

INSIGHT

Prysmian
Group

Quarterly
magazine

01
2015



2014 TARGETS MET, DIVIDEND IN LINE

Prysmian Group posted positive organic growth with excellent performance of Submarines and solid recovery in the Telecoms. Positive ratings from the market.

**The cable industry
to get a boost from
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**Bringing Prysmian's
excellence to Russia**

**Major contracts secured
around the world**

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2014 targets met Major contracts secured

Welcome to the first issue of INSIGHT for 2015, complete with new sections and an updated design, brought to you by Prysmian Group, which entered the new year having met its targets for 2014. The full-year performance confirmed signs of a slight recovery in sales volumes, accompanied by a generally stable level of profitability. This was thanks to decisive contributions from the strategic Submarine Cables and Systems businesses and from Optical Cables.

The results for 2014 were particularly significant, achieved against the backdrop of a scenario that remained challenging. The year saw demand recover for some businesses, such as Optical Cables and Renewables, but there was ongoing weakness in the more cyclical sectors, including Trade & Installers and Power Distribution, as well as a slowdown in the Oil & Gas market. In this context, the Prysmian Group has relentlessly pursued its actions to contain costs and reorganise its manufacturing footprint.

In this issue, we FOCUS ON the outlook for the cable industry in Europe, where infrastructure spending announced by the EU Commission is expected to benefit the energy and telecommunications sectors. We also devote the GLOBAL SCENARIO section to Prysmian's continuing story of success in Russia, as it celebrated its fifth anniversary in the continent-wide country. The newly added STAGING THE FUTURE section looks at the effort of the US administration to lift the obstacles to a more capillary distributed broadband infrastructure, while also focusing on major projects in the power generation and distribution business in different countries around the world.

We also report on several major contracts secured by Prysmian in strategic markets, such as South-East Asia, the Middle East and Northern Europe, over the past few months. PEOPLE, another newly added section, explains how young students produced an award-winning thesis on 'Technology for Human Beings' in a competition promoted by Prysmian Group, together with Human Foundation.

Editorial Team - Insight



2014 targets met in a still difficult market

The Group posted positive organic growth with excellent performance in Submarines and solid recovery in Telecoms. Dividend in line with the previous year.



The [financial statements for 2014](#) approved by the Board of Directors of Prysmian showed signs of slight recovery in sales volumes, accompanied by a generally stable level of profitability.

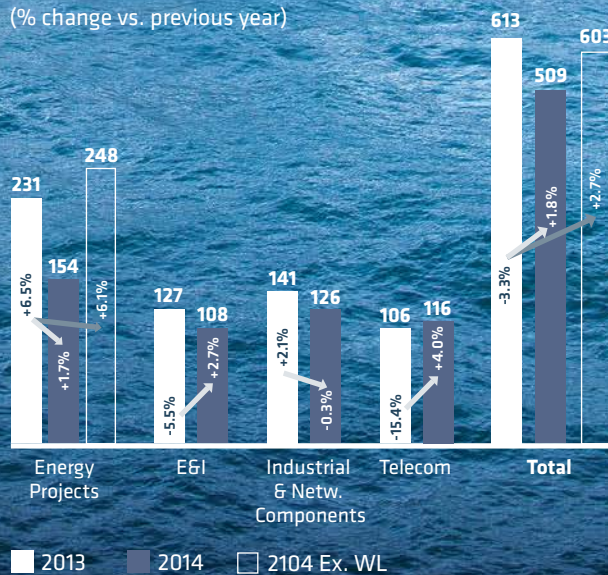
CEO Valerio Battista pointed out that the decisive contributions to this result came from the strategic Submarine Cables and Systems business, with strong growth, and from Optical Cables, with recovering volumes and profitability. He stressed that this was a particularly significant result, having been achieved in a market that remained challenging, with demand recovering for some businesses, like Optical Cables and Renewables, but weakness still evident in the more cyclical sectors, such as Trade & Installers and Power Distribution, along with a slowdown in the Oil & Gas market. In this context, the Prysmian Group has relentlessly pursued its actions to contain costs and reorganise its manufacturing footprint. This, combined with efficient financial management, helped the Group maintain good cash flows and a net financial position that was decidedly better than initially expected. Prysmian achieved the profit targets announced to the market and rewarded its shareholders with a proposed dividend in line with 2013 of €0.42 per share, involving a total pay-out of approximately €90 million.





Adj. EBITDA and Organic Growth by business

Profitability decline mainly due to WL issue.
Sound recovery in Telecom, EGI at the bottom.
Adj. EBITDA (€ million) and Organic Growth
(% change vs. previous year)



Sales amounted to €6,840 million, posting organic growth of +1.8% (without Western Link project effect, this would have been +2.7%).

Adjusted EBITDA came in at €509 million (€613 million in 2013). Excluding Western Link effect, this would have been €603 million, which is basically in line with 2013.

Net profit came in at €115 million compared with €153 million in 2013, heavily affected by the Western Link project and by €44 million in impairment losses.

Net financial position at the end of December 2014 amounted to €802 million (€805 million in 2013), well ahead of expectations.

Energy Projects boosted profitability, excluding WL

The operative segment scored double-digit growth for the Submarine Cables business, while high voltage underground sales remained stable.



Sales by the Energy Projects operating segment came in at €1,355 million in 2014, posting organic growth of +1.7% (excluding Western Link this would have been €1,416 million, with organic growth of +6.1%).

The profitability would have risen, excluding Western Link, with Adjusted EBITDA coming in at €248 million, up from €231 million in 2013. Incorporating the effects of WL, it scaled down to €154 million.

Sales performance by **Submarine Cables and Systems for power transmission** was highly buoyant, despite the delay in the Western Link project. The Group confirmed its market and technological leadership by winning several new projects for both energy interconnections (Cyclades in Greece, Dardanelles in Turkey, NGCP in the Philippines and Zakum in the United Arab Emirates) and for offshore wind farms (Borwin3 and 50Hertz). Profitability also improved considerably, excluding WL, which was in line with the figure announced (€94 million) at the time of the half-year results.

High voltage underground cables saw generally stable sales compared to 2013, despite the impact of weak demand for new energy infrastructure in several major European markets. This weak demand was partially offset by the Group's increased exposure to growing markets, such as Asia and the Middle East, and thanks to the production capacity of its Asian plants. The change in the geographical mix affected the level of profitability. Among major projects secured, of particular note were Phase XI in Qatar and Ausgrid in Australia. The order book for underground and submarine power transmission cables

and systems stands at about €2.8 billion. Technological development programmes have continued with €40 million invested in the plants in Pikkala (Finland) and Arco Felice (Italy), and in the transformation of the 'Cable Enterprise' cable-laying ship, now ready to start work.

