Prysmian Group

Press Release

PRYSMIAN DRAKA

PRYSMIAN S.P.A. FY 2011 RESULTS

SALES UP (+11.2%); ORDER BOOK CLIMBS TO €2.3 BILLION (FEB. 2012)

ADJ EBITDA INCREASES TO €568 M. STRONG CASH GENERATION (COMBINED CASH FLOW €209 M)

NET FINANCIAL POSITION/ADJ.EBITDA DOWN TO 1.8x

SYNERGIES FROM DRAKA INTEGRATION IN LINE WITH EXPECTATIONS

The full-year 2011 results consolidate Draka for the period March-December 2011

- **SALES: €7,583 MILLION (ORGANIC CHANGE +11.2%)**
- **ADJ EBITDA[1]: €568 MILLION (€387 MILLION IN 2010)**
- **ADJ OPERATING INCOME[2]: €426 MILLION (€309 MILLION IN 2010)**
- **ADJ NET PROFIT[3]: €231 MILLION (€173 MILLION IN 2010)**
- **NET RESULT: NEGATIVE €145 MILLION AFTER €205 MILLION PROVISION FOR ANTITRUST INVESTIGATIONS**
- **NET FINANCIAL POSITION: €1,064 MILLION (€459 MILLION AT 31/12/10; €1,389 MILLION AT 30/9/11)**

Milan, 7/3/2012. The Board of Directors of Prysmian S.p.A. has approved today the Company's consolidated financial statements and separate financial statements for 2011[4].

"Technological innovation and production flexibility have enabled the Group to achieve more than satisfactory results even in a market where signs of recovery are still weak – comments CEO Valerio Battista. Financial year 2011 has closed with a marked organic growth in sales. Profitability has also continued to improve, with Adjusted EBITDA coming in at the top end of the target range announced to the market. The strong cash generation and the clear improvement in our key indicators – for example, net debt just above €1 billion which is less than two times Adjusted Ebitda - allowed us to enter the current year with a solid balance sheet. Lastly, the integration with Draka has been conducted quickly and efficiently, letting us realise significant synergies in the year just ended".

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

(in millions of Euro)				Year 2011 (*)	Year 2010	% Consol. change	% Prysmian change
	Prysmian	Draka	Adjust.	Total	Prysmian		
Sales	5,363	2,279	(59)	7,583	4,571	65.9%	17.3%
EBITDA	172	111	(14)	269	365	-26.4%	-52.9%
Adjusted EBITDA	419	149	-	568	387	46.8%	8.5%
Operating income	(3)	50	(28)	19	307	-93.8%	-100.8%
Adjusted operating income	342	98	(14)	426	309	37.8%	10.7%
Profit before taxes	(105)	37	(33)	(101)	213	-147.6%	-149.0%
Net profit/(loss) for the year	(137)	20	(28)	(145)	150	-197.0%	-191.1%

(in millions of Euro)	Year 2011	Year 2010	Consol. change
Net capital employed	2,436	1,403	1,033
Employee benefit obligations	268	145	123
Equity	1,104	799	305
of which attributable to non-controlling interests	62	43	19
Net financial position	1,064	459	605

(*)The Draka Group's results have been consolidated for the period 1 March – 31 December 2011.

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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.

4 The audit of the consolidated financial statements and separate financial statements has not yet been completed as at today's date.

FINANCIAL RESULTS

Sales amounted to €7,583 million compared with €4,571 million in 2010. Assuming the same group perimeter (excluding the Draka contribution of €2,220 million for the period March-December 2011, net of €59 million in intragroup transactions) and excluding metal price and exchange rate effects, the **organic change** was +11.2%. Draka's sales for full year 2011 came to €2,669 million, reporting organic growth of +4.2%. Full year organic growth for the new Prysmian Group (including Draka for the entire period) would have been 8.8%.

Adjusted EBITDA amounted to €568 million, up 46.8% from €387 million in 2010, coming in at the top end of the target range announced to the market in May 2011. This increase is attributable to €32 million from organic sales growth by all businesses within the Prysmian perimeter and €149 million from the consolidation of Draka since March 2011.

EBITDA[5] amounted to €269 million. The decrease from €365 million in 2010 is fully attributable to net non-recurring charges of €299 million, of which €205 million in provisions for risks arising from ongoing antitrust investigations and €56 million in restructuring costs mostly related to the start of integration with Draka.

Adjusted operating income was €426 million, up 37.8% from €309 million in 2010. This increase is attributable to €33 million in higher profits generated by organic growth in the Prysmian perimeter and €84 million from the consolidation of Draka since March 2011 (net of consolidation adjustments).

Operating income, including the effects of non-recurring items, fair value changes in metal derivatives and in other fair value items and asset impairment, was a positive €19 million (positive €307 million in 2010). The decrease is entirely attributable to the negative impact of non-recurring charges and negative fair value changes in metal derivatives.

