

PRYSMIAN S.P.A. FY 2012 RESULTS

FURTHER GROWTH IN PROFITABILITY

POSITIVE CASH GENERATION AND IMPROVEMENT IN NET FINANCIAL POSITION

POWER TRANSMISSION SUPPORTS GROUP SALES

ALL TARGETS FULLY ACHIEVED DESPITE TOUGH MARKET

DRAKA INTEGRATION: 2012 SYNERGIES HIGHER THAN EXPECTED AT €65M

DIVIDEND DOUBLED TO €0.420 PER SHARE (€0.210 IN 2011)

- **SALES: €7,848 MILLION (€7,973 MILLION IN 2011**; ORGANIC CHANGE -1.8%)**
- **ADJ EBITDA¹: €647 MILLION (€586 MILLION IN 2011**; +10.4%)**
- **ADJ OPERATING INCOME²: €483 MILLION (€435 MILLION IN 2011**; +11.1%)**
- **ADJ NET INCOME³: €282 MILLION (€231 MILLION IN 2011*; +22.1%)**
- **NET FINANCIAL POSITION €918 MILLION VS €1,064 MILLION AL 31 DECEMBER 2011**

Milan, 27/2/2013. The Board of Directors of Prysmian S.p.A. has approved today the Company's consolidated financial statements and separate financial statements for 2012⁴.

"Improvement in profitability and positive cash generation. These are the principal drivers of our Group's 2012 financial statements," comments CEO Valerio Battista. "In a difficult market, particularly in Europe, Prysmian has achieved a positive performance in operating earnings mostly in its high value-added businesses. This result, combined with synergies from the integration with Draka achieved faster than expected, has allowed us to fully reach the targets announced to the market. To further strengthen our public company model, we are proposing to the Shareholders' Meeting the introduction of an Employee Stock Ownership Plan addressed to all our employees in order to increase their commitment to the Group and share future business success."

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION
(in millions of Euro)

	2012	2011 (*)	% Change
Sales	7,848	7,583	3.5%
EBITDA	546	269	102.7%
Adjusted EBITDA	647	568	13.9%
Operating income	362	19	n.a
Adjusted operating income	483	426	13,1%
Profit before taxes	244	(101)	n.a
Net profit/(loss) for the year	171	(145)	n.a

(in millions of Euro)

	2012	2011 (**) Pro-forma			% Change	
		Prysmian	Draka	Adjustments		Total
Sales	7,848	5,363	2,669	(59)	7,973	-1.6%
Adjusted EBITDA	647	419	167	-	586	10.4%
Adjusted operating income	483	342	107	(14)	435	11.1%

(in millions of Euro)

	31 December 2012	31 December 2011	Change
Net capital employed	2,421	2,436	(15)
Employee benefit obligations	344	268	76
Equity	1,159	1,104	55
of which attributable to non-controlling interests	47	62	(15)
Net financial position	918	1,064	(146)

(*) Includes the Draka Group's results for the period 1 March – 31 December 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 Adj EBITDA is defined as EBITDA before non-recurring income/(expenses), as reported in the table in Annex B.

² Adj 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 Adj net profit is defined as net profit before non-recurring income and expenses, the fair value change in metal derivatives and in other fair value items, the effect of currency and interest rate derivatives, exchange rate differences and the related tax effects.

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

FINANCIAL RESULTS

Group **Sales** amounted to €7,848 million compared with the 2011 pro-forma figure of €7,973 million. Assuming the same group perimeter and excluding metal price and exchange rate effects, the **organic change** was - 1.8%. The Group's higher geographic diversification and exposure to high-technology businesses, more resilient to economic cycles, allowed to limit the effects of the continued market difficulties, particularly in Europe, in the power distribution and building wires markets. The Group achieved double-digit growth for large submarine, interconnection and offshore wind farm projects. Some industrial cable applications, such as offshore Oil&Gas and elevator cables, also performed well. Optical telecom cables were affected by a slowdown in the fourth quarter, mainly due to the suspension of incentives in North and South America. Sales trend by geography showed a recovery in North America and a good performance in Northern Europe. On the whole, the South American market held up well while Asia Pacific reported mixed trends in different regions.

Group **Adjusted EBITDA** increased to €647 million, up 10.4% from the 2011 pro-forma figure of €586 million (with the margin also improving to 8.2% on sales versus 7.3% in 2011). Despite the still negative environment, particularly in the second semester, the Group has achieved the Adjusted EBITDA target initially announced to the market in the range €600-€650 million. In terms of profitability, Submarine Cables and Systems and Industrial Cables (within the Energy Sector) and the entire Telecom Business reported an overall positive performance.

