

Fostering  
global  
evolution

2020



Third Quarter Report

AT 30 SEPTEMBER

**Prysmian**  
Group

Linking  
the Future

**Disclaimer**

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

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# Directors' Report

## DIRECTORS AND AUDITORS

Board of Directors <sup>(4)</sup>	
<b>Chairman</b>	Claudio De Conto <sup>(*) (2)</sup>
<b>Chief Executive Officer &amp; General Manager</b>	Valerio Battista
<b>Directors</b>	Maria Elena Cappello <sup>(**)</sup> (2)
	Monica de Virgiliis <sup>(**)</sup> (3)
	Francesco Gori <sup>(**)</sup> (1)(5)
	Joyce Victoria Bigio <sup>(**)</sup> (1)
	Massimo Battaini
	Pier Francesco Facchini
	Maria Letizia Mariani <sup>(**)</sup> (1) (3)
	Fabio Ignazio Romeo
	Paolo Amato <sup>(**)</sup> (2)
	Mimi Kung <sup>(**)</sup> (3)
Board of Statutory Auditors <sup>(5)</sup>	
<b>Chairman</b>	Pellegrino Libroia
<b>Standing Statutory Auditors</b>	Laura Gualtieri
	Paolo Francesco Lazzati
<b>Alternative Statutory Auditors</b>	Michele Milano
	Claudia Mezzabotta
<b>Independent Auditors <sup>(6)</sup></b>	EY S.p.A.

<sup>(\*)</sup> Independent director as per Italian Legislative Decree 58/1998

<sup>(\*\*)</sup> Independent director as per Italian Legislative Decree 58/1998 and Italy's Corporate Governance Code issued by Borsa Italiana S.p.A.

<sup>(1)</sup> Members of the Control and Risks Committee

<sup>(2)</sup> Members of the Compensation and Nominations Committee

<sup>(3)</sup> Members of the Sustainability Committee

<sup>(4)</sup> Appointed by the Shareholders' Meeting on 12 April 2018

<sup>(5)</sup> Appointed by the Shareholders' Meeting on 5 June 2019

<sup>(6)</sup> 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 2020 on a voluntary basis and in continuity with its past reporting format.

The present Quarterly Financial Report is unaudited.

## SIGNIFICANT EVENTS DURING THE PERIOD

### ***Prysmian Group's leadership team invests in the Company as a sign of its commitment and confidence in recovery from the pandemic-related crisis and in the Company's long-term growth prospects***

On 3 April 2020, Prysmian Group's leadership team, consisting of CEO Valerio Battista and his 20 worldwide direct reports (the "Group Leadership Team"), informed the Group that it had accepted the CEO's proposal to invest in Prysmian S.p.A. shares 50% of the net incentive earned by each based on the positive performance in financial year 2019, whose results were in line with company targets.

On 1 June 2020, Prysmian Group announced the finalisation of agreements between the Group Leadership Team and the financial intermediary engaged to execute the above share investment scheme.

Under the terms of these agreements, the Group Leadership Team has engaged a financial intermediary to purchase the Company's shares on the market for a total of approximately Euro 1,500,000, corresponding to approximately 50% of the net incentive earned by each manager in respect of financial year 2019 (the "2019 MBO").

The financial intermediary made the share purchases between the first and fifth business day after the date on which the funds for the purchases were made available to it, namely 1 June 2020.

The instructions given by each of the Group Leadership Team's managers to the financial intermediary included the authorisation to lock up the shares purchased until the end of 2022.

### ***Long-term incentive plan***

The Prysmian S.p.A. Shareholders' Meeting of 28 April 2020 approved a long-term incentive plan, designed to motivate management to create sustainable value over time, including by deferring part of their annual bonus in shares. The plan is also tied to long-term ESG objectives (Environment Social Governance).

The Shareholders' Meeting authorised a bonus capital increase, as proposed by the Board of Directors, to be reserved for Prysmian Group employees in execution of the above plan. This capital increase can reach a maximum nominal amount of Euro 1,100,000 through transfer, pursuant to art. 2349 of the Italian Civil Code, of a corresponding amount from profits or earnings reserves, with the issue of no more than 11,000,000 ordinary shares of nominal value Euro 0.10 each. At the same time, the shareholders' resolution of 12 April 2018 relating to a similar capital increase was revoked, amending article 6 of the By-laws. Recognition of the effects of the long-term incentive plan in the first nine months of 2020 has resulted in recording Euro 21 million in personnel costs in a specific equity reserve.

### ***Termination of the contract relating to Carlisle Companies Incorporated's offer to acquire the business of Draka Fileca SAS***

On 22 October 2019, the Group had announced the receipt of an offer of Euro 73 million from Carlisle Companies Incorporated to acquire the business of Draka Fileca SAS (directly or through one of the Carlisle subsidiaries).

On 19 June 2020, Prysmian Group announced that the contract relating to this transaction had been terminated, as the required regulatory approvals had not been obtained by the agreed deadline.



***Prysmian Group announces the acquisition of EHC Global, a leading manufacturer of strategic components and provider of integrated solutions for the vertical transportation industry***

Prysmian Group announced on 22 July 2020 that it had signed an agreement to acquire 100% of EHC Global in a transaction valued at CAD 130 million, subject to regulatory approvals and other customary closing conditions. Established in 1977, EHC Global is a leading manufacturer and supplier of escalator handrails, rollers, elevator belts, strategic components and integrated solutions for the vertical transportation industry. EHC Global also provides a comprehensive range of maintenance and installation services for escalators and moving walkways. The business is headquartered in Oshawa, Canada, and has manufacturing and distribution locations in North America, South America, Europe and China. EHC Global generated revenues of CAD 119 million and an Adjusted EBITDA of over CAD 18 million in 2019. The acquisition of EHC Global is in line with Prysmian Group's strategy to develop and strengthen its value-added businesses. EHC Global is a complementary add-on to Prysmian's Draka Elevator business, broadening its product portfolio to include a wide range of escalator products and services. The transaction is expected to complete during the fourth quarter of 2020.

**Other significant events**

***Western Link***

On 23 November 2019, the Group announced that the customer (National Grid Electricity Transmission and Scottish Power Transmission) had taken over operation of the cable.

On 12 January 2020, the Group was informed of the fact that the Western HDVC Link had tripped on 10 January 2020.

Repairs were successfully completed on 7 February 2020 with the link restored to normal service and once more available to the customer, with whom dialogue continues to reach an acceptable definition of mutual expectations.

***Ravin Cables Limited***

In January 2010, Prysmian Group acquired a 51% interest in the Indian company Ravin Cables Limited (the "Company"), with the remaining 49% held by other shareholders directly or indirectly associated with the Karia family (the "Local Shareholders"). Under the agreements signed with the Local Shareholders, after a limited transition period, management of the Company would be transferred to a Chief Executive Officer appointed by Prysmian. However, this failed to occur and, in breach of the agreements, the Company's management remained in the hands of the Local Shareholders and their representatives.

Consequently, having now lost control, Prysmian Group ceased to consolidate the Company and its subsidiary Power Plus Cable Co. LLC. with effect from 1 April 2012.

In February 2012, Prysmian was thus forced to initiate arbitration proceedings before the London Court of International Arbitration (LCIA), requesting that the Local Shareholders be declared in breach of contract and ordered to sell the shares representing 49% of the Company's share capital to Prysmian.

In a ruling handed down in April 2017, the LCIA upheld Prysmian's claims and ordered the Local Shareholders to sell the shares representing 49% of the Company's share capital to Prysmian. However, the Local Shareholders did not voluntarily enforce the arbitration award and so Prysmian had to initiate proceedings in the Indian courts in order to have the arbitration award recognised in India. Having gone through two levels of



the court system, these proceedings were finally concluded on 13 February 2020 with the pronouncement of a ruling by the Indian Supreme Court under which the latter definitively declared the arbitration award enforceable in India. In view of the continuing failure of the Local Shareholders to comply voluntarily, Prysmian has requested the Mumbai court to enforce the arbitration award so as to purchase the shares representing 49% of the Company's share capital as soon as possible. This case is currently still in progress and so control of the company is considered to have not yet been acquired.

### ***Business interruption risk due to the Covid-19 coronavirus***

The global macroeconomic situation has deteriorated over the course of 2020 as the Covid-19 pandemic has spread around the world. In response to this health emergency, governments in most countries have adopted containment measures, including travel bans, quarantines and other public emergency measures, with serious repercussions on economic activity and the entire production system. The first nine months of the year have witnessed the impact of these measures on the economic performance of pandemic-hit countries.

The program of extraordinary measures, swiftly deployed since the onset of the Covid-19 pandemic, is proving effective, with people its prime focus of attention. Accordingly, the Group has avoided making crisis-related redundancies in order to preserve jobs over the long term, and it has taken steps to safeguard the health of employees and to ensure proactive support for families and local communities.

The Group has also implemented a series of measures intended to mitigate the risks arising from the Covid-19 pandemic and to protect its ability to generate cash, including through strict working capital management as well as effective cost monitoring aimed at reducing both fixed and variable expenditure. In fact, fixed and variable costs are expected to come down by over Euro 100 million on an annual basis.

In addition, at the Board meeting on 30 March 2020, the Directors confirmed the views expressed at their previous meeting on 5 March 2020 about the Group's ability to generate cash flows and to support a balanced dividend policy over the long term, believing its financial structure, liquidity and available credit lines to be entirely adequate for responding to the new economic and financial environment emerging from the ongoing health emergency. However, in light of the spread of the pandemic and its potential duration, and the slowdown being caused in demand and the economic cycle, the Board of Directors submitted a dividend of Euro 0.25 per share to the Shareholders' Meeting instead of the Euro 0.50 per share proposed at its previous meeting on 5 March 2020. The Shareholders' Meeting of 28 April 2020 accordingly approved the dividend of Euro 0.25 per share, which was paid from 20 May 2020, with record date 19 May 2020 and ex-dividend date 18 May 2020.

### ***Update on the 2011 Antitrust proceedings in Brazil***

On 15 April 2020, Prysmian Group announced that the Tribunal of the Brazilian antitrust authority had issued the operative part of its decision in relation to proceedings initiated in 2011 in which it has ruled that Prysmian Group participated in anti-competitive practices in the Brazilian market for high voltage underground and submarine cables. The Tribunal has held Prysmian Group liable for the period from February 2001 to March 2004 and ordered it to pay a fine of BRL 10.2 million (approximately Euro 1.8 million), in line with the amount contained in the provisions recognised by the Group for this specific matter. Prysmian Group has filed an appeal against the CADE ruling.

***Approval of financial statements at 31 December 2019 and dividend distribution***

On 28 April 2020, the shareholders of Prysmian S.p.A. approved the financial statements for 2019 and the distribution of a gross dividend of Euro 0.25 per share, for a total of some Euro 66 million. The dividend was paid out from 20 May 2020, with record date 19 May 2020 and ex-dividend date 18 May 2020.

***Ruling by the EU Court of Justice on the appeals filed against the European Commission decision relating to the Antitrust investigation into high voltage underground and submarine power cables markets***

On 24 September 2020, the Group announced that the Court of Justice of the European Union had issued its ruling on the appeal filed by Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l. against the General Court's ruling dated 12 July 2018 which, as already communicated to the market on the same date, upheld the European Commission decision of 2 April 2014 concerning the antitrust investigation into high voltage underground and submarine power cables markets. Under this ruling, the Court rejected the appeal filed by Group companies and, by so doing, subject to the outcome of the appeals filed by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. which are still pending, it has upheld the liability and fine envisaged under the European Commission's original decision. It will be recalled that the European Commission had held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the alleged infringement in the period 18 February 1999 - 28 July 2005, ordering them to pay a fine of Euro 67,310,000, and it had held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the alleged infringement in the period 29 July 2005 - 28 January 2009, ordering them to pay a fine of Euro 37,303,000. As a result of the EU Court of Justice's ruling, and pending the outcome of the appeal filed by Pirelli & C. S.p.A., the European Commission requested the Prysmian Group to pay its share of the fine relating to the period from 29 July 2005 to 28 January 2009, amounting to approximately Euro 20 million. Using the provisions already set aside in previous years, the Group made this payment by the end of September 2020. Lastly, it is recalled that the Group has set aside sufficient provisions in its accounts to cover further risks and costs arising from the European Commission decision and claims for damages arising from this decision.

***New industrial projects and initiatives******Contract for a broadband TLC cable project in Mexico***

On 15 January 2020, the Group announced it had won a contract worth USD 38 million from Comision Federal de Electricidad (CFE), a government-owned company, for a cable project in Mexico called "Proyecto de Conectividad Fibra Óptica Red Eléctrica Inteligente REI".

This is the largest ever project in terms of quantity of TLC cables commissioned by a Mexican government and will connect remote regions of the country with high-speed broadband. Under the terms of the contract, Prysmian will oversee the engineering, supply and installation of at least 9,800 km of optical ground wires (OPGW) and 5,100 km of all-dielectric self-supporting (ADSS) cables. The OPGW will be produced at the Group's plant in Vilanova i la Geltrú, Spain, while the ADSS cables will be manufactured in Durango, Mexico, once again demonstrating the Group's ability to tap into its global organisation and the strong teamwork between its LATAM, HQ and OPGW operations.

***Contract for Libra Mero project***

On 23 January 2020, the Group announced it had won a contract from Libra, a consortium of leading international oil & gas operators, to supply Steel Tube Umbilicals for installation in the Mero offshore oilfield. The contract refers to Mero 1, an ultra-deep-water drilling field, which will consist of 17 wells and one FPSO vessel, situated approximately 180 km off Rio de Janeiro in the pre-salt Santos basin at a depth of some 2,000 metres below sea level. Oil production is due to commence in 2021.

The Mero 1 project is a milestone in the technological development of the Oil & Gas industry in Brazil, being the first in the region to use Steel Tube Umbilicals.

***Contract for the construction of an offshore wind farm in France***

On 4 March 2020, the Group announced it had won a contract worth approximately Euro 150 million from Réseau de Transport d'Électricité (RTE) for the construction of two submarine and onshore cable systems to connect the offshore wind farm located between the islands of Yeu and Noirmoutier to the French mainland power grid.

The submarine cables will be manufactured at Prysmian Group's centres of excellence in Pikkala (Finland) and Arco Felice (Italy), while the onshore cables will be produced in Gron (France). Installation will be carried out by the Cable Enterprise, one of the Group's three state-of-the-art cable-laying vessels. Delivery and commissioning are scheduled for 2023.

***Contract for two new projects with Terna for development of the Italian power transmission grid***

On 10 March 2020, following a public tender, the Group signed two major new cable solution agreements with Terna, through its subsidiary Terna Rete Italia S.p.A..

The first agreement, worth Euro 40 million with an option for a further Euro 10 million, refers to an HVAC cable system covering the Italian section of the Italy-Austria cross-border interconnection between the Glorenza and the Nauders substations, due to start operating by 2022.

The second agreement, worth Euro 40 million with an option for a further Euro 40 million and relating to the on-site supply of 220 kV HVAC cable systems, is a framework contract, valid until 2022, intended to serve the needs of power transmission systems in Southern Italy.

Both contracts include design and installation engineering, the supply of cables - manufactured at the plant in Gron, France, the Group's excellence centre for high and extra-high voltage cables - and accessories, as well as civil engineering works and other possible optional supplies.

***SuedOstLink project for the first of the three German Corridors***

On 5 May 2020, Prysmian Group announced that TenneT TSO GmbH, operator of the Dutch-German grid, had awarded it a contract for the SuedOstLink project in Germany, one of the world's longest HVDC underground transmission lines. The total value awarded to the Group for this contract, according to the options, is approximately Euro 500 million. Prysmian will be responsible for the design, manufacture, supply, installation, jointing, testing and commissioning of a 2GW underground transmission cable running through the TenneT-operated section of this first German Corridor. The project is expected to be completed in early 2026.

***A-Nord project for the second of the three German Corridors***

On 11 May 2020, Prysmian Group announced that Amprion GmbH, a German grid operator, had awarded it a contract for the A-Nord underground cable, part of the German "Corridor A" 2GW power transmission project. Under this contract, worth over Euro 500 million for the Group, Prysmian will be responsible for the design, manufacture, supply, installation, jointing, testing and commissioning of a 1GW underground transmission cable covering the entire northern route of the German Corridors.

Work on the HVDC system is scheduled to begin by 2023.

***Contract with Vattenfall for the first zero-subsidy offshore wind farm***

On 20 May 2020, Prysmian Group finalised a contract for a project awarded by Vattenfall, a leading European energy company, to supply the submarine inter-array cable systems for the Hollandse Kust Zuid III and IV offshore wind farm 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.

***Crete-Attica submarine interconnection project in Greece***

On 26 May 2020, Prysmian Group was awarded a contract worth approximately Euro 270 million by Ariadne Interconnection, a wholly-owned subsidiary of IPTO, Greece's transmission system operator, for submarine interconnections between the island of Crete and the Greek mainland (Attica region).

The first lot, worth Euro 250 million, involves the design, supply, installation and commissioning of an end-to-end HVDC cable along a 335 km route between the island of Crete and the Attica region.

The second lot, worth Euro 20 million, involves the design, supply, installation and commissioning of two submarine telecommunication links for a total length of 670 km between the island of Crete and the Attica region.

Prysmian will install the submarine cables using one of its own cable-lay vessels. Delivery and commissioning for both projects are scheduled over the period 2020-2023.

***Contract for the Saint-Brieuc wind farm in France***

On 27 May 2020, Ailes Marines, in charge of the development, construction, installation and operation of an offshore wind farm in the bay of Saint-Brieuc, awarded Prysmian Group a contract worth about Euro 80 million to provide the submarine inter-array cable systems for the Saint-Brieuc offshore wind farm in France. Delivery and commissioning are scheduled by the end of 2022.

***SuedLink project for the third and longest of the three German Corridors***

On 29 June 2020, Prysmian Group was awarded contracts for the SuedLink Corridor in Germany, the longest ever underground cable project, by the German transmission system operators TransnetBW GmbH and TenneT.

Under this project, worth a total of approximately Euro 800 million for the Group, Prysmian will design, manufacture, supply, lay, joint, test and commission a 2GW underground cable system linking the north of Germany to its regions in the south.

The project is due to be completed in 2026.

***Prysmian launches the first fibre-optic network with 90% recycled plastic***

On 15 September 2020, the Group announced that it will be working with Dutch operator KPN on a pilot project to install a fibre-optic network containing 90% recycled plastic. KPN will be the first telecommunications firm in Europe to use the new Prysmian cable concept to install connections for its customers.

Pilot projects will take place in Buitenpost (Friesland) and Nijmegen, both in the Netherlands. Further benefits are expected to emerge during installation, such as a reduced need for excavation at network concentration sites, leading to less soil for removal and disposal.

Approximately 50% fewer raw materials (plastic or PE) are required for the production of the new cables and tubes than for traditional cabling. On top of these direct savings, the new concept offers an indirect environmental benefit since over 90% of the tubes are manufactured using high-quality recycled PE. These savings translate into an immediate reduction of the CO2 emissions and ultimately of end-of-life waste. In addition, Prysmian expects to achieve a further reduction in CO2 emissions through savings in logistics, storage, and packaging materials, which will be evaluated in a real-life test for KPN.

## CONSOLIDATED FINANCIAL HIGHLIGHTS\*

(Euro/million)	9 months 2020	9 months 2019	% change	2019
<b>Sales</b>	7,488	8,635	-13.3%	11,519
<b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>	632	751	-15.8%	983
<b>Adjusted EBITDA <sup>(1)</sup></b>	647	773	-16.3%	1,007
<b>EBITDA <sup>(2)</sup></b>	601	711	-15.5%	907
<b>Adjusted operating income <sup>(3)</sup></b>	401	539	-25.6%	689
<b>Operating income</b>	294	479	-38.6%	569
<b>Profit/(loss) before taxes</b>	215	377	-43.0%	444
<b>Net profit/(loss)</b>	137	273	-49.8%	296

(Euro/million)	30.09.2020	30.09.2019	Change	2019
<b>Net capital employed</b>	5,606	6,178	(572)	5,236
<b>Employee benefit obligations</b>	493	526	(33)	494
<b>Equity</b>	2,444	2,625	(181)	2,602
<b>of which attributable to non-controlling interests</b>	171	193	(22)	187
<b>Net financial debt</b>	2,669	3,027	(358)	2,140

(Euro/million)	30.09 2020	30.09 2019	% change	2019
<b>Net capital expenditure <sup>(4)</sup></b>	161	130	23.8%	248
<b>Employees (at period-end)</b>	28,628	29,667	-3.5%	28,714
<b>Earnings/(loss) per share</b>				
- basic	0.53	1.03		1.11
- diluted	0.53	1.03		1.11

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

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

<sup>(3)</sup> 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.

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

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

## GROUP PERFORMANCE AND RESULTS

(Euro/million)	9 months 2020	9 months 2019	% change	2019
<b>Sales</b>	7,488	8,635	-13.3%	11,519
<b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>	<b>632</b>	<b>751</b>	<b>-15.8%</b>	<b>983</b>
% of sales	8.4%	8.7%		8.5%
<b>Adjusted EBITDA</b>	<b>647</b>	<b>773</b>	<b>-16.3%</b>	<b>1,007</b>
% of sales	8.6%	8.9%		8.7%
<b>EBITDA</b>	<b>601</b>	<b>711</b>	<b>-15.5%</b>	<b>907</b>
% of sales	8.0%	8.2%		7.9%
Fair value change in metal derivatives	5	2		15
Fair value stock options	(23)	1		1
Amortisation, depreciation, impairment and impairment reversal	(289)	(235)		(354)
<b>Operating income</b>	<b>294</b>	<b>479</b>	<b>-38.6%</b>	<b>569</b>
% of sales	3.9%	5.6%		4.9%
Net finance income/(costs)	(79)	(102)		(125)
<b>Profit/(loss) before taxes</b>	<b>215</b>	<b>377</b>	<b>-43.0%</b>	<b>444</b>
% of sales	2.9%	4.4%		3.9%
Taxes	(78)	(104)		(148)
<b>Net profit/(loss)</b>	<b>137</b>	<b>273</b>	<b>-49.8%</b>	<b>296</b>
% of sales	1.8%	3.2%		2.6%
Attributable to:				
Owners of the parent	140	271		292
Non-controlling interests	(3)	2		4
<b>Reconciliation of Operating Income/EBITDA to Adjusted Operating Income/Adjusted EBITDA</b>				
<b>Operating income (A)</b>	<b>294</b>	<b>479</b>	<b>-38.6%</b>	<b>569</b>
<b>EBITDA (B)</b>	<b>601</b>	<b>711</b>	<b>-15.5%</b>	<b>907</b>
<b>Adjustments:</b>				
Company reorganisation	17	17		85
Non-recurring expenses/(income)	16	20		(32)
Other non-operating expenses/(income)	13	25		47
<b>Total adjustments (C)</b>	<b>46</b>	<b>62</b>		<b>100</b>
Fair value change in metal derivatives (D)	(5)	(2)		(15)
Fair value stock options (E)	23	(1)		(1)
Assets impairment and impairment reversal (F)	43	1		36
<b>Adjusted operating income (A+C+D+E+F)</b>	<b>401</b>	<b>539</b>	<b>-25.6%</b>	<b>689</b>
<b>Adjusted EBITDA (B+C)</b>	<b>647</b>	<b>773</b>	<b>-16.3%</b>	<b>1,007</b>

The Group's sales in the first nine months of 2020 came to Euro 7,488 million, compared with Euro 8,635 million in the corresponding period of 2019, posting a negative change of Euro 1,147 million (-13.3%).

