Prysmian Group

PRYSMIAN
Draka

PRESS RELEASE

PRYSMIAN S.P.A. FIRST-QUARTER RESULTS 2018

ORGANIC SALES GROWTH OF +3.1%

STRONG BOOST FROM HIGH VOLTAGE UNDERGROUND AND INDUSTRIAL

SOLID GROWTH IN OPTICAL CABLES

POSITIVE TREND IN TRADE & INSTALLERS

PROFITABILITY STABLE WITH ADJ EBITDA AT €153M (€154M IN Q1 2017)

JUMP BY TELECOM REFLECTING INCREASED VOLUMES, PRODUCTION EFFICIENCY AND RESULTS OF YOFC

ENERGY PROJECTS IMPACTED BY €20M IN PROVISIONS AGAINST WESTERN LINK PROJECT

FY 2018 GUIDANCE, ADJ EBITDA FORECAST TO RANGE €730M – €770M (€736M IN 2017)*

Milan, 10/5/2018. The Board of Directors of Prysmian S.p.A. has approved today the Group's consolidated results for the first quarter of 2018[1] (which are subject to a limited review, not yet completed as at the current date).

"The first quarter of 2018 marks a more decided return to revenue growth, boosted in particular by favourable phasing of submarine project execution activities, strong demand in the High Voltage Underground business and growth in the Industrial business," commented Valerio Battista, CEO of Prysmian Group. "The positive trend for Telecom has been confirmed, with demand for optical cables growing worldwide. Market prospects are essentially positive for the Group's two strategic segments: submarine cables and systems, where we expect tendering activities to intensify in the second half, and Telecom, where demand for optical cables serving new broadband networks continues to be high, especially in France with the Très Haut Débit project. Based on these assumptions and considering the existing structure of the Group's business structure, we are able to announce for 2018 yet higher earnings targets, with Adjusted EBITDA in the range of €730 and €770 million," Battista concluded.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION
(in millions of Euro)

	3 months 2018	3 months 2017	% Change	% organic sales change
Sales	1,879	1,849	1.6%	3.1%
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	133	144	-8.1%	
Adjusted EBITDA	153	154	-0.8%	
EBITDA	136	130	4.9%	
Adjusted operating income	109	110	-0.9%	
Operating income	57	78	-26.9%	
Profit/(Loss) before taxes	38	52	-26.9%	
Net profit/(loss) for the period	28	37	-24.3%	
Net profit attributable to owners of the parent	28	36	-22.2%	

(in milions of Euro)

	31 March 2018	31 March 2017 (*)	Change
Net capital employed	2,909	3,048	(139)
Employee benefit obligations	353	381	(28)
Equity	1,908	1,669	239
of which attributable to non-controlling interests	177	212	(35)
Net financial debt	648	998	(350)

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 15.

[1] Notwithstanding the fact that the law has abolished the obligation to publish interim management statements, the Company has elected to provide the market with quarterly voluntary reporting on a consolidated basis, in continuity with the past. In addition, it is noted that the Group is exceptionally drawing up its Interim Financial Report at 31 March 2018 in compliance with IAS 34, in anticipation of its possible inclusion in official documentation accompanying a possible capital market transaction in coming months.

FINANCIAL RESULTS

Group **Sales** amounted to €1,879 million, posting organic growth of +3.1% assuming the same group perimeter and excluding metal price variation and exchange rate effects. The Energy Projects segment recorded increased volumes and sales (organic growth of +14.8%) thanks to favourable phasing of submarine cable project execution and to strong demand in the High Voltage Underground business. Telecom also performed well (organic sales growth of +1.7%) underpinned by steady growth in demand for optical cables for deployment in broadband networks which more than offset the significant fall in copper cable sales. Within the Energy Products segment, the Industrial & Network Components business posted a significant growth in sales (organic sales increase of +10.7%), while the Energy & Infrastructure business saw a market recovery by building wires, although partially absorbed by lower Power Distribution volumes and sales (organic sales –2.5%). Lastly, the Oil & Gas scenario remained negative, reflected in a decline in organic sales (-9.1%).

