Q1 2013 Financial Results

Milan, 9th May 2013

Prysmian Group

PRYSMIAN

Draka

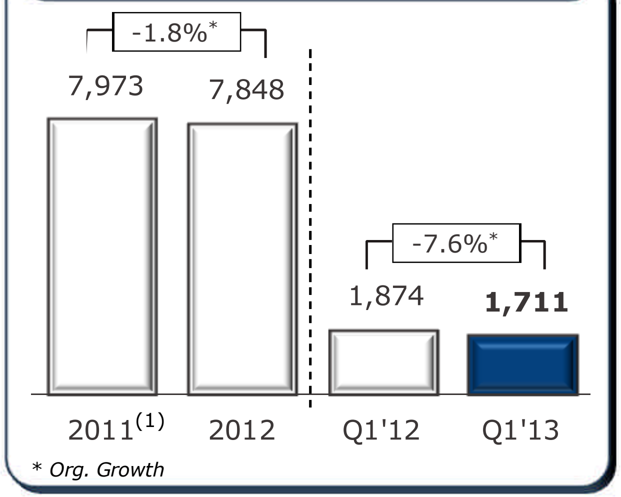
AGENDA

- Q1 2013 Highlights & FY 2013 Outlook
- Financial Results
- Appendix

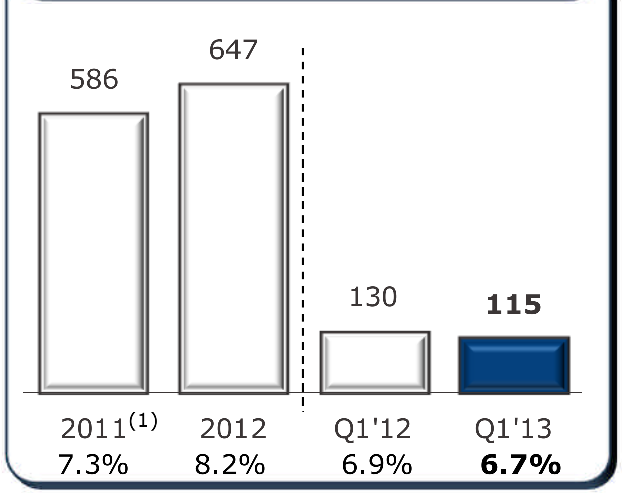
Q1 2013 Key Financials

Euro Millions, % on Sales

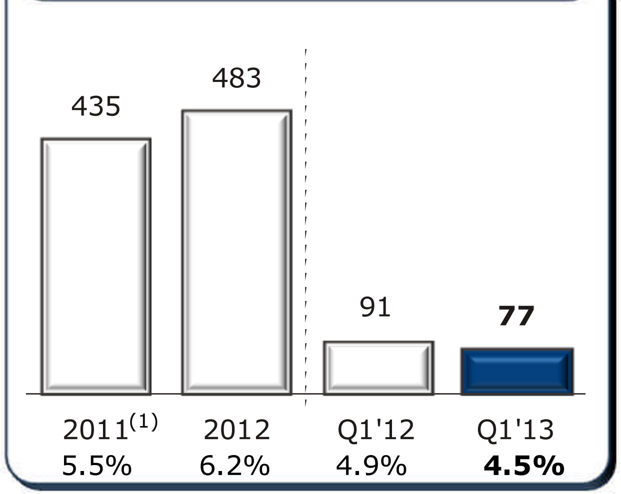
Sales



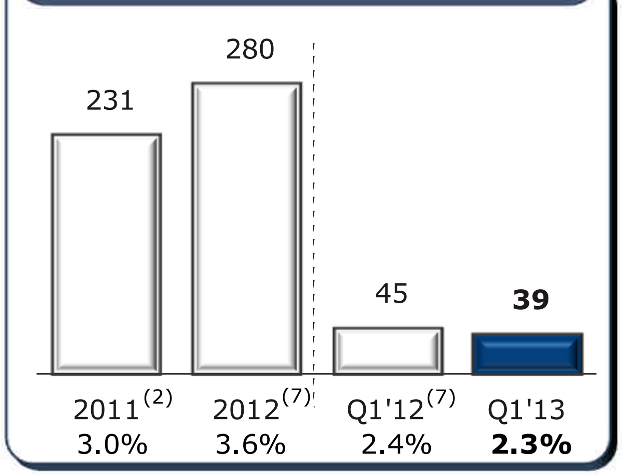
Adjusted EBITDA [3]



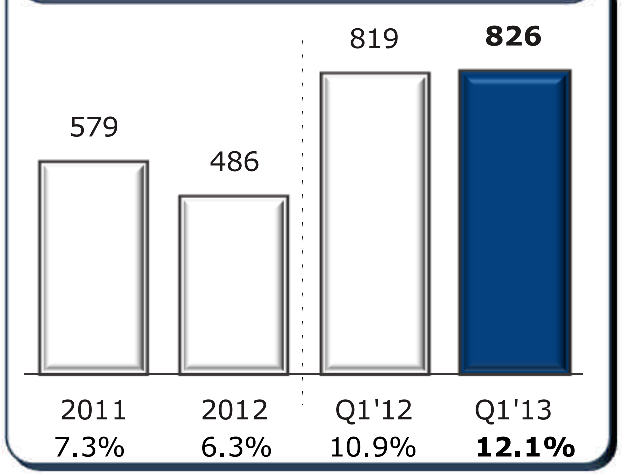
Adjusted EBIT [4]



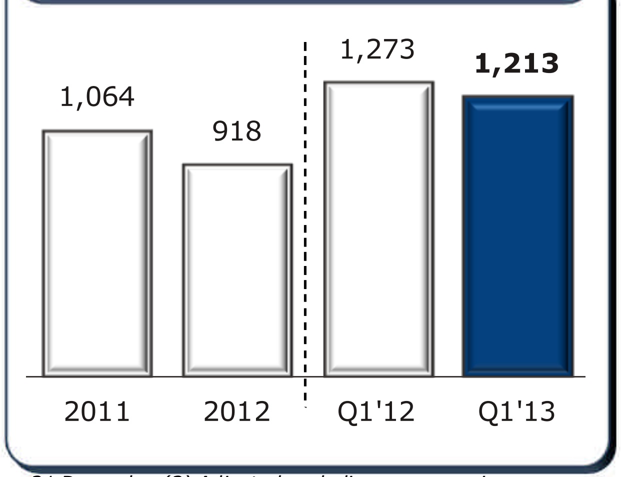
Adjusted Net Income [5]



