



9M 2017 Financial Results

Milan – November 7th 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

- **9M 2017 Highlights**
 - **Group overview**
 - Results by business
 - Outlook

- Financial results

- Appendix



Organic growth at -1.1%, sequentially improving in Q3 (-0.4%) supported by:

- Double-digit growth in **Optical Telecom**;
- Gradual recovery of **T&I** in Europe;

Adj. EBITDA at € 545m (9.3% of sales), up from € 527m in 9M 2016 mainly driven by:



- Volume & margin expansion in Telecom (17.6% Adj.EBITDA margin);
- Margin improvement in Energy Projects (17.2% Adj.EBITDA margin);

Oman Cable (E&I) and forex as main headwinds.

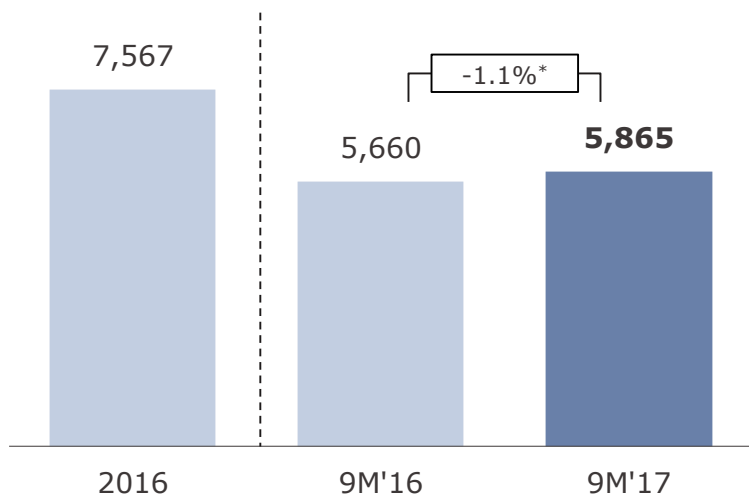


Net Financial Debt at € 1,052m, including approximately € 100m cash-out related to shares buy-back started in January 2017.

9M 2017 Key Financials

Euro Millions, % on Sales

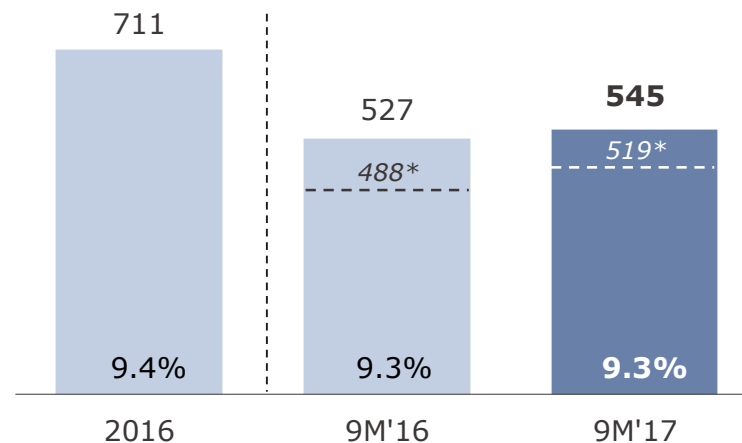
Sales



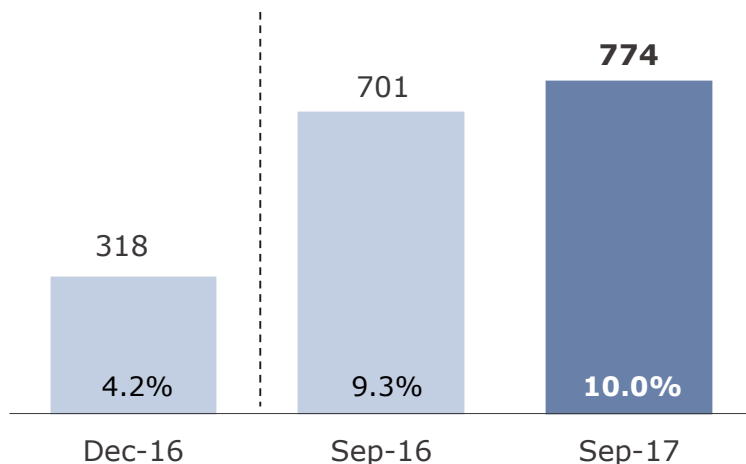
* Org. Growth

Adjusted EBITDA ⁽¹⁾

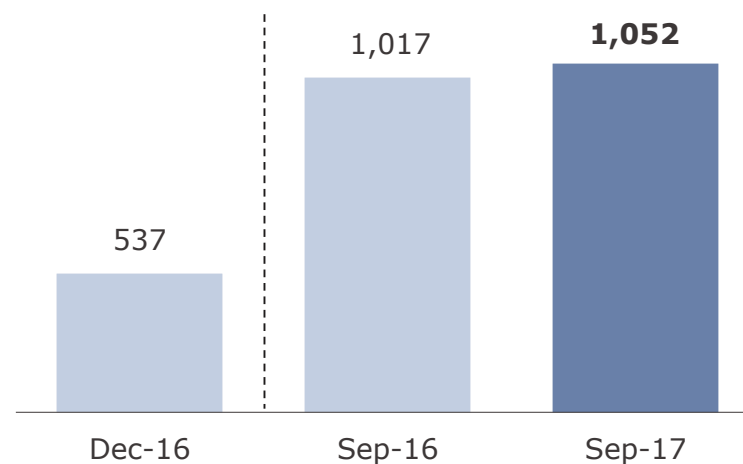
* 9M Adj.EBITDA excluding OCI
(OCI Contribution: €26m in 9M'17 vs. €39m in 9M'16)



