



# SPAFID CONNECT

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Societa' : PRYSMIAN

Identificativo : 118348

Informazione  
Regolamentata

Nome utilizzatore : PRYSMIANN05 - Bifulco

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Diffusione presunta

Oggetto : Prysmian S.p.A.: First-quarter 2019 results  
(analyst presentation)

*Testo del comunicato*

Vedi allegato.



# Q1 2019 FINANCIAL RESULTS

MILAN – May 13<sup>th</sup>, 2019

**Prysmian**  
Group

# AGENDA

- **Q1 2019 Highlights**
  - **Group overview**
  - Outlook
- Financial Results
- Appendix

# Q1 2019 Financial Highlights

## Organic sales growth at +1.9% supported by:

- Reiterated high performance in **Telecom (+9.8%)** with a double-digit growth in optical and MMS
- Solid trend in E&I, with a double digit **Power Distribution (+15.7%)**
- Strong performance of **North America (+5.4%)** and **LatAm (+6.0%)**

## Adj. EBITDA at **231 €M** (8.3% of sales) vs 198 €M in Q1 2018 (7.2% of sales), mainly driven by:

- ◆ **Projects:** organic results declining –as expected– mainly due to 2018 low order intake
- ◆ **Energy:** solid trend in E&I, particularly in North America. Stable Industrial & Network Components
- ◆ **Telecom:** robust volume growth in optical business supported by capacity increase in fiber and manufacturing efficiency, notwithstanding a lower YOFC contribution
- ◆ Net negative **one-off** of 9 €M in Q1 2018 (negative 20 €M WesternLink & positive 11 €M Telecom)
- ◆ Q1 2019 **IFRS 16** positive impact of 9 €M

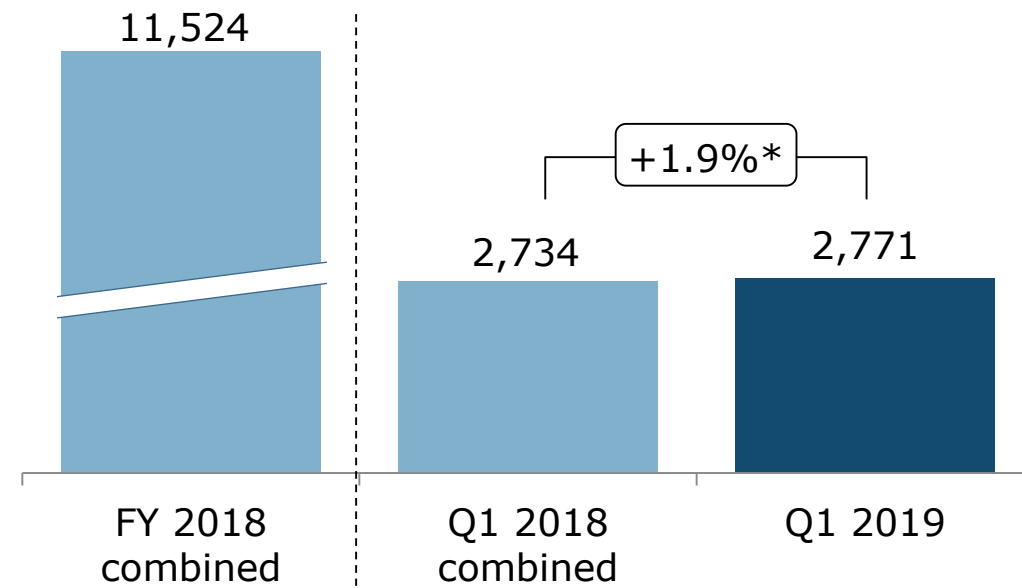
**Synergies:** well in line with the upgraded plan

**Net Financial Debt at 2,900 €M (2,761 €M** excluding 139 €M IFRS16 impact) **in line with expectation and business seasonality**

# Q1 2019 Financial Highlights

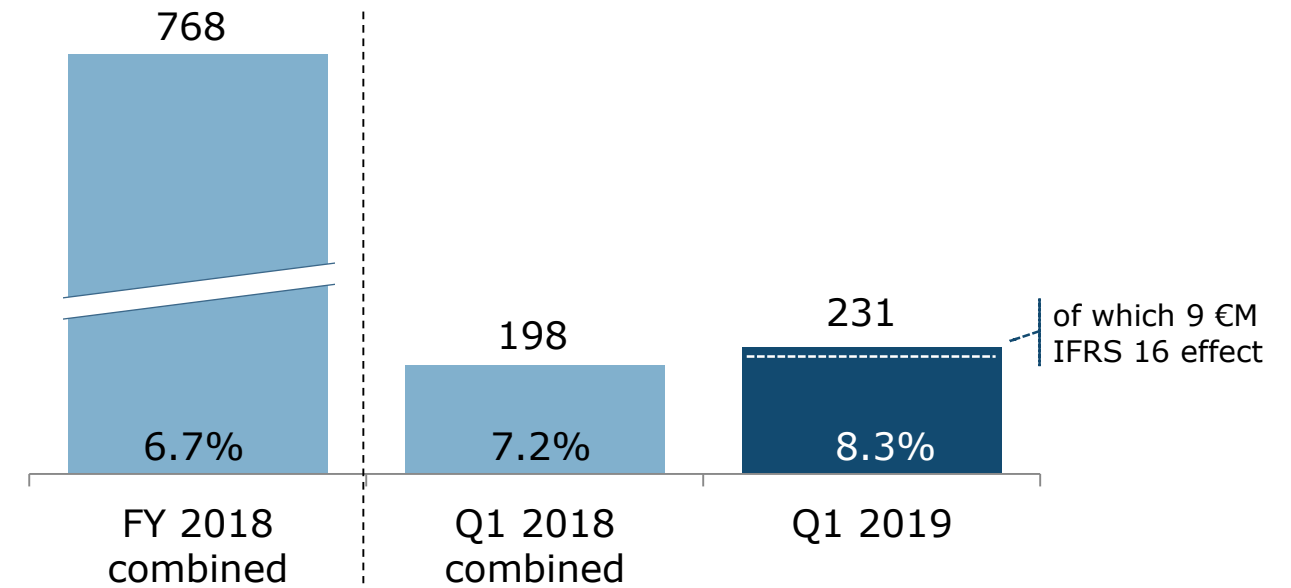
Euro Millions, % on Sales

## Sales <sup>(1)</sup>

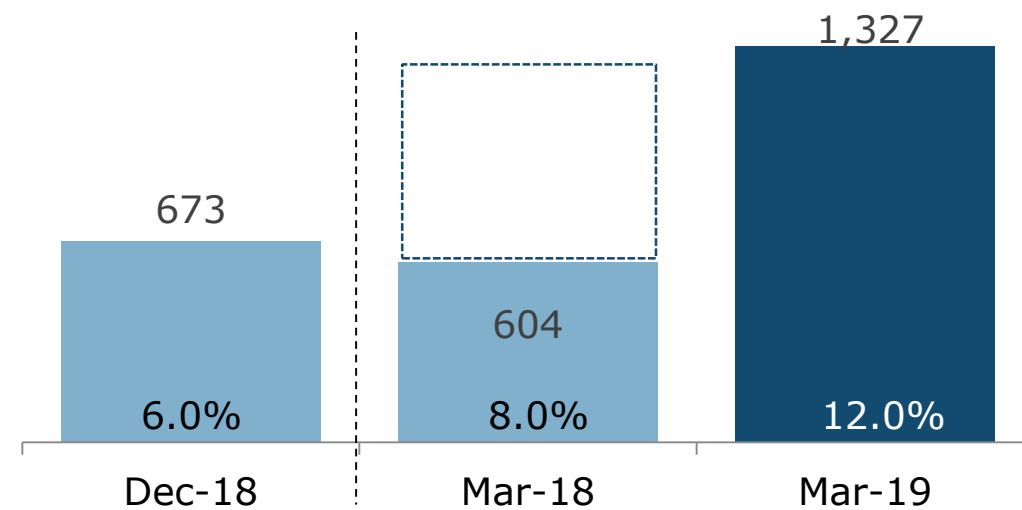


\* Org. Growth.