The **SURF business** (products and services for offshore oil production) was in line with 2013. Downhole technology (DHT) cables performed well in North America, while Brazilian demand for flexible pipes (post-salt) remained weak. Umbilicals were stable with a growing order book.

Energy Products posted organic growth

Positive results for Trade & Installers, OEM and O&G weak, good results for Renewables and Elevators.



Sales by the Energy Products operating segment were €4,491 million, posting organic growth of +1.4%, while the Adjusted EBITDA came in at €239 million versus €276 million in 2013.

Energy & Infrastructure sales amounted to €2,667 million, with 2.7% organic growth. Business in Europe and South America was affected by the standstill in the construction market and reduced energy consumption, which caused utilities to hold back investments, while North America displayed signs of greater stability. Pressure on prices, partially stabilising in the second half of the year, affected profitability, even if mitigated by improved efficiency. Adjusted EBITDA was €108 million, compared with €127 million in 2013.

Trade & Installers reported a slight recovery in volumes and sales, with a return to positive organic growth. The Group continued focusing on improving

relationships with key customers while offering a highly differentiated product mix designed to defend market share and limit impacts on profitability.

Power Distribution continued to be affected by the ongoing weakness of demand arising from slowing investment by utilities, particularly in Europe and South America. Full-year profitability was affected by the first-half weakness, despite additional steps to contain costs.

Industrial & Network Components sales amounted to €1,708 million, reporting negative organic growth (-0.3%) amid sharp differences in performance between markets and geographical areas. Oil & Gas

was basically in line with 2013 despite the adverse impact of weak oil prices on the Maintenance, Repair & Operations business. The OEM order book was affected by lower demand for cables in the mining industry, while demand improved for renewables, particularly in Northern Europe, North America and China, and for Rolling Stock and Marine. The Group's Elevator market leadership was consolidated in North America and expanded into European and Asian markets. The Automotive business reported a decline in volumes, while Network Components scored a positive performance after extending its range of products and services. Adjusted EBITDA came in at €126 million, compared with €141 million in 2013.



Telecom improved profitability

The operating segment posted growth in optical cables globally and a strong increase in sales volumes. Continued recovery by Multimedia Solutions (MMS) business.



Sales by the Telecom operating segment posted a solid 4% organic growth to €994 million.

Sales by the **Telecom operating segment** posted a solid 4% organic growth to €994 million. Optical Cables reported a strong recovery in demand in almost all major markets, while price pressure stabilised somewhat. In Europe, the Group secured work on major projects involving the construction of backbones and FTTH connections for leading operators, such

as British Telecom in the UK, Telefonica and Jazztel in Spain, Orange in France, and Telecom Italia in Italy. North America witnessed a recovery in domestic demand thanks to the development of 4G LTE infrastructure and new FTTx networks. Asia Pacific saw a resumption of work on the National Broadband Network project in Australia and a positive trend in Singapore. The high value-added Connectivity business enjoyed a positive trend, thanks to the development of new FTTx networks in Europe and North America.

Multimedia Solutions reported increased profitability thanks to a better product mix and cost efficiencies. The Group's focus is on developing higher value-added products, such as data centres in Europe, and on improving customer service.

Adjusted EBITDA grew double digit: +10,1% on the previous year to €116 million – this was also thanks to the contribution of Yangtze Optical Fibre and Cable Joint Stock Limited Company in China.

INTERVIEW

IR Director Bifulco sees the Group set for a robust 2015



Cristina Bifulco, Director of Investor Relations at Prysmian

“Last year Prysmian Group has shown resilient performance despite the challenges of the global macro-economic environment, creating the conditions for a more robust performance in 2015.” This is the upbeat assessment of Cristina Bifulco, Director of Investor Relations at Prysmian, as the stock of the company started the year strongly and many brokers agreeing on a positive outlook for 2015, especially in light of the current European investment plans which might positively influence the company in the near future. In a recent overview, Italian financial magazine Milano Finanza included Prysmian among the stocks expected to perform best in 2015. Cristina notes, *“The financial market expects Prysmian to continue to create value and to be perfectly positioned to benefit from the positive impact of quantitative easing in Europe. The company is perceived as one of the best-managed in the capital goods sector and best-in-class among its peers”. She cites the strong net financial position as a gauge of the Group’s ability to generate significant cash flows. “The current year will confirm and strengthen this view,” she concludes.*

Potential for growth in the Submarine. Recovery to continue in Opticals

Gradual strengthening of the US economy but continued weakness in Europe, growing geopolitical tensions in the Middle East and Russia, slowdown in some economies such as China and Brazil.

Against this backdrop, the Group expects demand for medium voltage power distribution cables in 2015 to remain weak, while building wires should continue to stabilise. The Group confirms a generally stable trend for its high value-added power transmission businesses, with potential growth areas in the Submarine business, although partly offset by weak demand in the high voltage underground market. In the Submarine business, the impact of the Western HVDC Link project posted in 2014 (€94 million on Adjusted EBITDA) will be significantly lower in 2015. In the Telecom business, demand for optical cables is expected to carry on recovering in the coming quarters, especially in Europe and the US, albeit at a slower pace.

In 2015 Prysmian Group will continue to integrate and rationalise activities. It is conceivable that exchange rate effects, which had an adverse impact of about €14 million on Adjusted EBITDA in 2014, will be positive in 2015.

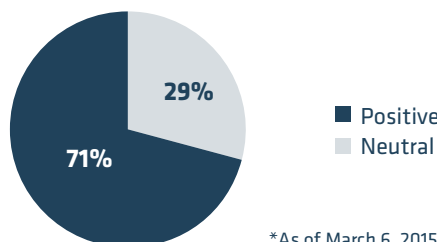


Positive ratings and targets raised after FY 2014

A large majority of brokers expressed a positive view on Prysmian stock after the release of the results for the full year 2014. Among them, Mediobanca Securities kept its ‘Outperform’ rating with target price at €18.50 and mentioned the Telecom business as the best performer, along with Submarine’s record-level backlog. Barclays affirmed its ‘Overweight’ recommendation and upped the target to €19.50 on the basis of strong submarine and telecom businesses as well as high cash generation. Also Morgan Stanley reiterated its ‘Overweight’ and called Prysmian a ‘Buy opportunity’ with target at €21.00. Equita Sim reaffirmed its ‘Buy’ but raised the target to €20.50 underlying more cost savings ahead. Goldman Sachs assigned a ‘Buy’ rating with a target price set at €19.05 as it said it sees Prysmian shares

at a 15% discount to the sector. JP Morgan Cazenove reiterated its ‘Neutral’ rating to reflect the lack of near-term growth pick-up given Prysmian’s large exposure to Europe, but raised the target price from €16.0 to €18.0 to reflect strong balance sheet and cash generation as well as incremental savings from restructuring. No brokers had a negative rating on the stock.

