EthiFinance Ratings

PRYSMIAN SPA

04866320965

CORPORATE

BBB

ISSUER RATING
LongTerm

OUTLOOK
Stable

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Rating Action and Rationale

- EthiFinance Ratings affirms the long-term rating of Prysmian S.P.A. (Prysmian) at BBB, maintaining a Stable outlook.
- Prysmian is a global leader in the design, production, and supply of energy transmission and distribution cables and systems for energy and telecommunications.
- Our rating affirmation reflects the stronger-than-expected deleverage trajectory in 2025, driven mainly by a 34% yoy increase in adjusted EBITDA and strong adjusted FCF generation of €0.6bn (vs €-3.6bn in FY24). We note that we have treated the €1.0bn hybrid note issued in May 2025 as debt as part of Channell's acquisition financing. Given that the instrument was fully accounted for in equity at end-2025, we have removed it from equity and added it to our total adjusted debt, while reflecting the related interest expense paid from 2025 onwards. As such, the adjusted net leverage ratio improved from 2.7x in FY24 to 1.9x in FY25 (vs 2.6x expected in our last rating action). In FY25, Prysmian recorded sales revenue growth of 15.4% (including 5.4% organic growth, 4.0% in M&A, mainly reflecting the full-year consolidation of Encore Wire and a seven-month contribution from Channell, and 6.0% from pricing pass-through related to metal prices). Organic growth was led by Transmission (+28.7% yoy), reflecting strong execution against a record backlog of more than €17.3bn in subsea and high-voltage projects linked to the energy transition. Power Grid (+7.6%) benefited from sustained investment in North America and Europe to modernise aging grids and support connection needs from new renewable capacity.
- The 160bps yoy improvement in adjusted EBITDA margin was driven mainly by the commissioning in 2025 of two new cable-laying vessels (Monna Lisa & Marco polo), within the transmission segment, driving up the segment's margin from 14.5% in FY24 to 18.3% in FY25. The segment's Q4 margin of 20.9% confirms that newer projects entering the execution phase carry materially better pricing/margin terms than legacy contracts. The group's overall margin also benefitted from the full-year contribution of Encore Wire, a structurally higher-margin US business, and the 7 months contribution of Channell, which supported Digital Solutions margins to 16.6% (up from 12.3% in FY24).
- For 2026, the group started the year on a solid footing, with a strong first quarter that delivered 10% revenue growth and a reported EBITDA margin of 11.5%, up from 11.0% yoy. We therefore expect Prysmian to achieve overall revenue growth of 5% in 2026, supported by continued outperformance in Transmission and electrification-related demand in the industrial and construction end-markets. The transmissions segment will be the main driver of EBITDA growth along with the fast-growing Digital Solutions segment to support the group's overall EBITDA margin through Channell's full-year contribution. Over our forecast period, we expect the adjusted EBITDA margin to improve to 12.9% in 2026, supporting strong FCF generation and reducing the adjusted net leverage ratio to 1.6x at end-2026. This should provide the group with additional financial flexibility to pursue another large acquisition (most likely in the US electrification/Power grid market, according to the management), assuming a potential target with an EV between €3.5bn to €4.5bn. While current leverage headroom provides capacity for additional M&A, the execution and integration risks associated with another sizeable acquisition remain material. We expect such an acquisition to be most likely 75% debt-funded, which explains the peak in adjusted net leverage (2.3x) in 2027. Over 2026-28, we expect adjusted net leverage ratio to average around 2.0x and interest coverage to remain around 8.5x on average, factoring in a CapEx-to-revenue ratio of 4% each year, a dividend payout ratio of between 20% and 25%, and M&A cash outflow of €4.5bn over the 3 years. Accordingly, we affirm the Stable outlook.
- However, our rating remains constrained by (i) execution risks and potential delays associated with large high-voltage projects; (ii) intense competition and subdued demand in lower value-added cyclical activities, such as Trade & Installers and Power Distribution, both of which are included in the Industry and construction segment (representing 33% of FY25 EBITDA); (iii) residual exposure to the automotive industry within the Specialties segment, where weak end-market demand weighed on FY25 volumes, although the group divested non-strategic automotive assets in early 2026 to limit further margin dilution.
- Under our methodology, the capital goods industry has medium-to-high ESG risks (heatmap score between 3.5 and 4), given its impact on the environment. Consequently, the sector's ESG rating is downgraded by one notch due to these industry-specific ESG concerns. Heavy industries inherently consume substantial quantities of raw materials, leading to environmental degradation from extraction and transportation. Additionally, the production processes in this industry often result in significant waste generation.
- Our assessment of the company's ESG policy is advanced (company ESG score of between 0 and 1), positively impacting our financial assessment, and more than offsetting the effect of our industry assessment. The company's favorable ESG score stems from: (i) an excellent governance assessment, particularly benefiting from a 75% board independence rate, and the separation of the roles of chairman and CEO; (ii) a yoy reduction

in energy and GHG emissions intensities by 11% and 15%, respectively.