## Adjusted EBITDA <sup>(1)(2)(4)</sup>

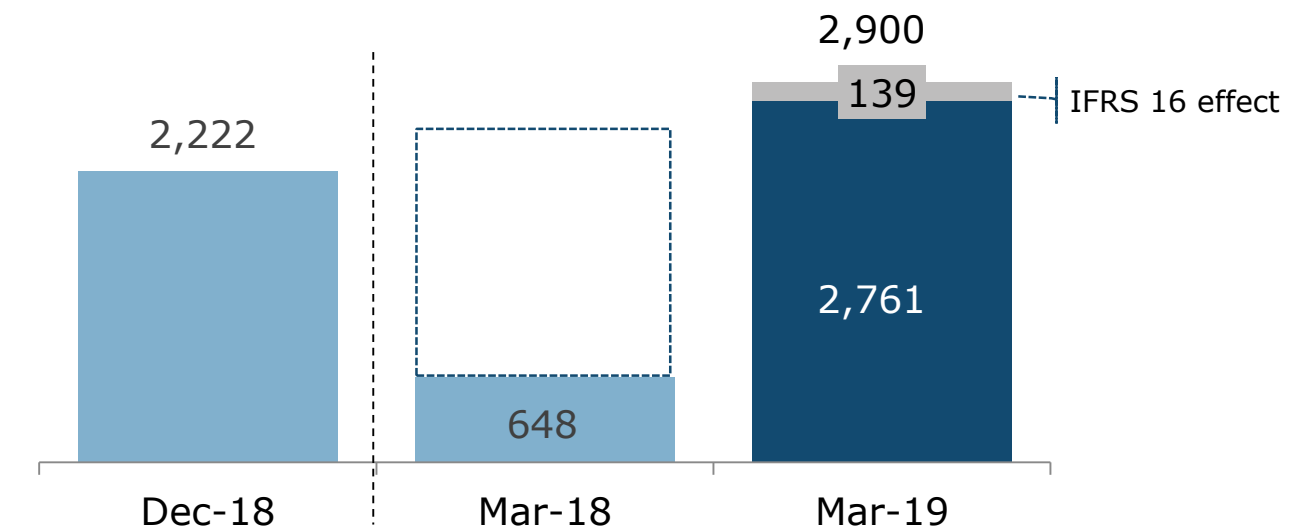


## Reported Operative Net Working Capital <sup>(3)(4)</sup>



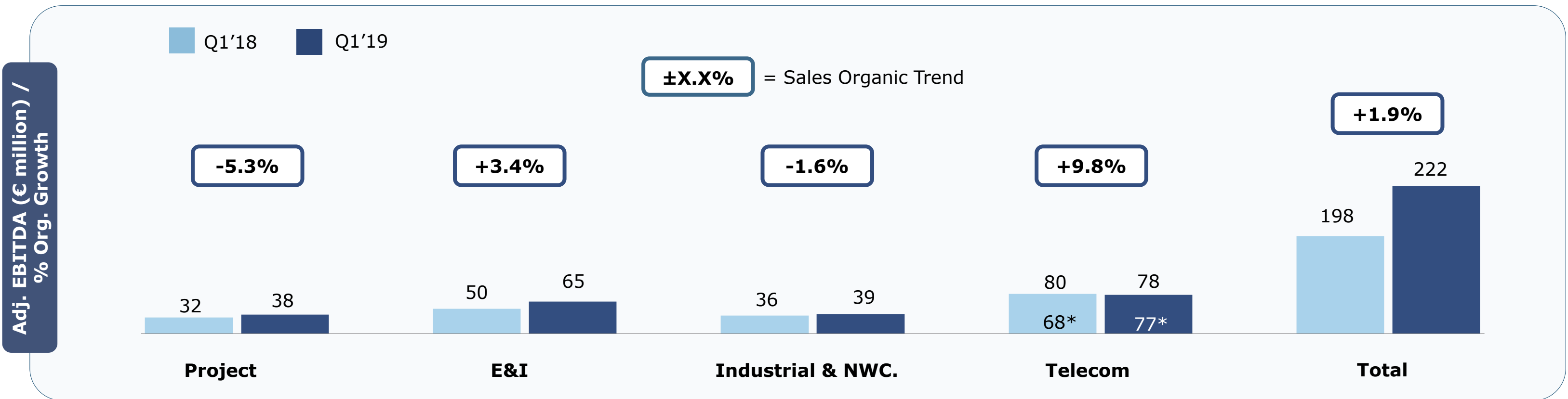
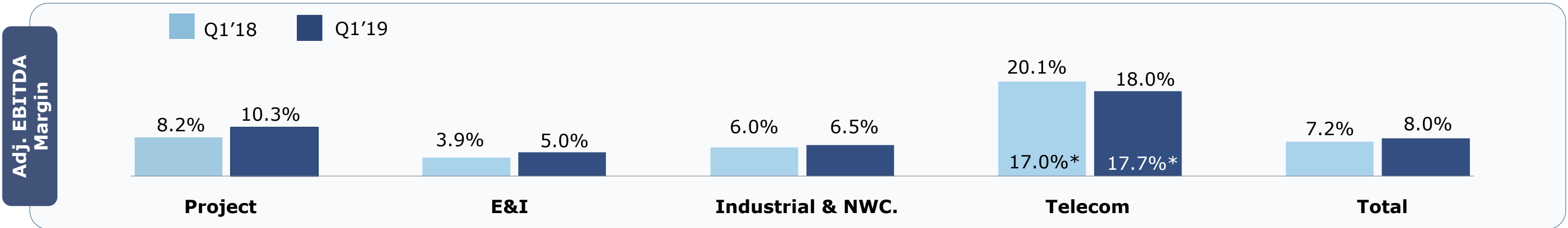
General Cable consolidation effect

## Reported Net Financial Debt



# Performance by Segment – excluding IFRS 16 impact

Overall margin improvement

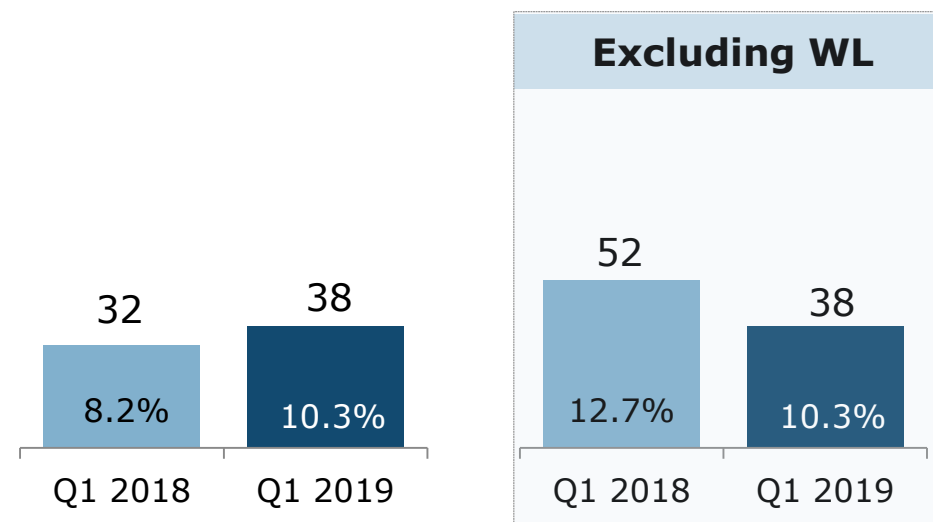


# Adj. EBITDA by Segment – excluding IFRS 16 impact

Euro Millions, % on Sales

## Projects

Sales Organic growth **-5.3%**

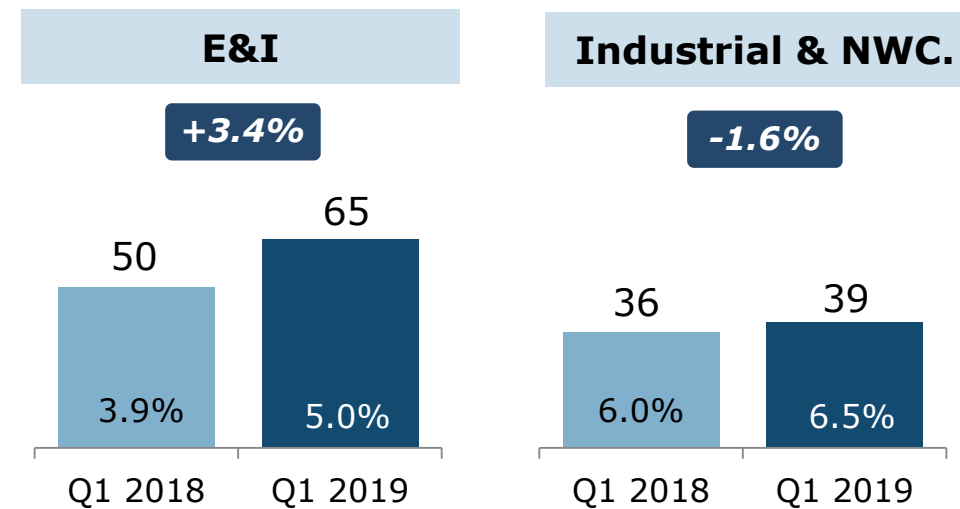


### Highlights

- Sales affected by low order intake in 2018
- Adj. EBITDA –ex Western Link- impacted by lower sales and project timing
- Strong tendering process ongoing in Q2
- 2019 expected market confirmed at ~ 3 €/billion

## Energy

Sales Organic growth **+1.7%**



### Highlights

#### E&I

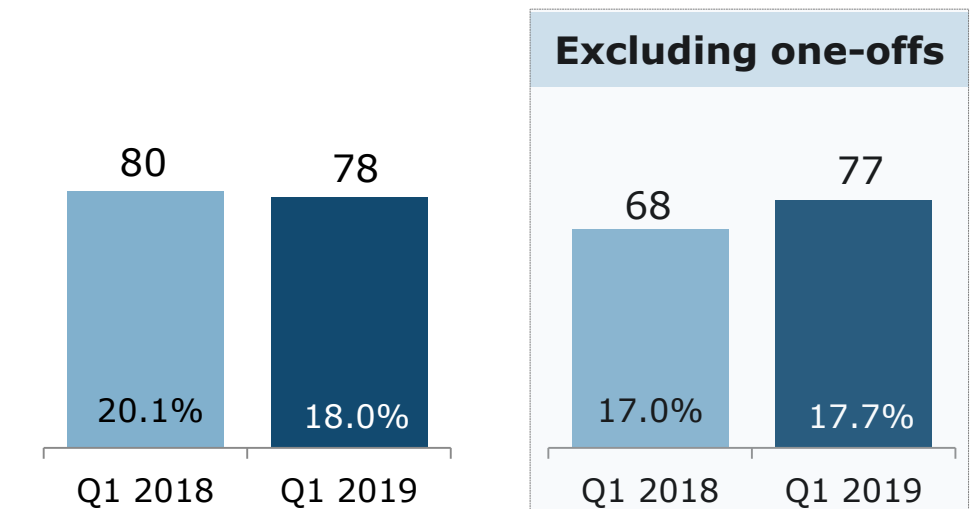
- Strong performance of E&I, especially Power Distribution
- Solid trend of North America & Latin America
- Negative organic growth in Overhead lines in Latin America

#### Industrial & NWC.

- Positive performance across all segments, except Automotive

## Telecom

Sales Organic growth **+9.8%**



### Highlights

- Solid performance, supported by positive trend in Europe and North America
- Double digit growth of optical business and MMS
- Recurring profitability improved, despite lower contribution from YOFC (-4 €M)

