



# Q1 2015 Financial Results

Milan – May 7<sup>th</sup>, 2015

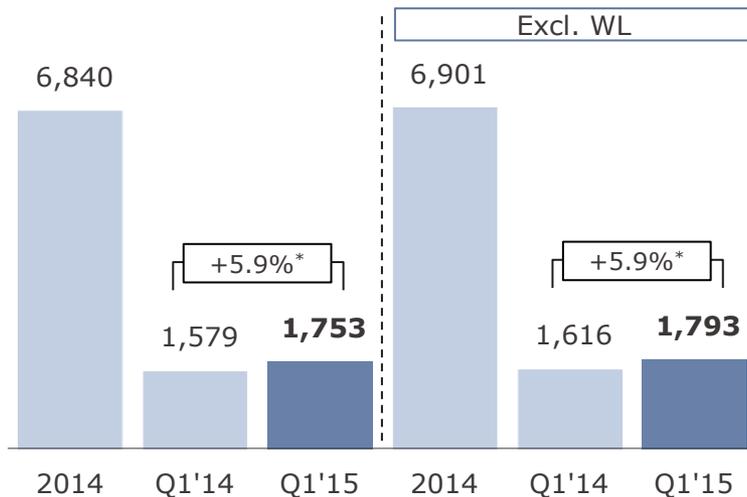
PLATFORM TO ENHANCE CUSTOMER SERVICE **LINKING THE FUTURE** STRONGER  
LEADING TECHNOLOGY LEADING TECHNOLOGY  
WORLDWIDE LEADER IN RENEWABLE ENERGY  
**EXTENDED PRODUCT OFFERING IN OGP AND IN**

- **Q1 2015 Highlights**
  - **Group overview**
  - Results by business
  - Outlook
  
