have either maintained an extremely cautious stance given the difficulty of forecasting future growth, or else they have concentrated on business restructuring to improve efficiency and reduce supply-side costs. This situation has exacerbated the competitive environment in terms of price and mix, leaving an extremely challenging context almost everywhere.

However, some countries have been seeing resumed investments already since last year, in some cases even at a sustained pace, like in Germany, the Nordic countries and Argentina on the other side of the Atlantic.

FINANCIAL PERFORMANCE

Sales to third parties by the E&I business area amounted to Euro 754 million in the first three months of 2016, compared with Euro 686 million in the corresponding period of 2015, posting a positive change of Euro 68 million (+10.0%) due to the combined effect of the following main factors:

- increase of Euro 143 million associated with acquisition of Oman Cables Industry;
- negative organic sales growth of Euro 3 million (-0.5%);
- reduction of Euro 30 million (-4.4%) for exchange rate fluctuations;
- sales price reduction of Euro 42 million (-6.1%) for metal price fluctuations.

The Prysmian Group has continued its strategy in the E&I business area of focusing on business relationships with top international customers and its development of tactical actions to avoid losing sales opportunities, by differentiating its offer in the various markets and by increasing its market share in specific geographical areas. This has led to a very complex commercial strategy, not only focused where possible on improving the sales mix, but also aimed at regaining market share while seeking to minimise the impact on sales margins.

The Prysmian Group has benefited from generally stable markets not only in North America, where volumes had already started to recover last year, especially thanks to growing demand for renewables (wind farms) in Canada for the part of the business served by distributors, but also in some European countries, where the market has been invigorated by renewed infrastructure investments (for example in Germany and Finland).

The rest of Europe has remained largely stable with a contraction in low margin segments and price levels staying in line with previous quarters. The Group has responded by initiating on industrial reorganisation programs to reduce production costs and thus raise profitability.

By contrast, the Group has suffered in South America, with demand remaining negative due to a weak construction market and political uncertainty.

Given the factors described above, Adjusted EBITDA for the first three months of 2016 came to Euro 38 million, up from Euro 26 million in the same period last year.

INDUSTRIAL & NETWORK COMPONENTS

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 | % change | % organic sales changes | 2015 |
|---|------------------|------------------|----------|-------------------------------|-------|
| Sales | 333 | 352 | -5.5% | 1.4% | 1,499 |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 29 | 26 | 16.7% | | 123 |
| % of sales | 8.7% | 7.0% | | | 8.1% |
| Adjusted EBITDA | 29 | 26 | 16.1% | | 122 |
| % of sales | 8.7% | 7.2% | | | 8.1% |
| Adjusted operating income | 24 | 20 | 16.9% | | 100 |
| % of sales | 7.2% | 5.6% | | | 6.7% |

The extensive range of cables developed specially for certain *industries* is characterised by the highly specific nature of the solutions offered. In the transport market, Prysmian cables are used in the construction of ships and trains, and in the automotive and aerospace industries; in the infrastructure market, the principal applications for its cables are found in railways, docks and airports. The product range also includes cables for the mining industry, for elevators and for applications in the renewable energy field (solar and wind power), cables for military use and for nuclear power stations, able to withstand the highest radiation environments.

Lastly, the Group produces accessories and *network components*, such as joints and terminations for low, medium, high and extra high voltage cables and submarine systems, to connect cables with one another and/or connect them with other network devices, suitable for industrial, construction and infrastructure applications and for use within power transmission and distribution grids.

MARKET OVERVIEW

Trends on Industrial cable markets in 2016 display considerable inconsistencies between the various business lines and large disparities between the different geographical areas. The common tendency is for more fragmented and erratic demand, concentrated on smaller scale but technologically more complex projects than in the past, accompanied by more exacting requirements regarding quality and after-sales service.

Within the Industrial market, some segments are showing stable or growing demand, like certain OEM sectors (such as Crane, Defence and Infrastructure), and the Elevator market, while the renewable energy market is enjoying a recovery in demand in Germany and North America; however, other market segments have experienced a contraction in volumes due to delays in investment projects, like the low-end mining and infrastructure ranges for the OEM market, where demand depends on specific geographical factors, or the renewable energy sector in China, where first-quarter demand has been rather weak, with the major investments gradually shifting from production and installation towards grid connections. In particular, within the mining sector, demand has continued to be very weak, like in previous quarters, primarily due to falling commodity prices, significant production overcapacity and the overall reduction in investments.

The Elevator market has seen growth in North America, stability in Asia with signs of improvement in China and an improving trend in Europe.

The Automotive market has continued to enjoy growing demand almost everywhere, even if competitive pressure is increasingly building up, especially in low-end segments, particularly in North and Central America and Europe.

FINANCIAL PERFORMANCE

Sales to third parties by the Industrial & Network Components business area amounted to Euro 333 million in the first three months of 2016, compared with Euro 352 million in the corresponding period of 2015, posting a negative change of Euro 19 million (-5.5%) due to the combined effect of the following main factors:

- positive organic sales growth of Euro 5 million (+1.3%);
- decrease of Euro 6 million (-1.7%) for exchange rate fluctuations;
- sales price reduction of Euro 18 million (-5.1%) for metal price fluctuations.

Overall performance in the first three months of 2016 by the industrial applications business was only partially affected by the instability of investment demand in some sectors (infrastructure), while nonetheless maintaining a necessary geographical and application differentiation in view of the wide range of developed specially products and the highly customised nature of the solutions offered by the Group.

In the OEM market, the Prysmian Group has reported positive trends in North America and Asia Pacific, a stable trend in Europe and an extremely negative one in South America due to the continuing economic crisis in Brazil and the sudden slowdown in investments in Argentina. As for the different sectors, good performance by the Crane, Marine and Defence businesses, with growth in the higher value-added order book, was partly offset by weak demand for Nuclear, Mining and Railway & Rolling Stock cables.

In the renewables business, the positive trend in demand in the North American solar segment was more than offset not only by weakness in China's wind segment, where the Group has generally reduced its exposure for strategic reasons linked to the competitive environment, but also by the general slowdown in market demand.

The strategy of technological specialisation of its solutions has allowed Prysmian Group to consolidate its Elevator market leadership in North America and to expand into the Chinese and European markets; its exposure to the European market in particular is still marginal although significantly greater than in the previous year.

The Automotive business has reported a year-on-year improvement in margins thanks to the strategy of focusing on high value-added segments of the product portfolio; this strategy aims to counter the competition faced by the Prysmian Group at the lower end of the market from countries with lower labour costs and from cable installers who are intercepting the market upstream.

The Network Components business area recorded positive results in the market for High Voltage and Submarine applications, also thanks to major projects in new markets (Mexico, Indonesia) and exports in

general, which were partly neutralised by the downturn in sales in market segments serving the Oil & Gas industry.

Given the factors described above, Adjusted EBITDA for the first three months of 2016 came to Euro 29 million, up from Euro 26 million in the previous year.

OTHER

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 | 2015 |
|--|------------------|------------------|----------|
| Sales | 23 | 25 | 121 |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | - | 1 | 2 |
| Adjusted EBITDA | (1) | 1 | 2 |
| Adjusted operating income | (2) | - | - |

This business area encompasses occasional sales by Prysmian Group operating units of intermediate goods, raw materials or other products forming part of the production process. These sales are normally linked to local business situations, do not generate high margins and can vary in size from period to period.

REVIEW OF TELECOM OPERATING SEGMENT

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 | % change | 2015 |
|--|------------------|------------------|--------------|------------|
| Sales | 272 | 279 | -2.6% | 1,109 |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 35 | 24 | 38.7% | 113 |
| % of sales | 12.9% | 9.0% | | 10.2% |
| Adjusted EBITDA | 42 | 28 | 49.8% | 134 |
| % of sales | 15.4% | 10.1% | | 12.1% |
| EBITDA | 42 | 26 | 53.0% | 119 |
| % of sales | 15.3% | 9.7% | | 10.7% |
| Amortisation and depreciation | (10) | (9) | | (44) |
| Adjusted operating income | 32 | 19 | 88.2% | 90 |
| % of sales | 11.7% | 6.8% | | 8.1% |

Reconciliation of Operating Income / EBITDA to Adjusted Operating Income / Adjusted EBITDA

| | | | | |
|--|-----------|-----------|--------------|------------|
| EBITDA (A) | 42 | 26 | 53.0% | 119 |
| Non-recurring expenses/(income): | | | | |
| Company reorganisation | - | 2 | | 10 |
| Antitrust | - | - | | |
| Other net non-recurring expenses | - | - | | 5 |
| Total non-recurring expenses/(income) (B) | - | 2 | | 15 |
| Adjusted EBITDA (A+B) | 42 | 28 | | 134 |

As partner to leading telecom operators worldwide, Prysmian Group produces and manufactures a wide range of cable systems and connectivity products used in telecommunication networks. The product portfolio includes optical fibre, optical cables, connectivity components and accessories and copper cables.

Optical fibre

Prysmian Group is one of the leading manufacturers of the core component of every type of optical cable: optical fibre. The Group is in the unique position of being able to use all existing manufacturing processes within its plants: MCVD (Modified Chemical Vapour Deposition), OVD (Outside Vapour Deposition), VAD (Vapour Axial Deposition) and PCVD (Plasma-activated Chemical Vapour Deposition). The result is an optimised product range for different applications. With centres of excellence in Battipaglia (Italy), Eindhoven (the Netherlands) and Douvrin (France), and 5 production sites around the world, Prysmian Group offers a wide range of optical fibres, designed and manufactured to cater to the broadest possible spectrum of customer applications, such as single-mode, multimode and specialty fibres.

Optical cables

Optical fibres are employed in the production of standard optical cables or those specially designed for challenging or inaccessible environments. The optical cables, constructed using just a single fibre or up to as many as 1,728 fibres, can be pulled (or blown) into ducts, buried directly underground or suspended on overhead devices such as telegraph poles or electricity pylons. Cables are also installed in road and rail

tunnels, gas and sewerage networks and inside various buildings where they must satisfy specific fire-resistant requirements. Prysmian Group operates in the telecommunications market with a wide range of cable solutions and systems that respond to the demand for wider bandwidth by major network operators and service providers. The product portfolio covers every area of the industry, including long-distance and urban systems, and solutions such as optical ground wire (OPGW), Rapier (easy break-out), Siroccoxs (fibres and cables for blown installation), Flextube® (extremely flexible easy-to-handle cables for indoor or outdoor installations), Airbag (dielectric direct buried cable) and many more.

Connectivity

Whether deployed in outdoor or indoor applications, Prysmian Group's OAsys connectivity solutions are designed for versatility, covering all cable management needs whatever the network type. These include aerial and underground installations, as well as cabling in central offices (or exchanges) or customer premises. Prysmian Group has been designing, developing and making cable and fibre management products for more than two decades and is at the forefront of designing next-generation products specifically for Fibre-To-The-Home (FTTH) networks.

FTTx

Increasing bandwidth requirements, by both business and residential customers, are having a profound effect upon the optical network performance level required, which in turn demands high standards of fibre management. Optimal fibre management in every section of the network is increasingly a matter of priority in order to minimise power loss and overcome the problems caused by ever greater space limitations. The Group has developed the suite of xsNet products for "last mile" access networks, which is also very suited to optical fibre deployment in sparsely populated rural areas. Most of the cables used in FTTx/FTTH systems feature Prysmian's bend-insensitive BendBrightxs optical fibre, which has been specially developed for this application.

FTTA (Fibre-To-The-Antenna)

xsMobile, which offers Fibre-To-The-Antenna (FTTA) solutions, is an extensive passive portfolio which enables mobile operators to upgrade their networks easily and quickly. Incorporating Prysmian's experience in Fibre-to-the-Home (FTTH) and its unique fibre innovations, xsMobile provides different product solutions for three applications: antenna towers, roof-top antennas and Distributed Antenna Systems (DAS) for small cell deployment. The technology offers three access types for outdoor and indoor FTTA deployment, as well as backhaul solutions – incorporating the latest fibre technologies.

Copper cables

Prysmian Group also produces a wide range of copper cables for underground and overhead cabling solutions and for both residential and commercial buildings. The product portfolio comprises cables of different capacity, including broadband xDSL cables and those designed for high transmission, low interference and electromagnetic compatibility.

Multimedia Solutions

The Group also produces cable solutions serving communication needs in infrastructure, industry and transport, for a diverse range of applications: cables for television and film studios, cables for rail networks such as underground cables for long-distance telecommunications, light-signalling cables and cables for track switching devices, as well as cables for mobile telecommunications antennae and for data centres.

MARKET OVERVIEW

The global optical fibre cables market has grown in the first three months of 2016 but with large regional differences. In fact, demand has grown in fast-developing markets (China and APAC) and in those with high communication infrastructure needs (India). In France, projects to extend residential broadband access, in accordance with the European Digital Agenda's targets, have played a crucial role in the market upturn. However, in Italy the programme to construct the next-generation network has been postponed to late 2016 or early 2017. In Central Europe the distribution of bandwidth via xDSL and G.FAST technologies, using the last metres of the existing copper network, is requiring huge volumes of optical cables to upgrade distribution networks. In Brazil, uncertainty about the country's macroeconomic performance and growth prospects has led to a slowdown in investments by major telecom operators.

In parallel with the traditional activities of developing the fixed network, the first three months of 2016 have been marked by the consolidation of wireless technologies (4G, LTE) which in turn require the installation of optical backbones to power antennae located across the territory. Mobile technology is experiencing a period of major growth both in developing countries, in the absence of costly investment in fixed network infrastructure, and in mature countries where demand for broadband on portable devices is constantly multiplying.

The Access/Broadband/FTTx market has continued to grow in the first three months of 2016, mainly in China, with demand driven by the development of optical fibre communication infrastructure. In addition to cables, this segment includes a varied portfolio of accessories for fibre connection. However, the still relatively low maturity of these products implies market differences between the various geographical areas. The copper cables market has continued to slow not only because of the economic downturn in the past two years, causing operators to scale back their larger investment projects, but also because of product maturity. The decline in this market was increasingly evident in the first three months of 2016, with high demand for internet access leading major operators to opt to renew their networks using optical fibre, rather than perform maintenance or upgrade work on existing networks. Only the Australian market has bucked this trend but was unable to reverse the global downtrend.

The MMS cable market has seen slight global growth, driven by Asia and, in the case of the optical cables segment, by China. Growth in demand is being driven by requests for ever greater bandwidth capacity in professional and office environments and data centres. Interestingly, this trend applies to both new buildings and projects to renovate existing ones. An important contribution to this growth is coming from industrial applications that require new highly specialised products. Another important channel is represented by HDTV cables used for the broadcast of digital content such as sports events or other events of media interest.

FINANCIAL PERFORMANCE

Sales to third parties by the Telecom operating segment amounted to Euro 272 million in the first three months of 2016, compared with Euro 279 million in the first three months of 2015, posting a negative change of Euro 7 million (-2.6%).

This change is attributable to the following factors:

- organic sales growth of Euro 9 million (+3.3%), thanks to volume recovery for copper cables;
- negative change of Euro 14 million (-5.4%) for exchange rate fluctuations;
- negative change of Euro 2 million (-0.5%) for changes in the scope of consolidation within the Multimedia Solutions business.

The organic growth in 2016 first-quarter sales reflects the positive trend already observed last year. Such underlying growth is mainly coming from strong demand for optical fibre (bare fibre) globally and for copper cables in Oceania, reflecting developments in the major local investment projects.

Optical cables have recorded a slight overall decrease even if local trends have sometimes shown opposite signs. For example, some European operators have adopted stock reduction programmes by limiting the purchase of new material. In other markets outside Europe (Oceania among others), volume trends were positive while the general price pressure seen in the first part of the previous year seems to have stabilised. In Europe, the Group has won contracts for work on major projects to realise backhaul links and FTTH connections for leading operators, such as Orange and Free in France. In North America, the development of new ultra-broadband networks and new FTTx networks, which provide 1Gbps services to residential users, has produced a steady increase in domestic demand, from which Prysmian has benefited in part. In Brazil, despite the slowdown in investments by major telecom operators, the associated decline in sales has been partially offset thanks to strategic repositioning in neighbouring market segments, namely OPGW. Lastly, the Asia Pacific region has seen growth in activities associated with the NBN (National Broadband Network) project in Australia for both the optical cables segment and the copper cables one. This unique phenomenon in the current telecoms market is related to the new NBN orientation towards a "multi-technology" platform. The preference for FTTN architecture over the original FTTH one has necessitated the installation of a number of new copper cable sections.

Growth in the Multimedia Solutions business mainly reflects increased volumes on the European market for copper data transmission cables, also observed, albeit to a lesser extent, in South America. This positive result has been achieved thanks to the ability to satisfy growing demand with a high level of responsiveness and service. This approach, along with its strong customer orientation, is seen as one of the Group's main strengths and will receive further attention in the course of 2016.

Lastly, the high value-added business of optical connectivity accessories performed well, thanks to the development of new FTTx networks (for last mile broadband access) in Europe, particularly in France, Spain and the Netherlands.

Adjusted EBITDA for the first three months of 2016 came to Euro 42 million, reporting an increase of Euro 14 million (+49.8%) from Euro 28 million in the corresponding period of 2015, also thanks to the contribution of Yangtze Optical Fibre and Cable Joint Stock Limited Company in China.

GROUP STATEMENT OF FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

| | 31 March 2016 | 31 March 2015 | Change | 31 dicembre 2015 |
|--|---------------|---------------|------------|------------------|
| Net fixed assets | 2,449 | 2,260 | 189 | 2,480 |
| Net working capital | 641 | 716 | (75) | 342 |
| Provisions | (286) | (283) | (3) | (307) |
| Net capital employed | 2,804 | 2,693 | 111 | 2,515 |
| Employee benefit obligations | 332 | 367 | (35) | 341 |
| Total equity | 1,434 | 1,286 | 148 | 1,424 |
| of which attributable to non-controlling interests | 140 | 40 | 100 | 146 |
| Net financial position | 1,038 | 1,040 | (2) | 750 |
| Total equity and sources of funds | 2,804 | 2,693 | 111 | 2,515 |

NET FIXED ASSETS

(in millions of Euro)

| | 31 March 2016 | 31 March 2015 | Change | 31 dicembre 2015 |
|-------------------------------------|---------------|---------------|------------|------------------|
| Property, plant & equipment | 1,535 | 1,442 | 93 | 1,552 |
| Intangible assets | 708 | 560 | 148 | 722 |
| Equity-accounted investments | 178 | 244 | (66) | 177 |
| Available-for-sale financial assets | 12 | 12 | - | 12 |
| Assets held for sale (*) | 16 | 2 | 14 | 17 |
| Net fixed assets | 2,449 | 2,260 | 189 | 2,480 |

(*) This includes the value of Land and Buildings classified as held for sale and Other property, plant and equipment.

Net fixed assets amounted to Euro 2,449 million at 31 March 2016, compared with Euro 2,480 million at 31 December 2015, posting a decrease of Euro 31 million mainly due to the combined effect of the following factors:

- Euro 50 million in net capital expenditure on property, plant and equipment and intangible assets;
- Euro 54 million in depreciation, amortisation and impairment charges for the period;
- Euro 23 million in adverse currency translation differences affecting property, plant and equipment and intangible assets;
- Euro 1 million for the net increase in equity-accounted investments, comprising Euro 7 million for the share of net profit/(loss) of equity-accounted companies, less Euro 2 million in dividend receipts, plus Euro 4 million for the negative effect of currency translation differences.

NET WORKING CAPITAL

The following table analyses the main components of net working capital:

(in millions of Euro)

| | 31 March 2016 | 31 March 2015 | Change | 31 dicembre 2015 |
|--------------------------------------|---------------|---------------|-------------|------------------|
| Inventories | 995 | 1,108 | (113) | 979 |
| Trade receivables | 1,120 | 1,104 | 16 | 1,098 |
| Trade payables | (1,301) | (1,463) | 162 | (1,377) |
| Other receivables/(payables) | (146) | (36) | (110) | (317) |
| Net operating working capital | 668 | 713 | (45) | 383 |
| Derivatives | (27) | 3 | (30) | (41) |
| Net working capital | 641 | 716 | (75) | 342 |

Net working capital of Euro 641 million at 31 March 2016 was Euro 299 million higher than the corresponding figure of Euro 342 million at 31 December 2015. Net operating working capital amounted to Euro 668 million (36.9% of sales) at 31 March 2016, an increase of Euro 285 million from Euro 383 million (5.2% of sales) at 31 December 2015, reflecting the following factors:

- a significant increase in working capital employed in multi-year Submarine projects, linked to their stage of completion with respect to contractual deadlines;
- a reduction of Euro 24 million in without-recourse factoring transactions;
- efficient management of the level of inventories of finished goods, raw materials and semi-finished products and of the level of past due trade receivables in relation to seasonal factors;
- a decrease of Euro 12 million for currency translation differences.

NET FINANCIAL POSITION

The following table provides a detailed breakdown of the net financial position:

| (in millions of Euro) | 31 March 2016 | 31 March 2015 | Change | 31 December 2015 |
|--|---------------|---------------|--------------|------------------|
| Long-term financial payables | | | | |
| - Term Loan facility 2011 | - | - | - | - |
| - Bank fees | - | - | - | - |
| EIB Loan | 67 | 83 | (16) | 75 |
| Non-convertible bond | 740 | - | 740 | 740 |
| Convertible bond | 282 | 273 | 9 | 279 |
| Derivatives | - | - | - | - |
| Other financial payables | 46 | 53 | (7) | 47 |
| Total long-term financial payables | 1,135 | 409 | 726 | 1,141 |
| Short-term financial payables | | | | |
| - Term loan Facility 2011 | - | 399 | (399) | - |
| - Revolving Facility | - | - | - | - |
| - Revolving Credit Facility 2014 in pool | - | - | - | - |
| EIB Loan | 17 | 17 | - | 17 |
| Non-convertible bond | 18 | 420 | (402) | 14 |
| Convertible bond | - | - | - | 1 |
| Revolving credit facility 2014 | 50 | 50 | - | 50 |
| Derivatives | 4 | 8 | (4) | 4 |
| Other financial payables | 165 | 158 | 7 | 180 |
| Total short-term financial payables | 254 | 1,052 | (798) | 266 |
| Total financial liabilities | 1,389 | 1,461 | (72) | 1,407 |
| Long-term financial receivables | 2 | 1 | 1 | 1 |
| Long-term bank fees | 3 | 5 | (2) | 4 |
| Short-term derivatives | 3 | 18 | (15) | 8 |
| Short-term financial receivables | 7 | 8 | (1) | 8 |
| Short-term bank fees | 2 | 3 | (1) | 2 |
| Financial assets held for trading | 80 | 81 | (1) | 87 |
| Cash and cash equivalents | 254 | 305 | (51) | 547 |
| Total financial assets | 351 | 421 | (70) | 657 |
| Net financial position | 1,038 | 1,040 | (2) | 750 |

The net financial position of Euro 1,038 million at 31 March 2016 has increased by Euro 288 million from Euro 750 million at 31 December 2015. The main factors affecting the period-end balance were:

- a decrease of Euro 293 million in cash and cash equivalents;
- a decrease of Euro 12 million in other short-term financial payables;
- a decrease of Euro 7 million in financial assets held for trading.

STATEMENT OF CASH FLOWS

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 | change | 2015 |
|---|----------------|----------------|-------------|--------------|
| EBITDA | 140 | 106 | 34 | 622 |
| Change in provisions (including employee benefit obligations) | (16) | (5) | (11) | (39) |
| (Gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets | (1) | (1) | - | (36) |
| Share of net profit/(loss) of equity-accounted companies | (7) | (7) | - | (39) |
| Acquisition price adjustment | - | - | - | - |
| Net cash flow provided by operating activities (before changes in NWC) | 116 | 93 | 23 | 508 |
| Changes in net working capital | (294) | (286) | (8) | 243 |
| Taxes paid | (24) | (15) | (9) | (71) |
| Dividends from investments in equity-accounted companies | 2 | 10 | (8) | 17 |
| Net cash flow provided/(used) by operating activities | (200) | (198) | (2) | 697 |
| Acquisition | - | - | - | (138) |
| Net cash flow used in operational investing activities | (49) | (22) | (27) | (200) |
| Free cash flow (unlevered) | (249) | (220) | (29) | 359 |
| Net finance costs | (16) | (16) | - | (100) |
| Free cash flow (levered) | (265) | (236) | (29) | 259 |
| Capital contribution and other equity movements | - | 2 | (2) | 3 |
| Dividend distribution | (11) | - | (11) | (91) |
| Net cash flow provided/(used) in the period | (276) | (234) | (42) | 171 |
| Opening net financial position | (750) | (802) | 52 | (802) |
| Net cash flow provided/(used) in the period | (276) | (234) | (42) | 171 |
| Other changes | (12) | (4) | (8) | (119) |
| Closing net financial positions | (1,038) | (1,040) | 2 | (750) |

Net cash flow provided by operating activities (before changes in net working capital) amounted to Euro 116 million in the first three months of 2016.

