

## SIGNIFICANT EVENTS DURING THE YEAR

### NEW INDUSTRIAL PROJECTS AND INITIATIVES

On 1 February 2016, the Group was awarded a new contract worth around Euro 250 million for an HVDC (High Voltage Direct Current) submarine link between the Netherlands and Denmark, by TenneT TSO B.V. and Energinet.dk SOV, the respective operators of the Dutch and Danish power transmission grids. The project, known as COBRACable ("COpenhagen BRussels Amsterdam" cable), will benefit the electricity grids in both countries concerned, by making Dutch capacity structurally available to Denmark and vice versa, by making the electricity supply more secure and by allowing connection to renewable energy sources at a later stage. The COBRACable will contribute to the creation of a sustainable international energy landscape, a key aim of the European Union, which is supporting the project through the EEPR (European Energy Programme for Recovery). The cable will be constructed using HVDC technology, which minimises transmission losses over long distances. and is scheduled for delivery in the third quarter of 2018.

In June 2016, Terna Rete Italia S.p.A., an Italian power transmission grid operator, awarded the Group a contract worth around Euro 34 million (plus an option worth another Euro 25 million for a second cable system) for submarine power lines in the Venetian Lagoon.

The project, aimed at strengthening the high voltage power transmission network in the Venice area, involves two alternating current power lines, due for delivery in 2017.

In July 2016, the Group signed a contract with National Grid to supply Pry-Cam products for on-line condition assessment of electricity networks and for on-site manual diagnostics.

The contract involves the supply of 15 Pry-Cam Portable devices and 6 Pry-Cam Grids devices that National Grid will use on a trial basis for the on-line assessment and monitoring of operating conditions of its electricity transmission networks in England and Wales.

Pry-Cam is the innovative technology developed by the Group for assessing the operating conditions of electricity transmission networks and for managing them; it allows accurate and reliable on-line measurements of partial discharges, and diagnoses and localises faults, all with the purpose of gathering precise information about network conditions and of helping owners and operators to increase network uptime, longevity and safety, while reducing maintenance costs and risks.

## MERGERS & ACQUISITIONS

### **Sale of 67% equity interest in Prysmian Baosheng Cable Co. Ltd**

On 18 April 2016, Prysmian Group signed an agreement to sell 67% of the equity in Prysmian Baosheng Cable Co. to its joint venture partner Baosheng Group Ltd. for total consideration of RMB 300 million (approximately Euro 41 million). With the agreement's conditions precedent satisfied, the transaction's closing took place on 28 November 2016.

The transaction accounting date is 30 November 2016. The Group had already reclassified all this company's assets and liabilities as assets and liabilities held for sale in its Annual Financial Report at 31 December 2015. The transaction has resulted in the recognition of a capital gain of approximately Euro 14 million.

### **Acquisition of data cables business from Corning Optical Communications GmbH & Co. KG.**

On 13 May 2016, Prysmian Group completed an agreement to acquire a copper data cables business located in Neustadt (Germany) from Corning Optical Communications GmbH & Co. KG., involving the realisation of a Euro 1 million receipt.

The investment will allow the Group to further expand its presence and intensify its growth strategy in the business of MultiMedia Solutions, by expanding its range of high-capacity and flexible cables for data transmission and data centres.

## OTHER SIGNIFICANT EVENTS

### **Factory closures**

On 29 January 2016, Prysmian Cables et Systèmes France presented the trade unions with a plan for the closure of the Angy factory, employing 74 people. The plan also envisaged investing in the nearby Draka Fileca factory in Sainte Geneviève, whose products serve the aviation industry, and which would result in the creation of 25 new jobs. At the same meeting, a plan was also presented to cease production at the Xoulces factory, employing 76 people, and to transfer this factory's accessories production activities to the nearby Neuf Pré factory, thereby creating a centre of accessories manufacturing excellence in a more suitable facility than at present, while also adding 38 new jobs to the previous workforce of 60.

Discussion of the related industrial and social plans has been completed with the signing of the relevant agreements.

On 17 June 2016, Prysmian Netherlands B.V. informed the trade unions and local union representatives of the intention to close the Delfzijl factory, a telecom cables manufacturing facility employing 82 people. The consultation process commenced on the same date and ended in September with the signing of the agreement for the social plan and acceptance of the factory's closure.

On 6 September 2016, Prysmian Denmark A/S informed the trade unions and union representatives of the intention to close the Brøndby factory, employing 68 people in the manufacture of cables for the MultiMedia Solutions business. The social plan for the factory workers was signed during the month of September.

### **Creation of the OIL & GAS operating segment**

In January 2016, the Group modified its organisational structure with the creation of a new OIL & GAS operating segment, incorporating the SURF, DHT and Oil & Gas Core cables businesses. The new organisational structure facilitates the creation of synergies between the businesses and allows major customers to be managed more efficiently.

Accordingly, the structure of "Segment Information" has been modified as from the first quarter of 2016 and in the current Annual Financial Report, with more details provided in the relevant section of the Explanatory Notes.

### **Dividend distribution**

On 13 April 2016, the shareholders of Prysmian S.p.A. approved the financial statements for 2015 and the distribution of a gross dividend of Euro 0.42 per share, for a total of some Euro 90 million. The dividend was paid out on 20 April 2016 to shares outstanding on the record date of 19 April 2016, with the shares going ex-dividend on 18 April 2016.

### **Share buy-back and disposal programme**

The Shareholders' Meeting held on 13 April 2016 authorised a share buy-back and disposal programme, revoking at the same time the previous authorisation under the shareholder resolution dated 16 April 2015. This programme provides the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total must not exceed, at any one time, 10% of share capital, equating to 18,964,916 ordinary shares as at the date of the Shareholders' Meeting, after deducting the treasury shares currently held. Purchases may not exceed the amount of undistributed earnings and available reserves reported in the most recently approved annual financial statements. The authorisation to buy back treasury shares will last for 18 months commencing from 13 April 2016, while the authorisation to dispose of treasury shares has no time limit.

### **New employee share purchase plan**

The same Shareholders' Meeting held on 13 April 2016 also approved a share purchase plan reserved for employees of Prysmian S.p.A. and/or of its subsidiaries, including some of the Company's Directors, and granted the Board of Directors the relevant powers to establish and implement this plan.

The plan will offer the opportunity to purchase Prysmian's ordinary shares on preferential terms, with a maximum discount of 25% on the stock price, given in the form of treasury shares. The shares purchased will be subject to a retention period, during which they cannot be sold. The Plan contains purchase windows over the next three years.

The process of informing and explaining the plan to Group employees started in October 2016.

### **Acquisition of the assets of Shen Huan Cable**

In December 2016, the Prysmian Group won a bankruptcy auction for the acquisition of certain assets of a high voltage cables factory in China previously operated by Shen Huan Cable Technology, for total consideration of around RMB 305 million (approximately Euro 42 million). This acquisition will significantly

increase the Prysmian Group's competitiveness in the Chinese utilities market with greater operational flexibility, efficiency and technical developments.