

# INSIGHT

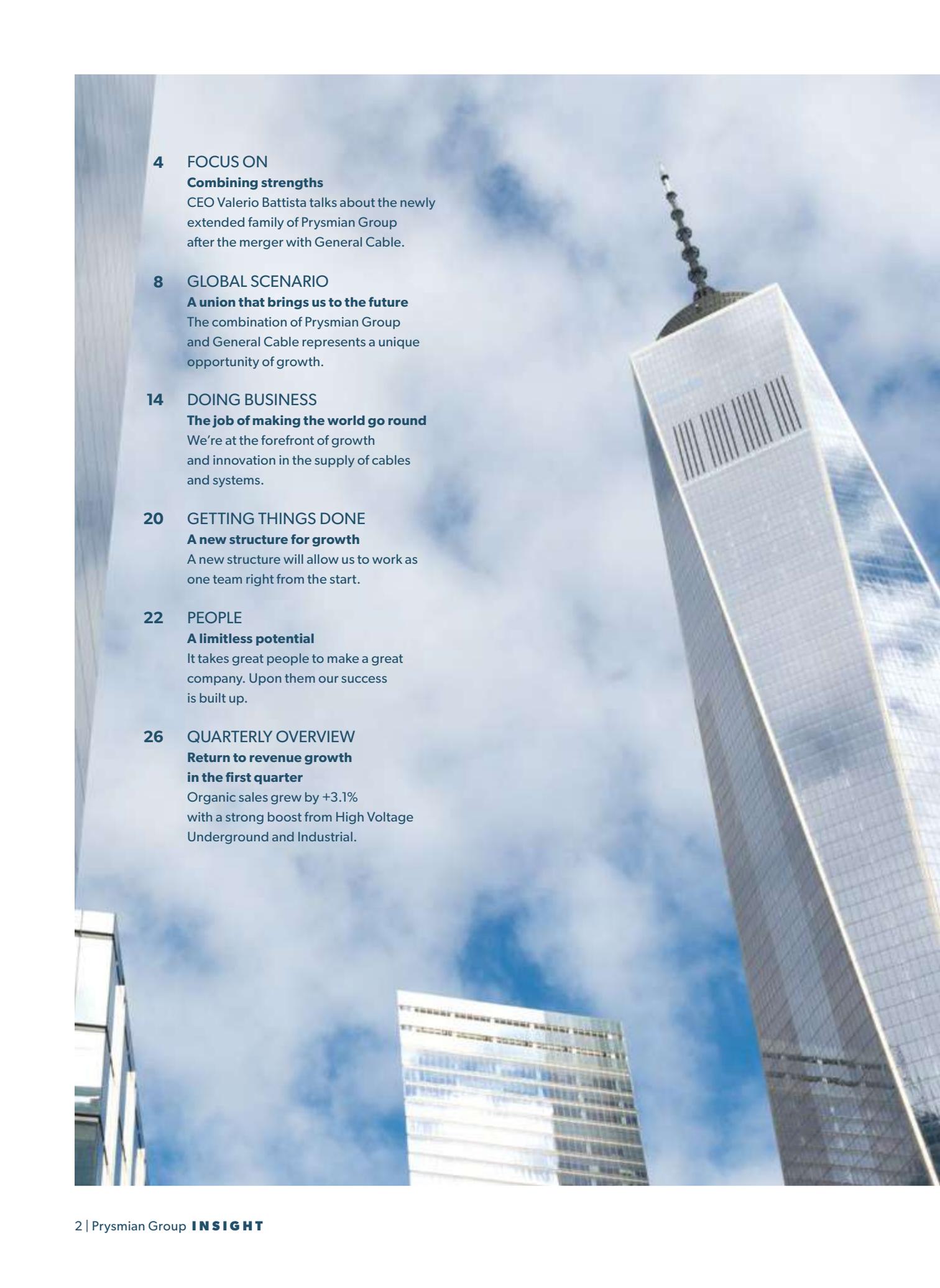
02/2018 QUARTERLY MAGAZINE

## COMBINING STRENGTHS



**Enhanced potential  
after the merger  
with General Cable**

**Prysmian**  
Group



**4 FOCUS ON**

**Combining strengths**

CEO Valerio Battista talks about the newly extended family of Prysmian Group after the merger with General Cable.

**8 GLOBAL SCENARIO**

**A union that brings us to the future**

The combination of Prysmian Group and General Cable represents a unique opportunity of growth.

**14 DOING BUSINESS**

**The job of making the world go round**

We're at the forefront of growth and innovation in the supply of cables and systems.

**20 GETTING THINGS DONE**

**A new structure for growth**

A new structure will allow us to work as one team right from the start.

**22 PEOPLE**

**A limitless potential**

It takes great people to make a great company. Upon them our success is built up.

**26 QUARTERLY OVERVIEW**

**Return to revenue growth in the first quarter**

Organic sales grew by +3.1% with a strong boost from High Voltage Underground and Industrial.



# A MILESTONE STEP FORWARD

*Editorial Team  
Insight*

**W**e at INSIGHT thought the milestone merger between Prysmian and General Cable deserved a special magazine issue. And this is the magazine you're reading right now.

As we FOCUS ON the tremendous potential of the combined Group, we asked CEO Valerio Battista to explain what it means for the future in terms of enhanced growth and strengthened global leadership in the cables and systems industry. Valerio stressed that the culture of 'customer centricity' is among the main strengths of the two groups, and a deeply shared value. It is a union that brings the Group into the future.

In GLOBAL SCENARIO we explore this unique opportunity of growth, but also the augmented responsibility it carries with it, which is that of providing the cables and systems that distribute power and information across the world at the highest possible level of excellence and advanced technology.

Prysmian Group are known for GETTING THINGS DONE: we are at the forefront of growth and innovation in the supply of cables and systems, DOING BUSINESS with the energy and telecom companies that provide power and information to communities and economies.

After the merger with General Cable, we created a new structure for growth that allows people to work as one team right from the start. It takes great PEOPLE to make a great company, and we regard people as our most valuable asset. We therefore decided to give voice directly to some of the most brilliant and skilled individuals from both companies.

In the QUARTERLY OVERVIEW session, we reported that Prysmian Group returned to revenue growth in the first quarter of 2018 as organic sales grew by +3.1% with a strong boost from High Voltage Underground and Industrial, accompanied by solid growth in optical cables and positive trend in Trade & Installers.

# COMBINING STRENGTHS

CEO Valerio Battista talks about the newly extended family of Prysmian Group after the merger with General Cable and explains what it means for the future.



Valerio Battista,  
Prysmian Group  
CEO

“It’s an exciting time to be part of Prysmian Group. The union with General Cable is a unique strategic opportunity to create value for all; for our people, our shareholders, our customers, and every community we have an impact on”. Mr. Battista, who has been at the helm of the world leader in the cable and system industry since 2002, does little to hide his enthusiasm with the accomplishment of this milestone deal.

