Third Quarter Report

AT 30 SEPTEMBER 2019

Prysmian Group

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 the operating, economic and financial results of Prysmian Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Actual results may differ materially from those reflected in forward-looking statements due to multiple factors.

CONTENTS

Directors' Report **pag.**

Consolidated financial statement position and Explanatory Notes **pag.**

Directors’ Report

DIRECTORS AND AUDITORS

Board of Directors [3]	
Chairman	Claudio De Conto [*] [2]
Chief Executive Officer & General Manager	Valerio Battista
Directors	Maria Elena Cappello [**]
	Monica de Virgiliis [**] [2]
	Francesco Gori [**] [1] [4]
	Joyce Victoria Bigio [**] [1]
	Massimo Battaini
	Pier Francesco Facchini
	Maria Letizia Mariani [**] [1]
	Fabio Ignazio Romeo
	Paolo Amato [**] [2]
	Mimi Kung [**]

Board of Statutory Auditors [4]	
Chairman	Pellegrino Libroia
Standing Statutory Auditors	Laura Gualtieri
	Paolo Francesco Lazzati
Alternative Statutory Auditors	Michele Milano
	Claudia Mezzabotta

Independent Auditors [5]	EY S.p.A.

[*] Independent director as per Italian Legislative Decree 58/1998

[**] Independent director as per Italian Legislative Decree 58/1998 and Italy's Corporate Governance Code issued by Borsa Italiana S.p.A.

[1] Members of the Control and Risks Committee

[2] Members of the Compensation, Nominations and Sustainability Committee

[3] Appointed by the Shareholders' Meeting on 12 April 2018

[4] Appointed by the Shareholders' Meeting on 5 June 2019

[5] Appointed by the Shareholders' Meeting on 16 April 2015

Preface

Further to Legislative Decree 25/2016, which came into force on 18 March 2016 and has eliminated the requirement for quarterly reporting, Prysmian Group has prepared the present Quarterly Financial Report at 30 September 2019 on a voluntary basis and in continuity with its past reporting format.

The present Quarterly Financial Report is unaudited.

SIGNIFICANT EVENTS DURING THE PERIOD

Finance activities

Mediobanca loan and partial repayment of the Bridge Loan

On 20 February 2019, the Group entered into an agreement with Mediobanca for a Euro 100 million medium-term loan for 5 years from the date of signing, with a bullet repayment at maturity. In parallel, a partial repayment of Euro 100 million against the Bridge Loan was instructed on 25 February 2019 and executed on 6 March 2019.

New revolving credit facility agreement

On 3 April 2019, the Group renewed its Euro 1,000 million long-term revolving credit facility with a syndicate of leading Italian and international banks. The five-year credit facility replaces the Syndicated Revolving Credit Facility 2014, which was extinguished at the same time. The funds are available for business and working capital needs, including the refinancing of existing facilities.

Other significant events

Western Link

Some faults were detected on 19 February 2019 and 6 April 2019 in the Western Link interconnector, resulting in its temporary switch-off.

In view of these faults and based on assessments by the technical experts, the Board of Directors decided to recognise provisions of Euro 95 million in the financial statements at 31 December 2018. These provisions were against contractual penalties, costs of repair, incidental expenditure, costs of producing an extra length of cable for any future repairs and costs of other repairs that might possibly be necessary in the foreseeable future.

Work to repair the above faults was completed in June 2019.

At the date of approving the current Quarterly Financial Report, the cable is in operation.

Approval of financial statements at 31 December 2018 and dividend distribution

On 5 June 2019, the shareholders of Prysmian S.p.A. approved the financial statements for 2018 and the distribution of a gross dividend of Euro 0.43 per share, for a total of some Euro 113 million. The dividend was paid out from 26 June 2019 to shares outstanding on the record date of 25 June 2019, with the shares going ex-dividend on 24 June 2019.

Long-term incentive plan 2018-2020

In light of the effects of the Western Link project on the company's results, on the proposal of the Remuneration, Nomination and Sustainability Committee the Board of Directors resolved to revoke the 2018-2020 long-term incentive plan approved by the Shareholders' Meeting on 12 April 2018. Upon proposal of the Committee, the Board of Directors will submit to the General Shareholders' Meeting the proposal to adopt a new long-term incentive plan organized consistently with the best market practices. This revoke has triggered recognition in the income statement of the MBO 2019 accrued in the first nine months, that will no longer be co-invested after revoking the long-term incentive plan. This has resulted in an increase of Euro 9 million in personnel costs, reflecting the combined effect of recognising the accrued nine-month MBO 2019 of Euro 12 million and reversing the fair value of stock options for Euro 3 million.

New industrial projects and initiatives

Development of power transmission grid in Washington D.C.

On 6 February 2019, the Group signed an agreement to participate in a project to upgrade the US capital district's power transmission system. The multi-stage project is worth approximately USD 190 million and is scheduled to run between 2019 and 2026. The first batch of cables worth USD 13 million is due to be completed by the end of 2019.

Contract to develop a new submarine cable system in Canada (Fundy Isles)

On 11 February 2019, the Group was awarded a contract worth Euro 17 million by New Brunswick Power Corporation (NB Power), the largest electric utility in Canada. The so-called Fundy Isles project involves the development of a new submarine cable link to upgrade the capacity of the existing transmission system in the Passamaquoddy Region of the Bay of Fundy. The new submarine power cable will connect Deer Island, Campobello Island and Grand Manan Island to the Canadian province's mainland power grid.
Project completion is scheduled for October 2019.

Contract to develop cable system for the first "floating" offshore wind farm in France

On 19 March 2019, the Group signed a letter of award with PGL (Provence Grand Large), part of EDF Renewables. The project, worth approximately Euro 30 million, involves the development of a turnkey submarine cable system. The project is expected to be commissioned in 2021.

Contract to develop cable system for a "floating" offshore wind farm in the United States

On 16 May 2019, the Group was awarded a contract worth approximately Euro 200 million by Vineyard Wind LLC to develop a submarine power cable system which will deliver renewable energy to the mainland power grid.
The Group will be responsible for the design, manufacture, installation and commissioning of an HVAC (High Voltage Alternating Current) cable system composed of two 220 kV three-core cables with extruded XLPE insulation. The project will require a total of 134 km of cables. The submarine cables will be manufactured at the Group's centres of excellence in Pikkala (Finland) and Arco Felice (Italy). Delivery and commissioning of the project are scheduled for 2021.

Dolwin5 project to connect new wind farms to mainland German grid

On 18 June 2019, the Group was awarded a major contract worth approximately Euro 140 million by the Dutch-German grid operator TenneT for the connection of new offshore wind farms to the mainland German grid.
The turnkey system will link the DolWin epsilon offshore converter platform, located approximately 100 km offshore in the German North Sea, to the mainland Emden/Ost converter station, with the purpose of transmitting the renewable energy generated to the German grid.

The submarine and land cables will be manufactured at the Group's centres of excellence in Pikkala (Finland) and Gron (France). Project completion is scheduled for mid-2024.

Successful completion of qualification testing of P-Laser and XLPE HVDC 525 kV cable systems

On 1 July 2019, the Group announced it had successfully completed stringent qualification testing in accordance with international standards, meaning that it is now ready to launch two new 525 kV extruded land cable systems, one qualified with P-Laser and the other with XLPE insulation. These cable systems are designed for extra high voltages and have large conductor cross-sectional areas to ensure high power transmission capacity over long distances with less environmental impact on the land crossed.

P-Laser is the first 100% recyclable eco-friendly high-performance cable technology, utilising a 'zero-gas' process which reduces CO_2 emissions by up to 30%, while the XLPE qualified system uses a new insulating compound specially for HVDC applications.

Contract for Viking Link project

On 23 July 2019, the Group received a letter of award from National Grid Viking Link Limited and Energinet for the development of Viking Link, the first submarine cable connection between the United Kingdom and Denmark. Worth close to Euro 700 million, the turnkey contract involves the design, manufacture and installation of the world's longest interconnector, with 1,250 km of cable for the submarine route and approximately 135 km of land cables on the UK side, corresponding to 4 out of the 5 lots awarded. The project is due to be completed by the end of 2023.

Contract for inter-array cables for offshore wind farms in the Netherlands

On 29 July 2019, the Group was awarded a project worth around Euro 30 million by Vattenfall, a leading European energy company, to supply submarine inter-array cable systems for the Hollandse Kust Zuid III and IV offshore wind farms in the Netherlands.

The cables, which will be manufactured at the Prysmian centre of excellence in Nordenham (Germany), are due to be delivered in 2022.

CONSOLIDATED FINANCIAL HIGHLIGHTS *

(in millions of Euro)

	9 months 2019	9 months 2018 - Combined (**)	9 months 2018 (***)	% change Combined	2018 (***)
Sales	8,635	8,712	7,293	-0.9%	10,104
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	751	601	527	25.0%	634
Adjusted EBITDA (1)	773	651	577	18.8%	693
EBITDA (2)	711		534		501
Adjusted operating income (3)	539		418		466
Operating income	479		316		215
Profit/(loss) before taxes	377		243		103
Net profit/(loss) for the period	273		178		58

(in millions of Euro)

	30 September 2019	30 September 2018 (***)	Change	31 December 2018 (***)
Net capital employed	6,178	5,807	371	5,059
Employee benefit obligations	526	441	85	463
Equity	2,625	2,489	136	2,374
of which attributable to non-controlling interests	193	186	7	188
Net financial debt	3,027	2,877	150	2,222

(in millions of Euro)

	9 months 2019	9 months 2018 (***)	% change	2018
Capital expenditure (4)	143	169	-15.4%	285
Employees (at period-end)	29,667	29,741	-0.2%	29,159
Earnings/(loss) per share				
- basic	1.03	0.74		0.24
- diluted	1.03	0.74		0.24

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

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

(3) Adjusted operating income is defined as operating income before income and expense for company reorganisation, non-recurring items and other non-operating income and expense, and before the fair value change in metal derivatives and in other fair value items.

(4) Capital expenditure refers to additions to Property, plant and equipment and Intangible assets for which no specific financing arrangements have been made, meaning that additions for lease agreements are excluded.

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

(**) These figures include General Cable for the period 1 January - 30 September 2018.

(***) The results of General Cable have been consolidated as from 1 June 2018. The previously published comparative figures have been revised after finalising the General Cable purchase price allocation. More details can be found in the Explanatory Notes in Section C. Restatement of comparative figures.

INTRODUCTION

Following the acquisition of General Cable, since June 2018 the Group has embarked on a reorganisation, as a result of which it has redesigned its operating segments and therefore its segment reporting to reflect the new model adopted by the Group.

These changes have caused the operating segments to be redefined as follows:

- *Energy*: this segment encompasses the former Energy Products segment as well as the Core Oil&Gas and DHT businesses previously included in the OIL&GAS segment no longer significant for the Group;
- *Projects:* this segment encompasses the former Energy Projects segment, the Submarine Telecom business, new to the Group following the acquisition of General Cable, and the Offshore Specialties business (previously known as SURF and included in the OIL&GAS segment);
- *Telecom:* this segment has not undergone any changes as a result of the above reorganisation.

In keeping with the integration process, initiated last year, as from financial year 2019 the Group's results are being analysed as a whole (with no distinction between the two groups of Prysmian and General Cable). The figures for the first nine months of 2019 are compared respectively with those from the Annual Consolidated Financial Statements and, in the case of the key performance indicators (Sales and Adjusted EBITDA), with combined amounts, which incorporate General Cable's results as if consolidated from 1 January 2018.

However, it should be stressed that the combined figures are not to be treated as pro-forma ones, even if they have been restated using Prysmian Group's main accounting principles and policies.

GROUP PERFORMANCE AND RESULTS

(in millions of Euro)

	9 months 2019	9 months 2018 - Combined (*)	9 months 2018 (**)	% change Combined	% change Conso	2018 (**)
Sales	8,635	8,712	7,293	-0.9%	18.4%	10,104
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**751**	**601**	**527**	**25.0%**	**42.5%**	**634**
% of sales	8.7%	6.9%	7.2%			6.3%
Adjusted EBITDA	**773**	**651**	**577**	**18.8%**	**34.0%**	**693**
% of sales	8.9%	7.5%	7.9%			6.9%
EBITDA	**711**		**534**		**33.1%**	**501**
% of sales	8.2%		7.3%			5.0%
Fair value change in metal derivatives	2		(43)			(48)
Fair value stock options	1		(15)			(6)
Amortisation, depreciation, impairment and impairment reversal	(235)		(160)			(232)
Operating income	**479**		**316**		**51.6%**	**215**
% of sales	5.6%		4.3%			2.1%
Net finance income/(costs)	(102)		(73)			(112)
Profit/(loss) before taxes	**377**		**243**		**55.1%**	**103**
% of sales	4.4%		3.3%			1,0%
Taxes	(104)		(65)			(45)
Net profit/(loss) for the period	**273**		**178**		**53.4%**	**58**
% of sales	3.2%		2.4%			0.6%
Attributable to:						-
Owners of the parent	271		178			58
Non-controlling interests	2		-			-
Reconciliation of Operating Income / EBITDA to Adjusted Operating Income / Adjusted EBITDA						
Operating income (A)	**479**		**316**		**51.6%**	**215**
EBITDA (B)	**711**		**534**		**33.1%**	**501**
Adjustments:						**-**
Company reorganisation	17		25			66
of which General Cable integration costs	*4*		*15*			*49*
Non-recurring expenses/(income)	20		1			94
of which Antitrust	*20*		*1*			*94*
Other non-operating expenses/(income)	25		17			32
of which General Cable acquisition-related costs	*-*		*6*			*4*
of which General Cable integration costs	*2*		*20*			*31*
of which release of General Cable inventory step-up [1]	*-*		*16*			*16*
of which income from YOFC listing	*-*		*(36)*			*(36)*
Total adjustments (C)	**62**		**43**			**192**
Fair value change in metal derivatives (D)	(2)		43			48
Fair value stock options (E)	(1)		15			6
Assets impairment and impairment reversal (F)	1		1			5
Adjusted operating income (A+C+D+E+F)	**539**		**418**		**28.9%**	**466**
Adjusted EBITDA (B+C)	**773**		**577**		**34.0%**	**693**

(*) These figures include General Cable for the period 1 January - 30 September 2018.
(**) The results of General Cable have been consolidated as from 1 June 2018. The previously published comparative figures have been revised after finalising the General Cable purchase price allocation. More details can be found in the Explanatory Notes in Section C. Restatement of comparative figures.
[1] Reflects the higher cost of using finished goods and raw materials measured at General Cable's acquisition-date fair value.

The Group's Adjusted EBITDA for the first nine months of 2019 posted an increase on combined nine-month Adjusted EBITDA in 2018.

The *Projects* segment posted an Adjusted EBITDA, excluding the effects of Western Link, in decline due to a number of reworks, caused by production problems, and to the different phasing of projects in progress.
It is also noted that the order backlog has returned to a level of Euro 2,150 million as a result of order intake in the period. The new orders have been acquired also thanks to the progressive transition to renewable energy systems.

The *Energy and Infrastructure* business, with a solid performance in North America and LATAM, posted a positive set of results especially for Power Distribution. There was also a recovery in the Overhead Transmission Lines business in LATAM.

Industrial & Network Components recorded increased profitability in all its businesses, except for Automotive.

The *Telecom* segment reported solid nine-month growth, although turning negative in the third quarter, reflecting a slowing in order intake due to high stock levels held by various customers. This growth was mainly supported by positive trends in Europe and North America. The Adjusted EBITDA margin on sales benefited from year-on-year growth in volumes and from cost efficiencies. In addition, the Multimedia Solutions business turned in a positive performance in North America. However, the contribution from the associate YOFC more than halved compared with the same period last year.

The Group's sales in the first nine months of 2019 came to Euro 8,635 million, compared with Euro 8,712 million on a combined basis in the corresponding period of 2018, posting a negative change of Euro 77 million (-0.9%).
The main factors behind this change were:

- organic sales growth, generating an increase of Euro 24 million (+0.3%);
- favourable exchange rate effects, generating an increase of Euro 117 million (+1.3%);
- fluctuation in the price of metals (copper, aluminium and lead), generating a sales price decrease of Euro 218 million (-2.5%).

The organic growth in sales of +0.3% is analysed between the three operating segments as follows:

Projects	-5.4%;
Energy	+0.8%;
Telecom	+3.8%.

The Group's Adjusted EBITDA (before net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses totalling Euro 62 million) came to Euro 773 million, posting an increase of Euro 122 million on the corresponding 2018 combined figure of Euro 651 million (+18.8%). This increase includes Euro 30 million for the first-time application of IFRS 16.

EBITDA is stated after Euro 62 million in net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses (Euro 43 million in the first nine months of 2018). These adjustments include Euro 6 million in expenses for reorganising and integrating General Cable and Euro 20 million in additions to the antitrust provision.

Amortisation, depreciation and impairment amounted to Euro 235 million in the first nine months of 2019, reporting a year-on-year increase of Euro 75 million, most of which attributable to the consolidation of General Cable, resulting in additional amortisation charges also after completing the purchase price allocation, and to the adoption of IFRS 16, which accounted for Euro 28 million of the variation.
The fair value change in metal derivatives was a positive Euro 2 million in the first nine months of 2019, compared with a negative Euro 43 million in the corresponding period of 2018.

The Group's operating income came to Euro 479 million, compared with Euro 316 million in 2018, reflecting an increase of Euro 163 million.

Net finance costs amounted to Euro 102 million in the first nine months of 2019, compared with Euro 73 million in the previous year. The increase is mainly attributable to enlargement of the Group's scope of consolidation, the effects of financial reporting in hyperinflationary economies and to exchange rate trends.

Taxes came to Euro 104 million, representing an effective tax rate of around 27.5%.

Net profit for the first nine months of 2019 was Euro 273 million, almost all attributable to the Group (Euro 271 million), compared with Euro 178 million in the first nine months of 2018, all attributable to the Group.

The results of the operating segments are analysed in the following pages on a combined basis, therefore incorporating the results of General Cable as from 1 January 2018.

REVIEW OF PROJECTS OPERATING SEGMENT

(in millions of Euro)

	9 months 2019	9 months 2018 - Combined (*)	% change	9 months 2018	2018 (**)
Sales	1,247	1,319	-5.5%	1,205	1,635
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**152**	**138**	**10.9%**	**127**	**89**
% of sales	12.2%	10.4%		10.5%	5.4%
Adjusted EBITDA	**152**	**138**	**10.2%**	**127**	**89**
% of sales	12.2%	10.4%		10.5%	5.4%
EBITDA	**123**			**123**	**(16)**
% of sales	9.9%			10.2%	-0.9%
Amortisation and depreciation	(47)			(38)	(54)
Adjusted operating income	**105**			**89**	**35**
% of sales	8.4%			7.4%	2.1%
Reconciliation of EBITDA and Adjusted EBITDA					
EBITDA (A)	**123**			**123**	**(16)**
Adjustments:					
Company reorganisation	3			2	10
of which General Cable integration costs	*2*	*-*		*-*	*9*
Non-recurring expenses/(income):	20			1	94
of which Antitrust	*20*			*1*	*94*
Other non-operating expenses/(income)	6			1	1
of which release of General Cable inventory step-up	*-*			*1*	*1*
Total adjustments (B)	**29**			**4**	**105**
Adjusted EBITDA (A+B)	**152**			**127**	**89**

(*) These figures include General Cable for the period 1 January - 30 September 2018.
(**) The results of General Cable have been consolidated for the period 1 June - 31 December 2018. The previously published comparative figures have been revised after finalising the General Cable purchase price allocation.

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

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

In addition, Prysmian Group engineers, produces and installs "turnkey" submarine cable systems for power transmission and distribution. The products offered include cables with different types of insulation: cables insulated with layers of oil or fluid-impregnated paper for AC and DC transmission up to 700 kV; cables

insulated with extruded polymer for AC transmission up to 400 kV and DC transmission up to 600 kV. The Group uses specific technological solutions for power transmission and distribution in underwater environments, which satisfy the strictest international standards.
With the acquisition of General Cable, Prysmian Group has entered the Submarine Telecom cables business, specialised in the production and installation of data transmission cables.
The Offshore Specialties business incorporates a wide range of products for the oil industry, including umbilical cables, flexible pipes and all electrical, optical and signalling components for oil well management from seabed to offshore platform.

MARKET OVERVIEW

The Submarine Power cables business has seen signs of market recovery in the first nine months 2019 with the award during the third quarter of a number of large strategic projects; in addition, several bids are now at an advanced stage of the tendering process, with their award expected in the next few months. This market is expected to grow over the medium term, especially the Offshore Wind segment, fostered by the continuous reduction in electricity generation costs.
The Submarine Telecom cables business has performed well, with the award of a number of major contracts, now in the process of fulfilment.

In the High Voltage Underground business, the HVAC market has been largely stable in Europe and mixed in other countries, while the HVDC market, typically for interconnections, has turned down sharply following completion of projects awarded in recent years with no new contracts due to start in the short term since tendering activities are still in progress. North America has recorded an upturn in demand, while Southeast Asia has seen a partial recovery after a first-half downturn. Tendering activities for the major Suedlink and Suedostlink underground HVDC cable projects in Germany got underway at the end of 2018 and are progressing as expected.
The Offshore Specialties business has continued to experience a decline in prices and volumes.

FINANCIAL PERFORMANCE

Sales to third parties by the *Projects* operating segment amounted to Euro 1,247 million in the first nine months of 2019, compared with the 2018 combined figure of Euro 1,319 million, posting a negative change of Euro 72 million (-5.5%).
The main components of this change are as follows:

- negative organic sales growth of Euro 72 million (-5.4%);
- decrease of Euro 2 million (-0.2%) for exchange rate fluctuations;
- sales price increase of Euro 2 million (+0.1%) for metal price fluctuations.

The negative organic growth of the *Projects* segment is due to a number of reworks, caused by production problems, and to the different phasing of projects in progress in the Submarine business, to a contraction in volumes and prices in the Offshore Specialties business and to lower sales volumes in some High Voltage markets, primarily France, South America and APAC.

By contrast, the Submarine Telecom business saw volumes and profitability grow thanks to specific contracts won in recent months for not only simple supply but also turnkey projects.

These trends have also had an adverse impact on segment profitability which, excluding the effects of the Western Link project recorded in the same period of the previous year, was down on a year-on-year basis.

The main Submarine Power projects on which work was performed during the period were: the interconnector between Norway and Britain (North Sea Link), the interconnector between the Netherlands and Denmark (CoBRA cable), the interconnection between France and Great Britain (IFA2), the Hainan2 project in China and the interconnection projects in the Philippines and Bahrain.
Sales in the period were the result of cable manufacturing activities by the Group's industrial facilities (Pikkala in Finland, Arco Felice in Italy, Drammen in Norway and Nordenham in Germany) and installation services, performed with both its own assets and third-party equipment.

The value of the Group's Submarine Power order book increased during the quarter thanks to the award of a number of projects, in particular the Viking Link. The order book had a value of around Euro 1.8 billion at the end of the third quarter, mainly consisting of the following contracts: the interconnector between Norway and Britain (North Sea Link); the interconnection between France and Great Britain (IFA2); the Hainan2 project in China; the interconnection projects in the Philippines and Bahrain; the offshore projects in France; the Capri-Sorrento interconnection project in Italy; and contracts to supply inter-array cables for the Hornsea2 and Borssele III e IV wind farms; also included in the order book are the recently acquired cable supply contracts for the Pentland project, the Dolwin5 offshore wind project in Germany and the interconnection between Britain and Denmark (Viking Link).
The value of the Group's High Voltage order book is stable at around Euro 350 million.

Adjusted EBITDA recorded in the first nine months of 2019 came to Euro 152 million, up Euro 14 million from Euro 138 million in the same period of 2018; excluding the Euro 70 million in extra costs for the Western Link project recorded in the same period of 2018, Adjusted EBITDA would have been less than in the corresponding prior year period, mainly due to a number of reworks, caused by production problems, and to the different phasing of projects in progress in the Submarine Power business. The High Voltage business performed less well than in the same period of 2018, during which a number of high margin HVDC projects were completed. The Offshore Specialties business confirmed its negative trend in the first nine months of 2019, while the Submarine Telecom business improved its performance over the same period.
The adoption of IFRS 16 benefited Adjusted EBITDA by Euro 4 million in the first nine months of 2018.

REVIEW OF ENERGY OPERATING SEGMENT

(in millions of Euro)

	9 months 2019	9 months 2018 (*) - Combined	% change	9 months 2018	2018 (**)
Sales	6,098	6,153	-0.9%	4,989	6,975
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**389**	**282**	**37.1%**	**230**	**316**
% of sales	6.4%	4.6%		4.6%	4.5%
Adjusted EBITDA	**391**	**285**	**36.9%**	**233**	**320**
% of sales	6.4%	4.6%		4.7%	4.6%
EBITDA	**373**			**194**	**249**
% of sales	6.1%			3.9%	3.6%
Amortisation and depreciation	(135)			(84)	(126)
Adjusted operating income	**256**			**149**	**194**
% of sales	4.2%			3.0%	2.8%
Reconciliation of EBITDA and Adjusted EBITDA					
EBITDA (A)	**373**			**194**	**249**
Adjustments:					
Company reorganisation	10			17	45
of which General Cable integration costs	*2*			*12*	*30*
Other non-operating expenses/(income)	8			22	26
of which release of General Cable inventory step-up	*-*			*13*	*12*
Total adjustments (B)	**18**			**39**	**71**
Adjusted EBITDA (A+B)	**391**			**233**	**320**

(*) These figures include General Cable for the period 1 January - 30 September 2018.
(**) The results of General Cable have been consolidated for the period 1 June - 31 December 2018.

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

Sales to third parties by the *Energy* operating segment amounted to Euro 6,098 million in the first nine months of 2019, compared with the 2018 combined figure of Euro 6,153 million, posting a negative change of Euro 55 million (-0.9%), the main components of which are as follows:

- positive organic sales growth of Euro 50 million (+0.8%), mainly concentrated in North America which has benefited from integration of General Cable's activities;
- increase of Euro 109 million (+1.8%) linked to positive exchange rate movements;
- sales price decrease of Euro 214 million (-3.5%) for metal price fluctuations.

Adjusted EBITDA for the first nine months of 2019 came to Euro 391 million, up Euro 106 million (+36.9%) from Euro 285 million in the corresponding period of 2018. This increase has been partly generated by cost structure rationalisation following the acquisition of General Cable and by adoption of IFRS 16 (benefiting the first nine months of 2019 by Euro 21 million).

