

INSIGHT

02/2017 QUARTERLY MAGAZINE



MAJOR CONTRACTS HARVESTED. MARGINS IMPROVED.

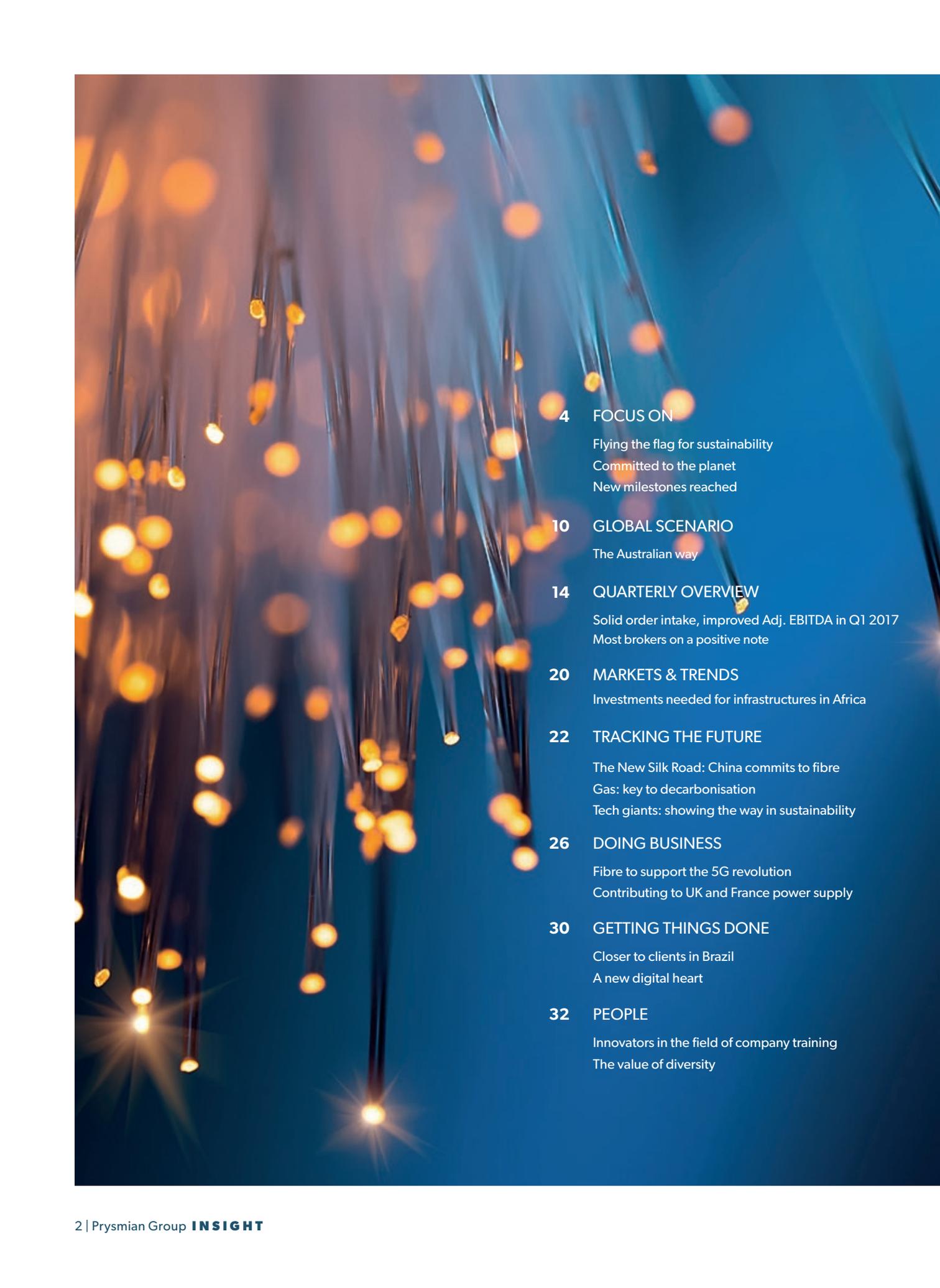
**Positive start of the year,
upbeat targets set for entire 2017**

Flying the flag
for sustainability

A journey
through Australia

Oriental
Connection

Prysmian
Group



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HARVEST

TIME *Editorial Team Insight*

The important contracts secured in the first few months of 2017 are all thanks to a focus on excellence in execution and the continuous innovation constantly pursued by Prysmian Group. They also provide a solid foundation upon which to build the remainder of the year, allowing us to set upbeat targets for 2017's final results. In our QUARTERLY OVERVIEW section we display the details of the quarterly results approved by the Board of Directors, while in DOING BUSINESS you'll find accurate reports on the projects secured which demonstrate their importance both in terms of economic and strategic value.

In this issue of INSIGHT we also FOCUS ON the efforts made once again in 2016 by the company to maintain and improve its leadership and excellence not only in terms of business, but also as a champion of sustainability. Our Sustainability Report details the further important progress made throughout 2016 in making sustainability an ever-more integral part of company activity.

Prysmian took important new steps to further boost such integration by defining a Sustainability Policy that establishes the Group's strategic priorities for the medium-long term by making reference to the expectations of our stakeholders, principal international indicators, and the Sustainable Development Goals promoted by the United Nations.

We reach out to Australia in our GLOBAL SCENARIO section to discover how Prysmian is helping to transform the area by joining the challenging mission of bringing broadband connections to the premises on every corner of the huge continent. In our PEOPLE section we investigate how Prysmian is pioneering in the field of training while also taking action to spread the 'value of diversity' across the company through the dozens of countries in which it operates.

Flying the flag for sustainability

Lorenzo Caruso, Corporate and Business Communications Director at Prysmian Group, explains the important progress that continues to be made in making sustainability an ever-more integral part of company activity, as detailed in the 2016 edition of the Sustainability Report, which also sets the Sustainable Development Goals to be achieved by 2020.

"Being the leader in our industry carries the responsibility of a sustainable approach in all its forms to all our business, and beyond". Lorenzo Caruso believes that a sustainability strategy should go far beyond due commitment to the environment or the capability of creating lasting value for all stakeholders. In the Group's vision, sustainability encompasses all activities that the company, directly or indirectly, is responsible for. "We boast a particular focus on sustainable, technological innovation in the solutions we offer", says Caruso, "as well as on the environmental responsibility of processes, on environmental protection and the management of relations with local communities".

Prysmian took an important new step in 2016 to further integrate sustainability matters into its business activities by defining a Sustainability Policy that establishes the Group's strategic priorities for the

medium-long term. The strategy makes reference to the Sustainable Development Goals (SDGs) promoted by the United Nations, the principal international indicators and the expectations of our stakeholders. "Thus we were able", explains Caruso, "to identify the emerging trends with regards to sustainability and determine the strategic priorities, objectives and actions for the creation of shared value".

Specifically, Prysmian has selected the five Sustainable Development Goals to which it will contribute the most, and translated them into a Sustainability Plan consisting of priorities, objectives and actions consistent with its business and corporate values. "Building on this," Caruso adds "the Group has also devised a 'scorecard' that identifies 16 sustainability targets to be met by 2020, each measured by quantitative KPIs that will be monitored closely so progress can be reported on a regular basis".



A NEW SUSTAINABLE HOME

Extending over about 22,000 m², the new headquarters in the Milan district of Bicocca was designed specifically to obtain the international LEED Platinum certification, which sets the standard for the measurement and evaluation of sustainable buildings. The central theme of the new headquarters is Smart Working, as an innovative and functional approach to the time spent in the working environment.

COMMITTED TO THE PLANET

As the global leader in its industry, Prysmian provides the economies of the world with power and communication, it lights up cities, it helps people to move and communicate. By doing so, it makes a strong contribution to lasting and sustainable economic development. The Prysmian world is the world of its clients – the main power and telecommunication operators of the globe, and the entire society that benefits from their services. Because the Group shoulders such a great responsibility, it also believes in and respect the importance of sustainability, makes it happen by continually searching for innovative technological solutions.

With this goal in mind, the Group took important steps over 2016 to further integrate sustainability matters within its business activities and defined a Sustainability Policy that establishes the strategic priorities for the medium long term, making reference to the Sustainable Development Goals promoted by the United Nations, the main international indicators and the expectations of our stakeholders.

A RESPONSIBLE APPROACH

In order to manufacture certain safety cables and make them fire resistant, Prysmian purchases limited amounts of tape that contain small quantities of mica-glass. However, we do not use this mineral directly. The extraction of this mineral can often involve under-age labour, especially in areas such as India where large quantities are mined. The Group tackled this issue in 2016 by requesting that all suppliers complete a questionnaire certifying the absence of child labour anywhere in the supply chain.

Creating and distributing value

With sustainability key to our growth strategy, Prysmian has a process designed to help formulate objectives that are in line with sustainability guidelines and to map out a plan of action that ensures their implementation.

This work is being performed in a manner consistent with the identity of the Group and its business priorities, having regard for the expectations of stakeholders.

Prysmian Group makes a continual effort to create and distribute value that, in various forms, is distributed to the stakeholders in several ways: remuneration for human resources, remuneration for lenders through interest payment, remuneration for Group shareholders through

dividends, remuneration for the public administration, and gifts and donations to the community.

€1,710
million.
The economic value generated by Prysmian.

The value retained by the Group is represented by the profit reserves carried forward. As of the end of 2016 the economic value generated by Prysmian, net of reclassified costs, amounted to around €1,710 million or about 23% of consolidated sales. The largest part of this value, or 62%, is represented by the remuneration of human resources, followed by the remuneration to lenders, shareholders and the public administration, and contributions to the community. The remaining 21% represents the value retained by the business.

ENGAGING STAKEHOLDERS

In 2016 Prysmian continued to organise its multi-stakeholder engagement events.

A programme originally initiated in 2014, it held its third such event in Pikkala, Finland, home to an important submarine cables plant.



NEW MILESTONES REACHED

Being a pioneer in innovation has also warranted a competitive edge in sustainability, with a profound effect both on the energy and telecoms fronts thanks to a series of technological milestones that will impact the market in terms of energy saving and sustainability.

COMMITMENT REWARDED

In 2016 Prysmian has achieved a marked improvement in the assessment made by the Dow Jones Sustainability Index. The Group came fourth in the “Electrical Components & Equipment” sector, following an improvement due to the many efforts made in the environmental, social and governance fields. It was also included in an elite group of companies listed in the Italian edition of the CDP Climate Change Report, achieving a B rating in the ‘Industrials’ sector. Prysmian additionally won recognition for its environmental, social and governance KPIs from STOXXO Global ESG Leaders Index and its green energy revenues from Carbon Clean 200, being the only Italian company included.

