



# H1 2017 Financial Results

Milan – June 27<sup>th</sup> 2017

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

- **H1 2017 Highlights**
  - **Group overview**
  - Results by business
  - Outlook
  
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- **Organic Growth improved at -1.5%**, (+0.6% in Q2) thanks to better trends in Energy Projects and Industrial; confirmed solid trend in Telecom.



- **Adj. EBITDA at € 362m** (9.2% of sales), up from € 347m in H1 2016, supported by:
  - Strong performance in **Telecom**.
  - Improved profitability in **Energy Projects** despite negative perimeter effect in China.
- Delayed recovery in **cyclical** business and continued slowdown in **SURF** (Brazil).

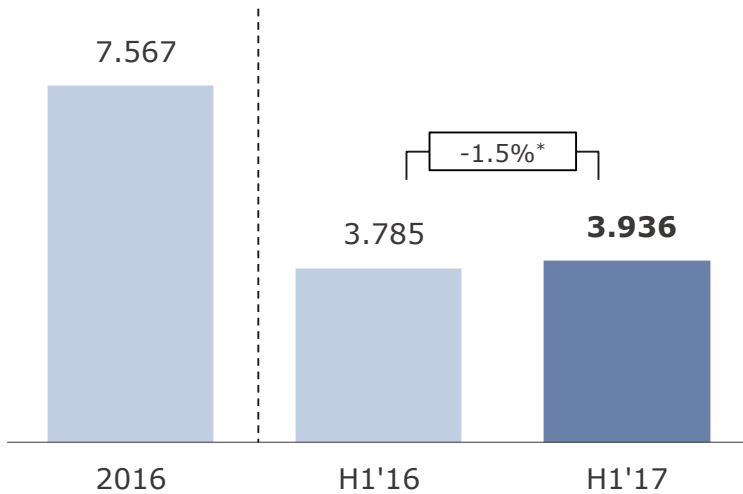


- **Net Financial Debt at € 1,000m**, including approximately € 99m shares Buy-back since January 2017.

