FIRST QUARTER REPORT AT 31 MARCH 2014

Prysmian Group

PRYSMIAN

Draka

Disclaimer

This document contains forward-looking statements, specifically in the sections entitled "Significant events after the reporting period" and "Business outlook", that relate to future events and future operating, economic and financial results of the Prysmian Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Actual results may differ materially from those reflected in forward-looking statements due to a variety of factors.

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DIRECTORS' REPORT

DIRECTORS AND AUDITORS

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

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

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

(1) Members of Control and Risks Committee

(2) Members of the Compensation and Nominations Committee

(3) Appointed on 16 April 2014

Introduction

This Quarterly Financial Report at 31 March 2014 (Interim management statement pursuant to art. 154-ter of Italian Legislative Decree 58/1998) has been drawn up and prepared:

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

The present Quarterly Financial Report is unaudited.

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

SIGNIFICANT EVENTS DURING THE PERIOD

NEW INDUSTRIAL PROJECTS AND INITIATIVES

At the start of the first quarter of 2014, the Prysmian Group was awarded a new contract worth approximately USD 24 million by Petrobras, the Brazilian oil company.

The contract refers to the supply of special Down Hole Technology (DHT) cable systems for the offshore oil & gas industry, which will be manufactured at the Group's plants in Bridgewater, NJ (USA) and Cariacica (Brazil), using Brazilian-sourced materials such as steel. Delivery is scheduled for July 2014.

FINANCE AND M&A ACTIVITIES

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

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

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

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

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

The price adjustment process relating to the acquisition of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) was completed on 28 March 2014, with a price adjustment of GBP 20 million in the Prysmian Group's favour. Since this process was completed more than a year from the acquisition date of 15 November 2012, the difference between the adjusted final price and that previously estimated has been accounted for in the income statement with the recognition of Euro 21 million in non-recurring income.

Western HVDC Link (UK) contract

During the last few days of April, the manufacture of the cables for the Western HVDC Link project in the United Kingdom encountered some technical problems, which will be fully investigated in coming months. As a result, the Directors believe they cannot reliably estimate the outcome of this contract, and so its revenues have been recognised to the extent of the costs incurred. In the first quarter of 2014, this has resulted in the recognition of a loss of Euro 26 million after tax (Euro 37 million before tax).

Despite the current uncertainty over the recently identified technical problems, the Directors believe at present that there is no evidence to suggest that contract costs will exceed contract revenues. This does not preclude that, after further analysis and technical testing in progress, evidence might emerge that will lead to the recognition of additional losses in coming quarters.

In order to facilitate understanding of the Group's first-quarter results for 2014, the tables in the Directors' report present the impact of this event in a separate column called "WL Submarine project effect".

CONSOLIDATED FINANCIAL HIGHLIGHTS*

(in millions of Euro)

	3 months 2014 before WL Submarine project effect	WL Submarine project effect	3 months 2014 after WL Submarine project effect	3 months 2013 (**)	% change	FY 2013 (**)
Sales	1,616	(37)	1,579	1,669	-5.4%	6,995
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	110	(37)	73	110	-33.8%	578
Adjusted EBITDA (2)	115	(37)	78	114	-31.7%	613
EBITDA (1)	135	(37)	98	98	0.2%	563
Adjusted operating income (3)	79	(37)	42	78	-45.9%	465
Operating income	79	(37)	42	45	-7.6%	368
Profit/(loss) before taxes	44	(37)	7	(3)		218
Net profit/(loss) for the period	31	(26)	5	(2)		153

(in millions of Euro)

	31 March 2014 before WL Submarine project effect	WL Submarine project effect	31 March 2014 after WL Submarine project effect	31 March 2013 (**)	Change	31 December 2013 (**)
Net capital employed	2,655	(26)	2,629	2,730	(101)	2,296
Employee benefit obligations	307	-	307	346	(39)	308
Equity	1,215	(26)	1,189	1,223	(34)	1,183
of which attributable to non-controlling interests	33	-	33	34	(1)	36
Net financial position	1,133	-	1,133	1,161	(28)	805

(in millions of Euro)

	3 months 2014	3 months 2013 (**)	% change	FY 2013 (**)
Investments (4)	25	24	4.2%	144
Employees (at period end)	19,336	19,400	-0.3%	19,232
Earnings/(loss) per share				
- basic	0.03	(0.01)		0.71
- diluted	0.03	(0.01)		0.71

(1) 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.

(2) Adjusted EBITDA is defined as EBITDA before non-recurring income/(expenses).

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

(4) Investments refer to increases in Property, plant and equipment and Intangible assets.

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

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

GROUP PERFORMANCE AND RESULTS

(in millions of Euro)

	3 months 2014 before WL Submarine project effect	WL Submarine project effect	3 months 2014 after WL Submarine project effect	3 months 2013 (*)	% change	FY 2013 (*)
Sales	1,616	(37)	1,579	1,669	-5.4%	6,995
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**110**	**(37)**	**73**	**110**	**-33.8%**	**578**
% of sales	6.8%		4.6%	6.6%		8.3%
Adjusted EBITDA	**115**	**(37)**	**78**	**114**	**-31.7%**	**613**
% of sales	7.1%		4.9%	6.8%		8.8%
EBITDA	**135**	**(37)**	**98**	**98**	**0.2%**	**563**
% of sales	8.3%		6.2%	5.8%		8.1%
Fair value change in metal derivatives	(19)	-	(19)	(12)	62.2%	(8)
Fair value stock options	(1)	-	(1)	(5)		(14)
Amortisation, depreciation and impairment	(36)	-	(36)	(36)		(173)
Operating income	**79**	**(37)**	**42**	**45**	**-7.6%**	**368**
% of sales	4.9%		2.6%	2.7%		5.3%
Net finance income/(costs)	(35)	-	(35)	(48)		(150)
Profit/(loss) before taxes	**44**	**(37)**	**7**	**(3)**		**218**
% of sales	2.7%		0.4%	-0.2%		3.1%
Taxes	(13)	11	(2)	1		(65)
Net profit/(loss) for the period	**31**	**(26)**	**5**	**(2)**		**153**
% of sales	1.9%		0.3%	-0.1%		2.2%
Attributable to:						
Owners of the parent	33	(26)	7	(2)		150
Non-controlling interests	(2)	-	(2)	-		3

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

	3 months 2014 before WL Submarine project effect	WL Submarine project effect	3 months 2014 after WL Submarine project effect	3 months 2013 (*)	% change	FY 2013 (*)
Operating income (A)	**79**	**(37)**	**42**	**45**	**-7.6%**	**368**
EBITDA (B)	**135**	**(37)**	**98**	**98**	**0.2%**	**563**
Non-recurring expenses/(income):						
Company reorganisation	3	-	3	10		50
Antitrust investigations	(1)	-	(1)	2		(6)
Environmental remediation and other costs	-	-	-	-		(3)
Gains on asset disposals	-	-	-	-		(5)
Acquisition price adjustment [1]	(21)	-	(21)	-		-
Other net non-recurring expenses/(income)	(1)	-	(1)	4		14
Total non-recurring expenses/(income) (C)	**(20)**	**-**	**(20)**	**16**		**50**
Fair value change in metal derivatives (D)	19	-	19	12		8
Fair value stock options (E)	1	-	1	5		14
Impairment of assets (F)	-		-	-		25
Adjusted operating income (A+C+D+E+F)	**79**	**(37)**	**42**	**78**	**-45.9%**	**465**
Adjusted EBITDA (B+C)	**115**	**(37)**	**78**	**114**	**-31.7%**	**613**

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

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

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The Prysmian Group's sales in the first quarter of 2014 came to Euro 1,579 million, compared with Euro 1,669 million in the first quarter of 2013.

Excluding changes in metal prices and exchange rates, organic growth was a positive 3.2%. Excluding the adjustments to take account of the extraordinary event relating to the Western HVDC Link project, organic growth would have been 5.4%. Organic growth is analysed between the two operating segments as follows:

- Energy +3.6% (+6.2% excluding adjustments for the Western HVDC Link project);
- Telecom +0.7%.

The Energy Segment reported a moderate recovery in sales volumes, mainly in the traditional businesses of Trade & Installers, underground transmission (High Voltage) and renewable energy, although adversely affected to some extent by the decrease in Submarine sales for the adjustment in respect of the Western HVDC Link project and by the negative performance in the Industrial business area. The Telecom segment reported a positive trend in demand for optical cables, as partially counterbalanced by the slowdown in markets for copper cables, due to the maturity of the products concerned, and for OPGW products, due to the investment project phasing.

Group Adjusted EBITDA (before Euro 20 million in net non-recurring income) came to Euro 78 million, posting a decrease of Euro 36 million on the corresponding figure of Euro 114 million (-31.7%) in 2013. Excluding adjustments for the Western HVDC Link project, Adjusted EBITDA would have been Euro 115 million.

INCOME STATEMENT

The Group's sales came to Euro 1,579 million at the end of the first quarter of 2014, compared with Euro 1,669 million in the same period last year, posting a negative change of Euro 90 million (-5.4%). Excluding the adjustments for the Western HVDC Link project, the Group's sales would have amounted to Euro 1,616 million (-3.2%).

The decrease is attributable to the following factors:

- positive organic growth of Euro 53 million, (+3.2%); before the adjustments for the Western HVDC Link project, this would have been Euro 90 million (+5.4%);
- negative exchange rate effects of Euro 95 million (-5.8%);
- negative change of Euro 48 million (-2.8%) in sales prices due to fluctuations in metal prices (copper, aluminium and lead).

Despite the low level of international demand for infrastructure and the continued delay in awarding investment projects, the organic growth in sales confirms the strategic validity of the acquisition and integration of the Draka Group. In fact, the enlargement of the Group's perimeter has made it possible to improve the geographical distribution of sales, in favour of markets in Northern Europe, North America and Asia in general, as well as to enlarge the range of products offered, especially in the Oil & Gas, Elevator, Surf and Optical Cables and Fibres businesses. The high value-added businesses (Submarine, High Voltage underground cables and in some Industrial cables sectors) enjoyed positive growth in spite of the loss recognised on the Western HVDC Link contract and the continued slowdown in demand in the Power Distribution business. The marginal organic growth reported by the Telecom business was mainly concentrated in the optical cables sector in Europe, counterbalanced by the weakness of global demand for copper cables.

Adjusted EBITDA amounted to Euro 78 million, down 31.7% from Euro 114 million in the prior year first quarter. Excluding the adjustments for the Western HVDC Link project, Adjusted EBITDA would have been Euro 115 million. The decrease in Adjusted EBITDA of Euro 36 million is almost entirely attributable to the Energy segment, with only a minor decline reported by the Telecom segment. The first-quarter result in 2014 was also affected by Euro 7 million in negative exchange rate effects compared with the same period of 2013; these were particularly due to steep depreciation of the Argentine Peso, the Brazilian Real, the Australian Dollar, the US Dollar and the Turkish Lira. This negative impact was partially offset by a reduction in overhead costs, achieved thanks to synergies from integrating the Draka Group.

EBITDA includes Euro 20 million in net non-recurring income (versus Euro 16 million in net expenses in the same period of 2013), mainly attributable to the price adjustment of Euro 21 million for the acquisition of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd).

Group operating income was a positive Euro 42 million in the first quarter of 2014, compared with a positive Euro 45 million in the corresponding period of 2013, posting a negative change of Euro 3 million. Excluding the adjustments for the Western HVDC Link project, operating income would have been Euro 79 million.

Net finance costs came to Euro 35 million in the first quarter of 2014, down from Euro 48 million (-27.1%) at the end of the same period last year.

Taxes amounted to Euro 2 million, representing an effective tax rate of around 30.0%.

The net result for the first quarter of 2014 was a profit of Euro 5 million, compared with a loss of Euro 2 million in the same period of 2013. Excluding the adjustments for the Western HVDC Link project, the net result for the first quarter would have been a profit of Euro 31 million.

Adjusted net profit [(1)] was Euro 12 million, compared with Euro 39 million in the previous year. Excluding the adjustments for the Western HVDC Link project, adjusted net profit would have been Euro 38 million.

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

SEGMENT PERFORMANCE

ENERGY BUSINESS

(in millions of Euro)

	3 months 2014 before WL Submarine project effect	WL Submarine project effect	3 months 2014 after WL Submarine project effect	3 months 2013 (*)	% change	FY 2013 (*)
Sales to third parties	1,380	(37)	1,343	1,416	-5.1%	6,009
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**93**	**(37)**	**56**	**91**	**-39.0%**	**491**
% of sales	6.7%		4.2%	6.4%		8.2%
Adjusted EBITDA	**97**	**(37)**	**60**	**94**	**-36.2%**	**507**
% of sales	7.0%		4.5%	6.6%		8.4%
EBITDA	**115**	**(37)**	**78**	**80**	**-2.1%**	**484**
% of sales	8.3%		5.8%	5.6%		8.1%
Amortisation and depreciation	(25)	-	(25)	(26)	-2.2%	(105)
Adjusted operating income	**72**	**(37)**	**35**	**68**	**-47.4%**	**402**
% of sales	5.2%		2.6%	4.8%		6.7%

Reconciliation between EBITDA and Adjusted EBITDA

EBITDA (B)	**115**	**(37)**	**78**	**80**	**-2.1%**	**484**
Non-recurring expenses/(income):						
Company reorganisation	3	-	3	10		33
Antitrust investigations	(1)	-	(1)	2		(6)
Environmental remediation and other costs	-	-	-	-		(3)
Gains on asset disposals	-	-	-	-		(4)
Acquisition price adjustment (1)	(21)	-	(21)	-		-
Other net non-recurring expenses/(income)	1	-	1	2		3
Total non-recurring expenses/(income) (C)	**(18)**	**-**	**(18)**	**14**		**23**
Adjusted EBITDA (B+C)	**97**	**(37)**	**60**	**94**	**-36.2%**	**507**

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

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

Energy business sales to third parties amounted to Euro 1,343 million in the first quarter of 2014, compared with Euro 1,416 million in the corresponding period of 2013, posting a negative change of Euro 73 million (-5.1%). Excluding the adjustments for the Western HVDC Link project, Energy segment sales to third parties would have been Euro 1,380 million.

This negative change is attributable to the following principal factors:

- negative exchange rate effects of Euro 80 million (-5.6%);
- positive organic growth of Euro 51 million (+3.6%); before the adjustments for the Western HVDC Link project, this would have been Euro 88 million (+6.2%);
- negative change of Euro 44 million (-3.1%) in sales prices due to fluctuations in metal prices.

Adjusted EBITDA for the first quarter of 2014 came to Euro 60 million, posting a decrease of Euro 34 million from Euro 94 million (-36.2%) in the corresponding period of 2013. Excluding the adjustments for the Western HVDC Link project, Adjusted EBITDA would have been Euro 97 million.

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

UTILITIES

(in millions of Euro)

	3 months 2014 before WL Submarine project effect	WL Submarine project effect	3 months 2014 after WL Submarine project effect	3 months 2013 (*)	% change	% organic sales change	FY 2013 (*)
Sales to third parties	499	(37)	462	490	-5.8%	0.1%	2,217
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**54**	**(37)**	**17**	**49**	**-65.3%**		**282**
% of sales	10.8%		3.7%	10.0%			12.7%
Adjusted EBITDA	**55**	**(37)**	**18**	**50**	**-64.0%**		**287**
% of sales	11.1%		4.0%	10.2%			12.9%
Adjusted operating income	**45**	**(37)**	**8**	**40**	**-80.0%**		**246**
% of sales	9.1%		1.8%	8.1%			11.1%

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

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

MARKET OVERVIEW

During the first quarter of 2014, the markets in which the Prysmian Group's Utilities business area operates saw a consolidation of the signs already emerging in the second half of 2013.
Both the power distribution and generation markets, in which demand declined throughout 2012 and 2013, confirmed the differences between the various geographical areas and tougher competitive environment.

Activity levels in the High Voltage market - traditionally highly international both in terms of demand and supply - were generally in line with the same period last year.
This was positive in view of the generally uncertain macroeconomic scenario regarding future energy consumption and access to funding, in response to which the largest utilities, particularly in Europe and

North America, have adopted a selective approach to new investment projects. The focus in Europe, and North and South America has been on rationalisation and/or maintenance projects to improve efficiency and reduce energy generation costs, while the focus in the Middle East and Southeast Asia has been on extending and completing major projects. In addition, there was still significant competitive pressure on prices for operators in growing economies, like China and India, not only due to surplus production capacity in these regions, but also due to a large number of competitors and the need to limit financial exposure in the face of uncertain investment returns.

With reference to the Submarine cables market, the first quarter of 2014 reported a growth on the second half of 2012, thanks to investments by utilities to build new offshore wind farms and commence major new interconnection projects.
However, during the last few days of April, the manufacture of the cables for the Western HVDC Link project in the UK encountered some technical problems. After further analysis and technical testing in progress, it cannot be ruled out that evidence might emerge that will lead to the recognition of additional losses in coming months.

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

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

In contrast, markets in North America confirmed the signs of recovery seen during 2013, after a three-year period during which operators had reduced work on grids to the bare minimum.

The Network Components market can be broadly divided into products for high and extra high voltage networks and products for medium and low voltage use.
As regards High Voltage components, demand followed the trend in project developments, and so was up in Northern Europe, North America and the Middle East, but down in China and stable elsewhere. In addition, like in 2013, volumes were also affected by the mix of the High Voltage order book, reflecting a common trend of more fragmented and erratic demand, concentrated on smaller scale but technologically more complex projects than in the past, accompanied by more exacting requirements regarding quality and after-sales service.
Demand for submarine accessories was stable with an upward tendency as a direct consequence of projects currently in progress around the world.
Lastly, the market for medium and low voltage accessories recorded contrasting trends in different geographical areas: weak in Europe, mainly due to the lack of grid investment projects; still positive on the American continent, where routine maintenance of secondary distribution networks is supporting investments by the main energy suppliers; down in China, where the market was affected by strong competitive price pressures.

FINANCIAL PERFORMANCE

Sales to third parties by the Utilities business area amounted to Euro 462 million in the first quarter of 2014, compared with Euro 490 million in the same period of 2013, posting a negative change of Euro 28 million (-5.8%). Excluding the adjustments for the Western HVDC Link project, sales to third parties would have been Euro 499 million.

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

- positive organic growth of Euro 1 million (+0.1%); before the adjustments for the Western HVDC Link project, this would have been Euro 38 million (+7.7%);
- negative exchange rate effects of Euro 20 million (-4.1%);
- negative change of Euro 9 million (-1.8%) in sales prices due to fluctuations in metal prices.

The positive organic growth in the first quarter of 2014 reflects a combination of opposing factors, such as the positive trend in the Submarine Cables business line, partially offset by the growing weakness in the other major business of Power Distribution.

The High Voltage and Network Components business lines both recorded positive trends compared with the first quarter of 2013, despite displaying strong regional differences.

High Voltage reported a generally positive performance in the Middle East and Northern Europe, while remaining still disappointing in Russia; this business line's performance was the combined result of projects awarded to Prysmian in markets with growing energy infrastructure requirements, such as the Middle and Far East, along with a number of projects for European utilities on domestic markets (in particular TenneT, Terna, EDF), and of the delay in implementing projects planned in Russia due to local political uncertainty.

