



PRYSMIAN GROUP **2017** YEARLY OVERVIEW

**The path
to growth**

Prysmian
Group

A TIME TO
GROW

Once again, results for 2017 confirmed the technological and market leadership of the Group. We met our target, profitability was up, with a good increase in adjusted EBITDA and a significant improvement in margins for the high-tech, high value-added businesses of Energy Projects and Telecom.

A robust order intake for submarine cables and systems is mirrored in the important contracts won – the cabling of the first offshore wind farms in France, and the IFA2 interconnector between Britain and France, for example. Our Telecom business has continued to witness strong growth in demand for optical cables, supported by the development of broadband networks and the initiation of investments in 5G.

2017 also marked a further acceleration in Prysmian's acquisition-led growth, confirming our determination to act as an aggregator on a global scale, raising the quality and competitiveness of the entire cable industry. The merger agreement with General Cable represents a major step in this direction and follows in the wake of a series of other important transactions, including acquisition of the assets of Shen Huan Cable in China, that of Corning's copper data cables business area in Germany and, less recently, the acquisition of Gulf Coast Downhole Technologies in the USA and Oman Cables Industry, now both at an advanced stage of integration.

The Group has continued to develop its growth strategy by concentrating investments in high value-added, tech-driven businesses and by focusing efforts in R&D, a commitment rewarded by the European Investment Bank (EIB) with €110 million funding for Group programmes and to help us step up our level of investment.

Valerio Battista
CEO of Prysmian Group



EMEA**Ivory Coast**

Abidjan
Denmark
Albertslund

Estonia

Keila

Finland

Pikkala
Oulu

France

Amfreville
Charvieu
Chavanoz
Gron
Paron
Cornimont
Douvrin
Calais
Sainte Genevieve

Germany

Neustadt
Schwerin
Nurnberg
Wuppertal
Berlin
Kopenick

Italy

Arco Felice
Battipaglia
Giovinazzo
Livorno
Merlino
Pignataro Maggiore
Quattordio

Norway

Drammen

Oman

Muscat
Sohar

Netherlands

Eindhoven
Delft
Emmen
Nieuw Bergen

Czech Republic

Velke Mezirici

Romania

Slatina

Russia

Rybinsk

Slovakia

Presov

Spain

Vilanova y la Geltrú
Santander

Santa Perpetua

Sweden

Malmö
Nassjo
Stockholm

Tunisia

Grombalia

Turkey

Istanbul
Mudanya

U.A.E.

Fujairah

UK

Aberdare
Bishopstoke
Wrexham
Washington

Hungary

Balassagyarmat
Kistelek

SOUTH AMERICA**Argentina**

La Rosa

Brasil

Joinville
Sorocaba (2)
Santo André
Vila Velha

APAC**Australia**

Dee Why
Liverpool

China

Tianjin
Wuxi
Yixing
Wuhan
Haixun
Shanghai
Suzhou
Zhongyao

Philippines

Cebu

India

Pune
Chiplun

Indonesia

Cikampek

Malaysia

Kuala Lumpur
Melaka

New Zeland

Auckland

Republic of Singapore

Singapore

Thailand

Rayong

NORTH AMERICA**Canada**

Prescott

Mexico

Durango

USA

Abbeville
Lexington
North Dighton
Bridgewater
Rocky Mount
Claremont
Schuylkill Haven
Houston
Hutchinson

9 plants

North America

6 plants

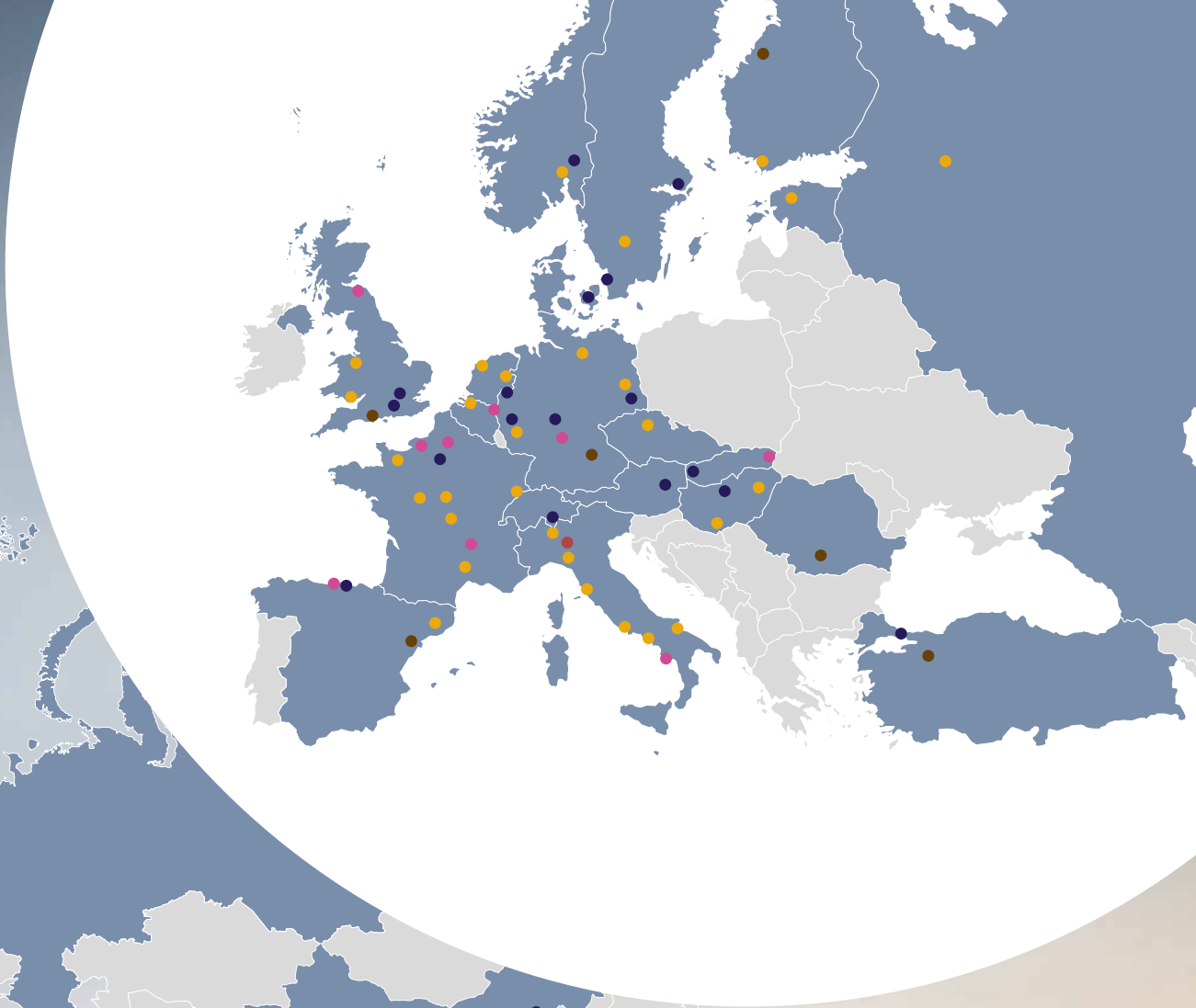
South America

- Energy (56)
- Telecom (11)
- Combined Energy and Telecom (15)
- Offices (34)
- HQ

82 PLANTS 50 COUNTRIES 21,000 EMPLOYEES

49 plants

EMEA



18 plants

APAC



17 R&D CENTRES 7.9 BILLIONS SALES IN 2017 OVER 500 R&D PROFESSIONALS

THE SECRET OF SUCCESS

Prysmian Group leadership in the global cables market is based upon excellence in technology and innovation, adding value for customers in the energy and telecom industries.

We cover almost the whole spectrum of demand in cables and systems across the world through our Energy Projects, Energy Products, Oil & Gas and Telecom operating segments. And thanks to the US General Cable merger, our geographical reach and market penetration have been further strengthened by an even more comprehensive product offering for the widest selection of applications.

This offering ranges from underground and submarine cables and systems for power transmission and distribution, through specialty cables for a host of industries, to medium and low voltage cables for construction and infrastructure, and voice, video and data transmission cables and accessories for the telecom industry.

Constant innovation, world-class technology and extensive know-how – 17 R&D centres and more than 500 professionals and experts worldwide – mean we're always one step ahead for our customers, not only in terms of business but also in sustainability and value creation.



Our approach is to look at the market from the customer's viewpoint, which always remains paramount. We do this inspired by our **VISION**, driven by our **MISSION**, and in keeping with our **VALUES**.

OUR MISSION

We provide cables and systems for energy transport and telecommunications. A strong reputation for performance and innovation helps us deliver sustainable growth and profit.

But we don't just want to be good for business. We want to be good to do business with. That's why our values are so important to us. The things we do and the way we approach them are an opportunity to show our pride in our work.





OUR VISION

Energy and Information help communities to develop. That's why it's so important that they're always available and supplied effectively, efficiently and sustainably.

Whatever the business of our customers, wherever they are, however harsh the environment they operate in, we're committed to keeping them connected. We view every day as an opportunity to bring our vision to life in our actions. No matter how big, or small, the things we do on a daily basis build up over time and help us to deliver on our mission.



OUR VALUES

Excellence. Integrity. Understanding.

EXCELLENCE. Good is never good enough. We combine rigour and business instinct to deliver innovative complete solutions for every type of business.

INTEGRITY. When it comes to ethics, no challenge is too big, or too small, if it means doing things right.

UNDERSTANDING. We have strong respect for different opinions and ideas, and a keen focus on our customers' needs.

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2017 results showed stable sales accompanied by a climbing EBITDA. This is due to improved margins in the Telecom and Energy Projects segments.

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Customer centricity is the hallmark of Prysmian Group, whose mission it is to satisfy customers by adapting to their needs through continuous investment in innovation and efficiency.



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SEIZING NEW OPPORTUNITIES IN SUSTAINABILITY

We constantly monitor our sustainability performance across the entire value chain in order to anticipate and seize new opportunities.



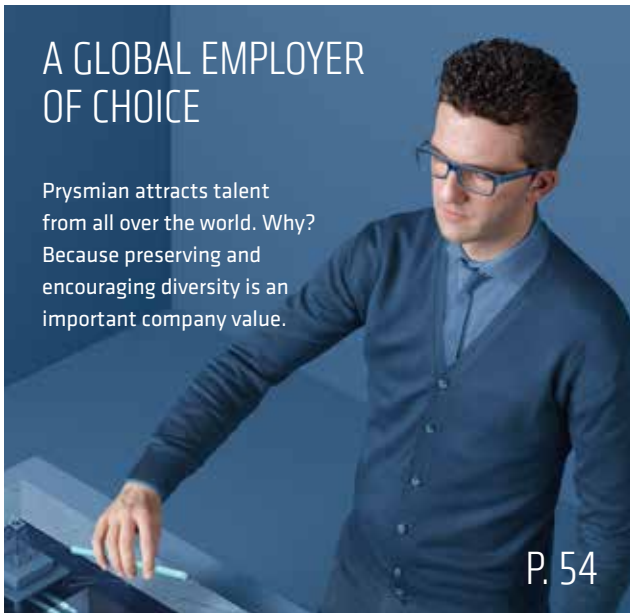
UNPRECEDENTED OPPORTUNITY

Industry 4.0 will enable us to optimise production and processes while leveraging human expertise and increasing quality.

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A GLOBAL EMPLOYER OF CHOICE

Prysmian attracts talent from all over the world. Why? Because preserving and encouraging diversity is an important company value.



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INNOVATIONS THAT CHANGE THE WORLD

A global leader knows the value of innovation. Which is why Prysmian constantly develops new products and systems with lower environmental impact and higher added-value for customers.



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ALWAYS IN TOUCH WITH THE MARKET

As a true public company, 2017 saw Prysmian Group continue to attract investors from all over the world.

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GLOBAL CABLE DEMAND IMPROVED IN LIVELIER ECONOMIES

World growth picked up in 2017, driven by the Eurozone and USA.

Power cable demand improved, mainly due to a recovery in Brazil and growth in China, while telecom cable demand continued to climb thanks to strong optical growth. The economies of China, India and Southeast Asia were the main engines for power cables, while the Middle East was adversely affected by poor economic performance.

The global economy posted a higher growth rate in 2017; global gross domestic product (GDP) accelerated to 3.7%, reflecting a marked improvement in advanced economies and more modest progress in emerging ones. The Eurozone and USA posted a stronger performance, accompanied by recovery in emerging countries such as Brazil and Russia. China's growth meanwhile once again exceeded the average of other emerging countries. After slowing in 2016, US growth topped the 2% mark, benefiting from greater political stability and a gradual recovery in oil prices.

European Central Bank stimulus boosted the Eurozone

The Eurozone did even better than the USA, and, after the initial pro-Brexit vote shock, grew at a rate of +2.4%, the highest in the last 10 years. This was a result of the European Central Bank's continued pursuit of expansionary monetary policies and the gradual growth in business and consumer confidence across the region.

This strengthened recovery over the course of the year was also influenced by the outcome of French elections, which averted the ascent of anti-European parties. Germany accelerated from +1.9% to +2.5%, but Italy made the biggest progress, with an increase from +0.9% to +1.6%. Higher growth in the USA reflected a stabilisation in the political environment and a gradual recovery in oil-industry related activity.

The emerging quartet

China improved thanks to the 2017 continuation of measures to support and stimulate the housing market and infrastructure investment. Economic growth once again exceeded the average of other emerging countries, rising from +6.7% to 6.8%, even beating the government target. India reported a growth of +6.7% in 2017, slightly down from the year before, but still confirming itself as one of the main drivers of the region.

Renewed political stability and a gradual recovery in main commodity prices helped the Brazilian economy resume its growth after two years in recession, recording +1.1% after contracting 3.5% in 2016. Some stabilisation of the geopolitical scenario allowed Russia to improve from -0.2% in 2016 to 1.8% in 2017.

Cable volume growth

Global demand for power cables in 2017 saw marked volume growth, mainly driven by a recovery in Brazil after two years of downturn, and by China, where growth continued to beat the world average. Demand for optical cables continued to grow apace, fuelled by further acceleration in China and two-digit growth in Europe and North America.