The contribution from Draka integration was important, allowing to reduce overhead costs and to achieve higher-than-expected cumulated synergies for €65 million in the two-year period 2011-2012 (versus a target of €45 million).

Group **EBITDA**⁵ amounted to €546 million, an improvement on the result of €269 million in 2011 (consolidating Draka from 1 March 2011). EBITDA includes €101 million in non-recurring net expenses, compared with €299 million in 2011.

Group **Adjusted operating income** rose to €483 million, +11.1% on the 2011 pro-forma figure of €435 million.

Group **Operating income** reached €362 million (€19 million in the prior year, consolidating Draka from 1 March 2011).

Net finance income and costs, including the share of income from associates, reported a negative balance of €118 million, slightly down from the 2011 consolidated figure of €120 million.

Adjusted net income increased by 22.1% to €282 million from €231 million in 2011 (consolidating Draka from 1 March 2011). Reported net income climbed to a positive €171 million from a loss of €145 million in 2011 (consolidating Draka from 1 March 2011).

Net financial position at the end of December 2012 dropped to €918 million, an improvement from €1,064 million at 31 December 2011, thanks to the positive impact of free cash flow, which - excluding the acquisitions effects - rose to €284 million (€209 million in 2011). The net financial position as a whole benefited from the following main factors:

- positive cash flow from operating activities (before changes in Net Working Capital) of €545 million;
- positive impact of €75 million from the reduction in working capital, mainly driven by a decrease in the inventory level and by a significant reduction of working capital in the Submarine business
- payment of €74 million in taxes;
- net operating investments of €141 million;
- purchase of the remaining Draka shares under the squeeze-out procedure for €9 million;
- Acquisitions for €77 million;
- payment of €129 million in net finance costs;
- distribution of €45 million in dividends.

INTEGRATION WITH DRAKA AND STRATEGY DEVELOPMENT

▪ Higher-than-expected synergies

The process of integration with Draka has been carried out quickly, allowing to achieve higher than expected synergies (€65 million cumulative at the end of 2012 compared with a target of €45 million). These synergies

⁵ 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.

have been realized mainly in fixed costs and overheads (approximately €30 million), in procurement (approximately €30 million), as well as thanks to the first benefits from the optimization of the industrial footprint. The target for 2013 is confirmed at €100 million in cumulative synergies, mainly due to the run-rate benefits of the first stage of manufacturing footprint rationalization and of the organizational rightsizing.

The new matrix structure (by business and geographical areas) has proved its worth. The clear mix of responsibilities and managerial skills, coupled with the successful integration of the business and product ranges, have improved the competitiveness of the Group's range of products and services and strengthened its position and growth in strategic markets, in particular power transmission, Oil&Gas, optical cables and connectivity for telecommunications.

With the aim of further developing the potential of its "human capital", in 2012 the Group embarked on some important projects in the area of organisation and human resources. These included the "Build the Future" project to recruit young high potential talents, the Corporate Academy for high-level technical and managerial training, and the new system of performance management.

▪ **Investments for organic and external growth**

In line with its growth strategy, the Group has invested in both organic and external growth. On April 1st, the Group acquired non-controlling interests in the Brazilian companies of Telcon and Draka Optical Fibre, thus gaining 100% control over these companies; in November, it completed the acquisition of Global Marine Energy in UK, with the intent of expanding its installation capabilities and services for submarine cables and systems.

Approximately €88 million has been spent on investments in new production capacity for strategic businesses. In particular, in the submarine cables business, the Group has expanded production capacity at its centre of excellence in Arco Felice (Naples), Italy, and it has started production in Finland to serve the growing market of links for offshore wind farms in Northern Europe. In the high voltage underground cable business, the Group has invested to expanded production capacity in China, Russia and France. Investments have also been made in the Oil&Gas sector, in Optical Telecom business and in the development of innovative cables and services for smart grids.

ENERGY CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **POWER TRANSMISSION ORDER BOOK INCREASED TO €2.45 BILLION, MAINLY DRIVEN BY OFFSHORE WIND POWER GENERATION**
- **POWER DISTRIBUTION: POSITIVE DEMAND IN NORTH AND SOUTH AMERICA; PERSISTENT WEAKNESS IN EUROPE**
- **SLIGHT IMPROVEMENT IN PROFITS AND MARGINS FOR T&I BUSINESS**
- **INCREASED OPERATING MARGINS FOR THE INDUSTRIAL BUSINESS, MAINLY DRIVEN BY OIL&GAS, SPECIALTIES & OEM AND ELEVATORS**

(in millions of Euro)

