

DEVELOPMENT OBJECTIVES AND STRATEGIES

FUNDAMENTALS OF OUR GROWTH STRATEGY

Prysmian Group has a strong stakeholder orientation, focused on customer centricity and the ability to create value for shareholders, especially in the long term.

The Prysmian Group's position as world leader in the energy and telecom cables and systems industry is the result of strategic choices, consistent with its medium to long-term growth objectives which are based on the shared principles of the corporate *Vision* and *Mission*.

Prysmian states in its *Vision* that it believes in “the efficiency, effectiveness and sustainability of energy and information delivery as the prime driver for developing communities”. In accordance with its *Mission*, the Group is therefore committed to developing and applying technologically advanced solutions to provide its “customers worldwide with cables and systems for energy and telecommunications” that represent effective, efficient and sustainable solutions to their needs.

Prysmian aims to serve as an “enabler”, in partnership with its customers, for the economic and social development of the countries in which it operates, thereby demonstrating the key role played by the cable industry itself. By promoting industry-wide improvements through development of state-of-the-art products, the Group therefore identifies its growth strategy with the ability to innovate.

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

Customer Centricity, meaning the ability to anticipate and satisfy customer needs by offering innovative products and cable systems, inspired by a solution-driven approach. Further information can be found in the following paragraph on Market Approach.

Creating Value for Shareholders, in terms of total return on investment and profitability in the short run, but above all in the medium to long term.

The critical success factors for the Prysmian Group are expressed through implementation of the following strategies:

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 constantly strives to improve its competencies in the areas of Research and Development, 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 financial performance to meet 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 allows such results to be sustained in the long run.

“Healthy” management and financial discipline. The Group aims to implement “healthy” and prudent principles in its financial management. In particular, it pays great attention to operating profitability and cash generation, with a particular focus on working capital management and the reduction of fixed costs and capital employed in order to maximise cash flow generation and the return on investment. The Group also aims to maintain adequate financial leverage for its strategy of organic and acquisition-led growth.

Transparency, good Governance and confidence of markets and investors. 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 ensuring precise maintenance of commitments and delivery of target results. Transparency and credibility are also expressed in a system of corporate governance based on compliance with the related rules and guidelines and the adoption of standards drawn from international best practices.

Expansion and balanced growth. The Group's development strategy follows the dual track of growth in size and continuous improvement in profitability. When deciding in which business sectors and geographical areas to expand, the Group tends to give priority to the maintenance of

adequate levels of profitability, even at the expense of growth in market share, whose preservation is nonetheless treated as vitally important, especially in high value-added market segments. The Group therefore pursues both organic growth of the business, based on a selective investment policy and development of commercial and production synergies, and acquisition-led growth. The search for growth opportunities, both organically and through acquisitions, is primarily focused on higher value-added high-tech businesses, such as High Voltage Underground and Submarine Cables and Systems, Cables for the Renewable Energy sector, Cables for the Extraction, Mining and Petrochemicals sector, Industrial Cables for infrastructure, as well as Optical Fibres and Optical Cables for the development of broadband networks. These businesses are linked to long-term investment programmes and so are less affected by economic cycles. In terms of geographical expansion, the Group mainly invests in countries and markets capable of ensuring high rates of growth and profitability. The role of Prysmian in the fragmented cable industry will continue to be that of an “aggregator”, capable of serving as a leader in the current processes of rationalisation and consolidation.

Rationalisation and efficiency of industrial and commercial processes. Prysmian has consolidated over time the ability to optimise its industrial processes, including by integrating and rationalising acquired companies. In line with its objectives, the Group is successfully pursuing synergies with Draka, on both the organizational and commercial fronts, involving integration of product ranges and enhancement of customer service.