The main factors behind this change were:



- negative organic sales growth, accounting for a decrease of Euro 870 million (-10.1%);
- unfavourable exchange rate movements, leading to a decrease of Euro 160 million (-1.9%);
- fluctuation in the price of metals (copper, aluminium and lead), generating a sales price decrease of Euro 117 million (-1.3%).

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

<i>Projects</i>	-13.9%;
<i>Energy</i>	-7.8%;
<i>Telecom</i>	-16.9%.

Organic sales growth was a negative 10.1% for the first nine months of 2020, and a negative 6.5% in the third quarter, the main factors behind which as follows:

- a steep decline in the Telecom segment (-16.9%), due to the anticipated decrease in volumes forecast in the 2020 budget and exacerbated by the impact of the Covid-19 pandemic, despite an improvement in North America observed in the last three months;
- a slowdown in the Trade & Installers business (-13.3%), adversely affected by the impact of Covid-19 especially in the second quarter although showing an improvement in the third quarter (-6.9%);
- good performance by Onshore Wind (forming part of the E&I business) in the United States. (+7.3%) and by Renewables (+10.3%). OEM continued to display good resilience.

The Group's Adjusted EBITDA (before net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses) came to Euro 647 million in the first nine months of 2020, representing 8.6% of sales, down Euro 126 million (-16.3%) on the corresponding 2019 figure of Euro 773 million.

The main factors affecting performance are described below:

- Energy segment: the Power Distribution business (especially Onshore Wind in North America) has performed well with an improvement in earnings, as have Overhead lines and Renewables;
- Projects segment: the constraints arising from the Covid-19 pandemic have caused HV production and installation to slow although improving in the third quarter;
- Telecom segment: margins have stabilised despite lower volumes and strong price pressure, only partially absorbed by cost efficiencies.

On the whole, despite negative exchange rate effects, the Group confirmed a good resilience in the third quarter to the current macroeconomic context, allowing it to maintain stable margins thanks to the adoption of swift and targeted actions to contain both fixed and variable costs and improve the business mix. Third-quarter margins in 2020 (9.1%) were slightly better than in the same period last year (9.0% in third quarter 2019).

In addition, the Group has completed the process of integrating General Cable ahead of time, achieving an annualised addition of around Euro 200 million to EBITDA and annualised cost efficiencies of around Euro 175

million, having already incurred a total of some Euro 200 million in restructuring costs. These results have been achieved thanks to the Group's improved geographical diversification, greater complementarity between product portfolios and cross-selling activities.

EBITDA is stated after net expenses for company reorganisation, net non-recurring expenses and other net non-operating expenses totalling Euro 46 million (Euro 62 million in the first nine months of 2019).

Amortisation, depreciation and impairment amounted to Euro 289 million in the first nine months of 2020, reporting a year-on-year increase, primarily because of the impairment loss of Euro 43 million recognised already in the Half-Year Financial Report against property, plant and equipment in the Energy segment's South Europe Region CGU.

The fair value change in metal derivatives, affected by an increase in metal prices (copper, aluminium and lead), was a positive Euro 5 million in the first nine months of 2020 compared with a corresponding figure of Euro 2 million in the same period of 2019.

After adopting hedge accounting for most of its metal derivatives, the Group has recognised a positive pre-tax amount of Euro 21 million in the cash flow hedge reserve.

A total of Euro 23 million in costs have been recognised in the first nine months of 2020 to account for the effects of the long-term incentive plan and employee share purchase scheme.

The Group's operating income came to Euro 294 million, compared with Euro 479 million in the first nine months of 2019, thus reporting a decline of Euro 185 million.

Net finance costs amounted to Euro 79 million in the first nine months of 2020, versus a prior year figure of Euro 102 million.

Taxes came to Euro 78 million, representing an effective tax rate of around 36%.

Net profit for the first nine months of 2020 was Euro 137 million, of which Euro 140 million attributable to the Group, compared with Euro 273 million in the first nine months of 2019, of which Euro 271 million attributable to the Group.

The Group is continuing to reduce its net financial debt, which amounted to Euro 2,669 million at 30 September 2020, down Euro 358 million from Euro 3,027 million at 30 September 2019. The reduction was achieved thanks to Euro 617 million in cash flow provided in the past twelve months by operating activities after net finance costs paid (excluding cash flows arising from acquisitions and/or disposals).

The first nine months of 2020 saw the Group win a number of major contracts, including a 50% share of the three "German Corridors" projects worth a total of some Euro 1,800 million, confirming Prysmian Group's primary role as an energy transition facilitator. The award of these contracts has allowed the Group's order backlog to reach a record level of around Euro 3,800 million.

## REVIEW OF PROJECTS OPERATING SEGMENT

(Euro/million)	9 months 2020	9 months 2019	% change	2019
Sales	1,056	1,247	-15.3%	1,844
<b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>	<b>129</b>	<b>152</b>	<b>-14.8%</b>	<b>228</b>
% of sales	12.3%	12.2%		12.3%
<b>Adjusted EBITDA</b>	<b>130</b>	<b>152</b>	<b>-14.7%</b>	<b>228</b>
% of sales	12.3%	12.2%		12.4%
Adjustments	(4)	(29)		(23)
<b>EBITDA</b>	<b>126</b>	<b>123</b>	<b>2.9%</b>	<b>205</b>
% of sales	12.0%	9.9%		11.1%
Amortisation and depreciation	(49)	(47)		(64)
<b>Adjusted operating income</b>	<b>81</b>	<b>105</b>	<b>-23.6%</b>	<b>164</b>
% of sales	7.7%	8.4%		8.9%

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

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

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

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

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

### MARKET OVERVIEW

Market demand for Submarine Power cables continued to show signs of recovery in the first nine months of the year: 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.

Market demand remained stable for Submarine Telecom cables.

In the High Voltage underground business, the HVAC market was largely stable in Europe, with mixed trends between the different countries, while reporting growth in North America but persistently soft demand in Southeast Asia, which had already turned down in 2019 and is now being exacerbated by the impact of Covid-19.

In the HVDC market, typically for interconnectors, tendering activities for major underground power lines in Germany reached their conclusion, with Prysmian Group being awarded a substantial share of all the projects concerned. In fact, Prysmian Group has secured about 50% of both of the Suedostlink and A-Nord contracts, worth a total of approximately Euro 1 billion, and two lots worth about Euro 850 million for the Suedlink project.

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

### FINANCIAL PERFORMANCE

Sales to third parties by the *Projects* segment amounted to Euro 1,056 million in the first nine months of the year, versus Euro 1,247 million in the same period of 2019, recording a negative change of Euro 191 million (-15.3%). The third quarter posted an organic change of -14.1%.

The factors behind this change were:

- negative organic sales growth, accounting for a decrease of Euro 174 million (-13.9%);
- exchange rate trends, producing a decrease of Euro 12 million (-1.0%);
- metal price fluctuations, producing a decrease of Euro 5 million (-0.4%).

The *Projects* segment's negative organic growth of -13.9% in the nine months and -14.1% in the third quarter is primarily the result of the Covid-19 pandemic, whose effects have hit all the businesses, combined with lower sales in some High Voltage markets, primarily France and APAC, and a contract mix in the Submarine Power business allowing robust project execution. The Submarine Telecom and Offshore Specialties businesses reported a limited reduction in sales.

The main Submarine Power projects on which work was performed during the period were: the interconnector between Norway and the UK (North Sea Link), the interconnector between France and the UK (IFA2), the interconnection projects in Bahrain and Greece (Crete-Peloponnese interconnector), the Viking Link interconnector and the offshore wind projects in France.

Sales in the period were the result of cable manufacturing activities by the Group's industrial facilities (Pikkala in Finland, Arco Felice in Italy, Drammen in Norway and Nordenham in Germany) and installation services, performed with the assistance of both its own assets and third-party equipment.

The value of the Group's Submarine Power order backlog stands at around Euro 1.8 billion, mainly consisting of the following contracts: the offshore wind contracts in France (St. Nazaire) and Germany (Dolwin5); the interconnector between the UK and Denmark (Viking Link); and the project for the Crete-Attica link awarded during the second quarter of 2020.

The value of the Group's High Voltage order backlog has increased considerably during 2020, thanks to the award of the German Corridors HVDC contracts in Germany, taking the total to just above Euro 2 billion. The Group's total order backlog has thus reached a record level of Euro 3.8 billion.

Adjusted EBITDA for the first nine months of 2020 came to Euro 130 million, down from the prior year figure of Euro 152 million; the main source of contraction can be laid at the door of Covid-19, causing project execution to slow.

## REVIEW OF ENERGY OPERATING SEGMENT

(Euro/million)	9 months 2020	9 months 2019	% change	2019
Sales	5,385	6,098	-11.7%	8,027
<b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>	<b>353</b>	<b>389</b>	<b>-9.2%</b>	<b>503</b>
% of sales	6.6%	6.4%		6.3%
<b>Adjusted EBITDA</b>	<b>355</b>	<b>391</b>	<b>-9.0%</b>	<b>505</b>
% of sales	6.6%	6.4%		6.3%
Adjustments	(36)	(18)		(60)
<b>EBITDA</b>	<b>319</b>	<b>373</b>	<b>-14.4%</b>	<b>445</b>
% of sales	5.9%	6.1%		5.5%
Amortisation and depreciation	(141)	(135)		(182)
<b>Adjusted operating income</b>	<b>214</b>	<b>256</b>	<b>-16.0%</b>	<b>323</b>
% of sales	4.0%	4.2%		4.0%

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

Sales to third parties by the *Energy* operating segment came to Euro 5,385 million in the first nine months of 2020, compared with the corresponding 2019 figure of Euro 6,098 million, posting a negative change of Euro 713 million (-11.7%), the main components of which are as follows:

- negative organic sales growth of Euro 478 million (-7.8%);
- decrease of Euro 126 million (-2.1%) for adverse exchange rate fluctuations;
- sales price decrease of Euro 109 million (-1.8%) for metal price fluctuations.

Adjusted EBITDA came to Euro 355 million in the first nine months of 2020, down Euro 36 million (-9%) from Euro 391 million in the corresponding period of 2019, reflecting the difficulties experienced in connection with the Covid-19 pandemic.

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

## ENERGY & INFRASTRUCTURE

(Euro/million)

	9 months 2020	9 months 2019	% change	2019
Sales	3,559	4,060	-12.3%	5,285
<b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>	<b>222</b>	<b>237</b>	<b>-6.2%</b>	<b>307</b>
% of sales	6.2%	5.8%		5.8%
<b>Adjusted EBITDA</b>	<b>224</b>	<b>238</b>	<b>-6.1%</b>	<b>308</b>
% of sales	6.3%	5.9%		5.8%
<b>Adjusted operating income</b>	<b>131</b>	<b>145</b>	<b>-9.9%</b>	<b>185</b>
% of sales	3.7%	3.4%		3.5%

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

### MARKET OVERVIEW

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

During the first nine months of 2020, the Trade & Installers business saw demand turn down in most of the European countries served, particularly in South Europe and the UK due not only to difficulties associated with the Covid-19 pandemic but also to Brexit. The decline in business in the regions of APAC, MEAT and LATAM (the latter nonetheless showing signs of improvement in the third quarter), reflected not only the complications of the Covid-19 pandemic but also steep currency devaluation in Central and South American countries, making an already troubled market more uncertain. Even in North America the Trade & Installers market reported a year-on-year downturn.

As for Power Distribution, the North American market saw an uptrend, also thanks to Onshore Wind demand, which benefited from the Production Tax Credit (PTC), a tax incentive based on electricity generation that ended during the year. Following the pandemic, the deadline for installations has been extended until the end of next year, without increasing the amounts incentivised.

Trends in the principal European countries in recent years have reflected generally stagnant energy consumption, which in turn has adversely affected demand by the major utilities. The latter, operating in a recessionary economic environment, have either maintained cautious positions, given the impossibility of forecasting future growth, or else they have concentrated on business restructuring to improve efficiency and



contain supply-side costs. This situation has exacerbated the competitive dynamics in terms of price and mix, leaving an extremely challenging environment almost everywhere.

Compared with the same period in 2019, Power Distribution nine-month demand grew in North Europe thanks to growth in consumption, remained resilient in Germany and the Danube area, but recoiled slightly in South Europe and the UK mainly in connection with Covid-19.

Lastly, demand was down in the Middle East, LATAM and APAC, partly owing to the Covid-19 pandemic.

The Overhead Transmission Lines business saw its North American and LATAM volumes grow on the same period last year, in line with market expectations.

## FINANCIAL PERFORMANCE

Sales to third parties by the *Energy & Infrastructure* business area amounted to Euro 3,559 million in the first nine months of 2020, compared with Euro 4,060 million in the corresponding period of 2019, posting a negative change of Euro 501 million (-12.3%), the main components of which are as follows:

- negative organic sales growth of Euro 349 million (-8.6%);
- negative change of Euro 86 million (-2.1%) for exchange rate fluctuations;
- sales price decrease of Euro 66 million (-1.6%) for metal price fluctuations.

Third-quarter sales reported negative organic growth of -4.4%, reflecting an improvement on the previous quarters in most of the geographical regions.

In the first nine months of the year, the *Energy and Infrastructure* business area recorded negative organic sales growth by its Trade & Installers business, albeit with geographical differences, especially pronounced in South Europe, UK, MEAT and LATAM, the regions most affected by the Covid-19 pandemic, while a resilient market in North America managed to mitigate part of the volume reduction. Despite a drop in volumes mainly because of Covid-19, the APAC region boosted its profitability. Middle East markets were also in retreat because of strong pressure on oil prices. Overall profitability of the Trade & Installers business was down on the same period of 2019 primarily as a consequence of Covid-19.

The Power Distribution business had negative organic growth, reflecting different performances by region: strong positive growth in North America and North Europe, stable in Central-East Europe but negative in South Europe, the Middle East, LATAM and APAC. There was an overall improvement in profitability, driven mainly by North America and also thanks to prompt action on the cost front. Strong price pressure persisted in Europe. The Overhead Lines business in LATAM enjoyed strong positive organic growth.

Given the factors described above, Adjusted EBITDA for the first nine months of 2020 came to Euro 224 million, compared with Euro 238 million in the corresponding period last year, reflecting a decrease of Euro 14 million.

## INDUSTRIAL & NETWORK COMPONENTS

(Euro/million)	9 months 2020	9 months 2019	% change	2019
Sales	1,673	1,858	-9.9%	2,492
<b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>	<b>130</b>	<b>149</b>	<b>-13.0%</b>	<b>195</b>
% of sales	7.8%	8.0%		7.8%
<b>Adjusted EBITDA</b>	<b>130</b>	<b>150</b>	<b>-12.9%</b>	<b>196</b>
% of sales	7.8%	8.0%		7.9%
<b>Adjusted operating income</b>	<b>87</b>	<b>110</b>	<b>-21.1%</b>	<b>140</b>
% of sales	5.2%	5.5%		5.6%

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

Markets for Industrial cables, while growing as a whole, displayed inconsistencies within the various business lines and between the different geographical areas. Some market segments grew despite the pandemic, due to good existing order backlog and the resilience of customer investment programs. Some applications for the OEM sector (Cranes, Railway, Nuclear, Marine and Defence) performed well, while the Water and Electromedical segments remained stable. The Mining segment posted a significant slowdown due to lower MRO demand in the USA and the phasing of some projects in Eastern Europe and South America. The Renewables business enjoyed an uptick in demand in the Solar market, while the Wind one was stable.

However, both segments saw an increase in competitive pressure, affecting prices and partially eroding the healthy trend in volumes.

O&G demand was significantly inhibited by the Covid-19 pandemic and lower oil prices.

The Elevator market showed a certain stability thanks to the good performance of the North American market, which is now beginning to suffer from problems associated with Covid-19.

The Automotive segment recorded a positive first quarter, followed by a drastic second-quarter drop in volumes, mainly affecting the European, North American and APAC markets, and good signs of recovery in the third quarter with the reopening of the major car manufacturers who have had to revise their production schedules for the impact of the Covid-19 pandemic. The largest reductions were seen in the mid- to low-end segments.

The Network Component market saw demand contract in the first nine months of 2020 both in the medium voltage segment and in the HV and EHV segments due to the Covid-19 pandemic in South Europe, LATAM and APAC, while remaining stable in the rest of the world.

## MARKET OVERVIEW

Sales to third parties by the *Industrial & Network Components* business area amounted to Euro 1,673 million in the first nine months of 2020, compared with Euro 1,858 million in the corresponding period of 2019, recording a negative change of Euro 185 million (-9.9%), the main components of which are as follows:

- negative organic sales growth of Euro 129 million (-7.0%);
- negative change of Euro 36 million (-1.8%) for exchange rate fluctuations;
- sales price decrease of Euro 20 million (-1.1%) for metal price fluctuations.

Nine-month performance by *Industrial & Network Components* was in line with the same period of 2019, with positive results for Renewables and Railway making up for the slowdown in Automotive, Aviation and Mining. Organic growth improved in the third quarter to -4.1%, despite the continuing negative trend for Automotive.

In the first nine months of 2020, Specialties, OEM and Renewables recorded profits in line with the corresponding period of 2019, demonstrating good resilience to the global economic situation, particularly thanks to the contribution of North Europe and North America and the businesses of Cranes, Railway, Nuclear and Renewables especially in China. This positive performance was partially offset by a slowdown in the Mining and Infrastructure businesses as well as by slowdowns in the regions most affected by the Covid-19 pandemic such as South Europe, LATAM and APAC.

The Oil & Gas business saw business volumes steadily deteriorate in the EMEA region, while remaining depressed in North and South America. Asia Pacific as a whole had a positive level of activity. The business's overall margins declined due to the contraction in activity.

The Downhole Technology business recorded a contraction in volumes and profits on the previous year, reflecting a reduction in volumes and orders.

The Automotive business recorded a sharp downturn in volumes everywhere, especially in the second quarter of 2020.

The Elevator business's profitability was in line with expectations, despite Covid-19-related difficulties on the Chinese market in the first quarter.

The Network Components business experienced a deteriorating performance in the regions hardest hit by the Covid-19 pandemic, but managed to keep margins stable. The impact was greatest in South Europe and the UK, particularly in the medium and low voltage sector, in China and LATAM, while markets in North Europe and the North American medium voltage sector showed stability or slight growth.

Given the factors described above, Adjusted EBITDA for the first nine months of 2020 came to Euro 130 million, down from Euro 150 million in the corresponding period last year, reflecting a negative change of Euro 20 million (-12.9%).

## OTHER

(Euro/million)	9 months 2020	9 months 2019	2019
Sales	153	180	250
<b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>	<b>1</b>	<b>3</b>	<b>1</b>
<b>Adjusted EBITDA</b>	<b>-</b>	<b>3</b>	<b>1</b>
<b>Adjusted operating income</b>	<b>(4)</b>	<b>1</b>	<b>(2)</b>

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

## REVIEW OF TELECOM OPERATING SEGMENT

(Euro/million)	9 months 2020	9 months 2019	% change	2019
Sales	1,047	1,290	-18.9%	1,648
<b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>	<b>150</b>	<b>210</b>	<b>-28.5%</b>	<b>252</b>
% of sales	14.4%	16.3%		15.3%
<b>Adjusted EBITDA</b>	<b>162</b>	<b>230</b>	<b>-29.4%</b>	<b>274</b>
% of sales	15.5%	17.8%		16.6%
Adjustments	12	(4)		-
<b>EBITDA</b>	<b>174</b>	<b>226</b>	<b>-23.1%</b>	<b>274</b>
% of sales	16.6%	17.5%		16.6%
Amortisation and depreciation	(56)	(52)		(72)
<b>Adjusted operating income</b>	<b>106</b>	<b>178</b>	<b>-40.3%</b>	<b>202</b>
% of sales	10.1%	13.8%		12.3%

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 downturn in the global optical fibre cables market, already observed in the last part of the previous year, was confirmed in the first nine months of 2020.

Demand has also been constrained by the impact of Covid-19 throughout the entire year. The phenomenon observed on the Chinese market at the beginning of the first quarter of 2020 has spread to the rest of the world, most evidently in South Europe, North America and Latin America.

North America confirmed a slight reduction in optical fibre cable consumption, like in the last few months of the previous year, mainly due to a slowing in investments by the main operators.

In Europe, overall demand was down, with uneven behaviour in the various national markets. In such a climate, the markedly negative contribution of the South Europe region was only partially mitigated by some virtuous behaviour in North Europe. In South Europe, the main operators have adopted an aggressive destocking policy, which has sharply reduced their optical cable procurement estimates, triggering a sharp market contraction.

In Italy, Spain and France, the first countries to take measures to contain the Covid-19 virus, the first nine months of 2020 witnessed a drop in optical cable demand. Even though the Telecom segment is classified as strategic, difficulties in finding personnel to perform installations effectively prevented a significant acceleration in demand.

Thanks to plans under the Digital Agenda for Europe 2025, European demand is expected to revive from the fourth quarter of 2020. 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.

In South America, a region when fibre penetration rates are still low, the optical cables market reported a slight decline attributable to a slowing of investment by major telecom operators.

The copper cable market is experiencing a slowdown due to product maturity. The drop in demand, already evident during 2019, was confirmed but without showing any acceleration.

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

The MMS cable market reported a downturn, most pronounced in South America and North America due to Covid-related difficulties. The decline in Latin American business reflects not only the complications of the Covid-19 pandemic but also steep currency devaluation in Central and South American countries, making an already troubled market more uncertain.

## FINANCIAL PERFORMANCE

Sales to third parties by the *Telecom* operating segment came to Euro 1,047 million in the first nine months of 2020, compared with Euro 1,290 million in the same period of 2019.

