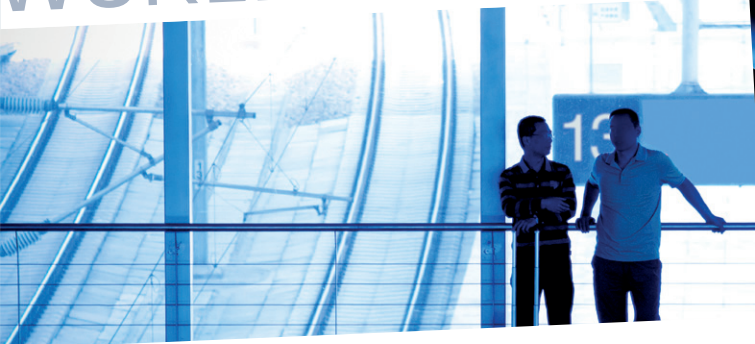


STAYING THE COURSE

Fact Book
2013

WORLD LEADER IN THE ENERGY AND TELECOM CABLES



Prysmian
Group

 **PRYSMIAN**
 **Draka**

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VALERIO BATTISTA

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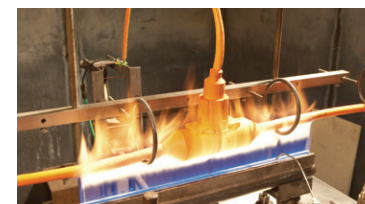
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Maintaining our position as leader of the global cable industry



Valerio Battista,
Prysmian Group CEO

“Staying the course.” Prysmian CEO Valerio Battista has a three-word answer when asked how the company managed to deliver on-target results and protect profitability for 2013, despite market headwinds, unlike other players in the global cable industry.

Mr. Battista explained in an interview what ‘staying the course’ means in his vision: “Our financial discipline and strategy of focusing on higher-value businesses allowed us to stick to our commitment to create value for all stakeholders.”

Growth requires sound management and financial discipline

Mr. Battista believes that growth has to be balanced, in order to be sustainable over time; that requires sound management and financial discipline. Which is why Prysmian Group pays close attention to operating profitability, as well as cash generation and cost containment. “In 2013, the net financial

position improved further and the free cash flow stayed solid,” Mr. Battista notes. “This meant we maintained our capability to continue investing at a robust pace into the very high added-value businesses, allowing us to keep profitability on track. And all this in 2013, which really wasn’t a brilliant year for the industry as a whole.”

The benchmark for the global cable industry

In 2013, positive sales and earnings performance by Prysmian’s higher value-added businesses of power transmission and certain areas of the industrial cables market limited the negative impact of falling demand in sectors like power distribution, construction, renewables and telecoms. That helped confirm the Group as the benchmark in the cable industry for solidity, profitability and creation of value for stakeholders.

Continuously investing into high-tech, high added-value businesses

Mr. Battista explains that Prysmian’s growth strategy focuses on investing into high-tech, high value-added businesses, as well as into those geographical areas with the best growth

prospects: “Since our IPO in 2007, we have managed to keep our capital expenditure at a pretty sustained pace, with a cumulated amount of almost half a billion euros devoted to increase production capacity and develop the product portfolio.” In 2013, major investments included a new optical cables plant in Romania and a new high voltage cable factory in Russia.

Creating conditions for value to be delivered in the years to come

“We always focus on delivering value while at the same time creating conditions for value to continue being delivered in the years to come,” Mr. Battista states. Delivering value also means being equipped with the best-suited management and organizational tools to profit from future opportunities. “In 2013, we started a new configuration of our energy business, both in terms of structure and management team, aimed at exploiting the full potential of our position of industry leader and technological pioneer.”



Our company at a glance

Vision

We believe in the efficiency, effectiveness and sustainability of energy and information delivery as the prime driver for developing communities

Energy and information help communities develop. That's why it's so important that they're always available, and that they're supplied effectively, efficiently, sustainably. Whoever the client. Wherever they are. However harsh the environment they operate in. We're committed to keeping them connected. Every day, we all have the chance to bring our vision to life through our actions. No matter how big or small, the things we do on a daily basis build up over time and help us deliver on our mission.

Values

Excellence

Good isn't good enough. We combine rigour and entrepreneurship to deliver innovative all-round solutions.

Integrity

When it comes to ethics, no challenge is too big, or too small, if it means doing things right.

Understanding

We have strong respect for different opinions and ideas, and a keen focus on our customers' needs.

Mission

We provide our customers worldwide with superior cable solutions based on state-of-the-art technology

We provide consistent excellence in execution, ultimately delivering sustainable growth and profit, as well as strengthening our reputation for performance and innovation.

But we don't just want to be good for business. We want to be good to do business with. That's why our values are so important to us. The things we do and the way we approach them are an opportunity to show our pride in our work.





I. OVER 130 YEARS OF EXPERIENCE

50 COUNTRIES

91 PLANTS

17 R&D CENTRES

19,000 EMPLOYEES

€ 7.2 BILLION EURO SALES IN 2013

Prysmian Group

World leader in the energy and telecom cables and systems industry

With over 130 years of experience, the Group is strongly positioned at the high-tech end of the market with the most extensive range of products, services, technology and know-how.

In the **Energy sector**, Prysmian Group operates in the business of underground and submarine power transmission cables and systems, special cables for applications in many different industrial sectors and medium and low voltage cables for the construction and infrastructure industry.

In the **Telecom sector**, the Group manufactures cables and accessories for the voice, video and data transmission industry, offering a complete range of optical fibres, optical and copper cables and connectivity systems. Prysmian is a public company, listed on the Milan Stock Exchange in the FTSE MIB index.

Performance in figures

1,050°C

The most heat-resistant cable.
Seaflame™ cable

+350%

Hours of training delivered
by Prysmian Academy in 2013

4.8 fibre/mm2

Nano Flextube® cable is
a world record for fibre density

1,650 meters

Deepest underwater
cable installation
at SA.PE.I. HVDC link

49%

of plants certified OHSAS 18001

86%

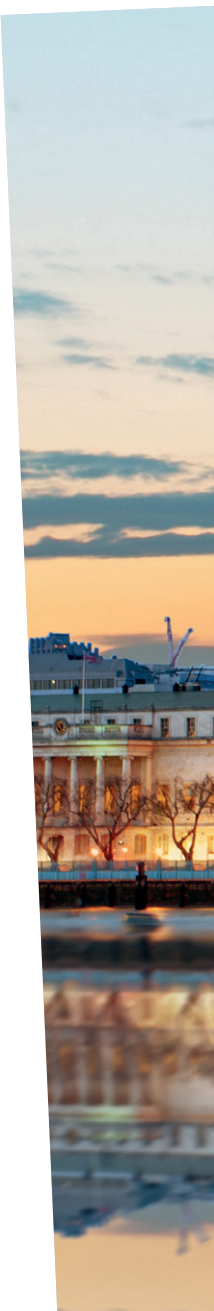
of plants certified ISO14001

-60°C

The most cold-resistant cable.
Rolling Stock cable

230 KM

The longest power cable in
one single continuous length.
Cometa project





Placing stakeholders at the heart of operations

The Group's growth strategy is based on the shared principles of the corporate mission and vision. 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.

As the world leader in the energy and telecom cables and systems industry, the Group promotes growth and continuous improvement across the entire industry. The ability to continuously innovate and to promote awareness of the cable industry's strategic role are also key to Prysmian's approach. Prysmian places stakeholders at the centre of its business strategy, focusing on customer centricity and value creation for shareholders.

Pillars of performance

Prysmian Group **anticipates customer needs** as it continuously improves its competence in research, innovation, customer centricity, employee development and environmental sustainability. It seeks healthy value creation through **balanced and sustainable growth** and pays the greatest attention to **financial discipline**. As a public company, it is focused on securing **market confidence** by delivering on-target results. When deciding how and where to grow, the Group gives priority to **sustainable expansion** with the aim of preserving adequate profitability, even at the expense of an increase in market share. Prysmian Group is recognised for its ability to be the **aggregator and leader**, as well as an optimizer, of industrial processes, as shown by the successful integration with Draka.

A hallmark of Prysmian Group

Customer centricity is our ability to anticipate and meticulously satisfy customer needs, from product design through to delivery, and provision of a level of service in line with customer expectations that are constantly monitored against defined, agreed parameters. Thanks to its ad hoc matrix structure that provides local presence, even for major global projects, **factory reliability** improves the planning and execution of manufacturing output, in terms of both mix and volumes in the fastest response times. This enables the Group to deal effectively and efficiently with swings in sales volumes and variations in manufacturing output. Prysmian Group has also started **supply chain integration** projects with some of its most important global customers, with the goal of improving process effectiveness and efficiency throughout the supply chain, from the producers of raw materials and semi-finished products to the end cable user.

