Half-Year Financial Report

at 30 June 2021

Linking the future

Disclaimer

This document contains forward-looking statements, specifically in the sections entitled "Events after the reporting period" and "Business outlook", that relate to future events and the operating, economic and financial results of 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 multiple factors.

Directors' report

Consolidated Financial Statements and Explanatory Notes

Directors’ Report

DIRECTORS AND AUDITORS

Board of Directors [4]	
Chairman	Claudio De Conto (*) (2)
Chief Executive Officer	Valerio Battista
Directors	Francesco Gori (**)(1)
	Maria Letizia Mariani (**)(3)
	Jaska Marianne de Bakker (**)(1)
	Massimo Battaini
	Tarak Mehta (**)(1)
	Pier Francesco Facchini
	Ines Kolmsee (**)(3)
	Annalisa Stupenengo (**)(2)
	Paolo Amato (**)(2)
	Mimi Kung (**)(3)

Board of Statutory Auditors [5]	
Chairman	Pellegrino Libroia
Standing Statutory Auditors	Laura Gualtieri
	Paolo Francesco Lazzati
Alternative Statutory Auditors	Michele Milano
	Claudia Mezzabotta
Independent Auditors [6]	EY S.p.A.

(*) Independent director as per Italian Legislative Decree 58/1998

(**) Independent Director as per Italian Legislative Decree 58/1998 and Italy's Corporate Governance Code for Listed Companies (January 2020 edition) approved by the Italian Corporate Governance Committee, comprising business associations (ABI, ANIA, Assonime, Confindustria), Borsa Italiana S.p.A. (the Italian Stock Exchange) and Assogestioni (Italian investment managers association).

(1) Members of the Control and Risks Committee

(2) Members of the Remuneration and Nominations Committee

(3) Members of the Sustainability Committee

(4) Appointed by the Shareholders' Meeting on 28 April 2021

(5) Appointed by the Shareholders' Meeting on 5 June 2019

(6) Appointed by the Shareholders' Meeting on 16 April 2015

Preface

The present Half-Year Financial Report at 30 June 2021 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 2020.

The Half-Year Financial Report has undergone a limited review by the independent auditors.

SIGNIFICANT EVENTS DURING THE PERIOD

Prysmian Group completes the acquisition of EHC Global

On 8 January 2021, the Group announced it had completed the acquisition of EHC Global, a leading manufacturer of strategic components and integrated solutions for the vertical transportation industry. Established in 1977, EHC Global is a manufacturer and supplier of escalator handrails, rollers, elevator belts, strategic components and integrated solutions for the vertical transportation industry. EHC Global also offers a comprehensive range of technical and installation services for escalators and moving walkways.

The acquisition of EHC Global is in line with Prysmian Group's strategy to develop and strengthen its value-added businesses. EHC Global is a complementary add-on to the Draka Elevator business, broadening its product portfolio to include a wide range of escalator products and services.

Following the acquisition, the Group has consolidated EHC Global with effect from 1 January 2021 as more fully explained in the section on "Business Combinations" to which reference should be made.

Placement of a Euro 750 million equity-linked bond

On 26 January 2021, the Group announced the finalisation of the placement of an equity-linked bond (the "Bonds") for an amount of Euro 750 million.

The Bonds, with a 5-year maturity from 2 February 2021 and minimum denomination of Euro 100,000 each, are zero coupon. The issue price is Euro 102.50, representing a yield to maturity of minus 0.49% per annum. The initial price for the conversion of the Bonds into the Company's ordinary shares is Euro 40.2355, representing a 47.50% premium on the weighted average price by volume of Prysmian ordinary shares on the Milan Stock Exchange between launch and pricing on 26 January 2021.

The Shareholders' Meeting held on 28 April 2021 authorised the convertibility of the equity-linked bond and approved the proposal for a share capital increase, serving the conversion of the convertible bond for a maximum nominal amount of Euro 1,864,025.50 through the issue of up to 18,640,255 ordinary shares with nominal value Euro 0.10 each.

As provided for in the Bond Regulations, the Group has the option to redeem all - but not only some - of the Bonds at their principal amount from 12 February 2024, should the share price exceed 130% of the conversion price for at least 20 days within a period of 30 consecutive trading days.

Repurchase of the 2017 Bonds

On 26 January 2021, the Group announced a partial redemption of the Company's outstanding Euro 500 million zero-coupon equity-linked bonds due in 2022 and issued on 17 January 2017 (the "2017 Bonds").

The total face value of the 2017 Bonds which the Company redeemed on 2 February 2021 was equal to Euro 250,000,000 representing 50% of the 2017 Bonds initially issued, at a repurchase price of Euro 104,250 per Euro 100,000 in face value.

CDP Loan

On 28 January 2021, a new loan for Euro 75 million over 4.5 years was agreed with Cassa Depositi e Prestiti S.p.A. (CDP), for the purpose of financing part of the Group's expenditure to purchase the "Leonardo Da Vinci" cable-laying vessel.

This loan was drawn down in its entirety on 9 February 2021, with a bullet repayment envisaged at maturity on 28 July 2025. Interest rate swaps for a total notional value of Euro 75 million have been entered into with the objective of hedging this loan's variable rate interest flows over the period 2021-2025.

New organisational structure

On 3 February 2021, the Group announced that it had adopted a new organisational structure, in line with international best practices, with the aim of reinforcing its focus on the strategic opportunities offered by the global transition to low-carbon energy and digitalisation-based economies.

The introduction of this new structure marks the successful completion of the integration with General Cable, which has significantly enlarged the Group and broadened its geographical diversification.

Under the leadership of the CEO, the new organisation will pivot around the following key roles:

- Chief Operating Officer
- Business Divisions
- Group Functions

Under the new organisation, the CEO will further intensify the Group's focus on its organic and non-organic growth strategy, as well as on accelerating major innovation projects. The two global megatrends of transition to low-carbon energy and development of telecommunications networks to support digitalisation are among the major growth opportunities on which the Group will be focusing to ensure sustainable growth. In order to leverage the Group's wide geographic presence and customer proximity, while delivering business synergies at the same time, the new role of Chief Operating Officer (COO) will oversee the Group's operational strategy and performance and results of the Regions, in conjunction with the Group's three Business Divisions. The Business Divisions, which report directly to the CEO, are focused on the strategic development of their different segments, with P&L responsibility for the global Business Units, in conjunction with the COO. In addition, they drive key decisions on product technology, production allocation and the most important projects. The Group Functions, reporting directly to the CEO, guide the governance and harmonisation of the main corporate processes, providing operational support to all Group entities. With the aim of strengthening the focus on ESG objectives, a Group Chief Sustainability Officer has been appointed.

Construction of new fibre-optic Telecom link in Brazil

On 24 February 2021, the Group announced that it will supply 770 km of MINISUB submarine optical fibre telecom cables to link the city of Macapá to Santarém and Alenquer, located in the north of the Amazon region, as part of the Norte Conectado project awarded by RNP, Rede Nacional de Ensino and Pesquisa, a Brazilian internet provider. The MINISUB solution is one of the most widely used technologies in the world.

Finalisation of contract worth over Euro 200 million with RWE for Sofia offshore wind farm

On 29 March 2021, the Group announced the finalisation of a contract with RWE Renewables, one of the world's largest offshore wind farm developers, for the construction of a turnkey high voltage submarine and onshore cable system worth over Euro 200 million for the 1.4 gigawatt (GW) Sofia offshore wind farm. The Group had already announced a preferred bidder agreement in November 2020.

Prysmian Group will be responsible for the design, supply, installation and commissioning of an HVDC symmetrical single-core cable system that will connect the wind farm's offshore substation to the onshore converter station in Teesside. The project requires over 440 km of ±320 kV XLPE-insulated submarine cables and 15 km of ±320 kV P-Laser-insulated underground cables.

Offshore installation operations will be carried out using the Leonardo da Vinci, Prysmian's new state-of-the-art cable-laying vessel, the most high performance ship on the market offering enhanced versatility in project implementation. Project commissioning is expected towards the end of 2026.

Successful completion of the first ever submarine interconnection between the island of Crete and mainland Greece

On 1 April 2021, the Group and Independent Power Transmission Operator (IPTO) announced the completion of the submarine interconnection between the island of Crete and mainland Greece (Peloponnese region), a record-breaking project in many respects, including in terms of length, depth and innovative HVAC cable technology. Prysmian Group has designed, supplied, and installed an HVAC cable system involving 135 km of 150 kV tri-core XLPE-insulated double-armoured cables. This is a record-breaking project because Prysmian Group has installed its innovative cable technology, based on a synthetic armour 30% lighter than steel, at a maximum depth of approximately 1,000 metres for the very first time. The project, worth a total of Euro 125 million, was awarded to the Group in 2018 by IPTO, operator of the electricity grid transmission system in Greece. The first interconnection between Crete and mainland Greece is expected to become operational in the next few months, ensuring reliable, cost-effective and sustainable power transmission.

Approval of the Annual Financial Statements at 31 December 2020, distribution of dividends and appointment of the Prysmian S.p.A. Board of Directors

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the financial statements for 2020 and the distribution of a gross dividend of Euro 0.50 per share, for a total of some Euro 132 million. The dividend was paid out from 26 May 2021, with record date 25 May 2021 and ex-dividend date 24 May 2021. The same Shareholders' Meeting also appointed the new members of the Prysmian S.p.A. Board of Directors.

Authorisation to buy back and dispose of treasury shares

On 28 April 2021, the shareholders of Prysmian S.p.A. authorised the Board of Directors to buy back and dispose of treasury shares. This authorisation provides the opportunity to buy back, on one or more occasions, a maximum number of shares whose total must not exceed, at any one time, 10% of share capital. Purchases may not exceed the amount of retained earnings and unrestricted 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, while the authorisation to dispose of treasury shares has no time limit. The authorisation to purchase and dispose of treasury shares is required in order to enable the Group:

- to have a portfolio of treasury shares (a so-called "stock of shares") that can be used in any extraordinary transactions (e.g. mergers, demergers, spin-offs, acquisition of equity investments) and to implement the shareholder-approved remuneration policies applied to Prysmian Group;
- to use the treasury shares purchased to service the exercise of rights arising from convertible debt instruments or instruments exchangeable with financial instruments issued by the Company, its subsidiaries or third parties (e.g. in takeovers bids and/or stock swaps);
- to use the treasury shares to satisfy share-based incentive plans or share ownership plans reserved for Prysmian Group directors and/or employees;
- to manage the Company's capital effectively, by creating an investment opportunity, also in view of its available liquidity.

Treasury shares may be bought back and disposed of in accordance with applicable laws and regulations:

(i) at a minimum price no more than 10% below the stock's official price reported in the trading session on the day before carrying out each individual transaction;
(ii) at a maximum price no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual transaction.

Your Employee Shares (YES) Plan

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the extension of the share ownership plan for Prysmian Group employees, previously approved by the shareholders' resolution dated 13 April 2016.
The Plan provides 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. The shares purchased will be subject to a retention period, during which they cannot be sold. The extension has added new purchase windows in the years 2022, 2023 and 2024. Beneficiaries of the Plan also include the executive directors of Prysmian S.p.A. as well as key management personnel, for whom the discount will be 1%.

Authorisation of the convertibility of the Equity-linked Bond 2021

The Extraordinary Shareholders' Meeting held on 28 April 2021 authorised the convertibility of the Euro 750 million equity-linked bond, approved by the Board of Directors on 26 January 2021 and reserved for institutional investors. The same meeting also approved the proposal for a share capital increase pursuant to art. 2420-bis, par. 2, of the Italian Civil Code, in one or more tranches, with the exclusion of pre-emptive rights under art. 2441, par. 5, of the Italian Civil Code, serving the conversion of the aforementioned convertible bond for a maximum nominal amount of Euro 1,864,025.50 by issuing up to 18,640,255 of the Company's ordinary shares with a nominal value of Euro 0.10 each, and thus amending art. 6 of its By-laws accordingly.

Climate Change

With the intention of further accelerating its pursuit of sustainability, the Group has decided to adopt the UN Global Compact. Prysmian has launched an ambitious climate change strategy by adopting Science-Based targets to reduce its CO2 emissions, in line with the COP 21 Paris Agreement, and by supporting the Business Ambition for 1.5°C campaign.
The target of zero net emissions is expected to be achieved between 2035 and 2040 for emissions generated by the Group's operations (Scope 1 and 2) and by 2050 for emissions generated by its value chain (Scope 3).

"ECO CABLE": the cable industry's first certifiable green product label in support of energy transition

On 4 May 2021, the Group announced the launch of its ECO CABLE label, the first proprietary label in the cable industry to help utilities and distributors make their supply chains and value propositions even greener.

The ECO CABLE label can be easily compared and combined with other sustainability certification protocols like the EPD (Environmental Product Declaration) and the EU Ecolabel (the environmental label of excellence for products and services that meet high environmental standards throughout their life cycle). Award of the ECO CABLE label is based on an automatic calculation system developed specifically for cable products, which applies recognised and measurable criteria from EU Ecolabel Regulation 66/2010, and in line with the main regulatory frameworks and requirements: Carbon Footprint, Absence of Substances of Very High Concern, Recyclability/Circularity, Recycling input rate, Environmental benefits and Cable transmission efficiency.

Prysmian Group has committed to apply the ECO CABLE rating system to 20% of all its products by 2022, in line with the Group's Sustainability Scorecard goals.

Partnership with Hardt Hyperloop to accelerate Open Innovation

On 10 May 2021, the Group announced a deepening of its partnership with Hardt Global Mobility as part of a program to make Hyperloop into a sustainable, high-speed pan-European passenger and freight transport network that will help Europe meet its zero-carbon goals by 2050.

Diversity & Inclusion to enhance "human capital"

On 12 May 2021, the Group announced it was strengthening its commitment to Diversity & Inclusion (D&I) with the aim of further enhancing its human capital, comprising some 28,000 employees worldwide. The increase in the percentage of women, both among white-collar workers and at senior management level, is one of the sustainability parameters to which the variable remuneration of company managers is linked.

As evidence of the strategic importance of gender and cultural diversity, Prysmian has also set up a new global Diversity & Inclusion Steering Committee to oversee the achievement of the Group's objectives. This Committee is responsible for defining D&I objectives at every level of the organisation and helping decide the actions to be taken, as well as promoting a cultural change to facilitate D&I within the workplace.

Prysmian Group believes in the value of people, background, leadership style and attitudes because every individual has the potential to generate value for the business. Its global footprint enables the Group to promote an inclusive environment, encouraging the development of corporate culture and identity.

Prysmian Group enters the "smart home" market

On 26 May 2021, the Group announced it had entered the "smart home" market for the first time with its innovative PRY-CAM HOME technology to manage and enhance the active safety of domestic electrical systems.

New submarine cable links between Europe and Asia

On 18 June 2021, the Group announced it had been awarded a contract worth a total of Euro 140 million by the Turkish utility TEIAS for the design, supply, installation and commissioning of two high-voltage submarine power transmission cables, one between Europe and Asia, the other across the Izmit Gulf in Asia. Both projects are scheduled for completion by 2023. The first project - Dardanelles III - involves the design, supply, installation and commissioning of a third high-voltage submarine power cable linking Europe and Asia across the Dardanelles strait in Turkey. The dual-circuit cable with a rating of 1,000 MW per circuit will cover a total distance of 4.2 km (4 km offshore and 0.2 km onshore). The second project - Izmit Gulf Crossing - involves the design, supply, installation and commissioning of a high-voltage submarine power cable to be laid in the vicinity of the Osman Gazi Bridge, in the Izmit Gulf, Turkey. The dual-circuit cable with a rating of 1,000 MW per circuit will cover a total distance of 14 km (4 km offshore and 10 km onshore). Each link will include two 400 kV HVAC single-core cables with XLPE insulation and single-wire armouring. The submarine cables will be manufactured at Prysmian's centre of excellence in Pikkala (Finland), while the onshore cables will be produced in Gron (France). Offshore installation operations will be performed by one of the Group's state-of-the-art cable-laying vessels.

USD 900 million contract for SOO Green HVDC Link

On 21 June 2021, the Group announced it had been selected by SOO Green HVDC Link as its preferred supplier of HVDC cable systems for a unique project: the overland transmission of power along existing rail corridors. The 2,100 MW interregional project, intended as the first link within a national clean power grid, will connect two of the largest US power markets. By linking Midwest Independent System Operator (MISO) serving the central US, to the eastern PJM Interconnection, SOO Green will deliver abundant, affordable renewable energy to population centres from Chicago to the mid-Atlantic region. As part of the project worth approximately USD 900 million, Prysmian Group will supply state-of-the-art ±525 kV HVDC cables to reliably and efficiently transmit enough renewable energy to power more than 1.2 million homes. On 25 June 2021, the Group announced that the contract with SOO Green HVDC link had been finalised. Cable production for the project is expected to start in 2023 at Prysmian's Abbeville plant in South Carolina.

Other significant events

Ravin Cables Limited

In January 2010, Prysmian Group acquired a 51% interest in the Indian company Ravin Cables Limited ("Ravin"), with the remaining 49% held by other shareholders directly or indirectly associated with the Karia family (the "Local Shareholders"). Under the agreements signed with the Local Shareholders, after a limited transition period, management of Ravin would be transferred to a Chief Executive Officer appointed by Prysmian. However, this failed to occur and, in breach of the agreements, Ravin's management remained in the hands of the Local Shareholders and their representatives. Consequently, having now lost control, Prysmian Group ceased to consolidate Ravin and its subsidiary Power Plus Cable Co. LLC. with effect from 1 April 2012. In February 2012, Prysmian was thus forced to initiate arbitration proceedings before the London Court of International Arbitration (LCIA), requesting that the Local Shareholders be declared in breach of contract and ordered to sell the shares representing 49% of Ravin's share capital to Prysmian. In a ruling handed down in April 2017, the LCIA upheld Prysmian's claims and ordered the Local Shareholders to sell the shares representing 49% of Ravin's share capital to Prysmian. However, the Local Shareholders did not voluntarily enforce the arbitration award and so Prysmian had to initiate proceedings in the Indian courts in order to have the arbitration award recognised in India. Having gone through two levels of the court system, these proceedings were finally concluded on 13 February 2020 with the pronouncement of a ruling by the Indian Supreme Court under which the latter definitively declared the arbitration award enforceable in India. In view of the continuing failure of the Local Shareholders to comply voluntarily, Prysmian has requested the Mumbai court to enforce the arbitration award so as to purchase the shares representing 49% of Ravin's share capital as soon as possible. This case is currently still pending, slowed down by the ongoing Covid-19 emergency that has also affected India, and so control of Ravin is considered to have not yet been acquired.

CONSOLIDATED FINANCIAL HIGHLIGHTS*

(Euro/million)

	1st half 2021	1st half 2020	% change	2020
Sales	6,034	4,985	21.0%	10,016
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	461	414	11.4%	822
Adjusted EBITDA [1]	470	419	12.2%	840
EBITDA [2]	444	407	9.1%	781
Adjusted operating income [3]	312	253	23.3%	515
Operating income	278	173		353
Profit/(loss) before taxes	238	118		252
Net profit/(loss)	164	76		174

(Euro/million)

	30.06.2021	30.06.2020	Change	2020
Net capital employed	5,612	5,530	82	4,915
Employee benefit obligations	485	499	(14)	506
Equity	2,740	2,515	225	2,423
of which attributable to non-controlling interests	168	181	(13)	164
Net financial debt	2,387	2,516	(129)	1,986

(Euro/million)

	30.06.2021	30.06.2020	% change	2020
Net capital expenditure [4]	71	92	-22.8%	244
Employees (at period-end)	29,826	28,160	5.9%	28,321
Earnings/(loss) per share				
- basic	0.62	0.30		0.68
- diluted	0.61	0.30		0.68

(1) Adjusted EBITDA is defined as EBITDA before income and expense for company reorganisation, non-recurring items and other non-operating income and expense.

(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 income and expense for company reorganisation, non-recurring items and other non-operating income and expense, and before the fair value change in metal derivatives and in other fair value items.

(4) Net capital expenditure reflects cash inflow from disposals of Assets held for sale and outflow for additions to Property, plant and equipment and Intangible assets not acquired under specific financing arrangements, meaning that additions of leased assets are excluded.

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

GROUP PERFORMANCE AND RESULTS

(Euro/million)

	1st half 2021	1st half 2020	% change	2020
Sales	6,034	4,985	21.0%	10,016
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**461**	**414**	**11.4%**	**822**
% of sales	7.6%	8.3%		8.2%
Adjusted EBITDA	**470**	**419**	**12.2%**	**840**
% of sales	7.8%	8.4%		8.4%
EBITDA	**444**	**407**	**9.1%**	**781**
% of sales	7.4%	8.2%		7.8%
Fair value change in metal derivatives	16	(8)		(4)
Fair value stock options	(18)	(17)		(31)
Amortisation, depreciation, impairment and impairment reversal	(164)	(209)		(393)
Operating income	**278**	**173**		**353**
% of sales	4.6%	3.5%		3.5%
Net finance income/(costs)	(40)	(55)		(101)
Profit/(loss) before taxes	**238**	**118**		**252**
% of sales	3.9%	2.4%		2.5%
Taxes	(74)	(42)		(78)
Net profit/(loss)	**164**	**76**		**174**
% of sales	2.7%	1.5%		1.7%
Attributable to:				
Owners of the parent	162	78		178
Non-controlling interests	2	(2)		(4)
Reconciliation of Operating Income/EBITDA to Adjusted Operating Income/Adjusted EBITDA				
Operating income (A)	**278**	**173**		**353**
EBITDA (B)	**444**	**407**	**9.1%**	**781**
Adjustments:				
Company reorganisation	9	9		32
Non-recurring expenses/(income)	2	-		9
Other non-operating expenses/(income)	15	3		18
Total adjustments (C)	**26**	**12**		**59**
Fair value change in metal derivatives (D)	(16)	8		4
Fair value stock options (E)	18	17		31
Assets impairment and impairment reversal (F)	6	43		68
Adjusted operating income (A+C+D+E+F)	**312**	**253**	**23.3%**	**515**
Adjusted EBITDA (B+C)	**470**	**419**	**12.2%**	**840**

The Group's sales in the first six months of 2021 came to Euro 6,034 million, compared with Euro 4,985 million in the corresponding period of 2020, posting a positive change of Euro 1,049 million (+21.0%).

The main factors behind this change were:

- positive organic sales growth, accounting for an increase of Euro 424 million (+8.5%). Excluding the *Projects* segment, organic sales growth would have been +10.5%;
- unfavourable exchange rate movements, resulting in a decrease of Euro 276 million (-5.5%);
- fluctuation in the price of metals (copper, aluminium and lead), generating a sales price increase of Euro 864 million (+17.3%);

- increase of Euro 37 million (+0.7%) due to a change in the scope of consolidation after acquiring control of EHC Global, as already discussed in the earlier section "Significant events in the period".

Organic sales growth by the three operating segments was as follows:

Projects	-3.5%;
Energy	+9.5%;
Telecom	+15.5%.

The first six months of 2021 saw a solid set of results for the Group, with organic growth of +8.5% and +10.5% excluding the *Projects* segment, thanks to a robust performance also carrying over into the second quarter (+16.9% excluding the *Projects* segment). In fact, there was a strong recovery by the *Telecom* and *Energy* segments, the latter driven primarily by the T&I, OEM, Renewables and Automotive businesses.

The organic change described above is due to the following main factors:

- a significant increase by the *Telecom* segment with +15.5% organic growth in sales, a recovery confirmed by the strong second-quarter performance (+19.6%);
- an increase by the *Energy & Infrastructure* business with +10.0% organic growth in sales, primarily supported by Trade & Installers (+38.5% in the second quarter);
- an increase by the *Industrial & Network Components* business with +9.3% organic growth in first-half sales, spearheaded by OEM, Renewables and Automotive.

The Group's Adjusted EBITDA (before net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses) came to Euro 470 million in the first six months of 2021, up Euro 51 million (+12.2%) on the corresponding 2020 figure of Euro 419 million. The improvement in the Group's Adjusted EBITDA was possible thanks to the resilience shown in maintaining its margins, despite the rise in commodity prices and despite adverse exchange rate trends, which had a negative impact of Euro 22 million.
This resilience in margins was thanks to the *Energy* segment, which achieved higher levels of Adjusted EBITDA than pre-Covid-19, and the *Telecom* segment, which benefited from a solid recovery in sales volumes as well as successful operational efficiencies.

EBITDA is stated after net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses, totalling Euro 26 million (Euro 12 million in the first six months of 2020). These adjustments mainly consist of Euro 15 million in non-operating expenses and income and Euro 9 million in reorganisation costs.

Amortisation, depreciation and impairment amounted to Euro 164 million in the first half of 2021, down from Euro 209 million in the same period last year, which had included the recognition of Euro 43 million in impairment against the Energy South Europe CGU.

The fair value change in metal derivatives was a positive Euro 16 million in the first six months of 2021 compared with a negative Euro 8 million in the same period of 2020.
After adopting hedge accounting for the majority of its derivatives on commodity prices, affected by price rises for copper, aluminium and lead, the Group has recognised a positive pre-tax amount of Euro 88 million in the metals cash flow hedge reserve.

A total of Euro 18 million in costs were recognised in the first half of 2021 to account for the effects of the long-term incentive plan and employee share purchase scheme.

Reflecting the effects described above, the Group's operating income came to Euro 278 million, compared with Euro 173 million in the first half of 2020, thus reporting an increase of Euro 105 million.

Net finance costs amounted to Euro 40 million in the first half of 2021, down on the corresponding prior year figure of Euro 55 million. The decrease is primarily due to the recognition of Euro 16 million in income relating to the issue of the Convertible Bond 2021, as described more fully in the Explanatory Notes.

Taxes came to Euro 74 million, representing an effective tax rate of around 31% (36% in the first six months of 2020).

Net profit for the first half of 2021 was Euro 164 million, of which Euro 162 million attributable to the Group, compared with Euro 76 million in the same period of 2020, of which Euro 78 million attributable to the Group.

The Group has continued to reduce its net financial debt, which stood at Euro 2,387 million at 30 June 2021, down Euro 129 million from Euro 2,516 million at 30 June 2020. This reduction was achieved thanks to the significant level of cash generated in the last 12 months of Euro 447 million, before Euro 112 million in disbursements for antitrust litigation and Euro 85 million in outlays for business combinations.

During the first six months of the year, the Group finalised contracts worth the significant sum of more than Euro 1.2 billion, including the USD 900 million contract for the SOO Green HVDC

Link project, the Euro 200 million contract with RWE for the Sofia offshore wind farm, a contract worth Euro 140 million awarded by the Turkish utility TEIAS and the Ibiza-Formentera contract worth around Euro 46 million.
The Group also completed the Crete-Peloponnese interconnection project and the first Sirocco Extreme installation in Germany.
During the second half of 2021, the Group will start using the "Leonardo da Vinci", its new cable-laying vessel and the most advanced of its kind in the world, to be deployed in supporting the process of renewable energy transition.

REVIEW OF PROJECTS OPERATING SEGMENT

(Euro/million)

	1st half 2021	1st half 2020	% change	2020
Sales	681	708	-3.8%	1,438
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**76**	**80**	**-5.8%**	**186**
% of sales	11.1%	11.4%		13.0%
Adjusted EBITDA	**76**	**80**	**-5.8%**	**186**
% of sales	11.1%	11.4%		13.0%
Adjustments	(4)	(1)		(13)
EBITDA	**72**	**79**	**-10.6%**	**173**
% of sales	10.6%	11.2%		12.1%
Amortisation and depreciation	(32)	(33)		(64)
Adjusted operating income	**44**	**47**	**-7.8%**	**122**
% of sales	6.5%	6.7%		8.5%

The *Projects* Operating Segment incorporates the high-tech businesses of High Voltage underground, Submarine Power, Submarine Telecom, and Offshore Specialties, whose focus is projects and their execution, as well as product customisation.

