Prysmian Group

Press release

PRYSMIAN | Draka

PRYSMIAN S.P.A. NINE-MONTH RESULTS 2012

SALES STABLE IN WEAK MARKET
HV & SUBMARINE ORDER BOOK AT €2.5 BILLION (OCTOBER 2012)
SIGNIFICANT IMPROVEMENT IN PROFITABILITY (ADJ EBITDA +10%) WITH RECOVERY IN MARGINS
TARGET FY 2012 ADJ EBITDA CONFIRMED AT UPPER END OF RANGE €600-€650 MILLION

30 SEPTEMBER 2012 RESULTS

- **SALES: €5,930 MILLION (€5,994 MILLION IN 9M 2011**; ORGANIC GROWTH -0.5%)**
- **ADJ EBITDA[1]: €468 MILLION (€426 MILLION IN 9M 2011**; +9.8%)**
- **ADJ OPERATING INCOME[2]: €349 MILLION (€314 MILLION IN 9M 2011**; +11.2%)**
- **ADJ NET PROFIT[3]: €194 MILLION (€168 MILLION IN 9M 2011*; +15.5%)**
- **NET FINANCIAL POSITION €1,446 MILLION (€1,389 MILLION AT 30 SEPT. 2011; €1,064 MILLION AT 31 DEC. 2011)**

Milan, 8/11/2012. The Board of Directors of Prysmian S.p.A. has approved today the Group's consolidated results for the first nine months of 2012.

"The nine-month results show an overall stability in sales and above all a marked improvement in profitability, mainly thanks to synergies from the integration with Draka – explains CEO Valerio Battista -. For the third consecutive quarter in 2012, the Group has reported growth in its profitability indicators, consolidating the recovery started in 2011. On the commercial front, during the last few months we have been awarded some of the world's biggest contracts for power transmission systems, taking our order book to the record level of €2.5 billion at 31 October 2012".

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

(in millions of Euro)	9 months 2012	9 months 2011 (*)	% change
Sales	5,930	5,604	5.8%
EBITDA	402	148	171.1%
Adjusted EBITDA	468	408	14.6%
Operating income	295	(53)	n.a
Adjusted operating income	349	305	13.3%
Profit before taxes	210	(139)	n.a
Net profit/(loss) for the period	149	(159)	n.a

(in millions of Euro)

	9 months 2012	9 months 2011 (**) Pro-forma				% change
		Prysmian	Draka	Adjustments	Total	
Sales	5,930	4,024	1,998	(28)	5,994	-1.1%
Adjusted EBITDA	468	303	123	-	426	9.8%
Adjusted operating income	349	245	78	(9)	314	11.2%

(in millions of Euro)

	30 September 2012	30 September 2011	Change
Net capital employed	2,930	2,694	236
Employee benefit obligations	310	236	74
Equity	1,174	1,069	105
of which attributable to non-controlling interests	55	62	(7)
Net financial position	1,446	1,389	57

(*) Includes the Draka Group's results for the period 1 March – 30 September 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 €5,930 million. Assuming the same group perimeter and excluding metal price and exchange rate effects, the **organic growth** was -0.5%. The Group has generally succeeded in offsetting the effects of the persistent difficulties in some European markets thanks to the contribution of major projects for submarine power lines, where it is world leader, and to greater geographic diversification. The strong upturn in demand in North America (+10.9%) as well as positive signs in South America (+1.3%) have allowed the Group to minimise the impact of the downturns in EMEA, especially in Central and Southern Europe, which reported a -2.2% and in Asia Pacific (-3.3%).

Group **Adjusted EBITDA** climbed to €468 million, up 9.8% from the pro-forma figure of €426 million for the first nine months of 2011, also reporting an improvement in margin to 7.9% of sales (7.1% in first nine months 2011). The improvement in profitability is attributable to the good performance of the Submarine and Industrial businesses in Energy and of the entire Telecom segment. The contribution of overhead cost reductions achieved through synergies with Draka has also played a crucial role in improving profitability and the integration with Draka is generally proceeding faster than expected.

Group **EBITDA**[4] amounted to €402 million, a clear improvement on the figure of €148 million in 2011 (consolidating Draka from 1 March 2011). EBITDA 2011 reflected the negative impact of €260 million in non-recurring expenses (of which €199 million in provisions for the antitrust investigations), compared with €66 million in the first nine months of 2012.