Re-organising to stimulate growth

In order to stimulate growth while anticipating markets developments and improve its focus on customers, Prysmian Group made important new management appointments. **Fabio Romeo**, formerly Executive Vice President of the Energy Business, took responsibility for Corporate Strategy and Development, with the mission of giving further impetus to the Group's growth. **Andrea Pirondini** joined Prysmian Group as Chief Operating Officer with the mission of accelerating the development of quality and customer service, redesigning the industrial footprint by improving its performances and optimise procurement. Moreover, under the guidance of **Massimo Battaini**, formerly the Group's Chief Operating Officer, the Energy Projects area is grouping together the businesses of High Voltage & Submarine and SURF (products and services for offshore oil production), in order to further improve the development of the business. Finally, **Hans Nieman**, formerly CEO of Prysmian Germany, will lead efforts to increase profitability of the products area of the Energy business. The new team will provide impetus for managing the markets with specific approaches.

Extending the digital reach to get even closer to clients

A global major web effort

In 2013, Prysmian Group made major efforts aimed to improve usage of the company website, with the goal of substantially strengthening and extending its reach through the internet. The action resulted in 23 new country sites launching, which resulted in a 58.3% increase in site visits and 62.5% increase in site visitors. Globally, further country sites are being launched during 2014.

Prysmian awarded for online communication

Prysmian achieved third position in the "Best Improver" category in the KWD Webranking 2013 Italy with a score of 44.8 (+5.5 points compared to the previous year). The Group also moved up the general ranking from 34th to 23rd place and, thanks to the launch of the new website in 2012, ranked third among industrial companies. KWD Webranking is Europe's most in-depth analysis of online corporate communication.

The screenshot displays the Prysmian Group website interface. At the top, there are navigation links for 'GLOBAL SITE' and 'LANGUAGE', along with social media icons for Twitter, Facebook, LinkedIn, and YouTube. The main banner features the headline 'LINKING THE FUTURE' with a subtext: 'World leader in the industry of high-technology cables and systems for some €8 billion in 2012, the Prysmian Group is a truly global company with subsidiaries in 50 countries, 91 plants, 17 research & development centres and about 20,000 employees.' Below the banner, there is a 'SHARE PRICE' section showing 'Feb 06, 2014 11:52' and 'LAST 18.21 € 1.62 %'. To the right, a 'LATEST NEWS' section highlights 'PRYSMIAN GROUP BOOSTS EXPANSION IN THE OIL & GAS INDUSTRY' with a subtext: 'New HQ in Houston for surf business (subsea, umbilicals, risers and flowlines)'. Below this, a 'QUICK LINKS' section lists: 'Investor Relations', 'Sustainability', 'People & Careers', and 'Application Finder'. On the right side, there are two featured articles: 'Prysmian supplies FP200 Gold to Leeds' First Direct Arena' dated '31 JAN, 2014' and 'INSIGHT' titled 'SLIGHT IMPROVEMENT in the third quarter'.

Challenges continued in 2013

Amid slowing growth in major economies, the cable global industry suffered reduction in investment, mainly in Europe.

The slowing of global growth started in the second half of 2011 and continued into the first quarter of 2013. However, the second and third quarters showed some signs of stabilization, which were confirmed in the final quarter. The global cable market mirrored this global economic environment, even if the entire industry showed very diversified performance, both at geographic and business-segment level. The slight improvement in global cable demand was fuelled by faster growing economies, namely the Middle East, Asia and, to a lesser extent, South America. In the US, demand grew modestly, while in Europe the adverse conditions in building activity, along with the lack of investment into infrastructures, led to an overall reduction in demand.

Energy

As for the diverse segments, the higher added-value businesses, namely submarine and HV cables, along with special cables for OEMs (original equipment manufacturer) and the offshore oil industry, performed better. On the other hand, demand for power distribution cables, mainly in Europe, and building cables was weaker, namely in Italy, Germany, France, Spain and Australia. Also demand for special cables for renewables (onshore wind power and solar power) was particularly weak in Europe and the US, due to the end of the stimulus programs.

Telecom

The market for optical fibre cables scored a growth in 2013, entirely thanks to China, India and other Asian countries, which offset a significant drop in the US, here again because of the end of the stimulus programs, and to a lesser extent in Europe. Demand for copper cables declined further, in line with the market trend that started in 2004, which benefits the optical cable market.



A SLIGHTLY RESILIENT DEMAND IN FASTER-GROWING COUNTRIES IN THE MIDDLE EAST AND ASIA PROVIDED SOME RELIEF.

HIGH ADDED-VALUE PRODUCTION PERFORMED BETTER, WHILE OTHER SEGMENTS WERE EXTREMELY DIVERSIFIED.

Major projects

Excellence in submarine Leader in wind farms

Large, state-of-the-art submarine power links for utilities and grids, such as the record setting **Western Link** from Scotland to England. World leader in **offshore wind farm connections** with major, world-class projects and milestone technological achievements, including Germany's **DolWin3** in the North Sea.

Fire-resistant cables for architectural landmarks

Prysmian's fire-resistant cables lie at the core of spectacular constructions like the **Wimbledon** tennis stadium, the **Shard skyscraper** in London, the **Burj Khalifa** in Dubai, the world's tallest building in the Arab Emirates and the **Marina Bay Sands** in Singapore.

Powering elevators in the highest skyscrapers

Our cables power elevators in some of the world's tallest and most prestigious buildings, such as the **World Trade Centre** currently being completed in New York City.

Underground cables State-of-the-art technology

The new electrical connection by Prysmian between France and Spain was classified as a Priority Project by the European Union. **P-Laser cable**, the first-ever eco-sustainable HV cable for electrical grids, was successfully tested in Italy.

Trains, ships, subways and planes of the globe

Prysmian has cabled some of the world's largest aircraft and ships, such as the **Airbus 380** and **Royal Caribbean's Genesis fleet**, as well as the fastest trains and most innovative subways: three million people use the **London Tube** safely every day thanks to Prysmian fire resistant cables.

Connecting continents

Prysmian Group is introducing new cabling technologies that deliver information anywhere, connecting communities, countries and continents. It is working with the Australian Government to create a **Fibre-to-the-Premises network**, bringing broadband to 93% of Australia.

Highlights 2013

€100 million EIB funding for R&D programs

Innovation as a growth engine. The European Investment Bank (EIB) approved a financing facility of €100 million to support the Group's €300 million R&D programs in 2013-16. The financing represents some 50% of total investment spending planned in Europe during the reference period.

Capacity increased at two facilities

Prysmian Group increased capacity at two facilities which are both strategic in terms of product variety and of market. The Slatina plant, in Romania, thanks to a new facility for the production of optical cables, has become a telecom centre of excellence at European level. The plant of Rybinsk, in Russia, was expanded in order to allow the production of medium and high voltage energy cables.

Major contracts in the Utility business

During 2013, Prysmian Group signed several new important contracts, mainly in the Utilities sector. They included a project worth more than €350 million for the submarine link of the wind power plant **DolWin 3** in Germany and the interconnection between the Balearic Islands of Majorca and Ibiza in Spain.



