



PRYSMIAN S.P.A. FY 2013 RESULTS

TARGETS MET DESPITE STILL DIFFICULT MARKET AND NEGATIVE EXCHANGE RATE EFFECTS

POWER TRANSMISSION AND INDUSTRIAL CABLES UNDERPIN SALES INCREASED PROFITABILITY IN SECOND HALF

POSITIVE CASH GENERATION AND IMPROVED NET FINANCIAL POSITION PROPOSAL OF DIVIDEND AT €0.420 PER SHARE

- SALES: €7,273 MILLION (€7,848 MILLION IN 2012; ORGANIC GROWTH -3.1%)
- ADJ EBITDA¹: €612 MILLION (€647 MILLION IN 2012; -5.5%)
- ADJ OPERATING INCOME²: €457 MILLION (€483 MILLION IN 2012; -5.4%)
- ADJ NET PROFIT³: €268 MILLION (€280 MILLION IN 2012*; -4.3%)
- NET FINANCIAL POSITION: €834 MILLION (€918 MILLION AT 31 DECEMBER 2012)

Milan, 25/2/2014. The Board of Directors of Prysmian S.p.A. has approved today the Company's consolidated financial statements and separate financial statements for 2013⁴.

"The macro environment in 2013 was still generally difficult, although trends diverged between the various markets and geographical areas and signs of partial stabilisation were seen in the second half of the year," comments CEO Valerio Battista. "In this context, also beset by negative exchange rate effects, the Prysmian Group has achieved its stated annual targets. Positive sales and earnings performance by the higher value-added businesses of power transmission and certain areas of the industrial cables market, in line with the Group's strategy, limited the negative impact of falling demand in sectors like power distribution, construction, renewables and telecommunications. Further improvement in net financial position, strong cash flow generation capability and commitment to cost control, have all helped to confirm our Group as a benchmark in the cable industry for solidity, profitability and creation of value for stakeholders."

CONSOLIDATED FINANCIAL HIGHLIGHTS

(in millions of Euro)

	2013	2012 (*)	% change
Sales	7,273	7,848	-7.3%
EBITDA	562	546	2.9%
Adjusted EBITDA	612	647	-5.5%
Operating income	360	362	-0.8%
Adjusted operating income	457	483	-5.4%
Profit before taxes	222	242	-8.4%
Net profit for the year	154	169	-8.6%

	31 December	31 December 2012 (**)	Change
	2013		
Net capital employed	2,337	2,421	(84)
Employee benefit obligations	308	344	(36)
Equity	1,195	1,159	36
of which attributable to non-controlling interests	48	47	1
Net financial position	834	918	(84)

^(*) Restated to include effects of IAS 19 revised; negative effect of Euro 2 million in 2012.

^(**) The previously published comparative figures at 31 December 2012 have been amended for the adoption of IAS 19 (revised) and the restatement of the business combination involving Prysmian PowerLink Services.

 $^{^1}$ Adj EBITDA is defined as EBITDA before non-recurring income/(expenses), as reported in the table in Annex B.

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.
 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

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 convertible bond 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 €7,273 million, posting negative **organic growth** of -3.1% on 2012, assuming the same group perimeter and excluding metal price and exchange rate effects. The negative trend showed signs of reversing in the second half of the year, with organic growth at -0.9% compared with -5.3% in the first half. This result was achieved against the backdrop of a still generally difficult market environment, albeit with divergent trends between the different markets and geographical areas. In line with its growth strategy, the Group performed well in high value-added businesses, particularly underground and submarine power transmission and certain business areas of the industrial cables market. In contrast, the power distribution business continued to experience difficulty, while the second half saw the building wires sector return to basic stability. The sharp decline in demand for telecom and renewable energy cables, underway since the end of 2012, affected the overall sales figure for 2013. The geographical distribution of sales reflects a recovery in North and South America, except for the Telecom business, and persistent weakness in Central Europe and the Mediterranean. Asia Pacific reported strong demand for industrial cables but continuing weak demand for building wires and power distribution cables.

Group **Adjusted EBITDA** amounted to €612 million, down 5.5% on 2012 mainly due to negative exchange rate effects of €23 million as well as to the decline in the Telecom business. The Group has achieved the originally announced Adjusted EBITDA target, set in the range €600-€650 million. This profitability measure also confirms the signs of improvement in the second half of 2013, with Adjusted EBITDA rising to €330 million from €282 million in the first half. Margins improved slightly, with Adjusted EBITDA representing 8.4% of sales, up from 8.2% in 2012 (9.0% in second half 2013).

