

First Half 2020 Financial Results

MILAN – July 30th, 2020

Prysmian
Group

Linking
the Future

First half 2020 Highlights

Organic sales growth
-11.8%

Organic sales at -11.8%, mainly driven by:

- Sharp decline as expected in **Telecom** (-20.1%), affected by tough comp with H1 2019, worsened by Covid related effects
- Weak trend in **T&I** (-16.3%) heavily affected by the pandemic impact on construction sites, after a good start of the year
- Strong performance of **E&I in North America** (+0.9%) mainly driven by **Onshore Wind**

Adj. EBITDA
419 €M

Adj. EBITDA at 419 €M (8.4% of sales) vs 521 €M in 2019 (8.9% of sales), drop mostly sales driven:

- **Energy:** resilient results both in **E&I - driven by onshore wind (North America PD)** and **Industrial & NWC**
- **Projects:** operational COVID related inefficiencies in land HV and milestones delays
- **Telecom:** margin (%) stabilizing with volume reductions and price pressure partially offset by cost efficiency. Weakness of YOFC results due to COVID-19 impact

Resilient margins supported by strong and timely actions on fixed and variable costs and by business mix improvement.

Q2 2020 margins (9.3%) in line with previous year (9.4% in Q2 2019)

Net Financial Debt
2,516 €M

Continued Deleveraging, **with Net Financial Debt at 2,516 €M**, further confirming the solid cash generation: LTM Free Cash Flow at **519 €M** from 433 €M in FY 2019

German Corridors

Prysmian awarded approx. **50% in German Corridors** projects for a total value of more than **1.8 billion euro**, confirming the role of the group as enabler of the Energy Transition

Backlog
~3,840 €M

All time high record backlog at over **3.8 billion euro**

Agenda



H1 2020 Highlights

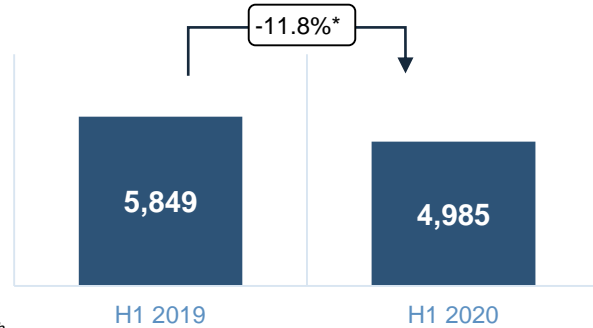
Group overview
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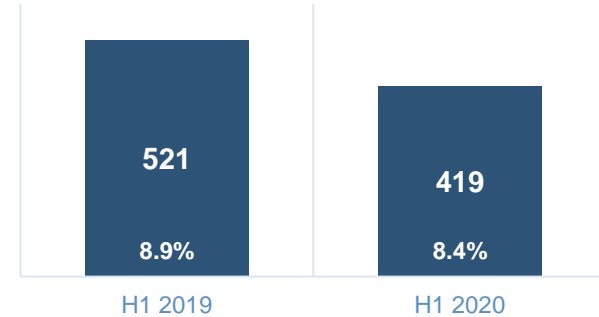
Financial Highlights | Euro Millions, % on Sales

Sales

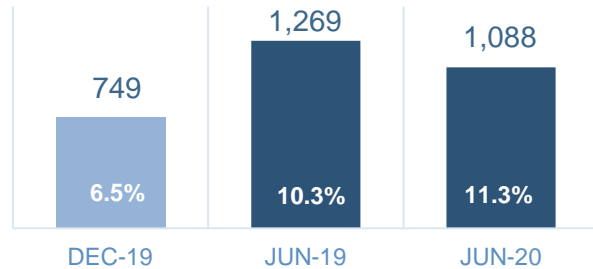


* Organic growth

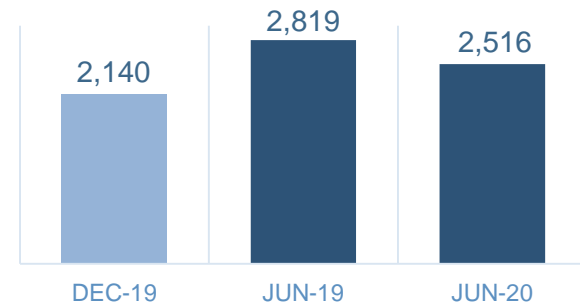
Adjusted EBITDA ⁽¹⁾



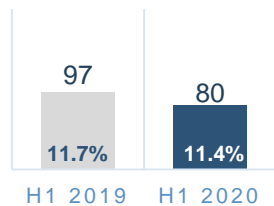
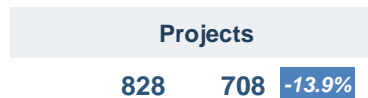
Reported Operative Net Working Capital ⁽²⁾



Reported Net Financial Debt

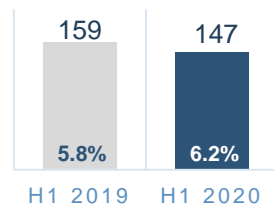
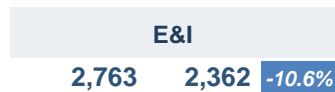