Performance by the Network Components business line was slightly better than in the same period last year, reflecting a decline in volumes of medium and low voltage accessories on the major European domestic markets but steady volumes for high voltage products. In contrast, sales on the Chinese market continued to decline due to lower demand accompanied by growing price pressure in the face of stiff local competition.

Sales by the Submarine Cables business line were in line with the same period last year, reflecting work on the main projects in the order book. The main projects on which work was performed during the period were Helwin 2, Sylwin 1 and Borwin 2 for offshore wind farms in Germany. With regard to progress in the Western HVDC Link (UK) project, initiated in the third quarter of 2012, the manufacture of the cables has encountered some technical problems resulting in a downward adjustment of Euro 37 million to the quarter's sales.

The value of the Group's Submarine order book at the end of the first quarter of 2014 was in line with the level at the end of 2013, providing sales visibility for a period of about three years. The high level of this order book is thanks to contracts for interconnectors in the English Channel (Normandie3), in the Balearic Islands (Mallorca-Ibiza), over the Dardanelles Strait, between the island of Capri and Torre Annunziata and between Montenegro and Italy (Monita), and to contracts for offshore wind platform connections (DolWin3, Deutsche Bucht) and for the supply and installation of submarine cables for the offshore operations of ExxonMobil Corporation in the United States.

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

As a result of the above-mentioned events in the Submarine Cables business, the project mix in the High Voltage underground business and the persistent weakness of Power Distribution, Adjusted EBITDA for the Utilities business area decreased to Euro 18 million, from Euro 50 million in the same period of 2013 (and would have been Euro 55 million excluding the adjustment for the Western HVDC Link project).

TRADE & INSTALLERS

(in millions of Euro)

	3 months 2014	3 months 2013 (*)	% change	% organic sales change	FY 2013 (*)
Sales to third parties	457	469	-2.6%	9.1%	1,914
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**11**	**14**	**-21.4%**		**71**
% of sales	2.4%	3.0%			3.7%
Adjusted EBITDA	**13**	**16**	**-18.8%**		**79**
% of sales	2.9%	3.3%			3.8%
Adjusted operating income	**8**	**9**	**-11.1%**		**54**
% of sales	1.6%	2.0%			2.8%

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

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

MARKET OVERVIEW

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

Construction industry demand, already under pressure throughout 2013, appears not to be showing any clear signs of recovery; instead, it is being fuelled by isolated cases of development related to specific geographical trends or projects.
Like in the second half of 2013, persistent uncertainty about the construction industry's future prospects prevailed over the positive effects of lower metal and commodity prices; as a result, the largest industry players continued to maintain low stocks and constant pressure on sales prices.
As described in the past, countries in Europe, such as Spain and Italy, have been particularly hard hit due to the negative consequences for the property market of severe restrictions on bank credit. Even Germany and the Netherlands have been affected by a stationary trend in demand for new build; this has led to growing price pressure, also due to ever increasing competition by small foreign operators from Southern Europe and North Africa seeking outlets for their surplus capacity in the richer markets of Central and Northern Europe.

The first quarter of 2014 also confirmed the uncertainty on the North American market – already affected by flat demand for products serving infrastructure construction – due to delays in confirming tax incentives for energy-efficient buildings.

In the markets of South America, the first quarter of 2014 reported a reversal of the upward trend in volumes seen last year, due to a slowdown in the industrial and residential construction sectors.

Lastly, the Australian construction market saw a decline in demand, and was characterised by strong competitive pressures from Asian operators, despite the Australian dollar's depreciation during the period.

FINANCIAL PERFORMANCE

Sales to third parties by the Trade & Installers business area amounted to Euro 457 million in the first quarter of 2014, compared with Euro 469 million in the corresponding period of 2013, posting a negative change of Euro 12 million (-2.6%), due to the combined effect of the following main factors:

- negative change of Euro 22 million (-4.7%) in sales prices due to fluctuations in metal prices;
- positive organic growth of Euro 43 million (+9.1%), due to the recovery in volumes in Northern Europe and the growth in market share in Central Mediterranean countries and North America that was only partially offset by negative organic growth in South America;
- negative exchange rate effects of Euro 33 million (-7.0%).

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

This has led to a very complex commercial strategy, not only focused improving the sales mix in favour of products for the "safety of people and property" (Fire resistant/LSOH), but also aimed at regaining market share where sales margins so permit.

This strategy has been applied in Northern Europe, where market demand is still solid, and in Central and Southern Europe, where market demand is less strong and competitive price pressure greater.

In North America, where demand appears to have stabilised compared with the past and the initial signs for the current year are positive, Prysmian Group enjoyed an increase in profitability thanks to improved sales mix and stabilisation of manufacturing and industrial performance by its Canadian production site in Prescott.

In Asia, Prysmian Group proved unable to grow in line with the still increasing demand by the construction industry, resulting in a slight loss of market share.

Prysmian Group's sales suffered in South America with a downturn in demand in the first quarter of 2014 and where it has probably lost a small amount of market share while keeping prices at an acceptable level thanks to its wide product range.

The combined factors described above led to an Adjusted EBITDA of Euro 13 million in the first quarter of 2014, down from Euro 16 million (-18.8%) in the same period last year.

INDUSTRIAL

(in millions of Euro)

	3 months 2014	3 months 2013 (*)	% change	% organic sales change	FY 2013 (*)
Sales to third parties	401	429	-6.4%	2.5%	1,764
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**26**	**27**	**-3.7%**		**134**
% of sales	6.5%	6.3%			7.6%
Adjusted EBITDA	**27**	**27**			**133**
% of sales	6.7%	6.3%			7.5%
Adjusted operating income	**18**	**19**	**-5.3%**		**97**
% of sales	4.6%	4.4%			5.5%

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

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

MARKET OVERVIEW

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

Within the Industrial business, some market segments showed stable or growing demand, like the leading edge application field of the OEM, the Elevator and the Automotive markets, while others experienced a contraction in volumes, like the Onshore Oil & Gas segment affected by delays in investment projects, the renewable energy market still suffering from low demand, and the OEM infrastructure market, where demand depends on specific geographical factors.

As already mentioned, international demand declined in the Oil & Gas and port facilities sectors due to delays in several projects in the Middle and Far East, while nonetheless remaining strong in South America and Oceania. This decline was particularly pronounced during the second half of 2013, resulting in a low order book, with a consequent impact on performance in the first quarter of 2014. This situation is rapidly improving at present, leaving hope for a recovery in the second half of the current year.

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

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

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

Lastly, renewable energy continued to be the sector within the industrial business most affected by the slump in demand. This was primarily the case in Southern Europe, where the restrictive financial policies adopted by the main governments either cut special incentives or made it more difficult to access credit for onshore wind projects.

FINANCIAL PERFORMANCE

Sales to third parties by the Industrial business area amounted to Euro 401 million in the first quarter of 2014, compared with Euro 429 million in the same period of 2013. The reduction of Euro 28 million (-6.4%) is due to the following factors:

- positive organic growth of Euro 10 million (+2.5%), largely due to the growth in volumes in high value-added businesses (Elevator, Automotive, high-end Specialties&OEM and partly Renewables) despite the slowdown in the Oil & Gas and OEM Infrastructure sectors;
- negative exchange rate effects of Euro 25 million (-5.8%);
- negative change of Euro 13 million (-3.1%) in sales prices due to fluctuations in metal prices.

In Europe, Prysmian Group benefited from a solid order book for the high-end OEM sector (cables for Cranes and Mining for South American and Asian markets) and continued to focus its commercial efforts on the Oil & Gas industry, where it was able to benefit from the growth in demand by the North Sea oil industry (Offshore), served by the Norwegian and British markets, despite a steep downturn in exports to energy-producing nations in the Middle East, mainly in the Onshore sector.
On the other hand, despite the generally weak demand for Renewables, the Group nonetheless managed to increase its share of the renewable energy market, particularly in Central and Northern Europe, offsetting the weakness in Southern Europe.

The strategy of technological specialisation of the solutions offered has allowed Prysmian Group to consolidate its Elevator market leadership in North America and to expand into the Chinese and European markets, where its exposure is still marginal although growing since last year.

As for the SURF market segment, sales of umbilical cables and flexible pipes, manufactured for the South American market at the Vila Velha plant, were slightly below the corresponding period of 2013 mainly because of the rescheduling of investment projects requiring flexible pipes. In contrast, the Down-Hole-Technology (DHT) business continued to perform well in North America.

Asia Pacific, Brazil and China are the regions offering the Group the most attractive growth opportunities at the outset of 2014, thanks to consolidation of its market share in Australia, growth in Brazil and the development of Offshore projects in Singapore and China.

Adjusted EBITDA came to Euro 27 million in the first quarter of 2014, staying in line with the amount reported in the corresponding period of 2013.

OTHER

(in millions of Euro)

	3 months 2014	3 months 2013 (*)	FY 2013 (*)
Sales to third parties	23	28	114
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**2**	**1**	**5**
Adjusted EBITDA	**2**	**1**	**8**
Adjusted operating income	**1**	**-**	**4**

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

This business area encompasses occasional sales by Prysmian Group operating units of intermediate goods, raw materials or other products forming part of the production process.
These sales are normally linked to local business situations, do not generate high margins and can vary in size from period to period.

TELECOM BUSINESS

(in millions of Euro)

	3 months 2014	3 months 2013 (*)	% change	FY 2013 (*)
Sales to third parties	236	253	-6.7%	986
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**17**	**19**	**-9.4%**	**87**
% of sales	7.2%	7.6%		8.8%
Adjusted EBITDA	**18**	**20**	**-10.9%**	**106**
% of sales	7.6%	8.0%		10.8%
EBITDA	**20**	**18**	**6.4%**	**86**
% of sales	8.5%	7.1%		8.7%
Amortisation and depreciation	(11)	(10)		(43)
Adjusted operating income	**7**	**10**	**-31.5%**	**63**
% of sales	3.0%	3.8%		6.4%

Reconciliation between EBITDA and Adjusted EBITDA

EBITDA (B)	**20**	**18**	**6.4%**	**86**
Non-recurring expenses/(income):				
Company reorganisation	-	-		13
Antitrust investigations	-	-		-
Gains on asset disposals	-	-		(1)
Other net non-recurring expenses/(income)	(2)	2		8
Total non-recurring expenses/(income) (C)	**(2)**	**2**		**20**
Adjusted EBITDA (B+C)	**18**	**20**	**-10.9%**	**106**

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

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

Optical fibre

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

Optical cables

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

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

Connectivity

Whether deployed in outdoor or indoor applications, Prysmian Group's OAsys connectivity solutions are designed for versatility, covering all cable management needs whatever the network type.

These include aerial and underground installations, as well as cabling in central offices (or exchanges) or customer premises.

Prysmian Group is at the forefront of designing next generation products specifically for Fibre-To-The-Home (FTTH) networks.

FTTx

Increasing bandwidth requirements, from both business and residential customers, are having a profound effect upon the optical network performance level required, which in turn demands high standards of fibre management. Optimal fibre management in every section of the network is increasingly a matter of priority in order to minimise power loss and overcome the problems caused by ever greater space limitations.

The Group has developed the suite of xsNet products for "last mile" access networks, which is also very suited to optical fibre deployment in sparsely populated rural areas.

Most of the cables used in FTTx/FTTH systems feature Prysmian's bend-insensitive BendBrightxs optical fibre, which has been specially developed for this application.

FTTA (Fibre-To-The-Antenna)

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

Copper cables

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

Multimedia solutions

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

MARKET OVERVIEW

Forecasts for the optical fibre cables market made at the start of the year predict that the size of the global market will grow although with large regional differences. In fact, the first quarter of 2014 saw demand grow in fast-developing markets (China) and in those with high communication infrastructure needs (India), along with a volume recovery in Europe. In Brazil, the volumes for the quarter started to grow once more even though the benefits of the investment-friendly tax measures introduced by the government last year have yet to been seen. North America reported a recovery in demand after the steep drop in 2013 with the ending of government incentives.

The Access/Broadband/FTTx market has grown marginally in the first quarter of 2014, with demand driven by the development of optical fibre communication infrastructure, although the low maturity of these products implies different evolution in demand by geographical area.

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

FINANCIAL PERFORMANCE

Telecom business sales to third parties amounted to Euro 236 million in the first quarter of 2014, compared with Euro 253 million in the first quarter of 2013, posting a negative change of Euro 17 million(-6.7%).

This change is attributable to the following factors:

- negative exchange rate effects of Euro 15 million (-6.0%);
- positive organic growth of Euro 2 million (+0.7%), thanks to the recovery in volumes for optical fibre cables;
- negative change of Euro 4 million (-1.4%) in sales prices due to fluctuations in metal prices.

The positive organic growth in the first quarter of 2014 has mainly arisen from the recovery in demand for optical fibre cables which more than offset lower demand for copper cables, due to product maturity, and for OPGW products, due to investment project phasing.

The recovery in the optical fibre market is mainly due to demand generated by large-scale projects, such as those started with BT (United Kingdom), Telefonica (Spain), Orange (France) and Free Infrastructure (France), but also to demand from emerging markets and channels, such as Eastern Europe and India. In North America,

although the competitive market environment has been affected by the ending of government incentives, causing a reduction in average prices, Prysmian reported a reversal in the trend since the last quarter of 2013 with an increase in volumes during the quarter.
In Brazil, Prysmian posted a growth in volumes compared with the last quarter of 2013. Average prices have continued to be low, staying at last year's levels in anticipation of implementation of the incentive programme for new communications infrastructure, designed to incentivise the development of local technology and production and which should be very beneficial for all telecom operators.
In Europe, the highly competitive nature of the market, with the presence of many small and medium-sized local producers, put prices under strong pressure, despite growing volumes, causing the sector's profits to fall as a result. In addition, the market for copper telecom cables continued to suffer from a gradual phasing out in favour of next-generation networks. Lastly, the first quarter of 2014 saw a slight growth in the optical connectivity sector, driven by the development of FTTx networks (last mile broadband access), particularly in France, the UK and the Netherlands.

Adjusted EBITDA came to Euro 18 million in the first quarter of 2014, reporting a decrease of Euro 2 million (-10.9%) from the corresponding figure of Euro 20 million in 2013.

GROUP STATEMENT OF FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	31 March 2014 before WL Submarine project effect	WL Submarine project effect	31 March 2014 after WL Submarine project effect	31 March 2013 (*)	Change	31 December 2013 (*)
Net fixed assets	2,188	-	2,188	2,298	(110)	2,207
Net working capital	734	(26)	708	739	(31)	386
Provisions	(267)	-	(267)	(307)	40	(297)
Net capital employed	**2,655**	**(26)**	**2,629**	**2,730**	**(101)**	**2,296**
Employee benefit obligations	307	-	307	346	(39)	308
Total equity	1,215	(26)	1,189	1,223	(34)	1,183
of which attributable to non-controlling interests	33	-	33	34	(1)	36
Net financial position	1,133	-	1,133	1,161	(28)	805
Total equity and sources of funds	**2,655**	**(26)**	**2,629**	**2,730**	**(101)**	**2,296**

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

Net fixed assets amounted to Euro 2,188 million at 31 March 2014, compared with Euro 2,207 million at 31 December 2013, posting a decrease of Euro 19 million mainly due to the combined effect of the following factors:

- Euro 25 million in investments in property, plant and equipment and intangible assets;
- Euro 36 million in depreciation, amortisation and impairment charges for the period;
- Euro 3 million in positive currency translation differences;
- Euro 3 million in disposals of assets held for sale;
- Euro 8 million in dividends received from equity-accounted investments.

Net working capital of Euro 708 million at 31 March 2014 was Euro 322 million higher than the corresponding figure of Euro 386 million at 31 December 2013 (or Euro 349 million higher excluding the impact of the fair value change in derivatives). Excluding the adjustments for the Western HVDC Link project, net working capital would have been Euro 734 million.

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

- growth in working capital employed in multi-year Submarine projects, linked to their stage of completion with respect to the agreed delivery dates;
- reduction of Euro 52 million in without-recourse factoring transactions;
- increase of Euro 21 million for the purchase price adjustment relating to Global Marine System Energy Ltd (now renamed Prysmian PowerLink Services Ltd);
- reduction in the level of working capital related to strategic metal price trends compared with the previous year;
- increase linked to the greater seasonality of sales in the quarter just ended and those expected in the second quarter;
- increase of Euro 5 million for exchange rate differences.

The net financial position of Euro 1,133 million at 31 March 2014 has increased by Euro 328 million since 31 December 2013 (Euro 805 million), mainly reflecting the following factors:

- negative impact of Euro 334 million from changes in working capital;
- payment of Euro 13 million in taxes;
- net operating investments of Euro 22 million;
- receipt of Euro 8 million in dividends from investments in equity-accounted companies;
- payment of Euro 13 million in net finance costs;
- positive cash flow from operating activities (before changes in net working capital) of Euro 58 million.

NET WORKING CAPITAL

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

(in millions of Euro)

	31 March 2014 before WL Submarine project effect	WL Submarine project effect	31 March 2014 after WL Submarine project effect	31 March 2013 (*)	Change	31 December 2013 (*)
Inventories	961	-	961	1,008	(47)	881
Trade receivables	1,051	-	1,051	1,174	(123)	933
Trade payables	(1,318)	-	(1,318)	(1,423)	105	(1,409)
Other receivables/(payables)	73	(26)	47	(1)	48	(13)
Net operating working capital	**767**	**(26)**	**741**	**758**	**(17)**	**392**
Derivatives	(33)	-	(33)	(19)	(14)	(6)
Net working capital	**734**	**(26)**	**708**	**739**	**(31)**	**386**

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

Net operating working capital amounted to Euro 741 million at 31 March 2014 (11.7% of the latest quarter's annualised sales), compared with Euro 392 million at 31 December 2013 (5.8% of the latest quarter's annualised sales).

