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Oggetto : Prysmian S.p.A.: Third-quarter 2020 results

<i>Testo del comunicato</i>

Vedi allegato.

PRESS RELEASE RESULTS AT 30 SEPTEMBER 2020

- **Results improved in Q3. High resilience of the Energy business. Positive performance of Renewables and On-shore Wind in North America**
- **Margins improved in Q3, thanks to the business mix and cost containment. Positive performance of the Energy business in Q3, with margin recovery of the Submarine business**
- **Net Financial Debt continued to improve, thanks to the strong cash generation: €617M Free Cash Flow over the past 12 months**
- **Confidence in the FY 2020 guidance updated following the Covid-19 pandemic:**
 - **Adjusted EBITDA expected in the range of €800-850M**
 - **Free Cash Flow expected in the range of €200-300M**

Milan, 29/10/2020. The Board of Directors of Prysmian S.p.A. has approved today the Group's consolidated results for the first nine months of 2020.

Sales at €7,488M, -9.4% organic change compared to the same period 2019 (excluding the Projects segment). The organic sales performance for Q3 2020 shows a sequential improving trend (-5.2% compared to Q3 2019, excluding the Projects segment), which confirms the resilience and solidity of the organisation and the valid measures taken to contrast the effects of the Covid-19 pandemic.

Adjusted EBITDA at €647M (€773M in the first nine months of 2019), with an essential resilience of margins (ratio of adjusted EBITDA to Sales at 8.6% vs 8.9%). Profitability improved in Q3, with a ratio of Adjusted EBITDA to Sales of 9.1% compared to 9.0% in Q3 2019.

Net Financial Debt at **€2,669 million**, improving thanks to the strong cash generation capacity, with **LTM Free Cash Flow at €617 million in the 12 months from October 2019 to September 2020**.

"Our results for the first nine months of 2020 confirm Prysmian Group's resilience in response to the extremely negative effects of the Covid-19 pandemic," commented Chief Executive Officer Valerio Battista. "Particular mention should be made of the recovery of the organic sales trend in the third quarter across almost all business areas, but especially in Energy. The results at the level of profitability show even greater resilience, with stable margins even in the comparison between the first nine months of 2020 and 2019 and with improvement in the third quarter. The integration with General Cable, which we regard as completed, and which has given rise to a Group with a more balanced geographical presence and an integrated product portfolio, generating synergies of €175 million, contributed to the stability of the business and the company's financial solidity. The situation remains critical in all geographical areas, yet on the basis of the results at 30 September we can confirm, with confidence, our targets for the entire year as updated following the outbreak of the pandemic."

FINANCIAL RESULTS

Group sales amounted to €7,488 million, with a -9.4% organic change (excluding the Projects segment), confirming the Group's resilience in a difficult macroeconomic and market context due to the Covid-19 pandemic. The sequential improvement of organic sales in Q3 (-5.2% in Q3, excluding Projects) shows the good resilience of the Group, which thanks to the reactivity and organisational flexibility of the supply chain was able to grasp the recovery opportunities that emerged. In particular, the Energy segment proved highly resilient (Q3 organic growth for the first nine months was -4.2%), thanks to the improved product and geographical mix, the supply chain's flexibility, and the effective cost management. A positive performance was recorded in both the Renewables (organic growth for the first nine months was +10.3%) and On-shore Wind markets in North America (organic growth for the first nine months was +7.3%). In Q3, also the Telecom business recovered (in North America), with an improvement of the change of organic sales. The Projects segment recorded a recovery of organic sales in High Voltage Underground in Q3, which had been

more affected by the impact of the pandemic on production and installation.