Sales & Adj. EBITDA by Business | Euro Millions, % on Sales,



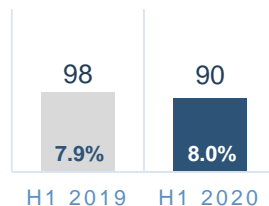
HIGHLIGHTS

- Order backlog at record level: 3.8 bn€ driven by German Corridors
- COVID constraints affecting production output and HV installation
- Smooth execution in Submarine partly compensating sales decline



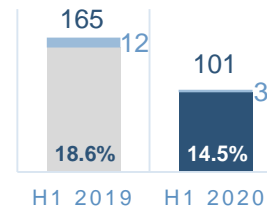
HIGHLIGHTS

- Organic decline mainly driven by T&I, in South Europe, UK, MEAT and LATAM, partially offset by PD (North America) and Overhead Lines
- Improved profitability in PD and Overhead offset by the decline in T&I (mainly Europe & Latam strongly impacted by COVID)



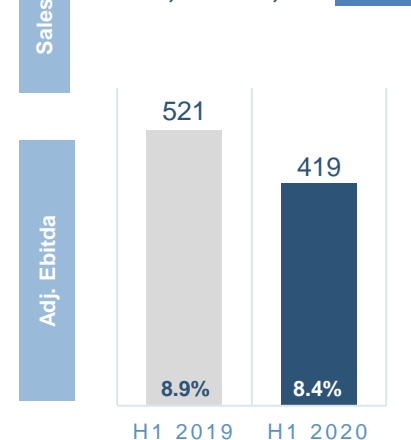
HIGHLIGHTS

- Strong resilience of the segment: organic decline ex Auto -1.1%
- Positive performance of Renewables, Railways and Crane businesses
- Strong margin resilience



HIGHLIGHTS

- Organic decline affected by tough comp and COVID impacts (installation delay).
- Margins stabilizing: volume drop and price pressure partially offset by cost efficiency
- Weakness of YOFC results due to COVID-19 impact



- Organic growth
- Share of net income

Energy Transition | Prysmian awarded approx. 50% of the overall German HV projects



Overall Prysmian awarded more than 1.8 billion euro in German Corridors projects, confirming its leadership position

SuedOstLink

1,100 km cable
5 lots

- **Client:** TenneT TSO GmbH
- **Type of cable:** 525 kV extruded
- **Completion date:** early 2026



Prysmian awarded €500 million contract; ~50% of project

A-Nord

1,280 km cable
4 lots

- **Client:** AMPRION GmbH
- **Type of cable:** 525 kV extruded
- **Completion date:** Q2 2028



Prysmian awarded €500 million contract; 50% of project

SuedLink

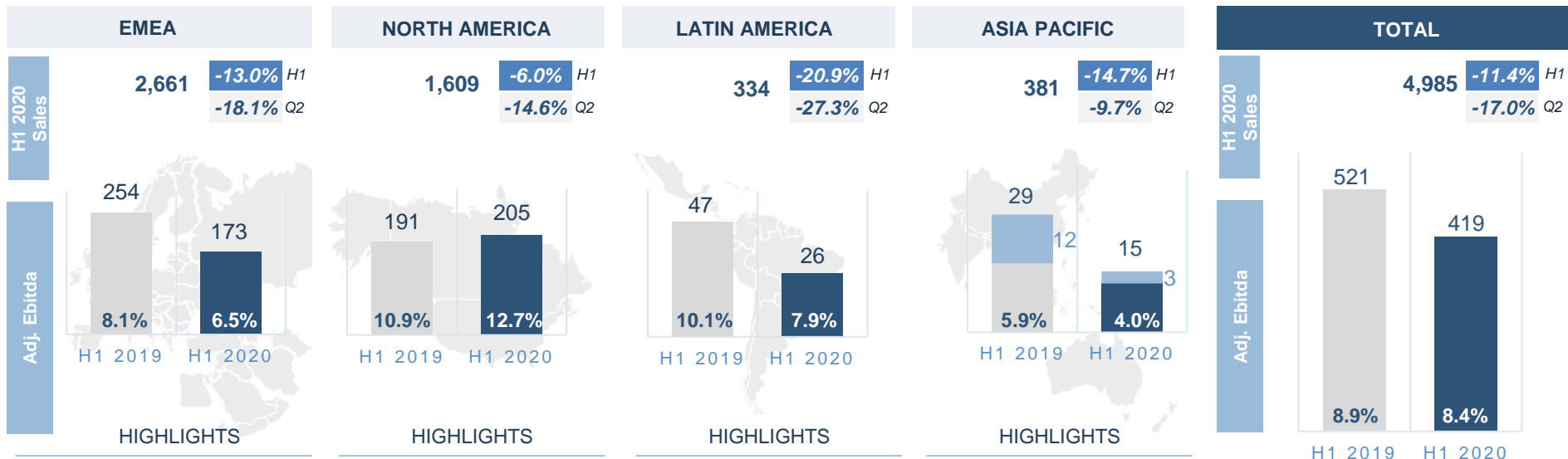
2,750 km cable
4 lots

- **Client:** TenneT TSO GmbH & TransnetBW GmbH
- **Type of cable:** 525 kV extruded
- **Completion date:** 2H 2026



