Q1 2017 Financial Results

Milan – May 10th 2017

PLATFORM TO ENHANCE CUSTOMER SERVICE **LINKING THE FUTURE** STRONGE

LEADING TECHNOLOGY LEADING TECHNOLOGY

WORLDWIDE LEADER IN RENEWABLE ENERG

EXTENDED PRODUCT OFFERING IN OGP AND IN

Prysmian Group

PRYSMIAN

Draka

Agenda

- **Q1 2017 Highlights**
  - **Group overview**
  - Results by business
  - Outlook
- Financial results
- Appendix

Q1 2017 Financial Highlights

- **Organic Growth at -3.7%**, driven by project phasing in Energy Projects business and continued weakness in Energy Products markets.

- **Adj. EBITDA** at **€ 154m** (8.3% of sales), up from € 150m in Q1 2016, mainly driven by:
  - Solid growth in the **Telecom** business.
  - Substantial stability in **Energy Projects** business.
  - Market weakness in the **cyclical** business in some European countries.
  - **Oil&Gas** business slowdown, mainly in Brazil.

- **Net Financial Debt** at **€ 998m**, including approximately € 50 m cash-out related to the shares Buy-back.

Q1 2017 Business Highlights

ENERGY PROJECTS BUSINESS

- **Sound order intake exceeding €700m in January-April 2017 period.**

TELECOM BUSINESS

- **New supply agreement with Verizon worth approx. $ 300m**

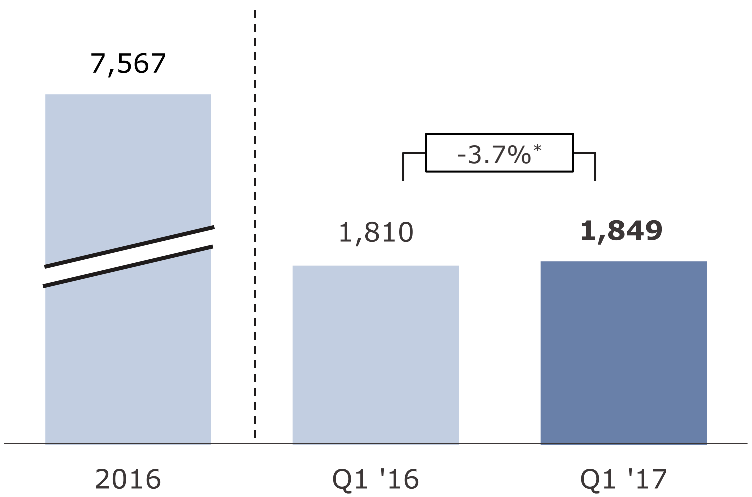
SHARES BUY-BACK PROGRAMME

- **2,053,001 share purchased as of March 31st, equal to 0.9% of shareholder's capital.**

Q1 2017 Key Financials

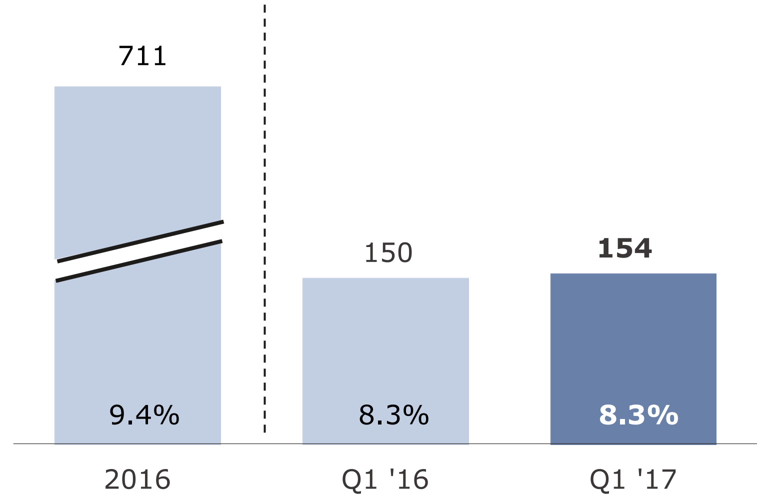
Euro Millions, % on Sales

Sales

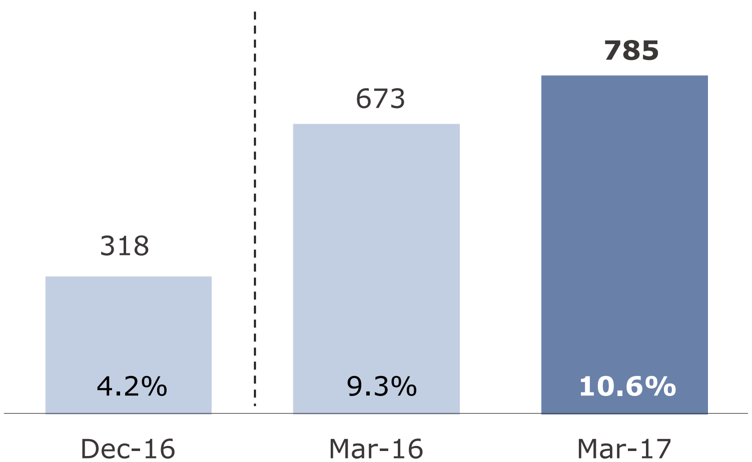


* *Org. Growth*

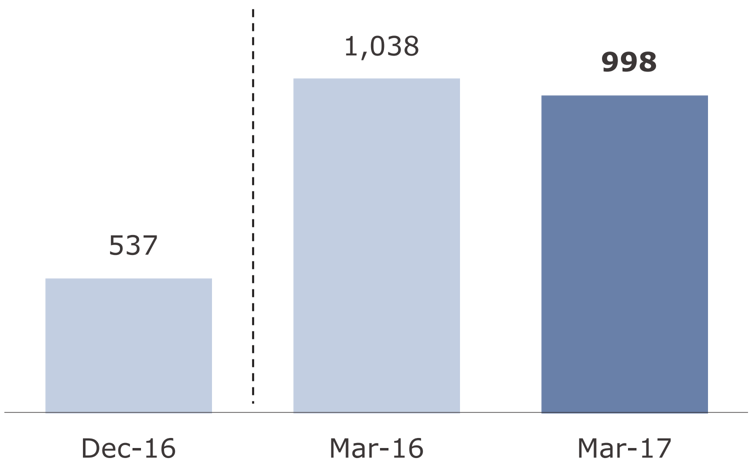
Adjusted EBITDA (1)



Operative Net Working Capital (2)



