

# PRYSMIAN

Sector: Industrials

# OUTPERFORM

Price: Eu53.24 - Target: Eu63.00

## Upgrade to OUTPERFORM on Valuation. TP confirmed at Eu63

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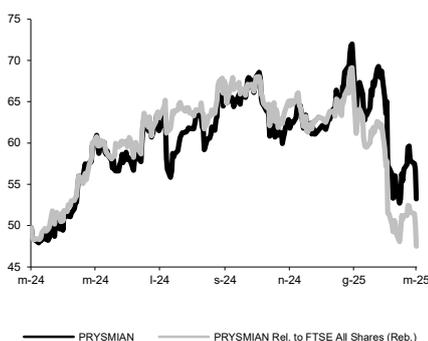
### Stock Rating

**Rating:** from NEUTRAL to OUTPERFORM

**Target Price (Eu):** Unchanged

	2025E	2026E	2027E
<b>Chg in Adj EPS</b>	-7.1%	0.3%	4.3%

### PRYSMIAN - 12M Performance



### Stock Data

Reuters code: PRY.MI

Bloomberg code: PRY IM

Performance	1M	3M	12M
Absolute	-18.1%	-13.5%	7.1%
Relative	-17.7%	-28.5%	-5.0%
12M (H/L)	72.00/47.92		
3M Average Volume (th):	1,365.52		

### Shareholder Data

No. of Ord shares (mn):	268
Total no. of shares (mn):	296
Mkt Cap Ord (Eu mn):	14,276
Total Mkt Cap (Eu mn):	14,276
Mkt Float - Ord (Eu mn):	12,192
Mkt Float (in %):	85.4%
Main Shareholder:	
Blackrock	6.8%

### Balance Sheet Data

Book Value (Eu mn):	5,822
BVPS (Eu):	19.68
P/BV:	2.7
Net Financial Position (Eu mn):	-3,692
Enterprise Value (Eu mn):	19,908

■ **CMD in New York yesterday. Dual listing paused.** Yesterday Prysmian presented its 2024-28 plan in New York. The presentation was a strategic update along the lines of the 2023 CMD and didn't provide much insight or additional information on divisional businesses. Main pointers: 1) updated financial targets for 2025-28, with EBITDA trends broadly in line but better FCF, although growth is back-end loaded. Targets include the impact of the \$950mn Channell acquisition, expected to be slightly accretive; 2) decision to pause the dual listing of shares (ITA+US) amid market volatility. The CEO said it might be re-considered after closing of the Channell deal, expected by the end of 2Q25; 3) confidence in Prysmian's ability to combine resilience and growth in the coming years. We note management disclosed more aggressive Transmission targets (guiding for margins approaching 20% from 16.5% previously) offsetting more prudent assumptions in Electrification, providing a buffer to numbers, in our view. We also note a more aggressive stance on non-organic growth, with short-term focus on debt deleverage but preference for M&A over shareholder remuneration beyond 2026.

■ **Updated financial targets:** EBITDA seen at Eu2.95-3.15bn in 2028 including a Eu150mn contribution from Channell (Eu2.9bn ex Channell, in line with consensus). FCF seen at Eu1.5-1.7bn in 2028 (our pre-event estimate Eu1.3bn) although growth is back-end loaded (FCF c.Eu1.15bn in FY26E and Eu1.3bn in FY27) due to CapEx normalisation. The FCF target is not supported by down-payments. EPS is expected to reach Eu4.60-5.20 in 2028 (15-19% CAGR), with DPS set to rise by 12% a year. Capital allocation targets include Eu1.3bn debt deleverage in 2025-28, with Eu2.6bn to be deployed in M&A and/or to enhance shareholder remuneration as of 2027.

■ **Acquisition of Channell included in our model:** the CFO said the deal (\$950mn plus a potential \$200mn earn-out, EV/EBITDA multiple <8.0x) would be financed through hybrid bonds (100bp over senior notes, not convertible) and through the disposal of treasury shares (PRY has 9.62mn treasury shares), resulting in slightly EPS accretion. The acquisition is in line with previous management comments and represents 5% of PRY's EV, but is material for the Digital Solution business (12% of PRY's EBITDA vs. 7% before). We are raising EBITDA by 3% in FY25 (6 months of Channell) and 8% in FY26/27E, with EPS cut by 7% in FY25 (financial impact of Channell vs. 6-month consolidation), unchanged in 2026E and raised by +4% in FY27. As for FY28, our estimates are close to mid-point targets of Eu3050mn of EBITDA and Eu1.6bn of FCF.

■ **Valuation:** shares are down over 25% since the end-January peak, reflecting the de-rating of AI/datacentre associated stocks (<10% of PRY's sales) and the first signs of margin pressure in cyclical businesses hinted at by management during the FY24 call (yesterday March was indicated better than Jan/Feb). We deem current multiples (FY26 EV/EBITDA 8x, P/E 13x) attractive vs. the risk to estimates, and therefore upgrade the stock to OUTPERFORM with the target price unchanged at Eu63. The global footprint, technological leadership and solid cash generation make Prysmian resilient in tough times, as it tends to win market share and outperform peers.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	15,354	17,026	19,024	20,393	21,803
EBITDA Adj (Eu mn)	1,628	1,927	2,356	2,542	2,819
Net Profit Adj (Eu mn)	729	818	1,071	1,244	1,434
EPS New Adj (Eu)	2.720	2.768	3.508	4.076	4.697
EPS Old Adj (Eu)	2.720	2.742	3.777	4.065	4.504
DPS (Eu)	0.700	0.800	0.896	1.004	1.124
EV/EBITDA Adj	6.8	10.5	8.5	7.6	6.5
EV/EBIT Adj	8.7	13.9	11.3	10.0	8.3
P/E Adj	19.6	19.2	15.2	13.1	11.3
Div. Yield	1.3%	1.5%	1.7%	1.9%	2.1%
Net Debt/EBITDA Adj	0.5	2.1	1.6	1.2	0.7

