

# INSIGHT

**Prysmian** Quarterly magazine  
Group 03 | 2016

## FIBRE IS KEY TO THE DIGITAL SINGLE MARKET

Prysmian calls on Europe  
to end 'technological neutrality'

Profitability climbs  
amid sales growth in H1

Fast forward  
towards excellence

The "cable of records"  
handed over



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# THE DRIVERS OF GROWTH

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## Editorial Team Insight

**R**esults for the first half of 2016 were characterised by a marked growth in both revenue and profitability for Prysmian. The biggest drivers of growth were identified as Energy Projects and Telecom, with strategic business practices contributing a notable boost to the bottom line. CEO Valerio Battista noted that important technological innovations, introduced between 2015 and 2016, have left the Group ideally positioned to capitalise on market opportunities, reinforcing the importance of innovation and technological excellence in achieving positive results.

As a market leader in pioneering technology, Prysmian Group understands its role in shaping the future of the industry alongside the needs and requirements of its stakeholders and international decision makers. In this month's GLOBAL SCENARIO, we report on our presentation to European policy-makers, where we highlighted the importance of enabling the Digital Society, and called on the European Commission to put an end to the technology neutrality and recognise that only optical fibre has the capacity the 'Gigabit Society' demands. The Group told the commission to be

consistent with its ambitions for greater digital capability by supporting the roll-out of optical fibre technologies.

We also dive into the heart and soul of the company with a FOCUS ON Operations and Manufacturing - a key factor in our strategic market advantage. With the Group goal of increased production to ever-higher standards always in mind, Chief Operating Officer Andrea Pirondini tells INSIGHT what the strategy is, identifies the values associated with Operations and explains what we can expect for Prysmian in the future.

DOING BUSINESS investigates an active few months for Prysmian, with diverse project wins across the world. In the U.S., the Group was awarded the contract to supply vital components to US air carrier JFK, over in Singapore, Prysmian is supporting a new ultra-high speed IT network and a project to provide submarine links to the Venetian Lagoon was secured. We have also completed the successful handover of the 'cable of records', the power transmission submarine link between Sicily and Calabria in Italy, reputed to be a milestone in terms of technological features and installation complexity.

# FIBRE IS KEY TO THE DIGITAL SINGLE MARKET

Prysmian calls on Europe to end 'technological neutrality'



**The Group calls for the end of technology neutrality, as only optical fibre has the capacity the ‘Gigabit Society’ demands.**

**P**rysmian Group called on the European Commission to be consistent with its ambitions for a Gigabit Society by supporting the rollout of optical fibre technologies – a position that implies moving on from the doctrine of technology neutrality in the long run. The call was part of a new study on broadband deployment that the company presented in the European Parliament to European Commission officers, industry representatives and technology journalists, as well as any members of the European Parliament with an interest in digital affairs. ▶

### **Intelligent choices are essential.**

MEP Massimiliano Salini, who hosted the meeting alongside MEP Emilian Pavel, stressed that ‘future-proof solutions’ are much needed in order to meet the rapidly expanding demand for data in Europe.

Industry perspective was provided by Jean-Pierre Bonicel, Senior Business Development Director at Prysmian, who emphasised that sustainable digitalisation relied on the careful selection of high-quality network components such as fibre, cable and connectivity. Intelligent choices in this domain are essential to ensure that network disruptions are minimised and the end service is optimised. He held that only optical fibre technologies had the capacity to meet the demands of the Gigabit Society in the long run. “While a period of transition to this new technology is of course understandable, the Commission and Member States should provide public support to optical fibre and other genuinely future-proof solutions,” Bonicel stated.

### **Lending expertise to EU legislators**

Interest in telecoms infrastructure and the accompanying European legislation will be heating up in September, the deadline for the Commission’s proposals. Philippe Vanhille, Senior Vice President of Telecom Business at Prysmian, commented that the Group “is happy to help facilitate this important legislative discussion. We will continue to lend our expertise and market insights to help European legislators deliver a telecoms framework that can support the vision of a Gigabit Society.”



## The only way to ensure long-term speed increase

According to a new study by Wolter Lemstra, a senior research fellow and telecoms specialist at Delft University of Technology, a long-term increase in connection speeds could only be delivered through fibre optic networks.

The study cautioned that despite the liberalisation of telecom markets, governments still have an important role to play in cases of market failure. Although leading European countries are performing well, attention must be paid to the digital laggards, with the aim of closing the gap between the top performers and the rest. Special attention is also needed for rural areas, where progress will require a bottom-up process, involving collaboration between government and users.

# Legislators pay a visit to Europe's largest optical fibre plant

**A cross-party group of MEPs paid a visit to the Group's factory in Douvrin, France, the largest and most modern site for the production of optical fibre in Europe. The European Commission will soon define its approach to telecoms in order to determine whether Europe develops a high-performing network and attains the Gigabit Society to which it aspires.**

## Converging statements

During the visit, participating MEPs contributed to a policy debate, raising issues of ICT investment, the forecasted expansion in demand for data, and the connections between optical fibre and 5G. Austrian MEP Paul Rübiger, Chair of the European Parliament's Science and Technology Options Assessment Panel, described Prysmian's presentation of