The negative change of Euro 243 million (-18.9%) is explained by:

- negative organic sales growth of Euro 218 million (-16.9%);
- negative change of Euro 3 million (-0.3%) in sales prices for metal price fluctuations;
- negative change of Euro 22 million (-1.7%) for exchange rate fluctuations.

The organic decrease in sales (-16.9% in the first nine months of 2020 and -10% in the third quarter) reflects the negative trend already observed since the second half of 2019 and was primarily the result of a slowdown in demand in the first nine months of 2020 for optical fibre and specialty cables, further exacerbated by the impact of Covid-19. However, the trend improved in the third quarter, thanks to North America.

In Europe, the trend in volumes for the first nine months of 2020 was down on the previous year. A continued slowing in orders, already observed in the last part of the previous year, was accompanied by a further drop in prices.

In Brazil and Argentina, the Group's performance was in line with the slightly lethargic market trend.

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

The positive performance of the high value-added business of optical connectivity accessories, triggered by the development of new FTTx networks (for last mile broadband), dwindled during the nine-month period. While performance improved in the UK, other European markets reported a deterioration on the same period of the previous year.

The Multimedia Solutions business saw its growth slow on the same period of 2019, mainly due to the pandemic's effects on South European and North American markets.

The return on investments in relocating some cable manufacturing sources to Eastern Europe also made a substantial contribution to the segment's overall results.

Adjusted EBITDA for the first nine months of 2020 came to Euro 162 million, reporting a decrease of Euro 68 million (-29.4%) from Euro 230 million in the same period of 2019. This decline is mainly attributable to the negative results of the Group as described above and to those of the associate Yangtze Optical Fibre and Cable Joint Stock Limited Company in China, involving a negative impact of some Euro 8 million, only partially mitigated by a stabilisation in margins despite pressure on prices and achieved thanks to cost efficiencies.



## 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*, reflecting the structure used in the periodic reports prepared to review business performance. The primary performance indicator used in these reports, presented by macro type of business (*Energy*, *Projects* and *Telecom*), is Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items, the fair value change in metal price derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income and taxes.

In order to provide users of the financial statements with information that is more consistent with the Group's greater geographical diversification following the General Cable acquisition, Sales and Adjusted EBITDA are reported 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.

(Euro/million)

	Sales		Adjusted EBITDA	
	9 months 2020	9 months 2019	9 months 2020	9 months 2019
EMEA*	4,010	4,617	273	372
North America	2,355	2,610	293	285
LATAM	531	684	44	69
Asia Pacific	592	724	37	47
<b>Total</b>	<b>7,488</b>	<b>8,635</b>	<b>647</b>	<b>773</b>

(\*) EMEA = Europe, Middle East and Africa

### EMEA

The EMEA region recorded negative year-on-year organic sales growth of -10.9% in the first nine months of 2020 (-10.3% excluding the *Projects* segment) and -4.4% in 3Q 2020. This was the result of adverse performance above all in 2Q 2020 in South Europe, the UK and the Middle East with the spread of the Covid-19 pandemic, followed by a third-quarter recovery primarily due to Energy & Infrastructure. The Industrial business recorded a positive performance driven by Renewables.

### North America

North America recorded negative year-on-year organic sales growth of -6.5% in the first nine months of 2020 (-6.1% excluding the *Projects* segment) and -6.2% in 3Q 2020.

The Energy & Infrastructure business posted a solid performance, mainly thanks to Power Distribution (dwindling however in 3Q 2020) and Overhead Transmission Lines.

The Telecom business enjoyed a steady improvement. Margins benefited from a favourable business mix and targeted actions to reduce costs.

#### *LATAM*

LATAM recorded negative year-on-year organic sales growth of -12.7% in the first nine months of 2020 (-14.4% excluding the *Projects* segment) and -0.9% in 3Q 2020.

This region, severely impacted by the negative consequences of the Covid-19 pandemic in 2Q 2020, saw a strong recovery in 3Q thanks to Renewables and Overhead Transmission Lines.

#### *APAC*

APAC recorded negative year-on-year organic sales growth of -15.4% in the first nine months of 2020 (-12.7% excluding the *Projects* segment) and -9.2% in 3Q 2020, reflecting the impact of the Covid-19 pandemic. The Industrial business (OEM and Renewables) displayed a positive trend. The third-quarter results benefited from carryover of the second-quarter results of the associate YOFC.

## COVID-19 EFFECTS

Nine-month sales in 2020 have decreased by 13.3% year-on-year, a reduction of Euro 1,147 million. Group Management has estimated that around 60% of this reduction is attributable to the loss in sales versus pre-pandemic forecasts caused by delays in the award of contracts and the drop in demand experienced by the most cyclically sensitive businesses, as well as by restrictions imposed by some governments on production activities.

As far as operating costs are concerned, Management has estimated the impact of shutting down certain production facilities in response to preventive measures adopted by some governments and of having operated at a much lower capacity than usual to be approximately Euro 22 million, net of related government financial support. In addition, the Group has recorded about Euro 9 million for ineffective hedges and inventory write-downs after items underlying derivatives were no longer realised due to the pandemic.

In addition to the above, approximately Euro 11 million in costs, treated as EBITDA adjustments, have been incurred to disinfect workplaces and buy personal protective equipment in order to allow industrial activities to continue safely and in compliance with the mandatory standards of hygiene dictated by the situation.

The spread of the Covid-19 pandemic has led to the recognition of certain impacts specifically as a result of adjusting the estimates and assumptions made by Group Management. In particular, an impairment loss of some Euro 43 million was recognised in the first six months of 2020 against the property, plant and equipment of the South Europe CGU.

## GROUP STATEMENT OF FINANCIAL POSITION

### RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(Euro/million)

	30.09.2020	30.09.2019	Change	31.12.2019
Net fixed assets	5,035	5,290	(255)	5,301
Net working capital	1,260	1,627	(367)	755
Provisions and net deferred taxes	(689)	(739)	50	(820)
<b>Net capital employed</b>	<b>5,606</b>	<b>6,178</b>	<b>(572)</b>	<b>5,236</b>
Employee benefit obligations	493	526	(33)	494
Total equity	2,444	2,625	(181)	2,602
<i>of which attributable to non-controlling interests</i>	171	193	(22)	187
Net financial debt	2,669	3,027	(358)	2,140
<b>Total equity and sources of funds</b>	<b>5,606</b>	<b>6,178</b>	<b>(572)</b>	<b>5,236</b>

### NET FIXED ASSETS

(Euro/million)

	30.09.2020	30.09.2019	Change	31.12.2019
Property, plant and equipment	2,657	2,749	(92)	2,804
Intangible assets	2,052	2,195	(143)	2,154
Equity-accounted investments	311	311	-	314
Other investments at fair value through other comprehensive income	13	13	-	13
Assets and liabilities held for sale (*)	2	22	(20)	16
<b>Net fixed assets</b>	<b>5,035</b>	<b>5,290</b>	<b>(255)</b>	<b>5,301</b>

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

At 30 September 2020, net fixed assets amounted to Euro 5,035 million, compared with Euro 5,301 million at 31 December 2019, posting a decrease of Euro 266 million mainly due to the combined effect of the following factors:

- Euro 152 million in net capital expenditure on property, plant and equipment and intangible assets;
- Euro 289 million in depreciation, amortisation and impairment charges for the period;
- Euro 50 million in increases in property, plant and equipment for IFRS 16;
- Euro 175 million in negative currency translation differences affecting property, plant and equipment and intangible assets;
- Euro 3 million for the net decrease in equity-accounted investments, mainly comprising a positive Euro 15 million for the share of net profit/(loss) of equity-accounted companies, less Euro 8 million in dividend payments and Euro 7 million in negative currency translation differences.

**NET WORKING CAPITAL**

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

(Euro/million)	30.09.2020	30.09.2019	Change	31.12.2019
Inventories	1,505	1,689	(184)	1,523
Trade receivables	1,668	1,773	(105)	1,475
Trade payables	(1,671)	(1,976)	305	(2,062)
Other receivables/(payables)	(286)	156	(442)	(187)
<b>Net operating working capital</b>	<b>1,216</b>	<b>1,642</b>	<b>(426)</b>	<b>749</b>
Derivatives	44	(15)	59	6
<b>Net working capital</b>	<b>1,260</b>	<b>1,627</b>	<b>(367)</b>	<b>755</b>

Net working capital of Euro 1,260 million at 30 September 2020 was Euro 367 million lower than the corresponding figure of Euro 1,627 million at 30 September 2019. Net operating working capital amounted to Euro 1,216 million (12.1% of annualised sales) at 30 September 2020, down Euro 426 million from Euro 1,642 million (14.7% of sales) at 30 September 2019, reflecting the following factors:

- a reduction in working capital employed in multi-year Submarine projects, reflecting their stage of completion relative to their respective contractual deadlines;
- an increase in working capital due to a decrease in without-recourse factoring of trade receivables;
- a decrease in working capital due to the reduced levels of activity as a consequence of the Covid-19 pandemic;
- a reduction for the effect of currency differences.

**NET FINANCIAL DEBT**

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

(Euro/million)	30.09.2020	30.09.2019	Change	31.12.2019
<b>Long-term financial payables</b>				
CDP Loans	100	-	100	100
EIB Loans	110	118	(8)	118
Non-convertible bond	748	746	2	746
Convertible Bond 2017	486	475	11	478
Term Loan	996	994	2	995
Unicredit Loan	199	199	-	199
Mediobanca Loan	100	100	-	100
Intesa Loan	150	-	150	149
Derivatives	15	21	(6)	15
Lease liabilities	133	100	33	135
Other financial payables	10	13	(3)	12
<b>Total long-term financial payables</b>	<b>3,047</b>	<b>2,766</b>	<b>281</b>	<b>3,047</b>
<b>Short-term financial payables</b>				
CDP Loans	-	100	(100)	100
EIB Loans	9	17	(8)	17
Non-convertible bond	9	9	-	14
Term Loan	3	4	(1)	1
Bridge Loan	-	401	(401)	-
Unicredit Loan	1	1	-	-
Intesa Loan	1	1	-	-
Derivatives	9	6	3	10
Lease liabilities	48	40	8	44
Other financial payables	54	79	(25)	36
<b>Total short-term financial payables</b>	<b>134</b>	<b>658</b>	<b>(524)</b>	<b>222</b>
<b>Total financial liabilities</b>	<b>3,181</b>	<b>3,424</b>	<b>(243)</b>	<b>3,269</b>
Long-term financial receivables	2	2	-	2
Long-term bank fees	3	4	(1)	4
Financial assets at amortised cost	4	4	-	4
Short-term derivatives	1	3	(2)	6
Short-term financial receivables	3	4	(1)	2
Short-term bank fees	2	2	-	2
Financial assets at fair value through profit or loss	12	21	(9)	27
Financial assets at fair value through other comprehensive income	11	11	-	11
Financial assets held for sale	-	-	-	1
Cash and cash equivalents	474	346	128	1,070
<b>Total financial assets</b>	<b>512</b>	<b>397</b>	<b>115</b>	<b>1,129</b>
<b>Net financial debt</b>	<b>2,669</b>	<b>3,027</b>	<b>(358)</b>	<b>2,140</b>

Net financial debt of Euro 2,669 million at 30 September 2020 has increased by Euro 529 million from Euro 2,140 million at 31 December 2019.

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

## STATEMENT OF CASH FLOWS

(Euro/million)	9 months 2020	9 months 2019	Change	12 months (from 1 October 2019 to 30 September 2020)	2019
<b>EBITDA</b>	<b>601</b>	<b>711</b>	<b>(110)</b>	<b>797</b>	<b>907</b>
Changes in provisions (including employee benefit obligations) and other movements	(79)	(103)	24	(48)	(72)
Net gains on disposal of property, plant and equipment	(12)	(1)	(11)	(12)	(1)
Share of net profit/(loss) of equity-accounted companies	(15)	(22)	7	(17)	(24)
<b>Net cash flow from operating activities (before changes in net working capital)</b>	<b>495</b>	<b>585</b>	<b>(90)</b>	<b>720</b>	<b>810</b>
Changes in net working capital	(529)	(831)	302	369	67
Taxes paid	(87)	(81)	(6)	(117)	(111)
Dividends from investments in equity-accounted companies	8	8	-	9	9
<b>Net cash flow from operating activities</b>	<b>(113)</b>	<b>(319)</b>	<b>206</b>	<b>981</b>	<b>775</b>
Cash flow from acquisitions and/or disposals	(5)	-	(5)	(12)	(7)
Net cash flow used in operating investing activities	(161)	(130)	(31)	(279)	(248)
<b>Free cash flow (unlevered)</b>	<b>(279)</b>	<b>(449)</b>	<b>170</b>	<b>690</b>	<b>520</b>
Net finance costs	(70)	(79)	9	(85)	(94)
<b>Free cash flow (levered)</b>	<b>(349)</b>	<b>(528)</b>	<b>179</b>	<b>605</b>	<b>426</b>
Dividend distribution	(70)	(118)	48	(71)	(119)
Capital contributions and other changes in equity	-	-	-	2	2
<b>Net cash flow provided/(used) in the period</b>	<b>(419)</b>	<b>(646)</b>	<b>227</b>	<b>536</b>	<b>309</b>
<b>Opening net financial debt</b>	<b>(2,140)</b>	<b>(2,222)</b>	<b>82</b>	<b>(3,027)</b>	<b>(2,222)</b>
Net cash flow provided/(used) in the period	(418)	(646)	228	537	309
Increase due to IFRS 16	(50)	(155)	105	(106)	(211)
Other changes	(60)	(4)	(56)	(72)	(16)
<b>Closing net financial debt</b>	<b>(2,669)</b>	<b>(3,027)</b>	<b>358</b>	<b>(2,668)</b>	<b>(2,140)</b>

With reference to the first nine months of 2020, net cash flow provided by operating activities (before changes in net working capital) amounted to Euro 495 million.

This cash flow was absorbed by the increase of Euro 529 million in net working capital. After Euro 87 million in tax payments and Euro 8 million in dividend receipts, cash flow from operating activities therefore resulted in a net outflow of Euro 113 million in the first nine months of 2020.

Net operating capital expenditure amounted to Euro 161 million in the first nine months of 2020, a large part of which on projects to increase and rationalise production capacity and to develop new products.

In addition, Euro 70 million in net finance costs were paid during the first nine months of 2020.

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

- Euro 720 million in net cash flow provided by operating activities before changes in net working capital;
- Euro 369 million in cash flow provided by the decrease in net working capital, Euro 9 million in dividend receipts, Euro 117 million in tax payments, all of which contributing to Euro 981 million in net cash inflow from operating activities;
- Euro 279 million in net operating capital expenditure over the past 12 months;
- Euro 85 million in payments for net finance costs and Euro 71 million for dividends.

## 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<sup>(1)</sup>, before non-recurring items<sup>(2)</sup>, as presented in the consolidated income statement, before other non-operating income and expense<sup>(3)</sup> 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;
- **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.

(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.



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 involving current assets and liabilities
  
- **Net operating working capital:** sum of the following items contained in the statement of financial position:
  - Inventories
  - Trade receivables
  - Trade payables
  - Other non-current receivables and payables, net of long-term financial receivables classified in net financial debt
  - Other current receivables and payables, net of short-term financial receivables classified in net financial debt
  - Current tax payables
  
- **Provisions and net deferred taxes:** sum of the following items contained in the statement of financial position:
  - Provisions for risks and charges – current portion
  - Provisions for risks and charges – non-current portion
  - Provisions for deferred tax liabilities
  - Deferred tax assets
  
- **Net capital employed:** sum of Net fixed assets, Net working capital and Provisions.

- **Employee benefit obligations** and **Total equity**: these indicators correspond to Employee benefit obligations and Total equity reported in the statement of financial position.
  
- **Net financial debt**: sum of the following items:
  - Borrowings from banks and other lenders – non-current portion
  - Borrowings from banks and other lenders – current portion
  - Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables
  - Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial receivables
  - Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial payables
  - Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial payables
  - Medium/long-term financial receivables recorded in Other non-current receivables
  - Loan arrangement fees recorded in Other non-current receivables
  - Short-term financial receivables recorded in Other current receivables
  - Loan arrangement fees recorded in Other current receivables
  - Financial assets at amortised cost
  - Financial assets at fair value through profit or loss
  - Financial assets at fair value through other comprehensive income
  - Cash and cash equivalents

**Reconciliation between the Reclassified Statement of Financial Position presented in the Directors' Report and the Statement of Financial Position contained in the Consolidated Financial Statements and Explanatory Notes at 30 September 2020**

(Euro/million)

	Note	30.09.2020		31.12.2019	
		Partial amounts from financial statements	Total amounts from financial statements	Partial amounts from financial statements	Total amounts from financial statements
<b>Net fixed assets</b>					
Property, plant and equipment	1		2,657		2,804
Goodwill and other intangible assets	1		2,052		2,154
Equity-accounted investments	2		311		314
Other investments at fair value through other comprehensive income			13		13
Assets and liabilities held for sale	8		2		16
<b>Total net fixed assets</b>	<b>A</b>		<b>5,035</b>		<b>5,301</b>
<b>Net working capital</b>					
Inventories		<b>B</b>	1,505		1,523
Trade receivables		<b>C</b>	1,668		1,475
Trade payables		<b>D</b>	(1,671)		(2,062)
Other receivables/payables net of which:		<b>E</b>	(286)		(187)
Other receivables - non-current			23		32
Tax receivables	3		7		10
Receivables from employees	3		1		1
Advances to suppliers	3		4		4
Other	3		11		17
Other receivables - current			779		812
Tax receivables	3		230		227
Receivables from employees and pension plans	3		7		6
Advances to suppliers	3		22		15
Other	3		102		114
Construction contracts	3		418		450
Other payables - non-current			(9)		(11)
Tax and social security payables	11		-		(2)
Payables to employees	11		(1)		(1)
Other	11		(8)		(8)
Other payables - current			(1,040)		(969)
Tax and social security payables	11		(233)		(201)
Advances from customers	11		(419)		(357)
Payables to employees	11		(138)		(160)
Accrued expenses	11		(117)		(139)
Other	11		(133)		(112)
Current tax payables			(39)		(51)
<b>Total net operating net working capital</b>	<b>F = B+C+D+E</b>		<b>1,216</b>		<b>749</b>
Derivatives of which:		<b>G</b>	44		6
Forward currency contracts on commercial transactions (cash flow hedges) - current	5		4		1
Forward currency contracts on commercial transactions - current	5		(1)		(3)
Metal derivatives (cash flow hedges) - current	5		26		-
Metal derivatives - non-current	5		18		4
Metal derivatives - current	5		(3)		4
<b>Total net working capital</b>	<b>H = F+G</b>		<b>1,260</b>		<b>755</b>

(Euro/million)				30.09.2020		31.12.2019	
	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		(34)		(60)		
Provisions for risks and charges - current	12		(636)		(717)		
Deferred tax assets			195		170		
Deferred tax liabilities			(214)		(213)		
<b>Total provisions</b>	<b>I</b>		<b>(689)</b>		<b>(820)</b>		
<b>Net capital employed</b>	<b>L = A+H+I</b>		<b>5,606</b>		<b>5,236</b>		
<b>Employee benefit obligations</b>	<b>M</b>	13	<b>493</b>		<b>494</b>		
<b>Total equity</b>	<b>N</b>	9	<b>2,444</b>		<b>2,602</b>		
<i>of which attributable to non-controlling interests</i>			171		187		
<b>Net financial debt</b>							
<b>Total long-term financial payables</b>	<b>O</b>		<b>3,047</b>		<b>3,047</b>		
CDP Loans	10		100		100		
EIB Loans	10		110		118		
Non-convertible bond	10		748		746		
Convertible bond 2017	10		486		478		
Term Loan	10		996		995		
Unicredit Loan	10		199		199		
Mediobanca Loan	10		100		100		
Intesa Loan	10		150		149		
Derivatives	5		15		15		
<i>of which:</i>							
<i>Interest rate swaps</i>	5		15		15		
Lease liabilities			133		135		
Other payables			10		12		
<b>Total short-term financial payables</b>	<b>P</b>		<b>134</b>		<b>222</b>		
CDP Loans	10		-		100		
EIB Loans	10		9		17		
Non-convertible bond	10		9		14		
Term Loan	10		3		1		
Unicredit Loan	10		1		-		
Intesa Loan	10		1		-		
Derivatives	5		9		10		
<i>of which:</i>							
<i>Interest rate swaps</i>	5		5		6		
<i>Forward currency contracts on financial transactions</i>	5		4		4		
Lease liabilities	10		48		44		
Other payables	10		54		36		
<b>Total financial liabilities</b>	<b>Q = O+P</b>		<b>3,181</b>		<b>3,269</b>		
Long-term financial receivables	R	3	(2)		(2)		
Long-term bank fees	R	3	(3)		(4)		
Short-term financial receivables	R	3	(3)		(2)		
Short-term derivatives	R	5	(1)		(6)		
<i>of which:</i>							
<i>Forward currency contracts on financial transactions (current)</i>	5		(1)		(6)		
Short-term bank fees	R	3	(2)		(2)		
Financial assets at amortised cost	S		(4)		(4)		
Financial assets at fair value through other comprehensive income	T		(11)		(11)		
Financial assets at fair value through profit or loss	U	6	(12)		(27)		
Financial assets held for sale	8		-		(1)		
Cash and cash equivalents	V	7	(474)		(1,070)		
<b>Total financial assets</b>	<b>Z = R+S+T+U+V</b>		<b>(512)</b>		<b>(1,129)</b>		
<b>Total net financial debt</b>	<b>W = Q+Z</b>		<b>2,669</b>		<b>2,140</b>		
<b>Total equity and sources of funds</b>	<b>Y = M+N+W</b>		<b>5,606</b>		<b>5,236</b>		

**Reconciliation between the principal income statement indicators and the Income Statement contained in the Consolidated Financial Statements and Explanatory Notes at 30 September 2020**

(Euro/million)		9 months 2020	9 months 2019
		Amounts from income statement	Amounts from income statement
Sales	A	7,488	8,635
Change in inventories of finished goods and work in progress		13	101
Other income		59	64
Raw materials, consumables and supplies		(4,746)	(5,474)
Personnel costs		(1,048)	(1,114)
Other expenses		(1,203)	(1,522)
<b>Operating costs</b>	<b>B</b>	<b>(6,925)</b>	<b>(7,945)</b>
Share of net profit/(loss) of equity-accounted companies	C	15	22
Fair value stock options	D	23	(1)
<b>EBITDA</b>	<b>E = A+B+C+D</b>	<b>601</b>	<b>711</b>
Other non-recurring expenses and revenues	F	(16)	(20)
Company reorganisation	G	(17)	(17)
Other non-operating expenses	I	(13)	(25)
Total adjustments to EBITDA	<b>L = F+G+I</b>	<b>(46)</b>	<b>(62)</b>
<b>Adjusted EBITDA</b>	<b>M = E-L</b>	<b>647</b>	<b>773</b>
Share of net profit/(loss) of equity-accounted companies	N	15	22
<b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>	<b>O = M-N</b>	<b>632</b>	<b>751</b>

(Euro/million)		9 months 2020	9 months 2019
		Amounts from income statement	Amounts from income statement
<b>Operating income</b>	<b>A</b>	<b>294</b>	<b>479</b>
Other non-recurring expenses and revenues		(16)	(20)
Company reorganisation		(17)	(17)
Other non-operating expenses		(13)	(25)
<b>Total adjustments to EBITDA</b>	<b>B</b>	<b>(46)</b>	<b>(62)</b>
Fair value change in metal derivatives	C	5	2
Fair value stock options	D	(23)	1
Non-recurring impairment and releases	E	(43)	(1)
<b>Adjusted operating income</b>	<b>G=A-B-C-D-E</b>	<b>401</b>	<b>539</b>

## BUSINESS OUTLOOK

The macroeconomic scenario deteriorated rapidly in the first nine months of 2020 due to the spread of the COVID-19 pandemic at the global level. In response to this health emergency, nearly all countries took containment measures such as restrictions on movement, quarantines and other public emergency initiatives, with severe repercussions on global economic activity and the entire economy.