Operative Net Working Capital ⁽²⁾



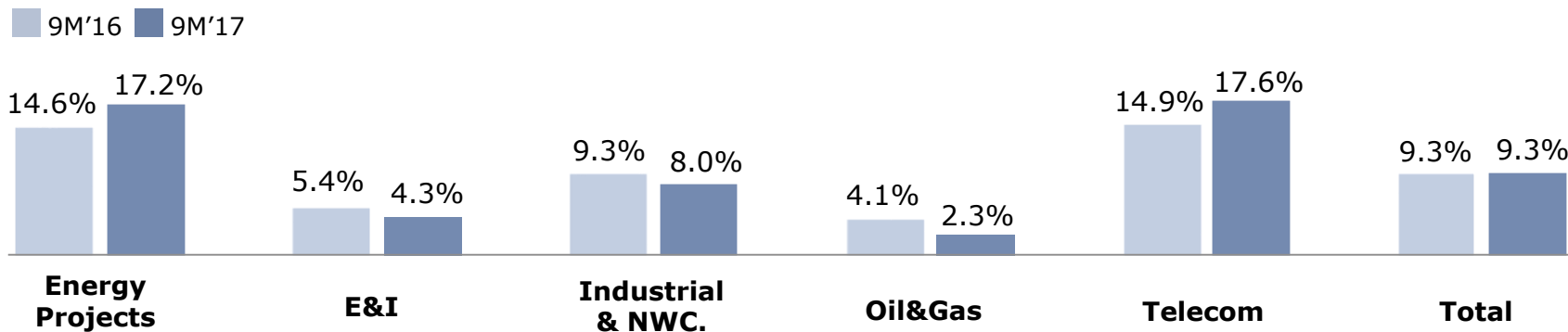
Net Financial Debt



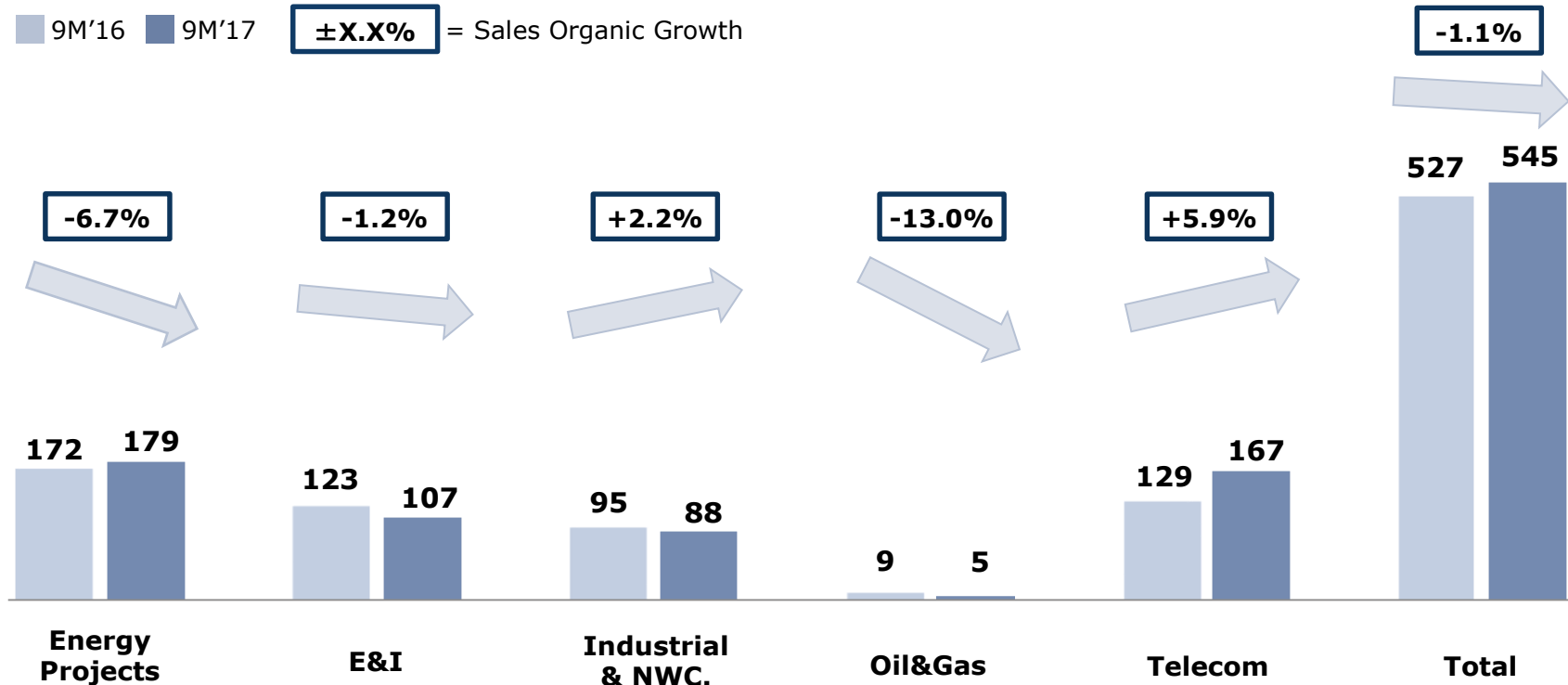
(1) Adjusted excluding restructuring, non-operating income/expenses and non-recurring income/expenses; (2) Defined as NWC excluding derivatives; % on sales is defined as Operative NWC on annualized last quarter sales

Further margin expansion in value added businesses

Adj. EBITDA Margin



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



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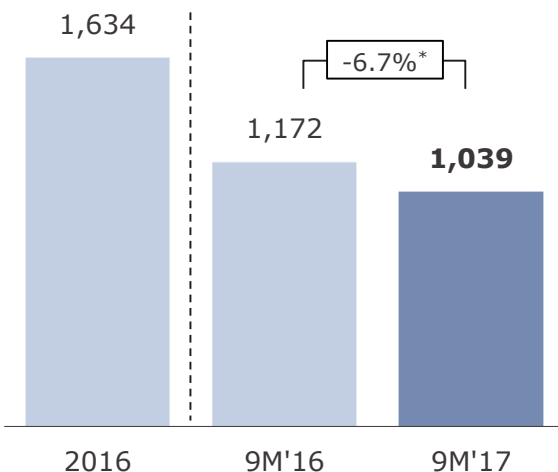
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Energy Projects

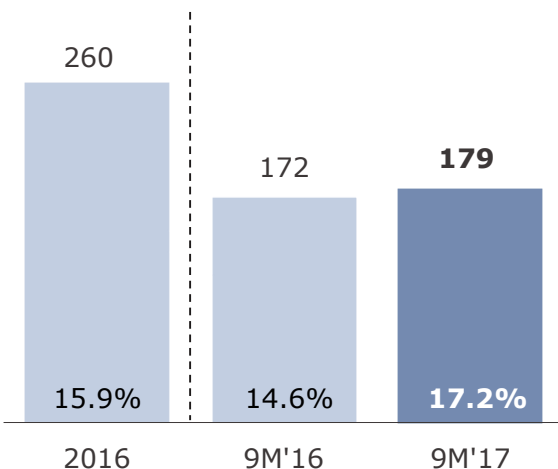
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

Submarine

- Adj.EBITDA margin improved over the year supported by insourced installation activities and favourable mix.
- Recent offshore wind auctions in UK at record-low LRoE demonstrates the increasing competitiveness of wind generation vs. traditional sources.

Underground High Voltage

- Slight organic decline, easing in Q3, driven by volume decrease in France, Nordics and US, partially compensated by the robust trend in APAC.
- Change of perimeter (China) negatively impacting profitability, partially offset by solid performance in APAC.

