

PRYSMIAN GROUP: REORGANISATION OF INDUSTRIAL FOOTPRINT IN ITALY CONFIRMED DURING MEETING AT THE MINISTRY OF ECONOMIC DEVELOPMENT

OBJECTIVES: IMPROVEMENT OF EARNINGS PERFORMANCE AND ENHANCEMENT OF CENTRES SPECIALISED IN MANUFACTURING FIBRE OPTICS AND SUBMARINE CABLES

THE COMPANY WILL FUND ALL REQUIRED INVESTMENTS INDEPENDENTLY

Milan, 29 April 2015. During the meeting held at the Italian Ministry of Economic Development, attended by Minister of Economic Development Federica Guidi, Prysmian confirmed its plan to reorganise its industrial footprint in Italy. The plan's objective is to break even on its business in Italy, following very negative results in the past few years, by ensuring that its Italian manufacturing activities are economically sustainable. In addition, Prysmian Group intends to enhance its Italian centres specialised in manufacturing fibre optics and submarine cables for global markets.

The planned measures include the already announced closure of the Ascoli production centre, where production of cables for the Oil & Gas business is concentrated, along with greater utilisation of the other plants in order to regain efficiency, cut costs and keep production in Italy. While Prysmian confirmed that it is willing to take all possible measures to mitigate the effects of its decisions, the company reiterated that implementation of the rationalisation plan was necessary. The Italian power cable market plummeted 46% from 2011 to 2014 and international competition grew in the same period. The simultaneous occurrence of the above factors resulted in an unsustainable plant capacity utilisation rate (just 43%), a sharp decline in sales (-36.9%) and a marked decrease in prices (-10.8%).

At the meeting, Prysmian also confirmed its commitment to supporting the development of its business in Italy by continuing with the significant investments allocated (approximately €50 million) to enhance the production centres in Arco Felice (Naples) and Battipaglia (Salerno), dedicated to the manufacture of submarine cables and fibre optics, respectively. This investment plan had been included in the European funding program as part of the Development Contract, concluded on 3 March with the award of financing of €15 million. This financing is entirely unrelated to the closure of the Ascoli plant. However, considering the understandable institutional sensitivity caused by the announcement regarding the production facility, Prysmian has decided to waive the financing by consensual early termination of the contract between the parties. The Italian Minister of Economic Development has been formally notified of this decision.

Out of its awareness that its Campania-based facilities are an important asset in the Group's worldwide product innovation strategy, Prysmian still intends to fund the planned development using exclusively its own resources.

Prysmian Group

Prysmian Group is world leader in the energy and telecom cables and systems industry. With more than 130 years of experience, sales of nearly €7 billion in 2014, some 19,000 employees across 50 countries and 89 plants, the Group is strongly positioned in high-tech markets and offers the widest possible range of products, services, technologies and know-how. It operates in the businesses of underground and submarine cables and systems for power transmission and distribution, of special cables for applications in many different industries and of medium and low voltage cables for the construction and infrastructure sectors. For the telecommunications industry, the Group manufactures cables and accessories for voice, video and data transmission, offering a comprehensive range of optical fibres, optical and copper cables and connectivity systems. Prysmian is a public company, listed on the Italian Stock Exchange in the FTSE MIB index.

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