Adjusted EBITDA¹ was €647 million (€773 million in the first nine months of 2019), reflecting the reduction in sales. Profitability was well sustained by the cost containment measures taken and the improvement of the business mix, with a ratio of Adjusted EBITDA to Sales essentially stable in the first nine months (8.6% compared to 8.9% for the first nine months of 2019), recovering in Q3 (9.1% compared to 9.0% for Q3 2019). The Energy segment showed a significant improvement in Power Distribution profitability, driven by the performance of On-shore Wind in North America and Renewables. Projects showed stable profitability, recovering in Q3, thanks to the good execution of Submarine projects and the ability to overcome some of the inefficiencies caused by Covid-19 to the High Voltage Underground segment. Telecom's margins stabilised, especially thanks to effective cost-containment measures which contrasted price pressures and volume reduction.

EBITDA amounted to 601 million (€711 million in the first 9 months of 2019), including net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses totalling €46 million (€62 million in the first 9 months 2019).

Operating income amounted to €294 million (€479 million in the first nine months of 2019), also due to the partial write-down of the assets in the South Europe region, amounting to €43 million.

Net profit² was €140 million (€271 million for the first 9 months of 2019).

Net Financial Debt decreased to €2,669 million at 30 September 2020 (€3,027 million at 30 September 2019; €2,140 million at 31 December 2019). The deleverage was particularly supported by the company's cash generation capacity, with Free Cash Flow for the 12 months from September 2019 to September 2020 amounting to €617 million. The main factors that influenced Net Financial Debt in the past 12 months were:

- net cash flows of operating activities (before changes in working capital) amounting to €811 million
- cash absorption of €73 million due to restructuring and integration costs;
- a decrease in net working capital amounting to €369 million;
- net operating investments totalling €279 million
- net financial charges paid in the amount of €85 million
- taxes paid amounting to €117 million
- dividends distributed amounting to €71 million;
- effects of the application of IFRS16 on debt amounting to € 106 million;
- other effects amounting to €82 million, including due to exchange rate devaluation.

¹ Before net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses.

² Net profit attributable to Shareholders of the Parent Company.

CONSOLIDATED HIGHLIGHTS
(in millions of Euro)

	9 months 2020	9 months 2019	Change %	% organic sales
Sales	7,488	8,635	-13.3%	-10.1%
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	632	751	-15.8%	
Adjusted EBITDA	647	773	-16.3%	
EBITDA	601	711	-15.5%	
Adjusted operating income	401	539	-25.6%	
Operating income	294	479	-38.6%	
Profit/(Loss) before taxes	215	377	-43.0%	
Net profit/(loss) for the period	137	273	-49.8%	
Net profit attributable to owners of the parent	140	271	-48.3%	

(in millions of Euro)

	30 September 2020	30 September 2019	Change	31 December 2019
Net fixed assets	5,035	5,290	(255)	5,301
Net working capital	1,260	1,627	(367)	755
Provisions and net deferred taxes	(689)	(739)	50	(820)
Net Capital Employed	5,606	6,178	(572)	5,236
Employee provisions	493	526	(33)	494
Shareholders' equity	2,444	2,625	(181)	2,602
<i>of which: attributable to minority interest</i>	<i>171</i>	<i>193</i>	<i>(22)</i>	<i>187</i>
Net financial debt	2,669	3,027	(358)	2,140
Total financing and equity	5,606	6,178	(572)	5,236

PROJECTS

- **PROFITABILITY IMPROVED SLIGHTLY THANKS TO A GOOD EXECUTION OF THE SUBMARINE PROJECTS**
- **IN Q3 RECOVERY STARTED FOR HIGH VOLTAGE UNDERGROUND**
- **RECORD ORDER BOOK AT € 3,830M. TECHNOLOGICAL INNOVATION AND NEW CABLE-LAYING VESSEL "LEONARDO DA VINCI" ARE COMPETITION DRIVERS FOR THE ENERGY TRANSITION**

Sales for the first nine months of 2020 of the Projects segment amounted to €1,056 million (-13.9% organic change compared to the first nine months of 2019), with Adjusted EBITDA at €130 million (€152 million in the first nine months of 2019). Slight margin improvement with the ratio of Adjusted EBITDA to Sales at 12.3% compared to 12.2% in the first nine months of 2019.

