Press release

PRYSMIAN S.P.A. FIRST-HALF 2013 RESULTS

IMPROVING SECOND-QUARTER TREND IN SALES AND PROFITABILITY

GROWTH FOR SUBMARINE SYSTEMS AND INDUSTRIAL CABLES

BUILDING WIRES AND RENEWABLE ENERGY CABLES STILL UNDER PRESSURE IN EUROPE

WEAK OPTICAL CABLE DEMAND IN NORTH AND SOUTH AMERICA PENDING NEW STIMULUS PACKAGES

FURTHER IMPROVEMENT EXPECTED IN SECOND HALF, €600-€650M TARGET CONFIRMED FOR FY ADJ EBITDA

POWER TRANSMISSION ORDER BOOK CLIMBS TO RECORD LEVEL OF MORE THAN €2.8 BILLION

30 JUNE 2013 RESULTS

- **SALES: €3,622 MILLION (€3,916 MILLION IN 1H 2012; ORGANIC CHANGE -5.3%)**
- **ADJ EBITDA[1]: €282 MILLION (€308 MILLION IN 1H 2012; -8.3%)**
- **ADJ OPERATING PROFIT[2]: €204 MILLION (€229 MILLION IN 1H 2012; -10.5%)**
- **ADJ NET PROFIT[3]: €115 MILLION (€129 MILLION IN 1H 2012; -10.9%)**
- **NET FINANCIAL POSITION €1,248 MILLION (€1,396 MILLION AT 30 JUNE 2012)**

Milan, 1/8/2013. The Board of Directors of Prysmian S.p.A. has approved today the Group's consolidated results for the first half of 2013.

"The Group's half-year results show signs of improvement from the second quarter. In fact, in the second quarter 2013 both sales and profitability increased on the first quarter 2013, while still remaining below the same period in 2012," explains CEO Valerio Battista. "These signs acquire special relevance in a market scenario that, despite the beginnings of a stabilisation phase, remains difficult, especially because of the construction industry crisis in Europe and uncertainties over broadband stimulus programmes in North and South America. Profitability is expected to improve in the second half, particularly thanks to high voltage underground and submarine cables for Power Transmission, whose order book has risen to more than €2.8 billion. With the goal of achieving the expected full-year targets, the Group also confirms its focus on cost containment and rationalisation of organisational and production structures, as well as on the synergies with Draka, recently revised up to €175 million. Lastly, we are also expecting to see results from the commercial initiatives to leverage the product portfolio and improve customer service."

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

(in millions of Euro)	1st half 2013	1st half 2012 (*)	% Change
Sales	3,622	3,916	-7.5%
EBITDA	256	266	-4.0%
Adjusted EBITDA	282	308	-8.3%
Operating income	134	178	-24.6%
Adjusted operating income	204	229	-10.5%
Profit before taxes	58	127	-54.2%
Net profit/(loss) for the period	41	89	-53.5%

(in millions of Euro)	30 June 2013	30 June 2012	Change
Net capital employed	2,730	2,829	(99)
Employee benefit obligations	332	308	24
Equity	1,150	1,125	25
of which attributable to non-controlling interests	44	52	(8)
Net financial position	1,248	1,396	(148)

(*) The previously published prior year comparative figures have been the subject of a restatement following the introduction of IAS 19 (revised). This restatement has resulted in the recognition of Euro 1 million in additional finance costs in the first half of 2012.

[1] Adj EBITDA is defined as EBITDA before non-recurring income/(expenses), as reported in the table in Annex B.
[2] Adj 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.
[3] Adj net profit is defined as net result 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.

Financial results

Group **Sales** amounted to €3,622 million compared with €3,916 million in the first half 2012. Assuming the same group perimeter and excluding metal price and exchange rate effects, the **organic change** was a negative 5.3%, even if sales showed some recovery in the second quarter. The positive performances reported by Power Transmission cables and by cables for higher value-added Industrial applications, have allowed the Group to limit the effects of lower volumes for building wires (sold through the Trade & Installers channel) and for industrial renewable energy cables in Europe and of the drop in demand for optical cables on the American continent. Market conditions remain generally difficult, despite signs of stabilisation that are thought could be confirmed in the second half.