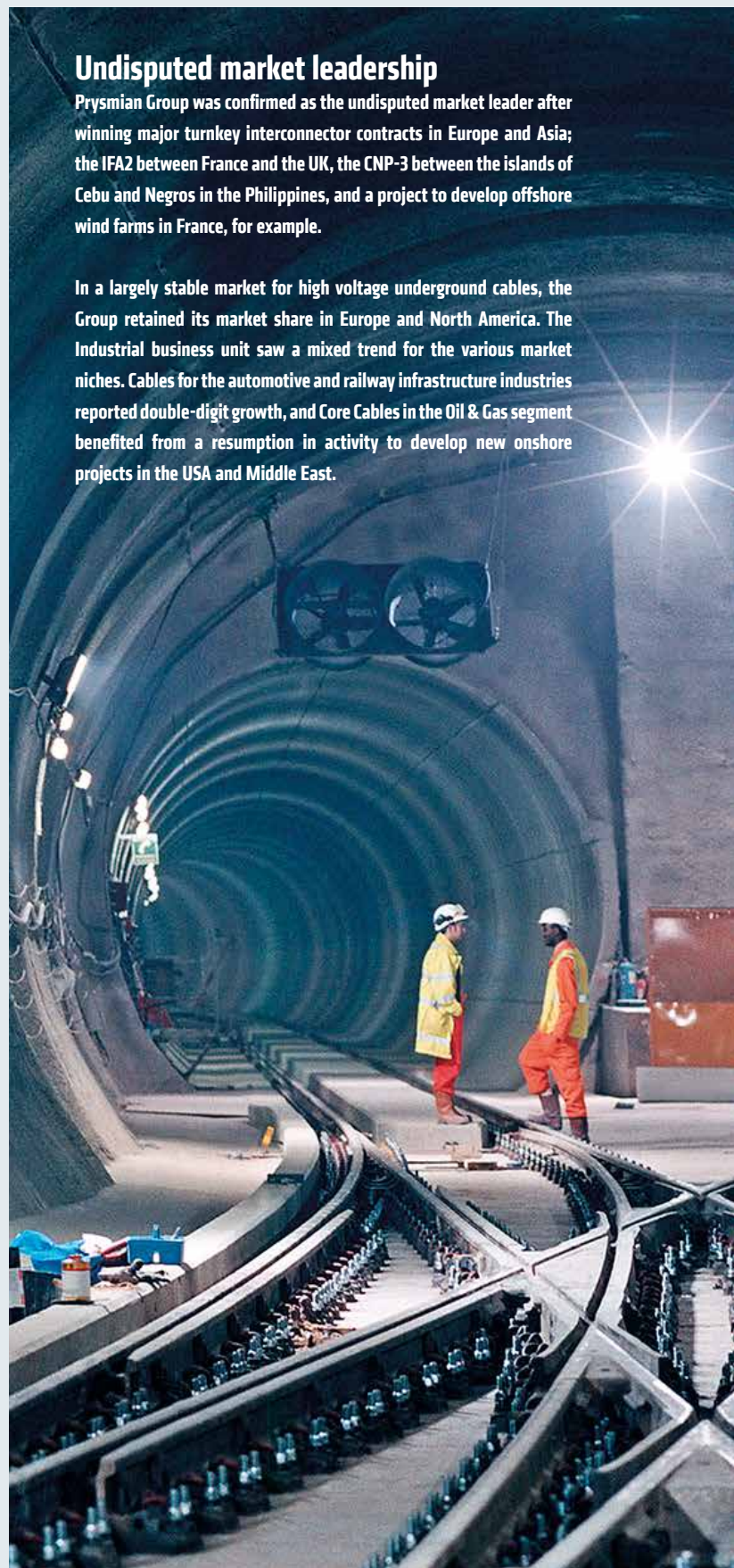
The main area of weakness was the Middle East, where geopolitical uncertainty adversely affected regional economies. In the USA and Europe, demand for power cables continued its upward trend, supported by a resurgence in industrial output and consumer confidence. As for the optical market, China accounted for more than 50% of global volume growth, followed by North America and Europe, which both displayed higher growth, while Australia witnessed a stabilisation.

The various Group areas witnessed a mixed performance, featuring strong expansion by Optical Fibre, moderate growth for Industrial and Infrastructure, general stability in the European High Voltage underground market and softer demand for cables by utilities, especially in Central Europe. The optical market benefited from growing demand for data transmission capacity, which makes it essential to upgrade existing network infrastructure.

Undisputed market leadership

Prysmian Group was confirmed as the undisputed market leader after winning major turnkey interconnector contracts in Europe and Asia; the IFA2 between France and the UK, the CNP-3 between the islands of Cebu and Negros in the Philippines, and a project to develop offshore wind farms in France, for example.

In a largely stable market for high voltage underground cables, the Group retained its market share in Europe and North America. The Industrial business unit saw a mixed trend for the various market niches. Cables for the automotive and railway infrastructure industries reported double-digit growth, and Core Cables in the Oil & Gas segment benefited from a resumption in activity to develop new onshore projects in the USA and Middle East.







MARGINS IMPROVED IN OUR STRATEGIC BUSINESSES

2017 results showed stable sales accompanied by a climbing EBITDA.
This is due to improved margins in the Telecom and Energy Projects segments.

TARGET ACHIEVED ONCE AGAIN

Adjusted EBITDA came in at a new high of €733 million thanks to improved sales margins in the Telecom and Energy Projects operating segments that climbed to 17.0% and 17.8% respectively.

Group sales remained roughly stable at €7,901 million, with a fourth-quarter organic improvement. Adjusted EBITDA for the 2017 financial year came in at a new high of €733 million, topping the 2016 record of €711 million and hitting the target range of €710-750 million. This allowed dividend distribution to shareholders of €0.43 per share.



The results were achieved thanks to improved margins in our Telecom and Energy Projects operating segments, climbing to 17.0% and 17.8% on sales respectively. This positive progress absorbed not only the effects of negative performance by the subsidiary Oman Cables Industry, but also the adverse impact of exchange-rate movements.

Profitability has also benefited from the constant focus on operational and organisational efficiency, manufacturing footprint optimisation, and a favourable sales mix. The Group has also continued to develop its growth strategy by concentrating investments in high value-added tech-driven businesses, with the creation of centres of excellence and expertise.



KEY FINANCIALS

€7,901 M

Sales

€733 M

Adj EBITDA up from €711 M in 2017

17.8%

Excellent performance by Energy Projects

17%

Adj EBITDA margin at Telecom

€436 M

Financial position markedly improved

SALES 2017 BY BUSINESS AREA



- 19% Energy Projects
- 3% Oil&Gas
- 16% Telecom
- 62% Energy Products
 - 41% of which Energy & Infrastructure
 - 19% of which Industrial & Network Components
 - 2% of which other

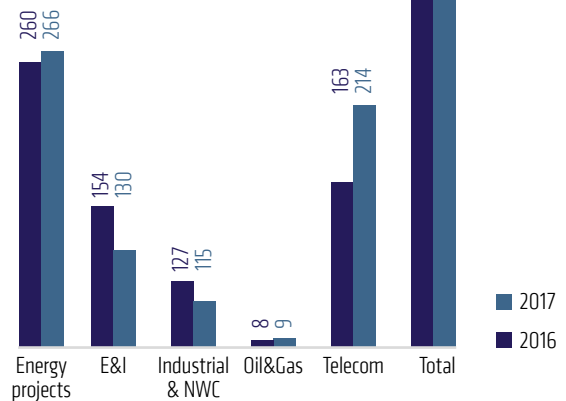
Acquisition-led growth

2017 marked a further acceleration in Prysmian's acquisition-led growth, confirming the Group's determination to act as an aggregator on a global scale, while raising the quality and competitiveness of the entire cable industry.

Our General Cable merger agreement represents a fundamental step forward in a long history of growth through the aggregation of major players in the global cable industry.

This new landmark deal follows a series of other important transactions, including the acquisition of the assets of Shen Huan Cable in China, that of Corning's copper data cables business in Germany and, less recently, of Gulf Coast Downhole Technologies in the US and Oman Cables Industry.

ADJUSTED EBITDA



ENERGY PROJECTS

Margins improved markedly in 2017 while work began on the IFA2 project, the submarine link between France and Britain.

Prysmian Group executes major submarine interconnection projects for utilities and grid operators, such as the record Western HVDC Link in the UK, which boasts a number of industry firsts for voltage (600 kV) and world records for insulated cable rating (2200 MW) and distance (more than 400 km).

In 2017 work began on the IFA2 project, a 320-kV submarine cable system between France and Britain capable of transmitting up to 1,000 MW and contributing to an increasingly interconnected European energy network.

The Group is also a world leader in submarine connections for offshore wind farms. Following on from our involvement in major European projects in recent years, Prysmian will develop – for the first time in France – submarine cable systems to link three offshore wind farms to the national power grid. Our execution capability boasts the largest and most technologically-advanced cable-laying fleet in the world – the Giulio Verne, Ulisse and Cable Enterprise – which will soon be strengthened further by a fourth cutting-edge vessel.



“The submarine cables business boosted profitability in 2017 thanks to a favourable mix of projects and installation activities, which benefited from the deployment of new assets that allowed us to conduct more high-margin activities.”

Massimo Battaini
Senior Vice President
Energy Projects

SALES 2017



Sales of Energy Projects reached **€1,490** million with an organic decrease due to different phasing and contract mixes in submarine, but adjusted EBITDA rose by 2.3% to **€266** million.



A favourable mix of projects and activities

Sales for the Energy Projects operating segment decreased organically in 2017 to €1,490 million, mainly due to different phasing and contract mixes in the submarine business and soft high voltage demand in some European markets and North America. However, the submarine cables business boosted its profitability thanks to a favourable mix of projects, services and installation activities, which benefited from the deployment of new installation assets such as our third cable-laying vessel 'Ulisse' and cable burial equipment.

The high voltage business enjoyed a positive performance in the Far East and France, partially tempered by a slight decline in the UK, the Nordics and Russia. The main submarine cable projects on which work was performed during the period were: the link between Italy and Montenegro; the links between offshore wind farms in the North and Baltic Seas and the German mainland (BorWin3, 50 hertz); the Western HVDC Link in the UK; the interconnector between Norway and Britain (North Sea Link), and the interconnector between the Netherlands and Denmark (COBRACable).

Adjusted EBITDA up by 2.3% at €266 million.

ENERGY PRODUCTS

Sales grew organically in 2017 while profitability reflected mixed performances within the various business lines. Positive results for Automotive and OEM.

The Energy Products operating segment boasts a complete and innovative product portfolio designed to meet the many varied demands along diverse business lines: Energy & Infrastructure (including Power Distribution and Trade & Installers), and Industrial & Network Components, comprising Specialties & OEM, Elevators, Automotive and Network Components.

The Group manufactures low voltage products, and medium voltage cables and systems to connect industrial and residential buildings to primary distribution grids. Our fire-resistant, low-smoke and halogen-free cables are part of one of the widest and most comprehensive portfolios in the world. The same applies to our technologically-advanced integrated cabling solutions, which meets the needs of a wide variety of industries.

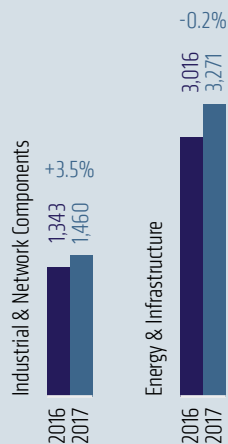
The Energy Products operating segment has invested globally to fulfil growing demand in value-added sectors. In China, the capacity at the Suzhou plant for our Trade & Installer, Rolling Stock and Automotive businesses has increased, as has the capacity at our Durango plant in Mexico, in order to better serve local automotive component suppliers.



“The Automotive business continued to perform well having reorganised its manufacturing footprint.”

Hans Nieman
Senior Vice President
Energy Products

SALES 2017



Energy Products' sales grew organically by 0.9% to **€4,880** million, while profitability reflected mixed performances within diverse businesses. Automotive performed well and OEM also posted positive results.



Sales grew organically by 0.9%

Energy Products' sales grew organically by 0.9 % to €4,880 million in 2017, despite a contraction in volumes in some European countries and North America, absorbed by positive performance in Northern Europe and growth in Asia.

Adjusted EBITDA for 2017 came in at €244 million, from €280 million in 2016. The profitability of the segment reflected mixed performances within the various business lines. Within Energy & Infrastructure, Power Distribution profitability and sales volumes remained down, while performance for the Trade & Installers posted a slight improvement with an acceleration in the second half.

Within Industrial & Network Components, the Automotive area continued to perform well, supported by sound order inflows during the year. The OEM business also posted an overall positive year-on-year performance at the end December 2017. However, the Renewables and Elevator businesses both continued to underperform.

OIL&GAS

Sales of the segment continued to ease but the Core Cables business witnessed a recovery in onshore project demand. Adj. EBITDA rose to €9 million.

The segment includes Downhole Technology (DHT), Subsea Umbilical, Riser and Flowline (SURF), and Core Cables for applications in the businesses of Exploration & Production, Pipeline & LNG and Refineries & Petrochemicals.

The DHT business delivers tech-driven products for oil, geothermal and gas wells, serving as integral components of downhole control, injection, flow assurance and monitoring systems.

The Oil & Gas (O&G) segment also offers products and services known as 'SURF', for offshore oil and gas exploration and production activities.

The Core Cables product line includes power, instrumentation, control and communication cable solutions specifically designed for applications in the fields of oil and gas. Completing the range is a series of specific solutions for drilling rigs, including cables for electrical submersible pumps.

The oil and gas market crisis has oriented all Core Cables' development activities towards design and production cost optimisation, and towards introducing alternative products to the market. Thus, the Group added a new technology in 2017 to produce steel tube umbilicals for dynamic applications.



"The decline in demand for DHT products was partly offset by North American volumes linked to shale oil production and by commercial synergies arising from the integration of the Gulf Coast Downhole Technologies company".

Cristiano Tortelli
Senior Vice President Oil & Gas Business and New Markets

SALES 2017



O&G sales decreased 9% organically but onshore project demand sustained a recovery in the Core Cables business. Adj. EBITDA rose to €9 million from €8 million in 2016.



The Core Cables business witnessed a recovery

O&G sales increased organically by 10.8% in 2017 to €273 million, as the performance of the segment continued to be negatively affected by the drop in oil prices, which in turn affected investment decisions by the industry's major players.

In particular, the SURF business experienced a contraction in the umbilicals market in Brazil, linked to a downturn in activity by Petrobras, partly offset by North American volumes linked to shale oil production and by commercial synergies arising from the integration of Gulf Coast Downhole Technologies.

Nevertheless, the Core Cables business witnessed a recovery in onshore project demand. The business's overall profitability continued to be affected by the drop in higher-margin maintenance repair and operations (MRO) and offshore volumes.

Adjusted EBITDA for 2017 was €9 million, up from €8 million in 2016, despite the contraction in turnover for the Brazilian SURF business.

TELECOM

Adj. EBITDA jumped 31% in 2017 to €214 million as sales climbed organically by 5.3% to €1,258 million, mainly thanks to recovery for optical fibre cables.

As partner to leading telecom operators worldwide, our Telecom operating segment produces and manufactures a wide range of cable systems and connectivity products, including optical fibre, optical cables, connectivity components and accessories and copper cables. The Group is one of the leading manufacturers of optical fibre thanks to our unique position of being able to use all existing manufacturing processes: modified chemical vapour deposition (MCVD), outside vapour deposition (OVD), vapour axial deposition (VAD) and plasma-activated chemical vapour deposition (PCVD).

With centres of excellence in Battipaglia in Italy, Eindhoven in the Netherlands and Douvrin in France, plus five production sites around the world, we offer a wide range of optical fibres, such as single-mode, multimode and specialty.

In 2017, the Group signed a major supply agreement with US company Verizon Communications – supporting expansion of the telecom carrier's optical network, which in turn will promote the development of 5G services – and inaugurated its new optical fibre manufacturing facility in Slatina, Romania.



“The constant growth in demand for optical fibre cables continues, while the price pressure has stabilised. We managed to renew important contracts with leading operators in Europe for the construction of backhaul links and FTTH connections.”

Philippe Vanhille
Senior Vice President
Telecom

SALES 2017



The high value-added business of Optical Connectivity Accessories performed well, thanks to the development of new FTTx networks in Europe, particularly in France and Britain.



