

## **PRYSMIAN S.P.A. NINE-MONTH 2011 RESULTS**

### **SALES GROWTH (+12.0%) AND POSITIVE TREND IN PROFITS**

#### **FY 2011 PROFIT TARGET CONFIRMED: ADJ EBITDA EXPECTED IN REGION OF €555 M**

*The nine-month 2011 results consolidate Draka only for the period March-September 2011*

- **SALES: €5,604 MILLION (ORGANIC CHANGE +12.0%)**
- **ADJ EBITDA<sup>1</sup>: €408 MILLION (€281 MILLION IN 9M 2010)**
- **ADJ OPERATING INCOME<sup>2</sup>: €305 MILLION (€224 MILLION IN 9M 2010)**
- **ADJ NET PROFIT<sup>3</sup>: €168 MILLION (€120 MILLION IN 9M 2010)**
- **NET RESULT: NEGATIVE €159 MILLION AFTER €199 MILLION PROVISION FOR ANTITRUST INVESTIGATIONS**
- **NET FINANCIAL POSITION €1,389 MILLION (€459 MILLION AT 31 DECEMBER 2010)**

Milan, 10/11/11. The Board of Directors of Prysmian S.p.A. has approved today the consolidated results for the first nine months of 2011 (not subject to audit).

*"The Group has been able to take advantage of the upturn in market demand started in the second half of 2010 by delivering an increase in organic growth for the sixth quarter in a row", states CEO Valerio Battista. "Nine-month volume growth has allowed a recovery in adjusted EBITDA and an improvement in operative cash flow. After introducing the new organisational and management structure, the integration with Draka is proceeding according to plan and is also starting to be realised through product range integration on the commercial front, and by optimising the manufacturing and logistical footprint. At the end of the third quarter we are able to confirm our initial annual profit target, despite the recent deterioration in the macroeconomic environment".*

#### **SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION**

(in millions of Euro)

				<b>9 months 2011 (*)</b>	<b>9 months 2010</b>	<b>% Consol. change</b>	<b>% Prysmian change</b>
	<b>Prysmian</b>	<b>Draka</b>	<b>Adjust.</b>	<b>Total</b>	<b>Prysmian</b>		
Sales	4,024	1,608	(28)	5,604	3,330	68.3%	20.8%
EBITDA	75	87	(14)	148	272	-46.2%	-73.0%
Adjusted EBITDA	303	105	-	408	281	45.3%	7.5%
Operating income	(64)	34	(23)	(53)	212	-125.1%	-130.2%
Adjusted operating income	245	69	(9)	305	224	36.9%	10.1%
Profit before taxes	(134)	24	(29)	(139)	135	-203.6%	-199.5%
Net profit/(loss) for the period	(152)	17	(24)	(159)	92	-274.3%	-265.7%

(in millions of Euro)

	<b>30 September 2011</b>	<b>30 September 2010</b>	<b>Consol. change</b>
Net capital employed	2,694	1,528	1,166
Employee benefit obligations	236	156	80
Equity	1,069	718	351
of which attributable to non-controlling interests	62	40	22
Net financial position	1,389	654	735

(\*)The Draka Group's results have been consolidated for the period 1 March – 30 September 2011.

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

<sup>2</sup> 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.

<sup>3</sup> Adjusted net profit is defined as net profit before non-recurring income and expenses, the fair value change in metal derivatives and in other fair value items, the effect of currency and interest rate derivatives, exchange rate differences and the related tax effects.

## FINANCIAL RESULTS

**Sales** amounted to €5,604 million compared with €3,330 million in the first nine months of 2010. Assuming the same group perimeter (excluding the Draka contribution of €1,580 million for the period March-September 2011, net of €28 million in intragroup transactions) and excluding metal price and exchange rate effects, the **organic change** was +12.0%. Draka's sales for the nine-month period January-September 2011 came to €1,998 million, reporting organic growth of 5.8%. Nine-month organic growth for the new Prysmian Group (including Draka for the entire period) would have been 9.9%.

**Adjusted EBITDA** increased by 45.3% to €408 million from €281 million in the first nine months of 2010. This increase is attributable to €22 million from organic sales growth by all businesses within the Prysmian perimeter and €105 million from the consolidation of Draka since March 2011.

**EBITDA**<sup>4</sup> amounted to €148 million. The decrease from €272 million in the first nine months of 2010 is primarily attributable to higher net non-recurring expenses of €251 million, of which €199 million in provisions for risks arising from ongoing antitrust investigations and €27 million related to restructuring charges mainly attributable to the beginning of the Draka integration.

**Adjusted operating income** amounted to €305 million, up 36.9% from €224 million in the first nine months of 2010. This increase is attributable to €21 million in higher profits generated by organic growth in the Prysmian perimeter and €60 million from the consolidation of Draka since March 2011.