Operative Net Working Capital [6]



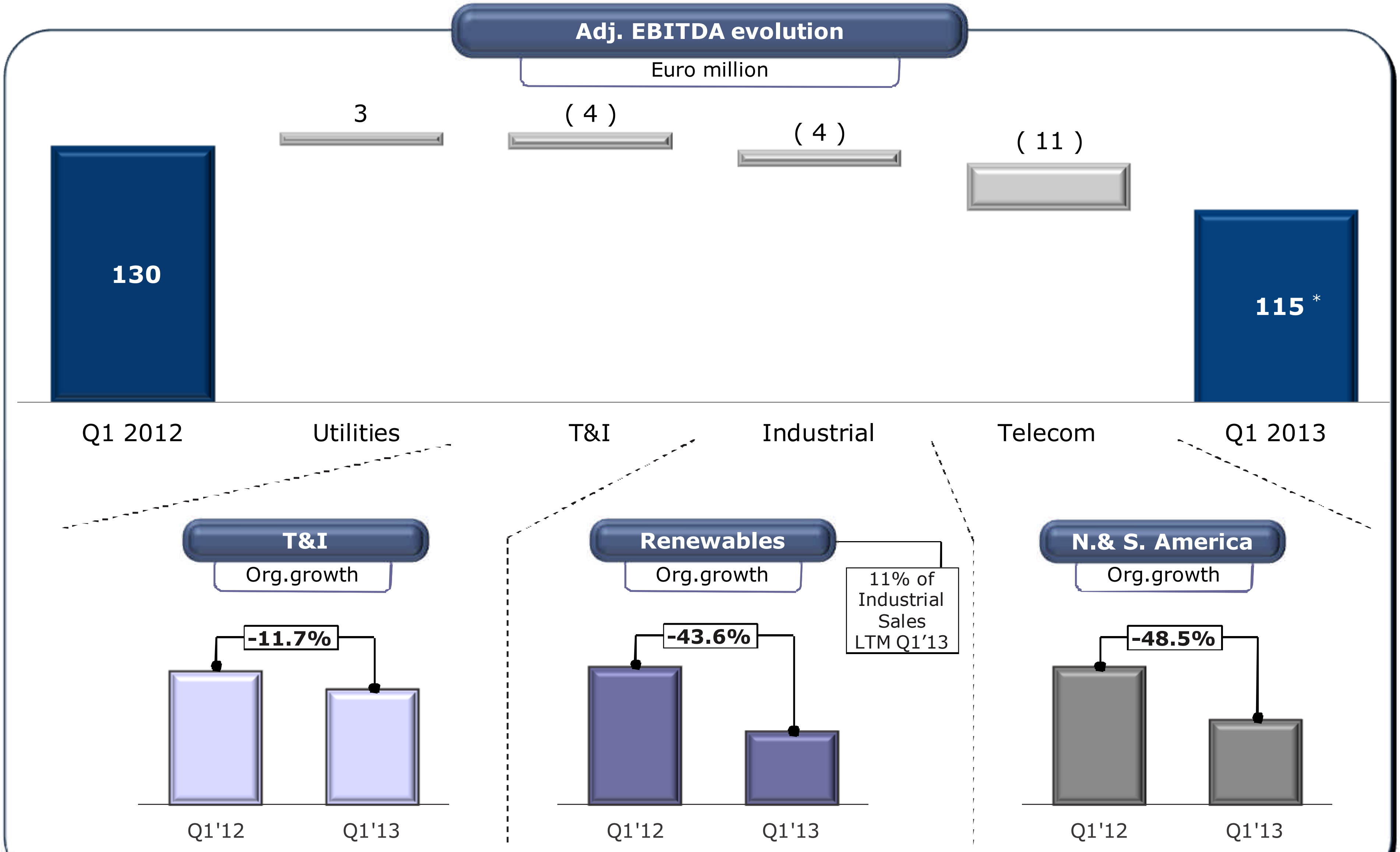
Net Financial Position



(1) Includes Draka Group's results for the period 1 January – 31 December; (2) Includes Draka Group's results for the period 1 March – 31 December (3) Adjusted excluding non-recurring income/expenses; (4) Adjusted excluding non-recurring income/(expenses) and the fair value change in metal derivatives and in other fair value items; (5) Adjusted excluding non-recurring income/(expenses), the fair value change in metal derivatives and in other fair value items, exchange rate differences and the related tax effects; (6) Operative NWC defined as NWC excluding the effect of derivatives; % of sales is defined as Operative NWC on annualized last quarter sales; (7) Restated to include effects of IAS 19 rev.(negative effect of €2mln in FY2012, 0 in Q1'12)

Adj. EBITDA bridge

Lower profitability mainly due to Telecom and cyclical business in Europe

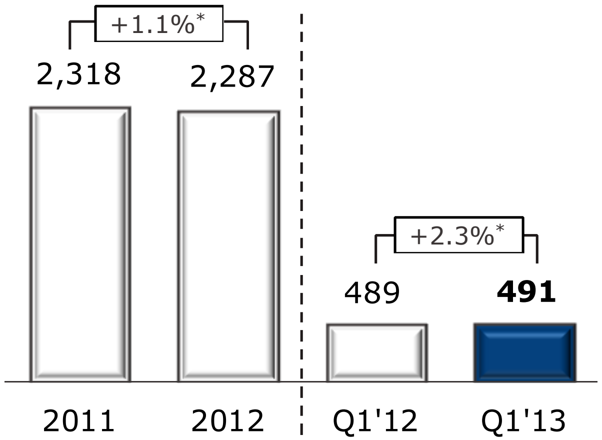


* *Includes positive variation of € 1 mln related to Other Energy business*

Utilities

Euro Millions, % on Sales

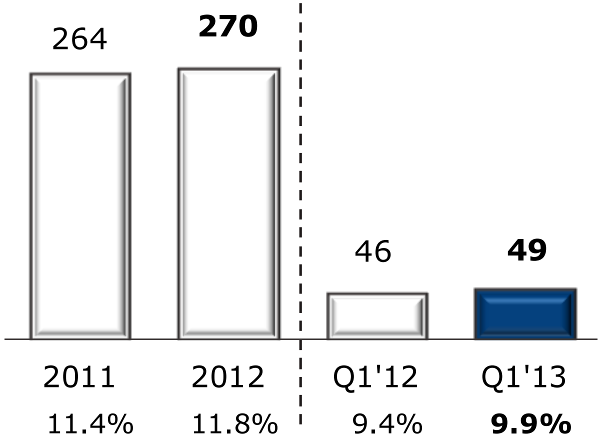
Sales to Third Parties



** Organic Growth*

Note: FY2011 combined including Draka for 12 months

Adjusted EBITDA



Note: FY2011 combined including Draka for 12 months

Highlights

DISTRIBUTION

- Limited organic decrease in Q1 with respect to a low comparable basis in PY. No signs of demand recovery in Europe
- Lower profitability driven by volume reduction and tough price competition partially offset by industrial efficiencies
  - Europe: lower contribution in Italy and Germany. Continuous weak demand driving lower profitability
  - North America: growing volume and profitability thanks to positive demand and industrial efficiencies
  - South America: lower utilities investments expected to recover during the year
  - Asia: positive demand in all regions. Higher competition in Australia

