THIRD QUARTER REPORT AT 30 SEPTEMBER 2014

Prysmian Group

PRYSMIAN

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Disclaimer

This document contains forward-looking statements, specifically in the sections entitled "Significant events after the reporting period" and "Business outlook", that relate 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.

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DIRECTORS' REPORT

DIRECTORS AND AUDITORS

Board of Directors	**Chairman**	Massimo Tononi (*) (2)	
	Chief Executive Officer & General Manager	Valerio Battista	
	Directors	Maria Elena Cappello (*) (**) (1)	Pier Francesco Facchini
		Cesare d'Amico (*) (**)	Fritz Fröhlich (*) (**) (1)
		Claudio De Conto (*) (**) (1) (2)	Fabio Ignazio Romeo
		Giulio Del Ninno (*) (**) (2)	Giovanni Tamburi (*) (**)
		Massimo Battaini (3)	
Board of Statutory Auditors	**Chairman**	Pellegrino Libroia	
	Standing Statutory Auditors	Paolo Francesco Lazzati	Maria Luisa Mosconi
	Alternate Statutory Auditors	Marcello Garzia	Claudia Mezzabotta
Independent Auditors	**PricewaterhouseCoopers S.p.A.**		

(*) Independent directors as per Italy's Unified Financial Act

(**) Independent directors as per Italy's Self-Regulatory Code of Corporate Governance

(1) Members of Control and Risks Committee

(2) Members of the Compensation and Nominations Committee

(3) Appointed on 16 April 2014

Introduction

This Quarterly Financial Report at 30 September 2014 (Interim management statement pursuant to art. 154-ter of Italian Legislative Decree 58/1998) has been drawn up and prepared:

- in compliance with art. 154-ter of Italian Legislative Decree 58/1998 and subsequent amendments and with the Issuer Regulations published by Consob (Italy's securities regulator);
- in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and in accordance with *IAS 34 – Interim Financial Reporting*, applying the same accounting standards and policies adopted to prepare the consolidated financial statements at 31 December 2013, except as described in the Explanatory Notes in the paragraph entitled "Accounting standards, amendments and interpretations applied from 1 January 2014".

This Quarterly Financial Report is unaudited.

As a result of the changes introduced by *IFRS 10 - Consolidated Financial Statements* and *IFRS 11- Joint Arrangements*, applicable retrospectively from 1 January 2014, the Group's consolidated figures have been restated as from 1 January 2013.
The main effects of applying the new standards relate to use of the equity method to consolidate Yangtze Optical Fibre and Cable Joint Stock Limited Co. and Power Cable Malaysia Sdn Bhd, previously consolidated using the proportionate method, and Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd., previously consolidated line-by-line.
In addition, the Group has adopted a new method of classifying its share of the net profit/(loss) of equity-accounted companies, whereby it recognises this amount as a component of Operating income when relating to companies that operate in the same sector as the Group.
Further details can be found in Section C. Restatement of comparative figures, contained in the Explanatory Notes, and in the section on Alternative Performance Indicators contained in the present Directors' Report.

SIGNIFICANT EVENTS DURING THE PERIOD

NEW INDUSTRIAL PROJECTS AND INITIATIVES

On 16 January 2014, the Prysmian Group was awarded a contract worth approximately USD 24 million by Petrobras, Brazil's national oil company. The contract refers to the supply of special Down Hole Technology (DHT) cable systems for the offshore oil & gas industry, which will be manufactured at the Group's plants in Bridgewater (New Jersey - USA) and Cariacica (Brazil), using Brazilian-sourced materials such as steel. Delivery was scheduled for July 2014.

On 9 April 2014, Prysmian Group was awarded a contract by Energinet.dk, Denmark's grid operator, to develop a high voltage cable system for the underground connection of the Horns Rev3 offshore wind farm. The project, known as Horns Rev3, involves supplying a 245 kV High Voltage Alternate Current (HVAC) power cable for a 45 km underground route, Click-FitTM network components and commissioning services to connect the Horns Rev3 offshore wind farm from the coastal substation to the 400 kV transmission station in Endrup. The underground cables for the Horns Rev3 wind farm connection will be produced at the Pikkala plant (Finland), one of the Group's centres of technological and manufacturing excellence for high voltage cables. This project is due to be completed by the end of 2015, with final delivery in 2016.

On 15 April 2014, TenneT, the Dutch-German grid operator, awarded Prysmian Group a contract, known as BorWin3, worth more than Euro 250 million, for the connection of offshore wind farms in the North Sea to the German mainland. The project involves the supply, installation and commissioning of a 320 kV High Voltage Direct Current (HVDC) extruded cable with a 900 MW rating and integrated optical fibre cable system. The cable will be routed 29 km onshore and 130 km underwater. It will connect the mainland converter station at the Emden Ost power substation in Lower Saxony to BorWin gamma, the offshore converter platform in the BorWin cluster, approximately 120 km north of the German coast. The BorWin3 project will be completed using cables produced at the Group's centres of technological and manufacturing excellence in Pikkala (Finland) and Gron (France). Project execution will be managed by Prysmian's new offices in Hamburg. Installation of the HVDC system is scheduled for completion by October 2017.

On 22 April 2014, Prysmian Group was awarded a contract worth approximately Euro 30 million by Emirates Holding, a UAE-based construction company, on behalf of major offshore oil and gas producer ADMA-OPCO (Abu Dhabi Marine Operating Company). The contract involves the design and manufacture of submarine cable connections to replace power lines supplying the Zakum offshore oil field in Abu Dhabi. The Zakum contract is the first submarine electrification project planned by ADMA-OPCO and will be the benchmark for future projects to develop and implement a power transmission and distribution network between the various offshore platforms, in order to increase capacity and improve the reliability of their production capability. The project will be managed by the Group's offices in the UAE, using cables manufactured at the Pikkala plant in Finland; the first 70 km batch is scheduled for delivery in November 2014, with project completion due by mid-2015.

On 24 April 2014, Prysmian Group was awarded a contract worth approximately Euro 40 million by ESB (Ireland) for the "Shannon River Crossing" project to install a power line between Kilpaddoge and Moneypoint on opposite banks of the River Shannon, running approximately 3 km along the riverbed. The project involves the supply, installation and commissioning of a 220 kV HVAC double-circuit power line, comprising 21 km of submarine cable including spare lengths, an optical fibre connection, network components and commissioning services. The cables for the "Shannon River Crossing" project will be manufactured at the Pikkala plant in Finland. The project is due to be completed by early 2016.

During the month of May 2014, Prysmian Group was awarded a contract worth approximately Euro 30 million (AUD 44 million) by Ausgrid, a public utility company in the state of New South Wales (Australia), which manages power distribution and transmission grids. This contract, for high voltage underground cables for the "North Shore cable upgrade" project, comes on the back of the separate smaller "Engadine" contract, worth approximately Euro 5 million (AUD 8 million), awarded in September 2013. Cable manufacture will involve multiple Prysmian locations: China will supply the 132 kV cable (approximately 105 km), China and the Netherlands will supply outdoor joints and terminations and Prysmian Australia's Liverpool and Dee Why plants will supply grounding and bonding cables and optical fibre data communication cables, respectively. The Engadine project is currently in the installation phase with completion scheduled for summer 2014, after which work on the North Shore project will begin.

On 20 May 2014, Prysmian Group was awarded a contract that could be worth up to some Euro 730 million (including options for grid connections for approximately Euro 250 million) by 50Hertz Offshore GmbH, a subsidiary of 50Hertz Transmission GmbH, a grid operator in Germany. The contract involves the design, manufacture and installation of cables to connect the West of Adlergrund offshore wind farm cluster in the Baltic Sea to electricity grids on the German mainland. The West of Adlergrund connection project involves a high voltage submarine cable between offshore wind farms, located approximately 40 km north-east of Rügen Island, and the Lubmin substation in north-east Germany (and consequently with the mainland electricity grid). The cable will be routed approximately 90 km underwater and 3 km underground onshore. The 220 kV HVAC 3-core extruded cables (with an integrated optical fibre system) will be produced at the Group's centres of technological and manufacturing excellence for submarine cables in Pikkala (Finland) and Arco Felice (Naples, Italy). Marine installation will be performed using the Cable Enterprise DP2 cable-laying vessel, specifically equipped to make the most of her particular experience in offshore wind farm installations and to best serve the growing markets in Northern Europe by providing highly complex installation solutions. Production and installation of the West of Adlergrund cable systems will start in 2015.

On 17 June 2014, Prysmian Group was awarded a contract worth approximately Euro 80 million, by KAHRAMAA, the Qatar General Electricity & Water Corporation, for power transmission system expansion projects. The contract involves the design, supply, construction, installation and commissioning of 173 km of 220 kV extra high voltage underground cable and related network components. The project is part of stage 2 of Phase XI of the project to expand the power transmission system in Qatar and will be managed by the Group's offices in Qatar, using cables manufactured at the plants in Gron (France) and Livorno (Italy). Installation of the first circuits will start in 2014, with completion expected during 2015.

On 8 August 2014, Prysmian Group was awarded a new contract worth approximately Euro 95 million by IPTO (Independent Power Transmission Operator), the transmission system operator of the Greek electricity grid, for the interconnection between Syros, one of the Cyclades islands, and the mainland Greek power transmission system at Lavrion.

The project involves the design, supply and installation of a turnkey HVAC cable system with a 200 MVA capacity rating; the 150 kV extruded cables and associated optical fibre cable system will run along a route of more than 110 km (108 km underwater and 2 km underground onshore) between the two landfalls, allowing the island of Syros to be connected to Greece's national grid and paving the way for future extension to the other Cyclades islands (Paros, Mykonos, Tinos).

The submarine cables for the Lavrion-Syros link will be manufactured at the Arco Felice plant in Naples (Italy). Production of both submarine and underground cables will take place during 2015. Cable installation and protection will be completed within 22 months, during the course of 2016.

EUROPEAN COMMISSION'S DECISION RELATING TO THE ANTITRUST INVESTIGATION

On 2 April 2014, the European Commission concluded the investigations started in January 2009 by adopting a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., one of the Group's Italian subsidiaries, adopted anti-competitive practices in the European market for high voltage submarine and underground power cables.

The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the disputed infringement in the period from 18 February 1999 to 28 July 2005, sentencing them to pay a fine of Euro 67.3 million, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the disputed infringement in the period from 29 July 2005 to 28 January 2009, sentencing them to pay a fine of Euro 37.3 million. Prysmian has appealed against this decision to the General Court of the European Union and has submitted a request to participate in the appeals respectively lodged by Pirelli & C. S.p.A. and Goldman Sachs Group Inc. against the same decision. Prysmian has not had any financial outlay as a result of this decision, having chosen, pending rulings on appeal, to provide bank guarantees as security against the payment of any amount due once such rulings have been issued.

Following a detailed and careful analysis of the European Commission's ruling, and nonetheless considering this has been appealed and so could be submitted to second-instance judgement, it has been decided to release the amount of Euro 34 million from the existing provision.

FINANCE AND M&A ACTIVITIES

On 18 December 2013, Prysmian S.p.A. entered into a loan agreement with the European Investment Bank (EIB) for Euro 100 million, to fund the Group's European research & development (R&D) programmes over the period 2013-2016.

The EIB Loan is particularly intended to support projects developed in the Group's R&D centres in six countries (France, Great Britain, the Netherlands, Spain, Germany and Italy) and represents about 50% of the Prysmian Group's planned investment expenditure in Europe during the period concerned.

The EIB Loan was received on 5 February 2014; it will be repaid in 12 equal half-yearly instalments starting on 5 August 2015 and ending on 5 February 2021.

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

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

On 27 June 2014, Prysmian S.p.A. signed an agreement (the "Credit Agreement 2014") under which a syndicate of premier banks made available a long-term credit facility for Euro 1,000 million (the "Syndicated Revolving Credit Facility 2014"). The facility, which expires on 27 June 2019, can also be used for the issue of guarantees. The new revolving facility is intended to refinance the Revolving Credit Facility 2010 and to finance the Group's other operating activities. As at 30 September 2014, this facility had been drawn down by Euro 150 million.
On the same date as agreeing this new facility, Prysmian S.p.A. extinguished early the Revolving Credit Facility 2010, originally due to expire on 31 December 2014 and carrying a maximum permitted drawdown of Euro 400 million.

The price adjustment process relating to the acquisition of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) was completed on 28 March 2014, with a price adjustment of GBP 20 million in the Prysmian Group's favour. Since this process was completed more than a year from the acquisition date of 15 November 2012, the difference between the adjusted final price and that previously estimated has been accounted for in the income statement with the recognition of Euro 22 million in non-recurring income.

On 9 July 2014, Prysmian Group finalised the acquisition of the remaining 34% of the shares in AS Draka Keila Cables, becoming the sole shareholder of this Estonian company, which is specialised in cable manufacture and joined the Group following the acquisition of Draka in 2011. The purchase price was Euro 6.2 million and took account of this company's net cash of approximately Euro 4.9 million as at the end of 2013. The investment in Keila Cables will allow the Group to further accelerate its growth strategy in this high-potential region.

On 1 August 2014, Yangtze Optical Fibre and Cable Joint Stock Limited Company, based in Wuhan (People's Republic of China) and in which the Group holds a 37.5% interest, filed an application to list its shares on the Main Board of the Hong Kong Stock Exchange.
The company is a joint venture between the Prysmian Group and two other partners (China Huaxin Post and Telecommunications Economy Development Center and Wuhan Yangtze Communications Industry Group

Co. Ltd., with equity interests of 37.5% and 25% respectively) and specialises in the production of optical fibre and optical cables for telecommunications.

WESTERN HVDC LINK CONTRACT (UK)

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

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

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

Including non-recognition of the margin originally expected on this project in the period, the overall negative impact of the Western HVDC Link (UK) project on the results for the first nine months of 2014 is Euro 83 million.

OTHER SIGNIFICANT EVENTS

On 3 July 2014, the AMT Explorer cable barge, chartered to transport power cables for the Deutsche Bucht and Butendiek offshore wind farms in Germany, capsized while under tow in transit from Arco Felice (Naples) to Bremerhaven (Germany).

The rotating platform owned by the Group and its load sank as a result. The cables being transported were worth approximately Euro 28 million, against which the Group has adequate insurance coverage. At 30 September 2014, the value of the rotating platform has been written off in full (Euro 5 million) and an insurance payout for the same amount has been recognised.

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

On 6 July 2014, the Management Board of Prysmian Netherlands announced to the trade union representatives the intention to close the plant in Amsterdam - 78 employees - and transfer production to the plants in Delft and Emmen.

On 16 July 2014, Draka Paricable (France) initiated the consultation process with the trade unions for the closure of the Aubevoye plant - 92 employees - and the transfer of production to the plants in Amfreville and Gron.

CONSOLIDATED FINANCIAL HIGHLIGHTS*

(in millions of Euro)

	9 months 2014	9 months 2013 (**)	% change	FY 2013 (**)
Sales	5,014	5,297	-5.3%	6,995
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	329	421	-21.9%	578
Adjusted EBITDA [2]	355	442	-19.8%	613
EBITDA [1]	383	408	-6.3%	563
Adjusted operating income [3]	249	333	-25.3%	465
Operating income	281	269	4.5%	368
Profit/(loss) before taxes	173	155	11.5%	218
Net profit/(loss) for the period	135	109	23.4%	153

(in millions of Euro)

	30 September 2014	30 September 2013 (**)	Change	31 December 2013 (**)
Net capital employed	2,874	2,704	170	2,296
Employee benefit obligations	333	335	(2)	308
Equity	1,249	1,176	73	1,183
of which attributable to non-controlling interests	32	32	-	36
Net financial position	1,292	1,193	99	805

(in millions of Euro)

	9 months 2014	9 months 2013 (**)	% change	FY 2013 (**)
Investments [4]	114	71	60.6%	144
Employees (at period end)	19,778	19,502	1.4%	19,232
Earnings/(loss) per share				
- basic	0.63	0.51		0.71
- diluted	0.63	0.51		0.71

[1] Adjusted EBITDA is defined as EBITDA before non-recurring income/(expenses).

[2] 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, dividends from other companies and taxes.

[3] 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.

[4] Investments refer to increases in Property, plant and equipment and Intangible assets.

(*) All percentages contained in this report have been calculated with reference to amounts expressed in thousands of Euro.

(**) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit (loss) of associates and joint ventures.

GROUP PERFORMANCE AND RESULTS

(in millions of Euro)

	9 months 2014	9 months 2013 (*)	% change	FY 2013 (*)
Sales	5,014	5,297	-5.3%	6,995
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**329**	**421**	**-21.9%**	**578**
% of sales	6.6%	7.9%		8.3%
Adjusted EBITDA	**355**	**442**	**-19.8%**	**613**
% of sales	7.1%	8.3%		8.8%
EBITDA	**383**	**408**	**-6.3%**	**563**
% of sales	7.6%	7.7%		8.1%
Fair value change in metal derivatives	12	(12)		(8)
Fair value stock options	(3)	(9)		(14)
Amortisation, depreciation and impairment	(111)	(118)		(173)
Operating income	**281**	**269**	**4.5%**	**368**
% of sales	5.6%	5,1%		5.3%
Net finance income/(costs)	(108)	(114)		(150)
Profit/(loss) before taxes	**173**	**155**		**218**
% of sales	3.5%	2.9%		3.1%
Taxes	(38)	(46)		(65)
Net profit/(loss) for the period	**135**	**109**		**153**
% of sales	2.7%	2.1%		2.2%
Attributable to:				
Owners of the parent	136	108		149
Non-controlling interests	(1)	1		4

Reconciliation of Operating Income / EBITDA to Adjusted Operating Income / Adjusted EBITDA

	9 months 2014	9 months 2013 (*)	% change	FY 2013 (*)
Operating income (A)	**281**	**269**	**4.5%**	**368**
EBITDA (B)	**383**	**408**	**-6.3%**	**563**
Non-recurring expenses/(income):				
Company reorganisation	16	32		50
Antitrust investigations	(28)	(3)		(6)
Environmental remediation and other costs	-	2		(3)
Gains on asset disposals	-	(5)		(5)
Acquisition price adjustment [1]	(22)	-		-
Other net non-recurring expenses/(income)	6	8		14
Total non-recurring expenses/(income) (C)	**(28)**	**34**		**50**
Fair value change in metal derivatives (D)	(12)	12		8
Fair value stock options (E)	3	9		14
Impairment of assets (F)	5	9		25
Adjusted operating income (A+C+D+E+F)	**249**	**333**	**-25.3%**	**465**
Adjusted EBITDA (B+C)	**355**	**442**	**-19.8%**	**613**

[*] The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit (loss) of associates and joint ventures.

[1] This refers to the acquisition in November 2012 of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) from Global Marine Systems Ltd.

The Prysmian Group's sales in the first nine months of 2014 came to Euro 5,014 million, compared with Euro 5,297 million in the corresponding period of 2013.

In the remainder of this Quarterly Financial Report, the effects of the Western HVDC Link project are determined with respect to the results forecast prior to the discovery, towards the end of April, of some technical problems in the cable manufacturing process.

Excluding changes in metal prices and exchange rates, organic sales growth was a positive 0.2%. Excluding the extraordinary adjustments for the Western HVDC Link project, organic growth would have been +1.7%. Organic growth is analysed between the two operating segments as follows:

- Energy -0.1% (+1.7% excluding adjustments for the Western HVDC Link project);
- Telecom +1.9%

The Energy Segment had largely stable sales volumes, resulting from a slight recovery in the traditional businesses of Trade & Installers, High Voltage and renewable energy, as offset by a downturn in the Power Distribution business and certain sectors of the Industrial business, as well as by the downward adjustment to sales in the Submarine business for the effects of the Western HVDC Link project. The Telecom segment reported a positive trend in demand for optical cables, as partially counterbalanced by the slowdown in markets not only for copper cables, due to product maturity, but also for OPGW products, due to the postponement of investment projects.
Group Adjusted EBITDA (before Euro 28 million in net non-recurring income) came to Euro 355 million, posting a decrease of Euro 87 million (-19.8%) on the corresponding figure of Euro 442 million in 2013. Excluding the negative impact of the Western HVDC Link project, Adjusted EBITDA would have been Euro 438 million.

INCOME STATEMENT

The Group's sales came to Euro 5,014 million at the end of the first nine months of 2014, compared with Euro 5,297 million in the same period last year, posting a negative change of Euro 283 million (-5.3%). Excluding the negative impact on expected revenue from the Western HVDC Link project, the Group's sales would have been Euro 5,095 million (-3.8%).

The decrease is attributable to the following factors:

- positive organic growth of Euro 11 million, (+0.2%); excluding adjustments for the Western HVDC Link project, this would have been Euro 92 million (+1.7%);
- negative exchange rate effects of Euro 190 million (-3.6%);
- negative change of Euro 104 million (-1.9%) in sales prices due to fluctuations in metal prices (copper, aluminium and lead).

The general stability in organic sales growth reflects the difficult international environment, involving low demand for infrastructure and continued delays in awarding investment projects; however, such stability confirms the strategic validity of the acquisition and integration of the Draka Group, which by enlarging the business perimeter has made it possible to improve the geographical distribution of sales, in favour of markets in Northern Europe, North America and Asia in general, as well as to enlarge the range of products offered, especially in the Oil & Gas, Elevator, Surf and Optical Cables and Fibres businesses. In the Energy segment, the Trade & Installers business and high value-added businesses such as Accessories and High Voltage underground cables enjoyed positive growth, which was more than offset by the negative impact of the Western HVDC Link contract and the continued slowdown in demand in the Power Distribution business. In the Telecom segment, the strong upsurge in the optical cables business in Europe was only partially offset by the weakness in global demand for copper cables and by postponement of certain OPGW projects.

Adjusted EBITDA amounted to Euro 355 million, down 19.8% from Euro 442 million in the first nine months of last year. Excluding the impact of the Western HVDC Link project, Adjusted EBITDA would have been Euro 438 million, basically in line with the same period last year. The nine-month result in 2014 was also negatively affected by Euro 15 million in exchange rate effects compared with the same period of 2013; these were particularly due to steep depreciation of the Argentine Peso, the Brazilian Real, the US Dollar, Australian Dollar, and the Turkish Lira. This negative impact was partially offset by a reduction in overhead costs, achieved thanks to synergies from integrating the Draka Group.

EBITDA includes Euro 28 million in net non-recurring income (versus Euro 34 million in net expenses in the same period of 2013), mainly attributable to the price adjustment of Euro 22 million against the acquisition of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd), to the net release of Euro 28 million from the Antitrust provision mainly as a result of the European Commission's decision on 2 April 2014, to the recognition of Euro 16 million in costs for reorganisation projects and for improving the Group's industrial efficiency and Euro 5 million for the insurance refund for the rotating platform lost when the AMT Explorer cable barge capsized in July 2014.

Group operating income was a positive Euro 281 million in the first nine months of 2014, compared with a positive Euro 269 million in the corresponding period of 2013, posting a positive change of Euro 12 million. Excluding the negative impact on expected profit margin for the Western HVDC Link project, operating income would have been Euro 364 million.

Net finance costs came to Euro 108 million in the first nine months of 2014, down from Euro 114 million (-5.3%) at the end of the same period last year.

Taxes amounted to Euro 38 million, representing an effective tax rate of around 22%, due to the absence of tax on income arising from the price adjustment and from the partial release of the antitrust provision.

The net result for the first nine months of 2014 was a profit of Euro 135 million, compared with Euro 109 million for the first nine months of 2013. Excluding the adjustments for the Western HVDC Link project, the net result for the first nine months of 2014 would have been a profit of Euro 192 million.

Adjusted net profit[1] was Euro 134 million, compared with Euro 179 million in the same period last year. Excluding the adjustments for the Western HVDC Link project, adjusted net profit for the first nine months of 2014 would have been Euro 191 million.

[1] Adjusted net profit is defined as net profit/(loss) before non-recurring income and expenses, the fair value change in metal derivatives and in other fair value items, the effect of currency and interest rate derivatives, exchange rate differences, non-monetary interest on the convertible bond and the related tax effects.

SEGMENT PERFORMANCE

ENERGY BUSINESS

(in millions of Euro)

	9 months 2014	9 months 2013 (*)	% change	FY 2013 (*)
Sales to third parties	4,269	4,534	-5.8%	6,009
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**266**	**353**	**-24.7%**	**491**
% of sales	6.2%	7.8%		8.2%
Adjusted EBITDA	**280**	**361**	**-22.6%**	**507**
% of sales	6.6%	8.0%		8.4%
EBITDA	**317**	**348**	**-9.3%**	**484**
% of sales	7.4%	7.7%		8.1%
Amortisation and depreciation	(75)	(77)	-3.6%	(105)
Adjusted operating income	**205**	**284**	**-27.8%**	**402**
% of sales	4.8%	6.3%		6.7%

Reconciliation between EBITDA and Adjusted EBITDA

EBITDA (B)	**317**	**348**	**-9.3%**	**484**
Non-recurring expenses/(income):				
Company reorganisation	10	22		33
Antitrust investigations	(28)	(3)		(6)
Environmental remediation and other costs	-	2		(3)
Gains on asset disposals	-	(4)		(4)
Acquisition price adjustment [1]	(22)	-		-
Other net non-recurring expenses/(income)	3	(4)		3
Total non-recurring expenses/(income) (C)	**(37)**	**13**		**23**
Adjusted EBITDA (B+C)	**280**	**361**	**-22.6%**	**507**

[*] The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit (loss) of associates and joint ventures.

[1] This refers to the acquisition in November 2012 of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) from Global Marine Systems Ltd.

Energy business sales to third parties amounted to Euro 4,269 million in the first nine months of 2014, compared with Euro 4,534 million in the corresponding period of 2013, posting a negative change of Euro 265 million (-5.8%). Excluding the negative impact of the Western HVDC Link project, Energy segment sales to third parties would have been Euro 4,350 million.

This negative change is attributable to the following principal factors:

- organic decrease of Euro 3 million (-0.1%); excluding adjustments for the Western HVDC Link project, organic growth would have been a positive Euro 78 million (+1.7%);
- negative exchange rate effects of Euro 163 million (-3.6%);
- negative change of Euro 99 million (-2.1%) in sales prices due to fluctuations in metal prices.

Adjusted EBITDA for the first nine months of 2014 came to Euro 280 million, posting a decrease of Euro 81 million from Euro 361 million (-22.6%) in the corresponding period of 2013. Excluding the negative impact of the Western HVDC Link project, Adjusted EBITDA would have been Euro 363 million.
The following paragraphs describe market trends and financial performance in each of the Energy segment's business areas.

UTILITIES

	9 months 2014	9 months 2013 (*)	% change	% organic sales change	FY 2013 (*)
Sales to third parties	1,535	1,644	-6.6%	-3.1%	2,217
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**130**	**193**	**-32.6%**		**282**
% of sales	8.5%	11.7%			12.7%
Adjusted EBITDA	**135**	**195**	**-30.8%**		**287**
% of sales	8.8%	11.9%			12.9%
Adjusted operating income	**105**	**166**	**-36.7%**		**246**
% of sales	6.9%	10.1%			11.1%

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit (loss) of associates and joint ventures.

The Utilities business area encompasses Prysmian's Energy segment activities involving the engineering, production and installation of cables and accessories for power transmission and distribution. The Group engineers, produces and installs high and extra high voltage cables to *transport* electricity from power stations and within transmission and primary distribution grids. The highly customised, high-tech products serving this market include cables insulated with oil or fluid-impregnated paper for voltages up to 1,100 kV and extruded polymer insulated cables for voltages up to 500 kV. Prysmian also provides a number of services relating to power transmission systems, including installation and post-installation services, grid management and maintenance services, including grid performance monitoring, grid cable repair and maintenance, as well as emergency services, such as reinstatement of service following damage. In addition, Prysmian Group engineers, produces and installs turnkey submarine cable systems for power *transmission* and *distribution.* The products offered include cables with different types of insulation (cables insulated with oil or fluid-impregnated paper for transmission of up to 500 kV AC and DC; extruded polymer insulated cables for transmission of up to 400 kV AC and up to 300 kV DC). The Group - able to offer solutions satisfying the most stringent international standards (SATS/IEEE, IEC, NEK) - uses specific technologies for power transmission and distribution in underwater environments. Prysmian also produces medium voltage cables and systems to connect industrial and/or civilian buildings to primary distribution grids and low voltage cables and systems for power distribution and the wiring of buildings. All the products offered comply with international standards regarding insulation, fire resistance, smoke emissions and halogen levels. Lastly, the Group also produces accessories such as joints and terminations for low, medium, high and extra high voltage cables, as well as accessories to connect cables with each other and with other network equipment, suitable for industrial, construction or infrastructure applications and for power transmission and distribution systems.

MARKET OVERVIEW

During the first nine months of 2014, the markets in which the Prysmian Group's Utilities business area operates saw a consolidation of the signs already emerging since the second half of 2013 and in the early part of 2014.

