Third Quarter Report

AT 30 SEPTEMBER 2018

Prysmian Group

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 multiple factors.

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Directors' Report

DIRECTORS AND AUDITORS

Board of Directors (3)	
Chairman	Claudio De Conto (*) (2)
Chief Executive Officer & General Manager	Valerio Battista
Directors	Maria Elena Cappello (**)
	Monica de Virgiliis (**) (2)
	Francesco Gori (**) (1)(4)
	Joyce Victoria Bigio (**) (1)
	Massimo Battaini
	Pier Francesco Facchini
	Maria Letizia Mariani (**) (1)
	Fabio Ignazio Romeo
	Paolo Amato (**) (2)
	Mimi Kung (**)

Board of Statutory Auditors (5)	
Chairman	Pellegrino Libroia
Standing Statutory Auditors	Laura Gualtieri
	Paolo Francesco Lazzati
Alternative Statutory Auditors	Michele Milano
	Claudia Mezzabotta

Independent Auditors (6)	EY S.p.A.

(*) Independent director as per Italian Legislative Decree 58/1998

(**) Independent director as per Italian Legislative Decree 58/1998 and Italy's Corporate Governance Code issued by Borsa Italiana S.p.A.

(1) Members of the Control and Risks Committee

(2) Members of the Compensation, Nominations and Sustainability Committee

(3) Appointed by the Shareholders' Meeting on 12 April 2018

(4) Co-opted by the Board of Directors on 18 September 2018

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

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

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 2018 on a voluntary basis and in continuity with its past reporting format.

The present Quarterly Financial Report is unaudited.

SIGNIFICANT EVENTS DURING THE PERIOD

Mergers & Acquisitions

Acquisition of General Cable

On 4 December 2017, the Prysmian Group and General Cable Corporation announced that they had entered into a merger agreement. Under this agreement, Prysmian S.p.A., through Alisea Corp. (Alisea), a wholly-owned indirect subsidiary of Prysmian S.p.A., and General Cable Corporation (a company whose shares were listed on the NYSE prior to completion of the merger) had entered into an "Agreement and Plan of Merger" governing the terms and conditions of the merger of Alisea into General Cable Corporation.

On 16 February 2018, Prysmian Group acknowledged that a special meeting of the shareholders of General Cable Corporation had approved the acquisition by Prysmian of 100% of General Cable's shares for a consideration of USD 30.00 per share. Present at the meeting was 75.34% of the share capital entitled to vote, of which some 99% voted in favour of the acquisition.

Between March and 2 June, all the approvals or clearances were obtained from the relevant antitrust authorities along with approval by other requisite governmental regulators and authorities (Committee on Foreign Investment in the United States - CFIUS).

The closing of the acquisition was consummated on 6 June, following which all the Alisea shares, wholly-owned by Prysmian, were converted into General Cable Corporation shares resulting from the merger with the consequence that all the General Cable Corporation shares outstanding on the effective date of the merger with Alisea were cancelled and converted into a right of their respective holders to receive cash consideration of USD 30.00 per share.

Following consummation of the transaction, General Cable Corporation shares were delisted from the NYSE on 6 June 2018.

The combined group is now present in more than 50 countries with approximately 30,000 employees. Prysmian expects the combined group to generate run-rate pre-tax cost synergies of approximately Euro 150 million by 2022 versus a total of Euro 220 million in integration costs. These synergies will come mainly from improved procurement strategy, overhead cost savings and manufacturing footprint optimisation.

Finance Activities

Interest rate hedging derivatives

In January 2018, the Group entered into interest rate hedging derivatives, transforming variable into fixed rate, with the purpose of reducing rate volatility risk. In particular, forward rate agreements were arranged, for an overall notional value of Euro 850 million, with the objective of hedging variable interest rate flows over the period 2018-2023 on financing the Group has contracted for the General Cable acquisition. Following the acquisition, these agreements have become operative through their transformation into interest rate swaps. In addition, other interest rate swaps have been arranged, for an overall notional value of Euro 110 million, with the objective of hedging variable interest rate flows over the period 2018-2024 on the EIB loan for Euro 110 million.

In July 2018, the Group entered into interest rate hedging derivatives, transforming variable into fixed rate, with the purpose of reducing variable rate risk. In particular, forward rate agreements were arranged, for an overall notional value of Euro 300 million, with the objective of hedging variable interest rate flows over the period 2018-2020 on financing the Group has contracted for the General Cable acquisition. These agreements became operative in September 2018 through their transformation into interest rate swaps.

General Cable Corporation Acquisition Financing Agreement

On 2 March 2018, the Group entered into an agreement (the Acquisition Financing Agreement) under which a syndicate of leading banks made available lines of credit, intended to finance costs related to the General Cable acquisition; in particular:

(a) Acquisition Term Loan for Euro 1 billion, lasting 5 years from the Acquisition Closing and repayable with a bullet payment at maturity;

(b) Acquisition Bridge Loan for Euro 700 million, lasting 2 years from the Acquisition Closing and repayable with a bullet payment at maturity.

Capital increase

On 12 April 2018, the shareholders of Prysmian S.p.A. approved a capital increase, in cash, for a maximum amount of Euro 500,000,000.00, including any share premium, to be implemented by issuing ordinary shares with normal dividend rights.

On 27 June 2018, the Board of Directors of Prysmian S.p.A. approved the final terms and conditions of the capital increase, approved by the Shareholders' Meeting on 12 April 2018. In particular, it was decided that the capital increase would take place through the issue of up to 32,652,314 ordinary shares with a nominal value of Euro 0.10 each, to be offered pre-emptively to all shareholders and holders of the Company's convertible bonds, namely the convertible bond known as "Prysmian S.p.A. €500,000,000 Zero Coupon Linked Bonds due 2022", in the ratio of 2 new shares for every 15 option rights held, at an issue price of Euro 15.31 per new share, for a total amount of Euro 499,906,927.34, of which Euro 496,641,695.94 by way of share premium.

The rights offering of up to 32,652,314 new shares closed on 27 July 2018. During the option rights offering period (2 July 2018 - 19 July 2018, the "Option Period"), 239,533,800 option rights were exercised and 31,937,840 new shares were subscribed, with an aggregate value of Euro 488,968,330.40. The 5,358,555 option rights not exercised during the Option Period were then offered on the Italian Stock Exchange. All these rights were sold by the end of the first trading session on 24 July 2018 and were subsequently exercised, resulting in the issue of 714,474 new shares, with an aggregate value of Euro 10,938,596.94. The offering therefore concluded with the complete subscription of the 32,652,314 new shares with an aggregate value of Euro 499,906,927.34.

Share buyback and disposal programme and Employee incentive plan

The Shareholders' Meeting of Prysmian S.p.A. held on 12 April 2018 authorised a share buyback and disposal programme, revoking at the same time the previous authorisation under the shareholder resolution dated 12 April 2017. 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. 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 lasts for 18 months commencing from the date of the Shareholders' Meeting, while the authorisation to dispose of treasury shares has no time limit.

The same Shareholders' Meeting also 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 purpose of this Plan is:

- 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 support synergies and the development of a one-company identity by defining a common performance objective and introducing a retention mechanism, conditional upon completion of the acquisition of 100% of the share capital of General Cable Corporation.

During the extraordinary session of the above meeting, the shareholders authorised an increase in share capital by a maximum amount of Euro 756,281.90, through the issue of up to 7,562,819 new ordinary shares with a nominal value of Euro 0.10 each, to be allotted for no consideration to Group employees who are beneficiaries of the above incentive plan.

Shanghai Stock Exchange listing and capital increase by Yangtze Optical Fibre and Cable Joint Stock Limited

On 20 July 2018, Yangtze Optical Fibre and Cable Joint Stock Limited Company (an equity-accounted associate) completed its listing on the Shanghai Stock Exchange; the company was already listed on the Hong Kong Stock Exchange. The Shanghai listing has increased the number of shares from a previous total of 682,114,598 to 757,905,108. Since Draka Comteq B.V. has kept its holding (of 179,827,794 shares) unchanged, its stake in this company has gone from 26.37% to 23.73%. The Group has recorded a gain of Euro 36 million in the third quarter of 2018 due to the consequent share dilution.

Other significant events

Approval of financial statements at 31 December 2017 and dividend distribution

On 12 April 2018, the shareholders of Prysmian S.p.A. approved the financial statements for 2017 and the distribution of a gross dividend of Euro 0.43 per share, for a total of some Euro 96 million. The dividend was paid out from 25 April 2018 to shares outstanding on the record date of 24 April 2018, with the shares going ex-dividend on 23 April 2018.

Centre of excellence in Sorocaba (Brazil)

During the second quarter of 2017, Prysmian Cabos e Sistemas do Brasil S.A. announced the start of an investment programme to create a centre of excellence in cable manufacturing at the Sorocaba Eden plant, involving the transfer of production activities currently carried out by the Santo Andrè plant which will be closed; it will take about a year and a half to complete this project.

The so-called "+90" project involves closing the Santo Andrè site with the consequent transfer of administrative activities and staff, as well as the concentration of South American Regional headquarters functions in Sorocaba. The plant's industrial activities will be partly relocated to Sorocaba and partly to other Brazilian production sites (Vila Velha and Jointville). In addition, the La Rosa facility in Argentina will undergo further development. During 2017 all the employees at the two sites were informed of this decision and those involved in the relocation were identified. The operation has been organised in two phases, the first involving White Collar staff in August 2017 and the second involving Blue Collar employees in February 2018. The economic aspects have been agreed with the union, which has been informed and consulted throughout this process, not only to facilitate the collective transfer but also to allow the termination of those unwilling to relocate.

Western Link

With reference to the Western Link, an electrical transmission cable between Scotland, Wales and England, a fault was detected at the end of April 2018 during preparations to make the link available for full load operation, as a result of which, when approving the Quarterly Financial Report at 31 March 2018, the Directors decided to recognise a provision of Euro 20 million as the best estimate of costs to cover the related contractual penalties for this project's late delivery.

On 22 June 2018, the Board of Directors of Prysmian S.p.A. met to examine the implications of certain faults in the cable's operation. In particular, it was noted that during commissioning of the Western Link Cable, the fault detected at the end of April 2018 had recurred. In light of the tests carried out and the information received from the project's technical managers, it was concluded with reasonable certainty that the area in which the fault had re-emerged was limited to that affected by the previous repair. In light of the information received from the project's technical managers concerning the costs and time for the new repairs needed to solve this fault, of the related risks and the liquidated damages envisaged by the Western Link Contract, the Board of Directors prudently estimated that the Company might be required to incur additional costs of approximately Euro 50 million and recognised a provision accordingly.

On 12 September 2018, Prysmian announced that the commissioning and testing of the Western Link Interconnection project had been temporarily suspended to investigate a problem in the land section of the cable.

Although the technical investigations to identify the cause and estimate the possible economic impact were still in progress, Prysmian was able to assume that the event did not appear to have any relation to the fault identified in June 2018 in a submarine section of the cable and successfully repaired. Prysmian decided not to recognise any further provisions, which, having been augmented during the period, were deemed sufficient to meet the costs of the repair and of the consequent additional delay in delivering the cable, if attributable to Prysmian.

Further to the statement dated 12 September 2018, Prysmian announced on 16 October 2018 that the problem involving the land section of the cable had been successfully repaired.

Agreement with OI Group in Brazil

During the first few months of 2018, the Group reached a credit recovery agreement with the OI Group, a Brazilian customer that has filed for bankruptcy. The outstanding receivables, amounting to around Euro 8 million, had already been written down in full in 2016. The agreement involves a partial repayment in four annual instalments and so the Group has reinstated the receivable at its realisable amount of Euro 5 million.

Establishment of privacy department and appointment of internal data protection officer pursuant to European Regulation 2016/679 ("GDPR")

In view of the entry into force of the GDPR (on 25 May 2018), the Board of Directors of Prysmian S.p.A. decided on 10 May 2018 to establish a department to oversee the area of personal data protection and identified and appointed an internal data protection officer (or DPO) whose duties include monitoring the correct application of the GDPR within the Group, supporting senior management in identifying adequate data protection measures and, consequently, processing data correctly in accordance with the law. The role of DPO is held by Mr. Giorgio Totis who continues to act as Group Compliance Director.

New organisation for integration with General Cable

On 11 June 2018, Prysmian Group announced its new organisation and began its integration with General Cable.

The new organisation combines the strengths of both Prysmian and General Cable and is based on centralised governance and integrated management of global businesses, clear responsibilities for results, a focus on efficiency and technological innovation and a customer-centric approach enabled by teams dedicated to key customer accounts.

The new organisational matrix is structured along 3 lines: Group centralised functions, which aim to foster the creation of a highly integrated "One Company"; Regions, which must ensure proximity to the market; and Business areas (Energy, Telecom and Projects), which are responsible for product and cross-selling strategies.

With regard to segment information, considering that such a short time has elapsed since approving the new organisational structure and that the Group's management is still reviewing the overall reporting system, at 30 September 2018 it has been considered appropriate to retain the operating segment reporting structure respectively adopted by the Prysmian Group and General Cable prior to the acquisition, as presented in section "F. Segment Information".

Ruling of the General Court of the European Union regarding antitrust investigations

On 12 July 2018, the General Court of the European Union issued rulings on the appeals lodged by the Prysmian Group, including General Cable, against the decision of the European Commission dated 2 April 2014 and whose content had already been anticipated by Prysmian on the same date.

These rulings have dismissed the appeals, thus confirming the previously imposed fines. Most of the other defendants had appealed against the Commission's decision and even these appeals have been dismissed.

Further details can be found in Note 11. Provisions for risks and charges.

Resignation and new appointment of the Chairman of the Board of Directors

On 25 July 2018, Massimo Tononi, Chairman of the Board of Directors, tendered his resignation as Chairman and member of the Board of Directors and as a member of the Company's Compensation, Nominations and

Sustainability Committee, with effect from the end of the Board of Directors' meeting which approved the Half-Year Financial Report at 30 June 2018.
Mr. Tononi's resignation was tendered following his appointment to Cassa Depositi e Prestiti S.p.A., as a result of which he believed it right to step down from all positions held in other companies.
The Board of Directors in its meeting on 18 September 2018 to approve the Half-Year Financial Report at 30 June 2018, named Mr. Claudio De Conto, an independent non-executive pursuant to Legislative Decree 58/98, as its new Chairman.

NEW INDUSTRIAL PROJECTS AND INITIATIVES

On 24 January 2018, Prysmian Group was awarded a contract by Cobra Wind International Ltd for the cable to link the Kincardine floating offshore wind farm to mainland UK. This is the Group's first cable project for a floating offshore wind farm and involves the design and supply of two submarine export cables, inter-array cables and related accessories to connect the turbines of the Kincardine floating offshore wind farm, located approximately 15 km southeast of Aberdeen, to the Scottish mainland power grid. Installation is due to take place during 2018 and 2019.

On 2 February 2018, following a European call for tender, the Group was awarded a contract worth around Euro 40 million for a new submarine cable link between the isle of Capri and Sorrento (Naples); the contract was awarded by Terna Rete Italia S.p.A., a company wholly owned by Terna S.p.A., Italy's sole transmission system operator.
The project involves the turnkey installation of a 150 kV HVAC power cable between the power stations located in Sorrento and at the Gasto recycling centre on Capri, along a route running 16 km subsea and 3 km onshore. The cables for the Capri-Sorrento link will be produced by the Arco Felice plant in Naples, a Group centre of submarine cable manufacturing and technological excellence. Prysmian will be responsible for submarine cable laying, using its vessel the "Cable Enterprise", and for supplying all related network components and performing the required specialist civil engineering works. The project, which will start during 2018, is scheduled for completion in 2019.

On 19 March 2018, the Group was awarded - as lead contractor in a Temporary Association of Companies (RTI) involving CEBAT S.r.l. and Elettrovit S.r.l., which will carry out civil engineering installation works - a framework contract by the Italian transmission system operator Terna, through its subsidiary Terna Rete Italia, for the supply, installation and emergency repair of 220 kV cables to upgrade the national power grid. The turnkey project is worth about Euro 50 million and will last for three years, with an option to extend its duration and augment its value.

On 21 March 2018, the Group signed an agreement with JG Summit Petrochemicals Group (JGSPG) for the supply of approximately 820 km of low and medium voltage power cables, instrumentation and control cables and telecom cables for applications in the petroleum and petrochemicals industry.
JGSPG consists of JG Summit Petrochemical Corporation (JGSPC) - the largest manufacturer of polyolefins in the Philippines and the first and only integrated PE and PP resin manufacturer in the country - and JG

Summit Olefins Corporation (JGSOC) - the company that operates the first and only naphtha cracking plant in the Philippines. Both companies are wholly-owned subsidiaries of JG Summit Holdings, Inc. (JGSHI), one of the country's largest and most diversified conglomerates, with business interests in food manufacturing, air transportation, real estate and property development, petrochemicals, banking, publishing, power generation and telecommunications.
The JGSPG complex is located 120 km south of Manila in Batangas City, overlooking the scenic Batangas Bay. At present, JGSPG has a 250-hectare fully integrated world-class manufacturing complex that also houses the naphtha cracking and polymer manufacturing plants.
The Group will provide a complete package of power, instrumentation and control, and telecom cables for Plant & Petrochemical applications for phase 1 of the OSBL (Outside Battery Limits) expansion project, planned for the existing JG Summit facilities and due to commence during 2018.

In April 2018, the Group entered into a contract for an investment of over Euro 170 million in a new advanced cable-laying vessel. This strategic asset will bolster Prysmian's turnkey approach, under which it delivers end-to-end EPCI projects, from engineering, manufacturing and installation to full monitoring and diagnostic services for submarine power transmission lines. In particular, the investment in this new vessel will support long-term growth prospects in the submarine cable business, strengthening the Group's installation and execution capabilities for interconnection and offshore wind projects.

On 18 June 2018, the Group was awarded a contract by Van Oord Offshore Wind B.V. for the development of a submarine inter-array cable system for the Borssele III & IV offshore wind farms. The Group will be responsible for the design, manufacture, supply and testing of approximately 175 km of 66 kV three-core XLPE-insulated cables in various cross sections and all related accessories for the Borssele III & IV wind farms. These two farms, forming part of the extensive Borssele Wind Farm Zone located near the southern boundary of the Dutch Exclusive Economic Zone (EEZ), approximately 25 km from the shore, will have a total installed capacity of 731.5 MW with individual wind turbine capacity of 9.54 MW. The cables, all of which will be manufactured at Prysmian's centre of excellence in Pikkala (Finland), are due to be delivered in early 2020.

On 29 August 2018, the Group was awarded three important projects to develop cable connections for offshore wind farms in France. Prysmian has been engaged to design, supply and install inter-array cables for the two offshore wind farms, Fécamp and Courseulles-sur-Mer, located off the north coast of France. The contracts for these two major wind farms are worth over Euro 200 million and are expected to be finalised in early autumn.
A third project, for the Saint Nazaire wind farm also owned by Eolien Maritime France, is worth over Euro 20 million and will be performed in a consortium with Louis Dreyfus Travocean.

On 4 September 2018, the Group was awarded a new contract worth approximately Euro 21 million by IPTO (Independent Power Transmission Operator), the Transmission System Operator of the Greek electricity grid, for two interconnections between the Cyclades islands (Evia, Andros and Tinos) in Greece.

The project involves the design, supply and installation, as well as related onshore civil engineering works, of two turnkey high voltage cable systems, which will boost power transmission between the Cyclades islands, ensuring a robust, reliable and sustainable power supply.
The submarine cables will be manufactured in the Arco Felice plant (Naples), a Group centre of technological and manufacturing excellence, while the underground cables will be produced in Pignataro (Naples).
The submarine and underground cables will be manufactured during 2018 and 2019, while delivery and commissioning is scheduled for the third quarter of 2019.

CONSOLIDATED FINANCIAL HIGHLIGHTS*

(in millions of Euro)

				9 months 2018 (**)	9 months 2017 (***)	% change	% change	2017 (***)
	Prysmian	General Cable	Adjustments	Total	Prysmian	Conso.	Prysmian	Prysmian
Sales	6,053	1,265	(25)	7,293	5,867	24.3%	3.2%	7,904
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	453	74	-	527	511	3.1%	-11.4%	694
Adjusted EBITDA (1)	503	74	-	577	547	5.5%	-8.0%	736
EBITDA (2)	490	44	-	534	514	3.9%	-4.7%	660
Adjusted operating income (3)	370	55	-	425	415	2.4%	-10.8%	559
Operating income	307	16	-	323	343	-5.8%	-10.5%	424
Profit/(loss) before taxes	240	10	-	250	271	-7.7%	-11.4%	325
Net profit/(loss) for the period	177	6	-	183	194	-5.7%	-8.8%	237

(in millions of Euro)

	30 September 2018	30 September 2017 (***)	Change Conso.	31 December 2017 (***)
Net capital employed	5,813	3,007	2,806	2,430
Employee benefit obligations	440	369	71	355
Equity	2,496	1,586	910	1,639
of which attributable to non-controlling interests	186	190	(4)	188
Net financial debt	2,877	1,052	1,825	436

(in millions of Euro)

			9 months 2018 (**)	9 months 2017	% change	% change	2017
	Prysmian	General Cable	Total	Prysmian	Conso.	Prysmian	Prysmian
Capital expenditures (4)	161	8	169	168	0.6%	-4.2%	257
of which for acquisition of Shen Huan assets	-			*35*			*35*
Employees (at period-end)	21,725	8,016	29,741	21,297	39.6%	2.0%	21,050
Earnings/(loss) per share							
- basic			0.77	0.92			1.14
- diluted			0.77	0.90			1.11

(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.

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

(**) The results of General Cable have been consolidated for the period 1 June - 30 September 2018.

(***) The previously published comparative figures for 2017 have been restated following the introduction of IFRS 9 and IFRS 15. 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 2018 (*)				9 months 2017 (**)	% change	% change	2017 (**)
	Prysmian	General Cable	Adjustments	Total	Prysmian	Conso.	Prysmian	Prysmian
Sales	6,053	1,265	(25)	7,293	5,867	24.3%	3.2%	7,904
Of which sales vs third parties	6,047	1,246		7,293	5,867	24.3%	3.2%	7,904
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**453**	**74**	**-**	**527**	**511**	**3.1%**	**-11.4%**	**694**
% of sales	7.5%	6.0%		7.5%	8.7%			8.8%
Adjusted EBITDA	**503**	**74**	**-**	**577**	**547**	**5.5%**	**-8.0%**	**736**
% of sales	8.3%	6.0%		7.9%	9.3%			9.3%
EBITDA	**490**	**44**	**-**	**534**	**514**	**3.9%**	**-4.7%**	**660**
% of sales	8.1%	3.6%		7.3%	8.7%			8.4%
Fair value change in metal derivatives	(34)	(9)	-	(43)	(2)			12
Fair value stock options	(15)	-	-	(15)	(37)			(49)
Amortisation, depreciation, impairment and impairment reversal	(134)	(19)	-	(153)	(132)			(199)
Operating income	**307**	**16**	**-**	**323**	**343**	**-5.8%**	**-10.5%**	**424**
% of sales	5.1%	1.2%		4.4%	5.8%			5.4%
Net finance income/(costs)	(67)	(6)	-	(73)	(72)			(99)
Profit/(loss) before taxes	**240**	**10**	**-**	**250**	**271**	**-7.7%**	**-11.4%**	**325**
% of sales	4.0%	0.9%		3.4%	4.6%			4.1%
Taxes	(63)	(4)		(67)	(77)			(88)
Net profit/(loss) for the period	**177**	**6**	**-**	**183**	**194**	**-5.7%**	**-8.8%**	**237**
% of sales	2.9%	0.4%		2.5%	3.3%			3.0%
Attributable to:								
Owners of the parent	177	6	-	183	196			241
Non-controlling interests	-	-	-	-	(2)			(4)
Reconciliation of Operating Income / EBITDA to Adjusted Operating Income / Adjusted EBITDA								
Operating income (A)	**307**	**16**	**-**	**323**	**343**	**-5.8%**	**-10.5%**	**424**
EBITDA (B)	**490**	**44**	**-**	**534**	**514**	**3.9%**	**-4.7%**	**660**
Adjustments:								
Company reorganisation	15	10	-	25	12			30
of which General Cable integration costs	*5*	*10*	-	*15*	-			-
Non-recurring expenses/(income)	1	-	-	1	17			18
of which Antitrust	*1*	-	-	*1*	*17*			*18*
Other non-operating expenses/(income)	(3)	20	-	17	4			28
of which General Cable acquisition-related costs	*4*	*2*	-	*6*	-			*16*
of which General Cable integration costs	*20*		-	*20*	-			-
of which release of General Cable inventory step-up (1)	-	*16*	-	*16*	-			-
of which income from YOFC listing	*(36)*	-	-	*(36)*	-			
Total adjustments (C)	**13**	**30**	**-**	**43**	**33**			**76**
Fair value change in metal derivatives (D)	34	9	-	43	2			(12)
Fair value stock options (E)	15	-	-	15	37			49
Assets impairment and impairment reversal (F)	1	-	-	1	-			22
Adjusted operating income (A+C+D+E+F)	**370**	**55**	**-**	**425**	**415**	**2.4%**	**-10.8%**	**559**
Adjusted EBITDA (B+C)	**503**	**74**	**-**	**577**	**547**	**5.5%**	**-8.0%**	**736**

(*) The results of General Cable have been consolidated for the period 1 June - 30 September 2018.
(**) The previously published comparative figures for 2017 have been restated following the introduction of IFRS 9 and IFRS 15. Further details can be found in Section C. Restatement of comparative figures, within the Explanatory Notes to the present Quarterly Financial Report.
(1) Reflects the higher cost of using finished goods and raw materials measured at General Cable's acquisition-date fair value.

The acquisition of General Cable Corporation was consummated on 6 June 2018 and so its results have been consolidated from 1 June 2018 (since this date represents the best approximation possible with respect to the acquisition date) and are reflected in the financial performance described below.

The information presented is structured according to the operating segments adopted by both Prysmian and General Cable prior to the acquisition. In fact, even though the Group announced the adoption of a new organisational structure after the acquisition, as such a short time has elapsed since the acquisition and the Group's management is still reviewing the Group's overall reporting system, it has been preferred to retain the previously adopted reporting structure.

Accordingly, the performance of the pre-acquisition Prysmian perimeter is presented by macro type of business (Energy Projects, Energy Products, OIL & GAS and Telecom), while that of the acquired perimeter (General Cable) is presented by geographical areas (North America, Europe, Latin America).

The Group's Adjusted EBITDA for the first nine months of 2018 was up on the same period last year.

The Energy Projects segment reported a growth in volumes, driven by recovery in installation activities for Submarine projects and solid High Voltage demand in some markets, primarily France, Turkey and, above all, China and Indonesia.
Segment profitability was lower than in the same period of 2017, reflecting the recognition of provisions for extra costs for the Western Link project and a significantly higher proportion of High Voltage sales in lower margin markets, like the Middle and Far East.

Profits in the Energy Products segment in the first nine months of 2018 reflected mixed performances within its business lines. Within Energy and Infrastructure, Power Distribution sales volumes remained down on the same period last year although displaying a slight recovery compared with the first part of the year, while Trade & Installers sales volumes continued to improve on the previous year, even if profitability was affected by negative exchange rate trends and the impact of the Omani subsidiary. Industrial & Network Components also reported a mixed performance between the different businesses: positive for Automotive, while OEM and Renewables posted a largely stable or marginally worse year-on-year performance, like for the Network Components and Elevator businesses, affected in the first nine months of 2018 by rising price pressure in the Chinese market and an unfavourable exchange rate due to the large exposure to the North American market.

