Prysmian Group

Press release

PRYSMIAN | Draka

PRYSMIAN S.P.A. FIRST-QUARTER RESULTS 2013

DEMAND FOR BUILDING WIRES AND RENEWABLE ENERGY CABLES STILL UNDER PRESSURE IN EUROPE

POSITIVE PERFORMANCE FOR SUBMARINE CABLES AND SYSTEMS AND CERTAIN INDUSTRIAL APPLICATIONS

REDUCED DEMAND FOR OPTICAL CABLES IN NORTH AND SOUTH AMERICA

PROFITABILITY EXPECTED TO RECOVER IN NEXT QUARTERS

RATIONALISATION AND COST REDUCTION MEASURES STEPPED UP

TARGET SYNERGIES WITH DRAKA UPPED FROM €150M TO €175M

ADJ EBITDA FY2013 EXPECTED IN RANGE €600M - €650M

31 MARCH 2013 RESULTS

- **SALES: €1,711 MILLION (€1,874 MILLION IN 1Q 2012; ORGANIC CHANGE -7.6%)**
- **ADJ EBITDA[1]: €115 MILLION (€130 MILLION IN 1Q 2012; -11.6%)**
- **ADJ OPERATING INCOME[2]: €77 MILLION (€91 MILLION IN 1Q 2012; -15.8%)**
- **ADJ NET PROFIT[3]: €39 MILLION (€45 MILLION IN 1Q 2012; -13.0%)**
- **NET FINANCIAL POSITION €1,213 MILLION (€1,273 MILLION AT 31 MARCH 2012)**

Milan, 9/5/2013. The Board of Directors of Prysmian S.p.A. has approved today the Group's consolidated results for the first quarter 2013 (which are not subject to audit).

"The worsening of the crisis in Europe's construction industry, the additional contraction in energy consumption and the uncertainties surrounding renewable energy and broadband stimulus plans in North and South America, are the main factors that have led to a drop in global cable demand," explained CEO Valerio Battista. "The Group has managed to limit the impact of this negative context by focusing on high value-added businesses, such as power transmission cables and systems, which continue to perform well. With the goal of supporting medium-term profitability, the Group has also launched a series of commercial initiatives aimed at increasing sales in the most profitable segments of the Industrial and Telecom businesses, by leveraging the extensive product portfolio. Along with these measures we are stepping up our efforts to contain costs and rationalise organisational and manufacturing structure, allowing us to up the target synergies from integration with Draka to €175 million by 2015, from the original target of €150 million. Based on this scenario, we are forecasting full-year adjusted EBITDA in the range of €600-€650 million."

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

(in millions of Euro)	3 months 2013	3 months 2012 (*)	% Change
Sales	1,711	1,874	-8.7%
EBITDA	99	115	-13.9%
Adjusted EBITDA	115	130	-11.6%
Operating income	44	89	-51.1%
Adjusted operating income	77	91	-15.8%
Profit before taxes	(3)	61	-105.5%
Net profit/(loss) for the period	(2)	42	-105.9%

(in millions of Euro)	31 March 2013	31 March 2012	Change
Net capital employed	2,794	2,682	112
Employee benefit obligations	346	271	75
Equity	1,235	1,138	97
of which attributable to non-controlling interests	46	55	(9)
Net financial position	1,213	1,273	(60)

(*) Following the introduction of IAS 19 (revised), the prior period figures have been restated compared with those previously published. The effect on the first quarter of 2012 was not material.

[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, non-monetary interest on the Equity-linked bond and the related tax effects.

Focus on growth in high-tech segments and rationalisation of manufacturing structure

Industrial and Telecom businesses: focus on volume growth in the next two years

With the purpose of further strengthening its presence in certain high-tech and high value-added business segments, the Group has launched new commercial initiatives and actions mainly focused on leveraging the extensive range of available products. These initiatives are expected to drive a significant contribution from additional sales by 2015, specifically from these businesses.