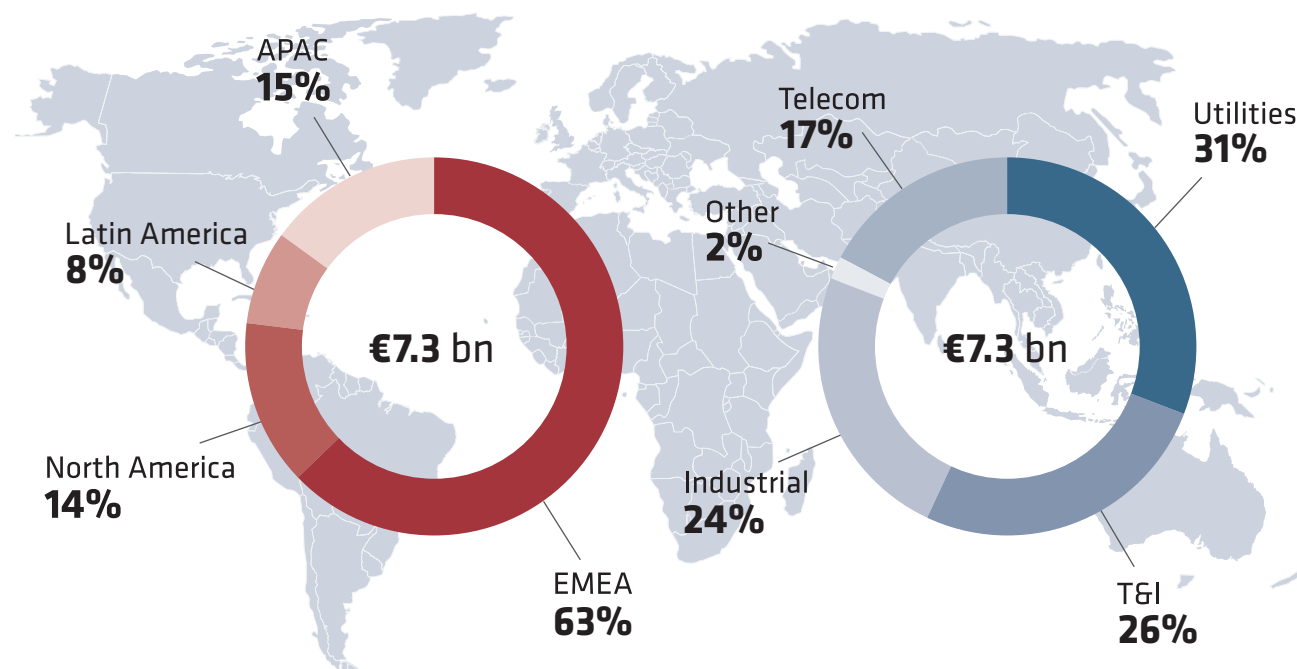
Financial achievements

Protecting profitability

In 2013, Prysmian Group posted an adjusted EBITDA of €612 million, within the range of the initial guidance of €600-€650 million, down 5.5% on 2012, mainly due to negative exchange rate effects. Excluding those effects it came in at €635 million, in the upper end of the range. The net financial position further amounted to €834 million, a further improvement from €918 million at the end of 2012, while the free cash-flow remained strong at €170 million. The cumulated synergies from the merger with Draka were above target at €120 million. The total sales figures showed negative organic growth over the previous year of 3.1% to €7,273 million, with the margin on sales further improved to 8.4% from 8.2% the previous year.

In line with its growth strategy, the Group performed well in high value-added businesses while focusing its investments in the same business areas.

EBITDA €612 MILLION
NET FINANCIAL POSITION €834 MILLION
FREE CASH FLOW €170 MILLION
CUMULATED SYNERGIES €120 MILLION





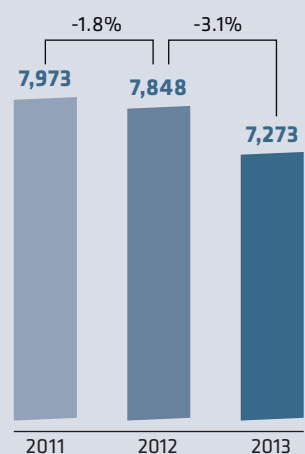
Delivering performance in a still difficult market

Against the backdrop of what was still a generally difficult market, albeit with divergent trends between different markets and geographical areas, the high value-added businesses of underground and submarine power transmission and certain areas of the industrial cables market performed well. The geographical distribution of sales reflected a diversified scenario: recovery in North and South America, except for the Telecom business, persistent weakness in Central Europe and the Mediterranean, strong demand in the Asia Pacific region for industrial cables but continuing weakness for building wires and power distribution cables.

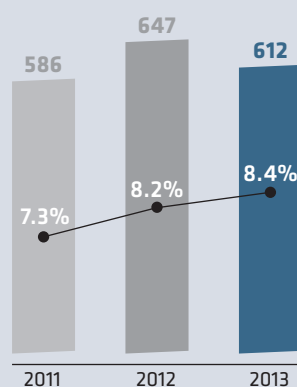
Achieved financial targets

Group Adjusted EBITDA in 2013 came in at €612 million, within the target range of €600-€650 million. Profitability showed signs of improvement in the second half of the year, with Adjusted EBITDA rising to €330 million from €282 million in the first.

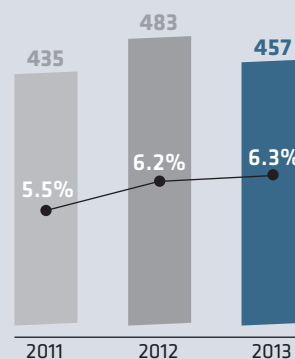
**ADJUSTED EBITDA €612 MILLION:
WITHIN INITIAL GUIDANCE (€600 - €650 MILLION)**



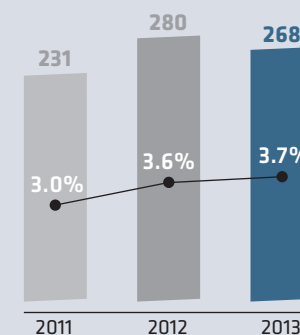
**SALES AND
ORGANIC GROWTH**



**ADJ. EBITDA
AND % ON SALES**



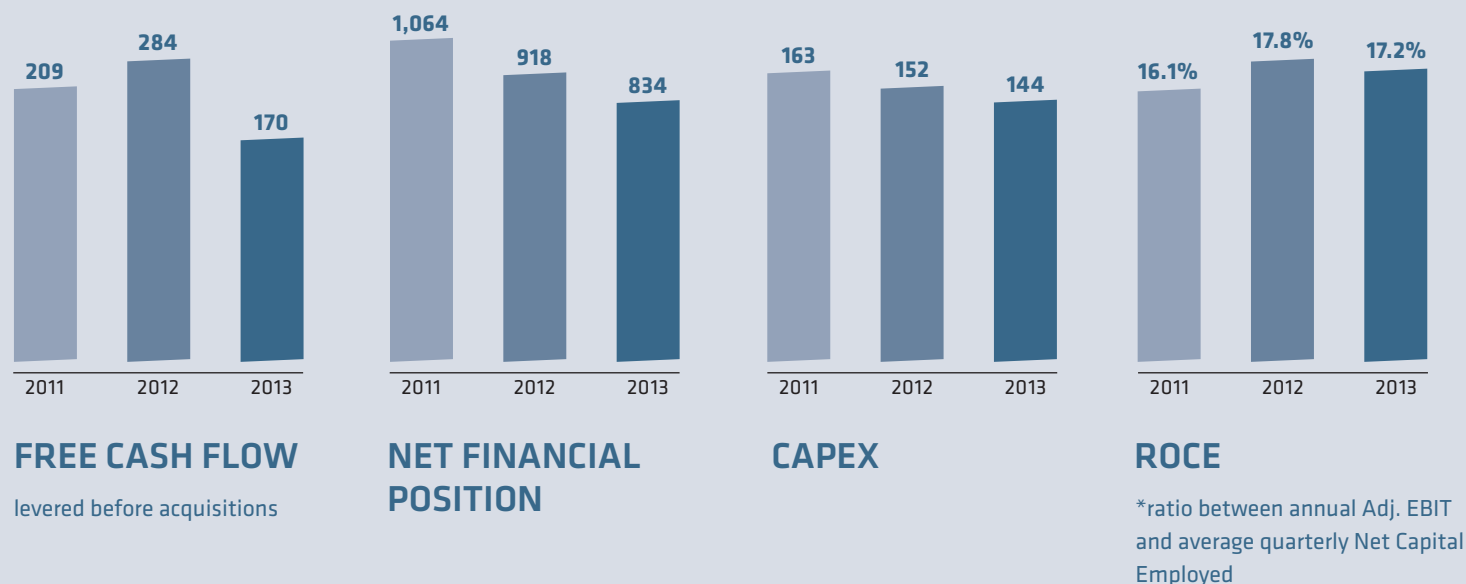
**ADJ. EBIT
AND % ON SALES**



**ADJ. NET INCOME
AND % ON SALES**

Note: Euro million. 2011 combined Prysmian + Draka

STRONG FREE-CASH FLOW GENERATION AND SOUND BALANCE SHEET WITH A CONSTANTLY IMPROVING NET FINANCIAL POSITION.



Note: Euro million. 2011 combined Prysmian + Draka

Investing for growth

In 2013 Prysmian Group has focused its investments on high-tech, high value-added businesses and in geographical areas with the best growth prospects. €61 million was invested to increase production capacity and develop the product portfolio, as was the case for the new optical cables plant in Slatina, Romania, and a new high voltage cable factory in Russia. Since its IPO in 2007, the Group has invested a total of €462 million to improve the product mix and develop its product portfolio.