This cash flow was absorbed by the increase of Euro 294 million in net working capital described earlier. After Euro 24 million in tax payments and Euro 2 million in dividend receipts, net cash flow from operating activities in the three-month period was therefore a negative Euro 200 million.

Net operating capital expenditure amounted to Euro 49 million in the first three months of 2016, a large part of which relating to projects to increase, rationalise and technologically upgrade production capacity and to develop new products.

In addition, Euro 15 million in net finance costs were paid during the three-month period, as well as Euro 11 million in dividends to non-controlling shareholders.

STATEMENT OF CASH FLOWS OF 12 MONTHS

(in millions of Euro)

| | 12 months (1 April 2015 - 31 March 2016) | 3 months 2016 | 2015 | Change | 3 months 2015 |
|---|--|----------------|--------------|--------------|----------------|
| EBITDA | 656 | 140 | 622 | 34 | 106 |
| Change in provisions (including employee benefit obligations) | (50) | (16) | (39) | (11) | (5) |
| (Gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets | (36) | (1) | (36) | - | (1) |
| Share of net profit/(loss) of equity-accounted companies | (39) | (7) | (39) | - | (7) |
| Net cash flow provided by operating activities (before changes in NWC) | 531 | 116 | 508 | 23 | 93 |
| Changes in net working capital | 235 | (294) | 243 | (8) | (286) |
| Taxes paid | (80) | (24) | (71) | (9) | (15) |
| Dividends from investments in equity-accounted companies | 9 | 2 | 17 | (8) | 10 |
| Net cash flow provided/used by operating activities | 695 | (200) | 697 | (2) | (198) |
| Acquisition | (138) | - | (138) | - | - |
| Net cash flow used in operational investing activities | (227) | (49) | (200) | (27) | (22) |
| Free cash flow (unlevered) | 330 | (249) | 359 | (29) | (220) |
| Net finance costs | (100) | (16) | (100) | - | (16) |
| Free cash flow (levered) | 230 | (265) | 259 | (29) | (236) |
| Capital contribution and other equity movements | 1 | - | 3 | (2) | 2 |
| Dividend distribution | (102) | (11) | (91) | (11) | - |
| Net cash flow provided/used in the period | 129 | (276) | 171 | (42) | (234) |
| Opening net financial position | (1,040) | (750) | (802) | (238) | (802) |
| Net cash flow provided/used in the period | 129 | (276) | 171 | (42) | (234) |
| Other changes | (127) | (12) | (119) | (8) | (4) |
| Closing net financial positions | (1,038) | (1,038) | (750) | (288) | (1,040) |

The principal factors that influenced this change were:

- Euro 531 million in net cash flow provided by operating activities in the past 12 months (first 3 months of 2016 and last 9 months of 2015) before changes in net working capital;
- Euro 235 million in cash flow provided by the reduction in net working capital, Euro 80 million in tax payments and Euro 9 million in dividend receipts;

Net cash flow from operating activities therefore came to Euro 695 million.

Net operating capital expenditure amounted to Euro 365 million in the past 12 months (of which Euro 138 million for business combinations), while Euro 100 million was paid out in finance costs and Euro 102 million in dividends (of which Euro 11 million in dividends paid to non-controlling interests in the subsidiary Oman Cables).

The period-end net financial position also includes Euro 83 million in net debt from Oman Cables Industry (SAOG), consolidated after its acquisition late in 2015. "Other changes" of Euro 44 million affecting net financial position mainly relate to unrealized exchange differences on financial items included within the net financial position.

ALTERNATIVE PERFORMANCE INDICATORS

In addition to the standard financial reporting formats and indicators required under IFRS, this document contains a number of reclassified statements and alternative performance indicators. The purpose is to help users better evaluate the Group's economic and financial performance. However, these statements and indicators should not be treated as a substitute for the standard ones required by IFRS.

The alternative indicators used for reviewing the income statement include:

- **Adjusted operating income:** operating income before non-recurring income and expenses and the fair value change in metal derivatives and in other fair value items, as reported in the consolidated income statement. The purpose of this indicator is to present the Group's operating profitability without the effects of events considered to be outside its recurring operations;
- **EBITDA:** operating income before the fair value change in metal price derivatives and in other fair value items and before amortisation, depreciation and impairment. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;
- **Adjusted EBITDA:** EBITDA as defined above calculated before non-recurring income and expenses, as reported in the consolidated income statement. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items, without the effects of events considered to be outside the Group's recurring operations;
- **Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies:** Adjusted EBITDA as defined above calculated before the share of net profit/(loss) of equity-accounted companies;
- **Organic growth:** growth in sales calculated net of changes in the scope of consolidation, changes in metal prices and exchange rate effects.

The alternative indicators used for reviewing the reclassified statement of financial position include:

- **Net fixed assets:** sum of the following items contained in the statement of financial position:
 - Intangible assets
 - Property, plant and equipment
 - Equity-accounted investments
 - Available-for-sale financial assets, net of non-current securities classified as long-term financial receivables in the net financial position
 - Assets held for sale with regard to Land and Buildings
- **Net working capital:** sum of the following items contained in the statement of financial position:
 - Inventories
 - Trade receivables
 - Trade payables
 - Other non-current receivables and payables, net of long-term financial receivables classified in the

net financial position

- Other current receivables and payables, net of short-term financial receivables classified in the net financial position
- Derivatives net of financial instruments for hedging interest rate and currency risks relating to financial transactions, classified in the net financial position
- Current tax payables
- Assets and Liabilities held for sale with regard to current assets and liabilities

• **Net operating working capital:** sum of the following items contained in the statement of financial position:

- Inventories
- Trade receivables
- Trade payables
- Other non-current receivables and payables, net of long-term financial receivables classified in the net financial position
- Other current receivables and payables, net of short-term financial receivables classified in the net financial position
- Current tax payables

• **Provisions:** sum of the following items contained in the statement of financial position:

- Provisions for risks and charges – current portion
- Provisions for risks and charges – non-current portion
- Provisions for deferred tax liabilities
- Deferred tax assets

• **Net capital employed:** sum of Net fixed assets, Net working capital and Provisions.

• **Employee benefit obligations** and **Total equity:** these indicators correspond to Employee benefit obligations and Total equity reported in the statement of financial position.

• **Net financial position:** sum of the following items:

- Borrowings from banks and other lenders – non-current portion
- Borrowings from banks and other lenders – current portion
- Derivatives for financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables
- Derivatives for financial transactions recorded as Current derivatives and classified under Short-term financial receivables
- Derivatives for financial transactions recorded as Non-current derivatives and classified under Long-term financial payables
- Derivatives for financial transactions recorded as Current derivatives and classified under Short-term financial payables
- Medium/long-term financial receivables recorded in Other non-current receivables
- Bank fees on loans recorded in Other non-current receivables

- Short-term financial receivables recorded in Other current receivables
- Bank fees on loans recorded in Other current receivables
- Short/long-term available-for-sale financial assets, not instrumental to the Group's activities
- Financial assets held for trading
- Cash and cash equivalents

Reconciliation between the Reclassified Statement of Financial Position presented in the Directors' Report and the Statement of Financial Position contained in the Consolidated Financial Statements and Explanatory Notes at 31 March 2016

(in milioni di Euro)

| | Note | 31 March 2016 | | 31 December 2015 | |
|--|--------------------|---|---|---|---|
| | | Partial amounts from financial statements | Total amounts from financial statements | Partial amounts from financial statements | Total amounts from financial statements |
| Net fixed assets | | | | | |
| Property, plant and equipment | | 1,535 | 1,535 | | 1,551 |
| Intangible assets | | 708 | 708 | | 722 |
| Equity-accounted investments | | 178 | 178 | | 177 |
| Available-for-sale financial assets | | 12 | 12 | | 12 |
| Assets held for sale (*) | | 115 | 115 | | 17 |
| Total net fixed assets | A | 2,548 | 2,548 | | 2,479 |
| Net working capital | | | | | |
| Inventories | B | | 995 | | 979 |
| Trade receivables | C | | 1,120 | | 1,098 |
| Trade payables | D | | (1,301) | | (1,377) |
| Other receivables/payables – net | E | | (146) | | (316) |
| Of which: | | | | | |
| <i>Other receivables - non current</i> | 5 | 19 | | 21 | |
| <i>Tax receivables</i> | 5 | 9 | | 9 | |
| <i>Receivables from employees</i> | 5 | 1 | | 1 | |
| <i>Other</i> | 5 | 9 | | 11 | |
| <i>Other receivables – current</i> | 5 | 774 | | 779 | |
| <i>Tax receivables</i> | 5 | 169 | | 148 | |
| <i>Receivables from employees and pension plans</i> | 5 | 6 | | 5 | |
| <i>Advance to suppliers</i> | 5 | 16 | | 13 | |
| <i>Other (*)</i> | 5 | 89 | | 187 | |
| <i>Construction contracts</i> | 5 | 494 | | 426 | |
| <i>Other payables – non- current</i> | 13 | (15) | | (16) | |
| <i>Tax and social security payables</i> | 13 | (4) | | (4) | |
| <i>Accrued expenses</i> | 13 | - | | - | |
| <i>Other</i> | 13 | (11) | | (12) | |
| <i>Other payables –current</i> | 13 | (910) | | (1,073) | |
| <i>Tax and social security payables</i> | 13 | (111) | | (105) | |
| <i>Advances from customers</i> | 13 | (433) | | (518) | |
| <i>Payables to employees</i> | 13 | (83) | | (70) | |
| <i>Accrued expenses</i> | 13 | (125) | | (129) | |
| <i>Other (*)</i> | 13 | (158) | | (251) | |
| <i>Current tax payables</i> | | (28) | | (27) | |
| Total net operating working capital | F = B+C+D+E | | 668 | | 384 |
| Derivatives | G | (27) | | (40) | |
| Of which: | | | | | |
| <i>Forward currency contracts on commercial transactions (cash flow hedge) - non current</i> | 8 | 3 | | (2) | |
| <i>Forward currency contracts on commercial transactions (cash flow hedge) – current</i> | 8 | 1 | | (7) | |
| <i>Forward currency contracts on commercial transactions– non current</i> | 8 | - | | - | |
| <i>Forward currency contracts on commercial transactions – current</i> | 8 | - | | 2 | |
| <i>Metal derivatives – non – current</i> | 8 | (17) | | (17) | |
| <i>Metal derivatives – current</i> | 8 | (14) | | (16) | |
| Total net working capital | H = F+G | | 641 | | 344 |

(in millions of Euro)

| | Note | 31 March 2016 | | 31 December 2015 | |
|---|--------------------|---|---|---|---|
| | | Partial amounts from financial statements | Total amounts from financial statements | Partial amounts from financial statements | Total amounts from financial statements |
| Provisions for risks and charges - non-current | 14 | | (53) | | (52) |
| Provisions for risks and charges - current | 14 | | (258) | | (275) |
| Deferred tax assets | 16 | | 84 | | 83 |
| Deferred tax liabilities | 16 | | (59) | | (63) |
| Total provisions | I | | (286) | | (307) |
| Net capital employed | L = A+H+I | | 2,804 | | 2,515 |
| Employee benefit obligations | M | 15 | 332 | | 341 |
| Total equity | N | 11 | 1,434 | | 1,424 |
| <i>Equity attributable to non-controlling interests</i> | | | 140 | | 146 |
| Net financial position | | | | | |
| Total long-term financial payables | O | | 1,135 | | 1,141 |
| Term loan facility | 12 | - | - | - | - |
| Bank fees | 12 | - | - | - | - |
| Credit Agreements | 12 | - | - | - | - |
| EIB loan | 12 | 67 | 75 | 75 | 75 |
| Non-convertible bond | 12 | 740 | 740 | 740 | 740 |
| Convertible bond | 12 | 282 | 279 | 279 | 279 |
| Derivatives | | - | - | - | - |
| <i>of which:</i> | | | | | |
| <i>Interest rate swaps</i> | 8 | - | - | - | - |
| Other payables | | 46 | 47 | 47 | 47 |
| <i>of which:</i> | | | | | |
| <i>Finance lease obligations</i> | 12 | 14 | 14 | 14 | 14 |
| <i>Other financial payables</i> | 12 | 32 | 33 | 33 | 33 |
| Total short-term financial payables | P | | 254 | | 266 |
| Term loan facility | 12 | - | - | - | - |
| Revolving Credit Facility 2014 | 12 | - | - | - | - |
| EIB loan | 12 | 17 | 17 | 17 | 17 |
| Non-convertible bond | 12 | 18 | 14 | 14 | 14 |
| Convertible bond | 12 | - | 1 | 1 | 1 |
| Revolving facility - Credit Agreement | 12 | - | - | - | - |
| Revolving Credit Facility 2014 | 12 | 50 | 50 | 50 | 50 |
| Derivatives | | 4 | 4 | 4 | 4 |
| <i>of which:</i> | | | | | |
| <i>Interest rate swaps</i> | 8 | - | 1 | 1 | 1 |
| <i>Forward currency contracts on financial transactions</i> | 8 | 4 | 3 | 3 | 3 |
| Other payables | | 165 | 180 | 180 | 180 |
| <i>of which:</i> | | | | | |
| <i>Finance lease obligations</i> | 12 | 1 | 1 | 1 | 1 |
| <i>Other financial payables</i> | 12 | 164 | 179 | 179 | 179 |
| Total financial liabilities | Q = O+P | | 1,389 | | 1,407 |
| Long-term financial receivables | R | 5 | (2) | (1) | (1) |
| Long-term bank fees | R | 5 | (3) | (4) | (4) |
| Short-term financial receivables | R | 5 | (7) | (8) | (8) |
| Short-term derivatives | R | | (3) | (8) | (8) |
| <i>of which:</i> | | | | | |
| <i>Forward currency contracts on financial transactions (current)</i> | 8 | | (3) | (8) | (8) |
| Short-term bank fees | R | 5 | (2) | (2) | (2) |
| Available-for-sale financial assets (current) | S | | - | - | - |
| Financial assets held for trading | T | | (80) | (87) | (87) |
| Cash and cash equivalents | U | | (254) | (547) | (547) |
| Total financial assets | V = R+S+T+U | | (351) | | (657) |
| Total net financial position | W = Q+V | | 1,038 | | 750 |
| Total equity and sources of funds | | | 2,804 | | 2,515 |

Reconciliation between the principal income statement indicators and the Income Statement contained in the Consolidated Financial Statements and Explanatory Notes at 31 March 2016

(in millions of Euro)

| | Note | 3 months 2016 Amounts from income statement | 3 months 2015 Amounts from income statement |
|--|--------------------|--|--|
| Sales of goods and services | A | 1,810 | 1,753 |
| Change in inventories of work in progress, semi-finished and finished goods | | 7 | 73 |
| Other income | | 13 | 9 |
| Raw materials, consumables used and goods for resale | | (1,097) | (1,183) |
| Personnel costs | | (257) | (242) |
| Other expenses | | (355) | (312) |
| Operating costs | B | (1,689) | (1,655) |
| Share of net profit/(loss) of equity-accounted companies | C | 7 | 7 |
| Fair value stock options | D | 12 | 1 |
| EBITDA | E = A+B+C+D | 140 | 106 |
| Non-recurring other income | F | - | 1 |
| Non-recurring personnel costs | G | (5) | (6) |
| Non-recurring other expenses and releases | H | (5) | (9) |
| Adjusted EBITDA | I = E-F-G-H | 150 | 123 |
| Share of net profit/(loss) of equity-accounted companies | L | 7 | 7 |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | M = I-L | 143 | 113 |

(in millions of Euro)

| | Note | 3 months 2016 Amounts from income statement | 3 months 2015 Amounts from income statement |
|---|--------------------|--|--|
| Operating income | A | 76 | 83 |
| Non-recurring other income | | - | 1 |
| Non-recurring personnel costs | | (5) | (6) |
| Non-recurring other expenses and releases | | (5) | (9) |
| Change in inventories of work in progress, semi-finished and finished goods | | - | - |
| Total non-recurring expenses | B | (10) | (14) |
| Fair value change in metal derivatives | C | 2 | 20 |
| Fair value stock options | D | (12) | (1) |
| Non-recurring impairment and impairment reversals | E | (15) | (6) |
| Adjusted operating income | F=A-B-C-D-E | 111 | 84 |

Following adoption of the new organisational structure, the alternative performance indicators for the first three months of 2015 have been restated as follows:

Alternative performance indicators at 31 March 2016

(in millions of Euro)

3 months 2015

| | | Published | Restated | | | | | | |
|------------------|--|--------------|-----------------|------------------|--------------|-----------------|------------|-----------------|-------|
| | | | Energy Products | | | | Oil&GAS | Energy Projects | Total |
| | | | E&I | Industrial & NWC | Other | Totale Products | | | |
| E&I | Sales | 686 | 686 | | | | | | |
| | Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 23 | 23 | | | | | | |
| | Adjusted EBITDA | 26 | 26 | | | | | | |
| | Adjusted operating income | 16 | 16 | | | | | | |
| Industrial & NWC | Sales | 430 | | 352 | | | | | |
| | Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 28 | | 26 | | | | | |
| | Adjusted EBITDA | 28 | | 26 | | | | | |
| | Adjusted operating income | 22 | | 20 | | | | | |
| Other | Sales | 25 | | | 25 | | | | |
| | Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 1 | | | 1 | | | | |
| | Adjusted EBITDA | 1 | | | 1 | | | | |
| | Adjusted operating income | - | | | - | | | | |
| Energy Products | Sales | 1,141 | | | 1,063 | | | | |
| | Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 52 | | | 50 | | | | |
| | Adjusted EBITDA | 55 | | | 53 | | | | |
| | Adjusted operating income | 38 | | | 36 | | | | |
| Energy Projects | Sales | 333 | | | | | 281 | | |
| | Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 37 | | | | | 26 | | |
| | Adjusted EBITDA | 31 | | | | | 20 | | |
| | Adjusted operating income | 27 | | | | | 19 | | |
| Oil & Gas | Sales | - | | | | 130 | | | |
| | Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | - | | | | 13 | | | |
| | Adjusted EBITDA | - | | | | 13 | | | |
| | Adjusted operating income | - | | | | 10 | | | |
| Total | Sales | 1,474 | | | 1,063 | 130 | 281 | 1,474 | |
| | Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 89 | | | 50 | 13 | 26 | 89 | |
| | Adjusted EBITDA | 86 | | | 53 | 13 | 20 | 86 | |
| | Adjusted operating income | 65 | | | 36 | 10 | 19 | 65 | |

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Dividend distribution

On 13 April 2016, the shareholders of Prysmian S.p.A. approved the financial statements for 2015 and the distribution of a gross dividend of Euro 0.42 per share, for a total of some Euro 90 million. The dividend was paid out on 20 April 2016 to shares outstanding on the record date of 19 April 2016, with the shares going ex-dividend on 18 April 2016.

Share buy-back and disposal programme

The Shareholders' Meeting held on 13 April 2016 authorised a share buy-back and disposal programme, revoking at the same time the previous authorisation under the shareholder resolution dated 16 April 2015. This programme provides the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total must not exceed, at any one time, 10% of share capital, equating to 18,964,916 ordinary shares as at the date of the Shareholders' Meeting, after deducting the treasury shares currently held. Purchases may not exceed the amount of undistributed earnings and available reserves reported in the most recently approved annual financial statements. The authorisation to buy back treasury shares will last for 18 months commencing from 13 April 2016. The authorisation to dispose of treasury shares has no time limit.

New employee share purchase plan

The same Shareholders' Meeting also approved a share purchase plan reserved for employees of Prysmian S.p.A. and/or of its subsidiaries, including some of the Company's Directors, and granted the Board of Directors the relevant powers to establish and implement this plan.

The Plan will offer the opportunity to purchase Prysmian's ordinary shares on preferential terms, with a maximum discount of 25% on the stock price, given in the form of treasury shares. The shares purchased will be subject to a retention period, during which they cannot be sold. The Plan envisages three purchase windows: 2017, 2018 and 2019.

Sale of 67% equity interest in Prysmian Baosheng Cable Co. JV

On 18 April 2016, Prysmian Group signed an agreement to sell 67% of the equity in Prysmian Baosheng Cable Co. to its joint venture partner Baosheng Group Ltd. for total consideration of RMB 300 million (approximately Euro 42 million). The closing of the transaction is subject to usual conditions precedent, which are expected to be satisfied during the third quarter of 2016. The Group had already reclassified in its Annual Report at 31 December 2015 all the assets and liabilities of this company as assets and liabilities held for sale.

BUSINESS OUTLOOK

The first few months of 2016 have witnessed moderate growth in the world's major economies, partially eroded by the uncertain economic environment in some emerging countries and by a renewed decline in key commodity prices. The lack of momentum in the main Eurozone economies, combined with near zero or negative inflation, has prompted the ECB to deploy expansionary measures by widening the scope of quantitative easing. Growth has remained strong in the United States while the escalation of the political crisis in Brazil has continued to have an adverse impact on the country's economy.

In such a macroeconomic context, the Group's expectation for FY 2016 is that demand in the cyclical businesses of medium voltage cables for utilities and building wires will record a slight volume recovery on the previous year with a stabilisation in prices. With the Energy Projects segment seeing a steadily stabilising market, the Prysmian Group expects to improve its performance in both the Submarine and High underground businesses. In the Oil & Gas segment, the drop in oil prices and consequent reduction in oil industry investments will have an adverse impact on the Group's activities, especially in its core Oil&Gas cables business. The Telecom segment is expected to see continued growth in demand for optical fibre cables in 2016 albeit at a slower pace than in 2015 and with fluctuations dependent on effective progress in the execution of projects to upgrade networks to optical fibre.

In addition, assuming constancy of the rates at the start of the year, exchange rate effects are forecast to have a negative impact on the FY 2016 results purely as a result of translating income statements expressed in other currencies into the Group's reporting currency.

The Group is forecasting Adjusted EBITDA for FY 2016 in the range of Euro 670-720 million, marking a significant improvement from Euro 623 million reported in 2015. This forecast, based on the current business perimeter, takes into account the current order book and the trends in the different operating segments mentioned above, and reflects the Prysmian Group's expectations for the impact of fully consolidating Oman Cables Industry from 1 January 2016. Lastly, the Prysmian Group is continuing in 2016 to rationalise its activities with the objective of achieving the projected cost efficiencies and greater competitiveness in all areas of its business.

FORESEEABLE RISKS IN 2016*

The Prysmian Group is exposed in the normal conduct of its business to a number of financial and non-financial risk factors which, if they should occur, could also have a material impact on its results of operations and financial condition. The Group has always worked to maximise value for its shareholders by putting in place all necessary measures to prevent or mitigate the risks inherent in the Group's business, which is why it adopts specific procedures to manage the risk factors that could influence its business results. Given operating performance in the first three months of the year and the specific macroeconomic context, the principal risk factors currently foreseeable for the rest of 2016 are described below according to their nature.

Risks associated with the competitive environment

Many of the products offered by the Prysmian Group, primarily in the Trade & Installers and Power Distribution businesses, are made in conformity with specific industrial standards and so are interchangeable with those offered by major competitors. Price is therefore a key factor in customer choice of supplier. The entry into mature markets (eg. Europe) of non-traditional competitors, meaning small to medium manufacturing companies with low production costs and the need to saturate production capacity, together with a possible contraction in market demand, translate into strong competitive pressure on prices with possible consequences for the Group's expected margins.

In addition, high value-added segments - like High Voltage underground cables, Optical Cables and Submarine cables - are seeing an escalation in competition from operators already on the market, with potentially negative impacts on both sales volumes and sales prices. With particular reference to the Submarine cables business, the high barriers to entry, linked to difficult-to-replicate ownership of technology, know-how and track record, are driving large market players to compete not so much on the product as on the related services.

The strategy of rationalising production facilities currently in progress, the consequent optimisation of cost structure, the policy of geographical diversification and, last but not least, the ongoing pursuit of innovative technological solutions, all help the Group to address the potential effects arising from the competitive environment.

Risks associated with changes in the macroeconomic environment and in demand

Factors such as changes in GDP and interest rates, the ease of getting credit, the cost of raw materials, and the overall level of energy consumption, significantly affect the energy demand of countries which, in the face of persistent economic difficulties, then reduce investments that would otherwise develop the market.

(*) The risks described in this section are those that, at the date of the present document, the Group believes, if they were to occur, could have a material adverse near-term impact on its business, financial condition, earnings and future prospects. The Group is also exposed to other risk factors and uncertainties that, at the date of the present document, nonetheless appear to be of limited significance; these risks are described more fully in the Annual Report.

Government incentives for alternative energy sources also face reduction for the same reason. The Prysmian Group's transmission business (high voltage submarine cables) and Power Distribution business, both highly concentrated in the European market, are being affected by the contraction of demand in this market caused by the region's prolonged economic downturn.

To counter this risk, the Group is pursuing, on the one hand, a policy of geographical diversification in non-European countries (eg. Vietnam, Philippines, etc.) and, on the other, a strategy to reduce costs by rationalising its production structure globally in order to mitigate possible negative effects on the Group's performance in terms of lower sales and shrinking margins.