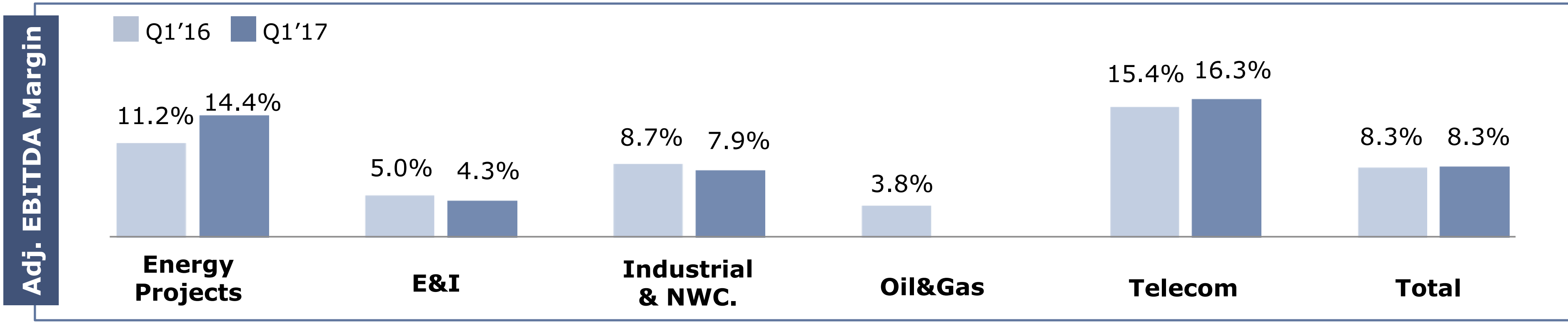
Net Financial Debt

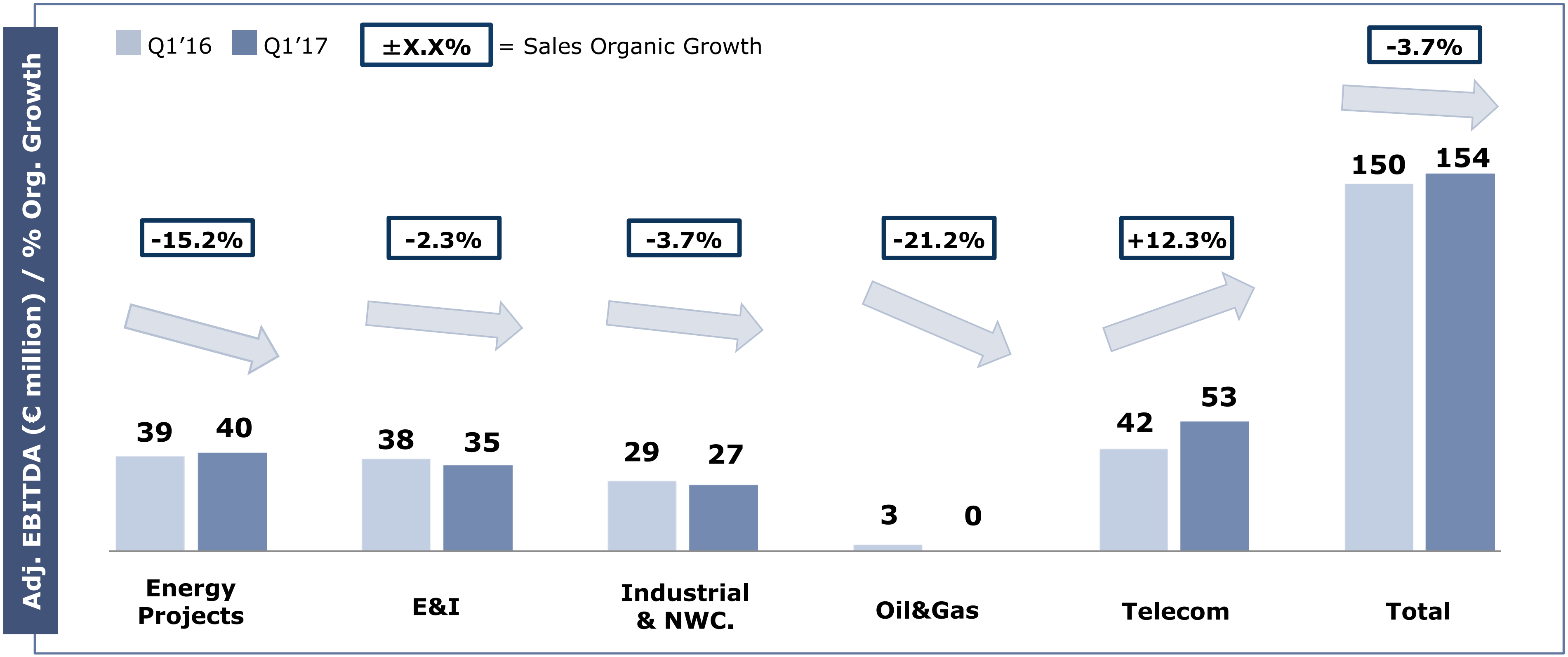


(1) Adjusted excluding non-recurring income/expenses; (2) Defined as NWC excluding derivatives; % on sales is defined as Operative NWC on annualized last quarter sales

Moderate organic decline with stable profitability.

Positive performance in Telecom offset by weakness in Energy Products and Oil&Gas businesses.





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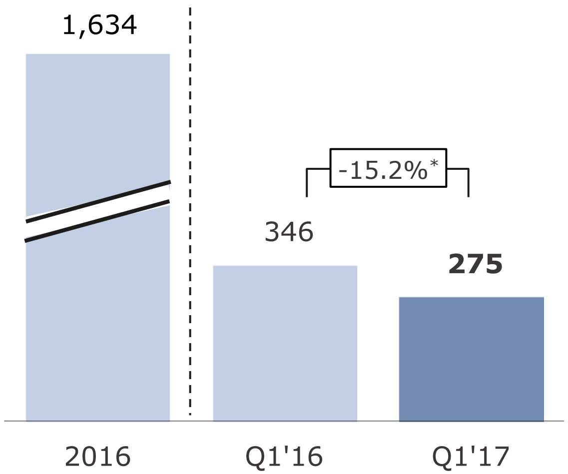
- Appendix

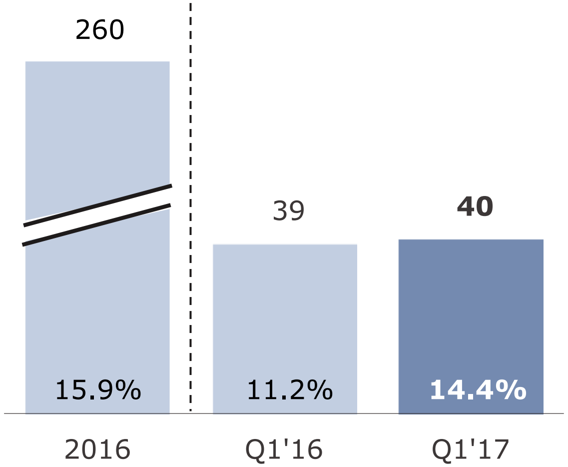
Energy Projects
Euro Millions, % on Sales

Sales



** Org. Growth*

Adj. EBITDA / % of Sales



Highlights

Submarine

- Positive market momentum confirmed by the recent projects awarded both in Interconnection (IFA2, approx. €350m) and Offshore wind (RTE Offshore, approx. €300m). January-April '17 order intake at approximately €700m.
- Adj.EBITDA margin improved on a favourable project mix, increase of MRO activities and the full utilization of the new installation assets (new vessel Ulisse, new jetting system).
- Organic decline related to project phasing.