Net finance income and costs reported a negative balance of €129 million (negative €96 million in 2010). The negative change of €33 million is primarily due to the growth in net debt following the Draka acquisition (€501 million cash outlay plus €357 million for the consolidation of Draka's net financial position at 28 February 2011), but also reflects changes in the composition of financial structure, which has been strengthened after entering a Forward Start Credit Agreement for €1,070 million in January 2010, issuing a bond for €400 million in April 2010 and finalising a credit agreement for €800 million in March 2011. These new agreements have significantly extended average debt maturity to now about 3 years.

Adjusted net profit was 33.5% higher at €231 million (€173 million in 2010); the increase reflects the growth in adjusted operating income and the first-time consolidation of Draka.

The **Net result** was a loss of Euro 145 million, compared with a profit of Euro 150 million the previous year, reflecting the negative impact of Euro 376 million in non-recurring and extraordinary charges (of which Euro 205 million to provide against risks related to ongoing antitrust investigations).

Net financial position at the end of December 2011 was €1,064 million. The increase from €459 million at 31 December 2010 is attributable to the following factors:

- cash outlay of €501 million for the acquisition of Draka;
- consolidation of the Draka net financial position of €357 million as at 28 February 2011;
- net positive cash flows from operations of €481 million, before changes in net working capital;
- reduction of €183 million in net working capital due to actions taken in the period to improve efficiency;
- net operating investments of €145 million;
- payment of €37 million in dividends;
- net negative cash flows of €229 million primarily due to taxes and finance costs.

[5] EBITDA is defined as earnings/(loss) for the year, 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.

INTEGRATION WITH DRAKA AND STRATEGY DEVELOPMENT

- **Deployment of new organisation completed, target synergies confirmed on basis of satisfactory results achieved in 2011. Technology and product integration improve offering competitiveness.**

The synergy realisation plan has been completed and the initial results in terms of cost reduction have been achieved, particularly in the areas of procurement and workforce rationalisation. The new organisational and management structure launched in July 2011 has already led to the identification of significant efficiencies and to the appointment of approximately 300 new key positions.

The speed and effectiveness with which the integration process has been defined and implemented has allowed slightly higher-than-expected synergies to be realised in 2011 (€13 million versus €10 million originally planned), further boosting confidence in achieving the total annual run-rate target of €150 million (by 2015).

Deployment of all the operating structures has also been completed and integration is proceeding according to plan also on the technological, manufacturing, commercial and logistical fronts.

- In the business of submarine cables for offshore wind farms, the Group is now able to offer the widest range of technologies and products, from inter-array connections between turbines to cable systems for connection to mainland grids.
- In the SURF - Oil&Gas business, the Group's range of technologies and products (which already included umbilicals and flexible pipes) has been enlarged with the addition of Draka's DHT (Downhole Technology) cables.
- In the telecom cables business, the Group can now leverage on a particularly extensive and competitive product range. The availability of worldwide fibre production capacity also reduces production and logistics costs, resulting in better margins.
- In the renewable energy cables business, the enlarged offer is helping improve geographical reach, with a focus on high-growth markets.
- In the T&I business, current integration of the product ranges is improving the offer mix with a focus on high-end products and key global customers.

- **Investments of some €145 million: high voltage and submarine cables, flexible pipes, optical cables**

In line with its strategy, the Group made €145 million in net operating investments during 2011, mainly to develop high-tech businesses. The principal projects included completion of the new plant in Brazil for flexible offshore oil drilling pipes, and expansion of production capacity for high voltage cables in China and France, for submarine cables in Italy and Finland, and for optical cables in Brazil.

- **Investments in high-growth-potential countries on target**

At the end of 2011, emerging and high-growth countries accounted for approximately 30% of the Group's total sales, particularly thanks to the strategy of selective investments in high-tech value-added businesses. In particular, in Asia Pacific the main drivers of growth were the high voltage business, optical cables and certain industrial applications like Renewables and Oil&Gas; Eastern Europe reported positive results not only from high voltage and optical cables but also from the different industrial applications; lastly, in South America, growth was driven both by high voltage and optical cables, as well as by umbilicals for the offshore oil industry.

ENERGY CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **POWER TRANSMISSION ORDER BOOK CLIMBS TO €2.3 BILLION**
- **POSITIVE DEMAND FOR HIGH VOLTAGE UNDERGROUND CABLES THANKS TO RENEWABLES**
- **GROWTH IN POWER DISTRIBUTION VOLUMES**
- **T&I VOLUMES STABLE**
- **INDUSTRIAL: HIGHER SALES AND PROFITS. EXCELLENT PERFORMANCE IN OFFSHORE OGP**

(in millions of Euro)

				Year 2011 (*)	Year 2010	% Consol. change	% Prysmian change
	Prysmian	Draka	Adjust.	Total	Prysmian		
Sales	4,860	1,517	(45)	6,332	4,145	52.8%	17.3%
of which to third parties	4,829	1,484	(45)	6,268	4,121	52.1%	17.2%
Adjusted EBITDA	**373**	**74**	**-**	**447**	**351**	**27.4%**	**6.4%**
% of sales	7.7%	4.9%		7.1%	8.5%		
EBITDA	**148**	**46**	**(8)**	**186**	**339**	**-45.1%**	**-47.3%**
% of sales	3.7%	3.0%		2.9%	8.2%		
Amortisation and depreciation	(69)	(28)	(2)	(99)	(71)	39.4%	-2.8%
Adjusted operating income	**304**	**46**	**(2)**	**348**	**280**	**24.3%**	**8.2%**
% of sales	6.2%	3.0%		5.5%	6.8%		

(*) The Draka Group's results have been consolidated for the period 1 March – 31 December 2011.