- It is important to note that Prysmian has been the subject of multiple accusations about price cartels in different jurisdictions in which it operates (Germany, Slovakia..) since 2014. At end-2025, it had €200m of risk-related provisions related to ongoing antitrust investigations and legal actions brought by third parties against group companies as a result of and/or in connection with decisions adopted by the relevant authorities. In February 2026, the Slovak antitrust authority issued a first-instance decision imposing a c. €46m fine on Prysmian subsidiaries in connection with the metal surcharges investigation. At this stage, these controversies do not materially affect the rating assessment.

Issuer Description

Prysmian group is the global leading cable and systems company, headquartered in Italy. With a workforce of c. 32,600 and 109 plants worldwide, the group designs, produces, and installs cables for the energy and telecom industries. Prysmian has a global presence and serves a broad base of high-profile customers, including national power operators and telecom companies. The group operates through four business segments:

- **Electrification** (56% of FY25 revenues and 45% of FY25 EBITDA): includes a diversified product portfolio in the energy area serving market sectors, such as industrial and construction, Automotive, Oil & gas and renewables.
- **Power grid** (19% and 20%, respectively): aimed at supporting the modernization of the power grid through power distribution, overhead lines and network components.
- **Transmission** (17% and 24%, respectively): which focuses on the transmission of renewable energy through cable solutions.
- **Digital solutions** (8% and 11%, respectively): include fiber and optical cables, connectivity components and accessories.

Prysmian has been listed on the Milan Stock Exchange since 2007. Its free float represents 100% of outstanding shares, and its market capitalisation stood at €44.5bn as of 11 May 2026.

For 2025, Prysmian generated revenues of €19.7bn (+15.4% yoy), with adj. EBITDA of €2.4bn (11.9% margin vs 10.3% in FY24), and an EthiFinance Ratings-adjusted net leverage ratio of 1.9x (vs 2.7x at end-2024).

Main Financial Figures

Main financial figures. millions of EUR	FY24	FY25	FY26e	FY27e	FY28e	25vs24
Turnover	17 026	19 650	20 633	22 489	23 389	15.4%
Adj EBITDA (1)	1 754	2 347	2 659	2 980	3 095	33.8%
Adj EBITDA Margin (1)	10.3%	11.9%	12.9%	13.2%	13.2%	1.6pp
EBIT	1 256	1 717	1 980	2 240	2 326	36.7%
EBIT Margin	7.4%	8.7%	9.6%	10.0%	9.9%	1.4pp
EBT	981	1 603	1 578	1 764	1 823	63.4%
Total Assets	18 202	20 190	21 516	24 761	25 144	10.9%
Equity (3)	5 297	5 704	6 662	7 725	8 798	7.7%
Adj Total Financial Debt (2)(3)	5 787	6 553	6 610	8 451	7 622	13.2%
Adj Net Financial Debt (2)(3)	4 754	4 524	4 124	6 724	6 354	-4.8%
Equity/TFD (2)(3)	91.5%	87.0%	100.8%	91.4%	115.4%	-4.5pp
Adj NFD/Adj EBITDA (1)(2)	2.7x	1.9x	1.6x	2.3x	2.1x	-0.8x
Adj Funds From Operations	1 315	1 727	1 954	2 205	2 281	31.3%
Adj FFO/Adj NFD	27.7%	38.2%	47.4%	32.8%	35.9%	10.5pp
Adj EBITDA/Adj Interest (1)(3)	7.5x	10.1x	9.3x	8.3x	8.0x	2.5x

(1) Adj EBITDA includes business reorganisation costs and other non-recurring OpEx
(2) Adj debt includes employee benefits and factoring
(3) We have treated the €1.0bn hybrid note issued in May 2025 as debt, although the company accounted for it fully in equity. Accordingly, we have removed it from equity and added it to our total adjusted debt, while reflecting the related interest expense from 2025 onwards.

Credit Rating

Credit Rating	
Business Risk Profile	**BBB**
Industry risk assessment	*BB+*
Industry's ESG	*Negative*
Competitive Positioning	*BBB*
Governance	*BBB*
Financial Risk Profile	**BBB+**
Cash flow and leverage	*BBB*
Capitalisation	*BBB*
Company's ESG	*Positive*
Anchor Rating	**BBB**
Modifiers	-
Final Rating	**BBB**

Rating Sensitivity

- **Long-term rating positive factors (↑)**

We could upgrade our LT rating should Prysmian's financial profile improve above our expectations, particularly if the group manages to deleverage as a result of its continued FCF generation with no debt-funded acquisition in the near future. For the same business risk profile, a decline in the group's EthiFinance Ratings-adjusted net leverage ratio to below 1.7x and an interest coverage ratio above 12.0x, for a sustained period of time, could entail a long-term rating upgrade to BBB+.

- **Long-term rating negative factors (↓)**

We could downgrade our LT rating should Prysmian's financial profile deteriorate, which could be resulting from a larger debt-funded acquisition than the one we forecast. For the same business risk profile, an EthiFinance Ratings-adjusted net leverage ratio above 2.5x and an interest coverage ratio below 8.0x, for a sustained period of time could entail a long-term rating downgrade to BBB-.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
    - Corporate Rating Methodology - General : https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203
- The rating scale used in this report is available at https://www.ethifinance.com/en/ratings/ratingScale.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.