	2012	2011 (*)	% Change
Sales to third parties	6,382	6,268	1.8%
Adjusted EBITDA	487	447	8.9%
% of sales	7.6%	7.1%	
EBITDA	417	186	124.2%
% of sales	6.5%	2.9%	
Amortisation and depreciation	(108)	(99)	9.4%
Adjusted operating income	379	348	8.8%
% of sales	5.9%	5.5%	

(in millions of Euro)

	2012	2011 (**) Pro-forma			% Change	
		Prysmian	Draka	Adjustments	Total	
Sales to third parties	6,382	4,829	1,758	(45)	6,542	-2.4%
Adjusted EBITDA	487	373	85	-	458	6.3%
% of sales	7.6%	7.7%	4.8%		6.9%	
Adjusted operating income	379	304	52	(2)	354	7.0%
% of sales	5.9%	6.2%	2.8%		5.3%	

(*) Includes the Draka Group's results for the period 1 March – 31 December 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 €6,382 million. Net of metal price, exchange rate effects and changes in the group perimeter, the **organic change** on 2011 was marginally negative (-1.4%), despite the positive performance recorded by the Utilities business thanks to strong growth in submarine cables. Adjusted EBITDA amounted to €487 million, posting an increase of 6.3% on the 2011 pro-forma figure and an improvement in margin to 7.6% on sales, from 6.9%.

Utilities

Sales to third parties amounted to €2,287 million, posting a 1.1% organic increase on the 2011 pro-forma figure. Adjusted EBITDA amounted to €270 million, up 2.3% from the 2011 pro-forma figure of €264 million. The improvement in sales and profits was achieved thanks to the positive performance in submarine and high voltage underground cables, especially in the third and fourth quarters, which helped to counteract the decline in power distribution volumes.

Although the lower level of demand affecting the High Voltage Underground cable business reflects the uncertain macroeconomic conditions, particularly in Europe, the Group saw signs of a recovery in sales from the third quarter, especially in North America and countries with growing infrastructure needs, such as Russia, China and the Middle East. Other projects have been carried out for European Utilities (Terna, Edf, Tennet and UK National Grid). The prospects for 2013 are supported by growing demand in the United States, Asia and Europe for the onshore part of submarine power links. The order book corresponds to about 12 months of sales.

The Group's Submarine Cables and Systems business had an excellent performance, confirming its technological and market leadership in the growing sector of offshore wind farm links and power lines. The Group is a key player in major renewable energy development programmes throughout Northern Europe, and is also involved in the development of some of the most important power lines such as the Montenegro-Italy link and the Western Link in the UK, both projects acquired in 2012. The prospects for 2013 are positive in Europe thanks to new offshore wind farm projects, planned mainly in Germany and UK. The value of the order book has reached record levels, assuring sales visibility for about three years, meaning that the Group is continuing

to invest in expanding its production capacity to meet the growing demand. The contraction in volumes in Europe for the Power Distribution business was partially offset by increases in other parts of the world, particularly North and South America. Margins enjoyed a slight recovery thanks to a rigorous policy of improving manufacturing efficiency and a better geographic mix of sales. The Group's innovations in the niche sector of applications for smart grids and applications to monitor electricity grid efficiency were well received by the market. P-Laser, the Group's innovative eco-friendly cable initially launched in Italy, is now under development in some of the prime European markets.

(in millions of Euro)

	2012	2011 (*) Pro-forma	% Change	% Organic sales change
Sales to third parties	2,287	2,318	-1.3%	1.1%
Adjusted EBITDA	270	264		
% of sales	11.8%	11.4%		
Adjusted operating income	234	238		
% of sales	10.2%	10.3%		

(*) 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 amounted to €2,159 million, posting a small organic decrease (-2.6%) on the 2011 pro-forma figure. Demand continued to decline in Central and Southern Europe, while an upturn in North and South America was confirmed, as well as in Asia. In Europe, the Group has implemented a strategy of preserving market share and profitability, particularly by focusing on relations with major customers and on more innovative products. Prospects are positive in North and South America, with an increase in the Group's market share. Product portfolio rationalisation, improvements in customer service and a focus on manufacturing efficiencies are the cornerstones of the Group's strategy aimed primarily at preserving profitability. Adjusted EBITDA amounted to €77 million, up 5.5% on the 2011 pro-forma figure, with the margin improving to 3.6% on sales from 3.3% in 2011.

(in millions of Euro)

	2012	2011 (*) Pro-forma	% Change	% Organic sales change
Sales to third parties	2,159	2,233	-3.3%	-2.6%
Adjusted EBITDA	77	73		
% of sales	3.6%	3.3%		
Adjusted operating income	49	35		
% of sales	2.3%	1.6%		

(*) 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.

