# PRYSMIAN S.P.A.

## COMPANY REPORT

*ELECTRIC AND OPTIC CABLES INDUSTRY*

21 MAY 2025

ALESSANDRO ROMEI & TOMÁS DE CASTRO

57831@novasbe.pt
58292@novasbe.pt

## Tangled or Thriving?

*Unravelling Growth, Risks, and Opportunities*

- Given our target price of **€76.12** for the ed of FY25, we intend to issue a **BUY** recommendation for Prysmian's common stock. Given the current stock price of €56.04 we expect a total return of 35.8%.
- The primary catalysts for Prysmian's growth are in the increasing investment in the electrification segment, given the current backlog of orders won, required to achieve net zero by 2050, and the increasing demand for fiber optic cables required in data center and civilian uses.
- Transmission segment is the main driver for Prysmian growth. In 2024, it accounted for 15% of total revenues, had a record submarine power cable backlog of €12.1 billion and a HVDC order backlog of approximately €4.5 billion. Their EBITDA margin was 14.5% a YoY organic growth of 17%
- Power grid had a notable progress in margins. EBITDA margin have increase from 5.4% in 2022. 11.5% in 2023 and 13.3% in 2024. Global grid length is expected to double from 80 million to 160 million kilometers by 2050.
- Digital solutions have a smaller share of total revenue, however, are characterized by EBITDA margin of 14%. The recent Channell will improve their offering to data center, sector that is expected to exceed $250 billion by 2030.

### Company description

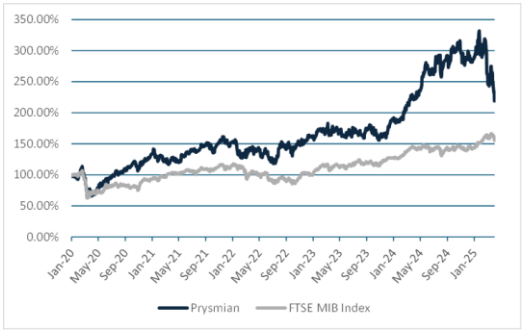
Prysmian S.p.A. is a global leader in the energy and telecom cable system industry, specializing in the design, manufacture, and supply of cables for power transmission and telecommunications Headquartered in Italy, the company operates in over 50 countries and serves the utilities, renewable energy, infrastructure, and industrial markets.

| **Recommendation:** | **BUY** |
|---|---|
| **Price Target FY25:** | **76.12 €** |
| *Potential Upside/Downside* | *+35.8%* |
| **Price (as of 21-May-25)** | **56.04 €** |

Refinitiv: PRY.MI, Bloomberg: PRY:IM

| | |
|---|---|
| 52-week range (€) | 38.57-72.76 |
| Market Cap (€b) | 16,24 |
| Outstanding Shares (m) | 286.91 |
| Free Float (%) | 98.79 |
| Return on Equity TTM (%) | 16.44 |
| Current BVPS (€) | 17.37 |

Source: Bloomberg, Refinitiv & Annual Report




Source: Refinitiv

| (Values in € millions) | 2024 | 2025F | 2026F |
|---|---|---|---|
| Revenues | 17,026 | 19,490 | 21,928 |
| EBITDA | 1,754 | 2,160 | 2,430 |
| Net Profit | 748 | 827 | 1,053 |
| EBITDA margin | 10.3% | 11.1% | 11.1% |
| ROIC | 16.2% | 17.9% | 18.9% |

Source: Annual Report & Analyst Estimates

**COMPANY OVERVIEW ..... 2**

COMPANY BACKGROUND ..... 3
BUSINESS SEGMENTS ..... 4
OWNERSHIP STRUCTURE ..... 5
STOCK PERFORMANCE ..... 7
ESG COMMITMENTS ..... 7
KEY RISKS ..... 8
MERGERS AND ACQUISITIONS ..... 9

**SECTOR ANALYSIS: ELECTRIFICATION ..... 12**

SECTOR OVERVIEW ..... 12
SECTOR TAILWINDS AND HEADWINDS ..... 13
COMPETITIVE DYNAMICS ..... 14

**SECTOR ANALYSIS: POWER GRID ..... 15**

SECTOR OVERVIEW ..... 15
SECTOR TAILWINDS AND HEADWINDS ..... 16
COMPETITIVE DYNAMICS ..... 16

**SECTOR ANALYSIS: TRANSMISSION ..... 17**

SECTOR OVERVIEW ..... 17
SECTOR TAILWINDS AND HEADWINDS ..... 18
COMPETITIVE DYNAMICS ..... 18

**SECTOR ANALYSIS: DIGITAL SOLUTIONS ..... 19**

SECTOR OVERVIEW ..... 19
SECTOR TAILWINDS AND HEADWINDS ..... 20
COMPETITIVE DYNAMICS ..... 21

**FINANCIAL ANALYSIS ..... 22**

REVENUE ANALYSIS ..... 22
COST STRUCTURE ..... 24
BALANCE SHEET ..... 24
CASH FLOW ANALYSIS ..... 25
CAPITAL STRUCTURE ..... 25

**VALUATION ..... 26**

DISCOUNTED CASH FLOW (DCF) VALUATION ..... 26
ALTERNATIVE VALUATION METHODS ..... 28
COMPARABLE COMPANY VALUATION ..... 29
CONCLUSIONS ..... 29
MONTE CARLO SIMULATION ..... 29

**APPENDIX ..... 31**

FINACIAL STATEMENTS ..... 33
BIBLIOGRAPHY ..... 35

**DISCLOSURES AND DISCLAIMERS ..... 37**

# Company Overview

## Company Background

*Figure 1: Prysmian Logo; Source: Prysmian Website*

Prysmian Group S.p.A., headquartered in Milan, Italy, is the world's largest manufacturer of energy and telecommunication cables, with operations in over 50 countries and a workforce exceeding 30,000 employees. The company plays a critical role in supporting global megatrends, notably the energy transition, electrification, and digital infrastructure development. Prysmian operates through four main segments: Electrification, Power Grid Transmission, and Digital Solutions[1].


*Figure 2: Prysmian Global Presence; Source: Prysmian's Website, Global Presence*

The group benefits from vertical integration across its production chain that enhances cost efficiency, quality control, and responsiveness to demand shifts. Its strategic edge is reinforced by R&D investment €122 million in 2023 alone, and technological leadership in areas such as high-voltage direct current (HVDC) systems, optical fiber innovation, and smart cable monitoring solutions.

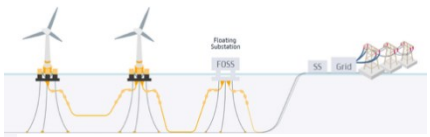



*Figure 3: Offshore wind farms system; Source: Prysmian's 06/03/2025 Press Release*

Prysmian's industry positioning has been strengthened by transformative acquisitions. The purchase of Draka Holding N.V. in 2011 for €840 million enhanced its market share in fiber optics and expanded its presence in Northern and Eastern Europe[2]. In 2018, it acquired U.S.-based General Cable, positioning Prysmian as global leader in cable manufacturing, with a strong presence across North and South America[3].

*Figure 4: Arco Felice Submarine Cable Plant; Source: Prysmian Website, Submarine Cable Manufacturing centers*

Strategically, Prysmian is focused on high-growth areas such as submarine cables for offshore wind farms and interconnector projects, as well as broadband infrastructure for 5G and fiber-to-the-home (FTTH) networks. Recent capital expenditures include the expansion of its submarine cable plant in Arco Felice, Italy, and new investments in the U.S. and Germany to meet the increasing demand for HVDC systems. The company's growth is aligned with the European

[1] Prysmian Group, "Prysmian Group Company Profile," 2024, https://www.prysmian.com/sites/default/files/Prysmian-Group-Overview-Brochure.pdf.
[2] Financial Times, "Prysmian Buys Dutch Rival Draka," 2011, https://www.ft.com/content/3509fb95-3744-43fa-90a8-b4a133fb4719.
[3] "Prysmian Completes Acquisition of General Cable | Prysmian," accessed March 30, 2025, https://www.prysmian.com/en/press-release/prysmian-completes-acquisition-of-general-cable.

Union's Green Deal and U.S. infrastructure programs, focused renewable energy and digital connectivity[4].

# Business Segments

Prysmian's four business segments are presented below in **descending order of Adjusted EBITDA contribution**, along with their revenue and profitability metrics. Figure 5 illustrates the Adjusted EBITDA margins across the four segments[5].

| | Adjusted EBITDA | | Revenue |
|---|---|---|---|
| (in million euros) | FY 2024 | Margin FY 2024 | FY 2024 |
| Transmission | 361 | 14.60% | 2,481 |
| Power Grid | 474 | 13.40% | 3,544 |
| Electrification | 931 | 9.60% | 9,695 |
| └ Industrial & Cor | 620 | 10.10% | 6,151 |
| └ Specialties | 310 | 10.20% | 3,052 |
| Digital Solutions | 161 | 12.40% | 1,306 |
| **Total Group** | **1,927** | **11.30%** | **17,026** |

*Figure 5: Adjusted EBITDA, margins and revenue by segment; Source: Prysmian FY 2024 Integrated Results*

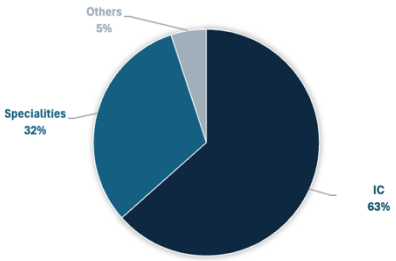



*Figure 6: Electrification segment breakdown; Source: Prysmian Annual Report 2024*

## Electrification Segment (56.9% of revenues; 48.3% of Adjusted EBIDTA)

The **Electrification segment** is the largest contributor in both revenue and earnings. It serves a broad portfolio of clients across industrial and construction (I&C), specialties and other subsegments. The IC generates the largest portion of revenue, the specialties sub segment includes oil and gas, automotive, and renewable-oriented OEMs. The **segment contributes the transition from fossil fuel-based systems to electricity-driven solutions**, such as replacing gas heating with heat pumps.

Clients primarily include utilities, grid operators, construction firms, automotive manufacturers, and OEMs. The geographical revenue distribution for this segment is EMEA (54%), North America (31%), APAC (10%), and LATAM (5%).

## Power Grid Segment (20.8% of revenues; 24.6% of Adjusted EBIDTA)

The **Power Grid segment** focuses on the modernization and expansion of electrical grid infrastructure, including high-voltage alternating current (HVAC), medium- and low-voltage lines essential for electricity distribution to households and commercial users.

[4] "The European Green Deal - European Commission," July 14, 2021, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en; "INFLATION REDUCTION ACT OF 2022 | Department of Energy," accessed May 20, 2025, https://www.energy.gov/lpo/inflation-reduction-act-2022.

[5] Prysmian Group, "FY24 Results Presentation," 2024, https://www.prysmian.com/sites/www.prysmian.com/files/media/documents/PR_Prysmian_FY2024_Results_final_DEF.pdf.

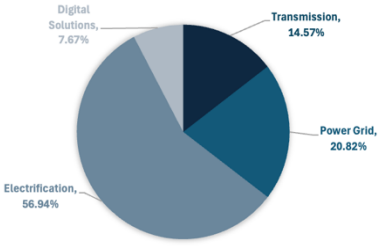



*Figure 7: Revenue distribution by segment, Source: Financial Report 2024*

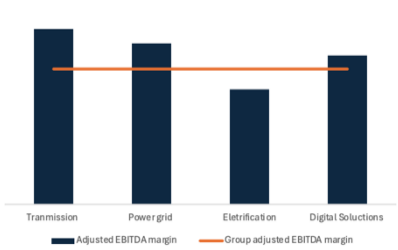



*Figure 8: Adjusted EBITDA margin in 2024; Source: Prysmian FY 2024 Integrated Results*

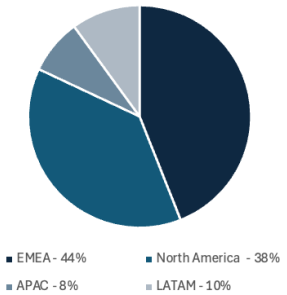



*Figure 9: Digital Solutions revenue, by geography in 2024; Source: Prysmian FY 2024 Integrated Result*

The Clientele includes utilities, grid operators, infrastructure developers, and public sector entities. The segment's revenue is regionally distributed as follows: North America (48%), EMEA (40%), LATAM (7%), and APAC (5%).

The company's EBITDA margins in this segment have expanded from 5.4% in 2022 to 11.5% in 2023 and 13.3% in 2024.

## Transmission Segment (14.6% of revenues; 18.3% of Adjusted EBIDTA)

The **Transmission segment** is the sector with the highest adjusted EBITDA margin of 14.6%, despite being the third largest portion of revenue. It includes high-voltage direct current (HVDC) systems, submarine cables, and network components designed for large-scale power transmission, particularly cross-border and offshore renewable energy integration.

Key clients consist of utilities, transmission system operators, governments, and renewable energy developers. The segment is highly concentrated in EMEA (80%), followed by North America (14%) and LATAM (6%), with no current exposure to APAC.

Transmission is positioned to be a key growth area with projects of €4.5 billion in HVDC contracts. The company's internal cable-laying fleet, currently composed of eight vessels. The segment has a 17% year-on-year organic growth in 2024, with an EBITDA margin of 14.6%.

## Digital Solutions Segment (7.7% of revenues; 8.4% of Adjusted EBIDTA)

**Digital Solutions** provides fiber optics, cable assemblies, and connectivity solutions. The main clients are telecom operators, internet service providers, data centers, and utilities supporting smart grid applications.

This segment has strategic importance to Prysmian as it is the only business unit serving the **media and communications sector**, distinguishing it from the company's energy-focused segments. This allows for **all-in-one solution** to clients. Geographical exposure includes EMEA (44%), North America (38%), LATAM (10%), and APAC (8%).

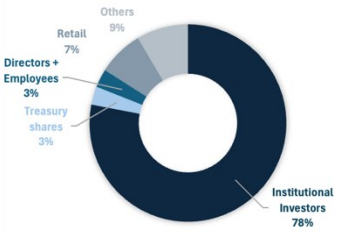
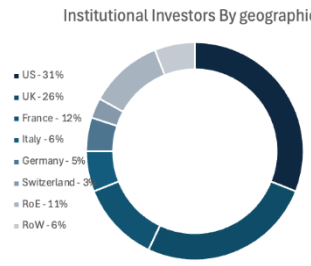



*Figure 10: Ownership Structure; Source: Prysmian website – Ownership Structure*




*Geographical area; Source: Prysmian website - Ownership Structure*

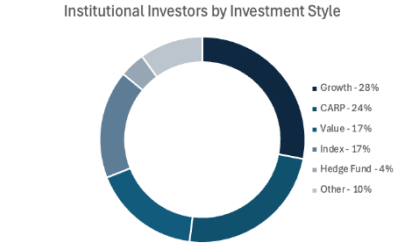



*Figure 12: Institutional Investor by Investment Style; Source: Prysmian Website - Ownership structure*

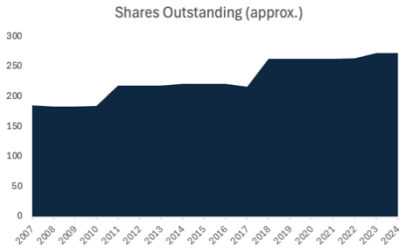



*Figure 13: Outstanding Shares 2007-2024; Source: Borsa Italiana*

# Ownership Structure

## Capital Dynamics

As of 2025, Prysmian S.p.A. exhibits a highly institutionalized shareholder base, with approximately **78% of its share capital held by institutional investors**. The largest individual stakeholders are BlackRock and Fidelity, holding 5.8% and 5.1% of the shares, respectively. Prysmian is included in global equity indices, including the FTSE MIB, where it held a 3.5% weighting as of February 2025; as well as the Stoxx Europe 600 Industrial and the Dow Jones Best-in-Class World Index, the latter specifically includes firms demonstrating leadership in ESG performance[6].

While institutional investors dominate, retail investors, treasury shares, and employee-held shares account for the remaining 22%. Employee ownership has grown steadily, with approximately **46% of eligible employees participating as of 2025**[7]. The company has set a target of 50% employee participation by 2027, aiming to align strategy with long-term incentive. It is noteworthy that **ESG-focused institutional investors now represent approximately 43%** of Prysmian's shareholder base. Another key factor is that Prysmian is listed in the MIB ESG index that tracks companies with strong ESG performance in Italy.

## Evolution of Share Capital and Share Count

Since the initial public offering (IPO) on the Millan Stock Exchange, Prysmian's share counts evolved in response to a combination of strategic acquisitions, capital market operations, and incentive schemes.

In 2011, the acquisition of Draka holding led to a capital increase, resulting in the issuance of 31.8 million new shares. This was followed in 2018 by another capital increase connected to the acquisition of General cable, which involved a share-based payment. Between 2021 and 2025, the conversion of convertible bonds, such as the one issued in 2021, contributed to a further rise in the share count, with approximately 18.6 million additional shares added to the market in 2024 alone[8].

[6] Prysmian Group, "Governance Overview (Ownership Structure)," 2024, https://www.prysmian.com/en/investors/shareholders-information/ownership-structure.
[7] Prysmian Group, "Annual Shareholders Meeting Press Release," 2025, https://www.prysmian.com/en/media/press-releases/annual-shareholders-meeting.
[8] CompaniesMarketCap, "Share Count & Market Cap," 2025, https://companiesmarketcap.com/eur/prysmian-group/shares-outstanding/.

To partially counterbalance this increase, the company has implemented ongoing share buyback programs, The most recent of these, completed in February 2025, involved the repurchase of 6.1 million shares at an average price of €61.46 per share, amounting to a total cost of €375 million. As a result, the current outstanding share count is 286.9 million[9].

| Year | Net Income (in million €) | Share Count ( in millions) | EPS |
|---|---|---|---|
| 2008 | 235 | 184 | 1.36 |
| 2009 | 228 | 184 | 1.34 |
| 2010 | 249 | 185 | 1.47 |
| 2011 | 169 | 219 | 0.93 |
| 2012 | 156 | 219 | 0.86 |
| 2013 | 153 | 219 | 0.83 |
| 2014 | 155 | 221 | 0.84 |
| 2015 | 150 | 221 | 0.8 |
| 2016 | 262 | 221 | 1.37 |
| 2017 | 237 | 217 | 1.16 |
| 2018 | 58 | 263 | 0.36 |
| 2019 | 296 | 263 | 1.09 |
| 2020 | 174 | 263 | 0.66 |
| 2021 | 310 | 263 | 1.26 |
| 2022 | 509 | 264 | 1.85 |
| 2023 | 547 | 272.8 | 1.9 |
| 2024 | 748 | 272.3 | 2.71 |

*Figure 14: Net Income (in million euros), Share count (in millions), EPS; Source: Prysmian Annual Report 2008 to 2024*

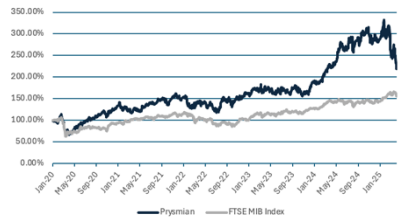



*Figure 15: Prysmian 5-years stock performance; Source: Bloomberg*

## EPS Growth vs. Share Dilution

While share count has risen due to capital increases and incentive-related issuances, Prysmian has demonstrated an ability to grow earnings at a faster rate than share dilution. Between 2018 and 2024, for example, net profit increased significantly due to successful integration of acquisitions and operational improvements. This outperformance is evidenced by a continuous rise in earnings per share (EPS), which has consistently outpaced the growth in shares outstanding, a trend that underlines value creation for long-term shareholders.

# Stock Performance

As of May 2025, Prysmian's market **capitalization was €16 billion**, with a current share price of €54.28. The stock performed strongly until January 2025, reaching an all-time high of €72. However, in February, it fell over 40%, largely driven by investor concerns related to US tariffs and trade tensions. The share price dropped more than 18% on the day tariffs were announced.

The Prysmian CEO, commented **"U.S. tariffs are likely to have a positive impact on local production."** This highlights that tariffs could shield foreign competition in the US market from foreign competitors. This suggests Prysmian is well positioned to navigate, and potentially benefit from, the current geopolitical climate[10].

[9] "UPDATE ON THE EXECUTION OF THE SHARE BUY-BACK PROGRAMME | Prysmian," accessed April 4, 2025, https://www.prysmian.com/en/media/press-releases/update-on-the-execution-of-the-share-buy-back-programme-end-of-the-programme-3-march-2025.

[10] "Dazi, Battaini (Prysmian): Nella Posizione Ideale per Consolidare Nostra Leadership Locale - Economia e Finanza - Repubblica.It," accessed May 20, 2025, https://finanza.repubblica.it/News/2025/04/03/dazi_battaini_prysmian_nella_posizione_ideale_per_consolidare_nostra_leadership_locale-81/.

# ESG Commitments

## Environmental Pillar

Prysmian has made significant progress in decarbonization, circular economy, and sustainable innovation, aiming for net zero emissions 15 years ahead the Paris Agreement schedule. The company has reduced Scope 1 and 2 missions by 37% as of 2024, compared to 2019. It is targeting reductions of 38-40% by 2025, 55-60% by 2030, and 90% by 2035. For scope 3 emissions, a 21% reduction in 2024, with targets set at 28% by 203 and 90% by 2050[11].

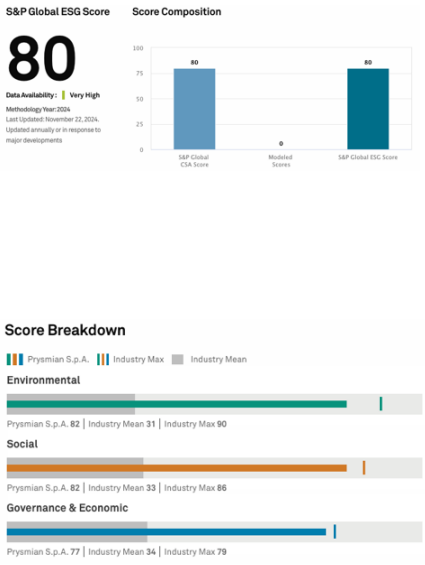



*Figure 16: Emissions reduction goals; Source: Prysmian Annual Report 2024*

## Social Pilar

Prysmian supports energy equity, digital inclusion, and workforce development. In 2023, it enabled 55 million households' renewable energy, with a target of reaching 110 million by 2025. It provided high-speed internet access to 9 million families, aiming for 15 million by 2025. In 204, 75% of employees received STEM training, and women held 32% of leadership positions. The company remains committed to closing gender pay gap and ensuring every employee receives more than 40 hours of training annually.

## Governance Pilar

Prysmian emphasizes transparency, ethical practices, and ESG-aligned leadership. It adopted the Taskforce on Nature-related Financial Disclosures guidelines and committed to a Net Gain in biodiversity by 2035. In 2024, it published 53 Environmental Product Declarations, with 40% of executive compensation linked to ESG performance indicators.

According to S&P500 ESG Score, Prysmian outperforms its peers with a score of 80 out of 100, far exceeding industry average in Environmental (82 vs. 41), Social (82 vs 33) and Governance & Economic (77 vs. 34). Additionally, the company has an elevated level of transparency, reflected in a 94% disclosure rate for required data and 99% for additional disclosures. These suggest that Prysmian not only adheres to industry best practices but also sets a benchmark for ESG leadership within the sector[12].

[11] Prysmian Group, "Sustainability Report," 2024, https://annualreport.prysmian.com/performance-esg-en/.
[12] S&P Global, "ESG Score: Prysmian," 2025, https://www.spglobal.com/esg/scores/results?cid=4310819.

# Key Risks

## Raw Material Price Volatility

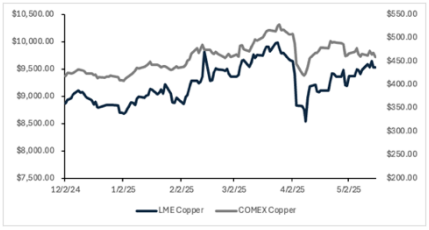



*Figure 17: Copper price LME Vs. COMEX; Source: Bloomberg*

Prysmian relies heavily on base metals, primarily copper and aluminum, whose prices has been highly volatile. In March, COMEX copper futures surged, while LME prices rose 31 to a record $5.37/lb, then dropped 2.2% to $9,893/ton due to U.S. tariffs. This price gap spurred traders to front-load shipments, causing regional shortages. Copper later plunged below $4.50/lb, as investor concerns shifted from supply to demand risks. Copper demand is projected to grow 2.6% CAGR in 2035, with China consuming over 50%. Prysmian secured long-term supply deals with partners Like Aurubis and Rio Tinto for copper and aluminum. Although substitution strategies exist, such as replacing coper with aluminum or "thrifting" designs to use less material, they remain limited. Copper's unique conductivity and high aluminum substitution ratios (3.5-3x) are alternatives[13].

## Foreign Exchange Volatility


*Figure 18: EUR/USD Spot Exchange rate; Source: Bloomberg*

Due to its global operations, Prysmian is **significantly exposed to foreign exchange risk**, particularly involving the euro and U.S. dollar. With 35% of the company's revenue is generated in North America, the recent euro appreciation has lowered the euro-cost of dollar-dominated inputs, supporting EBITDA margins despite reduced export competitiveness. The company uses **hedging strategies**, though these can't fully offset long-term or sudden currency movements, and their impact on earnings volatility[14].

## Tarif War: Impacts and Contingency

Geopolitical tension has reshaped trade dynamics. However, the recent Prysmian's acquisition of Encore's Texas facility reduces its exposure to import tariffs, shielding from import-related costs or finished goods. With 86% of its projected backlog coming from Europe and ongoing grid investments in North America and Asia, supports underlying demand. Its operational flexibility and favorable EUR/USD exchange rate position it to maintain margin stability, by importing raw materials.

[13] BHP, "Copper Market Analysis," 2024, https://www.bhp.com/news/bhp-insights/2024/09/how-copper-will-shape-our-future.

[14] Alun John, Chibuike Oguh, and Chibuike Oguh, "Dollar Hits 10-Year Low against Swiss Franc as Markets Digest Trade War Drama," *Reuters*, April 10, 2025, sec. Currencies, https://www.reuters.com/markets/currencies/safe-havens-rebound-sino-us-trade-war-anxiety-overshadows-tariff-u-turn-2025-04-10/.