Both the power distribution and generation markets, in which demand had declined throughout 2012 and 2013, confirmed the differences between the various geographical areas and tougher competitive environment.

Activity levels in the High Voltage market - traditionally highly international both in terms of demand and supply - were stable compared to the same period last year.

This has been due to the generally uncertain macroeconomic scenario regarding future energy consumption and access to funding, in response to which the largest utilities, particularly in Europe and North America, have adopted a selective approach to new investment projects. The focus in Europe, and North and South America has been on rationalisation and/or maintenance projects to improve efficiency and reduce energy generation costs, while the focus in the Middle East and Southeast Asia has been on extending and completing major projects.

In addition, significant competitive price pressure has persisted for operators in growing economies, like China and India, as a consequence of the surplus production capacity in these regions.

The mix of projects realized by the Group in the first nine months of this year was much less profitable than in the past, with a high proportion of 110-220kV cables and lower proportion of 380-400kV cables.

The Submarine market, in the first nine months of 2014, show signs of vitality associated with demand for wind farm connections in Northern Europe and subsea interconnections in the Mediterranean basin.

During the last few days of April, the manufacture of the cables for the Western HVDC Link project in the United Kingdom encountered some technical problems. The analyses and technical tests conducted over the last months have made it possible to make a reliable estimate of the project's revenues and costs, as illustrated in the section on Significant events during the period.

By contrast, demand in the Power Distribution market slowed even more in the period, confirming and reinforcing the downward trend already seen during 2013.

This trend reflects generally flat energy consumption in the principal European countries, which in turn has adversely affected demand by the major utilities. The latter, operating in a recessionary economic environment, have either maintained an extremely cautious approach given the difficulties in forecasting future growth, or else they have concentrated on restructuring to improve efficiency and reduce supply-side costs. As a result, the competitive environment in terms of price and mix has remained extremely challenging almost everywhere.

Markets in the Americas showed signs of general stability in the first nine months of 2014 compared with the same period last year.

The Network Components market can be broadly divided into products for high and extra high voltage networks and products for medium and low voltage use.

As regards High Voltage components, demand has followed the trend in project developments, and so was slightly up in Northern Europe, but down in North America, the Middle East, and China and stable elsewhere. In addition, like in 2013 and the early part of 2014, the business was also affected by the mix of the High

Voltage order book, reflecting a common trend of more fragmented and erratic demand, concentrated on smaller scale but technologically more complex projects than in the past, accompanied by more exacting requirements regarding quality and after-sales service.
Demand for submarine accessories was stable with an upward tendency as a direct consequence of projects currently in progress around the world.
Lastly, the market for medium and low voltage accessories has recorded a weak trend in Europe, mainly due to the lack of grid investment projects; in decline in the Americas, where routine maintenance of secondary distribution networks is also starting to diminish; down in China, where the market has been affected by strong competitive price pressures.

FINANCIAL PERFORMANCE

Sales to third parties by the Utilities business area amounted to Euro 1,535 million in the first nine months of 2014, compared with Euro 1,644 million in the same period of 2013, posting a negative change of Euro 109 million (-6.6%). Excluding the negative impact of the Western HVDC Link project, sales to third parties would have been Euro 1,616 million.

The decrease in sales can be broken down into the following main factors:

- organic decrease of Euro 51 million (-3.1%); excluding adjustments for the Western HVDC Link project, organic growth would have been a positive Euro 30 million (+1.8%);
- negative exchange rate effects of Euro 36 million (-2.2%);
- negative change of Euro 22 million (-1.3%) in sales prices due to fluctuations in metal prices.

Organic decrease in the first nine months of 2014 reflects a combination of opposing factors, such as the positive trends in the Submarine Cables business line (before the Western HVDC Link effect), entirely outweighed by growing weakness in the Power Distribution business.
The High Voltage and Network Components business lines both recorded positive trends compared with the same period in 2013, despite displaying significant regional differences.
High Voltage reported generally positive performance in the Middle and Far East and Northern Europe, while remaining still disappointing in Russia; this was the combined result of projects awarded to Prysmian in markets with growing energy infrastructure requirements, such as the Middle and Far East, along with a number of projects for European utilities on domestic markets (in particular TenneT, Terna, EDF), and of the delay in implementing projects planned in Russia due to local political uncertainty.
Furthermore, the mix of projects implemented during 2014 has been significantly different from the past, generating a lower level of average voltage and involving higher installation costs.
Performance by the Network Components business line was broadly in line with that in the same period last year, reflecting a decline in volumes of medium and low voltage accessories in the major European domestic markets but steady volumes for high voltage products. By contrast, sales on the Chinese market were stable but low, reflecting softening demand accompanied by growing price pressure in the face of stiff local competition.

Sales by the Submarine Cables business line were slightly down on the same period last year, reflecting the phasing of work on the main projects in the order book and particular the delay of Western HVDC Link project (Uk). Main projects under construction include the Helwin 2, Sylwin 1 and Borwin 2 and 3 offshore wind farms in Germany. With regard to the status of the Western HVDC Link (UK) project, initiated in the third quarter of 2012, some technical problems have been encountered with the cable manufacturing, resulting in a downward revision of Euro 81 million to the period's expected sales.

The value of the Group's Submarine order book at the end of the first nine months of 2014 was in line with the level at the end of June 2014, providing sales visibility for a period of about three years. The order book mainly comprises the following contracts: the interconnector between Greece and the Cyclades islands, the interconnector in the English Channel (Normandie3), the interconnectors in the Balearic Islands (Mallorca-Ibiza) and over the Dardanelles Strait, the link between the island of Capri and Torre Annunziata, the link between Montenegro and Italy (Monita), the power transmission system expansion project in Qatar (Kahramaa), and the contracts for offshore wind platform connections (DolWin3, Deutsche Bucht, 50Hertz) and for the supply and installation of submarine cables for part of the offshore operations of ExxonMobil Corporation in the United States.

In order to execute these contracts, investments have been made to upgrade production capacity at the Pikkala plant in Finland, already operational since the end of 2011, and at the Arco Felice plant in Italy.

As a result of the above events in the Submarine Cables business, a worse project mix in the High Voltage underground business and the persistent weakness of Power Distribution, Adjusted EBITDA for the Utilities business area decreased to Euro 135 million (and would have been Euro 218 million without the negative impact of the Western HVDC Link project), down of Euro 60 million compared to Euro 195 million in the same period last year.

TRADE & INSTALLERS

(in millions of Euro)

(*)	9 months 2014	9 months 2013 (*)	% change	% organic sales change	FY 2013 (*)
Sales to third parties	1,434	1,470	-2.5%	5.3%	1,914
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**45**	**61**	**-26.2%**		**71**
% of sales	3.1%	4.1%			3.7%
Adjusted EBITDA	**52**	**65**	**-20.0%**		**79**
% of sales	3.6%	4.4%			4.1%
Adjusted operating income	**35**	**46**	**-23.9%**		**54**
% of sales	2.4%	3.1%			2.8%

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit (loss) of associates and joint ventures.

The Prysmian Group produces a comprehensive range of rigid and flexible low voltage cables for distributing power to and within residential and commercial buildings, always in full observance of international standards. The Group concentrates product development and innovation activities on high performance cables, such as Fire-Resistant and Low Smoke zero Halogen cables, capable of guaranteeing specified safety standards. The product range has been recently expanded to satisfy cabling demands for infrastructure such as airports, ports and railway stations, by customers as diverse as international distributors, buying syndicates, installers and wholesalers.

MARKET OVERVIEW

The reference markets have distinct geographical characteristics (despite international product standards) both in terms of customer and supplier fragmentation and the range of items produced and sold.

Like in the first half of 2014, persistent uncertainty about the construction industry's future prospects has prevailed over the positive effects of lower metal and commodity prices; as a result, the largest industry players have continued to maintain low stocks and constant pressure on sales prices.

As described earlier, countries in Europe, such as Spain and Italy, have been particularly hard hit due to the negative consequences for the property market of severe restrictions on bank credit. Even Germany and the Netherlands have been affected by a stationary trend in demand for new build; this has led to growing price pressure, also due to ever increasing competition by small foreign operators from Southern Europe and North Africa seeking outlets for their surplus capacity in the richer markets of Central and Northern Europe.

The first nine months of 2014 have also confirmed the uncertainty on the North American market – already affected by largely flat demand for products serving infrastructure construction – due to delays in defining tax incentives for energy-efficient buildings. Nonetheless, Canada has seen good growth in demand in the renewable energy sector (for wind farms).

In the markets of South America, the first nine months of 2014 confirmed the downturn in demand already visible in the first half of the year and a reversal of the previous year's volume gains, due to a slowing in the industrial and residential construction sectors.

Lastly, demand has continued to stagnate on the Australian construction market, characterised by strong competitive pressures from Asian operators, despite the Australian dollar's depreciation during the period.

FINANCIAL PERFORMANCE

Sales to third parties by the Trade & Installers business area amounted to Euro 1,434 million in the first nine months of 2014, compared with Euro 1,470 million in the corresponding period of 2013, posting a negative change of Euro 36 million (-2.5%), due to the combined effect of the following main factors:

- positive organic growth of Euro 78 million (+5.3%), due to volume recovery in Northern and Eastern Europe and growth in Asian countries, as only partially offset by negative organic growth in South America;
- negative exchange rate effects of Euro 71 million (-4.9%);
- negative change of Euro 43 million (-2.9%) in sales prices due to fluctuations in metal prices.

During the first nine months of 2014, Prysmian Group has continued its strategy of focusing on commercial relationships with top international customers and its development of tactical actions to avoid losing sales opportunities, by differentiating its offer in the various markets and by increasing its market share in specific geographical areas.

This has led to a very complex commercial strategy, not only focused where possible on improving the sales mix in favour of products for the "safety of people and property" (Fire resistant/LSOH), but also aimed at regaining market share while seeking to minimise the impact on sales margins.
This strategy has been applied in Northern Europe, where market demand is still solid, and in Central and Southern Europe, where market demand is less strong and competitive price pressure greater.
In Asia, faced with continued growth in demand by the construction industry, Prysmian Group has been able to gain market share.
In North America, where the general trend in demand is stable compared with the past and the current year signs are positive for certain specific renewable energy segments, Prysmian Group kept sales volumes stable by leveraging the consolidation of manufacturing and industrial performance at its Canadian production site in Prescott.
By contrast, Prysmian Group's sales have suffered in South America, where the first-half downturn in demand has continued and where it has started to feel pressure on prices for standard products.
The combined factors described above have led to an adjusted EBITDA of Euro 52 million in the first nine months of 2014, down from Euro 65 million (-20.0%) in the same period last year.

INDUSTRIAL

(in millions of Euro)

	9 months 2014	9 months 2013 (*)	% change	% organic sales change	FY 2013 (*)
Sales to third parties	1,228	1,339	-8.3%	-1.9%	1,764
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**84**	**96**	**-12.5%**		**134**
% of sales	6.8%	7.2%			7.6%
Adjusted EBITDA	**86**	**97**	**-11.3%**		**133**
% of sales	7.0%	7.2%			7.6%
Adjusted operating income	**60**	**71**	**-15.5%**		**97**
% of sales	4.9%	5.3%			5.6%

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit (loss) of associates and joint ventures.

The extensive product range, developed specifically for the Industrial market, stands out for the highly customised nature of the solutions offered. These products serve a broad range of industries, including Oil & Gas, Transport, Infrastructure, Mining and Renewable Energy. The Group offers solutions to the Oil & Gas industry for both upstream hydrocarbon research and refining activities and downstream exploration and production activities. The product range is therefore very wide and includes low and medium voltage power and instrumentation/control cables, as well as multipurpose umbilical cables for transporting energy, telecommunications, fluids and chemicals when connecting submarine sources and collectors to FPSO (Floating, Production, Storage and Offloading) platforms. In the Transport sector, Prysmian cables are used in the construction of trains, ships and motor vehicles; in the infrastructure sector, the principal applications for its cables are found in railways, docks and airports. The product range also includes cables for the mining industry, the automotive industry and for elevators, cables for applications in the renewable energy sector, cables for military applications and for nuclear power stations, able to withstand high levels of radiation.

MARKET OVERVIEW

Trends on Industrial cable markets in the first nine months of 2014 have displayed considerable inconsistencies between the various business lines and large differences between the diverse geographical areas. As already seen with the Accessories business line, the common trend, even in the Industrial cables business area, has been one of more fragmented and erratic demand, concentrated on smaller scale but technologically more complex projects than in the past, accompanied by more exacting requirements regarding quality and after-sales service.

Some segments of the Industrial market have shown stable or growing demand, like certain top sectors of OEM (Rolling stock and Rubber mining), Oil & Gas (Offshore) and the Elevator market, accompanied by a slight recovery in demand in the renewable energy market; by contrast, other market segments have experienced a contraction in volumes, like the Onshore Oil & Gas segment, affected by delays in investment projects, and the low-end standard mining and infrastructure ranges for the OEM market, where demand depends on specific geographical factors.

As already indicated, international demand declined in the standard segments of the Oil & Gas and some of OEM markets due to delays in several projects in the Middle East, directly resulting from local political instability, while remaining stable to strong thanks to specific projects in America and the Far East. This decline, which was greatest during the second half of 2013, has resulted in a low order book, with a consequent impact on performance in the first nine months of 2014. Although the level of activity and visibility of international projects has been improving over the first nine months of 2014, it has failed to generate the momentum needed to restore positive growth in the third quarter of the year.

Demand in the industrial infrastructure and mining sectors was weak and below the corresponding period of 2013, primarily due to falling commodity prices and significant production overcapacity.

As far as applications for the transport sector are concerned, the major European players have adopted a cautious stance due to poor visibility as to when to resume investments and to recent deficit-cutting policies in the Eurozone's major economies; demand in other parts of the world has remained buoyant, especially in China and the Far East.

The divergent pattern of demand described above was also confirmed in the Automotive sector. While volumes have increased on the prior year in areas outside Europe, mainly the Americas and Asia, the restrictive financial policies in Europe have forced the ending of incentives in support of the automotive industry with a consequent impact on the level of demand in local markets.

Lastly, the renewable energy market showed particularly positive demand.in China and North America but not in Europe. The situation in Europe is not improving in the wake of restrictive financial policies adopted by the main governments which have either cut special incentives or made it more difficult to access credit for onshore wind projects.

FINANCIAL PERFORMANCE

Sales to third parties by the Industrial business area amounted to Euro 1,228 million in the first nine months of 2014, compared with Euro 1,339 million in the same period of 2013. The reduction of Euro 111 million (-8.3%) is due to the following factors:

- organic decrease of Euro 25 million (-1.9%), largely due to the reduction in volumes for infrastructure, standard mining and onshore work, forming part of the Specialties&OEM and O&G business lines respectively, that was only partially offset by growth of the Elevator and Renewables business lines;
- negative exchange rate effects of Euro 53 million (-3.9%);
- negative change of Euro 33 million (-2.5%) in sales prices due to fluctuations in metal prices.

In Europe, Prysmian Group saw a slowdown in its order book for the high-end OEM sector (mining cables for European markets, mainly Germany) and for the infrastructure sector (power generation cables, mainly for Central-Northern markets); it nonetheless continued to focus its commercial efforts on the Oil & Gas industry, where it was able to benefit from the growth in demand by the North Sea oil industry (Offshore), served by the Norwegian and British markets, despite a steep downturn in exports to energy-producing nations in the Middle East, mainly in the Onshore sector, due to a general stagnation in investment in the face of regional political and economic instability.
In the renewables sector, demand seems to be slowly recovering, particularly in Northern Europe, North America and China, while persistent weakness prevails in Southern Europe.
The strategy of technological specialisation of the solutions offered has allowed Prysmian Group to consolidate its Elevator market leadership in North America and to expand into the Chinese and European markets, where its exposure is still marginal although significantly greater than last year.
As for the Surf market segment, sales of umbilical cables and flexible pipes, manufactured for the South American market at the Vila Velha plant, were below the corresponding period of 2013 because of the small number of investment projects requiring flexible pipes to which the Group has access. In contrast, the Down-Hole-Technology (DHT) business continued to perform well in North America.
Asia Pacific and China were the regions offering the Group the most attractive growth opportunities in the first nine months of 2014, thanks to consolidation of its market share in Australia, growth in Brazil and the development of Offshore projects in Singapore and China.
Adjusted EBITDA for the first nine months of 2014 came to Euro 86 million, down Euro 11 million (-11.3%) from Euro 97 million in the corresponding period of 2013.

OTHER

(in millions of Euro)

	9 months 2014	9 months 2013 (*)	FY 2013 (*)
Sales to third parties	72	81	114
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**7**	**3**	**5**
Adjusted EBITDA	**7**	**4**	**8**
Adjusted operating income	**5**	**1**	**4**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit (loss) of associates and joint ventures.

This business area encompasses occasional sales by Prysmian Group operating units of intermediate goods, raw materials or other products forming part of the production process.

These sales are normally linked to local business situations, do not generate high margins and can vary in size from period to period.

TELECOM BUSINESS

(in millions of Euro)

	9 months 2014	9 months 2013 (*)	% change	FY 2013 (*)
Sales to third parties	745	763	-2,3%	986
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**63**	**68**	**-7,3%**	**87**
% of sales	8,5%	8,9%		8,8%
Adjusted EBITDA	**75**	**81**	**-7,6%**	**106**
% of sales	10,0%	10,6%		10,8%
EBITDA	**72**	**64**	**13,1%**	**86**
% of sales	9,7%	8,4%		8,7%
Amortisation and depreciation	(31)	(32)		(43)
Adjusted operating income	**44**	**49**	**-10,9%**	**63**
% of sales	5,9%	6,4%		6,4%

Reconciliation between EBITDA and Adjusted EBITDA

EBITDA (B)	**72**	**64**	**13,1%**	**86**
Non-recurring expenses/(income):				
Company reorganisation	5	9		13
Antitrust investigations	-	-		-
Gains on asset disposals	-	(1)		(1)
Other net non-recurring expenses/(income)	(2)	9		8
Total non-recurring expenses/(income) (C)	**3**	**17**		**20**
Adjusted EBITDA (B+C)	**75**	**81**	**-7,6%**	**106**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit (loss) of associates and joint ventures.

As partner to leading telecom operators worldwide, Prysmian Group produces and manufactures a wide range of cable systems and connectivity products used in telecommunication networks. The product portfolio includes optical fibre, optical cables, connectivity components and accessories and copper cables.

Optical fibre

Prysmian Group is a leading manufacturer of the core component of every type of optical cable: optical fibre. The Group is in the unique position of being able to use all existing manufacturing processes within its plants: MCVD (Modified Chemical Vapour Deposition), OVD (Outside Vapour Deposition), VAD (Vapour Axial Deposition) and PCVD (Plasma-activated Chemical Vapour Deposition). The result is an optimised product range for different applications. With centres of excellence in Battipaglia (Italy), Eindhoven (the Netherlands) and Douvrin (France), and 5 production sites around the world, Prysmian Group offers a wide range of optical fibres, designed and manufactured to cater to the broadest possible spectrum of customer applications, such as single-mode, multimode and specialty fibres.

Optical cables

Optical fibres are employed in the production of standard optical cables or those specially designed for challenging or inaccessible environments. The optical cables, constructed using just a single fibre or up to as many as 1,728 fibres, can be pulled (or blown) into ducts, buried directly underground or suspended on overhead devices such as telegraph poles or electricity pylons. Cables are also installed in road and rail tunnels, gas and sewerage networks and inside various buildings where they must satisfy specific fire-resistant requirements.

Prysmian Group operates in the telecommunications market with a wide range of cable solutions and systems that respond to the demand for a wider bandwidth by major network operators and service providers. The product portfolio covers every area of the industry, including long-distance and urban systems, and solutions such as optical ground wire (OPGW), Rapier (easy break-out), JetNet (mini blown cable) Airbag (dielectric direct buried cable) and many more.

Connectivity

Whether deployed in outdoor or indoor applications, Prysmian Group's OAsys connectivity solutions are designed for versatility, covering all cable management needs whatever the network type.
These include aerial and underground installations, as well as cabling in central offices (or exchanges) or customer premises.
Prysmian Group is at the forefront of designing next-generation products specifically for Fibre-To-The-Home (FTTH) networks.

FTTx

Increasing bandwidth requirements, from both business and residential customers, are having a profound effect upon the optical network performance level required, which in turn demands high standards of fibre management. Optimal fibre management in every section of the network is increasingly a matter of priority in order to minimise power loss and overcome the problems caused by ever greater space limitations.
The Group has developed the suite of xsNet products for "last mile" access networks, which is also very suited to optical fibre deployment in sparsely populated rural areas.
Most of the cables used in FTTx/FTTH systems feature Prysmian's bend-insensitive BendBrightxs optical fibre, which has been specially developed for this application.

FTTA (Fibre-To-The-Antenna)

xsMobile, which offers Fibre-To-The-Antenna (FTTA) solutions, is an extensive optical fibre-based passive portfolio which enables mobile operators to upgrade their networks easily and quickly. Incorporating Prysmian's experience in Fibre-to-the-Home (FTTH) and its unique fibre innovations, xsMobile consists of different product solutions for three applications: antenna towers, roof-top antennas and Distributed Antenna Systems (DAS) for small cell deployment. The technology offers three access types for outdoor and indoor FTTA deployment, as well as backhaul solutions – incorporating the latest fibre technologies.

Copper cables

Prysmian Group also produces a wide range of copper cables for underground and overhead cabling solutions and for both residential and commercial buildings. The product portfolio comprises cables of different capacity, including broadband xDSL cables and those designed for high transmission, low interference and electromagnetic compatibility.

Multimedia solutions

The Group produces cable solutions for a variety of applications serving communication needs in infrastructure, industry and transport: cables for television and film studios, cables for rail networks such as underground cables for long-distance telecommunications, light-signalling cables and cables for track switching devices, as well as cables for mobile telecommunications antennae.

MARKET OVERVIEW

Forecasts for the optical fibre cables market predict the size of the global market to grow although with large regional differences. In fact, the first nine months of 2014 saw demand grow in fast-developing markets (China) and in those with high communication infrastructure needs (India), along with a volume recovery in Europe. In Brazil, nine-month volumes were stable, pending full implementation of the government's tax measures in support of investment. North America reported a recovery in demand after the steep drop in 2013 with the ending of government incentives.

The Access/Broadband/FTTx market grew in the first nine months of 2014, mainly in Europe and North America, with demand driven by the development of optical fibre communication infrastructure, although the low maturity of these products implies different evolution in demand by geographical area.

The copper cables market has continued to slow not only because of the economic downturn in the past two years, causing some major operators to scale back their larger investment projects, but also because of product maturity. The decline in this market was increasingly evident in the first nine months of 2014, with high demand for internet access leading the major operators to opt to renew their networks using optical fibre, rather than perform maintenance or upgrade work on existing networks.

FINANCIAL PERFORMANCE

Telecom business sales to third parties amounted to Euro 745 million at the end of the first nine months of 2014, compared with Euro 763 million in the corresponding period of 2013, posting a negative change of Euro 18 million (-2.3%).

This change is attributable to the following factors:

- positive organic growth of Euro 14 million (+1.9%), thanks to volume recovery for optical fibre cables;
- negative exchange rate effects of Euro 27 million (-3.6%);
- negative change of Euro 5 million (-0.6%) in sales prices due to fluctuations in metal prices.

Positive organic growth in the first nine months of 2014 was mainly driven by the recovery in optical fibre cable demand, which offset lower demand for copper cables and for OPGW products due to the postponement of investment projects, primarily in areas affected by geopolitical conflicts such as Iraq and Libya.

Optical cables enjoyed a strong recovery in demand in all the major markets, while the general price pressure characterising the initial recovery seems to have stabilised. In Europe, in particular, the Group acquired work on major projects involving the construction of backbones and FTTH connections for leading operators, such as British Telecom in the United Kingdom, Telefonica and Jazztel in Spain, and Orange in France; the current trend is expected to be confirmed even in the fourth quarter. In North America, the recovery in demand is expected to continue in the fourth quarter. In South America, demand has been largely stable, with a more pronounced recovery in the market expected when renewed government stimulus packages start to take effect. Lastly, Asia Pacific saw work resume on the NBN project in Australia and positive trends in demand in China and Singapore.

Multimedia Solutions posted a recovery in profitability due to the strategy of focusing on higher value-added products, such as data centres in Europe, and of rationalising the presence in lower margin businesses.

The high value-added connectivity business enjoyed a positive trend, thanks to the development of new FTTx networks (for last mile broadband access) in Europe and North America.

Lastly, copper cables continued their steady decline due to the retirement of traditional networks in favour of next-generation ones..

Adjusted EBITDA came to Euro 75 million at the end of the first nine months of 2014, reporting a decrease of Euro 6 million (-7.6%) from Euro 81 million in the corresponding period of 2013.

GROUP STATEMENT OF FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	30 September 2014	30 September 2013 (*)	Change	31 December 2013 (*)
Net fixed assets	2,255	2,206	49	2,207
Net working capital	900	788	112	386
Provisions	(281)	(290)	9	(297)
Net capital employed	**2,874**	**2,704**	**170**	**2,296**
Employee benefit obligations	333	335	(2)	308
Total equity	1,249	1,176	73	1,183
of which attributable to non-controlling interests	32	32	-	36
Net financial position	1,292	1,193	99	805
Total equity and sources of funds	**2,874**	**2,704**	**170**	**2,296**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11.

Net fixed assets amounted to Euro 2,255 million at 30 September 2014, compared with Euro 2,207 million at 31 December 2013, posting an increase of Euro 48 million mainly due to the combined effect of the following factors:

- Euro 114 million in investments in property, plant and equipment and intangible assets;
- Euro 111 million in depreciation, amortisation and impairment charges for the period;
- Euro 37 million in positive currency translation differences;
- Euro 14 million increase in equity-accounted investments, of which positive effect from share of income for Euro 26 million, partially offset by dividends received for Euro 12 million;
- Euro 12 million in dividends received from equity-accounted investments, whose measurement has resulted in an increase in their value of Euro 26 million;
- Euro 6 million in disposals of assets held for sale.

Net working capital of Euro 900 million at 30 September 2014 was Euro 514 million higher than the corresponding figure of Euro 386 million at 31 December 2013 (or Euro 517 million higher excluding the impact of the fair value change in derivatives).

The change in net working capital is related to the following main factors:

- growth in working capital employed in multi-year Submarine projects, linked to their stage of completion with respect to the agreed delivery dates, in particular the delay in the Western HVDC Link (UK) project, arising from technical difficulties encountered with cable production in late April, has led to a significant reduction in cash receipts because of failure to meet the project's milestones;
- reduction of Euro 81 million in without-recourse factoring transactions;
- increase as a result of paying the long-term incentive plan classified among payables to employees at 31 December 2013;

- increase in inventories for expected seasonality of third-quarter sales that instead turned out to be weaker than expected;
- increase of Euro 20 million for exchange rate differences.

The net financial position of Euro 1,292 million at 30 September 2014 has increased by Euro 487 million since 31 December 2013 (Euro 805 million), mainly reflecting the following factors:

- negative impact of Euro 472 million from changes in working capital;
- positive cash flow from operating activities (before changes in net working capital) of Euro 292 million;
- payment of Euro 46 million in taxes;
- receipt of Euro 15 million upon completing the price adjustment process for the acquisition of Global Marine Systems Energy Ltd;
- payment of Euro 6 million to acquire the remaining 34% of the subsidiary AS Draka Keila Cables;
- net operating investments of Euro 106 million;
- receipt of Euro 12 million in dividends from investments in equity-accounted companies;
- payment of Euro 90 million in dividends;
- payment of Euro 88 million in net finance costs.

NET WORKING CAPITAL

The main components of net working capital are analysed in the following table:

(in millions of Euro)

	30 September 2014	30 September 2013 (*)	Change	31 December 2013 (*)
Inventories	1,126	959	167	881
Trade receivables	1,095	1,136	(41)	933
Trade payables	(1,492)	(1,363)	(129)	(1,409)
Other receivables/(payables)	180	69	111	(13)
Net operating working capital	**909**	**801**	**108**	**392**
Derivatives	(9)	(13)	4	(6)
Net working capital	**900**	**788**	**112**	**386**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11.

Net operating working capital amounted to Euro 909 million at 30 September 2014 (13.2% of the latest quarter's annualised sales) compared with Euro 392 million at 31 December 2013 (5.8% of the latest quarter's annualised sales) and compeared with Euro 811 million at 30 Septemeber 2013 (11.2% of the latest quarter's annualised sales),

The change in net working capital compared to the same period 2013 is related to the following main factors:

- growth in working capital employed in multi-year Submarine projects, High Voltage and Surf, linked to their stage of completion with respect to the agreed delivery dates;
- reduction of Euro 26 million in without-recourse factoring transactions;

- increase in inventories for expected seasonality of third-quarter sales that instead turned out to be weaker than expected;
- increase of Euro 10 million for exchange rate differences.

