



Vision 2022 Plan.

Internal Communication:
New Company Structure



Fast. Precise. Careful.

LOOK BEYOND

What is the Vision 2022 Development Plan?

Over the last few months, the Lucchini RS Group has been working on defining a strategy revision process, which has led to the drafting of a development plan called "Vision 2022" containing strategies for the five-year period 2018-2022.

The increasingly complex industrial challenges and competitiveness of the world market have made a clear identification of the company's strategic pillars necessary, followed by an alignment of the company's actions to such pillars. The objective is to **enhance the distinctive skills of the Lucchini RS Group**, improving customer focus and the effectiveness and efficiency of management.

These features are essential for our Group's long-term sustainability.

The necessary change is mostly cultural and passes through our people: the Group is changing its skin in traditionally conservative sectors. This is why we continue to invest not only in plants but increasingly in training for the new generations, to create the necessary conditions for continuous results over time.

We have a team of men and women with great qualities; therefore, what we need is complete determination, rigour and team spirit (sacrifice and altruism), skills (technical and managerial) and methods for improving competitiveness and exploiting every possible synergy, thereby eliminating waste.

The Lucchini RS Group has used a wide range of resources to draft a plan with clear objectives that it strongly believes in; the plan is challenging, but attainable. The state of progress of these objectives will be regularly monitored. It is fundamental that everyone involved dedicates a great deal of attention to the implementation of the Vision 2022 plan's actions.

We must be fast.
We must be precise.
We must be careful.



The road to 2022 has already begun.



Internal Communication: New Company Structure

With the aim of improving customer focus and management efficiency, Lucchini RS has created a wholly owned subsidiary (called "Lucchini Industries") which will preside over the specifically industrial company branch (mainly staff, premises and warehouses) of the Lovere Plant.

Lucchini RS is therefore focused on strategic and commercial development, sales, purchasing and marketing, innovation and research, as well as the coordination and control of the entire Group, while *Lucchini Industries* is focused on the management of the industrial production process.

The relationship between the two companies is very similar to what is already in place between Lucchini RS and Lucchini Mamé Forge.

More specifically, Lucchini RS is focused on commercial activities with a **flexible, reactive and lean** organisation with the following objectives:

- **strengthening customer management skills in relation to products, services and innovation;**
- **strengthening the control and coordination of Subsidiaries at a Group level** (via, for example, the definition and sharing of *best operational practices*).

At the same time, *Lucchini Industries* is focused on productive/manufacturing activities, enhancing the Group's technical-industrial DNA. This contributes to protecting and enhancing our **manufacturing know-how**, allowing management to focus on issues related to **production** and product **quality** and promptly identify and develop areas for **improvement in production** and the **investments** needed to increase efficiency in manufacturing and production/logistics flows.

This separation let us optimise the entire Group's market orientation as well as **increase its focus on** and **efficiency in industrial processes** in the Lovere Plant.



FAQ - Frequently Asked Questions

1) What are the motives behind the reorganisation?

After the acquisition of Lucchini Mamé Forge and the definition of the Vision 2022 development plan, centralising certain strategic functions and coordination was considered appropriate. The first step was to integrate and streamline the business and coordination structures of Lucchini Mamé Forge, letting the subsidiary focus entirely on more typically industrial issues. The next step is to do the same with the Lovere Plant, turning it into a company focused on industrial management.

This structuring allows the parent company Lucchini RS to focus more on strategic development, commercial management, innovation and coordination. The spinning off of Lucchini Industries has created an advantage, allowing management to focus on aspects relating to production.

The focus of Lucchini Industries allows for greater effectiveness and monitoring of investments, making it easier to identify new opportunities for productive efficiency and savings on the costs of key factors.

2) What effect the spinning off of Lucchini Industries have been on employees and on working conditions?

The spinning off not have a single negative impact on how employees conduct their daily work; in most cases they continue to operate as they do, especially at the operational and productive levels. The coordination structures are able to focus more on their core skills.

The corporate reorganisation not cause any effects that result in: (i) deterioration of the current economic conditions-contractual obligations of workers involved in the transfer to the new company Lucchini Industries as well as those remaining under Lucchini RS; (ii) any adjustments to the number of employees as a result of the spinning-off operations.

3) Who is involved and in what ways?

The Lovere Plant is involved. The operation envisages the single company (Lucchini RS) giving rise to a second company which is entirely controlled by the first and called Lucchini Industries. This new company receives a contribution from Lucchini RS consisting of the industrial branch of the Lovere Plant and is entirely focused on industrial production. Therefore, all employees dedicated to production activities have been passed to the new company, while the functions relating to the strategic direction of the Group, its commercial management and industrial coordination remain under Lucchini RS.

4) How the Group's interaction with customers has been changed?

The first and only interface with the market is still Lucchini RS, therefore there are no negative consequences or any discontinuity; on the contrary, there is greater market orientation and better agility.

The new company Lucchini Industries has greater industrial focus, making the group more reactive and therefore more competitive on the market, successfully able to exploit its own distinctive skills.

5) When is the project's implementation envisaged?

With the launch of the Vision 2022 plan, the corporate operation will be completed by the end of 2018.

6) How does this strategic choice fall within the historic evolution of Lucchini RS?

Over the last few decades, Lucchini RS has always operated while trying to increase its market orientation. Ever since the Lucchini family has controlled the company, various corporate and organisational models have been applied to the Lovere Plant, which in time has been a simple production site, a subsidiary of a group with different levels of centralisation, or in more recent times, it has been part of the parent company.

This attention and proactivity has always allowed the company first, and the group second, to be competitive and exploit its own distinctive skills at international level. This operation and especially the entire Vision 2022 plan are designed to help the Lucchini RS Group grow, enhancing its know-how and developing skills in loco.