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

ENERGY & INFRASTRUCTURE

(in millions of Euro)

	9 months 2019	9 months 2018 (*) - Combined	% change	9 months 2018 (**)	2018 (**) (***)
Sales	4,060	4,021	1.0%	3,165	4,462
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**237**	**157**	**50.5%**	**123**	**163**
% of sales	5.8%	3.9%		3.9%	3.7%
Adjusted EBITDA	**238**	**159**	**49.6%**	**125**	**166**
% of sales	5.9%	4.0%		3.9%	3.7%
Adjusted operating income	**145**			**71**	**80**
% of sales	3.4%			2.2%	1.8%

(*) These figures include General Cable for the period 1 January - 30 September 2018.
(**) The comparative figures reflect a reclassification within the Energy operating segment between the E&I and Industrial & NWC businesses for better allocation of the figures of the Omani subsidiary.
(***) The results of General Cable have been consolidated for the period 1 June - 31 December 2018.

Prysmian produces high and medium voltage cable systems to connect industrial and/or civilian buildings to primary distribution grids and low voltage cables and systems for *power distribution* and the wiring of buildings. All the products offered comply with international standards regarding insulation, fire resistance, smoke emissions and halogen levels. The low voltage product portfolio includes rigid and flexible cables for distributing power to and within *residential and commercial buildings*. The Group concentrates product development and innovation activities on high performance cables, such as Fire-Resistant and Low Smoke zero Halogen cables, capable of guaranteeing specific safety standards. The product range has been lately expanded to satisfy the demand for cables serving infrastructure such as airports, ports and railway stations, by customers as diverse as international distributors, buying syndicates, installers and wholesalers.

MARKET OVERVIEW

The 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.

During the first nine months of 2019, demand has displayed a slight downward trend not only in most of the European countries served by the Trade & Installers business, especially in North Europe and the UK with the uncertainties surrounding Brexit, but also in North America and LATAM. APAC, however, reported a positive trend, in line with market expectations.

As for Power Distribution, the larger European countries have seen a generally stagnant trend in energy consumption in recent years, in turn adversely affecting demand by the major utilities. The latter, operating in a recessionary economic environment, have either maintained cautious positions given the difficulty of forecasting future growth, or else they have concentrated on business restructuring to improve efficiency and reduce supply-side costs. This situation has exacerbated the competitive dynamics in terms of price and mix, leaving an extremely challenging environment almost everywhere.

In 2019, the Power Distribution business has confirmed the signs of market recovery emerging in the last quarter of 2018 within Europe, particularly in Germany, the Danube area and North Europe, while recording a contraction in demand in South Europe.

Beyond Europe, demand has grown in North America while remaining stable in APAC; the situation in LATAM, however, remains challenging with recent changes in the utilities market still in the process of consolidation.

The Overhead Transmission Lines business has seen its North American volumes decline on the same period last year, in line with market expectations.

FINANCIAL PERFORMANCE

Sales to third parties by the *Energy & Infrastructure* business amounted to Euro 4,060 million in the first nine months of 2019, compared with the 2018 combined figure of Euro 4,021 million, posting a positive change of Euro 39 million (+1.0%), the main components of which are as follows:

- positive organic sales growth of Euro 95 million (+2.4%);
- positive change of Euro 71 million (+1.8%) for exchange rate fluctuations;
- sales price decrease of Euro 127 million (-3.2%) for metal price fluctuations.

Prysmian Group has carried on its strategy for the Trade & Installers business of focusing on relationships with top international customers and of developing 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.

Energy and Infrastructure saw its Trade & Installers business report positive organic sales growth, albeit punctuated by certain geographical differences, and an improvement in profitability, especially in North America and LATAM.

The Power Distribution business posted overall growth in Europe, growth in North America and stability in APAC, while LATAM was affected by difficulties afflicting the utilities market. There was an overall improvement in profitability, driven above all by North America and LATAM, despite strong price pressure in Europe.

Given the factors described above, Adjusted EBITDA for the first nine months of 2019 came to Euro 238 million, compared with Euro 159 million in the corresponding period last year, reflecting an increase of Euro 79 million (+49.6%), part of which due to adoption of IFRS 16 (benefiting the first nine months of 2019 by Euro 11 million).

INDUSTRIAL & NETWORK COMPONENTS

(in millions of Euro)

	9 months 2019	9 months 2018 (*) - Combined	% change	9 months 2018 (**)	2018 (**) (***)
Sales	1,858	1,907	-2.6%	1,656	2,277
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**149**	**126**	**17.7%**	**108**	**155**
% of sales	8.0%	6.6%		6.5%	6.8%
Adjusted EBITDA	**150**	**127**	**18.1%**	**109**	**156**
% of sales	8.0%	6.7%		6.6%	6.8%
Adjusted operating income	**110**			**83**	**118**
% of sales	5.5%			5.0%	5.2%

(*) These figures include General Cable for the period 1 January - 30 September 2018.
(**) The comparative figures reflect a reclassification within the Energy operating segment between the E&I and Industrial & NWC businesses for better allocation of the figures of the Omani subsidiary.
(***) The results of General Cable have been consolidated for the period 1 June - 31 December 2018.

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

Prysmian also offers a wide range of products for the petrochemicals sector able to serve every onshore and offshore need, including the design and supply of systems for power transmission and data communication from offshore platforms and/or floating hydrocarbon storage vessels to the well-heads; flexible offshore pipes for hydrocarbon transport; Downhole Technology (DHT) solutions, which include steel tubing encased cables to control and power monitoring systems inside extraction wells both offshore and onshore.
The range of products for the petrochemicals industry also includes low and medium voltage power cables, and instrumentation and control cables. The onshore product range is able to support applications in all three segments of the petrochemical production chain: Upstream, Midstream and Downstream.

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

MARKET OVERVIEW

Trends in Industrial cable markets display considerable inconsistencies within the various business lines and between the different geographical areas. In fact, while some market segments have shown growing demand, like certain OEM sectors (such as Nuclear, Mining, Marine, Infrastructure and Solar), others have been stable, like Rolling stock, and others have seen volumes decline in specific countries due to delays in investment projects in areas of national interest, like Railways.

The Elevator market has recorded growth in North America and APAC, while remaining largely stable in EMEA.

The Automotive market has confirmed the volume contraction in North America and displayed initial signs of slowing in Europe as well, while still remaining stable in LATAM and APAC.
Despite strong growth in the market for electric cars and good performance in the premium market, the latter region has reported a sharp downturn at the mid and low end of the market. The tendency for cable manufacturers to intercept the market upstream has continued.

Volumes on the network components market have been largely in line with the previous year.

FINANCIAL PERFORMANCE

Sales to third parties by the *Industrial & Network Components* business area amounted to Euro 1,858 million in the first nine months of 2019, compared with the 2018 combined figure of Euro 1,907 million, recording a negative change of Euro 49 million (-2.6%), the main components of which are as follows:

- negative organic sales growth of Euro 46 million (-2.4%);
- positive change of Euro 36 million (+1.8%) for exchange rate fluctuations;
- sales price decrease of Euro 39 million (-2.0%) for metal price fluctuations.

All the Industrial & Network Components business lines posted a positive performance in the first nine months of 2019, except for Automotive.
Specialties, OEM and Renewables recorded growth in North America and LATAM, especially in the area of mining and solar applications. The Elevator business enjoyed an upturn in profitability after suffering the previous year from strong pressures in the Chinese market and from the impact of unfavourable exchange rates on its major exposure in the North American market.
The Automotive business's year-on-year performance reflected a reduction in volumes on the American and European markets and continued price pressure on low-margin products; these impacts were partially mitigated by the strategy of focusing on top-end segments and of improving industrial performance.
The Network Components business was largely stable, with a decline in High Voltage products more than offset by the robust performance of medium voltage products.

Given the factors described above, Adjusted EBITDA for the first nine months of 2019 came to Euro 150 million, up from Euro 127 million in the corresponding period last year, reflecting an increase of Euro 23 million (+18.1%), part of which due to adoption of IFRS 16 (benefiting the first nine months of 2019 by Euro 8 million).

OTHER

(in millions of Euro)

	9 months 2019	9 months 2018 (*) - Combined	9 months 2018	2018 (**)
Sales	180	225	168	236
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**3**	**(1)**	**(1)**	**(2)**
Adjusted EBITDA	**3**	**(1)**	**(1)**	**(2)**
Adjusted operating income	**1**		**(5)**	**(4)**

(*) These figures include General Cable for the period 1 January - 30 September 2018.
(**) The results of General Cable have been consolidated for the period 1 June - 31 December 2018.

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

REVIEW OF TELECOM OPERATING SEGMENT

(in millions of Euro)

	9 months 2019	9 months 2018 (*) - Combined	% change	9 months 2018	2018 (**)
Sales	1,290	1,240	4.1%	1,099	1,494
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**210**	**181**	**16.5%**	**170**	**229**
% of sales	16.3%	14.6%		15.5%	15.4%
Adjusted EBITDA	**230**	**228**	**1.1%**	**217**	**284**
% of sales	17.8%	18.4%		19.7%	19.0%
EBITDA	**226**			**245**	**306**
% of sales	17.5%			22.3%	20.5%
Amortisation and depreciation	(52)			(37)	(47)
Adjusted operating income	**178**			**180**	**237**
% of sales	13.8%			16.4%	15.9%
Reconciliation of EBITDA and Adjusted EBITDA					
EBITDA (A)	**226**			**245**	**306**
Adjustments:					
Company reorganisation	2			4	8
of which General Cable integration costs	*-*	*-*		*1*	*7*
Other non-operating expenses/(income)	2			(32)	(30)
of which release of General Cable inventory step-up	*-*			*2*	*3*
of which income from YOFC listing	*-*			*(36)*	*(36)*
Total adjustments (B)	**4**			**(28)**	**(22)**
Adjusted EBITDA (A+B)	**230**			**217**	**284**

(*) These figures include General Cable for the period 1 January - 30 September 2018.
(**) The results of General Cable have been consolidated for the period 1 June - 31 December 2018.

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

MARKET OVERVIEW

The global optical fibre cables market has dipped slightly in the first nine months of 2019 compared with the previous year. Softer demand in fast-developing markets (China) has been partially counterbalanced by growth in the APAC market. Optical fibre cable consumption has seen an uptick in North America, like in Europe thanks to plans under the Digital Agenda for Europe 2025. The latter envisages the provision of three levels of minimum service depending on the type of user. In fact, government offices and entities like schools and hospitals will benefit from a bandwidth of at least 1 Gb/s. Likewise, the entire residential population will be connected with 100 Mb/s, while all urban areas and transport corridors should have broadband mobile coverage with 5G technology. In Europe, the network architectures used vary as decided by each individual country.

FTTH networks are the preference in France, Spain, Portugal and the Nordics, while G.Fast is the norm in Germany and Britain; although these systems use the last metres of the existing copper network, massive

volumes of optical cables are nonetheless required to upgrade the distribution networks. In other places like Italy, the two technologies coexist.
Partly thanks to political stabilisation, South America has seen the major telecom carriers resume investments in both copper and optical fibre cables.
North America has continued to see a big increase in data consumption by all sectors of society. As a result, the major market players are investing in fibre network infrastructure. For instance, Verizon has announced that it is upgrading its network architecture around a next-generation fibre platform with the aim of increasing 4G coverage and laying the foundations for the subsequent development of 5G and IoT (Internet of Things) technology. There has been growing demand for interconnections between data centres.

The copper cable market is slowing due to the maturity of the products concerned. The decline in this market has been increasingly evident in the first nine months of 2019, with high demand for internet access causing major operators to opt to renew their networks using optical fibre, rather than perform maintenance or upgrade work on existing networks. It is still worth remaining in this segment since the gradual decommissioning of assets by competitor cable manufacturers nonetheless offers attractive opportunities.
The MMS cable market has reported timid global growth, driven by Asia and, in the case of the optical cables segment, by China. Growth is being fuelled by demand for ever greater bandwidth capacity in professional and office environments and data centres. Interestingly, this trend applies to both new buildings and projects to renovate existing ones. An important contribution to this growth is coming from industrial applications (Industry 4.0) that require new highly specialised products. Another important source of growth is HDTV cables used for the broadcast of digital content such as sports events or other events of media interest.

FINANCIAL PERFORMANCE

Sales to third parties by the *Telecom* operating segment amounted to Euro 1,290 million in the first nine months of 2019, compared with the combined figure of Euro 1,240 million in the same period of 2018.
The main components of the change of Euro 50 million (+4.1%) are as follows:

- negative change of Euro 6 million (-0.5%) in sales prices for metal price fluctuations;
- organic sales growth of Euro 46 million (+3.8%), mainly thanks to further volume growth for optical fibre cables;
- positive change of Euro 10 million (+0.8%) for exchange rate fluctuations.

The organic growth in 2019 nine-month sales reflects the positive trend already observed last year, primarily the product of steady growth in demand for optical fibre and special cables serving major investment projects. It should be noted, however, that this growth turned negative in the third quarter of 2019, reflecting a slowing in order intake due to high stock levels held by various customers.

Volume trends in Europe have been positive and price levels stable. The Group has won important contracts with leading operators in Europe for the construction of backhaul links and FTTH connections. The network development plan in rural areas is progressing in the Netherlands, while a national plan is being implemented by Swisscom in Switzerland. In France the "Trés Haut Débit" broadband roll-out project is going ahead at full speed. In addition, British Telecom has announced a new FTTH project to connect 3 million "premises" in 8 cities by 2020.

In North America, the development of new ultra-broadband networks is generating a steady increase in domestic demand from which Prysmian is benefiting. In fact, Prysmian has signed a three-year agreement to supply optical fibre cables to Verizon, one of the major US incumbents, as part of its massive multi-year investment program. At the same time, the Group has announced it will increase the production capacity of its North American plants to support this growth.
Australia has reported a slowing of demand compared with the same period last year.
Brazil and Argentina have seen increased investments by the major telecom carriers in both copper and optical fibre cables.
Lastly, copper cables have continued their steady decline due to the retirement of traditional networks in favour of next-generation ones.

The high value-added business of optical connectivity accessories has performed well, thanks to the development of new FTTx networks (for last mile broadband access) in Europe, particularly in the Netherlands and Britain.

Growth in the Multimedia Solutions business mainly reflects increased volumes on the North American market, primarily related to the acquisition of General Cable, and on the European market for copper data transmission cables, also observed, albeit to a lesser extent, in South America. This result has been achieved thanks to the business's ability to satisfy growing demand with a high level of responsiveness and service. An approach that, along with its strong customer orientation, has been identified as one of the Group's main strengths.

The return on investments in optical fibre cost reduction and the relocation of some cable manufacturing sources to Eastern Europe have also made a substantial contribution to the segment's overall results.

Adjusted EBITDA for the first nine months of 2019 came to Euro 230 million, reporting an increase of Euro 2 million (+1.1%) from Euro 228 million in the corresponding period of 2018. The negative results reported by the associate Yangtze Optical Fibre and Cable Joint Stock Limited Company in China and one-off benefit in the first nine months of 2018 of reversing the impairment against a receivable owed by a Brazilian customer were more than absorbed by the Group's positive results from organic growth of the optical cables business and adoption of IFRS 16 (producing Euro 5 million in positive effects in the first nine months of 2019).

RESULTS BY GEOGRAPHICAL AREA

As stated in the Explanatory Notes to this Quarterly Financial Report, the Group's operating segments are: *Energy*, *Projects* and *Telecom,* being the same structure used for the periodic reports used to review business performance. These reports show operating performance by macro type of business (*Energy*, *Projects* and *Telecom*), presenting the results of operating segments primarily on the basis of Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items, the fair value change in metal price derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income and taxes.

In order to provide users of the financial statements with information that is more consistent with the Group's increased geographical diversification following the General Cable acquisition, Sales and Adjusted EBITDA are presented below by geographical area, even though the primary operating segments remain those by business. For this purpose, sales of goods and services are analysed geographically on the basis of the location of the registered office of the company that issues the invoices, regardless of the geographic destination of the products sold. This type of presentation does not produce significantly different results from analysing sales of goods and services by destination of the products sold.

(in millions of Euro)

	Sales		Adjusted EBITDA	
	9 months 2019	**9 months 2018 (*) - Combined**	**9 months 2019**	**9 months 2018 (*) - Combined**
EMEA**	4,617	4,778	372	333
North America	2,610	2,465	285	181
Latin America	684	746	69	53
Asia Pacific	724	723	47	84
Total	**8,635**	**8,712**	**773**	**651**

(*) These figures include General Cable for the period 1 January - 30 September 2018.
(**) EMEA = Europe, Middle East and Africa

EMEA

The EMEA geographical area recorded negative organic sales growth of -1.5% in the first nine months of 2019 compared with the same period last year. Excluding the *Projects* operating segment, this organic growth would have been a largely flat +0.3%, most of which thanks to the *Telecom* operating segment, as absorbed by negative organic growth in the Oil & Gas and Automotive businesses. Excluding provisions of Euro 70 million recorded in the first nine months of 2018 for the Western Link project, Adjusted EBITDA was in decline, with the decrease due to the *Projects* operating segment and only partially offset by the *Telecom* operating segment.

North America

North America reported organic sales growth of +3.3% in the first nine months of 2019 compared with the same period last year. Excluding the *Projects* segment, this growth would have been +2.6%. The E&I business and the *Telecom* operating segment particularly accounted for the overall positive sales performance.
The increase in Adjusted EBITDA was achieved also thanks to the high degree of integration achieved with General Cable.

LATAM

LATAM reported positive organic sales growth of +1.6% in the first nine months of 2019 compared with the same period last year. Excluding the *Projects* segment, this growth would have been +3.9%.
The increase in Adjusted EBITDA reflects the actions to improve product mix and also benefited from acceleration of the program of synergies and cross-selling arising from integration with General Cable, allowing the Group to make the most of new growth opportunities.

APAC

APAC reported negative organic sales growth of -1.2% in the first nine months of 2019 compared with the same period last year. Excluding the *Projects* segment, this growth would have been +1.2%.
Adjusted EBITDA turned down sharply on the same period last year especially in the *Telecom* operating segment, reflecting the smaller contribution from the associate YOFC and lower sales volumes in Australia. However, the *Energy* segment result was stable.

GROUP STATEMENT OF FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	30 September 2019	30 September 2018 (*)	Change	31 December 2018 (*)
Net fixed assets	5,290	5,023	267	5,101
Net working capital	1,627	1,458	169	692
Provisions and net deferred taxes	(739)	(674)	(65)	(734)
Net capital employed	**6,178**	**5,807**	**371**	**5,059**
Employee benefit obligations	526	441	85	463
Total equity	2,625	2,489	136	2,374
of which attributable to non-controlling interests	193	186	7	188
Net financial debt	3,027	2,877	150	2,222
Total equity and sources of funds	**6,178**	**5,807**	**371**	**5,059**

(*) The previously published comparative figures have been revised after finalising the General Cable purchase price allocation. More details can be found in the Explanatory Notes in Section C. Restatement of comparative figures.

NET FIXED ASSETS

(in millions of Euro)

	30 September 2019	30 September 2018 (*)	Change	31 December 2018 (*)
Property, plant and equipment	2,749	2,560	189	2,629
Intangible assets	2,195	2,157	38	2,162
Equity-accounted investments	311	293	18	294
Other investments at fair value through other comprehensive income	13	13	-	13
Assets and liabilities held for sale (**)	22	-	22	3
Net fixed assets	**5,290**	**5,023**	**267**	**5,101**

(*) The previously published comparative figures have been revised after finalising the General Cable purchase price allocation. More details can be found in the Explanatory Notes in Section C. Restatement of comparative figures.
(**) This does not include the value of financial assets and liabilities held for sale.

At 30 September 2019, net fixed assets amounted to Euro 5,290 million, compared with Euro 5,101 million at 31 December 2018, posting an increase of Euro 189 million mainly due to the combined effect of the following factors:

- Euro 138 million in net capital expenditure on property, plant and equipment and intangible assets;
- Euro 234 million in depreciation and amortisation charges for the period;
- Euro 155 million in increases in property, plant and equipment following adoption of IFRS 16;
- Euro 110 million in positive currency translation differences affecting property, plant and equipment and intangible assets;
- Euro 17 million for the net increase in equity-accounted investments, mainly comprising Euro 22 million for the share of net profit/(loss) of equity-accounted companies, less Euro 8 million in dividend receipts plus Euro 3 million in positive currency translation differences;
- Euro 7 million from the disposal of the property and offices in Barcelona;

- reclassification to Assets held for sale of Euro 18 million in other assets and Euro 11 million in other liabilities in respect of Draka Fileca SAS, for which a binding purchase offer has been received from Carlisle Companies Incorporated.

NET WORKING CAPITAL

The following table analyses the main components of net working capital:

(in millions of Euro)

	30 September 2019	30 September 2018 (*)	Change	31 December 2018 (*)
Inventories	1,689	1,636	53	1,511
Trade receivables	1,773	1,833	(60)	1,635
Trade payables	(1,976)	(2,092)	116	(2,132)
Other receivables/(payables)	156	77	79	(307)
Net operating working capital	**1,642**	**1,454**	**188**	**707**
Derivatives	(15)	4	(19)	(15)
Net working capital	**1,627**	**1,458**	**169**	**692**

(*) The previously published comparative figures have been revised after finalising the General Cable purchase price allocation. More details can be found in the Explanatory Notes in Section C. Restatement of comparative figures.

Net working capital of Euro 1,627 million at 30 September 2019 was Euro 169 million higher than the corresponding figure of Euro 1,458 million at 30 September 2018. Net operating working capital amounted to Euro 1,642 million (14.7% of annualised sales) at 30 September 2019, an increase of Euro 188 million from Euro 1,454 million (12.4% of sales) at 30 September 2018, reflecting the following factors:

- an increase in working capital employed in multi-year Submarine projects, reflecting their stage of completion relative to their respective contractual deadlines;
- an increase for inventories of finished goods and semi-finished products;
- an increase for currency translation differences.

NET FINANCIAL DEBT

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

(in millions of Euro)

	30 September 2019	30 September 2018	Change	31 December 2018
Long-term financial payables				
CDP Loan	-	100	(100)	100
EIB Loans	118	135	(17)	135
Non-convertible bond	746	744	2	745
Convertible bond 2017	475	464	11	467
Term Loan	994	993	1	993
Bridge Loan	-	699	(699)	500
Unicredit Loan	199	-	199	199
Mediobanca Loan	100	-	100	-
Derivatives	21	-	21	8
Finance leases	100	11	89	11
Other financial payables	13	12	1	11
Total long-term financial payables	**2,766**	**3,158**	**(392)**	**3,169**
Short-term financial payables				
CDP Loan	100	-	100	-
EIB Loans	17	17		17
Non-convertible bond	9	9	-	14
Term Loan	4	4	-	1
Bridge Loan	401	-	401	-
Unicredit Loan	1	-	1	-
Mediobanca Loan	1	-	1	-
Derivatives	6	8	(2)	8
Finance leases	40	1	39	1
Other financial payables	79	98	(19)	65
Total short-term financial payables	**658**	**137**	**521**	**106**
Total financial liabilities	**3,424**	**3,295**	**129**	**3,275**
Long-term financial receivables	2	11	(9)	2
Long-term bank fees	4	(1)	5	-
Financial assets at amortised cost	4	5	(1)	5
Short-term derivatives	3	4	(1)	2
Short-term financial receivables	4	8	(4)	7
Short-term bank fees	2	1	1	1
Financial assets at fair value through profit or loss	21	17	4	25
Financial assets at fair value through other comprehensive income	11	10	1	10
Cash and cash equivalents	346	363	(17)	1,001
Total financial assets	**397**	**418**	**(21)**	**1,053**
Net financial debt	**3,027**	**2,877**	**150**	**2,222**

Net financial debt of Euro 3,027 million at 30 September 2019 has increased by Euro 805 million from Euro 2,222 million at 31 December 2018. Excluding the effects of applying IFRS 16, net financial debt would have been Euro 2,898 million.

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

STATEMENT OF CASH FLOWS

(in millions of Euro)

	9 months 2019	9 months 2018	Change	12 months (from 1 October 2018 to 30 September 2019)	2018
EBITDA	**711**	**534**	**177**	**678**	**501**
Changes in provisions (including employee benefit obligations) and other movements	(103)	(44)	(59)	88	147
(Gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets and on dilution of equity interests	(1)	(37)	36	(1)	(37)
Share of net profit/(loss) of equity-accounted companies	(22)	(50)	28	(31)	(59)
Net cash flow provided by operating activities (before changes in net working capital)	**585**	**403**	**182**	**734**	**552**
Changes in net working capital	(831)	(664)	(167)	(163)	4
Taxes paid	(81)	(78)	(3)	(113)	(110)
Dividends from investments in equity-accounted companies	8	4	4	20	16
Net cash flow provided/(used) by operating activities	**(319)**	**(335)**	**16**	**478**	**462**
Cash flow from acquisitions and/or disposals	-	(1,290)	1,290	-	(1,290)
Net cash flow used in operating investing activities	(130)	(162)	32	(246)	(278)
Free cash flow (unlevered)	**(449)**	**(1,787)**	**1,338**	**232**	**(1,106)**
Net finance costs	(79)	(38)	(41)	(125)	(84)
Free cash flow (levered)	**(528)**	**(1,825)**	**1,297**	**107**	**(1,190)**
Dividend distribution	(118)	(105)	(13)	(118)	(105)
Capital contributions and other changes in equity	-	496	(496)	-	496
Net cash flow provided/(used) in the period	**(646)**	**(1,434)**	**788**	**(11)**	**(799)**
Opening net financial debt	**(2,222)**	**(436)**	**(1,786)**	**(2,877)**	**(436)**
Net cash flow provided/(used) in the period	(646)	(1,434)	788	(11)	(799)
Conversion of Convertible Bond 2013	-	283	(283)	-	283
Net financial debt General Cable	-	(1,215)	1,215	-	(1,215)
Increase due to IFRS 16	(155)	-	(155)	(155)	
Other changes	(4)	(75)	71	16	(55)
Closing net financial debt	**(3,027)**	**(2,877)**	**(150)**	**(3,027)**	**(2,222)**

With reference to the first nine months of 2019, net cash flow provided by operating activities (before changes in net working capital) amounted to Euro 585 million.

This cash flow was absorbed by the increase of Euro 831 million in net working capital described earlier. After Euro 81 million in tax payments and Euro 8 million in dividend receipts, net cash flow from operating activities in the first nine months of 2019 therefore amounted to a negative Euro 319 million.

Net operating capital expenditure amounted to Euro 130 million in the first nine months of 2019, a large part of which relating to projects to increase and rationalise production capacity and to develop new products.

