



THIRD QUARTER REPORT AT 30 SEPTEMBER 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) (2)}
	Monica de Virgiliis ^{(*) (2)}
	Claudio De Conto ^{(*) (1) (2)}
	Alberto Capponi ^{(*) (2)}
	Massimo Battaini
	Pier Francesco Facchini
	Maria Letizia Mariani ^{(*) (1) (2)}
	Fabio Ignazio Romeo
	Giovanni Tamburi ^{(*) (2)}
Board of Statutory Auditors (****)	
Chairman	Pellegrino Libroia
Standing Statutory Auditors	Laura Gualtieri
	Paolo Francesco Lazzati
Alternative Statutory Auditors	Michele Milano
	Claudia Mezzabotta
Independent Auditors (***)	
	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

^(****) Appointed by the Shareholders' Meeting on 13 April 2016

⁽¹⁾ Members of the Control and Risks Committee

⁽²⁾ Members of the Compensation and Nominations Committee

Introduction

Further to Legislative Decree 25/2016, which came into force on 18 March 2016 and has eliminated the requirement for quarterly reporting, the Prysmian Group has prepared the present Quarterly Financial Report at 30 September 2016 on a voluntary basis and in continuity with its past reporting format. This report has been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, 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".

It is also noted that the present Quarterly Financial Report applies the Consob document "ESMA Guidelines/2015/1415" which adopts the guidelines issued by ESMA on 30 June 2015, as explained in the section on "Alternative Performance Indicators".

This Quarterly Financial Report is unaudited.

The Group has modified its organisational structure since January 2016, resulting in the creation of a new operating segment, known as OIL & GAS, and the redefinition of its segment information in keeping with the new management model.

The new OIL & GAS operating segment incorporates 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 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 income and expense associated with company reorganisation, before non-recurring items and other non-operating income and expense, the fair value change in metal price derivative instruments and in other fair value items, amortisation, depreciation and impairment, finance income and costs and taxes. This report also provides information about the statement of financial position for the Group as a whole but not by operating segment. More details can be found in the section on Alternative Performance Indicators within the present Directors' Report and in 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.

In June 2016, the Group was awarded a new contract worth around Euro 34 million (plus an option worth another Euro 25 million for a second cable system) by Terna Rete Italia S.p.A., the power transmission grid operator in Italy, for submarine power lines in the Venetian Lagoon.

The project is aimed at strengthening the high voltage power transmission network in the Venice area and involves two alternating current power lines, due for delivery in 2017.

In July 2016, the Group signed a contract with National Grid to supply Pry-Cam products for on-line condition assessment of electricity networks and for on-site manual diagnostics.

The contract involves the supply of 15 Pry-Cam Portable devices and 6 Pry-Cam Grids devices that National Grid will use on a trial basis for the on-line assessment and monitoring of operating conditions of its electricity transmission networks in England and Wales.

Pry-Cam is the innovative technology developed by the Group for assessing the operating conditions of electricity transmission networks and for managing them; it allows accurate and reliable on-line measurements of partial discharges, and diagnoses and localises faults, all with the purpose of gathering precise information about network conditions and of helping owners and operators to increase network uptime, longevity and safety, while reducing maintenance costs and risks.

OTHER SIGNIFICANT EVENTS

Antitrust investigations

During 2016, a number of operators have presented claims against Prysmian S.p.A. and some of its subsidiaries, either directly or through lawyers, in order to obtain compensation for an unquantified amount of damages, allegedly suffered as a result of Prysmian's participation in the anti-competitive practices condemned by the European Commission in its decision of April 2014. Based on the information currently available, the Directors are of the opinion not to make any provision.

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, 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 result in 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, and to create 38 jobs on top of this plant's existing workforce of 60.

Discussion of the related industrial and social plans has been completed with the signing of the relevant agreements.

On 17 June 2016, Prysmian Netherlands B.V. informed the trade unions and local union representatives of the intention to close the Delfzijl plant. This plant currently employs 82 employees in the manufacture of cables for the Telecom industry, production of which will be transferred to the Group's other European plants. The consultation process commenced on the same date and ended in September with the signing of the agreement for the social plan and acceptance of the plant's closure.

On 6 September 2016, Prysmian Denmark informed the trade unions and union representatives of the intention to close the Brøndby plant, which employs 68 people in the manufacture of cables for the MultiMedia Solutions business. The social plan for the plant workers was signed during the month of September.

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 the major customers to be managed more efficiently.

Accordingly, the structure of "Segment Information" has been modified as from the first quarter of 2016 and in the current Quarterly Financial Report, with more details provided in the relevant section of the Explanatory Notes.

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, while the authorisation to dispose of treasury shares has no time limit.

New employee share purchase plan

The same Shareholders' Meeting held on 13 April 2016 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 purchase windows over the next three years.

The process of informing and explaining the plan to Group employees started in October 2016.

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 by the end of 2016. The Group had already reclassified all the assets and liabilities of this company as assets and liabilities held for sale in its Annual Financial Report at 31 December 2015. This transaction is not expected to give rise to any capital losses.

Acquisition of data cables business from Corning Optical Communications GmbH & Co. KG.

On 13 May 2016, Prysmian Group completed an agreement to acquire a copper data cables business located in Neustadt, Germany, from Corning Optical Communications GmbH & Co. KG.

The investment will allow the Group to further expand its presence and intensify its growth strategy in the business of MultiMedia Solutions. In particular, the acquisition of this business will allow the Group to enhance its product offering of high-capacity and flexible cables for data transmission and data centres.

The consolidated financial statements contained herein were approved by the Board of Directors of Prysmian S.p.A. on 8 November 2016.

CONSOLIDATED FINANCIAL HIGHLIGHTS*

(in millions of Euro)

	9 months 2016	9 months 2015	% change	2015
Sales	5,660	5,569	1.6%	7,361
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	503	445	12.9%	584
Adjusted EBITDA ⁽¹⁾	527	473	11.5%	623
EBITDA ⁽²⁾	488	445	9.7%	622
Adjusted operating income ⁽³⁾	398	364	9.3%	473
Operating income	333	284	17.2%	399
Profit/(loss) before taxes	275	207	33.1%	310
Net profit/(loss) for the year	198	139	43.0%	214

(in millions of Euro)

	30 September 2016	30 September 2015	Change	31 December 2015 (**)
Net capital employed	2,968	2,516	452	2,598
Employee benefit obligations	393	357	36	341
Equity	1,558	1,204	354	1,507
of which attributable to non-controlling interests	223	32	191	229
Net financial position	1,017	955	62	750

(in millions of Euro)

	9 months 2016	9 months 2015	% change	2015
Capital expenditures ⁽⁴⁾	154	126	22.2%	210
Employees (at period end) ⁽⁵⁾	20,984	19,662	6.7%	19,316
Earnings/(loss) per share				
- basic	0.88	0.66		1.00
- diluted	0.86	0.65		1.00

(1) Adjusted EBITDA is defined as EBITDA before income and expense associated with company reorganisation and before non-recurring items and other non-operating income and expense.

(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 income and costs, dividends from other companies and taxes.

(3) Adjusted operating income is defined as operating income before income and expense associated with company reorganisation, before non-recurring items and other non-operating income and expense, and before 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.

(5) The period-end employee numbers for 2015 do not include employees of Oman Cables Industry (SAOG).

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

(**) The figures presented in the consolidated statement of financial position published and approved by the Shareholders' Meeting on 13 April 2016 have been restated for the purchase price allocation of Oman Cables Industry (SAOG), conducted in accordance with the procedures and timing established by *IFRS 3 - Business Combinations*. Further details can be found in Section C. Restatement of comparative figures, within the Explanatory Notes to the present Quarterly Financial Report.

GROUP PERFORMANCE AND RESULTS

(in millions of Euro)

	9 months 2016	9 months 2015	% change	2015
Sales	5,660	5,569	1.6%	7,361
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	503	445	12.9%	584
% of sales	8.9%	8.0%		7.9%
Adjusted EBITDA	527	473	11.5%	623
% of sales	9.3%	8.5%		8.5%
EBITDA	488	445	9.7%	622
% of sales	8.6%	8.0%		8.4%
Fair value change in metal derivatives	24	(29)		(27)
Fair value stock options	(35)	(16)		(25)
Amortisation, depreciation, impairment and impairment reversal	(144)	(116)		(171)
Operating income	333	284	17.2%	399
% of sales	5.9%	5.1%		5.4%
Net finance income/(costs)	(58)	(77)		(89)
Profit/(loss) before taxes	275	207	33.1%	310
% of sales	4.9%	3.7%		4.2%
Taxes	(77)	(68)		(96)
Net profit/(loss) for the year	198	139	43.0%	214
% of sales	3.5%	2.5%		2.9%
Attributable to:				
Owners of the parent	188	141		214
Non-controlling interests	10	(2)		-
Reconciliation of Operating Income / EBITDA to Adjusted Operating Income / Adjusted EBITDA				
Operating income (A)	333	284	17.2%	399
EBITDA (B)	488	445	9.7%	622
Adjustments:				
Company reorganisation	27	32		48
Non-recurring expenses/(income):				
Antitrust	-	(21)		(29)
Other non-operating expenses/(income)	12	17		(18)
Total adjustments	39	28		1
Fair value change in metal derivatives (D)	(24)	29		27
Fair value stock options (E)	35	16		25
Impairment and impairment reversal of assets (F)	15	7		21
Adjusted operating income (A+C+D+E+F)	398	364	9.3%	473
Adjusted EBITDA (B+C)	527	473	11.5%	623

During the first nine 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 year-on-year performance, also bearing in mind that the nine-month figures for 2015 had benefited from the reversal of Euro 24 million in previously recognised losses for the Western Link project. 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 the SURF business, which since the previous year now includes Gulf Coast Downhole Technologies (GCDT), a company acquired in September 2015, experienced a more moderate reduction in earnings.

The Energy Products segment saw the E&I business grow as a result of acquiring a majority stake in Oman Cables Industry (SAOG). Excluding this effect, segment profitability declined during the first nine months of 2016, reflecting weaker performance by Trade & Installers as partially offset by a resilient Power Distribution business. Some of the Industrial business sectors, such as Network Components and Elevator, made good progress; the Automotive business was stable, while the OEM business was in retreat compared with the same period last year. Growth by the Telecom segment reflects persistently robust demand for optical fibre cables and copper cable performance in Australia.

The Group's sales in the first nine months of 2016 came to Euro 5,660 million, compared with Euro 5,569 million in the same period of 2015, posting a positive change of Euro 91 million (+1.6%).

The growth in sales was attributable to the following factors:

- increases of Euro 403 million and Euro 17 million following line-by-line consolidation of Oman Cables Industry (SAOG) and Gulf Coast Downhole Technologies (GCDDT) respectively as offset by a decrease of Euro 5 million after disposing of NK Wuhan, translating into an overall net increase of 7.4%;
- increase of Euro 101 million (+1.8%) from organic growth;
- decrease of Euro 180 million (-3.2%) linked to unfavourable exchange rate movements;
- sales price erosion of Euro 245 million (-4.4%) following metal price fluctuations (copper, aluminium and lead).

The organic growth in sales of +1.8% is analysed between the four operating segments as follows:

Energy Projects	+20.9%;
OIL & GAS	-31.6%;
Energy Products	-2.1%;
Telecom	+8.4%.

Group Adjusted EBITDA (before Euro 39 million in net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses) came to Euro 527 million, posting an increase of Euro 54 million on the corresponding figure in 2015 of Euro 473 million (+11.5%). Nine-month Adjusted EBITDA for 2016 reflects the negative impact of Euro 18 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 39 million in net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses (Euro 28 million in the first nine months of 2015). Such adjustments in the first nine months of 2016 mainly comprise costs for reorganising and improving efficiency, as well as the effect, already present at the end of June, of releasing the inventory revaluation for Oman Cables Industry (SAOG) after applying IFRS 3, and the positive effect of goodwill arising on the acquisition of Corning Optical Communications GmbH & Co. KG.

Group operating income came to Euro 333 million in the first nine months of 2016, compared with Euro 284 million in the first nine months of 2015, posting an increase of Euro 49 million.

Net finance costs came to Euro 58 million in the first nine months of 2016, down from Euro 77 million (-24.7%) in the same period last year.

The reduction of Euro 19 million is mainly attributable to lower finance costs associated with improved efficiency of the financial structure.

Taxes came to Euro 77 million, representing an effective tax rate of around 28%.

Net profit for the first nine months of 2016 was Euro 198 million (of which Euro 188 million attributable to the Group and Euro 10 million to non-controlling interests), compared with Euro 139 million in the first nine months of 2015 (of which a profit of Euro 141 million attributable to the Group and a loss of Euro 2 million to non-controlling interests).