- Financial results
  
- Appendix

# Q1 2015 Key Financials

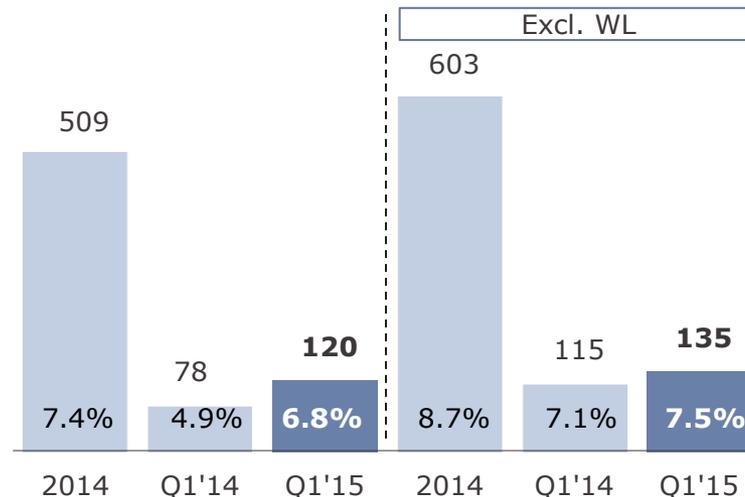
Euro Millions, % on Sales

## Sales

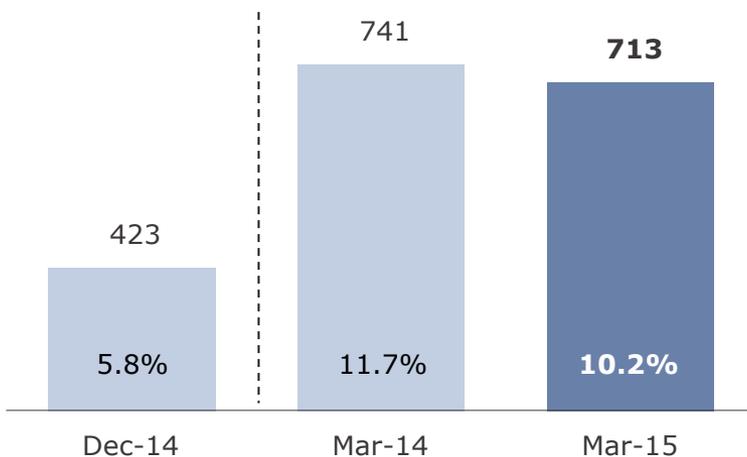


\* Org. Growth

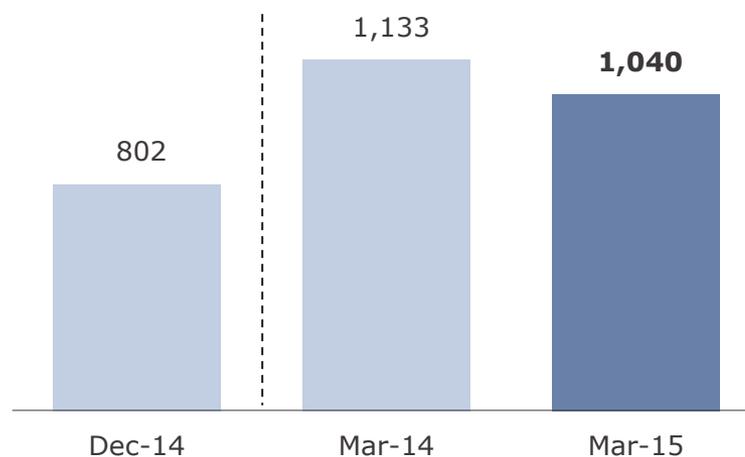
## Adjusted EBITDA <sup>(1)</sup>



## Operative Net Working Capital <sup>(2)</sup>



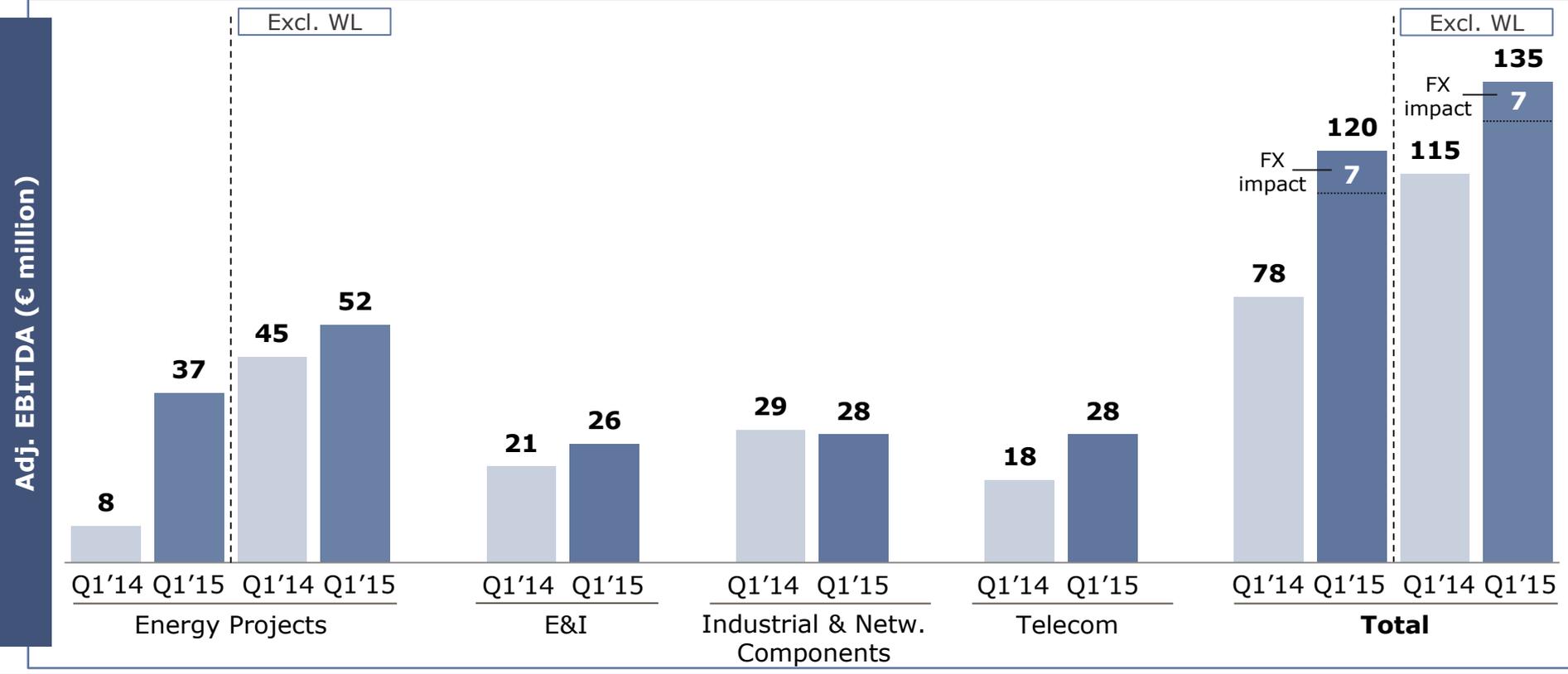
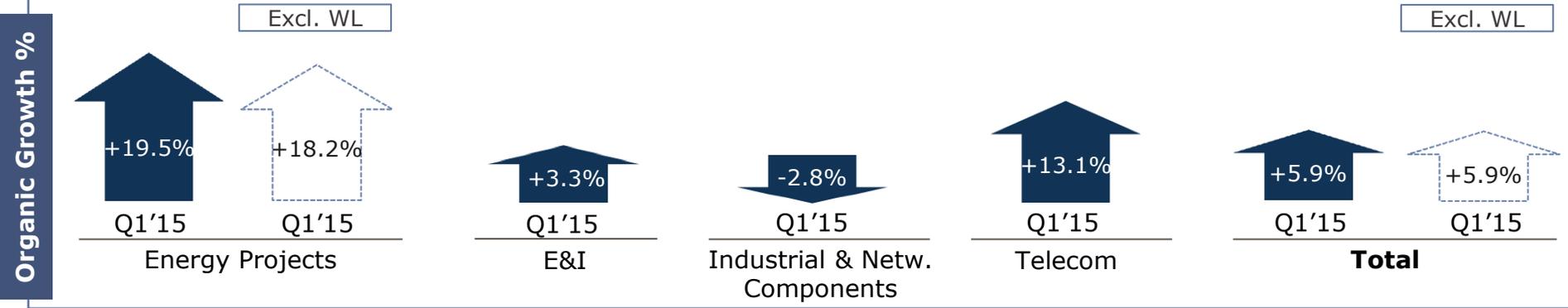
## Net Financial Position



(1) Adjusted excluding non-recurring income/expenses; (2) Defined as NWC excluding derivatives; % on sales is defined as Operative NWC on annualized last quarter sales

# Organic Growth and Adj. EBITDA by business

Profitability increase driven by Energy Projects & Telecom. Positive impact from currencies

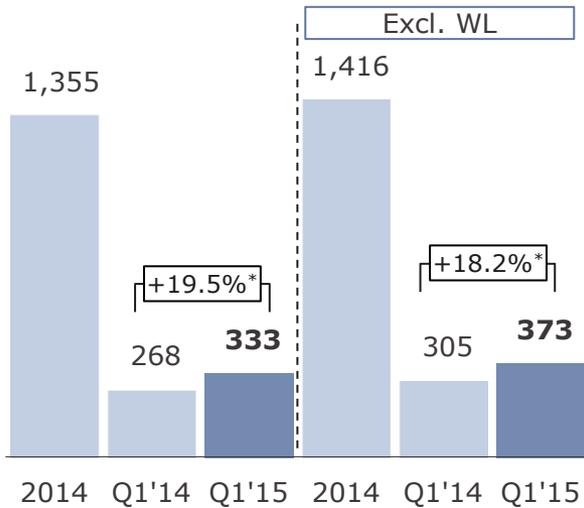


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# Energy Projects

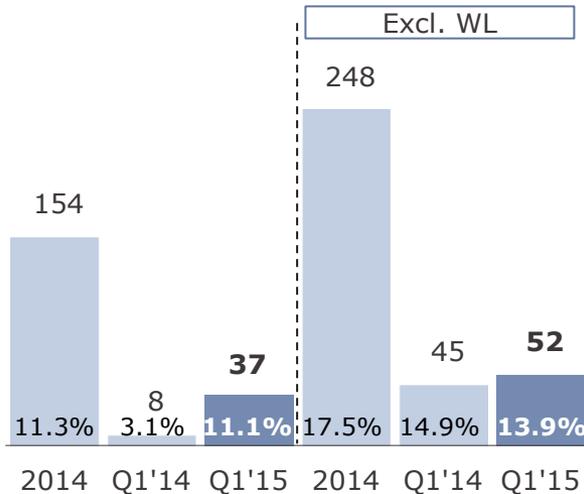
Euro Millions, % on Sales

## Sales



\* Org. Growth

## Adj. EBITDA



## Highlights

### Submarine

- Solid market in Europe, stable tendering activity in the coming months
- Accelerated production of deep-water section of Western Link project. Deep-water installation starting from Q2

### Underground High Voltage

- Q1 in line with previous year: positive trend in the UK, France and Middle East opposed to weakness in Italy, the Nordics and Russia. Some projects delayed in the US, market slowdown in Brazil
- Increased order book thanks to some important projects awarded in Q1 (Italy-France, Kuwait)

