
Company profile

A story made up of innovation

The story of Prysmian: 130 years of growth in the world

The story of Prysmian has its roots in the history of the Pirelli Group, a name that symbolizes Italian business excellence all over the world. Technological know-how, a capacity for research and innovation, competence on the part of management and human resources have always been the key factors in the competitiveness of the Pirelli Group, together with its strict Code of Ethics and a system of Corporate Governance recognized at international level.

With the inheritance of the prestigious Pirelli DNA, Prysmian has the will and the ability to continue to play a key role in the national and international economic system.

The operations of Pirelli Cables and Systems began in 1879, a few years after the creation of the Pirelli Group. From the outset, the company distinguished itself by building up its international reputation, completing projects of strategic importance worldwide.

In 1886, a telegraph line was installed on the bed of the Red Sea. In the early 20th century, the company began to expand: in 1902 the Group built its first foreign factory in Spain, followed a few years later by the first non-European affiliate in Argentina and, from its association with General Electric, the creation of Pirelli General Cable Work Ltd., with a factory in Southampton, in the U.K.

1925 was the year of a landmark project which led to the start of Pirelli Cables and Systems in America: the installation of 5,150 km of submarine telegraph cable across the Atlantic to connect Italy to North and South America. In the following years, 132 thousand-volt fluid-oil cables were installed in New York and Chicago; operations got under way in Brazil, with a factory for manufacturing insulated conductors and cables for power and telecommunications systems; the trans-oceanic link was created between North Africa and Brazil; cable production began in Canada and the longest and most important submarine link in the world was created with the installation of seven 138 thousand-volt submarine fluid-oil cables.

In the 1970s Pirelli Cables & Systems began to study optical fibers with the aim of improving the transmission capacity of telephone cables. In 1981, the first fiber optic telephone line in the Italian national network was installed between the cities of Padua and Mestre and the following year the first Italian factory to manufacture optical fibers was opened in Battipaglia, soon to be followed by other foreign affiliates.

Between the end of the 1990s and the first years of the new millennium, the company launched a goal-oriented "acquisition campaign" with the aim of extending its offering, acquiring specific know-how and developing its international presence. New players became part of the universe of Pirelli Cables and Systems: the cables operations of Siemens in Europe, Asia and Africa, BICC and Metal Manufacturers Ltd. and two NKF factories. Pirelli Cables and Systems "changed its skin" between 2001 and 2004. Under the guidance of its current management, it began a radical restructuring process which transformed the company so that it had a more streamlined, flexible, efficient organization, which enabled it to survive the difficult macro-economic context of recent years.









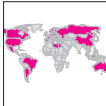


A new name for continued growth

In July 2005, with the acquisition by Goldman Sachs Group of the control of the company and the consolidation of Pirelli Cavi e Sistemi Energia and Pirelli Cavi e Sistemi Telecom, Prysmian Cables and Systems was created. Its name conveys an idea of light, analysis, brilliance and perfection of the geometrical shape, synonymous with the excellence, the research and the reliability of the company.

From the outset, the new shareholder, one of the world's most prestigious financial institutions, made it clear that it intended to support the development of the company, first of all confirming the management team with whom it subsequently formulated a new industrial program.

2005
Goldman Sachs Group acquires all cables operations from Pirelli. The company takes the name of Prysmian



	Consolidation of the organizational structure of the company	2001/04	
		2000	Acquisition of BICC General in Europe, Asia and Africa and creation of Pirelli Labs in Milan, the group's R&D centre 
	Expansion in Asia (Indonesia and China). Acquisition of the cables operations of Siemens in Europe, Asia and Africa, Metal Manufacturers in Australia and two NKF factories in Holland and Finland	1990's	
		1980's	Installation of the first fiber optic telephone line in Italy and first Italian factory for optical fibers (Battipaglia). New plant for submarine cables in the UK and consolidation in France 
	New production units in Southern Italy and worldwide expansion with new sites in Brazil, Australia and USA	1970's	
		1960's	Installation of the world longest submarine link (Long Island - Connecticut) and new sites in Southern Italy and the UK
	Trans-oceanic link between North Africa and Brazil. Start up of cable production in Canada and concentration of submarine cables production in the Arco Felice (Italy) plant	1950's	
		1930's	Consolidation in France 
	Submarine telegraph link between Italy and North and South America. New affiliate in Brazil	1920's	
		1910's	First affiliate outside Europe (Argentina) and first cable factory in the UK
	Beginning of worldwide expansion and first foreign factory in Spain	1902	
		1886	Installation of a telegraph line on the bed of the Red Sea 
	Pirelli Cables and Systems is founded	1879	

**A truly
multinational company**

Prysmian Cables and Systems: a world leader

The sector of cables and systems for power and telecommunications is gaining ever-increasing strategic importance in the development of economies and international relations. Cross-border interconnection projects, new regulations in the energy sector, the current phase of consolidation among utility companies and the growth of new, larger groups with a higher capacity in terms of expenditure, the growth of new ADSL connections and the migration of the large telephone operators towards optical fiber connections: these are the main factors behind the growth and development of this market.