In response to this crisis, the International Monetary Fund, among the major financial institutions, significantly reduced its economic growth estimates for 2020. According to the forecasts updated in October 2020, the global economy is expected to contract by 4.4% in 2020, compared with the expected growth of 3.3% forecast in early January. In any event, these forecasts incorporate a high degree of uncertainty, given the lack of visibility relating to various factors, including, for example, the duration of the pandemic, the intensity and efficacy of the containment measures, progress in the health situation, the speed of the recovery of demand and, above all, the second wave of the pandemic that is currently underway in many countries.

The extraordinary impacts of the Covid-19 pandemic also affected Prysmian Group's results, initially in China, where production and market demand were severely affected throughout the first quarter, followed by a recovery beginning in the second quarter. In mid-March the impact also extended to the other geographical areas affected by the pandemic (Europe, the Middle East and North and South America), above all in businesses connected to the construction sector (e.g., Trade & Installers) and those with significant installation activities. During the third quarter, there was a progressive resumption of activities in most countries, although levels remained lower than in the previous year. This resumption, accompanied by timely cost management and a flexible supply chain, allowed the management to protect the Group's results and restore the Group's consolidated margins to levels in line with the previous year.

Prysmian Group's long-term growth drivers, mainly relating to the energy transition to renewable sources, upgrading of telecommunications networks (digitalisation) and the electrification process, were confirmed. The Group may also count on extensive diversification by business and geographical areas, a sound financial structure, an efficient, flexible supply chain and a lean organisation — all factors that are permitting a confident response to the emergency.

In light of the above considerations, the Group confirms the 2020 guidance previously released to the market on 30 July with renewed confidence. In 2020, unless there are significant shifts in the course of the health emergency and thus further discontinuities and slowdowns in global economic activities, the Group expects to achieve an adjusted EBITDA of €800-€850 million and to generate cash flows of €200-€300 million (free cash flow before acquisitions, disposals and dividends). These forecasts are based on the Company's current business scope, assume exchange rates in line with the average for financial year 2019 and do not include impacts on cash flow relating to antitrust decisions and the related follow-on cases.

## FORESEEABLE RISKS IN 2020<sup>1</sup>

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 2020 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 macroeconomic conditions and demand**

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

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<sup>1</sup> 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 within this market, caused by the region's prolonged economic downturn.

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

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

### **Key customer dependency risks**

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

However, in some countries and businesses, one customer may account for a significant share of the total, like for example the Offshore Specialties business, where Prysmian Group has an important business relationship with Petrobras, a Brazilian oil company, for the supply of umbilical cables, developed and manufactured at the factory in Vila Velha, Brazil. Given this country's ongoing economic problems, in turn depressing the local umbilical cables market, and growing competitive pressures surrounding product technological innovation, business sustainability in Brazil could be impacted, in whole or in part.

While committed to maintaining and strengthening its business relationship with this customer over time, the Group is gradually reorganising the business unit to make its processes more efficient and to concentrate more and more on developing new products whose technical and economic solutions ensure 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, Africa and Eastern Europe. The Group's operations in these countries are exposed to different risks linked to local regulatory and legal systems, the imposition of tariffs or taxes, exchange rate volatility, and political and economic instability affecting the ability of business and financial partners to meet their obligations. Significant changes in the macroeconomic, political, tax or legislative environment of such countries could have an adverse impact on the Group's business, results of operations and financial condition; consequently, as already mentioned in an earlier paragraph, the Group constantly monitors developments in the global geopolitical environment which could require it to revise existing business strategies and/or adopt mechanisms to safeguard its competitive position.



## FINANCIAL RISKS

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

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

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

### **Risks associated with availability of financial resources and their cost**

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

Given the current amount of financial resources and undrawn committed credit lines, totalling in excess of Euro 1 billion at 30 September 2020, and six-monthly monitoring<sup>2</sup> of financial covenant compliance (fully satisfied at 30 June 2020), 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. A more detailed analysis of the risk in question can be found in the 2019 Annual Financial Report.

### **Exchange rate volatility**

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

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

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

<sup>2</sup> The financial covenants are measured at the half-year close on 30 June and at the full-year close on 31 December.

A more detailed analysis of the risk in question can nonetheless be found in the "Financial Risk Management" section of the 2019 Annual Financial Report.

### **Interest rate volatility**

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

A more detailed analysis of the risk in question can nonetheless be found in the "Financial Risk Management" section of the 2019 Annual Financial Report.

### **Credit risk**

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

A more detailed analysis of the risk in question can nonetheless be found in the "Financial Risk Management" section of the 2019 Annual Financial Report.

### **Liquidity risk**

Liquidity risk indicates the sufficiency of an entity's financial resources to meet its obligations to business or financial partners on the agreed due dates.

With regard to Prysmian Group's working capital cash requirements, these increase significantly during the first half of the year when it commences production in anticipation of order intake, with a consequent temporary increase in net financial debt.

Prudent management of liquidity risk involves the maintenance of adequate levels of cash, cash equivalents and short-term securities, the availability of sufficient committed credit lines, and timely renegotiation of loans

before their maturity. Given the dynamic nature of the business in which Prysmian Group operates, the Group Finance department prefers flexible forms of funding in the form of committed credit lines.

As at 30 September 2020, the Group's total financial resources and undrawn committed credit lines came to in excess of Euro 1 billion.

A more detailed analysis of the risk in question can nonetheless be found in the "Financial Risk Management" section of the 2019 Annual Financial Report.

### **Commodity price volatility risk**

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 variations in the price of copper and aluminium and, although less significant, of lead through hedging activities and automatic sales price adjustment mechanisms. Hedging activities are based on sales contracts or sales forecasts, which if not met, could expose the Group to the risk of price volatility in the underlying assets.

A dedicated team within the Group Purchasing department monitors and coordinates centrally those sales transactions requiring the purchase of metals and the related hedging activities carried out by each subsidiary, ensuring that the level of exposure to risk is kept within defined tolerance limits.

A more detailed analysis of the risk in question can nonetheless be found in the "Financial Risk Management" section of the 2019 Annual Financial Report.

## **OPERATIONAL RISKS**

### **Liability for product quality/defects**

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

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

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

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

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

Given the complexity of "turnkey" projects, Prysmian has implemented a quality management process involving a wide range of tests on cables and accessories before delivery and installation, as well as specific ad hoc insurance coverage, often through insurance syndicates, able to mitigate exposure to risks running from the manufacturing stage through to delivery.

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

With regard to incidents involving Western Link, an electrical transmission cable between Scotland, Wales and England, please refer to the section on Significant Events in the period within the Explanatory Notes.

### **Business interruption risk due to dependence on key assets**

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

Work began in 2018 on building the "Leonardo da Vinci", a new cable-laying vessel with a best-in-class specification. As a result, the risk of dependence on the "Giulio Verne" has reduced significantly.

Prysmian addresses asset dependency risk by having:

- a systematic Loss Prevention program, managed centrally by the Risk Management department, which, through periodic on-site inspections, allows the adequacy of existing systems of protection to be assessed and any necessary remedial actions decided to mitigate the estimated residual risk. As at 31 December 2019, the Group's operating plants were sufficiently protected and there were no significant exposures to risk. All the plants have been classified as "Excellent Highly Protected Rated (HPR)", "Good HPR" or "Good not HPR", in accordance with the methodology defined by internationally recognised best practices in the field of Risk Engineering & Loss Prevention;
- specific disaster recovery & business continuity plans which allow appropriate countermeasures to be activated as soon as possible in order to minimise the impact of a catastrophic event and to manage any consequent crisis;
- specific insurance schemes covering damage to assets and loss of associated contribution margin due to business interruption, such as to minimise the financial impact of this risk on cash flow.

### **Environmental risks**

The Group's production activities in Italy and abroad are subject to specific environmental regulations, amongst which those concerning the management of raw materials, energy resources and hazardous substances, of water discharges, air emissions, waste, including pollution prevention and minimisation of impacts on environmental factors (soil, subsoil, water resources, atmosphere).

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. In fact, the resulting economic and reputational impacts could be significant. 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.

The percentage of Prysmian production sites, including former General Cable ones, certified under ISO 14001 and OHSAS 18001/ ISO 45001 amounts to 82% and 70% respectively. In addition, other types of organisation within the Group have also been certified, such as R&D, installation activities, kitting and distribution centres, etc.

With the aim of raising the percentage of certified sites still further, a four-year program of "new" certifications has been established involving many former General Cable production units, where the initial objective will be to assess their environmental, health and safety risks, in line with the Group's systematic approach.

### **Cyber security risks**

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

In addition, the Group has developed a clear Information Security strategy that sets out the related governance structure adopted and guidelines for managing cyber risk within IT architectures and business processes. A special Information Security Committee, consisting of the key figures involved in managing cyber risk<sup>3</sup>, has been appointed with the mission of defining the strategic and operational Cyber Security objectives, of coordinating the main initiatives undertaken, and of examining and approving policies, operating procedures and instructions. The Committee is convened on a periodic basis (twice a year) and in any case upon the occurrence of any significant events or crises. Lastly, specific e-learning training sessions have been provided to all the Group's IT staff with the aim of raising their awareness of this issue.

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<sup>3</sup> 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.

## 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 it operates. In particular, since its inception, the Group has adopted a Code of Ethics, a document which contains the ethical standards and the behavioural guidelines that all those engaged in activities on behalf of Prysmian or its subsidiaries (including managers, officers, employees, agents, representatives, contractors, suppliers and consultants) are required to observe. The Group undertakes, through its Internal Audit & Compliance department, to constantly monitor compliance and effective application of these rules, with no type of violation tolerated.

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

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

In today's increasingly globalised business environment, with a proliferation of channels and ways to access information, as well as growth in the volume and types of data managed, Prysmian is addressing the various data management issues, ranging from compliance with recent legislation to defence against potential threats to confidentiality, integrity and availability of information.

Accordingly, it is fundamental to have an overall vision when managing sensitive information, not only with respect to regulatory compliance - as described in the Group's Annual Financial Report, under Risk Factors and Uncertainties - but also with respect to security and business priorities.

Furthermore, Europe's General Data Protection Regulation (GDPR), which came into force in May 2018, has now become one of the main reference points for a renewed commitment to data protection, particularly personal data.

The personal data protection program adopted by Prysmian is based on the following key elements, involving the entire corporate structure:

- o Implementation of a data-based model, through mapping the personal data processed by company departments and keeping a record of processing activities;
- o Definition of a governance model, intended to comply with the requirements of the GDPR and other emerging data protection regulations, featuring: an organisational structure under which the Data Protection Officer (DPO) serves in an advisory and monitoring capacity where personal data management is concerned, with the duties and related responsibilities delegated to those materially engaged in data processing activities;
- o A set of policies and documents supporting the model (company policies, disclosure statements, internal appointments, clauses applicable to suppliers, etc.);
- o Adoption of appropriate technical and organisational measures to ensure a level of security appropriate to the risk, also with the help of new tools such as Data Protection Impact Assessment introduced by the GDPR;

- o Definition of communication and training material specifically for those parties identified within the data protection organisational model, so that all the parties involved are aware of the revised regulatory requirements and take steps to fulfil them;
- o Review of video surveillance systems, with particular reference to the new European guidelines and the regulations applicable in Italy.

Monitoring and support have been provided to Prysmian's many European legal entities in applying the model to ensure its consistent application and the establishment of an internationally shared corporate culture in this regard.

The activities to comply with the recent European legislation will be capitalised on as much as possible in the compliance activities required by other national regulations, including the "*Ley General de Proteccion de Datos*"

Following the acquisition of General Cable, a process of monitoring and support has been initiated to roll out Prysmian's centrally-defined data protection model to the newly acquired legal entities, again with the aim of implementing a data protection model that is as uniform, consistent and compliant as possible with the GDPR rules and the new data protection regulations applicable to Prysmian.

### **Risks of non-compliance with anti-bribery legislation**

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

The Group's business model, with a global presence in over 50 countries and a multitude of product applications, brings it into constant contact with numerous third parties (suppliers, intermediaries, agents and customers). In particular, the management of large international projects in the Energy (submarine and high voltage) and Oil & Gas businesses involves having business relationships even in countries with a potential risk of corruption (as per the Corruption Perception Index<sup>4</sup>), 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 2019 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 providing greater control over the management of bribery risk, also aims to

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<sup>4</sup> 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.

minimise the risk of punishment if crimes of corruption are committed by employees or third parties. The core of the ISO 37001 standard is the control of third parties (suppliers, intermediaries, agents and customers) through a due diligence system designed to reveal any critical issues or negative events that undermine the reputation of third parties with whom Prysmian Group deals.

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

Following the acquisition of General Cable, Prysmian Group's Anti-Bribery Compliance Program has been updated and expanded to include the additional activities in this area envisaged by the General Cable Compliance Program.

In addition, during 2019 General Cable and Prysmian's compliance policies were revised, updated and merged in order to have single documents valid for the entire Group.

With specific reference to the anti-bribery program, the relevant Policy and the Policy on Gifts and Entertainment Expenses were both revised.

Lastly, in line with the Group's ongoing commitment to ensure that the financial and personal interests of its employees and consultants do not conflict with the ability to perform their duties in a professional, ethical and transparent manner, a new policy on Conflict of Interest was issued in 2019.

The new policy requires all employees and consultants to disclose all potential conflicts of interest, which will then be duly analysed and evaluated in order to agree on any necessary corrective actions to mitigate or eliminate the conflict.

Further details about the actions taken by the Group to prevent corrupt practices can be found in the specific section of the 2019 Disclosure of Non-Financial Information.

### **Risks of non-compliance with antitrust law**

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

In keeping with the priorities identified by the ERM process, the Board of Directors has adopted an Antitrust Code of Conduct that all Group employees, Directors and managers are required to know and observe in the conduct of their duties and in their dealings with third parties.

Like with other Policies, following the acquisition of General Cable, the Antitrust Code of Conduct has also been updated in order to have a single document, valid for the entire Prysmian Group and designed to provide



an overview of the problems associated with applying antitrust law and the consequent standards of conduct to follow.

More detailed documents on the antitrust regulations in force in the European Union and North America have also been adopted.

The Antitrust Code of Conduct is an integral part of the training program and is intended to provide an overview of the issues concerning application of EU and Italian competition law on collusive practices and abuse of dominant positions, within which specific situations are assessed on a case-by-case basis. These activities represent a further step in establishing an "antitrust culture" within the Group by promoting knowledge and heightening individual accountability for professional duties arising under antitrust legislation. In this context, specific classroom training continued in 2019, mostly for the Group's sales force and organised in collaboration with external lecturers and legal advisors, as did e-learning modules, available on the company intranet and aimed at 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, the provision for such antitrust matters amounted to approximately Euro 200 million at 30 September 2020.

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

## **OTHER RISKS**

### **Brexit risks**

In June 2016 the UK electorate voted in a referendum to withdraw from the European Union (EU). In January 2020 the UK Parliament passed the Withdrawal Agreement Bill setting out the terms of Brexit. Since the referendum vote, uncertainty surrounding Brexit has reduced the level of investment in the UK and suppressed GDP growth. Although a withdrawal agreement has now been negotiated in principle, uncertainty will continue to effect investments and consumption, which consequently will impact company profitability. The risk of a no deal Brexit still remains if a long-term relationship agreement is not successfully negotiated; this risk is expected to generate a significant negative impact for UK demand and investments in the medium term with a limited impact also at EU level.

### **Business interruption risk due to the Covid-19 coronavirus**

The global macroeconomic situation has deteriorated over the course of 2020 as the Covid-19 pandemic has spread around the world. In response to this health emergency, governments in most countries have adopted containment measures, including travel bans, quarantines and other public emergency measures, with serious repercussions on economic activity and the entire production system. The first nine months of the year have witnessed the impact of these measures on the economic performance of pandemic-hit countries.

The program of extraordinary measures, swiftly deployed since the onset of the Covid-19 pandemic, is proving effective, with people its prime focus of attention. Accordingly, the Group has avoided making crisis-related redundancies in order to preserve jobs over the long term, and it has taken steps to safeguard the health of employees and to ensure proactive support for families and local communities.

The Group has also implemented a series of measures intended to mitigate the risks arising from the Covid-19 pandemic and to protect its ability to generate cash, including through strict working capital management as well as effective cost monitoring aimed at reducing both fixed and variable expenditure. In fact, fixed and variable costs are expected to come down by over Euro 100 million on an annual basis.

In addition, at the Board meeting on 30 March 2020, the Directors confirmed the views expressed at their previous meeting on 5 March 2020 about the Group's ability to generate cash flows and to support a balanced dividend policy over the long term, believing its financial structure, liquidity and available credit lines to be entirely adequate for responding to the new economic and financial environment emerging from the ongoing health emergency. However, in light of the spread of the pandemic and its potential duration, and the slowdown being caused in demand and the economic cycle, the Board of Directors submitted a dividend of Euro 0.25 per share to the Shareholders' Meeting instead of the Euro 0.50 per share proposed at its previous meeting on 5 March 2020. The Shareholders' Meeting of 28 April 2020 accordingly approved the dividend of Euro 0.25 per share, which was paid from 20 May 2020, with record date 19 May 2020 and ex-dividend date 18 May 2020.

## **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, 29 October 2020

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN  
Claudio De Conto

# Consolidated financial statements and explanatory notes

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro/million)	Note	30.09.2020	of which related parties	31.12.2019	of which related parties
<b>Non-current assets</b>					
Property, plant and equipment	1	2,657		2,804	
Goodwill	1	1,548		1,590	
Other intangible assets	1	504		564	
Equity-accounted investments	2	311	311	314	314
Other investments at fair value through other comprehensive income		13		13	
Financial assets at amortised cost		4		4	
Derivatives	5	19		7	
Deferred tax assets		195		170	
Other receivables	3	28		38	
<b>Total non-current assets</b>		<b>5,279</b>		<b>5,504</b>	
<b>Current assets</b>					
Inventories	4	1,505		1,523	
Trade receivables	3	1,668	7	1,475	7
Other receivables	3	784	2	816	3
Financial assets at fair value through profit or loss	6	12		27	
Derivatives	5	52		33	
Financial assets at fair value through other comprehensive income		11		11	
Cash and cash equivalents	7	474		1,070	
<b>Total current assets</b>		<b>4,506</b>		<b>4,955</b>	
Assets held for sale	8	4		27	
<b>Total assets</b>		<b>9,789</b>		<b>10,486</b>	
<b>Equity</b>					
Share capital	9	27		27	
Reserves	9	2,106		2,096	
Group share of net profit/(loss)	9	140		292	
<b>Equity attributable to the Group</b>		<b>2,273</b>		<b>2,415</b>	
Equity attributable to non-controlling interests		171		187	
<b>Total equity</b>		<b>2,444</b>		<b>2,602</b>	
<b>Non-current liabilities</b>					
Borrowings from banks and other lenders	10	3,032		3,032	
Employee benefit obligations	13	493		494	
Provisions for risks and charges	12	34		60	
Deferred tax liabilities		214		213	
Derivatives	5	16		18	
Other payables	11	9		11	
<b>Total non-current liabilities</b>		<b>3,798</b>		<b>3,828</b>	
<b>Current liabilities</b>					
Borrowings from banks and other lenders	10	125		212	
Provisions for risks and charges	12	636	6	717	4
Derivatives	5	34		35	
Trade payables	11	1,671	4	2,062	5
Other payables	11	1,040	3	969	4
Current tax payables		39		51	
<b>Total current liabilities</b>		<b>3,545</b>		<b>4,046</b>	
Liabilities held for sale	8	2		10	
<b>Total liabilities</b>		<b>7,345</b>		<b>7,884</b>	
<b>Total equity and liabilities</b>		<b>9,789</b>		<b>10,486</b>	

## CONSOLIDATED INCOME STATEMENT

(Euro/million)					
	Note	9 months 2020	of which related parties	9 months 2019	of which related parties
Sales		7,488	17	8,635	25
Change in inventories of finished goods and work in progress		13		101	
Other income		59	4	64	2
<b>Total sales and income</b>		<b>7,560</b>		<b>8,800</b>	
Raw materials, consumables and supplies		(4,746)	(5)	(5,474)	(7)
Fair value change in metal derivatives		5		2	
Personnel costs		(1,048)	(7)	(1,114)	(8)
Amortisation, depreciation, impairment and impairment reversals		(289)		(235)	
Other expenses		(1,203)	(6)	(1,522)	(5)
<b>Operating income before share of net profit/(loss) of equity-accounted companies</b>		<b>279</b>		<b>457</b>	
Share of net profit/(loss) of equity-accounted companies		15	15	22	22
<b>Operating income</b>	<b>14</b>	<b>294</b>		<b>479</b>	
Finance costs	15	(424)		(351)	
Finance income	15	345		249	
<b>Profit/(loss) before taxes</b>		<b>215</b>		<b>377</b>	
Taxes	16	(78)		(104)	
<b>Net profit/(loss)</b>		<b>137</b>		<b>273</b>	
Of which:					
Attributable to non-controlling interests		(3)		2	
<b>Group share</b>		<b>140</b>		<b>271</b>	
<b>Basic earnings/(loss) per share (in Euro)</b>	<b>17</b>	<b>0.53</b>		<b>1.03</b>	
<b>Diluted earnings/(loss) per share (in Euro)</b>	<b>17</b>	<b>0.53</b>		<b>1.03</b>	