Why a milestone? “Because”, Mr. Battista explains, “we’ll now be able to leverage our combined strengths, increase our presence in existing markets, and reach out to new ones, while strengthening our leadership position and continuing to exceed the expectations of our customers”.





## FOCUS ON

Thanks to the union with General Cable, the Group will – according to Mr. Battista – “remain committed to retaining its role as a global cable market leader by further improving its product and service offering to clients, as well as continually working to foster internal operational excellence”. At the core of this promise, “there are two things, cutting edge technology, and the skills of our people”.

“It’s a union”, he adds, “that will bring us closer to fulfilling our aim of not just keeping ahead of the competition, but putting us out in front, together. We’re about so much more than the manufacturing of cables. We’re about making progress happen”.

### Joining Forces to Link the Present with the Future

Mr. Battista lists several reasons why the merger with General Cable will make Prysmian stronger. First of all, by working together, the two unlock a unique strategic opportunity: “With a more complete understanding of the global market, we’ll be able to leverage our combined strengths, and build considerable value for stakeholders”. Secondly, by joining forces with General Cable, “we can now call the United States a home market. With an expanded product portfolio, 112 plants around the world, new technologies available to us, and a workforce some 30,000 strong, we can serve our clients even more effectively. Then there is the enhanced combined expertise in technology and innovation, with over 25 R&D centers and a greatly expanded portfolio of innovative products, so that our role as technology enabler is assured, as we continue to bring best-in-class solutions to market” he concludes.

### Complete Understanding of the Market



But it is not just about doing business at the highest level. There is the value of people, the vital importance of sustainability, and the centrality of a trusted relationship with customers.

“Our people are our most valuable asset”, Mr. Battista reveals. “The strong cultural fit between Prysmian Group and General Cable means we’re working as a unified team, from day one”. It’s a

**A Strong Cultural Fit**

strong cultural fit that sees the value of sustainability at the core of doing business responsibly.

Mr. Battista adds: “As a business focused on tomorrow, it’s our responsibility to ensure it’s a future worth looking forward to.” And that by being more efficient, and embracing a business model that integrates economic, social and environmental responsibility in all we do, we have a positive impact.

Customer centrality is the core Prysmian Group’s market approach. This means the capability to not

**Customers at the Core**

only fully satisfy the customer needs, but to anticipate them and provide a solution that’s better than anything the client could have ever anticipated.

“Our customers are the beating heart of all we do”, Mr. Battista admits. “Their needs and expectations guide our every waking moment. Each process, decision, action and solution, is made with customers in mind. At Prysmian Group, we strive to not just deliver, but excel.”