With 2005 sales of Euro 3.75 billion and a market share of more than 10%, Prysmian Cables and Systems is a world leader in the sector, both in terms of its market position and in terms of the sheer size of its geographical presence. It is present in 41 countries across the five continents, with 51 production units and more than 12,000 employees. It has 33 sites in Europe, 4 in North America, 6 in South America and 8 sites in Asia and other parts of the world.

Prysmian is a partner of the leading operators on world markets - utilities, industrial and distribution groups and telecommunications operators - with a clientele which includes primary companies such as EDF, Endesa, Enel, Hagemeyer, Rexel, Sonepar, Siemens, ABB, Toyo, British Telecom, Telstra and Verizon.

Prysmian stands out as a key player in the sector, particularly in the segments with higher added value and in geographical areas with very high development potential.

From the planning stage to design, development, production and installation, Prysmian is distinguished first and foremost by its capacity to innovate, and is one of the very few companies that can offer its services not only as a supplier of hi-tech technological solutions, but also as an integrator of complex systems, with one of the most complete and highly diversified product portfolios on the market.

The Group is organized into two business units: Energy (92% of sales in 2005) and Telecommunications (8% of sales in 2005). The management of the two business units is based on an approach which segments each of the two Energy and Telecommunications business units into two separate categories, depending on the technological content and profitability margins involved: "Specialty" (with a higher level of profitability and technology) and "Standard". In the "Specialty" segment in particular, when cables typically have higher technological content and higher added value or are tailor-made for specific requirements, Prysmian is the only player able to deliver.

**Turnover 2005
Euro 3.75 billion**

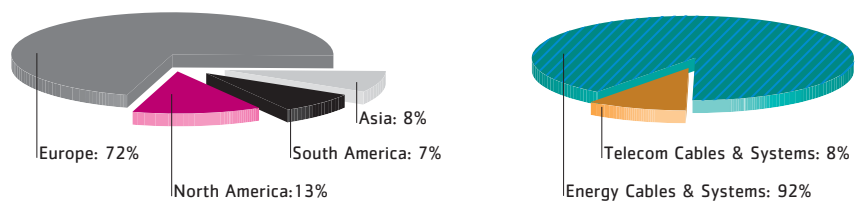
Quality of human resources and capacity for innovation

The quality of human resources and the focus on research, innovation and new technologies are some of the company's most positive features and factors which continuously enable it to develop.

Managerial development and training lie at the basis of the company's human resources policies. The Corporate catalogue includes courses on subjects such as leadership, change management and the inter-cultural dimension, open to worldwide management. In addition to training, Prysmian regards international mobility as a further factor in stimulating professional growth and this is part of a broader and more intensive process of job rotation between functions and business units.

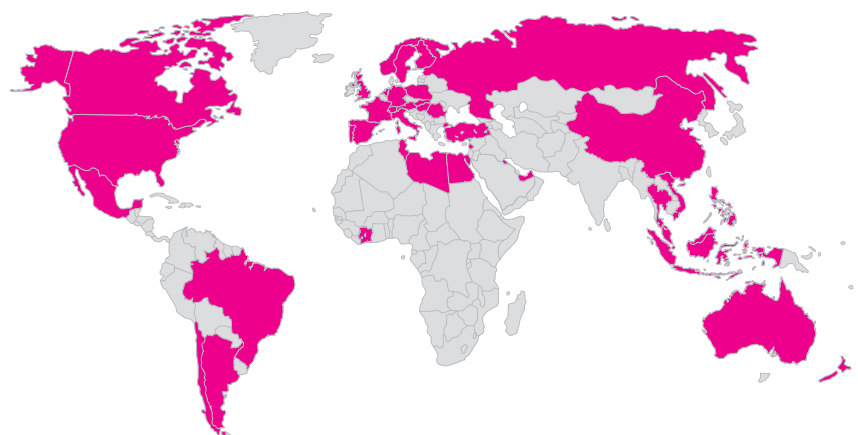
R&D activities are conducted in the company's research centers in Europe, the United States and South America, which are regarded as being among the most advanced in the sector. To date, thousands of patents have been registered, for some of the most important and innovative products and technologies in the world. Finally, one of Prysmian's most exclusive assets is the most advanced and well-equipped cable-laying vessel in the world, the "Giulio Verne".

