

CUSTOMER CENTRICITY

Over the years, the Prysmian Group has perfected its approach to the market by always placing the customer at the centre of every strategic, organisational and business decision. The efforts made to analyse the expectations of customers, and how these change over time, allow the Group to develop organisational and operational models that translate into rapid, efficient and targeted responses to the markets concerned.

Pivotal to this approach is our "**Customer Centricity**", which is the ability to understand early and satisfy the needs of the customer. This requires constant attention at all stages, from product design to delivery, with performance measured against predetermined and agreed parameters. The Prysmian Group develops solutions that meet specific standards and satisfy the precise requirements of an individual customer.

In particular, the Group is able to serve very different segments and markets thanks to a matrix organisational structure: from highly specific local markets with the business and development structures of individual countries, to markets with products and global customers with integrated business units and segments in which both local presence and cooperation between countries is necessary.

CUSTOMER SATISFACTION AS A KEY TO SUCCESS

Within the scope of Customer Satisfaction, Prysmian has the objective and ambition to act as a reference partner for its customers, leveraging tools such as specific surveys and one-on-one interviews.

SURVEY

For many years, the Group has performed specific surveys to measure the level of customer satisfaction. Until 2015, these surveys were carried out by a market research agency using standardised questionnaires that were completed by telephone interviews (CATI methodology) with the managers of Prysmian's principal customers in the purchasing, logistics and technical sectors. The surveys were carried out every two years (most recently in 2014/2015) and, over the years, involved approximately 900 customers in the Trade&Installers sector in 15 countries.

Since 2016, Prysmian has introduced a new Customer Satisfaction survey system, managed directly by the central office of the Customer Centricity area, with the aim of carrying out specific surveys and managing the data provided via a dedicated web portal.

The use of this new tool allowed the Group to improve the quality of the interviews and the moments of contact with its customers, enhancing the ability to respond and problem solving and increasing the level of customer satisfaction.

At full speed, the process of digitalisation will allow all Group divisions already in possession of a CRM tool to manage the feedback from the interviews directly, monitoring any critical situations and guaranteeing an ever-increasing quality in the relationship with customers.

The new web interviews were implemented during the first four months of 2017 through a platform connected with the Prysmian Customer Relationship Management (CRM) Sales Force, thus allowing countries that already use CRM to obtain the Survey results in their portals, facilitating the activation of specific actions. The Department of Customer Centricity of Prysmian HQ guarantees quantitative and qualitative Reporting of the Survey, even for those countries that have not yet activated such a structured CRM system.

Particular attention has been focused on management of the Privacy Policies, thanks to the direct contribution of the Compliance Department, in order to allow and obtain the necessary authorisations from the customers and traceability of the responses to the Web Survey. In this way, each country is able to implement targeted action plans not only at the country level, but also at the more specific level of customer and individual customer segments.

In 2017, the project mainly involved the customers of the Trade & Installer segment, with the possibility, in the future, to extend to other business segments.

Each question linked to customer satisfaction is evaluated with a score between 1 (minimum) and 5 (maximum) in the following areas of investigation:

- business conditions,
- products and services offered,
- customer support,
- brand awareness,
- range of products.

The Net Promoter Score (NPS) and Effort Score (ES) are also calculated in the survey.

The average response to Web Surveys - reported by the partner with whom Prysmian cooperates - is between 5% and 7%.

The Web Survey system has ensured significant efficiency in terms of response time to the questionnaire, bringing the average response time to the survey to below 10 minutes (compared to the 40 -45 minutes required with the telephone interview method (CATI)).

The Pilot Projects planned for 2017 have been successfully conducted in Spain, Portugal, Brazil and Argentina, followed by the Central-Eastern Europe Region.

The main results of Web Surveys

In **Spain and Portugal**, in 2017, 28% of the target customers involved compiled the Web Survey.

The average score was 3.35 (from a minimum of 1 to a maximum of 5).

The percentage of involvement in **Brazil** was around 11%, while the average score for customer satisfaction was 3.64%.

In all areas (Spain, Portugal and Brazil), the actions identified as priorities are linked to the areas of:

- terms of sale;
- service / delivery (logistics);
- customer support.

In **Argentina**, the response rate in 2017 was 36% of the customers involved. It is important to note that, despite the score obtained being quantitatively low (both in terms of average importance of drivers 1.52 and average score reached around 1.24), the results of the Net Promoter Score (NPS) and Effort Score (ES) are positive. The areas of intervention to be improved are:

- terms of sale
- product offer
- service/delivery (logistics)
- documentation
- customer support.

The **EU** area (Germany - Slovakia - Austria - Hungary - Poland and Romania) had an average score of 3.87, the highest among the scores to date.

The survey has nonetheless highlighted areas of intervention in sales conditions. The countries in which more targeted interventions are required are: Germany in terms of logistics, sales conditions and customer support; Austria for sales conditions and product offer; Hungary for logistical aspects and sales conditions.

ONE-ON-ONE INTERVIEWS

In order to strengthen its relationship with key Customers, the Group started carrying out specific one-on-one interviews in 2015 and in parallel with the 2017 Web Surveys.

One-on-one interviews, managed directly by the Group's Customer Centricity Department, have obtained very positive results, as the subjects involved have shown they like to share their ideas and feedback directly with headquarters.

The interviews, carried out on an annual basis, cover various thematic areas, including: sale conditions, product offer, service / delivery, documentation, customer support, brand / relationship, Net Promoter Score, Effort Score. The selected target customers are of strategic importance for the Country and for the Prysmian Group, in the context of Business & Installer, Power Distribution, Industrial / Special Cables, Accessories.

