

PRYSMIAN

Sector: Industrials

OUTPERFORM

Price: Eu53.48 - Target: Eu60.00

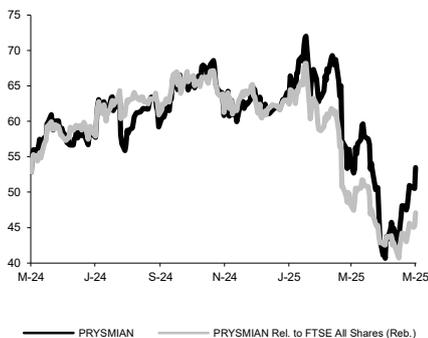
Solid 1Q25 Results. Potential FY Guidance Upgrade in July

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Stock Rating

| | | | |
|---------------------------|--------------|--------------|--------------|
| Rating: | Unchanged | | |
| Target Price (Eu): | Unchanged | | |
| | 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 | 27.9% | -15.6% | 1.2% |
| Relative | 12.3% | -20.8% | -12.4% |
| 12M (H/L) | 72.00/40.65 | | |
| 3M Average Volume (th): | 1,821.54 | | |

Shareholder Data

| | |
|---------------------------|--------|
| No. of Ord shares (mn): | 268 |
| Total no. of shares (mn): | 296 |
| Mkt Cap Ord (Eu mn): | 14,340 |
| Total Mkt Cap (Eu mn): | 14,340 |
| Mkt Float - Ord (Eu mn): | 12,247 |
| Mkt Float (in %): | 85.4% |
| Main Shareholder: | |
| Blackrock | 6.8% |

Balance Sheet Data

| | |
|---------------------------------|--------|
| Book Value (Eu mn): | 5,727 |
| BVPS (Eu): | 19.36 |
| P/BV: | 2.8 |
| Net Financial Position (Eu mn): | -3,712 |
| Enterprise Value (Eu mn): | 20,000 |

■ **Solid 1Q25 results on both growth and profitability:** Prysmian reported 1Q25 results that beat estimates, with sales growing 5.0% YoY organic (this includes Encore Wire's 1Q25 organic growth, which was very strong) vs. 1.2% expected, adjusted EBITDA at Eu527mn, or 2% above our Eu516mn estimate (consensus Eu510mn), and seasonal 1Q FCF absorption that was in line (Eu-511mn vs. Eu-495mn expected). Net profit adjusted for Eu55mn of non-cash metal derivatives came to Eu205mn, 8% above our Eu189mn estimate (reported net profit was Eu150mn), with net debt as at end-March 2025 at Eu4.88bn. The better EBITDA was driven by Transmission, which doubled its EBITDA from Eu62mn in 1Q24 to Eu124mn in 1Q25, reaching a margin of close to 17%. We note that Prysmian disclosed margins at standard metal prices, which in 1Q25 were up in all business segments except Specialty cables, resulting in a 70bp YoY increase at group level to 13.1%. Finally, LTM FCF of Eu998mn in March 2025, up 21% YoY, is basically in line with the FY25 FCF guidance mid-point of Eu1.0bn.

■ **Conference call feedback:** 1) after the weak pricing in Electrification seen in Jan-Feb followed by a recovery in March, April was strong, especially at Encore. In addition, metal pricing has stabilised (at high levels) reflecting the impact of tariffs, but the company has not seen a slowdown in market demand; 2) 17% margin in Transmission seen as sustainable, with the backlog expected to grow slightly from the current Eu17bn. In HV in the US (underground and overhead) Prysmian may benefit from tariffs hitting Korean imports; 3) in Digital Solutions, demand from datacentres remained strong, with Prysmian using European capacity to serve the US market, while demand in Europe is seen stable; 4) the acquisition of Channell (\$950mn plus an earn-out of up to \$200mn) will be financed through debt (subordinated notes, not convertible) and equity (Prysmian has 9.62mn treasury shares equal to 3.5% of outstanding capital). During the call, the CFO suggested the company will minimise dilution for shareholders (by using treasury shares) while keeping the financial structure consistent with investment grade. The remaining stake in YOFC is worth approx. Eu200mn.

■ **Guidance may be upgraded in July:** FY25 guidance was confirmed for both EBITDA (Eu2.25/2.35bn) and FCF (Eu950/1050mn), but management said it will be revised in July to include the impact of business trends, the scope change due to the Channell deal, and the potential adverse impact of ForEx vs. the guidance assumption of a EUR/USD at 1.06. Channell (closing expected by 1H25) should contribute Eu50mn of EBITDA in FY25 (six-month consolidation), largely offset by the ForEx impact, assuming a 2025 EUR/USD of 1.12. Management's confidence about a guidance upgrade in July therefore suggests underlying business trends are currently above budget.

■ **OUTPERFORM; target Eu60 confirmed.** On unchanged estimates (FY25 EBITDA including Channell Eu2.23bn or 5% below mid-point guidance, FY25 FCF Eu1.0bn in line with the mid-point guidance), we confirm our OUTPERFORM rating on the stock with a TP of Eu60. We deem multiples (FY25/26 EV/EBITDA 9x/8x, P/E 17x/14x) to be attractive vs. historical levels. Management's comments on a guidance upgrade in July reduces any risk to estimates (we are 5% below guidance on FY25 EBITDA).

| Key Figures & Ratios | 2023A | 2024A | 2025E | 2026E | 2027E |
|------------------------|--------|--------|--------|--------|--------|
| Sales (Eu mn) | 15,354 | 17,026 | 18,373 | 19,664 | 21,153 |
| EBITDA Adj (Eu mn) | 1,628 | 1,927 | 2,226 | 2,434 | 2,706 |
| Net Profit Adj (Eu mn) | 729 | 818 | 976 | 1,166 | 1,351 |
| EPS New Adj (Eu) | 2.720 | 2.741 | 3.197 | 3.818 | 4.427 |
| EPS Old Adj (Eu) | 2.720 | 2.741 | 3.197 | 3.818 | 4.427 |
| DPS (Eu) | 0.700 | 0.800 | 0.896 | 1.004 | 1.124 |
| EV/EBITDA Adj | 6.8 | 10.6 | 9.0 | 8.0 | 6.8 |
| EV/EBIT Adj | 8.7 | 14.0 | 12.3 | 10.7 | 8.9 |
| P/E Adj | 19.7 | 19.5 | 16.7 | 14.0 | 12.1 |
| Div. Yield | 1.3% | 1.5% | 1.7% | 1.9% | 2.1% |
| Net Debt/EBITDA Adj | 0.5 | 2.1 | 1.7 | 1.3 | 0.8 |

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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&P500 Index, most of those on the MIBEX 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.
- 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 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

| | |
|---------------|---------|
| BUY: | 32.59 % |
| OUTPERFORM: | 37.78 % |
| NEUTRAL: | 29.63 % |
| UNDERPERFORM: | 00.00 % |
| SELL: | 00.00 % |

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

| | |
|---------------|---------|
| BUY: | 52.70 % |
| OUTPERFORM: | 29.73 % |
| NEUTRAL: | 17.57 % |
| UNDERPERFORM: | 00.00 % |
| SELL: | 00.00 % |

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| Emittente | % | Long/Short |
|-----------|---|------------|
|-----------|---|------------|

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