NET FINANCIAL POSITION

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

(in millions of Euro)

	31 March 2014	31 March 2013 (*)	Change	31 December 2013 (*)
Long-term financial payables				
Term loan facility	400	585	(185)	400
Bank fees	(3)	(6)	3	(3)
EIB loan	100	-	100	-
Non-convertible bond	399	398	1	399
Convertible bond	265	257	8	263
Derivatives	4	30	(26)	4
Other financial payables	54	93	(39)	60
Total long-term financial payables	**1,219**	**1,357**	**(138)**	**1,123**
Short-term financial payables				
Term loan facility	-	2	(2)	183
Non-convertible bond	20	21	(1)	15
Convertible bond	-	-	-	1
Securitization	-	105	(105)	-
Revolving facility - Credit Agreements	125	-	125	3
Revolving 2014	30	-	30	-
Derivatives	15	9	6	19
Other financial payables	165	152	13	90
Total short-term financial payables	**355**	**289**	**66**	**311**
Total financial liabilities	**1,574**	**1,646**	**(72)**	**1,434**
Long-term financial receivables	2	9	(7)	4
Long-term bank fees	-	3	(3)	-
Short-term financial receivables	19	7	12	12
Short-term derivatives	4	7	(3)	5
Short-term bank fees	4	5	(1)	5
Financial assets held for trading	71	54	17	93
Cash and cash equivalents	341	400	(59)	510
Total financial assets	**441**	**485**	**(44)**	**629**
Net financial position	**1,133**	**1,161**	**(28)**	**805**

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

STATEMENT OF CASH FLOWS

(in millions of Euro)

	3 months 2014 before WL Submarine project effect	WL Submarine project effect	3 months 2014 after WL Submarine project effect	3 months 2013 (*)	Change	FY 2013 (*)
EBITDA	**135**	**(37)**	**98**	**98**	**-**	**563**
Changes in provisions (including employee benefit obligations)	(14)	-	(14)	(24)	10	(69)
(Gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets	-	-	-	-	-	(7)
Share of net profit/(loss) of equity-accounted companies	(5)	-	(5)	(4)	(1)	(35)
Acquisition price adjustment [(1)]	(21)	-	(21)	-	(21)	-
Net cash flow provided by operating activities (before changes in net working capital)	**95**	**(37)**	**58**	**70**	**(12)**	**452**
Changes in net working capital	(371)	37	(334)	(331)	(3)	(6)
Taxes paid	(13)	-	(13)	(13)	-	(60)
Dividends from investments in equity-accounted companies	8	-	8	7	1	16
Net cash flow provided/(used) by operating activities	**(281)**	**-**	**(281)**	**(267)**	**(14)**	**402**
Acquisitions	-	-	-	-	-	-
Net cash flow used in operational investing activities	(22)	-	(22)	(23)	1	(107)
Free cash flow (unlevered)	**(303)**	**-**	**(303)**	**(290)**	**(13)**	**295**
Net finance costs	(13)	-	(13)	(15)	2	(124)
Free cash flow (levered)	**(316)**	**-**	**(316)**	**(305)**	**(11)**	**171**
Dividend distribution	-	-	-	(1)	1	(92)
Net cash flow provided/(used) in the period	**(316)**	**-**	**(316)**	**(306)**	**(10)**	**79**
Opening net financial position	**(805)**	**-**	**(805)**	**(888)**	**83**	**(888)**
Net cash flow provided/(used) in the period	(316)	-	(316)	(306)	(10)	79
Convertible bond equity component	-	-	-	39	(39)	39
Other changes	(12)	-	(12)	(6)	(6)	(35)
Closing net financial position	**(1,133)**	**-**	**(1,133)**	**(1,161)**	**28**	**(805)**

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

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

Net cash flow provided by operating activities (before changes in net working capital) amounted to Euro 58 million at the end of the first three months of 2014.
This cash flow was negatively impacted by the increase of Euro 334 million in net working capital described earlier. Therefore, after deducting Euro 13 million in tax payments, net cash flow from operating activities in the period was a negative Euro 281 million.

Net operating investments in the first three months of 2014 amounted to Euro 22 million and mainly refer to expansion of production capacity for High Voltage cables in Russia and the United States, for Submarine cables in Italy, and for Optical Fibre in France.

ALTERNATIVE PERFORMANCE INDICATORS

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

• **Adjusted net profit/(loss)**: net profit/(loss) before non-recurring income and expenses, the fair value change in metal derivatives and in other fair value items, the effect of currency and interest rate derivatives, exchange rate differences, non-monetary interest on the convertible bond and the related tax effects;
• **Adjusted operating income**: operating income before non-recurring income and expenses and the fair value change in metal derivatives and in other fair value items, as reported in the consolidated income statement. The purpose of this indicator is to present the Group's operating profitability without the effects of events considered to be outside its recurring operations;
• **EBITDA**: operating income before the fair value change in metal price derivatives and in other fair value items and before amortisation, depreciation and impairment. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;
• **Adjusted EBITDA**: EBITDA as defined above calculated before non-recurring income and expenses, as reported in the consolidated income statement. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items, without the effects of events considered to be outside the Group's recurring operations;
• **EBITDA before share of net profit/(loss) of equity-accounted companies**: Adjusted EBITDA as defined above calculated before the share of net profit/(loss) of equity-accounted companies.
• **Organic growth**: growth in sales calculated net of changes in the scope of consolidation, changes in metal prices and the effect of exchange rates.

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

• **Net fixed assets:** sum of the following items contained in the statement of financial position:
- Intangible assets
- Property, plant and equipment
- Investments in associates
- Available-for-sale financial assets, net of non-current securities classified as long-term financial receivables in the net financial position

• **Net working capital:** sum of the following items contained in the statement of financial position:
- Inventories
- Trade receivables
- Trade payables
- Other non-current receivables and payables, net of long-term financial receivables classified in the net financial position

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

• **Net operating working capital:** sum of the following items contained in the statement of financial position:
- Inventories
- Trade receivables
- Trade payables
- Other non-current receivables and payables, net of long-term financial receivables classified in the net financial position
- Other current receivables and payables, net of short-term financial receivables classified in the net financial position
- Current tax payables

• **Provisions:** sum of the following items contained in the statement of financial position:
- Provisions for risks and charges – current portion
- Provisions for risks and charges – non-current portion
- Provisions for deferred tax liabilities
- Deferred tax assets

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

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

• **Net financial position:** sum of the following items:
- Borrowings from banks and other lenders - non-current portion
- Borrowings from banks and other lenders - current portion
- Derivatives for financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables
- Derivatives for financial transactions recorded as Current derivatives and classified under Short-term financial receivables
- Derivatives for financial transactions recorded as Non-current derivatives and classified under Long-term financial payables
- Derivatives for financial transactions recorded as Current derivatives and classified under Short-term financial payables
- Medium/long-term financial receivables recorded in Other non-current receivables
- Bank fees on loans recorded in Other non-current receivables
- Short-term financial receivables recorded in Other current receivables
- Bank fees on loans recorded in Other current receivables
- Short/long-term available-for-sale financial assets, not instrumental to the Group's activities
- Financial assets held for trading
- Cash and cash equivalents

Reconciliation between the Reclassified Statement of Financial Position presented in the Directors' Report and the Statement of Financial Position contained in the Consolidated Financial Statements and Explanatory Notes at 31 March 2014

(in millions of Euro)

			31 March 2014		31 December 2013 (*)	
		Note	Partial amounts from financial statements	Total amounts from financial statements	Partial amounts from financial statements	Total amounts from financial statements
Net fixed assets						
Property, plant and equipment				1,383		1,390
Intangible assets				586		588
Investments in associates				198		205
Available-for-sale financial assets				12		12
Assets held for sale				9		12
Total net fixed assets	**A**			**2,188**		**2,207**
Net working capital						
Inventories	**B**			961		881
Trade receivables	**C**			1,051		933
Trade payables	**D**			(1,318)		(1,409)
Other receivables/payables - net	**E**			47		(13)
of which:						
Other receivables - non-current		*3*	*23*		*24*	
Tax receivables		*3*	*14*		*13*	
Receivables from employees		*3*	*2*		*2*	
Other		*3*	*7*		*9*	
Other receivables - current		*3*	*777*		*705*	
Tax receivables		*3*	*128*		*109*	
Receivables from employees and pension plans		*3*	*5*		*5*	
Advances to suppliers		*3*	*18*		*17*	
Other		*3*	*114*		*99*	
Construction contracts		*3*	*512*		*475*	
Other payables - non-current		*11*	*(21)*		*(20)*	
Tax and social security payables		*11*	*(12)*		*(12)*	
Accrued expenses		*11*	*(3)*		*(3)*	
Other		*11*	*(6)*		*(5)*	
Other payables - current		*11*	*(698)*		*(688)*	
Tax and social security payables		*11*	*(103)*		*(99)*	
Advances from customers		*11*	*(243)*		*(241)*	
Payables to employees		*11*	*(113)*		*(98)*	
Accrued expenses		*11*	*(138)*		*(136)*	
Other		*11*	*(101)*		*(114)*	
Current tax payables			*(34)*		*(34)*	
Total operating working capital	**F = B+C+D+E**			**741**		**392**
Derivatives	**G**		(33)		(6)	
of which:						
Forward currency contracts on commercial transactions (cash flow hedges) - current		*5*	*-*		*1*	
Forward currency contracts on commercial transactions - current		*5*	*-*		*6*	
Metal derivatives - non-current		*5*	*(2)*		*(1)*	
Metal derivatives - current		*5*	*(31)*		*(12)*	
Total net working capital	**H = F+G**			**708**		**386**

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

(in millions of Euro)

			31 March 2014		31 December 2013 (*)	
		Note	Partial amounts from financial statements	Total amounts from financial statements	Partial amounts from financial statements	Total amounts from financial statements
Provisions for risks and charges - non-current				(44)		(51)
Provisions for risks and charges - current				(273)		(279)
Deferred tax assets				146		130
Deferred tax liabilities				(96)		(97)
Total provisions	**I**			**(267)**		**(297)**
Net capital employed	**L = A+H+I**			**2,629**		**2,296**
Employee benefit obligations	**M**			**307**		**308**
Total equity	**N**			**1,189**		**1,183**
Equity attributable to non-controlling interests				*33*		*36*
Net financial position						
Total long-term financial payables	**O**			**1,219**		**1,123**
Term loan facility		10	400		400	
Bank fees		10	(3)		(3)	
Credit Agreements		10	**397**		**397**	
EIB loan		10	100		**-**	
Non-convertible bond		10	399		399	
Convertible bond		10	265		263	
Derivatives			4		4	
of which:						
Interest rate swaps		*5*	*4*		*4*	
Other payables			54		60	
of which:						
Finance lease obligations		*10*	*15*		*15*	
Other financial payables		*10*	*39*		*45*	
Total short-term financial payables	**P**			**355**		**311**
Term loan facility		10	-		184	
Bank fees		10	-		(1)	
EIB loan		10	-		-	
Non-convertible bond		10	20		15	
Convertible bond		10	-		1	
Revolving facility - Credit Agreements		10	125		3	
Revolving 2014			30		-	
Derivatives			15		19	
of which:						
Interest rate swaps		*5*	*10*		*14*	
Forward currency contracts on financial transactions		*5*	*5*		*5*	
Other payables			165		90	
of which:						
Finance lease obligations		*10*	*2*		*2*	
Other financial payables		*10*	*163*		*88*	
Total financial liabilities	**Q = O+P**			**1,574**		**1,434**
Long-term financial receivables	**R**	3	(2)		(4)	
of which:						
Short-term financial receivables	**R**	3	(19)		(12)	
Short-term derivatives	**R**		(4)		(5)	
of which:						
Forward currency contracts on financial transactions (current)		*5*	*(4)*		*(5)*	
Short-term bank fees	**R**	3	(4)		(5)	
Available-for-sale financial assets (current)	**S**			-		-
Financial assets held for trading	**T**			**(71)**		**(93)**
Cash and cash equivalents	**U**			**(341)**		**(510)**
Total financial assets	**V = R+S+T+U**			**(441)**		**(629)**
Total net financial position	**W = Q+V**			**1,133**		**805**
Total equity and sources of funds				**2,629**		**2,296**

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

Reconciliation between the principal income statement indicators and the Income Statement contained in the Consolidated Financial Statements and Explanatory Notes at 31 March 2014

(in millions of Euro)

		Note	3 months 2014 Amounts from income statement	3 months 2013 (*) Amounts from income statement
Sales of goods and services	A		1,579	1,669
Change in inventories of work in progress, semi-finished and finished goods			45	69
Other income			31	8
Raw materials, consumables used and goods for resale			(1,053)	(1,112)
Personnel costs			(228)	(240)
Other expenses			(282)	(305)
Operating costs	**B**		**(1,487)**	**(1,580)**
Share of net profit/(loss) of equity-accounted operating companies	C		5	4
Fair value stock options	D		1	5
EBITDA	**E = A+B+C+D**		**98**	**98**
Non-recurring other income	F		21	-
Non-recurring personnel costs	G		(2)	(5)
Non-recurring other expenses	H		1	(11)
Adjusted EBITDA	**I = E-F-G-H**		**78**	**114**
Share of net profit/(loss) of equity-accounted companies	L		5	4
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**M = I-L**		**73**	**110**

(in millions of Euro)

		Note	3 months 2014 Amounts from income statement	3 months 2013 (*) Amounts from income statement
Operating income	**A**	14	**42**	**45**
Non-recurring other income			21	-
Non-recurring personnel costs			(2)	(5)
Non-recurring other expenses			1	(11)
Change in inventories of work in progress, semi-finished and finished goods			-	-
Total non-recurring expenses	**B**		**20**	**(16)**
Fair value change in metal derivatives	C		(19)	(12)
Fair value stock options	D		(1)	(5)
Adjusted operating income	**E=A-B-C-D**		**42**	**78**

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

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

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

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

The alternative performance indicators at 31 December 2013 and for 1st quarter 2013 have therefore been restated as follows:

Alternative performance indicators at 31 March 2013:

Reclassified statement of financial position

(in millions of Euro)

	31 March 2013 Published (*)	Effects application IFRS 10-11	31 March 2013 Restated
Net fixed assets	2,294	4	2,298
Net working capital	810	(71)	739
Provisions	(310)	3	(307)
Net capital employed	**2,794**	**(64)**	**2,730**
Employee benefit obligations	346	-	346
Total equity	1,235	(12)	1,223
of which attributable to non-controlling interests	46	(12)	34
Net financial position	1,213	(52)	1,161
Total equity and sources of funds	**2,794**	**(64)**	**2,730**

(*) Restated following finalisation of the accounting for the business combination of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) which had been accounted for provisionally at 31 March 2013. Further details can be found in the 2013 Annual Report.

Net working capital

(in millions of Euro)

	31 March 2013 Published (*)	Effects application IFRS 10-11	31 March 2013 Restated
Inventories	1,047	(39)	1,008
Trade receivables	1,261	(87)	1,174
Trade payables	(1,453)	30	(1,423)
Other receivables/(payables)	(26)	25	(1)
Net operating working capital	**829**	**(71)**	**758**
Derivatives	(19)	-	(19)
Net working capital	**810**	**(71)**	**739**

(*) Restated following finalisation of the accounting for the business combination of Global Marine Systems Energy Ltd (now renamed Prysmian PowerLink Services Ltd) which had been accounted for provisionally at 31 March 2013. Further details can be found in the 2013 Annual Report.

Income statement

(in millions of Euro)

	3 months 2013 Published	Effects application IFRS 10-11	Other reclassifications	3 months 2013 Restated
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	115	(3)	2	114
Adjusted EBITDA	115	(3)	(2)	110
EBITDA	99	(3)	2	98
Adjusted operating income	77	(1)	2	78

Alternative performance indicators at 31 December 2013

Reclassified statement of financial position

(in millions of Euro)

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

Net working capital

(in millions of Euro)

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

Income statement

(in millions of Euro)

	2013 Published	Effects application IFRS 10-11	Other reclassifications	2013 Restated
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	612	(17)	(17)	578
Adjusted EBITDA	612	(16)	17	613
EBITDA	562	(16)	17	563
Adjusted operating income	457	(9)	17	465

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

European Commission's decision relating to the Antitrust investigation

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

The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the disputed infringement in the period from 18 February 1999 to 28 July 2005, sentencing them to pay a fine of Euro 67,310,000, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the disputed infringement in the period from 29 July 2005 to 28 January 2009, sentencing them to pay a fine of Euro 37,303,000. Prysmian has said that it will appeal against this decision to the General Court of the European Union. It should be noted that the Commission's decision may be submitted to two levels of appeal.

Dividend distribution

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

Share buy-back and disposal programme and Employee incentive plan

The Shareholders' Meeting held on 16 April 2014 authorised a share buy-back and disposal programme, revoking at the same time the previous authorisation under the shareholder resolution dated 16 April 2013. This programme provides the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total cannot exceed 10% of share capital, equal to 18,420,002 ordinary shares as at the date of 16 April 2014, after deducting the treasury shares held by the Company.

The same Shareholders' Meeting also approved an incentive plan for employees of the Prysmian Group, including members of the Board of Directors of Prysmian S.p.A., and granted the Board of Directors the necessary powers to establish and implement this plan.

The reasons behind the introduction of the Plan are:

- to generate strong commitment by the Group's management to achieving the targets for additional growth in profits and return on capital employed over the next three years;
- to align the interests of management with those of shareholders by using share-based incentives, and promoting stable share ownership of the Company;
- to ensure the long-term sustainability of the Group's annual performance through the mechanism of co-investing part of the annual bonus and consequent retention effect.

During the extraordinary session of the above meeting, the shareholders authorised an increase in share capital by a maximum amount of Euro 536,480, through the issue of up to 5,364,800 new ordinary shares with a nominal value of Euro 0.10 each, to be allotted for no consideration to Group employees who are beneficiaries of the above incentive plan.

Other subsequent events

On 9 April 2014, Prysmian Group was awarded a new contract by Energinet.dk, Denmark's grid operator, to develop a high voltage cable system for the underground connection of the Horns Rev3 offshore wind farm.

The project involves supplying a High Voltage Alternate Current (HVAC) 245 kV power cable for a 45 km underground route, Click-Fit™ network components and commissioning services to connect the wind farm from the coastal substation to the 400 kV transmission station in Endrup. The underground cables for this wind farm connection will be manufactured at the Pikkala plant (Finland), one of the Group's centres of technological and manufacturing excellence for High Voltage cables. This project is due to be completed by the end of 2015, with final delivery in 2016.

On 15 April 2014, Prysmian Group was awarded a new contract worth more than Euro 250 million by TenneT, the Dutch-German grid operator, for the grid connection of offshore wind farms in the North Sea to the German mainland.

The project involves the supply, installation and commissioning of a High Voltage Direct Current (HVDC) 320 kV extruded cable with a rating of 900 MW and associated optical fibre cable system, along a route running 29 km underground and 130 km underwater. The cable will connect the mainland converter station at the Emden Ost power substation in Lower Saxony to BorWin gamma, the offshore converter platform in the BorWin cluster, located approximately 120 km north of the German coast.

On 24 April 2014, Prysmian Group was awarded a new contract to supply, install and commission an HVAC 200 kV double circuit connection, comprising 21 km of submarine cable including spare lengths, an optical fibre connection, network components and commissioning services. The cables for this project, known as the "Shannon River Crossing" project, will be manufactured at the Pikkala plant (Finland), one of the Group's centres of technological and manufacturing excellence for submarine cables.

Cable installation will be performed by one of Prysmian's own laying vessels, the "Cable Enterprise", specialised in operations in extremely shallow waters and in offshore wind farm connections. The project is due to be completed by early 2016.

