

Press Release

PRYSMIAN S.p.A., FY 2010 RESULTS

PROFITABILITY TARGET ACHIEVED: ADJ EBITDA €387 MILLION

UPTURN IN SECOND HALF: ORGANIC GROWTH +9.7%, ADJ EBITDA €206 MILLION (€181 MILLION IN 1H)

POWER TRANSMISSION ORDER BOOK: EXCEEDS €1.5 BILLION (€900 MILLION AT END 2009)

CEO BATTISTA: "WE ARE ABLE TO UNDERTAKE DRAKA INTEGRATION LEVERAGING ON A CONFIRMED SOUND BALANCE SHEET"

- **SALES: €4,571 MILLION (ORGANIC CHANGE +3.2%)**
- **ADJ EBITDA¹: €387 MILLION (€403 MILLION IN 2009; -4.0%)**
- **ADJ OPERATING INCOME²: €309 MILLION (€334 MILLION IN 2009; -7.6%)**
- **ADJ NET PROFIT³: €173 MILLION (€206 MILLION IN 2009; -16.0%)**
- **FREE CASH FLOW⁴: €120 MILLION**
- **NET FINANCIAL POSITION IMPROVED TO €459 MILLION FROM €474 MILLION IN 2009**

DIVIDEND OF €0.166 PER SHARE FOR A TOTAL PAY-OUT OF €35 MILLION

Milan, 3 March 2011 - The Board of Directors of Prysmian S.p.A. has approved today the Company's consolidated financial statements and separate financial statements for 2010⁵.

"2010 has been characterized by first signs of recovery. The upturn started in the second quarter and was then confirmed during the year – states CEO Valerio Battista -. Our more technological businesses, such as transmission and services for the offshore oil industry and renewable energy, confirmed their upward trend. The improvement in economic outlook also benefited those businesses most affected by the crisis, like power distribution and cables for the construction industry. Second-half volume growth also started to convert into profits, improving compared to the first six months. These positive results also allow us to undertake Draka integration from a confirmed position of financial and balance sheet strength".

FINANCIAL RESULTS

Sales amounted to €4,571 million, marking a return to positive **organic growth** of +3.2% (net of metal price, exchange rate effects and changes in the group perimeter). Organic growth significantly improved throughout the quarters: a weak first quarter (-11.2%) was followed by a trend reversal in the second quarter (+4.3%), that then consolidated in the third (+7.6%) and fourth quarters (+11.8%).

Adjusted EBITDA reached €387 million (-4.0% on 2009), coming in at the top end of the range originally announced to the market. The margin on sales was 8.5%, down from 10.8% at the end of 2009, partly due to the metal price effect on sales. Volume growth started to reflect positively on earnings in the second half with adjusted EBITDA amounting to €206 million, up from €181 million in the first six months.

EBITDA⁶ amounted to €365 million, stable relative to €366 million in 2009, with a margin on sales of 8.0% versus 9.8% in the previous year.

¹ Adjusted EBITDA is defined as EBITDA before non-recurring income/(expenses), as reported in the table in Annex B.

² Adjusted 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 Adjusted net profit is defined as net profit before non-recurring income/(expenses) and the fair value change in metal derivatives and in other fair value items.

⁴ Free Cash Flow is defined as net cash flow provided by operating activities inclusive of net finance costs.

⁵ The audit of the consolidated financial statements and separate financial statements has not yet been completed as at today's date.

Adjusted operating income reached €309 million, down 7.6% from €334 million in 2009 representing a margin on sales of 6.8%, down from 9.0%. **Operating income**, including €20 million positive impact (vs positive €89 million in 2009) resulting from positive €28 million from fair value changes in metal derivatives and negative €8 million of net assets impairment, amounted to €307 million (€386 million in 2009; -20.3%).

Net finance income and costs reported a negative balance of €96 million compared with a negative €52 million in 2009. This change is primarily due to the negative impact of currency and interest derivatives, other than an increased in interest expenses related to the execution of a forward start credit agreement and issuance of a bond in the first half.

Adjusted net profit came to €173 million compared with €206 million in 2009 (-16.0%). **Net profit** amounted to €150 million. The decrease from €252 million registered in the previous year is mainly attributable to the very positive effect of metal derivatives in 2009.

