Prysmian Group

Press release

PRYSMIAN DRAKA

PRYSMIAN S.P.A. FIRST-QUARTER 2012 RESULTS

ORGANIC SALES GROWTH CONTINUES; IMPROVED PROFITABILITY

INTEGRATION WITH DRAKA, IN LINE WITH PLANS, SUPPORTS GROWTH AND PROFITABILITY

ADJ EBITDA FY 2012 EXPECTED TO INCREASE TO RANGE OF €600-650 M (FY 2011 €568 M)

31 MARCH 2012 RESULTS:

- **SALES: €1,874 MILLION (€ 1,881 MILLION IN 1Q 2011**; ORGANIC CHANGE +2.5%)**
- **ADJ EBITDA[1]: €130 MILLION (€119 MILLION IN 1Q 2011**; +9.1%)**
- **ADJ OPERATING INCOME[2]: €91 MILLION (€84 MILLION IN 1Q 2011**; +8.8%)**
- **ADJ NET PROFIT[3]: €45 MILLION (€36 MILLION IN 1Q 2011*; +25.0%)**
- **NET FINANCIAL POSITION €1,273 MILLION (€1,064 MILLION AS OF 31 DECEMBER 2011)**

Milan, 10/5/2012. The Board of Directors of Prysmian S.p.A. has approved today the Group's consolidated results for the first quarter of 2012 (which are not subject to audit).

"The integration with Draka has led to a significant growth in size – comments CEO Valerio Battista -, allowing sales to be better distributed geographically and the range of products and services offered to be enlarged. The increased share of Northern Europe, North America and Asia and strengthening of the Telecom and Industrial businesses have neutralised the reduction in demand in Southern Europe in more cyclical businesses like Trade & Installers and Power Distribution. Despite continued uncertainty in the macroeconomic environment, namely in Europe, the Group expects to see a positive trend in demand for submarine cables in 2012 as well as for renewable energy, oil & gas and optical cables. Based on these expectations, also supported by a robust order book, we expect full-year Adjusted EBITDA to be in the range of €600-650 million, up from €568 million in 2011."

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

(in millions of Euro)	3 months 2012	3 months 2011 (*)	% change
Sales	1,874	1,490	25.8%
EBITDA	115	92	24.2%
Adjusted EBITDA	130	101	27.8%
Operating income	89	47	87.9%
Adjusted operating income	91	76	19.6%
Profit before taxes	61	19	219.3%
Net profit/(loss) for the period	42	13	215.2%

(in millions of Euro)

	3 months 2012	3 months 2011 (**) Pro-forma				% change
		Prysmian	Draka	Adjustments	Total	
Sales	1,874	1,258	624	(1)	1,881	-0.4%
Adjusted EBITDA	130	84	35	-	119	9.1%
Adjusted operating income	91	65	19	-	84	8.8%

(in millions of Euro)

	3 months 2012	3 months 2011	Change
Net capital employed	2,682	2,989	(307)
Employee benefit obligations	271	224	47
Equity	1,138	1,305	(167)
of which attributable to non-controlling interests	55	66	(11)
Net financial position	1,273	1,460	(187)

(*) The Draka Group's accounts have been included for the period 1 March – 31 March 2011.
(**)The Draka Group's accounts have been included for the entire period 1 January – 31 March 2011.

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

FINANCIAL RESULTS

Group **Sales** amounted to €1,874 million compared with €1,881 million in the prior period (pro-forma figure that consolidates Draka for the entire period January-March 2011). Assuming the same group perimeter and excluding metal price and exchange rate effects, the **organic change** was +2.5%.

Group **Adjusted EBITDA** amounted to €130 million, up 9.1% from the first quarter 2011 pro-forma figure of €119 million (€101 million consolidating Draka for just the month of March 2011). The increase is particularly attributable to the improved results in the Industrial and Telecom business areas.