**Operating income**, including the effects of non-recurring items and fair value changes in metal derivatives and in other fair value items, was negative €53 million (positive €212 million in the first nine months of 2010). This change is mainly attributable to the non-recurring expenses (of which €199 million for the provision against the risks arising from ongoing antitrust investigations) as well as the negative fair value change in metal derivatives. Draka consolidation in the Group perimeter positively contributed for €34 million.

**Net finance income and costs** reported a negative balance of €92 million (negative €79 million in the first nine months of 2010). The negative change of €13 million is primarily due to the growth in net debt following the Draka acquisition (€501 million cash outlay plus €357 million for the consolidation of Draka's net financial position at 28 February 2011), but also reflects changes in the composition of financial structure after entering a Forward Start Credit Agreement for €1,070 million in January 2010, issuing a bond for €400 million in April 2010 and finalising a credit agreement for €800 million in March 2011. These new agreements have significantly extended average debt maturity, which is now about 3 years. Another reason for the increase in finance costs is the rise in leverage following the Draka acquisition so that the ratio of net financial position to adjusted EBITDA is now between 2.0x-2.5x, leading to a slight increase in the spread applied to existing bank credit.

**Adjusted net profit** was 40.0% higher at €168 million (€120 million in the first nine months of 2010); the increase reflects the growth in adjusted operating income and the first-time consolidation of Draka. The **net result** was affected by the provision of €199 million for risks relating to antitrust investigations and by the restructuring charges partially attributable to the beginning of the Draka integration, resulting in a net loss of €159 million compared with a net profit of €92 million in the first nine months of 2010.

**Net financial position** at the end of September 2011 was €1,389 million. The increase from €459 million at 31 December 2010 is attributable to the following factors:

- cash outlay of €501 million for the acquisition of Draka;
- consolidation of the Draka net financial position of €357 million as at 28 February 2011;
- net positive cash flows from operations of €333 million, before changes in net working capital;
- increase of €118 million in net working capital due to seasonal factors and the increase in metal prices;
- net operative investments of €81 million;
- payment of €36 million in dividends;
- net negative cash flows of €170 million primarily due to taxes and finance costs.

<sup>4</sup> 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.

## INTEGRATION WITH DRAKA AND STRATEGY DEVELOPMENT

- **Integration with Draka strengthens Group's offer in the offshore oil market. Wider range of products in TLC and Industrial cables, better customer services and wider geographical reach**

The launch of the new organisational and management structure, effective from July 2011, allowed identifying a 25% reduction of senior management, by the first quarter of 2012, and the appointment of approximately 300 new key positions. The deployment of all operative structures is on going and will be completed by year end. The integration with Draka is proceeding according to plan and is also starting to be realised on the manufacturing, commercial and logistical fronts.

- In Brazil an important contract has been secured with Petrobras, a historic Prysmian customer, for the supply of DHT (Downhole Technology) cables produced by Draka at its Bridgewater plant in the USA. Draka's DHT cables complete and further enhance Prysmian's products portfolio in the oil off-shore extraction business, which already includes umbilicals and flexible pipes, offering interesting new commercial synergies.
- In the Telecom cables business, the availability of worldwide fibre production capacity allows to reduce production and logistics costs, with consequent improvement in margins. Commercially, the Group can now leverage on the most extensive and competitive product range in the industry.
- In the Industrial cables business, product ranges and customer portfolio in the automotive sector are in the process of being integrated and rationalised. In the renewables area, the enlarged offer is helping improve geographical reach, with the focus on high growth markets.
- In the T&I business, current integration of the product ranges is improving the offer mix by focusing on high end products and key global customers.

Lastly, as anticipated when announcing the half-year results, the target for annual run-rate synergies has been raised to €150 million (by 2015). The initial benefits are expected to be seen at the end of 2011.

- **Investments of some €81 million mainly in high-tech businesses**

In line with its strategy, during the first nine months of 2011 the Group took forward some €81 million in net operating investments (of which €68 million relating to the pre-acquisition perimeter), mainly related to high-tech businesses, which was €18 million more than in the first nine months of 2010. These investments were concentrated on completing the new plant in Brazil for flexible offshore oil drilling pipes, which started operation at the end of June, and on expanding production capacity for high voltage cables in China and France and for submarine cables in Italy and Finland.

- **Investments in high-growth-potential countries on target**

In addition to the investments to develop the SURF business in Brazil and high voltage in China, the Group is proceeding with plans to strengthen its presence in Russia (where production of cables for the oil&gas and automotive sectors has started and where a new high voltage plant is being built) and in India, where the new management structure has been defined and integration of the Ravin JV completed. Following the Draka acquisition, the Group now has two production facilities in Russia (power cables in Rybinsk and telecom cables in St. Petersburg) and two in India, in Pune and Chuplin.

