PRYSMIAN

OUTPERFORM

Sector: Industrials

Price: Eu44.91 - **Target: Eu60.00**

1Q25 Preview. OUTPERFORM, TP Trimmed 5% to Eu60

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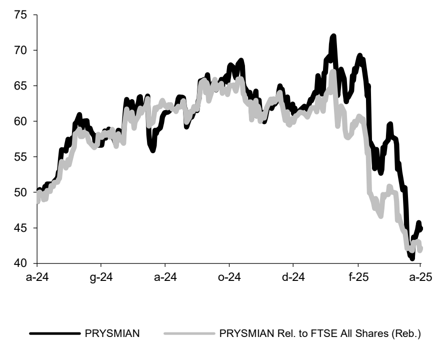
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 63.00 to 60.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-8.9%	-6.3%	-5.8%

Next Event
Results Out 8 May

PRYSMIAN - 12M Performance



Stock Data			
Reuters code:			PRY.MI
Bloomberg code:			PRY IM
Performance	**1M**	**3M**	**12M**
Absolute	-24.5%	-34.6%	-10.6%
Relative	-15.7%	-33.7%	-16.5%
12M (H/L)			72.00/40.65
3M Average Volume (th):			1,700.45

Shareholder Data	
No. of Ord shares (mn):	268
Total no. of shares (mn):	296
Mkt Cap Ord (Eu mn):	12,042
Total Mkt Cap (Eu mn):	12,042
Mkt Float - Ord (Eu mn):	10,284
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:	2.3
Net Financial Position (Eu mn):	-3,712
Enterprise Value (Eu mn):	17,465

- **1Q25 results preview:** Prysmian will report 1Q25 results on 8 May. We expect no surprises from the 1Q25 release after management anticipated weak trends in Jan-Feb in cyclical businesses (weak pricing in Electrification, especially in copper building wires in residential construction) followed by a recovery in March. As for 1Q25, we estimate sales of Eu4.48bn, up 22% YoY including Encore Wire (consolidated as of July 2024) or +1.2% organic thanks to growth in Transmission and Digital Solutions offsetting lower volumes in Electrification. We expect 1Q25 EBITDA at Eu516mn (Transmission Eu95mn, Power Grid Eu113mn, Electrification Eu258mn, Digital Solutions Eu50mn) vs. Eu412mn in 1Q24 (+3% YoY growth excluding scope changes), with adjusted EBIT of Eu361mn, and net profit of Eu189mn. Net debt as at end-March is estimated at Eu4.79bn vs. Eu4.30bn at YE24, with Eu495mn of seasonal FCF absorption in 1Q25 (the same level of negative FCF as in 1Q24).
- **Focus on outlook:** focus will be on management's comments on the outlook after cautious statements on residential construction and specialty cables (Eu6.0bn aggregate sales in the Electrification division) witnessed in the final two months of last year and the early months of 2025. In Power Grids, where management guided for a normalisation of margins at 12-13%, we note recent comments from President Trump on the need to increase electricity generation, which should drive grid investments. We think visibility in Transmission (execution of contracts already in-hand that feature good profitability) and Digital Solutions (easy comparison vs. a weak 2024) is healthy, ensuring the resilience of group results.
- **Estimates trimmed (FY25-27 EBITDA -4.6%, EPS -7%) to reflect macro slowdown:** we trimmed our estimates in cyclical businesses (I&C and Specialty Cables) leaving Transmission and Digital Solutions broadly unchanged and resulting in a 5% cut to EBITDA and a 7% cut to EPS for FY25-27. Our revised FY25 EBITDA target of Eu2.23bn is 5% below the Eu2.3bn guidance mid-point, as we assume the consolidation of Channell in 2H25 (Eu50mn EBITDA in FY25 for 6 months' consolidation), implying our estimate ex-Channell would be Eu2.18bn. As for FCF, we estimate FY25 FCF at Eu1.0bn (Eu1.06bn previously) in line with the mid-point of the Eu950-1,050mn guidance. Our model includes a Eu40mn cash-in for the disposal of 3.7% of YOFC (the remaining 20.0% stake is worth over Eu200mn) announced in April. A complete exit from YOFC would dent EBITDA by c.Eu-25mn, 1% of the group's total. The acquisition of Channell would be financed through the disposal of treasury shares (9.62mn, 3.5% of outstanding shares) and hybrid bonds.
- **Valuation: OUTPERFORM; target Eu60 (Eu63 previously).** We recently upgraded Prysmian as we deem multiples (FY25/26 EV/EBITDA 8x/7x, P/E 14x/12x) attractive vs. risks to estimates (5% below guidance on FY25 EBITDA). Assuming an additional 5% cut to EBITDA (10% on EPS) to Eu2.1bn in FY25E, the stock would still trade at 8.6x EV/EBITDA (15.5x P/E), in line with 10-year average multiples, which reflect a weaker Prysmian than is currently the case. OUTPERFORM; target Eu60 (previously Eu63) based on the same 9.0x EV/EBITDA multiple applied to revised estimates.

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	2.768	3.508	4.076	4.697
DPS (Eu)	0.700	0.800	0.896	1.004	1.124
EV/EBITDA Adj	6.8	10.6	7.8	6.9	5.9
EV/EBIT Adj	8.7	14.0	10.7	9.3	7.7
P/E Adj	16.5	16.4	14.0	11.8	10.1
Div. Yield	1.6%	1.8%	2.0%	2.2%	2.5%
Net Debt/EBITDA Adj	0.5	2.1	1.7	1.3	0.8

Intermonte

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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 of 5.5% 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.

Explanation of our ratings system:

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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Further information is available