Brokers’ Recommendation*



*As of March 6, 2015



Bringing Prysmian's excellence to Russia

Cesare Biggiogera, CEO of Prysmian Russia, tells Insight how his team has achieved major goals since Prysmian established itself in the country five years ago, including the extension and enlargement of low voltage cable production and the construction and startup of a new factory for extra high voltage energy cables.



Cesare Biggiogera, CEO of Prysmian Russia

"Over the past five years we have worked hard and allowed the local Prysmian organisation to combine its innate Russian nature with the innovative approach, dynamism and dedication that set the entire Prysmian Group apart, all over the world," explains Cesare. "We faced and are still facing a lot of difficulties, such as the current economic crisis, but the work and

commitment of the entire team have laid the foundation for the successful future of Prysmian Russia."

Cesare is proud of the goals achieved by the cable industry's global leader in its first five years based in the continent-wide country. These goals were celebrated late in 2014, and the team is now ready to reach even more ambitious targets in the challenging environment of the Russian economy.

"During these five years, the Group and the Russian team achieved three major objectives: the extension and enlargement of our low voltage cable range production, the construction and startup of a new factory for the production of extra high voltage energy cables, and the improvement of Prysmian's team and management processes," says Cesare.

The low voltage product range has been extended and enlarged by adding fire-resistant products and low smoke zero halogen cables, produced using the Group's AFUMEX technology. Furthermore, the low voltage range now includes larger cables up to 240sqmm for single core cables and up to 95sqmm for multi-core cables. The new high voltage plant based in Rybinsk completed the product engineering phase and has already started cable production. Prysmian Russia achieved the certification of 110Kv cables and has already begun field tests of the 330Kv 2500sqmm cables. Once these tests are completed, Rybinsk will be the only Russian plant able to produce extra high voltage cable at 330Kv. Furthermore, the plant will be one of the five Prysmian Group facilities capable of producing the extra high voltage cable range for land installation.



“Our Russian team is now fully integrated with the world team, thanks to members’ long training periods overseas and the introduction of many young Russian people in several areas,” states Cesare. “Some of them are spending a long period abroad and come back fully equipped to manage the future of our Group.”

On top of that, Prysmian Russia has consolidated its commercial relationship with the largest Russian cables distributors and with the ROSSETI Group and its subsidiaries, thanks to a technological development agreement.

When quality meets capacity

The Rybinsk plant, located 380Km north east of Moscow in the Yaroslavl region, now has a production capacity of more than 20,000 tons per year of energy cables. This product range can serve the Construction, the Oil & Gas, and Automotive markets. Moreover, it can supply extra high voltage cable systems that are used in the improvement of the Russian energy distribution and transmission infrastructure, which is a major asset both for the development of Russia and for the improvement of local companies and economy in general. The plant has already obtained a third-party quality certification (ISO9000). In the

telecommunications market, Prysmian provides Russian customers with the best technological products, for the 4G market and for OPGW applications, for example. Prysmian Group has recently supplied submarine energy cables for the 330kV connection installed in the St. Petersburg Bay, delivered AFUMEX safety cables for important installations like the Moscow transmission grid, and is currently bidding with the same product line for the projects connected to the 2018 Football World Cup to be held in Russia.



Operations in Romania strengthened

Prysmian to study a potential submarine connection with Turkey, plans a new optical cable and HV facilities and starts a new Engineering Academy with Romanian universities.

A Memorandum of Understanding (MoU) to analyse the potential for a submarine connection between Romania and Turkey, and [two new major industrial investments](#) worth a total of around €30 million, were announced by Prysmian CEO, Valerio Battista, together with the Group's Central East Europe CEO, Francesco Fanciulli. The moves are part of a development plan that started in 2013 with an initial investment of €20 million.

The MoU was signed with Transelectrica, the Romanian transmission and system operator, and Unicredit Bank.

By capitalising on their areas of expertise, the partners agreed to carry out studies and analysis on the potential development of a submarine cable connection between Romania and Turkey. The memorandum is aimed at supporting the further development of the energy sector in the region, offering Romanian power suppliers the opportunity to export Romania's surplus to third-party countries such as Turkey.

New optical cable facilities in Slatina to double production capacity during 2017.

The new plant will produce a full range of new-generation optical fibre cables. They will support the most advanced applications and usages from public, private, national and international operators, with all the required quality certifications such as ISO 9001, ISO 14001 and IMQ. The first phase of the project is planned to reach completion during 2017. Part of the production volume will be available for export at regime. Prysmian is planning to double the current production capacity by 2017 and reach three times current production capacity by 2020.

New high voltage production facility.

The Group has also planned to start the production of high voltage cables for underground power transmission lines up to 150kV in Slatina. The new facility pioneers



the development of high voltage cable and systems technology in Romania and will leverage locally developed resources. The new facility will serve both the domestic and export markets, further qualifying Romania as an 'excellence hub' to serve the most advanced international markets.

Creation of the Prysmian Slatina Engineering Academy.

With the goal of further developing local highly skilled human resources, Prysmian

has also announced the launch of an international education programme to support industrial development, with the recruitment of new and qualified local personnel. The programme is a first step towards the launch of a 'Prysmian Slatina Engineering Academy' in collaboration with the leading Romanian universities and is closely connected to the Group's Prysmian Academy and New Graduate programmes.



“An important pillar of development”

Valerio Battista, CEO of Prysmian, reaffirmed the Group's growth strategy in fast-growing countries and high-tech business and products. He said he expected Europe to relaunch investment plans for the upgrade and development of power grids and communication networks, with Romania playing a fundamental role thanks to the new Prysmian facilities.