Sales to third parties by the Energy Cables and Systems segment amounted to €6,268 million (including the Draka contribution of €1,439 million for the period March-December 2011, net of €45 million in intragroup transactions). Net of metal price and exchange rate effects and changes in the group perimeter, **organic growth** was +10.5%, with a particularly positive performance by the Utilities business. Adjusted EBITDA amounted to €447 million, up 27.4% from €351 million in 2010. The increase reflects the contribution of €74 million by Draka (consolidated since March 2011) and an improvement of €22 million by the pre-acquisition perimeter.

Draka's Energy business reported €1,758 million in sales to third parties for the entire period (January-December 2011), with organic growth of 1.9%. The Energy segment's overall twelve-month organic growth (consolidating the Draka perimeter for the entire period) would have been +8.1%.

The market trends and results of the Energy segment's different business areas are presented below but only with reference to the pre-acquisition perimeter (accompanied by a few brief comments about the Draka perimeter).

Utilities

Sales to third parties by the pre-acquisition Utilities business amounted to €2,160 million, delivering organic growth of +17.0% thanks to volume recovery by nearly all business lines even if with differences in timing and between geographical areas. Organic sales growth was positively reflected in profitability, with Adjusted EBITDA increasing by 2.5% to €250 million, despite the rising cost of raw materials and the competitive pressure particularly in emerging markets.

The Draka Utilities business reported €116 million in sales in 2011 (of which €101 million consolidated by Prysmian as from March 2011). The overall twelve-month organic growth of the Utilities business (consolidating the Draka perimeter for the entire period) would have been +17.8%.

Sales by the submarine business line increased thanks not only to progress on the major power interconnection projects acquired by the Group (particularly, Romulo in the Iberian Peninsula/Balearic Islands, Messina II in Italy, Doha Bay in Qatar and Hudson in the USA) but also to the contribution of smaller jobs carried out in Europe particularly in the fourth quarter. A significant number of contracts for offshore wind farm connections were won during the year. This is a market presenting significant opportunities for additional growth and in which the Group has further strengthened its product and technology offering thanks to integration with Draka, which specialises in interarray connections between wind farm turbines. Including the Western Link project for a submarine connection between England and Scotland acquired at the start of 2012, the order book provides sales visibility for over three years. With the objective of continuing to benefit from steady projected growth in this sector, the Group has carried on investing in new manufacturing capacity by starting up submarine cable production at the Pikkala plant in Finland and by planning about a 25% increase in capacity at the Arco Felice plant in Italy.

Sales performance by high voltage underground cables benefited from the recovery in demand, particularly coming from renewable energy projects and/or energy saving projects involving existing European grids (Italy, Great Britain and France) and from projects to develop new infrastructure in emerging markets like Russia, Turkey, the Middle East, Brazil and India. With the goal of boosting market share in Asia Pacific and the Middle East, the Group has invested in new manufacturing capacity for extra-high voltage cables in China. The order book provides sales visibility for about one year.

The Power Distribution business enjoyed strong growth throughout the year, particularly in Asia Pacific and South America. Demand in Europe was primarily driven by Nordic countries, Eastern Europe and Italy, while remaining stable in the rest of Southern Europe. Of particular note is the market success of the new P-Laser technology introduced in Holland after Italy. Brazil and Australia led the recovery outside Europe, while despite weak demand, the USA showed signs of improving profitability. On the whole, margins remained low despite the upswing in volumes.

(in millions of Euro)

	Year 2011 (*)				Year 2010	% change	% organic change (**)
	Prysmian	**Draka**	**Ad just.**	**Total**			
Sales	2,162	101	(9)	2,254	1,790		
of which to third parties	2,160	101	(9)	2,252	1,790	25.8%	17.8%
Adjusted EBITDA	**257**	**10**	**-**	**267**	**250**		
% of sales	11.9%	9.9%		11.8%	14.0%		
Adjusted operating income	**234**	**8**	**-**	**242**	**215**		
% of sales	10.8%	7.9%		10.7%	12.0%		

(*) The Draka Group's results have been consolidated for the period 1 March – 31 December 2011.
(**) The organic change in sales has been calculated with reference to Draka's sales in the period 1 January – 31 December 2011.

Trade & Installers

Sales to third parties by the pre-acquisition Trade & Installers business amounted to €1,621 million, posting a small organic increase (+1.2%). Adjusted EBITDA amounted to €40 million (+10.0% on 2010).

The upturn in volumes occurred particularly in North America, while demand in Europe continued to be weak, especially in Italy and Spain, although the Nordic countries gave off a few positive signals. Outside Europe, the Group has leveraged its large product portfolio to maintain its historic leadership of the South American market, while it has sought to increase its presence in Asia Pacific with the objective of improving the geographical mix of sales.