Risks associated with dependence on key customers

In the SURF business, the Prysmian Group has a significant business relationship with Petrobras, a Brazilian oil company, for the supply of umbilical cables and flexible pipes, developed and manufactured at the factory in Vila Velha, Brazil. A possible decline in demand for umbilical cables by Petrobras, in view of the country's current economic difficulties, could impact, even partially, the short to medium-term sustainability of the business in Brazil.

While committed to maintaining and strengthening its business relationship with this customer over time, the Group has initiated a progressive diversification of its customer portfolio, including by opening up to the export market.

Risk of instability in the Group's countries of operation

The Prysmian Group operates and has production facilities and/or companies in Asia, Latin America, the Middle East and Eastern Europe. The Group's operations in these countries are exposed to different risks linked to local regulatory and legal systems, the imposition of tariffs or taxes, exchange rate volatility, and political and economic instability that affects the ability of business and financial partners to meet their obligations.

Significant changes in the macroeconomic, political, tax or legislative environment of such countries could have an adverse impact on the Group's business, results of operations and financial condition.

Risks associated with acquisitions

The Group's development strategy is based not only on organic growth of the business, but also on possible acquisitions. The Group is continuously on the lookout for possible acquisition targets and, in the event of finalising acquisitions, it may have to increase its debt to finance such acquisitions. If the Group completes new acquisitions in the near future, it could also face risks associated with the integration process.

Risks relating to changes in the legal and regulatory framework

The Prysmian Group, as a manufacturer and distributor of cables, is subject to numerous legal and regulatory requirements in the various countries where it operates, as well as technical regulations, both national and international, applicable to companies operating in the same sector and to products manufactured and marketed by the Group; environmental protection legislation is particularly important in this regard. Although the Group is constantly engaged in reducing its exposure to environmental risks and

has taken out insurance against potential liabilities arising from third-party environmental damage, it is nonetheless possible that not all environmental risks have been adequately identified and that not all the insurance coverage is fully effective. In particular, the enactment of additional regulations applicable to the Group or its products, or changes in the current national and international laws in the segments in which the Group operates, could require the Group to adopt stricter standards or could limit its freedom of action in its specific areas of business. These factors could involve compliance costs, even of significant amount, for its manufacturing facilities or product specifications.

Risks associated with availability of financial resources and their cost

The volatility of the international banking and financial system could represent a potential risk factor in terms of raising finance and its associated cost. Prysmian Group believes that it has significantly mitigated such a risk insofar as, in recent years, it has always been able to raise sufficient financial resources, and at a competitive cost.

The Group's main sources of finance are:

- Credit Agreement 2014: this is a five-year revolving credit facility for Euro 1,000 million, finalised in June 2014. This agreement was notable not only for the significant sum secured thanks to strong interest by the lenders involved, but also for its more competitive cost than previous facilities. The lighter financial covenants already applied to the Group's other credit agreements were confirmed for this facility. The annual interest rate is equal to the sum of Euribor and an annual spread determined on the basis of the ratio between consolidated net financial position and consolidated EBITDA. This facility was not drawn down as at 31 March 2016;
- Revolving Credit Facility 2014: this credit facility for Euro 100 million has been granted by Mediobanca - Banca di Credito Finanziario S.p.A. This five-year facility had been drawn down by Euro 50 million as at 31 March 2016;
- EIB Loan: this loan for Euro 100 million, received in February 2014 from the European Investment Bank (EIB), is intended to fund the Group's European R&D plans over the period 2013-2016. The outstanding amount of the loan as at 31 March 2016 was Euro 84 million, having made the first two repayments;
- Convertible bond: a convertible bond for Euro 300 million was placed with institutional investors in March 2013; it carries a 1.25% coupon and matures in March 2018;
- Non-convertible bond 2015: on 10 March 2015, the Board of Directors of Prysmian S.p.A. authorised management to proceed, depending on prevailing market conditions and in any case by 30 June 2016, with the issuance and private or public placement of bonds in one or more tranches. These bonds were intended for sale to institutional investors only. Consequently, on 30 March 2015 Prysmian S.p.A. completed the placement with institutional investors of an unrated bond, on the Eurobond market, for a total nominal value of Euro 750 million. The bond, with an issue price of Euro

99.002, has a 7-year maturity and will pay a fixed annual coupon of 2.50%. The bond settlement date was 9 April 2015. The bond has been admitted to the Luxembourg Stock Exchange and is traded on the related regulated market. Prysmian has used the bond issue proceeds to redeem the Euro 400 million Eurobond that matured on 9 April 2015 and to repay early the Term Loan Facility 2011 for Euro 400 million.

As at 31 March 2016, the Group's total financial resources, comprising cash and cash equivalents and undrawn committed credit lines, came to in excess of Euro 1 billion.

A detailed analysis of "Borrowings from banks and other lenders" can be found in the Explanatory Notes to the Consolidated Financial Statements.

Financial covenants

The credit agreements mentioned in the preceding paragraph contain a series of financial and non-financial covenants with which the Group must comply. These covenants could restrict the Group's ability to increase its net debt, other conditions remaining equal; should it fail to satisfy one of the covenants, this would lead to a default event which, unless resolved under the terms of the respective agreements, could lead to their termination and/or an early repayment of any amounts drawn down. In such an eventuality, the Group might be unable to repay the amounts demanded early, which in turn would give rise to a liquidity risk.

The financial covenants are measured at the half-year close on 30 June and at the full-year close on 31 December. All covenants, financial or otherwise, were fully observed at 31 December 2015.

In particular:

- (i) the ratio between EBITDA and Net finance costs, as defined in the credit agreements, was 14.34x (against a required covenant of not less than 5.50x for the credit agreements signed before December 2013 and 4.00x for those signed in 2014);
- (ii) the ratio between Net Financial Position and EBITDA, as defined in the credit agreements, was 1.06x (against a required covenant of below 2.50x for the credit agreements signed before December 2013 and 3.00x for those signed in 2014).

As things stand and in view of the level of the financial covenants reported above, Prysmian Group believes this is a risk it will not have to face in the near future.

Exchange rate volatility

The Prysmian Group operates internationally and is therefore exposed to exchange rate risk for the various currencies in which it operates (principally the US Dollar, British Pound, Brazilian Real, Turkish Lira and Chinese Renminbi). Exchange rate risk occurs when future transactions or assets and liabilities recognised in the statement of financial position are denominated in a currency other than the functional currency of the company which undertakes the transaction.

To manage exchange rate risk arising from future trade transactions and from the recognition of foreign currency assets and liabilities, most Prysmian Group companies use forward contracts arranged by Group Treasury, which manages the various positions in each currency.

However, since Prysmian prepares its consolidated financial statements in Euro, fluctuations in the exchange rates used to translate the financial statements of subsidiaries, originally expressed in a foreign currency, could affect the Group's results of operations and financial condition.

Interest rate volatility

Changes in interest rates affect the market value of the Prysmian Group's financial assets and liabilities as well as its net finance costs. The interest rate risk to which the Group is exposed is mainly on long-term financial liabilities, carrying both fixed and variable rates.

Fixed rate debt exposes the Group to a fair value risk. The Group does not operate any particular hedging policies in relation to the risk arising from such contracts since it considers this risk to be immaterial. Variable rate debt exposes the Group to a rate volatility risk (cash flow risk). The Group can use interest rate swaps (IRS) to hedge this risk, which transform variable rates into fixed ones, thus reducing the rate volatility risk. IRS contracts make it possible to exchange on specified dates the difference between contracted fixed rates and the variable rate calculated with reference to the loan's notional value. A potential rise in interest rates, from the record lows reached in recent years, could represent a risk factor in coming quarters.

Risks associated with commodity price volatility

The main commodities purchased by the Prysmian Group are copper and aluminium, accounting for more than 50% of the total raw materials used to manufacture its products. The Group neutralises the impact of possible rises in the price of copper and its other principal raw materials through hedging activities and automatic sales price adjustment mechanisms. Hedging activities are based on sales contracts or sales forecasts, which if not met, could expose the Group to commodity price volatility risk.

A dedicated team within the Group Purchasing department centrally monitors sales transactions requiring the purchase of raw materials and the related hedging activities carried out by each subsidiary.

In addition, if the oil crisis were to continue with prices stabilising at the current level, the extraction market would be less appealing and this would expose the OIL & GAS segment to a possible contraction in demand, although this would not have a significant impact on the Group. In fact, this segment account for about 6% of the Group's Sales and 3% of Adjusted EBITDA.

Contract performance/liability - Risks associated with delivery dates, product quality and execution of turnkey contracts

Projects relating to submarine or underground connections with high/medium voltage cables feature contractual forms that entail "turnkey" project management and so require compliance with deadlines and quality standards, guaranteed by penalties calculated as an agreed percentage of the contract value and even involving the possibility of contract termination.

The application of such penalties, the obligation to compensate any damages as well as indirect effects on the supply chain in the event of late delivery or production problems, could significantly affect project performance and hence the Group's margins (for example, the Western HVDC Link project). Possible damage to market reputation cannot be ruled out.

Given the complexity of "turnkey" projects, Prysmian has implemented a quality management process involving extensive testing of cables and accessories before delivery and installation, as well as specific ad

hoc insurance coverage, often through insurance syndicates, able to mitigate exposure to risks arising from production through to delivery.

Moreover, the ERM findings for this particular risk have led the Risk Management department, with the support of the Commercial area, to implement a systematic process of risk assessment for "turnkey" projects from as early as the bidding stage, with the aim of identifying, assessing and monitoring over time the Group's exposure to specific risks and of taking the necessary mitigation actions. The decision to present a bid proposal to the customer therefore also depends on the results of risk assessment.

Risk of business interruption through dependence on key assets

The submarine cables business is heavily dependent on certain key assets, such as the Arco Felice plant in Italy for the production of a particular type of cable and the cable-laying ships, the "Giulio Verne" and the "Cable Enterprise", some of whose technical capabilities are hard to find on the market. The loss of one of these assets due to unforeseen natural disasters (eg. earthquakes, storms, etc.) or other accidents (eg. fire, terrorist attacks, etc.) and the consequent prolonged business interruption could have a critical economic impact on the Group's performance.

Prysmian addresses this risk through its systematic Loss Prevention program, under which specific inspections of the above assets allow it to identify the level of local risk and define actions that could be necessary to mitigate such risk.

As at 31 December 2015, all of the plants inspected were classified as "Excellent HPR", "Good HPR" or "Good not HPR"; no plant was classified as medium or high risk. In addition, specific disaster recovery plans have been developed that, by predetermining loss scenarios, allow all the appropriate countermeasures to be activated as soon as possible in order to minimise the impact of a catastrophic event.

Lastly, specific insurance cover for damage to assets and loss of associated contribution margin helps minimise the risk's financial impact on cash flow.

Compliance risks associated with laws, regulations, Code of Ethics, Policies and Procedures

Compliance risk represents the possibility of incurring legal or administrative sanctions, material financial losses or reputational damage as a result of violations of laws, regulations, procedures, codes of conduct and best practices. Right at its inception, the Prysmian Group approved a Code of Ethics, a document which contains ethical standards and guidelines for conduct to be observed by all those engaged in activities on behalf of Prysmian or its subsidiaries, including managers, officers, employees, agents, representatives, contractors, suppliers and consultants. In particular, the Code of Ethics requires full compliance with current regulations and the avoidance of any kind of misconduct or illegal behaviour. The Group adopts organisational procedures designed to prevent violation of the principles of legality, transparency, fairness and honesty and is committed to ensuring their observance and practical application. Although the Group is committed to ongoing compliance with applicable regulations and to close supervision to identify any misconduct, it is not possible to rule out episodes in the future of non-compliance or violations of laws, regulations, procedures or codes of conduct by those engaged in performing activities on Prysmian's behalf, which could result in legal sanctions, fines or reputational damage, even on a material scale.

Risks relating to legal and tax proceedings

Prysmian S.p.A. and some Prysmian Group companies are currently involved in tax and legal proceedings in connection with their business, involving civil and administrative actions. In some of these cases, the company might not be able to accurately quantify the potential losses or penalties associated with such proceedings. In the event of an adverse outcome to such proceedings, the Group cannot rule out an impact, even for a material amount, on its business, results of operations and financial condition, as well as reputational damages that are hard to estimate.

During 2015 the state of Sao Paulo (Brazil) placed 12 tax inspectors under investigation. The public prosecutor considers them guilty of the crime of extortion and believes one of our Brazilian subsidiaries to be a victim of this crime.

The conclusions of the public prosecutor are currently being evaluated by the competent judge whose decision is reasonably expected midway through the current year.

Based on the information currently available, the directors are of the opinion that this investigation cannot give rise to significant liabilities for the Group.

In addition, during August 2015, two employees of a foreign subsidiary were the subject of court orders by the local authorities as part of an investigation into alleged misappropriation at the subsidiary's expense. Following this notification, the Group instructed its advisors to review and assess a number of areas of potential risk and issues arising from possible breaches of internal procedures. Although it is not possible to accurately quantify the risks, the results of this work to date lead to the Directors to believe that any liabilities triggered by such issues would nevertheless not be material for the Group.

Risks of non-compliance with Antitrust law

Its strong international presence in more than 50 countries means the Group is subject to antitrust law in Europe and every other country in the world in which it operates, each with more or less strict rules on the civil, administrative and criminal liability of the perpetrators of anti-competitive practices. In the last decade, local Antitrust Authorities have shown increasing attention to commercial activities by market players, also involving a tendency for international collaboration between authorities themselves.

The geographical dispersion of its employees, the lack of knowledge at times of local regulations as well as market dynamics, make it difficult to monitor anti-competitive conduct by third parties like suppliers and competitors, exposing the Group to the risk of incurring economic sanctions with extremely high negative repercussions for the reputation and credibility of the Group's system of governance.

In line with the priorities identified by the ERM process, the Legal Department has taken steps, with the support of Group Compliance, to raise awareness of the issues at stake through the adoption of an Antitrust Code of Conduct that all Group employees, directors and managers are required to know and observe in the conduct of their duties and in their dealings with third parties. These activities represent a first step in establishing an "antitrust culture" within the Group by stimulating pro-competitive conduct and by heightening individual accountability for professional conduct.

More specifically, the European Commission, the US Department of Justice and the Japanese antitrust authority started investigations in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets. Subsequently, the Australian Competition and Consumers Commission

("ACCC") and the New Zealand Commerce Commission also started similar investigations. During 2011, the Canadian antitrust authority also started an investigation into a high voltage submarine project dating back to 2006. The investigations in Japan, New Zealand, Canada and the United States have all ended without any sanctions for Prysmian. The other investigations are still in progress, except for the one by the European Commission, which has ended with the adoption of the decision described below.

In Australia, the ACCC has filed a case before the Federal Court arguing that Prysmian Cavi e Sistemi S.r.l. and two other companies violated antitrust rules in connection with a high voltage underground cable project awarded in 2003. Prysmian Cavi e Sistemi S.r.l. has filed its objections and presented its preliminary defence, with the hearing to discuss the case held recently

In Brazil, the local antitrust authority has started an investigation into several cable manufacturers, including Prysmian, that operate in the high voltage underground and submarine cables market. Prysmian has presented its preliminary defence, which has been rejected by the local competition authorities in a statement issued in February 2015. The preliminary stage of the proceedings will now ensue, at the end of which the authorities will publish their concluding observations, to which the parties may respond with all their arguments in defence before a final decision is taken.

On 2 April 2014, the European Commission adopted a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., adopted anti-competitive practices in the European market for high voltage submarine and underground power cables. The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the alleged infringement in the period 18 February 1999 - 28 July 2005, sentencing them to pay a fine of Euro 67.3 million, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the alleged infringement in the period 29 July 2005 - 28 January 2009, sentencing them to pay a fine of Euro 37.3 million. Prysmian has filed an appeal against this decision with the General Court of the European Union along with an application to intervene in the appeals respectively lodged by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. against the same decision. Both Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. have in turn submitted applications to intervene in the appeal brought by Prysmian against the European Commission's decision. The applications to intervene presented by Prysmian, Pirelli and The Goldman Sachs Group Inc. have been accepted by the General Court of the European Union. Prysmian has not incurred any financial outlay as a result of this decision having elected, pending the outcome of the appeals, to provide bank guarantees as security against payment of 50% of the fine imposed by the European Commission (amounting to approximately Euro 52 million) for the alleged infringement in both periods. As far as Prysmian is aware, Pirelli & C. S.p.A. has also provided the European Commission with a bank guarantee for 50% of the value of the fine imposed for the alleged infringement in the period 18 February 1999 - 28 July 2005. Pirelli & C. S.p.A. has also brought a civil action against Prysmian Cavi e Sistemi S.r.l. in the Milan Courts, in which it demands to be held harmless for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. Prysmian Cavi e Sistemi S.r.l. started legal proceedings in February 2015, requesting that the claims brought by Pirelli & C. S.p.A. be rejected in full and that it should be Pirelli & C. S.p.A. which holds harmless Prysmian Cavi e Sistemi S.r.l., with reference to the alleged infringement in the period 18 February 1999 - 28 July 2005, for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. The

proceedings have since been stayed by order of the court concerned in April 2015, pending the outcome of the appeals made against the European Commission's decision by both Prysmian and Pirelli in the European Courts. Pirelli has challenged this decision before the Court of Cassation, Italy's highest court of appeal.

Also in 2015, National Grid and Scottish Power, two British operators, filed claims in the High Court in London against certain cable manufacturers, including Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in the decision adopted in April 2014. The Group companies concerned were notified of this initial court filing during the month of May 2015 and presented their defence early in October 2015, along with the summons of other parties censured in the European Commission's decision. Among the parties involved in this action, Pirelli & C. S.p.A. has requested the London High Court to decline its jurisdiction or nonetheless to stay the proceedings in its regard pending the outcome of the civil action previously brought by Pirelli against Prysmian Cavi e Sistemi S.r.l. in the Milan Courts, in which it demands to be held harmless for all claims made by the European Commission in implementation of the latter's decision and for any expenses related to such implementation. The proceedings have since been stayed, as agreed between the parties, pending the outcome of the action brought by Pirelli in the Milan Courts. A similar agreement has also been reached with The Goldman Sachs Group Inc., another company involved in the actions discussed above.

In addition, at the end of March 2016, a British law firm and a Chinese law firm presented claims against Prysmian S.p.A. and some of its subsidiaries, on behalf of the State Grid Corporation of China (SGCC), to obtain compensation for damages, but without quantifying the amount, allegedly suffered by SGCC as a result of Prysmian's participation in the anti-competitive practices condemned by the EC in its decision of April 2014.

Lastly, it is reported that the Australian and Spanish antitrust authorities have respectively initiated additional proceedings to verify the existence of anti-competitive practices by local low voltage cable manufacturers and distributors, including the Group's foreign subsidiaries based in these countries. As regards the judicial proceedings initiated by the Australian antitrust authorities, the hearing, which began at the end of November 2015, has been completed and a ruling is now awaited. As for the administrative proceedings brought by the Spanish authorities, these were initiated at the end of February 2016. The Directors are of the opinion not to make any provision for the risks arising from the above proceedings, since they consider the liability to be unlikely.

As at 31 March 2016, the amount of the antitrust provision is approximately Euro 140 million. Despite the uncertainty of the outcome of the investigations in progress and potential legal action by customers as a result of the European Commission's decision, the amount of this provision is considered to represent the best estimate of the liability based on the information now available.

STOCK OPTION PLANS

Information about the evolution of existing stock option plans can be found in Note 24 of the Explanatory Notes.

RELATED PARTY TRANSACTIONS

Related party transactions do not qualify as either atypical or unusual but fall into the normal course of business by Group companies. Such transactions take place under market terms and conditions, according to the type of goods and services provided.

Information about related party transactions, including that required by the Consob Communication dated 28 July 2006, is presented in Note 21 of the Explanatory Notes.

Milan, 10 May 2016

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Massimo Tonon

CONSOLIDATED
FINANCIAL
STATEMENTS AND
EXPLANATORY NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (in millions of Euro) | Note | 31 March 2016 | of which related parties (Note 21) | 31 December 2015 | of which related parties (Note 21) |
|--|------|---------------|--|---------------------|--|
| Non-current assets | | | | | |
| Property, plant and equipment | 1 | 1,535 | | 1,551 | |
| Intangible assets | 1 | 708 | | 722 | |
| Equity-accounted investments | 2 | 178 | 178 | 177 | 177 |
| Available-for-sale financial assets | | 12 | | 12 | |
| Derivatives | 5 | 4 | | 1 | |
| Deferred tax assets | | 84 | | 83 | |
| Other receivables | 3 | 24 | | 26 | |
| Total non-current assets | | 2,545 | | 2,572 | |
| Current assets | | | | | |
| Inventories | 4 | 995 | | 979 | |
| Trade receivables | 3 | 1,120 | 13 | 1,098 | 7 |
| Other receivables | 3 | 783 | 1 | 687 | 4 |
| Financial assets held for trading | 6 | 80 | | 87 | |
| Derivatives | 5 | 26 | | 26 | |
| Cash and cash equivalents | 7 | 254 | | 547 | |
| Total current assets | | 3,258 | | 3,424 | |
| Assets held for sale | 8 | 115 | | 119 | |
| Total assets | | 5,918 | | 6,115 | |
| Equity attributable to the Group: | | | | | |
| Share capital | 9 | 22 | | 22 | |
| Reserves | 9 | 1,240 | | 1,042 | |
| Net profit/(loss) for the period | | 32 | | 214 | |
| Equity attributable to non-controlling interests: | | 140 | | 146 | |
| Share capital and reserves | | 132 | | 146 | |
| Net profit/(loss) for the period | | 8 | | - | |
| Total equity | | 1,434 | | 1,424 | |
| Non-current liabilities | | | | | |
| Borrowings from banks and other lenders | 10 | 1,135 | | 1,141 | |
| Other payables | 11 | 15 | | 16 | |
| Provisions for risks and charges | 12 | 53 | | 52 | |
| Derivatives | 5 | 18 | | 21 | |
| Deferred tax liabilities | | 59 | | 63 | |
| Employee benefit obligations | 13 | 332 | | 341 | |
| Total non-current liabilities | | 1,612 | | 1,634 | |
| Current liabilities | | | | | |
| Borrowings from banks and other lenders | 10 | 250 | | 262 | |
| Trade payables | 11 | 1,301 | 1 | 1,377 | 5 |
| Other payables | 11 | 910 | 5 | 984 | 5 |
| Derivatives | 5 | 40 | | 43 | |
| Provisions for risks and charges | 12 | 258 | | 275 | |
| Current tax payables | | 28 | | 27 | |
| Liabilities held for sale | 8 | 85 | | 89 | |
| Total current liabilities | | 2,872 | | 3,057 | |
| Total liabilities | | 4,484 | | 4,691 | |
| Total equity and liabilities | | 5,918 | | 6,115 | |

CONSOLIDATED INCOME STATEMENT

| (in millions of Euro) | | | | | |
|---|------|------------------|--|---------------|--|
| | Note | 3 months 2016 | of which related parties (Note 21) | 3 months 2015 | of which related parties (Note 21) |
| Sales of goods and services | | 1,810 | 9 | 1,753 | 10 |
| Change in inventories of work in progress, semi-finished and finished goods | | 7 | | 73 | |
| Other income | | 13 | 2 | 9 | 1 |
| <i>of which non-recurring other income</i> | | - | | 1 | |
| Raw materials, consumables used and goods for resale | | (1,097) | (3) | (1,183) | (5) |
| Fair value change in metal derivatives | | 2 | | 20 | |
| Personnel costs | | (257) | (9) | (242) | (2) |
| <i>of which non-recurring personnel costs</i> | | (5) | | (6) | |
| <i>of which personnel costs for stock option fair value</i> | | (12) | | (1) | |
| Amortisation, depreciation, impairment and impairment reversals | | (54) | | (42) | |
| <i>of which non-recurring (impairment) and impairment reversals</i> | | (15) | | (6) | |
| Other expenses | | (355) | - | (312) | - |
| <i>of which non-recurring (other expenses) and releases</i> | | (5) | | (9) | |
| Share of net profit/(loss) of equity-accounted companies | | 7 | 7 | 7 | 7 |
| Operating income | 14 | 76 | | 83 | |
| Finance costs | 15 | (154) | | (177) | |
| <i>of which non-recurring finance costs</i> | | (1) | | (1) | |
| Finance income | 15 | 136 | | 157 | |
| <i>of which non-recurring finance income</i> | | - | | - | |
| Profit/(loss) before taxes | | 58 | | 63 | |
| Taxes | 16 | (18) | | (21) | |
| Net profit/(loss) for the period | | 40 | | 42 | |
| Attributable to: | | | | | |
| Owners of the parent | | 32 | | 41 | |
| Non-controlling interests | | 8 | | 1 | |
| Basic earnings/(loss) per share (in Euro) | 17 | 0,15 | | 0,19 | |
| Diluted earnings/(loss) per share (in Euro) | 17 | 0,15 | | 0,19 | |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of Euro)

| | 3 months 2016 | 3 months 2015 |
|---|---------------|---------------|
| Net profit/(loss) for the period | 40 | 42 |
| Comprehensive income/(loss) for the period: | | |
| <i>- items that may be reclassified subsequently to profit or loss:</i> | | |
| Fair value gains/(losses) on cash flow hedges - gross of tax | 11 | (6) |
| Fair value gains/(losses) on cash flow hedges - tax effect | (2) | 2 |
| Release of cash flow hedge reserve after discontinuing cash flow hedging - gross of tax | - | - |
| Release of cash flow hedge reserve after discontinuing cash flow hedging - tax effect | - | - |
| Currency translation differences | (40) | 62 |
| Total items that may be reclassified, net of tax | (31) | 58 |
| <i>- items that will NOT be reclassified subsequently to profit or loss:</i> | | |
| Actuarial gains/(losses) on employee benefits - gross of tax | - | - |
| Recognition of pension plan asset ceiling | - | - |
| Actuarial gains/(losses) on employee benefits - tax effect | - | - |
| Total items that will NOT be reclassified, net of tax | - | - |
| Total comprehensive income/(loss) for the period | 9 | 100 |
| Attributable to: | | |
| Owners of the parent | 4 | 95 |
| Non-controlling interests | 5 | 5 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Euro)

| | Share capital | Cash flow hedge reserve | Currency translation reserve | Other reserves | Net profit / (loss) for the period | Equity attributable to the Group | Non-controlling interests | Total |
|--|---------------|-------------------------|------------------------------|----------------|------------------------------------|----------------------------------|---------------------------|--------------|
| Balance at 31 December 2014 | 21 | (11) | (126) | 1,151 | 115 | 1,150 | 33 | 1,183 |
| Allocation of prior year net result | - | - | - | 115 | (115) | - | - | - |
| Fair value - stock options | - | - | - | 1 | - | 1 | - | 1 |
| Change in scope of consolidation | - | - | - | - | - | - | 2 | 2 |
| Total comprehensive income/(loss) for the period | - | (4) | 58 | - | 41 | 95 | 5 | 100 |
| Balance at 31 March 2015 | 21 | (15) | (68) | 1,267 | 41 | 1,246 | 40 | 1,286 |