Within the High Voltage Energy Submarine Systems and Cables business, the good execution of projects, despite the complex situation caused by the pandemic, led to a profitability improvement. Among the main orders for which execution continued was the link between Norway and Great Britain (NSL Link), the link between France and Great Britain (IFA2), the interconnections in Bahrain, Greece (the island of Crete and the Peloponnese region) and the Viking Link, in addition to the Offshore Wind grid connection project in France.

Within the High Voltage Underground Cables and Systems business, the sales reduction is attributable mostly to the APAC region. In Q3 recovery started after a strong slowdown of production and installation activities in the second quarter due to the pandemic.

The Group reached a historic milestone by securing of three large contracts for the development of the German Corridors, for an overall amount of €1.8 billion, equal to about 50% of the total amount of contracts awarded. Following the contracts secured for the development of the German Corridors, the order book achieved a record value of €3,830 million (at 30 September 2020), of which €1,800 million regarding submarine projects and €2,030 million referring to high-voltage underground projects.

Intense tendering activity continued. Technological innovation and development of assets and project execution capacity put the Group in a competitive position enabling it to grasp any opportunities arising on investments in network infrastructures to support the energy transition.

Prysmian's most recent technological innovations include the P-Laser cable systems ensuring greater transmission capacity, high performance and environmental sustainability (100% recyclable material and -40% CO2 emissions), cables for installation in HVDC links in long lengths, Aramid-armoured cables for record-depth installation, grid monitoring and management technology. The launch of the new vessel "Leonardo da Vinci", the world's best performing and most capable cable layer, has also been confirmed and it will enter into operation in July 2021.

Moreover, the Group is preparing to improve the flexibility of the production system and adjust the technological equipment of the plant in Arco Felice (Naples), where a research and testing laboratory will be set up, with an approved investment of about €60 million.

(in millions of Euro)

	9 months 2020	9 months 2019	Change %
Sales	1,056	1,247	-15.3%
% organic sales change	-13.9%		
Adjusted EBITDA	130	152	-14.7%
% of sales	12.3%	12.2%	

ENERGY

- **GOOD RESILIENCE AND REACTIVITY; IMPROVED PROFITABILITY**
- **POSITIVE PERFORMANCE OF POWER DISTRIBUTION, DRIVEN BY NORTH AMERICA (ON-SHORE WIND)**
- **GRADUAL IMPROVEMENT OF INDUSTRIAL & NETWORK COMPONENTS IN Q3, DRIVEN BY THE RENEWABLES MARKET**

(in millions of Euro)

	9 months 2020	9 months 2019	Change %
Sales	5,385	6,098	-11.7%
% organic sales change	-7.8%		
Adjusted EBITDA	355	391	-9.0%
% of sales	6.6%	6.4%	

Sales of the Energy segment in the first nine months of 2020 amounted to €5,385 million, confirming the strong resilience and reactivity of the organisation. The organic decrease was -7.8% in the first nine months, with a -4.2% improvement in Q3 compared to the same period of 2019. Adjusted EBITDA amounted to €355 million compared to €391 million, and margins slightly improved. The ratio of Adjusted EBITDA to Sales was 6.6% (6.4% in the first nine months of 2019).

Energy & Infrastructure

The Energy & Infrastructure business also showed a recovery trend in Q3 of 2020, with sales amounting to €3,559 million, and an organic change of -8.6% compared to the first nine months of 2019, or -4.4% in Q3 2020. Adjusted EBITDA in the first nine months stood at €224 million (€238 million in the first nine months of 2019), with a ratio to Sales improving at 6.3% compared to 5.9% in the first nine months of 2019.

Trade & Installers results showed a higher resilience in North America, Central and Eastern Europe and Northern Europe. The strong impact of the pandemic reported in Q2 lessened in Q3, which witnessed signs of recovery.

Power Distribution reported a good performance both in terms of sales, in particular thanks to the contribution of On-shore Wind in North America, and of profitability, owing to a good geographical mix and industrial efficiencies.

Overhead lines reported a good sales performance and margin improvement in Latin America and North America.