Group **EBITDA**[4] amounted to €115 million, up +24.2% from the figure of €92 million (consolidating Draka just for the month of March 2011). Non-recurring expenses amounted to €15 million, and refer to restructuring costs arising from integration of the two groups; they particularly include restructuring costs in connection with the closure of the Livorno Ferraris site in Italy and the Fercable site in Spain, where agreement has already been reached with the trade unions.

Group **Adjusted operating income** was €91 million, up 8.8% from the first quarter 2011 pro-forma figure of €84 million (€76 million consolidating Draka for just the month of March 2011). Amortisation and depreciation charges increased on the corresponding quarter last year due to the full impact on the first quarter of 2012 of higher amortisation and depreciation charges resulting from the increase in Draka's asset values (following the application of Purchase Price Accounting with effect from 1 March 2011).

Group **Operating income** was €89 million, significantly higher (+87.9%) than the figure of €47 million (consolidating Draka just for the month of March 2011). This increase is due to the growth in EBITDA and the positive change in the fair value of metal derivatives.

Net finance income and costs, including the share of income/(loss) from associates and dividends from other companies, reported a negative balance of €28 million, unchanged from the prior year figure (consolidating Draka for just the month of March 2011). Although interest expense increased, due to the full impact on the quarter of the growth in debt following the Draka acquisition, there was an improvement in the net result from derivatives and exchange rate differences.

Adjusted net profit increased by 25.0% to €45 million from €36 million in the first quarter of 2011 (reflecting Draka's consolidation for just the month of March 2011). **Net profit** also improved significantly to €42 million from €13 million in the first quarter of 2011 (reflecting Draka's consolidation for just the month of March 2011).

Net financial position at the end of March 2012 amounted to €1,273 million, compared with €1,064 million at 31 December 2011 (improving from the €1.460 million at March 2011), having been particularly affected by the following factors:

- positive cash flows from current operations of €103 million;
- increase of €243 million in working capital due to the seasonality of sales and to metal prices, particularly reflecting growth in the value of inventories of raw materials, semi-finished products and finished goods;
- payment of €15 million in taxes;
- net operating investments of €25 million;
- purchase of the remaining Draka shares under the squeeze-out procedure for approximately €9 million;
- payment of €17 million in net finance costs;
- Free cash flow (before dividends and the outlay to acquire Draka), although negative because of the typical seasonal nature of the first quarter, reported an improvement of about €45 million, (excluding the outlay to acquire the total control of the Draka joint ventures in Brazil), reflecting the growth in operating profitability, the slight improvement in working capital on the first quarter of last year and lower outlays for finance costs.

[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

- **SUBMARINE CABLES ORDER BOOK GROWS THANKS TO RECORD WESTERNLINK CONTRACT**
- **INDUSTRIAL: INCREASE IN SALES AND PROFITS**
- **HIGH VOLTAGE UNDERGROUND CABLES: STABLE DEMAND; GROWING CONTRIBUTION TO RESULTS EXPECTED FROM SECOND HALF**
- **SLIGHT DECREASE IN POWER DISTRIBUTION VOLUMES**
- **REVENUES BASICALLY STABLE FOR T&I**

(in millions of Euro)

	3 months 2012	3 months 2011 (*)	% change
Sales to third parties	1,528	1,284	19.0%
Adjusted EBITDA	**95**	**84**	**13.1%**
% of sales	6.2%	6.5%	
EBITDA	**88**	**84**	**4.8%**
% of sales	5.8%	6.5%	
Amortisation and depreciation	(27)	(20)	33.2%
Adjusted operating income	**68**	**64**	**6.8%**
% of sales	4.5%	4.9%	

(in millions of Euro)

	3 months 2012	3 months 2011 (**) Pro-forma				% change
		Prysmian	Draka	Adjustements	Total	
Sales to third parties	1,528	1,137	423	(1)	1,559	-2.0%
Adjusted EBITDA	**95**	**74**	**20**	**-**	**94**	**1.1%**
% of sales	6.2%	6.5%	4.8%		5.9%	
Adjusted operating income	**68**	**57**	**11**	**-**	**68**	**0.5%**
% of sales	4.5%	5.1%	2.9%		4.3%	

(*) The Draka Group's accounts have been included for the period 1 March – 31 March 2011.
(**)The Draka Group's accounts have been included for the entire period 1 January – 31 March 2011.