Prysmian awarded €800 million contract; >40% of project

Sales & Adj. EBITDA by Geography | Euro Millions, % on Sales

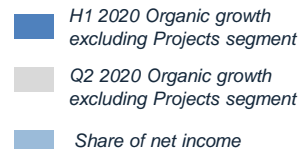


- Weak performance mainly driven by South Europe, UK and MEAT due to Covid
- Telecom, Projects and T&I the weakest businesses

- Strong performance in E&I, driven by onshore wind projects (PD) and Overhead lines
- Margins improvement, supported by business mix and quickly deployed and effective cost saving actions

- Region heavily affected by pandemic
- Sound performance of overhead lines

- Covid impacts affecting China results (including YOFC) especially in Q1
- Significant recovery in Q2 especially in China



Agenda



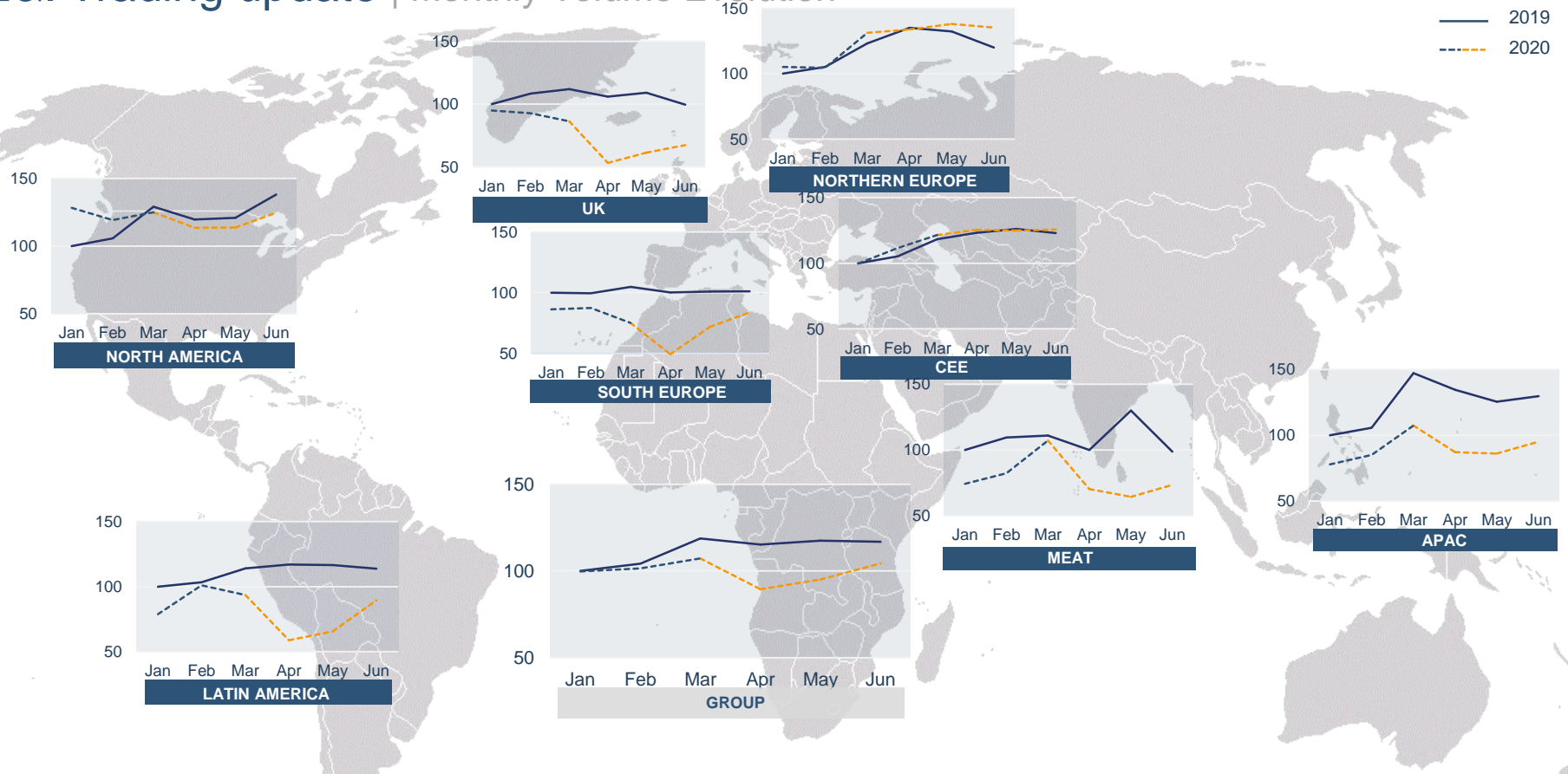
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E&I Trading update | Monthly Volume Evolution



Protecting Value and Improving resilience in a challenging environment



People first

No lay-offs (preserving permanent employment)

Safeguard Group employees and proactive support to families and local communities.