Francesco Fanciulli, CEO of Prysmian Central East Europe, pointed out that the Group completed its first investment, which started in 2013, well ahead of schedule and reached the goal of doubling production capacity. Prysmian boasts a longstanding presence in Romania and the entire Danube region, with 5 plants and 1,400 employees. In the last year, the Group has supported the continuous

upgrade and development of power and communications infrastructure, working together with prestigious customers such as EON, CEZ, ENEL, Transelectrica, RWE, Siemens, EDF, Wienstrom, Strabag, Grundfos, Sonepar, Rexel, RomElectro, Telekom Romania, Vodafone, Orange, Alcatel, Connectronics RCS & RDS, and UPC, as well as the most relevant national and international distributors and contractors.

The cable industry can receive a boost from Europe

The Commission plans to unleash up to €315 billion in infrastructure spending to combine with the impact of the ECB action and the strong dollar.

As 2015 unfolds, consensus is growing among experts and industry watchers that it could be a positive year for European cable manufacturers, with growth expected to pick up and accelerate onwards, particularly in the high added-value segment of telecom and submarine cable businesses. There are general factors behind these expectations, such as the quantitative easing (QE) launched in mid-March by the European Central Bank, which is expected to boost the economy by improving credit conditions, and the continuous depreciation of the euro, which is a side effect of the QE and makes European-made capital goods, such as cables, more competitive in international markets.

New transport, energy and IT projects

An additional major boost to the cable industry is expected to come from the Juncker plan, named after the former prime minister of Luxembourg, who became the European Commission's President last November, with his idea for a European Fund for Strategic Investments (EFSI). Mr Juncker believes that the fund could mobilise up to €315bn, much of it from private sector finance, to increase jobs and growth by investing in new transport, energy and information technology projects. The plan aims at assembling a starting pot of €21bn from a combination of funds available at the Commission and the European Investment Bank, which can be leveraged by a factor of 15 through a mixture of member state contributions, bonds and private bank debt. The resulting cash will be spent on new roads, ports, energy facilities, green technology and IT projects, many of which were put on hold due to the economic crisis.

Several economic indicators, such as the European Purchasing Manager Index, are supporting the view that the European economy is on a path of recovery. While the high added-value segment of submarine cable connections remains supported by long-term investment projects in the renewables, namely offshore wind farms in Northern Europe, the more cyclical segments, such as trade and installers or industrial, could benefit from a combination of the Juncker plan and a continental economy gradually gaining steam.

The IT market is driven by the expected strong increase in internet users worldwide, with fast growth of mobile subscribers leading to further growth in capital

expenditure in the telecommunications industry, feeding demand for optical fibre products. Global demand for optical fibre preforms, optical fibres and optical fibre cables are expected to grow at a compound annual rate of 5.2%, 5.3% and 5.4%, respectively, from 2013 to 2018, though with large regional differences. 2014 saw demand grow in fast-developing markets, such as China, and in those with high communication infrastructure needs, such as India, along with a volume recovery in Europe. In Brazil, volumes were stable last year, pending full implementation of the government incentives, while North America reported a recovery in demand after the steep drop in 2013 with the ending of government incentives. The

access market – Broadband FTTx – grew mainly in Europe and North America, with demand driven by the development of optical fibre infrastructure. The reversal of the trend came after a sharp downturn in 2013 that followed a buoyant 2012. Against this backdrop, 2015 looks not only likely to be a year of growth for the cable industry in Europe, but also as a favorable environment for resuming merger and acquisition activities, that have been lagging for some time. In this regard, companies that managed to retain profitability even in a not-so-positive market environment, having carried out effective cost cutting and now have a sound financial structure, can certainly benefit most from the new scenario.



US to lift laws harming wider broadband access

Helping communities around the US gain access to fast and affordable broadband is among the top priorities of President Obama and his administration.

A cornerstone of this effort is to call an end to laws in 19 US States that harm broadband service competition. Some of these laws are specifically written by special interests trying to stifle new competitors. As a result, they have held back broadband access and led to high prices for consumers, slow internet speed and a lack of economic opportunities. The restrictions – and in some cases, bans – limit the range of options available to communities to build and expand local broadband infrastructure, including ownership of networks. These barriers to competition were imposed in response to intense cable and telecommunications industry lobbying.

Since President Obama took office, national broadband availability has increased at all advertised speed levels, according to a White House report. Today, about 93% of Americans have access to wired broadband speeds of at least 3-Mbps downstream and 99% have access to similarly fast mobile wireless broadband.

This increased availability reflects both private and public investment, including the \$4 billion invested through the National Telecommunications and Information Administration's (NTIA) Broadband Technology Opportunities Program (BTOP) and \$3.5 billion invested through the US Department of Agriculture's (USDA) Rural Utilities Service Broadband Initiative Program (BIP). Both are part of the American Recovery and Reinvestment Act of 2009,



and come in addition to \$66 million through USDA's ongoing Community Connect grant program.

Despite those progresses, nearly 51 million Americans still cannot purchase a wired broadband connection with download speeds of at least 25Mbps, and only 63% have access to speeds of 100Mbps or more. Moreover, the costs, benefits and availability of broadband internet are not evenly distributed with a huge disparity between urban and rural areas. The gap in broadband availability between urban and rural communities is linked to the economics of network investment, according to the report. The costs of providing a connection increase with distance, and the expected profits increase with the number of customers served. This makes it more economical to serve densely populated urban locations, where shorter wires can serve a larger number of potential customers. While satellite and terrestrial wireless technologies continue to deliver promising improvements, more work is needed to close the urban rural gap in broadband availability.

To address this gap, the USDA, BTOP and the Federal Communications Commission's (FCC) Connect America Fund program have all invested in creating the middle-mile infrastructure that provides high-speed access to "anchor institutions", such as schools and libraries in many rural communities. With middle-mile and community infrastructure in place, the remaining challenge is to provide last-mile connections so Americans have access to high-speed broadband. The availability of middle-mile connections creates a significant opportunity for municipalities to increase such access and this is where the laws in the 19 states create a barrier to fibre expansion.

As a first step, the Obama administration is filing a letter with the FCC urging it to join this effort by addressing barriers inhibiting local communities from responding to the broadband needs of their citizens. The FCC has authority to eliminate these barriers to broadband deployment.