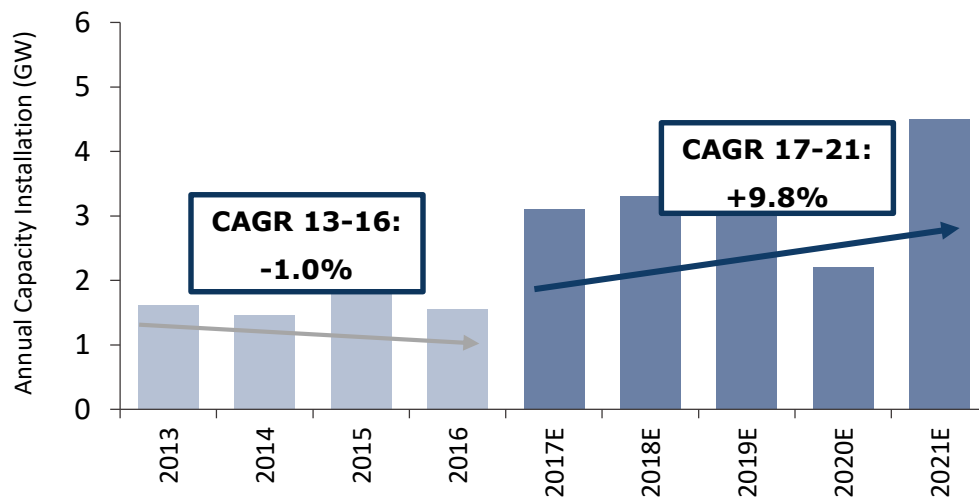
Orders Backlog Evolution (€ m)

	Dec '13	Dec '14	Dec '15	Sep '16	Dec '16	Sep'17
Underground HV	~450	~450	~600	~400	~350	~400
Submarine	~2,050	~2,350	~2,600	~2,200	~2,050	~2,100
Group	~2,500	~2,800	~3,200	~2,600	~2,400	~2,500

Offshore Wind Market Outlook

Cost reduction driven by technological innovation and projects scale

European Offshore Wind Project Pipeline

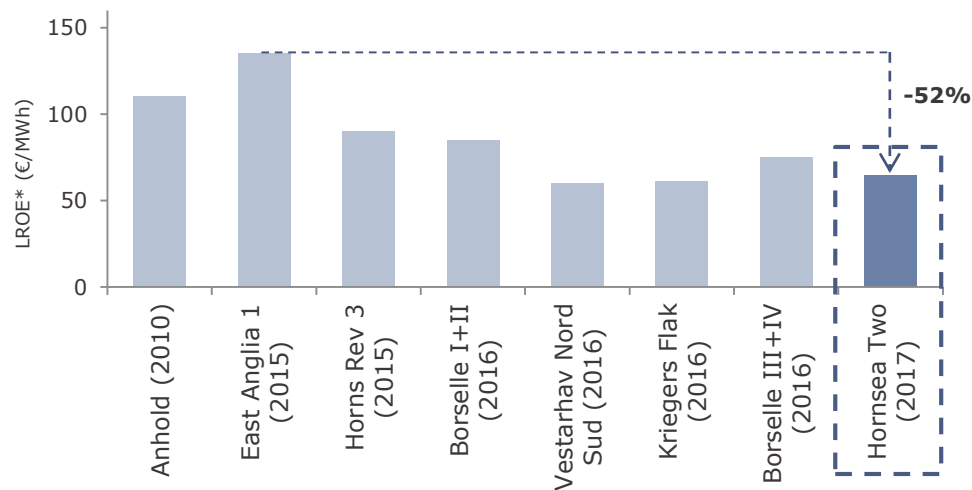


Source: WindEurope "Central Scenario 2020", September 2017.

- Robust project pipeline.
- Market will be driven by wind farm technology upgrades and cost effectiveness.
- 24GW of projects: permit to construct already obtained.
- North Sea and Baltic Sea will remain the key area for Offshore Wind development.
- Industry expected to reach at least 4.0GW of new installed capacity per year by 2021.

LROE* Analysis of awarded offshore wind projects

- LROE* reduced by half in the last 2 years.
- Increasing project scale and turbine size bolstered sharp reduction of LROE over time.
- Technological innovation like 66kV Inter-array system should contribute to further cost reduction.
- Grid parity achieved in Europe: latest German tenders awarded at zero incentives.



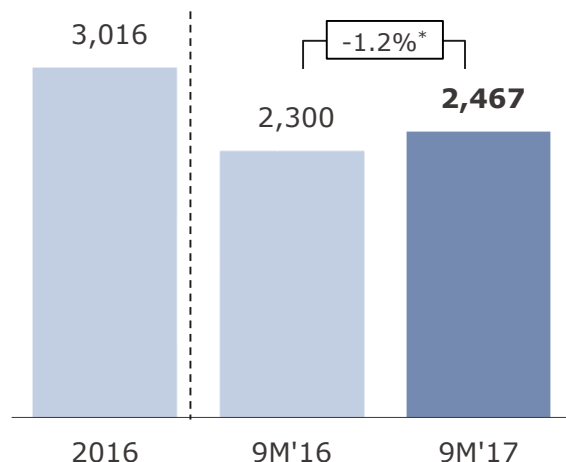
Source: WindEurope, Company Elaboration.

* LROE: Levelised Revenue Of Electricity

Energy & Infrastructure

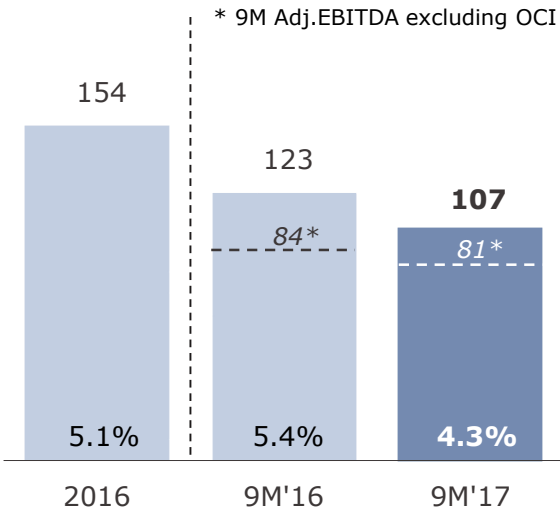
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

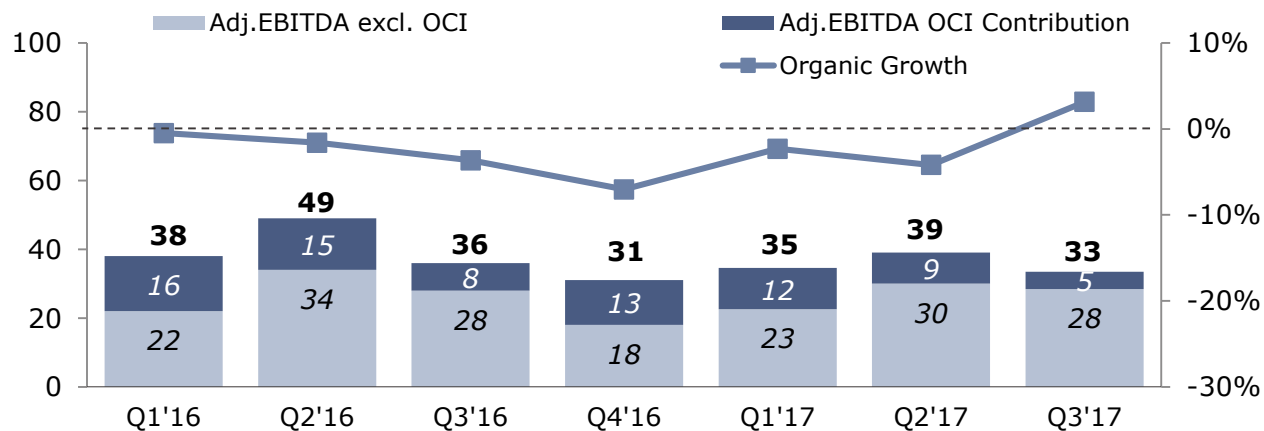
Trade & Installers

- Recovery in Europe after a soft start of the year, led by Netherlands, Italy, Spain and Nordics, also helped by CPR introduction.
- Weakness in Middle-East (OCI) due to tough macro environment. Positive performance in APAC (China and Oceania).

