

DEVELOPMENT OBJECTIVES AND STRATEGIES

FUNDAMENTALS OF OUR GROWTH STRATEGY

As world leader in the energy and telecom cables and systems industry, Prysmian aims to act as a "technology enabler" of economic and social development in countries in which it operates.

The Group's medium-term growth strategy is based above all on the shared principles of the corporate Mission and Vision. Prysmian states in its Vision that it believes in "the efficient, effective and sustainable supply of energy and information as a primary driver in the development of communities". In accordance with its mission, the Group is therefore committed to developing and applying advanced technological solutions to provide its "customers worldwide with cables and systems for energy and telecommunications" that represent effective, efficient and sustainable solutions to their needs. In short, Prysmian aims to act as a "technology enabler", in partnership with its customers, of the economic and social development of the countries in which it operates. Its position as world leader in the energy and telecom cables and systems industry also sees the Group as the primary promoter of growth and continuous improvement in the entire industry, both in terms of the technologies used and the ability to develop suitable solutions with customers for new sources of power generation and data transmission. Ability to produce constant innovations and to promote awareness of the cable industry's strategic role are the key to Prysmian's market approach.

The Group places stakeholders at the centre of its business strategy, the core guidelines of which are based on:

- **Customer Centricity**, meaning provision of innovative products and cable systems, truly inspired by a solution-driven approach;
- **Creating Value for Shareholders**, in terms of return on investment and profitability in the short term, but above all in the medium to long term.

Prysmian Group's critical success factors can be represented as follows:

Ability to anticipate/satisfy customer needs. The technologies and processes used must be capable of developing products and solutions that anticipate and satisfy the needs of its customers. This is why the Group has a constant commitment to improving its competencies in the areas of Research and Development, Customer Centricity, human resource development and environmental sustainability.

Balanced and sustainable growth. The ability to combine short and medium to long-term objectives, measurable not only by short and medium-term financial performance to satisfy shareholders' expected return on capital, but also by seeking healthy creation of value through the adoption of a system of governance and a business model that allow long-term sustainability of such results.

"Sound" management and financial discipline. The Group aims to apply "sound" and prudent principles to its financial management. In particular, it pays great attention to operating profitability and cash generation, with a particular focus on working capital management and reduction of fixed costs and capital employed in

order to maximise cash flow generation and return on investment. The Group also aims to maintain adequate financial leverage for its strategy of organic and acquisition-led growth.

Transparency, corporate governance and market and investor confidence. The Group pays particular attention to its relations with financial markets, shareholders and investors, also because of its public company status. Its focus in this sense is on maintaining and delivering its commitments in terms of target results. Transparency and credibility are also expressed in a system of corporate governance based on strict interpretation and application of the relevant regulations and the adoption of principles and choices drawn from international best practices.

Expansion and growth. The Group's development strategy follows the dual track of growth in size and continuous improvement in profitability. The Group pursues both organic growth of the business, based on a selective investment policy and development of commercial and production synergies, and acquisition-led growth. Growth opportunities are primarily sought among higher value-added tech-driven businesses, while in terms of geographical expansion, the Group's main focus of investment is in countries and markets able to ensure high rates of growth and profitability.

More efficient and innovative industrial and commercial processes. Prysmian has over time consolidated its ability to optimise industrial processes. In 2017 the Group took an important step towards Factory 4.0 with the implementation of the "Fast Track" pilot project. Launched in the Calais optical cable plant (France), the project will make factories smarter, using cutting-edge IoT technologies and Big Data analytics and leveraging the interaction between digital knowledge and human expertise. The "Fast Track" approach will ensure full traceability of manufacturing activities and materials, while managing events that could jeopardise production processes and providing all relevant real-time information needed to identify root causes and possible solutions. This digital ecosystem will not only make production processes more efficient, but will also improve the quality of work for employees.

APPROACH TO THE MARKET

Prysmian Group has perfected a market approach over the years that puts the customer at the centre of its strategic, organisational and business choices. Its commitment to analysing customer expectations and their evolution over time allows the Group to develop organisational and operating models that translate into fast, efficient and targeted responses to the markets concerned.

At the heart of this approach is **Customer Centricity**, which expresses itself in the ability to anticipate and satisfy customer needs by being constantly present, from product design through to delivery, and providing a level of service that is monitored against specific, agreed parameters.

Prysmian Group is able to develop solutions that not only meet specific standards but also satisfy precise customer needs. In particular, the Group is able to serve very different segments and markets thanks to its ad hoc matrix organisational structure allowing it to have a local presence even for large complex global projects. This means that markets with high local specificity are served by country commercial and development teams, and that markets with global products and customers are followed by integrated business unit teams, while other segments requiring a local presence and cooperation between countries draw on the matrix structure's potential.