Sales to third parties by the Energy Cables and Systems segment amounted to €1,528 million compared with the first quarter 2011 pro-forma figure of €1,559 million (€1,284 million consolidating Draka for just the month of March 2011), delivering a positive **organic change** of +1.8%. Adjusted EBITDA amounted to €95 million, reporting an increase of +1.1% on the first quarter 2011 pro-forma figure of €94 million (€84 million consolidating Draka for just the month of March 2011).

Utilities
Sales to third parties by the Utilities business amounted to €489 million, compared with the first quarter 2011 pro-forma figure of €514 million, with a 3.8% negative organic change particularly coming from the power distribution and high voltage sectors and concentrated in European markets. The organic reduction in sales affected the profitability of the Utilities business with Adjusted EBITDA amounting to €46 million compared with a first quarter 2011 pro-forma figure of €57 million. This contraction in profitability is mainly attributable to the impact of the execution of projects acquired in 2009/2010 with lower margins as well as the reduction in power distribution volumes and the phasing of submarine projects.

Demand for high voltage underground cables was stable, reporting a decrease in sales on European domestic markets, while more positive results were achieved in countries with growing demand for energy infrastructure such as Russia, Brazil, China, India and the Middle East. A recovery in sales and profits, particularly in Europe, is expected from the second half, thanks to the phasing of certain projects and to the positive investment trends in renewable energy and new interconnections; organic growth for the full year is expected to be positive. The order book provides sales visibility for about one year.

Sales by the submarine cables and systems business increased thanks to the execution of large interconnections projects and development of renewable energy. In February 2012, the Group achieved a new historic milestone by winning the Westernlink project worth approximately €800 million for the construction of the Scotland-England submarine link. Also of note is the Butendiek offshore wind farm project to which, thanks

to synergies and its larger product and technology range, the Group will supply both the cable link with the mainland and the interarray connections between turbines (manufactured at the Norwegian factory in Drammen acquired with Draka).
The order book has additionally increased providing sales visibility for nearly three years and reflects continued robust growth in demand from the development of renewables (offshore wind farms in particular) and the need for new interconnections.

Demand in the power distribution business line showed signs of a contraction compared to last year. This decline particularly occurred in central and south European markets (except for Scandinavian countries where volumes were positive), while better sales performance was seen in North and South America. The Group is focusing ever more attention on innovation and its ability to anticipate customer demand and over the last few months it has launched a new range of products and services for smart grid applications as well as niche technologies such as the new Pry Pad tool for monitoring the efficiency of electricity grids.

(in millions of Euro)

	3 months 2012	3 months 2011 (*) Pro-forma	% change	% organic change
Sales to third parties	489	514	-4.8%	-3.8%
Adjusted EBITDA	**46**	**57**		
% of sales	9.4%	11.1%		
Adjusted operating income	**38**	**47**		
% of sales	7.7%	9.3%		

(*) The Draka Group's accounts have been included for the entire period 1 January – 31 March 2011.

Trade & Installers

Sales to third parties by the Trade & Installers business amounted to €541 million, posting a small organic increase (+2.5%), compared with the first quarter 2011 pro-forma figure of €567 million. The volume recovery has been particularly concentrated in North and South America, and has also benefited profitability. In Europe, improvements, albeit minor, have been reported in the Nordic countries, Eastern Europe and Great Britain, while the situation has proved tougher in Central and Southern Europe. The Group has nevertheless been able to maintain its share in major European markets focusing on business relationships with the key customers. Even in South America the Group has maintained and in some cases increased its market share in a competitive but growing construction market. Adjusted EBITDA amounted to €18 million, remaining stable compared with the first quarter last year.