## OTHER COMPREHENSIVE INCOME

(Euro/million)		
	9 months 2020	9 months 2019
<b>Net profit/(loss)</b>	<b>137</b>	<b>273</b>
Other comprehensive income:		
<b>A) Change in cash flow hedge reserve:</b>	<b>18</b>	<b>(8)</b>
- Profit/(loss) for the period	28	(12)
- Taxes	(10)	4
<b>B) Change in currency translation reserve</b>	<b>(264)</b>	<b>145</b>
<b>C) Financial instruments at fair value:</b>	<b>-</b>	<b>1</b>
- Profit/(loss) for the period	-	1
<b>D) Actuarial gains/(losses) on employee benefits (*):</b>	<b>(7)</b>	<b>(54)</b>
- Profit/(loss) for the period	(13)	(70)
- Taxes	6	16
<b>Total other comprehensive income (A+B+C+D):</b>	<b>(253)</b>	<b>84</b>
<b>Total comprehensive income/(loss)</b>	<b>(116)</b>	<b>357</b>
Of which:		
Attributable to non-controlling interests	(12)	10
<b>Group share</b>	<b>(104)</b>	<b>347</b>

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

## CONSOLIDATED INCOME STATEMENT - 3RD QUARTER

(Euro/million)	3rd quarter 2020	3rd quarter 2019
Sales	2,503	2,786
Change in inventories of finished goods and work in progress	55	4
Other income	15	40
<b>Total sales and income</b>	<b>2,573</b>	<b>2,830</b>
Raw materials, consumables and supplies	(1,657)	(1,744)
Fair value change in metal derivatives	13	2
Personnel costs	(336)	(369)
Amortisation, depreciation, impairment and impairment reversals	(80)	(79)
Other expenses	(402)	(505)
<b>Operating income before share of net profit/(loss) of equity-accounted companies</b>	<b>111</b>	<b>135</b>
Share of net profit/(loss) of equity-accounted companies	10	9
<b>Operating income</b>	<b>121</b>	<b>144</b>
Finance costs	(135)	(142)
Finance income	111	112
<b>Profit/(loss) before taxes</b>	<b>97</b>	<b>114</b>
Taxes	(36)	(33)
<b>Net profit/(loss)</b>	<b>61</b>	<b>81</b>
Of which:		
Attributable to non-controlling interests	(1)	-
<b>Group share</b>	<b>62</b>	<b>81</b>

## OTHER COMPREHENSIVE INCOME- 3RD QUARTER

(Euro/million)	3rd quarter 2020	3rd quarter 2019
<b>Net profit/(loss)</b>	<b>61</b>	<b>81</b>
Other comprehensive income:		
<b>A) Change in cash flow hedge reserve:</b>	<b>15</b>	<b>-</b>
- Profit/(loss) for the period	24	(2)
- Taxes	(9)	2
<b>B) Change in currency translation reserve</b>	<b>(155)</b>	<b>114</b>
<b>C) Financial instruments at fair value:</b>	<b>-</b>	<b>1</b>
- Profit/(loss) for the period	-	1
<b>D) Actuarial gains/(losses) on employee benefits (*):</b>	<b>-</b>	<b>-</b>
- Profit/(loss) for the period	-	-
- Taxes	-	-
<b>Total other comprehensive income (A+B+C+D):</b>	<b>(140)</b>	<b>115</b>
<b>Total comprehensive income/(loss)</b>	<b>(79)</b>	<b>196</b>
Of which:		
Attributable to non-controlling interests	(10)	8
<b>Group share</b>	<b>(69)</b>	<b>188</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Euro/million)

	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Group share of net profit/(loss)	Equity attributable to the Group	Equity attributable to non-controlling interests	Total
<b>Balance at 31 December 2018</b>	<b>27</b>	<b>(14)</b>	<b>(313)</b>	<b>2,428</b>	<b>58</b>	<b>2,186</b>	<b>188</b>	<b>2,374</b>
Allocation of prior year net result	-	-	-	58	(58)	-	-	-
Fair value - stock options	-	-	-	(1)	-	(1)	-	(1)
Dividend distribution	-	-	-	(113)	-	(113)	(5)	(118)
Effect of hyperinflation	-	-	-	13	-	13	-	13
Total comprehensive income/(loss)	-	(9)	138	(53)	271	347	10	357
<b>Balance at 30 September 2019</b>	<b>27</b>	<b>(23)</b>	<b>(175)</b>	<b>2,332</b>	<b>271</b>	<b>2,432</b>	<b>193</b>	<b>2,625</b>

(Euro/million)

	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Group share of net profit/(loss)	Equity attributable to the Group	Equity attributable to non-controlling interests	Total
<b>Balance at 31 December 2019</b>	<b>27</b>	<b>(14)</b>	<b>(249)</b>	<b>2,359</b>	<b>292</b>	<b>2,415</b>	<b>187</b>	<b>2,602</b>
Allocation of prior year net result	-	-	-	292	(292)	-	-	-
Fair value - stock options	-	-	-	23	-	23	-	23
Dividend distribution	-	-	-	(66)	-	(66)	(4)	(70)
Effect of hyperinflation	-	-	-	5	-	5	-	5
Total comprehensive income/(loss)	-	17	(254)	(7)	140	(104)	(12)	(116)
<b>Balance at 30 September 2020</b>	<b>27</b>	<b>3</b>	<b>(503)</b>	<b>2,606</b>	<b>140</b>	<b>2,273</b>	<b>171</b>	<b>2,444</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro/million)

	9 months 2020	of which related parties	9 months 2019	of which related parties
Profit/(loss) before taxes	215		377	
Amortisation, depreciation and impairment	289		235	
Net gains on disposal of property, plant and equipment	(12)		(1)	
Share of net profit/(loss) of equity-accounted companies	(15)	(15)	(22)	(22)
Dividends received from equity-accounted companies	8	8	8	8
Share-based payments	23		(1)	
Fair value change in metal derivatives	(5)		(2)	
Net finance costs	79		102	
Changes in inventories	(49)		(161)	
Changes in trade receivables/payables	(579)	(1)	(308)	(13)
Changes in other receivables/payables	99	-	(362)	5
Change in employee benefit obligations	(8)		(13)	
Change in provisions for risks and other movements	(71)		(90)	
Net income taxes paid	(87)		(81)	
<b>A. Cash flow from operating activities</b>	<b>(113)</b>		<b>(319)</b>	
Cash flow from acquisitions and/or disposals	(5)		-	
Investments in property, plant and equipment	(157)		(127)	
Disposals of property, plant and equipment	9		6	
Investments in intangible assets	(13)		(16)	
Investments in financial assets at fair value through profit or loss	-		(2)	
Disposals of financial assets at fair value through profit or loss	8		4	
Disposals of financial assets at amortised cost	-		1	
Disposals of assets held for sale	-		7	
<b>B. Cash flow from investing activities</b>	<b>(158)</b>		<b>(127)</b>	
Dividend distribution	(70)		(118)	
Proceeds of new loans	-		100	
Repayments of loans	(116)		(117)	
Changes in other net financial receivables/payables <sup>(1)</sup>	(41)		(2)	
Finance costs paid <sup>(2)</sup>	(394)		(282)	
Finance income received <sup>(3)</sup>	324		203	
<b>C. Cash flow from financing activities</b>	<b>(297)</b>		<b>(216)</b>	
<b>D. Exchange (losses) gains on cash and cash equivalents</b>	<b>(28)</b>		<b>8</b>	
<b>E. Net increase/(decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>(596)</b>		<b>(654)</b>	
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>1,070</b>		<b>1,000</b>	
<b>G. Cash and cash equivalents at the end of the period (E+F)</b>	<b>474</b>		<b>346</b>	

<sup>(1)</sup> Cash flow from financing activities includes Euro 40 million in lease payments accounted for in accordance with IFRS 16.

<sup>(2)</sup> Finance costs paid of Euro 394 million include interest payments of Euro 41 million in first 9 months 2020 (Euro 47 million in first 9 months 2019).

<sup>(3)</sup> Finance income received of Euro 324 million includes interest income of Euro 3 million in first 9 months 2020 (Euro 3 million in first 9 months 2019).

## EXPLANATORY NOTES

### A. GENERAL INFORMATION

Prysmian S.p.A. ("the Company") is a company incorporated and domiciled in Italy and organised under the laws of the Republic of Italy. The Company has its registered office in Via Chiese 6, Milan (Italy).

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

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

The present Quarterly Financial Report was approved by the Board of Directors of Prysmian S.p.A. on 29 October 2020 and is unaudited.

#### A.1 SIGNIFICANT EVENTS IN 2020

##### ***Prysmian Group's leadership team invests in the Company as a sign of its commitment and confidence in recovery from the pandemic-related crisis and in the Company's long-term growth prospects***

On 3 April 2020, Prysmian Group's leadership team, consisting of CEO Valerio Battista and his 20 worldwide direct reports (the "Group Leadership Team"), informed the Group that it had accepted the CEO's proposal to invest in Prysmian S.p.A. shares 50% of the net incentive earned by each based on the positive performance in financial year 2019, whose results were in line with company targets.

On 1 June 2020, Prysmian Group announced the finalisation of agreements between the Group Leadership Team and the financial intermediary engaged to execute the above share investment scheme.

Under the terms of these agreements, the Group Leadership Team has engaged a financial intermediary to purchase the Company's shares on the market for a total of approximately Euro 1,500,000, corresponding to approximately 50% of the net incentive earned by each manager in respect of financial year 2019 (the "2019 MBO").

The financial intermediary made the share purchases between the first and fifth business day after the date on which the funds for the purchases were made available to it, namely 1 June 2020.

The instructions given by each of the Group Leadership Team's managers to the financial intermediary included the authorisation to lock up the shares purchased until the end of 2022.

***Long-term incentive plan***

The Prysmian S.p.A. Shareholders' Meeting of 28 April 2020 approved a long-term incentive plan, designed to motivate management to create sustainable value over time, including by deferring part of their annual bonus in shares. The plan is also tied to long-term ESG objectives (Environment Social Governance).

The Shareholders' Meeting authorised a bonus capital increase, as proposed by the Board of Directors, to be reserved for Prysmian Group employees in execution of the above plan. This capital increase can reach a maximum nominal amount of Euro 1,100,000 through transfer, pursuant to art. 2349 of the Italian Civil Code, of a corresponding amount from profits or earnings reserves, with the issue of no more than 11,000,000 ordinary shares of nominal value Euro 0.10 each. At the same time, the shareholders' resolution of 12 April 2018 relating to a similar capital increase was revoked, amending article 6 of the By-laws. Recognition of the effects of the long-term incentive plan in the first nine months of 2020 has resulted in recording Euro 21 million in personnel costs in a specific equity reserve.

***Termination of the contract relating to Carlisle Companies Incorporated's offer to acquire the business of Draka Fileca SAS***

On 22 October 2019, the Group had announced the receipt of an offer of Euro 73 million from Carlisle Companies Incorporated to acquire the business of Draka Fileca SAS (directly or through one of the Carlisle subsidiaries).

On 19 June 2020, Prysmian Group announced that the contract relating to this transaction had been terminated, as the required regulatory approvals had not been obtained by the agreed deadline.

***Prysmian Group announces the acquisition of EHC Global, a leading manufacturer of strategic components and provider of integrated solutions for the vertical transportation industry***

Prysmian Group announced on 22 July 2020 that it had signed an agreement to acquire 100% of EHC Global in a transaction valued at CAD 130 million, subject to regulatory approvals and other customary closing conditions. Established in 1977, EHC Global is a leading manufacturer and supplier of escalator handrails, rollers, elevator belts, strategic components and integrated solutions for the vertical transportation industry. EHC Global also provides a comprehensive range of maintenance and installation services for escalators and moving walkways. The business is headquartered in Oshawa, Canada, and has manufacturing and distribution locations in North America, South America, Europe and China. EHC Global generated revenues of CAD 119 million and an Adjusted EBITDA of over CAD 18 million in 2019. The acquisition of EHC Global is in line with Prysmian Group's strategy to develop and strengthen its value-added businesses. EHC Global is a complementary add-on to Prysmian's Draka Elevator business, broadening its product portfolio to include a wide range of escalator products and services. The transaction is expected to complete during the fourth quarter of 2020.

## **New industrial projects and initiatives**

### ***Contract for a broadband TLC cable project in Mexico***

On 15 January 2020, the Group announced it had won a contract worth USD 38 million from Comision Federal de Electricidad (CFE), a government-owned company, for a cable project in Mexico called "Proyecto de Conectividad Fibra Óptica Red Eléctrica Inteligente REI".

This is the largest ever project in terms of quantity of TLC cables commissioned by a Mexican government and will connect remote regions of the country with high-speed broadband. Under the terms of the contract, Prysmian will oversee the engineering, supply and installation of at least 9,800 km of optical ground wires (OPGW) and 5,100 km of all-dielectric self-supporting (ADSS) cables. The OPGW will be produced at the Group's plant in Vilanova i la Geltrú, Spain, while the ADSS cables will be manufactured in Durango, Mexico, once again demonstrating the Group's ability to tap into its global organisation and the strong teamwork between its LATAM, HQ and OPGW operations.

### ***Contract for Libra Mero project***

On 23 January 2020, the Group announced it had won a contract from Libra, a consortium of leading international oil & gas operators, to supply Steel Tube Umbilicals for installation in the Mero offshore oilfield.

The contract refers to Mero 1, an ultra-deep-water drilling field, which will consist of 17 wells and one FPSO vessel, situated approximately 180 km off Rio de Janeiro in the pre-salt Santos basin at a depth of some 2,000 metres below sea level. Oil production is due to commence in 2021.

The Mero 1 project is a milestone in the technological development of the Oil & Gas industry in Brazil, being the first in the region to use Steel Tube Umbilicals.

### ***Contract for the construction of an offshore wind farm in France***

On 4 March 2020, the Group announced it had won a contract worth approximately Euro 150 million from Réseau de Transport d'Électricité (RTE) for the construction of two submarine and onshore cable systems to connect the offshore wind farm located between the islands of Yeu and Noirmoutier to the French mainland power grid.

The submarine cables will be manufactured at Prysmian Group's centres of excellence in Pikkala (Finland) and Arco Felice (Italy), while the onshore cables will be produced in Gron (France). Installation will be carried out by the Cable Enterprise, one of the Group's three state-of-the-art cable-laying vessels. Delivery and commissioning are scheduled for 2023.

### ***Contract for two new projects with Terna for development of the Italian power transmission grid***

On 10 March 2020, following a public tender, the Group signed two major new cable solution agreements with Terna, through its subsidiary Terna Rete Italia S.p.A..

The first agreement, worth Euro 40 million with an option for a further Euro 10 million, refers to an HVAC cable system covering the Italian section of the Italy-Austria cross-border interconnection between the Glorenza and the Nauders substations, due to start operating by 2022.

The second agreement, worth Euro 40 million with an option for a further Euro 40 million and relating to the on-site supply of 220 kV HVAC cable systems, is a framework contract, valid until 2022, intended to serve the needs of power transmission systems in Southern Italy.

Both contracts include design and installation engineering, the supply of cables - manufactured at the plant in Gron, France, the Group's excellence centre for high and extra-high voltage cables - and accessories, as well as civil engineering works and other possible optional supplies.

#### ***SuedOstLink project for the first of the three German Corridors***

On 5 May 2020, Prysmian Group announced that TenneT TSO GmbH, operator of the Dutch-German grid, had awarded it a contract for the SuedOstLink project in Germany, one of the world's longest HVDC underground transmission lines. The total value awarded to the Group for this contract, according to the options, is approximately Euro 500 million. Prysmian will be responsible for the design, manufacture, supply, installation, jointing, testing and commissioning of a 2GW underground transmission cable running through the TenneT-operated section of this first German Corridor. The project is expected to be completed in early 2026.

#### ***A-Nord project for the second of the three German Corridors***

On 11 May 2020, Prysmian Group announced that Amprion GmbH, a German grid operator, had awarded it a contract for the A-Nord underground cable, part of the German "Corridor A" 2GW power transmission project. Under this contract, worth over Euro 500 million for the Group, Prysmian will be responsible for the design, manufacture, supply, installation, jointing, testing and commissioning of a 1GW underground transmission cable covering the entire northern route of the German Corridors.

Work on the HVDC system is scheduled to begin by 2023.

#### ***Contract with Vattenfall for the first zero-subsidy offshore wind farm***

On 20 May 2020, Prysmian Group finalised a contract for a project awarded by Vattenfall, a leading European energy company, to supply the submarine inter-array cable systems for the Hollandse Kust Zuid III and IV offshore wind farm 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.

#### ***Crete-Attica submarine interconnection project in Greece***

On 26 May 2020, Prysmian Group was awarded a contract worth approximately Euro 270 million by Ariadne Interconnection, a wholly-owned subsidiary of IPTO, Greece's transmission system operator, for submarine interconnections between the island of Crete and the Greek mainland (Attica region).

The first lot, worth Euro 250 million, involves the design, supply, installation and commissioning of an end-to-end HVDC cable along a 335 km route between the island of Crete and the Attica region.

The second lot, worth Euro 20 million, involves the design, supply, installation and commissioning of two submarine telecommunication links for a total length of 670 km between the island of Crete and the Attica region.

Prysmian will install the submarine cables using one of its own cable-lay vessels. Livery and commissioning for both projects are scheduled over the period 2020-2023.

***Contract for the Saint-Brieuc wind farm in France***

On 27 May 2020, Ailes Marines, in charge of the development, construction, installation and operation of an offshore wind farm in the bay of Saint-Brieuc, awarded Prysmian Group a contract worth about Euro 80 million to provide the submarine inter-array cable systems for the Saint-Brieuc offshore wind farm in France. Delivery and commissioning are scheduled by the end of 2022.

***SuedLink project for the third and longest of the three German Corridors***

On 29 June 2020, Prysmian Group was awarded contracts for the SuedLink Corridor in Germany, the longest ever underground cable project, by the German transmission system operators TransnetBW GmbH and TenneT.

Under this project, worth a total of approximately Euro 800 million for the Group, Prysmian will design, manufacture, supply, lay, joint, test and commission a 2GW underground cable system linking the north of Germany to its regions in the south.

The project is due to be completed in 2026.

***Prysmian launches the first fibre-optic network with 90% recycled plastic***

On 15 September 2020, the Group announced that it will be working with Dutch operator KPN on a pilot project to install a fibre-optic network containing 90% recycled plastic. KPN will be the first telecommunications firm in Europe to use the new Prysmian cable concept to install connections for its customers.

Pilot projects will take place in Buitenpost (Friesland) and Nijmegen, both in the Netherlands. Further benefits are expected to emerge during installation, such as a reduced need for excavation at network concentration sites, leading to less soil for removal and disposal.

Approximately 50% fewer raw materials (plastic or PE) are required for the production of the new cables and tubes than for traditional cabling. On top of these direct savings, the new concept offers an indirect environmental benefit since over 90% of the tubes are manufactured using high-quality recycled PE. These savings translate into an immediate reduction of the CO2 emissions and ultimately of end-of-life waste. In addition, Prysmian expects to achieve a further reduction in CO2 emissions through savings in logistics, storage, and packaging materials, which will be evaluated in a real-life test for KPN.

**Other significant events*****Western Link***

On 23 November 2019, the Group announced that the customer (National Grid Electricity Transmission and Scottish Power Transmission) had taken over operation of the cable.

On 12 January 2020, the Group was informed of the fact that the Western HDVC Link had tripped on 10 January 2020.

Repairs were successfully completed on 7 February 2020 with the link restored to normal service and once more available to the customer, with whom dialogue continues to reach an acceptable definition of mutual expectations.

***Ravin Cables Limited***

In January 2010, Prysmian Group acquired a 51% interest in the Indian company Ravin Cables Limited (the "Company"), with the remaining 49% held by other shareholders directly or indirectly associated with the Karia family (the "Local Shareholders").

Under the agreements signed with the Local Shareholders, after a limited transition period, management of the Company would be transferred to a Chief Executive Officer appointed by Prysmian. However, this failed to occur and, in breach of the agreements, the Company's management remained in the hands of the Local Shareholders and their representatives.

Consequently, having now lost control, Prysmian Group ceased to consolidate the Company and its subsidiary Power Plus Cable Co. LLC. with effect from 1 April 2012.

In February 2012, Prysmian was thus forced to initiate arbitration proceedings before the London Court of International Arbitration (LCIA), requesting that the Local Shareholders be declared in breach of contract and ordered to sell the shares representing 49% of the Company's share capital to Prysmian.

In a ruling handed down in April 2017, the LCIA upheld Prysmian's claims and ordered the Local Shareholders to sell the shares representing 49% of the Company's share capital to Prysmian. However, the Local Shareholders did not voluntarily enforce the arbitration award and so Prysmian had to initiate proceedings in the Indian courts in order to have the arbitration award recognised in India. Having gone through two levels of the court system, these proceedings were finally concluded on 13 February 2020 with the pronouncement of a ruling by the Indian Supreme Court under which the latter definitively declared the arbitration award enforceable in India. In view of the continuing failure of the Local Shareholders to comply voluntarily, Prysmian has requested the Mumbai court to enforce the arbitration award so as to purchase the shares representing 49% of the Company's share capital as soon as possible. This case is currently still in progress and so control of the company is considered to have not yet been acquired.

***Business interruption risk due to the Covid-19 coronavirus***

The global macroeconomic situation has deteriorated over the course of 2020 as the Covid-19 pandemic has spread around the world. In response to this health emergency, governments in most countries have adopted containment measures, including travel bans, quarantines and other public emergency measures, with serious repercussions on economic activity and the entire production system. The first nine months of the year have witnessed the impact of these measures on the economic performance of pandemic-hit countries.

The program of extraordinary measures, swiftly deployed since the onset of the Covid-19 pandemic, is proving effective, with people its prime focus of attention. Accordingly, the Group has avoided making crisis-related redundancies in order to preserve jobs over the long term, and it has taken steps to safeguard the health of employees and to ensure proactive support for families and local communities.

The Group has also implemented a series of measures intended to mitigate the risks arising from the Covid-19 pandemic and to protect its ability to generate cash, including through strict working capital management as well as effective cost monitoring aimed at reducing both fixed and variable expenditure. In fact, fixed and variable costs are expected to come down by over Euro 100 million on an annual basis.