Adjusted EBITDA came to €153 million (before net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses totalling €17 million), and was in line with the corresponding first-quarter figure of €154 million in 2017, despite the impact of €20 million provision for the Western Link project. The Adjusted EBITDA margin on sales was stable at 8.1% (8.3% in Q1 2017). The resilience of profitability was supported by the significant growth of Telecom (Adjusted EBITDA margin on sales up to 23.5% from 16.3% in the corresponding period of 2017), and was affected by negative forex effects of €13 million and the provision for the Western Link project in the Energy Projects business.

EBITDA amounted to €136 million, compared with €130 million in Q1 2017 (+4.9%), inclusive of €17 million in adjustments (€24 million in Q1 2017). Such adjustments in the first three months of 2018 mainly comprise costs for reorganising and improving efficiency and costs related to the acquisition and integration of General Cable.

Operating Income came to €57 million, compared with €78 million in Q1 2017, mainly reflecting the negative non-cash effect of fair value changes in metal derivatives following a stabilisation in copper prices.

Net Finance Costs came to €19 million in the first three months of 2018 compared with €26 million in the corresponding period of 2017. The decrease of €7 million is mainly attributable to lower finance costs, partly due to conversion of the convertible bond 2013, and to exchange differences, more negative the year before.

Net Profit attributable to the Group is €28 million versus €37 million in the corresponding period of 2017, mainly reflecting the non-cash effect of fair value changes in derivatives used to hedge metal price risk.

Net Financial Debt came to €648 million at 31 March 2018 (€998 million at 31 March 2017), having benefited from €291 million for conversion of the convertible bond 2013. Net cash flow over the past 12 months (before dividends and share buybacks) has been particularly high (€257 million).
The principal factors influencing the change in Net Financial Debt in the past twelve months were:

- €616 million in net cash flow provided by operating activities before changes in net working capital;
- €40 million in cash flow provided by the decrease in net working capital;
- €101 million in tax payments and €10 million in dividend receipts;
- €233 million in net operating capital expenditure over the past 12 months;
- €68 million in payments for finance costs;
- €101 million to pay dividends paid and €48 million for buyback of the Company's shares and other changes.

ENERGY PROJECTS OPERATING SEGMENT PERFORMANCE AND RESULTS

- **ORGANIC SALES GROWTH +14.8%**
- **PROFITABILITY IMPACTED BY THE WESTERN LINK PROVISION**
- **INTENSE TENDERING ACTIVITY EXPECTED IN SECOND HALF OF YEAR**

Energy Projects sales to third parties reached €311 million (organic growth +14.8%), with Adjusted EBITDA at €21 million versus €40 million in the same period of 2017 (Adjusted EBITDA margin on sales at 6.9% down from 14.4%), having absorbed €20 million provision related to a fault - currently under investigation - occurred during the testing phase in preparations for the Western Link project commissioning.

Submarine Cables and Systems posted a positive sales performance thanks to positive phasing of project execution, also enabled by the Group's investment in innovative assets allowing it to improve its installation capabilities. Of particular note in the first three months was the award of the first ever cable contract for a floating offshore wind farm, the Kincardine in Scotland, for which the Group will also supply the inter-array cables, and the award of a contract by Terna Rete Italia S.p.A. for a submarine power cable between Capri and Sorrento.

The total value of the Submarine Cables and Systems order book stands at around €1.9 billion. Tendering activity is expected to intensify in the second half of the year.

Organic sales growth by High Voltage Underground Cables benefited from robust demand in some Asian markets, such as Indonesia, as well as in France, Spain and Turkey. Profitability was affected by the mix of sales, significantly up in more competitive markets. The Group's order book for High Voltage Underground cables stands at around €450 million, with a positive outlook thanks to dynamism in the Middle East and Asia Pacific markets.