Pivotal among these key achievements is

High-Voltage Direct Current (HVDC) technology, which enables large quantities of electricity to be transmitted over long distances, often across national borders. For example, in a world first, Prysmian has launched systems that utilise 700 kV (PPL) and 600 kV (XLPE) HVDC cables, guaranteeing increases of up to 15% in power transmission capacity and network reliability.

In addition, the Group has extended P-Laser technology – for the manufacture of cables that are 100% recyclable and eco-sustainable – to HVDC systems, by bringing to market the P-Laser 600 kV, which can achieve cost reductions of up to 30% per MW transmitted.

In addition, the Group also introduced a 66 kV cable system, which represents the highest voltage for electrical connections between offshore wind turbines, and enables wind farms to lower their costs by up to 15%. This system has qualified for the Offshore Wind Accelerator (OWA) programme promoted by the Carbon Trust. The project is one of the Carbon Trust’s most important R&D programmes and, with support from both the UK government’s Department of Business, Energy and Industrial Strategy and from the Scottish government, its objective is to reduce the cost of offshore wind energy via the development of innovative ideas that can be translated into viable solutions.

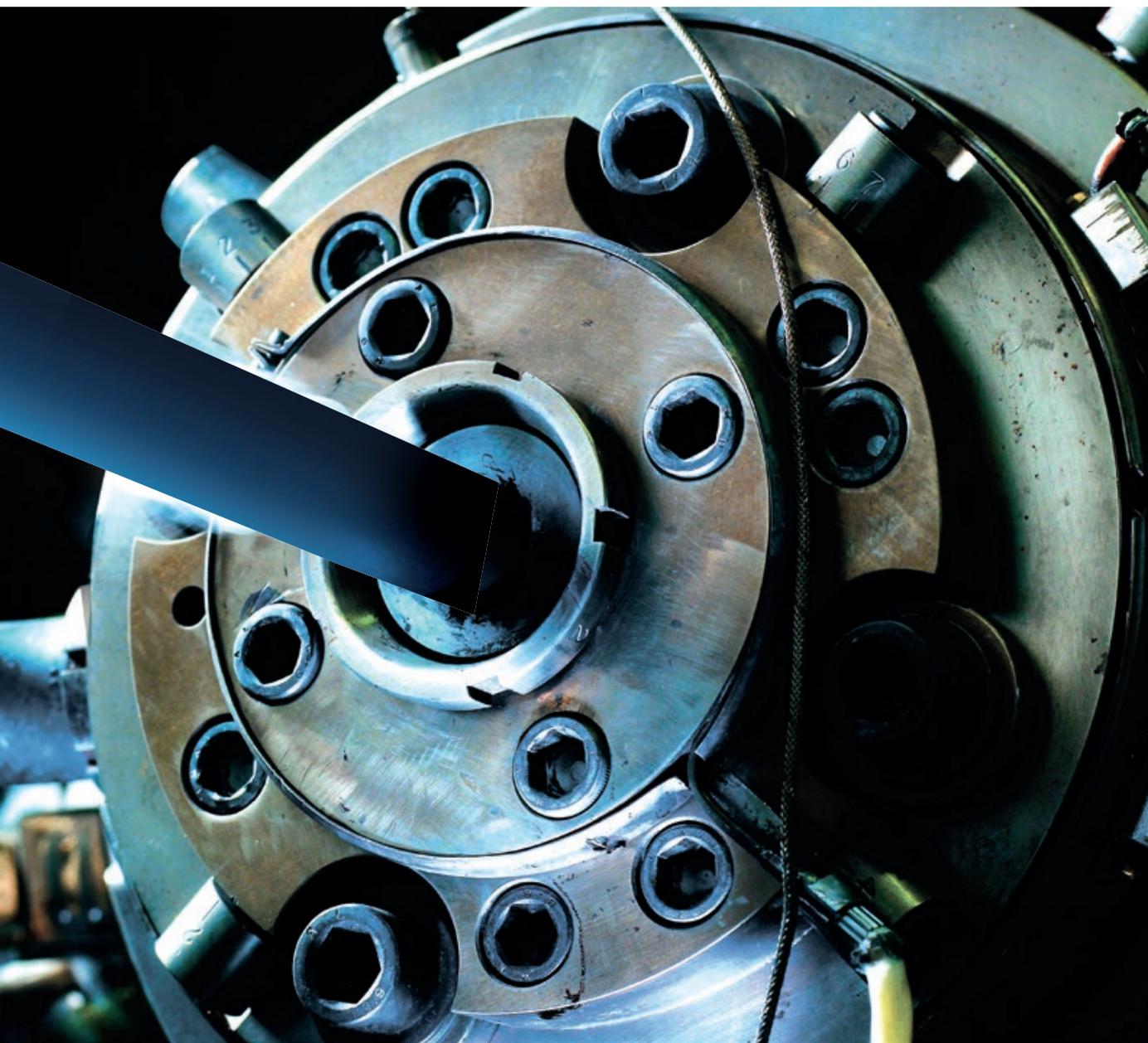
**P-Laser
600 kV**
*can achieve cost
reductions of up
to 30% per MW
transmitted*



Reshaping the industry landscape

For Submarine, 2016 witnessed the completion of the type-approval process and a great deal of the production of a 50 Hz 220 kV cable, with 1,200 mm² copper conductors. In Terrestrial cables, the development of EHV and type tests have been completed on the new 600 kV HVDC system. Trade and Installers focused on safety, sustainability and new product indicators with the entry of harmonised European standard – EN 50575 – into force in mid 2016. The Oil & Gas segment worked at developing solutions to increase the safety of cables used

in gas projects and in Electrical Submersible Pumps. Cables for Original Equipment Manufacturer Applications business area focused its efforts on the application of methodologies for extreme climates. Optical Fibre saw further improvements in the process of manufacturing in the US and Brazil, while activity within Optical Cables involved three types of product: Flextube, Multi-Loose, and ribbon cables. Prysmian also continued its development of new accessories for FTTH Ultra Broadband Access network use.





THE AUSTRALIAN WAY

Frederick Persson, CEO of Prysmian's ANZ business, explains how the Group managed to secure and successfully carry out the National Broadband Network project, a monumental milestone in the field of broadband connection. But the story he tells speaks of successes that go beyond the telecom field.



A CONTINENT-WIDE REACH

With more than 500 employees, 9 warehouses and 3 manufacturing facilities, Prysmian Group exhibits a strong industrial and commercial presence in Australia and New Zealand. Seven manufacturing warehouses are located in Liverpool and Dee Why, Australia, and one in New Lynn, New Zealand, with a combined production capacity of 70,000 cable tonnes. The operations span six business units: Construction, Telecom, Industrial Markets, Power Distribution and Power Transmission. Australia and New Zealand are also important centres for R&D with AUD 5.5 million invested per year.



500

employees

9

warehouses

3

manufacturing facilities

“

The main challenge related to changes in the customer forecast. Our customer’s cable demand changed very quickly and we had to react and adapt in real time to those changes. I am happy to say that we have been able to support them successfully.” Frederick Persson, CEO of Prysmian Australia and New Zealand (ANZ), does not hesitate when asked what has been the key to success in the National Broadband Network (NBN) project in Australia, that aims to bring broadband to premises in every corner of the nation.

As Frederick says, Prysmian had to adapt to the client’s developing needs in many different aspects. Particularly challenging was the fact that some of the production was carried out in China, 11 hours flight away, and also in Europe, which is even further. “We needed to be constantly available, keeping in touch with our facilities abroad, while being attentive to our



Frederick Persson, CEO of Prysmian Australia and New Zealand

customers at home.” But maintaining the customer fast pace wasn’t the only challenge encountered and overcome in the NBN project.

“A major technical issue was the duct space, which was very limited,” continues Frederick. In simple terms, Prysmian’s Technical team encountered ducts that were crowded due to the number of cables inside them and needed to find a solution to make room for all of them. In response, they managed to change the cable design in order to maximise duct occupation. Eventually, they reduced the diameter of the cables by around 35%, and so the space required to insert them was much smaller than two years ago.

“This was highly appreciated by NBN. We developed the solution while creating a completely new cable, adapted to their particular problem. This has been a strong point of differentiation for us,” says Frederick.

GLOBAL SCENARIO

"In terms of our approach, we are very focused on local quality and simplicity; we want to be a very simple company to deal with. So customers see we react quickly, we are flexible and we are predictable, which makes us reliable."

"What is very special for us down here," Frederick goes on, "is that we are very focused on sales, and the commercial team is driving the company strategy. A bit more, perhaps, than in other 'typical' Prysmian regions." On the telecom side of the business, Prysmian ANZ has carried out several developments, drawing on the local needs for specific types of cable, and has been very good at adapting, quick in developing new cables, quick in manufacturing them, and quick in creating even smaller cables.

"I think one peculiarity of our presence here is our local development capability on the telecom side, and the ability to be easy to deal with. We keep it

“We have been extremely successful in accommodating our customers’ needs very quickly”.

as simple as we can," he states. And that is certainly why the NBN project, launched by the Government in 2010, was awarded to Prysmian. "I think we have been extremely successful in accommodating their needs very quickly," Frederick says.

Could this success story pave the way for similar ventures in other countries? "I'm sure that there are things to be learned from our experience here, most of all for the scale of the project which was enormous – 24 million people in the entire continent." But Australia is not just telecom. In this resource-rich country it may seem quite obvious that Prysmian plays a role in the mining industry as well. "Mining cables are a very specific product, since the Australian regulations about mining are probably the most restrictive in the world, and much more complicated, so our mining cables are made for very special applications." Frederick explains. Mining

LARGEST APAC FIBRE MANUFACTURER

4.5 hectares area	3 million fibre-km of optical fibre	600,000 pair-km of copper cables
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The Dee Why factory in New South Wales is the largest fibre optic manufacturer in the Asia Pacific region. Established in 1968, the facility lies on a 4.5 hectares area where some 145 qualified employees are at work. It produces telecom, optical fibre and copper cables with a total annual capacity of 3 million fibre-km of optical fibre and 600,000 pair-km of copper cables.





We are very focused on local quality and simplicity; we want to be a very simple company to deal with”.

cables are, in fact, exposed to a tremendous amount of mechanical stress and subjected to very rough treatment in the mines and, consequently, have a very short lifetime. This makes performance extremely important, because if the cable has problems and the mine cannot operate, the financial consequences are enormous.

“We are very well known for being a solid producer of mining cables and we are strong in the market; our price is high since the cables are complicated,” Frederick tells us proudly. And being strong in mining is also a plus in other fields. Australia saw a boom in raw materials, but when the price of oil went down a year and a half ago, investment was scaled down. So Prysmian turned to the infrastructure market where tunnels, roads, and the like are dependent on a seamless supply of cables. Thanks to the Group’s mining expertise which yielded a reputation of being a top-quality and reliable supplier, the company was

able to reach out to the leading businesses in this sector as well.