Industrial & Network Components

Industrial & Network Components sales amounted to €1,673 million, with a -7.0% organic change compared to the first nine months of 2019 (improving in Q3, which recorded a -4.1% organic change in sales). Adjusted EBITDA stood at €130 million, compared to €150 million in 2019. Margins also remained stable, with a 7.8% ratio to Sales, compared to 8.0% in the first nine months of 2019. The Renewables and Railways markets showed a positive performance, whereas the Mining, Aviation and Automotive businesses reported a less positive performance. Elevators showed good resilience, with stable profitability despite the decline in volumes due to the effects of the pandemic. The sharp decline of Automotive in Q2 slowed in Q3 with a recovery in volumes.

TELECOM

- **PARTLY EXPECTED DECLINE IN THE TELECOM BUSINESS RESULTS, WORSENERD BY THE EFFECTS OF THE PANDEMIC. IMPROVEMENT IN Q3 IN NORTH AMERICA**
- **COST CONTAINMENT MEASURES PARTLY OFFSET THE VOLUME REDUCTION AND PRICE PRESSURES (EUROPE)**
- **BROADBAND AND 5G SUPPORTING DIGITALISATION AS A MEDIUM-TERM GROWTH DRIVER**

Sales of the Telecom segment amounted to €1,047 million, with an organic decrease compared to the first nine months of 2019 (-16.9%), substantially in line with expectations. Signs of recovery were reported in Q3 thanks to the uptrend in North America (-10.0% organic change of sales in Q3). Adjusted EBITDA stood at €162 million compared to €230 million in the first nine months of 2019, with a 15.5% ratio to Sales compared to 17.8% in 2019.

The decline reported in the Optical Fiber Cables, partly expected and although worsened by the effects of the pandemic, is attributable to lower volumes and price pressures, whose effects were partially mitigated by cost efficiency measures.

The decrease in Multimedia Solutions reported in Q2 due to the effects of the pandemic lessened in Q3.

Long-term growth drivers are confirmed also in the current scenario, where the need of broadband telecommunications infrastructures has even increased, as they are necessary to support the irreversible digitalisation processes and the development of 5G.

Commitment to technological innovation continued. In the Netherlands, Prysmian supported the phone operator KPN within a project to develop a broadband network made of 90% recycled optic fibres.

(in millions of Euro)

	9 months 2020	9 months 2019	Change %
Sales	1,047	1,290	-18.9%
% organic sales change	-16.9%		
Adjusted EBITDA	162	230	-29.4%
% of sales	15.5%	17.8%	

PERFORMANCE BY GEOGRAPHICAL AREA: EXCELLENT PERFORMANCE OF ENERGY & INFRASTRUCTURES IN NORTH AMERICA DRIVEN BY ON-SHORE WIND

EMEA

Sales of the EMEA area in the first nine months of 2020 amounted to €4,010 million, with a -10.3%* organic change, due to the negative performance mainly recorded in Q2 in South Europe, Great Britain and MEAT. Sequential improvement in Q3 in Energy & Infrastructures. The Industrial business was driven by the Renewables market. Adjusted EBITDA amounted to €273 million compared to €372 million in the same period of 2019, with an 6.8% ratio to Sales, compared to 8.1% in the first nine months of 2019.

North America

The positive performance reported by Power Distribution and the whole Energy & Infrastructures business, thanks in particular to the contribution of On-shore Wind, accelerated by the approaching expiry of current incentives, supported sales in North America, while limiting the decline due to the pandemic. Revenues amounted to €2,355 million, with a -6.1%* organic change compared to 2019. Adjusted EBITDA grew to €293 million compared to €285 million in the same period of 2019, with an improvement of margins thanks to the business mix and the cost containment measures taken. Ratio to Sales improved to 12.5%, compared to 10.9% in the first nine months of 2019.

