

Q1 2018 FINANCIAL RESULTS

Milan – May 10th, 2018



AGENDA

➤ Q1 2018 Highlights

- **Group overview**
- Results by business
- Outlook

➤ Financial results

➤ Appendix

Q1 2018 Financial Highlights

Organic growth recovery in Energy Projects and Industrial. Margin impacted by WL provision.

Organic sales growth at +3.1% supported by:

- Double-digit trend in **Underground HV** and **Industrial**.
- High-single digit growth in **Optical & Connectivity**.
- Positive organic trend in **T&I** (excluding OCI)

Adj. EBITDA at **€ 153m** (8.1% of sales), in line with Q1 2017, mainly driven by:

- **Telecom:** further margin expansion resulting from volume growth, improved manufacturing efficiency, YOFC results and the reversal of a bad debt provision accrued in 2016 in Brazil.
- **Energy Projects:** underlying sound profitability. Provision related to WL project (€20m) negatively impacting operating result.

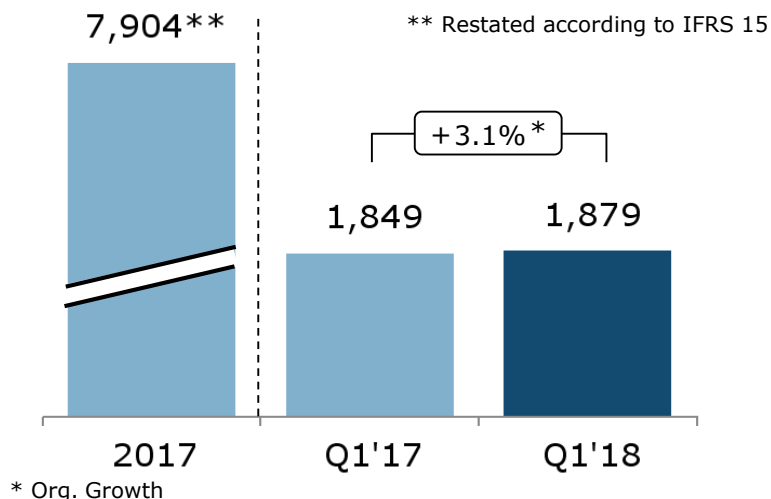
Forex (-€13m) and **OCI** (-€3m, net of forex effect) main headwinds on profitability.

Net Financial Debt at **€ 648m**, (€ 998m in Q1 2017) including €291m positive effect from 2013 Equity-linked bond conversion.

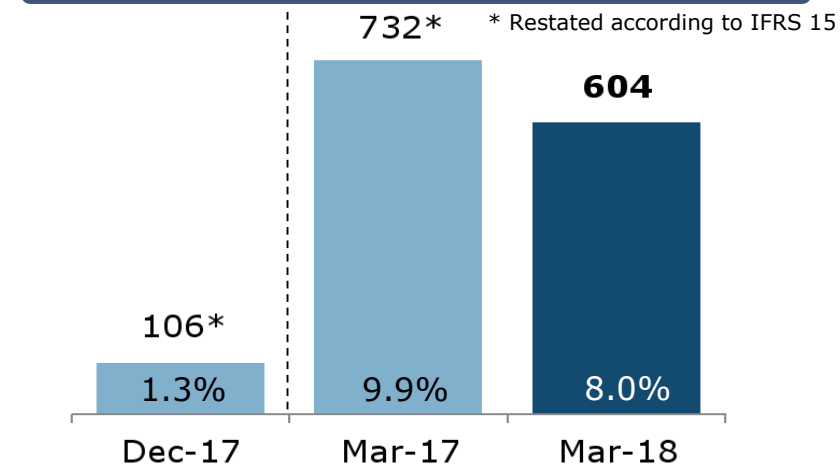
Q1 2018 Key Financials

Euro Millions, % on Sales

Sales

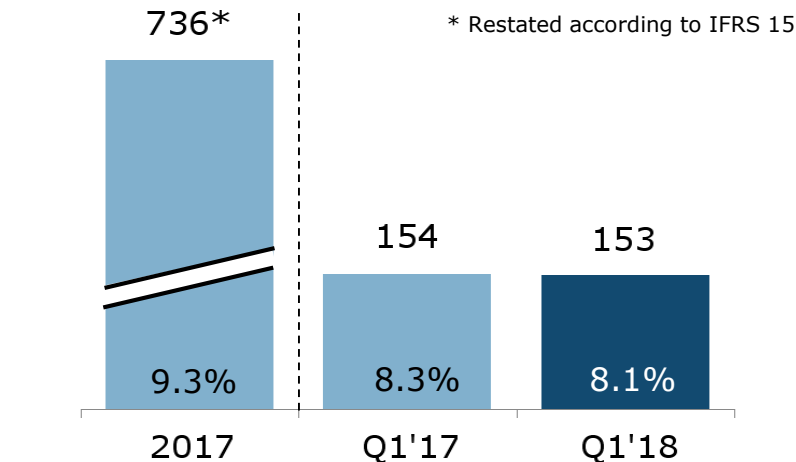


Operative Net Working Capital ⁽²⁾



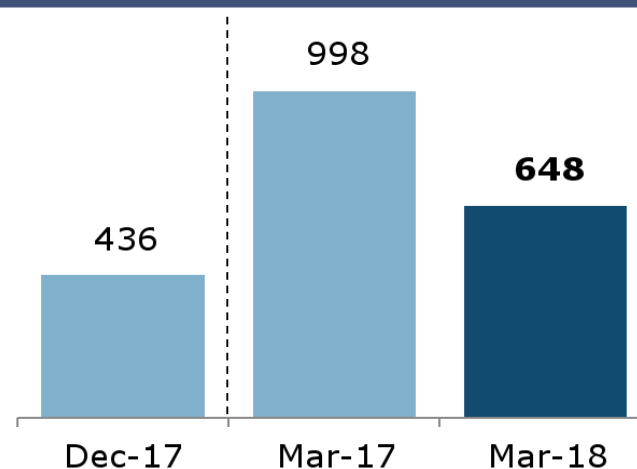
(2) Defined as NWC excluding derivatives; % on annualized last quarter sales.