In addition, at the Board meeting on 30 March 2020, the Directors confirmed the views expressed at their previous meeting on 5 March 2020 about the Group's ability to generate cash flows and to support a balanced dividend policy over the long term, believing its financial structure, liquidity and available credit lines to be



entirely adequate for responding to the new economic and financial environment emerging from the ongoing health emergency. However, in light of the spread of the pandemic and its potential duration, and the slowdown being caused in demand and the economic cycle, the Board of Directors submitted a dividend of Euro 0.25 per share to the Shareholders' Meeting instead of the Euro 0.50 per share proposed at its previous meeting on 5 March 2020. The Shareholders' Meeting of 28 April 2020 accordingly approved the dividend of Euro 0.25 per share, which was paid from 20 May 2020, with record date 19 May 2020 and ex-dividend date 18 May 2020.

#### ***Update on the 2011 Antitrust proceedings in Brazil***

On 15 April 2020, Prysmian Group announced that the Tribunal of the Brazilian antitrust authority had issued the operative part of its decision in relation to proceedings initiated in 2011 in which it has ruled that Prysmian Group participated in anti-competitive practices in the Brazilian market for high voltage underground and submarine cables. The Tribunal has held Prysmian Group liable for the period from February 2001 to March 2004 and ordered it to pay a fine of BRL 10.2 million (approximately Euro 1.8 million), in line with the amount contained in the provisions recognised by the Group for this specific matter. Prysmian Group has filed an appeal against the CADE ruling.

#### ***Approval of financial statements at 31 December 2019 and dividend distribution***

On 28 April 2020, the shareholders of Prysmian S.p.A. approved the financial statements for 2019 and the distribution of a gross dividend of Euro 0.25 per share, for a total of some Euro 66 million. The dividend was paid out from 20 May 2020, with record date 19 May 2020 and ex-dividend date 18 May 2020.

#### ***Ruling by the EU Court of Justice on the appeals filed against the European Commission decision relating to the Antitrust investigation into high voltage underground and submarine power cables markets***

On 24 September 2020, the Group announced that the Court of Justice of the European Union had issued its ruling on the appeal filed by Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l. against the General Court's ruling dated 12 July 2018 which, as already communicated to the market on the same date, upheld the European Commission decision of 2 April 2014 concerning the antitrust investigation into high voltage underground and submarine power cables markets. Under this ruling, the Court rejected the appeal filed by Group companies and, by so doing, subject to the outcome of the appeals filed by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. which are still pending, it has upheld the liability and fine envisaged under the European Commission's original decision. It will be recalled that the European Commission had held Prysmian Cavi e Sistemi S.r.l. jointly liable with Pirelli & C. S.p.A. for the alleged infringement in the period 18 February 1999 - 28 July 2005, ordering them to pay a fine of Euro 67,310,000, and it had held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the alleged infringement in the period 29 July 2005 - 28 January 2009, ordering them to pay a fine of Euro 37,303,000. As a result of the EU Court of Justice's ruling, and pending the outcome of the appeal filed by Pirelli & C. S.p.A., the European Commission requested the Prysmian Group to pay its share of the fine relating to the period from 29 July 2005 to 28 January 2009, amounting to approximately Euro 20 million. Using the provisions already set aside in previous years, the Group made this payment by the end of September 2020. Lastly, it is recalled that the



Group has set aside sufficient provisions in its accounts to cover further risks and costs arising from the European Commission decision and claims for damages arising from this decision.

## 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.

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 2019.

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

### B.1 FINANCIAL STATEMENTS AND DISCLOSURES

The Group has elected to present its income statement according to the nature of expenses, whereas assets and liabilities in the statement of financial position are classified as current or non-current. The statement of cash flows has been prepared using the indirect method.

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

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 normally carried out fully only at year end. In the current particular circumstances, however, the Group has carried out impairment testing also when preparing its Half-Year Financial Report at 30 June 2020.

### 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 2019, 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 2020 after receiving endorsement from the competent authorities;
3. the application of hedge accounting to part of the metal derivatives portfolio, as described below.

## Metal derivatives

As from 1 January 2020, in the case of centrally managed derivatives, and from 1 July 2020, in the case of derivatives arranged by subsidiaries in North America, Brazil and China, the Group has designated some derivatives denominated in EUR, GBP, USD and RMB entered into with brokers and aimed at mitigating the risk of fluctuations in copper and aluminium prices, as cash flow hedges, being hedging instruments associated with highly probable transactions. These derivative financial instruments, which qualify for recognition as hedging instruments, are designed to hedge the price risk of commodities that are the subject of highly probable future purchase transactions (hedged items). A derivative that sets the commodity's purchase price is designated as a hedging instrument, since it relates to a physical commodity purchase that will be made. When the physical purchase is made, the Group unwinds the buy derivatives with sell derivatives. The effectiveness of the hedging relationships is assessed both at the inception of each derivative instrument and after its closure. The fair values of the various derivative financial instruments used as hedging instruments are presented in Note 5. Derivatives. Movements in the "Cash flow hedge reserve" forming part of equity are reported in Note 9. Share capital and reserves.

In the case of derivatives designated as cash flow hedges and managed centrally, the new accounting treatment, based on cash flow hedge accounting, has been applied to the fair value changes since 31 December 2019 in derivatives outstanding at 30 September 2020 (just for those commodities included in the period covered by the cash flow hedge accounting method), both those entered into since 31 December 2019 and those already recorded at 31 December 2019. In the case of derivatives arranged by North American, Brazilian and Chinese subsidiaries, the new accounting treatment, based on cash flow hedge accounting, has been applied to the fair value changes since 30 June 2020 in derivatives outstanding at 30 September 2020 (just for those commodities included in the period covered by the cash flow hedge accounting method), both those entered into since 30 June 2020 and those already recorded at 30 June 2020.

As a result of the above, in the first nine months of 2020, the Group has recognised a positive movement of Euro 21 million pre-tax in the cash flow hedge reserve forming part of equity for the positive change in the fair value of derivatives designated as hedging instruments during the first nine months of the year.

## Accounting standards, amendments and interpretations applied from 1 January 2020

The following accounting standards, amendments and interpretations are applicable with effect from 1 January 2020:

New Standards, Amendments and Interpretations	Mandatory application commencing
Amendments to IFRS 3: Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020

The new standards, amendments and interpretations have had no material impact on the Group's consolidated financial statements.

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

At the date of preparing the present report, there is one new accounting standard *IFRS 17 Insurance Contracts* which will be applicable from 1 January 2021. Preliminary review indicates that this new standard has no material impact on the Group's consolidated financial statements.

### **B.3 CHANGES IN THE SCOPE OF CONSOLIDATION**

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

The changes in the scope of consolidation at 30 September 2020, compared with 31 December 2019, are listed below. In any case, such changes have not had a material impact on the Group's consolidated financial statements at 30 September 2020.

#### **Liquidations**

<b>Liquidated companies</b>	<b>Nation</b>	<b>Date</b>
General Cable Middle East	Mauritius	13 January 2020
Draka Cables (Hong Kong) Ltd	China	28 January 2020
Draka Distribution Aberdeen Ltd	United Kingdom	28 January 2020
Tasfiye Halinde Draka Comteq Kablo Ltd. Şti	Turkey	25 June 2020
General Cable New Zealand Limited	New Zealand	27 July 2020
General Cable Holdings New Zealand	New Zealand	27 July 2020

#### **Name changes**

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

<b>Name</b>	<b>New name</b>	<b>Nation</b>	<b>Date</b>
Draka Shanghai Optical Fibre Cable Co. Ltd.	Shanghai Guang Ye Optical Fibre Cable Co. Ltd	China	3 September 2020

There have been no mergers involving Group companies in the period since 31 December 2019.

Appendix A to these notes contains a list of the companies included in the scope of consolidation at 30 September 2020.

## C. FINANCIAL RISK MANAGEMENT

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

The current Quarterly Financial Report does not contain all the information about financial risks presented in the Annual Financial Report at 31 December 2019, which should be consulted for a more detailed analysis.

With reference to the risks described in the Annual Financial Report at 31 December 2019, there have been no material changes in the types of risks to which the Group is exposed or in its policies for managing such risks.

### (a) Fair value measurement

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

Financial instruments are classified according to the following fair value measurement hierarchy:

**Level 1:** Fair value is determined with reference to quoted prices (unadjusted) in active markets for identical financial instruments;

**Level 2:** Fair value is determined using valuation techniques where the input is based on observable market data;

**Level 3:** Fair value is determined using valuation techniques where the input is not based on observable market data.

(Euro/million)				30.09.2020
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<i>Financial assets at fair value:</i>				
Derivatives through profit or loss	-	36	-	36
Hedging derivatives	-	35	-	35
Financial assets at amortised cost	-	4	-	4
Financial assets at fair value through profit or loss	12	-	-	12
Financial assets at fair value through other comprehensive income	11	-	-	11
Other investments at fair value through other comprehensive income	-	-	13	13
<b>Total assets</b>	<b>23</b>	<b>75</b>	<b>13</b>	<b>111</b>
<b>Liabilities</b>				
<i>Financial liabilities at fair value:</i>				
Derivatives through profit or loss	-	25	-	25
Hedging derivatives	-	25	-	25
<b>Total liabilities</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>50</b>

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 12 million, classified in fair value Level 1, refer primarily 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 2020 there were no transfers of financial assets and liabilities between the different levels of the fair value hierarchy.

#### **(b) Valuation techniques**

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

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

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

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

## D. SEGMENT INFORMATION

The Group's operating segments are:

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

Segment information is structured in the same way as the report periodically prepared for the purpose of reviewing business performance. This report presents operating performance by macro type of business (*Energy*, *Projects* and *Telecom*) and the results of operating segments primarily on the basis of Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items, the fair value change in metal price derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income and taxes.

This report also provides information about the statement of financial position for the Group as a whole but not by operating segment.

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

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

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

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.



## D.1 OPERATING SEGMENTS

The following tables present information by operating segment:

								9 months 2020
	Projects	Energy			Telecom	Corporate	Group total	
		E&I	Industrial & NWC	Other				Total Energy
Sales <sup>(1)</sup>	1,056	3,559	1,673	153	5,385	1,047	-	7,488
<b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>	<b>129</b>	<b>222</b>	<b>130</b>	<b>1</b>	<b>353</b>	<b>150</b>	<b>-</b>	<b>632</b>
% of sales	12.3%	6.2%	7.8%		6.6%	14.4%		8.4%
<b>Adjusted EBITDA (A)</b>	<b>130</b>	<b>224</b>	<b>130</b>	<b>1</b>	<b>355</b>	<b>162</b>	<b>-</b>	<b>647</b>
% of sales	12.3%	6.3%	7.8%		6.6%	15.5%		8.6%
Adjustments	(19)	(24)	(10)	(2)	(36)	12	(3)	(46)
<b>EBITDA (B)</b>	<b>111</b>	<b>200</b>	<b>120</b>	<b>(1)</b>	<b>319</b>	<b>174</b>	<b>(3)</b>	<b>601</b>
% of sales	10.5%	5.6%	7.2%		5.9%	16.6%		8.0%
Amortisation and depreciation (C)	(49)	(93)	(44)	(4)	(141)	(56)	-	(246)
<b>Adjusted operating income (A+C)</b>	<b>81</b>	<b>131</b>	<b>86</b>	<b>(3)</b>	<b>214</b>	<b>106</b>	<b>-</b>	<b>401</b>
% of sales	7.7%	3.7%	5.2%		4.0%	10.1%		5.4%
Fair value change in metal derivatives (D)								5
Fair value stock options (E)								(23)
Asset (impairment) and impairment reversal (F)					(43)			(43)
<b>Operating income (B+C+D+E+F)</b>								<b>294</b>
% of sales								3.9%
Finance income								345
Finance costs								(424)
Taxes								(78)
<b>Net profit/(loss)</b>								<b>137</b>
% of sales								1.8%
Attributable to:								
Owners of the parent								140
Non-controlling interests								(3)

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

(Euro/million)								9 months 2019	
	Projects	Energy			Telecom	Corporate	Group total		
		E&I	Industrial & NWC	Other				Total Energy	
Sales <sup>(1)</sup>	1,247	4,060	1,858	180	6,098	1,290	-	8,635	
<b>Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies</b>	<b>152</b>	<b>237</b>	<b>149</b>	<b>3</b>	<b>389</b>	<b>210</b>	<b>-</b>	<b>751</b>	
% of sales	12.2%	5.8%	8.0%		6.4%	16.3%		8.7%	
<b>Adjusted EBITDA (A)</b>	<b>152</b>	<b>238</b>	<b>150</b>	<b>3</b>	<b>391</b>	<b>230</b>	<b>-</b>	<b>773</b>	
% of sales	12.2%	5.9%	8.0%		6.4%	17.8%		8.9%	
Adjustments	(29)	(9)	(9)	-	(18)	(4)	(11)	(62)	
<b>EBITDA (B)</b>	<b>123</b>	<b>229</b>	<b>141</b>	<b>3</b>	<b>373</b>	<b>226</b>	<b>(11)</b>	<b>711</b>	
% 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)	
<b>Adjusted operating income (A+C)</b>	<b>105</b>	<b>145</b>	<b>110</b>	<b>1</b>	<b>256</b>	<b>178</b>	<b>-</b>	<b>539</b>	
% 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)	
<b>Operating income (B+C+D+E+F)</b>								<b>479</b>	
% of sales								5.6%	
Finance income								249	
Finance costs								(351)	
Taxes								(104)	
<b>Net profit/(loss)</b>								<b>273</b>	
% of sales								3.2%	
Attributable to:									
Owners of the parent								271	
Non-controlling interests								2	

<sup>(1)</sup> 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.

## D.2 GEOGRAPHICAL AREAS

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

(Euro/million)	9 months 2020	9 months 2019
<b>Sales</b>	<b>7,488</b>	<b>8,635</b>
<b>EMEA*</b>	<b>4,010</b>	<b>4,617</b>
(of which Italy)	757	871
<b>North America</b>	<b>2,355</b>	<b>2,610</b>
<b>Latin America</b>	<b>531</b>	<b>684</b>
<b>Asia Pacific</b>	<b>592</b>	<b>724</b>

(\*) 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:

(Euro/million)

	Property, plant and equipment	Intangible assets	of which Goodwill
<b>Balance at 31 December 2019</b>	<b>2,804</b>	<b>2,154</b>	<b>1,590</b>
<b>Movements in 2020:</b>			
- Investments	141	13	-
- Increases for leases (IFRS 16)	50	-	-
- Disposals	(2)	-	-
- Depreciation and amortisation	(193)	(53)	-
- Impairment	(40)	(3)	-
- Currency translation differences	(117)	(58)	(42)
- Reclassifications (to)/from Assets held for sale	8	-	-
- Monetary revaluation for hyperinflation	1	-	-
- Other	5	(1)	-
<b>Total movements</b>	<b>(147)</b>	<b>(102)</b>	<b>(42)</b>
<b>Balance at 30 September 2020</b>	<b>2,657</b>	<b>2,052</b>	<b>1,548</b>
Of which:			
- Historical cost	4,532	2,612	1,568
- Accumulated depreciation and impairment	(1,875)	(560)	(20)
<b>Net book value</b>	<b>2,657</b>	<b>2,052</b>	<b>1,548</b>

(Euro/million)

	Property, plant and equipment	Intangible assets	of which Goodwill
<b>Balance at 31 December 2018</b>	<b>2,629</b>	<b>2,162</b>	<b>1,571</b>
<b>Movements in 2019:</b>			
- 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) Assets held for sale	(19)	-	-
- Monetary revaluation for hyperinflation	4	-	-
- Other	(4)	4	-
<b>Total movements</b>	<b>120</b>	<b>33</b>	<b>47</b>
<b>Balance at 30 September 2019</b>	<b>2,749</b>	<b>2,195</b>	<b>1,618</b>
Of which:			
- Historical cost	4,366	2,684	1,638
- Accumulated depreciation and impairment	(1,617)	(489)	(20)
<b>Net book value</b>	<b>2,749</b>	<b>2,195</b>	<b>1,618</b>

A total of Euro 141 million has been invested in Property, plant and equipment in the first nine months of 2020. This expenditure is analysed as follows:

- 62%, or Euro 87 million, for projects to increase and rationalise production capacity and develop new products. This figure includes investments of Euro 37 million during the period in the Leonardo da Vinci, the Group's new cable-laying vessel;
- 14%, or Euro 20 million, for projects to improve industrial efficiency;
- 24%, or Euro 34 million, for structural work at various plants.

Investments in Intangible assets in the first nine months of 2020 amount to Euro 13 million, primarily in connection with IT development and implementation projects.

The first nine months of 2020 have seen the recognition of Euro 43 million in impairment losses against the value of Property, plant and equipment and Intangible assets further to impairment testing at the time of drawing up the Half-Year Financial Report at 30 June 2020, to which reference should be made for the related details.

### Right-of-use assets under IFRS 16 - Leases

The following table summarises the effects of IFRS 16 on the statement of financial position at 30 September 2020:

(Euro/million)

	30.09.2020	Effects IFRS 16	30.09.2020 with IFRS 16
<b>Non-current assets</b>			
Property, plant and equipment	2,490	167	2,657
<b>Total assets</b>	<b>2,490</b>	<b>167</b>	<b>2,657</b>
<b>Non-current liabilities</b>			
Borrowings from banks and other lenders	2,907	125	3,032
<b>Current liabilities</b>			
Borrowings from banks and other lenders	78	47	125
<b>Total liabilities</b>	<b>2,985</b>	<b>172</b>	<b>3,157</b>

Since the effects of deferred tax assets and liabilities (duly offset) are not material, they have not been reported in the previous table.

The following table reports movements during 2020 in right-of-use assets recognised in Property, plant and equipment in accordance with IFRS 16:

(Euro/million)

	Right-of-use assets IFRS 16
<b>Balance at 31 December 2019</b>	<b>167</b>
<b>Movements in 2020:</b>	
- Investments (Divestments), net	50
- Depreciation	(41)
- Currency translation differences	(9)
<b>Total movements</b>	<b>0</b>
<b>Balance at 30 September 2020</b>	<b>167</b>
<b>Of which:</b>	
- Historical cost	243
- Accumulated depreciation and impairment	(76)
<b>Net book value</b>	<b>167</b>

The following table summarises the effects of IFRS 16 on the income statement for 2020:

(Euro/million)

	30.09.2020	Effects IFRS 16	30.09.2020 with IFRS 16
Adjusted EBITDA	605	42	647
Amortisation, depreciation and impairment	(248)	(41)	(289)
Finance costs	(75)	(4)	(79)
Net profit/(loss)	140	(3)	137

As for the Statement of cash flows, "Changes in other net financial receivables/payables" include Euro 40 million for lease payments.

## 2. EQUITY-ACCOUNTED INVESTMENTS

These refer to investments in associates, details of which are as follows:

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.

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 2020, the fair value of the investment in Yangtze Optical Fibre and Cable Joint Stock Limited Company was Euro 236 million (based on the price quoted on the Hong Kong market), while its carrying amount was Euro 262 million, thus more than fair value. However, the reduction in the stock price is not to be treated as lasting, also in light of the fact that this is the first time carrying amount has been higher than market value. This difference, moreover, is to be viewed as dependent on the current circumstances involving the spread of the Covid-19 pandemic. This situation will continue to be monitored over the coming months.

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

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

Power Cables Malaysia Sdn Bhd is based in Malaysia. The company, a leader in the local market, manufactures and sells power cables and conductors 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 is not significant, with the Group's share of profit or loss of associates having offset the dividends collected from them.

### 3. TRADE AND OTHER RECEIVABLES

Details are as follows:

(Euro/million)			30.09.2020
	Non-current	Current	Total
Trade receivables	-	1,766	1,766
Allowance for doubtful accounts	-	(98)	(98)
<b>Total trade receivables</b>	<b>-</b>	<b>1,668</b>	<b>1,668</b>
<b>Other receivables:</b>			
Tax receivables	7	230	237
Financial receivables	2	3	5
Prepaid finance costs	3	2	5
Receivables from employees	1	4	5
Pension plan receivables	-	3	3
Construction contracts	-	418	418
Advances to suppliers	4	22	26
Other	11	102	113
<b>Total other receivables</b>	<b>28</b>	<b>784</b>	<b>812</b>
<b>Total</b>	<b>28</b>	<b>2,452</b>	<b>2,480</b>

(Euro/million)			31.12.2019
	Non-current	Current	Total
Trade receivables	-	1,563	1,563
Allowance for doubtful accounts	-	(88)	(88)
<b>Total trade receivables</b>	<b>-</b>	<b>1,475</b>	<b>1,475</b>
<b>Other receivables:</b>			
Tax receivables	10	227	237
Financial receivables	2	2	4
Prepaid finance costs	4	2	6
Receivables from employees	1	4	5
Pension plan receivables	-	2	2
Construction contracts	-	450	450
Advances to suppliers	4	15	19
Other	17	114	131
<b>Total other receivables</b>	<b>38</b>	<b>816</b>	<b>854</b>
<b>Total</b>	<b>38</b>	<b>2,291</b>	<b>2,329</b>

#### 4. INVENTORIES

Details are as follows:

(Euro/million)	30.09.2020	31.12.2019
Raw materials	446	439
<i>of which allowance for obsolete and slow-moving raw materials</i>	<i>(56)</i>	<i>(47)</i>
Work in progress and semi-finished goods	397	329
<i>of which allowance for obsolete and slow-moving work in progress and semi-finished goods</i>	<i>(17)</i>	<i>(15)</i>
Finished goods (*)	662	755
<i>of which allowance for obsolete and slow-moving finished goods</i>	<i>(82)</i>	<i>(78)</i>
<b>Total</b>	<b>1,505</b>	<b>1,523</b>

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

#### 5. DERIVATIVES

Details are as follows:

(Euro/million)	30.09.2020	
	Asset	Liability
<b>Non-current</b>		
Interest rate derivatives (cash flow hedges)	-	15
Metal derivatives (cash flow hedges)	-	-
<b>Total hedging derivatives</b>	<b>-</b>	<b>15</b>
Metal derivatives	19	1
<b>Total other derivatives</b>	<b>19</b>	<b>1</b>
<b>Total non-current</b>	<b>19</b>	<b>16</b>
<b>Current</b>		
Interest rate derivatives (cash flow hedges)	-	5
Forward currency contracts on commercial transactions (cash flow hedges)	9	5
Metal derivatives (cash flow hedges)	26	-
<b>Total hedging derivatives</b>	<b>35</b>	<b>10</b>
Forward currency contracts on commercial transactions	2	3
Forward currency contracts on financial transactions	1	4
Metal derivatives	14	17
<b>Total other derivatives</b>	<b>17</b>	<b>24</b>
<b>Total current</b>	<b>52</b>	<b>34</b>
<b>Total</b>	<b>71</b>	<b>50</b>



(Euro/million)	31.12.2019	
	Asset	Liability
<b>Non-current</b>		
Interest rate derivatives (cash flow hedges)	-	15
Forward currency contracts on commercial transactions (cash flow hedges)	1	1
<b>Total hedging derivatives</b>	<b>1</b>	<b>16</b>
Metal derivatives	6	2
<b>Total other derivatives</b>	<b>6</b>	<b>2</b>
<b>Total non-current</b>	<b>7</b>	<b>18</b>
<b>Current</b>		
Interest rate derivatives (cash flow hedges)	-	6
Forward currency contracts on commercial transactions (cash flow hedges)	4	3
<b>Total hedging derivatives</b>	<b>4</b>	<b>9</b>
Forward currency contracts on commercial transactions	3	6
Forward currency contracts on financial transactions	6	4
Metal derivatives	20	16
<b>Total other derivatives</b>	<b>29</b>	<b>26</b>
<b>Total current</b>	<b>33</b>	<b>35</b>
<b>Total</b>	<b>40</b>	<b>53</b>

Interest rate derivatives designated as cash flow hedges refer to:

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

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss, amounting to Euro 12 million (Euro 27 million at 31 December 2019), basically refer to units in funds that mainly invest in short and medium-term government securities. It is primarily the subsidiaries in Brazil and Argentina that invest temporarily available liquidity in such funds.