TRANSMISSION – HV

- FY target covered by order book. Lower order intake in China and Russia offset by higher activity in US and key European markets (Italy, France and UK)
- Increasing market share in US outperforming market demand
- Leverage on China production capacity to grow in other APAC regions (e.g. Singapore and Australia)

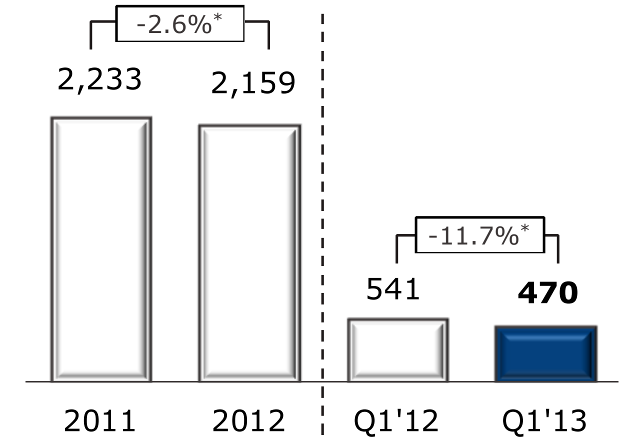
TRANSMISSION – Submarine

- Sound tendering activity both in off-shore wind and large connections expected to continue during the year
- Over €450m projects awarded in Q1 (Normandie3, DolWin3 and Deutsche Bucht) confirm Group leadership and increase in market share
- New vessel Cable Enterprise to start executing own projects from end of 2013. Limited profitability contribution in 2013

Trade & Installers

Euro Millions, % on Sales

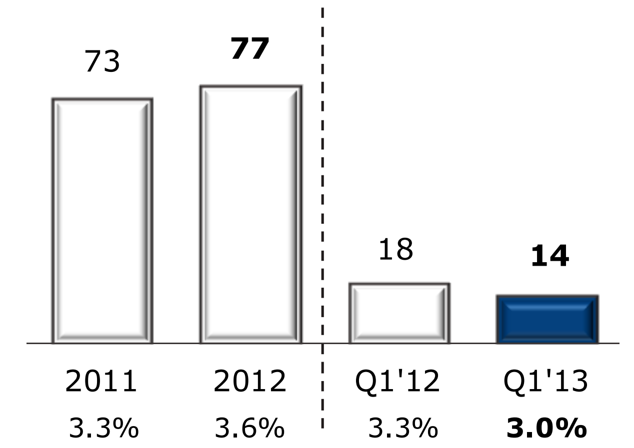
Sales to Third Parties



* Organic Growth

Note: FY2011 combined including Draka for 12 months

Adjusted EBITDA



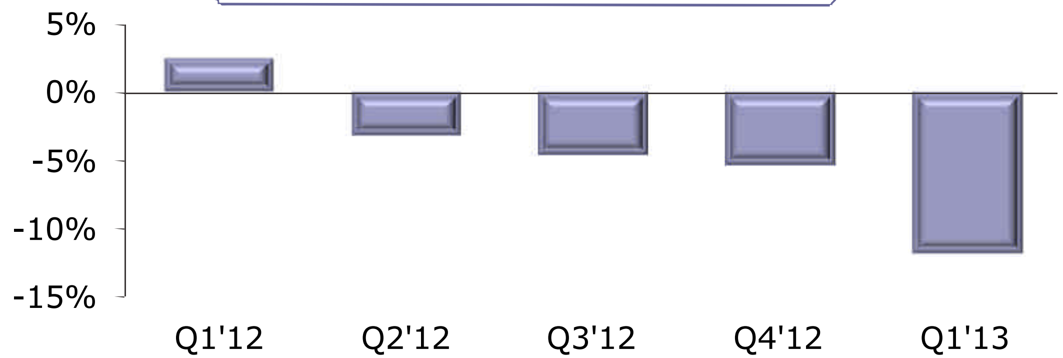
Note: FY2011 combined including Draka for 12 months

Highlights

- Significant downturn in European demand vs 2012. New bottom in several countries (partially due to unfavourable weather conditions) from already low volumes in 2012
  - Europe: double digit volume decline in key countries such as Spain, Italy, France, UK, Germany and Eastern Europe. Weak demand driving further price competition
  - Lower sales in North America due to high comparable basis (incentives suspended from H2'12). Reconfirmed incentives in US expected to drive volume recovery during the year. Slightly positive underlying construction demand.
  - Gradual improvement in South America
  - Sales performance in APAC strongly affected by lower demand in Australia
- Volume decrease and price competition driving lower margins despite costs synergies

Organic Growth

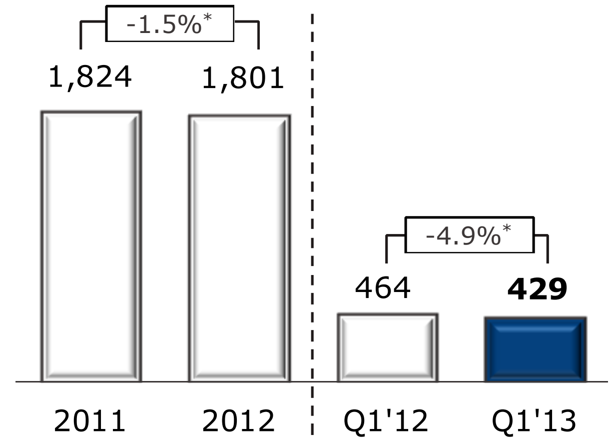
On the same quarter of previous year



Industrial

Euro Millions, % on Sales

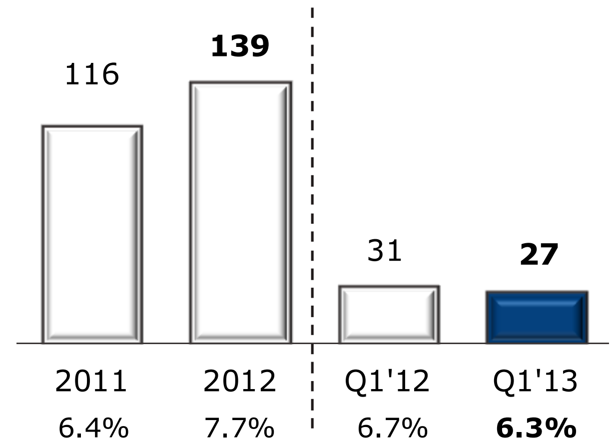
Sales to Third Parties



* Organic Growth

Note: FY2011 combined including Draka for 12 months

Adjusted EBITDA



Note: FY2011 combined including Draka for 12 months

Highlights

OGP

- Lower sales in Q1 due to investments decrease in on-shore application partially offset by off-shore. Better sales mix (higher margin in off-shore) supporting profitability