FTTH Americas elects new Board

The Fiber to the Home (FTTH) Council Americas has elected three industry executives to its Board of Directors for 2015. The Council elected Robert Murrie, Chief Marketing Officer of ETI Software, and re-elected Mike Hill, CEO and President of On Trac Inc., as well as Ben Lovins, Senior VP of Telecom Division to three-year terms on the eight-member board. Kevin Bourg, Optical Network Architect at Corning Optical Communications, will complete the two years remaining on a term held by Dave Kiel. Kevin Morgan will serve as Chairman, Mike Hill as Vice Chairman, George O'Neal as Treasurer and Ben Lovins as Secretary.

China to increase grid spending dramatically

The Chinese State Grid has announced plans to increase grid spending dramatically: over RMB 420 billion, or \$67.6 billion, in 2015, with a 9% increase on the previous year, when investment grew 5.7% on 2013. China's two major grid companies are State Grid and Southern Power Grid. Installed transmission lines in China are

mainly aluminum while the distribution lines are mainly copper. Power distribution lines in both their installation and maintenance consume much more metal in volume terms than transmission networks, which are expected to have a material effect on copper demand in the country.

Offshore wind farm to be extended in Denmark

Denmark's Dong Energy has decided to construct the offshore wind farm Burbo Bank Extension located 8km off the UK coast in Liverpool Bay. The extension will consist of 32 MHI Vestas Offshore Wind V164-8MW wind turbines with a total capacity of 258MW and is expected to be commissioned in 2017, enough to power about 180,000 UK households. The diameter of the turbine blades is almost one third bigger than the 'London Eye'. The large diameter of the blades allow for cost savings by installing larger and fewer turbines. The offshore wind farm will be connected by



an underground cable to the National Grid substation at Bodelwyddan, in St Asaph, Denbighshire, while the onshore cable route will go from Rhyl to Bodelwyddan.

The array cables will be 57km and the offshore and onshore cables will reach a length of around 25km and 11km respectively. Dong said that it may publish a list of suppliers once the procurement processes have been completed.

The extension is the first of three projects for which Dong Energy was awarded Final Investment Decision Enabling contracts by the UK government in April 2014.

UK elections to put pressure on renewables

The UK's renewables industry, which ranges from onshore and offshore wind to wave and tidal energy, is set to be put under pressure as the country's next general election, to be held early in May, approaches. The industry association released a report by independent economics consultancy Cambridge Econometrics, which shows that the UK could save up to £7.4 billion, or \$11.2 billion, in gas imports by 2030 by utilising wind energy instead. According to the report, in 2013 wind energy reduced the UK's need to import

coal by an estimated 4.9 million tons and gas by 1.4 billion cubic metres. Wind energy generated enough power to meet the needs of 6.8 million homes in 2013 and it would cost more than £579 million, or \$881 million, to import the vast quantities of coal and gas displaced by wind. Members of the Conservative Party are trying to pass through legislation that would severely limit tax-payer funding of new offshore projects.

Prysmian readies for the challenges of the Digital Agenda for Europe

Prysmian Group has used the showpiece FTTH Council Europe conference and exhibition in Warsaw to demonstrate an optical fibre-based portfolio geared towards meeting the ambitious targets set by the European Union, as European telecommunications operators look to meet the challenges of the Digital Agenda





NExsT, a new voice for the digital world

The telecommunications industry has a new voice with the re-launch and digitalisation of NExsT, the Prysmian-inspired broadband and telecoms publication. Visitors to the FTTH Council Europe conference in Warsaw were the first to experience the new digital on-screen format and to subscribe to future editions. Designed to reflect the pulse of the industry, the magazine will feature interviews with trendsetters and opinion-formers, detailed technical contributions from the cutting edge, plus features on products, projects and some of the globe's most exciting and trail-blazing case studies. With up-to-the-minute industry news, views and developments, the first edition of the new look NExsT features in-depth interviews on Europe's digital agenda with **FTTH Council Director General, Hartwig Tauber**, and a vision of the future with event keynote speaker, **President of the Polish Office of Electronic Communications, Magdalena Gaj**.

for Europe (DAE). Prysmian highlighted three key products: its highly successful Flextube® technology, which provides easier handling and more rapid access to fibres, dramatically reducing installation time; the RetractaNetXS outdoor underground solution ideally suited for FTTH deployments; and its VertiCasaxs system, designed specifically to deliver an optical fibre connection to residents in high-rise multi-dwelling units (MDUs).

The **Group's Telecom Operative Segment head Philippe Vanhille** points out that Prysmian's products and solutions are



the technology delivery vehicles for the Digital Agenda for Europe, which says that broadband at speeds of 30Mbps should be available across the region by 2020.

€90 million contract secured in the Philippines



The new project for a submarine power cable link to connect Negros and Panay islands strengthens Prysmian Group business in Asia.

The Negros-Panay connection project, known as CNP-1, awarded by the Filipino Grid Operator NGCP, is the first stage of a larger development plan by NGCP, aimed at connecting the Cebu, Negros and Panay islands to each other and at strengthening the country's power transmission network. [Prysmian Group has been awarded the €90 million contract](#) for the design, supply, installation and commissioning of a submarine power cable link that will be one of the main assets to play a core role in this plan, as it will back up the existing 138 kV oil-filled cable circuit, which is currently the only connection among the islands. **The CNP-1 contract was secured against tight competition from Far Eastern manufacturers.** The cable connection comprises three HVAC (High Voltage Alternating Current) 230 kV single core cables with XLPE insulation and single wire armouring along a 22 km submarine route across the Guimaras Strait.

As part of the complete system, Prysmian will also supply and install underground cables for the land portions of the link and erect the two Cable Terminal Stations (CTS) in Barotac Viejo on the Panay side and in Magalona on the Negros side. Cables will be produced in the Group's excellence centre for submarine cables in Arco Felice, near Naples (Italy). Delivery and commissioning is scheduled for the first half of 2016.

Leading supplier in the Asia Pacific Region

Prysmian Group is a leading supplier and installer of submarine cable links throughout the strategic and fast-growing Asia Pacific Region, with milestone projects such as the Penang Island in Malaysia, the Java-Bali link in Indonesia, the Cheju Island in Korea, the Ha Tien-Phu Quoc in Vietnam and the Basslink interconnector in Australia. The CNP-1 project is the Group's first turnkey in the Philippines.

With the goal of continuing to meet the needs of high potential-growth markets for the development of new infrastructure, the Group is moving ahead with a major investment programme to expand production capabilities and to multiply the use of innovative technologies such as HVDC (High Voltage Direct Current) cables, which allow large quantities of energy to be transmitted over long distances.