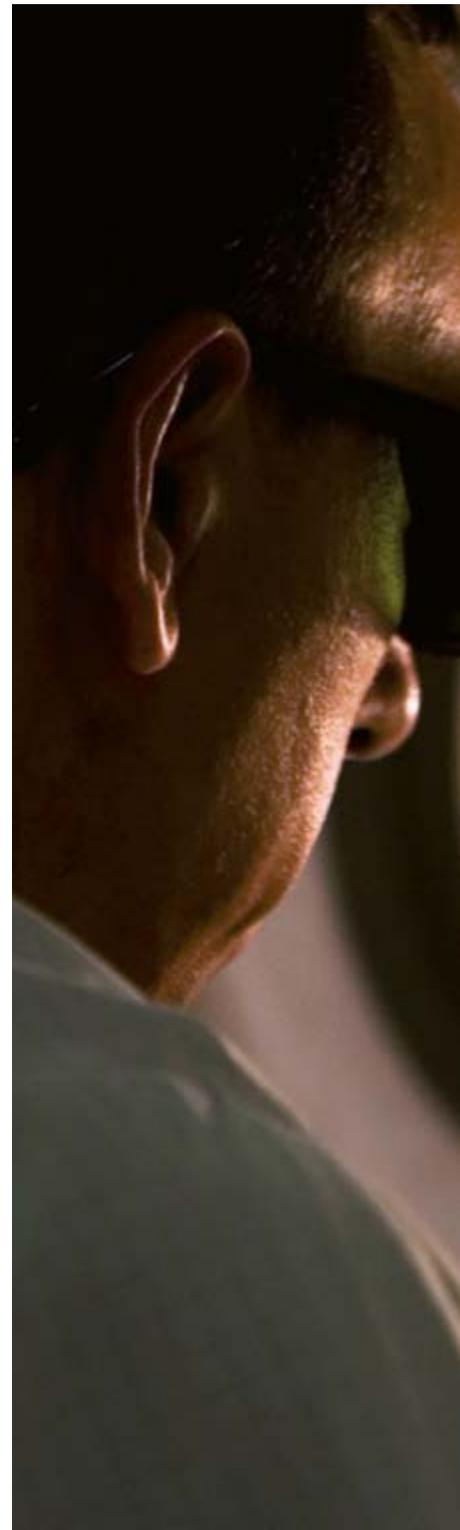
optical fibre technology as 'impressive'; MEP Dominique Riquet, President of the Long Term Investment and Reindustrialisation Intergroup, defined a shift to optical fibre as 'essential', while Italian MEP Flavio Zanonato drew attention to the challengingly high level of investment required.

## Showcasing TLC solutions in the UK

Prysmian UK organised innovation seminars to introduce the Group's new technical solutions to its many key telecom customers, including the largest telecom companies in the UK. These London and Dublin events provided the ideal platform to present and discuss technical and insightful product information. Alain Bertaina, Director of Telecom Fibre, and Alessandro Pirri, Director of Connectivity and FTTX among the others, showcased cable, connectivity and installation innovations – largely developed through customer feedback and market knowledge.

Most enthusiastically received was our NEWT (Nano Extended Wavelength Technology) Optical Cable Overblow Solution, a process that enables high fibre capacity mini cables to be blown into already existing and occupied underground sub-ducts that may have previously been considered full.

The solution allows extra capacity to be added to a network without the need to undertake civil work. Product displays showing RetractaNetXS and VertiCasaXS installations were used to demonstrate Fibre To The Home (FTTH) solutions, whilst samples of the Group's new range of optical cable joints – including Large Multi-function Joints (LMJ) – were handled by delegates to enable them to appreciate their full range of features, advantages and benefits.



### **Europacable: Ready to connect Europe**

“With Europe’s future being ever-more energised, digitalised and connected, wire and cables will be essential for the wellbeing and competitiveness of our society.” With these words, President Valerio Battista began his address to the 2016 Europacable General Assembly in Brussels. He confirmed that Europe’s leading wire and cable manufactures are ready to “connect Europe” – through Europacable the industry will continue to contribute towards any

key EU cases relevant to the creation of Europe’s Energy Union and Digital Single Market. The new Europacable structure comprises five core teams: Energy, led by Raul Gil, Prysmian PowerLink Chief Operating Officer, Digital, led by Philippe Vanhille, Senior Vice President of Prysmian Group’s Telecom Business, Industry, led by Christopher Guérin, HSE, led by Antonio Traversi, Prysmian Group’s HSE Director, Communication, led by Yann Gontier.



# FAST FORWARD TOWARDS EXCELLENCE

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**The discovery of the key factors we believe shall distinguish a world class leader in operations and manufacturing.**



Operations play a strategic role in an industrial concern like the Prysman Group, manufacturing has historically been part of the soul of the company. While we shall be proud of this strong and healthy DNA, the primary goal of a competitive operation machine today is to continuously strive for the best customer performance. Andrea Pirondini, Prysman's Chief Operating Officer, talks to INSIGHT about the company's operations strategy, the values associated with it, and what can be expected for the future.

“**T**he essence of our job is to make sure resources are in the best condition possible to stay ahead of competition and continue to grow, through better quality and cost”, is Mr Pirondini's decisive answer when asked why Prysman launched a campaign to communicate its operations strategy throughout the company, and why it is called 'Fast Forward Operations'.

He explains that company-wide knowledge of the various issues and priorities addressed by operations will be beneficial. Some issues draw on history and identity, as Prysman is a company with an important industrial backbone, that has grown through various acquisitions. While the

market recognises the Group as the global leader in the cable industry, Prysman has a relatively fragmented production footprint, with many plants, each producing different products and solutions for various customers and markets.

“Today,” Pirondini adds, “we're running several projects to improve and spread our best production practices, avoid waste of resources, and leverage the company know-how and expertise. The main aim of the campaign is not only to raise awareness about improvements and best practices, but most of all to stimulate momentum and allow a higher level of participation from everyone in the company.”







The campaign is aimed at familiarizing with two main concepts: the first is the drive of the whole supply system towards customer performance excellence, as the customer is at the centre of the Group's daily work; the second is the 'Make It! Culture'. Addressing the first topic, Pirondini tells us that, "Excellent service starts with a thorough understanding of customer needs, and develops through to the on-time supply of high-quality products or solutions, as well as the prompt management of any critical situation." The 'Make-it! Culture', in turn, is "driven by a strong sense of pragmatism and simplification, a positive and "can do" attitude both towards colleagues and customers".

Of the decision to use 'Fast Forward' as the strapline for the campaign, he says, "It's simple and communicates the essence of where we think we should focus our efforts to improve." Ultimately, it reflects the idea of speed – both in responding to customer requirements and in decision making. "But it also means the capability to adapt both ourselves and the supply chain to market fluctuations, investing to develop large, modern centres of excellence, as well as more flexible supply configurations."