(in millions of Euro)

	3 months 2012	3 months 2011 (*) Pro-forma	% change	% organic change
Sales to third parties	541	567	-4.6%	2.5%
Adjusted EBITDA	**18**	**18**		
% of sales	3.3%	3.1%		
Adjusted operating income	**10**	**11**		
% of sales	1.9%	2.0%		

(*) The Draka Group's accounts have been included for the entire period 1 January – 31 March 2011.

Industrial

Sales to third parties by the Industrial cables business amounted to €464 million, delivering substantial 15.2% organic growth, compared with the first quarter 2011 pro-forma figure of €413 million. On the whole markets were stable or growing, with significant differences between the various geographical regions and industry segments. Growth was particularly driven by the oil sector, with an increasingly important contribution from products and technologies for offshore oil drilling. Sales of flexible pipes made a positive contribution (more than €10 million in the first quarter), with the order book expected to grow in the second half thanks to qualification of 6.0" diameter flexible pipes. Umbilicals are expected to see a short-term decrease in volumes due to installation delays for some of the Petrobras projects, while the drivers of growth are expected to remain unchanged in the medium term; the Umbilicals business also secured its first orders in the interesting East African market. DHT cables posted a growth in volumes in the USA and the North Sea. Positive performances were also reported in renewables, particularly in China, Australia and India, as well as in specialties and OEM which experienced growth in Asia, Australia and North America, in contrast with a certain weakness in demand in Europe. The Group confirmed itself as world leader in Elevator cables after acquiring the important project to supply cables for installations in the new World Trade Center in New York. Lastly, the Automotive cable market has proven stable in Europe and growing in Asia, and North and South America.

Adjusted EBITDA amounted to €31 million, reporting an increase of €13 million on the first quarter 2011 pro-forma figure.

(in millions of Euro)

	3 months 2012	3 months 2011 (*) Pro-forma	% change	% organic change
Sales to third parties	464	413	12.4%	15.2%
Adjusted EBITDA	**31**	**18**		
% of sales	6.7%	4.2%		
Adjusted operating income	**21**	**10**		
% of sales	4.6%	2.3%		

(*) The Draka Group's accounts have been included for the entire period 1 January – 31 March 2011.

TELECOM CABLES AND SYSTEMS PERFORMANCE AND RESULTS

- **ORGANIC SALES GROWTH CONTINUES**
- **ROBUST DEMAND FOR OPTICAL CABLES IN PRINCIPAL GEOGRAPHICAL MARKETS**
- **SIGNIFICANT INCREASE IN PROFITS**

Sales to third parties by the Telecom Cables and Systems segment amounted to €346 million compared with a first quarter 2011 pro-forma figure of €322 million (€206 million consolidating Draka for just the month of March 2011), delivering 6.1% organic growth primarily thanks to higher volumes of optical cables.

The positive trend in demand for optical cables is expected to continue, driven by the increase in data traffic in established markets and the need for new backbone connections in emerging countries. In particular, in Europe the main thrust is coming from Great Britain and Benelux; in North America the benefits of government incentives continue to be felt, while growth has resumed in China after a flat 2011. In Australia, long-term investment plans have been confirmed, although construction of the National Broadband Network is suffering a few delays due to the installation process. In Brazil the acquisition of complete control of the Draka joint ventures has strengthened the Group's presence in a fast-growing market.

The Multimedia Solutions business line reported higher volumes in Europe, while offering the prospect of interesting opportunities in North and South America, also driven by Data centers expansion. The OPGW business line enjoyed significant growth in South Europe, the Middle East and South America.

The Group continues to focus its strategy on constantly improving product mix and reducing costs to improve profitability. Adjusted EBITDA amounted to €35 million, an increase of 40.4% on the first quarter 2011 pro-forma figure of €25 million.