Returning to the NBN project, which is in its final stage to completion, Frederick notes that,

“It is proceeding well. We have supplied around 75-80% of the total volume of cables needed and we have been very good in supporting the project all the way through.”

In conclusion, Frederick explains how Prysmian ANZ approaches its markets:

“We developed a local website for commercial purposes (prysmiancable.com.au) and have also worked a lot on our brand, connecting the Prysmian commercial brand to the products we sell. We tried to be attractive using the typical Prysmian magenta color to create a connection with the cables we make and have been using that in a very consistent way. This has helped us create a strong identity here in Australia.”



MINING: WHERE PRYSMIAN MEANS SAFETY

Prysmian cables are known for being the safest and most reliable, even in extreme adverse conditions. The mining industry in Australia perhaps provides the ultimate test to this worldwide recognition. Prysmian cables are indeed designed to withstand the most extreme Australian conditions such as ozone, high-speed, oil and fuel, mud, moisture, acids, bases, rodents, and UV irradiation, as well as extreme low and high temperatures.

As a result, Australian and New Zealand coal mines are some of the safest in the world, a record built on strict controls and legislation that ensures cables used for mining equipment and in hazardous areas are of particularly high quality, such as those provided by Prysmian. Also open-cut and surface mining in the Oceania region present challenges unique to the world, such as extreme UV exposure, tropical downpours, high-wall suspension installations and the like, and so careful cable selection and fit-for-purpose products are a must. Prysmian cables are fully compliant to the strictest controls and legislations in the world.

SOLID ORDER INTAKE, IMPROVED ADJ. EBITDA IN Q1 2017

The results for the first quarter of 2017, approved by Prysmian's Board of Directors, showed a profitability improvement along with a sound order book.

CEO Valerio Battista stated that the first quarter of 2017 underlines "the competitiveness of the Group's offering in high-tech, high value-added markets".

This was reflected in the award of projects like the IFA2 subsea interconnector between France and Britain and the system commissioned by RTE to connect three wind farms in France to the mainland grid, as well as the partnership agreement recently signed with Verizon to realise the "One Fiber" project in the USA. In terms of results, the Telecom business has delivered another excellent performance, in a market scenario that is not showing any signs of slowing. Organic sales growth was slightly weaker, essentially due to the timing of project execution. However, this is seen as a temporary trend that is expected to be re-absorbed in the coming quarters.

Profitability was slightly up, driven by Telecom growth, while largely stable in the Energy Projects segment, whose drop in sales was offset by growth in margins thanks to a more profitable mix. The expansion, rationalisation and technological enhancement of the Group's industrial and manufacturing footprint has continued as has the focus on product innovation.

The outlook for 2017 as a whole is positive, albeit with some caution due to uncertainties in various markets and geographical areas, and allowed to set higher profitability targets with Adjusted EBITDA in the range of €710-€750 million.

Sales

amounted to €1,849 million, decreasing organically by 3.7%, largely due to the phasing of project execution. Telecom continued to perform strongly, with an organic sales increase of +12.3%.

Adjusted EBITDA

came in at €154 million, up from €150 million one year earlier, as the decline in sales did not affect margins, that stayed stable at 8.3% on sales.

To be noticed the resilience of Energy Projects, with margins improved, while Energy Products recorded a moderate decline in profitability and Oil & Gas suffered from SURF weakness in Brazil.

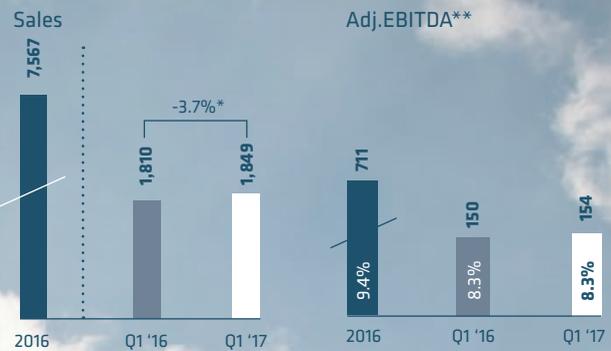
Net Financial Debt

stood at a sound €998 million as of 31 March 2017, down from €1,038 million one year earlier. The principal factors were: €617 million in net cash flow provided by operating activities before changes in net working capital; - €122 million in cash flow used by the increase in net working capital, mainly due to project phasing and the increased copper price; - €245 million in net operating capital expenditure of which €44 million to acquire the assets of Shen Huan.

Guidance

for full year 2017 is for an Adjusted EBITDA in the range of €710-€750 million, up from €670-€720 in 2016.

Q1 2017 Key Financials



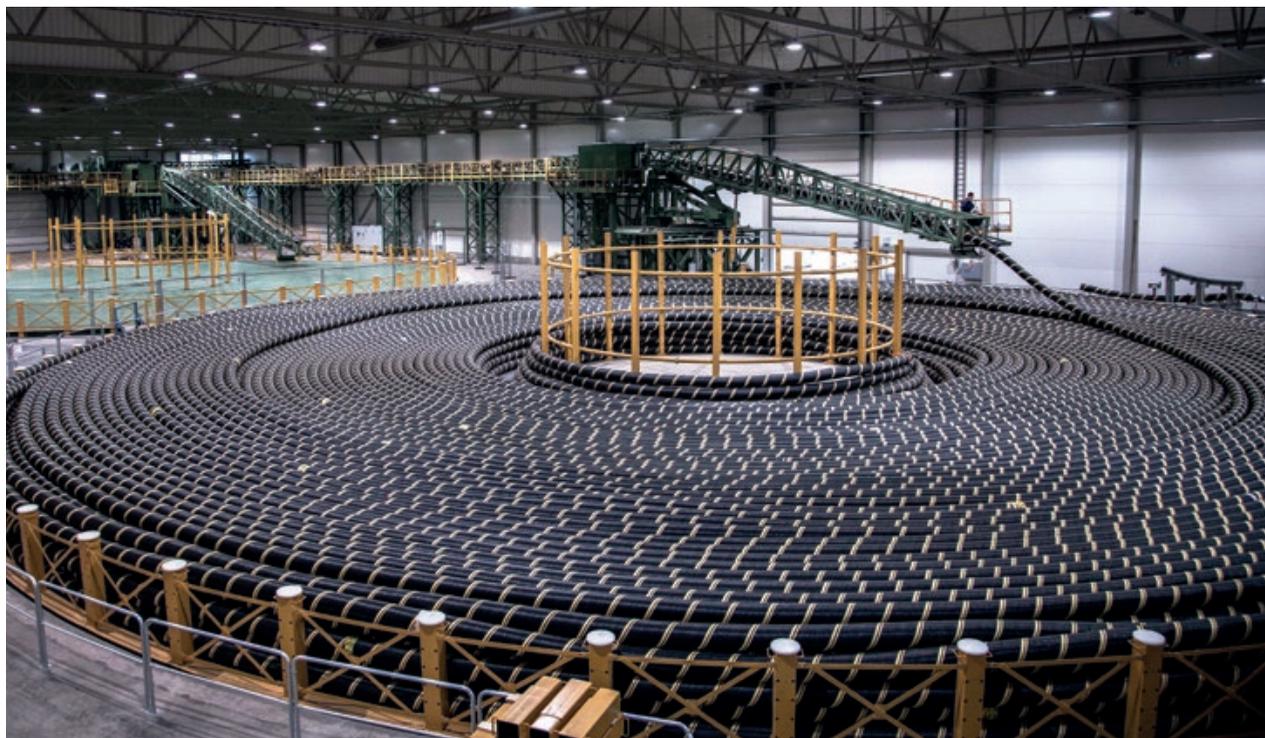
*Org. Growth

** Adjusted excluding non-recurring income/expenses



Energy Projects

protected profitability



In the first four months €700 million in new transmission projects were awarded, better margins in submarine cables and systems but also in HV underground.

Prysmian Group Energy Projects Operating Segment saw sales affected by the phasing of project execution and the different mix of submarine projects, coming in at €275 million, down organically by 15.2%. Profitability though improved slightly, with Adjusted EBITDA climbing to €40 million from €39 million accompanied by a significant improvement in margins to 14.4% from 11.2%.

The decline in sales for Submarine Cables and Systems did not impact profitability, as margins improved considerably thanks to the favorable mix of projects, the growing importance of maintenance and repair activities and the full deployment of the strengthened installation capacity with *Ulisse*, the Group's third cable-laying vessel along with special equipment for cable burial, that allowed to bring back in-house high-margin activities previously outsourced. Order intake came in close to €700 million since the start of the year, allowing the Group to consolidate its leading position in a still growing and high-potential market. Among the most important projects secured, the IFA2 submarine electrical interconnector between France and Britain worth €350 million, and the project to connect three offshore wind farms in France to the mainland grid, worth €300 million. The total value of the order book stands at around a robust €2.2 billion, ensuring sales visibility for a period of about two years.

Demand for High Voltage Underground Cables reported a slight weakening in the French, Dutch and North American markets, that along with the change in the scope of consolidation in China was reflected in an organic decline in sales. However, the favorable mix and growth in services generated an improvement in margins. The order book stood at around €400 million.

Slow start, for Energy Products



Industrials and Nwc showed growth in sales and margins for automotive business, stable performance for accessories and some weakness in OEM and renewables.

Overall sales of Energy Products Operating Segment amounted to €1,180 million, with an organic decrease of -2.7%, primarily attributable to contracting volumes in Central and Eastern Europe, partially offset by positive performance in the Nordic region and growth in some Asian markets. Adjusted EBITDA amounted to €61 million with a slight fall in margins.

Energy & Infrastructure sales amounted to €806 million, while Adjusted EBITDA was €35 million compared with €38 million in the first quarter of 2016. Trade & Installers were penalised in the first part of the year by weak performance in Central and Eastern Europe, Turkey and Argentina, partially offset by positive trends in the Nordic region and Oceania. The rise in copper prices temporarily affected profitability. The European Construction Products Regulation, coming into force from 1 July 2017 and imposing higher standards of quality and safety, represents an important opportunity for the Group, which already boasts a competitive range of products at the top end of the market.

Power Distribution reported stable volumes and higher profits despite the challenging basis of comparison with the same period of 2016. The Nordics and APAC performed well, while Central/Eastern Europe and Argentina were weak.

