Prysmian Group

Press release

PRYSMIAN
Draka

PRYSMIAN S.P.A., FIRST-HALF 2012 RESULTS

SALES STABLE; GROWTH IN NORTH AMERICA (+18.9%) AND SOUTH AMERICA (+9.0%)
IMPROVED PROFITABILITY, ADJ EBITDA +7.4%
ADJ EBITDA FY 2012 EXPECTED AT UPPER END OF RANGE (€600M - €650M)

30 JUNE 2012 RESULTS

- **SALES: €3,916 MILLION (€3,965 MILLION IN 1H 2011**; ORGANIC CHANGE +0.0%)**
- **ADJ EBITDA [1]: €308 MILLION (€287 MILLION IN 1H 2011**; +7.4%)**
- **ADJ OPERATING INCOME [2]: €229 MILLION (€212 MILLION IN 1H 2011**; +8.0%)**
- **ADJ NET PROFIT [3]: €130 MILLION (€113 MILLION IN 1H 2011*; +15.0%)**
- **NET FINANCIAL POSITION €1,396 MILLION (€1,378 MILLION AT 30 JUNE 2011; €1,064 MILLION AT 31 DECEMBER 2011)**

Milan, 7/8/2012. The Board of Directors of Prysmian S.p.A. has approved today the Group's consolidated results for the first half of 2012.

"The Group has further diversified the geographical distribution of its business - explains CEO Valerio Battista – with increased exposure to North and South American markets. These markets have experienced a more pronounced recovery in demand, with positive sales performance allowing us to offset decline in Central and Southern Europe. We have also improved the mix of business, thanks to the increased weight of the telecom business and enlargement of the range of higher tech energy cables. The half-year results confirm the strong cost synergies expected from the successful integration with Draka, with positive effects on profitability. Despite a still generally difficult scenario, the Group is on track to meet its originally announced targets for full year 2012 (Adj EBITDA €600-€650 million), with the upper end of the range thought likely to be achieved (€625-€650 million)."

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

(in milions of Euro)	1st half 2012	1st half 2011 (*)	% Change
Sales	3,916	3,574	9.6%
EBITDA	266	26	n.a.
Adjusted EBITDA	308	269	14.4%
Operating income	178	(72)	n.a.
Adjusted operating income	229	204	12.2%
Profit before taxes	128	(130)	n.a.
Net profit/(loss) for the period	90	(156)	n.a.

(in milions of Euro)

	1st half 2012	1st half 2011 (**) Pro-forma				% Change
		Prysmian	Draka	Adjustments	Total	
Sales	3,916	2,653	1,322	(10)	3,965	-1.3%
Adjusted EBITDA	308	201	86	-	287	7.4%
Adjusted operating income	229	163	55	(6)	212	8.0%

(in milions of Euro)

	30 June 2012	30 June 2011	Change
Net capital employed	2,829	2,709	120
Employee benefit obligations	308	234	74
Equity	1,125	1,097	28
of which attributable to non-controlling interests	52	67	(15)
Net financial position	1,396	1,378	18

(*) Includes the Draka Group's results for the period 1 March - 30 June 2011.
(**)The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

[1] Adjusted EBITDA is defined as EBITDA before non-recurring income/(expenses), as reported in the table in Annex B.
[2] Adjusted operating income is defined as operating income before non-recurring income/(expenses) and the fair value change in metal derivatives and in other fair value items.
[3] Adjusted net profit is defined as net profit before non-recurring income and expenses, the fair value change in metal derivatives and in other fair value items, the effect of currency and interest rate derivatives, exchange rate differences and the related tax effects.

FINANCIAL RESULTS

Group **Sales** amounted to €3,916 million compared with €3,965 million in the first half of 2011 (pro- forma figure with Draka consolidated from January 2011). The good sales performance achieved in North America (+18.9%) and South America (+9.0%) offset the downturn in Europe (-4.1%), allowing the Group to keep its overall sales stable even in a still critical market scenario. Assuming the same group perimeter and excluding metal price and exchange rate effects, the **organic change** was 0.0%.