Industrial

Sales to third parties amounted to €1,801 million, reflecting an organic decrease of -1.5% on the 2011 pro-forma figure. The results of the various business lines show a positive performance for Oil&Gas in the offshore market with a growing order book in Northern Europe and Asia, both markets where demand is forecast to grow further. Demand for Flexible Pipes was lower than expected, while Umbilicals and DHT reported a growth in order book. Although demand from the renewable energy sector was down in Europe, it is expected to recover in North America in the second half of 2013 thanks to the renewal of government stimulus measures. Demand remained weak in the infrastructure and transportation sector in Europe, while there were signs of greater stability in North America and Asia. The Elevator cables business delivered good sales and earnings performance in the United States with the goal of expanding its presence in Europe, South America and Asia. Lastly, the Automotive cables market was weak in Europe, while volumes grew in Asia, North and South America.

Adjusted EBITDA amounted to €139 million, reporting an increase of 20.0% on the 2011 pro-forma figure and an improvement in margin to 7.7% on sales, from 6.4%.

(in millions of Euro)

	2012	2011 (*) Pro-forma	% Change	% Organic sales change
Sales to third parties	1,801	1,824	-1.3%	-1.5%
Adjusted EBITDA	139	116		
% of sales	7.7%	6.4%		
Adjusted operating income	99	79		
% of sales	5.5%	4.3%		

(*) 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

- **POSITIVE DEMAND FOR OPTICAL CABLES IN EUROPE AND ASIA**
- **SIGNIFICANT GROWTH OF PROFITABILITY**
- **GROWTH IN OPGW SALES**

Sales to third parties by the Telecom Cables and Systems segment amounted to €1,466 million, posting a negative organic change of 3.5% on the 2011 pro-forma figure. Margins and profitability were significantly higher due to better product mix, manufacturing efficiencies and reductions in fixed costs.

The demand for optical cables reported a second-half decline in North and South America, due to the suspension of government stimulus measures. In Brazil, the reintroduction of stimulus measures should produce a recovery in demand starting from the second half of the year.

In Europe, various countries recorded a growth in volumes, like in China, where investment relates to every type of application (backbone, metro ring and access networks). Prospects are positive in Australia due to the ramp-up of the National Broadband Network program, and sales are expected to increase in the first half of 2013.

The Group's Multimedia Solutions business confirmed the improvement in profits, mainly thanks to cost reduction. The Group aims to further extend its geographic presence by relying on its extensive product portfolio.

Sales were up in the OPGW business in Spain, the Middle East and Africa, while demand for copper cables confirmed its gradual decline .

Adjusted EBITDA amounted to €160 million, marking a sharp 24.9% increase on the 2011 pro-forma figure equal to €128 million. The ratio of Adjusted EBITDA to sales improved to 10.9% from 8.8% in 2011.

(in millions of Euro)

	2012	2011 (*)	% Change
Sales to third parties	1,466	1,315	11.5%
Adjusted EBITDA	160	121	32.1%
% of sales	10.9%	9.1%	
EBITDA	138	103	33.9%
% of sales	9.4%	7.7%	
Amortisation and depreciation	(56)	(43)	31.3%
Adjusted operating income	104	78	33.9%
% of sales	7.1%	5.8%	

(in millions of Euro)

	2012	2011 (**) Pro-forma				% Change
		Prysmian	Draka	Adjustments	Total	
Sales to third parties	1,466	534	911	(14)	1,431	2.4%
Adjusted EBITDA	160	46	82	-	128	24.9%
% of sales	10.9%	8.5%	8.8%		8.8%	
Adjusted operating income	104	38	55	(12)	81	28.9%
% of sales	7.1%	7.0%	4.6%		5.6%	

(*) Includes the Draka Group's results for the period 1 March – 31 December 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

During 2012, following growing concerns about Eurozone and US debt sustainability, the world economy continued the decelerating trend in progress since the second half of 2011. This has led to a gradual deterioration in consumer and business confidence, with a consequent reduction in industrial output and investments worldwide.

In such an economic context, the Group expects in 2013 that demand for medium voltage cables for Utilities, for building wires and for those products in the Industrial sector most exposed to cyclical trends will remain weak at least in the first half of the year. Instead, a positive demand is confirmed in the high value-added businesses of power transmission and offshore Oil&Gas. Market recovery is expected in the second half of the year for fibre optic cables. Lastly, the Prysmian Group will continue to integrate and rationalise the activities of the Dutch Draka Group with the goal of achieving the projected cost synergies and of further strengthening its presence in all its areas of business.