### SURF

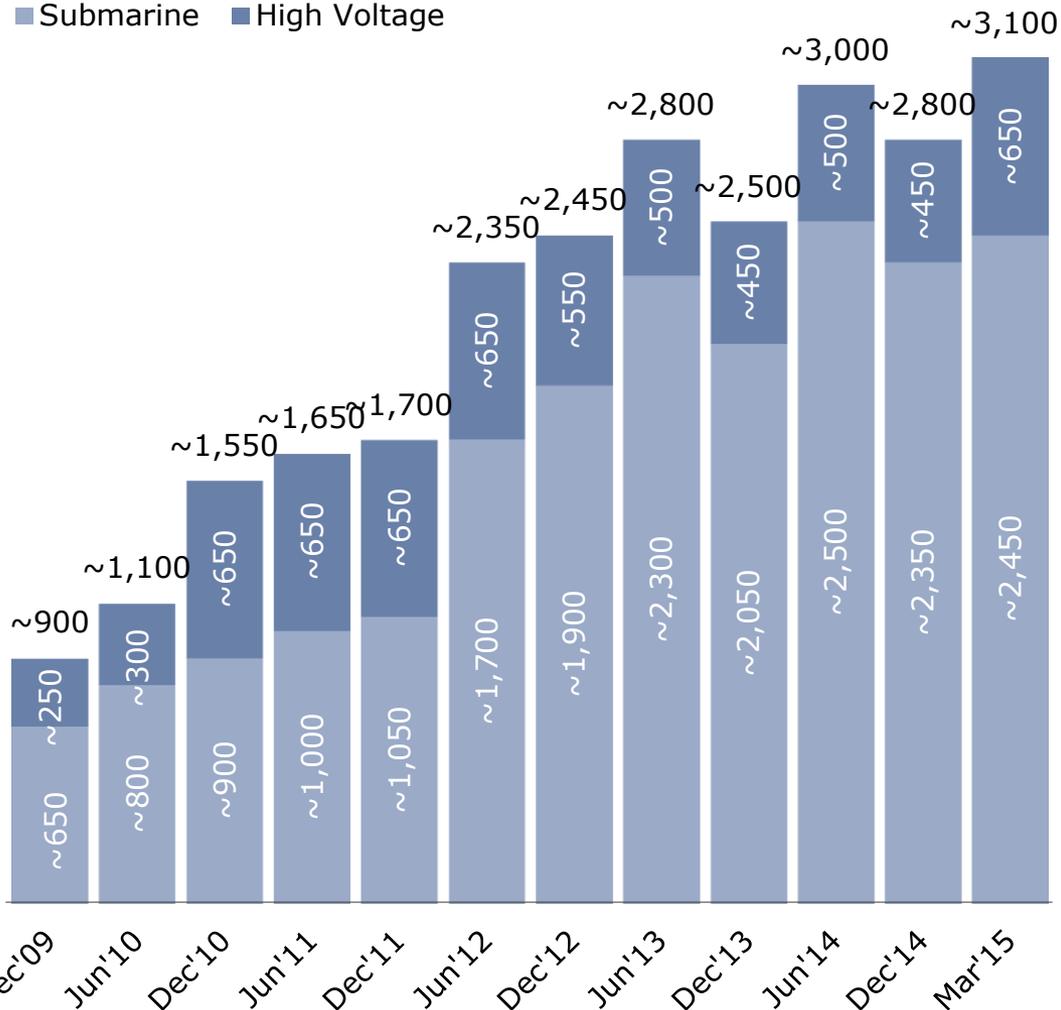
- Strong Q1 performance sustained by umbilical sales in Brazil and positive trend of DHT in North America
- Stability in flexible pipes sales

# Transmission backlog at peak level

Strong tendering activity in Q1

## Transmission – Orders Backlog (€m)

■ Submarine ■ High Voltage



## Major transmission projects awarded in Q1

- Wikingen (GER), submarine € 60m
- Kuwait, underground € 50m
- Italy-France, underground € 200m
- 50 Hertz option (GER), submarine € 230m

## Focus on Italy-France interconnection

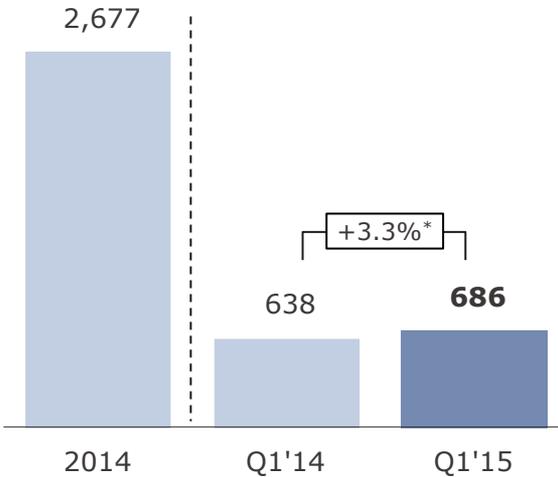


- Approx. 190 km, ± 320 kV extruded HVDC underground cable, two 600 MW bipolar circuit
- Project value incl. civil works over € 500m, of which Prysmian's share approx. € 200m
- Customers: Terna Rete Italia and RTE

# Energy & Infrastructure

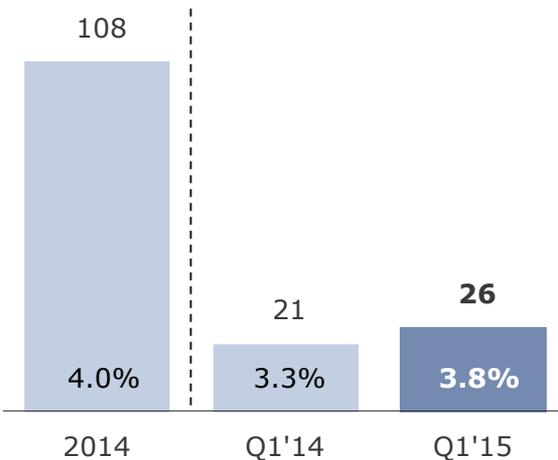
Euro Millions, % on Sales

## Sales



\* Org. Growth

## Adj. EBITDA



## Highlights

### Trade & Installers

- Low single digit organic growth supported by positive trend in North America and some European countries (the Nordics, Spain and Eastern Europe); rest of Europe stable on low levels
- Persistent weak construction activity in Brazil
- Price level in line with previous quarters

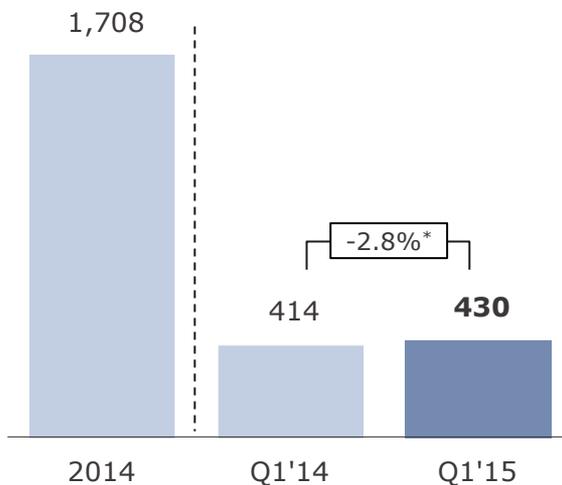
### Power Distribution

- Mid single digit organic growth thanks to slight volume recovery in the Nordics and Germany
- Positive trend in Argentina due to new investments to strengthen the network
- Prices in line with previous quarters