(in millions of Euro)

| | Share capital | Cash flow hedge reserve | Currency translation reserve | Other reserves | Net profit / (loss) for the period | Equity attributable to the Group | Non-controlling interests | Total |
|--|---------------|-------------------------|------------------------------|----------------|------------------------------------|----------------------------------|---------------------------|--------------|
| Balance at 31 December 2015 | 22 | (9) | (169) | 1,220 | 214 | 1,278 | 146 | 1,424 |
| Allocation of prior year net result | - | - | - | 214 | (214) | - | - | - |
| Dividend distribution | - | - | - | - | - | - | (11) | (11) |
| Fair value - stock options | - | - | - | 12 | - | 12 | - | 12 |
| Total comprehensive income/(loss) for the period | - | 6 | (34) | - | 32 | 4 | 5 | 9 |
| Balance at 31 March 2016 | 22 | (3) | (203) | 1,446 | 32 | 1,284 | 140 | 1,434 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| (in millions of Euro) | 3 months 2016 | of which related parties (Note 21) | 3 months 2015 | of which related parties (Note 21) |
|---|---------------|--|---------------|--|
| Profit/(loss) before taxes | 58 | | 63 | |
| Depreciation, impairment and impairment reversals of property, plant and equipment | 46 | | 35 | |
| Amortisation and impairment of intangible assets | 8 | | 7 | |
| Net gains on disposal of property, plant and equipment, intangible assets and acquisition purchase price adjustment | (1) | | (1) | |
| Share of net profit/(loss) of equity-accounted companies | (7) | (7) | (7) | (7) |
| Share-based payments | 12 | | 1 | |
| Fair value change in metal derivatives and other fair value items | (2) | | (20) | |
| Net finance costs | 18 | | 20 | |
| Changes in inventories | (36) | | (91) | |
| Changes in trade receivables/payables | (113) | (2) | (108) | 5 |
| Changes in other receivables/payables | (144) | 3 | (87) | 3 |
| Changes in receivables/payables for derivatives | (1) | | - | |
| Taxes paid | (24) | | (15) | |
| Dividends received from equity-accounted companies | 2 | 2 | 10 | 10 |
| Utilisation of provisions (including employee benefit obligations) | (17) | | (20) | |
| Increases in provisions (including employee benefit obligations) | 1 | | 15 | |
| A. Net cash flow provided by/(used in) operating activities | (200) | | (198) | |
| Acquisitions | - | | - | |
| Investments in property, plant and equipment | (50) | | (28) | |
| Disposals of property, plant and equipment and assets held for sale | 1 | | 8 | |
| Investments in intangible assets | - | | (2) | |
| Investments in financial assets held for trading | 4 | | (12) | |
| Disposals of financial assets held for trading | 5 | | 2 | |
| B. Net cash flow provided by/(used in) investing activities | (40) | | (32) | |
| Capital contributions and other changes in equity | - | | 2 | |
| Purchase of treasury shares | - | | - | |
| Dividend distribution | (11) | | - | |
| Repayment of non-convertible bond - 2010 | - | | - | |
| EIB Loan | (8) | | - | |
| Issuance of non-convertible bond - 2015 | - | | - | |
| Finance costs paid ⁽¹⁾ | (143) | | (155) | |
| Finance income received ⁽²⁾ | 127 | | 139 | |
| Changes in other net financial payables | (11) | | 43 | |
| C. Net cash flow provided by/(used in) financing activities | (46) | | 29 | |
| D. Currency translation gains/(losses) on cash and cash equivalents | (1) | | 12 | |
| E. Total cash flow provided/(used) in the period (A+B+C+D) | (287) | | (189) | |
| F. Net cash and cash equivalents at the beginning of the period | 547 | | 494 | |
| G. Net cash and cash equivalents at the end of the period (E+F) | 260 | | 305 | |
| Cash and cash equivalents reported in consolidated statement of financial position | 254 | | 494 | |
| Cash and cash equivalents included in assets held for sale | 6 | | - | |

⁽¹⁾ Finance costs paid of Euro 142 million include Euro 4 million in interest payments in the first three months of 2016 (Euro 9 million in the first three months of 2015).

⁽²⁾ Finance income received of Euro 127 million includes Euro 2 million in interest income in the first three months of 2016 (Euro 1 million in the first three months of 2015).

EXPLANATORY NOTES

A. GENERAL INFORMATION

Prysmian S.p.A. ("the Company") is a company incorporated and domiciled in Italy and organised under the laws of the Republic of Italy.

The Company has its registered office in Viale Sarca, 222 - Milan (Italy).

Prysmian S.p.A. was floated on the Italian Stock Exchange on 3 May 2007 and since September 2007 has been included in the FTSE MIB index, comprising the top 40 Italian companies by capitalisation and stock liquidity.

The Company and its subsidiaries (together "the Group" or "Prysmian Group") produce, distribute and sell, across the globe, cables and systems and related accessories for the energy and telecommunications industries.

A.1 SIGNIFICANT EVENTS IN 2016

Antitrust investigations

On 2 April 2014, the European Commission concluded the investigations started in January 2009 by adopting a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., adopted anti-competitive practices in the European market for high voltage submarine and underground power cables.

The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the alleged infringement in the period 18 February 1999 - 28 July 2005, sentencing them to pay a fine of Euro 67.3 million, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the alleged infringement in the period 29 July 2005 - 28 January 2009, sentencing them to pay a fine of Euro 37.3 million. Prysmian has appealed against this decision to the General Court of the European Union and has submitted an application to intervene in the appeals respectively lodged by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. against the same decision. Both Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. have in turn submitted applications to intervene in the appeal brought by Prysmian against the European Commission's decision. The applications to intervene presented by Prysmian, Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. have all been accepted by the General Court of the European Union. Prysmian has not incurred any financial outlay as a result of this decision having elected, pending the outcome of the appeals, to provide bank guarantees as security against payment of 50% of the fine imposed by the European Commission (amounting to approximately Euro 52 million) for the alleged infringement in both periods. As far as Prysmian is aware, Pirelli & C. S.p.A. has also provided the European Commission with a bank guarantee for 50% of the value of the fine imposed for the alleged infringement in the period 18 February 1999 - 28 July 2005. Pirelli & C. S.p.A. has also brought a civil action against Prysmian Cavi e Sistemi S.r.l. in the Milan Courts, in which it demands to be held

harmless for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. Prysmian Cavi e Sistemi S.r.l. started legal proceedings in February 2015, requesting that the claims brought by Pirelli & C. S.p.A. be rejected in full and that it should be Pirelli & C. S.p.A. which holds harmless Prysmian Cavi e Sistemi S.r.l., with reference to the alleged infringement in the period 18 February 1999 - 28 July 2005, for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. The proceedings have since been stayed by order of the court concerned in April 2015, pending the outcome of the appeals made against the European Commission's decision by both Prysmian and Pirelli in the European Courts. Pirelli has challenged this decision before the Court of Cassation, Italy's highest court of appeal.

Following detailed and careful analysis of the European Commission's ruling, and given the fact that this ruling has been appealed and so could be submitted to second-instance judgement, as well as the fact that the investigation initiated by the Canadian Antitrust Authority had ended without any sanctions for Prysmian, it was decided already back in 2014 to release part of the existing provision.

Furthermore, during the last few months of 2015 the US Department of Justice formally closed its previously initiated investigation without charges against Prysmian.

Also in 2015, National Grid and Scottish Power, two British operators, filed claims in the High Court in London against certain cable manufacturers, including Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in the decision adopted in April 2014. The Group companies concerned were notified of this initial court filing during the month of May 2015 and presented their defence early in October 2015, along with the summons of other parties censured in the European Commission's decision. Among the parties involved in this action, Pirelli & C. S.p.A. has requested the London High Court to decline its jurisdiction or nonetheless to stay the proceedings in its regard pending the outcome of the civil action previously brought by Pirelli & C. S.p.A. against Prysmian Cavi e Sistemi S.r.l. in the Milan Courts, in which it demands to be held harmless for all claims made by the European Commission in implementation of the latter's decision and for any expenses related to such implementation. The proceedings have since been stayed, as agreed between the parties, pending the outcome of the action brought by Pirelli in the Milan Courts. A similar agreement has also been reached with The Goldman Sachs Group Inc., another company involved in the actions discussed above.

In addition, at the end of March 2016, a British law firm and a Chinese law firm presented claims against Prysmian S.p.A. and some of its subsidiaries, on behalf of the State Grid Corporation of China (SGCC), to obtain compensation for damages, but without quantifying the amount, allegedly suffered by SGCC as a result of Prysmian's participation in the anti-competitive practices condemned by the EC in its decision of April 2014.

Lastly, it is reported that the Australian and Spanish antitrust authorities have respectively initiated additional proceedings to verify the existence of anti-competitive practices by local low voltage cable manufacturers and distributors, including the Group's foreign subsidiaries based in these countries. As regards the judicial proceedings initiated by the Australian antitrust authorities, the hearing, which began at the end of November 2015, has been completed and a ruling is now awaited. As for the administrative proceedings brought by the Spanish authorities, these were initiated at the end of February 2016. The Directors are of the opinion not to

make any provision for the risks arising from the above proceedings, since they consider the liability to be unlikely.

Plant closures

On 29 January 2016, Prysmian Câbles et Systèmes France presented the trade unions with a plan for the closure of the Angy plant, currently employing 74 people, and the transfer of its production activities serving the automotive business to the Velke Mezerice site. The plan also envisages investing in the nearby Draka Fileca plant in Sainte Geneviève, whose products serve the aviation industry, and which will involve the creation of 25 new jobs. At the same meeting, a plan was also presented to cease production at the Xoulces plant, employing 76 people, and to transfer it to the nearby plant in Neuf Pré, which produces accessories; the idea is to create a centre of excellence for accessories production in a more suitable facility than at present, while adding 38 jobs to this plant's existing workforce of 60.

Discussion of these plans is proceeding in the manner established by the relevant legislation.

Creation of the OIL & GAS operating segment

In January 2016, the Group modified its organisational structure with the creation of a new OIL & GAS operating segment, which incorporates the SURF and Oil & Gas businesses. The new organisational structure facilitates the creation of synergies between the two businesses and allows major customers to be managed more efficiently.

Accordingly, the structure of "Segment Information" has been modified as from the current quarter with more details provided in the relevant section of these notes.

Note: all amounts shown in the tables in the following Notes are expressed in millions of Euro, unless otherwise stated.

B. FORM AND CONTENT

The present Quarterly Financial Report has been prepared on a going concern basis, since the Directors have assessed that there are no financial, operating or other kind of indicators that might provide evidence of the Group's inability to meet its obligations in the foreseeable future and particularly in the next 12 months.

In particular, the Group's estimates and projections take account of the possible risk factors described in the Directors' Report, and confirm the Prysmian Group's ability to operate as a going concern and to comply with its financial covenants.

The Company has prepared the present document in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB and recognised by the European Union in Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002, and specifically in accordance with *IAS 34 - Interim Financial Reporting*, and the instructions issued in implementation of art. 9 of Italian Legislative Decree 38/2005. As permitted by IAS 34, the Group has decided to publish its quarterly consolidated financial statements and associated explanatory notes in a condensed format.

The information contained in these Explanatory Notes must be read in conjunction with the Directors' Report, an integral part of the Quarterly Financial Report, and the annual IFRS Consolidated Financial Statements at 31 December 2015.

B.1 FINANCIAL STATEMENTS AND DISCLOSURES

The Group has elected to present its income statement according to the nature of expenses, whereas assets and liabilities in the statement of financial position are classified as current or non-current. The statement of cash flows has been prepared using the indirect method.

Legislative Decree 25/2016, which came into force on 18 March 2016, has eliminated the requirement for quarterly reporting. This same legislation has also given CONSOB the power to lay down guidelines concerning the information to be provided for the first and third quarters of the year. Pending definition of the regulatory framework, the Prysmian Group has prepared the present quarterly financial report at 31 March 2016 (Interim management statement pursuant to art. 154-ter of Legislative Decree 58/1998) on a voluntary basis and in continuity with the past.

When preparing the Quarterly Financial Report, management has made judgements, estimates and assumptions that affect the value of revenues, costs, assets and liabilities and the disclosures relating to contingent assets and liabilities at the reporting date. As estimates, these may differ from the actual results attained in the future. Some valuation processes, particularly more complex ones such as the determination of any impairment losses against the value of property, plant and equipment and intangible assets, are carried out fully only at year end, when all the necessary information is available, unless there are indicators of impairment that require immediate assessment of impairment.

B.2 ACCOUNTING STANDARDS

Accounting standards used to prepare the Quarterly Financial Report

The basis of consolidation, the methods used to translate financial statements into the presentation currency, the accounting standards and the accounting estimates and policies adopted are the same as those used for the consolidated financial statements at 31 December 2015, to which reference should be made for more details, except for:

1. income taxes, which have been recognised using the best estimate of the Group's weighted average tax rate expected for the full year;
2. the accounting standards and amendments discussed below, which have been mandatorily applied with effect from 1 January 2016 after receiving endorsement from the competent authorities.

Accounting standards, amendments and interpretations applied from 1 January 2016

On 21 November 2013, the IASB published an amendment to *IAS 19 - Employee Contributions* with the aim of providing more information about the accounting treatment of pension plans which require plan participants to pay in contributions.

On 12 December 2013, the IASB published the documents *Annual Improvements 2010-2012* and *Annual Improvements 2011-2013* as part of its programme of annual improvements to its standards; most of the

changes involve clarifications or corrections to existing IFRSs or amendments resulting from other previous changes to IFRSs.

On 6 May 2014, the IASB issued amendments to *IFRS 11 - Joint Arrangements* to provide guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

On 13 May 2014, the IASB published amendments to *IAS 16 - Property, Plant and Equipment* and *IAS 38 - Intangible Assets* to provide guidance on acceptable methods of depreciation and amortisation. In particular, the amendments clarify that revenue-based methods to calculate depreciation or amortisation are applicable only in limited circumstances.

On 12 August 2014, the IASB published some amendments to *IAS 27 - Separate Financial Statements*. The purpose is to allow entities to use the equity method to account for investments in associates and joint ventures even in their separate financial statements.

On 25 September 2014, the IASB published *Annual Improvements 2012-2014* as an integral part of its programme of annual improvements to its standards; most of the changes are clarifications of existing IFRSs.

New standards, amendments and interpretations of existing standards, not yet mandatory and not adopted early by the Group.

On 29 May 2014, the IASB issued *IFRS 15 - Revenue from Contracts with Customers* with the aim of improving the quality and uniformity of revenue reporting. The publication of this standard is part of the convergence project with the FASB to improve the comparability of financial statements.

The objective of the standard is to provide a framework for determining when to recognise revenue and how much revenue to recognise. The standard therefore defines the following steps to follow for the recognition of revenue:

- 1) Identify the contract with the customer;
- 2) Identify the performance obligations in the contract;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations in the contract;
- 5) Recognise revenue when (or as) the entity satisfies a performance obligation.

This standard applies to financial years beginning on or after 1 January 2018.

On 24 July 2014, the IASB issued *IFRS 9 - Financial Instruments*, which is divided into the following sections:

- classification and measurement of derivative instruments;
- impairment methodology for financial instruments;
- rules for the application of hedge accounting;
- accounting for changes in the reporting entity's own credit when measuring the fair value of liabilities.

This standard will apply to financial years beginning on or after 1 January 2018.

On 11 September 2014, the IASB published amendments to *IFRS 10 - Consolidated Financial Statements* and to *IAS 28 - Investments in Associates and Joint Ventures*. The purpose is to clarify how to account for the results of a sale or contribution of assets between group companies and their associates and joint ventures. As at the present document date, the European Union had not yet completed the endorsement process needed for the application of these amendments which is deferred until completion of the IASB project on the equity method.

On 18 December 2014, the IASB published amendments to *IAS 1 - Presentation of Financial Statements*, designed to clarify how to apply the concept of materiality. The amendments make clear that materiality applies to the financial statements as a whole and that information must be disclosed only if it is material. If information exists that is necessary for the reader to understand the financial statements as a whole, such additional information must be presented in the financial disclosures even if not required by international accounting standards. As at the present document date, the European Union had not yet completed the endorsement process needed for the application of these amendments.

On 18 December 2014, the IASB also published amendments to *IFRS 10*, *IFRS 12* and *IAS 28* with the aim of clarifying the consolidation rules applying to investment entities. As at the present document date, the European Union had not yet completed the endorsement process needed for the application of these amendments.

On 13 January 2016, the IASB published the new standard *IFRS 16 - Leases* which will replace *IAS 17*. The new accounting standard requires lessees to adopt a uniform accounting treatment for both operating and finance leases. In fact, *IFRS 16* requires the lessee to recognise assets and liabilities for both operating and finance leases unless the lease term is 12 months or less or the underlying asset has a low value.

As at the present document date, the European Union had not yet completed the endorsement process needed for the application of this new standard, which will apply to financial years beginning on or after 1 January 2019.

On 19 January 2016, the IASB published a number of amendments to *IAS 12 - Income Taxes*. These aim to clarify how to account for deferred tax assets related to debt instruments measured at fair value and will apply to financial years beginning on or after 1 January 2017.

B.3 CHANGES IN THE SCOPE OF CONSOLIDATION

The Group's scope of consolidation includes the financial statements of Prysmian S.p.A. (the Parent Company) and of the companies over which it exercises direct or indirect control, which are consolidated from the date when control is obtained until the date when such control ceases.

The following changes took place in the scope of consolidation during the first three months of 2016:

Name changes

On 29 February 2016, the Brazilian company Prysmian Energia Cabos e Sistemas do Brasil S.A. changed its name to Prysmian Cabos e Sistemas do Brasil S.A.

On 16 March 2016, the Spanish company Prysmian Spain, S.A. (Sociedad Unipersonal) changed its name to Prysmian Cables Spain, S.A. (Sociedad Unipersonal).

Appendix A to these notes contains a list of the companies included in the scope of consolidation at 31 March 2016.

C. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to various forms of risk: market risk (including exchange rate, interest rate and price risks), credit risk and liquidity risk.

This Quarterly Financial Report does not contain all the information about financial risks presented in the Annual Financial Report at 31 December 2015, which should be consulted for more detailed analysis.

With reference to the risks described in the Annual Financial Report at 31 December 2015, there have been no changes in the types of risks to which the Group is exposed or in its policies for managing such risks.

(a) Fair value estimation

With reference to assets and liabilities recognised in the statement of financial position, IFRS 13 requires such amounts to be classified according to a hierarchy that reflects the significance of the inputs used in determining fair value.

Financial instruments are classified according to the following fair value hierarchy:

Level 1: fair value is determined with reference to quoted prices (unadjusted) in active markets for identical financial instruments;

Level 2: fair value is determined using valuation techniques where the input is based on observable market data;

Level 3: fair value is determined using valuation techniques where the input is not based on observable market data.

(in millions of Euro)

| | | | | 31 March 2016 |
|---|-----------|-----------|-----------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| Derivatives | 2 | 15 | - | 17 |
| Financial assets held for trading | 71 | 9 | - | 80 |
| Hedging derivatives | - | 13 | - | 13 |
| Available-for-sale financial assets | - | - | 12 | 12 |
| Total assets | 73 | 37 | 12 | 122 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| Derivatives | 5 | 45 | - | 50 |
| Hedging derivatives | - | 8 | - | 8 |
| Total liabilities | 5 | 53 | - | 58 |

Financial assets classified in fair value Level 3 have reported no significant movements in the period.

Given the short-term nature of trade receivables and payables, their carrying amounts, net of any allowance for doubtful accounts, are treated as a good approximation of fair value.

During the first three months of 2016 there were no transfers of financial assets and liabilities between the different levels of the fair value hierarchy.

(b) Valuation techniques

Level 1: The fair value of financial instruments quoted in an active market is based on market price at the reporting date. The market price used for derivatives is the bid price, while for financial liabilities the ask price is used.

Level 2: Derivative financial instruments classified in this category include interest rate swaps, forward currency contracts and metal derivative contracts that are not quoted in active markets. Fair value is determined as follows:

- for interest rate swaps, it is calculated on the basis of the present value of forecast future cash flows;
- for forward currency contracts, it is determined using the forward exchange rate at the reporting date, appropriately discounted;
- for metal derivative contracts, it is determined using the prices of such metals at the reporting date, appropriately discounted.

Level 3: The fair value of instruments not quoted in an active market is primarily determined using valuation techniques based on estimated discounted cash flows.

D. SEGMENT INFORMATION

The Group has made an organisational change since January 2016 that has resulted in the creation of a new operating segment, known as *OIL & GAS*; this has led to segment information being redefined in keeping with the new management model adopted by the Group.

The new *OIL & GAS* operating segment has incorporated the *SURF* business, previously included in the Energy Projects segment, and the Oil & Gas business, previously included in the Energy Products segment. Following these changes, the Group's operating segments have been redefined as follows:

- Energy Products;
- *OIL & GAS*;
- Energy Projects;
- Telecom.

Segment information is structured in the same way as the report periodically prepared for the purpose of reviewing business performance. This report presents operating performance by macro type of business (Energy Products, *OIL & GAS*, Energy Projects and Telecom) and the results of operating segments primarily on the basis of Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items, the fair value change in metal price derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income and taxes. This report also provides information about the statement of financial position for the Group as a whole but not by operating segment.

In order to provide users of the financial statements with clearer information, certain economic data is also reported for the following sales channels and business areas within the individual operating segments:

A) Energy Products operating segment: encompassing the businesses offering a complete and innovative product portfolio designed to meet the various and many needs of the market, namely:

1. Energy & Infrastructure (E&I): this includes Trade and Installers and Power Distribution;
2. Industrial & Network Components: this comprises Specialties and OEM, Elevators, Automotive and Network Components;
3. Other: occasional sales of residual products.

B) *OIL & GAS* operating segment: encompassing the Oil & Gas business and the *SURF* business (involving umbilical cables, flexible pipes and special DHT (Downhole Technology) cables for the oil industry).

C) Energy Projects operating segment: encompassing the following high-tech and high value-added businesses whose focus is on projects and their execution, as well as on product customisation: High Voltage underground and Submarine.

D) Telecom operating segment: producing cable systems and connectivity products used in telecommunication networks. This segment is organised in the following lines of business: optical fibre, optical cables, connectivity components and accessories, OPGW (Optical Ground Wire) and copper cables.

All Corporate fixed costs are allocated to the Energy Products, OIL & GAS, Energy Projects and Telecom operating segments. Revenues and costs are allocated to each operating segment by identifying all revenues and costs directly attributable to that segment and by allocating indirect costs on the basis of Corporate resources (personnel, space used, etc.) absorbed by the operating segments.

Group operating activities are organised and managed separately according to the nature of the products and services provided: each segment offers different products and services to different markets. Sales of goods and services are analysed geographically on the basis of the location of the registered office of the company that issues the invoices, regardless of the geographic destination of the products sold. This type of presentation does not produce significantly different results from analysing sales of goods and services by destination of the products sold. All transfer prices are set using the same conditions applied to other transactions between Group companies and are generally determined by applying a mark-up to production costs.

It should be noted that the previously published comparative figures have been restated to reflect the redefinition of the operating segments described above.