The Group engineers, produces and installs high and extra high voltage cables for electricity transmission both from power plants and within transmission and primary distribution grids. These highly specialised, tech-driven products include cables insulated with oil or fluid-impregnated paper for voltages up to 1100 kV and extruded polymer insulated cables for voltages up to 600 kV. These are complemented by laying and post-laying services, grid monitoring and preventive maintenance services, power line repair and maintenance services, as well as emergency services, including intervention in the event of damage.

In addition, Prysmian Group engineers, produces and installs "end-to-end" submarine cable solutions for power transmission and distribution. The products offered include cables with different types of insulation: cables insulated with layers of oil or fluid-impregnated paper for AC and DC transmission up to 700 kV; cables insulated with extruded polymer for AC transmission up to 400 kV and DC transmission up to 600 kV. The Group uses specific technological solutions for power transmission and distribution in underwater environments, which satisfy the strictest international standards.

With the acquisition of General Cable, Prysmian Group has re-entered the Submarine Telecom cables business, specialised in the production and installation of data transmission cables.

The Offshore Specialties business incorporates a wide range of products for the oil industry, including umbilical cables, hoses and all electrical, optical and signalling components for oil well management from seabed to offshore platform.

MARKET OVERVIEW

Market demand for Submarine Power cables in the first six months of 2021 confirmed the signs of recovery emerging in the second half of 2020: several bids are now at an advanced stage of

the tendering process, with their award expected in the next few months. The market is expected to grow strongly over the medium term, especially the Offshore Wind and Interconnections segments, fostered by the continuous reduction in electricity generation costs and national plans promoting the green economy and energy transition.
Market demand remained stable for Submarine Telecom cables.

In the High Voltage underground business, the HVAC market was largely stable in both Europe, with mixed trends between the different countries, and North America, while displaying persistently soft demand in both Southeast Asia and South America, exacerbated by the impact of Covid-19.
In the HVDC market, typically for interconnectors, following the award of major contracts in Germany in 2020, as a result of which Prysmian Group has secured contracts worth approximately Euro 1.8 billion, no contracts are expected to be awarded in Europe in 2021; on the other hand, the tendering process for the SOO Green contract in North America, worth around USD 900 million plus the civil works portion, was completed with its award to the Prysmian Group's US subsidiary.

The Offshore Specialties business continued to experience declining prices and volumes.

FINANCIAL PERFORMANCE

Sales to third parties by the *Projects* segment amounted to Euro 681 million in the first six months of 2021, versus Euro 708 million in the same period of 2020, recording a negative change of Euro 27 million (-3.8%).
The factors behind this change were:

- negative organic sales growth, accounting for a decrease of Euro 25 million (-3.5%);
- exchange rate trends, resulting in a decrease of Euro 12 million (-1.8%);
- metal price fluctuations, producing an increase of Euro 10 million (+1.5%).

The *Projects* segment's negative organic growth is largely explained by the different mix of contracts in progress in the Submarine Power business, with its installation assets recording a lower level of utilisation in the six-month period. The Submarine Telecom and Offshore Specialties businesses both recorded reasonable growth due to greater volumes and a positive mix effect.

The main Submarine Power projects on which work was performed during the period were: the Crete-Peloponnese and Crete-Attica interconnector projects in Greece, the Viking Link between Great Britain and Denmark, the offshore wind projects in France and Germany (Dolwin5), plus contracts to supply cables for connecting offshore wind farms.

Sales in the period were the result of cable manufacturing activities by the Group's industrial facilities (Pikkala in Finland, Arco Felice in Italy, Drammen in Norway and Nordenham in Germany) and installation services, performed with the assistance of both its own assets and third-party equipment.
The value of the Group's Submarine Power order backlog stands at around Euro 1.8 billion, mainly consisting of the following contracts: the offshore wind contracts in France (St. Nazaire, Fecamp and Calvados), Germany (Dolwin5) and Great Britain (Sofia); the interconnector between Great Britain and Denmark (Viking Link); the link between Scotland and the NNG offshore wind farm and the Crete-Attica link in Greece.
The Group's High Voltage order backlog is confirmed at a value of close to Euro 2 billion, mainly referring to the German Corridors, taking the total order backlog in the *Projects* segment to around Euro 3.8 billion.

First-half Adjusted EBITDA came to Euro 76 million, down from the prior year figure of Euro 80 million; the main source of contraction was the negative mix of contracts in progress in the Submarine Power business.
However, the *Projects* segment began to recover in the second quarter and is expected to accelerate in the second half of the year, particularly thanks to commencement of work on the German Corridors, but also to a larger contribution by the submarine business.

REVIEW OF ENERGY OPERATING SEGMENT

(Euro/million)

	1st half 2021	1st half 2020	% change	2020
Sales	4,551	3,580	27.1%	7,207
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**270**	**236**	**14.4%**	**436**
% of sales	5.9%	6.6%		6.1%
Adjusted EBITDA	**271**	**238**	**14.0%**	**440**
% of sales	6.0%	6.6%		6.1%
Adjustments	(19)	(24)		(45)
EBITDA	**252**	**214**	**18.2%**	**395**
% of sales	5.5%	6.0%		5.5%
Amortisation and depreciation	(89)	(96)		(185)
Adjusted operating income	**182**	**142**	**28.3%**	**255**
% of sales	4.0%	4.0%		3.5%

The *Energy* Operating Segment, encompassing businesses offering a complete and innovative product portfolio to a variety of industries, is organised around the business areas of *Energy & Infrastructure* (comprising Trade & Installers, Power Distribution and Overhead Transmission Lines) and *Industrial & Network Components* (comprising Oil & Gas, Downhole Technology, Specialties & OEM, Elevators, Automotive and Network Components).

Sales to third parties by the *Energy* segment came to Euro 4,551 million in the first half of 2021, compared with Euro 3,580 million in the corresponding period of 2020, posting a positive change of Euro 971 million (+27.1%), the main components of which are as follows:

- positive organic sales growth of Euro 341 million (+9.5%);
- decrease of Euro 232 million (-6.5%) for adverse exchange rate fluctuations;
- sales price increase of Euro 825 million (+23.1%) for metal price fluctuations;
- positive change of Euro 37 million (+1.0%) due to acquisition of EHC, consolidated with effect from 1 January 2021.

Adjusted EBITDA came to Euro 271 million in the first half of 2021, up Euro 33 million (+14.0%) from Euro 238 million in the same period of 2020, reflecting not only increased volumes and efficiencies that recouped the negative effects of the Covid-19 pandemic reported in the first half of 2020, but also the contribution of Euro 6 million from the acquisition of EHC, consolidated with effect from 1 January 2021.

The following paragraphs describe market trends and financial performance in each of the *Energy* operating segment's business areas.

ENERGY & INFRASTRUCTURE

(Euro/million)

	1st half 2021	1st half 2020	% change	2020
Sales	3,048	2,362	29.0%	4,735
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**168**	**146**	**15.2%**	**272**
% of sales	5.5%	6.2%		5.8%
Adjusted EBITDA	**169**	**147**	**14.9%**	**275**
% of sales	5.5%	6.2%		5.8%
Adjusted operating income	**109**	**84**	**29.0%**	**152**
% of sales	3.6%	3.6%		3.2%

Prysmian produces high and medium voltage cable 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. The low voltage product portfolio includes rigid and flexible cables for distributing power to and within residential and commercial buildings. 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 specific safety standards. The product range has been lately expanded to satisfy the demand for cables serving infrastructure such as airports, ports and railway stations, by customers as diverse as international distributors, buying syndicates, installers and wholesalers.

MARKET OVERVIEW

The product 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.

During the first half of 2021, demand in all the countries of the Trade & Installers European market showed signs of a strong rebound in line with market trends, more so in Central Eastern Europe and North Europe than in the United Kingdom, South Europe and the Middle East, recovering in most cases to pre-Covid-19 levels.

In LATAM, there was a significant recovery in demand, confirming the healthy trend already recorded at the end of 2020.

In North America, the Trade & Installers market reported a strong upturn on the corresponding prior year period, which had been particularly negative due to the effects of the Covid-19 pandemic. However, there were persistent difficulties in procuring raw materials and transport.

APAC also returned to pre-Covid-19 levels, mainly driven by both China and Oceania.

As for Power Distribution, the market trend was in line with the previous half-year in 2020: stable in Europe and recovering in the Middle East. Downturn in North America was due to the fact that in the same period last year this region had enjoyed strong performance in the Onshore Wind market thanks to the Production Tax Credit (PTC), a tax incentive based on electricity generated. Following the pandemic, the deadline for installations was extended until the end of the year, without increasing the amount of incentives.

The principal European countries have experienced a general stagnation in energy consumption in recent years, in turn adversely affecting demand by the major utilities. Operating in a recessionary economic environment, the latter have either remained cautious, given the impossibility of forecasting future growth, or have concentrated on business restructuring to improve efficiency and contain supply-side costs. This situation has exacerbated the competitive dynamics in terms of price and mix, leaving an extremely challenging environment almost everywhere. During the first half of 2021, the Power Distribution business segment saw European demand remain at the same level as the previous year, with marginal growth in South Europe and the United Kingdom and a slight contraction in North Europe and Germany.

Demand recovered strongly in the Middle East, having been heavily penalised in the previous period by the effects of Covid-19, while it remained stable in LATAM and recovered slightly in APAC.

As for Overhead Transmission Lines, this business saw volumes increase in North America year-on-year while slipping back in LATAM due to backlog phasing, nonetheless in line with market expectations.

FINANCIAL PERFORMANCE

Sales to third parties by the *Energy & Infrastructure* business amounted to Euro 3,048 million in the first half of 2021, compared with Euro 2,362 million in the corresponding period of 2020, posting a positive change of Euro 686 million (+29.0%), the main components of which are as follows:

- positive organic sales growth of Euro 237 million (+10.0%);
- negative change of Euro 145 million (-6.2%) for exchange rate fluctuations;
- sales price increase of Euro 594 million (+25.2%) for metal price fluctuations.

The *Energy & Infrastructure* business recorded positive organic sales growth of +10.0% in the first half of 2021. Trade & Installers enjoyed strong organic growth, albeit with geographical differences, especially in South Europe and the United Kingdom, with a rebound in the rest of Europe and slight recovery in the Middle East driven by Turkey. LATAM enjoyed a very strong recovery and North America an upturn despite difficulties in procuring raw materials and transport. APAC recorded a good recovery, driven by China and Oceania.

Overall profitability of the Trade & Installers business improved on 2020, mainly due to recovery of volumes and efficiencies that offset the higher cost of most raw materials.

The Power Distribution business had negative organic growth, reflecting mixed performances by region: positive in EMEA, LATAM and APAC and negative in North America. There was a slight decrease in profitability, generated by a combination of negative exchange rate trends and the product mix especially in North America. In North America, the trend for the Power Distribution business normalised in the second quarter, as expected, after the strong tax incentive-driven growth in previous periods. There was persistently strong price pressure in Europe and trouble in recovering key commodity price increases.

The Overhead Lines business reported volumes in line with the same period last year, with organic growth in North America but retreat in LATAM.

Given the factors described above, Adjusted EBITDA in the first half of 2021 came to Euro 169 million, compared with Euro 147 million in the same period of 2020, reflecting an increase of Euro 22 million (+14.9%).

INDUSTRIAL & NETWORK COMPONENTS

(Euro/million)

	1st half 2021	1st half 2020	% change	2020
Sales	1,349	1,122	20.3%	2,252
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**99**	**89**	**10.6%**	**165**
% of sales	7.3%	8.0%		7.3%
Adjusted EBITDA	**99**	**90**	**10.3%**	**166**
% of sales	7.3%	8.0%		7.4%
Adjusted operating income	**72**	**59**	**22.4%**	**109**
% of sales	5.3%	5.2%		4.8%

The extensive range of cables developed specially for certain industries is characterised by the highly specific nature of the solutions offered. In the transport market, Prysmian cables are used in the construction of ships and trains, and in the automotive and aerospace industries; in the infrastructure market, the principal applications for its cables are found in railways, docks and airports. The product range also includes cables for the mining industry, for elevators and for applications in the renewable energy field (solar and wind power), cables for military use and for nuclear power stations, able to withstand the highest radiation environments.

Prysmian also offers a wide range of products and systems for the petrochemicals sector covering every need both onshore and offshore: low and medium voltage power cables, instrumentation and control cables as well as Downhole Technology (DHT) solutions, with cables encased in steel pipes to control and power monitoring systems within extraction wells.

Lastly, the Group produces accessories and network components, as well as sophisticated control systems; for example, joints and terminations for low, medium, high and extra high voltage cables and submarine systems to connect cables with one another and/or connect them with other network devices, suitable for industrial, construction and infrastructure applications and for use within power transmission and distribution networks.

MARKET OVERVIEW

Markets for Industrial cables displayed good resilience with some understandable disparities within the various business lines and between the different geographical areas. Some market segments are growing and recovering thanks to a strong existing order backlog and customer investment programs. Certain applications for the OEM sector have performed well: Railway, Infrastructure, Defence and Water. The Mining business has recovered thanks to renewed MRO demand in Europe and the call-off of certain projects already in the order backlog in South America. Stable results for the Crane business nonetheless compare with a healthy first-half performance in 2020 resulting from order intake in the fourth quarter of 2019. Water regained

momentum, especially in North America, while Nuclear lost traction after benefiting from positive project phasing in North America in 2020.
The Rolling Stock segment also saw lower volumes in China and delays in full-swing resumption by some customer platforms in Europe. The Renewables business enjoyed positive demand for Wind products in South Europe, Central Eastern Europe and Australia, while Solar volumes remained stable.
However, both segments saw an increase in competitive pressure due to higher raw material and logistics costs, which affected unit margins and more than offset the healthy trend in volumes.

In the O&G segment, demand is still being affected by the aftermath of the Covid-19 pandemic. During the first half of the year, volumes have continued to slow in the Middle East, offset by recovery in the APAC region. The pace of order intake is showing the first signs of recovery, driven by a sharp rise in oil and hydrocarbon prices.

The Elevator market showed a certain stability thanks to the good performance of the North American market and the recovery of the Chinese market, the first country to be affected by Covid-19 in the previous year. It should be noted that the EHC Global Group, operating in the elevator business, has been consolidated as from 1 January 2021, making a Euro 6 million contribution to the Group's EBITDA.

The Automotive segment's first-half volumes in 2021 displayed a strong year-on-year recovery, maintaining the positive trend seen in the first quarter of 2021.
In the APAC region, despite strong growth in the market for electric cars and good performance in the premium market, there was a sharp downturn at the mid and low end of the market. There is also a continuing tendency for cable manufacturers to intercept the market upstream.

The Network Components market displayed a recovery in demand during the first half of 2021, especially by the HV and EHV segments, and a resilient MV segment in Europe. Difficulties persisted in APAC due to strong competition, while the situation in other markets was stable.

FINANCIAL PERFORMANCE

Sales to third parties by the *Industrial & Network Components* business area amounted to Euro 1,349 million in the first half of 2021, compared with Euro 1,122 million in the corresponding period of 2020, recording a positive change of Euro 227 million (+20.3%), the main components of which were as follows:

- positive organic sales growth of Euro 104 million (+9.3%);

- negative change of Euro 78 million (-7.0%) for exchange rate fluctuations;
- sales price increase of Euro 164 million (+14.7%) for metal price fluctuations;
- positive change of Euro 37 million (+3.3%) due to acquisition of EHC, consolidated with effect from 1 January 2021.

The principal business lines of *Industrial & Network Components* performed better in the first half of 2021 than in the same period of 2020, except for Oil & Gas, DHT and Aviation which were still affected by the aftermath of the Covid-19 pandemic.

The Oil & Gas business saw business volumes deteriorate steadily in the EMEA region due to project phasing; the signs of recovery in demand already identified in North America and LATAM were confirmed. Asia Pacific displayed a positive level of activity. The business's overall margins were stable.

Specialties, OEM and Renewables recorded a healthy level of profit and positive organic growth in line with expectations, displaying good resilience to the global economic situation, particularly thanks to the contribution of Central Eastern Europe, North America, Latam and China and the Railway, Infrastructure, Defence, Solar and Wind businesses.
This positive performance was partially tempered by worse results for the Rolling Stock and Nuclear businesses due to project phasing and delays in the call-off of orders already in the backlog.

The Elevator business was in line with expectations, performing well in North America and China. The acquisition of the EHC group was completed in January 2021, enabling the Group to integrate vertical transportation solutions into the product portfolio of its Elevator business.

The Automotive business in every geographical region reported positive organic growth in the first half of 2021, with volumes and profitability recovering, as already seen since the final quarter of 2020.

The Network Components business recovered to regain its pre-Covid-19 levels, driven above all by the HV and EHV segment in Europe. The MV market was stable, with strong pressure on prices.

Given the factors described above, Adjusted EBITDA for the first half of 2021 came to Euro 99 million, up from Euro 90 million in the same period last year, reporting a positive change of Euro 9 million (+10.3%).

OTHER

(Euro/million)

	1st half 2021	1st half 2020	2020
Sales	154	96	220
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**3**	**1**	**(1)**
Adjusted EBITDA	**3**	**1**	**(1)**
Adjusted operating income	**1**	**(1)**	**(6)**

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.

REVIEW OF TELECOM OPERATING SEGMENT

(Euro/million)

	1st half 2021	1st half 2020	% change	2020
Sales	802	697	15.1%	1,371
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**115**	**98**	**18.6%**	**200**
% of sales	14.4%	14.0%		14.6%
Adjusted EBITDA	**123**	**101**	**22.3%**	**214**
% of sales	15.4%	14.5%		15.6%
Adjustments	(1)	14		8
EBITDA	**122**	**115**	**5.7%**	**222**
% of sales	15.2%	16.6%		16.2%
Amortisation and depreciation	(37)	(37)		(76)
Adjusted operating income	**86**	**64**	**34.9%**	**138**
% of sales	10.7%	9.2%		10.1%

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.

MARKET OVERVIEW

The global fibre optic cable market started to recover during the first half of 2021.

In Europe, market growth has been driven by the plans set out in the Digital Agenda for Europe 2025, which envisages the provision of three levels of minimum service depending on the type of user. In particular, government offices and institutions like schools and hospitals are intended to benefit from a bandwidth of at least 1 Gb/s. Similarly, the entire residential population will be connected with 100 Mb/s, while all urban areas and transport corridors should have broadband mobile coverage with 5G technology.

In Europe, the network architectures used vary according to choices made by each individual country.

FTTH networks are the preference in France, Spain, Portugal and the Nordics, while G.Fast is the norm in Germany and Britain; although these systems use the last few metres of the existing copper network, huge volumes of optical cables are nonetheless required to upgrade the distribution networks. In other places like Italy, the two technologies coexist.

North America has confirmed the upward trend already observed in the final quarter of last year.

In South America, a region when fibre penetration rates are still low, there has been a slight growth in the optical cables market, driven by resumed investment by major telecom operators.

The copper cable market is experiencing a slowdown linked to product maturity. The downturn in demand, already evident in recent years, has been confirmed but without showing any acceleration.

Given the high demand for internet access, the major operators have opted to renew their networks using optical fibre, rather than perform extensive maintenance work or upgrade existing networks. It is still worth retaining a presence in this segment since the gradual decommissioning of assets by competitor cable manufacturers nonetheless offers attractive opportunities.

The MMS cable market has recovered, particularly in Germany, France, China and North America. In South America, a gradual recovery is underway after commencing in the final quarter of last year.

FINANCIAL PERFORMANCE

Sales to third parties by the *Telecom* operating segment came to Euro 802 million in the first six months of 2021, compared with Euro 697 million in the same period of 2020.
The positive change of Euro 105 million (+15.1%) is explained by:

- organic sales growth of Euro 108 million (+15.5%);
- sales price increase of Euro 29 million (+4.1%) for metal price fluctuations;
- negative change of Euro 32 million (-4.5%) for exchange rate fluctuations.

Organic sales growth in the first half of 2021 was mainly due to a recovery in demand for optical fibre cables and special cables, particularly in South Europe and North America.

In Europe, first-half volumes were up on the same period last year. The policy of "destocking" adopted by the main European operators during 2020 has given way to a gradual recovery in volumes.

In South America, volumes grew in line with the positive market trend.

Globally, copper cables continued their steady decline with the retirement of traditional networks in favour of new-generation ones.

The high value-added business of optical connectivity accessories continued to perform well, prompted by the development of new FTTx (last-mile broadband) networks, particularly in Great Britain.

The Multimedia Solutions business recorded positive organic growth due to an upturn in North American market volumes.

Adjusted EBITDA for the first half of 2021 came to Euro 123 million, reporting an increase of Euro 22 million (+22.3%) from Euro 101 million in the same period of 2020. This increase was mainly attributable to the positive results of the Group described above, benefiting from operational efficiencies even if partially offset by persistent price pressure, and to those of the associate Yangtze Optical Fibre and Cable Joint Stock Limited Company in China with its positive contribution of some Euro 8 million.

RESULTS BY GEOGRAPHICAL AREA

(Euro/million)

	Sales		Adjusted EBITDA	
	1st half 2021	**1st half 2020**	**1st half 2021**	**1st half 2020**
EMEA*	2,584	2,046	150	99
North America	1,810	1,567	166	199
Latin America	487	316	46	25
Asia Pacific	472	348	32	16
Total (excluding Projects)	**5,353**	**4,277**	**394**	**339**
Projects	681	708	76	80
Total	**6,034**	**4,985**	**470**	**419**

(*) EMEA = Europe, Middle East and Africa

As stated in the Explanatory Notes to this Half-Year Financial Report, the Group's operating segments are: *Energy*, *Projects* and *Telecom,* reflecting the structure used in the periodic reports prepared to review business performance. The primary performance indicator used in these reports, presented by macro type of business (*Energy*, *Projects* and *Telecom*), is Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items, the fair value change in metal price derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income and taxes.

Although the primary operating segments remain those by business, in order to provide users of the financial statements with information that is more consistent with the Group's greater geographical diversification following the General Cable acquisition, Sales and Adjusted EBITDA have been reported above by geographical area, excluding the *Projects* business whose geographical breakdown is unrepresentative. For this purpose, 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.

EMEA

The EMEA region's sales in the first half of 2021 amounted to Euro 2,584 million, reflecting organic growth of +11.3% on the first half of 2020. Adjusted EBITDA came to Euro 150 million (Euro 99 million in the first half of 2020), reporting a margin on sales of 5.8% (4.9% in the prior year equivalent period). These results were due to a recovery in Energy (especially the Construction business) and Telecom, with strong second-quarter organic growth by E&I (+28.2%) and Telecom (+18.9%).

North America

The region's sales amounted to Euro 1,810 million, reporting an organic change of +4.8% on the first half of 2020. Adjusted EBITDA amounted to Euro 166 million (Euro 199 million in the first six months of 2020) and was negatively impacted by Euro 15 million in unfavourable exchange rate trends. Adjusted EBITDA reported a margin on sales of 9.1% (12.7% in the first half of 2020).

OEM, T&I, Renewables and Optical Cables all displayed a solid trend. The Power Distribution business restabilised after the tax-incentive-driven growth recorded in 2020 benefiting the onshore wind business.

LATAM

The LATAM region's sales amounted to Euro 487 million, reflecting organic growth of +32.5%. Adjusted EBITDA came to Euro 46 million (Euro 25 million in the first half of 2020), reporting a margin on sales of 9.5% (7.7% in the first half of 2020). Performances were excellent, particularly by the Construction and Telecom businesses, despite the negative impact of Euro 5 million from exchange rates.

APAC

The APAC region's sales in the first half of 2021 amounted to Euro 472 million, reflecting organic growth of +11.3%. Adjusted EBITDA came to Euro 32 million (Euro 16 million in the first half of 2020), reporting a margin on sales of 6.9% (4.6% in the first half of 2020). There is evidence of a full recovery to pre-pandemic levels, particularly in China.

GROUP STATEMENT OF FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(Euro/million)

	30.06.2021	30.06.2020	Change	31.12.2020
Net fixed assets	5,061	5,153	(92)	4,971
Net working capital	1,129	1,088	41	523
Provisions and net deferred taxes	(578)	(711)	133	(579)
Net capital employed	**5,612**	**5,530**	**82**	**4,915**
Employee benefit obligations	485	499	(14)	506
Total equity	2,740	2,515	225	2,423
of which attributable to non-controlling interests	168	181	(13)	164
Net financial debt	2,387	2,516	(129)	1,986
Total equity and sources of funds	**5,612**	**5,530**	**82**	**4,915**

NET FIXED ASSETS

(Euro/million)

	30.06.2021	30.06.2020	Change	31.12.2020
Property, plant and equipment	2,648	2,705	(57)	2,648
Intangible assets	2,073	2,124	(51)	1,997
Equity-accounted investments	328	311	17	312
Other investments at fair value through other comprehensive income	13	13	-	13
Assets and liabilities held for sale (*)	(1)	-	(1)	1
Net fixed assets	**5,061**	**5,153**	**(92)**	**4,971**

(*) Excluding the value of financial assets and liabilities held for sale.

At 30 June 2021, net fixed assets amounted to Euro 5,061 million, compared with Euro 4,971 million at 31 December 2020, posting an increase of Euro 90 million mainly due to the combined effect of the following factors:

- Euro 71 million in net capital expenditure on property, plant and equipment and intangible assets;
- Euro 164 million in amortisation, depreciation and impairment in the period;
- Euro 15 million in increases for property, plant and equipment accounted for in accordance with IFRS 16;
- Euro 88 million in positive currency translation differences affecting property, plant and equipment and intangible assets;
- Euro 16 million for the net increase in equity-accounted investments;
- Euro 64 million in additions to property, plant and equipment and intangible assets following the acquisition of EHC, consolidated with effect from 1 January 2021.

NET WORKING CAPITAL

(Euro/million)

	30.06.2021	30.06.2020	Change	31.12.2020
Inventories	1,979	1,507	472	1,531
Trade receivables	1,970	1,507	463	1,374
Trade payables	(2,465)	(1,728)	(737)	(1,958)
Other receivables/(payables)	(545)	(198)	(347)	(515)
Net operating working capital	**939**	**1,088**	**(149)**	**432**
Derivatives	190	-	190	91
Net working capital	**1,129**	**1,088**	**41**	**523**

Net working capital of Euro 1,129 million at 30 June 2021 was Euro 41 million higher than the corresponding figure of Euro 1,088 million at 30 June 2020. Net operating working capital, which excludes the value of derivatives, amounted to Euro 939 million (7.3% of last-quarter annualised sales) at 30 June 2021, down Euro 149 million from Euro 1,088 million (11.3% of last-quarter annualised sales) at 30 June 2020, affected by a decrease in working capital due to the status of contract work in progress, and by a decrease due to exchange rate differences. These effects were partially offset by an increase in working capital due to higher metal prices.

NET FINANCIAL DEBT

The following table provides a detailed breakdown of net financial debt:

(Euro/million)

	30.06.2021	30.06.2020	Change	31.12.2020
Long-term financial payables				
CDP Loans	174	100	74	100
EIB Loans	110	110	-	110
Non-convertible bond	-	748	(748)	748
Convertible Bond 2021	702	-	702	-
Convertible Bond 2017	-	483	(483)	489
Term Loan	997	996	1	996
Unicredit Loan	200	199	1	200
Mediobanca Loan	100	100	-	100
Intesa Loan	150	149	1	150
Derivatives	8	14	(6)	12
Lease liabilities	135	143	(8)	143
Other financial payables	10	10	-	9
Total long-term financial payables	**2,586**	**3,052**	**(466)**	**3,057**
Short-term financial payables				
CDP Loans	-	100	(100)	1
EIB Loans	-	17	(17)	8
Non-convertible bond	752	4	748	14
Convertible Bond 2017	248	-	248	-
Term Loan	1	-	1	1
Derivatives	9	9	-	16
Lease liabilities	51	47	4	52
Other financial payables	59	55	4	51
Total short-term financial payables	**1,120**	**232**	**888**	**143**
Total financial liabilities	**3,706**	**3,284**	**422**	**3,200**
Long-term financial receivables	2	3	(1)	2
Long-term bank fees	2	3	(1)	3
Financial assets at amortised cost	4	5	(1)	4
Short-term derivatives	5	1	4	4
Short-term financial receivables	10	3	7	4
Short-term bank fees	2	2	-	2
Financial assets at fair value through profit or loss	216	19	197	20
Financial assets at fair value through other comprehensive income	11	11	-	11
Financial assets held for sale	1	-	1	1
Cash and cash equivalents	1,066	721	345	1,163
Total financial assets	**1,319**	**768**	**551**	**1,214**
Net financial debt	**2,387**	**2,516**	**(129)**	**1,986**

Net financial debt of Euro 2,387 million at 30 June 2021 has increased by Euro 401 million from Euro 1,986 million at 31 December 2020.