SURF

- Low start of the year for Umbilicals and Flexibles. Umbilicals expected to improve in H2 based on order-book and increasing tendering activity out of Brazil (e.g. West Africa, ME). Still limited visibility on Flexibles
- DHT: Higher contribution expected next quarters to grow vs FY'12. Positive demand confirmed in US, North Europe and Asia

Elevator

- Growing sales in Q1 despite stable demand thanks to outperformance in US and new commercial initiatives in Europe and APAC

Renewable

- Halved sales and profitability due to lower investments in Europe (Germany and Denmark partially attributable to weather conditions), US (renewed incentives to drive volume recovery) and China (consolidation expected in the wind turbines manufacturers)

Automotive

- Stable sales thanks to high exposure to premium brands and growth in APAC, North and South America. Profitability increase driven by better industrial footprint

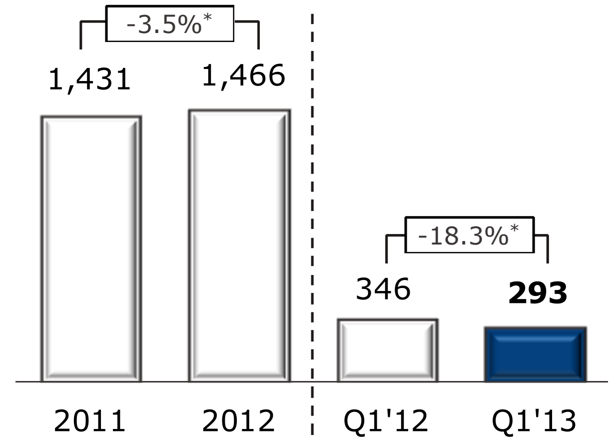
Specialties & OEM

- Sales and profitability increase thanks to growing demand and new initiatives in Railway, Rolling Stock, Crane and Mining in APAC, ME and Eastern Europe

Telecom

Euro Millions, % on Sales

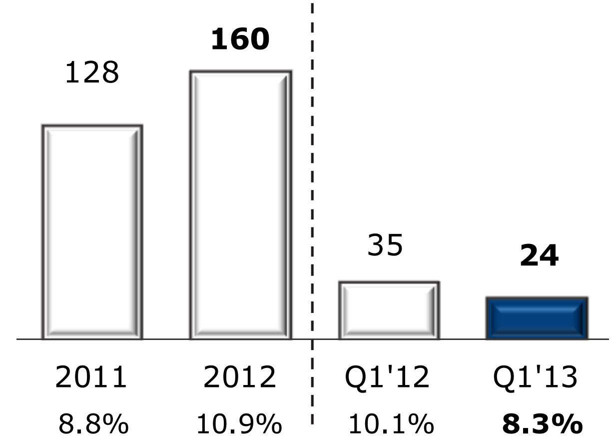
Sales to Third Parties



* *Organic Growth*

Note: FY2011 combined including Draka for 12 months

Adjusted EBITDA



Note: FY2011 combined including Draka for 12 months

Highlights

- Sales and profitability decrease in Q1 mainly due to sharp drop of optical cables in North and South America (compared to extremely high volumes of H1'12). Further strong decrease in Copper cables

Optical / Fiber

- **Europe:** investments by large incumbents still in a preliminary phase
- **North America:** high double digit volume decrease vs a strong Q1'12 (sustained by stimulus packages). Gradual improvement expected from H2
- **Australia:** strong sales performance in Q1. Growing investments by NBN to support positive trend next quarters
- **Brazil:** new government incentive in place to drive volume pick up in the coming quarters. $ 9bn investments in telecom infrastructures expected by 2016 driven by tax exemptions
- **China:** growing demand with higher contribution expected from Q2