Group **Adjusted operating income** rose to €349 million, an increase of +11.2% from the pro-forma figure of €314 million for the first nine months of 2011. Amortisation and depreciation charges increased on the corresponding nine months last year due to the full impact on the first nine months 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 a profit of €295 million compared with a loss of €53 million in 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 €85 million, slightly down from the consolidated figure of €86 million for the first nine months of 2011.

Adjusted net profit increased by 15.5% to €194 million from €168 million in the first nine months of 2011 (consolidating Draka from 1 March 2011). The reported net result climbed to a positive €149 million from a negative €159 million in the first nine months of 2011 (consolidating Draka from 1 March 2011).

Net financial position at the end of September 2012 amounted to €1,446 million, compared with €1,064 million at 31 December 2011 (€1,389 million at 30 September 2011), having been particularly affected by the following factors:

- positive cash flows from operating activities (before changes in Net Working Capital) of €406 million;
- negative impact of €460 million from working capital increase;
- payment of €57 million in taxes;
- net operating investments of €89 million;
- receipt of €6 million in dividends;
- purchase of the remaining Draka shares under the squeeze-out procedure for €9 million;
- cash outlays of €26 million for acquisitions;
- payment of €97 million in net finance costs;
- distribution of €45 million in dividends.

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[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.

ENERGY CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **ORDER BOOKS FOR HIGH VOLTAGE UNDERGROUND AND SUBMARINE CABLES AT RECORD LEVEL OF €2.5 BILLION**
- **WEAK DEMAND IN POWER DISTRIBUTION**
- **INDUSTRIAL: INCREASE OF PROFITABILITY. POSITIVE PERFORMANCE IN O&G**
- **T&I: STABLE AT LOW LEVELS; SLIGHT RECOVERY IN MARGINS**

(in millions of Euro)

	9 months 2012	9 months 2011 (*)	% change
Sales to third parties	4,801	4,640	3.5%
Adjusted EBITDA	**348**	**320**	8.8%
% of sales	7.3%	6.8%	
EBITDA	**302**	**93**	**224.7%**
% of sales	6.3%	2.0%	
Amortisation and depreciation	(80)	(73)	9.0%
Adjusted operating income	**268**	**247**	**8.7%**
% of sales	5.6%	5.3%	

(in millions of Euro)

	9 months 2012	9 months 2011 (**) Pro-forma				% change
		Prysmian	Draka	Adjustments	Total	
Sales to third parties	4,801	3,616	1,319	(21)	4,914	-2.3%
Adjusted EBITDA	**348**	**267**	**63**	**-**	**330**	**5.5%**
% of sales	7.3%	7.3%	4.8%		6.6%	
Adjusted operating income	**268**	**215**	**38**	**(1)**	**252**	**6.5%**
% of sales	5.6%	5.9%	2.9%		5.1%	

(*) Includes the Draka Group's results for the period 1 March – 30 September 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 €4,801 million, reporting a slight **organic decrease** (-0.3%). Adjusted EBITDA amounted to €348 million, posting an increase of +5.5% on the pro-forma figure for the first nine months of 2011.

Utilities
Sales to third parties by the Utilities business amounted to €1,678 million, with a 1.0% organic increase, thanks to a positive third-quarter performance which neutralised the decline experienced in the previous two quarters. Adjusted EBITDA amounted to €185 million compared with a pro-forma figure of €192 million for the first nine months of 2011 (ADJ EBITDA on sales is 11.0% versus 11.3%). The phasing of a number of important transmission projects points towards a significant recovery in profitability in the last quarter of the year.

Although the lower level of demand experienced by the high voltage underground business has generally reflected the uncertain macroeconomic conditions, particularly in Europe, the Group has seen signs of a recovery in sales in the third quarter, especially in North America and countries with growing demand for energy infrastructure, such as Russia, China and the Middle East. Other projects have been carried out for European Utilities (Terna, Edf and Tennet). The order book remains at a good level, providing sales visibility for about one year. Profitability is expected to increase significantly in the last quarter of the year, while the development of new power interconnections, particularly in Europe, should foster a steady recovery in this business in the medium term.