In 2011, Draka's twelve-month sales to third parties amounted to €816 million (of which €685 million consolidated by Prysmian for the period March-December 2011), with a downturn in volumes in the last quarter of the year. The Group's overall organic growth (consolidating Draka for the entire period) would have been +0.1%.

(in millions of Euro)

	Year 2011 (*)				Year 2010	% change	% organic change (**)
	Prysmian	**Draka**	**Adjust.**	**Total**			
Sales	1,623	713	(25)	2,311	1,467		
of which to third parties	1,621	685	(25)	2,281	1,465	55.7%	0.1%
Adjusted EBITDA	**40**	**30**	**-**	**70**	**36**		
% of sales	2.5%	4.2%		3.0%	2.4%		
Adjusted operating income	**21**	**15**	**(2)**	**34**	**20**		
% of sales	1.3%	2.1%		1.5%	1.4%		

(*) The Draka Group's results have been consolidated for the period 1 March – 31 December 2011.
(**) The organic change in sales has been calculated with reference to Draka's sales in the period 1 January – 31 December 2011.

Industrial
Sales to third parties by the pre-acquisition Industrial cables business amounted to €919 million, reflecting organic growth of +14.8% most of which achieved thanks to the positive trend in the Oil&Gas sector. Adjusted EBITDA amounted to €72 million, reporting an increase of €11 million partly thanks to a reasonable recovery in demand in various parts of the world.

On the whole, the market scenario was stable or slightly better, particularly in the second half of the year, with signs of recovery in demand by the oil, mining and infrastructure sectors especially in high-growth regions like APAC, the Middle East and South America.

Demand for oil industry cables was particularly driven by the offshore sector which contributed to a significant swelling of order books in nearly all the geographical regions concerned. The Group's growth in the offshore business will be driven not only from the new flexible pipes production line in Brazil but also from the integration and development of cross-selling opportunities with Draka, which is present in North America with its DHT (Downhole Technology) cables.
In the renewables segment, positive growth was achieved in the Wind business, where the Group is stepping up its presence in high-growth markets (South America, China, India and Australia), also thanks to integration with Draka. Automotive industry demand was stable in Europe but more sustained in Asia and South America. Demand for elevator cables was stable in North America but higher in Europe and China. Lastly, in the Specialties & OEM segment, growth in the order book in Asia made up for weakness in North America and Europe.

In 2011, Draka's twelve-month sales to third parties amounted to €826 million (of which €698 million consolidated by Prysmian for the period March-December 2011). The Industrial business would have had overall organic growth (consolidating Draka for the entire period) of +8.5%. Draka's presence in the Industrial business is particularly important in geographical markets (such as North America) and product segments (infrastructure and elevator cables and renewable energy solutions) that complement those of Prysmian.

(in millions of Euro)

				Year 2011 (*)	Year 2010	% change	% organic change (**)
	Prysmian	Draka	Adjust.	Total			
Sales	919	703	(9)	1,613	742		
of which to third parties	919	698	(9)	1,608	742	116.7%	8.5%
Adjusted EBITDA	**72**	**34**	**-**	**106**	**61**		
% of sales	7.8%	4.8%		6.6%	8.3%		
Adjusted operating income	**48**	**23**	**-**	**71**	**42**		
% of sales	5.2%	3.3%		4.4%	5.7%		

(*) The Draka Group's results have been consolidated for the period 1 March – 31 December 2011.
(**) The organic change in sales has been calculated with reference to Draka's sales in the period 1 January – 31 December 2011.

TELECOM CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **STRONG ORGANIC SALES GROWTH, ALSO CONFIRMED IN Q4**
- **ROBUST DEMAND FOR OPTICAL CABLES, PARTICULARLY IN NORTH AMERICA, SOUTH AMERICA AND AUSTRALIA**
- **GRADUAL IMPROVEMENT IN PROFITABILITY**

Sales to third parties by the Telecom Cables and Systems segment amounted to €1,315 million (including €781 million for the consolidation of Draka from 1 March 2011, net of €14 million in intragroup transactions), delivering strong organic growth (+17.4%).

Adjusted EBITDA amounted to €121 million with an increase of €85 million on the equivalent period in 2010 (following its consolidation from 1 March 2011, Draka's contribution to this result was €75 million).

This growth was particularly driven by a significant increase in fibre optic cable volumes in nearly every geographical area, which was also accompanied by a gradual improvement in margins. In North America demand also benefited from government incentives for the industry, while in Europe growth was held back by the low level of investment by incumbent operators (except for Great Britain and Holland). In contrast, more dynamic investment policies were implemented by operators in South America and Australia (where the Group started work on the National Broadband Network project during the third quarter). The opportunities for the new Group to capitalise on new global fibre production capacity will help reduce production and logistics costs, thus promoting further margin recovery.

Volumes also recovered for MMS (Multimedia & Specials), particularly in Germany and France, and for OPGW (Optical Ground Wire) in South America and Spain, while demand weakened for copper cables where the Group is focusing on reducing production costs.