# H1 2017 Key Financials

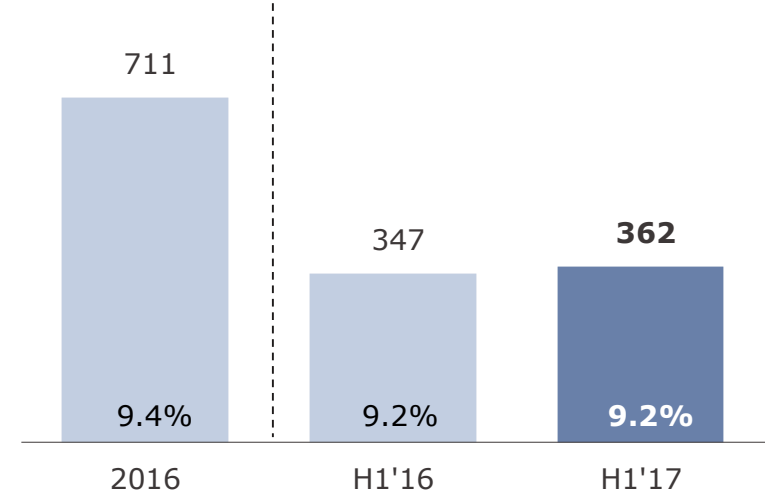
Euro Millions, % on Sales

## Sales

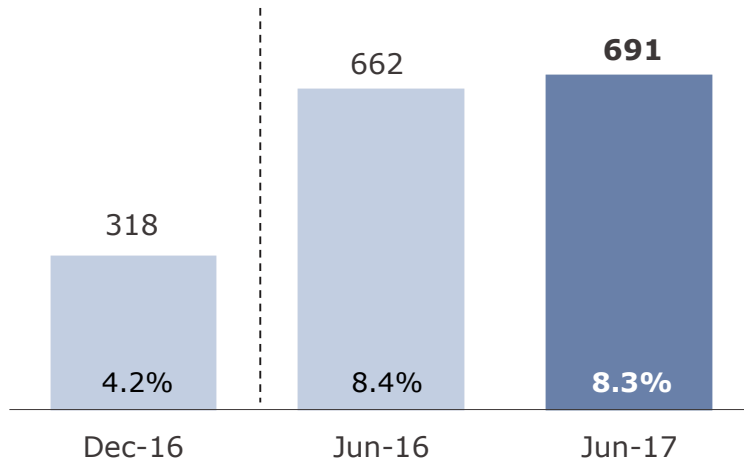


\* Org. Growth

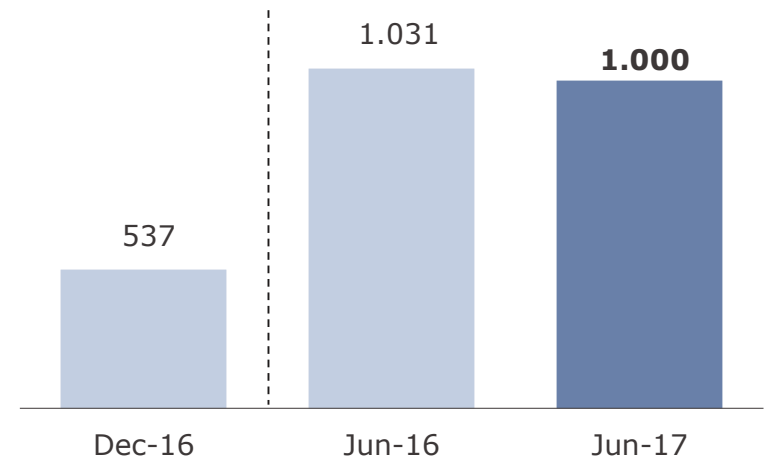
## Adjusted EBITDA <sup>(1)</sup>



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



## Net Financial Debt

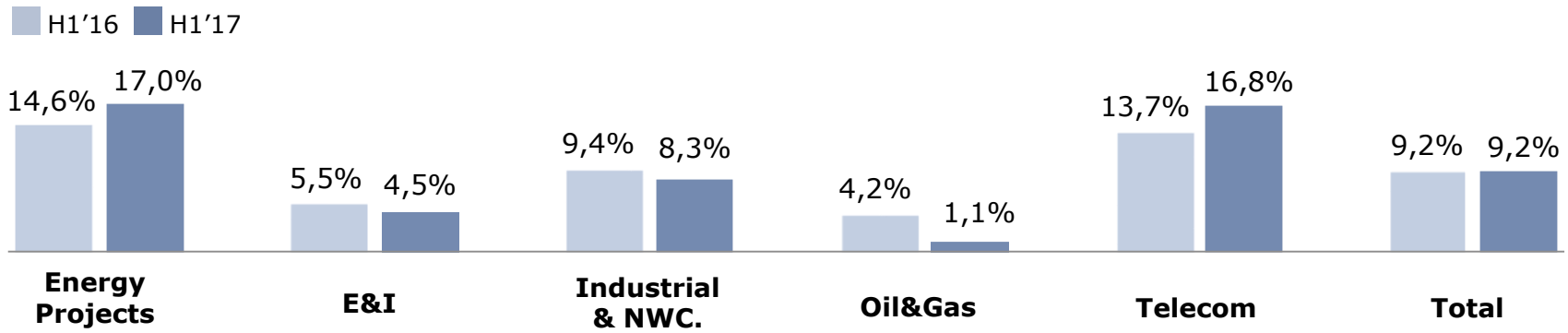


(1) Adjusted excluding restructuring, non-operating income/expenses and non-recurring income/expenses; (2) Defined as NWC excluding derivatives; % on sales is defined as Operative NWC on annualized last quarter sales

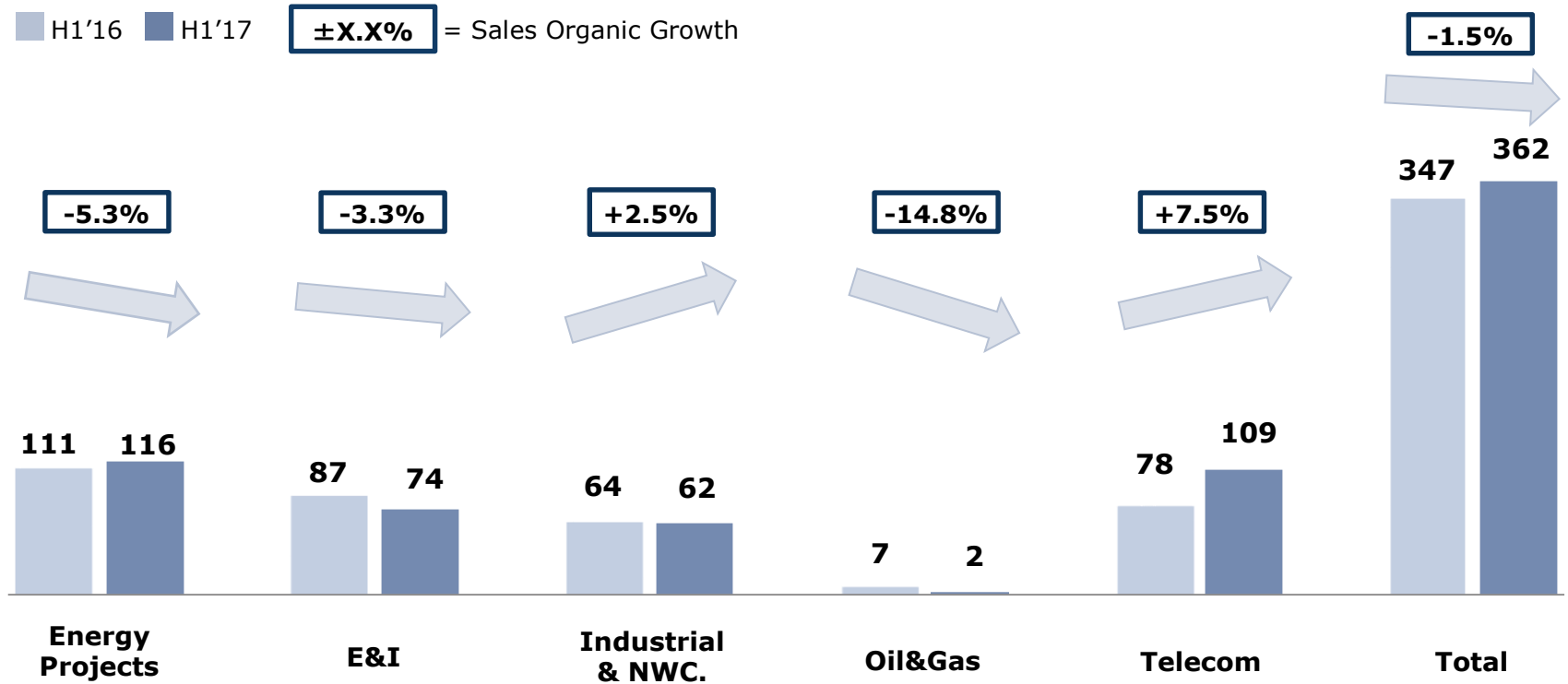
# Moderate organic decline with improved profitability.

Positive performance in Telecom and Energy Projects offset by weakness in E&I and SURF.

Adj. EBITDA Margin



Adj. EBITDA (€ million) / % Org. Growth

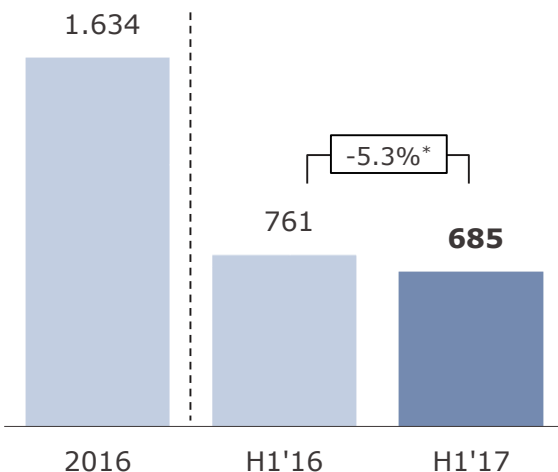


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# Energy Projects

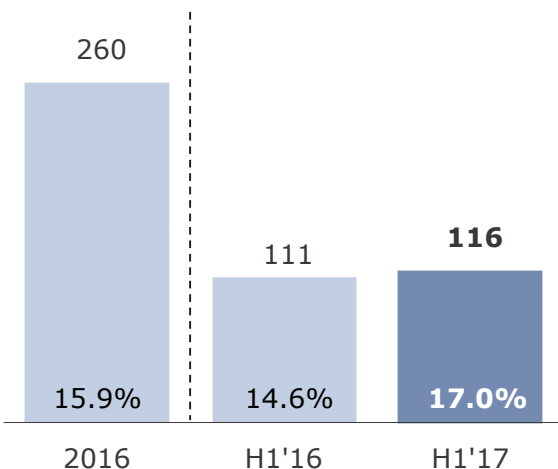
Euro Millions, % on Sales

## Sales



\* Org. Growth

## Adj. EBITDA / % of Sales



## Highlights

### Submarine

- Improving organic trend recovering after a soft start in Q1.
- Adj.EBITDA margin improving also thanks to full utilization of the new installation assets (new vessel Ulisse, new jetting system).
- Solid market outlook, further supported by the reduction of the LRoE (Levelized Revenue of Electricity) in recent offshore wind farm awards in Germany.