With reference to the OIL & GAS segment, the first nine months of 2018 saw the SURF business post a downturn for umbilical cables in its core market of Brazil, associated with a slowdown in activity by Petrobras, and a contraction in profitability due to strong competition; the Downhole Technology business saw signs of improving demand primarily linked to growth in production of Shale Oil & Shale Gas in North America; the Core Oil & Gas business confirmed a resurgence in demand by onshore projects. The business's overall margins remained largely stable despite a decrease in volumes in the higher margin offshore and MRO sector.
The Telecom segment performed well, with organic growth in 2018 nine-month sales reflecting the positive trend already observed last year. This is mainly the product of a steady growth in demand for optical fibre and

special cables serving major investment projects. The segment's profitability also benefited from the positive results reported by the associate Yangtze Optical Fibre and Cable Joint Stock Limited Company in China and by the recovery of credit from a Brazilian customer that had been written off in 2016.

The Group's sales in the first nine months of 2018 came to Euro 7,293 million, compared with Euro 5,867 million in the same period of 2017, posting a positive change of Euro 1,426 million (+24.3%).

The growth in sales was attributable to the following factors:

- increase of Euro 1,246 million (+21.2%) for the change in scope of consolidation after acquiring General Cable;
- increase of Euro 223 million (+3.8%) for organic sales growth;
- decrease of Euro 324 million (-5.5%) due to adverse exchange rate effects;
- sales price increase of Euro 281 million (+4.8%) following metal price fluctuations (copper, aluminium and lead).

Positive organic sales growth of 3.8% is analysed between the four operating segments as follows:

Energy Projects	+6.4%;
Energy Products	+2.6%;
OIL & GAS	-0.4%;
Telecom	+6.5%.

Group Adjusted EBITDA (before net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses totalling Euro 43 million) came to Euro 577 million, posting an increase of Euro 30 million on the corresponding 2017 figure of Euro 547 million (+5.5%), mainly due to Euro 74 million from the first-time consolidation of the acquired perimeter (General Cable) into Prysmian, as partly offset by Euro 70 million in extra costs for the Western Link contract. Adjusted EBITDA for the first nine months of 2018 was also negatively impacted by Euro 28 million in exchange rate effects compared with the same period and same scope of consolidation in 2017, mainly due to a general depreciation of currencies against the Euro, particularly by the US Dollar, Brazilian Real, Argentine Peso, Australian Dollar, Turkish Lira and Omani Rial.

EBITDA is stated after net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses totalling Euro 43 million (Euro 33 million in the first nine months of 2017). Such adjustments in the first nine months of 2018 consist primarily of Euro 25 million in reorganisation and efficiency improvement costs (of which Euro 15 million for rationalising the newly acquired perimeter), Euro 26 million in costs related to the acquisition and integration of General Cable and Euro 16 million in higher costs for the use of finished goods, measured at fair value under IFRS 3 as part of the General Cable acquisition accounting process, as partially offset by the gain of Euro 36 million arising on dilution of the interest in YOFC following listing on the Shanghai Stock Exchange.

Amortisation, depreciation and impairment amounted to Euro 153 million in the first nine months of 2018, reporting a year-on-year increase of Euro 21 million, of which Euro 19 million attributable to the first-time consolidation of General Cable.
The fair value change in metal derivatives was a negative Euro 43 million in the first nine months of 2018, compared with a negative Euro 2 million in the first nine months of 2017. The negative change of Euro 41 million includes Euro 9 million for the first-time consolidation of General Cable.

Group operating income came to Euro 323 million in the first nine months of 2018, compared with Euro 343 million in the same period of 2017, therefore posting a decrease of Euro 20 million mainly reflecting:
- a positive change of Euro 16 million for the first-time consolidation of General Cable;
- a negative change of Euro 36 million in the result of the pre-acquisition Prysmian Group, due to the factors described above, as partly offset by a reduction of Euro 22 million in the impact of stock option fair value.

Net finance costs came to Euro 73 million in the first nine months of 2018, compared with Euro 72 million last year.

Taxes came to Euro 67 million, representing an effective tax rate of around 27%.

Net profit for the first nine months of 2018 was Euro 183 million (all of which attributable to the Group), compared with Euro 194 million (of which Euro 196 million attributable to the Group) in the first nine months of 2017, and reflected a positive effect of Euro 6 million from the first-time consolidation of General Cable.

The following paragraphs describe market trends and financial performance for each of Prysmian's pre-acquisition segments, and General Cable's results for the four months June-September 2018 using its pre-acquisition geographical area reporting structure.

REVIEW OF ENERGY PROJECTS OPERATING SEGMENT

(in millions of Euro)

	9 months 2018	9 months 2017 (*)	% change Prysmian	2017 (*)
Sales	1,086	1,041	4.3%	1,493
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**117**	**181**	**-35.4%**	**268**
% of sales	10.8%	17.4%		18.0%
Adjusted EBITDA	**117**	**181**	**-35.4%**	**269**
% of sales	10.8%	17.4%		18.0%
EBITDA	**115**	**164**	**-29.9%**	**249**
% of sales	10.6%	15.8%		16.7%
Amortisation and depreciation	(32)	(30)		(41)
Adjusted operating income	**85**	**151**	**-43.7%**	**228**
% of sales	7.8%	14.5%		15.3%
Reconciliation of EBITDA and Adjusted EBITDA				
EBITDA (A)	**115**	**164**	**-29.9%**	**249**
Adjustments:				
Company reorganisation	1	-		1
Non-recurring expenses/(income):	1	17		18
of which Antitrust	*1*	*17*		*18*
Other non-operating expenses/(income)	-	-		1
Total adjustments (B)	**2**	**17**		**20**
Adjusted EBITDA (A+B)	**117**	**181**	**-35.4%**	**269**

(*) The previously published comparative figures for 2017 have been restated following the introduction of IFRS 9 and IFRS 15. Further details can be found in Section C. Restatement of comparative figures, within the Explanatory Notes to the present Quarterly Financial Report.

The Energy Projects Operating Segment incorporates the high-tech High Voltage underground and Submarine businesses, whose focus is projects and their execution, as well as 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, tech-driven 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 uses specific technological solutions for power transmission and distribution in underwater environments, which satisfy the strictest international standards.

MARKET OVERVIEW

Market demand for the submarine cables business has been weaker in the first nine months of 2018 than in the same period last year, with several tenders at an advanced stage of the tendering process the award of which has been delayed several months. This market is expected to grow over the medium term, especially the Offshore Wind segment, fostered by the continuous reduction in electricity generation costs and the consequent increase in competitiveness.

Demand in the high voltage underground business has been essentially stable in Europe, with a mixed performance between the different countries, while reporting a downturn in North America and the Middle East. By contrast, demand has continued to grow in Southeast Asia, where the Group has won a number of major interconnection projects. Tendering activities have started for the major Suedlink and Suedostlink connection projects in Germany.

FINANCIAL PERFORMANCE

Sales to third parties by the Energy Projects segment amounted to Euro 1,086 million in the first nine months of 2018, compared with Euro 1,041 million in the same period of 2017, posting a positive change of Euro 45 million (+4.3%).

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

- positive organic growth of Euro 66 million (+6.4%);
- decrease of Euro 27 million (-2.7%) for exchange rate fluctuations;
- sales price increase of Euro 6 million (+0.6%) for metal price fluctuations.

Organic growth in nine-month 2018 sales has been heavily affected by the negative impact of the Western Link cost adjustment.

Excluding this effect, organic sales growth would have been higher, reflecting a recovery in installation activities for Submarine projects and solid High Voltage demand in certain markets, primarily China and Indonesia.

Segment profitability was lower than in the same period of 2017, reflecting the recognition of provisions for costs for delays in the Western Link and a significantly higher proportion of High Voltage sales in lower margin markets. This confirms the Group's important presence in Middle and Far East markets, which continue to display growing demand for energy infrastructure but also lower profit margins.

The main submarine cable projects on which work was performed during the period were: the links between offshore wind farms in the North and Baltic Seas and the German mainland (Borwin3, 50Hertz), the interconnector between Norway and Britain (North Sea Link), the interconnector between the Netherlands and Denmark (CoBRA cable) and the interconnection between France and the UK (IFA2).

Most of the sales in the period derived from cable manufacturing activities by the Group's industrial facilities (Pikkala in Finland, Arco Felice in Italy and Drammen in Norway) and from installation services, performed with both its own assets and third-party equipment.

The value of the Group's Submarine order book is around Euro 1.5 billion and mainly consists of the following contracts: 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); the link between offshore wind farms in the North Sea and the German mainland (50Hertz);the interconnection between France and the UK (IFA2); the Hainan2 project in China; the interconnection projects in the Philippines and Bahrain; and the new offshore project in France and the contract to supply inter-array cables for the Hornsea2 wind farm.
The value of the Group's High Voltage order book is down from previous periods at around Euro 360 million.

Adjusted EBITDA recorded in the first nine months of 2018 came to Euro 117 million, down from Euro 181 million in the same period of 2017, with the decrease of Euro 64 million (-35.4%) largely attributable to Euro 70 million in extra costs for the Western Link project.

REVIEW OF ENERGY PRODUCTS OPERATING SEGMENT

(in millions of Euro)

	9 months 2018	9 months 2017	% change Prysmian	2017
Sales	3,793	3,672	3.3%	4,880
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**177**	**190**	**-6.9%**	**240**
% of sales	4.7%	5.2%		4.9%
Adjusted EBITDA	**180**	**194**	**-7.1%**	**244**
% of sales	4.7%	5.3%		5.0%
EBITDA	**166**	**189**	**-12.9%**	**223**
% of sales	4.3%	5.1%		4.6%
Amortisation and depreciation	(62)	(60)	4.2%	(79)
Adjusted operating income	**118**	**134**	**-12.1%**	**165**
% of sales	3.1%	3.7%		3.4%
Reconciliation of EBITDA and Adjusted EBITDA				
EBITDA (A)	**166**	**189**	**-12.9%**	**223**
Adjustments:				
Company reorganisation	8	7		18
of which General Cable integration costs	*3*	-		-
Non-recurring expenses/(income)	-	-		-
of which Antitrust	-	-		-
Other non-operating expenses/(income)	6	(2)		3
Total adjustments (B)	**14**	**5**		**21**
Adjusted EBITDA (A+B)	**180**	**194**	**-7.1%**	**244**

The Energy Products Operating Segment 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), which are able to offer a complete and innovative product portfolio to a variety of industries.

Sales to third parties by the Energy Products operating segment amounted to Euro 3,793 million in the first nine months of 2018, compared with Euro 3,672 million in the same period of 2017, posting a positive change of Euro 121 million (+3.3%), due to the combined effect of the following main factors:

- organic increase of Euro 96 million (+2.6%), reflecting a growth in volumes concentrated in Europe and North America;
- decrease of Euro 226 million (-6.1%) linked to unfavourable exchange rate movements;
- sales price increase of Euro 251 million (+6.8%) for metal price fluctuations.

Adjusted EBITDA for the first nine months of 2018 came to Euro 180 million, down Euro 14 million (-7.1%) from Euro 194 million in the same period of 2017.

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 2018	9 months 2017	% change Prysmian	% organic sales change	2017
Sales	2,533	2,467	2.7%	1.7%	3,271
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**90**	**105**	**-14.1%**		**128**
% of sales	3.6%	4.3%			3.9%
Adjusted EBITDA	**92**	**107**	**-13.9%**		**130**
% of sales	3.6%	4.3%			4.0%
Adjusted operating income	**47**	**64**	**-26.7%**		**73**
% of sales	1.9%	2.6%			2.2%

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.

During the third quarter of 2018, like in the first half of the year, the Trade & Installers business enjoyed a positive trend in demand in most of the European countries served as well as in North America.

As for Power Distribution, the major European countries have seen a generally stagnant trend in energy consumption in recent years, in turn adversely affecting demand by the main utilities. The latter, operating in a recessionary economic environment, have either maintained extremely cautious positions 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.

In the first nine months of 2018, the Power Distribution business posted a positive trend in Europe, despite a substantially stable situation in Southern Europe and contraction in Northern Europe. The third quarter confirmed the initial signs of a reversal in the particularly seasonally weak demand seen in the first half of the year.

Beyond Europe, demand has retreated in North America while remaining mostly stable APAC; the situation in Brazil, however, remains challenging due to recent changes in the Brazilian utilities sector currently undergoing consolidation.

FINANCIAL PERFORMANCE

Sales to third parties by the Energy & Infrastructure business area amounted to Euro 2,533 million in the first nine months of 2018, compared with Euro 2,467 million in the corresponding period of 2017, posting a positive change of Euro 66 million (+2.7%) due to the combined effect of the following main factors:

- positive organic growth of Euro 43 million (+1.7%);
- decrease of Euro 151 million (-6.1%) for adverse exchange rate fluctuations;
- sales price increase of Euro 174 million (+7.1%) for metal price fluctuations.

Prysmian Group has carried on its strategy for the Trade & Installers business of focusing on relationships with top international customers and of developing 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 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.

Over the course of the first nine months of 2018, the Group saw sales volumes increase year-on-year, particularly in Europe thanks to strict application of the Construction Products Regulation (EU Regulation 305/2011), which became mandatory from 1 July 2017 in every European Union member state, and to a general upturn in the construction market.

Power Distribution, however, reported a weak year-on-year performance, even if showing a slight recovery from the second quarter, and reflecting softer demand in several markets in the early part of the year and pressure on prices, the continued strength of which in some countries has impacted the results.

The performance of the Omani subsidiary remained subdued compared with the same period last year, suffering from conditions on the local market.

Given the factors described above, Adjusted EBITDA for the first nine months of 2018 came to Euro 92 million, down from Euro 107 million in the previous year (-18.6%).

INDUSTRIAL & NETWORK COMPONENTS

(in millions of Euro)

	9 months 2018	9 months 2017	% change Prysmian	% organic sales change	2017
Sales	1,146	1,100	4.3%	4.9%	1,460
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**87**	**86**	**0.1%**		**113**
% of sales	7.6%	7.9%			7.8%
Adjusted EBITDA	**88**	**88**	**-0.5%**		**115**
% of sales	7.6%	8.0%			7.9%
Adjusted operating income	**72**	**72**	**-0.7%**		**95**
% of sales	6.3%	6.6%			6.5%

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 networks.

MARKET OVERVIEW

Trends in Industrial cable markets display considerable inconsistencies within the various business lines and between the different geographical areas. In fact, while some market segments show stable or growing demand, like certain OEM sectors (such as Railway or Cranes) and the Automotive business, other segments have seen volumes decline in specific countries due to delays in investment projects in areas of national interest such as Nuclear and Defence, accompanied by softer demand in the Mining business.

The Elevator market has recorded growth in North America and EMEA, but substantial stability in APAC.

The Automotive market has posted stable growth almost everywhere. Demand continues to be strong in South America, and stable in Europe, China and Southeast Asia. Despite the strong growth in the market for electric cars, there is a continuing trend in the latter regions for cable manufacturers to intercept the market upstream.

FINANCIAL PERFORMANCE

Sales to third parties by the Industrial & Network Components business area amounted to Euro 1,146 million in the first nine months of 2018, compared with Euro 1,100 million in the corresponding period of 2017, recording a positive change of Euro 46 million (+4.3%) due to the combined effect of the following main factors:

- positive organic growth of Euro 53 million (+4.9%);
- decrease of Euro 69 million (-6.2%) for adverse exchange rate fluctuations;
- sales price increase of Euro 62 million (+5.6%) for metal price fluctuations.

Performance in the industrial applications market was stable in the first nine months of 2018 compared with the same period of 2017, supported by the necessary differentiation by geographies and application.

In the OEM market, the Group recorded strong growth in Asia Pacific and Europe but substantial stability in North and South America. As for the different applications, the market's main drivers compared with the same period last year were the Cranes, Railway and Infrastructure businesses. Instead, the Nuclear, Defence and Mining businesses were weaker, while Renewables were stable compared with the first nine months of 2017.

The Elevator business was affected in the first nine months of 2018 by growing price pressure on the Chinese market and negative exchange rate effects arising from its considerable exposure to the North American market. Last year's growth in the EMEA region has continued, while the APAC market has seen rising price pressure for low value-added products and softer demand. By contrast, the North American market has recorded growing demand in the first nine months of 2018, mostly concentrated on low value-added products.

The Automotive business has improved its margins year-on-year, thanks to the strategy of focusing on top-end segments and to better industrial performance, especially in Europe. Competitive pressure has continued for low value-added products, and mounted in Southeast Asia.

The Network Components business area has shown growth for High Voltage applications, where the range of products up to 150kV has made up for a contraction in EHV volumes, while Medium and Low Voltage applications have recorded a negative performance, with a downturn in the South European and British markets.

Given the factors described above, Adjusted EBITDA for the first nine months of 2018 came to Euro 88 million, the same as in the corresponding period of 2017.

OTHER

(in millions of Euro)

	9 months 2018	9 months 2017	2017
Sales	114	105	149
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**-**	**(1)**	**(1)**
Adjusted EBITDA	**-**	**(1)**	**(1)**
Adjusted operating income	**(1)**	**(2)**	**(3)**

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 OIL & GAS OPERATING SEGMENT

(in millions of Euro)

	9 months 2018	9 months 2017	% change Prysmian	2017
Sales	194	201	-3.6%	273
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**2**	**5**	**-46.5%**	**9**
% of sales	1.3%	2.3%		3.4%
Adjusted EBITDA	**2**	**5**	**-46.5%**	**9**
% of sales	1.3%	2.3%		3.4%
EBITDA	**2**	**3**	**-20.8%**	**7**
% of sales	1.3%	1.6%		2.4%
Amortisation and depreciation	(6)	(13)		(16)
Adjusted operating income	**(4)**	**(8)**	**-50.3%**	**(7)**
% of sales	-2.0%	-3.8%		-2.5%
Reconciliation of EBITDA and Adjusted EBITDA				
EBITDA (A)	**2**	**3**	**-20.8%**	**7**
Adjustments:				
Company reorganisation	1	1		2
Non-recurring expenses/(income)	-	-		-
of which Antitrust	-	-		-
Other non-operating expenses/(income)	(1)	1		-
Total adjustments (B)	**-**	**2**		**2**
Adjusted EBITDA (A+B)	**2**	**5**	**-46.5%**	**9**

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

Prysmian offers a wide range of products able to serve every onshore and offshore need, including the design and supply of: multipurpose umbilical systems (for power and data communications transmission and for hydraulic powering of wellheads by offshore platforms and/or by floating, production, storage and offloading vessels); flexible offshore pipes for hydrocarbon transport; Downhole Technology (DHT) solutions, which include cables encased in insulated tubing to control and power systems inside extraction and production machinery both offshore and onshore.

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 prices continue to contract in the first nine months of 2018 due to strong competition on local markets, as witnessed in the second half of 2017.

The Downhole Technology business has seen further signs of growth in turnover associated with Shale Oil & Shale Gas production in North America and, in the Middle East, with onshore investments in Saudi Arabia.
The Core Oil & Gas business has maintained its prior year level, with a slight recovery driven by markets in North America and the Middle East. Offshore activities remain depressed, putting pressure not only on the major Asian shipyards (in Singapore and Korea) but also EPC contractors. The drilling sector has revived, largely driven by the North American market, while the MRO (Maintenance, Repair and Overhaul) segment remains weak.

FINANCIAL PERFORMANCE

Sales to third parties by the OIL & GAS segment amounted to Euro 194 million in the first nine months of 2018, compared with Euro 201 million in the same period of 2017, posting a negative change of Euro 7 million (-3.6%). The decrease in sales can be broken down into the following main factors:

- negative organic sales growth of Euro 1 million (-0.4%);
- negative effect of Euro 18.5 million (-9.2%) for exchange rate fluctuations;
- sales price increase of Euro 12 million (+6%) for metal price fluctuations.

In particular, the performance of the OIL & GAS segment reflects:

- for the SURF business, a contraction in the umbilicals market in Brazil, Prysmian's main outlet for these products, linked to a downturn in activity by Petrobras, and a squeeze on profitability due to stiff competition; the poorer performance in third quarter 2018 basically reflects project phasing;
- signs of improvement in demand for Downhole Technology products, +13% year-on-year, mainly thanks to growth in Shale Oil & Shale Gas production in North America;
- in the Core Oil & Gas business, the same level of onshore project demand as in the previous quarter. The business's overall profitability has remained largely stable despite a drop in higher-margin MRO and offshore volumes.

Adjusted EBITDA for the first nine months of 2018 was a positive Euro 2 million, down Euro 3 million on the same period of 2017, mainly reflecting the steep decline in profitability in the Brazilian SURF business.

REVIEW OF TELECOM OPERATING SEGMENT

(in millions of Euro)

	9 months 2018	9 months 2017	% change Prysmian	2017
Sales	974	953	2.1%	1,258
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**157**	**135**	**15.4%**	**177**
% of sales	16.1%	14.2%		14.0%
Adjusted EBITDA	**204**	**167**	**21.4%**	**214**
% of sales	20.9%	17.6%		17.0%
EBITDA	**235**	**165**	**42.1%**	**206**
% of sales	24.1%	17.3%		16.4%
Amortisation and depreciation	(33)	(29)		(41)
Adjusted operating income	**171**	**138**	**23.5%**	**173**
% of sales	17.5%	14.5%		13.8%
Reconciliation of EBITDA and Adjusted EBITDA				
EBITDA (A)	**235**	**165**	**42.1%**	**206**
Adjustments:				
Company reorganisation	3	2		6
Non-recurring expenses/(income)	-	-		-
of which Antitrust	-	-		-
Other non-operating expenses/(income)	(34)	-		2
of which income from YOFC listing	*(36)*	-		-
Total adjustments (B)	**(31)**	**2**		**8**
Adjusted EBITDA (A+B)	**204**	**167**	**21.4%**	**214**

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 expanded in the first nine months of 2018 compared with the same period last year. Demand has grown in fast-developing markets (China and APAC) which alone accounted for more than 50% of the market. Optical fibre cable consumption has continued to expand in North America, and in Europe thanks to plans under the Digital Agenda for Europe 2025. The latter envisages the provision of three levels of minimum service depending on the type of user. In fact, government offices and entities like schools and hospitals will benefit from a bandwidth of at least 1 Gb/s. Likewise, the entire residential population will be connected with 100 Mb/s, while all urban areas and transport corridors should have broadband mobile coverage with 5G technology. In Europe, the network architectures used vary according to decisions made by each country. FTTH networks are the preference in France, Spain, Portugal and the Nordics, while G.Fast is the norm in Germany and Britain; although these systems use the last metres of the existing copper network, massive volumes of optical cables are nonetheless required to upgrade the distribution networks. In other places like Italy, the two technologies coexist.

In Brazil, despite uncertainty about the country's macroeconomic performance and growth prospects, there has been a slight recovery in investments by the major telecom carriers, both in copper and optical fibre cables.

North America continues to see a big increase in data consumption by all sectors of society. As a result, the major market players - AT&T and Verizon to name just a few - are investing in fibre network infrastructure. For instance, Verizon has announced that it is upgrading its network architecture around a next-generation fibre platform with the aim of increasing 4G coverage and laying the foundations for the subsequent development of 5G and IoT (Internet of Things) technology.

In conclusion, the growing demand for data on both fixed and mobile networks is leading to a progressive convergence between the two and to a consequent increase in fibre infrastructure investments.

The copper cable market is slowing down due to the maturity of the products concerned. The decline in this market was increasingly evident in the first nine months of 2018, with high demand for internet access causing major operators to opt to renew their networks using optical fibre, rather than perform maintenance or upgrade work on existing networks. It is still worth remaining in this segment since the gradual decommissioning of assets by competitor cable manufacturers nonetheless offers attractive opportunities.

The MMS cable market has reported timid global growth, driven by Asia and, in the case of the optical cables segment, by China. Growth in demand is being fuelled 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 (Industry 4.0) that require new highly specialised products. Another important source of growth is 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 974 million in the first nine months of 2018, compared with Euro 953 million in the first nine months of 2017, posting a positive change of Euro 21 million (+2.1%).

This change is attributable to the following factors:

- organic sales growth of Euro 62 million (+6.5%), mainly thanks to further volume growth for optical fibre cables;
- negative change of Euro 53 million (-5.6%) for exchange rate fluctuations;
- sales price increase of Euro 12 million (+1.2%) for metal price fluctuations.

The organic growth in 2018 nine-month sales reflects the positive trend already observed last year. This is mainly the product of a steady growth in demand for optical fibre and special cables serving major investment projects.

Volume trends in Europe have been positive and price levels stable. The Group has won important contracts with leading operators in Europe for the construction of backhaul links and FTTH connections. The network development plan in rural areas is progressing in the Netherlands, while a national plan is being implemented by Swisscom in Switzerland. In France the "Trés Haut Débit" broadband roll-out project is going ahead at full speed. In addition, British Telecom has announced a new FTTH project to connect 3 million "premises" in 8 cities by 2020.

In North America, the development of new ultra-broadband networks is generating a steady increase in domestic demand from which Prysmian is benefiting. As part of a massive multi-year investment program by Verizon, one of the major US incumbents, Prysmian has signed a three-year agreement to supply optical fibre cables. The Group has concurrently announced it will increase the production capacity of its North American plants to support this growth.

In Brazil and Argentina, there has been an increase in investments by the major telecom carriers in both copper and optical fibre cables.

Activities in connection with the NBN (National Broadband Network) project in Australia have seen a positive trend for optical cables. This unique phenomenon in the current telecoms market reflects the new NBN orientation towards a "multi-technology" platform.

Lastly, copper cables have continued their steady decline due to the retirement of traditional networks in favour of next-generation ones.

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

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 result has been achieved thanks to the business's ability to satisfy growing demand with a high level of responsiveness and service. An approach that, along with its strong customer orientation, has been appreciated as one of the Group's main strengths.

The return on investments to reduce optical fibre costs and the relocation of some cable manufacturing sources to Eastern Europe has also made a substantial contribution to the segment's overall results.

Adjusted EBITDA for the first nine months of 2018 came to Euro 235 million, reporting an increase of Euro 70 million (+42.1%) from Euro 165 million in the corresponding period of 2017. This increase has benefited from the positive results reported by the associate Yangtze Optical Fibre and Cable Joint Stock Limited Company in China and from the reversal of impairment recorded in 2016 against receivables owed by a Brazilian customer.

REVIEW OF THE ACQUIRED PERIMETER (GENERAL CABLE)

(in millions of Euro)

	9 months 2018 (*)			
	North America	Europe	Latin America	Total General Cable
Sales	762	300	184	1,246
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**50**	**15**	**9**	**74**
% of sales	6.5%	4.8%	5.1%	6.0%
Adjusted EBITDA	**50**	**15**	**9**	**74**
% of sales	6.5%	4.8%	5.1%	6.0%
EBITDA	**31**	**9**	**4**	**44**
% of sales	4.1%	3.0%	2.1%	3.6%
Amortisation and depreciation	(10)	(6)	(3)	(19)
Adjusted operating income	**40**	**9**	**6**	**55**
% of sales	5.1%	2.8%	3.3%	4.3%
Reconciliation of EBITDA and Adjusted EBITDA				
EBITDA (A)	**31**	**9**	**4**	**44**
Adjustments:				
Company reorganisation	5	4	1	10
of which General Cable integration costs	*5*	*4*	*1*	*10*
Non-recurring expenses/(income)	-	-	-	-
of which Antitrust	-	-	-	-
Other non-operating expenses/(income)	14	2	4	20
of which General Cable acquisition-related costs	1	1	-	2
of which release of General Cable inventory step-up (1)	*11*	*1*	*4*	*16*
Total adjustments (B)	**19**	**6**	**5**	**30**
Adjusted EBITDA (A+B)	**50**	**15**	**9**	**74**

(*) The results of General Cable have been consolidated for the period 1 June - 30 September 2018.

(1) Reflects the higher cost of using finished goods and raw materials measured at General Cable's acquisition-date fair value.

The subsequent comments refer to the results of the acquired perimeter (General Cable) for a nine-month period, which are more meaningful than the consolidated figures relating to just the four months June-September 2018.