Adjusted EBITDA amounted to €282 million, compared with €308 million in the corresponding period of 2012 (-8.3%), with a basically stable margin on sales (7.8% vs 7.9%). The trend towards stabilisation and improvement in performance in the second quarter were also reflected in the profitability measures, with second-quarter Adjusted EBITDA rising to €167 million from €115 million in the first quarter. Expectations of further market stabilisation and the robust Power Transmission order book, which climbed to a record level of more than €2.8 billion at the end of June 2013, allow the Group to confirm its full-year guidance, with Adjusted EBITDA forecast in the range of €600-€650 million.

EBITDA[4] amounted to €256 million, compared with €266 million in the first half 2012 (-4.0%), reflecting the impact of €26 million in non-recurring expenses particularly in relation to reorganisation and manufacturing efficiency projects.

Adjusted operating income amounted to €204 million, compared with €229 million in the first half 2012 (-10.5%). **Operating income** was €134 million, compared with €178 million in the first half 2012, partly due to the negative change of €37 million in the fair value of metal derivatives (versus a positive change of €1 million in the first half 2012).

Net finance income and costs, including the share of income/(loss) from associates and dividends from other companies, reported a negative balance of €76 million, compared with €51 million in the corresponding prior year period. Of this increase, €20 million is due to a number of non-recurring non-monetary costs, connected with the partial refinancing of the Term Loan by issuing the Equity-linked Bond.

Adjusted net profit amounted to €115 million, compared with €129 million in the first half 2012 (-10.9%); the margin on sales was broadly stable at 3.2%, compared with 3.3% in the corresponding period of 2012. The **Net result** was a profit of €41 million compared with €89 million in the first half 2012; this decline was mainly due to the negative change in the fair value of metal derivatives as well as to the non-recurring costs associated with the Term Loan's partial refinancing.

Net financial position at the end of June 2013 amounted to €1,248 million, a significant improvement on €1,396 million at 30 June 2012 (€918 million at 31 December 2012), having been particularly affected by the following factors:

- positive cash flow from operating activities (before changes in net working capital) of €215 million;
- negative impact of €367 million from changes in working capital, due to the seasonality in stock levels and strong growth in working capital in the submarine cables business;
- payment of €28 million in taxes;
- net operating investments of €50 million;
- receipt of €8 million in dividends;
- payment of €72 million in net finance costs;
- payment of €91 million in dividends (€45 million in the first half 2012).

[4] EBITDA is defined as earnings/(loss) for the period, before the fair value change in metal derivatives and in other fair value items, amortisation, depreciation, and impairment, finance costs and income, the share of income/(loss) from associates, dividends from other companies and taxes.

ENERGY CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **POSITIVE PERFORMANCE FOR SUBMARINE CABLES: NEW PROJECTS WORTH MORE THAN €600 MILLION TAKE THE ORDER BOOK ABOVE €2.3 BILLION**
- **DEMAND STABLE IN HIGH VOLTAGE UNDERGROUND AND SLIGHTLY DOWN IN POWER DISTRIBUTION**
- **TREND STILL NEGATIVE FOR BUILDING WIRES (T&I); SIGNS OF STABILISATION IN SECOND QUARTER**
- **INDUSTRIAL APPLICATIONS: FALL IN RENEWABLES OFFSET BY ELEVATORS, TRANSPORT AND PORT INFRASTRUCTURE**

Sales to third parties by the Energy Cables and Systems business amounted to €2,995 million, compared with €3,170 million in the first half 2012, reporting an **organic decrease** of -2.7%; second-quarter sales were broadly in line with the previous year, despite the continuing weakness of demand for building wires and industrial cables for renewable energy. Adjusted EBITDA amounted to €225 million, staying basically in line with the €229 million posted in the first half 2012.