BUSINESS OUTLOOK

The macroeconomic environment in the first part of 2014, especially in those areas hardest hit by the crisis, has shown signs of stabilisation and improvement compared with the recessionary trend experienced since the second half of 2011.
In such an economic context, the Group is forecasting for 2014 that demand for medium voltage cables for utilities will continue to slow, especially in the first half of the year, and that building wires and products in the industrial market most exposed to cyclical trends will make a gradual recovery over the course of coming quarters. It also confirms the positive trend in demand in the high value-added businesses of power transmission and offshore Oil & Gas, as well as the steady recovery of demand for optical fibre cables from the record lows reported in 2013.
During the last few days of April, the manufacture of the cables for the Western HVDC Link project in the UK encountered some technical problems, which will be fully investigated in coming months. As a result, the Directors believe they cannot reliably estimate the outcome of this contract, and so its revenues have been recognised to the extent of the costs incurred. In the first quarter of 2014, this has resulted in the recognition of a loss of Euro 26 million after tax (Euro 37 million before tax). Despite the current uncertainty over the recently identified technical problems, the Directors believe at present that there is no evidence to suggest that contract costs will exceed contract revenues. This does not preclude that, after further analysis and technical testing in progress, evidence might emerge that will lead to the recognition of additional losses in coming quarters.
Based on the existing order book and considering the negative impact of the technical problems with the manufacture of cables for the Western Link project, as well as negative exchange rate effects, the Group is forecasting Adjusted EBITDA for FY 2014 in the range of Euro 530-580 million (Euro 600-650 million excluding the negative impact of the Western Link project estimated at Euro 70 million for the full year) compared with Euro 613 million in 2013.
Lastly, the Prysmian Group will carry on during 2014 to integrate and rationalise activities with the goal of achieving the projected cost synergies and of further strengthening its presence in all its areas of business.

FORESEEABLE RISKS IN 2014*

The Prysmian Group is exposed in the normal conduct of its business to a number of financial and non-financial risk factors which, if they should materialise, could also have a material impact on its results of operations and financial condition. The Group has always worked to maximise value for its shareholders by putting in place all necessary measures to prevent or mitigate the risks inherent in the Group's business, which is why it adopts specific procedures to manage the risk factors that could influence its business results. Given operating performance in the first three months of the year and the specific macroeconomic context, the principal risk factors currently foreseeable for the next nine months of 2014 are described below according to their nature.

Risks associated with market trends for the Group's products

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

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

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

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

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

Risks associated with the competitive environment

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

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

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

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

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

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

Risks relating to changes in the legal and regulatory framework

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

Risks associated with activities in emerging markets

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

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

Risks associated with availability of financial resources and their cost

The volatility of the international banking and financial system could represent a potential risk factor in terms of raising finance and its associated cost. Prysmian Group believes that it has significantly mitigated such a risk insofar as, in recent years, it has always been able to raise sufficient financial resources, and at a competitive cost. In particular, in February 2014 the Group obtained a five-year revolving facility for Euro 100 million from Mediobanca – Banca di Credito Finanziario S.p.A. and in December 2013 a loan for Euro 100 million from the European Investment Bank (EIB) to fund the Group's European R&D plans over the period 2013-2016; in March 2013, Prysmian completed the placement of a convertible bond with institutional investors for Euro 300 million, with a 1.25% coupon and maturity in March 2018. Previously, in March 2011, the Group had entered into a long-term loan agreement for Euro 800 million (Credit Agreement 2011) with a syndicate of leading banks. This five-year agreement comprises a loan for Euro 400 million (Term Loan Facility 2011) and a revolving facility for Euro 400 million (Revolving Credit Facility 2011). In addition, the placement of an unrated bond with institutional investors on the Eurobond market was completed in March 2010 for a nominal total of Euro 400 million with a 5.25% coupon and maturity in April 2015. Lastly, it is recalled that in January 2010 Prysmian entered into a forward start credit agreement for Euro 1,070 million (Credit Agreement 2010), of which Euro 670 million related to a Term Loan Facility and Euro 400 million to a Revolving Credit Facility, maturing on 31 December 2014. The Term Loan Facility, which had stood at Euro 184 million at 31 December 2014, was repaid in advance on 28 February 2014 (more details can be found in the section on Significant Events During the Period).

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

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

As at 31 March 2014, the Group's total financial resources, comprising cash and cash equivalents and undrawn committed credit lines, came to in excess of Euro 1 billion.

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

Financial covenants

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

The financial covenants are measured at the half-year close on 30 June and at the full-year close on 31 December. All covenants, financial or otherwise, were fully observed at 31 December 2013. In particular:

(i) the ratio between EBITDA and Net finance costs, as defined in the credit agreements, was 6.91x (against a required covenant of not less than 5.50x);

(ii) the ratio between Net Financial Position and EBITDA, as defined in the credit agreements, was 1.28x (against a required covenant of below 2.75x).

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

Exchange rate fluctuation

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

To manage exchange rate risk arising from future trade transactions and from the recognition of foreign currency assets and liabilities, most Prysmian Group companies use forward contracts arranged by Group Treasury, which manages the various positions in each currency.

However, since Prysmian prepares its consolidated financial statements in Euro, fluctuations in the exchange rates used to translate the financial statements of subsidiaries, originally expressed in a foreign currency, could affect the Group's results of operations and financial condition.

Interest rate fluctuation

Changes in interest rates affect the market value of the Prysmian Group's financial assets and liabilities as well as its net finance costs. The interest rate risk to which the Group is exposed is mainly on long-term financial liabilities, carrying both fixed and variable rates.

Fixed rate debt exposes the Group to a fair value risk. The Group does not operate any particular hedging policies in relation to the risk arising from such contracts since it considers this risk to be immaterial. Variable rate debt exposes the Group to a rate volatility risk (cash flow risk). The Group uses interest rate swaps (IRS) to hedge this risk, which transform variable rates into fixed ones, thus reducing the rate volatility risk. Under such IRS contracts, the Group agrees with the other parties to swap on specific dates the difference between the contracted fixed rates and the variable rate calculated on the loan's notional value. A potential rise in interest rates, from the record lows reached in recent years, is a risk factor in coming quarters.

Risks associated with fluctuations in commodity prices

The principal raw material used for making the Prysmian Group's products is copper. The other raw materials used are aluminium, lead and steel, as well as various petroleum derivatives, such as PVC and polyethylene.

All raw materials have experienced particularly significant price fluctuations in recent years, which could continue in coming quarters. The Group neutralises the impact of possible rises in the price of copper and its other principal raw materials through automatic sales price adjustment mechanisms or through hedging activities; the exception is petroleum derivatives (polyethylene, plastifying PVC, rubber and other chemical products), where the risk cannot be offset through hedging. Established commercial practice and/or the structural characteristics of the markets concerned mean that hedging of certain products (mainly in the

Trade & Installers business area) involves the periodic updating of price lists (since it is not possible to use automatic sales price adjustment mechanisms). In such cases, it is possible that, in the current market context, the Prysmian Group would be unable to quickly pass on the impact of fluctuations in raw material prices to sales prices. In particular, in the case of petroleum derivatives, it is standard practice for changes in purchase price to systematically lag behind changes in the petroleum price.

More generally, depending on the size and speed of copper price fluctuations, such fluctuations may have a significant impact on customers' buying decisions particularly in the Trade & Installers business area, the Power Distribution business line and certain lines in the Industrial area more exposed to cyclical trends in demand, and on the Group's margins and working capital. In particular, (i) significant, rapid increases and decreases in the copper price may cause absolute increases and decreases respectively in the Group's profit margins due to the nature of the commercial relationships and mechanisms for determining end product prices and (ii) increases and decreases in the copper price may cause increases and decreases respectively in working capital (with a consequent increase or decrease in the Group's net debt).

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

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

HIGH LOW

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

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

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

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

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

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

During the last few days of April, the manufacture of the cables for the Western HVDC Link project in the United Kingdom encountered some technical problems, which will be fully investigated in coming months. As a result, the Directors believe they cannot reliably estimate the outcome of this contract, and so its revenues have been recognised to the extent of the costs incurred. In the first quarter of 2014, this has resulted in the recognition of a loss of Euro 26 million after tax (Euro 37 million before tax). Despite the current uncertainty over the recently identified technical problems, the Directors believe at present that there is no evidence to suggest that contract costs will exceed contract revenues. This does not preclude that, after further analysis and technical testing in progress, evidence might emerge that will lead to the recognition of additional losses in coming quarters.

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

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

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

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

Compliance risk is the risk of incurring legal or administrative sanctions, material financial losses or reputational damage as a result of violations of laws, regulations, procedures, codes of conduct and best practices. Right at its inception, the Prysmian Group approved a Code of Ethics, a document which contains ethical standards and guidelines for conduct to be observed by all those engaged in activities on behalf of

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

Risks relating to legal and tax proceedings

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

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

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

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

At the start of July 2011, Prysmian received a statement of objection from the European Commission in relation to the investigation started in January 2009 into the high voltage underground and submarine energy cables market. This document contained the Commission's preliminary position on alleged anti-competitive practices and did not prejudge its final decision. Prysmian subsequently submitted its defence which it was also able to present at the hearing before the European Commission held during the month of June 2012. In July 2013, Prysmian submitted information, at the Commission’s request, about its 2004 sales in the high voltage underground and submarine cables businesses. In addition, a state of play meeting was held between the Company and the European Commission at the start of October 2013. Subsequently, in February 2014, the Commission requested the figures for the Group's consolidated sales at 31 December 2013.

On 2 April 2014, the European Commission adopted a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., adopted anti-competitive practices in the European market for submarine energy cables and high voltage underground energy cables. The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the disputed infringement in the period from 18 February 1999 to 28 July 2005, sentencing them to pay a fine of Euro 67,310,000, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the disputed infringement in the period from 29 July 2005 to 28 January 2009, sentencing them to pay a fine of Euro 37,303,000. The Prysmian Group believes that the EU body's decision is deeply flawed because of superficial investigation, making it therefore unfair and unlawful. Prysmian has said that it will appeal against this decision to the General Court of the European Union.

As at 31 March 2014, the amount of the provision for the risks relating to the European Commission's ruling and the investigations underway in the various jurisdictions, except for Brazil, is approximately Euro 198 million. This amount has been determined on the basis of partly subjective considerations and is only an estimate since the outcome of the investigations in progress is still uncertain. It is therefore not possible to rule out that the Group could be required to meet liabilities not covered by the provisions for risks should such litigation have an adverse outcome, with a consequently negative, even material, impact on its business, results of operations and financial condition.

STOCK OPTION PLANS

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

RELATED PARTY TRANSACTIONS

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

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

Milan, 8 May 2014

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Massimo Tononi

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	Note	31 March 2014	of which related parties (Note 21)	31 December 2013 (*)	of which related parties (Note 21)	1 January 2013 (*)	of which related parties
Non-current assets							
Property, plant and equipment	1	1,383		1,390		1,484	
Intangible assets	1	586		588		608	
Equity-accounted investments	2	198	198	205	205	193	193
Available-for-sale financial assets		12		12		12	
Derivatives	5	1		2		3	
Deferred tax assets		146		130		125	
Other receivables	3	25		28		40	
Total non-current assets		**2,351**		**2,355**		**2,465**	
Current assets							
Inventories	4	961		881		866	
Trade receivables	3	1,051	11	933	10	1,083	17
Other receivables	3	800	1	722	2	560	4
Financial assets held for trading	6	71		93		78	
Derivatives	5	11		23		16	
Cash and cash equivalents	7	341		510		787	
Total current assets		**3,235**		**3,162**		**3,390**	
Assets held for sale	8	9		12		4	
Total assets		**5,595**		**5,529**		**5,859**	
Equity attributable to the Group:		**1,156**		**1,147**		**1,112**	
Share capital	9	21		21		21	
Reserves	9	1,128		977		925	
Net profit/(loss) for the period		7		149		166	
Equity attributable to non-controlling interests:		**33**		**36**		**35**	
Share capital and reserves		35		33		33	
Net profit/(loss) for the period		(2)		3		2	
Total equity		**1,189**		**1,183**		**1,147**	
Non-current liabilities							
Borrowings from banks and other lenders	10	1,215		1,119		1,428	
Other payables	11	21		20		23	
Provisions for risks and charges	12	44		51		73	
Derivatives	5	7		7		41	
Deferred tax liabilities		96		97		91	
Employee benefit obligations	13	307		308		344	6
Total non-current liabilities		**1,690**		**1,602**		**2,000**	
Current liabilities							
Borrowings from banks and other lenders	10	340		292		311	
Trade payables	11	1,318	2	1,409	3	1,416	4
Other payables	11	698	16	688	18	616	2
Derivatives	5	53		42		24	
Provisions for risks and charges	12	273		279		317	
Current tax payables		34		34		28	
Total current liabilities		**2,716**		**2,744**		**2,712**	
Total liabilities		**4,406**		**4,346**		**4,712**	
Total equity and liabilities		**5,595**		**5,529**		**5,859**	

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

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)

	Note	3 months 2014	of which related parties (Note 21)	3 months 2013 (*)	of which related parties (Note 21)
Sales of goods and services		1,579	9	1,669	10
Change in inventories of work in progress, semi-finished and finished goods		45		69	
Other income		31		8	1
of which non-recurring other income		*21*		-	
Raw materials, consumables used and goods for resale		(1,053)	(1)	(1,112)	(2)
Fair value change in metal derivatives		(19)		(12)	
Personnel costs		(228)	(2)	(240)	(4)
of which non-recurring personnel costs		*(2)*		*(5)*	
of which personnel costs for stock option fair value		*(1)*		*(5)*	
Amortisation, depreciation and impairment		(36)		(36)	
Other expenses		(282)		(305)	
of which non-recurring other expenses		*1*		*(11)*	
Share of net profit/(loss) of equity-accounted companies		5	5	4	4
Operating income	14	**42**		**45**	
Finance costs	15	(95)		(121)	
of which non-recurring finance costs		*(5)*		*(5)*	
Finance income	15	60		73	
Dividends from other companies		-		-	
Profit/(loss) before taxes		**7**		**(3)**	
Taxes	16	(2)		1	
Net profit/(loss) for the period		**5**		**(2)**	
Attributable to:					
Owners of the parent		7		(2)	
Non-controlling interests		(2)		-	
Basic earnings/(loss) per share (in Euro)	17	**0.03**		**(0.01)**	
Diluted earnings/(loss) per share (in Euro)	17	**0.03**		**(0.01)**	

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of Euro)

	3 months 2014	3 months 2013 (*)
Net profit/(loss) for the period	**5**	**(2)**
Comprehensive income/(loss) for the period:		
- items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on cash flow hedges - gross of tax	1	5
Fair value gains/(losses) on cash flow hedges - tax effect	-	(2)
Release of cash flow hedge reserve after discontinuing cash flow hedging - gross of tax	4	15
Release of cash flow hedge reserve after discontinuing cash flow hedging - tax effect	(1)	(5)
Currency translation differences	(3)	22
Total items that may be reclassified, net of tax	**1**	**35**
- items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	-	-
Actuarial gains/(losses) on employee benefits - tax effect	-	-
Total items that will NOT be reclassified, net of tax	**-**	**-**
Total comprehensive income/(loss) for the period	**6**	**33**
Attributable to:		
Owners of the parent	8	33
Non-controlling interests	(2)	-

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Euro)

	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Net profit / (loss) for the period	Equity attributable to the Group	Non-controlling interests	Total
Previously published balance at 31 December 2012	**21**	**(23)**	**(62)**	**1,010**	**166**	**1,112**	**47**	**1,159**
Variation due to application of new standards	-	-	-	-	-	-	(12)	(12)
Balance at 1 January 2013	**21**	**(23)**	**(62)**	**1,010**	**166**	**1,112**	**35**	**1,147**
Allocation of prior year net result	-	-	-	166	(166)	-	-	-
Fair value - stock options	-	-	-	5	-	5	-	5
Dividend distribution	-	-	-	-	-	-	(1)	(1)
Non-monetary component of convertible bond	-	-	-	39	-	39	-	39
Total comprehensive income/(loss) for the period	-	13	22	-	(2)	33	-	33
Balance at 31 March 2013 (*)	**21**	**(10)**	**(40)**	**1,220**	**(2)**	**1,189**	**34**	**1,223**

(in millions of Euro)

	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Net profit / (loss) for the period	Equity attributable to the Group	Non-controlling interests	Total
Balance at 31 December 2013 (*)	**21**	**(8)**	**(156)**	**1,141**	**149**	**1,147**	**36**	**1,183**
Allocation of prior year net result	-	-	-	149	(149)	-	-	-
Dividend distribution	-	-	-	-	-	-	(1)	(1)
Fair value - stock options	-	-	-	1	-	1	-	1
Total comprehensive income/(loss) for the period	-	4	(3)	-	7	8	(2)	6
Balance at 31 March 2014	**21**	**(4)**	**(159)**	**1,291**	**7**	**1,156**	**33**	**1,189**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Euro)

	3 months 2014	of which related parties (Note 21)	3 months 2013 (*)	of which related parties (Note 21)
Profit/(loss) before taxes	7		(3)	
Depreciation and impairment of property, plant and equipment	29		28	
Amortisation and impairment of intangible assets	7		8	
Share of net profit/(loss) of equity-accounted companies	(5)	(5)	(4)	(4)
Share-based payments	1		5	
Fair value change in metal derivatives and other fair value items	19		12	
Net finance costs	35		48	
Changes in inventories	(82)		(134)	
Changes in trade receivables/payables	(209)	(1)	(85)	
Changes in other receivables/payables	(64)	(2)	(112)	(1)
Changes in receivables/payables for derivatives	-		-	
Taxes paid	(13)		(13)	
Dividends received from equity-accounted companies	8	8	7	7
Utilisation of provisions (including employee benefit obligations)	(20)		(34)	
Increases in provisions (including employee benefit obligations)	6		10	
A. Net cash flow provided by/(used in) operating activities	**(281)**		**(267)**	
Acquisitions	-		-	
Investments in property, plant and equipment	(22)		(19)	
Disposals of property, plant and equipment and assets held for sale	3		-	
Investments in intangible assets	(3)		(4)	
Disposals of intangible assets	-		-	
Investments in financial assets held for trading	(1)		(3)	
Disposals of financial assets held for trading	24		30	
B. Net cash flow provided by/(used in) investing activities	**1**		**4**	
Dividend distribution	-		(1)	
EIB loan	100		-	
Proceeds from convertible bond (1)	-		296	
Early repayment of credit agreement	(184)		(486)	
Finance costs paid (2)	(71)		(79)	
Finance income received (3)	58		64	
Changes in other net financial payables	212		79	
C. Net cash flow provided by/(used in) financing activities	**115**		**(127)**	
D. Currency translation gains/(losses) on cash and cash equivalents	(4)		3	
E. Total cash flow provided/(used) in the period (A+B+C+D)	**(169)**		**(387)**	
F. Net cash and cash equivalents at the beginning of the period	**510**		**787**	
G. Net cash and cash equivalents at the end of the period (E+F)	**341**		**400**	

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

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

(2) Finance costs paid of Euro 71 million include Euro 8 million in interest payments in the first three months of 2014 (Euro 6 million in the first three months of 2013).

(3) Finance income received of Euro 58 million includes Euro 2 million in interest income (Euro 2 million in the first three months of 2013).

EXPLANATORY NOTES

A. GENERAL INFORMATION

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

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

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

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

A.1 SIGNIFICANT EVENTS IN 2014

EIB Loan

On 18 December 2013, Prysmian S.p.A. entered into a loan agreement with the European Investment Bank (EIB) for Euro 100 million, to fund the Group's European research & development (R&D) programmes over the period 2013-2016.
The EIB Loan is particularly intended to support projects developed in the Group's R&D centres in six countries (France, Great Britain, the Netherlands, Spain, Germany and Italy) and represents about 50% of the Prysmian Group's planned investment expenditure in Europe during the period concerned.
The EIB Loan was received on 5 February 2014; it will be repaid in 12 equal half-yearly instalments starting on 5 August 2015 and ending on 5 February 2021.