Sales to third parties by the acquired perimeter (General Cable) came to Euro 2,665 million in the first nine months of 2018 (of which Euro 1,246 million consolidated), up Euro 73 million on the same period last year. Organic like-for-like growth in nine-month 2018 sales was 2.5% year-on-year.

Adjusted EBITDA for the first nine months of 2018 was Euro 148 million (of which Euro 74 million consolidated within the Prysmian Group), reporting a year-on-year reduction of Euro 19 million, of which Euro 8 million due to adverse exchange rate movements.

The results will now be examined by operating segment.

North America

Sales to third parties by the North America operating segment came to Euro 1,604 million in the first nine months of 2018 (of which Euro 762 million consolidated within the Prysmian Group), up Euro 27 million on the same period last year. Organic growth in sales was 2.6%, reflecting a positive trend in the construction and automotive businesses, partially making up for a downturn in the MMS business.

Adjusted EBITDA for the first nine months of 2018 was Euro 101 million (of which Euro 50 million consolidated within the Prysmian Group), reporting a year-on-year reduction of Euro 21 million, mainly reflecting the negative impact of exchange rates (Euro 7 million), and increased costs for raw materials and transport. Third–quarter adjusted EBITDA was ahead of the previous year, reflecting improvements in the Power Distribution and Multimedia Solutions businesses and the achievement of initial cost synergies.

Europe

Sales to third parties by the Europe operating segment came to Euro 654 million in the first nine months of 2018 (of which Euro 300 million consolidated within the Prysmian Group), up Euro 88 million on the same period last year. Organic growth in sales was 9.8%, driven primarily by the positive performance of projects (although slowing in the third quarter) and of the optical cables business.

Adjusted EBITDA for the first nine months of 2018 was Euro 25 million (of which Euro 15 million consolidated within the Prysmian Group), up Euro 7 million on the same period last year, mainly reflecting a favourable sales mix.

Latin America

Sales to third parties by the Latin America operating segment came to Euro 407 million in the first nine months of 2018 (of which Euro 184 million consolidated within the Prysmian Group), down Euro 42 million on the same period last year. The organic change in sales was -8.0% due to the decrease in volumes for the overheads business in Brazil.

Adjusted EBITDA for the first nine months of 2018 was Euro 22 million (of which Euro 9 million consolidated within the Prysmian Group), down Euro 5 million on the same period last year, mainly due to performance by the overheads business.

GROUP STATEMENT OF FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	30 September 2018	30 September 2017 (*)	Change	31 December 2017 (*)
Net fixed assets	4,838	2,598	2,240	2,610
Net working capital	1,447	743	704	128
Provisions and net deferred taxes	(472)	(334)	(138)	(308)
Net capital employed	**5,813**	**3,007**	**2,806**	**2,430**
Employee benefit obligations	440	369	71	355
Total equity	2,496	1,586	910	1,639
of which attributable to non-controlling interests	186	190	(4)	188
Net financial debt	2,877	1,052	1,825	436
Total equity and sources of funds	**5,813**	**3,007**	**2,806**	**2,430**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 9 and IFRS 15. 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 2018	30 September 2017	Change	31 December 2017
Property, plant and equipment	2,560	1,632	928	1,646
Intangible assets	1,972	743	1,229	735
Equity-accounted investments	293	211	82	217
Other investments at fair value through other comprehensive income	13	12	1	12
Net fixed assets	**4,838**	**2,598**	**2,240**	**2,610**

At 30 September 2018, net fixed assets amounted to Euro 4,838 million, compared with Euro 2,610 million at 31 December 2017, posting an increase of Euro 2,228 million mainly due to the combined effect of the following factors:

- Euro 909 million from the first-time consolidation of companies in the acquired perimeter (General Cable);
- Euro 1,224 million for the recognition of provisional goodwill on the acquisition of General Cable;
- Euro 162 million in net capital expenditure on property, plant and equipment and intangible assets;
- Euro 153 million in amortisation, depreciation and impairment charges for the period (of which Euro 134 million attributable to the pre-acquisition group);
- Euro 8 million in positive currency translation differences affecting property, plant and equipment and intangible assets;
- Euro 76 million for the net increase in equity-accounted investments, mainly comprising Euro 50 million for the share of net profit/(loss) of equity-accounted companies and the positive effect of dilution of the

interest in YOFC, less Euro 4 million in dividend payments and Euro 6 million in negative currency translation differences.

NET WORKING CAPITAL

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

(in millions of Euro)

	30 September 2018	30 September 2017 (*)	Change	31 December 2017 (*)
Inventories	1,647	1,069	578	954
Trade receivables	1,843	1,265	578	1,131
Trade payables	(2,092)	(1,564)	(528)	(1,686)
Other receivables/(payables)	45	(47)	92	(293)
Net operating working capital	**1,443**	**723**	**720**	**106**
Derivatives	4	20	(16)	22
Net working capital	**1,447**	**743**	**704**	**128**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 9 and IFRS 15. 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 1,447 million at 30 September 2018 was Euro 704 million higher than the corresponding figure of Euro 743 million at 30 September 2017. Net operating working capital amounted to Euro 1,443 million (12.3% of annualised sales) at 30 September 2018, an increase of Euro 720 million from Euro 723 million (9.4% of sales) at 30 September 2017, reflecting the following factors:

- Euro 616 million from the first-time consolidation of companies in the acquired perimeter (General Cable);
- an increase in working capital employed in multi-year Submarine projects, reflecting their stage of completion relative to their respective contractual deadlines, as partially offset by new provisions for the Western Link contract;
- a decrease in working capital due to growth in without-recourse factoring of trade receivables;
- an increase linked to fluctuations in metal prices (copper, aluminium, lead);
- a decrease for currency translation differences.

NET FINANCIAL DEBT

The following table provides a detailed breakdown of net financial debt:

(in millions of Euro)

	30 September 2018	30 September 2017	Change	31 December 2017
Long-term financial payables				
CDP Loan	100	100	-	100
EIB Loans	135	42	93	152
Non-convertible bond	744	743	1	743
Convertible bond 2017	464	454	10	456
Term Loan	993	-	993	-
Bridge Loan	699	-	699	-
Other financial payables	23	21	2	15
Total long-term financial payables	**3,158**	**1,360**	**1,798**	**1,466**
Short-term financial payables				
EIB Loans	17	17	-	17
Non-convertible bond	9	9	-	14
Convertible bond 2013	-	296	(296)	283
Term Loan	4	-	4	-
Derivatives	8	1	7	1
Other financial payables	99	80	19	56
Total short-term financial payables	**137**	**403**	**(266)**	**371**
Total financial liabilities	**3,295**	**1,763**	**1,532**	**1,837**
Long-term financial receivables	10	1	9	2
Long-term bank fees	-	1	(1)	1
Financial assets at amortised cost	5	4	1	2
Short-term derivatives	4	-	4	1
Short-term financial receivables	8	6	2	7
Short-term bank fees	1	2	(1)	2
Financial assets at fair value through profit or loss	17	59	(42)	40
Financial assets at fair value through other comprehensive income	10	11	(1)	11
Cash and cash equivalents	363	627	(264)	1,335
Total financial assets	**418**	**711**	**(293)**	**1,401**
Net financial debt	**2,877**	**1,052**	**1,825**	**436**

Net financial debt of Euro 2,877 million at 30 September 2018 has increased by Euro 2,441 million from Euro 436 million at 31 December 2017. As regards the principal factors behind the change in net financial debt, reference should be made to the next section containing the "Statement of cash flows".

STATEMENT OF CASH FLOWS

(in millions of Euro)	9 months 2018 (**)	9 months 2017 (*)	Change	12 months (from 1 October 2017 to 30 September 2018)	2017 (*)
EBITDA	**534**	**514**	**20**	**680**	**660**
Changes in provisions (including employee benefit obligations) and other movements	(44)	(20)	(24)	(24)	-
(Gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets and on dilution of equity interests	(37)	(1)	(36)	(38)	(2)
Share of net profit/(loss) of equity-accounted companies	(50)	(36)	(14)	(56)	(42)
Net cash flow provided by operating activities (before changes in net working capital)	**403**	**457**	**(54)**	**562**	**616**
Changes in net working capital	(664)	(510)	(154)	(69)	85
Taxes paid	(78)	(78)	-	(104)	(104)
Dividends from investments in equity-accounted companies	4	9	(5)	5	10
Net cash flow provided/(used) by operating activities	**(335)**	**(122)**	**(213)**	**394**	**607**
Cash flow from acquisitions and/or disposals	(1,290)	(3)	(1,287)	(1,294)	(7)
Net cash flow used in operating activities	(162)	(164)	2	(252)	(254)
of which for investment in Wuhan Shen Huan	-	*(35)*	*35*	-	*(35)*
Free cash flow (unlevered)	**(1,787)**	**(289)**	**(1,498)**	**(1,152)**	**346**
Net finance costs	(38)	(50)	12	(58)	(70)
Free cash flow (levered)	**(1,825)**	**(339)**	**(1,486)**	**(1,210)**	**276**
Share buyback	-	(100)	100	-	(100)
Dividend distribution	(105)	(102)	(3)	(104)	(101)
Capital contributions and other changes in equity	496	-	496	499	3
Net cash flow provided/(used) in the period	**(1,434)**	**(541)**	**(893)**	**(815)**	**78**
Opening net financial debt	**(436)**	**(537)**	**101**	**(1,052)**	**(537)**
Net cash flow provided/(used) in the period	(1,434)	(541)	(893)	(815)	78
Equity component of Convertible Bond 2017	-	48	(48)	-	48
Conversion of Convertible Bond 2013	283	-	283	296	13
Net financial debt General Cable	(1,215)	-	(1,215)	(1,215)	-
Other changes	(75)	(22)	(53)	(91)	(38)
Closing net financial debt	**(2,877)**	**(1,052)**	**(1,825)**	**(2,877)**	**(436)**

(*) The previously published comparative figures for 2017 have been restated following the introduction of IFRS 9 and IFRS 15. Further details can be found in Section C. Restatement of comparative figures, within the Explanatory Notes to the present Quarterly Financial Report.

(**) The cash flows of General Cable refer to the period 1 June - 30 September 2018.

With reference to the first nine months of 2018, net cash flow provided by operating activities (before changes in net working capital) amounted to Euro 403 million.

This cash flow was absorbed by the increase of Euro 664 million in net working capital described earlier. After Euro 78 million in tax payments and Euro 4 million in dividend receipts, net cash flow from operating activities in the first nine months of 2018 was therefore a negative Euro 335 million.

Cash flow from acquisitions and/or disposals was a negative Euro 1,290 million, all of which related to General Cable and representing the cash outflow to acquire this group.

Net operating capital expenditure amounted to Euro 162 million in the first nine months of 2018, a large part of which relating to projects to increase and rationalise production capacity and to develop new products.
In addition, Euro 38 million in net finance costs were paid during the nine-month period.
The capital increase, completed in July 2018, has resulted in a net cash inflow of Euro 496 million.

Net financial debt has been affected by net cash outflows for the period of Euro 1,434 million and the first-time consolidation of General Cable's net financial debt of Euro 1,215 million, while benefiting from Euro 283 million upon conversion of the Convertible Bond 2013.

With reference to the statement of cash flows for the past twelve months, the principal factors that influenced the change were:
- Euro 564 million in net cash flow provided by operating activities before changes in net working capital;
- Euro 69 million in cash flow used by the increase in net working capital, Euro 104 million in tax payments and Euro 5 million in dividend receipts, all of which contributing to Euro 394 million in net cash inflow from operating activities;
- Euro 1,294 million in net cash outflow for acquisitions and/or disposals;
- Euro 252 million in net operating capital expenditure over the past 12 months;
- Euro 58 million in payments for net finance costs and Euro 104 million for dividends.
- Euro 499 million in capital contributions and other changes in equity.

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
- Other investments at fair value through other comprehensive income
- 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 net financial debt
- Other current receivables and payables, net of short-term financial receivables classified in net financial debt
- Derivatives net of financial instruments for hedging interest rate and currency risks relating to financial transactions, classified in net financial debt
- 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 net financial debt
- Other current receivables and payables, net of short-term financial receivables classified in net financial debt
- Current tax payables

• **Provisions and net deferred taxes:** 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 debt:** sum of the following items:

- Borrowings from banks and other lenders – non-current portion
- Borrowings from banks and other lenders – current portion
- Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables
- Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial receivables
- Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial payables
- Derivatives on 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
- Financial assets at amortised cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- 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 2018

(in millions of Euro)

			30 September 2018		31 December 2017(*)	
		Note	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		2,560		1,646
Intangible assets		1		1,972		735
Equity-accounted investments		2		293		217
Other investments at fair value through other comprehensive income				13		12
Asset held for sale				-		-
Total net fixed assets	**A**			**4,838**		**2,610**
Net working capital						
Inventories	**B**	4		1,647		954
Trade receivables	**C**	3		1,843		1,131
Trade payables	**D**	10		(2,092)		(1,686)
Other receivables/payables net	**E**			45		(293)
of which:						
Other receivables - non-current			*35*		*15*	
Tax receivables		3	*6*		*3*	
Receivables from employees		3	*1*		*1*	
Advances to suppliers		3	*3*		*-*	
Other		3	*25*		*11*	
Other receivables - current			*951*		*410*	
Tax receivables		3	*140*		*115*	
Receivables from employees and pension plans		3	*7*		*3*	
Advances to suppliers		3	*22*		*15*	
Other		3	*115*		*91*	
Construction contracts		3	*667*		*186*	
		3				
Other payables - non-current			*(31)*		*(8)*	
Tax and social security payables		10	*(20)*		*(3)*	
Other		10	*(11)*		*(5)*	
Other payables - current			*(865)*		*(692)*	
Tax and social security payables		10	*(140)*		*(161)*	
Advances from customers		10	*(216)*		*(177)*	
Payables to employees		10	*(173)*		*(92)*	
Accrued expenses		10	*(144)*		*(107)*	
Other		10	*(192)*		*(155)*	
Current tax payables			*(45)*		*(18)*	
Total net operating net working capital	**F = B+C+D+E**			**1,443**		**106**
Derivatives	**G**		4		22	
of which:						
Forward currency contracts on commercial transactions (cash flow hedges) - non-current		5	*1*		6	
Forward currency contracts on commercial transactions (cash flow hedges) - current		5	*(7)*		4	
….Zero cost collar on General Cable acquisition (cash flow hedges)		5	*-*		*(17)*	
Forward currency contracts on commercial transactions - current		5	*8*		*(1)*	
Metal derivatives - non-current		5	*5*		*6*	
Metal derivatives - current		5	*(3)*		*24*	
Total net working capital	**H = F+G**			**1,447**		**128**

(in millions of Euro)

			30 September 2018		31 December 2017 (*)	
		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		(69)		(33)
Provisions for risks and charges - current		12		(407)		(321)
Deferred tax assets				162		149
Deferred tax liabilities				(158)		(103)
Total provisions	**I**			**(472)**		**(308)**
Net capital employed	**L = A+H+I**			**5,813**		**2,430**
Employee benefit obligations	**M**	13		**440**		**355**
Total equity	**N**	9		**2,496**		**1,639**
of which equity attributable to non-controlling interests				*186*		*188*
Net financial debt						
Total long-term financial payables	**O**			**3,158**		**1,466**
CDP Loan		10	100		100	
EIB Loans		10	135		152	
Non-convertible bond		10	744		743	
Convertible bond 2017		10	464		456	
Term Loan		10	993		-	
Bridge Loan		10	699		-	
Other payables			23		15	
of which:						
Finance lease obligations		10	*11*		*12*	
Other financial payables		10	*12*		*3*	
Total short-term financial payables	**P**			**137**		**371**
EIB Loans		10	17		17	
Non-convertible bond		10	9		14	
Convertible bond 2013		10	-		283	
Term Loan		10	4		-	
Derivatives		5	8		1	
of which:						
Interest rate swaps		5	*7*		-	
Forward currency contracts on financial transactions		5	*1*		*1*	
Other payables			99		56	
of which:						
Finance lease obligations		10	*1*		*1*	
Other financial payables		10	*98*		*55*	
Total financial liabilities	**Q = O+P**			**3,295**		**1,837**
Long-term financial receivables	**R**	3	(10)		(2)	
Long-term bank fees	**R**	3	-		(1)	
Short-term financial receivables	**R**	3	(8)		(7)	
Short-term derivatives	**R**	5	(4)		(1)	
of which:						
Forward currency contracts on financial transactions (current)		5	*(4)*		*(1)*	
Short-term bank fees	**R**	5	(1)		(2)	
Financial assets at amortised cost	**S**			(5)		(2)
Financial assets at fair value through other comprehensive income	**T**			(10)		(11)
Financial assets at fair value through profit or loss	**U**	6		(17)		(40)
Cash and cash equivalents	**V**	7		(363)		(1,335)
Total financial assets	**Z = R+S+T+U+V**			**(418)**		**(1,401)**
Total net financial debt	**W = Q+Z**			**2,877**		**436**
Total equity and sources of funds	**Y = M+N+W**			**5,813**		**2,430**

(*) The previously published comparative figures for 2017 have been restated following the introduction of IFRS 9 and IFRS 15. 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 presented in the Consolidated Financial Statements and Explanatory Notes at 30 September 2018

(in millions of Euro)

		9 months 2018 (*)	9 months 2017 (**)
		Amounts from income statement	**Amounts from income statement**
Sales of goods and services	**A**	**7,293**	**5,867**
Change in inventories of work in progress, semi-finished and finished goods		8	122
Other income		103	54
Raw materials, consumables used and goods for resale		(4,751)	(3,728)
Personnel costs		(920)	(801)
Other expenses		(1,264)	(1,073)
Operating costs	**B**	**(6,824)**	**(5,426)**
Share of net profit/(loss) of equity-accounted companies	**C**	50	36
Fair value stock options	**D**	15	37
EBITDA	**E = A+B+C+D**	**534**	**514**
Other non-recurring expenses and revenues	**F**	*(1)*	*(17)*
Personnel costs for company reorganisation	**G**	*(22)*	*(7)*
Other costs and revenues for company reorganisation	**H**	*(3)*	*(5)*
Other non-operating expenses	**I**	*(17)*	*(4)*
Total adjustments	**L = F+G+H+I**	(43)	(33)
Adjusted EBITDA	**M = E-L**	**577**	**547**
Share of net profit/(loss) of equity-accounted companies	**N**	50	36
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**O = M-N**	**527**	**511**

(in millions of Euro)

		9 months 2018 (*)	9 months 2017 (**)
		Amounts from income statement	**Amounts from income statement**
Operating income	**A**	**323**	**343**
Other non-recurring expenses and revenues		(1)	(17)
Personnel costs for company reorganisation		(22)	(7)
Other costs and revenues for company reorganisation		(3)	(5)
Other non-operating expenses		(17)	(4)
Adjusted EBITDA	**B**	**(43)**	**(33)**
Fair value change in metal derivatives	**C**	(43)	(2)
Fair value stock options	**D**	(15)	(37)
Non–recurring impairment and releases	**E**	(1)	-
Adjusted operating income			
Operating income	**F=A-B-C-D-E**	**425**	**415**

(*) The results of General Cable have been consolidated for the period 1 June - 30 September 2018.

(**) The previously published comparative figures for 2017 have been restated following the introduction of IFRS 9 and IFRS 15. Further details can be found in Section C. Restatement of comparative figures, within the Explanatory Notes to the present Quarterly Financial Report.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Contract for first submarine cable interconnection between the island of Crete and mainland Greece

On 2 October 2018, the Group was awarded a new contract, worth some Euro 125 million, for an interconnection between the island of Crete and mainland Greece (Peloponnese region). The project was awarded by IPTO (Independent Power Transmission Operator), which operates the transmission system for Greece's power grid. The contract will be finalised by the end of 2018, after obtaining the usual approvals from the authorities concerned.

The project for this first submarine electricity interconnection between Crete and the mainland involves the design, supply, installation and commissioning of an HVAC cable system using 150 kV three-core XLPE-insulated double-armoured cables. The cables, running along a route of 135 km, will be installed as deep as 950 metres.

The submarine cables, which will be manufactured at the plant in Arco Felice (Naples), will be laid at sea by the "Giulio Verne", a vessel forming part of the Group's own fleet. Delivery and commissioning are scheduled for 2020.

Closure of the General Cable Group's European headquarters

European workers' representative bodies and the local unions were informed in October 2018 of the intention to close the General Cable Group's European corporate headquarters in Barcelona.

This operation, involving about 75 employees, is part of a reorganisation of the Group following the acquisition of General Cable and accordingly aims to rationalise resources by exploiting possible synergies arising from the integration of the two groups. The costs of this restructuring will depend on the outcome of negotiations in progress with the trade unions, meaning that it is not yet possible to estimate them with a sufficient degree of accuracy.

BUSINESS OUTLOOK

Global economic growth remained in positive territory in the first nine months of 2018, with a sharp acceleration in the United States driven by rising domestic consumption and investments, whereas China continued to show the positive trend seen at the beginning of the year, despite the imposition of tariffs on goods imported from China by the current U.S. administration. Growth in Europe, while still positive, in the second half of the year has started to soften. Growth continues to lag behind the world's two other major economies, held back by the rising uncertainty triggered by the trade war between the U.S. and China and the imminent conclusion of the quantitative easing plan, expected to occur at the end of the year. In Brazil there were signs of a slowdown following the recovery that had begun already in the second half of 2017, due primarily to rising inflation and pressure on exchange rates.

Within this macroeconomic scenario, Prysmian Group expects that FY 2018 demand in the cyclical construction and industrial cable businesses will be higher than in 2017, driven by the recovery of European demand, partially offset by the weakness in the Middle East (Oman), whereas the medium voltage utilities cable business is expected to remain essentially stable, with uneven performances at the level of the various geographical areas.

In the Submarine systems and cables business, despite the slowdown in order flow in the first half of the year, Prysmian Group is aiming to maintain its leading position, also in light of the expected increase in the volume of projects awarded in the final part of the year. In the High Voltage Underground systems and cables business, the Group expects a recovery compared with 2017, with a gradual improvement in expected performance in China and South-East Asia due to the new manufacturing set-up. Finally, for the Telecom segment the Group expects that growth will remain solid in 2018, driven by the increase in demand for optical cables in Europe and North America, whereas the copper cable segment is expected to slow due to a reduction in volumes on the Australian market.

It is also to be expected that, assuming that exchange rates remain at their current levels at the time of this press release, the translation effect of converting subsidiaries' results into the consolidated reporting currency will have a negative impact on the Group's operating performance.

In light of these considerations, the Group expects an adjusted EBITDA for FY 2018 in the range of Eur 860-920 million.

This forecast considers the inclusion of the recently acquired General Cable business for all 2018, in addition to the provision (already recognised in H1) of Eur 70 million for the Western Link project.

With reference to Prysmian perimeter (i.e., excluding the effects of the General Cable acquisition), adjusted EBITDA for FY 2018 is expected to range between Eur 680 and Eur 720 million, compared with Eur 733 million in 2017.

This forecast, in line with the 9M performance, considers an increase in the Telecom operating segment's volumes and margins and an improvement in the sales volumes of the E&I and Industrial & Network Components segments. The forecast also considers the negative impact of exchange rate trends of approximately Eur 30 million and the provision of Eur 70 million already recognised in H1 2018 deriving from the additional costs associated with the delays in the Western Link project.

The forecasts for the General Cable business in 2018 have been prepared by the management on the basis of the most up-to-date projections available and assumptions regarding the performance of the price of strategic metals and exchange rates, as well as the forecast macroeconomic scenario. Accordingly, the adjusted EBITDA forecast for FY 2018 (i.e., 12 months) is within a range of Eur 175 million to Eur 190 million on the basis of a EUR/USD exchange rate of 1.20. This estimate incorporates the expected negative impact of approximately Eur 10 million of the change in the EUR/USD exchange rate compared with the previous year. The General Cable business has been included in the Prysmian Group's consolidated financial statements with effect from 1 June 2018 and therefore will be included in the 2018 income statement for a period of seven months.

In addition to the above effects, the Group expects that the integration of the General Cable operations will generate synergies amounting to between Eur 5 million and Eur 10 million, relating to the period from the acquisition closing (6 June 2018) until the end of 2018.

This forecast is based on the company's current scope of operations and reflects the current order book.

FORESEEABLE RISKS IN 2018[1]

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 2018 are described below according to their nature.

STRATEGIC RISKS

Risks associated with the competitive environment

The Prysmian Group is exposed to the risk that escalating competition typifying the reference market may limit its ability to develop or adapt its business structure to the future needs of the market.

Many of the products offered by Prysmian Group are made to industry specifications and so are interchangeable with those of its main competitors. The price of such products is therefore a key factor in customer choice of supplier. The entry into mature markets (e.g. 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 Prysmian Group's expected margins.

Primarily falling into this type of market is the "Energy & Infrastructure" business, which sells construction cables (Trade & Installers) and medium and low voltage power distribution cables (Power Distribution). The reference market for this sub-segment is extremely fragmented and features a high level of standardisation, meaning that competition is naturally geared to cutting selling prices. The Prysmian Group's competitive positioning in this market varies between the different countries of operation. Its focus in this business is to maximise cash flow generation and production efficiency.

In addition, high value-added segments - like high voltage underground cables, optical cables and submarine cables - are seeing a general escalation in competition from operators already on the market, with potentially negative impacts on both sales volumes and selling prices.

With particular reference to the submarine cables business, the 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 Prysmian Group is positioned as one of the world's leading players in high value-added businesses like high voltage underground, submarine cables and systems and optical cables, with a strategy focused on volume and margin growth.

[1] 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 strategy of rationalising production capacity 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 Prysmian Group to address the potential effects arising from the competitive environment.
Although the Prysmian Group has adopted the aforementioned strategies and policies, it could nonetheless encounter difficulties in addressing competition typifying the reference market, by current or future competitors, by leveraging its key competitive factors, resulting in possible negative effects on the prospects and on the economic and financial condition and assets of the Prysmian Group.

Risks associated with changes in the macroeconomic environment and in demand

The Prysmian Group is exposed to the risk that demand in its sector of operation could be adversely affected by macroeconomic factors that influence the industry.
Factors such as trends in gross domestic product and interest rates, the ease of getting credit, the cost of raw materials, and the general level of energy consumption, significantly affect the energy demand of countries which, in the face of persistent economic difficulties, could then reduce investments in developing electrical infrastructure. Government incentives for alternative energy sources and for developing telecom networks could also be reduced for the same reason.
The Prysmian Group's transmission business (high voltage submarine and underground cables) and Power Distribution and Telecom businesses, all highly concentrated in Europe, are being affected by fluctuating conditions of demand in this market linked to local economic trends. Moreover, the Prysmian Group is exposed to current and future growth trends in the expansion of both energy transmission and telecommunication networks, with the latter being driven by growing demand for optical cables, the development of broadband networks and initiation of investments in 5G.
With reference to the General Cable group, many of its products are used as components of products sold by the group's customers, or in projects undertaken by the latter for their own customers. The ability to sell products is therefore largely dependent on general economic conditions, including end user spending on power transmission and distribution infrastructures, industrial manufacturing assets, new construction and building, information technology and maintaining or reconfiguring their communications networks.
In periods of negative or no economic growth, the Prysmian Group could therefore experience a decrease in sales and net profit.
The enlargement of the product portfolio due to the Acquisition and the consequent geographical diversification means the Prysmian Group will be more exposed to the recovery cycle of the US construction and infrastructure market.
Furthermore, the continued oil crisis and persistently low oil prices are making the extraction market increasingly less attractive, exposing the SURF and Core Oil&Gas business to a slowdown, albeit without a material impact on the Prysmian Group.
To counter these risks, the Prysmian Group is pursuing, on the one hand, a policy of geographic diversification in non-European countries and, on the other, a strategy to reduce costs by rationalising its production capacity globally in order to mitigate possible negative effects on the Prysmian Group's performance in terms of lower sales and shrinking margins. In addition, the Prysmian Group constantly monitors developments in the global geopolitical environment which, as a result - for example - of the introduction of specific industrial policies by

individual countries, could require it to revise existing business strategies and/or adopt mechanisms to safeguard the Prysmian Group's competitive position.
Although the Prysmian Group has adopted the aforementioned strategies and policies, it is not possible to rule out that changes in the macroeconomic environment and demand as described above could depress demand for Prysmian Group products, with consequent negative effects on the prospects and on the economic and financial condition and assets of the Prysmian Group.