Important projects boost sales growth

2017 sales by the Telecom operating segment climbed 5.3% organically to €1,258 million, mainly thanks to volume recovery for optical fibre, reflecting the continuous positive trend in demand for optical fibre cables, due to developments in major investment projects. Volume trends in Europe were also positive as the Group has renewed important contracts with leading operators for the construction of backhaul links and FTTH connections.

The network development plan in rural areas is progressing in the Netherlands; the Open Fiber project is taking place in Italy, while in France the 'Très Haut Débit' broadband rollout is going ahead at full speed. In North America, the development of new ultra-broadband networks is generating a steady increase in demand from which Prysmian is benefiting. In Brazil, major telecom carriers have increased investments in both copper and optical fibre cables.

The high value-added business of Optical Connectivity Accessories also performed well, thanks to the development of new FTTx networks in Europe, particularly in France and Britain, while the Multimedia Solutions business recorded an increase in profitability as a result of its ability to satisfy growing demand with a high level of responsiveness and service.

Adjusted EBITDA for 2017 jumped 31.1% to €214 million, also thanks to the contribution of the Yangtze Optical Fibre and Cable Joint Stock Ltd company in China.

Internal and external high growth strategy deployed in 2017

An enduring commitment to R&D.

Prysmian's investments in research, development and innovation during 2017 totalled around €84 million, confirming our continual commitment and focus on sustainable growth over the long term. In 2017, the European Investment Bank (EIB) announced the finalisation of a loan for €110 million to fund the Group's European R&D programmes over the period 2017-2020. Also, thanks to EIB financing, we have been able to step up our level of investment, with cable technology proving it can make a decisive contribution to the challenges of digitalisation and the development of more efficient and environmentally sustainable power grids.

Human capital development.

In 2017, through the 'Build The Future', 'Make It' and 'Sell It' programmes, Prysmian recruited 150 talented people from over 60,000 global applications. The selected talent appreciated the international development schemes and quality of our training. In the same period, over 5,100 employees attended training courses at the Prysmian Group Academy and our new Manufacturing Academy.

Sustainability, a driver for growth.

The economic value generated by Prysmian in 2017 amounted to €7,866 million from €7,480 million in 2016. The Group has continued to devote ever more attention to corporate social responsibility, aligning our Sustainable Development Strategy with the Sustainable Development Goals (SDGs) established by the United Nations, setting measurable sustainability targets to be achieved by 2020. In 2017, Prysmian confirmed for the second year its inclusion in the prestigious Carbon Clean 200 Report™ as the only Italian firm present and ranked 58th.

Acquisition of General Cable.

At the end of 2017, the Group announced its entry into a merger agreement that saw the purchase of 100% of General Cable shares, marking a milestone in our history, and a strategic and unique opportunity for the creation of value for our shareholders. This combined group – which will be present in more than 50 countries with approximately 31,000 employees – will also result in high geographical presence with majorly increased exposure in North America, along with expansion in Europe and Latin America.



TECHNOLOGY BREAKTHROUGHS

New investments allowed the Group to achieve significant results for the development of energy and telecom networks. In particular, submarine power cable for ultra-high depths (3,000); our P-Laser 600 kV cable portfolio; Flextube®, the optical cable with the highest fibre density in the world, and Pry-Cam electrical grid monitoring technologies, developed by Prysmian Electronics and confirmed to be a breakthrough technology for condition-assessment and asset management.

LANDMARK PROJECTS

In 2017, Prysmian started work on the IFA2 project – a 320-kV submarine cable system between France and Britain capable of transmitting up to 1,000 MW and contributing to the development of an increasingly interconnected European energy network.

We've also been awarded a cable contract to link the floating Kincardine Offshore Wind Farm to mainland UK, marking Prysmian's entry into this emerging sector. In the US, Prysmian will partner the telecom carrier Verizon Communications in its 'One Fiber' project – 17 million kilometres of ribbon and loose tube cables that will foster an IoT digital transformation through the deployment of 5G services.

EXTERNAL GROWTH

After the 2016 acquisition of the assets of Shen Huan Cable in China and the copper data cables business of Corning in Germany, 2017 saw Prysmian confirm its willingness to pursue an independent growth strategy, announcing a merger agreement with American company General Cable. This is a unique opportunity for the Group to enhance its worldwide leadership by increasing its presence in North America and expanding its footprint in Europe and South America.

OPERATIONAL EXCELLENCE

Prysmian launched its first Factory 4.0 project in the optical cable plant of Calais, France. This pilot will allow the Group to develop more extensive plans to progressively install Factory 4.0 solutions in all 82 plants worldwide. This 'Fast Track' approach ensures full traceability of production activities and materials used, enables better management of events that could jeopardise production processes, and provides all the relevant information needed to identify causes and possible solutions in real-time.





CUSTOMER CENTRICITY: OUR KEY TO SUCCESS

Customer centricity is the hallmark of Prysmian Group, whose mission it is to satisfy customers by adapting to their needs through continuous investment in innovation and efficiency.

BECOMING EVER-CLOSER TO CLIENTS

Over the years, the Group has developed organisational and operational models that translate into rapid, efficient and targeted responses to the markets concerned. Pivotal to this approach is our ‘customer centricity’, which is the ability to understand and satisfy the needs of customers early.

Prysmian Group has perfected its approach to the market by always placing the customer at the centre of every strategic, organisational and business decision. The efforts made to analyse their expectations and how these change over time allows us to develop organisational and operational models that translate into rapid, efficient and targeted responses to the markets concerned.

Pivotal to this approach is the ability to understand early and satisfy the needs of the customer. This requires constant attention at all stages – from product design to delivery – with performance measured against predetermined and agreed parameters. We develop solutions that meet specific standards and satisfy the precise requirements of an individual customer, in order to serve very different segments and markets thanks to a matrix organisational structure.

Within the scope of customer satisfaction, Prysmian intends to act as a reference partner for its customers, leveraging tools such as surveys and one-on-one interviews. So, we intend to equip ourselves with an internal tool that will allow customers, especially distributors, to provide all details and technical and commercial specifications of products – such as functionality features, images, videos and demos – for creating visibility on online sales channels.



The operational phase of the project will start in January 2018 with Holland as our pilot country. Other European countries will follow in the tool's implementation, which, according to estimates, will cover at least all European products within three years.

For many years we've performed specific surveys to measure the level of customer satisfaction. Until 2015, these surveys were carried out by a market research agency using standardised questionnaires completed by telephone interviews with the managers of major customers in the purchasing, logistics and technical sectors. The surveys were conducted every two years, most recently in 2014/2015, and, over time, have involved approximately 900 customers in the Trade & Installers sector across 15 countries.



**Prysmian Group is at the customer's side at every stage:
from understanding their specific needs through
to execution, completion and delivery of the project.**



NEW TOOLS, ENHANCED RELATIONSHIPS

Thanks to digitalisation, Group divisions already in possession of a customer relationship management (CRM) tool will be allowed to manage feedback from interviews directly, monitoring any critical situations and guaranteeing an ever-increasing quality in our relationships with customers.

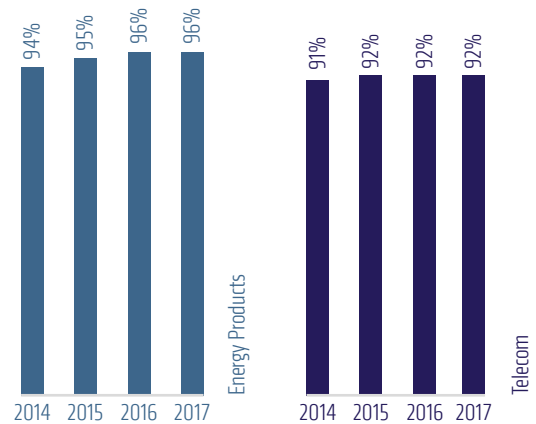
In 2016, Prysmian introduced a new customer satisfaction survey system, managed directly by the Department of Customer Centricity at Prysmian HQ via a dedicated web portal.

Recently web interviews took place (during the first four months of 2017) through a platform connected to Prysmian's 'Sales Force' CRM. This will allow countries that already use a CRM to access these survey results in their portals directly, monitoring any critical situations and guaranteeing an ever-increasing quality in relationships with customers.

The Department of Customer Centricity at Prysmian HQ guarantees quantitative and qualitative reporting of the surveys, even for those countries that have not yet activated such a structured CRM system.



ON TIME DELIVERY



HIGH LEVELS OF OTD

Prysmian continuously improves the punctuality and reliability of processes. And 2017 was no exception, with high levels of on-time delivery (OTD) and respect for promised date of orders achieved.

A high level of OTD was maintained in 2017 both in the Energy Products and Telecom areas, with the latter experiencing a strong increase in volumes. Prysmian has thus further guaranteed the uniformity of performance among its plants. In order to accelerate customer response times, in 2017 we continued our efforts to reduce entry and management periods for sales orders, resulting in a 90% reduction in the time taken to insert, process and save customer orders on the SAP system.

This has decreased customer waiting times on the phone while increasing the 'qualitative' time dedicated to the management of orders. In 2017 the Group further expanded its performance indicator to monitor the amount of available stocks in order to improve speed to market: for each product category (high, medium, and low rotation) the weekly stock availability is 2017 Consolidated Disclosure of non-financial information of the Prysmian Group 78 monitored by material code with respect to the minimum stocks required on the basis of annual sales.

To limit possible delays and improve reliability concerning our 'Make-To-Order' products, the weekly visibility of the CLIP index was made available on our SAP 1 client platform, in addition to the traditional service indicators, measuring the reliability of production compared to targets.

INVESTMENT BOOST SECURED



Financing agreements reached with the EIB and Italy's Cassa Depositi e Prestiti, have resulted in additional funding for research and development of new innovative products and solutions, while capital spending has increased and technologically upgraded our production capacity.

In 2017 total investments rose to €257 million from €233 million in 2016, while additional financial ammunition was secured thanks to two key loans: €110 million from the European Investment Bank (EIB) to support the Group's R&D programmes in Europe over the period 2017-2020; and €100 million from Italy's Cassa Depositi e Prestiti to fund expenditure on research, development and innovation, as well as on energy efficiency and environmental stewardship.

Capital expenditure during the course of 2017 concerned projects that will increase and technologically upgrade production capacity and develop new products and markets. €124 million (52% of the total) was a result of the completion of the acquisition of assets formerly owned by Shen Huan Cable. This acquisition's aim is to provide our customers with all possible high-voltage cable technologies by creating a centre of excellence in China, serving the entire Far East region. The High Voltage business also saw an increase in production capacity at the Gron plant in France for cables up to 2 km in length, in order to meet the ever-growing demand for long-distance direct current power lines.

In Argentina, installation of a production line for cables with welded aluminium sheaths is reaching conclusion, while in the submarine cables arena a new vertical extrusion line was completed in Pikkala, Finland, in order to manufacture the COBRA submarine cable to be used between Denmark and the Netherlands.

Capacity at the Durango automotive plant in Mexico has also increased in order to serve local automotive component suppliers better. In Europe, the Group initiated additional investments at the Douvrin and Battipaglia plants with the purpose of augmenting production of single-mode fibre, serving the continent's optical telecom cables market.





Providing excellent service to customers

An enhanced supply chain means excellent service for our customers while maintaining flexibility, agility and adaptation to market changes, guiding the supply and production network through an increasingly optimised production allocation able to leverage the industrial footprint of the Group.

Prysmian further shaped its supply chain function in 2017 by supporting more specific production allocations at the level of individual business applications, with intercompany flows supporting growth and production cost optimisation.

In the **Telecom Optical business**, intercompany flows reached a 35% share worldwide, and 53% at European level, thanks to a supply chain orchestration that maximised the availability of optical fibre for the Group in a global context that presents a lack of availability of optical fibre, despite the strong expansion of installed capacity by Prysmian.

In the **Energy business**, 2017 intercompany flows represented a differentiator, with a level of 20% of total world sales (previously never reached), supporting growth in the Asia Pacific region in particular.

Prysmian's **Supply Chain** business function manages short and medium-term production allocations through a sales and operations planning process, which links the demand cycle with the supply cycle. The planning activity cannot be separated from the maintenance of high customer satisfaction.

BETTERING THE WORLD. FASTER.

Prysmian is committed to major projects that connect people and societies faster than ever before. Projects that provide the modern energy infrastructures needed for a sustainable and durable economic growth.

Prysmian leads the way in the fields of digitalisation and telecommunications, particularly on the new frontier of 5G development. We're also committed to connecting the most remote regions of the world, such as Amazonia, where we're working to bring broadband to some 600,000 people.

For submarine power links, we'll be continuing work on a landmark connection project between France and Britain, alongside new projects set to connect mainland offshore wind farms in Northern Europe, from France to Finland. And we're also hard at work in eastern Asia, helping to provide the Philippines with an interconnector that will become the power backbone of the region.



USA

Prysmian will foster an IoT digital transformation through the deployment of 5G services partnering with Verizon Communications for its 'One Fiber' project.

Scotland

A first for Prysmian: a cable system connecting the floating Kincardine Offshore Wind Farm, situated 15 km southeast of Aberdeen, to mainland UK.

Brazil

Prysmian will deploy optical cables for a broadband project in the Amazon region to connect 12 municipalities. It is expected to benefit around 600,000 people with a 10 Gbps capacity.

An aerial photograph of a river winding through a lush green forest. Overlaid on the image is a dotted map of Europe and the Philippines. The map is composed of white dots of varying sizes, with larger dots indicating specific project locations. Four text boxes are connected to these locations by thin white lines. The background is a vibrant green forest with a dark river cutting through it.

Finland

Another record for Prysmian cables: the Tahkoluoto Offshore Wind Farm is the first of its kind in the world to be designed specifically to produce energy in icy conditions.

UK - France

The IFA2 project, a 320-kV submarine cable system between France and Britain, is capable of transmitting up to 1,000 MW, contributing to the development of a European energy network.

UK - France

The HVDC interconnector between France and the UK through the Channel Tunnel is a low environmental impact project with no overhead lines and no undersea cables, providing a carbon reduction of ~6.1 m tonnes.

France

Three offshore wind farms will be linked to the national power grid by submarine cable systems, allowing renewable energy to be carried to thousands of businesses and homes.

Italy

Terna Rete Italia SpA has confirmed additional works to the Venetian Lagoon submarine power cable links project, to strengthen the high voltage power transmission grid in the Venice area.

Philippines

Two submarine power cable connections between the islands of Cebu and Negros will strengthen the Filipino grid: a vital power interconnection that will become the backbone of the region.

CUSTOMER CENTRICITY, OUR KEY TO SUCCESS

In the **power infrastructure** arena, we've been involved in the construction of electricity grids in some of the world's largest metropolises, from New York to Buenos Aires, London to St. Petersburg, and Hong Kong to Sydney. Prysmian is heading a consortium of seven companies for the construction of the new HVDC interconnector between Italy and France, known as 'Piedmont-Savoy'. The project will play a strategic role in enhancing energy security and enabling an energy exchange of up to 1,200 MW between Italy and France.

The Group also supports the **petrochemicals industry** with solutions for both upstream exploration and production activities, and downstream hydrocarbon processing and storage. These offerings range from power, instrumentation and control cables to SURF and DHT products and services, which include umbilical cables for offshore platforms and high-tech flexible pipes used in oil extraction.