(in millions of Euro)

	3 months 2018	**3 months 2017**	**% Change**	**% organic sales change**
Sales	311	275	12.9%	14.8%
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**21**	**40**	**-45.5%**	
% of sales	6.9%	14.4%		
Adjusted EBITDA	**21**	**40**	**-45.6%**	
% of sales	6.9%	14.4%		
EBITDA	**20**	**25**	**-16.0%**	
% of sales	6.7%	9.0%		
Amortisation and depreciation	(10)	(10)		
Adjusted operating income	**11**	**30**	**-63.2%**	
% of sales	3.5%	10.7%		

ENERGY PRODUCTS OPERATING SEGMENT PERFORMANCE AND RESULTS

- **STRONG ORGANIC SALES GROWTH FOR INDUSTRIAL BUSINESS**
- **RECOVERY BY TRADE & INSTALLERS; POWER DISTRIBUTION WEAK ESPECIALLY IN CERTAIN REGIONS**
- **PROFITABILITY AFFECTED BY HIKE IN METAL PRICES FOR POWER DISTRIBUTION AND DROP IN VOLUMES AND MARGINS FOR OMAN CABLES INDUSTRY**

Energy Products sales to third parties amounted to €1,194 million, posting organic growth of +1.4%, largely due to recovery in volumes in Europe. Adjusted EBITDA amounted to €58 million (€61 million in Q1 2017), with a slight fall in margins (Adjusted EBITDA 4.8% on sales versus 5.2% in Q1 2017) due to the hike in metal prices for Power Distribution and drop in margins for Oman Cables Industry.

(in millions of Euro)

	3 months 2018	3 months 2017	% Change	% organic sales change
Sales	1,194	1,180	1.1%	1.4%
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**56**	**59**	**-4.8%**	
% of sales	4.7%	5.0%		
Adjusted EBITDA	**58**	**61**	**-5.1%**	
% of sales	4.8%	5.2%		
EBITDA	**54**	**57**	**-5.3%**	
% of sales	4.5%	4.8%		
Amortisation and depreciation	(20)	(20)	-1.8%	
Adjusted operating income	**38**	**41**	**-6.6%**	
% of sales	3.2%	3.5%		

Energy & Infrastructure

Energy & Infrastructure sales to third parties amounted to €790 million, reflecting a negative organic change of -2.5%. Adjusted EBITDA came in at €31 million versus €35 million in Q1 2017.

Trade & Installers recorded an upturn in demand with the start of the year, translating into growth in sales, most in evidence in Southern Europe, Germany, Eastern Europe and the Netherlands, also thanks to implementation of Europe's new Construction Products Regulation (CPR), whose requirements for higher quality and safety standards is to Prysmian Group's advantage with its complete range of top-end products. The subsidiary Oman Cables Industry (OCI) performed poorly, reflecting conditions on the local market, which is influenced by the oil price. Overall business profitability improved.

Power Distribution reported flagging sales volumes, particularly in South America, Northern Europe, Southeast Asia and the Middle East (OCI), also adversely affecting profitability. Germany and the Netherlands showed a slight recovery.

Industrial & Network Components

Industrial & Network Components sales to third parties recorded a significant improvement, rising to €369 million after organic growth of +10.7%. Three-month Adjusted EBITDA came to €27 million, in line with the result in Q1 2017 (margins at 7.3%, down from 7.9% in 2017). Specialties & OEM & Renewables both turned in a strong performance with double-digit organic growth, particularly driven by Railways and Infrastructure; Renewables were stable, while Crane and Nuclear both underperformed. Profitability was therefore affected by the unfavourable sales mix. Organic sales growth by the Elevators business was largely the result of growing demand in the EMEA region. Volumes were also positive in North America but more subdued in China. Adjusted EBITDA was affected by forex, metal prices and an unfavourable product mix in North America. Organic growth and higher profitability marked the results of the Automotive business, thanks to solid performance in North America, South America and Europe, with Adjusted EBITDA benefiting from an improved sales mix and reduction in fixed costs. Lastly, a weaker trend for Medium and Low Voltage accessories in the Network Components business was partially offset by a recovery in High and Extra High Voltage in APAC and Europe.