**25**  
*R&D centers*

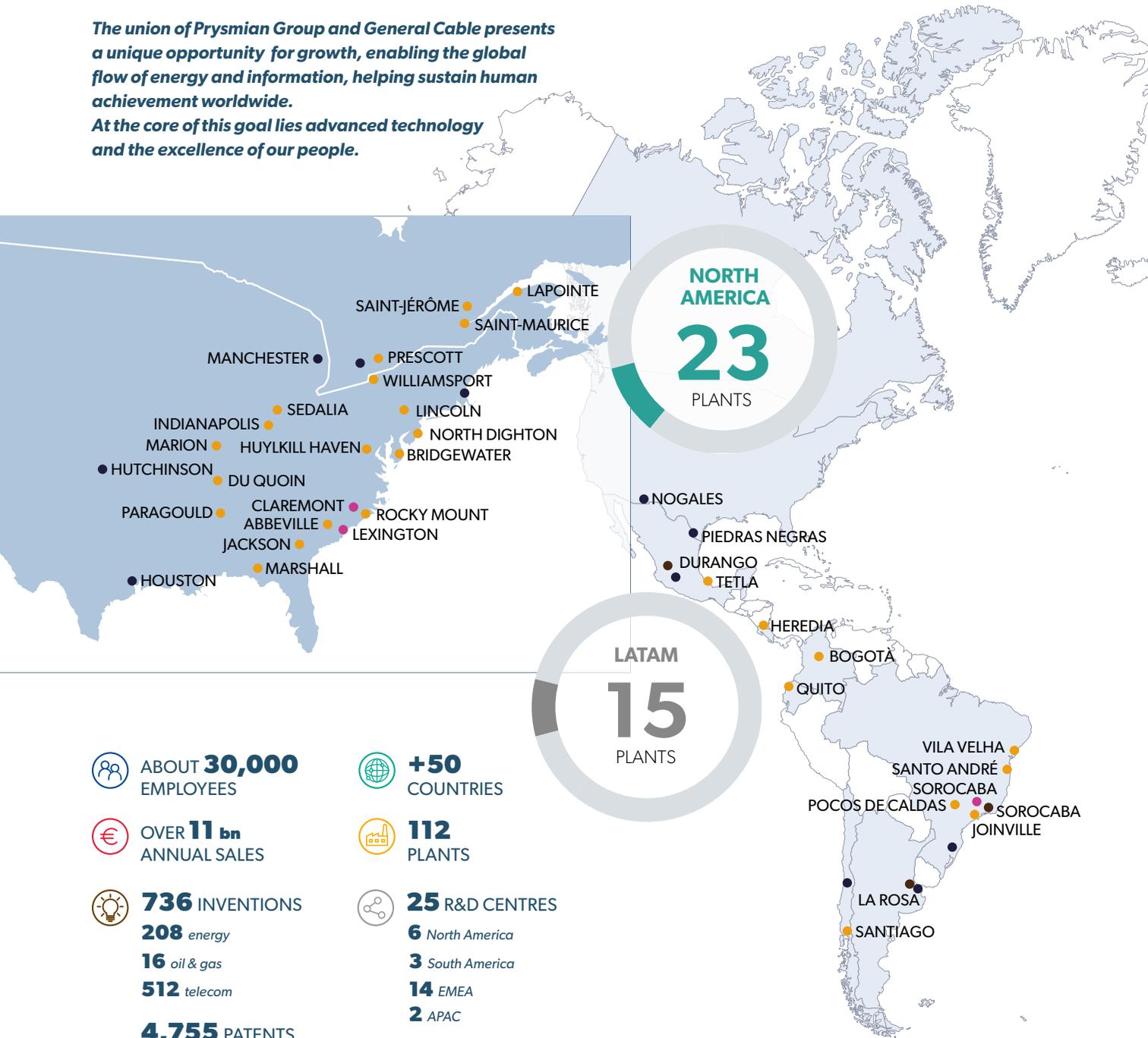
**30,000**  
*strong workforce*

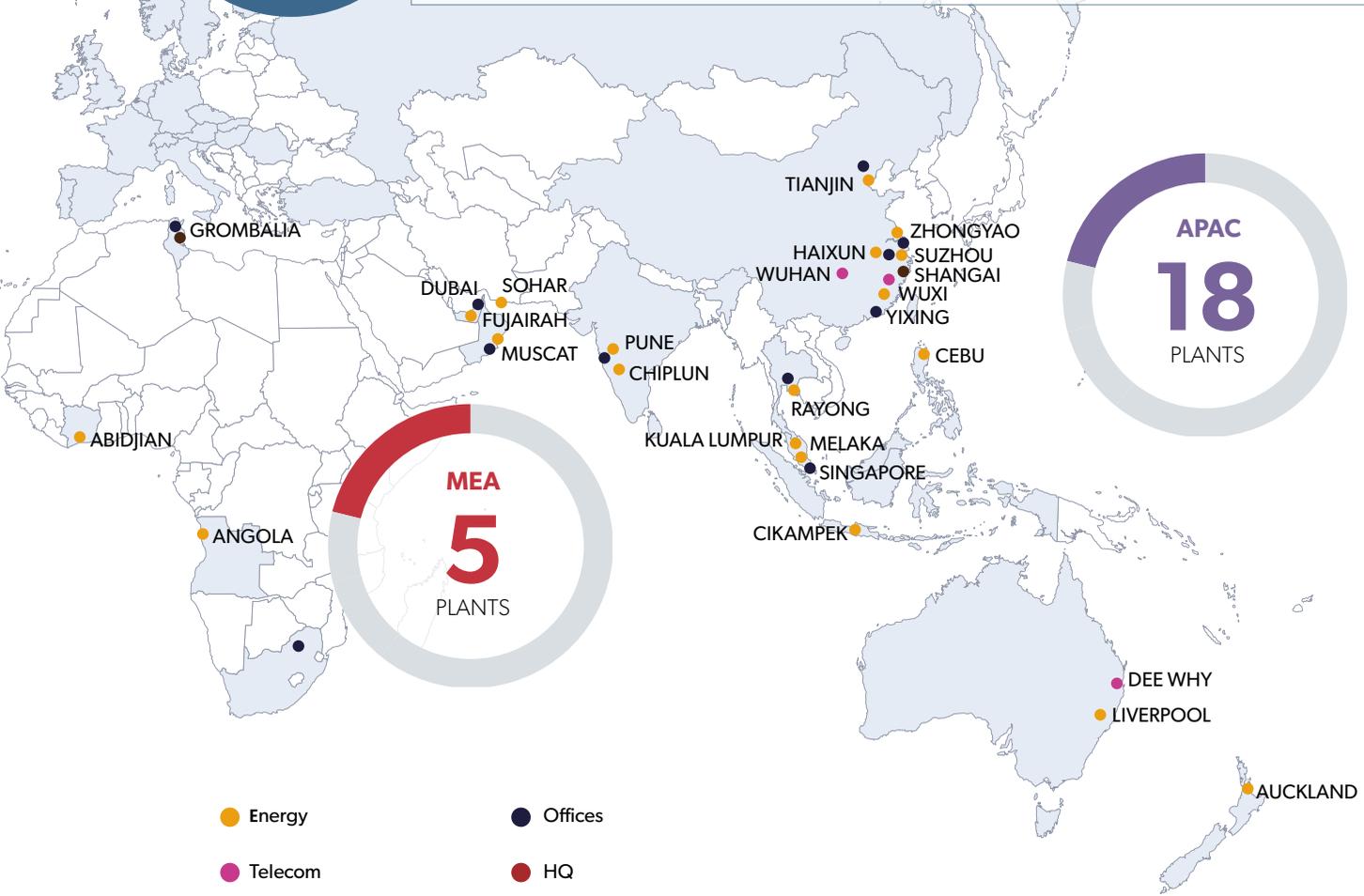
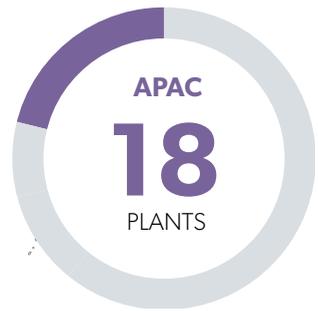
**112**  
*Plants around the world*



# A UNION THAT BRINGS US TO THE FUTURE

The union of Prysmian Group and General Cable presents a unique opportunity for growth, enabling the global flow of energy and information, helping sustain human achievement worldwide. At the core of this goal lies advanced technology and the excellence of our people.





- Energy
- Offices
- Telecom
- HQ
- Combined Energy and Telecom

# THE FUTURE IS NOW. OUT IN FRONT. TOGETHER.

While the integration between Prysmian and General Cable will undoubtedly help us reach our ambitious goals, it's not without its challenges. Shortly after the merger announcement, some 450 senior leaders gathered in Milan to attend a major event focused on the new strategy of the combined Group.

The meeting was held in the permanent Installation *The Seven Heavenly Palaces 2004-2015* by Anselm Kiefer in Pirelli HangarBicocca



**T**he first meeting was focused on understanding and adhering to the new strategy of the combined Group, including regions, business units and corporate function interaction, along with a new corporate culture and new ways of working. The meeting gave the senior members of both groups the opportunity to acquaint themselves with each other, both at professional and personal level, while creating a sense of immediate responsibility for the result of the new organisation.

The discussion on the One Company concept was introduced by CEO Valerio Battista, who also took up some questions in the Q&A session. The top management responsible for HR and Organisation, Finance, Operations and R&D reviewed in depth the merger implications by function, while Regions' responsible management explained the impact over the different areas. Andreas Willi of J.P. Morgan and Mark Troman of Bank of America Merrill Lynch gave voice to the financial markets' view of the deal. The cultural fit of the two companies was also explored under several aspects, while the brand strategy was illustrated as well. In the second and last day of the event, two separate breakout sessions were devoted to the businesses, led by the top management responsible for Energy, Telecom and Projects. Participants had also the occasion to engage in some team activities and to visit the headquarters along with the R&D center.

Participants felt empowered and became therefore ambassadors of the new course in terms of values, strategy, and next steps to take as when back at work in their own countries. The challenges they are dealing with are key for the future of the Group, and include the integration of different corporate and country cultures, ensuring the new organisation is functioning well and understood by all, while building a strong level of trust among all people of the combined Group.



# Charting the history of the Cable Industry

The history of General Cable and Prysmian Group marks the beginning of the entire cable industry itself. Both early adopters and pioneers, our innovative spirit has driven and defined market standards. Through a combination of bold thinking and focused action, we've redefined what's possible, gaining strength from our strategic alliances and making the most of opportunities to expand our capabilities and foot-print all around the world.