In particular, the Industrial cables business is expected to deliver over €200 million in additional sales by 2015, resulting from the development of the following applications:

- Specialties & OEM
- Oil & Gas
- Elevator

The Telecom cables business is expected to deliver approximately €200 million in additional sales by 2015 from the following segments:

- Hybrid 4G cables
- Access networks & connectivity
- Multi Media Solutions
- OPGW (Optical Ground Wire)

Focus on costs and manufacturing rationalisation

With the purpose of addressing the further reduction in demand, particularly in the more cyclical sectors, and of therefore defending the Group's profitability, measures to contain costs have been stepped up and new actions have commenced to rationalise and optimise the organisational and manufacturing structure. These actions allow us to increase the 2015 forecast synergies target to €175 million from the previous €150 million, involving a total of €250 million in restructuring costs.

FINANCIAL RESULTS

Group **Sales** amounted to €1,711 million compared with €1,874 million in the first quarter 2012. The Energy business suffered from the general decline in volumes for building wires (sold through the Trade & Installers channel) and for renewable energy, that was only partially offset by strong performance in the power transmission market, particularly by the submarine cables business line. The Telecom business recorded a drop in demand for optical cables in the American continent because of the ending of broadband stimulus plans in North America and the temporary suspension of similar plans in South America (expected to recover in the next few quarters). Assuming the same group perimeter and excluding metal price and exchange rate effects, the **organic change** was a negative 7.6%.

Adjusted EBITDA amounted to €115 million, compared with €130 million in the corresponding period of 2012 (-11.6%). The integration with Draka has enabled the Group to reduce its cost structure, and so limit the impact of poor performance by the Energy business's lower value-added segments and by the Telecom business as a whole.

EBITDA[4] amounted to €99 million, compared with €115 million in the first quarter 2012 (-13.9%), reflecting the impact of €16 million in non-recurring expenses particularly in relation to reorganisation and manufacturing efficiency projects.

Adjusted operating income amounted to €77 million, compared with €91 million in the first quarter 2012 (-15.8%).

Operating income was €44 million, compared with €89 million in first quarter 2012, reporting a decrease due to the decline in EBITDA and the fair value change in metal derivatives.

Net finance income and costs, including the share of income/(loss) from associates and dividends from other companies, reported a negative balance of €47 million, up from €28 million in the corresponding prior year period. The increase of €19 million is due to a number of extraordinary non-monetary effects, mostly connected with the partial refinancing of the Term Loan by issuing the convertible Equity-linked bond; in particular, bank fees relating to the early repayments against the Term Loan during the quarter were written off (impact of €5 million) and hedge accounting ceased to be used for the interest rate swaps that hedged the Term Loan's repaid portion (impact of €14 million).

Adjusted net profit amounted to €39 million, compared with €45 million in the first quarter 2012 (-13%). The **Net result** recorded a loss of €2 million compared with a profit of €42 million in the first quarter 2012.

Net financial position at the end of March 2013 amounted to €1,213 million, compared with €918 million at 31 December 2012 (down from €1,273 million at 31 March 2012), having been particularly affected by the following factors:

- positive cash flow from operating activities (before changes in net working capital) of €72 million;
- negative impact of €351 million from changes in working capital, due to the seasonality in stock levels and strong growth in working capital in the submarine cables business;
- payment of €13 million in taxes;
- net operating investments of €24 million;
- receipt of €7 million in dividends;
- payment of €16 million in net finance costs.

[4] EBITDA is defined as earnings/(loss) for the period, before the fair value change in metal derivatives and in other fair value items, amortisation, depreciation, and impairment, finance costs and income, the share of income/(loss) from associates, dividends from other companies and taxes.

ENERGY CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **SALES UP FOR SUBMARINE CABLES: MORE THAN €450 MILLION IN NEW PROJECTS ACQUIRED**
- **DEMAND STABLE IN HIGH VOLTAGE UNDERGROUND AND SLIGHTLY DOWN IN POWER DISTRIBUTION**
- **CONTINUED NEGATIVE TREND FOR BUILDING WIRES (T&I)**
- **IN INDUSTRIAL APPLICATIONS, SHARP FALL FOR RENEWABLES, GOOD PERFORMANCE BY OEM & SPECIALTIES AND ELEVATOR**

(in millions of Euro)

	3 months 2013	3 months 2012	% Change
Sales to third parties	1,418	1,528	-7.2%
Adjusted EBITDA	**91**	**95**	-4.2%
% of sales	6.4%	6.2%	
EBITDA	**77**	**88**	**-12.5%**
% of sales	5.4%	5.8%	
Amortisation and depreciation	(25)	(27)	-8.6%
Adjusted operating income	**66**	**68**	**-2.5%**
% of sales	4.6%	4.5%	

Sales to third parties by the Energy Cables and Systems business amounted to €1,418 million compared with €1,528 million in the first quarter 2012, reporting an **organic decrease** of -5.2%. Adjusted EBITDA amounted to €91 million, compared with €95 million in the first quarter 2012.