Underground High Voltage

- Negative organic trend driven by soft market demand in France, Netherlands and the US and missing 2016 land portion of Turkey submarine project. Negative impact from change of perimeter in China in line with expectations.
- Adj.EBITDA margin improved thanks to a better project mix and the increase of service activities.

Orders Backlog Evolution (€ m)

	Dec '13	Dec '14	Dec '15	Mar '16	Dec '16	Mar'17*
Underground HV	~450	~450	~600	~550	~350	~400
Submarine	~2,050	~2,350	~2,600	~2,650	~2,050	~2,200
Group	**~2,500**	**~2,800**	**~3,200**	**~3,200**	**~2,400**	**~2,600**

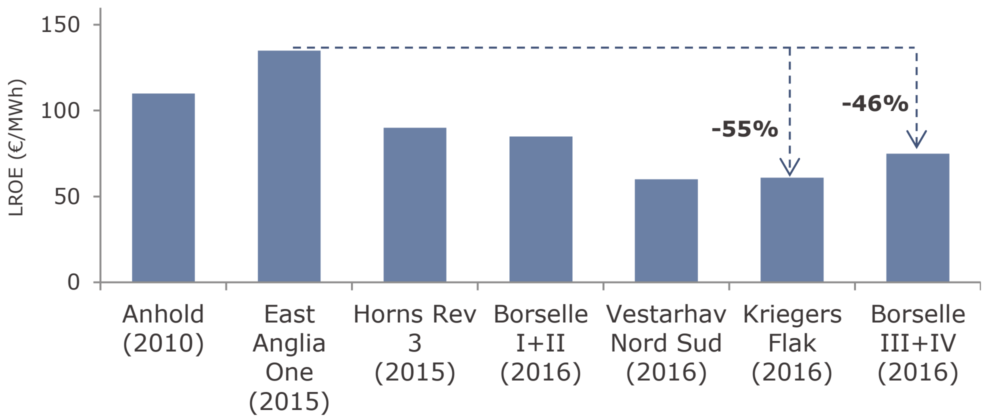
* Excludes RTE offshore wind export cable worth approx. € 300m

Offshore Wind Market Prospective.

Cost reduction driven by technological innovation and projects scale.

LROE* Analysis of traded offshore wind projects

** LROE: Levelised Revenue Of Electricity*



Source: WindEurope

Key Highlights

- LROE reduced by half in the last 2 years.
- Larger projects scale and increasing turbine dimension fueled LROE reduction over the past few years.
- Technological innovation like 66kV Inter-array system should contribute to further cost reduction.
- Grid parity achieved in Europe: latest tenders awarded at market price, with no public incentives required.

North Sea Power Hub Project

North Sea Power Hub:

Location: Dogger Bank, North Sea.

Characteristics: shallow waters with optimal wind conditions.

Status: feasibility study.

Developers: TenneT TSO (Netherlands/Germany) and Energinet TSO (Denmark).

Power Link Island:

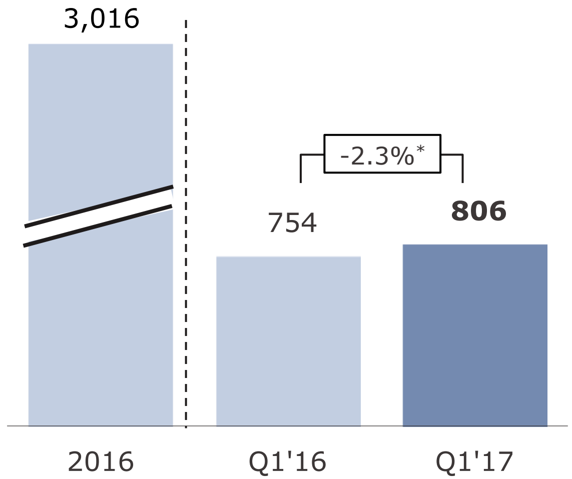
Purpose 1: artificial islands offering near-shore connections to a large number of offshore wind farms (up to 100 GW).

Purpose 2: transmission DC cables to be used also to interconnect countries.