Geographical distribution of sales



Global presence

41 countries, 5 continents, 12,000 employees



51 production units in the world

Our mission



Prysmian is committed to consolidating its prestigious role in Energy and Telecommunications, the two strategic sectors where its products are used and where it is already a key player.

Our growth depends on our capacity for innovation and offering new solutions and responses to the ever-more specific and complex requirements of global operators, with whom we intend to work in a form of partnership that goes far beyond the normal supplier-customer rapport.

We recognize that the growing need to transport power and the continuous development of telecommunications networks are of such crucial importance that they can influence the performance of world economies and international relations.

With the aim of consolidating and strengthening its technological leadership and knowledge, Prysmian intends to develop its range of products with higher added value and service content. It is by ever-greater supervision of the segments where innovation can be generated that Prysmian intends to ensure greater satisfaction for its stakeholders: quotaholders, employees, customers and anyone who stands to gain from better distribution of energy resources and improvements to telecommunications networks.

Leadership

Innovation

Value creation

Development strategy



Prysmian's goal is to consolidate its world leadership in terms of size and geographical presence, while improving corporate profitability by building on the company's capacity for innovation and the quality of its offering. Prysmian's development strategy is three-fold:

> **Growth in the utilities and industrial market segments with higher added value (Specialty business). Prysmian intends to emphasize the difference in approach for the "Specialty" and "Standard" segments by:**

- Expanding in countries and markets with a higher level of growth in segments with higher added value, such as Brazil, where a new production plant for manufacturing umbilical cables for the Brazilian and West African markets is under construction, and North America and China, especially in the Industrial Specials segment (OGP, marine, mining, wind and railways).
- Introducing new value added products such as the P-Laser system, a product with increased resistance to extremes of temperature that will allow utilities to transmit power more efficiently while remaining compatible with existing power networks.
- Focusing on the opportunities arising both from the new regulations introduced in Europe and North America, which will increase the demand for products with added value (for example, flame-resistant cables and lead-free cables in Europe), and from the overall increase in demand for cables by leading utility companies.

> **Efficient cash-flow management of the "Standard" business:**

- In the Energy sector, strategy focuses on the optimal management of logistics and manufacturing, reducing production costs to a minimum through an efficient use of materials and employment of the workforce.
- In Telecommunications, Prysmian intends to take advantage of the dynamism of the market and from the rapid expansion of the customer base in the broadband access segments (ADSL).

> **Search for further ways of reducing costs and increasing brand value.**

Focus on research and innovation



Four main research centers in Europe, the United States and South America in addition to the Research, Development and Innovation Headquarter in Milan, more than 340 employees, an overall investment of over Euro 40 million in the last year (about 1.1% of sales) and a global portfolio of approximately 3,000 active proprietary-technology patents make Prysmian Cables and Systems a leader in terms of its capacity to generate innovation.

Other real strengths of Prysmian Research and Innovation are its consolidated relationships with important university research departments, including the Politecnico University of Milan and the CNR: this provides opportunities for observing and testing new technologies and a privileged insight into developments in the academic world and new technological frontiers.

The mission of Prysmian Research and Innovation is to create “competitive advantages”.

The operations of Prysmian’s Research and Innovation centers focus on three main areas:

- > **Alternative products and materials**
- > **Hi-tech processes on the cutting edge**
- > **“Tailor-made” solutions for specific applications**

Higher up, the activities of the Research and Innovation structure combine with the commercial strategy to provide the fastest and most efficient response to the requirements of the customer by supplying a high level of service and establishing long-term relations, especially in some segments of the market with higher added value such as high-voltage cable systems, submarine cable systems and specific industrial and optical fiber applications.

Projects destined for medium- and long-term use and marketing and breakthrough technologies are the other areas where Prysmian Research and Innovation concentrates its energies.

During the three-year period 2006–2009, Prysmian will be focusing particularly on projects and applications ranging from the transmission of electrical energy in the area of dynamic application (Mobis Line), innovative technologies for eliminating lead metal screens in land and submarine cables (SCS Leadless Line), and the screening of magnetic fields produced by high- and medium-voltage cable systems (Zero Electric Magnetic Field Line).

**Investment 2005 – Euro 40 million
1.1% of sales**

**4 R&D centres
3,000 patents**

Product and quality development

Prysmian's commitment to Product and Quality Development (P&QD) is geared to safeguarding and maintaining know-how at the highest levels, so that product quality and the actual competitiveness of the company continue to constitute a benchmark for the whole sector. For this reason, the P&QD function keeps a continuous watch on the technologies being applied at the various affiliates of the Group, ensuring that the procedures used and the know-how employed are suited to the competitive requirements of the market. The continuous training of local people and the homogenization of the product and process specifications then shape the industrialization phase of the new products at the premises of the Group's affiliates.