(in millions of Euro)

	1st half 2013	1st half 2012	% Change
Sales to third parties	2,995	3,170	-5.5%
Adjusted EBITDA	**225**	**229**	**-1.7%**
% of sales	7.5%	7.2%	
EBITDA	**212**	**206**	**2.9%**
% of sales	7.1%	6.5%	
Amortisation	(53)	(54)	-1.2%
Adjusted operating income	**172**	**175**	**-1.9%**
% of sales	5.8%	5.5%	

Utilities

Sales to third parties by the Utilities business amounted to €1,071 million, recording a 0.7% organic increase. The excellent results reported by the Submarine cables business line more than offset the poor performance by the Power Distribution business line, allowing Adjusted EBITDA to increase to €121 million from €117 million in the first half 2012.

Sales for the High Voltage underground cables business line were broadly in line with the corresponding period in 2012. The current order book provides sales visibility for the whole of 2013, with signs of recovery in this sector particularly seen in Europe, the Middle East and a number of Asian countries. The more profitable mix of projects has nonetheless helped improve margins, with a further increase in profitability expected in the second half thanks to the phasing of certain important projects.

The Group's Submarine cables and systems business line reported excellent sales, confirming its market leadership for offshore wind farm connections and for large-scale grid interconnection projects. The order book has reached a record figure of more than €2.3 billion, with €600 million in new projects awarded in the period and intense tendering activities still in progress. The positive sales trend is also reflected in profitability, which has improved sharply with prospects for further growth in the second half.

Sales by the Power Distribution business line continued to be affected by continued deterioration in demand in the wider European market, despite confirmed signs of recovery in North America. It was a poor six months in South America, although volumes are expected to recover during the rest of the year. Even the Asian market was under pressure, especially in Australia. In terms of profitability, price pressures in the power distribution market caused a slight reduction in margins, despite the Group's efforts to implement manufacturing efficiencies.

(in millions of Euro)

	1st half 2013	1st half 2012	% change	% organic sales change
Sales to third parties	1,071	1,073	-0.2%	0.7%
Adjusted EBITDA	**121**	**117**		
% of sales	11.3%	10.9%		
Adjusted operating income	**101**	**100**		
% of sales	9.4%	9.3%		

Trade & Installers

Sales to third parties by the Trade & Installers business amounted to €974 million. The organic decrease of -8.5% on the first half 2012 is basically attributable to the construction industry crisis, at its most acute in Central European and Mediterranean countries. In contrast, positive performance was confirmed in South America, where the Group increased its market share and was able to maintain a premium positioning, even for prices. The first signs of stabilisation in overall demand were nonetheless seen in the second quarter of the year. In terms of profitability, appropriate actions to reduce costs and achieve manufacturing efficiencies allowed the Group to offset the impact of price competition and keep its margins stable (with Adjusted EBITDA representing 3.8% of sales). Adjusted EBITDA came to €37 million, compared with €42 million in the corresponding period of 2012.

(in millions of Euro)

	1st half 2013	1st half 2012	% change	% organic sales change
Sales to third parties	974	1,110	-12.3%	-8.5%
Adjusted EBITDA	**37**	**42**		
% of sales	3.8%	3.8%		
Adjusted operating income	**24**	**28**		
% of sales	2.5%	2.5%		

Industrial

Sales to third parties by the Industrial cables business amounted to €896 million, delivering organic growth of +0.6% (+6.2% in the second quarter). The Group managed to offset the sharp drop in demand in the renewable energy market, thanks to diversification and consolidation in other high value-added businesses. The OEM segment enjoyed positive sales of cables for port crane, shipbuilding and transport. The Oil & Gas segment was affected by the phasing of certain offshore projects, although a strong second-half recovery is expected thanks to the award of a number of important contracts. Sales of Umbilicals were in line with the first half of 2012 and will receive a further boost in the second half thanks to the first deliveries for projects in Indonesia and West Africa. Still in the Oil&Gas segment, sales of Flexible Pipes continued to reflect uncertainties over investments in Brazil, the main target market, while DHT products enjoyed positive sales and earnings performances in North America. Lastly, with reference to the other segments, elevator cables continued to report an excellent trend, partly thanks to commercial efforts to expand business in new markets outside the USA; sales in the Automotive segment were also generally positive, particularly in North America and Asia.