REVIEW OF ENERGY PROJECTS OPERATING SEGMENT

(in millions of Euro)

	9 months 2016	9 months 2015	% change	2015
Sales	1,172	993	18.0%	1,416
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	172	152	12.4%	221
% of sales	14.6%	15.4%		15.6%
Adjusted EBITDA	172	153	12.4%	221
% of sales	14.7%	15.4%		15.6%
EBITDA	169	173	-2.7%	247
% of sales	14.4%	17.5%		17.4%
Amortisation and depreciation	(26)	(22)		(34)
Adjusted operating income	146	131	11.8%	187
% of sales	12.5%	13.1%		13.2%
Reconciliation of EBITDA to Adjusted EBITDA				
EBITDA (A)	169	173	-2.3%	247
Adjustments:				
Company reorganisation	-	3		3
Non-recurring expenses/(income):				
Antitrust	-	(21)		(29)
Other non-operating expenses/(income)	3	(2)		
Total adjustments	3	(20)		(26)
Adjusted EBITDA (A+B)	172	153	12.4%	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 600 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 700 kV; cables insulated with extruded polymer for AC transmission up to 400 kV and DC transmission up to 600 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 seen market demand fall in the first nine months of 2016 compared 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 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 the 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 1,172 million in the first nine months of 2016, compared with Euro 993 million in the same period of 2015, posting a positive change of Euro 179 million (+18.0%).

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

- positive organic growth of Euro 207 million (+20.9%);
- decrease of Euro 20 million (-2.1%) for exchange rate fluctuations;
- sales price reduction of Euro 8 million (-0.8%) for metal price fluctuations.

The organic sales growth in the first nine months of 2016 is attributable to the significant upsurge in the Submarine business, accompanied by a similarly positive performance for the High Voltage business, also bearing in mind that the same period of 2015 had benefited from the release of Euro 24 million in provisions for the Western Link contract.

Although High Voltage performed well in France, North America and China, it underperformed in some of the major European markets (Italy and United Kingdom) 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. Demand in Russia is still weak due to continued uncertainty in 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 link between Italy and Montenegro, the second interconnector across the Dardanelles Strait, completion of the link between Sicily and Calabria, the links between offshore wind farms in the North and Baltic Seas and the German mainland (DoWin3, 50Hertz), the Western HVDC Link in the United Kingdom and the interconnection of the Philippine islands of Panay and Negros.

The main contribution to nine-month sales came in equal measure from cable manufacturing by the Group's industrial facilities (Pikkala in Finland, Arco Felice in Italy and Drammen in Norway) and from installation services, which benefited from seasonal factors in the last quarter.

The value of the Group's Submarine order book is around Euro 2.2 billion, ensuring sales visibility for a period of about two years. The order book mainly consists of the following contracts: the link between Montenegro and Italy (Monita); the interconnector between Norway and Britain (North Sea Link); the CoBRA cable between the Netherlands and Denmark; inter-array and export cables for offshore wind platforms (Deutsche Bucht); links between offshore wind farms in the North and Baltic Seas and the German mainland (BorWin3, DoWin3, 50Hertz); the interconnector between England and Scotland (Western HVDC Link); and the Hainan2 project awarded in China.

The value of the Group's High Voltage Underground order book is around Euro 420 million.

Adjusted EBITDA for the first nine months of 2016 came to Euro 172 million, up Euro 19 million (+12.4%) from Euro 153 million in the same period of 2015.

REVIEW OF OIL & GAS OPERATING SEGMENT

(in millions of Euro)

	9 months 2016	9 months 2015	% change	2015
Sales	225	331	-31.8%	421
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	9	21	-54.2%	16
% of sales	4.2%	6.2%		3.8%
Adjusted EBITDA	9	21	-54.5%	16
% of sales	4.1%	6.2%		3.8%
EBITDA	8	10	-6.8%	-
% of sales	3.6%	3.0%		
Amortisation and depreciation	(11)	(9)	36.6%	(13)
Adjusted operating income	(2)	12	-277.9%	3
% of sales	-1.0%	3.7%		0.7%
Reconciliation of EBITDA to Adjusted EBITDA				
EBITDA (A)	8	10	-6.8%	-
Adjustments:				
Company reorganisation	1	11		13
Non-recurring expenses/(income):				
Antitrust	-	-		-
Other non-operating expenses/(income)	-	-		3
Total adjustments	1	11		16
Adjusted EBITDA (A+B)	9	21	-54.5%	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;
- a contraction in the market for Downhole Technology products. For the time being, low oil prices have only partly impacted this business's performance.

The Oil & Gas business has endured a highly negative trend in the first nine 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 and the maintenance (MRO) business have been hard hit by lower oil prices, with a consequent reduction in operations worldwide. The market weakness observed in the first part of the year is expected to persist in the next quarter as well.

FINANCIAL PERFORMANCE

Sales to third parties by the OIL & GAS segment amounted to Euro 225 million in the first nine months of 2016, compared with Euro 331 million in the same period of 2015, posting a negative change of Euro 106 million (-31.8%).

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

- negative organic sales growth of Euro 104 million (-31.6%);
- decrease of Euro 12 million (-3.4%) for exchange rate fluctuations;
- sales price reduction of Euro 7 million (-2.0%) for metal price fluctuations;
- increase of Euro 17 million (+5.2%) 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 outlet for these products.

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

However, the decline in volumes has been partly offset by positive performance on the industrial front and by synergies from integration with Gulf Coast Downhole Technologies LLC.

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 witnessed a sharp slowdown in demand from both onshore and offshore projects, triggered by the collapse in oil prices. 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 nine months of 2016 came to Euro 9 million, down Euro 12 million (-54.5%) from Euro 21 million in the same period of 2015.

REVIEW OF ENERGY PRODUCTS OPERATING SEGMENT

(in millions of Euro)

	9 months 2016	9 months 2015	% change	2015
Sales	3,398	3,398	0.0%	4,415
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	216	180	19.7%	234
% of sales	6.3%	5.3%		5.3%
Adjusted EBITDA	217	193	12.6%	252
% of sales	6.4%	5.7%		5.7%
EBITDA	188	171	9.9%	264
% of sales	5.5%	5.0%		6.0%
Amortisation and depreciation	(62)	(45)	37.4%	(59)
Adjusted operating income	155	148	-0.5%	193
% of sales	4.6%	4.4%		4.4%
Reconciliation of EBITDA to Adjusted EBITDA				
EBITDA (A)	188	171	9.9%	264
Adjustments:				
Company reorganisation	20	14		21
Non-recurring expenses/(income):				
Antitrust	-	-		-
Other non-operating expenses/(income)	9	8		(33)
Total adjustments	29	22		(12)
Adjusted EBITDA (A+B)	217	193	12.6%	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 and 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 3,398 million in the first nine months of 2016, compared with Euro 3,398 million in the first nine months of 2015, posting a zero change, due to the combined effect of the following main factors:

- increase of Euro 403 million (+11.8%) associated with the first-time consolidation of Oman Cables Industry;
- negative organic sales growth of Euro 73 million (-2.1%), reflecting growth in Oceania and some Asian countries, stability in Europe and a steep reduction in underlying sales in Brazil and Argentina;
- decrease of Euro 115 million (-3.4%) linked to unfavourable exchange rate movements;
- sales price reduction of Euro 215 million (-6.3%) for metal price fluctuations.

Adjusted EBITDA for the first nine months of 2016 came to Euro 217 million, up Euro 24 million (+12.6%) from Euro 193 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)

	9 months 2016	9 months 2015	% change	% organic sales changes	2015
Sales	2,300	2,175	5.8%	-1.9%	2,795
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	122	86	41.9%		111
% of sales	5.3%	4.0%			4.0%
Adjusted EBITDA	123	99	25.3%		128
% of sales	5.4%	4.5%			4.6%
Adjusted operating income	76	72	-2.8%		93
% of sales	3.3%	3.3%			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 nine 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 marginal recovery in volumes in some European markets, such as Eastern Europe, the Nordic countries and United Kingdom, with demand in the rest of the continent remaining at a steady but low level accompanied by generally stable prices.

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.

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 the previous year.

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 areas have been seeing a resumption in investment since last year, in some cases even at a sustained pace, like in the Nordic countries and North America.

FINANCIAL PERFORMANCE

Sales to third parties by the E&I business area amounted to Euro 2,300 million in the first nine months of 2016, compared with Euro 2,175 million in the corresponding period of 2015, posting a positive change of Euro 125 million (+5.8%) due to the combined effect of the following main factors:

- increase of Euro 403 million (+18.5%) associated with first-time consolidation of Oman Cables Industry;
- negative organic sales growth of Euro 42 million (-1.9%);
- reduction of Euro 86 million (-3.9%) for exchange rate fluctuations;
- sales price reduction of Euro 150 million (-6.9%) 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 the Netherlands 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 embarking 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 nine months of 2016 came to Euro 123 million, up from Euro 99 million in the same period last year.

INDUSTRIAL & NETWORK COMPONENTS

(in millions of Euro)

	9 months 2016	9 months 2015	% change	% organic sales changes	2015
Sales	1,021	1,137	-10.2%	-1.5%	1,499
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	95	92	1.8%		121
% of sales	9.3%	8.1%			8.1%
Adjusted EBITDA	95	92	1.8%		122
% of sales	9.3%	8.1%			8.1%
Adjusted operating income	81	75	1.8%		100
% of sales	7.9%	6.6%			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-half 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 and in the APAC region, 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 1,021 million in the first nine months of 2016, compared with Euro 1,137 million in the corresponding period of 2015, posting a negative change of Euro 116 million (-10.2%) due to the combined effect of the following main factors:

- negative organic sales growth of Euro 28 million (-2.5%);
- decrease of Euro 26 million (-2.2%) for exchange rate fluctuations;
- sales price reduction of Euro 62 million (-5.5%) for metal price fluctuations.

Overall performance in the first nine 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 the necessary differentiation geographically and by application given the Group's wide range of products and the highly customised nature of its solutions.

In the OEM market, Prysmian Group has reported a largely stable trend in North America and Europe but 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 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 greater than in the previous year.

The Automotive business has reported a year-on-year improvement in margins, especially in APAC and Eastern Europe thanks to the benefits of reorganising manufacturing footprint.

The Network Components business area has 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 nine months of 2016 came to Euro 95 million, up from Euro 92 million in the previous year.

OTHER

(in millions of Euro)

	9 months 2016	9 months 2015	2015
Sales	77	86	121
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	(1)	2	2
Adjusted EBITDA	(1)	2	2
Adjusted operating income	(2)	1	-

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)

	9 months 2016	9 months 2015	% change	2015
Sales	865	847	2.2%	1,109
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	106	92	15.3%	113
% of sales	12.2%	10.8%		10.2%
Adjusted EBITDA	129	106	20.9%	134
% of sales	14.9%	12.6%		12.1%
EBITDA	128	94	36.0%	119
% of sales	14.7%	11.1%		10.7%
Amortisation and depreciation	(30)	(33)		(44)
Adjusted operating income	99	73	60.8%	90
% of sales	11.4%	8.6%		8.1%
Reconciliation of EBITDA to Adjusted EBITDA				
EBITDA (A)	128	94	36.0%	119
Adjustments:				
Company reorganisation	2	4		10
Non-recurring expenses/(income):				
Antitrust	-	-		-
Other non-operating expenses/(income)	(1)	8		5
Total adjustments	1	12		15
Adjusted EBITDA (A+B)	129	106	20.9%	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, such as single-mode, multimode and specialty fibres, designed and manufactured to cater to the broadest possible spectrum of customer applications.

Optical cables

Optical fibres are employed in the production of standard optical cables or those specially designed for challenging or inaccessible environments. 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 level of performance demanded of optical networks, 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 quickly and easily. 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 nine months of 2016 compared with the same period last year 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 nine 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 nine 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 nine 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 downturn.

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 865 million in the first nine months of 2016 compared with Euro 847 million in the first nine months of 2015, posting a positive change of Euro 18 million (+2.2%).

This change is attributable to the following factors:

- organic sales growth of Euro 71 million (+8.4%), mainly thanks to volume recovery for copper cables;
- negative change of Euro 33 million (-3.9%) for exchange rate fluctuations;
- negative change of Euro 5 million (-0.6%) due to the disposal of NK Wuhan;
- negative change of Euro 15 million (-1.7%) in sales prices for metal price fluctuations.

The organic growth in 2016 nine-month 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 increase 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 have been 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. In North America, the development of new ultra-broadband networks has produced a steady increase in domestic demand, from which Prysmian has benefited. In Brazil, despite the slowdown in investments by major telecom operators, the drop in volumes has been offset thanks to strategic repositioning in neighbouring high value-added market segments, namely OPGW. Lastly, both optical and copper cables have seen a growth in activities associated with the NBN (National Broadband Network) project in Australia. This unique phenomenon in the current telecoms market is related to the new NBN orientation towards a "multi-technology" platform. The preference for FTTH 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 during the last few months 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 nine months of 2016 came to Euro 129 million, reporting an increase of Euro 23 million (+20.9%) from Euro 106 million in the corresponding period of 2015, despite the negative impact of recognising a bad debt provision of Euro 8 million against a receivable from a customer currently undergoing insolvency proceedings.