LatAm

Sales of the Central-South America Region for the first nine months of 2020 amounted to €531 million, with an organic change of -14.4%* mainly attributable to the effects of the pandemic in Q2. Significant recovery of results in Q3. Adjusted EBITDA amounted to €44 million, down compared to €69 million in the same period of 2019, with a 8.2% ratio to Sales, compared to 10.1% in the first nine months of 2019.

APAC

In the first nine months of 2020, sales in Asia Pacific amounted to €592 million, with an organic change of -12.7%*. Adjusted EBITDA amounted to €37 million compared to €47 million in the same period of 2019, with an essentially stable ratio to Sales (6.3% compared to 6.4% in the first nine months of 2019). The decline of Adjusted EBITDA is chiefly attributable to the impact of Covid-19. The Industrial business (OEM & Renewables) reported a positive performance. Q3 results benefitted from the carry over of the results that YOFC reported in Q2.

(in millions of Euro)

	Sales		Adjusted EBITDA	
	9 months 2020	9 months 2019	9 months 2020	9 months 2019
EMEA	4,010	4,617	273	372
North America	2,355	2,610	293	285
Central-South America	531	684	44	69
Asia and Oceania	592	724	37	47
Total	7,488	8,635	647	773

(*) Organic growth has been calculated by excluding the Projects segment.

OUTLOOK

The macroeconomic scenario deteriorated rapidly in the first nine months of 2020 due to the spread of the COVID-19 pandemic at the global level. In response to this health emergency, nearly all countries took containment measures such as restrictions on movement, quarantines and other public emergency initiatives, with severe repercussions on global economic activity and the entire economy.

In response to this crisis, the International Monetary Fund, among the major financial institutions, significantly reduced its economic growth estimates for 2020. According to the forecasts updated in October 2020, the global economy is expected to contract by 4.4% in 2020, compared with the expected growth of 3.3% forecast in early January. In any event, these forecasts incorporate a high degree of uncertainty, given the lack of visibility relating to various factors, including, for example, the duration of the pandemic, the intensity and efficacy of the containment measures, progress in the health situation, the speed of the recovery of demand and, above all, the second wave of the pandemic that is currently underway in many countries.

The extraordinary impacts of the Covid-19 pandemic also affected Prysmian Group's results, initially in China, where production and market demand were severely affected throughout the first quarter, followed by a recovery beginning in the second quarter. In mid-March the impact also extended to the other geographical areas affected by the pandemic (Europe, the Middle East and North and South America), above all in businesses connected to the construction sector (e.g., Trade & Installers) and those with significant installation activities. During the third quarter, there was a progressive resumption of activities in most countries, although levels remained lower than in the previous year. This resumption, accompanied by timely cost management and a flexible supply chain, allowed the management to protect the Group's results and restore the Group's consolidated margins to levels in line with the previous year.

Prysmian Group's long-term growth drivers, mainly relating to the energy transition to renewable sources, upgrading of telecommunications networks (digitalisation) and the electrification process, were confirmed. The Group may also count on extensive diversification by business and geographical areas, a sound financial structure, an efficient, flexible supply chain and a lean organisation — all factors that are permitting a confident response to the emergency.

In light of the above considerations, the Group confirms the 2020 guidance previously released to the market on 30 July with confidence. In 2020, unless there are significant shifts in the course of the health emergency and thus further discontinuities and slowdowns in global economic activities, the Group expects to achieve an adjusted EBITDA of €800-€850 million and to generate cash flows of €200-€300 million (free cash flow before acquisitions, disposals and dividends). These forecasts are based on the Company's current business scope, assume exchange rates in line with the average for financial year 2019 and do not include impacts on cash flow relating to antitrust decisions and the related follow-on cases.

