



Prysmian Group Company Presentation

August 2017

PLATFORM TO ENHANCE CUSTOMER SERVICE **LINKING THE FUTURE** STRONGER
LEADING TECHNOLOGY LEADING TECHNOLOGY
WORLDWIDE LEADER IN RENEWABLE ENERGY
EXTENDED PRODUCT OFFERING IN OGP AND IN

Prysmian
Group

 **PRYSMIAN**

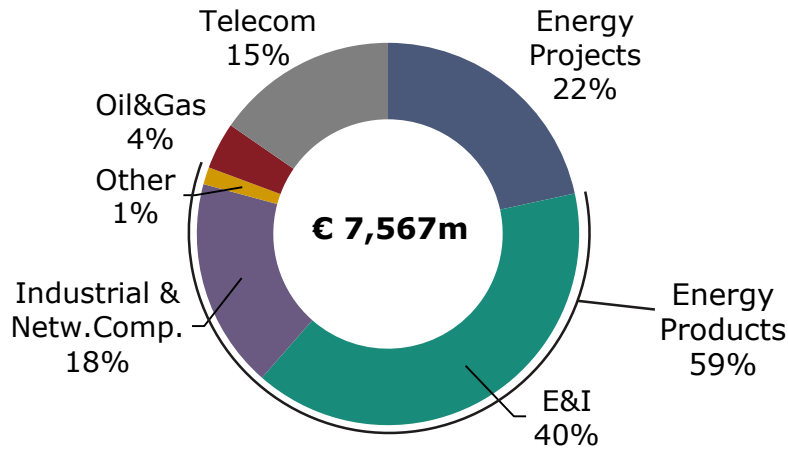
 **Draka**

- **Group overview**
- Results by business
- Outlook
- Financial Results
- Appendix

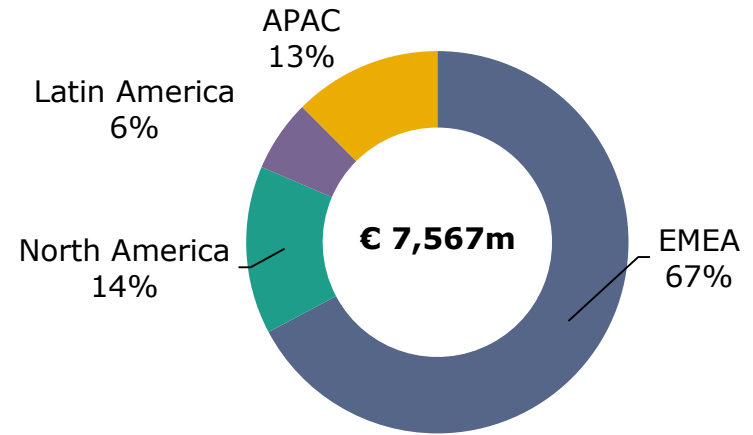
Prysmian group at a glance

FY 2016 Financial Results

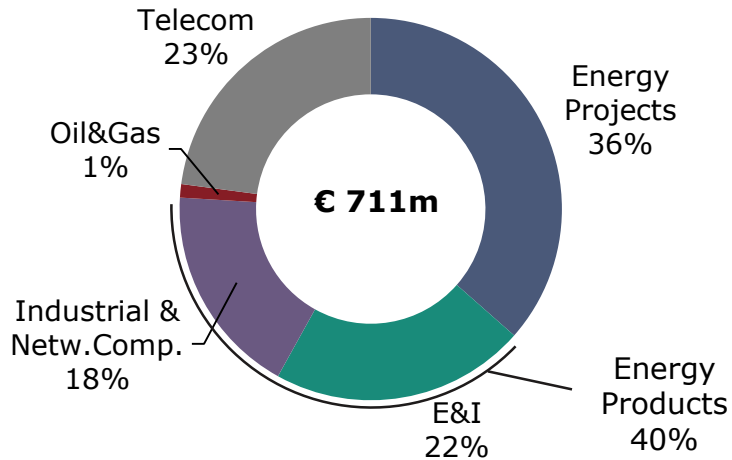
Sales breakdown by business



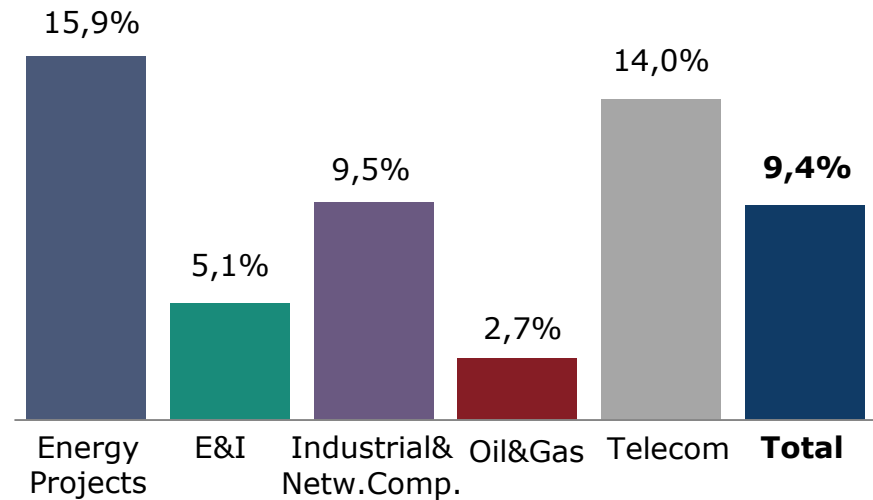
Sales breakdown by geography



Adj. EBITDA by business



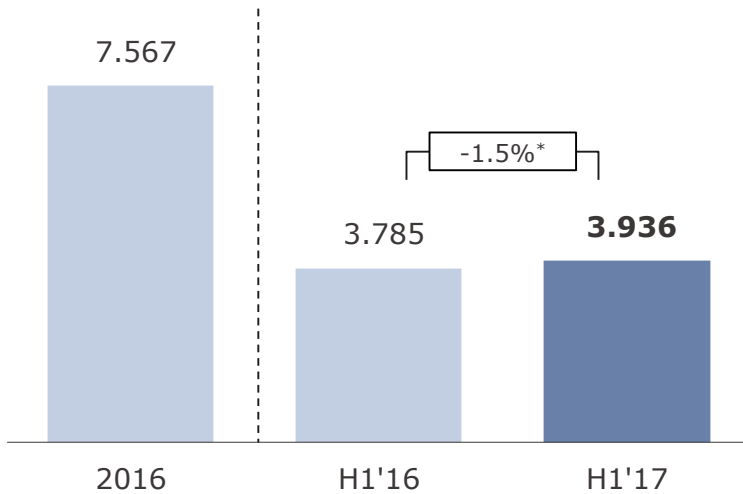
Adj. EBITDA margin



H1 2017 Key Financials

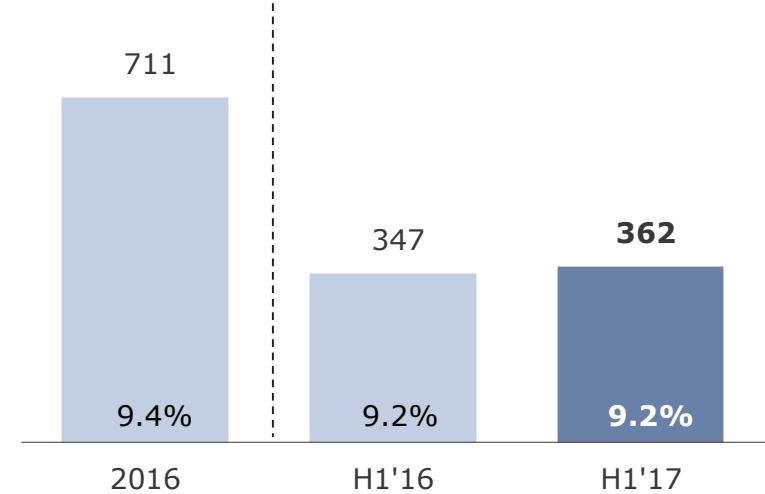
Euro Millions, % on Sales

Sales

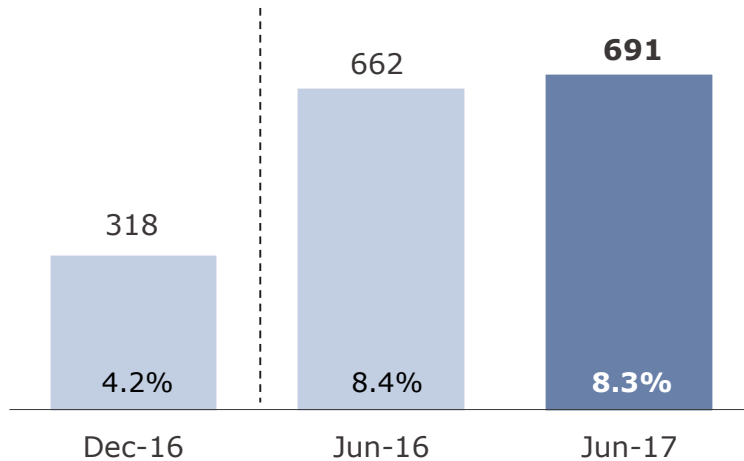


* Org. Growth

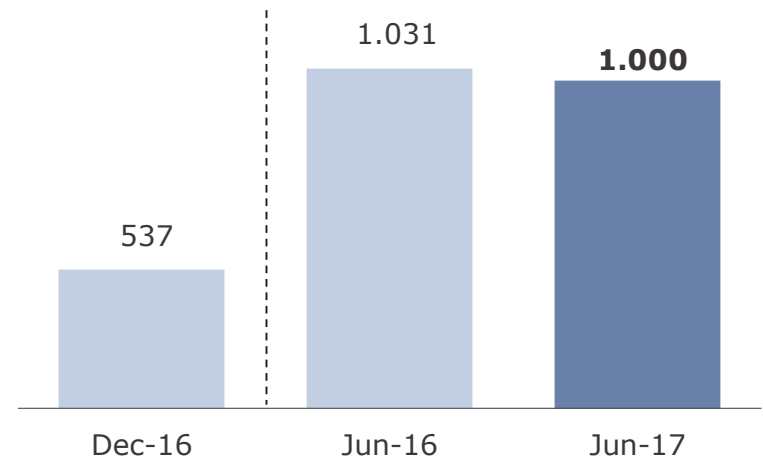
Adjusted EBITDA ⁽¹⁾



Operative Net Working Capital ⁽²⁾



Net Financial Debt

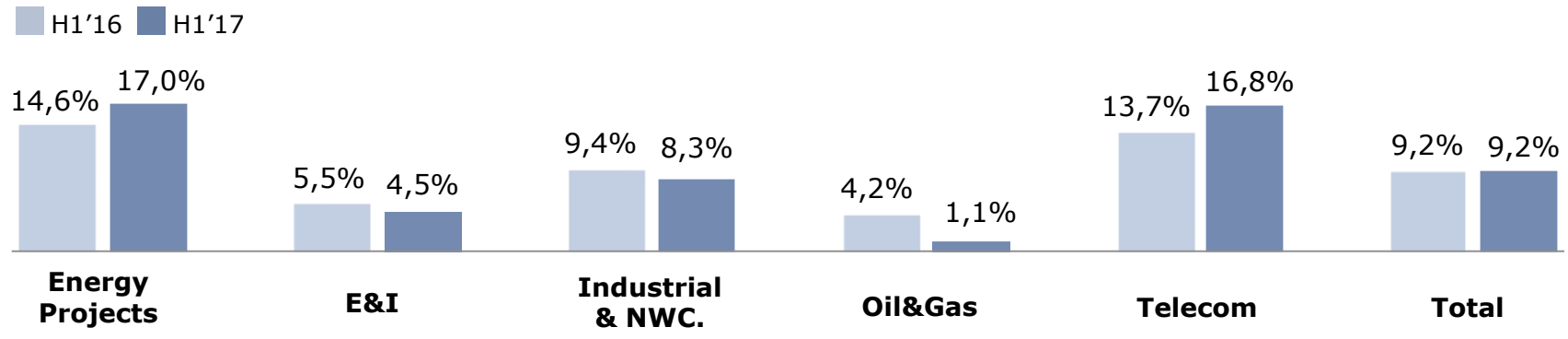


(1) Adjusted excluding restructuring, non-operating income/expenses and non-recurring income/expenses; (2) Defined as NWC excluding derivatives; % on sales is defined as Operative NWC on annualized last quarter sales

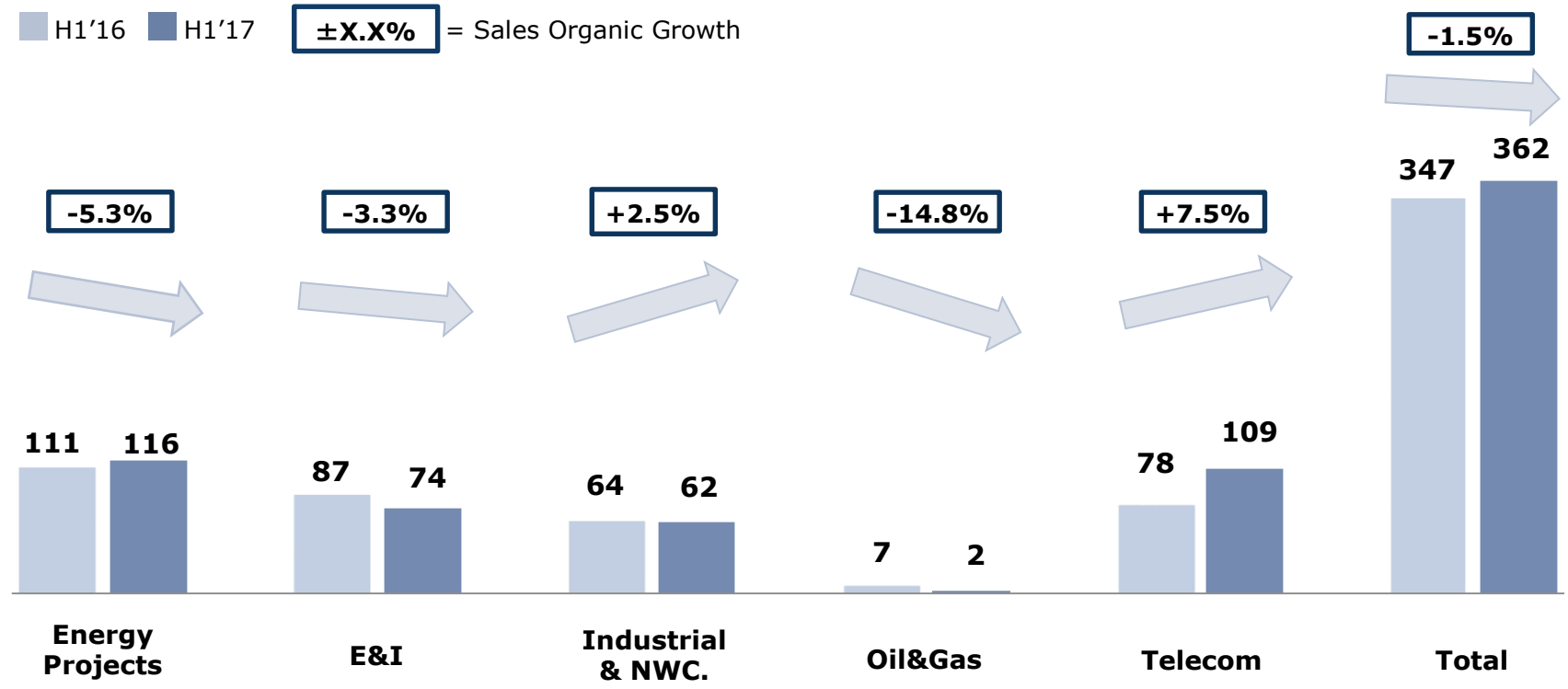
Moderate organic decline with improved profitability.