Power Distribution

- Moderate organic decline driven by market slowdown in Central-Eastern Europe (Germany), in line with expectations.
- Positive performance in Nordics and APAC.
- Slowdown in Middle-East (OCI) due to unfavourable market conditions.

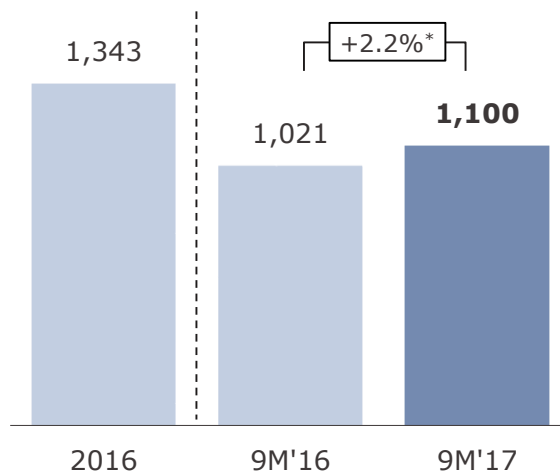
Quarterly Organic Growth Evolution



Industrial & Network Components

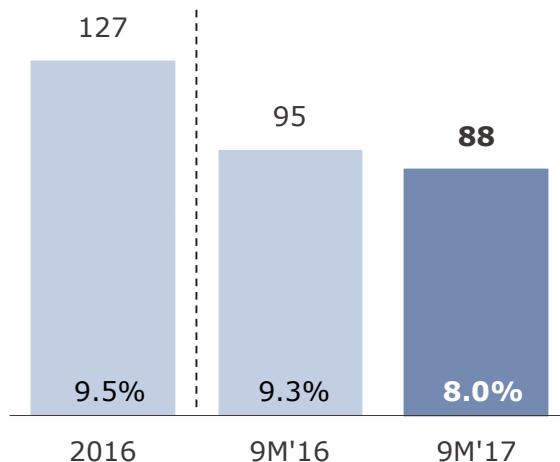
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

Specialties, OEMs & Renewables

- Moderate organic increase driven by volume pick-up in Railways and recovery in Mining. Slowdown in Crane, Defense and Marine mainly linked to difficult market conditions.
- APAC, North America and Turkey were the best performing areas. Unfavorable business mix affecting margins.
- Order Book improved with demand acceleration for Infrastructure at global level.

Elevator

- Stable volume with a strong rise in Europe offset by the slowdown in China. Volume in North America was substantially in line with last year.
- Slight decline in margins mainly related to unfavourable product mix in US and China.

Automotive

- Double-digit growth, confirmed in Q3, supported by favourable market conditions with market share increase in APAC, North and Latin America.
- Profitability improved on better operating leverage and a leaner production footprint in Europe, partially offset by unfavourable mix.

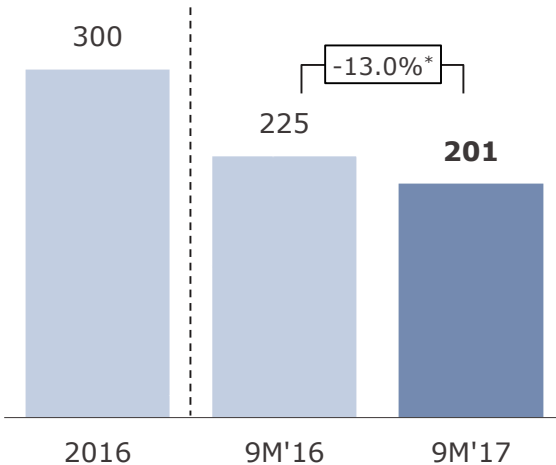
Network Components

- Soft organic trend, slightly recovering in Q3, impacted by the slowdown of HV segment mainly in China, France and Netherlands.
- Positive performance of MV & LV business in Europe and US.
- Adj.EBITDA margin hit by unfavourable product mix (lower HV sales).

Oil & Gas

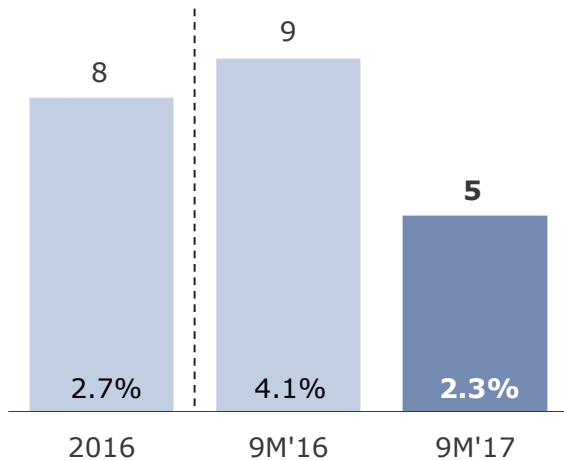
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

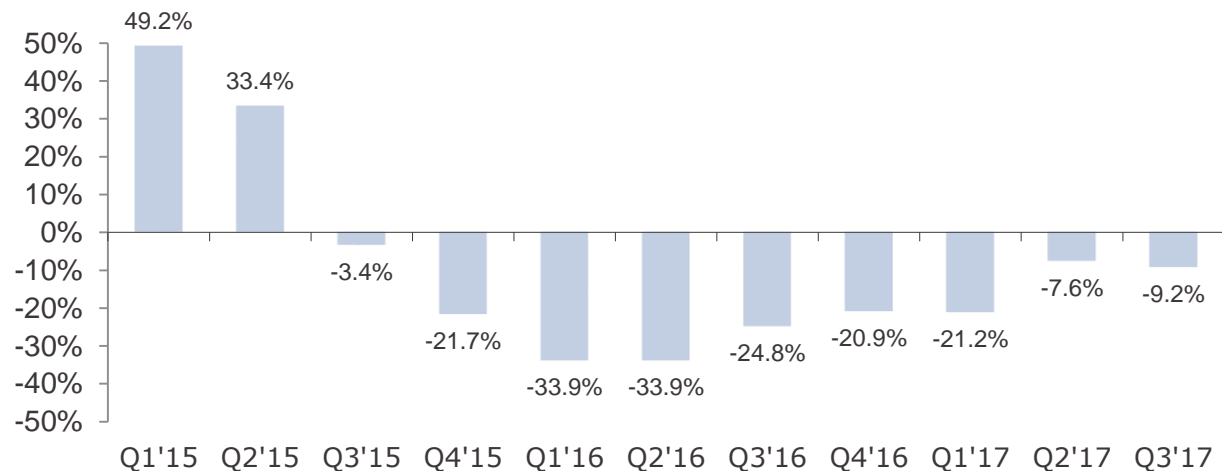
SURF

- Umbilical: volumes and margin slump as market conditions remain highly competitive in Brazil.
- DHT: recovery in US (driven by Shale Oil) partially offset by low activities in international & offshore projects.