# Q1 Sales Organic Growth by Geography

Beyond synergies: the value of the acquisition



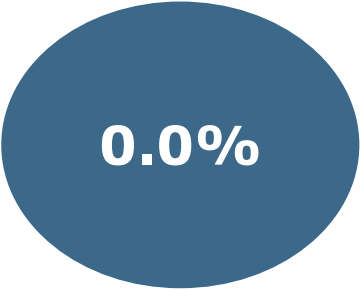
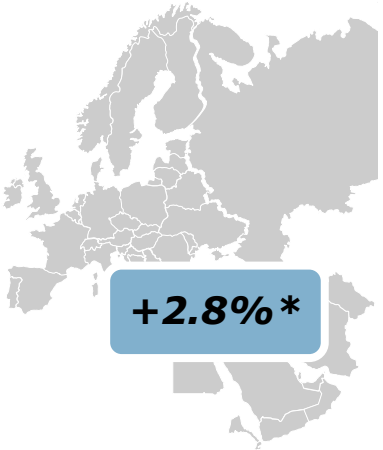
837 €M

224 €M

1,484 €M

226 €M

2,771 €M



**Highlights**

- Strong performance of Power Distribution & Telecom

**Highlights**

- Positive trend driven by Industrial & Power Distribution

**Highlights**

- Positive trend of Telecom
- Excluding Projects, organic growth at +2.8%

**Highlights**

- Trend affected by lower Telecom volume in Australia

\* Organic growth excluding Projects segment



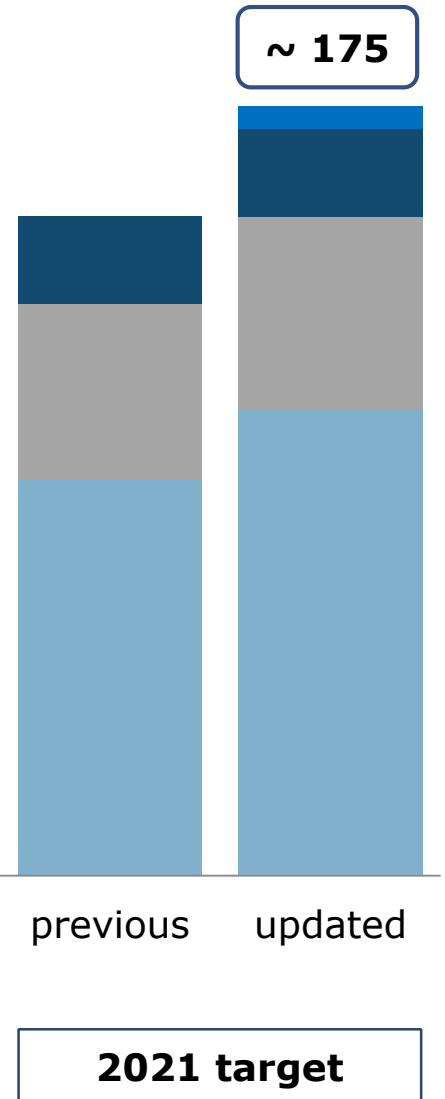
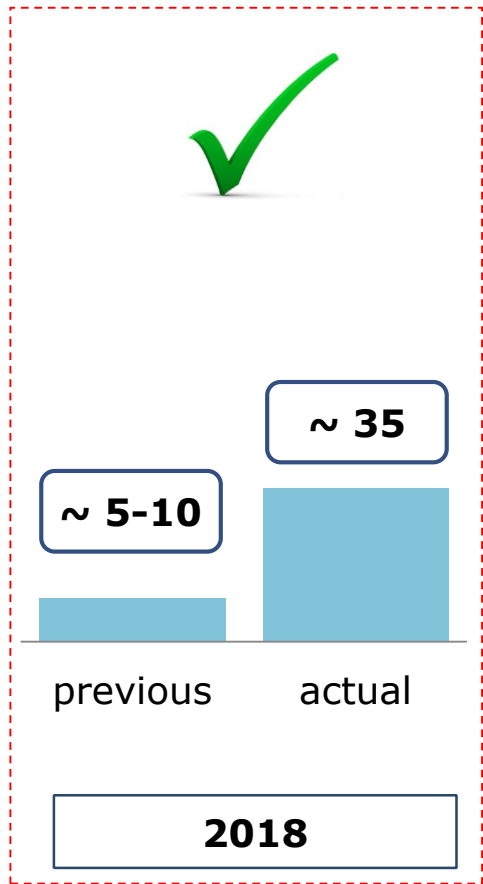
# Overperforming on synergies: Confirming updated targets and timing

## Updated Synergies Plan 2018-21

▶ 25 €M additional costs synergies

▶ 1 Year faster

€M = total synergies



- Other
- Industrial footprint
- Procurement
- Management & staff

# AGENDA

- **Q1 2019 Highlights**

- Group overview

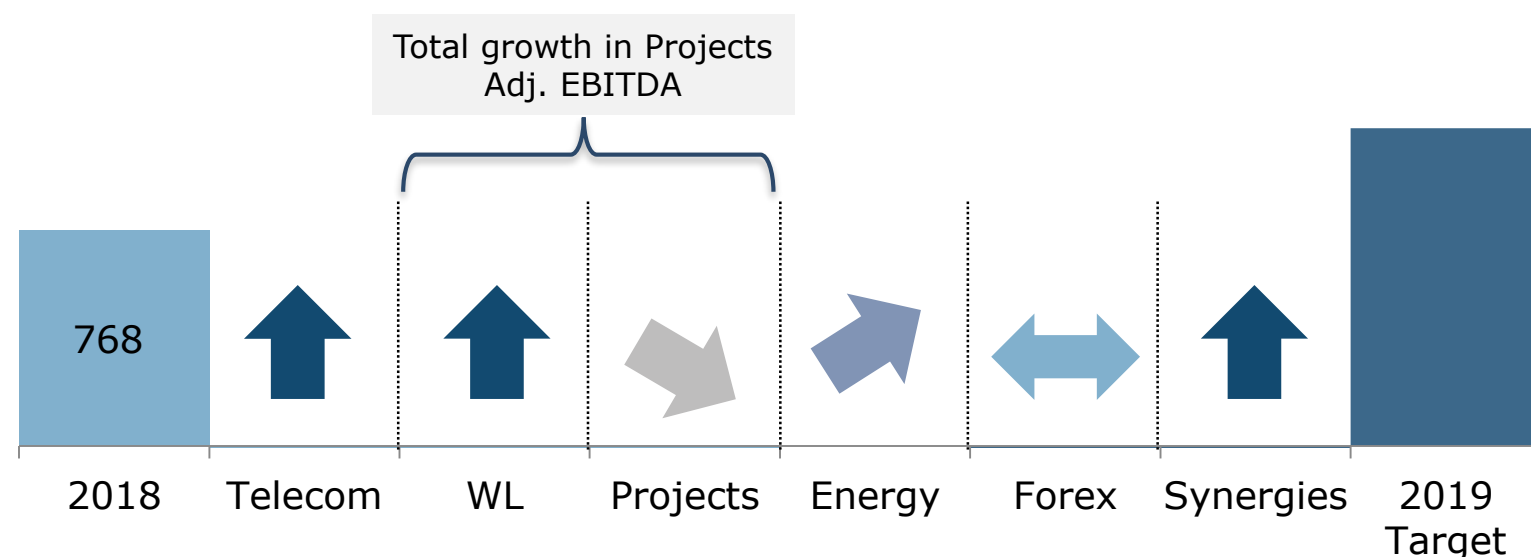
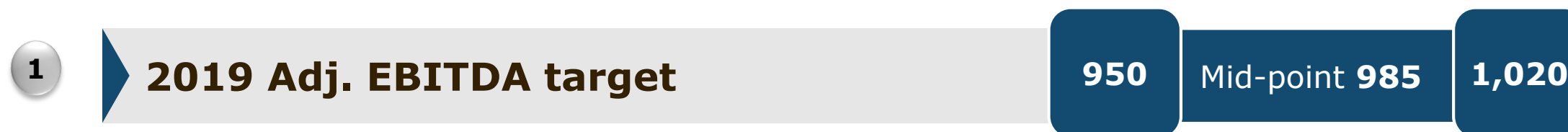
- **Outlook**

- Financial Results

- Appendix

# 2019 Guidance Confirmed

## Adj. EBITDA Outlook Bridge (€M)



2019 Adj. EBITDA target excluding the estimation impact from the application of IFRS 16

## FCF Outlook (€M) (\*)



## Mid-point Assumptions

- Continued growth in Telecom business
- Recovery of WL 2018 one-off
- Declining results in submarine, as a result of low 2018 order intake.
  - Assuming 2019 order intake in line with historical market share
- Moderate volumes growth in cyclical business with stable prices
- Synergies from GC integration 85 €M in 2019 (120 €M cumulated) partly offset by freight, energy and specific raw material costs increases, other than normal inflation impact
- FX assumed neutral

(\*) Including estimated WL cash impact related to February 19<sup>th</sup> and April 6<sup>th</sup> problems (excluding further impact); assuming no cash impact from Brazilian Antitrust decision and other compensation claims for anti-competitive damages

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# Profit and Loss Statement

Euro Millions

	Q1 2019		Q1 2018	
	total	of which IFRS16	combined	reported
<b>Sales</b>	<b>2,771</b>	-	<b>2,734</b>	<b>1,879</b>
<i>YoY total growth combined</i>	1.3%			
<i>YoY organic growth</i>	1.9%			
<b>Adj. EBITDA</b>	<b>231</b>	<b>9</b>	<b>198</b>	<b>153</b>
<i>% on sales</i>	8.3%		7.2%	8.1%
Adjustments	(11)			(17)
<b>EBITDA</b>	<b>220</b>	<b>9</b>		<b>136</b>
<i>% on sales</i>	7.9%			7.3%
<b>Adj. EBIT</b>	<b>155</b>	<b>1</b>		<b>109</b>
<i>% on sales</i>	5.6%			5.8%
Adjustments	(11)			(17)
Special items	16			(35)
<b>EBIT</b>	<b>160</b>	<b>1</b>		<b>57</b>
<i>% on sales</i>	5.8%			3.1%
Financial charges	(38)	(1)		(19)
<b>EBT</b>	<b>122</b>	-		<b>38</b>
<i>% on sales</i>	4.4%			2.0%
Taxes	(33)	-		(10)
<i>% on EBT</i>	26.5%			27.0%
<b>Net Income</b>	<b>89</b>	-		<b>28</b>
<i>% on sales</i>	3.2%			1.5%
Minorities	1	-		-
<b>Group Net Income</b>	<b>88</b>	-		<b>28</b>
<i>% on sales</i>	3.2%			1.5%