Multimedia & Specials

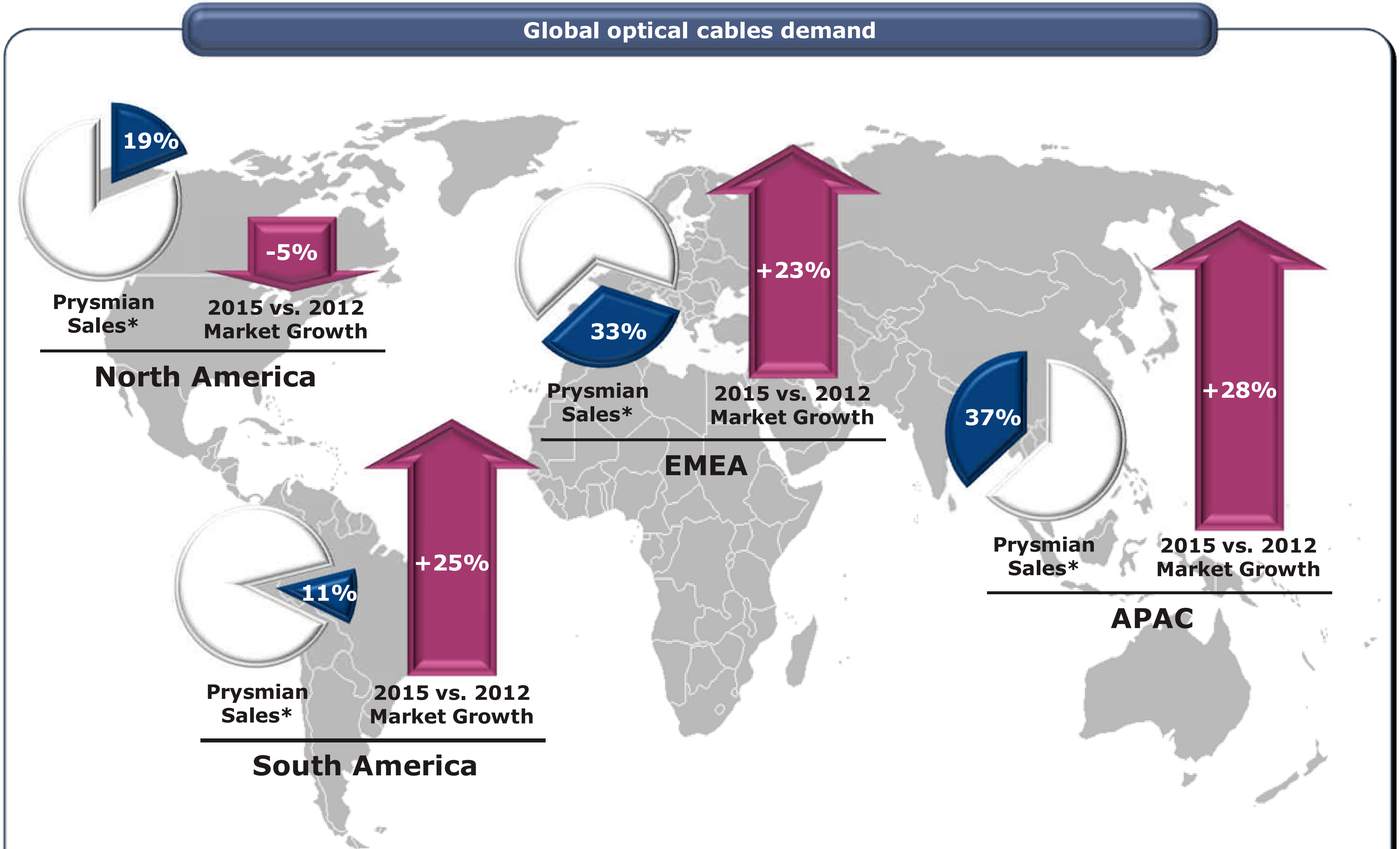
- Market stable in established market segments/regions, clear focus on extending regional activity outside of EMEA

OPGW

- Continuous positive performance in traditional markets (Spain, Middle East & Africa). Growing exposure to North America and Russia

Telecom – Solid drivers in optical confirmed despite low start of the year

Growing investments expected in South America, EMEA and APAC



** % calculated on LTM Q1'13 Sales of Optical, Connectivity & Fiber + JVs (LTM Q1'13 total sales approx. € 1.0bn)*

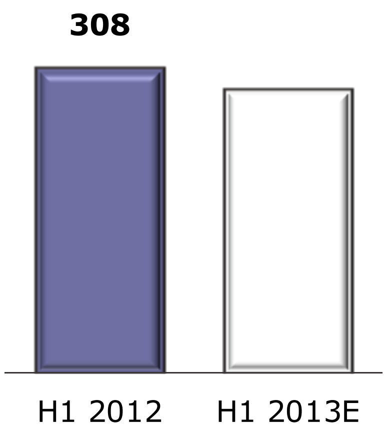
Source: CRU, April 2013

2013 Outlook – Profitability recovery expected next quarters

Leverage on additional synergies and transmission to face new bottom in cyclical businesses

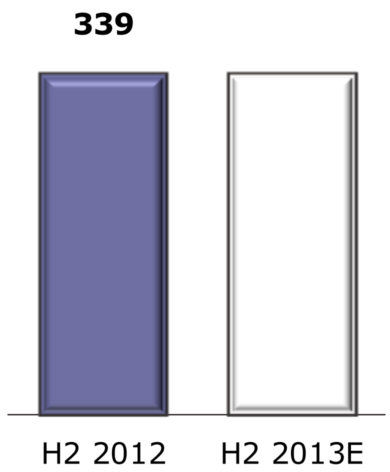
FY 2013 Adj.EBITDA Target (€ mln)

H1 2013E



- Worsening of cyclical businesses in Europe
- Weak telecom performance due to lower demand in US and South America
- Strong decrease in Renewables