Group **EBITDA**⁵ amounted to €562 million, an improvement of 2.9% from €546 million in 2012. EBITDA includes €50 million in net non-recurring expenses (€101 million in 2012) mainly in relation to reorganisation and manufacturing efficiency projects.

Group **Adjusted operating income** amounted to €457 million, versus €483 million in 2012 (-5.4%). **Operating income** was €360 million (virtually unchanged compared with €362 million in 2012).

Net finance income and costs, including the share of net profit/(loss) of associates and dividends from other companies, reported a negative balance of €138 million at 31 December 2013, up 15.0% from €120 million in 2012. This increase is entirely due to negative non-recurring items mainly related to the refinancing of the Term Loan in the first half of the year.

Adjusted net profit amounted to €268 million, compared with €280 million in 2012, reporting a basically stable margin on sales (3.7% in 2013 vs 3.6% in 2012). **Net profit** came to €154 million, compared with €169 million in 2012 (-8.6%).

Net financial position at the end of December 2013 amounted to €834 million, a further improvement on €918 million at 31 December 2012. The net financial position as a whole reflected the following main factors:

- positive cash flow from operating activities (before changes in Net Working Capital) of €482 million;
- negative impact of €19 million from changes in working capital;
- payment of €64 million in taxes;
- net operating investments of €114 million;
- receipt of €11 million in dividends;
- payment of €126 million in net finance costs;
- payment of €92 million in dividends.

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 net profit/(loss) of associates, dividends from other companies and taxes.





STRATEGY DEVELOPMENT

Higher-than-expected synergies

The process of integration with Draka has continued successfully in 2013. The target synergies have been exceeded, reaching an aggregate of \in 120 million at the end of 2013 compared with a target of \in 100 million. Synergies achievable in the procurement area are at a run-rate level (approximately \in 45 million); \in 60 million in savings have been obtained from fixed cost synergies and \in 15 million from optimising the manufacturing footprint. Target synergies by 2016 are confirmed at an aggregate \in 175 million, particularly derived from further rationalisation of the manufacturing footprint and from organisational rightsizing. This target, originally set for 2015, will be pursued while paying particular attention to the maintenance of customer service levels.

• Strategic investments for growth

In line with its growth strategy, the Group has focused its investments on high-tech, high value-added businesses and in geographical areas with the best growth prospects. Approximately €61 million was invested in 2013 to increase production capacity and develop the product portfolio; the major investments included the new optical cables plant in Slatina (Romania) and the new high voltage cable factory in Russia. Since its IPO in 2007, the Group has invested some €462 million in total to improve product mix and develop the product portfolio, with a focus on: production capacity increases for submarine cables and systems; geographical diversification, cost reduction and development of high voltage underground products; reduction of production costs for telecom cables; development of high value-added products (SURF) in the industrial cables business.

Human capital development

With the goal of strengthening the engagement and involvement of all its employees in the business and achievement of its targets, the Group successfully launched in autumn 2013 a plan to allow the Group's employees to purchase shares on favourable terms. The plan offers employees the opportunity to purchase Prysmian shares at a discount of up to 25%, settled in the form of treasury shares. The plan's first purchase window has been very successful, with applications received from more than five thousand employees, who have invested, to date, a total of almost €8 million.

Extensive participation has also been reported in other major initiatives launched by the Group to develop the potential of its human capital. Five hundred employees have taken part in the technical and managerial training programmes organised by the Prysmian Academy. The "Build the Future" programme to induct high potential talents into the business has involved fifty young people from around the world.





ENERGY CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- Very strong performance for submarine cables, stable for underground high voltage cables
- Persistent weakness in power distribution
- SECOND-HALF SIGNS OF STABILISATION IN T&I
- Decline in renewables, good performance for infrastructure, elevators and automotive

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	2013	2012	% change
Sales to third parties	6,018	6,382	-5.7%
Adjusted EBITDA	492	487	1.0%
% of sales	8.2%	7.6%	
EBITDA	469	417	12.5%
% of sales	7.8%	6.5%	
Amortisation and depreciation	(105)	(108)	-2.9%
Adjusted operating income	387	379	2.1%
% of sales	6.4%	5.9%	•

Sales to third parties by the Energy Cables and Systems business amounted to €6,018 million. Net of metal price changes, exchange rate effects and changes in the group perimeter, **organic growth** was marginally negative (-1.0%) compared with 2012. Of particular note was the excellent performance by submarine cables and by certain areas of the industrial cables business, which helped partially offset underperformance by power distribution and Trade & Installers. Adjusted EBITDA came to €492 million, posting a slight increase on the 2012 figure of €487 million (+1.0%). Margins also improved with Adjusted EBITDA representing 8.2% of sales, up from 7.6% in 2012.