# Industrial & Network Components

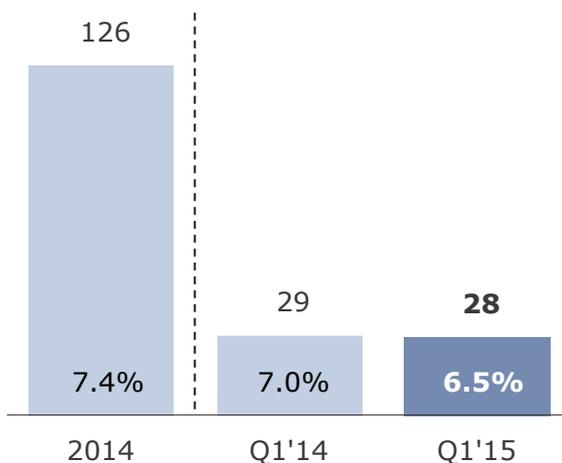
Euro Millions, % on Sales

## Sales



\* Org. Growth

## Adj. EBITDA



## Highlights

### Specialties & OEMs

- Positive trend in APAC, slight improvement in Americas. Europe Infrastructure projects still weak on low levels. Good performance of Railway, Rolling Stock and Nuclear offset by weak Infrastructures and Marine

### Oil & Gas

- Still good performance in the project business (>75% of sales), particularly in APAC, Middle East and Caspian area. Profitability impacted by very low volumes in MRO business

### Elevator

- Solid performance in all areas (US, Europe and Asia)

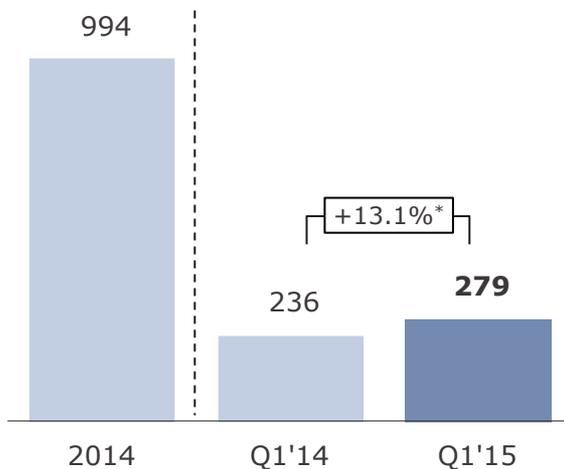
### Automotive

- Performance negatively impacted by increased competition in certain markets and from harness makers. Refocus on customer mix and high-end part of products portfolio to support profitability in the medium term

### Network Components

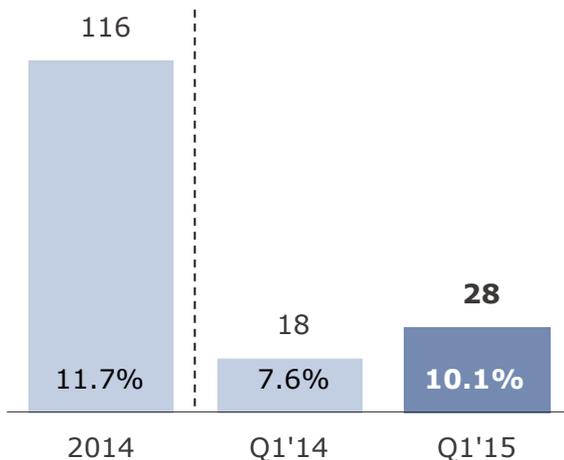
- Positive performance in China (HV) and improvement in MV in Europe. Weak demand for HV accessories in Europe

## Sales



\* Org. Growth

## Adj. EBITDA



## Highlights

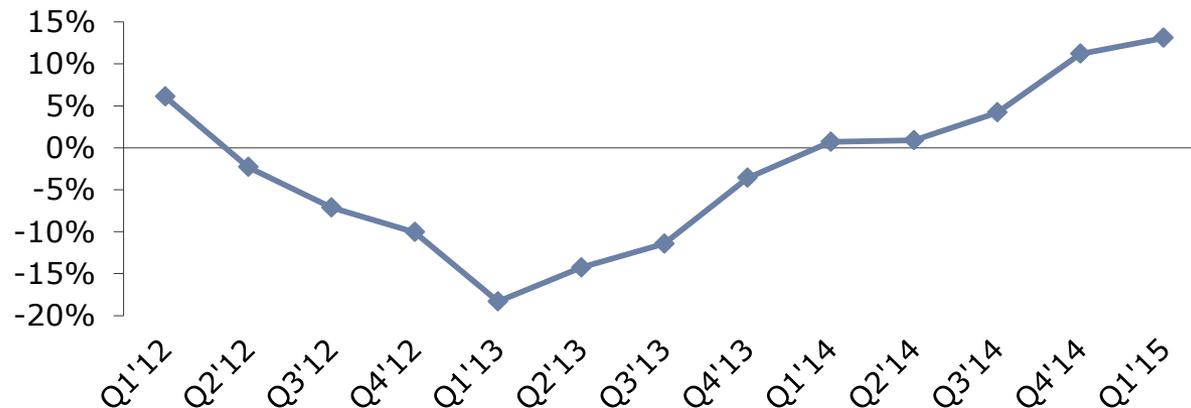
### Optical, Connectivity & Fiber

- Strong organic growth in optical (FTTH/FTTA development and backhaul investments) in almost all geographical areas, prices stable vs. previous year. Profitability supported by YOFC results
- Sound demand in the US, Europe (France, Italy) and Australia (NBN project). Market development below expectations in Latam
- First benefits from investments to reduce cost of fiber

### Multimedia & Specials

- Stability of volumes and prices in Europe. Increasing presence in Apac and Brazil. Focus on high margin products and improvement of customer service level