The Group's submarine cables and systems business line reported a positive sales performance thanks to advancement of work on the numerous power lines and renewable energy development projects in its portfolio. A prestigious track record, combined with a policy of continuously investing in production capacity enhancements and technological innovation, allow the Group to consolidate its leadership position and be fully prepared to meet the expected increase in demand, especially for offshore wind farm connections. The value of the order book has reached record levels, assuring sales visibility for nearly three years.

During the third quarter the Group also strengthened its project implementation capability through the acquisition of Global Marine Energy, a British company specialised in installing submarine systems and also owner of a cable-laying ship that will complement the "Giulio Verne", the Group's main cable-laying vessel[5].

Demand in the power distribution business has continued to be generally weak due to lower investment by the Utilities. Countries in Central and Southern Europe have particularly suffered, with volumes in decline, while signs of a recovery in sales and profitability have been confirmed in North and South America. The Group is continuing its policy of investing in product innovation and customer service and over the last few months it has launched a new range for smart grid applications as well as niche technologies for monitoring electricity grid efficiency.

(in millions of Euro)

	9 months 2012	9 months 2011 (*) Pro-forma	% change	% organic sales change
Sales to third parties	1,678	1,706	-1.7%	1.0%
Adjusted EBITDA	**185**	**192**		
% of sales	11.0%	11.3%		
Adjusted operating income	**159**	**164**		
% of sales	9.3%	9.6%		

(*) 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.

Trade & Installers

Sales to third parties by the Trade & Installers business amounted to €1,653 million, posting a small organic decrease (-1.8%) on the pro-forma figure for the first nine months of 2011. Demand showed further signs of contraction in Europe, particularly in Italy and Spain; instead, an upward trend was confirmed in North and South America, as well as in Asia. The Group generally defended its share in key European markets by pursuing a strategy focused on key international customers, while at the same time further concentrating its offer mix on more high-tech products. The decision, in some cases, to accept a slightly smaller presence in markets more exposed to pricing pressures and with low profitability, has allowed the Group to mitigate the decline in profitability. In South America, the Group maintained and in some cases increased its market share, also thanks to the breadth and quality of its product portfolio. The combination of the above factors and actions taken to improve industrial efficiency produced an increase of +8.8% in Adjusted EBITDA to €62 million and an improvement in margin to 3.7% of sales from 3.3% in 2011.

(in millions of Euro)

	9 months 2012	9 months 2011 (*) Pro-forma	% change	% organic sales change
Sales to third parties	1,653	1,730	-4.4%	-1.8%
Adjusted EBITDA	**62**	**57**		
% of sales	3.7%	3.3%		
Adjusted operating income	**41**	**34**		
% of sales	2.5%	2.0%		

(*) 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.

[5] The closing of the acquisition, which had not yet been formalised at the date of this quarterly financial report, is subject to certain conditions precedent, including the obtaining of clearance from the relevant antitrust authorities. Consequently, the financial statements of the above company have not yet been included in the consolidation.

Industrial

Sales to third parties by the Industrial business amounted to €1,371 million, delivering organic growth of +2.7%. On the whole, markets were stable or growing, albeit with significant differences between the various geographical regions and industrial sectors. The Group had good sales and earnings in the oil sector, particularly in offshore drilling; SURF sales are expected to accelerate in the fourth quarter due to project phasing. Demand was slightly down in Europe's renewable energy sector, while investments in North America continued to depend on the renewal of stimulus measures. The infrastructure sector saw an upturn for Crane, Mining and Rolling Stock, while demand remained weak for Railway, Marine and Military. The Group's Elevator cables delivered positive sales and earnings in all regions. Lastly, the Automotive cable market was weak in Europe while volumes grew in Asia, in North America and in South America.

Adjusted EBITDA amounted to €101 million, reporting an increase of +26.3% on the pro-forma figure for the first nine months of 2011. Margins also improved with ADJ EBITDA on sales, climbing to 7.3% from 6.0%.