In the sector of **renewable energy** generation and distribution, Prysmian has played a major role in the development of some of the most important solar and wind farms in the world, such as the Ohotnikovo Solar Power Station – a photovoltaic plant in Ukraine – and the main wind farms in Southern Italy. Between late 2017 and early 2018, the Group was awarded a cable contract to link the floating Kincardine Offshore Wind Farm to mainland UK, marking our entry into this emerging sector. We have also participated in research and development projects such as Energy Observer, the world's first catamaran powered entirely by renewable energy sources, and Solar Impulse 2, a special solar-powered aircraft set to circumnavigate the globe to demonstrate that power from renewable sources is now a reality.

Our fire-resistant cables can be found at the very heart of some of the world's most spectacular, state-of-the art **constructions**, including: Wimbledon tennis stadium; the futuristic Marina Bay Sands in Singapore, and the Shard skyscraper in London, the tallest in Western Europe. This list was expanded in 2017 to include the new Louvre Abu Dhabi, in which 500 km of FP fire-resistant cables were installed to ensure visitor safety and protection of the works of art. In Milan, Prysmian Group cable solutions have contributed to enhancing the safety of the Allianz Tower, the skyscraper designed by renowned Japanese architect Isozaki and inaugurated in 2017 in the futuristic CityLife district.

Our **Elevator** business's cables are present in some of the world's tallest and most prestigious buildings, such as the new One World Trade Center in New York City. At the Burj Khalifa in Dubai – the world's tallest building at 828 metres high – Prysmian has guaranteed the safety of every one of its 162 floors with elevator and fire-resistant cables, the lengths of which are more than 1,300 times the tower's height.

There have also been watershed moments in the **transport industry**. Prysmian has cabled some of the world's biggest aircraft and ships, including the Airbus A380 and the Royal Caribbean's GENESIS. We have also provided cable for some of the fastest trains and most innovative metro systems, including Shanghai. Three million passengers on the London Underground for example, travel each day through 400 km of tunnels, thanks to Prysmian and Draka fire-resistant cables.

With a wide range of fibre solutions for voice, video and data, continuous investment in R&D and around 30 dedicated manufacturing facilities, Prysmian Group is the world's top manufacturer of **telecom cables**, with which it contributes to developing infrastructure that supports information flow and communication between communities around the world.



Prysmian provided the iconic museum with **500** km of enhanced fire-resistant cables

The Louvre Abu Dhabi: **55** white buildings for a new cultural landmark in the Gulf

Enhanced fire-resistant cables – a mixture of both FP PLUS and FP PLUS FLEX – ensure maximum safety to visitors and protection to priceless art works. Offering extended fire survival times, low flame spread and very low smoke and dangerous gas emissions, they allow visitors a longer period of time to evacuate the building in the event of fire, while improving operating conditions for the emergency teams. Moreover, these fire-resistant cables ensure continued power supply and fire alarm system operation during a fire.





SEIZING NEW OPPORTUNITIES IN SUSTAINABILITY

We constantly monitor our sustainability performance across the entire value chain in order to anticipate and seize new opportunities.

STRATEGY

- Sustainability Policy
- Sustainability Plan
- Sustainability Scorecard
- Human Rights Policy
- Whistleblowing Procedure

2017 HIGHLIGHTS

ECONOMIC VALUE
€7,866 M
Economic value generated and distributed

3rd
3rd in the 'Electrical Components & Equipment' sector
Dow Jones Sustainability Index

Rating confirmed
Carbon Disclosure Project (CDP)

Inclusion
STOXX® Global ESG Leaders Index

Inclusion
Carbon Clean 200 Report™

70/100
Score EcoVadis

INDICES
Rating EE+
Standard Ethics Italian index

53%
Employee participation in the 'YES' scheme

45,000
Applications received for the Graduate Programme

PEOPLE
12,484
Hours of training provided by the Group Academy

€10 M
Investment in HSE

94%
Production sites certified ISO 14001

78%
Production sites certified OHSAS18001

-5%
Tonnes of CO2-equivalent emissions

ENVIRONMENT
-1%
Ozone-depleting substances

50%
Of drums reused





Lorenzo Caruso

Corporate and Business Communications Director: “in 2017, a specific plan was implemented aimed at meeting the 16 KPIs that make up the Group's Scorecard by 2020”.

Andrea Pirondini

Chief Operating Officer: “our approach directs the strategy towards key issues to achieve an effective and sustainable supply of energy and information as principal driver for growth”.

CLOSELY MONITORING ALL RISKS

“Dialogue with stakeholders is a key part of our commitment to sustainability, and we've been engaging with them on crucial issues regularly since 2014”. Lorenzo Caruso believes that listening to and actively involving all stakeholders, paying constant attention to the evolution of the global industry context, and always thinking about the future in terms of social and environmental responsibility, are at the heart of the Group's sustainability approach.

In 2017 Prysmian implemented a specific Sustainability Plan consisting of priorities, objectives and concrete actions to meet 16 quantitative KPIs by 2020 that make up a 'Scorecard'. Being sustainable also means having the ability to anticipate and manage risks thanks to constant monitoring.

Andrea Pirondini states that “the identification and analysis of risks linked to environmental and social impact play an increasingly important role within the Group”. In 2017, says Pirondini, “we were able to identify some sustainability risks to which Prysmian appears to be consistently exposed through its business model, and during the year, strategies and key activities were undertaken to mitigate them. These are constantly monitored by the departments involved and guarantee an adequate internal control and management system”. Over the years, the Group has set out a clear Sustainability Strategy, universally recognised and inspired by the UN's Sustainable Development Goals.

Targeting and addressing specific issues

In 2017 the Group Purchasing department in collaboration with the Risk Management team carried out a risk analysis of its supply chain aimed at identifying suppliers deemed potentially critical with regard to the practices adopted for the management of sustainability, such as environmental issues, human rights, labour rights, ethics and integrity, and consequently review relations with them as appropriate. To support the mitigation of the risks related to social sustainability of the structure and the business model, at the end of 2017, the HR & Organisation function initiated a due diligence activity aimed at identifying the potential and current impact on human rights deriving from its activities and business relationships.

ANALYSIS OF **MATERIALITY**



Prysmian provides accurate reporting on progress made concerning the sustainability of its business through the analysis of materiality, an approach that provides an aggregated view of the relevance of the issues for the Group and its stakeholders. In 2017 Prysmian' materiality matrix included among the issues of primary importance: ethics and integrity; waste production and recycling; human and worker rights; technological development, and eco-design innovation. The materiality matrix provides an aggregated view of the relevance of current and potential impact that each theme can have on the Group's ability to create value over the long term, such as energy consumption and emissions and business ethics and integrity.

MULTI-STAKEHOLDER **ENGAGEMENT**



The campaign began in 2014 as part of a dialogue with stakeholders on sustainability issues, aimed at strengthening mutual trust based on transparency and openness. The fourth Multi-Stakeholder Engagement Event took place in 2017 in Holland. Prysmian promotes a model based on the concept of shared values through a strategic approach that pays constant attention to the evolution of the global industry context, with the ability to think about the future in terms of responsibility towards the environment and society.

STRONG POSITIONING **CONFIRMED**



In 2017 the Group confirmed its strong position within the main international sustainability indices and assessments, including FTSE4Good, Dow Jones Sustainability Index (DJSI) and the Carbon Disclosure Project (CDP). Prysmian also implemented a specific Sustainability Plan consisting of priorities, objectives and concrete actions aimed at meeting 16 quantitative KPIs that make up the Group's 'Scorecard' by 2020.

ECONOMIC AND FINANCIAL **RESPONSIBILITY**



The Group continues to pursue with success the 'Your Employee Shares' (YES) scheme, the plan that allows employees to purchase shares on preferential terms. To date, 'YES' boasts more than 7,400 members, approximately 53% of the corporate population that is entitled to become a shareholder, strengthening the internal perception of Prysmian Group as 'one company'.

HUMAN CAPITAL **STRATEGY**



Launched in 2015, this strategy aims to support the company's existing business strategy and its growth towards 2020, and has guided specifically, the development of the 2017 consolidated disclosure of non-financial information, including the Group's five initiatives in relation to human resources. The Group's Human Capital Strategy is based on pillars that include: international global recruiting campaigns; enhancement of internal resources within the company; training programmes and initiatives, as well as initiatives to enhance diversity.

SUSTAINABLE **SUPPLY CHAIN**



The focus on customer service continued in 2017 with the objective of improving flexibility, reliability and time to market. Implementation of the factory reliability concept, introduced in 2010, further improved the quality of our supply processes with regard to control of volumes and inventory levels. The Group has established five priorities: qualified suppliers only, fully authorized materials, continuity of supply and availability of volumes, on-time delivery, competitive prices.

THE SCORECARD OF SUSTAINABILITY




In order to guarantee a strong commitment both inside and outside the Group, a Sustainability Strategy was defined in 2016. It included: strategic priorities; medium-long term targets for 2020; a set of qualitative-quantitative performance indicators aimed at constantly monitoring the progress of the Group's sustainability, and a set of actions that are updated annually based on the results achieved.

This Sustainability Strategy is the result of analysis that considered both external factors – through the identification of main trends in a global and sector context – and internal factors.

The result therefore, takes into consideration global priorities in sustainable development (as defined in the United Nation's SDGs and by international sustainability indexes), as well as the needs and expectations of our stakeholders.




We've selected the five SDGs to which we can contribute most, (outlined below) and incorporated them into an implementable **Sustainability Plan** consisting of priorities, targets and actions consistent with our business and values.



<p>A </p> <p>Facilitate the deployment of accessible energy and innovation in telecommunications and infrastructures</p> <ol style="list-style-type: none"> 1 Develop innovative products and solutions that support the sustainability of telecommunication energy infrastructures. 2 Boost the sale of high quality, reliable, affordable and “green” products and services. 3 Contribute to the universal dissemination of energy and telecommunications via reliable and accessible infrastructures. 4 Facilitate access to clean energy, via the development of solutions for the producers of renewable energy and support for the research into sustainable technologies. <p>KPI % of annual revenues from “Low carbon products”</p>	<p>B </p> <p>Pursuit responsible consumption of natural resources and sustainable supply chain</p> <ol style="list-style-type: none"> 5 Pursuit responsible consumption of natural resources and sustainable supply chain. 6 Pursue the efficient and sustainable use of energy and natural resources by reducing consumption and the issue of greenhouse gases, while minimizing the generation of waste and promoting the recycling and reuse of materials. 7 Promote sustainable business practices between own suppliers and business partners. <p>KPI % of reduction in the emissions of greenhouse gases % of total waste recycled % of suppliers assessed on specific areas exposed to sustainability risk</p>	<p>C </p> <p>Contribute to the development of people and communities reference</p> <ol style="list-style-type: none"> 8 Contribute to the development of people and communities of reference. 9 Participate and contribute to the socio-economic development of the communities in which the Group operates through the adoption of an appropriate Corporate Citizenship and Philanthropy policy. 10 Deliver ethical behavior, protect workers' rights and diversity, develop a healthy environment for work, training and the professional growth. 11 Develop effective, transparent and responsible communication with stakeholders. <p>KPI No. of sustainable projects supported via the donation of Prysmian cables. % of satisfied workers % of women executives</p>
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OUR AMBITION 16 TARGET AT 2020

Sustainability scorecard table

	GOAL	KPI	Baseline 2016	2017	TARGET 2020
A 	A.1	Percentage of product families (cables) covered by carbon footprint calculation	0%	5% ³	100%
	A.2	Percentage of recyclable production materials purchased annually supporting circular economy	80%	80%	Maintain over 80%
	A.3	Percentage of annual revenues from products considered as "Low carbon products" ⁴	39%	37%	40%
B 	B.4	Percentage reduction of Greenhouse Gas emissions (Scope 1 and 2)	683,562 tCO ₂ eq	649,299 tCO ₂ eq	-15%
	B.5	Percentage reduction of energy consumption	6,261,714 GJ	6,327,887 GJ	-4.5%
	B.6	Percentage of total waste recycled	30%	50%	40%
	B.7	Percentage of drums reused annually	40%	40%	Maintain
	B.8	Percentage of total spending covered by an evaluation of sustainability practices	50%	55%	60%
	B.9	Percentage of suppliers assessed over specific areas of sustainability risk	0% of mica suppliers	20% of mica suppliers	100% of mica suppliers
	B.10	Number of sustainability audits conducted based on supply chain sustainability risk	0	5	20
	C 	C.11	Number of working hours to be donated in 4 years through volunteering	0	40
C.12		Number of sustainable projects supported through the donation of cables	1 project per yearly	1 project per yearly	Maintain
C.13		Percentage of key management positions filled annually through internal promotion	85%	80%	Maintain
C.14		Percentage of employees satisfied (with an Engagement Index above 5, out of 7)	60%	52%	70%
C.15		Percentage of women in executive positions	6%	6.4%	12%
C.16		Frequency and severity rate of injuries	2.6 53.6	2.35 58.04	Frequency rate: 2.2 Severity rate: 45





RETURNING **VALUE** TO STAKEHOLDERS

7.866 M/€
economic value
generated in 2017

97%
of the value was
redistributed to community

Prysmian Group's continual efforts to create and deliver better value to its stakeholders have paid off.

Presented in the consolidated financial statements as of 31 December 2017, the economic value generated by the Group in 2017 amounted to €7,866 million, of which €223 million (or 2.8%) consisted of profits redistributed to Group members and interest to third parties.

Much of the value, or about 97%, was indeed redistributed in the form of payments to suppliers (81.2%); payment to Human Resources (13.8%); payment to lenders (1.1%); payment to the Public Administration (1.0%), and contributions to the community (around €100,000).

WILLING TO DO EVEN MORE

Over 90% of Prysmian sites worldwide are certified to ISO 14001 and ISO 18001 standards, showing our strong commitment to environmental management. But we're not stopping there. We have even more ambitious goals.

Prysmian is willing to persist in measuring energy, waste and water levels, as well as recycling rates, to see where improvements can be made in order to reach its goals for 2020.

Having reduced CO2 emissions by 5% last year, we'll go even further by optimising transportation and logistics. We'll continue to review delivery routes and modes of transport to see if there are better, greener alternatives. And we'll collaborate more with suppliers to explore where transportation distances can be reduced.

It's important for us to connect with suppliers to better understand the environmental and sustainability risks in the shared supply chain. The Group will continue to administer audits, assess suppliers against sustainability risk factors, and work together with them to mitigate or overcome these risks where possible.

Our ultimate aim is to have everyone we work with – from suppliers to distributors to partners – conducting their business responsibly. So we've created business conduct and ethics codes (practices reinforcing environmental, moral and social commitment) that we expect those we do business with to adhere to. The Group will keep sharing these principles and practices with each supplier, while promoting them across all business channels to encourage others to adopt similar practices.