## ENERGY CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **SUBMARINE CABLES ORDER BOOK COVERS SALES FOR MORE THAN TWO YEARS**
- **POSITIVE DEMAND FOR HIGH VOLTAGE UNDERGROUND CABLES**
- **STABILIZED VOLUMES FOR POWER DISTRIBUTION**
- **T&I: START OF YEAR VOLUME RECOVERY SLOWS IN THIRD QUARTER**
- **INDUSTRIAL: HIGHER SALES AND PROFITS**

(in millions of Euro)

				9 months 2011 (*)	9 months 2010	% Consol. change	% Prysmian change
	Prysmian	Draka	Adjust.	Total	Prysmian		
Sales	3,638	1,069	(21)	4,686	3,013	55.5%	20.8%
of which to third parties	3,616	1,045	(21)	4,640	2,997	54.8%	20.7%
<b>Adjusted EBITDA</b>	<b>267</b>	<b>53</b>	<b>-</b>	<b>320</b>	<b>256</b>	<b>25.0%</b>	<b>3.8%</b>
% of sales	7.3%	5.0%		6.8%	8.5%		
<b>EBITDA</b>	<b>110</b>	<b>42</b>	<b>(8)</b>	<b>144</b>	<b>248</b>	<b>-41.9%</b>	<b>-55.9%</b>
% of sales	3.0%	3.9%		3.1%	8.3%		
Amortisation and depreciation	(52)	(20)	(1)	(73)	(51)	43.1%	2.0%
<b>Adjusted operating income</b>	<b>215</b>	<b>33</b>	<b>(1)</b>	<b>247</b>	<b>205</b>	<b>20.5%</b>	<b>5.0%</b>
% of sales	5.9%	3.1%		5.3%	6.8%		

(\*) The Draka Group's results have been consolidated for the period 1 March - 30 September 2011.

Sales to third parties by the Energy Cables and Systems segment amounted to €4,640 million (including the Draka contribution of €1,024 million for the period March-September 2011, net of €21 million in intragroup transactions). Net of metal price and exchange rate effects and changes in the group perimeter, **organic growth** was 11.1%, particularly thanks to an upturn in volumes. Adjusted EBITDA amounted to €320 million, up 25.0% from €256 million in the first nine months of 2010. The increase reflects the contribution of €53 million by Draka (consolidated since March 2011) and the improvement of €11 million by the pre-acquisition perimeter.

Draka's energy business reported €1,319 million in sales to third parties for the entire period (January-September 2011), with organic growth of 3.5%. The Energy segment's overall nine-month organic growth (including the Draka perimeter for the entire period) would have been 9.0%.

Market trends and profitability will now be discussed for the Energy segment's business areas but only with reference to the pre-acquisition perimeter (along with a few brief comments about the Draka perimeter).

### Utilities

Sales to third parties by the pre-acquisition Utilities business amounted to €1,589 million, delivering organic growth of 17.8% thanks to volume recovery for basically all business lines even if with differences in timing and between geographical areas. Organic sales growth converted into higher profitability, with adjusted EBITDA increasing by 2.7% to €187 million, despite the rising cost of raw materials and competitive pressure particularly in emerging markets. The Draka Utilities business reported €87 million in sales in the first nine months of 2011 (of which €72 million consolidated by Prysmian as from March 2011). The Group's overall organic growth in the first nine months of the year (including Draka for the entire period) would have been +18.7%.

Sales by the submarine business line increased thanks not only to progress on the major power interconnection projects acquired by the Group (particularly, Romulo in the Iberian Peninsula/Balearic Islands, Messina II in Italy, Doha Bay in Qatar and Hudson in the USA) but also to the contribution of smaller jobs carried out in Europe particularly in the third quarter. The Group has also won a significant number of projects to connect offshore wind farms in the past year. The value of the order book at the end of the first nine months of 2011 assures sales visibility for a period of more than two years. The European Union's recently restated commitment to developing renewable energy and to upgrading electricity grids opens up further growth opportunities for the Group, which has duly added extra production capacity up and running from the fourth quarter of the year.

Demand for high voltage underground cables has been positive, even if the economic and financial environment in the third quarter has triggered some sale price pressures. Sales growth was particularly driven by renewable energy projects and/or energy saving projects involving existing European grids (Italy, United Kingdom and France) and by projects to develop new infrastructure in emerging markets like Russia, Turkey, the Middle East, Brazil and India. The order book is solid, offering sales visibility for about one year.

Volumes in the power distribution business stabilised at a high level after a prolonged period of recovery. Demand in Europe was driven by the United Kingdom, Nordic countries and Eastern Europe. Brazil and Australia led the recovery outside Europe, while the USA failed to show signs of reversing the negative trend. During the third quarter the contraction in metal quotations helped stabilise prices and prevent further downward pressure.