In addition, Euro 79 million in net finance costs were paid and Euro 118 million in dividends were distributed during the first nine months of the year.

Net financial debt was affected by the net cash outflows for the period of Euro 646 million, as described above, and by the increase in financial liabilities following adoption of IFRS 16 (Euro 155 million).

With reference to the statement of cash flows for the past twelve months, the principal factors that influenced the change were:

- Euro 734 million in net cash flow provided by operating activities before changes in net working capital;
- Euro 163 million in cash flow used by the increase in net working capital, Euro 113 million in tax payments and Euro 20 million in dividend receipts, all of which contributing to Euro 478 million in net cash inflow from operating activities;
- Euro 246 million in net operating capital expenditure over the past 12 months;
- Euro 125 million in payments for net finance costs and Euro 118 million for dividends.

Net financial debt was also affected by the increase of Euro 155 million in financial liabilities following adoption of IFRS 16.

ALTERNATIVE PERFORMANCE INDICATORS

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

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

The alternative indicators used for reviewing the income statement include:

• **Adjusted operating income**: operating income before income and expense for company reorganisation(1), before non-recurring items(2), as presented in the consolidated income statement, before other non-operating income and expense(3) and before the fair value change in metal derivatives and in other fair value items. The purpose of this indicator is to present the Group's operating profitability without the effects of events considered to be outside its recurring operations;

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

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

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

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

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

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

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

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

• **Net fixed assets:** sum of the following items contained in the statement of financial position:
- Intangible assets
- Property, plant and equipment
- Equity-accounted investments
- Other investments at fair value through other comprehensive income
- Assets and liabilities held for sale, excluding financial assets and liabilities held for sale

• **Net working capital:** sum of the following items contained in the statement of financial position:
- Inventories
- Trade receivables
- Trade payables
- Other non-current receivables and payables, net of long-term financial receivables classified in net financial debt
- Other current receivables and payables, net of short-term financial receivables classified in net financial debt
- Derivatives net of financial instruments for hedging interest rate and currency risks relating to financial transactions, classified in net financial debt
- Current tax payables
- Assets and liabilities held for sale with regard to current assets and liabilities

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

• **Provisions and net deferred taxes:** sum of the following items contained in the statement of financial position:

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

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

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

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

- Borrowings from banks and other lenders – non-current portion
- Borrowings from banks and other lenders – current portion
- Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables
- Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial receivables
- Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial payables
- Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial payables
- Medium/long-term financial receivables recorded in Other non-current receivables
- 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
- Financial assets at amortised cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Cash and cash equivalents

Reconciliation between the Reclassified Statement of Financial Position presented in the Directors' Report and the Statement of Financial Position contained in the Consolidated Financial Statements and Explanatory Notes at 30 September 2019

(in millions of Euro)

			30 September 2019		31 December 2018 (*)	
		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		2,749		2,629
Intangible assets		1		2,195		2,162
Equity-accounted investments		2		311		294
Other investments at fair value through other comprehensive income				13		13
Assets and liabilities held for sale		8		22		3
Total net fixed assets	**A**			**5,290**		**5,101**
Net working capital						
Inventories	**B**	4		1,689		1,511
Trade receivables	**C**	3		1,773		1,635
Trade payables	**D**	11		(1,976)		(2,132)
Other receivables/payables net	**E**			156		(307)
of which:						
Other receivables - non-current			*30*		*31*	
Tax receivables		3	*7*		*6*	
Receivables from employees		3	*2*		*2*	
Advances to suppliers		3	*4*		*4*	
Other		3	*17*		*19*	
Other receivables - current			*1,043*		*659*	
Tax receivables		3	*202*		*158*	
Receivables from employees and pension plans		3	*9*		*3*	
Advances to suppliers		3	*21*		*23*	
Other		3	*148*		*115*	
Construction contracts		3	*663*		*360*	
Other payables - non-current			*(14)*		*(12)*	
Tax and social security payables		11	*(3)*		*(3)*	
Other		11	*(11)*		*(9)*	
Other payables - current			*(876)*		*(953)*	
Tax and social security payables		11	*(187)*		*(163)*	
Advances from customers		11	*(277)*		*(332)*	
Payables to employees		11	*(165)*		*(176)*	
Accrued expenses		11	*(145)*		*(140)*	
Other		11	*(102)*		*(142)*	
Current tax payables			*(27)*		*(32)*	
Total net operating net working capital	**F = B+C+D+E**			**1,642**		**707**
Derivatives	**G**		(15)		(15)	
of which:						
Forward currency contracts on commercial transactions (cash flow hedges) - non-current		5	*(2)*		-	
Forward currency contracts on commercial transactions (cash flow hedges) - current		5	*(9)*		(7)	
Forward currency contracts on commercial transactions - current		5	*(1)*		*(4)*	
Metal derivatives - non-current		5	*3*		*1*	
Metal derivatives - current		5	*(6)*		*(5)*	
Total net working capital	**H = F+G**			**1,627**		**692**

(in millions of Euro)

			30 September 2019		31 December 2018 (*)	
		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		12		(44)		(51)
Provisions for risks and charges - current		12		(641)		(635)
Deferred tax assets				162		190
Deferred tax liabilities				(216)		(238)
Total provisions	**I**			**(739)**		**(734)**
Net capital employed	**L = A+H+I**			**6,178**		**5,059**
Employee benefit obligations	**M**	13		**526**		**463**
Total equity	**N**	9		**2,625**		**2,374**
of which equity attributable to non-controlling interests				*193*		*188*
Net financial debt						
Total long-term financial payables	**O**			**2,766**		**3,169**
CDP Loan		10	-		100	
EIB Loans		10	118		135	
Non-convertible bond		10	746		745	
Convertible bond 2017		10	475		467	
Term Loan		10	994		993	
Bridge Loan		10	-		500	
Unicredit Loan		10	199		199	
Mediobanca Loan		10	100		-	
Derivatives		5	21		8	
of which:						
Interest rate swaps		*5*	*21*		*8*	
Finance leases			100		11	
Other payables			13		11	
Total short-term financial payables	**P**			**658**		**106**
CDP Loan		10	100		-	
EIB Loans		10	17		17	
Non-convertible bond		10	9		14	
Term Loan		10	4		1	
Bridge Loan		10	401		-	
Unicredit Loan		10	1		-	
Mediobanca Loan		10	1		-	
Derivatives		5	6		8	
of which:						
Interest rate swaps		5	*5*		*6*	
Forward currency contracts on financial transactions		5	*1*		*2*	
Finance leases			40		1	
Other payables			79		65	
Total financial liabilities	**Q = O+P**			**3,424**		**3,275**
Long-term financial receivables	**R**	3	(2)		(2)	
Long-term bank fees	**R**	3	(4)		-	
Short-term financial receivables	**R**	3	(4)		(7)	
Short-term derivatives	**R**	5	(3)		(2)	
of which:						
Forward currency contracts on financial transactions (current)		5	*(3)*		*(2)*	
Short-term bank fees	**R**	3	(2)		(1)	
Financial assets at amortised cost	**S**			(4)		(5)
Financial assets at fair value through other comprehensive income	**T**			(11)		(10)
Financial assets at fair value through profit or loss	**U**	6		(21)		(25)
Cash and cash equivalents	**V**	7		(346)		(1,001)
Total financial assets	**Z = R+S+T+U+V**			**(397)**		**(1,053)**
Total net financial debt	**W = Q+Z**			**3,027**		**2,222**
Total equity and sources of funds	**Y = M+N+W**			**6,178**		**5,059**

(*) The results of General Cable have been consolidated for the period 1 June - 31 December 2018. The previously published comparative figures have been revised after finalising the General Cable purchase price allocation. More details can be found in the Explanatory Notes in Section C. Restatement of comparative figures.

Reconciliation between the principal income statement indicators and the Income Statement contained in the Consolidated Financial Statements and Explanatory Notes at 30 September 2019

(in millions of Euro)

		9 months 2019	9 months 2018 (*)
		Amounts from income statement	Amounts from income statement
Sales of goods and services	**A**	**8,635**	**7,293**
Change in inventories of work in progress, semi-finished and finished goods		101	8
Other income		64	103
Raw materials, consumables used and goods for resale		(5,474)	(4,751)
Personnel costs		(1,114)	(920)
Other expenses		(1,522)	(1,264)
Operating costs	**B**	**(7,945)**	**(6,824)**
Share of net profit/(loss) of equity-accounted companies	C	22	50
Fair value stock options	D	(1)	15
EBITDA	**E = A+B+C+D**	**711**	**534**
Other non-recurring expenses and revenues	F	*(20)*	*(1)*
Personnel costs for company reorganisation	G	*(11)*	*(22)*
Other costs and revenues for company reorganisation	H	*(6)*	*(3)*
Other non-operating expenses	I	*(25)*	*(17)*
Total adjustments to EBITDA	L = F+G+H+I	(62)	(43)
Adjusted EBITDA	**M = E-L**	**773**	**577**
Share of net profit/(loss) of equity-accounted companies	N	22	50
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**O = M-N**	**751**	**527**

(in millions of Euro)

		9 months 2019	9 months 2018 (*)
		Amounts from income statement	Amounts from income statement
Operating income	**A**	**479**	**316**
Other non-recurring expenses and revenues		(20)	(1)
Personnel costs for company reorganisation		(11)	(22)
Other costs and revenues for company reorganisation		(6)	(3)
Other non-operating expenses		(25)	(17)
Total adjustments to EBITDA	**B**	**(62)**	**(43)**
Fair value change in metal derivatives	C	2	(43)
Fair value stock options	D	1	(15)
Non-recurring impairment and impairment reversal	E	(1)	(1)
Adjusted operating income	**F=A-B-C-D-E**	**539**	**418**

(*) The previously published comparative figures have been revised after finalising the General Cable purchase price allocation. More details can be found in the Explanatory Notes in Section C. Restatement of comparative figures.

Following adoption of the new organisational structure, the alternative performance indicators for 2018 have been restated; the figures also reflect a reclassification within the *Energy* operating segment between the E&I and Industrial & NWC businesses for better allocation of the figures of the Omani subsidiary.

(in millions of Euro)

								9 months 2018
				Energy				Telecom
		Published	**Project**	**E&I**	**Industrial & NWC**	**Other**	**Total Energy**	
Energy Projects	**Sales**	**1,086**	**1,205**					
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**117**	**127**					
	Adjusted EBITDA	**117**	**127**					
	Adjusted operating income	**85**	**89**					
E&I	Sales	2,533		3,165				
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	90		123				
	Adjusted EBITDA	92		125				
	Adjusted operating income	47		71				
Industrial & NwC	Sales	1,146			1,656			
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	87			108			
	Adjusted EBITDA	88			109			
	Adjusted operating income	72			83			
Other	Sales	114				168		
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	-				(1)		
	Adjusted EBITDA	-				(1)		
	Adjusted operating income	(1)				(5)		
Energy Products	**Sales**	**3,793**					**4,989**	
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**177**					**230**	
	Adjusted EBITDA	**180**					**233**	
	Adjusted operating income	**118**					**149**	
OIL & GAS	**Sales**	**194**						
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**2**						
	Adjusted EBITDA	**2**						
	Adjusted operating income	**(4)**						
Telecom	**Sales**	**974**						**1,099**
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**157**						**170**
	Adjusted EBITDA	**204**						**217**
	Adjusted operating income	**171**						**180**
North America	**Sales**	**762**						
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**50**						
	Adjusted EBITDA	**50**						
	Adjusted operating income	**40**						
Europe	**Sales**	**300**						
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**15**						
	Adjusted EBITDA	**15**						
	Adjusted operating income	**9**						
Latin America	**Sales**	**184**						
	Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**9**						
	Adjusted EBITDA	**9**						
	Adjusted operating income	**6**						

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Plan to close the Manlleu and Montcada i Reixac production facilities in Spain

On 2 October 2019, General Cable Espana formally announced its intention to initiate a collective dismissal procedure for organisational and production reasons involving the entire workforce at the Manlleu and Montcada i Reixac production facilities in Catalonia, Spain.

The procedure, which will result in the closure of these facilities, was effectively initiated on 22 October after the first formal meeting with a trade union delegation consisting of workers' representatives from both sites. The total number of workers involved is 487 (of whom 334 in Manlleu and 153 in Montcada i Reixac).

This meeting has marked the start of 30-day "consultation period" under Spanish law, allowing the parties to undertake negotiations in order to reach an agreement.

Intesa Sanpaolo loan and partial repayment of the Bridge Loan

On 11 October 2019, the Group entered into an agreement with Intesa Sanpaolo for a Euro 150 million medium-term loan for 5 years from the date of signing, with a bullet repayment at maturity. A partial repayment of Euro 150 million against the Bridge Loan was made on 18 October 2019. On the same date, the value of interest rate swaps arranged against the Bridge Loan was reduced by Euro 50 million to bring notional value into line with the underlying hedged amount.

Contract to supply wind turbine cable solutions in 2020

On 21 October 2019, the Group was awarded a global contract by Siemens Gamesa Renewable Energy, world leader in the wind power industry, to supply it with wind turbine tower and nacelle cable solutions.

The contract includes products and services from Prysmian Group's wind portfolio of low voltage cable solutions for nacelle platforms, low voltage tower cables and medium voltage tower solutions, specifically designed and optimised to operate under high torsion, mechanical and chemical stress as well as widely fluctuating temperatures.

Binding offer from Carlisle Companies Incorporated to acquire the business of Draka Fileca SAS

On 22 October 2019, the Group announced it had received a binding offer of Euro 73 million from Carlisle Companies Incorporated for the acquisition of the business of Draka Fileca SAS (directly or through one of the Carlisle subsidiaries).

The transaction is subject to consultation with Fileca's employee representative bodies in France and to regulatory clearance.

Fileca was acquired by Prysmian in 2011 as part of the Draka acquisition and is a global supplier of cable solutions for the space and aerospace industries.

The company, based in Sainte-Geneviève, France, generated revenues of Euro 44 million and Adjusted EBITDA of around Euro 5 million in 2018.

The transaction is expected to complete in the first quarter of 2020.

Loan from Cassa depositi e prestiti

On 28 October 2019, the Group entered into an agreement with Cassa depositi e prestiti Spa for a Euro 100 million medium-term loan for 4.5 years from the date of signing, with a bullet repayment at maturity. The purpose of this loan is to finance part of the Group's investments and expenditure for research, development and innovation in Italy and Europe.

BUSINESS OUTLOOK

The global macroeconomic scenario has slowed progressively in the course of 2019. After a positive year-start, trade tensions, above all between the United States and China, have gradually intensified, giving rise to significant tariff increases between the two countries and resulting in a general decline in business sentiment at the global level. Macroeconomic indicators in Europe are also pointing to an ongoing slowdown of the economic cycle. According to the most recent estimates by the International Monetary Fund, in 2019 global growth is expected to amount to 3%, the lowest level of the last ten years. A number of factors of uncertainty and risk are detracting from international economic growth: the outcome of the trade negotiations between the United States and China, which have yet to be concluded, the further flare-up of financial tensions in emerging countries, and the circumstances of the completion of the process of separation of the United Kingdom from the European Union.

Within this macroeconomic scenario, Prysmian Group expects that the uptrend seen in North and South America will continue in the fourth quarter of the year. The medium-voltage utilities cable business is expected to confirm the current positive trend generated by renewables development, particularly as regard onshore wind farms, with uneven performances at the level of the various geographical areas. In the submarine systems and cables business, Prysmian Group aims to consolidate its leadership in a market that is expected to increase slightly compared to 2018. This business's performance will be positively influenced by the recovery of the negative effect of the Western Link provisions (Eur 165 million). An organic decrease is forecast in 2019 due to the additional work required on several orders already begun in late 2018 and the weak order intake in 2018. The fourth quarter is expected to see a recovery in business performance compared with the first nine months of the year. In the Telecom segment, the Group expects that growth in 2019 will remain positive, supported by demand for optical cables in Europe and North America, whereas the slowdown that began in the third quarter — due primarily to the effect of stock realignment by various clients — is also expected to continue in the fourth quarter of the year.
In addition, the translation effect resulting from the conversion of the subsidiaries' results into the reporting currency used in the consolidated accounts is expected to generate a positive impact on the Group's operating performance.
Finally, the synergies resulting from the integration with General Cable continued to prove excellent. The goal is to reach cumulative synergies of Eur 175 million by 2021 (of which Eur 120 million expected by the end of 2019).

In light of the foregoing, the Group expects to achieve an Adjusted EBITDA for 2019 of Eur 950-Eur 1,020 million (excluding the impact arising from the application of IFRS 16, expected to amount to about Eur 40 million on a yearly basis), significantly improving compared to Eur 767 million recorded in 2018. The Group also expects to generate cash flows of approximately Eur 300 million ± 10% (FCF before acquisitions & disposals) in 2019. This figure includes the planned outlay of Eur 90 million relating to the restructuring and integration activities.

This forecast is based on the Company's current business perimeter.

FORESEEABLE RISKS IN 2019[1]

Prysmian Group is exposed in the normal conduct of its business to a number of financial and non-financial risk factors which, if they should occur, could also have a material impact on its results of operations and financial condition. The Group has always acted to maximise value for its shareholders by putting in place all necessary measures to prevent or mitigate the risks inherent in the Group's business, which is why it adopts specific procedures to manage the risk factors that could influence its business results. Given operating performance in the first nine months of the year and the specific macroeconomic context, the principal risk factors currently foreseeable for the last quarter of 2019 are described below according to their nature.

STRATEGIC RISKS

Risks associated with the competitive environment

Many of the products offered by Prysmian Group, primarily in the Trade & Installers and Power Distribution businesses, are made in conformity with specific industrial standards and so are interchangeable with those offered by major competitors. Price is therefore a key factor in customer choice of supplier. The entry into mature markets (e.g. Europe) of non-traditional competitors, meaning small to medium manufacturing companies with low production costs, and the need to saturate production capacity, together with the possible occurrence of a contraction in market demand, translate into strong competitive pressure on prices, with possible consequences for the Group's expected margins.
In addition, high value-added segments - like High Voltage underground cables, Optical Cables and Submarine cables - are seeing an escalation in competition from both existing operators and new market entrants with leaner more flexible organisation models, with potentially negative impacts on both sales volumes and selling prices. With particular reference to the Submarine cables business, the high barriers to entry, linked to difficult-to-replicate ownership of technology, know-how and track record, are driving large market players to compete not so much on the product as on the related services.
The strategy of rationalising production facilities currently in progress, the consequent optimisation of cost structure, the policy of geographical diversification and, last but not least, the ongoing pursuit of innovative technological solutions, all help the Group to address the potential effects arising from the competitive environment.

Risks associated with changes in the macroeconomic environment and in demand

Factors such as trends in GDP and interest rates, the ease of getting credit, the cost of raw materials, and the general level of energy consumption, significantly affect the energy demand of countries which, in the face of persistent economic difficulties, then reduce investments that would otherwise develop the market. Government incentives for alternative energy sources and for developing telecom networks also face reduction for the same reason. Prysmian Group's transmission business (high voltage submarine cables) and Power

[1] The risks described in this section are those that, at the date of the present document, the Group believes, if they were to occur, could have a material adverse near-term impact on its business, financial condition, earnings and future prospects.

Distribution and Telecom businesses, all highly concentrated in the European market, are being affected by shifting contractions of demand in this market caused by the region's prolonged economic downturn.
To counter this risk, the Group is pursuing, on the one hand, a policy of geographical diversification in non-European countries (e.g. Vietnam, Philippines, etc.) and, on the other, a strategy to reduce costs by rationalising its production structure globally in order to mitigate possible negative effects on the Group's performance in terms of lower sales and shrinking margins.
In addition, the Group constantly monitors developments in the global geopolitical environment which, as a result - for example - of the introduction of specific industrial policies by individual countries, could require it to revise existing business strategies and/or adopt mechanisms to safeguard the Group's competitive position.

Risks associated with dependence on key customers

In the Offshore Specialties business, Prysmian Group has a significant business relationship with Petrobras, a Brazilian oil company, for the supply of umbilical cables, developed and manufactured at the factory in Vila Velha, Brazil. In light of the country's continuing economic difficulties causing the local market for umbilical cables to contract and of growing competitive pressures on product technological innovation, the sustainability, even partial, of the business in Brazil could be impacted.
While committed to maintaining and strengthening its business relationship with this customer over time, the Group has started to gradually reorganise the business unit to make its processes more efficient and to concentrate increasingly on developing new products whose technical and economic solutions can lower production costs.

Risk of instability in the Group's countries of operation

Prysmian Group operates and has production facilities and/or companies in Asia, Latin America, the Middle East and Eastern Europe. The Group's operations in these countries are exposed to different risks linked to local regulatory and legal systems, the imposition of tariffs or taxes, exchange rate volatility, and political and economic instability affecting the ability of business and financial partners to meet their obligations.
Significant changes in the macroeconomic, political, tax or legislative environment of such countries could have an adverse impact on the Group's business, results of operations and financial condition; consequently, as already mentioned in an earlier paragraph, the Group constantly monitors developments in the global geopolitical environment which could require it to revise existing business strategies and/or adopt mechanisms to safeguard its competitive position.

FINANCIAL RISKS

Prysmian Group's risk management strategy focuses on the unpredictability of markets and aims to minimise the potentially negative impact on the Group's financial performance. Some types of risk are mitigated by using financial instruments (including derivatives).
Financial risk management is centralised with the Group Finance department which identifies, assesses and hedges financial risks in close cooperation with the Group's operating companies.
The Group Finance, Administration and Control department provides guidelines on risk management, with particular attention to exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative

instruments, and on how to invest excess liquidity. Such financial instruments are used solely to hedge risks and not for speculative purposes.

Risks associated with availability of financial resources and their cost

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

At present, given the amount of cash and cash equivalents and undrawn committed credit lines, in excess of Euro 1 billion at 30 September 2019, and six-monthly monitoring[2] of financial covenant compliance (fully satisfied at 30 June 2019), the Group is of the opinion that this risk is significantly mitigated and that it is able to raise sufficient financial resources and at a competitive cost.

Exchange rate volatility

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

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

However, since Prysmian prepares its consolidated financial statements in Euro, fluctuations in the exchange rates used to translate the financial statements of subsidiaries, originally expressed in a foreign currency, could affect the Group's results of operations and financial condition. Exchange rate volatility is monitored both locally and centrally, by the Group Finance department, also using specific indicators designed to intercept potential risk situations which, when thought to exceed the defined tolerance limits, will trigger immediate mitigating actions.

Interest rate volatility

Changes in interest rates affect the market value of Prysmian Group's financial assets and liabilities as well as its net finance costs. The interest rate risk to which the Group is exposed is mainly on long-term financial liabilities, carrying both fixed and variable rates. Fixed rate debt exposes the Group to a fair value risk. The Group does not operate any particular hedging policies in relation to the risk arising from such contracts since it considers this risk to be immaterial. Variable rate debt exposes the Group to a rate volatility risk (cash flow risk). The Group can use interest rate swaps (IRS) to hedge this risk, which transform variable rates into fixed

[2] The financial covenants are measured at the half-year close on 30 June and at the full-year close on 31 December.

ones, thus reducing the rate volatility risk. IRS contracts make it possible to exchange on specified dates the difference between contracted fixed rates and the variable rate calculated with reference to the loan's notional value. A potential rise in interest rates, from the record lows reached in recent years, could represent a risk factor in coming quarters.

Credit risk

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

Liquidity risk

Liquidity risk indicates the sufficiency of an entity's financial resources to meet its obligations to business or financial partners on the agreed due dates.
With regard to Prysmian Group's working capital cash requirements, these increase significantly during the first half of the year when it commences production in anticipation of order intake, with a consequent temporary increase in net financial debt.
Prudent management of liquidity risk involves the maintenance of adequate levels of cash, cash equivalents and short-term securities, the maintenance of an adequate amount of committed credit lines, and timely renegotiation of loans before their maturity. Due to the dynamic nature of the business in which Prysmian Group operates, the Group Finance department favours flexible arrangements for sourcing funds in the form of committed credit lines.
As at 30 September 2019, the Group's total financial resources, comprising cash and cash equivalents and undrawn committed credit lines, came to in excess of Euro 1 billion.

Risks associated with commodity price volatility

The main commodities purchased by Prysmian Group are copper and aluminium, accounting for more than 50% of the total raw materials used to manufacture its products. The Group neutralises the impact of possible rises in the price of copper and its other principal raw materials through hedging activities and automatic sales price adjustment mechanisms. Hedging activities are based on sales contracts or sales forecasts, which if not met, could expose the Group to commodity price volatility risk.
A dedicated team within the Group Purchasing department monitors and coordinates centrally those sales transactions requiring the purchase of raw materials and the related hedging activities carried out by each subsidiary, ensuring that the level of exposure to risk is kept within defined tolerance limits.

OPERATIONAL RISKS

Liability for product quality/defects

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

In addition, the Group's involvement in this kind of legal action and any resulting liability could expose it to reputational damage, with potential additional adverse consequences for its results of operations and financial condition.

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

Projects for high/medium voltage submarine or underground connections are characterised by contractual forms entailing a "turnkey" type of project management that therefore demands compliance with deadlines and quality standards, guaranteed by penalties calculated as an agreed percentage of the contract value and that can even result in contract termination.

The application of such penalties, the obligation to compensate any damages as well as indirect effects on the supply chain in the event of late delivery or production problems, could significantly affect project performance and hence the Group's margins. Possible damage to market reputation cannot be ruled out.

Given the complexity of "turnkey" projects, Prysmian has implemented a quality management process involving extensive testing of cables and accessories before delivery and installation, as well as specific ad hoc insurance coverage, often through insurance syndicates, able to mitigate exposure to risks from production through to delivery.

Moreover, the ERM assessments for this particular risk have led the Risk Management department, with the support of the Commercial area, to implement a systematic process of Project Risk Assessment for "turnkey" projects, involving the assignment of a Project Risk Manager, right from the bidding stage, with the aim of identifying, assessing and monitoring over time the Group's exposure to specific risks and of taking the necessary mitigation actions. The decision to present a bid proposal to the customer therefore also depends on the results of risk assessment.

With regard to the events involving Western Link, an electrical transmission cable between Scotland, Wales and England, please refer to the section on Significant Events in the Period.

Risk of business interruption through dependence on key assets

The submarine cables business is heavily dependent on certain key assets, such as the Arco Felice plant in Italy for the production of a particular type of cable and one of its cable-laying vessels (the "Giulio Verne"), some of whose technical capabilities are hard to find on the market. The loss of one of these assets due to unforeseen natural disasters (e.g. earthquakes, storms, etc.) or other accidents (e.g. fire, terrorist attacks, etc.) and the consequent prolonged business interruption could have a critical economic impact on the Group's performance.

