PRYSMIAN SpA (PRY:MI)

INVESTMENT THESIS

- **Introduction to Prysmian**: Prysmian is the global leader in energy and telecom cable systems, serving critical infrastructure needs. It is positioned to benefit from trends like electrification, grid modernization, and digitalization, and leverages both its unmatched project execution capabilities and €17B order backlog to sustain long-term growth. Prysmian has a strong track record of M&A and low net debt to equity ratio (0.85x), therefore, is structurally equipped to expand strategically in high-margin regions like North America. Our coverage initiates with a Buy rating and a €75.70 target price, implying 14.70% upside from current levels.
- **Service Excellence as a Strategic Edge**: Prysmian places a strong emphasis on service quality and customer satisfaction. It has a unique ability to execute complex installations, supported by a proprietary fleet, in order to ensure reliability in even the most challenging projects. The company's rapid-response model and on-site support reinforce trust with key clients. This has led to exceptional customer retention, with recurring contracts from players like Terna, TenneT, and Openreach. Prysmian's service excellence is a key differentiator in a product-focused industry.
- **Sustained Margin Expansion**: Prysmian has shown consistent margin improvement, with EBITDA margins growing at a 12.4% CAGR over the past three years. This trajectory continued in Q1 2025, supported by strong performance in Transmission. The company's focus on operational efficiency, project selection, and exposure to value-added services has been key to driving profitability.
- **Resilience to Tariffs**: In 2025, Section 232 tariffs on steel and aluminium doubled to 50%, pressuring input costs for cable manufacturers. Prysmian remains well-positioned thanks to its local sourcing strategy in North America, limiting exposure to import duties. Price-escalation clauses and forward hedging further enable the company to pass cost increases to clients, preserving margins.
- **Ready to Capitalize on Global Tailwinds**: Prysmian is well positioned to benefit from key structural trends. In Europe, the energy transition drives demand for high-voltage cables, while in U.S., grid modernization boosts smart cable adoption. At the same time, rising data centre investments support long-term growth in fiber optics, where Prysmian's presence and hyperscaler partnerships give it a competitive edge.

July 28th 2025

BUY ↑ **14.70%**

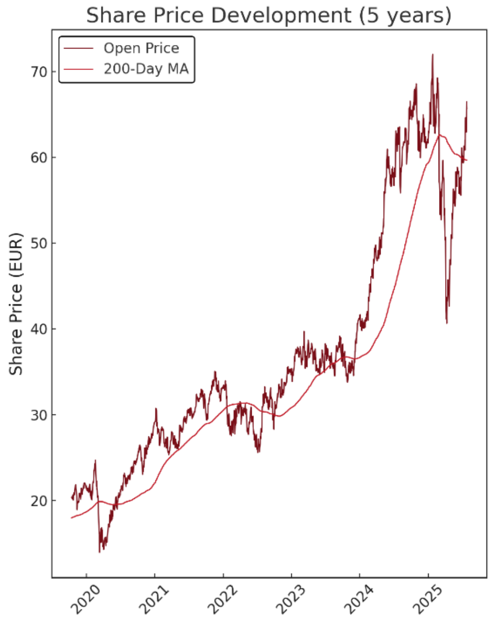
Current Price	Target Price
EUR 66.00	EUR 75.70

28/07/2025 MI Close

Market Cap (EUR M)	19,560
Capital IQ	BIT:PRY
Bloomberg	PRY.PZ

Share data

Shares Outstanding (M)	296.36
Ex. Dividend Yield (%)	1.27
30D Avg. Trading Volume	963,066



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VALUATION SUMMARY

- **Summary of the Results**: Our valuation yields a target price of €75.70, implying a 14.70% upside from current levels. We employed a blended approach, combining Discounted Cash Flow (75%) and Trading Multiples (25%). The DCF carries more weight as it better reflects Prysmian's capital-intensive profile and long-term cash flow potential. Moreover, the multiples approach showed considerable variability across peers, making DCF a more reliable indicator of intrinsic value in this case.
- **Financials Forecasts**: Revenues were projected by segment and region, using tailored CAGRs based on sector trends. Strategically strong areas like European Transmission and North American Electrification were given upward adjustments to better represent the competitive edge that Prysmian has on its competitors. Overall revenue is expected to grow at a 9.86% CAGR. Costs and margins were forecasted by unit, incorporating recent efficiency gains. Capex was based on historical ratios, averaging €835M annually. A 2.92% terminal growth rate was applied starting from 2029, reflecting Prysmian's inflation-weighted geographic exposure.
- **WACC Computation**: Cost of Equity was derived using Damodaran's λ-CAPM with a 2.59% risk-free rate, 4.33% equity premium, and a scaled 0.47% Italian CRP (λ = 15.88%). The beta (2.05) was re-levered from a peer group using Prysmian's 1.05x D/E and 24% tax rate. Cost of Debt was set at 4.8%, combining the risk-free rate and a 2.18% credit spread based on Moody's (Baa3) and S&P (BBB–) assessments on Prysmian's most recent bond issuances. Together, these yield a 7.52% WACC.
- **DCF Results**: The DCF analysis resulted in an intrinsic value of €80.53 per share. This valuation is based on a WACC of 7.52%, a perpetual growth rate of 2.92%, and a capital reinvestment rate of 15.03%. The present value of FCFO is €4,499M, while Terminal Value's one is €25,340M, resulting in a €29,839M Enterprise Value. After a €5,974M negative bridge-to-equity, the Equity Value totals €23,865M.
- **Multiples Results**: Our relative valuation, based on EV/Sales, EV/EBITDA, and P/E multiples from a global peer group. The multiples-side price of 61.23 was calculated considering only the medians of the comparables to avoid that any outliers could influence the evaluation obtained either negatively or positively.

July 28th 2025

TARGET PRICE — EUR 75.70

METRICS

WACC

Cost of Equity	11.62%
Cost of Debt	4.8%
D/(D+E)	51.31%
E/(D+E)	48.69%
WACC	**7.52%**

DCF

PV FCFO 2025-2029	4,499
Perpetual Growth Rate	2.92%
Capital Reinvestment Rate	15.03%
PV Terminal Value	25,340
Enterprise Value	29,839
Bridge-to-Equity	(5,974)
Equity Value	23,865
Shares Outstanding (M)	296.36
DCF-side price	**80.53**
DCF Weight	75%

Multiples

EV/Sales Price	69.24
EV/EBITDA Price	56.88
P/E Price	57.56
Multiples-side price	**61.23**
Multiples Weight	25%

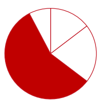
COMPANY OVERVIEW

Prysmian Group is a **global leader** in the **energy** and **telecom cable** systems industry, backed by more than **140 years** of experience in the **sector**. Prysmian's strategy focuses on capitalizing on major trends such as **energy transition**, **digitalization**, and **electrification**, positioning itself as a **comprehensive solutions provider**. The firm prioritizes **sustainability** by actively pursuing circular economy practices, notably through the use of **recycled cable materials**, to minimize environmental impact and foster a **responsible business model**.

Prysmian's operations are globally diversified, as **49%** of **sales** are from **EMEA**, **36%** from **North America**, 9% from LATAM, and 6% from APAC, with each region reflecting distinct segment trends. **Transmission** is **highly concentrated** in **EMEA**, which accounts for 80% of segment sales, reflecting Prysmian's leadership in European interconnection. Conversely, **Power Grid** is the group's **most North America-exposed segment**, with 48% of sales tied to the U.S. Electrification. Digital Solutions have a more **balanced distribution between EMEA** and **North America**, at 44% vs 38% and 54% vs 31%, respectively.

Prysmian's global presence is further reinforced by its **107 manufacturing plants**, a workforce of over **33,000 employees**, and **27 R&D centers** across more than **50 countries**. This industrial scale supports the company's strong financial profile, with **revenue** of **€17.02B** in 2024 (up 11% from €15.35B in 2023) and **net income** of **€748M** (up 37% from €547M in 2023). Prysmian's key revenue segments include **Electrification** (**€9.70B**), **Power Grid** (**€3.54B**), **Transmission** (**€2.48B**), and **Digital Solutions** (**€1.31B**).

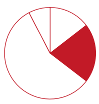
Electrification



56.94%
of revenues

Building wires, **industrial cables**, cables for **renewable energy**, and **automotive** cables

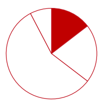
Power Grid



20.82%
of revenues

MV and **LV cables**, **overhead lines**, and **smart grid** solutions, delivering electricity distribution

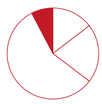
Transmission



14.57%
of revenues

HV underground and submarine **cables**, **HVDC systems**, enabling efficient power transmission

Digital Solutions



7.67%
of revenues

Fiber optic cables and **copper cables**, supporting high-speed data transmission and modern networks

Competitors

Southwire

SUMITOMO ELECTRIC

Nexans

NKT

Company History

1879
Prysmian was founded as Pirelli Cavi e Sistemi

2007
Prysmian listed on the Milan Stock Exchange

2011
Prysmian purchases Draka for over $1B

2018
Prysmian acquires General Cable for $3B

2024
Prysmian obtains Encore Wire for $4.5B

2025
Prysmian buys Channell for $950M

Shareholder Structure

Prysmian is a public company, with **100%** of **shares available** in the **free float**. In 2024, **institutional investors** held a substantial portion of the company: **86.5%**. The remainder is split between **retail investors** (7.5%), **treasury** (3%), and **employees** (3%). Major institutional investors include **BlackRock, Inc.** with **5.8%**, **FMR LLC** with **5.1%**, and **Vanguard Group Holdings** with **3.6%**.