PRYSMIAN SUSTAINABILITY ROAD MAP TO 2020

15%

reduction in greenhouse gas emissions

4.5%

reduction in direct or indirect energy consumption

40%

of total waste to be recycled

40%

of cable drums to be reused annually

60%

of purchases of metals, raw materials and strategic non-raw materials to be evaluated against sustainability criteria (e.g. environmental performance)

100%

of suppliers of mica mineral to be assessed for sustainability risk

20

audits to be conducted based on sustainability risks in the supply chain

12%

of executive positions to be filled by women

+80%

of management positions to be filled through internal promotion

70%

employee satisfaction rate based on engagement survey

2.2

reduction of employee injury frequency rate and severity rate to 45

30,000

working hours to be contributed towards charitable work

1

infrastructure project in a developing country to be funded via the donation of cables each year

100%

of our cables to be measured for carbon footprint

+80%

of our production materials to be recyclable

38%

of annual sales to come from 'low carbon products'

Prysmian Group



CABLES THAT HARNESS THE **POWER** OF SUN AND WIND

The Energy Observer project is just one example of Prysmian's commitment to creating even more innovative and sustainable products.

Energy Observer – the world's first catamaran to be powered exclusively by renewable sources – is currently on its six-year navigation journey around the world, and we've been selected as official cable supplier for the ride.

Chosen for their efficiency, reliability and a reduced weight compared to standard solutions, our cables will distribute renewable wind and solar energy to the engines of the vessel.

In 2017 the Group continued its efforts towards the goal of sustainability across all its market operating segments. We carried out research in the field of submarine cables, enabling installation at depths up to 3,000 metres; developed 'lead-less' technology for

Cables installed
at depths up to

3,000 M

New cable system
prototype for

525 kV HVDC

the production of metallic sheaths without the use of lead, and also produced a new prototype for 525 kV HVDC cable systems with P-Laser technology – allowing the creation of recyclable and eco-sustainable cables. In the Telecom operating segment, our Flextube® optical cable achieved yet another record of 3,456 fibres, reducing the impact of civil works during installation.

In 2018, we'll further strengthen our commitment to increasing the efficiency and reliability of products while reducing the waste of energy. Implementation of the 'Design To Cost' (DTC) project will also continue in order to reduce the weight of conductors and direct materials used in cable production.



THE FUTURE HAS ALREADY BEGUN AT PRYSMIAN'S NEW HQ

14,000

square meters

100

meeting rooms

650

open space stations

0

offices

1

auditorium for 180 people

An **innovative**, efficient and collaborative work environment

Technology that allows us to work in groups, even remotely

A **flexible** system that favours concentration and develops interpersonal relationships

3,700

m² of photovoltaic panels

10

charging stations for electric cars

2

greenhouses

85%

of the spaces in natural light

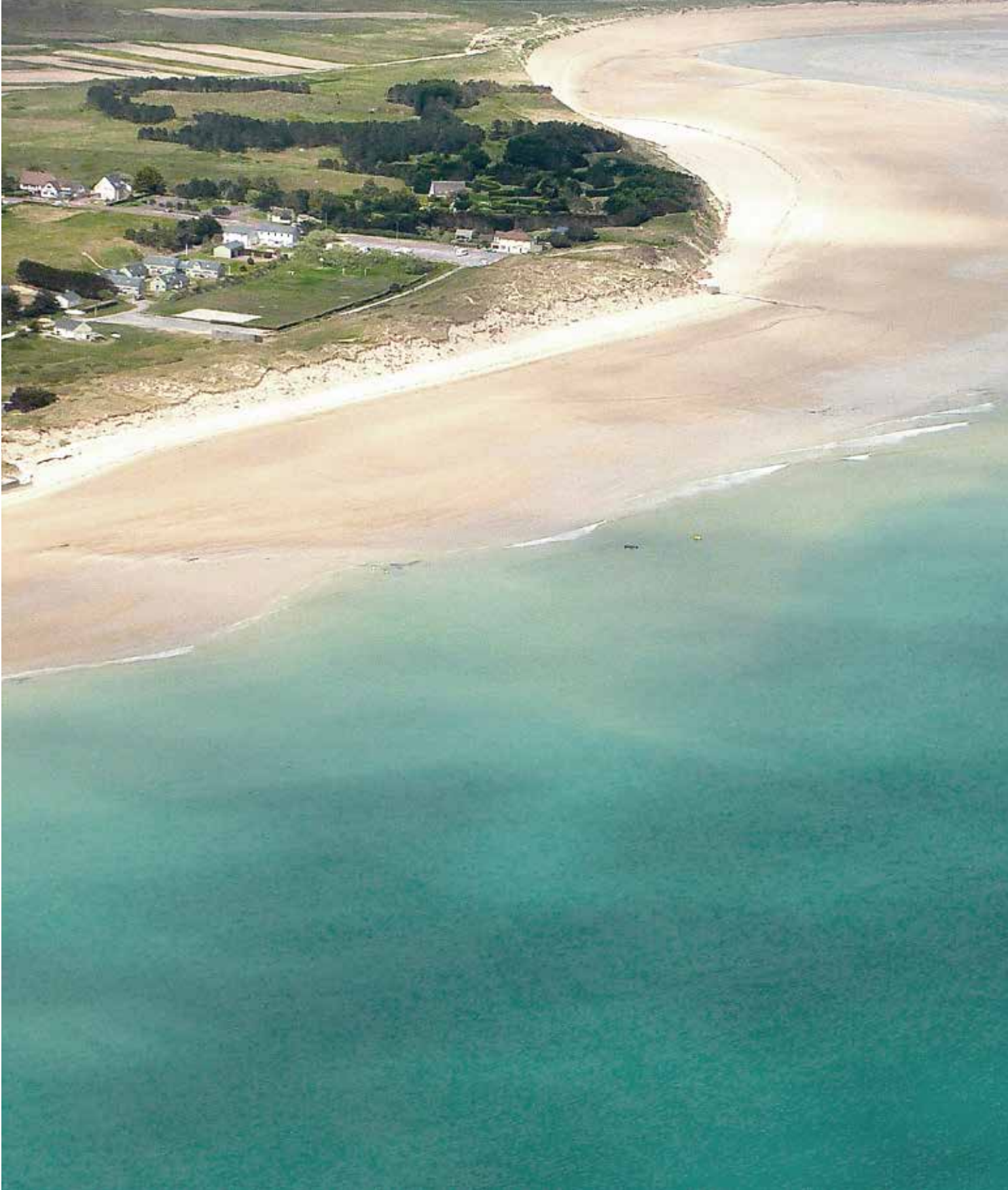
20

areas for separate waste collection

A **low energy** consumption architectural system

An **ambitious programme** to reduce paper consumption

One **sustainable** revolution



UNPRECEDENTED OPPORTUNITY

Industry 4.0 will enable us to optimise production and processes while leveraging human expertise and increasing quality.





A NEW ERA OF MANUFACTURING

Chief Operating Officer, Andrea Pirondini, sees in Industry 4.0 a natural evolution of the Group's industrial footprint, while Chief Information Officer, Stefano Brandinali, explains how plants and facilities will become not only more efficient, but more sustainable too.

Prysmian is entering a new era of manufacturing called Industry 4.0, equipped with our ambitious 'Fast Track' project, run in partnership with the French software provider Dassault Systèmes. We're aiming to leverage best-in-class practices for digital manufacturing operations management, as we gear up for the deployment of Internet of Things (IoT) technologies and Big Data analytics.

The 'Fast Track' project is designed to enable full traceability of all manufacturing activities and materials; manage events that could affect production processes; provide all the relevant real-time

information needed to identify root causes of critical issues, and allow prompt identification and deployment of possible solutions.

"Efficiency for Prysmian is like oxygen for a person. If you don't have enough of it, the game's over. But if you think life is about breathing, you're really missing something. Our solid reputation is the result of a truly customer-centric approach", says Andrea Pirondini.

"Factory 4.0 is a transformational opportunity" Pirondini expands, "that allows us to streamline the way we work and support a sustainable use of resources. It's not just a matter of getting the



“Industry 4.0 is a transformational opportunity that allows us to streamline the way we work and support a sustainable use of resources.”

Andrea Pirondini
Chief Operating Officer



PILOT PROJECT LAUNCHED

In 2017, the Group launched its first Factory 4.0 pilot project – ‘Fast Track’ – at the optical cable plant in Calais, France. It represents a step towards creating smarter plants by leveraging the integration of digital skills and people’s know-how.

Project partner Dassault Systèmes has allowed Prysmian to leverage on the best applications in the sector, created specifically for the use of IoT technologies at the forefront of production processes and for the analysis of Big Data. The pilot will also allow us to develop more extensive plans aimed at progressively installing Factory 4.0 solutions in all 82 plants worldwide.

best from state-of-the-art technology, but the chance to move forward fast enough to enhance our competitive edge”.

A Fast Track pilot project has already begun in Prysmian’s Calais plant – a beacon of organisation and efficiency in the Group – and will provide the benchmark model for progressively deploying Factory 4.0 solutions, including increased automation and digitalisation, across all facilities worldwide.

Stefano Brandinali notes that “the Fast Track project – and all other similar initiatives – could be used to schedule machine maintenance, making our plants safer and more efficient, and showing any deviation at a very early stage”. At Prysmian, Brandinali continues, “we are changing our approach to problems and critical issues, by preventing them from occurring rather than just reacting to them”. According to Brandinali, “technology will be key, particularly the use of IoT among other innovations”.

THE MUSSELS OF A WORLD CLASS FLEET



The leadership that Prysmian boasts in the submarine cable business is in part due to the unparalleled laying capacity of three of the world's most advanced vessels.

As a global leader in the submarine cable and system business, Prysmian Group secured several important contracts in 2017 with a robust order intake of approximately €1 billion, developing a solid order book in excess of €2,400 million as of 31 December 2017.

Recent main interconnection projects secured include IFA2 – a submarine link between Britain and France – and the National Grid Corporation of the Philippines (NGCP) interconnection. In the offshore wind connections market, we've been awarded projects by Réseau de Transport d'Electricité (RTE) to link three offshore wind farms to the French electricity grid.

Such important projects require a world-class installation capability based upon the most advanced technologies for cable laying in ocean waters. So, with three of the world's most cutting-edge cable laying vessels in our existing fleet – Giulio Verne, Cable Enterprise and Ulisse – and the widest range of high-tech installation and burial equipment – the Hydroplow, PLB machines Sea Mole and Otter, and HD3 ploughing technology – Prysmian boasts the highest and most reliable installing capacities globally.

We're about to further strengthen our fleet with a €170 million-plus investment in a



FRESH SOLUTIONS TO HELP OFFSHORE OPERATORS

—

Prysmian's new enhanced asset management solution helps TSO and offshore operators prevent subsea cable damages, while minimising downtime and costs in the event of an interruption of availability.

In an increasingly interconnected and decentralised energy environment, submarine connections play a critical role in enabling power transmission from offshore wind farms. Laid down in water depths varying from few to hundreds of metres beneath sea level, subsea cables are threatened by devices and instruments such as anchors and fishing gear – as demonstrated by the 90 cable damages that have occurred over the last seven years alone, totalling over €350 million in insurance claims.

Preventing these kinds of events and being able to resolve problems quickly is crucial to transmission and offshore operators, who could suffer severe losses in the event of an interruption of availability.

To deal with this problem, Prysmian has established Power Link Cable Solutions, providing complete, effective management of subsea cable assets, lowering downtime and remarkably reducing long-term asset risk and operating expense. Cutting-edge, real-time monitoring systems and a fully-equipped maintenance marine base are key to predicting and detecting arising issues while helping operators prepare for every kind of intervention to recover damaged cables.

Power Link Cable Solutions is the result of Prysmian Group's subsea cables unrivalled know-how, extensive experience, cutting-edge technology and superior installation capabilities, all integrated into a one-stop enhanced solution able to provide the best holistic asset management for submarine cable assets available in the market

Based on PRY-CAM technology, the solution guarantees 24/7 remote subsea cable control, featuring non-invasive measurement and deep diagnostic information, including programmed intervention to prevent any system malfunctions. Being located just a few days from all main Northern Europe offshore locations is strategic, since there will be 20,000 km of HVDC marine cable installed in Northern Europe by 2030. This new solution will halve cable outage times, leading to a 50% total loss reduction.

new cable laying vessel that will bolster our turnkey approach. We'll have the capacity to deliver end-to-end solutions, from engineering, manufacturing and installation to full monitoring and diagnostic services. The new vessel will support long-term growth prospects in the submarine cable installation business as it is intended to be the most capable cable layer in the market, and is expected to provide enhanced project versatility thanks to progressive features, such as deep water installation capabilities for depths of more than 2,000 metres.



WORKING HARD TO ENHANCE ENVIRONMENTAL PERFORMANCE

The Group actively strives to safeguard the environment and conserve natural resources in order to create sustainable value for the benefit of both the organisation and stakeholders.

This commitment is expressed not only in the intrinsic characteristics of products, but also in the way production systems are managed. For example, the prevention and reduction of environmental impact is achieved by the efficient use of natural resources, the optimisation of logistics flows and the responsible management of waste.

Prysmian worked hard during 2017 to enhance performance on environmental matters. The Health, Safety & Environment (HSE) function collaborated with other business functions to establish objectives for 2020, while planning the actions required each year in order to make steady progress towards these goals. HSE has further consolidated the scope of its activities at

various levels within the Group, centralising and coordinating the work of its local HSE functions.

Thanks to the application of the HSE Policy, the Group's operating procedures and technical standards were maintained and even extended to additional operating units. The effectiveness and proper application at local level of the HSE rules were also checked periodically, with support from a Group-level audit team. Furthermore, significant variables and indicators were used to regularly monitor the effectiveness of areas such as compliance with health and safety at work standards; energy consumption; waste management; water usage, and greenhouse gas emissions.

CLOSELY TRACKING ALL TYPES OF EMISSIONS

In 2017 the Group further strengthened its process of collecting energy consumption data in order to track both 'direct' emissions deriving from production processes, and 'indirect' ones deriving from the purchase of energy.

This system of monitoring and reporting enabled the Group to participate in 2017, once again, in the Carbon Disclosure Project (CDP), an international initiative that seeks to contribute to the pursuit of the objectives agreed in the Kyoto Protocol on the global reduction of greenhouse gas emissions.

In 2017, new energy diagnoses were carried out in some European and non-European operating units in accordance with local legislative requirements and the criteria defined at Group level, so that we have an even more complete, reliable and updated database on energy consumption and its distribution. The aim is to extend energy efficiency initiatives to an ever-larger number of units.

To this end, the HSE function has prepared a plan for the conduct of energy audits in the Group's operating units for the period 2017-2020. In 2017, 4 new energy diagnoses were conducted, which complement those already implemented in the period 2015-2016, creating a total of 26 in around 10 countries. Additionally, in Germany, where the Energy Management System has been in place in accordance with the ISO 50001 standard, periodic energy audits have been conducted in the country's 5 production units.



Partnering with the industry for the environment

In 2017 Prysmian continued to actively participate in various working parties and on association committees, including: The Environmental Committee of Europacable (ECO); Orgalime's Substances Task Force; ANIE's Environment Committee; AICE's Environment Working Party, and the IEC Maintenance Team that is drafting the standard Environmental Product Declarations (EPDs) for power cables. The adopted approach to integration represents an opportunity to improve operational policies and practices for the management of the environment, health and safety by all operating units.



MITIGATING THE IMPACT OF PRODUCTION UNITS ACROSS THE WORLD

In 2017 Prysmian carried out a number of initiatives to continue to mitigate and reduce the environmental impact of the Group's global production units. The following is just a sample of our hard work...