As regards the principal factors behind the change in net financial debt, reference should be made to the next section containing the "Statement of cash flows".

STATEMENT OF CASH FLOWS

(Euro/million)

	1st half 2021	1st half 2020	Change	12 months (from 1 July 2020 to 30 June 2021)	2020
EBITDA	**444**	**407**	**37**	**818**	**781**
Changes in provisions (including employee benefit obligations) and other movements	(25)	(70)	45	(118)	(163)
(Gains)/losses on disposal of property, plant and equipment and intangible assets	(2)	(12)	10	(10)	(20)
Share of net profit/(loss) of equity-accounted companies	(9)	(5)	(4)	(22)	(18)
Net cash flow from operating activities (before changes in net working capital)	**408**	**320**	**88**	**668**	**580**
Changes in net working capital	(516)	(378)	(138)	121	259
Taxes paid	(47)	(30)	(17)	(159)	(142)
Dividends from investments in equity-accounted companies	3	2	1	9	8
Net cash flow from operating activities	**(152)**	**(86)**	**(66)**	**639**	**705**
Cash flow from acquisitions and/or disposals	(78)	2	(80)	(85)	(5)
Net cash flow used in operating investing activities	(71)	(92)	21	(223)	(244)
Free cash flow (unlevered)	**(301)**	**(176)**	**(125)**	**331**	**456**
Net finance costs	(54)	(59)	5	(81)	(86)
Free cash flow (levered)	**(355)**	**(235)**	**(120)**	**250**	**370**
Dividend distribution	(126)	(69)	(57)	(127)	(70)
Capital contributions and other changes in equity	-	-	-	1	1
Net cash flow provided/(used) in the period	**(481)**	**(304)**	**(177)**	**124**	**301**
Opening net financial debt	**(1,986)**	**(2,140)**	**154**	**(2,516)**	**(2,140)**
Net cash flow provided/(used) in the period	(481)	(304)	(177)	124	301
Equity component of Convertible Bond 2021	49	-	49	49	-
Partial redemption of Convertible Bond 2017	(13)	-	(13)	(13)	-
Increase in net financial debt for IFRS 16	(15)	(42)	27	(52)	(79)
Net financial debt of EHC	9	-	9	9	-
Other changes	50	(30)	80	12	(68)
Closing net financial debt	**(2,387)**	**(2,516)**	**129**	**(2,387)**	**(1,986)**

Net cash flow provided by operating activities (before changes in net working capital) amounted to Euro 408 million in the first half of 2021.

The increase in net working capital used Euro 516 million in cash flow. After Euro 47 million in tax payments and Euro 3 million in dividend receipts, operating activities in the first six months of 2021 therefore provided a net cash inflow of Euro 152 million.

Net operating capital expenditure used Euro 71 million in cash in the first six months of 2021, a large part of which relating to projects to increase and rationalise production capacity and to develop new products.

In addition, Euro 54 million in net finance costs were paid during the period.

In the past 12 months, the Group has generated a free cash flow of Euro 335 million excluding that for acquisitions and disposals (Euro 447 million excluding disbursements of Euro 112 million for Antitrust disputes). The positive cash flow of Euro 447 million has been generated by:

a) Euro 859 million in net cash flow provided by operating activities before changes in net working capital;
b) Euro 121 million in cash flow provided by the decrease in net working capital;
c) Euro 79 million in cash flow absorbed by restructuring costs and other non-operating expenses;
d) Euro 223 million in cash outflows for net capital expenditure;
e) Euro 81 million in payments of net finance costs;
f) Euro 159 million in tax payments;
g) Euro 9 million in dividend receipts from associates.

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 accepted ones required by IFRS.

In this regard, on 3 December 2015, Consob adopted the ESMA guidelines in Italy with publication of "ESMA Guidelines/2015/1415" which supersede the "CESR Recommendation 2005 (CESR/05-178b)". The alternative performance measures have therefore been revised in light of these guidelines.

The alternative indicators used for reviewing the income statement include:

• **Adjusted operating income**: operating income before income and expense for company reorganisation[1], before non-recurring items[2], as presented in the consolidated income statement, before other non-operating income and expense[3] and before the fair value change in metal derivatives and in other fair value items. 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 income and expense for company reorganisation, before non-recurring items, as presented in the consolidated income statement, and before other non-operating income and expense. 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;

[1] Income and expense for company reorganisation: these refer to income and expense that arise as a result of the closure of production facilities and/or as a result of projects to enhance the organisational structure's efficiency;

[2] Non-recurring income and expense: these refer to income and expense related to unusual events that have not affected the income statement in past periods and that will probably not affect the results in future periods;

[3] Other non-operating income and expense: these refer to income and expense that management considers should not be taken into account when measuring business performance.

• **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 exchange rate effects.

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
- Other investments at fair value through other comprehensive income
- Assets held for sale involving Land and Buildings (excluding financial assets and liabilities held for sale)

• **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 net financial debt
- Other current receivables and payables, net of short-term financial receivables classified in net financial debt
- Derivatives net of financial instruments for hedging interest rate and currency risks relating to financial transactions, classified in net financial debt
- Current tax payables
- Assets and liabilities held for sale involving current assets and liabilities

• **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 net financial debt
- Other current receivables and payables, net of short-term financial receivables classified in net financial debt
- Current tax payables

• **Provisions and net deferred taxes:** 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 debt:** sum of the following items:
- Borrowings from banks and other lenders – non-current portion
- Borrowings from banks and other lenders – current portion
- Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables
- Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial receivables
- Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial payables
- Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial payables
- Medium/long-term financial receivables recorded in Other non-current receivables
- Loan arrangement fees recorded in Other non-current receivables
- Short-term financial receivables recorded in Other current receivables
- Loan arrangement fees recorded in Other current receivables
- Financial assets at amortised cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- 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 June 2021

(Euro/million)

			30.06.2021	31.12.2020
		Note	As per financial statements	As per financial statements
Total net fixed assets	**A**		**5,061**	**4,971**
Inventories		4	1,979	1,531
Trade receivables		3	1,970	1,374
Trade payables		11	(2,465)	(1,958)
Other receivables		3	508	522
Other payables		11	(992)	(1,001)
Current tax payables			(45)	(25)
Derivatives		5	178	67
Items not included in net working capital:				
Financial receivables			12	6
Prepaid finance costs			4	5
Interest rate swaps			(15)	(19)
Forward currency contracts on financial transactions			3	(5)
Total net working capital	**B**		**1,129**	**523**
Provisions for risks and charges		12	(575)	(591)
Deferred tax assets			187	207
Deferred tax liabilities			(190)	(195)
Total provisions	**C**		**(578)**	**(579)**
Net capital employed	**D=A+B+C**		**5,612**	**4,915**
Employee benefit obligations	**E**	13	**485**	**506**
Total equity	**F**		**2,740**	**2,423**
Borrowings from banks and other lenders		10	3,689	3,172
Financial assets at amortised cost			(4)	(4)
Financial assets at fair value through other comprehensive income			(216)	(20)
Financial assets at fair value through profit or loss		6	(11)	(11)
Financial assets held for sale		8	(1)	(1)
Cash and cash equivalents		7	(1,066)	(1,163)
Financial receivables			(12)	(6)
Prepaid finance costs			(4)	(5)
Interest rate derivatives			15	19
Forward currency contracts on financial transactions			(3)	5
Net financial debt	**G**		**2,387**	**1,986**
Total equity and sources of funds	**H=E+F+G**		**5,612**	**4,915**

Reconciliation between the principal income statement indicators and the Income Statement contained in the Consolidated Financial Statements and Explanatory Notes at 30 June 2021

(Euro/million)

		1st half 2021	1st half 2020
		As per income statement	**As per income statement**
Sales	**A**	6,034	4,985
Change in inventories of finished goods and work in progress		200	(42)
Other income		32	44
Raw materials, consumables and goods		(4,314)	(3,089)
Personnel costs		(746)	(712)
Other expenses		(789)	(801)
Operating costs	**B**	**(5,617)**	**(4,600)**
Share of net profit/(loss) of equity-accounted companies	**C**	9	5
Fair value stock options	**D**	18	17
EBITDA	**E = A+B+C+D**	**444**	**407**
Other non-recurring expenses and revenues	**F**	(2)	-
Company reorganisation	**G**	(9)	(9)
Other non-operating expenses	**I**	(15)	(3)
Total adjustments to EBITDA	**L = F+G+I**	(26)	(12)
Adjusted EBITDA	**M = E-L**	**470**	**419**
Share of net profit/(loss) of equity-accounted companies	**N**	9	5
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**O = M-N**	**461**	**414**

(Euro/million)

		1st half 2021	1st half 2020
		As per income statement	**As per income statement**
Operating income	**A**	**278**	**173**
Other non-recurring expenses and revenues		(2)	-
Company reorganisation		(9)	(9)
Other non-operating expenses		(15)	(3)
Total adjustments to EBITDA	**B**	**(26)**	**(12)**
Fair value change in metal derivatives	**C**	16	(8)
Fair value stock options	**D**	(18)	(17)
Non-recurring impairment and releases	**E**	(6)	(43)
Adjusted operating income	**G=A-B-C-D-E**	**312**	**253**

BUSINESS OUTLOOK

The first seven months of 2021 saw a strong recovery in the global economy, after a 2020 heavily penalised by the Covid-19 pandemic with unprecedented negative effects on the global macroeconomic framework. This recovery was also sustained by national plans supporting the development of infrastructure and digitalisation projects. According to the most recent estimates by the International Monetary Fund, the global economy is expected to grow by 6.0% in 2021 after contracting by 3.2% in 2020. At the geographical level, the United States - with estimated growth of 7.0% - are expected to return to the levels of activity seen at the end of 2019 as early as this year, whereas in the Eurozone and the United Kingdom this recovery is expected to occur in the following year. The Chinese economy - the only major economy to close 2020 on a positive note (+2.3%) - is expected to pick up pace, with estimated growth of 8.1% in 2021.

In 2020, the extraordinary impacts of the Covid-19 pandemic also affected Prysmian Group’s results, above all in businesses relating to the construction sector (Trade & Installers) and characterised by significant installation activities. The gradual recovery of business, accompanied by timely cost management, an extremely flexible supply chain and a highly-focused level of customer service, enabled management to protect the Group’s performance and limit the impact of the pandemic on the Group’s margins. These positive trends were consolidated in H1 2021, with the Energy business reaching pre-pandemic levels and recording improved margins (excluding the effect arising from the price increase of metals), and with Telecom volumes up considerably at the global level, although there remains a high level of uncertainty, heightened by the effects of the pandemic on the availability and prices of raw materials.

In light of the H1 2021 results, and considering the current business context, Prysmian Group expects demand in the construction and industrial cable businesses to sharply recover in 2021, compared to the previous year. In the Submarine Cables and Systems business, the Group, as demonstrated by its strong order intake in H1, is committed to confirming its leadership in a market expected to grow, thanks to the development of the offshore wind farms and interconnections necessary to the development of renewable energy in support of the energy transition. For this segment, the Group expects results to grow compared to last year, with the second half of the year clearly improving compared to H1, thanks both to greater use of capacity in the submarine cable business and the start of the execution phase of the German Corridors projects. In the Telecom segment, the Group expects volumes to increase in the optical business and price pressure to continue, particularly in Europe. Prysmian Group continues to pursue long-term growth drivers mainly relating to the energy transition to renewable sources, the upgrade of telecommunications networks (digitalisation) and the electrification process. The Group may also rely on broad diversification by business and geographical area, a solid financial structure, an efficient, flexible supply chain and a lean organisation - all factors enabling the Group to face the emergency with confidence.

In light of the above considerations and in addition to the Group's solid performance in the first half of the year, the Group revised its guidance for the FY upwards compared to that announced in March. Adjusted EBITDA for FY 2021 is expected in the range of Euro 920-970 million, up from the Euro 870-940 million range previously announced. The cash generation target has remained unchanged, as the Group expects to generate cash flows of approximately Euro 300 million ± 20% (FCF before acquisitions and disposals) in 2021. These projections are based on the absence of significant changes in the evolution of the health emergency and of possible further discontinuities and slowdowns in the global economic activities. In addition, these forecasts are based on the Company's current business scope and do not include antitrust-related impacts on cash flow. In 2021 as well, the translation effect resulting from the conversion of the subsidiaries' results into the reporting currency used in the consolidated accounts is expected to generate a negative impact on the Group's operating income for approximately Euro 20-25 million. The (expected) cumulative amount of the negative impact of exchange rates in the two-year period 2020-2021 is estimated at around Euro 55 million.

FORESEEABLE RISKS IN 2021[1]

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 Group has always acted 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 six months of the year and the specific macroeconomic context, the foreseeable risk factors are described below according to their nature.

STRATEGIC RISKS

Risks associated with the competitive environment

Many of the products offered by Prysmian Group, primarily in the Trade & Installers and Power Distribution businesses, are made in conformity with specific industrial standards and so are interchangeable with those offered by major competitors. Price is therefore a key factor in customer choice of supplier. The entry into mature markets (e.g. Europe) of non-traditional competitors, meaning small to medium manufacturing companies with low production costs, and the need to saturate production capacity, together with the possible occurrence of a contraction in market demand, translate into strong competitive pressure on prices, with possible consequences for the Group's expected margins.

In addition, high value-added segments - like High Voltage underground cables, Optical Cables and Submarine cables - are seeing an escalation in competition from both existing operators and new market entrants with leaner more flexible organisation models, with potentially negative impacts on both sales volumes and selling prices. With particular reference to the Submarine cables business, the high barriers to entry, linked to difficult-to-replicate ownership of technology, know-how and track record, are driving large market players to compete not so much on the product as on the related services.

The strategy of rationalising production facilities currently in progress, the consequent optimisation of cost structure, the policy of geographical diversification and, last but not least, the ongoing pursuit of innovative technological solutions, all help the Group to address the potential effects arising from the competitive environment.

[1] 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.

Risks associated with changes in macroeconomic conditions and demand

Factors such as trends in GDP and interest rates, the ease of getting credit, the cost of raw materials, and the general level of energy consumption, significantly affect the energy demand of countries which, in the face of persistent economic difficulties, then reduce investments that would otherwise develop the market. Government incentives for alternative energy sources and for developing telecom networks also face reduction for the same reason. Prysmian Group's transmission business (high voltage submarine cables) and Power Distribution and Telecom businesses, all highly concentrated in the European market, are being affected by shifting contractions of demand within this market, caused by the region's prolonged economic downturn.

To counter this risk, the Group is pursuing, on the one hand, a policy of geographical diversification in non-European countries and, on the other, a strategy to reduce costs by rationalising its manufacturing footprint around the world in order to mitigate possible negative effects on the Group's performance in terms of lower sales and shrinking margins.

In addition, the Group constantly monitors developments in the global geopolitical environment which, as a result - for example - of the introduction of specific industrial policies by individual countries, could require it to revise existing business strategies and/or adopt mechanisms to safeguard the Group's competitive position.

Key customer dependence risks

The many and diverse types of customers (power transmission and telecom systems operators, distributors, installers, etc.) and their distribution across an equally wide number of different countries mitigate customer dependence risk at a group level.

Risk of instability in the Group's countries of operation

Prysmian Group operates and has production facilities and/or companies in Asia, Latin America, the Middle East, Africa and Eastern Europe. The Group's operations in these countries are exposed to different risks linked to local regulatory and legal systems, the imposition of tariffs or taxes, exchange rate volatility, and political and economic instability affecting the ability of business and financial partners to meet their obligations.

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; consequently, as already mentioned in an earlier paragraph, the Group constantly monitors developments in the global geopolitical environment which could require it to revise existing business strategies and/or adopt mechanisms to safeguard its competitive position.

Risk of market contraction or softer demand due to Covid-19

The global macroeconomic situation deteriorated over the course of 2020 following the spread of the Covid-19 pandemic.

In response to this health emergency, governments in most countries have adopted containment measures, including travel bans, quarantines and other public emergency measures, with serious repercussions for economic activity and the entire production system. The program of extraordinary measures, swiftly deployed by the Group since the onset of the Covid-19 pandemic and putting people first, has proved effective. Accordingly, in order to preserve the permanent employment of its resources, steps have been taken to safeguard the health of employees, including through the ongoing performance of tests and provision of hygiene materials and personal protective equipment. The Group has also implemented a series of measures intended to mitigate risks arising from the Covid-19 pandemic with the purpose of defending its cash generating capability, through strict working capital management and effective cost monitoring designed to reduce both fixed and variable expenditure. A much more rigorous investment policy has also been adopted, while preserving a strategic allocation of resources.

The situation caused by the Covid-19 pandemic is expected to improve in the coming months, mainly thanks to the roll-out of vaccinations. However, it is not possible to rule out the risk of recurrent impacts on demand or the economy as a whole in the course of 2021.

FINANCIAL RISKS

Prysmian Group's risk management strategy focuses on the unpredictability of markets and aims to minimise the potentially negative impact on the Group's financial performance. Some types of risk are mitigated by using financial instruments (including derivatives).

Financial risk management is centralised with the Group Finance department which identifies, assesses and hedges financial risks in close cooperation with the Group's operating companies.

The Group Finance, Administration and Control department provides guidelines on risk management, with particular attention to exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative instruments, and on how to invest excess liquidity. Such financial instruments are used solely to hedge risks and not for speculative purposes.

Risks associated with availability of financial resources and their cost

The volatility of the international banking and financial system could be a potential risk factor in terms of obtaining finance and its associated cost. In addition, non-compliance with the financial and non-financial covenants contained in the Group's credit agreements could restrict its ability to increase its net indebtedness, other conditions remaining equal. In fact, should it fail to satisfy one of these covenants, this would trigger a default event which, unless resolved under the terms of the respective agreements, could lead to their termination and/or early repayment of any credit drawn down. In such an eventuality, the Group might be unable to repay the amounts demanded early, in turn giving rise to a liquidity risk.

Given the current amount of financial resources and undrawn committed credit lines, totalling in excess of Euro 2 billion at 30 June 2021, and six-monthly monitoring[1] of financial covenant compliance (fully satisfied at 30 June 2021), the Group is of the opinion that this risk is significantly mitigated and that it is capable of raising sufficient financial resources at a competitive cost.

Exchange rate volatility

Prysmian Group operates internationally and is therefore exposed to exchange rate risk on the currencies of the different countries in which it operates. 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. Exchange rate volatility is monitored both locally and centrally, by the Group Finance department, also using specific indicators designed to intercept potential risk situations which, when thought to exceed the defined tolerance limits, will trigger immediate mitigating actions.

A more detailed analysis of the risk in question can be found in the 2020 Annual Financial Report.

Interest rate volatility

Changes in interest rates affect the market value of 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). In order to hedge this risk, the Group uses Interest Rate Swaps (IRS), which transform the variable rate into a fixed rate, thus reducing the risk caused by interest rate volatility. IRS contracts make it possible to exchange on specified dates the difference between contracted fixed rates and the variable

[1] The financial covenants are measured at the half-year reporting date of 30 June and at the full-year reporting date of 31 December.

rate calculated with reference to the loan's notional value. A potential rise in interest rates, from the record lows reached in recent years, could represent a risk factor in coming quarters.
A more detailed analysis of the risk in question can be found in the 2020 Annual Financial Report.

Credit risk

Credit risk is represented by Prysmian Group's exposure to potential losses arising from the failure of business or financial partners to discharge their obligations. This risk is monitored centrally by the Group Finance department, while customer-related credit risk is managed operationally by the individual subsidiaries. The Group does not have any excessive concentrations of credit risk, but given the economic and social difficulties faced by some countries in which it operates, the exposure could undergo a deterioration that would require closer monitoring. Accordingly, the Group has procedures in place to ensure that its business partners are of proven reliability and that its financial partners have high credit ratings. In addition, in mitigation of credit risk, the Group has a global trade credit insurance program covering almost all its operating companies; this is managed centrally by the Risk Management department, which monitors, with the assistance of the Group's Credit Management function, the level of exposure to risk and intervenes when tolerance limits are exceeded due to possible difficulty in finding coverage on the market.
A more detailed analysis of the risk in question can be found in the 2020 Annual Financial Report.

Liquidity risk

Liquidity risk indicates the sufficiency of an entity's financial resources to meet its obligations to business or financial partners on the agreed due dates.
With regard to Prysmian Group's working capital cash requirements, these increase significantly during the first half of the year when it commences production in anticipation of order intake, with a consequent temporary increase in net financial debt.
Prudent management of liquidity risk involves the maintenance of adequate levels of cash, cash equivalents and short-term securities, the availability of sufficient committed credit lines, and timely renegotiation of loans before their maturity. Given the dynamic nature of the business in which Prysmian Group operates, the Group Finance department prefers flexible forms of funding in the form of committed credit lines.
As at 30 June 2021, the Group's total financial resources and undrawn committed credit lines are in excess of Euro 2 billion.
A more detailed analysis of the risk in question can be found in the 2020 Annual Financial Report.

Commodity price volatility risk

The main commodities purchased by Prysmian Group are copper, aluminium and lead, accounting for more than 50% of the total raw materials used to manufacture its products. The

Group neutralises the impact of possible variations in the price of copper and aluminium and, although less significant, of lead through hedging activities and automatic sales price adjustment mechanisms. Hedging activities are based on sales contracts or sales forecasts, which if not met, could expose the Group to the risk of price volatility in the underlying assets. A dedicated team within the Group Purchasing department monitors and coordinates centrally those sales transactions requiring the purchase of metals and the related hedging activities carried out by each subsidiary, ensuring that the level of exposure to risk is kept within defined tolerance limits. A more detailed analysis of the risk in question can be found in the 2020 Annual Financial Report.

OPERATIONAL RISKS

Liability for product quality/defects

Possible defects in the design and manufacture of Prysmian Group's products could give rise to civil or criminal liability towards its customers or third parties. Therefore, the Group, like other companies in the industry, is exposed to the risk of legal action for product liability in the countries where it operates. In line with the practice followed by many industry operators, the Group has taken out insurance which it considers provides adequate protection against the risks arising from such liability. Should such insurance coverage prove insufficient, the Group's results of operations and financial condition could be adversely affected.
In addition, the Group's involvement in this kind of legal action and any resulting liability could expose it to reputational damage, with potential further adverse consequences for its results of operations and financial condition.

Risks associated with non-compliance with the contractual terms of turnkey projects

Projects for high/medium voltage submarine or underground power cables are characterised by contractual forms entailing a "turnkey" or end-to-end type of project management that therefore demands compliance with deadlines and quality standards, guaranteed by penalties calculated as an agreed percentage of the contract value and that can even result in contract termination. The application of such penalties, the obligation to pay damages as well as indirect effects on the supply chain in the event of late delivery or manufacturing problems, could significantly affect project performance and hence the Group's margins. Possible damage to market reputation cannot be ruled out.
Given the complexity of "turnkey" projects, Prysmian has implemented a quality management process involving a wide range of tests on cables and accessories before delivery and installation, as well as specific ad hoc insurance coverage, often through insurance syndicates, able to mitigate exposure to risks running from the manufacturing stage through to delivery. In addition, the ERM assessments for this particular risk have led the Risk Management department, with

the support of the Sales department, to implement a systematic process of Project Risk Assessment for all "turnkey" projects, involving the assignment of a Project Risk Manager, right from the bidding stage, with the aim of identifying, assessing and monitoring over time the Group's exposure to specific risks and of foreseeing the necessary mitigation actions. The decision to present a bid proposal to a customer will therefore also depend on the results of risk assessment.
Management periodically carries out risk assessment for completed and ongoing contracts and analyses the risks involved. The Group has set aside specific provisions for such risks that represent the best estimate of the related liabilities based on available information.

Business interruption risk due to dependence on key assets

The submarine cables business is heavily dependent on certain key assets, such as the Arco Felice plant in Italy for the production of a particular type of cable and one of the cable-laying vessels owned by the Group (the "Giulio Verne"), some of whose technical capabilities are hard to find on the market. The loss of one of these assets due to unforeseen natural disasters (e.g. earthquakes, storms, etc.) or other incidents (e.g. fire, terrorist attacks, etc.) and the consequent prolonged business interruption could have a critical economic impact on the Group's performance.
Work began in 2018 on building the "Leonardo da Vinci", a new cable-laying vessel with a best-in-class specification. The new vessel will enter into service during the second half of 2021, as a result of which the risk of dependence on the "Giulio Verne" will be significantly reduced.
Prysmian addresses asset dependency risk by having:

- a systematic Loss Prevention program, managed centrally by the Risk Management department, which, through periodic on-site inspections, allows the adequacy of existing systems of protection to be assessed and any necessary remedial actions decided to mitigate the estimated residual risk. As at 30 June 2021, the Group's operating plants were sufficiently protected and there were no significant exposures to risk. All the plants have been classified as "Excellent Highly Protected Rated (HPR)", "Good HPR" or "Good not HPR", in accordance with the methodology defined by internationally recognised best practices in the field of Risk Engineering & Loss Prevention;
- specific disaster recovery & business continuity plans which allow appropriate countermeasures to be activated as soon as possible in order to minimise the impact of a catastrophic event and to manage any consequent crisis;
- specific insurance schemes covering damage to assets and loss of associated contribution margin due to business interruption, such as to minimise the financial impact of this risk on cash flow.

Environmental risks

The Group's production activities are subject to specific environmental regulations, amongst which those concerning the management of raw materials, energy resources and hazardous substances, water discharges, air emissions and waste, including pollution prevention and minimisation of impacts on environmental factors (soil, subsoil, water resources, atmosphere). As these regulations evolve, they are placing an ever heavier compliance burden on businesses, often calling for improvement in technology (Best Available Techniques) and the relevant risk prevention systems, which generate additional costs.

Considering the Group's large number of production sites, the probability of an accident, with consequences not only for the environment but also for the continuity of production, cannot be ignored or the resulting economic and reputational impact, which could be significant.

In order to prevent and mitigate environmental risks, the Group has adopted an ISO14000 certified environmental management system at most of its production sites.

Environmental issues are managed centrally by the HQ Health Safety & Environment (HSE) department which, by coordinating local HSE departments, is responsible for adopting systems to ensure strict compliance with legislation in accordance with best practice, for collecting and analysing environmental data via a centralised platform, for monitoring risk exposure using specific indicators, for organising specific training activities and carrying out production site audits.

Cyber security risks

The growing spread of web-based technologies and business models allowing the transfer and sharing of sensitive information through virtual spaces (i.e. social media, cloud computing, etc.) carries computing vulnerability risks which Prysmian Group cannot ignore in the conduct of its business. Exposure to potential cyberattacks could be due to several factors such as the necessary distribution of IT systems around the world, and the possession of high value-added information such as patents, technology innovation projects, as well as financial projections and strategic plans not yet disclosed to the market, unauthorised access to which could damage a company's results, financial situation and image. In partnership with the Risk Management department, the Group's IT Security function periodically performs specific assessments to identify any vulnerabilities in IT systems locally and centrally that could compromise business continuity.