Positive performance in Telecom and Energy Projects offset by weakness in E&I and SURF.

Adj. EBITDA Margin



Adj. EBITDA (€ million) / % Org. Growth

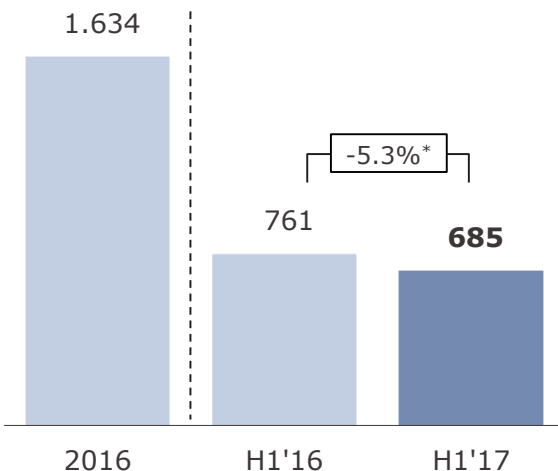


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Energy Projects

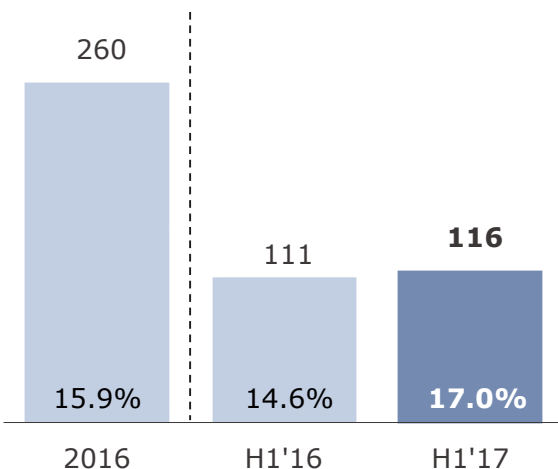
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

Submarine

- Improving organic trend recovering after a soft start in Q1.
- Adj.EBITDA margin improving also thanks to full utilization of the new installation assets (new vessel Ulisse, new jetting system).
- Solid market outlook, further supported by the reduction of the LRoE (Levelized Revenue of Electricity) in recent offshore wind farm awards in Germany.

Underground High Voltage

- Sales declined organically driven by weak market demand in France, Middle East and the US. Strong performance in APAC supported by a solid order inflow.
- Adj.EBITDA negatively impacted by perimeter change (China) and soft performance in France, Netherlands and US.

Orders Backlog Evolution (€ m)

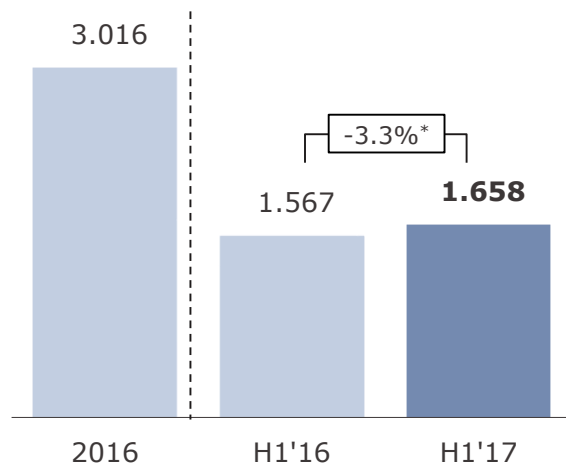
	Dec '13	Dec '14	Dec '15	Jun '16	Dec '16	Jun'17*
Underground HV	~450	~450	~600	~500	~350	~400
Submarine	~2,050	~2,350	~2,600	~2,450	~2,050	~2,050
Group	~2,500	~2,800	~3,200	~2,950	~2,400	~2,450

* Excludes RTE offshore wind export cable worth approx. € 300m

Energy & Infrastructure

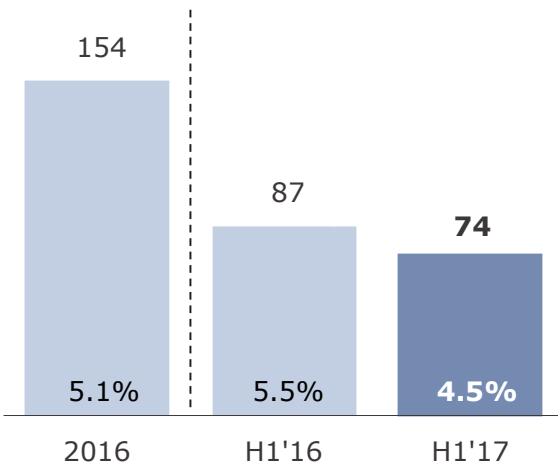
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

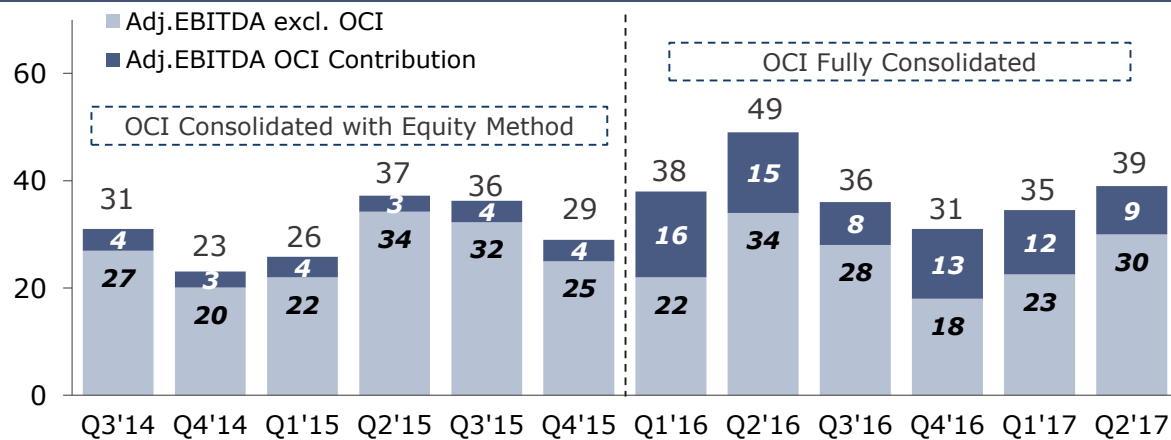
Trade & Installers

- Positive performance in the Nordics, Oceania and China was more than offset by weakness in Oman, Turkey and Argentina. The recent update in renewable energy regulation in US negatively affected volumes.
- CPR regulation became mandatory starting from July 1st 2017, with potential positive implications in selected markets expected to materialize in H2.

Power Distribution

- Market slowdown in Germany and Eastern Europe progressing in line with expectations. Positive performance in APAC, the Nordics and North America.
- Adj.EBITDA margin declined slightly due the tough market conditions in Central and Easter Europe and in Oman.

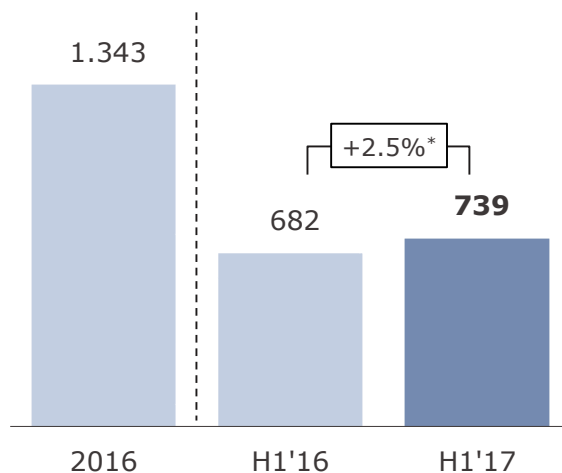
Quarterly Adj.EBITDA evolution



Industrial & Network Components

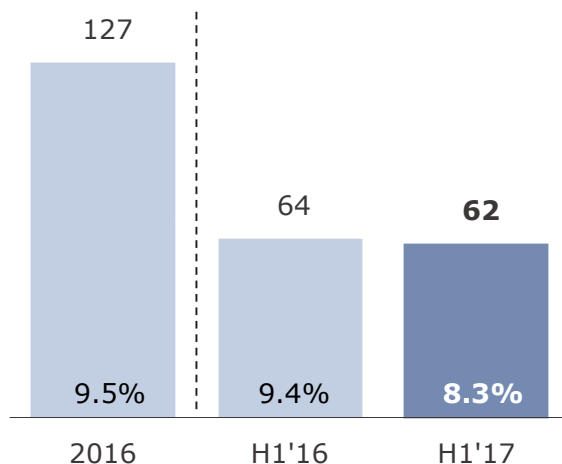
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

Specialties, OEMs & Renewables

- Low single digit organic growth thanks to a solid performance in Railway and Infrastructure, ongoing recovery in Mining and Renewables. Crane, Defense and Marine slowing down after the peak of 2016.
- Solid trend in APAC and North America. Europe improving after a soft start of the year.
- Increasing order backlog creates a sustainable trend for the remaining part of the year.

Elevator

- Slight organic decrease due to projects delays in China. Positive volumes trend in Europe.
- Adj.EBITDA was negatively affected by the volume drop in China and the unfavourable product mix in North America.

Automotive

- Double digit organic increase with strong performance in APAC and North America. Europe broadly stable.
- Profitability improvement driven by volume growth in North America and APAC and by a leaner manufacturing set-up in Europe.

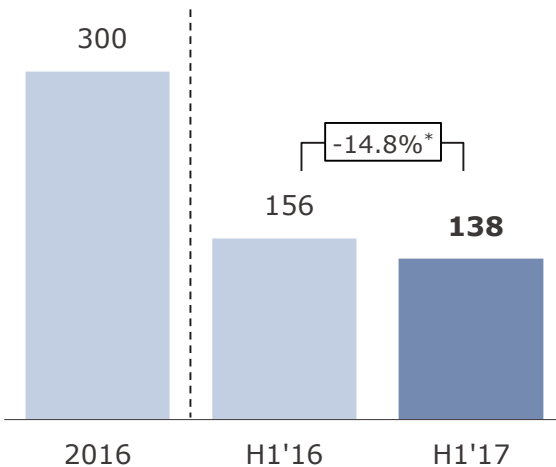
Network Components

- Soft volumes and margin driven by the slowdown of HV accessories in Europe and China. Positive performance in MV and LV business in Europe and US.

Oil & Gas

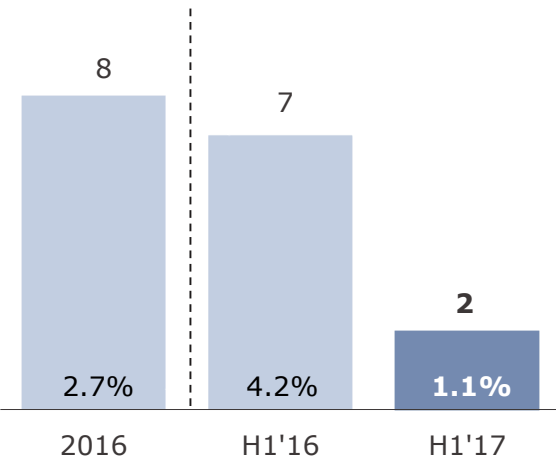
Euro Millions, % on Sales

Sales



* Org. Growth

Adj. EBITDA / % of Sales



Highlights

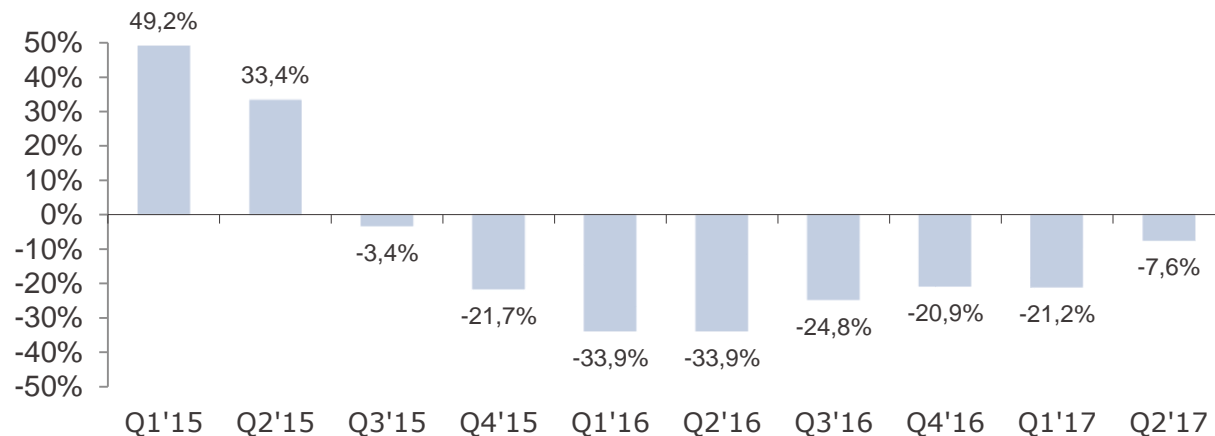
SURF

- Umbilical: weak performance driven by 2016 low projects awards in Brazil. Market environment remains highly competitive.
- DHT: Volume recovery in onshore segment (US Shale) partially offset by weak demand from international markets. Profitability negatively affected by unfavorable product mix (on shore vs. offshore).

Core Cable Oil & Gas

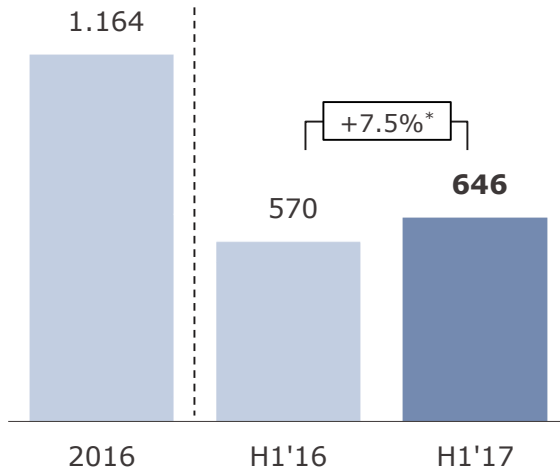
- Sales improved organically thanks to onshore projects in Middle East, Russia and North America. Offshore remains at very low level.
- Volume recovery and efficiency sustaining profitability while price remain challenging due to overcapacity.