The construction of a new cable-laying vessel began in 2018, with a best-in-class specification. As a result, the risk of dependence on the "Giulio Verne" has been reduced.
Prysmian addresses this risk through:

- a systematic Loss Prevention program, managed centrally by the Risk Management department, which, through periodic on-site inspections, allows the adequacy of existing systems of protection to be assessed and any necessary remedial actions decided to mitigate the estimated residual risk. As reported at 31 December 2018, the Group's operating plants are sufficiently protected and there are no significant exposures to risk. All the plants have been classified as "Excellent Highly Protected Rated (HPR)", "Good HPR" or "Good not HPR", in accordance with the methodology defined by internationally recognised best practices in the field of Risk Engineering & Loss Prevention;
- specific disaster recovery & business continuity plans which allow appropriate countermeasures to be activated as soon as possible in order to minimise the impact of a catastrophic event and to manage any consequent crisis;
- specific insurance programs for coverage against any damage to assets and loss of associated contribution margin due to business interruption, such as to minimise the financial impact of this risk on cash flow.

Environmental risks

The Group's production activities in Italy and abroad are subject to specific environmental regulations, amongst which those concerning soil and subsoil and the presence/use of hazardous materials and substances, including for human health. Such regulations are enforcing increasingly strict standards on companies, which are therefore obliged to incur significant compliance costs.
Considering the Group's large number of plants, the probability of an accident, with consequences not only for the environment but also for the continuity of production, cannot be ignored or the accompanying potentially significant economic and reputational impact. Accordingly, Prysmian adopts a series of controls that keep the risk at an acceptable level. In fact, environmental issues are managed centrally by the HQ Health Safety & Environment (HSE) department which oversees local HSE departments and is responsible for organising specific training activities, for adopting systems to ensure strict adherence to regulations in accordance with best practices, as well as for monitoring risk exposures using specific indicators and internal and external auditing activities.
With reference to just the production sites within the pre-acquisition Prysmian Group, the certified percentage has remained relatively stable, with 95% certified under ISO 14001 and 78% certified under OHSAS 18001; in addition, specific other Organisations have also been certified (R&D, installation activities, kitting and distribution centres, etc.), for a total of four OHSAS 18001 certificates and two ISO 14001 certificates.
The overall situation has been changed by the acquisition of General Cable, about a third of whose plants (not counted in the above percentages) are currently certified under the standards in question (ISO 14001 and OHSAS 18001).
Therefore, following the acquisition, the program of certifications at Group level has been duly revised, with the intent of certifying all the production units (except for specific cases) in the future.

Cyber security risks

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

Furthermore, since 2016 Prysmian Group has started to implement a structured and integrated process for managing cyber security-related risks which, under the leadership of the Group IT Security function, in partnership with the Risk Management department, aims to strengthen the Group's IT systems and platforms and introduce robust mechanisms to prevent and control any cyberattacks. A cogent Information Security strategy has been defined in this regard that clarifies the governance structure adopted by the Group and the guidelines for managing cyber risk in connection with IT architectures and business processes. A special Information Security Committee, consisting of the key figures involved in managing cyber risk[3], has been appointed with the mission of defining the strategic and operational Cyber Security objectives, of coordinating the main initiatives undertaken, and of examining and approving policies, operating procedures and instructions. The Committee is convened on a periodic basis (twice a year) and in any case upon the occurrence of any extraordinary events or crises. Lastly, specific e-learning training sessions have been provided to all the Group's IT staff with the aim of raising their awareness of this issue.

LEGAL AND COMPLIANCE RISKS

Compliance risks associated with Code of Ethics, Policies and Procedures

Compliance risk generically represents the possibility of incurring legal or administrative sanctions, material financial losses or reputational damage as a result of violations of prevailing laws and regulations. Prysmian Group deploys a series of organisational procedures designed to define the principles of legality, transparency, fairness and honesty through which to operate. In particular, since its inception, the Group has adopted a Code of Ethics, a document which contains the ethical standards and the behavioural guidelines that all those engaged in activities on behalf of Prysmian or its subsidiaries (including managers, officers, employees, agents, representatives, contractors, suppliers and consultants) are required to observe. The Group undertakes, through its Internal Audit & Compliance department, to constantly monitor compliance and actual application of these rules, with no type of violation tolerated.

However, despite this ongoing endeavour, assiduous vigilance and periodic information campaigns, it is not possible to rule out future episodes of improper conduct in breach of policy, procedures or the Code of Ethics, and hence of current legislation and regulations, by those engaged in performing activities on Prysmian's behalf, which could result in legal sanctions, fines or reputational damage, even on a material scale.

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

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

In the current context, featuring a continuous globalisation of business, a proliferation of channels, information access and an increase in volume and types of data managed, Prysmian has the chance to create new opportunities and new services; at the same time, however, it is experiencing a time of great complexity concerning the governance of data and its compliance with international regulations, as well as the growth of potential threats to the confidentiality, integrity and availability of information.

It is therefore essential to address the issue of how to manage information and data considered confidential or sensitive, not solely as a compliance problem but also as a security problem and a business priority.

Furthermore, the coming into force, in May 2018, of the new European Regulation (EU) 2016/679 (GDPR – General Data Protection Regulation) is one of the driving forces behind a renewed commitment to data protection, particularly personal data.

The personal data protection program adopted by Prysmian is based on three fundamental elements impacting the entire corporate structure:

- Development of a "data-centric" model by mapping the relevant personal data processed by the company functions and establishing a data processing register;

- Definition of a new updated governance model, designed to meet the requirements of the GDPR and based on the following pillars:
  - A new organisational structure that includes the appointment of a Data Protection Officer, serving in an advisory and monitoring capacity, with the appropriate duties and responsibilities delegated to Internal Data Supervisors, who are responsible for the more substantial processing of data and supervise the activities of persons who process the data;
  - A series of new policies and standard appointment documents.

- Implementation of adequate technical, organisational measures to guarantee a level of security appropriate to the risk.

The program also includes communication and training materials to raise user awareness of the GDPR and of the measures adopted by Prysmian to ensure compliance with this Regulation.

Following the acquisition of General Cable, the personal data protection program has been updated and extended to General Cable.

In fact, during the course of 2018, General Cable implemented the new European rules of the GDPR throughout its group and also carried out training for about 800 employees.

Risks of non-compliance with anti-bribery legislation

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

The Group's business model, with a global presence in over 50 countries and a wide array of applications for its products, brings it into constant contact with multiple third parties (suppliers, intermediaries, agents and customers). In particular, the management of large international projects involves having commercial relations even in countries with a potential risk of bribery (as per the Corruption Perception Index[4]), often through local commercial agents and public officials.

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

In continuity with the previous year, Prysmian Group moved forward in 2018 with the activities defined in its Anti-Bribery Compliance Program, inspired by the ISO 37001 guidelines for Anti-bribery management systems, published on 15 October 2016 and intended to strengthen its monitoring of and focus on compliance issues. This program, in addition to giving greater control over management of the bribery risk, also aims to minimise the risk of punishment if crimes related to corruption are committed by employees or third parties. The core of the ISO 37001 standard is the control of third parties (suppliers, intermediaries, agents and customers) through a due diligence system designed to reveal any critical or negative events that undermine the reputation of third parties with whom Prysmian Group deals. Following the acquisition of General Cable, Prysmian Group's Anti-Bribery Compliance Program has been updated and expanded to include the additional activities in this area envisaged by the General Cable Compliance Program.

Further details about the actions taken by the Group to prevent corrupt practices can be found in the specific section of the 2018 Sustainability Report.

Risks of non-compliance with antitrust law

Competition rules, covering restrictive agreements and abuse of dominant position, now play a central role in governing business activities in all sectors of economic life. Its extensive international presence in more than 50 countries means the Group is subject to antitrust law in Europe and every other country in the world in which it operates, each with more or less strict rules on the civil, administrative and criminal liability of parties that violate the applicable legislation. In the last decade, local Antitrust Authorities have paid increasing attention to commercial activities by market players, also involving a tendency for international collaboration between authorities themselves. Prysmian aspires to operate on the market in compliance with the competition rules.

In keeping with the priorities identified by the ERM process, the Board of Directors has adopted an Antitrust Code of Conduct that all Group employees, Directors and managers are required to know and observe in the conduct of their duties and in their dealings with third parties. The Antitrust Code of Conduct was updated during 2018; the new version, published on the company intranet and made available to all the Group's employees, contains the general principles of antitrust law generally found in industry regulations applying in the various jurisdictions in which the Group operates. In addition, other more detailed documents are currently

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

being prepared, each focusing on the antitrust legislation specifically applicable in the main countries in which the Group operates. The Antitrust Code of Conduct forms an integral part of the training program and is intended to provide a framework for the issues concerning application of EU and Italian competition law on collusive practices and abuse of dominant position, within which specific situations are assessed on a case-by-case basis. These activities represent a further step in establishing an "antitrust culture" within the Group by promoting knowledge and heightening individual accountability for professional duties arising under antitrust legislation. In this context, specific classroom training sessions were held in 2017 and 2018 mostly for the Group's sales force and organised in collaboration with external lecturers and legal consultants. In addition, E-learning modules were launched on the company intranet during 2018 with the aim of continuously supporting and raising awareness of and attention to this issue.
With regard to the antitrust investigations still in progress, details of which can be found in Note 12. Provisions for risks and charges in the Explanatory Notes to the Quarterly Financial Report, the Group has a provision for risks and charges as at 30 September 2019 of approximately Euro 276 million. Despite the uncertainty of the outcome of the investigations in progress and potential legal action by customers as a result of the European Commission's decision adopted in April 2014, as described in the Explanatory Notes (Note 12. Provisions for risks and charges), the amount of this provision is considered to represent the best estimate of the liability based on the information now available.

PLANNING AND REPORTING RISKS

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

RELATED PARTY TRANSACTIONS

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

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

Milan, 12 November 2019

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Claudio De Conto

Consolidated financial statements and explanatory notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	Note	30 September 2019	of which related parties (Note 21)	31 December 2018 (*)	of which related parties (Note 21)
Non-current assets					
Property, plant and equipment	1	2,749		2,629	
Intangible assets	1	2,195		2,162	
Equity-accounted investments	2	311	311	294	294
Other investments at fair value through other comprehensive income		13		13	
Financial assets at amortised cost		4		5	
Derivatives	5	4		2	
Deferred tax assets		162		190	
Other receivables	3	36		33	
Total non-current assets		**5,474**		**5,328**	
Current assets					
Inventories	4	1,689		1,511	
Trade receivables	3	1,773	15	1,635	3
Other receivables	3	1,049	2	667	5
Financial assets at fair value through profit or loss	6	21		25	
Derivatives	5	16		19	
Financial assets at fair value through other comprehensive income		11		10	
Cash and cash equivalents	7	346		1,001	
Total current assets		**4,905**		**4,868**	
Assets held for sale	8	33		3	
Total assets		**10,412**		**10,199**	
Equity attributable to the Group:		**2,432**		**2,186**	
Share capital	9	27		27	
Reserves	9	2,134		2,101	
Net profit/(loss) for the period		271		58	
Equity attributable to non-controlling interests:		**193**		**188**	
Share capital and reserves		191		188	
Net profit/(loss) for the period		2		-	
Total equity		**2,625**		**2,374**	
Non-current liabilities					
Borrowings from banks and other lenders	10	2,745		3,161	
Other payables	11	14		12	
Provisions for risks and charges	12	44		51	
Derivatives	5	24		9	
Deferred tax liabilities		216		238	
Employee benefit obligations	13	526		463	
Total non-current liabilities		**3,569**		**3,934**	
Current liabilities					
Borrowings from banks and other lenders	10	652		98	
Trade payables	11	1,976	4	2,132	5
Other payables	11	876	3	953	1
Derivatives	5	35		41	
Provisions for risks and charges	12	641	5	635	4
Current tax payables		27		32	
Total current liabilities		**4,207**		**3,891**	
Liabilities held for sale	8	11		-	
Total liabilities		**7,787**		**7,825**	
Total equity and liabilities		**10,412**		**10,199**	

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)

	Note	9 months 2019	of which related parties (Note 21)	9 months 2018 (*)	of which related parties (Note 21)
Sales of goods and services		8,635	25	7,293	22
Change in inventories of work in progress, semi-finished and finished goods		101		8	
Other income		64	2	103	4
Raw materials, consumables used and goods for resale		(5,474)	(7)	(4,751)	(10)
Fair value change in metal derivatives		2		(43)	
Personnel costs		(1,114)	(8)	(920)	(11)
of which personnel costs for company reorganisation		*(11)*		*(22)*	
of which personnel costs for stock option fair value		*1*		*(15)*	
Amortisation, depreciation, impairment and impairment reversals		(235)		(160)	
of which other impairment		*(1)*		*(1)*	
Other expenses		(1,522)	(5)	(1,264)	(7)
of which non-recurring (other expenses) and releases		*(20)*		*(1)*	
of which (other expenses) for company reorganisation		*(6)*		*(3)*	
Share of net profit/(loss) of equity-accounted companies		22	22	50	50
Operating income	**14**	**479**		**316**	
Finance costs	15	(351)		(348)	
of which non-recurring finance costs		*(2)*		*(2)*	
Finance income	15	249		275	
Profit/(loss) before taxes		**377**		**243**	
Taxes	16	(104)		(65)	
Net profit/(loss) for the period		**273**		**178**	
Attributable to:					
Owners of the parent		271		178	
Non-controlling interests		2		-	
Basic earnings/(loss) per share (in Euro)	**17**	**1.03**		**0.74**	
Diluted earnings/(loss) per share (in Euro)	**17**	**1.03**		**0.74**	

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED INCOME STATEMENT - 3RD QUARTER

(in millions of Euro)

	3rd quarter 2019	3rd quarter 2018 (*)
Sales of goods and services	2,786	2,929
Change in inventories of work in progress, semi-finished and finished goods	4	(62)
Other income	40	56
Raw materials, consumables used and goods for resale	(1,744)	(1,848)
Fair value change in metal derivatives	2	(18)
Personnel costs	(369)	(356)
of which personnel costs for company reorganisation	(6)	(10)
of which personnel costs for stock option fair value	2	(1)
Amortisation, depreciation, impairment and impairment reversals	(79)	(64)
Other expenses	(505)	(493)
of which non-recurring (other expenses) and releases	(14)	(1)
of which (other expenses) for company reorganisation	(4)	(1)
Share of net profit/(loss) of equity-accounted companies	9	14
Operating income	**144**	**158**
Finance costs	(142)	(131)
of which non-recurring finance costs	(1)	(1)
Finance income	112	104
Profit/(loss) before taxes	**114**	**131**
Taxes	(33)	(33)
Net profit/(loss) for the period	**81**	**98**
Attributable to:		
Owners of the parent	81	98
Non-controlling interests	-	-

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of Euro)

	9 months 2019	9 months 2018 (*)
Net profit/(loss) for the period	**273**	**178**
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	(12)	(3)
Fair value gains/(losses) on cash flow hedges - tax effect	4	1
Measurement of financial instruments at fair value through other comprehensive income	1	(1)
Currency translation differences	145	(31)
Total items that may be reclassified, net of tax	**138**	**(34)**
- items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	(70)	18
Actuarial gains/(losses) on employee benefits - tax effect	16	(3)
Total items that will NOT be reclassified, net of tax	**(54)**	**15**
Total comprehensive income/(loss) for the period	**357**	**159**
Attributable to:		
Owners of the parent	347	155
Non-controlling interests	10	4

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – 3RD QUARTER

(in millions of Euro)

	3rd quarter 2019	3rd quarter 2018 (*)
Net profit/(loss) for the period	**81**	**98**
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	(2)	3
Fair value gains/(losses) on cash flow hedges - tax effect	2	(1)
Measurement of financial instruments at fair value through other comprehensive income	1	(1)
Currency translation differences	114	(7)
Total items that may be reclassified, net of tax	**115**	**(6)**
- items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	-	9
Actuarial gains/(losses) on employee benefits - tax effect	-	-
Total items that will NOT be reclassified, net of tax	**-**	**9**
Total comprehensive income/(loss) for the period	**196**	**101**
Attributable to:		
Owners of the parent	188	100
Non-controlling interests	8	1

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Euro)

	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Net profit/ (loss) for the period	Equity attributable to the Group	Non-controlling interests	Total
Balance at 31 December 2017	**22**	**(5)**	**(299)**	**1,492**	**241**	**1,451**	**188**	**1,639**
Allocation of prior year net result	-	-	-	241	(241)	-	-	-
Fair value - stock options	-	-	-	15	-	15		15
Dividend distribution	-	-	-	(97)	-	(97)	(8)	(105)
Capital increase	3			493		496	-	496
Change of scope of consolidation	-	-	-	-	-	-	2	2
Conversion of Convertible Bond	2	-	-	281	-	283	-	283
Total comprehensive income/(loss) for the period	-	(2)	(35)	14	178	155	4	159
Balance at 30 September 2018 (*)	**27**	**(7)**	**(334)**	**2,439**	**178**	**2,303**	**186**	**2,489**

(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 2018 (*)	**27**	**(14)**	**(313)**	**2,428**	**58**	**2,186**	**188**	**2,374**
Allocation of prior year net result	-	-	-	58	(58)	-	-	-
Fair value - stock options	-	-	-	(1)	-	(1)	-	(1)
Dividend distribution	-	-	-	(113)	-	(113)	(5)	(118)
Incidental expenses for capital increase	-	-	-	-	-	-	-	-
Monetary revaluation for hyperinflation	-	-	-	13	-	13	-	13
Total comprehensive income/(loss) for the period	-	(9)	138	(53)	271	347	10	357
Balance at 30 September 2019	**27**	**(23)**	**(175)**	**2,332**	**271**	**2,432**	**193**	**2,625**

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED STATEMENT OF CASH FLOWS

	(in millions of Euro)	9 months 2019	of which related parties (Note 21)	9 months 2018 (*)	of which related parties (Note 21)
	Profit/(loss) before taxes	377		243	
	Depreciation, impairment and impairment reversals of property, plant and equipment	181		118	
	Amortisation and impairment of intangible assets	54		42	
	Net gains on disposal of property, plant and equipment, intangible assets and on dilution of interests in associates	(1)		(37)	
	Share of net profit/(loss) of equity-accounted companies	(22)	(22)	(50)	(50)
	Share-based payments	(1)		15	
	Fair value change in metal derivatives and other fair value items	(2)		43	
	Net finance costs	102		73	
	Changes in inventories	(161)		(67)	
	Changes in trade receivables/payables	(308)	(13)	(149)	9
	Changes in other receivables/payables	(362)	5	(448)	(6)
	Taxes paid	(81)		(78)	
	Dividends received from equity-accounted companies	8	8	4	4
	Utilisations of provisions (including employee benefit obligations)	(67)		(48)	
	Increases and releases of provisions (including employee benefit obligations) and other movements	(36)		4	
A.	**Net cash flow provided by/(used in) operating activities**	**(319)**		**(335)**	
	Cash flow from acquisitions and/or disposals	-		(1,208)	
	Investments in property, plant and equipment	(127)		(160)	
	Disposals of property, plant and equipment and assets held for sale	6		7	
	Investments in intangible assets	(16)		(9)	
	Investments in financial assets at fair value through profit or loss	(2)		(1)	
	Disposals of financial assets at fair value through profit or loss	4			
	Disposals of financial assets at amortised cost	1		19	
	Disposal of assets held for sale	7		-	
B.	**Net cash flow provided by/(used in) investing activities**	**(127)**		**(1,352)**	
	Capital contributions and other changes in equity	**-**		496	
	Dividend distribution	(118)		(105)	
	Repayment of EIB Loan	(17)		(17)	
	Loans for acquisition	-		1,700	
	Repayment of Loans for Acquisition	(100)		-	
	Proceeds of Mediobanca loan	100		-	
	Repayment of General Cable Convertible Bond	-		(396)	
	Finance costs paid (1)	(282)		(292)	
	Finance income received (2)	203		254	
	Changes in other net financial receivables/payables (3)	(2)		(906)	
C.	**Net cash flow provided by/(used in) financing activities**	**(216)**		**734**	
D.	Currency translation gains/(losses) on cash and cash equivalents	8		(19)	
E.	**Total cash flow provided/(used) in the period (A+B+C+D)**	**(654)**		**(972)**	
F.	**Net cash and cash equivalents at the beginning of the period**	1,000		**1,335**	
G.	**Net cash and cash equivalents at the end of the period (E+F)**	**346**		**363**	

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

(1) Finance costs paid of Euro 282 million include interest payments of Euro 47 million in the first nine months of 2019 (Euro 36 million in the first nine months of 2018).

(2) Finance income received of Euro 203 million includes interest income of Euro 3 million in the first nine months of 2019 (Euro 3 million in the first nine months of 2018).

(3) Net cash flow provided by/(used in) financing activities includes Euro 27 million in lease payments accounted for in accordance with IFRS 16, classified in the comparative period in net cash flow provided by/(used in) operating activities.

EXPLANATORY NOTES

A. GENERAL INFORMATION

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

The Company has its registered office in Via Chiese 6, Milan (Italy).

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

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

A.1 SIGNIFICANT EVENTS IN 2019

Finance activities

Mediobanca loan and partial repayment of the Bridge Loan

On 20 February 2019, the Group entered into an agreement with Mediobanca for a Euro 100 million medium-term loan for 5 years from the date of signing, with a bullet repayment at maturity. In parallel, a partial repayment of Euro 100 million against the Bridge Loan was instructed on 25 February 2019 and executed on 6 March 2019.

New revolving credit facility agreement

On 3 April 2019, the Group renewed its Euro 1,000 million long-term revolving credit facility with a syndicate of leading Italian and international banks. The five-year credit facility replaces the Syndicated Revolving Credit Facility 2014, which was extinguished at the same time. The funds are available for business and working capital needs, including the refinancing of existing facilities.

New industrial projects and initiatives

Development of power transmission grid in Washington D.C.

On 6 February 2019, the Group signed an agreement to participate in a project to upgrade the US capital district's power transmission system. The multi-stage project is worth approximately USD 190 million and is scheduled to run between 2019 and 2026. The first batch of cables worth USD 13 million is due to be completed by the end of 2019.

Contract to develop a new submarine cable system in Canada (Fundy Isles)

On 11 February 2019, the Group was awarded a contract worth Euro 17 million by New Brunswick Power Corporation (NB Power), the largest electric utility in Canada. The so-called Fundy Isles project involves the development of a new submarine cable link to upgrade the capacity of the existing transmission system in the Passamaquoddy Region of the Bay of Fundy. The new submarine power cable will connect Deer Island, Campobello Island and Grand Manan Island to the Canadian province's mainland power grid.
Project completion is scheduled for October 2019.

Contract to develop cable system for the first "floating" offshore wind farm in France

On 19 March 2019, the Group signed a letter of award with PGL (Provence Grand Large), part of EDF Renewables. The project, worth approximately Euro 30 million, involves the development of a turnkey submarine cable system. The project is expected to be commissioned in 2021.

Contract to develop cable system for a "floating" offshore wind farm in the United States

On 16 May 2019, the Group was awarded a contract worth approximately Euro 200 million by Vineyard Wind LLC to develop a submarine power cable system which will deliver renewable energy to the mainland power grid.
The Group will be responsible for the design, manufacture, installation and commissioning of an HVAC (High Voltage Alternating Current) cable system composed of two 220 kV three-core cables with extruded XLPE insulation. The project will require a total of 134 km of cables. The submarine cables will be manufactured at the Group's centres of excellence in Pikkala (Finland) and Arco Felice (Italy). Delivery and commissioning of the project are scheduled for 2021.

Dolwin5 project to connect new wind farms to mainland German grid

On 18 June 2019, the Group was awarded a major contract worth approximately Euro 140 million by the Dutch-German grid operator TenneT for the connection of new offshore wind farms to the mainland German grid.
The turnkey system will link the DolWin epsilon offshore converter platform, located approximately 100 km offshore in the German North Sea, to the mainland Emden/Ost converter station, with the purpose of transmitting the renewable energy generated to the German grid.
The submarine and land cables will be manufactured at the Group's centres of excellence in Pikkala (Finland) and Gron (France). Project completion is scheduled for mid-2024.

Successful completion of qualification testing of P-Laser and XLPE HVDC 525 kV cable systems

On 1 July 2019, the Group announced it had successfully completed stringent qualification testing in accordance with international standards, meaning that it is now ready to launch two new 525 kV extruded land cable systems, one qualified with P-Laser and the other with XLPE insulation. These cable systems are designed for extra high voltages and have large conductor cross-sectional areas to ensure high power transmission capacity over long distances with less environmental impact on the land crossed.
P-Laser is the first 100% recyclable eco-friendly high-performance cable technology, utilising a ‘zero-gas’ process which reduces CO_2 emissions by up to 30%, while the XLPE qualified system uses a new insulating compound specially for HVDC applications.

Contract for Viking Link project

On 23 July 2019, the Group received a letter of award from National Grid Viking Link Limited and Energinet for the development of Viking Link, the first submarine cable connection between the United Kingdom and Denmark. Worth close to Euro 700 million, the turnkey contract involves the design, manufacture and installation of the world's longest interconnector, with 1,250 km of cable for the submarine route and approximately 135 km of land cables on the UK side, corresponding to 4 out of the 5 lots awarded. The project is due to be completed by the end of 2023.

Contract for inter-array cables for offshore wind farms in the Netherlands

On 29 July 2019, the Group was awarded a project worth around Euro 30 million by Vattenfall, a leading European energy company, to supply submarine inter-array cable systems for the Hollandse Kust Zuid III and IV offshore wind farms in the Netherlands.

The cables, which will be manufactured at the Prysmian centre of excellence in Nordenham (Germany), are due to be delivered in 2022.

Other significant events

Western Link

Some faults were detected on 19 February 2019 and 6 April 2019 in the Western Link interconnector, resulting in its temporary switch-off.

In view of these faults and based on assessments by the technical experts, the Board of Directors decided to recognise provisions of Euro 95 million in the financial statements at 31 December 2018. These provisions were against contractual penalties, costs of repair, incidental expenditure, costs of producing an extra length of cable for any future repairs and costs of other repairs that might possibly be necessary in the foreseeable future.

Work to repair the above faults was completed in June 2019.

At the date of approving the current Quarterly Financial Report, the cable is in operation.

Approval of financial statements at 31 December 2018 and dividend distribution

On 5 June 2019, the shareholders of Prysmian S.p.A. approved the financial statements for 2018 and the distribution of a gross dividend of Euro 0.43 per share, for a total of some Euro 113 million. The dividend was paid out from 26 June 2019 to shares outstanding on the record date of 25 June 2019, with the shares going ex-dividend on 24 June 2019.