NET FINANCIAL POSITION

The following table provides a detailed breakdown of the net financial position:

(in millions of Euro)

	30 September 2014	30 September 2013 (*)	Change	31 December 2013 (*)
Long-term financial payables				
Term loan facility 2011	400	584	(184)	400
Bank fees	(2)	(5)	3	(3)
EIB loan	92	-	92	-
Non-convertible bond	-	398	(398)	399
Convertible bond	270	261	9	263
Derivatives	4	22	(18)	4
Other financial payables	45	57	(12)	60
Total long-term financial payables	**809**	**1,317**	**(508)**	**1,123**
Short-term financial payables				
Term loan facility 2010	-	1	(1)	183
Revolving Credit Facility	150	153	(3)	3
Syndicated Revolving Credit Facility 2014	150	-	-	-
EIB loan	8	-	8	-
Non-convertible bond	409	10	399	15
Convertible bond	-	-	-	1
Revolving Credit Facility 2014	30	-	30	-
Derivatives	13	5	8	19
Other financial payables	131	107	22	90
Total short-term financial payables	**891**	**276**	**615**	**311**
Total financial liabilities	**1,700**	**1,593**	**107**	**1,434**
Long-term financial receivables	1	9	(8)	4
Long-term bank fees	6	1	5	-
Short-term financial receivables	8	13	(5)	12
Short-term derivatives	6	2	4	5
Short-term bank fees	3	5	(2)	5
Financial assets held for trading	73	80	(7)	93
Cash and cash equivalents	311	290	21	510
Total financial assets	**408**	**400**	**8**	**629**
Net financial position	**1,292**	**1,193**	**99**	**805**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11.

STATEMENT OF CASH FLOWS

(in milions of Euro)

	9 months 2014	9 months 2013 (*)	Change	FY 2013 (*)
EBITDA	**383**	**408**	**(25)**	**563**
Changes in provisions (including employee benefit obligations)	(42)	(43)	1	(69)
(Gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets	(1)	(6)	5	(7)
Share of net profit/(loss) of equity-accounted companies	(26)	(21)	(5)	(35)
Acquisition price adjustment [1]	(22)	-	(22)	-
Net cash flow provided by operating activities (before changes in net working capital)	**292**	**338**	**(46)**	**452**
Changes in net working capital	(472)	(410)	(62)	(6)
Taxes paid	(46)	(45)	(1)	(60)
Dividends from investments in equity-accounted companies	12	17	(5)	16
Net cash flow provided/(used) by operating activities	**(214)**	**(100)**	**(114)**	**402**
Acquisitions	9	-	9	-
Net cash flow used in operational investing activities	(106)	(65)	(41)	(107)
Free cash flow (unlevered)	**(311)**	**(165)**	**(146)**	**295**
Net finance costs	(88)	(91)	3	(124)
Free cash flow (levered)	**(399)**	**(256)**	**(143)**	**171**
Dividend distribution	(90)	(91)	1	(92)
Net cash flow provided/(used) in the period	**(489)**	**(347)**	**(142)**	**79**
Opening net financial position	**(805)**	**(888)**	**83**	**(888)**
Net cash flow provided/(used) in the period	(489)	(347)	(142)	79
Convertible bond equity component	-	39	(39)	39
Other changes	2	3	(1)	(35)
Closing net financial position	**(1.292)**	**(1.193)**	**(99)**	**(805)**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit (loss) of associates and joint ventures.

(1) This refers to the acquisition in November 2012 of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) from Global Marine Systems Ltd.

Net cash flow provided by operating activities (before changes in net working capital) amounted to Euro 292 million at the end of the first nine months of 2014.

This cash flow was negatively impacted by the increase of Euro 472 million in net working capital described earlier. After Euro 46 million in tax payments and Euro 12 million in dividend receipts, net cash flow from operating activities in the period was therefore a negative Euro 214 million.

Net operating investments in the first nine months of 2014 amounted to Euro 106 million and mainly refer to the purchase of the Pikkala site in Finland, the expansion of production capacity and improvements in industrial efficiency.

ALTERNATIVE PERFORMANCE INDICATORS

In addition to the standard financial reporting formats and indicators required under IFRS, this document contains a number of reclassified statements and alternative performance indicators. The purpose is to help users better evaluate the Group's economic and financial performance. However, these statements and indicators should not be treated as a substitute for the standard ones required by IFRS.

The alternative indicators used for reviewing the income statement include:

• **Adjusted net profit/(loss)**: net profit/(loss) before non-recurring income and expenses, the fair value change in metal derivatives and in other fair value items, the effect of currency and interest rate derivatives, exchange rate differences, non-monetary interest on the convertible bond and the related tax effects;

• **Adjusted operating income**: operating income before non-recurring income and expenses and the fair value change in metal derivatives and in other fair value items, as reported in the consolidated income statement. The purpose of this indicator is to present the Group's operating profitability without the effects of events considered to be outside its recurring operations;

• **EBITDA**: operating income before the fair value change in metal price derivatives and in other fair value items and before amortisation, depreciation and impairment. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;

• **Adjusted EBITDA**: EBITDA as defined above calculated before non-recurring income and expenses, as reported in the consolidated income statement. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items, without the effects of events considered to be outside the Group's recurring operations;

• **Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies**: Adjusted EBITDA as defined above calculated before the share of net profit/(loss) of equity-accounted companies.

• **Organic growth**: growth in sales calculated net of changes in the scope of consolidation, changes in metal prices and the effect of exchange rates.

The alternative indicators used for reviewing the reclassified statement of financial position include:

• **Net fixed assets:** sum of the following items contained in the statement of financial position:
 - Intangible assets
 - Property, plant and equipment
 - Equity-accounted investments

- Available-for-sale financial assets, net of non-current securities classified as long-term financial receivables in the net financial position

• **Net working capital:** sum of the following items contained in the statement of financial position:
 - Inventories
 - Trade receivables

- Trade payables
- Other non-current receivables and payables, net of long-term financial receivables classified in the net financial position
- Other current receivables and payables, net of short-term financial receivables classified in the net financial position
- Derivatives net of financial instruments for hedging interest rate and currency risks relating to financial transactions, classified in the net financial position
- Current tax payables

• **Net operating working capital:** sum of the following items contained in the statement of financial position:

- Inventories
- Trade receivables
- Trade payables
- Other non-current receivables and payables, net of long-term financial receivables classified in the net financial position
- Other current receivables and payables, net of short-term financial receivables classified in the net financial position
- Current tax payables

• **Provisions:** sum of the following items contained in the statement of financial position:

- Provisions for risks and charges – current portion
- Provisions for risks and charges – non-current portion
- Provisions for deferred tax liabilities
- Deferred tax assets

• **Net capital employed:** sum of Net fixed assets, Net working capital and Provisions.

• **Employee benefit obligations** and **Total equity:** these indicators correspond to Employee benefit obligations and Total equity reported in the statement of financial position.

• **Net financial position:** sum of the following items:

- Borrowings from banks and other lenders - non-current portion
- Borrowings from banks and other lenders - current portion
- Derivatives for financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables
- Derivatives for financial transactions recorded as Current derivatives and classified under Short-term financial receivables
- Derivatives for financial transactions recorded as Non-current derivatives and classified under Long-term financial payables
- Derivatives for financial transactions recorded as Current derivatives and classified under Short-term financial payables
- Medium/long-term financial receivables recorded in Other non-current receivables
- Bank fees on loans recorded in Other non-current receivables

- Short-term financial receivables recorded in Other current receivables
- Bank fees on loans recorded in Other current receivables
- Short/long-term available-for-sale financial assets, not instrumental to the Group's activities
- Financial assets held for trading
- Cash and cash equivalents

Reconciliation between the Reclassified Statement of Financial Position presented in the Directors' Report and the Statement of Financial Position contained in the Consolidated Financial Statements and Explanatory Notes at 30 September 2014

(in millions of Euro)

			30 September 2014		31 December 2013 (*)	
		Note	Partial amounts from financial statements	Total amounts from financial statements	Partial amounts from financial statements	Total amounts from financial statements
Net fixed assets						
Property, plant and equipment				1,430		1,390
Intangible assets				586		588
Equity-accounted investments				221		205
Available-for-sale financial assets				12		12
Assets held for sale				6		12
Total net fixed assets	**A**			**2,255**		**2,207**
Net working capital						
Inventories	**B**			1,126		881
Trade receivables	**C**			1,095		933
Trade payables	**D**			(1,492)		(1,409)
Other receivables/payables - net	**E**			180		(13)
of which:						
Other receivables - non-current		*3*	*22*		*24*	
Tax receivables		*3*	*15*		*13*	
Receivables from employees		*3*	*2*		*2*	
Other		*3*	*5*		*9*	
Other receivables - current		*3*	*877*		*705*	
Tax receivables		*3*	*164*		*109*	
Receivables from employees and pension plans		*3*	*7*		*5*	
Advances to suppliers		*3*	*13*		*17*	
Other		*3*	*146*		*99*	
Construction contracts		*3*	*547*		*475*	
Other payables - non-current		*11*	*(13)*		*(20)*	
Tax and social security payables		*11*	*(7)*		*(12)*	
Accrued expenses		*11*	*-*		*(3)*	
Other		*11*	*(6)*		*(5)*	
Other payables - current		*11*	*(683)*		*(688)*	
Tax and social security payables		*11*	*(138)*		*(99)*	
Advances from customers		*11*	*(226)*		*(241)*	
Payables to employees		*11*	*(74)*		*(98)*	
Accrued expenses		*11*	*(111)*		*(136)*	
Other		*11*	*(134)*		*(114)*	
Current tax payables			*(23)*		*(34)*	
Total net operating working capital	**F = B+C+D+E**			**909**		**392**
Derivatives	**G**		(9)		(6)	
of which:						
Forward currency contracts on commercial transactions (cash flow hedges) - current		*5*	*(7)*		*1*	
Forward currency contracts on commercial transactions - current		*5*	*(1)*		*6*	
Metal derivatives - non-current		*5*	*2*		*(1)*	
Metal derivatives - current		*5*	*(2)*		*(12)*	
Total net working capital	**H = F+G**			**900**		**386**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11.

(in millions of Euro)

			30 September 2014		31 December 2013 (*)	
		Note	Partial amounts from financial statements	Total amounts from financial statements	Partial amounts from financial statements	Total amounts from financial statements
Provisions for risks and charges - non-current				(69)		(51)
Provisions for risks and charges - current				(254)		(279)
Deferred tax assets				108		130
Deferred tax liabilities				(66)		(97)
Total provisions	**I**			**(281)**		**(297)**
Net capital employed	**L = A+H+I**			**2,874**		**2,296**
Employee benefit obligations	**M**			**333**		**308**
Total equity	**N**			**1,249**		**1,183**
Equity attributable to non-controlling interests				*32*		*36*
Net financial position						
Total long-term financial payables	**O**			**809**		**1,123**
Term loan facility 2011		10	400		400	
Bank fees		10	(2)		(3)	
Credit Agreements		10	**398**		**397**	
EIB loan		10	92		**-**	
Non-convertible bond		10	-		399	
Convertible bond		10	270		263	
Derivatives			4		4	
of which:						
Interest rate swaps		*5*	*4*		*4*	
Other payables			45		60	
of which:						
Finance lease obligations		*10*	*15*		*15*	
Other financial payables		*10*	*30*		*45*	
Total short-term financial payables	**P**			**891**		**311**
Term loan facility 2010		10	-		184	
Bank fees		10	-		(1)	
Revolving Credit Facility		10	150		3	
Syndicated Revolving Credit Facility 2014		10	150			
EIB loan		10	8		-	
Non-convertible bond		10	409		15	
Convertible bond		10	-		1	
Revolving Credit Facility 2014		10	30		-	
Derivatives			13		19	
of which:						
Interest rate swaps		*5*	*4*		*14*	
Forward currency contracts on financial transactions		*5*	*9*		*5*	
Other payables			131		90	
Finance lease obligations		*10*	*1*		*2*	
Other financial payables		*10*	*130*		*88*	
Total financial liabilities	**Q = O+P**			**1,700**		**1,434**
Long-term financial receivables	**R**	3	(1)		(4)	
Interest rate swaps (non-current)		5	-		-	
Long-term bank fees	**R**	3	(6)		-	
Short-term financial receivables	**R**	3	(8)		(12)	
Short-term derivatives	**R**		(6)		(5)	
of which:						
Forward currency contracts on financial transactions (current)		5	(6)		-	
Available-for-sale financial assets (current)	**S**			-		-
Financial assets held for trading	**T**			**(73)**		**(93)**
Cash and cash equivalents	**U**			**(311)**		**(510)**
Total financial assets	**V = R+S+T+U**			**(408)**		**(629)**
Total net financial position	**W = Q+V**			**1,292**		**805**
Total equity and sources of funds				**2,874**		**2,296**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11.

Reconciliation between the principal income statement indicators and the Income Statement contained in the Consolidated Financial Statements and Explanatory Notes at 30 September 2014

(in millions of Euro)

			9 months 2014	9 months 2013 (*)
		Note	Amounts from income statement	Amounts from income statement
Sales of goods and services	A		5,014	5,297
Change in inventories of work in progress, semi-finished and finished goods			100	78
Other income			94	52
Raw materials, consumables used and goods for resale			(3,237)	(3,382)
Personnel costs			(688)	(706)
Other expenses			(929)	(961)
Operating costs	**B**		**(4,660)**	**(4,919)**
Share of net profit/(loss) of equity-accounted companies	C		26	21
Fair value stock options	D		3	9
EBITDA	**E = A+B+C+D**		**383**	**408**
Non-recurring other income	F		27	12
Non-recurring personnel costs	G		(14)	(20)
Non-recurring other expenses	H		15	(26)
Adjusted EBITDA	**I = E-F-G-H**		**355**	**442**
Share of net profit/(loss) of equity-accounted companies	L		26	21
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**M = I-L**		**329**	**421**

(in millions of Euro)

			9 months 2014	9 months 2013 (*)
		Note	Amounts from income statement	Amounts from income statement
Operating income	**A**	14	**281**	**269**
Non-recurring other income			27	12
Non-recurring personnel costs			(14)	(20)
Non-recurring other expenses			15	(26)
Change in inventories of work in progress, semi-finished and finished goods			-	-
Total non-recurring expenses	**B**		**28**	**(34)**
Fair value change in metal derivatives	C		12	(12)
Fair value stock options	D		(3)	(9)
Adjusted operating income	**E=A-B-C-D**		**249**	**333**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit (loss) of associates and joint ventures.

Following the adoption of *IFRS 10 - Consolidated Financial Statements* and *IFRS 11 - Joint Arrangements*, applicable retrospectively from 1 January 2014, the Group's consolidated figures have been restated as from 1 January 2013.

In particular, the changes introduced by *IFRS 11 - Joint Arrangements* have eliminated the possibility of proportionate consolidation; accordingly, the companies Yangtze Optical Fibre and Cable Joint Stock Limited Co., Yangtze Optical Fibre and Cable (Hong Kong) Co. Ltd., Precision Fiber Optics Ltd. and Power Cables Malaysia Sdn Bhd, previously consolidated using the proportionate method, have now been consolidated using the equity method.

In addition, further to the changes introduced by *IFRS 10 - Consolidated Financial Statements*, the Chinese company Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd., previously consolidated line-by-line, has now been consolidated using the equity method; the Brazilian company Sociedade Produtora de Fibras Opticas S.A., previously consolidated line-by-line, has been defined as a "joint operation" and so is now being consolidated according to the rights and obligations arising under the contractual arrangement.

The alternative performance indicators at 31 December 2013 and for the first nine months of 2013 have therefore been restated as follows:

Alternative performance indicators at 30 September 2013:

Reclassified statement of financial position

(in millions of Euro)

	30 September 2013	Effects application IFRS 10-11	30 September 2013 Restated
Net fixed assets	2,215	(9)	2,206
Net working capital	855	(67)	788
Provisions	(300)	10	(290)
Net capital employed	**2,770**	**(66)**	**2,704**
Employee benefit obligations	335	-	335
Total equity	1,189	(13)	1,176
of which attributable to non-controlling interests	44	(12)	32
Net financial position	1,246	(53)	1,193
Total equity and sources of funds	**2,770**	**(66)**	**2,704**

(*) Restated following finalisation of the accounting for the business combination of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) which had been accounted for provisionally at 30 September 2013. Further details can be found in the 2013 Annual Report.

Net working capital

(in millions of Euro)

	30 September 2013	Effects application IFRS 10-11	30 September 2013 Restated
Inventories	1,003	(44)	959
Trade receivables	1,226	(90)	1,136
Trade payables	(1,398)	35	(1,363)
Other receivables/(payables)	37	32	69
Net operating working capital	**868**	**(67)**	801
Derivatives	(13)	-	(13)
Net working capital	**855**	**(67)**	**788**

(*) Restated following finalisation of the accounting for the business combination of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) which had been accounted for provisionally at 30 September 2013. Further details can be found in the 2013 Annual Report.

Income statement

(in millions of Euro)

	9 months 2013 Published	Effects application IFRS 10-11	Other companies/ reclassifications	9 months 2013 Restated
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	444	(23)	-	421
Adjusted EBITDA	444	(10)	8	442
EBITDA	410	(10)	8	408
Adjusted operating income	329	(4)	8	333
Adjusted net profit	180	(1)	-	179

Alternative performance indicators at 31 December 2013:

Reclassified statement of financial position

(in millions of Euro)

	31 December 2013 Published	Effects application IFRS 10-11	31 December 2013 Restated
Net fixed assets	2,190	17	2,207
Net working capital	444	(58)	386
Provisions	(297)	-	(297)
Net capital employed	**2,337**	**(41)**	**2,296**
Employee benefit obligations	308	-	308
Total equity	1,195	(12)	1,183
of which attributable to non-controlling interests	48	(12)	36
Net financial position	834	(29)	805
Total equity and sources of funds	**2,337**	**(41)**	**2,296**

Net working capital

(in millions of Euro)

	31 December 2013 Published	Effects application IFRS 10-11	31 December 2013 Restated
Inventories	920	(39)	881
Trade receivables	1,010	(77)	933
Trade payables	(1,441)	32	(1,409)
Other receivables/(payables)	(39)	26	(13)
Net operating working capital	**450**	**(58)**	**392**
Derivatives	(6)	-	(6)
Net working capital	**444**	**(58)**	**386**

Income statement

(in millions of Euro)

	FY 2013 Published	Effects application IFRS 10-11	Other companies/ reclassifications	FY 2013 Restated
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	612	(34)	-	578
Adjusted EBITDA	612	(16)	17	613
EBITDA	562	(15)	17	564
Adjusted operating income	457	(8)	17	466

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Agreement with the Swiss Federal Railways

On 1 October 2014, the Prysmian Group signed an important framework agreement with SBB CFF FFS - Swiss Federal Railways - worth approximately Euro 26 million.

The contract involves the supply of approximately 2,800 km of signalling cables to upgrade the entire Swiss rail network's infrastructure. Contract management will be handled by the Prysmian Group's Swiss subsidiary; the cables will be manufactured in Germany (Berlin) and delivered on a call-off basis over a five-year period running from October 2014 to the end of 2019.

BUSINESS OUTLOOK

Although the macroeconomic environment in the first few months of 2014 showed signs of stabilisation and slight improvement on the recessionary trend in progress since the second half of 2011, recent months have witnessed a gradual slowdown in economic activity, particularly in Europe and Brazil.

In such an economic context, the Group's expectation for FY 2014 is that demand for medium voltage cables for utilities will remain weak, and that the gradual recovery in the building wires business seen in the first nine months of the year will continue until year end. The Group also confirms the positive trend in demand in the high value-added businesses of power transmission, particularly submarine cables, as well as consolidation of the upturn in demand for optical fibre cables.

Despite the gradual deterioration in the economic environment over recent months, the results achieved in the first nine months of the year and the size of the current order book let the Group confirm Adjusted EBITDA for FY 2014 at lower end of target range Euro 506 – 556 million (Euro 600-650 million excluding the negative impact of the Western HVDC Link project estimated at Euro 94 million for FY 2014) compared with Euro 613 million in 2013.

Lastly, the Prysmian Group will carry on during the remainder of 2014 to integrate and rationalise activities with the goal of achieving the projected cost synergies and of further strengthening its presence in all its areas of business.

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FORESEEABLE RISKS IN 2014*

The Prysmian Group is exposed in the normal conduct of its business to a number of financial and non-financial risk factors which, if they should occur, could also have a material impact on its results of operations and financial condition. The Directors have therefore assessed that there are no financial, operating or other kind of indicators that might provide evidence of the Group's inability to meet its obligations in the foreseeable future and particularly in the next 12 months.

The Group has always worked to maximise value for its shareholders by putting in place all necessary measures to prevent or mitigate the risks inherent in the Group's business, which is why it adopts specific procedures to manage the risk factors that could influence its business results. Given operating performance in the first nine months of the year and the specific macroeconomic context, the principal risk factors currently foreseeable for the fourth quarter of 2014 are described below according to their nature.

Risks associated with market trends for the Group's products

Some of the markets for the Prysmian Group's products, mainly relating to the Trade & Installers business area, the Power Distribution business line and certain applications in the Industrial business area, are subject to cyclical fluctuations in demand and are influenced by overall trends in GDP. Although the diversified nature of the Group's markets and products reduces its exposure to cyclical trends in demand on certain markets, it is not possible to rule out that such market cycles could have a significant impact on the Group's business, results of operations and financial condition.

In addition, demand for products in the Energy cables market is also influenced by the spending plans of utilities companies and by overall energy consumption, and also in part by construction industry trends, while demand for products in the Telecom cables industry is heavily influenced by the spending plans of telecom operators.

The first nine months of 2014 reported an increase in the Prysmian Group's overall volumes compared with the prior year equivalent period, thereby reversing the slowdown in demand underway since mid-2012. However, despite ongoing rationalisation of the manufacturing footprint and growth in sales volumes, the level of plant utilisation has still remained well below pre-crisis levels, with a consequent maintenance of competitive pressure on selling prices and therefore on margins.

(*) The risks described in this section are those that, at the date of the present document, the Group believes, if they were to occur, could have a material adverse near-term impact on its business, financial condition, earnings and future prospects. The Group is also exposed to other risk factors and uncertainties that, at the date of the present document, nonetheless appear to be of limited significance; these risks are described more fully in the Annual Report.

Despite these conditions and excluding the negative impact of the Western Link project described earlier, the Prysmian Group has achieved satisfying results in terms of profits; however, if another significant deterioration in demand should recur in coming quarters in the Trade & Installers, Power Distribution (partly linked to trends in the construction market), Industrial and Telecom businesses, combined with a slowdown in order intake in the High Voltage underground cables business, the Group cannot rule out that the consequent sharp downturn in business might have a material impact on its business, results of operations and financial condition.

Risks associated with the competitive environment

Primarily in the Trade & Installers business area and, to some extent, in the Power Distribution business line, competitive pressure due to a possible further reduction in demand could translate into additional pressure on prices. Many of the products offered by the Prysmian Group in this business are made in compliance with specific industrial standards and are largely interchangeable with those offered by its major competitors; in such cases, price is therefore a key factor in customer choice of supplier. Although the competitive environment for this business may vary by country or region, one constant is the ever larger number of competitors, ranging from those capable of competing globally to smaller ones whose presence, in an individual country or region or an individual business line, may be comparable to that of the principal players.

Even though the Prysmian Group believes it will be able to cut costs in the face of contracting sales volumes, it may not be able to reduce them sufficiently to match the possible contraction in sales prices imposed by competitors, with a consequently adverse impact on its business, results of operations and financial condition.

In addition, in high value-added segments like High Voltage underground cables, Optical Cables, and, albeit to a much lesser extent, Submarine cables, where barriers to entry, linked to difficult-to-replicate ownership of technology, know-how and track record, limit the number of operators able to compete effectively on a global scale, it is not possible to rule out potential new entrants in these market segments or an escalation in competition from operators already on the market, with potentially negative impacts on both sales volumes and sales prices.

M&A/JVs and integration processes - Risks relating to the Draka Group's integration process

The public offer for all the shares in Draka Holding N.V. was completed on 22 February 2011 with acceptances received from more than 99% of the shares. After the integration process's preliminary planning phase, the new organisational structure was officially launched in July 2011 to guide the new Group in its goal of promoting both the Prysmian and Draka commercial brands and of realising the expected synergies.

Over the course of the integration process the Group expects to incur a total of some Euro 250 million in restructuring costs (net of any divestments) and to generate growing cost synergies starting from year one of the integration with the goal of achieving total annual synergies of Euro 175 million by 2016, mainly by reducing fixed costs, by optimising the industrial footprint and procurement, by making organisational savings and improving operating efficiency and optical fibre sourcing, and by exploiting complementarities in the product portfolios. However, the Group cannot rule out potential difficulties or delays in implementing the new organisational structure, the new operating processes or the integration activities, resulting in a possibly adverse impact on the timing and amount of both expected synergies and restructuring costs.

Risks relating to changes in the legal and regulatory framework

The Prysmian Group, as a manufacturer and distributor of cables, is subject to numerous legal and regulatory requirements in the various countries where it operates, as well as technical regulations, both national and international, applicable to companies operating in the same sector and to products manufactured and marketed by the Group. Environmental protection legislation is particularly important in this regard. Although the Group is constantly engaged in reducing its exposure to environmental risks and has taken out insurance against potential liabilities arising from third-party environmental damage, it is nonetheless possible that not all environmental risks have been adequately identified and that not all the insurance coverage is fully effective. In particular, the enactment of additional regulations applicable to the Group or its products, or changes in the current national and international laws in the segments in which the Group operates, could require the Group to adopt stricter standards or could limit its freedom of action in its specific areas of business. These factors could involve compliance costs, even of significant amount, for its manufacturing facilities or product specifications.

Risks associated with activities in emerging markets

The Prysmian Group operates and has production facilities and/or companies in Asia, Latin America, the Middle East and Eastern Europe. The Group's activities in these countries are exposed to different risks linked to local regulatory and legal systems, the imposition of tariffs or taxes, political and economic instability, and exchange rate risks.

Significant changes in the macroeconomic, political, tax or legislative environment of such countries could have an adverse impact on the Group's business, results of operations and financial condition.

Risks associated with availability of financial resources and their cost

The volatility of the international banking and financial system could represent a potential risk factor in terms of raising finance and its associated cost. Prysmian Group believes that it has significantly mitigated such a risk insofar as, in recent years, it has always been able to raise sufficient financial resources, and at a competitive cost. In particular, in June 2014, the Group obtained a five-year revolving credit facility for Euro 1,000 million (Credit Agreement 2014) from a syndicate of premier banks. This agreement is notable not only for the large sum secured thanks to strong interest by the lenders involved, but also for its more competitive cost than existing facilities. The agreement also confirms the more relaxed level of financial covenants already applied to the Group for the facility obtained from Mediobanca - Banca di Credito Finanziario S.p.A. discussed below. On the same date as entering this new agreement, the Group extinguished early the Revolving Credit Facility 2010, originally been due to expire on 31 December 2014 and carrying a maximum permitted drawdown of Euro 400 million. The Term Loan Facility 2010, also maturing on 31 December 2014, was extinguished early on 28 February 2014 with repayment of the outstanding balance of Euro 184 million. In February 2014, the Group obtained a five-year revolving facility for Euro 100 million from Mediobanca – Banca di Credito Finanziario S.p.A. and in December 2013 a loan for Euro 100 million from the European Investment Bank (EIB) to fund the Group's European R&D plans over the period 2013-2016. In March 2013, Prysmian completed the placement of a convertible bond with institutional investors for Euro 300 million, with a 1.25% coupon and maturity in March 2018. Previously, in March 2011, the Group had entered into a long-term loan agreement for Euro 800 million (Credit Agreement 2011) with a syndicate of leading banks. This five-year agreement comprises a loan for Euro 400 million (Term Loan Facility 2011) and a revolving facility for Euro 400 million (Revolving Credit Facility 2011). In addition, the placement of an unrated bond with institutional investors on the Eurobond market was completed in March 2010 for a nominal total of Euro 400 million with a 5.25% coupon and maturity in April 2015.

The annual interest rate on the Credit Agreements is equal to the sum of:

- EURIBOR;
- an annual spread determined on the basis of the ratio between consolidated net financial position and consolidated EBITDA.

As at 30 September 2014, the Group's total financial resources, comprising cash and cash equivalents and undrawn committed credit lines, came to in excess of Euro 1 billion.

A detailed analysis of "Borrowings from banks and other lenders" can be found in the Explanatory Notes to the Consolidated Financial Statements.