### Underground High Voltage

- Sales declined organically driven by weak market demand in France, Middle East and the US. Strong performance in APAC supported by a solid order inflow.
- Adj.EBITDA negatively impacted by perimeter change (China) and soft performance in France, Netherlands and US.

## Orders Backlog Evolution (€ m)

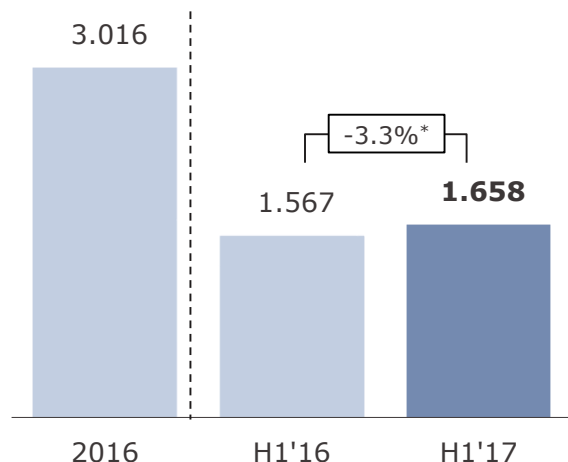
	Dec '13	Dec '14	Dec '15	Jun '16	Dec '16	Jun'17*
Underground HV	~450	~450	~600	~500	~350	~400
Submarine	~2,050	~2,350	~2,600	~2,450	~2,050	~2,050
<b>Group</b>	<b>~2,500</b>	<b>~2,800</b>	<b>~3,200</b>	<b>~2,950</b>	<b>~2,400</b>	<b>~2,450</b>

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

# Energy & Infrastructure

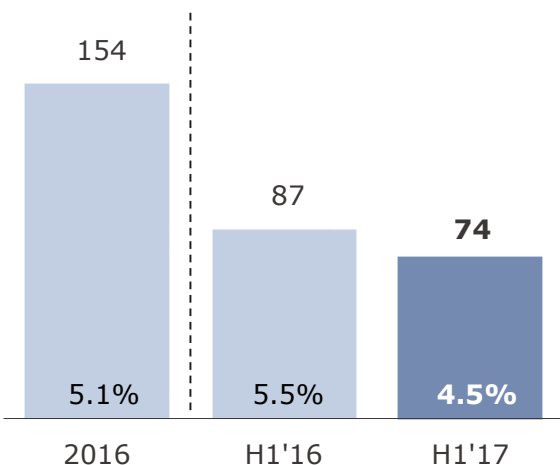
Euro Millions, % on Sales

## Sales



\* Org. Growth

## Adj. EBITDA / % of Sales



## Highlights

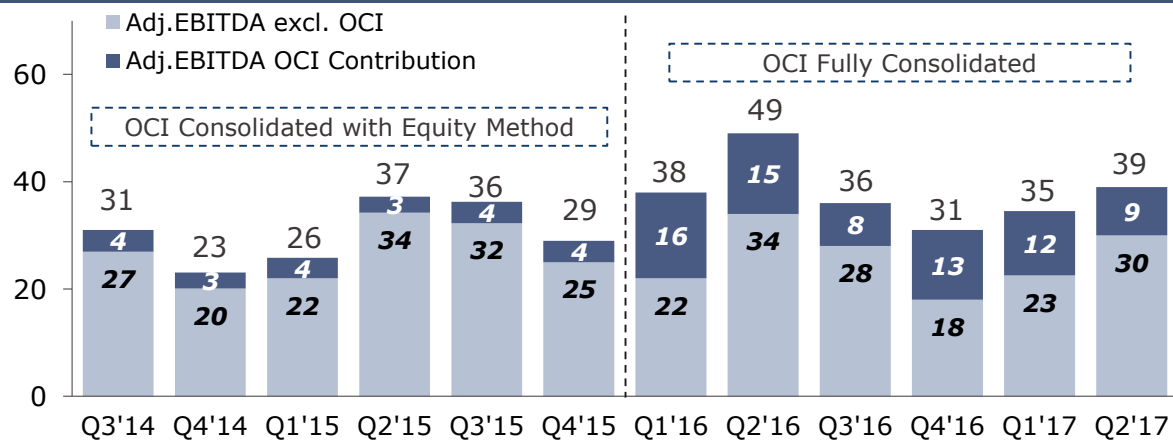
### Trade & Installers

- Positive performance in the Nordics, Oceania and China was more than offset by weakness in Oman, Turkey and Argentina. The recent update in renewable energy regulation in US negatively affected volumes.
- CPR regulation became mandatory starting from July 1<sup>st</sup> 2017, with potential positive implications in selected markets expected to materialize in H2.

### Power Distribution

- Market slowdown in Germany and Eastern Europe progressing in line with expectations. Positive performance in APAC, the Nordics and North America.
- Adj.EBITDA margin declined slightly due the tough market conditions in Central and Easter Europe and in Oman.