### Organic growth (% change vs. same quarter of previous year)

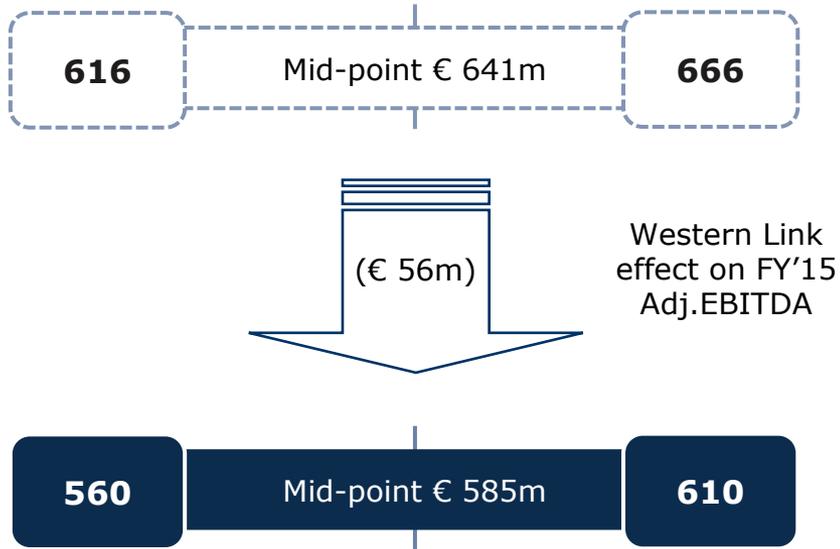


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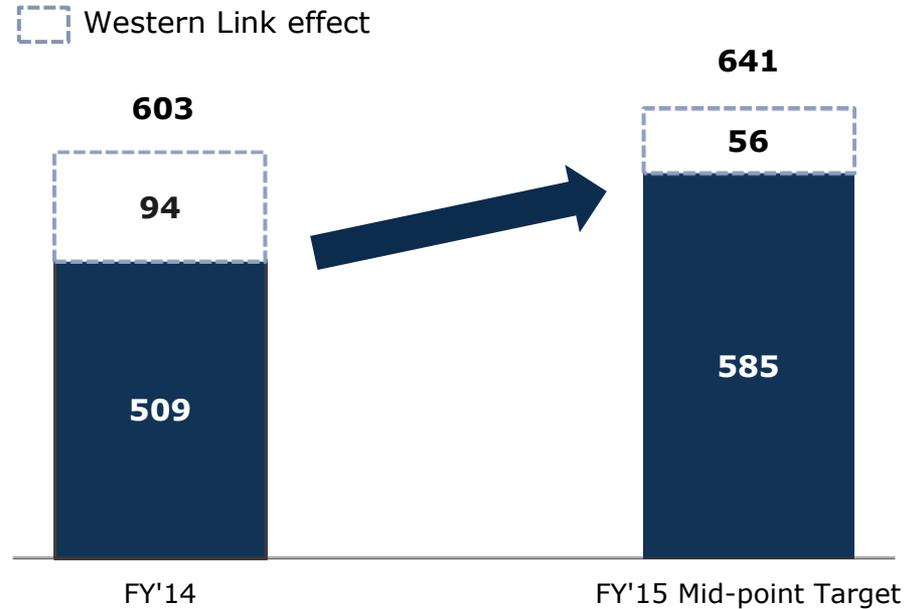
# FY 2015 Outlook

Strong recovery in profitability driven by Submarine and Telecom. Positive impact from FX

## 2015 Adj.EBITDA Target (€ million)



## FY'15 vs. FY'14 (€ million)

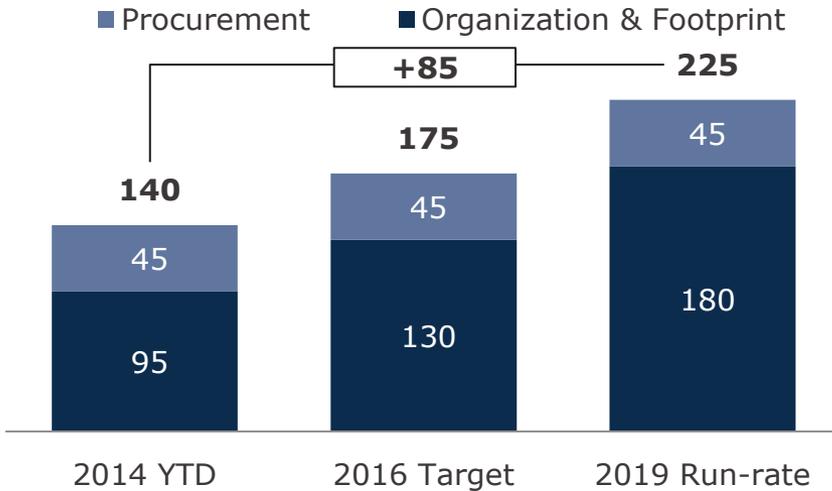


### Mid-point target assumptions:

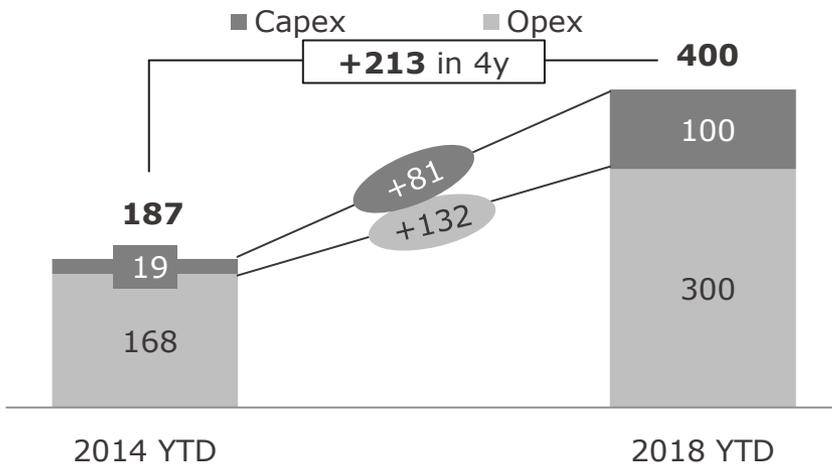
- Positive trend in Submarine, SURF and Telecom
- Slight volumes recovery in cyclical businesses with stable prices
- Positive impact from FX
- Lower impact from WL project

# Cost Efficiency plan

## Cumulated Cost Savings (€ million)



## Cumulated Costs (€ million)



Additional cash-in from disposals of land & building ~€ 30-40m

## Organization & Footprint



- ❑ **Optimization of European organization & footprint**
  - ✓ Creation of Centers of Operational Excellence and Service Centers
  - ✓ Regional scope and scale effectiveness
  - ✓ Networking streamlining and lean structures
  - ✓ Service performance and flexibility vs. market dynamics
- ❑ **€ 85 million** additional cost efficiencies by 2019
- ❑ **€ 30-40 million** future cash-in from disposals of land & building