# Mergers and Acquisitions

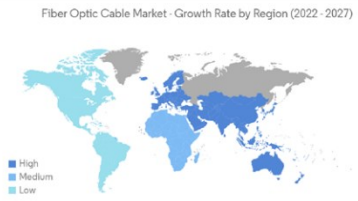



*Figure 19: Fiber Optic Cable Market - Growth Rate by Region (2022-2027); Source: Prysmian Website/ Insight*

Prysmian Group's M&A strategy is central to its goal of becoming a global leader in energy and telecommunication infrastructure, focusing on **market leadership, portfolio diversification, and technology development**. The company plans to invest 55-60% of the generated cash of €5 billion between 2025 and 2029, in M&A. targeting companies on high-voltage transmission, grid modernization, and digital infrastructure markets. The priority are firms with advanced R&D or technologies aligned with net-zero targets. Geographic expansion is also key, with North America and Asia-Pacific seen as strategic regions for accessing new customers and local expertise in energy transition.

As Prysmian operates in critical sectors to national infrastructure, compliance with policy frameworks such as EU's REPowerEU and the U.S. Inflation Reduction Act is essential for both organic and inorganic growth. In previous acquisitions, Prysmian achieved **90-05% of General Cable's deal synergies** by managing a smooth integration process.

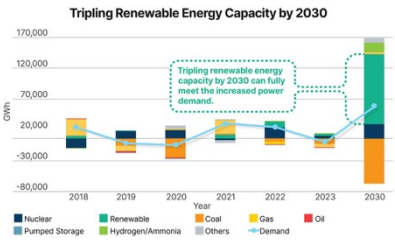



*Figure 20: 3x Renewable Energy Capacity; Source IEEFA*

As possible targets, we have the **Danish NKT**, specializing in HVDC cable systems and well positioned in the offshore wind and interconnection segments across the North Sea, with a market capitalization of €2.5 billion and a rising order intake form European transmission systems operators. In North America, **CommScope** focuses on telecommunications infrastructure. With 2024 revenues of $4.2 billion and a market capitalization of $727 million. However, the company is restructuring its debt and optimizing its portfolio. Its position in fiber broadband and 5G deployment makes it moderate relevant candidate. **LS Cable** in South Korea operates in high-voltage and submarine cable market. As Sk plans to raise renewables to 30% of total generation by 2026, it could reduce reliance on European transmission.

Mergers with direct competitors or even regional players could trigger **antitrust concerns**, potentially leading to divestitures or deal termination. National security interests may also pose barriers, especially in critical industries, such as energy infrastructure and digital communications.

*Figure 21: Prysmian's and Encore Wire's Logo; Source: Prysmian Website*

## Encore Wire Acquisition

To drive inorganic growth, Prysmian acquired Encore Wire in April 2024 for $290 a share, totaling approximately **$3.9 billion**. Encore Wire specializes in copper

electrical wire and power distribution. This deal was financed with €1.1 billion in new committed debt and €3.4 billion in existing debt facilities[15].

The acquisition was completed at an **EV/EBITDA multiple of 8.1x, or 6.3x multiple including run-rate synergies**. In 2023, Encore Wire reported an EBITDA of $517 million. Prysmian expects to generate **$140 million in synergies within 4 years**, largely due Encore exposure to the U.S. data center electrification. This was a strong complement to Prysmian's digital solutions portfolio.


*Figure 22: The Reel Payoff Premium, an Encore Wire Product; Source: Encore Wire, Products*

**Operational synergies** will result from consolidating overlapping functions and integration of Encore Wire's **unique**, **single-campus, vertically integrated production site** in Texas, a true sustainable competitive advantage. This will improve efficiency and reduce complexity. Additional savings will come from supply chain optimization, including the **elimination of third-party costs** via shared warehousing and a centralized U.S. **fast-delivery distribution center**, along with streamlined process integration.

*Figure 23: Encore Wire's single-campus site; Source: Encore Wire Website*

**Revenue synergies** are expected to form a broader product portfolio that integrated copper and aluminum wiring, creating **cross-selling opportunities** across both customer bases. Prysmian will gain from **deeper market penetration**, supported by Encore Wire's regional distribution network and reputation, as demand grows for grid modernization and renewable energy.

Based on Battani's comments on the deal, around €100 million of these synergies are to be completed by **40% of operational synergies** and **60% of commercial synergies within 2 years**. The remaining 40 million related to operational manufacturing will be achieved until 2028. Additionally, the acquisition strengthens Prysmian's alignment with U.S. government priorities potentially offering protection against revenue losses in 2025, amid trade wars.


*Figure 24: Prysmian and Channell Logo; Source: Prysmian Website*

## Channell Commercial Corporation Acquisition

This was the first major acquisition in their digital solutions segment, contributing to their fiber optic cables product line. This acquisition was completed at **$950 million, with an earn-out of an additional $200 million**, relying on hitting certain EBITDA targets for 2025 (targets not disclosed). The **EV/EBITDA multiple was**

[15] "Prysmian to Acquire Encore Wire for $290.00 per Share in Cash | Prysmian," accessed May 20, 2025, https://www.prysmian.com/en/media/press-releases/acquisition-of-encore-wire.

**8.0x** EBITDA 2024A and according to Reuters, this transaction will be completed with a use of **$1 billion of debt**[16].

Strategically, this acquisition enables Prysmian to leverage Channell's expertise in fiber optic cable management systems and its plastic and metal enclosures, while also **gaining access to a broad customer base that includes major telecommunication and broadband providers**.

*Figure 25: Channell's Mini-G terminal enclosure; Source: Lightwave*

This move represents another effort to expand their presence in the North American Market, that has a rapidly growing digital sector. This growth is being fueled by rising demand for AI-driven data centers and the increasing power requirements of advanced server infrastructure. For example, Nvidia's latest server rack, designed for AI and High-Performance Computing (HPC) tasks, consumes approximately 120 kWh per hour. Modern hyperscale data centers, like those operated by Amazon Web Services, Google, and Microsoft, often require more than 100 MW of power, with some of the largest facilities exceeding 200 MW. According to McKinsey estimates the expected capital spending on procurement of mechanical and electrical systems will likely be exceeding $250 billion by 2030[17].

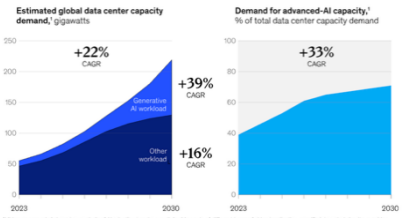



*Figure 26: AI as a driver for growth in demand for data center capacity; Source: McKinsey& Company*

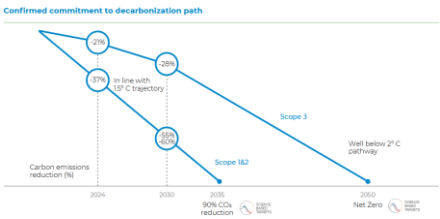



*Figure 27: Global demand for data center until 2023; Source: McKinsey & Company*

We expect this acquisition to generate synergies across six areas: stronger North American presence allowing for a **market expansion and portfolio synergies;** potential, **cost savings and increased innovation** through scale and shared expertise; access to Chanell's **customer base** in telecom, broadband, utility, and power supporting a deeper market penetration; **operational efficiency gains** from vertical integration; and **revenue synergies** from an all-in-one product offering that combines fiber optics, enclosures, and vaults. However, Prysmian's Board has not formally disclosed these potential synergies.

[16] "Prysmian to Enhance Its Digital Solutions Business with the Acquisition of Channell | Prysmian," accessed May 20, 2025, https://www.prysmian.com/en/media/press-releases/prysmian-to-enhance-its-digital-solutions-business-with-the-acquisition-of-channell.

[17] "AI Data Center Growth: Meeting the Demand | McKinsey," accessed April 4, 2025, https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/ai-power-expanding-data-center-capacity-to-meet-growing-demand.

# Sector Analysis: Electrification

## Sector Overview

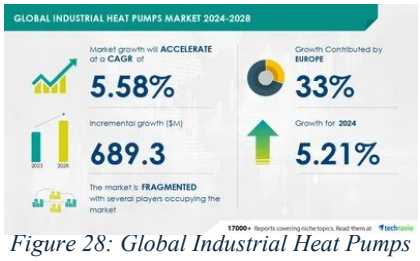



*Figure 28: Global Industrial Heat Pumps Market 2024-2025; Source: Yahoo Finance*

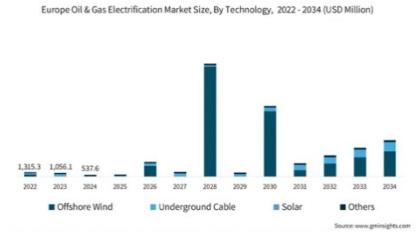



*Figure 29: Europe Oil & Gas Electrification Market Size; Source: Global Markets Insight*

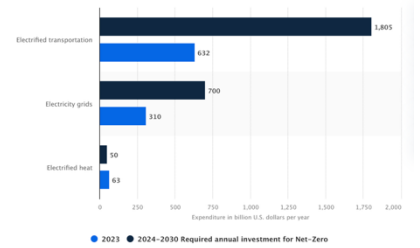



*Figure 30: Global electrification investment in 2023 and required clean energy transition between 2024 and 2030, by selected sector: Source: Statista*

The electrification sector serves: **Industrial and Construction**, **Oil and Gas**, and **Automotive** clients.

### Industrial & Construction Sector

In the **Industrial and Construction** segment, electrification involves electric motors, variable-speed drives, battery energy storage, and high-efficiency heating and cooling (HVAC) systems. Major players, such as **large-scale manufacturers, mining firms, and construction companies** are shifting to electrified and automated equipment for both new builds and retrofits, reducing fossil fuel reliance.

### Oil & Cas Sector

Offshore platforms and refineries are electrifying operations using high-voltage and subsea cables, electric motor, and battery systems, often integrated with grid or offshore wind power.

### Automotive Sector

OEMs, fleet operators, and heavy vehicle manufacturers are driving electrification in response to emission rules and EV demands. Focus areas include high-voltage cables, wiring harness, batteries, and charging systems. Projects focus on electrifying fleet and integrate charging networks with renewables.

### Regulatory Considerations

Regulation plays a key role in the Electrification Sector. On U.S. the Inflation Reduction Act (IRA) enforces a **50-52% emission cut by 2030**, driving electrification efforts). EU and U.S. incentives support electrification and renewable integration, however, the fossil fuel cost advantages, short ROI expectations, and operational disruption fears. Nordic countries offer incentives and tax relief to mitigate these issues[18].

[18] "Grid Flexibility for a Resilient, Equitable Energy Future," World Economic Forum, January 20, 2025, https://www.weforum.org/stories/2025/01/grid-flexibility-for-resilient-equitable-digital-energy-future/.

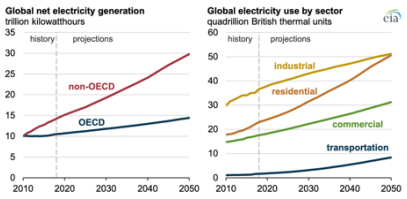



*Figure 31: Global electricity generation and demand until 2025; Source: EIA; 2019*

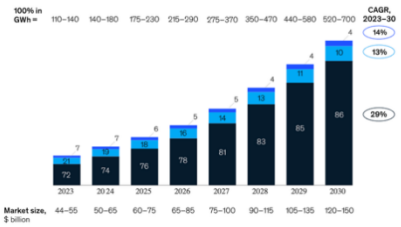



*Figure 32: BESS capacity until 2023; Source: McKinsey & Company 2023*

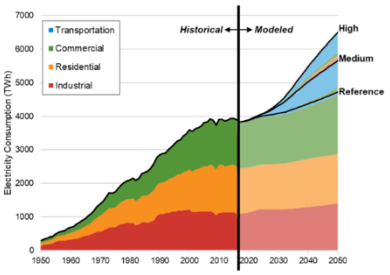



*Figure 31: Demand-Side Scenarios; Source: NREL*

## Sector Tailwinds and Headwinds

Electrification benefits from macroeconomic tailwinds: climate targets, declining technology costs, and rising energy demand. Global energy demand is projected to **grow by 4% annually through 2027**, driven largely by electrification.

The Industrial and Construction sector is projected to grow through digitalization integration. Electric compact equipment is gaining traction—projected to reach 14,970 units in Europe by 2030, while solar-powered construction sites are expanding. The **electrification investment is expected to exceed $ 2.5 trillion**. Battery storage systems (BESS) are expected to grow at 29% by 2030.The Oil and Gas sector is rapidly electrifying[19]. On the North Sea development has increased urgent power grid needs. In the U.S. shale basins are adopting electric drilling using local renewables[20].The Automotive sector, global **EV stock grew 60% to 26 million in 2022**, led by China, which accounted for 58% of global sales.

**Public charging infrastructure expanded by 40%** in 2024, aided by USD 7.8 billion in U.S. federal funding. My 2030, EVs will use 12% of global electricity (~650 TWh)., comparable to 180 nuclear reactors. Battery prices could fall to $75/kWh, hitting cost parity in 80% of markets.

Despite strong momentum, the sector faces several headwinds: high capital intensity, regulatory hurdles, supply chain constraints (particularly for cables and critical minerals), and limitations in grid capacity. These issues are especially relevant in emerging markets, where infrastructure often lags demand[21].

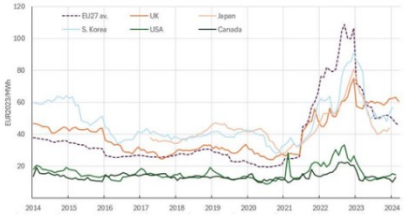



*Figure 34: Natural Gas prices in the EU and its major trading partners; Sources: Triconomics et al (2024), based on data form Eurostat, Enerdata*

## Competitive Dynamics

The market is **moderately concentrated**, with disparities in regional policies and tech standards. While global players dominate, intense competition exists across products and geographies.

[19] McKinsey & Company, "Plugging In: Electrification and Industry," 2024, https://www.mckinsey.com/industries/electric-power-and-natural-gas/our-insights/plugging-in-what-electrification-can-do-for-industry.
[20] "Electricity Grids and Secure Energy Transitions – Analysis," IEA, October 17, 2023, https://www.iea.org/reports/electricity-grids-and-secure-energy-transitions.
[21] "Delivering the Energy Transition Will Come Down to the Wires," BCG Global, February 13, 2025, https://www.bcg.com/publications/2025/delivering-energy-transition.

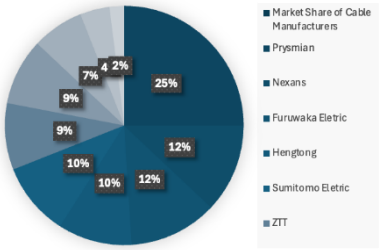



*Figure 35: Market share of cable manufacturers 2023; Source: IEA*

**Europe has 2-3x higher electricity costs than the U.S,** due to policy fragmentation.The U.S. and China benefit from centralized strategies and robust investment, mostly state-led in China and public-private partnerships in the U.S[22]. In cable production, Prysmian (Italy), Nexans (France), and Furukawa Electric (Japan) lead, holding nearly 50% of top 10 manufacturers' revenues. Prysmian dominates Europe/North America, Sumitomo Electric and LS Cable lead in Asia-Pacific, Nexans and Prysmian lead in Africa.

The cable production segment is key to electrification, and a limited set of global players holds significant market share**. Prysmian (Italy) is the global leader**, followed by Nexans (France) and Furukawa Electric (Japan). These companies account for nearly 50% of the top 10 manufacturers' revenue. Prysmian holds strong positions in Europe and North America, while Sumitomo Electric and LS Cable dominate in Asia-Pacific. In Africa, Nexans and Prysmian are primary suppliers.

Technological differentiation is a key competitive factor. High-voltage, submarine, and long-distance cable projects demand engineering excellence, material specialization, and deployment proximity. Players compete via renewable integration, EV infrastructure, and offshore grid customization. Emerging markets such as Asia and Africa offer growth opportunities, driven by urbanization and industrial development. However, expansion is hindered by logistical challenges and constrained access to raw materials. In 2023, **infrastructure investment rose by 10%, reaching $ 140 billion globally,** with significant portions allocated to electrification.

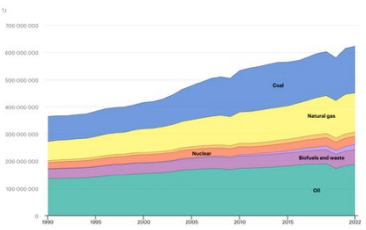



*Figure 36: Total energy supply (TES) by source, World, 1990-2022; Source: EIA*

# Sector Analysis: Power Grid

## Sector Overview

The power grid sector includes High Voltage (HV) Transmission; Medium-voltage (MV) distribution and low-voltage (LV)distribution networks. It serves a diverse range of end users, from passive residential consumers to highly active industrial clients, spanning the entire economy.

[22] "The Draghi Report on EU Competitiveness," accessed May 20, 2025, https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en.

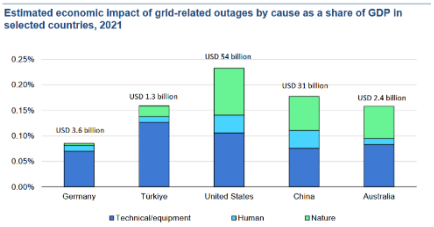



*Figure 37: Economic impact of outages; Source: IEA*

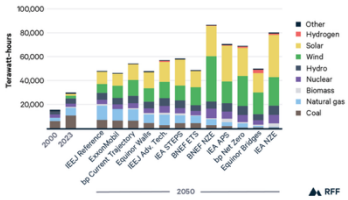



*Figure 38: World Electricity Generation by 2050; Source: RFF, 2025*

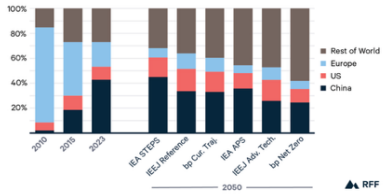



*Figure 39: Percentage of Total Solar Capacity by Region; Source: RFF, 2025 using EIA projections*

*Figure 40: Lead times and Prices for key Parts; Source BCC, 2025*

Households and small businesses depend on LV networks for basic power supply. In contrast, industrial and commercial users, such as manufacturers and data centers, require higher-capacity MV or HV networks and often invest in private infrastructure or backup systems. Utilities and distribution system operators (DSOs) function as intermediaries, balancing supply and demand.

Key products include transmission services, grid-balancing solutions, and digital management platforms that enhance efficiency and resilience.

Regulatory Considerations

Due to its strategic importance, the gird sector is heavily regulated to ensure safety, reliability, and equitable access, The 2025 blackout underscore its critical infrastructure role. Regulatory approval timelines remain a challenge with medium-voltage line permits taking 2 to 3 years, while high-voltage line approvals may require 8 to 10 years.

Frameworks now prioritize modernization, renewable integration, and resilience. Notable policy tools like carbon pricing and renewable incentives, especially in Europe, aim to reduce market fragmentation. Regulatory frameworks are increasingly focused on modernizing the grid, integrating renewable energy, and enhancing resilience. Goals such as the EU's 15% cross-border interconnection target by 2030 seek to improve regional energy trading and stability[23].

## Sector Tailwinds and Headwinds

The power grid sector is experiencing significant growth, driven by rising global electricity demand from the electrification of transport, heating, and industry. This shift, coupled with the rapid integration of renewables, is projected to account for 90% of new capacity, and will require substantial upgrades to aging grid infrastructure. In the EU, solar power surpassed coal in 2024, and global electricity demand is expected to grow 4% annually through 2027.

To meet this demand, annual grid investment is expected to exceed $600 billion by 2030[24]. Utilities are adopting smart grid technologies, advanced metering, and AI-driven demand response systems to modernize the network. Government incentives in Asia-Pacific and Europe are accelerating expansion, while urbanization in emerging markets like China and India is spurring large-scale

[23] "Electricity 2025 – Analysis," IEA, February 14, 2025, https://www.iea.org/reports/electricity-2025.
[24] Allied Market Research, "Industrial Electrification Market," 2024, https://www.alliedmarketresearch.com/industrial-electrification-market-A110295.

infrastructure projects. High-voltage cable demand is growing at a 5.2% CAGR (2024–2032), with 65% of new offshore projects directly linked to renewables[25].

However, aging infrastructure, currently over 70% of the U.S. grid is older than 25 years, and supply chain constraints, including shortages of HV cables, transformers, and skilled labor, are inflating costs and delaying projects. Price volatility in copper and aluminum adds financial pressure, although larger firms benefit from hedging strategies. Lead times for HV cables can now exceed 24 months due to limited global production and soaring demand[26].

## Competitive Dynamics

The power grid sector is moderately consolidated at the high voltage (HV) due to high technological and quality requirements. However, the medium-voltage and low-voltage cables have **lower barriers to entry and regional supply preferences**.

This market is led by Prysmian and Nexans in the designs and installation of extra-high voltage and submarine cables, crucial for offshore wind and intercontinental links. Firms like NKT and Nexans offer full EPC (engineering, procurement, and construction) services, including cable laying, monitoring, and maintenance, which is a key differentiator for complex projects. LS Cable & System and Sumitomo Electric leverage regional production hubs for faster delivery and compliance with local content requirements, especially in Asia and the Middle East. Custom cable design for specific grid conditions and robust after-sales support is essential. Chinese manufacturers (Hengton Group, Zhongtian Technology) are expanding globally, increasing price competition, particularly in the MV/LV segments.

[25] Statista, "Digital Transformation Market Size," 2025, https://www.statista.com/statistics/870924/worldwide-digital-transformation-market-size/.
[26] "Delivering the Energy Transition Will Come Down to the Wires."

# Sector Analysis: Transmission

## Sector Overview

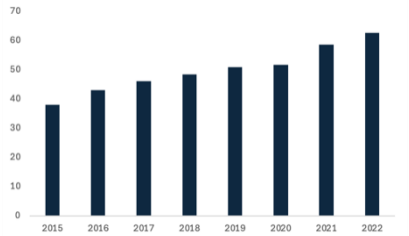



*Figure 41: Power grid digitalization investment 2022; Source: Statista*

The transmission sector focuses on the production and deployment of high-voltage overhead and underground cables. It is defined by several key characteristics: the need for long-distance connections between energy sources, including renewables, and demand centers; the complexity of its networks, which require real-time monitoring and automation to maintain reliability and efficiency; high capital and technological requirements; and extended project timelines. End clients typically include electric utility companies, transmission system operators (TSOs), renewable energy developers, and large industrial enterprises.

Regulatory Considerations

This sector faces strict regulatory standards, especially for high-voltage and submarine cables. These factors favor the experience of companies with established records. Often the project is awarded by governments and public-private partnerships, taking multiple years to complete. In fact, in many regions, transmission is a regulated monopoly with tariffs and investment return overseen by regulatory bodies (e.g. FERC in the U.S., Australian Energy Regulator, European national regulators)[27][28].

## Sector Tailwinds and Headwinds

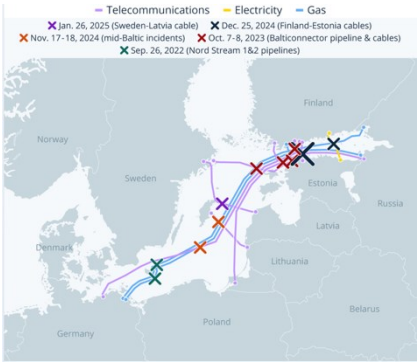



*Figure 42: Baltic Sea Cable Incidents; Source: Media reports*

Global political trends are increasingly supportive of transmission infrastructure. In 2023 alone, investment in power transmission rose by 10%, reaching $140 billion. However, to align with national and international climate goals, annual investment will need to more than double by the 2030s. The IEA projects a requirement of $250–300 billion per year under climate-aligned scenarios (EIA, 2025).

At the COP29 conference held in Baku, Azerbaijan (November 2024), a notable decision called on all sectors of the global economy to mobilize at least $1.3 trillion annually for sustainable investments, of which over $300 billion should be directed to developing countries by 2035.

[27] Australian Competition and Consumer Commission, "Prysmian to Pay Penalty of $3.5m for Engaging in Cartel Conduct," Text, July 31, 2017, Australia, https://www.accc.gov.au/media-release/prysmian-to-pay-penalty-of-35m-for-engaging-in-cartel-conduct.
[28] EU Court of Justice, "Antitrust Ruling: Prysmian v Commission," 2020, https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0072.

In Europe, the European Network of Transmission System Operators (ENTSO-E) has outlined plans to integrate over 250 GW of offshore energy capacity into the continental grid, equivalent to supplying more than 25% of Europe's electricity demand. This will involve the development of 54,000 km of offshore transmission lines at an estimated cost exceeding €400 billion, requiring a ninefold acceleration in current installation rates[29][30].

The North Sea will play a central role in this expansion. To meet 2030 targets, annual offshore wind capacity additions must grow to 15 GW, raising the region's total capacity from 27 GW today to 199 GW. By 2050, including the targets of EU member states, the UK, and Norway, an additional 496 GW of offshore generation is expected to be deployed and connected via new offshore transmission infrastructure.


*Figure 43: Planned offshore grid corridors; Source: ENTSO-E*

## Competitive Dynamics

The transmission sector is moderately too highly concentrated, with a limited number of companies controlling much of the global market share. This is driven by the sector's high barriers to entry, capital intensity, and the complex, project-based nature of the business.

New entrances face high investments in manufacturing facilities and R&D. The projects are usually awarded though competitive tenders, prioritizing companies with established track records. Investment in R&D is essential to reduce energy losses.

European and Japanese companies dominate mature markets due to their technical expertise and quality standards. In contrast, Chinese companies are expanding rapidly in developing lower costs and benefiting state support. However, in many countries local content requirements or client proximity influences who wins contracts.

29 "IEA – International Energy Agency," IEA, April 18, 2025, https://www.iea.org/search.

30 "ENTSO-E's Views on Offshore Development," accessed May 20, 2025, https://www.entsoe.eu/outlooks/offshore-development/.