## Quarterly Adj.EBITDA evolution

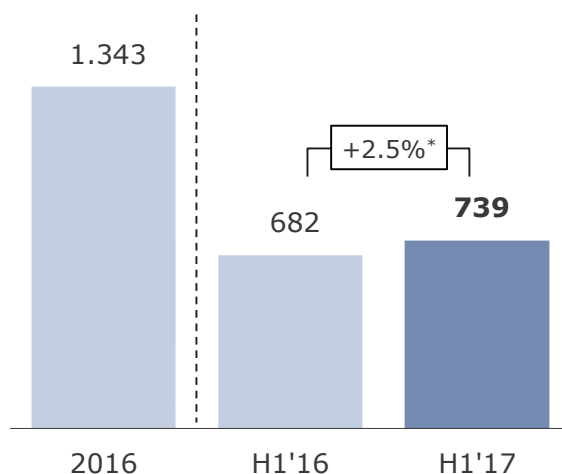




# Industrial & Network Components

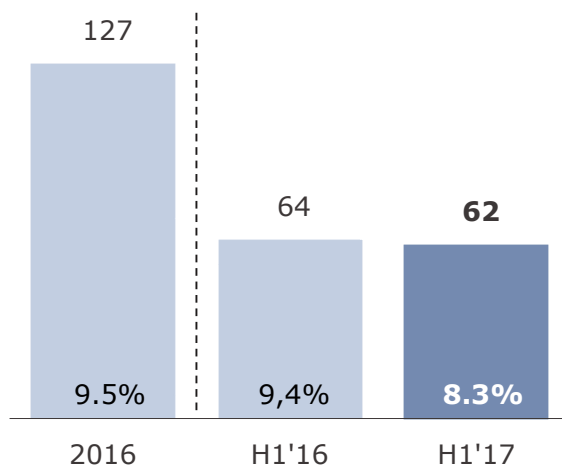
Euro Millions, % on Sales

## Sales



\* Org. Growth

## Adj. EBITDA / % of Sales



## Highlights

### Specialties, OEMs & Renewables

- Low single digit organic growth thanks to a solid performance in Railway and Infrastructure, ongoing recovery in Mining and Renewables. Crane, Defense and Marine slowing down after the peak of 2016.
- Solid trend in APAC and North America. Europe improving after a soft start of the year.
- Increasing order backlog creates a sustainable trend for the remaining part of the year.

### Elevator

- Slight organic decrease due to projects delays in China. Positive volumes trend in Europe.
- Adj.EBITDA was negatively affected by the volume drop in China and the unfavourable product mix in North America.

### Automotive

- Double digit organic increase with strong performance in APAC and North America. Europe broadly stable.
- Profitability improvement driven by volume growth in North America and APAC and by a leaner manufacturing set-up in Europe.

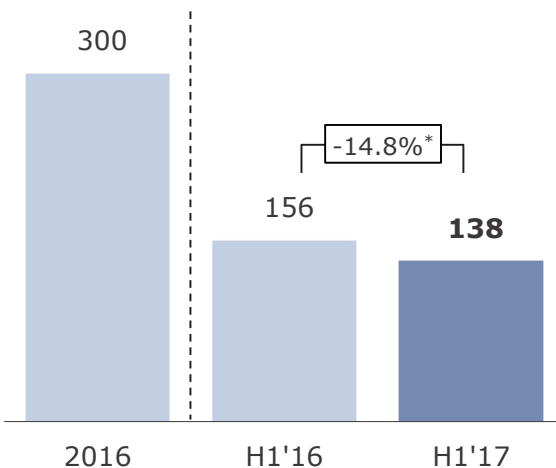
### Network Components

- Soft volumes and margin driven by the slowdown of HV accessories in Europe and China. Positive performance in MV and LV business in Europe and US.

# Oil & Gas

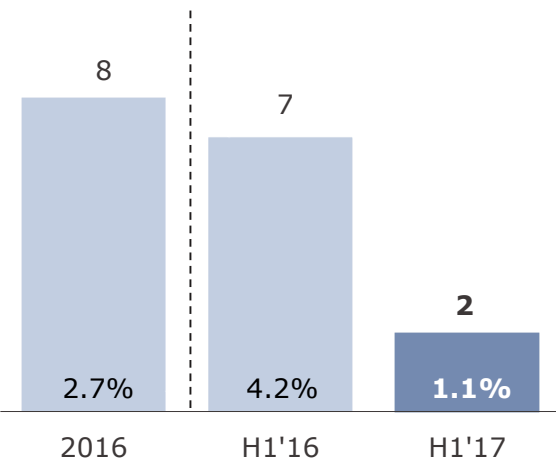
Euro Millions, % on Sales

## Sales



\* Org. Growth

## Adj. EBITDA / % of Sales



## Highlights

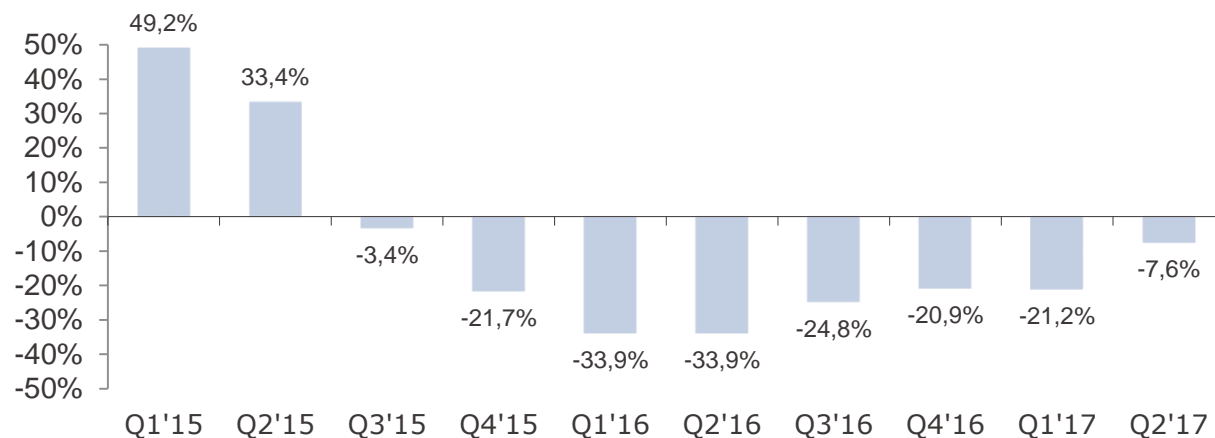
### SURF

- **Umbilical:** weak performance driven by 2016 low projects awards in Brazil. Market environment remains highly competitive.
- **DHT:** Volume recovery in onshore segment (US Shale) partially offset by weak demand from international markets. Profitability negatively affected by unfavorable product mix (on shore vs. offshore).

### Core Cable Oil & Gas

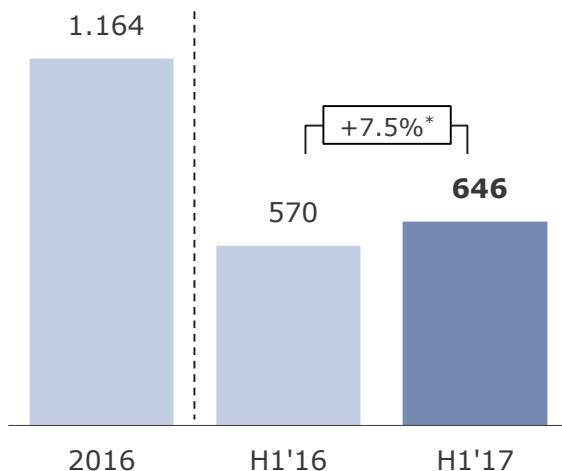
- Sales improved organically thanks to onshore projects in Middle East, Russia and North America. Offshore remains at very low level.
- Volume recovery and efficiency sustaining profitability while price remain challenging due to overcapacity.