Free cash flow reached €120 million (€183 million in 2009), despite the negative impact of some €100 million on working capital due to higher metal prices, confirming the Group strong cash generation.

Net financial position at the end of 2010 improved to €459 million from €474 million at the end of 2009, with a NFP/Adjusted EBITDA ratio of 1.2x, after approximately €30 million impact from the acquisition in India.

STRATEGY DEVELOPMENT

- **Investments in high-tech businesses**

In 2010 the Group made a total of €102 million in investments, of which €54 million to increase production capacity in high-tech businesses. The largest investments were: in flexible pipes for offshore oil drilling in Brazil, where the new plant is due to start operating in the first half of 2011, and in expanding high voltage cable production capacity in the United States and China and optical fibre production capacity in Italy at the FOS centre of excellence.

- **Improved working capital**

Net operating working capital was €457 million at 31 December 2010, reporting a significant reduction from 12.2% to 9.2% of sales.

- **Constant drive for industrial efficiencies**

The Group realised around €20 million in industrial efficiencies in 2010, achieved by paying constant attention to the efficiency of materials, by optimising logistics and production costs and by developing innovative production processes like P-Laser.

- **Growth in business in emerging markets**

Sales performance in 2010 was positive in certain emerging or high-growth countries, in line with the Group's overall strategy. In fact, organic growth was +18.4% in Latin America, while both China and Russia posted very positive performances.

⁶ EBITDA is defined as earnings/(loss) before the fair value change in metal derivatives and in other fair value items, amortisation, depreciation and impairment, finance income/(costs), the share of income/(loss) from associates and dividends from other companies and taxes. For further information, please see the table in Annex B, which provides reconciliation between Profit (Loss) for the year, EBITDA and Adj EBITDA.

ENERGY CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **IMPORTANT NEW PROJECTS ACQUIRED FOR HIGH VOLTAGE UNDERGROUND AND SUBMARINE SYSTEMS**
- **POWER DISTRIBUTION VOLUMES GROW IN SECOND HALF**
- **TRADE & INSTALLERS CONTINUE RECOVERING**
- **IMPROVED PROFITABILITY FOR INDUSTRIAL CABLES; GOOD PERFORMANCE IN OG&P AND RENEWABLES**

Sales to third parties in the Energy Cables and Systems segment amounted to €4,121 million, posting organic growth of +3.4%. Adjusted EBITDA amounted to €351 million (€372 million in 2009), with the margin on sales at 8.5%, down from 11.1% in 2009. Adjusted operating income came to €280 million (€309 million in 2009), with the margin on sales at 6.8%, down from 9.3% in 2009.

Utilities

Sales to third parties amounted to €1,790 million, reporting organic growth of +1.5% year-on-year and evident acceleration in the fourth-quarter (+10.1%). The market scenario reflected steady growth for power transmission, while power distribution, the business which had suffered most in the worst periods of the crisis, enjoyed more material signs of recovery in the second half.

In the submarine cable business, Prysmian confirmed its world market and technological leadership with the acquisition of new major projects, particularly in the growing sector of offshore wind farms. These included the cabling for the BorWin1, HelWin1 and SylWin1 wind farms; the latter, announced in January 2011, is an industry milestone, being the first HVDC connection at 320 kV.

The market for high voltage underground cables recorded a recovery thanks to major grid development and upgrade projects, particularly in the second half of the year. In Europe Prysmian won a contract for the France-Spain interconnection and in the Middle East for a 400 kV cable system in Abu Dhabi, with a contract worth €250 million, the largest ever awarded to a single supplier for the XLPE type of cable in the region.

The overall power transmission order book amounted to more than €1.5 billion at the end of 2010, significantly higher than the €900 million reported at the end of 2009. As a result, sales visibility is over two years for submarine cables and more than one year for underground cables.

The power distribution business experienced an overall recovery in demand from the second quarter. Europe and South America performed best, while regions hardest hit by the crisis, like North America, experienced a gradual stabilisation. On the innovation front, P-Laser, the new eco-friendly, high performance cable, has been well received by the market, with more than 7,000 km already installed.