Furthermore, since 2016 Prysmian Group has started to implement a structured and integrated process for managing cyber security risks which, under the leadership of the Group IT Security function, in partnership with the Risk Management department, aims to strengthen the Group's IT systems and platforms and introduce robust mechanisms to prevent and control any cyberattacks. A clear Information Security strategy has been defined in this regard setting out the governance structure adopted by the Group and the guidelines for managing cyber risk within

IT architectures and business processes. A special Information Security Committee, consisting of the key figures involved in managing cyber risk[1], has been appointed with the mission of defining the strategic and operational Cyber Security objectives, of coordinating the main initiatives undertaken, and of examining and approving policies, operating procedures and instructions. The Committee is convened on a periodic basis (twice a year) and in any case upon the occurrence of any significant events or crises. Lastly, specific e-learning training sessions have been provided to all the Group's IT staff with the aim of raising their awareness of this issue.

Risk of lack or loss of key resources

The Group is exposed to the risk of lack or loss of key resources with strategic operational roles. Such persons can be identified by their managerial responsibilities and/or specific know-how, necessary for the implementation of corporate strategies, and are hard to replace quickly.

In order to ensure business continuity in line with its strategic objectives, the Group has established the following:

- "Job Band Program" to define the classification of personnel through a due job weighting with respect to responsibility, problem-solving ability and know-how, in line with company strategies, using a common, global organisational language;
- "Group Academy" to train and develop the following skills within the Group: Leadership (Management School), Technical (Professional School) and E-Learning (Digital School);
- "Make it", "Sell it", "Sum it" recruitment programs for professionals in the production, quality, procurement, logistics, sales and finance functions;
- "People Performance Program" to manage career paths;
- "Talent Management Program" to accelerate development of our talents;
- "Long-Term Incentive Program" to motivate and retain the Group's key managers;
- "Graduate Program" aimed at attracting and recruiting talented, high-potential personnel to ensure successful future staff replacements internally;
- "Non-compete agreements" formalised for those employees who possess technical process and product innovation know-how representing strategic value added for the business in its particular competitive sector.

Finally, Internal Job Posting was launched at a regional level in 2020, with the aim of making it global at a later date, to facilitate the development of people's cross-functional skills and continue to build a global corporate culture.

[1] The following sit, as permanent members, on the Information Security Committee: the Chief Operating Officer, the Vicepresident HR&Organization, the Chief Security Officer, the Chief Information Officer, the Chief Risk Officer, the Chief Audit & Compliance Officer and the Group's IT Security Manager.

Key supplier dependence risks

In carrying out its operations, Prysmian Group relies on many suppliers of goods and services, some of which are important suppliers of raw materials like, for example, certain metals (copper, aluminium and lead) and some polymer compounds, especially in the high voltage and submarine cables business.

Dependence on key suppliers obviously constitutes a risk in the event of delivery problems, quality issues or price rises, and, in the case of certain raw material suppliers, Prysmian is potentially exposed to their industrial risk (fire, explosion, flood, etc.).

With the objective of preventing and mitigating these risks, the Group has a well-established qualification system for selecting and working with reliable suppliers of goods and services and, where possible, identifying possible alternatives to therefore avoid single-source situations.

The mitigation strategy is therefore based on partnerships with a number of key suppliers aimed at reducing the Group's exposure to supply shortages, on close monitoring of their performance and on projects and investments in R&D to develop alternative technical solutions.

LEGAL AND COMPLIANCE RISKS

Risks of non-compliance with Code of Ethics, Policies and Procedures

Non-compliance risk generically represents the possibility of incurring legal or administrative sanctions, material financial losses or reputational damage as a result of violations of prevailing laws and regulations. Prysmian Group has put in place a series of organisational tools to define the principles of legality, transparency, fairness and honesty through which it operates. In particular, since its inception, the Group has adopted a Code of Ethics, a document which contains the ethical standards and the behavioural guidelines that all those engaged in activities on behalf of Prysmian or its subsidiaries (including managers, officers, employees, agents, representatives, contractors, suppliers and consultants) are required to observe. Through its Internal Audit & Compliance department, the Group undertakes to constantly monitor compliance with and effective application of these rules, not tolerating any kind of violation.

However, despite this ongoing attention, close vigilance and periodic information campaigns, it is not possible to rule out future episodes of misconduct in breach of policies, procedures or the Code of Ethics, and hence of current legislation and regulations, by persons carrying out activities on Prysmian's behalf, which could result in legal sanctions, fines or reputational damage, even on a material scale.

Risks of non-compliance with Data Protection (Privacy) legislation

In today's increasingly globalised business environment, with a proliferation of channels and ways to access information, as well as growth in the volume and types of data managed, Prysmian is addressing the various data management issues, ranging from compliance with

recent legislation to defence against potential threats to confidentiality, integrity and availability of information.
Accordingly, it is fundamental to have a global vision when managing sensitive information, not only with respect to regulatory compliance but also with respect to security and business priorities.
Furthermore, Europe's General Data Protection Regulation (GDPR), which came into force in May 2018, has now become one of the main reference points for a renewed commitment to data protection, particularly personal data.
The personal data protection program adopted by Prysmian is based on the following key elements, involving the entire corporate structure:
o Implementation of a data-based model, through mapping the personal data processed by company departments and keeping a record of processing activities;
o Definition of a governance model, intended to comply with the requirements of the GDPR and other emerging data protection regulations, featuring:
an organisational structure under which the Data Protection Officer (DPO) serves in an advisory and monitoring capacity where personal data management is concerned, with the duties and related responsibilities delegated to those materially engaged in data processing activities;
o A set of policies and documents supporting the model (company policies, disclosure statements, internal appointments, clauses applicable to suppliers, etc.);
o Evaluation and adoption of adequate technical and organisational measures to ensure a level of security appropriate to the risk, also with the help of new tools such as Data Protection Impact Assessment introduced by the GDPR;
o Definition of communication and training material specifically for those parties identified within the data protection organisational model, so that all the parties involved are aware of the revised regulatory requirements and take steps to fulfil them;
o Review of video surveillance systems, with particular reference to the new European guidelines and the regulations applicable in Italy.
Monitoring and support have been provided to Prysmian's many European legal entities, including the most recent ones acquired from General Cable, in applying the model to ensure its consistent application and the establishment of an internationally shared corporate culture in this regard.
The activities to comply with the recent European legislation are capitalised on as much as possible in the compliance activities required by other national regulations, including the "*Ley General de Proteccion de Datos*", now applicable in Brazil and inspired by the same principles.

Risks of non-compliance with anti-bribery legislation

In recent years, legislators and regulators have devoted much attention to the fight against bribery and corruption, with a growing tendency to extend responsibility to legal entities as well as to natural persons. With growing internationalisation, organisations more and more often find themselves operating in contexts exposed to the risk of bribery and having to comply with a variety of relevant legislation, such as Italian Legislative Decree 231/2001, Italy's Anti-bribery Law (Law 190/2012), the Foreign Corrupt Practices Act, the UK Bribery Act etc., all with a common objective: to fight and repress corruption.

The Group's business model, with a global presence in over 50 countries and a multitude of product applications, brings it into constant contact with numerous third parties (suppliers, intermediaries, agents and customers). In particular, the management of large international projects in the Energy (submarine and high voltage) and Oil & Gas businesses involves having business relationships, often through local commercial agents and public officials, in countries at potential risk of corruption (as per the Corruption Perception Index[1]).

Prysmian Group has therefore implemented a series of actions designed to manage bribery and corruption on a preventive basis; foremost amongst these is the adoption of an Anti-Bribery Policy which prohibits the bribery of both public officials and private individuals and requires employees to abide by it and to observe and comply with all anti-bribery legislation in the countries in which they are employed or active, if this is more restrictive. In addition, specific e-learning activities (training and testing) for all Group personnel are periodically conducted to raise awareness about compliance with this legislation.

In 2019, carrying on from the previous year, Prysmian Group continued the activities defined in its Anti-Bribery Compliance Program, inspired by the ISO 37001 guidelines for Anti-bribery management systems, published on 15 October 2016, and intended to strengthen its monitoring of and focus on compliance issues. This program, in addition to providing greater control over the management of bribery risk, also aims to minimise the risk of punishment if crimes of corruption are committed by employees or third parties. The core of the ISO 37001 standard is the control of third parties (suppliers, intermediaries, agents and customers) through a due diligence system designed to reveal any critical issues or negative events that undermine the reputation of third parties with whom Prysmian Group deals.

In this regard, in 2019 the Group implemented a "Third Party Program", a new Group Policy aimed at preventing and managing the risk of corruption arising from relationships with third parties (such as distributor agents, and certain categories of suppliers). In particular, prior to establishing any business relationship with third parties, it is mandatory to perform - through a dedicated online platform - due diligence checks on the third party. As a result, each third party receives a risk rating (high, medium, low) and is consequently submitted to an approval process, differing according to the level of risk.

[1] The Corruption Perception Index (CPI) is an indicator published annually by Transparency International, used to measure the perception of public sector corruption in various countries around the world.

Following the acquisition of General Cable, Prysmian Group's Anti-Bribery Compliance Program has been updated and expanded to include the additional activities in this area envisaged by the General Cable Compliance Program.
In addition, during 2019, General Cable and Prysmian's compliance policies were revised, updated and merged in order to have one set of documents valid for the entire Group.
With specific reference to the Anti-Bribery Compliance Program, during 2020 the related Policy was revised, along with the Policy on Gifts and Entertainment Expenses.
Lastly, in line with the Group's ongoing commitment to ensure that the financial and personal interests of its employees and consultants do not conflict with the ability to perform their duties in a professional, ethical and transparent manner, a new Conflict of Interest policy was issued in 2019.
In accordance with this policy, all employees and consultants have been required to disclose all potential conflicts of interest, then duly analysed and evaluated. With the assistance of the Human Resources department, the necessary corrective actions have then been taken to mitigate or eliminate any potential conflicts.

Risks of non-compliance with antitrust law

Competition rules on restrictive agreements and abuse of dominant position now play a central role in governing business activities in all sectors of economic life. Its extensive international presence in more than 50 countries means the Group is subject to antitrust law in Europe and every other country in the world in which it operates, each with more or less strict rules on the civil, administrative and criminal liability of parties that violate the applicable legislation. In the last decade, local Antitrust Authorities have paid increasing attention to commercial activities by market players, also involving a tendency for international collaboration between authorities themselves. Prysmian aspires to operate on the market in compliance with the competition rules.
In keeping with the priorities identified by the ERM process, the Board of Directors has adopted an Antitrust Code of Conduct that all Group employees, Directors and managers are required to know and abide by in the conduct of their duties and in their dealings with third parties. Like with other Policies, following the acquisition of General Cable, the Antitrust Code of Conduct has also been updated in order to have a single document, valid for the entire Prysmian Group and designed to provide an overview of the problems associated with applying antitrust law and the consequent standards of conduct to follow.
More detailed documents on the antitrust regulations in force in the European Union, North America, China and Australia have also been adopted.
The Antitrust Code of Conduct is an integral part of the training program and is intended to provide an overview of the issues concerning application of EU and Italian competition law on collusive practices and abuse of dominant positions, within which specific situations are assessed on a case-by-case basis. These activities represent a further step in establishing an "antitrust

culture" within the Group by promoting knowledge and raising the accountability of individuals for their professional duties under antitrust legislation. Training in this area continues to be pursued. In particular, due to the Covid-19 emergency, classroom lessons were replaced by specific online training delivered via the Microsoft Skype/Teams platforms for certain functions, including Sales, Finance and Procurement. In addition, e-learning modules are available on the company intranet to support and raise awareness of and attention to this issue on an ongoing basis.
With regard to the antitrust investigations still in progress, details of which can be found in the note on Provisions for risks and charges in the Explanatory Notes to the Consolidated Financial Statements, the Group has a specific provision for risks and charges amounting to approximately Euro 121 million as at 30 June 2021. Despite the uncertainty of the outcome of the investigations and legal actions in progress, the amount of this provision is considered to represent the best estimate of the liability based on the information available at the date of the current report.

Risks arising from export restrictions

Many countries regulate international trade transactions and enforce laws and regulations governing trade in products, software, technology and services, including financial transactions and brokering.
Export control regimes, governed by laws of the United States, the EU (article 215 of the Treaty on the Functioning of the EU) and the United Nations (Chapter VII of the UN Charter), identify the parties (natural or legal persons) to whom the application of targeted restrictions (e.g. arms embargoes, travel bans, financial or diplomatic sanctions, etc.) is mandatory.
Failure to comply may result in the imposition of fines and criminal and/or civil penalties, including imprisonment.
In order to prevent and mitigate this risk, Prysmian Group has adopted a policy to manage and control its exports that involves among other things:

- Monitoring of countries and parties subject to restrictions, as well as the level of restrictions in force;
- Due Diligence on restricted persons, in order to avoid transactions with prohibited parties, including screening of Prysmian Group employees and visitors;
- Product classification to determine which export compliance requirements are applicable. This classification allows the Group to understand where and to whom products can be exported and whether a licence or other permit is required;
- Basic training for all employees on export controls and specific training for staff in functions responsible for international trade transactions and export controls;
- Requirement for an end-user declaration certifying that the buyer or end-user of goods/technology complies with applicable export regulations.

PLANNING AND REPORTING RISKS

Planning and reporting risks are related to the adverse effects that irrelevant, untimely or incorrect information might have on the Group's strategic, operational and financial decisions. At present, in view of the reliability and effectiveness of internal procedures for reporting and planning, the Group does not consider these risks to be relevant.

In addition, the risks related to climate change are reproduced below from the Consolidated Non-Financial Statement (Sustainability Report 2020), in which further details can be found.

Risks related to climate change

Risks related to the availability of water

Prysmian's plants primarily consume water for industrial purposes, in particular for cooling during certain processes.

Prysmian has analysed water stress, defined as the ratio of demand for water to the amount available, assuming a time horizon until 2040 and a scenario of high CO2 emissions, to assess the geographical location of the Group's plants exposed to the risk of reduced water availability. Most of the plants for which a potential risk has been identified adopt production processes that involve water recycling designed to reduce consumption. The risk mitigation plan also envisages further improvements in the water recycling percentage and/or the installation of new recycling systems to optimise water consumption, where necessary or cost effective, thus lowering exposure to this risk.

Risks associated with rising sea levels, involving potential damage to production facilities

The Group has been monitoring the risk of climate change since 2017 and, in particular of rising sea levels, with the aim of assessing potential impacts on its production facilities. The results confirm that in the time horizon considered, extending to 2080, in a scenario of high CO2 emissions, no direct impacts on the Group's production facilities are expected. Nevertheless, a rise in sea level could increase exposure to the risk of coastal flooding caused by storms; this situation nonetheless, affects a very limited number of production facilities and will be monitored so that action can be taken ahead of time, including the introduction of additional systems of control where necessary.

Risks related to increased severity of extreme weather events, involving potential damage to production facilities

The Group constantly monitors the exposure of its production sites to weather events like storms, floods, hailstorms, etc. and has also assessed its exposure with a time horizon running to 2035, in a scenario of high CO2 emissions; this assessment has confirmed a low overall exposure to risks arising from changes in summer and winter rainfall and from higher temperatures, with the exception of a very small number of facilities in areas with a maximum expected temperature rise of +1.5°. Sensitivity analysis carried out for the period 2020-2035, assuming an additional increase in the severity and frequency of extreme weather events, also based on such events that have impacted the Group's assets in the last 20 years, has confirmed a low exposure to this risk.

Risk of increased production costs due to higher prices for greenhouse gas emissions (Carbon Tax or Emission Trading Scheme)

This risk relates to a potential increase in production costs due to a wider application of laws and regulations on GHG emissions, both in the form of taxes (carbon tax) and as an emissions market (Emission Trading Schemes). In order to mitigate the consequences, the Group constantly monitors the evolution of laws and regulations on GHG emissions around the world, especially in countries where it has production sites, and has drawn up a strategic plan with quantitative targets for the reduction of GHG emissions, monitored using specific indicators. In addition, in 2020 the Group initiated a process to set medium- and long-term targets for the reduction of Scope 1 and 2 emissions and to quantify and manage Scope 3 emissions. These targets will be set on a scientific basis in accordance with the Science-Based Target Initiative and taking into account expected temperature rise scenarios.

Risk of non-compliance with environmental regulations and those governing energy efficiency and management of greenhouse gas emissions, including stricter reporting requirements

Prysmian conducts its business in compliance with national and international environmental norms and regulations, paying particular attention to the risk of failure to comply or to comply swiftly with changes in regulations that may occur within its business context. In particular, the Group has analysed the potential risk of non-compliance with any changes in local legislation transposing the Energy Efficiency Directive 2012/27/EU (EED) on end-use energy efficiency. In order to manage this risk, several measures have been deployed, including Energy Audit Plans at plants, energy efficiency projects, specific training sessions, and adoption of specific indicators to monitor risk exposure and take prompt action to reduce the risk below the tolerance thresholds.

In addition, in 2020 the Group initiated a process to set medium- and long-term targets for the reduction of Scope 1 and 2 emissions and to quantify and manage Scope 3 emissions. These targets will be set on a scientific basis in accordance with the Science-Based Target Initiative and taking into account expected temperature rise scenarios.

RELATED PARTY TRANSACTIONS

Related party transactions do not qualify as either atypical or unusual but form part of 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, 28 July 2021

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN
Claudio De Conto

Consolidated financial statements and explanatory notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro/million)

	Note	30.06.2021	of which related parties	31.12.2020	of which related parties
Non-current assets					
Property, plant and equipment	1	2,648		2,648	
Goodwill	1	1,596		1,508	
Other intangible assets	1	477		489	
Equity-accounted investments	2	328	328	312	312
Other investments at fair value through other comprehensive income		13		13	
Financial assets at amortised cost		4		4	
Derivatives	5	98		44	
Deferred tax assets		187		207	
Other receivables	3	29		30	
Total non-current assets		**5,380**		**5,255**	
Current assets					
Inventories	4	1,979		1,531	
Trade receivables	3	1,970	10	1,374	3
Other receivables	3	479	1	492	3
Financial assets at fair value through profit or loss	6	216		20	
Derivatives	5	133		82	
Financial assets at fair value through other comprehensive income		11		11	
Cash and cash equivalents	7	1,066		1,163	
Total current assets		**5,854**		**4,673**	
Assets held for sale	8	6		2	
Total assets		**11,240**		**9,930**	
Equity					
Share capital	9	27		27	
Reserves	9	2,383		2,054	
Group share of net profit/(loss)	9	162		178	
Equity attributable to the Group		**2,572**		**2,259**	
Equity attributable to non-controlling interests		168		164	
Total equity		**2,740**		**2,423**	
Non-current liabilities					
Borrowings from banks and other lenders	10	2,578		3,045	
Employee benefit obligations	13	485		506	
Provisions for risks and charges	12	44		39	
Deferred tax liabilities		190		195	
Derivatives	5	16		13	
Other payables	11	5		6	
Total non-current liabilities		**3,318**		**3,804**	
Current liabilities					
Borrowings from banks and other lenders	10	1,111		127	
Provisions for risks and charges	12	531	7	552	9
Derivatives	5	37		46	
Trade payables	11	2,465	4	1,958	2
Other payables	11	987	2	995	5
Current tax payables		45		25	
Total current liabilities		**5,176**		**3,703**	
Liabilities held for sale	8	6		-	
Total liabilities		**8,500**		7,507	
Total equity and liabilities		**11,240**		**9,930**	

CONSOLIDATED INCOME STATEMENT

(Euro/million)

	Note	1st half 2021	of which related parties	1st half 2020	of which related parties
Sales		6,034	18	4,985	11
Change in inventories of finished goods and work in progress		200		(42)	
Other income		32	3	44	3
Total sales and income		**6,266**		**4,987**	
Raw materials, consumables and supplies		(4,314)	(1)	(3,089)	(5)
Fair value change in metal derivatives		16		(8)	
Personnel costs		(746)	(5)	(712)	(5)
Amortisation, depreciation, impairment and impairment reversals		(164)		(209)	
Other expenses		(789)	(3)	(801)	(4)
Share of net profit/(loss) of equity-accounted companies		9	9	5	5
Operating income	14	**278**		**173**	
Finance costs	15	(370)		(289)	
Finance income	15	330		234	
Profit/(loss) before taxes		**238**		**118**	
Taxes	16	(74)		(42)	
Net profit/(loss)		**164**		**76**	
Of which:					
Attributable to non-controlling interests		2		(2)	
Group share		**162**		**78**	
Basic earnings/(loss) per share (in Euro)	17	**0.62**		**0.30**	
Diluted earnings/(loss) per share (in Euro)	17	**0.61**		**0.30**	

OTHER COMPREHENSIVE INCOME

(Euro/million)

	1st half 2021	1st half 2020
Net profit/(loss)	**164**	**76**
Other comprehensive income:		
A) Change in cash flow hedge reserve:	**69**	**3**
- Profit/(loss) for the period	92	4
- Taxes	(23)	(1)
B) Change in currency translation reserve	**133**	**(109)**
C) Actuarial gains/(losses) on employee benefits (*):	**23**	**(7)**
- Profit/(loss) for the period	23	(13)
- Taxes	-	6
Total other comprehensive income (A+B+C):	**225**	**(113)**
Total comprehensive income/(loss)	**389**	**(37)**
Of which:		
Attributable to non-controlling interests	6	(2)
Group share	**383**	**(35)**

(*) Components of comprehensive income that will not be reclassified to profit or loss in subsequent periods.

CONSOLIDATED INCOME STATEMENT- 2ND QUARTER*

(Euro/million)

	2nd quarter 2021	2nd quarter 2020
Sales	3,224	2,398
Change in inventories of finished goods and work in progress	46	(128)
Other income	20	31
Total sales and income	**3,290**	**2,301**
Raw materials, consumables and supplies	(2,272)	(1,381)
Fair value change in metal derivatives	6	28
Personnel costs	(380)	(336)
Amortisation, depreciation, impairment and impairment reversals	(86)	(129)
Other expenses	(406)	(372)
Share of net profit/(loss) of equity-accounted companies	3	4
Operating income	**155**	**115**
Finance costs	(163)	(108)
Finance income	136	80
Profit/(loss) before taxes	**128**	**87**
Taxes	(42)	(31)
Net profit/(loss)	**86**	**56**
Of which:	-	-
Attributable to non-controlling interests	-	1
Group share	**86**	**55**

OTHER COMPREHENSIVE INCOME - 2ND QUARTER*

(Euro/million)

	2nd quarter 2021	2nd quarter 2020
Net profit/(loss)	**86**	**56**
Other comprehensive income:		
A) Change in cash flow hedge reserve:	**19**	**38**
- Profit/(loss) for the period	24	48
- Taxes	(5)	(10)
B) Change in currency translation reserve	**(18)**	**(62)**
C) Actuarial gains/(losses) on employee benefits (**):	**23**	**(10)**
- Profit/(loss) for the period	23	(13)
- Taxes	-	3
Total other comprehensive income (A+B+C):	**24**	**(34)**
Total comprehensive income/(loss)	**110**	**22**
Of which:	-	
Attributable to non-controlling interests	(3)	(2)
Group share	**113**	**24**

(*) The figures for 2nd quarter 2021 and 2020 are unaudited.

(**) Components of comprehensive income that will not be reclassified to profit or loss in subsequent periods.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Euro/million)

	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Group share of net profit/(loss)	Equity attributable to the Group	Equity attributable to non-controlling interests	Total
Balance at 31 December 2019	**27**	**(14)**	**(249)**	**2,359**	**292**	**2,415**	**187**	**2,602**
Allocation of prior year net result	-	-	-	292	(292)	-	-	-
Fair value - stock options	-	-	-	17	-	17	-	17
Dividend distribution	-	-	-	(66)	-	(66)	(4)	(70)
Effect of hyperinflation	-	-	-	3	-	3	-	3
Total comprehensive income/(loss)	-	1	(107)	(7)	78	(35)	(2)	(37)
Balance at 30 June 2020	**27**	**(13)**	**(356)**	**2,598**	**78**	**2,334**	**181**	**2,515**

(Euro/million)

	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Group share of net profit/(loss)	Equity attributable to the Group	Equity attributable to non-controlling interests	Total
Balance at 31 December 2020	**27**	**40**	**(590)**	**2,604**	**178**	**2,259**	**164**	**2,423**
Allocation of prior year net result	-	-	-	178	(178)	-	-	-
Fair value - stock options	-	-	-	18	-	18	-	18
Dividend distribution	-	-	-	(132)	-	(132)	(2)	(134)
Issue of Convertible Bond 2021	-	-	-	49	-	49	-	49
Partial redemption of Convertible Bond 2017	-	-	-	(13)	-	(13)	-	(13)
Effect of hyperinflation	-	-	-	8	-	8	-	8
Total comprehensive income/(loss)	-	70	128	23	162	383	6	389
Balance at 30 June 2021	**27**	**110**	**(462)**	**2,735**	**162**	**2,572**	**168**	**2,740**

CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro/million)

		1st half 2021	of which related parties	1st half 2020	of which related parties
	Profit/(loss) before taxes	238		118	
	Amortisation, depreciation and impairment	164		209	
	Net gains on disposal of property, plant and equipment	(2)		(12)	
	Share of net profit/(loss) of equity-accounted companies	(9)	(9)	(5)	(5)
	Dividends received from equity-accounted companies	3	3	2	2
	Share-based payments	18		17	
	Fair value change in metal derivatives	(16)		8	
	Net finance costs	40		55	
	Changes in inventories	(399)		(13)	
	Changes in trade receivables/payables	(85)	(5)	(348)	(1)
	Changes in other receivables/payables	(30)	(1)	(17)	(1)
	Change in employee benefit obligations	(7)		(6)	
	Change in provisions for risks and other movements	(18)		(64)	
	Net income taxes paid	(47)		(30)	
A.	**Cash flow from operating activities**	**(150)**		**(86)**	
	Cash flow from acquisitions and/or disposals	(72)		2	
	Investments in property, plant and equipment	(65)		(93)	
	Disposals of property, plant and equipment and assets held for sale	3		8	
	Investments in intangible assets	(9)		(7)	
	Investments in financial assets at fair value through profit or loss	(200)		-	
	Disposals of financial assets at fair value through profit or loss	5		2	
B.	**Cash flow from investing activities**	**(338)**		**(88)**	
	Dividend distribution	(126)		(69)	
	Proceeds of new loans	844		-	
	Repayments of loans	(269)		(8)	
	Changes in other net financial receivables/payables	(6)		(24)	
	Net finance costs paid [1]	(54)		(59)	
C.	**Cash flow from financing activities**	**389**		**(160)**	
D.	**Exchange (losses) gains on cash and cash equivalents**	**3**		**(15)**	
E.	**Net increase/(decrease) in cash and cash equivalents (A+B+C+D)**	**(96)**		**(349)**	
F.	**Cash and cash equivalents at the beginning of the period**	**1,163**		**1,070**	
G.	**Cash and cash equivalents at the end of the period (E+F)**	**1,067**		**721**	
	Cash and cash equivalents presented in consolidated statement of financial position	**1,066**		**721**	
	Cash and cash equivalents presented in assets held for sale	**1**		**-**	

[1] Net finance costs paid of Euro 54 million include interest expense paid of Euro 39 million (Euro 38 million in the first six months of 2020) and interest income received of Euro 3 million (Euro 2 million in the first six months of 2020).

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 Via Chiese 6, Milan (Italy).
Prysmian S.p.A. was floated on the Italian Stock Exchange on 3 May 2007 and since September 2007 has been included 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 cables and systems and related accessories for the energy and telecommunications industries, and distribute and sell them around the globe.

The present Half-Year Financial Report was approved by the Board of Directors of Prysmian S.p.A. on 28 July 2021 and has undergone a limited review by the independent auditors.