Energy & Infrastructure

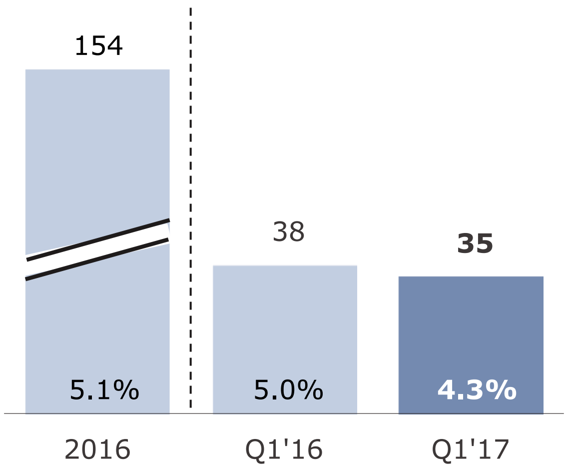
Euro Millions, % on Sales

Sales



** Org. Growth*

Adj. EBITDA / % of Sales



Highlights

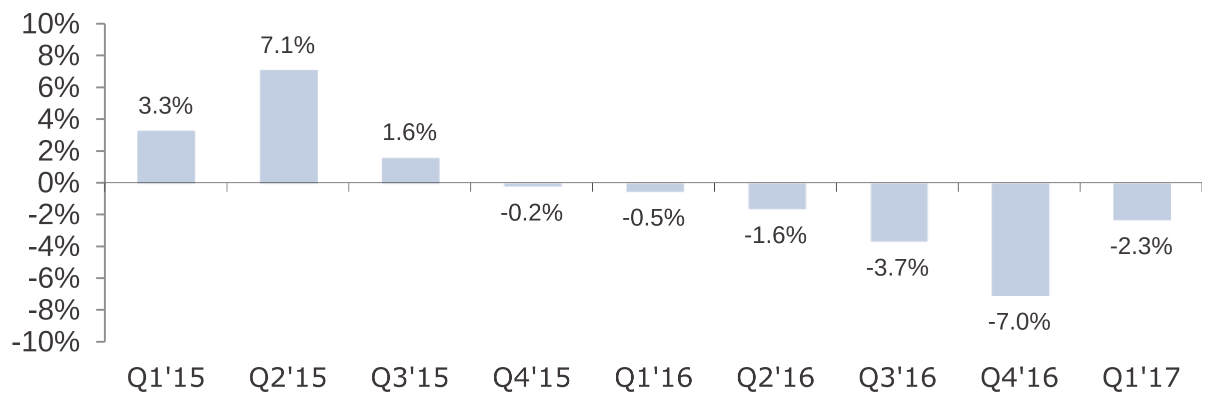
Trade & Installers

- Positive trend in the Nordics and Oceania, counterbalanced by a weak performance in Central-Eastern Europe, Turkey and Argentina.
- Profitability in the quarter temporarily affected by sharp increase in copper price.

Power Distribution

- Stable volumes despite the tough comparison with strong Q1 2016, with an increase in profitability.
- Nordics and APAC regions best performing areas, while Central-Eastern Europe (mainly Germany) and Argentina recorded a weak performance.

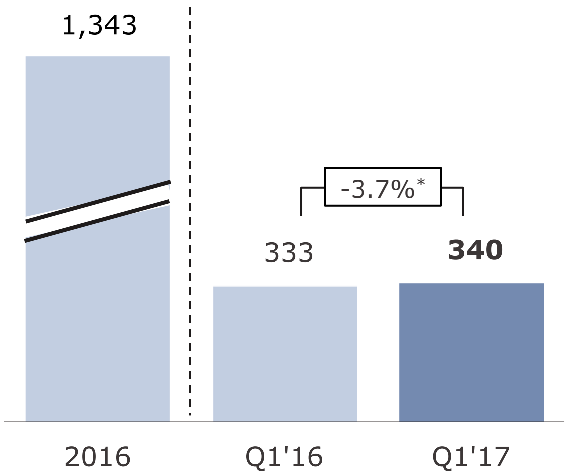
Quarterly organic growth* evolution



Industrial & Network Components

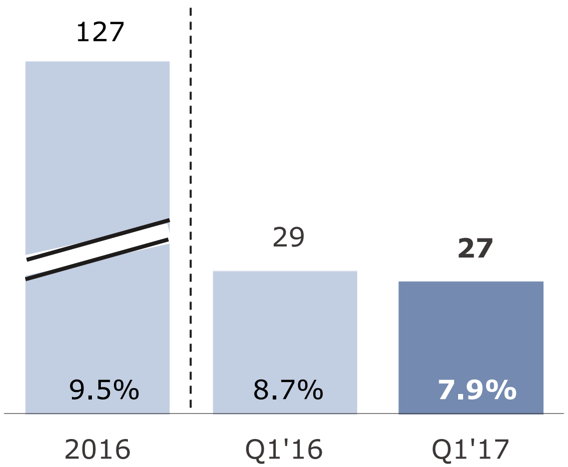
Euro Millions, % on Sales

Sales



** Org. Growth*

Adj. EBITDA / % of Sales



Highlights

Order Backlog

- Order backlog started to recover after 2 consecutive quarters of decline.

Specialties, OEMs & Renewables

- Sound performance in Railway, supported by increasing order inflow, more than offset by slowdown in Renewables, Crane and Nuclear segments.
- Negative organic trend, also driven by uneasy comparison. Slowdown in Europe partially offset by positive performance in APAC.
- Profitability negatively impacted by unfavourable mix in OEM and volume decrease in Renewables.

Elevator

- Positive volume trend in EMEA and North America, offset by slowdown in China mainly due to projects delays.
- Continued focus on market share expansion in the After Market and service segments.

Automotive

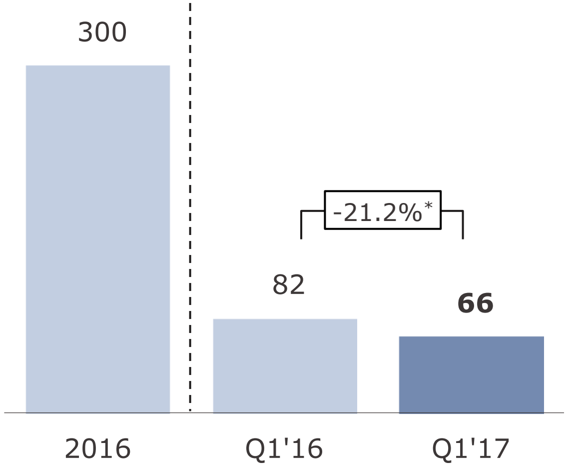
- Double digit organic growth and margin increase. Solid performance in APAC, North America and Latin America.
- Production footprint reorganization as a positive competitiveness driver in Europe.

Network Components

- Strong growth of MV and LV accessories mostly offset by the slowdown in HV and EHV segment driven by a weak performance in Europe.