Financial covenants

The credit agreements mentioned in the preceding paragraph contain a series of financial and non-financial covenants with which the Group must comply. These covenants could restrict the Group's ability to increase its net debt, other conditions remaining equal; should it fail to satisfy one of the covenants, this would lead to a default event which, unless resolved under the terms of the respective agreements, could lead to their termination and/or an early repayment of any amounts drawn down. In such an eventuality, the Group might be unable to repay the amounts demanded early, which in turn would give rise to a liquidity risk.

The financial covenants are measured at the half-year close on 30 June and at the full-year close on 31 December. All covenants, financial and otherwise, were fully observed at 30 June 2014. In particular:

(i) the ratio between EBITDA and Net finance costs, as defined in the credit agreements, was 5.92x (against a required covenant of not less than 5.50x for the credit agreements signed before December 2013 and 4.00x for those signed in 2014);

(ii) the ratio between Net Financial Position and EBITDA, as defined in the credit agreements, was 2.17x (against a required covenant of below 2.50x for the credit agreements signed before December 2013 and 3.00x for those signed in 2014).

As things stand and in view of the level of the financial covenants reported above, Prysmian Group believes that it will not have to face this risk in the near future.

Exchange rate fluctuation

The Prysmian Group operates internationally and is therefore exposed to exchange rate risk for the various currencies in which it operates (principally the US Dollar, British Pound, Brazilian Real and Chinese Renminbi). Exchange rate risk occurs when future transactions or assets and liabilities recognised in the statement of financial position are denominated in a currency other than the functional currency of the company which undertakes the transaction.

To manage exchange rate risk arising from future trade transactions and from the recognition of foreign currency assets and liabilities, most Prysmian Group companies use forward contracts arranged by Group Treasury, which manages the various positions in each currency.
However, since Prysmian prepares its consolidated financial statements in Euro, fluctuations in the exchange rates used to translate the financial statements of subsidiaries, originally expressed in a foreign currency, could affect the Group's results of operations and financial condition.

Interest rate fluctuation

Changes in interest rates affect the market value of the Prysmian Group's financial assets and liabilities as well as its net finance costs. The interest rate risk to which the Group is exposed is mainly on long-term financial liabilities, carrying both fixed and variable rates.
Fixed rate debt exposes the Group to a fair value risk. The Group does not operate any particular hedging policies in relation to the risk arising from such contracts since it considers this risk to be immaterial. Variable rate debt exposes the Group to a rate volatility risk (cash flow risk). The Group uses interest rate swaps (IRS) to hedge this risk, which transform variable rates into fixed ones, thus reducing the rate volatility risk. Under such IRS contracts, the Group agrees with the other parties to swap on specific dates the difference between the contracted fixed rates and the variable rate calculated on the loan's notional value. A potential rise in interest rates, from the record lows reached in recent years, is a risk factor in coming quarters.

Risks associated with fluctuations in commodity prices

The principal raw material used for making the Prysmian Group's products is copper. The other raw materials used are aluminium, lead and steel, as well as various petroleum derivatives, such as PVC and polyethylene.
All raw materials have experienced particularly significant price fluctuations in recent years, which could continue in coming quarters. The Group neutralises the impact of possible rises in the price of copper and its other principal raw materials through automatic sales price adjustment mechanisms or through hedging activities; the exception is petroleum derivatives (polyethylene, plastifying PVC, rubber and other chemical products), where the risk cannot be offset through hedging. Established commercial practice and/or the structural characteristics of the markets concerned mean that hedging of certain products (mainly in the Trade & Installers business area) involves the periodic updating of price lists (since it is not possible to use automatic sales price adjustment mechanisms). In such cases, it is possible that, in the current market context, the Prysmian Group would be unable to quickly pass on the impact of fluctuations in raw material prices to sales prices. In particular, in the case of petroleum derivatives, it is standard practice for changes in purchase price to systematically lag behind changes in the petroleum price.
More generally, depending on the size and speed of copper price fluctuations, such fluctuations may have a significant impact on customers' buying decisions particularly in the Trade & Installers business area, the Power Distribution business line and certain lines in the Industrial area more exposed to cyclical trends in demand, and on the Group's margins and working capital. In particular, (i) significant, rapid increases and decreases in the copper price may cause absolute increases and decreases respectively in the Group's profit margins due to the nature of the commercial relationships and mechanisms for determining end

product prices and (ii) increases and decreases in the copper price may cause increases and decreases respectively in working capital (with a consequent increase or decrease in the Group's net debt).

Risk hedging differs according to the type of business and supply contract, as shown in the following diagram:

Supply Contract	Main Application	Metal influence on Cable Price	Impact	Hedging of Metal Price Fluctuations	Impact
Predetermined delivery date	Projects (Power transmission) Cables for industrial applications (eg. OGP)	Technology and Design content are the main elements of the "solution" offered. Pricing little affected by metals		Pricing locked in at order intake Profitability protection through systematic hedging (long order-to-delivery cycle)	
Frame contracts	Cables for Utilities (eg. power distribution cables)	Pricing defined as hollow, thus automatic price adjustment through formulas linked to publicly available metal quotation		Price adjusted through formulas linked to publicly available metal quotation (average last month) Profitability protection through systematic hedging (short order-to-delivery cycle)	
Spot orders	Cables for construction and civil engineering	Standard products, high copper content, limited value added		Pricing managed through price lists (frequently updated) Competitive pressure may result in delayed price adjustment Hedging based on forecasted volumes rather than orders	

HIGH LOW

Metal price fluctuations are normally passed through to customers under supply contracts.
Hedging is used to systematically minimise profitability risks.

Contract performance/liability - Risks associated with delivery dates, product quality and execution of turnkey contracts

Some supply and/or installation contracts entered into by the Prysmian Group include penalties if the agreed delivery date or qualitative standards are not met.

Turnkey contracts, particularly those relating to the development of submarine links, can include penalties of this kind. The application of such penalties, the obligation to compensate any damages as well as the impact of any delayed delivery or any problems in production on the supply chain and operating costs, could adversely affect the Group's business, results of operations and financial condition.

In order to avert or mitigate such risks the Group conducts extensive testing of cables and accessories before they are delivered and installed, and always does its utmost to limit potential contractual liabilities for penalties or damages; in addition, it also maintains project-specific insurance policies during the transportation and assembly phases of all submarine turnkey projects. The scope and level of such insurance policies, however, may in some cases be limited by the capacity of the relevant insurance markets. As a result, some potential liabilities may not be insured or only insured up to a level which is below contractually agreed limits.

It is not possible to guarantee that in the future the Group will manage to fully and promptly meet commitments arising from the occurrence of such risks.

During the last few days of April, the manufacture of the cables for the Western HVDC Link project in the United Kingdom encountered some technical problems, which were duly placed under technical investigation. Following tests on the quality of the cable produced and analysis of the materials and the manufacturing process, the Directors have felt able to make a reliable estimate of the project's revenues and costs. The total impact on the first nine months of 2014 has been Euro 53 million, resulting from the full elimination of the margins previously recognised on the contract and the recognition of a provision to cover the expected contract loss. In addition, it is noted that the technical problems described above have resulted in the non-recognition of Euro 30 million in margins originally expected in the first nine months of 2014. Consequently, including non-recognition of the margin originally expected on this project in the period, the overall negative impact of the Western HVDC Link (UK) project on the results for the first nine months of 2014 is Euro 83 million.

It is not possible to rule out that in the future, in the face of any further technical problems on the Western HVDC Link contract, the Group may incur additional losses on top of those estimated in the current quarterly financial report.

Business interruption/Catastrophic events - Risks relating to the operation of industrial facilities

Being an industrial group, the Prysmian Group is potentially exposed to the risk of stoppage of production at one or more of its facilities, due, for example, to machinery breakdown, cancellation of or challenge to permits and licences by the competent public authorities (also due to changes in legislation), strikes or shortage of labour, natural disasters, major disruptions in the supply of raw materials or energy, sabotage or terrorist attacks.

In addition, activities relating to the submarine cables business are closely dependent on certain specific assets, such as the manufacturing facilities in Arco Felice (Italy) and Pikkala (Finland) and the cable-laying ships, the "Giulio Verne" and the "Cable Enterprise". The Prysmian Group believes that a prolonged stoppage in the operation of these assets could have a significant adverse impact on its business, results of operations and financial condition.

Compliance risks associated with laws, regulations, Code of Ethics, Policies and Procedures

Compliance risk is the risk of incurring legal or administrative sanctions, material financial losses or reputational damage as a result of violations of laws, regulations, procedures, codes of conduct and best practices. Right at its inception, the Prysmian Group approved a Code of Ethics, a document which contains ethical standards and guidelines for conduct to be observed by all those engaged in activities on behalf of Prysmian or its subsidiaries, including managers, officers, employees, agents, representatives, contractors, suppliers and consultants. In particular, the Code of Ethics requires full compliance with current regulations and the avoidance of any kind of misconduct or illegal behaviour. The Group establishes organisational mechanisms designed to prevent the violation of the principles of legality, transparency, fairness and honesty and is committed to ensuring their observance and practical application. Although the Group is committed to ongoing compliance with applicable regulations and to close supervision to identify any misconduct, it is not possible to rule out episodes in the future of non-compliance or violations of laws, regulations, procedures or codes of conduct by those engaged in performing activities on Prysmian's behalf, which could result in judicial sanctions, fines or reputational damage, even on a material scale.

Risks relating to legal and tax proceedings

Prysmian S.p.A. and some Prysmian Group companies are currently involved in tax and legal proceedings in connection with their business, involving civil, criminal and administrative actions. In some of these cases, the company might not be able to accurately quantify the potential losses or penalties associated with such proceedings. If the event of an adverse outcome to such proceedings, the Group cannot rule out an impact, even for a material amount, on its business, results of operations and financial condition, as well as reputational damages that are hard to estimate.

More specifically, the European Commission, the US Department of Justice and the Japanese antitrust authority started investigations in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets. Subsequently, the Australian Competition and Consumers Commission ("ACCC") and the New Zealand Commerce Commission also started similar investigations. During 2011, the Canadian antitrust authority also started an investigation into a high voltage submarine project dating back to 2006. The investigations in Japan, New Zealand and Canada have ended without any sanctions for Prysmian. The other investigations are still in progress, except for the one by the European Commission, which has ended with the adoption of the decision described below.

In Australia, the ACCC has filed a case before the Federal Court arguing that Prysmian Cavi e Sistemi S.r.l. and two other companies violated antitrust rules in connection with a high voltage underground cable project awarded in 2003. Prysmian Cavi e Sistemi S.r.l. has filed its objections and presented its preliminary defence.

In Brazil, the local antitrust authority has started an investigation into several cable manufacturers, including Prysmian, in the high voltage underground and submarine cables market. Prysmian has taken steps to present its preliminary defence. During the month of December 2013, ABB and one of this company's senior managers signed an agreement with the Brazilian antitrust authority, under which they admitted the conduct alleged by the authority and pledged to cooperate with it and to each pay an agreed fine.

On 2 April 2014, the European Commission adopted a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., adopted anti-competitive practices in the European market for high voltage submarine and underground power cables. The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the disputed infringement in the period from 18 February 1999 to 28 July 2005, sentencing them to pay a fine of Euro 67.3 million, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the disputed infringement in the period from 29 July 2005 to 28 January 2009, sentencing them to pay a fine of Euro 37.3 million. Prysmian has appealed against this decision to the General Court of the European Union and has submitted a request to participate in the appeals respectively lodged by Pirelli & C. S.p.A. and Goldman Sachs Group Inc. against the same decision. Prysmian has not had any financial outlay as a result of this decision, having chosen, pending rulings on appeal, to provide bank guarantees as security against the payment of any amount due once such rulings have been issued. Following a detailed and careful analysis of the European Commission's ruling, and nonetheless considering this has been appealed and so could be submitted to second-instance judgement, it has been decided to release the amount of Euro 34 million from the existing provision.

As at 30 September 2014, the amount of the provision for the risks relating to the European Commission's ruling and the investigations underway in the various jurisdictions, except for Brazil, is approximately Euro 172 million. Despite the uncertainty of the outcome of the investigations underway in jurisdictions other than the European Union, the amount of this provision is considered to represent the best estimate of the liability based on the information now available.

STOCK OPTION PLANS

Information about the evolution of existing stock option plans can be found in Note 24 of the Explanatory Notes.

RELATED PARTY TRANSACTIONS

Related party transactions do not qualify as either atypical or unusual but fall into the normal course of business by Group companies. Such transactions take place under market terms and conditions, according to the type of goods and services provided.

Information about related party transactions, including that required by the Consob Communication dated 28 July 2006, is presented in Note 21 of the Explanatory Notes.

Milan, 6 November 2014

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Massimo Tononi

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	Note	30 September 2014	of which related parties (Note 21)	31 December 2013 (*)	of which related parties (Note 21)	1 January 2013 (*)	of which related parties
Non-current assets							
Property, plant and equipment	1	1,430		1,390		1,484	
Intangible assets	1	586		588		608	
Equity-accounted investments	2	221	221	205	205	193	193
Available-for-sale financial assets		12		12		12	
Derivatives	5	5		2		3	
Deferred tax assets		108		130		125	
Other receivables	3	29		28		40	
Total non-current assets		**2,391**		**2,355**		**2,465**	
Current assets							
Inventories	4	1,126		881		866	
Trade receivables	3	1,095	10	933	10	1,083	19
Other receivables	3	888	2	722	3	560	4
Financial assets held for trading	6	73		93		78	
Derivatives	5	34		23		16	
Cash and cash equivalents	7	311		510		787	
Total current assets		**3,527**		**3,162**		**3,390**	
Assets held for sale	8	6		12		4	
Total assets		**5,924**		**5,529**		**5,859**	
Equity attributable to the Group:		**1,217**		**1,147**		**1,112**	
Share capital	9	21		21		21	
Reserves	9	1,060		977		925	
Net profit/(loss) for the period		136		149		166	
Equity attributable to non-controlling interests:		**32**		**36**		**35**	
Share capital and reserves		33		32		33	
Net profit/(loss) for the period		(1)		4		2	
Total equity		**1,249**		**1,183**		**1,147**	
Non-current liabilities							
Borrowings from banks and other lenders	10	805		1,119		1,428	
Other payables	11	13		20		23	
Provisions for risks and charges	12	69		51		73	
Derivatives	5	8		7		41	
Deferred tax liabilities		66		97		91	
Employee benefit obligations	13	333		308		344	6
Total non-current liabilities		**1,294**		**1,602**		**2,000**	
Current liabilities							
Borrowings from banks and other lenders	10	878		292		311	
Trade payables	11	1,492	5	1,409	3	1,416	5
Other payables	11	683	4	688	18	616	7
Derivatives	5	51		42		24	
Provisions for risks and charges	12	254		279		317	
Current tax payables		23		34		28	
Total current liabilities		**3,381**		**2,744**		**2,712**	
Total liabilities		**4,675**		**4,346**		**4,712**	
Total equity and liabilities		**5,924**		**5,529**		**5,859**	

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)

	Note	9 months 2014	of which related parties (Note 21)	9 months 2013 (*)	of which related parties (Note 21)
Sales of goods and services		5,014	32	5,297	39
Change in inventories of work in progress, semi-finished and finished goods		100		78	
Other income		94	2	52	5
of which non-recurring other income		*27*		*12*	
Raw materials, consumables used and goods for resale		(3,237)	(15)	(3,382)	(7)
Fair value change in metal derivatives		12		(12)	
Personnel costs		(688)	(5)	(706)	(12)
of which non-recurring personnel costs		*(14)*		*(20)*	
of which personnel costs for stock option fair value		*(3)*		*(9)*	
Amortisation, depreciation and impairment		(111)		(118)	
of which non-recurring impairment		*(5)*		*(9)*	
Other expenses		(929)		(961)	
of which non-recurring other expenses		*15*		*(26)*	
Share of net profit/(loss) of equity-accounted companies		26	26	21	21
Operating income	14	**281**		**269**	
Finance costs	15	(300)		(339)	
of which non-recurring finance costs		*(13)*		*(20)*	
Finance income	15	192		225	
Profit/(loss) before taxes		**173**		**155**	
Taxes	16	(38)		(46)	
Net profit/(loss) for the period		**135**		**109**	
Attributable to:					
Owners of the parent		136		108	
Non-controlling interests		(1)		1	
Basic earnings/(loss) per share (in Euro)	17	**0.63**		**0.51**	
Diluted earnings/(loss) per share (in Euro)	17	**0.63**		**0.51**	

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit /(loss) of associates and joint ventures. Further details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED INCOME STATEMENT – 3RD QUARTER

(in millions of Euro)

	3rd quarter 2014	3rd quarter 2013 (*)
Sales of goods and services	1,727	1,793
Change in inventories of work in progress, semi-finished and finished goods	38	(19)
Other income	50	24
of which non-recurring other income	*5*	*5*
Raw materials, consumables used and goods for resale	(1,111)	(1,116)
Fair value change in metal derivatives	6	25
Personnel costs	(227)	(226)
of which non-recurring personnel costs	*(7)*	*(8)*
of which personnel costs for stock option fair value	-	*(2)*
Amortisation, depreciation and impairment	(40)	(44)
of which non-recurring impairment	*(5)*	*(9)*
Other expenses	(349)	(313)
of which non-recurring other expenses	*(10)*	*(5)*
Share of net profit/(loss) of equity-accounted companies	11	7
Operating income	**105**	**131**
Finance costs	(103)	(95)
of which non-recurring finance costs	-	-
Finance income	69	63
Dividends from other companies	-	-
Profit/(loss) before taxes	**71**	**99**
Taxes	(16)	(31)
Net profit/(loss) for the period	**55**	**68**
Attributable to:		
Owners of the parent	56	66
Non-controlling interests	(1)	2

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit /(loss) of associates and joint ventures. Further details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of Euro)

	9 months 2014	9 months 2013 (*)
Net profit/(loss) for the period	**135**	**109**
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	(4)	9
Fair value gains/(losses) on cash flow hedges - tax effect	1	(3)
Release of cash flow hedge reserve after discontinuing cash flow hedging - gross of tax	4	15
Release of cash flow hedge reserve after discontinuing cash flow hedging - tax effect	(1)	(5)
Currency translation differences	41	(65)
Total items that may be reclassified, net of tax	**41**	**(49)**
- items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	(21)	16
Actuarial gains/(losses) on employee benefits - tax effect	4	(3)
Total items that will NOT be reclassified, net of tax	**(17)**	**13**
Total comprehensive income/(loss) for the period	**159**	**73**
Attributable to:		
Owners of the parent	158	74
Non-controlling interests	1	(1)

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – 3RD QUARTER

(in millions of Euro)

	3rd quarter 2014	3rd quarter 2013 (*)
Net profit/(loss) for the period	**55**	**68**
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	(3)	3
Fair value gains/(losses) on cash flow hedges - tax effect	1	-
Release of cash flow hedge reserve after discontinuing cash flow hedging - gross of tax	-	-
Release of cash flow hedge reserve after discontinuing cash flow hedging - tax effect	-	-
Currency translation differences	25	(33)
Total items that may be reclassified, net of tax	**23**	**(30)**
- items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	-	-
Actuarial gains/(losses) on employee benefits - tax effect	-	(1)
Total items that will NOT be reclassified, net of tax	**-**	**(1)**
Total comprehensive income/(loss) for the period	**78**	**37**
Attributable to:		
Owners of the parent	77	37
Non-controlling interests	1	-

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Euro)

	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Net profit / (loss) for the period	Equity attributable to the Group	Non-controlling interests	Total
Balance at 31 December 2012 (*)	**21**	**(23)**	**(62)**	**1,010**	**166**	**1,112**	**35**	**1,147**
Allocation of prior year net result	-	-	-	166	(166)	-	-	-
Fair value - stock options	-	-	-	9	-	9	-	9
Dividend distribution	-	-	-	(89)	-	(89)	(2)	(91)
Non-monetary component of convertible bond	-	-	-	39	-	39	-	39
Total comprehensive income/(loss) for the period	-	16	(63)	13	108	74	(1)	73
Balance at 30 September 2013 (*)	**21**	**(7)**	**(125)**	**1,148**	**108**	**1,145**	**32**	**1,177**

(in millions of Euro)

	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Net profit / (loss) for the period	Equity attributable to the Group	Non-controlling interests	Total
Balance at 31 December 2013 (*)	**21**	**(8)**	**(156)**	**1,141**	**149**	**1,147**	**36**	**1,183**
Allocation of prior year net result	-	-	-	149	(149)	-	-	-
Dividend distribution	-	-	-	(89)	-	(89)	(1)	(90)
Fair value - stock options	-	-	-	3	-	3	-	3
Purchase of non-controlling interests in subsidiaries	-	-	-	(2)	-	(2)	(4)	(6)
Total comprehensive income/(loss) for the period	-	-	39	(17)	136	158	1	159
Balance at 30 September 2014	**21**	**(8)**	**(117)**	**1,185**	**136**	**1,217**	**32**	**1,249**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Euro)

		9 months 2014	of which related parties (Note 21)	9 months 2013 (*)	of which related parties (Note 21)
	Profit/(loss) before taxes	173		155	
	Depreciation and impairment of property, plant and equipment	89		94	
	Amortisation and impairment of intangible assets	22		24	
	Net gains on disposal of property, plant and equipment, intangible assets and price adjustment	(23)		(6)	
	Share of net profit/(loss) of equity-accounted companies	(26)	(26)	(21)	(21)
	Share-based payments	3		9	
	Fair value change in metal derivatives and other fair value items	(12)		12	
	Net finance costs	108		114	
	Changes in inventories	(216)		(123)	
	Changes in trade receivables/payables	(83)	2	(96)	-
	Changes in other receivables/payables	(175)	(13)	(191)	2
	Changes in receivables/payables for derivatives	2		-	
	Taxes paid	(46)		(45)	
	Dividends received from equity-accounted companies	12	12	17	17
	Utilisation of provisions (including employee benefit obligations)	(93)		(86)	(2)
	Increases in provisions (including employee benefit obligations)	51		43	
A.	**Net cash flow provided by/(used in) operating activities**	**(214)**		**(100)**	
	Acquisitions [1]	9		-	
	Investments in property, plant and equipment	(99)		(59)	
	Disposals of property, plant and equipment and assets held for sale	8		6	
	Investments in intangible assets	(15)		(12)	
	Disposals of intangible assets	-		-	
	Investments in financial assets held for trading	(5)		(14)	
	Disposals of financial assets held for trading	28		3	
B.	**Net cash flow provided by/(used in) investing activities**	**(74)**		**(76)**	
	Dividend distribution	(90)		(91)	
	EIB loan	100		-	
	Proceeds from convertible bond [2]	-		296	
	Early repayment of credit agreement	(184)		(486)	
	Finance costs paid [3]	(277)		(293)	
	Finance income received [4]	189		202	
	Changes in other net financial payables	349		66	
C.	**Net cash flow provided by/(used in) financing activities**	**87**		**(306)**	
D.	Currency translation gains/(losses) on cash and cash equivalents	2		(15)	
E.	**Total cash flow provided/(used) in the period (A+B+C+D)**	**(199)**		**(497)**	
F.	**Net cash and cash equivalents at the beginning of the period**	**510**		**787**	
G.	**Net cash and cash equivalents at the end of the period (E+F)**	**311**		**290**	

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit /(loss) of associates and joint ventures. Further details can be found in Section C. Restatement of comparative figures.

(1) This refers to the receipt of the purchase price adjustment regarding Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) for Euro 15 million and to the outlay for the acquisition of the remaining 34% of the subsidiary AS Draka Keila Cables for Euro 6 million.

(2) The Bond became convertible following the resolution adopted by the Shareholders' Meeting on 16 April 2013.

(3) Finance costs paid of Euro 277 million include Euro 41 million in interest payments in the first nine months of 2014 (Euro 52 million in the first nine months of 2013).

(4) Finance income received of Euro 189 million includes Euro 5 million in interest income (Euro 4 million in the first nine months of 2013).

EXPLANATORY NOTES

A. GENERAL INFORMATION

Prysmian S.p.A. ("the Company") is a company incorporated and domiciled in Italy and organised under the laws of the Republic of Italy.

The Company has its registered office in Viale Sarca, 222 - Milan (Italy).

Prysmian S.p.A. has been listed on the Italian Stock Exchange since 3 May 2007 and has been included since September 2007 in the FTSE MIB index, comprising the top 40 Italian companies by capitalisation and stock liquidity.

The Company and its subsidiaries (together "the Group" or "Prysmian Group") produce, distribute and sell cables and systems and related accessories for the energy and telecommunications industries worldwide.

A.1 SIGNIFICANT EVENTS IN 2014

European Commission's decision relating to the Antitrust investigation

On 2 April 2014, the European Commission concluded the investigations started in January 2009 by adopting a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., one of the Group's Italian subsidiaries, adopted anti-competitive practices in the European market for high voltage submarine and underground power cables.
The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the disputed infringement in the period from 18 February 1999 to 28 July 2005, sentencing them to pay a fine of Euro 67.3 million, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the disputed infringement in the period from 29 July 2005 to 28 January 2009, sentencing them to pay a fine of Euro 37.3 million. Prysmian has appealed against this decision to the General Court of the European Union and has submitted a request to participate in the appeals respectively lodged by Pirelli & C. S.p.A. and Goldman Sachs Group Inc. against the same decision. Prysmian has not had any financial outlay as a result of this decision, having chosen, pending the rulings on appeal, to provide bank guarantees as security against the payment of any amount due once such rulings have been issued. Following a detailed and careful analysis of the European Commission's ruling, and nonetheless considering this has been appealed and so could be submitted to second-instance judgement, it has been decided to release the amount of Euro 34 million from the existing provision.

Finance Activities

EIB Loan

On 18 December 2013, Prysmian S.p.A. entered into a loan agreement with the European Investment Bank (EIB) for Euro 100 million, to fund the Group's European research & development (R&D) programmes over the period 2013-2016.

The EIB Loan is particularly intended to support projects developed in the Group's R&D centres in six countries (France, Great Britain, the Netherlands, Spain, Germany and Italy) and represents about 50% of the Prysmian Group's planned investment expenditure in Europe during the period concerned.

The EIB Loan was received on 5 February 2014; it will be repaid in 12 equal half-yearly instalments starting on 5 August 2015 and ending on 5 February 2021.

Revolving Credit Facility 2014

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

Credit Agreements 2010 and 2014

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

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

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

Mergers & Acquisitions

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

The price adjustment process relating to the acquisition of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) was completed on 28 March 2014, with a price adjustment of GBP 20 million in the Prysmian Group's favour. Since this process was completed more than a year from the acquisition date of 15 November 2012, the difference between the adjusted final price and that previously estimated has been accounted for in the income statement with the recognition of Euro 22 million in non-recurring income.

Acquisition of non-controlling interest in AS Draka Keila Cables

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

Filing of listing application for the joint venture Yangtze Optical Fibre and Cable Joint Stock Limited Company

On 1 August 2014, Yangtze Optical Fibre and Cable Joint Stock Limited Company, based in Wuhan (People's Republic of China) and in which the Group holds a 37.5% interest, filed an application to list its shares on the Main Board of the Hong Kong Stock Exchange.
The company is a joint venture between the Prysmian Group and two other partners (China Huaxin Post and Telecommunications Economy Development Center and Wuhan Yangtze Communications Industry Group Co. Ltd., with equity interests of 37.5% and 25% respectively) and specialises in the production of optical fibre and optical cables for telecommunications.

Other significant events

Western HVDC Link Contract (UK)

During the last few days of April, the manufacture of the cables for the Western HVDC Link project in the United Kingdom encountered some technical problems, which were duly placed under detailed technical investigation.
Following tests on the quality of the cable produced and analysis of the materials and the manufacturing process, the Directors have felt able to make a reliable estimate of the project's revenues and costs.
The total impact on the first nine months of 2014 has been Euro 53 million, resulting from the full elimination of the margins previously recognised on the contract and the recognition of a provision to cover the expected contract loss.
Including non-recognition of the margin originally expected on this project in the period, the overall negative impact of the Western HVDC Link (UK) project on the results for the first nine months of 2014 is Euro 83 million.

Plant closures

On 6 July 2014, the Management Board of Prysmian Netherlands announced to the trade union representatives the intention to close the plant in Amsterdam - 78 employees - and transfer production to the plants in Delft and Emmen.
On 16 July 2014, Draka Paricable (France) initiated the consultation process with the trade unions for the closure of the Aubevoye plant - 92 employees - and the transfer of production to the plants in Amfreville and Gron.
These consultations are in response to the need to optimise manufacturing footprint at individual country level, with the aim of realigning industrial presence with the potential of the relevant business/market and of improving production capacity utilisation, as well as overall economic performance, through economies of scale.