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# Profit and Loss Statement

Euro Millions

	Q1 2015	Q1 2014	WL effect Q1'15 vs. Q1'14
<b>Sales</b>	<b>1,753</b>	<b>1,579</b>	<b>(3)</b>
<i>YoY total growth</i>	11.0%		(15) in Q1'15 (37) in Q1'14
<i>YoY organic growth</i>	5.9%		
<b>Adj.EBITDA</b>	<b>120</b>	<b>78</b>	<b>22</b>
<i>% on sales</i>	6.8%	4.9%	
<b>Adj.EBITDA excl. WL</b>	<b>135</b>	<b>115</b>	-
<i>% on sales</i>	7.5%	7.1%	
Non recurring items	(14)	20	-
<b>EBITDA</b>	<b>106</b>	<b>98</b>	<b>22</b>
<i>% on sales</i>	6.0%	6.2%	
<b>Adj.EBIT</b>	<b>84</b>	<b>42</b>	<b>22</b>
<i>% on sales</i>	4.8%	2.6%	
Non recurring items	(14)	20	-
Special items	13	(20)	-
<b>EBIT</b>	<b>83</b>	<b>42</b>	<b>22</b>
<i>% on sales</i>	4.7%	2.6%	
Financial charges	(20)	(35)	-
<b>EBT</b>	<b>63</b>	<b>7</b>	<b>22</b>
<i>% on sales</i>	3.6%	0.4%	
Taxes	(21)	(2)	(7)
<i>% on EBT</i>	33.3%	n.m.	(11) in Q1'15 (26) in Q1'14
<b>Net income</b>	<b>42</b>	<b>5</b>	<b>15</b>
<i>% on sales</i>	2.4%	0.3%	
<b>Net income excl. WL</b>	<b>53</b>	<b>31</b>	-
<i>% on sales</i>	2.9%	1.9%	

# Non Recurring and Special Items on EBIT

Euro Millions

	Q1 2015	Q1 2014
Antitrust investigation	(6)	1
Restructuring	(8)	(3)
Price adjustments	-	21
Other	-	1
<b>EBITDA adjustments</b>	<b>(14)</b>	<b>20</b>
Special items	13	(20)
<i>Gain/(loss) on metal derivatives</i>	20	(19)
<i>Assets impairment</i>	(6)	-
<i>Other</i>	(1)	(1)
<b>EBIT adjustments</b>	<b>(1)</b>	<b>-</b>

# Financial Charges

Euro Millions

	Q1 2015	Q1 2014
<b>Net interest expenses</b>	<b>(21)</b>	<b>(22)</b>
<i>of which non-cash conv.bond interest exp.</i>	(2)	(2)
Bank fees amortization	(1)	(2)
Gain/(loss) on exchange rates	(11)	(2)
Gain/(loss) on derivatives <sup>1)</sup>	14	(8)
Non recurring effects	(1)	(1)
<b>Net financial charges</b>	<b>(20)</b>	<b>(35)</b>

1) Includes currency and interest rate derivatives

# Statement of financial position (Balance Sheet)

Euro Millions

	31 Mar 2015	31 Mar 2014	31 Dec 2014
Net fixed assets	2,260	2,188	2,219
<i>of which: intangible assets</i>	560	586	561
<i>of which: property, plants &amp; equipment</i>	1,442	1,383	1,414
Net working capital	716	708	407
<i>of which: derivatives assets/(liabilities)</i>	3	(33)	(16)
<i>of which: Operative Net working capital</i>	713	741	423
Provisions & deferred taxes	(283)	(267)	(281)
<b>Net Capital Employed</b>	<b>2,693</b>	<b>2,629</b>	<b>2,345</b>
Employee provisions	367	307	360
Shareholders' equity	1,286	1,189	1,183
<i>of which: attributable to minority interest</i>	40	33	33
Net financial position	1,040	1,133	802
<b>Total Financing and Equity</b>	<b>2,693</b>	<b>2,629</b>	<b>2,345</b>

# Cash Flow

Euro Millions

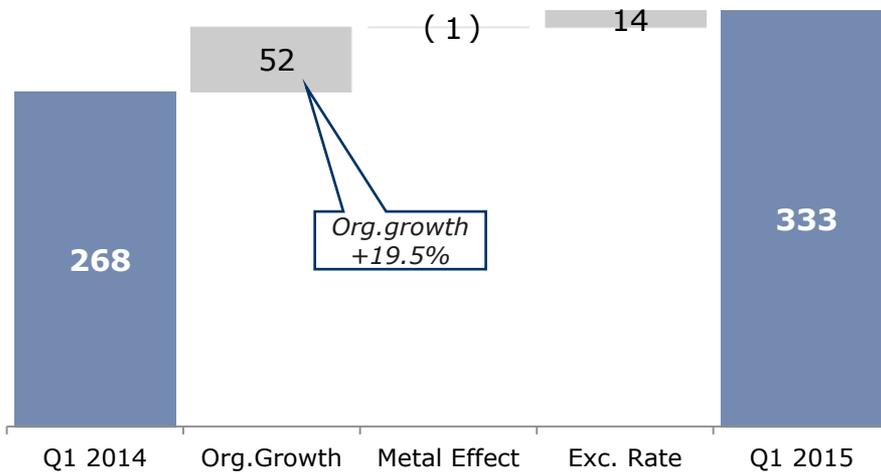
	Q1 2015	Q1 2014	FY 2014
<b>Adj.EBITDA</b>	<b>120</b>	<b>78</b>	<b>509</b>
Non recurring items	(14)	20	(13)
<b>EBITDA</b>	<b>106</b>	<b>98</b>	<b>496</b>
Net Change in provisions & others	(6)	(35)	(53)
Share of income from investments in op.activities	(7)	(5)	(43)
<b>Cash Flow from operations (bef. WC changes)</b>	<b>93</b>	<b>58</b>	<b>400</b>
Working Capital changes	(286)	(334)	(1)
Dividends received	10	8	36
Paid Income Taxes	(15)	(13)	(72)
<b>Cash flow from operations</b>	<b>(198)</b>	<b>(281)</b>	<b>363</b>
Acquisitions	-	-	9
Net Operative CAPEX	(22)	(22)	(155)
<b>Free Cash Flow (unlevered)</b>	<b>(220)</b>	<b>(303)</b>	<b>217</b>
Financial charges	(16)	(13)	(110)
<b>Free Cash Flow (levered)</b>	<b>(236)</b>	<b>(316)</b>	<b>107</b>
<b>Free Cash Flow (levered) excl. acquisitions</b>	<b>(236)</b>	<b>(316)</b>	<b>98</b>
Dividends	-	-	(90)
Treasury shares buy-back & other equity movements	2	-	(20)
<b>Net Cash Flow</b>	<b>(234)</b>	<b>(316)</b>	<b>(3)</b>
<b>NFP beginning of the period</b>	<b>(802)</b>	<b>(805)</b>	<b>(805)</b>
Net cash flow	(234)	(316)	(3)
Other variations	(4)	(12)	6
<b>NFP end of the period</b>	<b>(1,040)</b>	<b>(1,133)</b>	<b>(802)</b>