# Sector Analysis: Digital Solutions

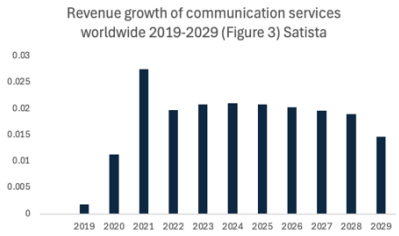



*Figure 44: Expected revenue growth of communication services; Source: Statista*

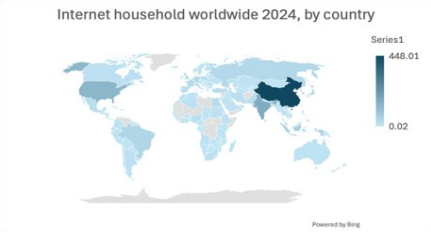



*Figure 46: Internet per household worldwide; Source: Statista*

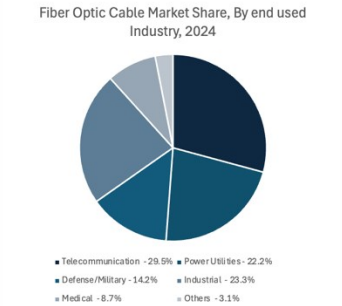



*Figure 45: Fiber Optic Cable Market Figure 45: Fiber Optic Cable Market Share, 2024; Source: gminsights*

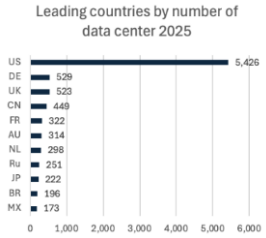



*Figure 47: Data centers by country; Source: Statista, 2025*

## Sector Overview

The telecommunication industry (TMT) is marked by **rapid innovation** with products engineered for higher fiber density, smaller diameters, and improved durability. It is a key pillar of global infrastructure, providing connectivity worldwide through wired and wireless networks.

The primary clients within this sector include a diverse range of organizations with high telecommunication needs. This includes: telecommunicator operators (e.g. AT&T); internet service providers (e.g. Google); government agencies; large companies (e.g. financial institutions); and energy and offshore industries. They require mostly single-mode and multimode fiber optic cables; submarine fiber optic cables; microduct and high-density cables; and connectivity accessories.

Regulatory Considerations

In the western world, governments are investing heavily in digital transformation. For example, the **Next Generation EU** has a budget of €806.9 billion where 20% is destined for digitalization (~ 161 billion).In the **U.S BREAD program allocates $42.5** to develop high-speed internet access[31].Despite the incentives, this industry faces high international standards (e.g. ITU-T, IEC, and IEEE); environmental regulations; national security and data sovereignty; and permitting time.

## Sector Tailwinds and Headwinds

In recent years, the sector was driven by growing demand of global data traffic, cloud computers, the Internet of Thinks (IoT), advancements in 5G and satellite communication. In fact, **the forecast says that AI represents about 70% of the growing demand for data centers**. Data centers play a key role in the demand for fiber optic cables, as even satellites rely on ground-based data centers to store and transmit data worldwide. Looking at figure 47 we see the hegemony of the US on this segment[32].

[31] "NextGenerationEU: For a Stronger, More Resilient Europe - European Union," April 16, 2025, https://next-generation-eu.europa.eu/index_en; "Broadband Equity Access and Deployment Program | BroadbandUSA," accessed May 20, 2025, https://broadbandusa.ntia.gov/funding-programs/broadband-equity-access-and-deployment-bead-program.

[32] "AI Data Center Growth: Meeting the Demand | McKinsey."

| Leading service provider worldwide 2025 | | |
|---|---|---|
| Company | ntry Of C | Mkt Cap (ml €) |
| T-Mobile US | US | 307.91 |
| China Mobile | China | 222.04 |
| AT&T | US | 196.75 |
| Verizon | US | 181.43 |
| Deutsche Telekom | DE | 179.83 |
| Comcast | US | 135.64 |
| Bharti Airtel | India | 109.29 |

*Figure 48: Leading service providers by market capitalization; Source: Statista*

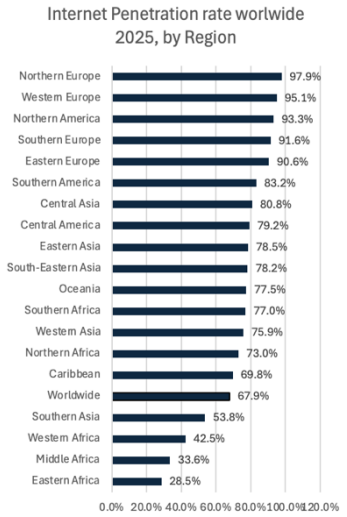



*Figure 49: Internet penetration rate; Source: Statista, 2025*

| Company | Country | Mkt Cap (ml €) |
|---|---|---|
| Prysmian | IT | 15,263 |
| Nexans S.A | FR | 4,050 |
| NKT A/S | DK | 3,489 |
| Rexel S.A | FR | 7,335 |
| Wärtsilä Oyj | FI | 10,250 |
| Huber+Suhner | Ch | 1,351 |
| Siemens | De | 42,860 |
| nVent Electric | UK | 9,027 |

*Figure 50: Prysmian Competitors telecommunication manufacturing sector; Source: Bloomberg*

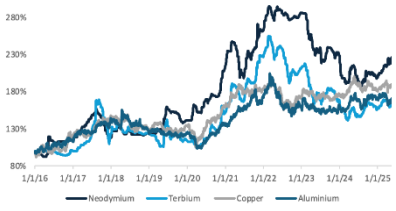



*Figure 51: Commodities Price from 2016 to 2025; Source: Bloomberg*

The **fiber optic cable market alone is forecasted to grow at 14.5% CAGR** (2023- 2028) from global demand on high-speed connectivity (Insight Prysmian Magazine, 2023). The **submarine cable market is growing at 10.2% CAGR (2025-2030)**, with multiple ownership system holding 56% of market share in 2024. However, the single owned systems are growing at 11% CAGR in the 2024-2029 period, with companies like Google, Meta and Amazon leading the trend.

The TMT market was valued at $ 13.0 billion in 2024 and with a CAGR of 10.4% to $34.5billion in 2034. Nevertheless, the revenue growth forecast for the communication services has a disappointing 1.5% in 2029. The reason is the elevated level of competition in this market, especially on the TMT providers.

**Europe and North America remain the spearhead of the telecommunication markets**, with broadband penetration reaching more than 90% for internet usage in 2025. However, many other regions, particularly in emerging markets, still have growth potential. For example, in Middle Africa, only 33% of the population has internet access in 2025. Even in Asia where they are experiencing a rapid digitalization with internet penetration was under 80%. Additionally, China and India are the biggest market worldwide[33].

## Competitive Dynamics

The telecommunication equipment manufacturing sector is highly competitive, with several key players dominating the market. The main competitor to Prysmian is Nexans, with a strong presence in Europe the main challenges in the price competition from Prysmian (Figure 14). In the deep-sea fiber optic cables Prysmian and Nexans lead projects like Grace Hopper (U.S.-UK) and 2Africa (45,000km). Additionally, **in the next 5 years the 6G technology is expected to be fully operational**, which represent a major opportunity for Prysmian to lead this next innovation.

The main challenge of this industry is the **cost of raw materials**, more specifically the Terbium and Neodymium. Since the war in Ukraine in 2022 and the covid-19 pandemic supply chains where disrupted. Additionally, the boom in semiconductors and AI made the demand for rare earth materials increase. Another challenge is the **price competition** between players. For example, in 2024 the Italian government decided to use foreign optic cables which costs 3€/meter instead of Prysmian which cost €65/meter but has a higher quality lasting

[33] Hannah Ritchie et al., "Internet," *Our World in Data*, April 13, 2023, https://ourworldindata.org/internet.

18 more years. According to Boston Consulting Group, there is a **tendence to shift from copper to fiber, that will reduce costs by 25%** in one to two years. This change increased speed, bandwidth and reliability[34].

[34] "Returns May Be Declining, but Opportunity Is Calling," BCG Global, February 24, 2025, https://www.bcg.com/publications/2025/boosting-value-creation-in-telcos.

# Financial Analysis

Over the past decade, Prysmian delivered consistent and robust financial performance, supported by strategic acquisitions, and strong organic growth. **Revenues rose from approximately €7.5 billion in 2016 to over €17 billion in 2024**, representing a CAGR of around 9.4%. This growth was driven by a robust electrification sector, with a CAGR of 8.2%, and the rapidly expanding transmission segment. The digital solutions segment is also poised for renewed momentum, fueled by recent acquisitions and the upcoming competition of the Channell group deal in Q2 225.

Prysmian successfully integrated Encore wire and General Cable, enhancing operational efficiency, evident in its EBITDA margin increase from 8.5% in 2026 to 10.3% in 2024. Management estimates €5 billion in cumulative free cash flow over the period, with an external forecast slightly higher at €5.3 billion.

While the Covid-19 Pandemic caused a temporary sales drop, the company rebounded strongly over the following years, aided by increased investment in infrastructure and power grid development.

## Revenue Analysis

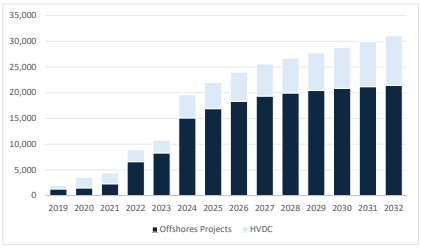



*Figure 52: Backlog estimation; Source: Analyst's model*

The transmission segment represents 15% of total revenue, and has become the most dynamic growth driver, benefiting from the global transition to renewable energy and the parallel need for HVDC and submarine cable infrastructure. As of 2024, the segment boasts a record €19.6 billion backlog, mostly tied to submarine cable projects. It grew 17% YoY in 2024, achieving a 14.4% EBITDA margin. A project CAGR of 17.8% through 2025 to 2028 is supported by strong demand and expanded capacity, including three new cable-lying vessels: “Monna Lisa”, “Alessandro Volta”, and “Marco polo”, modeled after the “Leonardo Da Vinci” class. Mona Lisa enters in service in early 2025, with the other expected by late 2026.

*Figure 53: Leonardo da Vinci Vessel; Source: Prysmian's group*

Management anticipates an EBITDA CAGR of 25% to 28% over this period, with margin expansion to 18 to 20%. Our forecasts align with guidance, projecting EBITDA growth at the lower end of this range.

This high-margin, long-duration business offers strong visibility and leverages Prysmian’s technological edge. With eight proprietary cable-lying vessels, Prysmian can complete installations in under six weeks, less than half of the time of competitions, minimizing client downtime. It also remains the only player able to

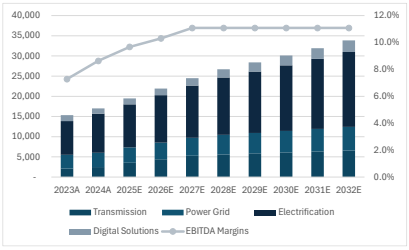



*Figure 54: Revenue forecast and EBITDA margin; Source: Analyst's model*

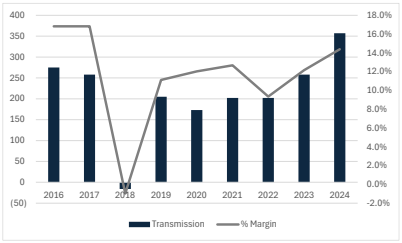



*Figure 55: Transmission Adjusted EBITDA and Margin; Source: Analyst's Model*

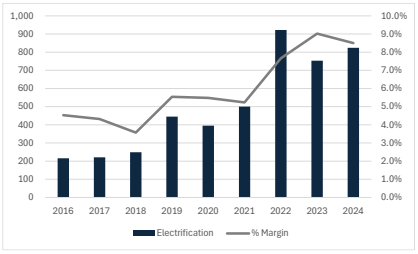



*Figure 56: Electrification Adjusted EBITDA and Margin; Source: Analyst's Model*

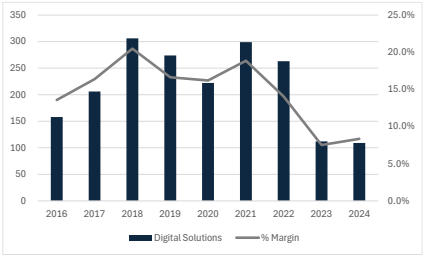



*Figure 57: Digital Solution Adjusted EBITDA and Margins; Source: Analyst's model*

install cables at 30,000-meter depths, allowing access to more complex projects. Additionally, the company has developed proprietary sensors that enhance the efficiency of transmission, helping to maximize current flow, these innovations supported elevated margins and current elevated backlog, fueled by offshore wind and HVDC interconnectors, with the key upside of decarbonization efforts and increased public infrastructure funding in Europe and U.S. with the main downside risk lying in potential project execution delays or geopolitical disruptions.

The Power grid segment, while more mature, is still set to benefit from this cycle of investment focused on grid modernization and resilience, particularly within the European Union, we forecast a YoY growth rate of around 8% over the next four years, only suffering from a lowering of EBITDA margin from the current 13.2%, to the company guidance of between 12%-13% depending on the geographical areas and the different imbalance between capacity and demand, this is in line with the current market sentiment, with expectation suggesting a 8% YoY growth in cabling investment affecting other European cable suppliers, including Nexans and NKT, with the expectation being that investment must grow in line with the expansion of power capacity.

The **electrification segment**, including I&C, specialties and equipment (solar, automotive, marine), is set for steady growth driven by largely driven by the integration of Encore Wire. Log-term growth is supported by rising electricity demand, particularly from sectors like data centers, where **data center power usage in the U.S. is expected to rise from 6% to 14% by 2030**. However, residential cable demand remains uncertain, previously 35% of Encore's sales, now down to 25%, though March showed early signs of recovery. We forecast a more conservative **10% YoY growth in coming years**, aligning with company guidance for an **adjusted EBITDA of approximately €1.2 billion by 2028**.

The **digital solutions segment**, currently the smallest by revenue share, saw a **12% decline in 2024 due to de-stocking in the U.S. and internal restructuring in Europe**. Current performance lags the targets set during the 2022 capital Markets Day. However, the acquisition of Channell, with its 30% EBITDA margins, is expected to revitalize growth in the coming years.

We forecast a **CAGR of 9.5% between 2025 and 2028**, estimating EBITDA at €272 million based on 12.5% margin. This is below management's target of €360 million, which includes a €150 million contribution form Channell.

# Cost Structure

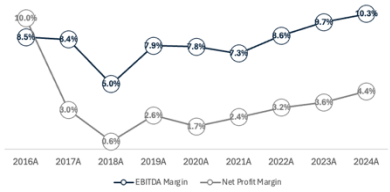



*Figure 58: Historical EBITDA and Net Income trend; Source: Prysmian's Annual Report*

Prysmian's cost structure is inherently complex, reflecting its global operations across varied product lines and projects. The cost of goods sold (COGS) makes up the bulk of operating expenses and is heavily affected by strategic material price volatility, which accounts for over 60% of input costs. To manage this risk, the company has implemented several mitigation tools. Gross margins have remained stable, except for 2021, which was impacted by pandemic-related supply chain disruptions. As such, we forecast COGS at a steady 63% of revenues, in line with historical trends.

EBITDA margins have shown gradual improvement, rising from 9.5% in 2016 to 10.3% in 2024. This reflects scale efficiencies, procurement optimization, and acquisition synergies. We project EBITDA to reach €2.9 billion by 2028 and €3.7 billion by 2032, representing CAGRs of 7.1% and 4.5%, respectively.

Selling, general, and administrative expenses have remained stable relative to revenue, with improvements driven by restructuring efforts. Depreciation and amortization are predicted at 11% of gross fixed assets.

# Balance Sheet

## Capital Expenditure Analysis

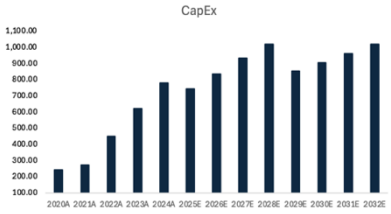



*Figure 59: Capital Expenditure; Source: Analyst's model*

As a capital-intensive business, the long-term growth strategy of Prysmian relies on strategic investments in manufacturing and installation capacity, R&D, and logistical infrastructure. **Between 2016-2024 the company allocated approximately €3.8 billion in CapEx**, supporting fleet expansion and enhancing production capacity in North America. We forecast CapEx to remain in line with recent years' 4% of revenues.

Return on net Invested Capital has been trending upwards in recent years, from 14% in 2020 to 16% in 2024, experiencing a slight decline due to the recent acquisitions, with the company aiming to achieve a midpoint of 21% by 2028, thanks to planned investments in high-margin and high-growth areas such as transmission and digital solutions.

## Net Working Capital (NWC) Analysis

The net working capital profile is shaped by the nature of the it's large-scale projects and client payment structures, in 2024 NWC stood at approximately 4.5% of revenues, reflecting a lean operations approach supported by significant advance payments, originating from the backlog of the transmission segment.

Inventories and trade receivables have increased proportionally with revenues growth. On the liability side, trade payables and advances from customers play a critical role in financing operations, given the volatility in project timing and the lumpiness of advance payments, a conservative forecast assumes a gradual normalization of NWC beyond 2025.

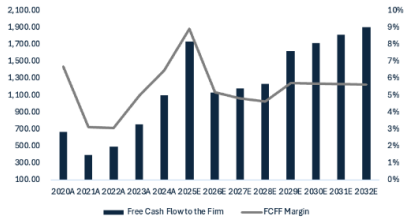



*Figure 60: Free Cash Flow Generation and Margin; Source: Analyst's model*

## Cash Flow Analysis

Cash flow generation remains a core strength, historically the company has converted over **50% of EBITDA into Free Cash Flow to the Firm (FCFF)**, driven by strong operational performance and disciplined capital management, we forecast a cumulative FCFF of €5.3 billion, higher than the company guidance of €5 billion, by 2028.

We expect Encore Wire and Channell Group full integration will temporarily elevate the interest expenses and CapEx, current guidance suggesting approximately €2.6 billion between 2025-28, we forecast a slightly higher amount of €3.0 over the same period, but these effects are mitigated by anticipated synergies and revenue expansion.

## Capital Structure


*Figure 61: Net Leverage Ratio; Source: Prysmian's Annual Report*

The latest round of acquisitions has considerably changed the capital structure of the company. Net debt increased to approximately €4.5 billion in 2024, largely because of the Encore Wire acquisition, translating into net leverage ratio of 2.6X EBITDA, compared to 1.4X in the previous year. Management has reaffirmed its commitment to maintaining investment-grade credit metrics, possessing a BBB- rating from Standard & Poor's over the company bonds maturing in 2028, and has outlined a deleveraging trajectory that aims to reduce net leverage to a target range of 1.0X to 1.5X by 2028, achieved by a combination of EBITDA growth and cash flow driven debt repayment, with an approximate €1.3 of future cash flow being used for de-leveraging. Interest coverage remains strong, with a ratio exceeding 6X and it is projected to improve further over the forecast horizon.

### Capital Allocation Strategy

Management has set some clear priorities for the future usage of FCFF, other than the previously mentioned deleveraging goals, they plan to re-distribute around €1 billion in dividends over the next four years, with €2.6 billion planned to be used for possible M&A activities. Dividends' distributions are projected to remain stable, with a payout ratio of around 30%, share repurchases are excluded from the base scenario but may be considered depending on future market conditions and

excess cash availability, with a higher likelihood in case no new M&A opportunities are possible, with management possibly increasing shareholder's remuneration.

# Valuation

The central methodology used to calculate the intrinsic valuation of Prysmian is conducted using the **Discounted Cash Flow (DCF)** model, based on the FCFF, complemented by alternative approaches including the **Adjusted Present Value (APV)**, **Flow to Equity (FTE)**, and **Economic Value Added (EVA)** methods, these are supplemented by a **Monte Carlo simulation** to incorporate stochastic variability into key parameters and by a **relative valuation** using peer-based multiples.

## Discounted Cash Flow (DCF) Valuation

### Forecast Period and Structure

The DCF model projects unlevered FCFF from 2025 to 2032, with the valuation reference date of 31st of December 2025, aligning all projections and balance sheet metrics to a consistent temporal basis. The model includes a terminal value to capture the value of the firm beyond the forecasted horizon, under a steady-state assumption.

### Free Cash Flow to the Firm (FCFF)

The FCFF is defined as:

$$FCFF = EBIT(1 - Tax\ Rate) + Depreciation\ \&\ Amortization - CAPEX$$

Each component is estimated as follows. is projected based on segment-level revenues and **EBITDA margins**, incorporating management guidance, historical margin trends, and anticipated cost synergies resulting from recent acquisitions. The **tax rate is set at 28%**, which reflects both Italy's corporate tax rate of 24% (IRES) and the approximate 4% regional production tax (IRAP). This rate is cross-validated against historical effective tax rates and, while slightly higher than the management's guidance of 26%–27%, provides a more conservative outlook. **D&A** are modeled as a function of fixed assets, with the depreciation schedule aligned to historical patterns of fixed asset turnover and capital intensity. CapEx includes both maintenance and growth investments; maintenance is estimated using the long-term average of depreciation and amortization, while growth reflects

the company's ongoing expansion plans. NWC is forecasted using turnover ratios, specifically Days Sales Outstanding (DSO), Days Payables Outstanding (DPO), and Days Inventory Outstanding (DIO). Particular attention is paid to down payments received from clients in the transmission segment, as these significantly influence working capital dynamics and are subject to cyclical reversals.

## Weighted Average Cost of Capital (WACC)

The WACC is estimated at 8.18%, calculated as:

$$WACC = \frac{E}{E+D} \cdot R_e + \frac{D}{E+D} \cdot R_d \cdot (1-T)$$

- The cost of equity $\boldsymbol{R_e}$ is derived from the Capital Asset Pricing Model:

$$R_e = R_f + \beta \cdot (R_m - R_f)$$

The risk-free rate $(R_f)$ is based on the German 10-year Bund yield (2.59%), while the beta of 1.19 is an average of a five-year monthly regressions of Prysmian's peer-adjusted beta on the SXNP Index, unlevered and re-levered to reflect Prysmian's capital structure. The market risk premium of 5.63%, derived using geographic revenue weights and respective regional equity risk premia[35]. The cost of debt $(R_d)$ is estimated at 3.63%, based on Prysmian's outstanding euro-denominated senior unsecured bonds maturing in 2031.

The capital structure is assumed to stabilize at 80% equity and 20% debt over the forecasted period, reflecting management's deleveraging goals and historical averages pre-acquisition.

| Discount Rate Analysis | |
|---|---|
| Cost of Capital | |
| **Ru** | 8.48% |
| **Cost of Debt** | 3.78% |
| **Cost of Equity** | 9.32% |
| **WACC** | **8.22%** |

*Figure 62: WACC calculations; Source: Analyst's Model*

| | PRY IM Equity | NEX FP Equity | NKT DC Equity | HUBN SW Equity | SU FP Equity | TWEKA NA Equity | ENR GR Equity |
|---|---|---|---|---|---|---|---|
| Beta Levered | 1.09 | 1.29 | 1.14 | 0.59 | 1.01 | 1.39 | 1.57 |
| Tax Rate | 28% | 30% | 25% | 16% | 23% | 19% | 17% |
| D/E | 30% | 15% | 13% | -13% | 6% | 37% | -8% |
| Beta Unlevered | 0.89 | 1.17 | 1.04 | 0.67 | 0.96 | 1.07 | 1.69 |
| Re-leverage For Prysmian | 1.09 | 1.42 | 1.27 | 0.81 | 1.17 | 1.30 | 2.05 |
| Average | 1.19 | | | | | | |

*Figure 63: Beta estimation; Source: Analyst's Model*

| Cost of Debt | |
|---|---|
| S&P Rating | BBB- |
| German 10Y Bund Yield | 2.59% |
| Prysmian 2031 Bond Yield | 3.63 |
| Implied Defualt Proability | 1.9% |
| Implied Loss Given Default | 54.67% |
| **Rd Estimatation** | **3.63%** |

*Figure 64: Cost of Debt estimation; Source: Analyst's model*

| Country | Risk Premium | % of Revenue 2024 |
|---|---|---|
| North America | 4.33% | 35.89% |
| EMEA Excl. Italy | 5.45% | 36.46% |
| Italy | 7.33% | 12.76% |
| Latin America | 9.15% | 8.66% |
| Asia Pacific | 5.87% | 6.24% |
| **Total** | **5.63%** | |

*Figure 65: Risk Premia; Source Damodaran. A. Equity Risk Premium*

## Terminal Value (TV)

The terminal value is calculated using the Gordon Growth Model:

$$TV = \frac{FCFF_{2032} \cdot (1+g)}{WACC - g}$$

The terminal growth rate is calculated as the product of Return on New Invested Capital and the Reinvestment Rate (RR), which produces an average value over the forecasted period of 1.6%, this produces a TV of 62% of EV, a sensible proportion for a capital-intensive infrastructure firm.

[35] "Pages.Stern.Nyu.Edu/~adamodar/New_Home_Page/Datafile/Ctryprem.Html," accessed May 20, 2025, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html.

## Equity Valuation & Sensitivity Analysis

After deducting net debt of €4.5 billion from the enterprise value, the implied equity value is €21.8 billion, divided by the share outstanding, this yields a **fair value per share of €76.12**. This valuation represents a 35.8% upside on the current market price, and above the 52-week high of €72.76.

| Share Price | Terminal Growth Rate | | | | |
|---|---|---|---|---|---|
| WACC | 1.08% | 1.33% | 1.58% | 1.83% | 2.08% |
| 7.20% | € 85.66 | € 88.73 | € 92.07 | € 95.72 | € 99.72 |
| 7.70% | € 78.00 | € 80.54 | € 83.29 | € 86.27 | € 89.52 |
| 8.20% | € 71.43 | € 73.56 | € 75.85 | € 78.32 | € 80.99 |
| 8.70% | € 65.73 | € 67.53 | € 69.46 | € 71.53 | € 73.76 |
| 9.20% | € 60.74 | € 62.28 | € 63.92 | € 65.68 | € 67.55 |

*Figure 66: DCF sensitivity analysis; Source: Analyst's model*

A **sensitivity analysis** is performed on the **WACC (±50bp)** and $g$ **(±25bps)**, across the tested combinations, the implied share price ranges between €60 and €100, suggesting a margin of safety across a range of plausible scenarios.