Quarterly organic growth* evolution



* % change vs. same quarter of previous year

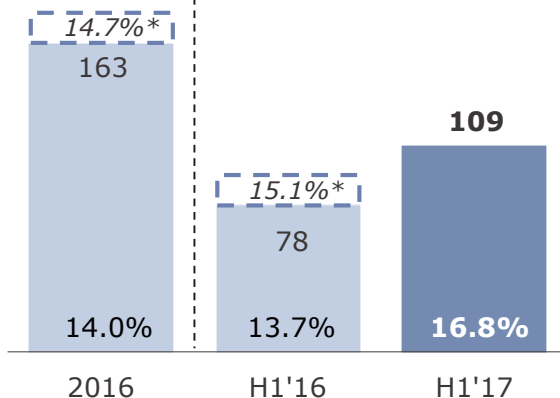
Sales



* Org. Growth

Adj. EBITDA / % of Sales

* Adj. EBITDA margin excl. €8m In bad debt provision in Brazil



Highlights

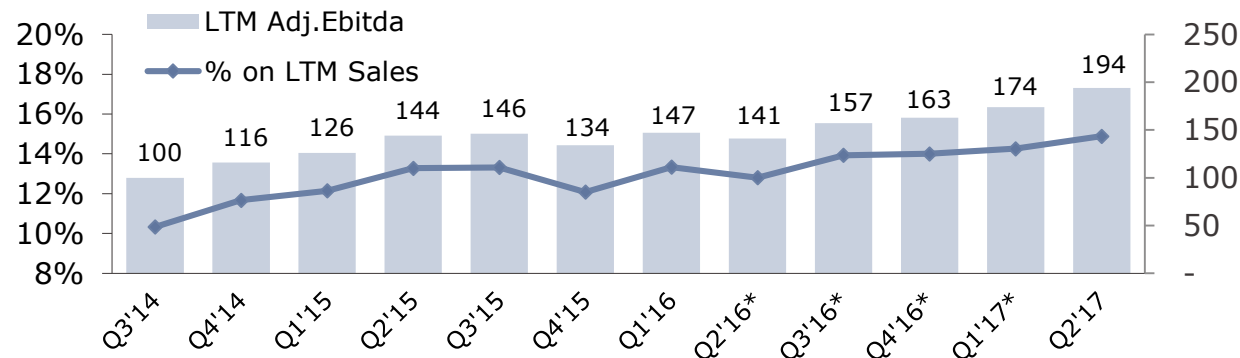
Telecom Solutions

- Double-digit organic growth in optical cables segment confirmed in Q2.
- Solid market demand in Europe and US driven by FTTH/FTTC roll-out acceleration.
- Declining performance in the copper business due to the challenging comparison with H1 2016.
- €250m ongoing investment 3 year plan aimed at improving production capacity and efficiency worldwide.

MMS

- Growing volumes and margin in Europe and APAC, also supported by the new manufacturing set-up in Europe.
- Positive market demand benefitting from growing investments in datacentres.

Quarterly LTM Adj. EBITDA and % on LTM Sales evolution



* Including € 8m bad debt provision in Brazil

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FY 2017 Outlook

2017 Adj.EBITDA Target (€ million)

710

Mid-point € 730m

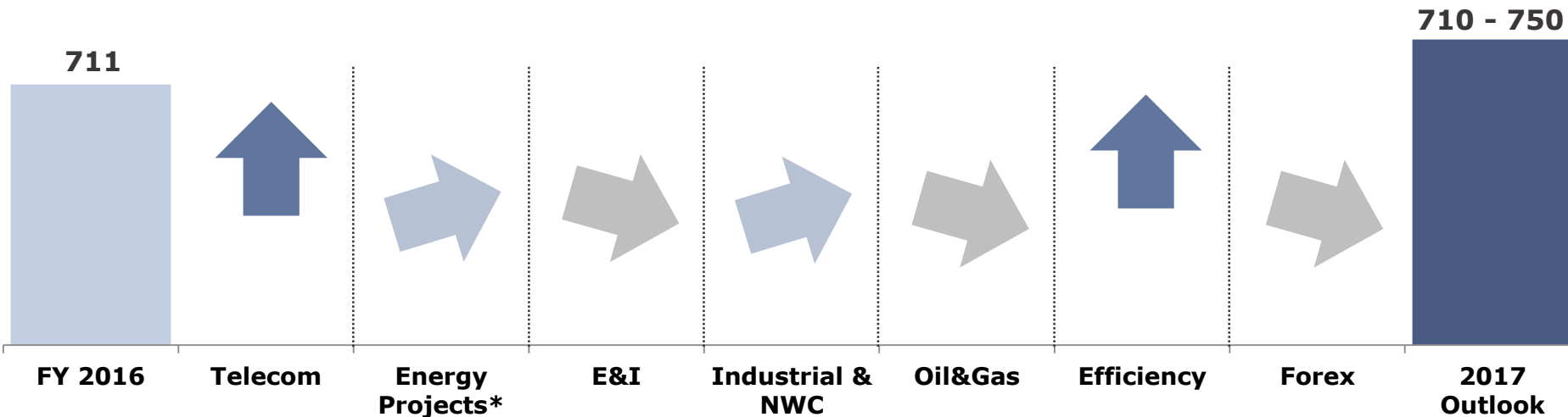
750

2017 Adj.EBITDA Target Assumptions (€ million)

Mid-point target assumptions:

- Continued strong performance in Telecom business.
- Stable results in Energy Projects after adsorbing negative perimeter effect in Underground HV (China).
- Improving trend Industrial offset by soft E&I demand.
- Still difficult market in Oil&Gas (SURF).
- Moderately negative forex impact.

Adj. EBITDA 2016 - 2017 Outlook Bridge (€ million)



* Including perimeter change in China.

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Profit and Loss Statement

Euro Millions

	H1 2017	H1 2016
Sales	3.936	3.785
<i>YoY total growth</i>	4,0%	
<i>YoY organic growth</i>	(1,5%)	
Adj.EBITDA	362	347
<i>% on sales</i>	9,2%	9,2%
Adjustments	(31)	(25)
EBITDA	331	322
<i>% on sales</i>	8,4%	8,5%
Adj.EBIT	274	261
<i>% on sales</i>	7,0%	6,9%
Adjustments	(31)	(25)
Special items	(36)	(19)
EBIT	207	217
<i>% on sales</i>	5,3%	5,8%
Financial charges	(49)	(37)
EBT	158	180
<i>% on sales</i>	4,0%	4,8%
Taxes	(45)	(56)
<i>% on EBT</i>	(28,5%)	(31,1%)
Net Income	113	124
<i>% on sales</i>	2,9%	3,3%
Minorities	-	9
Group Net Income	113	115
<i>% on sales</i>	2,9%	3,0%

Adjustments and Special Items on EBIT

Euro Millions

	H1 2017	H1 2016
Non-recurring Items (Antitrust Investigation)	(15)	-
Restructuring	(9)	(11)
Other Non-operating Income / (Expenses)	(7)	(14)
EBITDA adjustments	(31)	(25)
Special items	(36)	(19)
<i>Gain/(loss) on metal derivatives</i>	(11)	20
<i>Assets impairment</i>	-	(15)
<i>Other</i>	(25)	(24)
EBIT adjustments	(67)	(44)

Financial Charges

Euro Millions

	H1 2017	H1 2016
Net interest expenses	(34)	(28)
<i>of which non-cash conv.bond interest exp.</i>	<i>(8)</i>	<i>(4)</i>
Bank fees amortization	(2)	(2)
Gain/(loss) on exchange rates	2	7
Gain/(loss) on derivatives ¹⁾	(12)	(12)
Non recurring effects	(1)	(1)
Other non-operating financial expenses	(2)	-
Other	-	(1)
Net financial charges	(49)	(37)

1) Includes currency and interest rate derivatives

Statement of financial position (Balance Sheet)

Euro Millions

	30 Jun 2017	30 Jun 2016	31 Dec 2016
Net fixed assets	2.599	2.565	2.630
<i>of which: goodwill</i>	441	444	448
<i>of which: intangible assets</i>	318	347	344
<i>of which: property, plants & equipment</i>	1.625	1.563	1.631
Net working capital	700	646	325
<i>of which: derivatives assets/(liabilities)</i>	9	(16)	7
<i>of which: Operative Net working capital</i>	691	662	318
Provisions & deferred taxes	(357)	(299)	(360)
Net Capital Employed	2.942	2.912	2.595
Employee provisions	371	393	383
Shareholders' equity	1.571	1.488	1.675
<i>of which: attributable to minority interest</i>	199	223	227
Net financial debt	1.000	1.031	537
Total Financing and Equity	2.942	2.912	2.595

Cash Flow

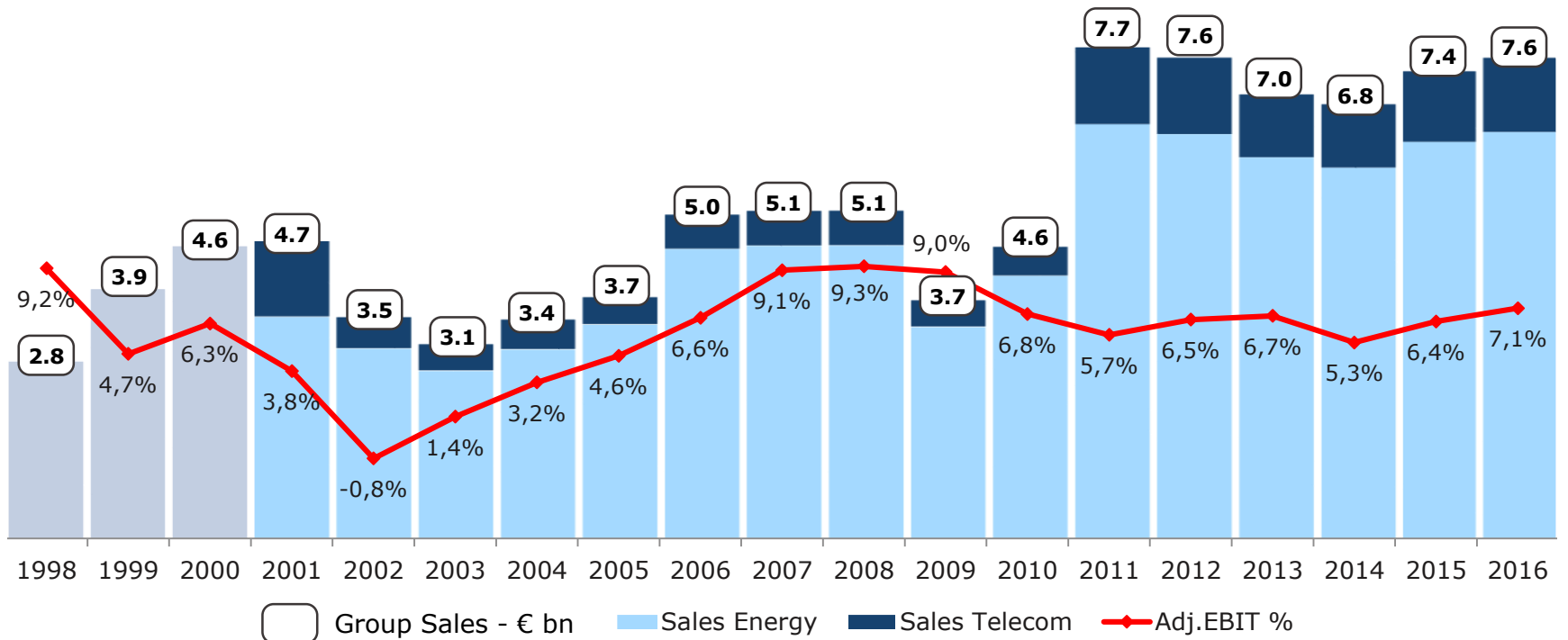
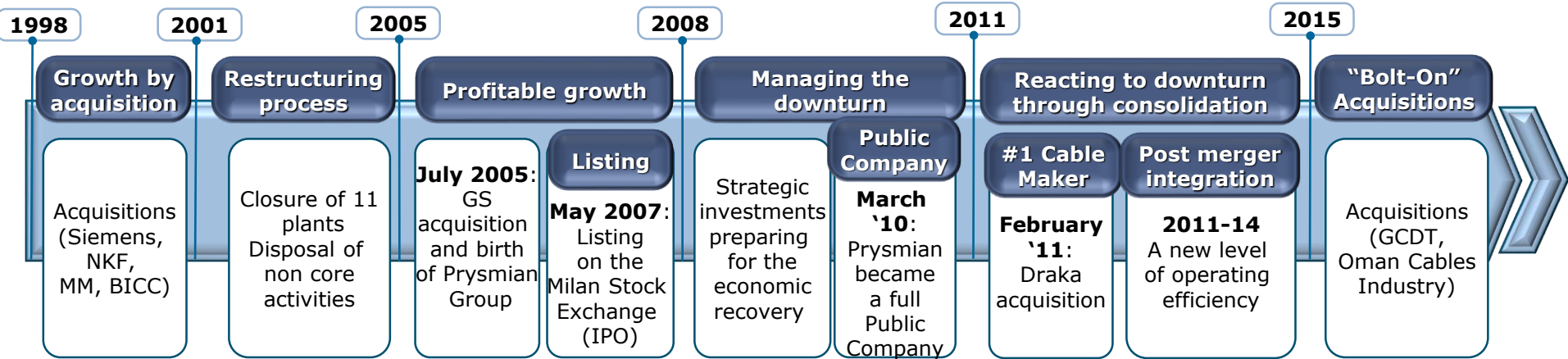
Euro Millions

	H1 2017	H1 2016	12 Months (from 1/7/2016 to 30/6/2017)
Adj.EBITDA	362	347	726
Adjustments	(31)	(25)	(72)
EBITDA	331	322	654
Net Change in provisions & others	4	(14)	18
Share of income from investments in op.activities	(19)	(14)	(36)
Cash Flow from operations (bef. WC changes)	316	294	636
Working Capital changes	(432)	(291)	(74)
Dividends received	3	2	11
Paid Income Taxes	(36)	(38)	(74)
Cash flow from operations	(149)	(33)	499
Acquisitions & Disposals	-	-	31
Net Operative CAPEX	(111)	(101)	(237)
<i>of which acquisitions of assets of ShenHuan</i>	<i>(35)</i>	<i>-</i>	<i>(46)</i>
Free Cash Flow (unlevered)	(260)	(134)	293
Financial charges	(45)	(42)	(71)
Free Cash Flow (levered)	(305)	(176)	222
<i>Free Cash Flow (levered) excl. Acquisitions & Disposals*</i>	<i>(270)</i>	<i>(176)</i>	<i>237</i>
Dividends	(101)	(101)	(102)
Treasury shares buy-back & other equity movements	(99)	-	(99)
Net Cash Flow	(505)	(277)	21
Net financial debt beginning of the period	(537)	(750)	(1.031)
Net cash flow	(505)	(277)	21
Equity component of convertible bond	48	-	48
Other variations	(6)	(4)	(38)
Net financial debt end of the period	(1.000)	(1.031)	(1.000)

* Calculated as FCF (levered) excluding "acquisitions of assets of ShenHuan" and "Acquisitions & Disposals".