## 7. CASH AND CASH EQUIVALENTS

Details are as follows:

(Euro/million)	30.09.2020	31.12.2019
Cash and cheques	1	1
Bank and postal deposits	473	1,069
<b>Total</b>	<b>474</b>	<b>1,070</b>

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 137 million at 30 September 2020, while at 31 December 2019 the figure was Euro 724 million.

## 8. ASSETS AND LIABILITIES HELD FOR SALE

Details are as follows:

(Euro/million)	30.09.2020	31.12.2019
<b>Assets held for sale:</b>		
Buildings	4	12
Other assets	-	14
Financial assets	-	1
<b>Total assets held for sale</b>	<b>4</b>	<b>27</b>
<b>Liabilities held for sale:</b>		
Other liabilities	(2)	(10)
<b>Total liabilities held for sale</b>	<b>(2)</b>	<b>(10)</b>

At 30 September 2020, assets and liabilities held for sale refer to the assets and liabilities of the Montcada plant.

At 31 December 2019, assets and liabilities held for sale amounted to Euro 17 million and related to the assets and liabilities of Draka Fileca SAS, a group company for which, on 22 October 2019, the Group had received a binding offer, subject to meeting certain conditions, of Euro 73 million from Carlisle Companies Incorporated. On 19 June 2020, the Group announced that the contract relating to this transaction had been terminated, as the required regulatory approvals had not been obtained by the agreed deadline, meaning that the assets and liabilities of Draka Fileca SAS have been reclassified to the appropriate balance sheet lines.

## 9. SHARE CAPITAL AND RESERVES

Consolidated equity has recorded a negative change of Euro 158 million since 31 December 2019, mainly reflecting the net effect of:

- negative currency translation differences of Euro 264 million;
- the positive post-tax change of Euro 18 million in the fair value of derivatives designated as cash flow hedges;
- a negative change of Euro 7 million in the reserves for actuarial gains and losses on employee benefits;
- a positive change of Euro 23 million in the share-based compensation reserve linked to stock option plans;
- the net profit for the period of Euro 137 million;
- an increase of Euro 5 million for the effects of hyperinflation;
- a decrease of Euro 70 million for the distribution of dividends.

At 30 September 2020, 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
<b>Balance at 31 December 2018</b>	<b>268,144,246</b>	<b>(5,097,213)</b>	<b>263,047,033</b>
Allotments and sales <sup>(1)</sup>	-	206,051	206,051
<b>Balance at 31 December 2019</b>	<b>268,144,246</b>	<b>(4,891,162)</b>	<b>263,253,084</b>
Allotments and sales <sup>(2)</sup>	-	40,368	40,368
<b>Balance at 30 September 2020</b>	<b>268,144,246</b>	<b>(4,850,794)</b>	<b>263,293,452</b>

<sup>(1)</sup> Allotment and/or sale of treasury shares under the YES Group employee share purchase plan (206,051 shares).

<sup>(2)</sup> Allotment and/or sale of treasury shares under the YES Group employee share purchase plan (40,368 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)
<b>Balance at 31 December 2018</b>	<b>5,097,213</b>	<b>509,722</b>	<b>1.90%</b>	<b>20.31</b>	<b>103,545,528</b>
- Allotments and sales	(206,051)	(20,605)	-	19.92	(4,104,536)
<b>Balance at 31 December 2019</b>	<b>4,891,162</b>	<b>489,117</b>	<b>1.82%</b>	<b>20.33</b>	<b>99,440,992</b>
- Allotments and sales	(40,368)	(4,037)	-	19.92	(804,131)
<b>Balance at 30 September 2020</b>	<b>4,850,794</b>	<b>485,080</b>	<b>1.81%</b>	<b>20.33</b>	<b>98,636,861</b>

## 10. BORROWINGS FROM BANKS AND OTHER LENDERS

Details are as follows:

(Euro/million)			30.09.2020
	Non-current	Current	Total
Borrowings from banks and other lenders	220	63	283
Term Loan	996	3	999
Unicredit Loan	199	1	200
Mediobanca Loan	100	-	100
Intesa Loan	150	1	151
Non-convertible bond	748	9	757
Convertible Bond 2017	486	-	486
Lease liabilities	133	48	181
<b>Total</b>	<b>3,032</b>	<b>125</b>	<b>3,157</b>

(Euro/million)			31.12.2019
	Non-current	Current	Total
Borrowings from banks and other lenders	230	153	383
Term Loan	995	1	996
Unicredit Loan	199	-	199
Mediobanca Loan	100	-	100
Intesa Loan	149	-	149
Non-convertible bond	746	14	760
Convertible Bond 2017	478	-	478
Lease liabilities	135	44	179
<b>Total</b>	<b>3,032</b>	<b>212</b>	<b>3,244</b>

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

(Euro/million)		30.09.2020	31.12.2019
CDP Loans		100	200
EIB Loans		119	135
Term Loan		999	996
Unicredit Loan		200	199
Mediobanca Loan		100	100
Intesa Loan		151	149
Other borrowings		64	48
<b>Borrowings from banks and other lenders</b>		<b>1,733</b>	<b>1,827</b>
Non-convertible bond		757	760
Convertible Bond 2017		486	478
<b>Total</b>		<b>2,976</b>	<b>3,065</b>

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

### *Revolving Credit Facility 2019*

On 3 April 2019, the Group renewed a Euro 1,000 million five-year revolving credit facility with a syndicate of leading Italian and international banks. The funds are available for business and working capital needs, including the refinancing of existing facilities. The Revolving Credit Facility 2019 can also be used for the issue of guarantees. At 30 September 2020, this facility was not being used.

*CDP Loans*

On 25 September 2017, Prysmian S.p.A. entered into an agreement with Cassa Depositi e Prestiti S.p.A. (CDP) for a long-term cash loan for a maximum of Euro 100 million, drawn down in its entirety and later repaid in full on its maturity date of 30 September 2020.

On 28 October 2019, the Group entered into a second agreement with Cassa Depositi e Prestiti S.p.A. for a Euro 100 million long-term loan for 4 years and 6 months from the date of signing, with a bullet repayment at maturity. The purpose of this loan is to finance part of the Group's capital expenditure and expenditure on research, development and innovation in Italy and Europe. At 30 September 2020, the fair value of the CDP Loan 2019 approximates its 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 rate interest flows over the period 2018-2024.

At 30 September 2020, the fair value of the EIB Loans approximates their carrying amount.

After repayments against the EIB Loan 2013, the outstanding balance on the EIB Loans as at 30 September 2020 was Euro 119 million.

*Term Loan*

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

The interest rates applied are indexed to 6M and 3M Euribor, as the company so chooses.

The line was drawn down in full upon acquiring General Cable. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 1,000 million, with the objective of hedging variable rate interest flows.

### Unicredit Loan

On 15 November 2018, Prysmian S.p.A. entered into an agreement with Unicredit for a long-term cash loan for a maximum amount of Euro 200 million for 5 years from the date of signing. The agreement envisages a bullet repayment at maturity. The interest rate applied is indexed to 6M and 3M Euribor, as the company so chooses. At 30 September 2020, the fair value of this loan approximates its carrying amount.

### Mediobanca Loan

On 20 February 2019, the Group entered into an agreement with Mediobanca for a Euro 100 million long-term loan for 5 years from the date of signing, with a bullet repayment at maturity. The interest rate applied is indexed to 6M and 3M Euribor, as the company so chooses. At 30 September 2020, the fair value of this loan approximates its carrying amount.

### Intesa Loan

On 11 October 2019, the Group entered into an agreement with Intesa Sanpaolo for a Euro 150 million long-term loan for 5 years from the date of signing, with a bullet repayment at maturity. At 30 September 2020, the fair value of this loan approximates its carrying amount.

The fair value of the loans has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

The following tables summarise the committed lines available to the Group at 30 September 2020 and 31 December 2019:

(Euro/million)			30.09.2020
	Total lines	Drawn	Undrawn
Revolving Credit Facility 2019	1,000	-	1,000
Term Loan	1,000	(1,000)	-
CDP Loans	100	(100)	-
Unicredit Loan	200	(200)	-
Intesa Loan	150	(150)	-
EIB Loans	119	(119)	-
Mediobanca Loan	100	(100)	-
<b>Total</b>	<b>2,669</b>	<b>(1,669)</b>	<b>1,000</b>

(Euro/million)			31.12.2019
	Total lines	Drawn	Undrawn
Revolving Credit Facility 2019	1,000	-	1,000
Term Loan	1,000	(1,000)	-
CDP Loans	200	(200)	-
Unicredit Loan	200	(200)	-
Intesa Loan	150	(150)	-
EIB Loans	135	(135)	-
Mediobanca Loan	100	(100)	-
<b>Total</b>	<b>2,785</b>	<b>(1,785)</b>	<b>1,000</b>

## Bonds

As at 30 September 2020, Prysmian Group has the bond issues in place described in the following paragraphs.

### *Non-convertible bond issued in 2015*

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

The bond settlement date was 9 April 2015. The bond was admitted to the Luxembourg Stock Exchange, where it is traded on the related regulated market.

At 30 September 2020, the non-convertible bond has a fair value of Euro 757 million. Fair value has been determined with reference to the quoted price in the relevant market (Level 1 of the fair value hierarchy).

### *Convertible Bond 2017*

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

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

- the convertibility of the Equity-Linked Bond;
- the proposal to increase share capital for cash, in single or multiple issues with the exclusion of preemptive 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 bond matures in 2022.

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

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

The accounting treatment for the five-year Convertible Bond 2017 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.

<i>(Euro/million)</i>	
Issue value of convertible bond	500
Equity reserve for convertible bond	(48)
<b>Issue date net balance</b>	<b>452</b>
Interest - non-monetary	36
Related costs	(2)
<b>Balance at 30 September 2020</b>	<b>486</b>

At 30 September 2020, the fair value of the Convertible Bond 2017 (equity component and debt component) is Euro 484 million, almost all of which attributable to the debt component. 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, with the remaining debt at 30 September 2020 equal to USD 0.4 million.

#### Other borrowings from banks and other lenders and Lease liabilities

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

(Euro/million)

	CDP Loans	EIB Loans	Conv. Bond	Non- conv. Bond	Term Loan	Unicredit, Mediobanca and Intesa Loans	Lease liabilities	Other borrowings	Total
<b>Balance at 31 December 2019</b>	<b>200</b>	<b>135</b>	<b>478</b>	<b>760</b>	<b>996</b>	<b>448</b>	<b>179</b>	<b>48</b>	<b>3,244</b>
Currency translation differences	-	-	-	-	-	-	(8)	(3)	(11)
New funds	-	-	-	-	-	-	-	32	32
New lease liabilities	-	-	-	-	-	-	50	-	50
Repayments	(100)	(16)	-	-	-	-	(40)	(13)	(169)
Amortisation of bank and financial fees and other expenses	-	-	1	2	1	1	-	-	5
Interest and other movements	-	-	7	(5)	2	2	-	-	6
<b>Total movements</b>	<b>(100)</b>	<b>(16)</b>	<b>8</b>	<b>(3)</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>16</b>	<b>(87)</b>
<b>Balance at 30 September 2020</b>	<b>100</b>	<b>119</b>	<b>486</b>	<b>757</b>	<b>999</b>	<b>451</b>	<b>181</b>	<b>64</b>	<b>3,157</b>

(Euro/million)

	CDP Loans	EIB Loans	Conv. Bond	Non- conv. Bond	Loans for General Cable acquisition	Unicredit, Medio- banca and Intesa Loans	Lease liabilities	Other borrowings	Total
<b>Balance at 31 December 2018</b>	<b>100</b>	<b>152</b>	<b>467</b>	<b>759</b>	<b>1,494</b>	<b>199</b>	<b>10</b>	<b>78</b>	<b>3,259</b>
Currency translation differences	-	-	-	-	-	-	-	1	1
New funds	-	-	-	-	-	100	-	54	154
Repayments	-	(17)	-	-	(100)	-	(25)	(41)	(183)
Amortisation of bank and financial fees and other expenses	-	-	1	1	2	-	-	-	4
Adoption IFRS 16	-	-	-	-	-	-	155	-	155
Interest and other movements	-	-	7	(5)	3	2	-	-	7
<b>Total movements</b>	<b>-</b>	<b>(17)</b>	<b>8</b>	<b>(4)</b>	<b>(95)</b>	<b>102</b>	<b>130</b>	<b>14</b>	<b>138</b>
<b>Balance at 30 September 2019</b>	<b>100</b>	<b>135</b>	<b>475</b>	<b>755</b>	<b>1,399</b>	<b>301</b>	<b>140</b>	<b>92</b>	<b>3,397</b>



**NET FINANCIAL DEBT**

(Euro/million)	Note	30.09.2020	31.12.2019
CDP Loans	10	100	100
EIB Loans	10	110	118
Non-convertible bond	10	748	746
Convertible Bond 2017	10	486	478
Term Loan	10	996	995
Unicredit Loan	10	199	199
Mediobanca Loan	10	100	100
Intesa Loan	10	150	149
Lease liabilities	10	133	135
Interest rate swaps	5	15	15
Other financial payables	10	10	12
<b>Total long-term financial payables</b>		<b>3,047</b>	<b>3,047</b>
CDP Loans	10	-	100
EIB Loans	10	9	17
Non-convertible bond	10	9	14
Term Loan	10	3	1
Unicredit Loan	10	1	-
Intesa Loan	10	1	-
Lease liabilities	10	48	44
Interest rate swaps	5	5	6
Forward currency contracts on financial transactions	5	4	4
Other financial payables	10	54	36
<b>Total short-term financial payables</b>		<b>134</b>	<b>222</b>
<b>Total financial liabilities</b>		<b>3,181</b>	<b>3,269</b>
Long-term financial receivables	3	2	2
Long-term bank fees	3	3	4
Financial assets at amortised cost		4	4
Forward currency contracts on financial transactions (current)	5	1	6
Short-term financial receivables	3	3	2
Short-term bank fees	3	2	2
Financial assets at fair value through profit or loss	6	12	27
Financial assets at fair value through other comprehensive income		11	11
Financial assets held for sale	8	-	1
Cash and cash equivalents	7	474	1,070
<b>Total financial assets</b>		<b>512</b>	<b>1,129</b>
<b>Net financial debt</b>		<b>2,669</b>	<b>2,140</b>

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

(Euro/million)	Note	30.09.2020	31.12.2019
<b>Net financial debt - as reported above</b>		<b>2,669</b>	<b>2,140</b>
Long-term financial receivables and other assets	3	6	6
Long-term bank fees	3	3	4
Net forward currency contracts on commercial transactions	5	(3)	2
Net metal derivatives	5	(41)	(8)
<b>Recalculated net financial debt</b>		<b>2,634</b>	<b>2,144</b>

## 11. TRADE AND OTHER PAYABLES

Details are as follows:

(Euro/million)			30.09.2020
	Non-current	Current	Total
Trade payables	-	1,671	1,671
<b>Total trade payables</b>	<b>-</b>	<b>1,671</b>	<b>1,671</b>
<b>Other payables:</b>			
Tax and social security payables	-	233	233
Advances from customers	-	419	419
Payables to employees	1	138	139
Accrued expenses	-	117	117
Other	8	133	141
<b>Total other payables</b>	<b>9</b>	<b>1,040</b>	<b>1,049</b>
<b>Total</b>	<b>9</b>	<b>2,711</b>	<b>2,720</b>

(Euro/million)			31.12.2019
	Non-current	Current	Total
Trade payables	-	2,062	2,062
<b>Total trade payables</b>	<b>-</b>	<b>2,062</b>	<b>2,062</b>
<b>Other payables:</b>			
Tax and social security payables	2	201	203
Advances from customers	-	357	357
Payables to employees	1	160	161
Accrued expenses	-	139	139
Other	8	112	120
<b>Total other payables</b>	<b>11</b>	<b>969</b>	<b>980</b>
<b>Total</b>	<b>11</b>	<b>3,031</b>	<b>3,042</b>

Trade payables include around Euro 96 million (Euro 236 million at 31 December 2019) 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 366 million at 30 September 2020 and Euro 299 million at 31 December 2019. This liability represents the excess of amounts invoiced over costs incurred plus accumulated profits (or losses), recognised using the percentage of completion method.

## 12. PROVISIONS FOR RISKS AND CHARGES

Details are as follows:

(Euro/million)			30.09.2020 (*)
	Non-current	Current	Total
Restructuring costs	-	35	35
Legal, contractual and other risks	22	424	446
Environmental risks	3	95	98
Tax risks	9	82	91
<b>Total</b>	<b>34</b>	<b>636</b>	<b>670</b>

(\*) Provisions for risks at 30 September 2020 include Euro 170 million for contingent liabilities.

(Euro/million)			31.12.2019 (*)
	Non-current	Current	Total
Restructuring costs	15	57	72
Legal, contractual and other risks	26	468	494
Environmental risks	-	107	107
Tax risks	19	85	104
<b>Total</b>	<b>60</b>	<b>717</b>	<b>777</b>

(\*) Provisions for risks at 31 December 2019 include Euro 170 million for contingent liabilities.

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

(Euro/million)					
	Restructuring costs	Legal, contractual and other risks	Environmental risks	Tax risks	Total
<b>Balance at 31 December 2019</b>	<b>72</b>	<b>494</b>	<b>107</b>	<b>104</b>	<b>777</b>
Increases	6	54	-	1	61
Utilisations	(44)	(55)	(2)	-	(101)
Releases	(1)	(30)	-	-	(31)
Currency translation differences	1	(14)	(3)	(18)	(34)
Other	1	(3)	(4)	4	(2)
<b>Total movements</b>	<b>(37)</b>	<b>(48)</b>	<b>(9)</b>	<b>(13)</b>	<b>(107)</b>
<b>Balance at 30 September 2020</b>	<b>35</b>	<b>446</b>	<b>98</b>	<b>91</b>	<b>670</b>

The provision for contractual, legal and other risks amounts to Euro 446 million at 30 September 2020 (Euro 494 million at 31 December 2019). This provision mainly includes provisions related to and arising from business combinations, provisions for risks on ongoing and completed contracts and the provision for Antitrust investigations, details of which now follow.

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

The European Commission started an investigation in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets.

On 2 April 2014, the European Commission adopted a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l., 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, ordering them to pay a fine of Euro 67.3 million, and it held Prysmian Cavi e Sistemi S.r.l. jointly liable with Prysmian S.p.A. and The Goldman Sachs Group Inc. for the alleged infringement in the period 29 July 2005 - 28 January 2009, ordering them to pay a fine of Euro 37.3 million. Prysmian filed an appeal against this decision with the General Court of the European Union along with an application to intervene in the appeals respectively lodged by Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. against the same decision. Both Pirelli & C. S.p.A. and The Goldman Sachs Group Inc. in turn submitted applications to intervene in the appeal brought by Prysmian against the European Commission's decision. The applications to intervene presented by Prysmian, Pirelli and The Goldman Sachs Group Inc. were accepted by the General Court of the European Union. Prysmian did not

incur any financial outlay as a result of this decision having elected, pending the outcome of the appeals, to provide bank guarantees as security against payment of 50% of the fine imposed by the European Commission (amounting to approximately Euro 52 million) for the alleged infringement in both periods. As far as Prysmian is aware, Pirelli & C. S.p.A. also provided the European Commission with a bank guarantee for 50% of the value of the fine imposed for the alleged infringement in the period 18 February 1999 - 28 July 2005.

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

In rulings handed down on 24 September and 28 October 2020 respectively, the Court of Justice dismissed the appeals brought by Prysmian and Pirelli & C. S.p.A., thus upholding, subject to the outcome of the appeal filed by The Goldman Sachs Group Inc., still pending, the liability and fine envisaged under the European Commission's original decision. Further to the ruling dismissing Prysmian's appeal, the European Commission requested Prysmian Group to pay the sum of approximately Euro 20 million, corresponding to half of the fine applying to the period from 29 July 2005 to 28 January 2009 plus interest. Drawing on the provisions already set aside in previous years, the Group made this payment by the end of September 2020.

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, the Directors, assisted also by their legal advisors and in consistency with the accounting policies, have recognised a level of provisions deemed appropriate to cover the potential liabilities related to the matters 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, in response to which Prysmian submitted its brief on 18 January 2019. On 11 February 2019, as a result of its investigation the general superintendence of the Brazilian antitrust authority (Administrative Council for Economic Defense – "CADE") published a statement of objections (Technical Note) in the Brazilian Federal Official Gazette.

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

In view of the circumstances described, the Directors, assisted also by their legal advisors and in consistency with the accounting policies, have taken steps to have a level of provisions in the financial statements in line with the fine imposed.

*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. 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 proceedings are still pending, with a date recently set for the court case to begin in November 2020 when the merits of the dispute will be addressed. On 29 July 2020, an agreement was finalised between Prysmian Group and Scottish Power whereby the dispute between the parties was settled out of court. The pending lawsuit relating to the dispute with Scottish Power will therefore be abandoned and no longer pursued.

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.

During the month of June 2020, the Prysmian companies concerned presented their defence as well as serving a summons on another party to which the EU decision was addressed.

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

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

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

On 23 April 2020, the initial hearing was held for both the above proceedings, which are being dealt with jointly and are now at an investigative stage.