Group **Adjusted EBITDA** climbed to €308 million, up 7.4% from the first half 2011 pro-forma figure of €287 million. The improvement in profitability is attributable to performance in the Telecom and Industrial business areas, as well as to lower overhead costs, primarily thanks to synergies resulting from integration with Draka.

Group **EBITDA**[4] amounted to €266 million, with a marked improvement on the consolidated figure of €26 million in the corresponding period of 2011. EBITDA 2011 reflected the adverse impact of €243 million in non-recurring expenses (of which €200 million in provisions against the antitrust investigations) compared with €42 million in the first half of 2012.

Group **Adjusted operating income** rose to €229 million, an increase of +8.0% from the first half 2011 pro-forma figure of €212 million. Amortisation and depreciation charges increased on the corresponding six months last year due to the full impact on the first half of 2012 of higher amortisation and depreciation charges resulting from the increase in Draka's asset values (following the application of Purchase Price Accounting with effect from 1 March 2011).

Group **Operating income** was €178 million, a significant increase from the negative €72 million reported in the corresponding period of 2011 (consolidating Draka from 1 March 2011).

Net finance income and costs, including the share of income/(loss) from associates, reported a negative balance of €50 million, down from the first half 2011 consolidated figure of €58 million.

Adjusted net profit increased by 15.0% to €130 million from €113 million in the first half of 2011 (consolidating Draka from 1 March 2011). Net result, which was a negative €156 million in the first half of 2011 (consolidating Draka from 1 March 2011), rose to a positive €90 million.

Net financial position at the end of June 2012 amounted to €1,396 million, compared with €1,378 million at 30 June 2011 and €1,064 million at 31 December 2011, having been particularly affected by the following factors:

- positive cash flows from operating activities (before changes in Net Working Capital) of €258 million;
- increase of €359 million in working capital mainly due to the seasonality of sales and higher requirements in connection with high voltage and submarine projects;
- payment of €32 million in taxes;
- net operating investments of €63 million;
- outlay of €35 million to purchase non-controlling interests in companies operating in Brazil in the Telecom business area and the remaining Draka shares under the squeeze-out procedure;
- payment of €76 million in net finance costs;
- distribution of €45 million in dividends.

[4] 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 costs and income, the share of income/(loss) from associates, dividends from other companies and taxes.

Prysmian Group

PRYSMIAN Draka

ENERGY CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **ORDER BOOKS FOR HV UNDERGROUND AND SUBMARINE CABLES AT RECORD LEVELS, IN EXCESS OF €2.3 BILLION**
- **DECLINE IN POWER DISTRIBUTION VOLUMES**
- **INDUSTRIAL: CONTINUED GROWTH IN SALES AND PROFITABILITY THANKS TO O&G, RENEWABLES AND ELEVATORS**
- **T&ISTABLE AT LOW LEVELS**

(in milions of Euro)

	1st half 2012	1st half 2011 (*)	% Change
Sales to third parties	3,170	2,989	6.1%
Adjusted EBITDA	**229**	**215**	**6.5%**
% of sales	7.2%	7.1%	
EBITDA	**206**	**(2)**	**n.a.**
% of sales	6.5%	-0.1%	
Amortisation and depreciation	(54)	(47)	14.9%
Adjusted operating income	**175**	**168**	**4.2%**
% of sales	5.5%	5.6%	

(in milions of Euro)

	1st half 2012	1st half 2011 (**) Pro-forma				% Change
		Prysmian	Draka	Adjustments	Total	
Sales to third parties	3,170	2,383	890	(9)	3,264	-2.9%
Adjusted EBITDA	**229**	**178**	**47**	**-**	**225**	**1.8%**
% of sales	7.2%	7.5%	5.3%		6.9%	
Adjusted operating income	**175**	**144**	**30**	**(1)**	**173**	**1.2%**
% of sales	5.5%	6.0%	3.4%		5.3%	

(*) Includes the Draka Group's results for the period 1 March - 30 June 2011.
(**)The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

Sales to third parties by the Energy Cables and Systems segment amounted to €3,170 million compared with the first half 2011 pro-forma figure of €3,264 million, reporting a slight **organic decrease** (-0.4%). Adjusted EBITDA amounted to €229 million, posting an increase of +1.8% on the first half 2011 pro-forma figure of €225 million.