(in millions of Euro)

	9 months 2012	9 months 2011 (*) Pro-forma	% change	% organic sales change
Sales to third parties	1,371	1,341	2.2%	2.7%
Adjusted EBITDA	**101**	**80**		
% of sales	7.3%	6.0%		
Adjusted operating income	**70**	**55**		
% of sales	5.1%	4.1%		

(*) 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

- **9M DEMAND HOLDS UP FOR OPTICAL CABLES; STABILISATION IN 3Q**
- **POSITIVE PERFORMANCE FOR OPGW AND MMS**
- **SIGNIFICANT INCREASE IN PROFITS**

Sales to third parties by the Telecom Cables and Systems segment amounted to €1,129 million, delivering an organic decrease of -1.4% on the pro-forma figure for the first nine months of 2011. Although growing over the period as a whole, demand for optical cables showed a few signs of stabilisation and decline in the third quarter, especially in North America and Brazil due to the exhaustion of government incentives, while demand for copper cables confirmed its steady downward trend.

In Europe, sales growth was reported in several countries; in China, the positive trend was confirmed; in Australia, performance was in line with expectations, while the recovery in sales in North America and Brazil is tied to the renewal of government incentives.

The Group's Multimedia Solutions business confirmed a significant increase in profits, mainly thanks to cost reduction. The Group aims to further increase penetration in key European markets by relying on its extensive product portfolio.

Lastly, the OPGW business enjoyed significant growth in Spain, Brazil, the Middle East and Africa.

Adjusted EBITDA amounted to €120 million, an increase of 25.4% on the pro-forma figure for the first nine months of 2011. Margins also improved, with ADJ EBITDA on sales climbing to 10.6% from 8.7% in 2011.

(in millions of Euro)

	9 months 2012	9 months 2011 (*)	% change
Sales to third parties	1,129	964	17.1%
Adjusted EBITDA	**120**	**88**	**36.8%**
% of sales	10.6%	8.9%	
EBITDA	**108**	**74**	**46.4%**
% of sales	9.5%	7.5%	
Amortisation and depreciation	(39)	(30)	31.0%
Adjusted operating income	**81**	**58**	**39.8%**
% of sales	7.3%	5.9%	

(in millions of Euro)

	9 months 2012	9 months 2011 (**) Pro-forma				% change
		Prysmian	Draka	Adjustments	Total	
Sales to third parties	1,129	408	679	(7)	1,080	4.6%
Adjusted EBITDA	**120**	**36**	**60**	**-**	**96**	**25.4%**
% of sales	10.6%	8.8%	8.8%		8.7%	
Adjusted operating income	**81**	**30**	**40**	**(8)**	**62**	**30.7%**
% of sales	7.3%	7.3%	5.9%		5.6%	

(*) Includes the Draka Group's results for the period 1 March – 30 September 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 nine months of the current year were 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, offshore Oil&Gas and fibre optic cables for major telecom operators.
Despite the gradual deterioration in macroeconomic conditions, the results achieved in the first nine months,

combined with the size of the current order book, allow the Group to confirm 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 last quarter 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 has continued to integrate 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 Quarterly Financial Report at 30 September 2012, approved by the Board of Directors today, will be available to the public from today 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 nine-month 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, about 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 millions of Euro)

	30 September 2012	31 December 2011
Non-current assets		
Property, plant and equipment	1,531	1,539
Intangible assets	615	618
Investments in associates	95	87
Available-for-sale financial assets	5	6
Derivatives	7	2
Deferred tax assets	86	97
Other receivables	43	52
Total non-current assets	**2,382**	**2,401**
Current assets		
Inventories	1,065	929
Trade receivables	1,424	1,197
Other receivables	713	516
Financial assets held for trading	26	80
Derivatives	30	28
Cash and cash equivalents	430	727
Total current assets	**3,688**	**3,477**
Assets held for sale	2	5
Total assets	**6,072**	**5,883**
Equity attributable to the Group:	**1,119**	**1,042**
Share capital	21	21
Reserves	952	1.157
Net profit/(loss) for the period	146	(136)
Equity attributable to non-controlling interests:	**55**	**62**
Share capital and reserves	52	71
Net profit/(loss) for the period	3	(9)
Total equity	**1,174**	**1,104**
Non-current liabilities		
Borrowings from banks and other lenders	1,474	880
Other payables	29	32
Provisions for risks and charges	67	67
Derivatives	42	36
Deferred tax liabilities	63	106
Employee benefit obligations	310	268
Total non-current liabilities	**1,985**	**1,389**
Current liabilities		
Borrowings from banks and other lenders	410	982
Trade payables	1,479	1,421
Other payables	657	571
Derivatives	27	71
Provisions for risks and charges	307	295
Current tax payables	33	50
Total current liabilities	**2,913**	**3,390**
Total liabilities	**4,898**	**4,779**
Total equity and liabilities	**6,072**	**5,883**