## Adj. EBITDA Bridge Q1 2018 – Q1 2019

<b>ADJ EBITDA Q1 2018</b>	<b>198</b>
Q1 2018 WL effect	20
Q1 2018 TLC one-offs	(11)
Projects (ex-WL)	(14)
Energy	20
Telecom (ex-YOFC & one-offs)	13
YOFC	(4)
<b>ADJ EBITDA Q1 2019 ex-IFRS 16</b>	<b>222</b>
IFRS 16 EFFECT	9
<b>ADJ EBITDA Q1 2019</b>	<b>231</b>

# Adjustments and Special Items on EBIT

Euro Millions

	Q1 2019	Q1 2018
<b>Restructuring</b>	<b>(4)</b>	<b>(3)</b>
<i>of which General Cable integration costs</i>	<i>(2)</i>	<i>-</i>
<b>Other Non-operating Income / (Expenses)</b>	<b>(7)</b>	<b>(14)</b>
<i>of which General Cable acquisition related costs</i>	<i>-</i>	<i>(1)</i>
<i>of which General Cable integration costs</i>	<i>(1)</i>	<i>(8)</i>
<b>EBITDA adjustments</b>	<b>(11)</b>	<b>(17)</b>
<b>Special items</b>	<b>16</b>	<b>(35)</b>
<i>Gain/(loss) on metal derivatives</i>	<i>17</i>	<i>(26)</i>
<i>Other</i>	<i>(1)</i>	<i>(9)</i>
<b>EBIT adjustments</b>	<b>5</b>	<b>(52)</b>

# Financial Charges

Euro Millions

	Q1 2019	Q1 2018
<b>Net interest expenses</b>	<b>(22)</b>	<b>(15)</b>
<i>of which non-cash conv.bond interest exp.</i>	<i>(2)</i>	<i>(4)</i>
Financial costs IFRS 16	(1)	n.a.
Bank fees amortization	(1)	-
Gain/(loss) on exchange rates	(12)	(6)
Gain/(loss) on derivatives	5	3
Non recurring effects	(1)	(1)
Monetary adjustment on provisions	(2)	-
Impact Hyperinflationary economies	(4)	-
<b>Net financial charges</b>	<b>(38)</b>	<b>(19)</b>

# Statement of financial position (Balance Sheet)

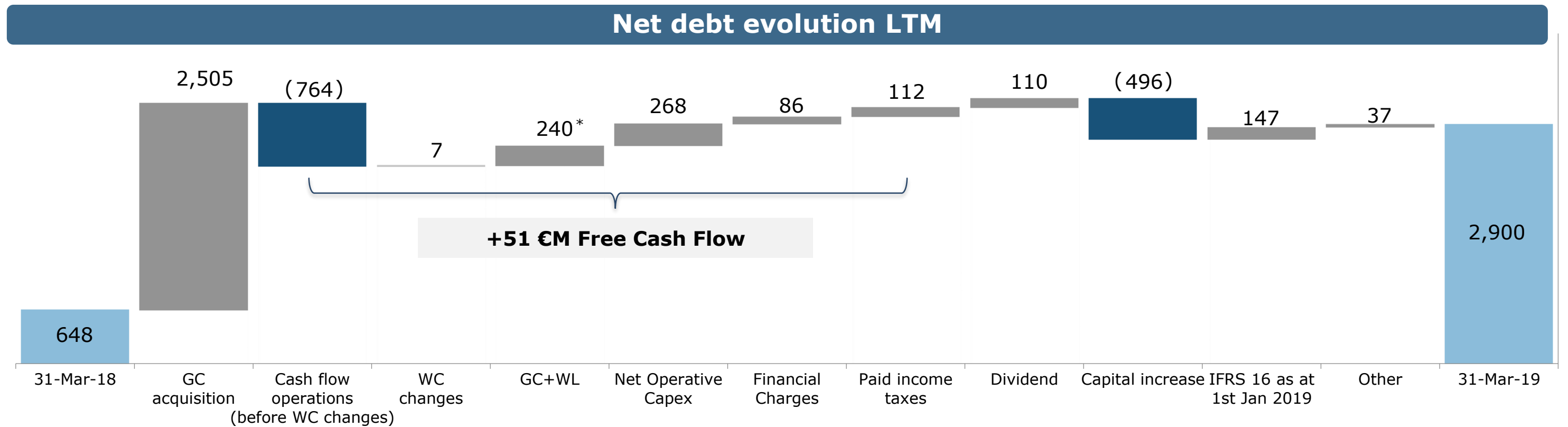
Euro Millions

	31 Mar 2019	31 Mar 2018	31 Dec 18 <sup>(4)</sup>
<b>Net fixed assets</b>	<b>5,264</b>	<b>2,615</b>	<b>5,079</b>
<i>of which: goodwill</i>	1,567	436	1,549
<i>of which: IFRS 16 effect</i>	139	<i>n.a</i>	<i>n.a</i>
<b>Net working capital</b>	<b>1,333</b>	<b>587</b>	<b>658</b>
<i>of which: derivatives assets/(liabilities)</i>	6	(17)	(15)
<i>of which: Operative Net working capital</i>	1,327	604	673
<b>Provisions &amp; deferred taxes</b>	<b>(685)</b>	<b>(293)</b>	<b>(677)</b>
<b>Net Capital Employed</b>	<b>5,912</b>	<b>2,909</b>	<b>5,060</b>
<b>Employee provisions</b>	<b>467</b>	<b>353</b>	<b>463</b>
<b>Shareholders' equity</b>	<b>2,545</b>	<b>1,908</b>	<b>2,375</b>
<i>of which: attributable to minority interest</i>	188	177	188
<b>Net financial debt</b>	<b>2,900</b>	<b>648</b>	<b>2,222</b>
<i>of which: IFRS 16 effect</i>	139	<i>n.a</i>	<i>n.a</i>
<b>Total Financing and Equity</b>	<b>5,912</b>	<b>2,909</b>	<b>5,060</b>

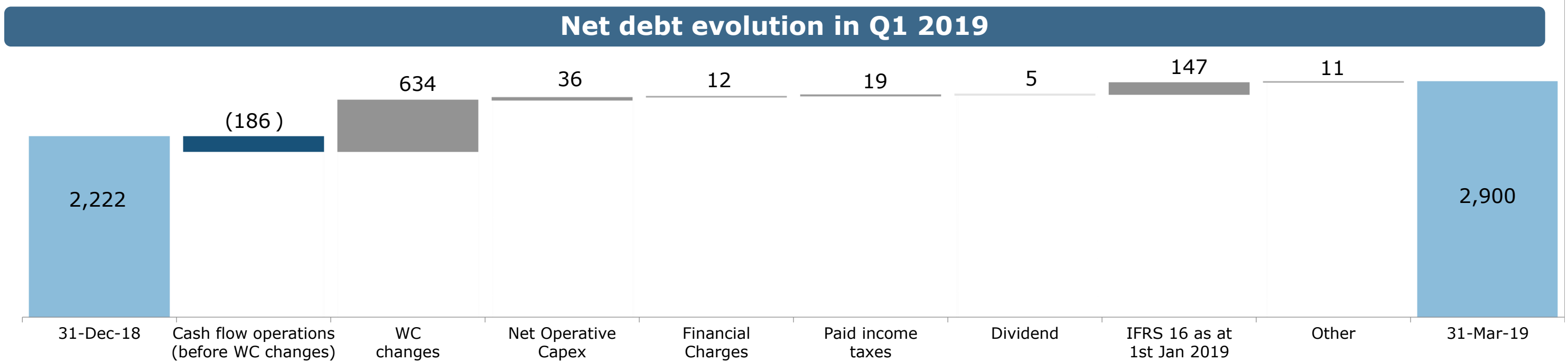


# Cash Flow

Euro Millions



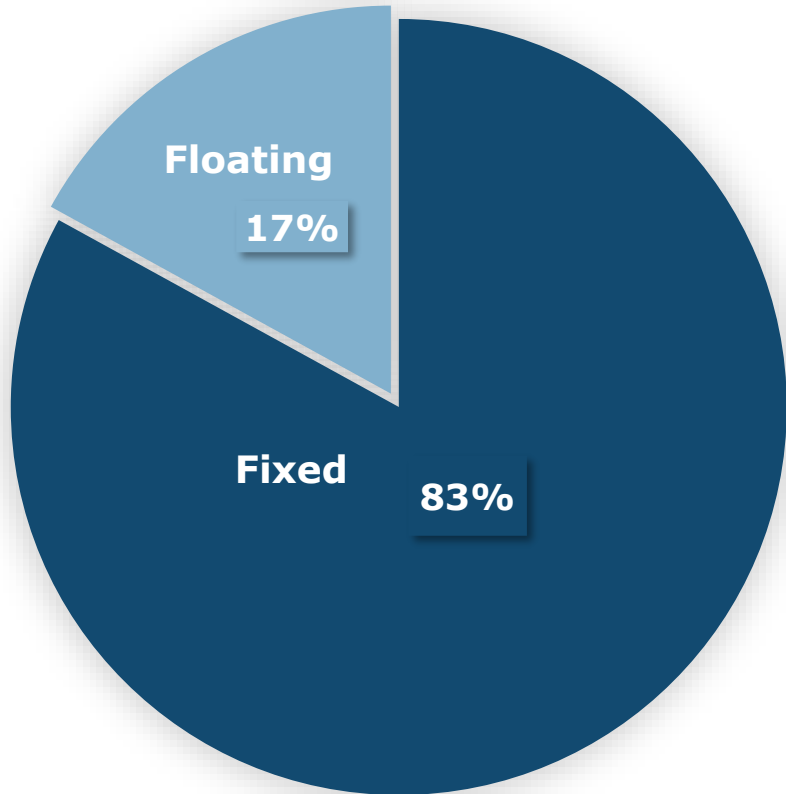
\* including acquisition, restructuring and integration GC + cash out for WL