**1879** Prysmian Group's history has its roots in the history of the Pirelli Group.

**1998** The company begins targeted acquisitions, including the power cable businesses of Siemens, BICC, Metal Manufacturers Ltd and NKF.

**2005** Prysmian is founded in July 2005 through the acquisition of the energy and telecom cables and system activities of Pirelli.

**2007** Prysmian is listed at the Milan Stock Exchange. In 2010 it becomes a public company.



**1910** Draka is founded under the name of Hollandsche Draad & Kabel Fabriek.

**1970** The company is acquired by PHILIPS and became part of the Wire and Cable division.

**1986** The business became independent through a buyout financed by Parcom and Flint Beheer. The name DRAKA was born.

**1987** A spree of global acquisitions over a 20 year period followed including PHILIPS OPTICAL FIBRES and ALCATEL.



**1927** Originally incorporated in New Jersey bringing together several older companies founded in the 1800s.

**1990** Acquired the CAROL CABLE Company and the industry leading Carol® Brand cord, cordset and automotive product lines.

**2005** Acquired SILEC, a leading energy and industrial business, and HELIX/HITEMP, a manufacturer of high-end enterprise network products.

**2007** Acquired NSW, an offshore submarine cable supplier and installer in Germany and PHELPS DODGE.

**2012** Acquired STABLOY and NUAL aluminum building wire brands, acquired PROCABLES of Colombia, and acquired PRESTOLITE WIRE.



**2011** The combination of the two market leading companies culminated in Prysmian Group.

**2018**  
General Cable joins Prysmian Group

## A six-step Journey Towards Integration

**December 4, 2017**  
Prysmian Group and General Cable Corporation announce that they have entered into a definitive merger agreement

**June 6, 2018**  
Prysmian and General Cable announce the closing of transaction, subject to the satisfaction or waiver of the remaining customary conditions to closing set forth in the merger agreement between the parties

**February 16, 2018**  
General Cable's shareholders approved the integration with Prysmian Group

**June 11, 2018**  
Prysmian Group announces the launch of its new organisation

**March 8, 2018**  
The integration with General Cable Corporation was cleared for U.S. antitrust purposes

**June 19 - 20, 2018**  
450 Senior people of the new integrated Group meet nearby the Prysmian headquarters in Milan, Italy, to understand and adhere to the strategy of the new organization

# A Footprint that Marked the Global Landscape

## POWERING THE WORLD'S HIGHEST BUILDING

Standing 830 metres tall, the height of Dubai's Burj Khalifa is incredible. Even more amazing is the fact that if you put all the Prysmian Group cables used to power it end-to-end, they'd be 1,300 times taller than the tower itself.

## THE VALUABLE OF BEING FLEXIBLE

General Cable's dual sheath All Ground cable can be laid in water or shallow ground, removing the need for extensive backfilling – while the speed of installation means it can be used right away, powering the construction of the very sites it will one day serve – as it was with Norway's Vassenden power station.

## GOING SUBMARINE

Whether it's power or communications, the ability to span oceans with cables connects communities the world over. Three unique Prysmian Group vessels lay many of these cables. The latest addition to our fleet is the *Ulisse*, custom designed to lay up to 7,000 tonnes of cable at a time. Her maiden project is the 22 km Negros-Panay high voltage connection in the Philippines, our first in the region.



**42** wind turbines

enough energy  
produced to cover

**480,000**  
households

## HELPING PIONEER WIND FARMS IN PERU

Think farming in Peru, and alpacas spring to mind. But General Cable products are helping Peruvian innovators farm the power of the wind – a first for the nation. Created in partnership with CJ Renewables and Enel, the Wayra I project is made up of 42 wind turbines, which will generate enough power for 480,000 Peruvian households.

# WAYRA I PROJECT, *Peru*



## **ENABLING BROADBAND IN THE AMAZON REGION**

As the government of Brazil's Pará region work to improve communications in rural areas, 600,000 residents in 12 municipalities along the Xingu river will soon be able to enjoy internet speeds of up to 10 Gbps, thanks to 400 km of Prysmian Group's state of the art optic cables.

## **WHEN ZERO CAN BE A RECORD NUMBER**

When it comes to numbers, zero is usually bad news. But not when it comes to safety. Zero accidents, zero injuries at work, zero fatalities, zero illnesses in our team or our communities as a result of our work. General Cable's Zero and Beyond program is setting the benchmark for a goal we should all strive for.

# HELPING TO MAKE THE WORLD GO ROUND

As the world leader in the supply of energy and telecom cables and systems, we're at the forefront of growth and innovation.

## POWER GRIDS

Our world-class expertise and excellence range from HV and submarine to power transmission; from distribution to offshore wind farms; and from power-from-shore and asset monitoring systems, to network components and installation capabilities.

## OIL & GAS

We provide state-of-the-art, tailored solutions and services on a global scale to industries that include: exploration and production, pipelines and liquefied natural gas (LNG), and refineries and petrochemical.



## CONSTRUCTION AND INFRASTRUCTURE

We provide power to thousands of buildings, landmark constructions and infrastructures around the world. We also make them exceptionally safe, thanks to our fire-proof, state-of-the-art cables and systems. Not only that, we deliver the information flow to these preeminent buildings and giant infrastructures need to function as efficiently as possible.



## SERVICES

We provide our clients with advanced systems and solutions to help them consistently measure and monitor their power grids and networks, always guaranteeing ever-more efficiency.



## TRANSPORTATION AND MOBILITY

Our cables enable the safe function of skyscraper elevators. They keep aircrafts flying, and cars and vehicles moving. And they keep trains and ships railing and sailing across lands and oceans.



## TELECOMS

Through our optical fibre and telecom networks we deliver the vital flow of information and data to communities and industries all over the planet, even crossing ocean depths with our submarine telecom cables. Our Multimedia & Enterprise and Networks business area continuously updates its offer to make connectivity even more efficient and speedy.