Consequent impairment testing of the assets of the plants due to be restructured has not resulted in the recognition of any impairment losses. Other restructuring costs, however, depend on the outcome of negotiations in progress with the trade unions; at 30 September 2014 the costs have been recognised as far as can be reasonably estimated. Further details can be found in Note 12. Provisions for risks and charges.

AMT Explorer cable barge

On 3 July 2014, the AMT Explorer cable barge, chartered to transport power cables for the Deutsche Butch and Butendiek offshore wind farms in Germany, capsized while under tow in transit from Arco Felice (Naples) to Bremerhaven (Germany). The barge's rotating platform and cargo sank as a result. The cables being transported were worth approximately Euro 28 million, against which the Group has adequate insurance coverage. At 30 September 2014, the value of the rotating platform has been written off in full (Euro 5 million) and an insurance payout for the same amount has been recognised.

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

The consolidated financial statements contained herein were approved by the Board of Directors of Prysmian S.p.A. on 6 November 2014.

Note: all the amounts shown in the tables in the following Notes are expressed in millions of Euro, unless otherwise stated.

B. FORM AND CONTENT

The present quarterly financial report has been prepared on a going concern basis, since the Directors have assessed that there are no financial, operating or other kind of indicators that might provide evidence of the Group's inability to meet its obligations in the foreseeable future and particularly in the next 12 months.

In particular, the Group's estimates and projections take account of the possible risk factors described in the Directors' Report, and confirm the Prysmian Group's ability to operate as a going concern and to comply with its financial covenants.

The Company has prepared the present document in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB and recognised by the European Union in Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002, and specifically in accordance with *IAS 34 – Interim Financial Reporting*, and the instructions issued in implementation of art. 9 of Italian Legislative Decree 38/2005. As permitted by IAS 34, the Group has decided to publish its quarterly consolidated financial statements and associated explanatory notes in a condensed format.

The information contained in the quarterly financial report must be read in conjunction with the annual IFRS consolidated financial statements at 31 December 2013.

B.1 FINANCIAL STATEMENTS AND DISCLOSURES

The Group has elected to present its income statement according to the nature of expenses, whereas assets and liabilities in the statement of financial position are classified as current or non-current. The statement of cash flows has been prepared using the indirect method. The Group has also applied the provisions of Consob Resolution 15519 dated 27 July 2006 concerning financial statement formats and the requirements of Consob Communication 6064293 dated 28 July 2006 regarding disclosures.

When preparing the quarterly financial report, management has made judgements, estimates and assumptions that affect the value of revenues, costs, assets and liabilities and the disclosures relating to contingent assets and liabilities at the reporting date. As estimates, these may differ from the actual results attained in the future. Some valuation processes, particularly more complex ones such as the determination of any impairment losses against the value of property, plant and equipment and intangible assets, are carried out fully only at year end, when all the necessary information is available, unless there are indicators of impairment that require the immediate recognition of a loss.

Amendment of financial statements
Application of IFRS 10 and IFRS 11

The consolidated financial statements for 2013, presented in this quarterly financial report for comparative purposes, have been amended compared with the previously published figures due to the application of IFRS 10 and IFRS 11. Following these amendments, investments in associates and joint ventures accounted for using the equity method have been presented in a separate line of the statement of financial position. Further details can be found in Section C. Restatement of comparative figures.

Reclassification of share of net profit/(loss) of equity-accounted companies

The Group has adopted a new method of classifying its share of the net profit/(loss) of associates and joint ventures, whereby it recognises this amount as a component of Operating income when relating to companies that operate in the same sector as the Group. The comparative figures have been reclassified accordingly. Further details can be found in Section C. Restatement of comparative figures.

Other changes

Lastly, some reclassifications have been made between "Historical cost" and "Accumulated depreciation and impairment" in "Property, plant and equipment", as shown in Note 1. Property, plant and equipment and intangible assets.

B.2 ACCOUNTING STANDARDS

Accounting standards used to prepare the quarterly financial report

The basis of consolidation, the methods used to translate financial statements into the presentation currency, the accounting standards and the accounting estimates and policies adopted are the same as those used for the consolidated financial statements at 31 December 2013, to which reference should be made for more details, except for:

1. income taxes, which have been recognised using the best estimate of the Group's weighted average tax rate expected for the full year;
2. the accounting standards and amendments discussed below, which have been mandatorily applied with effect from 1 January 2014 after receiving endorsement from the competent authorities.

Accounting standards, amendments and interpretations applied from 1 January 2014

On 12 May 2011, the IASB issued *IFRS 10, IFRS 11* and *IFRS 12* and amendments to *IAS 27* and *IAS 28*.

The principal changes are as follows:

IFRS 10 - Consolidated Financial Statements

This standard supersedes *SIC 12 - Consolidation: Special Purpose Entities* and parts of *IAS 27 - Separate Financial Statements*. The objective of the new standard is to define a single control model, which is applicable to all companies, including special purpose entities.

The standard provides guidance on defining the new concept of control, which is more detailed than in the past, in order to assist in the determination of control where this is difficult to assess.

IAS 27 - Separate Financial Statements

IAS 27 - Separate Financial Statements has been revised following publication of *IFRS 10 - Consolidated Financial Statements*. The new document, from which all references to consolidation have been removed, prescribes the accounting treatment for investments when an entity prepares separate financial statements.

IFRS 11 - Joint Arrangements

This document supersedes *IAS 31 - Interests in Joint Ventures* and *SIC 13 - Jointly Controlled Entities: Non-Monetary Contributions by Venturers* and establishes principles for identifying a joint arrangement on the basis of the rights and obligations arising from the arrangement, rather than its legal form. The accounting treatment differs according to whether the arrangement is classified as a joint operation or a joint venture. In addition, the existing policy choice of proportionate consolidation for joint ventures has been eliminated.

IFRS 12 - Disclosure of Interests in Other Entities

This document refers to the disclosures concerning interests in other entities, including subsidiaries, associates and joint ventures.

The objective is to disclose information that enables users of financial statements to evaluate the nature of risks associated with interests in strategic investments (consolidated and otherwise) intended to be held over the medium to long term.

IFRSs 10, 11 and 12 and IAS 27 were published in the Official Journal of the European Union on 29 December 2012 and apply at the latest from the commencement date of the first financial year starting on or after 1 January 2014.

In November 2013, *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*, a document issued by the IASB on 31 October 2012, was published in the Official Journal of the European Union. These amendments are intended to provide an exception to the consolidation obligations of IFRS 10 for companies that manage and measure their investments on a fair value basis. These amendments apply to financial years beginning on or after 1 January 2014 and have not entailed any significant effects for the Group.

Further details about the effects of the above amendments can be found in Section C. Restatement of comparative figures.

On 16 December 2011, the IASB published amendments to *IAS 32 - Financial Instruments: Presentation* to clarify the criteria for offsetting financial instruments.

The amendments clarify that:

- the right of set-off between financial assets and liabilities must be available at the financial reporting date and not contingent on a future event;
- this right must be enforceable by all counterparties both in the normal course of business and in the event of insolvency or bankruptcy.

The document was published in the Official Journal of the European Union on 29 December 2012. The amendments apply to financial years beginning on or after 1 January 2014 and must be applied retrospectively; they have not entailed any significant effects for the Group.

On 20 May 2013, the IASB issued *IFRIC 21 - Levies*, an interpretation of *IAS 37 - Provisions, Contingent Liabilities and Contingent Assets*. The interpretation, which addresses the recognition of liabilities for the payment of taxes other than income taxes, provides guidance on identifying the event that gives rise to the obligation and when to recognise the liability. The interpretation applies to financial years beginning on or after 17 June 2014. The introduction of this interpretation is not expected to entail any significant effects for the Group.

On 29 May 2013, the IASB issued an amendment to *IAS 36 - Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets* to clarify the disclosure of information about the recoverable amount of impaired assets, if that amount is based on fair value less costs of disposal. The amendment requires disclosures about the recoverable amount of such assets or cash-generating units only when impairment is recognised or a previous impairment is reversed. This amendment applies to financial years beginning on or after 1 January 2014 and has not entailed any significant effects for the Group.

On 27 June 2013, the IASB published an amendment to *IAS 39 - Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* which clarifies that it is permitted to continue hedge accounting for a derivative designated as a hedging instrument, where novation is required by legislation/regulation, provided specific conditions are met. This amendment applies to financial years beginning on or after 1 January 2014 and has not entailed any significant effects for the Group. The amendment will also appear in *IFRS 9 - Financial Instruments*.

New standards, amendments and interpretations of existing standards, not yet mandatory and not adopted early by the Group.

On 21 November 2013, the IASB published an amendment to *IAS 19 - Employee Contributions* with the aim of providing more information about the accounting treatment of pension plans which require plan participants to pay in contributions. As at the present document date, the European Union had not yet completed the endorsement process needed for the application of this amendment.

On 12 December 2013, the IASB published the documents *Annual Improvements 2010-2012 and Annual Improvements 2011-2013* as part of its programme of annual improvements to its standards; most of the changes involve clarifications or corrections to existing IFRSs or amendments resulting from other changes previously made to the IFRSs. As at the present document date, the European Union had not yet completed the endorsement process needed for the application of these amendments.

On 6 May 2014, the IASB issued amendments to *IFRS 11 - Joint Arrangements* to provide guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. These amendments are effective retrospectively for financial years beginning on or after 1 January 2016.

On 13 May 2014, the IASB published amendments to *IAS 16 - Property, Plant and Equipment* and *IAS 38 - Intangible Assets* to provide guidance on acceptable methods of depreciation and amortisation. In particular, the amendments clarify that revenue-based methods to calculate depreciation or amortisation are applicable only in limited circumstances. These amendments are effective retrospectively for financial years beginning on or after 1 January 2016.

On 29 May 2014, the IASB issued *IFRS 15 - Revenue from Contracts with Customers* with the aim of improving the quality and uniformity of revenue reporting. The publication of this standard is part of the convergence project with the FASB to improve the comparability of financial statements.

The objective of the standard is to define the time of transfer of control as a factor in revenue recognition and the amount that the company is entitled to receive. The standard therefore defines the following steps to follow for the recognition of revenue:

1 Identify the contract with the customer;

2 Identify the performance obligations in the contract;

3 Determine the transaction price;

4 Allocate the transaction price to the performance obligations in the contract;

5 Recognise revenue when (or as) the entity satisfies a performance obligation.

This standard applies to financial years beginning on or after 1 January 2017.

On 24 July 2014, the IASB issued *IFRS 9 - Financial Instruments*, divided into the following sections:
- classification and measurement of derivative instruments;
- impairment methodology for financial instruments;
- rules for the application of hedge accounting;
- accounting for changes in the reporting entity's own credit when measuring the fair value of liabilities.

This standard will apply to financial years beginning on or after 1 January 2018.

On 12 August 2014, the IASB published certain amendments to *IAS 27 – Separate Financial Statements*. The purpose is to allow entities to use the equity method to account for investments in associates and joint ventures even in their separate financial statements. These amendments are effective for financial years beginning on or after 1 January 2016.

On 11 September 2014, the IASB published amendments to *IFRS 10 – Consolidated Financial Statements* and to *IAS 28 – Investments in Associates and Joint Ventures*. The purpose is to clarify how to account for the results of a sale or contribution of assets between group companies and their associates and joint ventures. These amendments are effective for financial years beginning on or after 1 January 2016.

On 25 September 2014, the IASB published *Annual Improvements 2012-2014* as an integral part of its programme of annual improvements to its standards; most of the changes are clarifications of existing IFRSs. As at the present document date, the European Union had not yet completed the endorsement process needed for the application of these amendments.

B.3 CHANGES IN THE SCOPE OF CONSOLIDATION

The Group's scope of consolidation includes the financial statements of Prysmian S.p.A. (the Parent Company) and of the companies over which it exercises direct or indirect control, which are consolidated from the date when control is obtained until the date when such control ceases.

The following changes took place in the scope of consolidation during the first nine months of 2014:

Mergers

On 1 February 2014, the merger was completed of Prysmian (Dutch) Holdings B.V. into Draka Holding N.V..

On 24 February 2014, the merger was completed of Fastighets AB Spannbucklan and Fastighets AB Hygget into Draka Kabel Sverige AB.

On 24 April 2014, the merger was completed of Cables Opticos Y Metalicos para Telecomunicaciones Telcon s.r.l. into Prysmian Energy Cables y Sistemas de Argentina S.A..

On 1 May 2014, the merger was completed of Kabelbedrijven Draka Nederland B.V. into Prysmian Netherlands B.V..

Name changes

On 13 February 2014, the Dutch company Draka Holding N.V. changed its name to Draka Holding B.V..

Acquisitions

On 9 July 2014, Prysmian Finland OY acquired the remaining 34% of the subsidiary AS Draka Keila Cables.

Appendix A to these notes contains a list of the companies included in the scope of consolidation at 30 September 2014.

C. RESTATEMENT OF COMPARATIVE FIGURES

Following the adoption of *IFRS 10 - Consolidated Financial Statements* and *IFRS 11 - Joint Arrangements*, applicable retrospectively from 1 January 2014, the Group's consolidated figures have been restated as from 1 January 2013.

In particular, the changes introduced by *IFRS 11 - Joint Arrangements* have eliminated the possibility of proportionate consolidation; accordingly, the companies Yangtze Optical Fibre and Cable Joint Stock Limited Co., Yangtze Optical Fibre and Cable (Hong Kong) Co. Ltd., Precision Fiber Optics Ltd. and Power Cables Malaysia Sdn Bhd, previously consolidated using the proportionate method, have now been consolidated using the equity method.

In addition, further to the changes introduced by *IFRS 10 - Consolidated Financial Statements*, the Chinese company Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd., previously consolidated line-by-line, has now been consolidated using the equity method; the Brazilian company Sociedade Produtora de Fibras Opticas S.A., previously consolidated line-by-line, has been defined as a "joint operation" and so is now being consolidated according to the rights and obligations arising under the contractual arrangement.

The following table summarises the changes made to the scope of consolidation:

	Method of consolidation	
	31 December 2012	**From 1 January 2013**
China		
Yangtze Optical Fibre and Cable Joint Stock Limited Co.	Proportionate	Equity
Yangtze Optical Fibre and Cable (Hong Kong) Co. Ltd.	Proportionate	Equity
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd.	Line-by-line	Equity
Japan		
Precision Fiber Optics Ltd.	Proportionate	Equity
Malaysia		
Pow er Cables Malaysia Sdn Bhd	Proportionate	Equity
Brazil		
Sociedade Produtora de Fibras Opticas S.A.	Line-by-line	Line-by-line (*)

(*) Company defined as a joint operation, which is being consolidated line-by-line according to the rights and obligations arising under the contractual arrangement.

The Consolidated Financial Statements at 1 January 2013, at 31 December 2013 and for the first nine months of 2013 have therefore been restated as follows.

Consolidated Statement of Financial Position at 1 January 2013:

(in millions of Euro)

	1 January 2013 Published	Effects application IFRS 10-11	1 January 2013 Restated
Non-current assets			
Property, plant and equipment	1,539	(55)	1,484
Intangible assets	644	(36)	608
Equity-accounted investments	99	94	193
Available-for-sale financial assets	14	(2)	12
Derivatives	3	-	3
Deferred tax assets	127	(2)	125
Other receivables	41	(1)	40
Total non-current assets	**2,467**	**(2)**	**2,465**
Current assets			
Inventories	897	(31)	866
Trade receivables	1,163	(80)	1,083
Other receivables	573	(13)	560
Financial assets held for trading	78	-	78
Derivatives	16	-	16
Cash and cash equivalents	812	(25)	787
Total current assets	**3,539**	**(149)**	**3,390**
Assets held for sale	4	-	4
Total assets	**6,010**	**(151)**	**5,859**
Equity attributable to the Group:	**1,112**	**-**	**1,112**
Share capital	21	-	21
Reserves	925	-	925
Net profit/(loss) for the year	166	-	166
Equity attributable to non-controlling interests:	**47**	**(12)**	**35**
Share capital and reserves	44	(11)	33
Net profit/(loss) for the year	3	(1)	2
Total equity	**1,159**	**(12)**	**1,147**
Non-current liabilities			
Borrowings from banks and other lenders	1,433	(5)	1,428
Other payables	27	(4)	23
Provisions for risks and charges	76	(3)	73
Derivatives	41	-	41
Deferred tax liabilities	95	(4)	91
Employee benefit obligations	344	-	344
Total non-current liabilities	**2,016**	**(16)**	**2,000**
Current liabilities			
Borrowings from banks and other lenders	361	(50)	311
Trade payables	1,450	(34)	1,416
Other payables	654	(38)	616
Derivatives	24	-	24
Provisions for risks and charges	317	-	317
Current tax payables	29	(1)	28
Total current liabilities	**2,835**	**(123)**	**2,712**
Total liabilities	**4,851**	**(139)**	**4,712**
Total equity and liabilities	**6,010**	**(151)**	**5,859**

Consolidated Statement of Financial Position at 31 December 2013:

(in millions of Euro)

	31 December 2013 Published	Effects application IFRS 10-11	31 December 2013 Restated
Non-current assets			
Property, plant and equipment	1,441	(51)	1,390
Intangible assets	623	(35)	588
Equity-accounted investments	99	106	205
Available-for-sale financial assets	15	(3)	12
Derivatives	2	-	2
Deferred tax assets	134	(4)	130
Other receivables	29	(1)	28
Total non-current assets	**2,343**	**12**	**2,355**
Current assets			
Inventories	920	(39)	881
Trade receivables	1,010	(77)	933
Other receivables	739	(17)	722
Financial assets held for trading	94	(1)	93
Derivatives	23	-	23
Cash and cash equivalents	561	(51)	510
Total current assets	**3,347**	**(185)**	**3,162**
Assets held for sale	12	-	12
Total assets	**5,702**	**(173)**	**5,529**
Equity attributable to the Group:	**1,147**	**-**	**1,147**
Share capital	21	-	21
Reserves	977	-	977
Net profit/(loss) for the year	149	-	149
Equity attributable to non-controlling interests:	**48**	**(12)**	**36**
Share capital and reserves	43	(11)	32
Net profit/(loss) for the year	5	(1)	4
Total equity	**1,195**	**(12)**	**1,183**
Non-current liabilities			
Borrowings from banks and other lenders	1,154	(35)	1,119
Other payables	24	(4)	20
Provisions for risks and charges	52	(1)	51
Derivatives	7	-	7
Deferred tax liabilities	100	(3)	97
Employee benefit obligations	308	-	308
Total non-current liabilities	**1,645**	**(43)**	**1,602**
Current liabilities			
Borrowings from banks and other lenders	338	(46)	292
Trade payables	1,441	(32)	1,409
Other payables	728	(40)	688
Derivatives	42	-	42
Provisions for risks and charges	279	-	279
Current tax payables	34	-	34
Total current liabilities	**2,862**	**(118)**	**2,744**
Total liabilities	**4,507**	**(161)**	**4,346**
Total equity and liabilities	**5,702**	**(173)**	**5,529**

Consolidated Income Statement 9 months 2013:

(in millions of Euro)

	9 months 2013 Published	Effects application IFRS 10-11	Other reclassifications	9 months 2013 Restated
Sales of goods and services	5,488	(187)	(4)	5,297
Change in inventories of work in progress, semi-finished and finished goods	83	(5)	-	78
Other income	52	-	-	52
of which non-recurring other income	*12*	-	-	*12*
Raw materials, consumables used and goods for resale	(3,526)	142	2	(3,382)
Fair value change in metal derivatives	(12)	-	-	(12)
Personnel costs	(721)	14	1	(706)
of which non-recurring personnel costs	*(20)*	-	-	*(20)*
of which personnel costs for stock option fair value	*(9)*	-	-	*(9)*
Amortisation, depreciation and impairment	(124)	6	-	(118)
of which non-recurring impairment	*(9)*	-	-	*(9)*
Other expenses	(975)	14	-	(961)
of which non-recurring other expenses	*(26)*	-	-	*(26)*
Share of net profit/(loss) of equity-accounted companies	-	12	9	21
Operating income	**265**	**(4)**	**8**	**269**
Finance costs	(339)	-	-	(339)
of which non-recurring finance costs	*(20)*	-	-	*(20)*
Finance income	225	-	-	225
Share of net profit/(loss) of associates and dividends from other companies	8	1	(9)	-
Profit/(loss) before taxes	**159**	**(3)**	**(1)**	**155**
Taxes	(49)	3	-	(46)
Net profit/(loss) for the period	**110**	**-**	**(1)**	**109**
Attributable to:				
Owners of the parent	108	-	-	108
Non-controlling interests	2	(1)	-	1

Consolidated Statement of Comprehensive Income 9 months 2013:

(in millions of Euro)

	9 months 2013 - Published	Effects application IFRS 10-11	9 months 2013 - Restated
Net profit/(loss) for the period	**110**	**(1)**	**109**
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	9	-	9
Fair value gains/(losses) on cash flow hedges - tax effect	(3)	-	(3)
Release of cash flow hedge reserve after discontinuing cash flow hedging - gross of tax	15	-	15
Release of cash flow hedge reserve after discontinuing cash flow hedging - tax effect	(5)	-	(5)
Currency translation differences	(65)	-	(65)
Total items that may be reclassified, net of tax	**(49)**	**-**	**(49)**
- items that will NOT be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) on employee benefits - gross of tax	16	-	16
Actuarial gains/(losses) on employee benefits - tax effect	(3)	-	(3)
Total items that will NOT be reclassified, net of tax	**13**	**-**	**13**
Total comprehensive income/(loss) for the period	**74**	**(1)**	**73**
Attributable to:			
Owners of the parent	74	-	74
Non-controlling interests	-	(1)	(1)

Consolidated Statement of Cash Flows 9 months 2013:

(in millions of Euro)

		9 months 2013 - Published	Effects application IFRS 10-11	Other reclassifications	9 months 2013 - Restated
	Profit/(loss) before taxes	159	(4)	-	155
	Depreciation and impairment of property, plant and equipment	99	(5)	-	94
	Amortisation and impairment of intangible assets	25	(1)	-	24
	Net gains on disposal of property, plant and equipment, intangible assets and other non-current assets	(6)	-	-	(6)
	Share of net profit/(loss) of equity-accounted companies	(8)	(13)	-	(21)
	Share-based payments	9	-	-	9
	Fair value change in metal derivatives and other fair value items	12	-	-	12
	Net finance costs	114	-	-	114
	Changes in inventories	(136)	13	-	(123)
	Changes in trade receivables/payables	(107)	11	-	(96)
	Changes in other receivables/payables	(192)	1	-	(191)
	Changes in receivables/payables for derivatives	-	-	-	-
	Taxes paid	(48)	3	-	(45)
	Dividends received from equity-accounted companies	-	9	8	17
	Utilisation of provisions (including employee benefit obligations)	(88)	2	-	(86)
	Increases in provisions (including employee benefit obligations)	43	-	-	43
A.	**Net cash flow provided by/(used in) operating activities**	**(124)**	**16**	**8**	**(100)**
	Acquisitions	-	-	-	-
	Investments in property, plant and equipment	(68)	9	-	(59)
	Disposals of property, plant and equipment and assets held for sale	7	(1)	-	6
	Investments in intangible assets	(12)	-	-	(12)
	Disposals of intangible assets	-	-	-	-
	Investments in financial assets held for trading	(14)	-	-	(14)
	Disposals of financial assets held for trading	3	-	-	3
	Investments in available-for-sale financial assets	-	-	-	-
	Disposals of available-for-sale financial assets	-	-	-	-
	Investments in associates	-	-	-	-
	Disposals of associates	-	-	-	-
	Dividends received	8	-	(8)	-
B.	**Net cash flow provided by/(used in) investing activities**	**(76)**	**8**	**(8)**	**(76)**
	Capital contributions and other changes in equity	-	-	-	-
	Dividend distribution	(92)	1	-	(91)
	EIB loan	-	-	-	-
	Purchase of treasury shares	-	-	-	-
	Proceeds from convertible bond [(1)]	296	-	-	296
	Early repayment of credit agreement	(486)	-	-	(486)
	Finance costs paid [(2)]	(294)	1	-	(293)
	Finance income received [(3)]	203	(1)	-	202
	Changes in other net financial payables	97	(31)	-	66
C.	**Net cash flow provided by/(used in) financing activities**	**(276)**	**(30)**	**-**	**(306)**
D.	Currency translation gains/(losses) on cash and cash equivalents	(15)	-	-	(15)
E.	**Total cash flow provided/(used) in the period (A+B+C+D)**	**(491)**	**(6)**	**-**	**(497)**
F.	**Net cash and cash equivalents at the beginning of the period**	**812**	**(25)**	**-**	**787**
G.	**Net cash and cash equivalents at the end of the period (E+F)**	**321**	**(31)**	**-**	**290**

D. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to various forms of risk: market risk (including exchange rate, interest rate and price risks), credit risk and liquidity risk.

This quarterly financial report does not contain all the information about financial risks presented in the annual financial report at 31 December 2013, which should be consulted for more detailed analysis.

With reference to the risks described in the annual financial report at 31 December 2013, there have been no changes in the types of risks to which the Group is exposed or in its policies for managing such risks.

(a) Fair value estimation

With reference to assets and liabilities recognised in the statement of financial position, IFRS 13 requires that such amounts are classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value.

Financial instruments are classified according to the following fair value hierarchy:

Level 1: fair value is determined with reference to quoted prices (unadjusted) in active markets for identical financial instruments;

Level 2: fair value is determined using valuation techniques where the input is based on observable market data;

Level 3: fair value is determined using valuation techniques where the input is not based on observable market data.

(in millions of Euro)

				30 September 2014
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss:				
Derivatives	1	24	-	25
Financial assets held for trading	66	7	-	73
Hedging derivatives	-	14	-	14
Available-for-sale financial assets	-	-	12	12
Total assets	**67**	**45**	**12**	**124**
Liabilities				
Financial liabilities at fair value through profit or loss:				
Derivatives	1	32	-	33
Hedging derivatives	-	26	-	26
Total liabilities	**1**	**58**	**-**	**59**

Financial assets classified in fair value Level 3 have reported no significant movements in the period.

Given the short-term nature of trade receivables and payables, their book values, net of any allowance for doubtful accounts, are treated as a good approximation of fair value.

During the first nine months of 2014 there were no transfers of financial assets and liabilities between the different levels of the fair value hierarchy.

(b) Valuation techniques

Level 1: The fair value of financial instruments quoted in an active market is based on market price at the reporting date. The market price used for derivatives is the bid price, while for financial liabilities the ask price is used.

Level 2: Derivative financial instruments classified in this category include interest rate swaps, forward currency contracts and metal derivative contracts that are not quoted in active markets. Fair value is determined as follows:

- for interest rate swaps, it is calculated on the basis of the present value of forecast future cash flows;
- for forward currency contracts, it is determined using the forward exchange rate at the reporting date, appropriately discounted;
- for metal derivative contracts, it is determined using the prices of such metals at the reporting date, appropriately discounted.

Level 3: The fair value of instruments not quoted in an active market is mainly determined using valuation techniques based on estimated discounted cash flows.

E. SEGMENT INFORMATION

The criteria used for identifying reportable segments are consistent with the Group's long-established organisational model. From 1 January 2014 the Group has embarked on a process of organisational change, as described in the 2013 annual financial report. Reporting systems in support of the new model are still in the process of being implemented; it has therefore been decided, for the purposes of this quarterly financial report, not to change the way of reporting segment information.

In particular, segment information is structured in the same way as the report periodically prepared in order to review business performance. This report presents operating performance by macro type of business (Energy and Telecom) and the results of operating segments primarily on the basis of Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items (eg. restructuring costs), the fair value change in metal price derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income and taxes. This report also provides information about the statement of financial position for the Group as a whole and not by operating segment.

In order to provide users of the financial statements with clearer information, certain economic data is also reported for the following sales channels and business areas within the individual operating segments:

A) Energy operating segment:

1. Utilities: organised in four lines of business, comprising High Voltage, Power Distribution, Accessories and Submarine;
2. Trade & Installers: cables and systems for the trade and installers market for the wiring of buildings and distribution of electricity to or in commercial and residential buildings, including fire-resistant and low

smoke halogen-free cables, forming part of one of the widest and most comprehensive product ranges in the world;

3. Industrial: cables and accessories for special industrial applications based on specific requirements (Specialties&OEM; Oil & Gas; Automotive; Renewables; Surf; Elevator);
4. Other: occasional sales of residual products.

B) Telecom operating segment: produces cable systems and connectivity products used in telecommunication networks. The segment is organised in the following lines of business: optical fibre, optical cables, connectivity components and accessories, OPGW (Optical Ground Wire) and copper cables.

All Corporate fixed costs are allocated to the Energy and Telecom segments. Revenues and costs are allocated to each operating segment by identifying all revenues and costs directly attributable to that segment and by allocating indirect costs on the basis of Corporate resources (personnel, space used, etc.) absorbed by the operating segments.