Adjusted EBITDA ⁽¹⁾



(1) Adjusted excluding restructuring, non-operating income/expenses and non-recurring income / expenses;

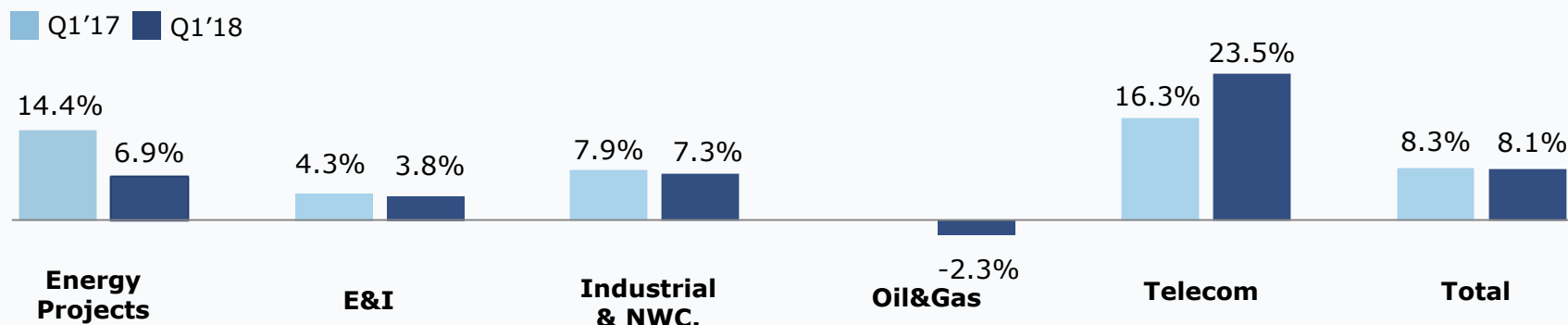
Net Financial Position



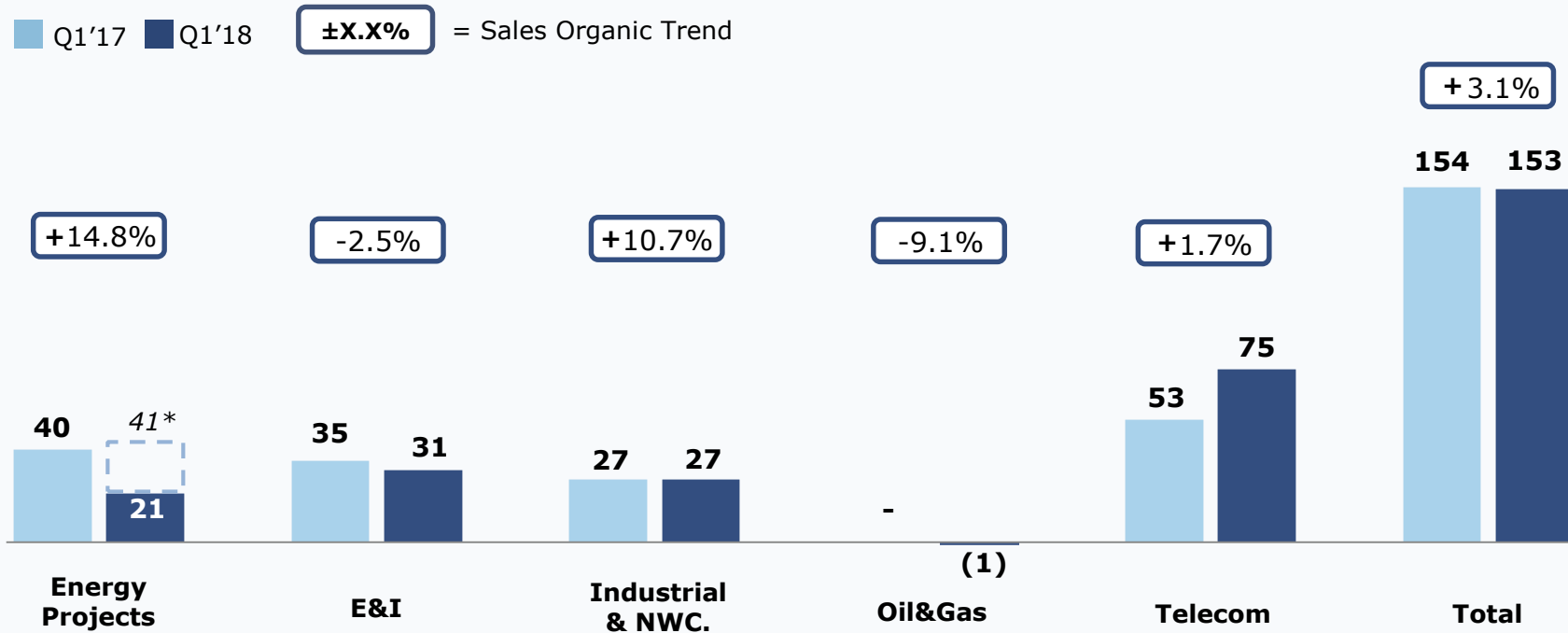
Continued profitability improvement

Organic growth confirmed positive. Meaningful margin expansion in Telecom business.