Industrial & Network Components sales amounted to €340 million, while Adjusted EBITDA was €27 million compared with €29 million in the first quarter of 2016. Order book started to recover after two consecutive quarters of decline. A positive performance was recorded for Medium and Low Voltage accessories, offsetting the weakness in High and Extra High Voltage. France, Italy and the Netherlands were affected by unfavourable market conditions, while the United States, Britain and Brazil recorded solid growth. Specialties&OEM and Renewables reported weak organic sales. Growth in APAC was not sufficient to offset the slowdown in Europe and North America. Railway sales were good, while Renewables, Crane and Nuclear soft. The Elevators business recorded a slight slowdown due to the delay of some projects in China. Double-digit organic growth and improved margins marked the results of the Automotive business, thanks to solid performance in North America, South America and APAC, while reorganisation of the manufacturing footprint in Europe improved the business's competitiveness in the region.

Signs of recovery for core Oil & Gas

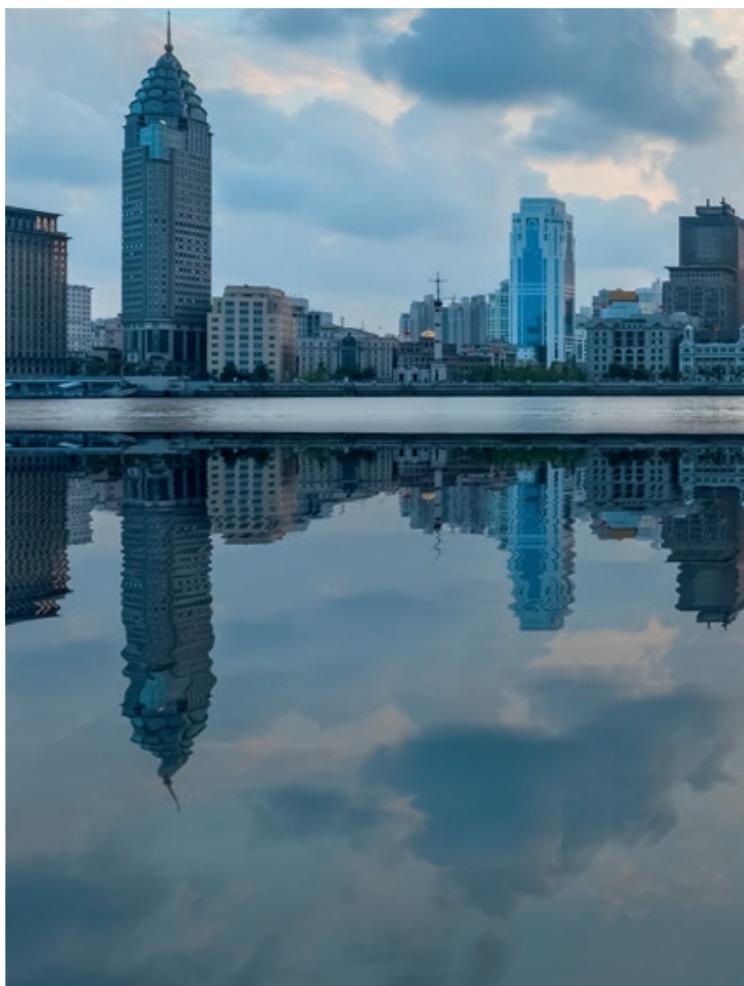
Lower volumes and lower prices for umbilicals in line with expectation, with moderate decline in downhole technology. Results recovering in North America.

The performance of the Oil & Gas Operating Segment was still influenced by the industry crisis, which is affecting investment decisions by major players. Sales came in at €66 million, down -21.2%. Adjusted EBITDA was a break-even, from €3 million in the same period of 2016.

In the business Subsea Umbilicals Risers and Flowlines business the contraction in Umbilical volumes and prices was as expected and reflected the low level of orders in Brazil. Price pressure in tenders during the first few months of 2017 continued.

The Downhole Technology business posted a positive performance in North America thanks to a resumption of activity in the shale oil & gas industry which partially offset the negative effects of delays for some major deepwater projects.

There were signs of recovery in the Core Oil & Gas business with an improvement in underlying sales thanks to onshore projects in the Middle East, Russia and ASEAN and to the resumption of drilling activities in North America. The Group continued to keep a tight focus on Design-to-Cost and actions in the supply chain to limit the impact of lower prices.



Telecom: solid performance driven by opticals

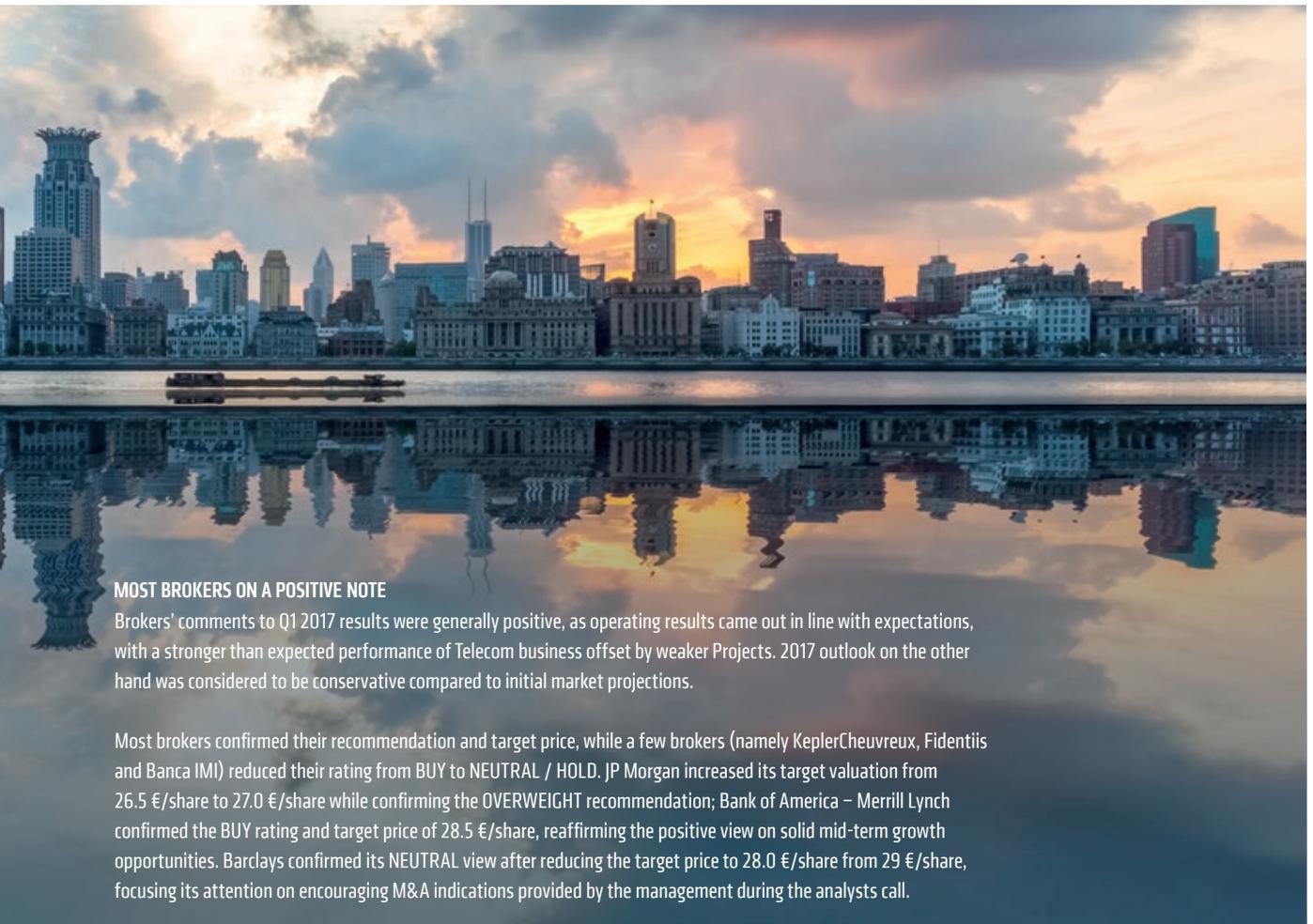
Profitability improved furthermore with positive market trends in Europe and North America.

Our Telecom Operating Segment sales climbed organically by 12.3% to €328 million in the first quarter driven by strong demand for optical cables. Adjusted EBITDA jumped by 26.8% to €53 million, with margins further improving to 16.3% from 15.4% in the same quarter of 2016.

The Telecom Solutions business won important contracts with leading operators in Europe for the construction of backhaul links and FTTH connections. The network development plan in rural areas is progressing in the Netherlands, and the broadband project Trés Haut Débit in France continues to be rolled out, while the development of new ultra-wideband networks in North America is generating a steady increase in domestic demand.

As part of a massive multi-year investment program by Verizon, Prysmian has signed a three-year agreement to supply 17 million fibre km of cables worth about \$300 million. In Brazil, there has been a slight recovery in investments by the major telecom operators.

The results of the Multimedia Solutions business mainly reflected increased volumes on the European market for copper data cables at a local level and to a lesser extent in South America. The Group's investments in expanding production capacity in Europe, with the acquisition of the Corning plant in Germany, also made a substantial contribution by allowing it to meet growing market demand. 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.



MOST BROKERS ON A POSITIVE NOTE

Brokers' comments to Q1 2017 results were generally positive, as operating results came out in line with expectations, with a stronger than expected performance of Telecom business offset by weaker Projects. 2017 outlook on the other hand was considered to be conservative compared to initial market projections.

Most brokers confirmed their recommendation and target price, while a few brokers (namely KeplerCheuvreux, Fidentis and Banca IMI) reduced their rating from BUY to NEUTRAL / HOLD. JP Morgan increased its target valuation from 26.5 €/share to 27.0 €/share while confirming the OVERWEIGHT recommendation; Bank of America – Merrill Lynch confirmed the BUY rating and target price of 28.5 €/share, reaffirming the positive view on solid mid-term growth opportunities. Barclays confirmed its NEUTRAL view after reducing the target price to 28.0 €/share from 29 €/share, focusing its attention on encouraging M&A indications provided by the management during the analysts call.

Upbeat targets set on positive FY outlook

The Group is forecasting Adjusted EBITDA for FY 2017 in the range of €710-750 million, up from the €711 million reported in 2016.

The first few months of 2017 witnessed moderate but steady growth in the Eurozone, with confidence indicators improving. Growth in the US was slower than expected in first quarter amid uncertainty over the announced reforms. Russia and Brazil continued to show signs of gradual improvement, while China exceeded expectations thanks to government-driven infrastructure investments.

In such a context Prysmian Group expects that in 2017 cable demand in the cyclical businesses of building wires and medium voltage cables for utilities will be largely stable. As Energy Projects continues to enjoy a growing market, we also expect to consolidate our market leadership and improve profitability in the Submarines, while a slight decline in the High Voltage underground business is foreseeable partly due to the change in the scope of consolidation following reorganisation of the manufacturing footprint in China.