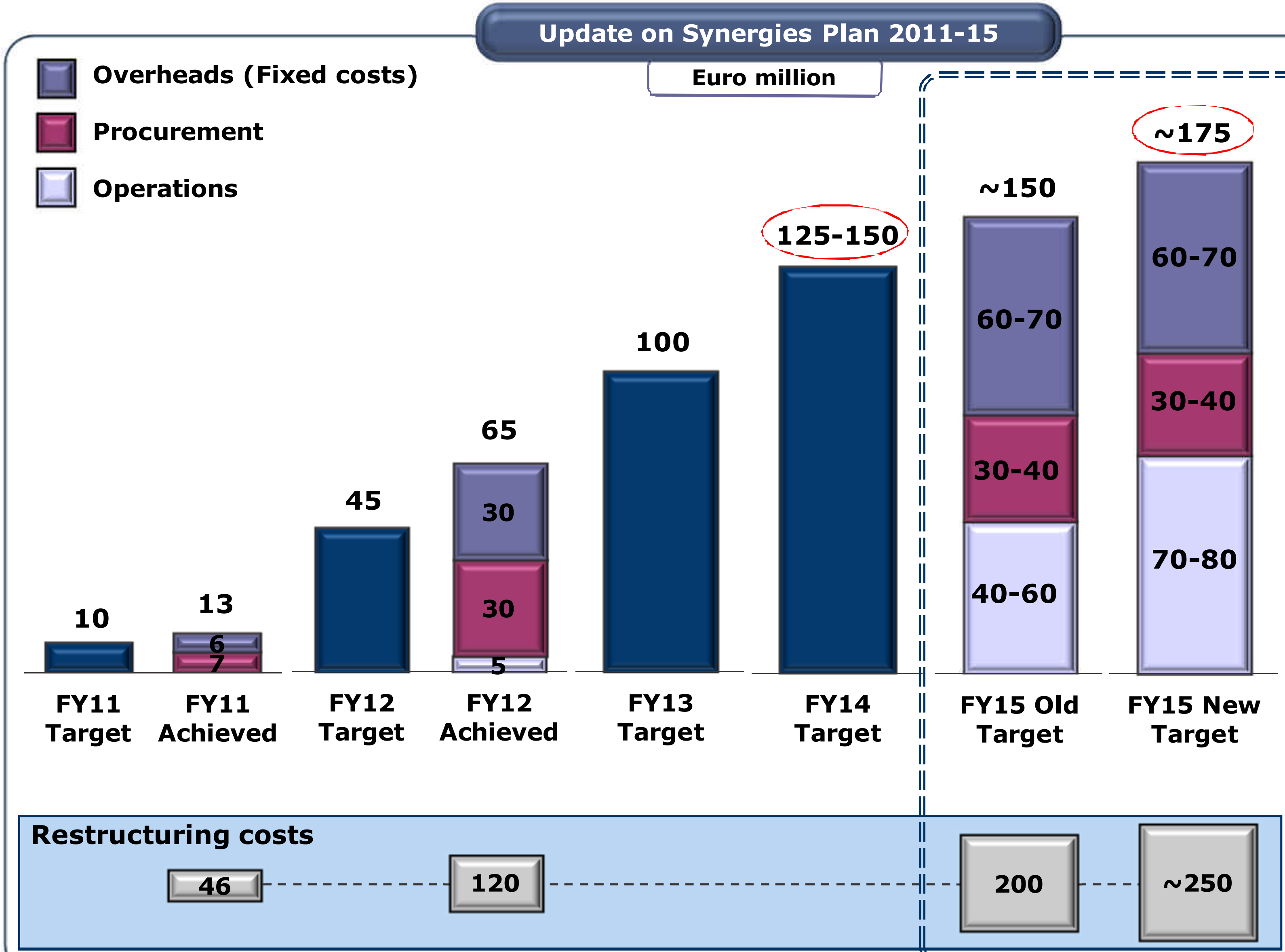
H2 2013E



- Continuous weakness in European cyclical businesses
- Growing contribution from Transmission
- Recovery in Telecom
- Improving performance in Industrial
- Higher cost synergies

Synergies target increased – Increasing efforts on production rationalization

New upgrade in synergies plan with additional actions to face the continuous downturn



- Strong decrease in cyclical demand require new actions to limit overcapacity in Europe
- Selective production rationalization to improve ROCE in cyclical segments
- Additional synergies mainly generated in Operations

Note: Cumulated synergies figures are not audited. Calculation is based on internal reporting

Key commercial initiatives in Industrial and Telecom

Leverage on global product portfolio to increase sales and profitability

Industrial: ~ +€240m sales by 2015

CAGR '12-'15 driven by new initiatives: ~ +4%*

Telecom: ~ +€190m sales by 2015

CAGR '12-'15 driven by new initiatives: ~ +4%*

North America

OEMs
- Crane
- Mining
- Railway

OGP
- Drilling
- Refinery

Telecom
- Hybrid 4G cables
- Access networks
- OPGW

Latin America

OEMs
- Rolling stock
- Mining
- Marine

OGP
- Upstream offshore

Telecom
- Optical cables
- Multimedia datacom

EMEA

OEMs
- Rolling stock
- Mining
- Marine

OGP
- Downstream Iraq and ME

Elevator
- Market penetration

Telecom
- Hybrid 4G cables
- Access networks/ connectivity
- MMS

APAC

OEMs
- Crane
- Mining
- Nuclear

OGP
- Upstream offshore
- LNG (Liquefied Natural Gas)

Elevator
- Business expansion

Telecom
- Hybrid 4G cables
- Access networks/ connectivity
- MMS

** CAGR calculated on FY2012 Sales considering only additional contribution from new initiatives and assuming stable sales for the rest of the business*

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Profit and Loss Statement
Euro Millions

	Q1 2013	Q1 2012	FY 2012
Sales	**1,711**	**1,874**	**7,848**
YoY total growth	*(8.7%)*		
YoY organic growth	*(7.6%)*		
Adj.EBITDA	**115**	**130**	**647**
% on sales	*6.7%*	*6.9%*	*8.2%*
Non recurring items	*(16)*	*(15)*	*(101)*
EBITDA	**99**	**115**	**546**
% on sales	*5.8%*	*6.1%*	*7.0%*
Adj.EBIT	**77**	**91**	**483**
% on sales	*4.5%*	*4.8%*	*6.2%*
Non recurring items	*(16)*	*(15)*	*(101)*
Special items	*(17)*	*13*	*(20)*
EBIT	**44**	**89**	**362**
% on sales	*2.6%*	*4.8%*	*4.6%*
Financial charges	*(47)*	*(28)* a)	*(120)* a)
EBT	**(3)**	**61**	**242**
% on sales	*(0.2%)*	*3.3%*	*3.1%*
Taxes	1	(19)	(73)
% on EBT	*n.m.*	*31.1%*	*30.2%*
Net income	**(2)**	**42**	**169**
Extraordinary items (after tax)	*(41)*	*(3)*	*(111)*
Adj.Net income	**39**	**45**	**280**

a) Restated to include effects of IAS 19 revised; negative effect of €2mln in FY2012, 0 in Q1 2012

Extraordinary Effects

Euro Millions

	Q1 2013	Q1 2012	FY 2012
Antitrust investigation	(2)	1	(1)
Restructuring	(10)	(14)	(74)
Draka integration costs	-	(1)	(9)
Other	(4)	(1)	(17)
EBITDA adjustments	**(16)**	**(15)**	**(101)**
Special items	(17)	13	(20)
Gain/(loss) on metal derivatives	*(12)*	*18*	*14*
Assets impairment	-	-	*(24)*
Other	*(5)*	*(5)*	*(10)*
EBIT adjustments	**(33)**	**(2)**	**(121)**
Gain/(Loss) on ex.rates/derivat.(1)	(13)	(2)	(11)
Other one-off financial Income/exp.	(5)	-	(5)
EBT adjustments	**(51)**	**(4)**	**(137)**
Tax	10	1	26
Net Income adjustments	**(41)**	**(3)**	**(111)**

Notes

(1) Includes currency and interest derivatives

Financial Charges
Euro Millions

	Q1 2013	Q1 2012	FY 2012
Net interest expenses	**(28)**	**(26)** a)	**(111)** a)
Bank fees amortization	(3)	(2)	(10)
Gain/(loss) on exchange rates	-	(1)	(29)
Gain/(loss) on derivatives [1]	(13)	(1)	18
Non recurring effects	(5)	-	(5)
Net financial charges	**(49)**	**(30)**	**(137)**
Share in net income of associates	2	2	17
Total financial charges	**(47)**	**(28)**	**(120)**

Notes

(1) Includes currency and interest derivatives

a) Restated to include effects of IAS 19 revised; negative effect of €2mln in FY2012, 0 in Q1 2012

Statement of financial position (Balance Sheet)