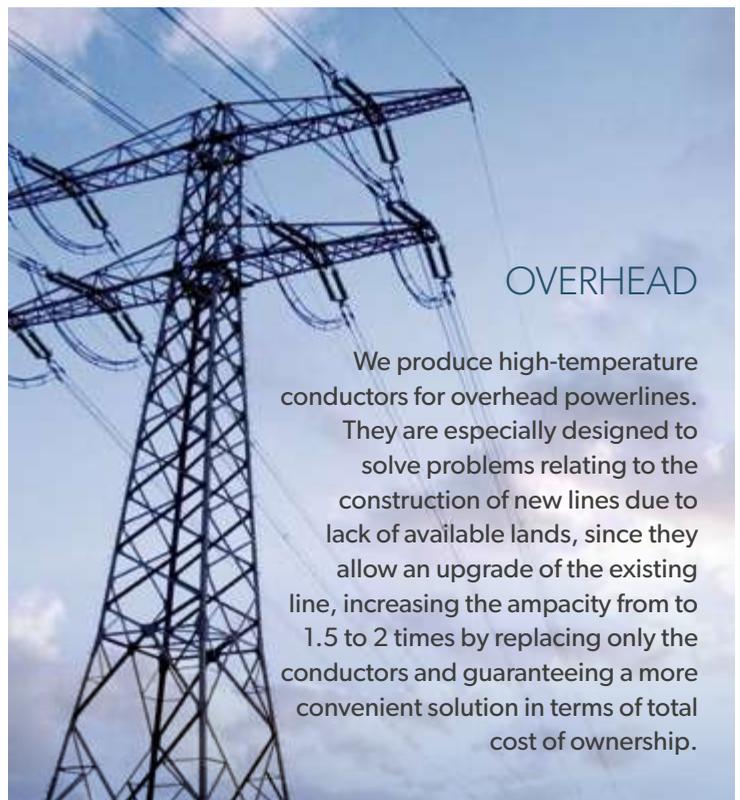
## INDUSTRIES

Our global clients are active in a very wide array of plants, industries and businesses. From military and defence to mining; from cranes to nuclear plants; from solar and photovoltaics to wind turbines, and beyond.



## OVERHEAD

We produce high-temperature conductors for overhead powerlines. They are especially designed to solve problems relating to the construction of new lines due to lack of available lands, since they allow an upgrade of the existing line, increasing the ampacity from to 1.5 to 2 times by replacing only the conductors and guaranteeing a more convenient solution in terms of total cost of ownership.



# ALWAYS FOCUSED ON THE CUSTOMER

**Prysmian Group has set a world-class standard for quality of service, speed and flexibility. And this will continue to be our hallmark after the merger with General Cable.**

**P**rysmian Group has established and spread a culture of supporting all markets it serves by establishing close and continuing relationships with customers. This has allowed the Group to develop a deep understanding of customers' needs and the capability to respond with superior product design, fast and efficient service and support throughout the operating life of an installation.

This customer-centric approach is the hallmark of everything Prysmian has ever done, and long will it continue thanks to our integration with General Cable. The Group's solutions not only meet the required industry standards but are tailored to the specific demands of every customer and every project.

Prysmian has achieved this level of trust through its smooth-running supply chain, a fast and decisive decision-making approach and a willingness to be flexible, so that it can continuously improve and adapt to its customers' ever-changing needs. As shown on the map below, our clients include some of the world's major industries and organisations, from telecoms to energy and power, right up to a wide array of manufacturing and building industries that need our cutting-edge cables and systems to make excellence the hallmark of their products, projects and achievements

**7.6 %**  
worldwide market share  
(source: CRU, April 2018)

**FOUR STRENGTHS  
BEHIND OUR SUCCESS**

- Top Positioning in High-Tech Sectors
- Advanced Proprietary Technologies
- Product Innovation
- Customer Proximity

# PARTNER TO THE WORLD'S KEY PLAYERS



# Record-Breaking Projects

The list of milestone projects carried out by Prysmian Group in every corner of the world is quite a long one.

It includes major submarine power interconnections, such as the Trans Bay, Neptune and Hudson projects in the United States, and numerous submarine connections for offshore wind farms. Not limited to submarine cables, the list also includes electricity grid construction in New York, Buenos Aires, London, St. Petersburg, Hong Kong and Sydney. Prysmian is also heading a consortium to construct the new Piedmont-Savoy HVDC interconnection between Italy

and France that will enhance energy security and allow the exchange of energy between Italy and France.

From the Alps to the Andes Mountains, General Cable products are helping Peruvian innovators farm the power of the wind – a first for the nation. Created in partnership with CJ Renewables and Enel, the Wayra I project is made up of 42 wind turbines, which will generate enough power for 480,000 Peruvian households.

## Bringing Power and Light

We are helping customers all around the world explore, transport and process Oil & Gas in projects including the Shah Deniz oil field expansion in Azerbaijan, the Yamal & Wheatstone LNG developments in Russia and Australia, the Jebel Ali refinery expansion in the UAE, and numerous shale gas exploration and production projects in the United States. Prysmian Group products are used in many of the world's most iconic building projects including: the Wimbledon tennis stadium, Marina Bay Sands in Singapore, the Shard in London, the Louvre Abu Dhabi, the new World Trade Centre in New York City, and the Burj Khalifa in Dubai. In the transport segment, Prysmian Group has cabled the Airbus A380, Royal Caribbean's GENESIS fleet and the metro systems in Shanghai and London.



*Prysmian Group products are used in many of the world's most iconic building projects*



# Connecting the World

**F**rom our 30 dedicated manufacturing facilities, Prysmian Group is contributing to the development of infrastructure that supports information flows and communication between communities around the world. Milestone projects include the deployment of the underwater FlexTube® cables to boost broadband connections in Hong Kong, support for the development of new broadband networks in Singapore and Australia and, as a partner of the telecom carrier Verizon Communications, the One Fiber 5G service project in the United States.



# A NEW STRUCTURE FOR **GROWTH**

**Combining strengths with a new structure that allows us to work as one team from the start.**

**F**rom the very start, we want the newly united Group to operate as one company, with a single workforce and management team, and well-identified targets with the goal of being fully aligned, focused on delivering results, right away. We have set out clear goals and principles to help us achieve this. First, we aim to protect our business. The new organisation is designed to reflect our go-to-market strategy and combined product portfolio to prevent revenue loss.

At the same time, we will focus on value creation. The combined structure is agile, flexible, and allows us to use capital efficiently and generate strong cash flow

from operations. We are also strongly committed to foster a culture of accountability. The new structure is simple, and the model is easy to understand. This means clear accountability, with transparent monitoring of our progress towards business goals and expected results.

We will also preserve our culture of being sensitive to differences and diversities. We are aware of different national and company cultures. We are working towards achieving a smooth, mutually-beneficial blending of cultures: the new Prysmian Group will be stronger if everyone feels at home.





## A COMPETITIVE ADVANTAGE

Prysmian Group and General Cable have proud histories. Both have created solid competitive advantages. We can learn a great deal from our combined experience.

The new organisation of the combined Group is designed to incorporate all our strengths. Prysmian Group has consistently maintained world-class standards in its global corporate governance, integrated global businesses management, efficient use of capital, and key-process control.

General Cable has led the way on key-account management. It also has a strong focus on product innovation: its wealth of product know-how complements Prysmian Group's own expertise, allowing us to generate powerful opportunities. In keeping with our guiding principles, the design of the business structure and key processes is specifically designed to utilise on the strengths of the two companies.