Rayong: Improvements made to the cooling water recirculation system, reducing leaks in circuits returning to the main tank during machine downtime.

Slatina: Process waste in the production of its power cables reduced.

Velké Meziříčí: A heat recovery system from the compressors installed, contributing to reduced energy consumption.

Amfreville: Temperature control system improved to optimise energy consumption. System for reusing wood packaging also upgraded to replace aluminium.

Gron: Various actions carried out to improve water recirculation.

Nuremberg: Larger pipes installed for the return lines of the extrusion lines, reducing losses and, therefore, water consumption.



ASSESSING THE LIFE CYCLE OF PRODUCTS

2017 saw the continued development of an instrument dedicated to calculating some important environmental parameters regarding the cables produced in our factories. Such calculations assess our carbon footprint and the recyclability at the end of a product's life.

A new system has been developed and represents a new feature of the Common Analysis Application already in use for the design and assessment of cable costs for all Group factories. A huge benefit is that the same databases can be used for both.

COMMITMENTS FOR THE FUTURE

Prysmian will continue its involvement in various initiatives intended to use resources efficiently and reduce the environmental impact of production processes. These include (among others): replacement of lighting systems; recycling of SF6; optimising the use of energy; and the launch of awareness campaigns concerning the consumption of energy.

Over the years, these initiatives have generated various benefits in both environmental and cost reduction terms. To proceed in a systematic and orderly manner, the activities already implemented have been included within a Group project entitled 'Energy Efficiency and Carbon Reduction', coordinated centrally by the corporate HSE function.

In 2017 we continued to report increasingly precise and reliable data, closely monitored improvement objectives, continued to implement energy efficiency initiatives, and selected and coordinated specific projects to be implemented by the Group's operating units (in order to comply with Prysmian's commitments with regards to sustainability), all while calibrating carefully the effort required with reference to local operating needs.

North Dighton: Reduction of sheath strips and better management of compound shelf life contributed to the reduction of relative waste.

Schuylkill Haven: Decrease in amount of waste compounds, thanks to the reduction in the mix of used materials. Moreover, waste compounds classified as hazardous has decreased.

Santa Perpetua: Reduction in waste of mixtures sent for disposal thanks to their reuse (in limited percentages).

Delft: Project for the recovery of SF6 gas has begun to limit its release into the environment. Employees also trained for the purpose.

Pikkala: Lower consumption of cooling water achieved thanks to change in control of the cooling process.

Calais: Reduction of municipal waste made possible by better separation of waste materials, such as paper, plastic and wood. Furthermore, re-use of wooden drums has improved.

Claremont: Projects launched in 2017 led to reduction of waste and energy consumption in both production units:

- The Compound Scrap Less project, which reduces the production of scraps at the start of the cable production process; and
- The Munster Unit Re-Phasing Project, which reduces the consumption of natural gas in the Optical Fibre unit.





A GLOBAL EMPLOYER OF CHOICE

Prismian attracts talent from all over the world. Why?
Because preserving and encouraging diversity is an important company value.



INNOVATIVE PEOPLE POLICIES

Fabrizio Rutshmann, Senior Vice President of Human Resources and Organization at Prysmian, outlines that “the Group is at the forefront in human capital development and initiatives to promote diversity and equal opportunities while searching and attracting talent from all over the world”.

In 2017, a number of initiatives were designed and implemented to position the Group as ‘employer of choice’ on a global scale, while promoting diversity and equal opportunities. Specific promotional and communication actions were taken to this purpose, using both digital and traditional means.

Fabrizio Rutschmann points out that “human capital development and business organisation are areas in which the



Prysmian is on the lookout for talented people from around the world, eager to join the leader in the energy and telecom cables and systems industry”.

Fabrizio Rutschmann
Senior Vice President
Human Resources and Organisation

Group is at the forefront, thanks to its innovative people development policies and initiatives to promote diversity and equal opportunities”.

Among the several talent development and recruitment programmes undertaken in 2017, over 5,100 employees attended training courses at the Prysmian Group Academy and the new Manufacturing Academy. High-potential engineering and sales recruits embarked on ‘Make It’ and ‘Sell It’ programmes, resulting in the recruitment of 57 and 48 experienced operations and sales specialists respectively.

Our inclusion policy is also of great importance. One of the main 2017 initiatives was the ‘Side by Side’ project, “aimed at increasing women’s participation at



all levels of the organisation, fostering a culture of inclusion and respect for diversity, and promoting diversity and meritocracy within the business”, Rutschmann explains. He also identifies the ‘YES’ scheme, which in its first four years has seen a 53%-plus uptake by 7,400 employees in 28 countries, meaning Prysmian staff “have thereby become investors in the company in which they work”.

Rutschmann comments that Prysmian is on the lookout for 100 talented people from around the world, “eager to join the leader in the energy and telecom cables and systems industry”. The new editions of ‘Make It’ and ‘Sell It’ offer 50 engineers and just as many sales professionals a fully-immersive exploration into the Group’s multicultural environment and high technological and innovative know-how thanks to a vibrant mix of training and work experience. “In 2017, through the ‘Build the Future’, ‘Make It’ and ‘Sell It’ programmes, we recruited 150 talented people out of 60,000 applications from all around the world”.

Selected talents appreciated the international development schemes and quality of the training Prysmian offered them. ‘Make It’ and ‘Sell It’ allow those

ready and willing to embrace opportunity and make the most of their talent, to “transform it into a powerful tool for producing and selling something they can be truly proud of”, Rutschmann says.

In order to develop its people, we’ve also created the Prysmian Group Academy, an international managerial and professional training school, with an objective to develop and consolidate the leadership and technical expertise of our management. Prysmian is also one of the first major Italian companies to have founded its own ‘Corporate University’ dedicated to managerial and professional instruction, confirming its position as one of the most innovative companies in corporate training.

The Academy is a concrete tool for sharing managerial and technical best practices, and, thanks to its international nature, fosters an innovative and entrepreneurial approach to business as well as sharing a spirit of diversity and integration. “The diffusion of a long-term common strategic orientation supports the engagement of employees with a view to sustainable development of talent within the organisation”, Rutschmann concludes.



THE PLUS-SIDE TO OWNING A **CORPORATE UNIVERSITY**

The Group Academy is organised into three distinct but synergistic schools: The School of Management, the Professional School, and the Digital School.

The strength of an international network

The School of Management, established in partnership with SDA Bocconi and a network of 10 major international business schools, has welcomed 710 participants in 5 years and has already issued 439 diplomas, with continuous ambitions for growth in 2018. Designed to attract talented staff, the school uniquely offers a complete portfolio of training programmes that leads to obtaining the internationally-recognised Global Executive MBA (GEMBA), awarded by SDA Bocconi in partnership with an international network of business schools. Additionally, all programme content has been heavily customised to meet the competitive challenges of the industry in which Prysmian operates, particularly thanks to the contribution of SDA Bocconi in preparing 'Prysmian Global and Regional Case Studies'.

Developing and sharing key abilities

The Professional School, directly linked with measurement and development of performance (including the P3 Performance Management Programme), is organised into function academies and centres of expertise. It has trained over 1,500 employees over the past 5 years, involving more than 200 experts, with plans to involve the same number in 2018. It aims to develop and share key technical and professional ability, with support from internal teachers from all over the world. In other words, we want to develop and consolidate know-how and technical skills, ensuring their transmission from more experienced personnel to younger potentials.

The Professional School comprises the Manufacturing Academy in Mudanya, Turkey, and the R&D Academy, as well as courses in purchasing, sales and marketing, IT, interfunctional and human resources.

High quality virtual learning

The Digital School is one of the main projects of the Group Academy. Always in step with the evolution of business learning, the Group has studied a range of digital training initiatives to create high-quality virtual learning spaces for a wide audience and implemented technological innovations in learning thanks to the JAM platform. Around 600 employees were involved in 2017, with some key outputs such as the first edition of the Compliance Training Programme, aimed primarily at sales managers in order to raise awareness among participants of the importance of adopting managerial practices inspired by ethics and integrity.

New Academies Opened In 2017

We inaugurated our Training Centre at the new Milan headquarters, which last year alone hosted more than 1,000 participants for a total of 150 training days. The Milan Academy follows the opening of the Manufacturing Academy, inaugurated in 2016 in the Mudanya plant, Turkey, and the opening of the Academy of Product, Innovation & Technology in Lexington, USA, also in 2017.

THE ART OF ATTRACTING TALENT

Since 2012, Prysmian has implemented innovative recruitment programmes such as 'Build The Future', 'Make It' and 'Sell It', to attract and integrate talent in different fields.

Managers of the future

The development of managers and technicians for tomorrow starts by recruiting the most gifted individuals today, with particular reference to new graduates. 'Build the Future' is an international programme for the recruitment and induction of new high-potential graduates with the objective to place them in various functions and geographical areas. The programme starts with a careful selection process, then two weeks of Group inductions, another three weeks of training, job rotation for a year, then a two-year international assignment in one of the Group's many locations. It ends with assignment to an important technical or managerial role.

The programme has already recruited over 220 young people from all over the world. In the first half of 2017, 48 new international staff were taken on, while in the second half 45,000 applications were received, leading to the recruitment of another 50 in 2018.

Targeting engineers

In 2017 Prysmian continued its international recruitment programme 'Make It', addressing those engineers with 3-5 years' experience who are interested in taking up key, highly challenging positions at the Group's main facilities. Recruiting engineers from other sectors and giving them an opportunity to contribute to the growth of the manufacturing business can develop additional industrial talent. 'Make It' comprises: accurate selection processes; onboarding and training; technical and managerial induction at the Manufacturing Academy in Mudanya, Turkey; and mentoring and continuous technical training linked to participation in the Lean Six Sigma skills development programme. Initiated in 2015, 'Make It' has led to the recruitment of around 100 engineers from around the world. In the first half of 2017 alone, 50 engineers were hired and around 10,000 applications were filed.

MAKE IT

A manufacturing career at Prysmian Group

SELL IT

A growing path at Prysmian Group



International career development

Following the success of 'Make It', a new programme 'Sell It', addressing the sales sector, was devised in 2017 with the goal of developing and growing additional sales talent. 'Sell It' comprises: an accurate selection process; onboarding and on-the-job training; a period of commercial and managerial induction at the Group Academy in Milan; assignment to a business mentor, and continuous technical and managerial training in the major markets of Europe, America and Asia. All paving the way for international career development.

'Sell It' has witnessed more than 10,000 applications and the recruitment of around 50 salespeople with 3-5 years of experience into highly challenging roles in various areas of our Energy and Telecom segments.

DIVERSITY IS AN OPPORTUNITY AT PRYSMIAN

The values of diversity and enrichment are hugely important to Prysmian. That's why in 2017 we developed a new global initiative called 'Side by Side' to further overcome barriers and spread an inclusive cultural approach.

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

Actively campaigning

"Diversity is something 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.

This is the main reason for the project launch. It originated from an 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 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 factories and HQ, to strengthen an entire and new industrial culture of inclusion.

Founding principles

Prysmian has addressed the themes of diversity and inclusion since its very beginnings, with the goal (now a reality) of creating a modern, functional and respectful working environment for everyone. We developed our 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 at the future.



OVER 7,400 HAVE SAID 'YES'!

Some 53% of the corporate population has joined the 'Your Employee Shares' (YES) plan, introduced at the end of 2013 and extended to 2019.

Towards the end of 2013, the Group launched its 'YES' scheme, a share-ownership initiative open to all employees. The plan has been proposed in 28 countries, informing staff via an intensive communication campaign and dedicated information sessions. It allows employees to purchase Prysmian shares in certain time windows on advantageous terms, with the agreement not to sell them for at least 36 months subsequent to their purchase date.

Strengthening the sense of belonging

Shares are obtained at a variable discount, in order to encourage employees at all levels to take part. These discounts range from 1% for the Chief Executive Officer and senior managers, 15% for other executives, to 25% for remaining employees.

In addition, all participants were given six free shares as a welcome bonus. The objectives of this plan are: to increase the involvement, sense of belonging and business understanding of our staff; to engender shared, long-term mutual interests between employees, customers and shareholders; and to strengthen the internal perception of Prysmian Group as one, truly cohesive company.

Joining conditions improved

By encouraging employees to become stable shareholders, they become owners of a small part of the business in which they work. The target audience is around 1%. The shareholders' meeting held in April 2016 approved extension of the plan to 2019, raised the number of bonus shares at the time of subscription (8 for those who have already

participated, 3 in subsequent years), introduced a loyalty bonus for those who decide to extend the lock-up period for their shares, and improved the flexibility of the plan rules – multiple windows, purchase close to subscription, and exit clauses linked to the personal life of individuals.

Very high participation

In 2017, there were two purchase windows. Over the years, 'YES' has proven a real success, chosen by more than 7,400 employees – approximately 53% of the corporate population entitled to do so became a shareholder. Participation in the plan in certain countries has been very high throughout the entire three-year period. For example, almost all staff in Romania joined the plan, 85% in Turkey and about 65% at our Milan HQ.

YES HIGHLIGHTS



More than
7,400
employees involved (representing 53% of those entitled)

€28 M
invested

1.7 M
shares purchased by employees





BEYOND COMPLIANCE

Chief Compliance Officer, Alessandro Nespoli, believes that the value of integrity goes well beyond the simple observance of rules and regulations. It should permeate the entire spectrum of company life.

When it comes to ethics, no challenge is too big or too small if it means doing things the right way. This is what Prysmian has always stood for, and this attitude perfectly matches the thinking of Alessandro Nespoli, who in 2017 joined the Group as Chief Compliance and Internal Audit Officer.

To translate this value into real action, we launched the 'Integrity First' project at the end of last year. Nespoli notes that "integrity is an ever-present concept" but adds that until now it has only really been referred to in the Group's Whistleblowing Programme – the (successful) tool created for identifying fraud and misconduct.

"Now we intend to expand it by developing and sharing a new compliance ecosystem", he adds. According to Nespoli this ecosystem will cover a series of issues and actual behaviours "that shall ultimately become part of the DNA of Prysmian Group's people". He believes that "ethics influence our way of working and making decisions, while having an impact on our stakeholders and

customers". As it affects reputation, it is the most important asset to be preserved.

The new compliance ecosystem will oversee different issues and set forth even those behaviours that are not strictly compliance-related. This culture of integrity is reinforced by Prysmian's Code of Ethics, based on three pillars: ethics in business activities, ethics in internal relations, and ethics in environmental and social matters. It means that ethics "is pervasive and regards everyone within and outside the organisation", Nespoli explains. Compliance is key for Prysmian, and local managers are the primary compliance owners, as they act as mouthpieces of the company and should set an example when it comes to integrity.

By creating a strong compliance culture, the company will be able to adapt to new legislation more quickly, allowing us to better pursue our business goals. Complying with regulatory requirements is mandatory, time consuming and complex, but time can be optimised

IF
INTEGRITY FIRST

THE PRYSMIAN GROUP HAS ADOPTED A WHISTLEBLOWING PROGRAM TO ENSURE INTEGRITY COMPLIANCY.

IF YOU HAVE SEEN SOMETHING THAT CONSTITUTES SERIOUS ETHICAL CODE VIOLATIONS, YOU CAN SAY IT IN THE OPEN.