Adj. EBITDA Margin

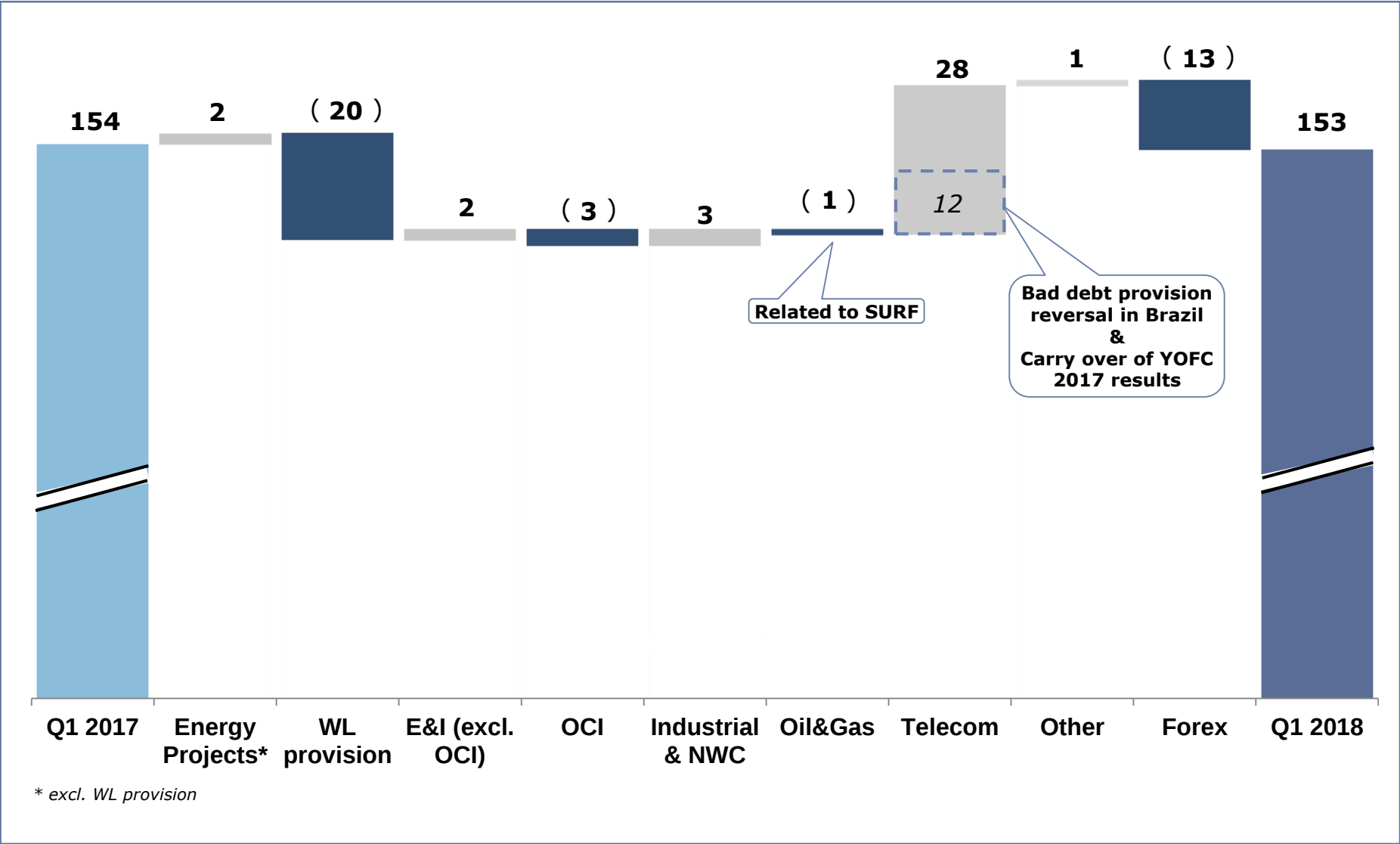


Adj. EBITDA (€ million) / % Org. Growth



* Adj.EBITDA excluding €20m WL provision

Adj.EBITDA Bridge Q1 2017 – Q1 2018



Note: Adj.EBITDA variation of reporting segments (i.e. Energy Projects, Oil&Gas etc.) is net of forex effect.

General Cable Acquisition

Update of the transaction agenda

Key Milestones of the Transaction		
December 4th, 2017	Transaction Announcement	✓
February 16th, 2018	General Cable EGM approved the acquisition by large majority (99% of total votes cast, also representing a majority of the total outstanding shares)	✓
March 7th, 2018	US DoJ and Federal Trade Commission clearance	✓
May 4th, 2018	Brazil Antitrust clearance (*)	✓
May 8th, 2018	EU Commission's competition directorate clearance	✓
May 9th, 2018	Chile Antitrust clearance	✓
Pending	CFIUS	

(*) Under Brazilian law, the parties must observe a 15-day waiting period after publication of the antitrust clearance decision in the Brazilian Official Gazette. Publication occurred on May 7, 2018 and the 15-day waiting period will expire on May 22, 2018.

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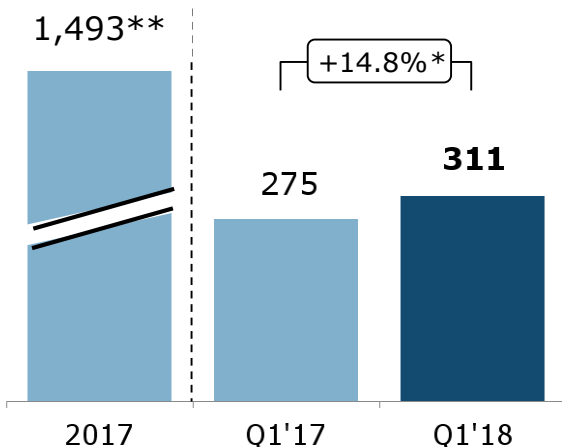
➤ Appendix

Energy Projects

Euro Millions, % on Sales

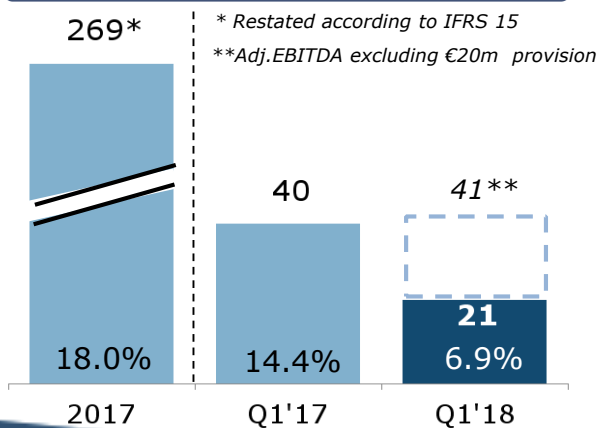
Sales

**Restated according to IFRS 15



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

SUBMARINE

- Positive organic sales trend helped by favourable project phasing. Higher tendering activity expected in H2.
- Adj.EBITDA negatively impacted by €20m provision related to the Western Link project, following a fault occurred in the shallow water section during the testing phase. The cause of the fault is currently under investigation.

UNDERGROUND HIGH VOLTAGE

- Positive start in APAC and EMEA, with particularly solid trend in Indonesia, Turkey, Spain and France, partially offset by the slowdown in Netherlands.
- Lively market activity in Middle East and APAC showing opportunities to future development.

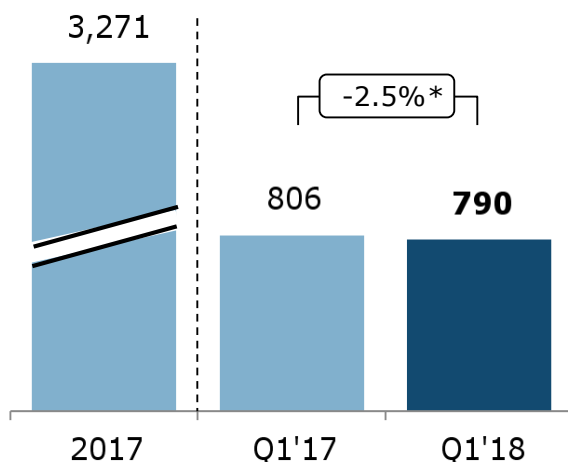
Orders Backlog Evolution (€m)

	Dec '13	Dec '14	Dec '15	Dec '16	Dec '17	Mar'18
Underground HV	~450	~450	~600	~350	~400	~450
Submarine	~2,050	~2,350	~2,600	~2,050	~2,050	~1,900
Group	~2,500	~2,800	~3,200	~2,400	~2,450	~2,350

Energy & Infrastructure

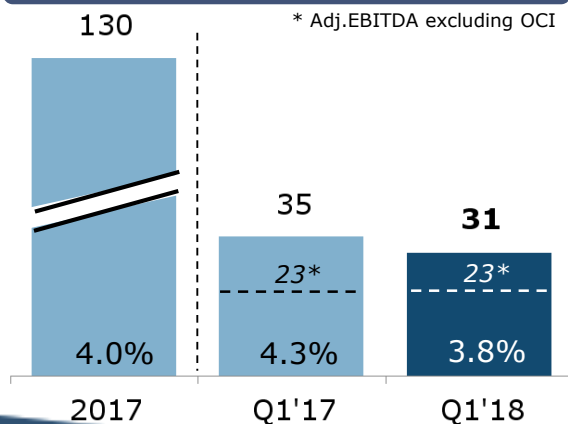
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