Utilities

Sales to third parties amounted to €2,224 million, recording an organic decrease of -1.4% on 2012. The positive performance of submarine cables and systems and the general stability of high voltage, helped offset the negative trend by power distribution. The focus on high value-added businesses allowed the Group to improve its profitability, with Adjusted EBITDA rising to €281 million from €270 million in 2012 (+4.1%). Adjusted EBITDA enjoyed a significant rebound in the second half of the year, climbing to €160 million from a first-half level of €121 million. The Adjusted EBITDA margin also reported an improvement, rising to 12.6% from 11.8% in 2012.

Sales of high voltage underground cables were slightly down on 2012. In Europe and North America, the market was characterised above all by rationalisation and upgrade projects, while new network construction drove sales in Asia, Oceania and the Middle East. Profitability improved, especially in the fourth quarter, thanks to a product mix increasingly oriented towards high-tech projects. The order book assures sales visibility for almost all of 2014.

Sales and profits were up for <u>submarine cables and systems</u>, in which the Group has confirmed its leadership in the market for offshore wind farm connections and power system interconnections. The Group has invested not only in expanding its production capacity to meet high demand but also in its project implementation capabilities. The current order book points towards further growth for the next few years.

In the <u>power distribution</u> market, utilities pursued a policy of limited investment primarily due to the decline in electricity consumption, thereby leading to a further drop in demand. Affected by this persistent tendency, sales and profits both fell in 2013. This trend was particularly concentrated in Europe, except the United Kingdom, in South America and in part of Asia (smaller contribution from Australia and Indonesia). Demand recovered in North America, where the Group achieved double-digit growth with a positive outlook for 2014 as well.

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	2013	2012	% change	% organic sales growth
Sales to third parties	2,224	2,287	-2.8%	-1.4%
Adjusted EBITDA	281	270		
% of sales	12.6%	11.8%		
Adjusted operating income	240	234		_
% of sales	10.8%	10.2%		





Trade & Installers

Sales to third parties amounted to $\[\in \]$ 1,914 million, posting negative organic growth (-4.3%) due to the persistent weakness of demand, particularly in Central and Southern Europe, and to high competition in the Asia Pacific market. The construction market continued on a positive trend in North America, where the Group also enjoyed a recovery in profitability due to better product mix, while in South America the Group strengthened its market position with a consequent improvement in sales and profits. Overall business performance stabilised in the second half of 2013 with organic growth back in positive territory (+0.2% in the second half vs -8.5% in the first). Adjusted EBITDA came to $\[\in \]$ 72 million in 2013, down 6.4% on 2012, with a slight improvement in margin to 3.7%, from 3.6% in 2012.

(in millions of Euro)

	2013	2012	% change	% organic sales growth
Sales to third parties	1,914	2,159	-11.3%	-4.3%
Adjusted EBITDA	72	77		_
% of sales	3.7%	3.6%		
Adjusted operating income	47	49		
% of sales	2.4%	2.3%		

Industrial

Sales to third parties amounted to €1,765 million, delivering positive organic growth of 4.1% on 2012. The new commercial initiatives started in the year to capture further growth opportunities, produced good results, especially in South America (+29% organic growth), Asia (+12% organic growth) and North America (+4%), while Europe (-3% negative organic growth) was affected by weaknesses mainly in the business areas of OGP, Infrastructure and Renewables. There was a significant acceleration in growth in the second half, with organic sales growth at +7.8% (+0.6% in the first half). Performance by other businesses saw a slowdown for Oil&Gas, partly due to the delay in certain offshore projects in Singapore, execution of which was rescheduled to 2014; the Group is strengthening its presence in South America, the Middle East and Asia Pacific. The SURF sector posted reasonable growth for umbilical systems, for which the commercial and technological cooperation agreement with Petrobras has been extended until 2016. New headquarters for the SURF business were established in Houston at the end of the year, with the aim of promoting the globalisation of this business. DHT (Down-Hole Technology) cables, forming part of the SURF business, continued to perform well. The renewable energy market hit record lows in 2013 in North America and China, while signs of recovery started to be seen in South America, Europe and even North America, thanks to the renewal of government incentives. Infrastructure and transport posted good results despite weak demand in Europe; the Group is focusing on developing the range of high value-added products, particularly for rail and port infrastructure.

