PRYSMIAN

OUTPERFORM

Sector: Industrials

Price: Eu55.70 - **Target: Eu66.00**

Reiterating Outperform. TP raised to Eu66

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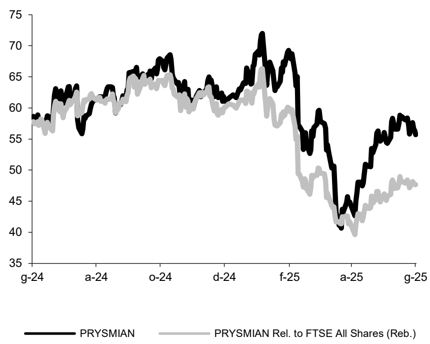
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 60.00 to 66.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	9.5%	11.4%	8.0%

PRYSMIAN - 12M Performance



Stock Data			
Reuters code:			PRY.MI
Bloomberg code:			PRY IM
Performance	**1M**	**3M**	**12M**
Absolute	0.9%	-6.6%	-3.5%
Relative	3.8%	-5.0%	-20.3%
12M (H/L)			72.00/40.65
3M Average Volume (th):			1,572.61

Shareholder Data	
No. of Ord shares (mn):	268
Total no. of shares (mn):	299
Mkt Cap Ord (Eu mn):	14,936
Total Mkt Cap (Eu mn):	14,936
Mkt Float - Ord (Eu mn):	12,755
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:	2.8
Net Financial Position (Eu mn):	-3,617
Enterprise Value (Eu mn):	20,593

- **Confidence on guidance upgrade in July.** During the last call on 1Q25 results in April, management expressed confidence on a potential upgrade to FY25 guidance in July on release of 1H25 results. Besides the impact of the Channell acquisition (7 months consolidation in 2025 should contribute Eu60/70mn to EBITDA, largely offset by ForEx as current guidance is based on Eur/Usd at 1.06), this suggests supportive underlying trends in cyclical businesses, with no slowdown seen in market demand despite a higher metal price. Indeed, after the weak pricing seen in Jan-Feb followed by a recovery in March and a very strong April, especially at Encore, we think solid trends have continued and we note recent statements from management about the company's growth in the US market driven by non-residential construction (industrial reshoring), growing demand for digital connectivity associated with datacenter infrastructure (10% of PRY's sales in FY25E including Channell), and investments needed in medium voltage (old) grids to cope with higher power consumption.
- **We raise estimates. FY25 EBITDA seen close to high end of guidance.** We had cut estimates below management guidance ahead of the 1Q25 release in April in order to include a more prudent scenario for cyclical businesses (residential construction and specialty cables) while upgrading the rating on the stock. We now raise EBITDA back up by 5% in FY25e to Eu2.34bn (current guidance is Eu2.25/2.35bn, consensus is Eu2.3bn) and +6% in FY26e to Eu2.58bn, with FCF seen at Eu1.09bn in FY25 (guidance mid-point is Eu1.0bn) and Eu1.20bn in FY26e. The EPS increase is 9% in FY25e to Eu3.50 and 11% in FY26e to Eu4.25 (we adjust reported net profit only for non-cash PPA and assume fully diluted shares at 299mn after excluding 9.6mn treasury shares and including 11.4mn shares for stock grants). As for FY28e, we estimate EBITDA at Eu3.03bn (business plan target mid-point is Eu3.05bn) and FCF at Eu1.56bn vs. the plan target of Eu1.5/1.7bn. We estimate cumulative FY25-28 FCF of Eu5.19bn vs. Eu5.0bn in PRY's business plan. Our estimates already included consolidation of Channell in 2H25 and Eur/Usd at 1.12.
- **Investment case.** Our positive stance relies on the assumption that relative to other industrial stocks PRY's business will show resilience even in a cyclical slowdown (as occurred during the pandemic). This reflects structural drivers of cable demand (electrification, AI demand) and Pry's solid cash flow generation, global footprint, and technology positioning, which support earnings in tough times. Despite the recent outperformance, the stock has significantly de-rated since the January peak with shares still down 9% YtD vs. +6% for the STOXX Europe 600. Trading multiples (FY25/26 EV/EBITDA 9x/8x, P/E 16x/13x) look attractive vs. the risk to estimates, in our view.
- **Valuation.** On revised estimates, we raise the TP from Eu60 to Eu66 (EV/EBITDA FY26e target 9.0x applied to new estimates vs. <8.0x at current share price) and confirm the Outperform rating on the stock. At target, we value Prysmian at 16x P/E FY26e vs. 13x at the current share price. After the issue of Eu1.0bn hybrid notes, we assume no dilution for shareholders due to the use of treasury shares to finance the acquisition of Channell. The remaining stake in YOFC is worth approx. Eu200mn.

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)	2.720	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	10.8	8.8	7.7	6.7
EV/EBIT Adj	8.7	14.3	12.0	10.1	8.7
P/E Adj	20.2	19.9	15.9	13.1	11.7
Div. Yield	1.3%	1.4%	1.6%	1.8%	2.0%
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 S&PMIB40 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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.
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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