Risks associated with credit and exposure to key customers

The Prysmian Group is exposed to credit risk, which is the risk associated with the Prysmian Group's exposure to potential losses arising from the failure of business or financial partners to discharge their obligations.
This risk is monitored centrally by the Finance department and, in the case of customer credit, managed operationally by the individual subsidiaries.
The Prysmian Group does not have excessive concentrations of credit risk; however, given the economic and social difficulties faced by some countries in which the Prysmian Group operates, the exposure could suffer a deterioration that would require more rigorous monitoring. Accordingly, the Prysmian Group has procedures in place to ensure that its business partners are of recognised reliability and that its financial partners have high credit ratings.
In addition, in mitigation of credit risk, the Prysmian Group has a global trade credit insurance program covering almost all its companies for non-investment grade customers; this is managed centrally by the Risk Management department, which monitors, with the assistance of the Credit Management function, the level of exposure to risk and intervenes when tolerance limits are exceeded if coverage on the market cannot be easily obtained.
Despite the measures described above, there is nonetheless a risk that part of the Prysmian Group's customers may delay or not honour payments under the agreed terms and conditions. Any delayed payment or non-payment, in whole or in part, of amounts owed by its principal customers could have negative effects on the prospects and on the economic and financial condition and assets of the Prysmian Group.
With particular reference to the SURF business - meaning the business providing specific products and services for offshore oil & gas exploration and production - the Group is exposed to the risk of losing major customers, with whom the volume of sales has contracted sharply over recent years.
In fact, Prysmian has a significant business relationship in this regard with Petrobras, a Brazilian oil company, for the supply of umbilical cables, developed and manufactured at the factory in Vila Velha, Brazil.
In the future, the Prysmian Group may not be able to maintain a business relationship with Petrobras or it may find it difficult to negotiate new favourable conditions with this customer, with possible negative effects on the prospects or on the economic and financial condition and assets of the Group itself.

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; consequently, as already mentioned in an earlier paragraph, the Group constantly monitors developments in the global geopolitical environment which could require it to revise existing business strategies and/or adopt mechanisms to safeguard its competitive position.

Risks associated with the integration of General Cable

The Acquisition of General Cable forms part of a process of growth and geographical diversification through the expansion of the product offering in particular in North and South America, and aims to safeguard profitability also by implementing the planned synergies. Moreover, the integration of General Cable will enable the Prysmian Group to redefine its industrial presence, allowing it to achieve significant economies of scale by rationalising its excess production capacity in certain geographical areas (especially in Southern Europe), to improve its production processes by redefining (and relocating) its activities and production capacities and to achieve efficiency within its logistics structure, both in terms of cost and of customer service.

The achievement of the benefits and synergies expected from the Acquisition will depend, among other things, on the ability to efficiently integrate General Cable and to achieve potential synergies and economies of scale by preserving the current customer portfolio, maintaining sales volumes, creating an integrated organisation, rationalising production capacity and effectively integrating the information systems. Moreover, since the companies are relatively similar in terms of product portfolio, markets, customers and industrial structure, an effective integration of General Cable will depend mainly on management's ability to create an organisational structure which is able to sustain the integration of existing structures in a timely and effective manner, to harmonise the way in which sales forces access the market and to eliminate/minimise any differences in terms of management and culture.

Failure to succeed or a partial success of the integration may limit the chances of achieving the expected synergies and, in certain cases, lead to higher costs of industrial processes and consequently to a worsening of the competitive position on the market.

If General Cable is not integrated efficiently and in the estimated time frame, the goal of shielding itself against margin reductions may not be achieved, or may be achieved only partially. Furthermore, failure to achieve the expected synergies, an unexpected increase in estimated costs necessary to support General Cable's integration into Prysmian, as well as any deviation of General Cable's future results from those expected (in terms of both costs and revenues) could have negative effects in the future on the prospects and on the economic and financial condition and assets of the Prysmian Group.

FINANCIAL RISKS

The Prysmian Group's risk management strategy focuses on the unpredictability of markets and aims to minimise the potentially negative impact on the Group's financial performance. Some types of risk are mitigated by using financial instruments (including derivatives).
Financial risk management is centralised with the Group Finance department which identifies, assesses and hedges financial risks in close cooperation with the Group's operating companies.
The Group Finance, Administration and Control department provides guidelines on risk management, with particular attention to exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative instruments, and on how to invest excess liquidity. Such financial instruments are used solely to hedge risks and not for speculative purposes.

Risks associated with availability of financial resources and their cost

The volatility of the international banking and financial system could be a potential risk factor in terms of raising finance and its associated cost. In addition, non-compliance with the financial and non-financial covenants contained in the Group's credit agreements could restrict its ability to increase its net indebtedness, other conditions remaining equal. In fact, should it fail to satisfy one of these 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 credit drawn down. In such an eventuality, the Group might be unable to repay the amounts demanded early, in turn giving rise to a liquidity risk.
As a result of the acquisition of General Cable, the Prysmian Group now has a significant level of financial indebtedness. As regards six-monthly monitoring[2] of compliance with financial covenants, it is reported that these have been observed at 31 December 2017 and 30 June 2018.
The Group is of the opinion that this risk is significantly mitigated, also in view of the Capital Increase subscribed in July 2018, and that it has the ability to raise sufficient financial resources and at a competitive cost. A more detailed analysis of the risk in question, including a description of the Group's principal sources of finance, can be found in the Explanatory Notes to the Consolidated Financial Statements.

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

[2] The financial covenants are measured at the half-year close on 30 June and at the full-year close on 31 December.

affect the Group's results of operations and financial condition. Exchange rate volatility is monitored both locally and centrally, by the Group Finance department, also using specific indicators designed to intercept potential risk situations which, when thought to exceed the defined tolerance limits, will trigger immediate mitigating actions.
In light of the above, although the Group adopts a strategy to minimise its exposure to exchange rate risk, it cannot be ruled out that exchange rate fluctuations could significantly influence its results, with consequently negative effects on the Group's prospects and its economic and financial condition and assets.
A more detailed analysis of the risk in question can nonetheless be found in the "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

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.
Although the Group adopts a strategy to minimise its exposure to interest rate risk, it cannot be ruled out that interest rate fluctuations could significantly influence its results, with consequently negative effects on the Prysmian Group's prospects and its economic and financial condition and assets.
A more detailed analysis of the risk in question can nonetheless be found in the "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

Liquidity risk

Liquidity risk indicates the sufficiency of an entity's financial resources to meet its obligations to business or financial partners on the agreed due dates.
With regard to the Prysmian Group's working capital cash requirements, these increase significantly during the first half of the year when it commences production in anticipation of order intake, with a consequent temporary increase in net financial debt.
Prudent management of liquidity risk involves the maintenance of adequate levels of cash, cash equivalents and short-term securities, the maintenance of an adequate amount of committed credit lines, and timely renegotiation of loans before their maturity. Due to the dynamic nature of the business in which the Prysmian Group operates, the Group Finance department favours flexible arrangements for sourcing funds in the form of committed credit lines.
A more detailed analysis of the risk in question can nonetheless be found in the "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

Risks associated with commodity price volatility

The Prysmian Group is exposed to price risk in relation to purchases and sales of strategic materials, whose purchase price is subject to market volatility.
The main raw materials used by the Prysmian Group in its production processes are Strategic Metals (copper, aluminium and lead) and polyethylene compounds.
Prysmian enters into agreements with the related suppliers of all these products that provide for minimum annual quantities and, in the case of the most important or strategic suppliers, that have a duration of two or three years.
For Strategic Metals, the risk of fluctuations in quoted metal prices is cancelled by applying a strict back-to-back hedging policy for customer orders, while the processing component of cost is established by contract at a fixed or diminishing value from year to year; to guarantee the availability of material for the Group's requirements, over two thirds of annual requirements are covered by agreements with strategic suppliers, while the remainder is covered by smaller contracts with smaller/less integrated suppliers to ensure the necessary flexibility.
Two-year or three-year agreements are also made with the more strategic suppliers of polyethylene compounds, and annual agreements with other suppliers; these agreements commit suppliers to observing the supply quotas needed to satisfy the Group's needs, thus ensuring the availability of material. Processing costs are negotiated as part of the agreement, while the cost for the raw material (ethylene) is governed in all the main agreements by indexing formulas to keep it constantly aligned with market prices.
The Group mitigates 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 Prysmian Group to commodity price volatility risk.
A dedicated team within the Group Purchasing department monitors and coordinates centrally those sales transactions requiring the purchase of raw materials and the related hedging activities carried out by each subsidiary, ensuring that the level of exposure to risk is kept within defined tolerance limits.
In particular, in order to manage the price risk on future trade transactions, companies in the Prysmian Group negotiate derivative contracts on Strategic Metals, setting the price of expected future purchases.
Derivative contracts are negotiated with major financial counterparties on the basis of Strategic Metal prices quoted on the London Metal Exchange ("LME"), the New York market ("COMEX") and the Shanghai Futures Exchange ("SFE").
Despite the hedging activities adopted by the Prysmian Group to control and manage price risk, the Group cannot guarantee that these activities will be efficient or sufficient or that in future it will still be able to make use of such hedging instruments.

OPERATIONAL RISKS

Liability for product quality/defects

Any defects in the design and manufacture of the Prysmian Group's products could give rise to civil or criminal liability in relation to customers or third parties. Therefore, the Group, like other companies in the industry, is

exposed to the risk of legal action for product liability in the countries where it operates. In line with the practice followed by many industry operators, the Group has taken out insurance which it considers provides adequate protection against the risks arising from such liability. Should such insurance coverage prove insufficient, the Group's results of operations and financial condition could be adversely affected.
In addition, the Group's involvement in this kind of legal action and any resulting liability could expose it to reputational damage, with potential additional adverse consequences for its results of operations and financial condition.

Risks associated with non-compliance with the contractual terms of turnkey projects

Projects for high/medium voltage submarine or underground connections are characterised by contractual forms entailing a "turnkey" type of project management that therefore demands compliance with deadlines and quality standards, guaranteed by penalties calculated as an agreed percentage of the contract value and that can even result in 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. 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.
The performance of "turnkey" projects typically involves numerous difficulties due, among others, to their duration and complexity and to financial penalties for any non–performance or breach of their terms and conditions.
With reference to the Western Link, an electrical transmission cable between Scotland, Wales and England, a fault was detected at the end of April 2018 during preparations to make the link available for full load operation, as a result of which, when approving the Quarterly Financial Report at 31 March 2018, the Directors decided to recognise a provision of Euro 20 million as the best estimate of costs to cover the related contractual penalties for this project's late delivery.
On 22 June 2018, the Board of Directors of Prysmian S.p.A. met to examine the implications of certain faults in the cable's operation. In particular, it was noted that during commissioning of the Western Link Cable, the fault detected at the end of April 2018 had recurred. In light of the tests carried out and the information received from the project's technical managers, it was concluded with reasonable certainty that the area in which the fault has re-emerged was limited to that affected by the previous repair. In light of the information received from the project's technical managers concerning the costs and time for the new repairs needed to solve this fault, of the related risks and the liquidated damages envisaged by the Western Link Contract, the Board of

Directors prudently estimated that the Company might be required to incur additional costs of approximately Euro 50 million and ~~has~~ recognised a provision accordingly.
On 12 September 2018, Prysmian announced that the commissioning and testing of the Western Link Interconnection project had been temporarily suspended to investigate a problem in the land section of the cable.
Although the technical investigations to identify the cause and estimate the possible economic impact were still in progress, Prysmian was able to assume that the event did not appear to have any relation to the fault identified in June 2018 in a submarine section of the interconnection and successfully repaired.
Prysmian decided not to recognise any further provisions, which, having been augmented during the period, were deemed sufficient to meet the costs of the repair and of the consequent additional delay in delivering the cable, if attributable to Prysmian.
Further to the statement dated 12 September 2018, Prysmian announced on 16 October 2018 that the problem involving the land section of the cable had been successfully repaired.

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 one of its cable-laying vessels (the "Giulio Verne"), some of whose technical capabilities are hard to find on the market. The loss of one of these assets due to unforeseen natural disasters (e.g. earthquakes, storms, etc.) or other accidents (e.g. 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:

- a systematic Loss Prevention program, managed centrally by the Risk Management department, which, through periodic on-site inspections, allows the adequacy of existing systems of protection to be assessed and any necessary remedial actions decided to mitigate the estimated residual risk. All the plants have been classified as "Excellent Highly Protected Rated (HPR)", "Good HPR" or "Good not HPR", in accordance with the methodology defined by internationally recognised best practices in the field of Risk Engineering & Loss Prevention;
- specific disaster recovery & business continuity plans which allow appropriate countermeasures to be activated as soon as possible in order to minimise the impact of a catastrophic event and to manage any consequent crisis;
- specific insurance programs for coverage against any damage to assets and loss of associated contribution margin due to business interruption, such as to minimise the financial impact of this risk on cash flow.

Although the Group has adopted the measures described above, the loss of one of the above-mentioned assets due to unforeseen natural disasters (e.g. earthquakes, storms, etc.) or other accidents (e.g. fire, terrorist attacks, etc.) and the consequent prolonged interruption in their operation could have negative effects on the prospects and the economic and financial situation and assets of the Prysmian Group.

Environmental risks

The Group's production activities in Italy and abroad are subject to specific environmental regulations, amongst which those concerning soil and subsoil and the presence/use of hazardous materials and substances, including for human health. Such regulations are enforcing increasingly strict standards on companies, which are therefore obliged to incur significant compliance costs.

Considering the large number of the Group's plants, the probability of an accident with consequences for the environment, as well as for continuity of production, cannot be ignored or the resulting potentially significant economic and reputational impact. Accordingly, Prysmian adopts a series of controls that keep the risk at an acceptable level. In fact, environmental issues are managed centrally by the HQ Health Safety & Environment (HSE) department which oversees local HSE departments and is responsible for organising specific training activities, for adopting systems to ensure strict adherence to regulations in accordance with best practices, as well as for monitoring risk exposures using specific indicators and internal and external auditing activities.

Lastly, it is noted that as at 31 December 2017, 94% of the Group's sites were certified under ISO 2017 (for environmental management systems) and 78% for OHSAS 18001 (for safety management).

Cyber security risks

The growing spread of web-based technologies and business models allowing the transfer and sharing of sensitive information through virtual spaces (i.e. social media, cloud computing, etc.) carries computing vulnerability risks which Prysmian Group cannot ignore in the conduct of its business. Exposure to potential cyberattacks could be due to several factors such as the necessary distribution of IT systems around the world, and the possession of high value-added information such as patents, technological innovation projects, as well as financial projections and strategic plans not yet disclosed to the market, unauthorised access to which could damage a company's results, financial situation and image. In partnership with the Risk Management department, the Group's IT Security function periodically performs specific assessments to identify any vulnerabilities in IT systems locally and centrally that could compromise business continuity.

Furthermore, since 2016 Prysmian Group has started to implement a structured and integrated process for managing cyber security-related risks which, under the leadership of the Group IT Security function, in partnership with the Risk Management department, aims to strengthen the Group's IT systems and platforms and introduce robust mechanisms to prevent and control any cyberattacks. A cogent Information Security strategy has been defined in this regard that clarifies the governance structure adopted by the Group and the guidelines for managing cyber risk in connection with IT architectures and business processes. A special Information Security Committee, consisting of the key figures involved in managing cyber risk[3], has been appointed with the mission of defining the strategic and operational Cyber Security objectives, of coordinating the main initiatives undertaken, and of examining and approving policies, operating procedures and instructions. The Committee is convened on a periodic basis (twice a year) and in any case upon the occurrence of any extraordinary events or crises. Lastly, specific e-learning training sessions have been provided to all the Group's IT staff with the aim of increasing their awareness of this issue.

Although the Group has adopted the measures and initiatives described above to protect its information system, it cannot be ruled out that the Prysmian Group may have to face threats to the security of its IT

[3] The following sit, as permanent members, on the Information Security Committee: the Chief Operating Officer, the Vicepresident HR&Organization, the Chief Security Officer, the Chief Information Officer, the Chief Risk Officer, the Chief Audit & Compliance Officer and the Group's IT Security Manager.

infrastructure that could result in significant data loss or harm to intellectual property, extraction or alteration of information or interruption of production processes that could also have negative effects on the prospects and the economic and financial situation and assets of the Prysmian Group.

LEGAL AND COMPLIANCE RISKS

Compliance risks associated Code of Ethics, Policies and Procedures

Compliance risk generically represents the possibility of incurring legal or administrative sanctions, material financial losses or reputational damage as a result of violations of prevailing laws and regulations. Prysmian Group deploys a series of organisational procedures designed to define the principles of legality, transparency, fairness and honesty through which to operate. In particular, since its inception, the Group has adopted a Code of Ethics, a document which contains the ethical standards and the behavioural guidelines that all those engaged in activities on behalf of Prysmian or its subsidiaries (including managers, officers, employees, agents, representatives, contractors, suppliers and consultants) are required to observe. The Group undertakes, through its Internal Audit & Compliance department, to constantly monitor compliance and actual application of these rules, with no type of violation tolerated.

However, despite this ongoing endeavour, assiduous vigilance and periodic information campaigns, it is not possible to rule out future episodes of improper conduct in breach of policy, procedures or the Code of Ethics, and hence of current legislation and regulations, 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 of non-compliance with Data Protection (Privacy) legislation

The new European General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679), replacing Italy's "Privacy Code" contained in Legislative Decree 196/2003, entered into force in May 2016 and requires companies operating in the European Union to revise their data protection management models to meet the new GDPR requirements. The transition to the new rules was completed within the deadline set by the regulation.

The large number of employees and the growing tendency towards global data management (e.g. cloud storage, use of mobile devices, etc.) could expose the Group to the risk of receiving claims for compensation from individuals for damages in respect of their personal data caused by violation of the protection rules or incorrect handling of the protected data, if not properly managed. Potential penalties imposed by the competent authorities as well as reputational damages should also be considered as a consequence of this risk.

Although the Group has always demonstrated its compliance with the current Privacy Code and other applicable regulations, in order to minimise potential exposure to risk, in 2017 the Internal Audit & Compliance department, with the support of the relevant business functions, initiated the process for compliance with the new European Directive (GDPR), involving in particular a review of the Privacy organisational model, the mapping of data potentially exposed to risk and the subsequent assessment of any changes to the data processing methods themselves.

Risks of non-compliance with anti-bribery legislation

In recent years, legislators and regulators have devoted much attention to the fight against bribery and corruption, with a growing tendency to extend responsibility to legal entities as well as to natural persons. With growing internationalisation, organisations more and more often find themselves operating in contexts exposed to the risk of bribery and having to comply with the many related regulations, such as Italian Legislative Decree 231/2001, Italy's Anti-bribery Law (Law 190/2012), the Foreign Corrupt Practices Act, the UK Bribery Act etc., all with a common objective: to counteract and repress corruption.

The Group's business model, with a global presence in over 50 countries and a wide array of applications for its products, brings it into constant contact with multiple third parties (suppliers, intermediaries, agents and customers). In particular, in the Energy (submarine and high voltage) and Oil & Gas businesses, the management of large international projects involves having commercial relations even in countries with a potential risk of bribery (as per the Corruption Perception Index[4]), often through local commercial agents and public officials.

Prysmian Group has therefore implemented a series of actions designed to manage bribery and corruption on a preventive basis; foremost amongst these is the adoption of an Anti-Bribery Policy which prohibits the bribery of both public officials and private individuals and requires employees to abide by it and to observe and comply with all anti-bribery legislation in the countries in which they are employed or active, if this is more restrictive. In addition, specific e-learning activities (training and testing) for all Group personnel are periodically conducted to raise awareness about compliance with this legislation. In continuity with the objectives set in 2016, Prysmian Group has decided to strengthen its monitoring of and focus on compliance issues by launching an Anti-Bribery Compliance Program inspired by the ISO 37001 guidelines for Anti-bribery management systems, published on 15 October 2016. This program, in addition to giving greater control over management of the bribery risk, also aims to minimise the risk of punishment if crimes related to corruption are committed by employees or third parties. The core of the ISO 37001 standard is the control of third parties (suppliers, intermediaries, agents and customers) through a due diligence system designed to reveal any critical or negative events that undermine the reputation of third parties with whom Prysmian Group deals.

Risks of non-compliance with antitrust law

Competition rules, covering restrictive agreements and abuse of dominant position, now play a central role in governing business activities in all sectors of economic life. Its extensive 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 parties that violate the applicable legislation. In the last decade, local Antitrust Authorities have paid increasing attention to commercial activities by market players, also involving a tendency for international collaboration between authorities themselves. Prysmian aspires to operate on the market in compliance with the competition rules.

In keeping with the priorities identified by the ERM process, the Board of Directors has adopted 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. The Antitrust Code of Conduct has recently been

[4] The Corruption Perception Index (CPI) is an indicator published annually by Transparency International, used to measure the perception of public sector corruption in various countries around the world.

updated and approved by the Company's Board of Directors in February 2018: the new Antitrust Code of Conduct, translated into 26 languages contains the general principles of antitrust law generally found in industry regulations applying in the various jurisdictions in which Prysmian Group operates. Subsequently, more detailed documents will be prepared, each focusing on the antitrust legislation specifically applicable in the main countries in which the Group operates. The Antitrust Code of Conduct forms an integral part of the training program and is intended to provide a framework for the issues concerning application of EU and Italian competition law in the field of agreements and abuse of dominant position, within which specific situations can be assessed on a case-by-case basis. These activities represent a further step in establishing an "antitrust culture" within the Group by promoting knowledge and heightening individual accountability for professional duties arising under antitrust legislation. In this context, specific classroom training sessions were held during 2017 for the Group's sales force, organised in collaboration with external lecturers and legal consultants. E-learning modules are also in the process of being published on the company intranet.

With regard to the antitrust investigations still in progress, details of which can be found in Note 11. Provisions for risks and charges in the Explanatory Notes to the Consolidated Financial Statements, the Group has a provision for risks and charges as at 30 September 2018 of approximately Euro 163 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 adopted in April 2014, as described in the Explanatory Notes (Note 11. Provisions for risks and charges), the amount of this provision is considered to represent the best estimate of the liability based on the information now available.

PLANNING AND REPORTING RISKS

Planning and reporting risks are related to the adverse effects that irrelevant, untimely or incorrect information might have on the Group's strategic, operational and financial decisions. At present, in view of the reliability and effectiveness of internal procedures for reporting and planning, the Group does not consider these risks to be relevant.

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 20 of the Explanatory Notes.

Milan, 14 November 2018

ON BEHALF OF BOARD OF DIRECTORS

THE CHAIRMAN

Claudio De Conto

Consolidated financial statements and explanatory notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	Note	30 September 2018	of which related parties (Note 20)	31 December 2017 (*)	of which related parties (Note 20)	1 January 2017 (*)	of which related parties
Non-current assets							
Property, plant and equipment	1	2,560		1,646		1,631	
Intangible assets	1	1,972		735		792	
Equity-accounted investments	2	293	293	217	217	195	195
Other investments at fair value through other comprehensive income		13		12		12	
Financial assets at amortised cost		5		2		2	
Derivatives	5	8		14		3	
Deferred tax assets		162		149		146	
Other receivables	3	45		18		21	
Total non-current assets		**5,058**		**2,793**		**2,802**	
Current assets							
Inventories	4	1,647		954		906	
Trade receivables	3	1,843	7	1,131	6	1,088	14
Other receivables	3	960	3	419	5	735	5
Financial assets at fair value through profit or loss	6	17		40		57	
Derivatives	5	31		45		40	
Financial assets at fair value through other comprehensive income		10		11		-	
Cash and cash equivalents	7	363		1,335		646	
Total current assets		**4,871**		**3,935**		**3,472**	
Total assets		**9,929**		**6,728**		**6,274**	
Equity attributable to the Group:		**2,310**		**1,451**		**1,411**	
Share capital	8	27		22		22	
Reserves	8	2,100		1,188		1,143	
Net profit/(loss) for the period		183		241		246	
Equity attributable to non-controlling interests:		**186**		**188**		**227**	
Share capital and reserves		186		192		211	
Net profit/(loss) for the period		-		(4)		16	
Total equity		**2,496**		**1,639**		**1,638**	
Non-current liabilities							
Borrowings from banks and other lenders	9	3,158		1,466		1,114	
Other payables	10	31		8		18	
Provisions for risks and charges	11	69		33		40	
Derivatives	5	2		2		12	
Deferred tax liabilities		158		103		111	
Employee benefit obligations	12	440		355		383	
Total non-current liabilities		**3,858**		**1,967**		**1,678**	
Current liabilities							
Borrowings from banks and other lenders	9	129		370		172	
Trade payables	10	2,092	4	1,686	4	1,498	4
Other payables	10	865	2	692	5	875	3
Derivatives	5	37		35		24	
Provisions for risks and charges	11	407	4	321	4	339	2
Current tax payables		45		18		50	
Total current liabilities		**3,575**		**3,122**		**2,958**	
Total liabilities		**7,433**		**5,089**		**4,636**	
Total equity and liabilities		**9,929**		**6,728**		**6,274**	

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 15 and IFRS 9. Further details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)

	Note	9 months 2018	of which related parties (Note 20)	9 months 2017 (*)	of which related parties (Note 20)
Sales of goods and services		7,293	22	5,867	26
Change in inventories of work in progress, semi-finished and finished goods		8		122	
Other income		103	4	54	3
Raw materials, consumables used and goods for resale		(4,751)	(15)	(3,728)	(10)
Fair value change in metal derivatives		(43)		(2)	
Personnel costs		(920)	(11)	(801)	(18)
of which personnel costs for company reorganisation		*(22)*		*(7)*	
of which personnel costs for stock option fair value		*(15)*		*(37)*	
Amortisation, depreciation, impairment and impairment reversals		(153)		(132)	
of which other impairment		*(1)*		-	
Other expenses		(1,264)	(1)	(1,073)	
of which non-recurring (other expenses) and releases		*(1)*		*(17)*	
of which (other expenses) for company reorganisation		*(3)*		*(5)*	
Share of net profit/(loss) of equity-accounted companies		50	50	36	36
Operating income	**13**	**323**		**343**	
Finance costs	14	(348)		(246)	
of which non-recurring finance costs		*(2)*		*(2)*	
Finance income	14	275		174	
Profit/(loss) before taxes		**250**		**271**	
Taxes	15	(67)		(77)	
Net profit/(loss) for the period		**183**		**194**	
Attributable to:					
Owners of the parent		183		196	
Non-controlling interests		**-**		**(2)**	
Basic earnings/(loss) per share (in Euro)	**16**	**0.77**		**0.92**	
Diluted earnings/(loss) per share (in Euro)	**16**	**0.77**		**0.90**	

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 15 and IFRS 9. Further details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED INCOME STATEMENT – 3RD QUARTER

(in millions of Euro)