GROUP STATEMENT OF FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)	30 September 2016	30 September 2015	Change	31 December 2015 (*)
Net fixed assets	2,578	2,224	354	2,581
Net working capital	693	571	122	347
Provisions	(303)	(279)	(24)	(330)
Net capital employed	2,968	2,516	452	2,598
Employee benefit obligations	393	357	36	341
Total equity	1,558	1,204	354	1,507
of which attributable to non-controlling interests	223	32	191	229
Net financial position	1,017	955	62	750
Total equity and sources of funds	2,968	2,516	452	2,598

(*) The figures presented in the consolidated statement of financial position published and approved by the Shareholders' Meeting on 13 April 2016 have been restated for the purchase price allocation of Oman Cables Industry (SAOG), conducted in accordance with the procedures and timing established by *IFRS 3 - Business Combinations*. Further details can be found in Section C. Restatement of comparative figures, within the Explanatory Notes to the present Quarterly Financial Report.

NET FIXED ASSETS

(in millions of Euro)	30 September 2016	30 September 2015	Change	31 December 2015 (*)
Property, plant & equipment	1,580	1,418	162	1,552
Intangible assets	781	545	236	823
Equity-accounted investments	187	246	(59)	177
Available-for-sale financial assets	12	12	-	12
Assets held for sale (**)	18	3	15	17
Net fixed assets	2,578	2,224	354	2,581

(*) The figures presented in the consolidated statement of financial position published and approved by the Shareholders' Meeting on 13 April 2016 have been restated for the purchase price allocation of Oman Cables Industry (SAOG), conducted in accordance with the procedures and timing established by *IFRS 3 - Business Combinations*. Further details can be found in Section C. Restatement of comparative figures, within the Explanatory Notes to the present Quarterly Financial Report.

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

Net fixed assets amounted to Euro 2,578 million at 30 September 2016, compared with Euro 2,581 million at 31 December 2015, posting a decrease of Euro 3 million mainly due to the combined effect of the following factors:

- Euro 154 million in net capital expenditure on property, plant and equipment and intangible assets;
- Euro 144 million in depreciation, amortisation and impairment charges for the period;
- Euro 28 million in adverse currency translation differences affecting property, plant and equipment and intangible assets;
- Euro 10 million for the net increase in equity-accounted investments, comprising Euro 24 million for the share of net profit/(loss) of equity-accounted companies, less Euro 7 million in dividend payments and Euro 7 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)				
	30 September 2016	30 September 2015	Change	31 December 2015 (*)
Inventories	961	982	(21)	984
Trade receivables	1,107	1,140	(33)	1,098
Trade payables	(1,407)	(1,392)	(15)	(1,377)
Other receivables/(payables)	40	(123)	163	(317)
Net operating working capital	701	607	94	388
Derivatives	(8)	(36)	28	(41)
Net working capital	693	571	122	347

(*) The figures presented in the consolidated statement of financial position published and approved by the Shareholders' Meeting on 13 April 2016 have been restated for the purchase price allocation of Oman Cables Industry (SAOG), conducted in accordance with the procedures and timing established by *IFRS 3 - Business Combinations*. Further details can be found in Section C. Restatement of comparative figures, within the Explanatory Notes to the present Quarterly Financial Report.

Net working capital of Euro 693 million at 30 September 2016 was Euro 346 million higher than the corresponding figure of Euro 347 million at 31 December 2015. Net operating working capital amounted to Euro 701 million (9.3% of annualised sales) at 30 September 2016, an increase of Euro 313 million from Euro 388 million (5.4% 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;
- 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;
- an increase of Euro 4 million for exchange rate differences.

NET FINANCIAL POSITION

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

(in millions of Euro)	30 September 2016	30 September 2015	Change	31 December 2015
Long-term financial payables				
EIB Loan	58	75	(17)	75
Non-convertible bond	741	740	1	740
Convertible bond	286	277	9	279
Derivatives	-	-	-	-
Other financial payables	36	45	(9)	47
Total long-term financial payables	1,121	1,137	(16)	1,141
Short-term financial payables				
Revolving Credit Facility 2014 in pool	-	50	(50)	-
EIB Loan	17	17	-	17
Non-convertible bond	9	9	-	14
Convertible bond	-	-	-	1
Revolving credit facility 2014	50	50	-	50
Derivatives	3	5	(2)	4
Other financial payables	213	45	168	180
Total short-term financial payables	292	176	116	266
Total financial liabilities	1,413	1,313	100	1,407
Long-term financial receivables	1	2	(1)	1
Long-term bank fees	3	4	(1)	4
Short-term derivatives	1	12	(11)	8
Short-term financial receivables	6	13	(7)	8
Short-term bank fees	2	2	-	2
Financial assets held for trading	69	78	(9)	87
Cash and cash equivalents	314	247	67	547
Total financial assets	396	358	38	657
Net financial position	1,017	955	62	750

The net financial position of Euro 1,017 million at 30 September 2016 has increased by Euro 267 million from Euro 750 million at 31 December 2015. As regards the principal factors behind the change in net financial position, reference should be made to "Statement of cash flows" in the next section.

STATEMENT OF CASH FLOWS

(in millions of Euro)	9 months 2016	9 months 2015	Change	12 months (from 1st October 2015 to 30th September 2016)	2015
EBITDA	488	445	43	665	622
Changes in provisions (including employee benefit obligations)	(6)	(41)	35	(4)	(39)
(Gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets	(1)	-	(1)	(37)	(36)
Badwill from business combination	(5)	-	(5)	(5)	-
Share of net profit/(loss) of equity-accounted companies	(24)	(27)	3	(36)	(39)
Net cash flow provided by operating activities (before changes in net working capital)	452	377	75	583	508
Changes in net working capital	(342)	(198)	(144)	99	243
Taxes paid	(53)	(39)	(14)	(85)	(71)
Dividends from investments in equity-accounted companies	7	15	(8)	9	17
Net cash flow provided by operating activities	64	155	(91)	606	697
Acquisitions	-	-	-	(138)	(138)
Net cash flow from operational investing activities	(152)	(117)	(35)	(235)	(200)
Free cash flow (unlevered)	(88)	38	(126)	233	359
Net finance costs	(57)	(88)	31	(69)	(100)
Free cash flow (levered)	(145)	(50)	(95)	164	259
Capital contributions and other changes in equity	-	3	(3)	-	3
Dividend distribution	(101)	(91)	(10)	(101)	(91)
Net cash flow provided/(used) in the period	(246)	(138)	(108)	63	171
Opening net financial position	(750)	(802)	52	(955)	(802)
Net cash flow provided/(used) in the period	(246)	(138)	(108)	63	171
Other changes	(21)	(15)	(6)	(125)	(119)
Closing net financial position	(1,017)	(955)	(62)	(1,017)	(750)

With reference to the first nine months of 2016, net cash flow provided by operating activities (before changes in net working capital) amounted to Euro 452 million.

This cash flow was absorbed by the increase of Euro 342 million in net working capital described earlier. After Euro 53 million in tax payments and Euro 7 million in dividend receipts, net cash flow from operating activities in the nine-month period was therefore a positive Euro 64 million.

Net operating capital expenditure amounted to Euro 152 million in the first nine months of 2016, a large part of which relating to projects to increase, rationalise and technologically upgrade production capacity, to develop new products and to build the new headquarters.

In addition, Euro 57 million in net finance costs were paid during the nine-month period, as well as Euro 101 million in dividends.

With reference to the statement of cash flows for the past twelve months, net financial position reports a balance of Euro 1,017 million at 30 September 2016 (Euro 955 million at 30 September 2015).

The principal factors that influenced this change were:

- Euro 583 million in net cash flow provided by operating activities before changes in net working capital;
- Euro 99 million in cash flow provided by the reduction in net working capital, Euro 85 million in tax payments and Euro 9 million in dividend receipts;

Net cash flow from operating activities therefore came to Euro 606 million.

Net operating capital expenditure in the past 12 months amounted to Euro 235 million and Euro 138 million for business combinations, while Euro 69 million was paid out in finance costs and Euro 101 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 42 million affecting net financial position mainly relate to unrealised 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.

In this regard, on 3 December 2015, Consob adopted the ESMA guidelines in Italy with publication of "ESMA Guidelines/2015/1415" which supersede the "CESR Recommendation 2005 (CESR/05-178b)". The alternative performance measures have therefore been revised in light of these guidelines.

The alternative indicators used for reviewing the income statement include:

- **Adjusted operating income:** operating income before income and expense for company reorganisation⁽¹⁾, before non-recurring items⁽²⁾, as presented in the consolidated income statement, before other non-operating income and expense⁽³⁾ and before the fair value change in metal derivatives and in other fair value items. 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 income and expense for company reorganisation, before non-recurring items, as presented in the consolidated income statement, and before other non-operating income and expense. 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;

(1) Income and expense for company reorganisation: these refer to income and expense that arise as a result of the closure of production facilities and/or as a result of projects to enhance the organisational structure's efficiency;

(2) Non-recurring income and expense: these refer to income and expense related to unusual events that have not affected the income statement in past periods and that will probably not affect the results in future periods;

(3) Other non-operating income and expense: these refer to income and expense that management considers should not be taken into account when measuring business performance.

- **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 30 September 2016

(in millions of Euro)

	Note	30 September 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		1,580	1,580		1,552
Intangible assets		781	781		823
Equity-accounted investments		187	187		177
Available-for-sale financial assets		12	12		12
Assets held for sale		114	114		17
Total net fixed assets	A	2,674	2,674		2,581
Net working capital					
Inventories	B		961		984
Trade receivables	C		1,107		1,098
Trade payables	D		(1,407)		(1,377)
Other receivables/payables - net	E		40		(317)
<i>of which:</i>					
<i>Other receivables - non-current</i>	3	20		21	
<i>Tax receivables</i>	3	9		9	
<i>Receivables from employees</i>	3	1		1	
<i>Other</i>	3	10		11	
<i>Other receivables - current</i>	3	885		677	
<i>Tax receivables</i>	3	164		148	
<i>Receivables from employees and pension plans</i>	3	6		5	
<i>Advances to suppliers</i>	3	19		13	
<i>Other (**)</i>	3	123		85	
<i>Construction contracts</i>	3	573		426	
<i>Other payables - non-current</i>	11	(15)		(16)	
<i>Tax and social security payables</i>	11	(5)		(4)	
<i>Other</i>	11	(8)		(12)	
<i>Other payables - current</i>	11	(806)		(984)	
<i>Tax and social security payables</i>	11	(134)		(105)	
<i>Advances from customers</i>	11	(282)		(518)	
<i>Payables to employees</i>	11	(81)		(70)	
<i>Accrued expenses</i>	11	(155)		(129)	
<i>Other (**)</i>	11	(154)		(162)	
<i>Current tax payables</i>		(64)		(27)	
Total net operating working capital	F = B+C+D+E		701		388
Derivatives	G		(8)		(41)
<i>of which:</i>					
<i>Forward currency contracts on commercial transactions (cash flow hedges) - non-current</i>	5	(1)		(2)	
<i>Forward currency contracts on commercial transactions (cash flow hedges) - current</i>	5	(1)		(7)	
<i>Forward currency contracts on commercial transactions - non-current</i>	5	-		(1)	
<i>Forward currency contracts on commercial transactions - current</i>	5	(1)		2	
<i>Metal derivatives - non-current</i>	5	(7)		(17)	
<i>Metal derivatives - current</i>	5	2		(16)	
Total net working capital	H = F+G		693		347

(*) The figures presented in the consolidated statement of financial position published and approved by the Shareholders' Meeting on 13 April 2016 have been restated for the purchase price allocation of Oman Cables Industry (SAOG), conducted in accordance with the procedures and timing established by IFRS 3 - Business Combinations. Further details can be found in Section C. Restatement of comparative figures, within the Explanatory Notes to the present Quarterly Financial Report.

(**) Other assets held for sale have been classified in Other receivables; liabilities held for sale have been classified in Other payables.