# Alternative Valuation Methods

## Adjusted Prevent Value (APV)

The APV model isolates the base enterprise value from the benefits of financing, it is structured as:

$$APV = NPV\ of\ FCFF\ (unlevered) + PV\ of\ Interest\ Tax\ Shield$$

| Share Price | Terminal Growth Rate | | | | |
|---|---|---|---|---|---|
| WACC | 1.08% | 1.33% | 1.58% | 1.83% | 2.08% |
| 7.2% | € 74.93 | € 77.31 | € 79.86 | € 82.62 | € 85.61 |
| 7.7% | € 74.98 | € 77.27 | € 79.72 | € 82.37 | € 85.24 |
| 8.2% | € 74.56 | € 76.76 | € 79.12 | € 81.68 | € 84.44 |
| 8.7% | € 73.83 | € 75.95 | € 78.23 | € 80.69 | € 83.35 |
| 9.2% | € 72.89 | € 74.94 | € 77.14 | € 79.52 | € 82.09 |

*Figure 67: APV sensitivity analysis; Source: Analyst's model*

The NPV is calculated using the unlevered cost of equity, while the tax shield is discounted at the cost of debt, the resulting **equity value per share is €78.88**, above the DCF estimate and underscoring the incremental value contributed by the tax shield, under a moderate leverage structure.

## Flow to Equity (FTE)

The FTE approach directly discounts **FCFE**, using the **cost of equity**.

$$Equity\ Value = NPV\ of\ FCFE = \sum_{t=1}^{n} \frac{FCFF_t}{(1+r_e)t}$$

| Share Price | Terminal Growth Rate | | | | |
|---|---|---|---|---|---|
| Cost Of Equity | 1.1% | 1.3% | 1.6% | 1.8% | 2.1% |
| 8.3% | € 78.41 | € 80.50 | € 82.74 | € 85.16 | € 87.77 |
| 8.8% | € 72.84 | € 74.61 | € 76.51 | € 78.54 | € 80.72 |
| 9.3% | € 67.97 | € 69.48 | € 71.10 | € 72.83 | € 74.67 |
| 9.8% | € 63.66 | € 64.97 | € 66.36 | € 67.84 | € 69.42 |
| 10.3% | € 59.84 | € 60.98 | € 62.18 | € 63.46 | € 64.81 |

*Figure 68: FTE sensitivity analysis; Source: Analyst's model*

Where the Free Cash Flow to Equity:

$$FCFE = Net\ Income + D\&A - CapEx - \Delta NWC + Net\ Borrowing$$

It reflects the same operating assumptions but accounts for interest payments and debt servicing, the model yields an **equity value of €71.11**, a more conservative prediction compared to the DCF model, still above the current market, and with a sensitivity analysis in the range of €59-€87.

## Economic Value Added (EVA)

The EVA model evaluates value creation over the cost of capital by computing **NOPAT** minus the **capital charge**.

$$EVA_t = NOPAT_t - (WACC \cdot Capital\ Invested_{t-1})$$

| Share Price | Terminal Growth Rate | | | | |
|---|---|---|---|---|---|
| WACC | 1.1% | 1.3% | 1.6% | 1.8% | 2.1% |
| 7.2% | € 89.9 | € 92.1 | € 94.5 | € 97.2 | € 100.0 |
| 7.7% | € 81.8 | € 83.6 | € 85.5 | € 87.6 | € 89.8 |
| 8.2% | € 74.9 | € 76.3 | € 77.8 | € 79.5 | € 81.3 |
| 8.7% | € 68.8 | € 69.9 | € 71.2 | € 72.5 | € 73.9 |
| 9.2% | € 63.4 | € 64.3 | € 65.3 | € 66.4 | € 67.6 |

*Figure 69: EVA sensitivity analysis; Source: Analyst's model*

Then: $Firm\,Value = Capital\,Invested_0 + \sum_{t=1}^{n} \frac{EVA_t}{(1+WACC)^t}$

The estimated firm's value produces an intrinsic **share price of €78.11**, reinforcing the results obtained through the previous methods.

## Comparable Company Valuation

| Companies | Multiples | | |
|---|---|---|---|
| | EV/EBITDA | EV/EBIT | P/E |
| NEX FP Equity | 7.04 | 10.2 | 15.9 |
| HUBN SW Equity | 10.72 | 15.17 | 20.14 |
| NVT US Equity | 16.8 | 21.35 | 29.79 |
| TWEKA NA Equity | 8.77 | 16.93 | 16.34 |
| NKT DC Equity | 8.24 | 12.28 | 16 |
| WRT1V FH Equity | 11.04 | 13.18 | 19.5 |
| RXL FP Equity | 8.85 | 13.39 | 22.14 |
| HUBB US Equity | 17.67 | 20.85 | 26.23 |
| **PRY IM Equity** | **12.29** | **18.15** | **22.15** |
| Average | 11.14 | 15.42 | 20.76 |
| Median | 9.785 | 14.28 | 19.82 |
| 25th Quantile | 8.37 | 12.51 | 16.09 |
| 75th Quantile | 15.36 | 19.87 | 25.21 |

*Figure 70: Comparable Multiples; Source: Analyst's Model*

We conducted a relative valuation using forward **EV/EBITDA, EV/EBIT, and P/E** multiples, from a selected peer group of cable and electrical infrastructure firms. Applying the median multiples of **9.79x, 14.28x, and 19.28x** to Prysmian's forecasted financial implies a per share price in the range of **€51.94 to €72.89**.

The wide valuation range, with the 25th to 75th percentile spanning from 46€ to 104€ per share, reflects significant dispersion among peers, differences in business mix, capital structure, and investor expectations limit the comparability of multiples. Given these constraints, we use the relative valuation as a secondary instrument, supportive but not central to our **BUY** recommendation.

## Conclusions

Across all methodologies tested, Prysmian appears materially undervalued relative to its intrinsic value. The DCF valuation yields a value per share of €75, supported by alternative models and probabilistic simulations. The company's long-term growth drivers, robust backlog in transmission, and operational leverage through recent acquisitions further reinforce the investment thesis. Based on this analysis, we reiterate our **BUY** recommendation on Prysmian, with a substantial upside potential and limited downside risk, under a range of market conditions.

## Monte Carlo Simulation

To assess the probabilistic distribution of Prysmian's equity value, a **Monte Carlo simulation** was performed, using **5,000 iterations**. We adopted a streamlined approach by estimating the **FCFF** as a function of simulated revenues and a dynamic **FCFF margin**.

### Methodology and Assumptions

We modeled four key variables as stochastic. **CAGR** was simulated using a normal distribution, with a mean of 9.7% and a standard deviation of 1.5%, based on historical growth patterns and forward-looking guidance. The **FCFF margin** was estimated using a triangular distribution with a 25th quartile, median, and 75th quartile derived from the FCFF-to-Revenue ratio, to reflect variability in cash

generation efficiency. The **WACC** was simulated using a triangular distribution with a mode of 8.22%, and a plausible minimum-maximum range derived from our discount rate sensitivity analysis (6.31% to 10.13%). Finally, **the terminal growth rate** was modeled using a triangular distribution with a mode of 1.6%, a minimum of 1.1%, and a maximum of 2.2%, all stemming from our sensitivity analysis.

## Results and Interpretation

| Results | |
|---|---|
| Mean | € 71.3 |
| Median | € 69.8 |
| 5th Percentile | € 53.2 |
| 95th Percentile | € 94.9 |
| Standard Deviation | 12.72 |

*Figure 71: Monte Carlo simulation results; Source: Analyst's model*

The simulation produced a smooth, right-skewed distribution of share price distribution. The **mean intrinsic value** across the 5,000 iterations is **€71.3**, with a **median of €69.8**, suggesting a relatively symmetric central tendency. The 5th percentile value is €53.2, and the 95th percentile is €94.9.

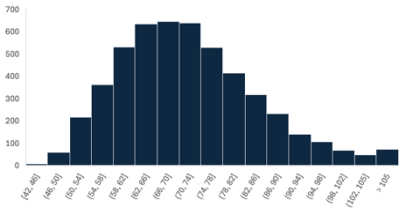
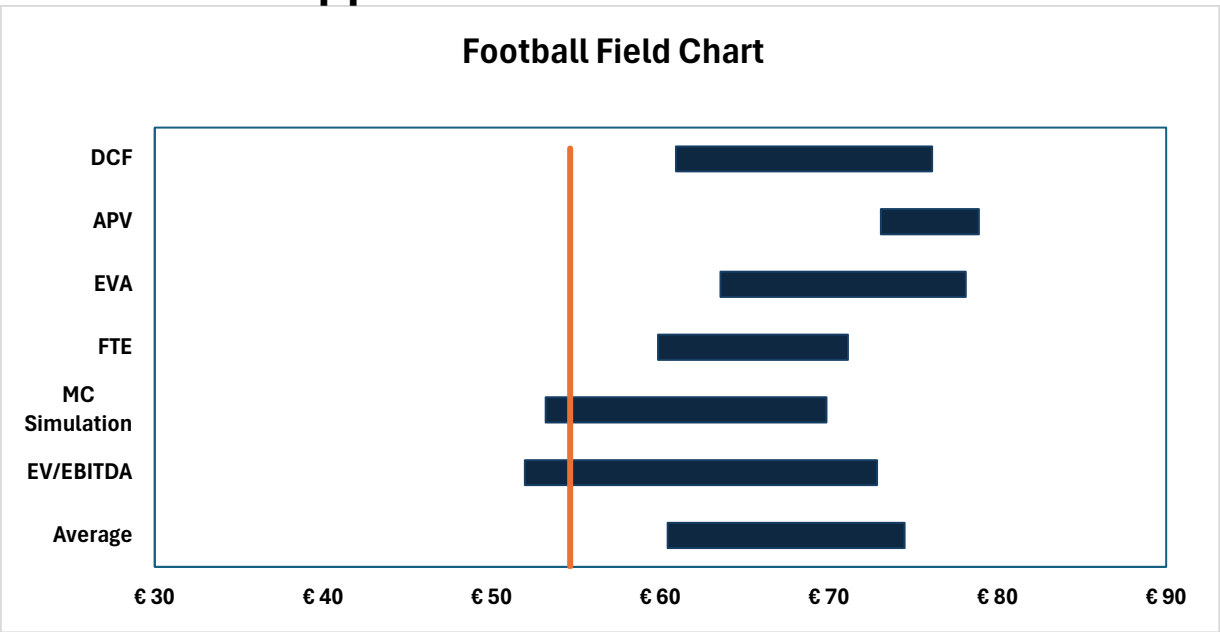



*Figure 72: Distribution Histogram; Source: Analyst's model*

The **standard deviation of €12.72**, shows moderate dispersion around the mean. Importantly, much of the confidence interval is above the current share price of €56.04. The histogram confirms these findings, showing the highest density of outcomes in the €62-€74 range, aligned with our DCF estimate. The right tail represents the upside scenarios under favorable combinations of higher margins and lower WACC, driving the valuation towards >€100 per share.

# Appendix




| DCF Model | Terminal Growth Rate | | | | |
|---|---|---|---|---|---|
| WACC | 1.08% | 1.33% | 1.58% | 1.83% | 2.08% |
| 7.18% | € 85.99 | € 89.08 | € 92.44 | € 96.12 | € 100.16 |
| 7.68% | € 78.28 | € 80.84 | € 83.61 | € 86.61 | € 89.88 |
| 8.18% | € 71.67 | € 73.81 | € 76.12 | € 78.61 | € 81.30 |
| 8.68% | € 65.94 | € 67.75 | € 69.69 | € 71.78 | € 74.02 |
| 9.18% | € 60.92 | € 62.47 | € 64.12 | € 65.89 | € 67.78 |

| FTE Model | Terminal Growth Rate | | | | |
|---|---|---|---|---|---|
| Cost Of Equity | 1.1% | 1.3% | 1.6% | 1.8% | 2.1% |
| 8.3% | € 78.42 | € 80.51 | € 82.75 | € 85.17 | € 87.78 |
| 8.8% | € 72.85 | € 74.62 | € 76.52 | € 78.55 | € 80.74 |
| 9.3% | € 67.98 | € 69.49 | € 71.11 | € 72.84 | € 74.68 |
| 9.8% | € 63.67 | € 64.98 | € 66.37 | € 67.85 | € 69.43 |
| 10.3% | € 59.85 | € 60.99 | € 62.19 | € 63.47 | € 64.82 |

| EVA Model | Terminal Growth Rate | | | | |
|---|---|---|---|---|---|
| WACC | 1.1% | 1.3% | 1.6% | 1.8% | 2.1% |
| 7.2% | € 90.2 | € 92.5 | € 94.9 | € 97.6 | € 100.5 |
| 7.7% | € 82.1 | € 83.9 | € 85.8 | € 87.9 | € 90.2 |
| 8.2% | € 75.1 | € 76.6 | € 78.1 | € 79.8 | € 81.6 |
| 8.7% | € 69.0 | € 70.2 | € 71.4 | € 72.8 | € 74.2 |
| 9.2% | € 63.6 | € 64.5 | € 65.5 | € 66.6 | € 67.8 |

| APV Model | | Terminal Growth Rate | | | | |
|---|---|---|---|---|---|---|
| | | 1.08% | 1.33% | 1.58% | 1.83% | 2.08% |
| WACC | 7.2% | € 75.08 | € 77.47 | € 80.04 | € 82.82 | € 85.83 |
| | 7.7% | € 75.15 | € 77.45 | € 79.92 | € 82.59 | € 85.48 |
| | 8.2% | € 74.73 | € 76.95 | € 79.33 | € 81.90 | € 84.68 |
| | 8.7% | € 74.01 | € 76.14 | € 78.44 | € 80.92 | € 83.60 |
| | 9.2% | € 73.07 | € 75.14 | € 77.35 | € 79.74 | € 82.33 |

| Companies | Multiples | | |
|---|---|---|---|
| | EV/EBITDA | EV/EBIT | P/E |
| NEX FP Equity | 7.04 | 10.2 | 15.9 |
| HUBN SW Equity | 10.72 | 15.17 | 20.14 |
| NVT US Equity | 16.8 | 21.35 | 29.79 |
| TWEKA NA Equity | 8.77 | 16.93 | 16.34 |
| NKT DC Equity | 8.24 | 12.28 | 16 |
| WRT1V FH Equity | 11.04 | 13.18 | 19.5 |
| RXL FP Equity | 8.85 | 13.39 | 22.14 |
| HUBB US Equity | 17.67 | 20.85 | 26.23 |
| **PRY IM Equity** | **12.29** | **18.15** | **22.15** |
| Average | 11.14 | 15.42 | 20.76 |
| Median | 9.785 | 14.28 | 19.82 |
| 25th Quantile | 8.37 | 12.51 | 16.09 |
| 75th Quantile | 15.36 | 19.87 | 25.21 |

| Implied EV/EBITDA Valuation | | |
|---|---|---|
| **Average** | | |
| EV | | 24,060 |
| Equity Value | | 20,843 |
| Share Price | € | 72.84 |
| **Median** | | |
| EV | | 21,131 |
| Equity Value | | 17,915 |
| Share Price | € | 62.60 |
| **25th Quantile** | | |
| EV | | 18,081 |
| Equity Value | | 14,864 |
| Share Price | € | 51.94 |
| **75th Quantile** | | |
| EV | | 33,170 |
| Equity Value | | 29,954 |
| Share Price | € | 104.68 |

| Implied EV/EBIT Valuation | | |
|---|---|---|
| **Average** | | |
| EV | | 25,619 |
| Equity Value | | 22,403 |
| Share Price | € | 78.29 |
| **Median** | | |
| EV | | 23,727 |
| Equity Value | | 20,511 |
| Share Price | € | 71.68 |
| **25th Quantile** | | |
| EV | | 20,778 |
| Equity Value | | 17,561 |
| Share Price | € | 61.37 |
| **75th Quantile** | | |
| EV | | 33,015 |
| Equity Value | | 29,799 |
| Share Price | € | 104.13 |

| Implied P/E Valuation | | |
|---|---|---|
| **Average** | | |
| Equity Value | | 17,173 |
| Share Price | € | 60.01 |
| **Median** | | |
| Equity Value | | 16,399 |
| Share Price | € | 57.31 |
| **25th Quantile** | | |
| Equity Value | | 13,309 |
| Share Price | € | 46.51 |
| **75th Quantile** | | |
| Equity Value | | 20,857 |
| Share Price | € | 72.89 |

# Finacial Statements

**Balance Sheet - Reformulated**

**Core Business Invested Capital**

| (Euro/million) | 2020 A | 2021 A | 2022 A | 2023 A | 2024 A | 2025 E | 2026 E | 2027 E | 2028 E | 2029 E | 2030 E | 2031 E | 2032 E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Operating Cash | € 100.16 | € 127.36 | € 160.67 | € 153.54 | € 170.26 | € 194.90 | € 219.28 | € 244.93 | € 267.09 | € 283.97 | € 301.28 | € 319.25 | € 338.39 |
| Inventories | € 1,531.00 | € 2,054.00 | € 2,241.00 | € 2,264.00 | € 2,858.00 | € 2,750 | € 3,094 | € 3,456 | € 3,769 | € 4,007 | € 4,251 | € 4,505 | € 4,775 |
| % Cost of Good Sold | 24% | 23% | 21% | 23% | 27% | 22% | 22% | 22% | 22% | 22% | 22% | 22% | 22% |
| Deffered Tax Assets | € 207.00 | € 182.00 | € 203.00 | € 299.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 |
| % Tax Expenses (operating) | 242% | 136% | 96% | 146% | 115% | | | | | | | | |
| Trade Recivables | € 1,374.00 | € 1,622.00 | € 1,942.00 | € 1,987.00 | € 2,433.00 | € 2,673.22 | € 3,007.69 | € 3,359.53 | € 3,663.47 | € 3,894.89 | € 4,132.40 | € 4,378.89 | € 4,641.42 |
| % Revenues | 14% | 13% | 12% | 13% | 14% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | 13% |
| Property, Plant and Equipment | € 2,648.00 | € 2,794.00 | € 3,020.00 | € 3,401.00 | € 4,921.00 | € 5,049.98 | € 5,275.36 | € 5,589.65 | € 5,970.93 | € 6,005.14 | € 6,087.51 | € 6,214.17 | € 6,383.24 |
| % Revenues | 26% | 22% | 19% | 22% | 29% | 26% | 24% | 23% | 22% | 21% | 20% | 19% | 19% |
| Goodwill | € 1,508.00 | € 1,635.00 | € 1,691.00 | € 1,660.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 |
| Other Intangible Assets | € 489.00 | € 505.00 | € 473.00 | € 411.00 | € 1,416.00 | € 1,261.76 | € 1,107.52 | € 953.89 | € 798.53 | € 798.53 | € 798.53 | € 798.53 | € 798.53 |
| % Growth yoy | -13.3% | 3.3% | -6.3% | -13.1% | 244.5% | | | | | | | | |
| Other Recivables | € 503.00 | € 637.00 | € 993.00 | € 1,050.00 | € 1,187.00 | € 2,029.09 | € 2,279.45 | € 2,484.07 | € 2,649.19 | € 2,764.99 | € 2,873.41 | € 2,983.45 | € 3,097.16 |
| % Backlog | 14.37% | 14.48% | 11.15% | 9.72% | 6.06% | 9.22% | 9.50% | 9.71% | 9.92% | 9.96% | 9.97% | 9.97% | 9.97% |
| Derivatives Assets | € 122.00 | € 230.00 | € 131.00 | € 88.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 |
| Defered Tax Liabilitie | € 195.00 | € 190.00 | € 187.00 | € 222.00 | € 579.00 | 579 | 579 | 579 | 579 | 579 | 579 | 579 | 579 |
| % Growth yoy | -8.45% | -2.56% | -1.58% | 18.72% | 160.81% | | | | | | | | |
| Trade payable | 1,958 | 2,592 | 2,718 | 2,199 | 2,462 | 3,542 | 3,985 | 4,451 | 4,854 | 5,160 | 5,475 | 5,802 | 6,149 |
| % Revenues | 19.55% | 20.35% | 16.92% | 14.32% | 14.46% | 14.39% | | | | | | | |
| Tax Payable | 25 | 54 | 133 | 64 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 |
| % Taxe Expenses (operating) | 29.2% | 40.2% | 63.0% | 31.2% | 40.7% | | | | | | | | |
| Other payable | 1,000 | 1,197 | 1,722 | 2,520 | 3,100 | 3,706 | 4,201 | 4,601 | 4,881 | 5,144 | 5,411 | 5,686 | 5,972 |
| % Revenues | 9.98% | 9.40% | 10.72% | 16.41% | 18.21% | 19.0% | 19.2% | 18.8% | 18.3% | 18.1% | 18.0% | 17.8% | 17.6% |
| Provisions for risks and charges | 560 | 633 | 678 | 755 | 780 | 806 | 833 | 860 | 889 | 918 | 948 | 980 | 1,012 |
| % Growth yoy | -20.57% | 13.04% | 7.11% | 11.36% | 3.31% | | | | | | | | |
| Other Employee obligations | 45 | 46 | 32 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 |
| Derivatives Liabilitites | 31 | 43 | 126 | 95 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 |
| **Core invested capital** | **4,668** | **5,031** | **5,259** | **5,433** | **9,830** | **9,093** | **9,152** | **9,364** | **9,682** | **9,719** | **9,797** | **9,919** | **10,087** |
| | | | | | | | | | | | | | |
| Equity accounts investments | € 312.00 | € 360.00 | € 387.00 | € 218.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 |
| Other investments at fair value through | € 13.00 | € 13.00 | € 12.00 | € 10.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 |
| Assets held for traiding | € 20.00 | € 244.00 | € 270.00 | € 85.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 |
| Financial assets at fair value through oth | € 11.00 | € 11.00 | € 11.00 | € 24.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 |
| Derivatives Assets | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - |
| Other recivables (non-core) | € 5.00 | € 4.00 | € 4.00 | € 7.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 |
| Assets held for sale | € 2.00 | € 3.00 | € - | € 9.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 |
| Liabilities held for sale | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - |
| Provisions for risks and charges (Reestru | € 31.00 | € 21.00 | € 18.00 | € 56.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 |
| Pension Plans | € 417.00 | € 357.00 | € 260.00 | € 271.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 |
| Termination and other benefits | € 42.00 | € 41.00 | € 35.00 | € 36.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 |
| Derivatives Liabilities | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - |
| **Non-Core Invested Capital** | **-127** | **216** | **371** | **-10** | **-24** | **-24** | **-24** | **-24** | **-24** | **-24** | **-24** | **-24** | **-24** |
| | | | | | | | | | | | | | |
| Excess Cash | € 1,062.84 | € 1,574.64 | € 1,124.33 | € 1,587.46 | € 862.74 | € 1,614 | € 2,253 | € 2,811 | € 3,932 | € 4,555 | € 5,966 | € 7,482 | € 9,082 |
| % Revenue | 11% | 12% | 7% | 10% | 5% | | | | | | | | |
| Borrowing | € 3,045.00 | € 2,606.00 | € 2,744.00 | € 2,488.00 | € 5,158.00 | € 4,573.78 | € 4,477.83 | € 4,291.98 | € 4,651.04 | € 4,162.56 | € 4,378.25 | € 4,637.79 | € 4,915.69 |
| Short-term Borrowing | € 127.00 | € 1,123.00 | € 323.00 | € 608.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 |
| Financial Assets at amortized cost | € 4.00 | € - | € 3.00 | € 3.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 |
| Derivatives Assets | € 4.00 | € 3.00 | € 75.00 | € 33.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 |
| Derivatives Liabilitites | € 28.00 | € 25.00 | € 7.00 | € 9.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 |
| Other recivables (Financials) - asset | € 11.00 | € 18.00 | € 13.00 | € 31.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 |
| **Total Financing ( excluding non-controli** | **-3,181** | **-3,733** | **-2,983** | **-3,038** | **-5,372** | **-4,788** | **-4,692** | **-4,506** | **-4,865** | **-4,377** | **-4,592** | **-4,852** | **-5,130** |
| | | | | | | | | | | | | | |
| Share Capital | € 27.00 | € 27.00 | € 27.00 | € 28.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 |
| Reserves | € 2,054.00 | € 2,580.00 | € 3,054.00 | € 3,224.00 | € 4,328.00 | € 4,828 | € 5,397 | € 6,142 | € 7,047 | € 8,083 | € 9,197 | € 10,432 | € 11,774 |
| Net Income | € 178.00 | € 308.00 | € 504.00 | € 529.00 | € 729.00 | € 827.42 | € 1,053.12 | € 1,261.94 | € 1,437.33 | € 1,550.85 | € 1,710.06 | € 1,853.03 | € 2,000.94 |
| Non-controling Interests | € 164.00 | € 174.00 | € 186.00 | € 191.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 |
| **Equity** | **2,423** | **3,089** | **3,771** | **3,972** | **5,297** | **5,895** | **6,690** | **7,644** | **8,724** | **9,873** | **11,147** | **12,525** | **14,015** |