The Product and Quality Development function also plays a crucial role by constantly optimizing production efficiency, which is necessary if our products are to maintain their competitive advantage on the market. In particular, the standardization in the use of raw materials and the sophisticated level of know-how about materials and compounds, as well as compounding processes and their application to products, are handled within their various applications at a central level, so that we can be sure that our products maintain their competitiveness on the market.

The Prysmian Group's Quality Policy is also monitored and safeguarded centrally by the P&QD function, through quality control procedures which are transmitted to the Group's affiliates and which become part of their own Quality System.

Systematic monthly monitoring of deviations from standard practice in individual production units enable us to pick up any straying from the path in terms of technology or quality, so that rapid and timely corrections can be made.

Overall, in addition to the Group's 51 production units, the P&QD manages a portfolio of more than 600 projects a year, with an emphasis on the efficiency of materials and new designs, the industrialization of new products and the development of highly reliable processes.

Finally, as a leader in the sector, Prysmian plays a primary role on many international Standardization Committees, from Building Wire to Submarine and Extra High Voltage cables, optical fiber and Optical Ground Wire cables (EPC, CENELEC, IEC, CIGRE, ETC, IEEE, ITU).

600 projects/year



A unique range of cables and systems



From the planning stage to design, production and installation Prysmian Cables and Systems takes pride in the completeness of its product range as well as the quality. One of its real strengths, setting it apart from the rest of the market, is that it has developed the capacity to integrate complex systems as well as supply hi-tech solutions. Prysmian has concentrated particularly its resources and commitment on developing this new approach.

The "Specialty" segment, cables with hi-tech content and higher added value, created mainly for "tailor-made" projects, is a market dominated almost exclusively by Prysmian worldwide. In fact, Prysmian is the only company on the market capable of creating and installing this type of solution effectively, anywhere in the world.

The Prysmian range has nine main product lines, covering all the market segments, including the mostly highly specialized niches.

In the Energy sector:

- > Complete range of low to extra-high voltage cables, for land, submarine and overhead applications, with the related accessories
- > Cables for special applications (resistant to high temperatures, fire, chemical agents and nuclear radiations) and for all the major industrial sectors: petrochemical, shipbuilding, mining, railways, electro-medical applications, crane, and so on
- > Turn-key projects involving land and submarine interconnection systems

In the Telecommunications sector:

- > Complete range of optical fiber cables and optical fibers; copper cables (xDSL, overhead cables, underground cables, cables for indoor applications) and premises/data cables. The product range is completed by the Sirocco Blown Fiber installation system and a vast series of accessories for connectivity
- > Turn-key projects to install and operate network and asset management services

Prysmian has recently created and launched some of the most innovative products on the market.

In the sector of electrical energy distribution cables, the new P-LASER technology has been introduced to a few selected markets (Italy and Holland). Based on patented technological solutions and on a continuous, modular, integrated process, the product has a compact, recyclable architecture which is compatible with conventional cables and accessories; it is easy to handle while it is being installed and guarantees superior performance when overloading occurs. Furthermore, it offers the customer

Advanced technological solutions

"Tailor made" projects



a lower total cost of ownership of the system as a whole.

In cables for the petrochemical industry (OGP), especially in the North American market, the new AIRGUARD cable has been introduced for installation in environments which are critical because of aggressive chemical agents and mechanical stresses. The new product, which is based on patented technologies, aims to replace heavy armored cables with protective lead or aluminum sheaths. These have highly superior mechanical characteristics, provide adequate protection against chemical agents and have considerable advantages during installation and in terms of environmental impact.

In Telecommunications, special attention is being devoted to the part of the network called the "access network". To minimize costs and encourage an ever-greater number of private users to adopt Broadband, Prysmian is launching new products for Fiber-To-The-Home (FTTH) together with the proven SIROCCO Blown Fiber System. Within the sphere of optical fibers, PrimaLight™, which has an innovative smaller external diameter, makes it possible to manufacture smaller, lighter cables, or, alternatively, to increase the density of the optical fibers within the same amount of space.

Prysmian is also devoting resources and attention to the network of customer "management services": monitoring network performance, maintaining and repairing networks and emergency management (black-outs, disaster recovery).

Increasingly, Prysmian is moving towards complex, tailor-made projects, which not only use state-of-the-art products and technologies but also involve a progressively more sophisticated level of design and correlated service.

Product innovation