(in millions of Euro)		30 September 2016		31 December 2015 (*)	
	Note	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	12		(46)		(52)
Provisions for risks and charges - current	12		(283)		(275)
Deferred tax assets			123		83
Deferred tax liabilities			(97)		(86)
Total provisions	I		(303)		(330)
Net capital employed	L = A+H+I		2,968		2,598
Employee benefit obligations	M	13	393		341
Total equity	N	9	1,558		1,507
<i>Equity attributable to non-controlling interests</i>			223		229
Net financial position					
Total long-term financial payables	O		1,121		1,141
Term loan facility	10	-	-	-	-
Bank fees	10	-	-	-	-
Credit Agreements	10	-	-	-	-
EIB loan	10	58	58	75	75
Non-convertible bond	10	741	741	740	740
Convertible bond	10	286	286	279	279
Derivatives		-	-	-	-
<i>of which:</i>					
<i>Interest rate swaps</i>	5	-	-	-	-
Other payables		36	36	47	47
<i>of which:</i>					
<i>Finance lease obligations</i>	10	13	13	14	14
<i>Other financial payables</i>	10	23	23	33	33
Total short-term financial payables	P		292		266
Term loan facility	10	-	-	-	-
Revolving Credit Facility 2014	10	-	-	-	-
EIB loan	10	17	17	17	17
Non-convertible bond	10	9	9	14	14
Convertible bond	10	-	-	1	1
Revolving facility - Credit Agreement	10	-	-	-	-
Revolving Credit Facility 2014	10	50	50	50	50
Derivatives	5	3	3	4	4
<i>of which:</i>					
<i>Interest rate swaps</i>	5	-	-	1	1
<i>Forward currency contracts on financial transactions</i>	5	3	3	3	3
Other payables		213	213	180	180
<i>of which:</i>					
<i>Finance lease obligations</i>	12	1	1	1	1

(*) The figures presented in the consolidated statement of financial position published and approved by the Shareholders' Meeting on 13 April 2016 have been restated for the purchase price allocation of Oman Cables Industry (SAOG), conducted in accordance with the procedures and timing established by *IFRS 3 - Business Combinations*. Further details can be found in Section C. Restatement of comparative figures, within the Explanatory Notes to the present Quarterly Financial Report.

Reconciliation between the principal income statement indicators and the Income Statement contained in the Consolidated Financial Statements and Explanatory Notes at 30 September 2016

(in millions of Euro)

	Note	9 months 2016	9 months 2015
		Amounts from income statement	Amounts from income statement
Sales of goods and services	A	5,660	5,569
Change in inventories of work in progress, semi-finished and finished goods		(9)	27
Other income		47	41
Raw materials, consumables used and goods for resale		(3,339)	(3,502)
Personnel costs		(783)	(745)
Other expenses		(1,147)	(988)
Operating costs	B	(5,231)	(5,167)
<i>Share of net profit/(loss) of equity-accounted companies</i>	C	24	27
<i>Fair value stock options</i>	D	35	16
EBITDA	E = A+B+C+D	488	445
<i>Other non-recurring expenses and revenues</i>	F	-	21
<i>Personnel costs for company reorganisation</i>	G	(22)	(25)
<i>Other costs and revenues for company reorganisation</i>	H	(5)	(7)
<i>Other non-operating expenses</i>	I	(12)	(17)
Total adjustments	L = F+G+H+I	(39)	(28)
Adjusted EBITDA	M = E-L	527	473
<i>Share of net profit/(loss) of equity-accounted companies</i>	N	24	27
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	O = M-N	503	445

(in millions of Euro)

	Note	9 months 2016	9 months 2015
		Amounts from income statement	Amounts from income statement
Operating income	A	333	284
<i>Other non-recurring expenses and revenues</i>		-	21
<i>Personnel costs for company reorganisation</i>		(22)	(25)
<i>Other costs and revenues for company reorganisation</i>		(5)	(7)
<i>Other non-operating expenses</i>		(12)	(17)
<i>Change in inventories of work in progress, semi-finished and finished goods</i>		-	-
Adjusted EBITDA	B	(39)	(28)
<i>Fair value change in metal derivatives</i>	C	24	(29)
<i>Fair value stock options</i>	D	(35)	(16)
<i>Non-recurring impairment and impairment reversals</i>	E	(15)	(7)
Adjusted operating income	F=A-B-C-D-E	398	364

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

Alternative performance indicators at 30 September 2015

		9 months 2015							
		Published	Energy Products				Oil&GAS	Energy Projects	Total
			E&I	Industrial & NWC	Other	Totale Products			
E&I	Sales	2,175	2,175						
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	86	86						
	Adjusted EBITDA	99	99						
	Adjusted operating income	72	72						
Industrial & NWC	Sales	1,340		1,137					
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	92		92					
	Adjusted EBITDA	92		92					
	Adjusted operating income	73		75					
Other	Sales	86			86				
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	2			2				
	Adjusted EBITDA	2			2				
	Adjusted operating income	1			1				
Energy Products	Sales	3,601			3,398				
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	180			180				
	Adjusted EBITDA	193			193				
	Adjusted operating income	146			148				
Energy Projects	Sales	1,121					993		
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	173					152		
	Adjusted EBITDA	174					153		
	Adjusted operating income	145					131		
Oil & Gas	Sales	-				331			
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	-				21			
	Adjusted EBITDA	-				21			
	Adjusted operating income	-				12			
Total	Sales	4,722			3,398	331	993	4,722	
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	353			180	21	152	353	
	Adjusted EBITDA	367			193	21	153	367	
	Adjusted operating income	291			148	12	131	291	

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place since the end of the quarterly reporting period.

BUSINESS OUTLOOK

The first nine months of 2016 have witnessed a macroeconomic environment with modest but mixed growth by Europe's major economies, partially eroded by the uncertainty generated by the outcome of the referendum held in the United Kingdom on 23 June 2016, with a vote to leave the European Union. In the United States growth has remained stable but less intense than in 2015. Among the main emerging economies, China and Russia are showing signs of stabilising after the considerable uncertainties seen at the start of the year, while the economic and political situation in Brazil remains challenging.

In such a context, the Group's expectation for FY 2016 is that demand in the cyclical businesses of building wires and medium voltage cables for utilities will be slightly lower than the previous year with a general stabilisation in prices. Given the positive market environment for the Energy Projects segment, the Prysmian Group expects both the Submarine and High Voltage underground businesses to improve their performance. In the Oil & Gas segment, the low oil price and consequent reduction of investments in new projects are expected to adversely affect the Group's activities, especially in its Core Oil & Gas Cables business. In the Telecom segment, it is expected that the growth in demand for optical fibre cables recorded in the first part of the year, will continue through to the end of 2016.

In addition, assuming current exchange rates remain unchanged, these can be expected to have a negative impact on the FY 2016 results simply 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 considerable improvement from the Euro 623 million reported in 2015. This forecast takes into account the current order book and the factors mentioned above, and reflects the expectations concerning full consolidation of Oman Cables Industry from 1 January 2016.

Lastly, the Prysmian Group is continuing in 2016 to rationalise its activities with the objective of achieving 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 acted 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 nine months of the year and the specific macroeconomic context, the principal risk factors currently foreseeable for the last quarter 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 the possible occurrence of a 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 Financial 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 affecting 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 transactions. If the Group completes new acquisitions in the near future, it could also have to 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:

- Syndicated Revolving Credit Facility 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 more lenient 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 30 September 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 30 September 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 30 September 2016 was Euro 75 million, having made the first three 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 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 30 September 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 trigger 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 and otherwise, were fully observed as at 30 June 2016.

In particular:

- (i) the ratio between EBITDA and Net finance costs, as defined in the credit agreements, was 19.78x (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 1.45x (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 attractive 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 accounts for about 4% of the Group's Sales and 2% 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.

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.

The proceedings in progress are described below:

Antitrust – European Commission Proceedings in the high voltage underground and submarine cables business

The European Commission started an investigation 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. 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, which has confirmed the stay of execution ordered by the Milan Courts.

Antitrust – Other proceedings in the high voltage underground and submarine cables business in jurisdictions other than the European Union

The US Department of Justice and the Japan Fair Trade Commission started similar 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.

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. filed its objections and presented its preliminary defence. A ruling issued in July 2016 has held the company liable for violation of Australian antitrust law with regard to this project, without however quantifying the applicable penalty, which will be determined upon completion of the second stage of these proceedings. The company is reviewing the contents of this ruling in detail in order to assess whether there are possible grounds for appeal.

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 was 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.

Antitrust - Claims for damages as a result of the European Commission's 2014 decision

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, during 2016 other operators have presented claims against Prysmian S.p.A. and some of its subsidiaries, either directly or through lawyers, in order to obtain compensation for an unquantified amount of damages, allegedly suffered as a result of Prysmian's participation in the anti-competitive practices condemned by the European Commission in its decision of April 2014. Based on the information currently available, the Directors are of the opinion not to make any provision.

Antitrust – Other investigations

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 it unlikely that the above legal actions will have an adverse outcome for the Group's subsidiaries.

As at 30 September 2016, the provision for the above Antitrust investigations amounts to approximately Euro 137 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 form part of 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, 8 November 2016

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Massimo Tononi

CONSOLIDATED
FINANCIAL
STATEMENTS AND
EXPLANATORY NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	Note	30 September 2016	of which related parties (Note 21)	31 December 2015 Restated (*)	of which related parties (Note 21)
Non-current assets					
Property, plant and equipment	1	1,580		1,551	
Intangible assets	1	781		823	
Equity-accounted investments	2	187	187	177	177
Available-for-sale financial assets		12		12	
Derivatives	5	2		1	
Deferred tax assets		123		83	
Other receivables	3	24		26	
Total non-current assets		2,709		2,673	
Current assets					
Inventories	4	961		984	
Trade receivables	3	1,107	13	1,098	7
Other receivables	3	893	3	687	4
Financial assets held for trading	6	69		87	
Derivatives	5	21		26	
Cash and cash equivalents	7	314		547	
Total current assets		3,365		3,429	
Assets held for sale	8	114		119	
Total assets		6,188		6,221	
Equity attributable to the Group:					
Share capital	9	22		22	
Reserves	9	1,125		1,042	
Net profit/(loss) for the period		188		214	
Equity attributable to non-controlling interests:		223		229	
Share capital and reserves		213		229	
Net profit/(loss) for the period		10		-	
Total equity		1,558		1,507	
Non-current liabilities					
Borrowings from banks and other lenders	10	1,121		1,141	
Other payables	11	15		16	
Provisions for risks and charges	12	46		52	
Derivatives	5	10		21	
Deferred tax liabilities		97		86	
Employee benefit obligations	13	393		341	
Total non-current liabilities		1,682		1,657	
Current liabilities					
Borrowings from banks and other lenders	10	289		262	
Trade payables	11	1,407	4	1,377	5
Other payables	11	806	4	984	5
Derivatives	5	23		43	
Provisions for risks and charges	12	283		275	
Current tax payables		64		27	
Liabilities held for sale	8	76		89	
Total current liabilities		2,948		3,057	
Total liabilities		4,630		4,714	
Total equity and liabilities		6,188		6,221	

(*) The figures presented in the consolidated statement of financial position published and approved by the Shareholders' Meeting on 13 April 2016 have been restated for the purchase price allocation of Oman Cables Industry (SAOG), conducted in accordance with the procedures and timing established by *IFRS 3 - Business Combinations*. Further details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)

	Note	9 months 2016	of which related parties (Note 21)	9 months 2015	of which related parties (Note 21)
Sales of goods and services		5,660	35	5,569	42
Change in inventories of work in progress, semi-finished and finished goods		(9)		27	
Other income		47	4	41	3
<i>of which non-recurring other income</i>		-		-	
Raw materials, consumables used and goods for resale		(3,339)	(12)	(3,502)	(16)
Fair value change in metal derivatives		24		(29)	
Personnel costs		(783)	(20)	(745)	(8)
<i>of which personnel costs for company reorganisation</i>		(22)		(25)	
<i>of which personnel costs for stock option fair value</i>		(35)	(13)	(16)	(3)
Amortisation, depreciation, impairment and impairment reversals		(144)		(116)	
<i>of which (impairment) and impairment reversals related to company reorganisation</i>		(1)		(5)	
<i>of which other (impairment) and impairment reversals</i>		(14)		(2)	
Other expenses		(1,147)	(1)	(988)	(1)
<i>of which non-recurring (other expenses) and releases</i>		-		21	
<i>of which (other expenses) for company reorganisation</i>		(5)		(7)	
Share of net profit/(loss) of equity-accounted companies		24	24	27	27
Operating income	14	333		284	
Finance costs	15	(362)		(441)	
<i>of which non-recurring finance costs</i>		(1)		(2)	
Finance income	15	304		364	
<i>of which non-recurring finance income</i>		-		-	
Profit/(loss) before taxes		275		207	
Taxes	16	(77)		(68)	
Net profit/(loss) for the period		198		139	
Attributable to:					
Owners of the parent		188		141	
Non-controlling interests		10		(2)	
Basic earnings/(loss) per share (in Euro)	17	0.88		0.66	
Diluted earnings/(loss) per share (in Euro)	17	0.86		0.65	