(in millions of Euro)

				9 months 2011 (*)	9 months 2010	% change	% organic change (**)
	Prysmian	Draka	Ad just.	Total			
Sales	1,589	72	(6)	1,655	1,293		
of which to third parties	1,589	72	(6)	1,655	1,292	28.1%	18.7%
<b>Adjusted EBITDA</b>	<b>187</b>	<b>7</b>	<b>-</b>	<b>194</b>	<b>182</b>		
% of sales	11.8%	9.7%		11.7%	14.1%		
<b>Adjusted operating income</b>	<b>161</b>	<b>5</b>	<b>-</b>	<b>166</b>	<b>157</b>		
% of sales	10.1%	6.9%		10.0%	12.2%		

(\*) The Draka Group's results have been consolidated for the period 1 March – 30 September 2011.

(\*\*) The organic change in sales has been calculated with reference to Draka's sales in the period 1 January - 30 September 2011.

## Trade & Installers

Sales to third parties by the pre-acquisition Trade & Installers business amounted to €1,242 million, posting a slight organic decrease (-0.4%) basically due to volume stabilisation and the high comparative figures for the third quarter of 2010. Constant attention to improving offer mix increasingly towards higher value-added products, combined with adept management of fluctuations in raw material and metal prices, made it possible to limit the negative impact on profits. Adjusted EBITDA amounted to €30 million (-6.0% on the first nine months of 2010).

In Europe the Group succeeded in maintaining its market share by particularly focusing on consolidation of commercial ties with large international distributors; demand was more robust in North and East Europe, while weaker in Italy and Spain. In South America positive construction sector trends produced a slight improvement in sales, despite the emergence of increased price pressure in the second and third quarters.

Draka's nine-month sales to third parties amounted to €623 million (of which €492 million consolidated by Prysmian for the period March-September 2011). The Group's overall organic growth (including Draka for the entire period) would have been 0.2%.

(in millions of Euro)

				9 months 2011 (*)	9 months 2010	% change	% organic change (**)
	Prysmian	Draka	Adjust.	Total			
Sales	1,245	512	(10)	1,747	1,096		
of which to third parties	1,242	492	(10)	1,724	1,095	57.4%	0.2%
<b>Adjusted EBITDA</b>	<b>30</b>	<b>23</b>	<b>-</b>	<b>53</b>	<b>32</b>		
% of sales	2.4%	4.5%		3.0%	2.9%		
<b>Adjusted operating income</b>	<b>19</b>	<b>13</b>	<b>(1)</b>	<b>31</b>	<b>20</b>		
% of sales	1.5%	2.5%		1.8%	1.9%		

(\*) The Draka Group's results have been consolidated for the period 1 March – 30 September 2011.

(\*\*) The organic change in sales has been calculated with reference to the Draka Group's sales in the period 1 January - 30 September 2011.

## Industrial

Sales to third parties by the pre-acquisition Industrial cables business amounted to €681 million, reflecting continued improvement with 17.1% organic growth. Adjusted EBITDA amounted to €49 million, reporting an increase of €8 million thanks to a reasonable recovery in demand in various parts of the world.

The market scenario has proved stable or slightly better, particularly in the third quarter. The anticipated recovery in demand particularly occurred in the oil, mining and infrastructure markets in high-growth geographical regions like APAC, the Middle East and South America. The Group aims to increase its presence in products and services for the offshore oil industry thanks to the new flexible pipes plant in Brazil which came on stream in the third quarter. First orders for flexible pipes acquired from Petrobras worth some \$20 million. Further momentum will come from integration and development of cross-selling opportunities with Draka, which in turn has secured contracts to supply DHT (Downhole Technology) cables to Petrobras, a historic Prysmian customer now joining Draka's DHT customer list, which already includes names like Schlumberger, Baker Hughes, BJ Services and GCDT. In the renewables segment, double-digit growth was achieved in the wind business, where the Group is stepping up its presence in high-growth markets (South America, China, India and Australia), while demand in the solar segment was weak in the absence of new investment incentives. Demand was stable in the automotive segment, where the Group is currently rationalising its portfolio to focus on higher value-added products/customers. Demand was also stable for elevator cables, in which the Group is world leader thanks to Draka.

In the first nine months of 2011 Draka reported sales to third parties of €609 million (of which €481 million consolidated by Prysmian for the period March-September 2011). The Industrial business would have had overall organic growth (including Draka for the entire period) of 9.4%. Draka's presence in the Industrial business is particularly important in geographical markets (such as North America) and product segments (infrastructure and elevator cables and renewable energy solutions) that complement those of Prysmian.

