

**Company Flash**
**Prysmian**
**Guidance Upgrade Opens Room for a Stronger View**

Following a solid 2Q21, which beat market expectations at the adjusted EBITDA level, the improvement in the company's guidance enhances our confidence on Prysmian's equity story. We view the upper part of the new range guidance as achievable and we raise our 2021-22E earnings outlook by 8.2% and 5.3%, respectively. The group's stronger prospects ahead should help the stock to recover the YTD underperformance vs. its sector peers: we think the valuation now looks more appealing suggesting an upside potential of about 20%. With a target price at EUR 36.2/sh, we upgrade the stock from ADD to BUY.

**2Q21 beat**

Prysmian's 2Q21 results beat our expectations and market consensus, underpinned by a better than expected performance in Telecom and a sound trend in Energy Projects, thanks to a strong recovery of the T&I business. I

In detail:

- **Revenues.** In 1H21, organic growth ex-Projects set at +10.5% (+8.5% including Projects), implying a 16.9% organic growth in 2Q21 whose revenues set at EUR 3.2Bn, 5.7%, higher than our expectations mainly due to the copper effect. The rise in copper prices inflated the 1H top line by EUR 864M. At the divisional level, the strongest organic growth was delivered by the TLC cables, up by 15.5% in 1H21 and by +19.6% in the quarter;
- **Adj EBITDA.** More importantly, at the operating level, Prysmian's 2Q21 adj. EBITDA rose yoy by 15.8% achieving EUR 257M (i.e. 3.2% and 3.6% above our and consensus expectations, respectively) leading despite a negative FX effect of EUR 22M to a 1H21 adj. EBITDA at EUR 470M, implying a 9% margin at constant metal prices. In the quarter, while the Energy Project business was still weak, the BU figures were higher than our expectations reflecting some initial positive signs of improvement. In addition, we view positively the strong trend in Energy Products (E&I and industrials), whose 2Q21 adj. EBITDA set at EUR 270M, and in Telecom. In general, looking at 1H21 figures, the Energy Products business exceeded the pre-pandemic level, also sustained by the strong trend of T&I which more than compensated for the more normalised trend of Power Distribution in North America. On top of this, we highlight that Prysmian's EBITDA margin in Energy Products at constant metal prices improved materially from 6.3% in 1H19 to 7.2% (6% the margin reported and accounting for the metal impact). In Telecom, the BU's adj. EBITDA amounted in the quarter to EUR 65M (in line with 2Q19) implying a 15.5% margin. As in 1Q21, the TLC margin trend was ahead of the company's initial expectations and was underpinned by a strong volumes' recovery (which mitigated the pricing pressure in Europe) and by efficiencies;

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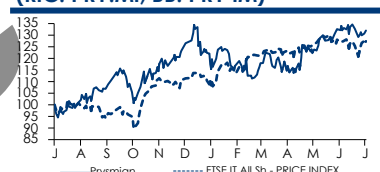
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**BUY**  
(from ADD)

**Target Price: EUR 36.2**  
(from EUR 34.5)

Italy/Capital Goods  
Update

**Price Performance**  
(RIC: PRY.MI, BB: PRY IM)


**Prysmian - Key Data**

Price date (market close)	27/07/2021
Target price (EUR)	36.2
Target upside (%)	20.31
Market price (EUR)	30.09
Market cap (EUR M)	8,068.5
52Wk range (EUR)	30.8/21.6

Price performance %	1M	3M	12M
Absolute	-1.4	12.8	31.5
Rel. to FTSE IT All Sh	0.1	9.6	4.0

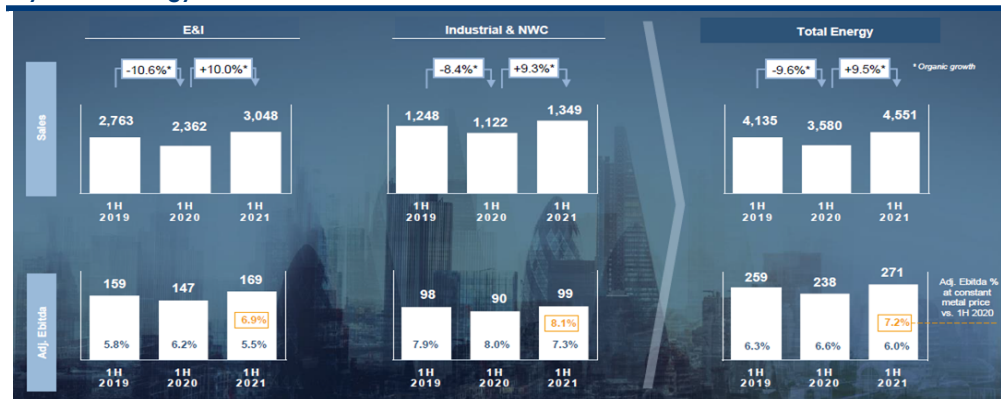
Y/E Dec (EUR Bn)	FY20A	FY21E	FY22E
Revenues	10.02	12.00	12.72
EBITDA	0.781	0.937	1.04
EBIT	0.353	0.609	0.704
Net income	0.18	0.34	0.42
EPS (EUR)	0.82	1.34	1.63
Net debt/-cash	1.99	1.79	1.63
Adj P/E (x)	26.5	22.4	18.4
EV/EBITDA (x)	10.6	11.2	9.5
EV/EBIT (x)	23.4	17.2	14.0
Div ord yield (%)	2.3	1.8	2.0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