Group operating activities are organised and managed separately based on the nature of the products and services provided: each segment offers different products and services to different markets. Sales of goods and services are analysed geographically on the basis of the location of the registered office of the company that issues the invoices, regardless of the geographic destination of the products sold. This type of presentation does not produce significantly different results from analysing sales of goods and services by destination of the products sold. Transfer pricing between segments is determined using the same conditions as applied between Group companies and is generally determined by applying a mark-up to production costs.

E.1 OPERATING SEGMENTS

The following tables present information by operating segment.

(in millions of Euro)

								9 months 2014
	Energy					Telecom	Corporate	Group total
	Utilities	Trade & Installers	Industrial	Other	Total			
Sales [(1)]	1,535	1,434	1,228	72	4,269	745	-	5,014
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**130**	**45**	**84**	**7**	**266**	**63**	**-**	**329**
% of sales	8.5%	3.1%	6.8%		6.2%	8.5%		6.6%
Adjusted EBITDA (A)	**135**	**52**	**86**	**7**	**280**	**75**	**-**	**355**
% of sales	8.8%	3.6%	7.0%		6.6%	10.0%		7.1%
EBITDA (B)	**183**	**49**	**80**	**5**	**317**	**72**	**(6)**	**383**
% of sales	11.9%	3.4%	6.5%		7.4%	9.7%		7.6%
Amortisation and depreciation (C)	(30)	(17)	(26)	(2)	(75)	(31)	-	(106)
Adjusted operating income (A+C)	**105**	**35**	**60**	**5**	**205**	**44**	**-**	**249**
% of sales	6.9%	2.4%	4.9%		4.8%	5.9%		5.0%
Fair value change in metal derivatives (D)								12
Fair value stock options (E)								(3)
Impairment of assets (F)								(5)
Operating income (B+C+D+E+F)								**281**
% of sales								5.6%
Finance income								192
Finance costs								(300)
Taxes								(38)
Net profit/(loss) for the period								**135**
% of sales								2.7%
Attributable to:								
Owners of the parent								136
Non-controlling interests								(1)

RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA

EBITDA (A)	**183**	**49**	**80**	**5**	**317**	**72**	**(6)**	**383**
Non-recurring expenses/(income):								
Company reorganisation	5	2	3	-	10	5	1	16
Antitrust investigations	(28)	-	-	-	(28)	-	-	(28)
Acquisition price adjustment	(22)	-	-	-	(22)	-	-	(22)
Other net non-recurring expenses/(income)	(3)	1	3	2	3	(2)	5	6
Total non-recurring expenses/(income) (B)	**(48)**	**3**	**6**	**2**	**(37)**	**3**	**6**	**(28)**
Adjusted EBITDA (A+B)	**135**	**52**	**86**	**7**	**280**	**75**	**-**	**355**

[(1)] Sales of the operating segments and business areas are reported net of intercompany transactions, consistent with the presentation adopted in the regularly reviewed reports.

(in millions of Euro)

								9 months 2013 (*)
					Energy	Telecom	Corporate	Group total
	Utilities	Trade & Installers	Industrial	Other	Total			
Sales [1]	1,644	1,470	1,339	81	4,534	763	-	5,297
Adjusted EBITDA before share of net profit/(loss) of equity accounted companies	**193**	**61**	**96**	**3**	**353**	**68**	**-**	**421**
% of sales	11.7%	4.1%	7.2%		7.8%	8.9%		7.9%
Adjusted EBITDA (A)	**195**	**65**	**97**	**4**	**361**	**81**	**-**	**442**
% of sales	11.9%	4.4%	7.2%		8.0%	10.6%		8.3%
EBITDA (B)	**199**	**55**	**95**	**(1)**	**348**	**64**	**(4)**	**408**
% of sales	12.1%	7.2%	7.1%		7.7%	8.4%		7.7%
Amortisation and depreciation (C)	(29)	(19)	(26)	(3)	(77)	(32)	-	(109)
Adjusted operating income (A+C)	**166**	**46**	**71**	**1**	**284**	**49**	**-**	**333**
% of sales	10.1%	3.1%	5.3%		6.3%	6.4%		6.3%
Fair value change in metal derivatives (D)								(12)
Fair value stock options (E)								(9)
Impairment of assets (F)								(9)
Operating income (B+C+D+E)								**269**
% of sales								5.1%
Finance income								225
Finance costs								(339)
Taxes								(46)
Net profit/(loss) for the period								**109**
% of sales								2.1%
Attributable to:								
Owners of the parent								108
Non-controlling interests								1

RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA

	Utilities	Trade & Installers	Industrial	Other	Energy Total	Telecom	Corporate	Group total
EBITDA (A)	**199**	**55**	**95**	**(1)**	**348**	**64**	**(4)**	**408**
Non-recurring expenses/(income):								
Company reorganisation	4	8	3	7	22	9	1	32
Antitrust investigations	(3)	-	-	-	(3)	-	-	(3)
Environmental remediation and other costs	3	1	-	(2)	2	-	-	2
Gains on asset disposals	(2)	(1)	(1)	-	(4)	(1)	-	(5)
Other net non-recurring expenses/(income)	(6)	2	-	-	(4)	9	3	8
Total non-recurring expenses/(income) (B)	**(4)**	**10**	**2**	**5**	**13**	**17**	**4**	**34**
Adjusted EBITDA (A+B)	**195**	**65**	**97**	**4**	**361**	**81**	**-**	**442**

(*) The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit /(loss) of associates and joint ventures. Further details can be found in Section C. Restatement of comparative figures.

(1) Sales of the operating segments and business areas are reported net of intercompany transactions, consistent with the presentation adopted in the regularly reviewed reports.

E.2 GEOGRAPHICAL AREAS

The following table presents sales of goods and services by geographical area.

(in millions of Euro)

	9 months 2014	9 months 2013 (*)
Sales of goods and services	**5,014**	**5,297**
EMEA*	**3,250**	**3,479**
(of which Italy)	637	735
North America	**746**	**750**
Latin America	**393**	**485**
Asia Pacific	**625**	**583**

* EMEA = Europe, Middle East and Africa

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of these balances and related movements are as follows:

(in millions of Euro)

	Property, plant and equipment	Intangible assets	*of which Goodwill*
Balance at 31 December 2013 (*)	**1,390**	**588**	**377**
Movements in 2014:			
- Investments	99	15	-
- Disposals	-	-	-
- Depreciation and amortisation	(84)	(22)	-
- Impairment	(5)	-	-
- Currency translation differences	30	5	*3*
- Other	-	-	-
Total movements	**40**	**(2)**	***3***
Balance at 30 September 2014	**1,430**	**586**	***380***
Of which:			
- Historical cost	2,344	809	*400*
- Accumulated depreciation/amortisation and impairment	(914)	(223)	*(20)*
Net book value	**1,430**	**586**	***380***

(in millions of Euro)

	Property, plant and equipment	Intangible assets	*of which Goodwill*
Balance at 31 December 2012 (*)	**1,484**	**608**	***377***
Movements in 2013:			
- Business combinations	-	1	*2*
- Investments	59	12	-
- Disposals	(5)	-	-
- Depreciation and amortisation	(85)	(24)	-
- Impairment	(9)	-	-
- Currency translation differences	(41)	(4)	*(2)*
- Reclassifications to Assets held for sale	(2)	-	-
- Other	1	-	-
Total movements	**(82)**	**(15)**	**-**
Balance at 30 September 2013 (*)	**1,402**	**593**	***377***
Of which:			
- Historical cost	2,088	786	*397*
- Accumulated depreciation/amortisation and impairment	(686)	(193)	*(20)*
Net book value	**1,402**	**593**	***377***

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

A total of Euro 99 million has been invested in property, plant and equipment in the first nine months of 2014. This expenditure is analysed as follows:

- around 37%, or Euro 36 million, for structural projects, mainly involving the purchase of the Pikkala site in Finland, work on buildings and production lines for compliance with the latest regulations and conversion of the cable ship owned by Prysmian PowerLink Services Ltd;
- around 39%, or Euro 39 million, for projects to increase production capacity and develop new products;
- around 24%, or Euro 24 million, for projects to improve industrial efficiency.

The impairment loss of Euro 5 million, recognised in the first nine months of 2014 against the value of Property, plant and equipment, relates to the rotating platform loaded aboard the AMT Explorer cable barge,

which capsized at sea in July 2014. The insurance payout for the same amount has been recognised in "Other income".
Machinery is subject to Euro 11 million in liens in connection with long-term loans (mainly in relation to the Brazilian subsidiaries).

Investments in intangible assets have amounted to Euro 15 million in the period, most of which in connection with the "SAP Consolidation" project, aimed at harmonising the information system across the Group (Euro 8 million).

Apart from the amount described above, there has been no need to recognise any significant impairment losses at 30 September 2014. This does not mean that impairment losses, even significant ones, will not emerge when tests are performed in more detail at the time of preparing the annual financial statements.

2. EQUITY-ACCOUNTED INVESTMENTS

These are detailed as follows:

(in millions of Euro)

	30 September 2014	31 December 2013 (*)
Investments in associates	84	78
Investments in joint ventures	137	127
Total equity-accounted investments	**221**	**205**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

Investments in associates

Information about the nature of the main investments in associates:

Company name	Registered office	% owned
Oman Cables Industry (SAOG)	Sultanate of Oman	34.78%
Kabeltrommel Gmbh & Co.K.G.	Germany	43.18%
Elkat Ltd.	Russia	40.00%

Oman Cables Industry (SAOG) is based in the Sultanate of Oman and is listed on the local stock exchange. The company and its subsidiaries manufacture and sell power cables and conductors and operate mainly in the local market, the Middle East and North Africa.

Kabeltrommel Gmbh & Co. K.G. is a German company that heads a consortium for the production, procurement, management and sale of disposable and reusable cable carrying devices (reels). The services offered by the company include both the sale of such devices, and the complete management of logistics services such as shipping, handling and the subsequent retrieval of cable carrying devices. The company operates primarily in the German market.

Elkat Ltd. is based in Russia and manufactures and sells copper conductors; it is the only company certified by the LME to test copper cathodes for the local market.

Investments in joint ventures

Information about the nature of the main investments in joint ventures:

Company name	Registered office	% owned
Yangtze Optical Fibre & Cable Joint Stock Limited Company	China	37.50%
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd	China	53.125%
Power Cables Malaysia Sdn Bhd	Malaysia	40.00%
Precision Fiber Optics Ltd	Japan	50.00%

Yangtze Optical Fibre & Cable Joint Stock Limited Company, a Chinese company formed in 1988, is a joint venture between three partners: China Telecommunications Corporation, Wuhan Yangtze Communications Industry Group Company Ltd. and the Prysmian Group. The company is one of the industry's most important manufacturers of optical fibre and cables. The company's products and solutions are sold in more than 50 countries, including the United States, Japan, the Middle East and Africa.

Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd, formed in 2002, is based in Shanghai (China) and is a joint venture between Yangtze Optical Fibre & Cable Joint Stock Limited Company and the Prysmian Group. The company specialises in the manufacture and sale of optical fibre and cables, offering a wide range of optical fibre cables and accessories, services and FTTx solutions.

Power Cables Malaysia Sdn Bhd is a joint venture based in Malaysia between the Prysmian Group and the Armed Forces Fund Board (LTAT), a Malaysian government retirement benefits fund. The company, a leader in the local market, manufactures and sells power cables and conductors and is mainly specialised in high voltage products.

Lastly, Precision Fiber Optics Ltd., based in Japan, manufactures and sells optical fibre cables in the local market.

3. TRADE AND OTHER RECEIVABLES

These are detailed as follows:

(in millions of Euro)

			30 September 2014
	Non-current	Current	Total
Trade receivables	-	1,153	1,153
Allowance for doubtful accounts	-	(58)	(58)
Total trade receivables	**-**	**1,095**	**1,095**
Other receivables:			
Tax receivables	15	164	179
Financial receivables	1	8	9
Prepaid finance costs	6	3	9
Receivables from employees	2	5	7
Pension fund receivables	-	2	2
Construction contracts	-	547	547
Advances to suppliers	-	13	13
Other	5	146	151
Total other receivables	**29**	**888**	**917**
Total	**29**	**1,983**	**2,012**

(in millions of Euro)

			31 December 2013 (*)
	Non-current	Current	Total
Trade receivables	-	986	986
Allowance for doubtful accounts	-	(53)	(53)
Total trade receivables	**-**	**933**	**933**
Other receivables:			
Tax receivables	13	109	122
Financial receivables	4	12	16
Prepaid finance costs	-	5	5
Receivables from employees	2	3	5
Pension fund receivables	-	2	2
Construction contracts	-	475	475
Advances to suppliers	-	17	17
Other	9	99	108
Total other receivables	**28**	**722**	**750**
Total	**28**	**1,655**	**1,683**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

4. INVENTORIES

These are detailed as follows:

(in millions of Euro)

	30 September 2014	31 December 2013 (*)
Raw materials	340	249
of which allowance for obsolete and slow-moving raw materials	*(44)*	*(29)*
Work in progress and semi-finished goods	312	227
of which allowance for obsolete and slow-moving work in progress and semi-finished goods	*(6)*	*(5)*
Finished goods (**)	474	405
of which allowance for obsolete and slow-moving finished goods	*(52)*	*(48)*
Total	**1,126**	**881**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

(**) Finished goods also include goods for resale.

5. DERIVATIVES

These are detailed as follows:

(in millions of Euro)

	30 September 2014	
	Asset	**Liability**
Non-current		
Interest rate swaps (cash flow hedges)	-	4
Forward currency contracts on commercial transactions (cash flow hedges)	2	3
Total hedging derivatives	**2**	**7**
Metal derivatives	3	1
Total other derivatives	**3**	**1**
Total non-current	**5**	**8**
Current		
Forward currency contracts on commercial transactions (cash flow hedges)	12	19
Total hedging derivatives	**12**	**19**
Forward currency contracts on commercial transactions	8	9
Forward currency contracts on financial transactions	6	9
Interest rate swaps	-	4
Metal derivatives	8	10
Total other derivatives	**22**	**32**
Total current	**34**	**51**
Total	**39**	**59**

(in millions of Euro)

	31 December 2013 (*)	
	Asset	**Liability**
Non-current		
Interest rate swaps (cash flow hedges)	-	4
Forward currency contracts on commercial transactions (cash flow hedges)	1	1
Total hedging derivatives	**1**	**5**
Metal derivatives	1	2
Total other derivatives	**1**	**2**
Total non-current	**2**	**7**
Current		
Interest rate swaps (cash flow hedges)	-	5
Forward currency contracts on commercial transactions (cash flow hedges)	4	3
Total hedging derivatives	**4**	**8**
Forward currency contracts on commercial transactions	9	3
Forward currency contracts on financial transactions	5	5
Interest rate swaps	-	9
Metal derivatives	5	17
Total other derivatives	**19**	**34**
Total current	**23**	**42**
Total	**25**	**49**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

6. FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading basically refer to units in funds that mainly invest in short and medium-term government securities. These assets are mostly held by subsidiaries in Brazil and Argentina which invest available liquidity temporarily in such funds.

7. CASH AND CASH EQUIVALENTS

These are detailed as follows:

(in millions of Euro)

	30 September 2014	31 December 2013 (*)
Cash and cheques	15	-
Bank and postal deposits	296	510
Total	**311**	**510**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

Cash and cash equivalents, deposited with premier financial institutions, are managed through the Group's treasury companies and in its various operating units.
Cash and cash equivalents managed through the Group's treasury companies amounted to Euro 125 million at 30 September 2014 compared with Euro 208 million at 31 December 2013.

8. ASSETS HELD FOR SALE

These are detailed as follows:

(in millions of Euro)

	30 September 2014	31 December 2013 (*)
Land	6	6
Buildings	-	6
Total	**6**	**12**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

During the first nine months of 2014 the Group completed not only the sale of the Eschweiler site in Germany, reducing this line item by Euro 3 million, but also the sale of the Derby site in Great Britain, also reducing this line item by Euro 3 million.

9. SHARE CAPITAL AND RESERVES

Consolidated equity has recorded an increase of Euro 66 million since 31 December 2013, mainly reflecting the net effect of:

- positive currency translation differences of Euro 41 million;
- the negative change of Euro 17 million in the reserve for actuarial gains on employee benefits;
- the release of Euro 3 million from the cash flow hedge reserve as a result of discontinuing cash flow hedging, following early repayment of the outstanding amount of the Term Loan Facility 2010;
- the negative post-tax change of Euro 3 million in the fair value of derivatives designated as cash flow hedges;
- the positive change of Euro 3 million in the share-based compensation reserve linked to the stock option plan;
- the negative change of Euro 6 million in the scope of consolidation due to the acquisition of the remaining 34% of AS Draka Keila Cables;
- the net profit for the period of Euro 135 million;
- the distribution of Euro 90 million in dividends.

At 30 September 2014, the share capital of Prysmian S.p.A. comprises 215,907,553 shares with a total value of Euro 21,590,755.30.

Movements in the ordinary shares of Prysmian S.p.A. are as follows:

	Ordinary shares	Treasury shares	Total
Balance at 31 December 2012	**214,508,781**	**(3,039,169)**	**211,469,612**
Capital increase (1)	82,929	-	82,929
Treasury shares	-	-	-
Balance at 31 December 2013	**214,591,710**	**(3,039,169)**	**211,552,541**

	Ordinary shares	Treasury shares	Total
Balance at 31 December 2013	**214,591,710**	**(3,039,169)**	**211,552,541**
Capital increase (2)	1,315,843	-	1,315,843
Treasury shares (3)	-	1,061,642	1,061,642
Balance at 30 September 2014	**215,907,553**	**(1,977,527)**	**213,930,026**

(1) Capital increase following exercise of part of the options under the Stock Option Plan 2007-2012.

(2) Capital increase following exercise of the options under the Long-term incentive plan 2011-2013.

(3) The movement in treasury shares refers to the allotment of 187,299 shares under the Group employee share purchase plan (YES Plan) and to the allotment of 874,343 shares under the Long-term incentive plan 2011-2013.

Treasury shares

The treasury shares held at the beginning of the year were acquired under the shareholders' resolution dated 15 April 2008, which gave the Board of Directors the authority for an 18-month maximum period to buy up to 18 million shares. This period was subsequently extended to October 2010 under a resolution adopted on 9 April 2009. The number of treasury shares increased in 2011 following the acquisition of Draka Holding N.V. (now renamed Draka Holding B.V.), which holds 10,669 Prysmian S.p.A. shares.

	Number of shares	Total nominal value (in Euro)	% of share capital	Average unit value (in Euro)	Total carrying value (in Euro)
At 31 December 2012	**3,039,169**	**303,917**	**1.42%**	**9.963**	**30,279,078**
- Purchases	-	-	-	-	-
- Sales	-	-	-	-	-
At 31 December 2013	**3,039,169**	**303,917**	**1.42%**	**9.963**	**30,279,078**
- Purchases	-	-	-	-	-
- Sales	(1,061,642)	(106,164)	-0.49%	9.965	(10,579,263)
At 30 September 2014	**1,977,527**	**197,753**	**0.92%**	**9.962**	**19,699,815**

The Shareholders' Meeting held on 16 April 2013 authorised a share buy-back and disposal programme. This programme provided the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total could not exceed 10% of share capital, equal to 18,420,002 ordinary shares as at the date of 16 April 2013, after deducting the treasury shares already held by the Company.

The Shareholders' Meeting held on 16 April 2014 authorised a new share buy-back and disposal programme, and revoked the above programme at the same time. The new programme provides the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total cannot exceed 10% of share capital, equal to 18,420,002 ordinary shares as at the date of the Shareholders' Meeting, after deducting the treasury shares already held by the Company. Purchases may not exceed the amount of undistributed earnings and available reserves reported in the most recently approved annual financial statements. The authorisation to buy back treasury shares will last for 18 months commencing from the date of the Shareholders' Meeting; the authorisation to dispose of treasury shares has no time limit.

During the month of May, June and July 2014, the number of treasury shares decreased by 187,299 for those shares allotted to employees that had signed up to the first window of the employee share purchase plan (YES Plan).

During the month of September 2014, the number of treasury shares decreased by another 874,343 after allotting shares under the Long-term incentive plan 2011-2013.

10. BORROWINGS FROM BANKS AND OTHER LENDERS

These are detailed as follows:

(in millions of Euro)

			30 September 2014
	Non-current	Current	Total
Borrowings from banks and other financial institutions	520	468	988
Non-convertible bond	-	409	409
Convertible bond	270	-	270
Finance lease obligations	15	1	16
Total	**805**	**878**	**1,683**

(in millions of Euro)

			31 December 2013 (*)
	Non-current	Current	Total
Borrowings from banks and other financial institutions	442	274	716
Non-convertible bond	399	15	414
Convertible bond	263	1	264
Finance lease obligations	15	2	17
Total	**1,119**	**292**	**1,411**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

Borrowings from banks and other financial institutions and Bonds are analysed as follows:

(in millions of Euro)

	30 September 2014	31 December 2013 (*)
Credit Agreement:		
- Term Loan Facility (1)	398	580
- Revolving Credit Facility (2)	150	3
- Syndicated Revolving Credit Facility 2014	150	-
EIB loan	100	-
Revolving Credit Facility 2014	30	-
Other borrowings	160	133
Borrowings from banks and other financial institutions	**988**	**716**
Non-convertible bond	409	414
Convertible bond	270	264
Total	**1,667**	**1,394**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

(1) Credit Agreements refer at 30 September 2014 to the Term Loan Facility 2011 and at 31 December 2013 to the Term Loan Facility 2010 and the Term Loan Facility 2011.

(2) Revolving Credit Facility refer at 30 September 2014 to the Revolving Credit Facility 2011 and at 31 December 2013 to the Revolving Credit Facility 2010 closed on 27 June 2014.

Credit Agreements

As at 30 September 2014, the Prysmian Group has the following Credit Agreements:

Credit Agreement 2011

The Credit Agreement 2011 is an agreement, entered into by Prysmian on 7 March 2011 with a syndicate of major banks, for Euro 800 million with a five-year maturity. This agreement comprises a loan for Euro 400 million (the "Term Loan Facility 2011") and a revolving facility for Euro 400 million (the "Revolving Credit Facility 2011"). The entire amount of the Term Loan Facility 2011 is scheduled for repayment on 7 March 2016; the loan has therefore been classified in non-current liabilities.

As at 30 September 2014 this facility had been draw down by Euro 150 million.

At 30 September 2014, the fair value of the Credit Agreement 2011 approximated the related carrying amount. Fair value has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

Syndacated Revolving Credit Facility 2014

On 27 June 2014, Prysmian S.p.A. signed an agreement (the "Credit Agreement 2014") under which a syndicate of premier banks made available a long-term credit facility for Euro 1,000 million (the "Syndicated Revolving Credit Facility 2014"). The facility, which expires on 27 June 2019, can also be used for the issue of guarantees. The new revolving facility is intended to refinance the Revolving Credit Facility 2010 and to finance the Group's other operating activities. As at 30 September 2014, this facility had been drawn down by Euro 150 million. On the same date as entering this new agreement, Prysmian S.p.A. extinguished early the Revolving Credit Facility 2010, originally been due to expire on 31 December 2014 and carrying a maximum permitted drawdown of Euro 400 million. The Term Loan Facility 2010, also maturing on 31 December 2014, had been extinguished early on 28 February 2014 with repayment of the outstanding balance of Euro 184 million.

In addition to the described Credit Agreements above, the Prysmian Group has the following main contracts:

Revolving Credit Facility 2014

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

As at 30 September 2014, the Revolving Credit Facility 2014 had been drawn down by Euro 30 million.

EIB Loan

On 18 December 2013, Prysmian S.p.A. entered into a loan agreement with the European Investment Bank (EIB) for Euro 100 million, to fund the Group's European research & development (R&D) programmes over the period 2013-2016.

The EIB Loan is particularly intended to support projects developed in the Group's R&D centres in six countries (France, Great Britain, the Netherlands, Spain, Germany and Italy) and represents about 50% of the Prysmian Group's planned investment expenditure in Europe during the period concerned.

The EIB Loan was received on 5 February 2014; it will be repaid in 12 equal half-yearly instalments starting on 5 August 2015 and ending on 5 February 2021.

At 30 September 2014, the fair value of the EIB Loan approximated the related carrying amount. Fair value has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

The following tables summarise the committed lines available to the Group at 30 September 2014 and 31 December 2013:

(in millions of Euro)

			30 September 2014
	Total lines	**Used**	**Unused**
Credit Agreements			
Term Loan Facility 2010	-	-	-
Term Loan Facility 2011	400	(400)	-
Revolving Credit Facility 2010	-	-	-
Revolving Credit Facility 2011	400	(150)	250
Syndicated Revolving Credit Facility 2014	1,000	(150)	850
Total Credit Agreements	**1,800**	**(700)**	**1,100**
EIB loan	100	(100)	-
Revolving Credit Facility 2014	100	(30)	70
Total	**2,000**	**(830)**	**1,170**

(in millions of Euro)

			31 December 2013 (*)
	Total lines	**Used**	**Unused**
Credit Agreements			
Term Loan Facility 2010	184	(184)	-
Term Loan Facility 2011	400	(400)	-
Revolving Credit Facility 2010	400	(3)	397
Revolving Credit Facility 2011	400	-	400
Syndicated Revolving Credit Facility 2014	-	-	-
Total Credit Agreements	**1,384**	**(587)**	**797**
EIB loan	100	-	100
Revolving Credit Facility 2014	-	-	-
Total	**1,484**	**(587)**	**897**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

The Revolving Credit Facilities are intended to finance ordinary working capital requirements.

Bonds

As at 30 September 2014, the Prysmian Group had issued the following bonds:

Non-convertible bond issued in 2010

On 31 March 2010, Prysmian S.p.A. completed the placement of an unrated bond with institutional investors on the Eurobond market for a total nominal amount of Euro 400 million. The bond, with an issue price of Euro 99.674, has a 5-year term and pays a fixed annual coupon of 5.25%. The bond settlement date was 9

April 2010. The bond has been admitted to the Luxembourg Stock Exchange's official list and is traded on the related regulated market.
The non-convertible bond has a fair value of Euro 410 million at 30 September 2014 (Euro 417 million at 31 December 2013). Fair value has been determined with reference to the quoted price in the relevant market (Level 1 of the fair value hierarchy).

Convertible bond
On 4 March 2013, the Board of Directors approved the placement of an Equity Linked Bond, referred to as "€300,000,000 1.25 per cent. Equity Linked Bonds due 2018", maturing on 8 March 2018 and reserved for qualified investors.

On 16 April 2013, the Shareholders' Meeting authorised the convertibility of the Bond at a value of Euro 22.3146 per share. As a result, the shareholders approved the proposal to increase share capital for cash, in single or multiple issues, with the exclusion of pre-emptive rights under art. 2441, par. 5 of the Italian Civil Code, by a maximum nominal amount of Euro 1,344,411.30, by issuing, in single or multiple instalments, up to 13,444,113 ordinary shares of the Company with the same characteristics as its other outstanding ordinary shares.

The Company will be entitled to redeem the bonds early and in full in the cases detailed in the Bond Regulations, in line with market practice, including:

(i) at nominal value (plus accrued interest), starting from 23 March 2016, if the trading price of the Company's ordinary shares rises to more than 130% of the conversion price in a given period of time;
(ii) at nominal value (plus accrued interest), if at least 85% of the original nominal amount of the Bond is converted, redeemed and/or repurchased;
(iii) at nominal value (plus accrued interest), if specific changes take place in the tax regime applying to the Bonds.

In the event of a change of control, every bondholder will be entitled to request early redemption at nominal value plus accrued interest.
The convertible Bond has a 5-year maturity ending on 8 March 2018 and pays a fixed annual coupon of 1.25%. The placement of the Bonds was completed on 8 March 2013, while their settlement took place on 15 March 2013.
On 3 May 2013, the Company sent a physical settlement notice to holders of the Bonds, granting them the right, with effect from 17 May 2013, to convert them into the Company's existing or new ordinary shares.
On 24 May 2013, the securities were admitted to trading on the unregulated Third Market (a multilateral trading facility or MTF) on the Vienna Stock Exchange.

The accounting treatment for the convertible Bond has resulted in the recognition of an equity component of Euro 39 million and a debt component of Euro 261 million, determined at the bond issue date.