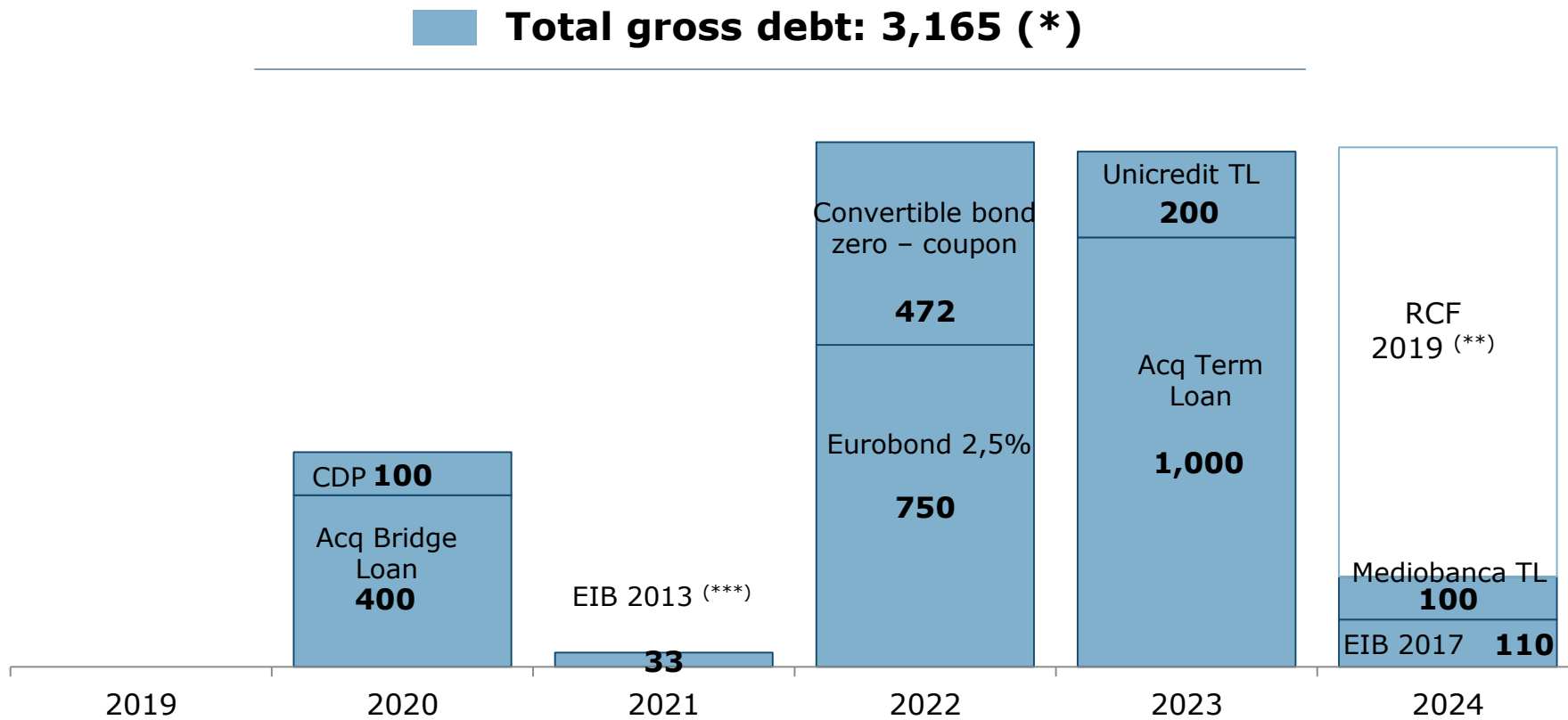
# Prysmian Group Debt Profile

Average maturity of 3.7 years including RCF 2019 – Limited exposure to financial market volatility

## FIXED/VARIABLE RATE COMPOSITION



## REPAYMENT DATE (€M)



(\*) excluding 118 €M of debt held by local affiliated and 139 €M coming from IFRS 16  
 (\*\*) RCF refinancing signed on 3 April 2019. No utilization at 31 March 2019  
 (\*\*\*) amortization period from 2019 to 2021

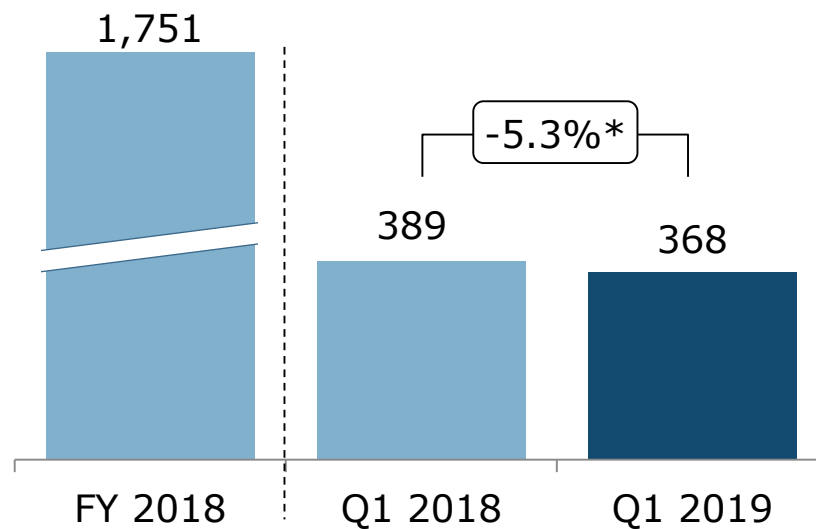
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# Projects

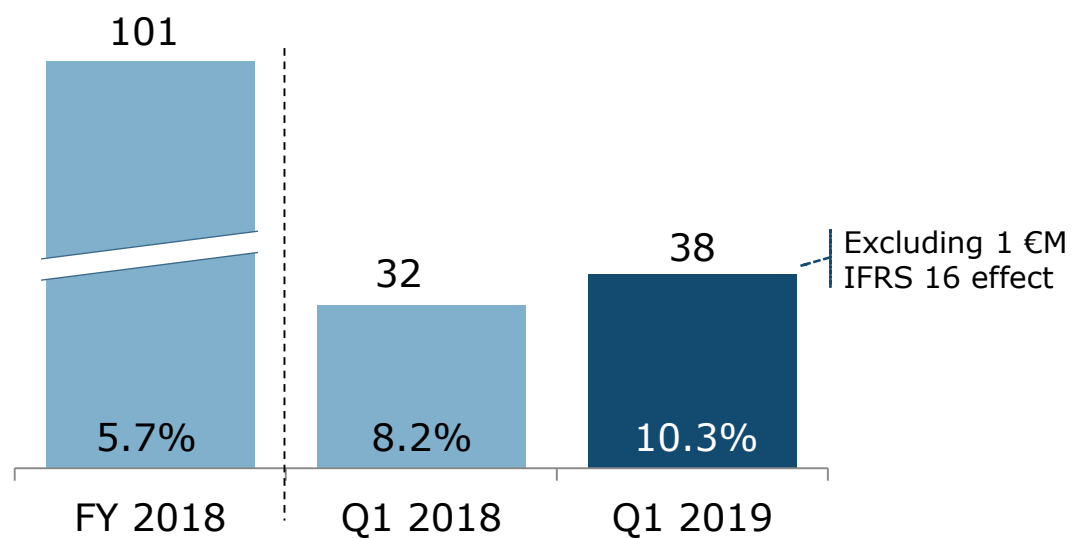
Euro Millions, % on Sales, excluding IFRS 16 impact

## Sales



\* Org. Growth.

## Adj. EBITDA / % of Sales <sup>(4)</sup>



## Highlights

### SUBMARINE

- Sales affected by 2018 low order intake
- Adj. EBITDA margin -ex WL- impacted by low 2018 intake and project timing
- 2019 expected market confirmed at ~ 3 €/billion
- Strong tendering activity ongoing in Q2

### UNDERGROUND HIGH VOLTAGE

- Performance driven by sound execution in Europe (France, Nordics) and APAC
- Order Intake focused in Europe, North America and China
- Tendering process ongoing and in line with schedule for German corridors

## Orders Backlog Evolution (€m)

	Dec '13	Dec '14	Dec '15	Dec '16	Dec '17	Dec'18*	Mar'19*
Underground HV	~450	~450	~600	~350	~400	~435	~400
Submarine	~2,050	~2,350	~2,600	~2,050	~2,050	~1,465	~1,300
<b>Group</b>	<b>~2,500</b>	<b>~2,800</b>	<b>~3,200</b>	<b>~2,400</b>	<b>~2,450</b>	<b>~1,900</b>	<b>~1,700</b>

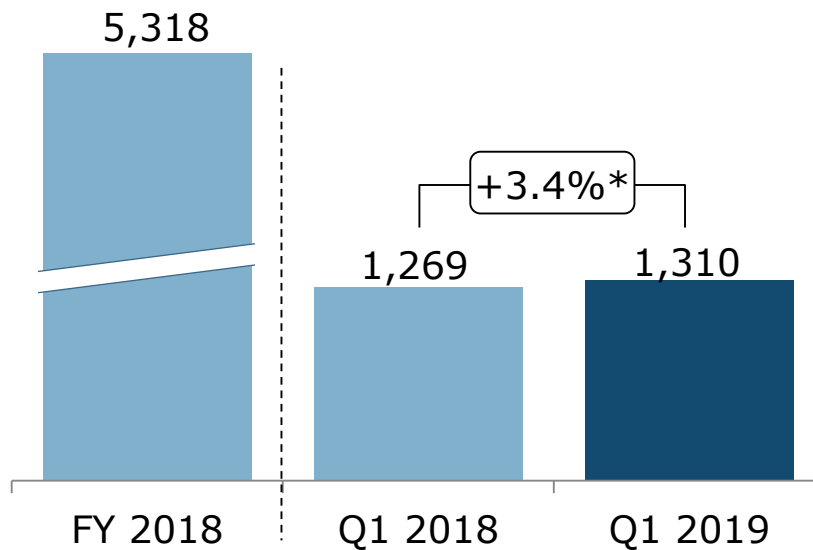
\* It does not include €220m offshore wind projects in France announced on August 29<sup>th</sup> 2018