Credit agreement with Mediobanca – Banca di Credito Finanziario S.p.A.

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

Early Repayment of Credit Agreement 2010

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

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

The price adjustment process relating to the acquisition of Global Marine Systems Energy (now renamed Prysmian PowerLink Services Ltd) was completed on 28 March 2014, with a price adjustment of GBP 20 million in the Prysmian Group's favour. Since this process was completed more than a year from the acquisition date of 15 November 2012, the difference between the adjusted final price and that previously estimated has been accounted for in the income statement with the recognition of Euro 21 million in non-recurring income.

Western HVDC Link (UK) contract

During the last few days of April, the manufacture of the cables for the Western HVDC Link project in the United Kingdom encountered some technical problems, which will be fully investigated in coming months. As a result, the Directors believe they cannot reliably estimate the outcome of this contract, and so its revenues have been recognised to the extent of the costs incurred. In the first quarter of 2014, this has resulted in the recognition of a loss of Euro 26 million after tax (Euro 37 million before tax).

Despite the current uncertainty over the recently identified technical problems, the Directors believe at present that there is no evidence to suggest that contract costs will exceed contract revenues. This does not preclude that, after further analysis and technical testing in progress, evidence might emerge that will lead to the recognition of additional losses in coming quarters.

The consolidated financial statements contained herein were approved by the Board of Directors on 8 May 2014.

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

B. FORM AND CONTENT

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

In particular, the Group's estimates and projections take account of the possible developments in the investigations by the European Commission and other jurisdictions into alleged anti-competitive practices in the High Voltage underground and Submarine cables market, as well as the risk factors described in the Directors' Report, and confirm the Prysmian Group's ability to operate as a going concern and to comply with its financial covenants.

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

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

B.1 FINANCIAL STATEMENTS AND DISCLOSURES

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

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

Amendment of financial statements

The consolidated financial statements for 2013, presented in this quarterly financial report for comparative purposes, have been amended compared with the previously published figures due to the application of IFRS 10 and IFRS 11. Further details can be found in Section C. Restatement of comparative figures.

Following these amendments, investments in associates and joint ventures accounted for using the equity method have been presented in a separate line of the consolidated statement of financial position; in addition, the Group has adopted a new method of classifying its share of the net profit/(loss) of associates and joint ventures, whereby it recognises this amount as a component of Operating income when relating to companies that operate in the same market as the Group. The comparative figures have been reclassified accordingly.

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

B.2 ACCOUNTING STANDARDS

Accounting standards used to prepare the quarterly financial report

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

1. income taxes, which have been recognised using the best estimate of the weighted average tax rate for the full year;

2. the accounting standards and amendments discussed below, which have been mandatorily applied with effect from 1 January 2014 after receiving endorsement from the competent authorities.

Accounting standards, amendments and interpretations applied from 1 January 2014

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

The principal changes are as follows:

IFRS 10 - Consolidated Financial Statements
This standard supersedes *SIC 12 - Consolidation: Special Purpose Entities* and parts of *IAS 27 - Consolidated and Separate Financial Statements*. The objective of the new standard is to define a single control model, which is applicable to all companies, including special purpose entities.
The standard provides guidance on defining the new concept of control, which is more detailed than in the past, in order to assist in the determination of control where this is difficult to assess.

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

IFRS 11 - Joint Arrangements
This document supersedes *IAS 31 - Interests in Joint Ventures* and *SIC 13 - Jointly Controlled Entities: Non-Monetary Contributions by Venturers* and establishes principles for identifying a joint arrangement on the basis of the rights and obligations arising from the arrangement, rather than its legal form. The accounting treatment differs according to whether the arrangement is classified as a joint operation or a joint venture. In addition, the existing policy choice of proportionate consolidation for joint ventures has been eliminated.

IFRS 12 - Disclosure of Interests in Other Entities
This document refers to the disclosures concerning interests in other entities, including subsidiaries, associates and joint ventures.
The objective is to disclose information that enables users of financial statements to evaluate the nature of risks associated with interests in strategic investments (consolidated and otherwise) intended to be held over the medium to long term.

IFRSs 10, 11 and 12 and IAS 27 were published in the Official Journal of the European Union on 29 December 2012 and apply at the latest from the commencement date of the first financial year starting on or after 1 January 2014.
In November 2013, "*Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*", a document issued by the IASB on 31 October 2012, was published in the Official Journal of the European Union. These amendments are intended to provide an exception from the consolidation obligations of IFRS 10 for companies that manage

and measure their investments on a fair value basis. These amendments apply to financial years beginning on or after 1 January 2014 and do not entail any significant effects for the Group.
Further details about the effects of the above amendments can be found in Section C. Restatement of comparative figures.

On 16 December 2011, the IASB published amendments to *IAS 32 - Financial Instruments: Presentation* to clarify the criteria for offsetting financial instruments.
The amendments clarify that:
- the right of set-off between financial assets and liabilities must be available at the financial reporting date and not contingent on a future event;
- this right must be enforceable by all counterparties both in the normal course of business and in the event of insolvency or bankruptcy.

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

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

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

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

On 12 November 2009, the IASB issued the first part of a new accounting standard *IFRS 9 – Financial Instruments*, which will supersede *IAS 39 - Financial Instruments: Recognition and Measurement*. This initial document addresses the classification of financial instruments and forms part of a three-phase project, whose second and third phases will address the impairment methodology for financial assets and the application of hedge accounting respectively. This new standard, whose purpose is to simplify and reduce the complexity of accounting for financial instruments, classifies financial instruments in three categories that the reporting entity

defines according to its business model, and to the contractual characteristics and related cash flows of the instruments in question.
On 16 December 2011, the IASB postponed the effective date of IFRS 9 from 1 January 2013 to 1 January 2015, although earlier application is still permitted.

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

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

B.3 CHANGES IN THE SCOPE OF CONSOLIDATION

The Group's scope of consolidation includes the financial statements of Prysmian S.p.A. (the Parent Company) and of the companies over which it exercises direct or indirect control, which are consolidated from the date when control is obtained until the date when such control ceases.
The following changes took place during the first three months of 2014:

Mergers

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

Name changes

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

Appendix A to these notes contains a list of the companies included in the scope of consolidation at 31 March 2014.

C. RESTATEMENT OF COMPARATIVE FIGURES

Following the adoption of *IFRS 10 - Consolidated Financial Statements* and *IFRS 11 - Joint Arrangements*, applicable retrospectively from 1 January 2014, the Group's consolidated figures have been restated as from 1 January 2013.
In particular, the changes introduced by *IFRS 11 - Joint Arrangements* have eliminated the possibility of proportionate consolidation; accordingly, the companies Yangtze Optical Fibre and Cable Joint Stock Limited Co., Yangtze Optical Fibre and Cable (Hong Kong) Co. Ltd., Precision Fiber Optics Ltd. and Power Cables

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

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

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

(*) *Joint operation* company consolidated according to the rights and obligations arising under the contractual arrangement.

The consolidated financial statements at 1 January 2013, at 31 December 2013 and for the first quarter of 2013 have therefore been restated as follows:

Consolidated statement of financial position at 1 January 2013:

(in millions of Euro)

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

***Consolidated statement of financial position at 31 December 2013*:**

(in millions of Euro)

	31 December 2013 Published	Effects application IFRS 10-11	31 December 2013 Restated
Non-current assets			
Property, plant and equipment	1,441	(51)	1,390
Intangible assets	623	(35)	588
Equity-accounted investments	99	106	205
Available-for-sale financial assets	15	(3)	12
Derivatives	2	-	2
Deferred tax assets	134	(4)	130
Other receivables	29	(1)	28
Total non-current assets	**2,343**	**12**	**2,355**
Current assets			
Inventories	920	(39)	881
Trade receivables	1,010	(77)	933
Other receivables	739	(17)	722
Financial assets held for trading	94	(1)	93
Derivatives	23	-	23
Cash and cash equivalents	561	(51)	510
Total current assets	**3,347**	**(185)**	**3,162**
Assets held for sale	12	-	12
Total assets	**5,702**	**(173)**	**5,529**
Equity attributable to the Group:	**1,147**	**-**	**1,147**
Share capital	21	-	21
Reserves	977	-	977
Net profit/(loss) for the period	149	-	149
Equity attributable to non-controlling interests:	**48**	**(12)**	**36**
Share capital and reserves	43	(10)	33
Net profit/(loss) for the period	5	(2)	3
Total equity	**1,195**	**(12)**	**1,183**
Non-current liabilities			
Borrowings from banks and other lenders	1,154	(35)	1,119
Other payables	24	(4)	20
Provisions for risks and charges	52	(1)	51
Derivatives	7	-	7
Deferred tax liabilities	100	(3)	97
Employee benefit obligations	308	-	308
Total non-current liabilities	**1,645**	**(43)**	**1,602**
Current liabilities			
Borrowings from banks and other lenders	338	(46)	292
Trade payables	1,441	(32)	1,409
Other payables	728	(40)	688
Derivatives	42	-	42
Provisions for risks and charges	279	-	279
Current tax payables	34	-	34
Total current liabilities	**2,862**	**(118)**	**2,744**
Total liabilities	**4,507**	**(161)**	**4,346**
Total equity and liabilities	**5,702**	**(173)**	**5,529**

Consolidated income statement 3 months 2013:

(in millions of Euro)

	3 months 2013 Published	Effects application IFRS 10-11	Other reclassification	3 months 2013 Restated
Sales of goods and services	1,711	(42)	-	1,669
Change in inventories of work in progress, semi-finished and finished goods	71	(2)	-	69
Other income	8	-	-	8
Raw materials, consumables used and goods for resale	(1,144)	32	-	(1,112)
Fair value change in metal derivatives	(12)	-	-	(12)
Personnel costs	(245)	5	-	(240)
of which non-recurring personnel costs	*(5)*	-	-	*(5)*
of which personnel costs for stock option fair value	*(5)*	-	-	*(5)*
Amortisation, depreciation and impairment	(38)	2	-	(36)
of which non-recurring impairment	-	-	-	-
Other expenses	(307)	2	-	(305)
of which non-recurring other expenses	*(11)*	-	-	*(11)*
Share of net profit/(loss) of equity-accounted companies	-	2	2	4
Operating income	**44**	**(1)**	**2**	**45**
Finance costs	(122)	1	-	(121)
of which non-recurring finance costs	*(5)*	-	-	*(5)*
Finance income	73	-	-	73
Share of net profit/(loss) of associates and dividends from other companies	2	-	(2)	-
Profit/(loss) before taxes	**(3)**	**-**	**-**	**(3)**
Taxes	1	-	-	1
Net profit/(loss) for the period	**(2)**	**-**	**-**	**(2)**
Attributable to:				
Owners of the parent	(2)	-	-	(2)
Non-controlling interests	-	-	-	-

It should be noted that the adoption of IFRS 10 and IFRS 11 has not resulted in any changes to the statement of comprehensive income.

Consolidated statement of cash flows 3 months 2013:

(in millions of Euro)

	3 months 2013 Published	Effects application IFRS 10-11	Other reclassification	3 months 2013 Restated
Profit/(loss) before taxes	(3)	-	-	(3)
Depreciation and impairment of property, plant and equipment	30	(2)	-	28
Amortisation and impairment of intangible assets	8	-	-	8
Share of net profit/(loss) of equity-accounted companies	(2)	(2)	-	(4)
Share-based payments	5	-	-	5
Fair value change in metal derivatives and other fair value items	12	-	-	12
Net finance costs	49	(1)	-	48
Changes in inventories	(141)	7	-	(134)
Changes in trade receivables/payables	(93)	8	-	(85)
Changes in other receivables/payables	(117)	5	-	(112)
Changes in receivables/payables for derivatives	-	-	-	-
Taxes paid	(13)	-	-	(13)
Dividends received from equity-accounted companies	-	-	7	7
Utilisation of provisions (including employee benefit obligations)	(37)	3	-	(34)
Increases in provisions (including employee benefit obligations)	10	-	-	10
A. Net cash flow provided by/(used in) operating activities	**(292)**	**18**	**7**	**(267)**
Acquisitions	-	-	-	-
Investments in intangible assets	(20)	1	-	(19)
Investments in financial assets held for trading	(4)	-	-	(4)
Investments in available-for-sale financial assets	(3)	-	-	(3)
Disposals of available-for-sale financial assets	30	-	-	30
Dividends received	7	-	(7)	-
B. Net cash flow provided by/(used in) investing activities	**10**	**1**	**(7)**	**4**
Dividend distribution	(1)	-	-	(1)
Proceeds from convertible bond	296	-	-	296
Early repayment of credit agreement	(486)	-	-	(486)
Finance costs paid	(80)	1	-	(79)
Finance income received	64	-	-	64
Changes in other net financial payables	83	(4)	-	79
C. Net cash flow provided by/(used in) financing activities	**(124)**	**(3)**	**-**	**(127)**
D. Currency translation gains/(losses) on cash and cash equivalents	3	-	-	3
E. Total cash flow provided/(used) in the period (A+B+C+D)	**(403)**	**16**	**-**	**(387)**
F. Net cash and cash equivalents at the beginning of the period	**812**	**(25)**	**-**	**787**
G. Net cash and cash equivalents at the end of the period (E+F)	**409**	**(9)**	**-**	**400**

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.

This quarterly financial report does not contain all the information about financial risks presented in the annual financial report at 31 December 2013, which should be consulted for more detailed analysis.
With reference to the risks described in the annual financial report at 31 December 2013, there have been no changes in the types of risks to which the Group is exposed or in its policies for managing such risks.

(a) Fair value estimation

With reference to assets and liabilities recognised in the statement of financial position, IFRS 13 requires that such amounts are classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value.
Financial instruments are classified according to the following fair value hierarchy:
Level 1: fair value is determined with reference to quoted prices (unadjusted) in active markets for identical financial instruments;
Level 2: fair value is determined using valuation techniques where the input is based on observable market data;
Level 3: fair value is determined using valuation techniques where the input is not based on observable market data.

(in millions of Euro)

				31 March 2014
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss:				
Derivatives	1	8	-	9
Financial assets held for trading	66	5	-	71
Hedging derivatives	-	3	-	3
Available-for-sale financial assets	-	-	12	12
Total assets	**67**	**16**	**12**	**95**
Liabilities				
Financial liabilities at fair value through profit or loss:				
Derivatives	25	28	-	53
Hedging derivatives	-	7	-	7
Total liabilities	**25**	**35**	**-**	**60**

Financial assets classified in fair value Level 3 have reported no significant movements in the period.
Given the short-term nature of trade receivables and payables, their book values, net of any allowance for doubtful accounts, are treated as a good approximation of fair value.

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

(b) Valuation techniques

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

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

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

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

D. SEGMENT INFORMATION

The criteria used for identifying reportable segments are consistent with the way in which management runs the Group.

In particular, segment information is structured in the same way as the report periodically reviewed by the Chief Executive Officer for the purposes of managing the business. In fact, the Chief Executive Officer reviews operating performance by macro type of business (Energy and Telecom), assesses the results of operating segments primarily on the basis of Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items (eg. restructuring costs), amortisation, depreciation and impairment, finance costs and income, and taxes, and reviews the statement of financial position for the Group as a whole, and not by operating segment.

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

A) Energy operating segment:

1. Utilities: organised in four lines of business, comprising High Voltage, Power Distribution, Accessories and Submarine;
2. Trade & Installers: cables and systems for the trade and installers market for the wiring of buildings and distribution of electricity to or in commercial and residential buildings, including fire-resistant and low smoke halogen-free cables as part of one of the widest and most comprehensive product ranges in the world;
3. Industrial: cables and accessories for special industrial applications based on specific requirements (Specialties&OEM; Oil & Gas; Automotive; Renewables; Surf; Elevator);
4. Other: occasional sales of residual products.

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

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

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

D.1 OPERATING SEGMENTS

The following tables present information by operating segment.

(in millions of Euro)

								3 months 2014
	Energy					Telecom	Corporate	Group total
	Utilities	Trade & Installers	Industrial	Other	Total			
Sales[(1)]	462	457	401	23	1,343	236	-	1,579
Adjusted EBITDA before share of net profit/(loss) of equity accounted companies	**17**	**11**	**26**	**2**	**56**	**17**	**-**	**73**
% of sales	3.7%	2.4%	6.5%		4.2%	7.2%		4.6%
Adjusted EBITDA (A)	**18**	**13**	**27**	**2**	**60**	**18**	**-**	**78**
% of sales	4.0%	2.9%	6.7%		4.5%	7.6%		4.9%
EBITDA (B)	**39**	**12**	**25**	**2**	**78**	**20**	**-**	**98**
% of sales	8.4%	2.6%	6.2%		5.8%	8.5%		6.2%
Amortisation and depreciation (C)	(10)	(5)	(9)	(1)	(25)	(11)	-	(36)
Adjusted operating income (A+C)	**8**	**8**	**18**	**1**	**35**	**7**	**-**	**42**
% of sales	1.8%	1.6%	4.6%		2.6%	3.0%		2.6%
Fair value change in metal derivatives (D)								(19)
Fair value - stock options (E)								(1)
Impairment of assets (F)								-
Operating income (B+C+D+E+F)								**42**
% of sales								2.6%
Finance income								60
Finance costs								(95)
Taxes								(2)
Net profit/(loss) for the period								**5**
% of sales								0.3%
Attributable to:								
Owners of the parent								7
Non-controlling interests								(2)
RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA								
EBITDA (A)	**39**	**12**	**25**	**2**	**78**	**20**	**-**	**98**
Non-recurring expenses/(income):								
Company reorganisation	-	1	2	-	3	-	-	3
Antitrust investigations	(1)	-	-	-	(1)	-	-	(1)
Acquisition price adjustment	(21)	-	-	-	(21)	-	-	(21)
Other net non-recurring expenses/(income)	1	-	-	-	1	(2)	-	(1)
Total non-recurring expenses/(income) (B)	**(21)**	**1**	**2**	**-**	**(18)**	**(2)**	**-**	**(20)**
Adjusted EBITDA (A+B)	**18**	**13**	**27**	**2**	**60**	**18**	**-**	**78**

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

(in millions of Euro)