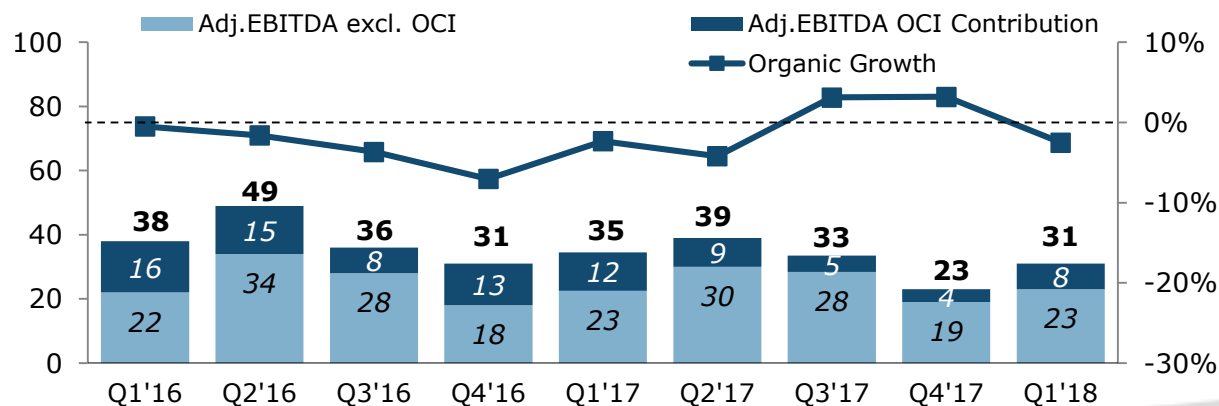
TRADE & INSTALLERS

- Moderate organic improvement, negatively affected by OCI; mid-single-digit organic growth (excl. OCI) driven by South Europe, Germany, East Europe and Netherlands.
- Improved Adj.EBITDA helped by CPR introduction (mainly Italy, Spain and Netherlands) and volumes growth, more than offsetting forex headwinds and OCI weakness.

POWER DISTRIBUTION

- Volumes slowdown in South America, Nordics (due to weather condition), South-East Asia and OCI. Slight recovery in Germany and Netherlands.
- Profitability impacted by weakness of OCI, Nordics and APAC.

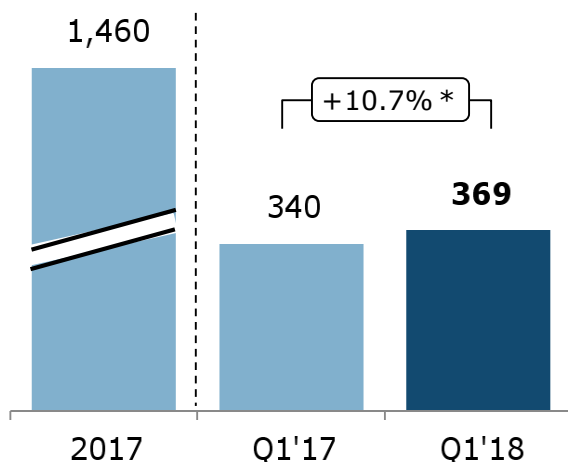
Quarterly Adj.EBITDA and Organic Growth Evolution



Industrial & Network Components

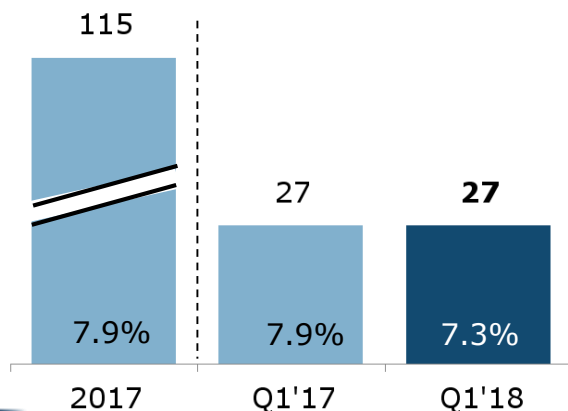
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

Specialties, OEMs & Renewables

- Double-digit organic growth, fueled by positive performance in Railways and Infrastructure applications. Nuclear and Mining main weaknesses.
- Stable trend in renewable business, with improving results in Solar (Germany and Brazil) mostly offset by slowdown in Wind (North America).
- Profitability affected by unfavourable sales mix.

Elevator

- Strong organic growth in EMEA. Positive volume trend in North America partially offset by weak performance in APAC.
- Adj.EBITDA reduced mainly by forex effect, raw material price inflation (steel) and unfavourable product mix in North America.

Automotive

- Sound organic trend supported by a positive market environment, with a particularly strong performance in North and South America and Europe.
- Adj.EBITDA benefitted from mix improvement and fixed cost reduction, partially offset by market pressure on low value-added products in APAC.

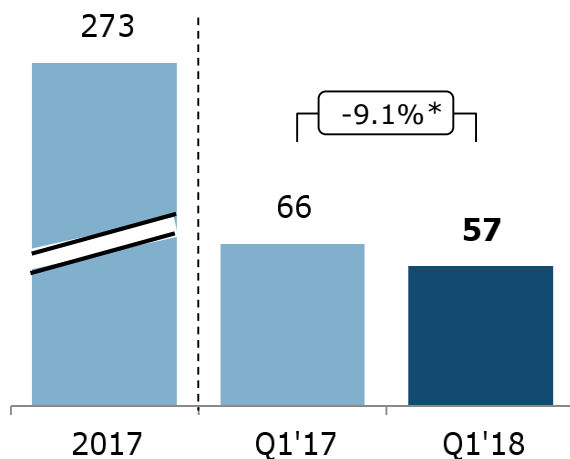
Network Components

- Soft trend with a moderate slowdown in MV and LV accessories, partially offset by recovery in HV segment (150kV joints) in APAC and Europe.