Core Cable Oil & Gas

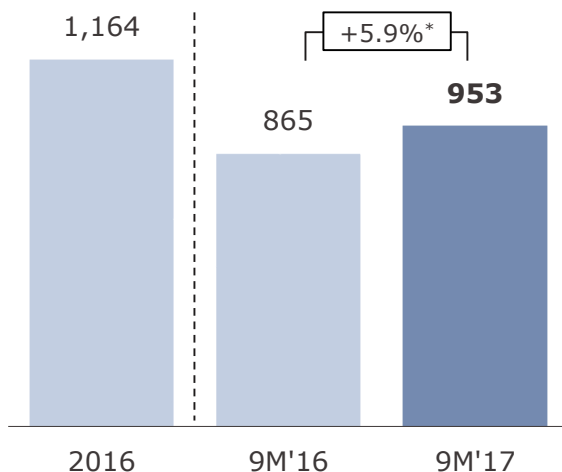
- Solid growth in Q3, driven by volume pick-up in on-shore projects in US and Middle East. Offshore activity still at bottom level.
- Adj.EBITDA margin benefiting from volume effect and footprint rationalization.

Quarterly organic growth* evolution



* % change vs. same quarter of previous year

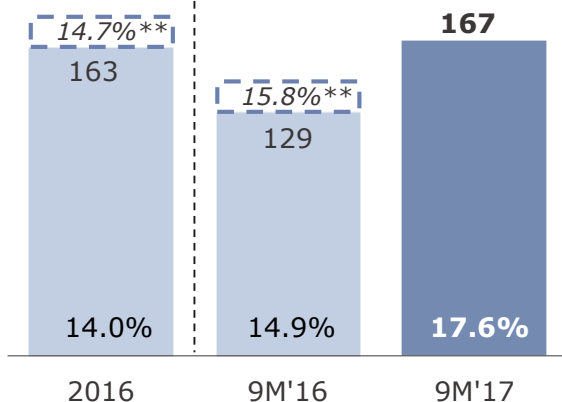
Sales



* Org. Growth

Adj. EBITDA / % of Sales

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

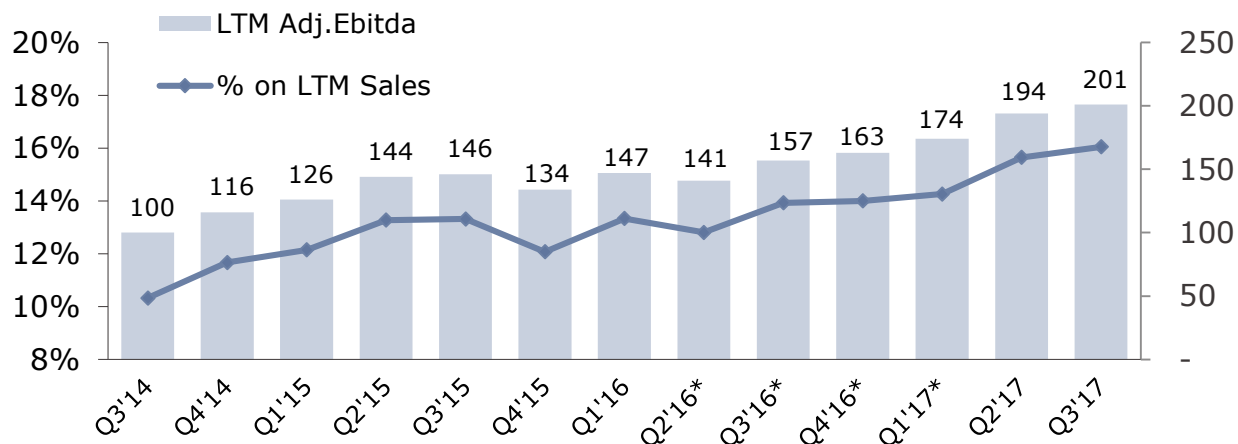


Highlights

Telecom Solutions & Fiber

- Double-digit growth in optical business, confirmed in Q3 despite challenging comparison base. Solid market growth particularly in Europe (mainly France and Italy fixed broadband) and in US.
- Slowdown in copper business, in line with expectations, mainly related to project phase-out in Oceania.
- On-going capacity expansion in Europe and US to support medium term growth opportunities in the optical business.
- Adj.EBITDA margin expansion fuelled by volumes, operational efficiency in fiber manufacturing, footprint optimization and strong YOFC results.