*The new organisation of the combined Group is designed to incorporate all our strengths.*

# A LIMITLESS POTENTIAL

It takes great people to make a great company. We regard people as our most valuable asset; we owe our success to their commitment.

**W**e believe people are our most valuable asset. So in this special issue of our magazine, we decided to place some of the people that are part of our great family in the spotlight, to learn what they think and feel about their job and their daily tasks.

As a global business, our workforce is as diverse as the world itself. An advocate for equal opportunities, we strive to create an inclusive environment where everyone feels engaged, respected and able to be at their best. We are protecting the people we care about. We work in a demanding industry where the challenges may be complex, but there's one thing that's simple – our attitude to safety, which always takes priority. We

also work to create the leaders of tomorrow. Few people know our business as well as the people already working for us. That's why, when it comes to finding the leaders of tomorrow, we start the search within. The Prysman Academy identifies employees with the potential to make it to the top, and helps them get there.

Our team members are continuously offered a wide range of opportunities to expand their skills, take on new challenges, and develop professionally within the business. At Prysman Group, your abilities can take you anywhere. In the following pages, some of our Prysman people share their thoughts on why everyone deserves the chance to reach their potential.



## “Find the humour and think positive”

Amy Shackelford – Lead Applications Engineer at General Cable – believes flexibility is the key to success. She also recommends never taking yourself too seriously; this lets you to take on new challenges with a positive attitude.



In a fast-changing world, flexibility is one of the most important skills an engineer has to have. And Amy knows a thing or two about adapting. Before joining General Cable, she spent 15 years in the U.S. Army where she led a team of junior soldiers in the guidance and optical systems. “My military background was a good technical fit when I first started with General Cable in the electrical lab”, she recalls, “my skills were quickly adaptable.”

### EMBRACING NEW CHALLENGES

She adds: “Adapting to change is critical element in all aspects of life. You don’t grow as an individual, or professionally, by standing still. Finding the positive and being flexible makes progress much easier and more enjoyable.” Today, Amy brings that same philosophy to her role as a Lead Applications Engineer for the Utility Engineering team. She also lends a hand with the team’s quality early warning system, creating new tests for manufacturing and supporting the current specification engineers with her expertise. Having learned so many things from her experiences, she still believes that “the most important thing I’ve found is never to take yourself too seriously.” She continues: “Finding the humour in the ordinary makes an enormous difference in how you approach each day, and enables you to take on new challenges with a positive attitude.

## “Striving to be the best in class”

Dario Fozibo, Supply Chain Manager at Prysmian Group, shares how his job gave him a way to combine his passion for both supply chain and manufacturing, because when combined, they are both aimed at investing in people.



Dario is one of 50 individuals Prysmian recruited through its 2017 Make It programme. “Prysmian Group has catalysed a process of constant change and growth. We set ourselves apart not only in terms of what we make, but in striving to be best in class in how we make it. The Make It programme challenges you to do both.”

### FORGING AHEAD

Dario sums up the impetus behind Prysmian Group’s Make It programme. In just three years, it has proven to be a first-class career development program for manufacturing engineers. In his own words: “Prysmian looks to drive growth in the fast-changing and demanding global manufacturing arena in two ways: by building its expertise, as well as its operations excellence.” For Dario, Make It provided him with the perfect platform to forge ahead in his career. He added: “after ten years in the same company, I wanted to expand my know-how in a new business working in supply chain. Prysmian gave me even more: a way to combine my passion for supply chain and manufacturing. I could see they also invested in people. Taken together, I was convinced it was the right choice.” His journey into the world of Prysmian began with a two-week orientation between the Milan HQ and the Manufacturing Academy in Mudanya, Turkey, where he was introduced to the Group’s products and technologies and manufacturing processes.

## PEOPLE

# “Embrace the unknown and adapt to change”

For Jon Schemmel – Product Manager, Electrical Products Market Segment at General Cable – the only constant in the world of business is change. Markets change, and to keep moving forward, businesses have to embrace the unknown and adapt.



**J**on welcomes change. After all, it's constant change that has shaped his career and enabled his skills to shine. He joined General Cable as a graduate in 2008 and learned the production planning process at General Cable's Lincoln Rhode Island facility before starting his role in supply chain, supporting the automotive and telecommunications businesses.

### THE SUPPORT OF THE ENTIRE TEAM

“The only constant in the world of business is change. Markets change, and to keep moving forward, businesses have to embrace the unknown and just adapt”. Unafraid of change, Jon actually left General Cable to become a program manager at a fledgling aerospace company. But before long, he was drawn back to our industry. “While I loved my work in aerospace”, he tells us, “I ultimately missed the fast pace of the cable business, and the shared culture of the General Cable team.” When he rejoined General Cable in 2011, he managed the North America Copper Datacom business, followed by the North America Carol® Cord business. But it wasn't long before he was ready to embrace the unknown yet again: he accepted the challenge of relocating to Sao Paulo, Brazil, despite not speaking a word of Portuguese. “I believe being open to change improves your ability to listen and learn”. Sao Paulo was a big change for me”, he recalls, “but the General Cable Brazil team was 100% behind me”.

# “Follow the mantra nothing is impossible”

Ute Stiller – Pysmian Plant Director in Schwerin, Germany – boasts a career spanning over 30 years. She began as one of a small number of women employed by the company, to becoming part of a management team made almost entirely of women.

Many industries are still dominated by men. But things are changing, as Ute personally experienced. Spanning 30 years, her career has brought her from being one member of a small number of women employed at Schwerin, to becoming part of a predominantly female management team.



### NURTURING YOUNG TALENT

Ute tells she has a mantra, “nothing is impossible, there is a solution for everything. It got me where I am today.” Both her parents worked in Pysmian's Schwerin factory, sharing their stories of the workplace when they got home. The factory produces best-in-class LV and MV cables and solutions for the T&I and PD businesses, and has been a key employer in the town for over 50 years. Ute herself began her career there in 1984 as a machine operator, but, she tells us, “things are very different compared to when I joined, as now many programs are aimed at helping young, talented people develop and find a role that's right for them. I know what it's like to work hard and move up the business.” Ute adds: “That's why I want to encourage more women to work in this industry, and give young talent joining us a great start to their careers by connecting them with strong, experienced mentors.”