Oil & Gas

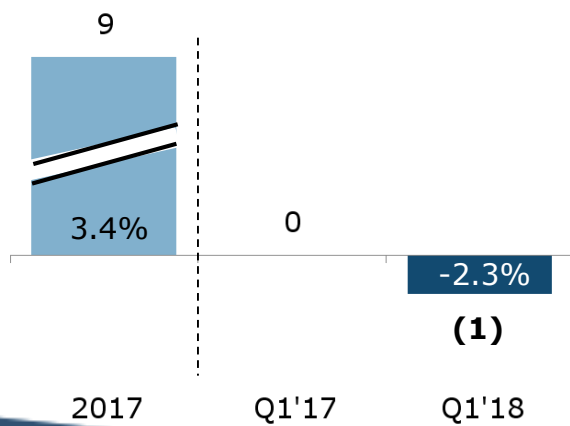
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

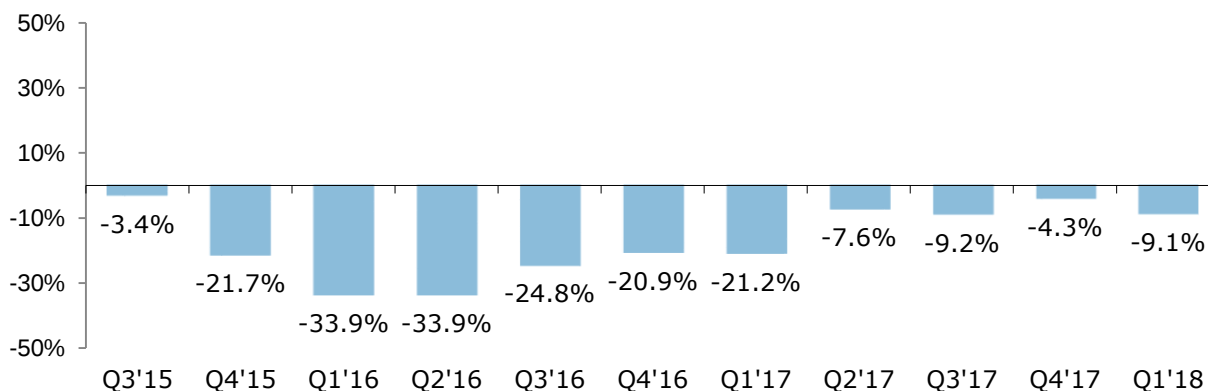
SURF

- Umbilical: sales and margin dropped significantly during the quarter, due to strong price pressure in Brazil and reduced project awards in 2017.
- DHT: volume recovery driven by increased number of active rigs in North America (shale) & Middle East. Offshore market still negative.

Core Oil&Gas Cables

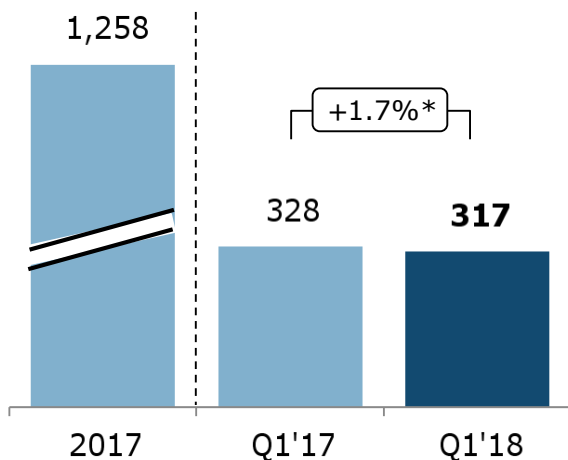
- Improved Adj.EBITDA thanks to volume recovery in Onshore projects activity and design-to-cost initiatives.
- Further slowdown in Offshore and Marine activities.

Quarterly organic growth* evolution



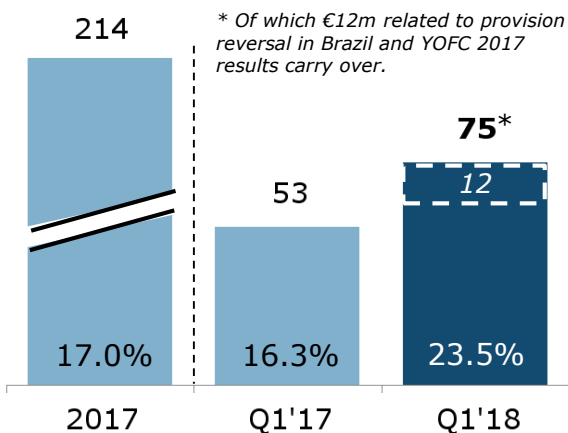
* % change vs. same quarter of previous year

Sales



* Org. Growth

Adj. EBITDA / % of Sales

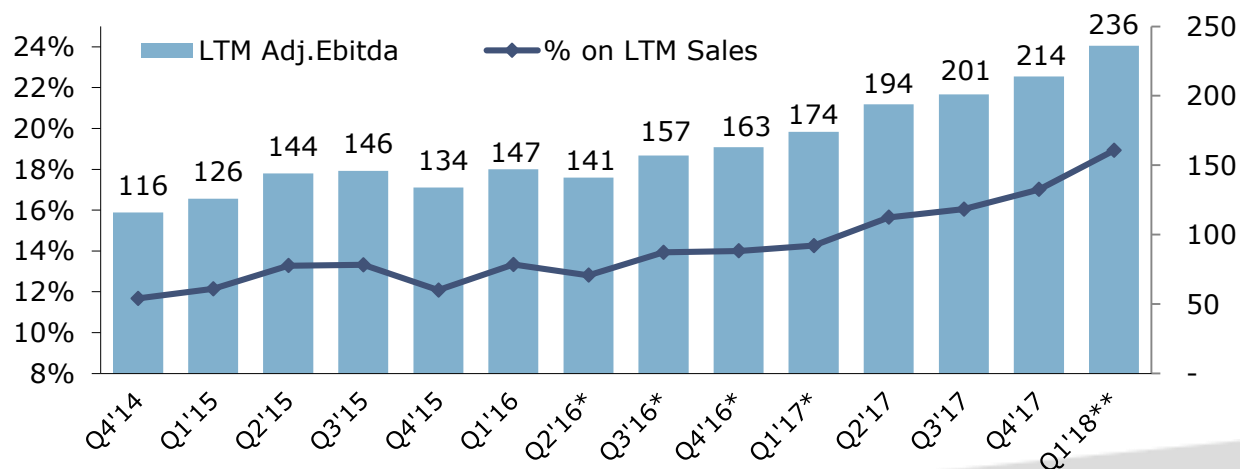


Highlights

Telecom Solutions & Fibre

- Sharp expansion of Adj.EBITDA supported by volume growth, further improvement in competitiveness and manufacturing efficiency, YOFC results and the reversal of a bad debt provision accrued in 2016 in Brazil.
- Optical & Connectivity sales grew high-single digit organically, boosted by broadband capex acceleration in Europe (particularly France).
- Double-digit decline of Copper cable business, as expected, driven by the phase out of copper investments in Australia partially offset by positive trend in Latam.
- Solid performance of MMS business supported by sound market demand in Europe.