\* Including General Cable

# Energy & Infrastructure

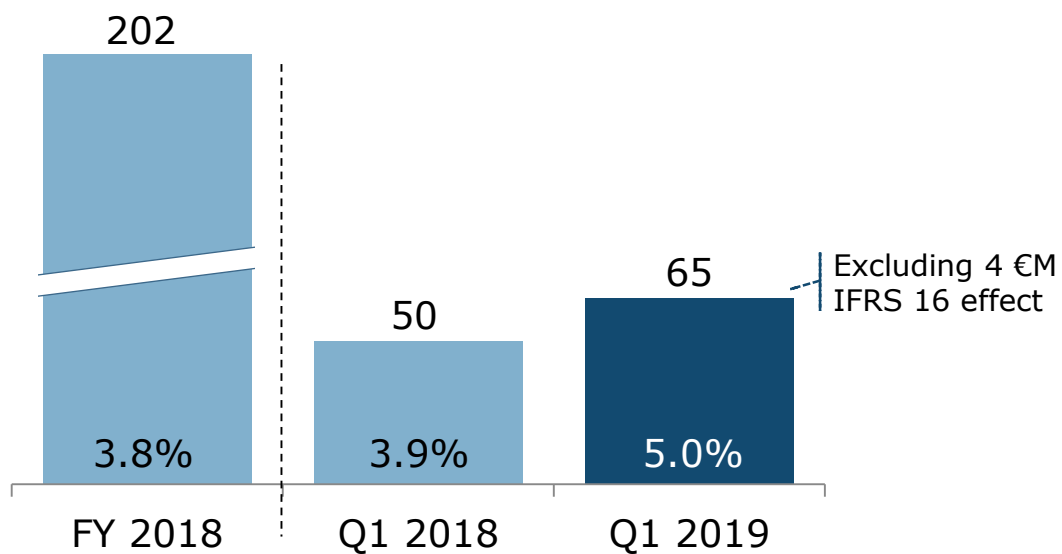
Euro Millions, % on Sales, excluding IFRS 16 impact

## Sales <sup>(5)</sup>



\* Org. Growth.

## Adj. EBITDA / % of Sales <sup>(5)</sup>



## Highlights

### TRADE & INSTALLERS

- Global stable trend, with continued positive momentum in North America and APAC. Stable Europe
- Profitability improvement, driven by favourable product and geographical mix

### POWER DISTRIBUTION

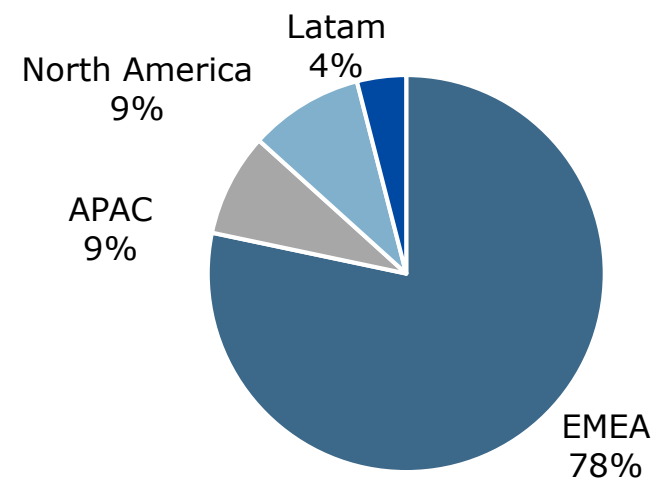
- Sound growth, mainly driven by North America and Europe
- Improvement in profitability thanks to geographical mix, volume growth and operational efficiency

### OVERHEAD

- Tough market conditions in Latin America
- Excluding Overhead, E&I organic growth at 5.4%

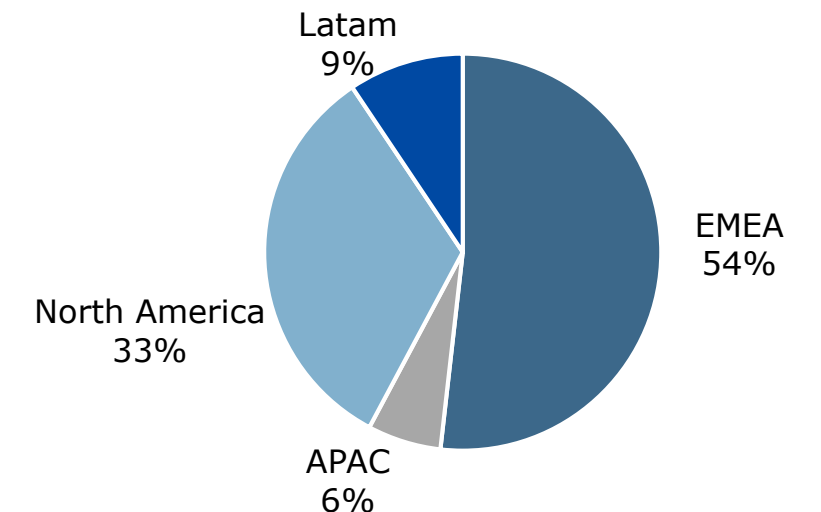
## New geographical presence

### Q1 2018



Prysmian Group

### Q1 2019



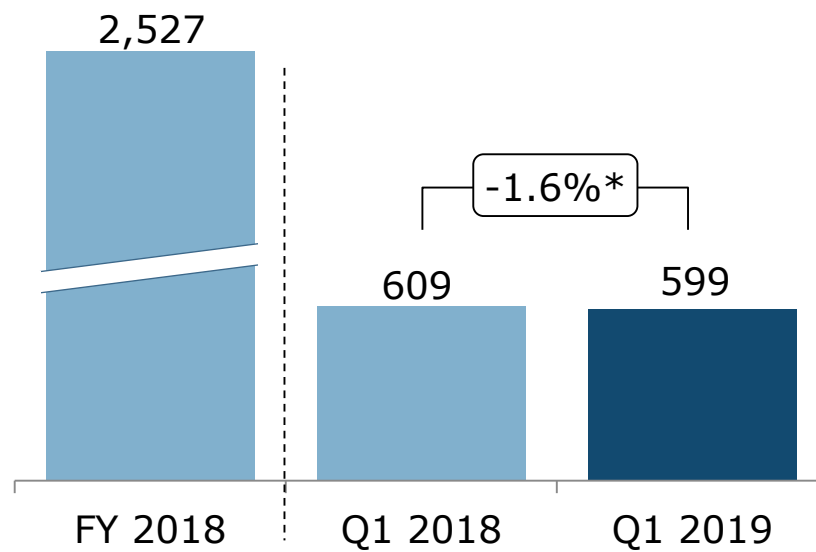
Prysmian Group

+ General Cable

# Industrial & Network Components

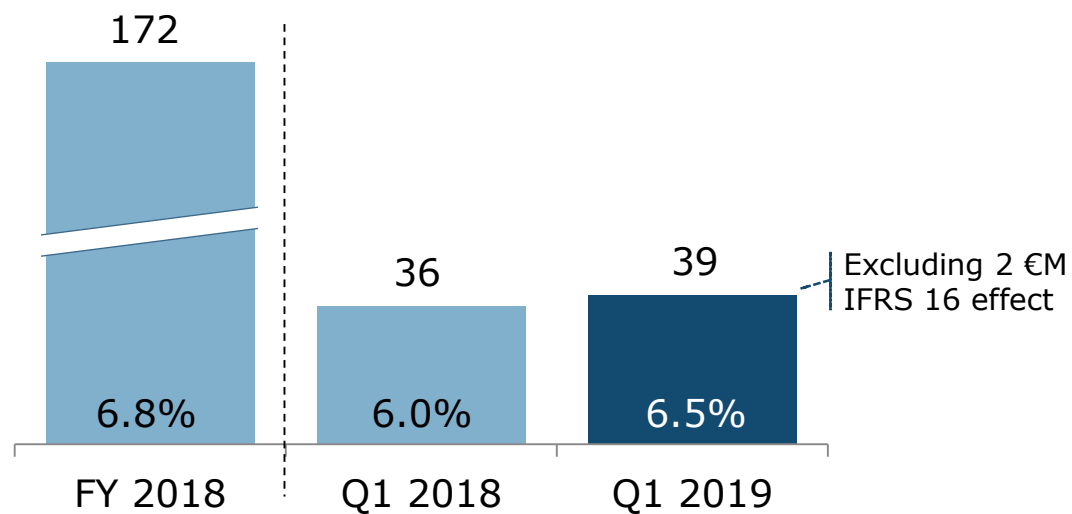
Euro Millions, % on Sales, excluding IFRS 16 impact

## Sales <sup>(5)</sup>



\* Org. Growth.

## Adj. EBITDA / % of Sales <sup>(5)</sup>



## Highlights

### SPECIALTIES, OEMS & RENEWABLES

- Positive renewables performance, especially in Latin America
- Positive trend in Mining, Wind and Infrastructure.