(in millions of Euro)

	3 months 2012	3 months 2011 (*)	% change
Sales to third parties	346	206	68.1%
Adjusted EBITDA	**35**	**17**	**106.4%**
% of sales	10.0%	8.1%	
EBITDA	**28**	**16**	**75.6%**
% of sales	8.1%	7.8%	
Amortisation and depreciation	(12)	(5)	144.7%
Adjusted operating income	**23**	**12**	**90.5%**
% of sales	6.5%	5.7%	

(in millions of Euro)

	3 months 2012	3 months 2011 (**) Pro-forma				% change
		Prysmian	Draka	Adjustements	Total	
Sales to third parties	346	130	192	-	322	7.5%
Adjusted EBITDA	**35**	**10**	**15**	**-**	**25**	**40.4%**
% of sales	10.0%	7.8%	8.2%		7.4%	
Adjusted operating income	**23**	**8**	**8**	**-**	**16**	**42.9%**
% of sales	6.5%	6.3%	4.8%		4.9%	

(*) The Draka Group's accounts have been included for the period 1 March – 31 March 2011.
(**)The Draka Group's accounts have been included for the entire period 1 January – 31 March 2011.

BUSINESS OUTLOOK

The macroeconomic environment in the first half of 2011 had confirmed the initial signs of recovery already seen in the second half of 2010, albeit with low growth rates and still at levels well below those before the 2008 financial crisis. However, the second half of 2011 and first quarter of the current year began to be affected by growing concerns about Eurozone and US debt sustainability, leading to a sharp deterioration in business confidence and a gradual slowing of industrial output and demand.

In such an economic context, the Group expects that 2012 will see generally stable demand for medium voltage cables for Utilities, for building wires and for those products in the Industrial sector most exposed to cyclical trends. Instead, positive developments in demand are confirmed for the high value-added businesses of submarine power transmission, renewable energy, offshore Oil&Gas and fibre optic cables for major telecom operators.

Despite a market with uncertain growing opportunities, based on the results achieved in the first three months, combined with the size of the current order book, Adjusted EBITDA for FY 2012 is expected to improve in the range of €600-650 million (FY 2011: €568 million). This range is related to development of demand on the reference markets in the second half of the year and includes the consolidation of Draka for the full year (in 2011 Draka was consolidated from 1 March). The expected profitability increase is essentially due to business areas with higher added value as well as cost synergies deriving from the integration with Draka. As a matter of fact, during 2012 the Prysmian Group will continue to integrate the activities of Draka in order to optimise and rationalise the new Group's organisational and production structure with the goal of further strengthening its presence in all areas of business and of achieving the projected cost synergies.

OTHER RESOLUTIONS BY THE BOARD OF DIRECTORS

The Board of Directors has approved a number of amendments to the By-laws – to articles 14 and 21 – to ensure a correct gender balance in the composition of the Board of Directors and Board of Statutory Auditors, as provided by Law 120 of 12 July 2011 and by Consob Resolution 18098 of 8 February 2012.

As soon as the amended By-laws have been filed with the Register of Companies, they will be made available in the Corporate Governance section of the Company's website at www.prysmian.com.

Lastly, the Board of Directors has approved two proposed demergers to Prysmian S.p.A. of part of the assets of Prysmian Cavi e Sistemi S.r.l. and Prysmian Cavi e Sistemi Italia S.r.l., both companies subject to the direction and coordination of Prysmian S.p.A., as announced on 7 March 2012.

The Prysmian Group's First-Quarter Report 2012, approved by the Board of Directors today, will be available to the public by 10 May 2012 at the Company's registered office in Viale Sarca 222, Milan and at Borsa Italiana S.p.A.. It will also be available on the corporate website at www.prysmian.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 Jordi Calvo), 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.

Prysmian Group

Prysmian Group is world leader in the energy and telecom cables and systems industry. With sales of some €8 billion in 2011, 22,000 employees across 50 countries and 97 plants, the Group is strongly positioned in high-tech markets and provides 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 listed on the Milan Stock Exchange in the Blue Chip index.