Two new major orders awarded in Kuwait

Prysmian Group will supply 210 km of high voltage underground cables for power transmission expansion projects.



[Two projects known as “MEW 06 Jaber Al Ahmed City”](#) and “Jamal Abdel Nasser Street” were awarded to Prysmian directly by MEW, the Kuwait Minister for Electricity & Water, and by ROBT, a joint venture of Rizzani de Eccher-OHL, under a larger-scope contract with the Kuwait Ministry of Works, on behalf of the same MEW as end-user. Project MEW 06 is part of the Kuwait power transmission system expansion

plan aimed at strengthening the main transmission networks and at securing power supplies to the industrial and residential sectors in the country. Project Jamal is part of the substantial upgrade of one of the main traffic arteries in the middle of Kuwait City to the status of an Express Way and involves the diversion of a high voltage underground line. The contracts cover design, engineering,

procurement, construction, installation and commissioning services of HV underground cable systems for a total of 210 km of 132 kV cable and related network components for both projects that will be implemented by the Group’s established offices in the Kuwait. Installation will start in 2015 with completion planned for 2016.

Strongly positioned in a strategic area

Prysmian boasts a leadership positioning in strategic regions such as the Middle East, where it can rely on a number of completed or ongoing projects. They include the first-ever submarine power transmission link serving Doha, and more recently the Phase XI underground cable system in Qatar, the GCC Saudi-Bahrain submarine interconnection and the 400 kV power transmission system for TRANSCO connecting the Bahia and Saadiyat Grid Stations in Abu Dhabi.

Second submarine link across the Dardanelles

Prysmian secured a €64 million contract by the Turkish Utility TEIAS.

The second link across the Dardanelles awarded to the Group will complement the interconnection that Prysmian is currently executing along the same route, under a first contract awarded by the Turkish Grid Operator in September 2012, and will play a strategic role in completing Turkey’s power transmission grid.

It will also ensure reliable and cost-effective power flow from the Asian generation sites to the country’s European main consumption centres, including the congested Istanbul area and the region around the Marmara Sea.

[The new contract is worth around €64 million](#) and includes the design, supply, installation and commissioning of the

second high voltage submarine power cable link between Europe and Asia across the strait.

The first Dardanelles link, carried out successfully, represented a milestone in the cable industry as it is one of the first AC 380 Kv submarine links using XLPE insulated cables in the world.

The link features a double AC power transmission circuit of approximately 4km with a rating of 1000 MW for each circuit between the substations of Lapseki (Asian side) and Sütluce (European side). The 380 kV XLPE insulated cables will be manufactured in Prysmian’s production unit based in Pikkala in Finland. Commissioning is scheduled for the first half of 2016.

Long-standing track record in the Mediterranean

Prysmian Group boasts a successful history in the development of submarine cable milestone projects in the Mediterranean region, such as Italy-Greece, Spain-Morocco I and II, Sardinia-Italian Peninsula, Iberian Peninsula-Mallorca (Romulo) and, last but not least, the Dardanelles interconnection. The Group is also moving ahead with a major investment programme to expand production capabilities in its plants based in Finland at Pikkala and Italy at Arco Felice.

Working for the wind world leader

The Group secures €60 million from Iberdrola Germany for a full offshore inter-array turnkey supply in the Baltic Sea.

Iberdrola Renovables Offshore Deutschland GmbH, which is part of world-leading wind farm developer and operator Iberdrola, has awarded Prysmian Group a new contract worth a total of around €60 million to supply and install wind turbine inter-array cables for the Wikingen offshore wind farm, located within the West of Adlergrund cluster in the German Baltic Sea.

In May 2014, the Group announced a contract with 50Hertz Offshore GmbH to design, produce and install multiple 220 kV high voltage AC 3-core extruded submarine cable systems between planned offshore wind parks within the West of Adlergrund cluster. Under the contract, Prysmian is responsible for the design, manufacture, installation, burial, termination and testing of total 81 km of 33 kV submarine cables in different cross-sections to connect the 70 wind turbines and an offshore substation that form the 350 MW wind farm. Cables will be produced in Prysmian's facility in Drammen, Norway – one of the Group's excellence centres for submarine cables. Installation works are scheduled to be complete by the end of 2016. The new project is a full inter-array turnkey supply and installation contract.

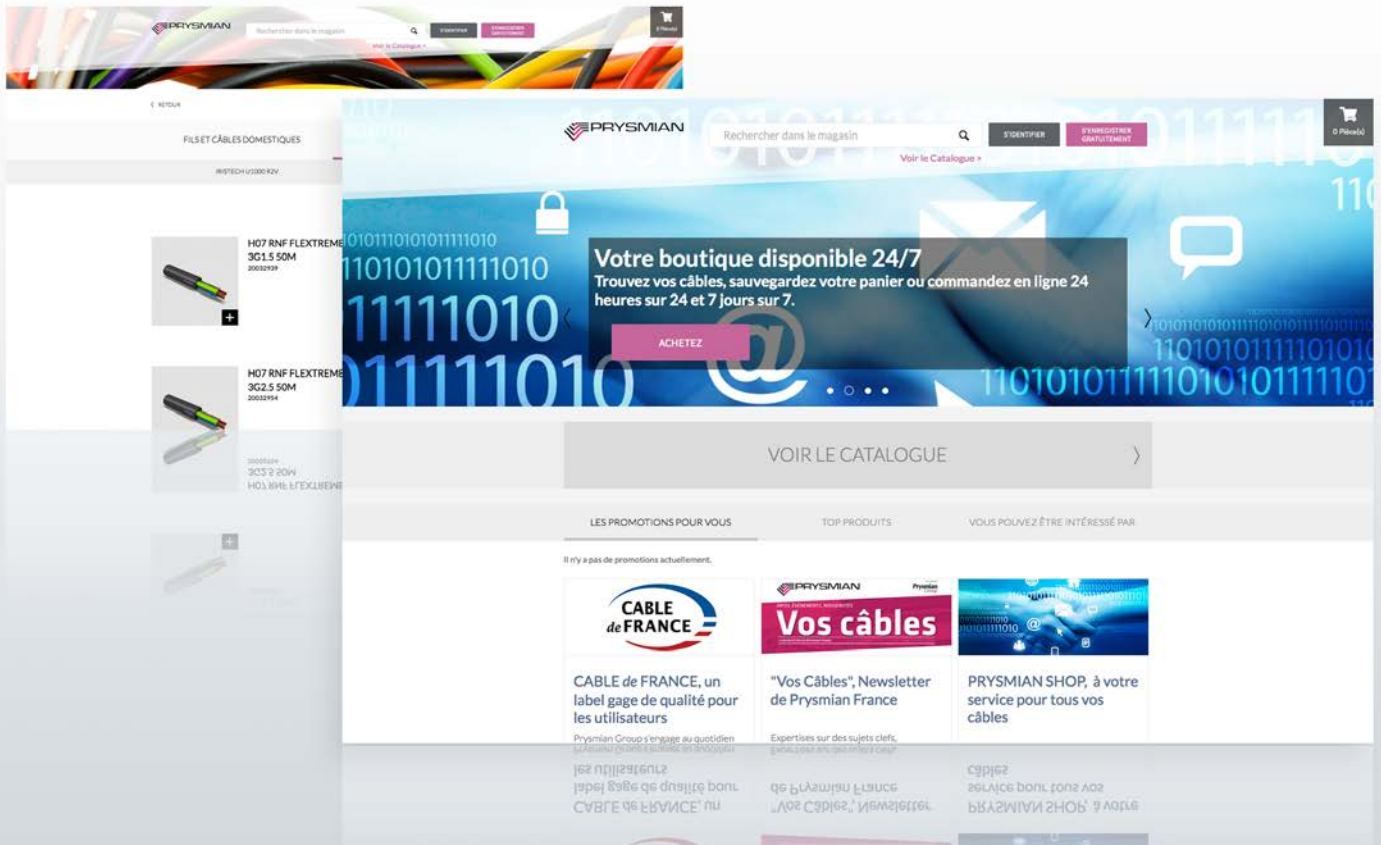
Over the years Prysmian has moved ahead with major investments in new and upgraded assets, broadening the range of offered products, services and capabilities in order to be fully equipped to face the many challenges coming from the offshore wind power market in a timely manner.