CONSOLIDATED INCOME STATEMENT – 3RD QUARTER

(in millions of Euro)	3rd quarter 2016	3rd quarter 2015
Sales of goods and services	1,875	1,832
Change in inventories of work in progress, semi-finished and finished goods	(16)	(15)
Other income	22	8
<i>of which non-recurring other income</i>	-	-
Raw materials, consumables used and goods for resale	(1,064)	(1,105)
Fair value change in metal derivatives	4	(28)
Personnel costs	(260)	(236)
<i>of which personnel costs for company reorganisation</i>	(13)	(5)
<i>of which personnel costs for stock option fair value</i>	(11)	(8)
Amortisation, depreciation, impairment and impairment reversals	(43)	(37)
<i>of which (impairment) and impairment reversals related to company reorganisation</i>	-	-
<i>of which other (impairment) and impairment reversals</i>	-	-
Other expenses	(412)	(317)
<i>of which non-recurring (other expenses) and releases</i>	-	41
<i>of which (other expenses) for company reorganisation</i>	(3)	1
Share of net profit/(loss) of equity-accounted companies	10	9
Operating income	116	111
Finance costs	(113)	(135)
<i>of which non-recurring finance costs</i>	-	(1)
Finance income	92	111
<i>of which non-recurring finance income</i>	-	-
Profit/(loss) before taxes	95	87
Taxes	(21)	(26)
Net profit/(loss) for the period	74	61
Attributable to:		
Owners of the parent	73	61
Non-controlling interests	1	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of Euro)	9 months 2016	9 months 2015
Net profit/(loss) for the period	198	139
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	7	(2)
Fair value gains/(losses) on cash flow hedges - tax effect	(2)	1
Release of cash flow hedge reserve after discontinuing cash flow hedging - gross of tax	-	3
Release of cash flow hedge reserve after discontinuing cash flow hedging - tax effect	-	(1)
Currency translation differences	(37)	(52)
Total items that may be reclassified, net of tax	(32)	(51)
<i>- items that will NOT be reclassified subsequently to profit or loss:</i>		
Actuarial gains/(losses) on employee benefits - gross of tax	(63)	4
Recognition of pension plan asset ceiling	-	-
Actuarial gains/(losses) on employee benefits - tax effect	14	1
Total items that will NOT be reclassified, net of tax	(49)	5
Total comprehensive income/(loss) for the period	117	93
Attributable to:		
Owners of the parent	112	95
Non-controlling interests	5	(2)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – 3RD QUARTER

(in millions of Euro)	3rd quarter 2016	3rd quarter 2015
Net profit/(loss) for the period	74	61
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	2	7
Fair value gains/(losses) on cash flow hedges - tax effect	(1)	(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	(16)	(85)
Total items that may be reclassified, net of tax	(15)	(80)
<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	-	1
Total items that will NOT be reclassified, net of tax	-	1
Total comprehensive income/(loss) for the period	59	(18)
Attributable to:		
Owners of the parent	59	(17)
Non-controlling interests	-	(1)

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)	-	-	-
Capital increase	1	-	-	-	-	1	2	3
Dividend distribution	-	-	-	(90)	-	(90)	(1)	(91)
Fair value - stock options	-	-	-	16	-	16	-	16
Total comprehensive income/(loss) for the period	-	1	(52)	5	141	95	(2)	93
Balance at 30 September 2015	22	(10)	(178)	1,197	141	1,172	32	1,204

(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	229	1,507
Allocation of prior year net result	-	-	-	214	(214)	-	-	-
Dividend distribution	-	-	-	(90)	-	(90)	(11)	(101)
Fair value - stock options	-	-	-	35	-	35	-	35
Total comprehensive income/(loss) for the period	-	3	(30)	(49)	188	112	5	117
Balance at 30 September 2016	22	(6)	(199)	1,330	188	1,335	223	1,558

(*) The figures presented in the consolidated statement of financial position published and approved by the Shareholders' Meeting on 13 April 2016 have been restated for the purchase price allocation of Oman Cables Industry (SAOG), conducted in accordance with the procedures and timing established by *IFRS 3 - Business Combinations*. Further details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Euro)	9 months 2016	of which related parties (Note 21)	9 months 2015	of which related parties (Note 21)
Profit/(loss) before taxes	275		207	
Depreciation, impairment and impairment reversals of property, plant and equipment	108		87	
Amortisation and impairment of intangible assets	36		29	
Net gains on disposal of property, plant and equipment, intangible assets and acquisition purchase price adjustment	(1)		-	
Badwill from business combination	(5)		-	
Share of net profit/(loss) of equity-accounted companies	(24)	(24)	(27)	(27)
Share-based payments	35	13	16	3
Fair value change in metal derivatives and other fair value items	(24)		29	
Net finance costs	58		77	
Changes in inventories	10		(12)	
Changes in trade receivables/payables	17	(7)	(204)	(7)
Changes in other receivables/payables	(369)	-	18	1
Taxes paid	(53)		(39)	
Dividends received from equity-accounted companies	7	7	15	15
Utilisation of provisions (including employee benefit obligations)	(61)		(84)	
Increases in provisions (including employee benefit obligations)	55		43	
A. Net cash flow provided by/(used in) operating activities	64		155	
Investments in property, plant and equipment	(147)		(121)	
Disposals of property, plant and equipment and assets held for sale	2		9	
Investments in intangible assets	(7)		(5)	
Investments in financial assets held for trading	(1)		(38)	
Disposals of financial assets held for trading	24		11	
B. Net cash flow provided by/(used in) investing activities	(129)		(144)	
Capital contributions and other changes in equity	-		3	
Dividend distribution	(101)		(91)	
Repayment of non-convertible bond - 2010	-		(400)	
EIB Loan	(17)		(9)	
Issuance of non-convertible bond - 2015	-		739	
Early repayment of Credit Agreement 2011	-		(400)	
Finance costs paid ⁽¹⁾	(334)		(430)	
Finance income received ⁽²⁾	277		342	
Changes in other net financial payables	14		2	
C. Net cash flow provided by/(used in) financing activities	(161)		(244)	
D. Currency translation gains/(losses) on cash and cash equivalents	(3)		(14)	
E. Total cash flow provided/(used) in the period (A+B+C+D)	(229)		(247)	
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)	318		247	
Cash and cash equivalents reported in consolidated statement of financial position	314		247	
Cash and cash equivalents included in assets held for sale	4		-	

⁽¹⁾ Finance costs paid of Euro 334 million include Euro 33 million in interest payments in the first nine months of 2016 (Euro 45 million in the first nine months of 2015).

⁽²⁾ Finance income received of Euro 277 million includes Euro 7 million in interest income in the first nine months of 2016 (Euro 8 million in the first nine 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 cables and systems and related accessories for the energy and telecommunications industries, and distribute and sell them around the globe.

A.1 SIGNIFICANT EVENTS IN 2016

Antitrust investigations

During 2016, a number of operators have presented claims against Prysmian S.p.A. and some of its subsidiaries, either directly or through lawyers, in order to obtain compensation for an unquantified amount of damages, allegedly suffered as a result of Prysmian's participation in the anti-competitive practices condemned by the European Commission in its decision of April 2014. Based on the information currently available, the Directors are of the opinion not to make any provision.

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, 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 result in 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, and to create 38 jobs on top of this plant's existing workforce of 60.

Discussion of the related industrial and social plans has been completed with the signing of the relevant agreements.

On 17 June 2016, Prysmian Netherlands B.V. informed the trade unions and local union representatives of the intention to close the Delfzijl plant. This plant currently employs 82 employees in the manufacture of cables for the Telecom industry, production of which will be transferred to the Group's other European plants.

The consultation process commenced on the same date and ended in September with the signing of the agreement for the social plan and acceptance of the plant's closure.

On 6 September 2016, Prysmian Denmark informed the trade unions and union representatives of the intention to close the Brøndby plant, which employs 68 people in the manufacture of cables for the MultiMedia Solutions business. The social plan for the plant workers was signed during the month of September.

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 the major customers to be managed more efficiently.

Accordingly, the structure of "Segment Information" has been modified as from the first quarter of 2016 and in the current Quarterly Financial Report, with more details provided in the relevant section of the Explanatory Notes.

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, while the authorisation to dispose of treasury shares has no time limit.

New employee share purchase plan

The same Shareholders' Meeting held on 13 April 2016 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 purchase windows over the next three years.

The process of informing and explaining the plan to Group employees started in October 2016.

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 by the end of 2016. The Group had already reclassified all the assets and liabilities of this company as assets and liabilities held for sale in its Annual Financial Report at 31 December 2015. This transaction is not expected to give rise to any capital losses.

Acquisition of data cables business from Corning Optical Communications GmbH & Co. KG.

On 13 May 2016, Prysmian Group completed an agreement to acquire a copper data cables business located in Neustadt (Germany) from Corning Optical Communications GmbH & Co. KG.

The investment will allow the Group to further expand its presence and intensify its growth strategy in the business of MultiMedia Solutions. In particular, the acquisition of this business will allow the Group to enhance its product offering of high-capacity and flexible cables for data transmission and data centres. Further details can be found in Section E. Business combinations.

The consolidated financial statements contained herein were approved by the Board of Directors of Prysmian S.p.A. on 8 November 2016.

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 with the measures implementing art. 9 of Italian Legislative Decree 38/2005.

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.

Further to Legislative Decree 25/2016, which came into force on 18 March 2016 and has eliminated the requirement for quarterly reporting, the Prysmian Group has prepared the present Quarterly Financial Report at 30 September 2016 on a voluntary basis and in continuity with its past reporting format.

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.

On 3 December 2015, Consob implemented the ESMA guidelines in Italy with publication of "ESMA Guidelines/2015/1415" which supersede the "CESR Recommendation 2005 (CESR/05-178b)". The Prysmian Group has complied with these guidelines.

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 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 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 nine months of 2016:

Mergers

On 30 April 2016, the merger was completed of Prysmian Draka Brasil S.A. into Prysmian Cabos e Sistemas do Brasil S.A.

On 30 July 2016, the merger was completed of Prysmian Fibras Oticas Brasil Ltda and Prysmian Surfex Umbilicais e Tubos Flexiveis do Brasil Ltda into Prysmian Cabos e Sistemas do Brasil S.A.

Liquidations

On 7 April 2016, the process of liquidating Prysmian Financial Services Ireland Ltd. was completed with the company's removal from the local company registry.

On 2 June 2016, the process of liquidating Kaiser Kabel Vertriebs GmbH i.L. was completed with the company's removal from the local company registry.

New company formations

Prysmian Cables Chile SpA was formed on 20 September 2016 and is wholly owned by Prysmian Cabos e Sistemas do Brasil S.A.

Prysmian Technology Jiangsu Co. Ltd. was formed on 21 September 2016 and is wholly owned by Prysmian (China) Investment Co. Ltd.

For the sake of better understanding the scope of consolidation, the name changes occurring in the period are listed below:

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).

On 15 June 2016, the Irish company Prysmian Re Company Limited was converted into a Designated Activity Company (DAC) as a result of which the company changed its name to Prysmian Re Company Designated Activity Company.

Appendix A to these notes contains a list of the companies included in the scope of consolidation at 30 September 2016.

C. RESTATEMENT OF COMPARATIVE FIGURES

Following the acquisition of a majority stake in Oman Cables Industry (SAOG) on 16 December 2015, in compliance with IFRS 3, the fair values of the assets, liabilities and contingent liabilities have been determined on a provisional basis in view of the fact that the related valuation processes have not yet been started.

These valuations, which are liable to adjustment over the course of the 12-month period from the acquisition date and so can still be modified, have led to a restatement of the Group's consolidated figures at 31 December 2015.

In the absence of material impacts, the acquisition date has been taken as 31 December 2015 for accounting purposes. This is why the restatement has only affected the consolidated statement of financial position at that date.

More information about the effects of applying IFRS 3 can be found in Section E. Business combinations.

The following table presents the consolidated statement of financial position at 31 December 2015, inclusive of restatements:

(in millions of Euro)

	31 December 2015 Published	Purchase price allocation Oman Cables Industries (SAOG)	31 December 2015 Restated
Non-current assets			
Property, plant and equipment	1,551	-	1,551
Intangible assets	722	101	823
Equity-accounted investments	177	-	177
Available-for-sale financial assets	12	-	12
Derivatives	1	-	1
Deferred tax assets	83	-	83
Other receivables	26	-	26
Total non-current assets	2,572	101	2,673
Current assets			
Inventories	979	5	984
Trade receivables	1,098	-	1,098
Other receivables	687	-	687
Financial assets held for trading	87	-	87
Derivatives	26	-	26
Cash and cash equivalents	547	-	547
Total current assets	3,424	5	3,429
Assets held for sale	119	-	119
Total assets	6,115	106	6,221
Equity attributable to the Group:	1,278	-	1,278
Share capital	22	-	22
Reserves	1,042	-	1,042
Net profit/(loss) for the year	214	-	214
Equity attributable to non-controlling interests:	146	83	229
Share capital and reserves	146	83	229
Net profit/(loss) for the year	-	-	-
Total equity	1,424	83	1,507
Non-current liabilities			
Borrowings from banks and other lenders	1,141	-	1,141
Other payables	16	-	16
Provisions for risks and charges	52	-	52
Derivatives	21	-	21
Deferred tax liabilities	63	23	86
Employee benefit obligations	341	-	341
Total non-current liabilities	1,634	23	1,657
Current liabilities			
Borrowings from banks and other lenders	262	-	262
Trade payables	1,377	-	1,377
Other payables	984	-	984
Derivatives	43	-	43
Provisions for risks and charges	275	-	4
Current tax payables	27	-	27
Liabilities held for sale	89	-	89
Total current liabilities	3,057	-	3,057
Total liabilities	4,691	23	4,714
Total equity and liabilities	6,115	106	6,221

D. 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)

	30 September 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	58	11	-	69
Hedging derivatives	-	6	-	6
Available-for-sale financial assets	-	-	12	12
Total assets	60	32	12	104
Liabilities				
Financial liabilities at fair value				
through profit or loss:				
Derivatives	2	23	-	25
Hedging derivatives	-	8	-	8
Total liabilities	2	31	-	33

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 nine 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.