Long-term incentive plan 2018-2020

In light of the effects of the Western Link project on the company’s results, on the proposal of the Remuneration, Nomination and Sustainability Committee the Board of Directors resolved to revoke the 2018-2020 long-term incentive plan approved by the Shareholders’ Meeting on 12 April 2018. Upon proposal of the Committee, the Board of Directors will submit to the General Shareholders’ Meeting the proposal to adopt a new long-term incentive plan organized consistently with the best market practices. This revoke has triggered recognition in the income statement of the MBO 2019 accrued in the first nine months, that will no longer be co-invested after revoking the long-term incentive plan. This has resulted in an increase of Euro 9 million in personnel costs, reflecting the combined effect of recognising the accrued nine-month MBO 2019 of Euro 12 million and reversing the fair value of stock options for Euro 3 million.

B. FORM AND CONTENT

The present Quarterly Financial Report has been prepared on a going concern basis, since the Directors have assessed that there are no financial, operating or other kind of indicators that might provide evidence of the Group's inability to meet its obligations in the foreseeable future and particularly in the next 12 months.
In particular, the Group's estimates and projections take account of the possible risk factors described in the Directors' Report, and confirm the Prysmian Group's ability to operate as a going concern and to comply with the financial covenants envisaged by some credit agreements.
The information contained in these Explanatory Notes must be read in conjunction with the Directors' Report, an integral part of the Quarterly Financial Report, and the annual IFRS Consolidated Financial Statements at 31 December 2018.

The present Quarterly Financial Report was approved by the Board of Directors of Prysmian S.p.A. on 12 November 2019 and is unaudited.

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

B.1 FINANCIAL STATEMENTS AND DISCLOSURES

The Group has elected to present its income statement according to the nature of expenses, whereas assets and liabilities in the statement of financial position are classified as current or non-current. The statement of cash flows has been prepared using the indirect method.
The Prysmian Group has prepared the present Quarterly Financial Report at 30 September 2019 in accordance with art. 154-ter of Legislative Decree 58/1998.

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 immediate assessment of a loss in value.

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 2018, to which reference should be made for more details, except for:

1. income taxes, which have been recognised using the best estimate of the Group's weighted average tax rate expected for the full year;
2. the accounting standards and amendments discussed below, which have been mandatorily applied with effect from 1 January 2019 after receiving endorsement from the competent authorities.

It should be noted that in 2019, like already in 2018, the companies operating in Argentina and Angola have been treated as belonging to hyperinflationary economies, thus requiring the application of *IAS 29 - Reporting in Hyperinflationary Economies*.

Accounting standards, amendments and interpretations applied from 1 January 2019

On 13 January 2016, the IASB published the new standard *IFRS 16 - Leases* in replacement of IAS 17. The new accounting standard has harmonised the accounting treatment of operating and finance leases by lessees. In fact, IFRS 16 requires the lessee to recognise assets and liabilities for both operating and finance leases. At the commencement date of a lease, a lessee shall recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
This standard applies to annual reporting periods beginning on or after 1 January 2019.
The Group has applied the new standard using the modified retrospective approach and excluding leases with a term of less than 12 months, as permitted by the standard; details of the effects on the Group's Statement of Financial Position and Income Statement can be found in the body of the Explanatory Notes.

On 12 October 2017, the IASB published *Amendments to IFRS 9: Prepayment Features with Negative Compensation.* Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are "solely payments of principal and interest on the principal amount outstanding" (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.
The amendments, which must be applied retrospectively with effect from 1 January 2019, have no impact on the consolidated financial statements of the Group.

On 12 October 2017, the IASB published *Amendments to IAS 28: Long-term interests in associates and joint ventures.* The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests).

This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarify that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying *IAS 28 - Investments in Associates and Joint Ventures*.

The amendments must be applied retrospectively and are effective from 1 January 2019. Since the Group does not have such long-term interests in its associates and joint ventures, the amendments have not had an impact on its consolidated financial statements.

On 7 February 2018, the IASB published *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement* in which it clarifies how to determine pension costs when a defined benefit plan is amended. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.

These amendments apply only to any future plan amendments, curtailments, or settlements by the Group.

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

At the date of drawing up the present document, there are no new standards, amendments and interpretations of existing standards to report that are not yet mandatory and not adopted early by the Group.

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.

Liquidations

On 9 January 2019, the liquidation of the Nicagaruan company Conducen Nicaragua y Compania de Responsabilidad Limitada was completed with its removal from the local company registry.

On 9 May 2019, the liquidation of the Turkish company Tasfiye Halinde Draka Istanbul Asansor İthalat İhracat Üretim Ticaret Ltd. Şti. was completed with its removal from the local company registry.

On 16 August 2019, the liquidation of the Spanish company Marmavil, S.L. (Sociedad Unipersonal) was completed with its removal from the local company registry.

For the sake of better understanding the scope of consolidation, the mergers and name changes occurring in the period are listed below:

Mergers

On 25 June 2019, the German companies Draka Cable Wuppertal GmbH and Draka Kabeltechnik GmbH completed their merger into Prysmian Kabel und Systeme GmbH.

Name changes

On 23 January 2019, the Swedish company Draka Kabel Sverige AB changed its name to Prysmian Group Sverige AB.

Appendix A to these notes contains a list of the companies included in the scope of consolidation at 30 September 2019.

C. RESTATEMENT OF COMPARATIVE FIGURES

General Cable purchase price allocation

After acquiring control of General Cable Corporation on 6 June 2018, the fair values at 31 December 2018 of the assets acquired, liabilities assumed and contingent liabilities were determined on a provisional basis, in accordance with *IFRS 3 - Business Combinations*, insofar as the related valuation processes were still in progress.

These valuations, subject to revision within twelve months of the acquisition date as permitted by *IFRS 3 - Business Combinations*, have resulted in the restatement of the Consolidated Financial Statements at 31 December 2018 and of the income statement at 30 September 2018.

Details of these amendments are presented in the following restated statement of financial position at 31 December 2018 and income statement at 30 September 2018.

Consolidated Statement of Financial Position at 31 December 2018

(in millions of Euro)

	31 December 2018 published	Purchase price allocation General Cable	31 December 2018 restated
Non-current assets			
Property, plant and equipment	2,629	-	2,629
Intangible assets	2,132	30	2,162
Equity-accounted investments	294	-	294
Other investments at fair value through other comprehensive income	13	-	13
Financial assets at amortised cost	5	-	5
Derivatives	2	-	2
Deferred tax assets	174	16	190
Other receivables	33	-	33
Total non-current assets	**5,282**	**46**	**5,328**
Current assets			-
Inventories	1,515	(4)	1,511
Trade receivables	1,635	-	1,635
Other receivables	669	(2)	667
Financial assets at fair value through profit or loss	25	-	25
Derivatives	19	-	19
Financial assets at fair value through other comprehensive income	10	-	10
Cash and cash equivalents	1,001	-	1,001
Total current assets	**4,874**	**(6)**	**4,868**
Assets held for sale	3	-	3
Total assets	**10,159**	**40**	**10,199**
Equity attributable to the Group:	**2,186**	**-**	**2,186**
Share capital	27	-	27
Reserves	2,101	-	2,101
Net profit/(loss) for the year	58	-	58
Equity attributable to non-controlling interests:	**188**	**-**	**188**
Share capital and reserves	188	-	188
Net profit/(loss) for the year	-	-	-
Total equity	**2,374**	**-**	**2,374**
Non-current liabilities			-
Borrowings from banks and other lenders	3,161	-	3,161
Other payables	12	-	12
Provisions for risks and charges	51	-	51
Derivatives	9	-	9
Deferred tax liabilities	238	-	238
Employee benefit obligations	463	-	463
Total non-current liabilities	**3,934**	**-**	**3,934**
Current liabilities			**-**
Borrowings from banks and other lenders	98	-	98
Trade payables	2,132	-	2,132
Other payables	990	(37)	953
Derivatives	41	-	41
Provisions for risks and charges	558	77	635
Current tax payables	32	-	32
Total current liabilities	**3,851**	**40**	**3,891**
Total liabilities	**7,785**	**40**	**7,825**
Total equity and liabilities	**10,159**	**40**	**10,199**

Consolidated Income Statement at 30 September 2018

(in millions of Euro)

	9 months 2018 published	Purchase price allocation General Cable	9 months 2018 restated
Sales of goods and services	7,293		7,293
Change in inventories of work in progress, semi-finished and finished goods	8		8
Other income	103		103
Raw materials, consumables used and goods for resale	(4,751)		(4,751)
Fair value change in metal derivatives	(43)		(43)
Personnel costs	(920)		(920)
of which personnel costs for company reorganisation	*(22)*		*(22)*
of which personnel costs for stock option fair value	*(15)*		*(15)*
Amortisation, depreciation, impairment and impairment reversals	(153)	(7)	(160)
of which other impairment	*(1)*		*(1)*
Other expenses	(1,264)		(1,264)
of which non-recurring (other expenses) and releases	*(1)*		*(1)*
of which (other expenses) for company reorganisation	(3)		(3)
Share of net profit/(loss) of equity-accounted companies	50		50
Operating income	**323**	**(7)**	**316**
Finance costs	*(348)*		*(348)*
of which non-recurring finance costs	(2)		(2)
Finance income	275		275
Profit/(loss) before taxes	**250**	**(7)**	**243**
Taxes	(67)	2	(65)
Net profit/(loss) for the period	**183**	**(5)**	**178**
Attributable to:			
Owners of the parent	183	(5)	178
Non-controlling interests	-	-	-
Basic earnings/(loss) per share (in Euro)	**0.77**		**0.74**
Diluted earnings/(loss) per share (in Euro)	**0.77**		**0.74**

Consolidated Statement of Comprehensive Income at 30 September 2018

(in millions of Euro)

	9 months 2018 published	Purchase price allocation General Cable	9 months 2018 restated
Net profit/(loss) for the period	**183**	**(5)**	**178**
Comprehensive income/(loss) for the period			
- items that may be reclassified subsequently to profit or loss:			
Fair value gains/(losses) on cash flow hedges - gross of tax	(3)		(3)
Fair value gains/(losses) on cash flow hedges - tax effect	1		1
Measurement of financial instruments at fair value through other comprehensive income	(1)		(1)
Currency translation differences	(31)		(31)
Total items that may be reclassified, net of tax	**(34)**		**(34)**
- items that will NOT be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) on employee benefits - gross of tax	18		18
Actuarial gains/(losses) on employee benefits - tax effect	(3)		(3)
Total items that will NOT be reclassified, net of tax	**15**		**15**
Total comprehensive income/(loss) for the period	**164**	**(5)**	**159**
Attributable to:			-
Owners of the parent	160	(5)	155
Non-controlling interests	4	-	4

Consolidated Income Statement - 3rd quarter 2018

(in millions of Euro)

	3rd quarter 2018 published	Purchase price allocation General Cable	3rd quarter 2018 restated
Sales of goods and services	2,929		2,929
Change in inventories of work in progress, semi-finished and finished goods	(62)		(62)
Other income	56		56
Raw materials, consumables used and goods for resale	(1,848)		(1,848)
Fair value change in metal derivatives	(18)		(18)
Personnel costs	(356)		(356)
of which personnel costs for company reorganisation	*(10)*		*(10)*
of which personnel costs for stock option fair value	*(1)*		*(1)*
Amortisation, depreciation, impairment and impairment reversals	(59)	(5)	(64)
of which other impairment and impairment reversals	*(1)*		*(1)*
Other expenses	(493)		(493)
of which (other expenses) for company reorganisation	*(1)*		*(1)*
Share of net profit/(loss) of equity-accounted companies	14		14
Operating income	**163**	**(5)**	**158**
Finance costs	(131)		(131)
of which non-recurring finance costs	*(1)*		*(1)*
Finance income	104		104
Profit/(loss) before taxes	**136**	**(5)**	**131**
Taxes	(35)	2	(33)
Net profit/(loss) for the period	**101**	**(3)**	**98**
Attributable to:			
Owners of the parent	101		98
Non-controlling interests	-		-

Consolidated Statement of Comprehensive Income - 3rd quarter 2018

(in millions of Euro)

	3rd quarter 2018 published	Purchase price allocation General Cable	3rd quarter 2018 restated
Net profit/(loss) for the period	**101**	**(3)**	**98**
Comprehensive income/(loss) for the period			
- items that may be reclassified subsequently to profit or loss:			
Fair value gains/(losses) on cash flow hedges - gross of tax	3	-	3
Fair value gains/(losses) on cash flow hedges - tax effect	(1)	-	(1)
Measurement of financial instruments at fair value through other comprehensive income	(1)	-	(1)
Currency translation differences	(5)	(2)	(7)
Total items that may be reclassified, net of tax	**(4)**	**(2)**	**(6)**
- items that will NOT be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) on employee benefits - gross of tax	9	-	9
Actuarial gains/(losses) on employee benefits - tax effect	-	-	-
Total items that will NOT be reclassified, net of tax	**9**	**-**	**9**
Total comprehensive income/(loss) for the period	**106**	**(3)**	**101**
Attributable to:			
Owners of the parent	105	(3)	100
Non-controlling interests	1	-	1

D. FINANCIAL RISK MANAGEMENT

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

The current Quarterly Financial Report does not contain all the information about financial risks presented in the Annual Financial Report at 31 December 2018, which should be consulted for a more detailed analysis.

With reference to the risks described in the Annual Financial Report at 31 December 2018, 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 measurement

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

(in millions of Euro)

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value:				
Derivatives through profit or loss	-	18	-	18
Hedging derivatives	-	2	-	2
Financial assets at amortised cost	-	4	-	4
Financial assets at fair value through profit or loss	21	-	-	21
Financial assets at fair value through other comprehensive income	11	-	-	11
Other investments at fair value through other comprehensive income			13	13
Total assets	**32**	**24**	**13**	**69**
Liabilities				
Financial liabilities at fair value:				
Derivatives through profit or loss	-	20	-	20
Hedging derivatives	-	39	-	39
Total liabilities	**-**	**59**	**-**	**59**

Financial assets classified in fair value Level 3 have reported no significant movements in the period.
Given the short-term nature of trade receivables and payables, their carrying amounts, net of any allowances for impairment, are treated as a good approximation of fair value.
Financial assets at fair value through profit or loss of Euro 21 million, classified in fair value Level 1, refer to funds in which the Brazilian and Argentinian subsidiaries temporarily invest their liquidity.
Financial assets at fair value through other comprehensive income of Euro 11 million, classified in fair value Level 1, refer to Italian government securities.
During the first nine months of 2019 there were no transfers of financial assets and liabilities between the different levels of the fair value hierarchy.

(b) Valuation techniques

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

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

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

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

E. BUSINESS COMBINATIONS

Prysmian Group acquired control of General Cable Corporation on 6 June 2018. The acquisition date was backdated to the end of May 2018 for accounting purposes.

The total consideration paid for the acquisition was approximately Euro 1,290 million.
Acquisition-related costs amounted to around Euro 19 million, before tax effects of some Euro 5 million. These costs have been expensed to income as "Non-operating expenses", of which Euro 15 million accounted for in 2017 and Euro 4 million in 2018.

In compliance with IFRS 3, the fair value of the assets, liabilities and contingent liabilities has been finalised within twelve months of the acquisition date.
The excess of the purchase consideration over the fair value of net assets acquired has been recognised as goodwill, quantified as Euro 1,115 million.

Such goodwill is primarily justified by the future earnings expected from integrating the two groups, including the benefits of run-rate synergies. The process of allocating the acquisition purchase price had been completed as of 30 June 2019.

Details of the net assets acquired and goodwill are as follows:

(in millions of Euro)	
Cash out	1,303
Derivatives (collar) for acquisition	(13)
Acquisition price (A)	**1,290**
Fair value of net assets acquired (B)	**179**
Non-controlling interest	2
Goodwill (A-B)	**1,113**
Purchase consideration	1,290
Cash and cash equivalents held by acquiree	(82)
Acquisition cash flow	**1,208**

Details of the fair values of the assets/liabilities acquired are as follows:

(in millions of Euro)	
Property, plant and equipment	890
Intangible assets	323
Assets held for sale	3
Financial assets at amortised cost	3
Derivatives	16
Deferred taxes	(124)
Inventories	642
Trade and other receivables	697
Trade and other payables	(696)
Borrowings from banks and other lenders	(1,315)
Employee benefit obligations and Provisions for risks and charges	(342)
Cash and cash equivalents	82
Net assets acquired (B)	**179**

There now follow some brief comments about the fair value measurement performed as part of the purchase price allocation process.

Property, plant and equipment

The fair value measurement has increased book value by Euro 464 million.

Intangible assets

The fair value measurement has identified the following higher values of intangible assets:

- Customer relationships: Euro 232 million (amortised over a useful life of between 3 and 20 years);
- Trademarks: Euro 51 million (amortised over a useful life of 10 years);
- Technology: Euro 39 million (amortised over a useful life of between 4 and 5 years);
- Order book: Euro 2 million (amortised over a useful life of 1 year).

"Goodwill" and other intangible assets previously recorded in the General Cable financial statements, amounting to Euro 27 million, have been cancelled against the above higher values.

Trade and other receivables, Trade and other payables

Trade and other receivables and trade and other payables have been measured at fair value.

Inventories

The fair value measurement has increased book value by Euro 16 million due to the recognition of an inventory step-up for production profit margins.

Provisions for risks

The fair value measurement has increased book value by Euro 125 million in connection with contingent liabilities.

Deferred taxes

The variation reflects recognition of the tax effect of all the above differences against book value

F. SEGMENT INFORMATION

Following the acquisition of General Cable, since June 2018 the Group has embarked on a reorganisation, as a result of which it has redesigned its operating segments and therefore its segment reporting to reflect the new model adopted by the Group.

These changes have caused the operating segments to be redefined as follows:

- *Energy*, whose smallest identifiable CGU is the Region; this segment encompasses the former Energy Products segment as well as the Core Oil&Gas and DHT businesses included in the comparative period in the OIL&GAS segment no longer significant for the Group.
- *Projects,* whose smallest identifiable CGUs are the High Voltage, Submarine Power, Submarine Telecom and Offshore Specialties businesses; this segment encompasses the former Energy Projects segment, the Offshore Specialties business (previously included in the OIL&GAS segment no longer significant for the Group) and the Submarine Telecom business, new to the Group following the acquisition of General Cable;
- *Telecom*, whose smallest CGU continues to be the operating segment itself. This segment has not undergone any changes as a result of the above reorganisation.

The new operating segments are: *Energy*, *Projects* and *Telecom;* the figures for the comparative period have been restated accordingly. The comparative figures also reflect a reclassification within the *Energy* operating segment between the E&I and Industrial & NWC businesses for better allocation of the figures of the Omani subsidiary.

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

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

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

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

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

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

All Corporate fixed costs are allocated to the *Projects, Energy* and *Telecom* operating segments. Revenues and costs are allocated to each operating segment by identifying all revenues and costs directly attributable to that segment and by allocating 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 according to the nature of the products and services provided: each segment offers different products and services to different markets. Sales of goods and services are analysed geographically on the basis of the location of the registered office of the company that issues the invoices, regardless of the geographic destination of the products sold. This type of presentation does not produce significantly different results from analysing sales of goods and services by destination of the products sold. All transfer prices are set using the same conditions applied to other transactions between Group companies and are generally determined by applying a mark-up to production costs.

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

It should be noted that the previously published comparative figures have been restated to reflect the redefinition of the operating segments described above.

F.1 OPERATING SEGMENTS

The following tables present information by operating segment:

(in millions of Euro)

								9 months 2019
	Projects	**Energy**				**Telecom**	**Corporate**	**Group total**
		E&I	**Industrial & NWC**	**Other**	**Total Energy**			
Sales [1]	1,247	4,060	1,858	180	6,098	1,290	-	8,635
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**152**	**237**	**149**	**3**	**389**	**210**	-	**751**
% of sales	12.2%	5.8%	8.0%		6.4%	16.3%		8.7%
Adjusted EBITDA (A)	**152**	**238**	**150**	**3**	**391**	**230**	-	**773**
% of sales	12.2%	5.9%	8.0%		6.4%	17.8%		8.9%
EBITDA (B)	**123**	**229**	**141**	**3**	**373**	**226**	**(11)**	**711**
% of sales	9.9%	5.6%	7.7%		6.1%	17.5%		8.2%
Amortisation and depreciation (C)	(47)	(93)	(40)	(2)	(135)	(52)	-	(234)
Adjusted operating income (A+C)	**105**	**145**	**110**	**1**	**256**	**178**	**-**	**539**
% of sales	8.4%	3.4%	5.5%		4.2%	13.8%		6.2%
Fair value change in metal derivatives (D)								2
Fair value stock options (E)								1
Asset (impairment) and impairment reversal (F)								(1)
Operating income (B+C+D+E+F)								**479**
% of sales								5.6%
Finance income								249
Finance costs								(351)
Taxes								(104)
Net profit/(loss) for the period								**273**
% of sales								3.2%
Attributable to:								
Owners of the parent								271
Non-controlling interests								2
RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA								
EBITDA (A)	**123**	**229**	**141**	**3**	**373**	**226**	**(11)**	**711**
Adjustments:								
Company reorganisation	3	4	6	-	10	2	2	17
of which General Cable integration costs	*2*	*1*	*1*	-	*2*	-	-	*4*
Non-recurring expenses/(income):	20	-	-	-	-	-	-	20
of which Antitrust	*20*	-	-	-	-	-	-	*20*
Other non-operating expenses/(income)	6	5	3	-	8	2	9	25
of which General Cable integration costs	-	-	-	-	-	-	*2*	*2*
Total adjustments (B)	**29**	**9**	**9**	**-**	**18**	**4**	**11**	**62**
Adjusted EBITDA (A+B)	**152**	**238**	**150**	**3**	**391**	**230**	**-**	**773**

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

(in millions of Euro)

								9 months 2018
	Projects	Energy				Telecom	Corporate	Group total
		E&I	Industrial & NWC	Other	Total Energy			
Sales [1]	1,205	3,165	1,656	168	4,989	1,099	-	7,293
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**127**	**123**	**108**	**(1)**	**230**	**170**	-	**527**
% of sales	10.5%	3.9%	6.5%		4.6%	15.5%		7.2%
Adjusted EBITDA (A)	**127**	**125**	**109**	**(1)**	**233**	**217**	-	**577**
% of sales	10.5%	3.9%	6.6%		4.7%	19.7%		7.9%
EBITDA (B)	**123**	**101**	**94**	**(1)**	**194**	**245**	**(28)**	**534**
% of sales	10.2%	3.2%	5.7%		3.9%	22.3%		7.3%
Amortisation and depreciation (C)	(38)	(54)	(26)	(4)	(84)	(37)	-	(159)
Adjusted operating income (A+C)	**89**	**71**	**83**	**(5)**	**149**	**180**	**-**	**418**
% of sales	7.4%	2.2%	5.0%		3.0%	16.4%		5.7%
Fair value change in metal derivatives (D)								(43)
Fair value stock options (E)								(15)
Asset (impairment) and impairment reversal (F)	(1)							(1)
Operating income (B+C+D+E+F)								**316**
% of sales								3.7%
Finance income								275
Finance costs								(348)
Taxes								(65)
Net profit/(loss)								**178**
% of sales								2.4%
Attributable to:								
Owners of the parent								178
Non-controlling interests								-
RECONCILIATION BETWEEN EBITDA AND ADJUSTED EBITDA								
EBITDA (A)	**123**	**101**	**94**	**(1)**	**194**	**245**	**(28)**	**534**
Adjustments:								
Company reorganisation	2	10	7	-	17	4	2	25
of which General Cable integration costs	*-*	*7*	*5*	*-*	*12*	*1*	*2*	*15*
Non-recurring expenses/(income):	1	-	-	-	-	-	-	1
of which Antitrust	*1*	*-*	*-*	*-*	*-*	*-*	*-*	*1*
Other non-operating expenses/(income)	1	14	8	-	22	(32)	26	17
of which General Cable acquisition-related costs	*-*	*1*	*1*	*-*	*2*	*-*	*4*	*6*
of which General Cable integration costs	*-*	*-*	*-*	*-*	*-*	*-*	*20*	*20*
of which release of General Cable inventory step-up[2]	*1*	*9*	*4*	*-*	*13*	*2*	*-*	*16*
of which income from YOFC listing	*-*	*-*	*-*	*-*	*-*	*(36)*	*-*	*(36)*
Total adjustments (B)	**4**	**24**	**15**	**-**	**39**	**(28)**	**28**	**43**
Adjusted EBITDA (A+B)	**127**	**125**	**109**	**(1)**	**233**	**217**	**-**	**577**

[1] Sales of the operating segments and business areas are reported net of intercompany transactions and net of transactions between operating segments, consistent with the presentation adopted in the regularly reviewed reports.
[2] Reflects the higher cost of using finished goods and raw materials measured at General Cable's acquisition-date fair value.
(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

F.2 2 GEOGRAPHICAL AREAS

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

(in millions of Euro)

	9 months 2019	9 months 2018
Sales of goods and services	**8,635**	**7,293**
EMEA*	**4,617**	**4,425**
(of which Italy)	871	974
North America	**2,610**	**1,623**
Latin America	**684**	**522**
Asia Pacific	**724**	**723**

(*) EMEA = Europe, Middle East and Africa

1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of this line item and related movements are as follows:

(in millions of Euro)

	Property, plant and equipment	Intangible assets (*)	*of which Goodwill (*)*
Balance at 31 December 2018	**2,629**	**2,162**	**1,571**
Movements in 2019:			
- Investments	127	16	-
- Increases for leases (IFRS 16)	155	-	-
- Disposals	(5)		
- Depreciation and amortisation	(180)	(54)	-
- Impairment	(1)	-	-
- Currency translation differences	43	67	*47*
- Reclassifications (to)/from Assets held for sale	(19)	-	-
- Monetary revaluation for hyperinflation	4	-	-
- Other	(4)	4	-
Total movements	**120**	**33**	***47***
Balance at 30 September 2019	**2,749**	**2,195**	***1,618***
Of which:			
- Historical cost	4,366	2,684	*1,638*
- Accumulated depreciation/amortisation and impairment	(1,617)	(489)	*(20)*
Net book value	**2,749**	**2,195**	***1,618***

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

(in millions of Euro)

	Property, plant and equipment	Intangible assets	*of which Goodwill*
Balance at 31 December 2017	**1,646**	**735**	**438**
Movements in 2018:			
- Business combinations	890	1,436	*1,113*
- Investments	160	9	-
- Disposals	(4)	-	-
- Depreciation and amortisation	(117)	(42)	-
- Impairment	(1)	-	-
- Currency translation differences	(12)	19	*10*
- Reclassifications (to)/from Assets held for sale	(2)	-	-
Total movements	**914**	**1,422**	***1,123***
Balance at 30 September 2018 (*)	**2,560**	**2,157**	***1,561***
Of which:			
- Historical cost	3,913	2,575	*1,581*
- Accumulated depreciation/amortisation and impairment	(1,353)	(418)	(20)
Net book value	**2,560**	**2,157**	***1,561***

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

Investments in property, plant and equipment amount to Euro 127 million in the first nine months of 2019, while those in intangible assets amount to Euro 16 million (mostly for IT projects). This expenditure is analysed as follows:

- 51%, or Euro 65 million, for projects to increase and rationalise production capacity and develop new products;
- 29%, or Euro 37 million, for projects to improve industrial efficiency;
- 20%, or Euro 25 million, for structural work at several production facilities.