	3rd quarter 2018	3rd quarter 2017 (*)
Sales of goods and services	2,929	1,929
Change in inventories of work in progress, semi-finished and finished goods	(62)	4
Other income	56	17
Raw materials, consumables used and goods for resale	(1,848)	(1,166)
Fair value change in metal derivatives	(18)	9
Personnel costs	(356)	(257)
of which personnel costs for company reorganisation	*(10)*	*(1)*
of which personnel costs for stock option fair value	*(1)*	*(12)*
Amortisation, depreciation, impairment and impairment reversals	(59)	(44)
Other expenses	(493)	(375)
of which (other expenses) for company reorganisation	*(1)*	*(2)*
Share of net profit/(loss) of equity-accounted companies	14	17
Operating income	**163**	**134**
Finance costs	(131)	(40)
of which non-recurring finance costs	*(1)*	*(1)*
Finance income	104	17
Profit/(loss) before taxes	**136**	**111**
Taxes	(35)	(30)
Net profit/(loss) for the period	**101**	**81**
Attributable to:		
Owners of the parent	101	83
Non-controlling interests	-	(2)

(*) The previously published figures for 3rd quarter 2017 have been restated following the adoption of IFRS 15 and IFRS 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of Euro)

	9 months 2018	9 months 2017
Net profit/(loss) for the period	**183**	**194**
Comprehensive income/(loss) for the period		
- items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on cash flow hedges - gross of tax	(3)	23
Fair value gains/(losses) on cash flow hedges - tax effect	1	(6)
Financial instruments at fair value through other comprehensive income	(1)	
Currency translation differences	(29)	(147)
Total items that may be reclassified, net of tax	**(32)**	**(130)**
- items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	18	5
Actuarial gains/(losses) on employee benefits - tax effect	(3)	(1)
Total items that will NOT be reclassified, net of tax	**15**	**4**
Total comprehensive income/(loss) for the period	**166**	**68**
Attributable to:		
Owners of the parent	162	86
Non-controlling interests	4	(18)

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – 3RD QUARTER

(in millions of Euro)

	3rd quarter 2018	3rd quarter 2017
Net profit/(loss) for the period	**101**	**81**
Comprehensive income/(loss) for the period		
- items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on cash flow hedges - gross of tax	3	5
Fair value gains/(losses) on cash flow hedges - tax effect	(1)	(2)
Financial instruments at fair value through other comprehensive income	(1)	-
Currency translation differences	(5)	(39)
Total items that may be reclassified, net of tax	**(4)**	**(36)**
- items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	9	-
Recognition of pension plan asset ceiling	-	1
Actuarial gains/(losses) on employee benefits - tax effect	-	(1)
Total items that will NOT be reclassified, net of tax	**9**	**-**
Total comprehensive income/(loss) for the period	**106**	**45**
Attributable to:		
Owners of the parent	105	53
Non-controlling interests	1	(8)

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 2016 (*)	**22**	**(13)**	**(156)**	**1,312**	**246**	**1,448**	**227**	**1,638**
Allocation of prior year net result	-	-	-	246	(246)	-	-	-
Dividend distribution	-	-	-	(91)	-	(91)	(11)	(102)
Fair value - stock options	-	-	-	37	-	37	-	37
Equity component of Convertible Bond 2017	-	-	-	48	-	48	-	48
Share buyback	-	-	-	(100)	-	(100)	-	(100)
Non-controlling interests purchased in subsidiaries	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive income/(loss) for the period	-	17	(122)	3	196	94	(26)	68
Balance at 30 September 2017(*)	**22**	**4**	**(278)**	**1,452**	**196**	**1,433**	**190**	**1,586**

(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 2017(*)	**22**	**(5)**	**(299)**	**1,492**	**241**	**1,451**	**188**	**1,639**
Allocation of prior year net result	-	-	-	241	(241)	-	-	-
Fair value - stock options	-	-	-	15	-	15		15
Dividend distribution	-	-	-	(97)	-	(97)	(8)	(105)
Capital increase	3	-	-	493	-	496	-	496
Change of scope of consolidation	-	-	-	-	-	-	2	2
Conversion of convertible bond	2	-	-	281	-	283	-	283
Total comprehensive income/(loss) for the period	-	(2)	(33)	14	183	162	4	166
Balance at 30 September 2018	**27**	**(7)**	**(332)**	**2,439**	**183**	**2,310**	**186**	**2,496**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 15 and IFRS 9. Further details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED STATEMENT OF CASH FLOWS

	(in millions of Euro)	9 months 2018	of which related parties (Note 20)	9 months 2017 (*)	of which related parties (Note 20)
	Profit/(loss) before taxes	250		271	
	Depreciation, impairment and impairment reversals of property, plant and equipment	118		98	
	Amortisation and impairment of intangible assets	35		34	
	Net gains on disposal of property, plant and equipment, intangible assets and on dilution of interest in associate	(37)		(1)	
	Share of net profit/(loss) of equity-accounted companies	(50)	(50)	(36)	(36)
	Share-based payments	15		37	
	Fair value change in metal derivatives and other fair value items	43		2	
	Net finance costs	73		72	
	Changes in inventories	(67)		(208)	
	Changes in trade receivables/payables	(149)	(1)	(125)	(5)
	Changes in other receivables/payables	(448)	(1)	(177)	(3)
	Taxes paid	(78)		(78)	
	Dividends received from equity-accounted companies	4	4	9	9
	Utilisations of provisions (including employee benefit obligations)	(48)		(52)	
	Increases in provisions (including employee benefit obligations)	4		32	2
A.	**Net cash flow provided by/(used in) operating activities**	**(335)**		**(122)**	
	Cash flow from acquisitions and/or disposals (1)	(1,208)		(3)	
	Investments in property, plant and equipment	(160)		(154)	
	Disposals of property, plant and equipment and assets held for sale	7		4	
	Investments in intangible assets	(9)		(14)	
	Investments in financial assets at fair value through profit or loss	(1)		(18)	
	Disposals of financial assets at fair value through profit or loss	19		8	
	Other investments at fair value through other comprehensive income	-		(11)	
B.	**Net cash flow provided by/(used in) investing activities**	**(1,352)**		**(188)**	
	Capital contributions and other changes in equity	496		-	
	Share buyback	-		(100)	
	Dividend distribution	(105)		(102)	
	Early repayment of credit facility	-		(50)	
	EIB loan	(17)		(16)	
	Loans for acquisition (2)	1,700		-	
	Issuance of Convertible Bond 2017	-		500	
	CDP Loan	-		100	
	Repayment of General Cable Convertible Bond	(396)		-	
	Finance costs paid (3)	(292)		(321)	
	Finance income received (4)	254		271	
	Changes in other net financial receivables/payables	(907)		22	
C.	**Net cash flow provided by/(used in) financing activities**	**734**		**304**	
D.	Currency translation gains/(losses) on cash and cash equivalents	(19)		(13)	
E.	**Total cash flow provided/(used) in the period (A+B+C+D)**	**(972)**		**(19)**	
F.	**Net cash and cash equivalents at the beginning of the period**	**1,335**		**646**	
G.	**Net cash and cash equivalents at the end of the period (E+F)**	**363**		**627**	

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 15 and IFRS 9. Further details can be found in Section C. Restatement of comparative figures.

(1) The figure of Euro 1,208 million represents the difference between the cash outlay of Euro 1,290 million to acquire General Cable and the net cash and cash equivalents reported by General Cable at the time of the acquisition. More details can be found in the note on "Business combinations".

(2) The figure of Euro 1,700 million is inclusive of loan-arrangement costs.

(3) Finance costs paid of Euro 292 million include interest payments of Euro 36 million in the first nine months of 2018 (Euro 29 million in the first nine months of 2017).

(4) Finance income received of Euro 254 million includes interest income of Euro 3 million in the first nine months of 2018 (Euro 5 million in the first nine months of 2017).

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 Via Chiese 6, 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 2018

Mergers & Acquisitions

Acquisition of General Cable

On 4 December 2017, the Prysmian Group and General Cable Corporation announced that they had entered into a merger agreement. Under this agreement, Prysmian S.p.A., through Alisea Corp. (Alisea), a wholly-owned indirect subsidiary of Prysmian S.p.A., and General Cable Corporation (a company whose shares were listed on the NYSE prior to completion of the merger) had entered into an "Agreement and Plan of Merger" governing the terms and conditions of the merger of Alisea into General Cable Corporation.

On 16 February 2018, Prysmian Group acknowledged that a special meeting of the shareholders of General Cable Corporation had approved the acquisition by Prysmian of 100% of General Cable's shares for a consideration of USD 30.00 per share. Present at the meeting was 75.34% of the share capital entitled to vote, of which some 99% voted in favour of the acquisition.

Between March and 2 June, all the approvals or clearances were obtained from the relevant antitrust authorities along with approval by other requisite governmental regulators and authorities (Committee on Foreign Investment in the United States - CFIUS).

The closing of the acquisition was consummated on 6 June, following which all the Alisea shares, wholly-owned by Prysmian, were converted into General Cable Corporation shares resulting from the merger with the consequence that all the General Cable Corporation shares outstanding on the effective date of the merger with Alisea were cancelled and converted into a right of their respective holders to receive cash consideration of USD 30.00 per share.

Following consummation of the transaction, General Cable Corporation shares were delisted from the NYSE on 6 June 2018.

The combined group is now present in more than 50 countries with approximately 30,000 employees. Prysmian expects the combined group to generate run-rate pre-tax cost synergies of approximately Euro 150 million by 2022 versus a total of Euro 220 million in integration costs. These synergies will come mainly from improved procurement strategy, overhead cost savings and manufacturing footprint optimisation.

Finance Activities

Interest rate hedging derivatives

In January 2018, the Group entered into interest rate hedging derivatives, transforming variable into fixed rate, with the purpose of reducing rate volatility risk. In particular, forward rate agreements were arranged, for an overall notional value of Euro 850 million, with the objective of hedging variable interest rate flows over the period 2018-2023 on financing the Group has contracted for the General Cable acquisition. Following the acquisition, these agreements have become operative through their transformation into interest rate swaps.

In addition, other interest rate swaps have been arranged, for an overall notional value of Euro 110 million, with the objective of hedging variable interest rate flows over the period 2018-2024 on the EIB loan for Euro 110 million.

In July 2018, the Group entered into interest rate hedging derivatives, transforming variable into fixed rate, with the purpose of reducing variable rate risk. In particular, forward rate agreements were arranged, for an overall notional value of Euro 300 million, with the objective of hedging variable interest rate flows over the period 2018-2020 on financing the Group has contracted for the General Cable acquisition. These agreements became operative in September 2018 through their transformation into interest rate swaps.

General Cable Corporation Acquisition Financing Agreement

On 2 March 2018, the Group entered into an agreement (the Acquisition Financing Agreement) under which a syndicate of leading banks made available lines of credit, intended to finance costs related to the General Cable acquisition; in particular:

(c) Acquisition Term Loan for Euro 1 billion, lasting 5 years from the Acquisition Closing and repayable with a bullet payment at maturity;

(d) Acquisition Bridge Loan for Euro 700 million, lasting 2 years from the Acquisition Closing and repayable with a bullet payment at maturity.

Capital increase

On 12 April 2018, the shareholders of Prysmian S.p.A. approved a capital increase, in cash, for a maximum amount of Euro 500,000,000.00, including any share premium, to be implemented by issuing ordinary shares with normal dividend rights.

On 27 June 2018, the Board of Directors of Prysmian S.p.A. approved the final terms and conditions of the capital increase, approved by the Shareholders' Meeting on 12 April 2018. In particular, it was decided that the capital increase would take place through the issue of up to 32,652,314 ordinary shares with a nominal value of Euro 0.10 each, to be offered pre-emptively to all shareholders and holders of the Company's convertible bonds, namely the convertible bond known as "Prysmian S.p.A. €500,000,000 Zero Coupon Linked Bonds due 2022", in the ratio of 2 new shares for every 15 option rights held, at an issue price of Euro 15.31 per new share, for a total amount of Euro 499,906,927.34, of which Euro 496,641,695.94 by way of share premium.

The rights offering of up to 32,652,314 new shares closed on 27 July 2018. During the option rights offering period (2 July 2018 - 19 July 2018, the "Option Period"), 239,533,800 option rights were exercised and 31,937,840 new shares were subscribed, with an aggregate value of Euro 488,968,330.40. The 5,358,555 option rights not exercised during the Option Period were then offered on the Italian Stock Exchange. All these rights were sold by the end of the first trading session on 24 July 2018 and were subsequently exercised, resulting in the issue of 714,474 new shares, with an aggregate value of Euro 10,938,596.94. The offering therefore concluded with the complete subscription of the 32,652,314 new shares with an aggregate value of Euro 499,906,927.34.

Share buyback and disposal programme and Employee incentive plan

The Shareholders' Meeting of Prysmian S.p.A. held on 12 April 2018 authorised a share buyback and disposal programme, revoking at the same time the previous authorisation under the shareholder resolution dated 12 April 2017. 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. 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 lasts for 18 months commencing from the date of the Shareholders' Meeting, while the authorisation to dispose of treasury shares has no time limit.

The same Shareholders' Meeting also 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 purpose of this Plan is:

- 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 support synergies and the development of a one-company identity by defining a common performance objective and introducing a retention mechanism, conditional upon completion of the acquisition of 100% of the share capital of General Cable Corporation.

During the extraordinary session of the above meeting, the shareholders authorised an increase in share capital by a maximum amount of Euro 756,281.90, through the issue of up to 7,562,819 new ordinary shares with a nominal value of Euro 0.10 each, to be allotted for no consideration to Group employees who are beneficiaries of the above incentive plan.

Shanghai Stock Exchange listing and capital increase by Yangtze Optical Fibre and Cable Joint Stock Limited

On 20 July 2018, Yangtze Optical Fibre and Cable Joint Stock Limited Company (an equity-accounted associate) completed its listing on the Shanghai Stock Exchange; the company was already listed on the Hong Kong Stock Exchange. The Shanghai listing has increased the number of shares from a previous total of 682,114,598 to 757,905,108. Since Draka Comteq B.V. has kept its holding (of 179,827,794 shares) unchanged, its stake in this company has gone from 26.37% to 23.73%. The Group has recorded a gain of Euro 36 million in the third quarter of 2018 due to the consequent share dilution.

New industrial projects and initiatives

Cable to link Kincardine floating offshore wind farm to the UK mainland

On 24 January 2018, the Group was awarded a contract by Cobra Wind International Ltd for the cable to link the Kincardine floating offshore wind farm to mainland UK. This is the Group's first cable project for a floating offshore wind farm and involves the design and supply of two submarine export cables, inter-array cables and related accessories to connect the turbines of the Kincardine floating offshore wind farm, located approximately 15 km southeast of Aberdeen, to the Scottish mainland power grid. Installation is due to take place during 2018 and 2019.

Submarine power link to Capri

On 2 February 2018, following a European call for tender, the Group was awarded a contract worth around Euro 40 million for a new submarine cable link between the isle of Capri and Sorrento (Naples); the contract was awarded by Terna Rete Italia S.p.A., a company wholly owned by Terna S.p.A., Italy's sole transmission system operator.

The project involves the turnkey installation of a 150 kV HVAC power cable between the power stations located in Sorrento and at the Gasto recycling centre on Capri, along a route running 16 km subsea and 3 km onshore. The cables for the Capri-Sorrento link will be produced by the Arco Felice plant in Naples, a Group centre of submarine cable manufacturing and technological excellence. Prysmian will be responsible for submarine cable laying, using its vessel the "Cable Enterprise", and for supplying all related network components and performing the required specialist civil engineering works. The project, which will start during 2018, is scheduled for completion in 2019.

Framework agreement with Terna to upgrade Italian power grid

On 19 March 2018, the Group was awarded - as lead contractor in a Temporary Association of Companies (RTI) involving CEBAT S.r.l. and Elettrovit S.r.l., which will carry out civil engineering installation works - a framework contract by the Italian transmission system operator Terna, through its subsidiary Terna Rete Italia, for the supply, installation and emergency repair of 220 kV cables to upgrade the national power grid. The turnkey project is worth about Euro 50 million and will last for three years, with an option to extend its duration and augment its value.

Contract with JG Summit Petrochemicals Group

On 21 March 2018, the Group signed an agreement with JG Summit Petrochemicals Group (JGSPG) for the supply of approximately 820 km of low and medium voltage power cables, instrumentation and control cables and telecom cables for applications in the petroleum and petrochemicals industry.

JGSPG consists of JG Summit Petrochemical Corporation (JGSPC) - the largest manufacturer of polyolefins in the Philippines and the first and only integrated PE and PP resin manufacturer in the country - and JG Summit Olefins Corporation (JGSOC) - the company that operates the first and only naphtha cracking plant in the Philippines. Both companies are wholly-owned subsidiaries of JG Summit Holdings, Inc. (JGSHI), one of the country's largest and most diversified conglomerates, with business interests in food manufacturing, air transportation, real estate and property development, petrochemicals, banking, publishing, power generation and telecommunications.

The JGSPG complex is located 120 km south of Manila in Batangas City, overlooking the scenic Batangas Bay. At present, JGSPG has a 250-hectare fully integrated world-class manufacturing complex that also houses the naphtha cracking and polymer manufacturing plants.

The Group will provide a complete package of power, instrumentation and control, and telecom cables for Plant & Petrochemical applications for phase 1 of the OSBL (Outside Battery Limits) expansion project, planned for the existing JG Summit facilities and due to commence during 2018.

New submarine cable-laying vessel

In April 2018, the Group entered into a contract for an investment of over Euro 170 million in a new advanced cable-laying vessel. This strategic asset will bolster Prysmian's turnkey approach, under which it delivers end-to-end EPCI projects, from engineering, manufacturing and installation to full monitoring and diagnostic services for submarine power transmission lines. In particular, the investment in this new vessel will support long-term growth prospects in the submarine cable business, strengthening the Group's installation and execution capabilities for interconnection and offshore wind projects.

Contract for 66 kV submarine cable for Borssele III & IV offshore wind farms in the North Sea

On 18 June 2018, the Group was awarded a contract by Van Oord Offshore Wind B.V. for the development of a submarine inter-array cable system for the Borssele III & IV offshore wind farms.

Prysmian will be responsible for the design, manufacture, supply and testing of approximately 175 km of 66 kV three-core XLPE-insulated cables in various cross sections and all related accessories for the Borssele III & IV wind farms. These two farms, forming part of the extensive Borssele Wind Farm Zone located near the southern boundary of the Dutch Exclusive Economic Zone (EEZ), approximately 25 km from the shore, will have a total installed capacity of 731.5 MW with individual wind turbine capacity of 9.54 MW.

The cables, all of which will be manufactured at Prysmian's centre of excellence in Pikkala (Finland), are due to be delivered in early 2020.

Contract to cable offshore wind farms in France

On 29 August 2018, the Group was awarded three important projects to develop cable connections for offshore wind farms in France. Prysmian has been engaged to design, supply and install inter-array cables for the two offshore wind farms, Fécamp and Courseulles-sur-Mer, located off the north coast of France. The contracts

for these two major wind farms are worth over Euro 200 million and are expected to be finalised in early autumn.
A third project, for the Saint Nazaire wind farm also owned by Eolien Maritime France, is worth over Euro 20 million and will be performed in a consortium with Louis Dreyfus Travocean.

Contract for submarine interconnection in Greece

On 4 September 2018, the Group was awarded a new contract worth approximately Euro 21 million by IPTO (Independent Power Transmission Operator), the Transmission System Operator of the Greek electricity grid, for two interconnections between the Cyclades islands (Evia, Andros and Tinos) in Greece.
The project involves the design, supply and installation, as well as related onshore civil engineering works, of two turnkey high voltage cable systems, which will boost power transmission between the Cyclades islands, ensuring a robust, reliable and sustainable power supply.
The submarine cables will be manufactured in the Arco Felice plant (Naples), a Group centre of technological and manufacturing excellence, while the underground cables will be produced in Pignataro (Naples).
The submarine and underground cables will be manufactured during 2018 and 2019, while delivery and commissioning is scheduled for the third quarter of 2019.

Other significant events

Approval of financial statements at 31 December 2017 and dividend distribution

On 12 April 2018, the shareholders of Prysmian S.p.A. approved the financial statements for 2017 and the distribution of a gross dividend of Euro 0.43 per share, for a total of some Euro 96 million. The dividend was paid out from 25 April 2018 to shares outstanding on the record date of 24 April 2018, with the shares going ex-dividend on 23 April 2018.

Centre of excellence in Sorocaba (Brazil)

During the second quarter of 2017, Prysmian Cabos e Sistemas do Brasil S.A. announced the start of an investment programme to create a centre of excellence in cable manufacturing at the Sorocaba Eden plant, involving the transfer of production activities currently carried out by the Santo Andrè plant which will be closed; it will take about a year and a half to complete this project.
The so-called "+90" project involves closing the Santo Andrè site with the consequent transfer of administrative activities and staff, as well as the concentration of South American Regional headquarters functions in Sorocaba. The plant's industrial activities will be partly relocated to Sorocaba and partly to other Brazilian production sites (Vila Velha and Jointville). In addition, the La Rosa facility in Argentina will undergo further development. During 2017 all the employees at the two sites were informed of this decision and those involved in the relocation were identified. The operation has been organised in two phases, the first involving White Collar staff in August 2017 and the second involving Blue Collar employees in February 2018. The economic aspects have been agreed with the union, which has been informed and consulted throughout this process, not only to facilitate the collective transfer but also to allow the termination of those unwilling to relocate.

Western Link

With reference to the Western Link, an electrical transmission cable between Scotland, Wales and England, a fault was detected at the end of April 2018 during preparations to make the link available for full load operation, as a result of which, when approving the Quarterly Financial Report at 31 March 2018, the Directors decided to recognise a provision of Euro 20 million as the best estimate of costs to cover the related contractual penalties for this project's late delivery.

On 22 June 2018, the Board of Directors of Prysmian S.p.A. met to examine the implications of certain faults in the cable's operation. In particular, it was noted that during commissioning of the Western Link Cable, the fault detected at the end of April 2018 had recurred. In light of the tests carried out and the information received from the project's technical managers, it was concluded with reasonable certainty that the area in which the fault had re-emerged was limited to that affected by the previous repair. In light of the information received from the project's technical managers concerning the costs and time for the new repairs needed to solve this fault, of the related risks and the liquidated damages envisaged by the Western Link Contract, the Board of Directors prudently estimated that the Company might be required to incur additional costs of approximately Euro 50 million and recognised a provision accordingly.

On 12 September 2018, Prysmian announced that the commissioning and testing of the Western Link Interconnection project had been temporarily suspended to investigate a problem in the land section of the cable.

Although the technical investigations to identify the cause and estimate the possible economic impact were still in progress, Prysmian was able to assume that the event did not appear to have any relation to the fault identified in June 2018 in a submarine section of the cable and successfully repaired.

Prysmian decided not to recognise any further provisions, which, having been augmented during the period, were deemed sufficient to meet the costs of the repair and of the consequent additional delay in delivering the cable, if attributable to Prysmian.

Further to the statement dated 12 September 2018, Prysmian announced on 16 October 2018 that the problem involving the land section of the cable had been successfully repaired.

Agreement with OI Group in Brazil

During the first few months of 2018, the Group reached a credit recovery agreement with the OI Group, a Brazilian customer that has filed for bankruptcy. The outstanding receivables, amounting to around Euro 8 million, had already been written down in full in 2016. The agreement involves a partial repayment in four annual instalments and so the Group has reinstated the receivable at its realisable amount of Euro 5 million.

Establishment of privacy department and appointment of internal data protection officer pursuant to European Regulation 2016/679 ("GDPR")

In view of the entry into force of the GDPR (on 25 May 2018), the Board of Directors of Prysmian S.p.A. decided on 10 May 2018 to establish a department to oversee the area of personal data protection and identified and appointed an internal data protection officer (or DPO) whose duties include monitoring the correct application of the GDPR within the Group, supporting senior management in identifying adequate data protection measures and, consequently, processing data correctly in accordance with the law. The role of DPO is held by Mr. Giorgio Totis who continues to act as Group Compliance Director.

New organisation for integration with General Cable

On 11 June 2018, Prysmian Group announced its new organisation and began its integration with General Cable.

The new organisation combines the strengths of both Prysmian and General Cable and is based on centralised governance and integrated management of global businesses, clear responsibilities for results, a focus on efficiency and technological innovation and a customer-centric approach enabled by teams dedicated to key customer accounts.

The new organisational matrix is structured along 3 lines: Group centralised functions, which aim to foster the creation of a highly integrated "One Company"; Regions, which must ensure proximity to the market; and Business areas (Energy, Telecom and Projects), which are responsible for product and cross-selling strategies.

With regard to segment information, considering that such a short time has elapsed since approving the new organisational structure and that the Group's management is still reviewing the overall reporting system, at 30 September 2018 it has been considered appropriate to retain the operating segment reporting structure respectively adopted by the Prysmian Group and General Cable prior to the acquisition, as presented in section "F. Segment Information".

Ruling of the General Court of the European Union regarding antitrust investigations

On 12 July 2018, the General Court of the European Union issued rulings on the appeals lodged by the Prysmian Group, including General Cable, against the decision of the European Commission dated 2 April 2014 and whose content had already been anticipated by Prysmian on the same date.

These rulings have dismissed the appeals, thus confirming the fines imposed by that decision. Most of the other defendants had appealed against the Commission's decision and even these appeals have been dismissed.

Further details can be found in Note 11. Provisions for risks and charges.

Resignation and new appointment of the Chairman of the Board of Directors

On 25 July 2018, Massimo Tononi, Chairman of the Board of Directors, tendered his resignation as Chairman and member of the Board of Directors and as a member of the Company's Compensation, Nominations and Sustainability Committee, with effect from the end of the Board of Directors' meeting which approved the Half-Year Financial Report at 30 June 2018.

Mr. Tononi's resignation was tendered following his appointment to Cassa Depositi e Prestiti S.p.A., as a result of which he believed it right to step down from all positions held in other companies.

The Board of Directors in its meeting on 18 September 2018 to approve the Half-Year Financial Report at 30 June 2018, named Mr. Claudio De Conto, an independent non-executive pursuant to Legislative Decree 58/98, as its new Chairman.

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 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 2017.

The present Quarterly Financial Report was approved by the Board of Directors of Prysmian S.p.A. on 14 November 2018 and is unaudited.

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

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 2018 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.

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 2017, 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 2018 after receiving endorsement from the competent authorities.

It should be noted that the financial statements at 30 September 2018 of Argentinean consolidated companies have been prepared in the functional currency. Unless there are significant changes in the trend in Argentinian inflation, the effects of applying *IAS 29 - Reporting in Hyperinflationary Economies* will be taken into account when reporting the financial results at 31 December 2018.

Accounting standards, amendments and interpretations applied from 1 January 2018

As from 1 January 2018, *IFRS 15 - Revenue from Contracts with Customers* replaces *IAS 11 - Construction Contracts*, *IAS 18 - Revenue* and the related interpretations. IFRS 15 introduces a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has elected to apply IFRS 15 using the full retrospective method of adoption; the effects identified are due to the extended warranties given by the Group to its customers, compared with those commonly found in commercial practice for the Energy Projects operating segment.

Details of the effects on the Group's statement of financial position and income statement can be found in Section C. Restatement of comparative figures.

IFRS 9 - Financial Instruments replaces *IAS 39 - Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9 and brings together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Following the adoption of IFRS 9, the Group has not only recorded effects for the time value component of option contracts designated as hedging instruments, but has also made some reclassifications. Further information can be found in Section C. Restatement of comparative figures.

On 14 December 2016, the IASB published a number of amendments to *IFRS 2 - Share-based Payments*. The document clarifies:

- the accounting treatment of vesting conditions;

- the measurement of cash-settled share-based payment transactions;
- the treatment of share-based payment transactions with net settlement features for withholding tax obligations.

On first-time adoption of this amendment, the reporting entity must apply the changes without restating prior periods, although retrospective application is permitted only if this election is made for all three of the above amendments. The adoption of these amendments has not had any material effects for the Group.

On 8 February 2018 the IASB issued *Annual Improvements to IFRS Standards 2014-2016 Cycle* which includes amendments to *IAS 28 - Investments in associates and joint ventures*, applicable from 1 January 2018. The amendments clarify and correct the related standards and remove redundant provisions.

