

PRYSMIAN

Sector: Industrials

NEUTRAL

Price: Eu67.34 - Target: Eu64.00

Upcoming CMD, remaining Neutral

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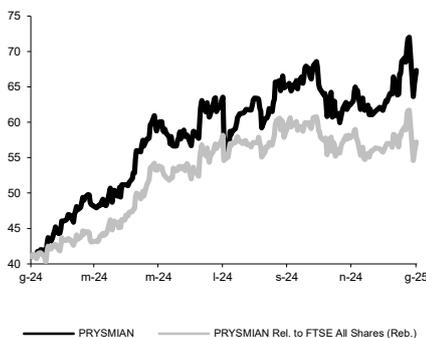
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 58.00 to 64.00		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	-0.8%	-0.3%

Next Event

 Results Out 26th February
 CMD on 26th March

PRYSMIAN - 12M Performance



Stock Data

 Reuters code: PRY.MI
 Bloomberg code: PRY IM

Performance	1M	3M	12M
Absolute	9.2%	3.9%	64.3%
Relative	2.8%	-2.6%	46.6%
12M (H/L)	72.00/40.91		
3M Average Volume (th):	940.81		

Shareholder Data

No. of Ord shares (mn):	268
Total no. of shares (mn):	286
Mkt Cap Ord (Eu mn):	18,057
Total Mkt Cap (Eu mn):	18,057
Mkt Float - Ord (Eu mn):	15,421
Mkt Float (in %):	85.4%
Main Shareholder:	
Blackrock	6.8%

Balance Sheet Data

Book Value (Eu mn):	5,687
BVPS (Eu):	19.89
P/BV:	3.4
Net Financial Position (Eu mn):	-3,324
Enterprise Value (Eu mn):	23,075

- **New business plan to be presented at end-March in New York.** Following the acquisition of Encore Wire (EW) for Eu3.9bn, which closed in July 2024, Prysmian will hold a capital market day in New York on 26th March. Management disclosed that they are considering dual listing of shares (Italy + US).
- **Focus on integration of Encore Wire in the PRY model.** In our view, the focus of the upcoming CMD is the integration of EW in the company's operations in the US market, which accounts for >60% of PRY's EBITDA. We note that at the time of the acquisition, management said EW would accelerate the transition towards a more valuable business model, which would have taken years if executed internally. In fact, EW's vertically integrated model (low voltage cables based on aluminium) avoids hedging the underlying commodity. The CMD should also focus on explaining drivers of investments in grid networks associated with rising demand for electrification and the increasing share of renewables.
- **Divisional Outlook: Transmission** is about execution as the Eu19bn backlog and capacity agreements in place cover sales beyond 2028. After dropping the \$200mn investment in the US for offshore cables, growth CapEx (no short-term returns) might include terrestrial transmission in Europe (EU interconnected grid) and submarine data cables. Transmission's EBITDA should contribute Eu672mn in 2028E (+18% CAGR2024-28). **Power Grid:** grids need upgrading both in US and Europe to support rising demand for power (EV, datacentres) and the increasing share of renewables. EBITDA growth, however, should remain single digit as we forecast Eu646mn EBITDA in 2028E (+8% CAGR for 2024-28). **Electrification** is the biggest and most cyclical division, with FY24E pro-forma sales of Eu10.5bn, of which Eu3.0bn in specialty cables (OEM & renewables 45%, automotive 20%, elevators 10%, Oil&Gas 10%, others 15%) and ca. Eu7.5bn in construction including both the industrial market and residential construction. We estimate exposure to the latter is >40% of the total and expect divisional EBITDA to grow only slightly to Eu1.27bn in 2028E (+2% CAGR). Volatile macro and impact of tariffs on global trades is a key risk. **Digital Solutions:** sales of optical cables benefit from AI-related demand and should contribute Eu205mn EBITDA in 2028E (+8% CAGR). Direct sales to datacentres are worth Eu0.8bn.
- **Valuation: Neutral, TP Eu64.** We raise the TP from Eu58 to Eu64 (same 9.0x EV/EBITDA target multiple rolled from 2025 to 2026 numbers). We merely fine-tune estimates (EBITDA 2025-28E +1%), with EBITDA expected at Eu2.3bn in 2025E and Eu2.8bn in 2028E (consensus Eu2.9bn). We think our valuation (FY26E EV/EBITDA 9x, P/E 15x) is consistent with the growth profile (EBITDA CAGR25-28E +6%) and historical multiples (10-year EV/EBITDA NTM 8.7x, peak/trough 8.9x). We note PRY should generate close to Eu1.0bn FCF in 2026E (4.9% FCF yield at the current price), rising to Eu1.32bn in 2028E (6.6% yield). Tariffs may imply volatile input costs (aluminium/copper) and worsening business conditions in PRY's cyclical end-markets (i.e. US homebuilders).

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	16,067	15,354	16,612	17,830	18,821
EBITDA Adj (Eu mn)	1,488	1,628	1,930	2,293	2,451
Net Profit Adj (Eu mn)	631	729	895	1,132	1,245
EPS New Adj (Eu)	2.352	2.720	3.001	3.834	4.217
EPS Old Adj (Eu)	2.352	2.720	3.001	3.863	4.229
DPS (Eu)	0.600	0.700	0.770	0.847	0.932
EV/EBITDA Adj	6.5	6.8	10.6	10.1	9.1
EV/EBIT Adj	8.6	8.7	13.5	12.3	11.0
P/E Adj	28.6	24.8	22.4	17.6	16.0
Div. Yield	0.9%	1.0%	1.1%	1.3%	1.4%
Net Debt/EBITDA Adj	0.7	0.5	2.1	1.4	1.0

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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)

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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMB40 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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- 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.

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NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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NEUTRAL:	19.72 %
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Emittente	%	Long/Short
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