

## FINANCE AND M&A ACTIVITIES

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On 18 December 2013, Prysmian S.p.A. entered into a loan agreement with the European Investment Bank (EIB) for Euro 100 million, to fund the Group's European Research & Development (R&D) programmes over the period 2013-2016. The EIB Loan is particularly intended to support projects developed in the Group's R&D centres in six countries (France, Great Britain, the Netherlands, Spain, Germany and Italy) and represents about 50% of the Prysmian Group's planned investment expenditure in Europe during the period concerned. The EIB Loan was received on 5 February 2014; it will be repaid in 12 equal half-yearly instalments starting on 5 August 2015 and ending on 5 February 2021.

On 19 February 2014, Prysmian S.p.A. signed a credit agreement for Euro 100 million (the "Revolving Credit Facility 2014") with Mediobanca - Banca di Credito Finanziario S.p.A.. Under this five-year agreement, Mediobanca has provided the Group with a line of credit intended to refinance existing debt and working capital requirements.

On 28 February 2014, the Prysmian Group prepaid the outstanding balance owed under the Term Loan Facility 2010, amounting to Euro 184 million that had been due on 31 December 2014.

On 27 June 2014, Prysmian S.p.A. signed an agreement (the "Credit Agreement 2014") under which a syndicate of premier banks made available a long-term credit facility for Euro 1,000 million (the "Syndicated Revolving Credit Facility 2014"). The facility, which expires on 27 June 2019, can also be used for the issue of guarantees. The new revolving facility is intended to refinance the Revolving Credit Facility 2010 and to finance the Group's other operating activities.

On the same date as agreeing this new facility, Prysmian S.p.A. extinguished early the Revolving Credit Facility 2010, originally due to expire on 31 December 2014 and carrying a maximum permitted drawdown of Euro 400 million.

### **Acquisition purchase price adjustment: Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd)**

The purchase price adjustment process relating to the acquisition of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) was completed on 28 March 2014, with a price adjustment of GBP 20 million in the Prysmian Group's favour. Since this process was completed

more than a year from the acquisition date of 15 November 2012, the difference between the adjusted final price and that previously estimated has been accounted for in the income statement with the recognition of Euro 22 million in non-recurring income.

### **Acquisition of non-controlling interest in AS Draka Keila Cables**

On 9 July 2014, Prysmian Group finalised the acquisition of the remaining 34% of the subsidiary AS Draka Keila Cables, becoming the sole shareholder of this Estonian company. The purchase price was Euro 6.2 million. The investment in Keila Cables will allow the Group to further accelerate its growth strategy in this high-potential region.

### **Stock listing of the joint venture Yangtze Optical Fibre and Cable Joint Stock Limited Company**

On 1 August 2014, Yangtze Optical Fibre and Cable Joint Stock Limited Company, based in Wuhan (People's Republic of China) and in which the Group held a 37.5% interest, filed an application to list its shares on the Main Board of the Hong Kong Stock Exchange.

The company is a joint venture between the Prysmian Group and two other partners (China Huaxin Post and Telecommunications Economy Development Center and Wuhan Yangtze Communications Industry Group Co. Ltd., with equity interests of 37.5% and 25% respectively) and specialises in the production of optical fibre and optical cables for telecommunications.

The prospectus for the public offering and the listing of the company's shares was published on 26 November 2014 upon completion of the authorisation process.

Following closure of the offering period, the company's shares commenced trading on the Main Board of the Hong Kong Stock Exchange on 10 December 2014. The offering involved an increase in the company's share capital, with a consequent dilution of the Prysmian Group's holding to 28.12%. This dilution has resulted in the recognition of a non-recurring gain of Euro 8 million.

### **Share buy-back**

Under the share buy-back and disposal programme authorised by the shareholders at their meeting on 16 April 2014, Prysmian S.p.A. purchased a total of 1,390,000 treasury shares during the months of November and December 2014 at a cost of approximately Euro 20 million.

## OTHER SIGNIFICANT EVENTS

### Western HVDC Link Contract (UK)

During the last few days of April 2014, the manufacture of the cables for the Western HVDC Link project in the United Kingdom encountered some technical problems, which were duly placed under detailed technical investigation.

Following tests on the quality of the cable produced and analysis of the materials and the manufacturing process, the Directors felt able to make a reliable estimate of the project's revenues and costs.

The total impact on the 2014 results has been Euro 53 million, resulting from the full elimination of the margins previously recognised on the contract and the recognition of a provision to cover the expected contract loss.

Including non-recognition of the margin originally expected on this project in the period, the overall negative impact of the Western HVDC Link (UK) project on the 2014 results is Euro 94 million.

### Plant closures

On 6 July 2014, the Management Board of Prysmian Netherlands informed trade union representatives of the intention to close the plant in Amsterdam - 78 employees - and transfer production to the plants in Delft and Emmen. Agreements for the plant's closure have been reached, with the process of shutdown currently in progress and due to last for part of 2015. On 16 July 2014, Draka Paricable (France) initiated a consultation process with the trade unions for the closure of the Aubevoye plant - 92 employees - and the transfer of production to the Group's plants in Amfreville and Gron. The process of discussions with the unions and the related agreements was completed by the end of 2014, as well as the plant's closure.

These plant closures are in response to the need to optimise manufacturing footprint at individual country level, with the aim of realigning industrial presence with the potential of the relevant business/market and of improving production capacity utilisation, as well as overall economic performance, through economies of scale.

Consequent impairment testing of the assets of the plants involved in this restructuring has not resulted in the recognition of any impairment losses. Other restructuring costs have been estimated based on the outcome of negotiations with the trade unions; at 31 December 2014, these costs were recognised as far as could be reasonably estimated. Further details can be found in Note 14. Provisions for risks and charges.

### AMT Explorer cable barge

On 3 July 2014, the AMT Explorer cable barge, chartered to transport power cables for the Deutsche Bucht and Butendiek offshore wind farms in Germany, capsized while under tow in transit from Arco Felice (Naples) to Bremerhaven (Germany). The rotating platform owned by the Prysmian Group and its load sank as a result. The value of the cables transported, unrecoverable given the depth of the water in the area of the sinking, amounted to approximately Euro 28 million. The lost cables were fully insured and as at 31 December 2014 Prysmian PowerLink S.r.l. had collected the full amount of the loss claimed from the insurers. At 31 December 2014, the value of the rotating platform has been written off in full (Euro 5 million) and an insurance reimbursement for the same amount has been recognised.

Prysmian and TenneT, the partner in the wind farm projects, are working to avoid any consequences that could affect the project execution timetable.

### Second cycle of Group employee share purchase plan (YES Plan)

During the month of December 2014, employees were informed of the opening of the plan's second cycle in 2015. Employees had until the third week of February 2015 to sign up for the second cycle and to communicate the amount they intended to invest. The total amount collected will be used to make purchases of the Company's shares on the Milan Stock Exchange (MTA) during the month of July 2015.