Following the one-on-one interviews carried out in China and Hong Kong during 2015, the Group selected eight major customers in the Trade&Installer and Utility Business sectors in North America in 2016. The results were positive, especially in the United States, where the overall score from a Distributor was 8.7/10, rising to 9/10 from the Utility customers. In particular, the interview with the Distributor identified as areas for improvement the price/quality ratio and variety of the product range (score of 7/10). On the other hand, the scores obtained from the Utility customers were never less than 8/10 in any area.

In the interviews held in Canada, the Group obtained an overall score from one Distributor of 6.8/10, and scores of 6.5/10 and 7/10 from other Distributors. In particular, the new areas for improvement identified were the ability to track information about the various orders placed, the accessibility of the Contact Centres, the delivery process and customer support. Lastly, the results obtained from Utility customers were higher overall, reaching 7.4/10 and 8.7/10.

Based on the results of the above-mentioned interviews, North America decided to implement specific actions between 2016 and 2017 in line with the evidence obtained in the meetings, with a supporting role played by the Milan Headquarters.

As planned, one-on-one interviews were conducted in 2017 in the United States for the market segment for Special Cables and in Europe for the T&I segments. Six American customers were interviewed in the Distribution and Utility sector. Quantitative feedback was obtained only from 3 customers, while more business and market issues were addressed with the remaining ones. The scoring has been changed from 1 (minimum) to 5 (maximum) to align the one-on-one survey parameters with those of the Web Surveys.

The main results of one-on-one interviews

USA

3 areas of intervention emerged from the one-on-one interviews in order to improve Prysmian's market performance:

- Partnership,
- Engineering & Technology;
- Marketing.

For each area, ad hoc actions were identified to be implemented in the medium-long term by the US organisation - supported by Headquarters functions, where necessary.

FRANCE

Further one-on-one interviews were also conducted in France with 3 major customers of the T&I business.

Several areas of intervention emerged from the on-on-one interviews:

- wider product portfolio;
- branding & marketing;
- training and assistance to distributors;
- digital instrumentation (PIM/eCatalogies-EDI).

The French team undertook a process of specific actions on individual customers in order to further investigate the issues raised and find possible shared solutions.

As a further verification and extensive monitoring action, a Web Survey will be conducted in Q1/ 2 2018 with the main French customers to extend the direct checks on local performance on the market.

United Kingdom

Further one-on-one interviews were conducted in the UK with two major customers, obtaining the following results: average performance 3.6 and NPS 10 for both customers.

Some areas of intervention emerged from the one-on-one interviews.

- Excellence in execution
- Keep strong Brand
- Improve Product mix
- Improve partnership and actions @Branches

FUTURE AND ONGOING COMMITMENTS

The Group aims to implement Web Surveys for 2018 in France, Italy and the Nordic countries. In order to improve the response rate to Surveys, the Group is evaluating additional methods for engaging its customers, also using dedicated tools (e.g., specific APP).

One-on-one interviews are planned in 2018 in the UK and in ASEAN, where a meeting is scheduled with at least 8/10 major customers. It is likely that China and Hong Kong will also be included, as a follow-up to the interviews conducted in 2015.

In 2017, Prysmian launched the Product Information Management (PIM) project in order to create a tool to manage the technical and commercial information of products in an efficient and shared manner. In the digital age - where information needs to be provided in real time, the management of product data is crucial. The Group's objective is to equip itself with an internal tool that will allow customers, especially distributors, to provide all the details and technical and commercial specifications of the products (e.g., functionality features, images, videos, demos, etc.) for creating visibility on online sales channels.

The operational phase of the project will start in January 2018 with Holland as the pilot country. Other European countries will follow Holland in the implementation of the tool, which, according to estimates, will cover at least European products within 3 years.

SERVICE TIMELINESS AND EFFICIENCY

Prysmian has confirmed our strong orientation to continuous improvement in the **punctuality and reliability** of our processes. The measure of On Time Delivery (OTD), or the ability to serve the customer respecting the promised delivery date upon confirmation of the order received, saw in 2017 a maintenance of the high levels achieved in the previous year, as highlighted in the graph below, both in the Energy Products and in the Telecom area, with the latter experiencing a strong increase in volumes.

In addition to maintaining the On Time Delivery level in absolute terms, in 2017 the share of performing energy units fell below the 90% threshold. In this way, Prysmian has further guaranteed the uniformity of performance among its plants.

In order to **accelerate customer response times**, in 2017 Prysmian continued its efforts to reduce entry and management times for sales orders. This effort resulted in a 90% reduction in the time it takes to insert, process and save a customer order in the SAP system. This has positively influenced the waiting times of the customers on the phone and has increased the 'qualitative' time dedicated to the management of the orders.

Since the **immediate availability** of goods has become increasingly important to meet the needs of distribution customers, in 2017 the Group further expanded its performance indicator to monitor the quality of available stocks in order to improve speed on the market: for each product category (high, medium, and low rotation) the weekly stock availability is

monitored by material code with respect to the minimum stocks required on the basis of annual sales (Stock Fill Rate).

To limit the possible delays and improve the reliability of the business also for the 'Make-To-Order' products, the weekly visibility of the CLIP index was made available on the SAP 1 Client platform, in addition to the traditional service indicators, measuring the reliability of production compared to target.

ON TIME DELIVERY