(in millions of Euro)

Issue value of convertible bond	300
Equity reserve for convertible bond	(39)
Issue date net balance	**261**
Interest - non-monetary	12
Interest - monetary accrued	6
Interest - monetary paid	(5)
Related costs	(4)
Balance at 30 September 2014	**270**

The fair value of the convertible bond (equity component and debt component) was Euro 306 million at 30 September 2014 (Euro 339 million at 31 December 2013), of which the fair value of the debt component was Euro 268 million (Euro 265 million at 31 December 2013). In the absence of trading on the relevant market, fair value has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

Other borrowings from banks and financial institutions and Finance lease obligations

The following tables report movements in borrowings from banks and other lenders:

(in millions of Euro)

	Credit Agreements (1)	EIB loan	Non-convertible bond	Convertible bond	Other borrowings/ Finance lease obligations (2)	Total
Balance at 31 December 2013 (*)	**583**	**-**	**414**	**264**	**150**	**1,411**
Currency translation differences	-	-	-	-	6	6
Draw downs/New funds	-	100	-	-	51	151
Repayments	(184)	-	-	-	(34)	(218)
Revolving lines used	297	-	-	-	33	330
Amortisation of bank and financial fees and other expenses	2	-	-	-	-	2
Interest and other movements	-	-	(5)	6	-	1
Total movements	**115**	**100**	**(5)**	**6**	**56**	**272**
Balance at 30 September 2014	**698**	**100**	**409**	**270**	**206**	**1,683**

(in millions of Euro)

	Credit Agreements (1)	EIB loan	Non-convertible bond	Convertible bond (3)	Other borrowings/ Finance lease obligations (2)	Total
Balance at 31 December 2012 (*)	**1,064**	**-**	**413**	**-**	**262**	**1,739**
Currency translation differences	-	-	-	-	(13)	(13)
Draw downs/New funds	-	-	-	257	27	284
Repayments	(486)	-	-	-	(112)	(598)
Revolving lines used	149	-	-	-	-	149
Amortisation of bank and financial fees and other expenses	7	-	-	-	-	7
Interest and other movements	(1)	-	(5)	4	-	(2)
Total movements	**(331)**	**-**	**(5)**	**261**	**(98)**	**(173)**
Balance at 30 September 2013 (*)	**733**	**-**	**408**	**261**	**164**	**1,566**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

(1) Credit Agreements refer at 30 September 2014 to the Term Loan Facility, Revolving Credit Facility 2011 and Syndacated Revolving Credit Facility 2014.

(2) It includes the Revolving Credit Facility 2014.

(3) "Drawdowns/New funds" pertaining to the convertible bond are stated net of the equity component of Euro 39 million and of Euro 4 million in related expenses.

NET FINANCIAL POSITION

(in millions of Euro)

	Note	30 September 2014	31 December 2013 (*)
Long-term financial payables			
- Term Loan Facility 2011		400	400
- Bank fees		(2)	(3)
Credit Agreements	10	**398**	**397**
EIB loan	10	92	-
Non-convertible bond	10	-	399
Convertible bond	10	270	263
Finance leases	10	15	15
Interest rate swaps	5	4	4
Other financial payables	10	30	45
Total long-term financial payables		**809**	**1,123**
Short-term financial payables			
- Term Loan Facility 2010	10	-	184
- Bank fees	10	-	(1)
- Revolving Credit Facility [1]	10	150	3
- Syndicated Revolving Credit Facility 2014	10	150	-
Credit Agreements		**300**	**186**
EIB loan	10	8	-
Non-convertible bond	10	409	15
Convertible bond	10	-	1
Finance leases	10	1	2
Interest rate swaps	5	4	14
Forward currency contracts on financial transactions	5	9	5
Revolving Credit Facility 2014	10	30	-
Other financial payables	10	130	88
Total short-term financial payables		**891**	**311**
Total financial liabilities		**1,700**	**1,434**
Long-term financial receivables	3	1	4
Long-term bank fees	3	6	-
Forward currency contracts on financial transactions (current)	5	6	5
Short-term financial receivables	3	8	12
Short-term bank fees	3	3	5
Financial assets held for trading	6	73	93
Cash and cash equivalents	7	311	510
Net financial position		**1,292**	**805**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

[1] Revolving Credit Facility refer at 30 September 2014 to the Revolving Credit Facility 2011 and at 31 December 2013 to the Revolving Credit Facility 2010 closed on 27 June 2014.

The following table presents a reconciliation of the Group's net financial position to the amount that must be reported under Consob Communication DEM/6064293 issued on 28 July 2006 and under the CESR recommendation dated 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses":

(in millions of Euro)

	Note	30 September 2014	31 December 2013 (*)
Net financial position - as reported above		**1,292**	**805**
Long-term financial receivables	3	1	4
Long-term bank fees	3	6	-
Net forward currency contracts on commercial transactions	5	9	(7)
Net metal derivatives	5	-	13
Recalculated net financial position		**1,308**	**815**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

11. TRADE AND OTHER PAYABLES

These are detailed as follows:

(in millions of Euro)

			30 September 2014
	Non-current	Current	Total
Trade payables	-	1,492	1,492
Total trade payables	**-**	**1,492**	**1,492**
Other payables:			
Tax and social security payables	7	138	145
Advances from customers	-	226	226
Payables to employees	-	74	74
Accrued expenses	-	111	111
Other	6	134	140
Total other payables	**13**	**683**	**696**
Total	**13**	**2,175**	**2,188**

(in millions of Euro)

			31 December 2013 (*)
	Non-current	Current	Total
Trade payables	-	1,409	1,409
Total trade payables	**-**	**1,409**	**1,409**
Other payables:			
Tax and social security payables	12	99	111
Advances from customers	-	241	241
Payables to employees	-	98	98
Accrued expenses	3	136	139
Other	5	114	119
Total other payables	**20**	**688**	**708**
Total	**20**	**2,097**	**2,117**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

Trade payables include around Euro 183 million for the supply of strategic metals (copper, aluminium and lead), whose payment terms, in some cases, are longer than normal for this type of transaction. At 31 December 2013 the value of payables for the supply of strategic metals amounts was the same.

Advances from customers report the liability for construction contracts, amounting to Euro 148 million at 30 September 2014 compared with Euro 155 million at 31 December 2013. This liability represents the amount by which work invoiced exceeds costs incurred plus accumulated profits (or losses) recognised using the percentage of completion method.

Payables to employees at 30 September 2014 have decreased following settlement of almost all the liabilities for the Long-term incentive plan 2011-2013, amounting to Euro 36 million at 31 December 2013.

12. PROVISIONS FOR RISKS AND CHARGES

These are detailed as follows:

(in millions of Euro)

			30 September 2014
	Non-current	Current	Total
Restructuring costs	1	14	15
Contractual and legal risks	22	213	235
Environmental risks	-	5	5
Tax inspections	21	6	27
Contingent liabilities	4	-	4
Other risks and charges	21	16	37
Total	**69**	**254**	**323**

(in millions of Euro)

			31 December 2013 (*)
	Non-current	Current	Total
Restructuring costs	1	18	19
Contractual and legal risks	23	234	257
Environmental risks	-	6	6
Tax inspections	12	4	16
Contingent liabilities	6	-	6
Other risks and charges	9	17	26
Total	**51**	**279**	**330**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

The following table reports the movements in these provisions during the period:

(in millions of Euro)

	Restructuring costs	Contractual and legal risks	Environmental risks	Tax inspections	Contingent liabilities	Other risks and charges	Total
Balance at 31 December 2013	**19**	**257**	**6**	**16**	**6**	**26**	**330**
Increases	11	22	-	5	-	17	55
Utilisations	(15)	(8)	-	-	-	(1)	(24)
Releases	-	(43)	-	-	(1)	(5)	(49)
Currency translation differences	-	3	-	-	-	-	3
Other	-	4	(1)	6	(1)	-	8
Total movements	**(4)**	**(22)**	**(1)**	**11**	**(2)**	**11**	**(7)**
Balance at 30 September 2014	**15**	**235**	**5**	**27**	**4**	**37**	**323**

The provision for restructuring costs reports a net decrease of Euro 4 million.

In particular, Euro 15 million has been utilised during the period, mostly in connection with restructuring projects in the Netherlands, Germany, France, Italy and Spain, while Euro 11 million in new provisions have been recognised, mainly for projects underway.

The provision for contractual and legal risks, amounting to Euro 235 million at 30 September 2014, has decreased by Euro 22 million since 31 December 2013, mainly due to a net reduction of Euro 27 million in the provision for antitrust investigations in different jurisdictions. More specifically, the European Commission, the US Department of Justice and the Japanese antitrust authority started investigations in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets. Subsequently, the Australian Competition and Consumers Commission ("ACCC") and the New Zealand Commerce Commission also started similar investigations. During 2011, the Canadian antitrust authority also started an investigation into a high voltage submarine project dating back to 2006. The investigations in Japan, New Zealand and Canada have ended without any sanctions for Prysmian; the other investigations are still in progress, except for the one by the European Commission, which has ended with the adoption of the decision described below.

In Australia, the ACCC has filed a case before the Federal Court arguing that Prysmian Cavi e Sistemi S.r.l. and two other companies violated antitrust rules in connection with a high voltage underground cable project awarded in 2003. Prysmian Cavi e Sistemi S.r.l. has filed its objections and presented its preliminary defence.

In Brazil, the local antitrust authority has started an investigation into several cable manufacturers, including Prysmian, in the high voltage underground and submarine cables market. Prysmian has taken steps to present its preliminary defence. During the month of December 2013, ABB and one of this company's senior managers signed an agreement with the Brazilian antitrust authority, under which they admitted the conduct alleged by the authority and pledged to cooperate with it and to each pay an agreed fine.

On 2 April 2014, the European Commission adopted a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., adopted anti-competitive practices in the European market for high voltage submarine and underground power cables. The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the disputed infringement in the period from 18 February 1999 to 28 July 2005, sentencing them to pay a fine of Euro 67.3 million, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the disputed infringement in the period from 29 July 2005 to 28 January 2009, sentencing them to pay a fine of Euro 37.3 million. Prysmian has appealed against this decision to the General Court of the European Union and has submitted a request to participate in the appeals respectively lodged by Pirelli & C. S.p.A. and Goldman Sachs Group Inc. against the same decision. Prysmian has not had any financial outlay as a result of this decision, having chosen, pending the rulings on appeal, to provide bank guarantees as security against the payment of any amount due once such rulings have been issued. Following a detailed and careful analysis of the European Commission's ruling, and nonetheless considering this has been appealed and so could be submitted to second-instance judgement, it has been decided to release the amount of Euro 34 million from the existing provision.

As at 30 September 2014, the amount of the provision for the risks relating to the European Commission's ruling and the investigations underway in the various jurisdictions, except for Brazil, is approximately Euro 172 million.

Despite the uncertainty of the outcome of the investigations underway in jurisdictions other than the European Union, the amount of this provision is considered to represent the best estimate of the liability based on the information now available.

13. EMPLOYEE BENEFIT OBLIGATIONS

These are detailed as follows:

(in millions of Euro)

	30 September 2014	31 December 2013 (*)
Pension plans	248	230
Employee indemnity liability (Italian TFR)	23	22
Medical benefit plans	28	23
Termination and other benefits	34	33
Incentive plans	-	-
Total	**333**	**308**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

The increase in the liability for employee benefit obligations is primarily due to the average reduction in discount rates recorded during the first nine months of 2014.

Movements in employee benefit obligations have had an overall impact of Euro 13 million on the period's income statement, of which Euro 5 million classified in personnel costs and Euro 8 million in finance costs.

The period average headcount and period-end closing headcount are shown below:

	9 months 2014	9 months 2013 (*)
Average number	19,553	19,416
	30 September 2014	**31 December 2013 (*)**
Closing number	19,778	19,232

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

14. OPERATING INCOME

Operating income is a profit of Euro 281 million in the first nine months of 2014 (compared with a profit of Euro 269 million in the first nine months of 2013) and includes the following non-recurring items:

(in millions of Euro)

	9 months 2014	9 months 2013 (*)
Company reorganisation	(16)	(32)
Antitrust investigations	28	3
Acquisition price adjustment [(1)]	22	-
Environmental remediation and other costs	-	(2)
Gains on asset disposals	-	5
Other net non-recurring (expenses)/income [(2)]	(6)	(8)
Total non-recurring (expenses)/income	**28**	**(34)**

[(*)] The previously published prior year comparative figures have been restated following the introduction of IFRS 10 and IFRS 11 and a new method of classifying the share of net profit /(loss) of associates and joint ventures. Further details can be found in Section C. Restatement of comparative figures.

[(1)] This refers to the acquisition in November 2012 of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) from Global Marine Systems Ltd.

[(2)] This includes Euro 5 million for the insurance payout against the rotating platform loaded aboard the AMT Explorer cable barge which capsized in July 2014.

15. FINANCE COSTS AND INCOME

Finance costs are detailed as follows:

(in millions of Euro)

	9 months 2014	9 months 2013 (*)
Interest on loans	7	9
Interest on non-convertible bond	16	16
Interest on convertible bond - non-monetary component	6	4
Interest on convertible bond - monetary component	3	2
Amortisation of bank and financial fees and other expenses	5	6
Employee benefit interest costs	8	8
Other bank interest	12	16
Costs for undrawn credit lines	3	3
Sundry bank fees	10	10
Non-recurring other finance costs	9	5
Other	19	20
Finance costs	**98**	**99**
Net losses on forward currency contracts	5	-
Non-recurring net losses on interest rate swaps	4	15
Losses on derivatives	**9**	**15**
Foreign currency exchange losses	193	225
Total finance costs	**300**	**339**

[(*)] The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

Non-recurring other finance costs report Euro 2 million for the accelerated amortisation of bank fees relating to the Credit Agreement 2010, after repaying the Term Loan Facility 2010 early and extinguishing the Revolving Credit Facility 2010. This early repayment has also led to the discontinuance of cash flow hedge accounting, resulting in the recognition of net losses of Euro 4 million on interest rate swaps, which have been classified in "Non-recurring net losses on interest rate swaps".

"Other" finance costs include Euro 13 million for differentials accruing on interest rate swaps, of which Euro 10 million in relation to instruments for which hedge accounting was discontinued following the early repayment above. This last figure is largely offset by the fair value measurement of the related derivatives, reported in "Net gains on interest rate swaps".
Non-recurring other finance costs comprise, in addition to already mentioned costs for the accelerated amortisation of bank fees relating to the Credit Agreement 2010, Euro 7 million in interest accruing on a legal dispute.

Finance income is detailed as follows:

(in millions of Euro)

	9 months 2014	9 months 2013 (*)
Interest income from banks and other financial institutions	5	5
Other finance income	2	1
Finance income	**7**	**6**
Net gains on interest rate swaps	10	5
Net gains on forward currency contracts	-	1
Gains on derivatives	**10**	**6**
Foreign currency exchange gains	175	213
Total finance income	**192**	**225**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

16. TAXES

Taxes have been estimated on the basis of the expected average tax rate for the full year. Taxes for the first nine months of 2014 amount to Euro 38 million and have been calculated using a tax rate of 22%, reflecting the absence of tax on income arising from the price adjustment and from the partial release of the antitrust provision. The average tax rate in the first nine months of 2013 was 29% (recalculated following adoption of IFRS 10 and IFRS 11).

17. EARNINGS/(LOSS) PER SHARE

Both basic and diluted earnings (loss) per share have been calculated by dividing the net result for the period attributable to owners of the parent by the average number of the Company's outstanding shares.

The options not yet exercised and granted under the Incentive Plan 2011-2013 according to the level of cumulative EBITDA achieved in the three-year target period (2011-2013), have been taken into account for the purposes of determining both basic and diluted earnings/(loss) per share.

Diluted earnings/(loss) per share are affected by the options relating to adhesions to the employee share purchase plan.

Instead diluted earnings/(loss) per share are not impacted by the options relating to the convertible bond which would have an anti-dilutive effect since the conversion is currently "out of the money".

(in millions of Euro)

	9 months 2014	9 months 2013 (*)
Net profit/(loss) attributable to owners of the parent	136	108
Weighted average number of ordinary shares (thousands)	215,053	211,534
Basic earnings/(loss) per share (in Euro)	**0.63**	**0.51**
Net profit/(loss) attributable to owners of the parent	136	108
Weighted average number of ordinary shares (thousands)	215,053	211,534
Adjustments for:		
Dilution from incremental shares arising from exercise of stock options (thousands)	231	-
Weighted average number of ordinary shares to calculate diluted earnings per share (thousands)	215,284	211,534
Diluted earnings/(loss) per share (in Euro)	**0.63**	**0.51**

(*) Earnings per share for the first nine months of 2013 have been restated with respect to the previously published figure. Further details can be found in Section C. Restatement of comparative figures.

18. CONTINGENT LIABILITIES

As a global operator, the Group is exposed to legal risks primarily, by way of example, in the areas of product liability and environmental, antitrust and tax rules and regulations. The outcome of legal disputes and proceedings currently in progress cannot be predicted with certainty. An adverse outcome in one or more of these proceedings could result in the payment of costs that are not covered, or not fully covered, by insurance, which would therefore have a direct effect on the Group's financial position and results.

It is also reported, with reference to the antitrust investigations in the various jurisdictions involved, that the only jurisdiction for which the Prysmian Group has been unable to estimate the related risk is Brazil.

19. RECEIVABLES FACTORING

The Group has made use of without-recourse factoring of trade receivables. The amount of receivables factored but not yet paid by customers was Euro 209 million at 30 September 2014 (Euro 183 million at 30 September 2013 and Euro 290 million at 31 December 2013).

20. SEASONALITY

The Group's business features a certain degree of seasonality in its revenues, which are usually higher in the second and third quarters. This is due to the fact that utilities projects in the northern hemisphere are mostly concentrated in the warmer months of the year. The Group's level of debt is generally higher in the period May-July, with funds being absorbed by higher working capital.

21. RELATED PARTY TRANSACTIONS

Transactions between Prysmian S.p.A. and its subsidiaries and associates mainly refer to:

- trade relations involving intercompany purchases and sales of raw materials and finished goods;
- services (technical, organisational and general) provided by head office to subsidiaries worldwide;
- financial relations maintained by Group treasury companies on behalf of, and with, Group companies.

All the above transactions form part of the Group's continuing operations.

The following tables provide a summary of the related party transactions during the nine months ended 30 September 2014:

(in millions of Euro)

			30 September 2014
	Equity-accounted investments	**Trade and other receivables**	**Trade and other payables**
Equity-accounted companies	221	12	8
Other related parties:			
Compensation of directors, statutory auditors and key management personnel	-	-	1
Total	**221**	**12**	**9**

(in millions of Euro)

			31 December 2013 (*)
	Equity-accounted investments	**Trade and other receivables**	**Trade and other payables**
Equity-accounted companies	205	13	5
Other related parties:			
Compensation of directors, statutory auditors and key management personnel	-	-	16
Total	**205**	**13**	**21**

(in millions of Euro)

				9 months 2014
	Share of net profit/(loss) of equity-accounted companies	**Sales of goods and services and Other income**	**Personnel costs**	**Raw materials, consumables used and goods for resale**
Equity-accounted companies	26	34	-	15
Other related parties:				
Compensation of directors, statutory auditors and key management personnel	-	-	5	-
Total	**26**	**34**	**5**	**15**

(in millions of Euro)

				9 months 2013 (*)
	Share of net profit/(loss) of equity-accounted companies	**Sales of goods and services and Other income**	**Personnel costs**	**Raw materials, consumables used and goods for resale**
Equity-accounted companies	21	44	-	7
Other related parties:				
Compensation of directors, statutory auditors and key management personnel	-	-	12	-
Total	**21**	**44**	**12**	**7**

(*) The previously published prior year consolidated financial statements have been restated following the adoption of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

Transactions with associates

Trade and other payables refer to goods and services provided in the ordinary course of the Group's business. Trade and other receivables refer to transactions carried out in the ordinary course of the Group's business.

Compensation of Directors, Statutory Auditors and Key Management Personnel

The compensation of the Directors, Statutory Auditors and Key Management Personnel amounts to Euro 5 million at 30 September 2014 (Euro 12 million in the first nine months of 2013).

22. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions were carried out during the first nine months of 2014.

23. COMMITMENTS

Contractual commitments already entered into with third parties as of 30 September 2014 and not yet reflected in the financial statements amount to Euro 40 million for investments in property, plant and equipment and to Euro 3 million for investments in intangible assets.

24. STOCK OPTION PLANS

Long-term incentive plan 2011-2013

On 14 April 2011, the Ordinary Shareholders' Meeting of Prysmian S.p.A. had approved, pursuant to art. 114-bis of Legislative Decree 58/98, a long-term incentive plan for the period 2011-2013 for employees of the Prysmian Group, including certain members of the Board of Directors of Prysmian S.p.A., and granted the Board of Directors the necessary authority to establish and execute the plan. The plan's purpose was to incentivise the process of integration following Prysmian's acquisition of the Draka Group.

The plan involved 268 employees of Group companies and established that the number of options granted would depend on the achievement of common business and financial performance objectives for all the participants.

The plan was dependent upon achievement of a minimum performance objective of at least Euro 1.75 billion in aggregate Adj. EBITDA for the Group in the period 2011-2013 (the Target), as well as upon continuation of a professional relationship with the Group up until 31 December 2013. The plan also set an upper limit for Adj. EBITDA as the Target plus 20% (i.e. Euro 2.1 billion), that would determine the maximum number of exercisable options granted to each participant.

Access to the plan was conditional upon each participant's acceptance that part of their annual bonus would be co-invested, if achieved and payable in relation to financial years 2011 and 2012.

The allotted options carry the right to receive or subscribe to ordinary shares in Prysmian S.p.A., the Parent Company. These shares may partly comprise treasury shares and partly new shares, obtained through a capital increase that excludes pre-emptive rights under art. 2441, par. 8 of the Italian Civil Code. Such a capital increase, involving the issue of up to 2,131,500 new ordinary shares of nominal value Euro 0.10 each, for a maximum amount of Euro 213,150, was approved by the shareholders in the extraordinary session of their meeting on 14 April 2011. The shares obtained from the Company's holding of treasury shares will be allotted for zero consideration, while the shares obtained from the above capital increase will be allotted to participants upon payment of an exercise price corresponding to the nominal value of the Company's shares.

In accordance with IFRS 2, the options granted in respect of both new and treasury shares have been measured at their grant date fair value.
The number of options has been determined according to the actual aggregate Adj. EBITDA achieved, which lay between the Target and the Adj. EBITDA upper limit.
Since the plan vested in full at 31 December 2013, no further costs have been recognised in the first nine months of 2014.

As at 30 September 2014 the options had vested and had been partially exercised as follows:

- of the 2,131,500 options exercisable for consideration (exercise price of Euro 0.10), 1,315,843 had been exercised;
- of the 1,418,738 exercisable for no consideration, 874,343 had been exercised.

Group employee share purchase plan (YES Plan)

On 16 April 2013, the shareholders approved a share purchase plan reserved for employees of Prysmian S.p.A. and/or of its subsidiaries, including some of the Company's Directors, and granted the Board of Directors the relevant powers to establish and implement this plan.
The reasons behind the introduction of the Plan are:

- to strengthen the sense of belonging to the Group by offering employees an opportunity to share in its successes, through equity ownership;
- to align the interests of the Prysmian Group's stakeholders (its employees and shareholders), by identifying a common goal of creating long-term value;
- to help consolidate the integration process started in the wake of the Draka Group's acquisition.

The Plan offers the opportunity to purchase Prysmian's ordinary shares on preferential terms, with a maximum discount of 25% on the stock price, given in the form of treasury shares, except for the Chief Executive Officer, the Chief Financial Officer, the Chief Strategy Officer and two key managers, for whom the discount is 1% of the stock price.
The shares purchased will be subject to a retention period, during which they cannot be sold. The Plan envisages three purchase windows: 2014, 2015 and 2016.
The Plan therefore qualifies as "of particular relevance" within the meaning of art. 84-bis, par. 2 of the Issuer Regulations.
A maximum number of 500,000 treasury shares have been earmarked to serve the discounted purchases envisaged by the Plan.

During the month of October 2013, the plan was presented and explained to some 16,000 of the Group's employees in 27 countries. Employees had until the end of December 2013 to communicate their wish to participate in the Plan, the amount they intended to invest in the first purchase window and the method of payment. The amount collected in the month of April 2014, totalling Euro 6.4 million, was used to make purchases of the Company's ordinary shares on the Milan Stock Exchange (MTA) over a period of 5 consecutive business days during the month of May 2014. The number of treasury shares allotted to each participant was determined by taking into account the average share purchase price (Euro 16.2629), the individual investment and the applicable discount percentage.
All the plan's participants also received an entry bonus of six free shares, also taken from the Company's portfolio of treasury shares, only available at the time of first purchase.
The shares purchased by participants, as well as those received by way of discount and entry bonus, are generally subject to a retention period during which they cannot be sold and the length of which varies according to local regulations.
On 9 June 2014, an additional purchase window was opened for plan participants in the "Manager" category who had already bought shares in the purchase window in May and who were so entitled under the plan's regulations. Managers opting to participate in this additional window were able to buy an additional quantity of shares at a 25% discount. The total of Euro 0.7 million collected in this additional window was used to make purchases of the Company's ordinary shares on the Milan Stock Exchange over a period of 5 consecutive business days during the month of July 2014. The number of treasury shares allotted to each participant was determined by taking into account the average share purchase price (Euro 16.3585), the individual investment and the applicable discount.

A total of Euro 3 million in costs have been recognised as "Personnel costs" in the nine month 2014 income statement in relation to the fair value of the options granted under this plan.

	30 September 2014	31 December 2013
	Number of options	Number of options
Options at start of period	300,682	-
Granted (*)	43,725	300,682
Change in expected adhesions (**)	(17,470)	-
Cancelled	-	-
Exercised	-	-
Options at end of period	326,937	300,682
of which vested at end of period	162,653	-
of which exercisable	-	-
of which not vested at end of period	164,284	300,682

(*) The number of options refers to the adhesions to the additional purchase windows reserved for Managers (actual numbers for the first year and expected for the next two years).
(**) The number of options has been revised for the actual number of adhesions in the first window.

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above incentive plan, is publicly available on the Company's website at http://www.prysmiangroup.com/, from its registered offices and from Borsa Italiana S.p.A.

Long-term incentive plan 2014-2016

The Shareholders' Meeting held on 16 April 2014 approved an incentive plan for the Group's employees, including members of the Board of Directors of Prysmian S.p.A., and granted the Board of Directors the necessary powers to establish and implement this plan.

As a result of the effects of the Western HVDC Link contract (UK), the Board of Directors has decided not to execute the mandate received from the shareholders allowing implementation of this plan.

25. DIVIDEND DISTRIBUTION

On 16 April 2014, the shareholders of Prysmian S.p.A. approved the financial statements for 2013 and the distribution of a gross dividend of Euro 0.42 per share, for a total of some Euro 89 million. The dividend was paid out from 25 April 2014 to shares outstanding on the record date of 24 April 2014, with the shares going ex-dividend on 22 April 2014.

26. EXCHANGE RATES

The main exchange rates used to translate financial statements in foreign currencies for consolidation purposes are reported below:

		Closing rates at		Average rates in
	30 September 2014	31 December 2013	9 months 2014	9 months 2013
Europe				
British Pound	0.777	0.834	0.815	0.852
Swiss Franc	1.206	1.228	1.219	1.232
Hungarian Forint	310.570	297.040	308.189	296.748
Norwegian Krone	8.119	8.363	8.289	7.663
Swedish Krona	9.147	8.859	9.021	8.581
Czech Koruna	27.500	27.427	27.504	25.754
Danish Krone	7.443	7.459	7.461	7.457
Romanian Leu	4.410	4.471	4.452	4.408
Turkish Lira	2.897	2.942	2.937	2.459
Polish Zloty	4.178	4.154	4.175	4.202
Russian Rouble	49.765	45.325	48.015	41.672
North America				
US Dollar	1.258	1.379	1.363	1.317
Canadian Dollar	1.406	1.467	1.490	1.348
South America				
Brazilian Real	3.084	3.231	3.121	2.794
Argentine Peso	10.607	8.993	10.898	6.966
Chilean Peso	755.823	724.372	765.219	643.115
Mexican Peso	16.977	18.068	17.861	16.691
Oceania				
Australian Dollar	1.444	1.542	1.483	1.347
New Zealand Dollar	1.621	1.676	1.600	1.612
Africa				
CFA Franc	655.957	655.957	655.957	655.957
Tunisian Dinar	2.269	2.260	2.254	2.125
Asia				
Chinese Renminbi (Yuan)	7.726	8.349	8.411	8.120
United Arab Emirates Dirham	4.622	5.065	5.007	4.836
Hong Kong Dollar	9.774	10.693	10.572	10.214
Singapore Dollar	1.606	1.741	1.714	1.648
Indian Rupee	77.832	85.417	82.752	75.613
Indonesian Rupiah	15,366.970	16,764.780	15,965.137	13,235.443
Japanese Yen	138.110	144.720	139.629	127.357
Thai Baht	40.800	45.178	43.907	40.026
Philippine Peso	56.597	61.289	59.969	55.421
Omani Rial	0.484	0.531	0.525	0.507
Malaysian Ringgit	4.131	4.522	4.424	4.124
Saudi Riyal	4.720	5.172	5.113	4.938

27. SUBSEQUENT EVENTS

Agreement with the Swiss Federal Railways

On 1 October 2014, the Prysmian Group signed an important framework agreement with SBB CFF FFS - Swiss Federal Railways - worth approximately Euro 26 million.