The integration with Draka represents a turning point for the Telecom business, by creating a world leader in terms of both size and the technology, products and services offered, particularly in the optical fibre and optical cables market. In 2011, Draka's twelve-month Telecom sales to third parties amounted to €826 million. The Telecom segment's overall twelve-month organic growth (consolidating Draka for the entire period) would have been +11.7%.

(in millions of Euro)

				Year 2011 (*)	Year 2010	% Consol. change	% Prysmian change
	Prysmian	**Draka**	**Adjust.**	**Total**	**Prysmian**		
Sales	537	813	(14)	1,336	454	194.3%	18.2%
of which to third parties	534	795	(14)	1,315	450	192.2%	18.7%
Adjusted EBITDA	**46**	**75**	-	**121**	**36**	**236.1%**	**25.9%**
% of sales	8.5%	9.2%		9.1%	7.9%		
EBITDA	**44**	**65**	**(6)**	**103**	**36**	**186.1%**	**21.0%**
% of sales	8.1%	8.0%		7.7%	7.9%		
Amortisation and depreciation	(8)	(23)	(12)	(43)	(7)	514.3%	14.3%
Adjusted operating income	**38**	**52**	**(12)**	**78**	**29**	**169.0%**	**30.0%**
% of sales	7.0%	6.4%		5.8%	6.3%		

(*) The Draka Group's results have been consolidated for the period 1 March – 31 December 2011.

BUSINESS OUTLOOK

The macroeconomic environment in the first half of 2011 confirmed the initial signs of recovery already seen in 2010, albeit with very low growth rates and still at levels well below those before the 2008 financial crisis. However, the second half of the year began to be affected by growing concerns about Eurozone and US debt sustainability, leading to a sharp deterioration in consumer confidence and a gradual slowing of industrial output and demand.

In such an economic context, the Group expects that 2012 will see generally stable demand for medium voltage cables for Utilities, 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 power transmission, renewable energy, offshore Oil&Gas and fibre optic cables for major telecom operators. Lastly, the Prysmian Group will carry on during 2012 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.

OTHER RESOLUTIONS BY THE BOARD OF DIRECTORS

Presentation of a candidate slate by the Board of Directors for board renewal
In view of the expiry of its three-year term in office and as permitted in the By-laws, the Board of Directors has voted to present its own slate of candidates for the office of director to be submitted to the Shareholders' Meeting being called to vote, among other things, on the appointment of the new Board of Directors.
This slate will be made publicly available to the public, together with any slates submitted by eligible shareholders, at the locations and within the deadlines required by applicable regulations.

Demerger of part of the assets of two directly and/or indirectly wholly-owned companies
The Board of Directors has approved two proposals of demerger in favour of Prysmian S.p.A. part of the assets of Prysmian Cavi e Sistemi S.r.l. and Prysmian Cavi e Sistemi Italia S.r.l., both companies subject to the direction and coordination of Prysmian S.p.A..
As a result of the two proposed demergers, Prysmian S.p.A. will become the direct holder of the investments in the share capital of the Prysmian Group's Italian companies, currently held by the two companies undergoing hive-up. This transaction is part of a broader project to reorganise, rationalise and simplify the investments held directly or indirectly by Prysmian S.p.A. also as a result of its acquiring control of the Dutch company Draka Holding N.V. and the latter's investments, following the successful conclusion of the voluntary public mixed exchange and cash offer for the ordinary shares of Draka Holding N.V..
Notice is hereby given that, under the Company's By-laws, decisions concerning demergers shall be taken by the Board of Directors of Prysmian S.p.A. and that no new shares will be issued by Prysmian S.p.A. as a result of the proposed transactions, nor will its share capital undergo any change.
The demerger is exempt from the application of Consob Regulation 17221/2010 (as amended) provided for in the Company's procedures for related party transactions in respect of transactions with its subsidiaries, pursuant to art. 12 par. 3 of the above Regulation.
The legally required documentation relating to these two transactions will be made available to shareholders and the public at the locations and within the deadlines required by applicable regulations.

Directors' independence
Based on statements made by the directors, the Board of Directors reports that it has carried out the review of their independence requirements, provided for by art. 148, par. 3 of Legislative Decree 58/1998 and by the Self-Regulatory Code for listed companies published by Borsa Italiana S.p.A., and confirms that the directors Wesley Clark, Claudio De Conto, Giulio Del Ninno, Friedrich Fröhlich and Massimo Tononi continue to satisfy such requirements.

Share buy-back programme
The Board of Directors has decided to request the next Ordinary Shareholders' Meeting, scheduled in single call for 18 April, for authorisation to start a programme for the buy-back and disposal of treasury shares. The programme will provide the opportunity to purchase, on one or more occasions, a number of shares whose total cannot exceed 10% of share capital. Purchases may not exceed the amount of available reserves reported in the most recently approved annual financial statements. The programme will last for a maximum of 18 months commencing from the date of approval by the Shareholders' Meeting.
Possible objectives of the programme are:

- to provide the Company with a portfolio of treasury shares, including those already held by the Company, that can be used in any extraordinary transactions;
- to use the treasury shares purchased to service the exercise of rights arising from convertible debt instruments or instruments exchangeable with financial instruments issued by the Company, its subsidiaries or by third parties;

- to dispose of treasury shares to satisfy stock option plans reserved for the Group's directors and employees;
- to allow efficient management of the Company's capital, by creating an investment opportunity even for its available liquidity.