In order to become more agile, and manage customer dynamics better than competition, investing in and developing human capital is needed. This is why,

in strong partnership with the HR team, Operations recently launched the Manufacturing Academy and a series of professional training courses, designed to strengthen the competencies of employees and nurture the next generation of engineers. The purpose, Andrea explains, is "not only to train people, but also the creation of a strong professional network to exchange knowledge and to inspire everyone to participate more and more proactively." Prysmian is now developing important centres of excellence with a regional scope, fully supported by its employees. The key is to make sure the most talented resources understand the value this opportunity represents for their professional future.



**“Our ‘Make It’ programme represents the first time we have taken such a unique approach to recruiting and onboarding. This is quite different from the typical spot-recruitment efforts, where we hire professionals from within the industry.”**

**Fabrizio Rutschmann**  
*HR Senior Vice President  
 at Prysmian*

## Searching for talent from outside the cable universe

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Thanks to Prysmian’s recruitment programme, ‘Make It: A Manufacturing Career at Prysmian Group’, there are now 50 newly-hired manufacturing professionals from all around the world. These engineers and technical specialists come from outside the cable industry and have an average of five years’ work

experience in manufacturing, operations, and quality functions. The programme began with a two-week induction, the first week in Milan, during which participants learned about Prysmian Group as a leading cable company, and the second in Mudanya, Turkey, at the Manufacturing Academy’s centre of excellence. During

the induction, participants met the Group’s managers, listened to their speeches and shared their experiences with them. The programme was designed to introduce the engineers to the cable industry – which is new to most of them – while providing the basics of cable design, machinery, and processes specific to the industry.

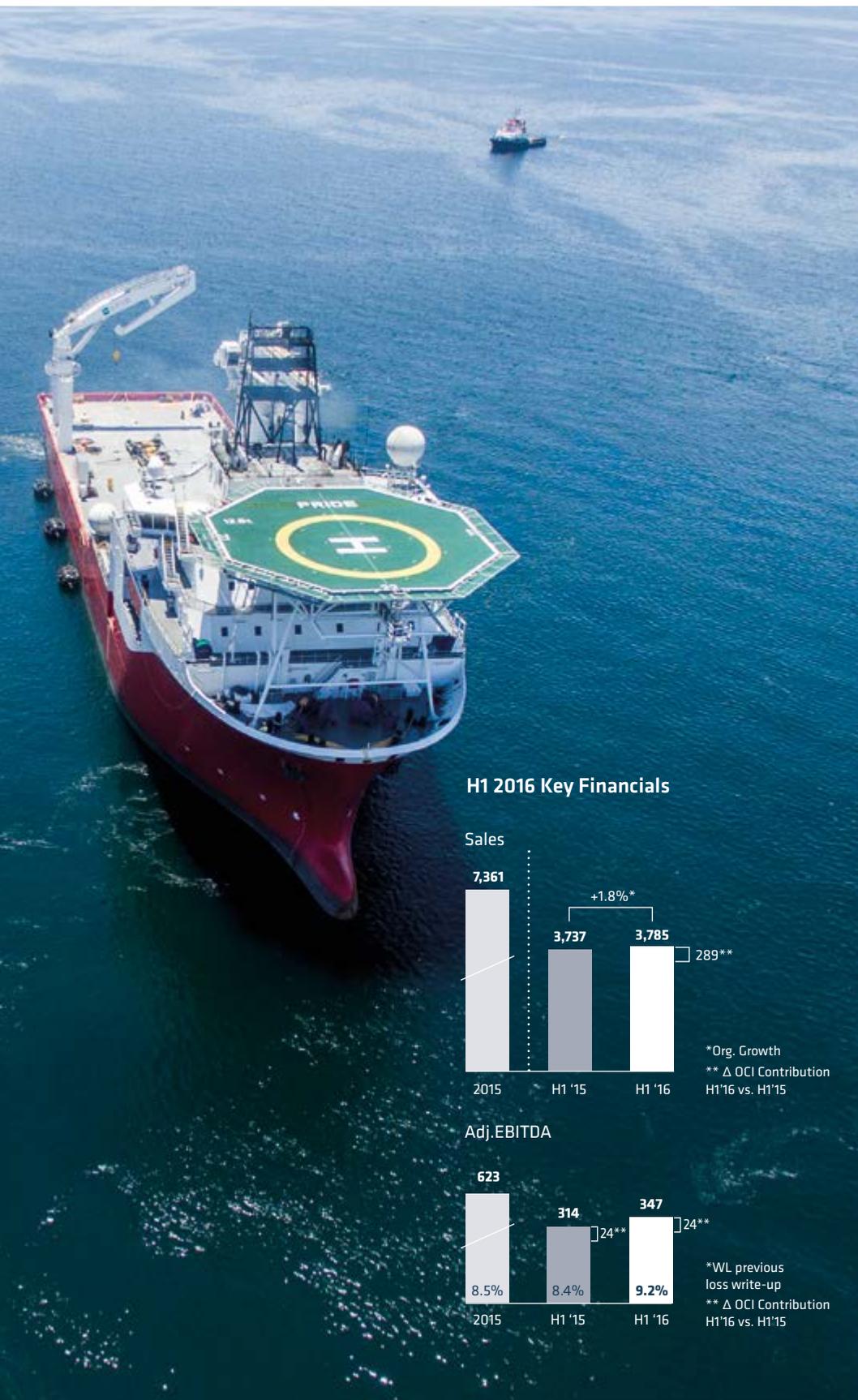
# PROFITABILITY CLIMBS AMID SALES GROWTH IN H1 2016

The results for the first half of 2016, approved by Prysmian's Board of Directors, showed strong impetus from strategic business as organic growth by Energy Projects jumped 22.7%.