Quarterly LTM Adj. EBITDA and % on LTM Sales evolution



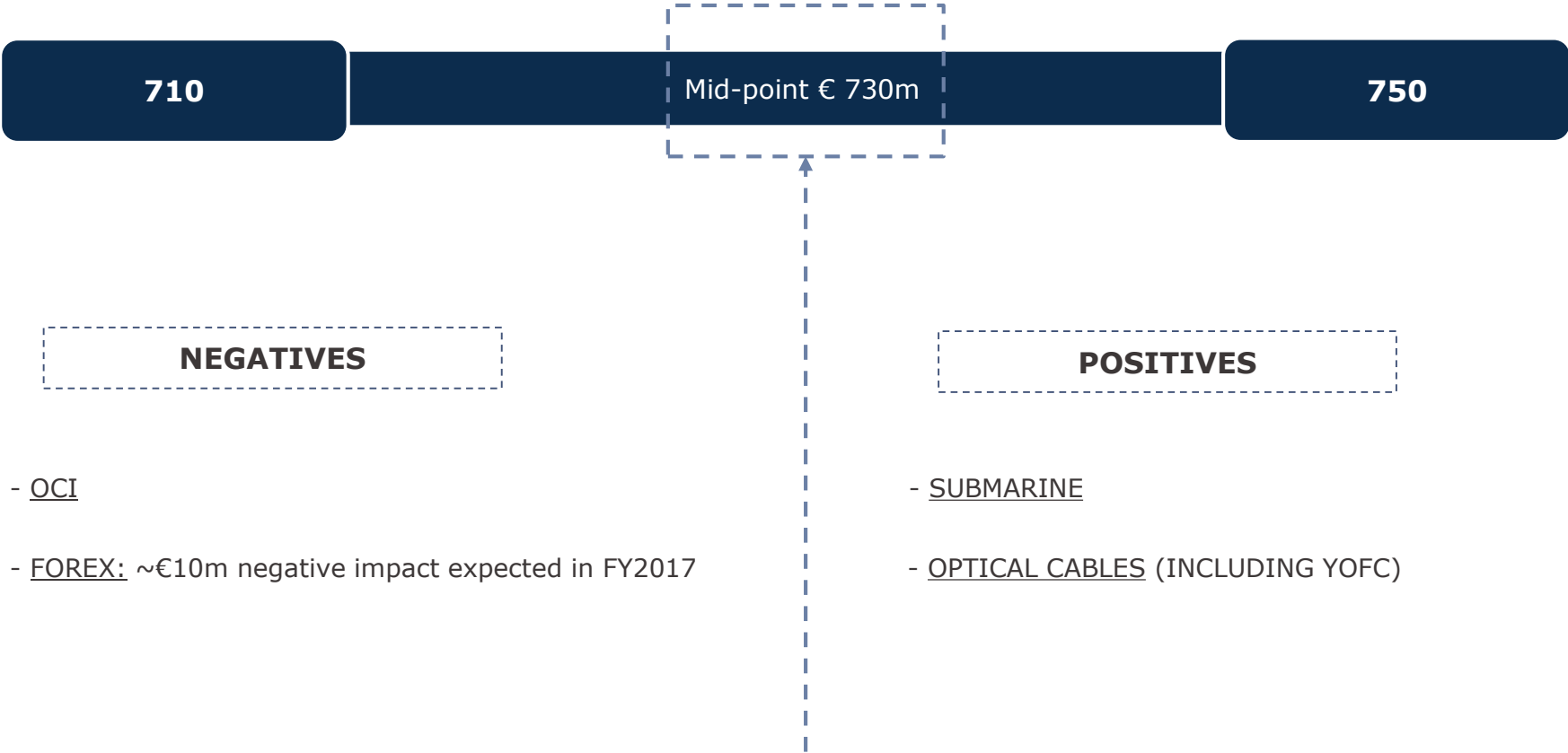
* Including € 8m bad debt provision in Brazil

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2017 Adj.EBITDA Target (€ million)



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Profit and Loss Statement

Euro Millions

	9M 2017	9M 2016
Sales	5,865	5,660
<i>YoY total growth</i>	3.6%	
<i>YoY organic growth</i>	(1.1%)	
Adj.EBITDA	545	527
<i>% on sales</i>	9.3%	9.3%
Adjustments	(33)	(39)
EBITDA	512	488
<i>% on sales</i>	8.7%	8.6%
Adj.EBIT	413	398
<i>% on sales</i>	7.0%	7.0%
Adjustments	(33)	(39)
Special items	(39)	(26)
EBIT	341	333
<i>% on sales</i>	5.8%	5.9%
Financial charges	(72)	(58)
EBT	269	275
<i>% on sales</i>	4.6%	4.9%
Taxes	(75)	(77)
<i>% on EBT</i>	(28.0%)	(28.0%)
Net Income	194	198
<i>% on sales</i>	3.3%	3.5%
Minorities	(2)	10
Group Net Income	196	188
<i>% on sales</i>	3.3%	3.3%

Adjustments and Special Items on EBIT

Euro Millions

	9M 2017	9M 2016
Non-recurring Items (Antitrust Investigation)	(17)	-
Restructuring	(12)	(27)
Other Non-operating Income / (Expenses)	(4)	(12)
EBITDA adjustments	(33)	(39)
Special items	(39)	(26)
<i>Gain/(loss) on metal derivatives</i>	(2)	24
<i>Assets impairment</i>	-	(15)
<i>Other</i>	(37)	(35)
EBIT adjustments	(72)	(65)

Financial Charges

Euro Millions

	9M 2017	9M 2016
Net interest expenses	(50)	(44)
<i>of which non-cash conv.bond interest exp.</i>	<i>(13)</i>	<i>(6)</i>
Bank fees amortization	(4)	(2)
Gain/(loss) on exchange rates	(4)	-
Gain/(loss) on derivatives ¹⁾	(10)	(11)
Non recurring effects	(2)	(2)
Other non-operating financial expenses	(2)	-
Other	-	1
Net financial charges	(72)	(58)

1) Includes currency and interest rate derivatives

Statement of financial position (Balance Sheet)

Euro Millions

	30 Sep 2017	30 Sep 2016	31 Dec 2016
Net fixed assets	2,598	2,578	2,630
<i>of which: goodwill</i>	439	442	448
<i>of which: intangible assets</i>	304	339	344
<i>of which: property, plants & equipment</i>	1,632	1,580	1,631
Net working capital	794	693	325
<i>of which: derivatives assets/(liabilities)</i>	20	(8)	7
<i>of which: Operative Net working capital</i>	774	701	318
Provisions & deferred taxes	(348)	(303)	(360)
Net Capital Employed	3,044	2,968	2,595
Employee provisions	369	393	383
Shareholders' equity	1,623	1,558	1,675
<i>of which: attributable to minority interest</i>	190	223	227
Net financial debt	1,052	1,017	537
Total Financing and Equity	3,044	2,968	2,595

Cash Flow

Euro Millions

	9M 2017	9M 2016	12 Months (from 1/10/2016 to 30/9/2017)
Adj.EBITDA	545	527	729
Adjustments	(33)	(39)	(60)
EBITDA	512	488	669
Net Change in provisions & others	(21)	(12)	(9)
Share of income from investments in op.activities	(36)	(24)	(43)
Cash Flow from operations (bef. WC changes)	455	452	617
Working Capital changes	(508)	(342)	(99)
Dividends received	9	7	12
Paid Income Taxes	(78)	(53)	(101)
Cash flow from operations	(122)	64	429
Acquisitions & Disposals	(3)	-	28
Net Operative CAPEX	(164)	(152)	(239)
<i>of which acquisitions of assets of ShenHuan</i>	<i>(35)</i>	<i>-</i>	<i>(46)</i>
Free Cash Flow (unlevered)	(289)	(88)	218
Financial charges	(50)	(57)	(61)
Free Cash Flow (levered)	(339)	(145)	157
<i>Free Cash Flow (levered) excl. Acquisitions & Disposals*</i>	<i>(301)</i>	<i>(145)</i>	<i>175</i>
Dividends	(102)	(101)	(103)
Treasury shares buy-back & other equity movements	(100)	-	(100)
Net Cash Flow	(541)	(246)	(46)
Net financial debt beginning of the period	(537)	(750)	(1,017)
Net cash flow	(541)	(246)	(46)
Equity component of convertible bond	48	-	48
Other variations	(22)	(21)	(37)
Net financial debt end of the period	(1,052)	(1,017)	(1,052)