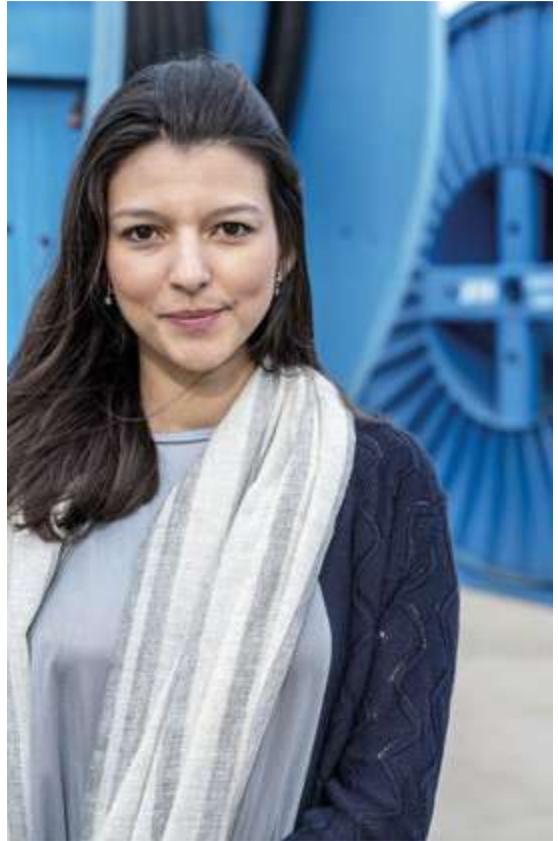
## “Fresh thinking and open arms”

Alejandra Espinosa – Talent Manager at General Cable – tells how her spirit of discovery and collaboration led her to make the leap from school teacher to professional people developer. A career path typical of high achievers who harness their skills and experience and apply them to new experiences.

“Open minds and open arms” is Alejandra’s favorite statement. Why? Because she believes that having a global perspective is crucial for success. “Whatever the business, you can achieve so much, just by keeping an open mind, and welcoming fresh thinking with open arms”. The spirit of discovery and collaboration led Alejandra to make the leap from school teacher to professional people developer.

### SPOTTING OPPORTUNITIES

Alejandra grew up in Nicaragua and taught school while finishing her bachelor’s degree in business administration, then applied her teaching skills to the workforce, where she worked in talent acquisition for the agriculture industry. Her international mindset led her to Madrid, where she gained a master’s degree and secured an internship at General Cable. There, she helped manage the team during a phase of global transformation, and was offered a permanent role as a Human Resource Business Partner for the Specialty and Export business. “I love change” tells Alejandra. “My experience of moving from one region to another has expanded my cultural awareness and has put me in a position where I’m able to choose best practices to share and apply to my work.” She continues looking ahead and is excited by the opportunity to collaborate with her new Prysman Group team members and share her global perspective.



## “Details are the steps on the way to success”

Francesco Sapienza – Automation Engineer at Prysman Group – started his career by applying to the Make It programme along with 10,000 other candidates. He made his way through the company by always making sure he does what it takes to succeed straight away.

“Details make perfection, and perfection is not a detail”. The famous sentence from Leonardo Da Vinci mirrors Francesco’s approach to work. For Francesco, who describes himself as a “very precise, detail-oriented person”, Make It was just the first step along a whole new career path. It was, he adds, “the way for me to deep dive into the new world of cables – and grow right along with it.”

Francesco recalls “I had three different interviews: one with the agency, a second one with key management, and a third with human resources. They were more like friendly chats, but they helped



me realise the advantages of joining the programme”. From here, it was a few simple steps into the Make It program. After passing an initial screening, he went into the first round of interviews with the company’s recruitment partner. Orientation was followed by three-months of local on-boarding, including on-the-job training and a job rotation phase geared to offer new hires maximum exposure to various parts of the business. Francesco was then assigned a mentor to further expand his learning curve and help him learn from others’ experiences in the company. “During Make It, I made sure I did what it took to succeed straight away.”

# RETURN TO REVENUE GROWTH IN THE FIRST QUARTER

Organic sales grew by +3.1% with a strong boost from High Voltage Underground and Industrial, accompanied by solid growth in optical cables and a positive trend in Trade & Installers. Profitability was stable.

**T**he Board of Directors of Prysmian Group has approved the consolidated results for the first quarter of 2018, marking a more decided return to revenue growth. This was partly due to the favourable phasing of submarine project execution activities, strong demand in the High Voltage Underground business, and growth in the Industrial Business. At the same time, the positive trend for telecom has been confirmed, with demand for optical cables growing worldwide.

Valerio Battista, CEO of Prysmian Group, noted that “market prospects are essentially positive for the Group’s two strategic segments: submarine cables and systems, where we expect tendering activities to intensify in the second half; and telecom, where demand for optical cables serving new broadband networks continues to be high, especially in France with the Très Haut Débit project”.

**+3.1%**  
*organic sales growth*

**+14.8%**  
*energy projects organic growth*

**€153 mn**  
*ADJ EBITDA*



### Sales

Sales amounted to €1,879 million, up 3.1%. Energy Projects recorded organic growth of 14.8%, while Telecom also performed well. Within Energy Products, the industrial and network components business posted a significant growth in sales.

### Adjusted EBITDA

EBITDA came in at €153 million, in line with the corresponding first quarter figure. Margin on sales was also stable at 8.1%. The resilience of profitability was supported by the significant growth of telecom and affected by negative Forex effects of €13 million.

### Net Financial Debt

Net financial debt improved, reaching €648 million as of 31 March 2018 from €998 million one year earlier, having benefited from €291 million for conversion of the convertible bond in 2013. Net cash flow over the past 12 months was €257 million. The principal factors influencing the change were €616 million in net cash flow provided by operating activities, €40 million in cash flow provided by the decrease in net working capital, and €233 million in net operating capital expenditure over the past 12 months.

### Guidance

The consolidated ADJ EBITDA - which now includes General Cable Corporation and controlled companies - is expected to fall somewhere between €860 million and €920 million for 2018.

## Energy Projects

Sales bouncing back strongly



**Revenues posted organic growth of 14.8%. Intense tendering activity is expected in second half of year.**

**Energy Projects** sales reached €311 million, posting organic growth of 14.8% with adjusted EBITDA at €21 million versus €40 million in the same period of 2017, and margin on sales at 6.9%, down from 14.4%, having absorbed €20 million provision.

**Submarine Cables** and Systems posted a positive sales performance thanks to positive phasing of project execution – also enabled by the Group’s investment in innovative assets – allowing it to improve its installation capabilities. Of particular note in the first three months was the award of the first ever cable contract for a floating offshore wind farm, the Kincardine

in Scotland, for which the Group will also supply the inter-array cables, along with the award of a contract by Terna Rete Italia S.p.A. for a submarine power cable between Capri and Sorrento. The total value of the submarine cables and systems order book stood at around €1.9 billion, while tendering activity is expected to intensify in the second half of the year.

**High Voltage Underground** organic sales growth benefited from robust demand in some Asian markets, including Indonesia, as well as in France, Spain and Turkey. Profitability was affected by the mix of sales, significantly up in more competitive markets. The Group’s order book for high voltage underground cables stood at around €450 million, with a positive outlook thanks to strong performance in the Middle East and Asia Pacific markets.