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 - Energy Projects and Energy Products
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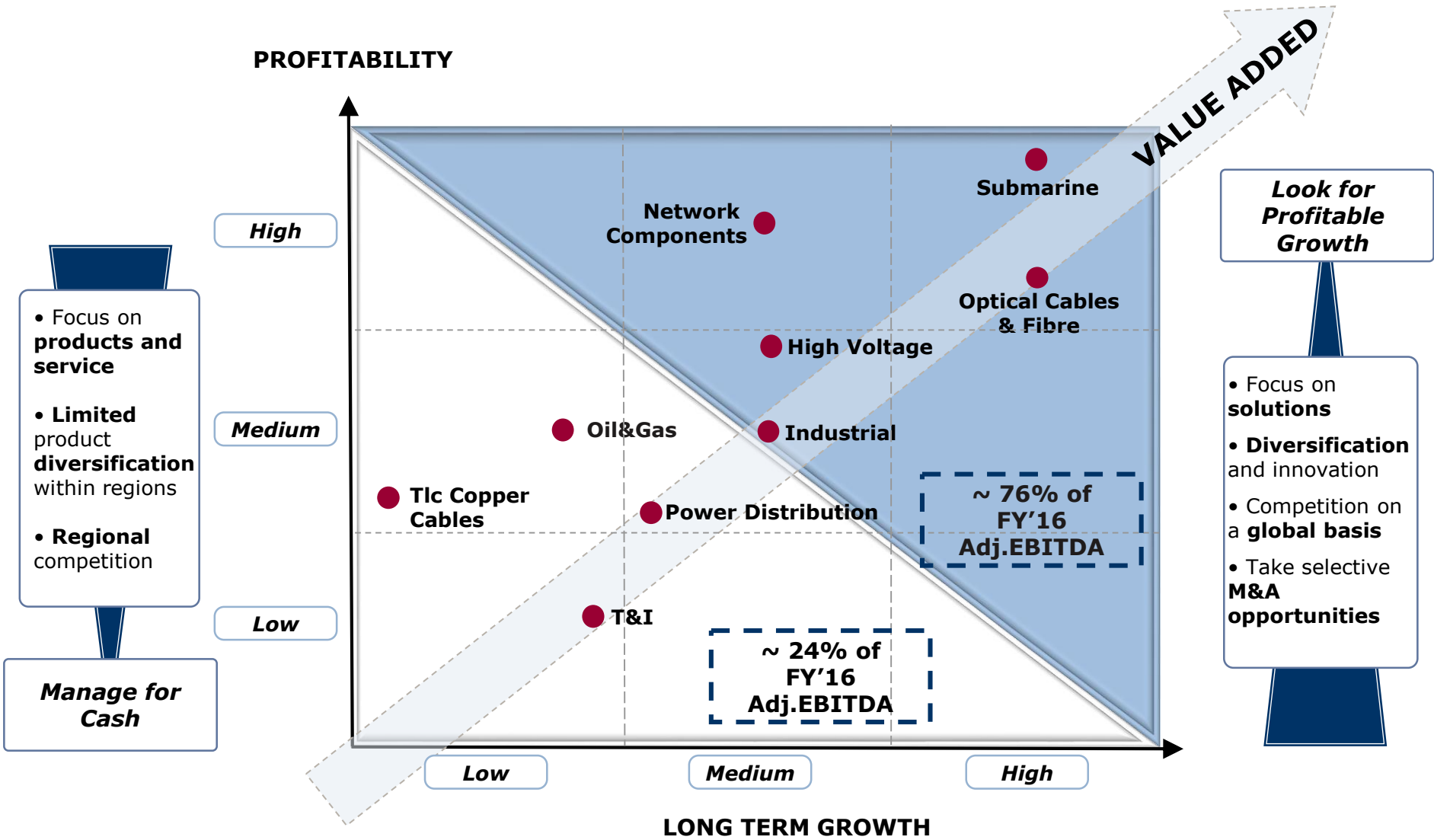
Key milestones



Source: 1998-2003 Pirelli Group Annual Reports, data reported under Italian GAAP; 2004-2010 Prysmian accounts, data reported under IFRS; 2011 Draka full combined; 2011-2013 restated in application of IFRS 10-11 and reclassification of share of net income

Prysmian Group business portfolio

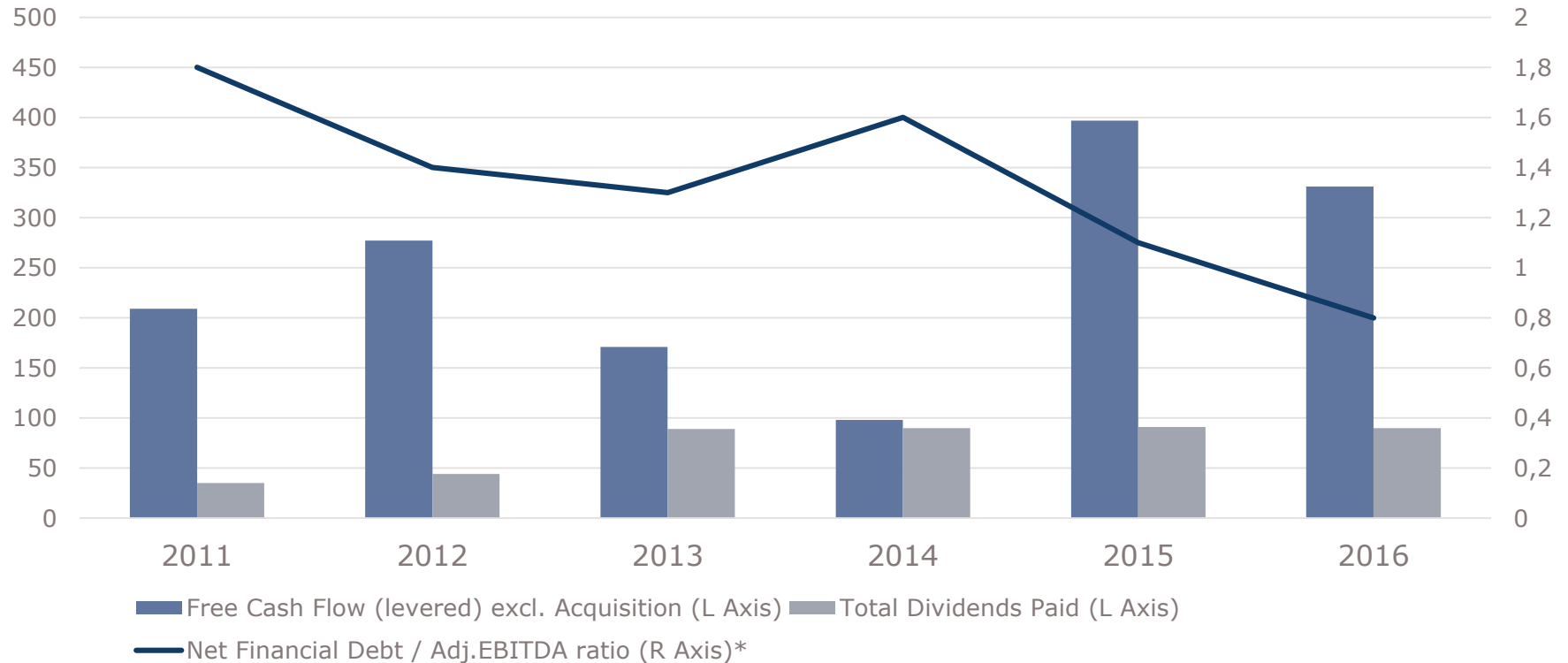
Focus on high value added segments



Cash Flow generation as key priority to create value for shareholders

Low leverage enabling multiple capital deployment opportunities.

Historical free cash flow generation and Net Financial Debt/Adj.EBITDA ratio (year-end)



**2015 Net Financial Debt/adj.EBITDA ratio calculated as Net Financial Debt reported at 31 Dec. 2015 divided by Pro-Forma FY2015 EBITDA including full OCI and GCDT contributions.*

Approx. € 250m average Free Cash Flow per year in 2011-16

Cumulative capex of approx. € 1bn in 2011-2016

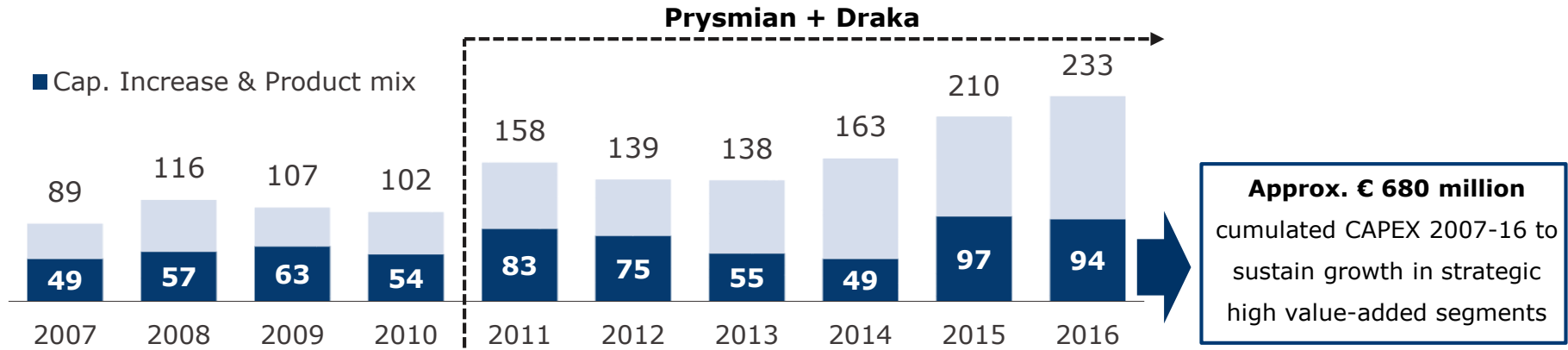
Approximately € 440m cumulated dividend distributed in the 2011-2016 period.

Deleveraging from 2,46x Net Debt/adj.EBITDA ratio (FY2010 pro-forma fully combined with Draka) to 0,8x at FY 2016

Disciplined Capex to grow in high margin business and out of Europe

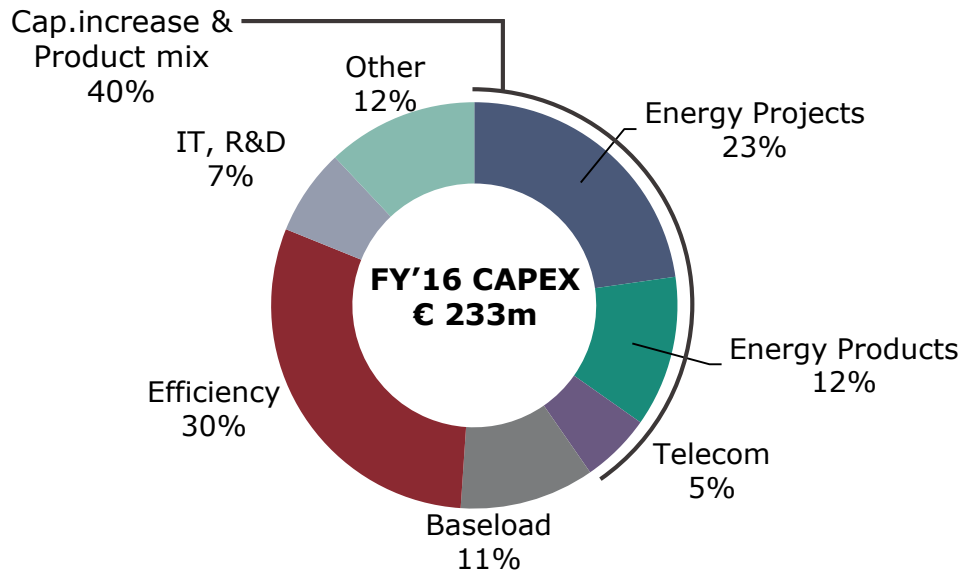
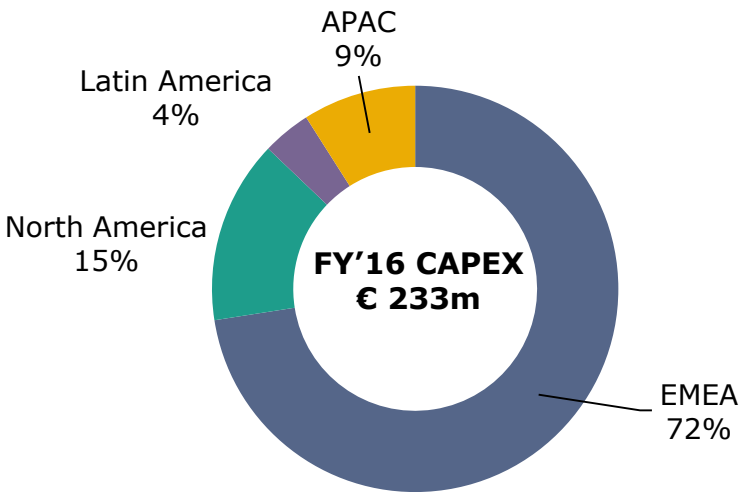
Investments focused on business with long term drivers and high entry barriers

CAPEX 2007-2016 (€ mln)