Quarterly LTM Adj.EBITDA and % on LTM Sales



* Adj.EBITDA including bad debt provision in Brazil

** Adj.EBITDA including reversal of bad debt provision in Brazil

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FY 2018 Outlook

2018 Adj.EBITDA Target (€ million)

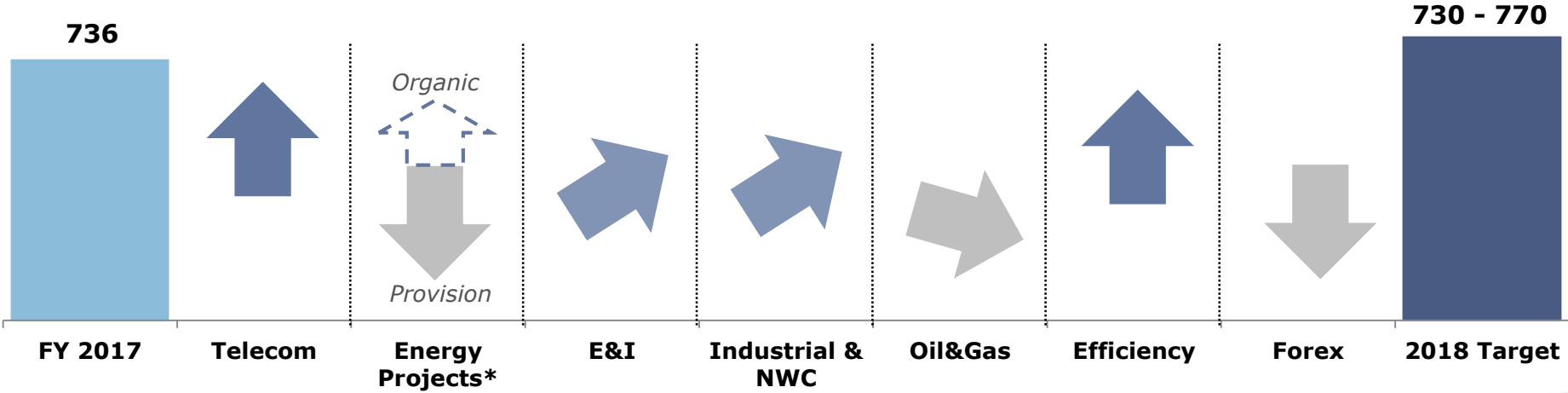


2018 Adj.EBITDA Target Assumptions

MID-POINT TARGET ASSUMPTIONS:

- Volume and margin growth in Telecom in line with Q1 trend.
- Volume trend in E&I and Industrial following Q1 track.
- Adverse FX impact expected between €20-25m.
- **Energy Projects impacted by €20m WL provision.**

Adj. EBITDA FY 2017 - 2018 Outlook Bridge (€ million)



* Including WL provision.

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Profit and Loss Statement

Euro Millions

	Q1 2018	Q1 2017
Sales	1,879	1,849
<i>YoY total growth</i>	1.6%	
<i>YoY organic growth</i>	3.1%	
Adj.EBITDA	153	154
<i>% on sales</i>	8.1%	8.3%
Adjustments	(17)	(24)
EBITDA	136	130
<i>% on sales</i>	7.3%	7.0%
Adj.EBIT	109	110
<i>% on sales</i>	5.8%	5.9%
Adjustments	(17)	(24)
Special items	(35)	(8)
EBIT	57	78
<i>% on sales</i>	3.1%	4.2%
Financial charges	(19)	(26)
EBT	38	52
<i>% on sales</i>	2.0%	2.8%
Taxes	(10)	(15)
<i>% on EBT</i>	(27.0%)	(28.0%)
Net income	28	37
<i>% on sales</i>	1.5%	2.0%
Minorities	-	1
Group Net Income	28	36
<i>% on sales</i>	1.5%	2.0%

Adjustments and Special Items on EBIT

Euro Millions

	Q1 2018	Q1 2017
Non-recurring Items (Antitrust investigation)	-	(15)
Restructuring	(3)	(5)
Other Non-operating Income / (Expenses)	(14)	(4)
<i>of which General Cable acquisition related costs</i>	(1)	-
<i>of which General Cable integration costs</i>	(8)	-
EBITDA adjustments	(17)	(24)
Special items	(35)	(8)
<i>Gain/(loss) on metal derivatives</i>	(26)	3
<i>Assets impairment</i>	-	-
<i>Other</i>	(9)	(11)
EBIT adjustments	(52)	(32)

Financial Charges

Euro Millions

	Q1 2018	Q1 2017
Net interest expenses	(15)	(17)
<i>of which non-cash conv.bond interest exp.</i>	(4)	(4)
Bank fees amortization	-	-
Gain/(loss) on exchange rates	(6)	1
Gain/(loss) on derivatives	3	(7)
Non recurring effects	(1)	(1)
Other non operating financial expenses	-	(2)
Other	-	-
Net financial charges	(19)	(26)

Statement of financial position (Balance Sheet)

Euro Millions

	31 Mar 2018	31 Mar 2017*	31 Dec 2017*
Net fixed assets	2,615	2,656	2,610
<i>of which: goodwill</i>	436	447	438
<i>of which: intangible assets</i>	284	340	297
<i>of which: property, plants & equipment</i>	1,646	1,653	1,646
Net working capital	587	735	128
<i>of which: derivatives assets/(liabilities)</i>	(17)	3	22
<i>of which: Operative Net working capital</i>	604	732	106
Provisions & deferred taxes	(293)	(343)	(308)
Net Capital Employed	2,909	3,048	2,430
Employee provisions	353	381	355
Shareholders' equity	1,908	1,669	1,639
<i>of which: attributable to minority interest</i>	177	212	188
Net financial debt	648	998	436
Total Financing and Equity	2,909	3,048	2,430

* Restated according to IFRS 15

Cash Flow

Euro Millions

Adj.EBITDA

Adjustments

EBITDA

Net Change in provisions & others

Share of income from investments in op.activities

Cash flow from operations (before WC changes)

Working Capital changes

Dividends received

Paid Income Taxes

Cash flow from operations

Acquisitions/Disposals

Net Operative CAPEX

of which acquisitions of assets of ShenHuan

Free Cash Flow (unlevered)

Financial charges

Free Cash Flow (levered)

Free Cash Flow (levered) excl. Acquisitions & Disposals*

Dividends

Treasury shares buy-back & other equity movements

Net Cash Flow

Net Financial debt beginning of the period

Net cash flow

Equity component of Convertible Bond 2017

Conversion of Convertible Bond 2013

Other variations

Net Financial debt end of the period

Q1 2018

Q1 2017

12 Months (from
1/4/2017 to
31/3/2018)**

153

(17)

136

3

(20)

119

(528)

3

(17)

(423)

-

(46)

-

(469)

(10)

(479)

(479)

-

-

(479)

(436)

(479)

-

283

(16)

(648)

154

(24)

130

(1)

(10)

119

(483)

3

(20)

(381)

-

(67)

(33)

(448)

(12)

(460)

(427)

-

(49)

(509)

(537)

(509)

48

-

-

(998)

735

(69)

666

2

(52)

616

40

10

(101)

565

(7)

(233)

(2)

325

(68)

257

266

(101)

(48)

108

(998)

108

-

291

(49)

(648)

* Calculated as FCF (levered) excluding "acquisitions of assets of ShenHuan" and "Acquisition & Disposal".