(in millions of Euro)

				9 months 2011 (*)	9 months 2010	% change	% organic change (**)
	Prysmian	Draka	Adjust.	Total			
Sales	682	485	(3)	1,164	529		
of which to third parties	681	481	(3)	1,159	529	119.1%	9.4%
<b>Adjusted EBITDA</b>	<b>49</b>	<b>23</b>	<b>-</b>	<b>72</b>	<b>41</b>		
% of sales	7.2%	4.7%		6.2%	7.7%		
<b>Adjusted operating income</b>	<b>35</b>	<b>15</b>	<b>-</b>	<b>50</b>	<b>27</b>		
% of sales	5.1%	3.1%		4.3%	5.1%		

(\*) The Draka Group's results have been consolidated for the period 1 March – 30 September 2011.

(\*\*) The organic change in sales has been calculated with reference to the Draka Group's sales in the period 1 January - 30 September 2011.



## TELECOM CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **STRONG ORGANIC SALES GROWTH**
- **ROBUST DEMAND FOR OPTICAL CABLES IN PRINCIPAL GEOGRAPHICAL MARKETS**
- **SIGNIFICANT INCREASE IN ADJ EBITDA**

Sales to third parties by the Telecom Cables and Systems segment amounted to €964 million (including €556 million for the consolidation of Draka from 1 March 2011, net of €7 million in intragroup transactions), posting a sharp acceleration in organic growth to +20.0%. This growth was particularly driven by a significant increase in fibre optic cable volumes in North America, Europe (even though investment volumes by incumbent operators remained limited), South America and Australia (where the Group started work on the National Broadband Network project during the third quarter). The opportunities for the new Group to capitalise on new global fibre production capacity will help reduce production and logistics costs, thus promoting further margin recovery.

Volumes also recovered for MMS (Multimedia & Specials), particularly in Germany and France, and for OPGW (Optical Ground Wire) in South America and Europe, while demand weakened for copper cables for which the Group's focus is on generating cash by reducing production costs.

Adjusted EBITDA amounted to €88 million with an increase of €63 million on the equivalent period in 2010 (following its consolidation from 1 March 2011, Draka's contribution to this result was €52 million).

The integration with Draka represents a significant turning point for the Telecom business, by creating a world leader in terms of both size and the technology, products and services offered, particularly in the optical fibre and optical cables market. Draka's nine-month Telecom sales to third parties amounted to €679 million. The Telecom segment's overall nine-month organic growth (including Draka for the entire period) would have been 13.8%.

(in millions of Euro)

				9 months 2011 (*)	9 months 2010	% Consol. change	% Prysmian change
	Prysmian	Draka	Adjust.	Total	Prysmian		
Sales	410	581	(7)	984	339	190.3%	21.0%
of which to third parties	408	563	(7)	964	333	189.5%	22.5%
<b>Adjusted EBITDA</b>	<b>36</b>	<b>52</b>	-	<b>88</b>	<b>25</b>	<b>252.0%</b>	<b>45.8%</b>
% of sales	8.8%	9.0%		8.9%	7.3%		
<b>EBITDA</b>	<b>35</b>	<b>45</b>	<b>(6)</b>	<b>74</b>	<b>25</b>	<b>196.0%</b>	<b>37.4%</b>
% of sales	8.2%	7.7%		7.5%	7.3%		
Amortisation and depreciation	(6)	(16)	(8)	(30)	(6)	400.0%	0.0%
<b>Adjusted operating income</b>	<b>30</b>	<b>36</b>	<b>(8)</b>	<b>58</b>	<b>19</b>	<b>205.3%</b>	<b>56.9%</b>
% of sales	7.3%	6.2%		5.9%	5.6%		

(\*) The Draka Group's results have been consolidated for the period 1 March – 30 September 2011.

## BUSINESS OUTLOOK

The first nine months of the year have confirmed the increase in demand and industrial production that started from the second half of 2010. The upturn in global demand has been largely driven by growth in emerging markets, while recovery in Europe continues to be weak, partly because of deficit-cutting policies implemented in various countries. In the United States, government stimulus packages have allowed the start of a modest economic recovery since last year. However, growing concerns about Eurozone and US debt sustainability represent a source of uncertainty over the growth prospects for global demand in upcoming quarters.

In such an economic context, the Group confirms for FY 2011 an increase in medium voltage cable volumes for Utilities and in those products in the Industrial sector most exposed to cyclical trends. Instead, after a small first-half increase on the prior year equivalent period, the third quarter saw the building wires business report a slowdown in recovery in several geographical areas. Lastly, positive demand development continues in the high value-added businesses of power transmission, renewable energy, Oil & Gas and fibre optic cables for major telecom operators.

Based on the results achieved in the first nine months, combined with the size of the current order book, adjusted EBITDA for FY 2011 is confirmed in the range of €530-€580 million (FY 2010: €387 million). This range includes the contribution of the Draka acquisition, consolidated from 1 March 2011.