Treasury shares will be bought back and sold in accordance with applicable laws and regulations:

(i) at a minimum price no more than 10% below the stock's official price reported in the trading session on the day before carrying out each individual transaction;
(ii) at a maximum price no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual transaction.

As at the present date, the Company directly and indirectly holds 3,039,169 treasury shares.
The legally required documentation will be made available to shareholders and the public at the locations and within the deadlines required by applicable regulations.

Notice of Shareholders' Meeting
The Board of Directors has given the Chairman of the Board of Directors and the Chief Executive Officer several authority to perform all the formalities to call the Shareholders' Meeting for Wednesday, 18 April 2012, in single call.
Based on the results for 2011, the Board of Directors will recommend to the forthcoming Shareholders' Meeting that a dividend of €0.21 per share be declared, involving a total pay-out of approximately €44 million. If approved, the dividend will be paid out from 26 April 2012 to those shares outstanding on the ex-div date of 23 April 2012.

Prysmian's Annual Report at 31 December 2011, approved by the Board of Directors today, will be available to the public within March 28, 2012 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.prysmiangroup.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.

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 provides 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 millions of Euro)

	31 December 2011	31 December 2010
Non-current assets		
Property, plant and equipment	1,539	949
Intangible assets	618	59
Investments in associates	87	9
Available-for-sale financial assets	6	3
Derivatives	2	14
Deferred tax assets	97	30
Other receivables	52	41
Total non-current assets	**2,401**	**1,105**
Current assets		
Inventories	929	600
Trade receivables	1,197	764
Other receivables	516	397
Financial assets held for trading	80	66
Derivatives	28	52
Available-for-sale financial assets	-	142
Cash and cash equivalents	727	630
Total current assets	**3,477**	**2,651**
Assets held for sale	5	9
Total assets	**5,883**	**3,765**
Equity attributable to the Group:	**1,042**	**756**
Share capital	21	18
Reserves	1.157	590
Net profit/(loss) for the year	(136)	148
Equity attributable to non-controlling interests:	**62**	**43**
Share capital and reserves	71	41
Net profit/(loss) for the year	(9)	2
Total equity	**1,104**	**799**
Non-current liabilities		
Borrowings from banks and other lenders	880	1,111
Other payables	32	20
Provisions for risks and charges	67	44
Derivatives	36	48
Deferred tax liabilities	106	44
Employee benefit obligations	268	145
Total non-current liabilities	**1,389**	**1,412**
Current liabilities		
Borrowings from banks and other lenders	982	201
Trade payables	1,421	862
Other payables	571	355
Derivatives	71	28
Provisions for risks and charges	295	62
Current tax payables	50	46
Total current liabilities	**3,390**	**1,554**
Total liabilities	**4,779**	**2,966**
Total equity and liabilities	**5,883**	**3,765**

Consolidated income statement

(in millions of Euro)

	2011 (*)	2010
Sales of goods and services	7,583	4,571
Change in inventories of work in progress, semi-finished and finished goods	(107)	74
of which non-recurring change in inventories of work in progress, semi-finished and finished goods	*(14)*	-
Other income	45	43
of which non-recurring other income	*1*	*13*
Raw materials and consumables used	(4,917)	(2,963)
Fair value change in metal derivatives	(62)	28
Personnel costs	(916)	(544)
of which non-recurring personnel costs	*(39)*	*(9)*
of which personnel costs for stock option fair value	*(7)*	-
Amortisation, depreciation and impairment	(180)	(99)
of which non-recurring impairment	*(38)*	*(21)*
Other expenses	(1,427)	(803)
of which non-recurring other expenses	*(248)*	*(13)*
Operating income	**19**	**307**
Finance costs	(360)	(324)
Finance income	231	228
of which non-recurring finance income	-	*2*
Share of income from investments in associates and dividends from other companies	9	2
Profit before taxes	**(101)**	**213**
Taxes	(44)	(63)
Net profit/(loss) for the year	**(145)**	**150**
Attributable to:		
Owners of the parent	(136)	148
Non-controlling interests	(9)	2
Basic earnings/(loss) per share (in Euro)	**(0.65)**	**0.82**
Diluted earnings/(loss) per share (in Euro)	**(0.65)**	**0.82**

(*) The Draka Group's results have been consolidated for the period 1 March - 31 December 2011.

Consolidated statement of comprehensive income

(in millions of Euro)

	2011 (*)	2010
Net profit/(loss) for the year	**(145)**	**150**
Fair value gains/(losses) on available-for-sale financial assets - gross of tax	-	(4)
Fair value gains/(losses) on available-for-sale financial assets - tax effect	-	1
Fair value gains/(losses) on cash flow hedges - gross of tax	(6)	7
Fair value gains/(losses) on cash flow hedges - tax effect	2	(2)
Actuarial gains/(losses) on employee benefits - gross of tax	(22)	1
Actuarial gains/(losses) on employee benefits - tax effect	3	-
Currency translation differences	(6)	29
Total post-tax other comprehensive income/(loss) for the year	**(29)**	**32**
Total comprehensive income/(loss) for the year	**(174)**	**182**
Attributable to:		
Owners of the parent	(164)	178
Non-controlling interests	(10)	4

(*) The Draka Group's results have been consolidated for the period 1 March - 31 December 2011.