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

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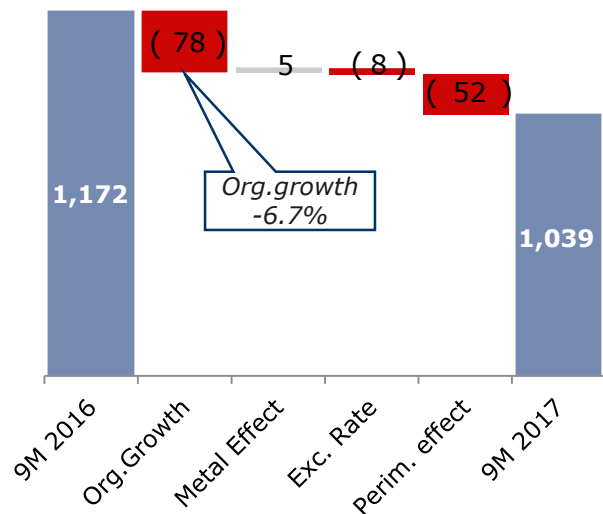
- Financial results

- **Appendix**

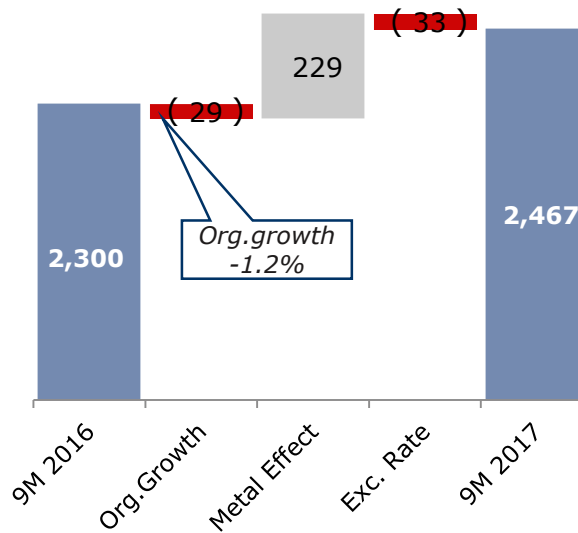
Bridge Consolidated Sales

Euro Millions

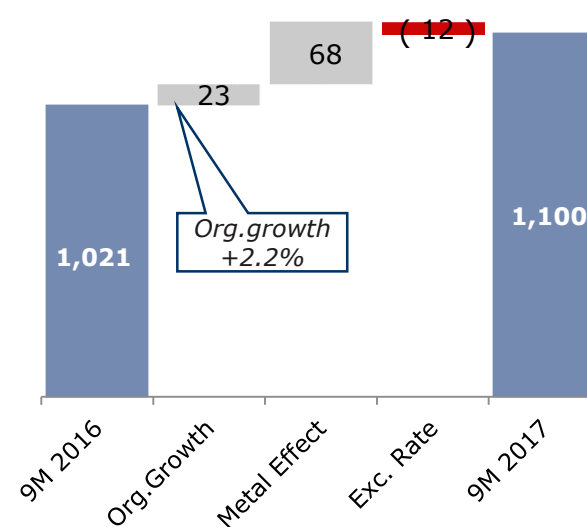
Energy Projects



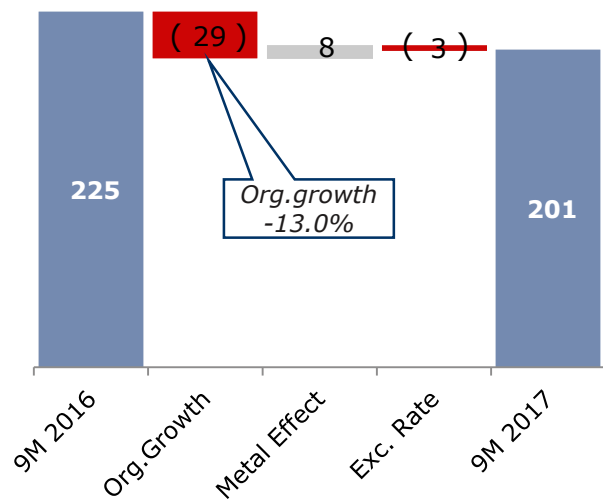
E&I



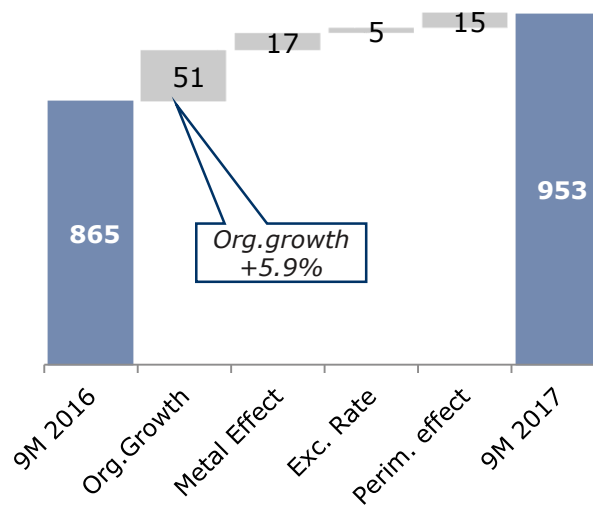
Industrial & NWC



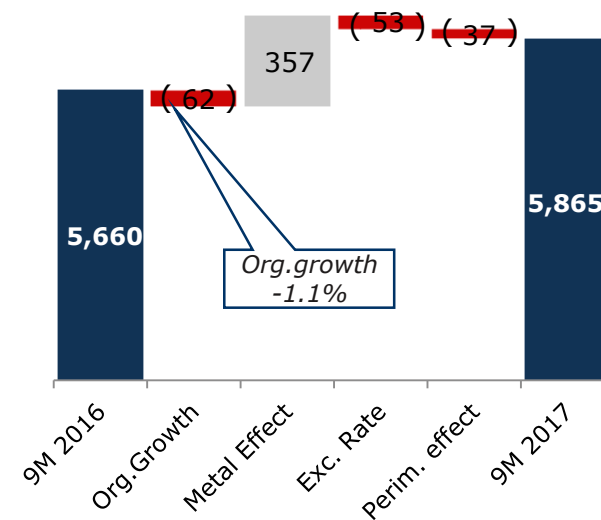
Oil & Gas



Telecom



Total Consolidated



Profit and Loss Statement

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Energy Projects Segment – Profit and Loss Statement

Euro Millions

	9M 2017	9M 2016
Sales to Third Parties	1,039	1,172
<i>YoY total growth</i>	<i>(11.4%)</i>	
<i>YoY organic growth</i>	<i>(6.7%)</i>	
Adj. EBITDA	179	172
<i>% on sales</i>	<i>17.2%</i>	<i>14.6%</i>
Adj. EBIT	149	146
<i>% on sales</i>	<i>14.3%</i>	<i>12.4%</i>