OIL & GAS OPERATING SEGMENT PERFORMANCE AND RESULTS

- **CORE OIL & GAS SHOWS SIGNS OF UPTURN IN DEMAND**
- **LOWER VOLUMES AND PRICE PRESSURE FOR UMBILICALS**
- **POSITIVE SIGNS FOR DOWNHOLE TECHNOLOGY THANKS TO SHALE OIL**

Oil & Gas sales to third parties came to €57 million in the first three months of 2018, posting an organic change of -9.1%. Adjusted EBITDA was a negative €1 million, compared with a break-even in the same period of 2017, with margins at -2.3% versus 0.2% last year.

The SURF business (Subsea Umbilicals Risers and Flowlines) was affected by price pressure and reductions in umbilical projects, resulting in a significant shrinkage in sales and margins.

In the Downhole Technology business, demand showed signs of improving with an upturn in volumes thanks to the dynamism of shale oil in the USA and a recovery in demand in the Middle East. The offshore market has remained weak.

The Core Oil & Gas business recorded signs of reviving demand, driven by onshore projects, with a recovery in profitability thanks to the Group's focus on Design-to-Cost and actions in the supply chain to offset the impact of lower prices. Volumes were once again down in the higher margin offshore and MRO sector.

(in millions of Euro)

	3 months 2018	3 months 2017	% Change	% organic sales change
Sales	57	66	-13.0%	-9.1%
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**(1)**	**0**		
% of sales	-2.3%	0.2%		
Adjusted EBITDA	**(1)**	**0**		
% of sales	-2.3%	0.2%		
EBITDA	**(2)**	**(1)**		
% of sales	-3.3%	-0.9%		
Amortisation and depreciation	(3)	(4)		
Adjusted operating income	**(4)**	**(4)**		
% of sales	-7.1%	-6.5%		

TELECOM OPERATING SEGMENT PERFORMANCE AND RESULTS

- **CONTINUED GROWTH IN DEMAND FOR OPTICAL CABLES**
- **MAJOR IMPROVEMENT IN PROFITABILITY**
- **MULTIMEDIA SOLUTIONS ALSO GOOD**

Telecom sales to third parties amounted to €317 million in the first three months of 2018, with organic growth of +1.7% driven by strong demand for optical cables which more than offset the decline in copper cables. Adjusted EBITDA increased by 40.1% to €75 million, with margins improving to 23.5% from 16.3% in Q1 2017. The strong growth in segment results benefited from the growth in volumes, increased competitiveness and improved industrial efficiency, positive results of the Chinese associate YOFC and partial release of the provision made in 2016 against receivables in Brazil.

Growth in sales for optical fibre cables benefited from broadband investment projects in Europe, particularly France with the Très Haut Débit project. In Brazil, investments by the major telecom operators reported a slight recovery. The copper cables business was affected, as expected, by the decline in volumes in Australia.

Growth by Multimedia Solutions reflected increased volumes in the European market.

The high value-added business of optical connectivity also confirmed positive results, thanks to the development of new FTTx networks (providing last mile broadband) in Europe (particularly in France and Britain).

(in millions of Euro)

	3 months 2018	3 months 2017	% Change	% organic sales change
Sales	317	328	-3.2%	1.7%
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**57**	**45**	**23.1%**	
% of sales	17.7%	13.9%		
Adjusted EBITDA	**75**	**53**	**40.1%**	
% of sales	23.5%	16.3%		
EBITDA	**73**	**52**	**40.3%**	
% of sales	23.1%	15.9%		
Amortisation and depreciation	(11)	(10)		
Adjusted operating income	**64**	**43**	**47.2%**	
% of sales	20.1%	13.2%		

BUSINESS OUTLOOK

World economic performance in the first few months of 2018 has largely confirmed the growth rates achieved in 2017 by the United States and China, despite the decision announced by both nations to introduce new trade tariffs on specific imported goods. While the tax reform introduced by the Trump administration has fanned US growth, in China the improvement in domestic consumption has driven economic growth in the first months of the year. In Europe, growth remains solid, albeit down from the latter part of 2017, while the main indicators of business and consumer confidence remain high. In Brazil the gradual recovery emerging at the end of 2017 has been confirmed, supported by renewed political stability and lower inflation.