D.1 OPERATING SEGMENTS

The following tables present information by operating segment:

| | Energy Products | | | | Oil & Gas | Energy Projects | Telecom | Corporate | 3 months 2016 |
|---|-----------------|------------------|-------|----------------|-----------|-----------------|---------|-----------|---------------|
| | E&I | Industrial & NWC | Other | Total Products | | | | | Group total |
| Sales ⁽¹⁾ | 754 | 333 | 23 | 1,110 | 82 | 346 | 272 | - | 1,810 |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 37 | 29 | - | 66 | 3 | 39 | 35 | - | 143 |
| % of sales | 5.0% | 8.7% | 0.0% | 6.0% | 3.8% | 11.2% | 12.9% | 0.0% | 7.9% |
| Adjusted EBITDA (A) | 38 | 29 | (1) | 66 | 3 | 39 | 42 | - | 150 |
| % of sales | 5.0% | 8.7% | 0.0% | 6.0% | 3.8% | 11.2% | 15.4% | 0.0% | 8.3% |
| EBITDA (B) | 36 | 27 | (3) | 60 | 3 | 38 | 42 | (3) | 140 |
| % of sales | 4.8% | 8.2% | 0.0% | 5.4% | 3.2% | 11.0% | 15.3% | 0.0% | 7.7% |
| Amortisation and depreciation (C) | (10) | (5) | (1) | (16) | (5) | (8) | (10) | - | (39) |
| Adjusted operating income (A+C) | 28 | 24 | (2) | 50 | (2) | 31 | 32 | - | 111 |
| % of sales | 3.7% | 7.2% | 0.0% | 4.5% | -1.8% | 8.8% | 11.7% | 0.0% | 6.1% |
| Fair value change in metal derivatives (D) | | | | | | | | | 2 |
| Fair value stock options (E) | | | | | | | | | (12) |
| Asset (impairment) and impairment reversal (F) | - | (1) | - | (1) | (14) | - | - | - | (15) |
| Operating income (B+C+D+E+F) | | | | | | | | | 76 |
| % of sales | | | | | | | | | 4.2% |
| Finance income | | | | | | | | | 136 |
| Finance costs | | | | | | | | | (154) |
| Taxes | | | | | | | | | (18) |
| Net profit/(loss) for the period | | | | | | | | | 40 |
| % of sales | | | | | | | | | 2.2% |
| Attributable to: | | | | | | | | | |
| Owners of the parent | | | | | | | | | 32 |
| Non-controlling interests | | | | | | | | | 8 |
| RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA | | | | | | | | | |
| EBITDA (A) | 36 | 27 | (3) | 60 | 3 | 38 | 42 | (3) | 140 |
| Non-recurring expenses/(income): | | | | | | | | | |
| Business reorganisation | 1 | 2 | 2 | 5 | - | 1 | - | 1 | 7 |
| Antitrust investigations | - | - | - | - | - | - | - | - | - |
| Other net non-recurring expenses/(income) | 1 | - | - | 1 | - | - | - | 2 | 3 |
| Total non-recurring expenses/(income) (B) | 2 | 2 | 2 | 6 | - | 1 | - | 3 | 10 |
| Adjusted EBITDA (A+B) | 38 | 29 | (1) | 66 | 3 | 39 | 42 | - | 150 |

⁽¹⁾ Sales of the operating segments and business areas are reported net of intercompany transactions and net of transactions between operating segments, consistent with the presentation adopted in the regularly reviewed reports.

(in millions of Euro)

| | Energy Products | | | | Oil & Gas | Energy Projects | Telecom | Corporate | 3 months 2015 (*) | |
|---|-----------------|------------------|-------|----------------|-----------|-----------------|---------|-----------|-------------------|--|
| | E&I | Industrial & NWC | Other | Total Products | | | | | Group total | |
| Sales ⁽¹⁾ | 686 | 352 | 25 | 1,063 | 130 | 281 | 279 | - | 1,753 | |
| Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies | 23 | 26 | 1 | 50 | 13 | 26 | 24 | - | 113 | |
| % of sales | 3.2% | 7.0% | 0.0% | 4.5% | 10.3% | 9.4% | 9.0% | 0.0% | 6.4% | |
| Adjusted EBITDA (A) | 26 | 26 | 1 | 53 | 13 | 26 | 28 | - | 120 | |
| % of sales | 3.8% | 7.2% | 0.0% | 4.9% | 10.3% | 9.4% | 10.1% | 0.0% | 6.8% | |
| EBITDA (B) | 23 | 26 | 1 | 50 | 11 | 20 | 26 | (1) | 106 | |
| % of sales | 3.6% | 7.0% | 0.0% | 4.6% | 9.2% | 6.8% | 9.7% | 0.0% | 6.0% | |
| Amortisation and depreciation (C) | (10) | (6) | (1) | (17) | (3) | (7) | (9) | - | (36) | |
| Adjusted operating income (A+C) | 16 | 20 | - | 36 | 10 | 19 | 19 | - | 84 | |
| % of sales | 2.4% | 5.6% | 0.0% | 3.4% | 7.7% | 6.9% | 6.8% | 0.0% | 4.8% | |
| Fair value change in metal derivatives (D) | | | | | | | | | 20 | |
| Remeasurement of minority put option liability (E) | | | | | | | | | (1) | |
| Fair value stock options (E) | | | | | | | | | - | |
| Asset (impairment) and impairment reversal (F) | (1) | - | - | (1) | (4) | - | (1) | - | (6) | |
| Operating income (B+C+D+E+F) | | | | | | | | | 83 | |
| % of sales | | | | | | | | | 4.7% | |
| Finance income | | | | | | | | | 157 | |
| Finance costs | | | | | | | | | (177) | |
| Taxes | | | | | | | | | (21) | |
| Net profit/(loss) for the period | | | | | | | | | 42 | |
| % of sales | | | | | | | | | 2.4% | |
| Attributable to: | | | | | | | | | | |
| Owners of the parent | | | | | | | | | 41 | |
| Non-controlling interests | | | | | | | | | 1 | |
| RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA | | | | | | | | | | |
| EBITDA (A) | 23 | 26 | 1 | 50 | 11 | 20 | 26 | (1) | 106 | |
| Non-recurring expenses/(income): | | | | | | | | | | |
| Business reorganisation | 3 | 1 | - | 4 | 2 | - | 2 | - | 8 | |
| Antitrust investigations | - | - | - | - | - | 6 | - | - | 6 | |
| Other net non-recurring expenses/(income) | - | (1) | - | (1) | - | - | - | 1 | - | |
| Total non-recurring expenses/(income) (B) | 3 | - | - | 3 | 2 | 6 | 2 | 1 | 14 | |
| Adjusted EBITDA (A+B) | 26 | 26 | 1 | 53 | 13 | 26 | 28 | - | 120 | |

⁽¹⁾ Sales of the operating segments and business areas are reported net of intercompany transactions and net of transactions between operating segments, consistent with the presentation adopted in the regularly reviewed reports.

(*) The previously published comparative figures have been restated for the redefinition of the operating segments.

D.2 GEOGRAPHICAL AREAS

The following table presents sales of goods and services by geographical area:

| (in millions of Euro) | 3 months 2016 | 3 months 2015 |
|------------------------------------|---------------|---------------|
| Sales of goods and services | 1,810 | 1,753 |
| EMEA* | 1,220 | 1,065 |
| (of which Italy) | 283 | 216 |
| North America | 258 | 277 |
| Latin America | 114 | 163 |
| Asia Pacific | 218 | 248 |

* EMEA = Europe, Middle East and Africa

1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of these balances and related movements are as follows:

(in millions of Euro)

| | Property, plant and equipment | Intangible assets | of which Goodwill |
|--|-------------------------------|-------------------|-------------------|
| Balance at 31 December 2015 | 1,551 | 722 | 539 |
| Movements in 2016: | | | |
| - Business combinations | - | (1) | (1) |
| - Investments | 50 | - | - |
| - Disposals | - | - | - |
| - Depreciation and amortisation | (31) | (8) | - |
| - Impairment | (15) | - | - |
| - Currency translation differences | (18) | (5) | (5) |
| - Other | (2) | - | - |
| Total movements | (16) | (14) | (6) |
| Balance at 31 March 2016 | 1,535 | 708 | 533 |
| Of which: | | | |
| - Historical cost | 2,613 | 1,001 | 553 |
| - Accumulated depreciation/amortisation and impairment | (1,078) | (293) | (20) |
| Net book value | 1,535 | 708 | 533 |

(in millions of Euro)

| | Property, plant and equipment | Intangible assets | of which Goodwill |
|--|-------------------------------|-------------------|-------------------|
| Balance at 31 December 2014 | 1,414 | 561 | 380 |
| Movements in 2015: | | | |
| - Business combinations | - | - | - |
| - Investments | 28 | 2 | - |
| - Disposals | (2) | - | - |
| - Depreciation and amortisation | (29) | (7) | - |
| - Impairment | (6) | - | - |
| - Currency translation differences | 38 | 3 | 2 |
| - Other | (1) | 1 | - |
| Total movements | 28 | (1) | 2 |
| Balance at 31 March 2015 | 1,442 | 560 | 382 |
| Of which: | | | |
| - Historical cost | 2,460 | 819 | 402 |
| - Accumulated depreciation/amortisation and impairment | (1,018) | (259) | (20) |
| Net book value | 1,442 | 560 | 382 |

A total of Euro 50 million has been invested in property, plant and equipment in the first three months of 2016.

This expenditure is analysed as follows:

- 44%, or Euro 22 million, for projects to increase and rationalise production capacity and develop new products;
- 30%, or Euro 15 million, for projects to improve industrial efficiency;
- 26%, or Euro 13 million, for structural projects, mainly involving the purchase of land in North America and work on the Headquarters building.

Machinery is subject to Euro 6 million in liens in connection with long-term loans (mainly in relation to the Brazilian subsidiaries).

Following the creation of the new organisational structure, the Prysmian Group has redefined its CGUs at 31 March 2016; in particular, the smallest CGU for the new OIL & GAS operating segment is represented by the SURF business and the Oil & Gas business. The Prysmian Group has accordingly reviewed whether there was any evidence that its CGUs might be impaired, and has tested for impairment those CGUs potentially at "risk".

This test has led to the recognition of Euro 14 million in impairment losses against Plant, Machinery, Equipment, Other assets and Assets under construction in the OIL & GAS CGU. Furthermore, the Group has tested other assets for impairment which, although belonging to larger CGUs for which there was no specific evidence of impairment, presented impairment indicators in relation to particular market circumstances. This has led to the recognition of Euro 1 million in additional impairment losses.

2. EQUITY-ACCOUNTED INVESTMENTS

These are detailed as follows:

| (in millions of Euro) | 31 March 2016 | 31 December 2015 |
|---|---------------|------------------|
| Investments in associates | 173 | 172 |
| Investments in joint ventures | 5 | 5 |
| Total equity-accounted investments | 178 | 177 |

Investments in associates

Information about the nature of the main investments in associates:

| Company name | Registered office | % owned |
|---|-------------------|---------|
| Yangtze Optical Fibre and Cable Joint Stock Limited Company | China | 26.37% |
| Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd | China | 44.78% |
| Kabeltrommel GmbH & Co.K.G. | Germany | 43.18% |
| Elkat Ltd. | Russia | 40.00% |

Yangtze Optical Fibre and Cable Joint Stock Limited Company, a Chinese company formed in 1988, is a listed company whose main shareholders are: China Telecommunications Corporation, Wuhan Yangtze Communications Industry Group Company Ltd. and Prysmian Group. The company is one of the industry's most important manufacturers of optical fibre and cables. Its products and solutions are sold in more than 50 countries, including the United States, Japan, the Middle East and Africa.

The company was listed on the Main Board of the Hong Kong Stock Exchange in December 2014. Further to the listing and the related capital increase, the Group's holding fell from 37.5% to 28.12%. Following the company's new share issue in December 2015, the Group's interest went down to 26.37%. At 31 March 2016, the fair value of the investment in Yangtze Optical Fibre and Cable Joint Stock Limited Company was Euro 189 million (Euro 200 million at 31 December 2015), compared with a carrying amount of Euro 132 million (Euro 129 million at 31 December 2015).

Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd, formed in 2002 and based in Shanghai (China), is an associate company 25% of whose share capital is held by the Prysmian Group and 75% by Yangtze Optical Fibre and Cable Joint Stock Limited Company. The company specialises in the manufacture and sale of optical fibre and cables, offering a wide range of optical fibre cables and accessories, services and FTTx solutions.

Kabeltrommel GmbH & Co. K.G. is a German company that heads a consortium for the production, procurement, management and sale of disposable and reusable cable carrying devices (drums). The services offered by the company include both the sale of cable drums, and the complete management of logistics services such as drum shipping, handling and subsequent retrieval. The company operates primarily in the German market.

Elkat Ltd. is based in Russia and manufactures and sells copper conductors; it is the only company certified by the LME to test copper cathodes for the local market.

Investments in joint ventures

Information about the nature of the main investments in joint ventures:

| Company name | Registered office | % owned |
|-------------------------------|-------------------|---------|
| Power Cables Malaysia Sdn Bhd | Malaysia | 40.00% |
| Precision Fiber Optics Ltd | Japan | 50.00% |

Power Cables Malaysia Sdn Bhd is a joint venture based in Malaysia between the Prysmian Group and Lembaga Tabung Angkatan Tentera (LTAT), a Malaysian government retirement benefits fund. The company, a leader in the local market, manufactures and sells power cables and conductors and is mainly specialised in high voltage products.

Lastly, Precision Fiber Optics Ltd., based in Japan, manufactures and sells optical fibre cables in the local market.

3. TRADE AND OTHER RECEIVABLES

These are detailed as follows:

(in millions of Euro)

| | 31 March 2016 | | |
|---------------------------------|---------------|--------------|--------------|
| | Non-current | Current | Total |
| Trade receivables | - | 1,175 | 1,175 |
| Allowance for doubtful accounts | - | (55) | (55) |
| Total trade receivables | - | 1,120 | 1,120 |
| Other receivables: | | | |
| Tax receivables | 9 | 169 | 178 |
| Financial receivables | 2 | 7 | 9 |
| Prepaid finance costs | 3 | 2 | 5 |
| Receivables from employees | 1 | 4 | 5 |
| Pension plan receivables | - | 2 | 2 |
| Construction contracts | - | 494 | 494 |
| Advances to suppliers | - | 16 | 16 |
| Other | 9 | 89 | 98 |
| Total other receivables | 24 | 783 | 807 |
| Total | 24 | 1,903 | 1,927 |

(in millions of Euro)

| | 31 December 2015 | | |
|---------------------------------|------------------|--------------|--------------|
| | Non-current | Current | Total |
| Trade receivables | - | 1,150 | 1,150 |
| Allowance for doubtful accounts | - | (52) | (52) |
| Total trade receivables | - | 1,098 | 1,098 |
| Other receivables: | | | |
| Tax receivables | 9 | 148 | 157 |
| Financial receivables | 1 | 8 | 9 |
| Prepaid finance costs | 4 | 2 | 6 |
| Receivables from employees | 1 | 3 | 4 |
| Pension plan receivables | - | 2 | 2 |
| Construction contracts | - | 426 | 426 |
| Advances to suppliers | - | 13 | 13 |
| Other | 11 | 85 | 96 |
| Total other receivables | 26 | 687 | 713 |
| Total | 26 | 1,785 | 1,811 |

4. INVENTORIES

These are detailed as follows:

| (in millions of Euro) | 31 March 2016 | 31 December 2015 |
|---|---------------|------------------|
| Raw materials | 316 | 300 |
| <i>of which allowance for obsolete and slow-moving raw materials</i> | <i>(41)</i> | <i>(35)</i> |
| Work in progress and semi-finished goods | 251 | 242 |
| <i>of which allowance for obsolete and slow-moving work in progress and semi-</i> | <i>(9)</i> | <i>(9)</i> |
| Finished goods (*) | 428 | 437 |
| <i>of which allowance for obsolete and slow-moving finished goods</i> | <i>(58)</i> | <i>(58)</i> |
| Total | 995 | 979 |

(*) Finished goods also include goods for resale.

5. DERIVATIVES

These are detailed as follows:

| (in millions of Euro) | 31 March 2016 | |
|--|---------------|-----------|
| | Asset | Liability |
| Non-current | | |
| Interest rate swaps (cash flow hedges) | - | - |
| Forward currency contracts on commercial transactions (cash flow hedges) | 3 | - |
| Total hedging derivatives | 3 | - |
| Forward currency contracts on commercial transactions | 1 | 1 |
| Metal derivatives | - | 17 |
| Total other derivatives | 1 | 18 |
| Total non-current | 4 | 18 |
| Current | | |
| Forward currency contracts on financial transactions (cash flow hedges) | 1 | - |
| Forward currency contracts on commercial transactions (cash flow hedges) | 9 | 8 |
| Total hedging derivatives | 10 | 8 |
| Forward currency contracts on commercial transactions | 8 | 8 |
| Forward currency contracts on financial transactions | 2 | 4 |
| Metal derivatives | 6 | 20 |
| Total other derivatives | 16 | 32 |
| Total current | 26 | 40 |
| Total | 30 | 58 |

(in millions of Euro)

| | 31 December 2015 | |
|--|------------------|-----------|
| | Asset | Liability |
| Non-current | | |
| Interest rate swaps (cash flow hedges) | - | - |
| Forward currency contracts on commercial transactions (cash flow hedges) | - | 2 |
| Total hedging derivatives | - | 2 |
| Forward currency contracts on commercial transactions | 1 | 2 |
| Metal derivatives | - | 17 |
| Total other derivatives | 1 | 19 |
| Total non-current | 1 | 21 |
| Current | | |
| Interest rate swaps (cash flow hedges) | - | - |
| Forward currency contracts on commercial transactions (cash flow hedges) | 4 | 11 |
| Total hedging derivatives | 4 | 11 |
| Forward currency contracts on commercial transactions | 9 | 7 |
| Forward currency contracts on financial transactions | 8 | 3 |
| Interest rate swaps | - | 1 |
| Metal derivatives | 5 | 21 |
| Total other derivatives | 22 | 32 |
| Total current | 26 | 43 |
| Total | 27 | 64 |

6. FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading basically refer to units in funds that mainly invest in short and medium-term government securities. These assets are mostly held by subsidiaries in Brazil and Argentina which invest temporarily available liquidity in such funds.

7. CASH AND CASH EQUIVALENTS

These are detailed as follows:

(in millions of Euro)

| | 31 March 2016 | 31 December 2015 |
|--------------------------|---------------|------------------|
| Cash and cheques | 6 | 4 |
| Bank and postal deposits | 248 | 543 |
| Total | 254 | 547 |

Cash and cash equivalents, deposited with major financial institutions, are managed centrally through the Group's treasury company and in its various operating units. Cash and cash equivalents managed by the Group's treasury company amount to Euro 77 million at 31 March 2016, compared with Euro 302 million at 31 December 2015.

8. ASSETS AND LIABILITIES HELD FOR SALE

These are detailed as follows:

(in millions of Euro)

| | 31 March 2016 | 31 December 2015 |
|--|---------------|------------------|
| Assets held for sale: | | |
| Land | - | - |
| Buildings | 8 | 8 |
| Other property, plant and equipment | 8 | 8 |
| Intangible assets | - | - |
| Other assets | 99 | 103 |
| Total assets held for sale | 115 | 119 |
| Liabilities held for sale: | | |
| Other liabilities | 85 | 89 |
| Total liabilities held for sale | 85 | 89 |

The movements in Assets and Liabilities held for sale mainly refer to assets and liabilities of the subsidiary Prysmian Baosheng Cable Co. JV, amounting to Euro 115 million and Euro 85 million respectively, which met the criteria for classification in this line item at 31 March 2016. Management expects the assets and liabilities classified in this line item to be sold within the next 12 months.

Assets held for sale are classified in Level 3 of the fair value hierarchy.

9. SHARE CAPITAL AND RESERVES

Consolidated equity has recorded an increase of Euro 10 million since 31 December 2015, mainly reflecting the net effect of:

- negative currency translation differences of Euro 40 million;
- the positive post-tax change of Euro 9 million in the fair value of derivatives designated as cash flow hedges;
- the positive change of Euro 12 million in the share-based compensation reserve linked to stock option plans;
- the distribution of Euro 11 million in dividends;
- the net profit for the period of Euro 40 million.

At 31 March 2016, the share capital of Prysmian S.p.A. comprises 216,720,922 shares with a total value of Euro 21,672,092.20.

Movements in the ordinary shares and treasury shares of Prysmian S.p.A. are reported in the following table:

| | Ordinary shares | Treasury shares | Total |
|------------------------------------|-----------------|-----------------|-------------|
| Balance at 31 December 2014 | 216,712,397 | (2,830,318) | 213,882,079 |
| Capital increase ⁽¹⁾ | 8,525 | - | 8,525 |
| Treasury shares ⁽²⁾ | - | 123,142 | 123,142 |
| Balance at 31 December 2015 | 216,720,922 | (2,707,176) | 214,013,746 |
| | Ordinary shares | Treasury shares | Total |
| Balance at 31 December 2015 | 216,720,922 | (2,707,176) | 214,013,746 |
| Capital increase | - | - | - |
| Treasury shares | - | - | - |
| Balance at 31 March 2016 | 216,720,922 | (2,707,176) | 214,013,746 |

⁽¹⁾ Capital increase following exercise of the options under the Long-term incentive plan 2011-2013.

⁽²⁾ Allotment of 106,975 treasury shares under the Group employee share purchase plan (YES Plan), as well as sale of 16,167 shares to serve this plan.

Treasury shares

Treasury shares have not recorded any movements during the first quarter of 2016, as shown below:

| | Number of shares | Total nominal value (in Euro) | % of share capital | Average unit value (in Euro) | Total carrying value (in Euro) |
|---------------------------------------|------------------|----------------------------------|--------------------|---------------------------------|-----------------------------------|
| At 31 December 2014 | 2,830,318 | 283,032 | 1.31% | 12,021 | 34,023,369 |
| - Purchases | - | - | - | - | - |
| - Allotments under stock option plans | (123,142) | (12,314) | - | 12,031 | (1,481,526) |
| At 31 December 2015 | 2,707,176 | 270,718 | 1.25% | 12,021 | 32,541,843 |
| - Purchases | - | - | - | - | - |
| - Allotments under stock option plans | - | - | - | - | - |
| At 31 March 2016 | 2,707,176 | 270,718 | 1.25% | 12,021 | 32,541,843 |

Share buy-back and disposal programmes

The Shareholders' Meeting held on 16 April 2015 authorised a share buy-back and disposal programme, and revoked the previous programme at the same time.

The programme provided the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total could not exceed, at any one time, 10% of share capital, equating to 18,847,439 ordinary shares as at the date of the Shareholders' Meeting, after deducting the treasury shares already held by the Company. Purchases could not exceed the amount of undistributed earnings and available reserves reported in the most recently approved annual financial statements of the Parent Company. The authorisation to buy back treasury shares was for 18 months commencing from the date of the Shareholders' Meeting; the authorisation to dispose of treasury shares had no time limit.

As reported in the note on Subsequent events, the Shareholders' Meeting held on 13 April 2016 authorised a new share buy-back and disposal programme, and revoked the previous programme at the same time.

The new programme provides the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total must not exceed, at any one time, 10% of share capital, equating to 18,964,916 ordinary shares as at the date of the Shareholders' Meeting, after deducting the treasury shares already held by the Company. Purchases may not exceed the amount of undistributed earnings and available reserves reported in the most recently approved annual financial statements of the Parent Company. The authorisation to buy back treasury shares will last for 18 months commencing from the date of the Shareholders' Meeting; the authorisation to dispose of treasury shares has no time limit.

10. BORROWINGS FROM BANKS AND OTHER LENDERS

These are detailed as follows:

| (in millions of Euro) | | | 31 March 2016 |
|--|--------------|------------|---------------|
| | Non-current | Current | Total |
| Borrowings from banks and other financial institutions | 99 | 231 | 330 |
| Non-convertible bond | 740 | 18 | 758 |
| Convertible bond | 282 | - | 282 |
| Finance lease obligations | 14 | 1 | 15 |
| Total | 1,135 | 250 | 1,385 |

| (in millions of Euro) | | | 31 December 2015 |
|--|--------------|------------|------------------|
| | Non-current | Current | Total |
| Borrowings from banks and other financial institutions | 108 | 246 | 354 |
| Non-convertible bond | 740 | 14 | 754 |
| Convertible bond | 279 | 1 | 280 |
| Finance lease obligations | 14 | 1 | 15 |
| Total | 1,141 | 262 | 1,403 |

Borrowings from banks and other financial institutions and Bonds are analysed as follows:

| (in millions of Euro) | 31 March 2016 | 31 December 2015 |
|---|---------------|------------------|
| Credit Agreements: | | |
| - Term Loan Facility 2011 | - | - |
| - Syndicated Revolving Credit Facility 2014 | - | - |
| EIB Loan | 84 | 92 |
| Revolving Credit Facility 2014 | 50 | 50 |
| Other borrowings | 196 | 212 |
| Borrowings from banks and other financial institutions | 330 | 354 |
| Non-convertible bond | 758 | 754 |
| Convertible bond | 282 | 280 |
| Total | 1,370 | 1,388 |

Credit Agreements:

The Prysmian Group has the following Credit Agreements in place as at 31 March 2016:

Syndicated Revolving Credit Facility 2014

On 27 June 2014, Prysmian S.p.A. signed an agreement (the "Credit Agreement 2014") under which a syndicate of premier banks made available a long-term credit facility for Euro 1,000 million (the "Syndicated Revolving Credit Facility 2014"). The facility, which expires on 27 June 2019, can also be used for the issue of guarantees. This new revolving facility was intended to refinance the existing facilities and the Group's other operating activities. As at 31 March 2016, this facility had not been drawn down.