Trade & Installers

Sales to third parties by the Trade & Installers business amounted to €1,110 million, posting a small organic decrease (-0.4%) on the first half 2011 pro-forma figure. Demand showed further signs of contracting in Europe, particularly in Italy and Spain, while confirming the recovery trend in North and South America and Australia. The Group was nevertheless able to maintain its share in key European markets by pursuing a strategy focused on key customers. Even in South America the Group maintained and in some cases increased its market share despite tough competition in the construction industry. Of particular note is a major contract to supply Fire Resistant cables to the new Macao Taipa ferry terminal in China, confirming the ability to capture higher tech market segments offering greater value added. The Group also started to rationalise its industrial structure in Europe with the aim of sustaining profitability. Adjusted EBITDA amounted to €28 million, slightly up on the first half last year.

(in milions of Euro)

	1st half 2012	1st half 2011 (*) Pro-forma	% Change	% Organic Change
Sales to third parties	1,110	1,159	-4.2%	-0.4%
Adjusted EBITDA	**42**	**41**		
% of sales	3.8%	3.5%		
Adjusted operating income	**28**	**26**		
% of sales	2.5%	2.4%		

(*)The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

Utilities

Sales to third parties by the Utilities business amounted to €1,073 million compared with the first half 2011 pro-forma figure of €1,125 million, with a 2.4% organic decrease, coming from nearly all lines of business, except for submarine cables and systems, and geographically concentrated in European and Asian markets. The organic reduction in sales affected the profitability of the Utilities business, with Adjusted EBITDA decreasing to €117 million from a first half 2011 pro-forma figure of €135 million. The current order book for high voltage underground and submarine cables points towards a significant recovery in sales and profitability in the second half of the year.

Demand for high voltage underground cables, although generally suffering from the uncertain macroeconomic conditions, particularly in Europe, showed signs of recovery in North America and in countries with growing demand for energy infrastructure such as Russia, Brazil, China and India. The order book provides sales visibility for about one year and expanded further during the second quarter thanks to new projects by major customers such as Enel, EDF and Tennet. Based on the order book, profitability is expected to increase significantly in the second half of the year, also thanks to better saturation of production capacity in both the USA and Europe and to a concentration of high value-added projects.

Sales by the submarine cables and systems business line reported a sharp increase on the corresponding period of 2011, reflecting progress on major renewable energy interconnection and development projects. The value of the order book remains at record levels, assuring sales visibility for nearly three years, with demand continuing to grow apace, driven by the development of renewables (offshore wind farms, which now account for nearly 50% of the order book) and the need for new interconnections. Of note is the growth of investments in Asia, where the Group has been awarded its first submarine project in Vietnam. With the aim of consolidating its market and technological leadership, the Group continued to implement its policy of targeted investments in new production capacity, with the start of operation of the submarine cables plant in Pikkala (Finland), the enhancements at Drammen (Norway) and the investments already made and planned in Arco Felice (Italy). The Group's technological primacy was reconfirmed with the award of the Westernlink project, the first 600 kV submarine link in the world.

Demand in the power distribution business line continued to be weak. Countries in Central and Southern Europe particularly suffered, while signs of recovery were seen in North and South America. The Group is focusing on innovation and customer service and over the last few months it launched a new range of products and services for smart grid applications as well as niche technologies for monitoring electricity grid efficiency.