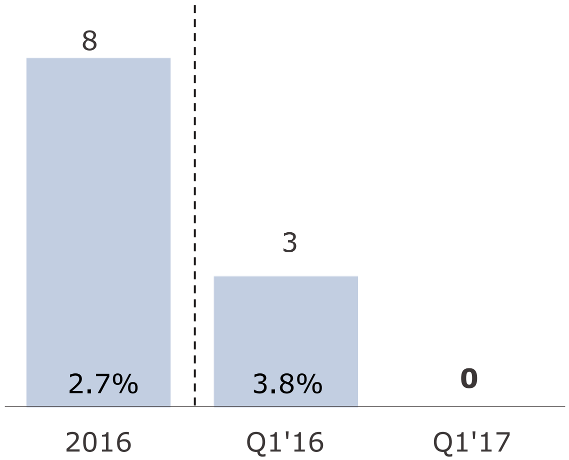
Oil & Gas
Euro Millions, % on Sales

Sales



* *Org. Growth*

Adj. EBITDA / % of Sales



Highlights

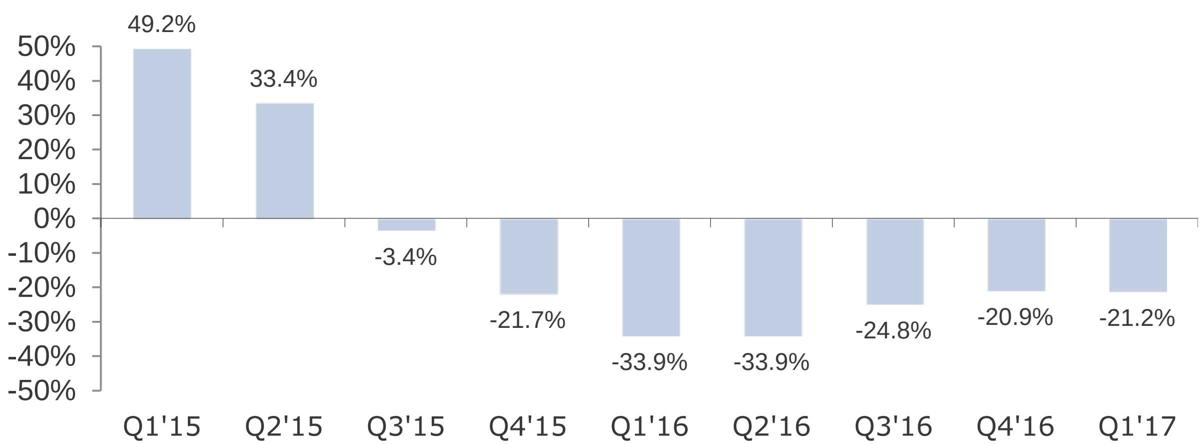
SURF

- Umbilical: volume and price drop in line with expectations driven by the low level of orders in Brazil in 2016. 2017 bids characterized by continued price pressure.
- DHT: positive result in North America shale, offset by major deep-water projects postponement.

Core Oil&Gas Cables

- Mid-single digit organic growth driven by onshore projects (Middle East, Russia, ASEAN) and drilling activities in North America.
- Design-to-cost and supply chain initiatives helped offsetting continued price pressure in the market.

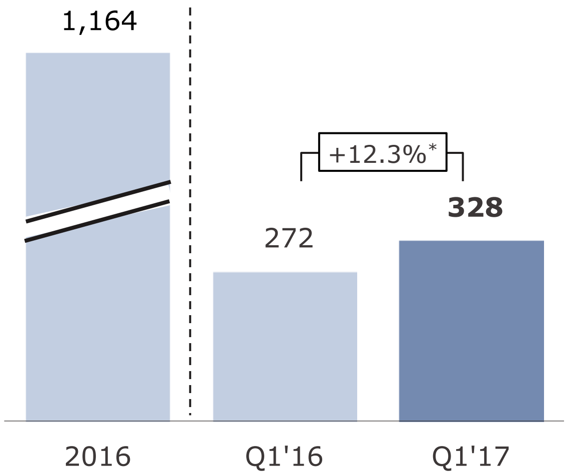
Quarterly organic growth* evolution



* % change vs. same quarter of previous year

Telecom
Euro Millions, % on Sales

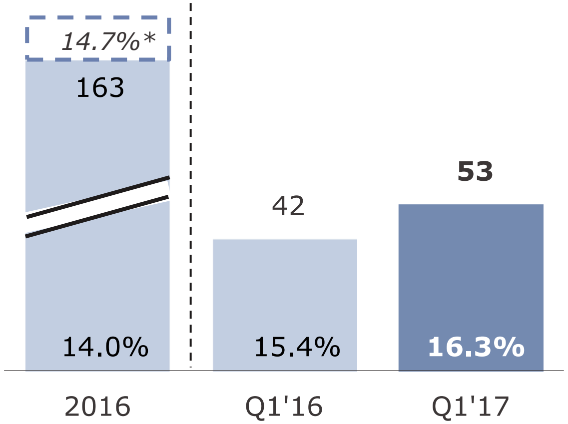
Sales



* Org. Growth

Adj. EBITDA / % of Sales

* Adj. EBITDA margin excl. €8mln bad debt provision in Brazil



Highlights

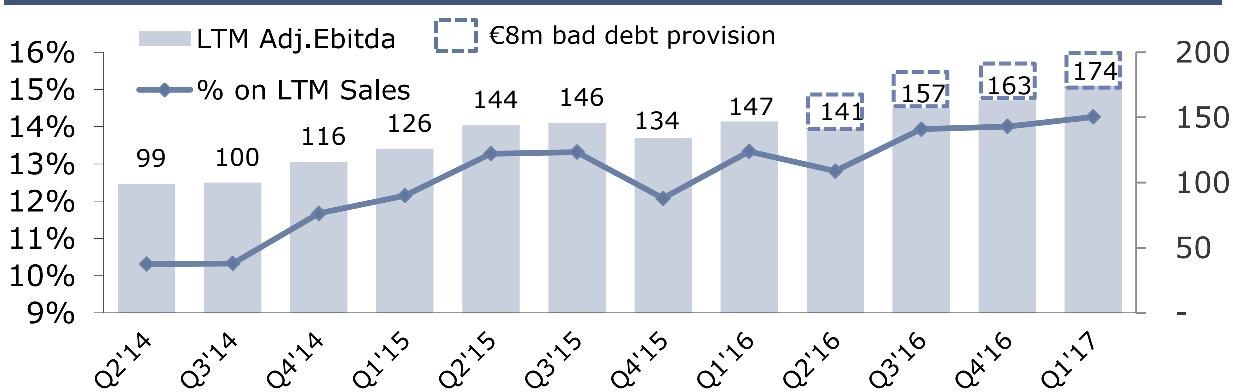
Telecom Solutions

- Solid performance mainly driven by the strong demand of the optical business.
- The new supply agreement signed between Prysmian and Verizon in the US (approx. $300m in 3 years) confirms the solid market momentum in the country.
- Positive market trend in Europe.
- General fiber shortage in the market

MMS

- Positive trend in all regions, in particular in Europe and South America.
- Capacity increase due to acquisition of Corning business in Germany (in H2-2016) allowing to follow solid market growth in Europe.