Extended industrial footprint

Prysmian can rely on three production facilities dedicated to submarine cables, situated in Arco Felice near Naples, Italy, Pikkala in Finland and Drammen in Norway. The Group also has two installation vessels, Giulio Verne and Cable Enterprise, that is close to leaving dock after extensive upgrade works, well-proven in-house cable protection equipment and specialised operations teams. With such an extended footprint, the Group is able to serve the market as a trusted and dedicated partner for the interconnection of offshore wind parks to mainland grids with a full range of products ranging

from medium voltage inter-array cables, to HVAC and HVDC export cables and turnkey EPC installation services. Within its portfolio, Prysmian already holds an ever-increasing track record of offshore wind power connections, with projects either completed or ongoing in Denmark, Holland and the UK, as well as the HVDC connections to shore in Germany for the BorWin2, BorWin3, HelWin1, HelWin2, DolWin3 and SylWin1 mega wind farm hubs, forming part of the most important programme for the development of renewable energy in Europe.



Getting closer to small installers with an e-commerce solution in France

The pilot project could soon be launched in other countries.

Prysmian Group in France launched an innovative e-commerce pilot project with the aim of offering its customers products and solutions via the Internet in response to the digital trends currently reshaping the electrical components industry. For the first time, Prysmian Shop now offers small installers the opportunity to place online orders for residential and small business directly from a cable manufacturer. This will simplify and optimise the supply chain, from procurement to transaction management and distribution.

Customers will have access to a portfolio of over 60 products, including information about availability, and in just a few clicks they will be able to make purchases 24/7 with 48-

hour delivery directly to their sites. Prysmian Shop www.prysmianshop.com/fr is a multi-device platform for use with mobiles, tablets and desktops.

Small installers in France are increasingly buying their cables directly, without going through traditional distribution channels. Prysmian Shop aims to intercept these potential customers, offering them a limited range of products at attractive prices with simplified logistics, and redirecting them to Partner Distribution Centres if they need further solutions.

Through co-branding and joint operations and promotion of the distributors' activities, the site can be seen as an important

vector for business. Considerable space will be dedicated to technical details: in addition to supporting information and communication materials, the site will soon include a technical section with guidelines for professionals, information about regulations, a tool for calculating cable sections and much more.

Prysmian Group is increasingly focusing on strengthening its distribution channels and will gradually implement its e-commerce solutions and e-services in other countries within its network. Each country will manage the e-commerce and e-service deployment in full respect of their own specific go-to-market models.

The PryVilege of being linked to the future

The first meeting of the Club held in Dubai at the Burj Khalifa.

The first "Linking the Future" PryVilege Meeting was held in Dubai at the Burj Khalifa, the world's tallest tower whose cabling was executed by Prysmian Group. The exclusive PryVilege membership Club, composed of key customers from around the world, aims to be a constant link between **Prysmian Group and its top T&I customers. Exclusivity, Loyalty, Engagement, Continuity: these are the prime values underlying the Customer Loyalty Program.** The new PryVilege Club's purpose is to create a sense of belonging and group identity for Prysmian's key customers. It also aims to represent 'the place' where this relationship will be consolidated and strengthened through high-level initiatives, with tools such as a dedicated website and annual meetings used to deliver all information and communication.

During two intense days at the Burj Khalifa, all key customers had the chance to meet and share ideas and strategic

issues, thereby increasing their sense of membership of an exclusive group, and to listen to presentations by the Group's top management and prestigious key-note speakers. Among the topics presented, strategic messages were delivered, focusing on the pillars of Prysmian's exclusive approach, namely: customer centricity and service excellence; leveraging on our strong brands for differentiation while ensuring quality; marketing and training to strengthen the focus; solutions and innovation to anticipate energy industry transformation; regulation/CPR you don't have to worry - Prysmian manages it for you; expansion and growth to face the long run. The Customer Loyalty Program doesn't stop there: evaluation criteria for becoming a Club member have already been sent to all countries and communicated to customers. Prysmian's main goal for next year is therefore to involve all countries in this program under the watchword: "Working together. Winning together!"

Awarded for key achievements in the UK

Prysmian boasts a century-long history of industrial partnership.

Prysmian Group has won the prestigious Keynes Sraffa Award at Westminster's Church House in London in a ceremony attended by top representatives of the institution and the British business community. The prize is presented every year by the Italian Chamber of Commerce for the UK to leading industrial companies that have made an outstanding contribution to the development of relations between Italy and the UK. Prysmian was awarded the prize due to the important projects and investments developed or under development by the Group in the United Kingdom. Prysmian's presence in the UK dates back almost 100 years and the award

also confirms the strategic value of its activities and projects for developing vitally important energy and telecom networks for the country.