Utilities

Sales to third parties by the Utilities business amounted to €491 million, recording a 2.3% organic increase. The positive performance reported by the submarine cables business line helped completely neutralise poor performance by other business lines, such as Power distribution in Europe. The improvement in sales mix, with a larger proportion of high value-added submarine projects, has allowed Adjusted EBITDA to increase to €49 million from €46 million in the first quarter 2012.

Sales by the High voltage underground cables business line reported a generally stable trend, particularly supported by North America and some of the major European markets, where the Group has consolidated its relationships with strategic customers like the utilities Tennet, Terna and Edf. The strong order book provides sales visibility for the whole of 2013.

Sales by the Submarine Cables and Systems business line increased thanks to the execution of interconnection and renewable energy projects acquired. The order book at the end of the first quarter 2013 further increased thanks to over €450 million new projects awarded (DolWin3, Deutsche Bucht, Normandie 3) and currently provides sales visibility for more than 3 years. With the purpose of strengthening its market and technological leadership, the Group continues to focus its investment policy on adapting production capacity and expanding the range of value-added services. The new cable-laying vessel "Cable Enterprise" will start installation work for projects currently in the Group's order book by the end of 2013, contributing to growth in the submarine business’s profitability from next year.

Sales by the power distribution business line were slightly down, partly due to the low comparative base in the corresponding period of 2012 when demand was already very depressed. There have been no signs of market recovery in Europe, while in North America both volumes and profitability have grown. With the purpose of limiting the impact of lower volumes and prices, the Group is engaged in the constant pursuit of manufacturing efficiencies and of making the most of innovations in its processes, products and services.

(in millions of Euro)

	3 months 2013	3 months 2012	% Change	% Organic sales change
Sales to third parties	491	489	0.5%	2.3%
Adjusted EBITDA	**49**	**46**		
% of sales	9.9%	9.4%		
Adjusted operating income	**38**	**38**		
% of sales	7.8%	7.7%		

Trade & Installers

Sales to third parties by the Trade & Installers business amounted to €470 million, posting an organic decrease of 11.7% on a first quarter 2012 still reporting a slight volume improvement. Construction industry demand showed further signs of contraction, following on from the decline already recorded in the second half of 2012. In Europe, Spain and Italy were particularly hard hit, but Germany, France, the UK and Eastern Europe also showed signs of weakness. Positive performance was achieved in South America, where the Group managed to increase its market share. Adjusted EBITDA came to €14 million, with the manufacturing efficiencies achieved by the Group only partly limiting the impact of lower volumes and price competition.

(in millions of Euro)

	3 months 2013	3 months 2012	% Change	% Organic sales change
Sales to third parties	470	541	-13.2%	-11.7%
Adjusted EBITDA	**14**	**18**		
% of sales	3.0%	3.3%		
Adjusted operating income	**8**	**10**		
% of sales	1.7%	1.9%		

Industrial

Sales to third parties by the Industrial cables business amounted to €429 million, posting an organic decrease of -4.9%. This decrease is largely attributable to the slowdown in demand in the renewable energy segment, particularly caused by the ending of incentive plans in North and South America. In the Oil & Gas segment, lower investments in onshore applications were partially offset by demand in the offshore market, particularly in Northern Europe and Asean. The weak start to the year for Umbilicals and Flexible Pipes should be recovered in the umbilicals segment during coming quarters thanks to the existing projects in the order book and increased tendering activity outside the traditional Brazilian market. Specialties & OEM sales were up, along with profitability, particularly in the transportation and mining sectors in APAC, the Middle East and Eastern Europe. The Elevator cables business line also performed well, partly thanks to commercial efforts to expand business in new markets. Lastly, sales in the Automotive segment were stable, with slowdown in Europe offset by positive performance in North America, South America and Asia.
Adjusted EBITDA amounted to €27 million, down 13% on the first quarter 2012.