<u>Elevator</u> cables posted good sales both in the United States and Asia and Europe where new commercial initiatives were undertaken. Lastly, the <u>Automotive</u> cables market was weak in Europe while volumes grew in Asia, and North and South America.

Adjusted EBITDA amounted to \le 134 million, posting a small 3.6% decrease on 2012 entirely due to the decline in renewable energy sales; the second half of the year showed signs of improvement with Adjusted EBITDA at \le 71 million versus \le 63 million in the first half. Margins were basically stable with an Adjusted EBITDA to sales ratio of 7.6% compared with 7.7% in 2012.

(In millions of Euro)				
	2013	2012	% change	% organic sales growth
Sales to third parties	1,765	1,801	-2.0%	4.1%
Adjusted EBITDA	134	139		
% of sales	7.6%	7.7%		
Adjusted operating income	99	99	•	
% of sales	5.6%	5.5%	•	





TELECOM CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- Steep decline in optical cable sales in North and South America
- Signs of improving demand over the year with further consolidation in 2014

Sales to third parties by the Telecom Cables and Systems segment amounted to €1,255 million, recording negative organic growth of -12.0% on 2012, caused by the decline of the market in North and South America with the ending of government incentives. After reaching a low point in the first quarter of 2013, organic sales change experienced a gradual, albeit still weak, improvement over the rest of the year. First-half negative organic growth of -16.2% was followed by a second-half figure of -7.8%. This improving trend is expected to consolidate in 2014 - especially in South America – despite an ever more challenging market in terms of competition and prices.

A number of important project involving <u>optical cables</u> are in progress in Europe, including with BT in the United Kingdom and Telefonica in Spain, while work has continued on the National Broadband Network in Australia. The outlook is for a recovery in demand in South America with the reintroduction of incentives and for a consolidation of growth in Asia Pacific.

The <u>Multimedia Solutions</u> business was affected by a decline in volumes in Europe due to the contraction in programmes to develop new data centres. The Group aims to further expand its geographical presence outside Europe by leveraging on its extensive product portfolio.

Adjusted EBITDA came to €120 million, posting a decrease of 25.0% on 2012. Like with sales, profitability also showed signs of improving in the second half with an Adjusted EBITDA of €63 million, up from €57 million in the first half. The ratio of Adjusted EBITDA to sales was 9.6% compared with 10.9% in 2012.

	2013	2012	% change
Sales to third parties	1,255	1,466	-14.4%
Adjusted EBITDA	120	160	-25.0%
% of sales	9.6%	10.9%	
EBITDA	100	138	-27.5%
% of sales	8.0%	9.4%	
Amortisation and depreciation	(50)	(56)	
Adjusted operating income	70	104	-32.3%
% of sales	5.6%	7.1%	





BUSINESS OUTLOOK

The global economy in 2013 carried on the decelerating trend, already underway since the second half of 2011, due to persistent weakness of the Euro and slowdown in the emerging economies of Asia as well as in the United States. In the latter part of the year, however, the economic environment generally stabilised and improved, especially in areas most affected by the crisis.

In such an economic context, the Group is forecasting for 2014 that demand for medium voltage cables for utilities will continue to slow, and that building wires and products in the industrial market most exposed to cyclical trends will make a gradual recovery over the course of coming quarters. It also confirms the positive trend in demand for the high value-added businesses of power transmission and offshore Oil&Gas, as well as the steady recovery of demand for optical fibre cables from the record lows reported in 2013.

During 2014 the Prysmian Group will continue to integrate and rationalise activities with the goal of achieving the projected cost synergies and of further strengthening its presence in all its areas of business.

Lastly, it is conceivable that negative exchange rate effects, affecting Adjusted EBITDA by approx. €23 million in 2013, will persist in 2014 due to the translation effect of subsidiary company profits, expressed in currencies other than the Euro, into the Group's reporting currency.

OTHER RESOLUTIONS BY THE BOARD OF DIRECTORS

Resignation and co-opting of Directors

During the meeting, the Board also acknowledged the resignation of Mr. Frank Dorjee as a Director, with effect from the close of the meeting itself. Mr. Dorjee had joined the Board of Directors of Prysmian S.p.A. on 3 March 2011. The resignation of Mr. Dorjee, who has also played a managerial role in Prysmian in his capacity as Chief Strategy Officer, is the consequence of ending his employment with the Prysmian Group, with which, however, he will continue to collaborate as a Senior Advisor for the Group's main joint ventures. The Board of Prysmian S.p.A. thanks Mr. Dorjee for his work for the benefit of the Prysmian Group.