Consolidated income statement

(in millions of Euro)

	9 months 2012	**9 months 2011 (*)**
Sales of goods and services	5,930	5,604
Change in inventories of work in progress, semi-finished and finished goods	69	(35)
of which non-recurring change in inventories of work in progress, semi-finished and finished goods	-	*(14)*
Other income	33	34
of which non-recurring other income	*3*	*1*
Raw materials, consumables used and goods for resale	(3,964)	(3,802)
Fair value change in metal derivatives	30	(97)
Personnel costs	(781)	(651)
of which non-recurring personnel costs	*(47)*	*(18)*
of which personnel costs for stock option fair value	*(14)*	*(1)*
Amortisation, depreciation and impairment	(123)	(103)
of which non-recurring impairment	*(4)*	-
Other expenses	(899)	(1,003)
of which non-recurring other expenses	*(22)*	*(229)*
Operating income	**295**	**(53)**
Finance costs	(290)	(262)
of which non-recurring finance costs	*(2)*	-
Finance income	193	170
Share of income from investments in associates and dividends from other companies	12	6
Profit before taxes	**210**	**(139)**
Taxes	(61)	(20)
Net profit/(loss) for the period	**149**	**(159)**
Attributable to:		
Owners of the parent	146	(155)
Non-controlling interests	3	(4)
Basic earnings/(loss) per share (in Euro)	**0.69**	**(0.75)**
Diluted earnings/(loss) per share (in Euro)	**0.69**	**(0.75)**

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

Consolidated income statement - 3rd quarter

(in millions of Euro)

	3rd quarter 2012	3rd quarter 2011
Sales of goods and services	2,014	2,030
Change in inventories of work in progress, semi-finished and finished goods	(19)	(48)
of which non-recurring change in inventories of work in progress, semi-finished and finished goods	-	-
Other income	13	10
of which non-recurring other income	*2*	-
Raw materials, consumables used and goods for resale	(1,298)	(1,329)
Fair value change in metal derivatives	29	(64)
Personnel costs	(263)	(235)
of which non-recurring personnel costs	*(25)*	*(11)*
of which personnel costs for stock option fair value	*(5)*	*(1)*
Amortisation, depreciation and impairment	(43)	(38)
of which non-recurring impairment	*(3)*	-
Other expenses	(316)	(307)
of which non-recurring other expenses	*(1)*	*(6)*
Operating income	**117**	**19**
Finance costs	(98)	(105)
of which non-recurring finance costs	-	-
Finance income	59	75
Share of income from investments in associates and dividends from other companies	4	2
Profit before taxes	**82**	**(9)**
Taxes	(23)	6
Net profit/(loss) for the period	**59**	**(3)**
Attributable to:		
Owners of the parent	56	1
Non-controlling interests	3	(4)

Consolidated statement of comprehensive income

(in millions of Euro)

	9 months 2012	9 months 2011 (*)
Net profit/(loss) for the period	**149**	**(159)**
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	(7)	(3)
Fair value gains/(losses) on cash flow hedges - tax effect	3	1
Actuarial gains/(losses) on employee benefits - gross of tax	(28)	2
Actuarial gains/(losses) on employee benefits - tax effect	3	-
Currency translation differences	(11)	(42)
Total post-tax other comprehensive income/(loss) for the period	**(40)**	**(41)**
Total comprehensive income/(loss) for the period	**109**	**(200)**
Attributable to:		
Owners of the parent	106	(193)
Non-controlling interests	3	(7)

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

Consolidated statement of comprehensive income - 3rd quarter

(in millions of Euro)

	3rd quarter 2012	3rd quarter 2011
Net profit/(loss) for the period	**59**	**(3)**
Fair value gains/(losses) on cash flow hedges - gross of tax	(2)	(21)
Fair value gains/(losses) on cash flow hedges - tax effect	1	6
Currency translation differences	(15)	(10)
Total post-tax other comprehensive income/(loss) for the period	**(16)**	**(25)**
Total comprehensive income/(loss) for the period	**43**	**(28)**
Attributable to:		
Owners of the parent	40	(24)
Non-controlling interests	3	(4)

Consolidated statement of cash flows

(in millions of Euro)