(in millions of Euro)

	3 months 2013	3 months 2012	% Change	% Organic sales change
Sales to third parties	429	464	-7.6%	-4.9%
Adjusted EBITDA	**27**	**31**		
% of sales	6.3%	6.7%		
Adjusted operating income	**19**	**21**		
% of sales	4.3%	4.6%		

TELECOM CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **SHARP DROP IN DEMAND FOR OPTICAL CABLES IN NORTH AND SOUTH AMERICA**
- **OPTICAL CABLES EXPECTED TO RECOVER IN BRAZIL FROM SECOND HALF**
- **PROFITABILITY EXPECTED TO IMPROVE IN REST OF YEAR**

Sales to third parties by the Telecom Cables and Systems business amounted to €293 million, compared with €346 million in the first quarter 2012. The organic decrease of -18.3% was largely due to the drastic decline in demand for optical cables in North and South America compared with the previous year. In fact, incentive policies to stimulate investments, which had driven up sales in the first half of 2012, have been suspended in both these regions. A gradual recovery is expected in the new few quarters, thanks to the new incentive plan introduced by Brazil, which envisages about $9 billion in investments in telecommunications infrastructure by 2016. Demand is also expected to pick up in China from the second quarter. In Europe, however, plans for investment in optical cabling by large Telecom operators are still at a preliminary stage.

The Multimedia Solutions business line continued its commercial expansion in South America and Australia, while Data System Centres in Europe showed signs of slowing demand. OPGW performed well in Southern Europe, the Middle East and Africa, with growing exposure also in North America and Russia. Lastly, copper cables reported a further drop in demand.

The Group continues to focus its strategy on constantly improving product mix and reducing costs to raise profitability. Adjusted EBITDA amounted to €24 million, compared with €35 million in the first quarter 2012.

(in millions of Euro)

	3 months 2013	3 months 2012	% Change
Sales to third parties	293	346	-15.4%
Adjusted EBITDA	**24**	**35**	**-32.7%**
% of sales	8.3%	10.0%	
EBITDA	**22**	**28**	**-23.0%**
% of sales	7.7%	8.1%	
Amortisation and depreciation	(13)	(12)	5.4%
Adjusted operating income	**11**	**23**	**-52.6%**
% of sales	3.8%	6.5%	

BUSINESS OUTLOOK

The macroeconomic environment has seriously deteriorated compared with the slowing trend witnessed since the second half of 2011, partly in the wake of the deficit-cutting measures introduced in several Eurozone countries during 2012. This has led to a sharp slowdown in economic activity, initially in the more indebted countries and then spreading to countries in Central and Northern Europe.
In such an economic environment, the Group expects in 2013 that demand will remain weak for low-medium voltage cables for Utilities, for building wires and for those products in the Industrial sector most exposed to cyclical trends; within the Industrial market, the business of onshore wind and solar power generation cables has contracted sharply, also due to non-renewal of or uncertainties about government incentives. Instead, positive developments in demand are confirmed for the high value-added businesses of power transmission, and offshore oil & gas along with a gradual improvement in demand from the second half of the year for fibre optic cables for major telecom operators.

Based on the existing order book, profitability is expected to recover from the second quarter of the year with the target to achieve an Adjusted EBITDA for FY 2013 in the range of €600 – 650 million (FY 2012: €647 million). In addition, given the further deterioration in the market compared with previous years, the Prysmian Group has decided to step up its measures to rationalise and optimise its organisational and manufacturing structure with the goal of achieving €175 million in cumulative synergies from the Draka integration by 2015 (compared with €65 million achieved at the end of 2012), representing an upward revision from the previous target of €150 million. Commercial initiatives have also been started, mainly in the Industrial and Telecom businesses, in order to strengthen the Group's presence in high value-added market segments, with the goal of achieving significant additional sales in these businesses by 2015 specifically thanks to such initiatives.

OTHER RESOLUTIONS BY THE BOARD OF DIRECTORS

The Board of Directors has verified, based on the information available and the statements made by the parties concerned, that the members of the Board of Statutory Auditors appointed by the Shareholders' Meeting on 16 April 2013 satisfy the independence requirements under art. 148, par. 3 of Italian Legislative Decree.