OTHER RESOLUTIONS BY THE BOARD OF DIRECTORS

By-laws amendments

The Board of Directors of Prysmian S.p.A. has amended today the By-laws for certain provisions contained in Legislative Decree 91 of 18 June 2012, in accordance with the procedures permitted by art. 2365, par. 2, of the Italian Civil Code and by art. 17, par. 3, of the By-laws.

In detail, the amendments to the By-laws have established that the single call shall represent the default mode for organising Shareholders' Meetings. As soon as the amended By-laws have been filed with the Register of Companies, they will be made available in the Corporate Governance section of the Company's website at www.prysmiangroup.com.

Share buy-back programme

The Board of Directors has decided to request the next Ordinary Shareholders' Meeting, scheduled in single call for 16 April, for authorisation to initiate a programme for the buy-back and disposal of treasury shares, after revoking the previous resolution adopted at the Shareholders' Meeting on 18 April 2012.

The programme will provide the opportunity to purchase, on one or more occasions, a number of shares whose total cannot exceed 10% of share capital, taking account of treasury shares already purchased in execution of previous shareholder resolutions and not yet disposed of. Purchases may not exceed the amount of available reserves reported in the most recently approved annual financial statements. The programme will last for a maximum of 18 months commencing from the date of approval by the Shareholders' Meeting.

The shareholders' approval will be requested:

- to provide the Company with a portfolio of treasury shares, including those already held by the Company, that can be used in any extraordinary transactions;
- in order to use the treasury shares purchased to service the exercise of rights arising from convertible debt instruments or instruments exchangeable with financial instruments issued by the Company, its subsidiaries or by third parties;
- to dispose of treasury shares to satisfy stock option plans reserved for the Group's directors and employees;
- to allow efficient management of the Company's capital, by creating an investment opportunity even for its available liquidity.

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

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

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

As at the present date, the Company directly and indirectly holds 3,039,169 treasury shares.

The legally required documentation will be made available to shareholders and the public at the locations and within the deadlines required by applicable regulations.

Employee Stock Purchasing and Ownership Plan for all Prysmian employees

Having obtained the approval of the Compensation and Nominations Committee, the Board of Directors has resolved to submit to the forthcoming Shareholders' Meeting the introduction of a new global share ownership plan (the "Plan") for all employees of the Prysmian Group with permanent employment contract who have completed their probationary period,

The reasons behind the introduction of the Plan are:

- to strengthen the sense of belonging to the Group by offering employees at all levels of the organisation an opportunity to share in its successes, through equity ownership

- to align the interests of stakeholders (the Prysmian Group, employees and shareholders), by identifying a common goal of creating long-term value
- to contribute to the integration process

The Plan will offer the opportunity to purchase Prysmian's ordinary shares on favourable terms, with a maximum discount of 25% on the value of the stock, offered in the form of treasury shares. The shares purchased will be subject to a retention period, during which they will not be available for sale. The Plan envisages three periods of purchase: 2014, 2015 and 2016.

The Plan will include the Chief Executive Officer, the Chief Financial Officer, the Chief Strategic Officer, the Executive Vice President of Energy Business and Executives with strategic responsibilities of Prysmian Group with a different discount of 1%. The Plan is to be treated as "of particular relevance" within the meaning of art. 84-bis, par. 2 of the Issuer Regulations.

It establishes an upper overall limit for the discount, quantified as 500,000 shares serving the Plan.

In the Plan's implementation phase following approval by the Shareholders' Meeting, Prysmian will define the details for the different countries, which may vary according to local laws, and reserves the right to exclude those countries where restrictions or local rules may render its implementation inappropriate or ineffective.

The proposal, which will be submitted for approval by the forthcoming Shareholders' Meeting, calls for the Board of Directors to be vested with the powers to implement the Plan.

The information memorandum relating to the plan will be published in due time.

Notice of Shareholders' Meeting

The Board of Directors has also resolved to convene the Shareholders' Meeting for 16 April 2013, in single call. Based on the results for 2012, the Board of Directors will recommend to the forthcoming Shareholders' Meeting that a dividend of €0.42 per share be declared, involving a total pay-out of approximately €89 million. If approved, the dividend will be paid out from 25 April 2013 to those shares outstanding on the ex-div date of 22 April 2013.

Prysmian's Annual Report at 31 December 2012, approved by the Board of Directors today, will be available to the public by 26 March 2013 at the Company's registered office in Viale Sarca 222, Milan and at Borsa Italiana S.p.A.. It will also be available on the corporate website at www.prysmiangroup.com.