## Quarterly organic growth\* evolution



\* % change vs. same quarter of previous year

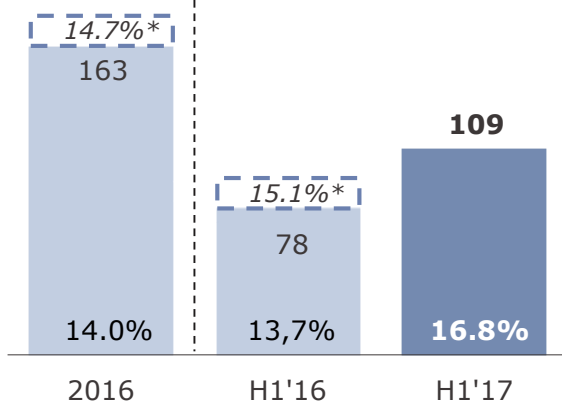
## Sales



\* Org. Growth

## Adj. EBITDA / % of Sales

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



## Highlights

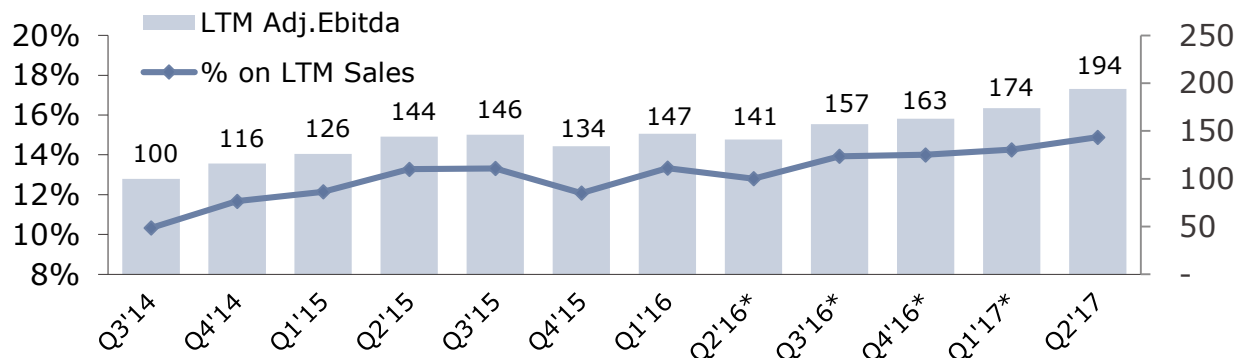
### Telecom Solutions

- Double-digit organic growth in optical cables segment confirmed in Q2.
- Solid market demand in Europe and US driven by FTTH/FTTC roll-out acceleration.
- Declining performance in the copper business due to the challenging comparison with H1 2016.
- €250m ongoing investment 3 year plan aimed at improving production capacity and efficiency worldwide.

### MMS

- Growing volumes and margin in Europe and APAC, also supported by the new manufacturing set-up in Europe.
- Positive market demand benefitting from growing investments in datacentres.

## Quarterly LTM Adj. EBITDA and % on LTM Sales evolution



\* Including € 8m bad debt provision in Brazil

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# FY 2017 Outlook

## 2017 Adj.EBITDA Target (€ million)

710

Mid-point € 730m

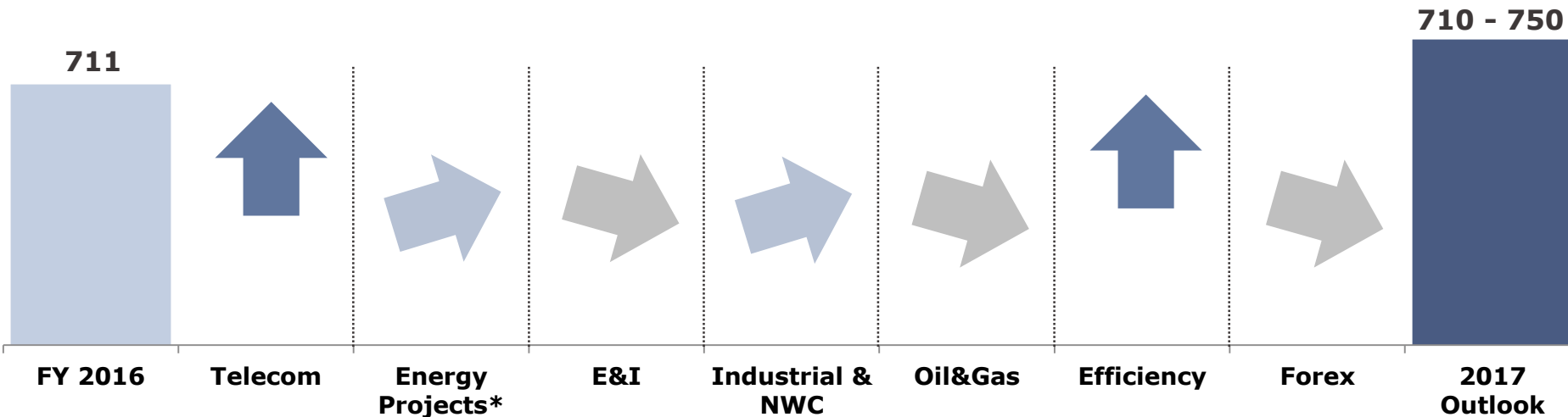
750

## 2017 Adj.EBITDA Target Assumptions (€ million)

### Mid-point target assumptions:

- Continued strong performance in Telecom business.
- Stable results in Energy Projects after adsorbing negative perimeter effect in Underground HV (China).
- Improving trend Industrial offset by soft E&I demand.
- Still difficult market in Oil&Gas (SURF).
- Moderately negative forex impact.

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



\* Including perimeter change in China.