The Prysmian Group's Quarterly Financial Report at 31 March 2013, approved by the Board of Directors today, will be available to the public from today at the Company's registered office in Viale Sarca 222, Milan and at Borsa Italiana S.p.A.. It will also be available on the corporate website at www.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 (Carlo Soprano and Andreas Bott) 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 first quarter 2013 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, about 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 March 2013	31 December 2012 (*)
Non-current assets		
Property, plant and equipment	1,540	1,539
Intangible assets	652	655
Investments in associates	94	99
Available-for-sale financial assets	15	14
Derivatives	3	3
Deferred tax assets	154	127
Other receivables	41	41
Total non-current assets	**2,499**	**2,478**
Current assets		
Inventories	1,047	897
Trade receivables	1,261	1,163
Other receivables	628	570
Financial assets held for trading	54	78
Derivatives	18	16
Cash and cash equivalents	409	812
Total current assets	**3,417**	**3,536**
Assets held for sale	4	4
Total assets	**5,920**	**6,018**
Equity attributable to the Group:	**1,189**	**1,112**
Share capital	21	21
Reserves	1,170	925
Net profit/(loss) for the period	(2)	166
Equity attributable to non-controlling interests:	**46**	**47**
Share capital and reserves	46	44
Net profit/(loss) for the period	-	3
Total equity	**1,235**	**1,159**
Non-current liabilities		
Borrowings from banks and other lenders	1,331	1.433
Other payables	28	27
Provisions for risks and charges	68	76
Derivatives	35	41
Deferred tax liabilities	94	95
Employee benefit obligations	346	344
Total non-current liabilities	**1,902**	**2,016**
Current liabilities		
Borrowings from banks and other lenders	337	361
Trade payables	1,453	1,450
Other payables	626	654
Derivatives	37	24
Provisions for risks and charges	310	325
Current tax payables	20	29
Total current liabilities	**2,783**	**2,843**
Total liabilities	**4,685**	**4,859**
Total equity and liabilities	**5,920**	**6,018**

(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised). This change has resulted in the recognition of Euro 2 million in additional finance costs in 2012.

Consolidated income statement

(in millions of Euro)

	3 months 2013	3 months 2012 (*)
Sales of goods and services	1,711	1,874
Change in inventories of work in progress, semi-finished and finished goods	71	110
Other income	8	15
Raw materials, consumables used and goods for resale	(1,144)	(1,340)
Fair value change in metal derivatives	(12)	18
Personnel costs	(245)	(258)
of which non-recurring personnel costs	*(5)*	*(14)*
of which personnel costs for stock option fair value	*(5)*	*(5)*
Amortisation, depreciation and impairment	(38)	(39)
Other expenses	(307)	(291)
of which non-recurring other expenses	*(11)*	*(1)*
Operating income	**44**	**89**
Finance costs	(122)	(79)
of which non-recurring finance costs	*(5)*	-
Finance income	73	49
Share of income from investments in associates and dividends from other companies	2	2
Profit before taxes	**(3)**	**61**
Taxes	1	(19)
Net profit/(loss) for the period	**(2)**	**42**
Attributable to:		
Owners of the parent	(2)	42
Non-controlling interests	-	-
Basic earnings/(loss) per share (in Euro)	**(0.01)**	**0.20**
Diluted earnings/(loss) per share (in Euro)	**(0.01)**	**0.20**

(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised); the impact on the first quarter 2012 has not been material.

Consolidated Statement of Comprehensive Income

(in millions of Euro)

	3 months 2013	3 months 2012 (*)
Net profit/(loss) for the period	**(2)**	**42**
Comprehensive income/(loss) for the period:		
- items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on cash flow hedges - gross of tax	20	2
Fair value gains/(losses) on cash flow hedges - tax effect	(7)	(1)
Currency translation differences	22	(5)
Total items that may be reclassified, net of tax	**35**	**(4)**
- items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	-	-
Actuarial gains/(losses) on employee benefits - tax effect	-	-
Total items that will NOT be reclassified, net of tax	**-**	**-**
Total comprehensive income/(loss) for the period	**33**	**38**
Attributable to:		
Owners of the parent	33	39
Non-controlling interests	-	(1)

(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised); the impact on the first quarter 2012 has not been material.