AMENDMENTS TO THE BY-LAWS

Today the Board of Directors of Prysmian S.p.A. amended its By-laws to comply with Consob Resolution No. 21359 of 13 May 2020 regarding gender balance within company bodies, according to the procedures set out in Article 2365, paragraph 2, of the Italian Civil Code, and Article 17, paragraph 3, of the By-laws. More specifically, the amendments to the By-laws, specifically to Articles 14 (Board of Directors) and 21 (Board of Statutory Auditors), aligned the provisions of the By-laws regarding the composition of lists for the presentation of candidates for the renewal of company bodies with the legislation currently in force. The By-laws thus amended will be available on the Company's website at the address www.prysmiangroup.com (in the section Company/Governance), on the website of Borsa Italiana S.p.A. at the address www.borsaitaliana.it and from the authorised storage facility at the address www.emarketstorage.com, as soon as registration of the document with the Companies Register is completed.

Prysmian Group's Financial Report at 30 September 2020, approved by the Board of Directors today, will be made available to the public by 14 November 2020 at the Company's registered office in Via Chiese 6, Milan, and at Borsa Italiana S.p.A. It will also be available on the corporate website at www.prysmiangroup.com and in the authorised central storage mechanism used by the Company at www.emarketstorage.com. This document may contain forward-looking statements relating to future events and future operating, economic and financial results of Prysmian Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Therefore, actual results may differ materially from those reflected in forward-looking statements due to a variety of factors. The managers responsible for preparing corporate accounting documents (Carlo Soprano and Alessandro Brunetti) hereby declare, pursuant to Article 154-bis, paragraph 2 of Italy's Unified Financial Act, that the accounting information contained in this press release corresponds to the underlying documents, accounting books and records.

The results at 30 September 2020 will be presented to the financial community during a conference call to be held today at 4:00 pm CET, a recording of which will be subsequently made available on the Group's website: www.prysmiangroup.com. The documentation used during the presentation will be available today in the Investor Relations section of the Prysmian website at www.prysmiangroup.com and can be viewed on the Borsa Italiana website www.borsaitaliana.it and in the central storage mechanism at www.emarketstorage.com.

Prysmian Group

Prysmian Group is world leader in the energy and telecom cable systems industry. With almost 140 years of experience, sales of over €11 billion, about 29,000 employees in over 50 countries and 106 plants, the Group is strongly positioned in high-tech markets and offers the widest possible range of products, services, technologies and know-how. It operates in the businesses of underground and submarine cables and systems for power transmission and distribution, of special cables for applications in many different industries and of medium and low voltage cables for the construction and infrastructure sectors. For the telecommunications industry, the Group manufactures cables and accessories for voice, video and data transmission, offering a comprehensive range of optical fibres, optical and copper cables and connectivity systems. Prysmian is a public company, listed on the Italian Stock Exchange in the FTSE MIB index.

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ANNEX A

Consolidated Statement of Financial Position

(in millions of Euro)

	30 September 2020	31 December 2019
Non-current assets		
Property, plant and equipment	2,657	2,804
Goodwill	1,548	1,590
Other intangible assets	504	564
Equity-accounted investments	311	314
Other investments at fair value through other comprehensive income	13	13
Financial assets at amortised cost	4	4
Derivatives	19	7
Deferred tax assets	195	170
Other receivables	28	38
Total non-current assets	5,279	5,504
Current assets		
Inventories	1,505	1,523
Trade receivables	1,668	1,475
Other receivables	784	816
Financial assets at fair value through income statement	12	27
Derivatives	52	33
Financial assets at fair value through other comprehensive income	11	11
Cash and cash equivalents	474	1,070
Total current assets	4,506	4,955
Assets held for sale	4	27
Total assets	9,789	10,486
Equity		
Share capital	27	27
Reserves	2,106	2,096
Net result attributable to the Group	140	292
Equity attributable to the Group	2,273	2,415
Share capital and reserves attributable to non-controlling interests	171	187
Total equity	2,444	2,602
Non-current liabilities		
Borrowings from banks and other lenders	3,032	3,032
Employee benefit obligations	493	494
Provisions for risks and charges	34	60
Deferred tax liabilities	214	213
Derivatives	16	18
Other payables	9	11
Total non-current liabilities	3,798	3,828
Current liabilities		
Borrowings from banks and other lenders	125	212
Provisions for risks and charges	636	717
Derivatives	34	35
Trade payables	1,671	2,062
Other payables	1,040	969
Current tax payables	39	51
Total current liabilities	3,545	4,046
Liabilities held for sale	2	10
Total liabilities	7,345	7,884
Total equity and liabilities	9,789	10,486