		9 months 2012	9 months 2011
	Profit/(loss) before taxes	210	(139)
	Depreciation and impairment of property, plant and equipment	96	85
	Amortisation and impairment of intangible assets	23	18
	Impairment of assets	4	-
	Net gains on disposal of property, plant and equipment, intangible assets, other non-current assets and assets held for sale	(4)	(1)
	Share of income from investments in associates	(12)	(7)
	Fair value - stock options	14	1
	Fair value change in metal derivatives and other fair value items	(30)	97
	Net finance costs	97	93
	Changes in inventories	(128)	(21)
	Changes in trade receivables/payables	(166)	(140)
	Changes in other receivables/ payables	(171)	52
	Changes in receivables/payables for derivatives	5	5
	Taxes paid	(57)	(69)
	Utilisation of provisions (including employee benefit obligations)	(69)	(56)
	Increases in provisions (including employee benefit obligations)	77	228
A.	**Net cash flow provided by/(used in) operating activities**	**(111)**	**146**
	Acquisitions	(35)	(419)
	Investments in property, plant and equipment	(82)	(77)
	Disposals of property, plant and equipment and assets held for sale	6	12
	Investments in intangible assets	(13)	(16)
	Investments in financial assets held for trading	-	(12)
	Disposals of financial assets held for trading	51	22
	Disposals of available-for-sale financial assets	-	143
	Investments in associates	(1)	1
	Dividends received	6	5
B.	**Net cash flow provided by/(used in) investing activities**	**(68)**	**(341)**
	Capital contributions and other changes in equity	1	1
	Dividend distribution	(45)	(36)
	Finance costs paid	(272)	(266)
	Finance income received	175	159
	Changes in net financial payables	15	267
C.	**Net cash flow provided by/(used in) financing activities**	**(126)**	**125**
D.	**Currency translation gains/(losses) on cash and cash equivalents**	**8**	**(10)**
E.	**Total cash flow provided/(used) in the period (A+B+C+D)**	**(297)**	**(80)**
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)**	**430**	**550**

ANNEX B

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

(in millions of Euro)

	9 months 2012	9 months 2011 (*)
Net profit/(loss) for the period	149	(159)
Taxes	61	20
Share of income from investments in associates and dividends from other companies	(12)	(6)
Finance income	(193)	(170)
Finance costs	290	262
Amortisation, depreciation and impairment	123	103
Fair value change in metal derivatives	(30)	97
Fair value change in stock options	14	1
EBITDA	**402**	**148**
Company reorganisation	51	27
Antitrust	3	199
Draka integration costs	5	9
Tax inspections	3	-
Italian pensions reform	1	-
Other non-recurring expenses	6	-
Draka acquisition costs	-	6
Effects of Draka change of control	-	2
Release of Draka inventory step-up	-	14
Business interruption Libya	-	4
Gains on assets disposals	(3)	(1)
Adjusted EBITDA	**468**	**408**

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

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

(in millions of Euro)

	9 months 2012	9 months 2011	Change
EBITDA	**402**	**148**	**254**
Changes in provisions (including employee benefit obligations)	8	172	(164)
Inventory step-up	-	14	(14)
(Gains)/Losses on disposal of property, plant and equipment, intangible assets and assets held for sale	(4)	(1)	(3)
Net cash flow provided by operating activities (before changes in net working capital)	**406**	**333**	**73**
Changes in net working capital	(460)	(118)	(342)
Taxes paid	(57)	(69)	12
Net cash flow provided by operating activities	**(111)**	**146**	**(257)**
Acquisitions	(35)	(419)	384
Net cash flow from operational investing activities	(89)	(81)	(8)
Net cash flow from financial investing activities	5	6	(1)
Free cash flow (unlevered)	**(230)**	**(348)**	**118**
Net finance costs	(97)	(107)	10
Free cash flow (levered)	**(327)**	**(455)**	**128**
Increases in share capital and other changes in equity	1	1	-
Dividend distribution	(45)	(36)	(9)
Net cash flow provided/(used) in the period	**(371)**	**(490)**	**119**
Opening net financial position	**(1,064)**	**(459)**	**(605)**
Net cash flow provided/(used) in the period	(371)	(490)	119
Other changes	(11)	(440)	429
Closing net financial position	**(1,446)**	**(1,389)**	**(57)**