(in millions of Euro)

	Year 2010	Year 2009	Change %	Organic change %
Sales to third parties	1,790	1,598	12.0%	1.5%
	% on sales			
	Year 2010	Year 2009	Year 2010	Year 2009
Adjusted EBITDA	250	266	14.0%	16.7%
Adjusted operating income	215	237	12.0%	14.7%

Trade & Installers

Sales to third parties amounted to €1,465 million, posting organic growth of +6.6% and confirming the steady upturn in volumes from the second quarter especially in Europe and South America. Prysmian has sought not only to act selectively on its product portfolio, but also to increase its market share leveraging on its wide product range and particularly focusing on high-end products such as fire-resistant cables like LSOH/Afumex and cables for renewable energy installations.

(in millions of Euro)

	Year 2010	Year 2009	Change %	Organic change %
Sales to third parties	1,465	1,020	43.6%	6.6%
			% on sales	
	Year 2010	Year 2009	Year 2010	Year 2009
Adjusted EBITDA	36	41	2.4%	4.0%
Adjusted operating income	20	26	1.4%	2.5%

Industrial

Sales to third parties amounted to €742 million, reporting a slight organic decrease of 1.1%. This business posted a major improvement in the fourth quarter, with organic growth of +5.2%. The recovery in volumes and improvement in profitability in the second half of the year were particularly driven by the sectors of Oil & Gas, SURF and renewables. In the OG&P sector, orders were secured for new offshore projects in Brazil and Singapore and for onshore applications in Australia and the Middle East. The fourth quarter recorded good performance by the SURF business, with renewed demand for umbilicals, while flexible pipes development continued with the qualification of 2.5" and 4.0" pipes. In the renewable sector, cables for solar systems and wind turbines increased their sales by 47% to more than €100 million. The mining and automotive sectors reported signs of recovery and the nuclear sector confirmed its upward trend, while the other sub-segments showed continued weakness.

(in millions of Euro)

	Year 2010	Year 2009	Change %	Organic change %
Sales to third parties	742	628	18.3%	-1.1%
			% on sales	
	Year 2010	Year 2009	Year 2010	Year 2009
Adjusted EBITDA	61	62	8.3%	9.8%
Adjusted operating income	42	46	5.7%	7.3%

TELECOM CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **INCREASED VOLUMES FOR OPTICAL CABLES**
- **MAJOR CONTRACT AWARDED FOR NEW BROADBAND NETWORK IN AUSTRALIA**
- **POSITIVE DEVELOPMENTS IN THE US AND BRAZIL**
- **PROFITABILITY UP THANKS TO VOLUME GROWTH AND PRODUCT MIX**

Sales to third parties amounted to €450 million, reporting organic growth of +1.2% on 2009. Volume growth in optical cables and fibers (+8% on 2009) was mainly driven by US and South America.

The FTTx segment confirmed a positive trend despite still relatively low level of maturity of these products.