Consolidated Income Statement

(in millions of Euro)

	9 months 2020	9 months 2019
Sales	7,488	8,635
Change in inventories of finished goods and work in progress	13	101
Other income	59	64
Total sales and income	7,560	8,800
Raw materials, consumables used and goods for resale	(4,746)	(5,474)
Fair value change in metal derivatives	5	2
Personnel costs	(1,048)	(1,114)
Amortisation, depreciation, impairment and impairment reversal	(289)	(235)
<i>Other expenses</i>	(1,203)	(1,522)
Operating income before share of net profit/(loss) of equity-accounted companies	279	457
Share of net profit/(loss) of equity-accounted companies	15	22
Operating income	294	479
Finance costs	(424)	(351)
Finance income	345	249
Result before taxes	215	377
Taxes	(78)	(104)
Net Result	137	273
Of which:		
attributable to non-controlling interests	(3)	2
attributable to the Group	140	271
Basic earnings/(loss) per share (in Euro)	0.53	1.03
Diluted earnings/(loss) per share (in Euro)	0.53	1.03

Consolidated Income Statement – 3Q results

(in millions of Euro)

	3 rd quarter 2020	3 rd quarter 2019
Sales	2,503	2,786
Change in inventories of finished goods and work in progress	55	4
Other income	15	40
Total sales and income	2,573	2,830
Raw materials, consumables used and goods for resale	(1,657)	(1,744)
Fair value change in metal derivatives	13	2
Personnel costs	(336)	(369)
Amortisation, depreciation, impairment and impairment reversal	(80)	(79)
<i>Other expenses</i>	(402)	(505)
Operating income before share of net profit/(loss) of equity-accounted companies	111	135
Share of net profit/(loss) of equity-accounted companies	10	9
Operating income	121	144
Finance costs	(135)	(142)
Finance income	111	112
Result before taxes	97	114
Taxes	(36)	(33)
Net Result	61	81
Of which:		
attributable to non-controlling interests	(1)	-
attributable to the Group	62	81

Consolidated Statement of Comprehensive Income

(in millions of Euro)

	9 months 2020	9 months 2019
Net result	137	273
Other components of comprehensive income/(loss) for the period		
A) Change in the Cash Flow Hedge reserve:	18	(8)
- Gross of tax	28	(12)
- Tax effect	(10)	4
B) Currency translation differences	(264)	145
C) Measurement of financial instruments at fair value through other comprehensive income:	-	1
- Gross of tax	-	1
D) Actuarial gains/(losses) on employee benefits (*):	(7)	(54)
- Gross of tax	(13)	(70)
- Tax effect	6	16
Total other components of comprehensive income/(loss) for the period (A+B+C+D)	(253)	84
Total comprehensive income/(loss) for the period	(116)	357
Of which:		
attributable to non-controlling interests	(12)	10
attributable to the Group	(104)	347

(*) The Statement of Comprehensive Income items which cannot be restated in the net result of the year in subsequent periods

Consolidated Statement of Comprehensive Income - 3Q results

(in millions of Euro)

	3 rd quarter 2020	3 rd quarter 2019
Net result	61	81
Other components of comprehensive income/(loss) for the period		
A) Change in the Cash Flow Hedge reserve:	15	-
- Gross of tax	24	(2)
- Tax effect	(9)	2
B) Currency translation differences	(155)	114
C) Measurement of financial instruments at fair value through other comprehensive income:	-	1
- Gross of tax	-	1
D) Actuarial gains/(losses) on employee benefits (*):	-	-
- Gross of tax	-	-
- Tax effect	-	-
Total other components of comprehensive income/(loss) for the period (A+B+C+D)	(140)	115
Total comprehensive income/(loss) for the period	(79)	196
Of which:		
attributable to non-controlling interests	(10)	8
attributable to the Group	(69)	188