The present document may contain forward-looking statements relating to future events and operating, economic and financial results of the Prysmian Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Therefore, actual future results may differ materially from what is expressed in forward-looking statements as a result of a variety of factors.

The managers responsible for preparing corporate accounting documents (Andreas Bott and Carlo Soprano) 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 FY 2012 results 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.prysmiangroup.com.

The documentation used during the presentation will be available today in the Investor Relations section of the Prysmian website at www.prysmiangroup.com.

Prysmian Group

Prysmian Group is world leader in the energy and telecom cables and systems industry. With sales of some €8 billion in 2012, more than 20,000 employees across 50 countries and 91 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 a public company listed on the Milan Stock Exchange in the FTSE MIB index.

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ANNEX A

Consolidated statement of financial position

(in millions of Euro)

	31 December 2012	31 December 2011
Non-current assets		
Property, plant and equipment	1,539	1,539
Intangible assets	655	618
Investments in associates	99	87
Available-for-sale financial assets	14	6
Derivatives	3	2
Deferred tax assets	127	97
Other receivables	41	52
Total non-current assets	2,478	2,401
Current assets		
Inventories	897	929
Trade receivables	1,163	1,197
Other receivables	570	516
Financial assets held for trading	78	80
Derivatives	16	28
Cash and cash equivalents	812	727
Total current assets	3,536	3,477
Assets held for sale	4	5
Total assets	6,018	5,883
Equity attributable to the Group:	1,112	1,042
Share capital	21	21
Reserves	923	1,157
Net profit/(loss) for the year	168	(136)
Equity attributable to non-controlling interests:	47	62
Share capital and reserves	44	71
Net profit/(loss) for the year	3	(9)
Total equity	1,159	1,104
Non-current liabilities		
Borrowings from banks and other lenders	1,433	880
Other payables	27	32
Provisions for risks and charges	76	67
Derivatives	41	36
Deferred tax liabilities	95	106
Employee benefit obligations	344	268
Total non-current liabilities	2,016	1,389
Current liabilities		
Borrowings from banks and other lenders	361	982
Trade payables	1,450	1,421
Other payables	654	571
Derivatives	24	71
Provisions for risks and charges	325	295
Current tax payables	29	50
Total current liabilities	2,843	3,390
Total liabilities	4,859	4,779
Total equity and liabilities	6,018	5,883

Consolidated income statement

(in millions of Euro)

	2012	2011 (*)
Sales of goods and services	7,848	7,583
Change in inventories of work in progress, semi-finished and finished goods	(31)	(107)
<i>of which non-recurring change in inventories of work in progress, semi-finished and finished goods</i>	-	(14)
Other income	71	45
<i>of which non-recurring other income</i>	15	1
<i>of which remeasurement of minority put option liability</i>	7	-
Raw materials, consumables used and goods for resale	(5,083)	(4,958)
Fair value change in metal derivatives	14	(62)
Personnel costs	(1,041)	(916)
<i>of which non-recurring personnel costs</i>	(65)	(39)
<i>of which personnel costs for stock option fair value</i>	(17)	(7)
Amortisation, depreciation and impairment	(188)	(180)
<i>of which non-recurring impairment</i>	(24)	(38)
Other expenses	(1,228)	(1,386)
<i>of which non-recurring other expenses</i>	(51)	(248)
Operating income	362	19
Finance costs	(393)	(360)
<i>of which non-recurring finance costs</i>	(8)	-
Finance income	258	231
<i>of which non-recurring finance income</i>	3	-
Share of income from investments in associates and dividends from other companies	17	9
Profit before taxes	244	(101)
Taxes	(73)	(44)
Net profit/(loss) for the year	171	(145)
Attributable to:		
Owners of the parent	168	(136)
Non-controlling interests	3	(9)
Basic earnings/(loss) per share (in Euro)	0.79	(0.65)
Diluted earnings/(loss) per share (in Euro)	0.79	(0.65)

(*) Includes the Draka Group's results for the period 1 March – 31 December 2011.

Consolidated statement of comprehensive income

(in millions of Euro)

	2012	2011 (*)
Net profit/(loss) for the year	171	(145)
Fair value gains/(losses) on available-for-sale financial assets - gross of tax	-	-
Fair value gains/(losses) on available-for-sale financial assets - tax effect	-	-
Fair value gains/(losses) on cash flow hedges - gross of tax	(9)	(6)
Fair value gains/(losses) on cash flow hedges - tax effect	3	2
Actuarial gains/(losses) on employee benefits - gross of tax	(60)	(22)
Actuarial gains/(losses) on employee benefits - tax effect	14	3
Currency translation differences	(24)	(6)
Total post-tax other comprehensive income/(loss) for the year	(76)	(29)
Total comprehensive income/(loss) for the year	95	(174)
Attributable to:		
Owners of the parent	90	(164)
Non-controlling interests	5	(10)

(*) Includes the Draka Group's results for the period 1 March – 31 December 2011.