Adjusted EBITDA amounted to €63 million, €7 million below the first half 2012, due to the steep decline by renewable energy cables.

(in millions of Euro)

	1st half 2013	1st half 2012	% change	% organic sales change
Sales to third parties	896	920	-2.7%	0.6%
Adjusted EBITDA	**63**	**70**		
% of sales	7.0%	7.6%		
Adjusted operating income	**45**	**49**		
% of sales	5.0%	5.4%		

TELECOM CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **DECLINE IN OPTICAL CABLE SALES PENDING THE EFFECTS OF NEW BROADBAND INCENTIVES IN NORTH AND SOUTH AMERICA**
- **STABLE OPTICAL CABLE VOLUMES IN EUROPE; GROWING DEMAND IN CHINA FOR FTTH**
- **PROFITABILITY EXPECTED TO IMPROVE IN SECOND HALF**

Sales to third parties by the Telecom Cables and Systems business amounted to €627 million. Compared with the first half of 2012, sales reflect an organic decrease of 16.2% mainly due to the steep decline in North and South America. In fact, in the first half of 2012, the strong incentive policies adopted in the United States and Brazil had driven demand for optical cables, which declined to below-normal levels from the second half of 2012 once these incentives came to an end. The timing of any renewal or effective activation of such incentives is still uncertain. In Europe, optical cable sales volumes were stable compared with the corresponding period in 2012, with several major projects started, for example with British Telecom in the UK and in Eastern Europe. In Asia Pacific, there was growing demand in China for Fibre to the Home cabling solutions, while sales performed well in Australia thanks to the National Broadband Network Project, even though the installation phase of this project is still experiencing delays.

The Multimedia Solutions business line continued its commercial expansion in South America and Australia, while Data System Centres in Europe showed signs of slowing demand. OPGW performed well in Southern Europe, the Middle East and Africa, with growing exposure also in North America and Russia. Lastly, demand for copper cables continued to fall.

The Group has continued to focus its strategy on constantly improving product mix and reducing costs to raise profitability. Adjusted EBITDA amounted to €57 million, compared with €79 million in the first half 2012.

(in millions of Euro)

	1st half 2013	1st half 2012	% Change
Sales to third parties	627	746	-16.0%
Adjusted EBITDA	**57**	**79**	**-27.8%**
% of sales	9.0%	10.6%	
EBITDA	**45**	**68**	**-33.8%**
% of sales	7.2%	9.2%	
Amortisation	(25)	(25)	
Adjusted operating income	**32**	**54**	**-41.1%**
% of sales	5.2%	7.3%	

BUSINESS OUTLOOK

The macroeconomic environment in the first part of 2013 has seriously deteriorated compared with the slowing trend witnessed since the second half of 2011, partly in the wake of the deficit-cutting measures introduced in several Eurozone countries during 2012. This has led to a sharp slowdown in economic activity, initially in the more indebted countries and then spreading to countries in Central and Northern Europe.

In such an economic environment, the Group expects in 2013 that demand will remain weak for low and medium voltage cables for Utilities and for building wires; within the Industrial market, the business of onshore wind and solar power generation cables is seeing a significant contraction, also due to non-renewal of or uncertainties about government incentives. Instead, positive developments in demand are confirmed for the high value-added power transmission businesses and for industrial segments like offshore oil & gas, elevators, railway, rolling stock, cranes and marine, along with a gradual improvement in demand from the second half of the year for fibre optic cables for major telecom operators.

Based on the existing order book, profitability is expected to recover in the second half of the year with the target of achieving an Adjusted EBITDA for FY 2013 in the range of €600 – €650 million (FY 2012: €647 million). In addition, given the further deterioration in the market compared with previous years, the Prysmian Group has decided in 2013 to step up its measures to rationalise and optimise its organisational and manufacturing structure with the goal of achieving €175 million in cumulative synergies from the Draka integration by 2015 (compared with €65 million achieved at the end of 2012), representing an upward revision from the previous target of €150 million. Commercial initiatives have also been started, mainly in the Industrial and Telecom businesses, in order to strengthen the Group's presence in high value-added market segments, with the goal of achieving significant additional sales in these businesses by 2015 specifically thanks to such initiatives.