Quarterly LTM Adj. EBITDA and % on Sales evolution



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- Appendix

FY 2017 Outlook

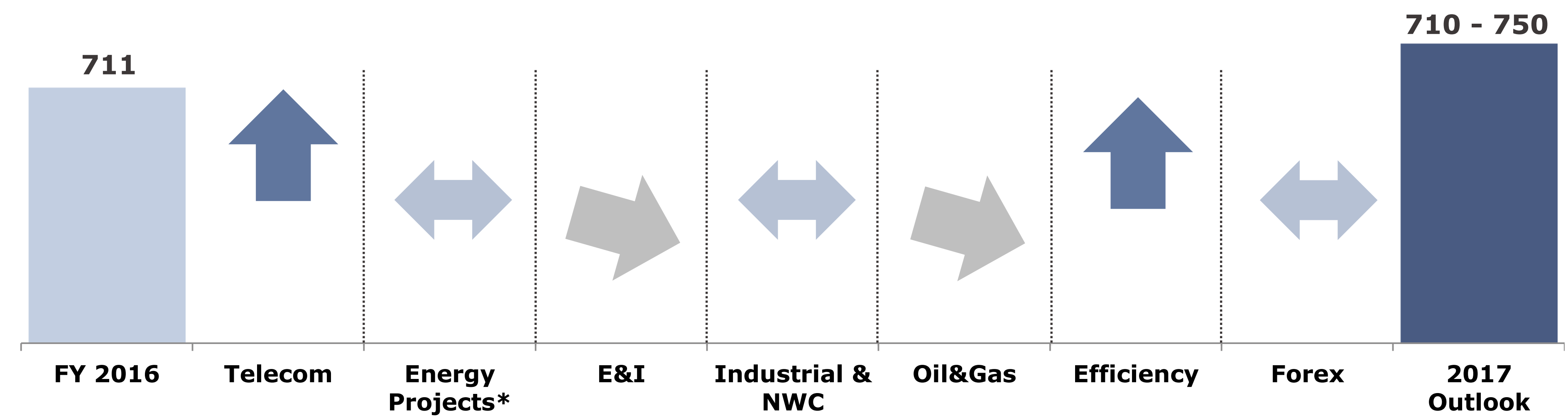
2017 Adj.EBITDA Target (€ million)

2017 Adj.EBITDA Target Assumptions (€ million)

Mid-point target assumptions:

- Continued strong growth in Telecom business
- Stable results in Energy Projects after adsorbing negative perimeter effect in Underground HV (China)
- Soft market trend continuing through the year in the Energy Products.
- Steadily difficult trend in Oil&Gas (SURF).

Adj. EBITDA 2016 - 2017 Outlook Bridge (€ million)



* Including perimeter change in China.

Agenda

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  - Outlook

- **Financial results**

- Appendix

Profit and Loss Statement

Euro Millions

	Q1 2017	Q1 2016*
Sales	**1,849**	**1,810**
YoY total growth	*2.2%*	
YoY organic growth	*(3.7%)*	
Adj.EBITDA	**154**	**150**
% on sales	*8.3%*	*8.3%*
Adjustments	(24)	(10)
EBITDA	**130**	**140**
% on sales	*7.0%*	*7.7%*
Adj.EBIT	**110**	**107**
% on sales	*5.9%*	*5.9%*
Adjustments	(24)	(10)
Special items	(8)	(25)
EBIT	**78**	**72**
% on sales	*4.2%*	*4.0%*
Financial charges	(26)	(18)
EBT	**52**	**54**
% on sales	*2.8%*	*3.0%*
Taxes	(15)	(17)
% on EBT	*(28.0%)*	*(31.5%)*
Net Income	**37**	**37**
% on sales	*2.0%*	*2.0%*
Minorities	1	6
Group Net Income	**36**	**31**
% on sales	*2.0%*	*1.7%*

** Restated figures*

Adjustments and Special Items on EBIT

Euro Millions

	Q1 2017	Q1 2016
Non-recurring Items (Antitrust Investigation)	(15)	-
Restructuring	(5)	(7)
Other Non-operating Income / (Expenses)	(4)	(3)
EBITDA adjustments	**(24)**	**(10)**
Special items	(8)	(25)
Gain/(loss) on metal derivatives	*3*	*2*
Assets impairment	*-*	*(15)*
Other	*(11)*	*(12)*
EBIT adjustments	**(32)**	**(35)**

Financial Charges

Euro Millions

	Q1 2017	Q1 2016
Net interest expenses	**(17)**	**(15)**
of which non-cash conv.bond interest exp.	*(4)*	*(2)*
Bank fees amortization	-	-
Gain/(loss) on exchange rates	1	7
Gain/(loss) on derivatives [1)]	(7)	(9)
Non recurring effects	(1)	(1)
Other non-operating financial expenses	(2)	-
Net financial charges	**(26)**	**(18)**

1) Includes currency and interest rate derivatives

Statement of financial position (Balance Sheet)

Euro Millions

	31 Mar 2017	31 Mar 2016*	31 Dec 2016
Net fixed assets	2,656	2,546	2,630
of which: goodwill	*447*	*446*	*448*
of which: intangible assets	*340*	*272*	*344*
of which: property, plants & equipment	*1,653*	*1,535*	*1,631*
Net working capital	788	646	325
of which: derivatives assets/(liabilities)	*3*	*(27)*	*7*
of which: Operative Net working capital	*785*	*673*	*318*
Provisions & deferred taxes	(359)	(308)	(360)
Net Capital Employed	**3,085**	**2,884**	**2,595**
Employee provisions	381	332	383
Shareholders' equity	1,706	1,514	1,675
of which: attributable to minority interest	*212*	*221*	*227*
Net financial debt	998	1,038	537
Total Financing and Equity	**3,085**	**2,884**	**2,595**

** Restated figures*

Cash Flow
Euro Millions

	Q1 2017	Q1 2016	12 Months (from 1/4/2016 to 31/3/2017)
Adj.EBITDA	**154**	**150**	**715**
Adjustments	(24)	(10)	(80)
EBITDA	**130**	**140**	**635**
Net Change in provisions & others	(1)	(17)	16
Share of income from investments in op.activities	(10)	(7)	(34)
Cash Flow from operations (bef. WC changes)	**119**	**116**	**617**
Working Capital changes	(483)	(294)	(122)
Dividends received	3	2	11
Paid Income Taxes	(20)	(24)	(72)
Cash flow from operations	**(381)**	**(200)**	**434**
Acquisitions & Disposals	-	-	31
Net Operative CAPEX	(67)	(49)	(245)
of which acquisitions of assets of ShenHuan	*(33)*	-	*(44)*
Free Cash Flow (unlevered)	**(448)**	**(249)**	**220**
Financial charges	(12)	(16)	(64)
Free Cash Flow (levered)	**(460)**	**(265)**	**156**
Free Cash Flow (levered) excl. Acquisitions & Disposals*	***(427)***	***(265)***	***169***
Dividends	-	(11)	(91)
Treasury shares buy-back & other equity movements	(49)	-	(49)
Net Cash Flow	**(509)**	**(276)**	**16**
Net financial debt beginning of the period	**(537)**	**(750)**	**(1,038)**
Net cash flow	(509)	(276)	16
Equity component of convertible bond	48	-	48
Other variations	-	(12)	(24)
Net financial debt end of the period	**(998)**	**(1,038)**	**(998)**