## OTHER RESOLUTIONS BY THE BOARD OF DIRECTORS

The Board of Directors has voted to appoint, effective from 11 November 2011, Mr. Jordi Calvo (Planning & Controlling Director) and Mr. Carlo Soprano (Financial Statement & Compliance Director) as "managers responsible for preparing corporate accounting documents" under art. 154-bis of Legislative Decree 58/1998. Such appointment following the join of Mr. Carlo Soprano to Prysmian Group. The Board of Directors, during the meeting held on 29 September 2011, temporarily granted the Director and CFO Mr. Pier Francesco Facchini with the role of managers responsible for preparing corporate accounting documents. This appointment has been made with the favourable opinion of the Board of Statutory Auditors and in compliance with the integrity and competence requirements established by applicable legislation and the Company's By-laws.

*Prysmian's Third-Quarter Report 2011, approved by the Board of Directors today, will be available to the public from 10 November 2011, at the Company's registered offices in Viale Sarca 222, Milan and at Borsa Italiana S.p.A.. It will also be available on the corporate website at [www.prysmian.com](http://www.prysmian.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 manager responsible for preparing corporate accounting documents (Pier Francesco Facchini), hereby declares, 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 Group

*Prysmian Group is world leader in the energy and telecom cables and systems industry. With sales of some €7 billion (pro-forma 2010 Prysmian/Draka), 22,000 employees across 50 countries and 98 plants, the Group is strongly positioned in high-tech markets and provides 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 listed on the Milan Stock Exchange in the Blue Chip index.*

## Media Relations

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## ANNEX A

### Consolidated statement of financial position

(in millions of Euro)

	30 September 2011	31 December 2010
<b>Non-current assets</b>		
Property, plant and equipment	1,521	949
Intangible assets	611	59
Investments in associates	83	9
Available-for-sale financial assets	6	3
Derivatives	3	14
Deferred tax assets	108	30
Other receivables	54	41
<b>Total non-current assets</b>	<b>2,386</b>	<b>1,105</b>
<b>Current assets</b>		
Inventories	1,050	600
Trade receivables	1,399	764
Other receivables	518	397
Financial assets held for trading	48	66
Derivatives	40	52
Available-for-sale financial assets	-	142
Cash and cash equivalents	550	630
<b>Total current assets</b>	<b>3,605</b>	<b>2,651</b>
Assets held for sale	2	9
<b>Total assets</b>	<b>5,993</b>	<b>3,765</b>
<b>Equity attributable to the Group:</b>	<b>1,007</b>	<b>756</b>
Share capital	21	18
Reserves	1,141	590
Net profit/(loss) for the period	(155)	148
<b>Equity attributable to non-controlling interests:</b>	<b>62</b>	<b>43</b>
Share capital and reserves	66	41
Net profit/(loss) for the period	(4)	2
<b>Total equity</b>	<b>1,069</b>	<b>799</b>
<b>Non-current liabilities</b>		
Borrowings from banks and other lenders	881	1,111
Other payables	34	20
Provisions for risks and charges	69	44
Derivatives	39	48
Deferred tax liabilities	107	44
Employee benefit obligations	236	145
<b>Total non-current liabilities</b>	<b>1,366</b>	<b>1,412</b>
<b>Current liabilities</b>		
Borrowings from banks and other lenders	1,113	201
Trade payables	1,432	862
Other payables	595	355
Derivatives	92	28
Provisions for risks and charges	275	62
Current tax payables	51	46
<b>Total current liabilities</b>	<b>3,558</b>	<b>1,554</b>
<b>Total liabilities</b>	<b>4,924</b>	<b>2,966</b>
<b>Total equity and liabilities</b>	<b>5,993</b>	<b>3,765</b>

## Consolidated income statement

(in millions of Euro)

	9 months 2011 (*)	9 months 2010
Sales of goods and services	5,604	3,330
Change in inventories of work in progress, semi-finished and finished goods	(35)	109
<i>of which non-recurring change in inventories of work in progress, semi-finished and finished goods</i>	(14)	-
Other income	34	18
<i>of which non-recurring other income</i>	1	-
Raw materials and consumables used	(3,712)	(2,195)
Fair value change in metal derivatives	(97)	3
Personnel costs	(651)	(404)
<i>of which non-recurring personnel costs</i>	(18)	(5)
<i>of which personnel costs for stock option fair value</i>	(1)	-
Amortisation, depreciation and impairment	(103)	(63)
<i>of which non-recurring amortisation, depreciation and impairment</i>	-	(6)
Other expenses	(1,093)	(586)
<i>of which non-recurring other expenses</i>	(229)	(4)
<b>Operating income</b>	<b>(53)</b>	<b>212</b>
Finance costs	(262)	(247)
Finance income	170	168
<i>of which non-recurring finance income</i>	-	2
Share of income from investments in associates and dividends from other companies	6	2
<b>Profit before taxes</b>	<b>(139)</b>	<b>135</b>
Taxes	(20)	(43)
<b>Net profit/(loss) for the period</b>	<b>(159)</b>	<b>92</b>
<b>Attributable to:</b>		
Owners of the parent	(155)	90
Non-controlling interests	(4)	2
<b>Basic earnings/(loss) per share (in Euro)</b>	<b>(0.75)</b>	<b>0.50</b>
<b>Diluted earnings/(loss) per share (in Euro)</b>	<b>(0.75)</b>	<b>0.50</b>

(\*) The Draka Group's results have been consolidated for the period 1 March - 30 September 2011.