# Energy Products

## Growth for Prysmian's Industrial Business



**Trade & Installers** posted recovery, while power distribution was weak, especially in certain regions. Profitability was affected by a hike in metal prices for power distribution and a drop-in volumes and margins for Oman Cables Industry.

**Energy Products** sales grew organically by 1.4% to €1,194 million, largely due to a recovery in volumes in Europe, with adjusted EBITDA at €58 million from €61 million in Q1 2017, with a slight fall in margins due to the hike in metal prices for power distribution and drop in margins for Oman Cables Industry.

**Energy and Infrastructure** sales amounted to €790 million while adjusted EBITDA came in at €31 million.

**Trade & Installers** recorded an upturn in demand translating into a growth in sales, predominantly in Southern Europe, Germany, Eastern Europe and the Netherlands, also thanks to the implementation of the new Construction Products Regulation. The subsidiary Oman Cables Industry performed poorly, reflecting conditions on the local market, but overall business profitability improved.

**Power Distribution** reported flagging sales volumes, particularly in South America, Northern Europe, Southeast Asia and the Middle East, also adversely affecting profitability. Germany and the Netherlands showed a slight recovery.

**Industrial and Network Components** posted a significant sales improvement of 10.7% to €369 million, while adjusted EBITDA was in line at €27 million.

**Specialties and OEM** turned in a strong performance with double-digit organic growth, predominantly driven by railways and infrastructure. Renewables were stable, while crane and nuclear both underperformed. Organic sales growth by the elevators business was largely the result of growing demand in the EMEA region. Organic growth and higher profitability marked the automotive business, thanks to solid performance in North America, South America and Europe.

## Oil & Gas

### Core shows demand upturn signs

**Oil & Gas sales came in at €57 million, down organically 9.1%, while adjusted EBITDA was a negative €1 million. Volumes and price pressure somewhat eased for umbilicals, while there were positive signs for downhole technology thanks to shale oil.**

The **subsea umbilicals risers and flowlines** business was affected by price pressure and reductions in umbilical projects, resulting in a significant shrinkage in sales and margins. In the **downhole technology** business, demand showed signs of improving with an upturn in volumes thanks to the dynamism of shale oil in the USA and a recovery in demand in the Middle East, while the offshore market has remained weak. Driven by onshore projects, the **core Oil & Gas** business recorded signs of reviving demand with a recovery in profitability, thanks to the Group's focus on design-to-cost and actions in the supply chain to offset the impact of lower prices. Volumes were once again down in the higher margin offshore and Maintenance, Repair and Overhaul sector.



## Telecom

### Profitability jumped

**Continued growth in demand for opticals, with multimedia solutions also good.**

Sales grew organically by 1.7% to €317 million, driven by strong demand for optical cables which more than offset the decline in copper cables. Adjusted EBITDA jumped 40.1% to €75 million, with margins also improving sharply to 23.5% from 16.3% in Q1 2017. The strong results benefited from the growth in volumes, increased competitiveness and improved industrial efficiency, positive results of the Chinese associate YOFC and partial release of the provision made in 2016 against receivables in Brazil. Growth in sales for optical fibre cables benefited from broadband investment projects in Europe, and particularly France with the

Très Haut Débit project. In Brazil, investments by the major telecom operators reported a slight recovery. The copper cables business was affected as expected by the decline in volumes in Australia.

Growth by Multimedia Solutions reflected increased volumes in the European market, while the high value-added business of optical connectivity also confirmed positive results, thanks to the development of new FTTx networks in Europe, particularly in France and Britain.



**THE MARKET REACTION**

Q1 2018 reported positive financial results. The outlook for FY2018 also reported results above market expectations (after out-stripping non-recurring effects), with strong results in Telecom and a trend of solid organic sales in the Energy Projects and Industrial & Network Components operating segments, which were offset by negative performance of OCI and unfavorable Forex impact. Net financial debt of €648 million as of 31 March 2018 was in-line with analyst’s expectations.

Analysts confirmed their view on the stock following Q1 2018 results and the FY2018 outlook release, with a few adjusting their target price valuation of Prysmian’s shares. Kepler-Cheuvreux slightly increased its target price to €32/share (from €31.5/share), confirming the “buy” recommendation on Prysmian shares, and including Prysmian in the “top pick” list of the broker, thanks to solidity shown by Q1 2018 results and FY2018 outlook in-line with expectations. Both Bank of America-Merrill Lynch and Morgan Stanley confirmed their positive view on Prysmian, keeping the target price at €34/share and €33/share respectively. Equita confirmed its “neutral” rating, taking Q1 2018 results and FY2018 outlook into consideration. The potential of the General Cable integration is already factored into current market prices according to the Italian broker house.

## Submarine and Telecom Forging Ahead

**The Group also expects higher demand for building cables and a moderate recovery for High Voltage Underground.**

The first few months of 2018 have largely confirmed the growth rates achieved in 2017 by the United States and China, despite the trade tariffs on specific imported goods. The tax reform has fanned US growth, while in China, growth was driven by domestic consumption. In Europe, growth remains solid, with the main indicators high. In Brazil, gradual recovery has been confirmed.

Prysmian expects to see higher demand in the cyclical businesses of building wires and industrial applications, reflecting stronger European demand partially tempered by weakness in the Middle East. Medium voltage cables for utilities can expect largely stable demand, with a mixed performance between different areas. Energy Projects is headed towards market expansion, and the Group anticipates consolidating its leadership in submarine cables and systems in view of an expected growth in tendering activity in the second half of the year.

The Group expects HV underground to make a moderate recovery, with a steady improvement in in China thanks to the new manufacturing footprint. In Oil & Gas, stable demand is seen for new onshore projects, primarily in North America and the Middle East, thanks to the gradual rise in oil prices, while the SURF business is forecast to remain weak. Telecom should see solid organic growth, underpinned by strong demand for optical cables in North America and Europe, while copper cables are seeing slower performance due to declining demand in Australia. In view of these considerations, the Group is forecasting a consolidated adjusted EBITDA that now includes General Cable Corporation and controlled companies in the range of €860 million and €920 million for 2018. The forecast considers, in line with the first-quarter results, a growth in volumes and margins in the Telecom operating segment, and an improvement in sales volumes by E&I and Industrial & Network Components.

Follow us



[prysmiangroup.com](https://prysmiangroup.com)

**Prysmian**  
Group

**Disclaimer**

The content of this publication is provided 'as is' without warranty of any kind, either expressed or implied, including, but not limited to, the implied warranties of merchantability, fitness for a particular purpose, or non-infringement of intellectual property rights.

For further information please read the terms of use of this publication.