SIGNIFICANT EVENTS IN FIRST HALF 2013

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.

The Company completed the placement of the Bonds on 8 March 2013, while their settlement took place on 15 March 2013.

Subsequently, the Shareholders' Meeting held on 16 April authorised:

- the convertibility of the equity-linked Bond;
- the proposal to increase share capital for cash, in one or more instalments with the exclusion of pre-emptive rights, by a maximum nominal amount of Euro 1,344,411.30, by issuing, in one or more instalments, up to 13,444,113 ordinary shares of the Company, with the same characteristics as ordinary shares in circulation, exclusively and irrevocably to serve the Bond’s conversion.

The initial conversion price of the Bonds into the Company's existing and/or new issue ordinary shares is Euro 22.3146 per share.

The Bonds are traded on the unregulated Third Market (MTF) of the Vienna Stock Exchange.

OTHER RESOLUTIONS BY THE BOARD OF DIRECTORS

Demerger of part of the assets of a direct wholly-owned company.

The Board of Directors has approved a proposal to demerge in favour of Prysmian S.p.A. part of the assets of FIBRE OTTICHE SUD – F.O.S. S.R.L., a company subject to the direction and coordination of Prysmian S.p.A..

As a result of the proposed demerger, Prysmian S.p.A. will become the direct owner of a property complex located at Viale Sarca 336, Milan, where the Prysmian Group's new head offices will be built. Notice is hereby given that, under the Company's By-laws, decisions concerning the demerger shall be taken by the Board of Directors of Prysmian S.p.A. and that no new shares will be issued by Prysmian S.p.A. as a result of the proposed transaction, nor will its share capital undergo any change.

The demerger is exempt from the application of Consob Regulation 17221/2010 (as amended) provided for in the Company's procedures for related party transactions in respect of transactions with its subsidiaries, pursuant to art. 12 par. 3 of the above Regulation. The legally required documentation relating to this transaction will be made available to shareholders and the public at the locations and within the deadlines required by applicable regulations.

The Prysmian Group's Half-Year Financial Report at 30 June 2013, approved by the Board of Directors today, will be available to the public at the Company's registered office in Viale Sarca 222, Milan and at Borsa Italiana S.p.A. by the legally-required deadline. It will also be available on the corporate website at www.prysmiangroup.com. The present document may contain forward-looking statements relating to future events and operating, economic and financial results of the Prysmian Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Therefore, actual future results may differ materially from what is expressed in forward-looking statements as a result of a variety of factors.
The managers responsible for preparing corporate accounting documents (Carlo Soprano and Andreas Bott) hereby declare, pursuant to art. 154-bis par. 2 of Italy's Unified Financial Act, that the accounting information contained in this press release corresponds to the underlying documents, accounting books and records.

The first-half 2013 results will be presented to the financial community during a conference call to be held today at 18.00 CET, a recording of which will be subsequently made available on the Group's website: www.prysmiangroup.com.
The documentation used during the presentation will be available today in the Investor Relations section of the Prysmian website at www.prysmiangroup.com.

Prysmian Group
Prysmian Group is the world leader in the energy and telecom cables and systems industry. With over 130 years of experience, sales of some €8 billion in 2012, about 20,000 employees in 50 countries and 91 plants, the Group is strongly positioned in high-tech markets and offers the widest range of products, services, technologies and know-how. In the Energy sector, Prysmian Group operates in the business of underground and submarine power transmission cables and systems, special cables for applications in many different industrial sectors and medium and low voltage cables for the construction and infrastructure industry. In the Telecom sector, the Group manufactures cables and accessories for the voice, video and data transmission industry, offering a complete range of optical fibres, optical and copper cables and connectivity systems. Prysmian is a public company, listed on the Italian Stock Exchange in the FTSE MIB index.