Management Team

Massimo Battaini
Chief Executive Officer

- Became CEO on **1 April 2024** after serving as Chief Operating Officer since 2021
- He followed the **General Cable acquisition**, focusing on operational synergies
- Previously, he held senior roles at **Pirelli Group** before joining Prysmian
- He aims to accelerate digital transformation and expand sustainable energy solutions

Pier Francesco Facchini
Chief Financial Officer

- Facchini has been Prysmian's CFO since **January 2007**, guiding financial strategy
- He previously was **CFO** at **Fiat Auto**'s **Consumer Services** division
- During his tenure, he has overseen Prysmian's **IPO** and its transformative **acquisitions**
- He maintained a strong balance sheet while supporting investment in growth initiatives

Javier Arata
Chief Operating Officer

- Arata became COO on **10 January 2025** after serving as SVP of Operations Excellence
- He joined Prysmian from **Pirelli** in 2007 and has held key leadership roles
- He served as **Regional COO for Latin America**, improving operational efficiency
- His operational strategy focuses on Industry 4.0 implementation

Alessandro Nespoli
Chief Risk & Compliance Officer

- Nespoli was appointed as Chief Risk & Compliance Officer on **15 January 2024**
- He was formerly General Counsel at **Luxottica Group**, managing global legal affairs
- He practiced law specializing in corporate governance and international business **law**
- He is an expert of enterprise risk management and corporate compliance programs

Srinivas Siripurapu
Chief R&D and Innovation Officer

- He joined Prysmian in **April 2021** after leading R&D and innovation at General Cable
- He previously spent 15 years at **General Electric** in various technology leadership roles
- He helped accelerating the development of **high-performance cables**
- His strategy focuses on advanced materials science and digitalization of cable systems

Andrea Pirondini
CEO Prysmian North America

- Pirondini was appointed Chief Executive Officer North America in **February 2021**
- After joining in 2014, he was the **Chief Operating Officer** of **Prysmian** for 7 years
- He was previously the **Chief Commercial Officer** at **Pirelli**
- Under his leadership, NA operations grew significantly through key U.S. acquisitions

SHARE PRICE DEVELOPMENT

Eastern Green Link 2 Contract

In February 2024, Prysmian secured a **€1.9B contract** for the UK government-backed **Eastern Green Link 2** (EGL2) project, one of the largest high-voltage direct current grid programs in Europe. The award **reinforced** Prysmian's **leadership** in advanced cable technologies and boosted investor confidence by significantly **expanding** its project **backlog** for the transmission segment.

Acquisition of Encore Wire

The April 2024 announcement of Prysmian's **€3.9B** ($4.5B) acquisition of **Encore Wire** marked a major milestone in **its North American expansion** strategy. The deal immediately sparked a 7.2% jump in Prysmian's share price, reflecting strong investor confidence. This acquisition positioned Prysmian as a leading player in the **copper and aluminium wire markets** and was seen as a key move to deliver significant synergies and improve the company's vertical integration.

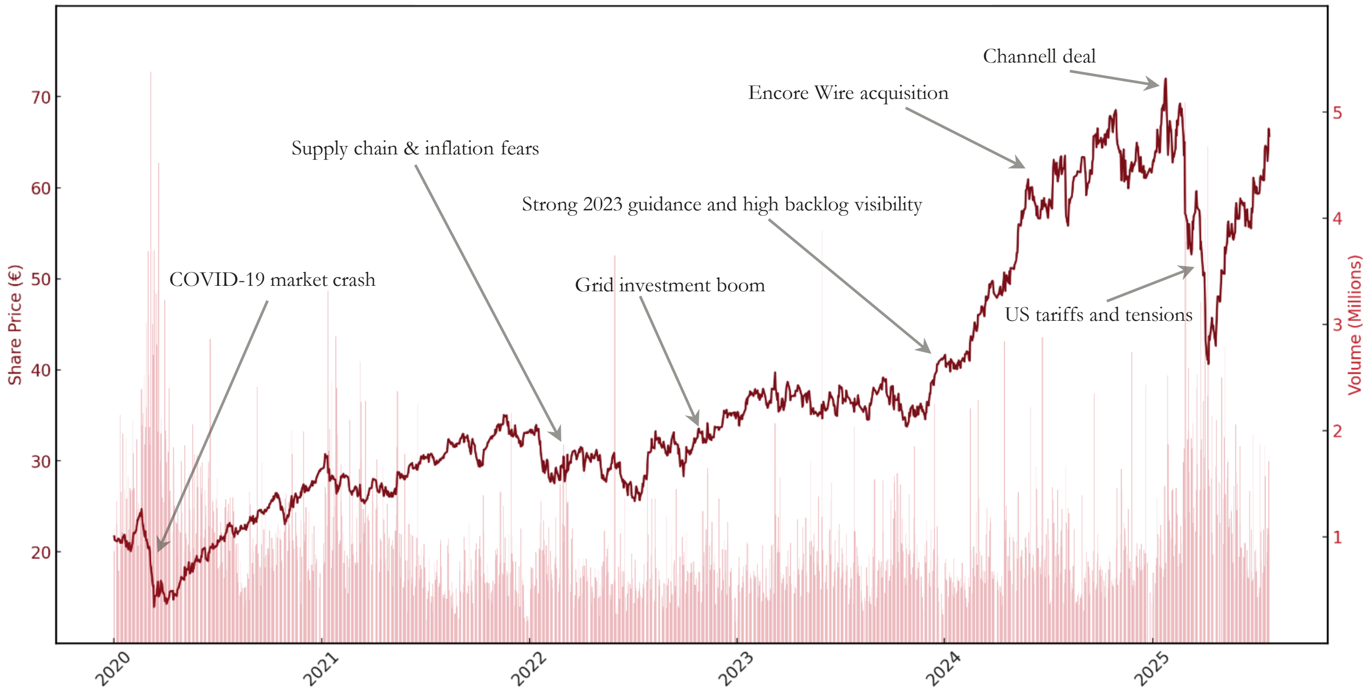
AI Infrastructure Rally

In January 2025, Prysmian's share price rose over 3% following the announcement of a **$500B** infrastructure stimulus focused on **artificial intelligence** and energy **grid modernization**. The increase highlighted **investor optimism** about Prysmian's role in supporting the **digital transformation** and its ability to secure contracts for the creation of high-tech data centres.

Acquisition of Channell

The June 2025 **$950M acquisition of Channell Commercial Corporation** underscored Prysmian's strategic decision of expanding its presence in North America's digital infrastructure market. The deal strengthens Prysmian's digital solutions segment by offering **high-end fibre-optic connectivity** and cable management solutions, therefore reinforcing its position in the fast-growing sectors of **AI infrastructure**. Initially, investors were sceptical of the debt-financed nature of the acquisition, but later rewarded Prysmian with a **1.2% share increase** once the deal had been finalised.

Prysmian Share Price & Volume (Last 5 Years)



ELECTRIFICATION

The Electrification segment focuses on **providing safe** and **efficient power distribution** infrastructure to residential, commercial, and industrial facilities. The segment itself is divided into **sub-areas** to best cater to the needs of an extremely heterogeneous client base. Such areas include **Industrial & Construction** and **Specialities**, which are composed of OEM, Renewables, Elevators, Automotive, Oil & Gas and Downhole Technologies.

Financial Performance

In FY2024, Prysmian's Electrification segment confirmed its role as a **core revenue contributor**, generating approximately **€9.7B**, which is equivalent to **57%** of total **Group sales**. This performance highlights the segment's strategic significance and sustained demand across its key markets. The segment continues to deliver solid profitability, with an **EBITDA margin** exceeding **9%** for the second consecutive year. The **Industrial & Construction** sub-segment remains the **primary engine**, contributing 63% of Electrification revenues.

Geographically, Electrification revenues remain **concentrated** in **EMEA** and **North America**, which together account for **82%** of the segment's sales (44% and 38%, respectively). **LATAM** and **APAC** lag, contributing the remaining **10%** and **8%**, respectively.

Prysmian directed **81%** of total FY2024 **CapEx** to support this segment, focused on expanding and **upgrading** production **capacity**, enhancing product **innovation**, and entering **new markets**. Key initiatives include the **acquisition** of **Encore Wire** and investments in **low-voltage** capabilities, such as the new facility in Sedalia, Missouri, aimed at strengthening the Group's competitive positioning in North America and beyond.