Consolidated statement of cash flows

(in millions of Euro)

	2012	2011
Profit/(loss) before taxes	244	(101)
Depreciation and impairment of property, plant and equipment	153	150
Amortisation and impairment of intangible assets	35	30
Net gains on disposals of property, plant and equipment, intangible assets and other non-current assets	(14)	(2)
Share of income from investments in associates	(17)	(9)
Share-based payments	17	7
Fair value change in metal derivatives and other fair value items	(21)	63
Net finance costs	135	129
Changes in inventories	23	115
Changes in trade receivables/payables	55	50
Changes in other receivables/ payables	(4)	35
Changes in receivables/payables for derivatives	1	(3)
Taxes paid	(74)	(97)
Utilisation of provisions (including employee benefit obligations)	(104)	(67)
Increases in provisions (including employee benefit obligations)	117	267
A. Net cash flow provided by/(used in) operating activities	546	567
Acquisitions	(86)	(419)
Investments in property, plant and equipment	(132)	(135)
Disposals of property, plant and equipment and assets held for sale	11	14
Investments in intangible assets	(20)	(24)
Investments in financial assets held for trading	(33)	(42)
Disposals of financial assets held for trading	25	22
Disposals of available-for-sale financial assets	3	143
Investments in associates	(1)	(1)
Dividends received	6	5
B. Net cash flow provided by/(used in) investing activities	(227)	(437)
Capital contributions and other changes in equity	1	1
Dividend distribution	(45)	(37)
Finance costs paid	(365)	(361)
Finance income received	236	231
Changes in net financial payables	(65)	128
C. Net cash flow provided by/(used in) financing activities	(238)	(38)
D. Currency translation gains/(losses) on cash and cash equivalents	4	5
E. Total cash flow provided/(used) in the year (A+B+C+D)	85	97
F. Net cash and cash equivalents at the beginning of the year	727	630
G. Net cash and cash equivalents at the end of the year (E+F)	812	727

ANNEX B

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

(in millions of Euro)

	2012	2011 (*)
Net profit/(loss) for the year	171	(145)
Taxes	73	44
Share of income from investments in associates and dividends from other companies	(17)	(9)
Finance income	(258)	(231)
Finance costs	393	360
Amortisation, depreciation and impairment	188	180
Fair value change in metal derivatives	(14)	62
Remeasurement of minority put option liability	(7)	1
Fair value change in stock options	17	7
EBITDA	546	269
Company reorganisation	74	56
Antitrust	1	205
Draka integration costs	9	12
Tax inspections	3	-
Environmental remediation and other costs	3	5
Italian pensions reform	1	-
Other non-recurring expenses	13	-
Draka acquisition costs	-	6
Effects of Draka change of control	-	2
Release of Draka inventory step-up	-	14
Gains on assets disposals	(3)	(1)
Adjusted EBITDA	647	568

(*) Includes the Draka Group's results for the period 1 March – 31 December 2011.

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

(in millions of Euro)

	2012	2011	Change
EBITDA	546	269	277
Changes in provisions (including employee benefit obligations)	13	200	(187)
Inventory step-up	-	14	(14)
(Gains)/losses on disposals of property, plant and equipment, intangible assets and other non-current assets	(14)	(2)	(12)
Net cash flow provided by operating activities (before changes in net working capital)	545	481	64
Changes in net working capital	75	183	(108)
Taxes paid	(74)	(97)	23
Net cash flow provided by operating activities	546	567	(21)
Acquisitions	(86)	(419)	333
Net cash flow from operational investing activities	(141)	(145)	4
Net cash flow from financial investing activities	8	4	4
Free cash flow (unlevered)	327	7	320
Net finance costs	(129)	(130)	1
Free cash flow (levered)	198	(123)	321
Increases in share capital and other changes in equity	1	1	-
Dividend distribution	(45)	(37)	(8)
Net cash flow provided/(used) in the year	154	(159)	313
Opening net financial position	(1,064)	(459)	(605)
Net cash flow provided/(used) in the year	154	(159)	313
Other changes	(8)	(446)	438
Closing net financial position	(918)	(1,064)	146

ANNEX C

Separate statement of financial position

(in Euro)