								3 months 2013 (*)
	Energy					Telecom	Corporate	Group total
	Utilities	Trade & Installers	Industrial	Other	Total			
Sales[1]	490	469	429	28	1,416	253	-	1,669
Adjusted EBITDA before share of net profit/(loss) of equity accounted companies	**49**	**14**	**27**	**1**	**91**	**19**	**-**	**110**
% of sales	10.0%	3.0%	6.3%		6.4%	7.6%		6.6%
Adjusted EBITDA (A)	**50**	**16**	**27**	**1**	**94**	**20**	**-**	**114**
% of sales	10.2%	3.3%	6.4%		6.6%	8.0%		6.8%
EBITDA (B)	**45**	**9**	**26**	**-**	**80**	**18**	**-**	**98**
% of sales	9.2%	1.9%	6.1%		5.6%	7.1%		5.8%
Amortisation and depreciation (C)	(10)	(7)	(8)	(1)	(26)	(10)	-	(36)
Adjusted operating income (A+C)	**40**	**9**	**19**	**-**	**68**	**10**	**-**	**78**
% of sales	8.1%	2.0%	4.4%		4.8%	3.8%		4.7%
Fair value change in metal derivatives (D)								(12)
Fair value - stock options (E)								(5)
Operating income (B+C+D+E)								**45**
% of sales								2.7%
Finance income								73
Finance costs								(121)
Taxes								1
Net profit/(loss) for the period								**(2)**
% of sales								-0.1%
Attributable to:								
Owners of the parent								(2)
Non-controlling interests								-
RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA								
EBITDA (A)	**45**	**9**	**26**	**-**	**80**	**18**	**-**	**98**
Non-recurring expenses/(income):								
Company reorganisation	1	7	1	1	10	-	-	10
Antitrust investigations	2	-	-	-	2	-	-	2
Other net non-recurring expenses	2	-	-	-	2	2	-	4
Total non-recurring expenses/(income) (B)	**5**	**7**	**1**	**1**	**14**	**2**	**-**	**16**
Adjusted EBITDA (A+B)	**50**	**16**	**27**	**1**	**94**	**20**	**-**	**114**

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

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

D.2 GEOGRAPHICAL AREAS

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

(in millions of Euro)

	3 months 2014	3 months 2013 (*)
Sales of goods and services	**1,579**	**1,669**
EMEA*	**1,043**	**1,088**
(of which Italy)	215	216
North America	**235**	**239**
Latin America	**124**	**155**
Asia Pacific	**177**	**187**

* EMEA = Europe, Middle East and Africa

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

1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of these balances and related movements are as follows:

(in millions of Euro)

	Property, plant and equipment	Intangible assets	*of which Goodwill*
Balance at 31 December 2013 (*)	**1,390**	**588**	***377***
Movements in 2014:			
- Investments	22	3	-
- Disposals	-	-	-
- Depreciation and amortisation	(29)	(7)	-
- Impairment	-	-	-
- Currency translation differences	-	2	*1*
- Other	-	-	-
Total movements	**(7)**	**(2)**	***1***
Balance at 31 March 2014	**1,383**	**586**	***378***
Of which:			
- Historical cost	2,215	794	*398*
- Accumulated depreciation/amortisation and impairment	(832)	(208)	*(20)*
Net book value	**1,383**	**586**	***378***

(in millions of Euro)

	Property, plant and equipment	Intangible assets	*of which Goodwill*
Balance at 31 December 2012 (*)	**1,484**	**608**	***377***
Movements in 2013:			
- Business combinations	-	1	*2*
- Investments	19	4	-
- Disposals	-	-	-
- Depreciation and amortisation	(28)	(8)	-
- Impairment	-	-	-
- Currency translation differences	10	-	*(2)*
Total movements	**1**	**(3)**	***-***
Balance at 31 March 2013 (*)	**1,485**	**605**	***377***
Of which:			
- Historical cost	2,150	782	*397*
- Accumulated depreciation/amortisation and impairment	(665)	(177)	*(20)*
Net book value	**1,485**	**605**	***377***

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

A total of Euro 22 million has been invested in property, plant and equipment in the first three months of 2014. These investments are analysed as follows:

- around 59%, or Euro 13 million, for projects to increase production capacity and develop new products;
- around 27%, or Euro 6 million, for projects to improve industrial efficiency;

- around 9%, or Euro 2 million, for structural work, primarily to bring buildings or entire production lines into line with the latest regulations;
- around 5%, or Euro 1 million, mainly for Research & Development lab equipment.

Machinery is subject to Euro 12 million in liens in connection with long-term loans (mainly in relation to the Brazilian subsidiaries).

Investments in intangible assets amount to Euro 3 million, most of which in connection with the Brazilian subsidiary's development of a prototype destined for flexible pipe production and with the "SAP Consolidation" project, aimed at harmonising the information system across the Group.

There has been no need to recognise any impairment losses at 31 March 2014. This does not mean that impairment losses, even significant ones, will not emerge when tests are performed in more detail for the purposes of the annual financial statements.

2. EQUITY-ACCOUNTED INVESTMENTS

These are detailed as follows:

(in millions of Euro)

	31 March 2014	31 December 2013 (*)
Investments in associates	73	78
Investments in joint ventures	125	127
Total equity-accounted investments	**198**	**205**

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

Investments in associates

Details of the main investments in associates are as follows:

(in millions of Euro)

	31 March 2014	31 December 2013 (*)
Oman Cables Industry (SAOG)	51	55
Kabeltrommel Gmbh & Co.K.G.	7	8
Elkat Ltd.	10	10
Rodco Ltd.	2	2
Eksa Sp.Zo.o	3	3
Total investments in associates	**73**	**78**

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

Information about the nature of the main investments in associates:

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

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

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

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

The following table reconciles the share of equity in the main associates with the corresponding carrying amount of the investment:

(in millions of Euro)

	Oman Cables Industry (SAOG)		Kabeltrommel Gmbh & Co.K.G.		Elkat Ltd.	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Opening balance	**55**	**50**	**8**	**8**	**10**	**11**
Share of net profit/(loss) for the period	2	2	1	2	1	-
Dividends received	(6)	(4)	(2)	(3)	-	-
Currency translation differences	-	-	-	-	(1)	-
Other movements	-	-	-	-	-	-
Closing balance	**51**	**48**	**7**	**7**	**10**	**11**
% owned of company	34.78%	34.78%	43.18%	43.18%	40.00%	40.00%
Goodwill	-	-	-	-	-	-
Carrying amount of investment	**51**	**48**	**7**	**7**	**10**	**11**

Investments in joint ventures

Details of the main investments in joint ventures are as follows:

(in millions of Euro)

	31 March 2014	31 December 2013 (*)
Yangtze Optical Fibre & Cable Joint Stock Limited Company	103	104
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd	16	17
Power Cables Malaysia Sdn Bhd	5	5
Precision Fiber Optics Ltd	1	1
Total investments in joint ventures	**125**	**127**

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

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

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

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

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

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

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

The following table reconciles the share of equity for the main interests in joint ventures with the corresponding carrying amount of the investment:

(in millions of Euro)

	Yangtze Optical Fibre & Cable Joint Stock Limited Company		Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd		Power Cables Malaysia Sdn Bhd	
	31 March 2014	**31 March 2013**	**31 March 2014**	**31 March 2013**	**31 March 2014**	**31 March 2013**
Opening balance	**90**	**82**	**14**	**13**	**5**	**6**
Share of net profit/(loss) for the period	1	1	-	-	-	(1)
Dividends received	-		-	-	-	-
Currency translation differences	(2)	3	(1)	-	-	-
Other movements	-		-	-	-	-
Closing balance	**89**	**86**	**13**	**13**	**5**	**5**
% owned of company	37.50%	37.50%	53.125%	53.125%	40.00%	40.00%
Goodwill	14	14	3	3	-	-
Carrying amount of investment	**103**	**100**	**16**	**16**	**5**	**5**

3. TRADE AND OTHER RECEIVABLES

These are detailed as follows:

(in millions of Euro)

			31 March 2014
	Non-current	**Current**	**Total**
Trade receivables	-	1,102	1,102
Allowance for doubtful accounts	-	(51)	(51)
Total trade receivables	**-**	**1,051**	**1,051**
Other receivables:			
Tax receivables	14	128	142
Financial receivables	2	19	21
Prepaid finance costs	-	4	4
Receivables from employees	2	3	5
Pension fund receivables	-	2	2
Construction contracts	-	512	512
Advances to suppliers	-	18	18
Other	7	114	121
Total other receivables	**25**	**800**	**825**
Total	**25**	**1,851**	**1,876**

(in millions of Euro)

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

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

4. INVENTORIES

These are detailed as follows:

(in millions of Euro)

	31 March 2014	31 December 2013 (*)
Raw materials	267	249
of which allowance for obsolete and slow-moving raw materials	*(31)*	*(29)*
Work in progress and semi-finished goods	264	227
of which allowance for obsolete and slow-moving work in progress and semi-finished goods	*(7)*	*(5)*
Finished goods (**)	430	405
of which allowance for obsolete and slow-moving finished goods	*(51)*	*(48)*
Total	**961**	**881**

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

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

5. DERIVATIVES

These are detailed as follows:

(in millions of Euro)

	31 March 2014	
	Asset	**Liability**
Non-current		
Interest rate swaps (cash flow hedges)	-	4
Forward currency contracts on commercial transactions (cash flow hedges)	1	1
Total hedging derivatives	**1**	**5**
Metal derivatives	-	2
Total other derivatives	**-**	**2**
Total non-current	**1**	**7**
Current		
Forward currency contracts on commercial transactions (cash flow hedges)	2	2
Total hedging derivatives	**2**	**2**
Forward currency contracts on commercial transactions	4	4
Forward currency contracts on financial transactions	4	5
Interest rate swaps	-	10
Metal derivatives	1	32
Total other derivatives	**9**	**51**
Total current	**11**	**53**
Total	**12**	**60**

(in millions of Euro)

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

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

6. FINANCIAL ASSETS HELD FOR TRADING

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

7. CASH AND CASH EQUIVALENTS

These are detailed as follows:

(in millions of Euro)

	31 March 2014	31 December 2013 (*)
Cash and cheques	17	-
Bank and postal deposits	324	510
Total	**341**	**510**

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

Cash and cash equivalents, deposited with major financial institutions, are managed through the Group's treasury companies and in its various operating units.
Cash and cash equivalents managed by the Group's treasury companies amount to Euro 88 million at 31 March 2014, compared with Euro 208 million at 31 December 2013.

8. ASSETS HELD FOR SALE

These are detailed as follows:

(in millions of Euro)

	31 March 2014	31 December 2013 (*)
Land	6	6
Buildings	3	6
Total	**9**	**12**

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

During the first quarter of 2014 the sale of the Eschweiler site in Germany was completed, with a consequent reduction of Euro 3 million in this line item.

9. SHARE CAPITAL AND RESERVES

Consolidated equity has recorded an increase of Euro 6 million since 31 December 2013, mainly reflecting the net effect of:

- negative currency translation differences of Euro 3 million;
- the release of Euro 3 million from the cash flow hedge reserve as a result of discontinuing cash flow hedging, following early repayment of the outstanding amount of the Term Loan Facility 2010;
- the positive post-tax change of Euro 1 million in the fair value of derivatives designated as cash flow hedges;
- the positive change of Euro 1 million in the share-based compensation reserve linked to the stock option plan;
- the net profit for the period of Euro 5 million;
- the distribution of Euro 1 million in dividends.

At 31 March 2014, the share capital of Prysmian S.p.A. comprises 214,591,710 shares with a total value of Euro 21,459,171.

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

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

	Ordinary shares	Treasury shares	Total
Balance at 31 December 2013	**214,591,710**	**(3,039,169)**	**211,552,541**
Capital increase	-	-	-
Treasury shares	-	-	-
Balance at 31 March 2014	**214,591,710**	**(3,039,169)**	**211,552,541**

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

Treasury shares

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

	Number of shares	Total nominal value (in Euro)	% of share capital	Average unit value (in Euro)	Total carrying value (in Euro)
At 31 December 2012	**3,039,169**	**303,917**	**1.42%**	**9.963**	**30,279,078**
- Purchases	-	-	-	-	-
- Sales	-	-	-	-	-
At 31 December 2013	**3,039,169**	**303,917**	**1.42%**	**9.963**	**30,279,078**
- Purchases	-	-	-	-	-
- Sales	-	-		-	-
At 31 March 2014	**3,039,169**	**303,917**	**1.42%**	**9.963**	**30,279,078**

The Shareholders' Meeting held on 16 April 2013 authorised a share buy-back and disposal programme. This programme provided the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total cannot exceed 10% of share capital, equal to 18,411,709 ordinary shares as at the date of 16 April 2013, after deducting the treasury shares already held by the Company.

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

10. BORROWINGS FROM BANKS AND OTHER LENDERS

These are detailed as follows:

(in millions of Euro)

			31 March 2014
	Non-current	Current	Total
Borrowings from banks and other financial institutions	536	318	854
Non-convertible bond	399	20	419
Convertible bond	265	-	265
Finance lease obligations	15	2	17
Total	**1,215**	**340**	**1,555**

(in millions of Euro)

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

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

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

(in millions of Euro)

	31 March 2014	31 December 2013 (*)
Credit Agreements (1)	397	580
EIB loan	100	-
Revolving 2014	30	-
Other borrowings	327	136
Borrowings from banks and other financial institutions	**854**	**716**
Non-convertible bond	419	414
Convertible bond	265	264
Total	**1,538**	**1,394**

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

(1) Credit Agreements refer to the following lines of credit: Term Loan Facility 2010 and Term Loan Facility 2011.

The Forward Start Credit Agreement (now termed Credit Agreement 2010) was activated on 3 May 2012 after being entered into by the Group on 21 January 2010 with a syndicate of major national and international banks. This credit agreement replaced the previous "Credit Agreement" entered into on 18 April 2007.

The Credit Agreement 2010 is an agreement negotiated in advance of its period of use, under which the lenders made available to Prysmian S.p.A. and some of its subsidiaries, loans and credit facilities totalling Euro 1,070 million, of which Euro 670 million in loans (Term Loan Facility 2010) and Euro 400 million in lines of credit (Revolving Credit Facility 2010).

On 22 February 2013 and 15 March 2013, the Prysmian Group made early repayments of Euro 186 million and Euro 300 million respectively against the Term Loan Facility 2010 disbursed on 3 May 2012. The first repayment was in respect of repayments due in 2013 and in the first half of 2014, while the second referred to the repayment due in December 2014. Subsequently, on 28 February 2014, the Group also prepaid the outstanding amount of Euro 184 million, due on 31 December 2014; the Term Loan Facility 2010 has therefore now been completely repaid.

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

At 31 March 2014, the fair value of the Credit Agreement 2011 approximated the related carrying amount. Fair value has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

EIB Loan

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

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

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

At 31 March 2014, the fair value of the EIB Loan approximated the related carrying amount. Fair value has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

Credit Agreement with Mediobanca – Banca di Credito Finanziario S.p.A.

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

This line of credit, known as Revolving 2014, had been drawn down by Euro 30 million at 31 March 2014.

The following table summarises the committed lines available to the Group at 31 March 2014 and 31 December 2013:

(in millions of Euro)

			31 March 2014
	Total lines	Used	Unused
Term Loan Facility 2010	-	-	-
Term Loan Facility 2011	400	(400)	-
Revolving Credit Facility 2010	400	(26)	374
Revolving Credit Facility 2011	400	(100)	300
Total Credit Agreements	**1,200**	**(526)**	**674**
EIB loan	100	(100)	-
Revolving 2014	100	(30)	70
Total	**1,400**	**(656)**	**744**

(in millions of Euro)

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

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

The Revolving Credit Facility 2010, the Revolving Credit Facility 2011 and the Revolving 2014 are intended to finance ordinary working capital requirements, while only the Revolving Credit Facility 2010 can also be used for the issue of guarantees.

Bonds

As at 31 March 2014, the Prysmian Group had issued the following bonds:

Non-convertible bond issued in 2010

On 31 March 2010, Prysmian S.p.A. completed the placement of an unrated bond with institutional investors on the Eurobond market for a total nominal amount of Euro 400 million. The bond, with an issue price of Euro 99.674, has a 5-year term and pays a fixed annual coupon of 5.25%. The bond settlement date was 9 April 2010. The bond has been admitted to the Luxembourg Stock Exchange's official list and is traded on the related regulated market.

The non-convertible bond has a fair value of Euro 415 million at 31 March 2014 (Euro 417 million at 31 December 2013). Fair value has been determined with reference to the quoted price in the relevant market (Level 1 of the fair value hierarchy).

Convertible bond

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

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

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

(i) at nominal value (plus accrued interest), starting from 23 March 2016, if the price of the Company's ordinary shares rises 130% above the conversion price in a given period of time;

(ii) at nominal value (plus accrued interest), if at least 85% of the original nominal amount of the Bond is converted, redeemed and/or repurchased;

(iii) at nominal value (plus accrued interest), if specific changes take place in the tax regime applying to the Bonds.

In the event of a change of control, every bondholder will be entitled to request early redemption at nominal value plus accrued interest.

The convertible Bond has a 5-year maturity ending on 8 March 2018 and pays a fixed annual coupon of 1.25%. The placement of the Bonds was completed on 8 March 2013, while their settlement took place on 15 March 2013.

On 3 May 2013, the Company sent a physical settlement notice to holders of the Bonds, granting them the right, with effect from 17 May 2013, to convert them into the Company's existing or new ordinary shares.

On 24 May 2013, the securities were admitted to trading on the unregulated Third Market (a multilateral trading facility or MTF) on the Vienna Stock Exchange.

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

(in millions of Euro)

Issue value of convertible bond	300
Equity reserve for convertible bond	(39)
Issue date net balance	**261**
Interest - non-monetary	8
Interest - monetary accrued	4
Interest - monetary paid	(4)
Related costs	(4)
Balance at 31 March 2014	**265**

The fair value of the convertible bond (equity component and debt component) was Euro 338 million at 31 March 2014 (Euro 339 million at 31 December 2013),of which the fair value of the debt component was Euro 267 million (Euro 265 million at 31 December 2013). In the absence of trading on the relevant market, fair value has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

Other borrowings from banks and financial institutions and Finance lease obligations

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

(in millions of Euro)

	Credit Agreements	EIB loan	Non-convertible bond	Convertible bond	Other borrowings/ Finance lease obligations	Total
Balance at 31 December 2013 (*)	**580**	**-**	**414**	**264**	**153**	**1,411**
Currency translation differences	-	-	-	-	2	2
Drawdowns/New funds	-	100	-	-	272	372
Repayments	(184)	-	-	-	(53)	(237)
Amortisation of bank and financial fees and other expenses (1)	1	-	-	-	-	1
Interest and other movements	-	-	5	1	-	6
Total movements	**(183)**	**100**	**5**	**1**	**221**	**144**
Balance at 31 March 2014	**397**	**100**	**419**	**265**	**374**	**1,555**

(in millions of Euro)

	Credit Agreements	EIB loan	Non-convertible bond	Convertible bond (2)	Other borrowings/ Finance lease obligations	Total
Balance at 31 December 2012 (*)	**1,060**	**-**	**413**	**-**	**266**	**1,739**
Currency translation differences	-	-	-	-	-	-
Drawdowns/New funds	-	-	-	257	94	351
Repayments	(486)	-	-	-	(10)	(496)
Amortisation of bank and financial fees and other expenses	7	-	-	-	-	7
Interest and other movements	-	-	5	1	-	6
Total movements	**(479)**	**-**	**5**	**258**	**84**	**(132)**
Balance at 31 March 2013 (*)	**581**	**-**	**418**	**258**	**350**	**1,607**

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

(1) Includes the accelerated amortisation of Euro 1 million in bank fees following the early repayment of the Credit Agreement 2010.