Drivers for Growth

The global **shift toward clean energy** is accelerating, with renewables projected to account for **35%** of **global energy consumption** by 2030, which is significantly higher than the current 28%. This trend is expected to drive sustained growth and significant investment across the energy value chain.

Government support will be **instrumental** in this transition, with policymakers enacting **regulatory frameworks** and incentive programs to promote the shift from fossil fuels to electrification. The **European Union** is leading these efforts, having **committed** approximately **€750B** to initiatives aimed at **grid modernization** and the expansion of renewable energy infrastructure. Similarly, in **North America**, the U.S. Infrastructure Investment and Jobs Act has earmarked over **$550B** to support the **deployment** of advanced **smart grid** systems.

Prysmian is well-positioned to capitalize on these developments through its continued focus on **innovation** and **sustainability**. Notably, the company launched its **E-Path compliant product line**, designed to meet stringent carbon emissions standards. Market reception has been strong, underlining Prysmian's alignment with evolving industry demands.

Moreover, Prysmian has reinforced its **vertically integrated business model**, most notably through the acquisition of Encore Wire and its McKinney, Texas facility. This integration has enhanced both upstream and downstream operations, enabling **unprecedented speed** and flexibility. As a result, Prysmian is now capable of **delivering** certain cable products, such as CAT lines, **within** as little as **24 hours** across the United States, a level of responsiveness unmatched by competitors.

POWER GRID

The Power Grid segment focuses on the supply of core **cable products** and **accessories** to **utility companies**, enabling them to operate, maintain, and upgrade **regional power grids**. Unlike large-scale, one-off infrastructure projects, Power Grid is characterized by **smaller-scale**, **recurring contracts**. These are often structured as ongoing or periodically renewed supply agreements, ensuring a continuous relationship with utility and large-scale industrial customers.

Financial Performance

In FY2024, Prysmian's Power Grid segment generated approximately **€3.5B** in **revenues**, accounting for **21%** of the Group's total sales, which marked an **increase** of **€150M** over the previous year. With an **EBITDA** of **€474M** and a projected rise to €600M by 2028, the segment is positioned for robust growth, underpinned by a strong **EBITDA margin** of 13.1%.

From a geographic standpoint, the segment is primarily **concentrated** in **North America**, which contributes **48%** of total Power Grid revenues. The **EMEA** market follows with **40%**, while **LATAM** and **APAC** remain smaller contributors at **7%** and **5%**, respectively.

CapEx in the Power Grid segment is focused on **capacity expansion**, **product performance** enhancement, and **sustainability** initiatives. One example is a €3M investment dedicated to increasing the proportion of recycled polyethylene used in cable jackets. In parallel, the company invests in product development, both through internal **R&D** funding and government subsidies. Recent innovations include a new **high-temperature resistant coating** and an **advanced splicing machine** that has significantly reduced underground cable failure rates.

Drivers for Growth

Although the Power Grid segment **operates** predominantly in **North America**, which has recently been impacted by heightened **tariffs** on strategic metals, Prysmian is well-positioned to **manage** raw material **cost volatility** through a multi-faceted risk mitigation strategy. First, Prysmian routinely incorporates **price adjustment clauses** into its contracts, allowing it to pass on a portion of raw material cost increases to clients. Second, Prysmian actively uses **derivative instruments** to hedge against price fluctuations in key input materials. As a result, a **10% increase** in the price of strategic metals would translate into only a **4.4% effective impact** on the raw material expense, significantly reducing earnings exposure.

North America, which accounts for the largest share of Power Grid revenues, is also a more **consolidated market** relative to **EMEA**, where established competitors such as **Nexans** and **NKT** contribute to higher **pricing pressure**. This market structure allows for greater **margin stability** and has supported Prysmian's continued **profitability** in the region, regardless of the recent tariff pressures on strategic raw materials

Government policy has further underpinned growth. In the U.S., **federal subsidies** to utilities have accelerated **infrastructure investments**, including large-scale **cable replacement** programs. Similarly, in **Europe**, national and **local authorities** are advancing the **promotion** of **solar** and **wind energy**, both of which depend heavily on robust cable infrastructure. Additionally, the accelerating rollout of **electric vehicle charging** networks will necessitate significant upgrades to local grid infrastructure, creating further **long-term demand** that Prysmian is well positioned to serve.

TRANSMISSION

The Transmission segment focuses on large-scale power cable projects, such as High Voltage Alternating Current (HVAC) and High Voltage Direct Current (HVDC), that form the **backbone** of critical **energy infrastructure** by enabling **efficient long-distance electricity transmission** through submarine and underground corridors. In 2024, the majority of Transmission sales came from **Submarine Energy** (**72%**). Another 14% came from HVDC solutions, where Prysmian has developed advanced 525 kV extruded cables capable of **transmitting over 2 GW per system**, which is a **record level** in the **industry**. This high-capacity technology has **positioned** the **company** to **win major projects** such as the German corridor HVDC systems.

Performance and Projections

Transmission is Prysmian's **fastest-growing segment**, driven by a €389M increase in organic sales and an **18.3% year-on-year growth** rate. Between 2020 and 2024, the segment delivered a robust **CAGR** of **14.6%**, with forecasts pointing to an **acceleration to 16.5%** between 2025 and 2027. Profitability also improved significantly, with **Adjusted EBITDA rising to €361M** in 2024, up 32% from €273M in the previous year. The EBITDA margin increased from 12.9% to 14.6% and is expected to exceed 16% in 2025, supported by management's investments to **double subsea cable capacity** and **triple land-based high-voltage capacity**.

Transmission accounts for the majority of Prysmian's **€17B backlog**, with high-voltage factories booked solid for the next 5–6 years. This high backlog provides **strong revenue visibility**, supports long-term planning, and enables the company to **optimize capacity utilization** across its global operations.

Key Competitive Advantages

Prysmian sets itself apart through decades of **accumulated know-how** and a **specialized installation process**. The company has proven the ability to execute complex projects in the most challenging environments, including **record-breaking installations at depths beyond 2,000 meters**: an achievement few in the industry can match.

This operational excellence is underpinned by **ongoing investment** in **proprietary technologies** and specialized assets. The company continues to expand its testing and manufacturing capabilities through projects like the new **€30 million high-voltage laboratory** in Quattordio. These advancements are complemented by Prysmian's **world-class fleet** of **cable-laying vessels**, which include the largest and most advanced cable ships in the world.

Da Vinci
The largest cable ship in the world

Monna Lisa
The most advanced cable ship in the world

Prysmian is also well known for its **strong customer retention**, driven by consistent quality, on-time delivery, and long-term value alignment. Clients such as EWA, Terna, TenneT, AP&T, Openreach, and REE **repeatedly return** thanks to the company's reliable execution and responsive service. Prysmian takes a **highly proactive approach**, often **sending technicians on-site immediately** to resolve even minor issues. This mindset of speed and availability has become **central to its reputation**.

Opportunities

Prysmian has concentrated 80% of its Transmission operations in Europe due to the region's **unified regulatory environment**, **strong demand** for **cross-border interconnectors**, and large-scale offshore wind investments. Unlike the fragmented and subcontractor-driven model in the U.S., Europe enables Prysmian to operate as a **turnkey provider**, allowing the company to capture **higher margins** and fully leverage its technological leadership in high-voltage and submarine cable systems.

EU member states are strongly positioned to lead in transmission investment, supported by both national recovery plans and coordinated EU policy. The European Union has set a **binding target** for all member states to achieve **at least 15% electricity interconnection capacity** by 2030, a goal that will require the rollout of numerous cross-border projects. To support this, the EU has launched funding and regulatory mechanisms such as the Connecting Europe Facility (CEF) and REPowerEU, while countries like Italy and Germany have also **mobilized post-Covid recovery funds** to strengthen their power networks.

Prysmian is already a **direct beneficiary** of this policy and funding tailwind. In July 2024, it secured **€450M** in financing from the **European Investment Bank** (EIB), part of the broader €45B REPowerEU initiative, to expand production of extra-high-voltage submarine and land cables. This will allow the company to **double capacity** from ~2,000 km/year to over 4,000 km/year, supporting Europe's accelerating green transition. Prysmian is also **actively involved** in **flagship interconnection projects** such as Viking Link and NeuConnect, positioning it at the center of Europe's long-term transmission buildout.

Constraints and Solutions

While Europe's green transition has benefited Prysmian, it has also created several challenges. The Transmission segment faces increasing **regulatory complexity** in Europe, where environmental, manufacturing, and permitting requirements are some of the **most stringent globally**.

Submarine cable installations require **environmental impact assessments** and permits from multiple jurisdictions, especially when cables cross borders, leading to delays and higher project execution risks. **EU regulations** on **industrial emissions**, chemical usage (e.g., REACH compliance), and waste handling for byproducts like XLPE insulation further tighten the standards for cable manufacturing. These regulatory hurdles can **significantly affect project timelines** and **cost** structures.