(in milions of Euro)

	1st half 2012	1st half 2011 (*) Pro-forma	% Change	% Organic Change
Sales to third parties	1,073	1,125	-4.7%	-2.4%
Adjusted EBITDA	**117**	**135**		
% of sales	10.9%	12.0%		
Adjusted operating income	**100**	**115**		
% of sales	9.3%	10.3%		

(*)The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

Industrial

Sales to third parties by the Industrial cables business amounted to €920 million, delivering 4.9% organic growth on the first half of 2011. On the whole, markets were stable or growing, with significant differences between the various geographical regions and industrial sectors. Positive performances were recorded in the oil sector, with an increasingly significant contribution from products and technologies for offshore oil drilling, in renewable energy, particularly in North and South America, Germany and Australia, and in port infrastructure. The Group confirmed its leadership in the Elevator cables segment after acquiring the important project to supply cables for installations in the new World Trade Center in New York. Lastly, the Automotive cable market was weak in Europe while volumes grew in Asia, and North and South America.

The Surf business line is expected to see a second-half upturn in orders for flexible pipes, also thanks to certification of the 6" model, and for umbilicals for offshore oil drilling.

Adjusted EBITDA amounted to €70 million, reporting an increase of €20 million on the first half 2011 pro-forma figure.

(in milions of Euro)

	1st half 2012	1st half 2011 (*) Pro-forma	% Change	% Organic Change
Sales to third parties	920	889	3.6%	4.9%
Adjusted EBITDA	**70**	**50**		
% of sales	7.6%	5.6%		
Adjusted operating income	**49**	**34**		
% of sales	5.4%	3.8%		

(*)The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

TELECOM CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **POSITIVE ORGANIC GROWTH FOR OPTICAL CABLES**
- **POSITIVE TREND IN DEMAND, PARTICULARLY IN NON-EUROPEAN MARKETS**
- **SIGNIFICANT INCREASE IN PROFITS**

Sales to third parties by the Telecom Cables and Systems segment amounted to €746 million compared with a first half 2011 pro-forma figure of €701 million, delivering 1.7% organic growth primarily thanks to increased volumes of optical cables, driven by the growth in demand particularly in non-European countries.

The Group reported increased volumes for optical fibre and cables in the United Kingdom and Eastern Europe; in North America positive sales performance was accompanied by improvements in profitability; Brazil, one of the countries now contributing most to profitability, can expect to see further investments in coming years; lastly, demand in China continued to be very strong thanks to the construction of new backbone infrastructure. In Australia, first-half volumes were affected by the phasing of the NBN project (National Broadband Network), with activity expected to pick up in the second half.

The Group's Multimedia and Specials business line reported an increase in profitability. Rising demand was confirmed also thanks to a strong expansionary phase for Data System Centers. Lastly, the OPGW business line enjoyed significant growth in Europe, the Middle East and South America.

With the aim of consolidating and strengthening growth in the increasingly strategic Brazilian market, the Group recently acquired all the shares in Telcon and Draktel, two joint ventures acquired with the integration of Draka.

The Group continues to focus its strategy on constantly improving product mix and improving industrial efficiency. Adjusted EBITDA amounted to €79 million, an increase of 28.1% on the first half 2011 pro-forma figure of €62 million.

(in milions of Euro)

	1st half 2012	1st half 2011 (*)	% Change
Ricavi vs Terzi	746	585	27.6%
EBITDA rettificato	**79**	**54**	**47.1%**
% su Ricavi	10.6%	9.0%	
EBITDA	**68**	**44**	**55.5%**
% su Ricavi	9.2%	7.3%	
Ammortamenti	(25)	(18)	39.8%
Risultato operativo rettificato	**54**	**36**	**50.8%**
% su Ricavi	7.3%	6.0%	

(in milions of Euro)

	1st half 2012	1st half 2011 (**) Pro-forma				% Change
		Prysmian	Draka	Adjustments	Total	
Sales to third parties	746	270	432	(1)	701	6.4%
Adjusted EBITDA	**79**	**23**	**39**	**-**	**62**	**28.1%**
% of sales	10.6%	8.5%	9.0%		8.6%	
Adjusted operating income	**54**	**19**	**25**	**(5)**	**39**	**39.2%**
% of sales	7.3%	7.0%	5.8%		5.4%	

(*) Includes the Draka Group's results for the period 1 March - 30 June 2011.
(**)The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