E. BUSINESS COMBINATIONS

Gulf Coast Downhole Technologies (GCDT)

Prysmian Group signed an agreement on 24 September 2015 to acquire 100% of Gulf Coast Downhole Technologies (GCDT), a privately-owned US company, for an initial consideration, subject to adjustment, of approximately USD 45 million. There is also an earn-out determined on an average combined EBITDA in the next three years, with the maximum pay-out capped at about USD 21 million. The closing transaction was completed on 1 October 2015, meaning that the accounting effects have been reflected as from that date.

Details of the cost of acquisition of Gulf Coast Downhole Technologies (GCDT) and the related cash outlay are as follows:

<i>(in millions of Euro)</i>	
Acquisition price (A)	38
Price Adjustment and earn-out (B)	3
Fair value of net assets acquired (C)	26
Goodwill (A)+(B)-(C)	15
Purchase consideration	41
Acquisition payables	(9)
Cash and cash equivalents held by acquiree	-
Acquisition cash flow	32

In compliance with IFRS 3, the final fair values of the assets, liabilities and contingent liabilities are as follows:

(in millions of Euro)	Fair value
Property, plant and equipment	1
Intangible assets	23
Inventories	5
Trade and other receivables	12
Trade and other payables	(2)
Risk provision	(4)
Borrowings from banks and other lenders	-
Deferred taxes	(9)
Cash and cash equivalents	-
Net assets acquired (C)	26

Intangible assets

The fair value measurement has identified additional values of Euro 14 million for customer relationships and of Euro 9 million for patents, licences and trademarks.

The acquisition has given rise to Euro 15 million in goodwill, which has been recorded in "Intangible assets". Acquisition-related costs, recorded in 2015 and classified in "Other expenses", amounted to Euro 0.6 million, before tax effects of Euro 0.2 million.

Oman Cables Industry (SAOG)

On 16 December 2015, Prysmian Group signed an agreement to increase its interest in Oman Cables Industry (SAOG) to approximately 51%, thereby acquiring a majority stake which has resulted in the company's line-by-line consolidation. Prysmian Group, which already owned 34.78% of the company, purchased an additional interest of approximately 16% for consideration of around Euro 110 million.

In compliance with IFRS 3, the fair values of the assets, liabilities and contingent liabilities have been determined on a provisional basis in view of the fact that the valuation processes have not yet started.

These valuations, which are liable to adjustment over the course of the 12-month period from the acquisition date and so can still be modified, have led to a restatement of the Group's consolidated figures at 31 December 2015.

The following table summarises the acquisition-related cash flows:

(in millions of Euro)	
Acquisition price (A)	105
Other consideration related to acquisition	5
Previously held assets (B)	127
Fair value of net assets acquired (C)	180
Goodwill (A)+(B)-(C)	52
Purchase consideration	110
Cash and cash equivalents held by acquiree	5
Acquisition cash flow	105

Details of the provisional fair values of the assets/liabilities acquired are as follows:

(in millions of Euro)	
	Fair value ^(*)
Property, plant and equipment	94
Intangible assets	188
Available-for-sale financial assets	1
Financial assets held for trading	3
Inventories	95
Trade and other receivables	174
Trade and other payables	(41)
Deferred taxes	(27)
Borrowings from banks and other lenders	(87)
Employee benefit and other obligations	(15)
Cash and cash equivalents	5
Non-controlling interests	(210)
Net assets acquired (C)	180

(*) Values determined on a provisional basis

Intangible assets

The fair value measurement has identified an additional value of Euro 155 million for customer relationships and Euro 33 million for the trademark.

Inventories

The fair value measurement has increased the value of inventories by Euro 5 million.

Deferred tax liabilities

The fair value measurement has increased the value of deferred tax liabilities by Euro 23 million.

Non-controlling interests in equity

The fair value measurement has increased the value of non-controlling interests in equity by Euro 83 million.

Acquisition of data cables business from Corning Optical Communications Gmbh & Co. KG.

On 13 May 2016, Prysmian Group completed an agreement to acquire a copper data cables business located in Neustadt (Germany) from Corning Optical Communications Gmbh & Co. KG. The agreement, completed on 31 August 2016, involves transferring the assets and liabilities of the company's Multimedia Solutions business to the Group. The transaction has resulted in the recognition of a receivable from the selling party of Euro 1.2 million.

In compliance with IFRS 3, the fair values of the assets and liabilities acquired have been determined on a provisional basis; these valuations will be liable to adjustment over the course of the 12-month period from the acquisition date and so can still be modified.

The following table summarises the acquisition-related cash flows:

(in millions of Euro)	
Acquisition price (A)	(1)
Liability for price adjustment and earn-out (B)	-
Fair value of net assets acquired (C)	4
Badwill (A)+(B)-(C)	(5)
Purchase consideration	-
Receivable for acquisition	(1)
Cash and cash equivalents held by acquiree	-
Acquisition cash flow	(1)

Details of the provisional fair values of the assets/liabilities acquired are as follows:

(in millions of Euro)	
	Fair value ^(*)
Property, plant and equipment	9
Intangible assets	2
Inventories	2
Trade and other receivables	-
Trade and other payables	-
Provision	(7)
Borrowings from banks and other lenders	-
Deferred taxes	(2)
Cash and cash equivalents	-
Net assets acquired (C)	4

^(*) Values determined on a provisional basis.

The acquisition has given rise to Euro 5 million in badwill, recognised in the current year's income statement and classified in "Other non-operating income".

Acquisition-related costs, recorded in 2016 and classified in "Other expenses", amount to Euro 0.4 million, before tax effects of Euro 0.1 million.

F. SEGMENT INFORMATION

The Group has modified its organisational structure since January 2016, resulting in the creation of a new operating segment, known as OIL & GAS, and the redefinition of its segment information in keeping with the new management model.

The new OIL & GAS operating segment incorporates 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.

F.1 OPERATING SEGMENTS

The following tables present information by operating segment:

	Energy Products				Oil & Gas	Energy Projects	Telecom	Corporate	9 months 2016
	F&I	Industrial & NWC	Other	Total Products					Group total
Sales ⁽¹⁾	2,300	1,021	77	3,398	225	1,172	865		5,660
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	122	95	(1)	216	9	172	106		503
% of sales	5.3%	9.3%		6.3%	4.2%	14.6%	12.2%		8.9%
Adjusted EBITDA (A)	123	95	(1)	217	9	172	129	-	527
% of sales	5.4%	9.3%		6.4%	4.1%	14.6%	14.9%		9.3%
EBITDA (B)	107	84	(3)	188	8	169	128	(5)	488
% of sales	4.7%	8.3%		5.5%	3.6%	14.4%	14.7%		8.6%
Amortisation and depreciation (C)	(47)	(14)	(1)	(62)	(11)	(26)	(30)		(129)
Adjusted operating income (A+C)	76	81	(2)	155	(2)	146	99	-	398
% of sales	3.3%	7.9%		4.6%	-1.1%	12.4%	11.4%		7.0%
Fair value change in metal derivatives (D)									24
Fair value stock options (E)									(35)
Asset (impairment) and impairment reversal (F)	-	(1)	-	(1)	(14)	-	-	-	(15)
Operating income (B+C+D+E+F)									333
% of sales									5.9%
Finance income									304
Finance costs									(362)
Taxes									(77)
Net profit/(loss) for the period									198
% of sales									3.5%
Attributable to:									
Owners of the parent									188
Non-controlling interests									10
RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA									
EBITDA (A)	107	84	(3)	188	8	169	128	(5)	488
Non-recurring expenses/(income):									-
Company reorganisation	10	10	-	20	1	-	2	4	27
Non-recurring expenses/(income):									-
Antitrust investigations	-	-	-	-	-	-	-	-	-
Other non-operating expenses/(income)	6	1	2	9	-	3	(1)	1	12
Total adjustments to EBITDA (B)	16	11	2	29	1	3	1	5	39
Adjusted EBITDA (A+B)	123	95	(1)	217	9	172	129	-	527

⁽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)									
9 months 2015 ^(*)									
	Energy Products				Oil & Gas	Energy Projects	Telecom	Corporate	Group total
	E&I	Industrial & NWC	Other	Total Products					
Sales ⁽¹⁾	2,175	1,137	86	3,398	331	993	847	-	5,569
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	86	92	2	180	21	152	92	-	445
% of sales	4.0%	8.1%		5.3%	6.2%	15.4%	10.8%		8.0%
Adjusted EBITDA (A)	99	92	2	193	21	153	106	-	473
% of sales	4.5%	8.1%		5.7%	6.2%	15.4%	12.6%		8.5%
EBITDA (B)	88	86	(3)	171	10	173	94	(3)	445
% of sales	4.1%	7.7%		5.0%	3.0%	17.5%	11.1%		8.0%
Amortisation and depreciation (C)	(27)	(17)	(1)	(45)	(9)	(22)	(33)		(109)
Adjusted operating income (A+C)	72	75	1	148	12	131	73	-	364
% of sales	3.3%	6.6%		4.4%	3.7%	13.1%	8.6%		6.5%
Fair value change in metal derivatives (D)				-					(29)
Fair value stock options (E)									(16)
Asset (impairment) and impairment reversal (F)	(1)	-	-	(1)	(4)	-	(2)	-	(7)
Operating income (B+C+D+E+F)				-					284
% of sales				-					5.1%
Finance income				-					364
Finance costs				-					(441)
Taxes				-					(68)
Net profit/(loss) for the period				-					139
% of sales				-					2.5%
Attributable to:				-					
Owners of the parent				-					141
Non-controlling interests				-					(2)
RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA									
EBITDA (A)	88	86	(3)	171	10	173	94	(3)	445
Non-recurring expenses/(income):									
Company reorganisation	9	3	2	14	11	3	4	-	32
Non-recurring expenses/(income):									
Antitrust investigations	-	-	-	-	-	(21)	-	-	(21)
Other non-operating expenses/(income)	2	3	3	8	-	(2)	8	3	17
Total adjustments to EBITDA (B)	11	6	5	22	11	(20)	12	3	28
Adjusted EBITDA (A+B)	99	92	2	193	21	153	106	-	473

⁽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.

F.2 GEOGRAPHICAL AREAS

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

(in millions of Euro)	9 months 2016	9 months 2015
Sales of goods and services	5,660	5,569
EMEA*	3,811	3,470
(of which Italy)	989	786
North America	802	901
Latin America	345	438
Asia Pacific	702	760

* 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	823	452
Movements in 2016:			
- Business combinations	9	(1)	(3)
- Investments	147	7	-
- Disposals	(1)	-	-
- Depreciation and amortisation	(93)	(36)	-
- Impairment	(15)	-	-
- Currency translation differences	(16)	(12)	(7)
- Other	(2)	-	-
Total movements	29	(42)	(10)
Balance at 30 September 2016	1,580	781	442
Of which:			
- Historical cost	2,719	1,102	462
- Accumulated depreciation/amortisation and impairment	(1,139)	(321)	(20)
Net book value	1,580	781	442

(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	121	5	-
- Disposals	(2)	-	-
- Depreciation and amortisation	(87)	(22)	-
- Impairment	(7)	-	-
- Currency translation differences	(18)	-	1
- Other	(3)	1	-
Total movements	4	(16)	1
Balance at 30 September 2015	1,418	545	381
Of which:			
- Historical cost	2,433	819	401
- Accumulated depreciation/amortisation and impairment	(1,015)	(274)	(20)
Net book value	1,418	545	381

(*) The figures presented in the consolidated statement of financial position published and approved by the Shareholders' Meeting on 13 April 2016 have been restated for the purchase price allocation of Oman Cables Industry (SAOG), conducted in accordance with the procedures and timing established by *IFRS 3 - Business Combinations*. Further details can be found in Section C. Restatement of comparative figures.

A total of Euro 147 million has been invested in property, plant and equipment in the first nine months of 2016.

This expenditure is analysed as follows:

- 41%, or Euro 60 million, for projects to increase and rationalise production capacity and develop new products;
- 35%, or Euro 52 million, for projects to improve industrial efficiency;
- 24%, or Euro 35 million, for structural projects, mainly involving the construction of the new Headquarters building in Milan and the purchase of a piece of land in North America.