In response, Prysmian has taken a **proactive approach** by **investing** in **greener technologies** and **adapting** its **operations** to stay ahead of compliance standards. For example, it developed **P-Laser cable technology**, which uses **recyclable thermoplastic insulation** and avoids certain chemical reactions, allowing the company to meet and **exceed evolving EU environmental regulations**. This not only ensures compliance but also positions Prysmian as a **leader in sustainable cable solutions.** Additionally, the company has learned from challenges in markets like the U.S., where administrative barriers and lengthy permitting processes forced Prysmian to abandon a planned $200M submarine cable factory in Massachusetts in 2025. These experiences have reinforced its strategy to focus on markets with clearer regulatory frameworks, while simultaneously innovating to **minimize its environmental** and **operational footprint**.

DIGITAL SOLUTIONS

Prysmian provides a broad range of products within its Digital Solutions segment, such as optical fiber cables, **telecom systems**, and network cabling. By integrating innovations like PRY-CAM for **real-time diagnostics** and leveraging **vertically integrated manufacturing**, Prysmian addresses the growing demand for fast, reliable data processing.

Financial Performance

Despite accounting for roughly 7% of Prysmian's revenues, Digital Solutions is one of the subsegments with the **highest EBITDA margins** and has had a Net Income margin of at least 5% over the last five years. Between **2020-2022**, Prysmian's Digital Solutions segment experienced a period of **strong growth** and **exceptional profitability**. Revenues increased steadily from €1,371M in 2020 to €1,873M in 2022, supported by an organic sales boost of €173M in 2022 alone, mainly from progress in the fiber optic business in North America. **Profitability also remained consistently high**, with Adjusted EBITDA rising from €214M in 2020 to €271M in 2022, and margins staying in the 13.9%–15.6% range, reflecting both pricing strength and effective cost pass-through amid raw material fluctuations.

This strong performance was followed by a **sharp correction in 2023**, as the segment faced **significant destocking in the U.S.**, leading to a drop in revenues to €1,489M and a decline in Adjusted EBITDA to €140M, with margins falling to 9.4%. However, the **rebound began in 2024**: despite revenues decreasing further to €1,306M, profitability improved markedly, with Adjusted **EBITDA climbing back to €161M** and the **margin recovering to 12.4%**, indicating a more favorable sales mix and a return to stronger operating leverage as demand is already picking up.

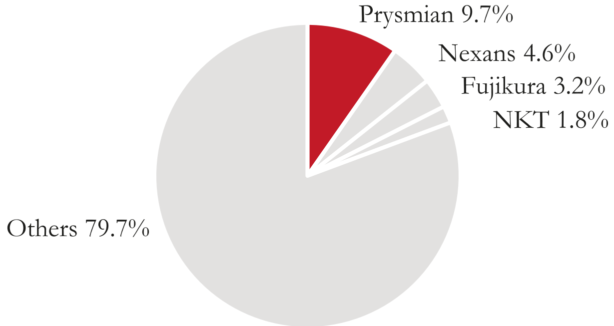
Drivers for Growth

Hyperscale data centers are a key driver of demand for Prysmian's Digital Solutions segment, as the rapid expansion of digital infrastructure requires ultra-reliable, high-speed connectivity. These facilities are growing globally to meet the **surging demand** for **cloud computing**, AI, and real-time data processing, which depend on dense, high-performance networks. The U.S. alone hosts around 55% of these centers, and each data facility valued at over $1 billion **consumes as much energy as a city of 150,000 people**. Therefore, Prysmian **benefits in two distinct ways**: its **Digital Solutions** unit supports the need for advanced fiber optic cables that enable fast and secure data transmission, while its **Electrification** (I&C) segment supplies the high-voltage power cables required to meet these enormous energy needs.

Another notable factor is Prysmian's recent **acquisition of Channell**, a major U.S. connectivity player. This move expands its capabilities from traditional cabling into **integrated digital connectivity systems**, significantly strengthening its Digital Solutions segment. This marks Prysmian's first major acquisition in the segment's space and represents a strategic move toward becoming a **comprehensive solutions provider**. Channell brings with it a broad product portfolio, strong technical expertise, and **an established commercial footprint in North America**, especially in the high-growth fibre-to-the-home and fibre-to-the-X markets. Its innovative connectivity solutions complement Prysmian's existing fiber optic offerings and enhance its ability to deliver end-to-end digital infrastructure. As a result, the acquisition is **expected to accelerate growth** in the Digital Solutions segment through synergies in product development, innovation, and market access.

COMPETITIVE OVERVIEW

The global wire and cable industry is estimated to be worth **€199B** in 2025 and is expected to grow at a **CAGR** of **5.44%** until 2030, when it is projected to reach approximately €259.37B. Focusing on the European landscape, notable competitors of Prysmian are **Nexans** with a market share of **4.6%**, and **NKT** at **1.8%**.



NKT

NKT is a Denmark-based power cable manufacturer specializing in **high** and **medium-voltage cable solutions**. The company operates with a more focused business model centered almost exclusively on high-voltage cable systems for renewable energy and interconnectors. In 2024, NKT delivered **strong results**, driven by **surging demand** for high-voltage systems supporting the energy transition. Revenue grew **26%**, with operational EBITDA reaching **record highs**. The Solutions segment, focused on high-voltage projects, accounted for roughly **58%** of revenue, followed by Applications (**32%**) and Service & Accessories (**10%**).

However, the company faces **challenges**. Large investments in production capacity and a new cable-laying vessel are increasing exposure to execution risk. **Volatile raw material prices** and **geopolitical uncertainty** pose threats to margins, which have led the company management to **lower** revenue **expectations** for **FY25**.

Nexans

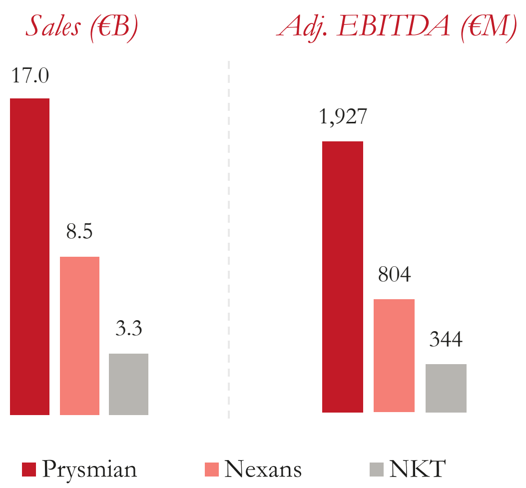
Nexans, headquartered in France, is one of the most prominent players in the global cable and wire industry and a **key competitor** to **Prysmian** in Europe. Over the past few years, Nexans has undergone a **significant strategic transformation**, shifting from a broad-based cable manufacturer to a more **narrowly focused company centered** on **electrification** and energy transition infrastructure. This includes a deliberate pivot toward high-voltage and submarine cable solutions for renewable energy projects, grid interconnectors, and power transmission networks.

While this repositioning has aligned the company with long-term structural trends, such as the growth of offshore wind and grid modernization, it has also come at the **expense of diversification**. Notably, Nexans has exited several non-core business lines and pulled back from the North American market, including **divestments in the US**, which has reduced its global exposure. As a result, Nexans is now significantly **more dependent** on **European energy** infrastructure demand and the timely execution of large-scale projects. Its performance is more sensitive to project timing, regulatory developments in Europe, and fluctuations in public and private investment in grid infrastructure. Compared to Prysmian's broader footprint and vast vertical integration, **Nexans**' focused strategy carries a **higher concentration risk**.

While this specialization may offer higher margins in certain segments, it also leaves Nexans **more exposed to regional slowdowns** and less insulated against cyclical downturns in specific verticals, presenting a material risk when viewed against more diversified peers like Prysmian.

KPI ANALYSIS

The European cable manufacturing sector is led by industry giants Prysmian, Nexans, and NKT, each **leveraging distinct strategies** to enhance operational efficiency, expand market share, and capitalize on the acceleration of electrification and digitalization trends. This analysis examines **key performance indicators** across their operations, emphasizing operational metrics, cost structures, and strategic positioning within the energy and telecom infrastructure sectors.



Source: Bloomberg Intelligence (2024)

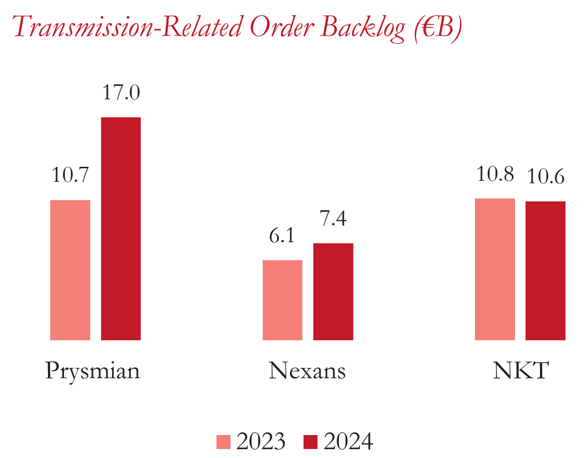
Prysmian stands out as the clear **leader in the European cable manufacturing sector**, significantly outpacing its closest competitors in both scale and profitability. In 2024, Prysmian delivered €17.0B in revenue, **double that of Nexans** and **more than five times that of NKT**. Its adjusted EBITDA reached €1.9B, translating into a **strong 11.3% margin**, well ahead of its competitors. As the world's largest cable producer, Prysmian benefits from a uniquely diversified portfolio that spans energy and telecom segments. Its technological leadership and **vertically integrated mode**, including internal fiber manufacturing and a dedicated fleet for cable installation, give it a structural edge in delivering complex, large-scale projects globally.