*** Calculated as FCF (levered) excluding acquisitions of assets of ShenHuan and "Acquisitions & Disposals".*

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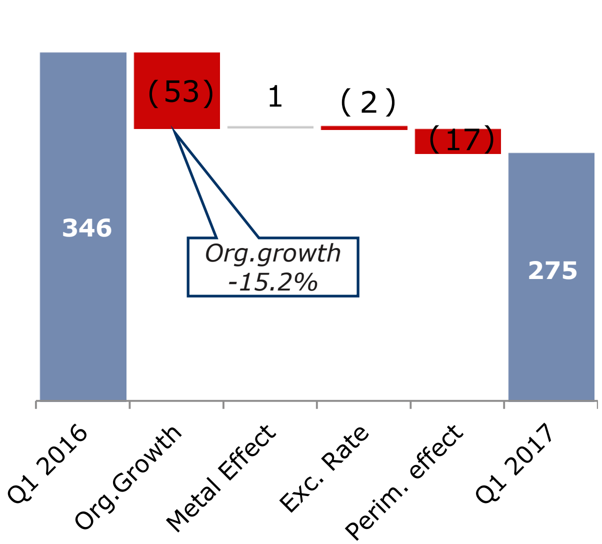
  - Outlook
- Financial results
- **Appendix**

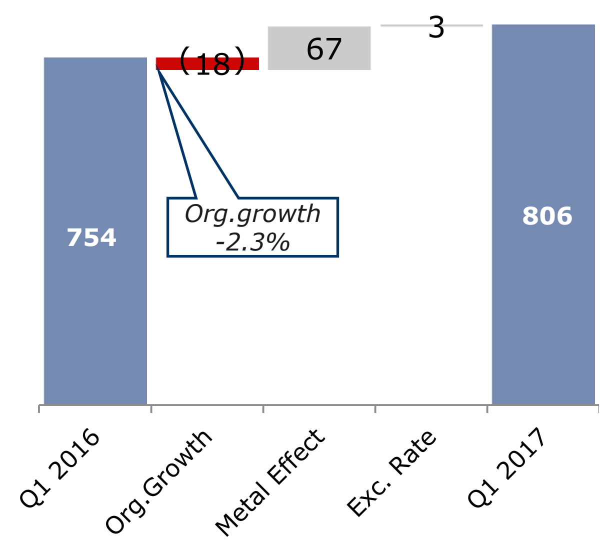
Bridge Consolidated Sales

Euro Millions

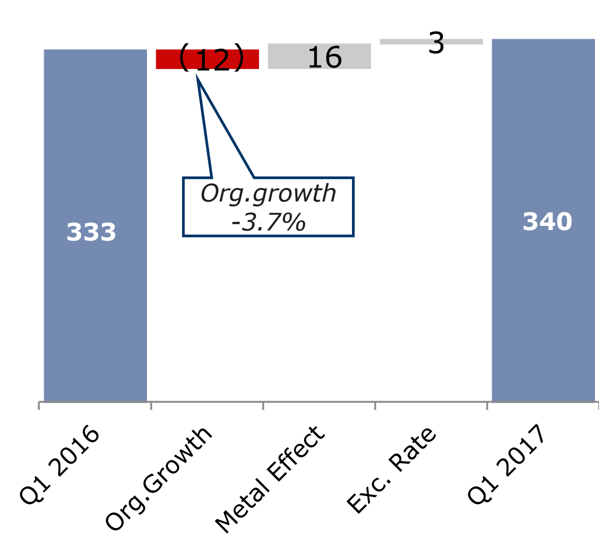
Energy Projects



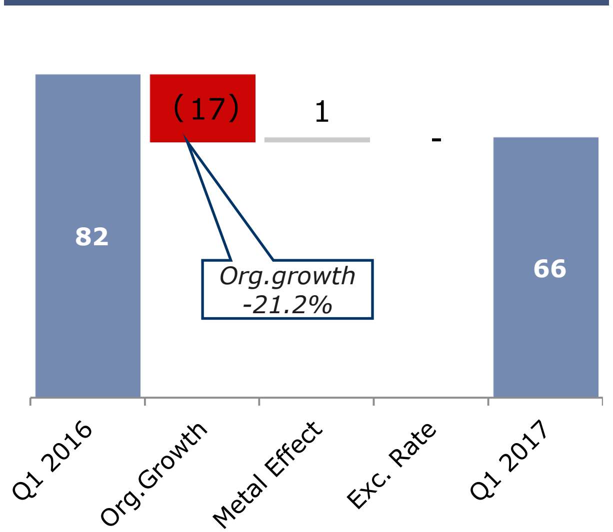
E&I



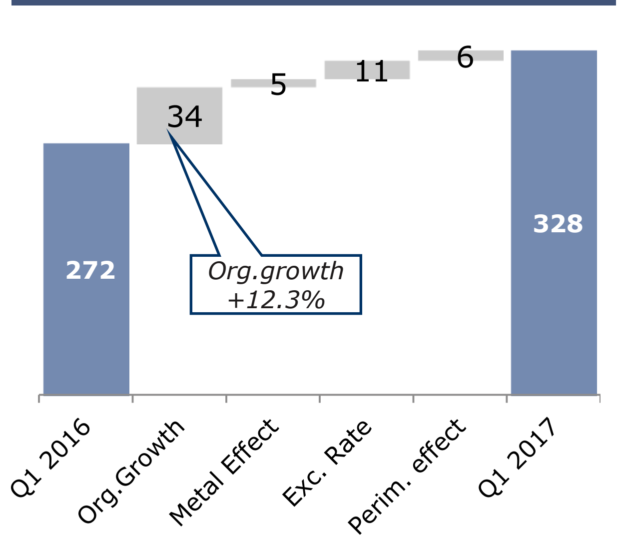
Industrial & NWC



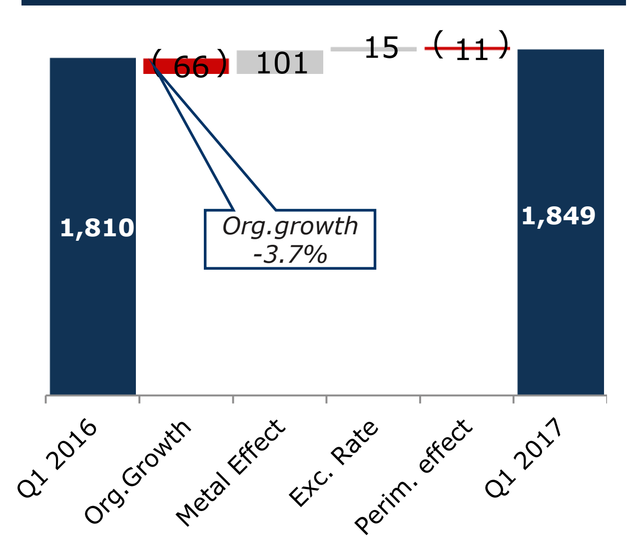
Oil & Gas



Telecom



Total Consolidated



Profit and Loss Statement
Euro Millions

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YoY total growth	*2.2%*	
YoY organic growth	*(3.7%)*	
Adj.EBITDA	**154**	**150**
% on sales	*8.3%*	*8.3%*
of which share of net income	10	7
Adjustments	(24)	(10)
EBITDA	**130**	**140**
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** Restated figures*