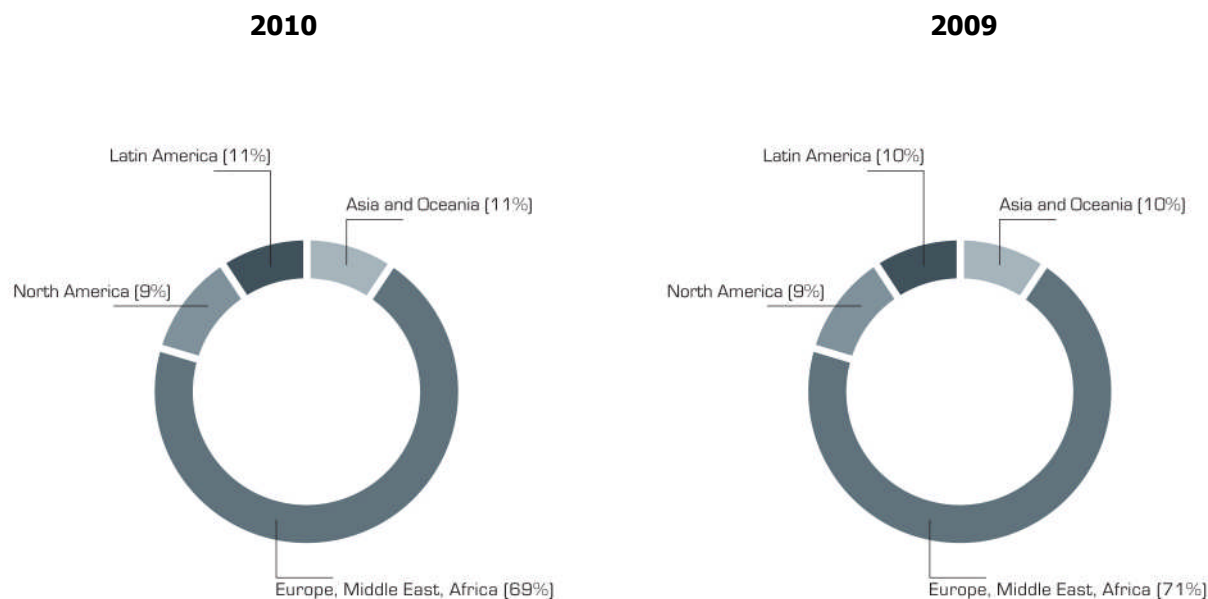
At the beginning of 2011 Prysmian was awarded a major contract worth €223 million to supply optical fibre cable to NBN Co Limited, a company set up by the Australian government to build and operate the new national broadband network. Also in Australia, Prysmian renewed its important framework agreement with Telstra, confirming its leadership in a market where AUD 43 billion in investments are expected in the next few years.

Telecom

(in millions of Euro)

	Year 2010	Year 2009	Change %	Organic change %
Sales to third parties	450	403	11.7%	1.2%
			% on sales	
	Year 2010	Year 2009	Year 2010	Year 2009
Adjusted EBITDA	36	31	7.9%	7.6%
Adjusted operating income	29	25	6.3%	6.1%

PERFORMANCE AND RESULTS BY GEOGRAPHICAL AREA



The Group's sales in **EMEA** (Europe, Middle East and Africa) reported organic growth of +3.4% (+7.4% in the fourth-quarter), mainly due to an upturn in volumes for Trade & Installers and Power Distribution, which more than offset negative pricing trends. EMEA accounted for 69% of total sales in the year.

Organic sales in **North America** were basically stable (-0.5%), accounting for 9% of the Group total.

Latin America posted organic sales growth of +18.4%, with a sharp acceleration in the fourth quarter, thanks to the start of new high voltage and Oil&Gas projects and growth in the Telecom business. The region accounted for 11% of total sales in the year.

Asia Pacific reported an organic decrease in sales of -9.2%, almost entirely due to lower Power Distribution and Industrial volumes in Australia, with signs of stabilisation in the second half. Performance was positive in China, particularly in the Industrial (renewables) and High Voltage businesses. Asia Pacific accounted for 11% of total sales in the year.

BUSINESS OUTLOOK

2010 showed first signs of a recovery in demand starting from the second quarter, although at levels well below those reached before the 2008 financial crisis. The progressive upturn in global demand, coupled with a gradual improvement in consumer confidence, was largely driven by strong growth in emerging markets, while recovery in Europe was weaker, partly because of fiscal tightening in various euro-zone countries. In the United States, the government's stimulus packages measures allowed demand to start recovering during the year.

Given this economic context, the Group expects to see continued recovery in 2011 for the Trade & Installers and Power Distribution businesses and for those products in the Industrial sector most exposed to cyclical trends. Positive demand development is confirmed in the high value-added businesses of power transmission, renewable energy, Oil&Gas and optical fibre cables for major telecom operators.

Lastly, during the course of 2011 Prysmian will start the process of integrating Draka, acquired after successfully completing the public tender offer in February 2011, with the goal of optimising the production and organisational structure of the new Group, now the industry's world leader, in order to further strengthen its presence in all business segments.

OTHER RESOLUTIONS BY THE BOARD OF DIRECTORS

Resignation and co-opting of Directors

During the meeting the Board of Directors also examined the terms of the Merger Agreement with Draka Holding N.V. (entered on 22 November 2010) in relation to the composition of the governing body of Prysmian S.p.A. in the event of a positive outcome of the mixed public exchange and cash offer for the Dutch company and, particularly, the Company's undertaking to do its reasonable best to ensure the appointment of two representatives of Draka Holding N.V., so as to allow rapid, efficient integration between the two groups.