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

NET FINANCIAL POSITION

(in millions of Euro)

	Note	31 March 2014	31 December 2013 (*)
Long-term financial payables			
Term Loan Facilities		400	400
Bank fees		(3)	(3)
Credit Agreements	10	**397**	**397**
EIB loan	10	100	-
Non-convertible bond	10	399	399
Convertible bond	10	265	263
Finance leases	10	15	15
Interest rate swaps	5	4	4
Other financial payables	10	39	45
Total long-term financial payables		**1,219**	**1,123**
Short-term financial payables			
Term Loan Facility	10	-	184
Bank fees	10	-	(1)
Non-convertible bond	10	20	15
Convertible bond	10	-	1
Finance leases	10	2	2
Interest rate swaps	5	10	14
Forward currency contracts on financial transactions	5	5	5
Revolving facility - Credit Agreement	10	125	3
Revolving 2014	10	30	-
Other financial payables	10	163	88
Total short-term financial payables		**355**	**311**
Total financial liabilities		**1,574**	**1,434**
Long-term financial receivables	3	2	4
Forward currency contracts on financial transactions (current)	5	4	5
Short-term financial receivables	3	19	12
Short-term bank fees	3	4	5
Financial assets held for trading	6	71	93
Cash and cash equivalents	7	341	510
Net financial position		**1,133**	**805**

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

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

(in millions of Euro)

	Note	31 March 2014	31 December 2013 (*)
Net financial position - as reported above		**1,133**	**805**
Long-term financial receivables	3	2	4
Net forward currency contracts on commercial transactions	5	-	(7)
Net metal derivatives	5	33	13
Recalculated net financial position		**1,168**	**815**

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

11. TRADE AND OTHER PAYABLES

These are detailed as follows:

(in millions of Euro)

			31 March 2014
	Non-current	Current	Total
Trade payables	-	1,318	1,318
Total trade payables	**-**	**1,318**	**1,318**
Other payables:			
Tax and social security payables	12	103	115
Advances from customers	-	243	243
Payables to employees	-	113	113
Accrued expenses	3	138	141
Other	6	101	107
Total other payables	**21**	**698**	**719**
Total	**21**	**2,016**	**2,037**

(in millions of Euro)

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

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

Trade payables include around Euro 172 million (Euro 183 million at 31 December 2013) for the supply of strategic metals (copper, aluminium and lead), whose payment terms, in some cases, are longer than normal for this type of transaction.

Advances from customers report the liability for construction contracts, amounting to Euro 158 million at 31 March 2014 compared with Euro 155 million at 31 December 2013. This liability represents the amount by which work invoiced exceeds costs incurred plus accumulated profits (or losses) recognised using the percentage of completion method.

Payables to employees at 31 March 2014 include Euro 36 million, the same as at 31 December 2013, in relation to the liability for the long-term incentive plan 2011-2013, which will be settled in the first half of 2014.

12. PROVISIONS FOR RISKS AND CHARGES

These are detailed as follows:

(in millions of Euro)

			31 March 2014
	Non-current	**Current**	**Total**
Restructuring costs	1	14	15
Contractual and legal risks	19	232	251
Environmental risks	-	5	5
Tax inspections	12	5	17
Contingent liabilities	4	-	4
Other risks and charges	8	17	25
Total	**44**	**273**	**317**

(in millions of Euro)

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

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

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

(in millions of Euro)

	Restructuring costs	Contractual and legal risks	Environmental risks	Tax inspections	Contingent liabilities	Other risks and charges	Total
Balance at 31 December 2013	**19**	**257**	**6**	**16**	**6**	**26**	**330**
Increases	1	2	-	-	-	-	3
Utilisations	(5)	(2)	-	-	-	-	(7)
Releases	-	(4)	-	-	(1)	(1)	(6)
Currency translation differences	-	-	(1)	1	-	-	-
Other	-	(2)	-	-	(1)	-	(3)
Total movements	**(4)**	**(6)**	**(1)**	**1**	**(2)**	**(1)**	**(13)**
Balance at 31 March 2014	**15**	**251**	**5**	**17**	**4**	**25**	**317**

The provision for restructuring costs reports a net decrease of Euro 4 million. In particular, Euro 5 million has been utilised in the period, mostly in connection with restructuring projects in the Netherlands, Germany, France, Italy and Spain.

At 31 March 2014, the provision for contractual and legal risks reports a net decrease of Euro 6 million due to:

- increases and releases involving a net decrease of Euro 2 million, relating to:

a) the risk regarding antitrust investigations underway in various jurisdictions, which has decreased by Euro 1 million, mainly due to exchange adjustments to the portion of the provision in foreign currency; this decrease has taken the total provision to around Euro 198 million at 31 March 2014. More specifically, the European Commission, the US Department of Justice and the Japanese antitrust authority started investigations in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets. Subsequently, the Australian Competition and Consumers Commission ("ACCC") and the New Zealand Commerce Commission also started similar investigations. During 2011, the Canadian antitrust authority also started an investigation into a high voltage submarine project dating back to 2006. The investigations in Japan and New Zealand have ended without any sanctions for Prysmian. The other investigations are still in progress.

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

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

At the start of July 2011, Prysmian received a statement of objection from the European Commission in relation to the investigation started in January 2009 into the high voltage underground and submarine energy cables market. This document contained the Commission's preliminary position on alleged anti-competitive practices and did not prejudge its final decision. Prysmian subsequently submitted its defence which it was also able to present at the hearing before the European Commission held during the month of June 2012. In

July 2013, Prysmian submitted information, at the Commission's request, about its 2004 sales in the high voltage underground and submarine cables businesses. In addition, a state of play meeting was held between the Company and the European Commission at the start of October 2013. Subsequently, in February 2014, the Commission requested the figures for the Group's consolidated sales at 31 December 2013.

On 2 April 2014, the European Commission adopted a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., adopted anti-competitive practices in the European market for submarine energy cables and high voltage underground energy cables. The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the disputed infringement in the period from 18 February 1999 to 28 July 2005, sentencing them to pay a fine of Euro 67,310,000 and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the disputed infringement in the period from 29 July 2005 to 28 January 2009, sentencing them to pay a fine of Euro 37,303,000. Prysmian has said that it will appeal against this decision to the General Court of the European Union.

As at 31 March 2014, the amount of the provision for the risks relating to the European Commission's ruling and the investigations underway in the various jurisdictions, except for Brazil, is approximately Euro 198 million. During the meeting of the Board of Directors of Prysmian S.p.A. held on 7 April, the amount of this provision was reviewed and found to be reasonable. It should be noted, however, that the European Commission's decision can be challenged and submitted to two more levels of appeal.

b) a net decrease of approximately Euro 1 million for contractual risks;

- utilisations of Euro 2 million mostly refer to employment disputes and risks relating to contractual penalties and guarantees.

13. EMPLOYEE BENEFIT OBLIGATIONS

These are detailed as follows:

(in millions of Euro)

	31 March 2014	31 December 2013 (*)
Pension plans	229	230
Employee indemnity liability (Italian TFR)	22	22
Medical assistance plans	24	23
Termination and other benefits	32	33
Incentive plans	-	-
Total	**307**	**308**

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

Movements in employee benefit obligations have had an overall impact of Euro 5 million on the period's income statement, of which Euro 2 million classified in personnel costs and Euro 3 million in finance costs.

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

	3 months 2014	3 months 2013 (*)
Average number	19,303	19,401
	31 March 2014	**31 December 2013 (*)**
Closing number	19,336	19,232

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

14. OPERATING INCOME

Operating income is a profit of Euro 42 million in the first three months of 2014 (compared with a profit of Euro 45 million in the first three months of 2013) and includes the following non-recurring items:

(in millions of Euro)

	3 months 2014	3 months 2013 (*)
Company reorganisation	(3)	(10)
Antitrust investigations	1	(2)
Acquisition price adjustment (1)	21	-
Other net non-recurring (expenses)/income	1	(4)
Total non-recurring (expenses)/income	**20**	**(16)**

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

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

15. FINANCE COSTS AND INCOME

Finance costs are detailed as follows:

(in millions of Euro)

	3 months 2014	3 months 2013 (*)
Interest on syndicated loans	2	5
Interest on non-convertible bond	5	5
Interest on convertible bond - non-monetary component	2	-
Interest on convertible bond - monetary component	1	-
Amortisation of bank and financial fees and other expenses	2	2
Employee benefit interest costs	3	3
Other bank interest	4	5
Costs for undrawn credit lines	1	1
Sundry bank fees	3	4
Non-recurring other finance costs	1	5
Other	6	7
Finance costs	**30**	**37**
Net losses on forward currency contracts	5	-
Non-recurring net losses on interest rate swaps	4	15
Losses on derivatives	**9**	**15**
Foreign currency exchange losses	56	69
Total finance costs	**95**	**121**

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

Non-recurring other finance costs report Euro 1 million for the accelerated amortisation of bank fees relating to the Term Loan Facility 2010, after making a prepayment of Euro 184 million against this loan in February 2014. This early repayment has also led to the discontinuance of cash flow hedge accounting, resulting in the recognition of net losses of Euro 4 million on interest rate swaps, which have been classified in "Non-recurring net losses on interest rate swaps".

"Other" finance costs include Euro 4 million for differentials accruing on interest rate swaps, of which Euro 3 million in relation to instruments for which hedge accounting was discontinued following the early repayment above. This last figure is largely offset by the fair value measurement of the related derivatives, reported in "Net gains on interest rate swaps".

Finance income is detailed as follows:

(in millions of Euro)

	3 months 2014	3 months 2013 (*)
Interest income from banks and other financial institutions	2	2
Other finance income	1	1
Finance income	**3**	**3**
Net gains on interest rate swaps	3	1
Gains on derivatives	**3**	**1**
Foreign currency exchange gains	54	69
Total finance income	**60**	**73**

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

16. TAXES

Taxes have been estimated on the basis of the expected tax rate for the full year. Taxes for the first three months of 2014 amount to Euro 2 million and have been calculated using a tax rate of 30% (29% in the first three months of 2013).

17. EARNINGS/(LOSS) PER SHARE

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

The options under the Incentive Plan 2011-2013 have been considered for the purposes of determining both basic and diluted earnings/(loss) per share, since they are grantable according to the level of cumulative EBITDA achieved in the three-year target period.

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

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

(in millions of Euro)

	3 months 2014	3 months 2013 (*)
Net profit/(loss) attributable to owners of the parent	7	(2)
Weighted average number of ordinary shares (thousands)	215,089	214,536
Basic earnings/(loss) per share (in Euro)	**0.03**	**(0.01)**
Net profit/(loss) attributable to owners of the parent	7	(2)
Weighted average number of ordinary shares (thousands)	215,089	214,536
Adjustments for:		
Dilution from incremental shares arising from exercise of stock options (thousands)	142	-
Weighted average number of ordinary shares to calculate diluted earnings per share (thousands)	215,231	214,536
Diluted earnings/(loss) per share (in Euro)	**0.03**	**(0.01)**

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

18. CONTINGENT LIABILITIES

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

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

19. RECEIVABLES FACTORING

The Group has made use of without-recourse factoring of trade receivables. The amount of receivables factored but not yet paid by customers was Euro 238 million at 31 March 2014 (Euro 198 million at 31 March 2013 and Euro 290 million at 31 December 2013).

20. SEASONALITY

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

21. RELATED PARTY TRANSACTIONS

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

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

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

The following tables provide a summary of the related party transactions during the three months ended 31 March 2014:

(in millions of Euro)

			31 March 2014
	Equity-accounted investments	Trade and other receivables	Trade and other payables
Associates	198	12	4
Other related parties:			
Compensation of directors, statutory auditors and key management personnel	-	-	14
Total	**198**	**12**	**18**

(in millions of Euro)

			31 December 2013 (*)
	Equity-accounted investments	Trade and other receivables	Trade and other payables
Associates	205	12	5
Other related parties:			
Compensation of directors, statutory auditors and key management personnel	-	-	16
Total	**205**	**12**	**21**

(in millions of Euro)

				3 months 2014
	Share of net profit/(loss) of equity-accounted companies	Sales of goods and services and other income	Personnel costs	Raw materials, consumables used and goods for resale
Associates	5	9	-	1
Other related parties:				
Compensation of directors, statutory auditors and key management personnel	-	-	2	-
Total	**5**	**9**	**2**	**1**

(in millions of Euro)

				3 months 2013 (*)
	Share of net profit/(loss) of equity-accounted companies	Sales of goods and services and other income	Personnel costs	Raw materials, consumables used and goods for resale
Associates	4	11	-	2
Other related parties:				
Compensation of directors, statutory auditors and key management personnel	-	-	4	-
Total	**4**	**11**	**4**	**2**

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

Transactions with associates

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

Compensation of Directors, Statutory Auditors and Key Management Personnel

The compensation of the Directors, Statutory Auditors and Key Management Personnel amounts to Euro 2 million at 31 March 2014 (Euro 4 million in the first quarter of 2013).

22. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

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

23. COMMITMENTS

Contractual commitments already entered into with third parties as at 31 March 2014 and not yet reflected in the financial statements amount to Euro 31 million for investments in property, plant and equipment and to Euro 4 million for investments in intangible assets.

24. STOCK OPTION PLANS

Long-term incentive plan 2011-2013

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

The plan originally involved the participation of 290[(*)] employees of group companies in Italy and abroad viewed as key resources, and divided them into three categories, to whom the shares would be granted in the following proportions:

- CEO: to whom 7.70% of the total rights to receive Prysmian S.p.A. shares were allotted.
- Senior Management: this category initially had 44 participants who held key positions within the Group (including the Directors of Prysmian S.p.A. who held the positions of Chief Financial Officer, Energy Business Executive Vice President and Chief Strategy Officer), to whom 41.64% of the total rights to receive Prysmian shares were allotted.
- Executives: this category initially had 245 participants from the various operating units and businesses around the world, to whom 50.66% of the total rights to receive Prysmian shares were allotted.

[(*)] Following movements since the plan's issue, the number of plan participants amounted to 268 at 31 March 2014.

The plan established that the number of options granted would depend on the achievement of common business and financial performance objectives for all the participants.
The plan established that the participants' right to exercise the allotted options depended on achievement of the Target (being a minimum performance objective of at least Euro 1.75 billion in cumulative Adj. EBITDA for the Group in the period 2011-2013, assuming the same group perimeter) as well as continuation of a professional relationship with the Group up until 31 December 2013. The plan also established an upper limit for Adj. EBITDA as the Target plus 20% (ie. Euro 2.1 billion), assuming the same group perimeter, that would determine the exercisability of the maximum number of options granted to each participant.
Access to the plan was conditional upon each participant's acceptance that part of their annual bonus would be co-invested, if achieved and payable in relation to financial years 2011 and 2012.
The allotted options will carry the right to receive or subscribe to ordinary shares in Prysmian S.p.A., the Parent Company. These shares may partly comprise treasury shares and partly new shares, obtained through a capital increase that excludes pre-emptive rights under art. 2441, par. 8 of the Italian Civil Code. Such a capital increase, involving the issue of up to 2,131,500 new ordinary shares of nominal value Euro 0.10 each, for a maximum amount of Euro 213,150, was approved by the shareholders in the extraordinary session of their meeting on 14 April 2011. The shares obtained from the Company's holding of treasury shares will be allotted for zero consideration, while the shares obtained from the above capital increase will be allotted to participants upon payment of an exercise price corresponding to the nominal value of the Company's shares.

In accordance with IFRS 2, for both new and treasury shares, the options granted have been measured at their grant date fair value.
As at 31 March 2014 the options were fully vested, of which:

- 2,131,500 exercisable for consideration (exercise price of Euro 0.10)
- 1,890,875 exercisable for no consideration.

The number of options has been determined according to the actual result achieved, between the Target and the Adj. EBITDA upper limit.

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

Group employee share purchase plan (YES Plan)

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

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

The Plan offers the opportunity to purchase Prysmian's ordinary shares on preferential terms, with a maximum discount of 25% on the stock price, funded in the form of treasury shares, except for the Chief Executive Officer, the Chief Financial Officer, the Chief Strategy Officer and two key managers, for whom the discount is equal to 1% of the stock price.
The shares purchased will be subject to a retention period, during which they cannot be sold. The Plan envisages three purchase windows: 2014, 2015 and 2016.
The Plan therefore qualifies as "of particular relevance" within the meaning of art. 84-bis, par. 2 of the Issuer Regulations.
A maximum number of 500,000 treasury shares have been earmarked to serve the discounted purchases envisaged by the Plan.
During the month of October 2013, the plan was presented and explained to some 16,000 of the Group's employees in 27 countries. Employees had until the end of December 2013 to communicate their desire to participate in the Plan, the amount they intended to invest in the first purchase window and the method of payment. The amount received, totalling Euro 7.6 million, will be used to make purchases of the Company's ordinary shares on the Milan Stock Exchange (MTA) over a period of 5 consecutive business days during the month of May 2014. The number of shares assigned to each participant will then be determined by taking into account the average purchase price of the shares acquired on behalf of participants, the individual investment and the applicable discount percentage.
All those who have adhered to the plan will also receive an entry bonus of six free shares, taken from the Company's portfolio of treasury shares, only available at the time of first purchase.
The shares purchased by participants, as well as those received by way of discount and entry bonus, will generally be subject to a retention period during which they cannot be sold and the length of which varies according to local regulations.

A total of Euro 1 million in costs have been recognised in the first quarter 2014 income statement under "Personnel costs" in relation to the fair value of the options granted under this plan.

	Number of options
Options at start of period	-
Granted (*)	300,682
Cancelled	-
Exercised	-
Options at end of period	300,682
of which vested at end of period	-
of which exercisable	-
of which not vested at end of period	300,682

(*) The number of options has been determined on the basis of the expected employee adherences in the three purchase windows.

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

25. EXCHANGE RATES

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

		Closing rates at		Average rates in
	31 March 2014	31 December 2013	3 months 2014	3 months 2013
Europe				
British Pound	0.828	0.834	0.828	0.851
Swiss Franc	1.219	1.228	1.224	1.228
Hungarian Forint	307.180	297.040	307.932	296.627
Norwegian Krone	8.255	8.363	8.347	7.430
Swedish Krona	8.948	8.859	8.857	8.494
Czech Koruna	27.442	27.427	27.442	25.568
Danish Krone	7.466	7.459	7.462	7.459
Romanian Leu	4.459	4.471	4.502	4.387
Turkish Lira	3.013	2.942	3.040	2.359
Polish Zloty	4.172	4.154	4.184	4.156
Russian Rouble	48.780	45.325	48.043	40.146
North America				
US Dollar	1.379	1.379	1.370	1.320
Canadian Dollar	1.523	1.467	1.511	1.331
South America				
Brazilian Real	3.120	3.231	3.239	2.637
Argentine Peso	11.033	8.993	10.416	6.618
Chilean Peso	762.270	724.372	755.908	623.259
Mexican Peso	17.996	18.068	18.128	16.687
Oceania				
Australian Dollar	1.494	1.542	1.527	1.271
New Zealand Dollar	1.595	1.676	1.637	1.581
Africa				
CFA Franc	655.957	655.957	655.957	655.957
Tunisian Dinar	2.175	2.260	2.194	2.064
Asia				
Chinese Renminbi (Yuan)	8.575	8.349	8.358	8.217
United Arab Emirates Dirha	5.064	5.065	5.030	4.848
Hong Kong Dollar	10.697	10.693	10.629	10.238
Singapore Dollar	1.737	1.741	1.738	1.634
Indian Rupee	82.666	85.417	84.565	71.484
Indonesian Rupiah	15,663.170	16,764.780	16,179.207	12,783.664
Japanese Yen	142.420	144.720	140.798	121.780
Thai Baht	44.709	45.178	44.722	39.331
Philippine Peso	61.726	61.289	61.468	53.746
Omani Rial	0.531	0.531	0.527	0.508
Malaysian Ringgit	4.498	4.522	4.518	4.068
Saudi Riyal	5.171	5.172	5.136	4.950

26. SUBSEQUENT EVENTS

European Commission's decision relating to the Antitrust investigation

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

The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the disputed infringement in the period from 18 February 1999 to 28 July 2005, sentencing them to pay a fine of Euro 67,310,000, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the disputed infringement in the period from 29 July 2005 to 28 January 2009, sentencing them to pay a fine of Euro 37,303,000. Prysmian has said that it will appeal against this decision to the General Court of the European Union. It should be noted that the Commission's decision may be submitted to two more levels of appeal.