A.1 SIGNIFICANT EVENTS IN 2021

Prysmian Group completes the acquisition of EHC Global

On 8 January 2021, the Group announced it had completed the acquisition of EHC Global, a leading manufacturer of strategic components and integrated solutions for the vertical transportation industry. Established in 1977, EHC Global is a manufacturer and supplier of escalator handrails, rollers, elevator belts, strategic components and integrated solutions for the vertical transportation industry. EHC Global also offers a comprehensive range of technical and installation services for escalators and moving walkways.
The acquisition of EHC Global is in line with Prysmian Group's strategy to develop and strengthen its value-added businesses. EHC Global is a complementary add-on to the Draka Elevator business, broadening its product portfolio to include a wide range of escalator products and services.
Following the acquisition, the Group has consolidated EHC Global with effect from 1 January 2021 as more fully explained in the section on "Business Combinations" to which reference should be made.

Placement of a Euro 750 million equity-linked bond

On 26 January 2021, the Group announced the finalisation of the placement of an equity-linked bond (the "Bonds") for an amount of Euro 750 million.

The Bonds, with a 5-year maturity from 2 February 2021 and minimum denomination of Euro 100,000 each, are zero coupon. The issue price is Euro 102.50, representing a yield to maturity of minus 0.49% per annum. The initial price for the conversion of the Bonds into the Company's ordinary shares is Euro 40.2355, representing a 47.50% premium on the weighted average price by volume of Prysmian ordinary shares on the Milan Stock Exchange between launch and pricing on 26 January 2021.

The Shareholders' Meeting held on 28 April 2021 authorised the convertibility of the equity-linked bond and approved the proposal for a share capital increase, serving the conversion of the convertible bond for a maximum nominal amount of Euro 1,864,025.50 through the issue of up to 18,640,255 ordinary shares with nominal value Euro 0.10 each.

As provided for in the Bond Regulations, the Group has the option to redeem all - but not only some - of the Bonds at their principal amount from 12 February 2024, should the share price exceed 130% of the conversion price for at least 20 days within a period of 30 consecutive trading days.

Repurchase of the 2017 Bonds

On 26 January 2021, the Group announced a partial redemption of the Company's outstanding Euro 500 million zero-coupon equity-linked bonds due in 2022 and issued on 17 January 2017 (the "2017 Bonds").

The total face value of the 2017 Bonds which the Company redeemed on 2 February 2021 was equal to Euro 250,000,000 representing 50% of the 2017 Bonds initially issued, at a repurchase price of Euro 104,250 per Euro 100,000 in face value.

CDP Loan

On 28 January 2021, a new loan for Euro 75 million over 4.5 years was agreed with Cassa Depositi e Prestiti S.p.A. (CDP), for the purpose of financing part of the Group's expenditure to purchase the "Leonardo Da Vinci" cable-laying vessel.

This loan was drawn down in its entirety on 9 February 2021, with a bullet repayment envisaged at maturity on 28 July 2025. Interest rate swaps for a total notional value of Euro 75 million have been entered into with the objective of hedging this loan's variable rate interest flows over the period 2021-2025.

New organisational structure

On 3 February 2021, the Group announced that it had adopted a new organisational structure, in line with international best practices, with the aim of reinforcing its focus on the strategic opportunities offered by the global transition to low-carbon energy and digitalisation-based economies.

The introduction of this new structure marks the successful completion of the integration with General Cable, which has significantly enlarged the Group and broadened its geographical diversification.

Under the leadership of the CEO, the new organisation will pivot around the following key roles:

- Chief Operating Officer
- Business Divisions
- Group Functions

Under the new organisation, the CEO will further intensify the Group's focus on its organic and non-organic growth strategy, as well as on accelerating major innovation projects. The two global megatrends of transition to low-carbon energy and development of telecommunications networks to support digitalisation are among the major growth opportunities on which the Group will be focusing to ensure sustainable growth. In order to leverage the Group's wide geographic presence and customer proximity, while delivering business synergies at the same time, the new role of Chief Operating Officer (COO) will oversee the Group's operational strategy and performance and results of the Regions, in conjunction with the Group's three Business Divisions. The Business Divisions, which report directly to the CEO, are focused on the strategic development of their different segments, with P&L responsibility for the global Business Units, in conjunction with the COO. In addition, they drive key decisions on product technology, production allocation and the most important projects. The Group Functions, reporting directly to the CEO, guide the governance and harmonisation of the main corporate processes, providing operational support to all Group entities. With the aim of strengthening the focus on ESG objectives, a Group Chief Sustainability Officer has been appointed.

Construction of new fibre-optic Telecom link in Brazil

On 24 February 2021, the Group announced that it will supply 770 km of MINISUB submarine optical fibre telecom cables to link the city of Macapá to Santarém and Alenquer, located in the north of the Amazon region, as part of the Norte Conectado project awarded by RNP, Rede Nacional de Ensino and Pesquisa, a Brazilian internet provider. The MINISUB solution is one of the most widely used technologies in the world.

Finalisation of contract worth over Euro 200 million with RWE for Sofia offshore wind farm

On 29 March 2021, the Group announced the finalisation of a contract with RWE Renewables, one of the world's largest offshore wind farm developers, for the construction of a turnkey high voltage submarine and onshore cable system worth over Euro 200 million for the 1.4 gigawatt (GW) Sofia offshore wind farm. The Group had already announced a preferred bidder agreement in November 2020.

Prysmian Group will be responsible for the design, supply, installation and commissioning of an HVDC symmetrical single-core cable system that will connect the wind farm's offshore substation to the onshore converter station in Teesside. The project requires over 440 km of ±320 kV XLPE-insulated submarine cables and 15 km of ±320 kV P-Laser-insulated underground cables.
Offshore installation operations will be carried out using the Leonardo da Vinci, Prysmian's new state-of-the-art cable-laying vessel, the most high performance ship on the market offering enhanced versatility in project implementation. Project commissioning is expected towards the end of 2026.

Successful completion of the first ever submarine interconnection between the island of Crete and mainland Greece

On 1 April 2021, the Group and Independent Power Transmission Operator (IPTO) announced the completion of the submarine interconnection between the island of Crete and mainland Greece (Peloponnese region), a record-breaking project in many respects, including in terms of length, depth and innovative HVAC cable technology. Prysmian Group has designed, supplied, and installed an HVAC cable system involving 135 km of 150 kV tri-core XLPE-insulated double-armoured cables. This is a record-breaking project because Prysmian Group has installed its innovative cable technology, based on a synthetic armour 30% lighter than steel, at a maximum depth of approximately 1,000 metres for the very first time. The project, worth a total of Euro 125 million, was awarded to the Group in 2018 by IPTO, operator of the electricity grid transmission system in Greece. The first interconnection between Crete and mainland Greece is expected to become operational in the next few months, ensuring reliable, cost-effective and sustainable power transmission.

Approval of the Annual Financial Statements at 31 December 2020, distribution of dividends and appointment of the Prysmian S.p.A. Board of Directors

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the financial statements for 2020 and the distribution of a gross dividend of Euro 0.50 per share, for a total of some Euro 132 million. The dividend was paid out from 26 May 2021, with record date 25 May 2021 and ex-dividend date 24 May 2021. The same Shareholders' Meeting also appointed the new members of the Prysmian S.p.A. Board of Directors.

Authorisation to buy back and dispose of treasury shares

On 28 April 2021, the shareholders of Prysmian S.p.A. authorised the Board of Directors to buy back and dispose of treasury shares. This authorisation provides the opportunity to buy back, on one or more occasions, a maximum number of shares whose total must not exceed, at any one time, 10% of share capital. Purchases may not exceed the amount of retained earnings and unrestricted 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, while the authorisation to dispose of treasury shares has no time limit. The authorisation to purchase and dispose of treasury shares is required in order to enable the Group:

- to have a portfolio of treasury shares (a so-called "stock of shares") that can be used in any extraordinary transactions (e.g. mergers, demergers, spin-offs, acquisition of equity investments) and to implement the shareholder-approved remuneration policies applied to Prysmian Group;
- to use the treasury shares purchased to service the exercise of rights arising from convertible debt instruments or instruments exchangeable with financial instruments issued by the Company, its subsidiaries or third parties (e.g. in takeovers bids and/or stock swaps);
- to use the treasury shares to satisfy share-based incentive plans or share ownership plans reserved for Prysmian Group directors and/or employees;
- to manage the Company's capital effectively, by creating an investment opportunity, also in view of its available liquidity.

Treasury shares may be bought back and disposed of in accordance with applicable laws and regulations:

(i) at a minimum price no more than 10% below the stock's official price reported in the trading session on the day before carrying out each individual transaction;

(ii) at a maximum price no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual transaction.

Your Employee Shares (YES) Plan

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the extension of the share ownership plan for Prysmian Group employees, previously approved by the shareholders' resolution dated 13 April 2016.

The Plan provides 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. The shares purchased will be subject to a retention period, during which they cannot be sold. The extension has added new purchase windows in the years 2022, 2023 and 2024. Beneficiaries of the Plan also include the executive directors of Prysmian S.p.A. as well as key management personnel, for whom the discount will be 1%.

Authorisation of the convertibility of the Equity-linked Bond 2021

The Extraordinary Shareholders' Meeting held on 28 April 2021 authorised the convertibility of the Euro 750 million equity-linked bond, approved by the Board of Directors on 26 January 2021 and reserved for institutional investors. The same meeting also approved the proposal for a share capital increase pursuant to art. 2420-bis, par. 2, of the Italian Civil Code, in one or more tranches, with the exclusion of pre-emptive rights under art. 2441, par. 5, of the Italian Civil Code, serving the conversion of the aforementioned convertible bond for a maximum nominal amount of Euro 1,864,025.50 by issuing up to 18,640,255 of the Company's ordinary shares with a nominal value of Euro 0.10 each, and thus amending art. 6 of its By-laws accordingly.

Climate Change

With the intention of further accelerating its pursuit of sustainability, the Group has decided to adopt the UN Global Compact. Prysmian has launched an ambitious climate change strategy by adopting Science-Based targets to reduce its CO2 emissions, in line with the COP 21 Paris Agreement, and by supporting the Business Ambition for 1.5°C campaign.

The target of zero net emissions is expected to be achieved between 2035 and 2040 for emissions generated by the Group's operations (Scope 1 and 2) and by 2050 for emissions generated by its value chain (Scope 3).

"ECO CABLE": the cable industry's first certifiable green product label in support of energy transition

On 4 May 2021, the Group announced the launch of its ECO CABLE label, the first proprietary label in the cable industry to help utilities and distributors make their supply chains and value propositions even greener.

The ECO CABLE label can be easily compared and combined with other sustainability certification protocols like the EPD (Environmental Product Declaration) and the EU Ecolabel (the environmental label of excellence for products and services that meet high environmental standards throughout their life cycle). Award of the ECO CABLE label is based on an automatic calculation system developed specifically for cable products, which applies recognised and measurable criteria from EU Ecolabel Regulation 66/2010, and in line with the main regulatory frameworks and requirements: Carbon Footprint, Absence of Substances of Very High Concern, Recyclability/Circularity, Recycling input rate, Environmental benefits and Cable transmission efficiency.

Prysmian Group has committed to apply the ECO CABLE rating system to 20% of all its products by 2022, in line with the Group's Sustainability Scorecard goals.

Partnership with Hardt Hyperloop to accelerate Open Innovation

On 10 May 2021, the Group announced a deepening of its partnership with Hardt Global Mobility as part of a program to make Hyperloop into a sustainable, high-speed pan-European passenger and freight transport network that will help Europe meet its zero-carbon goals by 2050.

Diversity & Inclusion to enhance "human capital"

On 12 May 2021, the Group announced it was strengthening its commitment to Diversity & Inclusion (D&I) with the aim of further enhancing its human capital, comprising some 28,000 employees worldwide. The increase in the percentage of women, both among white-collar workers and at senior management level, is one of the sustainability parameters to which the variable remuneration of company managers is linked.

As evidence of the strategic importance of gender and cultural diversity, Prysmian has also set up a new global Diversity & Inclusion Steering Committee to oversee the achievement of the Group's objectives. This Committee is responsible for defining D&I objectives at every level of the organisation and helping decide the actions to be taken, as well as promoting a cultural change to facilitate D&I within the workplace.

Prysmian Group believes in the value of people, background, leadership style and attitudes because every individual has the potential to generate value for the business. Its global footprint enables the Group to promote an inclusive environment, encouraging the development of corporate culture and identity.

Prysmian Group enters the "smart home" market

On 26 May 2021, the Group announced it had entered the "smart home" market for the first time with its innovative PRY-CAM HOME technology to manage and enhance the active safety of domestic electrical systems.

New submarine cable links between Europe and Asia

On 18 June 2021, the Group announced it had been awarded a contract worth a total of Euro 140 million by the Turkish utility TEIAS for the design, supply, installation and commissioning of two high-voltage submarine power transmission cables, one between Europe and Asia, the other across the Izmit Gulf in Asia. Both projects are scheduled for completion by 2023. The first project - Dardanelles III - involves the design, supply, installation and commissioning of a third high-voltage submarine power cable linking Europe and Asia across the Dardanelles strait in Turkey. The dual-circuit cable with a rating of 1,000 MW per circuit will cover a total distance of 4.2 km (4 km offshore and 0.2 km onshore). The second project - Izmit Gulf Crossing - involves the design, supply, installation and commissioning of a high-voltage submarine power cable to be laid in the vicinity of the Osman Gazi Bridge, in the Izmit Gulf, Turkey. The dual-circuit cable with a rating of 1,000 MW per circuit will cover a total distance of 14 km (4 km offshore and 10 km onshore). Each link will include two 400 kV HVAC single-core cables with XLPE insulation and single-wire armouring. The submarine cables will be manufactured at Prysmian's centre of excellence in Pikkala (Finland), while the onshore cables will be produced in Gron (France). Offshore installation operations will be performed by one of the Group's state-of-the-art cable-laying vessels.

USD 900 million contract for SOO Green HVDC Link

On 21 June 2021, the Group announced it had been selected by SOO Green HVDC Link as its preferred supplier of HVDC cable systems for a unique project: the overland transmission of power along existing rail corridors. The 2,100 MW interregional project, intended as the first link within a national clean power grid, will connect two of the largest US power markets. By linking Midwest Independent System Operator (MISO) serving the central US, to the eastern PJM Interconnection, SOO Green will deliver abundant, affordable renewable energy to population centres from Chicago to the mid-Atlantic region. As part of the project worth approximately USD 900 million, Prysmian Group will supply state-of-the-art ±525 kV HVDC cables to reliably and efficiently transmit enough renewable energy to power more than 1.2 million homes. On 25 June 2021, the Group announced that the contract with SOO Green HVDC link had been finalised. Cable production for the project is expected to start in 2023 at Prysmian's Abbeville plant in South Carolina.

Other significant events

Ravin Cables Limited

In January 2010, Prysmian Group acquired a 51% interest in the Indian company Ravin Cables Limited ("Ravin"), with the remaining 49% held by other shareholders directly or indirectly associated with the Karia family (the "Local Shareholders"). Under the agreements signed with the Local Shareholders, after a limited transition period, management of Ravin would be transferred to a Chief Executive Officer appointed by Prysmian. However, this failed to occur and, in breach of the agreements, Ravin's management remained in the hands of the Local Shareholders and their representatives. Consequently, having now lost control, Prysmian Group ceased to consolidate Ravin and its subsidiary Power Plus Cable Co. LLC. with effect from 1 April 2012. In February 2012, Prysmian was thus forced to initiate arbitration proceedings before the London Court of International Arbitration (LCIA), requesting that the Local Shareholders be declared in breach of contract and ordered to sell the shares representing 49% of Ravin's share capital to Prysmian. In a ruling handed down in April 2017, the LCIA upheld Prysmian's claims and ordered the Local Shareholders to sell the shares representing 49% of Ravin's share capital to Prysmian. However, the Local Shareholders did not voluntarily enforce the arbitration award and so Prysmian had to initiate proceedings in the Indian courts in order to have the arbitration award recognised in India. Having gone through two levels of the court system, these proceedings were finally concluded on 13 February 2020 with the pronouncement of a ruling by the Indian Supreme Court under which the latter definitively declared the arbitration award enforceable in India. In view of the continuing failure of the Local Shareholders to comply voluntarily, Prysmian has requested the Mumbai court to enforce the arbitration award so as to purchase the shares representing 49% of Ravin's share capital as soon as possible. This case is currently still pending, slowed down by the ongoing Covid-19 emergency that has also affected India, and so control of Ravin is considered to have not yet been acquired.

B. FORM AND CONTENT

The present Half-Year 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.
The information contained in these Explanatory Notes must be read in conjunction with the Directors' Report, an integral part of the Half-Year Financial Report, and the annual IFRS Consolidated Financial Statements at 31 December 2020.

All the amounts shown in the Group's financial statements are expressed in millions of Euro, unless otherwise stated.

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 Prysmian Group has prepared the present Half-Year Financial Report at 30 June 2021 in accordance with art. 154-ter of Legislative Decree 58/1998 and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and in compliance with *IAS 30 – Interim Financial Reporting*, applying the same accounting standards and policies adopted to prepare the consolidated financial statements at 31 December 2020.
When preparing the Half-Year 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. Certain valuation processes, particularly more complex ones, such as the determination of any fixed asset impairment, are only fully carried out during the preparation of the year-end consolidated financial statements when all the necessary information is available. No evidence of impairment has been identified during the first half of 2021.

B.2 ACCOUNTING STANDARDS

Accounting standards used to prepare the Half-Year Financial Report

The basis of consolidation, the methods used to translate financial statements into the presentation currency, the accounting standards, estimates and policies adopted are the same as those used for the consolidated financial statements at 31 December 2020, to which reference should be made for more details, except for income taxes, which are recognised using the best estimate of the Group's weighted average tax rate expected for the full year.

Accounting standards, amendments and interpretations applied from 1 January 2021

IFRS 17 is applicable with effect from 1 January 2021 with no impact on the consolidated financial statements.

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

The following new Standards, Amendments and Interpretations have been issued at the date of preparing the present report but are not yet applicable:

New Standards, Amendments and Interpretations	Mandatory application commencing
Amendments to IFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37: Costs of Fulfilling a Contract	1 January 2022

Preliminary review has indicated that the new Standards, Amendments and Interpretations listed above have no material impact on the Group's consolidated financial statements.

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 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 changes in the scope of consolidation at 30 June 2021, compared with 31 December 2020, are listed below.

Acquisitions

Acquired companies	Nation	Date
EHC Brazil Ltda.	Brazil	8 January 2021
EHC Global Inc.	Canada	8 January 2021
EHC Canada Inc.	Canada	8 January 2021
Elator Inc.	Canada	8 January 2021
EHC Management Company Inc.	Canada	8 January 2021
EHC Escalator Handrail (Shanghai) Co. Ltd.	China	8 January 2021
EHC Engineered Polymer (Shanghai) Co. Ltd.	China	8 January 2021
EHC Lift Components (Shanghai) Co. Ltd.	China	8 January 2021
EHC Technology Development (Shanghai) Co. Ltd.	China	8 January 2021
EHC France s.a.r.l.	France	8 January 2021
EHC Germany GmbH	Germany	8 January 2021
EHC Japan K.K.	Japan	8 January 2021
Escalator Handrail (UK) Ltd.	United Kingdom	8 January 2021
EHC Spain and Portugal, S.L.	Spain	8 January 2021
EHC USA Inc.	United States	8 January 2021
EHC Turkey Asansör ve Yürüyen Merdiven Sanayi Limited Şirketi	Turkey	8 January 2021

Liquidations

Liquidated companies	Nation	Date
Draka UK Group Ltd.	United Kingdom	23 March 2021
YA Holdings, Ltd.	Cayman Islands	29 April 2021
General Cable Italia S.r.l. in liquidazione	Italy	5 May 2021

Mergers

Merged company	Survivor company	Nation	Date
General Cable Brasil Indústria e Comércio de Condutores Elétricos Ltda	Prysmian Cabos e Sistemas do Brasil S.A.	Brazil	30 April 2021

Name changes

For the sake of better understanding the scope of consolidation, the name changes occurring in the period are as follows:

Previous name	New name	Nation	Date
Eurelectric Tunisie S.A.	Prysmian Cables and Systems Tunisia S.A.	Tunisia	22 March 2021

Appendix A to these notes contains a list of the companies included in the scope of consolidation at 30 June 2021.

C. 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.

The current Half-Year Financial Report does not contain all the information about financial risks presented in the Annual Financial Report at 31 December 2020, which should be consulted for a more detailed analysis.

With reference to the risks described in the Annual Financial Report at 31 December 2020, there have been no material changes in the types of risks to which the Group is exposed or in its policies for managing such risks.

(a) Fair value measurement

IFRS 13 requires assets and liabilities recognised in the statement of financial position at fair value to be classified according to a hierarchy that reflects the significance of the inputs used in measuring fair value.

Financial instruments are classified according to the following fair value measurement 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.

(Euro/million)

				30.06.2021
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value:				
Derivatives through profit or loss	-	48	-	48
Hedging derivatives	-	183	-	183
Financial assets at amortised cost	-	4	-	4
Financial assets at fair value through profit or loss	216	-	-	216
Financial assets at fair value through other comprehensive income	11	-	-	11
Other investments at fair value through other comprehensive income	-	-	13	13
Total assets	**227**	**235**	**13**	**475**
Liabilities				
Financial liabilities at fair value:				
Derivatives through profit or loss	-	17	-	17
Hedging derivatives	-	36	-	36
Total liabilities	**-**	**53**	**-**	**53**

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 trade payables, their carrying amounts, net of any allowances for impairment, are treated as a good approximation of fair value.

Financial assets at fair value through profit or loss, classified in fair value Level 1 and amounting to Euro 216 million, include Euro 200 million in money market funds in which the Parent Company has invested its liquidity, with the remainder referring to funds in which the Brazilian and Argentine subsidiaries have temporarily invested their liquidity.
Financial assets at fair value through other comprehensive income of Euro 11 million, classified in fair value Level 1, refer to Italian government securities.
During the first half of 2021 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 primarily determined using valuation techniques based on estimated discounted cash flows.

D. BUSINESS COMBINATIONS

Prysmian Group acquired control of EHC Global on 8 January 2021. For accounting purposes, the acquisition date has been backdated to 1 January 2021.
The total consideration for the acquisition is approximately Euro 88 million.
The costs directly related to the acquisition were expensed to profit or loss in 2020 as "non-operating expenses" and amounted to approximately Euro 1 million, gross of the tax effect.

The assets and liabilities of EHC Global have been determined on a provisional basis, since the acquisition accounting processes were still being finalised at the current reporting date.
In compliance with IFRS 3, the fair value of the assets, liabilities and contingent liabilities will be finalised within twelve months of the acquisition date.
The excess of the purchase consideration over the provisional fair value of net assets acquired has been recognised as goodwill, quantified as Euro 55 million.
Such goodwill is primarily justified by the future earnings expected from integrating the two groups, including the benefits of run-rate synergies. The process of purchase price allocation is currently in progress, as permitted by the relevant accounting standard.
Details of the net assets acquired and goodwill are as follows:

(Euro/million)

	Euro
Purchase price	88
Total cost of acquisition (A)	**88**
Fair value of net assets acquired (B)	33
Goodwill (A-B)	**55**
Financial outlay paid in previous year	7
Financial outlay for acquisition	78
Cash and cash equivalents held by acquiree	(6)
Acquisition cash flow	**72**
Liabilities for acquisition	3

(Euro/million)

	Euro
Property, plant and equipment	8
Intangible assets	1
Financial assets	6
Inventories	9
Trade and other receivables	18
Trade and other payables	(11)
Borrowings from banks and other lenders	(3)
Employee benefit obligations and other provisions	(1)
Cash and cash equivalents	6
Net assets acquired (B)	**33**

During the first six months of 2021, EHC Global accounted for Euro 37 million of Prysmian Group's total sales of goods and services, and contributed Euro 3 million to the consolidated net profit for the period.

E. SEGMENT INFORMATION

The Group's operating segments are:

- *Energy*, whose smallest identifiable CGU are Regions/Countries depending on the specific organisation;
- *Projects,* whose smallest identifiable CGUs are the High Voltage, Submarine Power, Submarine Telecom and Offshore Specialties businesses;
- *Telecom*, whose smallest CGU is the operating segment itself.

Segment information is structured in the same way as the report periodically prepared for the purpose of reviewing business performance. This report presents operating performance by macro type of business (*Energy*, *Projects* 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, 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 but not by operating segment.

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

A) *Projects* operating segment: encompassing the following high-tech and high value-added businesses whose focus is on projects and their execution, as well as on product customisation: High Voltage, Submarine Power, Submarine Telecom and Offshore Specialties.

B) *Energy* operating segment: encompassing the businesses offering a complete and innovative product portfolio designed to meet the various and many needs of the market, namely:

- Energy & Infrastructure (E&I): this includes Trade and Installers, Power Distribution and Overhead lines;
- Industrial & Network Components: this comprises Specialties and OEM, Elevators, Automotive, Network Components, core Oil & Gas and DHT;
- Other: occasional sales of residual products.

C) *Telecom* operating segment: producing cable systems and connectivity products used in telecommunication networks. This 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 *Projects, Energy* and *Telecom* operating segments. Revenues and costs are allocated to each operating segment by identifying all revenues and costs directly attributable to that segment and by allocating indirectly related costs.

Group operating activities are organised and managed separately according to 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. All transfer prices are set using the same conditions applied to other transactions between Group companies and are generally determined by applying a mark-up to production costs.

Assets and liabilities by operating segment are not included in the data reviewed by management and so, as permitted by IFRS 8, this information is not presented in the current report.