In addition to the Credit Agreement described above, the Group's other major credit agreements at the reporting date were as follows:

Revolving Credit Facility 2014

On 19 February 2014, Prysmian S.p.A signed a credit agreement for Euro 100 million (the "Revolving Credit Facility 2014") with Mediobanca - Banca di Credito Finanziario S.p.A.. Under this five-year agreement, Mediobanca has provided the Group with a line of credit intended to refinance existing debt and working capital requirements.

As at 31 March 2016, the Revolving Credit Facility 2014 had been drawn down by Euro 50 million.

EIB Loan

On 18 December 2013, Prysmian S.p.A. entered into a loan agreement with the European Investment Bank (EIB) for Euro 100 million, to fund the Group's European research & development (R&D) programmes over the period 2013-2016.

The EIB Loan is particularly intended to support projects developed in the Group's R&D centres in six countries (France, Great Britain, the Netherlands, Spain, Germany and Italy) and represents about 50% of the Prysmian Group's planned investment expenditure in Europe during the period concerned.

The EIB Loan was received on 5 February 2014; it will be repaid in 12 equal half-yearly instalments starting on 5 August 2015 and ending on 5 February 2021. Following repayment of the instalments, the outstanding amount of the loan at 31 March 2016 was Euro 84 million.

The fair value of the EIB Loan at 31 March 2016 approximates the related carrying amount. Fair value has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

The following table summarises the committed lines available to the Group at 31 March 2016 and 31 December 2015:

(in millions of Euro)

| | 31 March 2016 | | |
|---|---------------|--------------|--------------|
| | Total lines | Drawn | Undrawn |
| Credit Agreements: | | | |
| Term Loan Facility 2011 | - | - | - |
| Revolving Credit Facility 2011 | - | - | - |
| Syndicated Revolving Credit Facility 2014 | 1,000 | - | 1,000 |
| Total Credit Agreements | 1,000 | - | 1,000 |
| EIB Loan | 84 | (84) | - |
| Revolving Credit Facility 2014 | 100 | (50) | 50 |
| Total | 1,184 | (134) | 1,050 |

(in millions of Euro)

| | 31 December 2015 | | |
|---|------------------|--------------|--------------|
| | Total lines | Drawn | Undrawn |
| Credit Agreements: | | | |
| Term Loan Facility 2011 | - | - | - |
| Revolving Credit Facility 2011 | - | - | - |
| Syndicated Revolving Credit Facility 2014 | 1,000 | - | 1,000 |
| Total Credit Agreements | 1,000 | - | 1,000 |
| EIB Loan | 92 | (92) | - |
| Revolving Credit Facility 2014 | 100 | (50) | 50 |
| Total | 1,192 | (142) | 1,050 |

The Revolving Credit Facilities are intended to finance ordinary working capital requirements.

Bonds

The Prysmian Group had the following bonds outstanding as at 31 March 2016:

Non-convertible bond issued in 2015

On 10 March 2015, the Board of Directors of Prysmian S.p.A. authorised management to proceed, depending on prevailing market conditions and in any case by 30 June 2016, with the issuance and private or public placement of bonds in one or more tranches. These bonds were intended for sale to institutional investors only.

Consequently, on 30 March 2015 Prysmian S.p.A. completed the placement with institutional investors of an unrated bond, on the Eurobond market, for a total nominal value of Euro 750 million. The bond, with an issue price of Euro 99.002, has a 7-year maturity and will pay a fixed annual coupon of 2.50%. The individual bonds, maturing on 11 April 2022, have minimum denominations of Euro 100,000, plus integral multiples of Euro 1,000.

The bond settlement date was 9 April 2015. The bond has been admitted to the Luxembourg Stock Exchange and is traded on the related regulated market.

The fair value of the non-convertible bond is Euro 753 million at 31 March 2016. Fair value has been determined with reference to the quoted price in the relevant market (Level 1 of the fair value hierarchy).

Convertible bond

On 4 March 2013, the Board of Directors approved the placement of an Equity Linked Bond, referred to as "€300,000,000 1.25 per cent. Equity Linked Bonds due 2018", maturing on 8 March 2018 and reserved for qualified investors.

On 16 April 2013, the Shareholders' Meeting authorised the convertibility of the Bond at a value of Euro 22.3146 per share. As a result, the shareholders approved the proposal to increase share capital for cash, in single or multiple issues, with the exclusion of pre-emptive rights under art. 2441, par. 5 of the Italian Civil Code, by a maximum nominal amount of Euro 1,344,411.30, by issuing, in single or multiple instalments, up to 13,444,113 ordinary shares of the Company with the same characteristics as its other outstanding ordinary shares.

The Company will be entitled to redeem the bonds early and in full in the cases detailed in the Bond Regulations, in line with market practice, including:

- (i) at nominal value (plus accrued interest), starting from 23 March 2016, if the trading price of the Company's ordinary shares rises to more than 130% of the conversion price in a given period of time;
- (ii) at nominal value (plus accrued interest), if at least 85% of the original nominal amount of the Bond is converted, redeemed and/or repurchased;
- (iii) at nominal value (plus accrued interest), if specific changes take place in the tax regime applying to the Bonds.

In the event of a change of control, every bondholder will be entitled to request early redemption at nominal value plus accrued interest.

The convertible Bond has a 5-year maturity ending on 8 March 2018 and pays a fixed annual coupon of 1.25%. The placement of the Bonds was completed on 8 March 2013, while their settlement took place on 15 March 2013.

On 3 May 2013, the Company sent a physical settlement notice to holders of the Bonds, granting them the right, with effect from 17 May 2013, to convert them into the Company's existing or new ordinary shares.

On 24 May 2013, the Bond was admitted to trading on the unregulated Third Market (a multilateral trading facility or MTF) on the Vienna Stock Exchange.

The accounting treatment for the convertible Bond has resulted in the recognition of an equity component of Euro 39 million and a debt component of Euro 261 million, determined at the bond issue date.

| (in millions of Euro) | |
|-------------------------------------|------------|
| Issue value of convertible bond | 300 |
| Equity reserve for convertible bond | (39) |
| Issue date net balance | 261 |
| Interest - non-monetary | 23 |
| Interest - monetary accrued | 12 |
| Interest - monetary paid | (10) |
| Related costs | (4) |
| Balance at 31 March 2016 | 282 |

The fair value of the convertible bond (equity component and debt component) is Euro 327 million at 31 March 2016 (Euro 337 million at 31 December 2015), of which the fair value of the debt component was Euro 268 million (Euro 287 million at 31 December 2015). In the absence of trading on the relevant market, fair value has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

Other borrowings from banks and financial institutions and Finance lease obligations

The following tables report movements in borrowings from banks and other lenders:

(in millions of Euro)

| | Credit Agreements ⁽¹⁾ | EIB Loan | Non-convertible bond | Convertible bond | Other borrowings/ Finance lease obligations ⁽²⁾ | Total |
|--|----------------------------------|----------|----------------------|------------------|--|-------|
| Balance at 31 December 2015 | - | 92 | 754 | 280 | 277 | 1,403 |
| Business combinations | - | - | - | - | - | - |
| Reclassification to Liabilities held for sale | - | - | - | - | - | - |
| Currency translation differences | - | - | - | - | (3) | (3) |
| New funds | - | - | - | - | 21 | 21 |
| Repayments | - | (8) | - | - | (34) | (42) |
| Drawdown of revolving facilities | - | - | - | - | - | - |
| Amortisation of bank and financial fees and other expenses | - | - | - | - | - | - |
| Interest and other movements | - | - | 4 | 2 | - | 6 |
| Total movements | - | (8) | 4 | 2 | (16) | (18) |
| Balance at 31 March 2016 | - | 84 | 758 | 282 | 261 | 1,385 |

(in millions of Euro)

| | Credit Agreements ⁽¹⁾ | EIB Loan | Non-convertible bond | Convertible bond | Other borrowings/ Finance lease obligations ⁽²⁾ | Total |
|--|----------------------------------|----------|----------------------|------------------|--|-------|
| Balance at 31 December 2014 | 398 | 101 | 415 | 272 | 199 | 1,385 |
| Currency translation differences | - | - | - | - | 2 | 2 |
| New funds | - | - | - | - | 51 | 51 |
| Repayments | - | - | - | - | (11) | (11) |
| Drawdown of revolving facilities | - | - | - | - | 20 | 20 |
| Amortisation of bank and financial fees and other expenses | 1 | - | - | - | - | 1 |
| Interest and other movements | - | (1) | 5 | 1 | - | 5 |
| Total movements | 1 | (1) | 5 | 1 | 62 | 68 |
| Balance at 31 March 2015 | 399 | 100 | 420 | 273 | 261 | 1,453 |

⁽¹⁾ "Credit Agreements" in the first three months of 2015 reflect movements in the Term Loan Facility 2011, the Revolving Credit Facility 2011 and the Syndicated Revolving Credit Facility 2014.

⁽²⁾ Includes the Revolving Credit Facility 2014.

NET FINANCIAL POSITION

| (in millions of Euro) | | | |
|--|------|---------------|------------------|
| | Note | 31 March 2016 | 31 December 2015 |
| Long-term financial payables | | | |
| - Term Loan Facility 2011 | | - | - |
| - Bank fees | | - | - |
| Credit Agreements | 10 | - | - |
| EIB Loan | 10 | 67 | 75 |
| Non-convertible bond | 10 | 740 | 740 |
| Convertible bond | 10 | 282 | 279 |
| Finance leases | 10 | 14 | 14 |
| Interest rate swaps | 5 | - | - |
| Other financial payables | 10 | 32 | 33 |
| Total long-term financial payables | | 1,135 | 1,141 |
| Short-term financial payables | | | |
| - Term Loan Facility 2011 | 10 | - | - |
| - Syndicated Revolving Credit Facility 2014 | 10 | - | - |
| Credit Agreements | 10 | - | - |
| EIB Loan | 10 | 17 | 17 |
| Non-convertible bond | 10 | 18 | 14 |
| Convertible bond | 10 | - | 1 |
| Finance leases | 10 | 1 | 1 |
| Interest rate swaps | 5 | - | 1 |
| Forward currency contracts on financial transactions | 5 | 4 | 3 |
| Revolving Credit Facility 2014 | 10 | 50 | 50 |
| Other financial payables | 10 | 164 | 179 |
| Total short-term financial payables | | 254 | 266 |
| Total financial liabilities | | 1,389 | 1,407 |
| Long-term financial receivables | 3 | 2 | 1 |
| Long-term bank fees | 3 | 3 | 4 |
| Forward currency contracts on financial transactions (current) | 5 | 3 | 8 |
| Short-term financial receivables | 3 | 7 | 8 |
| Short-term bank fees | 3 | 2 | 2 |
| Financial assets held for trading | 6 | 80 | 87 |
| Cash and cash equivalents | 7 | 254 | 547 |
| Net financial position | | 1,038 | 750 |

The following table presents a reconciliation of the Group's net financial position to the amount that must be reported under Consob Communication DEM/6064293 issued on 28 July 2006 and under the CESR recommendation dated 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses":

| (in millions of Euro) | | | |
|--|------|---------------|------------------|
| | Note | 31 March 2016 | 31 December 2015 |
| Net financial position - as reported above | | 1,038 | 750 |
| Long-term financial receivables | 3 | 2 | 1 |
| Long-term bank fees | 3 | 3 | 4 |
| Net forward currency contracts on commercial transactions | 5 | (4) | 8 |
| Net metal derivatives | 5 | 31 | 33 |
| Recalculated net financial position | | 1,070 | 796 |

11. TRADE AND OTHER PAYABLES

These are detailed as follows:

(in millions of Euro)

| | | | 31 March 2016 |
|----------------------------------|-------------|--------------|---------------|
| | Non-current | Current | Total |
| Trade payables | - | 1,301 | 1,301 |
| Total trade payables | - | 1,301 | 1,301 |
| Other payables: | | | |
| Tax and social security payables | 4 | 111 | 115 |
| Advances from customers | - | 433 | 433 |
| Payables to employees | - | 83 | 83 |
| Accrued expenses | - | 125 | 125 |
| Other | 11 | 158 | 169 |
| Total other payables | 15 | 910 | 925 |
| Total | 15 | 2,211 | 2,226 |

(in millions of Euro)

| | | | 31 December 2015 |
|----------------------------------|-------------|--------------|------------------|
| | Non-current | Current | Total |
| Trade payables | - | 1,377 | 1,377 |
| Total trade payables | - | 1,377 | 1,377 |
| Other payables: | | | |
| Tax and social security payables | 4 | 105 | 109 |
| Advances from customers | - | 518 | 518 |
| Payables to employees | - | 70 | 70 |
| Accrued expenses | - | 129 | 129 |
| Other | 12 | 162 | 174 |
| Total other payables | 16 | 984 | 1,000 |
| Total | 16 | 2,361 | 2,377 |

Trade payables include around Euro 132 million for the supply of strategic metals (copper, aluminium and lead), whose payment terms, in some cases, are longer than normal for this type of transaction. At 31 December 2015, payables for the supply of strategic metals amounted to Euro 162 million.

Advances from customers report the liability for construction contracts, amounting to Euro 383 million at 31 March 2016 compared with Euro 452 million at 31 December 2015. This liability represents the gross amount by which work invoiced exceeds costs incurred plus accumulated profits (or losses) recognised using the percentage of completion method.

12. PROVISIONS FOR RISKS AND CHARGES

These are detailed as follows:

(in millions of Euro)

| | 31 March 2016 | | |
|-----------------------------|---------------|------------|------------|
| | Non-current | Current | Total |
| Restructuring costs | - | 23 | 23 |
| Contractual and legal risks | 13 | 194 | 207 |
| Environmental risks | - | 6 | 6 |
| Tax inspections | 15 | 8 | 23 |
| Contingent liabilities | 3 | 4 | 7 |
| Other risks and charges | 22 | 23 | 45 |
| Total | 53 | 258 | 311 |

(in millions of Euro)

| | 31 December 2014 | | |
|-----------------------------|------------------|------------|------------|
| | Non-current | Current | Total |
| Restructuring costs | - | 32 | 32 |
| Contractual and legal risks | 13 | 197 | 210 |
| Environmental risks | - | 6 | 6 |
| Tax inspections | 15 | 8 | 23 |
| Contingent liabilities | 3 | 4 | 7 |
| Other risks and charges | 21 | 28 | 49 |
| Total | 52 | 275 | 327 |

The following table reports the movements in these provisions during the period:

(in millions of Euro)

| | Restructuring costs | Contractual and legal risks | Environmental risks | Tax inspections | Contingent liabilities | Other risks and charges | Total |
|---|---------------------|-----------------------------|---------------------|-----------------|------------------------|-------------------------|-------------|
| Balance at 31 December 2015 | 32 | 210 | 6 | 23 | 7 | 49 | 327 |
| Business combinations | - | - | - | - | - | - | - |
| Increases | 1 | 2 | - | - | - | 1 | 4 |
| Utilisations | (10) | (1) | - | - | - | (1) | (12) |
| Releases | - | (1) | - | - | - | - | (1) |
| Currency translation differences | - | (3) | - | - | - | (1) | (4) |
| Reclassification to liabilities held for sale | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | (3) | (3) |
| Total movements | (9) | (3) | - | - | - | (4) | (16) |
| Balance at 31 March 2016 | 23 | 207 | 6 | 23 | 7 | 45 | 311 |

The provision for restructuring costs reports an overall net decrease of Euro 9 million.

In particular, Euro 10 million has been utilised during the period, mostly in connection with projects underway in Italy and the Netherlands.

The provision for contractual and legal risks, amounting to Euro 207 million at 31 March 2016, has decreased by Euro 3 million since 31 December 2015, mainly due to exchange differences on provisions recorded in foreign currency.

More specifically, the European Commission, the US Department of Justice and the Japanese antitrust authority started investigations in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets. Subsequently, the Australian Competition and Consumers Commission ("ACCC") and the New Zealand Commerce Commission also started similar investigations. During 2011, the Canadian antitrust authority also started an investigation into a high voltage submarine project dating back to

2006. The investigations in Japan, New Zealand, Canada and the United States have all ended without any sanctions for Prysmian; the other investigations are still in progress, except for the one by the European Commission, which has ended with the adoption of the decision described below.

In Australia, the ACCC has filed a case before the Federal Court arguing that Prysmian Cavi e Sistemi S.r.l. and two other companies violated antitrust rules in connection with a high voltage underground cable project awarded in 2003. Prysmian Cavi e Sistemi S.r.l. has filed its objections and presented its preliminary defence, with the hearing to discuss the case held recently.

In Brazil, the local antitrust authority has started an investigation into several cable manufacturers, including Prysmian, that operate in the high voltage underground and submarine cables market. Prysmian has presented its preliminary defence, which has been rejected by the local competition authorities in a statement issued in February 2015. The preliminary stage of the proceedings will now ensue, at the end of which the authorities will publish their concluding observations, to which the parties may respond with all their arguments in defence before a final decision is taken.

On 2 April 2014, the European Commission adopted a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., adopted anti-competitive practices in the European market for high voltage submarine and underground power cables. The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the alleged infringement in the period 18 February 1999 - 28 July 2005, sentencing them to pay a fine of Euro 67.3 million, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the alleged infringement in the period 29 July 2005 - 28 January 2009, sentencing them to pay a fine of Euro 37.3 million. Prysmian has filed an appeal against this decision with the General Court of the European Union along with an application to intervene in the appeals respectively lodged by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. against the same decision. Both Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. have in turn submitted applications to intervene in the appeal brought by Prysmian against the European Commission's decision. The applications to intervene presented by Prysmian, Pirelli and The Goldman Sachs Group Inc. have been accepted by the General Court of the European Union. Prysmian has not incurred any financial outlay as a result of this decision having elected, pending the outcome of the appeals, to provide bank guarantees as security against payment of 50% of the fine imposed by the European Commission (amounting to approximately Euro 52 million) for the alleged infringement in both periods. As far as Prysmian is aware, Pirelli & C. S.p.A. has also provided the European Commission with a bank guarantee for 50% of the value of the fine imposed for the alleged infringement in the period 18 February 1999 - 28 July 2005. Pirelli & C. S.p.A. has also brought a civil action against Prysmian Cavi e Sistemi S.r.l. in the Milan Courts, in which it demands to be held harmless for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. Prysmian Cavi e Sistemi S.r.l. started legal proceedings in February 2015, requesting that the claims brought by Pirelli & C. S.p.A. be rejected in full and that it should be Pirelli & C. S.p.A. which holds harmless Prysmian Cavi e Sistemi S.r.l., with reference to the alleged infringement in the period 18 February 1999 - 28 July 2005, for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. The proceedings have since been stayed by order of the court concerned in April 2015, pending the outcome of

the appeals made against the European Commission's decision by both Prysmian and Pirelli in the European Courts. Pirelli has challenged this decision before the Court of Cassation, Italy's highest court of appeal.

During 2015, National Grid and Scottish Power, two British operators, filed claims in the High Court in London against certain cable manufacturers, including Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in the decision adopted in April 2014. The Group companies concerned were notified of this initial court filing during the month of May 2015 and presented their defence early in October 2015, along with the summons of other parties censured in the European Commission's decision. Among the parties involved in this action, Pirelli & C. S.p.A. has requested the London High Court to decline its jurisdiction or nonetheless to stay the proceedings in its regard pending the outcome of the civil action previously brought by Pirelli against Prysmian Cavi e Sistemi S.r.l. in the Milan Courts, in which it demands to be held harmless for all claims made by the European Commission in implementation of the latter's decision and for any expenses related to such implementation. The proceedings have since been stayed, as agreed between the parties, pending the outcome of the action brought by Pirelli in the Milan Courts. A similar agreement has also been reached with The Goldman Sachs Group Inc., another company involved in the actions discussed above.

In addition, at the end of March 2016, a British law firm and a Chinese law firm presented claims against Prysmian S.p.A. and some of its subsidiaries, on behalf of the State Grid Corporation of China (SGCC), to obtain compensation for damages, but without quantifying the amount, allegedly suffered by SGCC as a result of Prysmian's participation in the anti-competitive practices condemned by the EC in its decision of April 2014.

Lastly, it is reported that the Australian and Spanish antitrust authorities have respectively initiated additional proceedings to verify the existence of anti-competitive practices by local low voltage cable manufacturers and distributors, including the Group's foreign subsidiaries based in these countries. As regards the judicial proceedings initiated by the Australian antitrust authorities, the hearing, which began at the end of November 2015, has been completed and a ruling is now awaited. As for the administrative proceedings brought by the Spanish authorities, these were initiated at the end of February 2016. The Directors are of the opinion not to make any provision for the risks arising from any of the above proceedings, since they consider the liability to be unlikely.

As at 31 March 2016, the amount of the provision is approximately Euro 140 million.

Despite the uncertainty of the outcome of the investigations in progress and potential legal action by customers as a result of the European Commission's decision, the amount of this provision is considered to represent the best estimate of the liability based on the information now available.

In addition, during August 2015, two employees of a foreign subsidiary were the subject of court orders by the local authorities as part of an investigation into alleged misappropriation at the subsidiary's expense. Following this notification, the Group instructed its advisors to review and assess a number of areas of potential risk and issues arising from possible breaches of internal procedures. Although it is not possible to accurately quantify the risks, the results of this work to date lead to the Directors to believe that any liabilities triggered by such issues would nevertheless not be material for the Group.

13. EMPLOYEE BENEFIT OBLIGATIONS

These are detailed as follows:

| (in millions of Euro) | 31 March 2016 | 31 December 2015 |
|--|---------------|------------------|
| Pension plans | 253 | 258 |
| Employee indemnity liability (Italian TFR) | 19 | 20 |
| Medical benefit plans | 26 | 26 |
| Termination and other benefits | 34 | 37 |
| Incentive plans | - | - |
| Total | 332 | 341 |

Movements in employee benefit obligations have had an overall impact of Euro 4 million on the period's income statement, of which Euro 2 million classified in personnel costs and Euro 2 million in finance costs.

The period average headcount and period-end closing headcount are shown below:

| | 3 months 2016 | 3 months 2015 |
|----------------|---------------|------------------|
| Average number | 19,592 | 19,443 |
| | 31 March 2016 | 31 December 2015 |
| Closing number | 19,719 | 19,316 |

14. OPERATING INCOME

Operating income is a profit of Euro 76 million in the first three months of 2016 (compared with a profit of Euro 83 million in the first three months of 2015) and includes the following non-recurring items:

| (in millions of Euro) | 3 months 2016 | 3 months 2015 |
|--|---------------|---------------|
| Business reorganisation | (7) | (8) |
| Antitrust investigations | - | (6) |
| Acquisition purchase price adjustment | - | - |
| Other net non-recurring (expenses)/income | (3) | - |
| Total non-recurring (expenses)/income | (10) | (14) |

15. FINANCE COSTS AND INCOME

Finance costs are detailed as follows:

| (in millions of Euro) | 3 months 2016 | 3 months 2015 |
|--|---------------|---------------|
| Interest on loans | - | 2 |
| Interest on non-convertible bond | 5 | 5 |
| Interest on convertible bond - non-monetary component | 2 | 2 |
| Interest on convertible bond - monetary component | 1 | 1 |
| Amortisation of bank and financial fees and other expenses | - | 1 |
| Employee benefit interest costs | 3 | 3 |
| Other bank interest | 3 | 4 |
| Costs for undrawn credit lines | 1 | 2 |
| Sundry bank fees | 4 | 3 |
| Non-recurring other finance costs | 1 | 1 |
| Other | 1 | 1 |
| Finance costs | 21 | 25 |
| Net losses on forward currency contracts | 9 | - |
| Non-recurring net losses on interest rate swaps | - | - |
| Losses on derivatives | 9 | - |
| Foreign currency exchange losses | 124 | 152 |
| Total finance costs | 154 | 177 |

Finance income is detailed as follows:

| (in millions of Euro) | 3 months 2016 | 3 months 2015 |
|---|---------------|---------------|
| Interest income from banks and other financial institutions | 2 | 1 |
| Other finance income | 2 | 1 |
| Non-recurring other finance income | - | - |
| Finance income | 4 | 2 |
| Net gains on interest rate swaps | 1 | - |
| Net gains on forward currency contracts | - | 14 |
| Gains on derivatives | 1 | 14 |
| Foreign currency exchange gains | 131 | 141 |
| Total finance income | 136 | 157 |

16. TAXES

Taxes have been estimated on the basis of the expected average tax rate for the full year. The tax charge for the first three months of 2015 is Euro 18 million. The tax rate for the first three months of 2016 is 31%.