Prysmian boasts nine production sites and 1,400 employees in the UK. The Group is involved in installing energy interconnectors for some of the most important offshore wind farms, such as Walney, Ormonde, Gunfleet Sands, Thanet and Greater Gabbard. It is also a founding member of Norstec, an association supported by the British government, whose other members include major energy industry operators that share the

common goal of ensuring full realisation of the benefits offered by the enormous potential of clean energy from the North Sea.

In addition to having won the contract in 2012 for the Western Link submarine connection between Scotland and England that will ultimately enhance the UK's overall electricity transmission system, the Group has also worked for major infrastructure projects, including the installation of special fire-resistant cables for the record-breaking Shard skyscraper 2012. In the Telecom industry, the Group works with leading telecom operators, including British Telecom, to develop broadband networks.



Contributing to Turkey's industrialisation

Prysmian Group Turkey has been making a significant contribution to Turkey's industrialisation and its cable industry for half a century, with its innovative products and solutions developed in close synergy with the latest technological advances.

On that basis, the company has received two awards from the Bursa Chamber of Commerce and Industry for "Adding Value to Economy 2014".

It also was awarded the top prize in the Electrical-Electronics category and the award for becoming the tenth-largest exporter in the Bursa region. With 50 years of contributing both to the economy and

industrialisation of Turkey, now crowned by these awards, Prysmian Group Turkey aims to continue its investment in the region in line with the company mission of "Linking Turkey to the Future".

Prysmian was also recognised for its corporate governance, as SAHA Rating, a corporate governance and credit-rating company based in Istanbul, upped Prysmian Group Turkey's rating to 9.07 out of 10.

The upgraded rating indicates that Prysmian Group Turkey has not only considerably improved its corporate governance but also demonstrated a high level of compliance with the required standards.

Extending the reach of the brand in Africa

At Africa Com in Cape Town, South Africa, Prysmian showcased an extensive display of its wide-ranging cable, connectivity and deployment technology solutions.

The company already has a local presence in the South African market and is seeking to enhance and reinforce its brand.

Prysmian Group works with governments and within the prevailing legislative and market conditions in many African countries, helping to support local economies. Through its partner, VHFibre,

the company adds specialist local content to its products, services and solutions, ensuring that it meets the regional economic and trade criteria.

Prysmian has already supplied a variety of energy and telecommunications solutions across the continent, including projects in South Africa, Zimbabwe, Zambia, Rwanda, Kenya and Tanzania, and is actively engaged in developing innovative solutions for the telecommunications market.

Visiting customers in Australia and New Zealand

Prysmian showcased its telecom solutions during the Technology Roadshow it held with a dedicated team in Australia and New Zealand, in order to take local customers through its latest product and solution technologies. The programme included hands-on sessions where customers had the opportunity to touch cable samples and take an active part in product

demonstrations, such as cutting windows in the Verticasa and Retractable cables, extracting fibres from these cables and stripping fibre modules using nothing more than their fingers.

Feedback from the 200 customers in attendance showed that the stars of the show were Flextube, Retractable, Verticasa and BBXS.

Students awarded for ‘Technology for Human Beings’



Six young students were awarded for their degree thesis on 'Technology for Human Beings' in a competition promoted by Prysmian Group and Human Foundation, an organisation dealing with social innovation. The contest has been welcomed by many Italian universities and a large number of students submitted their work. The degree thesis competition was dedicated to Bachelor degrees and Masters degrees in engineering and physics, with the goal of identifying technologies likely to have a positive social impact within their area of application. This year's competition

achieved a very high level of participation, with a total of 26 candidates.

The six young winners – three for the 'Bachelor degree' category and three for the 'Master degree' category – received awards at the Robert Bosch Foundation in Milan during an event organised by Ashoka, a global organisation that identifies and invests in leading social entrepreneurs. The event 'Innovate to restart' was aimed at stimulating the creation of an Italian ecosystem of social entrepreneurs, thanks to the participation of leading European experts on social innovation.

New enrollment for YES launched

The stock ownership plan successfully opened in 2014.

The new enrollment campaign for Your Employee Shares, the Group long-term stock ownership plan, was launched in February and will open up the YES scheme to employees in as many as 27 countries around the world. Employees had a fresh opportunity to enroll in the plan that last year was subscribed to by 32% of those eligible. YES offers 16,000 Group employees around the world the opportunity to buy Prysmian shares at a discount of up to 25% on market price and is structured in three annual tranches, with a total of 500,000 treasury shares earmarked to serve the discounted purchases, as well as the initial bonus of six free shares. The shares may not be sold in the 36 months

following the date of purchase. By the end of the plan, the ultimate goal is that 1% of the company's capital will be held by employees. *"We created the YES plan to strengthen the ties between Prysmian and its people and we have succeeded. Now, with a shared purpose and common vision, we are stronger together,"* stated Prysmian CEO, Valerio Battista. Prysmian Group also launched its first app to provide up-to-date info about personal shares and company performance that allows employees to find content about the business, including the most important contracts won, and about the Group, including its current year financial results.



Health matters at Prysmian

Prysmian North America launched a healthy competition called 'Walk to Milan', with employees forming teams to see which of them could walk the 8,000,000 steps, or just over 6,437 km, it would take to reach Milan, where Prysmian Group Headquarters are located. The contest will last until at least one team has made it to Milan. Prysmian North America, with its 'healthy lifestyle' focus for 2015, has implemented several other initiatives, including a Tobacco Cessation Program.

Charity bike ride at WL

A team of cyclists from the Western Link project who took part in The Big Ride 2014, a 500-kilometre charity bike ride, recently presented Cancer Research UK and Macmillan Cancer Support with funds totalling £15,000. The Big Ride 2014 was created to celebrate the Western Link project, a joint venture between National Grid and Scottish Power Transmission.

Orphanage and nursery school in China

Prysmian Group China has recently organised two important charity initiatives involving dozens of Chinese and foreign staff members from different plants and offices around the country. They have been working with the Social Welfare Centre of Xiangcheng District in Suzhou to take care of orphans, most of whom have disabilities, and volunteering at Beijiang Kindergarten on Chongming Island in Shanghai, the largest private nursery school in the Chongming area.

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