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 once again involves a claim for compensation for damages purportedly suffered as a result of the alleged anti-competitive practices condemned by the European Commission. On 18 December 2019, the Prysmian Group companies concerned presented their preliminary defence. The hearing on the preliminary legal defence brought by the Prysmian Group companies was set for 8 September 2020, at the end of which the judge reserved passing judgement.

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

Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l. 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. 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.

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. However, the letter does not include any quantification of the damages and explicitly states that its purpose, among others, is to avoid expiry of the statute of limitations. Even though a negative outcome is considered likely, the Directors have been unable to estimate the amount to provide against this and the other actions listed above because the plaintiffs have not quantified their claims.

Lastly, Prysmian Cavi e Sistemi S.r.l. and Prysmian S.p.A. were served with a writ of summons on 24 October 2019 from Pirelli & C. S.p.A. in which the latter seeks to be released from any third-party claim for damages relating to the practices forming the subject of the European Commission's decision and to be compensated for the damages allegedly incurred and quantified, which it has suffered through Prysmian having sought, in certain pending proceedings, to attribute liability to Pirelli for the illegal practices determined by the European Commission in the period from 1999 to 2005. 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 claims for damages*

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. On 18 October 2019, the Prysmian Group companies concerned responded by presenting their preliminary defence. The parties have agreed to stay the proceedings until the European Court of Justice has handed down its ruling on the appeal brought by Prysmian against the European Commission's decision of 2 April 2014.

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.

*Antitrust - Other investigations*

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

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

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

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

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

*Antitrust - Claims for damages ensuing from other investigations*

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

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

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



As at 30 September 2020, the provision for the above Antitrust matters amounts to approximately Euro 200 million.

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

### 13. EMPLOYEE BENEFIT OBLIGATIONS

Details are as follows:

(Euro/million)	30.09.2020	31.12.2019
Pension plans	412	409
Italian statutory severance benefit	15	15
Medical benefit plans	26	27
Termination and other benefits	40	43
<b>Total</b>	<b>493</b>	<b>494</b>

Movements in employee benefit obligations have had an overall impact of Euro 15 million on the period's income statement, of which Euro 10 million classified in personnel costs and Euro 5 million in finance costs.

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

	9 months 2020	9 months 2019
Average number	28,442	29,572
	<b>30.09.2020</b>	<b>31.12.2019</b>
Closing number	28,628	28,714

## 14. OPERATING INCOME

Operating income is a profit of Euro 294 million in the first nine months of 2020 (compared with a profit of Euro 479 million in the first nine months of 2019) and is stated after the following adjustments:

(Euro/million)	9 months 2020	9 months 2019
Company reorganisation <sup>(1)</sup>	(17)	(17)
Non-recurring (expenses)/income <sup>(2)</sup>	(16)	(20)
Other non-operating (expenses)/income <sup>(3)</sup>	(13)	(25)
<b>Total adjustments</b>	<b>(46)</b>	<b>(62)</b>

<sup>(1)</sup> 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;

<sup>(2)</sup> 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;

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

## 15. FINANCE COSTS AND INCOME

Finance costs are detailed as follows:

(Euro/million)	9 months 2020	9 months 2019
Interest on loans	11	16
Interest on non-convertible bond	14	14
Interest on convertible bond 2013 - non-monetary component	7	7
Interest Rate Swaps	5	5
Interest on lease liabilities	4	3
Amortisation of bank and financial fees and other expenses	5	6
Employee benefit interest costs net of interest on plan assets	5	8
Other bank interest	3	4
Costs for undrawn credit lines	2	4
Sundry bank fees	12	11
Non-recurring other finance costs	2	2
Finance costs for hyperinflation	-	10
Other	5	5
<b>Finance costs</b>	<b>75</b>	<b>95</b>
Net losses on forward currency contracts	5	-
<b>Losses on derivatives</b>	<b>5</b>	<b>-</b>
Foreign currency exchange losses	344	256
<b>Total finance costs</b>	<b>424</b>	<b>351</b>

Finance income is detailed as follows:

(Euro/million)	9 months 2020	9 months 2019
Interest income from banks and other financial institutions	3	3
Other finance income	2	7
<b>Finance income</b>	<b>5</b>	<b>10</b>
Net gains on forward currency contracts	-	7
<b>Gains on derivatives</b>	<b>-</b>	<b>7</b>
Foreign currency exchange gains	340	232
<b>Total finance income</b>	<b>345</b>	<b>249</b>

## 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 2020 is Euro 78 million, while the tax rate is approximately 36%.

## 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 either the Convertible Bond 2017, whose conversion is currently out of the money, or by the options under the long-term incentive plan 2020-2022 since aggregate EBITDA in the first nine months of the three-year plan had not yet triggered their allotment.

(Euro/million)	9 months 2020	9 months 2019
Net profit/(loss) attributable to owners of the parent	140	271
Weighted average number of ordinary shares (thousands)	263,259	263,101
<b>Basic earnings per share (in Euro)</b>	<b>0.53</b>	<b>1.03</b>
Net profit/(loss) attributable to owners of the parent for purposes of diluted earnings per share	140	271
Weighted average number of ordinary shares (thousands)	263,259	263,101
<b>Adjustments for:</b>		
Dilution from incremental shares arising from exercise of stock options (thousands)	97	43
Weighted average number of ordinary shares to calculate diluted earnings per share (thousands)	263,356	263,144
<b>Diluted earnings per share (in Euro)</b>	<b>0.53</b>	<b>1.03</b>

## 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

The Group has factored some of its trade receivables on a without-recourse basis. The amount of receivables factored but not yet paid by customers was Euro 169 million at 30 September 2020 (Euro 339 million at 31 December 2019).

## 20. SEASONALITY

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

## 21. RELATED PARTY TRANSACTIONS

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

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

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

The following tables provide a summary of related party transactions during the nine months ended 30 September 2020:

(Euro/million)

					<b>30.09.2020</b>
	<b>Equity-accounted companies</b>	<b>Compensation of directors, statutory auditors and key management personnel</b>	<b>Total related parties</b>	<b>Total reported amount</b>	<b>Related party % of total</b>
Equity-accounted investments	311	-	<b>311</b>	311	100.0%
Trade receivables	7	-	<b>7</b>	1,668	0.4%
Other receivables	2	-	<b>2</b>	812	0.2%
Trade payables	4	-	<b>4</b>	1,671	0.2%
Other payables	2	1	<b>3</b>	1,049	0.3%
Provisions for risks and charges	-	6	<b>6</b>	670	0.9%

(Euro/million)

					<b>31.12.2019</b>
	<b>Equity-accounted companies</b>	<b>Compensation of directors, statutory auditors and key management personnel</b>	<b>Total related parties</b>	<b>Total reported amount</b>	<b>Related party % of total</b>
Equity-accounted investments	314	-	<b>314</b>	314	100.0%
Trade receivables	7	-	<b>7</b>	1,475	0.5%
Other receivables	3	-	<b>3</b>	854	0.4%
Trade payables	5	-	<b>5</b>	2,062	0.2%
Other payables	-	4	<b>4</b>	980	0.4%
Provisions for risks and charges	-	4	<b>4</b>	777	0.5%

(Euro/million)

	9 months 2020				
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % of total
Sales	17	-	17	7,488	0.2%
Other income	4	-	4	59	6.8%
Raw materials, consumables and supplies	(5)	-	(5)	(4,746)	0.1%
Personnel costs	-	(7)	(7)	(1,048)	0.7%
Other expenses	(6)	-	(6)	(1,203)	0.5%
Share of net profit/(loss) of equity-accounted companies	15	-	15	15	100.0%

(Euro/million)

	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	25	-	25	8,635	0.3%
Other income	2	-	2	64	3.1%
Raw materials, consumables and supplies	(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%

### 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 2020 (Euro 7 million in the first nine months of 2019).

## 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 2020.

## 23. COMMITMENTS

Contractual commitments, already given to third parties at 30 September 2020 and not yet reflected in the financial statements, amount to Euro 182 million for Property, plant and equipment and Euro 6 million for Intangible assets.

As at 30 September 2020, there are no outstanding loans or guarantees by the Parent Company or its subsidiaries to any of the directors, senior managers or statutory auditors.

## 24. DIVIDEND DISTRIBUTION

On 28 April 2020, the shareholders of Prysmian S.p.A. approved the financial statements for 2019 and the distribution of a gross dividend of Euro 0.25 per share, for a total of some Euro 66 million. The dividend was paid out from 20 May 2020, with record date 19 May 2020 and ex-dividend date 18 May 2020.

## 25. EXCHANGE RATES

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

	Closing rates at		Period average rates	
	30.09.2020	31.12.2019	9 months 2020	9 months 2019
<b>Europe</b>				
British Pound	0.912	0.851	0.885	0.883
Swiss Franc	1.08	1.085	1.068	1.118
Hungarian Forint	365.53	330.53	348.127	323.073
Norwegian Krone	11.101	9.864	10.711	9.771
Swedish Krona	10.571	10.447	10.558	10.568
Czech Koruna	27.233	25.408	26.384	25.702
Danish Krone	7.446	7.472	7.458	7.464
Romanian Leu	4.873	4.783	4.827	4.738
Turkish Lira	9.145	6.663	7.571	6.343
Polish Zloty	4.546	4.257	4.422	4.301
Russian Rouble	91.776	69.956	79.96	73.085
<b>North America</b>				
US Dollar	1.171	1.123	1.125	1.124
Canadian Dollar	1.568	1.46	1.522	1.493
<b>South America</b>				
Colombian Peso	4,550	3,689	4,165	3,641
Brazilian Real	6.604	4.528	5.714	4.369
Argentine Peso	89.192	67.28	76.082	50.087
Chilean Peso	920.47	844.86	901.327	770.608
Costa Rican Colón	706.379	642.012	650.551	664.342
Mexican Peso	26.185	21.22	24.523	21.634
Peruvian Sol	4.212	3.726	3.894	3.741
<b>Oceania</b>				
Australian Dollar	1.644	1.6	1.663	1.608
New Zealand Dollar	1.78	1.665	1.762	1.693
<b>Africa</b>				
CFA Franc	655.957	655.957	655.957	655.957
Angolan Kwanza	730.153	540.037	622.765	373.706
Tunisian Dinar	3.237	3.139	3.179	3.325
<b>Asia</b>				
Chinese Renminbi (Yuan)	7.972	7.821	7.866	7.713
United Arab Emirates Dirham	4.3	4.126	4.132	4.126
Hong Kong Dollar	9.074	8.747	8.727	8.807
Singapore Dollar	1.604	1.511	1.564	1.533
Indian Rupee	86.299	80.187	83.495	78.83
Indonesian Rupiah	17,498	15,596	16,455	15,923
Japanese Yen	123.76	121.94	120.911	122.57
Thai Baht	37.079	33.415	35.444	35.173
Philippine Peso	56.774	56.9	56.284	58.495
Omani Rial	0.45	0.432	0.433	0.432
Malaysian Ringgit	4.865	4.595	4.761	4.646
Qatari Riyal	4.262	4.089	4.095	4.09
Saudi Riyal	4.391	4.213	4.219	4.214

## 26. EVENTS AFTER THE REPORTING PERIOD

### *Interest rate hedging derivatives*

On 15 October 2020, the Group entered into two interest rate hedging derivatives whose objective is to transform variable into fixed rate in order to reduce interest rate volatility risk. More specifically, interest rate swap contracts have been arranged for a total notional value of Euro 100 million, with the aim of hedging variable rate interest flows from October 2020 to April 2024 relating to the Euro 100 million loan, entered into on 28 October 2019 with Cassa Depositi e Prestiti for an original term of 4 years and six months and involving a bullet repayment upon maturity.

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Milan, 29 October 2020

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

## SCOPE OF CONSOLIDATION – APPENDIX A

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

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
<b>Europe</b>					
<b>Austria</b>					
Prysmian OEKW GmbH	Wien	Euro	2,053,007.56	100.00%	Prysmian Cavi e Sistemi S.r.l.
<b>Belgium</b>					
Draka Belgium N.V.	Antwerpen	Euro	61,973.38	98.52%	Draka Holding B.V.
				1.48%	Draka Kabel B.V.
<b>Denmark</b>					
Prysmian Group Denmark A/S	Albertslund	Danish Krone	40,001,000	100.00%	Draka Holding B.V.
<b>Estonia</b>					
Prysmian Group Baltics AS	Keila	Euro	1,664,000	100.00%	Prysmian Group Finland OY
<b>Finland</b>					
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.
<b>France</b>					
Prysmian (French) Holdings S.A.S.	Paron	Euro	129,026,210	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Cables et Systèmes France S.A.S.	Sens	Euro	136,800,000	100.00%	Prysmian (French) Holdings S.A.S.
Draka Comteq France S.A.S.	Paron	Euro	246,554,316	100.00%	Draka France S.A.S.
Draka Fileca S.A.S.	Sainte Geneviève	Euro	5,439,700	100.00%	Draka France S.A.S.
Draka Paricable S.A.S.	Marne La Vallée	Euro	5,177,985	100.00%	Draka France S.A.S.
Draka France S.A.S.	Marne La Vallée	Euro	261,551,700	100.00%	Draka Holding B.V.
P.O.R. S.A.S.	Marne La Vallée	Euro	100,000	100.00%	Draka France S.A.S.
Silec Cable, S. A. S.	Montreau-Fault-Yonne	Euro	60,037,000	100.00%	Grupo General Cable Sistemas, S.L.
<b>Germany</b>					
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.



## PRYSMIAN GROUP | CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
<b>U.K.</b>					
Prysmian Cables & Systems Ltd.	Eastleigh	British Pound	113,901,120	100.00%	Prysmian UK Group Ltd.
Prysmian Construction Company Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (2000) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Cable Makers Properties & Services 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 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	1	100.00%	Norddeutsche Seekabelwerke GmbH
<b>Ireland</b>					
Prysmian Re Company Designated Activity Company	Dublin	Euro	20,000,000	100.00%	Draka Holding B.V.
<b>Italy</b>					
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. in liquidation	Milan	Euro	10,000	100.00%	Grupo General Cable Sistemas, S.L.
<b>Norway</b>					
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.
<b>The Netherlands</b>					
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

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Legal name	Office	Currency	Share capital	% ownership	Direct parent company
<b>Portugal</b>					
General Cable Investments, SGPS, Sociedade Unipessoal, S.A.	Funchal	Euro	8,500,020	100.00%	GK Technologies, Incorporated
General Cable Celcat, Energia e Telecomunicações SA	Pero Pinheiro	Euro	13,500,000	100.00%	General Cable Investments, SGPS, Sociedade Unipessoal, S.A.
<b>Czech Republic</b>					
Draka Kabely, s.r.o.	Velké Meziříčí	Czech Koruna	255,000,000	100.00%	Draka Holding B.V.
<b>Romania</b>					
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.
<b>Russia</b>					
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
<b>Slovakia</b>					
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.
<b>Spain</b>					
Prysmian Cables Spain, S.A. (Sociedad Unipersonal)	Vilanova I la Geltrú	Euro	58,178,234.22	100.00%	Draka Holding, S.L.
Draka Holding, S.L. (Sociedad Unipersonal)	Santa Perpetua de Mogoda	Euro	24,000,000	100.00%	Draka Holding B.V.
GC Latin America Holdings, S.L.	Abrera	Euro	151,042,030	100%	General Cable Holdings (Spain), S.L.
General Cable Holdings (Spain), S.L.	Abrera	Euro	138,304,698.48	99.349%	GK Technologies, Incorporated
				0.6510%	General Cable Overseas Holdings, LLC
Grupo General Cable Sistemas, S.L.	Abrera	Euro	22,116,018.7	93.75%	General Cable Holdings (Spain), S.L.
				6.25%	GC Latin America Holdings, S.L.
<b>Sweden</b>					
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
<b>Turkey</b>					
Turk Prysmian Kablo Ve Sistemleri A.S.	Mudanya	Turkish new Lira	216,733,652	83.746%	Draka Holding B.V.
				0.461%	Turk Prysmian Kablo Ve Sistemleri A.S.
				15.792%	Third parties
<b>Hungary</b>					
Prysmian MKM Magyar Kabel Muvek Kft.	Budapest	Hungarian Forint	5,000,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.



PRYSMIAN GROUP | CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
<b>North America</b>					
<b>Canada</b>					
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	124,850,845	100.00%	General Cable Canada Holdings LLC
<b>Cayman Islands</b>					
YA Holdings, Ltd.	George Town	US Dollar	50,000	100.00%	General Cable Company Ltd.
<b>Dominican Republic</b>					
General Cable Caribbean, S.R.L.	Santa Domingo Oeste	Dominican Peso	2,100,000	99.995%	GK Technologies, Incorporated
				0.005%	Diversified Contractors, Inc.
<b>Trinidad and Tobago</b>					
General Cable Trinidad Limited	Port of Spain	Trinidadian Dollar	100	100.00%	GK Technologies, Incorporated
<b>U.S.A.</b>					
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
<b>Central/South America</b>					
<b>Argentina</b>					
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.

## PRYSMIAN GROUP | CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
<b>Brazil</b>					
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.
<b>Chile</b>					
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
<b>Colombia</b>					
Productora de Cables Procables S.A.S.	Bogotá	Colombian Peso	1,902,964,285	99.96%	GC Latin America Holdings, S.L.
				0.04%	GK Technologies, Incorporated
<b>Costa Rica</b>					
Conducen, S.R.L.	Heredia	Costa Rican Colon	1,845,117,800	73.52%	GC Latin America Holdings, SL
				26.48%	Cahosa S.A.
<b>Ecuador</b>					
Cables Electricos Ecuatorianos C.A. CABLEC	Quito	US Dollar	243,957	67.14%	General Cable Holdings (Spain), S.L.
				32.86%	Third parties
<b>El Salvador</b>					
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
<b>Guatemala</b>					
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
<b>Honduras</b>					
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.
<b>Mexico</b>					
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



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Legal name	Office	Currency	Share capital	% ownership	Direct parent company
<b>Panama</b>					
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
<b>Peru</b>					
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 Parties
<b>Africa</b>					
<b>Angola</b>					
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
<b>Botswana</b>					
General Cable Botswana (Pty) Ltd.	Gaborone West Industrial	Botswana Pula	100	100%	National Cables (Pty) Ltd.
<b>Ivory Coast</b>					
SICABLE - Société 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
<b>Mauritius</b>					
GC Specialty & Automotive	Port Louis	US Dollar	200	100%	GK Technologies, Incorporated
General Cable Trading	Port Louis	US Dollar	31,097,100	100%	GK Technologies, Incorporated
<b>South Africa</b>					
General Cable Phoenix South Africa Pty. Ltd.	Illovo	South African Rand	1,000	100.00%	GK Technologies, Incorporated
National Cables (Pty) Ltd.	Illovo	South African Rand	101	69.30%	Phelps Dodge National Cables Corporation
				30.70%	General Cable Holdings Netherlands C.V.
<b>Tunisia</b>					
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
<b>Oceania</b>					
<b>Australia</b>					
Prysmian Australia Pty Ltd.	Liverpool	Australian Dollar	56,485,736	100.00%	Prysmian Cavi e Sistemi S.r.l.
<b>New Zealand</b>					
Prysmian New Zealand Ltd.	Auckland	New Zealand Dollar	10,000	100.00%	Prysmian Australia Pty Ltd.

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Legal name	Office	Currency	Share capital	% ownership	Direct parent company
<b>Saudi Arabia</b>					
Prysmian Powerlink Saudi LLC	Al Khoabar	Saudi Arabian Riyal	500,000	95.00%	Prysmian PowerLink S.r.l.
				5.00%	Third parties
<b>China</b>					
Prysmian Tianjin Cables Co. Ltd.	Tianjin	US Dollar	36,790,000	67.00%	Prysmian (China) Investment Company Ltd.
				33.00%	Third parties
Prysmian Cable (Shanghai) Co.Ltd.	Shanghai	US Dollar	5,000,000	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Wuxi Cable Co. Ltd.	Yixing (Jiangsu Province)	US Dollar	29,941,250	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Hong Kong Holding Ltd.	Hong Kong	Euro	72,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian (China) Investment Company Ltd.	Beijing	Euro	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
Shanghai Guang Ye Optical Fibre Cable Co. Ltd.	Shanghai	US Dollar	15,580,000	55.00%	Draka Comteq Germany GmbH & Co.KG
				45.00%	Third parties
Suzhou Draka Cable Co. Ltd	Suzhou	Chinese Renminbi (Yuan)	304,500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Prysmian Technology Jiangsu Co. Ltd.	Yixing	Euro	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.
<b>Philippines</b>					
Draka Philippines Inc.	Cebu	Philippine Peso	253,652,000	99.9999975%	Draka Holding B.V.
				0.0000025%	Third parties
<b>India</b>					
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	92,602,218	99.999999%	Prysmian Cavi e Sistemi S.r.l.
				0.000001%	Prysmian S.p.A.

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Legal name	Office	Currency	Share capital	% ownership	Direct parent company
<b>Indonesia</b>					
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.
<b>Malaysia</b>					
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
<b>Oman</b>					
Oman Cables Industry (SAOG)	Al Rusayl	Omani Riyal	8,970,000	51.17%	Draka Holding B.V.
				48.83%	Third parties
Oman Aluminium Processing Industries (SPC)	Sohar	Omani Riyal	4,366,000	100.00%	Oman Cables Industry (SAOG)
<b>Singapore</b>					
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
<b>Thailand</b>					
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
<b>Europe</b>					
<b>Germany</b>					
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
<b>U.K.</b>					
Rodco Ltd.	Woking	British Pound	5,000,000	40.00%	Prysmian Cables & Systems Ltd.
				60.00%	Third parties
<b>Poland</b>					
Eksa Sp.z.o.o	Sokolów	Polish Zloty	394,000	29.949%	Prysmian Cavi e Sistemi S.r.l.
				70.051%	Third parties
<b>Russia</b>					
Elkat Ltd.	Moscow	Russian Rouble	10,000	40.00%	Prysmian Group Finland OY
				60.00%	Third parties
<b>Central/South America</b>					
<b>Chile</b>					
Colada Continua Chilena S.A.	Quilicura (Santiago)	Chile Peso	100	41.00%	Cobre Cerrillos S.A.
				59.00%	Third parties
<b>Asia</b>					
<b>China</b>					
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.
<b>Japan</b>					
Precision Fiber Opticos Ltd.	Chiba	Japanese Yen	138,000,000	50.00%	Draka Comteq Fibre B.V.
				50.00%	Third parties
<b>Cayman Islands</b>					
Phelps Dodge Yantai China Holdings, Inc.	George Town	US Dollar	99	66.67%	YA Holdings, Ltd.
				33.33%	Terzi
<b>Malaysia</b>					
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:



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