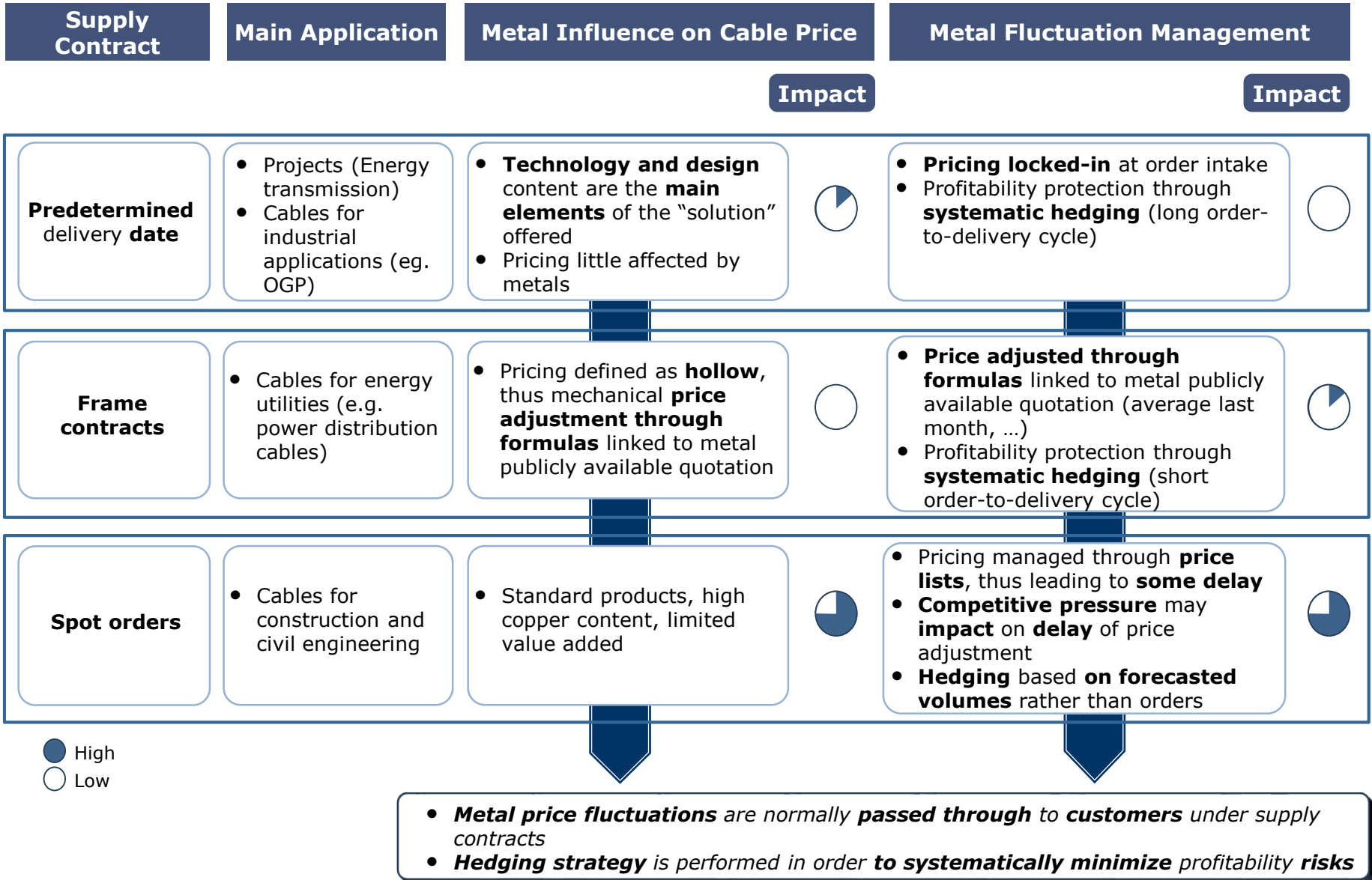


2011 Combined; 2012-13 restated in application of IFRS 10-11 and reclassification of share of net income

CAPEX 2016 breakdown



Metal Price Impact on Profitability



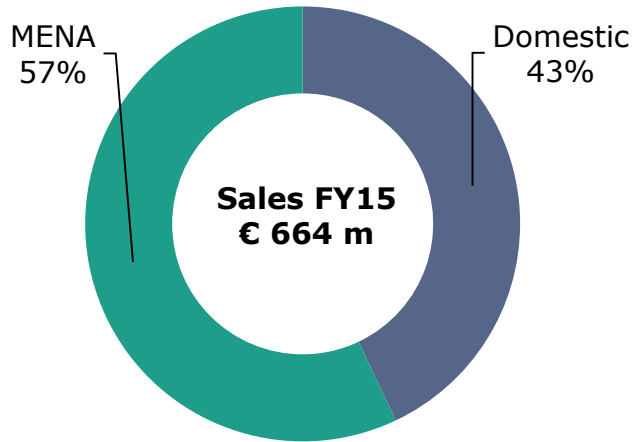
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Focus on Oman Cables Industry Acquisition

A perfect example of "Bolt-on" acquisition.



2015 Sales Breakdown (€ million ⁽¹⁾)



(1) 2015 average EUROMR spot FX rate 0.4268

Strategic Position



Structure of the Deal

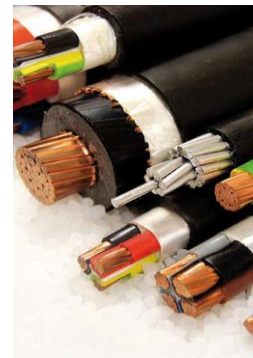
STRUCTURE OF THE DEAL

- Acquisition of approx. 16% stake in listed company OCI
- Total cash consideration € 105 million
- OCI Balance Sheet consolidated at 31 Dec 2015; P&L consolidated as of 1st Jan 2016.

STRATEGIC RATIONALE

- Geographic diversification toward middle-east region.
- No import duties in GCC market.
- Low integration risk. Solid track record.

Product Range



- Building Wire and Cable
- LV and MV power cables (up to 33kV)
- Control cables for industrial applications

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* Restated figures

Energy Projects Segment – Profit and Loss Statement

Euro Millions

	H1 2017	H1 2016
Sales to Third Parties	685	761
<i>YoY total growth</i>	<i>(10,0%)</i>	
<i>YoY organic growth</i>	<i>(5,3%)</i>	
Adj. EBITDA	116	111
<i>% on sales</i>	<i>17,0%</i>	<i>14,6%</i>
Adj. EBIT	96	94
<i>% on sales</i>	<i>14,0%</i>	<i>12,4%</i>

Energy Products Segment – Profit and Loss Statement

Euro Millions

		H1 2017	H1 2016
Sales to Third Parties	E&I	1.658	1.567
	<i>YoY total growth</i>	5,8%	
	<i>YoY organic growth</i>	(3,3%)	
	Industrial & Netw. Comp.	739	682
	<i>YoY total growth</i>	8,5%	
	<i>YoY organic growth</i>	2,5%	
Sales to Third Parties	Other	70	49
	<i>YoY total growth</i>	41,9%	
	<i>YoY organic growth</i>	(0,1%)	
	ENERGY PRODUCTS	2.467	2.298
	<i>YoY total growth</i>	7,4%	
	<i>YoY organic growth</i>	(1,5%)	
Adj. EBITDA	E&I	74	87
	<i>% on sales</i>	4,5%	5,5%
	Industrial & Netw. Comp.	62	64
	<i>% on sales</i>	8,3%	9,4%
	Other	(1)	-
	<i>% on sales</i>	(1,1%)	
Adj. EBITDA	ENERGY PRODUCTS	135	151
	<i>% on sales</i>	5,5%	6,6%
	E&I	46	56
	<i>% on sales</i>	2,8%	3,5%
	Industrial & Netw. Comp.	51	54
	<i>% on sales</i>	6,9%	8,0%
Adj. EBIT	Other	(1)	-
	<i>% on sales</i>	(1,7%)	
	ENERGY PRODUCTS	96	110
	<i>% on sales</i>	3,9%	4,8%

Oil&Gas Segment – Profit and Loss Statement

Euro Millions

	H1 2017	H1 2016
Sales to Third Parties	138	156
<i>YoY total growth</i>	<i>(11,7%)</i>	
<i>YoY organic growth</i>	<i>(14,8%)</i>	
Adj. EBITDA	2	7
<i>% on sales</i>	<i>1,1%</i>	<i>4,2%</i>
Adj. EBIT	(7)	(1)
<i>% on sales</i>	<i>(5,1%)</i>	<i>(0,8%)</i>

Telecom Segment – Profit and Loss Statement

Euro Millions

	H1 2017	H1 2016
Sales to Third Parties	646	570
<i>YoY total growth</i>	<i>13,4%</i>	
<i>YoY organic growth</i>	<i>7,5%</i>	
Adj. EBITDA	109	78
<i>% on sales</i>	<i>16,8%</i>	<i>13,7%</i>
Adj. EBIT	89	58
<i>% on sales</i>	<i>13,7%</i>	<i>10,3%</i>

- Group overview
- Results by business
- Outlook
- Financial Results
- **Appendix**
 - Prysmian at a glance
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 - Financials
 - **Energy Projects and Energy Products**
 - Telecom

Investing in submarine to increase ROCE

Strengthening production and installation capabilities



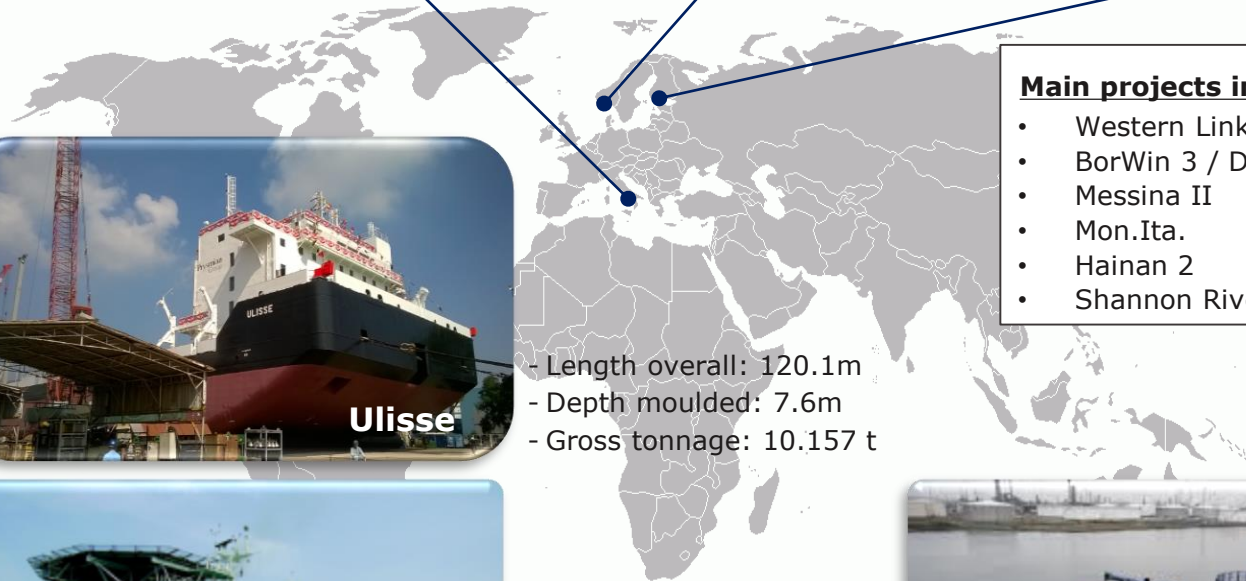
Arco Felice (Italy)



Drammen (Norway)



Pikkala (Finland)



Main projects in execution/orders backlog:

- Western Link
- BorWin 3 / DolWin 3
- Messina II
- Mon.Ita.
- Hainan 2
- Shannon River
- West of Adlergrund
- Cyclades
- Philippines
- Wikingen
- COBRA cable
- France offshore wind

- Length overall: 120.1m
- Depth moulded: 7.6m
- Gross tonnage: 10.157 t



Ulisse

- Length overall: 133.2m
- Depth moulded: 7.6m
- Gross tonnage: 10,617 t



Giulio Verne



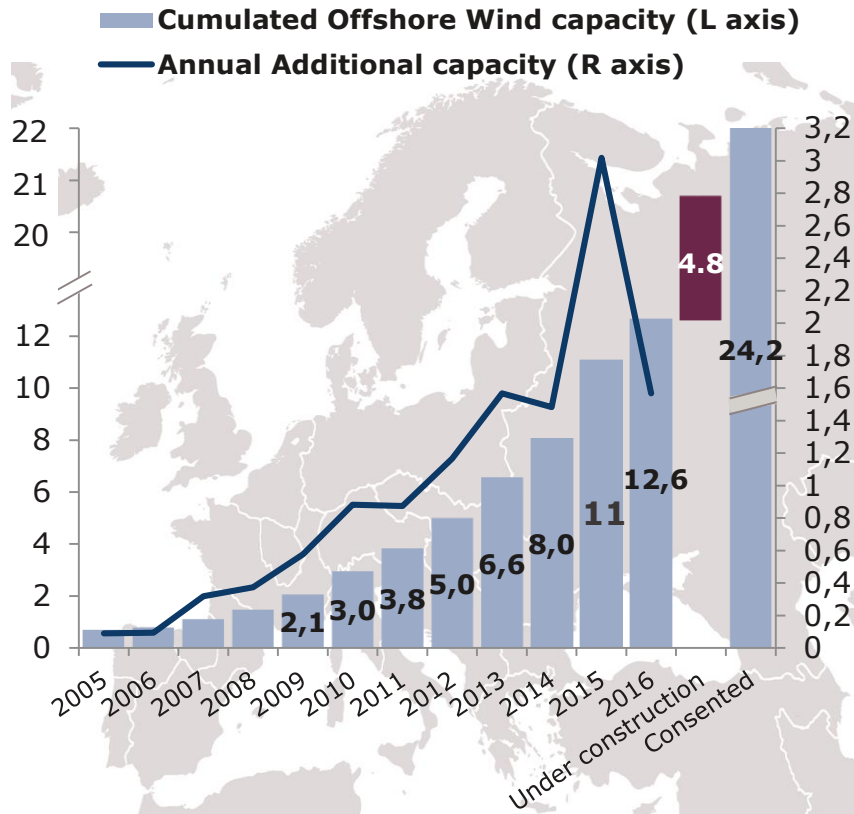
Cable Enterprise

- Length overall: 124m
- Depth moulded: 6.8m
- Gross tonnage: 8,328 t

Off-shore wind development in Europe

High visibility on new projects to be awarded next quarters

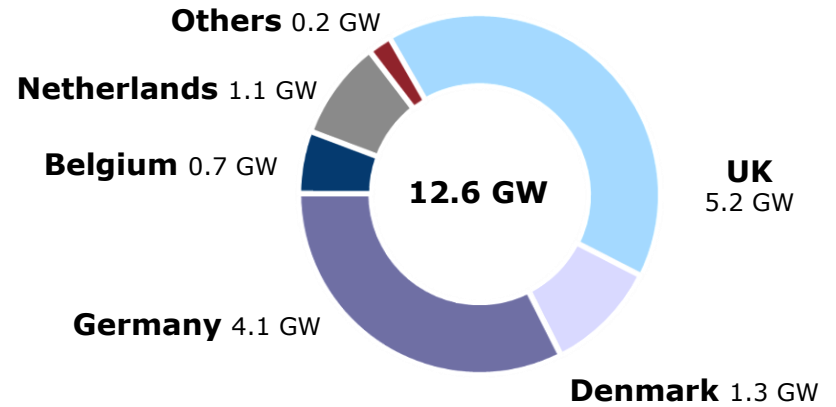
Europe Offshore Wind capacity (GW)