Backlog

At the end of Q4 2024, Prysmian reported a total backlog of approximately €17B, which is **five times higher than in 2020**, providing strong multi-year revenue visibility. As of March 2025, the backlog stands at €16B, with an additional **€3B in awarded contracts awaiting formal inclusion**, pending notice to proceed. A significant 90% of the backlog is with transmission system operators (TSOs), and 86% is located in EMEA.

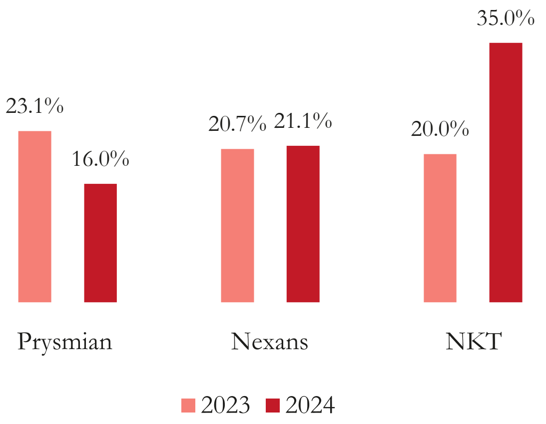
Prysmian's ability to secure long-term Transmission contracts has outpaced its main competitors. Between 2023 and 2024, the company increased its **backlog by 59%**, compared to a **21% rise for Nexans** and a **2% decline for NKT**. Prysmian's backlog now covers 6.9 years of revenue, up from 5.0 years in 2023, versus 5.6 years for Nexans and 8.1 years for NKT. At the end of 2024, Prysmian's backlog was 130% larger than Nexans' and 60% higher than NKT's.

This **backlog strength reinforces Prysmian's leadership position**. It also ensures a stable stream of future cash flows, enabling further investment and providing a cushion against potential downturns in demand.



Source: Bloomberg Intelligence (2024)

Return on Capital Employed



Source: Annual Reports of Prysmian, Nexans, and NKT

Prysmian's ROCE declined from 23.1% in 2023 to 16.0% in 2024. This drop is primarily due to its **substantial investment** in the **acquisition of Encore Wire**, which temporarily lowered returns as capital employed increased ahead of anticipated synergies. Nexans maintained a stable ROCE, slightly increasing from 20.7% to 21.1%, indicating consistent operational performance. **NKT reported a sharp increase in ROCE** from 20.0% in 2023 to 35.0% in 2024, reflecting improved profitability supported by higher project execution efficiency and stronger demand in the high-voltage cable segment.

Raw Materials Cost

Prysmian's raw material, consumables, and supply costs for FY 2024 totaled €10.8B, representing 62.8% of sales and roughly 73% of its total purchased value. Of these costs, 54% related to base metals like copper and aluminum, and 19% to other materials, including plastics, rubbers, and compounds. **Across the industry, raw materials typically account for 45–50% of the cost** of goods sold, depending on product mix and hedging. Prysmian's raw material expenses have shown notable year-to-year fluctuations due to price volatility, amounting to €9.7B in 2023 and €10.6B in 2022.

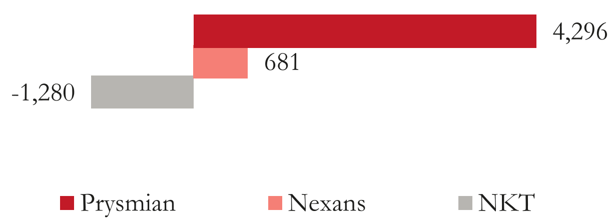
Leverage and Indebtedness

In 2024, Prysmian's financial structure underwent a significant shift, primarily due to its strategic acquisitions. The company's net debt surged to **€4.3B** from **€1.2B at the end of 2023**, mainly due to the €4.1B outlay for **acquiring Encore Wire** and **Warren & Brown**. This increase was partially offset by the €733M reduction following the conversion of a convertible bond in July, though it was somewhat counterbalanced by a **€328M share buyback** initiated in June and a €202M dividend payout in April.

Importantly, Prysmian continued to generate **strong cash flows**, delivering €1B in free cash flow over the year. As a result of these transactions, the company's **net debt-to-EBITDA** ratio rose to approximately **2.23x** for full-year 2024, with a reported **leverage ratio** of **1.61x**. Financial liabilities were composed of €5.2B in long-term obligations, of which €1.5B were **specifically tied to financing the Encore Wire deal**, and €261M in short-term liabilities.

While this marks a period of elevated leverage for Prysmian, the increase reflects a deliberate investment in long-term growth, with management signaling a clear commitment to deleveraging in the medium term as integration benefits materialize.

Net Debt (2024)



Source: Annual Reports of Prysmian, Nexans, and NKT

TAILWINDS

Trends Supporting the Industry's Growth

Energy Transition

The energy transition in the European Union is a powerful structural tailwind driving long-term demand for Prysmian's cable systems. To achieve **climate neutrality by 2050**, the EU has committed to **raising** the **share of renewable energy** to at least **42.5%** by 2030, supported by initiatives like the European Green Deal and REPowerEU. Reaching these goals **requires** a **massive rollout** of **offshore wind** and **solar infrastructure**, which relies heavily on specialized, high-performance cables. These cables must endure harsh environmental conditions, such as UV radiation, saltwater corrosion, and high desert temperatures, while maintaining efficient long-distance energy transmission. As a result, **demand** for such products is **rising sharply**, with the renewable energy cable market projected to surpass **$5B** by **2030**, and renewable applications already accounting for 8% of global wire and cable demand in 2024.

To integrate renewables and enhance cross-border interconnectivity, the EU must **invest €584B in electricity grids by 2030**. Prysmian is uniquely positioned to capture this growth, with over 80% of its Transmission operations based in Europe and **industry leadership** in **HVDC** and **submarine cable systems**. Its strategic exposure is further reinforced by a strong pipeline of large-scale projects, including the **€5B Amprion HVDC package** (2024-2029), **€1.9B Eastern Green Link 2**, **€1.71B Tyrrhenian Link**, €900M Clean Path New York, and the €630M Adriatic Link, all contributing to a record **€6.8B order backlog** in **2023**. These projects underline Prysmian's critical role as a turnkey provider in Europe's shift to a low-carbon energy system.

Smart Grid Infrastructure

The global shift toward **smart grid infrastructure** is creating strong demand for advanced cabling solutions, directly benefiting Prysmian. As aging power grids are upgraded with digital technologies to better match supply and demand in real time, the smart grid market is expected to grow from **$49.2B** in 2024 to **$203.9B** by 2032, at a **CAGR** of **19.45%**. This transition depends heavily on **specialized cables**, including superconducting, HTLS, self-healing, and hybrid types, designed to support real-time monitoring and high-efficiency transmission. Prysmian is well-positioned in this space and has increasingly started partnering directly to co-develop **project-specific solutions**. A notable example is the **€1B French Grid Upgrade** (2024-2028). These developments reinforce Prysmian's strategic role in enabling the rollout of digital energy networks across Europe.

AI-Driven Growth in Data Infrastructure

The rapid expansion of **AI** and **cloud computing** is fueling a global boom in **data center construction**, with the market expected to grow from **$268B** in **2025** to **$585B** by **2032**, at a **CAGR** of **11.7%**. This surge is especially strong in the **United States**, which hosts 40% of hyperscale data centers. As these facilities require ultra-fast, high-capacity fiber optic cables, the global data center cable market is projected to grow at a **9-12% CAGR** over the next decade. This structural demand directly benefits Prysmian, a global leader in **fiber optic** and **high-performance cabling**, which is increasingly supplying tailor-made solutions for data center developers. With strong capabilities in fiber systems and a growing footprint in markets like the U.S., Prysmian is well-positioned to capture long-term growth as cloud and AI infrastructure continues to scale.

RISKS AND HEADWINDS

Trends Hindering Growth

Trump Tariffs

In 2025, the cable industry was directly impacted by the **imposition** and subsequent escalation of **U.S. tariffs** on **steel**, **aluminium**, and derivative products under **Section 232** of the **Trade Expansion Act** of 1962. Such Act authorises the President to independently impose tariffs on imports which are deemed a threat to national security, without the need for Congressional approval. Using this authority, Trump initially set tariffs at **25%** in **March** and subsequently increased them sharply to **50%** in **June**, significantly intensifying **cost pressures** on the U.S. cable industry, which heavily relies on aluminium and steel-based products and packaging.