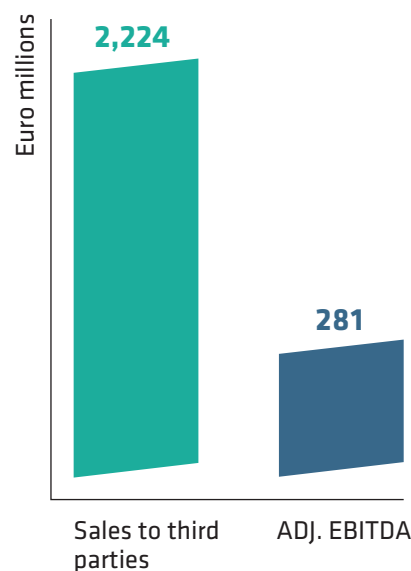
Utilities: growth sustained by high added value-businesses

PROFITABILITY OF PRYSMIAN ENERGY CABLE BUSINESS CLIMBED IN 2013 DESPITE A DROP IN SALES

Adjusted EBITDA for utilities rose to €281 million from €270 million in 2012.

Sales of submarine cables grew significantly over the previous year while the order book stayed the course.

The Utilities business contributed to the Group's 2013 performance with increasing profitability even if overall sales declined, mainly due to the positive performance of the submarine cables and to a lesser extent of high voltage underground cables. The order book value as of end of 2013 gives visibility over a three-year horizon.



Submarine achievements

Two major projects for German windfarms

In the North Sea, Prysmian won a €350 million contract for the DolWin3 offshore plant and secured the project for connecting the Deutsche Bucht plant.


The Balearics, Capri, Jersey to be connected

The Group secured the contract for the second link between Majorca and Ibiza, the Normandie 3 project in the English Channel and the first-ever power link to the mainland for the Italian island of Capri.

ExxonMobil platforms powered by Prysmian

The project will lay new cables at depths of up to 450 meters.





The strategic Hudson Project is nearing completion, bringing 600 MW of power into the heart of Manhattan.

HV P-Laser tested

Last year the new high voltage P-Laser cable was successfully tested. P-Laser cable is the first-ever power cable which combines eco-sustainability and top-end performance, entirely produced by using recyclable materials. The first connection, over a 5 km line, was a milestone in the industry, put into operation in Italy in the Milan area in August 2013.

Venture signed with Russia's Rosseti

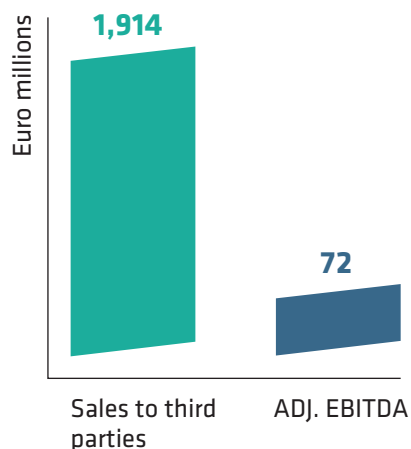
Prysmian Group has signed an important technological co-operation agreement in 2013 in the field of power transmission and distribution in Russia with JSC "Rosseti", the largest power network manager in the country. Under the agreement, solutions will be studied and developed for HV transmission systems, up to 500 kV.

Trade & Installer: selective strategy

An extremely selective commercial strategy, focused on the improvement of the sales component made by products devoted to safety (Fire resistant/LSOH), even if needed by a slimmer share of low-end markets, mitigated a slowing in profitability.

The decline in Adjusted EBITDA was limited in 2013 to a 6.4% drop to €72 million, compared to €77 million in 2012.

The decline of sales in Central-Southern Europe and in North America was only partially offset by growing sales volumes in South American markets.



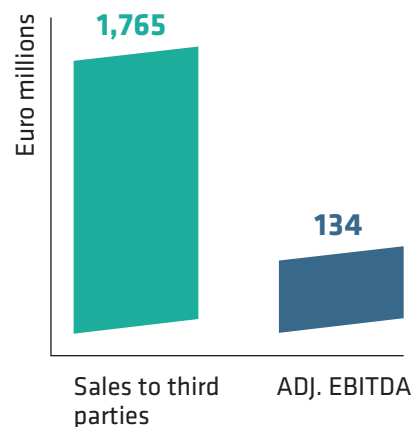
Prysmian to cable the symbols of Milan's 2015 Expo

The upcoming Expo due in Milan, Italy, in 2015 is keeping Prysmian Trade's & Installers business extremely busy, as the Group is to lay its cables in the site where the structures and services of the **Universal Exhibition** are being built – the so-called “Plate”. The project, awarded last year, includes the procurement of 50 km of **P-Laser eco-sustainable**, high-performing medium voltage cables, along with another **300 km of low voltage cables from the Afumex family**. The Group also secured contracts for Afumex cables to be installed along the **new motorways BreBeMi**, due to connect Milan and Brescia, and **Pedemontana Lombarda**, in the area surrounding the Expo site. A further contract was awarded for special fire-safe cables and power distribution at the **Isozaki tower**, under construction in the new Citylife district of Milan and named after the architect. The tower will exceed 200 meters in height and is expected to become THE symbol of Expo 2015.

Industrial cables business: continuously specializing

Prysmian's Industrial business continued the process of intensifying specialization in 2013, in order to offer its global customers even more personalized products and solutions.

Sales grew organically as high added-value business sustained demand, while the drop in volumes of renewables and the delay of onshore and offshore projects in Asia had limited impact on profitability.



Major Petrobras contracts

Prysmian Group in 2013 has signed major contracts with Brazil's Petrobras, including the \$260 million new frame agreement for umbilicals and the extension of a flexible pipes contract which is worth \$95 million, in a further progression of a 35-year long co-operation with the oil company.

Cables for Spain's largest hydro plant

Last year, Prysmian Group supplied very high and medium voltage power cables to the Iberdrola's "Cortes-La Muela" hydroelectric plant, the largest in Spain and among Europe's biggest, which started production in late 2013.

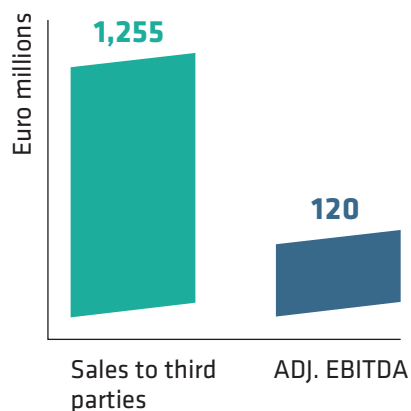
US carrier equipped


Prysmian Group equipped the new US aircraft carrier Gerald R. Ford with medium voltage and fibre optic cables. The power cables were specially designed by Prysmian for this class of vessel.

Telecom: the partner of choice for major global operators

After a brilliant 2012, the Telecom business of Prysmian was negatively affected in 2013 by the drop in demand for fibre optical cables in North and South America, which more than offset the positive trend linked with important projects, such as those with BT in the United Kingdom, Telefonica in Spain and NBN in Australia, as well as emerging sales channels in Eastern Europe and India. The ending of the stimulus program in North America prompted the drop in demand.

Telecom business sales in 2013 fell by 14.4% on the previous year to €1,255 million





Milestone achieved in Australian NBN project

Prysmian Australia is a key strategic supplier and is working closely with NBN (National Broadband Project) to shape decisions and provide the best possible cable solutions, whatever network technology and mix NBN ultimately decides upon. The broadband network will connect 93% of commercial and residential buildings in the country. So far the one-million kilometre mark has been passed, meaning that the first milestone was achieved. Prysmian specialist fibre optic cables are being installed underground, covering up to 80% of suburban Australia in NSW, Queensland, Northern Territory, Western Australia and the ACT.

Prysmian Group is the global leader in optical fibre, the key element for any type of optical cable. The Group fully satisfies demand from business and residential customers for even faster broadband connections.

NEW NANO LOOSE TUBE CABLES

Prysmian Group presented the new Nano Loose Tube category of cables in 2013. These products boast a smaller diameter and thus a higher density of fibre, allowing up to 192 fibres to be inserted into standard 10/12mm conduits and up to 96 fibres into 8/10 mm conduits.