** Based on restated figures according to IFRS 15.

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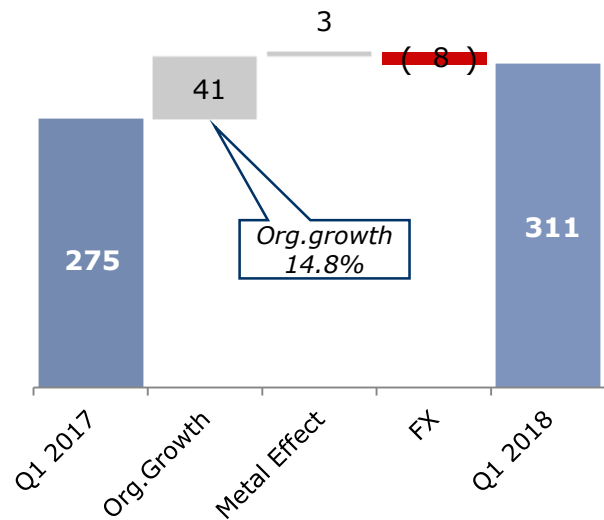
➤ Financial results

➤ **Appendix**

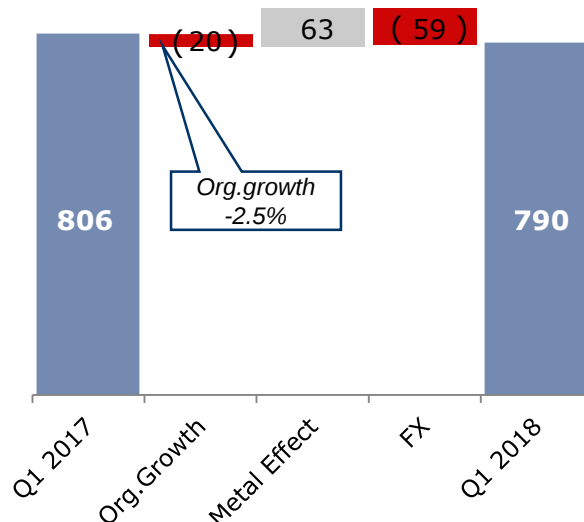
Bridge Consolidation Sales

Euro Millions

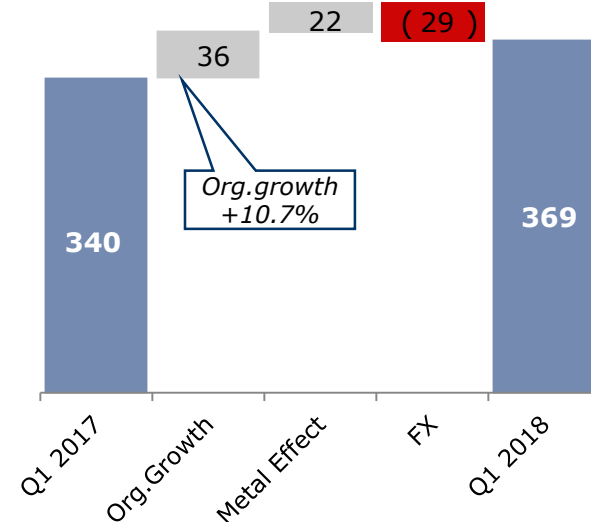
Energy Projects



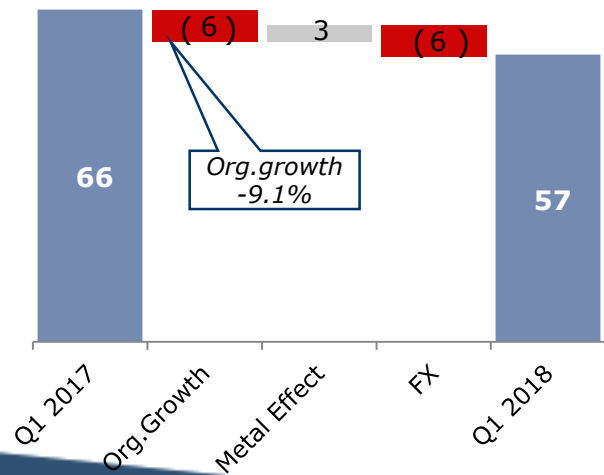
E&I



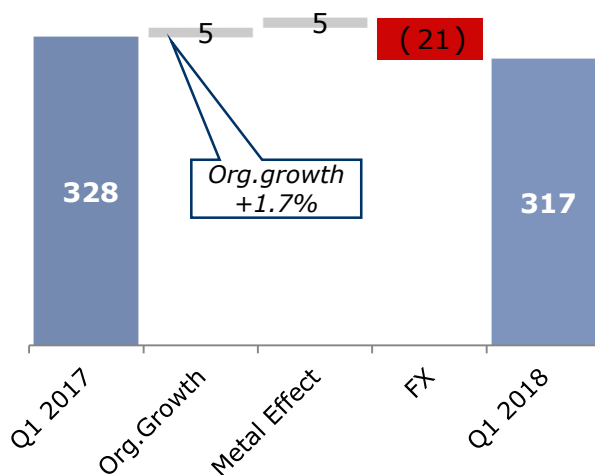
Industrial & NWC



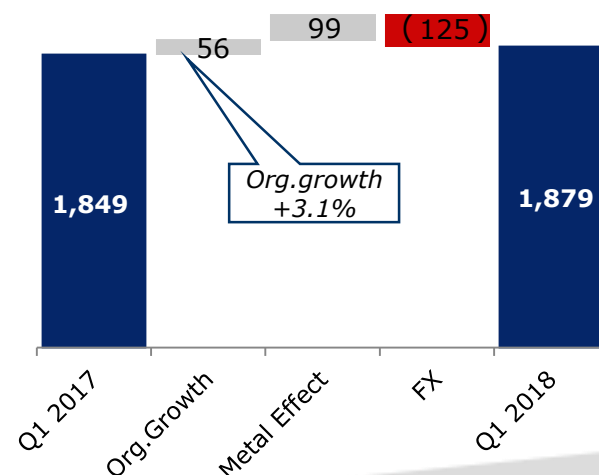
Oil & Gas



Telecom



Total Consolidated



Profit and Loss Statement

Euro Millions

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<i>Minorities</i>	-	1
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Energy Projects Segment – Profit and Loss Statement

Euro Millions

	Q1 2018	Q1 2017
Sales to Third Parties	311	275
<i>YoY total growth</i>	<i>12.9%</i>	
<i>YoY organic growth</i>	<i>14.8%</i>	
Adj. EBITDA	21	40
<i>% on sales</i>	<i>6.9%</i>	<i>14.4%</i>
Adj. EBIT	11	30
<i>% on sales</i>	<i>3.5%</i>	<i>10.7%</i>