Mitigation actions

Effective cost control

Fixed Cost reduction

- ✓ G&A Cost containment
- ✓ Employees measures (HC and salary freeze, travel ban)

Variable cost reduction

- ✓ Leverage Supply Chain Partnership (Purchasing & further Design to cost optimization)

Cash flow protection

Rigorous working capital management

- ✓ Inventory control
- ✓ Receivables monitoring & Payables optimization (Weekly monitor, Credit worthiness, Payment terms)

Cash Preservation

- ✓ Stricter Capex discipline

~100 €M FY
costs reduction
(fixed & variable)

Agenda



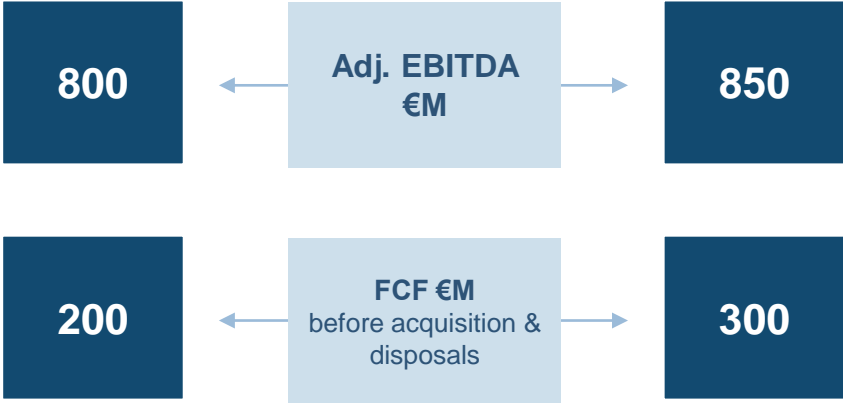
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2020 Outlook: confirming resilience in an uncertain context



Assumption

Assuming no relevant Covid disruption on current trend

2020 forex assumed in line with average 2019; Assuming same perimeter as in 2019 (excluding M&A); Assumed no cash-out related to Antitrust rulings and related claims

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Profit and Loss Statement | Euro Millions

	H1 2020	H1 2019
SALES	4,985	5,849
<i>YoY total growth combined</i>	<i>(14.8%)</i>	
<i>YoY organic growth</i>	<i>(11.8%)</i>	
Adj.EBITDA	419	521
<i>% on sales</i>	<i>8.4%</i>	<i>8.9%</i>
<i>of which share of net income</i>	<i>5</i>	<i>13</i>
Adjustments	(12)	(29)
EBITDA	407	492
<i>% on sales</i>	<i>8.2%</i>	<i>8.4%</i>
Adj.EBIT	253	366
<i>% on sales</i>	<i>5.1%</i>	<i>6.3%</i>
Adjustments	(12)	(29)
Special items	(68)	(2)
EBIT	173	335
<i>% on sales</i>	<i>3.5%</i>	<i>5.7%</i>
Financial charges	(55)	(72)
EBT	118	263
<i>% on sales</i>	<i>2.4%</i>	<i>4.5%</i>
Taxes	(42)	(71)
<i>% on EBT</i>	<i>35.6%</i>	<i>27.0%</i>
NET INCOME	76	192
<i>% on sales</i>	<i>1.5%</i>	<i>3.3%</i>
Minorities	(2)	2
GROUP NET INCOME	78	190
<i>% on sales</i>	<i>1.6%</i>	<i>3.2%</i>

Adj. EBITDA Bridge			
	Q1	Q2	H1
ADJ. EBITDA 2019	231	290	521
Projects	(3)	(14)	(17)
Energy	1	(22)	(21)
Telecom (ex-share of net income)	(25)	(30)	(55)
share of net income	(7)	(2)	(9)
ADJ. EBITDA 2020	197	222	419

Adjustments and Special Items on EBIT		
	H1 2020	H1 2019
Non-recurring Items (Antitrust investigation)	-	(6)
Restructuring	(9)	(7)
Other Non-operating Income / (Expenses)	(3)	(16)
EBITDA adjustments	(12)	(29)
Special items	(68)	(2)
Gain/(loss) on metal derivatives	(8)	-
Assets impairment	(43)	(1)
Share-based compensation	(17)	(1)
EBIT adjustments	(80)	(31)