Increases of Euro 155 million for finance leases refer to property, plant and equipment recorded upon adoption of IFRS 16, which has given rise to Euro 28 million in depreciation, meaning that Property, plant and equipment report a net increase of Euro 127 million at 30 September 2019 as a result of adopting IFRS 16. This standard has also involved the recognition at 30 September 2019 of Euro 128 million in financial liabilities and Euro 3 million in finance costs.

There are liens of Euro 0.3 million on machinery serving as security against long-term loans (Euro 4.4 million at 31 December 2018).

2. EQUITY-ACCOUNTED INVESTMENTS

These are detailed as follows:

(in millions of Euro)

	30 September 2019	31 December 2018
Investments in associates	311	294
Total	**311**	**294**

Investments in associates

Information about the main investments in associates:

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

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

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

At 30 September 2019, the fair value of the investment in Yangtze Optical Fibre and Cable Joint Stock Limited Company was Euro 266 million (based on the price quoted on the Hong Kong market), compared with a carrying amount of Euro 245 million.

Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd, formed in 2002 and based in Shanghai (China), is an associated company, 25% of whose share capital is held by Prysmian Group and 75% by Yangtze Optical Fibre and Cable Joint Stock Limited Company. The company specialises in the manufacture and sale of optical fibre and cables, offering a wide range of optical fibre cables and accessories, services and FTTx solutions.

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

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

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 change in Investments in associates during the period primarily reflects the Group's share of profit or loss of associates.

Investments in joint ventures

Information about the main investments in joint ventures:

Company name	Registered office	% owned
Precision Fiber Optics Ltd	Japan	50.00%

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

3. TRADE AND OTHER RECEIVABLES

These are detailed as follows:

(in millions of Euro)

			30 September 2019
	Non-current	Current	Total
Trade receivables	-	1,860	1,860
Allowance for doubtful accounts	-	(87)	(87)
Total trade receivables	**-**	**1,773**	**1,773**
Other receivables:			
Tax receivables	7	202	209
Financial receivables	2	4	6
Prepaid finance costs	4	2	6
Receivables from employees	2	6	8
Pension plan receivables	-	3	3
Construction contracts	-	663	663
Advances to suppliers	4	21	25
Other	17	148	165
Total other receivables	**36**	**1,049**	**1,085**
Total	**36**	**2,822**	**2,858**

(in millions of Euro)

			31 December 2018 (*)
	Non-current	Current	Total
Trade receivables	-	1,723	1,723
Allowance for doubtful accounts	-	(88)	(88)
Total trade receivables	**-**	**1,635**	**1,635**
Other receivables:			
Tax receivables	6	158	164
Financial receivables	2	7	9
Prepaid finance costs	-	1	1
Receivables from employees	2	2	4
Pension plan receivables	-	1	1
Construction contracts	-	360	360
Advances to suppliers	4	23	27
Other	19	115	134
Total other receivables	**33**	**667**	**700**
Total	**33**	**2,302**	**2,335**

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

4. INVENTORIES

These are detailed as follows:

(in millions of Euro)

	30 September 2019	31 December 2018 (*)
Raw materials	484	442
of which allowance for obsolete and slow-moving raw materials	*(46)*	*(39)*
Work in progress and semi-finished goods	409	356
of which allowance for obsolete and slow-moving work in progress and semi-finished goods	*(18)*	*(13)*
Finished goods (**)	796	713
of which allowance for obsolete and slow-moving finished goods	*(76)*	*(67)*
Total	**1,689**	**1,511**

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.
(**) Finished goods also include goods for resale.

5. DERIVATIVES

These are detailed as follows:

(in millions of Euro)

	30 September 2019	
	Asset	**Liability**
Non-current		
Forward currency contracts on financial transactions (cash flow hedges)	-	21
Forward currency contracts on commercial transactions (cash flow hedges)	-	2
Total hedging derivatives	**-**	**23**
Metal derivatives	4	1
Total other derivatives	**4**	**1**
Total non-current	**4**	**24**
Current		
Interest rate derivatives (cash flow hedges)	-	5
Forward currency contracts on commercial transactions (cash flow hedges)	2	11
Total hedging derivatives	**2**	**16**
Forward currency contracts on commercial transactions	3	4
Forward currency contracts on financial transactions	3	1
Metal derivatives	8	14
Total other derivatives	**14**	**19**
Total current	**16**	**35**
Total	**20**	**59**

(in millions of Euro)

	31 December 2018	
	Asset	**Liability**
Non-current		
Interest rate derivatives (cash flow hedges)	-	8
Total hedging derivatives	**-**	**8**
Metal derivatives	2	1
Total other derivatives	**2**	**1**
Total non-current	**2**	**9**
Current		
Interest rate derivatives (cash flow hedges)	-	6
Forward currency contracts on commercial transactions (cash flow hedges)	3	10
Total hedging derivatives	**3**	**16**
Forward currency contracts on commercial transactions	4	8
Forward currency contracts on financial transactions	2	2
Metal derivatives	10	15
Total other derivatives	**16**	**25**
Total current	**19**	**41**
Total	**21**	**50**

Interest rate derivatives designated as cash flow hedges refer to:

- interest rate swaps, for an overall notional value of Euro 1,000 million, with the objective of hedging variable rate interest rate flows for the period 2018-2023 on financing contracted by the Group to acquire General Cable;
- interest rate swaps, for an overall notional value of Euro 300 million, with the objective of hedging variable rate interest rate flows for the period 2018-2020 on financing contracted by the Group to acquire General Cable;
- interest rate swaps for an overall notional value of Euro 110 million, with the objective of hedging variable interest rate flows over the period 2018-2024 on an existing loan.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss, amounting to Euro 21 million (Euro 25 million at 31 December 2018), basically refer to units in funds that mainly invest in short and medium-term government securities. The subsidiaries that invest temporarily available liquidity in such funds are primarily those in Brazil and Argentina.

7. CASH AND CASH EQUIVALENTS

These are detailed as follows:

(in millions of Euro)

	30 September 2019	31 December 2018
Cash and cheques	2	-
Bank and postal deposits	344	1,001
Total	**346**	**1,001**

Cash and cash equivalents, deposited with major financial institutions, are managed centrally through the Group's treasury company and in its various operating units.

Cash and cash equivalents managed by the Group's treasury company amount to Euro 52 million at 30 September 2019, compared with Euro 630 million at 31 December 2018.

8. ASSETS AND LIABILITIES HELD FOR SALE

These are detailed as follows:

(in millions of Euro)

	30 September 2019	31 December 2018
Assets held for sale:		
Lands	2	2
Buildings	4	1
Other property, plant and equipment	9	-
Other assets	18	-
Total assets held for sale	**33**	**3**
Liabilities held for sale:		
Other liabilities	11	-
Total liabilities held for sale	**11**	**-**

Assets and liabilities classified as held for sale at 30 September 2019 reflect:

- assets of Euro 3 million at the plant in Delfzijl;
- assets and liabilities of Euro 30 million and Euro 11 million respectively in relation to Draka Fileca SAS, for which a binding purchase offer has been received from Carlisle Companies Incorporated, as discussed in more detail in Note 26. Subsequent Events.

During the course of third quarter 2019, the office building in Barcelona was sold for the sum of Euro 7 million. Assets and liabilities held for sale are classified in Level 3 of the fair value hierarchy.

9. SHARE CAPITAL AND RESERVES

Consolidated equity has recorded a positive change of Euro 251 million since 31 December 2018, mainly reflecting the net effect of:

- positive currency translation differences of Euro 145 million;
- a negative post-tax change of Euro 8 million in the fair value of derivatives designated as cash flow hedges;
- a reduction of Euro 54 million in the reserves for actuarial gains/(losses) on employee benefits;
- a negative change of Euro 1 million in the share-based compensation reserve linked to stock option plans;
- the net profit for the period of Euro 273 million;
- an increase of Euro 13 million for the effects of hyperinflation;
- a decrease of Euro 118 million for the distribution of dividends;
- a positive change of Euro 1 million arising from the measurement of financial instruments at fair value through other comprehensive income.

At 30 September 2019, the share capital of Prysmian S.p.A. comprises 268,144,246 shares, each of nominal value Euro 0.10 for a total of Euro 26,814,424.60.

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

	Ordinary shares	Treasury shares	Total
Balance at 31 December 2017	**217,482,754**	**(6,494,881)**	**210,987,873**
Capital increase [(1)]	50,661,492	-	50,661,492
Share buyback		-	-
Allotments and sales [(2)]	-	1,397,668	1,397,668
Balance at 31 December 2018	**268,144,246**	**(5,097,213)**	**263,047,033**
	Ordinary shares	**Treasury shares**	**Total**
Balance at 31 December 2018	**268,144,246**	**(5,097,213)**	**263,047,033**
Allotments and sales [(3)]	-	174,691	174,691
Balance at 30 September 2019	**268,144,246**	**(4,922,522)**	**263,221,724**

[(1)] Issue of new shares serving the capital increase (32,652,314 shares), the conversion of the Convertible Bond 2013 (12,677,769 shares) and the long-term incentive plan (LTI Plan) for Group employees (5,331,409 shares).
[(2)] Allotment and/or sale of treasury shares to serve the long-term incentive plan (LTI Plan) for Group employees (1,278,001 shares allotted) and the YES Group employee share purchase plan (87,540 shares allotted and 32,127 shares sold).
[(3)] Allotment and/or sale of treasury shares under the YES Group employee share purchase plan (174,691 shares).

Treasury shares

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

	Number of shares	Total nominal value (in Euro)	% of share capital	Average unit value (in Euro)	Total carrying value (in Euro)
Balance at 31 December 2017	**6,494,881**	**649,488**	**2.99%**	**20.23**	**131,387,074**
- Allotments and sales	(1,397,668)	(139,767)	-	19.92	(27,841,547)
Balance at 31 December 2018	**5,097,213**	**509,722**	**1.90%**	**20.31**	**103,545,528**
- Allotments and sales	(174,691)	(17,469)	-	19.92	(3,479,845)
Balance at 30 September 2019	**4,922,522**	**492,253**	**1.84%**	**20.33**	**100,065,684**

Authorisation to buy and dispose of treasury shares

The Shareholders' Meeting of Prysmian S.p.A. held on 5 June 2019 authorised a buyback and disposal of treasury shares, revoking at the same time the previous authorisation under the shareholder resolution dated 12 April 2018. The authorisation provides the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total must not exceed, at any one time, 10% of share capital. 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 lasts for 18 months commencing from the date of the Shareholders' Meeting, while 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)

			30 September 2019
	Non-current	Current	Total
Borrowings from banks and other lenders	131	196	327
Term Loan	994	4	998
Bridge Loan	-	401	401
Unicredit Loan	199	1	200
Mediobanca Loan	100	1	101
Non-convertible bond	746	9	755
Convertible Bond 2017	475	-	475
Finance lease obligations	100	40	140
Total	**2,745**	**652**	**3,397**

(in millions of Euro)

	31 December 2018		
	Non-current	**Current**	**Total**
Borrowings from banks and other lenders	246	82	328
Term Loan	993	1	994
Bridge Loan	500	-	500
Unicredit Loan	199	-	199
Non-convertible bond	745	14	759
Convertible Bond 2017	467	-	467
Finance lease obligations	11	1	12
Total	**3,161**	**98**	**3,259**

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

(in millions of Euro)

	30 September 2019	31 December 2018
CDP Loan	100	100
EIB Loans	135	152
Term Loan	998	994
Bridge Loan	401	500
Unicredit Loan	200	199
Mediobanca Loan	101	-
Other borrowings	92	76
Borrowings from banks and other lenders	**2,027**	**2,021**
Non-convertible bond	755	759
Convertible Bond 2017	475	467
Total	**3,257**	**3,247**

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

Syndicated Revolving Credit Facility 2019 and Syndicated Revolving Credit Facility 2014

On 3 April 2019, the Group renewed its Euro 1,000 million long-term revolving credit facility with a syndicate of leading Italian and international banks. The five-year credit facility replaces the Syndicated Revolving Credit Facility 2014, which was extinguished at the same time. The funds are available for business and working capital needs, including the refinancing of existing facilities. The Syndicated Revolving Credit Facility 2019 can also be used for the issue of guarantees.

At 30 September 2019, the Syndicated Revolving Credit Facility 2019 was not being used.

Loan from Cassa Depositi e Prestiti (CDP)

On 25 September 2017, Prysmian S.p.A. entered into an agreement with Cassa Depositi e Prestiti S.p.A. for a medium/long-term cash loan for a maximum total amount of Euro 100 million. This loan, maturing on 30 September 2020, was drawn down in its entirety on 29 September 2017. It will be used solely for the Group's general purposes, including capital expenditure, expenditure on research, development and innovation, as well as on energy efficiency and environmental stewardship. At 30 September 2019, the fair value of the CDP Loan approximates the related carrying amount.

EIB Loans

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

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

The EIB Loan, received on 5 February 2014, is repayable in 12 equal half-yearly instalments commencing 5 August 2015 and ending 5 February 2021.

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

At 30 September 2019, the fair value of the EIB Loans approximates 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).

After repayments against the EIB Loan 2013, the outstanding balance on the EIB Loans as at 30 September 2019 was Euro 135 million.

Financing for the General Cable acquisition

On 2 March 2018, Prysmian S.p.A. entered into a credit agreement (the Acquisition Financing Agreement) with the aim of securing the financial resources needed to pay the consideration for the acquisition of General Cable, to refinance the existing debt of General Cable and its subsidiaries and to finance acquisition-related fees, commissions, costs and expenses.

This financing consists of two lines of credit:

• "Term Loan": a term loan for Euro 1 billion, repayable on the fifth anniversary of the acquisition closing date (6 June 2023);

• "Bridge Loan": a term loan for Euro 700 million, repayable with a bullet payment within 2 years of the acquisition closing date (8 June 2020).

The interest rates applied to the new loans are indexed to 6M and 3M Euribor.

Both lines were drawn down in full upon acquiring General Cable.

With reference to the Bridge Loan, the Group has made the following early repayments: Euro 200 million in December 2018 and Euro 100 million in March 2019. Following these repayments, the loan's residual value as at 30 September 2019 was Euro 401 million. At 30 September 2019, the fair value of the two loans approximates their carrying amount.

Unicredit Loan

On 15 November 2018, Prysmian S.p.A. entered into an agreement with Unicredit for a medium-term cash loan for a maximum amount of Euro 200 million for 5 years from the date of signing. The agreement envisages a bullet repayment at maturity. The interest rate applied is indexed to 6M and 3M Euribor. As at 30 September 2019, this loan was drawn down in full. At 30 September 2019, the fair value of this loan approximates its carrying amount.

Mediobanca Loan

On 20 February 2019, the Group entered into an agreement with Mediobanca for a Euro 100 million medium-term loan for 5 years from the date of signing, with a bullet repayment at maturity. The interest rate applied is indexed to 6M and 3M Euribor. As at 30 September 2019, this loan was drawn down in full. At 30 September 2019, the fair value of this loan approximates its carrying amount.

The following tables summarise the committed lines available to the Group at 30 September 2019 and 31 December 2018:

(in millions of Euro)

			30 September 2019
	Total lines	**Drawn**	**Undrawn**
Syndicated Revolving Credit Facility 2019	1,000	-	1,000
CDP Loan	100	(100)	-
EIB Loans	135	(135)	-
Term Loan	1,000	(1,000)	-
Bridge Loan	400	(400)	-
Unicredit Loan	200	(200)	-
Mediobanca Loan	100	(100)	-
Total	**2,935**	**(1,935)**	**1,000**

(in millions of Euro)

			31 December 2018
	Total lines	**Drawn**	**Undrawn**
Syndicated Revolving Credit Facility 2014	1,000	-	1,000
CDP Loan	100	(100)	-
EIB Loans	152	(152)	-
Term Loan	1,000	(1,000)	-
Bridge Loan	500	(500)	-
Unicredit Loan	200	(200)	-
Total	**2,952**	**(1,952)**	**1,000**

Bonds

The Prysmian Group had the following bonds outstanding as at 30 September 2019:

Non-convertible bond issued in 2015

On 10 March 2015, the Board of Directors of Prysmian S.p.A. authorised management to proceed, depending on prevailing market conditions and in any case by 30 June 2016, with the issuance and private or public placement of bonds in one or more tranches. These bonds were offered for sale to institutional investors only. As a result, on 30 March 2015 Prysmian S.p.A. completed the placement with institutional investors of an unrated bond, on the Eurobond market, for a total nominal value of Euro 750 million. The bond, with an issue price of Euro 99.002, has a 7-year maturity and pays a fixed annual coupon of 2.50%. The individual bonds, maturing on 11 April 2022, have minimum denominations of Euro 100,000, plus integral multiples of Euro 1,000.

The bond settlement date was 9 April 2015. The bond has been admitted to the Luxembourg Stock Exchange and is traded on the related regulated market.

At 30 September 2019, the fair value of the non-convertible bond is Euro 783 million. Fair value has been determined with reference to the quoted price in the relevant market (Level 1 of the fair value hierarchy).

Convertible Bond 2017

On 12 January 2017, the Board of Directors approved the placement of an equity-linked bond, known as "Prysmian S.p.A. Euro 500 million Zero Coupon Equity Linked Bonds due 2022" maturing 17 January 2022 and reserved for institutional investors.

At the meeting held on 12 April 2017, the Company's shareholders authorised:

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

The conversion price of the bonds of Euro 34.2949 was set by applying a 41.25% premium to the weighted average price of the Company's ordinary shares recorded on the Milan Stock Exchange between the start and end of the book-building process during the morning of 12 January 2017.

The Company will have the option to call all (but not just a part) of the outstanding bonds at their principal amount from 1 February 2020, should the value of the shares exceed 130% of the conversion price for a specified period of time.

The placement has allowed the Company to diversify its financial resources more widely by raising funds on the capital market. These funds will be used to pursue the Company's potential external growth opportunities; to finance, in line with the shareholders' authorisation of the share buyback, the buyback of the Company's shares that will be used to fulfil potential conversion rights requirements and/or as consideration to finance the Company's growth strategy and for general corporate purposes.

On 16 May 2017, the Company sent a physical settlement notice to holders of the bonds, granting them the right, with effect from 29 May 2017, to convert them into the Company's existing or new ordinary shares. On

30 May 2017, the Bond was admitted to trading on the Third Market (a multilateral trading facility or MTF) on the Vienna Stock Exchange.

The accounting treatment for the Convertible Bond 2017 has resulted in the recognition of an equity component of Euro 48 million and a debt component of Euro 452 million, determined at the bond issue date.

(in millions of Euro)	
Issue value of convertible bond	500
Equity reserve for convertible bond	(48)
Issue date net balance	**452**
Interest - non-monetary	26
Related costs	(3)
Balance at 30 September 2019	**475**

At 30 September 2019, the fair value of the Convertible Bond 2017 (equity component and debt component) is Euro 498 million, of which the fair value of the debt component is Euro 479 million. 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).

General Cable convertible bond

This bond, originating from the acquisition of General Cable, was issued on 18 December 2009 for an amount of USD 429.5 million; it allowed bondholders the option, in the event of an acquisition, to request repayment of the nominal value plus a premium. The Bond was almost entirely extinguished in the two months following the acquisition, leaving a remaining debt of USD 0.4 million as at 30 September 2019.

Other borrowings from banks and other lenders and Finance lease obligations

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

(in millions of Euro)

	CDP Loan	EIB Loans	Conv. Bonds	Non-Conv. Bonds	Loans for acquisition	Unicredit and Mediobanca Loans	Other borrowings / Finance lease obligations	Total
Balance at 31 December 2018	**100**	**152**	**467**	**759**	**1,494**	**199**	**88**	**3,259**
Currency translation differences	-	-	-	-	-	-	1	1
New funds	-	-	-	-	-	100	54	154
Repayments	-	(17)	-	-	(100)	-	(66)	(183)
Amortisation of bank and financial fees and other expenses	-	-	1	1	2	-	-	4
Application IFRS 16 1st January 2019	-	-	-	-	-	-	155	155
Interest and other movements	-	-	7	(5)	3	2	-	7
Total movements	**-**	**(17)**	**8**	**(4)**	**(95)**	**102**	**144**	**138**
Balance at 30 September 2019	**100**	**135**	**475**	**755**	**1,399**	**301**	**232**	**3,397**

(in millions of Euro)

	CDP Loan	EIB Loans	Conv. Bonds	Non-Conv. Bonds	Loans for acquisition	Unicredit and Mediobanca Loans	Other borrowings (including ex General Cable borrowings) / Finance lease obligations	Total
Balance at 31 December 2017	100	169	739	757	-	-	71	1,836
Business combinations	-	-	396	-	-	-	915	1,311
Currency translation differences	-	-	-	-	-	-	3	3
New funds	-	-	-	-	1,700	-	42	1,742
Repayments	-	(17)	(396)	-	-	-	(909)	(1,322)
Amortisation of bank and financial fees and other expenses	-	-	1	1	(8)	-	-	(6)
Conversion of Convertible Bond 2013	-	-	(283)	-	-	-	-	(283)
Interest and other movements	-	-	7	(5)	4	-	-	6
Total movements	**-**	**(17)**	**(275)**	**(4)**	**1,696**	**-**	**51**	**1,451**
Balance at 30 September 2018	**100**	**152**	**464**	**753**	**1,696**	**-**	**122**	**3,287**

NET FINANCIAL DEBT

(in millions of Euro)

	Note	30 September 2019	31 December 2018
Long-term financial payables			
CDP Loan	10	-	100
EIB Loans	10	118	135
Non-convertible bond	10	746	745
Convertible Bond 2017	10	475	467
Term Loan	10	994	993
Bridge Loan	10	-	500
Unicredit Loan	10	199	199
Mediobanca Loan	10	100	-
Finance leases	10	100	11
Interest rate swaps	5	21	8
Other financial payables	10	13	11
Total long-term financial payables		**2,766**	**3,169**
CDP Loan	10	100	-
EIB Loans	10	17	17
Non-convertible bond	10	9	14
Term Loan	10	4	1
Bridge Loan	10	401	-
Unicredit Loan	10	1	-
Mediobanca Loan	10	1	-
Finance leases	10	40	1
Interest rate swaps	5	5	6
Forward currency contracts on financial transactions	5	1	2
Other financial payables	10	79	65
Total short-term financial payables		**658**	**106**
Total financial liabilities		**3,424**	**3,275**
Long-term financial receivables	3	2	2
Long-term bank fees	3	4	-
Financial assets at amortised cost		4	5
Forward currency contracts on financial transactions (current)	5	3	2
Short-term financial receivables	3	4	7
Short-term bank fees	3	2	1
Financial assets at fair value through profit or loss	6	21	25
Financial assets at fair value through other comprehensive income		11	10
Cash and cash equivalents	7	346	1,001
Net financial debt		**3,027**	**2,222**

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

(in millions of Euro)

	Note	30 September 2019	31 December 2018
Net financial debt - as reported above		**3,027**	**2,222**
Long-term financial receivables and other assets	3	6	7
Long-term bank fees	3	4	-
Net forward currency contracts on commercial transactions	5	12	11
Net metal derivatives	5	3	4
Recalculated net financial debt		**3,052**	**2,244**

11. TRADE AND OTHER PAYABLES

These are detailed as follows:

(in millions of Euro)

			30 September 2019
	Non-current	**Current**	**Total**
Trade payables	-	1,976	1,976
Total trade payables	**-**	**1,976**	**1,976**
Other payables:			
Tax and social security payables	3	187	190
Advances from customers	-	277	277
Payables to employees	-	165	165
Accrued expenses	-	145	145
Other	11	102	113
Total other payables	**14**	**876**	**890**
Total	**14**	**2,852**	**2,866**

(in millions of Euro)

			31 December 2018 (*)
	Non-current	**Current**	**Total**
Trade payables	-	2,132	2,132
Total trade payables	**-**	**2,132**	**2,132**
Other payables:			
Tax and social security payables	3	163	166
Advances from customers	-	332	332
Payables to employees	-	176	176
Accrued expenses	-	140	140
Other	9	142	151
Total other payables	**12**	**953**	**965**
Total	**12**	**3,085**	**3,097**

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

Trade payables include around Euro 187 million (Euro 218 million at 31 December 2018) for the supply of strategic metals (copper, aluminium and lead), whose payment terms are longer than normal for this type of transaction.

Advances from customers include the liability for construction contracts, amounting to Euro 226 million at 30 September 2019 compared with Euro 292 million at 31 December 2018. This liability represents the excess of amounts invoiced over costs incurred plus accumulated profits (or losses), recognised using the percentage of completion method.

12. PROVISIONS FOR RISKS AND CHARGES

These are detailed as follows:

(in millions of Euro)

			30 September 2019
	Non-current	Current	Total
Restructuring costs	-	17	17
Contractual and legal risks	11	334	345
Environmental risks	-	10	10
Tax risks	21	62	83
Contingent liabilities	3	167	170
Other risks and charges	9	51	60
Total	**44**	**641**	**685**

(in millions of Euro)

			31 December 2018 (*)
	Non-current	Current	Total
Restructuring costs	1	38	39
Contractual and legal risks	13	314	327
Environmental risks	2	8	10
Tax risks	22	65	87
Contingent liabilities	3	167	170
Other risks and charges	10	43	53
Total	**51**	**635**	**686**

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

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

(in millions of Euro)

	Restructuring costs	Contractual and legal risks	Environmental risks	Tax risks	Contingent liabilities	Other risks and charges	Total
Balance at 31 December 2018 (*)	**39**	**327**	**10**	**87**	**170**	**53**	**686**
Business combinations	-	-	-	-	-	-	-
Increases	9	44	-	1	-	3	57
Utilisations	(23)	(14)	(1)	(5)	-	(1)	(44)
Releases	(6)	(11)	(1)	-	-	(3)	(21)
Currency translation differences	-	1	3	3	-	1	8
Other	(2)	(2)	(1)	(3)	-	7	(1)
Total movements	**(22)**	**18**	**-**	**(4)**	**-**	**7**	**(1)**
Balance at 30 September 2019	**17**	**345**	**10**	**83**	**170**	**60**	**685**

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More details can be found in Section C. Restatement of comparative figures.