In such a macroeconomic context, Prysmian Group expects in FY 2018 to see higher demand in the cyclical businesses of building wires and industrial applications than in 2017, reflecting stronger European demand as partially tempered by weakness in the Middle East (Oman). The business of medium voltage cables for utilities can expect largely stable demand, with a mixed performance between the different geographical areas. As far as Energy Projects segment is concerned, with market expansion forecast, Prysmian Group anticipates consolidating its leadership in submarine cables and systems in view of an expected growth in tendering activity in the second half of the year.

The Group expects high voltage underground cables and systems to make a moderate recovery from 2017, with a steady improvement in results anticipated in China thanks to the new manufacturing footprint. In the Oil & Gas segment, the Group expects stable cable demand for new onshore projects (primarily in North America and the Middle East) thanks to the gradual rise in oil prices, while the SURF business is forecast to remain weak due to the reduction in prices and volumes in the Brazilian market. The Telecom segment should see solid organic growth in 2018, underpinned by strong growth in demand for optical cables in North America and Europe, while copper telecom cables are confirmed in retreat due to declining demand in Australia.

In addition, assuming exchange rates remain at the same level as at the date of the present document, the effect of translating Group company results into the reporting currency can be expected to have a negative impact of around €20-25 million on the Group's forecast operating income for 2018.

In view of these considerations, the Group is forecasting Adjusted EBITDA for FY 2018 in the range of €730-770 million, from the €736 million reported in 2017. This forecast considers, in line with the first-quarter results, a growth in volumes and margins in the Telecom operating segment and an improvement in sales volumes by E&I and Industrial & Network Components. The forecast also includes the aforementioned negative impact of exchange rates (€20-25 million) and the provision of €20 million (already booked in the first quarter) for the Western Link project. The forecast is based on the Group's current business perimeter and takes into account the existing order book.

The Prysmian Group's First-Quarter Financial Report at 31 March 2018, approved by the Board of Directors today, will be made available to the public at the Company's registered office in Via Chiese 6, Milan and at Borsa Italiana S.p.A.. It will also be available on the corporate website at www.prysmiangroup.com and in the authorised central storage mechanism used by the company at www.emarketstorage.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. Actual results may differ materially from those reflected in forward-looking statements due to a variety of factors.
The managers responsible for preparing corporate accounting documents (Carlo Soprano and Alessandro Brunetti), hereby declare, pursuant to art. 154-bis par. 2 of Italy's Unified Financial Act, that the accounting information contained in this press release corresponds to the underlying documents, accounting books and records.

The results at 31 March 2018 will be presented to the financial community during a conference call to be held today at 18:00 CET, a recording of which will be subsequently made available on the Group's website: www.prysmiangroup.com.

The documentation used during the presentation will be available today in the Investor Relations section of the Prysmian website at www.prysmiangroup.com.

Prysmian Group
Prysmian Group is world leader in the energy and telecom cables and systems industry. With nearly 140 years of experience, sales of over €7.9 billion in 2017, 21,000 employees across 50 countries and 82 plants, the Group is strongly positioned in high-tech markets and offers the widest possible range of products, services, technologies and know-how. It operates in the businesses of underground and submarine cables and systems for power transmission and distribution, of special cables for applications in many different industries and of medium and low voltage cables for the construction and infrastructure sectors. For the telecommunications industry, the Group manufactures cables and accessories for voice, video and data transmission, offering a comprehensive range of optical fibres, optical and copper cables and connectivity systems. Prysmian is a public company, listed on the Italian Stock Exchange in the FTSE MIB index.

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ANNEX A

Consolidated statement of financial position

(in millions of Euro)

