Milan, 03 October 2025

Italian Equity Research – 3Q25 Preview

PRYSMIAN

NEUTRAL

Sector: Industrials

Price: Eu88.00 - **Target: Eu85.00**

FY Guidance Likely to Be Raised. TP Eu85 (from Eu74)

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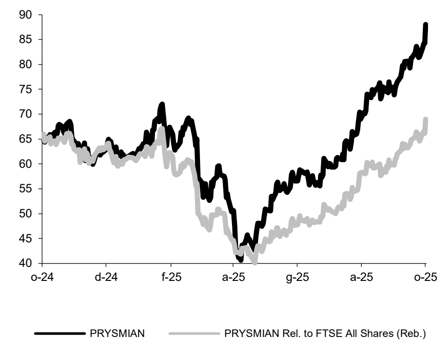
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 74.00 to 85.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	6.8%	8.2%	7.8%

Next Event

3Q25 Results out 30 October

PRYSMIAN - 12M Performance



Stock Data			
Reuters code:			PRY.MI
Bloomberg code:			PRY IM
Performance	**1M**	**3M**	**12M**
Absolute	19.1%	46.3%	34.4%
Relative	15.9%	38.2%	6.8%
12M (H/L)			88.00/40.65
3M Average Volume (th):			1,025.51

Shareholder Data	
No. of Ord shares (mn):	268
Total no. of shares (mn):	299
Mkt Cap Ord (Eu mn):	23,597
Total Mkt Cap (Eu mn):	23,597
Mkt Float - Ord (Eu mn):	20,152
Mkt Float (in %):	85.4%
Main Shareholder:	
Blackrock	6.8%

Balance Sheet Data	
Book Value (Eu mn):	5,870
BVPS (Eu):	19.81
P/BV:	4.4
Net Financial Position (Eu mn):	-3,373
Enterprise Value (Eu mn):	29,921

- **Pre-close call on 3Q25 results.** Prysmian will release 3Q25 results before markets open on 30 October. During the pre-close call held with sell side analysts yesterday, management hinted at a likely upgrade in FY25 EBITDA guidance, which was already raised slightly (mid-point +2% to Eu2.30bn-2.38bn) along with 1H25 results in July.
- **Two main drivers for outperformance of July assumptions**: the structure of **copper tariffs** announced by the US President on 30 July (not reflected in previous guidance), which hits cable value and not copper content, is of material benefit to Prysmian over competitors lacking local production. This results in a trade-off opportunity allowing for market share gains while maintaining margins and/or the possibility of raising prices in specific market segments with no impact on volumes. Moreover, the extension of the same tariff principle to the aluminium value chain brings even higher benefits to the group, as management explained that importers own 15-20% of the copper cable market, rising to 30% in the case of aluminium (Prysmian is more vertically integrated and has higher local content vs. competitors). The above benefit will support 3Q25 but will be even more visible in 4Q25 as tariffs on copper/aluminium were introduced in the first three weeks of August (2 August for copper and 18 August for aluminium). The second driver of the better performance vs. July's guidance is the **Digital Solution business (datacentre),** where Prysmian ex-Channell is performing better than expected and the contribution from Channell will be higher than initially thought, both on volumes and margins ($200mn earn-out to be paid in 2026).
- **Comments on other businesses**: Transmission is driving the group's organic growth while keeping margins high (in line with expectations overall, with some limited upside vs. guidance). Power Grids volumes are healthy, but no significant QoQ margin change is expected. Within Electrification, E&I is strong (tariff benefit discussed above), while Specialty Cables remain a weak spot, albeit limited to two specific segments: automotive and elevators (the latter exposed to residential construction). As a consequence, Prysmian is shutting down a few plants, especially automotive in Mexico. The exit from YOFC will benefit net debt by $562mn, with the capital gain booked in 3Q25.
- **Estimates upgrade:** in the light of management indications, we are raising FY25-27E EBITDA by 5% (to Eu2.44bn in FY25E vs. current guidance of Eu2.34bn), EPS by 8% (to Eu3.74 in FY25E) and FCF by 7% (Eu1.12bn in FY25E vs. current guidance of Eu1.04bn).
- **NEUTRAL; target Eu85.** We are lifting our TP to Eu85 (10.0x EV/EBITDA on revised FY26-27E avg. estimates) from Eu74 (10.0x EV/EBITDA FY26E). At target, we value Prysmian at 1-year forward EV/EBITDA of 11.5x (a 25% premium to its 10-year history) and 1-year forward P/E of 19.5x (a 30% premium to 10-year history). Prysmian is a quality asset with healthy FCF generation, a global footprint and a strong technological positioning. It is exposed to structural drivers of demand for cables in the coming years (electrification, AI/datacentres, updating power grids) which support multiples above historical levels. Risks to our rating include additional upside to estimates driven by market share gains in the US. The CEO recently said a dual listing in the US is being considered, although no indication was provided on timing.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	15,354	17,026	19,772	21,075	22,177
EBITDA Adj (Eu mn)	1,628	1,927	2,435	2,700	2,956
Net Profit Adj (Eu mn)	739	838	1,117	1,375	1,539
EPS New Adj (Eu)	2.756	2.802	3.739	4.604	5.153
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	12.3	10.8	9.4
EV/EBIT Adj	8.7	14.3	16.5	13.8	12.0
P/E Adj	31.9	31.4	23.5	19.1	17.1
Div. Yield	0.8%	0.9%	1.0%	1.1%	1.3%
Net Debt/EBITDA Adj	0.5	2.1	1.4	0.9	0.4

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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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BUY:	30.30%
OUTPERFORM:	39.39%
NEUTRAL:	30.31%
UNDERPERFORM:	00.00%
SELL:	00.00%

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OUTPERFORM:	32.47%
NEUTRAL:	18.18%
UNDERPERFORM:	00.00%
SELL:	00.00%

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