The provision for contractual and legal risks amounts to Euro 345 million at 30 September 2019.
This provision includes the provision for the antitrust investigations discussed in the following paragraphs.

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

The European Commission started an investigation in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets. On 2 April 2014, the European Commission adopted a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., adopted anti-competitive practices in the European market for high voltage submarine and underground power cables. The European Commission held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the alleged infringement in the period 18 February 1999 - 28 July 2005, sentencing them to pay a fine of Euro 67.3 million, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the alleged infringement in the period 29 July 2005 - 28 January 2009, sentencing them to pay a fine of Euro 37.3 million. Prysmian filed an appeal against this decision with the General Court of the European Union along with an application to intervene in the appeals respectively lodged by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. against the same decision. Both Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. in turn submitted applications to intervene in the appeal brought by Prysmian against the European Commission's decision. The applications to intervene presented by Prysmian, Pirelli and The Goldman Sachs Group Inc. were accepted by the General Court of the European Union. Prysmian did not incur any financial outlay as a result of this decision having elected, pending the outcome of the appeals, to provide bank guarantees as security against payment of 50% of the fine imposed by the European Commission (amounting to approximately Euro 52 million) for the alleged infringement in both periods. As far as Prysmian is aware, Pirelli & C. S.p.A. also provided the European Commission with a bank guarantee for 50% of the value of the fine imposed for the alleged infringement in the period 18 February 1999 - 28 July 2005. The hearing of oral arguments in the appeal brought by Prysmian against the European Commission's decision of April 2014 took place on 20 March 2017, while the hearings of oral arguments in the appeals brought by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. against the same decision of the European Commission in April 2014 took place on 22 and 28 March 2017 respectively.

On 12 July 2018, the General Court of the European Union issued rulings on the appeals lodged by the Prysmian Group, including General Cable. These rulings have dismissed the appeals and confirmed the previously imposed fines. The Prysmian Group, including General Cable, does not agree with the conclusions reached by the General Court of the European Union and has appealed to the Court of Justice of the European Union. The hearing for the appeal filed by Prysmian was held on 23 October 2019.

Pirelli & C. S.p.A. has brought a civil action against Prysmian Cavi e Sistemi S.r.l. in the Milan Courts, in which it demands to be held harmless for all claims made by the European Commission in implementation of its decision and for any expenses related to such implementation. Prysmian Cavi e Sistemi S.r.l. started legal proceedings in February 2015, requesting that the claims brought by Pirelli & C. S.p.A. be rejected in full and that it should be Pirelli & C. S.p.A. which holds harmless Prysmian Cavi e Sistemi S.r.l., with reference to the alleged infringement in the period 18 February 1999 - 28 July 2005, for all claims made by the European

Commission in implementation of its decision and for any expenses related to such implementation. The proceedings have since been stayed by order of the court concerned in April 2015, pending the outcome of the appeals made against the European Commission's decision by both Prysmian and Pirelli in the European Courts. Pirelli has challenged this decision before the Court of Cassation, Italy's highest court of appeal, which has confirmed the stay of execution ordered by the Milan Courts. In view of the circumstances described and also with the support of the Group's legal advisors and consistent with the accounting policies, the Directors have recognised a level of provisions deemed appropriate to cover the potential liabilities associated with the events in question.

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

In Brazil, the local antitrust authority started an investigation into several manufacturers of high voltage underground and submarine cables, amongst whom Prysmian, notified of this investigation in 2011. Prysmian's preliminary defence was rejected by the local competition authority in a statement issued in February 2015. On 3 January 2019, the authority informed Prysmian that the investigative stage had been completed and gave it 10 working days for the submission of briefs, duly filed by Prysmian on 18 January 2019. The general superintendence of the Brazilian antitrust authority (Administrative Council for Economic Defense – "CADE") published a Technical Note in the Brazilian Federal Official Gazette on 11 February 2019. The Technical Note sets out the conclusions of CADE's investigations which favour the imposition of a fine on Prysmian. The Technical Note contains the recommendation that the amount the CADE Tribunal could fine Prysmian be between 15% and 20% of its turnover in Brazil in 2009. In any case, this recommendation is not binding. The CADE Tribunal's decision, which will be issued at the end of a public hearing, will be provisionally enforceable but can be challenged before the Brazilian courts.

The public hearing before the CADE Tribunal was held on 11 June 2019, as a result of which the Tribunal has not made any decision and has postponed discussion of the case to a future hearing.

In view of the circumstances described, the Directors, also assisted by their legal advisors, have already recognised a provision of Euro 68 million in the financial statements at 31 December 2018.

Antitrust - Claims for damages as a result of the European Commission's 2014 decision

During 2015, National Grid and Scottish Power, two British operators, filed claims in the High Court of London against certain cable manufacturers, including Prysmian Group companies, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in the decision adopted in April 2014. The Group companies concerned were notified of this initial court filing during the month of May 2015 and presented their defence early in October 2015, along with the summons of other parties censured in the European Commission's decision. Among the parties involved in this action, Pirelli & C. S.p.A. has requested the London High Court to decline its jurisdiction or nonetheless to stay the proceedings in its regard pending the outcome of the civil action previously brought by Pirelli against Prysmian Cavi e Sistemi S.r.l. in the Milan Courts, in which it demands to be held harmless for all claims made by the European Commission in implementation of the latter's decision and for any expenses related to such implementation. The proceedings have since been stayed, as agreed between the parties, pending the

outcome of the action brought by Pirelli in the Milan Courts. A similar agreement has also been reached with The Goldman Sachs Group Inc., another company involved in the actions discussed above. The other actions brought by Prysmian Group companies against other cable manufacturers censured in the European Commission decision have in turn been stayed pending the outcome of the main action brought by National Grid and Scottish Power. The main judgement is still in progress and a date has recently been set for the court case to begin in November 2020.
During the first few months of 2017, in addition to those mentioned in the preceding paragraph, other operators belonging to the Vattenfall Group filed claims in the High Court of London against certain cable manufacturers, including companies in the Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in its decision of April 2014. The Prysmian Group defendant companies duly filed their statement of objections. By an order dated 8 August 2018, the Court dismissed the statements of objection filed, among others, by the defendant Prysmian Group companies, which in turn appealed against this order to the relevant court. In a ruling dated 17 December 2018, the appeal presented by the Prysmian Group companies was dismissed, like for the other defendants. The judgement will now address the merits of the dispute.
Prysmian S.p.a. and Prysmian Cavi e Sistemi S.r.l. have been summoned by Nexans France SAS and Nexans SA to appear before the Court of Dortmund (Germany) in notifications dated 24 and 25 May 2018 respectively. The plaintiffs have asked the Court concerned to ascertain the existence of joint and several liability between Prysmian S.p.a. and Prysmian Cavi e Sistemi S.r.l., on the one hand, and Nexans France SAS and Nexans SA, on the other, for any damages suffered by third parties in Germany as a result of the alleged cartel in the market for high voltage underground and submarine power cables condemned in the European Commission's decision dated 2 April 2014. On 7 June 2018, Prysmian S.p.a. and Prysmian Cavi e Sistemi S.r.l. filed a notice with the Court concerned in which they declared their intention to appear and defend themselves in this action and requested an 8-month deadline within which to file their defence, duly granted by the Court.
Prysmian filed its response on 20 February 2019. The Court concerned has issued a stay of execution dated 3 June 2019 pending the outcome of the appeal against the European Commission's decision brought before the European Courts by both Prysmian and Nexans.
At present, Prysmian S.p.a. and Prysmian Cavi e Sistemi S.r.l. have not yet been able to assess in detail the merits of this litigation.

On 2 April 2019, a writ of summons was served, on behalf of Terna S.p.A., on certain cable manufacturers, including companies in the Prysmian Group, claiming compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in its April 2014 decision. This action has been brought before the Court of Milan.

In addition, on 4 April 2019, the Group learned that the following legal actions had been brought in the Court of London:

- action by Scottish and Southern Energy (SSE) Group companies against certain Prysmian Group companies. The action concerns a claim for compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in its April

2014 decision and refers to a series of unidentified underground and submarine projects. On 5 September 2019, a writ of summons was served in which the plaintiffs substantiated and quantified their claim for damages;

- action by Greater Gabbard Offshore Winds Limited and SSE companies against certain Group companies. This action also concerns a claim for compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in its April 2014 decision and specifically refers to the Greater Gabbard wind farm project in the United Kingdom. On 5 September 2019, a writ of summons was served in which the plaintiffs substantiated and quantified their claim for damages.

In view of the circumstances described and also with the support of their legal advisors, the Directors have recognised a level of provisions deemed appropriate to cover the potential liabilities associated with the events in question.

On 22 March 2019, National Grid communicated that it had brought a new action in the High Court of London against certain Group companies in which it claims compensation for damages purportedly suffered through alleged anti-competitive practices employed over a period running from the 1970s until 1997. On 12 June 2019, a writ of summons was served in which National Grid substantiated and quantified its claim for damages. In view of the preliminary status of the litigation and the uncertainty surrounding the grounds of the plaintiff's claim, the Directors, also assisted by their legal advisors, have not considered it necessary to recognise any provision.

On 2 April 2019, certain Group companies received a letter sent on behalf of Tennet TSO BV claiming compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in its April 2014 decision. However, the letter does not include any quantification of the damages and explicitly states that its purpose, among others, is to avoid expiry of the statute of limitations.
Even though a negative outcome is considered likely, the Directors have been unable to estimate the amount to provide against this and the other actions listed above because the plaintiffs have not quantified their claims.

Lastly, on 2 April 2019, a writ of summons was served, on behalf of Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, on certain cable manufacturers, including companies in the Prysmian Group, on Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. This action has been brought in the Court of Amsterdam and also involves a claim for compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission in its April 2014 decision. The writ does not contain any quantification of the damages. Based on the information currently available, the Directors are of the opinion not to make any provision.

Lastly, Prysmian Cavi e Sistemi S.r.l. and Prysmian S.p.A. were served with a writ of summons on 24 October 2019 from Pirelli & C. S.p.A. in which the latter seeks to be released from any third-party claim for damages relating to the practices forming the subject of the European Commission's decision and to be compensated for the damages allegedly incurred and quantified, which it has suffered through Prysmian having sought, in certain pending proceedings, to attribute liability to Pirelli for the illegal practices determined by the European Commission in the period from 1999 to 2005. Based on the information currently available, and believing this potential liability unlikely to crystallise, the Directors are of the opinion not to make any provision.

Antitrust - Other investigations

At the end of February 2016, the Spanish antitrust authorities initiated proceedings to verify the existence of anti-competitive practices by local low voltage cable manufacturers and distributors, including the Group's local subsidiaries. The Spanish competition authority then sent a statement of objections to some of the Group's local subsidiaries in January 2017.

On 24 November 2017, the local competition authority notified the Group's Spanish subsidiaries of a decision under which they were held liable for the alleged infringements in the period from June 2002 to June 2015 and were jointly and severally sentenced to pay a fine of Euro 15.6 million. The Group's Spanish subsidiaries have appealed against this decision. The appeal decision is still pending.

The decision of 24 November 2017 also held the Spanish subsidiaries of General Cable liable for breach of local antitrust law. However, they have obtained immunity from paying the related fine (quantified at about Euro 12.6 million) having filed for leniency and collaborated with the local competition authority in its investigations. The Spanish subsidiaries of General Cable have also appealed against the decision of the local competition authority; the appeal decision is still pending.

In view of the circumstances described and also with the support of the Group's legal advisors and consistent with the accounting policies, the Directors have adjusted the related provisions for risks deemed appropriate to cover the potential liabilities associated with the events in question.

As at 30 September 2019, the provision for the above antitrust matters amounts to approximately Euro 276 million.

Despite the uncertainty of the outcome of the investigations and legal action in progress, the amount of this provision is considered to represent the best estimate of the liability based on the information now available.

13. EMPLOYEE BENEFIT OBLIGATIONS

These are detailed as follows:

(in millions of Euro)

	30 September 2019	31 December 2018
Pension plans	438	379
Employee indemnity liability (Italian TFR)	18	15
Medical benefit plans	36	30
Termination and other benefits	34	39
Total	**526**	**463**

Movements in employee benefit obligations have had an overall impact of Euro 18 million on the period's income statement, of which Euro 10 million classified in personnel costs and Euro 8 million in finance costs.

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

	9 months 2019	9 months 2018 (*)
Average number	29,572	21,427

	30 September 2019	31 December 2018
Closing number	29,667	29,159

(*) The period average refers only to employees of the Prysmian Group and its structure prior to the acquisition of General Cable.

14. OPERATING INCOME

Operating income is a profit of Euro 479 million in the first nine months of 2019 (compared with a profit of Euro 316 million in the first nine months of 2018) and is stated after the following adjustments:

(in millions of Euro)

	9 months 2019	9 months 2018
Company reorganisation (1)	(17)	(25)
of which General Cable integration costs	*(4)*	*(15)*
Non-recurring (expenses)/income(2)	(20)	(1)
of which Antitrust	(20)	(1)
Other non-operating (expenses)/income (3)	(25)	(17)
of which General Cable acquisition-related costs	-	*(6)*
of which General Cable integration costs	*(2)*	*(20)*
of which release of General Cable inventory step-up	-	*(16)*
of which income from YOFC listing	-	*36*
Total adjustments	**(62)**	**(43)**

1) Income and expense for company reorganisation: these refer to income and expense that arise as a result of the closure of production facilities and/or as a result of projects to enhance the organisational structure's efficiency;
(2) Non-recurring income and expense: these refer to income and expense related to unusual events that have not affected the income statement in past periods and that will probably not affect the results in future periods;
(3) Other non-operating income and expense: these refer to income and expense that management considers should not be taken into account when measuring business performance.

15. FINANCE COSTS AND INCOME

Finance costs are detailed as follows:

(in millions of Euro)

	9 months 2019	9 months 2018
Interest on loans	2	1
Interest on Term Loan	9	4
Interest on Bridge Loan	3	1
Interest on Unicredit Loan	2	-
Interest on non-convertible bond	14	13
Interest on convertible bond 2013 - non-monetary component	-	1
Interest on convertible bond 2017 - non-monetary component	7	7
Interest Rate Swaps	5	2
Interest on finance leases	3	-
Amortisation of bank and financial fees and other expenses	6	5
Employee benefit interest costs net of interest on plan assets	8	6
Other bank interest	4	7
Costs for undrawn credit lines	4	3
Sundry bank fees	11	10
Non-recurring other finance costs	2	2
Finance costs for hyperinflation	10	-
Other	5	7
Finance costs	**95**	**69**
Foreign currency exchange losses	256	279
Total finance costs	**351**	**348**

Finance income is detailed as follows:

(in millions of Euro)

	9 months 2019	9 months 2018
Interest income from banks and other financial institutions	3	3
Other finance income	7	1
Finance income	**10**	**4**
Net gains on forward currency contracts	7	16
Gains on derivatives	**7**	**16**
Foreign currency exchange gains	232	255
Total finance income	**249**	**275**

16. TAXES

Taxes have been estimated on the basis of the expected average tax rate for the full year. The tax charge for the first nine months of 2019 is Euro 104 million, while the tax rate is 27.5%.

17. EARNINGS/(LOSS) PER SHARE

Both basic and diluted earnings (loss) per share have been calculated by dividing the net result for the period attributable to owners of the parent by the average number of the Company's outstanding shares.
Diluted earnings/(loss) per share have been affected by the options under the employee share purchase plan (YES Plan). Diluted earnings/(loss) per share have not been affected by the Convertible Bond 2017, whose conversion is currently "out of the money".

(in millions of Euro)

	9 months 2019	9 months 2018 (*)
Net profit/(loss) attributable to owners of the parent	271	178
Weighted average number of ordinary shares (thousands)	263,101	238,928
Basic earnings per share (in Euro)	**1.03**	**0.74**
Net profit/(loss) attributable to owners of the parent for purposes of diluted earnings per share	271	178
Weighted average number of ordinary shares (thousands)	263,101	238,928
Adjustments for:		
Dilution from incremental shares arising from exercise of stock options (thousands)	43	62
Weighted average number of ordinary shares to calculate diluted earnings per share (thousands)	263,144	238,990
Diluted earnings per share (in Euro)	**1.03**	**0.74**

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More 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.

19. RECEIVABLES FACTORING

With reference to factoring programmes, 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 288 million at 30 September 2019 (Euro 336 million at 31 December 2018).

20. SEASONALITY

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

21. RELATED PARTY TRANSACTIONS

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

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

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

The following tables provide a summary of related party transactions during the nine months ended 30 September 2019:

(in millions of Euro)

					30 September 2019
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % of total
Equity-accounted investments	311	-	**311**	311	100.0%
Trade receivables	15	-	**15**	1,773	0.9%
Other receivables	2	-	**2**	1,085	0.2%
Trade payables	4	-	**4**	1,976	0.2%
Other payables	1	2	**3**	890	0.3%
Provisions for risks and charges		5	**5**	685	0.7%

(in millions of Euro)

					31 December 2018 (*)
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % of total
Equity-accounted investments	294	-	**294**	294	100.0%
Trade receivables	3	-	**3**	1,635	0.2%
Other receivables	5	-	**5**	700	0.7%
Trade payables	5	-	**5**	2,132	0.2%
Other payables	-	1	**1**	965	0.1%
Provisions for risks and charges		4	**4**	686	0.6%

(in millions of Euro)

					9 months 2019
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % of total
Sales of goods and services	25	-	**25**	8,635	0.3%
Other income	2	-	**2**	64	3.1%
Raw materials. consumables used and goods for resale	(7)	-	**(7)**	(5,474)	0.1%
Personnel costs	-	(8)	**(8)**	(1,114)	0.7%
Other expenses	(4)	(1)	**(5)**	(1,522)	0.3%
Share of net profit/(loss) of equity-accounted companies	22	-	**22**	22	100.0%

(in millions of Euro)

					9 months 2018 (*)
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % of total
Sales of goods and services	22	-	**22**	7,293	0.3%
Other income	4	-	**4**	103	3.9%
Raw materials. consumables used and goods for resale	(10)	-	**(10)**	(4,751)	0.2%
Personnel costs	-	(11)	**(11)**	(920)	1.2%
Other expenses	(6)	(1)	**(7)**	(1,264)	0.6%
Share of net profit/(loss) of equity-accounted companies	50	-	**50**	50	100.0%

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the General Cable purchase price allocation. More 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 totals Euro 7 million at 30 September 2019 (Euro 12 million in the first nine months of 2018).

22. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions were carried out during the first nine months of 2019.

23. COMMITMENTS

Contractual commitments, already given to third parties at 30 September 2019 and not yet reflected in the financial statements, amount to Euro 272 million for property, plant and equipment and Euro 9 million for intangible assets.

As at 30 September 2019, there are no outstanding loans or guarantees by the Parent Company or its subsidiaries to any of the directors, senior managers or statutory auditors.

24. DIVIDEND DISTRIBUTION

On 5 April 2019, the shareholders of Prysmian S.p.A. approved the financial statements for 2018 and the distribution of a gross dividend of Euro 0.43 per share, for a total of some Euro 113 million. The dividend was paid out from 26 June 2019 to shares outstanding on the record date of 25 June 2019, with the shares going ex-dividend on 24 June 2019.

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
	30 September 2019	31 December 2018 (*)	9 months 2019	9 months 2018 (*)
Europe				
British Pound	0.886	0.895	0.88346	0.88405
Swiss Franc	1.085	1.127	1.11788	1.16114
Hungarian Forint	334.83	320.98	323.07325	317.51408
Norwegian Krone	9.895	9.948	9.77071	9.58761
Swedish Krona	10.696	10.255	10.56788	10.23745
Czech Koruna	25.816	25.724	25.7017	25.57442
Danish Krone	7.466	7.467	7.4644	7.45025
Romanian Leu	4.75	4.664	4.73822	4.65184
Turkish Lira	6.195	6.039	6.3425	5.4836
Polish Zloty	4.378	4.301	4.30114	4.24882
Russian Rouble	70.756	79.715	73.08526	73.41638
North America				
US Dollar	1.089	1.145	1.124	1.194
Canadian Dollar	1.443	1.561	1.493	1.537
South America				
Colombian Peso	3,768	3,722	3,641	3,446
Brazilian Real	4.535	4.437	4.369	4.306
Argentine Peso	62.71	43.167	50.087	30.113
Costa Rican Colón	791.24	694.775	770.608	750.705
Chilean Peso	633.936	794.37	664.342	679.827
Mexican Peso	21.452	22.492	21.634	22.738
Peruvian Sol	3.683		3.741	3.896
Oceania				
Australian Dollar	1.613	1.622	1.608	1.576
New Zealand Dollar	1.738	1.706	1.693	1.707
Africa			0	
CFA Franc	655.957	655.957	655.957	655.957
Angolan Kwanza	406.471	n.a	373.706	n.a
Tunisian Dinar	3.128	3.43	3.325	3.043
Asia				
Chinese Renminbi (Yuan)	7.778	7.875	7.713	7.779
United Arab Emirates Dirham	3.999	4.205	4.126	4.386
Hong Kong Dollar	8.537	8.968	8.807	9.363
Singapore Dollar	1.506	1.559	1.533	1.6
Indian Rupee	77.162	79.73	78.83	80.191
Indonesian Rupiah	15,457	16,500	15,923	16,774
Japanese Yen	117.59	125.85	122.57	130.925
Thai Baht	33.315	37.052	35.173	38.398
Philippine Peso	56.553	60.113	58.495	62.707
Omani Rial	0.419	0.44	0.432	0.459
Malaysian Ringgit	4.559	4.732	4.646	4.765
Qatari Riyal	3.964	4.168	4.09	4.347
Saudi Riyal	4.083	4.294	4.214	4.478

(*) The consolidation of General Cable has used, as the average exchange rate for the first nine months of 2018, the following average rates for the period from June to September 2018:

- Peruvian Sol/Euro: 3.828;
- Brazilian Real/Euro: 4.462;
- Chilean Peso/Euro: 769;
- Colombian Peso/Euro: 3,503;
- Mexican Peso/Euro: 22.53;
- Norwegian Krone: 9.58;
- US Dollar/Euro: 1.154.

26. SUBSEQUENT EVENTS

Plan to close the Manlleu and Montcada i Reixac production facilities in Spain

On 2 October 2019, General Cable Espana formally announced its intention to initiate a collective dismissal procedure for organisational and production reasons involving the entire workforce at the Manlleu and Montcada i Reixac production facilities in Catalonia, Spain.

The procedure, which will result in the closure of these facilities, was effectively initiated on 22 October after the first formal meeting with a trade union delegation consisting of workers' representatives from both sites. The total number of workers involved is 487 (of whom 334 in Manlleu and 153 in Montcada i Reixac).

This meeting has marked the start of 30-day "consultation period" under Spanish law, allowing the parties to undertake negotiations in order to reach an agreement.

Intesa Sanpaolo loan and partial repayment of the Bridge Loan

On 11 October 2019, the Group entered into an agreement with Intesa Sanpaolo for a Euro 150 million medium-term loan for 5 years from the date of signing, with a bullet repayment at maturity. A partial repayment of Euro 150 million against the Bridge Loan was made on 18 October 2019. On the same date, the value of interest rate swaps arranged against the Bridge Loan was reduced by Euro 50 million to bring notional value into line with the underlying hedged amount.

Contract to supply wind turbine cable solutions in 2020

On 21 October 2019, the Group was awarded a global contract by Siemens Gamesa Renewable Energy, world leader in the wind power industry, to supply it with wind turbine tower and nacelle cable solutions.

The contract includes products and services from Prysmian Group's wind portfolio of low voltage cable solutions for nacelle platforms, low voltage tower cables and medium voltage tower solutions, specifically designed and optimised to operate under high torsion, mechanical and chemical stress as well as widely fluctuating temperatures.

Binding offer from Carlisle Companies Incorporated to acquire the business of Draka Fileca SAS

On 22 October 2019, the Group announced it had received a binding offer of Euro 73 million from Carlisle Companies Incorporated for the acquisition of the business of Draka Fileca SAS (directly or through one of the Carlisle subsidiaries).

The transaction is subject to consultation with Fileca's employee representative bodies in France and to regulatory clearance.

Fileca was acquired by Prysmian in 2011 as part of the Draka acquisition and is a global supplier of cable solutions for the space and aerospace industries. The company, based in Sainte-Geneviève, France, generated revenues of Euro 44 million and Adjusted EBITDA of around Euro 5 million in 2018.

The transaction is expected to complete in the first quarter of 2020.

Loan from Cassa depositi e prestiti

On 28 October 2019, the Group entered into an agreement with Cassa depositi e prestiti Spa for a Euro 100 million medium-term loan for 4.5 years from the date of signing, with a bullet repayment at maturity. The purpose of this loan is to finance part of the Group's investments and expenditure for research, development and innovation in Italy and Europe.