Energy Products Segment – Profit and Loss Statement

Euro Millions

		9M 2017	9M 2016
Sales to Third Parties	E&I	2,467	2,300
	<i>YoY total growth</i>	7.3%	
	<i>YoY organic growth</i>	(1.2%)	
	Industrial & Netw. Comp.	1,100	1,021
	<i>YoY total growth</i>	7.7%	
	<i>YoY organic growth</i>	2.2%	
	Other	105	77
<i>YoY total growth</i>	37.4%		
<i>YoY organic growth</i>	0.0%		
ENERGY PRODUCTS	3,672	3,398	
<i>YoY total growth</i>	8.1%		
<i>YoY organic growth</i>	(0.2%)		
Adj. EBITDA	E&I	107	123
	<i>% on sales</i>	4.3%	5.4%
	Industrial & Netw. Comp.	88	95
	<i>% on sales</i>	8.0%	9.3%
	Other	(1)	(1)
<i>% on sales</i>	(1.1%)	(0.8%)	
ENERGY PRODUCTS	194	217	
<i>% on sales</i>	5.3%	6.4%	
Adj. EBIT	E&I	64	76
	<i>% on sales</i>	2.6%	3.3%
	Industrial & Netw. Comp.	72	81
	<i>% on sales</i>	6.6%	7.9%
	Other	(2)	(2)
<i>% on sales</i>	(2.2%)	(2.2%)	
ENERGY PRODUCTS	134	155	
<i>% on sales</i>	3.7%	4.6%	

Oil&Gas Segment – Profit and Loss Statement

Euro Millions

	9M 2017	9M 2016
Sales to Third Parties	201	225
<i>YoY total growth</i>	<i>(10.9%)</i>	
<i>YoY organic growth</i>	<i>(13.0%)</i>	
Adj. EBITDA	5	9
<i>% on sales</i>	<i>2.3%</i>	<i>4.1%</i>
Adj. EBIT	(8)	(2)
<i>% on sales</i>	<i>(3.8%)</i>	<i>(1.0%)</i>

Telecom Segment – Profit and Loss Statement

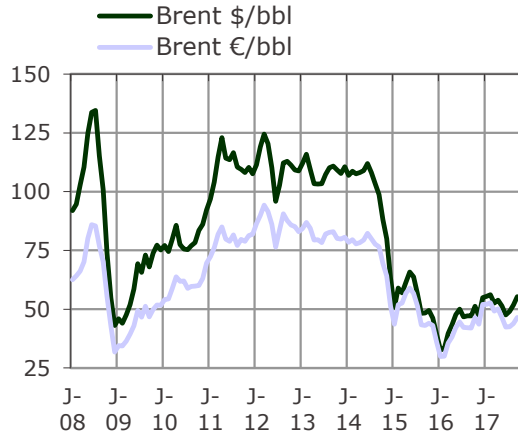
Euro Millions

	9M 2017	9M 2016
Sales to Third Parties	953	865
<i>YoY total growth</i>	<i>10.2%</i>	
<i>YoY organic growth</i>	<i>5.9%</i>	
Adj. EBITDA	167	129
<i>% on sales</i>	<i>17.6%</i>	<i>14.9%</i>
Adj. EBIT	138	99
<i>% on sales</i>	<i>14.5%</i>	<i>11.4%</i>

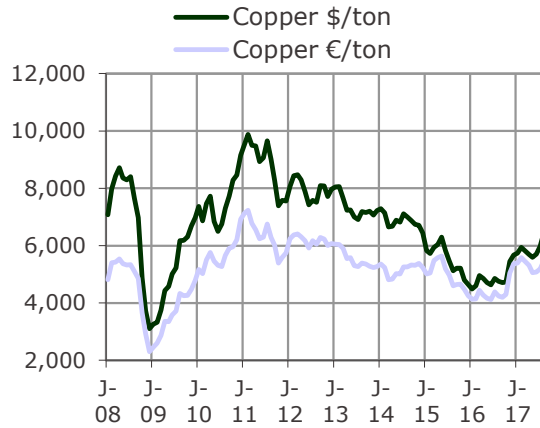
Reference Scenario

Commodities & Forex

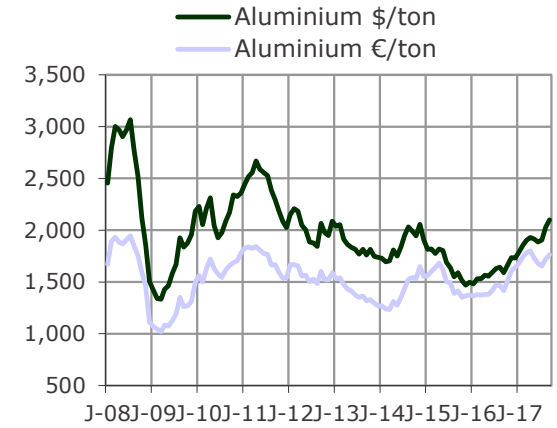
Brent



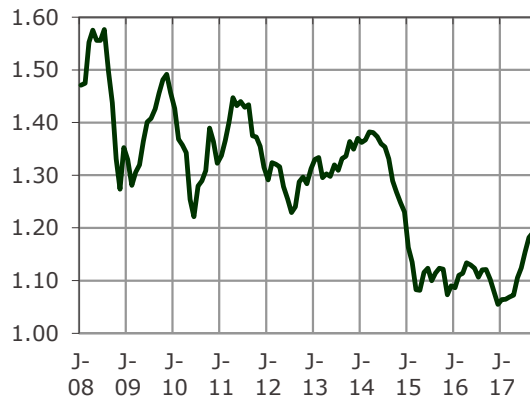
Copper



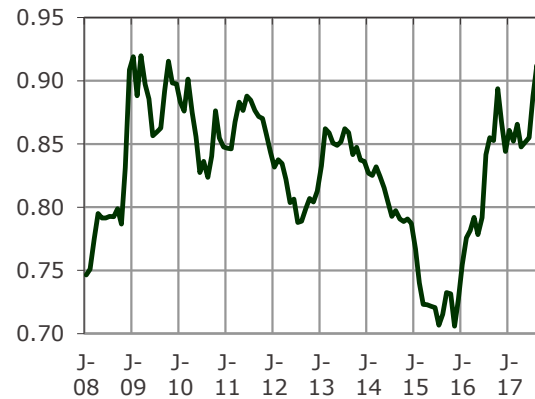
Aluminium



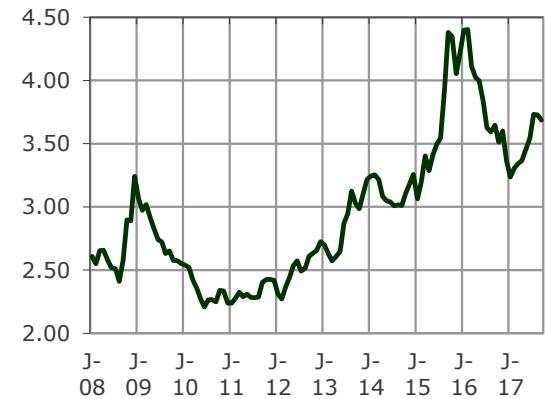
EUR / USD



EUR / GBP



EUR / BRL



Based on monthly average data
Source: Nasdaq OMX

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