Oil price dynamics are setting in motion a recovery in Core Oil & Gas cables, thanks to onshore drilling activities in North America and onshore projects in the Middle East, ASEAN and Russia. Conversely, the SURF business, featuring longer project cycles, is expected to continue to perform poorly. In the Telecom segment, the underlying growth in the Group's turnover is expected to remain strong in 2017, thanks to rising demand in North America and Europe, accompanied by a gradual stabilisation of volumes in Australia. Assuming exchange rates remaining stable, the translation into the reporting currency is not expected to have a material impact on 2017 operating income.

The Group is forecasting Adjusted EBITDA for FY 2017 in the range of €710-750 million, up from the €711 million reported in 2016. This forecast is not only based on the Company's current business perimeter but also takes into account the current order book.

INVESTMENT NEEDED

Africa continues to lag behind other developing regions in terms of power generation and distribution, and only huge capital spending will narrow the gap.

It's estimated that Africa needs \$600 billion in infrastructure investment between now and 2030, largely for power generation. But many such projects face local opposition over environmental impact and displacement of people, while investors worry whether political leaders will honour any deal terms agreed. Elizabeth L. Littlefield, former president and CEO of the Overseas Private Investment Corp. – the US government's development-finance agency – recently noted that these are very difficult deals to conduct, as they can take a very long time. Often, a lot of investment interest surfaces after a project has already begun, tempting countries (and organisations) to renegotiate the initial terms already agreed with original developers. Several observers see this as the most important challenge between governments and power sector developers in Africa. Both sides have much to do to improve the process. However, Kenya is a notable exception. The country boasts separate companies for generation, distribution and transmission, and each has its own financial incentives, market knowledge, and investment decision capabilities. South Africa, with the state-owned power provider Eskom, also operates in this way. But the general rule in Africa is that industries and governments tend to subsidise

\$600
*estimated
billion needed
in infrastructure
investment
between now
and 2030*

power – which is very different of course to the developed world. And that is a problem for investors. Underinvestment is thus the main reason why Africa continues to lag behind other developing regions, with an installed capacity below 100 GW. Per capita electricity consumption averages 40 to 45 KWh per month, compared to more than 100 KWh/month in Latin America or South Asia. Moreover, household access to grid electricity in South Saharan Africa is estimated by the World Bank to be at 35.3% – far lower than the 78% in South Asia, 96% in the Middle East and 94% in South America. According to the International Energy Agency, 15 out of 20 countries in Africa are ranked bottom worldwide for per capita consumption of electricity, while 13 out of 20 countries lacking adequate power supply are African. There is also disparity between urban and rural areas, with over two-thirds of urban residents estimated to have access to electricity, but only 15% in rural areas according to the World Bank and IEA.



Our first priority is to light up and power Africa". The president of the African Development Bank, Akinwumi Adesina, had no doubt when asked in a recent interview by the Wall Street Journal about enhancing economic growth in the continent. "We must industrialise", he added, "but of course, you can't have that if you don't have power".

TAKING ROOT IN TUNISIA

Prysmian Group recently attended a bilateral meeting between Italy and Tunisia to promote the development of economic relations between the two countries. Organised by Confindustria, Italy's employers' association, several business and institution representatives attended and participated.

Prysmian has been operating in Tunisia for several years. Its two plants manufacture cables for the automotive industry, components for energy networks, and optical cables devoted to the export market. With the opening of a new plant, now employing nearly 400 people, the connectivity business has seen a strong upsurge in volumes, mainly for the French market.

Power supply

Installed electrical generating capacity, 2015, in gigawatts

	Africa	PCT. Share	Rest of world	PCT. Share
Natural gas	77.7	39.6%	1,530.6	24.7%
Coal	44.5	22.7%	1,906.3	30.8%
Oil	37.4	19.1%	408.0	6.6%
Hydro	28.3	14.4%	1,179.3	19.0%
Nuclear	1.9	1.0%	401.8	6.5%
Bioenergy	0.6	0.3%	117.8	1.9%
Other renewables*	5.8	3.0%	659.2	10.6%
Total	196.2		6,197.2	

*Wind, solar, geothermal, and tide and wave
 Source: International Energy Agency World Energy Outlook
 2016 The Wall Street Journal

THE NEW SILK ROAD: CHINA COMMITS TO FIBRE

In 2013, China's President Xi Jinping unveiled plans for two vast infrastructure and trade networks aiming to stimulate the country's economic growth: the New Silk Road (also called the Silk Road Economic Belt) and the Maritime Silk Road.

The New Silk Road is, in effect, an expansive network of communication, energy and transport projects. One key aim is to significantly stimulate economic development across China's inland regions. According to the *Want China Times*, the total value of the New Silk Road will amount to a staggering \$21.1 trillion. The government is not only providing funding and attracting private capital, but also aiming to make legislative and administrative procedures easier and faster.

Shaking up global energy

Energy infrastructure largely underpins all other economic growth ambitions, and there may be worthwhile opportunities to foreign parties interested in providing funding, knowledge and equipment. These infrastructure projects could create a huge concentrated market involving more than 75% of the world's energy resources and 60% of the global population, responsible for 30% of the world's total GDP.

For China, a country with a truly huge population that is increasingly demanding a higher standard of living, energy security is essential. The New Silk Road will be providing new hydrocarbon transport routes and new projects will allow China to better access natural resources in inner Asia, the Persian Gulf and the Caspian sea. Key projects include gas pipelines that run across central Asia, a \$46 billion China-Pakistan corridor and hydropower projects in Pakistan and a liquefied gas project in Russia. In 2016, China's level of dependence on fossil fuels for electric power stood at 64%, significantly lower than 77% a decade earlier. Developments stimulated by the New Silk Road project, possibly coupled with new partnerships, could be good news for renewable energy.

According to Bloomberg New Energy Finance, China invested \$102 billion in domestic renewable energy in 2015, double the amount invested domestically by the US. President Xi Jinping wants China to lead the fight against climate change. The Asian Infrastructure Investment Bank (AIIB), which is investing \$100 billion in the New Silk Road promotes itself as 'lean, clean and green', and aims to support countries in honouring their commitments to the Paris Agreement.

The AIIB's 2017 Draft Energy Plan also shows that coal-based projects are being avoided. All of this could mean opportunities for engineering firms, infrastructure providers, SmartGrid experts and clean energy companies.

\$170 billion
*investments in Internet
projects announced by
China institutions*



GLOBAL MARKET EFFECTS

The New Silk Road offers opportunities in areas such as technology, know-how and energy and telecom network products. New transport routes may also be good news for companies sourcing Chinese products or exporting to Asia. One thing is clear: China's bold ambitions will certainly affect existing business and power structures as well as global relations.

Fibre for 100% of urban areas

China's National Development and Reform Commission and Ministry of Industry and Information Technology (MIIT) have announced investments of \$170 billion in Internet projects, geared towards improving broadband and mobile network coverage.

The resulting digital highway will increase the speed of data exchanges between East Asia and Europe. There are plans to increase the number of points of presence connecting China to overseas networks from 80 to 120. Submarine cables installed across the Arctic Ocean aim to cut data packet travel times between Tokyo and London by 30 percent.

In China, some 700 million people are online today, many with high-speed connections. Although most users are located in the country's big cities, about 178 million are from smaller rural areas. According to MIIT, the country's fibre network now covers more than 82 percent of rural villages. China's Information and Communication Development Department has recently stated that the country's fixed-line broadband and mobile broadband penetration rate should be 63% and 75% respectively by the end of 2017. By 2018, broadband coverage to all urban areas and 90 percent of the countryside should be realized through the rolling out of 90,000 kilometres of fibre trunk cables. In addition, 2 million 4G base stations are to be added, ensuring 75 percent of the population have mobile network access.

China is home to half of the world's FTTH subscribers with 120 million households enjoying FTTH connections in mid 2016. Recent deployment projections show China reaching nearly 300 million subscribers by 2020. This push to deploy FTTH is good news for optical fibre technology suppliers around the world. "China's government is strongly committed to improving broadband connection speed," says Vladimir Kozlov, CEO and founder, LightCounting Market Research. "Deploying 10G PON would appear to be a logical step towards achieving this goal. Although China is the global number one when it comes to the number of FTTH customers, the connection speed is below the global average. A large amount of bandwidth is deployed in the last mile, near the customer, but this is not high throughout the network. The main connectivity speed bottleneck is not FTTH, but the supporting network. These metro aggregation networks tend to lack capacity. Deploying 10GbE optics in this part of the network and 100G DWDM in the metro-core infrastructure to counteract this will be the main focus for China's service providers in the coming years."



63%
China fixed-line
broadband penetration
target for 2017

Gas: key to decarbonisation?

As we strive towards widespread adoption of renewable energy, fossil fuels are widely generally seen as part of the problem, not the solution. However, gas can help pave the way to a low-carbon future...Production volumes and yields of energy from renewable sources have improved significantly in recent years. However, there's still a long way to go before renewable energy can fully meet global demand. Costs are still relatively high, and supply continuity is not always guaranteed. Fossil fuels will still be required during the transition period, so it makes sense to opt for a source with relatively low emissions that should remain available for years to come, and can be harvested at a reasonable cost.

Cleanest-burning hydrocarbon

Of all fossil fuels, natural gas has the lowest carbon footprint. Gas is also relatively reliable and safe. Per kWh of generated electricity, its CO₂ emissions are only half that of coal, which is most frequently used in electricity generation today. Today's high-efficiency technologies can extract higher levels of energy from gas with lower emissions. Gas releases less than one tenth of the air pollutants emanating from coal. In fact, European 'think tanks' Agora Energiewende and Sandbag claim the uptake of gas as a replacement for coal resulted in a 4.5% lower CO₂ in 2016 compared to the previous year.

A gas-fired power plant can ramp up in one-third of the time a coal plant would require, reducing waste and making it easier to match fluctuations in demand. Gas doesn't only offer potential in the area of energy generation.

In transport, for example, using methane-based fuels instead of traditional fuels could reduce CO₂ emissions by as much as a quarter.

Change of mindset

International Energy Association (IEA) data puts available resources of LNG (Liquid Natural Gas) at 780,000 bcm. At current production rates, this should be sufficient to last 217 years. Technical innovation is, however, essential to optimizing the potential of gas as a bridge on the route to sustainable energy. One prime example of innovation using gas to support renewable energy production can be found in Kuraymat, Egypt. Here, Integrated Solar Combined Cycle (ISCC) plants are generating electricity using a combination natural gas generators and solar energy.