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

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 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.
This document will apply to annual reporting periods beginning on or after 1 January 2019.
The Group is finalising the implementation of this new standard and quantifying the impact of its adoption. It is not planned to adopt this standard early.

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.

Acquisitions

As described in Section A.1 Significant events, the Group completed the acquisition of all the ordinary shares of General Cable on 6 June 2018. The acquisition was completed through merging Alisea Corp. (a Delaware corporation and wholly-owned indirect subsidiary of Prysmian S.p.A.) with General Cable Corporation.
This has led to a significant enlargement of the scope of consolidation, which as from 1 June 2018 includes all the assets, liabilities, revenues and expenses of subsidiaries and investees of General Cable Corporation. More details can be found in Section E. Business Combinations.

Liquidations

On 8 May 2018, the process of liquidating the Swiss company Prysmian Cables and Systems S.A. in liquidation was completed with its removal from the local company registry.

On 31 July 2018, the process of liquidating the Russian company Neva Cables Ltd was completed with its removal from the local company registry.

On 2 August 2018, the process of liquidating the New Zealand companies GCNZ India Cable 1 Limited, GCNZ India Cable 2 Limited and General Cable Superconductors Investments Limited was completed with their removal from the local company registry.

On 15 September 2018, the process of liquidating the Australian company General Cable Australia Pty. Ltd. was completed with its removal from the local company registry.

New company formations

P.O.R. S.A.S. was formed on 13 April 2018 and is wholly owned by Draka France S.A.S..

Mergers

On 1 May 2018, the US companies Draka Cableteq USA Inc. and Gulf Coast Downhole Technologies LLC completed their merger into Prysmian Cables and Systems USA LLC.

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

Name changes

On 25 January 2018, the Finnish company Prysmian Finland OY changed its name to Prysmian Group Finland OY.

On 30 May 2018, the Danish company Prysmian Denmark A/S changed its name to Prysmian Group Denmark A/S.

On 26 June 2018, the Swedish company Draka Sweden AB changed its name to Prysmian Group North Europe AB.

On 2 July 2018, the Estonian company AS Draka Keila Cables changed its name to Prysmian Group Baltics AS.

On 6 July 2018, the Norwegian company Draka Norsk Kabel AS changed its name to Prysmian Group Norge AS.

Appendix A to these notes contains a list of the companies included in the scope of consolidation at 30 September 2018.

C. RESTATEMENT OF COMPARATIVE FIGURES

The consolidated income statement, presented in this quarterly report for comparative purposes, has undergone a number of reclassifications with respect to the previously published figures in order to make it consistent with the current presentation.

The consolidated financial statements at 1 January 2017 and at 31 December 2017, presented in the current quarterly condensed consolidated financial statements for comparative purposes, have undergone some amendments compared with the previously published figures. Details of these amendments are discussed below:

Adoption of IFRS 15 and IFRS 9

Following adoption of IFRS 15, the Group has elected to apply it retrospectively, with restatement of its consolidated figures from 1 January 2017. In particular:

- "Other receivables" reported in the statement of financial position have been decreased by Euro 53 million at 1 January 2017 and by Euro 29 million at 31 December 2017, while "Other payables" have been increased by Euro 21 million at 31 December 2017;
- "Deferred tax assets" have been increased by Euro 16 million at 1 January 2017 and by Euro 14 million at 31 December 2017;
- "Sales of goods and services" at 30 September 2017 have been increased by around Euro 2 million, while "Taxes" have been increased by around Euro 2 million.

There have been no effects on either net financial debt or cash flow provided by operating activities for 2017. The above effects are due to the extended warranties given by the Group to its customers, compared with those commonly found in commercial practice for the Energy Projects operating segment.

Following the adoption of IFRS 9, the Group has made the following adjustments:

- other comprehensive income (OCI) for 2017 has been decreased by Euro 13 million, net of the related tax; net profit has therefore been increased by the same amount;
- there has been no impact on the income statement for the first nine months of 2017.

There have been no effects on either net financial debt or cash flow provided by operating activities.
The above effects are due to the time value component of option contracts designated as hedging instruments.
Following the adoption of IFRS 9, the Group has also made the following reclassifications:

- non-current "Available-for-sale financial assets" have been reclassified in "Other investments at fair value through other comprehensive income";
- "Held-to-maturity financial assets" have been reclassified in "Financial assets at amortised cost";
- "Financial assets held for trading" have been reclassified in "Financial assets at fair value through profit or loss";
- current "Available-for-sale financial assets" have been reclassified in "Financial assets at fair value through other comprehensive income".

Lastly, no significant effects have emerged as a result of applying the new model of credit impairment envisaged by IFRS 9.

Consolidated Statement of Financial Position at 1 January 2017

(in millions of Euro)

	1 January 2017 published	Effect of IFRS 15 application	Effect of IFRS 9 application	1 January 2017 restated
Non-current assets				
Property, plant and equipment	1,631			1,631
Intangible assets	792			792
Equity-accounted investments	195			195
Available-for-sale financial assets	12		(12)	-
Other investments at fair value through other comprehensive income			12	12
Financial assets held to maturity	2		(2)	-
Financial assets at amortised cost			2	2
Derivatives	3			3
Deferred tax assets	130	16		146
Other receivables	21			21
Total non-current assets	**2,786**	**16**	**-**	**2,802**
Current assets				
Inventories	906			906
Trade receivables	1,088			1,088
Other receivables	788	(53)		735
Financial assets held for trading	57		(57)	-
Financial assets at fair value through profit or loss			57	57
Derivatives	40			40
Cash and cash equivalents	646			646
Total current assets	**3,525**	**(53)**	**-**	**3,472**
Total assets	**6,311**	**(37)**	**-**	**6,274**
Equity attributable to the Group:	**1,448**	**(37)**	**-**	**1,411**
Share capital	22			22
Reserves	1,180	(37)		1,143
Net profit/(loss) for the year	246	-		246
Equity attributable to non-controlling interests:	**227**	**-**	**-**	**227**
Share capital and reserves	211			211
Net profit/(loss) for the year	16			16
Total equity	**1,675**	**(37)**	**-**	**1,638**
Non-current liabilities				
Borrowings from banks and other lenders	1,114			1,114
Other payables	18			18
Provisions for risks and charges	40			40
Derivatives	12			12
Deferred tax liabilities	111			111
Employee benefit obligations	383			383
Total non-current liabilities	**1,678**	**-**	**-**	**1,678**
Current liabilities				
Borrowings from banks and other lenders	172			172
Trade payables	1,498			1,498
Other payables	875			875
Derivatives	24			24
Provisions for risks and charges	339			339
Current tax payables	50			50
Total current liabilities	**2,958**	**-**	**-**	**2,958**
Total liabilities	**4,636**	**-**	**-**	**4,636**
Total equity and liabilities	**6,311**	**(37)**	**-**	**6,274**

Consolidated Statement of Financial Position at 31 December 2017

(in millions of Euro)

	31 December 2017 published	Effect of IFRS 15 application	Effect of IFRS 9 application	31 December 2017 restated
Non-current assets				
Property, plant and equipment	1,646			1,646
Intangible assets	735			735
Equity-accounted investments	217			217
Available-for-sale financial assets	12		(12)	-
Other investments at fair value through other comprehensive income			12	12
Financial assets held to maturity	2		(2)	-
Financial assets at amortised cost			2	2
Derivatives	14			14
Deferred tax assets	135	14		149
Other receivables	18			18
Total non-current assets	**2,779**	**14**	**-**	**2,793**
Current assets				
Inventories	954			954
Trade receivables	1,131			1,131
Other receivables	448	(29)		419
Financial assets held for trading	40		(40)	-
Financial assets at fair value through profit or loss			40	40
Derivatives	45			45
Available-for-sale financial assets	11		(11)	-
Financial assets at fair value through other comprehensive income			11	11
Cash and cash equivalents	1,335			1,335
Total current assets	**3,964**	**(29)**	**-**	**3,935**
Total assets	**6,743**	**(15)**	**-**	**6,728**
Equity attributable to the Group:	**1,487**	**(36)**	**-**	**1,451**
Share capital	22			22
Reserves	1,238	(37)	(13)	1,188
Net profit/(loss) for the year	227	1	13	241
Equity attributable to non-controlling interests:	**188**	**-**	**-**	**188**
Share capital and reserves	192			192
Net profit/(loss) for the year	(4)			(4)
Total equity	**1,675**	**(36)**	**-**	**1,639**
Non-current liabilities				
Borrowings from banks and other lenders	1,466			1,466
Other payables	8			8
Provisions for risks and charges	33			33
Derivatives	2			2
Deferred tax liabilities	103			103
Employee benefit obligations	355			355
Total non-current liabilities	**1,967**	**-**	**-**	**1,967**
Current liabilities				
Borrowings from banks and other lenders	370			370
Trade payables	1,686			1,686
Other payables	671	21		692
Derivatives	35			35
Provisions for risks and charges	321			321
Current tax payables	18			18
Total current liabilities	**3,101**	**21**	**-**	**3,122**
Total liabilities	**5,068**	**21**	**-**	**5,089**
Total equity and liabilities	**6,743**	**(15)**	**-**	**6,728**

Consolidated Income Statement at 30 September 2017

(in millions of Euro)

	9 months 2017 published	Effect of IFRS 15 application	Effect of IFRS 9 application	9 months 2017 restated
Sales of goods and services	5,865	2		5,867
Change in inventories of work in progress, semi-finished and finished goods	122			122
Other income	54			54
Raw materials, consumables used and goods for resale	(3,728)			(3,728)
Fair value change in metal derivatives	(2)			(2)
Personnel costs	(801)			(801)
of which personnel costs for company reorganisation	(7)			(7)
of which personnel costs for stock option fair value	*(37)*			*(37)*
Amortisation, depreciation, impairment and impairment reversals	(132)			(132)
Other expenses	(1,073)			(1,073)
of which non-recurring (other expenses) and releases	*(17)*			*(17)*
of which (other expenses) for company reorganisation	*(5)*			*(5)*
Share of net profit/(loss) of equity-accounted companies	36			36
Operating income	**341**	**2**	**-**	**343**
Finance costs	(246)			(246)
of which non-recurring finance costs	*(2)*			*(2)*
Finance income	174			174
of which non-recurring finance income	*(2)*			-
Profit/(loss) before taxes	**269**	**2**	**-**	**271**
Taxes	(75)	(2)		(77)
Net profit/(loss) for the period	**194**	**-**	**-**	**194**
Attributable to:				-
Owners of the parent	196			196
Non-controlling interests	-			-
Basic earnings/(loss) per share (in Euro)	**0.92**			**0.92**
Diluted earnings/(loss) per share (in Euro)	**0.90**			**0.90**

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 2017, which should be consulted for a more detailed analysis.

With reference to the risks described in the Annual Financial Report at 31 December 2017, 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 2018
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value				
Derivatives through profit or loss	-	34	-	34
Hedging derivatives	-	5	-	5
Financial assets at amortised cost	-	5	-	5
Financial assets at fair value through profit or loss	17	-	-	17
Financial assets at fair value through other comprehensive income	10	-	-	10
Other investments at fair value through other comprehensive income		-	13	13
Total assets	**27**	**44**	**13**	**84**
Liabilities				
Financial liabilities at fair value	-	-	-	-
Derivatives through profit or loss	-	21	-	21
Hedging derivatives	-	18	-	18
Total liabilities	**-**	**39**	**-**	**39**

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.
Financial assets at fair value through profit or loss of Euro 17 million, classified in fair value Level 1, refer to funds in which the Brazilian and Argentinian subsidiaries temporarily invest their liquidity.
Financial assets at fair value through other comprehensive income of Euro 10 million, classified in fair value Level 1, refer to Italian government securities.
During the first nine months of 2018 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

As described in Section A. Significant events, Prysmian Group acquired control of General Cable Corporation on 6 June 2018. The acquisition date is being taken as 1 June 2018 for accounting purposes.

The total consideration paid for the acquisition is approximately Euro 1,290 million.
Acquisition-related costs amount to around Euro 19 million, before tax effects of some Euro 5 million. These costs have been expensed to income as "Non-operating expenses", of which Euro 15 million accounted for in 2017 and Euro 4 million in 2018.

The assets and liabilities of General Cable have been determined on a provisional basis, since the main acquisition accounting processes were still incomplete at the current reporting date.
In compliance with IFRS 3, the fair value of the assets, liabilities and contingent liabilities will be finalised within twelve months of the acquisition date.
The excess of the purchase consideration over the provisional fair value of net assets acquired has been recognised as goodwill, quantified as Euro 1,224 million.
Such goodwill is primarily justified by the expected future income from integrating the two groups, including the benefits of run-rate synergies and higher values, not yet fully recognised, of the net assets acquired. The allocation of the acquisition purchase price is in progress, in accordance with the relevant accounting standards.
Details of the assets and goodwill are as follows:

(in millions of Euro)

Cash out	1,303
Derivatives (collar) for acquisition	(13)
Acquisition price (A)	**1,290**
Fair value of net assets acquired (B)	**68**
Non-controlling interest	2
Goodwill (A-B)	**1,224**
Purchase consideration	1,290
Cash and cash equivalents held by acquiree	(82)
Acquisition cash flow	**1,208**

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

(in millions of Euro)

Property, plant and equipment	891
Intangible assets	18
Assets held for sale	3
Financial assets at amortised cost	3
Derivatives	16
Deferred taxes	(55)
Inventories	653
Trade and other receivables	699
Trade and other payables	(681)
Borrowings from banks and other lenders	(1,311)
Employee benefit obligations and Provisions for risks and charges	(250)
Cash and cash equivalents	82
Net assets acquired (B)	**69**

There now follow some brief comments about the fair value measurement forming part of the purchase price allocation process performed thus far.

Property, plant and equipment

The fair value measurement has increased book value by Euro 457 million.

Trade and other receivables, Trade and other payables

Trade and other receivables and trade and other payables have been measured at fair value.

Inventories

The fair value measurement has increased book value by Euro 16 million due to the recognition of an inventory step-up for production profit margins.

Provisions for risks

The fair value measurement has increased book value by Euro 99 million in connection with contingent liabilities.

Deferred taxes

The variation reflects recognition of the tax effect of all the above differences against book value.

During the first nine months of 2018, the acquired perimeter (General Cable) accounted for Euro 1,246 million of the Prysmian Group's total sales of goods and services, and contributed Euro 6 million to the result for the period. If General Cable had been consolidated from 1 January 2018, its contribution to sales of goods and services would have been Euro 2,665 million, while its contribution to the nine-month result would have been around Euro 14 million.

F. SEGMENT INFORMATION

Preface

Following the acquisition of General Cable Corporation, the Group announced on 11 June 2018 the launch of a new organisational structure. Considering the very short time since the General Cable acquisition and the approval of the new organisational structure, the Group is still reviewing its reporting system and implementing the necessary changes to its information systems. For the reporting period ended 30 September 2018 it has been considered appropriate to retain the operating segments respectively adopted by Prysmian and General Cable prior to the acquisition. The reporting systems are expected to be completely harmonised for the 31 December 2018 reporting date.

Segment information

In light of the above, the operating segments for the pre-acquisition Prysmian Group are:

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

In the case of General Cable, the operating segments are:

- North America;
- Europe;
- Latin America.

With regard to Prysmian's pre-acquisition organisation, segment information is structured in the same way as the report periodically prepared for the purpose of reviewing business performance. This report presents operating performance by macro type of business (Energy Projects, Energy Products, OIL & GAS 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 presented for the sales channels and business areas indicated below within the individual operating segments:

A) 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.

B) 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.

C) OIL & GAS operating segment: encompassing the Core Oil & Gas business, the SURF business (involving umbilical cables and flexible pipes) and the DHT (Downhole Technology) business serving the oil industry.

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 Projects, Energy Products, OIL & GAS 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.

With regard to the financial results reported by the acquired perimeter (General Cable), 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 the geographical areas in which the acquired perimeter operates (North America, Europe and Latin America), 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.

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.
This report also provides information about the statement of financial position for the Group as a whole but not by operating segment.

F.1 OPERATING SEGMENTS

The following tables present information by operating segment:

(in millions of Euro)

									9 months 2018 (*)
	Energy Projects	Energy Products	Oil&GAS	Telecom	North America	Europe	Latin America	Corporate	Group total
Sales (1)	1,086	3,793	194	974	762	300	184	-	7,293
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**117**	**177**	**2**	**157**	**50**	**15**	**9**	**-**	**527**
% of sales	10.8%	4.7%	1.3%	16.1%	6.5%	4.8%	5.1%		7.5%
Adjusted EBITDA (A)	**117**	**180**	**2**	**204**	**50**	**15**	**9**	**-**	**577**
% of sales	10.8%	4.7%	1.3%	20.9%	6.5%	4.8%	5.1%		7.9%
EBITDA (B)	**115**	**166**	**2**	**235**	**31**	**9**	**4**	**(28)**	**534**
% of sales	10.6%	4.3%	1.3%	24.1%	4.1%	3.0%	2.1%		7.3%
Amortisation and depreciation (C)	(32)	(62)	(6)	(33)	(10)	(6)	(3)	-	(152)
Adjusted operating income (A+C)	**85**	**118**	**(4)**	**171**	**40**	**9**	**6**	**-**	**425**
% of sales	7.8%	3.1%	-2.0%	17.5%	5.1%	2.8%	3.3%		5.8%
Fair value change in metal derivatives (D)									(43)
Fair value stock options (E)									(15)
Asset (impairment) and impairment reversal (F)	(1)	-	-	-	-	-	-	-	(1)
Operating income (B+C+D+E+F)									**323**
% of sales									4.4%
Finance income									(348)
Finance costs									275
Taxes									(67)
Net profit/(loss)									**183**
% of sales									2.9%
Attributable to:									
Owners of the parent									183
Non-controlling interests									-
RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA									
EBITDA (A)	**115**	**166**	**2**	**235**	**31**	**9**	**4**	**(28)**	**534**
Adjustments:									
Company reorganisation	1	8	1	3	5	4	1	2	25
of which General Cable integration costs	*-*	*3*	*-*	*-*	*5*	*4*	*1*	*2*	*15*
Non-recurring expenses/(income)	1	-	-	-	-	-	-	-	1
of which Antitrust	*1*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*1*
Other non-operating expenses/(income)	-	6	(1)	(34)	14	2	4	26	17
of which General Cable acquisition-related costs	*-*	*-*	*-*	*-*	*1*	*1*	*-*	*4*	*6*
of which General Cable integration costs	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*20*	*20*
of which release of General Cable inventory step-up (2)	*-*	*-*	*-*	*-*	*11*	*1*	*4*	*-*	*16*
of which income from YOFC listing	*-*	*-*	*-*	*(36)*	*-*	*-*	*-*	*-*	*(36)*
Total adjustments (B)	**2**	**14**	**-**	**(31)**	**19**	**6**	**5**	**28**	**43**
Adjusted EBITDA (A+B)	**117**	**180**	**2**	**204**	**50**	**15**	**9**	**-**	**577**

(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 results of General Cable have been consolidated for the period 1 June - 30 September 2018.

(2) Reflects the higher cost of using finished goods and raw materials measured at General Cable's acquisition-date fair value.

(in millions of Euro)

						9 months 2017 (*)
	Energy Projects	Energy Products	Oil&GAS	Telecom	Corporate	Group total
Sales [1]	1,041	3,672	201	953	-	5,867
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**181**	**190**	**5**	135	**-**	**511**
% of sales	17.4%	5.2%	2.3%	14.2%		8.7%
Adjusted EBITDA (A)	**181**	**194**	**5**	167	**-**	**547**
% of sales	17.4%	5.3%	2.3%	17.6%		9.3%
EBITDA (B)	**164**	**189**	**3**	**165**	**(7)**	**514**
% of sales	15.8%	5.1%	1.6%	17.3%		8.7%
Amortisation and depreciation (C)	(30)	(60)	(13)	(29)	-	(132)
Adjusted operating income (A+C)	**151**	**134**	**(8)**	**138**	**-**	**415**
% of sales	14.5%	3.7%	-3.8%	14.5%		7.1%
Fair value change in metal derivatives (D)						(2)
Fair value stock options (E)						(37)
Asset (impairment) and impairment reversal (F)	-	-	-	-	-	-
Operating income (B+C+D+E+F)						**343**
% of sales						5.8%
Finance income						174
Finance costs						(246)
Taxes						(77)
Net profit/(loss)						**194**
% of sales						3.3%
Attributable to:						
Owners of the parent						196
Non-controlling interests						(2)
RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA						
EBITDA (A)	**164**	**189**	**3**	**165**	**(7)**	**514**
Adjustments:						
Company reorganisation	-	7	1	2	2	12
Non-recurring expenses/(income)						
of which Antitrust	*17*	-	-	-	-	*17*
Other non-operating expenses/(income)	-	(2)	1		5	4
Total adjustments (B)	**17**	**5**	**2**	**2**	**7**	**33**
Adjusted EBITDA (A+B)	**181**	**194**	**5**	**167**	**-**	**547**

[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 figures for the first nine months of 2017 have been restated following the introduction of IFRS 15 and IFRS 9.

F.2 GEOGRAPHICAL AREAS

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

(in millions of Euro)

	9 months 2018 (**)	9 months 2017 (***)
Sales of goods and services	**7,293**	**5,867**
EMEA*	**4,425**	**3,953**
(of which Italy)	974	950
North America	**1,623**	**880**
Latin America	**522**	**327**
Asia Pacific	**723**	**707**

(*) EMEA = Europe, Middle East and Africa

(**) The results of General Cable have been consolidated for the period 1 June - 30 September 2018.

(***) The previously published figures for the first nine months of 2017 have been restated following the introduction of IFRS 15 and IFRS 9.

1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of this line item and related movements are as follows:

(in millions of Euro)

	Property, plant and equipment	Intangible assets	*of which Goodwill*
Balance at 31 December 2017	**1,646**	**735**	***438***
Movements in 2018:			
- Business combinations	891	1,242	1,224
- Investments	160	9	-
- Disposals	(4)	-	-
- Depreciation and amortisation	(117)	(35)	-
- Impairment	(1)	-	-
- Currency translation differences	(13)	21	*15*
- Reclassifications (to)/from Assets held for sale	(2)	-	-
Total movements	**914**	**1,237**	**1,239**
Balance at 30 September 2018	**2,560**	**1,972**	***1,677***
Of which:			
- Historical cost	3,913	2,383	*1,697*
- Accumulated depreciation/amortisation and impairment	(1,353)	(411)	*(20)*
Net book value	**2,560**	**1,972**	***1,677***

(in millions of Euro)

	Property, plant and equipment	Intangible assets	*of which Goodwill*
Balance at 31 December 2016	**1,631**	**792**	**448**
Movements in 2017:			
- Investments	154	14	-
- Disposals	(3)	-	-
- Depreciation and amortisation	(98)	(34)	-
- Currency translation differences	(52)	(29)	*(9)*
Total movements	**1**	**(49)**	***(9)***
Balance at 30 September 2017	**1,632**	**743**	***439***
Of which:			
- Historical cost	2,878	1,108	*459*
- Accumulated depreciation/amortisation and impairment	(1,246)	(365)	*(20)*
Net book value	**1,632**	**743**	***439***

In the above tables, movements in "Business combinations" refer to the acquired perimeter (General Cable), as better described in Section E. Business Combinations.

A total of Euro 160 million has been invested in property, plant and equipment in the first nine months of 2018. This expenditure is analysed as follows:

- 59%, or Euro 95 million, for projects to increase and rationalise production capacity and develop new products;
- 21%, or Euro 34 million, for projects to improve industrial efficiency;
- 14%, or Euro 23 million, for structural projects.

A total of Euro 9 million has been invested in intangible assets in the first nine months of 2018, most of which for IT projects and ongoing implementation of SAP to standardise the information system throughout the Group.

There are Euro 2 million in liens on machinery as security against long-term loans (Euro 3 million at 31 December 2017).

2. EQUITY-ACCOUNTED INVESTMENTS

These are detailed as follows:

(in millions of Euro)

	30 September 2018	31 December 2017
Investments in associates	288	212
Investments in joint ventures	5	5
Total equity-accounted investments	**293**	**217**

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	23.73%
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd	China	44.78%
Kabeltrommel Gmbh & Co.K.G.	Germany	43.18%
Elkat Ltd.	Russia	40.00%

Yangtze Optical Fibre and Cable Joint Stock Limited Company is a Chinese company formed in 1988 whose main shareholders are: China Huaxin Post and Telecommunication Economy Development Center, 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 and in July 2018 it was also listed on the Shanghai Stock Exchange.
The Shanghai listing has increased the number of shares from a previous total of 682,114,598 to 757,905,108. Since Draka Comteq B.V. has kept its holding (of 179,827,794 shares) unchanged, its stake in this company has gone from 26.37% to 23.73%. The Group has recorded a gain of Euro 36 million in the third quarter of 2018 due to this share dilution.

At 30 September 2018, the fair value of the investment in Yangtze Optical Fibre and Cable Joint Stock Limited Company was Euro 483 million, compared with a carrying amount of Euro 246 million.

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 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 primarily reflects the Group's share of profit or loss of associates, except for Yangtze Optical Fibre and Cable Joint Stock Limited Company for which the change also reflects this Chinese company's listing on the Shanghai Stock Exchange, as discussed earlier.

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 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 2018
	Non-current	Current	Total
Trade receivables	-	1,950	1,950
Allowance for doubtful accounts	-	(107)	(107)
Total trade receivables	**-**	**1,843**	**1,843**
Other receivables:			
Tax receivables	6	140	146
Financial receivables	10	8	19
Prepaid finance costs	-	1	-
Receivables from employees	1	5	6
Pension plan receivables	-	2	2
Construction contracts	-	667	667
Advances to suppliers	3	22	25
Other	25	115	140
Total other receivables	**45**	**960**	**1,005**
Total	**45**	**2,803**	**2,848**

(in millions of Euro)

			31 December 2017 (*)
	Non-current	Current	Total
Trade receivables	-	1,196	1,196
Allowance for doubtful accounts	-	(65)	(65)
Total trade receivables	**-**	**1,131**	**1,131**
Other receivables:			
Tax receivables	3	115	118
Financial receivables	2	7	9
Prepaid finance costs	1	2	3
Receivables from employees	1	2	3
Pension plan receivables	-	1	1
Construction contracts	-	186	186
Advances to suppliers	-	15	15
Other	11	91	102
Total other receivables	**18**	**419**	**437**
Total	**18**	**1,550**	**1,568**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 15 and IFRS 9. Further details can be found in Section C. Restatement of comparative figures.

The increase of Euro 712 million in trade receivables mostly refers to the first-time consolidation of General Cable.

4. INVENTORIES

These are detailed as follows:

(in millions of Euro)

	30 September 2018	31 December 2017
Raw materials	484	284
of which allowance for obsolete and slow-moving raw materials	*(41)*	*(33)*
Work in progress and semi-finished goods	398	230
of which allowance for obsolete and slow-moving work in progress and semi-finished goods	*(15)*	*(8)*
Finished goods (*)	765	440
of which allowance for obsolete and slow-moving finished goods	*(72)*	*(50)*
Total	**1,647**	**954**

(*) Finished goods also include goods for resale.

The first-time consolidation of General Cable has led to a significant increase in the value of inventories.