Geopolitical Risks

As a global supplier of energy and telecom cables, Prysmian remains exposed to geopolitical supply **chain disruptions**, particularly in the event that **conflict** escalations in the **Middle East** would threaten oil transit through the Strait of Hormuz or Bab el-Mandeb. Such developments could **tighten global logistics** and commodity markets, leading to **higher input costs** for key materials like copper and aluminium, as well as potential delays in infrastructure deployment. Investors may also factor in higher **execution risks** and longer **project delays**, reducing expected revenues and putting downward pressure on Prysmian's valuation. In the **medium term**, however, these risks could be partially offset by **increased investment** in energy security, grid reinforcement, and domestic **infrastructure resilience**. Still, short-term market sentiment would likely put **downward pressure** on the stock driven by concerns over cost inflation and project timelines.

US Demand Uncertainty

The temporary **freeze** of **IRA** and **IIJA funding** by the **Trump administration** disrupted over **$200B** in planned clean energy and infrastructure investments, affecting more than **300 utility-scale projects** across the U.S. Although a federal judge has since ordered the release of these funds, the episode has introduced **lasting uncertainty**. Utilities, which had planned to ramp up grid modernization and renewable integration, are now becoming more cautious. This is reflected in a **12% projected drop** in **utilities' capex** toward renewables by 2026. The administration's broader stance against clean energy, such as **halting offshore wind** auctions and proposing to **end solar tax credits** by 2027, further clouds the investment outlook and risks **slowing** progress on critical infrastructure upgrades upon which Prysmian would have capitalized.

Risk Mitigation

Prysmian has adopted a comprehensive risk mitigation strategy to counteract **margin pressures** from rising U.S. tariffs on steel and aluminium and potential cost inflation linked to Middle East instability. Key measures include **contract repricing** clauses in case of raw material price spikes, the use of **financial hedging** instruments to manage commodity volatility, and **local sourcing** to reduce supply chain risks and control costs.

While the temporary suspension of IRA and IIJA funding has caused delays in investment, Prysmian's **vertical integration** and recent **capacity expansions** strengthen its ability to ramp up production as demand rebounds. Additionally, **upfront downpayments** provide **protection** against **project cancellations**. Collectively, these initiatives shield Prysmian's near-term margins from external pressures.

VALUATION AND SENSITIVITY

Valuation Methodology

Introduction

The valuation of Prysmian yielded a **target price** of **€75.70**, implying a potential upside of **14.70%** over the current market level. The analysis was conducted through a combined approach, integrating a **Discounted Cash Flow model** and a relative valuation based on **trading multiples**, with **respective weights** of **75%** and **25%**.

Given Prysmian's **capital-intensive** nature and the **discrepancies** relative to the rest of the **industry**, the **DCF** methodology was preferred since it is particularly **suited** to capture the company's intrinsic value.

Cost of Equity

Prysmian's **Cost of Equity** has been estimated using Damodaran's **"λ-CAPM" approach**, which treats **country risk** as a **separate risk factor** and scales it by a **firm-specific exposure** (λ).

A **risk-free rate** of **2.59%** was used to smooth short-term volatility and capture long-term trends, mirroring the yield of the **10-year German Bund**. We then adopted Damodaran's January 2025 **mature Equity Risk Premium** of **4.33%**.

Italy's standalone **country premium** is **2.93%**, but Prysmian earns only **about 10%** of its **sales** in **Italy** versus the 80% domestic share of the average Italian firm. We therefore introduced a **scaling factor** (λ) equal to **15.88%**, meaning **Prysmian absorbs just around 16%** of the **full Italian CRP** (i.e., 15.88% * 2.93 % ≈ 0.47%).

To determine the **unlevered beta**, we selected a **peer group** of cable manufacturers worldwide. For all these firms, we extracted the **five-year weekly raw betas**, adjusted them using the **Blume Adjustment** (Rawβ * 2/3 + 1/3), then **unlevered** them using each company's net debt-to-equity ratio and tax rate. The **resulting average** was **1.14**, which we adopted as the measure of industry risk. This figure was then **re-levered** using Prysmian's own capital structure (D/E = 1.05x; tax rate = 24%), producing a **levered beta** of **2.05**.

Cost of Debt

To determine the cost of debt, we took the sum of the previously mentioned **risk-free rate** to the **credit spread**.

The **credit spread** (2.18%) is sourced from **Damodaran's data** for a **BBB– issuer**. The rating itself comes from Bloomberg's composite of Moody's (Baa3) and S&P (BBB–) assessments on Prysmian's **most recent bond issuances**: three tranches totaling €1 bn issued in April 2024 (3.625% due 31/03/31; 3.875% due 31/03/32; 5.250% due 30/04/34). This justifies the use of a ≈ **2% spread** over the German Bund, yielding a **4.8% cost of debt**.

WACC

Bund 10Y risk-free rate	2.59%
Levered beta	1.98
ERP Mature Market	4.33%
Lamda	15.88%
Italy's CRP	2.93%
Levered cost of equity	**11.62%**
Spread on debt	2.18%
Cost of debt	**4.8%**
Corporate tax rate	24.00%
D/(D+E)	51.31%
E/(D+E)	48.69%
WACC	**7.52%**

Assumptions

The valuation model relies on financial projections based on both **bottom-up** company analysis and **top-down** sector perspectives. **Revenue** forecasts were constructed by **segmenting** Prysmian's operations into the four core **business units** (Transmission, Power Grid, Electrification, and Digital Solutions), further broken down by **geographic area** (EMEA, North America, Latin America, and Asia-Pacific). For each sub-segment, **tailored CAGRs** were applied, considering sector-specific trends, infrastructure investments, and macroeconomic conditions. In areas where Prysmian is strategically positioned to **outperform the market,** such as Transmission in Europe, or Electrification in North America, **incremental growth adjustments** were added to reflect its competitive edge. Projections were **cross-checked**, where available, against the company's disclosed **backlog**, particularly in the high-voltage segment. On a consolidated level, revenues are projected to grow at a **CAGR** of **9.86%** over the forecast period. While **initial** projections are slightly **more conservative** than the analysts' consensus, **alignment** is expected **from 2027** onward due to planned capacity expansion.

Operating costs were estimated by business unit, using **historical patterns** and segment-specific **EBITDA margins**. These reflect ongoing **efficiency improvements** reported in Q1 2025. Notably, the Transmission segment's margin is forecasted to rise from 14.4% in 2024 to 16.7% in 2025, driven by scale and project execution.

Capital expenditures were projected using capex-to-revenue ratios, resulting in an average **annual investment** of approximately **€835M** in tangible assets, in line with Prysmian's long-term growth and industrial strategy.

Financing assumptions incorporate **management's** stated **objectives**, particularly regarding dividend policy and debt structure. **Dividend payouts** are projected to increase at a **CAGR** of **12%** through 2028, while the debt profile is expected to remain balanced in response to interest rate conditions.

A **constant growth rate** of **2.92%** is applied from **2029 onward**. This rate is derived from a **weighted average** of **global inflation**, based on the company's geographic revenue distribution.

DCF asset side (FCFO)	2021H	2022H	2023H	2024H	2025F	2026F	2027F	2028F	2029F	2030F+
EBIT	545	802	827	1,165	1,600	1,774	2,085	2,274	2,511	
Operational taxes	(190)	(250)	(235)	(277)	(380)	(421)	(495)	(540)	(596)	
NOPAT	355	552	592	888	1,220	1,353	1,590	1,734	1,914	1,970
CRR	1.36	0.61	0.03	5.33	0.47	0.18	0.25	0.25	0.25	0.15
FCFO	(128)	215	572	(3,847)	650	1,105	1,196	1,304	1,436	1,674
Discount factor (WACC)					0.93	0.87	0.80	0.75	0.70	
Present value of FCFO					604.83	956.27	962.19	975.76	999.78	
Terminal value									36,404.47	

PV of FCFO	**4,498.83**
PV of TV	**25,339.70**
Enterprise value	**29,838.54**
(Net debt)	(4,335.00)
+/- Surplus assets & non-operating liabilities	(1,429.00)
(Minorities)	(210.00)
Equity value	**23,864.54**
Number of shares (NOSH) (m)	296.36
Equity value per share (€)	**80.53**

Sensitivity Analysis

The sensitivity analysis examines the impact of **changes** in **WACC** and **perpetual growth** on price per share. The results indicate that the price per share is **inversely related** to **WACC** and **positively correlated** with **perpetual growth**. As WACC increases, the share price decreases, reflecting the **higher discount rate** applied to future cash flows. Conversely, higher perpetual growth assumptions result in a greater share price, as a **larger portion** of **future earnings** is capitalized into the present valuation. Particularly, at a **WACC** of **7.52%** and a perpetual **growth rate** of **2.92%**, the **base case price per share** stands at **€80.53**.