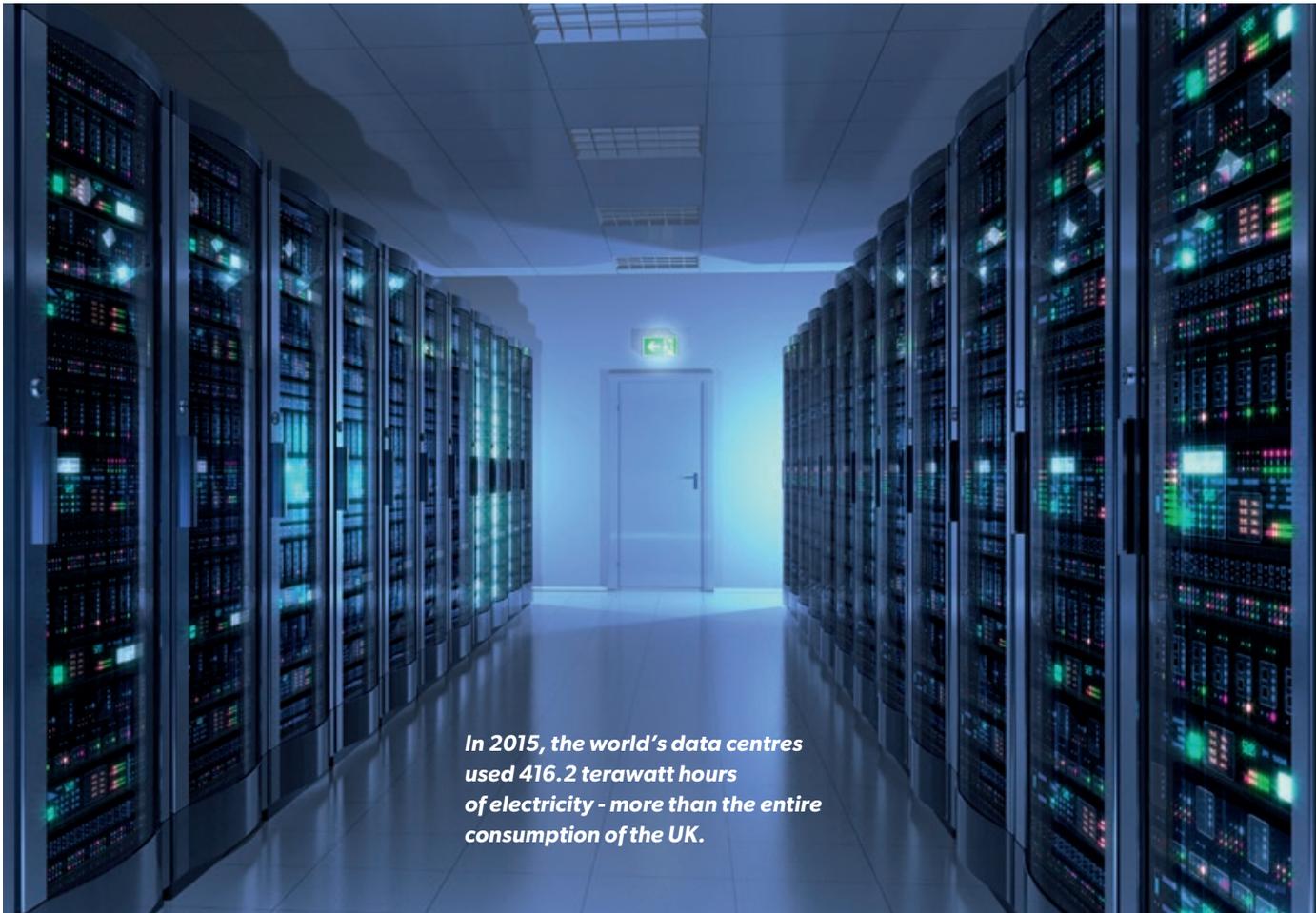
Adoption of such gas-based innovations on a larger scale does, however, largely depends on policies and legislation in different areas. That may often require a change of mindset, as the realization grows that fossil fuels can be a vital enabler to sustainability – not just a threat!

Tech giants: showing the way in sustainability

Big technology companies are among the world's largest energy users. However, many are taking the lead when it comes to sustainability.

Individual companies' commitments place tech firms at the energy transition forefront. Some examples: Google, the world's largest corporate renewable energy buyer, aims to use 100% renewable energy by 2017. Apple is making clear that it expects suppliers to reduce waste and founded a subsidiary, Apple Energy, to manage its renewables activities.

Collective actions are being taken, too. RE100 brings together companies committed to switching entirely to renewable power, including Amazon, Apple, BT, Facebook, Google, LinkedIn, Microsoft, Salesforce and SAP. The Renewable Energy Buyers Alliance (REBA) is boosting corporate demand for renewable power and helping providers meet that demand. Google, Microsoft, Facebook, LinkedIn, eBay and Amazon are taking part.



In 2015, the world's data centres used 416.2 terawatt hours of electricity - more than the entire consumption of the UK.

Last year, tech giants Apple, Amazon, Google and Microsoft filed a legal brief supporting the Clean Power Plan for reducing power sector emissions. Bill Gates' Breakthrough Energy Coalition has pledged over \$1 billion towards the clean energy transition.

In 2015, the world's data centres used 416.2 terawatt hours of electricity - more than the entire consumption of the UK (300 terawatt hours). A Japanese study indicates that at current growth rates the country's data centres will consume its entire electricity supply by 2030. Data-driven companies such as Salesforce and DC/colocation providers such as Equinix have committed to reducing consumption and using renewable energy. Other data centre strategies include relocation. For example: Facebook claims its 300 x 100 metre facility in Lulea, Sweden, cooled using outside air, is the most energy-efficient ever built.

What can other industries learn from the Tech approach?

Other sectors have entirely different processes and cultures, but can learn a great deal from the way in which the tech sector is taking on these challenges. Some best practices that could be adopted widely: connecting devices and systems and monitoring

processes to enhance efficiency, self-generating energy and managing grids and reusing materials, taking a 'cradle to cradle' approach where possible. Adobe, for example, reduces waste through a combination of product innovations, recycling and operational measures. Changing attitudes to sustainability is also driving new developments. Companies such as Philips are actively using their drive towards sustainability to boost brand image and competitive advantage.

Typically, tech company culture fully supports sustainability, placing demands on partners and supply chains. This is, in part, a result of the relatively large number of 'Millennials' in the sector, a group that tends to focus strongly on sustainability, according to recent Nielsen research. Firms looking to attract employees and customers from this demographic need to take that into account. Last year, the Centre for Sustainability and Excellence (CSE) published its 'Sustainability Trends in Silicon Valley' report. One important conclusion: to make real progress, sustainability requires attention at c-level, with dedicated professionals in charge. This level of commitment is necessary to allow new ways of thinking and working to be fully embedded. For evidence this approach works, we need only look at the tech sector.

FIBRE TO SUPPORT THE 5G REVOLUTION

Prysmian Group will supply Verizon with more than 17 million fibre kilometres of ribbon and loose tube cables, to support a carrier programme to deliver 5G to its customers in the US.

5 G is closer to becoming a reality in the US, and Prysmian is one of the key players involved in the development of the country's fifth-generation mobile network.

As the world leader in the energy and telecom cable systems industry, the Group has been awarded a \$300 million supply agreement from the US telecom company Verizon Communications to support its US network expansion around a next-generation fibre platform that will speed the deployment of 5G services, while improving 4G LTE and other broadband capacity.

For the three-year contract agreement Prysmian will supply Verizon with more than 17 million fibre kilometres of ribbon and loose tube cables. As a further step in its plan to commercialise gigabit broadband services to homes and offices via a wireless

5G connection, Verizon last month began to pilot test a new super-fast wireless service with customers in 11 US cities on its newly built 5G network. So what will this mean? Customers can download a full HD movie onto a mobile device in less than ten seconds or run high-resolution video with next-wave content like augmented and virtual reality, for example. 5G performs more than 40 times faster compared to 4G and will handle data-intensive applications far more smoothly.

\$300
million supply agreement with the US telecom company Verizon

As one of the leading companies committed to allowing customers to take advantage of this new technology, Verizon has identified

5G-fixed wireless access as the first phase of deploying next-generation networks. Yet, as explained by Philippe Vanhille, SVP Telecom at Prysmian Group: "As the world goes wireless, wireless is drawn to fibre. Economic growth and consumer demand



Customers can download a full HD movie onto a mobile device in less than ten seconds or run high-resolution video with next-wave content like augmented and virtual reality, for example. **5G performs more than 40 times faster compared to 4G and will handle data-intensive applications far more smoothly.**

depend largely on super-fast, gigabit broadband connectivity that is always available. We believe this is best delivered over a fixed optical network”.

Indeed, both Prysmian and Verizon strongly feel that demand and supply for next-generation passive optical network (NG-PON2) will last well beyond 2020 as new technologies like the Internet of Things (IoT) and 5G become a reality.

Contributing to the complete realisation and full connectivity of the IoT – probably the most revolutionary evolution of digital technologies to date – is one of Prysmian’s main tasks over the next decade. It’s a natural next step for a company already used to making ‘things’ connect to and interact with each other, and one already focusing on the development of a new IoT-compliant manufacturing execution system (MES) with the long-term goal of optimising the production process and entering into the field of Big Data.



Philippe Vanhille,
Telecom SVP
at Prysmian Group



As the world goes wireless, wireless is drawn to fibre. Economic growth and consumer demand depend largely on super-fast, gigabit broadband connectivity that is always available. We believe this is best delivered over a fixed optical network”.

Prysmian Group’s telecom division has supplied Verizon with optical fibre, optical cable and connectivity solutions for more than a decade. This rejoining of forces will no doubt also help to set new milestones for further enhancements to mobile connectivity.

“As a recognised leading global producer of optical cables, supporting the most advanced infrastructure of many of the world’s telecom operators, Prysmian Group is proud to have been chosen by Verizon as partner for the development of such a strategic project”, Hakan Ozmen, CEO of Prysmian Group North America comments. To this end, to support this project and the growth of major telecoms carriers in North America, the Group will make significant investments in its US optical cable organisation, where it already has three telecom production sites – two for the production of optical cable, and one for optical fibre.



CONTRIBUTING TO UK AND FRANCE POWER SUPPLY

A new interconnector awarded to Prysmian by IFA2 will allow up to 1,000 MW to be transmitted between the countries.

After having secured the first ever French submarine power cable link for offshore wind farms to connect offshore wind electricity to the country's mainland grid, Prysmian Group has secured a major new contract worth around €350 million for a France-UK connection. The project was awarded by IFA2 SAS, a joint venture between the UK National Grid and RTE of France. Prysmian will provide the turnkey design, manufacture and installation services for a submarine and land power cable link to connect Tourbes in France to Chilling in Hampshire, UK.