A total of Euro 7 million has been invested in intangible assets in the first nine months of 2016, most of which for improving the Group's IT infrastructure.

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 in January 2016, the Prysmian Group has redefined its CGUs; 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 other 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)	30 September 2016	31 December 2015
Investments in associates	183	172
Investments in joint ventures	4	5
Total equity-accounted investments	187	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	43.16%
Elkat Ltd.	Russia	40.00%

Yangtze Optical Fibre and Cable Joint Stock Limited Company, a Chinese company formed in 1988, is a 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 went down 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 30 September 2016, the fair value of the investment in Yangtze Optical Fibre and Cable Joint Stock Limited Company was Euro 273 million (Euro 200 million at 31 December 2015), compared with a carrying amount of Euro 141 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 associated 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.

The change in Investments in associates during the period reflects Euro 24 million for the Group's share of profit or loss of associates, as offset by Euro 7 million in dividend receipts and Euro 7 million in exchange differences.

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.

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)

30 September 2016			
	Non-current	Current	Total
Trade receivables	-	1,175	1,175
Allowance for doubtful accounts	-	(68)	(68)
Total trade receivables	-	1,107	1,107
Other receivables:			
Tax receivables	9	164	173
Financial receivables	1	6	7
Prepaid finance costs	3	2	5
Receivables from employees	1	5	6
Pension plan receivables	-	1	1
Construction contracts	-	573	573
Advances to suppliers	-	19	19
Other	10	123	133
Total other receivables	24	893	917
Total	24	2,000	2,024

(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)	30 September 2016	31 December 2015 ^(*)
Raw materials	290	300
<i>of which allowance for obsolete and slow-moving raw materials</i>	<i>(32)</i>	<i>(35)</i>
Work in progress and semi-finished goods	250	242
<i>of which allowance for obsolete and slow-moving work in progress and semi-finished goods</i>	<i>(10)</i>	<i>(9)</i>
Finished goods ^(**)	421	442
<i>of which allowance for obsolete and slow-moving finished goods</i>	<i>(59)</i>	<i>(58)</i>
Total	961	984

^(**) Finished goods also include goods for resale.

^(*) The figures presented in the consolidated statement of financial position published and approved by the Shareholders' Meeting on 13 April 2016 have been restated for the purchase price allocation of Oman Cables Industry (SAOG), conducted in accordance with the procedures and timing established by *IFRS 3 - Business Combinations*. Further details can be found in Section C. Restatement of comparative figures.

5. DERIVATIVES

These are detailed as follows:

(in millions of Euro)	30 September 2016	
	Asset	Liability
Non-current		
Interest rate swaps (cash flow hedges)	-	-
Forward currency contracts on commercial transactions (cash flow hedges)	-	1
Total hedging derivatives	-	1
Forward currency contracts on commercial transactions	-	-
Metal derivatives	2	9
Total other derivatives	2	9
Total non-current	2	10
Current		
Forward currency contracts on financial transactions (cash flow hedges)	-	-
Forward currency contracts on commercial transactions (cash flow hedges)	6	7
Total hedging derivatives	6	7
Forward currency contracts on commercial transactions	3	4
Forward currency contracts on financial transactions	1	3
Metal derivatives	11	9
Total other derivatives	15	16
Total current	21	23
Total	23	33

(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		
Forward currency contracts on financial transactions (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, amounting to Euro 69 million (Euro 87 million at 31 December 2015), 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)

	30 September 2016	31 December 2015
Cash and cheques	8	4
Bank and postal deposits	306	543
Total	314	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 30 September 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)	30 September 2016	31 December 2015
Assets held for sale:		
Land	3	-
Buildings	8	8
Other property, plant and equipment	7	8
Intangible assets	-	-
Other assets	96	103
Total assets held for sale	114	119
Liabilities held for sale:		
Other liabilities	76	89
Total liabilities held for sale	76	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 96 million and Euro 76 million respectively, which met the criteria for classification in this line item at 30 September 2016.

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 51 million since 31 December 2015, mainly reflecting the net effect of:

- negative currency translation differences of Euro 37 million;
- the positive post-tax change of Euro 5 million in the fair value of derivatives designated as cash flow hedges;
- the positive change of Euro 35 million in the share-based compensation reserve linked to stock option plans;
- the negative post-tax change of Euro 49 million in actuarial gains on employee benefits;
- the distribution of Euro 101 million in dividends;
- the net profit for the period of Euro 198 million.

At 30 September 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 ⁽³⁾	-	80,825	80,825
Balance at 30 September 2016	216,720,922	(2,626,351)	214,094,571

⁽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.

⁽³⁾ Allotment of 80,825 treasury shares under the Group employee share purchase plan (YES Plan).

Treasury shares

During the first nine months of 2016 the only movements in treasury shares refer to allotments to employees participating in the YES employee share purchase plan.

The following table reports movements in treasury shares during the period:

	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	(80,825)	(8,082)	-	12,031	(82,172)
At 30 September 2016	2,626,351	262,635	1.25%	12,021	32,459,671

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.

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)			
			30 September 2016
	Non-current	Current	Total
Borrowings from banks and other financial institutions	81	279	360
Non-convertible bond	741	9	750
Convertible bond	286	-	286
Finance lease obligations	13	1	14
Total	1,121	289	1,410

(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)		
	30 September 2016	31 December 2015
Syndicated Revolving Credit Facility 2014	-	-
EIB Loan	75	92
Revolving Credit Facility 2014	50	50
Other borrowings	235	212
Borrowings from banks and other financial institutions	360	354
Non-convertible bond	750	754
Convertible bond	286	280
Total	1,396	1,388

The Group's principal credit agreements in place at the reporting date are as follows:

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 30 September 2016, this facility had not been drawn down.

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 30 September 2016, the Revolving Credit Facility 2014 had been drawn down by Euro 50 million, unchanged since December 2015.

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 30 September 2016 was Euro 75 million.

The fair value of the EIB Loan at 30 September 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 tables summarise the committed lines available to the Group at 30 September 2016 and 31 December 2015:

(in millions of Euro)

30 September 2016.			
	Total lines	Drawn	Undrawn
Credit Agreements:			
Syndicated Revolving Credit Facility 2014	1,000	-	1,000
Total Credit Agreements	1,000	-	1,000
EIB Loan	75	(75)	-
Revolving Credit Facility 2014	100	(50)	50
Total	1,175	(125)	1,050

(in millions of Euro)

31 December 2015			
	Total lines	Drawn	Undrawn
Credit Agreements:			
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 30 September 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 775 million at 30 September 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	27
Interest - monetary accrued	14
Interest - monetary paid	(12)
Related costs	(4)
Balance at 30 September 2016	286

The fair value of the convertible bond (equity component and debt component) is Euro 346 million at 30 September 2016 (Euro 337 million at 31 December 2015), of which the fair value of the debt component was Euro 272 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)

	Syndicated Revolving Credit Facility 2014	EIB Loan	Non-convertible bond	Convertible bond	Other borrowings/ Finance lease obligations ⁽¹⁾	Total
Balance at 31 December 2015	-	92	754	280	277	1,403
Business combinations	-	-	-	-	-	-
Reclassification to Liabilities held for sale	-	-	-	-	-	-
Currency translation differences	-	-	-	-	4	4
New funds	-	-	-	-	58	58
Repayments	-	(17)	-	-	(40)	(57)
Drawdown of revolving facilities	-	-	-	-	-	-
Amortisation of bank and financial fees and other expenses	-	-	1	-	-	1
Interest and other movements	-	-	(5)	6	-	1
Total movements	-	(17)	(4)	6	22	7
Balance at 30 September 2016	-	75	750	286	299	1,410

(in millions of Euro)

	Syndicated Revolving Credit Facility 2014	EIB Loan	Non-convertible bond	Convertible bond	Other borrowings/ Finance lease obligations ⁽¹⁾	Total
Balance at 31 December 2014	398	101	415	272	199	1,385
Currency translation differences	-	-	-	-	(10)	(10)
New funds	-	-	739	-	26	765
Repayments	(400)	(8)	(400)	-	(37)	(845)
Drawdown of revolving facilities	-	-	-	-	20	20
Amortisation of bank and financial fees and other expenses	2	-	1	-	-	3
Interest and other movements	-	(1)	(6)	5	-	(2)
Total movements	(398)	(9)	334	5	(9)	(77)
Balance at 30 September 2015	-	92	749	277	190	1,308

⁽¹⁾ Includes the Revolving Credit Facility 2014.

NET FINANCIAL POSITION

(in millions of Euro)	Note	30 September 2016	31 December 2015
Long-term financial payables			
EIB Loan	10	58	75
Non-convertible bond	10	741	740
Convertible bond	10	286	279
Finance leases	10	13	14
Interest rate swaps	5	-	-
Other financial payables	10	23	33
Total long-term financial payables		1,121	1,141
Short-term financial payables			
Syndicated Revolving Credit Facility 2014	10	-	-
EIB Loan	10	17	17
Non-convertible bond	10	9	14
Convertible bond	10	-	1
Finance leases	10	1	1
Interest rate swaps	5	-	1
Forward currency contracts on financial transactions	5	3	3
Revolving Credit Facility 2014	10	50	50
Other financial payables	10	212	179
Total short-term financial payables		292	266
Total financial liabilities		1,413	1,407
Long-term financial receivables	3	1	1
Long-term bank fees	3	3	4
Forward currency contracts on financial transactions (current)	5	1	8
Short-term financial receivables	3	6	8
Short-term bank fees	3	2	2
Financial assets held for trading	6	69	87
Cash and cash equivalents	7	314	547
Net financial position		1,017	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	30 September 2016	31 December 2015
Net financial position - as reported above		1,017	750
Long-term financial receivables	3	1	1
Long-term bank fees	3	3	4
Net forward currency contracts on commercial transactions	5	3	8
Net metal derivatives	5	5	33
Recalculated net financial position		1,029	796

11. TRADE AND OTHER PAYABLES

These are detailed as follows:

(in millions of Euro)			
			30 September 2016
	Non-current	Current	Total
Trade payables	-	1,407	1,407
Total trade payables	-	1,407	1,407
Other payables:			
Tax and social security payables	5	134	139
Advances from customers	-	282	282
Payables to employees	2	81	83
Accrued expenses	-	155	155
Other	8	154	162
Total other payables	15	806	821
Total	15	2,213	2,228

(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 147 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 252 million at 30 September 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)			
			30 September 2016
	Non-current	Current	Total
Restructuring costs	4	21	25
Contractual and legal risks	15	204	219
Environmental risks	-	7	7
Tax inspections	9	7	16
Contingent liabilities	3	3	6
Other risks and charges	15	41	56
Total	46	283	329

(in millions of Euro)			
			31 December 2015
	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	2	-	-	-	-	-	2
Increases	11	15	1	-	-	22	49
Utilisations	(19)	(4)	-	(4)	-	(12)	(39)
Releases	-	(3)	-	(1)	-	(2)	(6)
Currency translation differences	(1)	(5)	-	-	-	(1)	(7)
Reclassification to liabilities held for sale	-	-	-	-	-	-	-
Other	-	6	-	(2)	(1)	-	3
Total movements	(7)	9	1	(7)	(1)	7	2
Balance at 30 September 2016	25	219	7	16	6	56	329

The provision for restructuring costs reports an overall net decrease of Euro 7 million.

In particular, Euro 19 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 219 million at 30 September 2016, reports a net increase of Euro 9 million since 31 December 2015, mainly in connection with probable risks on contracts in the South Europe region.

This provision also includes the provision for the antitrust investigations discussed in the following paragraphs.

Antitrust – European Commission Proceedings in the high voltage underground and submarine cables business

The European Commission started an investigation 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. 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, which has confirmed the stay of execution ordered by the Milan Courts.

Antitrust – Other proceedings in the high voltage underground and submarine cables business in jurisdictions other than the European Union

The US Department of Justice and the Japan Fair Trade Commission started similar 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.

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. filed its objections and presented its preliminary defence. A ruling issued in July 2016 has held the company liable for violation of Australian antitrust law with regard to this project, without however quantifying the applicable penalty, which will be determined upon completion of the second stage of these proceedings. The company is reviewing the contents of this ruling in detail in order to assess whether there are possible grounds for appeal.

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 was 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.

Antitrust - Claims for damages as a result of the European Commission's 2014 decision

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, during 2016 other operators have presented claims against Prysmian S.p.A. and some of its subsidiaries, either directly or through lawyers, in order to obtain compensation for an unquantified amount of damages, allegedly suffered as a result of Prysmian's participation in the anti-competitive practices condemned by the European Commission in its decision of April 2014. Based on the information currently available, the Directors are of the opinion not to make any provision.

Antitrust – Other investigations

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 it unlikely that the above legal actions will have an adverse outcome for the Group's subsidiaries.