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Milan, 12 November 2019

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Claudio De Conto

SCOPE OF CONSOLIDATION – APPENDIX A

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

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

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Europe					
Austria					
Prysmian OEKW GmbH	Wien	Euro	2,053,007.56	100.00%	Prysmian Cavi e Sistemi S.r.l.
Belgium					
Draka Belgium N.V.	Antwerpen	Euro	61,973.38	98.52%	Draka Holding B.V.
				1.48%	Draka Kabel B.V.
Denmark					
Prysmian Group Denmark A/S	Albertslund	Danish Krone	40,001,000	100.00%	Draka Holding B.V.
Estonia					
Prysmian Group Baltics AS	Keila	Euro	1,664,000	100.00%	Prysmian Group Finland OY
Finland					
Prysmian Group Finland OY	Kirkkonummi	Euro	100,000	77.7972%	Prysmian Cavi e Sistemi S.r.l.
				19.9301%	Draka Holding B.V.
				2.2727%	Draka Comteq B.V.
France					
Prysmian (French) Holdings S.A.S.	Paron	Euro	129,026,210	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Cables et Systèmes France S.A.S.	Sens	Euro	136,800,000	100.00%	Prysmian (French) Holdings S.A.S.
Draka Comteq France S.A.S.	Paron	Euro	246,554,316	100.00%	Draka France S.A.S.
Draka Fileca S.A.S.	Sainte Geneviève	Euro	5,439,700	100.00%	Draka France S.A.S.
Draka Paricable S.A.S.	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.
P.O.R. S.A.S.	Marne La Vallée	Euro	100,000	100.00%	Draka France S.A.S.
Silec Cable, S. A. S.	Montreau-Fault-Yonne	Euro	60,037,000	100.00%	Grupo General Cable Sistemas, S.L.
Germany					
Prysmian Kabel und Systeme GmbH	Berlin	Euro	15,000,000	93.75%	Draka Deutschland GmbH
				6.25%	Prysmian S.p.A.
Prysmian Unterstuetzungseinrichtung Lynen GmbH	Eschweiler	Deutsche Mark	50,000	100.00%	Prysmian Kabel und Systeme GmbH
Draka Comteq Berlin GmbH & Co.KG	Berlin	Deutsche Mark	46,000,000	50.10%	Prysmian Netherlands B.V.
		Euro	1	49.90%	Draka Deutschland GmbH
Draka Comteq Germany Verwaltungs GmbH	Koln	Euro	25,000	100.00%	Draka Comteq B.V.
Draka Comteq Germany GmbH & Co.KG	Koln	Euro	5,000,000	100.00%	Draka Comteq B.V.
Draka Deutschland Erste Beteiligungs- GmbH	Wuppertal	Euro	25,000	100.00%	Draka Holding B.V.
Draka Deutschland GmbH	Wuppertal	Euro	25,000	90.00%	Draka Deutschland Erste Beteiligungs GmbH
				10.00%	Draka Deutschland Zweite Beteiligungs GmbH
Draka Deutschland Verwaltungs GmbH	Wuppertal	Deutsche Mark	50,000	100.00%	Prysmian Kabel und Systeme GmbH
Draka Deutschland Zweite Beteiligungs GmbH	Wuppertal	Euro	25,000	100.00%	Prysmian Netherlands B.V.
Draka Service GmbH	Nuremberg	Euro	25,000	100.00%	Draka Cable Wuppertal GmbH
Höhn GmbH	Wuppertal	Deutsche Mark	1,000,000	100.00%	Draka Deutschland GmbH
Kaiser Kabel GmbH	Wuppertal	Deutsche Mark	9,000,000	100.00%	Draka Deutschland GmbH
NKF Holding (Deutschland) GmbH i.L	Wuppertal	Euro	25,000	100.00%	Prysmian Netherlands B.V.
Norddeutsche Seekabelwerke GmbH	Nordenham	Euro	50,025,000	100.00%	Grupo General Cable Sistemas, S.L.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
U.K.					
Prysmian Cables & Systems Ltd.	Eastleigh	British Pound	113,901,120	100.00%	Prysmian UK Group Ltd.
Prysmian Construction Company Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (2000) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables and Systems International Ltd.	Eastleigh	Euro	1	100.00%	Prysmian Cavi e Sistemi S.r.l.
Cable Makers Properties & Services Limited	Esher	British Pound	39.08	75.00%	Prysmian Cables & Systems Ltd.
				25.00%	Third parties
Comergy Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Pension Scheme Trustee Limited	Eastleigh	British Pound	1	100.00%	Prysmian S.p.A.
Prysmian UK Group Ltd.	Eastleigh	British Pound	70,011,000	100.00%	Draka Holding B.V.
Draka Distribution Aberdeen Limited	Eastleigh	British Pound	1	100.00%	Prysmian UK Group Ltd
Draka Comteq UK Ltd.	Eastleigh	British Pound	14,000,002	100.00%	Prysmian UK Group Ltd
Draka UK Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian UK Group Ltd.
Draka UK Group Ltd.	Eastleigh	British Pound	2	100.00%	Prysmian UK Group Ltd.
Prysmian Powerlink Services Ltd.	Eastleigh	British Pound	46,000,100	100.00%	Prysmian UK Group Ltd.
General Cable Holdings (UK) Limited	London	British Pound	24,891,054	100.00%	GK Technologies, Incorporated
General Cable Services Europe Limited	London	British Pound	1,178,495	100.00%	General Cable Holdings (UK) Limited
NSW Technology Limited	Aberdeen	British Pound	10,000	100.00%	Norddeutsche Seekabelwerke GmbH
Ireland					
Prysmian Re Company Designated Activity Company	Dublin	Euro	20,000,000	100.00%	Draka Holding B.V.
Italy					
Prysmian Cavi e Sistemi S.r.l.	Milan	Euro	50,000,000	100.00%	Prysmian S.p.A.
Prysmian Cavi e Sistemi Italia S.r.l.	Milan	Euro	77,143,249	100.00%	Prysmian S.p.A.
Prysmian Treasury S.r.l.	Milan	Euro	80,000,000	100.00%	Prysmian S.p.A.
Prysmian PowerLink S.r.l.	Milan	Euro	100,000,000	100.00%	Prysmian S.p.A.
Fibre Ottiche Sud - F.O.S. S.r.l.	Battipaglia	Euro	47,700,000	100.00%	Prysmian S.p.A.
Prysmian Electronics S.r.l.	Milan	Euro	10,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
General Cable Italia S.r.l.	Milan	Euro	10,000	100.00%	Grupo General Cable Sistemas, S.L.
Norway					
Prysmian Group Norge AS	Drammen	Norwegian Krone	22,500,000	100.00%	Draka Holding B.V.
General Cable Nordic A/S	Vestby	Norwegian Krone	1,674,000	100.00%	Grupo General Cable Sistemas, S.L.
The Netherlands					
Draka Comteq B.V.	Amsterdam	Euro	1,000,000	100.00%	Draka Holding B.V.
Draka Comteq Fibre B.V.	Eindhoven	Euro	18,000	100.00%	Prysmian Netherlands Holding B.V.
Draka Holding B.V.	Amsterdam	Euro	52,229,320.50	100.000%	Prysmian S.p.A.
Draka Kabel B.V.	Amsterdam	Euro	2,277,976.68	100.00%	Prysmian Netherlands B.V.
Donne Draad B.V.	Nieuw Bergen	Euro	28,134.37	100.00%	Prysmian Netherlands B.V.
NKF Vastgoed I B.V.	Delft	Euro	18,151.21	99.00%	Draka Holding B.V.
				1.00%	Prysmian Netherlands B.V.
NKF Vastgoed III B.V.	Delft	Euro	18,151.21	99.00%	Draka Deutschland GmbH
				1.00%	Prysmian Netherlands B.V.
Prysmian Netherlands B.V.	Delft	Euro	1	100.00%	Prysmian Netherlands Holding B.V.
Prysmian Netherlands Holding B.V.	Amsterdam	Euro	1	100.00%	Draka Holding B.V.
General Cable Holdings Netherlands C.V.	Amsterdam	Euro	159,319,137	95.50%	GK Technologies, Incorporated
				1.00%	GC Global Holdings, Inc.
				3.50%	Phelps Dodge National Cables Corporation

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Portugal					
General Cable Investments, SGPS, Sociedade Unipessoal, S.A.	Funchal	Euro	8,500,020	100.00%	GK Technologies, Incorporated
General Cable Celcat, Energia e Telecomunicaçoes SA	Pero Pinheiro	Euro	13,500,000	100.00%	General Cable Investments, SGPS, Sociedade Unipessoal, S.A.
Czech Republic					
Draka Kabely, s.r.o.	Velké Meziříčí	Czech Koruna	255,000,000	100.00%	Draka Holding B.V.
Romania					
Prysmian Cabluri Si Sisteme S.A.	Slatina	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
Slovakia					
Prysmian Kablo s.r.o.	Bratislava	Euro	21,246,001	99.995%	Prysmian Cavi e Sistemi S.r.l.
				0.005%	Prysmian S.p.A.
Spain					
Prysmian Cables Spain, S.A. (Sociedad Unipersonal)	Vilanova I la Geltrù	Euro	58,178,234.22	100.00%	Draka Holding , S.L.
Draka Holding ,S.L. (Sociedad Unipersonal)	Santa Perpetua de Mogoda	Euro	24,000,000	100.00%	Draka Holding B.V.
GC Latin America Holdings, S.L.	Barcelona	Euro	151,042,030	100%	General Cable Holdings (Spain), S.L.
General Cable Holdings (Spain), S.L.	Barcelona	Euro	138,304,698.48	99.349%	GK Technologies, Incorporated
				0.6510%	General Cable Overseas Holdings, LLC
Grupo General Cable Sistemas, S.L.	Barcelona	Euro	22,116,018.7	93.75%	General Cable Holdings (Spain), S.L.
				6.25%	GC Latin America Holdings, S.L.
Sweden					
Prysmian Group North Europe AB	Nässjö	Swedish Krona	100,100	100.00%	Draka Holding B.V.
Prysmian Group Sverige AB	Nässjö	Swedish Krona	100,000	100.00%	Prysmian Group North Europe AB
Turkey					
Turk Prysmian Kablo Ve Sistemleri A.S.	Mudanya	Turkish new Lira	141,733,652	83.746%	Draka Holding B.V.
				0.705%	Turk Prysmian Kablo Ve Sistemleri A.S.
				15.549%	Third parties
Tasfiye Halinde Draka Comteq Kablo Limited Sirketi	Osmangazi-Bursa	Turkish new Lira	45,818,775	99.99995%	Draka Comteq B.V.
				0.00005%	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.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
North America					
Canada					
Prysmian Cables and Systems Canada Ltd.	New Brunswick	Canadian Dollar	1,000,000	100.00%	Draka Holding B.V.
Draka Elevator Products, Incorporated	New Brunswick	Canadian Dollar	n/a	100.00%	Prysmian Cables and Systems USA, LLC
General Cable Company Ltd.	Halifax	Canadian Dollar	118,100,844	100.00%	General Cable Canada Holdings LLC
Cayman Islands					
YA Holdings, Ltd.	George Town	US Dollar	50,000	100.00%	General Cable Company Ltd.
Dominican Republic					
General Cable Caribbean, S.R.L.	Santo Domingo Oeste	Dominican Peso	2,100,000	99.995%	GK Technologies, Incorporated
				0.005%	Diversified Contractors, Inc.
Trinidad and Tobago					
General Cable Trinidad Limited	Port of Spain	Trinidadian Dollar	100	100.00%	GK Technologies, Incorporated
U.S.A.					
Prysmian Cables and Systems (US) Inc.	Carson City	US Dollar	330,517,608	100.00%	Draka Holding B.V.
Prysmian Cables and Systems USA, LLC	Wilmington	US Dollar	10	100.00%	Prysmian Cables and Systems (US) Inc.
Prysmian Construction Services Inc.	Wilmington	US Dollar	1,000	100.00%	Prysmian Cables and Systems USA, LLC
Draka Elevator Products, Inc.	Boston	US Dollar	1	100.00%	Prysmian Cables and Systems USA, LLC
Draka Transport USA, LLC	Boston	US Dollar	0	100.00%	Prysmian Cables and Systems USA, LLC
Diversified Contractors, Inc.	Wilmington	US Dollar	1,000	100.00%	General Cable Industries, Inc.
GC Global Holdings, Inc.	Wilmington	US Dollar	1,000	100.00%	General Cable Overseas Holdings, LLC
General Cable Canada Holdings LLC	Wilmington	US Dollar	0	100.00%	General Cable Industries, Inc.
General Cable Corporation	Wilmington	US Dollar	1	100.00%	Prysmian Cables and Systems (US) Inc.
General Cable Industries LLC	Wilmington	US Dollar	0	100.00%	General Cable Industries, Inc.
General Cable Industries, Inc.	Wilmington	US Dollar	10	100.00%	GK Technologies, Incorporated
General Cable Overseas Holdings, LLC	Wilmington	US Dollar	0	100.00%	GK Technologies, Incorporated
General Cable Technologies Corporation	Wilmington	US Dollar	1,000	100.00%	General Cable Industries, Inc.
Phelps Dodge Enfield Corporation	Wilmington	US Dollar	800,000	100.00%	General Cable Industries, Inc.
Phelps Dodge International Corporation	Wilmington	US Dollar	100,000	100.00%	General Cable Industries, Inc.
Phelps Dodge National Cables Corporation	Wilmington	US Dollar	10	100.00%	General Cable Industries, Inc.
GK Technologies, Incorporated	West Trenton	US Dollar	1,000	100.00%	General Cable Corporation
Central/South America					
Argentina					
Prysmian Energia Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	992,359,215	40.01%	Prysmian Consultora Conductores e Instalaciones SAIC
				59.74%	Draka Holding B.V.
				0.11%	Prysmian Cabos e Sistemas do Brasil S.A.
				0.13%	Third parties
Prysmian Consultora Conductores Instalaciones SAIC	Buenos Aires	Argentine Peso	543,219,572	95.00%	Draka Holding B.V.
				5.00%	Prysmian Cavi e Sistemi S.r.l.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Brazil					
Prysmian Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	547,630,604.56	91.844%	Prysmian Cavi e Sistemi S.r.l.
				0.040%	Prysmian S.p.A.
				1.687%	Draka Holding B.V.
				6.428%	Draka Comteq B.V.
Draka Comteq Cabos Brasil S.A	Santa Catarina	Brazilian Real	27,467,522	49.352%	Draka Comteq B.V.
				50.648%	Prysmian Cabos e Sistemas do Brasil S.A.
General Cable Brasil Indústria e Comércio de Condutores Elétricos Ltda	Poços de Caldas	Brazilian Real	536,087,471	99.99%	Grupo General Cable Sistemas, S.L.
				0.01%	General Cable Holdings (Spain) S.L.
Chile					
Prysmian Cables Chile SpA	Santiago	Chile Peso	1,900,000,000	100.00%	Prysmian Cabos e Sistemas do Brasil S.A.
Cobre Cerrillos S.A.	Cerrillos	US Dollar	74,574,400	99.80%	General Cable Holdings (Spain), S.L.
				0.20%	Third parties
Colombia					
PDIC Colombia S.A.	Bogotà	Colombian Peso	594,064,000	95.00%	Conducen, S.R.L.
				5.00%	Alcap Comercial S.A.
Productora de Cables Procables S.A.S.	Bogotà	Colombian Peso	1,902,964,285	99.96%	GC Latin America Holdings, S.L.
				0.04%	GK Technologies, Incorporated
Costa Rica					
Conducen, S.R.L.	Heredia	Costa Rican Colon	1,845,117,800	73.52%	GC Latin America Holdings, SL
				26.48%	Cahosa S.A.
Ecuador					
Cables Electricos Ecuatorianos C.A. CABLEC	Quito	US Dollar	243,957	67.14%	General Cable Holdings (Spain), S.L.
				32.86%	Third parties
El Salvador					
Conducen Phelps Dodge Centroamerica-El Salvador, S.A. de C.V.	Antiguo Cuscatlan (La Libertad)	US Dollar	22,858	99.95%	Conducen, S.R.L.
				0.05%	Third parties
Guatemala					
Proveedora de Cables y Alambres PDCA Guatemala, S.A.	Guatemala City	Guatemalan Quetzal	100,000	99.00%	Conducen, S.R.L.
				1.00%	Third parties
Honduras					
Electroconductores de Honduras, S.A. de C.V.	Tegucigalpa	Honduran Lempira	27,600,000	59.39%	General Cable Holdings (Spain), S.L.
				40.61%	Cahosa S.A.
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 Group Finland OY
Prysmian Cables y Sistemas de Mexico S. de R. L. de C. V.	Durango	Mexican Peso	173,050,500	99.9983%	Draka Holding B.V
				0.0017%	Draka Mexico Holdings S.A. de C.V.
General Cable de Mexico, S.A de C.V.	Tetla	Mexican Peso	1,329,621,471	80.41733609%	General Cable Industries, Inc.
				19.58266361%	Conducen, S.R.L.
				0.00000015%	General Cable Technologies Corporation
				0.00000015%	GK Technologies, Incorporated
General de Cable de Mexico del Norte, S.A. de C.V.	Piedras Negras	Mexican Peso	10,000	99.80%	GK Technologies, Incorporated
				0.20%	General Cable Industries, Inc.
PDIC Mexico, S.A. de C.V.	San Jose	Mexican Peso	50,000	99.998%	Conducen, S.R.L.
				0.002%	Third parties
Prestolite de Mexico, S.A. de C.V.	Sonora	Mexican Peso	50,000	99.80%	General Cable Industries, Inc.
				0.20%	GK Technologies, Incorporated
Servicios Latinoamericanos GC, S.A. de C.V.	Puebla	Mexican Peso	50,000	99.998%	General Cable de Mexico, S.A de C.V.
				0.002%	General Cable Technologies Corporation

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Panama					
Alambres y Cables de Panama, S.A.	Panama	US Dollar	800,000	78.08%	General Cable Industries, Inc.
				21.92%	Cahosa S.A.
Alcap Comercial S.A.	Panama	US Dollar	10,000	100.00%	Conducen, S.R.L.
Cahosa S.A.	Panama	US Dollar	n/a	100.00%	GK Technologies, Incorporated
Peru					
General Cable Peru S.A.C.	Santiago de Surco(Lima)	Peruvian Sol	90,327,867.50	99.99999%	GC Latin America Holdings, S.L.
				0.00001%	Third Paries
Africa					
Angola					
General Cable Condel, Cabos de Energia e Telecomunicaçoes SA	Luanda	Angolan Kwanza	20,000,000	99.80%	General Cable Celcat, Energia e Telecomunicaçoes SA
				0.20%	Third parties
Botswana					
General Cable Botswana (Pty) Ltd.	Gaborone West Industrial	Botswana Pula	100	100%	National Cables (Pty) Ltd.
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
Mauritius					
GC Specialty & Automotive	Port Louis	US Dollar	200	100%	GK Technologies, Incorporated
General Cable Middle East	Port Louis	US Dollar	3,690	100%	GK Technologies, Incorporated
General Cable Trading	Port Louis	US Dollar	31,097,100	100%	GK Technologies, Incorporated
South Africa					
General Cable Phoenix South Africa Pty. Ltd.	Phoenix	South African Rand	1,000	100.00%	GK Technologies, Incorporated
National Cables (Pty) Ltd.	Johannesburg	South African Rand	101	69.30%	Phelps Dodge National Cables Corporation
				30.70%	General Cable Holdings Netherlands C.V.
Tunisia					
Auto Cables Tunisie S.A.	Grombalia	Tunisian Dinar	4,050,000	50.998%	Prysmian Cables et Systèmes France S.A.S.
				49.002%	Third parties
Eurelectric Tunisie S.A.	Menzel Bouzelfa	Tunisian Dinar	1,850,000	99.97%	Prysmian Cables et Systèmes France S.A.S.
				0.005%	Prysmian (French) Holdings S.A.S.
				0.005%	Prysmian Cavi e Sistemi S.r.l.
				0.020%	Third parties
Oceania					
Australia					
Prysmian Australia Pty Ltd.	Liverpool	Australian Dollar	56,485,736	100.00%	Prysmian Cavi e Sistemi S.r.l.
New Zealand					
Prysmian New Zealand Ltd.	Auckland	New Zealand Dollar	10,000	100.00%	Prysmian Australia Pty Ltd.
General Cable Holdings New Zealand	Christchurch	New Zealand Dollar	160,671,634	86.17%	GK Technologies, Incorporated
				12.96%	General Cable Industries, Inc.
				0.87%	GC Global Holdings, Inc.
General Cable New Zealand Limited	Christchurch	New Zealand Dollar	48,000,100	100.00%	General Cable Holdings New Zealand

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
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	36,790,000	67.00%	Prysmian (China) Investment Company Ltd.
				33.00%	Third parties
Prysmian Cable (Shanghai) Co.Ltd.	Shanghai	US Dollar	5,000,000	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Wuxi Cable Co. Ltd .	Wuxi	US Dollar	29,941,250	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Hong Kong Holding Ltd.	Hong Kong	Euro	72,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian (China) Investment Company Ltd.	Bejing	Euro	72,003,061	100.00%	Prysmian Hong Kong Holding Ltd.
Nantong Haixun Draka Elevator Products Co. LTD	Nantong	US Dollar	2,400,000	75.00%	Draka Elevator Product Inc.
				25.00%	Third parties
Nantong Zhongyao Draka Elevator Products Co. LTD	Nantong	US Dollar	2,000,000	60.00%	Draka Elevator Product Inc.
				40.00%	Third parties
Draka Cables (Hong Kong) Limited	Hong Kong	Hong Kong Dollar	6,500,000	99.9999985%	Draka Cableteq Asia Pacific Holding Pte Ltd.
				0.0000015%	Cable Supply and Consulting Co. 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)	304,500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Prysmian PowerLink Asia Co. Ltd	Suzhou	Euro	0	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Technology Jiangsu Co. Ltd.	Yixing	Euro	51,150,100	100.00%	Prysmian (China) Investment Company Ltd.
Prestolite Wire (Shanghai) Company, Ltd	Shanghai	US Dollar	300,000	100.00%	General Cable Industries, Inc.
Philippines					
Draka Philippines Inc.	Cebu	Philippine Peso	253,652,000	99.9999975%	Draka Holding B.V.
				0.0000025%	Third parties
India					
Associated Cables Pvt. Ltd.	Mumbai	Indian Rupee	61,261,900	100.00%	Oman Cables Industry (SAOG)
Jaguar Communication Consultancy Services Private Ltd.	Mumbai	Indian Rupee	76,027,030	99.99998%	Prysmian Cavi e Sistemi S.r.l.
				0.00002%	Prysmian S.p.A.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Indonesia					
PT.Prysmian Cables Indonesia	Cikampek	US Dollar	67,300,000	99.48%	Draka Holding B.V.
				0.52%	Prysmian Cavi e Sistemi S.r.l.
Malaysia					
Sindutch Cable Manufacturer Sdn Bhd	Melaka	Malaysian Ringgit	500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Draka Marketing and Services Sdn Bhd	Melaka	Malaysian Ringgit	500,000	100.00%	Cable Supply and Consulting Company Pte Ltd
Draka (Malaysia) Sdn Bhd	Melaka	Malaysian Ringgit	8,000,002	100.00%	Cable Supply and Consulting Company Pte Ltd
Oman					
Oman Cables Industry (SAOG)	Al Rusayl	Omani Riyal	8,970,000	51.17%	Draka Holding B.V.
				48.83%	Third parties
Oman Aluminium Processing Industries LLC	Sohar	Omani Riyal	4,366,000	51.00%	Oman Cables Industry (SAOG)
				49.00%	Third parties
Singapore					
Prysmian Cables Asia-Pacific Pte Ltd.	Singapore	Singapore Dollar	213,324,290	100.00%	Draka Holding B.V.
Prysmian Cable Systems Pte Ltd.	Singapore	Singapore Dollar	25,000	50.00%	Draka Holding B.V.
				50.00%	Prysmian Cables & Systems Ltd.
Draka Offshore Asia Pacific Pte Ltd	Singapore	Singapore Dollar	51,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Draka Cableteq Asia Pacific Holding Pte Ltd	Singapore	Singapore Dollar	28,630,503.70	100.00%	Draka Holding B.V.
Singapore Cables Manufacturers Pte Ltd	Singapore	Singapore Dollar	1,500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Cable Supply and Consulting Company Private Limited	Singapore	Singapore Dollar	50,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Draka Comteq Singapore Pte Ltd	Singapore	Singapore Dollar	500,000	100.00%	Draka Comteq B.V.
Draka NK Cables (Asia) pte ltd	Singapore	Singapore Dollar	200,000	100.00%	Prysmian Group Finland OY
Thailand					
MCI-Draka Cable Co. Ltd	Bangkok	Thai Baht	435,900,000	70.250172%	Draka Cableteq Asia Pacific Holding Pte Ltd
				0.000023%	Draka (Malaysia) Sdn Bhd
				0.000023%	Sindutch Cable Manufacturer Sdn Bhd
				0.000023%	Singapore Cables Manufacturers Pte Ltd
				29.749759%	Third parties
General Cable Asia Pacific & Middle East Co., Ltd.	Bangkok	Thai Baht	30,000,000	100.00%	GK Technologies, Incorporated

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

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Europe					
Germany					
Kabeltrommel GmbH & Co.KG	Troisdorf	Euro	10,225,837.65	43.18%	Prysmian Kabel und Systeme GmbH
				1.75%	Norddeutsche Seekabelwerke GmbH
				55.07%	Third parties
Kabeltrommel GmbH	Troisdorf	Deutsche Mark	51,000	41.18%	Prysmian Kabel und Systeme GmbH
				5.82%	Norddeutsche Seekabelwerke GmbH
				53.00%	Third parties
Nostag GmbH & Co. KG	Oldenburg	Euro	540,000	33.00%	Norddeutsche Seekabelwerke GmbH
				67.00%	Third parties
U.K.					
Rodco Ltd.	Woking	British Pound	5,000,000	40.00%	Prysmian Cables & Systems Ltd.
				60.00%	Third parties
Poland					
Eksa Sp.z.o.o	Sokolów	Polish Zloty	394,000	29.949%	Prysmian Cavi e Sistemi S.r.l.
				70.051%	Third parties
Russia					
Elkat Ltd.	Moscow	Russian Rouble	10,000	40.00%	Prysmian Group Finland OY
				60.00%	Third parties
Central/South America					
Chile					
Colada Continua Chilena S.A.	Quilicura (Santiago)	Chile Peso	100	41.00%	Cobre Cerrillos S.A.
				59.00%	Third parties
Asia					
China					
Yangtze Optical Fibre and Cable Joint Stock Limited Co.	Wuhan	Chinese Renminbi (Yuan)	757,905,108	23.73%	Draka Comteq B.V.
				76.27%	Third parties
Yangtze Optical Fibre and Cable (Shanghai) Co. Ltd.	Shanghai	Chinese Renminbi (Yuan)	100,300,000	75.00%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				25.00%	Draka Comteq B.V.
Japan					
Precision Fiber Opticos Ltd.	Chiba	Japanese Yen	138,000,000	50.00%	Draka Comteq Fibre B.V.
				50.00%	Third parties
Malaysia					
Power Cables Malaysia Sdn Bhd	Selangor Darul Eshan	Malaysian Ringgit	18,000,000	40.00%	Draka Holding B.V.
				60.00%	Third parties

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

Legal name	% ownership	Direct parent company
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.
Cina		
Phelps Dodge Yantai Cable Co., Ltd.	60.00%	Phelps Dodge Yantai China Holdings, Inc.
	40.00%	Terzi
Isole Cayman		
Phelps Dodge Yantai China Holdings, Inc.	66.67%	YA Holdings, Ltd.
	33.33%	Terzi