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ANNEX A

Consolidated statement of financial position

(in millions of Euro)

	30 June 2013	31 December 2012 (*)
Non-current assets		
Property, plant and equipment	1,490	1,539
Intangible assets	643	655
Investments in associates	98	99
Available-for-sale financial assets	15	14
Derivatives	2	3
Deferred tax assets	159	127
Other receivables	34	41
Total non-current assets	**2,441**	**2,478**
Current assets		
Inventories	1,025	897
Trade receivables	1,272	1,163
Other receivables	655	570
Financial assets held for trading	79	78
Derivatives	20	16
Cash and cash equivalents	386	812
Total current assets	**3,437**	**3,536**
Assets held for sale	6	4
Total assets	**5,884**	**6,018**
Equity attributable to the Group:	**1,106**	**1,112**
Share capital	21	21
Reserves	1,043	925
Net profit/(loss) for the period	42	166
Equity attributable to non-controlling interests:	**44**	**47**
Share capital and reserves	45	44
Net profit/(loss) for the period	(1)	3
Total equity	**1,150**	**1,159**
Non-current liabilities		
Borrowings from banks and other lenders	1,312	1,433
Other payables	30	27
Provisions for risks and charges	49	76
Derivatives	38	41
Deferred tax liabilities	96	95
Employee benefit obligations	332	344
Total non-current liabilities	**1,857**	**2,016**
Current liabilities		
Borrowings from banks and other lenders	397	361
Trade payables	1,493	1,450
Other payables	586	654
Derivatives	49	24
Provisions for risks and charges	308	325
Current tax payables	44	29
Total current liabilities	**2,877**	**2,843**
Total liabilities	**4,734**	**4,859**
Total equity and liabilities	**5,884**	**6,018**

(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised).

Consolidated income statement

(in millions of Euro)

	1st half 2013	1st half 2012 (*)
Sales of goods and services	3,622	3,916
Change in inventories of work in progress, semi-finished and finished goods	102	88
Other income	29	20
of which non-recurring other income	*7*	*1*
Raw materials, consumables used and goods for resale	(2,356)	(2,666)
Fair value change in metal derivatives	(37)	1
Personnel costs	(489)	(518)
of which non-recurring personnel costs	*(12)*	*(22)*
of which personnel costs for stock option fair value	*(7)*	*(9)*
Amortisation, depreciation and impairment	(78)	(80)
of which non-recurring impairment	-	*1*
Other expenses	(659)	(583)
of which non-recurring other expenses	*(21)*	*(21)*
Operating income	**134**	**178**
Finance costs	(246)	(193)
of which non-recurring finance costs	*(20)*	*(2)*
Finance income	164	134
Share of income from investments in associates and dividends from other companies	6	8
Profit before taxes	**58**	**127**
Taxes	(17)	(38)
Net profit/(loss) for the period	**41**	**89**
Attributable to:		
Owners of the parent	42	89
Non-controlling interests	(1)	-
Basic earnings/(loss) per share (in Euro)	**0.20**	**0.42**
Diluted earnings/(loss) per share (in Euro)	**0.20**	**0.42**

(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised).

Consolidated Statement of Comprehensive Income

(in millions of Euro)

	1st half 2013	1st half 2012 (*)
Net profit/(loss) for the period	**41**	**89**
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	6	(5)
Fair value gains/(losses) on cash flow hedges - tax effect	(3)	2
Release of cash flow hedge reserve after discontinuing cash flow hedging - gross of tax	15	-
Release of cash flow hedge reserve after discontinuing cash flow hedging - tax effect	(5)	-
Currency translation differences	(32)	4
Total items that may be reclassified, net of tax	**(19)**	**1**
- items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	16	(28)
Actuarial gains/(losses) on employee benefits - tax effect	(2)	3
Total items that will NOT be reclassified, net of tax	**14**	**(25)**
Total comprehensive income/(loss) for the period	**36**	**65**
Attributable to:		
Owners of the parent	37	65
Non-controlling interests	(1)	-

(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised).