Price per Share sensitivity: WACC and perpetual growth

WACC \ Perpetual Growth	2.42%	2.67%	2.92%	3.17%	3.42%
PPS	2.42%	2.67%	2.92%	3.17%	3.42%
6.52%	€ 98.55	€ 103.90	€ 109.97	€ 116.95	€ 125.04
7.02%	€ 84.99	€ 88.98	€ 93.45	€ 98.49	€ 104.23
7.52%	€ 74.09	€ 77.15	€ 80.53	€ 84.29	€ 88.50
8.02%	€ 65.16	€ 67.54	€ 70.15	€ 73.02	€ 76.20
8.52%	€ 57.70	€ 59.59	€ 61.64	€ 63.88	€ 66.33

Multiples Valuation

To complement our DCF-based analysis, we conducted a relative valuation using **market multiples**, comparing Prysmian with a set of **global peers** operating in the electrical equipment, cable manufacturing, and energy infrastructure sectors.

The selected comparables include companies such as Nexans, NKT, Sumitomo Electric, and Cenergy Holding, all characterized by **similar capital intensity** and exposure to **large-scale infrastructure projects**.

We employed three widely used valuation metrics (EV/Sales, EV/EBITDA, and P/E), each capturing a **different aspect** of financial performance. For each multiple, we considered both **current** (actual) and **forward-looking** estimates for FY2025, in order to reflect not only the company's current market positioning but also investor expectations for future results.

The **EV/Sales multiple** evaluates a company's ability to generate revenue, regardless of its cost structure or profitability. On this metric, Prysmian trades at **1.3x actual**, slightly **below** the peer median of **1.5x**, and at **1.2x forward**, compared to a median of **1.4x**. This persistent discount suggests that, despite a solid backlog and strong market share, the market may apply a more **cautious view** on Prysmian's future revenue scalability, possibly due to the project-based nature of its business or macroeconomic uncertainty affecting investment cycles.

Company	EV / Sales Actual	EV / Sales Forward	EV / EBITDA Actual	EV / EBITDA Forward	P/E Actual	P/E Forward
Nexans	0.7x	0.8x	6.9x	7.0x	13.6x	14.1x
NKT	1.2x	1.2x	11.2x	11.0x	16.5x	18.2x
Sumitomo Electric	0.7x	0.7x	6.1x	6.6x	11.8x	13.2x
Fujikura	2.3x	2.2x	14.0x	13.5x	21.1x	21.7x
SFS Group AG	1.5x	1.4x	9.2x	8.8x	17.9x	16.1x
Cenergy Holding	1.4x	1.1x	8.8x	7.7x	16.3x	13.7x
TKH Group	1.3x	1.2x	8.5x	7.3x	13.3x	12.9x
Schneider Electric	3.7x	3.5x	17.2x	16.3x	29.5x	25.6x
ABB	3.2x	3.3x	17.5x	16.8x	24.0x	24.5x
Eaton Corporation	5.6x	5.6x	23.2x	23.4x	32.6x	30.0x
nVent Electric	4.6x	4.2x	18.8x	18.8x	31.6x	24.5x
Average	**2.4x**	**2.3x**	**12.8x**	**12.5x**	**20.7x**	**19.5x**
Median	**1.5x**	**1.4x**	**11.2x**	**11.0x**	**17.9x**	**18.2x**
Prysmian	**1.3x**	**1.2x**	**13.5x**	**10.1x**	**24.2x**	**15.8x**

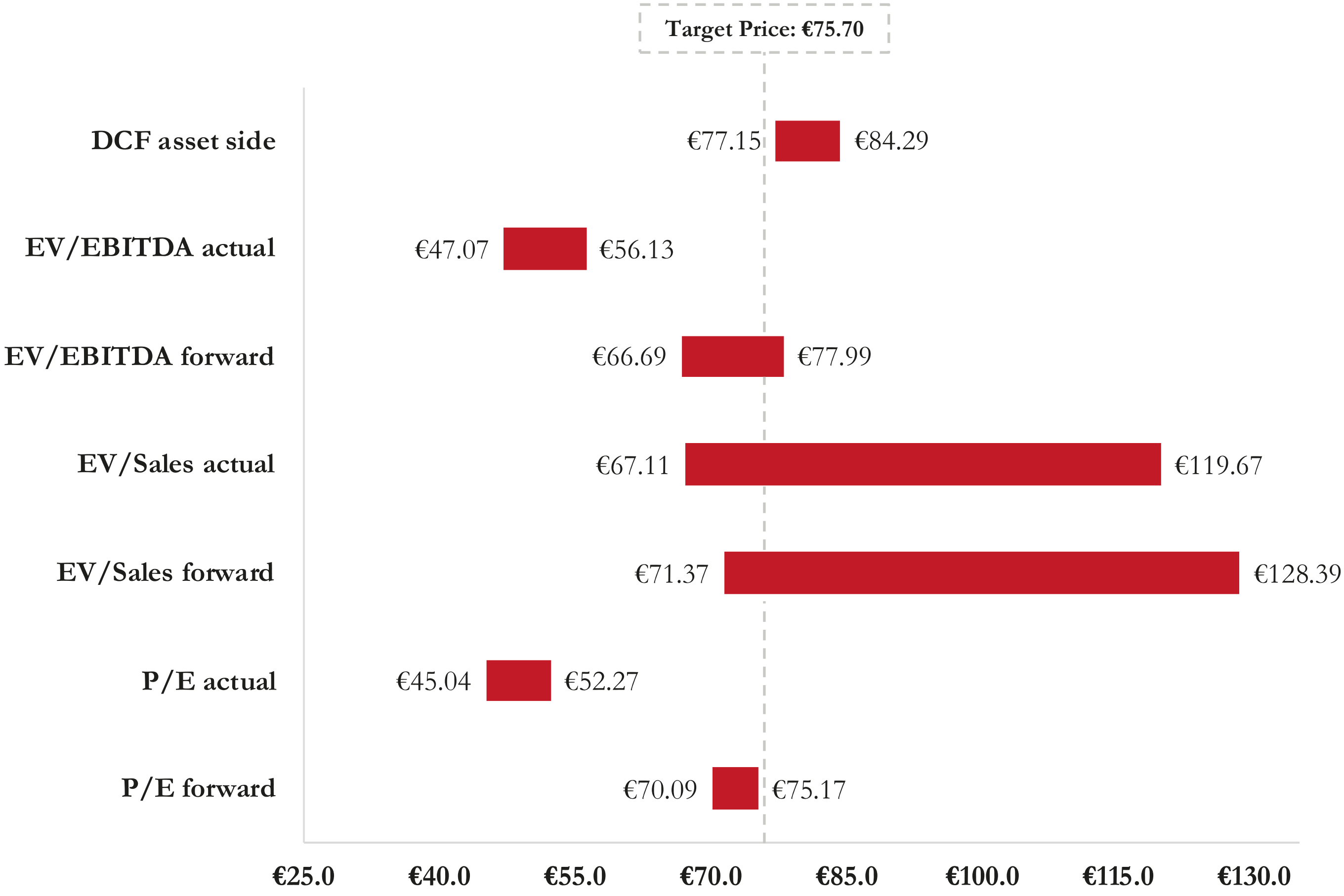
The **EV/EBITDA multiple** reflects company's **operating performance** adjusted for capital structure, offering a view of core profitability. On actual data, Prysmian trades at **13.5x**, significantly **above** the **peer median** of **11.2x**. This may indicate that the market recognizes the **quality** and **stability** of **Prysmian's EBITDA**, supported by strong execution, and attractive exposure to high-margin submarine transmission contracts.

The **P/E multiple** captures how the market values net income, factoring in both operational performance and capital structure. Prysmian trades at **24.2x actual**, well **above** the peer **median** of **17.9x**, potentially reflecting confidence in the durability of earnings, strong growth prospects, capital discipline, and the company's leading positioning in strategic markets.

However, the **forward** P/E **drops** to **15.8x**, **below** the median of **18.2x**, suggesting a more conservative stance on earnings growth or normalization effects over the medium term.

Applying these peer multiples to Prysmian's actual and forecasted financials produces a very **wide range** of **target prices**, from **€45.04** to **€71.37** per share. Nevertheless, the **average** implied price of **€61.23** remains **above** the current **market price**, suggesting that Prysmian may be undervalued by the market. Given the variability of outcomes, we assigned a **lower weight** (25%) to the **multiples** approach in our blended valuation. The **DCF** model (75%) remains our **preferred** framework, as it better captures long-term fundamentals, contract visibility, and the company's strategic positioning in the global energy and digital transition.