BUSINESS OUTLOOK

The macroeconomic environment in the first half of 2011 had confirmed the initial signs of recovery already seen in 2010, albeit with very low growth rates at levels still well below those before the 2008 financial crisis. However, the second half of 2011 and first half of the current year began to be affected by growing concerns about Eurozone and US debt sustainability, leading to a sharp deterioration in business confidence and a gradual slowing of industrial output and demand. In such a context, the Group expects that 2012 will see a slight contraction in demand for medium voltage power distribution cables, for building wires and for those products in the Industrial sector most exposed to cyclical trends. Instead, positive developments in demand are confirmed for the high value-added businesses of submarine power transmission, renewable energy, offshore Oil&Gas and fibre optic cables for major telecom operators.

Despite the gradual deterioration in macroeconomic conditions, the results achieved in the first six months, combined with the size of the current order book, lead the Group to expect an increase in Adjusted EBITDA for FY 2012 in the range of €600–€650 million (FY 2011: €568 million), with the upper end of the range thought likely to be achieved (€625-€650 million). This range is related to development of demand on the reference markets in the second half of the year and reflects the consolidation of Draka for the full year (in 2011 Draka was consolidated from 1 March). The expected increase in profitability is essentially due to synergies resulting from integration with Draka, as well as growth in higher value-added business areas.

In fact, during 2012 the Prysmian Group will continue to integrate the activities of Draka in order to optimise and rationalise the new Group's organisational and production structure with the goal of further strengthening its presence in all areas of business and of achieving the projected cost synergies.

The Prysmian Group's First-Half Report 2012, approved by the Board of Directors today, will be available to the public from today, with the independent auditors' report, at the Company's registered office in Viale Sarca 222, Milan and at Borsa Italiana S.p.A.. It will also be available on the corporate website at www.prysmian.com.

The present document may contain forward-looking statements relating to future events and 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. Therefore, actual future results may differ materially from what is expressed in forward-looking statements as a result of a variety of factors.

The managers responsible for preparing corporate accounting documents (Carlo Soprano and Jordi Calvo), hereby declare, pursuant to art. 154-bis par. 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 first-half results for 2012 will be presented to the financial community during a conference call to be held today at 18:00 CET, a recording of which will be subsequently made available on the Group's website: www.prysmian.com.

The documentation used during the presentation will be available today in the Investor Relations section of the Prysmian website at www.prysmian.com.

Prysmian Group

Prysmian Group is world leader in the energy and telecom cables and systems industry. With sales of some €8 billion in 2011, 22,000 employees across 50 countries and 97 plants, the Group is strongly positioned in high-tech markets and offers the widest range of products, services, technologies and know-how. In the Energy sector, Prysmian Group operates in the business of underground and submarine power transmission cables and systems, special cables for applications in many different industrial sectors and medium and low voltage cables for the construction and infrastructure industry. In the Telecom sector, the Group manufactures cables and accessories for the voice, video and data transmission industry, offering a complete range of optical fibres, optical and copper cables and connectivity systems. Prysmian is listed on the Milan Stock Exchange in the Blue Chip index.

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Prysmian Group

PRYSMIAN Draka

ANNEX A

Consolidated statement of financial position

(in milions of Euro)