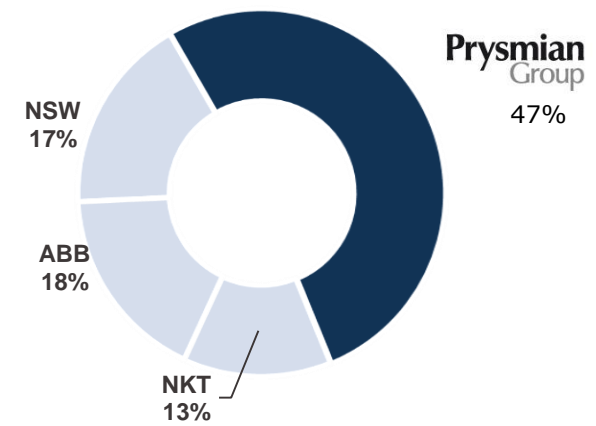
- **Capacity Increase: 1.6 GW** in 2016 (-18% vs. 2015)
- **Total capacity: 12.6 GW** at end 2016 (+14% vs. 2015)
- **Under construction: 4.8 GW** at end 2016
- **Consented: 24.6 GW**

Source: EWEA (January 2017)

Europe 2016 Cumulated Capacity by Country



Mkt share of export cable suppliers in 2016 *



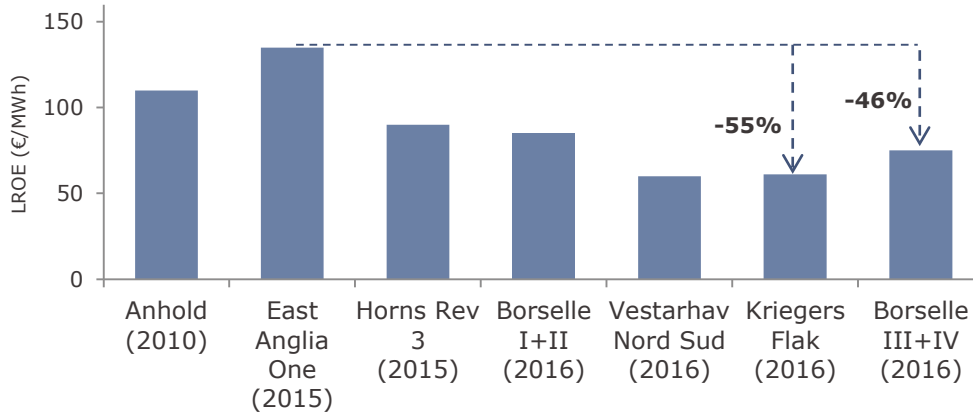
* Calculated on no. of cables fully or partially completed, percentage. EWEA (January 2017)

Offshore Wind Market Prospective.

Cost reduction driven by technological innovation and projects scale.

LROE* Analysis of traded offshore wind projects

* LROE: Levelised Revenue Of Electricity



Source: WindEurope

Key Highlights

- LROE reduced by half in the last 2 years.
- Larger projects scale and increasing turbine dimension fueled LROE reduction over the past few years.
- Technological innovation like 66kV Inter-array system should contribute to further cost reduction.
- Grid parity achieved in Europe: latest tenders awarded at market price, with no public incentives required.

North Sea Power Hub Project



North Sea Power Hub:

Location: Dogger Bank, North Sea.

Characteristics: shallow waters with optimal wind conditions.

Status: feasibility study.

Developers: TenneT TSO (Netherlands/Germany) and Energinet TSO (Denmark).



Power Link Island:

Purpose 1: artificial islands offering near-shore connections to a large number of offshore wind farms (up to 100 GW).

Purpose 2: transmission DC cables to be used also to interconnect countries.

Major transmission projects to be awarded

Large pipeline of pan-European projects under development

Main subsea and underground projects of pan-European significance



Main power flow trends



Main planned subsea & underground projects



Source: ENTSO-E

List of main projects

1. Germany (HVDC Grid Offshore)
2. France Off-Shore (Inter-Array)
3. Western Isles Link
4. Green Connector
5. Denmark - UK (Viking Link)
6. Tunisia - Italy
7. Marseille - Languedoc
8. France - UK (FAB)
9. Sardinia-Corsica-Ita (SACO13)

Other Projects: Spain-France (sub), Ireland-France (sub), Israel-Cyprus-Crete-Greece (sub), Ireland-UK (sub), Egypt-Saudi Arabia (sub), North-South Germany (underground).

Latest submarine projects awarded

Key success factors

- Track record and reliability
- Ability to design/execute turnkey solution
- Quality of network services
- Product innovation
- State-of-the-art cable laying ships

Action plan

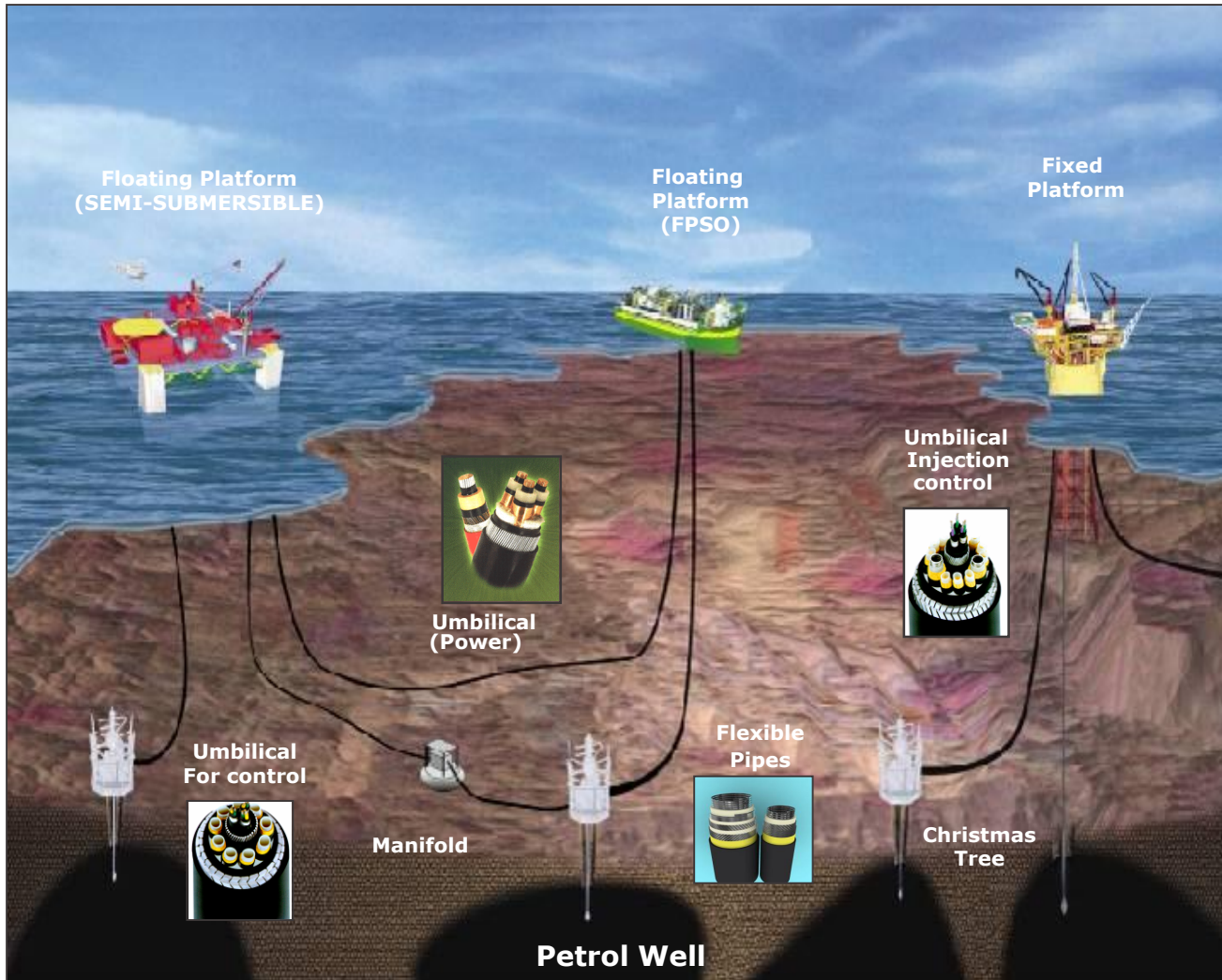
- Cable Enterprise vessel conversion to improve installation capacity
- New investment worth approx. €40m in Pikkala and Arco Felice to enhance the production capability to meet the order backlog requirements
- Leverage on strong off-shore wind-farms trend
- Secure orders to protect long-term growth
- Focus on execution

Latest Key projects	Customers	Period	€m*
IFA2	RTE / National Grid	2018-20	350
ElecLink	Groupe Eurotunnel	2017-19	79
COBRA cable	TenneT – Energinet.dk	2016-18	250
Hainan II	China South Grid	2016-19	\$140m
NSN Link	Statnett SF – National Grid	2015-21	550
West of Adlergrund Option	50Hertz Offshore GmbH	2015-18	230
Wikinger	Iberdrola Renovables Offshore	2015-17	60
Philippines	NGCP	2015-16	90
Dardanelles 2	TEIAS	2015-16	64
Cyclades	IPTO	2015-16	95
West of Adlergrund	50Hertz Offshore GmbH	2015-18	480
Shannon River Crossing	ESB	2014-16	40
Zakum offshore oil field	Emirates Holding	2014-15	30
BorWin3	TenneT	2014-17	250
Capri	Terna	2014-15	70
US Offshore platforms	ExxonMobil's	2014-15	\$100m
Balearic Islands	Red Eléctrica de España	2014-15	85
DolWin3	TenneT	2014-16	350
Normandie 3	Jersey Electricity plc	2013-14	45
Mon.Ita	Terna	2013-17	400
Dardanelles	TEIAS	2012-14	67
Phu Quoc	EVNSPC	2012-14	67
Western Link	National Grid-Scottish Power JV	2012-17	800
HelWin2	TenneT	2012-15	200
Hudson Project	Hudson Transm. Partners LLC	2012-13	\$175m
SylWin1	TenneT	2012-15	280

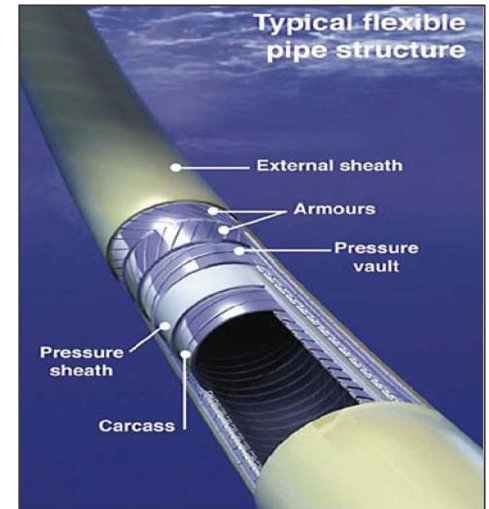
* Prysman portion of the project

SURF – Off-shore oil exploration

Oilfield structure

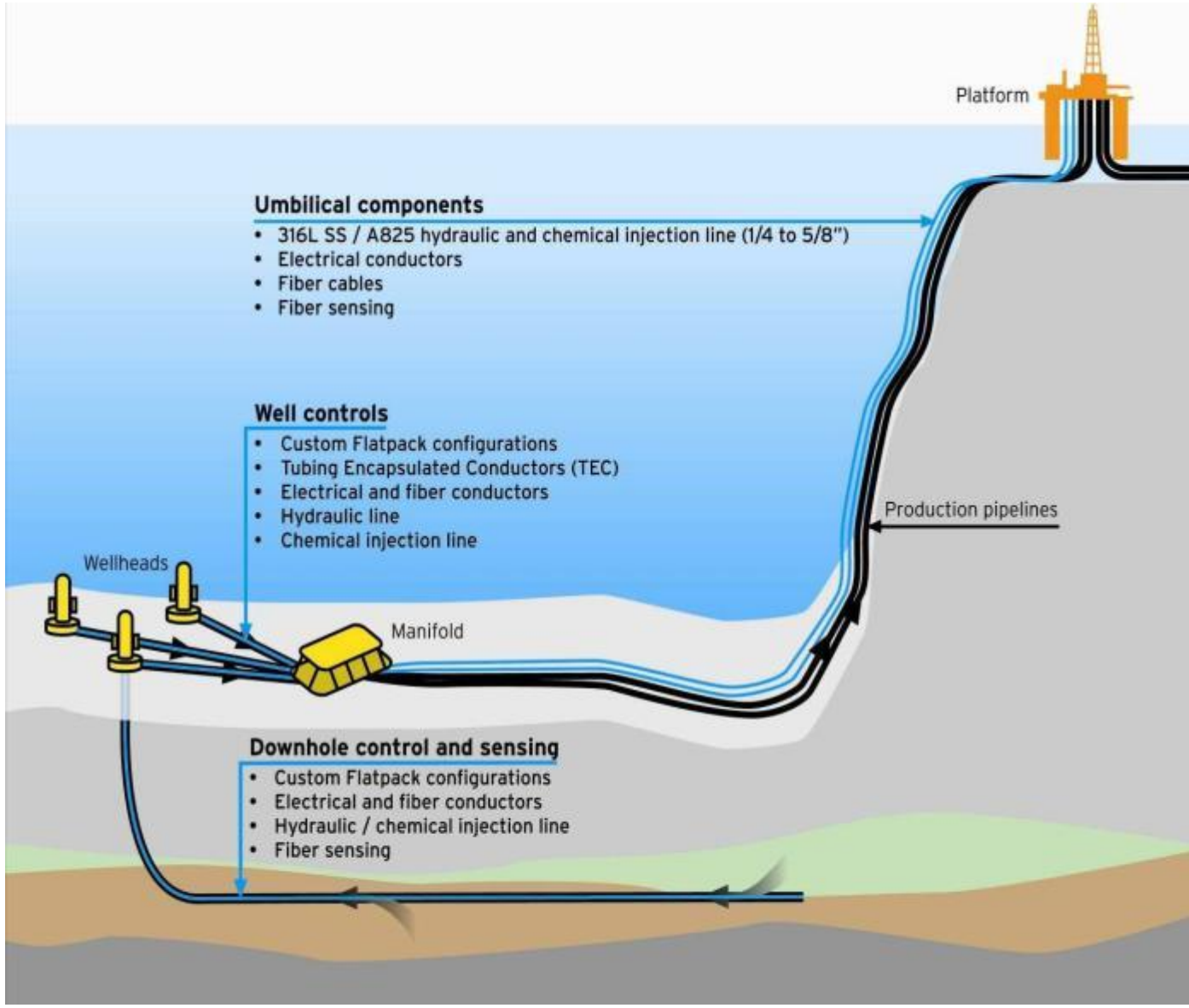


Flexible Pipes

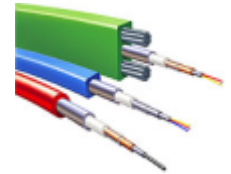


SURF – Off-shore oil exploration

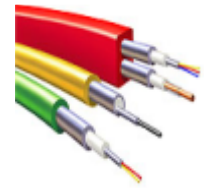
Cross selling opportunities driven by the Downhole technology business contributed by Draka



Downhole Technology (DHT)