E.1 OPERATING SEGMENTS

The following tables present information by operating segment:

(Euro/million)

	Projects	Energy				Telecom	Corporate	1st half 2021
		E&I	Industrial & NWC	Other	Total Energy			Group total
Sales [1]	681	3,048	1,349	154	4,551	802	-	6,034
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**76**	**168**	**99**	**3**	**270**	**115**	-	**461**
% of sales	11.1%	5.5%	7.3%		5.9%	14.4%		7.6%
Adjusted EBITDA (A)	**76**	**169**	**99**	**3**	**271**	**123**	-	**470**
% of sales	11.1%	5.5%	7.3%		6.0%	15.4%		7.8%
Adjustments	(4)	(12)	(6)	(1)	(19)	(1)	(2)	(26)
EBITDA (B)	**72**	**157**	**93**	**2**	**252**	**122**	**(2)**	**444**
% of sales	10.6%	5.1%	6.9%		5.5%	15.2%		7.4%
Amortisation and depreciation (C)	(32)	(60)	(27)	(2)	(89)	(37)	-	(158)
Adjusted operating income (A+C)	**44**	**109**	**72**	**1**	**182**	**86**	**-**	**312**
% of sales	6.5%	3.6%	5.3%		4.0%	10.7%		5.2%
Fair value change in metal derivatives (D)								16
Fair value stock options (E)								(18)
Asset (impairment) and impairment reversal (F)								(6)
Operating income (B+C+D+E+F)								**278**
% of sales								4.6%
Finance income								330
Finance costs								(370)
Taxes								(74)
Net profit/(loss)								**164**
% of sales								2.7%
Attributable to:								
Owners of the parent								162
Non-controlling interests								2

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

(Euro/million)

	Projects	Energy				Telecom	Corporate	1st half 2020
		E&I	Industrial & NWC	Other	Total Energy			Group total
Sales [(1)]	708	2,362	1,122	96	3,580	697	-	4,985
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**80**	**146**	**89**	**1**	**236**	**98**	-	**414**
% of sales	11.4%	6.2%	8.0%		6.6%	14.0%		8.3%
Adjusted EBITDA (A)	**80**	**147**	**90**	**1**	**238**	**101**	-	**419**
% of sales	11.4%	6.2%	8.0%		6.6%	14.5%		8.4%
Adjustments	(1)	(19)	(3)	(2)	(24)	14	(1)	(12)
EBITDA (B)	**79**	**128**	**87**	**(1)**	**214**	**115**	**(1)**	**407**
% of sales	11.2%	5.4%	7.7%		6.0%	16.6%		8.2%
Amortisation and depreciation (C)	(33)	(63)	(31)	(2)	(96)	(37)	-	(166)
Adjusted operating income (A+C)	**47**	**84**	**59**	**(1)**	**142**	**64**	**-**	**253**
% of sales	6.7%	3.6%	5.2%		4.0%	9.2%		5.1%
Fair value change in metal derivatives (D)								(8)
Fair value stock options (E)								(17)
Asset (impairment) and impairment reversal (F)					(43)			(43)
Operating income (B+C+D+E+F)								**173**
% of sales								3.5%
Finance income								234
Finance costs								(289)
Taxes								(42)
Net profit/(loss)								**76**
% of sales								1.5%
Attributable to:								
Owners of the parent								78
Non-controlling interests								(2)

[(1)] Sales of the operating segments and business areas are reported net of intercompany transactions and net of transactions between operating segments, 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:

(Euro/million)

	1st half 2021	1st half 2020
Sales	**6,034**	**4,985**
EMEA*	**3,163**	**2,661**
(of which Italy)	524	502
North America	**1,847**	**1,609**
Latin America	**509**	**334**
Asia Pacific	**515**	**381**

(*) EMEA = Europe, Middle East and Africa

1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of these line items and related movements are as follows:

(Euro/million)

	Property, plant and equipment	Intangible assets	*of which Goodwill*
Balance at 31 December 2020	**2,648**	**1,997**	***1,508***
Movements in 2021:			
- Business combinations	8	56	*55*
- Investments	65	9	-
- Increases for leases (IFRS 16)	15	-	-
- Disposals	(1)		
- Depreciation and amortisation	(125)	(33)	-
- Impairment	(3)	-	-
- Currency translation differences	44	44	*33*
- Reclassifications (to)/from Assets held for sale	(4)	-	-
- Monetary revaluation for hyperinflation	1	-	-
Balance at 30 June 2021	**2,648**	**2,073**	***1,596***
Of which:			
- Historical cost	4,753	2,680	*1,616*
- Accumulated depreciation/amortisation and impairment	(2,105)	(607)	*(20)*
Net book value	**2,648**	**2,073**	***1,596***

(Euro/million)

	Property, plant and equipment	Intangible assets	*of which Goodwill*
Balance at 31 December 2019	**2,804**	**2,154**	***1,590***
Movements in 2020:			
- Investments	77	7	-
- Increases for leases (IFRS 16)	42	-	-
- Disposals	(1)	-	-
- Depreciation and amortisation	(130)	(36)	-
- Impairment	(43)	-	-
- Currency translation differences	(63)	-	-
- Reclassifications (to)/from Assets held for sale	12	-	-
- Monetary revaluation for hyperinflation	1	-	-
- Other	6	(1)	-
Balance at 30 June 2020	**2,705**	**2,124**	***1,590***
Of which:			
- Historical cost	4,549	2,664	*1,610*
- Accumulated depreciation/amortisation and impairment	(1,844)	(540)	*(20)*
Net book value	**2,705**	**2,124**	***1,590***

Investments in the first six months of 2021 amount to Euro 74 million, of which Euro 65 million in Property, plant and equipment and Euro 9 million in Intangible assets.

This expenditure is analysed as follows:

- 59%, or Euro 44 million, for projects to increase and rationalise production capacity and develop new products;
- 8%, or Euro 6 million, for projects to improve industrial efficiency;
- 33%, or Euro 24 million, for IT implementation projects and structural work.

As for investments in Intangible assets, the figure refers entirely to IT development and implementation projects.

2. EQUITY-ACCOUNTED INVESTMENTS

Details are as follows:

(Euro/million)

	30.06.2021	31.12.2020
Investments in associates	328	312
Total equity-accounted investments	**328**	**312**

Investments in associates

Information about the main investments in associates:

Company name	Registered office	% owned
Yangtze Optical Fibre and Cable Joint Stock Limited Company	China	23.73%
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd	China	42.80%
Kabeltrommel Gmbh & Co.K.G.	Germany	43.18%
Power Cables Malaysia Sdn Bhd	Malaysia	40.00%
Elkat Ltd.	Russia	40.00%

Yangtze Optical Fibre and Cable Joint Stock Limited Company is a Chinese company formed in 1988 whose shareholders are: China Huaxin Post and Telecommunication Technologies Co. Lt.d., HKSCC Nominees Limited, Wuhan Yangtze Communications Industry Group Company Ltd. and Prysmian Group. The company is one of the industry's most important manufacturers of optical fibre and cables. Its products and solutions are sold in more than 50 countries, including the United States, Japan, the Middle East and Africa.

The company was listed on the Main Board of the Hong Kong Stock Exchange in December 2014 and in July 2018 it was also listed on the Shanghai Stock Exchange.

At 30 June 2021, the fair value of the investment in Yangtze Optical Fibre and Cable Joint Stock Limited Company was Euro 192 million (based on the price quoted on the Hong Kong market), while its carrying amount was Euro 282 million, thus higher than fair value. However, this should not be treated as a lasting situation, also in light of the fact that it is only since the third quarter of 2020 that carrying amount has exceeded market value. This difference, moreover, is to be viewed as dependent on the current crisis triggered by the spread of the Covid-19 pandemic. This situation will continue to be monitored over the coming months.

Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd, formed in 2002 and based in Shanghai (China), is an associate company, 25% of whose share capital is held by Prysmian Group and 75% by Yangtze Optical Fibre and Cable Joint Stock Limited Company. 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.

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 (drums). The services offered by the company include both the sale of cable drums, and the complete management of logistics services such as drum shipping, handling and subsequent retrieval. The company operates primarily in the German market.

Power Cables Malaysia Sdn Bhd is based in Malaysia. The company, a leader in the local market, manufactures and sells power cables and conductors.

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.

3. TRADE AND OTHER RECEIVABLES

Details are as follows:

(Euro/million)

			30.06.2021
	Non-current	**Current**	**Total**
Trade receivables	-	2,067	2,067
Allowance for doubtful accounts	-	(97)	(97)
Total trade receivables	**-**	**1,970**	**1,970**
Other receivables:			
Tax receivables	11	164	175
Financial receivables	2	10	12
Prepaid finance costs	2	2	4
Receivables from employees	1	4	5
Pension plan receivables	-	2	2
Construction contracts	-	180	180
Advances to suppliers	4	16	20
Other	9	101	110
Total other receivables	**29**	**479**	**508**
Total	**29**	**2,449**	**2,478**

(Euro/million)

			31.12.2020
	Non-current	**Current**	**Total**
Trade receivables	1	1,468	1,469
Allowance for doubtful accounts	(1)	(94)	(95)
Total trade receivables	-	**1,374**	**1,374**
Other receivables:			
Tax receivables	6	228	234
Financial receivables	2	4	6
Prepaid finance costs	3	2	5
Receivables from employees	1	4	5
Pension plan receivables	-	3	3
Construction contracts	-	162	162
Advances to suppliers	4	21	25
Other	14	68	82
Total other receivables	**30**	**492**	**522**
Total	**30**	**1,866**	**1,896**

4. INVENTORIES

Details are as follows:

(Euro/million)

	30.06.2021	31.12.2020
Raw materials	618	432
of which allowance for obsolete and slow-moving raw materials	*(58)*	*(52)*
Work in progress and semi-finished goods	501	370
of which allowance for obsolete and slow-moving work in progress and semi-finished goods	*(15)*	*(16)*
Finished goods (*)	860	729
of which allowance for obsolete and slow-moving finished goods	*(76)*	*(79)*
Total	**1,979**	**1,531**

(*) Finished goods also include goods for resale.

5. DERIVATIVES

Details are as follows:

(Euro/million)

	30.06.2021	
	Asset	**Liability**
Non-current		
Interest rate derivatives (cash flow hedges)	-	8
Forward currency contracts on commercial transactions (cash flow hedges)	1	1
Metal derivatives (cash flow hedges)	94	7
Total hedging derivatives	**95**	**16**
Metal derivatives	3	-
Total other derivatives	**3**	**-**
Total non-current	**98**	**16**
Current		
Interest rate derivatives (cash flow hedges)	-	7
Forward currency contracts on commercial transactions (cash flow hedges)	2	2
Metal derivatives (cash flow hedges)	86	11
Total hedging derivatives	**88**	**20**
Forward currency contracts on commercial transactions	7	8
Forward currency contracts on financial transactions	5	2
Metal derivatives	33	7
Total other derivatives	**45**	**17**
Total current	**133**	**37**
Total	**231**	**53**

(Euro/million)

	31.12.2020	
	Asset	**Liability**
Non-current		
Interest rate derivatives (cash flow hedges)	-	12
Forward currency contracts on financial transactions (cash flow hedges)	2	-
Metal derivatives (cash flow hedges)	40	-
Total hedging derivatives	**42**	**12**
Metal derivatives	2	1
Total other derivatives	**2**	**1**
Total non-current	**44**	**13**
Current		
Interest rate derivatives (cash flow hedges)	-	7
Forward currency contracts on commercial transactions (cash flow hedges)	6	3
Metal derivatives (cash flow hedges)	40	6
Total hedging derivatives	**46**	**16**
Forward currency contracts on commercial transactions	4	10
Forward currency contracts on financial transactions	4	9
Metal derivatives	28	11
Total other derivatives	**36**	**30**
Total current	**82**	**46**
Total	**126**	**59**

Interest rate derivatives designated as cash flow hedges refer to:

- interest rate swaps, for an overall notional value of Euro 1,000 million, with the objective of hedging variable rate interest flows for the period 2018-2023 on financing contracted by the Group to acquire General Cable;
- interest rate swaps for an overall notional value of Euro 110 million, with the objective of hedging variable rate interest flows over the period 2018-2024;
- interest rate swaps for an overall notional value of Euro 100 million, with the objective of hedging variable rate interest flows over the period 2020-2024;
- interest rate swaps for an overall notional value of Euro 75 million, with the objective of hedging variable rate interest flows over the period 2021-2025.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss, amounting to Euro 216 million (Euro 20 million at 31 December 2020), include Euro 200 million in money market funds in which the Parent Company has temporarily invested its liquidity, with the remainder referring to funds in which the Brazilian and Argentine subsidiaries have temporarily invested their liquidity.

7. CASH AND CASH EQUIVALENTS

Details are as follows:

(Euro/million)

	30.06.2021	31.12.2020
Cash and cheques	1	1
Bank and postal deposits	1,065	1,162
Total	**1,066**	**1,163**

Cash and cash equivalents, deposited with major financial institutions, are managed centrally through the Group's treasury company and in its various operating units.
Cash and cash equivalents managed by the Group's treasury company amount to Euro 681 million at 30 June 2021, while at 31 December 2020 the figure was Euro 797 million.

8. ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale mainly refer to the Manlleu site which will be sold in the coming months, as a result of a deal currently under negotiation.

9. SHARE CAPITAL AND RESERVES

Consolidated equity has recorded a positive change of Euro 317 million since 31 December 2020, mainly reflecting the net effect of:

- the net profit for the period of Euro 164 million;
- a decrease of Euro 134 million for dividends declared;
- positive currency translation differences of Euro 133 million;
- the positive post-tax change of Euro 69 million in the fair value of derivatives designated as cash flow hedges;
- recognition of an equity component of Euro 49 million for the Convertible Bond 2021;
- the negative impact on equity of Euro 13 million after partially redeeming the Convertible Bond 2017;
- a positive change of Euro 18 million in the share-based compensation reserve linked to stock option plans;
- an increase of Euro 8 million for the effects of hyperinflation;
- an increase of Euro 23 million in the reserves for actuarial gains and losses on employee benefits.

At 30 June 2021, the share capital of Prysmian S.p.A. comprises 268,144,246 shares, each of nominal value Euro 0.10 for a total of Euro 26,814,424.60.

Movements in the ordinary shares and treasury shares of Prysmian S.p.A. are reported in the following table:

	Ordinary shares	Treasury shares	Total
Balance at 31 December 2019	**268,144,246**	**(4,891,162)**	**263,253,084**
Allotments and sales (1)	-	131,729	131,729
Balance at 31 December 2020	**268,144,246**	**(4,759,433)**	**263,384,813**
Allotments and sales (1)	-	2,771	2,771
Balance at 30 June 2021	**268,144,246**	**(4,756,662)**	**263,387,584**

(1) Allotment and/or sale of treasury shares under the YES Group employee share purchase plan (131,729 shares in 2020 and 2,771 shares in the first six months of 2021).

Treasury shares

The following table reports movements in treasury shares during the period:

	Number of shares	Total nominal value (in Euro)	% of share capital	Average unit value (in Euro)	Total carrying value (in Euro)
Balance at 31 December 2019	**4,891,162**	**489,117**	**1.82%**	**20.33**	**99,440,992**
- Allotments and sales	(131,729)	(13,173)	-	19.92	(2,624,042)
Balance at 31 December 2020	**4,759,433**	**475,944**	**1.77%**	**20.34**	**96,816,950**
- Allotments and sales	(2,771)	(277)	-	19.92	(55,198)
Balance at 30 June 2021	**4,756,662**	**475,667**	**1.77%**	**20.34**	**96,761,752**

10. BORROWINGS FROM BANKS AND OTHER LENDERS

Details are as follows:

(Euro/million)

			30.06.2021
	Non-current	Current	Total
Borrowings from banks and other lenders	294	59	353
Term Loan	997	1	998
Unicredit Loan	200	-	200
Mediobanca Loan	100	-	100
Intesa Loan	150	-	150
Non-convertible bond	-	752	752
Convertible Bond 2021	702	-	702
Convertible Bond 2017	-	248	248
Lease liabilities	135	51	186
Total	**2,578**	**1,111**	**3,689**

(Euro/million)

			31.12.2020
	Non-current	Current	Total
Borrowings from banks and other lenders	219	60	279
Term Loan	996	1	997
Unicredit Loan	200	-	200
Mediobanca Loan	100	-	100
Intesa Loan	150	-	150
Non-convertible bond	748	14	762
Convertible Bond 2017	489	-	489
Lease liabilities	143	52	195
Total	**3,045**	**127**	**3,172**

Borrowings from banks and other lenders and Bonds are analysed as follows:

(Euro/million)

	30.06.2021	31.12.2020
CDP Loans	174	100
EIB Loans	110	118
Term Loan	998	997
Unicredit Loan	200	200
Mediobanca Loan	100	100
Intesa Loan	150	150
Other borrowings	69	61
Borrowings from banks and other lenders	**1,801**	**1,726**
Non-convertible bond	752	762
Convertible Bond 2021	702	-
Convertible Bond 2017	248	489
Total	**3,503**	**2,977**

The Group's principal credit agreements in place at the reporting date are as follows:

Revolving Credit Facility 2019

On 3 April 2019, the Group renewed a Euro 1,000 million five-year revolving credit facility with a syndicate of leading Italian and international banks. The funds are available for business and working capital needs, including the refinancing of existing facilities. The Revolving Credit Facility 2019 can also be used for the issue of guarantees. At 30 June 2021, this facility was not being used.

CDP Loans

On 28 October 2019, the Group entered into an agreement with Cassa Depositi e Prestiti S.p.A. (CDP) for a Euro 100 million long-term loan for 4 years and 6 months from the date of signing, with a bullet repayment at maturity. The purpose of this loan is to finance part of the Group's capital expenditure and expenditure on research, development and innovation in Italy and Europe. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 100 million, with the objective of hedging variable rate interest flows over the period 2020-2024.

On 28 January 2021, a second loan was agreed with CDP for Euro 75 million for a term of 4 years and 6 months, for the purpose of financing part of the Group's expenditure to purchase the "Leonardo Da Vinci" cable-laying vessel.

This loan was drawn down in its entirety on 9 February 2021, with a bullet repayment envisaged at maturity on 28 July 2025. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 75 million, with the objective of hedging variable rate interest flows over the period 2021-2025.

At 30 June 2021, the fair value of the CDP Loans approximates their related carrying amount.

EIB Loans

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

The EIB Loan was 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 represented about 50% of the Prysmian Group's investment expenditure in Europe during the period concerned.

The EIB Loan, received on 5 February 2014, is repayable in 12 equal half-yearly instalments commencing 5 August 2015 and ending 5 February 2021. This loan has therefore been repaid in full as at 30 June 2021.

On 10 November 2017, Prysmian S.p.A. entered into a second loan agreement with the EIB for Euro 110 million to support the Group's R&D programmes in Europe over the period 2017-2020. The loan was received on 29 November 2017 and involves a bullet repayment at maturity on 29 November 2024. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 110 million, with the objective of hedging variable rate interest flows over the period 2018-2024.

At 30 June 2021, the fair value of the remaining EIB Loan approximates its related carrying amount.

Term Loan

The Term Loan was drawn down by the Group in June 2018 for the purpose of having the necessary financial resources to pay the General Cable purchase consideration, to refinance the existing debt of General Cable and its subsidiaries and to finance acquisition-related fees, commissions, costs and expenses. The Term Loan is for Euro 1 billion and is repayable on the fifth anniversary of the acquisition closing date (6 June 2023).

The interest rates applied are indexed to 6M and 3M Euribor, as the company so chooses. The line was drawn down in full upon acquiring General Cable.

At 30 June 2021, the fair value of the Term Loan approximates its carrying amount.

Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 1,000 million, with the objective of hedging variable rate interest flows.

Unicredit Loan

On 15 November 2018, Prysmian S.p.A. entered into an agreement with Unicredit for a long-term cash loan for a maximum amount of Euro 200 million for 5 years from the date of signing. The loan was drawn down in full on 16 November 2018 and is repayable in a lump sum at maturity. The interest rate applied is indexed to 6M and 3M Euribor, as the company so chooses. At 30 June 2021, the fair value of this loan approximates its carrying amount.

Mediobanca Loan

On 20 February 2019, the Group entered into an agreement with Mediobanca for a Euro 100 million long-term loan for 5 years from the date of signing. The loan was drawn down in full on 22 February 2019 and is repayable in a lump sum at maturity. The interest rate applied is indexed to 6M and 3M Euribor, as the company so chooses. The fair value of the loan approximates its carrying amount.

Intesa Loan

On 11 October 2019, the Group entered into an agreement with Intesa Sanpaolo for a Euro 150 million long-term loan for 5 years from the date of signing. The loan was drawn down in full on 18 October 2019 and is repayable in a lump sum at maturity. The fair value of the loan approximates its carrying amount.

The fair value of loans 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 June 2021 and 31 December 2020:

(Euro/million)

			30.06.2021
	Total lines	**Drawn**	**Undrawn**
Revolving Credit Facility 2019	1,000	-	1,000
Term Loan	1,000	(1,000)	-
CDP Loans	175	(175)	-
Unicredit Loan	200	(200)	-
Intesa Loan	150	(150)	-
EIB Loan	110	(110)	-
Mediobanca Loan	100	(100)	-
Total	**2,735**	**(1,735)**	**1,000**

(Euro/million)

			31.12.2020
	Total lines	**Drawn**	**Undrawn**
Revolving Credit Facility 2019	1,000	-	1,000
Term Loan	1,000	(1,000)	-
CDP Loan	100	(100)	-
Unicredit Loan	200	(200)	-
Intesa Loan	150	(150)	-
EIB Loans	118	(118)	-
Mediobanca Loan	100	(100)	-
Total	**2,668**	**(1,668)**	**1,000**

Bonds

As at 30 June 2021, Prysmian Group has the bond issues in place described in the following paragraphs.

Non-convertible bond issued in 2015

On 30 March 2015, Prysmian S.p.A. completed the placement with institutional investors of an unrated bond, on the Eurobond market, for a total nominal value of Euro 750 million. The bond, with an issue price of Euro 99.002, has a 7-year maturity and pays a fixed annual coupon of 2.50%. The individual bonds, maturing on 11 April 2022, have minimum denominations of Euro 100,000, plus integral multiples of Euro 1,000.

The bond settlement date was 9 April 2015. The bond was admitted to the Luxembourg Stock Exchange, where it is traded on the related regulated market.
At 30 June 2021, the non-convertible bond has a fair value of Euro 764 million. Fair value has been determined with reference to the quoted price in the relevant market (Level 1 of the fair value hierarchy).

Convertible Bond 2017
On 12 January 2017, the Board of Directors approved the placement of an equity-linked bond, known as "Prysmian S.p.A. Euro 500 million Zero Coupon Equity Linked Bonds due 2022" maturing 17 January 2022 and reserved for institutional investors. The bond settlement date was 17 January 2017.
At the meeting held on 12 April 2017, the Company's shareholders authorised:

- the convertibility of the Equity-Linked Bond;
- the proposal to increase share capital for cash, in single or multiple issues with the exclusion of pre-emptive rights, by a maximum nominal amount of Euro 1,457,942.70, by issuing, in single or multiple instalments, up to 14,579,427 ordinary shares of the Company, with the same characteristics as its other outstanding ordinary shares, exclusively and irrevocably to serve the Bond's conversion.

The bond conversion price of Euro 34.2949 was set by applying a 41.25% premium to the weighted average price of the Company's ordinary shares recorded on the Milan Stock Exchange between the start and end of the book-building process during the morning of 12 January 2017. The bond matures in 2022.
In addition there is an option to call all (but not just a part) of the outstanding bonds at their principal amount from 1 February 2020, should the value of the shares exceed 130% of the conversion price for a specified period of time.
On 30 May 2017, the Bond was admitted to trading on the Third Market (a multilateral trading facility or MTF) on the Vienna Stock Exchange.
The accounting treatment for the five-year Convertible Bond 2017 resulted in the recognition of an equity component of Euro 48 million and a debt component of Euro 452 million, determined at the bond issue date.

On 26 January 2021, the Group announced a partial redemption of its Euro 500 million zero-coupon equity-linked bond due in 2022 (the "2017 Bonds"), up to a face value of Euro 250 million, representing 50% of the bonds in issue. The partial redemption of the 2017 Bonds took place at a price of Euro 104,25 each.

This partial redemption involved an outlay of Euro 261 million, accounted for by reducing financial debt by Euro 246 million and equity by Euro 13 million in equity and recognising Euro 2 million in expense through profit or loss.

The values of the Convertible Bond 2017 at 30 June 2021 are summarised in the following table:

(Euro/million)	
Issue value of convertible bond	500
Equity reserve for convertible bond	(48)
Issue date net balance	**452**
Interest - non-monetary	44
Redemption of 50% of convertible bond	(261)
Change in equity upon redemption	13
Balance at 30 June 2021	**248**

At 30 June 2021, the fair value of the Convertible Bond 2017 (equity component and debt component) is Euro 252 million, almost all of which attributable to the debt component. In the absence of trading on the relevant market, the fair value of the bond's debt and equity components has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

General Cable bond

This convertible bond, originating from the acquisition of General Cable, was issued on 18 December 2009 for an amount of USD 429.5 million; it allowed bondholders the option, in the event of an acquisition, to request repayment of the nominal value plus a premium. The Bond was almost fully redeemed in the two months following the acquisition, with the remaining debt at 30 June 2021 standing at USD 0.4 million.

Convertible Bond 2021

On 26 January 2021, the Group announced the successful placement of an equity-linked bond (the "Bonds") for an amount of Euro 750 million.

The Bonds have a 5-year maturity and minimum denomination of Euro 100,000 each and are zero coupon. The issue price is Euro 102.50, representing a yield to maturity of -0.49% per annum. The initial price for the conversion of the Bonds into the Company's ordinary shares is Euro 40.2355, representing a 47.50% premium on the weighted average price by volume of Prysmian ordinary shares on the Milan Stock Exchange between launch and pricing on 26 January 2021.

The Shareholders' Meeting held on 28 April 2021 authorised the convertibility of the equity-linked bond and approved the proposal for a share capital increase serving the conversion of the convertible bond for a maximum nominal amount of Euro 1,864,025.50 by issuing up to 18,640,255 ordinary shares with a nominal value of Euro 0.10 each.

As provided for in the Bond regulations, the Group has the option to call all - but not just a part - of the Bonds at their principal amount from 12 February 2024, should the share price exceed 130% of the conversion price for at least 20 days within a period of 30 consecutive trading days.
On the issue date, cash and cash equivalents increased by a total of Euro 768 million, against a corresponding increase in financial debt, of which Euro 703 million for the bond's debt component and Euro 65 million for the conversion option.
The fair value of the conversion option on 28 April 2021, the date the Shareholders' Meeting authorised the bond's convertibility, of Euro 49 million has been reclassified to equity, while its change of Euro 16 million between the bond issue date and the date of the extraordinary Shareholders' Meeting has been recognised as income in profit or loss.

(Euro/million)	
Value of Equity Linked bond 2021 (now convertible) at issue date	768
Equity reserve for convertible bond	(49)
Change in conversion option	(16)
Issue date net balance	**703**
Interest - non-monetary	3
Related costs	(4)
Balance at 30 June 2021	**702**

At 30 June 2021, the fair value of the Convertible Bond 2021 (equity component and debt component) is Euro 756 million, of which Euro 696 million attributable to the debt component and Euro 60 million to the equity component. In the absence of trading on the relevant market, the fair value of the bond's debt and equity components has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

Other borrowings from banks and other lenders and Lease liabilities

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

(Euro/million)

	CDP Loans	EIB Loans	Conv. Bonds	Non-conv. Bond	Term Loan	Unicredit, Mediobanca and Intesa Loans	Other borrowings/ Lease liabilities	Total
Balance at 31 December 2020	**100**	**118**	**489**	**762**	**997**	**450**	**256**	**3,172**
Business combinations	-	-	-	-	-	-	3	3
Currency translation differences	-	-	-	-	-	-	1	1
New funds	75	-	703	-	-	-	26	804
Repayments	-	(8)	(245)	-	-	-	(46)	(299)
Amortisation of bank and financial fees and other expenses	(1)	-	(4)	-	1	-	-	(4)
IFRS 16	-	-	-	-	-	-	15	15
Interest and other movements	-	-	7	(10)	-	-	-	(3)
Balance at 30 June 2021	**174**	**110**	**950**	**752**	**998**	**450**	**255**	**3,689**

(Euro/million)

	CDP Loans	EIB Loans	Conv. Bonds	Non-conv. Bond	Term Loan	Unicredit, Mediobanca and Intesa Loans	Other borrowings/ Lease liabilities	Total
Balance at 31 December 2019	**200**	**135**	**478**	**760**	**996**	**448**	**227**	**3,244**
Currency translation differences	-	-	-	-	-	-	(5)	(5)
New funds	-	-	-	-	-	-	33	33
Repayments	-	(8)	-	-	-	-	(42)	(50)
IFRS 16	-	-	-	-	-	-	42	42
Interest and other movements	-	-	5	(8)	-	-	-	(3)
Balance at 30 June 2020	**200**	**127**	**483**	**752**	**996**	**448**	**255**	**3,261**

NET FINANCIAL DEBT

(Euro/million)

	Note	30.06.2021	31.12.2020
CDP Loans	10	174	100
EIB Loan	10	110	110
Non-convertible bond	10	-	748
Convertible Bond 2021	10	702	-
Convertible Bond 2017	10	-	489
Term Loan	10	997	996
Unicredit Loan	10	200	200
Mediobanca Loan	10	100	100
Intesa Loan	10	150	150
Lease liabilities	10	135	143
Interest rate swaps	5	8	12
Other financial payables	10	10	9
Total long-term financial payables		**2,586**	**3,057**
EIB Loan	10	-	8
Non-convertible bond	10	752	14
Convertible Bond 2017	10	248	-
Term Loan	10	1	1
Lease liabilities	10	51	52
Interest rate swaps	5	7	7
Forward currency contracts on financial transactions	5	2	9
Other financial payables	10	59	52
Total short-term financial payables		**1,120**	**143**
Total financial liabilities		**3,706**	**3,200**
Long-term financial receivables	3	2	2
Long-term bank fees	3	2	3
Financial assets at amortised cost		4	4
Forward currency contracts on financial transactions (current)	5	5	4
Short-term financial receivables	3	10	4
Short-term bank fees	3	2	2
Financial assets at fair value through profit or loss	6	216	20
Financial assets at fair value through other comprehensive income		11	11
Financial assets held for sale		1	1
Cash and cash equivalents	7	1,066	1,163
Total financial assets		**1,319**	**1,214**
Net financial debt		**2,387**	**1,986**

The following table presents a reconciliation of the Group's net financial debt to the amount reported in accordance with the requirements of CONSOB advice notice no. 5/21 of 29 April 2021 concerning compliance with the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 (reference ESMA32-382-1138):

(Euro/million)

	Note	30.06.2021	31.12.2020
Net financial debt - as reported above		**2,387**	**1,986**
Adjustments to exclude:			
Long-term financial receivables and other assets	3	6	6
Long-term bank fees	3	2	3
Adjustments to include:			
Net non-hedging forward currency contracts on commercial transactions, excluding non-current assets	5	1	6
Net non-hedging metal derivatives, excluding non-current assets	5	(26)	(16)
Recalculated net financial debt		**2,370**	**1,985**

11. TRADE AND OTHER PAYABLES

Details are as follows:

(Euro/million)

			30.06.2021
	Non-current	**Current**	**Total**
Trade payables	-	2,465	2,465
Total trade payables	**-**	**2,465**	**2,465**
Other payables:			
Tax and social security payables	1	185	186
Advances from customers	-	386	386
Payables to employees	1	156	157
Accrued expenses	-	121	121
Other	3	139	142
Total other payables	**5**	**987**	**992**
Total	**5**	**3,452**	**3,457**

(Euro/million)

			31.12.2020
	Non-current	**Current**	**Total**
Trade payables	-	1,958	1,958
Total trade payables	**-**	**1,958**	**1,958**
Other payables:			
Tax and social security payables	1	218	219
Advances from customers	-	408	408
Payables to employees	1	134	135
Accrued expenses	-	105	105
Other	4	130	134
Total other payables	**6**	**995**	**1,001**
Total	**6**	**2,953**	**2,959**

Trade payables include around Euro 269 million (Euro 340 million at 31 December 2020) for the supply of strategic metals (copper, aluminium and lead), whose payment terms are longer than normal for this type of transaction.