	30 June 2012	31 December 2011
Non-current assets		
Property, plant and equipment	1,547	1,539
Intangible assets	619	618
Investments in associates	91	87
Available-for-sale financial assets	5	6
Derivatives	5	2
Deferred tax assets	99	97
Other receivables	43	52
Total non-current assets	**2,409**	**2,401**
Current assets		
Inventories	1,111	929
Trade receivables	1,462	1,197
Other receivables	626	516
Financial assets held for trading	50	80
Derivatives	22	28
Cash and cash equivalents	472	727
Total current assets	**3,743**	**3,477**
Assets held for sale	2	5
Total assets	**6,154**	**5,883**
Equity attributable to the Group:	**1,073**	**1,042**
Share capital	21	21
Reserves	962	1,157
Net profit/(loss) for the period	90	(136)
Equity attributable to non-controlling interests:	**52**	**62**
Share capital and reserves	52	71
Net profit/(loss) for the period	-	(9)
Total equity	**1,125**	**1,104**
Non-current liabilities		
Borrowings from banks and other lenders	1,482	880
Other payables	30	32
Provisions for risks and charges	64	67
Derivatives	50	36
Deferred tax liabilities	110	106
Employee benefit obligations	308	268
Total non-current liabilities	**2,044**	**1,389**
Current liabilities		
Borrowings from banks and other lenders	429	982
Trade payables	1,577	1,421
Other payables	632	571
Derivatives	42	71
Provisions for risks and charges	294	295
Current tax payables	11	50
Total current liabilities	**2,985**	**3,390**
Total liabilities	**5,029**	**4,779**
Total equity and liabilities	**6,154**	**5,883**

Consolidated income statement

(in milions of Euro)

	1st half 2012	1st half 2011 (*)
Sales of goods and services	3,916	3,574
Change in inventories of work in progress, semi-finished and finished goods	88	13
of which non-recurring change in inventories of work in progress, semi-finished and finished goods	-	*(14)*
Other income	20	24
of which non-recurring other income	*1*	*1*
Raw materials, consumables used and goods for resale	(2,666)	(2,473)
Fair value change in metal derivatives	1	(33)
Personnel costs	(518)	(416)
of which non-recurring personnel costs	*(22)*	*(7)*
of which personnel costs for stock option fair value	*(9)*	-
Amortisation, depreciation and impairment	(80)	(65)
of which non-recurring impairment	*(1)*	-
Other expenses	(583)	(696)
of which non-recurring other expenses	*(21)*	*(223)*
Operating income	**178**	**(72)**
Finance costs	(192)	(157)
of which non-recurring finance costs	*(2)*	-
Finance income	134	95
Share of income from investments in associates and dividends from other companies	8	4
Profit before taxes	**128**	**(130)**
Taxes	(38)	(26)
Net profit/(loss) for the period	**90**	**(156)**
Attributable to:		
Owners of the parent	90	(156)
Non-controlling interests	-	-
Basic earnings/(loss) per share (in Euro)	**0.43**	**(0.76)**
Diluted earnings/(loss) per share (in Euro)	**0.43**	**(0.76)**

Consolidated statement of comprehensive income

(in milions of Euro)

	1st half 2012	1st half 2011(*)
Net profit/(loss) for the period	**90**	**(156)**
Fair value gains/(losses) on available-for-sale financial assets - gross of tax	-	1
Fair value gains/(losses) on available-for-sale financial assets - tax effect	-	-
Fair value gains/(losses) on cash flow hedges - gross of tax	(5)	18
Fair value gains/(losses) on cash flow hedges - tax effect	2	(5)
Actuarial gains/(losses) on employee benefits - gross of tax	(28)	2
Actuarial gains/(losses) on employee benefits - tax effect	3	-
Currency translation differences	4	(32)
Total post-tax other comprehensive income/(loss) for the period	**(24)**	**(16)**
Total comprehensive income/(loss) for the period	**66**	**(172)**
Attributable to:		
Owners of the parent	66	(169)
Non controlling interests	-	(3)

(*) Includes the Draka Group's results for the period 1 March - 30 June 2011.

Consolidated statement of cash flows

(in milions of Euro)