	31 March 2018	31 December 2017 (*)	1 January 2017 (*)
Non-current assets			
Property, plant and equipment	1,646	1,646	1,631
Intangible assets	720	735	792
Equity-accounted investments	236	217	195
Other investments at fair value through other comprehensive income	13	12	12
Financial assets at amortised cost	2	2	2
Derivatives	7	14	3
Deferred tax assets	150	149	146
Other receivables	17	18	21
Total non-current assets	**2,791**	**2,793**	**2,802**
Current assets			
Inventories	1,114	954	906
Trade receivables	1,223	1,131	1,088
Other receivables	577	419	735
Financial assets at fair value through other comprehensive income	35	40	57
Derivatives	30	45	40
Other financial assets at fair value through other comprehensive income	11	11	-
Cash and cash equivalents	869	1,335	646
Total current assets	**3,859**	**3,935**	**3,472**
Total assets	**6,650**	**6,728**	**6,274**
Equity attributable to the Group:	**1,731**	**1,451**	**1,411**
Share capital	23	22	22
Reserves	1,680	1,188	1,143
Net profit/(loss) for the period	28	241	246
Equity attributable to non-controlling interests:	**177**	**188**	**227**
Share capital and reserves	177	192	211
Net profit/(loss) for the period	-	(4)	16
Total equity	**1,908**	**1,639**	**1,638**
Non-current liabilities			
Borrowings from banks and other lenders	1,460	1,466	1,114
Other payables	8	8	18
Provisions for risks and charges	33	33	40
Derivatives	-	2	12
Deferred tax liabilities	100	103	111
Employee benefit obligations	353	355	383
Total non-current liabilities	**1,954**	**1,967**	**1,678**
Current liabilities			
Borrowings from banks and other lenders	112	370	172
Trade payables	1,605	1,686	1,498
Other payables	683	692	875
Derivatives	58	35	24
Provisions for risks and charges	310	321	339
Current tax payables	20	18	50
Total current liabilities	**2,788**	**3,122**	**2,958**
Total liabilities	**4,742**	**5,089**	**4,636**
Total equity and liabilities	**6,650**	**6,728**	**6,274**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 15 and IFRS 9.

Consolidated income statement

(in millions of Euro)

	3 months 2018	3 months 2017
Sales of goods and services	1,879	1,849
Change in inventories of work in progress, semi-finished and finished goods	121	100
Other income	13	16
Raw materials, consumables used and goods for resale	(1,309)	(1,244)
Fair value change in metal derivatives	(26)	3
Personnel costs	(261)	(267)
of which personnel costs for company reorganisation	*(2)*	*(2)*
of which personnel costs for stock option fair value	*(9)*	*(11)*
Amortisation, depreciation, impairment and impairment reversal	(44)	(44)
Other expenses	(336)	(345)
of which non-recurring (other expenses) and releases	-	*(15)*
of which (other expenses) for company reorganisation	*(1)*	*(3)*
Share of net profit/(loss) of equity-accounted companies	20	10
Operating income	**57**	**78**
Finance costs	(89)	(107)
of which non-recurring finance costs	*(1)*	*(1)*
Finance income	70	81
Profit/(loss) before taxes	**38**	**52**
Taxes	(10)	(15)
Net profit/(loss) for the period	**28**	**37**
Attributable to:		
Owners of the parent	28	36
Non-controlling interests	-	1
Basic earnings/(loss) per share (in Euro)	**0.13**	**0.17**
Diluted earnings/(loss) per share (in Euro)	**0.13**	**0.16**

Consolidated Statement of Comprehensive Income

(in millions of Euro)

	3 months 2018	3 months 2017
Net profit/(loss) for the period	**28**	**37**
Comprehensive income/(loss) for the period:		
- items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on cash flow hedges - gross of tax	(24)	(3)
Fair value gains/(losses) on cash flow hedges - tax effect	8	-
Currency translation differences	(30)	(4)
Total items that may be reclassified, net of tax	**(46)**	**(7)**
Total comprehensive income/(loss) for the period	**(18)**	**30**
Attributable to:		
Owners of the parent	(12)	36
Non-controlling interests	(6)	(6)

Consolidated statement of cash flows

(in millions of Euro)