Euro Millions

	31 March 2013	31 March 2012	31 December 2012
Net fixed assets	2,305	2,234	2,311
of which: intangible assets	*652*	*615*	*655*
of which: property, plants & equipment	*1,544*	*1,528*	*1,543*
Net working capital	807	814	479
of which: derivatives assets/(liabilities)	*(19)*	*(5)*	*(7)*
of which: Operative Net working capital	*826*	*819*	*486*
Provisions & deferred taxes	(318)	(366)	(369)
Net Capital Employed	**2,794**	**2,682**	**2,421**
Employee provisions	346	271	344
Shareholders' equity	1,235	1,138	1,159
of which: attributable to minority interest	46	55	47
Net financial position	1,213	1,273	918
Total Financing and Equity	**2,794**	**2,682**	**2,421**

Cash Flow
Euro Millions

	Q1 2013	Q1 2012	FY 2012
Adj.EBITDA	**115**	**130**	**647**
Non recurring items	(16)	(15)	(101)
EBITDA	**99**	**115**	**546**
Net Change in provisions & others	(27)	(12)	(1)
Cash flow from operations (before WC changes)	**72**	**103**	**545**
Working Capital changes	(351)	(243)	75
Paid Income Taxes	(13)	(15)	(74)
Cash flow from operations	**(292)**	**(155)**	**546**
Acquisitions	-	(9)	(86)
Net Operative CAPEX	(24)	(25)	(141)
Net Financial CAPEX	7	2	8
Free Cash Flow (unlevered)	**(309)**	**(187)**	**327**
Financial charges	(16)	(17)	(129)
Free Cash Flow (levered)	**(325)**	**(204)**	**198**
Free Cash Flow (levered) excl. acquisitions	***(325)***	***(195)***	***284***
Dividends	(1)	-	(45)
Other Equity movements	-	-	1
Net Cash Flow	**(326)**	**(204)**	**154**
NFP beginning of the period	**(918)**	**(1,064)**	**(1,064)**
Net cash flow	(326)	(204)	154
Other variations	31	(5)	(8)
NFP end of the period	**(1,213)**	**(1,273)**	**(918)**

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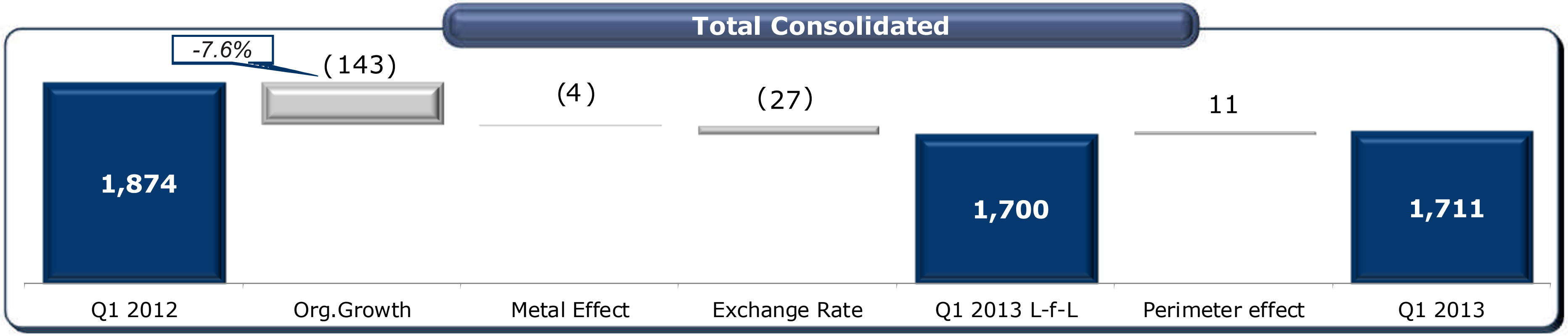
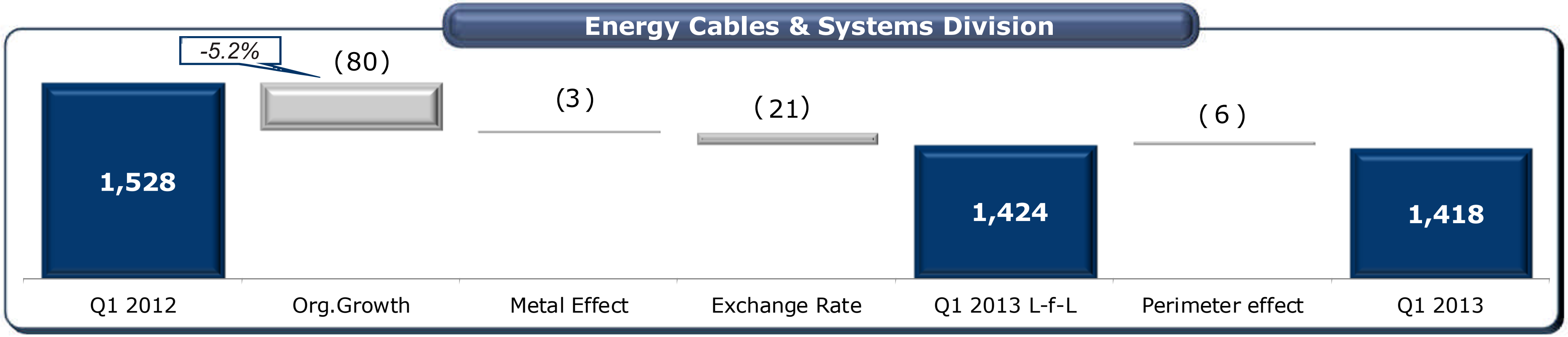
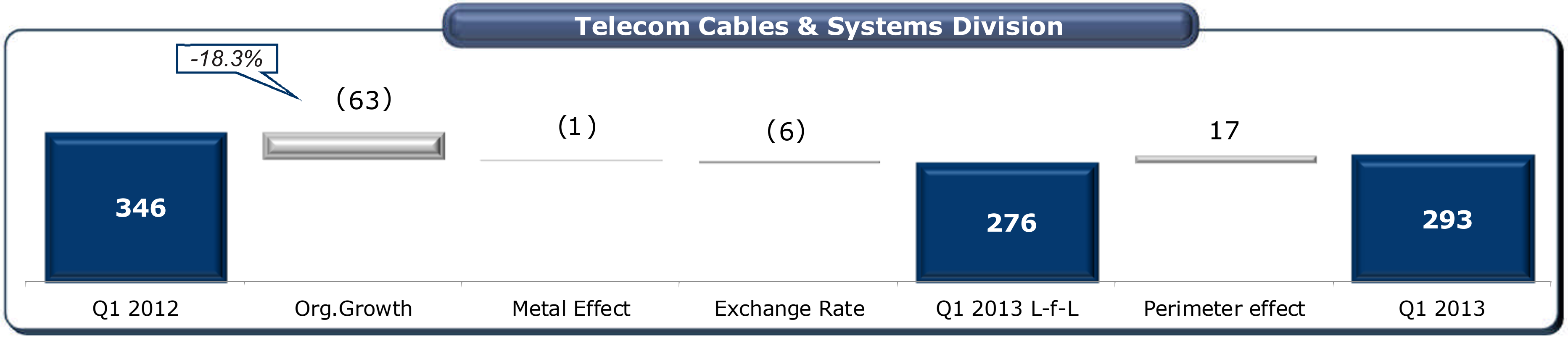
Bridge Consolidated Sales