Consolidated statement of cash flows

(in millions of Euro)

		1st half 2013	1st half 2012 (*)
	Profit/(loss) before taxes	58	127
	Depreciation and impairment of property, plant and equipment	61	65
	Amortisation and impairment of intangible assets	17	15
	Net gains on disposals of property, plant and equipment, intangible assets and other non-current assets	(1)	(1)
	Share of income from investments in associates	(6)	(8)
	Share-based payments	7	9
	Fair value change in metal derivatives and other fair value items	37	(1)
	Net finance costs	82	59
	Changes in inventories	(145)	(167)
	Changes in trade receivables/payables	(59)	(104)
	Changes in other receivables/ payables	(163)	(89)
	Changes in receivables/payables for derivatives	-	1
	Taxes paid	(28)	(32)
	Utilisation of provisions (including employee benefit obligations)	(69)	(48)
	Increases in provisions (including employee benefit obligations)	29	41
A.	**Net cash flow provided by/(used in) operating activities**	**(180)**	**(133)**
	Acquisitions	-	(35)
	Investments in property, plant and equipment	(42)	(55)
	Disposals of property, plant and equipment and assets held for sale	1	2
	Investments in intangible assets	(9)	(10)
	Investments in financial assets held for trading	(17)	(2)
	Disposals of financial assets held for trading	11	29
	Dividends received	8	6
B.	**Net cash flow provided by/(used in) investing activities**	**(48)**	**(65)**
	Dividend distribution	(91)	(45)
	Proceeds from convertible bond	296	-
	Early repayment of credit agreement	(486)	-
	Finance costs paid	(216)	(188)
	Finance income received	144	112
	Changes in net financial payables	164	54
C.	**Net cash flow provided by/(used in) financing activities**	**(189)**	**(67)**
D.	**Currency translation gains/(losses) on cash and cash equivalents**	**(9)**	**10**
E.	**Total cash flow provided/(used) in the period (A+B+C+D)**	**(426)**	**(255)**
F.	**Net cash and cash equivalents at the beginning of the period**	**812**	**727**
G.	**Net cash and cash equivalents at the end of the period (E+F)**	**386**	**472**

(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised).

ANNEX B

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

(in millions of Euro)

	1st half 2013	1st half 2012 (*)
Net profit/(loss) for the period	41	89
Taxes	17	38
Share of income from investments in associates and dividends from other companies	(6)	(8)
Finance income	(164)	(134)
Finance costs	246	193
Amortisation, depreciation and impairment	78	80
Fair value change in metal derivatives	37	(1)
Fair value change in stock options	7	9
EBITDA	**256**	**266**
Company reorganisation	21	27
Antitrust	(1)	3
Draka integration costs	-	3
Tax inspections	-	3
Environmental remediation and other costs	2	1
Italian pensions reform	-	1
Gains on asset disposals	-	(1)
Other non-recurring expenses	4	5
Adjusted EBITDA	**282**	**308**

(*) The previously published prior year comparative figures have been the subject of a restatement following the adoption of IAS 19 (revised).

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

(in millions of Euro)

	1st half 2013	1st half 2012	Change
EBITDA	**256**	**266**	**(10)**
Changes in provisions (including employee benefit obligations)	(40)	(7)	(33)
(Gains)/losses on disposals of property, plant and equipment, intangible assets and other non-current assets	(1)	(1)	-
Net cash flow provided by operating activities (before changes in net working capital)	**215**	**258**	**(43)**
Changes in net working capital	(367)	(359)	(8)
Taxes paid	(28)	(32)	4
Net cash flow provided by operating activities	**(180)**	**(133)**	**(47)**
Acquisitions	-	(35)	35
Net cash flow from operational investing activities	(50)	(63)	13
Net cash flow from financial investing activities	8	6	2
Free cash flow (unlevered)	**(222)**	**(225)**	**3**
Net finance costs	(72)	(76)	4
Free cash flow (levered)	**(294)**	**(301)**	**7**
Dividend distribution	(91)	(45)	(46)
Net cash flow provided/(used) in the period	**(385)**	**(346)**	**(39)**
Opening net financial position	**(918)**	**(1,064)**	**146**
Net cash flow provided/(used) in the period	(385)	(346)	(39)
Convertible bond equity component	39	-	39
Other changes	16	14	2
Closing net financial position	**(1,248)**	**(1,396)**	**148**