Advances from customers include the liability for construction contracts, amounting to Euro 368 million at 30 June 2021, in line with the value at 31 December 2020. This liability represents the excess of amounts invoiced over costs incurred plus accumulated profits (or losses), recognised using the percentage of completion method.

12. PROVISIONS FOR RISKS AND CHARGES

Details are as follows:

(Euro/million)

			30.06.2021 (*)
	Non-current	**Current**	**Total**
Restructuring costs	-	24	24
Legal, contractual and other risks	24	336	360
Environmental risks	5	88	93
Tax risks	15	83	98
Total	**44**	**531**	**575**

(*) Provisions for risks at 30 June 2021 include Euro 128 million for contingent liabilities recorded under IFRS 3 "Business Combination".

(Euro/million)

			31.12.2020 (*)
	Non-current	**Current**	**Total**
Restructuring costs	-	31	31
Legal, contractual and other risks	22	349	371
Environmental risks	5	92	97
Tax risks	12	80	92
Total	**39**	**552**	**591**

(*) Provisions for risks at 31 December 2020 include Euro 124 million for contingent liabilities recorded under IFRS 3 "Business Combination".

The following table presents the movements in these provisions during the reporting period:

(Euro/million)

	Restructuring costs	Legal, contractual and other risks	Environ–mental risks	Tax risks	Total
Balance at 31 December 2020	**31**	**371**	**97**	**92**	**591**
Business combinations	-	1	-	-	1
Increases	3	18	-	3	24
Uses	(10)	(18)	-	(1)	(29)
Releases	(1)	(10)	-	(1)	(12)
Currency translation differences	1	3	2	5	11
Other	-	(5)	(6)	-	(11)
Balance at 30 June 2021	**24**	**360**	**93**	**98**	**575**

The provision for contractual, legal and other risks amounts to Euro 360 million at 30 June 2021 (Euro 371 million at 31 December 2020). This provision mainly includes provisions related to and arising from business combinations, provisions for risks on ongoing and completed contracts and the provision for Antitrust investigations, details of which now follow.

Antitrust - European Commission proceedings in the high voltage underground and submarine cables business

The European Commission started an investigation 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.

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., had engaged in 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 alleged infringement in the period 18 February 1999 - 28 July 2005, ordering 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 alleged infringement in the period 29 July 2005 - 28 January 2009, ordering them to pay a fine of Euro 37.3 million. Prysmian filed an appeal against this decision with the General Court of the European Union along with an application to intervene in the appeals respectively lodged by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. against the same decision. Both Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. in turn submitted applications to intervene in the appeal brought by Prysmian against the European Commission's decision. The applications to intervene presented by Prysmian, Pirelli and The Goldman Sachs Group Inc. were accepted by the General Court of the European Union. Prysmian did not incur any financial outlay as a result of this decision having elected, pending the outcome of the appeals, to provide bank guarantees as security against payment of 50% of the fine imposed by the European Commission (amounting to approximately Euro 52 million) for the alleged infringement in both periods. As far as Prysmian is aware, Pirelli & C. S.p.A. also provided the European Commission with a bank guarantee for 50% of the value of the fine imposed for the alleged infringement in the period 18 February 1999 - 28 July 2005.

On 12 July 2018, the General Court of the European Union handed down its rulings on the appeals lodged by the Prysmian Group, including General Cable. These rulings dismissed the appeals and confirmed the previously imposed fines. Prysmian Group, including General Cable, disagreeing with the conclusions reached by the General Court of the European Union, presented an appeal to the Court of Justice of the European Union. The appeal filed by Prysmian was heard on 23 October 2019. In a ruling handed down on 14 November 2019, the Court of Justice of the European Union dismissed General Cable's appeal, thus conclusively confirming the fine previously imposed by the European Commission. As a result, the Group went ahead and paid a fine for Euro 2 million.

In rulings handed down on 24 September 2020, 28 October 2020 and 27 January 2021 respectively, the Court of Justice dismissed the appeals brought by Prysmian, Pirelli & C. S.p.A. and The Goldman Sachs Group Inc., thus upholding the liability and fine envisaged under the European Commission's original decision. Further to the ruling dismissing Prysmian's appeal, the European Commission requested Prysmian Group to pay the sum of approximately Euro 20 million, corresponding to half of the fine for the period from 29 July 2005 to 28 January 2009. Following the ruling dismissing the Pirelli appeal, the European Commission requested the Prysmian Group to pay the sum of approximately Euro 37 million, corresponding to half of the fine for the period from 18 February 1999 to 28 July 2005. Using the provisions already set aside in previous years, the Group made these payments within the required timeframe.

Pirelli & C. S.p.A. has brought a civil action against Prysmian Cavi e Sistemi S.r.l. in the Milan Courts, seeking to be held harmless for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. Prysmian Cavi e Sistemi S.r.l. started legal proceedings in February 2015, requesting that the claims brought by Pirelli & C. S.p.A. be dismissed in their entirety and that it should be Pirelli & C. S.p.A. which holds harmless Prysmian Cavi e Sistemi S.r.l., with reference to the alleged infringement in the period 18 February 1999 - 28 July 2005, for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. The proceedings were then stayed by order of the court concerned in April 2015, pending the outcome of the appeals made against the European Commission's decision by both Prysmian and Pirelli in the European Courts. Pirelli challenged this decision before the Court of Cassation, Italy's highest court of appeal, which confirmed the stay of execution ordered by the Milan Courts. Following the conclusion of the appeal proceedings before the European Court of Justice, Pirelli has resumed the legal action brought in the Court of Milan. This action has been recently combined with that brought by Pirelli & C. S.p.A. in October 2019, also before the Court of Milan, and which is discussed in the following paragraph on *"Antitrust - Claims for damages resulting from the European Commission's 2014 decision".*

Antitrust - Other proceedings in the high voltage underground and submarine cables business in jurisdictions other than the European Union

In Brazil, the local antitrust authority started an investigation into several manufacturers of high voltage underground and submarine cables, amongst whom Prysmian, notified of this investigation in 2011. Prysmian's preliminary defence was rejected by the local competition authority in a statement issued in February 2015. On 3 January 2019, the authority informed Prysmian that the pre-trial phase had been completed, in response to which Prysmian submitted its brief on 18 January 2019. On 11 February 2019, as a result of its investigation the general superintendence of the Brazilian antitrust authority (Administrative Council for Economic Defense – "CADE") published a statement of objections (Technical Note) in the Brazilian Federal Official Gazette.

On 15 April 2020, the CADE Tribunal issued the operative part of the decision under which it held Prysmian liable for the contested infringement in the period from February 2001 to March 2004 and ordered it to pay a fine of BRL 10.2 million (approximately Euro 1.8 million). Prysmian Group has filed an appeal against the CADE ruling.

Antitrust - Claims for damages resulting from the European Commission's 2014 decision

During the first few months of 2017, in addition to those mentioned in the preceding paragraph, other operators belonging to the Vattenfall Group filed claims in the High Court of London against certain cable manufacturers, including companies in the Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices fined by the European Commission. During the month of June 2020, the Prysmian companies concerned presented their defence as well as serving a summons on another party to whom the EU decision was addressed.

On 2 April 2019, a writ of summons was served, on behalf of Terna S.p.A., on Pirelli, Nexans and companies in the Prysmian Group, demanding compensation for damages purportedly suffered as a result of the alleged anti-competitive practices fined by the European Commission in its April 2014 decision. This action has been brought before the Court of Milan. On 24 October 2019, the Prysmian Group companies concerned responded by presenting their preliminary defence. By an order dated 3 February 2020, the Court upheld the points raised by the defendants, giving Terna until 11 May 2020 to complete its writ of summons and scheduling a hearing for 20 October 2020. Terna duly completed its summons, which was filed within the required deadline.

In addition, on 4 April 2019, the Group learned that the following legal actions had been brought in the Court of London, both of which involving claims for damages purportedly suffered as a result of the alleged anti-competitive practices fined by the European Commission:

- action by Scottish and Southern Energy (SSE) Group companies against certain Prysmian Group companies involving a series of onshore and submarine projects. On 5 September 2019, a writ of summons was served in which the plaintiffs substantiated and quantified their claim for damages. On 5 November 2019, the Prysmian Group companies concerned responded by presenting their preliminary defence.
- action by Greater Gabbard Offshore Winds Limited and SSE companies against certain Group companies. On 5 September 2019, a writ of summons was served in which the plaintiffs substantiated and quantified their claim for damages. On 5 November 2019, the Prysmian Group companies concerned responded by presenting their preliminary defence.

On 23 April 2020, the initial hearing was held for both the above proceedings, which are being dealt with jointly and are now in the pre-trial phase.

On 2 April 2019, a writ of summons was served, on behalf of Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, on certain cable manufacturers, including companies in the Prysmian Group, on Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. This action, brought in the Court of Amsterdam, once again involved a claim for compensation for damages purportedly suffered as a result of the alleged anti-competitive practices fined by the European Commission. On 18 December 2019, the Prysmian Group companies concerned presented their preliminary defence, the hearing of which took place on 8 September 2020, at the end of which the judge reserved passing judgement. On 25 November 2020, the Court of Amsterdam handed down a ruling under which it upheld the submissions made and declined jurisdiction over defendants not based in the Netherlands, thus excluding them from the proceedings. On 19 February 2021, the plaintiffs announced that they had filed an appeal against this ruling. The Prysmian Group companies concerned, together with the other third-party first-instance defendants, have entered an appearance in court contesting the plaintiff's claims.

In view of the circumstances described, the Directors, also assisted by their legal advisors, have recognised a level of provisions deemed appropriate to cover the potential liabilities related to the matters in question.

Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l. were summoned by Nexans France SAS and Nexans SA to appear before the Court of Dortmund (Germany) in notifications dated 24 and 25 May 2018 respectively. The plaintiffs have asked the Court concerned to ascertain the existence of joint and several liability between Prysmian S.p.a. and Prysmian Cavi e Sistemi S.r.l., on the one hand, and Nexans France SAS and Nexans SA, on the other, for any damages suffered by third parties in Germany as a result of the alleged cartel in the market for high voltage underground and submarine power cables condemned in the European Commission's decision. The Court concerned issued a stay of execution dated 3 June 2019 pending the outcome of the appeal against the European Commission's decision brought before the European Courts by both Prysmian and Nexans. Following the conclusion of the appeal proceedings pending before the European Court of Justice, Nexans has resumed the previously stayed legal action.

On 2 April 2019, certain Group companies received a letter sent on behalf of Tennet TSO BV claiming compensation for damages purportedly suffered as a result of the alleged anti-competitive practices fined by the European Commission. However, the letter does not include any quantification of the damages and explicitly states that its purpose, among others, is to avoid expiry of the statute of limitations.
Even though a negative outcome is considered likely, the Directors have been unable to estimate the amount to provide against this and the other actions listed above because the plaintiffs have not quantified their claims.

Lastly, Prysmian Cavi e Sistemi S.r.l. and Prysmian S.p.A. were served with a writ of summons on 24 October 2019 from Pirelli & C. S.p.A. in which the latter seeks to be released from any third-party claim for damages relating to the practices forming the subject of the European Commission's decision and to be compensated for the damages allegedly incurred and quantified, which it has suffered through Prysmian having sought, in certain pending proceedings, to attribute liability to Pirelli for the illegal practices determined by the European Commission in the period from 1999 to 2005. In November 2020, the Group companies filed an action requesting that the claims brought by Pirelli & C. S.p.A. be rejected in their entirety and that it be Pirelli & C. S.p.A. which should hold the Group companies harmless from any third-party claim for damages relating to the practices forming the subject of the European Commission's decision. This action has been recently combined with that brought by Pirelli & C. S.p.A. in November 2014, also before the Court of Milan, and which is discussed in the earlier

paragraph on *"Antitrust - European Commission proceedings in the high voltage underground and submarine cables business".*
Based on the information currently available, and believing this potential liability unlikely to crystallise, the Directors are of the opinion not to make any provision.

Antitrust - Other investigations
At the end of February 2016, the Spanish antitrust authorities initiated proceedings to verify the existence of anti-competitive practices by local low voltage cable manufacturers and distributors, including the Group's local subsidiaries. The Spanish competition authority then sent a statement of objections to some of the Group's local subsidiaries in January 2017.
On 24 November 2017, the local competition authority notified the Group's Spanish subsidiaries of a decision under which they were held liable for the alleged infringements in the period from June 2002 to June 2015 and were jointly and severally ordered to pay a fine of Euro 15.6 million. The Group's Spanish subsidiaries have appealed against this decision. The appeal decision is still pending.
The decision of 24 November 2017 also held the Spanish subsidiaries of General Cable liable for breach of local antitrust law. However, they have obtained immunity from paying the related fine (quantified at about Euro 12.6 million) having filed for leniency and collaborated with the local competition authority in its investigations. The Spanish subsidiaries of General Cable have also appealed against the decision of the local competition authority; the appeal decision is still pending.

As at the date of writing the present report, the Chilean Antitrust Authority is conducting an investigation into the Chilean subsidiary Colada Continua Chilena S.A..

In view of the circumstances described, the Directors, also assisted by their legal advisors and in consistency with the accounting policies, have adjusted the related provisions for risks to a level deemed appropriate to cover the potential liabilities for the matters in question.

Antitrust - Claims for damages ensuing from other investigations
In February 2020, a writ of summons was served on a number of cable manufacturers, including Prysmian Group's Spanish subsidiaries, under which companies belonging to the Iberdrola Group have claimed compensation for damages supposedly suffered as a result of the alleged anti-competitive practices condemned by the Spanish competition authority in its decision of 24 November 2017. The case is pending before the Court of Barcelona.

In July 2020, a writ of summons was served on a number of cable manufacturers, including Prysmian Group's Spanish subsidiaries, under which companies belonging to the Endesa Group have claimed compensation for damages supposedly suffered as a result of the alleged anti-competitive practices condemned by the Spanish competition authority in its decision of 24 November 2017. The case is pending before the Court of Barcelona.

Based on the information currently available, and believing these potential liabilities unlikely to crystallise, the Directors are of the opinion not to make any provision.

As at 30 June 2021, the provision for the above Antitrust matters amounts to approximately Euro 121 million. Despite the uncertainty of the outcome of the investigations and legal actions in progress, the amount of this provision is considered to represent the best estimate of the liability based on the information now available.

Provisions for legal, contractual and other risks

Provisions for legal, contractual and other risks include those for warranties against completed projects, among which the most significant is the warranty provision for the Western Link contract. In light of the agreement reached with the customer in January 2021, which revised the terms of the original contract and helped reduce the Group's risk exposure in this regard, potential liabilities arising from events that could occur during the warranty period are considered to be adequately covered by the provisions already set aside.

13. EMPLOYEE BENEFIT OBLIGATIONS

Details are as follows:

(Euro/million)

	30.06.2021	31.12.2020
Pension plans	396	419
Italian statutory severance benefit	16	15
Medical benefit plans	31	30
Termination and other benefits	42	42
Total	**485**	**506**

Movements in employee benefit obligations have had an overall impact of Euro 9 million on the period's income statement, of which Euro 7 million classified in Personnel costs and Euro 2 million in Finance costs.

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

	1st half 2021	1st half 2020
Average number	29,239	28,421
	30.06.2021	**31.12.2020**
Closing number	29,826	28,321

14. OPERATING INCOME

Operating income is a profit of Euro 278 million in the first six months of 2021 (compared with a profit of Euro 173 million in the first six months of 2020) and is stated after the following adjustments:

(Euro/million)

	1st half 2021	1st half 2020
Company reorganisation [1]	(9)	(9)
Non-recurring (expenses)/income [2]	(2)	-
Other non-operating (expenses)/income [3]	(15)	(3)
Total adjustments	**(26)**	**(12)**

[1] Income and expense for company reorganisation: these refer to income and expense that arise as a result of the closure of production facilities and/or as a result of projects to enhance the organisational structure's efficiency;

[2] Non-recurring income and expense: these refer to income and expense related to unusual events that have not affected the income statement in past periods and that will probably not affect the results in future periods;

[3] Other non-operating income and expense: these refer to income and expense that management considers should not be taken into account when measuring business performance.

15. FINANCE COSTS AND INCOME

Finance costs are detailed as follows:

(Euro/million)

	1st half 2021	1st half 2020
Interest on loans	8	7
Interest on non-convertible bond	9	9
Interest on Convertible Bond 2021 - non-monetary component	4	-
Interest on Convertible Bond 2017 - non-monetary component	3	5
Interest Rate Swaps	4	3
Interest on lease liabilities	2	3
Amortisation of bank and financial fees and other expenses	4	3
Employee benefit interest costs net of interest on plan assets	3	3
Other bank interest	2	2
Costs for undrawn credit lines	2	2
Sundry bank fees	8	6
Non-recurring other finance costs	2	1
Other	2	5
Finance costs	**53**	**49**
Net losses on forward currency contracts	-	5
Losses on derivatives	**-**	**5**
Foreign currency exchange losses	317	235
Total finance costs	**370**	**289**

Finance income is detailed as follows:

(Euro/million)

	1st half 2021	1st half 2020
Interest income from banks and other financial institutions	3	2
Non-recurring finance income	16	-
Other finance income	1	1
Finance income	**20**	**3**
Net gains on forward currency contracts	12	-
Gains on derivatives	**12**	**-**
Foreign currency exchange gains	298	231
Total finance income	**330**	**234**

Non-recurring finance income of Euro 16 million has been recognised after approving the convertibility of the Bond issued during the period.

16. TAXES

Taxes have been estimated on the basis of the expected average tax rate for the full year. The tax charge for the first six months of 2021 is Euro 74 million, while the tax rate is approximately 31%.

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.

Diluted earnings/(loss) per share have been affected by the options under the employee stock ownership plan (YES Plan) as well as by the deferred shares and matching shares that have vested for 2020 under the Long-Term Incentive Plan 2020-2022. Diluted earnings/(loss) per share have not however been impacted by the Convertible Bond 2017 or the Convertible Bond 2021, whose conversion is currently out of the money or by the deferred shares and matching shares for 2021 and 2022 and the performance bonus options under the Long-Term Incentive Plan 2020-2022, since the target results achieved at 30 June 2021 have not yet triggered their allotment.

(Euro/million)

	1st half 2021	1st half 2020
Net profit/(loss) attributable to owners of the parent	162	78
Weighted average number of ordinary shares (thousands)	263,386	263,254
Basic earnings per share (in Euro)	**0.62**	**0.30**
Net profit/(loss) attributable to owners of the parent for purposes of diluted earnings per share	162	78
Weighted average number of ordinary shares (thousands)	263,386	263,254
Adjustments for:		
Dilution from incremental shares arising from exercise of stock options (thousands)	615	63
Weighted average number of ordinary shares to calculate diluted earnings per share (thousands)	264,001	263,317
Diluted earnings per share (in Euro)	**0.61**	**0.30**

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. As at 30 June 2021, the contingent liabilities for which the Group has not recognised any provision for risks and charges, on the grounds that an outflow of resources is unlikely, but which can nonetheless be estimated reliably, amount to approximately Euro 113 million.

19. RECEIVABLES FACTORING

The Group has factored some of its trade receivables on a without-recourse basis. The amount of receivables factored but not yet paid by customers was Euro 214 million at 30 June 2021 (Euro 256 million at 31 December 2020).

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-September, with funds being absorbed by the growth in working capital.

21. RELATED PARTY TRANSACTIONS

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

- trade relations involving purchases and sales of raw materials and finished goods;
- services (technical, organisational and general) provided by head office for the benefit of Group companies;
- recharge of royalties for the use of trademarks, patents and technological know-how by Group companies.

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

The following tables provide a summary of related party transactions in the six months ended 30 June 2021:

(Euro/million)

					30.06.2021
	Equity-accounted companies	**Compensation of directors, statutory auditors and key management personnel**	**Total related parties**	**Total reported amount**	**Related party % of total**
Equity-accounted investments	328	-	**328**	328	100.0%
Trade receivables	10	-	**10**	1,970	0.5%
Other receivables	1	-	**1**	508	0.2%
Trade payables	4	-	**4**	2,465	0.2%
Other payables	-	2	**2**	992	0.2%
Provisions for risks and charges	-	7	**7**	575	1.2%

(Euro/million)

					31.12.2020
	Equity-accounted companies	**Compensation of directors, statutory auditors and key management personnel**	**Total related parties**	**Total reported amount**	**Related party % of total**
Equity-accounted investments	312	-	**312**	312	100.0%
Trade receivables	3	-	**3**	1,374	0.2%
Other receivables	3	-	**3**	522	0.6%
Trade payables	2	-	**2**	1,958	0.1%
Other payables	-	5	**5**	1,001	0.5%
Provisions for risks and charges	-	9	**9**	591	1.5%

(Euro/million)

					1st half 2021
	Equity-accounted companies	**Compensation of directors, statutory auditors and key management personnel**	**Total related parties**	**Total reported amount**	**Related party % of total**
Sales	18	-	**18**	6,034	0.3%
Other income	3	-	**3**	32	9.4%
Raw materials. consumables and supplies	(1)	-	**(1)**	(4,314)	0.0%
Personnel costs	-	(5)	**(5)**	(746)	0.7%
Other expenses	(3)	-	**(3)**	(789)	0.3%
Share of net profit/(loss) of equity-accounted companies	9	-	**9**	9	100.0%

(Euro/million)

					1st half 2020
	Equity-accounted companies	**Compensation of directors, statutory auditors and key management personnel**	**Total related parties**	**Total reported amount**	**Related party % of total**
Sales	11	-	**11**	4,985	0.2%
Other income	3	-	**3**	44	6.8%
Raw materials. consumables and supplies	(5)	-	**(5)**	(3,089)	0.2%
Personnel costs	-	(5)	**(5)**	(712)	0.7%
Other expenses	(4)	-	**(4)**	(801)	0.5%
Share of net profit/(loss) of equity-accounted companies	5	-	**5**	5	100.0%

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 totals Euro 5 million at 30 June 2021 (Euro 5 million in the first six months of 2020).

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 half of 2021.

23. COMMITMENTS

Contractual commitments, already given to third parties at 30 June 2021 and not yet reflected in the financial statements, amount to Euro 160 million for Property, plant and equipment and Euro 6 million for Intangible assets.
As at 30 June 2021, there are no outstanding loans or guarantees by the Parent Company or its subsidiaries to any of the directors, senior managers or statutory auditors.

24. DIVIDEND DISTRIBUTION

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the financial statements for 2020 and the distribution of a gross dividend of Euro 0.50 per share, for a total of some Euro 132 million. The dividend was paid out from 26 May 2021, with record date 25 May 2021 and ex-dividend date 24 May 2021.

25. FINANCIAL COVENANTS

The principal credit agreements in place at 30 June 2021, details of which are presented in Note 10. Borrowings from banks and other lenders, require the Group to comply with a series of covenants on a consolidated basis. The main covenants, classified by type, are listed below:

a) Financial covenants

- Ratio between EBITDA and Net finance costs (as defined in the relevant agreements);
- Ratio between Net Financial Debt and EBITDA (as defined in the relevant agreements).

The covenants contained in the relevant credit agreements are as follows:

	EBITDA/Net finance costs[1] not less than:	Net financial debt / EBITDA[1] not more than:
	4.00x	3.00x

[1] The ratios are calculated on the basis of the definitions contained in the relevant credit agreements.

b) Non-financial covenants

A number of non-financial covenants have been established in line with market practice applying to transactions of a similar nature and size. These covenants involve restrictions on the grant of secured guarantees to third parties and on amendments to the Company's by-laws.

Default events

The main default events are as follows:

• default on loan repayment obligations;

• breach of financial covenants;

• breach of some of the non-financial covenants;

• declaration of bankruptcy by Group companies or their involvement in other insolvency proceedings;

• issuing of particularly significant court orders;

• occurrence of events that may adversely and significantly affect the business, the assets or the financial conditions of the Group.

Should a default event occur, the lenders are entitled to demand full or partial repayment of the amounts lent and not yet repaid, together with interest and any other amount due. No collateral security is required.

Actual financial ratios reported at period end, calculated at a consolidated level for the Prysmian Group, are as follows:

	30 June 2021	31 December 2020
EBITDA / Net finance costs [1]	14.55x	14.32x
Net financial debt / EBITDA [1]	2.52x	2.10x

The above financial ratios comply with both covenants contained in the relevant credit agreements and there are no instances of non-compliance with the financial and non-financial covenants indicated above.