The Board acknowledged the willingness of Stefano Bulletti and Mario Ortu to resign as directors with immediate effect in order to allow the concomitant co-opting of Frank Dorjee and Friedrich Frohlich, which all the directors approved by unanimous vote. Frank Dorjee and Friedrich Frohlich have both already expressed their willingness to accept office. The co-opted directors will remain in office until the next Shareholders' Meeting.

Directors' independence

Based on statements made by the directors, the Board of Directors reports that it has reviewed their independence requirements, in accordance with the Self-Regulatory Code for listed companies, and confirms that the co-opted director Friedrich Frohlich satisfies these requirements and that the directors Wesley Clark, Claudio De Conto, Giulio Del Ninno and Massimo Tononi continue to satisfy them.

By-laws amendments

The Board of Directors has approved a number of proposed amendments to the By-laws which will be presented to the forthcoming Shareholders' Meeting. Certain revisions are by way of completing the changes made by the Board of Directors on 12 October 2010 to update the By-laws for the new rules introduced by the Shareholders Rights Directive, while other revisions are of a more general nature.

Group employees incentive scheme and amendment of by-laws

Having heard the favourable opinion of the Compensation and Nominations Committee, the Board of Directors has resolved to submit to the forthcoming Shareholders' Meeting a new long-term incentive plan (the "Plan") that will involve the Prysmian Group's Management with an upper limit of no more than 250 participants, including the Chief Executive Officer and General Manager, the Chief Financial Officer, the Chief Commercial Officer and the Chief Strategic Officer of Prysmian S.p.A..

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

The proposal to be examined by the forthcoming Shareholders' Meeting entails granting the Board of Directors the power to execute the Plan, by using new-issue ordinary shares obtained from a capital increase under art. 2441, par. 8 of the Italian Civil Code, or, at the Board's discretion, by transferring participants the Company's ordinary shares in the form of treasury shares currently held.

Prysmian intends to introduce the Plan as part of the integration process following the success of the public mixed exchange and cash offer for the ordinary shares of Draka Holding N.V., which will lead to the birth of a new cable industry leader.

The predominantly share-based Plan will be heavily dependent on achieving economic and financial performance objectives in the period 2011-2013, with the goal of fostering full realisation of the expected synergies.

The Plan also has the following objectives:

- to align performance of the new group's management with investor expectations;
- to contribute to developing a "one-company" identity by defining a common performance objective;
- to motivate the Group's key resources to achieve the challenges of integration.

The information memorandum relating to the incentive scheme and report on the amendments to the By-laws will be published within the required deadline.

Calling of Shareholders' Meeting

The Board of Directors has also resolved to call the Shareholders' Meeting on 12 April 2011 (first call in ordinary session and extraordinary session), or 13 April 2011 (second call in extraordinary session) or 14 April 2011 (third call in extraordinary session and second call in ordinary session).

Based on the results for 2010, the Board of Directors will recommend to the forthcoming Shareholders' Meeting that a dividend of €0.166 per shares be declared, involving a total pay-out of approximately €35 million. If approved, the dividend will be paid out from 21 April 2011 to those shares outstanding on the ex-div date of 18 April 2011.

The Annual Report at 31 December 2010 will be filed at the Company's registered offices in Viale Sarca 222, Milan and with Borsa Italiana S.p.A. in compliance with relevant regulations. It will also be available on the corporate website at www.prysmian.com.

This 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 (Massimo Branda and Jordi Calvo), 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.

Prysmian

A leading player in the industry of high-tech cables and systems for energy and telecommunications, the Prysmian Group is a truly global business with more than €4.5 billion in sales in 2010 and a strong position in higher value-added market segments. With its two businesses, Energy Cables & Systems (submarine and underground cables for power transmission and distribution, for industrial applications and for the distribution of electricity to residential and commercial buildings) and Telecom Cables & Systems (optical cables and fibres and copper cables for video, data and voice transmission), Prysmian boasts a global presence with subsidiaries in 39 countries, 55 plants, 7 Research & Development Centres in Europe, USA and South America, and around 12,000 employees. Specialising in the development of products and systems designed to customer specification, Prysmian's key strengths include: a focus on Research & Development, the capacity to innovate products and production processes, and the use of advanced proprietary technologies. Prysmian is listed on the Milan Stock Exchange in the Blue Chip index.