Consolidated statement of cash flows

(in millions of Euro)

		2011 (*)	2010
	Profit before taxes	(101)	213
	Depreciation and impairment of property, plant and equipment	150	71
	Amortisation and impairment of intangible assets	30	20
	Impairment of assets held for sale	-	8
	Net gains on disposal of property, plant and equipment, intangible assets and other non-current assets	(2)	-
	Share of income from investments in associates	(9)	(2)
	Share-based compensation	7	-
	Fair value change in metal derivatives and other fair value items	63	(41)
	Net finance costs	129	96
	Changes in inventories	115	(131)
	Changes in trade receivables/payables	50	164
	Changes in other receivables/payables	35	(38)
	Changes in receivables/payables for derivatives	(3)	(1)
	Taxes paid	(97)	(59)
	Utilisation of provisions (including employee benefit obligations)	(67)	(50)
	Increases in provisions (including employee benefit obligations)	267	33
A.	**Net cash flow provided by/(used in) operating activities**	**567**	**283**
	Acquisitions	(419)	(21)
	Investments in property, plant and equipment	(135)	(83)
	Disposals of property, plant and equipment	14	7
	Investments in intangible assets	(24)	(19)
	Disposals of intangible assets	-	-
	Investments in financial assets held for trading	(42)	(18)
	Disposals of financial assets held for trading	22	-
	Investments in available-for-sale financial assets	-	(152)
	Disposals of available-for-sale financial assets	143	12
	Investments in associates	(1)	-
	Disinvestments in associates	-	-
	Dividends received	5	2
B.	**Net cash flow provided by/(used in) investing activities**	**(437)**	**(272)**
	Capital contribution and other changes in equity	1	13
	Dividend distribution	(37)	(75)
	Finance costs paid	(361)	(279)
	Finance income received	231	227
	Changes in net financial payables	128	233
C.	**Net cash flow provided by/(used in) financing activities**	**(38)**	**119**
D.	Currency translation gains/(losses) on cash and cash equivalents	5	8
E.	**Total cash flow provided/(used in) the year (A+B+C+D)**	**97**	**138**
F.	**Net cash and cash equivalents at the beginning of the year**	**630**	**492**
G.	**Net cash and cash equivalents at the end of the year (E+F)**	**727**	**630**

(*) The Draka Group's cash flows refer to the period 1 March - 31 December 2011.

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ANNEX B

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

(in millions of Euro)

	2011 (*)	2010
Net profit/(loss) for the year	(145)	150
Taxes	44	63
Share of income from investments in associates and dividends from other companies	(9)	(2)
Finance income	(231)	(228)
Finance costs	360	324
Amortisation, depreciation and impairment	180	99
Fair value change in metal derivatives	62	(28)
Remeasurement of minority put option liability	1	(13)
Fair value change in stock options	7	-
EBITDA	**269**	**365**
Draka acquisition costs	6	6
Effects of Draka change of control	2	-
Draka integration costs	12	-
Release of Draka inventory step-up (1)	14	-
Company reorganisation	56	11
Gains on disposal of assets held for sale	(1)	-
Antitrust	205	5
Release of provision for tax inspections	-	(2)
Special project costs	-	1
Environmental remediation and other costs	5	1
Adjusted EBITDA	**568**	**387**

(*) The Draka Group's results have been consolidated for the period 1 March - 31 December 2011.
(1) Refers to the higher cost of using finished and semi-finished goods and raw materials measured at the Draka Group's acquisition-date fair value.

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

(in millions of Euro)

	2011 (*)	2010	Variaz. conso.
EBITDA	**269**	**365**	**(96)**
Changes in provisions (including employee benefit obligations)	200	(17)	217
Inventory step-up	14	-	14
(Gains)/losses on disposal of property, plant and equipment and intangible assets	(2)	-	(2)
Net cash flow provided by operating activities (before changes in net working capital)	**481**	**348**	**133**
Changes in net working capital	183	(6)	189
Taxes paid	(97)	(59)	(38)
Net cash flow provided by operating activities	**567**	**283**	**284**
Acquisitions	(419)	(21)	(398)
Net cash flow from operational investing activities	(145)	(95)	(50)
Net cash flow from financial investing activities	4	5	(1)
Free cash flow (unlevered)	**7**	**172**	**(165)**
Net finance costs	(130)	(52)	(78)
Free cash flow (levered)	**(123)**	**120**	**(243)**
Increases in share capital and other changes in equity	1	13	(12)
Dividend distribution	(37)	(75)	38
Net cash flow provided/(used) in the year	**(159)**	**58**	**(217)**
Opening net financial position	**(459)**	**(474)**	**15**
Net cash flow provided/(used) in the year	(159)	58	(217)
Other changes	(7)	(43)	36
Business combinations	(439)	-	(439)
Closing net financial position	**(1,064)**	**(459)**	**(605)**

(*)The Draka Group cash flows refer to the period 1 March - 31 December 2011.