26. EXCHANGE RATES

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

	Closing rates at		Period average rates	
	30.06.2021	31.12.2020	1st half 2021	1st half 2020
Europe				
British Pound	0.858	0.899	0.868	0.875
Swiss Franc	1.098	1.080	1.095	1.064
Hungarian Forint	351.680	363.890	357.880	345.261
Norwegian Krone	10.172	10.470	10.176	10.732
Swedish Krona	10.111	10.034	10.131	10.660
Czech Koruna	25.488	26.242	25.854	26.333
Danish Krone	7.436	7.441	7.437	7.465
Romanian Leu	4.928	4.868	4.902	4.817
Turkish Lira	10.383	9.024	9.503	7.143
Polish Zloty	4.520	4.560	4.537	4.412
Russian Rouble	86.773	91.467	89.550	76.669
North America				
US Dollar	1.188	1.227	1.205	1.102
Canadian Dollar	1.472	1.563	1.503	1.503
South America				
Colombian Peso	4,474	4,202	4,370	4,062
Brazilian Real	5.945	6.377	6.492	5.424
Argentine Peso	113.754	103.260	110.136	71.184
Chilean Peso	866.750	872.520	868.017	895.228
Costa Rican Colón	736.000	750.556	740.225	629.245
Mexican Peso	23.578	24.416	24.327	23.843
Peruvian Sol	4.626	4.443	4.492	3.764
Oceania				
Australian Dollar	1.585	1.590	1.563	1.677
New Zealand Dollar	1.703	1.698	1.681	1.760
Africa				
CFA Franc	655.957	655.957	655.957	655.957
Angolan Kwanza	773.837	800.345	776.701	586.947
Tunisian Dinar	3.305	3.294	3.298	3.151
Asia				
Chinese Renminbi (Yuan)	7.674	8.023	7.796	7.751
United Arab Emirates Dirham	4.364	4.507	4.427	4.047
Hong Kong Dollar	9.229	9.514	9.355	8.553
Singapore Dollar	1.598	1.622	1.606	1.541
Indian Rupee	88.324	89.661	88.413	81.705
Indonesian Rupiah	17,280	17,241	17,226	16,078
Japanese Yen	131.430	126.490	129.868	119.267
Thai Baht	38.118	36.727	37.153	34.824
Philippine Peso	58.063	59.125	58.158	55.825
Omani Rial	0.457	0.472	0.463	0.424
Malaysian Ringgit	4.934	4.934	4.939	4.684
Qatari Riyal	4.326	4.467	4.387	4.011
Saudi Riyal	4.457	4.602	4.520	4.132

27. EVENTS AFTER THE REPORTING PERIOD

Faster-track commitment to sustainability by adopting Social Ambition goals alongside Climate Change Ambition

On 15 July 2021, the Group confirmed its ambition to be a global sustainability leader with the announcement of new Social Ambition goals to sit alongside its existing Climate Change Ambition targets. The main areas of focus of the Group's new Social Ambition include commitments to improving diversity, equality and inclusion (DE&I); digital inclusion; empowerment of communities; and employee engagement and upskilling. The new 2030 targets support delivery of Prysmian's Social Ambition goals and bring the Group further into line with the United Nations Sustainable Development Goals. Prysmian's Social Ambition complements its Climate Change Ambition, which aims to make the Group one of the leading technological players in the transition to low-carbon energy. Its climate strategy adopts science-based targets aligned with the requirements of the Paris Agreement, and sets the goal of net zero emissions between 2035 and 2040 for emissions generated by its operations (Scope 1 and 2) and by 2050 for value chain emissions (Scope 3).

In order to accelerate the development of new submarine and underground power interconnections (mainly connections and interconnections related to offshore wind farms), the Group has planned investments also intended to further improve the sustainability of its organisation and supply chain. 48% of Prysmian's sales are already attributable to business segments and products that contribute to the emergence of a low-carbon economy. Fully developing the global expertise of its people is an integral part of Prysmian's long-term sustainability strategy. The Group is proactively evolving as an organisation which recognises the need for diversity, inclusion and gender equality at all levels, and is committed to empowering more women to pursue careers with Prysmian in technical and scientific roles. The Group is also promoting programmes to expand the digital inclusion of all its employees, while eliminating discrimination based on role or position. Prysmian Group has adopted the Women's Empowerment Principles and promotes gender equality across the business. The Group continues to improve work-life balance to open up new career opportunities, especially for women. Other measures include childcare and guaranteed reinstatement after parental leave as well as flexi- and part-time working models, including for managers.

Agreement to supply 350 km of Steel Tube & Thermoplastic Electro-Hydraulic Umbilicals to Petrobras in Brazil

On 20 July 2021, the Group signed a contract with Petrobras to supply a total of 350 km of latest-generation deep-water electro-hydraulic umbilicals using both Steel Tube and Thermoplastic technologies, as well as specialised offshore and logistic services. The contract, worth approximately Euro 92 million, will support brown and green field projects in Brazil by providing the technology to upgrade installations and operations. Both the Steel Tube and

Thermoplastic umbilicals will be engineered, manufactured, tested and delivered in the period 2022-2025 by the Group's Excellence Centre for subsea dynamic technologies based in Vila Velha. Prysmian Group is strongly committed to developing and producing cutting-edge top quality umbilical systems in order to offer the industry's major players engaged in challenging subsea projects, best-in-class solutions in terms of operating performance, reliability, resilience and safety.

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Milan, 28 July 2021

ON BEHALF OF THE BOARD OF DIRECTORS
THE CHAIRMAN
Claudio De Conto

SCOPE OF CONSOLIDATION – APPENDIX A

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

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Europe					
Austria					
Prysmian OEKW GmbH	Wien	Euro	2.053.007,56	100,00%	Prysmian Cavi e Sistemi S.r.l.
Belgium					
Draka Belgium N.V.	Antwerpen	Euro	61.973,38	98,52%	Draka Holding B.V.
				1,48%	Draka Kabel B.V.
Denmark					
Prysmian Group Denmark A/S	Albertslund	Danish Krone	40.001.000	100,00%	Draka Holding B.V.
Estonia					
Prysmian Group Baltics AS	Keila	Euro	1.664.000	100,00%	Prysmian Group Finland OY
Finland					
Prysmian Group Finland OY	Kirkkonummi	Euro	100.000	77,7972%	Prysmian Cavi e Sistemi S.r.l.
				19,9301%	Draka Holding B.V.
				2,2727%	Draka Comteq B.V.
France					
Prysmian (French) Holdings S.A.S.	Paron	Euro	129.026.210	100,00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Cables et Systèmes France S.A.S.	Sens	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.	Marne La Vallée	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.
P.O.R. S.A.S.	Marne La Vallée	Euro	100.000	100,00%	Draka France S.A.S.
Silec Cable, S. A. S.	Montreau-Fault-Yonne	Euro	60.037.000	100,00%	Grupo General Cable Sistemas, S.L.
EHC France s.a.r.l.	Le Mesnil Aubry	Euro	310.717	100,00%	EHC Global Inc.
Germany					
Prysmian Kabel und Systeme GmbH	Berlin	Euro	15.000.000	93,75%	Draka Deutschland GmbH
				6,25%	Prysmian S.p.A.
Prysmian Unterstuetzungseinrichtung Lynen GmbH	Eschweiler	Deutsche Mark	50.000	100,00%	Prysmian Kabel und Systeme GmbH
Draka Comteq Berlin GmbH & Co. KG	Berlin	Deutsche Mark	46.000.000	50,10%	Prysmian Netherlands B.V.
		Euro	1	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	5.000.000	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
Draka Deutschland Verwaltungs GmbH	Wuppertal	Deutsche Mark	50.000	100,00%	Prysmian Kabel und Systeme GmbH
Draka Deutschland Zweite Beteiligungs GmbH	Wuppertal	Euro	25.000	100,00%	Prysmian Netherlands B.V.
Draka Service GmbH	Norimberga	Euro	25.000	100,00%	Draka Deutschland 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
NKF Holding (Deutschland) GmbH i.L	Wuppertal	Euro	25.000	100,00%	Prysmian Netherlands B.V.
Norddeutsche Seekabelwerke GmbH	Nordenham	Euro	50.025.000	100,00%	Grupo General Cable Sistemas, S.L.
EHC Germany GmbH	Baesweiler	Euro	25.200	100,00%	EHC Global Inc

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
U.K.					
Prysmian Cables & Systems Ltd.	Eastleigh	British Pound	113.901.120	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.
Cable Makers Properties & Services Ltd.	Esher	British Pound	39,08	75,00%	Prysmian Cables & Systems Ltd.
				25,00%	Third Parties
Comergy Ltd.	Eastleigh	British Pound	1	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	70.011.000	100,00%	Draka Holding B.V.
Draka Comteq UK Ltd.	Eastleigh	British Pound	14.000.002	100,00%	Prysmian UK Group Ltd.
Draka UK Ltd.	Eastleigh	British Pound	1	100,00%	Prysmian UK Group Ltd.
Prysmian PowerLink Services Ltd.	Eastleigh	British Pound	46.000.100	100,00%	Prysmian UK Group Ltd.
General Cable Holdings (UK) Limited	London	British Pound	24.891.054	100,00%	GK Technologies, Incorporated
General Cable Services Europe Limited	London	British Pound	1.178.495	100,00%	General Cable Holdings (UK) Limited
NSW Technology Limited	Aberdeen	British Pound	1	100,00%	Norddeutsche Seekabelwerke GmbH
Prysmian Telecom Cables and Systems UK Ltd.	Eastleigh	British Pound	1	100,00%	Prysmian Cables & Systems Ltd.
Escalator Handrail (UK) Ltd.	Eastleigh	British Pound	2	100,00%	EHC Global Inc.
Ireland					
Prysmian Re Company Designated Activity Company	Dublin	Euro	20.000.000	100,00%	Draka Holding B.V.
Italy					
Prysmian Cavi e Sistemi S.r.l.	Milan	Euro	50.000.000	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	80.000.000	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	100,00%	Prysmian Cavi e Sistemi S.r.l.
Norway					
Prysmian Group Norge AS	Drammen	Norwegian Krone	22.500.000	100,00%	Draka Holding B.V.
General Cable Nordic A/S	Drammen	Norwegian Krone	1.674.000	100,00%	Grupo General Cable Sistemas, S.L.
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	52.229.320,50	100,000%	Prysmian S.p.A.
Draka Kabel B.V.	Amsterdam	Euro	2.277.976,68	100,00%	Prysmian Netherlands B.V.
Donne Draad B.V.	Nieuw Bergen	Euro	28.134,37	100,00%	Prysmian Netherlands B.V.
NKF Vastgoed I B.V.	Delft	Euro	18.151,21	99,00%	Draka Holding B.V.
				1,00%	Prysmian Netherlands B.V.
NKF Vastgoed III B.V.	Delft	Euro	18.151,21	99,00%	Draka Deutschland GmbH
				1,00%	Prysmian Netherlands 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.
General Cable Holdings Netherlands C.V.	Amsterdam	Euro	159.319.137	95,50%	GK Technologies, Incorporated
				1,00%	GC Global Holdings, Inc.
				3,50%	Phelps Dodge National Cables Corporation
Portugal					
General Cable Investments, SGPS, Sociedade Unipessoal, S.A.	Funchal	Euro	8.500.020	100,00%	GK Technologies, Incorporated
General Cable Celcat, Energia e Telecomunicaçoes SA	Pero Pinheiro	Euro	13.500.000	100,00%	General Cable Investments, SGPS, Sociedade Unipessoal, S.A.
Czech Republic					
Draka Kabely, s.r.o.	Velké Meziříčí	Czech Koruna	255.000.000	100,00%	Draka Holding B.V.
Romania					
Prysmian Cabluri Si Sisteme S.A.	Slatina	Leu rumeno	103.850.920	99,9995%	Draka Holding B.V.
				0,0005%	Prysmian Cavi e Sistemi S.r.l.

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
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
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.
Spain					
Prysmian Cables Spain, S.A. (Sociedad Unipersonal)	Vilanova I la Geltrù	Euro	58.178.234,22	100,00%	Draka Holding, S.L.
Draka Holding, S.L. (Sociedad Unipersonal)	Santa Perpetua de Mogoda	Euro	24.000.000	100,00%	Draka Holding B.V.
GC Latin America Holdings, S.L.	Abrera	Euro	151.042.030	100%	General Cable Holdings (Spain), S.L.
General Cable Holdings (Spain), S.L.	Abrera	Euro	138.304.698,48	99,349%	GK Technologies, Incorporated
				0,6510%	General Cable Overseas Holdings, LLC
Grupo General Cable Sistemas, S.L.	Abrera	Euro	22.116.018,7	100,00%	Draka Holding B.V.
EHC Spain and Portugal, S.L.	Sevilla	Euro	3.897.315,20	100,000%	EHC Global Inc.
Sweden					
Prysmian Group North Europe AB	Nässjö	Swedish Krona	100.100	100,00%	Draka Holding B.V.
Prysmian Group Sverige AB	Nässjö	Swedish Krona	100.000	100,00%	Prysmian Group North Europe AB
Turkey					
Turk Prysmian Kablo Ve Sistemleri A.S.	Mudanya	Turkish new Lira	216.733.652	83,7464%	Draka Holding B.V.
				0,4614%	Turk Prysmian Kablo Ve Sistemleri A.S.
				15,7922%	Third Parties
EHC Turkey Asansör ve Yürüyen Merdiven Sanayi Limited Şirketi	Istanbul	Turkish new Lira	10.000	100,00%	EHC Global Inc.
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 Cables and Systems Canada Ltd.	New Brunswick	Canadian Dollar	1.000.000	100,00%	Draka Holding B.V.
Draka Elevator Products Incorporated	New Brunswick	Canadian Dollar	n/a	100,00%	Prysmian Cables and Systems USA, LLC
General Cable Company Ltd.	Halifax	Canadian Dollar	128.216.599	100,00%	General Cable Canada Holdings LLC
EHC Global Inc.	Oshawa	Canadian Dollar	1.511.769	100,00%	Prysmian Cables and Systems Canada Ltd.
EHC Canada Inc.	Oshawa	Canadian Dollar	39.308	99,9997%	EHC Global Inc.
				0,0003%	Prysmian Cables and Systems Canada Ltd.
Elator Inc.	Oshawa	Canadian Dollar	100	100,00%	EHC Global Inc.
EHC Management Company Inc.	Oshawa	Canadian Dollar	1	100,00%	EHC Global Inc.
Dominican Repuplic					
General Cable Caribbean, S.R.L	Santa Domingo Oeste	Dominican Peso	2.100.000	99,995%	GK Technologies, Incorporated
				0,005%	Diversified Contractors, Inc.
Trinidad and Tobago					
General Cable Trinidad Limited	Port of Spain	Trinidadian Dollar	100	100,00%	GK Technologies, Incorporated

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
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
Draka Elevator Products, Inc.	Boston	US Dollar	1	100,00%	Prysmian Cables and Systems USA, LLC
Draka Transport USA, LLC	Boston	US Dollar	0	100,00%	Prysmian Cables and Systems USA, LLC
Diversified Contractors, Inc.	Wilmington	US Dollar	1.000	100,00%	General Cable Industries, Inc.
GC Global Holdings, Inc.	Wilmington	US Dollar	1.000	100,00%	General Cable Overseas Holdings, LLC
General Cable Canada Holdings LLC	Wilmington	US Dollar	0	100,00%	General Cable Industries, Inc.
General Cable Corporation	Wilmington	US Dollar	1	100,00%	Prysmian Cables and Systems (US) Inc.
General Cable Industries LLC	Wilmington	US Dollar	0	100,00%	General Cable Industries, Inc.
General Cable Industries, Inc.	Wilmington	US Dollar	10	100,00%	GK Technologies, Incorporated
General Cable Overseas Holdings, LLC	Wilmington	US Dollar	0	100,00%	GK Technologies, Incorporated
General Cable Technologies Corporation	Wilmington	US Dollar	1.000	100,00%	General Cable Industries, Inc.
Phelps Dodge Enfield Corporation	Wilmington	US Dollar	800.000	100,00%	General Cable Industries, Inc.
Phelps Dodge National Cables Corporation	Wilmington	US Dollar	10	100,00%	General Cable Industries, Inc.
GK Technologies, Incorporated	West Trenton	US Dollar	1.000	100,00%	General Cable Corporation
EHC USA Inc.	Oshawa	US Dollar	1	100,00%	EHC Global Inc.
Central/South America					
Argentina					
Prysmian Energia Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	992.359.215	40,01%	Prysmian Consultora Conductores e Instalaciones SAIC
				59,74%	Draka Holding B.V.
				0,11%	Prysmian Cabos e Sistemas do Brasil S.A.
				0,13%	Third Parties
Prysmian Consultora Conductores e Instalaciones SAIC	Buenos Aires	Argentine Peso	543.219.572	95,00%	Draka Holding B.V.
				5,00%	Prysmian Cavi e Sistemi S.r.l.
Brazil					
Prysmian Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	910.044.391	94,543%	Prysmian Cavi e Sistemi S.r.l.
				0,027%	Prysmian S.p.A.
				1,129%	Draka Holding B.V.
				4,301%	Draka Comteq B.V.
Draka Comteq Cabos Brasil S.A.	Santa Catarina	Brazilian Real	27.467.522	49,352%	Draka Comteq B.V.
				50,648%	Prysmian Cabos e Sistemas do Brasil S.A.
EHC Brazil Ltda.	Cambé (Estado do Paranà)	Brazilian Real	864.183	98,90%	EHC Global Inc.
				1,10%	EHC Canada Inc.
Chile					
Prysmian Cables Chile SpA	Santiago	Chile Peso	1.900.000.000	100,00%	Prysmian Cabos e Sistemas do Brasil S.A.
Cobre Cerrillos S.A.	Cerrillos	US Dollar	74.574.400	99,80%	General Cable Holdings (Spain), S.L.
				0,20%	Third Parties
Colombia					
Productora de Cables Procables S.A.S.	Bogotà	Colombian Peso	1.902.964.285	99,96%	GC Latin America Holdings, S.L.
				0,04%	GK Technologies, Incorporated
Costa Rica					
Conducen, S.R.L.	Heredia	Costa Rican Colón	1.845.117.800	73,52%	GC Latin America Holdings, SL
				26,48%	Cahosa S.A.
Ecuador					
Cables Electricos Ecuatorianos C.A. CABLEC	Quito	US Dollar	243.957	67,14%	General Cable Holdings (Spain), S.L.
				32,86%	Third Parties
El Salvador					
Conducen Phelps Dodge Centroamerica-El Salvador, S.A. de C.V.	Antiguo Cuscatlan (La Libertad)	US Dollar	22.858	99,95%	Conducen, S.R.L.
				0,05%	Third Parties
Guatemala					
Proveedora de Cables y Alambres PDCA Guatemala, S.A.	Guatemala City	Guatemalan Quetzal	100.000	99,00%	Conducen, S.R.L.
				1,00%	Third Parties
Honduras					
Electroconductores de Honduras, S.A. de C.V.	Tegucigalpa	Honduran Lempira	27.600.000	59,39%	General Cable Holdings (Spain), S.L.
				40,61%	Cahosa S.A.

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
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.	Città del Messico	Mexican Peso	n/a	100,00%	Prysmian Group Finland OY
Prysmian Cables y Sistemas de Mexico S. de R. L. de C. V.	Durango	Mexican Peso	173.050.500	99,9983%	Draka Holding B.V.
				0,0017%	Draka Mexico Holdings S.A. de C.V.
General Cable de Mexico, S.A de C.V.	Tetla	Mexican Peso	1.329.621.471	80,41733609%	General Cable Industries, Inc.
				19,58266361%	Conducen, S.R.L.
				0,00000015%	General Cable Technologies Corporation
				0,00000015%	GK Technologies, Incorporated
General de Cable de Mexico del Norte, S.A. de C.V.	Piedras Negras	Mexican Peso	10.000	99,80%	GK Technologies, Incorporated
		Mexican Peso		0,20%	General Cable Industries, Inc.
PDIC Mexico, S.A. de C.V.	San Jose	Mexican Peso	50.000	99,998%	Conducen, S.R.L.
	San Jose	Mexican Peso		0,002%	Third Parties
Prestolite de Mexico, S.A. de C.V.	Sonora	Mexican Peso	50.000	99,80%	General Cable Industries, Inc.
		Mexican Peso		0,20%	GK Technologies, Incorporated
Servicios Latinoamericanos GC, S.A. de C.V.	Puebla	Mexican Peso	50.000	99,998%	General Cable de Mexico, S.A de C.V.
				0,002%	General Cable Technologies Corporation
Panama					
Alambres y Cables de Panama, S.A.	Panama	US Dollar	800.000	78,08%	General Cable Industries, Inc.
				21,92%	Cahosa S.A.
Alcap Comercial S.A.	Panama	US Dollar	10.000	100,00%	Conducen, S.R.L.
Cahosa S.A.	Panama	US Dollar	n/a	100,00%	GK Technologies, Incorporated
Perù					
General Cable Peru S.A.C.	Santiago de Surco(Lima)	Nuevo sol peruviano	90.327.867,50	99,99999%	GC Latin America Holdings, S.L.
				0,00001%	Third Parties
Africa					
Angola					
General Cable Condel, Cabos de Energia e Telecomunicaçoes SA	Luanda	Kwanza angolano	20.000.000	99,80%	General Cable Celcat, Energia e Telecomunicaçoes SA
				0,20%	Third Parties
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
South Africa					
General Cable Phoenix South Africa Pty. Ltd.	Illovo	South African Rand	1.000	100,00%	GK Technologies, Incorporated
National Cables (Pty) Ltd.	Illovo	South African Rand	101	69,30%	Phelps Dodge National Cables Corporation
				30,70%	General Cable Holdings Netherlands C.V.
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
Prysmian Cables and Systems Tunisia S.A.	Menzel Bouzelfa	Tunisian Dinar	1.850.000	99,97%	Prysmian Cables et Systèmes France S.A.S.
				0,005%	Prysmian (French) Holdings S.A.S.
				0,005%	Prysmian Cavi e Sistemi S.r.l.
				0,02%	Third Parties
Oceania					
Australia					
Prysmian Australia Pty Ltd.	Liverpool	Australian Dollar	56.485.736	100,00%	Prysmian Cavi e Sistemi S.r.l.
New Zeland					
Prysmian New Zealand Ltd.	Auckland	New Zeland Dollar	10.000	100,00%	Prysmian 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

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
China					
Prysmian Tianjin Cables Co. Ltd.	Tianjin	US Dollar	36.790.000	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 Wuxi Cable Co. Ltd.	Yixing (Jiangsu Province)	US Dollar	29.941.250	100,00%	Prysmian (China) Investment Company Ltd.
Prysmian Hong Kong Holding Ltd.	Hong Kong	Euro	72.000.000	100,00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian (China) Investment Company Ltd.	Beijing	Euro	74.152.961	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	60,00%	Draka Elevator Products, Inc.
				40,00%	Third Parties
Shanghai Guang Ye 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)	304.500.000	100,00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Prysmian Technology Jiangsu Co. Ltd.	Yixing	Euro	53.300.000	100,00%	Prysmian (China) Investment Company Ltd.
Prestolite Wire (Shanghai) Company, Ltd	Shanghai	US Dollar	300.000	100,00%	General Cable Industries, Inc.
EHC Escalator Handrail (Shanghai) Co. Ltd.	Shanghai	US Dollar	2.100.000	100,00%	EHC Global Inc.
EHC Engineered Polymer (Shanghai) Co. Ltd.	Shanghai	US Dollar	1.600.000	100,00%	EHC Global Inc.
EHC Lift Components (Shanghai) Co. Ltd.	Shanghai	US Dollar	200.000	100,00%	EHC Global Inc.
EHC Technology Development (Shanghai) Co. Ltd.	Shanghai	Chinese Renminbi (Yuan)	0	100,00%	EHC Escalator Handrail (Shanghai) Co. Ltd.
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	100,00%	Oman Cables Industry (SAOG)
Jaguar Communication Consultancy Services Private Ltd.	Mumbai	Indian Rupee	122.268.218	99,99999%	Prysmian Cavi e Sistemi S.r.l.
				0,000001%	Prysmian S.p.A.
Indonesia					
PT.Prysmian Cables Indonesia	Cikampek	US Dollar	67.300.000	99,48%	Draka Holding B.V.
				0,52%	Prysmian Cavi e Sistemi S.r.l.
Malaysia					
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.
Oman					
Oman Cables Industry (SAOG)	Al Rusayl	Omani Riyal	8.970.000	51,17%	Draka Holding B.V.
				48,83%	Third Parties
Oman Aluminium Processing Industries (SPC)	Sohar	Omani Riyal	4.366.000	100,00%	Oman Cables Industry (SAOG)
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	28.630.503,70	100,00%	Draka Holding B.V.
Singapore Cables Manufacturers Pte Ltd.	Singapore	Singapore Dollar	1.500.000	100,00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Cable Supply and Consulting Company Private Limited	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 Group 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
General Cable Asia Pacific & Middle East Co., Ltd.	Bangkok	Thai Baht	30.000.000	100,00%	GK Technologies, Incorporated

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Japan					
EHC Japan K.K.	Chiyoda-kuTokyo	Yen	4.000	100,00%	EHC Global Inc.

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	10.225.837,65	43,18%	Prysmian Kabel und Systeme GmbH
				1,75%	Norddeutsche Seekabelwerke GmbH
				55,07%	Third parties
Kabeltrommel GmbH	Troisdorf	Deutsche Mark	51.000	41,18%	Prysmian Kabel und Systeme GmbH
				5,82%	Norddeutsche Seekabelwerke GmbH
				53,00%	Third parties
Nostag GmbH & Co. KG	Oldenburg	Euro	540.000	33,00%	Norddeutsche Seekabelwerke GmbH
				67,00%	Third parties
U.K.					
Rodco Ltd.	Woking	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 Group Finland OY
				60,00%	Third parties
Central/South America					
Chile					
Colada Continua Chilena S.A.	Quilicura (Santiago)	Chile Peso	100	41,00%	Cobre Cerrillos S.A.
				59,00%	Third parties
Asia					
China					
Yangtze Optical Fibre and Cable Joint Stock Limited Co.	Wuhan	Chinese Renminbi (Yuan)	757.905.108	23,73%	Draka Comteq B.V.
				76,27%	Third parties
Yangtze Optical Fibre and Cable (Shanghai) Co. Ltd.	Shanghai	Chinese Renminbi (Yuan)	100.300.000	75,00%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				25,00%	Draka Comteq B.V.
Japan					
Precision Fiber Optics Ltd.	Chiba	Japanese Yen	138.000.000	50,00%	Draka Comteq Fibre B.V.
				50,00%	Third parties
Malaysia					
Power Cables Malaysia Sdn Bhd	Selangor Darul Eshan	Malaysian Ringgit	18.000.000	40,00%	Draka Holding B.V.
				60,00%	Third parties

List of unconsolidated other investments at fair value through other comprehensive income:

Legal name	% ownership	Direct parent company
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.

CERTIFICATION OF THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION 11971 DATED 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned Valerio Battista, as Chief Executive Officer, and Stefano Invernici and Alessandro Brunetti, as managers responsible for preparing the financial reports of Prysmian S.p.A., certify, also taking account of the provisions of paragraphs 3 and 4, art. 1-bis of Italian Legislative Decree 58 dated 24 February 1998, that during the first half of 2021 the accounting and administrative processes for preparing the half-year condensed consolidated financial statements:

- have been adequate in relation to the business's characteristics and
- have been effectively applied.

2. The adequacy of the accounting and administrative processes for preparing the half-year condensed consolidated financial statements at 30 June 2021 has been evaluated on the basis of a procedure established by Prysmian in compliance with the internal control framework published by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the generally accepted standard model internationally.

It is nonetheless reported that:

- during the first half of 2021, some of the Prysmian Group's companies have been involved in the information system changeover project. The process of fine-tuning the new system's operating and accounting functions is still in progress for some of them; in any case, the system of controls in place ensures uniformity with the Group's system of procedures and controls.

3. It is also certified that:

3.1 The half-year condensed consolidated financial statements at 30 June 2021:

a) have been prepared in accordance with applicable international accounting standards recognised by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
b) correspond to the underlying accounting records and books of account;
c) are able to provide a true and fair view of the issuer's statement of financial position and results of operations and of the group of companies included in the consolidation.

3.2 The interim directors' report contains a fair review of important events that took place in the first six months of the year and their impact on the half-year condensed consolidated financial statements, together with a description of the main risks and uncertainties in the remaining six months of the year. The financial report at 30 June 2021 also contains a fair review of the disclosures about significant related party transactions.

Milan, 28 July 2021

Chief Executive Officer	*Managers responsible for preparing company financial reports*	
Valerio Battista	**Stefano Invernici**	**Alessandro Brunetti**

Audit Report

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Prysmian S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the other comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes of Prysmian S.p.A. and its subsidiaries (the "Prysmian Group") as of 30 June 2021. The Directors of Prysmian S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Prysmian Group as of 30 June 2021 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 2 August 2021

EY S.p.A.
Signed by: Massimo Meloni, Auditor

This report has been translated into the English language solely for the convenience of international readers

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Prysmian
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