	31 December 2012	31 December 2011
Non-current assets		
Property, plant and equipment	4,242,182	3,496,603
Intangible assets	41,287,217	39,767,200
Investments in subsidiaries	1,660,977,581	1,397,156,231
Deferred tax assets	6,000,533	4,913,813
Other receivables	19,020,028	19,200,452
Total non-current assets	1,731,527,541	1,464,534,299
Current assets		
Trade receivables	107,679,057	42,589,033
Other receivables	249,320,220	232,062,332
Cash and cash equivalents	681,083	1,189,938
Total current assets	357,680,360	275,841,303
Total assets	2,089,207,901	1,740,375,602
Share capital and reserves:		
Share capital	21,450,878	21,439,348
Reserves	737,999,851	665,567,052
Net profit/(loss) for the year	112,137,644	99,432,267
Total equity	871,588,373	786,438,667
Non-current liabilities		
Borrowings from banks and other lenders	1,050,989,117	790,892,338
Employee benefits obligations	15,880,314	7,506,953
Total non-current liabilities	1,066,869,431	798,399,291
Current liabilities		
Borrowings from banks and other lenders	75,585,614	85,043,193
Trade payables	27,653,139	23,271,693
Other payables	13,816,913	15,311,203
Provisions for risks and charges	33,619,548	31,911,555
Current tax payables	74,883	-
Total current liabilities	150,750,097	155,537,644
Total liabilities	1,217,619,528	953,936,935
Total equity and liabilities	2,089,207,901	1,740,375,602

Separate income statement

(in Euro)

	2012	2011
Sales of goods and services	55,729,996	41,450,988
Other income	55,307,572	50,232,364
of which non-recurring other income	350,000	-
Raw materials and consumables used	(2,016,975)	(786,409)
Personnel costs	(51,467,270)	(41,414,088)
of which non-recurring personnel costs	(2,978,653)	(3,306,000)
of which remeasurement of minority put option liability	(5,557,026)	(2,502,504)
Amortisation, depreciation and impairment	(8,684,733)	(7,064,235)
Other expenses	(72,538,958)	(107,508,241)
of which non-recurring other expenses	(3,288,754)	(47,073,874)
Operating income	(23,670,368)	(65,089,621)
Finance costs	(51,253,008)	(51,983,321)
Finance income	15,844,923	12,806,855
Dividends from subsidiaries	150,000,000	161,331,515
Profit before taxes	90,921,547	57,065,428
Taxes	21,216,097	42,366,839
Net profit/(loss) for the year	112,137,644	99,432,267

Separate statement of comprehensive income

(in thousands of Euro)

	2012	2011
Net profit/(Loss) for the year	112,138	99,432
Actuarial gains/(losses) on employee benefits - gross of tax	(522)	(27)
Actuarial gains/(losses) on employee benefits - tax effect	143	8
Total post-tax other comprehensive income/(loss) for the year	(379)	(19)
Total comprehensive income/(loss) for the year	111,759	99,413

Separate statement of cash flows

(in thousands of Euro)

	2012	2011
Profit before taxes	90,922	57,065
Depreciation and impairment of property, plant and equipment	869	694
Amortisation and impairment of intangible assets	7,816	6,370
Share-based compensation	5,557	2,503
Dividends	(150,000)	(161,332)
Net finance costs (income)	35,408	39,176
Changes in trade receivables and payables	(60,708)	(6,852)
Changes in other receivables and payables	(4,624)	2,627
Taxes cashed/(paid)	30,170	14,700
Utilisation of provisions (including employee benefits obligations)	(1,531)	(2,044)
Increases in provisions (including employee benefits obligations)	11,091	34,069
Employee benefits provisions transfer	522	35
A. Net cash flow provided by/(used in) operating activities	(34,508)	(12,989)
Acquisitions	(8,886)	(501,129)
Investments in property, plant and equipment	(2,237)	(859)
Disposals of property, plant and equipment	623	-
Investments in intangible assets	(9,336)	(9,170)
Investments in subsidiaries	(254,000)	-
Dividends received	150,000	161,332
B. Net cash flow provided by/(used in) investing activities	(123,836)	(349,826)
Finance costs paid	(46,624)	(53,184)
Finance income received	12,260	11,013
Changes in net financial payables	236,058	438,116
Capital increase	536	2,509
Dividends paid	(44,395)	(35,082)
C. Net cash flow provided by/(used in) financing activities	157,835	363,372
D. Total cash flow provided/(used) in the year (A+B+C)	(509)	557
E. Net cash and cash equivalents at the beginning of the year	1,190	633
F. Net cash and cash equivalents at the end of the year (D+E)	681	1,190