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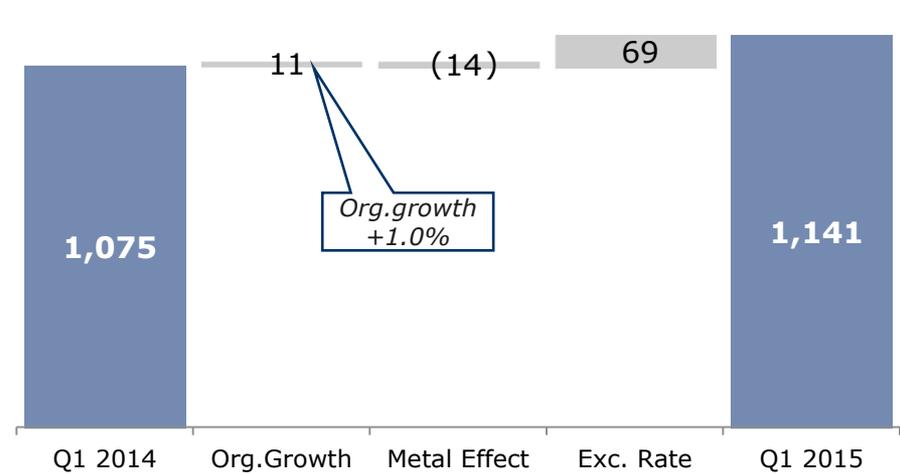
# Bridge Consolidated Sales

Euro Millions

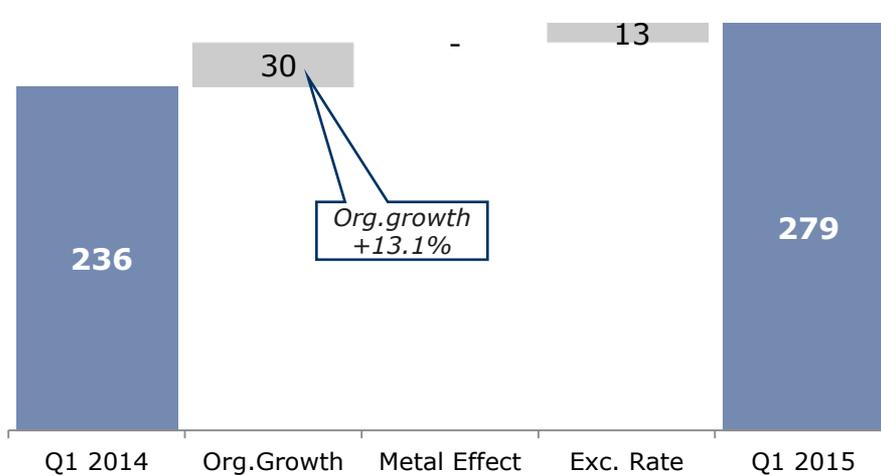
## Energy Projects



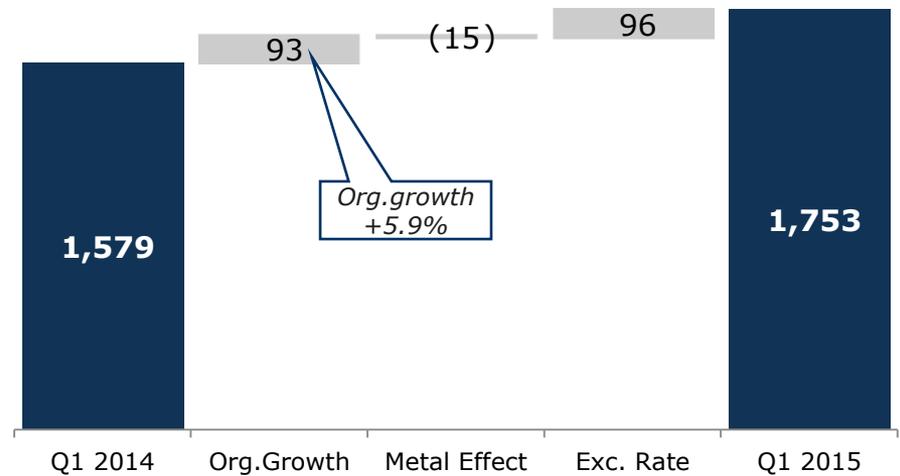
## Energy Products



## Telecom



## Total Consolidated



# Profit and Loss Statement

Euro Millions

	Q1 2015 excl. WL submarine project effect	Q1 2015 WL submarine project effect	Q1 2015	Q1 2014 excl. WL submarine project effect	Q1 2014 WL submarine project effect	Q1 2014
<b>Sales</b>	<b>1,793</b>	<b>(40)</b>	<b>1,753</b>	<b>1,616</b>	<b>(37)</b>	<b>1,579</b>
<i>YoY total growth</i>	10.9%		11.0%			
<i>YoY organic growth</i>	5.9%		5.9%			
<b>Adj.EBITDA</b>	<b>135</b>	<b>(15)</b>	<b>120</b>	<b>115</b>	<b>(37)</b>	<b>78</b>
<i>% on sales</i>	7.5%		6.8%	7.1%		4.9%
Non recurring items	(14)	-	(14)	20	-	20
<b>EBITDA</b>	<b>121</b>	<b>(15)</b>	<b>106</b>	<b>135</b>	<b>(37)</b>	<b>98</b>
<i>% on sales</i>	6.7%		6.0%	8.3%		6.2%
<b>Adj.EBIT</b>	<b>99</b>	<b>(15)</b>	<b>84</b>	<b>79</b>	<b>(37)</b>	<b>42</b>
<i>% on sales</i>	5.5%		4.8%	4.9%		2.6%
Non recurring items	(14)	-	(14)	20	-	20
Special items	13	-	13	(20)	-	(20)
<b>EBIT</b>	<b>98</b>	<b>(15)</b>	<b>83</b>	<b>79</b>	<b>(37)</b>	<b>42</b>
<i>% on sales</i>	5.5%		4.7%	4.9%		2.6%
Financial charges	(20)	-	(20)	(35)	-	(35)
<b>EBT</b>	<b>78</b>	<b>(15)</b>	<b>63</b>	<b>44</b>	<b>(37)</b>	<b>7</b>
<i>% on sales</i>	4.3%		3.6%	2.7%		0.4%
Taxes	(25)	4	(21)	(13)	11	(2)
<i>% on EBT</i>	32.1%		33.3%	29.7%		n.m.
<b>Net income</b>	<b>53</b>	<b>(11)</b>	<b>42</b>	<b>31</b>	<b>(26)</b>	<b>5</b>