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# Profit and Loss Statement

Euro Millions

	H1 2017	H1 2016
<b>Sales</b>	<b>3.936</b>	<b>3.785</b>
<i>YoY total growth</i>	4,0%	
<i>YoY organic growth</i>	(1,5%)	
<b>Adj.EBITDA</b>	<b>362</b>	<b>347</b>
<i>% on sales</i>	9,2%	9,2%
Adjustments	(31)	(25)
<b>EBITDA</b>	<b>331</b>	<b>322</b>
<i>% on sales</i>	8,4%	8,5%
<b>Adj.EBIT</b>	<b>274</b>	<b>261</b>
<i>% on sales</i>	7,0%	6,9%
Adjustments	(31)	(25)
Special items	(36)	(19)
<b>EBIT</b>	<b>207</b>	<b>217</b>
<i>% on sales</i>	5,3%	5,8%
Financial charges	(49)	(37)
<b>EBT</b>	<b>158</b>	<b>180</b>
<i>% on sales</i>	4,0%	4,8%
Taxes	(45)	(56)
<i>% on EBT</i>	(28,5%)	(31,1%)
<b>Net Income</b>	<b>113</b>	<b>124</b>
<i>% on sales</i>	2,9%	3,3%
Minorities	-	9
<b>Group Net Income</b>	<b>113</b>	<b>115</b>
<i>% on sales</i>	2,9%	3,0%

# Adjustments and Special Items on EBIT

Euro Millions

	H1 2017	H1 2016
Non-recurring Items (Antitrust Investigation)	(15)	-
Restructuring	(9)	(11)
Other Non-operating Income / (Expenses)	(7)	(14)
<b>EBITDA adjustments</b>	<b>(31)</b>	<b>(25)</b>
Special items	(36)	(19)
<i>Gain/(loss) on metal derivatives</i>	(11)	20
<i>Assets impairment</i>	-	(15)
<i>Other</i>	(25)	(24)
<b>EBIT adjustments</b>	<b>(67)</b>	<b>(44)</b>



# Financial Charges

Euro Millions

	H1 2017	H1 2016
<b>Net interest expenses</b>	<b>(34)</b>	<b>(28)</b>
<i>of which non-cash conv.bond interest exp.</i>	<i>(8)</i>	<i>(4)</i>
Bank fees amortization	(2)	(2)
Gain/(loss) on exchange rates	2	7
Gain/(loss) on derivatives <sup>1)</sup>	(12)	(12)
Non recurring effects	(1)	(1)
Other non-operating financial expenses	(2)	-
Other	-	(1)
<b>Net financial charges</b>	<b>(49)</b>	<b>(37)</b>

1) Includes currency and interest rate derivatives

# Statement of financial position (Balance Sheet)

Euro Millions

	30 Jun 2017	30 Jun 2016	31 Dec 2016
Net fixed assets	2.599	2.565	2.630
<i>of which: goodwill</i>	441	444	448
<i>of which: intangible assets</i>	318	347	344
<i>of which: property, plants &amp; equipment</i>	1.625	1.563	1.631
Net working capital	700	646	325
<i>of which: derivatives assets/(liabilities)</i>	9	(16)	7
<i>of which: Operative Net working capital</i>	691	662	318
Provisions & deferred taxes	(357)	(299)	(360)
<b>Net Capital Employed</b>	<b>2.942</b>	<b>2.912</b>	<b>2.595</b>
Employee provisions	371	393	383
Shareholders' equity	1.571	1.488	1.675
<i>of which: attributable to minority interest</i>	199	223	227
Net financial debt	1.000	1.031	537
<b>Total Financing and Equity</b>	<b>2.942</b>	<b>2.912</b>	<b>2.595</b>

# Cash Flow

Euro Millions

	H1 2017	H1 2016	12 Months (from 1/7/2016 to 30/6/2017)
<b>Adj.EBITDA</b>	<b>362</b>	<b>347</b>	<b>726</b>
Adjustments	(31)	(25)	(72)
<b>EBITDA</b>	<b>331</b>	<b>322</b>	<b>654</b>
Net Change in provisions & others	4	(14)	18
Share of income from investments in op.activities	(19)	(14)	(36)
<b>Cash Flow from operations (bef. WC changes)</b>	<b>316</b>	<b>294</b>	<b>636</b>
Working Capital changes	(432)	(291)	(74)
Dividends received	3	2	11
Paid Income Taxes	(36)	(38)	(74)
<b>Cash flow from operations</b>	<b>(149)</b>	<b>(33)</b>	<b>499</b>
Acquisitions & Disposals	-	-	31
Net Operative CAPEX	(111)	(101)	(237)
<i>of which acquisitions of assets of ShenHuan</i>	<i>(35)</i>	<i>-</i>	<i>(46)</i>
<b>Free Cash Flow (unlevered)</b>	<b>(260)</b>	<b>(134)</b>	<b>293</b>
Financial charges	(45)	(42)	(71)
<b>Free Cash Flow (levered)</b>	<b>(305)</b>	<b>(176)</b>	<b>222</b>
<b><i>Free Cash Flow (levered) excl. Acquisitions &amp; Disposals*</i></b>	<b><i>(270)</i></b>	<b><i>(176)</i></b>	<b><i>237</i></b>
Dividends	(101)	(101)	(102)
Treasury shares buy-back & other equity movements	(99)	-	(99)
<b>Net Cash Flow</b>	<b>(505)</b>	<b>(277)</b>	<b>21</b>
<b>Net financial debt beginning of the period</b>	<b>(537)</b>	<b>(750)</b>	<b>(1.031)</b>
Net cash flow	(505)	(277)	21
Equity component of convertible bond	48	-	48
Other variations	(6)	(4)	(38)
<b>Net financial debt end of the period</b>	<b>(1.000)</b>	<b>(1.031)</b>	<b>(1.000)</b>

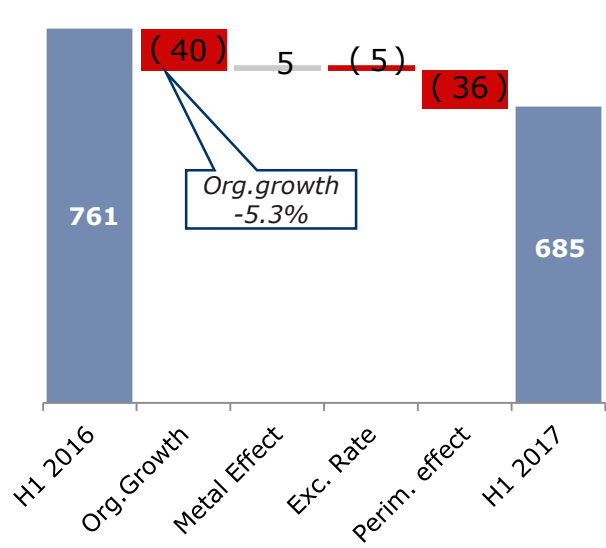
\* Calculated as FCF (levered) excluding "acquisitions of assets of ShenHuan" and "Acquisitions & Disposals".