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ANNEX A

Consolidated statement of financial position

(in millions of Euro)

	31 December 2010	31 December 2009
Non-current assets		
Property, plant and equipment	949	872
Intangible assets	59	43
Investments in associates	9	9
Available-for-sale financial assets	3	6
Derivatives	14	9
Deferred tax assets	30	47
Other receivables	41	28
Total non-current assets	1,105	1,014
Current assets		
Inventories	600	443
Trade receivables	764	622
Other receivables	397	359
Financial assets held for trading	66	42
Derivatives	52	44
Available-for-sale financial assets	142	-
Cash and cash equivalents	630	492
Total current assets	2,651	2,002
Assets held for sale	9	28
Total assets	3,765	3,044
Equity attributable to the Group:	756	677
Share capital	18	18
Reserves	590	411
Profit/(loss) for the year	148	248
Equity attributable to non-controlling interests:	43	21
Share capital and reserves	41	17
Profit/(loss) for the year	2	4
Total equity	799	698
Non-current liabilities		
Borrowings from banks and other lenders	1,111	884
Other payables	20	13
Provisions for risks and charges	44	41
Derivatives	48	7
Deferred tax liabilities	44	67
Employee benefits obligations	145	142
Total non-current liabilities	1,412	1,154
Current liabilities		
Borrowings from banks and other lenders	201	152
Trade payables	862	561
Other payables	355	326
Derivatives	28	46
Provisions for risks and charges	62	62
Current tax payables	46	45
Total current liabilities	1,554	1,192
Total liabilities	2,966	2,346
Total equity and liabilities	3,765	3,044

Consolidated income statement

(in millions of Euro)

	2010	2009
Sales of goods and services	4,571	3,731
Change in inventories of work in progress, semi-finished and finished goods	74	(50)
Other income	43	32
<i>of which non-recurring other income</i>	13	-
Raw materials and consumables used	(2,963)	(2,060)
Fair value change in metal derivatives	28	91
Personnel costs	(544)	(517)
<i>of which non-recurring personnel costs</i>	(9)	(17)
Amortisation, depreciation and impairment	(99)	(71)
<i>of which non-recurring amortisation, depreciation and impairment</i>	(21)	(2)
Other expenses	(803)	(770)
<i>of which non-recurring other expenses</i>	(13)	(20)
Operating income	307	386
Finance costs	(324)	(292)
Finance income	228	240
<i>of which non-recurring finance income</i>	2	9
Share of income from investments in associates and dividends from other companies	2	3
Profit before taxes	213	337
Taxes	(63)	(85)
Profit/(loss) for the year	150	252
Attributable to:		
Owners of the Parent	148	248
Non-controlling interests	2	4
Basic earnings/(loss) per share - (in Euro)	0.82	1.40
Diluted earnings/(loss) per share - (in Euro)	0.82	1.39

Consolidated statement of comprehensive income

(in millions of Euro)

	2010	2009
Profit/(Loss) for the year	150	252
Fair value gains/(losses) on available-for-sale financial assets - gross of tax	(4)	3
Fair value gains/(losses) on available-for-sale financial assets - tax effect	1	(1)
Fair value gains/(losses) on cash flow hedges - gross of tax	7	6
Fair value gains/(losses) on cash flow hedges - tax effect	(2)	(1)
Actuarial gains/(losses) on employee benefits - gross of tax	1	(13)
Actuarial gains/(losses) on employee benefits - tax effect	-	2
Currency translation differences	29	56
Total post-tax other comprehensive income/(loss) for the year	32	52
Total comprehensive income/(loss) for the year	182	304
Attributable to:		
Owners of the Parent	178	300
Non-controlling interests	4	4

Consolidated statement of cash flows

(in millions of Euro)