With regard to the possible replacement of Mr. Dorjee, the Board took note of the lack of unelected candidates, on the slate on which Mr. Dorjee had been elected, available to serve as a Director. The Board therefore voted unanimously to co-opt, pursuant to art. 2386 of the Italian Civil Code, Mr. Massimo Battaini, currently Executive Vice President of the Energy Projects Business and former Chief Operating Officer of the Group and CEO of Prysmian UK. Mr. Battaini will remain in office until the next Shareholders' Meeting. His curriculum vitae can be viewed on the corporate website 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 16 April 2013.

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 for any extraordinary corporate actions;
- 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 use 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, also 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.





Notice of Shareholders' Meeting

The Board of Directors has also resolved to convene the Shareholders' Meeting for 16 April 2014, in single call, in ordinary and extraordinary session.

Based on the results for 2013, 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 2014 (record date 24 April), to those shares outstanding on the ex-div date of 22 April 2014.

Corporate bonds

The unrated bond, for a total nominal amount of €400 million, placed on 30 March 2010 with institutional investors on the Eurobond market, will mature in the eighteen months following the end of 2013. The bond, with 5-year term maturing on 9 April 2015, has been admitted to the Official List of the Luxembourg Stock Exchange.

Another bond was placed on 8 March 2013; this was an equity linked bond, referred to as "€300,000,000 1.25 per cent. Equity Linked Bonds due 2018", maturing on 8 March 2018 and reserved for institutional investors. On 16 April 2013, the company's shareholders subsequently authorised the convertibility of this bond and on 24 May 2013 the related securities were admitted to trading on the unregulated Third Market (a multilateral trading facility or MTF) on the Vienna Stock Exchange.

Group employee incentive plan and amendment of by-laws

With the approval of the Compensation and Nominations Committee, the Board of Directors has adopted a resolution to submit to the forthcoming Shareholders' Meeting a new long-term incentive plan (the "Plan") for Prysmian Group Management with an upper limit of around 300 participants, including four executive Directors of Prysmian S.p.A. (the Chief Executive Officer & General Manager, the Chief Financial Officer, the Senior Vice President Energy Projects Business and the Chief Strategy Officer) and three key managers of the Group.

The Plan qualifies as "of particular relevance" within the meaning of art. 84-bis, par. 2 of the Issuer Regulations.

The Plan involves the grant of new ordinary shares obtained from a capitalisation issue through the allocation of profits or retained earnings pursuant to art. 2349 of the Italian Civil Code, or, at the discretion of the Board of Directors, the grant of the Company's ordinary shares to participants taken from its treasury shares.

A condition of access to the share-based plan is that participants co-invest a portion of their annual bonus for 2014 and 2015, if achieved and payable, and it will be conditional on achieving minimum financial performance targets in the period 2014-2016, namely the Group's aggregate Adjusted EBITDA in the period and the average ROCE (Return On Capital Employed) for the period.

The Plan has the following objectives:

- to generate strong commitment by the Group's Management to achieving the targets for additional growth in profits and return on capital employed over the next three years;
- to align the interests of Management with those of shareholders by using share-based incentives, and promoting stable share ownership in the Company;
- to ensure the long-term sustainability of the Group's annual performance through the mechanism of coinvesting part of the annual bonus and consequent retention effect.

The information memorandum relating to the incentive scheme and report on the amendments to the by-laws in connection with the proposed share capital increase to service the Plan, will be published within the legally required deadline.

Prysmian's Annual Report at 31 December 2013, approved by the Board of Directors today, will be available to the public by 26 March 2014 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 future 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 financial information contained in this press release corresponds to the underlying documents, accounting books and records.

The FY 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 the world leader in the energy and telecom cables and systems industry. With 130 years of experience, sales of over €7 billion in 2013, approximately 19,000 employees in 50 countries and 91 plants, the Group is strongly positioned in high-tech markets and offers the widest possible 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. Listed on the Milan Stock Exchange in the FTSE MIB index, the Prysmian Group is a public company with a broad shareholder base.