Energy Products Segment – Profit and Loss Statement

Euro Millions

		Q1 2018	Q1 2017
Sales to Third Parties	E&I	790	806
	<i>YoY total growth</i>	<i>(2.1%)</i>	
	<i>YoY organic growth</i>	<i>(2.5%)</i>	
	Industrial & Netw. Comp.	369	340
	<i>YoY total growth</i>	<i>8.6%</i>	
	<i>YoY organic growth</i>	<i>10.7%</i>	
	Other	35	34
	<i>YoY total growth</i>	<i>4.1%</i>	
	<i>YoY organic growth</i>	<i>0.0%</i>	
	ENERGY PRODUCTS	1,194	1,180
	<i>YoY total growth</i>	<i>1.1%</i>	
	<i>YoY organic growth</i>	<i>1.4%</i>	
Adj. EBITDA	E&I	31	35
	<i>% on sales</i>	<i>3.8%</i>	<i>4.3%</i>
	Industrial & Netw. Comp.	27	27
	<i>% on sales</i>	<i>7.3%</i>	<i>7.9%</i>
	Other	-	(1)
	<i>% on sales</i>	<i>0.0%</i>	<i>(1.5%)</i>
	ENERGY PRODUCTS	58	61
	<i>% on sales</i>	<i>4.8%</i>	<i>5.2%</i>
Adj. EBIT	E&I	16	21
	<i>% on sales</i>	<i>2.1%</i>	<i>2.6%</i>
	Industrial & Netw. Comp.	22	22
	<i>% on sales</i>	<i>5.9%</i>	<i>6.5%</i>
	Other	-	(2)
	<i>% on sales</i>	<i>0.0%</i>	<i>(4.7%)</i>
	ENERGY PRODUCTS	38	41
	<i>% on sales</i>	<i>3.2%</i>	<i>3.5%</i>

Oil&Gas Segment – Profit and Loss Statement

Euro Millions

	Q1 2018	Q1 2017
Sales to Third Parties	57	66
<i>YoY total growth</i>	<i>(13.0%)</i>	
<i>YoY organic growth</i>	<i>(9.1%)</i>	
Adj. EBITDA	(1)	-
<i>% on sales</i>	<i>(2.3%)</i>	<i>0.0%</i>
Adj. EBIT	(4)	(4)
<i>% on sales</i>	<i>(7.1%)</i>	<i>(6.5%)</i>

Telecom Segment – Profit and Loss Statement

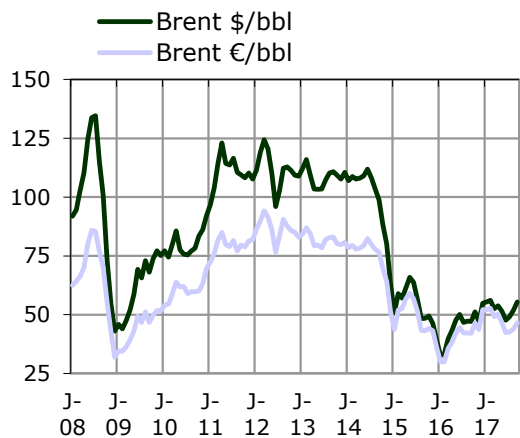
Euro Millions

	Q1 2018	Q1 2017
Sales to Third Parties	317	328
<i>YoY total growth</i>	<i>(3.2%)</i>	
<i>YoY organic growth</i>	<i>1.7%</i>	
Adj. EBITDA	75	53
<i>% on sales</i>	<i>23.5%</i>	<i>16.3%</i>
Adj. EBIT	64	43
<i>% on sales</i>	<i>20.1%</i>	<i>13.2%</i>

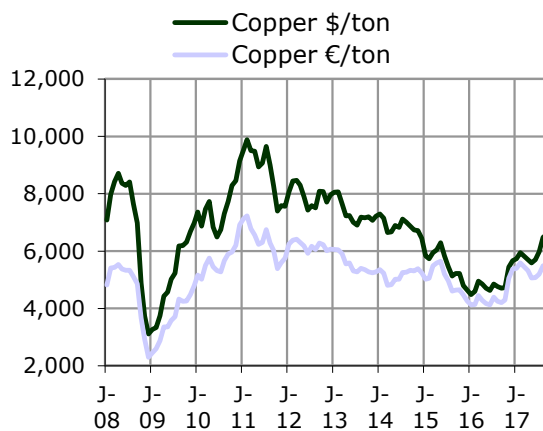
Reference Scenario

Commodities & Forex

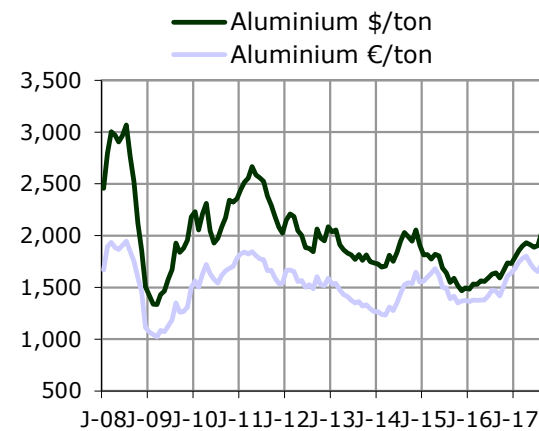
Brent



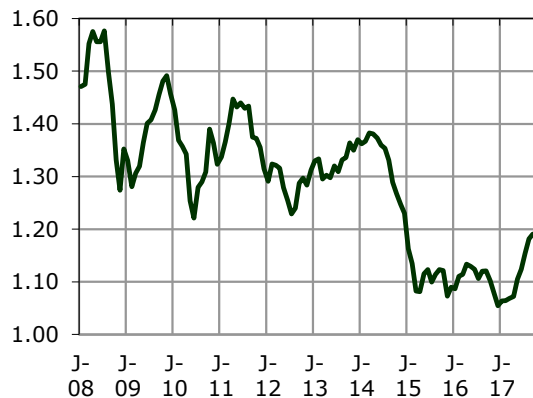
Copper



Aluminium



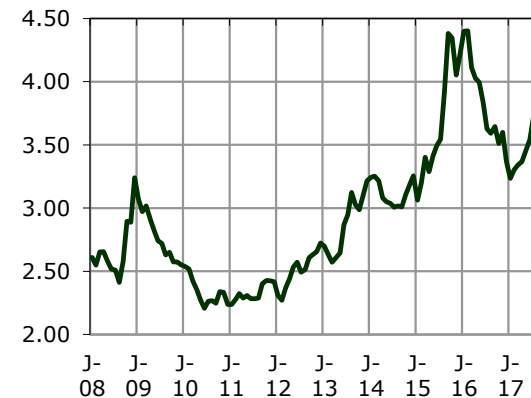
EUR / USD



EUR / GBP



EUR / BRL



Based on monthly average data
Source: Nasdaq OMX

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