

PRYSMIAN

Sector: Industrials

NEUTRAL

Price: Eu64.82 - Target: Eu58.00

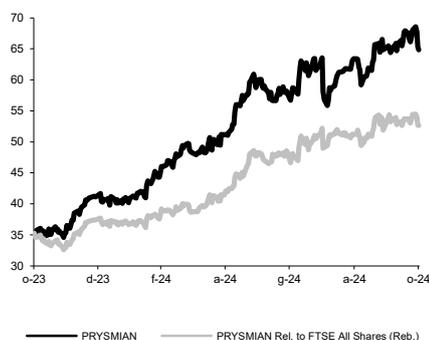
FY24 Guidance Reiterated. Remaining Neutral

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

Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
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	-0.6%	2.0%	83.7%
Relative	-0.8%	0.9%	60.4%
12M (H/L)	68.56/34.56		
3M Average Volume (th):	709.62		

Shareholder Data

No. of Ord shares (mn):	268
Total no. of shares (mn):	289
Mkt Cap Ord (Eu mn):	17,381
Total Mkt Cap (Eu mn):	17,381
Mkt Float - Ord (Eu mn):	14,843
Mkt Float (in %):	85.4%
Main Shareholder:	
Blackrock	6.8%

Balance Sheet Data

Book Value (Eu mn):	5,011
BVPS (Eu):	17.35
P/BV:	3.7
Net Financial Position (Eu mn):	-3,619
Enterprise Value (Eu mn):	22,689

■ **9M24 results in line with estimates.** Prysmian reported 9M24 results in line with our estimates and consensus, with 3Q EBITDA at Eu540mn (margin at 11.9% vs. 10.7% in 3Q23, mainly driven by the consolidation of Encore Wire from beginning of July) vs. Eu539mn expected and consensus at Eu538mn, and FCF at Eu89mn vs. Eu4mn expected (LTM FCF 9M24 at Eu979mn), both in line with FY24 guidance, which was reiterated. Organic sales growth (ex-metal and ForEx) was +1.8%, driven by strong Transmission (+17.5% organic), with Power Distribution at +2.0%, Industrial & Construction at +2.0%, and Digital Solutions at -1.6%. The only weak spot in terms of volumes was Specialty cables (-6.9% in 3Q) due to exposure to automotive and oil & gas. Reported EBIT (Eu356mn vs Eu414mn expected) and net profit (Eu217mn vs. Eu259mn expected) were below estimates, mainly due to higher restructuring and one-offs (Eu32mn one-off costs and Eu21mn share-based compensation costs booked in 3Q24), with net debt at Eu5.04bn as at September 2024 vs. Eu4.99bn expected, reflecting the cash-out for the acquisition of Encore.

■ **FY24 guidance maintained for both EBITDA and FCF. CMD to be held on 26th March 2025 in New York City. Prysmian mulling US listing.** FY24 guidance was reiterated for both EBITDA (range Eu1.90/1.95bn, our estimate Eu1.929mn, consensus Eu1.935mn) and FCF (range Eu840/920mn, mid-point Eu880mn, our estimate Eu877mn). The company trailed that a CMD will be held on 26th March in New York and management said they are looking at a US listing. We note Prysmian generated 55% of 2023 EBITDA (pro-forma, including Encore for 12 months) in the US and we expect the US contribution to rise to >60% of EBITDA in 2024 and >65% in 2025.

■ **Conference call feedback:** 1) Encore contribution to 3Q24 EBITDA was Eu100mn (not disclosed in the press release); this is in line with expectations; 2) weakness in automotive and oil&gas expected to persist in 4Q; 3) FY24 net profit seen at Eu800/850mn vs. our current estimate of Eu934mn but the difference depends mainly on one-offs; 4) CFO said net debt FY24 is seen at Eu4.4/4.5bn, which is a bit higher than our figure (Eu3.96bn) and the consensus number (Eu4.2bn). However, we do not know the assumptions on the buyback; 5) Prysmian is looking at Nexans industrial business although there are some overlaps. Potential acquisitions also in Digital Solutions; 6) 3Q FCF benefitted from Encore consolidation. In 4Q, FCF from Transmission is expected in line with 4Q23, CapEx will be lower than 4Q23, and all in all PRY should deliver FY24 FCF of Eu900mn (mid-point guidance is Eu880mn) while on EBITDA the mid-point guidance (Eu1925mn) is reasonable.

■ **We see Prysmian's quality as priced in. Neutral rating maintained.** On unchanged estimates, we confirm the Neutral rating and TP of Eu58 on the stock, implying FY25E EV/EBITDA of 9.0x (historical NTM multiple is 8.4x) and P/E of 15x.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	16,067	15,354	16,541	17,735	18,684
EBITDA Adj (Eu mn)	1,488	1,628	1,929	2,274	2,430
Net Profit Adj (Eu mn)	631	729	946	1,117	1,224
EPS New Adj (Eu)	2.352	2.720	3.171	3.784	4.146
EPS Old Adj (Eu)	2.352	2.720	3.171	3.784	4.146
DPS (Eu)	0.600	0.700	0.770	0.847	0.932
EV/EBITDA Adj	6.5	6.8	11.8	9.7	8.7
EV/EBIT Adj	8.6	8.7	14.8	11.8	10.6
P/E Adj	27.6	23.8	20.4	17.1	15.6
Div. Yield	0.9%	1.1%	1.2%	1.3%	1.4%
Net Debt/EBITDA Adj	0.7	0.5	1.9	1.4	0.9

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- 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)

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Frequency of research: quarterly.

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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;

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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;

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

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OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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