In addition to this High Voltage Direct Current (HVDC) cable link, the contract includes a High Voltage Alternating Current (HVAC) link that will connect the converter station to a local substation in Chilling, with 2 km land sections at each end, and a 5 km subsea section in-between. The HVDC interconnection will operate at ± 320 kV DC and will allow up to 1,000 MW of power to be transferred between the countries. The HVDC cable

system comprises approximately 25 km route length in France, running from the Tourbes converter station in Northern France to the landing point close to Caen.

The subsea cables will be manufactured at Prysmian's production facility in Pikkala, Finland, and the land cables at Gron, France.

Installation of the land sections will also involve the resources and facilities of Prysmian France and Prysmian UK, headquartered in the nearby area. The Prysmian cable-laying vessels Cable Enterprise and Ulisse will conduct the installation.

The 1,000 MW HVDC electrical interconnector will reduce the cost of electricity for homes and businesses in Great Britain, while increasing the security of electricity supplies for both countries and providing opportunities for shared use of renewable energy. The project partners, National Grid and Réseau de Transport d'Electricité (RTE), are planning to complete the construction of IFA2 and start operations in 2020.

€350
*million contract
awarded for
the France-UK
interconnection*

Channel link

A new HVDC interconnector will increase power exchange between France and the UK via the Channel Tunnel.

The project was awarded by ElecLink to a consortium of Prysmian and Balfour Beatty and is worth €219 million. It's one of the European Commission's Projects of Common Interest and was awarded by a wholly owned subsidiary of Groupe Eurotunnel. The project will focus on building an interconnector through the Channel Tunnel to provide a power transmission link between the UK and France with a capacity of a 1,000 MW in either direction. Prysmian's share for coordinating the design, supply, installation and commissioning of the interconnection will be around €79 million. "The development of power transmission interconnections is of paramount importance in Europe and we are proud to make our technologies and experience available for the realisation of a project with such a high strategic value," said Massimo Battaini, Energy Projects Senior Vice President at Prysmian Group.

The ElecLink HVDC cable link will increase the energy exchange between France and the UK, contributing to the integration of energy markets and enabling the diversification of energy sources. The ElecLink interconnector will provide cost-effective additional power transmission capacity with minimal environmental impact thanks to the negated need for overhead lines and undersea cables, providing a carbon reduction of ~6.1 m tonnes.



Massimo Battaini,
Energy Projects SVP
at Prysmian Group.



The development of power transmission interconnections is of paramount importance in Europe and we are proud to make our technologies and experience available for the realisation of a project with such a high strategic value".

Eurasian cables

Prysmian Group Turkey has powered the first-ever undersea road tunnel connecting Asia and Europe.

This contribution to one of Turkey's most important infrastructure projects was made thanks to the supply of high-tech MMS and telecom cables to the two local companies assigned to its design and construction, Yapı Merkezi and SK Engineering & Construction.

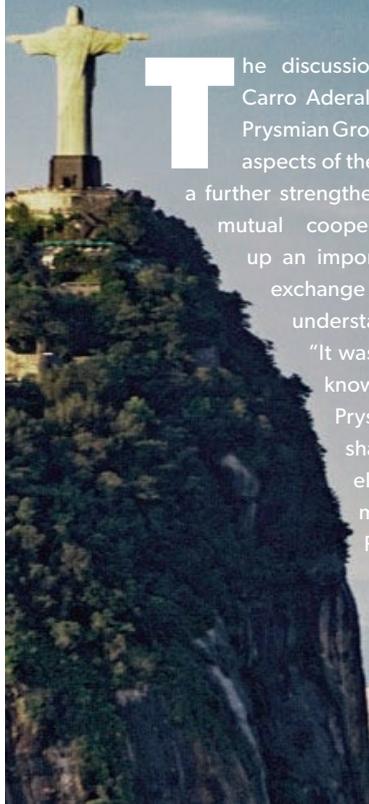
Prysmian supplied specially-designed cables for the tunnel boring machine used in the project, alongside around 200 km of FireTuf fibre optic cables, data cables (and related accessories), 15 km of Mobile network Coax leaky feeder cables and accessories used for the tunnel's announcement system. A special outer sheath colour was also produced to match the tunnel's interior. The tunnel's communication system also uses nearly 200 km of special fire-resistant Prysmian-designed fibre cables.

Two years previously, Prysmian had supplied a special cable, known as TUNNELFLEXTX, to power the machine used to excavate the Eurasia Tunnel. This cable was produced at the Merlino plant in Italy and had many enhanced features, including flexibility, high impact-resistance and the ability to be rolled and unrolled multiple times.

JOURNEYING BETWEEN TWO CONTINENTS

The Eurasia Tunnel totals a distance of 14.6 km and consists of three sections. The most important part of the project is the 3.4 km-long Bosphorus Passage. Approximately 2 million cubic metres were excavated in the project, while 700 thousand cubic metres of concrete and 70 thousand tons of iron were used. The tunnel can only be used by minibuses and cars and has been designed to withstand an earthquake of 7.5 magnitude.

CLOSER TO CLIENTS IN BRAZIL



The discussion was chaired by Joao Carro Aderaldo, Sales Director of the Prysmian Group, and focused on several aspects of the company. It represented a further strengthening of partnerships and mutual cooperation bonds, opening up an important opportunity for the exchange of knowledge and a better understanding of customer needs. “It was an opportunity to get to know the people behind the Prysmian front line, and to share our vision about the electricity distribution market in Brazil and how Prysmian can cope with

The South America Regional Leadership Programme, first launched by Prysmian in Brazil, gave the occasion to organise a high-profile meeting with some key clients that included the first-round table of its kind, conceived as a moment of integration with the company’s customers.

the challenges. Strong partnerships are the answer to the success of our business,” comments José Rogerio Bianchi, Procurement Manager, AES Brasil. Marcos Martins Rodrigues of Telecom Brand agrees. “For us, it was something of great value. We need other opportunities like this in order to work together to reach even stronger goals. I thank Prysmian for this opportunity”. The meeting was also attended by Herve Salmon, Sonepar Brasil, Robson Rocha, Engemon Eng Telecomunicações and Bruno Moreira, Petcom Eletrônica e Telecomunicações. The Regional Leadership Programme launched in Brazil is aimed at improving the Group’s local leaders and stimulating a strong continental network of its managers in order to strengthen its position in South America.



1,728 optical fibres
contained in the FlexTube® cable

HIGHEST OPTICALS CAPACITY UNDERWATER DEPLOYED IN HK

Prysmian scored another world record in Telecom networks after delivering the most dense and highest fibre count underwater optical cable ever made. An underwater FlexTube® cable containing 1,728 optical fibres was successfully deployed by the Australian telecommunications provider Superloop for its TKO Express project, to provide broadband connection between the areas of Siu Sai Wan on Hong Kong Island and the data centre hub of Tseung Kwan on the mainland. The previous record was set in 2014, when Prysmian manufactured an underwater FlexTube® cable with 720 fibres.

To complete the project, Prysmian leveraged effective intercompany cooperation. The base 1728f FlexTube® cable was made in France, then airfreighted to Australia to apply additional layers of moisture barriers and aluminum tape in the Dee Why factory. Double-armouring layers of wrapped steel wires were applied, along with a final sheath.

NEW CENTRE OF EXCELLENCE IN BRAZIL

The creation of the new global Centre of Excellence for Latin America, with a total investment of €45 million, is confirmation of the longstanding trust of the company in the region. After a successful presence of almost 100 years, Prysmian is preparing for the upcoming growth of the Brazilian and South American energy and telecommunications markets. Once fully operational, the centre will be a competitive hub serving the local wire and cable market, and will consolidate the company presence in the whole region. "The investments in these new facilities show Prysmian's commitment and willingness to pursue growth in these regions" said Marcello Del Brenna, Prysmian's South American CEO.

The courses are developed by SDA Bocconi in partnership with FGV EAESP (the School of Business Administration of São Paulo) and is divided into three modules: 'Leading Business', 'Leading Change' and 'Leading People'. The first group was formed of around 20 participants, among them colleagues from Brazil and Argentina who had already completed the first module. The module featured an extensive and diversified schedule, addressing topics such as Project Management, Sales and Key Account Management, Multicultural Diversity Management and Operations and Supply Chain, and presented an innovative proposal that greatly enriched the experience.

ADDING OFFSHORE CABLE CAPABILITIES

Prysmian Group's UK production facility in Wrexham now has the capability to manufacture both 33 kV and 66 kV submarine cable cores used for the inter-array cable connections in offshore wind farms. The new product line will enable the linking and collecting of power produced by offshore wind turbines before onward transmission to the onshore grid. The facility in Wrexham is the only factory in the UK that is capable of manufacturing these submarine cable cores.

A new digital heart

The Group's new digital ecosystem leverages on storytelling and branded content to strengthen its role as leader in manufacturing.

Prysmian launched its new corporate website **prysmiangroup.com** after some extensive restyling work, aimed at presenting to the greater public the ongoing digital transformation of the company.

"The new site represents an important stage of our digital transformation process", stated Stefano Brandinali, CIO of Prysmian Group. "It's also an opportunity to tell, from a new and different point of view, the story of what we have been doing passionately for 140 years – thanks to our large international projects – by putting people at the centre of our stories."

The evolution of the website was a necessary addition to the evolution of Prysmian Group's online presence, in order to improve the usability and usefulness of a platform that welcomes more than four million visitors per year, 140,000 visits per month, in 30 different languages. Stakeholders, clients, institutions and workers (and potential Prysmian employees) can now browse everything they need to know on a completely responsive website, easily accessible from any device.

In accordance with the Group's digital strategy and employer-branding focus, the new website puts people at the centre of the stage, since 'the human factor' has always been the main asset for the company. Prysmian people can now be empowered and engaged by the new storytelling approach and interesting variety of content – interviews, videos and portraits – feeding into the Group's new digital platform.

Moreover, the website solidifies Prysmian's customer-oriented approach with a new product finder that indexes more than 1,700 products and related services.

"Our customers and employees have always been our main priority. That is why we chose to leverage digital channels to keep a constant dialogue with them and with our stakeholders" comments Lorenzo Caruso, Corporate & Business Communications Director of Prysmian. "That is the reason why we decided to renovate the structure and the design of our website, providing users with an immersive experience that will spread – through interesting editorial content – our values, our history and everything that makes us the world leader in our industry".

Innovators in the field of company training

A new Training Centre at the Group's Milan headquarters will host courses for the Prysmian Group Academy, with more than 1,000 attendees planned for 2017.

In a major step forwards in its strategy of developing human capital, Prysmian Group inaugurated its Training Centre at the new Milan headquarters. With more than 1,000 attendees and a total of 150 training days planned for 2017, its new classrooms will host the courses of the Prysmian Group Academy, the Group's corporate university created in 2012 in collaboration with the SDA Bocconi School of Management for managerial training.