### ELEVATOR

- Solid growth, confirmed in Q1, supported by favorable market conditions in North America and APAC. Stable Europe
- Adj. EBITDA recovery in Q1 driven by volume, in particular in North America high margin market

### AUTOMOTIVE

- Negative organic growth driven by lower volume mainly in North America
- Lower Adj. EBITDA due to tough market conditions partially recovered by efficiencies

### OIL & GAS

- Stable trend in Europe and APAC with a positive performance of DHT

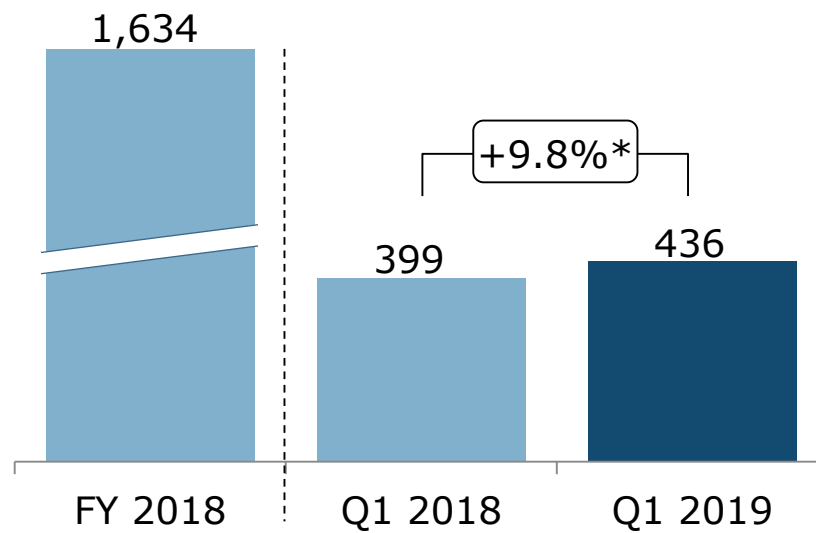
### NETWORK COMPONENTS

- Positive organic growth with stable profitability supported by growth in China

# Telecom

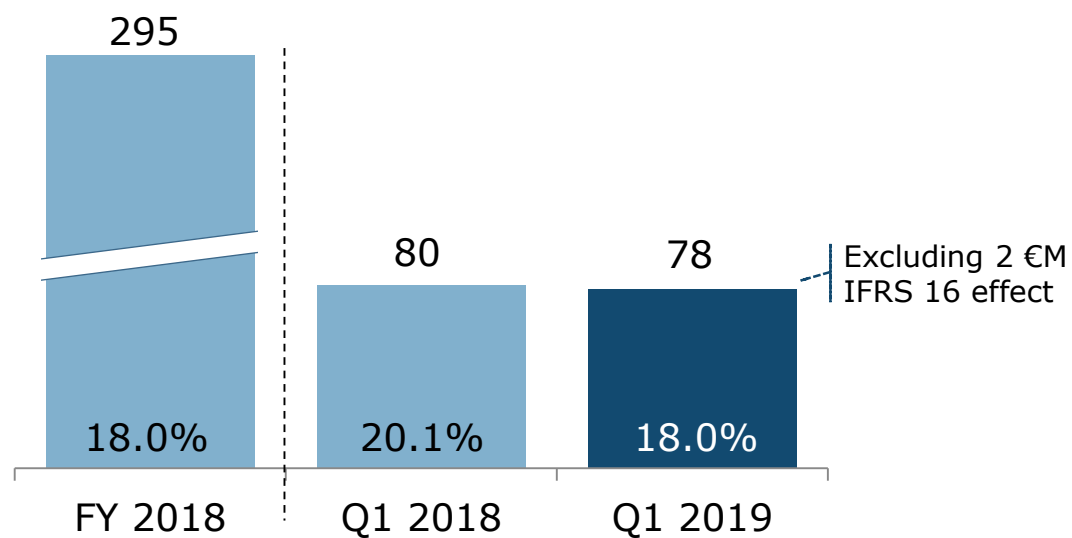
Euro Millions, % on Sales, excluding IFRS 16 impact

## Sales



\* Org. Growth.

## Adj. EBITDA / % of Sales



22

## Highlights

### OPTICAL CABLE & FIBRE

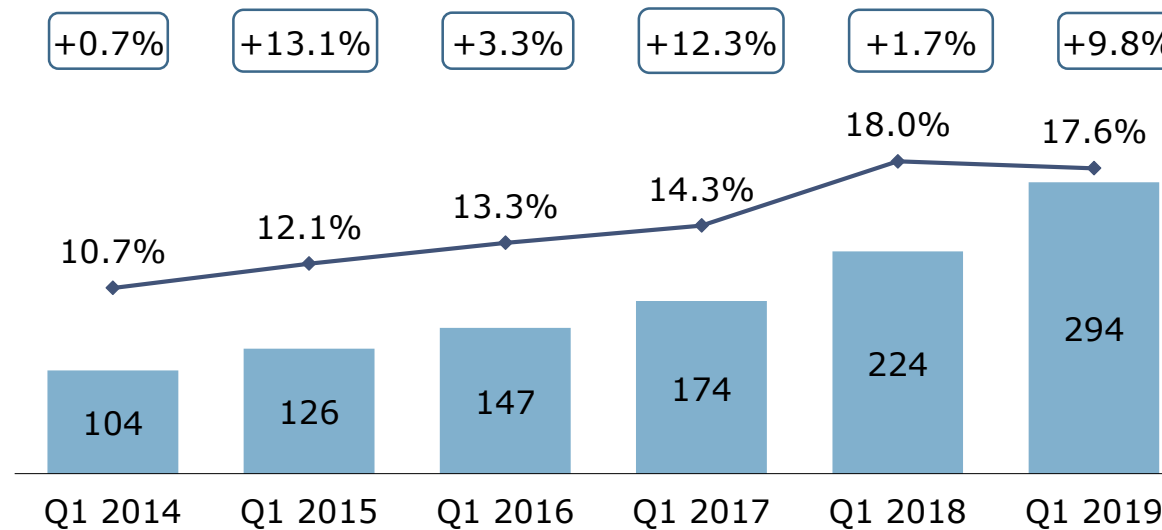
- Robust growth, supported by positive trend mainly in Europe and North America
- EBITDA Margin benefitting from volume increase, capacity expansion in fiber, plant supply mix
- Tough comp with Q1 2018 positively impacted by one-offs (YOFC 2017 carry over and OI bad debt provision reversal)
- Strong innovation pipeline on new products

### MMS

- Solid performance mainly driven by North America, benefitting by General Cable integration

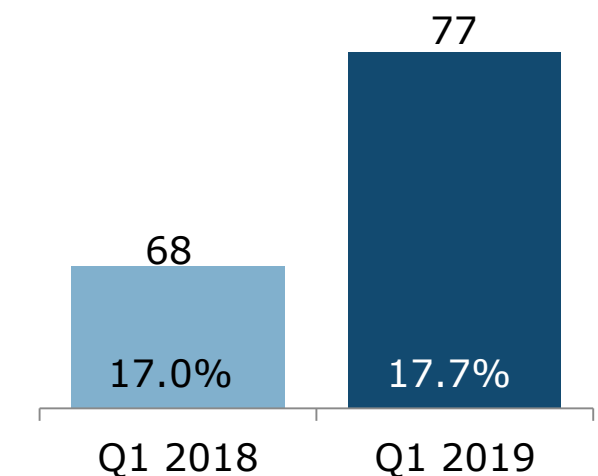
## Excellent performance overtime

■ LTM Adj.Ebitda    ◆ Adj.Ebitda margin    ±X.X% = YoY Sales Organic growth



Q1 2019 including General Cable; Q1 2018 & Q1 2019 excluding one-offs

## Excluding one-offs & IFRS 16

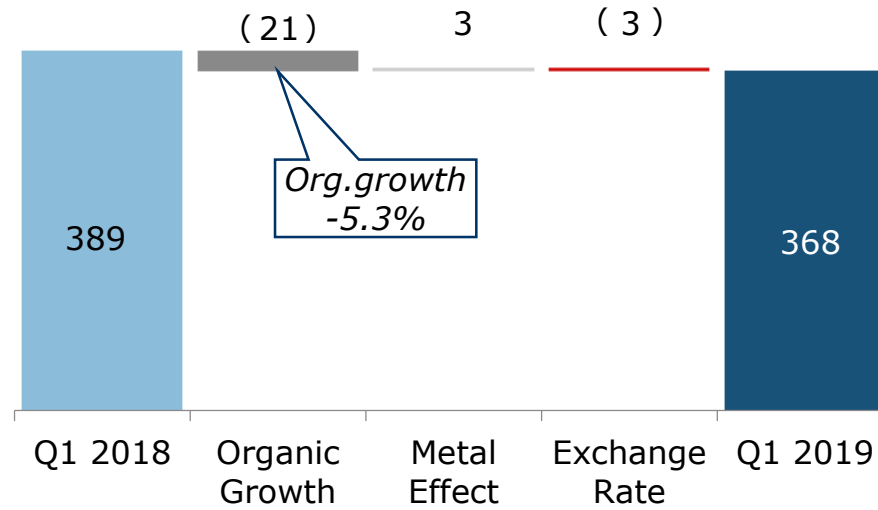


One-offs refers to Bad debt provision reversal in Brazil, Carry over of YOFC 2017 results & IFRS 16