Consolidated statement of cash flows

(in millions of Euro)

		3 months 2013	3 months 2012 (*)
	Profit/(loss) before taxes	(3)	61
	Depreciation and impairment of property, plant and equipment	30	31
	Amortisation and impairment of intangible assets	8	8
	Net gains on disposals of property, plant and equipment, intangible assets and other non-current assets	-	-
	Share of income from investments in associates	(2)	(2)
	Share-based payments	5	5
	Fair value change in metal derivatives and other fair value items	12	(18)
	Net finance costs	49	30
	Changes in inventories	(141)	(192)
	Changes in trade receivables/payables	(93)	(32)
	Changes in other receivables/ payables	(117)	(20)
	Changes in receivables/payables for derivatives	-	1
	Taxes paid	(13)	(15)
	Utilisation of provisions (including employee benefit obligations)	(37)	(27)
	Increases in provisions (including employee benefit obligations)	10	15
A.	**Net cash flow provided by/(used in) operating activities**	**(292)**	**(155)**
	Acquisitions	-	(9)
	Investments in property, plant and equipment	(20)	(21)
	Disposals of property, plant and equipment and assets held for sale	-	1
	Investments in intangible assets	(4)	(5)
	Investments in financial assets held for trading	(3)	-
	Disposals of financial assets held for trading	30	15
	Disposals of available-for-sale financial assets	-	-
	Investments in associates	-	-
	Dividends received	7	2
B.	**Net cash flow provided by/(used in) investing activities**	**10**	**(17)**
	Capital contributions and other changes in equity	-	-
	Dividend distribution	(1)	-
	Proceeds from equity-linked bond	296	-
	Early repayment of credit agreement	(486)	-
	Finance costs paid	(80)	(66)
	Finance income received	64	49
	Changes in net financial payables	83	-
C.	**Changes in net financial payables**	**(124)**	**(17)**
D.	Currency translation gains/(losses) on cash and cash equivalents	3	(1)
E.	**Total cash flow provided/(used) in the period (A+B+C+D)**	**(403)**	**(190)**
F.	**Net cash and cash equivalents at the beginning of the period**	**812**	**727**
G.	**Net cash and cash equivalents at the end of the period (E+F)**	**409**	**537**

(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised); the impact on the first quarter 2012 has not been material.

Prysmian Group

PRYSMIAN Draka

ANNEX B

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

(in millions of Euro)

	3 months 2013	3 months 2012 (*)
Net profit/(loss) for the period	(2)	42
Taxes	(1)	19
Share of income from investments in associates and dividends from other companies	(2)	(2)
Finance income	(73)	(49)
Finance costs	122	79
Amortisation, depreciation and impairment	38	39
Fair value change in metal derivatives	12	(18)
Fair value change in stock options	5	5
EBITDA	**99**	**115**
Company reorganisation	10	14
Antitrust	2	(1)
Draka integration costs	-	1
Environmental remediation and other costs	-	1
Other non-recurring expenses	4	-
Adjusted EBITDA	**115**	**130**

(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised); the impact on the first quarter 2012 has not been material.

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

(in millions of Euro)

	3 months 2013	3 months 2012	Change
EBITDA	**99**	**115**	**(16)**
Changes in provisions (including employee benefit obligations)	(27)	(12)	(15)
(Gains)/losses on disposals of property, plant and equipment, intangible assets and other non-current assets	-	-	-
Net cash flow provided by operating activities (before changes in net working capital)	**72**	**103**	**(31)**
Changes in net working capital	(351)	(243)	(108)
Taxes paid	(13)	(15)	2
Net cash flow provided by operating activities	**(292)**	**(155)**	**(137)**
Acquisitions	-	(9)	9
Net cash flow from operational investing activities	(24)	(25)	1
Net cash flow from financial investing activities	7	2	5
Free cash flow (unlevered)	**(309)**	**(187)**	**(122)**
Net finance costs	(16)	(17)	1
Free cash flow (levered)	**(325)**	**(204)**	**(121)**
Increases in share capital and other changes in equity	-	-	-
Dividend distribution	(1)	-	(1)
Net cash flow provided/(used) in the period	**(326)**	**(204)**	**(122)**
Opening net financial position	**(918)**	**(1,064)**	**146**
Net cash flow provided/(used) in the period	(326)	(204)	(122)
Convertible bond equity component	39	-	39
Other changes	(8)	(5)	(3)
Closing net financial position	**(1,213)**	**(1,273)**	**60**