17. EARNINGS/(LOSS) PER SHARE

Both basic and diluted earnings (loss) per share have been calculated by dividing the net result for the period attributable to owners of the parent by the average number of the Company's outstanding shares.

Diluted earnings/(loss) per share have been affected by the options relating to participation in the employee share purchase plan (YES Plan), but they have not been affected by the options relating to the convertible bond since the bond is currently out of the money, or by the options under the long-term incentive plan 2015-2017 since aggregate EBITDA at 31 March 2016 had not yet triggered their allotment.

| (in millions of Euro) | 3 months 2016 | 3 months 2015 |
|--|---------------|---------------|
| Net profit/(loss) attributable to owners of the parent | 32 | 41 |
| Weighted average number of ordinary shares (thousands) | 214,014 | 213,887 |
| Basic earnings per share (in Euro) | 0.15 | 0.19 |
| Net profit/(loss) attributable to owners of the parent | 32 | 41 |
| Weighted average number of ordinary shares (thousands) | 214,014 | 213,887 |
| Adjustments for: | | |
| Dilution from incremental shares arising from exercise of stock options (thousands) | 34 | 132 |
| Weighted average number of ordinary shares to calculate diluted earnings per share (thousands) | 214,048 | 214,019 |
| Diluted earnings per share (in Euro) | 0.15 | 0.19 |

18. CONTINGENT LIABILITIES

As a global operator, the Group is exposed to legal risks primarily, by way of example, in the areas of product liability and environmental, antitrust and tax rules and regulations. The outcome of legal disputes and proceedings currently in progress cannot be predicted with certainty. An adverse outcome in one or more of these proceedings could result in the payment of costs that are not covered, or not fully covered, by insurance, which would therefore have a direct effect on the Group's financial position and results.

It is also reported, with reference to the Antitrust investigations in the various jurisdictions involved, that the only jurisdiction for which the Prysmian Group has been unable to estimate the related risk is Brazil.

19. RECEIVABLES FACTORING

The Group has made use of without-recourse factoring of trade receivables. The amount of receivables factored but not yet paid by customers was Euro 234 million at 31 March 2016 (Euro 253 million at 31 March 2015 and Euro 258 million at 31 December 2015).

20. SEASONALITY

The Group's business features a certain degree of seasonality in its revenues, which are usually higher in the second and third quarters. This is due to the fact that utilities projects in the northern hemisphere are mostly concentrated in the warmer months of the year. The Group's level of debt is generally higher in the period May-September, with funds being absorbed by the growth in working capital.

21. RELATED PARTY TRANSACTIONS

Transactions between Prysmian S.p.A. and its subsidiaries and associates mainly refer to:

- trade relations involving intercompany purchases and sales of raw materials and finished goods;
- services (technical, organisational and general) provided by head office for the benefit of Group companies;
- recharge of royalties for the use of trademarks, patents and technological know-how by Group companies;
- financial relations maintained by Group treasury companies on behalf of, and with, Group companies.

All the above transactions form part of the Group's continuing operations.

The following tables provide a summary of related party transactions in the three months ended 31 March 2016:

(in millions of Euro)

| | Equity-accounted companies | Compensation of directors, statutory auditors and key management personnel | Total related parties | 3 months 2016 | |
|--|----------------------------|--|-----------------------|-----------------------|--------------------------|
| | | | | Total reported amount | Related party % of total |
| Sales of goods and services | 9 | - | 9 | 1,810 | 0.5% |
| Other income | 2 | - | 2 | 13 | 15.4% |
| Raw materials, consumables used and goods for resale | (3) | - | (3) | (1,097) | 0.3% |
| Personnel costs | - | (9) | (9) | (257) | 3.5% |
| Other expenses | - | - | - | (355) | 0.0% |
| Share of net profit/(loss) of equity-accounted companies | 7 | - | 7 | 7 | 100.0% |

(in millions of Euro)

| | Equity-accounted companies | Compensation of directors, statutory auditors and key management personnel | Total related parties | 3 months 2015 | |
|--|----------------------------|--|-----------------------|-----------------------|--------------------------|
| | | | | Total reported amount | Related party % of total |
| Sales of goods and services | 10 | - | 10 | 1,753 | 0.6% |
| Other income | 1 | - | 1 | 9 | 11.1% |
| Raw materials, consumables used and goods for resale | (5) | - | (5) | (1,183) | 0.4% |
| Personnel costs | - | (2) | (2) | (242) | 0.8% |
| Other expenses | - | - | - | (312) | 0.0% |
| Share of net profit/(loss) of equity-accounted companies | 7 | - | 7 | 7 | 100.0% |

(in millions of Euro)

| | Equity-accounted companies | Compensation of directors, statutory auditors and key management personnel | Total related parties | 31 March 2016 | |
|------------------------------|----------------------------|--|-----------------------|-----------------------|--------------------------|
| | | | | Total reported amount | Related party % of total |
| Equity-accounted investments | 178 | - | 178 | 178 | 100.0% |
| Trade receivables | 13 | - | 13 | 1,120 | 1.2% |
| Other receivables | 1 | - | 1 | 807 | 0.1% |
| Trade payables | 1 | - | 1 | 1,301 | 0.1% |
| Other payables | 3 | 2 | 5 | 925 | 0.5% |

(in millions of Euro)

| | Equity-accounted companies | Compensation of directors, statutory auditors and key management personnel | Total related parties | 31 December 2015 | |
|------------------------------|----------------------------|--|-----------------------|-----------------------|--------------------------|
| | | | | Total reported amount | Related party % of total |
| Equity-accounted investments | 177 | - | 177 | 177 | 100.0% |
| Trade receivables | 7 | - | 7 | 1,098 | 0.6% |
| Other receivables | 4 | - | 4 | 713 | 0.6% |
| Trade payables | 5 | - | 5 | 1,377 | 0.4% |
| Other payables | 3 | 2 | 5 | 1,000 | 0.5% |

Transactions with associates

Trade and other payables refer to goods and services provided in the ordinary course of the Group's business. Trade and other receivables refer to transactions carried out in the ordinary course of the Group's business.

Compensation of Directors, Statutory Auditors and Key Management Personnel

The compensation of the Directors, Statutory Auditors and Key Management Personnel totals Euro 9 million at 31 March 2016 (Euro 2 million in the first three months of 2015).

22. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions were carried out during the first three months of 2016.

23. COMMITMENTS

Contractual commitments to purchase property, plant and equipment, already given to third parties at 31 March 2016 and not yet reflected in the financial statements, amount to Euro 62 million.

24. STOCK OPTION PLANS**Group employee share purchase plan (YES Plan)**

On 16 April 2013, the shareholders approved a share purchase plan reserved for employees of Prysmian S.p.A. and/or of its subsidiaries, including some of the Company's Directors, and granted the Board of Directors the relevant powers to establish and implement this plan.

The reasons behind the introduction of the Plan are:

- to strengthen the sense of belonging to the Group by offering employees an opportunity to share in its successes, through equity ownership;
- to align the interests of the Prysmian Group's stakeholders (its employees and shareholders), by identifying a common goal of creating long-term value;
- to help consolidate the integration process started in the wake of the Draka Group's acquisition.

The Plan offers the opportunity to purchase Prysmian's ordinary shares on preferential terms, with a maximum discount of 25% on the stock price, given in the form of treasury shares, except for certain managers, for whom the discount is 15%, and the executive Directors and key management personnel, for whom the discount is 1% on the stock price.

The Plan therefore qualifies as "of particular relevance" within the meaning of art. 84-bis, par. 2 of the Issuer Regulations.

A maximum number of 500,000 treasury shares have been earmarked to serve the discounted purchases envisaged by the Plan.

During the month of October 2013, the plan was presented and explained to some 16,000 of the Group's employees in 27 countries. Employees had until the end of December 2013 to communicate their wish to join the Plan, the amount they intended to invest in the first purchase window and the method of payment. The sum collected in April 2014, totalling Euro 6.4 million, was used to make purchases of the Company's ordinary shares on the Milan Stock Exchange over a period of 5 consecutive business days in May 2014. The number of treasury shares allotted to each participant was determined by taking into account the average share purchase price (Euro 16.2629), the individual investment and the applicable discount.

All the plan's participants also received an entry bonus of six free shares, also taken from the Company's portfolio of treasury shares, only available at the time of first purchase.

The shares purchased by participants, as well as those received by way of discount and entry bonus, are generally subject to a retention period during which they cannot be sold and the length of which varies according to local regulations.

On 9 June 2014, an additional purchase window was opened for plan participants in the "Manager" category who had already bought shares in the purchase window in May and who were so entitled under the plan's regulations. Managers opting to participate in this additional window were able to buy an additional quantity of shares at a 25% discount. The total of Euro 0.7 million collected in this additional window was used to make purchases of the Company's ordinary shares on the Milan Stock Exchange over a period of 5 consecutive business days in July 2014. The number of treasury shares allotted to each participant was determined by taking into account the average share purchase price (Euro 16.3585), the individual investment and the applicable discount.

In December 2014, employees were informed that the plan's second cycle scheduled for 2015 was open for application. Employees had until the third week of February 2015 to sign up for the second cycle and to communicate how much they intended to invest. The total amount collected was used to make purchases of the Company's shares on the Milan Stock Exchange over a period of five consecutive business days in July 2015. The number of treasury shares allotted to each participant was determined by taking into account the average share purchase price (Euro 18.8768), the individual investment and the applicable discount.

On 25 August 2015, an additional purchase window was opened for plan participants in the "Manager" category, like in June 2014. The total of Euro 0.6 million collected in this window was used to make purchases of the Company's ordinary shares on the Milan Stock Exchange over a period of 5 consecutive business days in September 2015. The number of treasury shares allotted to each participant was determined by taking into account the average share purchase price (Euro 18.8988), the individual investment and the applicable discount.

In November 2015, employees were informed that the plan's third cycle scheduled for 2016 was open for application. Employees had until the end of December 2015 to apply for this third cycle and to communicate how much they intended to invest. The total amount collected will be used to make purchases of the Company's shares on the Milan Stock Exchange over a period of five consecutive business days in July 2016.

A total cost of Euro 0.2 million for the fair value of options granted under this plan has been recognised as "Personnel costs" in the income statement for the three months ended 31 March 2016.

The following table provides additional details about movements in the plan:

| | 31 March 2016 | 31 December 2015 |
|---|-------------------|-------------------|
| | Number of options | Number of options |
| Options at start of year | 43,014 | 164,009 |
| Granted ^(*) | - | - |
| Change in expected participations ^(**) | - | (3,518) |
| Cancelled | - | - |
| Exercised | - | (117,477) |
| Options at end of period | 43,014 | 43,014 |
| of which vested at end of period | - | - |
| of which exercisable | - | - |
| of which not vested at end of period | 43,014 | 43,014 |

^(*) The number of options refers to participations in the additional purchase windows reserved for Managers (actual numbers for the first year and expected numbers for the next two years).

^(**) The number of options has been revised for the actual number of participations in the first and second purchase windows.

Long-term incentive plan 2015-2017

The Shareholders' Meeting held on 16 April 2015 approved an incentive plan for employees of the Prysmian Group, including members of the Board of Directors of Prysmian S.p.A., and granted the Board of Directors the necessary powers to establish and implement this plan.

The reasons behind the introduction of the Plan are:

- to generate strong commitment by the Group's Management to achieving the targets for additional growth in profits and return on capital employed over the next three years;
- to align the interests of Management with those of shareholders by using share-based incentives, and promoting stable share ownership of the Company;
- to ensure the long-term sustainability of the Group's annual performance through the mechanism of co-investing part of the annual bonus and consequent retention effect.

The Plan covers around 335 employees of Group companies and involves the grant of options, the number of which depends on the achievement of common business and financial performance objectives for all participants.

The Plan consists of two parts:

- Co-investment;
- Performance Shares.

The Co-investment part requires each participant to defer and co-invest a variable portion of their annual bonuses for the years 2015 and 2016, if achieved; if the Target is achieved, this portion is returned to the participant in the form of company shares with a higher value than that co-invested.

The Performance Shares part involves the prior establishment of a minimum and maximum number of shares for each participant, according to their company position and salary level. The number of shares actually awarded will depend on the extent to which the Performance Conditions are achieved. Both parts of the plan are contingent upon achieving two financial performance targets in the period 2015-2017, namely the Group's aggregate Adjusted EBITDA for the three years (min. Euro 1,850 million - max. Euro 2,150 million).

million) and average ROCE (Return On Capital Employed) in the same three-year period (min. 16.0% - max. 19.6%).

The following table provides additional details about movements in the plan:

| | Number of options (*) | Exercise price |
|--------------------------------------|-----------------------|----------------|
| Options at start of year | 4,863,360 | - |
| Granted | 1,194,390 | - |
| Variation for target remeasurement | - | - |
| Cancelled | - | - |
| Exercised | - | - |
| Options at end of period | 6,057,750 | - |
| of which vested at end of period | - | - |
| of which exercisable | - | - |
| of which not vested at end of period | 6,057,750 | - |

A total cost of Euro 12 million for the fair value of options granted under this plan has been recognised as "Personnel costs" in the income statement for the three months ended 31 March 2016.

In accordance with IFRS 2, the options allotted have been measured at their grant date fair value. The fair value of the options has been determined using the following assumptions:

| | |
|--|---------------|
| Grant date | 16 April 2015 |
| Residual life at grant date (in years) | 2,75 |
| Exercise price (Euro) | - |
| Risk-free interest rate | 0.49% |
| Expected dividend % | 2.25% |
| Option fair value at grant date (Euro) | 17,99 |

The information memoranda, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above plan, is publicly available on the Company's website at <http://www.prysmiangroup.com/>, from its registered offices and from Borsa Italiana S.p.A..

As at 31 March 2016, there are no outstanding loans or guarantees by the Parent Company or its subsidiaries to any of the directors, senior managers or statutory auditors.

25. EXCHANGE RATES

The main exchange rates used to translate financial statements in foreign currencies for consolidation purposes are reported below:

| | 31 March 2016 | Closing rates at 31 December 2015 | 3 months 2016 | Average rates in 3 months 2015 |
|-----------------------------|---------------|--------------------------------------|---------------|-----------------------------------|
| Europe | | | | |
| British Pound | 0.792 | 0.734 | 0.770 | 0.744 |
| Swiss Franc | 1.093 | 1.084 | 1.096 | 1.072 |
| Hungarian Forint | 314,120 | 315,980 | 312,024 | 308,965 |
| Norwegian Krone | 9.415 | 9.603 | 9.527 | 8,733 |
| Swedish Krona | 9.225 | 9,190 | 9,327 | 9,384 |
| Czech Koruna | 27,051 | 27,023 | 27,040 | 27,629 |
| Danish Krone | 7.451 | 7.463 | 7.461 | 7,450 |
| Romanian Leu | 4.472 | 4.524 | 4.492 | 4,452 |
| Turkish Lira | 3.214 | 3.183 | 3.248 | 2,776 |
| Polish Zloty | 4.258 | 4.264 | 4.365 | 4,194 |
| Russian Rouble | 76.305 | 80.674 | 82.451 | 71,046 |
| North America | | | | |
| US Dollar | 1.139 | 1.089 | 1.102 | 1,127 |
| Canadian Dollar | 1.474 | 1.512 | 1.515 | 1,397 |
| South America | | | | |
| Brazilian Real | 4.052 | 4.251 | 4.300 | 3,235 |
| Argentine Peso | 16.736 | 14.197 | 15.966 | 9,795 |
| Chilean Peso | 763.856 | 772.713 | 773.171 | 703,546 |
| Mexican Peso | 19.59 | 18.915 | 19.898 | 16,847 |
| Oceania | | | | |
| Australian Dollar | 1.481 | 1,490 | 1.529 | 1,432 |
| New Zealand Dollar | 1.641 | 1.592 | 1.662 | 1,498 |
| Africa | | | | |
| CFA Franc | 655.957 | 655.957 | 655.957 | 655,957 |
| Tunisian Dinar | 2.292 | 2.210 | 2.238 | 2,178 |
| Asia | | | | |
| Chinese Renminbi (Yuan) | 7.351 | 7.061 | 7.210 | 7,030 |
| United Arab Emirates Dirham | 4.179 | 3,997 | 4,045 | 4,140 |
| Hong Kong Dollar | 8.828 | 8.438 | 8.568 | 8,742 |
| Singapore Dollar | 1.530 | 1.542 | 1.547 | 1,528 |
| Indian Rupee | 75.430 | 72.022 | 74.427 | 70,121 |
| Indonesian Rupiah | 15,024,840 | 15,039,990 | 14,892,069 | 14,426,889 |
| Japanese Yen | 127,900 | 131,070 | 126,997 | 134,214 |
| Thai Baht | 40.018 | 39.248 | 39.282 | 36,797 |
| Philippine Peso | 52.284 | 50.999 | 52,070 | 50,084 |
| Omani Rial | 0.438 | 0.419 | 0.424 | 0,433 |
| Malaysian Ringgit | 4.408 | 4.696 | 4.623 | 4,080 |
| Qatari Riyal | 4.144 | 3.963 | 4.011 | 4,104 |
| Saudi Riyal | 4.270 | 4.086 | 4.134 | 4,230 |

26. SUBSEQUENT EVENTS

Dividend distribution

On 13 April 2016, the shareholders of Prysmian S.p.A. approved the financial statements for 2015 and the distribution of a gross dividend of Euro 0.42 per share, for a total of some Euro 90 million. The dividend was paid out on 20 April 2016 to shares outstanding on the record date of 19 April 2016, with the shares going ex-dividend on 18 April 2016.

Share buy-back and disposal programme

The Shareholders' Meeting held on 13 April 2016 authorised a share buy-back and disposal programme, revoking at the same time the previous authorisation under the shareholder resolution dated 16 April 2015. This programme provides the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total must not exceed, at any one time, 10% of share capital, equating to 18,964,916 ordinary shares as at the date of the Shareholders' Meeting, after deducting the treasury shares currently held. Purchases may not exceed the amount of undistributed earnings and available reserves reported in the most recently approved annual financial statements. The authorisation to buy back treasury shares will last for 18 months commencing from 13 April 2016. The authorisation to dispose of treasury shares has no time limit.

New employee share purchase plan

The same Shareholders' Meeting also approved a share purchase plan reserved for employees of Prysmian S.p.A. and/or of its subsidiaries, including some of the Company's Directors, and granted the Board of Directors the relevant powers to establish and implement this plan.

The Plan will offer the opportunity to purchase Prysmian's ordinary shares on preferential terms, with a maximum discount of 25% on the stock price, given in the form of treasury shares. The shares purchased will be subject to a retention period, during which they cannot be sold. The Plan envisages three purchase windows: 2017, 2018 and 2019.

Sale of 67% equity interest in Prysmian Baosheng Cable Co. JV

On 18 April 2016, Prysmian Group signed an agreement to sell 67% of the equity in Prysmian Baosheng Cable Co. to its joint venture partner Baosheng Group Ltd. for total consideration of RMB 300 million (approximately Euro 42 million). The closing of the transaction is subject to usual conditions precedent, which are expected to be satisfied during the third quarter of 2016. The Group had already reclassified in its Annual Report at 31 December 2015 all the assets and liabilities of this company as assets and liabilities held for sale.

Pursuant to art. 154-bis par. 2 of Italy's Unified Financial Act (TUF), Carlo Soprano and Andreas Bott, as managers responsible for preparing corporate accounting documents, declare that the information contained in this quarterly financial report corresponds to the underlying documents, accounting books and records.

Milan, 10 May 2016

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Massimo Tononi

SCOPE OF CONSOLIDATION – APPENDIX A

The following companies have been consolidated line-by-line:

| Legal name | Office | Currency | Share capital | % ownership | Direct parent company | |
|--|------------------|---------------|---------------|-------------|--|------------------------|
| Europe | | | | | | |
| Austria | | | | | | |
| Prysmian OEKW GmbH | Wien | Euro | 2,053,008 | 100.00% | Prysmian Cavi e Sistemi S.r.l. | |
| Belgium | | | | | | |
| Draka Belgium N.V. | Antwerpen | Euro | 61,973 | 98.52% | Draka Holding B.V. | |
| | | | | 1.48% | Draka Kabel B.V. | |
| Denmark | | | | | | |
| Prysmian Denmark A/S | Brøndby | Danish Krone | 40,001,000 | 100.00% | Draka Holding B.V. | |
| Estonia | | | | | | |
| AS Draka Keila Cables | Keila | Euro | 1,664,000 | 100.00% | Prysmian Finland OY | |
| Finland | | | | | | |
| Prysmian Finland OY | Kirkkonummi | Euro | 100,000 | 77.7972% | Prysmian Cavi e Sistemi S.r.l. | |
| | | | | 19.9301% | Draka Holding B.V. | |
| | | | | 2.2727% | Draka Comteq B.V. | |
| France | | | | | | |
| Prysmian (French) Holdings S.A.S. | Paron | Euro | 129,026,210 | 100.00% | Prysmian Cavi e Sistemi S.r.l. | |
| GSCP Athena (French) Holdings II S.A.S. | Paron | Euro | 47,000 | 100.00% | Prysmian (French) Holdings S.A.S. | |
| Prysmian Cables et Systèmes France S.A.S. | Sens | Euro | 136,800,000 | 100.00% | Prysmian (French) Holdings S.A.S. | |
| Draka Comteq France S.A.S. | Paron | Euro | 246,554,316 | 100.00% | Draka France S.A.S. | |
| Draka Fileca S.A.S. | Sainte Geneviève | Euro | 5,439,700 | 100.00% | Draka France S.A.S. | |
| Draka Paricable S.A.S. | Sainte Geneviève | Euro | 5,177,985 | 100.00% | Draka France S.A.S. | |
| Draka France S.A.S. | Marne La Vallée | Euro | 261,551,700 | 100.00% | Draka Holding B.V. | |
| Quoroon S.A.S. | Paron | Euro | 10,000 | 100.00% | Prysmian Cables et Systemes France S.A.S. | |
| Germany | | | | | | |
| Prysmian Kabel und Systeme GmbH | Berlin | Euro | 15,000,000 | 93.75% | Draka Cable Wuppertal GmbH | |
| | | | | 6.25% | Prysmian S.p.A. | |
| Prysmian Unterstuetzungseinrichtung Lynen GmbH | Eschweiler | Deutsche Mark | 50,000 | 100.00% | Prysmian Kabel und Systeme GmbH | |
| Draka Cable Wuppertal GmbH | Wuppertal | Euro | 25,000 | 100.00% | Draka Deutschland GmbH | |
| Draka Comteq Berlin GmbH & Co.KG | Berlin | Deutsche Mark | 46,000,000 | 50.10% | Prysmian Netherlands B.V. | |
| | | | | | 49.90% | Draka Deutschland GmbH |
| Draka Comteq Germany Verwaltungs GmbH | Koln | Euro | 25,000 | 100.00% | Draka Comteq BV | |
| Draka Comteq Germany GmbH & Co.KG | Koln | Euro | 5,000,000 | 100.00% | Draka Comteq B.V. | |
| Draka Deutschland Erste Beteiligungs- GmbH | Wuppertal | Euro | 25,000 | 100.00% | Draka Holding B.V. | |
| Draka Deutschland GmbH | Wuppertal | Euro | 25,000 | 90.00% | Draka Deutschland Erste Beteiligungs GmbH | |
| | | | | 10.00% | Draka Deutschland Zweite Beteiligungs GmbH | |