Find out more from our website and intranet.
Ask for the brochure.

Prysmian Group

Fanglian Sun
China

and resources more adequately allocated to develop a stronger system, turning the whole process into an opportunity that gives us a competitive advantage.

This means we become more agile in responding to new regulatory changes, thus remaining one step ahead of competitors, while building awareness around compliance culture to help strengthen the company's reputation. Reducing penalties and fines imposed by authorities helps to instill confidence in employees, partners and all stakeholders.

Nespoli points out that "promoting compliant and ethical conduct and behaviour will positively influence the business, and will further strengthen our ethical DNA, involving everybody in a shared control system". Compliance in fact is not just an economic issue as it concerns the Group's most valuable asset – its reputation. Preserving it is in the interest of each and every person, and of the company as a whole.

"Integrity is an ever-present concept we intend to expand it by developing and sharing a new compliance ecosystem."

Alessandro Nespoli
Chief Compliance Officer

Sharing and spreading the ethics dna

The Compliance arm of Prysmian, in co-operation with SDA Bocconi and the Group Academy, launched the 'Integrity First' professional training programme in July 2017, with a focus on anti-bribery and anti-trust issues. Over the six planned editions, training will involve around 200 sales managers from different corporate regions.

The Digital Academy, with online courses focused on anti-bribery and anti-trust issues for Italian-affiliated companies, has also been recently launched. 'Integrity First' will help employees to understand and embrace the need for high ethical standards in connection to Group strategy.

The ultimate goal is to help distinguish legal from ethical issues and, while considering country differences in legal frameworks, have all Prysmian people follow a universal ethical code of conduct, wherever they may be.

The whistleblowing programme

As part of its commitment to ethical and legal behaviour, in 2017 Prysmian invited all the Group's stakeholders to report any real or apparent violations of the law, the Code of Ethics or ethical standards, so that they can be examined and dealt with appropriately.

In order to meet this requirement and in order to create the necessary conditions of confidentiality, security and ease of reporting, Prysmian has since adopted a Whistleblowing Policy, offering all – employees and non-employees – the possibility of anonymously reporting on and offline anything related to incorrect behaviour and alleged illicit activities that might occur within the organisation.

This process uses two channels for report collection – dedicated telephone lines and a web portal – that are both managed by independent operators and available in the 26 languages used by the Group. The system of values adopted by Prysmian guides the conduct of individuals both inside and outside the company, and is documented in the Code of Ethics.

A Whistleblowing Committee has also been established, which evaluates the reports, conducts specific investigations and, if necessary, takes appropriate action.



INNOVATIONS THAT CHANGE THE WORLD

A global leader knows the value of innovation. Which is why Prysmian constantly develops new products and systems with lower environmental impact and higher added-value for customers.

17

R&D centres
of excellence

Over

500

professionals

84

million
investments

Over

4,850

patents

586

trademarks

746

inventions
covered

187

patents granted
in 2017

2,514

trademark
registrations

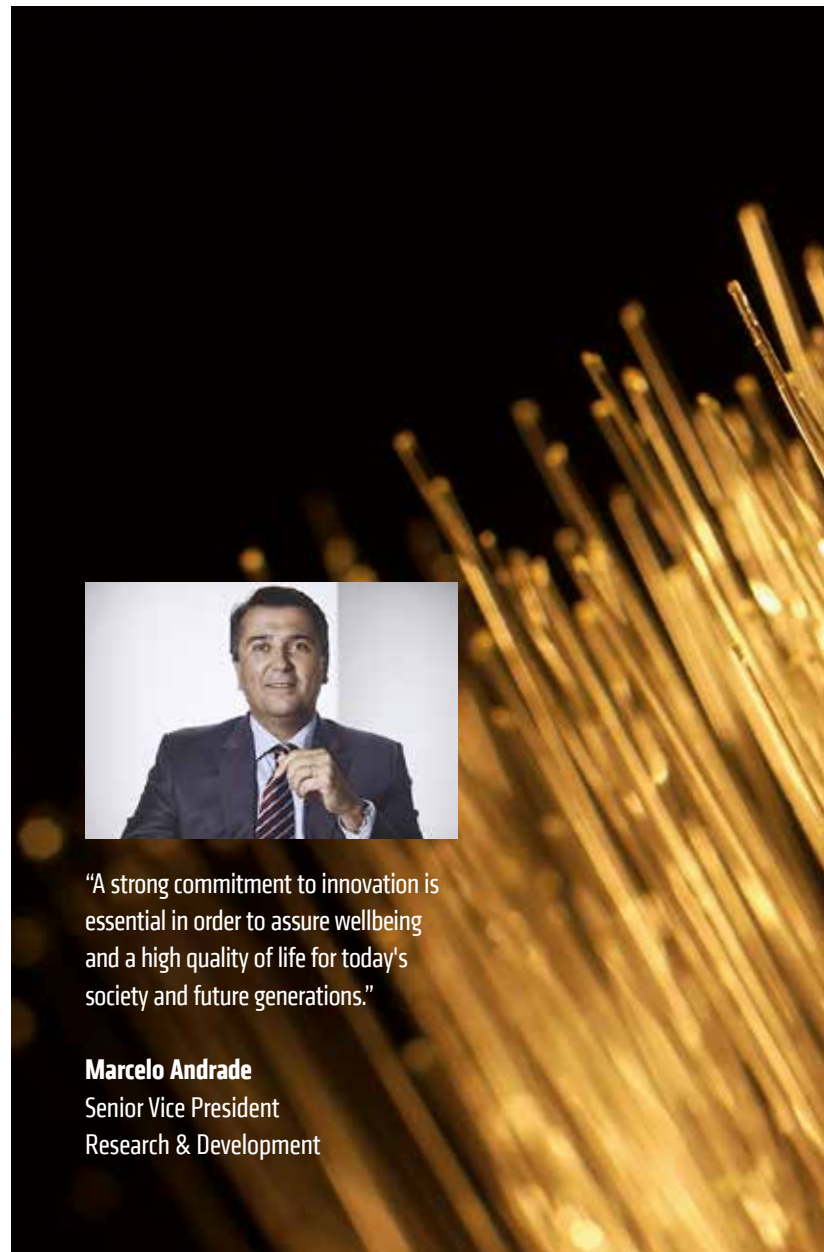
SHAPING THE FUTURE

—

Prysmian believes that continuously promoting innovation and development of new products with a reduced environmental impact is the best way to guarantee economic sustainability over the long term and thus accompany economies and communities on a durable growth path.

As a global leader in its industry, Prysmian is committed to innovating and generating higher value for its customers, particularly through developing new products and systems with a lower environmental impact, even in those sectors where products are largely standardised.

This commitment stems from the conviction that this is “the best way to guarantee economic sustainability over the long term”, as stated by Marcelo Andrade, Senior Vice President of R&D. He explains that development projects seek to achieve three main objectives: increasing the efficiency and reliability of our finished products; lowering energy and power losses, and reducing greenhouse gas



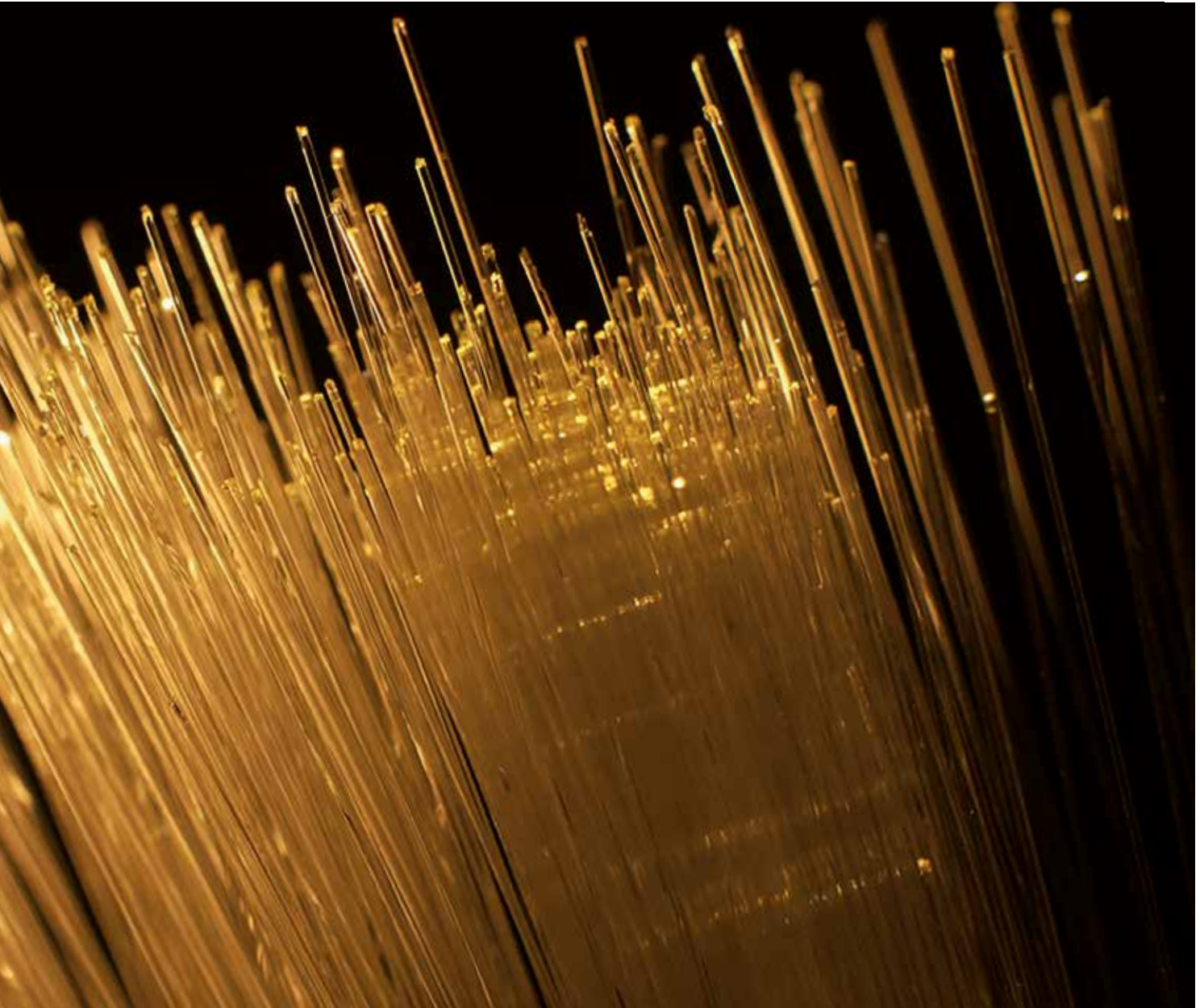
“A strong commitment to innovation is essential in order to assure wellbeing and a high quality of life for today's society and future generations.”

Marcelo Andrade
Senior Vice President
Research & Development

emissions and the consumption of electricity and water during production processes.

Sustainability at Prysmian is not only a prerogative for research and development in the more developed countries, but also in the emerging ones, as investment in sustainable innovation helps to lower risk in places where energy costs are rising and access to energy sources remains unstable.

In addition, our engineers employ advanced tools to validate the performance of our cables and simulate applications, even before any prototypes are made. This process helps to maximise the efficiency



of laboratory time, by avoiding unnecessary repetitions for example, and therefore reduces the consumption of materials and energy.

Andrade reveals: “Research, development and an inventive mindset lie at the heart of success in providing customers with technologically innovative, safe and sustainable solutions at increasingly competitive costs. When it comes to R&D, we’re committed to being the industry leader”. In Prysmian’s vision, what is earned today shapes the supply of energy and information tomorrow, for customers, individuals and communities around the globe. **“We work at improving sustainability, towards a better world for all”**, as Andrade concludes.

Partnering with major universities

Prysmian has consolidated collaborative relations with a number of major universities around the world in order to stay up to date with all technological innovations and ensure adoption of the most state-of-the-art technologies available to the scientific community.

Here are just some of the amazing partnerships we are honoured to be a part of: Politecnico di Milano (Italy), Università degli Studi di Milano, Genova, Salerno, Palermo e Padova (Italy), National Electrical Energy Testing Research and Applications Center (USA), Georgia Institute of Technology (USA), University of South Carolina (USA), Centro de Pesquisa e Desenvolvimento em Telecomunicações (Brazil), Universidade de São Paulo (Brazil), Universitat Politècnica de Catalunya (Spain), Shanghai TICW (China).



INNOVATION HAS BORNE FRUIT IN 2017

Submarine cables reach new depths and capacities

Activities related to new large-diameter aluminium-conducting junction techniques were completed in 2017, as was a large part of production for the current COBRA Project – 320 kV of direct current to connect the Netherlands to Denmark.

Progress was also made regarding cables installed at high depths. After completing all mechanical feasibility tests for the developed cable solution, innovative activities were launched and partially completed in relation to the development of installation and repair technologies.

Tests have continued on the 600 kV DC extruded cables project, for application of our XLPE and P-Laser technologies. New prototypes were produced in both XLPE and P-Laser.

Special optical cables that go undersea

Optical Ground Wire (OPGW) technology, in stainless steel with an aluminium coating, has been consolidated up to 96 FO, while our Spiral Space® technology has been integrated into the product portfolio.

With these technologies, cables have been qualified for various projects in the field of special cables, for example dyke cables with a vertical height of 500 metres. The family of high mechanical strength and chemical (ALPA®) and fire integrity (ALPAM) optical cables has been further developed. The production of submarine cables began at the Vilanova plant in Spain. As for submarine cables, a 330-km optical core was successfully produced for the COBRA Project.

More HV power, less weight

In the development of very-high voltage cable systems, new prototypes for **525 kV HVDC** systems insulated with proprietary P-Laser technology have been produced. The conductor section –3,500 mm² – is the largest produced to date in Prysmian, while the choice of conductor material – aluminium – made it possible to limit the weight of the cable.

The industrialisation of production technology for our new generation of accessories dedicated to **EHVDC applications** continued, while in the field of future UHV applications in alternating current the development of materials and technologies suitable for use with voltages up to **800 kV** has started.

Advancement in building cables and wires

2017 marked the entry into force of the European standard for the homologation of cables – the Construction Products Regulation (CPR). Prysmian's in-depth activity over the previous years to adapt our products to this forthcoming legislation has meant that from the outset, various companies within the Group have been able to maintain an influential position in several local markets.

Work towards completing the range and optimising costs will continue throughout 2018. Even those several product families destined for applications not regulated by the CPR standard will be adapted to meet the same safety standards, intensifying our R&D focus in that direction.

New technology added to O&G

The Group added a new technology to umbilical cables called 'Steel Tube' for dynamic applications. The O&G market crisis has oriented all Core Cables development activities towards the optimisation of design and production costs, and towards introducing alternative products to the market. The introduction of the CPR standard in the Transport and Installation (T&I) field is also attracting the interest of oil companies, requiring further developments for this family of products.

Industrial products improved

Intense development and improvement of products for the industrial market has continued, including a vast and varied number of applications. Our specialisation in some of these sectors, developed at some of the Group's units, must often be transferred to other units due to the increasingly frequent requests for localisation of markets in emerging countries, making it possible (thanks to the transfer of know-how and technologies owned by the Group) to penetrate new markets.