**T**he Prysmian Group's first-half results were marked by revenue growth and a significant improvement in profitability with the biggest drivers of growth being Energy Projects and Telecom. CEO Valerio Battista explained that "the important set of technological innovations introduced between end of 2015 and 2016, involving the launch of the 600kV and 700kV cable systems, combined with greater project execution capabilities, involving the commissioning of Ulyisse, the Group's third cable vessel, mean the Group is well positioned to continue taking advantage of the opportunities offered by the market". In the Telecom business, growth has been driven by the recovery in optical fibre competitiveness and the new optical cable manufacturing capacity in

Eastern Europe. Performance by the higher value-added businesses has contributed to a fresh upturn in profitability, with a significant improvement in margins, also thanks to actions taken to reduce fixed costs and rationalise manufacturing footprint. The newly acquired Oman Cables Industry has also provided an important contribution in this regard.

Group Sales amounted to €3,785 million, posting organic growth of 1.8%. The satisfactory execution of the large number of projects currently in the order book has led to a 22.7% jump in revenue for the Energy Projects segment, a result that reflects not only positive performance by submarine cables and systems but also excellent high voltage underground sales.



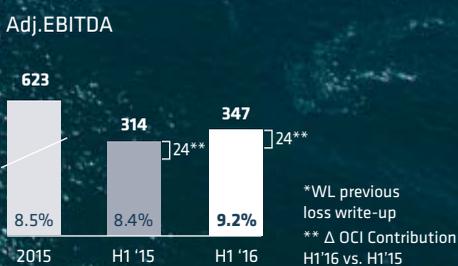
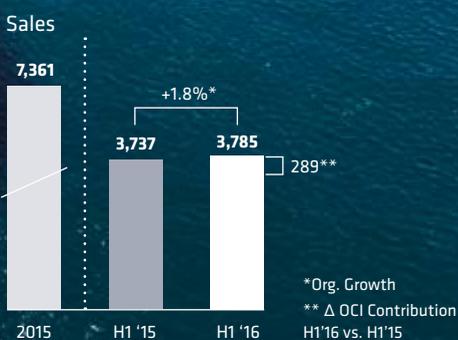
Sales grew organically by 1.8% to €3,785 million as the satisfactory execution of the large number of projects led to a 22.7% jump in revenue for Energy Projects, while Energy Products (E&I and Industrial & NWC) reported a slight drop, Telecom saw the uptrend accelerating in Q2, while Oil&Gas continued declining as expected.

Adjusted EBITDA amounted to €347 million, up from €314 million in the first half of 2015 with a considerable improvement in margins: 9.2% of sales from 8.4% of H1 2015. EBITDA amounted to €322 million compared with €261 million in the first half of 2015.

Net Financial Position reported a balance of €1,031 million as of 30 June 2016 versus €979 million one year earlier. Excluding the impact of recent acquisitions it would have been €811 million. Among the principal factors over the previous 12 months that influenced net financial position were a €551 million in cash flow provided by operating activities before changes in net working capital.

The Group confirmed its forecast for an Adjusted EBITDA for FY 2016 in the range of €670-720 million, markedly up from the €623 million reported in 2015.

### H1 2016 Key Financials



## ENERGY PROJECTS POSTED STRONG GROWTH

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**Strong uptrend confirmed for Submarine Cables while High Voltage underground posted positive performance. Profitability also improved.**

The Energy Projects Operating Segment reported sales at €761 million in the first half of 2016, with strong organic growth of 22.7%. Profitability also improved, with Adjusted EBITDA at €111 million compared with €100 million in the first half of 2015, which benefitted from €24 million Western Link previous loss write-up, while the margin on sales was 14.6% versus 15.6% one year earlier.

Sales of **Submarine Cables and Systems** grew considerably, driven by progress in the execution of the important projects currently in the Group's order book. Margins also improved markedly thanks to the focus on project management and to the enhancement of cable installation assets, making it possible to in-source more installation operations. Ulisse has entered service as the third vessel of the Group's cable-laying fleet, which already numbers Giulio Verne and the Cable Enterprise. Ulisse is suited to shallow water operations and is a very important asset for offshore wind farm projects.

Sales of **High Voltage Underground** cables performed particularly well in the wake of work on the France-Italy interconnector and the execution of projects in North America and Asia Pacific. The underground and submarine power transmission order book stands at €2.95 billion. The market scenario for submarine cables and systems remains



solid, with good opportunities expected in the offshore wind sector in France, the Netherlands and Great Britain in the second half of 2016 and in 2017. High voltage underground tendering activities are also continuing at an intense pace in the Middle East.

## STRONG PROFIT INCREASE FOR ENERGY PRODUCTS

**The first half saw a gradual improvement in margins for Trade & Installers while Power Distribution growth was in line with forecast. Within Industrial, Elevators and Automotive were positive, while a slowdown occurred for Specialties & OEM.**

**Energy Products Operating Segment** overall sales amounted to €2,298 million, of which €289 million from the line-by-line consolidation of Oman Cables Industry since 1 January 2016. Oceania and certain Asian countries grew, Europe and North America were stable while a steep reduction in underlying sales was recorded in Brazil and Argentina. Adjusted EBITDA jumped 20% to €151 million almost entirely due to the first-time consolidation of Oman Cables. Margin also improved to 6.6% from 5.5%.

Sales of **Energy & Infrastructure** rose to €1,567 million from €1,468 million while profitability improved, with Adjusted EBITDA climbing to €87 million from €63 million and the margin on sales improving to 5.5% from 4.3%, mainly benefitting from the consolidation impact of Oman Cable Industry, contribution to additional €24 million compared to H1 2015.

The results for **Trade & Installers** showed a slight decline in sales due to the focus on a mix designed to improve profitability. Positive performances were recorded in Eastern and Northern Europe and Oceania. Power Distribution confirmed a



positive sales trend, particularly driven by North America, the Netherlands, Northern Europe and Asia Pacific.

**Industrial & Network Components** sales amounted to €682 million with some weakness in certain sectors of Specialties & OEM. Adjusted EBITDA improved to €64 million from €61 million with margins rising to 9.4% from 8.2%.

Specialties & OEM remained generally stable. Defence, Crane and Marine all enjoyed positive sales, while Nuclear, Railways, Mining and Renewables were weak. Elevators enjoyed a solid performance with increased market share in North America and APAC. Automotive reported good underlying increase in second-quarter sales, while Network Components improved profitability.