	2010	2009
Profit before taxes	213	337
Depreciation and impairment of property, plant and equipment	71	66
Amortisation and impairment of intangible assets	20	5
Impairment of assets held for sale	8	-
Share of income from investments in associates	(2)	(3)
Share-based compensation	-	1
Change in fair value of metal derivatives and other fair value items	(41)	(91)
Net finance costs	96	52
Changes in inventories	(131)	88
Changes in trade receivables/payables	164	23
Changes in other receivables/payables	(38)	(90)
Changes in receivables/payables for derivatives	(1)	15
Taxes paid	(59)	(62)
Utilisation of provisions (including employee benefits obligations)	(50)	(58)
Increases in provisions (including employee benefits obligations)	33	46
A. Net cash flow provided by/(used in) operating activities	283	329
Acquisitions	(21)	(3)
Investments in property, plant and equipment	(83)	(91)
Disposals of property, plant and equipment	7	1
Investments in intangible assets	(19)	(16)
Disposals in intangible assets	-	-
Investments in financial assets held for trading	(18)	-
Disposals of financial assets held for trading	-	5
Investments in available-for-sale financial assets	(152)	-
Disposals of available-for-sale financial assets	12	6
Dividends received	2	3
B. Net cash flow provided by/(used in) investing activities	(272)	(95)
Capital contribution and other changes in equity	13	5
Dividends paid	(75)	(75)
Finance costs paid	(279)	(277)
Finance income received	227	231
Changes in net financial payables	233	(124)
C. Net cash flow provided by/(used in) financing activities	119	(240)
D. Currency translation gains/(losses) on cash and cash equivalents	8	6
E. Total cash flow provided/(used) in the year (A+B+C+D)	138	-
F. Net cash and cash equivalents at the beginning of the year	492	492
G. Net cash and cash equivalents at the end of the year (E+F)	630	492

ANNEX B

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

(in millions of Euro)		
	2010	2009
Profit/(Loss) for the year	150	252
Taxes	63	85
Share of income from investments in associates and dividends from other companies	(2)	(3)
Finance income	(228)	(240)
Finance costs	324	292
Amortisation, depreciation and impairment	99	71
Fair value change in metal derivatives	(28)	(91)
Remeasurement of minority put option liability	(13)	-
EBITDA	365	366
Company reorganisation	11	13
Shutdown of production facilities	-	6
Antitrust investigation legal costs	5	11
Special project costs	7	4
Environmental remediation	1	3
Accrual/(release) of provision for tax inspections	(2)	-
Adjusted EBITDA	387	403

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

(in millions of Euro)			
	31 December 2010	31 December 2009	Change
EBITDA	365	366	(1)
Share-based compensation	-	1	(1)
Changes in provisions (including employee benefits obligations)	(17)	(12)	(5)
Net cash flow provided by operating activities (before changes in net working capital)	348	355	(7)
Changes in net working capital	(6)	36	(42)
Taxes paid	(59)	(62)	3
Net cash flow provided by/(used in) operating activities	283	329	(46)
Acquisitions	(21)	(3)	(18)
Net cash flow used in operational investing activities	(95)	(106)	11
Net cash flow used in financial investing activities	5	9	(4)
Free cash flow (unlevered)	172	229	(57)
Net finance costs	(52)	(46)	(6)
Free cash flow (levered)	120	183	(63)
Capital contribution and other changes in equity	13	5	8
Dividends paid	(75)	(75)	-
Net cash flow provided/(used) in the year	58	113	(55)
Net financial position at the beginning of the year	(474)	(577)	103
Net cash flow provided/(used) in the year	58	113	(55)
Other changes	(43)	(10)	(33)
Net financial position at the end of the year	(459)	(474)	15

ANNEX C

Separate statement of financial position

(in Euro)