Profit and Loss Statement | Euro Millions

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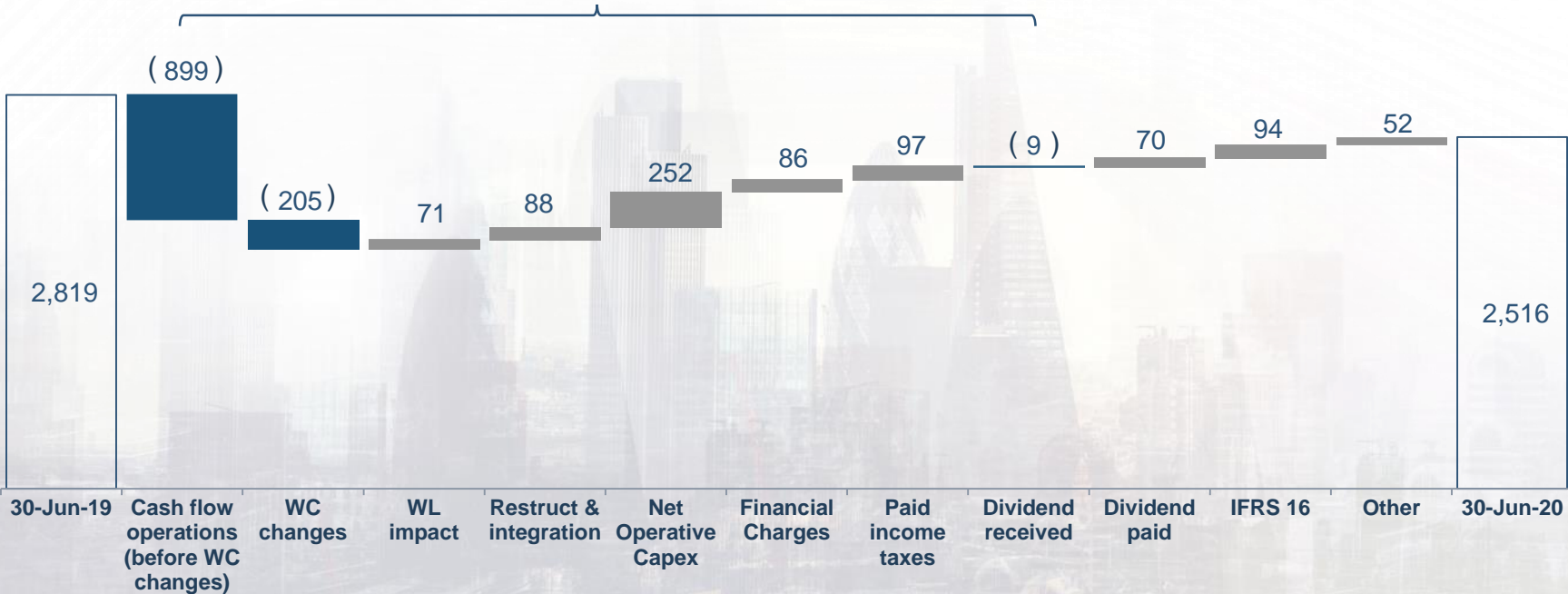
Financial Charges		
	H1 2020	H1 2019
Net interest expenses	(38)	(44)
<i>of which non-cash conv.bond interest exp.</i>	<i>(5)</i>	<i>(5)</i>
Financial costs IFRS 16	(3)	(2)
Bank fees amortization	(3)	(4)
Gain/(loss) on exchange rates and derivatives	(10)	(15)
Non recurring and other effects	(1)	1
Impact Hyperinflationary economies	-	(8)
Net financial charges	(55)	(72)

Statement of financial position (Balance Sheet) | Euro Millions

	30 Jun 2020	30 Jun 2019	31 Dec 2019
Net fixed assets	5,153	5,226	5,301
of which: goodwill	1,590	1,576	1,590
Net working capital	1,088	1,258	755
of which: derivatives assets/(liabilities)	-	(11)	6
of which: Operative Net working capital	1,088	1,269	749
Provisions & deferred taxes	(711)	(710)	(820)
Net Capital Employed	5,530	5,774	5,236
Employee provisions	499	528	494
Shareholders' equity	2,515	2,427	2,602
of which: attributable to minority interest	181	185	187
Net financial debt	2,516	2,819	2,140
Total Financing and Equity	5,530	5,774	5,236

Net debt evolution LTM

+519 €M Free Cash Flow



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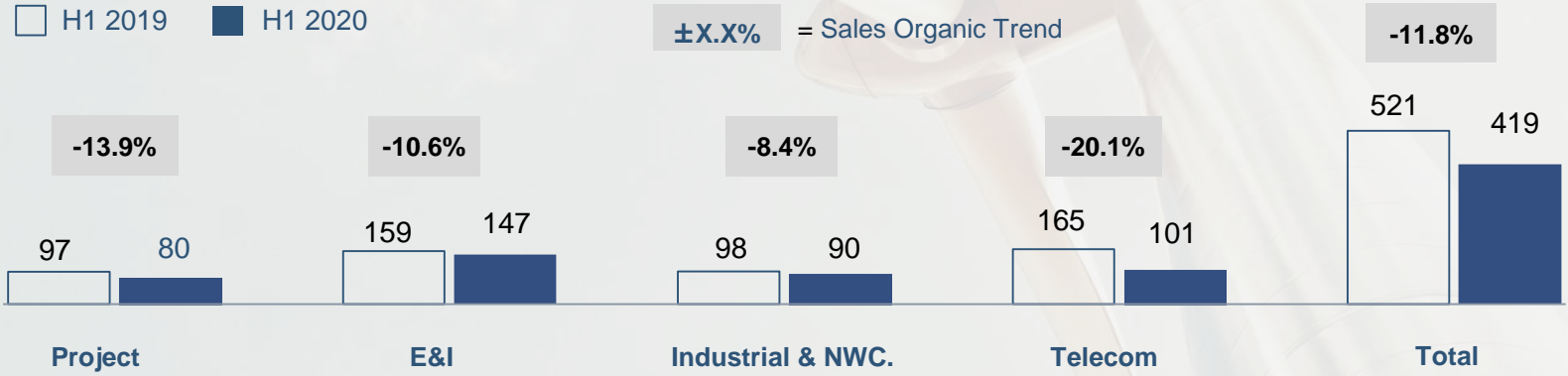