**Reformulated Income Statement**

| (Euro/million) | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Transmission** | **€ 1,594** | **€ 2,161** | **€ 2,122** | **€ 2,481** | **€ 3,528** | **€ 4,404** | **€ 5,279** | **€ 5,630** | **€ 5,876** | **€ 6,106** | **€ 6,340** | **€ 6,582** |
| % growth | 11% | 36% | -2% | 17% | 42% | 25% | 20% | 7% | 4% | 4% | 4% | 4% |
| Backlog | € 4,401 | € 8,902 | € 10,800 | € 19,601 | € 22,019 | € 23,996 | € 25,591 | € 26,709 | € 27,757 | € 28,820 | € 29,918 | € 31,057 |
| % growth | 36% | 24% | 20% | 13% | 12% | 9% | 7% | 4% | 4% | 4% | 4% | 4% |
| **Power Grid** | | | **€ 3,394** | **€ 3,544** | **€ 3,828** | **€ 4,134** | **€ 4,464** | **€ 4,822** | **€ 5,063** | **€ 5,316** | **€ 5,582** | **€ 5,861** |
| % growth | | | | 4% | 8% | 8% | 8% | 8% | 5% | 5% | 5% | 5% |
| **Electrification** | **€ 9,557** | **€ 12,033** | **€ 8,349** | **€ 9,695** | **€ 10,671** | **€ 11,752** | **€ 12,915** | **€ 14,203** | **€ 15,197** | **€ 16,265** | **€ 17,367** | **€ 18,549** |
| % growth | 33% | 26% | -31% | 16% | 10% | 10% | 10% | 10% | 7% | 7% | 7% | 7% |
| IC | € 6,361 | € 8,196 | € 4,793 | € 6,151 | € 6,889 | € 7,716 | € 8,642 | € 9,679 | € 10,453 | € 11,289 | € 12,192 | € 13,168 |
| % growth | 34% | 29% | -42% | 28% | 12% | 12% | 12% | 12% | 8% | 8% | 8% | 8% |
| Specialities | € 2,838 | € 3,442 | € 3,177 | € 3,052 | € 3,266 | € 3,494 | € 3,704 | € 3,926 | € 4,122 | € 4,329 | € 4,502 | € 4,682 |
| % growth | 26% | 21% | -8% | -4% | 7% | 7% | 6% | 6% | 5% | 5% | 4% | 4% |
| Other | € 358 | € 395 | € 379 | € 492 | € 517 | € 542 | € 570 | € 598 | € 622 | € 647 | € 673 | € 700 |
| % growth | 63% | 10% | -4% | 30% | 5% | 5% | 5% | 5% | 4% | 4% | 4% | 4% |
| **Digital Solutions** | **€ 1,585** | **€ 1,873** | **€ 1,489** | **€ 1,306** | **€ 1,463** | **€ 1,638** | **€ 1,835** | **€ 2,055** | **€ 2,261** | **€ 2,441** | **€ 2,637** | **€ 2,848** |
| % growth | 16% | 18% | -21% | -12% | 12% | 12% | 12% | 12% | 10% | 8% | 8% | 8% |
| **Total Sales of Goods & Services** | **€ 12,736** | **€ 16,067** | **€ 15,354** | **€ 17,026** | **€ 19,490** | **€ 21,928** | **€ 24,493** | **€ 26,709** | **€ 28,397** | **€ 30,128** | **€ 31,925** | **€ 33,839** |
| | 27% | 26% | -4% | 11% | 14% | 13% | 12% | 9% | 6% | 6% | 6% | 6% |
| Δ in Inventories of works in progress | € 229 | € (30) | € 52 | € 22 | | | | | | | | |
| Other Income | € 125 | € 70 | € 70 | € 117 | | | | | | | | |
| Raw Materials, consumables used and goods for resale | € (8,906) | € (10,588) | € (9,705) | € (10,762) | € (12,249) | € (13,782) | € (15,394) | € (16,787) | € (17,847) | € (18,936) | € (20,065) | € (21,268) |
| % Revenue | 70% | 66% | 63% | 63% | 63% | | | | | | | |
| **Gross Margin** | **€ 4,184** | **€ 5,519** | **€ 5,771** | **€ 6,403** | **€ 7,241** | **€ 8,146** | **€ 9,099** | **€ 9,923** | **€ 10,549** | **€ 11,193** | **€ 11,860** | **€ 12,571** |
| % Gross Margin | 33% | 34% | 38% | 38% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% |
| Personnel costs | € (1,453) | € (1,654) | € (1,747) | € (1,907) | € (2,158) | € (2,428) | € (2,712) | € (2,957) | € (3,144) | € (3,335) | € (3,534) | € (3,746) |
| % Revenue | 11% | 10% | 11% | 11% | 11% | | | | | | | |
| Other expenses | € (1,831) | € (2,525) | € (2,572) | € (2,783) | € (2,923) | € (3,289) | € (3,674) | € (4,006) | € (4,259) | € (4,519) | € (4,789) | € (5,076) |
| % Revenue | 14% | 16% | 17% | 16% | 15% | | | | | | | |
| Share of net profit/(loss) of equity-accounted companies | € 27 | € 47 | € 33 | € 41 | | | | | | | | |
| **EBITDA** | **€ 927** | **€ 1,387** | **€ 1,485** | **€ 1,754** | **€ 2,160** | **€ 2,430** | **€ 2,714** | **€ 2,959** | **€ 3,146** | **€ 3,338** | **€ 3,537** | **€ 3,749** |
| % margin | 7.3% | 8.6% | 9.7% | 10.3% | 11% | 11% | 11% | 11% | 11% | 11% | 11% | 11% |
| Amortisation, depreciation, impairment and impairment reversals | € (335) | € (403) | € (574) | € (509) | € (771) | € (768) | € (777) | € (796) | € (824) | € (828) | € (838) | € (853) |
| % of PP&E | 11% | 12% | 16% | 13% | 12.2% | | | | | | | |
| Special Items | € (33) | € (104) | € (57) | € (58) | | | | | | | | |
| **EBIT** | **€ 559** | **€ 880** | **€ 854** | **€ 1,187** | **€ 1,388** | **€ 1,662** | **€ 1,937** | **€ 2,163** | **€ 2,322** | **€ 2,510** | **€ 2,699** | **€ 2,896** |
| Taxes | € 134 | € 211 | € 205 | € 285 | € 386 | € 461 | € 538 | € 601 | € 645 | € 697 | € 750 | € 804 |
| Tax Adjustment | € (52) | € (53) | € (34) | € 2 | | | | | | | | |
| **Operating Profit** | **€ 373** | **€ 616** | **€ 615** | **€ 905** | **€ 1,003** | **€ 1,200** | **€ 1,399** | **€ 1,562** | **€ 1,678** | **€ 1,813** | **€ 1,950** | **€ 2,092** |
| | | | | | | | | | | | | |
| Fair value change in metal derivatives | € 13 | € (31) | € 6 | € 19 | | | | | | | | |
| Finance income | € 6 | € 13 | € 36 | € 44 | € 12 | € 22 | € 31 | € 39 | € 54 | € 63 | € 82 | € 103 |
| % Excess Cash | 0% | 1% | 2% | 5% | 1% | | | | | | | |
| **Non-operating Income Before Taxes** | **€ 19** | **€ (18)** | **€ 42** | **€ 63** | **€ 12** | **€ 22** | **€ 31** | **€ 39** | **€ 54** | **€ 63** | **€ 82** | **€ 103** |
| Statuatory Taxes | € 5 | € (4) | € 10 | € 15 | € 3 | € 6 | € 9 | € 11 | € 15 | € 17 | € 23 | € 29 |
| **Non-operating Income** | **€ 14** | **€ (14)** | **€ 32** | **€ 48** | **€ 9** | **€ 16** | **€ 22** | **€ 28** | **€ 39** | **€ 45** | **€ 60** | **€ 75** |
| | | | | | | | | | | | | |
| Finance costs | € (110) | € (117) | € (166) | € (272) | € (255) | € (226) | € (221) | € (212) | € (230) | € (206) | € (216) | € (229) |
| % Gross Debt | 4% | 4% | 7% | 5% | 5% | | | | | | | |
| FX Loss | € (36) | € (33) | € (13) | € (40) | | | | | | | | |
| Other Finance Costs | € 44 | € 27 | € 47 | € 43 | | | | | | | | |
| **Financing Results Before Taxes** | **€ (102)** | **€ (123)** | **€ (132)** | **€ (269)** | **€ (255)** | **€ (226)** | **€ (221)** | **€ (212)** | **€ (230)** | **€ (206)** | **€ (216)** | **€ (229)** |
| Statuatory Taxes | € (24) | € (30) | € (32) | € (65) | € (71) | € (63) | € (61) | € (59) | € (64) | € (57) | € (60) | € (64) |
| **Financing Results** | **€ (78)** | **€ (93)** | **€ (100)** | **€ (204)** | **€ (184)** | **€ (163)** | **€ (160)** | **€ (153)** | **€ (166)** | **€ (148)** | **€ (156)** | **€ (165)** |
| | | | | | | | | | | | | |
| **Net Income** | **€ 310** | **€ 509** | **€ 547** | **€ 748** | **€ 827** | **€ 1,053** | **€ 1,262** | **€ 1,437** | **€ 1,551** | **€ 1,710** | **€ 1,853** | **€ 2,001** |

| Reformulated Statement of Cash Flows | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (Euro/million) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
| **Net income** | **178** | **308** | **504** | **529** | **729** | **827** | **1,053** | **1,262** | **1,437** | **1,551** | **1,710** | **1,853** | **2,001** |
| **Adjustment for Non-cash Items** | **393** | **335** | **403** | **574** | **509** | **771** | **768** | **777** | **796** | **824** | **828** | **838** | **853** |
| Depreciation & Impairment | 393 | 335 | 403 | 574 | 509 | 617 | 614 | 623 | 641 | 824 | 828 | 838 | 853 |
| Amortization | | | | | | 154 | 154 | 154 | 155 | | | | |
| **Changes in NWC** | **259** | **(28)** | **(105)** | **197** | **465** | **711** | **9** | **(53)** | **(98)** | **(16)** | **(9)** | **(8)** | **(13)** |
| **Changes in Provisions for risks and Charges** | **(649)** | **83** | **148** | **(24)** | **(21)** | **26** | **27** | **28** | **28** | **29** | **30** | **31** | **32** |
| **Operating Cashflow** | **€ 181.00** | **€ 698.00** | **€ 950.00** | **€ 1,276.00** | **€ 1,682.00** | **€ 2,335.31** | **€ 1,857.29** | **€ 2,013.78** | **€ 2,163.73** | **€ 2,388.25** | **€ 2,559.62** | **€ 2,714.50** | **€ 2,874.11** |

| Investing Cash Flow | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CapEx** | **(244)** | **(275)** | **(452)** | **(624)** | **(784)** | **(746)** | **(839)** | **(937)** | **(1,022)** | **(858)** | **(910)** | **(965)** | **(1,023)** |
| % of Revenues | 2% | 2% | 3% | 4% | 5% | 4% | | | | 3% | | | |
| **Other Investing Activities:** | **(1)** | **(222)** | **(39)** | **181** | **44** | | | | | | | | |
| **Financial Asset Transactions:** | -5 | -85 | -7 | -48 | -4114 | | | | | | | | |
| Net Change In Long-tetm Investment | - | - | - | (48.00) | 12.00 | | | | | | | | |
| Net Cash From Acquisitions & Divestures | (5.00) | (85.00) | (7.00) | - | (4,126.00) | | | | | | | | |
| **Investing Cash Flow** | **(250)** | **(582)** | **(498)** | **(491)** | **(4,854)** | **(746)** | **(839)** | **(937)** | **(1,022)** | **(858)** | **(910)** | **(965)** | **(1,023)** |

| Financing Cash Flow | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Debt & Interest Transactions:** | **(117.00)** | **575.00** | **(665.00)** | **(80.00)** | **2,998.00** | **(584.22)** | **(95.95)** | **(185.85)** | **359.06** | **(488.48)** | **215.69** | **259.54** | **277.90** |
| Net Debt Change | (117.00) | 575.00 | (665.00) | (80.00) | 2,998.00 | (329.50) | 129.92 | 35.28 | 571.02 | (258.79) | 421.26 | 475.76 | 506.93 |
| Interest Paid | | | | | | (254.72) | (225.87) | (221.13) | (211.96) | (229.69) | (205.56) | (216.22) | (229.03) |
| Shareholder's Transactions: | (69.00) | (133.00) | (148.00) | (169.00) | (529.00) | (228.93) | (258.88) | (307.27) | (357.35) | (401.86) | (436.35) | (475.00) | (510.71) |
| Other Financial Adjustments: | 385.00 | (28.00) | (60.00) | (35.00) | (15.00) | | | | | | | | |
| Other Net Financial Movements | 385.00 | (28.00) | (60.00) | (35.00) | (15.00) | | | | | | | | |
| **Final Financing Cash Flow** | **199.00** | **414.00** | **(873.00)** | **(284.00)** | **2,454.00** | **(813.15)** | **(354.83)** | **(493.12)** | **1.71** | **(890.34)** | **(220.66)** | **(215.45)** | **(232.81)** |
| Currency Translations Differences | (36.00) | 8.00 | 4.00 | (45.00) | 10.00 | | | | | | | | |
| **Total Cash Flow to the Firm** | **94.00** | **538.00** | **(417.00)** | **456.00** | **(708.00)** | **776.23** | **663.19** | **583.21** | **1,143.18** | **639.86** | **1,428.59** | **1,534.37** | **1,618.78** |
| Cash & Cash Equivalents Beginning of the year | 1,070.00 | 1,164.00 | 1,702.00 | 1,285.00 | 1,741.00 | 1,033.00 | 1,809.23 | 2,472.41 | 3,055.62 | 4,198.80 | 4,838.66 | 6,267.26 | 7,801.63 |
| Total Cash Flow to the Firm | 94.00 | 538.00 | (417.00) | 456.00 | (708.00) | 776.23 | 663.19 | 583.21 | 1,143.18 | 639.86 | 1,428.59 | 1,534.37 | 1,618.78 |
| **Cash & Cash Equivalents End of the year** | **1,164.0** | **1,702.0** | **1,285.0** | **1,741.0** | **1,033.0** | **1,809.2** | **2,472.4** | **3,055.6** | **4,198.8** | **4,838.7** | **6,267.3** | **7,801.6** | **9,420.4** |
| Check | OK | OK | OK | OK | OK | | | | | | | | |
| Cash Check | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK |

# Bibliography

"AI Data Center Growth: Meeting the Demand | McKinsey." Accessed April 4, 2025. https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/ai-power-expanding-data-center-capacity-to-meet-growing-demand.

BCG Global. "Delivering the Energy Transition Will Come Down to the Wires," February 13, 2025. https://www.bcg.com/publications/2025/delivering-energy-transition.

BCG Global. "Returns May Be Declining, but Opportunity Is Calling," February 24, 2025. https://www.bcg.com/publications/2025/boosting-value-creation-in-telcos.

BHP. "Copper Market Analysis," 2024. https://www.bhp.com/news/bhp-insights/2024/09/how-copper-will-shape-our-future.

"Broadband Equity Access and Deployment Program | BroadbandUSA." Accessed May 20, 2025. https://broadbandusa.ntia.gov/funding-programs/broadband-equity-access-and-deployment-bead-program.

Commission, Australian Competition and Consumer. "Prysmian to Pay Penalty of $3.5m for Engaging in Cartel Conduct." Text, July 31, 2017. Australia. https://www.accc.gov.au/media-release/prysmian-to-pay-penalty-of-35m-for-engaging-in-cartel-conduct.

CompaniesMarketCap. "Share Count & Market Cap," 2025. https://companiesmarketcap.com/eur/prysmian-group/shares-outstanding/.

Company, McKinsey &. "Plugging In: Electrification and Industry," 2024. https://www.mckinsey.com/industries/electric-power-and-natural-gas/our-insights/plugging-in-what-electrification-can-do-for-industry.

"Dazi, Battaini (Prysmian): Nella Posizione Ideale per Consolidare Nostra Leadership Locale - Economia e Finanza - Repubblica.It." Accessed May 20, 2025. https://finanza.repubblica.it/News/2025/04/03/dazi_battaini_prysmian_nella_posizione_ideale_per_consolidare_nostra_leadership_locale-81/.

"ENTSO-E's Views on Offshore Development." Accessed May 20, 2025. https://www.entsoe.eu/outlooks/offshore-development/.

Global, S&P. "ESG Score: Prysmian," 2025. https://www.spglobal.com/esg/scores/results?cid=4310819.

Group, Prysmian. "Annual Shareholders Meeting Press Release," 2025. https://www.prysmian.com/en/media/press-releases/annual-shareholders-meeting.

———. "FY24 Results Presentation," 2024. https://www.prysmian.com/sites/www.prysmian.com/files/media/documents/PR_Prysmian_FY2024_Results_final_DEF.pdf.

———. "Governance Overview (Ownership Structure)," 2024. https://www.prysmian.com/en/investors/shareholders-information/ownership-structure.

———. "Prysmian Group Company Profile," 2024. https://www.prysmian.com/sites/default/files/Prysmian-Group-Overview-Brochure.pdf.

———. "Sustainability Report," 2024. https://annualreport.prysmian.com/performance-esg-en/.

IEA. "Electricity 2025 – Analysis," February 14, 2025. https://www.iea.org/reports/electricity-2025.

IEA. "Electricity Grids and Secure Energy Transitions – Analysis," October 17, 2023. https://www.iea.org/reports/electricity-grids-and-secure-energy-transitions.

IEA. "IEA – International Energy Agency," April 18, 2025. https://www.iea.org/search.

"INFLATION REDUCTION ACT OF 2022 | Department of Energy." Accessed May 20, 2025. https://www.energy.gov/lpo/inflation-reduction-act-2022.

John, Alun, Chibuike Oguh, and Chibuike Oguh. "Dollar Hits 10-Year Low against Swiss Franc as Markets Digest Trade War Drama." *Reuters*, April 10, 2025, sec. Currencies. https://www.reuters.com/markets/currencies/safe-havens-rebound-sino-us-trade-war-anxiety-overshadows-tariff-u-turn-2025-04-10/.

Justice, EU Court of. "Antitrust Ruling: Prysmian v Commission," 2020. https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0072.

"NextGenerationEU: For a Stronger, More Resilient Europe - European Union," April 16, 2025. https://next-generation-eu.europa.eu/index_en.

"Pages.Stern.Nyu.Edu/~adamodar/New_Home_Page/Datafile/Ctryprem.Html." Accessed May 20, 2025. https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html.

"Prysmian Completes Acquisition of General Cable | Prysmian." Accessed March 30, 2025. https://www.prysmian.com/en/press-release/prysmian-completes-acquisition-of-general-cable.

"Prysmian to Acquire Encore Wire for $290.00 per Share in Cash | Prysmian." Accessed May 20, 2025. https://www.prysmian.com/en/media/press-releases/acquisition-of-encore-wire.

"Prysmian to Enhance Its Digital Solutions Business with the Acquisition of Channell | Prysmian." Accessed May 20, 2025. https://www.prysmian.com/en/media/press-releases/prysmian-to-enhance-its-digital-solutions-business-with-the-acquisition-of-channell.

Research, Allied Market. "Industrial Electrification Market," 2024. https://www.alliedmarketresearch.com/industrial-electrification-market-A110295.

Ritchie, Hannah, Edouard Mathieu, Max Roser, and Esteban Ortiz-Ospina. "Internet." *Our World in Data*, April 13, 2023. https://ourworldindata.org/internet.

Statista. "Digital Transformation Market Size," 2025. https://www.statista.com/statistics/870924/worldwide-digital-transformation-market-size/.

"The Draghi Report on EU Competitiveness." Accessed May 20, 2025. https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en.

"The European Green Deal - European Commission," July 14, 2021. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en.

Times, Financial. "Prysmian Buys Dutch Rival Draka," 2011. https://www.ft.com/content/3509fb95-3744-43fa-90a8-b4a133fb4719.

"UPDATE ON THE EXECUTION OF THE SHARE BUY-BACK PROGRAMME | Prysmian." Accessed April 4, 2025. https://www.prysmian.com/en/media/press-releases/update-on-the-execution-of-the-share-buy-back-programme-end-of-the-programme-3-march-2025.

World Economic Forum. "Grid Flexibility for a Resilient, Equitable Energy Future," January 20, 2025. https://www.weforum.org/stories/2025/01/grid-flexibility-for-resilient-equitable-digital-energy-future/.

# Disclosures and Disclaimers

## Report Recommendations

| | |
|---|---|
| **Buy** | Expected total return (including expected capital gains and expected dividend yield) of more than 10% over a 12-month period. |
| **Hold** | Expected total return (including expected capital gains and expected dividend yield) between 0% and 10% over a 12-month period. |
| **Sell** | Expected negative total return (including expected capital gains and expected dividend yield) over a 12-month period. |

This report was prepared by Alessandro Romei and Tomás De Castro, a Master in Finance student of Nova School of Business and Economics ("Nova SBE"), within the context of the Field Lab – Equity Research.

This report is issued and published exclusively for academic purposes, namely for academic evaluation and master graduation purposes, within the context of said Field Lab – Equity Research. It is not to be construed as an offer or a solicitation of an offer to buy or sell any security or financial instrument.

This report was supervised by a Nova SBE faculty member, acting merely in an academic capacity, who revised the valuation methodology and the financial model.

Given the exclusive academic purpose of the reports produced by Nova SBE students, it is Nova SBE understanding that Nova SBE, the author, the present report, and its publishing, are excluded from the persons and activities requiring previous registration from local regulatory authorities. As such, Nova SBE, its faculty, and the author of this report have not sought or obtained registration with or certification as financial analyst by any local regulator, in any jurisdiction. In Portugal, neither the author of this report nor his/her academic supervisor is registered with or qualified under COMISSÃO DO MERCADO DE VALORES MOBILIÁRIOS ("CMVM," the Portuguese Securities Market Authority) as a financial analyst. No approval for publication or distribution of this report was required and/or obtained from any local authority, given the exclusive academic nature of the report.

The additional disclaimers also apply:

USA: Pursuant to Section 202 (a) (11) of the Investment Advisers Act of 1940, neither Nova SBE nor the author of this report are to be qualified as an investment adviser and, thus, registration with the Securities and Exchange Commission ("SEC", United States of America's securities market authority) is not necessary. Neither the author nor Nova SBE receive any compensation of any kind for the preparation of the reports.

Germany: Pursuant to §34c of the WpHG (*Wertpapierhandelsgesetz*, i.e., the German Securities Trading Act), this entity is not required to register with or otherwise notify the *Bundesanstalt für Finanzdienstleistungsaufsicht* ("BaFin", the German Federal Financial Supervisory Authority). It should be noted that Nova SBE is a fully-owned state university and there is no relation between the student's equity reports and any fund raising programme.

UK: Pursuant to section 22 of the Financial Services and Markets Act 2000 (the "FSMA"), for an activity to be a regulated activity, it must be carried on "by way of business". All regulated activities are subject to prior authorization by the Financial Conduct Authority ("FCA"). However, this report serves an exclusively academic purpose and, as such, was not prepared by way of business. The author - a Master's student - is the **sole and exclusive responsible** for the information, estimates and forecasts contained herein, and for the opinions expressed, which exclusively reflect his/her own judgment at the date of the report. Nova SBE and its faculty have no single and formal position in relation to the most appropriate valuation method, estimates or projections used in the report and may not be held liable by the author's choice of the latter.

The information contained in this report was compiled by students from public sources believed to be reliable, but Nova SBE, its faculty, or the students make no representation that it is accurate or complete, and accept no liability whatsoever for any direct or indirect loss resulting from the use of this report or of its content.

Students are free to choose the target companies of the reports. Therefore, Nova SBE may start covering and/or suspend the coverage of any listed company, at any time, without prior notice. The students or Nova SBE are not responsible for updating this report, and the opinions and recommendations expressed herein may change without further notice.

The target company or security of this report may be simultaneously covered by more than one student. Because each student is free to choose the valuation method, and make his/her own assumptions and estimates, the resulting projections, price target and recommendations may differ widely, even when referring to the same security. Moreover, changing market conditions and/or changing subjective opinions may lead to significantly different valuation results. Other students' opinions, estimates and recommendations, as well as the advisor and other faculty members' opinions may be inconsistent with the views expressed in this report. Any recipient of this report should understand that statements regarding future prospects and performance are, by nature, subjective, and may be fallible.

This report does not necessarily mention and/or analyze all possible risks arising from the investment in the target company and/or security, namely the possible exchange rate risk resulting from the security being denominated in a currency either than the investor's currency, among many other risks.

The purpose of publishing this report is merely academic and it is not intended for distribution among private investors. The information and opinions expressed in this report are not intended to be available to any person other than Portuguese natural or legal persons or persons domiciled in Portugal. While preparing this report, students did not have in consideration the specific investment objectives, financial situation or

particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in any security, namely in the security covered by this report.

The author hereby certifies that the views expressed in this report accurately reflect his/her personal opinion about the target company and its securities. He/ She has not received or been promised any direct or indirect compensation for expressing the opinions or recommendation included in this report.

The content of each report has been shown or made public to restricted parties prior to its publication in Nova SBE's website or in Bloomberg Professional, for academic purposes such as its distribution among faculty members for students' academic evaluation.

Nova SBE is a state-owned university, mainly financed by state subsidies, students tuition fees and companies, through donations, or indirectly by hiring educational programs, among other possibilities. Thus, Nova SBE may have received compensation from the target company during the last 12 months, related to its fundraising programs, or indirectly through the sale of educational, consulting or research services. Nevertheless, no compensation eventually received by Nova SBE is in any way related to or dependent on the opinions expressed in this report. The Nova School of Business and Economics does not deal for or otherwise offer any investment or intermediation services to market counterparties, private or intermediate customers.

A Work Project, presented as part of the requirements for the Award of a Master's Degree Finance from the NOVA – School of Business and Economics.

# Cabling the Future: Role of Prysmian Group in Power Grid Modernization and the Energy Transition

Alessandro Romei, MSc. In Finance
57831

A Project carried out on the Master in Finance Program, under the supervision of:

Professor Diogo Vaz da Silva

21/05/2025

Abstract

This individual report, part of a joint equity research on Prysmian S.p.A., focuses on the Transmission and Power Grid segments, key drivers of value amid accelerating energy transition and infrastructure upgrades. Using a DCF valuation supported by Monte Carlo simulations, we estimate a target share price of **€76.12**, implying a **39.3% upside** from the current price of €54.86.

Given Prysmian's strong backlog, technological edge, and resilient margins, we issue a **BUY** recommendation.

Keywords
Energy Transition
Power Grid
Renewable Energy
Transmission Projects

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 2220

This report is part of the Prysmian S.p.A report (annexed), developed by Alessandro Romei and Tomás de Castro and should be read has an integral part of it.