	31 December 2010	31 December 2009
Non-current assets		
Property, plant and equipment	3,332,370	3,398,638
Intangible assets	36,966,676	31,369,081
Investments in subsidiaries	419,190,729	264,105,234
Deferred tax assets	4,039,119	1,679,359
Other receivables	14,762,162	1,974,075
Total non-current assets	478,291,056	302,526,387
Current assets		
Trade receivables	40,565,958	34,429,476
Other receivables	264,439,374	37,398,120
Cash and cash equivalents	633,011	4,925,085
Total current assets	305,638,343	76,752,681
Total assets	783,929,399	379,279,068
Share capital and reserves:		
Share capital	18,202,930	18,123,504
Reserves	135,858,981	159,890,497
Profit/(loss) for the year	83,239,543	49,166,002
Total equity	237,301,454	227,180,003
Non-current liabilities		
Borrowings from banks and other lenders	462,354,934	86,573,539
Employee benefits obligations	4,704,963	4,843,713
Total non-current liabilities	467,059,897	91,417,252
Current liabilities		
Borrowings from banks and other lenders	26,667,253	28,898,790
Trade payables	27,005,159	15,649,567
Other payables	14,149,404	10,866,159
Provisions for risks and charges	2,653,251	2,043,377
Current tax payables	9,092,981	3,223,920
Total current liabilities	79,568,048	60,681,813
Total liabilities	546,627,945	152,099,065
Total equity and liabilities	783,929,399	379,279,068

Separate income statement

(in Euro)		
	2010	2009
Sales of goods and services	37,020,348	37,694,603
Other income	38,728,456	35,419,667
Raw materials and consumables used	(634,151)	(919,277)
Personnel costs	(33,274,205)	(29,528,250)
<i>of which non-recurring personnel costs</i>	<i>(1,060,000)</i>	<i>(127,377)</i>
Amortisation, depreciation and impairment	(5,604,391)	(4,197,232)
Other expenses	(60,104,107)	(57,982,072)
<i>of which non-recurring other expenses</i>	<i>(8,661,430)</i>	<i>(6,417,171)</i>
Operating income	(23,868,050)	(19,512,561)
Finance costs	(25,564,951)	(6,234,630)
Finance income	6,845,512	2,125,678
Dividends from subsidiaries	106,761,940	42,746,205
Profit before taxes	64,174,451	19,124,692
Taxes	19,065,092	30,041,310
Profit/(loss) for the year	83,239,543	49,166,002

Separate statement of comprehensive income

(in thousands of Euro)		
	2010	2009
Profit/(Loss) for the year	83,239	49,166
Actuarial gains/(losses) on employee benefits - gross of tax	1	(755)
Actuarial gains/(losses) on employee benefits - tax effect	275	-
Total post-tax other comprehensive income/(loss) for the year	276	(755)
Total comprehensive income/(loss) for the year	83,515	48,411

Separate statement of cash flows

(in thousands of Euro)

	2010	2009
Profit before taxes	64,174	19,125
Depreciation and impairment of property, plant and equipment	698	735
Amortisation and impairment of intangible assets	4,906	3,462
Share-based compensation	132	358
Dividends	(106,762)	(42,746)
Net finance costs (income)	18,719	4,109
Changes in trade receivables and payables	1,544	14,804
Changes in other receivables and payables	(546)	1,023
Taxes cashed/(paid)	24,437	36,205
Utilisation of provisions (including employee benefits obligations)	(1,810)	(1,053)
Increases in provisions (including employee benefits obligations)	2,103	2,749
Employee benefits provisions transfer from sub-holding	(36)	(106)
A. Net cash flow provided by/(used in) operating activities	7,559	38,665
Investments in property, plant and equipment	(631)	(1,410)
Disposals of property, plant and equipment	-	273
Investments in intangible assets	(10,504)	(12,572)
Disposals in intangible assets	-	10
Investments in subsidiaries	(155,000)	(1,600)
Dividends received	106,762	42,746
B. Net cash flow provided by/(used in) investing activities	(59,373)	27,447
Capital increase	3,693	3,203
Dividends paid	(74,640)	(74,128)
Finance costs paid	(25,678)	(5,799)
Finance income received	5,028	1,285
Changes in net financial payables	139,119	11,365
C. Net cash flow provided by/(used in) financing activities	47,522	(64,074)
D. Total cash flow provided/(used) in the year (A+B+C)	(4,292)	2,038
E. Net cash and cash equivalents at the beginning of the year	4,925	2,887
F. Net cash and cash equivalents at the end of the year (D+E)	633	4,925