Prysmian Group

PRYSMIAN Draka

ANNEX C

Separate statement of financial position

(in Euro)

	31 December 2011	31 December 2010
Non-current assets		
Property, plant and equipment	3,496,603	3,332,370
Intangible assets	39,767,200	36,966,676
Investments in subsidiaries	1,397,156,231	419,190,729
Deferred tax assets	4,913,813	4,039,119
Other receivables	19,200,452	14,762,162
Total non-current assets	**1,464,534,299**	**478,291,056**
Current assets		
Trade receivables	42,589,033	40,565,958
Other receivables	232,062,332	264,439,374
Cash and cash equivalents	1,189,938	633,011
Total current assets	**275,841,303**	**305,638,343**
Total assets	**1,740,375,602**	**783,929,399**
Share capital and reserves:		
Share capital	21,439,348	18,202,930
Reserves	665,567,052	135,858,981
Net profit/(loss) for the year	99,432,267	83,239,543
Total equity	**786,438,667**	**237,301,454**
Non-current liabilities		
Borrowings from banks and other lenders	790,892,338	462,354,934
Employee benefits obligations	7,506,953	4,704,963
Total non-current liabilities	**798,399,291**	**467,059,897**
Current liabilities		
Borrowings from banks and other lenders	85,043,193	26,667,253
Trade payables	23,271,693	27,005,159
Other payables	15,311,203	14,149,404
Provisions for risks and charges	31,911,555	2,653,251
Current tax payables	-	9,092,981
Total current liabilities	**155,537,644**	**79,568,048**
Total liabilities	**953,936,935**	**546,627,945**
Total equity and liabilities	**1,740,375,602**	**783,929,399**

Separate income statement

(in Euro)

	2011	2010
Sales of goods and services	41,450,988	37,020,348
Other income	50,232,364	38,728,456
Raw materials and consumables used	(786,409)	(634,151)
Personnel costs	(41,414,088)	(33,274,205)
of which non-recurring personnel costs	*(3,306,000)*	*(1,060,000)*
Amortisation, depreciation and impairment	(7,064,235)	(5,604,391)
Other expenses	(107,508,241)	(60,104,107)
of which non-recurring other expenses	*(47,073,874)*	*(8,661,430)*
Operating income	**(65,089,621)**	**(23,868,050)**
Finance costs	(51,983,321)	(25,564,951)
Finance income	12,806,855	6,845,512
Dividends from subsidiaries	161,331,515	106,761,940
Profit before taxes	**57,065,428**	**64,174,451**
Taxes	42,366,839	19,065,092
Net profit/(loss) for the year	**99,432,267**	**83,239,543**

Prysmian Group

PRYSMIAN Draka

Separate statement of comprehensive income

(in thousands of Euro)

	2011	2010
Net profit/(Loss) for the year	**99,432**	**83,239**
Actuarial gains/(losses) on employee benefits - gross of tax	(27)	1
Actuarial gains/(losses) on employee benefits - tax effect	8	275
Total post-tax other comprehensive income/(loss) for the year	**(19)**	**276**
Total comprehensive income/(loss) for the year	**99,413**	**83,515**

Separate statement of cash flows

(in thousands of Euro)

		2011	2010
	Profit before taxes	57,065	64,174
	Depreciation and impairment of property, plant and equipment	694	698
	Amortisation and impairment of intangible assets	6,370	4,906
	Share-based compensation	2,503	132
	Dividends	(161,332)	(106,762)
	Net finance costs (income)	39,176	18,719
	Changes in trade receivables and payables	(6,852)	1,544
	Changes in other receivables and payables	2,627	(546)
	Taxes cashed/(paid)	14,700	24,437
	Utilisation of provisions (including employee benefits obligations)	(2,044)	(1,810)
	Increases in provisions (including employee benefits obligations)	34,069	2,103
	Employee benefits provisions transfer from sub-holding	35	(36)
A.	**Net cash flow provided by/(used in) operating activities**	**(12,989)**	**7,559**
	Acquisitions	(501,129)	-
	Investments in property, plant and equipment	(859)	(631)
	Investments in intangible assets	(9,170)	(10,504)
	Investments in subsidiaries	-	(155,000)
	Dividends received	161,332	106,762
B.	**Net cash flow provided by/(used in) investing activities**	**(349,826)**	**(59,373)**
	Finance costs paid	(60,786)	(25,678)
	Finance income received	11,013	5,028
	Changes in net financial payables	445,718	139,119
	Capital increase	2,509	3,693
	Dividends paid	(35,082)	(74,640)
C.	**Net cash flow provided by/(used in) financing activities**	**363,372**	**47,522**
D.	**Total cash flow provided/(used) in the year (A+B+C)**	**557**	**(4,292)**
E.	**Net cash and cash equivalents at the beginning of the year**	**633**	**4,925**
F.	**Net cash and cash equivalents at the end of the year (D+E)**	**1,190**	**633**