# Table of Contents

**INTRODUCTION ..... 5**

**COMPANY OVERVIEW .....**ERROR! BOOKMARK NOT DEFINED.

COMPANY BACKGROUND .....**ERROR! BOOKMARK NOT DEFINED.**
BUSINESS SEGMENTS.....6

**OWNERSHIP STRUCTURE .....**ERROR! BOOKMARK NOT DEFINED.

CAPITAL DYNAMICS .....**ERROR! BOOKMARK NOT DEFINED.**
EVOLUTION OF SHARE CAPITAL AND SHARE COUNT.....**ERROR! BOOKMARK NOT DEFINED.**
EPS GROWTH VS. SHARE DILUTION .....**ERROR! BOOKMARK NOT DEFINED.**
STOCK PERFORMANCE.....**ERROR! BOOKMARK NOT DEFINED.**

**ESG COMMITMENTS .....**ERROR! BOOKMARK NOT DEFINED.

ENVIRONMENTAL PILLAR .....**ERROR! BOOKMARK NOT DEFINED.**
SOCIAL PILAR .....**ERROR! BOOKMARK NOT DEFINED.**
GOVERNANCE PILAR .....**ERROR! BOOKMARK NOT DEFINED.**

**KEY RISKS .....**ERROR! BOOKMARK NOT DEFINED.

RAW MATERIAL PRICE VOLATILITY.....**ERROR! BOOKMARK NOT DEFINED.**
TARIF WAR: IMPACTS AND CONTINGENCY .....8

**SECTOR ANALYSIS: POWER GRID.....11**

SECTOR OVERVIEW .....**ERROR! BOOKMARK NOT DEFINED.**
SECTOR TAILWINDS AND HEADWINDS .....**ERROR! BOOKMARK NOT DEFINED.**
COMPETITIVE DYNAMICS .....**ERROR! BOOKMARK NOT DEFINED.**

**SECTOR ANALYSIS: TRANSMISSION.....**ERROR! BOOKMARK NOT DEFINED.

SECTOR OVERVIEW .....**ERROR! BOOKMARK NOT DEFINED.**
SECTOR TAILWINDS AND HEADWINDS .....**ERROR! BOOKMARK NOT DEFINED.**
COMPETITIVE DYNAMICS .....**ERROR! BOOKMARK NOT DEFINED.**

**FINANCIAL ANALYSIS.....11**

REVENUE ANALYSIS.....**ERROR! BOOKMARK NOT DEFINED.**
CAPITAL STRUCTURE & LEVERAGE.....**ERROR! BOOKMARK NOT DEFINED.**
CAPITAL ALLOCATION STRATEGY.....16

**VALUATION.....**ERROR! BOOKMARK NOT DEFINED.

DISCOUNTED CASH FLOW (DCF) VALUATION .....**ERROR! BOOKMARK NOT DEFINED.**
MONTE CARLO SIMULATION .....17

**APPENDIX .....19**

FINANCIAL STATEMENTS.....22
BIBLIOGRAPHY .....**ERROR! BOOKMARK NOT DEFINED.**

# Introduction

This document is part of the joint equity research report on Prysmian S.p.A., developed within the scope of the Master in Finance at Nova School of Business and Economics. The project aims to assess the company's equity value as of the 31st December 2025 by analysing its core business segments and applying rigorous financial modelling techniques.

Our joint analysis concludes with a **BUY recommendation** and a **price target of €76.12, implying a 35.8% upside** from the **current market price of €56.04**. This valuation is derived using a **Discounted Cash Flow (DCF) mode**l, supported by alternative valuation methods and **Monte Carlo simulations** to capture forecast variability.

The report was divided between two authors. This individual submission, prepared by Alessandro Romei, covers the Transmission and Power Grid segments, Prysmian's key value drivers along with the company's background, ESG performance, ownership structure, capital structure, DCF valuation, and associated risks. Tomás de Castro contributed to the analysis of the Electrification and Digital Solutions segments, the M&A strategy, foreign exchange risks, capital allocation, and alternative valuation methods.

Together, the two parts provide a comprehensive valuation of Prysmian, emphasizing its strategic position in enabling the global energy and digital transition.

# Company Overview

*Figure 1: Prysmian Logo; Source: Prysmian Website*

## Company Background

Prysmian Group S.p.A., headquartered in Milan, Italy, is the world's largest manufacturer of energy and telecommunication cables, with operations in over 50 countries and a workforce exceeding 30,000 employees. The company plays a critical role in supporting global megatrends, notably the energy transition, electrification, and digital infrastructure development. Prysmian operates through four main segments: Electrification, Power Grid Transmission, and Digital Solutions[1].


*Figure 2: Prysmian Global Presence; Source: Prysmian's Website, Global Presence*

The group benefits from vertical integration across its production chain that enhances cost efficiency, quality control, and responsiveness to demand shifts. Its strategic edge is reinforced by R&D investment €122 million in 2023 alone, and technological leadership in areas such as high-voltage direct current (HVDC) systems, optical fiber innovation, and smart cable monitoring solutions.

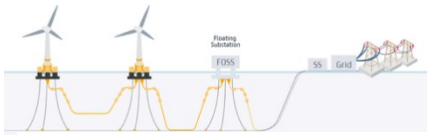



*Figure 3: Offshore wind farms system; Source: Prysmian's 06/03/2025 Press Release*

Prysmian's industry positioning has been strengthened by transformative acquisitions. The purchase of Draka Holding N.V. in 2011 for €840 million enhanced its market share in fiber optics and expanded its presence in Northern and Eastern Europe[2]. In 2018, it acquired U.S.-based General Cable, positioning Prysmian as global leader in cable manufacturing, with a strong presence across North and South America[3].

*Figure 4: Arco Felice Submarine Cable Plant; Source: Prysmian Website, Submarine Cable Manufacturing centers*

Strategically, Prysmian is focused on high-growth areas such as submarine cables for offshore wind farms and interconnector projects, as well as broadband infrastructure for 5G and fiber-to-the-home (FTTH) networks. Recent capital expenditures include the expansion of its submarine cable plant in Arco Felice, Italy, and new investments in the U.S. and Germany to meet the increasing demand for HVDC systems. The company's growth is aligned with the European Union's Green Deal and U.S. infrastructure programs, focused renewable energy and digital connectivity[4].

---

[1] Prysmian Group, "Prysmian Group Company Profile," 2024, https://www.prysmian.com/sites/default/files/Prysmian-Group-Overview-Brochure.pdf.
[2] Financial Times, "Prysmian Buys Dutch Rival Draka," 2011, https://www.ft.com/content/3509fb95-3744-43fa-90a8-b4a133fb4719.
[3] "Prysmian Completes Acquisition of General Cable | Prysmian," accessed March 30, 2025, https://www.prysmian.com/en/press-release/prysmian-completes-acquisition-of-general-cable.
[4] "The European Green Deal - European Commission," July 14, 2021, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en; "INFLATION REDUCTION ACT OF 2022 | Department of Energy," accessed May 20, 2025, https://www.energy.gov/lpo/inflation-reduction-act-2022.

| | Adjusted EBITDA | | Revenue |
|---|---|---|---|
| (in million euros) | FY 2024 | Margin FY 2024 | FY 2024 |
| Transmission | 361 | 14.60% | 2,481 |
| Power Grid | 474 | 13.40% | 3,544 |
| Electrification | 931 | 9.60% | 9,695 |
| └ Industrial & Cor | 620 | 10.10% | 6,151 |
| └ Specialties | 310 | 10.20% | 3,052 |
| Digital Solutions | 161 | 12.40% | 1,306 |
| **Total Group** | **1,927** | **11.30%** | **17,026** |

*Figure 5: Adjusted EBITDA, margins and revenue by segment; Source: Prysmian FY 2024 Integrated Results*

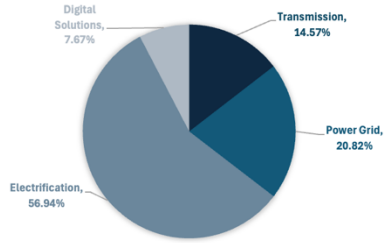



*Figure 6: Revenue distribution by segment, Source: Financial Report 2024*

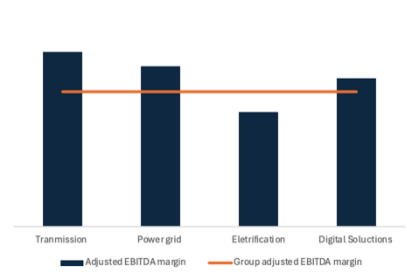



*Figure 7: Adjusted EBITDA margin in 2024; Source: Prysmian FY 2024 Integrated Results*

## Business Segments

Prysmian's four business segments are presented below in **descending order of Adjusted EBITDA contribution**, along with their revenue and profitability metrics. Figure 5 illustrates the Adjusted EBITDA margins across the four segments[5].

- Power Grid Segment (20.8% of revenues; 24.6% of Adjusted EBIDTA)

The **Power Grid segment** focuses on the modernization and expansion of electrical grid infrastructure, including high-voltage alternating current (HVAC), medium- and low-voltage lines essential for electricity distribution to households and commercial users.

The Clientele includes utilities, grid operators, infrastructure developers, and public sector entities. The segment's revenue is regionally distributed as follows: North America (48%), EMEA (40%), LATAM (7%), and APAC (5%).

The company's EBITDA margins in this segment have expanded from 5.4% in 2022 to 11.5% in 2023 and 13.3% in 2024.

- Transmission Segment (14.6% of revenues; 18.3% of Adjusted EBIDTA)

The **Transmission segment** is the sector with the highest adjusted EBITDA margin of 14.6%, despite being the third largest portion of revenue. It includes high-voltage direct current (HVDC) systems, submarine cables, and network components designed for large-scale power transmission, particularly cross-border and offshore renewable energy integration.

Key clients consist of utilities, transmission system operators, governments, and renewable energy developers. The segment is highly concentrated in EMEA (80%), followed by North America (14%) and LATAM (6%), with no current exposure to APAC.

Transmission is positioned to be a key growth area with projects of €4.5 billion in HVDC contracts. The company's internal cable-laying fleet, currently composed of eight vessels. The segment has a 17% year-on-year organic growth in 2024, with an EBITDA margin of 14.6%.

5 Prysmian Group, "FY24 Results Presentation," 2024, https://www.prysmian.com/sites/www.prysmian.com/files/media/documents/PR_Prysmian_FY2024_Results_final_DEF.pdf.

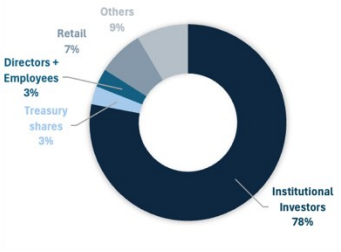



*Figure 8: Ownership Structure; Source: Prysmian website – Ownership Structure*

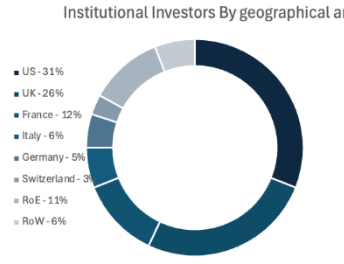



*Figure 9: Institutional Investors by Geographical area; Source: Prysmian website - Ownership Structure*

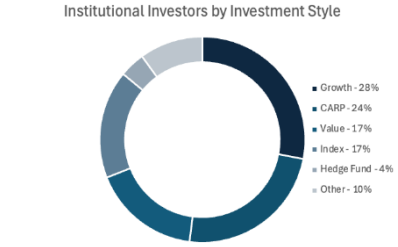



*Figure 10: Institutional Investor by Investment Style; Source: Prysmian Website - Ownership structure*


*Figure 11: Outstanding Shares 2007-2024; Source: Borsa Italiana*

# Ownership Structure

- Capital Dynamics

As of 2025, Prysmian S.p.A. exhibits a highly institutionalized shareholder base, with approximately **78% of its share capital held by institutional investors**. The largest individual stakeholders are BlackRock and Fidelity, holding 5.8% and 5.1% of the shares, respectively. Prysmian is included in global equity indices, including the FTSE MIB, where it held a 3.5% weighting as of February 2025; as well as the Stoxx Europe 600 Industrial and the Dow Jones Best-in-Class World Index, the latter specifically includes firms demonstrating leadership in ESG performance[6].

While institutional investors dominate, retail investors, treasury shares, and employee-held shares account for the remaining 22%. Employee ownership has grown steadily, with approximately **46% of eligible employees participating as of 2025**[7]. The company has set a target of 50% employee participation by 2027, aiming to align strategy with long-term incentive. It is noteworthy that **ESG-focused institutional investors now represent approximately 43%** of Prysmian's shareholder base. Another key factor is that Prysmian is listed in the MIB ESG index that tracks companies with strong ESG performance in Italy.

- Evolution of Share Capital and Share Count

Since the initial public offering (IPO) on the Millan Stock Exchange, Prysmian's share counts evolved in response to a combination of strategic acquisitions, capital market operations, and incentive schemes.

In 2011, the acquisition of Draka holding led to a capital increase, resulting in the issuance of 31.8 million new shares. This was followed in 2018 by another capital increase connected to the acquisition of General cable, which involved a share-based payment. Between 2021 and 2025, the conversion of convertible bonds, such as the one issued in 2021, contributed to a further rise in the share count, with approximately 18.6 million additional shares added to the market in 2024 alone[8].

To partially counterbalance this increase, the company has implemented ongoing

[6] Prysmian Group, "Governance Overview (Ownership Structure)," 2024, https://www.prysmian.com/en/investors/shareholders-information/ownership-structure.
[7] Prysmian Group, "Annual Shareholders Meeting Press Release," 2025, https://www.prysmian.com/en/media/press-releases/annual-shareholders-meeting.
[8] CompaniesMarketCap, "Share Count & Market Cap," 2025, https://companiesmarketcap.com/eur/prysmian-group/shares-outstanding/.

share buyback programs, The most recent of these, completed in February 2025, involved the repurchase of 6.1 million shares at an average price of €61.46 per share, amounting to a total cost of €375 million. As a result, the current outstanding share count is 286.9 million[9].

| Year | Net Income (in million €) | Share Count (in millions) | EPS |
|---|---|---|---|
| 2008 | 235 | 184 | 1.36 |
| 2009 | 228 | 184 | 1.34 |
| 2010 | 249 | 185 | 1.47 |
| 2011 | 169 | 219 | 0.93 |
| 2012 | 156 | 219 | 0.86 |
| 2013 | 153 | 219 | 0.83 |
| 2014 | 155 | 221 | 0.84 |
| 2015 | 150 | 221 | 0.8 |
| 2016 | 262 | 221 | 1.37 |
| 2017 | 237 | 217 | 1.16 |
| 2018 | 58 | 263 | 0.36 |
| 2019 | 296 | 263 | 1.09 |
| 2020 | 174 | 263 | 0.66 |
| 2021 | 310 | 263 | 1.26 |
| 2022 | 509 | 264 | 1.85 |
| 2023 | 547 | 272.8 | 1.9 |
| 2024 | 748 | 272.3 | 2.71 |

*Figure 12: Net Income (in million euros), Share count (in millions), EPS; Source: Prysmian Annual Report 2008 to 2024*

- EPS Growth vs. Share Dilution

While share count has risen due to capital increases and incentive-related issuances, Prysmian has demonstrated an ability to grow earnings at a faster rate than share dilution. Between 2018 and 2024, for example, net profit increased significantly due to successful integration of acquisitions and operational improvements. This outperformance is evidenced by a continuous rise in earnings per share (EPS), which has consistently outpaced the growth in shares outstanding, a trend that underlines value creation for long-term shareholders.

## Stock Performance

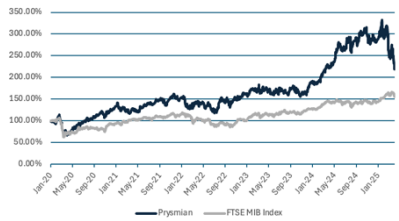


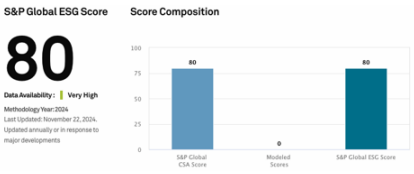

*Figure 13: Prysmian 5-years stock performance; Source: Bloomberg*

As of May 2025, Prysmian's market **capitalization was €16 billion**, with a current share price of €54.28. The stock performed strongly until January 2025, reaching an all-time high of €72. However, in February, it fell over 40%, largely driven by investor concerns related to US tariffs and trade tensions. The share price dropped more than 18% on the day tariffs were announced.

The Prysmian CEO, commented **"U.S. tariffs are likely to have a positive impact on local production."** This highlights that tariffs could shield foreign competition in the US market from foreign competitors. This suggests Prysmian is well positioned to navigate, and potentially benefit from, the current geopolitical climate[10].

## ESG Commitments

- Environmental Pillar




Prysmian has made significant progress in decarbonization, circular economy, and sustainable innovation, aiming for net zero emissions 15 years ahead the Paris Agreement schedule. The company has reduced Scope 1 and 2 missions by 37% as of 2024, compared to 2019. It is targeting reductions of 38-40% by 2025, 55-60% by 2030, and 90% by 2035. For scope 3 emissions, a 21% reduction in 2024,

[9] "UPDATE ON THE EXECUTION OF THE SHARE BUY-BACK PROGRAMME | Prysmian," accessed April 4, 2025, https://www.prysmian.com/en/media/press-releases/update-on-the-execution-of-the-share-buy-back-programme-end-of-the-programme-3-march-2025.

[10] "Dazi, Battaini (Prysmian): Nella Posizione Ideale per Consolidare Nostra Leadership Locale - Economia e Finanza - Repubblica.It," accessed May 20, 2025, https://finanza.repubblica.it/News/2025/04/03/dazi_battaini_prysmian_nella_posizione_ideale_per_consolidare_nostra_leadership_locale-81/.

with targets set at 28% by 203 and 90% by 2050[11].

- Social Pilar

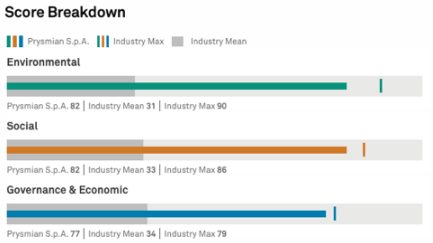


*Figure 14: ESG Score; Source: S&P Global*

Prysmian supports energy equity, digital inclusion, and workforce development. In 2023, it enabled 55 million households' renewable energy, with a target of reaching 110 million by 2025. It provided high-speed internet access to 9 million families, aiming for 15 million by 2025. In 204, 75% of employees received STEM training, and women held 32% of leadership positions. The company remains committed to closing gender pay gap and ensuring every employee receives more than 40 hours of training annually.

- Governance Pilar

Prysmian emphasizes transparency, ethical practices, and ESG-aligned leadership. It adopted the Taskforce on Nature-related Financial Disclosures guidelines and committed to a Net Gain in biodiversity by 2035. In 2024, it published 53 Environmental Product Declarations, with 40% of executive compensation linked to ESG performance indicators.

According to S&P500 ESG Score, Prysmian outperforms its peers with a score of 80 out of 100, far exceeding industry average in Environmental (82 vs. 41), Social (82 vs 33) and Governance & Economic (77 vs. 34). Additionally, the company has an elevated level of transparency, reflected in a 94% disclosure rate for required data and 99% for additional disclosures. These suggest that Prysmian not only adheres to industry best practices but also sets a benchmark for ESG leadership within the sector[12].

## Key Risks

- Raw Material Price Volatility

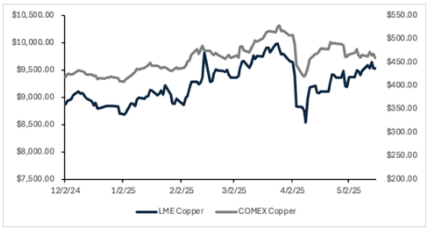


*Figure 15: Copper price LME Vs. COMEX; Source: Bloomberg*

Prysmian relies heavily on base metals, primarily copper and aluminum, whose prices has been highly volatile. In March, COMEX copper futures surged, while LME prices rose 31 to a record $5.37/lb, then dropped 2.2% to $9,893/ton due to U.S. tariffs. This price gap spurred traders to front-load shipments, causing regional shortages. Copper later plunged below $4.50/lb, as investor concerns shifted from supply to demand risks. Copper demand is projected to grow 2.6% CAGR in 2035, with China consuming 50%.

In response, Prysmian has secured long-term supply deals with partners Like Aurubis and Rio Tinto for copper and aluminum. Although substitution strategies exist, such as replacing coper with aluminum or "thrifting" designs to use less

[11] Prysmian Group, "Sustainability Report," 2024, https://annualreport.prysmian.com/performance-esg-en/.
[12] S&P Global, "ESG Score: Prysmian," 2025, https://www.spglobal.com/esg/scores/results?cid=4310819.

material, they remain limited. Copper's unique conductivity and high aluminum substitution ratios (3.5-3x) constrain alternatives[13].

- Tarif War: Impacts and Contingency

Geopolitical tension has reshaped trade dynamics. However, the recent Prysmian's acquisition of Encore's Texas facility reduces its exposure to import tariffs, shielding from import-related costs or finished goods. With 86% of its projected backlog coming from Europe and ongoing grid investments in North America and Asia, supports underlying demand. Its operational flexibility and favourable EUR/USD exchange rate position it to maintain margin stability, by importing raw materials.

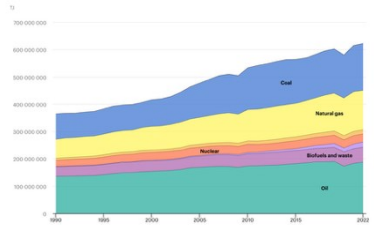



*Figure 16: Total energy supply (TES) by source, World, 1990-2022; Source: EIA*

# Sector Analysis: Power Grid

## Sector Overview

The power grid sector includes High Voltage (HV) Transmission; Medium-voltage (MV) distribution and low-voltage (LV)distribution networks. It serves a diverse range of end users, from passive residential consumers to highly active industrial clients, spanning the entire economy.

Households and small businesses depend on LV networks for basic power supply. In contrast, industrial and commercial users, such as manufacturers and data centers, require higher-capacity MV or HV networks and often invest in private infrastructure or backup systems. Utilities and distribution system operators (DSOs) function as intermediaries, balancing supply and demand.

Key products include transmission services, grid-balancing solutions, and digital management platforms that enhance efficiency and resilience.

Regulatory Considerations

Due to its strategic importance, the gird sector is heavily regulated to ensure safety, reliability, and equitable access, The 2025 blackout underscore its critical infrastructure role. Regulatory approval timelines remain a challenge with medium-voltage line permits taking 2 to 3 years, while high-voltage line approvals may require 8 to 10 years.

Frameworks now prioritize modernization, renewable integration, and resilience. Notable policy tools like carbon pricing and renewable incentives, especially in Europe, aim to reduce market fragmentation. Regulatory frameworks are increasingly focused on modernizing the grid, integrating renewable energy, and

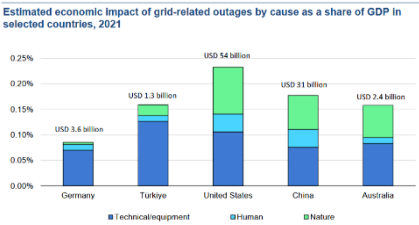



*Figure 17: Economic impact of outages; Source: IEA*

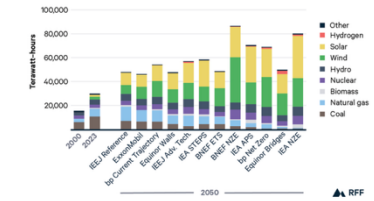



*Figure 18: World Electricity Generation by 2050; Source: RFF, 2025*

[13] BHP, "Copper Market Analysis," 2024, https://www.bhp.com/news/bhp-insights/2024/09/how-copper-will-shape-our-future.

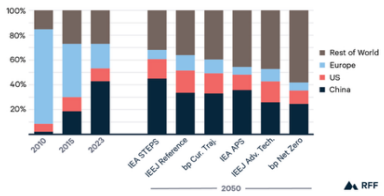



*Figure 19: Percentage of Total Solar Capacity by Region; Source: RFF, 2025 using EIA projections*


*Figure 20: Lead times and Prices for key Parts; Source BCC, 2025*

enhancing resilience. Goals such as the EU's 15% cross-border interconnection target by 2030 seek to improve regional energy trading and stability[14].

## Sector Tailwinds and Headwinds

The power grid sector is experiencing significant growth, driven by rising global electricity demand from the electrification of transport, heating, and industry. This shift, coupled with the rapid integration of renewables, is projected to account for 90% of new capacity, and will require substantial upgrades to aging grid infrastructure. In the EU, solar power surpassed coal in 2024, and global electricity demand is expected to grow 4% annually through 2027.

To meet this demand, annual grid investment is expected to exceed $600 billion by 2030[15]. Utilities are adopting smart grid technologies, advanced metering, and AI-driven demand response systems to modernize the network. Government incentives in Asia-Pacific and Europe are accelerating expansion, while urbanization in emerging markets like China and India is spurring large-scale infrastructure projects. High-voltage cable demand is growing at a 5.2% CAGR (2024–2032), with 65% of new offshore projects directly linked to renewables[16].

However, aging infrastructure, currently over 70% of the U.S. grid is older than 25 years, and supply chain constraints, including shortages of HV cables, transformers, and skilled labour, are inflating costs and delaying projects. Price volatility in copper and aluminium adds financial pressure, although larger firms benefit from hedging strategies. Lead times for HV cables can now exceed 24 months due to limited global production and soaring demand[17].

## Competitive Dynamics

The power grid sector is moderately consolidated at the high voltage (HV) due to high technological and quality requirements. However, the medium-voltage and low-voltage cables have **lower barriers to entry and regional supply preferences**.

This market is led by Prysmian and Nexans in the designs and installation of extra-high voltage and submarine cables, crucial for offshore wind and intercontinental links. Firms like NKT and Nexans offer full EPC (engineering, procurement, and construction) services, including cable laying, monitoring, and maintenance, which

[14] "Electricity 2025 – Analysis," IEA, February 14, 2025, https://www.iea.org/reports/electricity-2025.
[15] Allied Market Research, "Industrial Electrification Market," 2024, https://www.alliedmarketresearch.com/industrial-electrification-market-A110295.
[16] Statista, "Digital Transformation Market Size," 2025, https://www.statista.com/statistics/870924/worldwide-digital-transformation-market-size/.
[17] "Delivering the Energy Transition Will Come Down to the Wires," BCG Global, February 13, 2025, https://www.bcg.com/publications/2025/delivering-energy-transition.

is a key differentiator for complex projects. LS Cable & System and Sumitomo Electric leverage regional production hubs for faster delivery and compliance with local content requirements, especially in Asia and the Middle East. Custom cable design for specific grid conditions and robust after-sales support is essential. Chinese manufacturers (Hengton Group, Zhongtian Technology) are expanding globally, increasing price competition, particularly in the MV/LV segments.