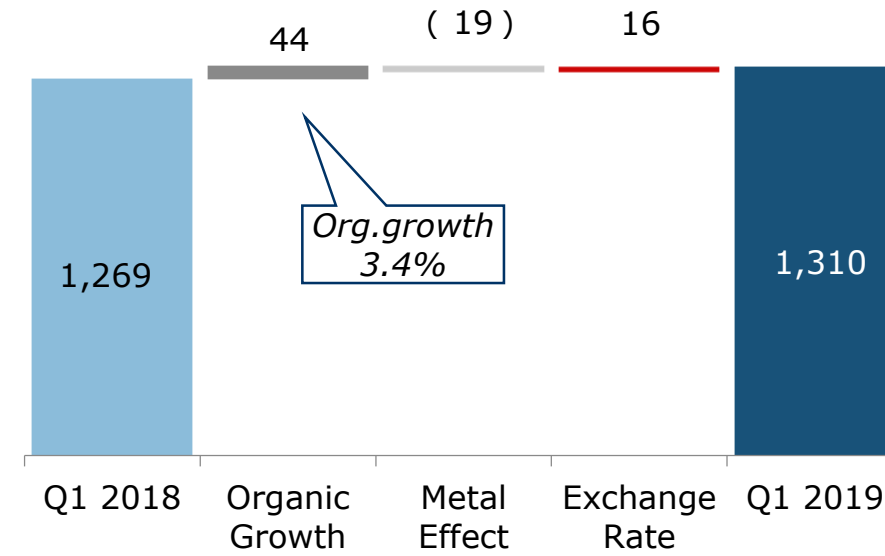
# Bridge Consolidation Sales

Euro Millions - Fully Combined Results

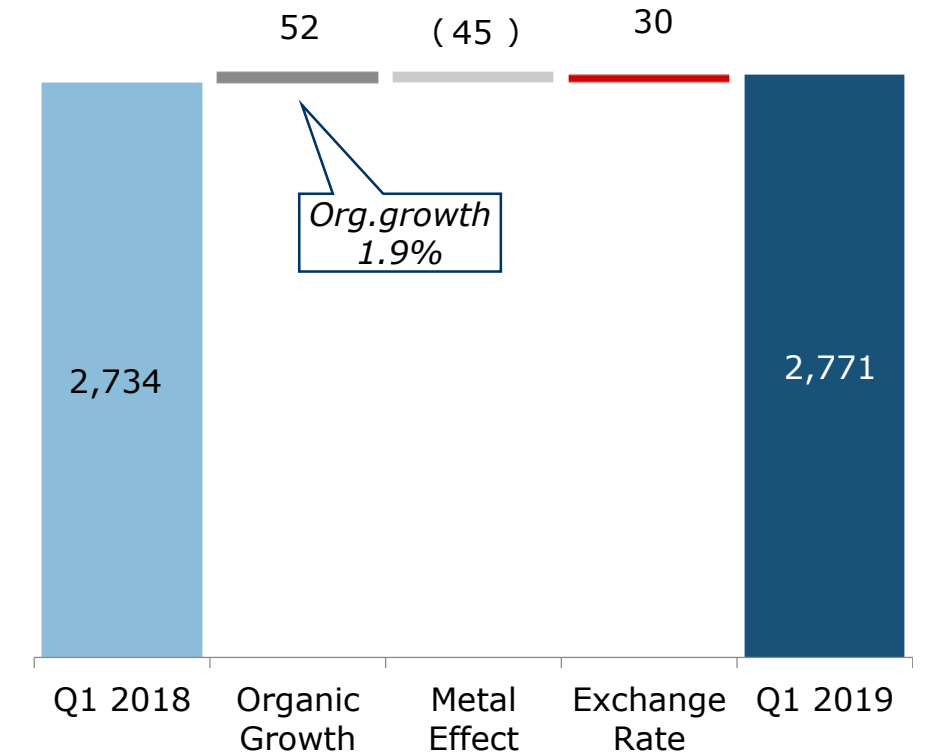
## Projects



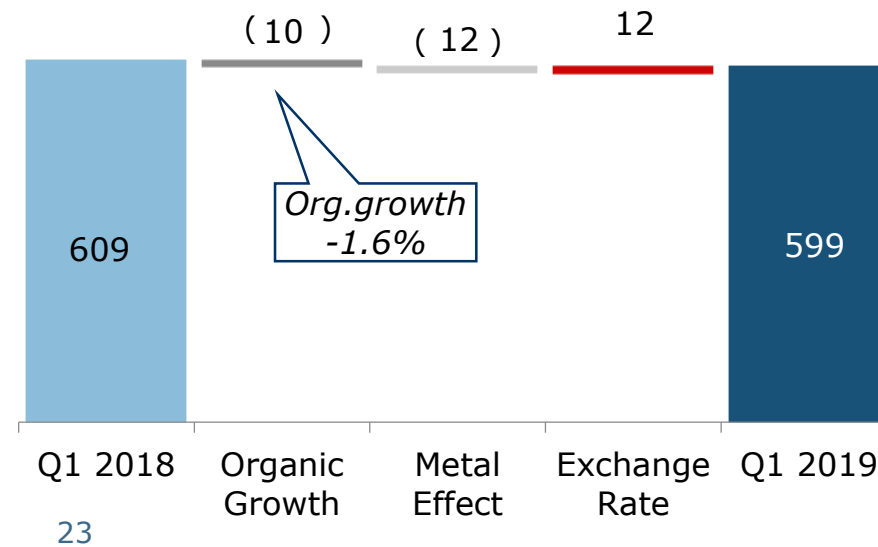
## Energy & Infrastructure



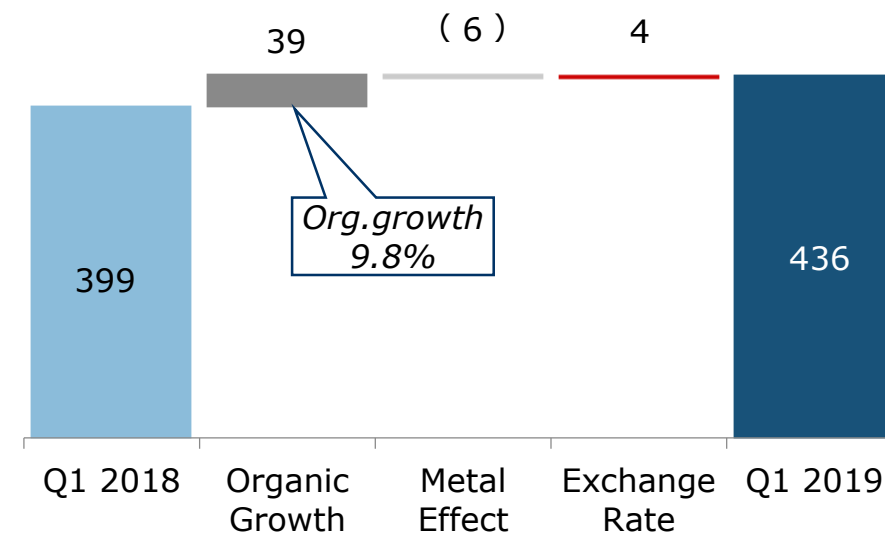
## Total Consolidated



## Industrial & Network Comp.



## Telecom





# Profit and Loss Statement

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Special items	16			(35)
<b>EBIT</b>	<b>160</b>	<b>1</b>		<b>57</b>
<i>% on sales</i>	5.8%			3.1%
Financial charges	(38)	(1)		(19)
<b>EBT</b>	<b>122</b>	-		<b>38</b>
<i>% on sales</i>	4.4%			2.0%
Taxes	(33)	-		(10)
<i>% on EBT</i>	26.5%			27.0%
<b>Net Income</b>	<b>89</b>	-		<b>28</b>
<i>% on sales</i>	3.2%			1.5%
Minorities	1	-		-
<b>Group Net Income</b>	<b>88</b>	-		<b>28</b>
<i>% on sales</i>	3.2%			1.5%

# Cash Flow Statement

Euro Millions

	Q1 2019	Q1 2018	12 Months (from 1/4/2018 to 31/3/2019)
<b>Adj.EBITDA</b>	<b>231</b>	<b>153</b>	<b>772</b>
Adjustments	(11)	(17)	(186)
<b>EBITDA</b>	<b>220</b>	<b>136</b>	<b>586</b>
Net Change in provisions & others	(26)	3	81
Share of income from investments in op.activities	(8)	(20)	(47)
<b>Cash flow from operations (before WC changes)</b>	<b>186</b>	<b>119</b>	<b>620</b>
Working Capital changes	(634)	(528)	(103)
Dividends received	1	3	14
Paid Income Taxes	(19)	(17)	(112)
<b>Cash flow from operations</b>	<b>(466)</b>	<b>(423)</b>	<b>419</b>
Acquisitions/Disposals	-	-	(1,290)
Net Operative CAPEX	(36)	(46)	(268)
<b>Free Cash Flow (unlevered)</b>	<b>(502)</b>	<b>(469)</b>	<b>(1,139)</b>
Financial charges	(12)	(10)	(86)
<b>Free Cash Flow (levered)</b>	<b>(514)</b>	<b>(479)</b>	<b>(1,225)</b>
<b><i>Free Cash Flow (levered) excl. Acquisitions &amp; Disposals*</i></b>	<b><i>(514)</i></b>	<b><i>(479)</i></b>	<b><i>65</i></b>
Dividends	(5)	-	(110)
Capital increase, Shares buy-back & other equity movements	-	-	496
<b>Net Cash Flow</b>	<b>(519)</b>	<b>(479)</b>	<b>(839)</b>
<b>Net Financial Debt beginning of the period</b>	<b>(2,222)</b>	<b>(436)</b>	<b>(648)</b>
Net cash flow	(519)	(479)	(839)
Conversion of Convertible Bond 2013	-	283	-
Consolidation of General Cable Net Financial Debt	-	-	(1,215)
NFD increase due to IFRS16	(147)	-	(147)
Other variations	(12)	(16)	(51)
<b>Net Financial Debt end of the period</b>	<b>(2,900)</b>	<b>(648)</b>	<b>(2,900)</b>

# Financial Highlights

Euro Millions - Fully Combined Results

	Sales			Adj.EBITDA						
	Q1 2019			Q1 2018		Q1 2019			Q1 2018 *	
	€M	total growth	organic growth	€M	€M	of which IFRS 16	Adj.EBITDA Margin	€M	Adj.EBITDA Margin	
<b>PROJECTS</b>	<b>368</b>	-5.2%	-5.3%	<b>389</b>	<b>39</b>	<b>1</b>	10.6%	<b>32</b>	8.2%	
Energy & Infrastructure	1,310	3.2%	3.4%	1,269	69	4	5.2%	50	3.9%	
Industrial & Network Components	599	-1.6%	-1.6%	609	41	2	6.9%	36	6.0%	
Other	58	-14.6%	0.0%	68	2	-	3.2%	-	-0.1%	
<b>ENERGY</b>	<b>1,967</b>	1.1%	1.7%	<b>1,946</b>	<b>112</b>	<b>6</b>	5.7%	<b>86</b>	4.4%	
<b>TELECOM</b>	<b>436</b>	9.1%	9.8%	<b>399</b>	<b>80</b>	<b>2</b>	18.4%	<b>80</b>	20.1%	
<b>Total Group</b>	<b>2,771</b>	1.3%	1.9%	<b>2,734</b>	<b>231</b>	<b>9</b>	8.3%	<b>198</b>	7.2%	

# Notes

- (1) General Cable figures included starting from 1 January 2018; General Cable figures are restated applying Prysmian accounting principles and policies;
- (2) Adjusted excluding restructuring, non-operating income/expenses and non-recurring income / expenses;
- (3) Defined as NWC excluding derivatives; % on annualized last quarter sales;
- (4) The FY 2018 figures have been restated due to revision of the purchase price allocation for General Cable, conducted in accordance with the procedures and timing established by IFRS 3 - Business Combinations;
- (5) 2018 figures have been reclassified, following a better allocation inside the *Energy segment* mainly related to Oman Cable Industries

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**Thank you**

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