HYBRID ELECTRO-OPTIC



FIBER OPTIC



ELECTRICAL



GAS & FLUID TUBING




PACKAGED GAS & FLUID TUBING

Trade & Installers – Overview

BUSINESS DESCRIPTION

- Building wires, Low and Medium voltage cables for residential, commercial, industrial and infrastructure constructions
- Partner of the World best Wholesalers, Installers, Contractors & Specialized Distributors; with a clear focus on their needs following a Customer Centricity approach
- Complete product range of solutions for the construction world, including residential, commercial, industrial and infrastructure with focus on high performance products: best in class Fire Resistant cables, LSOH, Green cables, Easy to Install and Total Cost of Ownership reduction solutions

KEY SUCCESS FACTORS

-  Global partner with strong local presence
-  Full Product range
-  Technological leadership and product excellence
-  Customer centric approach
-  Capillary logistical distribution network and service
-  Technical support
-  Extra services
-  Unique industry expertise

KEY CUSTOMERS

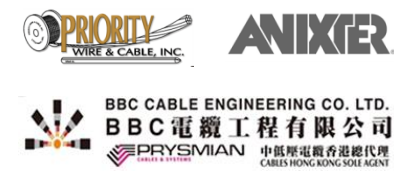
Contractors & Installers



Wholesalers



Specialized distributors



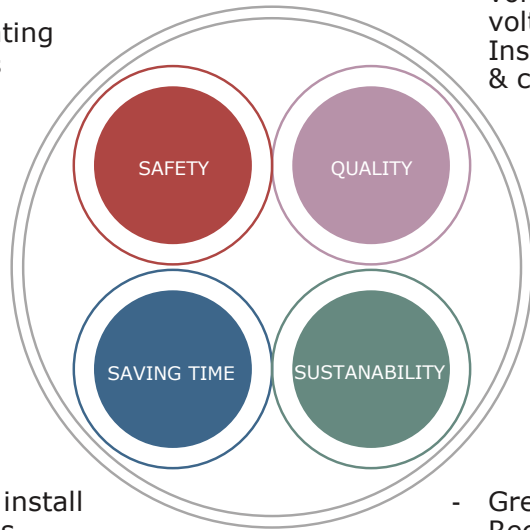
Offer overview

**RESIDENTIAL – COMMERCIAL –
INDUSTRIAL - INFRASTRUCTURE**

- POWER SUPPLY
- EMERGENCY CIRCUITS
- CONNECTIONS
- MACHINERY (MOBILE OR NOT)
- SWITCHBOARD
- LIGHTING (INTERIOR/EXTERIOR)
- BRANCHES
- CONTROL/DATA
- ELECTRICAL APPLIANCES

BEST IN CLASS FIRE RESISTANT AND LSOH CABLES

- Fire fighting systems



- Full range quality Building Wires, Low voltage, Medium voltage, Instrumentation & control

- Easy to install solutions
- Smart Packaging
- Hybrid cables Energy + Data

- Green products
- Recycled packaging
- Full life cycle assessment approach

A MAJOR ROLE IN MILAN 2015 EXPO



Special fire safety and eco-friendly cables for the site hosting the **Milan Universal Exposition** of 2015: 50 km of medium voltage P-Laser cables and 300 km of low voltage Afumex cables

TAKING SAFETY TO NEW HEIGHTS



Approximately 350 km of high-tech fire-resistant cables for power distribution supplied within the **Shard skyscraper**, the tallest building in London and Western Europe. Prysmian chosen as global supplier of BASEC and LPCB certified cables and components, and of support and advice to the construction company on the best installation methods to use

THE LIVES OF THESE PEOPLE DO NOT HANG BY A THREAD



Around 500 km of cables for **Tele2 Arena**, a new, ultra-modern multi-purpose stadium in Stockholm. Prysmian Group has supplied halogen-free cables for the stadium's power, telecommunication, and lighting systems, selected by the customer as the latest technology to guarantee safety

Industrial & Network Components – Overview

Business description

Integrated cable solutions highly customized to our industrial customers worldwide

Specialties & OEM

Products for mining, crane, marine, railway, rolling stock, nuclear, renewables, defense and other niches



Elevator

Meeting the global demand for high-performing, durable and safe elevator cable and components we design manufacture and distribute packaged solutions for the elevator industry



Automotive

Standard and specialist cables for the automotive and transport industry, collaborating with the sector's leading international manufacturers



Network Components

Network accessories and components to connect cables and other network elements



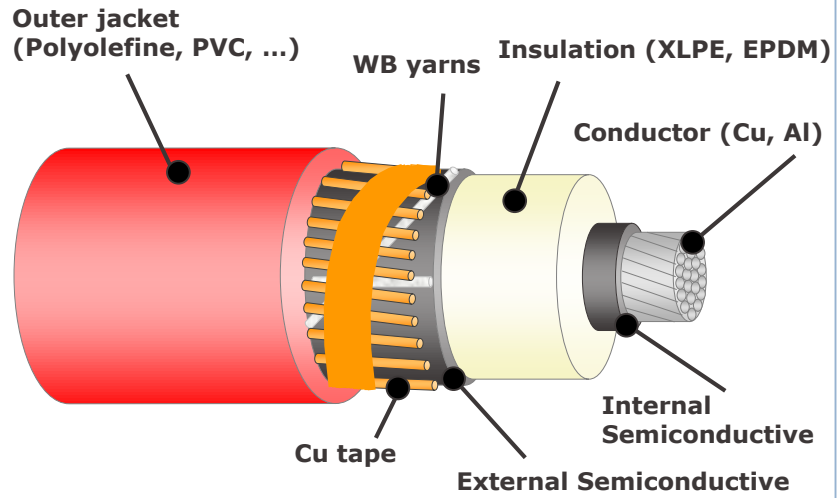
Key customers

Large and differentiated customer base generally served through direct sales

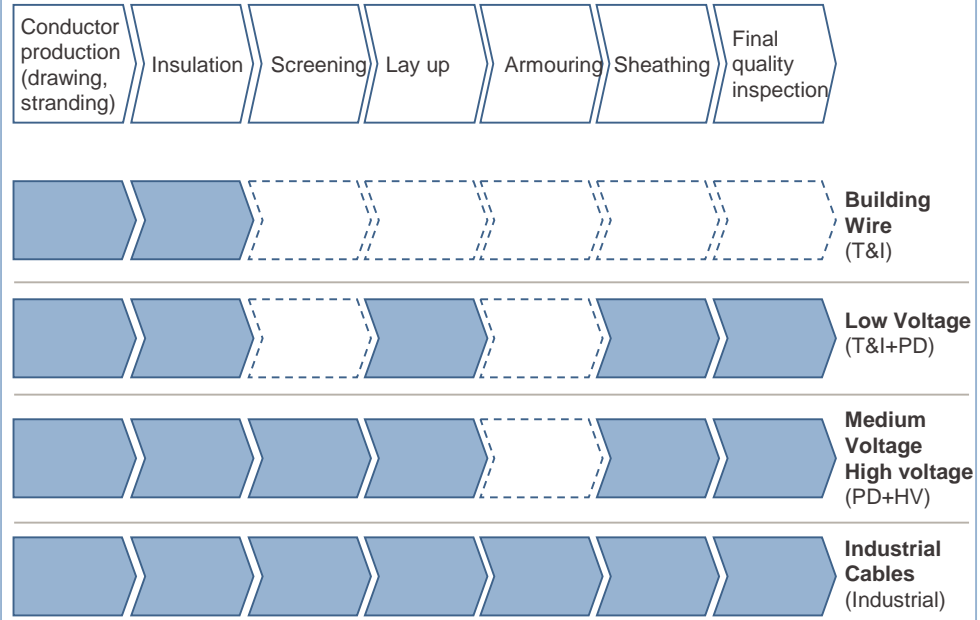


Macro-structure of Energy Cables

Product macro structure



Production process



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Business description

Integrated cable solutions focused on high -end Telecom

Telecom solutions

Optical cables: tailored for all today's challenging environments from underground ducts to overhead lines, rail tunnels and sewerage pipes

Copper cables: broad portfolio for underground and overhead solutions, residential and commercial buildings

Connectivity: FTTH systems based upon existing technologies and specially developed proprietary optical fibres



MMS

Multimedia specials: solutions for radio, TV and film, harsh industrial environments, radio frequency, central office switching and datacom

Mobile networks: Antenna line products for mobile operators

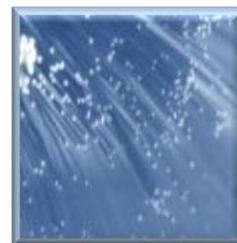
Railway infrastructure: Buried distribution & railfoot cables for long distance telecommunication and advanced signalling cables for such applications as light signalling and track switching



Optical Fiber

Optical fiber products: single-mode optical fiber, multimode optical fibers and specialty fibers (DrakaElite)

Manufacturing: our proprietary manufacturing process for Plasma-activated Chemical Vapor Deposition and Licensed OVD Technology (600 unique inventions corresponding to > 1.4K patents) positions us at the forefront of today's technology



Key customers

Key customers include key operators in the telecom sector



Market trends

- Demand function of level of capital expenditures budgeted by large telecom companies (PTT/incumbents as well as alternative operators) for network infrastructures, mainly as a consequence of:
 - Growing number of internet users data traffic
 - Diffusion of broadband services / other high-tech services (i.e. IPTV)

Key success factors

- Continuous innovation and development of new cable & fibre products
- Cable design innovation with special focus on installation cost reduction
- Relentless activity to maintain the highest quality and service level
- Focus on costs to remain competitive in a highly price sensitive environment

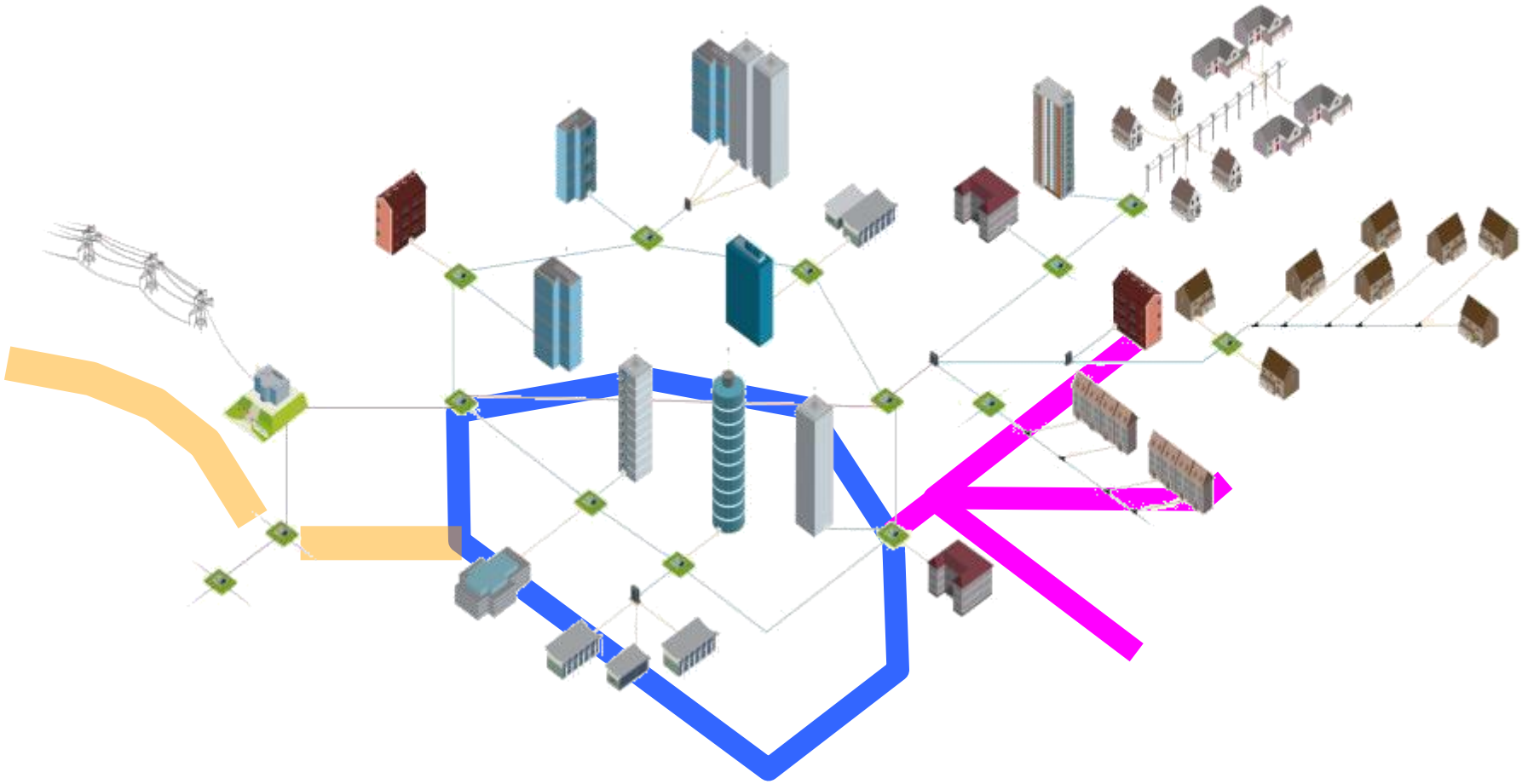
Strategic value of fibre

- Fiber optic represents the major single component cost of optical cables
- Fiber optic production has high entry barriers:
 - Proprietary technology or licenses difficult to obtain
 - Long time to develop know-how
 - Capital intensity
- When fiber optic is short, vertically integrated cable manufacturers leverage on a strong competitive advantage

Action plan

- Maintain & reinforce position with key established clients
- Further penetration of large incumbents in emerging regions
- Optimize utilization of low cost manufacturing units
- Expand distribution model in Domestic & Export
- Streamline the inter-company process
- Fully integrated products sales
- Refocus on export activities
- Increase level and effectiveness of agents

Telecom Cables Main Applications



BACKBONE

METROPOLITAN RING

ACCESS NETWORK

Digital Agenda for Europe

Setting up guidelines for all Member States to facilitate broadband development.