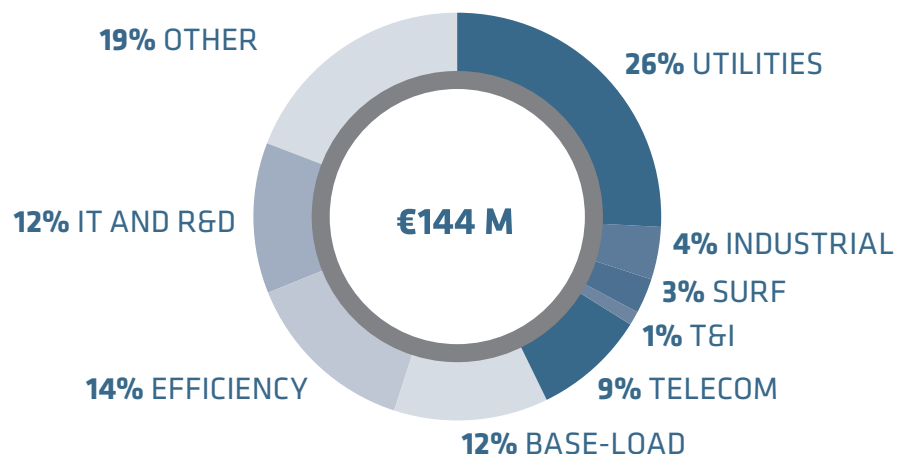
OPTICAL EXCELLENCE AT SLATINA PLANT

The investment into the Romania plant of Slatina has been completed, making the facility one of Europe's centres of excellence for optical telecommunication cables. It has a capacity of 1.5 million km of optical cables and 500,000 km of copper cables, covering the entire demand for both products. Prysmian confirmed its position of global leader in the telecommunication cables with a market share of 11% and 24 plants globally.

Worldwide investments continued at a sustained pace

€61 million was invested in 2013 to increase production capacity and develop the product portfolio, bringing the total of capital spending since the IPO in 2007 to €462 million, with a focus on high value-added products and systems, geographical diversification and cost reduction.

CAPACITY INCREASE & PRODUCT MIX €61 MILLION OTHER CAPEX €83 MILLION



Capital at work

CAPACITY INCREASED AT ARCO FELICE

There was a continuation of investment at the production facility in Naples aimed at increasing capacity, in order to expedite the fulfilment of the Westernlink HVDC contract.

RUSSIA'S RYBINSK FACILITY COMPLETED

Situated in the region of Yaroslav, the **production site** is now **devoted to medium and high voltage cables**. It was a milestone in the Group's expansion path into a strategic market with high potential, where Prysmian recently sealed a production deal with the local company "Rosseti".

DRAMMEN PRODUCTION LINES UPGRADED

New investment in the **submarine cables business** will allow the plant in Norway to produce cables intended for ExxonMobil's offshore oil platforms to be connected to the mainland in the United States.

PLANTS IN THE US AND BRAZIL BOOSTED

Important investment was devoted to the **Sorocaba** and **Santo André plants** in Brazil for the Oil & Gas projects secured by the Group for the shipyards and Keppel Fels plants of shipbuilder Jurong in Singapore. There was also new investment in the **Schuylkill Haven facility** in the U.S., where capacity is being increased for the production of airguard-type cables.

OPTICALS, SLATINA OFFICIALLY OPENED

A new important goal in the Telecom business was achieved in 2013, with the official opening of the renewed **Slatina plant in Romania**, which becomes one of the new European centres of excellence for the optical cable industry. Last year, the Slatina facility celebrated its 40th anniversary, having opened in 1973 for the production of power cables.

EFFICIENCY IMPROVED AT FIBRE FACTORIES IN ITALY AND FRANCE

Investment into the efficiency of optical production continued in 2013, mainly in the **European factories of Battipaglia, Italy**, and **Douvain, France**, with the aim of reducing costs. The Italian production site also benefited from capital spending for the creation of a tri-generation plant which will reduce energy spending.

New headquarters in Milan

In October last year, Prysmian Group presented the project for the construction of its new headquarters in Milan, Italy's financial capital. Symbolically, the project was first unveiled by CEO Valerio Battista at a public event entitled: **"Competing in the world with heart and head in Milan"**. The building is designed using the very latest in architectural innovations and pays **great attention to energy efficiency and sustainability**. It will provide a 22,000 sqm space to accommodate some 700 people. More than €30 million will be invested to build the complex, which will create savings of around 50% on the current building's yearly operating costs. Mr. Battista pointed out that the Group is increasingly oriented towards a global market, as the absolute leader of the cable industry, with Italy accounting for about 5% of total turnover. But as the Group's technologically excellent optical fibre and submarine energy systems production plants are still based in Italy, Prysmian also wanted to reaffirm its historic links with Milan when constructing the new HQ.

A reminder of the Group's industrial roots

Designed by architect Maurizio Varratta, the new headquarters will be shaped like a typical old-fashioned factory, to recall the industrial roots of that area of Milan. The complex will consist of four wings, used for offices and services, connected by two large "greenhouses" – full-height glazed areas intended for internal mobility. The "greenhouses" will be real oases of greenery and, thanks to the presence of plenty of vegetation and water tanks, will make a significant contribution towards improving energy efficiency and the internal microclimate.



R&D: a strategic asset

Prysmian Group believes that continuous, substantial investment into research, development and innovation is key to the maintenance of its market leadership at a global level. In fact, this allows the Group to offer its customers innovative and more effective solutions at increasingly competitive costs. Last year, capital spending into R&D amounted to approximately €68 million, broadly in line with the previous year and confirming Prysmian's steadfast commitment to and focus on long-term sustainable growth. The Group boasts 17 Centres of Excellence, more than 500 highly

qualified professionals and some 5,700 products and solutions protected by a patent, while it is continuously co-operating with universities and research institutions in several countries around the world.

EFFORTS DEVOTED TO COST OPTIMIZATION CONTINUED THROUGHOUT 2013 AS THE DESIGN TO COST (DTC) PACKAGE WAS FURTHER EXTENDED TO MORE THAN 1,500 PROJECTS AND ALLOWED TO BUILD ON COST SAVINGS.

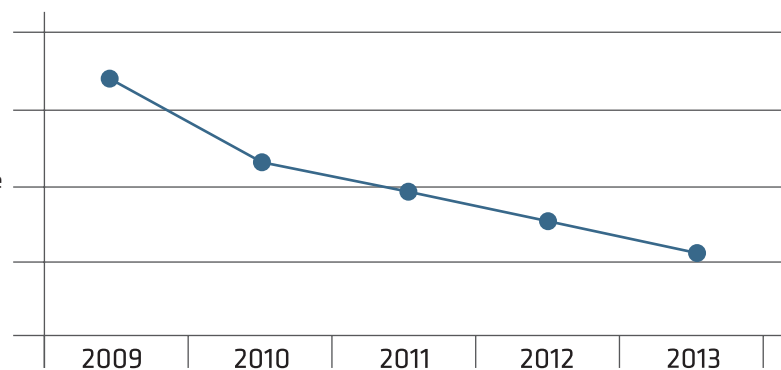
State-of-the-art technologies

EIB ADDS UP TO R&D €300 MILLION BUDGET

In December 2013, the European Investment Bank finalised a €100 million loan to fund the **European research and development programs** of Prysmian Group from 2013-16, whose global budget for R&D over the same four years is €300 million. The loan is intended to support projects in France, Great Britain, Holland, Spain, Germany and Italy.

Customer claims consistently reduced since 2009

Customer claims continued falling in 2013, as they dropped 15% on the previous year. Since 2009, when the Quality Function was created, claims were slashed. All Prysmian Group operations are nowadays monitored using the same indicators, allowing detailed performance analysis for each local entity. The Function also constantly monitors local entities' compliance with Prysmian Quality Management System (PQMS) guidelines and the related standards. These achievements are the results of detailed and widespread auditing activity, both at central and local level.



Trend of claims

IN THE INDUSTRIAL INNOVATION FIELD, EXPLORATIVE STUDIES ON MATERIALS HAVE BEEN EXTENDED AND REINFORCED AS THEY ARE KEY FOR ALL TECHNOLOGIES CONCERNING CABLES AND ACCESSORIES.

UPGRADING ELECTRICAL EFFICIENCY

The **high voltage P-Laser cable** is the first high-performance eco-sustainable cable capable of effectively increasing the efficiency and capacity of electrical grids. It operates at temperatures above the typical 90°C of traditional XLPE technology. Tests were carried out successfully in 2013 with Terna SpA, Italy's national power transmission operator.

AND PREVENTING FAILURES OF GRIDS

PRY-CAM sensor is an instrument recently developed by Prysmian Group which allows any pulse signals generated by partial discharges to be monitored and accurately measured, thereby preventing failures by monitoring the different parts of the electrical grid without having to switch it off. While the P-Laser cable test was happening, it was installed at the 5 km link realised in Lacchiarella, near Milan (Italy).