## Consolidated income statement - 3rd quarter

(in millions of Euro)

	3rd quarter 2011	3rd quarter 2010
Sales of goods and services	2,030	1,182
Change in inventories of work in progress, semi-finished and finished goods	(48)	24
<i>of which non-recurring change in inventories of work in progress, semi-finished and finished goods</i>	-	-
Other income	10	6
<i>of which non-recurring other income</i>	-	-
Raw materials and consumables used	(1,297)	(771)
Fair value change in metal derivatives	(64)	20
Personnel costs	(235)	(134)
<i>of which non-recurring personnel costs</i>	(11)	(1)
<i>of which personnel costs for stock option fair value</i>	(1)	-
Amortisation, depreciation and impairment	(38)	(20)
<i>of which non-recurring amortisation, depreciation and impairment</i>	-	(1)
Other expenses	(339)	(210)
<i>of which non-recurring other expenses</i>	(6)	(2)
<b>Operating income</b>	<b>19</b>	<b>97</b>
Finance costs	(105)	(62)
Finance income	75	35
<i>of which non-recurring finance income</i>	-	-
Share of income from investments in associates and dividends from other companies	2	1
<b>Profit before taxes</b>	<b>(9)</b>	<b>71</b>
Taxes	6	(23)
<b>Net profit/(loss) for the period</b>	<b>(3)</b>	<b>48</b>
<b>Attributable to:</b>		
Owners of the parent	1	45
Non-controlling interests	(4)	3

## Consolidated statement of comprehensive income

(in millions of Euro)

	9 months 2011 (*)	9 months 2010
<b>Net profit/(loss) for the period</b>	<b>(159)</b>	<b>92</b>
Fair value gains/(losses) on available-for-sale financial assets - gross of tax	1	(3)
Fair value gains/(losses) on available-for-sale financial assets - tax effect	-	1
Fair value gains/(losses) on cash flow hedges - gross of tax	(3)	3
Fair value gains/(losses) on cash flow hedges - tax effect	1	-
Actuarial gains/(losses) on employee benefits - gross of tax	2	(9)
Actuarial gains/(losses) on employee benefits - tax effect	-	4
Currency translation differences	(42)	13
<b>Total post-tax other comprehensive income/(loss) for the period</b>	<b>(41)</b>	<b>9</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>(200)</b>	<b>101</b>
<b>Attributable to:</b>		
Owners of the parent	(193)	98
Non-controlling interests	(7)	3

(\*) The Draka Group's results have been consolidated for the period 1 March - 30 September 2011.

## Consolidated statement of comprehensive income - 3rd quarter

(in millions of Euro)

	3rd quarter 2011	3rd quarter 2010
<b>Net profit/(loss) for the period</b>	<b>(3)</b>	<b>48</b>
Fair value gains/(losses) on available-for-sale financial assets - gross of tax	-	-
Fair value gains/(losses) on available-for-sale financial assets - tax effect	-	-
Fair value gains/(losses) on cash flow hedges - gross of tax	(21)	24
Fair value gains/(losses) on cash flow hedges - tax effect	6	(6)
Actuarial gains/(losses) on employee benefits - gross of tax	-	-
Actuarial gains/(losses) on employee benefits - tax effect	-	1
Currency translation differences	(10)	(16)
<b>Total post-tax other comprehensive income/(loss) for the period</b>	<b>(25)</b>	<b>3</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>(28)</b>	<b>51</b>
<b>Attributable to:</b>		
Owners of the parent	(24)	50
Non-controlling interests	(4)	1

## Consolidated statement of cash flows

(in millions of Euro)