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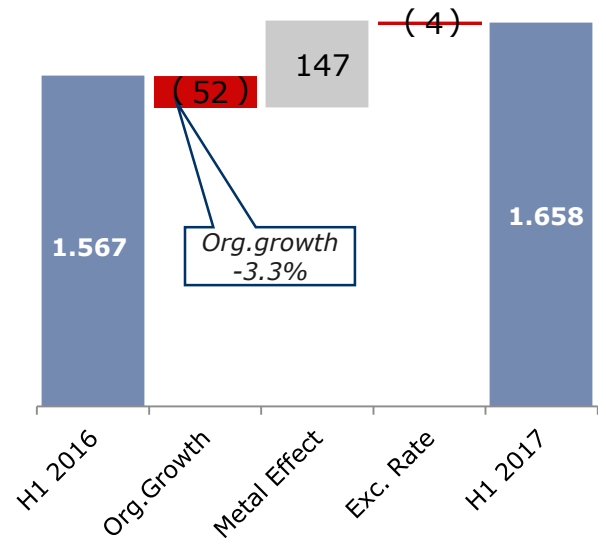
# Bridge Consolidated Sales

Euro Millions

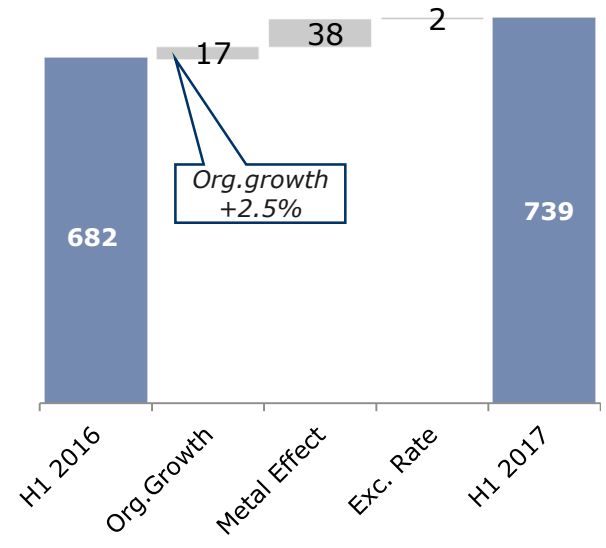
## Energy Projects



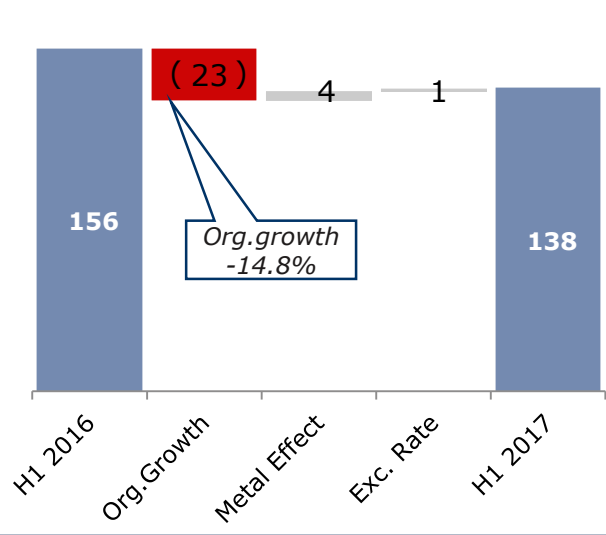
## E&I



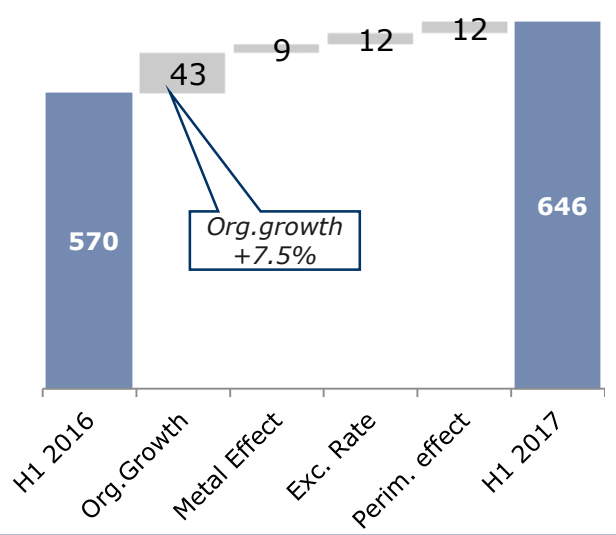
## Industrial & NWC



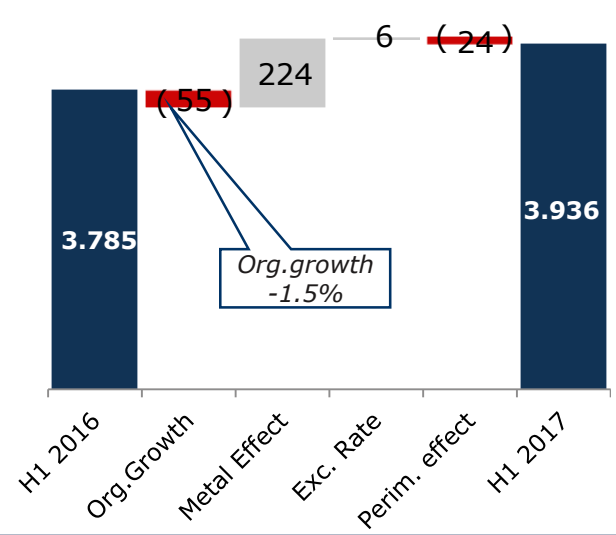
## Oil & Gas



## Telecom



## Total Consolidated



# Profit and Loss Statement

Euro Millions

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\* Restated figures

# Energy Projects Segment – Profit and Loss Statement

Euro Millions

	H1 2017	H1 2016
<b>Sales to Third Parties</b>	<b>685</b>	<b>761</b>
<i>YoY total growth</i>	<i>(10,0%)</i>	
<i>YoY organic growth</i>	<i>(5,3%)</i>	
<b>Adj. EBITDA</b>	<b>116</b>	<b>111</b>
<i>% on sales</i>	<i>17,0%</i>	<i>14,6%</i>
<b>Adj. EBIT</b>	<b>96</b>	<b>94</b>
<i>% on sales</i>	<i>14,0%</i>	<i>12,4%</i>