(*) The Statement of Comprehensive Income items which cannot be restated in the net result of the year in subsequent periods

Consolidated Statement of Cash Flows

(in millions of Euro)

	9 months 2020	9 months 2019
Result before taxes	215	377
Depreciation and impairment	289	235
Net gains on disposal of non-current assets	(12)	(1)
Share of net profit/(loss) of equity-accounted companies	(15)	(22)
Dividends received from equity-accounted companies	8	8
Share-based payments	23	(1)
Fair value change in metal derivatives	(5)	(2)
Net finance costs	79	102
Changes in inventories	(49)	(161)
Changes in trade receivables/payables	(579)	(308)
Changes in other receivables/ payables	99	(362)
Change in the provision for employee benefit obligations	(8)	(13)
Change in the provisions and other movements	(71)	(90)
Net income taxes paid	(87)	(81)
A. Net cash flow provided from operating activities	(113)	(319)
Net cash flow from acquisitions and/or disposals	(5)	-
Investments in property, plant and equipment	(157)	(127)
Disposals of property, plant and equipment	9	6
Investments in intangible assets	(13)	(16)
Investments in financial assets at fair value through profit/(loss)	-	(2)
Disposal of assets at fair value through profit/(loss)	8	4
Disposal of assets at amortised cost	-	1
Disposal of assets held for sale	-	7
B. Net cash flow provided from investing activities	(158)	(127)
Dividend distribution	(70)	(118)
Proceeds of new loans	-	100
Repayment of loans	(116)	(117)
Changes in net financial receivables/payables	(41)	(2)
Finance costs paid	(394)	(282)
Finance income received	324	203
C. Net cash flow provided from financing activities	(297)	(216)
D. equivalents	(28)	8
E. Total cash flow of the period (A+B+C+D)	(596)	(654)
F. period	1,070	1,000
G. (E+F)	474	346

ANNEX B

Reconciliation table between Net result, EBITDA and adjusted EBITDA of the Group

(in millions of Euro)

	9 months 2020	9 months 2019
Net result	137	273
Taxes	78	104
Finance income	(345)	(264)
Finance costs	424	366
Amortisation, depreciation, impairment and impairment reversal	289	235
Fair value change in metal derivatives	(5)	(2)
Fair value change in stock options	23	(1)
EBITDA	601	711
Company reorganization	17	17
Non-recurring expenses/(income)	16	20
Other non-operating expenses/(income)	13	25
Total adjustments to EBITDA	46	62
Adjusted EBITDA	647	773

Statement of Cash Flows with reference to change in net financial position

(in millions of Euro)

	9 months 2020	9 months 2019	Change
EBITDA	601	711	(110)
Changes in provisions (including employee benefit obligations) and other movements	(79)	(103)	24
Net gains on disposal of assets	(12)	(1)	(11)
Share of net profit/(loss) of equity-accounted companies	(15)	(22)	7
Net cash flow from operating activities (before changes in net working capital)	495	585	(90)
Changes in net working capital	(529)	(831)	302
Taxes paid	(87)	(81)	(6)
Dividends from investments in equity-accounted companies	8	8	-
Net cash flow from operating activities	(113)	(319)	206
Cash flow from acquisitions and/or disposal	(5)	-	(5)
Net cash flow used in operating activities	(161)	(130)	(31)
Free cash flow (unlevered)	(279)	(449)	170
Net finance costs	(70)	(79)	9
Free cash flow (levered)	(349)	(528)	179
Dividend distribution	(70)	(118)	48
Capital contributions and other changes in equity	-	-	-
Net cash flow of the period	(419)	(646)	227
Opening net financial debt	(2,140)	(2,222)	82
Net cash flow provided/(used) in the period	(418)	(646)	228
Increase due to IFRS 16	(50)	(155)	105
Other changes	(60)	(4)	(56)
Closing net financial debt	(2,669)	(3,027)	358

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