As at 30 September 2016, the provision for the above Antitrust investigations amounts to approximately Euro 137 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)	30 September 2016	31 December 2015
Pension plans	305	258
Employee indemnity liability (Italian TFR)	20	20
Medical benefit plans	29	26
Termination and other benefits	39	37
Incentive plans	-	-
Total	393	341

Movements in employee benefit obligations have had an overall impact of Euro 12 million on the period's income statement, of which Euro 6 million classified in personnel costs and Euro 6 million in finance costs.

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

	9 months 2016	9 months 2015
Average number ^(*)	19,826	19,633
	30 September 2016	December 2015 (*)
Closing number	20,984	19,316

(*) The closing number of employees at 31 December 2015 does not include employees of Oman Cables Industry (SAOG); the average number of employees for 9 months 2016 does not include employees of Oman Cables Industry (SAOG) or of Corning Optical Communications GmbH & Co. KG.

14. OPERATING INCOME

Operating income is a profit of Euro 333 million in the first nine months of 2016 (compared with a profit of Euro 284 million in the first nine months of 2015) and includes the following adjustments:

(in millions of Euro)	9 months 2016	9 months 2015
Company reorganisation ⁽¹⁾	(27)	(32)
Non-recurring income (expenses) ⁽²⁾	-	21
of which Antitrust investigations	-	21
Other non-operating income (expenses) ⁽³⁾	(12)	(17)
Total adjustments	(39)	(28)

(1) Income and expense for company reorganisation: these refer to income and expense that arise as a result of the closure of production facilities and/or as a result of projects to enhance the organisational structure's efficiency;

(2) Non-recurring income and expense: these refer to income and expense related to unusual events that have not affected the income statement in past periods and that will probably not affect the results in future periods;

(3) Other non-operating income and expense: these refer to income and expense that management considers should not be taken into account when measuring business performance.

15. FINANCE COSTS AND INCOME

Finance costs are detailed as follows:

(in millions of Euro)	9 months 2016	9 months 2015
Interest on loans	1	4
Interest on non-convertible bond	14	15
Interest on convertible bond - non-monetary component	6	6
Interest on convertible bond - monetary component	3	3
Amortisation of bank and financial fees and other expenses	3	3
Employee benefit interest costs	7	7
Other bank interest	9	13
Costs for undrawn credit lines	3	4
Sundry bank fees	9	12
Non-recurring other finance costs	1	4
Other	2	7
Finance costs	58	78
Net losses on forward currency contracts	12	-
Non-recurring net losses on interest rate swaps	-	2
Losses on derivatives	12	2
Foreign currency exchange losses	292	361
Total finance costs	362	441

Finance income is detailed as follows:

(in millions of Euro)	9 months 2016	9 months 2015
Interest income from banks and other financial institutions	7	8
Other finance income	4	2
Non-recurring other finance income	-	-
Finance income	11	10
Net gains on interest rate swaps	1	2
Net gains on forward currency contracts	-	21
Gains on derivatives	1	23
Foreign currency exchange gains	292	331
Total finance income	304	364

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 nine months of 2016 is Euro 77 million. The tax rate for the first nine months of 2016 is 28%.

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 the convertible bond, whose conversion was in the money as at 30 September 2016, but have not been affected by the options under the long-term incentive plan 2015-2017 since aggregate EBITDA at 30 September 2016 had not yet triggered their allotment.

(in millions of Euro)	9 months 2016	9 months 2015
Net profit/(loss) attributable to owners of the parent	188	141
Weighted average number of ordinary shares (thousands)	214,016	213,921
Basic earnings per share (in Euro)	0.88	0.66
Net profit/(loss) attributable to owners of the parent ⁽¹⁾	195	141
Weighted average number of ordinary shares (thousands)	214,016	213,921
Adjustments for:		
Dilution from incremental shares arising from exercise of stock options (thousands)	13,444	1,317
Weighted average number of ordinary shares to calculate diluted earnings per share (thousands)	227,460	215,238
Diluted earnings per share (in Euro)	0.86	0.65

⁽¹⁾ This figure has been adjusted for interest accruing on the convertible bond, net of the related tax effect.

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 259 million at 30 September 2016 (Euro 248 million at 30 September 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 during the nine months ended 30 September 2016:

(in millions of Euro)					
30 September 2016					
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % of total
Equity-accounted investments	187	-	187	187	100.0%
Trade receivables	13	-	13	1,107	1.2%
Other receivables	3	-	3	917	0.3%
Trade payables	4	-	4	1,407	0.3%
Other payables	2	2	4	821	0.5%

(in millions of Euro)					
31 December 2015					
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	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%

(in millions of Euro)					
					9 months 2016
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % of total
Sales of goods and services	35	-	35	5,660	0.6%
Other income	4	-	4	47	8.5%
Raw materials, consumables used and goods for resale	(12)	-	(12)	(3,339)	0.4%
Personnel costs	-	(20)	(20)	(783)	2.6%
Other expenses	-	(1)	(1)	(1,147)	0.1%
Share of net profit/(loss) of equity-accounted companies	24	-	24	24	100.0%

(in millions of Euro)					
					9 months 2015
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % of total
Sales of goods and services	42	-	42	5,569	0.8%
Other income	3	-	3	41	7.3%
Raw materials, consumables used and goods for resale	(16)	-	(16)	(3,502)	0.5%
Personnel costs	-	(8)	(8)	(745)	1.1%
Other expenses	-	(1)	(1)	(1,028)	0.1%
Share of net profit/(loss) of equity-accounted companies	27	-	27	27	100.0%

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 21 million at 30 September 2016 (Euro 9 million in the first nine 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 nine months of 2016.

23. COMMITMENTS

Contractual commitments, already given to third parties at 30 September 2016 and not yet reflected in the financial statements, amount to Euro 57 million for property, plant and equipment and Euro 2 million for intangible assets.

24. STOCK OPTION PLANS

Group employee share purchase plan (YES Plan)

The third quarter of 2016 saw the conclusion of the first share purchase plan reserved for employees of Prysmian S.p.A. and/or its subsidiaries that had been approved by the shareholders on 16 April 2013.

The Plan was intended to strengthen the sense of belonging to the Group, to align the interests of the Prysmian Group's stakeholders (its employees and shareholders), and to help consolidate the integration process started after acquiring the Draka Group.

The Plan offered 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 was 15%, and the executive Directors and key management personnel, for whom the discount was 1% on the stock price. The Plan envisaged three purchase windows in the years 2014, 2015 and 2016.

The Plan therefore qualified 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 were earmarked to serve the discounted purchases envisaged by the Plan.

The sum collected in April 2014 for the first window, 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. 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 amount collected in this additional window was Euro 0.7 million and the average share purchase price (July 2014) was Euro 16.3585, taking account of the individual investment and the applicable discount.

The total amount collected in February 2015 for the second window 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. The total amount collected in this window was Euro 0.6 million and the average share purchase price (September 2015) was Euro 18.8988, taking account of the individual investment and the applicable discount.

The total amount collected for the third window 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 2016. The number of treasury shares allotted to each participant was determined by taking into account the average share

purchase price (Euro 19.1027), the individual investment and the applicable discount. On 29 August 2016, an additional purchase window was opened for plan participants in the "Manager" category. The total amount collected in this window was Euro 0.5 million and the average share purchase price (September 2016) was Euro 17.0313, taking account of the individual investment and the applicable discount.

The total cost recognised as "Personnel costs" in the income statement at 30 September 2016 in relation to the fair value of options granted under this plan is immaterial.

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

	30 September 2016	31 December 2015
	Number of options	Number of options
Options at start of year	43,014	164,009
Granted ^(*)	-	-
Change in expected participations ^(**)	37,811	(3,518)
Cancelled	-	-
Exercised	(80,825)	(117,477)
Options at end of period	-	43,014
of which vested at end of period	-	-
of which exercisable	(80,825)	-
of which not vested at end of period	-	43,014

(**) The number of options has been revised for the actual number of participations in the three 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) 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	1,531,147	-
Variation for target remeasurement	-	-
Cancelled	-	-
Exercised	-	-
Options at end of period	6,394,507	-
of which vested at end of period	-	-
of which exercisable	-	-
of which not vested at end of period	6,394,507	-

A total cost of Euro 35 million for the fair value of options granted under this plan has been recognised as "Personnel costs" in the income statement for the nine months ended 30 September 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 30 September 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. 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.

26. EXCHANGE RATES

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

	Closing rates at		Average rates in	
	30 September 2016	31 December 2015	9 months 2016	9 months 2015
Europe				
British Pound	0.861	0.734	0.803	0.727
Swiss Franc	1.088	1.084	1.094	1.062
Hungarian Forint	309.79	315.980	312.133	309.099
Norwegian Krone	8.987	9.603	9.375	8.820
Swedish Krona	9.621	9,190	9.373	9.372
Czech Koruna	27.021	27.023	27.036	27.355
Danish Krone	7.451	7.463	7.447	7.458
Romanian Leu	4.454	4.524	4.485	4.441
Turkish Lira	3.367	3.183	3.277	2.964
Polish Zloty	4.319	4.264	4.358	4.157
Russian Rouble	70.514	80.674	76.183	66.659
North America				
US Dollar	1.116	1.089	1.116	1.114
Canadian Dollar	1.469	1.512	1.475	1.404
South America				
Brazilian Real	3.623	4.251	3.957	3.531
Argentine Peso	17.087	14.197	16.254	10.000
Chilean Peso	734.347	772.713	758.862	713.392
Mexican Peso	21.739	18.915	20.43	17.369
Oceania				
Australian Dollar	1.466	1,490	1.505	1.463
New Zealand Dollar	1.537	1.592	1.613	1.576
Africa				
CFA Franc	655.957	655.957	655.957	655.957
Tunisian Dinar	2.461	2.210	2.35	2.169
Asia				
Chinese Renminbi (Yuan)	7.446	7.061	7.347	6.965
United Arab Emirates Dirham	4.097	3,997	4.097	1.463
Hong Kong Dollar	8.655	8.438	8.666	8.640
Singapore Dollar	1.524	1.542	1.53	1.520
Indian Rupee	74.366	72.022	74.916	70.861
Indonesian Rupiah	14,566.22	15,039.99	14,860.42	14,796.858
Japanese Yen	113.09	131.070	120.952	134.785
Thai Baht	38.695	39.248	39.328	37.619
Philippine Peso	54.015	50.999	52.412	50.255
Omani Rial	0.429	0.419	0.429	0.429
Malaysian Ringgit	4.615	4.696	4.557	4.218
Qatari Riyal	4.063	3.963	4.063	4.057
Saudi Riyal	4.19	4.086	4.186	4.180

27. SUBSEQUENT EVENTS

No significant events have taken place since the end of the quarterly reporting period.

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, 8 November 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.
		Euro	1	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

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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	Nuremberg	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
NKF Holding (Deutschland) GmbH	Wuppertal	Euro	25,000	100.00%	Prysmian Netherlands B.V.
usb-elektro Kabelkonfektions- GmbH i.L.	Wuppertal	Deutsche Mark	2,750,000	100.00%	Draka Holding B.V.
Wagner Management-und Projektgesellschaft mit beschränkter Haftung i.L.	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 Re Company Designated Activity Company	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

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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

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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, S.L.
Marmavil S.L. (Sociedad Unipersonal)	Santa Perpetua de Mogoda	Euro	3,006	100.00%	Draka Holding B.V.
Draka Holding, S.L.	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.
				0.600%	Turk Prysmian Kablo Ve Sistemleri A.S.
				15.654%	Third parties
Tasfiye Halinde Draka Istanbul Asansor Ithalat Ihracat Üretim Ticaret Ltd. Ş	Osmangazi-Bursa	Turkish new Lira	180,000	100.00%	Draka Holding B.V.
Tasfiye Halinde 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	Saint John	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.

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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 Cabos e Sistemas do Brasil S.A.
				0.309%	Third parties
Prysmian Consultora Conductores 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	547.630.605	91.844%	Prysmian Cavi e Sistemi S.r.l.
				0.040%	Prysmian S.p.A.
				1.687%	Draka Holding B.V.
				6.428%	Draka Comteq B.V.
Draka Comteq Cabos Brasil S.A.	Santa Catarina	Brazilian Real	17.429.703	77.836%	Draka Comteq B.V.
				22.164%	Prysmian Cabos e Sistemas do Brasil S.A.
Chile					
Prysmian Cables Chile SpA	Santiago	Chile Peso	0	100.00%	Prysmian 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	173.265.600	99.9983%	Draka Holding B.V.
				0.0017%	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.	Menzel Bouzelfa	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

PRYSMIAN GROUP | CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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.
Prysmian Technology Jiangsu Co. Ltd.	Yixing City	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.

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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	28,630,504	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.	Woking	British Pound	5,000,000	40.00%	Prysmian Cables & Systems Ltd.
				60.00%	Third parties
Poland					
Ekxa 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	Chinese Renminbi (Yuan)	100,300,000	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	138,000,000	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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