# Energy Projects Segment – Profit and Loss Statement

Euro Millions

	Q1 2015 excl. WL submarine project effect	Q1 2015 WL submarine project effect	Q1 2015	Q1 2014 excl. WL submarine project effect	Q1 2014 WL submarine project effect	Q1 2014
<b>Sales to Third Parties</b>	<b>373</b>	<b>(40)</b>	<b>333</b>	<b>305</b>	<b>(37)</b>	<b>268</b>
<i>YoY total growth</i>	22.4%		24.3%			
<i>YoY organic growth</i>	18.2%		19.5%			
<b>Adj. EBITDA</b>	<b>52</b>	<b>(15)</b>	<b>37</b>	<b>45</b>	<b>(37)</b>	<b>8</b>
<i>% on sales</i>	13.9%		11.1%	14.9%		3.1%
<b>Adj. EBIT</b>	<b>42</b>	<b>(15)</b>	<b>27</b>	<b>35</b>	<b>(37)</b>	<b>(2)</b>
<i>% on sales</i>	11.3%		8.2%	11.5%		(0.7%)

# Energy Products Segment – Profit and Loss Statement

Euro Millions

		Q1 2015	Q1 2014
Sales to Third Parties	<b>E&amp;I</b>	<b>686</b>	<b>638</b>
	<i>YoY total growth</i>	7.5%	
	<i>YoY organic growth</i>	3.3%	
	<b>Industrial &amp; Netw. Comp.</b>	<b>430</b>	<b>414</b>
	<i>YoY total growth</i>	4.2%	
	<i>YoY organic growth</i>	(2.8%)	
	<b>Other</b>	<b>25</b>	<b>23</b>
	<i>YoY total growth</i>	5.9%	
<i>YoY organic growth</i>	1.8%		
	<b>ENERGY PRODUCTS</b>	<b>1,141</b>	<b>1,075</b>
	<i>YoY total growth</i>	6.2%	
	<i>YoY organic growth</i>	1.0%	
Adj. EBITDA	<b>E&amp;I</b>	<b>26</b>	<b>21</b>
	<i>% on sales</i>	3.8%	3.3%
	<b>Industrial &amp; Netw. Comp.</b>	<b>28</b>	<b>29</b>
	<i>% on sales</i>	6.5%	7.0%
	<b>Other</b>	<b>1</b>	<b>2</b>
	<i>% on sales</i>	4.0%	6.7%
	<b>ENERGY PRODUCTS</b>	<b>55</b>	<b>52</b>
	<i>% on sales</i>	4.8%	4.8%
Adj. EBIT	<b>E&amp;I</b>	<b>16</b>	<b>14</b>
	<i>% on sales</i>	2.3%	2.2%
	<b>Industrial &amp; Netw. Comp.</b>	<b>22</b>	<b>22</b>
	<i>% on sales</i>	5.1%	5.3%
	<b>Other</b>	<b>-</b>	<b>1</b>
	<i>% on sales</i>	0.0%	4.3%
	<b>ENERGY PRODUCTS</b>	<b>38</b>	<b>37</b>
	<i>% on sales</i>	3.3%	3.4%

# Telecom Segment – Profit and Loss Statement

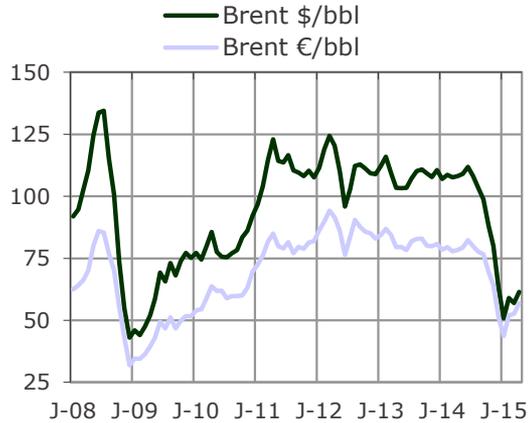
Euro Millions

	Q1 2015	Q1 2014
<b>Sales to Third Parties</b>	<b>279</b>	<b>236</b>
<i>YoY total growth</i>	<i>18.4%</i>	
<i>YoY organic growth</i>	<i>13.1%</i>	
<hr/>		
<b>Adj. EBITDA</b>	<b>28</b>	<b>18</b>
<i>% on sales</i>	<i>10.1%</i>	<i>7.6%</i>
<hr/>		
<b>Adj. EBIT</b>	<b>19</b>	<b>7</b>
<i>% on sales</i>	<i>6.8%</i>	<i>3.0%</i>
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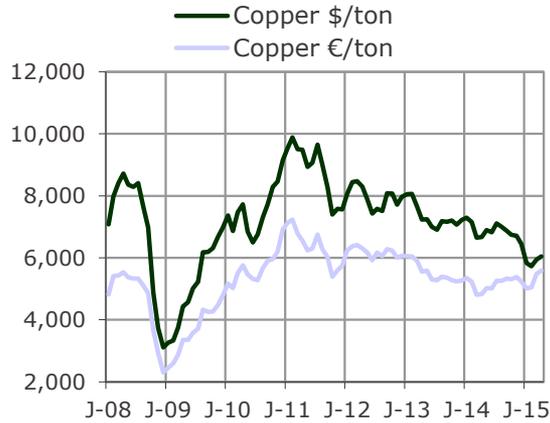
# Reference Scenario

## Commodities & Forex

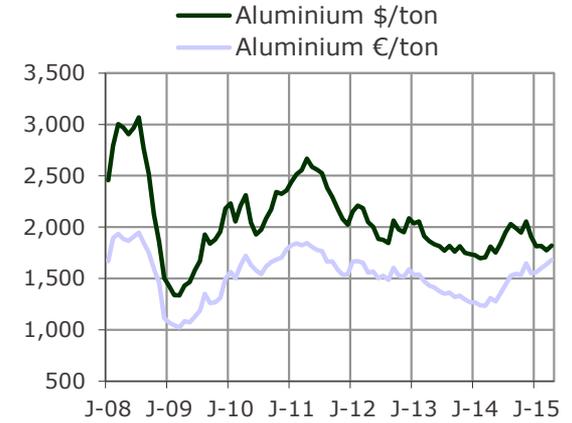
### Brent



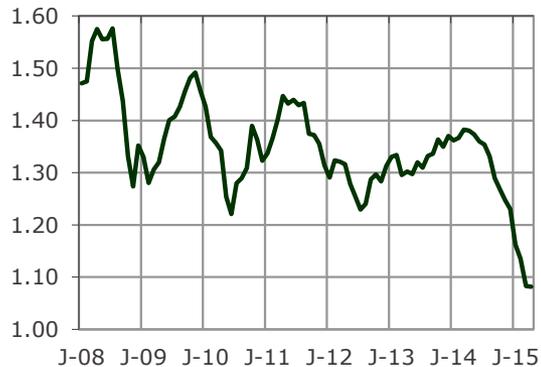
### Copper



### Aluminium



### EUR / USD



### EUR / GBP



### EUR / BRL



Based on monthly average data  
Source: Nasdaq OMX

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