## IMPACT FROM THE OIL CRISIS CONTINUED

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**But the SURF business showed greater resilience thanks to integration with GCDT. Focus on supply chain optimisation and effective use of manufacturing footprint.**

The **Oil & Gas Operating Segment** reported sales of €156 million with negative organic growth of 33.9% as the performance has been hit hard by the drop in oil prices that affected investment decisions in the Oil&Gas sector. Adjusted EBITDA came in at €7 million from €17 million, with margin of 4.2%.

The deterioration in performance by the core Oil & Gas business reflected adverse market conditions with slow demand for both offshore and onshore projects. In response to the steady erosion of margins, the Group will make greater use of its Asia-based manufacturing facilities while

continuing to invest in making production more efficient.

In the **SURF business** (Subsea Umbilicals Risers and Flowlines), the performance of Umbilicals has been in line with forecast reflecting a new framework agreement in Brazil, while efforts continue to optimise the supply chain and strengthen integration with key suppliers.

The contraction in volumes in the **Downhole Technology business** has been partly offset by synergies from the recent acquisition of Gulf Coast Downhole Technologies LLC.

## TELECOM: SALES ROSE ALONG WITH PROFITABILITY

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**Sales posted an organic growth of 5.8% while the improvement in profitability was achieved despite bad debt provisions in Brazil. Continued growth for Copper Cables and Multimedia Solutions.**

The **Telecom Operating Segment** scored sales growing organically by 5.8% to €570 million, reflecting generally stable revenue from optical fibre cables and strong growth in copper cables in Australia. Profitability also improved, thanks to effective results in improving optical fibre cost competitiveness and to the expanded capacity in Eastern Europe. Adjusted EBITDA came in at €78 million (€86 million excluding €8 million in bad debt provisions in Brazil) compared

with €71 million while margin on sales improved to 13.7% (15.1% excluding the impact of bad debt provisions in Brazil) from 12.2% of H1 2015.

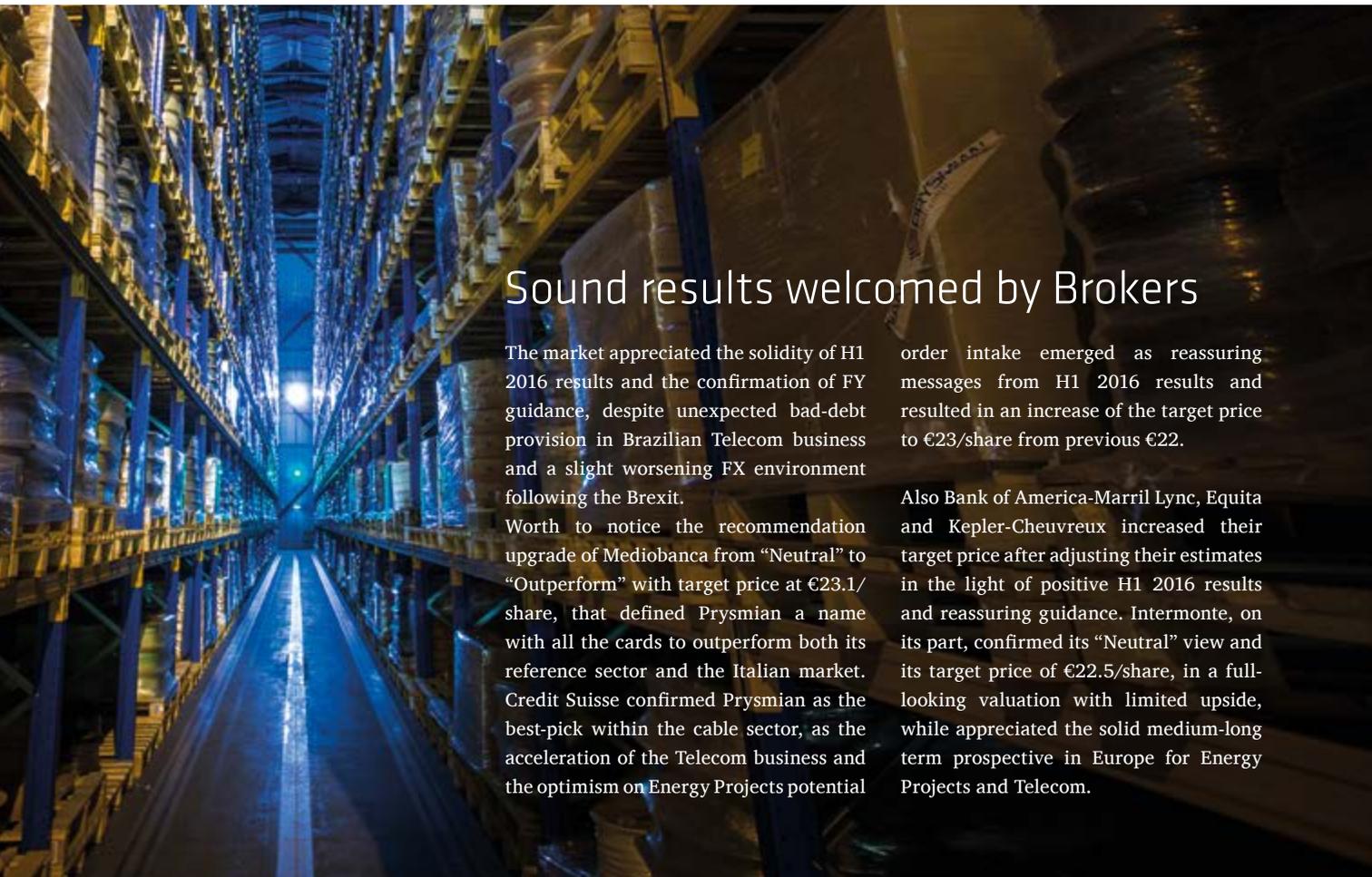
In the **Telecom solutions**, sales of optical cables were largely stable with signs of accelerating in the second quarter, reflecting strong performance in Australia, in North America and in France, with the construction of backhaul links and FTTH



connections for leading operators. Other European countries as well as South America remained weak during the first six months of 2016.