The contract involves the supply of approximately 2,800 km of signalling cables to upgrade the entire Swiss rail network's infrastructure. Contract management will be handled by the Prysmian Group's Swiss office; the cables will be manufactured in Germany (Berlin) and delivered on a call-off basis over a five-year period running from October 2014 to the end of 2019.

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Pursuant to art. 154-bis par. 2 of Italy's Unified Financial Act (TUF), Carlo Soprano and Andreas Bott, as managers responsible for preparing corporate accounting documents, declare that the information contained in this quarterly financial report corresponds to the underlying documents, accounting books and records.

Milan, 6 November 2014

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Massimo Tononi

SCOPE OF CONSOLIDATION – APPENDIX A

The following companies have been consolidated line-by-line:

Fully consolidated subsidiaries on a line-by-line basis:

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Europe					
Austria					
Prysmian OEKW GmbH	Wien	Euro	2,053,008	100.00%	Prysmian Cavi e Sistemi S.r.l.
Belgium					
Draka Belgium N.V.	Antwerpen	Euro	61,973	98.52%	Draka Holding B.V.
				1.48%	Draka Kabel B.V.
Denmark					
Prysmian Denmark A/S	Brøndby	Danish Krone	40,000,000	100.00%	Draka Denmark Holding A/S
Draka Denmark Holding A/S	Brøndby	Danish Krone	91,940,000	100.00%	Draka Holding B.V.
Estonia					
AS Draka Keila Cables	Keila	Euro	1,664,000	100.00%	Prysmian Finland OY
Finland					
Prysmian Finland OY	Kirkkonummi	Euro	100,000	77.80%	Prysmian Cavi e Sistemi S.r.l.
				19.93%	Draka Holding B.V.
				2.27%	Draka Comteq B.V.
France					
Prysmian (French) Holdings S.A.S.	Paron	Euro	173,487,250	100.00%	Prysmian Cavi e Sistemi S.r.l.
GSCP Athena (French) Holdings II S.A.S.	Paron	Euro	47,000	100.00%	Prysmian (French) Holdings S.A.S.
Prysmian Cables et Systèmes France S.A.S.	Paron	Euro	136,800,000	100.00%	Prysmian (French) Holdings S.A.S.
Draka Comteq France S.A.S.	Paron	Euro	246,554,316	100.00%	Draka France S.A.S.
Draka Fileca S.A.S.	Sainte Geneviève	Euro	5,439,700	100.00%	Draka France S.A.S.
Draka Paricable S.A.S.	Sainte Geneviève	Euro	5,177,985	100.00%	Draka France S.A.S.
Draka France S.A.S.	Marne La Vallée	Euro	261,551,700	100.00%	Draka Holding B.V.
Quoroon S.A.S.	Paron	Euro	10,000	100.00%	Prysmian Cables et Systèmes France S.A.S.
Germany					
Prysmian Kabel und Systeme GmbH	Berlin	Euro	15,000,000	93.75%	Draka Cable Wuppertal GmbH
				6.25%	Prysmian S.p.A.
Prysmian Unterstuetzungseinrichtung Lynen GmbH	Eschweiler	Deutsche Mark	50,000	100.00%	Prysmian Kabel und Systeme GmbH
Draka Cable Wuppertal GmbH	Wuppertal	Euro	25,000	100.00%	Draka Deutschland GmbH
Draka Comteq Berlin GmbH & Co. KG	Berlin	Deutsche Mark	46,000,000	50.10%	Prysmian Netherlands B.V.
				49.90%	Draka Deutschland GmbH
Draka Comteq Germany Verwaltungs GmbH	Koln	Euro	25,000	100.00%	Draka Comteq B.V.
Draka Comteq Germany GmbH & Co. KG	Koln	Euro	26,000	100.00%	Draka Comteq B.V.
Draka Deutschland Erste Beteiligungs GmbH	Wuppertal	Euro	25,000	100.00%	Draka Holding B.V.
Draka Deutschland GmbH	Wuppertal	Euro	25,000	90.00%	Draka Deutschland Erste Beteiligungs GmbH
				10.00%	Draka Deutschland Zweite Beteiligungs GmbH

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Draka Deutschland Verwaltungs GmbH	Wuppertal	Deutsche Mark	50,000	100.00%	Draka Cable Wuppertal GmbH
Draka Deutschland Zweite Beteiligungs GmbH	Wuppertal	Euro	25,000	100.00%	Prysmian Netherlands B.V.
Draka Kabeltechnik GmbH	Wuppertal	Euro	25,000	100.00%	Draka Cable Wuppertal GmbH
Draka Service GmbH	Nuremberg	Euro	25,000	100.00%	Draka Cable Wuppertal GmbH
Höhn GmbH	Wuppertal	Deutsche Mark	1,000,000	100.00%	Draka Deutschland GmbH
Kaiser Kabel GmbH	Wuppertal	Deutsche Mark	9,000,000	100.00%	Draka Deutschland GmbH
Kaiser Kabel Vertriebs GmbH i.L.	Wuppertal	Euro	25,100	100.00%	Kaiser Kabel GmbH
NKF Holding (Deutschland) GmbH	Wuppertal	Euro	25,000	100.00%	Prysmian Netherlands B.V.
usb-elektro Kabelkonfektions- GmbH i.L.	Bendorf	Deutsche Mark	2,750,000	100.00%	Draka Holding B.V.
Wagner Management-und Projektgesellschaft mit beschränkter Haftung i.L.	Berlin	Deutsche Mark	50,000	60.00%	Draka Cable Wuppertal GmbH
				40.00%	Third parties
U.K.					
Prysmian Cables & Systems Ltd.	Eastleigh	British Pound	45,292,120	100.00%	Prysmian UK Group Ltd.
Prysmian Construction Company Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (2000) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (Industrial) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (Supertension) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables and Systems International Ltd.	Eastleigh	Euro	100,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Cable Makers Properties & Services Ltd.	Hampton	British Pound	33	74.99%	Prysmian Cables & Systems Ltd.
				25.01%	Third parties
Prysmian Telecom Cables and Systems UK Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Metals Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Comergy Ltd.	Eastleigh	British Pound	1,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Pension Scheme Trustee Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian S.p.A.
Prysmian UK Group Ltd.	Eastleigh	British Pound	40,011,000	100.00%	Draka Holding B.V.
Draka Distribution Aberdeen Ltd.	Eastleigh	British Pound	1	100.00%	Draka UK Group Ltd.
Draka Comteq UK Ltd.	Eastleigh	British Pound	9,000,002	100.00%	Prysmian UK Group Ltd.
Draka UK Ltd.	Eastleigh	British Pound	202,000	100.00%	Draka UK Group Ltd.
Draka UK Group Ltd.	Eastleigh	British Pound	10,000,103	99.99999%	Prysmian UK Group Ltd.
				0.00001%	Third parties
Draka UK Pension Plan Trust Company Ltd.	Eastleigh	British Pound	1	100.00%	Draka UK Ltd.
Prysmian PowerLink Services Ltd.	Eastleigh	British Pound	16,000,100	100.00%	Prysmian UK Group Ltd.
Ireland					
Prysmian Financial Services Ireland Ltd.	Dublin	Euro	1,000	100.00%	Third parties
Prysmian Re Company Limited	Dublin	Euro	5,000,000	100.00%	Draka Holding B.V.
Italy					
Prysmian Cavi e Sistemi S.r.l.	Milan	Euro	100,000,000	100.00%	Prysmian S.p.A.
Prysmian Cavi e Sistemi Italia S.r.l.	Milan	Euro	77,143,249	100.00%	Prysmian S.p.A.
Prysmian Treasury S.r.l.	Milan	Euro	30,000,000	100.00%	Prysmian S.p.A.
Prysmian PowerLink S.r.l.	Milan	Euro	100,000,000	100.00%	Prysmian S.p.A.
Fibre Ottiche Sud - F.O.S. S.r.l.	Battipaglia	Euro	47,700,000	100.00%	Prysmian S.p.A.
Prysmian Electronics S.r.l.	Milan	Euro	10,000	80.00%	Prysmian Cavi e Sistemi S.r.l.
				20.00%	Third parties

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Luxembourg					
Prysmian Treasury (Lux) S.à r.l.	Luxembourg	Euro	3,050,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Norway					
Prysmian Kabler og Systemer A.S.	Ski	Norwegian Krone	100,000	100.00%	Prysmian Finland OY
Draka Norsk Kabel A.S.	Drammen	Norwegian Krone	22,500,000	100.00%	Draka Norway A.S.
Draka Norway A.S.	Drammen	Norwegian Krone	112,000	100.00%	Draka Holding B.V.
The Netherlands					
Draka Comteq B.V.	Amsterdam	Euro	1,000,000	100.00%	Draka Holding B.V.
Draka Comteq Fibre B.V.	Eindhoven	Euro	18,000	100.00%	Prysmian Netherlands Holding B.V.
Draka Holding B.V.	Amsterdam	Euro	52,229,321	52.165%	Prysmian S.p.A.
				47.835%	Prysmian Cavi e Sistemi S.r.l.
Draka Kabel B.V.	Amsterdam	Euro	2,277,977	100.00%	Prysmian Netherlands B.V.
Donne Draad B.V.	Nieuw Bergen	Euro	28,134	100.00%	Prysmian Netherlands B.V.
Prysmian Treasury (The Netherlands) B.V.	Delft	Euro	2,268,901	100.00%	Draka Holding B.V.
NK China Investments B.V.	Delft	Euro	19,000	100.00%	Prysmian Netherlands B.V.
NKF Vastgoed I B.V.	Delft	Euro	18,151	99.00%	Draka Holding B.V.
				1.00%	Prysmian Netherlands B.V.
NKF Vastgoed III B.V.	Amsterdam	Euro	18,151	99.00%	Draka Deutschland GmbH
				1.00%	Prysmian Netherlands B.V.
Draka Sarphati B.V.	Amsterdam	Euro	18,151	100.00%	Draka Holding B.V.
Prysmian Netherlands B.V.	Delft	Euro	1	100.00%	Prysmian Netherlands Holding B.V.
Prysmian Netherlands Holding B.V.	Amsterdam	Euro	1	100.00%	Draka Holding B.V.
Czech Republic					
Draka Kabely, s.r.o.	Velke Mezirici	Czech Koruna	255,000,000	100.00%	Draka Holding B.V.
Romania					
Prysmian Cabluri Si Sisteme S.A.	Slatina	Romanian Leu	103,850,920	99.9995%	Draka Holding B.V.
				0.0005%	Prysmian Cavi e Sistemi S.r.l.
Russia					
Limited Liability Company Prysmian RUS	Rybinsk city	Russian Rouble	230,000,000	99.00%	Draka Holding B.V.
				1.00%	Prysmian Cavi e Sistemi S.r.l.
Limited Liability Company "Rybinskelektrokabel"	Rybinsk city	Russian Rouble	90,312,000	100.00%	Limited Liability Company Prysmian RUS
Draka Industrial Cable Russia LLC	St. Petersburg	Russian Rouble	100,000	100.00%	Draka Holding B.V.
Neva Cables Ltd	St. Petersburg	Russian Rouble	194,000	100.00%	Prysmian Finland OY

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Slovakia					
Prysmian Kablo s.r.o.	Bratislava	Euro	21,246,001	99.995%	Prysmian Cavi e Sistemi S.r.l.
				0.005%	Prysmian S.p.A.
Draka Comteq Slovakia s.r.o.	Prešov	Euro	1,506,639	100.00%	Draka Comteq B.V.
Spain					
Prysmian Spain S.A.U.	Vilanova I la Geltrù	Euro	58,178,234	100.00%	Draka Holding N.V. Y CIA Soc. Col.
Marmavil.S.L.U.	Santa Perpetua de Mogoda	Euro	3,006	100.00%	Draka Holding B.V.
Draka Holding N.V. Y CIA Soc. Col.	Santa Perpetua de Mogoda	Euro	24,000,000	99.99999%	Draka Holding B.V.
				0.00001%	Marmavil.S.L.U.
Draka Comteq Iberica, S.L.U.	Maliaño	Euro	4,000,040	100.00%	Draka Holding N.V. Y CIA Soc. Col.
Sweden					
Prysmian Kablar och System AB	Hoganas	Swedish Krona	100,000	100.00%	Prysmian Finland OY
Draka Comteq Sweden AB	Nässjö	Swedish Krona	100,000	100.00%	Draka Comteq B.V.
NK Cables Sverige AB	Orebro	Swedish Krona	100,000	100.00%	Prysmian Finland OY
Draka Sweden AB	Nässjö	Swedish Krona	100,100	100.00%	Draka Holding B.V.
Draka Kabel Sverige AB	Nässjö	Swedish Krona	100,000	100.00%	Draka Sweden AB
Switzerland					
Prysmian Cables and Systems SA	Manno	Swiss Franc	500,000	100.00%	Draka Holding B.V.
Turkey					
Turk Prysmian Kablo Ve Sistemleri A.S.	Mudanya	Turkish new Lira	112,233,652	83.746%	Draka Holding B.V.
				16.254%	Third parties
Draka Istanbul Asansor İthalat İhracat Üretim Ticaret Ltd. Şti.	Istanbul	Turkish new Lira	180,000	100.00%	Draka Holding B.V.
Draka Comteq Kablo Limited Sirketi	Istanbul	Turkish new Lira	45,818,775	99.50%	Draka Comteq B.V.
				0.50%	Prysmian Netherlands B.V.
Hungary					
Prysmian MKM Magyar Kabel Muvek Kft.	Budapest	Hungarian Forint	5,000,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
North America					
Canada					
Prysmian Power Cables and Systems Canada Ltd.	Saint John	Canadian Dollar	1,000,000	100.00%	Draka Holding B.V.
Draka Elevator Products Incorporated	Brantford	Canadian Dollar	n/a	100.00%	Draka Cableteq USA, Inc.
U.S.A.					
Prysmian Cables and Systems (US) Inc.	Carson City	US Dollar	330,517,608	100.00%	Draka Holding B.V.
Prysmian Cables and Systems USA, LLC	Wilmington	US Dollar	10	100.00%	Prysmian Cables and Systems (US) Inc.
Prysmian Construction Services Inc.	Wilmington	US Dollar	1,000	100.00%	Prysmian Cables and Systems USA, LLC
Prysmian Power Financial Services US LLC	Wilmington	US Dollar	100	100.00%	Prysmian Cables and Systems USA, LLC
Prysmian Communications Financial Services US LLC	Wilmington	US Dollar	100	100.00%	Prysmian Cables and Systems USA, LLC
Draka Cableteq USA, Inc.	Boston	US Dollar	10	100.00%	Prysmian Cables and Systems (US) Inc.
Draka Elevator Products, Inc.	Boston	US Dollar	1	100.00%	Draka Cableteq USA, Inc.
Draka Transport USA, LLC	Boston	US Dollar	n/a	100.00%	Draka Cableteq USA, Inc.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Central/South America					
Argentina					
Prysmian Energia Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	67,148,158	94.425068%	Prysmian Consultora Conductores e Instalaciones SAIC
				4.986374%	Draka Holding B.V.
				0.270284%	Prysmian Draka Brasil S.A.
				0.318274%	Third parties
Prysmian Consultora Conductores e Instalaciones SAIC	Buenos Aires	Argentine Peso	48,571,242	95.00%	Draka Holding B.V.
				5.00%	Prysmian Cavi e Sistemi S.r.l.
Brazil					
Prysmian Energia Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	153,794,214	99.857%	Prysmian Cavi e Sistemi S.r.l.
				0,143%	Prysmian S.p.A.
Sociedade Produtora de Fibras Opticas S.A.(1)	Sorocaba	Brazilian Real	1,500,100	51.00%	Prysmian Draka Brasil S.A.
				49.00%	Third parties
Prysmian Surflex Umbilicais e Tubos Flexìveis do Brasil Ltda	Vila Velha	Brazilian Real	218,299,840	99.000000004%	Prysmian Cavi e Sistemi S.r.l.
				0.999999996%	Prysmian S.p.A.
Prysmian Draka Brasil S.A.	Sorocaba	Brazilian Real	207,784,953	55.885510%	Prysmian Energia Cabos e Sistemas do Brasil S.A.
				34.849900%	Draka Comteq B.V.
				9.206810%	Draka Holding B.V.
				0.057040%	Prysmian Cavi e Sistemi S.r.l.
				0.000630%	Prysmian Netherlands B.V.
				0.000120%	Draka Kabel B.V.
Doiter Industria e Comércio Ltda	Espirito Santo, Vitoria	Brazilian Real	118,000	99.9992%	Draka Comteq Cabos Brasil S.A.
				0.0008%	Third parties
Prysmian Fibras Oticas Brasil Ltda	Sorocaba	Brazilian Real	42,628,104	99.99%	Prysmian Draka Brasil S.A.
				0.01%	Prysmian Energia Cabos e Sistemas do Brasil S.A .
Draka Comteq Cabos Brasil S.A	Santa Catarina	Brazilian Real	17,429,703	77.836%	Draka Comteq B.V.
				22.164%	Prysmian Energia Cabos e Sistemas do Brasil S.A.
Chile					
Prysmian Instalaciones Chile S.A.	Santiago	Chilean Peso	1,147,127,679	99.80%	Prysmian Consultora Conductores e Instalaciones SAIC
				0.20%	Third parties
Mexico					
Draka Durango S. de R.L. de C.V.	Durango	Mexican Peso	163,471,787	99.996%	Draka Mexico Holdings S.A. de C.V.
				0.004%	Draka Holding B.V.
Draka Mexico Holdings S.A. de C.V.	Durango	Mexican Peso	57,036,501	99.999998%	Draka Holding B.V.
				0.000002%	Draka Comteq B.V.
NK Mexico Holdings S.A. de C.V.	Mexico City	Mexican Peso	n/a	100.00%	Prysmian Finland OY
Prysmian Cables y Sistemas de Mexico S. de R. L. de C. V.	Durango	Mexican Peso	3,000	0.033%	Draka Holding B.V.
				99.967%	Draka Mexico Holdings S.A. de C.V.
Africa					
Ivory Coast					
SICABLE - Sociète Ivoirienne de Cables S.A.	Abidjan	CFA Franc	740,000,000	51.00%	Prysmian Cables et Systèmes France S.A.S.
				49.00%	Third parties
Tunisia					
Auto Cables Tunisie S.A.	Grombalia	Tunisian Dinar	4,050,000	50.998%	Prysmian Cables et Systèmes France S.A.S.
				49.002%	Third parties
Eurelectric Tunisie S.A.	Soliman	Tunisian Dinar	1,110,000	99.946%	Prysmian Cables et Systèmes France S.A.S.
				0.009%	Prysmian (French) Holdings S.A.S.
				0.009%	Prysmian Cavi e Sistemi S.r.l.
				0.036%	Third parties

(1) Entity considered as *joint operation* as described in section C. Restatement of comparative figures

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Oceania					
Australia					
Prysmian Power Cables & Systems Australia Pty Ltd.	Liverpool	Australian Dollar	15,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Telecom Cables & Systems Australia Pty Ltd.	Liverpool	Australian Dollar	38,500,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
New Zealand					
Prysmian Power Cables & Systems New Zealand Ltd.	Auckland	New Zealand Dollar	10,000	100.00%	Prysmian Power Cables & Systems Australia Pty Ltd.
Asia					
Saudi Arabia					
Prysmian Powerlink Saudi LLC	Al Khoabar	Saudi Arabian Riyal	500,000	95.00%	Prysmian PowerLink S.r.l.
				5.00%	Third parties
China					
Prysmian Tianjin Cables Co. Ltd.	Tianjin	US Dollar	28,400,000	67.00%	Prysmian (China) Investment Company Ltd.
				33.00%	Third parties
Prysmian Cable (Shanghai) Co.Ltd.	Shanghai	US Dollar	5,000,000	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Baosheng Cable Co.Ltd.	Jiangsu	US Dollar	35,000,000	67.00%	Prysmian (China) Investment Company Ltd.
				33.00%	Third parties
Prysmian Wuxi Cable Co. Ltd.	Wuxi	US Dollar	29,941,250	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Angel Tianjin Cable Co. Ltd.	Tianjin	US Dollar	14,000,000	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Hong Kong Holding Ltd.	Hong Kong	Euro	55,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian (China) Investment Company Ltd.	Beijing	Euro	55,000,000	100.00%	Prysmian Hong Kong Holding Ltd.
Nantong Haixun Draka Elevator Products Co. LTD	Nantong	US Dollar	2,400,000	75.00%	Draka Elevator Products, Inc.
				25.00%	Third parties
Nantong Zhongyao Draka Elevator Products Co. LTD	Nantong	US Dollar	2,000,000	75.00%	Draka Elevator Products, Inc.
				25.00%	Third parties
Draka Cables (Hong Kong) Limited	Hong Kong	Hong Kong Dollar	6,500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Draka Shanghai Optical Fibre Cable Co Ltd.	Shanghai	US Dollar	15,580,000	55.00%	Draka Comteq Germany GmbH & Co. KG
				45.00%	Third parties
Suzhou Draka Cable Co. Ltd.	Suzhou	Chinese Renminbi (Yuan)	174,500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
NK Wuhan Cable Co. Ltd.	Wuhan	US Dollar	12,000,000	60.00%	NK China Investments B.V.
				20.00%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				20.00%	Third parties
Philippines					
Draka Philippines Inc.	Cebu	Philippine Peso	253,652,000	99.9999975%	Draka Holding B.V.
				0.0000025%	Third parties
India					
Associated Cables Pvt. Ltd.	Mumbai	Indian Rupee	61,261,900	32.00%	Draka UK Group Ltd.
				28.00%	Prysmian Treasury (The Netherlands) B.V.
				40.00%	Oman Cables Industry (SAOG)
Jaguar Communication Consultancy Services Private Ltd.	Mumbai	Indian Rupee	34,432,100	99.99997%	Prysmian Cavi e Sistemi S.r.l.
				0.00003%	Prysmian S.p.A.
Indonesia					
P.T.Prysmian Cables Indonesia	Cikampek	US Dollar	67,300,000	99.48%	Draka Holding B.V.
				0.52%	Prysmian Cavi e Sistemi S.r.l.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Malaysia					
Submarine Cable Installation Sdn Bhd	Kuala Lumpur	Malaysian Ringgit	10,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Sindutch Cable Manufacturer Sdn Bhd	Malacca	Malaysian Ringgit	500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Draka Marketing and Services Sdn Bhd	Malacca	Malaysian Ringgit	500,000	100.00%	Cable Supply and Consulting Company Pte Ltd.
Draka (Malaysia) Sdn Bhd	Malacca	Malaysian Ringgit	8,000,002	100.00%	Cable Supply and Consulting Company Pte Ltd.
Singapore					
Prysmian Cables Asia-Pacific Pte Ltd.	Singapore	Singapore Dollar	213,324,290	100.00%	Draka Holding B.V.
Prysmian Cable Systems Pte Ltd.	Singapore	Singapore Dollar	25,000	50.00%	Draka Holding B.V.
				50.00%	Prysmian Cables & Systems Ltd.
Draka Offshore Asia Pacific Pte Ltd.	Singapore	Singapore Dollar	51,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Draka Cableteq Asia Pacific Holding Pte Ltd.	Singapore	Singapore Dollar	28,630,542	100.00%	Draka Holding B.V.
Singapore Cables Manufacturers Pte Ltd.	Singapore	Singapore Dollar	990,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Cable Supply and Consulting Company Pte Ltd.	Singapore	Singapore Dollar	50,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Draka Comteq Singapore Pte Ltd.	Singapore	Singapore Dollar	500,000	100.00%	Draka Comteq B.V.
Draka NK Cables (Asia) Pte Ltd.	Singapore	Singapore Dollar	200,000	100.00%	Prysmian Finland OY
Thailand					
MCI-Draka Cable Co. Ltd.	Bangkok	Thai Baht	435,900,000	70.250172%	Draka Cableteq Asia Pacific Holding Pte Ltd.
				0.000023%	Draka (Malaysia) Sdn Bhd
				0.000023%	Sindutch Cable Manufacturer Sdn Bhd
				0.000023%	Singapore Cables Manufacturers Pte Ltd.
				29.749759%	Third parties

The following companies have been accounted for using the equity method:

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Europe					
Germany					
Kabeltrommel GmbH & CO.KG	Troisdorf	Euro	10,225,838	29.68%	Prysmian Kabel und Systeme GmbH
				13.50%	Draka Cable Wuppertal GmbH
				56.82%	Third parties
Kabeltrommel GmbH	Troisdorf	Deutsche Mark	51,000	17.65%	Prysmian Kabel und Systeme GmbH
				23.53%	Draka Cable Wuppertal GmbH
				58.82%	Third parties
KTG Europe GmbH	Troisdorf	Euro	100,000	100.00%	Kabeltrommel GmbH & CO.KG
U.K.					
Rodco Ltd.	Weybridge	British Pound	5,000,000	40.00%	Prysmian Cables & Systems Ltd.
				60.00%	Third parties
Poland					
Eksa Sp.z.o.o	Sokolów	Polish Zloty	394,000	29.949%	Prysmian Cavi e Sistemi S.r.l.
				70.051%	Third parties
Russia					
Elkat Ltd.	Moscow	Russian Rouble	10,000	40.00%	Prysmian Finland OY
				60.00%	Third parties
Asia					
China					
Yangtze Optical Fibre and Cable Joint Stock Limited Co.	Wuhan	Chinese Renminbi (Yuan)	479,592,598	37.50%	Draka Comteq B.V.
				62.50%	Third parties
Yangtze Optical Fibre and Cable Company (Hong Kong) Ltd.	Hong Kong	Hong Kong Dollar	80,000	100.00%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd.	Shanghai	US Dollar	12,000,000	75.000%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				25.00%	Draka Comteq B.V.
EverPro Technologies Company Limited	Wuhan	Chinese Renminbi (Yuan)	325,000,000	69.23%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				30.77%	Third parties
EverProsper Technologies Company Limited	Hong Kong	Chinese Renminbi (Yuan)	6,800,000	100.00%	EverPro Technologies Company Limited
Jiangsu Yangtze Zhongli Optical Fibre & Cable Co., Ltd.	Changshu	Chinese Renminbi (Yuan)	92,880,000	51.00%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				49.00%	Third parties
Yangtze Optical Fibre & Cable Sichuan Co. Ltd.	Emeishan City	Chinese Renminbi (Yuan)	53,800,000	51.00%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				49.00%	Third parties
Tianjin YOFC XMKJ Optical Communications Co.,Ltd.	Tianjin	Chinese Renminbi (Yuan)	220,000,000	49.00%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				51.00%	Third parties
Yangtze (Wuhan) Optical System Corp., Ltd.	Wuhan	Chinese Renminbi (Yuan)	47,500,000	46.32%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				53.68%	Third parties
Shantou Hi-Tech Zone Aoxing Optical Communication EquipmentsCo.,Ltd.	Shantou	Chinese Renminbi (Yuan)	170,558,817	42.42%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				57.58%	Third parties
Shenzhen SDGI Optical Fibre Co., Ltd.	Shenzhen	Chinese Renminbi (Yuan)	206,518,320	35.36%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				64.64%	Third parties
Tianjin YOFC XMKJ Optical Cable Co., Ltd.	Tianjin	Chinese Renminbi (Yuan)	100,000,000	20.00%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				80.00%	Third parties
Wuhan Guanyuan Electronic Technology Co. Ltd.	Wuhan	Chinese Renminbi (Yuan)	5,000,000	20.00%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				80.00%	Third parties
Japan					
Precision Fiber Optics Ltd.	Chiba	Japanese Yen	360,000,000	50.00%	Draka Comteq Fibre B.V.
				50.00%	Third parties
Malaysia					
Power Cables Malaysia Sdn Bhd	Selangor Darul Eshan	Malaysian Ringgit	8,000,000	40.00%	Draka Holding B.V.
				60.00%	Third parties
Oman					
Oman Cables Industry (SAOG)	Al Rusayl Industrial Zone	Omani Rial	8,970,000	34.78%	Draka Holding B.V.
				65.22%	Third parties

List of unconsolidated other investments:

Legal name	% ownership	Direct parent company
Asia		
India		
Ravin Cables Limited	51.00%	Prysmian Cavi e Sistemi S.r.l.
	49.00%	Third parties
United Arab Emirates		
Power Plus Cable CO. LLC	49.00%	Ravin Cables Limited
	51.00%	Third parties
Africa		
South Africa		
Pirelli Cables & Systems (Proprietary) Ltd.	100.00%	Prysmian Cavi e Sistemi S.r.l.

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