**Intesa Sanpaolo Research Dept.**

**Monica Bosio** - Research Analyst  
+39 02 8794 9809  
monica.bosio@intesasnpaolo.com

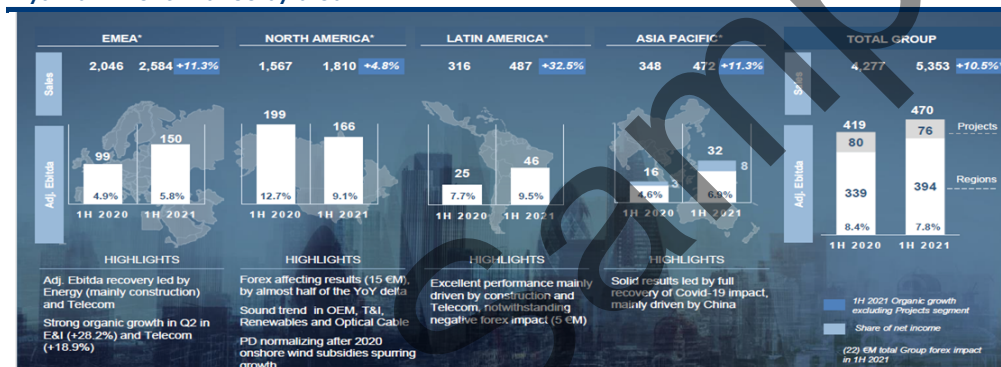
## Prysmian - Energy Products



Source: Company data

- Performance by area.** By geographical area, while NAFTA retraced due to forex and to the normalisation of PD, the EMEA region showed a nice improvement with an adj. EBITDA up from EUR 99M in 1H20 to EUR 150M, supported by the Energy division (mainly construction) and Telecom. We also positively view the robust performance of Latam, whose adj. EBITDA almost doubled to EUR 46M;

## Prysmian – Performance by area



Source: Company data

- Bottom line and net debt.** Amongst the group's figures, we highlight the favourable tax rate at 31% that management now flags for the FY. Net debt was in line with our expectations against a last 12 months FCF of EUR 335M (including the EUR 112M cash-out related to the Antitrust dispute).

## Prysmian - 2Q/1H21 results

EUR M	2Q19	2Q20A	1H20A	FY20A	2Q21A	2Q21E	2Q21C	A/E %	A/C %	yoy %	vs. 2Q19 %	1H21A	FY21E	FY21C
Net Revenues	3,078	2,398	4,985	10,016	3,224	3,051	3,000	5.7	7.5	34.4	4.7	6,034	10,792	11,150
Adjusted EBITDA	290	222	419	840	257	249	248	3.2	3.6	15.8	-11.4	470	936	938
Adj EBITDA %	9.4	9.3	8.4	8.4	8.0	8.2	8.3	NM	NM	NM	NM	7.8	8.7	8.4
EBITDA	272	224	407	781	245	239	244	2.5	0.4	9.4	-9.9	444	911	907
EBITDA%	8.8	9.3	8.2	7.8	7.6	7.8	8.1	NM	NM	NM	NM	7.4	8.4	8.1
Adj EBIT	211	136	253	515	177	167	160	6.0	10.6	30.1	-16.1	312	608	620
Adj EBIT%	6.9	5.7	5.1	5.1	5.5	5.5	5.3	NM	NM	NM	NM	5.2	5.6	5.6
EBIT	175	115	173	353	155	157	152	-1.3	2.0	34.8	-11.4	278	583	572
EBIT%	5.7	4.8	3.5	3.5	4.8	5.1	5.1	NM	NM	NM	NM	4.6	5.4	5.1
Net Profit	102	55	78	178	86	91	90	-5.7	-4.4	56.4	-15.7	162	313	346
Net debt/-cash	2,819	2,516	2,516	1,986	2,387	2,381	2,360	0.3	1.1	-5.1	-15.3	4,712	1,821	1,820