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ANNEX A

Consolidated statement of financial position

(in millions of Euro)	31 December 2013	31 December 2012 (*)
Non-current assets		
Property, plant and equipment	1,441	1,539
Intangible assets	623	644
Investments in associates	99	99
Available-for-sale financial assets	15	14
Derivatives	2	3
Deferred tax assets	134	127
Other receivables	29	41
Total non-current assets	2,343	2,467
Current assets		
Inventories	920	897
Trade receivables	1,010	1,163
Other receivables	739	573
Financial assets held for trading	94	78
Derivatives	23	16
Cash and cash equivalents	561	812
Total current assets	3,347	3,539
Assets held for sale	12	4
Total assets	5,702	6,010
Equity attributable to the Group:	1,147	1,112
Share capital	21	21
Reserves	977	925
Net profit/(loss) for the year	149	166
Equity attributable to non-controlling interests:	48	47
Share capital and reserves	43	44
Net profit/(loss) for the year	5	3
Total equity	1,195	1,159
Non-current liabilities		•
Borrowings from banks and other lenders	1,154	1,433
Other payables	24	27
Provisions for risks and charges	52	76
Derivatives	7	41
Deferred tax liabilities	100	95
Employee benefit obligations	308	344
Total non-current liabilities	1,645	2,016
Current liabilities		
Borrowings from banks and other lenders	338	361
Trade payables	1,441	1,450
Other payables	728	654
Derivatives	42	24
Provisions for risks and charges	279	317
Current tax payables	34	29
Total current liabilities	2,862	2,835
Total liabilities	4,507	4,851
Total equity and liabilities	5,702	6,010

^(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised) and of the Prysmian Powerlink Services business combination.





Consolidated income statement

	2013	2012 (*)
Sales of goods and services	7,273	7,848
Change in inventories of work in progress, semi-finished and finished goods	26	(31)
Other income	65	71
of which non-recurring other income	10	15
of which remeasurement of minority put option liability	-	7
Raw materials, consumables used and goods for resale	(4,571)	(5,083)
Fair value change in metal derivatives	(8)	14
Personnel costs	(965)	(1,041)
of which non-recurring personnel costs	(34)	(65)
of which personnel costs for stock option fair value	(14)	(17)
Amortisation, depreciation and impairment	(180)	(188)
of which non-recurring impairment	(25)	(24)
Other expenses	(1,280)	(1,228)
of which non-recurring other expenses	(26)	(51)
Operating income	360	362
Finance costs	(440)	(395)
of which non-recurring finance costs	(22)	(8)
Finance income	287	258
of which non-recurring finance income	-	3
Share of net profit/(loss) of associates and dividends from other companies	15	17
Profit before taxes	222	242
Taxes	(68)	(73)
Net profit/(loss) for the year	154	169
Attributable to:		
Owners of the parent	149	166
Non-controlling interests	5	3
Basic earnings/(loss) per share (in Euro)	0.71	0.79
Diluted earnings/(loss) per share (in Euro)	0.71	0.78

^(*) Restated to include effects of IAS 19 revised; negative effect of Euro 2 million in 2012.





Consolidated Statement of Comprehensive Income

, , , , , , , , , , , , , , , , , , ,	2013	2012 (*)
		. ,
Net profit/(loss) for the year	154	169
Comprehensive income/(loss) for the year:		
- items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on cash flow hedges - gross of tax	9	(9)
Fair value gains/(losses) on cash flow hedges - tax effect	(4)	3
Release of cash flow hedge reserve after discontinuing cash flow hedging -	15	-
gross of tax		
Release of cash flow hedge reserve after discontinuing cash flow hedging - tax	(5)	-
effect	(0=)	(5.1)
Currency translation differences	(97)	(24)
Total items that may be reclassified, net of tax	(82)	(30)
- items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	3	(60)
Actuarial gains/(losses) on employee benefits - tax effect	(2)	14
Total items that will NOT be reclassified, net of tax	1	(46)
Total comprehensive income/(loss) for the year	73	93
Attributable to:		
Owners of the parent	71	88
Non-controlling interests	2	5

^(*) Restated to include effects of IAS 19 revised; negative effect of Euro 2 million in 2012.