| Legal name | Office | Currency | Share capital | % ownership | Direct parent company |
|--|-------------|---------------|---------------|-------------|--------------------------------|
| Draka Deutschland Verwaltungs GmbH | Wuppertal | Deutsche Mark | 50.000 | 100.00% | Draka Cable Wuppertal GmbH |
| Draka Deutschland Zweite Beteiligungs GmbH | Wuppertal | Euro | 25.000 | 100.00% | Prysmian Netherlands B.V. |
| Draka Kabeltechnik GmbH | Wuppertal | Euro | 25.000 | 100.00% | Draka Cable Wuppertal GmbH |
| Draka Service GmbH | Nürnberg | Euro | 25.000 | 100.00% | Draka Cable Wuppertal GmbH |
| Höhn GmbH | Wuppertal | Deutsche Mark | 1.000.000 | 100.00% | Draka Deutschland GmbH |
| Kaiser Kabel GmbH | Wuppertal | Deutsche Mark | 9.000.000 | 100.00% | Draka Deutschland GmbH |
| Kaiser Kabel Vertriebs GmbH i.L. | Wuppertal | Euro | 25.100 | 100.00% | Kaiser Kabel GmbH |
| NKF Holding (Deutschland) GmbH | Wuppertal | Euro | 25.000 | 100.00% | Prysmian Netherlands B.V. |
| usb-elektro Kabelkonfektions- GmbH i.L. | Bendorf | Deutsche Mark | 2.750.000 | 100.00% | Draka Holding B.V. |
| Wagner Management-und Projektgesellschaft mit beschränkter Haftung i.L. Berlin | Berlin | Deutsche Mark | 50.000 | 60.00% | Draka Cable Wuppertal GmbH |
| | | | | 40.00% | Third parties |
| U.K. | | | | | |
| Prysmian Cables & Systems Ltd. | Eastleigh | British Pound | 113.901.120 | 100.00% | Prysmian UK Group Ltd. |
| Prysmian Construction Company Ltd. | Eastleigh | British Pound | 1 | 100.00% | Prysmian Cables & Systems Ltd. |
| Prysmian Cables (2000) Ltd. | Eastleigh | British Pound | 1 | 100.00% | Prysmian Cables & Systems Ltd. |
| Prysmian Cables and Systems International Ltd. | Eastleigh | Euro | 100.000 | 100.00% | Prysmian Cavi e Sistemi S.r.l. |
| Cable Makers Properties & Services Limited | Hampton | British Pound | 33 | 74.99% | Prysmian Cables & Systems Ltd. |
| | | | | 25.01% | Third parties |
| Prysmian Metals Limited | Eastleigh | British Pound | 1 | 100.00% | Prysmian Cables & Systems Ltd. |
| Comergy Ltd. | Eastleigh | British Pound | 1.000.000 | 100.00% | Prysmian Cavi e Sistemi S.r.l. |
| Prysmian Pension Scheme Trustee Limited | Eastleigh | British Pound | 1 | 100.00% | Prysmian S.p.A. |
| Prysmian UK Group Ltd. | Eastleigh | British Pound | 70.011.000 | 100.00% | Draka Holding B.V. |
| Draka Distribution Aberdeen Limited | Eastleigh | British Pound | 1 | 100.00% | Prysmian UK Group Ltd. |
| Draka Comteq UK Ltd. | Eastleigh | British Pound | 9.000.002 | 100.00% | Prysmian UK Group Ltd. |
| Draka UK Ltd. | Eastleigh | British Pound | 1 | 100.00% | Prysmian UK Group Ltd. |
| Draka UK Group Ltd. | Eastleigh | British Pound | 822.000 | 100.00% | Prysmian UK Group Ltd. |
| Prysmian Powerlink Services Ltd. | Eastleigh | British Pound | 46.000.100 | 100.00% | Prysmian UK Group Ltd. |
| Ireland | | | | | |
| Prysmian Financial Services Ireland Ltd. | Dublin | Euro | N/A | 100.00% | Third parties |
| Prysmian Re Company Ltd. | Dublin | Euro | 5.000.000 | 100.00% | Draka Holding B.V. |
| Italy | | | | | |
| Prysmian Cavi e Sistemi S.r.l. | Milan | Euro | 100.000.000 | 100.00% | Prysmian S.p.A. |
| Prysmian Cavi e Sistemi Italia S.r.l. | Milan | Euro | 77.143.249 | 100.00% | Prysmian S.p.A. |
| Prysmian Treasury S.r.l. | Milan | Euro | 30.000.000 | 100.00% | Prysmian S.p.A. |
| Prysmian PowerLink S.r.l. | Milan | Euro | 100.000.000 | 100.00% | Prysmian S.p.A. |
| Fibre Ottiche Sud - F.O.S. S.r.l. | Battipaglia | Euro | 47.700.000 | 100.00% | Prysmian S.p.A. |
| Prysmian Electronics S.r.l. | Milan | Euro | 10.000 | 80.00% | Prysmian Cavi e Sistemi S.r.l. |
| | | | | 20.00% | Third parties |

| Legal name | Office | Currency | Share capital | % ownership | Direct parent company |
|---|----------------|-----------------|---------------|-------------|--|
| Luxembourg | | | | | |
| Prysmian Treasury (Lux) S.à r.l. | Luxembourg | Euro | 3,050,000 | 100.00% | Prysmian Cavi e Sistemi S.r.l. |
| Norway | | | | | |
| Prysmian Kabler og Systemer A.S. | Ski | Norwegian Krone | 100,000 | 100.00% | Prysmian Finland OY |
| Draka Norsk Kabel A.S. | Drammen | Norwegian Krone | 22,500,000 | 100.00% | Draka Norway A.S. |
| Draka Norway A.S. | Drammen | Norwegian Krone | 112,000 | 100.00% | Draka Holding B.V. |
| The Netherlands | | | | | |
| Draka Comteq B.V. | Amsterdam | Euro | 1,000,000 | 100.00% | Draka Holding B.V. |
| Draka Comteq Fibre B.V. | Eindhoven | Euro | 18,000 | 100.00% | Prysmian Netherlands Holding B.V. |
| Draka Holding B.V. | Amsterdam | Euro | 52,229,321 | 52.165% | Prysmian S.p.A. |
| | | | | 47.835% | Prysmian Cavi e Sistemi S.r.l. |
| Draka Kabel B.V. | Amsterdam | Euro | 2,277,977 | 100.00% | Prysmian Netherlands B.V. |
| Donne Draad B.V. | Nieuw Bergen | Euro | 28,134 | 100.00% | Prysmian Netherlands B.V. |
| NK China Investments B.V. | Delft | Euro | 19,000 | 100.00% | Prysmian Netherlands B.V. |
| NKF Vastgoed I B.V. | Delft | Euro | 18,151 | 99.00% | Draka Holding B.V. |
| | | | | 1.00% | Prysmian Netherlands B.V. |
| NKF Vastgoed III B.V. | Amsterdam | Euro | 18,151 | 99.00% | Draka Deutschland GmbH |
| | | | | 1.00% | Prysmian Netherlands B.V. |
| Draka Sarphati B.V. | Amsterdam | Euro | 18,151 | 100.00% | Draka Holding B.V. |
| Prysmian Netherlands B.V. | Delft | Euro | 1 | 100.00% | Prysmian Netherlands Holding B.V. |
| Prysmian Netherlands Holding B.V. | Amsterdam | Euro | 1 | 100.00% | Draka Holding B.V. |
| Czech Republic | | | | | |
| Draka Kabely, s.r.o. | Velke Mezirici | Czech Koruna | 255,000,000 | 100.00% | Draka Holding B.V. |
| Romania | | | | | |
| Prysmian Cabluri Si Sisteme S.A. | Slatina | Romanian Leu | 103,850,920 | 99.9995% | Draka Holding B.V. |
| | | | | 0.0005% | Prysmian Cavi e Sistemi S.r.l. |
| Russia | | | | | |
| Limited Liability Company Prysmian RUS | Rybinsk city | Russian Rouble | 230,000,000 | 99.00% | Draka Holding B.V. |
| | | | | 1.00% | Prysmian Cavi e Sistemi S.r.l. |
| Limited Liability Company "Rybinskelektrokabel" | Rybinsk city | Russian Rouble | 90,312,000 | 100.00% | Limited Liability Company Prysmian RUS |
| Neva Cables Ltd | St. Petersburg | Russian Rouble | 194,000 | 100.00% | Prysmian Finland OY |

| Legal name | Office | Currency | Share capital | % ownership | Direct parent company |
|---|--------------------------|------------------|---------------|-------------|---------------------------------------|
| Slovakia | | | | | |
| Prysmian Kablo s.r.o. | Bratislava | Euro | 21,246,001 | 99.995% | Prysmian Cavi e Sistemi S.r.l. |
| | | | | 0.005% | Prysmian S.p.A. |
| Draka Comteq Slovakia s.r.o. | Prešov | Euro | 1,506,639 | 100.00% | Draka Comteq B.V. |
| Spain | | | | | |
| Prysmian Cables Spain, S.A. (Sociedad Unipersonal) | Vilanova I la Geltrú | Euro | 58,178,234 | 100.00% | Draka Holding N.V. y CIA Soc. Col. |
| Marmavil S.L. (Sociedad Unipersonal) | Santa Perpetua de Mogoda | Euro | 3,006 | 100.00% | Draka Holding B.V. |
| Draka Holding NV Y CIA Soc. Col. | Santa Perpetua de Mogoda | Euro | 24,000,000 | 99.99999% | Draka Holding B.V. |
| | | | | 0.00001% | Marmavil S.L. (Sociedad Unipersonal) |
| Sweden | | | | | |
| Draka Sweden AB | Nässjö | Swedish Krona | 100,100 | 100.00% | Draka Holding B.V. |
| Draka Kabel Sverige AB | Nässjö | Swedish Krona | 100,000 | 100.00% | Draka Sweden AB |
| Switzerland | | | | | |
| Prysmian Cables and Systems SA | Manno | Swiss Franc | 500,000 | 100.00% | Draka Holding B.V. |
| Turkey | | | | | |
| Turk Prysmian Kablo Ve Sistemleri A.S. | Mudanya | Turkish new Lira | 112,233,652 | 83.746% | Draka Holding B.V. |
| | | | | 16.254% | Third parties |
| Tasfiye Draka Istanbul Asansor İthalat İhracat Üretim Ticaret Ltd. Şti. | Osmangazi-Bursa | Turkish new Lira | 180,000 | 100.00% | Draka Holding B.V. |
| Tasfiye Draka Comteq Kablo Limited Sirketi | Osmangazi-Bursa | Turkish new Lira | 45,818,775 | 99.99995% | Draka Comteq B.V. |
| | | | | 0.00005% | Prysmian Netherlands B.V. |
| Hungary | | | | | |
| Prysmian MKM Magyar Kabel Muvek Kft. | Budapest | Hungarian Forint | 5,000,000,000 | 100.00% | Prysmian Cavi e Sistemi S.r.l. |
| North America | | | | | |
| Canada | | | | | |
| Prysmian Cables and Systems Canada Ltd. | Saint John | Canadian Dollar | 1,000,000 | 100.00% | Draka Holding B.V. |
| Draka Elevator Products, Incorporated | Brantford | Canadian Dollar | n/a | 100.00% | Draka Cableteq USA, Inc. |
| U.S.A. | | | | | |
| Prysmian Cables and Systems (US) Inc. | Carson City | US Dollar | 330,517,608 | 100.00% | Draka Holding B.V. |
| Prysmian Cables and Systems USA LLC | Wilmington | US Dollar | 10 | 100.00% | Prysmian Cables and Systems (US) Inc. |
| Prysmian Construction Services Inc | Wilmington | US Dollar | 1,000 | 100.00% | Prysmian Cables and Systems USA LLC |
| Draka Cableteq USA Inc. | Boston | US Dollar | 10 | 100.00% | Prysmian Cables and Systems (US) Inc. |
| Draka Elevator Products, Inc. | Boston | US Dollar | 1 | 100.00% | Draka Cableteq USA Inc. |
| Draka Transport USA LLC | Boston | US Dollar | n/a | 100.00% | Draka Cableteq USA Inc. |
| Gulf Coast Downhole Technologies, LLC | Huston | US Dollar | 0 | 100.00% | Draka Cableteq USA Inc. |

| Legal name | Office | Currency | Share capital | % ownership | Direct parent company |
|---|----------------|----------------|---------------|-------------|--|
| Central/South America | | | | | |
| Argentina | | | | | |
| Prysmian Energia Cables y Sistemas de Argentina S.A. | Buenos Aires | Argentine Peso | 69,024,900 | 91.858% | Prysmian Consultora Conductores e Instalaciones SAIC |
| | | | | 7.570% | Draka Holding B.V. |
| | | | | 0.263% | Prysmian Draka Brasil S.A. |
| | | | | 0.309% | Third parties |
| Prysmian Consultora Conductores e Instalaciones SAIC | Buenos Aires | Argentine Peso | 48,571,242 | 95.00% | Draka Holding B.V. |
| | | | | 5.00% | Prysmian Cavi e Sistemi S.r.l. |
| Brazil | | | | | |
| Prysmian Cabos e Sistemas do Brasil S.A. | Sorocaba | Brazilian Real | 153,794,214 | 99.857% | Prysmian Cavi e Sistemi S.r.l. |
| | | | | 0.143% | Prysmian S.p.A. |
| Prysmian Surfex Umbilicais e Tubos Flexiveis do Brasil Ltda | Vila Velha | Brazilian Real | 282,718,116 | 99.99% | Prysmian Cavi e Sistemi S.r.l. |
| | | | | 0.01% | Prysmian S.p.A. |
| Prysmian Draka Brasil S.A. | Sorocaba | Brazilian Real | 207,784,953 | 55.885510% | Prysmian Energia Cabos e Sistemas do Brasil S.A. |
| | | | | 34.849900% | Draka Comteq B.V. |
| | | | | 9.206810% | Draka Holding B.V. |
| | | | | 0.057040% | Prysmian Cavi e Sistemi S.r.l. |
| | | | | 0.000630% | Prysmian Netherlands B.V. |
| | | | | 0.000120% | Draka Kabel B.V. |
| Prysmian Fibras Oticas Brasil Ltda | Sorocaba | Brazilian Real | 42,628,104 | 99.99% | Prysmian Draka Brasil S.A. |
| | | | | 0.01% | Prysmian Energia Cabos e Sistemas do Brasil SA |
| Draka Comteq Cabos Brasil S.A. | Santa Catarina | Brazilian Real | 17,429,703 | 77.836% | Draka Comteq B.V. |
| | | | | 22.164% | Prysmian Energia Cabos e Sistemas do Brasil S.A. |
| Mexico | | | | | |
| Draka Durango S. de R.L. de C.V. | Durango | Mexican Peso | 163,471,787 | 99.996% | Draka Mexico Holdings S.A. de C.V. |
| | | | | 0.004% | Draka Holding B.V. |
| Draka Mexico Holdings S.A. de C.V. | Durango | Mexican Peso | 57,036,501 | 99.999998% | Draka Holding B.V. |
| | | | | 0.000002% | Draka Comteq B.V. |
| NK Mexico Holdings S.A. de C.V. | Mexico City | Mexican Peso | n/a | 100.00% | Prysmian Finland OY |
| Prysmian Cables y Sistemas de Mexico S. de R. L. de C. V. | Durango | Mexican Peso | 3,000 | 0.033% | Draka Holding B.V. |
| | | | | 99.967% | Draka Mexico Holdings S.A. de C.V. |
| Africa | | | | | |
| Ivory Coast | | | | | |
| SICABLE - Société Ivoirienne de Cables S.A. | Abidjan | CFA Franc | 740,000,000 | 51.00% | Prysmian Cables et Systèmes France S.A.S. |
| | | | | 49.00% | Third parties |
| Tunisia | | | | | |
| Auto Cables Tunisie S.A. | Grombalia | Tunisian Dinar | 4,050,000 | 50.998% | Prysmian Cables et Systèmes France S.A.S. |
| | | | | 49.002% | Third parties |
| Eurelectric Tunisie S.A. | Soliman | Tunisian Dinar | 2,050,000 | 99.970% | Prysmian Cables et Systèmes France S.A.S. |
| | | | | 0.005% | Prysmian (French) Holdings S.A.S. |
| | | | | 0.005% | Prysmian Cavi e Sistemi S.r.l. |
| | | | | 0.020% | Third parties |

| Legal name | Office | Currency | Share capital | % ownership | Direct parent company |
|--|------------|-------------------------|---------------|-------------|---|
| Oceania | | | | | |
| Australia | | | | | |
| Prysmian Australia Pty Ltd. | Liverpool | Australian Dollar | 56,485,736 | 100.00% | Prysmian Cavi e Sistemi S.r.l. |
| Prysmian Telecom Cables & Systems Australia Pty Ltd. | Liverpool | Australian Dollar | 0 | 100.00% | Prysmian Cavi e Sistemi S.r.l. |
| New Zealand | | | | | |
| Prysmian New Zealand Ltd. | Auckland | New Zealand Dollar | 10,000 | 100.00% | Prysmian Australia Pty Ltd. |
| Asia | | | | | |
| Saudi Arabia | | | | | |
| Prysmian Powerlink Saudi LLC | Al Khoabar | Saudi Arabian Riyal | 500,000 | 95.00% | Prysmian PowerLink S.r.l. |
| | | | | 5.00% | Third parties |
| China | | | | | |
| Prysmian Tianjin Cables Co. Ltd. | Tianjin | US Dollar | 36,790,000 | 67.00% | Prysmian (China) Investment Company Ltd. |
| | | | | 33.00% | Third parties |
| Prysmian Cable (Shanghai) Co Ltd. | Shanghai | US Dollar | 5,000,000 | 100.00% | Prysmian (China) Investment Company Ltd. |
| Prysmian Baosheng Cable Co.Ltd. | Jiangsu | US Dollar | 35,000,000 | 67.00% | Prysmian (China) Investment Company Ltd. |
| | | | | 33.00% | Third parties |
| Prysmian Wuxi Cable Co. Ltd . | Wuxi | US Dollar | 29,941,250 | 100.00% | Prysmian (China) Investment Company Ltd. |
| Prysmian Hong Kong Holding Ltd. | Hong Kong | Euro | 59,500,000 | 100.00% | Prysmian Cavi e Sistemi S.r.l. |
| Prysmian (China) Investment Company Ltd. | Beijing | Euro | 59,500,000 | 100.00% | Prysmian Hong Kong Holding Ltd. |
| Nantong Haixun Draka Elevator Products Co. LTD | Nantong | US Dollar | 2,400,000 | 75.00% | Draka Elevator Product Inc. |
| | | | | 25.00% | Third parties |
| Nantong Zhongyao Draka Elevator Products Co. LTD | Nantong | US Dollar | 2,000,000 | 75.00% | Draka Elevator Product Inc. |
| | | | | 25.00% | Third parties |
| Draka Cables (Hong Kong) Limited | Hong Kong | Hong Kong Dollar | 6,500,000 | 100.00% | Draka Cableteq Asia Pacific Holding Pte Ltd |
| Draka Shanghai Optical Fibre Cable Co Ltd. | Shanghai | US Dollar | 15,580,000 | 55.00% | Draka Comteq Germany GmbH & Co.KG |
| | | | | 45.00% | Third parties |
| Suzhou Draka Cable Co. Ltd | Suzhou | Chinese Renminbi (Yuan) | 174,500,000 | 100.00% | Draka Cableteq Asia Pacific Holding Pte Ltd |
| Prysmian PowerLink Asia Co. Ltd | Suzhou | Euro | 0 | 100.00% | Prysmian (China) Investment Company Ltd. |
| Philippines | | | | | |
| Draka Philippines Inc. | Cebu | Philippine Peso | 253,652,000 | 99.9999975% | Draka Holding B.V. |
| | | | | 0.0000025% | Third parties |
| India | | | | | |
| Associated Cables Pvt. Ltd. | Mumbai | Indian Rupee | 61,261,900 | 32.00% | Draka UK Group Ltd. |
| | | | | 28.00% | Draka Holding B.V. |
| | | | | 40.00% | Oman Cables Industry SAOG |
| Jaguar Communication Consultancy Services Private Ltd. | Mumbai | Indian Rupee | 34,432,100 | 99.99997% | Prysmian Cavi e Sistemi S.r.l. |
| | | | | 0.00003% | Prysmian S.p.A. |
| Indonesia | | | | | |
| P.T.Prysmian Cables Indonesia | Cikampek | US Dollar | 67,300,000 | 99.48% | Draka Holding B.V. |
| | | | | 0.52% | Prysmian Cavi e Sistemi S.r.l. |

| Legal name | Office | Currency | Share capital | % ownership | Direct parent company |
|---|--------------|-------------------|---------------|-------------|---|
| Malaysia | | | | | |
| Submarine Cable Installation Sdn Bhd | Kuala Lumpur | Malaysian Ringgit | 10,000 | 100.00% | Prysmian Cavi e Sistemi S.r.l. |
| Sindutch Cable Manufacturer Sdn Bhd | Malacca | Malaysian Ringgit | 500,000 | 100.00% | Draka Cableteq Asia Pacific Holding Pte Ltd |
| Draka Marketing and Services Sdn Bhd | Malacca | Malaysian Ringgit | 500,000 | 100.00% | Cable Supply and Consulting Company Pte Ltd |
| Draka (Malaysia) Sdn Bhd | Malacca | Malaysian Ringgit | 8,000,002 | 100.00% | Cable Supply and Consulting Company Pte Ltd |
| Oman | | | | | |
| Oman Cables Industry (SAOG) | Al Rusayl | Omani Riyal | 8,970,000 | 51.17% | Draka Holding B.V. |
| | | | | 48.83% | Third parties |
| Oman Aluminium Processing Industries LLC | Sohar | Omani Riyal | 4,366,000 | 51.00% | Oman Cables Industry (SAOG) |
| | | | | 49.00% | Third parties |
| Singapore | | | | | |
| Prysmian Cables Asia-Pacific Pte Ltd. | Singapore | Singapore Dollar | 213,324,290 | 100.00% | Draka Holding B.V. |
| Prysmian Cable Systems Pte Ltd. | Singapore | Singapore Dollar | 25,000 | 50.00% | Draka Holding B.V. |
| | | | | 50.00% | Prysmian Cables & Systems Ltd. |
| Draka Offshore Asia Pacific Pte Ltd | Singapore | Singapore Dollar | 51,000 | 100.00% | Draka Cableteq Asia Pacific Holding Pte Ltd |
| Draka Cableteq Asia Pacific Holding Pte Ltd | Singapore | Singapore Dollar | 28,630,542 | 100.00% | Draka Holding B.V. |
| Singapore Cables Manufacturers Pte Ltd | Singapore | Singapore Dollar | 1,500,000 | 100.00% | Draka Cableteq Asia Pacific Holding Pte Ltd |
| Cable Supply and Consulting Company Pte Ltd | Singapore | Singapore Dollar | 50,000 | 100.00% | Draka Cableteq Asia Pacific Holding Pte Ltd |
| Draka Comteq Singapore Pte Ltd | Singapore | Singapore Dollar | 500,000 | 100.00% | Draka Comteq B.V. |
| Draka NK Cables (Asia) pte ltd | Singapore | Singapore Dollar | 200,000 | 100.00% | Prysmian Finland OY |
| Thailand | | | | | |
| MCI-Draka Cable Co. Ltd | Bangkok | Thai Baht | 435,900,000 | 70.250172% | Draka Cableteq Asia Pacific Holding Pte Ltd |
| | | | | 0.000023% | Draka (Malaysia) Sdn Bhd |
| | | | | 0.000023% | Sindutch Cable Manufacturer Sdn Bhd |
| | | | | 0.000023% | Singapore Cables Manufacturers Pte Ltd |
| | | | | 29.749759% | Third parties |

The following companies have been accounted for using the equity method:

| Legal name | Office | Currency | Share capital | % ownership | Direct parent company |
|---|----------------------|-------------------------|---------------|-------------|---|
| Europe | | | | | |
| Germany | | | | | |
| Kabeltrommel GmbH & CO.KG | Troisdorf | Euro | 10,225,838 | 29.68% | Prysmian Kabel und Systeme GmbH |
| | | | | 13.50% | Draka Cable Wuppertal GmbH |
| | | | | 56.82% | Third parties |
| Kabeltrommel GmbH | Troisdorf | Deutsche Mark | 51,000 | 17.65% | Prysmian Kabel und Systeme GmbH |
| | | | | 23.53% | Draka Cable Wuppertal GmbH |
| | | | | 58.82% | Third parties |
| U.K. | | | | | |
| Rodco Ltd. | Weybridge | British Pound | 5,000,000 | 40.00% | Prysmian Cables & Systems Ltd. |
| | | | | 60.00% | Third parties |
| Poland | | | | | |
| Eksa Sp.z.o.o | Sokolów | Polish Zloty | 394,000 | 29.949% | Prysmian Cavi e Sistemi S.r.l. |
| | | | | 70.051% | Third parties |
| Russia | | | | | |
| Elkat Ltd. | Moscow | Russian Rouble | 10,000 | 40.00% | Prysmian Finland OY |
| | | | | 60.00% | Third parties |
| Asia | | | | | |
| China | | | | | |
| Yangtze Optical Fibre and Cable Joint Stock Limited Co. | Wuhan | Chinese Renminbi (Yuan) | 682,114,598 | 26.37% | Draka Comteq B.V. |
| | | | | 73.63% | Third parties |
| Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd. | Shanghai | US Dollar | 12,000,000 | 75.00% | Yangtze Optical Fibre and Cable Joint Stock Limited Co. |
| | | | | 25.00% | Draka Comteq B.V. |
| Japan | | | | | |
| Precision Fiber Opticos Ltd. | Chiba | Japanese Yen | 360,000,000 | 50.00% | Draka Comteq Fibre B.V. |
| | | | | 50.00% | Third parties |
| Malaysia | | | | | |
| Power Cables Malaysia Sdn Bhd | Selangor Darul Eshan | Malaysian Ringgit | 8,000,000 | 40.00% | Draka Holding B.V. |
| | | | | 60.00% | Third parties |

List of unconsolidated other investments:

| Legal name | % ownership | Direct parent company |
|---|--------------------|--------------------------------|
| Asia | | |
| India | | |
| Ravin Cables Limited | 51.00% | Prysmian Cavi e Sistemi S.r.l. |
| | 49.00% | Third parties |
| United Arab Emirates | | |
| Power Plus Cable CO. LLC | 49.00% | Ravin Cables Limited |
| | 51.00% | Third parties |
| Africa | | |
| South Africa | | |
| Pirelli Cables & Systems (Proprietary) Ltd. | 100.00% | Prysmian Cavi e Sistemi S.r.l. |

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