Increasing monitoring activity

The development of monitoring systems has become increasingly crucial because constant network monitoring helps optimise management and enables rapid identification of any related problems, minimising the risk of faults. In 2017, greater attention was paid to measurement systems for partial discharges as well as for temperature, strain, vibration and radiation, with the development of both sensors and monitoring equipment and systems.

As part of our PRY-CAM services, which aim to obtain real-time information on the conditions of cables or network components, our PRY-CAM Cable was developed to achieve supply and data collection for distributed systems of this type.

Important innovation in fibre production

2017 saw fibre manufacturing improvements in the USA and Brazil, where autonomous production processes are now operational. Production capacity of BendBright-XS fibres has increased through process improvements. This fibre has been much welcomed by the market thanks to its high flexibility and ductility, especially after the enforcement of the G657.A1 standard. Another important innovation concerns the use of few-mode fibre (FMF) technology, which allows digital information to be transmitted using a limited number of 'modes'.

Density of fibre increased yet again

We've continued to increase the number and density of fibres contained in a single cable. The latest design houses **3,456 fibres**, organised into 6 elementary nuclei of 576 fibres each in a single cable. It uses BendBright-XS fibres with a diameter of 200 µm to promote miniaturisation without compromising sensitivity to bends. Increased density is also the main objective for the development of cables suitable for installation by means of the blowing technique. These so-called 'mini' and 'nano' cable families include drop cables with up to 24 fibres and a maximum diameter of 3 mm, alongside multi-loose cables with up to 288 fibres and a maximum diameter of 8 mm.

Accessories developed for FTTH connectivity

Prysmian has continued to develop new accessories for use in FTTH, focusing on 'cabinets', with the development of optical distribution switches, joint boxes for the splicing of cables, and termination solutions for customers with wall-mounted boxes. A family of multifunctional joints has also been launched in several countries, with special characteristics to adapt to various platforms thanks to a number of innovations.

EXPLORING INNOVATIVE MATERIALS

In 2017 Prysmian continued strengthening studies to identify materials for the new technologies employed by cables and accessories.

Realisation of an elastic sheath for aerial cable accessories for construction. Studies in how to eliminate lead from insulating compounds for medium and high voltage. Development of semiconductive compounds for medium voltage disconnectable joints. Collaboration with an external partner for the development of a coating cable to reduce flame propagation of crosslinked polyethylene. A study on substances that absorb water without subsequently releasing it. Collaboration with a UHMW-based

polyethylene fibre producer. This list represents the relentless 2017 efforts of the Group in the field of materials research.

Prysmian Group's relentless efforts to explore the field of material usage and application will continue into 2018 and beyond. Our research throughout 2017 was conducted in partnership with several universities and academic centres. This includes our preliminary study of fire-resistant materials with the University of Padua; our

1883

Power cable installed in Milan connecting via S. Radegonda and La Scala Theater.

1887

Submarine communication cable (telegraph) connecting some minor islands in Italy.

1932

Oil Filled power cable 1x130mm² - 60kV ac.

1952

Coaxial cables connecting Madrid and Barcelona.

1953

Submarine communication cable (telegraph) connecting Cape Verde and Brazil.

1960

Power cables (EPR) and accessories up to 400kV ac.

1970

Power cables (XLPE) and accessories up to 275kV ac.
Fluid Filled power cables (paper) and accessories up to 1000 kV ac.

1974

Optical fiber technology development.

1976

Optical fiber cable technology development.

1987

First submarine optical cable installation.

1994

OPGW Optical - Ground Wire.
Superconductor power cable Cat 5e copper data transmission cables.

exploration of oil-resistant polymers with Politecnico di Milano – which led to the creation of a material based on unsaturated polymers; and a project with the University of Salerno, which involved researching a polypropylene that showed unexpected and anomalous behaviour when used to make the diameter joint in P-Laser.

Work on the approval of alternative materials, especially those of major technical or commercial importance, has continued throughout 2017 as the Group aims to reduce the use of monopoly suppliers.

Therefore, the study of a new method of preparing supply specifications has commenced in some key countries, in order to evaluate all problems deriving from single-source procurement. By the end of the experimental phase, all other countries in which the Group operates will be involved.

Our database of compounds of internal production has also been completed. This new research tool is now operational and can be consulted by all affiliates in order to facilitate the search for the most appropriate compound for final applications.

Quantity Reduced

Work dedicated to the optimisation of costs via the 'Design To Cost' (DTC) project has continued in 2017, as Prysmian aims to reduce the quantity of materials used for cable production by redefining the design of the product. DTC achieved savings totalling more than €13 million in 2017 with 1,050-plus projects having benefited.

Innovations showcased across the world

In 2017 the Group took part in over 80 industry-renowned international trade fairs and exhibitions, using the occasions to showcase our wide range of new products, innovations and projects. Among the most prestigious shows were: Middle East Electricity; SGTech Europe; Asansor International Lift Exhibition; GASTECH; Hannover Messe; Offshore Technology Conference; Wind Energy Offshore, Wind Energy Conference & Exhibition; FTTH Conference; OFC Conference; ANGA COM; BREKO; Optix East Africa; and the FTTH Council MENA Conference.

1999

Airbag technology for MV cables.
Flextube technology for optical cables.

2006

P-Laser technology for MV cables.
Bendbright-XS - Bend insensitive Single-Mode optical fiber.

2009

Pry-Cam technology for partial discharges measurement.

2011

Flexible pipes for flow lines.
Nano cable for telecommunication application using 200µm BB-XS fibers.

2013

P-Laser technology for HV cables.
Power cables (PPL MI) and accessories up to 600 kV dc.

2014

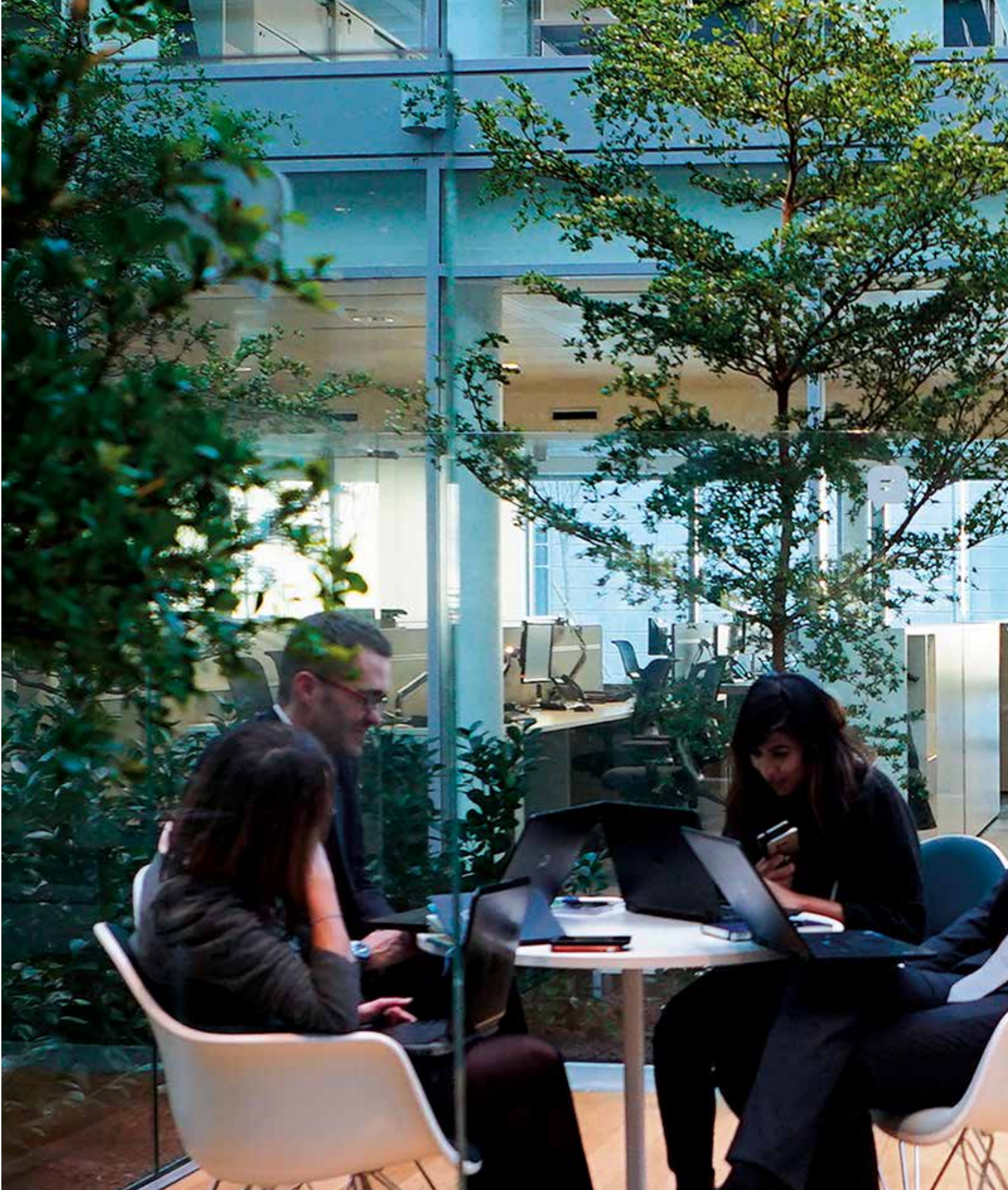
Very High Fiber Count Optical cables up to 1728 optical fibers.
Widcap-OMS-
Multimode Fiber for wavelength multiplexing.

2016

Power cables (P-Laser technology) and accessories up to 600 kV dc.
Power cables (XLPE) and accessories up to 600 kV dc.

2017

Submarine power cable - Ultra High Depths (3.000m).
Optical cable Flextube up to 3456 optical fibers.
Steel Tube Umbilical for dynamic applications.



A photograph of a modern office interior. In the foreground, a man with glasses and a dark suit is sitting in a white chair, looking thoughtfully to the side with his hand near his chin. Behind him is a large glass-walled office space. Inside, several desks with computers and office chairs are visible. A woman is seated at one of the desks. The office is bright and airy, with a wooden floor in the foreground and a large potted plant in the lower right. The overall atmosphere is professional and contemporary.

ALWAYS IN TOUCH WITH THE MARKET

As a true public company, 2017 saw Prysmian Group continue to attract investors from all over the world.

AN OWNERSHIP STRUCTURE WITH NO CONTROLLING INTEREST



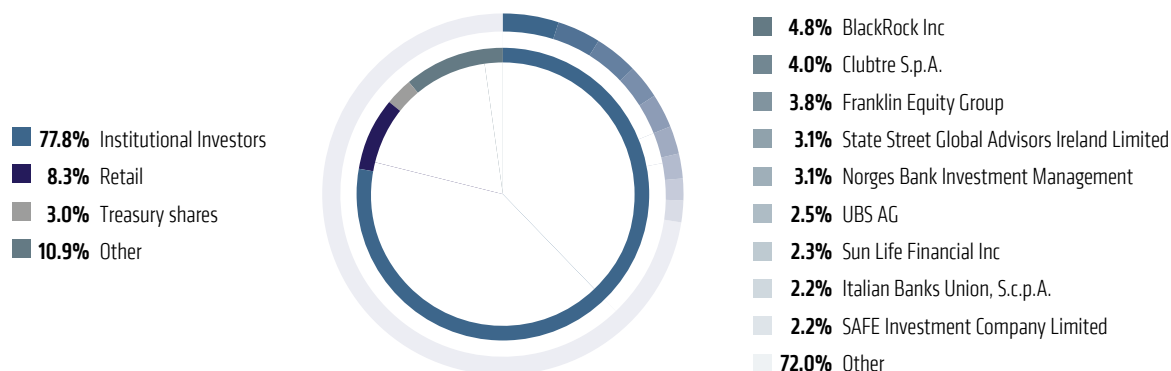
The free float in 2017 stayed equal to 100% of outstanding shares with shareholdings exceeding 3%, accounting for some 19%.

It means that Prysmian is one of Italy's few globally present industrial concerns to have achieved true public company status in recent years, with nearly 80% of its capital held by institutional investors.

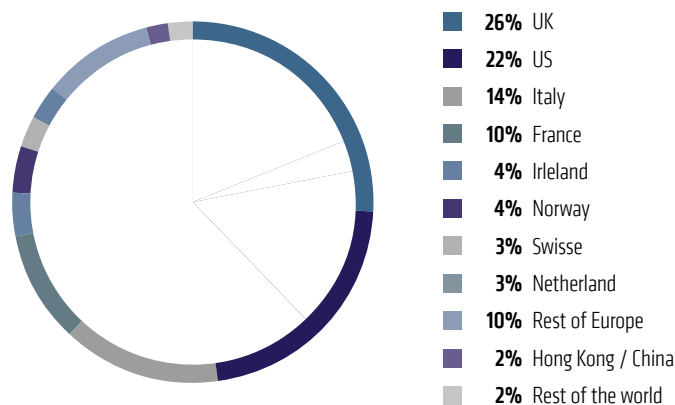
The geographical ownership structure shows a predominant UK presence, which represents 26% of the institutional investor total, an increase from 2016. This is followed by the USA, which accounted for 22%, a decrease from 2016. Italy accounted for around 14% of the capital held by institutional investors, while France's share edged up to 10%.

Approximately 71% of the share capital held by institutional investors is represented by investment funds with value, growth, or growth at a reasonable price (GARP) strategies, all focused on a medium to long-term perspective. The proportion of investors adopting an index investment strategy was stable compared with 2016.

OWNERSHIP STRUCTURE BY TYPE AND MAJOR SHAREHOLDERS



INSTITUTIONAL INVESTORS BY GEOGRAPHICAL AREA



Responsibly close to investors

Creating value for shareholders and other stakeholders is a key priority for Prysmian. Our policy of strategic and financial communication is directed towards the highest standards of accuracy, clarity and transparency. Our actions and procedures are designed to provide the market with credible information, with the goal of boosting market confidence.

This goal seeks to encourage a long-term investment approach, avoiding unequal access to information and ensuring effective compliance with the principle that all existing and potential investors have the right to receive the same information in order to make informed investment decisions. The Group always promptly informs existing and potential shareholders of any action or decision that could have a material impact on their investment.

Extensive stockbroker coverage

Coverage of Prysmian stock remained very high and geographically diversified, with regular reporting from 23 independent analysts: Banca Akros; Banca Aletti; Banca IMI; Banca Profilo; Barclays Capital;

Berenberg; Bank of America Merrill Lynch; Citigroup; Credit Suisse; Equita; Espirito Santo; Exane BNP Paribas; Fidentiis; Goldman Sachs; Hammer Partners; HSBC; Intermonte; JP Morgan; Kepler Cheuvreux; Mediobanca; Morgan Stanley; Natixis; and UBS.

Engaging with the market

In 2017 there was intense contact with the financial market, with more than 400 encounters involving conference calls and one-to-one or group meetings at Prysmian's offices. We also coordinated numerous road shows in the major financial centres of Europe and North America, as well as taking part in conferences organised by major international brokers. The increasing attention paid to the Group's activities by socially responsible investors was confirmed by the growing number attending dedicated meetings and road shows.

We also organised several visits during the year for institutional investors and financial analysts to see our production facilities and R&D centres, in order to give them a deeper understanding of our products and production processes.

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