Energy Projects Segment – Profit and Loss Statement

Euro Millions

	Q1 2017	Q1 2016
Sales to Third Parties	**275**	**346**
YoY total growth	*(20.5%)*	
YoY organic growth	*(15.2%)*	
Adj. EBITDA	**40**	**39**
% on sales	*14.4%*	*11.2%*
Adj. EBIT	**30**	**31**
% on sales	*10.7%*	*8.8%*

Energy Products Segment – Profit and Loss Statement

Euro Millions

		Q1 2017	Q1 2016*
Sales to Third Parties	**E&I**	**806**	**754**
	YoY total growth	*7.0%*	
	YoY organic growth	*(2.3%)*	
	Industrial & Netw. Comp.	**340**	**333**
	YoY total growth	*1.9%*	
	YoY organic growth	*(3.7%)*	
	Other	**34**	**23**
	YoY total growth	*48.1%*	
	YoY organic growth	*(0.0%)*	
	ENERGY PRODUCTS	**1,180**	**1,110**
	YoY total growth	*6.3%*	
	YoY organic growth	*(2.7%)*	
Adj. EBITDA	**E&I**	**35**	**38**
	% on sales	*4.3%*	*5.0%*
	Industrial & Netw. Comp.	**27**	**29**
	% on sales	*7.9%*	*8.7%*
	Other	**(1)**	**(1)**
	% on sales	*(1.5%)*	*(2.3%)*
	ENERGY PRODUCTS	**61**	**66**
	% on sales	*5.2%*	*6.0%*
Adj. EBIT	**E&I**	**21**	**24**
	% on sales	*2.6%*	*3.2%*
	Industrial & Netw. Comp.	**22**	**24**
	% on sales	*6.5%*	*7.2%*
	Other	**(2)**	**(2)**
	% on sales	*(4.7%)*	*(7.0%)*
	ENERGY PRODUCTS	**41**	**46**
	% on sales	*3.5%*	*4.1%*

** Restated figures*

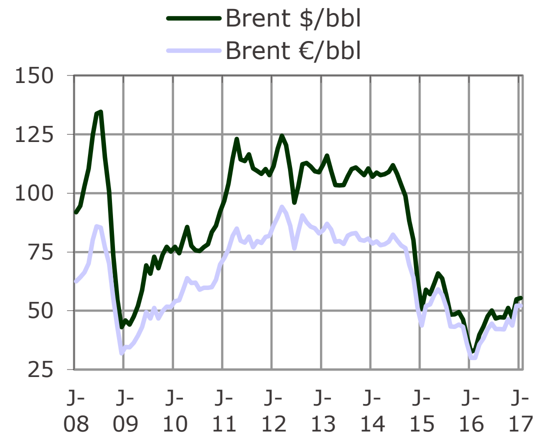
Oil&Gas Segment – Profit and Loss Statement
Euro Millions

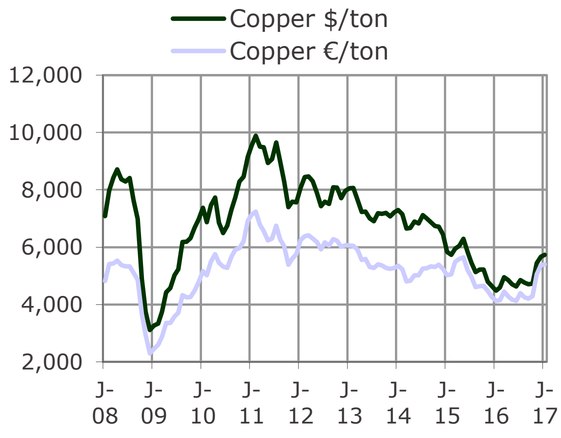
	Q1 2017	Q1 2016
Sales to Third Parties	**66**	**82**
YoY total growth	*(19.4%)*	
YoY organic growth	*(21.2%)*	
Adj. EBITDA	**0**	**3**
% on sales	*-*	*3.8%*
Adj. EBIT	**(4)**	**(2)**
% on sales	*(6.5%)*	*(1.8%)*

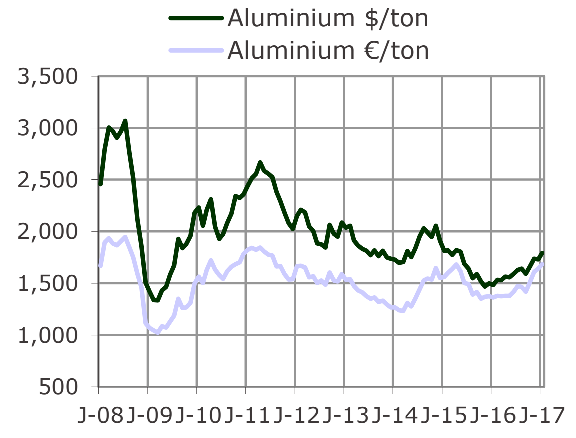
Telecom Segment – Profit and Loss Statement
Euro Millions

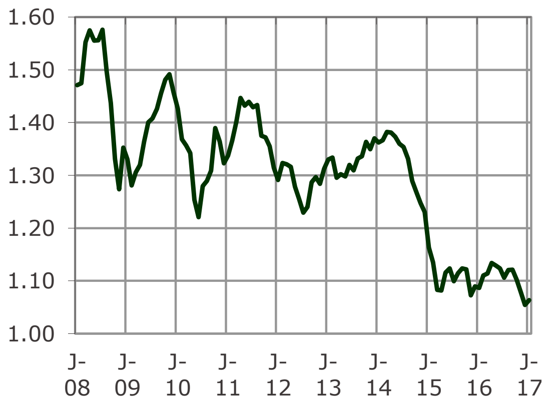
	Q1 2017	Q1 2016
Sales to Third Parties	**328**	**272**
YoY total growth	*20.6%*	
YoY organic growth	*12.3%*	
Adj. EBITDA	**53**	**42**
% on sales	*16.3%*	*15.4%*
Adj. EBIT	**43**	**32**
% on sales	*13.2%*	*11.7%*

Reference Scenario
Commodities & Forex

Brent


Copper


Aluminium


EUR / USD


EUR / GBP


EUR / BRL


Based on monthly average data
Source: Nasdaq OMX

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