MAKING AN EU-WIDE FIBRE VIABLE

Retractanet-XS is a breakthrough solution showcased last year in London by Prysmian Group for OSP applications which employs a direct-buried Retractable Cable that is filled with small fibre modules. It is ideally suited for Fibre-to-the-Home deployments and makes the goal of an EU-wide fibre connection a viable option.

THE NEW 96 FIBRE-MICRODUCT CABLE

The new extension of "Nano" loose tube cable for microduct applications developed by Prysmian Group leads the way for small optical fibre cable designs and surpasses the requirements of the emerging IEC 60794-5-10 standard. The new 96-fibre cable is less than 6mm in diameter and was developed under the project name NEWT™: **Nano Extended Wavelength Technology**.

Key contribution from the Quality function

Last year, the first stage of the Cost of Poor Quality (COPQ) project was also successfully completed. Thanks to COPQ, all of the Group's production units are enabled to manage possible internal compliance failures in a standardized fashion, while automatically monitoring related costs. The implementation of the COPQ project in diverse countries will happen simultaneously with the SAP 1C information system, which will allow the Group to deal more aggressively with critical issues.



A permeating effort

86% OF PLANTS CERTIFIED ISO14001

49% OF PLANTS CERTIFIED OHSAS 18001

6,159,314 GIGA JOULE ENERGY CONSUMPTION

94,545,964 KILOS OF WASTE PRODUCED

7,579,767 M³ WATER CONSUMPTION

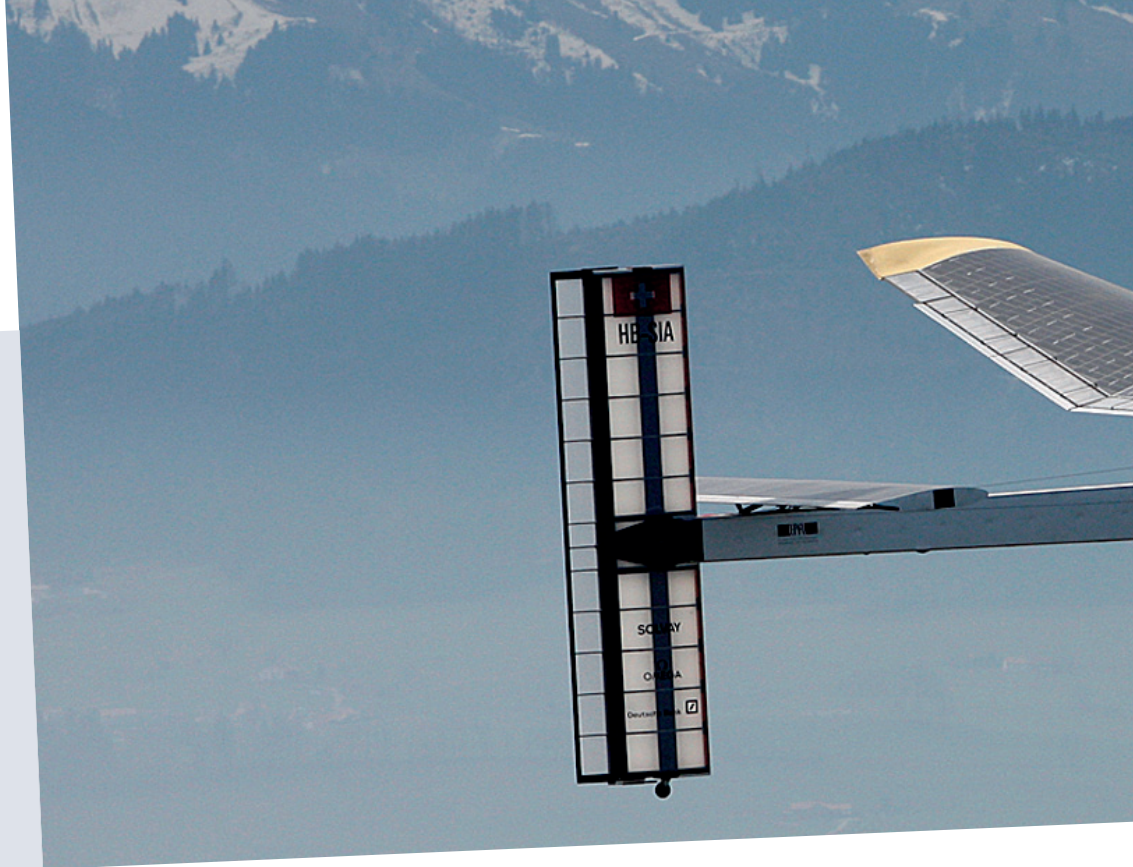
As the world leader in the cable industry, Prysmian Group carries the responsibility of making it sustainable. In fact, the sustainability issue has reached an integrated positioning inside all the activities and operations of the company. Our products, services and solutions have to be sustainable, both socially and environmentally. This also means that our competencies have to be continuously improved, in order

to safeguard the safety and the healthiness of our working places to the highest possible standard. During 2013, several new projects have been started and implemented in the field of sustainability and important results have been achieved. Those efforts allowed the Group to improve the ranking of its Sustainability Report within the Guidelines of the Global Reporting Initiative to level B+ in 2013 from level C+ in 2012.

Prysmian awarded “CDP Best Newcomer”

In its first ever participation in the CDP (former Carbon Disclosure Project) prize, Prysmian Group was awarded “Best Newcomer” within the “Italy 100” panel, as it achieved the highest Climate Disclosure Score among the companies which entered the contest in 2013. CDP is a non-profit UK-based organisation which works with shareholders and corporations to disclose the greenhouse gas emissions of major organizations. This important result shows once again the

commitment of the Group to the most clear and transparent disclosure and information-sharing concerning issues related to climate and sustainability: from the data of its greenhouse emissions, to the outlining of the strategies the Group implemented in order to reduce them, to the analysis of risks related to climate change, up to the assessment of what areas needed action in order to improve energy efficiency.





Flying around the world with just no fuel

Prysmian has supplied 150 km of special aerospace cables that distribute power around an airplane capable of flying using only solar energy. The Group is a Specialised Partner of the Solar Impulse project, launched by aeronaut Bertrand Piccard, designer of the solar-powered plane, with the aim of demonstrating that it is possible to use clean forms of energy for aviation. Piccard has already flown his prototype day and night with no fuel. Prysmian cables satisfy Solar Impulse's cabling needs, offering a perfect compromise between weight and performance.

CORPORATE CITIZENSHIP AND PHILANTHROPY

Prysmian Group decided to outline its own policy in order to oversee and better organize the actions it takes to benefit local communities in the many countries where it has operations. The policy is designed to oversee all those activities that are not part of business or aimed at creating economic value for the company. Prysmian classified three main categories of such actions and contributions: cash expenditure to support a project or a community initiative; employee time devoted to philanthropic activities paid as working time; and, as donor of products, equipment or other goods that the company provides to designated philanthropic organizations.

SEEKING QUALIFICATION FOR THE DJSI

Prysmian Group took part in the assessment carried out by RobecoSAM for entering the Dow Jones Sustainability Index (DJSI) and improved its score significantly compared to a year earlier. The DJSI is based on analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labour practices.

IN 2013, TWO FACILITIES IN FRANCE AND ITALY ACHIEVED NEW ISO14001 CERTIFICATIONS WHILE THREE PLANTS, IN THE NETHERLANDS, CZECH REPUBLIC AND UK, ACHIEVED OHSAS 18001 CERTIFICATIONS.

The HSE Function in action

The Health Safety & Environment (HSE) Function of Prysmian further strengthened its action by implementing the standards and procedures concerning health, safety and environment into every operative unit. HSE also certified new auditors, bearing in mind that a quarter of more than 120 inspections completed in 2013 were carried out by Prysmian auditors. It also launched the "Safety Leadership" initiative and is at work on a reporting system capable of outlining the action being taken and its economic impact.

Building on our shared identity

PRYSMIAN GROUP EMPLOYS **19,374 PEOPLE: 4,917 MANAGERS AND WHITE-COLLAR WORKERS, 14,457 BLUE-COLLAR STAFF.** ITS HUMAN CAPITAL STRATEGY IS THE KEY FACTOR IN ITS COMPETITIVE ADVANTAGE AS INVESTING IN PEOPLE IS INVESTING IN INNOVATION.

LEADERSHIP ALIGNMENT AND ORGANIZATIONAL EFFICIENCY ACTIONS HAVE CONTINUED TO BE CARRIED OUT IN 2013 IN ORDER TO FURTHER OPTIMISE PROCESSES AND STRUCTURES.