Euro Millions







Energy Segment – Profit and Loss Statement

Euro Millions

	Q1 2013	Q1 2012	FY 2012
Sales to Third Parties	**1,418**	**1,528**	**6,382**
YoY total growth	*(7.2%)*		
YoY organic growth	*(5.2%)*		
Adj. EBITDA	**91**	**95**	**487**
% on sales	*6.4%*	*6.2%*	*7.6%*
Adj. EBIT	**66**	**68**	**379**
% on sales	*4.6%*	*4.5%*	*5.9%*

Energy Segment – Sales and Profitability by business area

Euro Millions, % on Sales

Sales to Third Parties

	Q1 2013	Q1 2012	Total growth	Organic growth
Utilities	491	489	*0.5%*	*2.3%*
Trade & Installers	470	541	*(13.2%)*	*(11.7%)*
Industrial	429	464	*(7.6%)*	*(4.9%)*
Others	28	34	*n.m.*	*n.m.*
Total Energy	**1,418**	**1,528**	***(7.2%)***	***(5.2%)***

Adj. EBITDA

	Q1 2013	Q1 2012	Q1'13 % on Sales	Q1'12 % on Sales
Utilities	49	46	9.9%	9.4%
Trade & Installers	14	18	3.0%	3.3%
Industrial	27	31	6.3%	6.7%
Others	1	-	n.m.	n.m.
Total Energy	**91**	**95**	**6.4%**	**6.2%**

Adj. EBIT

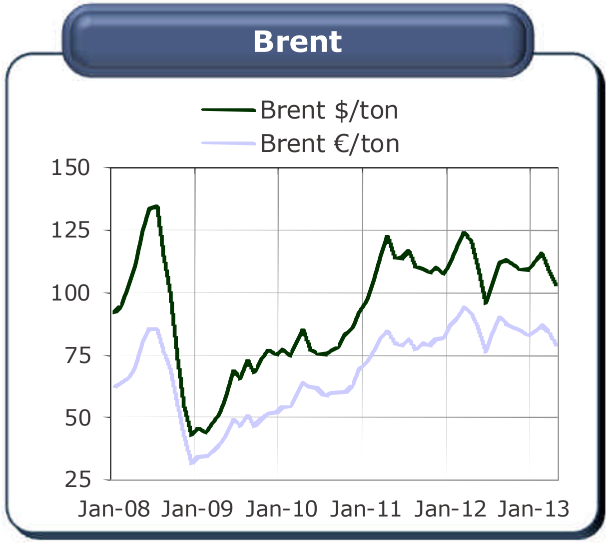
	Q1 2013	Q1 2012	Q1'13 % on Sales	Q1'12 % on Sales
Utilities	38	38	7.8%	7.7%
Trade & Installers	8	10	1.7%	1.9%
Industrial	19	21	4.3%	4.6%
Others	1	(1)	n.m.	n.m.
Total Energy	**66**	**68**	**4.6%**	**4.5%**

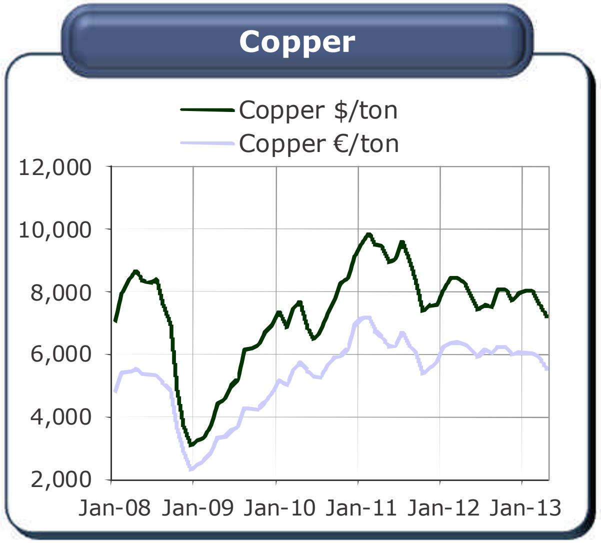
Telecom Segment – Profit and Loss Statement

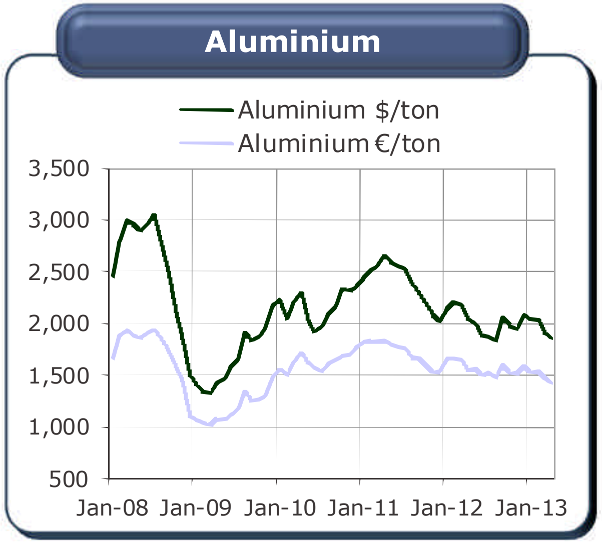
Euro Millions

	Q1 2013	Q1 2012	FY 2012
Sales to Third Parties	**293**	**346**	**1,466**
YoY total growth	*(15.4%)*		
YoY organic growth	*(18.3%)*		
Adj. EBITDA	**24**	**35**	**160**
% on sales	*8.3%*	*10.0%*	*10.9%*
Adj. EBIT	**11**	**23**	**104**
% on sales	*3.8%*	*6.5%*	*7.1%*

Reference Scenario
Commodities & Forex







Based on monthly average data
Source: Thomson Reuters

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