Two classrooms will host courses for the two major departments into which the Academy is organised: the School of Management, which aims at strengthening leadership and management skills, and the Professional School, which aims to develop and strengthen technical skills via transfer from senior staff to their younger counterparts.

Five years on since its creation over 1,500 individuals of various nationalities have received training from 50 SDA Bocconi faculty members, and professors from some of the world's foremost business schools, as well as over 180 senior Prysmian employees who have made their know-how and expertise available to the company.

"We are extremely proud to have inaugurated the Training Centre at our new Headquarters," stated Fabrizio Rutschmann, Senior Vice President HR & Organisation at Prysmian. "This is a further step forwards in our strategy of developing human capital, which represents a valuable, essential resource for the Group."

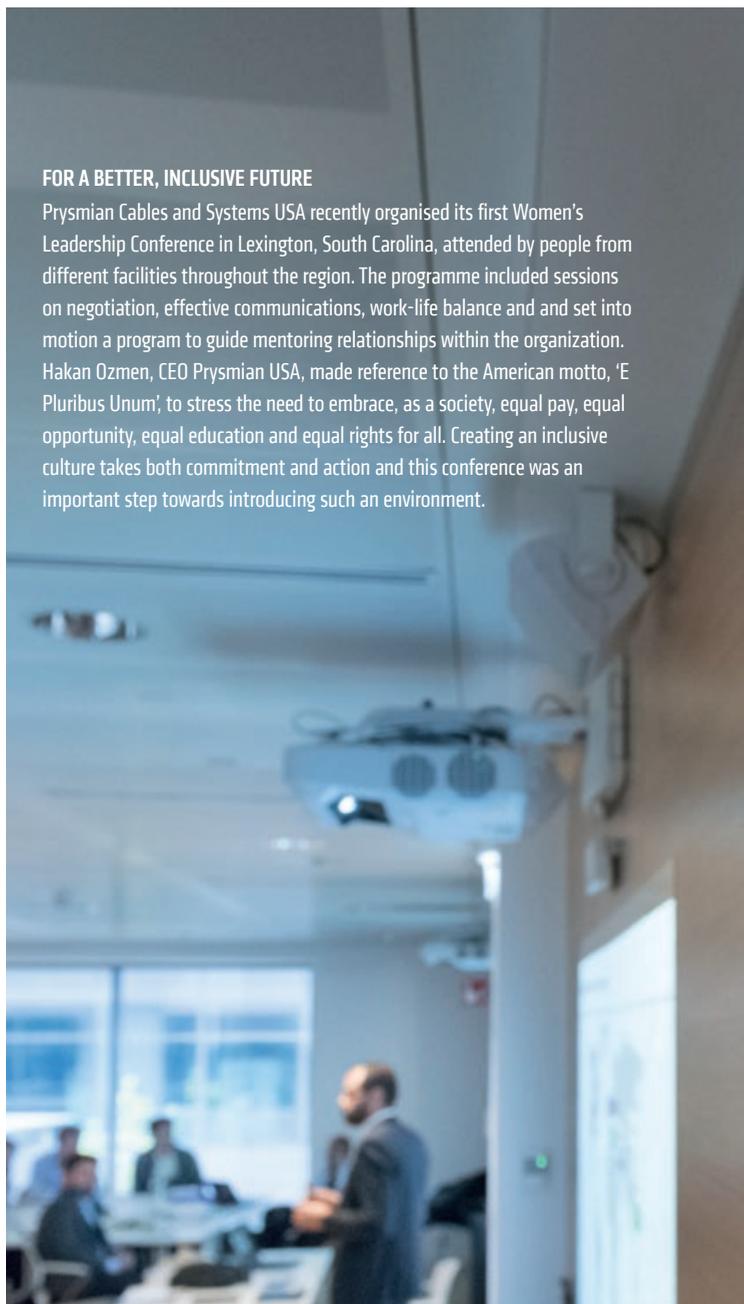
Prysmian is one of the first large Italian companies to have founded its own school dedicated to managerial and professional training, confirming its standing as a major innovator in the field of company training. The Academy is a concrete tool for sharing managerial and technical best practices. Thanks to its international nature, it fosters an innovative, entrepreneurial approach to business and a shared spirit of diversity and integration.

AT THE ROOT OF MANUFACTURING

The new Training Centre is located at the Group's recently built headquarters in Milan's historic manufacturing district, Bicocca and embraces sustainability and smart working as two fundamental concepts. The Milan Academy follows on from the success of the Manufacturing Academy, inaugurated in 2016 at the Mudanya plant in Turkey. The Product, Innovation & Technology Academy in Lexington, USA, is scheduled to be opened by year-end.

FOR A BETTER, INCLUSIVE FUTURE

Prysmian Cables and Systems USA recently organised its first Women's Leadership Conference in Lexington, South Carolina, attended by people from different facilities throughout the region. The programme included sessions on negotiation, effective communications, work-life balance and set into motion a program to guide mentoring relationships within the organization. Hakan Ozmen, CEO Prysmian USA, made reference to the American motto, 'E Pluribus Unum', to stress the need to embrace, as a society, equal pay, equal opportunity, equal education and equal rights for all. Creating an inclusive culture takes both commitment and action and this conference was an important step towards introducing such an environment.



The value of diversity



Prysmian launched a new global initiative across the Group called 'Side By Side' to further overcome barriers and spread its inclusive cultural approach.

Prysmian aims to promote the value of diversity for personal enrichment and as a tangible asset for the Group by sharing professional and personal stories of company employees. But Side By Side is more than just a programme. It aims to fulfill Prysmian's policies through a campaign of awareness based on 3 pillars: specific activities such as focus groups and team building; constant updating of the Group's diversity policies, and communication as a tool to tell the 'diversity stories' of company employees.

"Diversity is something that we don't find within ourselves. It must come from others. In line with our growth mission, we need new ideas, new perspectives, and more talent". These are the words of Hakan Ozmen, President and CEO of Prysmian North America, and Marcello del Brenna, President and CEO of Prysmian Latin America, to define the main reason for the project. The project originated from the awareness that dealing with diversity means first understanding how people perceive the subject and how it can be turned into value for the entire company.

AMBITIOUS GOALS

Some objectives of the Side By Side project are numeric. By 2020 there should be at least a 10% female presence in top management; an increase from 6% to 12% of the total female workers in executive roles, and an increase from 30% to 40% for white-collar positions. Besides numbers, the ultimate goal is cultural; spreading Prysmian's way of dealing with diversity – rooted in work, research, innovation and equality – beyond the current boundaries of the factories and the headquarters, to diffuse and strengthen a new industrial culture of inclusion.

FOUNDING PRINCIPLES

Prysmian has addressed the themes of diversity and inclusion since its very foundation, with the realised goal of creating a modern, functional and respectful working environment. The company developed its Diversity and Inclusion Policy – adopted in every Prysmian facility all over the world – with the purpose of creating an internal industrial culture shared by all employees, in dialogue with local traditions but aimed to the future.



PryVileged customers

Exclusivity. Loyalty. Engagement. Continuity. These are the prime values underlying the Customer Loyalty Programme.

The exclusive PryVilege Membership Club, composed of key customers from around the world, aims to be a constant link between Prysmian Group and its top customers for the cable distribution market. The PryVilege Club's purpose is to create a sense of belonging and group identity for Prysmian's key customers. It is also 'the place' where this relationship will be consolidated and strengthened through high-level initiatives and tools such as a dedicated website and annual meetings used to deliver all information and communications.

So far, four PryVilege events have successfully taken place with great satisfaction expressed by the hosted clients. The latest was held in Nice, France, and introduced by Lorenzo Caruso,

Corporate and Business Communications Director, with a focus on both the power cables business and the digital revolution that is affecting the industry. Two topics were explored by Hans Nieman, SVP Energy Products, who investigated the trends, strategies and investments in the electrical cable business, and by CIO Stefano Brandinali, who explained how the digital revolution is affecting the cable sector. Formula 1 executive Mark Gallagher was also among the panelists at the event.

The first 'Linking the Future' PryVilege meeting was held in Dubai at the Burj Khalifa, the world's tallest tower and an icon of Prysmian cable and system excellence, while the following two took place in Sorrento, Amalfi Coast, and Mallorca, Balearic Islands.

Improving technology for humans

Aimed at students of Bachelor and Master degree courses in engineering, physics and materials science, and launched by Prysmian in partnership with the Human Foundation, the second edition of the 'Technology for Human Beings' contest was a roaring success.

Six out of the 43 theses submitted, assessed on the basis of criteria concerning their originality and quality of research, received awards at the Annual Meeting of the Human Foundation.

The theses were selected by a commission made up of:

- Attilio Citterio, Professor at the Polytechnic University of Milan
- Marcelo Andrade, Prysmian Research & Development SVP
- Roberto Galimberti, Vice President of the Human Foundation.

Winners in the Bachelor degree category, the winners were as follows:

- **Natalia Scarcelli, of the University of Calabria**
- **Eugenio Roberti, of the University of Tor Vergata, Rome**
- **Luca Longoni, of the University of Milano-Bicocca.**

Winners in the Master degree category were:

- **Simone Ghio, from the Polytechnic University of Turin**
- **Nicola Viafora, from the University of Padua**
- **Luca Buono from the University of Palermo.**

All received a cash prize, and the top candidates in each category were also offered a six-month internship at Prysmian.



Remote working arrives

Prysmian cares about its employees and their private lives outside the workplace, and has resolved to introduce flexibility and smart working for more satisfying work-life integration.

The need for a 'work-life balance' is becoming an ever-more discussed issue in the media. In fact the technological evolution has completely turned the traditional ideal of work on its head, moving it away from the idea of just one physical space. This widens the idea of smart working – involving a larger autonomy in the choice of personal spaces, schedules and tools – with the focus shifting from innovation to the enhancement of the worker's private life.

Prysmian is now inaugurating a programme of 'work-life integration', with the goal of setting new standards in the flexible use of personal time and seamless integration between private life and work.

The first step in the process was the building of the new HQ, which completely changed the traditional use of Prysmian workplaces and defined a new, more fluid way of living and working, consistent with the innovations of which the company is a champion.

The most important changes towards this new balance will be introduced at the beginning of 2018, when remote working will make its official entrance into our practices, welcoming in a new era for Prysmian's way of doing things. It will be yet another feather to add to the cap of the global leader's innovative and caring corporate culture.



A STRENGTHENING CONNECTION

Prysmian Group has re-launched Viewpoint, the initiative focused on listening and responding to the needs of its people, to further strengthen the powerful connection between the company and its employees. With all members of staff involved for the first time, a high percentage completed the survey. So stay tuned to discover the outcome in the next Insight issue!

Prysmian
Group



www.prysmiangroup.com

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