Media Relations
Lorenzo Caruso
Corporate & Business Communications Director
Ph. 0039 02 6449.1
lorenzo.caruso@prysmiangroup.com

Investor Relations
Luca Caserta
Investor Relations Director
Ph. 0039 02 6449.1
luca.caserta@prysmiangroup.com

Prysmian Group

PRYSMIAN Draka

ANNEX A

Consolidated statement of financial position

(in millions of Euro)

	31 March 2012	31 December 2011
Non-current assets		
Property, plant and equipment	1,523	1,539
Intangible assets	615	618
Investments in associates	86	87
Available-for-sale financial assets	5	6
Derivatives	1	2
Deferred tax assets	91	97
Other receivables	52	52
Total non-current assets	**2,373**	**2,401**
Current assets		
Inventories	1,116	929
Trade receivables	1,340	1,197
Other receivables	550	516
Financial assets held for trading	65	80
Derivatives	23	28
Cash and cash equivalents	537	727
Total current assets	**3,631**	**3,477**
Assets held for sale	5	5
Total assets	**6,009**	**5,883**
Equity attributable to the Group:	**1,083**	**1,042**
Share capital	21	21
Reserves	1,020	1,157
Net profit/(loss) for the period	42	(136)
Equity attributable to non-controlling interests:	**55**	**62**
Share capital and reserves	55	71
Net profit/(loss) for the period	-	(9)
Total equity	**1,138**	**1,104**
Non-current liabilities		
Borrowings from banks and other lenders	877	880
Other payables	34	32
Provisions for risks and charges	63	67
Derivatives	36	36
Deferred tax liabilities	105	106
Employee benefit obligations	271	268
Total non-current liabilities	**1,386**	**1,389**
Current liabilities		
Borrowings from banks and other lenders	985	982
Trade payables	1,528	1,421
Other payables	579	571
Derivatives	43	71
Provisions for risks and charges	289	295
Current tax payables	61	50
Total current liabilities	**3,485**	**3,390**
Total liabilities	**4,871**	**4,779**
Total equity and liabilities	**6,009**	**5,883**

Consolidated income statement

(in millions of Euro)

	3 months 2012	3 months 2011 (*)
Sales of goods and services	1,874	1,490
Change in inventories of work in progress, semi-finished and finished goods	110	118
Other income	15	12
Raw materials and consumables used	(1,340)	(1,107)
Fair value change in metal derivatives	18	(20)
Personnel costs	(258)	(170)
of which non-recurring personnel costs	*(14)*	-
of which personnel costs for stock option fair value	*(5)*	-
Amortisation, depreciation and impairment	(39)	(25)
Other expenses	(291)	(251)
of which non-recurring other expenses	*(1)*	*(9)*
Operating income	**89**	**47**
Finance costs	(79)	(67)
Finance income	49	38
Share of income from investments in associates and dividends from other companies	2	1
Profit before taxes	**61**	**19**
Taxes	(19)	(6)
Net profit/(loss) for the period	**42**	**13**
Attributable to:		
Owners of the parent	42	14
Non-controlling interests	-	(1)
Basic earnings/(loss) per share (in Euro)	**0.20**	**0.07**
Diluted earnings/(loss) per share (in Euro)	**0.20**	**0.07**

(*) The Draka Group's accounts have been included for the period 1 March – 31 March 2011.

Consolidated statement of comprehensive income

(in millions of Euro)

	3 months 2012	3 months 2011
Net profit/(loss) for the period	**42**	**13**
Fair value gains/(losses) on cash flow hedges - gross of tax	2	21
Fair value gains/(losses) on cash flow hedges - tax effect	(1)	(6)
Currency translation differences	(5)	(26)
Total post-tax other comprehensive income/(loss) for the period	**(4)**	**(11)**
Total comprehensive income/(loss) for the period	**38**	**2**
Attributable to:		
Owners of the parent	39	5
Non-controlling interests	(1)	(3)