**Multimedia Solutions** continued their upward trend thanks to growth in the European market and production capacity extension in the copper business.

The Group is resolutely moving ahead with its plans to increase competitiveness and profitability by creating manufacturing centres of excellence. In Slatina, Romania, the Group has created a new state-of-the-art production facility allowing it to serve the European market.



## Sound results welcomed by Brokers

The market appreciated the solidity of H1 2016 results and the confirmation of FY guidance, despite unexpected bad-debt provision in Brazilian Telecom business and a slight worsening FX environment following the Brexit.

Worth to notice the recommendation upgrade of Mediobanca from “Neutral” to “Outperform” with target price at €23.1/share, that defined Prysmian a name with all the cards to outperform both its reference sector and the Italian market. Credit Suisse confirmed Prysmian as the best-pick within the cable sector, as the acceleration of the Telecom business and the optimism on Energy Projects potential

order intake emerged as reassuring messages from H1 2016 results and resulted in an increase of the target price to €23/share from previous €22.

Also Bank of America-Marril Lync, Equita and Kepler-Cheuvreux increased their target price after adjusting their estimates in the light of positive H1 2016 results and reassuring guidance. Intermonte, on its part, confirmed its “Neutral” view and its target price of €22.5/share, in a full-looking valuation with limited upside, while appreciated the solid medium-long term prospective in Europe for Energy Projects and Telecom.

## Upbeat guidance confirmed for FY 2016

**The first six months of 2016 have witnessed moderate growth in the world’s major economies, partially eroded by the uncertain economic and political environment in some emerging countries. The unexpected Brexit outcome late In June has unleashed considerable economic and political uncertainty, translating into reaction by the exchange rates. Growth has remained stable in the US while political uncertainty continued to impact Brazil. The economies of China and Russia showed signs of stabilization.**

In such a context, the Group’s expectation for FY 2016 is that demand in the cyclical businesses of building wires and medium voltage cables for utilities will be in line with the previous year with a general stabilisation in prices. Given the positive market environment for the Energy Projects segment, the Group expects both the Submarine and HV underground businesses to improve. In the Oil & Gas, the low oil price and consequent reduction

in investments are expected to have an adverse impact especially in the core of this business. The Telecom segment is expected to see continued growth in demand for optical fibre cables in the second half of 2016 albeit at a slower pace. Assuming constancy of current rates, forex effects are forecast to have a negative impact on FY 2016 results.

The Group is confirming its forecast of Adjusted EBITDA for FY 2016 in the

range of €670-720 million, marking a considerable improvement from the €623 million reported in 2015. This takes into account the current order book and reflects the expectations for the full consolidation of Oman Cables. Prysmian is continuing in 2016 to rationalise its activities with the objective of achieving projected cost efficiencies and greater competitiveness in all areas.



# PRYSMIAN IS MORE THAN READY TO LEAD THE CPR CHANGE

As world leader in the cable industry, Prysmian Group is dedicated to offering the widest range of cables compliant with the new European Construction Products Regulation (CPR) by ensuring the highest levels of quality, safety and sustainability.

**T**he date of applicability for this new harmonised standard was June 10, 2016, with the co-existence period end-date set for July 1, 2017. The CPR covers any cable product intended to be incorporated into construction works, and subject to performance requirements on reaction and/or resistance to fire. Prysmian is more than ready to support its customers during this delicate transition period by providing the required capabilities for fire testing, product positioning and materials

development. The Group has been investing for many years in higher added-value products, and has developed a full range of high-performance cables that are fully compliant with the requirements of CPR across multiple European Countries.

#### **Helping deliver complete information.**

A Declaration of Performance and CE marking ensures consistency and reliability of information around performance for each cable. In order to help its clients in all steps towards

this milestone, Prysmian has developed and launched a dedicated website and communications campaign addressed to decision makers, professionals and, of course, its customers. These tools will help deliver correct and complete information regarding safer cables and CPR, and ensure a smooth transition in all countries and across the entire supply chain. Users will be informed about European and local developments, in order to promote readiness and cooperation with authorities and business partners.

# Innovation: a key factor in value creation



**At Prysmian, research and development (R&D) is key to the innovation and production of the technology that drives our growth. Speaking to internationally renowned Wired magazine, Marcelo Andrade, Head of R&D at the Group, gave an insight into how his team works to develop the most advanced technologies, whilst simultaneously enhancing sustainability and fostering human talent.**

In the cable industry, Andrade explained to Wired, “Innovation doesn’t just mean designing and manufacturing better and more competitive products and systems, but also working to improve other connected areas of the company, such as logistics or accounts.”

In a highly regulated field, Andrade concedes, “There is still much to do... both in terms of design and the materials we use in the manufacturing of cables.” Prysmian has demonstrated its commitment to innovation with significant capital investment devoted to R&D: some €70million per year across 17 global research centres. Today, Prysmian Group boasts dominance in the technology associated with High-Voltage-Direct Current cable systems (with a recently

announced record of 600Kv). In the field of submarine power connections, the Group operates at the forefront of installation, laying cables at record depths.

Andrade was also keen to highlight that the importance of cables in power transport distribution and communication is often underestimated, largely because cables is a B2B industry and installation is often subterranean, under the sea bed or requires concealment in buildings. In reality, our cables are found throughout the modern world, so maintaining a focus on the best available technology, sustainability and quality is critical.

Currently, Prysmian is working on projects with implications for both the medium and very-long-term future of the industry. The focus is chiefly in the nanotechnologies field, with the aim of identifying and obtaining new materials that promise extremely high levels of performance. “We work with graphene, carbon nanotubes and nanofiller, to mention just a few,” Andrade explains. “All those materials bring their own dynamic to our product offering, just as individual spices do in a recipe. This allows us to provide something unique and distinguish ourselves from competitors.”