		1st half 2012	1st half 2011(*)
	Profit before taxes	128	(130)
	Depreciation and impairment of property, plant and equipment	65	55
	Amortisation and impairment of intangible assets	15	10
	Net gains on disposal of property, plant and equipment, intangible assets and other non-current assets	(1)	(1)
	Share of income from investments in associates	(8)	(4)
	Fair value – stock option	9	-
	Fair value change in metal derivatives and other fair value items	(1)	33
	Net finance costs	58	62
	Changes in inventories	(167)	(58)
	Changes in trade receivables/payables	(104)	(79)
	Changes in other receivables/payables	(89)	43
	Changes in receivables/payables for derivatives	1	1
	Taxes paid	(32)	(37)
	Utilisation of provisions (including employee benefit obligations)	(48)	(41)
	Increases in provisions (including employee benefit obligations)	41	218
A.	**Net cash flow provided by/(used in) operating activities**	**(133)**	**72**
	Acquisitions	(35)	(419)
	Investments in property, plant and equipment	(55)	(46)
	Disposals of property, plant and equipment	2	11
	Investments in intangible assets	(10)	(11)
	Investments of financial assets held for trading	(2)	-
	Disposals of financial assets held for trading	29	20
	Disposals of available-for-sale financial assets	-	143
	Dividends received	6	4
B.	**Net cash flow provided by/(used in) investing activities**	**(65)**	**(298)**
	Capital contribution and other changes in equity	-	1
	Dividend distribution	(45)	(36)
	Finance costs paid	(188)	(176)
	Finance income received	112	87
	Changes in net financial payables	54	272
C.	**Net cash flow provided by/(used in) financing activities**	**(67)**	**148**
D.	Currency translation gains/(losses) on cash and cash equivalents	**10**	**(9)**
E.	**Total cash flow provided/(used in) the period (A+B+C+D)**	**(255)**	**(87)**
F.	**Net cash and cash equivalents at the beginning of the period**	727	630
G.	**Net cash and cash equivalents at the end of the period (E+F)**	**472**	**543**

(*) Includes the Draka Group's results for the period 1 March - 30 June 2011.

ANNEX B

Reconciliation table between net Profit/(Loss) for the period, EBITDA and adjusted EBITDA of the Group

(in milions of Euro)

	1st half 2012	1st half 2011 (*)
Net profit/(loss) for the period	90	(156)
Taxes	38	26
Share of income from investments in associates and dividends from other companies	(8)	(4)
Finance income	(134)	(95)
Finance costs	192	157
Amortisation, depreciation and impairment	80	65
Fair value change in metal derivatives	(1)	33
Fair value change in stock options	9	-
EBITDA	**266**	**26**
Company reorganisation	27	12
Antitrust	3	200
Draka integration costs	3	6
Tax inspections	3	-
Environmental remediation and other costs	1	-
Italian pensions reform	1	-
Other non-recurring expenses	5	-
Draka acquisition costs	-	6
Effects of Draka change of control	-	2
Release of Draka inventory step-up	-	14
Business interruption Libya	-	4
Gains on disposal of assets held for sale	(1)	(1)
Adjusted EBITDA	**308**	**269**

Statement of cash flows with reference to change in net financial position

(in milions of Euro)

	1st half 2012	1st half 2011(*)	Change
EBITDA	**266**	**26**	**240**
Changes in provisions (including employee benefit obligations)	(7)	177	(184)
Inventory step-up	-	14	(14)
(Gains)/losses on disposal of property, plant and equipment and intangible assets	(1)	(1)	-
Net cash flow provided by operating activities (before changes in net working capital)	**258**	**216**	**42**
Changes in net working capital	(359)	(107)	(252)
Taxes paid	(32)	(37)	5
Net cash flow provided by operating activities	**(133)**	**72**	**(205)**
Acquisitions	(35)	(419)	384
Net cash flow from operational investing activities	(63)	(46)	(17)
Net cash flow from financial investing activities	6	4	2
Free cash flow (unlevered)	**(225)**	**(389)**	**164**
Net finance costs	(76)	(89)	13
Free cash flow (levered)	**(301)**	**(478)**	**177**
Increases in share capital and other changes in equity	-	1	(1)
Dividend distribution	(45)	(36)	(9)
Net cash flow provided/(used) in the period	**(346)**	**(513)**	**167**
Opening net financial position	**(1,064)**	**(459)**	**(605)**
Net cash flow provided/(used) in the period	(346)	(513)	167
Other changes	14	(406)	420
Closing net financial position	**(1,396)**	**(1,378)**	**(18)**

(*) Includes the Draka Group's results for the period 1 March - 30 June 2011.