Consolidated statement of cash flows

(in m	illions of Euro)		
		2013	2012 (*)
-	Profit/(loss) before taxes	222	242
	Depreciation and impairment of property, plant and equipment	147	153
	Amortisation and impairment of intangible assets	33	35
-	Net gains on disposals of property, plant and equipment, intangible	(7)	(14)
	assets and other non-current assets	` ,	
	Share of net profit/(loss) of associates	(15)	(17)
	Share-based payments	14	17
	Fair value change in metal derivatives and other fair value items	8	(21)
	Net finance costs	153	137
	Changes in inventories	(67)	23
	Changes in trade receivables/payables	143	55
_	Changes in other receivables/ payables	(96)	(4)
	Changes in receivables/payables for derivatives	1	1
	Taxes paid	(64)	(74)
	Utilisation of provisions (including employee benefit obligations)	(157)	(104)
	Increases in provisions (including employee benefit obligations)	84	117
Α.	Net cash flow provided by/(used in) operating activities	399	546
-	Acquisitions	-	(86)
	Investments in property, plant and equipment	(103)	(132)
-	Disposals of property, plant and equipment and assets held for sale	7	11
-	Investments in intangible assets	(18)	(20)
	Investments in financial assets held for trading	(40)	(33)
	Disposals of financial assets held for trading	7	25
	Disposals of available-for-sale financial assets	-	3
	Investments in associates	-	(1)
	Dividends received	11	6
В.	Net cash flow provided by/(used in) investing activities	(136)	(227)
	Capital contributions and other changes in equity	-	1
	Dividend distribution	(92)	(45)
	Proceeds from convertible bond	296	-
	Early repayment of credit agreement	(486)	_
	Finance costs paid	(377)	(365)
	Finance income received	251	236
	Changes in net financial payables	(75)	(65)
C.	Net cash flow provided by/(used in) financing activities	(483)	(238)
D.	Currency translation gains/(losses) on cash and cash	(31)	4
E.	equivalents Total cash flow provided/(used) in the year (A+B+C+D)	(251)	85
F.	Net cash and cash equivalents at the beginning of the year	812	727
<u></u> G.	Net cash and cash equivalents at the end of the year (E+F)	561	812
<u> </u>	The cash and cash equivalents at the end of the year (LTI)	501	012

^(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised) and of the Prysmian Powerlink Services business combination.





ANNEX B

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

(in millions of Furo)

(in millions of Euro)		
	2013	2012 (*)
Net profit/(loss) for the year	154	169
Taxes	68	73
Share of net profit/(loss) of associates and dividends from other companies	(15)	(17)
Finance income	(287)	(258)
Finance costs	440	395
Amortisation, depreciation and impairment	180	188
Fair value change in metal derivatives	8	(14)
Fair value change in stock options	14	17
Remeasurement of minority put option liability	-	(7)
EBITDA	562	546
Company reorganisation	50	74
Antitrust	(6)	1
Draka integration costs	-	9
Tax inspections	-	3
Environmental remediation and other costs	(3)	3
Italian pensions reform	-	1
Gains on asset disposals	(5)	(3)
Other net non-recurring expenses	14	13
Adjusted EBITDA	612	647

^(*) Restated to include effects of IAS 19 revised; negative effect of Euro 2 million in 2012.

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

	2013	2012	Change
EBITDA	562	546	16
Changes in provisions (including employee benefit obligations)	(73)	13	(86)
(Gains)/losses on disposals of property, plant and equipment, intangible assets and other non-current assets	(7)	(14)	7
Net cash flow provided by operating activities (before changes in net working capital)	482	545	(63)
Changes in net working capital	(19)	75	(94)
Taxes paid	(64)	(74)	10
Net cash flow provided by operating activities	399	546	(147)
Acquisitions	-	(86)	86
Net cash flow from operational investing activities	(114)	(141)	27
Net cash flow from financial investing activities	11	8	3
Free cash flow (unlevered)	296	327	(31)
Net finance costs	(126)	(129)	3
Free cash flow (levered)	170	198	(28)
Increases in share capital and other changes in equity	-	1	(1)
Dividend distribution	(92)	(45)	(47)
Net cash flow provided/(used) in the year	78	154	(76)
Opening net financial position	(918)	(1,064)	146
Net cash flow provided/(used) in the year	78	154	(76)
Convertible bond equity component	39	<u> </u>	39
Other changes	(33)	(8)	(25)
Closing net financial position	(834)	(918)	84





ANNEX C

Separate statement of financial position

(in Euro)

(in Euro)	31 December	31 December
	2013	2012
Non-current assets		
Property, plant and equipment	17,948,649	4,242,182
Intangible assets	41,182,998	41,287,217
Investments in subsidiaries	1,728,516,487	1,660,977,581
Derivatives	36,364	=
Deferred tax assets	2,962,042	6,000,533
Other receivables	65,024	19,020,028
Total non-current assets	1,790,711,564	1,731,527,541
Current assets		
Inventories	1,124,530	-
Trade receivables	100,221,795	107,679,057
Other receivables	666,239,014	249,320,220
Derivatives	99,475	-
Cash and cash equivalents	4,600,296	681,083
Total current assets	772,285,110	357,680,360
Total assets	2,562,996,674	2,089,207,901
Share capital	21,459,171	21,450,878
Reserves	814,907,778	737,999,851
Net profit/(loss) for the year	184,684,558	112,137,644
Total equity	1,021,051,507	871,588,373
Non-current liabilities		
Borrowings from banks and other lenders	1,070,051,250	1,050,989,117
Derivatives	36,364	
Employee benefit obligations	6,305,285	15,880,314
Total non-current liabilities	1,076,392,899	1,066,869,431
Current liabilities		
Borrowings from banks and other lenders	105,069,712	75,585,614
Trade payables	295,791,143	27,653,139
Other payables	29,260,044	13,816,913
Derivatives	88,266	
Provisions for risks and charges	34,438,944	33,619,548
Current tax payables	904,159	74,883
Total current liabilities	465,552,268	150,750,097
Total liabilities	1,541,945,167	1,217,619,528
Total equity and liabilities	2,562,996,674	2,089,207,901