Performance by Segment | Euro Millions, % on Sales

Adj. EBITDA Margin

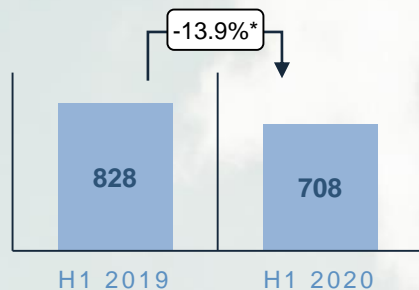


Adj. EBITDA (€M) / % Org. Growth



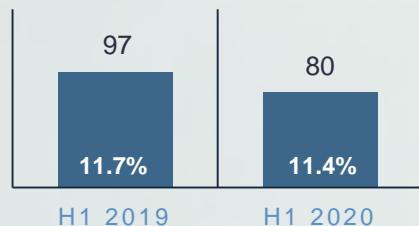
Projects | Euro Millions, % on Sales

SALES



* Org. Growth.

Adj. EBITDA / % of Sales ⁽⁴⁾



HIGHLIGHTS

SUBMARINE

- Smooth execution partly compensating sales decline
- Tendering activity ongoing, with a solid pipeline of projects (interconnections and off-shore wind farms)

UNDERGROUND HIGH VOLTAGE

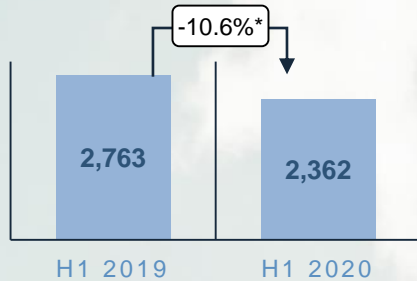
- Negative organic growth driven by APAC
- Operational restrictions (plant closures) and absenteeism delaying execution
- Overall Prysmian awarded more than 1.8 billion euro in German Corridors projects, confirming its leadership position

ORDERS BACKLOG EVOLUTION (€M)

	Dec '13	Dec '14	Dec '15	Dec '16	Dec '17	Dec'18	Dec '19	Jun '20
Underground HV	~450	~450	~600	~350	~400	~435	~310	~2,040
Submarine	~2,050	~2,350	~2,600	~2,050	~2,050	~1,465	~1,730	~1,800
Group	~2,500	~2,800	~3,200	~2,400	~2,450	~1,900	~2,040	~3,840

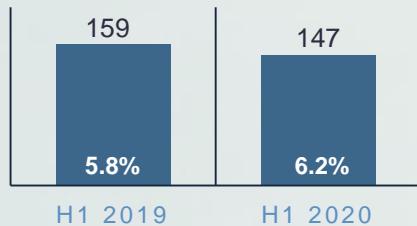
Energy & Infrastructure | Euro Millions, % on Sales

SALES ⁽⁵⁾



* Org. Growth

Adj. EBITDA / % of Sales ⁽⁵⁾



HIGHLIGHTS

TRADE & INSTALLERS

- Negative performance driven by EMEA (South Europe, UK & MEAT) and LATAM
- COVID-19 impact starting from 2nd week of March

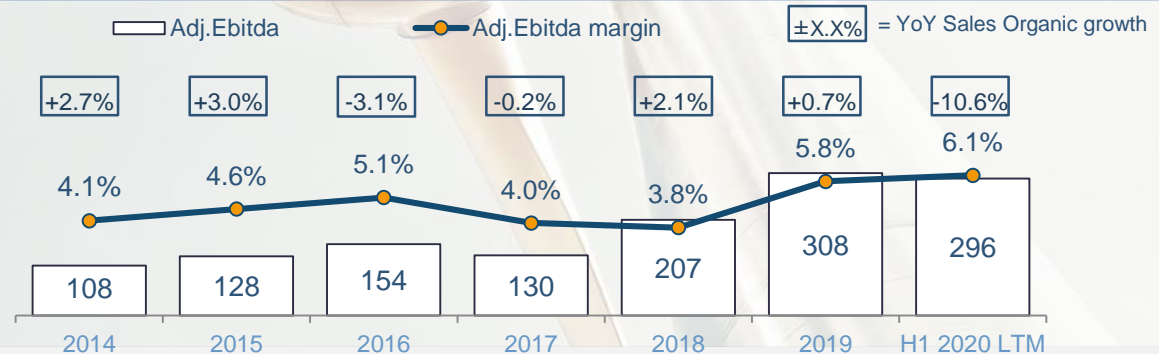
POWER DISTRIBUTION

- Solid performance in North America driven by Onshore Wind
- Profitability improvement thanks to geographical mix and operational efficiency

OVERHEAD

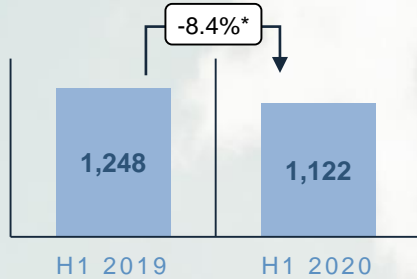
- Sound organic growth and margin improvement in Latin America and North America