Dividend distribution

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

Share buy-back and disposal programme and Employee incentive plan

The Shareholders' Meeting held on 16 April 2014 authorised a share buy-back and disposal programme, revoking at the same time the previous authorisation under the shareholder resolution dated 16 April 2013. This programme provides the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total cannot exceed 10% of share capital, equal to 18,420,002 ordinary shares as at the date of 16 April 2014, after deducting the treasury shares held by the Company.

The same Shareholders' Meeting also approved an incentive plan for employees of the Prysmian Group, including members of the Board of Directors of Prysmian S.p.A., and granted the Board of Directors the necessary powers to establish and implement this plan.

The reasons behind the introduction of the Plan are:

- to generate strong commitment by the Group's management to achieving the targets for additional growth in profits and return on capital employed over the next three years;
- to align the interests of management with those of shareholders by using share-based incentives, and promoting stable share ownership of the Company;
- to ensure the long-term sustainability of the Group's annual performance through the mechanism of co-investing part of the annual bonus and consequent retention effect.

During the extraordinary session of the above meeting, the shareholders authorised an increase in share capital by a maximum amount of Euro 536,480, through the issue of up to 5,364,800 new ordinary shares with a nominal value of Euro 0.10 each, to be allotted for no consideration to Group employees who are beneficiaries of the above incentive plan.

Other subsequent events

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

On 15 April 2014, Prysmian Group was awarded a new contract worth more than Euro 250 million by TenneT, the Dutch-German grid operator, for the grid connection of offshore wind farms in the North Sea to the German mainland.
The project involves the supply, installation and commissioning of a High Voltage Direct Current (HVDC) 320 kV extruded cable with a rating of 900 MW and associated optical fibre cable system, along a route running 29 km underground and 130 km underwater. The cable will connect the mainland converter station at the Emden Ost power substation in Lower Saxony to BorWin gamma, the offshore converter platform in the BorWin cluster, located approximately 120 km north of the German coast.

On 24 April 2014, Prysmian Group was awarded a new contract to supply, install and commission an HVAC 200 kV double circuit connection, comprising 21 km of submarine cable including spare lengths, an optical fibre connection, network components and commissioning services. The cables for this project, known as the "Shannon River Crossing" project, will be manufactured at the Pikkala plant (Finland), one of the Group's centres of technological and manufacturing excellence for submarine cables.
Cable installation will be performed by one of Prysmian's own laying vessels, the "Cable Enterprise", specialised in operations in extremely shallow waters and in offshore wind farm connections. The project is due to be completed by early 2016.

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

Milan, 8 May 2014

ON BEHALF OF THE BOARD OF DIRECTORS
THE CHAIRMAN
Massimo Tononi

SCOPE OF CONSOLIDATION – APPENDIX A

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

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Europe					
Austria					
Prysmian OEKW GmbH	Wien	Euro	2,053,008	100.00%	Prysmian Cavi e Sistemi S.r.l.
Belgium					
Draka Belgium N.V.	Antwerpen	Euro	61,973	98.52%	Draka Holding B.V.
				1.48%	Draka Kabel B.V.
Denmark					
Prysmian Denmark A/S	Brøndby	Danish Krone	40,000,000	100.00%	Draka Denmark Holding A/S
Draka Denmark Holding A/S	Brøndby	Danish Krone	88,734,000	100.00%	Draka Holding B.V.
Estonia					
AS Draka Keila Cables	Keila	Euro	1,661,703	66.00%	Prysmian Finland OY
				34.00%	Third parties
Finland					
Prysmian Finland OY	Kirkkonummi	Euro	100,000	77.80%	Prysmian Cavi e Sistemi S.r.l.
				19.93%	Draka Holding B.V.
				2.27%	Draka Comteq B.V.
France					
Prysmian (French) Holdings S.A.S.	Paron	Euro	173,487,250	100.00%	Prysmian Cavi e Sistemi S.r.l.
GSCP Athena (French) Holdings II S.A.S.	Paron	Euro	47,000	100.00%	Prysmian (French) Holdings S.A.S.
Prysmian Cables et Systèmes France S.A.S.	Paron	Euro	136,800,000	100.00%	Prysmian (French) Holdings S.A.S.
Draka Comteq France	Paron	Euro	246,554,316	100.00%	Draka France S.A.S.
Draka Fileca S.A.S.	Sainte Geneviève	Euro	5,439,700	100.00%	Draka France S.A.S.
Draka Paricable S.A.S.	Sainte Geneviève	Euro	5,177,985	100.00%	Draka France S.A.S.
Draka France S.A.S.	Marne La Vallée	Euro	261,551,700	100.00%	Draka Holding B.V.
Quoroon S.A.S.	Paron	Euro	10,000	100.00%	Prysmian Cables et Systèmes France S.A.S.
Germany					
Prysmian Kabel und Systeme GmbH	Berlin	Euro	15,000,000	93.75%	Draka Cable Wuppertal GmbH
				6.25%	Prysmian S.p.A.
Prysmian Unterstuetzungseinrichtung Lynen GmbH	Eschweiler	Deutsche Mark	50,000	100.00%	Prysmian Kabel und Systeme GmbH
Draka Cable Wuppertal GmbH	Wuppertal	Euro	25,000	100.00%	Draka Deutschland GmbH
Draka Comteq Berlin GmbH & Co. KG	Berlin	Deutsche Mark	46,000,000	50.10%	Kabelbedrijven Draka Nederland 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	26,000	100.00%	Draka Comteq B.V.
Draka Deutschland Erste Beteiligungs GmbH	Wuppertal	Euro	25,000	100.00%	Draka Holding B.V.
Draka Deutschland GmbH	Wuppertal	Euro	25,000	90.00%	Draka Deutschland Erste Beteiligungs GmbH
				10.00%	Draka Deutschland Zweite Beteiligungs- GmbH

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Draka Deutschland Verwaltungs- GmbH	Wuppertal	Deutsche Mark	50,000	100.00%	Draka Cable Wuppertal GmbH
Draka Deutschland Zweite Beteiligungs- GmbH	Wuppertal	Euro	25,000	100.00%	Kabelbedrijven Draka Nederland B.V.
Draka Kabeltechnik GmbH	Wuppertal	Euro	25,000	100.00%	Draka Cable Wuppertal GmbH
Draka Service GmbH	Nurnmberg	Euro	25,000	100.00%	Draka Cable Wuppertal GmbH
Höhn GmbH	Wuppertal	Deutsche Mark	1,000,000	100.00%	Draka Deutschland GmbH
Kaiser Kabel GmbH	Wuppertal	Deutsche Mark	9,000,000	100.00%	Draka Deutschland GmbH
Kaiser Kabel Vertriebs GmbH i.L.	Wuppertal	Euro	25,100	100.00%	Kaiser Kabel GmbH
NKF Holding (Deutschland) GmbH	Wuppertal	Euro	25,000	100.00%	Kabelbedrijven Draka Nederland B.V.
usb-elektro Kabelkonfektions- GmbH i.L.	Bendorf	Deutsche Mark	2,750,000	100.00%	Draka Holding B.V.
Wagner Management-und Projektgesellschaft mit beschränkter Haftung i.L.	Berlin	Deutsche Mark	50,000	60.00%	Draka Cable Wuppertal GmbH
				40.00%	Third parties
U.K.					
Prysmian Cables & Systems Ltd.	Eastleigh	British Pound	45,292,120	100.00%	Prysmian UK Group Ltd.
Prysmian Construction Company Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (2000) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (Industrial) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (Supertension) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables and Systems International Ltd.	Eastleigh	Euro	100,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Cable Makers Properties & Services Ltd.	Hampton	British Pound	33	74.99%	Prysmian Cables & Systems Ltd.
				25.01%	Third parties
Prysmian Telecom Cables and Systems UK Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Metals Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Comergy Ltd.	Eastleigh	British Pound	1,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Pension Scheme Trustee Limited	Eastleigh	British Pound	1	100.00%	Prysmian S.p.A.
Prysmian UK Group Ltd.	Eastleigh	British Pound	40,011,000	100.00%	Draka Holding B.V.
Draka Distribution Aberdeen Ltd.	Eastleigh	British Pound	1	100.00%	Draka UK Group Ltd.
Draka Comteq UK Ltd.	Eastleigh	British Pound	9,000,002	100.00%	Prysmian UK Group Ltd.
Draka UK Ltd.	Eastleigh	British Pound	202,000	100.00%	Draka UK Group Ltd.
Draka UK Group Ltd.	Eastleigh	British Pound	10,000,103	99.99999%	Prysmian UK Group Ltd.
				0.00001%	Third parties
Draka UK Pension Plan Trust Company Ltd.	Eastleigh	British Pound	1	100.00%	Draka UK Ltd.
Prysmian PowerLink Services Ltd.	Eastleigh	British Pound	16,000,100	100.00%	Prysmian UK Group Ltd.
Ireland					
Prysmian Financial Services Ireland Limited	Dublin	Euro	1,000	100.00%	Third parties
Prysmian Re Company Limited	Dublin	Euro	3,000,000	100.00%	Draka Holding B.V.
Italy					
Prysmian Cavi e Sistemi S.r.l.	Milan	Euro	100,000,000	100.00%	Prysmian S.p.A.
Prysmian Cavi e Sistemi Italia S.r.l.	Milan	Euro	77,143,249	100.00%	Prysmian S.p.A.
Prysmian Treasury S.r.l.	Milan	Euro	30,000,000	100.00%	Prysmian S.p.A.
Prysmian PowerLink S.r.l.	Milan	Euro	50,000,000	100.00%	Prysmian S.p.A.
Fibre Ottiche Sud - F.O.S. S.r.l.	Battipaglia	Euro	47,700,000	100.00%	Prysmian S.p.A.
Prysmian Electronics S.r.l.	Milan	Euro	10,000	80.00%	Prysmian Cavi e Sistemi S.r.l.
				20.00%	Third parties

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

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Slovakia					
Prysmian Kablo s.r.o.	Bratislava	Euro	21,246,001	99.995%	Prysmian Cavi e Sistemi S.r.l.
				0.005%	Prysmian S.p.A.
Draka Comteq Slovakia s.r.o.	Prešov	Euro	1,506,639	100.00%	Draka Comteq B.V.
Spain					
Prysmian Spain S.A.U.	Vilanova I la Geltrù	Euro	58,178,234	100.00%	Draka Holding N.V. Y CIA Soc. Col.
Marmavil.S.L.U.	Santa Perpetua de Mogoda	Euro	3,006	100.00%	Draka Holding B.V.
Draka Holding N.V. Y CIA Soc. Col.	Santa Perpetua de Mogoda	Euro	24,000,000	99.99999%	Draka Holding B.V.
				0.00001%	Marmavil.S.L.U.
Draka Comteq Iberica, S.L.U.	Maliaño	Euro	4,000,040	100.00%	Draka Holding N.V. Y CIA Soc. Col.
Sweden					
Prysmian Kablar och System AB	Hoganas	Swedish Krona	100,000	100.00%	Prysmian Finland OY
Draka Comteq Sweden AB	Nässjö	Swedish Krona	100,000	100.00%	Draka Comteq B.V.
NK Cables Sverige AB	Orebro	Swedish Krona	100,000	100.00%	Prysmian Finland OY
Draka Sweden AB	Nässjö	Swedish Krona	100,100	100.00%	Draka Holding B.V.
Draka Kabel Sverige AB	Nässjö	Swedish Krona	100,000	100.00%	Draka Sweden AB
Fastighets Spännbucklan AB	Nässjö	Swedish Krona	25,000,000	100.00%	Draka Sweden AB
Fastighets Hygget AB	Nässjö	Swedish Krona	100,000	100.00%	Fastighets Spännbucklan AB
Switzerland					
Prysmian Cables and Systems SA	Manno	Swiss Franc	500,000	100.00%	Draka Holding B.V.
Turkey					
Turk Prysmian Kablo Ve Sistemleri A.S.	Mudanya	Turkish new Lira	112,233,652	83.746%	Draka Holding B.V.
				16.254%	Third parties
Draka Istanbul Asansor İthalat İhracat Üretim Ticaret Ltd. Şti.	Istanbul	Turkish new Lira	180,000	100.00%	Draka Holding B.V.
Draka Comteq Kablo Limited Sirketi	Istanbul	Turkish new Lira	45,818,775	99.50%	Draka Comteq B.V.
				0.50%	Prysmian Netherlands B.V.
Hungary					
Prysmian MKM Magyar Kabel Muvek Kft.	Budapest	Hungarian Forint	5,000,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
North America					
Canada					
Prysmian Power Cables and Systems Canada Ltd.	Saint John	Canadian Dollar	1,000,000	100.00%	Draka Holding B.V.
Draka Elevator Products, Inc.	Brantford	Canadian Dollar	n/a	100.00%	Draka Cableteq USA, Inc.
U.S.A.					
Prysmian Cables and Systems (US) Inc.	Carson City	US Dollar	330,517,608	100.00%	Draka Holding B.V.
Prysmian Cables and Systems USA, LLC	Wilmington	US Dollar	10	100.00%	Prysmian Cables and Systems (US) Inc.
Prysmian Construction Services Inc.	Wilmington	US Dollar	1,000	100.00%	Prysmian Cables and Systems USA, LLC
Prysmian Power Financial Services US LLC	Wilmington	US Dollar	100	100.00%	Prysmian Cables and Systems USA, LLC
Prysmian Communications Financial Services US LLC	Wilmington	US Dollar	100	100.00%	Prysmian Cables and Systems USA, LLC
Draka Cableteq USA, Inc.	Boston	US Dollar	10	100.00%	Prysmian Cables and Systems (US) Inc.
Draka Elevator Products, Inc.	Boston	US Dollar	1	100.00%	Draka Cableteq USA, Inc.
Draka Transport USA, LLC	Boston	US Dollar	n/a	100.00%	Draka Cableteq USA, Inc.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Central/South America					
Argentina					
Prysmian Energia Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	66,966,667	94.68%	Prysmian Consultora Conductores e Instalaciones SAIC
				5.00%	Draka Holding B.V.
				0.32%	Third parties
Prysmian Consultora Conductores e Instalaciones SAIC	Buenos Aires	Argentine Peso	48,571,242	95.00%	Draka Holding B.V.
				5.00%	Prysmian Cavi e Sistemi S.r.l.
Cables Ópticos y Metálicos para Telecomunicaciones Telcon S.R.L.	Buenos Aires	Argentine Peso	500,000	100.00%	Prysmian Draka Brasil S.A.
Brazil					
Prysmian Energia Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	153,794,214	99.857%	Prysmian Cavi e Sistemi S.r.l.
				0,143%	Prysmian S.p.A.
Sociedade Produtora de Fibras Opticas S.A. (1)	Sorocaba	Brazilian Real	1,500,100	51.00%	Prysmian Draka Brasil S.A.
				49.00%	Third parties
Prysmian Surflex Umbilicais e Tubos Flexìveis do Brasil Ltda	Vila Velha	Brazilian Real	158,385,677	99.999999%	Prysmian Cavi e Sistemi S.r.l.
				0.000001%	Prysmian S.p.A.
Prysmian Draka Brasil S.A.	Sorocaba	Brazilian Real	207,784,953	55.885510%	Prysmian Energia Cabos e Sistemas do Brasil S.A.
				34.849900%	Draka Comteq B.V.
				9.206810%	Draka Holding B.V.
				0.057040%	Prysmian Cavi e Sistemi S.r.l.
				0.000630%	Kabelbedrijven Draka Nederland B.V.
				0.000120%	Draka Kabel B.V.
Doiter Industria e Comércio Ltda	Espirito Santo, Vitoria	Brazilian Real	118,000	99.9992%	Draka Comteq Cabos Brasil S.A.
				0.0008%	Third parties
Prysmian Fibras Oticas Brasil Ltda	Sorocaba	Brazilian Real	42,628,104	99.99%	Prysmian Draka Brasil S.A.
				0.01%	Prysmian Energia Cabos e Sistemas do Brasil S.A .
Draka Comteq Cabos Brasil S.A	Santa Catarina	Brazilian Real	17,429,703	77.836%	Draka Comteq B.V.
				22.164%	Prysmian Energia Cabos e Sistemas do Brasil S.A.
Chile					
Prysmian Instalaciones Chile S.A.	Santiago	Chilean Peso	1,147,127,679	99.80%	Prysmian Consultora Conductores e Instalaciones SAIC
				0.20%	Third parties
Mexico					
Draka Durango S. de R.L. de C.V.	Durango	Mexican Peso	163,471,787	99.996%	Draka Mexico Holdings S.A. de C.V.
				0.004%	Draka Holding B.V.
Draka Mexico Holdings S.A. de C.V.	Durango	Mexican Peso	57,036,501	99.999998%	Draka Holding B.V.
				0.000002%	Draka Comteq B.V.
NK Mexico Holdings S.A. de C.V.	Mexico City	Mexican Peso	n/a	100.00%	Prysmian Finland OY
Prysmian Cables y Sistemas de Mexico S. de R. L. de C. V.	Durango	Mexican Peso	3,000	0.033%	Draka Holding B.V.
				99.967%	Draka Mexico Holdings S.A. de C.V.
Africa					
Ivory Coast					
SICABLE - Sociète Ivoirienne de Cables S.A.	Abidjan	CFA Franc	740,000,000	51.00%	Prysmian Cables et Systèmes France S.A.S.
				49.00%	Third parties
Tunisia					
Auto Cables Tunisie S.A.	Grombalia	Tunisian Dinar	4,050,000	50.998%	Prysmian Cables et Systèmes France S.A.S.
				49.002%	Third parties
Eurelectric Tunisie S.A.	Soliman	Tunisian Dinar	510,000	99.8824%	Prysmian Cables et Systèmes France S.A.S.
				0.0196%	Prysmian (French) Holdings S.A.S.
				0.0196%	Prysmian Cavi e Sistemi S.r.l.
				0.0784%	Third parties

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

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

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

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

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

List of unconsolidated other investments:

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

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