Separate income statement

(in Euro)

	2013	2012
Sales of goods and services	451,099,905	-
Change in inventories of work in progress, semi-finished and finished goods	1,124,530	=
Other income	102,068,048	111,037,568
of which non-recurring other income	333,438	350,000
Raw materials, consumables used and goods for resale	(453,014,043)	(2,016,975)
Fair value change in metal derivatives	38,249	-
Personnel costs	(48,467,095)	(51,467,270)
of which non-recurring personnel costs	(2,462,737)	(2,978,653)
of which personnel costs for stock option fair value	(4,599,442)	(5,557,026)
Amortisation, depreciation and impairment	(10,463,424)	(8,684,733)
Other expenses	(67,030,778)	(72,538,958)
of which non-recurring other expenses	(1,666,229)	(3,288,754)
Operating income	(24,644,608)	(23,670,368)
Finance costs	(53,323,707)	(51,253,008)
of which non-recurring finance costs	(2,310,817)	-
Finance income	14,547,994	15,844,923
Dividends from subsidiaries	219,861,163	150,000,000
Profit before taxes	156,440,842	90,921,547
Taxes	28,243,716	21,216,097
Net profit/(loss) for the year	184,684,558	112,137,644





Separate statement of comprehensive income

(in thousands of Euro)

	2013	2012
Net profit/(loss) for the year	184,685	112,138
Items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	149	(522)
Actuarial gains/(losses) on employee benefits - tax effect	(41)	143
Total items that will NOT be reclassified subsequently to profit or loss:	108	(379)
Total comprehensive income/(loss) for the year	184.793	111.759

Separate statement of cash flows

(in thousands of Euro)

(in th	iousands of Euro)		
		2013	2012
	Profit/(loss) before taxes	156,441	90,922
	Depreciation and impairment of property, plant and equipment	841	869
	Amortisation and impairment of intangible assets	9,622	7,816
	Net gains on disposals of property, plant and equipment, intangible assets	(62)	-
	and other non-current assets		
	Share-based payments	4,599	5,557
	Dividends from subsidiaries	(219,861)	(150,000)
	Fair value change in metal derivatives	(38)	-
	Net finance costs	38,776	35,408
	Changes in inventories	(1,125)	-
	Changes in trade receivables/payables	275,595	(60,708)
	Changes in other receivables/ payables	(12,013)	(4,624)
	Taxes cashed/(paid)	27,097	30,170
	Utilisation of provisions (including employee benefit obligations)	(1,104)	(1,531)
	Increases in provisions (including employee benefit obligations)	4,578	11,091
	Employee benefits provisions transfer	(36)	522
	Net cash flow provided by/(used in) operating activities	283,310	(34,508)
	Acquisitions	-	(8,886)
	Investments in property, plant and equipment	(2,769)	(2,237)
	Disposal of property, plant and equipment	90	623
	Investments in intangible assets	(9,738)	(9,336)
	Investments in subsidiaries	(65,757)	(254,000)
	Dividends received	202,286	150,000
В.	Net cash flow provided by/(used in) investing activities	124,112	(123,836)
	Capital contributions	385	536
	Dividend distribution	(88,857)	(44,395)
	Proceeds from Convertible bond	296,150	-
	Early repayment of Credit Agreement	(232,084)	-
	Finance costs paid	(38,448)	(46,624)
	Finance income received	14,514	12,260
	Changes in other financial receivables/ payables	(355,163)	236,058
C.	Net cash flow provided by/(used in) financing activities	(403,503)	157,835
D.	Total cash flow provided/(used) in the year (A+B+C)	3,919	(509)
	Net cash and cash equivalents at the beginning of the year	681	1,190
F.	Net cash and cash equivalents at the end of the year (D+E)	4,600	681