Prysmian Valuation – Football Field



APPENDIX: HISTORICAL & FORECASTED FINANCIALS

Income Statement (EUR M)	2022H	2023H	2024H	2025F	2026F	2027F	2028F	2029F
Total Sales	**16,067**	**15,354**	**17,026**	**18,683**	**20,512**	**22,533**	**24,769**	**27,243**
COGS	(10,618)	(9,653)	(10,740)	(11,484)	(12,610)	(13,854)	(15,230)	(16,752)
Gross Profit	**5,449**	**5,701**	**6,286**	**7,198**	**7,902**	**8,679**	**9,539**	**10,491**
SG&A	(1,758)	(1,804)	(1,965)	(2,178)	(2,391)	(2,627)	(2,888)	(3,177)
Other Operating Costs	(2,486)	(2,496)	(2,647)	(2,780)	(3,052)	(3,353)	(3,686)	(4,055)
EBITDA	**1,205**	**1,401**	**1,674**	**2,241**	**2,458**	**2,699**	**2,965**	**3,260**
Margin	*7.5%*	*9.1%*	*9.8%*	*12.0%*	*12.0%*	*12.0%*	*12.0%*	*12.0%*
Depreciation	(291)	(282)	(363)	(441)	(484)	(409)	(481)	(533)
Impairment	(34)	(214)	(44)	(51)	(51)	(53)	(57)	(61)
Amortization	(78)	(78)	(102)	(148)	(150)	(151)	(153)	(155)
EBIT	**802**	**827**	**1,165**	**1,600**	**1,774**	**2,085**	**2,274**	**2,511**
Margin	*5.0%*	*5.4%*	*6.8%*	*8.6%*	*8.6%*	*9.3%*	*9.2%*	*9.2%*
Exceptional Items	47	33	41	36	36	36	36	36
Interest Expenses	(52)	(100)	(187)	(112)	(130)	(142)	(156)	(172)
Net Other Financial Expenses	(58)	4	(38)	(23)	(1)	30	73	132
Other Financial Gains	1,006	997	811	977	1,177	1,417	1,707	2,056
Other Financial Losses	(1,064)	(993)	(849)	(1,000)	(1,178)	(1,387)	(1,634)	(1,924)
EBT	**739**	**764**	**981**	**1,500**	**1,679**	**2,009**	**2,226**	**2,507**
Margin	*4.6%*	*5.0%*	*5.8%*	*8.0%*	*8.2%*	*8.9%*	*9.0%*	*9.2%*
Income Tax Expense	(230)	(217)	(233)	(356)	(399)	(477)	(529)	(595)
Net Profit	**509**	**547**	**748**	**1,144**	**1,280**	**1,532**	**1,698**	**1,911**
Margin	*3.2%*	*3.6%*	*4.4%*	*6.1%*	*6.2%*	*6.8%*	*6.9%*	*7.0%*
Minorities	(5)	(18)	(19)	(16)	(17)	(19)	(20)	(22)
Net Profit attributable to owners	**504**	**529**	**729**	**1,128**	**1,263**	**1,513**	**1,678**	**1,890**
Margin	*3.1%*	*3.4%*	*4.3%*	*6.0%*	*6.2%*	*6.7%*	*6.8%*	*6.9%*
Dividend Distribution	(148)	(165)	(202)	(226)	(253)	(284)	(318)	(356)
Retained Portion	356	364	527	902	1,009	1,229	1,360	1,534

APPENDIX: HISTORICAL & FORECASTED FINANCIALS

Balance Sheet (EUR M)	2022H	2023H	2024H	2025F	2026F	2027F	2028F	2029F
Inventories	2,241	2,264	2,858	2,730	2,997	3,293	3,620	3,982
Trade Receivables	1,942	1,987	2,433	2,530	2,778	3,052	3,355	3,690
Other Receivables	1,012	1,090	1,236	1,210	1,329	1,460	1,605	1,765
Trade Payables	(2,718)	(2,199)	(2,462)	(3,185)	(3,497)	(3,842)	(4,224)	(4,646)
Other Payables	(1,694)	(2,469)	(3,066)	(2,058)	(2,260)	(2,483)	(2,730)	(3,003)
Income Taxes Accrued/Payable	(133)	(64)	(116)	(156)	(175)	(209)	(232)	(261)
Derivative Assets	206	121	170	179	197	216	237	261
Derivative Liabilities	(133)	(104)	(88)	(109)	(120)	(132)	(145)	(160)
Net Working Capital	**723**	**626**	**965**	**1,140**	**1,248**	**1,354**	**1,486**	**1,628**
Land	304	306	444	447	450	453	456	459
Buildings	815	819	1,302	1,366	1,421	1,475	1,533	1,597
Plant and Machinery	1,203	1,174	1,286	1,530	1,744	1,951	2,165	2,394
Equipment	56	44	394	377	353	326	297	266
Other assets	127	198	239	197	144	203	230	250
Assets under construction and advances	515	860	1,256	1,206	1,240	1,320	1,430	1,562
Goodwill	1,691	1,660	3,499	1,293	1,168	1,041	913	784
Other Intangible Assets	473	411	1,416	3,782	3,782	3,782	3,782	3,782
Financial Assets	399	228	260	293	329	368	411	459
Net Fixed Assets	**5,583**	**5,700**	**10,096**	**10,490**	**10,630**	**10,919**	**11,216**	**11,552**
Core Capital Employed	**6,306**	**6,326**	**11,061**	**11,631**	**11,878**	**12,272**	**12,702**	**13,180**
Assets Held For Sale (Net of Liabilities)	0	9	1	6	6	6	6	6
Long-term Deferred Tax (Net)	16	77	(251)	73	80	88	97	107
Other Non-current Liabilities	(28)	(53)	(36)	28	31	34	37	41
Provisions	(696)	(811)	(833)	(833)	(833)	(833)	(833)	(833)
Pension/Postretirement Liabilities	(329)	(333)	(310)	(464)	(467)	(470)	(473)	(476)
Surplus Assets & Non-Operating Liabiliti	**(1,037)**	**(1,111)**	**(1,429)**	**(1,189)**	**(1,183)**	**(1,175)**	**(1,166)**	**(1,155)**
Total Capital Employed	**5,269**	**5,215**	**9,632**	**10,441**	**10,695**	**11,098**	**11,536**	**12,025**
Short-term Debt	323	608	257	420	461	506	557	612
Long-term Debt	2,744	2,488	5,158	3,619	3,974	4,365	4,798	5,278
Cash and Equivalents	(1,285)	(1,741)	(1,033)	219	(966)	(2,268)	(3,712)	(5,335)
Other Financial Assets	(284)	(112)	(47)	(47)	(47)	(47)	(47)	(47)
Net Financial Position	**1,498**	**1,243**	**4,335**	**4,211**	**3,421**	**2,557**	**1,596**	**507**
Net Income/Loss (Stockholders Equity)	504	529	729	1,128	1,263	1,513	1,678	1,890
Other Reserves	3,054	3,224	4,328	4,847	5,739	6,736	7,952	9,295
Common Stock & APIC	27	28	30	29	29	29	29	29
Minority/Non Controlling Interest (Stockhol	186	191	210	226	243	262	282	304
Total Equity	**3,771**	**3,972**	**5,297**	**6,230**	**7,274**	**8,541**	**9,941**	**11,517**

APPENDIX: HISTORICAL & FORECASTED FINANCIALS

Cash Flow Statement (EUR M)	2022H	2023H	2024H	2025F	2026F	2027F	2028F	2029F
EBIT	802	827	1,165	1,600	1,774	2,085	2,274	2,511
Operational Taxes	(250)	(235)	(277)	(380)	(421)	(495)	(540)	(596)
NOPAT	**552**	**592**	**888**	**1,220**	**1,353**	**1,590**	**1,734**	**1,914**
Depreciation	291	282	363	441	484	409	481	533
Amortization	78	78	102	148	150	151	153	155
Impairment	34	214	44	51	51	53	57	61
Gross Cash Flow	**955**	**1,166**	**1,397**	**1,861**	**2,037**	**2,203**	**2,425**	**2,663**
Tangible CAPEX	(551)	(877)	(1,927)	(695)	(763)	(838)	(920)	(1,012)
Intangible CAPEX	(105)	15	(2,946)	(308)	(25)	(25)	(25)	(25)
Financial Assets	(26)	171	(32)	(33)	(36)	(39)	(43)	(48)
Change in Working Capital	(58)	97	(339)	(175)	(108)	(105)	(132)	(142)
FCFO	**215**	**572**	**(3,847)**	**650**	**1,105**	**1,196**	**1,304**	**1,436**
Tax shields	20	18	44	24	23	18	11	1
Exceptional Items	47	33	41	36	36	36	36	36
Other Financial Gains	1,006	997	811	977	1,177	1,417	1,707	2,056
Other Financial Losses	(1,116)	(1,093)	(1,036)	(1,112)	(1,307)	(1,529)	(1,790)	(2,096)
Change in gross debt	(662)	29	2,319	(1,376)	395	437	483	535
Change in surplus assets	(74)	74	318	(240)	(7)	(8)	(9)	(10)
FCFE	**(564)**	**630**	**(1,350)**	**(1,041)**	**1,422**	**1,567**	**1,742**	**1,958**
Dividends	(148)	(165)	(202)	(226)	(253)	(284)	(318)	(356)
Change in Minorities	12	5	19	16	17	19	20	22
Other Change in Equity	309	(186)	760	(1)	(0)	0	(0)	(0)
Net Change in Cash	**(391)**	**284**	**(773)**	**(1,252)**	**1,185**	**1,301**	**1,444**	**1,623**

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