# Sector Analysis: Transmission

## Sector Overview

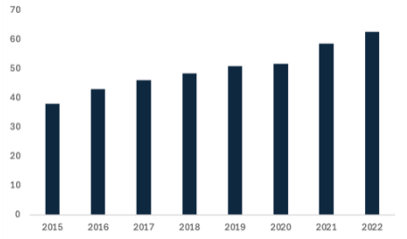



*Figure 21: Power grid digitalization investment 2022; Source: Statista*

The transmission sector focuses on the production and deployment of high-voltage overhead and underground cables. It is defined by several key characteristics: the need for long-distance connections between energy sources, including renewables, and demand centers; the complexity of its networks, which require real-time monitoring and automation to maintain reliability and efficiency; high capital and technological requirements; and extended project timelines. End clients typically include electric utility companies, transmission system operators (TSOs), renewable energy developers, and large industrial enterprises.

Regulatory Considerations

This sector faces strict regulatory standards, especially for high-voltage and submarine cables. These factors favor the experience of companies with established records. Often the project is awarded by governments and public-private partnerships, taking multiple years to complete. In fact, in many regions, transmission is a regulated monopoly with tariffs and investment return overseen by regulatory bodies (e.g. FERC in the U.S., Australian Energy Regulator, European national regulators)[18][19].

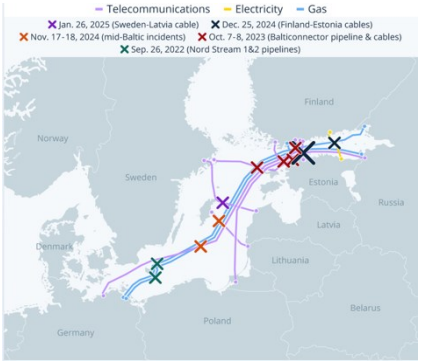



*Figure 22: Baltic Sea Cable Incidents; Source: Media reports*

## Sector Tailwinds and Headwinds

Global political trends are increasingly supportive of transmission infrastructure. In 2023 alone, investment in power transmission rose by 10%, reaching $140 billion. However, to align with national and international climate goals, annual investment will need to more than double by the 2030s. The IEA projects a requirement of $250–300 billion per year under climate-aligned scenarios (EIA, 2025).

[18] Australian Competition and Consumer Commission, "Prysmian to Pay Penalty of $3.5m for Engaging in Cartel Conduct," Text, July 31, 2017, Australia, https://www.accc.gov.au/media-release/prysmian-to-pay-penalty-of-35m-for-engaging-in-cartel-conduct.

[19] EU Court of Justice, "Antitrust Ruling: Prysmian v Commission," 2020, https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0072.

At the COP29 conference held in Baku, Azerbaijan (November 2024), a notable decision called on all sectors of the global economy to mobilize at least $1.3 trillion annually for sustainable investments, of which over $300 billion should be directed to developing countries by 2035.

In Europe, the European Network of Transmission System Operators (ENTSO-E) has outlined plans to integrate over 250 GW of offshore energy capacity into the continental grid, equivalent to supplying more than 25% of Europe's electricity demand. This will involve the development of 54,000 km of offshore transmission lines at an estimated cost exceeding €400 billion, requiring a ninefold acceleration in current installation rates[2021].

The North Sea will play a central role in this expansion. To meet 2030 targets, annual offshore wind capacity additions must grow to 15 GW, raising the region's total capacity from 27 GW today to 199 GW. By 2050, including the targets of EU member states, the UK, and Norway, an additional 496 GW of offshore generation is expected to be deployed and connected via new offshore transmission infrastructure.

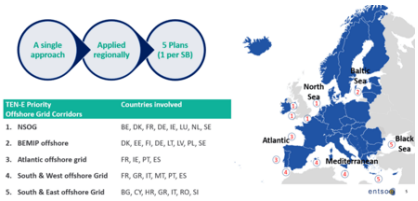



*Figure 23: Planned offshore grid corridors; Source: ENTSO-E*

## Competitive Dynamics

The transmission sector is moderately too highly concentrated, with a limited number of companies controlling much of the global market share. This is driven by the sector's high barriers to entry, capital intensity, and the complex, project-based nature of the business.

New entrances face high investments in manufacturing facilities and R&D. The projects are usually awarded though competitive tenders, prioritizing companies with established track records. Investment in R&D is essential to reduce energy losses.

European and Japanese companies dominate mature markets due to their technical expertise and quality standards. In contrast, Chinese companies are expanding rapidly in developing lower costs and benefiting state support. However, in many countries local content requirements or client proximity influences who wins contracts.

20

"IEA – International Energy Agency," IEA, April 18, 2025, https://www.iea.org/search.

21 "ENTSO-E's Views on Offshore Development," accessed May 20, 2025, https://www.entsoe.eu/outlooks/offshore-development/.

# Financial Analysis

Over the past decade, Prysmian delivered consistent and robust financial performance, supported by strategic acquisitions, and strong organic growth. **Revenues rose from approximately €7.5 billion in 2016 to over €17 billion in 2024**, representing a CAGR of around 9.4%. This growth was driven by a robust electrification sector, with a CAGR of 8.2%, and the rapidly expanding transmission segment. The digital solutions segment is also poised for renewed momentum, fueled by recent acquisitions and the upcoming competition of the Channell group deal in Q2 225.

Prysmian successfully integrated Encore wire and General Cable, enhancing operational efficiency, evident in its EBITDA margin increase from 8.5% in 2026 to 10.3% in 2024. Management estimates €5 billion in cumulative free cash flow over the period, with an external forecast slightly higher at €5.3 billion.

While the Covid-19 Pandemic caused a temporary sales drop, the company rebounded strongly over the following years, aided by increased investment in infrastructure and power grid development.

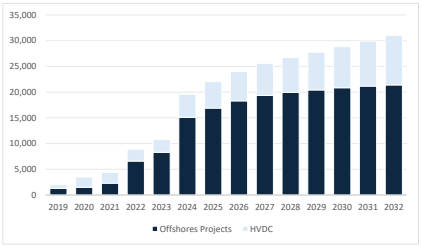



*Figure 24: Backlog estimation; Source: Analyst's model*

## Revenue Analysis

The transmission segment represents 15% of total revenue, and has become the most dynamic growth driver, benefiting from the global transition to renewable energy and the parallel need for HVDC and submarine cable infrastructure. As of 2024, the segment boasts a record €19.6 billion backlog, mostly tied to submarine cable projects. It grew 17% YoY in 2024, achieving a 14.4% EBITDA margin. A project CAGR of 17.8% through 2025 to 2028 is supported by strong demand and expanded capacity, including three new cable-lying vessels: “Monna Lisa”, “Alessandro Volta”, and “Marco polo”, modeled after the “Leonardo Da Vinci” class. Mona Lisa enters in service in early 2025, with the other expected by late 2026.

*Figure 25: Leonardo da Vinci Vessel; Source: Prysmian's group*

Management anticipates an EBITDA CAGR of 25% to 28% over this period, with margin expansion to 18 to 20%. Our forecasts align with guidance, projecting EBITDA growth at the lower end of this range.

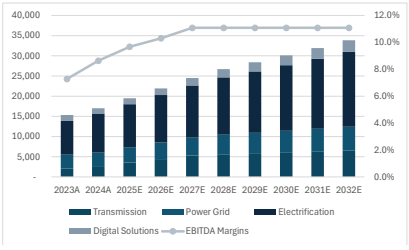



*Figure 26: Revenue forecast and EBITDA margin; Source: Analyst's model*

This high-margin, long-duration business offers strong visibility and leverages Prysmian’s technological edge. With eight proprietary cable-lying vessels, Prysmian can complete installations in under six weeks, less than half of the time of competitions, minimizing client downtime. It also remains the only player able to install cables at 30,000-meter depths, allowing access to more complex projects. Additionally, the company has developed proprietary sensors that enhance the efficiency of transmission, helping to maximize current flow, these innovations

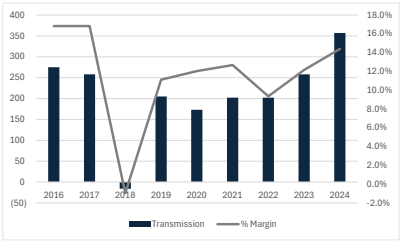



*Figure 27: Transmission Adjusted EBITDA and Margin; Source: Analyst's Model*

supported elevated margins and current elevated backlog, fueled by offshore wind and HVDC interconnectors, with the key upside of decarbonization efforts and increased public infrastructure funding in Europe and U.S. with the main downside risk lying in potential project execution delays or geopolitical disruptions.

The Power grid segment, while more mature, is still set to benefit from this cycle of investment focused on grid modernization and resilience, particularly within the European Union, we forecast a YoY growth rate of around 8% over the next four years, only suffering from a lowering of EBITDA margin from the current 13.2%, to the company guidance of between 12%-13% depending on the geographical areas and the different imbalance between capacity and demand, this is in line with the current market sentiment, with expectation suggesting a 8% YoY growth in cabling investment affecting other European cable suppliers, including Nexans and NKT, with the expectation being that investment must grow in line with the expansion of power capacity.

## Capital Structure


*Figure 28: Net Leverage Ratio; Source: Prysmian's Annual Report*

The latest round of acquisitions has considerably changed the capital structure of the company. Net debt increased to approximately €4.5 billion in 2024, largely because of the Encore Wire acquisition, translating into net leverage ratio of 2.6X EBITDA, compared to 1.4X in the previous year. Management has reaffirmed its commitment to maintaining investment-grade credit metrics, possessing a BBB- rating from Standard & Poor's over the company bonds maturing in 2028, and has outlined a deleveraging trajectory that aims to reduce net leverage to a target range of 1.0X to 1.5X by 2028, achieved by a combination of EBITDA growth and cash flow driven debt repayment, with an approximate €1.3 of future cash flow being used for de-leveraging. Interest coverage remains strong, with a ratio exceeding 6X and it is projected to improve further over the forecast horizon.

## Capital Allocation Strategy

Management has set some clear priorities for the future usage of FCFF, other than the previously mentioned deleveraging goals, they plan to re-distribute around €1 billion in dividends over the next four years, with €2.6 billion planned to be used for possible M&A activities. Dividends' distributions are projected to remain stable, with a payout ratio of around 30%, share repurchases are excluded from the base scenario but may be considered depending on future market conditions and excess cash availability, with a higher likelihood in case no new M&A opportunities are possible, with management possibly increasing shareholder's remuneration.

# Valuation

The central methodology used to calculate the intrinsic valuation of Prysmian is conducted using the **Discounted Cash Flow (DCF)** model, based on the FCFF, complemented by alternative approaches including the **Adjusted Present Value (APV)**, **Flow to Equity (FTE)**, and **Economic Value Added (EVA)** methods, these are supplemented by a **Monte Carlo simulation** to incorporate stochastic variability into key parameters and by a **relative valuation** using peer-based multiples.

## Discounted Cash Flow (DCF) Valuation

- Forecast Period and Structure

The DCF model projects unlevered FCFF from 2025 to 2032, with the valuation reference date of 31st of December 2025, aligning all projections and balance sheet metrics to a consistent temporal basis. The model includes a terminal value to capture the value of the firm beyond the forecasted horizon, under a steady-state assumption.

- Free Cash Flow to the Firm (FCFF)

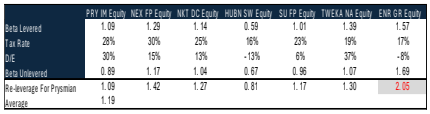
The FCFF is defined as:

$$FCFF = EBIT(1 - Tax\,Rate) + Depreciation\,\&\,Amortization - CAPEX$$

Each component is estimated as follows. is projected based on segment-level revenues and **EBITDA margins**, incorporating management guidance, historical margin trends, and anticipated cost synergies resulting from recent acquisitions. The **tax rate is set at 28%**, which reflects both Italy's corporate tax rate of 24% (IRES) and the approximate 4% regional production tax (IRAP). This rate is cross-validated against historical effective tax rates and, while slightly higher than the management's guidance of 26%–27%, provides a more conservative outlook. **D&A** are modeled as a function of fixed assets, with the depreciation schedule aligned to historical patterns of fixed asset turnover and capital intensity. CapEx includes both maintenance and growth investments; maintenance is estimated using the long-term average of depreciation and amortization, while growth reflects the company's ongoing expansion plans. NWC is forecasted using turnover ratios, specifically Days Sales Outstanding (DSO), Days Payables Outstanding (DPO), and Days Inventory Outstanding (DIO). Particular attention is paid to down payments received from clients in the transmission segment, as these significantly influence working capital dynamics and are subject to cyclical reversals.

| Discount Rate Analysis | |
|---|---|
| Cost of Capital | |
| **Ru** | 8.48% |
| **Cost of Debt** | 3.78% |
| **Cost of Equity** | 9.32% |
| **WACC** | **8.22%** |

*Figure 29: WACC calculations; Source: Analyst's Model*



| | PRY IM Equity | NEX FP Equity | NKT DC Equity | HUBN SW Equity | SU FP Equity | TWEKA NA Equity | ENR GR Equity |
|---|---|---|---|---|---|---|---|
| Beta Levered | 1.09 | 1.29 | 1.14 | 0.59 | 1.01 | 1.39 | 1.57 |
| Tax Rate | 28% | 30% | 25% | 16% | 23% | 19% | 17% |
| D/E | 30% | 15% | 13% | -13% | 6% | 37% | -8% |
| Beta Unlevered | 0.89 | 1.17 | 1.04 | 0.67 | 0.96 | 1.07 | 1.69 |
| Re-leverage For Prysmian | 1.09 | 1.42 | 1.27 | 0.81 | 1.17 | 1.30 | 2.05 |
| Average | 1.19 | | | | | | |

*Figure 30: Beta estimation; Source: Analyst's Model*

| Cost of Debt | |
|---|---|
| S&P Rating | BBB- |
| German 10Y Bund Yield | 2.59% |
| Prysmian 2031 Bond Yield | 3.63 |
| Implied Defualt Proability | 1.9% |
| Implied Loss Given Default | 54.67% |
| **Rd Estimatation** | **3.63%** |

*Figure 31: Cost of Debt estimation; Source: Analyst's model*

| Country | Risk Premium | % of Revenue 2024 |
|---|---|---|
| North America | 4.33% | 35.89% |
| EMEA Excl. Italy | 5.45% | 36.46% |
| Italy | 7.33% | 12.76% |
| Latin America | 9.15% | 8.66% |
| Asia Pacific | 5.87% | 6.24% |
| **Total** | **5.63%** | |

*Figure 32: Risk Premia; Source Damodaran. A. Equity Risk Premium*

| Share Price | Terminal Growth Rate | | | | |
|---|---|---|---|---|---|
| WACC | 1.08% | 1.33% | 1.58% | 1.83% | 2.08% |
| 7.20% | € 85.66 | € 88.73 | € 92.07 | € 95.72 | € 99.72 |
| 7.70% | € 78.00 | € 80.54 | € 83.29 | € 86.27 | € 89.52 |
| 8.20% | € 71.43 | € 73.56 | € 75.85 | € 78.32 | € 80.99 |
| 8.70% | € 65.73 | € 67.53 | € 69.46 | € 71.53 | € 73.76 |
| 9.20% | € 60.74 | € 62.28 | € 63.92 | € 65.68 | € 67.55 |

*Figure 33: DCF sensitivity analysis; Source: Analyst's model*

- Weighted Average Cost of Capital (WACC)

The WACC is estimated at 8.18%, calculated as:

$$WACC = \frac{E}{E+D} \cdot R_e + \frac{D}{E+D} \cdot R_d \cdot (1-T)$$

- The cost of equity $\boldsymbol{R_e}$ is derived from the Capital Asset Pricing Model:

$$R_e = R_f + \beta \cdot (R_m - R_f)$$

The risk-free rate $(R_f)$ is based on the German 10-year Bund yield (2.59%), while the beta of 1.19 is an average of a five-year monthly regressions of Prysmian's peer-adjusted beta on the SXNP Index, unlevered and re-levered to reflect Prysmian's capital structure. The market risk premium of 5.63%, derived using geographic revenue weights and respective regional equity risk premia[22]. The cost of debt $(R_d)$ is estimated at 3.63%, based on Prysmian's outstanding euro-denominated senior unsecured bonds maturing in 2031.

The capital structure is assumed to stabilize at 80% equity and 20% debt over the forecasted period, reflecting management's deleveraging goals and historical averages pre-acquisition.

- Terminal Value (TV)

The terminal value is calculated using the Gordon Growth Model:

$$TV = \frac{FCFF_{2032} \cdot (1+g)}{WACC - g}$$

The terminal growth rate is calculated as the product of Return on New Invested Capital and the Reinvestment Rate (RR), which produces an average value over the forecasted period of 1.6%, this produces a TV of 62% of EV, a sensible proportion for a capital-intensive infrastructure firm.

- Equity Valuation & Sensitivity Analysis

After deducting net debt of €4.5 billion from the enterprise value, the implied equity value is €21.8 billion, divided by the share outstanding, this yields a **fair value per share of €76.12**. This valuation represents a 35.8% upside on the current market price, and above the 52-week high of €72.76.

A **sensitivity analysis** is performed on the **WACC (±50bp)** and $\boldsymbol{g}$ **(±25bps)**, across the tested combinations, the implied share price ranges between €60 and €100, suggesting a margin of safety across a range of plausible scenarios.

[22] "Pages.Stern.Nyu.Edu/~adamodar/New_Home_Page/Datafile/Ctryprem.Html," accessed May 20, 2025, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html.

# Monte Carlo Simulation

To assess the probabilistic distribution of Prysmian's equity value, a **Monte Carlo simulation** was performed, using **5,000 iterations**. We adopted a streamlined approach by estimating the **FCFF** as a function of simulated revenues and a dynamic **FCFF margin**.

- Methodology and Assumptions

We modeled four key variables as stochastic. **CAGR** was simulated using a normal distribution, with a mean of 9.7% and a standard deviation of 1.5%, based on historical growth patterns and forward-looking guidance. The **FCFF margin** was estimated using a triangular distribution with a 25$^{th}$ quartile, median, and 75$^{th}$ quartile derived from the FCFF-to-Revenue ratio, to reflect variability in cash generation efficiency. The **WACC** was simulated using a triangular distribution with a mode of 8.22%, and a plausible minimum-maximum range derived from our discount rate sensitivity analysis (6.31% to 10.13%). Finally, **the terminal growth rate** was modeled using a triangular distribution with a mode of 1.6%, a minimum of 1.1%, and a maximum of 2.2%, all stemming from our sensitivity analysis.

- Results and Interpretation

| Results | |
|---|---|
| Mean | € 71.3 |
| Median | € 69.8 |
| 5th Percentile | € 53.2 |
| 95th Percentile | € 94.9 |
| Standard Deviation | 12.72 |

*Figure 34: Monte Carlo simulation results; Source: Analyst's model*

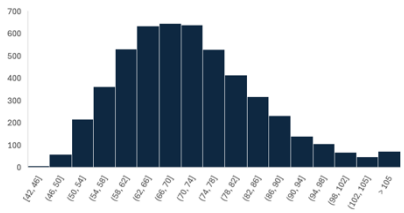
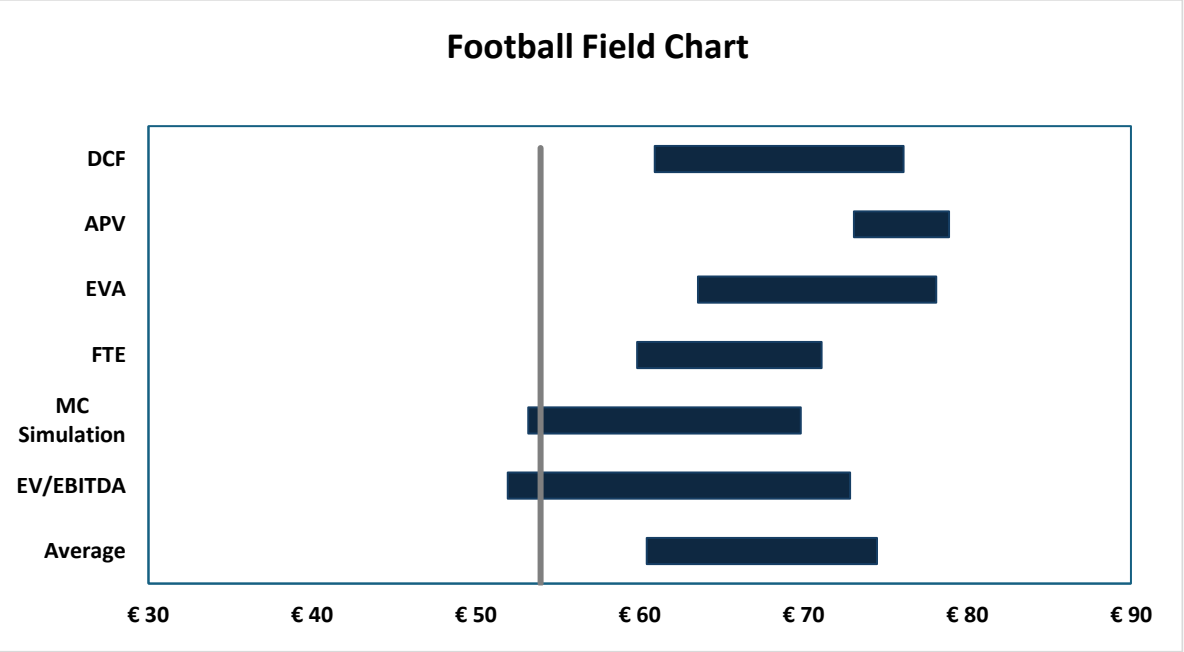



*Figure 35: Distribution Histogram; Source: Analyst's model*

The simulation produced a smooth, right-skewed distribution of share price distribution. The **mean intrinsic value** across the 5,000 iterations is **€71.3**, with a **median of €69.8**, suggesting a relatively symmetric central tendency. The 5$^{th}$ percentile value is €53.2, and the 95$^{th}$ percentile is €94.9.

The **standard deviation of €12.72**, shows moderate dispersion around the mean. Importantly, much of the confidence interval is above the current share price of €56.04. The histogram confirms these findings, showing the highest density of outcomes in the €62-€74 range, aligned with our DCF estimate. The right tail represents the upside scenarios under favourable combinations of higher margins and lower WACC, driving the valuation towards >€100 per share.