ADJ. EBITDA AND % SALES



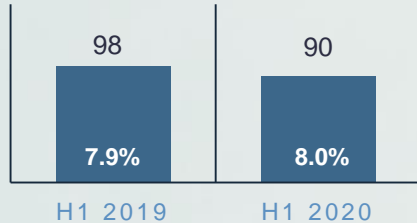
Industrial & Network Components | Euro Millions, % on Sales

SALES ⁽⁵⁾



* Org. Growth

Adj. EBITDA / % of Sales ⁽⁵⁾



HIGHLIGHTS

SPECIALTIES, OEM & RENEWABLES

- Positive performance of Renewables, Railways and Crane businesses partially offset by Mining, Infrastructure

ELEVATOR

- Good performance continued in Q2 helped by current backlog

AUTOMOTIVE

- Material drop in Q2, with worsening trend also due by COVID-19 crisis

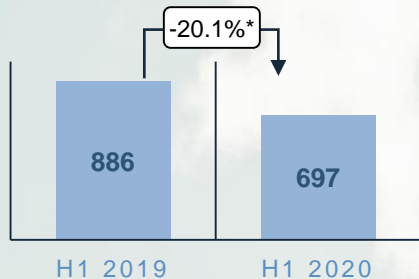
OIL & GAS

- Projects business benefitting from order backlog
- MRO (short cycle business) impacted by COVID-19

NETWORK COMPONENTS

- Lower volume reflecting Covid pandemic
- Stable marginality

SALES



* Org. Growth.

HIGHLIGHTS

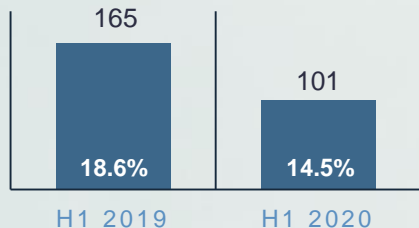
OPTICAL CABLE & FIBRE

- Material drop as expected, driven by lower volume and price pressure, partially offset by cost efficiency
- Organic decline affected by tough comp and COVID impacts
- Weakness of YOFC results due to COVID-19 impact

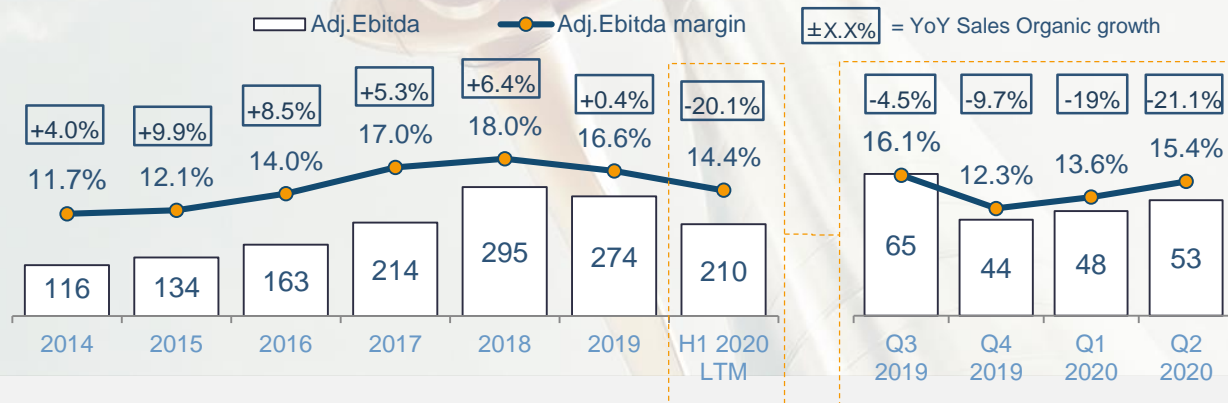
MMS

- Weak performance in Q2 as expected reflecting COVID-19 crisis

Adj. EBITDA / % of Sales



ADJ.EBITDA AND % SALES



Cash Flow Statement | Euro Millions

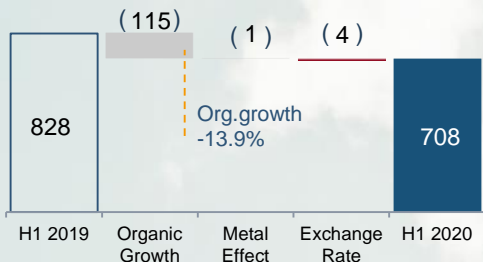
	30 Jun 2020	30 Jun 2019	12 Months (from 1/7/2019 to 30/6/2020)
Adj.EBITDA	419	521	905
Adjustments	(12)	(29)	(83)
EBITDA	407	492	822
Net Change in provisions & others	(82)	(89)	(66)
Share of income from investments in op.activities	(5)	(13)	(16)
Cash flow from operations (before WC changes)	320	390	740
Working Capital changes	(378)	(516)	205
Dividends received	2	2	9
Paid Income Taxes	(30)	(44)	(97)
Cash flow from operations	(86)	(168)	857
Acquisitions/Disposals	2	-	(5)
Net Operative CAPEX	(92)	(88)	(252)
Free Cash Flow (unlevered)	(176)	(256)	600
Financial charges	(59)	(67)	(86)
Free Cash Flow (levered)	(235)	(323)	514
<i>Free Cash Flow (levered) excl. Acquisitions & Disposals</i>	<i>(237)</i>	<i>(323)</i>	<i>519</i>
Dividends	(69)	(118)	(70)
Capital increase, Shares buy-back & other equity movements	-	(1)	3
Net Cash Flow	(304)	(442)	447
Net Financial Debt beginning of the period	(2,140)	(2,222)	(2,819)
Net cash flow	(304)	(442)	447
NFD increase due to IFRS16	(42)	(159)	(94)
Other variations	(30)	4	(50)
Net Financial Debt end of the period	(2,516)	(2,819)	(2,516)