# Energy Products Segment – Profit and Loss Statement

Euro Millions

		H1 2017	H1 2016
Sales to Third Parties	<b>E&amp;I</b>	<b>1.658</b>	<b>1.567</b>
	<i>YoY total growth</i>	5,8%	
	<i>YoY organic growth</i>	(3,3%)	
	<b>Industrial &amp; Netw. Comp.</b>	<b>739</b>	<b>682</b>
	<i>YoY total growth</i>	8,5%	
	<i>YoY organic growth</i>	2,5%	
Sales to Third Parties	<b>Other</b>	<b>70</b>	<b>49</b>
	<i>YoY total growth</i>	41,9%	
	<i>YoY organic growth</i>	(0,1%)	
	<b>ENERGY PRODUCTS</b>	<b>2.467</b>	<b>2.298</b>
	<i>YoY total growth</i>	7,4%	
	<i>YoY organic growth</i>	(1,5%)	
Adj. EBITDA	<b>E&amp;I</b>	<b>74</b>	<b>87</b>
	<i>% on sales</i>	4,5%	5,5%
	<b>Industrial &amp; Netw. Comp.</b>	<b>62</b>	<b>64</b>
	<i>% on sales</i>	8,3%	9,4%
	<b>Other</b>	<b>(1)</b>	<b>-</b>
	<i>% on sales</i>	(1,1%)	
Adj. EBITDA	<b>ENERGY PRODUCTS</b>	<b>135</b>	<b>151</b>
	<i>% on sales</i>	5,5%	6,6%
	<b>E&amp;I</b>	<b>46</b>	<b>56</b>
	<i>% on sales</i>	2,8%	3,5%
	<b>Industrial &amp; Netw. Comp.</b>	<b>51</b>	<b>54</b>
	<i>% on sales</i>	6,9%	8,0%
Adj. EBIT	<b>Other</b>	<b>(1)</b>	<b>-</b>
	<i>% on sales</i>	(1,7%)	
	<b>ENERGY PRODUCTS</b>	<b>96</b>	<b>110</b>
	<i>% on sales</i>	3,9%	4,8%



# Oil&Gas Segment – Profit and Loss Statement

Euro Millions

	H1 2017	H1 2016
<b>Sales to Third Parties</b>	<b>138</b>	<b>156</b>
<i>YoY total growth</i>	<i>(11,7%)</i>	
<i>YoY organic growth</i>	<i>(14,8%)</i>	
<b>Adj. EBITDA</b>	<b>2</b>	<b>7</b>
<i>% on sales</i>	<i>1,1%</i>	<i>4,2%</i>
<b>Adj. EBIT</b>	<b>(7)</b>	<b>(1)</b>
<i>% on sales</i>	<i>(5,1%)</i>	<i>(0,8%)</i>

# Telecom Segment – Profit and Loss Statement

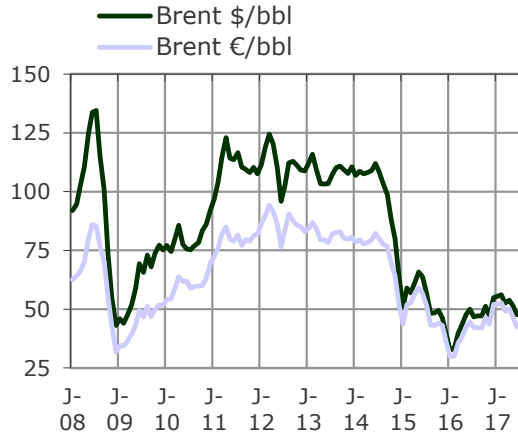
Euro Millions

	H1 2017	H1 2016
<b>Sales to Third Parties</b>	<b>646</b>	<b>570</b>
<i>YoY total growth</i>	<i>13,4%</i>	
<i>YoY organic growth</i>	<i>7,5%</i>	
<b>Adj. EBITDA</b>	<b>109</b>	<b>78</b>
<i>% on sales</i>	<i>16,8%</i>	<i>13,7%</i>
<b>Adj. EBIT</b>	<b>89</b>	<b>58</b>
<i>% on sales</i>	<i>13,7%</i>	<i>10,3%</i>

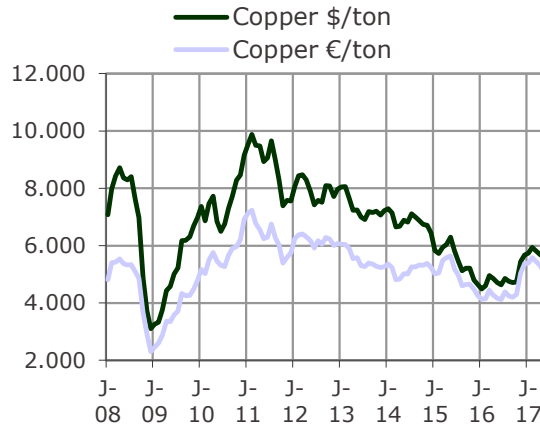
# Reference Scenario

## Commodities & Forex

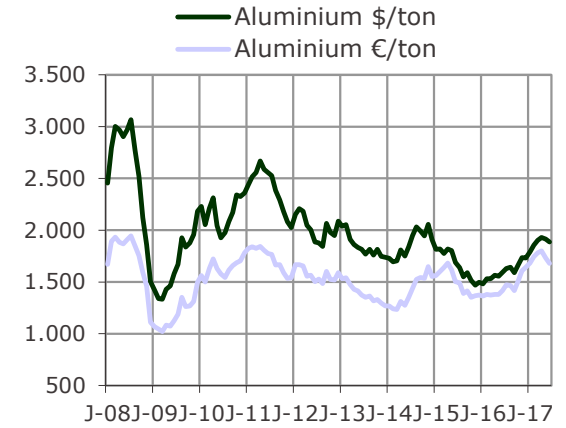
### Brent



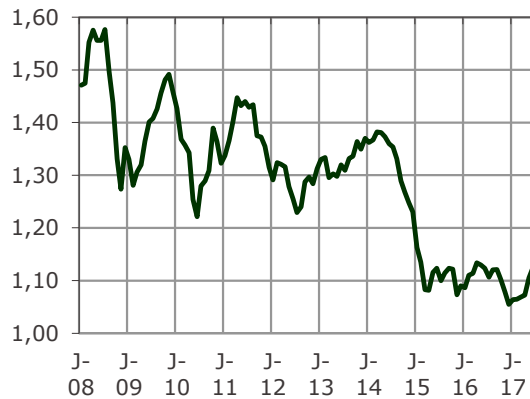
### Copper



### Aluminium



### EUR / USD



### EUR / GBP



### EUR / BRL



Based on monthly average data  
Source: Nasdaq OMX

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- The managers responsible for preparing the company's financial reports, A.Bott and C.Soprano, declare, pursuant to paragraph 2 of Article 154-bis of the Consolidated Financial Act, that the accounting information contained in this presentation corresponds to the results documented in the books, accounting and other records of the company.
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