Prysmian Academy to hit the 1,000 mark

At the end of its second year of full activity, the Group International training school of management is set to achieve a cumulative figure of 1,000 employees involved in 2014. The program is aimed at accelerating the integration process following the acquisition of Draka and at further reinforcing the Group identity, with the ultimate goal of strengthening management skills and technical competencies through the “School of Management” and the “Professional School”.

The **School of Management** was created in

partnership with the Bocconi University of Milan and its management training programs, designed on different professional profiles, constitute a step forward towards the achievement of a MBA.

The **Professional School** has the goal of transferring company know-how while building on technical competencies. The School spreads the knowledge of our product portfolio and helps to build an internal network capable of transferring know-how from older professionals to younger colleagues.



Creating a “people pipeline”

Developing and managing talent. Engaging the right people in professional challenges. Knowing how to select them, increase their competencies and enhance their skills, training them, challenging them and engaging them. All of this requires planning and procedures. Prysmian Group aims at creating a veritable “people pipeline” to feed and support company growth.

The Graduate Program attracted more than 5,000 candidates

The international scheme designed for recruiting and integrating graduates from all over the world into job positions in different regions and company functions was first launched in 2012, with the ultimate goal of developing the managers and professionals of the future. The selection process, consisting of online tests, group assessments and interviews with management, attracted more than 5,000 candidates, from which 52 youngsters from all continents were selected. At the same time, in 2013 Prysmian started a separate recruiting campaign aimed at including in the Group workforce some 50 high-potential graduates by 2014.

International mobility

As a global company, Prysmian has an expatriate population of 100 people from 14 countries who relocated to 25 different destinations. Mobility is important at Prysmian Group as it allows the company culture and values to become widespread, while management and technical know-how is being transferred from country to country. Prysmian takes special care of these employees and is implementing a new health program, aimed at all the expatriates and their families.



An inspiring leadership model

During 2013, action continued in the fields of **Leadership Alignment** and **Organizational Efficiency**, with the aim of bringing together and harmonizing processes and structures to fully exploit the opportunities presented by the integration of Prysmian and Draka.

IMPROVING KEY-PERSON MANAGEMENT

Talent and Succession Management is a program aimed at supporting the growth of the business in the long run, as it is designed to develop and retain talented individuals who own the so-called “critical know-how” – knowledge and competences that are essential for quality to continuously improve, for markets to enlarge and for new businesses to be secured.

PERFORMANCE MANAGEMENT

Launched in 2012 as a pilot project for implementation of the new performance appraisal system, known as Prysmian People Performance (P3), the program was extended in 2013 to all countries and is now fully operational. It is supported by a single online system and is aimed at introducing a company culture based on the importance of constructive feedback, of the communication chain and of the recognition of merit on an objective basis.

EXPERIENCE COUNTS

As in many highly technological companies, the know-how of Prysmian is often concentrated within some owners of “critical knowledge”. That’s why it is key to facilitate the mutual exchange of knowledge and best practice. With this aim, Prysmian is keen to retain the most skilled and experienced employees in order to create and disseminate a Group management culture. Late in 2013, in co-operation with Bocconi School of Management, Prysmian Group Academy launched a survey named “Experience counts. Sharing the value of working experience”, which gathered opinion from 750 experienced employees from 8 countries on identifying new training actions. These findings will begin to be put into practice in 2014.



**EEN TOEKOMST DIE WE
SAMEN KUNNEN BEREIKEN.
SAY YES.**

YES is het Aandelenplan voor werknemers (ESOP; Employee Stock Ownership Plan) van de Prysmian Group. Het biedt werknemers de mogelijkheid om aandelen Prysmian Group met korting te kopen. Indien je vragen hebt, neem dan contact op met jouw plaatselijke YES-Ambassador.

YES Your Employee Shares

Prysmian Group

Het aanbod van de aandelen dat wordt bedoeld met het plan en met het reglement vormt geen aanbod van effecten aan het publiek en valt niet binnen het toepassingsgebied van een vermelding op grond van de Wet die van toepassing is op effecten en verwant daaraan: geen publicatie van een prospectus of andere informatie. De documenten beschrijven de inhoud van het plan en het reglement dat de manier en het aantal aandelen vastlegt met alle informatie die nodig is voor de deelnemers die het plan met betrekking tot het plan te gebruiken. Het plan of beide geen garanties en het reglement is niet bedoeld ter verwerking van informatie of andere beslissingen met betrekking tot het resultaat van het plan of de prestaties van de aandelen of met betrekking tot het plan of de prestaties van de aandelen. Het plan of beide worden niet bedoeld om de waarde van de aandelen te verhogen of de waarde van de aandelen te verlagen. Het plan of beide worden niet bedoeld om de waarde van de aandelen te verhogen of de waarde van de aandelen te verlagen.

The YES (Your Employee Shares) program was presented in 21 different languages across 27 countries around the world.

A commitment to the future

YES, THE PROGRAMME LAUNCHED BY PRYSMIAN FOR EMPLOYEES TO BECOME SHAREHOLDERS, RECEIVED AN IMPRESSIVE NUMBER OF APPLICATIONS IN ITS 1ST PHASE AS MORE THAN 35% SUBSCRIBED.

As a **public company**, in 2013 Prysmian Group decided to become even more public with the launch of a program called YES, '**Your Employee Shares**'. It offered employees at Prysmian the opportunity to buy the company shares at a discount of up to 25% on market price and was structured in three annual tranches, with a total of 500,000 treasury shares earmarked to serve the purchases.

The great success of the plan confirms that employees of Prysmian are a community spread around the world, but unified by being part of a single large company

As the first phase of the plan ended, it showed an impressive number of applications from 35.1% of the Group's employees, corresponding to 5,534 people, of which 55% were blue-collar workers. The higher-than-expected number of subscriptions indicates that the opportunity on offer was very well received. In some countries, participation has been remarkable, reaching 100% in Romania, 83% in Milan HQ, 74% in Turkey, 50% in Brazil, 46% in Estonia and 43% in Thailand.

People, the key factor behind the success of the program

The launch of the YES programme involved almost all countries where Prysmian Group is active, as well as most of the functions of the Group, under the co-ordination of the Human Resources and Communication Departments. A key contribution to the success of YES was the creation of 250 special Ambassadors,

selected at local level, specially trained for the purpose and devoted to explaining and supporting the plan among employees. In order to have all aspects and benefits of the plan well understood, a full set of information tools were deployed.



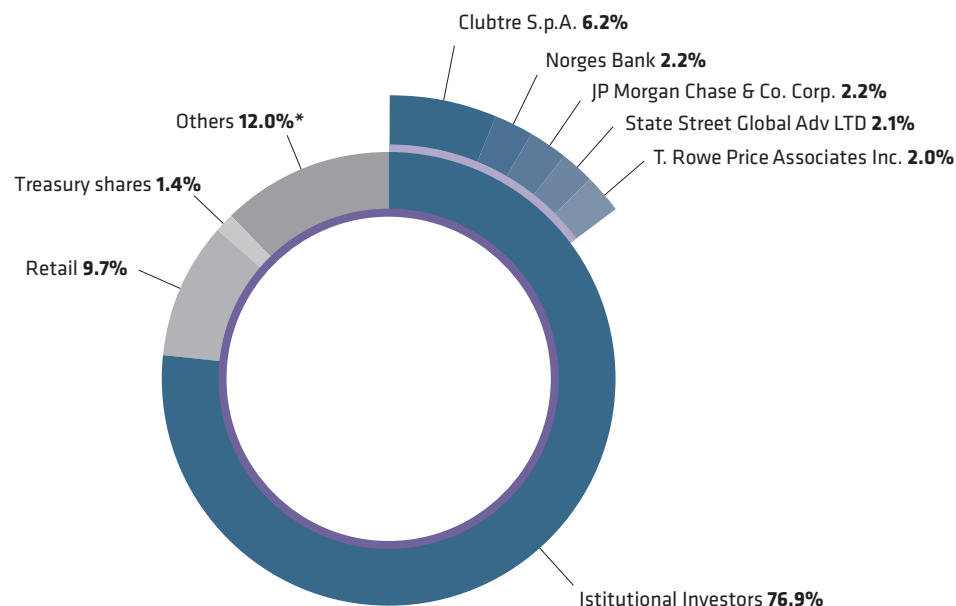
A global shareholding structure

As of 31 December 2013, Prysmian Group's free float was equal to 100% of the outstanding shares. Shareholdings in excess of 2% accounted for just 15% of total share capital, compared to some 23% one year earlier, confirming there was no majority or controlling interests.

The Group boasts a true global shareholding structure and is one of Italy's few industrial companies that has achieved public company status.