	9 months 2011 (*)	9 months 2010
Profit before taxes	(139)	135
Depreciation and impairment of property, plant and equipment	85	53
Amortisation and impairment of intangible assets	18	4
Impairment of assets held for sale	-	6
Net gains on disposal of property, plant and equipment, intangible assets and other non-current assets	(1)	-
Share of income from investments in associates	(7)	(2)
Share-based compensation	1	-
Fair value change in metal derivatives and other fair value items	97	(3)
Net finance costs	93	78
Changes in inventories	(21)	(176)
Changes in trade receivables/payables	(140)	28
Changes in other receivables/payables	52	(24)
Changes in receivables/payables for derivatives	5	(6)
Taxes paid	(69)	(47)
Utilisation of provisions (including employee benefit obligations)	(56)	(39)
Increases in provisions (including employee benefit obligations)	228	28
<b>A. Net cash flow provided by/(used in) operating activities</b>	<b>146</b>	<b>35</b>
Acquisitions	(419)	(21)
Investments in property, plant and equipment	(77)	(45)
Disposals of property, plant and equipment	12	6
Investments in intangible assets	(16)	(11)
Investments in financial assets held for trading	(12)	(12)
Disposals of financial assets held for trading	22	13
Investments in available-for-sale financial assets	-	(152)
Disposals of available-for-sale financial assets	143	3
Investments in associates	1	-
Dividends received	5	2
<b>B. Net cash flow provided by/(used in) investing activities</b>	<b>(341)</b>	<b>(217)</b>
Capital contribution and other changes in equity	1	13
Dividend distribution	(36)	(75)
Share buy-back	-	-
Finance costs paid	(266)	(214)
Finance income received	159	166
Changes in net financial payables	267	183
<b>C. Net cash flow provided by/(used in) financing activities</b>	<b>125</b>	<b>73</b>
D. Currency translation gains/(losses) on cash and cash equivalents	(10)	7
<b>E. Total cash flow provided/(used in) the period (A+B+C+D)</b>	<b>(80)</b>	<b>(102)</b>
<b>F. Net cash and cash equivalents at the beginning of the period</b>	<b>630</b>	<b>492</b>
<b>G. Net cash and cash equivalents at the end of the period (E+F)</b>	<b>550</b>	<b>390</b>

(\*) The Draka Group's cash flows refer to the period 1 March - 30 September 2011.

## ANNEX B

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

(in millions of Euro)

	9 months 2011 (*)	9 months 2010
Net profit/(loss) for the period	(159)	92
Taxes	20	43
Share of income from investments in associates and dividends from other companies	(6)	(2)
Finance income	(170)	(168)
Finance costs	262	247
Amortisation, depreciation and impairment	103	63
Fair value change in metal derivatives	97	(3)
Fair value change in stock options	1	-
<b>EBITDA</b>	<b>148</b>	<b>272</b>
Draka acquisition costs	6	-
Effects of Draka change of control	2	-
Draka integration costs	9	-
Company reorganisation	27	6
Gains on disposal of assets held for sale	(1)	-
Business interruption - Libya	4	-
Antitrust	199	1
Release of provision for tax inspections	-	(2)
Special project costs	-	3
Environmental remediation	-	1
Release of Draka inventory step-up (1)	14	-
<b>Adjusted EBITDA</b>	<b>408</b>	<b>281</b>

(\*) The Draka Group's results have been consolidated for the period 1 March - 30 September 2011.

(1) Refers to the higher cost of using finished and semi-finished goods and raw materials measured at the Draka Group's acquisition-date fair value.

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

(in millions of Euro)

	9 months 2011 (*)	9 months 2010	Consolidated change
<b>EBITDA</b>	<b>148</b>	<b>272</b>	<b>(124)</b>
Changes in provisions (including employee benefit obligations)	172	(11)	183
Inventory step-up	14	-	14
(Gains)/losses on disposal of property, plant and equipment and intangible assets	(1)	-	(1)
<b>Net cash flow provided by operating activities (before changes in net working capital)</b>	<b>333</b>	<b>261</b>	<b>72</b>
Changes in net working capital	(118)	(179)	61
Taxes paid	(69)	(47)	(22)
<b>Net cash flow provided by operating activities</b>	<b>146</b>	<b>35</b>	<b>111</b>
Acquisitions	(419)	(21)	(398)
Net cash flow used in operational investing activities	(81)	(50)	(31)
Net cash flow provided by financial investing activities	6	5	1
<b>Free cash flow (unlevered)</b>	<b>(348)</b>	<b>(31)</b>	<b>(317)</b>
Net finance costs	(107)	(48)	(59)
<b>Free cash flow (levered)</b>	<b>(455)</b>	<b>(79)</b>	<b>(376)</b>
Increases in share capital and other changes in equity	1	13	(12)
Dividend distribution	(36)	(75)	39
<b>Net cash flow provided/(used) in the period</b>	<b>(490)</b>	<b>(141)</b>	<b>(349)</b>
<b>Opening net financial position</b>	<b>(459)</b>	<b>(474)</b>	<b>15</b>
Net cash flow provided/(used) in the period	(490)	(141)	(349)
Other changes	(1)	(39)	38
Business combinations	(439)	-	(439)
<b>Closing net financial position</b>	<b>(1,389)</b>	<b>(654)</b>	<b>(735)</b>

(\*) The Draka Group cash flows refer to the period 1 March - 30 September 2011.