5. DERIVATIVES

These are detailed as follows:

(in millions of Euro)

	30 September 2018	
	Asset	Liability
Non-current		
Forward currency contracts on commercial transactions (cash flow hedges)	1	
Total hedging derivatives	**1**	**-**
Metal derivatives	7	2
Total other derivatives	**7**	**2**
Total non-current	**8**	**2**
Current		
Interest rate derivatives (cash flow hedges)	-	7
Forward currency contracts on commercial transactions (cash flow hedges)	4	11
Total hedging derivatives	**4**	**18**
Forward currency contracts on commercial transactions	12	4
Forward currency contracts on financial transactions	4	1
Metal derivatives	11	14
Total other derivatives	**27**	**19**
Total current	**31**	**37**
Total	**39**	**39**

Interest rate derivatives designated as cash flow hedges refer to:

- interest rate swaps, for an overall notional value of Euro 850 million, with the objective of hedging variable rate interest rate flows for the period 2018-2023 on financing contracted by the Group to acquire General Cable;
- interest rate swaps, for an overall notional value of Euro 300 million, with the objective of hedging variable rate interest rate flows for the period 2018-2020 on financing contracted by the Group to acquire General Cable;
- interest rate swaps for an overall notional value of Euro 110 million, with the objective of hedging variable interest rate flows over the period 2018-2024 on an existing loan.

(in millions of Euro)

		31 December 2017
	Asset	**Liability**
Non-current		
Forward currency contracts on commercial transactions (cash flow hedges)	6	
Total hedging derivatives	**6**	**-**
Metal derivatives	8	2
Total other derivatives	**8**	**2**
Total non-current	**14**	**2**
Current		
Zero cost collar on General Cable acquisition (cash flow hedges)	-	17
Forward currency contracts on commercial transactions (cash flow hedges)	7	3
Total hedging derivatives	**7**	**20**
Forward currency contracts on commercial transactions	2	3
Forward currency contracts on financial transactions	1	1
Metal derivatives	35	11
Total other derivatives	**38**	**15**
Total current	**45**	**35**
Total	**59**	**37**

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss, amounting to Euro 17 million (Euro 40 million at 31 December 2017), basically refer to units in funds that mainly invest in short and medium-term government securities. The subsidiaries that invest temporarily available liquidity in such funds are primarily those in Brazil and Argentina.

7. CASH AND CASH EQUIVALENTS

These are detailed as follows:

(in millions of Euro)

	30 September 2018	31 December 2017
Cash and cheques	3	2
Bank and postal deposits	360	1,333
Total	**363**	**1,335**

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 111 million at 30 September 2018, compared with Euro 1,066 million at 31 December 2017.

8. SHARE CAPITAL AND RESERVES

Consolidated equity has recorded a positive change of Euro 857 million since 31 December 2017, mainly reflecting the net effect of:

- negative currency translation differences of Euro 29 million;
- the negative post-tax change of Euro 2 million in the fair value of derivatives designated as cash flow hedges;
- the positive change of Euro 15 million in the share-based compensation reserve linked to stock option plans;
- the distribution of Euro 105 million in dividends;
- an increase of Euro 283 million following conversion of the Convertible Bond 2013;
- an increase of Euro 15 million in the reserve for actuarial gains and losses on employee benefits;
- a reduction of Euro 1 million for the movement in other reserves due to the effect of measuring financial assets at fair value through other comprehensive income;
- the net profit for the period of Euro 183 million;
- the addition of Euro 496 million from the capital increase;
- the increase of Euro 2 million in non-controlling interests arising from the acquisition of General Cable.

At 30 September 2018, the share capital of Prysmian S.p.A. comprises 268,144,246 shares, each of nominal value Euro 0.10 for a total of Euro 26,814,424.60.

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 2016	**216,720,922**	**(2,618,317)**	**214,102,605**
Capital increase (1)	761,832	-	761,832
Share buyback	-	(4,003,943)	(4,003,943)
Allotments and sales (2)	-	127,379	127,379
Balance at 31 December 2017	**217,482,754**	**(6,494,881)**	**210,987,873**
	Ordinary shares	**Treasury shares**	**Total**
Balance at 31 December 2017	**217,482,754**	**(6,494,881)**	**210,987,873**
Capital increase (3)	50,661,492		50,661,492
Allotments and sales (4)		1,338,187	1,338,187
Balance at 30 September 2018	**268,144,246**	**(5,156,694)**	**262,987,552**

(1) Issue of new shares following partial conversion of the Convertible Bond 2013.

(2) Allotment of 92,271 treasury shares under the Group employee share purchase plan (YES Plan) and sale of 35,108 shares.

(3) Issue of new shares serving the capital increase (32,652,314 shares), the conversion of the Convertible Bond 2013 (12,677,769 shares) and the long-term incentive plan (LTI Plan) for Group employees (5,331,409 shares).

(4) Allotment and/or sale of treasury shares to serve the long-term incentive plan (LTI Plan) for Group employees (1,278,001 shares) and the share purchase plan (YES Plan) for Group employees (60,186 shares).

Capital increase

On 12 April 2018, the shareholders of Prysmian S.p.A. approved a capital increase, in cash, for a maximum amount of Euro 500,000,000.00, including any share premium, to be implemented by issuing ordinary shares with normal dividend rights.

On 27 June 2018, the Board of Directors of Prysmian S.p.A. approved the final terms and conditions of the capital increase, approved by the Shareholders' Meeting on 12 April 2018. In particular, it was decided that the capital increase would take place through the issue of up to 32,652,314 ordinary shares with a nominal value of Euro 0.10 each, to be offered pre-emptively to all shareholders and holders of the Company's convertible bonds, namely the convertible bond known as "Prysmian S.p.A. €500,000,000 Zero Coupon Linked Bonds due 2022", in the ratio of 2 new shares for every 15 option rights held, at an issue price of Euro 15.31 per new share, for a total amount of Euro 499,906,927.34, of which Euro 496,641,695.94 by way of share premium.

The rights offering of up to 32,652,314 new shares closed on 27 July 2018. During the option rights offering period (2 July 2018 - 19 July 2018, the "Option Period"), 239,533,800 option rights were exercised and 31,937,840 new shares were subscribed, with an aggregate value of Euro 488,968,330.40. The 5,358,555 option rights not exercised during the Option Period were then offered on the Italian Stock Exchange. All these rights were sold by the end of the first trading session on 24 July 2018 and were subsequently exercised, resulting in the issue of 714,474 new shares, with an aggregate value of Euro 10,938,596.94. The offering therefore concluded with the complete subscription of the 32,652,314 new shares with an aggregate value of Euro 499,906,927.34.

Treasury shares

Movements in treasury shares during the first nine months of 2018 refer to the allotment and sale of treasury shares serving the long-term incentive plan and the 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)
Balance at 31 December 2016	**2,618,317**	**261,832**	**1.25%**	**12.02**	**33,610,906**
- Allotments and sales	(127,379)	(12,738)	-	1,928	(2,455,867)
- Share buyback	4,003,943	400,394	-	25.03	100,232,035
Balance at 31 December 2017	**6,494,881**	**649,488**	**2.99%**	**20.23**	**131,387,074**
- Allotments and sales	(1,338,187)	(133,819)		19.92	(26,656,685)
Balance at 30 September 2018	**5,156,694**	**515,670**	**1.92%**	**20**	**104,730,389**

Authorisation to buy and dispose of treasury shares

The Shareholders' Meeting of Prysmian S.p.A. held on 12 April 2018 authorised a buyback and disposal of treasury shares, revoking at the same time the previous authorisation under the shareholder resolution dated 12 April 2017. The authorisation 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. 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 lasts for 18 months commencing from the date of the Shareholders' Meeting, while the authorisation to dispose of treasury shares has no time limit.

9. BORROWINGS FROM BANKS AND OTHER LENDERS

These are detailed as follows:

(in millions of Euro)

			30 September 2018
	Non-current	Current	Total
Borrowings from banks and other lenders	247	115	362
Term Loan	993	4	997
Bridge Loan	699	-	699
Non-convertible bond	744	9	753
Convertible Bond 2017	464	-	464
Finance lease obligations	11	1	12
Total	**3,158**	**129**	**3,287**

(in millions of Euro)

			31 December 2017
	Non-current	Current	Total
Borrowings from banks and other lenders	255	72	327
Non-convertible bond	743	14	757
Convertible Bond 2013	-	283	283
Convertible Bond 2017	456	-	456
Finance lease obligations	12	1	13
Total	**1,466**	**370**	**1,836**

Borrowings from banks and other lenders and Bonds are analysed as follows:

(in millions of Euro)

	30 September 2018	31 December 2017
CDP Loan	100	100
EIB Loans	152	169
Term Loan	997	-
Bridge Loan	699	-
Other borrowings	110	58
Borrowings from banks and other lenders	**2,058**	**327**
Non-convertible bond	753	757
Convertible Bond 2013	-	283
Convertible Bond 2017	464	456
Total	**3,275**	**1,823**

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 revolving facility was intended to refinance the existing facilities and the Group's other operating activities. As at 30 June 2018, the facility had been drawn down by Euro 500 million to help refinance the debt of the acquired perimeter (General Cable), as well as to meet the Prysmian Group's post-acquisition current financial needs. This drawdown was repaid during the third quarter of 2018. At 30 September 2018 this facility was not drawn down.

EIB Loans

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

The EIB Loan was 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 represented about 50% of the Prysmian Group's investment expenditure in Europe during the period concerned.

The EIB Loan, received on 5 February 2014, is repayable in 12 equal half-yearly instalments as from 5 August 2015 until 5 February 2021.

On 10 November 2017, Prysmian S.p.A. entered into a new loan with the EIB for Euro 110 million to support the Group's R&D programmes in Europe over the period 2017-2020. The loan was received on 29 November 2017 and involves a bullet repayment at maturity on 29 November 2024. With reference to this loan, interest rate swaps have been arranged, for an overall notional value of Euro 110 million, with the objective of hedging variable interest rate flows over the period 2018-2024.

This second loan, following on from the first, and also in support of R&D in Europe, is a sign of the trust and excellent credit standing that the Group enjoys with the EIB.

The fair value of the EIB Loans at 30 September 2018 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).

After repayments against the EIB Loan 2013, the outstanding balance on the EIB loans as at 30 September 2018 was Euro 152 million.

Loan from Cassa Depositi e Prestiti (CDP)

On 25 September 2017, Prysmian S.p.A. entered into an agreement with Cassa Depositi e Prestiti S.p.A. for a medium/long-term cash loan for a maximum total amount of Euro 100 million. This loan, maturing on 30 September 2020, was drawn down in its entirety on 29 September 2017. It will be used solely for the Group's general purposes, including capital expenditure, expenditure on research, development and innovation, as well as on energy efficiency and environmental stewardship. The fair value of the CDP Loan at 30 September 2018 approximates the related carrying amount.

Financing for the General Cable acquisition

On 2 March 2018, Prysmian S.p.A. entered into a credit agreement (the Acquisition Financing Agreement) with the object of obtaining the financial resources needed to pay the consideration for the acquisition of General Cable Co., to refinance the existing debt of General Cable Corporation and its subsidiaries and to finance the fees, commissions, costs and expenses surrounding the acquisition.

This financing consists of two lines of credit:

• "Term Loan": a term loan for Euro 1 billion, repayable on the fifth anniversary of the acquisition closing date (6 June 2023);

• "Bridge Loan": a term loan for Euro 700 million, repayable with a bullet payment within 2 years of the acquisition closing date (8 June 2020).

The interest rates applied to the new loans are indexed to 6M and 3M Euribor.

Both lines had been drawn down in full at 30 September 2018. Their fair value at 30 September 2018 approximates their carrying amount.

The following tables summarise the committed lines available to the Group at 30 September 2018 and 31 December 2017:

(in millions of Euro)

	30 September 2018		
	Total lines	**Drawn**	**Undrawn**
Syndicated Revolving Credit Facility 2014	1,000	-	1,000
CDP Loan	100	(100)	-
Term Loan	1,000	(1,000)	-
Bridge Loan	700	(700)	-
EIB Loans	152	(152)	-
Total	**2,952**	**(1,952)**	**1,000**

(in millions of Euro)

	31 December 2017		
	Total lines	**Drawn**	**Undrawn**
Syndicated Revolving Credit Facility 2014	1,000	-	1,000
CDP Loan	100	(100)	-
EIB Loans	169	(169)	-
Total	**1,269**	**(269)**	**1,000**

Bonds

Convertible Bond 2013

On 4 March 2013, the Board of Directors had 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 institutional investors.

During the first nine months of 2018 the entire bond has been converted into shares.

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 offered for sale to institutional investors only. As a result, 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 pays 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 762 million at 30 September 2018. Fair value has been determined with reference to the quoted price in the relevant market (Level 1 of the fair value hierarchy).

Convertible Bond 2017

On 12 January 2017, the Board of Directors approved the placement of an equity-linked bond, known as "Prysmian S.p.A. Euro 500 million Zero Coupon Equity Linked Bonds due 2022" maturing 17 January 2022 and reserved for institutional investors.

At the meeting held on 12 April 2017, the Company's shareholders authorised:

- the convertibility of the Equity-Linked Bond;
- the proposal to increase share capital for cash, in single or multiple issues with the exclusion of pre-emptive rights, by a maximum nominal amount of Euro 1,457,942.70, by issuing, in single or multiple instalments, up to 14,579,427 ordinary shares of the Company, with the same characteristics as its other outstanding ordinary shares, exclusively and irrevocably to serve the Bond's conversion.

The conversion price of the bonds of Euro 34.2949 was set by applying a 41.25% premium to the weighted average price of the Company's ordinary shares recorded on the Milan Stock Exchange between the start and end of the book-building process during the morning of 12 January 2017.

The Company will have the option to call all (but not just a part) of the outstanding bonds at their principal amount from 1 February 2020, should the value of the shares exceed 130% of the conversion price for a specified period of time.

The placement has allowed the Company to diversify its financial resources more widely by raising funds on the capital market. These funds will be used to pursue the Company's potential external growth opportunities; to finance, in line with the shareholders' authorisation of the share buyback, the buyback of the Company's

shares that will be used to fulfil potential conversion rights requirements and/or as consideration to finance the Company's growth strategy and for general corporate purposes.
On 16 May 2017, the Company sent a physical settlement notice to holders of the bonds, granting them the right, with effect from 29 May 2017, to convert them into the Company's existing or new ordinary shares. On 30 May 2017, the Bond was admitted to trading on the Third Market (a multilateral trading facility or MTF) on the Vienna Stock Exchange.

The accounting treatment for the Convertible Bond 2017 has resulted in the recognition of an equity component of Euro 48 million and a debt component of Euro 452 million, determined at the bond issue date.

(in millions of Euro)	
Issue value of convertible bond	500
Equity reserve for convertible bond	(48)
Issue date net balance	**452**
Interest - non-monetary	16
Related costs	(4)
Balance at 30 September 2018	**464**

As at 30 September 2018, the fair value of the Convertible Bond 2017 (equity component and debt component) is Euro 490 million, of which the fair value of the debt component is Euro 473 million. 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).

General Cable convertible bond
This bond, originating from the acquisition of General Cable, was issued on 18 December 2009 for an amount of USD 429.5 million; it allowed bondholders the option, in the event of an acquisition, to request repayment of the nominal value plus a premium. As at 30 September 2018, the balance was zero after fully paying off the remaining debt during the months of June and July 2018.

Borrowings from banks and other lenders and Finance lease obligations

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

(in millions of Euro)

	CDP Loan	EIB Loans	Convertible Bonds	Non-convertible bonds	Loans for acquisition	Other borrowings (included borrowings ex General Cable) / Finance lease obligations	Total
Balance at 31 December 2017	**100**	**169**	**739**	**757**	**-**	**71**	**1,836**
Business combinations	-	-	396	-	-	915	1,311
Currency translation differences	-	-	-	-	-	3	3
New funds	-	-	-	-	1,700	42	1,742
Repayments	-	(17)	(396)	-	-	(909)	(1,322)
Amortisation of bank and financial fees and other expenses	-	-	1	1	(8)	-	(6)
Conversion of Convertible Bond 2013	-	-	(283)	-	-	-	(283)
Interest and other movements	-	-	7	(5)	4	-	6
Total movements	**-**	**(17)**	**(275)**	**(4)**	**1,696**	51	**1,451**
Balance at 30 September 2018	**100**	**152**	**464**	**753**	**1,696**	**122**	**3,287**

(in millions of Euro)

	CDP Loan	EIB Loans	Convertible Bonds	Non-convertible bonds	Loans for acquisition	Other borrowings / Finance lease obligations (1)	Total
Balance at 31 December 2016	-	**75**	**289**	**755**	-	**167**	**1,286**
Currency translation differences	-	-	-	-	-	(8)	(8)
New funds	100		446	-	-	23	569
Repayments	-	(16)	-	-	-	(81)	(97)
Amortisation of bank and financial fees and other expenses	-	-	3	2	-	-	5
Interest and other movements	-	-	12	(5)	-	-	7
Total movements	**100**	**(16)**	**461**	**(3)**	-	**(66)**	**476**
Balance at 30 September 2017	**100**	**59**	**750**	**752**	**-**	**101**	**1,762**

(1) Includes the Revolving Credit Facility 2014.

NET FINANCIAL DEBT

(in millions of Euro)

	Note	30 September 2018	31 December 2017
Long-term financial payables			
CDP Loan	9	100	100
EIB Loans	9	135	152
Non-convertible bond	9	744	743
Convertible Bond 2017	9	464	456
Term Loan	10	993	-
Bridge Loan	10	699	-
Finance leases	9	11	12
Other financial payables	9	12	3
Total long-term financial payables		**3,158**	**1,466**
Short-term financial payables			
EIB Loans	9	17	17
Non-convertible bond	9	9	14
Convertible Bond 2013	9	-	283
Term Loan	9	4	-
Finance leases	9	1	1
Interest rate swaps	5	7	-
Forward currency contracts on financial transactions	5	1	1
Other financial payables		98	55
Total short-term financial payables		**137**	**371**
Total financial liabilities		**3,295**	**1,837**
Long-term financial receivables	3	10	2
Long-term bank fees	5	-	1
Financial assets at amortised cost		5	2
Forward currency contracts on financial transactions (current)	5	4	1
Short-term financial receivables	3	8	7
Short-term bank fees	3	1	2
Financial assets at fair value through profit or loss	6	17	40
Financial assets at fair value through other comprehensive income		10	11
Cash and cash equivalents	7	363	1,335
Net financial debt		**2,877**	**436**

The following table presents a reconciliation of the Group's net financial debt 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 2018	31 December 2017
Net financial debt - as reported above		**2,877**	**436**
Long-term financial receivables and other assets		15	4
Long-term bank fees	5	-	1
Net forward currency contracts on commercial transactions	5	(2)	(9)
Forward currency contracts for General Cable acquisition (cash flow hedge)	5	-	17
Net metal derivatives	5	(2)	(30)
Recalculated net financial debt		**2,888**	**402**

10. TRADE AND OTHER PAYABLES

These are detailed as follows:

(in millions of Euro)

			30 September 2018
	Non-current	Current	Total
Trade payables	-	2,092	2,092
Total trade payables	**-**	**2,092**	**2,092**
Other payables:			
Tax and social security payables	20	140	160
Advances from customers	-	216	216
Payables to employees	-	173	173
Accrued expenses	-	144	144
Other	11	192	203
Total other payables	**31**	**865**	**896**
Total	**31**	**2,957**	**2,988**

(in millions of Euro)

			31 December 2017 (*)
	Non-current	Current	Total
Trade payables	-	1,686	1,686
Total trade payables	**-**	**1,686**	**1,686**
Other payables:			
Tax and social security payables	3	161	164
Advances from customers	-	177	177
Payables to employees	-	92	92
Accrued expenses	-	107	107
Other	5	155	160
Total other payables	**8**	**692**	**700**
Total	**8**	**2,378**	**2,386**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 15 and IFRS 9. Further details can be found in Section C. Restatement of comparative figures.

The increase of Euro 406 million in trade payables is mostly attributable to the first-time consolidation of General Cable.

Advances from customers include the liability for construction contracts, amounting to Euro 180 million at 30 September 2018 compared with Euro 144 million at 31 December 2017. This liability represents the excess of amounts invoiced over costs incurred plus accumulated profits (or losses), recognised using the percentage of completion method.

11. PROVISIONS FOR RISKS AND CHARGES

These are detailed as follows:

(in millions of Euro)

			30 September 2018
	Non-current	Current	Total
Restructuring costs	1	23	24
Contractual and legal risks	12	227	239
Environmental risks	9	80	89
Tax risks	27	21	48
Contingent liabilities	3	2	5
Other risks and charges	17	54	71
Total	**69**	**407**	**476**

(in millions of Euro)

			31 December 2017
	Non-current	Current	Total
Restructuring costs	1	25	26
Contractual and legal risks	14	239	253
Environmental risks	-	7	7
Tax risks	5	18	23
Contingent liabilities	3	2	5
Other risks and charges	10	30	40
Total	**33**	**321**	**354**

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

(in millions of Euro)

	Restructuring costs	Contractual and legal risks	Environmental risks	Tax risks	Contingent liabilities	Other risks and charges	Total
Balance at 31 December 2017	**26**	**253**	**7**	**23**	**5**	**40**	**354**
Business combinations	-	4	81	25	-	28	138
Increases	9	16	1	-	-	8	34
Utilisations	(11)	(16)	-	-	-	-	(27)
Releases	-	(15)	-	(1)	-	(5)	(21)
Currency translation differences	-	(2)	-	(1)	-	-	(3)
Other	-	(1)	-	2	-	-	1
Total movements	**(2)**	**(14)**	**82**	**25**	**-**	**31**	**122**
Balance at 30 September 2018	**24**	**239**	**89**	**48**	**5**	**71**	**476**

The provision for contractual and legal risks amounts to Euro 239 million at 30 September 2018.

This provision 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 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. 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. were accepted by the General Court of the European Union. Prysmian did not incur 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. 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. The hearing of oral arguments in the appeal brought by Prysmian against the European Commission's decision of April 2014 took place on 20 March 2017, while the hearings of oral arguments in the appeals brought by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. against the same decision of the European Commission in April 2014 took place on 22 and 28 March 2017 respectively.

On 12 July 2018, the General Court of the European Union issued rulings on the appeals lodged by the Prysmian Group, including General Cable. These rulings have dismissed the appeals and confirmed the previously imposed fines. The Prysmian Group, including General Cable, does not agree with the conclusions reached by the General Court of the European Union and has appealed to the Court of Justice of the European Union.

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. In view of the circumstances described and also with the support of the Group's legal advisors and consistent with the accounting policies, the directors have recognised a level of provisions deemed appropriate to cover the potential liabilities associated with the events in question.

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

In Australia, the ACCC 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. A ruling issued in July 2016 held the company liable for violation of Australian antitrust law with regard to this project, without however quantifying the applicable penalty, which would be determined upon completion of the second stage of these proceedings. On 1 December 2016 the hearing of oral arguments took place to quantify the amount of the penalty to impose on Prysmian Cavi e Sistemi S.r.l. and on 28 July 2017, the Federal Court in Adelaide finally issued a ruling sentencing Prysmian Cavi e Sistemi S.r.l. to pay a fine of AUD 3.5 million. Prysmian Cavi e Sistemi S.r.l. lodged an appeal against this decision with the Australian Federal Court of Appeals, while no such appeal was filed by the Australian competition authority. The court concerned issued a ruling on 13 March 2018, dismissing the appeal filed by Prysmian Cavi e Sistemi S.r.l. and consequently confirming the decision by the court of first instance. Prysmian Cavi e Sistemi S.r.l. challenged this ruling. On 8 August 2018, the Australian High Court dismissed the appeal filed by the company against the decision by the court of second instance, thereby definitively closing proceedings.

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 investigative 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. In view of the circumstances described and also with the support of the Group's legal advisors, the directors have been unable to estimate the risk with regard to the Brazilian authority.

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 companies, 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. The other actions brought by Prysmian Group companies against other cable producers censured in the European Commission decision have in turn been suspended pending the outcome of the main action brought by National Grid and Scottish Power.

During the first few months of 2017, in addition to those mentioned in the preceding paragraph, other operators belonging to the Vattenfall Group filed claims in the High Court in London against certain cable manufacturers, including companies in the Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in its decision of April 2014. The Prysmian Group defendant companies have duly filed their statement of objections.

By an order dated 8 August 2018, the Court has dismissed the statements of objection filed, among others, by the defendant Prysmian Group companies, which in turn have appealed against this order to the relevant court.

Prysmian S.p.a. and Prysmian Cavi e Sistemi S.r.l. have been summoned by Nexans France SAS and Nexans SA to appear before the Court of Dortmund (Germany) in notifications dated 24 and 25 May 2018 respectively. The plaintiffs have asked the Court concerned to ascertain the existence of joint and several liability between Prysmian S.p.a. and Prysmian Cavi e Sistemi S.r.l., on the one hand, and Nexans France SAS and Nexans SA, on the other, for any damages suffered by third parties in Germany as a result of the alleged cartel in the market for high voltage underground and submarine power cables fined in the European Commission's decision dated 2 April 2014. On 7 June 2018, Prysmian S.p.a. and Prysmian Cavi e Sistemi S.r.l. filed a notice with the Court concerned in which they declared their intention to appear and defend themselves in this action and requested an 8-month deadline within which to file their defence, a term which the Court has since granted. At present, Prysmian S.p.a. and Prysmian Cavi e Sistemi S.r.l. have not yet been able to assess in detail the merits of this litigation, except to express their intention to defend themselves.

In view of the circumstances described and also with the support of the Group's legal advisors, the directors have recognised, consistent with the accounting policies, a level of provisions deemed appropriate to cover the potential liabilities associated with the events in question.

Antitrust – Other investigations

At the end of February 2016, the Spanish antitrust authorities initiated proceedings to verify the existence of anti-competitive practices by local low voltage cable manufacturers and distributors, including the Group's local subsidiaries. The Spanish competition authority then sent a statement of objections to some of the Group's local subsidiaries in January 2017.

On 24 November 2017, the local competition authority notified the Group's Spanish subsidiaries of a decision under which they were held liable for the alleged infringements in the period from June 2002 to June 2015 and were jointly and severally sentenced to pay a fine of Euro 15.6 million. The Group's Spanish subsidiaries have appealed against this decision. The appeal decision is still pending.

The decision of 24 November 2017 also held the Spanish subsidiaries of General Cable liable for breach of local antitrust law. However, they have obtained immunity from paying the related fine (quantified at about Euro 12.6 million) having filed for leniency and collaborated with the local competition authority in its investigations. The Spanish subsidiaries of General Cable have also appealed against the decision of the local competition authority; the appeal decision is still pending.

In view of the circumstances described and also with the support of the Group's legal advisors and consistent with the accounting policies, the directors have adjusted the related provisions for risks deemed appropriate to cover the potential liabilities associated with the events in question.

As at 30 September 2018, the provision for the above antitrust matters amounts to approximately Euro 163 million.
Despite the uncertainty of the outcome of the investigations and legal action in progress, the amount of this provision is considered to represent the best estimate of the liability based on the information now available.

12. EMPLOYEE BENEFIT OBLIGATIONS

These are detailed as follows:

(in millions of Euro)

	30 September 2018	31 December 2017
Pension plans	273	269
Employee indemnity liability (Italian TFR)	16	17
Medical benefit plans	26	27
Termination and other benefits	125	42
Incentive plans	-	-
Total	**440**	**355**

The increase of Euro 85 million in employee benefit obligations is mostly attributable to the first-time consolidation of General Cable.
Movements in employee benefit obligations have had an overall impact of Euro 16 million on the period's income statement, of which Euro 10 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 2018	9 months 2017
Average number (*)	21,427	20,971

	30 September 2018	31 December 2017
Closing number	29,741	21,050

(*) The period average refers only to employees of the Prysmian Group and its structure prior to the acquisition of General Cable.

13. OPERATING INCOME

Operating income is a profit of Euro 323 million in the first nine months of 2018 (compared with a profit of Euro 341 million in the first nine months of 2017) and is stated after the following adjustments:

(in millions of Euro)

	9 months 2018	9 months 2017
Company reorganisation [1]	(25)	(27)
of which General Cable integration costs	*(15)*	-
Non-recurring (expenses)/income [2]	(1)	-
of which Antitrust	*(1)*	-
Other non-operating (expenses)/income [3]	(17)	(12)
of which General Cable acquisition-related costs	*(6)*	-
of which General Cable integration costs	*(20)*	-
of which release of General Cable inventory step-up	*(16)*	
of which income from YOFC listing	*36*	
Total adjustments	**(43)**	**(39)**

[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.