		3 months 2018	3 months 2017
	Profit/(loss) before taxes	38	52
	Depreciation, impairment and impairment reversals of property, plant and equipment	33	32
	Amortisation and impairment of intangible assets	11	12
	Net gains on disposal of property, plant and equipment, intangible assets and acquisition purchase price adjustment	(1)	-
	Share of net profit/(loss) of equity-accounted companies	(20)	(10)
	Share-based payments	9	11
	Fair value change in metal derivatives and other fair value items	26	(3)
	Net finance costs	19	26
	Changes in inventories	(175)	(152)
	Changes in trade receivables/payables	(169)	(150)
	Changes in other receivables/payables	(184)	(181)
	Taxes paid	(17)	(20)
	Dividends received from equity-accounted companies	3	3
	Utilisation of provisions (including employee benefit obligations)	(22)	(23)
	Increases and/or realises of provisions (including employee benefit obligations) and others	26	22
A.	**Net cash flow provided by/(used in) operating activities**	**(423)**	**(381)**
	Investments in property, plant and equipment	(45)	(57)
	Disposals of property, plant and equipment and assets held for sale	1	-
	Investments in intangible assets	(2)	(10)
	Investments in financial assets at fair value through other comprehensive income	-	(14)
	Disposals of financial assets at fair value through other comprehensive income	4	6
B.	**Net cash flow provided by/(used in) investing activities**	**(42)**	**(75)**
	Shares buyback	-	(49)
	Dividend distribution	-	-
	Early repayment of credit facility	-	(50)
	EIB loans	(9)	(8)
	Issuance of convertible bond - 2017	-	500
	Finance costs paid	(70)	(97)
	Finance income received	60	85
	Changes in net financial receivables/payables	22	46
C.	**Net cash flow provided by/(used in) financing activities**	**3**	**427**
D.	**Currency translation gains/(losses) on cash and cash equivalents**	**(4)**	**(1)**
E.	**Total cash flow provided/(used) in the period (A+B+C+D)**	**(466)**	**(30)**
F.	**Net cash and cash equivalents at the beginning of the period**	**1,335**	**646**
G.	**Net cash and cash equivalents at the end of the period (E+F)**	**869**	**616**
	Cash and cash equivalents reported in consolidated statement of financial position	**869**	**616**

Prysmian Group

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ANNEX B

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

(in millions of Euro)

	3 months 2018	3 months 2017
Net profit/(loss) for the period	28	37
Taxes	10	15
Finance income	(70)	(81)
Finance costs	89	107
Amortisation, depreciation, impairment and impairment reversal	44	44
Fair value change in metal derivatives	26	(3)
Fair value change in stock options	9	11
EBITDA	**136**	**130**
Company reorganisation	3	5
Non-recurring expenses/(income):		
Antitrust	-	15
Other non-operating expenses/(income)	14	4
of which General Cable acquisition related costs	*1*	-
of which General Cable acquisition integration costs	*8*	-
Total adjustments to EBITDA	**17**	**24**
Adjusted EBITDA	**153**	**154**

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

(in millions of Euro)

	3 months 2018	3 months 2017	Change
EBITDA	**136**	**130**	**6**
Changes in provisions (including employee benefit obligations) and others	4	(1)	5
(Gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets	(1)	-	(1)
Share of net profit/(loss) of equity-accounted companies	(20)	(10)	(10)
Net cash flow provided by operating activities (before changes in net working capital)	**119**	**119**	**-**
Changes in net working capital	(528)	(483)	(45)
Taxes paid	(17)	(20)	3
Dividends from investments in equity-accounted companies	3	3	-
Net cash flow provided/(used) by operating activities	**(423)**	**(381)**	**(42)**
Cash flow from acquisitions and/or disposal	-	-	-
Net cash flow used in operating activities	(46)	(67)	21
Of which for investment of Wuhan ShenHuan	-	*(33)*	*33*
Free cash flow (unlevered)	**(469)**	**(448)**	**(21)**
Net finance costs	(10)	(12)	2
Free cash flow (levered)	**(479)**	**(460)**	**(19)**
Share buy back	-	(49)	49
Dividend distribution	-	-	-
Capital contributions and other changes in equity	-	-	-
Net cash flow provided/(used) in the period	**(479)**	**(509)**	**30**
Opening net financial debt	**(436)**	**(537)**	**101**
Net cash flow provided/(used) in the period	(479)	(509)	30
Equity component of Convertible Bond 2017	-	48	(48)
Conversion of Convertible Bond 2013	283	-	283
Other changes	(16)	-	(16)
Closing net financial debt	**(648)**	**(998)**	**350**