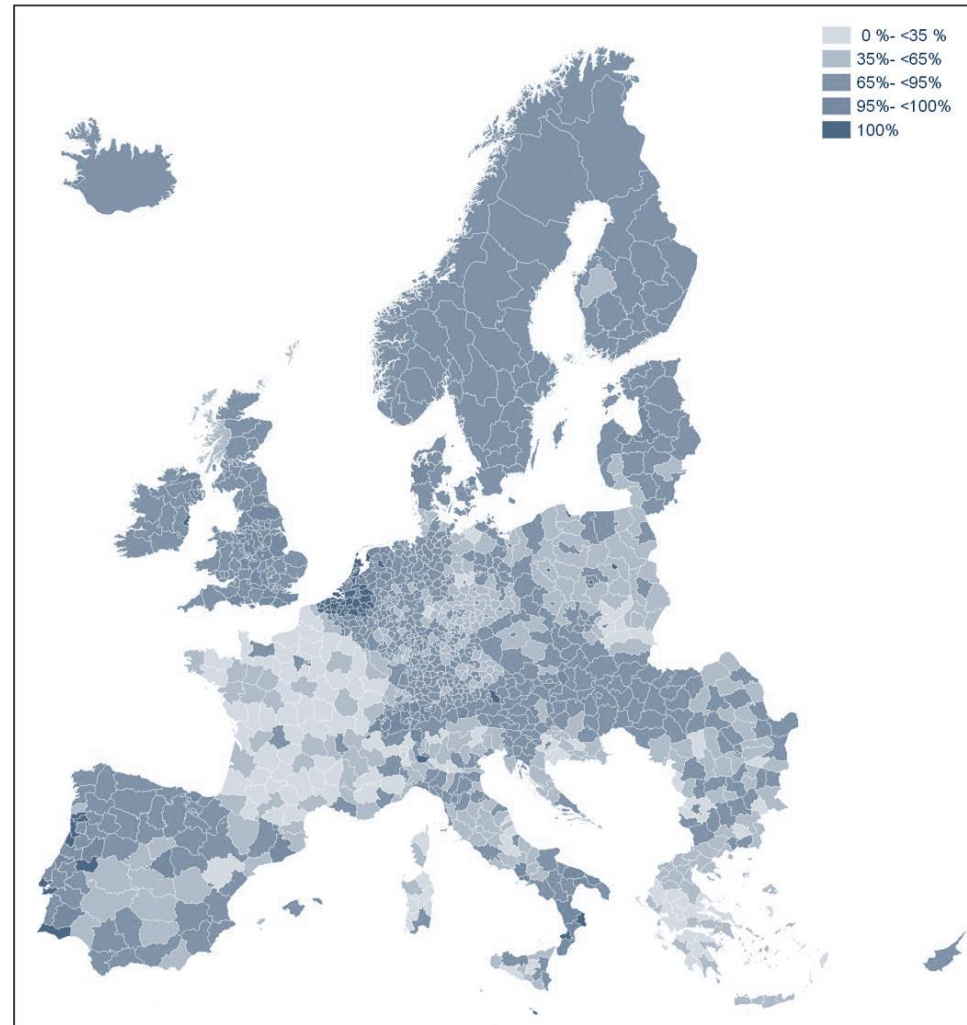
2020 TARGETS

- 100% coverage with 30Mbps download speed
- 50% take-up of 100Mbps subscription.

NEW 2025 TARGETS PROPOSAL

- New targets have to be confirmed by EU Commission and Parliament.
- 1 Gigabit download speed for schools, transport hubs, public services and digital intensive enterprises.
- 100Mbps download speed for 100% households.
- 1 Gigabit download speed in all urban areas.
- Uninterrupted 5G coverage in urban areas and major transport paths by 2025.

NGA Coverage by Region

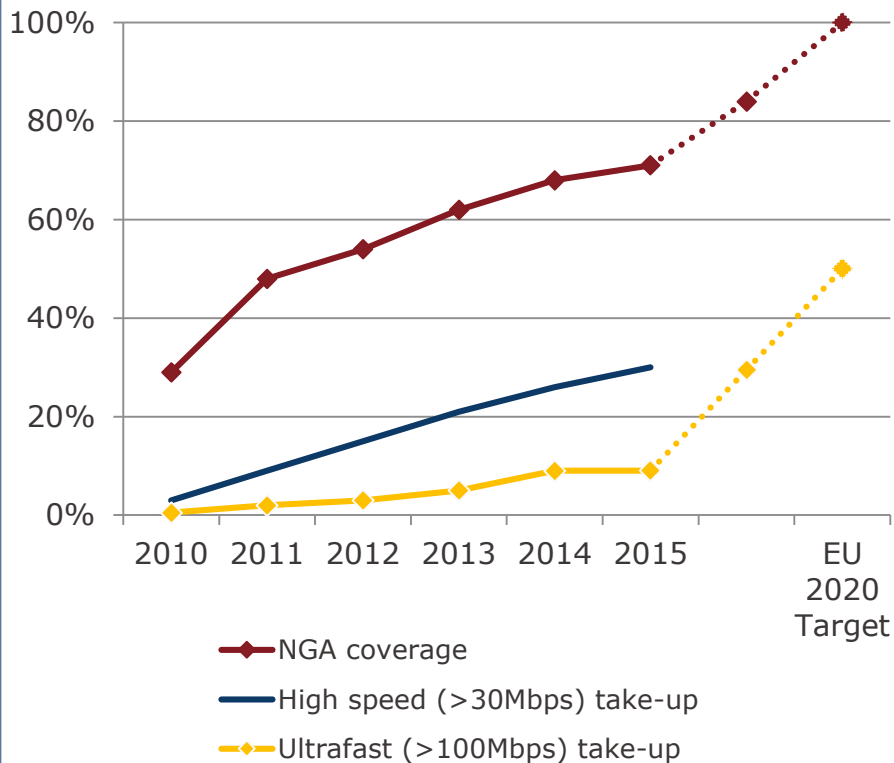


Source: Europe's Digital Progress Report 2017

Telecom – Market trend

Growth opportunities coming from the development of broadband in Europe

Evolution of NGA (Next Generation Access) coverage and high-speed (>30Mbps) / ultrafast (>100Mbps) take-up (% of homes) in the EU



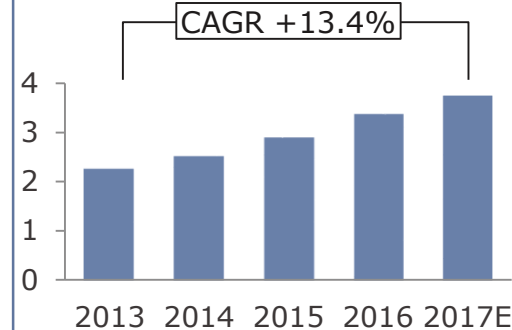
- Coverage of NGA technologies doubled since 2010, but further efforts are requested to meet 2020 target of 100% coverage
- Take-up of ultrafast (>100Mbps) broadband remains marginal (3% of homes) still faraway from 2020 target (50%)

Source: European Commission Digital Agenda Scoreboard 2016

Opportunities coming from national plans to achieve EU 2020 Digital Agenda targets

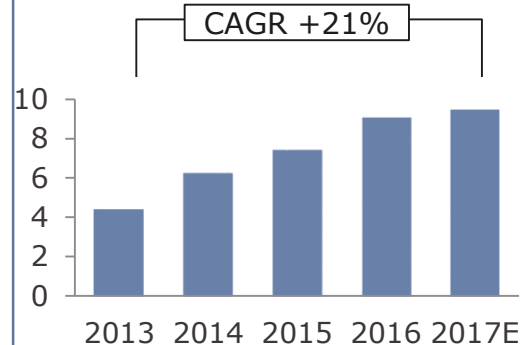
Consumption of fiber optic cable ('000,000 fiber km)

Italy



- NGA coverage at 36% in 2014 Vs EU average of 68%
- More than €10bn investment announced by telecom operators for the development of NGA in the coming years.

France



- Coverage of NGA in France (43%) well below EU average (68%) at end 2014
- THD plan to attract €20bn public/private investments in 2012-22 to develop high speed and ultrafast infrastructures

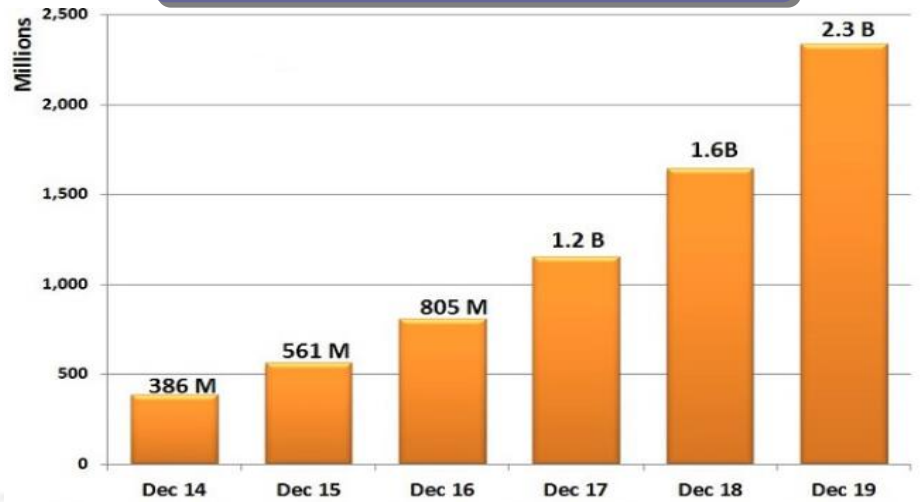
Source: CRU, January 2017; European Commission Digital Agenda Scoreboard 2016

Telecom – FTTA as key driver of optical demand

4G and Long Term Evolution (LTE) deployments require Fiber-to-the-Antenna (FTTA)

Global LTE Growth Forecast

of users



Source: Informa Telecoms & Media, WCIS+, March 2014

Roof top antenna towers for urban applications

Antenna towers used by 4G and LTE networks

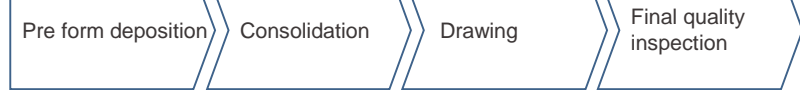
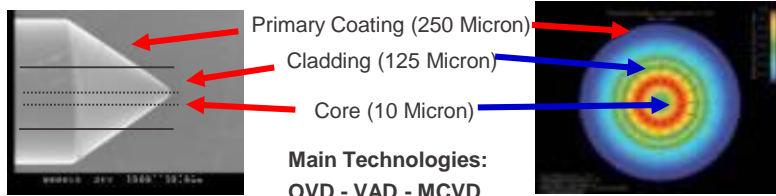
Distributed antenna systems for dense mobile populations areas

Macro-structure of Telecom Cables

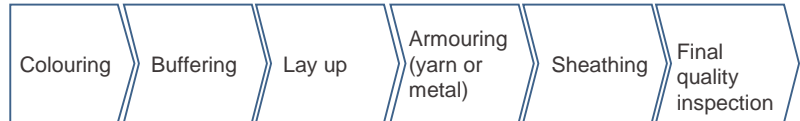
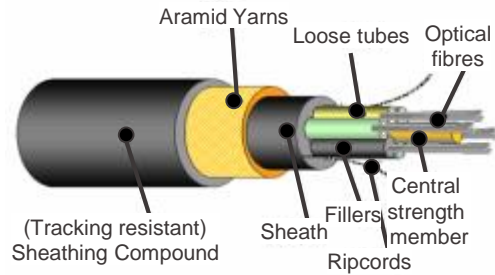
Product macro structure

Production process

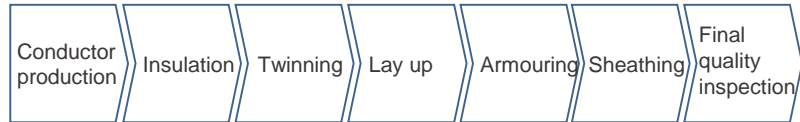
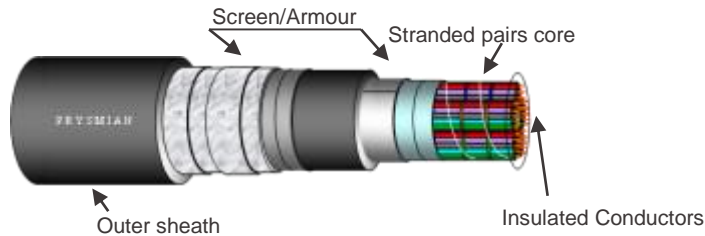
Fibre optic



Optical cables



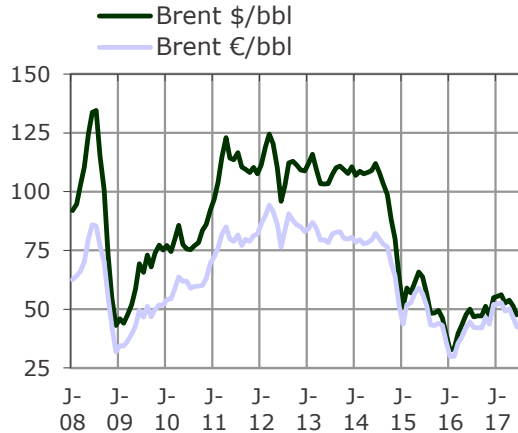
Copper cables



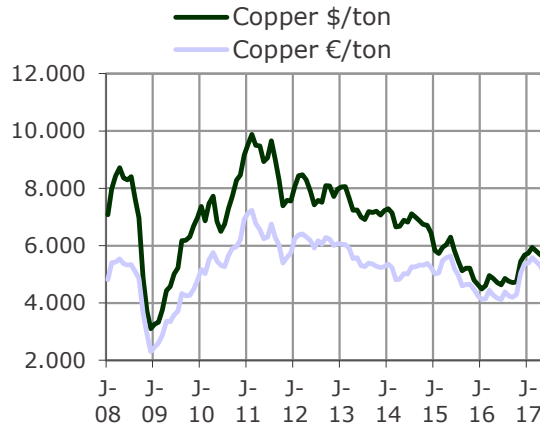
Reference Scenario

Commodities & Forex

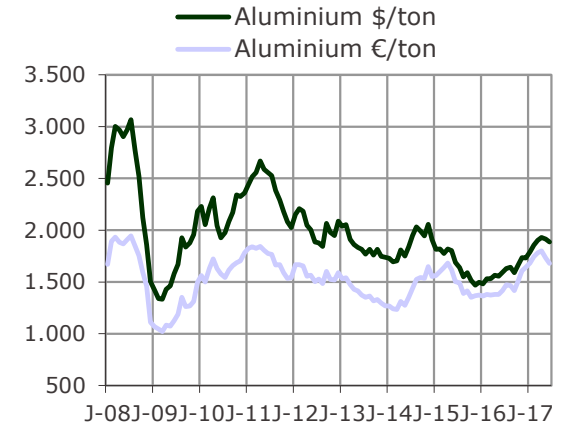
Brent



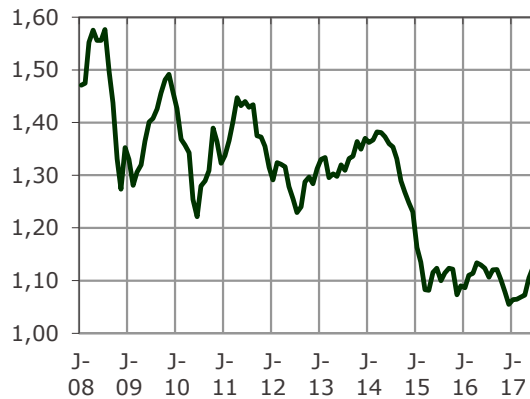
Copper



Aluminium



EUR / USD



EUR / GBP



EUR / BRL



Based on monthly average data
Source: Nasdaq OMX

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