# Appendix




| Terminal Growth Rate Estimation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Year** | **2026F** | **2027F** | **2028F** | **2029F** | **2030 E** | **2031 E** | **2032 E** | **Forecasted Average** |
| Δ NOPAT | 197 | 199 | 163 | 115 | 136 | 137 | 142 | 156 |
| Δ IC | 974 | 1,024 | 1,105 | 1,030 | 636 | 690 | 755 | 888 |
| **RONIC** | **20%** | **19%** | **15%** | **11%** | **21%** | **20%** | **19%** | **18%** |
| | | | | | | | | |
| Net CapEx | 71 | 161 | 226 | 34 | 82 | 127 | 169 | 124 |
| Δ NWC | (9) | 53 | 98 | 16 | 9 | 8 | 13 | 27 |
| NOPAT | 1200 | 1399 | 1562 | 1678 | 1813 | 1950 | 2092 | 1,671 |
| **Reinvestment Rate** | **5%** | **15%** | **21%** | **3%** | **5%** | **7%** | **9%** | **9%** |
| | | | | | | | | |
| **Terminal Growth Rate** | **1.04%** | **2.96%** | **3.07%** | **0.33%** | **1.07%** | **1.37%** | **1.64%** | **1.6%** |

| g | RONIC | | | | |
|---|---|---|---|---|---|
| Reinvestment Rate | 7.0% | 8.0% | 9.0% | 10.0% | 11.0% |
| 15.5% | 1.1% | 1.2% | 1.4% | 1.6% | 1.7% |
| 16.5% | 1.2% | 1.3% | 1.5% | 1.7% | 1.8% |
| 17.5% | 1.2% | 1.4% | 1.6% | 1.8% | 1.9% |
| 18.5% | 1.3% | 1.5% | 1.7% | 1.9% | 2.0% |
| 19.5% | 1.4% | 1.6% | 1.8% | 2.0% | 2.2% |

| WACC | Cost Of Equity | | | | |
|---|---|---|---|---|---|
| Cost Of Debt | 7.3% | 8.3% | 9.3% | 10.3% | 11.3% |
| 1.6% | 6.27% | 7.10% | 7.93% | 8.76% | 9.60% |
| 2.6% | 6.40% | 7.23% | 8.06% | 8.89% | 9.72% |
| 3.6% | 6.52% | 7.35% | 8.18% | 9.01% | 9.84% |
| 4.6% | 6.64% | 7.47% | 8.30% | 9.13% | 9.96% |
| 5.6% | 6.76% | 7.59% | 8.42% | 9.25% | 10.09% |

| DCF Model | | Terminal Growth Rate | | | | |
|---|---|---|---|---|---|---|
| | | 1.08% | 1.33% | 1.58% | 1.83% | 2.08% |
| WACC | 7.18% | € 85.99 | € 89.08 | € 92.44 | € 96.12 | € 100.16 |
| | 7.68% | € 78.28 | € 80.84 | € 83.61 | € 86.61 | € 89.88 |
| | 8.18% | € 71.67 | € 73.81 | € 76.12 | € 78.61 | € 81.30 |
| | 8.68% | € 65.94 | € 67.75 | € 69.69 | € 71.78 | € 74.02 |
| | 9.18% | € 60.92 | € 62.47 | € 64.12 | € 65.89 | € 67.78 |

# Financial Statements

**Balance Sheet - Reformulated**

**Core Business Invested Capital**

| (Euro/million) | 2020 A | 2021 A | 2022 A | 2023 A | 2024 A | 2025 E | 2026 E | 2027 E | 2028 E | 2029 E | 2030 E | 2031 E | 2032 E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Operating Cash | € 100.16 | € 127.36 | € 160.67 | € 153.54 | € 170.26 | € 194.90 | € 219.28 | € 244.93 | € 267.09 | € 283.97 | € 301.28 | € 319.25 | € 338.39 |
| Inventories | € 1,531.00 | € 2,054.00 | € 2,241.00 | € 2,264.00 | € 2,858.00 | € 2,750 | € 3,094 | € 3,456 | € 3,769 | € 4,007 | € 4,251 | € 4,505 | € 4,775 |
| % Cost of Good Sold | 24% | 23% | 21% | 23% | 27% | 22% | 22% | 22% | 22% | 22% | 22% | 22% | 22% |
| Deffered Tax Assets | € 207.00 | € 182.00 | € 203.00 | € 299.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 | € 328.00 |
| % Tax Expenses (operating) | 242% | 136% | 96% | 146% | 115% | | | | | | | | |
| Trade Recivables | € 1,374.00 | € 1,622.00 | € 1,942.00 | € 1,987.00 | € 2,433.00 | € 2,673.22 | € 3,007.69 | € 3,359.53 | € 3,663.47 | € 3,894.89 | € 4,132.40 | € 4,378.89 | € 4,641.42 |
| % Revenues | 14% | 13% | 12% | 13% | 14% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | 13% |
| Property, Plant and Equipment | € 2,648.00 | € 2,794.00 | € 3,020.00 | € 3,401.00 | € 4,921.00 | € 5,049.98 | € 5,275.36 | € 5,589.65 | € 5,970.93 | € 6,005.14 | € 6,087.51 | € 6,214.17 | € 6,383.24 |
| % Revenues | 26% | 22% | 19% | 22% | 29% | 26% | 24% | 23% | 22% | 21% | 20% | 19% | 19% |
| Goodwill | € 1,508.00 | € 1,635.00 | € 1,691.00 | € 1,660.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 | € 3,499.00 |
| Other Intangible Assets | € 489.00 | € 505.00 | € 473.00 | € 411.00 | € 1,416.00 | € 1,261.76 | € 1,107.52 | € 953.89 | € 798.53 | € 798.53 | € 798.53 | € 798.53 | € 798.53 |
| % Growth yoy | -13.3% | 3.3% | -6.3% | -13.1% | 244.5% | | | | | | | | |
| Other Recivables | € 503.00 | € 637.00 | € 993.00 | € 1,050.00 | € 1,187.00 | € 2,029.09 | € 2,279.45 | € 2,484.07 | € 2,649.19 | € 2,764.99 | € 2,873.41 | € 2,983.45 | € 3,097.16 |
| % Backlog | 14.37% | 14.48% | 11.15% | 9.72% | 6.06% | 9.22% | 9.50% | 9.71% | 9.92% | 9.96% | 9.97% | 9.97% | 9.97% |
| Derivatives Assets | € 122.00 | € 230.00 | € 131.00 | € 88.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 | € 159.00 |
| Defered Tax Liabilitie | € 195.00 | € 190.00 | € 187.00 | € 222.00 | € 579.00 | 579 | 579 | 579 | 579 | 579 | 579 | 579 | 579 |
| % Growth yoy | -8.45% | -2.56% | -1.58% | 18.72% | 160.81% | | | | | | | | |
| Trade payable | 1,958 | 2,592 | 2,718 | 2,199 | 2,462 | 3,542 | 3,985 | 4,451 | 4,854 | 5,160 | 5,475 | 5,802 | 6,149 |
| % Revenues | 19.55% | 20.35% | 16.92% | 14.32% | 14.46% | 14.39% | | | | | | | |
| Tax Payable | 25 | 54 | 133 | 64 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 |
| % Taxe Expenses (operating) | 29.2% | 40.2% | 63.0% | 31.2% | 40.7% | | | | | | | | |
| Other payable | 1,000 | 1,197 | 1,722 | 2,520 | 3,100 | 3,706 | 4,201 | 4,601 | 4,881 | 5,144 | 5,411 | 5,686 | 5,972 |
| % Revenues | 9.98% | 9.40% | 10.72% | 16.41% | 18.21% | 19.0% | 19.2% | 18.8% | 18.3% | 18.1% | 18.0% | 17.8% | 17.6% |
| Provisions for risks and charges | 560 | 633 | 678 | 755 | 780 | 806 | 833 | 860 | 889 | 918 | 948 | 980 | 1,012 |
| % Growth yoy | -20.57% | 13.04% | 7.11% | 11.36% | 3.31% | | | | | | | | |
| Other Employee obligations | 45 | 46 | 32 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 |
| Derivatives Liabilitites | 31 | 43 | 126 | 95 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 |
| **Core invested capital** | **4,668** | **5,031** | **5,259** | **5,433** | **9,830** | **9,093** | **9,152** | **9,364** | **9,682** | **9,719** | **9,797** | **9,919** | **10,087** |
| | | | | | | | | | | | | | |
| Equity accounts investments | € 312.00 | € 360.00 | € 387.00 | € 218.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 | € 248.00 |
| Other investments at fair value through | € 13.00 | € 13.00 | € 12.00 | € 10.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 | € 12.00 |
| Assets held for traiding | € 20.00 | € 244.00 | € 270.00 | € 85.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 | € 32.00 |
| Financial assets at fair value through oth | € 11.00 | € 11.00 | € 11.00 | € 24.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 |
| Derivatives Assets | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - |
| Other recivables (non-core) | € 5.00 | € 4.00 | € 4.00 | € 7.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 | € 9.00 |
| Assets held for sale | € 2.00 | € 3.00 | € - | € 9.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 | € 1.00 |
| Liabilities held for sale | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - |
| Provisions for risks and charges (Reestru | € 31.00 | € 21.00 | € 18.00 | € 56.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 | € 53.00 |
| Pension Plans | € 417.00 | € 357.00 | € 260.00 | € 271.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 | € 249.00 |
| Termination and other benefits | € 42.00 | € 41.00 | € 35.00 | € 36.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 | € 35.00 |
| Derivatives Liabilities | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - |
| **Non-Core invested Capital** | **-127** | **216** | **371** | **-10** | **-24** | **-24** | **-24** | **-24** | **-24** | **-24** | **-24** | **-24** | **-24** |
| | | | | | | | | | | | | | |
| Excess Cash | € 1,062.84 | € 1,574.64 | € 1,124.33 | € 1,587.46 | € 862.74 | € 1,614 | € 2,253 | € 2,811 | € 3,932 | € 4,555 | € 5,966 | € 7,482 | € 9,082 |
| % Revenue | 11% | 12% | 7% | 10% | 5% | | | | | | | | |
| Borrowing | € 3,045.00 | € 2,606.00 | € 2,744.00 | € 2,488.00 | € 5,158.00 | € 4,573.78 | € 4,477.83 | € 4,291.98 | € 4,651.04 | € 4,162.56 | € 4,378.25 | € 4,637.79 | € 4,915.69 |
| Short-term Borrowing | € 127.00 | € 1,123.00 | € 323.00 | € 608.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 | € 257.00 |
| Financial Assets at amortized cost | € 4.00 | € - | € 3.00 | € 3.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 | € 4.00 |
| Derivatives Assets | € 4.00 | € 3.00 | € 75.00 | € 33.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 | € 11.00 |
| Derivatives Liabilitites | € 28.00 | € 25.00 | € 7.00 | € 9.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 | € 10.00 |
| Other recivables (Fiancials) - asset | € 11.00 | € 18.00 | € 13.00 | € 31.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 | € 38.00 |
| **Total Financing ( excluding non-controli** | **-3,181** | **-3,733** | **-2,983** | **-3,038** | **-5,372** | **-4,788** | **-4,692** | **-4,506** | **-4,865** | **-4,377** | **-4,592** | **-4,852** | **-5,130** |
| | | | | | | | | | | | | | |
| Share Capital | € 27.00 | € 27.00 | € 27.00 | € 28.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 | € 30.00 |
| Reserves | € 2,054.00 | € 2,580.00 | € 3,054.00 | € 3,224.00 | € 4,328.00 | € 4,828 | € 5,397 | € 6,142 | € 7,047 | € 8,083 | € 9,197 | € 10,432 | € 11,774 |
| Net Income | € 178.00 | € 308.00 | € 504.00 | € 529.00 | € 729.00 | € 827.42 | € 1,053.12 | € 1,261.94 | € 1,437.33 | € 1,550.85 | € 1,710.06 | € 1,853.03 | € 2,000.94 |
| Non-controling Interests | € 164.00 | € 174.00 | € 186.00 | € 191.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 | € 210.00 |
| **Equity** | **2,423** | **3,089** | **3,771** | **3,972** | **5,297** | **5,895** | **6,690** | **7,644** | **8,724** | **9,873** | **11,147** | **12,525** | **14,015** |

| Check | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

**Reformulated Income Statement**

| (Euro/million) | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Transmission** | **€ 1,594** | **€ 2,161** | **€ 2,122** | **€ 2,481** | **€ 3,528** | **€ 4,404** | **€ 5,279** | **€ 5,630** | **€ 5,876** | **€ 6,106** | **€ 6,340** | **€ 6,582** |
| % growth | 11% | 36% | -2% | 17% | 42% | 25% | 20% | 7% | 4% | 4% | 4% | 4% |
| Backlog | € 4,401 | € 8,902 | € 10,800 | € 19,601 | € 22,019 | € 23,996 | € 25,591 | € 26,709 | € 27,757 | € 28,820 | € 29,918 | € 31,057 |
| % growth | 36% | 24% | 20% | 13% | 12% | 9% | 7% | 4% | 4% | 4% | 4% | 4% |
| **Power Grid** | | | **€ 3,394** | **€ 3,544** | **€ 3,828** | **€ 4,134** | **€ 4,464** | **€ 4,822** | **€ 5,063** | **€ 5,316** | **€ 5,582** | **€ 5,861** |
| % growth | | | | 4% | 8% | 8% | 8% | 8% | 5% | 5% | 5% | 5% |
| **Electrification** | **€ 9,557** | **€ 12,033** | **€ 8,349** | **€ 9,695** | **€ 10,671** | **€ 11,752** | **€ 12,915** | **€ 14,203** | **€ 15,197** | **€ 16,265** | **€ 17,367** | **€ 18,549** |
| % growth | 33% | 26% | -31% | 16% | 10% | 10% | 10% | 10% | 7% | 7% | 7% | 7% |
| IC | € 6,361 | € 8,196 | € 4,793 | € 6,151 | € 6,889 | € 7,716 | € 8,642 | € 9,679 | € 10,453 | € 11,289 | € 12,192 | € 13,168 |
| % growth | 34% | 29% | -42% | 28% | 12% | 12% | 12% | 12% | 8% | 8% | 8% | 8% |
| Specialities | € 2,838 | € 3,442 | € 3,177 | € 3,052 | € 3,266 | € 3,494 | € 3,704 | € 3,926 | € 4,122 | € 4,329 | € 4,502 | € 4,682 |
| % growth | 26% | 21% | -8% | -4% | 7% | 7% | 6% | 6% | 5% | 5% | 4% | 4% |
| Other | € 358 | € 395 | € 379 | € 492 | € 517 | € 542 | € 570 | € 598 | € 622 | € 647 | € 673 | € 700 |
| % growth | 63% | 10% | -4% | 30% | 5% | 5% | 5% | 5% | 4% | 4% | 4% | 4% |
| **Digital Solutions** | **€ 1,585** | **€ 1,873** | **€ 1,489** | **€ 1,306** | **€ 1,463** | **€ 1,638** | **€ 1,835** | **€ 2,055** | **€ 2,261** | **€ 2,441** | **€ 2,637** | **€ 2,848** |
| % growth | 16% | 18% | -21% | -12% | 12% | 12% | 12% | 12% | 10% | 8% | 8% | 8% |
| **Total Sales of Goods & Services** | **€ 12,736** | **€ 16,067** | **€ 15,354** | **€ 17,026** | **€ 19,490** | **€ 21,928** | **€ 24,493** | **€ 26,709** | **€ 28,397** | **€ 30,128** | **€ 31,925** | **€ 33,839** |
| | 27% | 26% | -4% | 11% | 14% | 13% | 12% | 9% | 6% | 6% | 6% | 6% |
| Δ in Inventories of works in progress | € 229 | € (30) | € 52 | € 22 | | | | | | | | |
| Other Income | € 125 | € 70 | € 70 | € 117 | | | | | | | | |
| Raw Materials, consumables used and goods for resale | € (8,906) | € (10,588) | € (9,705) | € (10,762) | € (12,249) | € (13,782) | € (15,394) | € (16,787) | € (17,847) | € (18,936) | € (20,065) | € (21,268) |
| % Revenue | 70% | 66% | 63% | 63% | 63% | | | | | | | |
| **Gross Margin** | **€ 4,184** | **€ 5,519** | **€ 5,771** | **€ 6,403** | **€ 7,241** | **€ 8,146** | **€ 9,099** | **€ 9,923** | **€ 10,549** | **€ 11,193** | **€ 11,860** | **€ 12,571** |
| % Gross Margin | 33% | 34% | 38% | 38% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% |
| Personnel costs | € (1,453) | € (1,654) | € (1,747) | € (1,907) | € (2,158) | € (2,428) | € (2,712) | € (2,957) | € (3,144) | € (3,335) | € (3,534) | € (3,746) |
| % Revenue | 11% | 10% | 11% | 11% | 11% | | | | | | | |
| Other expenses | € (1,831) | € (2,525) | € (2,572) | € (2,783) | € (2,923) | € (3,289) | € (3,674) | € (4,006) | € (4,259) | € (4,519) | € (4,789) | € (5,076) |
| % Revenue | 14% | 16% | 17% | 16% | 15% | | | | | | | |
| Share of net profit/(loss) of equity-accounted companies | € 27 | € 47 | € 33 | € 41 | | | | | | | | |
| **EBITDA** | **€ 927** | **€ 1,387** | **€ 1,485** | **€ 1,754** | **€ 2,160** | **€ 2,430** | **€ 2,714** | **€ 2,959** | **€ 3,146** | **€ 3,338** | **€ 3,537** | **€ 3,749** |
| % margin | 7.3% | 8.6% | 9.7% | 10.3% | 11% | 11% | 11% | 11% | 11% | 11% | 11% | 11% |
| Amortisation, depreciation, impairment and impairment reversals | € (335) | € (403) | € (574) | € (509) | € (771) | € (768) | € (777) | € (796) | € (824) | € (828) | € (838) | € (853) |
| % of PP&E | 11% | 12% | 16% | 13% | 12.2% | | | | | | | |
| Special Items | € (33) | € (104) | € (57) | € (58) | | | | | | | | |
| **EBIT** | **€ 559** | **€ 880** | **€ 854** | **€ 1,187** | **€ 1,388** | **€ 1,662** | **€ 1,937** | **€ 2,163** | **€ 2,322** | **€ 2,510** | **€ 2,699** | **€ 2,896** |
| Taxes | € 134 | € 211 | € 205 | € 285 | € 386 | € 461 | € 538 | € 601 | € 645 | € 697 | € 750 | € 804 |
| Tax Adjustment | € (52) | € (53) | € (34) | € 2 | | | | | | | | |
| **Operating Profit** | **€ 373** | **€ 616** | **€ 615** | **€ 905** | **€ 1,003** | **€ 1,200** | **€ 1,399** | **€ 1,562** | **€ 1,678** | **€ 1,813** | **€ 1,950** | **€ 2,092** |
| | | | | | | | | | | | | |
| Fair value change in metal derivatives | € 13 | € (31) | € 6 | € 19 | | | | | | | | |
| Finance income | € 6 | € 13 | € 36 | € 44 | € 12 | € 22 | € 31 | € 39 | € 54 | € 63 | € 82 | € 103 |
| % Excess Cash | 0% | 1% | 2% | 5% | 1% | | | | | | | |
| **Non-operating Income Before Taxes** | **€ 19** | **€ (18)** | **€ 42** | **€ 63** | **€ 12** | **€ 22** | **€ 31** | **€ 39** | **€ 54** | **€ 63** | **€ 82** | **€ 103** |
| Statuatory Taxes | € 5 | € (4) | € 10 | € 15 | € 3 | € 6 | € 9 | € 11 | € 15 | € 17 | € 23 | € 29 |
| **Non-operating Income** | **€ 14** | **€ (14)** | **€ 32** | **€ 48** | **€ 9** | **€ 16** | **€ 22** | **€ 28** | **€ 39** | **€ 45** | **€ 60** | **€ 75** |
| | | | | | | | | | | | | |
| Finance costs | € (110) | € (117) | € (166) | € (272) | € (255) | € (226) | € (221) | € (212) | € (230) | € (206) | € (216) | € (229) |
| % Gross Debt | 4% | 4% | 7% | 5% | 5% | | | | | | | |
| FX Loss | € (36) | € (33) | € (13) | € (40) | | | | | | | | |
| Other Finance Costs | € 44 | € 27 | € 47 | € 43 | | | | | | | | |
| **Financing Results Before Taxes** | **€ (102)** | **€ (123)** | **€ (132)** | **€ (269)** | **€ (255)** | **€ (226)** | **€ (221)** | **€ (212)** | **€ (230)** | **€ (206)** | **€ (216)** | **€ (229)** |
| Statuatory Taxes | € (24) | € (30) | € (32) | € (65) | € (71) | € (63) | € (61) | € (59) | € (64) | € (57) | € (60) | € (64) |
| **Financing Results** | **€ (78)** | **€ (93)** | **€ (100)** | **€ (204)** | **€ (184)** | **€ (163)** | **€ (160)** | **€ (153)** | **€ (166)** | **€ (148)** | **€ (156)** | **€ (165)** |
| | | | | | | | | | | | | |
| **Net Income** | **€ 310** | **€ 509** | **€ 547** | **€ 748** | **€ 827** | **€ 1,053** | **€ 1,262** | **€ 1,437** | **€ 1,551** | **€ 1,710** | **€ 1,853** | **€ 2,001** |

**Reformulated Statement of Cash Flows**

| (Euro/million) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net income** | **178** | **308** | **504** | **529** | **729** | **827** | **1,053** | **1,262** | **1,437** | **1,551** | **1,710** | **1,853** | **2,001** |
| **Adjustment for Non-cash Items** | **393** | **335** | **403** | **574** | **509** | **771** | **768** | **777** | **796** | **824** | **828** | **838** | **853** |
| Depreciation & Impairment | 393 | 335 | 403 | 574 | 509 | 617 | 614 | 623 | 641 | 824 | 828 | 838 | 853 |
| Amortization | | | | | | 154 | 154 | 154 | 155 | | | | |
| **Changes in NWC** | **259** | **(28)** | **(105)** | **197** | **465** | **711** | **9** | **(53)** | **(98)** | **(16)** | **(9)** | **(8)** | **(13)** |
| **Changes in Provisions for risks and Charges** | **(649)** | **83** | **148** | **(24)** | **(21)** | **26** | **27** | **28** | **28** | **29** | **30** | **31** | **32** |
| **Operating Cashflow** | **€ 181.00** | **€ 698.00** | **€ 950.00** | **€ 1,276.00** | **€ 1,682.00** | **€ 2,335.31** | **€ 1,857.29** | **€ 2,013.78** | **€ 2,163.73** | **€ 2,388.25** | **€ 2,559.62** | **€ 2,714.50** | **€ 2,874.11** |

| Investing Cash Flow | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CapEx** | **(244)** | **(275)** | **(452)** | **(624)** | **(784)** | **(746)** | **(839)** | **(937)** | **(1,022)** | **(858)** | **(910)** | **(965)** | **(1,023)** |
| % of Revenues | 2% | 2% | 3% | 4% | 5% | 4% | | | | 3% | | | |
| **Other Investing Activities:** | **(1)** | **(222)** | **(39)** | **181** | **44** | | | | | | | | |
| **Financial Asset Transactions:** | -5 | -85 | -7 | -48 | -4114 | | | | | | | | |
| Net Change In Long-tetm Investment | - | - | - | (48.00) | 12.00 | | | | | | | | |
| Net Cash From Acquisitions & Divestures | (5.00) | (85.00) | (7.00) | - | (4,126.00) | | | | | | | | |
| **Investing Cash Flow** | **(250)** | **(582)** | **(498)** | **(491)** | **(4,854)** | **(746)** | **(839)** | **(937)** | **(1,022)** | **(858)** | **(910)** | **(965)** | **(1,023)** |

| Financing Cash Flow | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Debt & Interest Transactions:** | **(117.00)** | **575.00** | **(665.00)** | **(80.00)** | **2,998.00** | **(584.22)** | **(95.95)** | **(185.85)** | **359.06** | **(488.48)** | **215.69** | **259.54** | **277.90** |
| Net Debt Change | (117.00) | 575.00 | (665.00) | (80.00) | 2,998.00 | (329.50) | 129.92 | 35.28 | 571.02 | (258.79) | 421.26 | 475.76 | 506.93 |
| Interest Paid | | | | | | (254.72) | (225.87) | (221.13) | (211.96) | (229.69) | (205.56) | (216.22) | (229.03) |
| Shareholder's Transactions: | (69.00) | (133.00) | (148.00) | (169.00) | (529.00) | (228.93) | (258.88) | (307.27) | (357.35) | (401.86) | (436.35) | (475.00) | (510.71) |
| Other Financial Adjustments: | 385.00 | (28.00) | (60.00) | (35.00) | (15.00) | | | | | | | | |
| Other Net Financial Movements | 385.00 | (28.00) | (60.00) | (35.00) | (15.00) | | | | | | | | |
| **Final Financing Cash Flow** | **199.00** | **414.00** | **(873.00)** | **(284.00)** | **2,454.00** | **(813.15)** | **(354.83)** | **(493.12)** | **1.71** | **(890.34)** | **(220.66)** | **(215.45)** | **(232.81)** |
| Currency Translations Differences | (36.00) | 8.00 | 4.00 | (45.00) | 10.00 | | | | | | | | |
| **Total Cash Flow to the Firm** | **94.00** | **538.00** | **(417.00)** | **456.00** | **(708.00)** | **776.23** | **663.19** | **583.21** | **1,143.18** | **639.86** | **1,428.59** | **1,534.37** | **1,618.78** |
| Cash & Cash Equivalents Beginning of the year | 1,070.00 | 1,164.00 | 1,702.00 | 1,285.00 | 1,741.00 | 1,033.00 | 1,809.23 | 2,472.41 | 3,055.62 | 4,198.80 | 4,838.66 | 6,267.26 | 7,801.63 |
| Total Cash Flow to the Firm | 94.00 | 538.00 | (417.00) | 456.00 | (708.00) | 776.23 | 663.19 | 583.21 | 1,143.18 | 639.86 | 1,428.59 | 1,534.37 | 1,618.78 |
| **Cash & Cash Equivalents End of the year** | **1,164.0** | **1,702.0** | **1,285.0** | **1,741.0** | **1,033.0** | **1,809.2** | **2,472.4** | **3,055.6** | **4,198.8** | **4,838.7** | **6,267.3** | **7,801.6** | **9,420.4** |
| Check | OK | OK | OK | OK | OK | | | | | | | | |
| Cash Check | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK |

| (Euro/million) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EBIT | 356.87 | 559.27 | 880.26 | 853.96 | 1,187.11 | 1,388.32 | 1,661.56 | 1,937.11 | 2,163.05 | 2,322.46 | 2,510.15 | 2,699.24 | 2,895.89 |
| Effective Tax Rate | 27% | 34% | 26% | 28% | 23% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% |
| NOPAT | 261.82 | 369.13 | 650.26 | 616.67 | 915.17 | 1,002.80 | 1,200.16 | 1,399.19 | 1,562.39 | 1,677.54 | 1,813.11 | 1,949.69 | 2,091.74 |
| + D&A | 393.00 | 335.00 | 403.00 | 574.00 | 509.00 | 771.20 | 768.13 | 776.79 | 796.34 | 823.83 | 828.00 | 838.02 | 853.44 |
| - NWC Changes | 259.00 | (28.00) | (105.00) | 197.00 | 465.00 | 710.86 | 9.36 | (52.52) | (98.42) | (15.86) | (8.84) | (7.95) | (12.72) |
| - CapEx | (244.00) | (275.00) | (452.00) | (624.00) | (784.00) | (745.94) | (839.27) | (937.45) | (1,022.26) | (858.05) | (910.37) | (964.67) | (1,022.51) |
| **Free Cash Flow to the Firm** | **669.82** | **401.13** | **496.26** | **763.67** | **1,105.17** | **1,738.93** | **1,138.38** | **1,186.02** | **1,238.05** | **1,627.47** | **1,721.90** | **1,815.09** | **1,909.95** |
| FCFF Margin | 7% | 3% | 3% | 5% | 6% | 9% | 5% | 5% | 5% | 6% | 6% | 6% | 6% |
| EBITDA Margin | 86% | 43% | 36% | 51% | 63% | 81% | 47% | 44% | 42% | 52% | 52% | 51% | 51% |

# Bibliography


BHP. “Copper Market Analysis https://www.bhp.com/news/bhp-insights/2024/09/how-copper-will-shape-our-future.

Commission, Australian Competition and Consumer. https://www.accc.gov.au/media-release/prysmian-to-pay-penalty-of-35m-for-engaging-in-cartel-conduct.

“Share Count & Market Cap https://companiesmarketcap.com/eur/prysmian-group/shares-outstanding/.

“Dazi, Battaini (Prysmian): Nella Posizione Ideale per Consolidare Nostra Leadership Locale - Economia e Finanza - Repubblica.It.”

“ENTSO-E’s Views on Offshore Development.” Accessed May 20, 2025. https://www.entsoe.eu/outlooks/offshore-development/.

Global, S&P. https://www.spglobal.com/esg/scores/results?cid=4310819.

“IEA – International Energy Agency April 18, 2025. https://www.iea.org/search.

“INFLATION REDUCTION ACT OF 2022 | Department of Energy.”

“Antitrust Ruling: Prysmian v Commission https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0072.

“Pages.Stern.Nyu.Edu/~adamodar/New_Home_Page/Datafile/Ctryprem.Html.”

“Prysmian Completes Acquisition of General Cable | Prysmian.” Accessed March 30, 2025. https://www.prysmian.com/en/press-release/prysmian-completes-acquisition-of-general-cable.

Research, Allied Market. https://www.alliedmarketresearch.com/industrial-electrification-market-A110295.

“Prysmian Buys Dutch Rival Draka https://www.ft.com/content/3509fb95-3744-43fa-90a8-b4a133fb4719.

“UPDATE ON THE EXECUTION OF THE SHARE BUY-BACK PROGRAMME | Prysmian.”