In the field of power transmission products and systems, Prysmian is working towards using ever-higher voltages. Here too, materials can make an appreciable difference: Andrade explains, “They have to be lightweight, but also exhibit the highest mechanic performance.” He is keen to highlight how Prysmian goes beyond the idea of a cable that just connects point A to point B, “We develop solutions in terms of control and monitoring of cables as a system, moving towards the idea of a cable as an ‘active product,’ such as the recent Pry-Cam Grids system, devoted to the online testing and monitoring of networks.”

“CPR is a unique turning point in enhancing safety and quality in the European cable market. This regulation will guarantee a certain level of performance in relation to a cable’s reaction and resistance to fire, and its release of dangerous substances.”

*Valerio Battista,  
CEO Prysmian Group*

# Supplying vital components to US air carrier JFK

Seacoast Electric has chosen Prysmian Group to supply the Electro Magnetic Aircraft Launching System (EMALS) to be installed in the new aircraft carrier, USS JOHN F KENNEDY. EMALS is a vital component of the ship's offensive and defensive power capabilities, and the Group is partnering with Seacoast Electric to supply the shipbuilders.

The ship's additional electrical capacity, which will be achieved with an MV 15kV cable, is needed to support the EMALS system, as well as other advanced technology. All fixed-wing aircraft need assistance in achieving the required speed

for takeoff from the aircraft carrier's deck. Previously, the catapults used were powered by steam. The EMALS system uses linear induction motors to more accurately control aircraft acceleration off the deck.

Prysmian Group will also supply fibre optic cables compliant with military specifications known as MIL-PRF-85045. These cables are fully sealed to prevent water from migrating through the cable and into other parts of a vessel. These fibre optic products will use radiation-hardened optical fibre and have cross-linked polyolefin jackets for increased durability.

## Prysmian supports ultra-high speed network in Singapore

Prysmian has been chosen to support the development of the nationwide broadband network in Singapore as the Group has been awarded a new contract from NetLink Trust (NLT) worth around S\$15 million for the supply of optical fibre cables to NLT. "This important award cements our leading position as a valued partner for the telecom sector in the region", said Toni Bosch, Vice President Telecom Solutions at Prysmian Group. The contract from NLT consists of up to 10,000km of optical fibre cables to be installed in Singapore for the period of 2016~2018, which includes underground duct, flame retardant types utilizing G652D fibres.

## Separate contract awarded by Singtel

Prysmian Group has also been awarded a new contract from leading communications group Singtel worth around S\$22 million for the supply of optical fibre cables (Underground duct, flame retardant and ribbon types utilizing G652D and G657 fibres). Most of the broadband network in Singapore supports connection speeds up to 100Mbps, and Singtel understood the importance of installing a comprehensive optical network with reliable technology as the foundation for its telecommunications infrastructure. This will allow connections to perform 100 times faster than the speeds the country currently experiences and, with the use of optical fibre, a higher broadband speed will be delivered more efficiently and at a lower cost.



### Project secured for submarine links in the Venetian Lagoon

Terna Rete Italia has chosen Prysmian Group to provide submarine power cable links in the Venetian Lagoon. The contract, awarded by the power-transmission grid operator in Italy, is worth approximately €34 million, with the option for a second cable link with a value of approximately €25 million. The project is crucial for strengthening the high voltage power transmission grid in the Venice area and includes 14km and 6km-long High Voltage Alternate Current (HVAC) 132kV cable links. The cables will be produced in the Arco Felice plant (pictured), near Naples. Commissioning is scheduled for 2017. Prysmian Group had previously terminated the former high voltage submarine cable project linking Venice with the towns of Murano and Mestre.



## Two new orders from Terna Rete Italia

### Prysmian Group secures new high-voltage connections in Italy.

Prysmian has been awarded two new contracts by Terna Rete Italia, a Terna Group company that deals with the operation, maintenance and development of the Italian national power transmission network in a way that is respectful of the environment and local communities. Prysmian was allocated the highest-value lot in the tender, launched to award a framework contract for the supply of 150kV cables over a two-year period and with an option to renew for a third year. This has reinforced the Group's position both as a market leader and as a key supplier of Terna.

The Group will also implement the Palo del Colle project in the Puglia region, a turn-key project, that includes the provision of a new 150kV buried cable connection from the Palo del Colle Power Station to the Bari Power Station, known as 'Bari Termica'. The work is necessary to meet the increasing demand for domestic and industrial electricity in the province of Bari. The power line will consist of a set of three XLPE insulated single-core cables, a total of 35km of cable, produced at the Pignataro Maggiore plant (Caserta), for a value of around €7 million. Delivery of the commissioned system for the Palo del Colle project is scheduled for Q1 2017.

# THE 'CABLE OF RECORDS' HANDED OVER

The power transmission submarine link between Sicily and Calabria is a milestone in terms of technological features and installation complexity.

Prysmian Group successfully handed over to its customer Terna Spa Rete Elettrica Nazionale on the extra high voltage power cable link between Sicily and Calabria across the Messina straits. "We are proud to provide the best technology and know-how owned by our Group, the worldwide leader in this sector, for such a strategic link," stated Prysmian CEO Valerio Battista.

Prysmian developed and produced a double-circuit 380kV high voltage, alternate current land and submarine cable system installed along a route of approximately 44km – of which 38km run under sea – between the power stations of Villafranca Tirrena in Sicily and Scilla in Calabria. The project included the installation of

the first permanent monitoring system, an exclusive of Prysmian, carried out by way of 18 Pry-Cam Grids devices installed along the entire land-route section.

Prysmian installed the submarine cable with its own cable laying ship Giulio Verne, the vessel with the largest operation capacity in the world in this sector. The land cables installation proved to be among the most technically complex ever completed, with operations carried out in a vertical shaft of 300m, and a 2.8km-long, 12% gradient tunnel. The cable link was engineered and produced in the plant located in Arco Felice, near Naples. Prysmian was awarded the €300 million contract in December 2009.