14. FINANCE COSTS AND INCOME

Finance costs are detailed as follows:

(in millions of Euro)

	9 months 2018	9 months 2017
Interest on EIB loans	1	-
Interest on Term Loan	4	-
Interest on Bridge Loan	1	-
Interest on non-convertible bond	13	14
Interest on convertible bond 2013 - non-monetary component	1	6
Interest on convertible bond 2013 - monetary component	-	3
Interest on convertible bond 2017 - non-monetary component	7	7
Interest Rate Swaps	2	-
Amortisation of bank and financial fees and other expenses	5	4
Employee benefit interest costs	6	6
Other bank interest	7	7
Costs for undrawn credit lines	3	3
Sundry bank fees	10	9
Non-recurring other finance costs	2	2
Other	7	2
Finance costs	**69**	**63**
Net losses on forward currency contracts	-	10
Losses on derivatives	**0**	**10**
Foreign currency exchange losses	279	171
Other non-operating financial costs	-	2
Total finance costs	**348**	**246**

Finance income is detailed as follows:

(in millions of Euro)

	9 months 2018	9 months 2017
Interest income from banks and other financial institutions	3	5
Other finance income	1	2
Finance income	**4**	**7**
Net gains on interest rate swaps	16	-
Gains on derivatives	**16**	**-**
Foreign currency exchange gains	255	167
Total finance income	**275**	**174**

15. 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 2018 is Euro 67 million, while the tax rate is 27%.

16. 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 under the employee share purchase plan (YES Plan). Diluted earnings/(loss) per share have not been affected by the Convertible Bond 2017, whose conversion is currently out of the money", or by the options under the long-term incentive plan 2018-2020 which, based on the amount of aggregate EBITDA to 30 September 2018, are not grantable.

(in millions of Euro)

	9 months 2018	9 months 2017
Net profit/(loss) attributable to owners of the parent	183	195
Weighted average number of ordinary shares (thousands)	238,928	211,162
Basic earnings per share (in Euro)	**0.77**	**0.92**
Net profit/(loss) attributable to owners of the parent for purposes of diluted earnings per share	183	202
Weighted average number of ordinary shares (thousands)	238,928	211,162
Adjustments for:		
New shares from conversion of bonds into shares (thousands)	-	13,444
Dilution from incremental shares arising from exercise of stock options (thousands)	62	98
Weighted average number of ordinary shares to calculate diluted earnings per share (thousands)	238,990	224,704
Diluted earnings per share (in Euro)	**0.77**	**0.90**

17. 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 Group has been unable to estimate the risk is Brazil.

18. RECEIVABLES FACTORING

With reference to factoring programmes, 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 295 million at 30 September 2018 (Euro 363 million at 31 December 2017).

19. 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.

20. RELATED PARTY TRANSACTIONS

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

- trade relations involving 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.

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

The following tables provide a summary of the related party transactions during the nine months ended 30 September 2018:

(in millions of Euro)

					30 September 2018
	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	293	-	**293**	293	100.0%
Trade receivables	7	-	**7**	1,843	0.4%
Other receivables	3	-	**3**	1,005	0.3%
Trade payables	4	-	**4**	2,092	0.2%
Other payables	-	2	**2**	896	0.2%
Provisions for risks and charges		4	**4**	476	0.8%

(in millions of Euro)

					31 December 2017 (*)
	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	217	-	**217**	217	100.2%
Trade receivables	6	-	**6**	1,131	0.5%
Other receivables	5	-	**5**	437	1.1%
Trade payables	4	-	**4**	1,686	0.2%
Other payables	-	5	**5**	700	0.7%
Provisions for risks and charges		4	**4**	354	1.1%

(in millions of Euro)

					9 months 2018
	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	22	-	**22**	7,293	0.3%
Other income	4	-	**4**	103	3.9%
Raw materials, consumables used and goods for resale	(15)	-	**(15)**	(4,751)	0.3%
Personnel costs	-	(11)	**(11)**	(920)	1.5%
Other expenses	-	(1)	**(1)**	(1,264)	0.0%
Share of net profit/(loss) of equity-accounted companies	50	-	**50**	50	99.4%

(in millions of Euro)

					9 months 2017 (*)
	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	26	-	**26**	5,867	0.4%
Other income	3	-	**3**	54	5.6%
Raw materials, consumables used and goods for resale	(10)	-	**(10)**	(3,728)	0.3%
Personnel costs	-	(18)	**(18)**	(801)	2.2%
Other expenses	-	-	**-**	(1,073)	0.0%
Share of net profit/(loss) of equity-accounted companies	36	-	**36**	36	100.0%

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 15 and IFRS 9. Further details can be found in Section C. Restatement of comparative figures.

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 12 million at 30 September 2018 (Euro 16 million in the first nine months of 2017).

21. 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 2018.

22. COMMITMENTS

Contractual commitments, already given to third parties at 30 September 2018 and not yet reflected in the financial statements, amount to Euro 92 million for property, plant and equipment and Euro 5 million for intangible assets.
As at 30 September 2018, there are no outstanding loans or guarantees by the Parent Company or its subsidiaries to any of the directors, senior managers or statutory auditors.

23. DIVIDEND DISTRIBUTION

On 12 April 2018, the shareholders of Prysmian S.p.A. approved the financial statements for 2017 and the distribution of a gross dividend of Euro 0.43 per share, for a total of some Euro 96 million. The dividend was paid out from 25 April 2018 to shares outstanding on the record date of 24 April 2018, with the shares going ex-dividend on 23 April 2018.

24. 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 2018	31 December 2017	9 months 2018	9 months 2017
Europe				
British Pound	0.887	0.887	0.884	0.873
Swiss Franc	1.132	1.17	1.161	1.095
Hungarian Forint	324.37	310.33	317.514	308.404
Norwegian Krone	9.467	9.84	9.588	9.236
Swedish Krona	10.309	9.844	10.237	9.583
Czech Koruna	25.731	25.535	25.574	26.548
Danish Krone	7.456	7.445	7.45	7.437
Romanian Leu	4.664	4.659	4.652	4.552
Turkish Lira	6.963	4.524	5.484	4.004
Polish Zloty	4.277	4.177	4.249	4.265
Russian Rouble	76.142	69.392	73.416	64.999
North America				
US Dollar (1)	1.158	1.199	1.194	1.114
Canadian Dollar	1.506	1.504	1.537	1.455
Central/ South America				
Colombian Peso (2)	3457.21	n.a	3446.49	n.a
Brazilian Real (3)	4.635	3.967	4.306	3.537
Argentine Peso	47.751	22.366	30.113	18.109
Chilean Peso (4)	764.18	737.29	750.705	728.202
Mexican Peso (5)	21.78	23.661	22.738	21.008
Oceania				
Australian Dollar	1.605	1.535	1.576	1.454
New Zealand Dollar	1.751	1.685	1.707	1.556
Africa				
CFA Franc	655.957	655.957	655.957	655.957
Tunisian Dinar	3.246	2.974	3.043	2.663
Asia				
Chinese Renminbi (Yuan)	7.966	7.804	7.779	7.577
United Arab Emirates Dirham	4.251	4.404	4.386	4.09
Hong Kong Dollar	9.058	9.372	9.363	8.677
Singapore Dollar	1.584	1.602	1.6	1.547
Indian Rupee	83.916	76.606	80.191	72.645
Indonesian Rupiah	17,249.98	16,239.12	16,774.31	14,848.976
Japanese Yen	131.23	135.01	130.925	124.681
Thai Baht	37.448	39.121	38.398	38.136
Philippine Peso	62.648	59.795	62.707	55.996
Omani Rial	0.445	0.461	0.459	0.428
Malaysian Ringgit	4.789	4.854	4.765	4.838
Qatari Riyal	4.214	4.366	4.347	4.055
Saudi Riyal	4.341	4.497	4.478	4.178

(1) The consolidation of General Cable has used the EUR/USD rate at 30 September 2018 as the period-end exchange rate, and the average rate of 1.164 for the months from June to September 2018 as the period-average rate.

(2) The consolidation of General Cable has used the EUR/Colombian Peso rate at 30 September 2018 as the period-end exchange rate, and the average rate of 3426.290 for the months from June to September 2018 as the period-average rate.

(3) The consolidation of General Cable has used the EUR/Brazilian Real rate at 30 September 2018 as the period-end exchange rate, and the average rate of 4.550 for the months from June to September 2018 as the period-average rate.

(4) The consolidation of General Cable has used the EUR/Chilean Peso rate at 30 September 2018 as the period-end exchange rate, and the average rate of 764.190 for the months from June to September 2018 as the period-average rate.

(5) The consolidation of General Cable has used the EUR/Mexican Peso rate at 30 September 2018 as the period-end exchange rate, and the average rate of 22.467 for the months from June to September 2018 as the period-average rate.

25. SUBSEQUENT EVENTS

Contract for first submarine cable interconnection between the island of Crete and mainland Greece

On 2 October 2018, the Group was awarded a new contract, worth some Euro 125 million, for an interconnection between the island of Crete and mainland Greece (Peloponnese region). The project was awarded by IPTO (Independent Power Transmission Operator), which operates the transmission system for Greece's power grid. The contract will be finalised by the end of 2018, after obtaining the usual approvals from the authorities concerned.

The project for this first submarine electricity interconnection between Crete and the mainland involves the design, supply, installation and commissioning of an HVAC cable system using 150 kV three-core XLPE-insulated double-armoured cables. The cables, running along a route of 135 km, will be installed as deep as 950 metres.

The submarine cables, which will be manufactured at the plant in Arco Felice (Naples), will be laid at sea by the "Giulio Verne", a vessel forming part of the Group's own fleet. Delivery and commissioning are scheduled for 2020.

Closure of the General Cable Group's European headquarters

European workers' representative bodies and the local unions were informed in October 2018 of the intention to close the General Cable Group's European corporate headquarters in Barcelona.

This operation, involving about 75 employees, is part of a reorganisation of the Group following the acquisition of General Cable and accordingly aims to rationalise resources by exploiting possible synergies arising from the integration of the two groups. The costs of this restructuring will depend on the outcome of negotiations in progress with the trade unions, meaning that it is not yet possible to estimate them with a sufficient degree of accuracy.

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Milan, 14 November 2018

ON BEHALF OF THE BOARD OF DIRECTORS
THE CHAIRMAN
Claudio De Conto

SCOPE OF CONSOLIDATION - APPENDIX A

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

Fully consolidated subsidiaries on a line-by-line basis:

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Europe					
Austria					
Prysmian OEKW GmbH	Wien	Euro	2.053.007,56	100,00%	Prysmian Cavi e Sistemi S.r.l.
Belgium					
Draka Belgium N.V.	Antwerpen	Euro	61.973,38	98,52%	Draka Holding B.V.
				1,48%	Draka Kabel B.V.
Denmark					
Prysmian Group Denmark A/S	Albertslund	Danish Krone	40.001.000	100,00%	Draka Holding B.V.
Estonia					
Prysmian Group Baltics AS	Keila	Euro	1.664.000	100,00%	Prysmian Group Finland OY
Finland					
Prysmian Group 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.
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.
P.O.R. S.A.S.	Marne La Vallée	Euro	100.000	100,00%	Draka France S.A.S.
Silec Cable, S. A. S.	Montreau-Fault-Yonne	Euro	60.037.000	100,00%	Grupo General Cable Sistemas, S.L.
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 B.V.
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
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 i.L	Wuppertal	Euro	25.000	100,00%	Prysmian Netherlands B.V.
Norddeutsche Seekabelwerke GmbH	Nordenham	Euro	50.025.000	100,00%	Grupo General Cable Sistemas, S.L.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
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	1	100,00%	Prysmian Cavi e Sistemi S.r.l.
Cable Makers Properties & Services Limited	Esher	British Pound	39,08	75,97%	Prysmian Cables & Systems Ltd.
				24,03%	Third parties
Comergy Ltd.	Eastleigh	British Pound	1	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.
General Cable Holdings (UK) Limited	London	British Pound	20.232.054	100,00%	GK Technologies, Incorporated
General Cable Services Europe Limited	London	British Pound	1.178.495	100,00%	General Cable Holdings (UK) Limited
NSW Technology Limited	Aberdeen	British Pound	10.000	100,00%	Norddeutsche Seekabelwerke GmbH
Ireland					
Prysmian Re Company Designated Activity Company	Dublin	Euro	20.000.000	100,00%	Draka Holding B.V.
Italy					
Prysmian Cavi e Sistemi S.r.l.	Milan	Euro	50.000.000	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	80.000.000	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	100,00%	Prysmian Cavi e Sistemi S.r.l.
General Cable Italia S.r.l.	Milan	Euro	10.000	100,00%	Grupo General Cable Sistemas, S.L.
Norway					
Prysmian Group Norge AS	Drammen	Norwegian Krone	22.500.000	100,00%	Draka Holding B.V.
General Cable Nordic A/S	Vestby	Norwegian Krone	1.674.000	100,00%	Grupo General Cable Sistemas, S.L.
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	52.229.320,50	100,000%	Prysmian S.p.A.
Draka Kabel B.V.	Amsterdam	Euro	2.277.976,68	100,00%	Prysmian Netherlands B.V.
Donne Draad B.V.	Nieuw Bergen	Euro	28.134,37	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	18.151,21	99,00%	Draka Holding B.V.
				1,00%	Prysmian Netherlands B.V.
NKF Vastgoed III B.V.	Delft	Euro	18.151,21	99,00%	Draka Deutschland GmbH
				1,00%	Prysmian Netherlands 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.
General Cable Holdings Netherlands C.V.	Amsterdam	Euro	159.319.137	95,50%	GK Technologies, Incorporated
				1,00%	GC Global Holdings, Inc.
				3,50%	Phelps Dodge National Cables Corporation

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Portugal					
General Cable Investments, SGPS, Sociedade Unipessoal, S.A.	Funchal	Euro	8.500.020	100,00%	GK Technologies, Incorporated
General Cable Celcat, Energia e Telecomunicaçoes SA	Pero Pinheiro	Euro	13.500.000	100,00%	General Cable Investments, SGPS, Sociedade Unipessoal, S.A.
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
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.	Záborské	Euro	1.506.639	100,00%	Draka Comteq B.V.
Spain					
Prysmian Cables Spain, S.A. (Sociedad Unipersonal)	Vilanova I la Geltrù	Euro	58.178.234,22	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)
GC Latin America Holdings, S.L.	Barcelona	Euro	151.042.030	100%	General Cable Holdings (Spain), S.L.
General Cable Holdings (Spain), S.L.	Barcelona	Euro	138.304.698,48	99,349%	GK Technologies, Incorporated
				0,6510%	General Cable Overseas Holdings, LLC
Grupo General Cable Sistemas, S.L.	Barcelona	Euro	22.116.018,7	93,75%	General Cable Holdings (Spain), S.L.
				6,25%	GC Latin America Holdings, S.L.
Sweden					
Prysmian Group North Europe AB	Nässjö	Swedish Krona	100.100	100,00%	Draka Holding B.V.
Draka Kabel Sverige AB	Nässjö	Swedish Krona	100.000	100,00%	Prysmian Group North Europe AB
Turkey					
Turk Prysmian Kablo Ve Sistemleri A.S.	Mudanya	Turkish new Lira	141.733.652	83,746%	Draka Holding B.V.
				0,705%	Turk Prysmian Kablo Ve Sistemleri A.S.
				15,549%	Third parties
Tasfiye Halinde Draka Istanbul Asansor İthalat İhracat Üretim Ticaret Ltd. Şti.	Osmangazi-Bursa	Turkish new Lira	2.080.000	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.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
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%	Prysmian Cables and Systems USA, LLC
General Cable Company Ltd.	Brampton	Canadian Dollar	113.729.519	100,00%	General Cable Canada Holdings LLC
Cayman Islands					
Phelps Dodge Yantai China Holdings, Inc.	George Town	US Dollar	99	66,67%	YA Holdings, Ltd.
				33,33%	Third parties
YA Holdings, Ltd.	George Town	US Dollar	50.000	100,00%	General Cable Company Ltd.
Dominican Republic					
General Cable Caribbean, S.R.L.	Santa Domingo Oeste	Dominican Peso	2.100.000	99,995%	GK Technologies, Incorporated
				0,005%	Diversified Contractors, Inc.
Trinidad and Tobago					
General Cable Trinidad Limited	Port of Spain	Trinidadian Dollar	100	100,00%	GK Technologies, Incorporated
U.S.A.					
Prysmian Cables and Systems (US) Inc.	Las Vegas	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 Elevator Products, Inc.	Boston	US Dollar	1	100,00%	Prysmian Cables and Systems USA, LLC
Draka Transport USA, LLC	Boston	US Dollar	0	100,00%	Prysmian Cables and Systems USA, LLC
Diversified Contractors, Inc.	Highland Heights	US Dollar	1.000	100,00%	General Cable Industries, Inc.
GC Global Holdings, Inc.	Highland Heights	US Dollar	1.000	100,00%	General Cable Overseas Holdings, LLC
General Cable Canada Holdings LLC	Highland Heights	US Dollar	0	100,00%	General Cable Industries, Inc.
General Cable Corporation	Highland Heights	US Dollar	508.136,420	100,00%	Prysmian Cables and Systems (US) Inc.
General Cable Industries LLC	Highland Heights	US Dollar	0	100,00%	General Cable Industries, Inc.
General Cable Industries, Inc.	Highland Heights	US Dollar	10	100,00%	GK Technologies, Incorporated
General Cable Overseas Holdings, LLC	Highland Heights	US Dollar	0	100,00%	GK Technologies, Incorporated
General Cable Technologies Corporation	Highland Heights	US Dollar	1.000	100,00%	General Cable Industries, Inc.
Phelps Dodge Enfield Corporation	Doral	US Dollar	800.000	100,00%	General Cable Industries, Inc.
Phelps Dodge International Corporation	Doral	US Dollar	100.000	100,00%	General Cable Industries, Inc.
Phelps Dodge National Cables Corporation	Doral	US Dollar	10	100,00%	General Cable Industries, Inc.
GK Technologies, Incorporated	Highland Heights	US Dollar	1.000	100,00%	General Cable Corporation
Central/South America					
Argentina					
Prysmian Energia Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	135.549.900	46,776%	Prysmian Consultora Conductores e Instalaciones SAIC
				52,933%	Draka Holding B.V.
				0,134%	Prysmian Cabos e Sistemas do Brasil S.A.
				0,158%	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.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Brazil					
Prysmian Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	547.630.604,56	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	27.467.522	49,352%	Draka Comteq B.V.
				50,648%	Prysmian Cabos e Sistemas do Brasil S.A.
General Cable Brasil Indústria e Comércio de Condutores Elétricos Ltda	Poços de Caldas	Brazilian Real	211.017.971	99,99%	Grupo General Cable Sistemas, S.L.
				0,01%	General Cable Holdings (Spain) S.L.
Chile					
Prysmian Cables Chile SpA	Santiago	Chile Peso	1.900.000.000	100,00%	Prysmian Cabos e Sistemas do Brasil S.A.
Cobre Cerrillos S.A.	Cerrillos	US Dollar	74.574.400	99,80%	General Cable Holdings (Spain), S.L.
				0,20%	Third parties
Colombia					
PDIC Colombia S.A.	Bogotà	Colombian Peso	594.064.000	95,00%	Conducen, S.R.L.
				5,00%	Alcap Comercial S.A.
Productora de Cables Procables S.A.S.	Bogotà	Colombian Peso	1.902.964.285	99,96%	GC Latin America Holdings, S.L.
				0,04%	GK Technologies, Incorporated
Costa Rica					
Conducen, S.R.L.	Heredia	Costa Rican Colon	1.845.117.800	73,52%	GC Latin America Holdings, SL
				26,48%	Cahosa S.A.
Ecuador					
Cables Electricos Ecuatorianos C.A. CABLEC	Quito	US Dollar	243.957	67,14%	General Cable Holdings (Spain), S.L.
				32,86%	Third parties
El Salvador					
Conducen Phelps Dodge Centroamerica-El Salvador, S.A. de C.V.	Cuscatlan	US Dollar	22.858	99,95%	Conducen, S.R.L.
				0,05%	Third parties
Guatemala					
Proveedora de Cables y Alambres PDCA Guatemala, S.A.	Guatemala City	Guatemalan Quetzal	100.000	99,00%	Conducen, S.R.L.
				1,00%	Third parties
Honduras					
Electroconductores de Honduras, S.A. de C.V.	Tegucigalpa	Honduran Lempira	27.600.000	59,39%	General Cable Holdings (Spain), S.L.
				40,61%	Cahosa 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 Group Finland OY
Prysmian Cables y Sistemas de Mexico S. de R. L. de C. V.	Durango	Mexican Peso	173.050.500	99,9983%	Draka Holding B.V
				0,0017%	Draka Mexico Holdings S.A. de C.V.
General Cable de Mexico, S.A de C.V.	Tetla	Mexican Peso	1.329.621.471	80,41733609%	General Cable Industries, Inc.
				19,58266361%	Conducen, S.R.L.
				0,00000015%	General Cable Technologies Corporation
				0,00000015%	GK Technologies, Incorporated
General de Cable de Mexico del Norte, S.A. de C.V.	Piedras Negras	Mexican Peso	10.000	99,80%	GK Technologies, Incorporated
				0,20%	General Cable Industries, Inc.
PDIC Mexico, S.A. de C.V.	San Jose	Mexican Peso	50.000	99,998%	Conducen, S.R.L.
				0,002%	Third parties
Prestolite de Mexico, S.A. de C.V.	Sonora	Mexican Peso	50.000	99,80%	General Cable Industries, Inc.
				0,20%	GK Technologies, Incorporated
Servicios Latinoamericanos GC, S.A. de C.V.	Puebla	Mexican Peso	50.000	99,998%	General Cable de Mexico, S.A de C.V.
				0,002%	General Cable Technologies Corporation

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Nicaragua					
Conducen Nicaragua y Compania de Responsabilidad Limitada	Managua	Nicaraguan Cordoba	n/a	99,00%	Conducen, S.R.L.
				1,00%	GK Technologies, Incorporated
Panama					
Alambres y Cables de Panama, S.A.	Panama	US Dollar	800.000	78,08%	General Cable Industries, Inc.
				21,92%	Cahosa S.A.
Alcap Comercial S.A.	Panama	US Dollar	10.000	100,00%	Conducen, S.R.L.
Cahosa S.A.	Panama	US Dollar	n/a	100,00%	GK Technologies, Incorporated
Peru					
General Cable Peru S.A.C.	Santiago de Surco(Lima)	Peruvian Sol	90.327.867,50	99,99999%	GC Latin America Holdings, S.L.
				0,00001%	Third Paries
Africa					
Angola					
General Cable Condel, Cabos de Energia e Telecomunicaçoes SA	Luanda	Angolan Kwanza	20.000.000	99,80%	General Cable Celcat, Energia e Telecomunicaçoes SA
				0,20%	Third parties
Botswana					
General Cable Botswana (Pty) Ltd.	Gaborone West Industrial	Botswana Pula	100	100%	National Cables (Pty) Ltd.
Ivory Coast					
SICABLE - Socièté 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
Mauritius					
GC Specialty & Automotive	Port Louis	US Dollar	200	100%	GK Technologies, Incorporated
General Cable Middle East	Port Louis	US Dollar	2.897.150	100%	GK Technologies, Incorporated
General Cable Trading	Port Louis	US Dollar	31.097.100	100%	GK Technologies, Incorporated
South Africa					
General Cable Phoenix South Africa Pty. Ltd.	Phoenix	South African Rand	1.000	100,00%	GK Technologies, Incorporated
National Cables (Pty) Ltd.	Johannesburg	South African Rand	101	69,30%	Phelps Dodge National Cables Corporation
				30,70%	General Cable Holdings Netherlands C.V.
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	1.850.000	99,97%	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
Oceania					
Australia					
Prysmian Australia Pty Ltd.	Liverpool	Australian Dollar	56.485.736	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.
General Cable Holdings New Zealand	Christchurch	New Zealand Dollar	160.671.634	86,17%	GK Technologies, Incorporated
				12,96%	General Cable Industries, Inc.
				0,87%	GC Global Holdings, Inc.
General Cable New Zealand Limited	Christchurch	New Zealand Dollar	48.000.100	100,00%	General Cable Holdings New Zealand

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
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 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	72.000.000	100,00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian (China) Investment Company Ltd.	Bejing	Euro	72.003.061	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	60,00%	Draka Elevator Product Inc.
				40,00%	Third parties
Draka Cables (Hong Kong) Limited	Hong Kong	Hong Kong Dollar	6.500.000	99,9999985%	Draka Cableteq Asia Pacific Holding Pte Ltd.
				0,0000015%	Cable Supply and Consulting Co. 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	Euro	51.150.100	100,00%	Prysmian (China) Investment Company Ltd.
Phelps Dodge Yantai Cable Co., Ltd.	Zhaoyuan (Yantai)	US Dollar	18.000.000	60,00%	Phelps Dodge Yantai China Holdings, Inc.
				40,00%	Third parties
Prestolite Wire (Shanghai) Company, Ltd	Shanghai	US Dollar	300.000	100,00%	General Cable Industries, Inc.
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	100,00%	Oman Cables Industry (SAOG)
Jaguar Communication Consultancy Services Private Ltd.	Mumbai	Indian Rupee	76.027.030	99,99998%	Prysmian Cavi e Sistemi S.r.l.
				0,00002%	Prysmian S.p.A.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Indonesia					
PT.Prysmian Cables Indonesia	Cikampek	US Dollar	67.300.000	99,48%	Draka Holding B.V.
				0,52%	Prysmian Cavi e Sistemi S.r.l.
Malaysia					
Sindutch Cable Manufacturer Sdn Bhd	Melaka	Malaysian Ringgit	500.000	100,00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Draka Marketing and Services Sdn Bhd	Melaka	Malaysian Ringgit	500.000	100,00%	Cable Supply and Consulting Company Pte Ltd
Draka (Malaysia) Sdn Bhd	Melaka	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	28.630.503,70	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 Private Limited	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 Group 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
General Cable Asia Pacific & Middle East Co., Ltd.	Bangkok	Thai Baht	30.000.000	100,00%	GK Technologies, Incorporated

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	10.225.837,65	29,68%	Prysmian Kabel und Systeme GmbH
				13,50%	Draka Cable Wuppertal GmbH
				1,75%	Norddeutsche Seekabelwerke GmbH
				55,07%	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
Nostag GmbH & Co. KG	Oldenburg	Euro	540.000	33,00%	Norddeutsche Seekabelwerke GmbH
				67,00%	Third parties
U.K.					
Rodco Ltd.	Woking	British Pound	5.000.000	40,00%	Prysmian Cables & Systems Ltd.
				60,00%	Third parties
Poland					
Eksa Sp.z.o.o	Sokolów	Polish Zloty	394.000	29,949%	Prysmian Cavi e Sistemi S.r.l.
				70,051%	Third parties
Russia					
Elkat Ltd.	Moscow	Russian Rouble	10.000	40,00%	Prysmian Group Finland OY
				60,00%	Third parties
Central/South America					
Chile					
Colada Continua Chilena S.A.	Quilicura (Santiago)	Chile Peso	100	41,00%	Cobre Cerrillos S.A. (41 shares)
				59,00%	Third parties
Asia					
China					
Yangtze Optical Fibre and Cable Joint Stock Limited Co.	Wuhan	Chinese Renminbi (Yuan)	757.905.108	23,73%	Draka Comteq B.V.
				76,27%	Third parties
Yangtze Optical Fibre and 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	18.000.000	40,00%	Draka Holding B.V.
				60,00%	Third parties

List of unconsolidated other investments at fair value through other comprehensive income:

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.