Prysmian Group

PRYSMIAN

Draka

Consolidated statement of cash flows

(in millions of Euro)

		3 months 2012	3 months 2011
	Profit before taxes	61	19
	Depreciation and impairment of property, plant and equipment	31	22
	Amortisation and impairment of intangible assets	8	3
	Share of income from investments in associates	(2)	(1)
	Share-based compensation	5	-
	Fair value change in metal derivatives and other fair value items	(18)	20
	Net finance costs	30	29
	Changes in inventories	(192)	(150)
	Changes in trade receivables/payables	(32)	(10)
	Changes in other receivables/payables	(20)	(16)
	Changes in receivables/payables for derivatives	1	(1)
	Taxes paid	(15)	(14)
	Utilisation of provisions (including employee benefit obligations)	(27)	(19)
	Increases in provisions (including employee benefit obligations)	15	5
A.	**Net cash flow provided by/(used in) operating activities**	**(155)**	**(113)**
	Acquisitions	(9)	(419)
	Investments in property, plant and equipment	(21)	(15)
	Disposals of property, plant and equipment	1	-
	Investments in intangible assets	(5)	(2)
	Disposals of financial assets held for trading	15	17
	Disposals of available-for-sale financial assets	-	143
	Dividends received	2	2
B.	**Net cash flow provided by/(used in) investing activities**	**(17)**	**(274)**
	Capital contribution and other changes in equity	-	1
	Finance costs paid	(66)	(59)
	Finance income received	49	35
	Changes in net financial payables	-	243
C.	**Net cash flow provided by/(used in) financing activities**	**(17)**	**220**
D.	Currency translation gains/(losses) on cash and cash equivalents	(1)	(6)
E.	**Total cash flow provided/(used in) the period (A+B+C+D)**	**(190)**	**(173)**
F.	**Net cash and cash equivalents at the beginning of the period**	**727**	**630**
G.	**Net cash and cash equivalents at the end of the period (E+F)**	**537**	**457**

ANNEX B

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

(in millions of Euro)

	3 months 2012	3 months 2011 (*)
Net profit/(loss) for the period	42	13
Taxes	19	6
Share of income from investments in associates and dividends from other companies	(2)	(1)
Finance income	(49)	(38)
Finance costs	79	67
Amortisation, depreciation and impairment	39	25
Fair value change in metal derivatives	(18)	20
Fair value change in stock options	5	-
EBITDA	**115**	**92**
Draka acquisition costs	-	5
Effects of Draka change of control	-	2
Draka integration costs	1	-
Company reorganisation	14	2
Antitrust	(1)	-
Environmental remediation and other costs	1	-
Adjusted EBITDA	**130**	**101**

(*) The Draka Group's accounts have been included for the period 1 March – 31 March 2011.

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

(in millions of Euro)

	3 months 2012	3 months 2011	Change
EBITDA	**115**	**92**	**23**
Changes in provisions (including employee benefit obligations)	(12)	(14)	2
Net cash flow provided by operating activities (before changes in net working capital)	**103**	**78**	**25**
Changes in net working capital	(243)	(177)	(66)
Taxes paid	(15)	(14)	(1)
Net cash flow provided by operating activities	**(155)**	**(113)**	**(42)**
Acquisitions	(9)	(419)	410
Net cash flow from operational investing activities	(25)	(17)	(8)
Net cash flow from financial investing activities	2	2	-
Free cash flow (unlevered)	**(187)**	**(547)**	**360**
Net finance costs	(17)	(24)	7
Free cash flow (levered)	**(204)**	**(571)**	**367**
Increases in share capital and other changes in equity	-	1	(1)
Net cash flow provided/(used) in the period	**(204)**	**(570)**	**366**
Opening net financial position	**(1,064)**	**(459)**	**(605)**
Net cash flow provided/(used) in the period	(204)	(570)	366
Other changes	(5)	8	(13)
Business combinations	-	(439)	439
Closing net financial position	**(1,273)**	**(1,460)**	**187**