## Prysmian to acquire Corning business in Germany

### The investment in the copper data cable operation will speed up growth in the Multimedia Solutions business.

Prysmian Group is further expanding its presence and speeding up growth in the Multimedia Solutions business with the acquisition of Corning's copper data cable operation in Germany. The world leader of the cable industry announced that it entered into an agreement for the acquisition of the operation, located in Coburg, from

Corning Optical Communications GmbH & Co. The acquired business reported sales of approximately €22 million in 2015, and consists of a plant for the production of CAT5, CAT6 and CAT7 cables.

The investment will allow the Group to further expand its presence in the

Multimedia Solutions business segment while speeding up its growth strategy. In particular, the business will enhance the Group's product offering for high-capacity and flexible cables for data transmission and data-centre solutions. The completion of the acquisition is subject to customary closing conditions.

### Investing in technology and execution

Prysmian's order book in the power transmission business amounts to €3.2 billion.

With the goal of further strengthening its worldwide leadership in the industry, the Group is currently involved in important investment programmes, both in terms of technology innovation – such as the first ever 700kV HVDC cable system, recently announced – and project execution, with the launch of a new cable-laying barge.

## Showcasing elevator excellence in China

Prysmian Group showcased its comprehensive product portfolio at the World Elevator & Escalator Expo in Shanghai, China. Products of Prysmian's Elevator Business Unit are specifically designed for the elevator industry and include a wide range of electronic, electrical, and mechanical solutions that enhance performance and innovation for

next-generation networks. The event came at a favourable time for the Group, which can benefit from the huge market and production capabilities offered by China. Prompted by the open policy and strong demand, China's elevator industry has made great changes with ever-growing industrial scale and a rapid upgrade of technical capabilities over the last 20 years.



# INFORMATION TECHNOLOGY? AT PRYSMIAN IT'S A STRATEGIC PARTNER

**Increasingly, technology helps us manage our information and communication needs in a faster and simpler fashion.**

**A**s a leading international company, Prysmian is dedicated to securing the most up-to-date solutions, allowing its people to connect with the company systems needed to support their long-term business objectives.

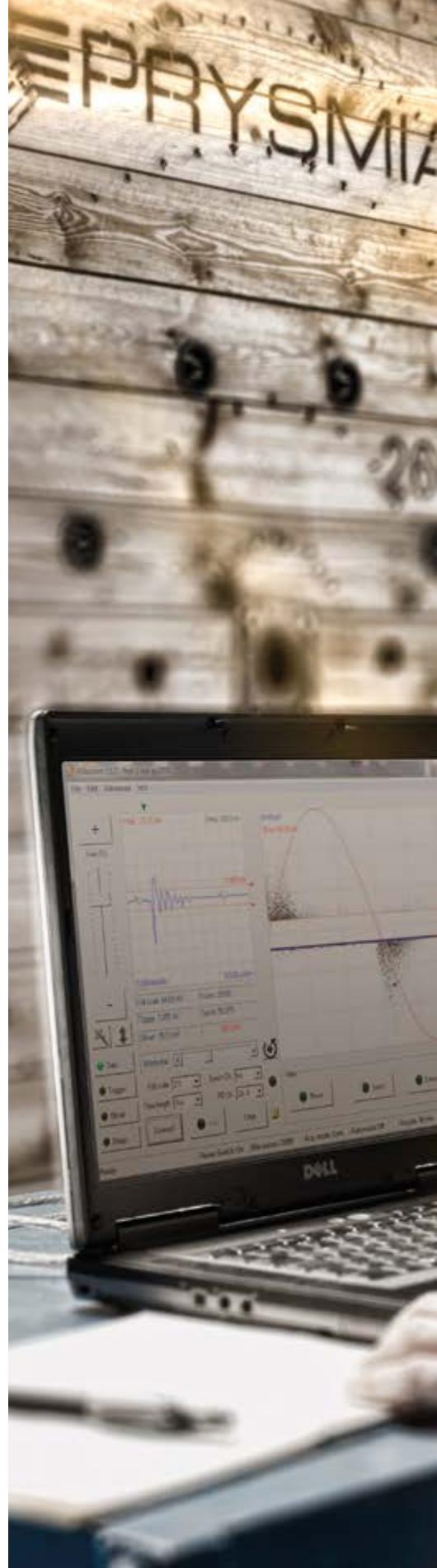
Stefano Brandinali, Group Chief Information Officer, has indicated that big challenges lie ahead, such as how to use Big Data within the company or how to take advantage of the potential of Internet of Things (IoT). The Group IT department recently published a new strategy to drive the development of technology capabilities over next years, based on four strategic pillars. The goal is to combine tradition and innovation supported by a strong and collaborative execution.



IT to develop a consultancy-style approach and be considered a partner in every area of the business. The third pillar is a “Cloud first” approach. Broadband allows us to work in the cloud whenever we want to increase our flexibility and improve our security. The fourth is Digital Transformation that will introduce the concepts of Industry 4.0, leveraging the potential of IoT, augmented and virtual reality, 3D printing, Smart Office. Brandinali explains that the purpose is to create a hybrid landscape with the right mix between the virtual and physical worlds, all with the aim of optimising the way people work. “For example,” he says, “we are working on the digitalisation of all the company documents, making them easily retrievable through a ‘Google-like’ search engine.”

The first pillar is called One, as SAP One client, a trusted resource-planning application that facilitates process harmonisation and standardisation. The second is Business Proximity, encouraging

In conclusion, in the future we will have to address the focus of IT more and more from Processes to People to ensure that our organization can be even more agile and effective.



### **Listening to employee opinions**

Viewpoint is a new project launched by Prysmian Group, created in partnership with Milan's prestigious SDA Bocconi School of Management, with the aim of better understanding how employees perceive Prysmian as a working environment. It will look at its effectiveness, but also at how it operates as a team. As part of this project, Prysmian conducted its first employee engagement survey. It achieved high participation rates – more than 5,900 white and blue-collar personnel were invited to engage, with a response rate of more than 64%.

The results showed that Prysmian Group has a positive working environment, which many employees would highly recommend to friends. A strong emotional connection to the company also emerged, reflecting a high level of engagement and commitment, as already evidenced by large-scale participation in the employee share purchase programme, YES.



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