The ownership structure by geographical area confirms that American and British investors predominate, accounting for approximately 50% of the capital held by institutional investors at the end of 2013. They were followed by Italian institutional investors with 14% and French with 8%. Some 73% of the share capital held by institutional investors is represented by investment funds Value, Growth or GARP strategies, therefore focused on a medium- to long-term time horizon. There has also been a large increase in the portion of shareholders with an Index investment strategy, consistent with the increased weight of Prysmian stock within such indices.

Ownership structure



* Mainly includes shares held by non-institutional investors and shares with third-party custodians held for trading

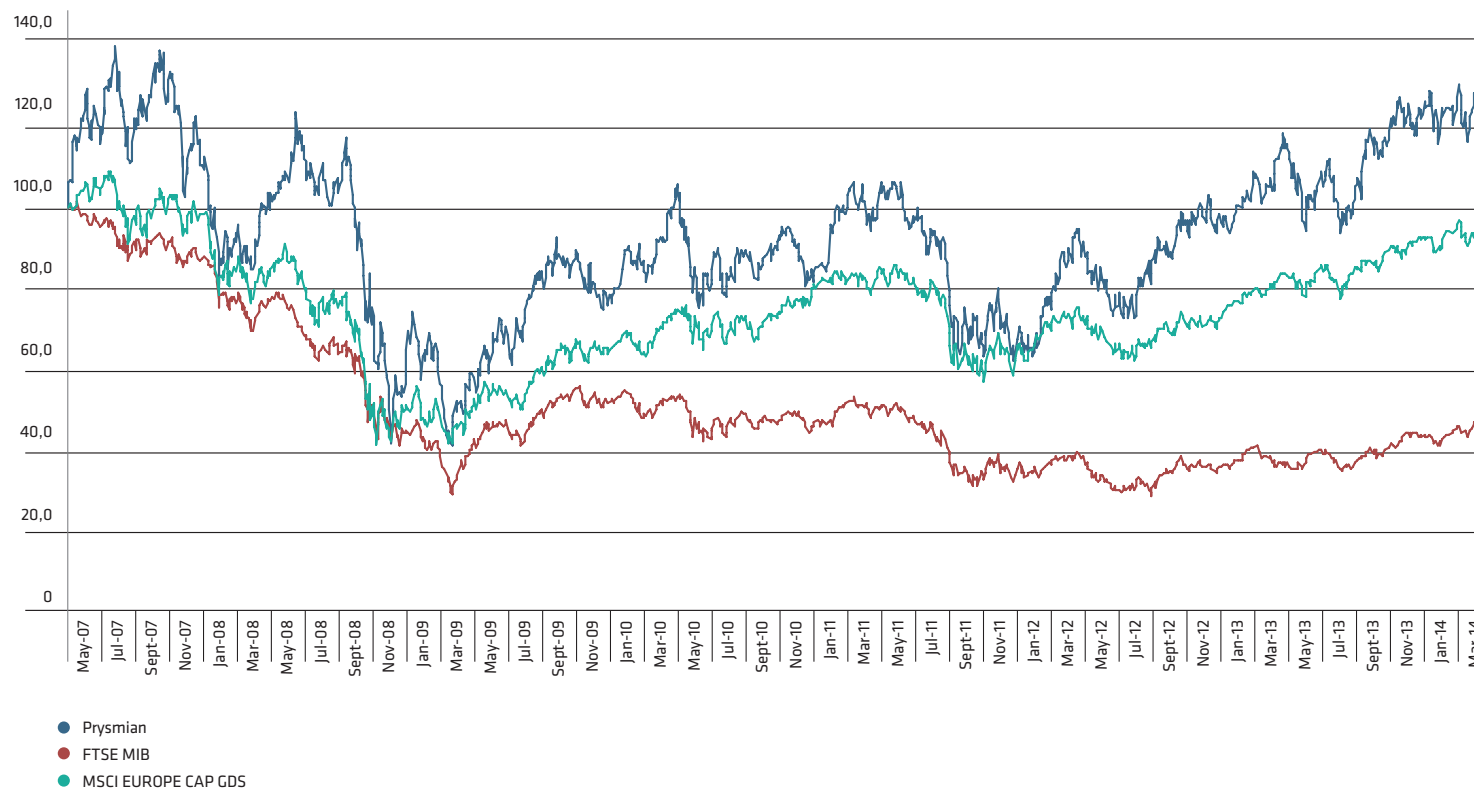
● Source: Nasdaq Omx

● Source: Consob

Prysmian stock is part of the major global and sector indices, including the Morgan Stanley Capital International index and the Dow Jones Stoxx 600, made up of the world's largest companies by capitalisation.

During 2013, the stock's liquidity recorded average daily trading volumes of approximately 1.2 million shares.

Prysmian stock versus benchmarks since IPO



Analysts' coverage remained extensive

Coverage of Prysmian stock remained very high and globally diversified, even though, throughout the year, the equity research sector continued the consolidation process started in 2012. In 2013, 23 independent analysts were regularly covering Prysmian stock: Banca Akros, Banca Aletti, Banca IMI, Banca Profilo, Barclays Capital, Berenberg, BofA Merrill Lynch, Citi, Credit Suisse, Equita, Espirito Santo, Exane BNP Paribas, Fidentiis, Goldman Sachs, Hammer Partners, HSBC, Intermonte, JP Morgan, Kepler Cheuvreux, Mediobanca, Morgan Stanley, Natixis and UBS. Prysmian is one of Italy's few industrial companies with a global presence that has achieved true public company status in recent years.

Accounting commitment

Creating value for shareholders is part of Prysmian's commitment to accuracy, clarity and transparency in the communication of business strategy, objectives and results. Providing the market with credible information boosts market confidence. The Group is keen to avoid unequal access to information.

In addition to the quarterly conference calls with analysts, the Group promptly informs its shareholders and potential shareholders of any action or decision that could have a material impact on their investment.

Continuously in contact with the market

Contact with the financial market remained very intense in 2013, involving more than 400 one-to-one or Group meetings at the Company's offices, roadshows in the major financial centres of Europe, North America and Asia, and participation at conferences organised by major international brokers.

In-depth access to products and processes

Also in 2013, the Group organised several visits for institutional investors and financial analysts to its production facilities in Europe, the USA and Asia, in order to give them more in-depth knowledge of its products and production processes.



Risk managed effectively

Prysmian Group has put in place all necessary measures to prevent or mitigate the risks inherent in its business and adopted specific procedures to manage the risk factors that might influence results.

Since 2012, the Board of Directors decided to devote even greater attention to risk management. Therefore, in accordance with

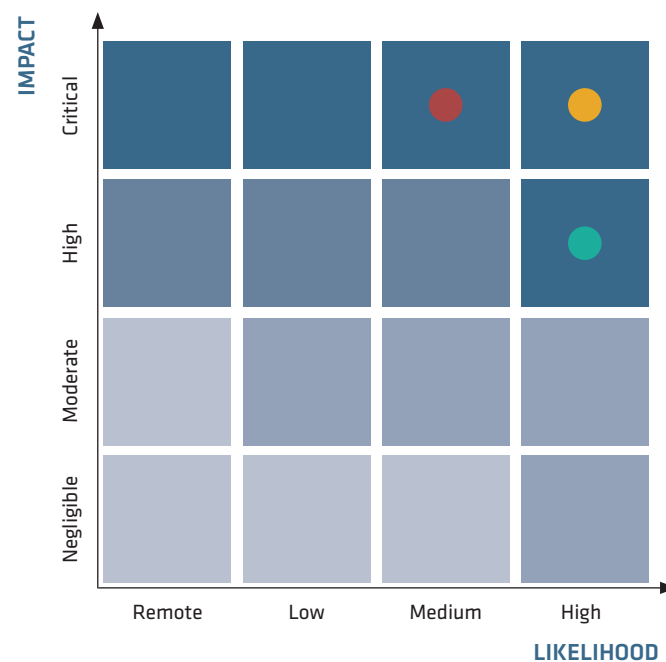
international best practice, Prysmian has been developing the dynamic Enterprise Risk Management (ERM) system aimed at identifying, measuring, analysing and evaluating risk situations or events that could impact the achievement of the Group's strategic objectives and priorities. The ERM has now become an integral part of the internal control and risk management.

Assessment Criteria

- Impact
- Likelihood
- Level of Risk Management

Level of Risk Management

- Risk INADEQUATELY covered and/or managed
- Risk covered and/or managed but with ROOM FOR IMPROVEMENT
- Risk ADEQUATELY covered and/or managed



Proud member of



BLES LINKING THE FUTURE AND SYSTEMS INDUSTRY

Prysmian
Group