Financial Highlights | Euro Millions

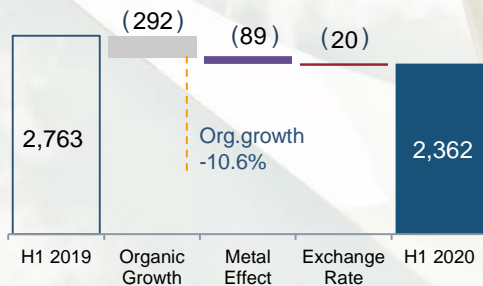
	Sales			Adj.EBITDA			
	H1 2020		H1 2019	H1 2020		H1 2019	
	€M	organic growth	€M	€M	Adj.EBITDA Margin	€M	Adj.EBITDA Margin
PROJECTS	708	-13.9%	828	80	11.4%	97	11.7%
Energy & Infrastructure	2,362	-10.6%	2,763	147	6.2%	159	5.8%
Industrial & Network Components	1,122	-8.4%	1,248	90	8.0%	98	7.9%
Other	96	0.0%	124	1	0.8%	2	1.4%
ENERGY	3,580	-9.6%	4,135	238	6.6%	259	6.3%
TELECOM	697	-20.1%	886	101	14.5%	165	18.6%
Total Group	4,985	-11.8%	5,849	419	8.4%	521	8.9%

Bridge Consolidation Sales | Euro Millions

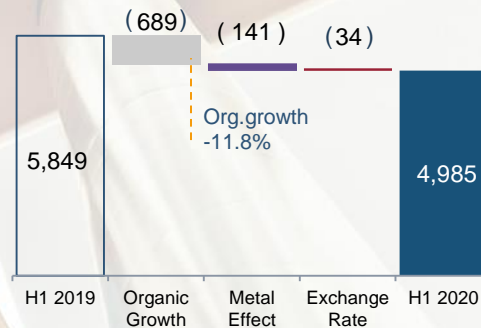
Projects



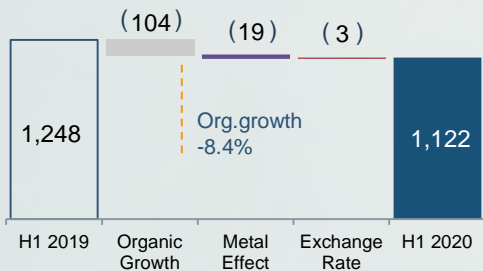
Energy & Infrastructure



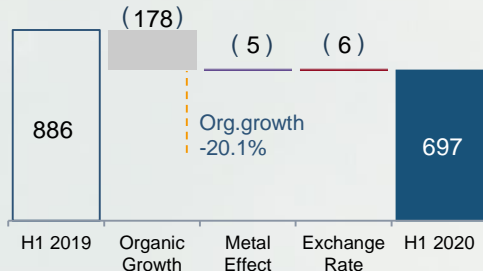
Total Consolidated



Industrial & Network Comp.



Telecom



Prysmian Group Liquidity and Debt Profile

COMFORTABLE LIQUIDITY POSITION:

- Cash on balance at June end in excess of 700 €M plus 1 €Bn of committed Revolving Credit Facility fully unutilized and 400 €M of uncommitted credit lines
- Average debt maturity of 2.8 years with no refinancing needs before 2022

NET DEBT STRUCTURE

in millions of Euro

30 June 2020

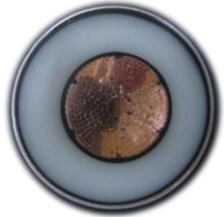
Long-term financial payables	2,918
Short-term finance payables	186
Financial leases as per IFRS 16	180
Total financial liabilities	3,284
Cash and cash equivalents	(721)
Other financial assets	(47)
Total Financing and Equity	(768)
Net financial debt	2,516

FINANCIAL DEBT MATURITY PROFILE ⁽¹⁾

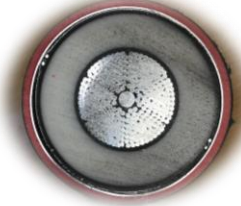


Driving innovation in a reliable and sustainable manner

TWO 525 kV HVDC Technologies



XLPE



P-Laser

P-Laser advantages



Prysmian developed world class competences and expertise in HVDC over the last 10yr innovation investment horizon,

Increased focus on industrialization of new technologies to ensure high quality product and service to customers

Sustainable: 100% recyclable, 40% lower CO2 emissions

Performance: Higher operating temperature, Better polarity reversal

Operations: Single step process, No by-products

Notes

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

Share of net income include Management estimate of YOFC Q2 results.

FY 2020 guidance assumes no material changes in the overall macro-economic environment neither a “second wave” pandemic.

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