

PRYSMIAN

Sector: Industrials

NEUTRAL

Price: Eu70.38 - Target: Eu74.00

Downgrade to Neutral on Valuation. TP raised to Eu74 (Eu66)

Enrico Coco +39-02-77115.230
 enrico.coco@intermonte.it

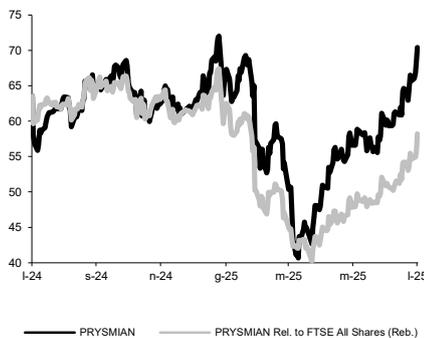
Stock Rating

Rating: from OUTPERFORM to NEUTRAL

Target Price (Eu): from 66.00 to 74.00

	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

PRYSMIAN - 12M Performance



Stock Data

Reuters code: PRY.MI

Bloomberg code: PRY IM

Performance	1M	3M	12M
Absolute	17.2%	46.8%	10.8%
Relative	14.3%	37.8%	-10.2%
12M (H/L)	72.00/40.65		
3M Average Volume (th):	1,166.50		

Shareholder Data

No. of Ord shares (mn):	268
Total no. of shares (mn):	299
Mkt Cap Ord (Eu mn):	18,872
Total Mkt Cap (Eu mn):	18,872
Mkt Float - Ord (Eu mn):	16,117
Mkt Float (in %):	85.4%
Main Shareholder:	
Blackrock	6.8%

Balance Sheet Data

Book Value (Eu mn):	5,799
BVPS (Eu):	19.57
P/BV:	3.6
Net Financial Position (Eu mn):	-3,617
Enterprise Value (Eu mn):	24,944

■ **Solid 1H25 results and guidance upgrade.** Prysmian 2Q25 results showed sales of Eu4.88bn (+3.2% YoY organic growth in 2Q after +5.0% in 1Q), EBITDA of Eu605mn (+4% vs. consensus) with the margin at the standard metal price at 17.1% vs. 14.7% in 2Q24, FCF LTM of Eu979mn (Eu1005mn expected), net profit of Eu276mn (Eu242mn expected). Net debt at Eu4.69bn at end-June was Eu921mn better than expected due to the accounting of Eu989mn hybrid bonds as equity (lower debt). FY25 guidance was raised for both EBITDA and FCF. New mid-point targets are Eu2.38bn for EBITDA (vs. our Eu2.34bn) and E1.04bn for FCF, implying +2% and +4% upgrade respectively.

■ **The new copper tariffs system is material positive for Prysmian.** The call was focused on the new structure of copper tariffs announced by the US President on 30 July. The CEO stressed a significant advantage for PRY from the changes to the tariff system (hit cable value and not copper content), as the resolution states that tariffs will only apply to rod imports and cables imported from overseas (e.g., from Korea, India, Mexico) but not to copper cathode. This is a crucial distinction for Prysmian which will see a minimal inflation impact on their import costs for raw copper (10% rod wire from Canada). This new scenario removes the risk of a significant inflation impact on cable costs potentially creating a shock to demand (during the call, the CEO said they had concerns about the impact of est. Eu1.3bn additional copper costs to be transferred to clients). Encore Wire will also take advantage (cost savings) of converting 30-40% waste into virgin material (tariffs have made excess waste silicon available in the US market as China has stopped buying it) and of the likely extension of the same tariff principle to the aluminium value chain. The uncertainty on project costs slowed down non-residential construction (sales down in 1H25 ex data centres, implying modest impact of policies supporting manufacturing re-shoring so far). In our view, the new resolution suggests some upside to 2H25 outlook in Electrification (FY25 group EBITDA at Eu2.4bn, +3% above our current estimate, probably achievable) and increases visibility on plan targets to 2028 to which we are aligned.

■ **Estimates vs. guidance.** Our estimates already included consolidation of Channell and Eur/Usd at 1.12 and point to FY25 EBITDA of Eu2.34bn (new guidance Eu2.30/2.38bn vs. previous Eu2.25/2.35bn) and FCF of Eu1.09bn (new guidance Eu1.0/1.08bn vs. previous Eu0.95/1.05bn). As for FY28E, we estimate EBITDA at Eu3.03bn (mid-point target is Eu3.05bn) and FCF at Eu1.56bn (target of Eu1.5/1.7bn). We estimate cumulative FY25-28 FCF of Eu5.19bn vs. Eu5.0bn in PRY's business plan.

■ **Downgrade on valuation with TP raised to Eu74.** Prysmian is a quality asset with healthy FCF generation, a global footprint and a technological positioning. The company is exposed to structural drivers of demand for cables in coming years (electrification, AI/datacentres, updating power grids) which support multiples above historical levels. We raise the TP to Eu74 (10.x EV/EBITDA FY26E) from the previous Eu66 (9.0x EV/EBITDA FY26E) but downgrade the rating to Neutral (5% upside left). At target, we value Prysmian 1 year forward EV/EBITDA close to 11x (20% premium to 10-year history) and P/E close to 19x (25% premium to 10-year history and 5% discount to STOXX Europe 600 Industrial).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	15,354	17,026	19,666	21,060	22,122
EBITDA Adj (Eu mn)	1,628	1,927	2,337	2,578	2,803
Net Profit Adj (Eu mn)	739	838	1,045	1,271	1,427
EPS New Adj (Eu)	2.756	2.802	3.500	4.255	4.779
EPS Old Adj (Eu)	2.756	2.802	3.500	4.255	4.779
DPS (Eu)	0.700	0.800	0.896	1.004	1.124
EV/EBITDA Adj	6.8	10.8	10.7	9.4	8.3
EV/EBIT Adj	8.7	14.3	14.5	12.4	10.7
P/E Adj	25.5	25.1	20.1	16.5	14.7
Div. Yield	1.0%	1.1%	1.3%	1.4%	1.6%
Net Debt/EBITDA Adj	0.5	2.1	1.5	1.1	0.6

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 1 August 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.84%
OUTPERFORM:	37.31%
NEUTRAL:	29.85%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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