NM: not meaningful; A: actual; E: estimates; C: Company-provided consensus; Source: FactSet, FY21 company provided as for revenues, adj. EBITDA and net debt, and Intesa Sanpaolo Research

## Outlook improved

On the back of this set of results and the group's positive outlook on the market in 2H21, Prysmian improved its adj. EBITDA guidance from the previous EUR 870-940M to EUR 920-970M. The FCF target of EUR 300M +/-20% was conservatively left unchanged in order to account for possible delays in some projects and in the subsequent advanced payments. We understood that management is confident of achieving the upper end of the guidance range and, from the conference call, we identify several drivers supporting management's view

- In 2H21, management expects that the robust trend in Energy Products will continue with 2H21 figures above 2H19;
- While TLC cables are still below 2019 levels, for this area the company expects 2H volumes above 2H19. More importantly, management highlighted that the destocking phase in TLC is now over and that the pricing scenario, despite still being weak in EU, should not deteriorate further. Thanks also to a better mix as a result of Prysmian's exposure to North America and the group's ability to keep some long-term contracts, we understood that the group's TLC cables margin could stand close to 14%/15% at FY21;
- As indicated on a number of occasions, in 2H21 Prysmian will benefit from a much stronger contribution from its Energy Projects, whose 3Q21 results will already exceed the 3Q20 level driven by the execution of submarine projects and of the first German Corridor link. While not excluding some delays to other links, the group can rely on a very sound backlog (EUR 3.8Bn) thanks also to more than EUR 1.2Bn order intake in 1H21 and to yesterday's announcement of a EUR 60M submarine cable order with Orsted. Lastly, while in the future, the group could increase the capacity of the division, on the back of the sound demand and the project pipeline ahead, the pricing scenario is not expected to deteriorate

## Estimates upgrade

While highlighting that the current company provided consensus is positioned close to the mid-point of the new guidance, the improvement in the FY outlook and management's more optimistic approach, usually rather cautious, enhance our confidence on Prysmian earnings outlook. Based also on the conference call feedback, we revised upwards our estimates upgrading our 2021-22E adj. EPS by 8.2% and 5.3%.

### Prysmian - New estimates (2021-24E)

EUR M	Old				New			
	2021E	2022E	2023E	2024E	2021E	2022E	2023E	2024E
Revenues	10792	11434	11811	12134	12,002	12,723	13,145	13,506
Adj. EBITDA	936	1026	1088	1142	962	1,058	1,123	1,170
Adj. EBITDA%	8.7%	9.0%	9.2%	9.4%	8.0%	8.3%	8.5%	8.7%
Restructuring costs & One Offs	-25	-22	-19	-16	-25	-22	-19	-16
EBITDA	911	1004	1069	1126	937	1036	1104	1154
EBITDA%	8.4	8.8	9.0	9.3	7.8	8.1	8.4	8.5
EBIT Adjusted	608	694	772	822	634	726	808	850
EBIT	583	672	753	806	609	704	789	834
Net attributable income	313	396	456	495	340	418	480	514
Adjusted net income	333	416	474	512	360	438	498	531
Adj EPS (EUR)	1.24	1.55	1.77	1.91	1.34	1.63	1.86	1.98
Net debt/-cash	1,821	1,679	1,494	1,206	1,794	1,629	1,423	1,112
Capex	300	350	350	300	300	350	350	300

E: estimates; Source: Intesa Sanpaolo Research

## Prysmian - Main estimates changes

%	2021E	2022E	2023E	2024E
Revenues	11.2	11.3	11.3	11.3
Adj. EBITDA	2.8	3.1	3.3	2.5
Adj. EBITDA%	-7.6	-7.3	-7.2	-7.9
Restructuring costs & One Offs	0.0	0.0	0.0	0.0
EBITDA	2.8	3.2	3.3	2.5
EBITDA%	NM	NM	NM	NM
EBIT Adjusted	4.3	4.6	4.6	3.4
EBIT	4.4	4.8	4.7	3.5
Net attributable income	8.6	5.5	5.4	3.9
Adjusted net income	8.2	5.3	5.1	3.7
Adj EPS	8.2	5.3	5.1	3.7
Net debt/-cash	-1.5	-3.0	-4.7	-7.8
Capex	0	0	0	0

NM: not meaningful; E: estimates; Source: Intesa Sanpaolo Research

## Valuation

Following our estimates upgrade, Prysmian's valuation now looks more appealing. Based on 2022 multiples, the stock is trading at a 14% EV/EBITDA and 4.2% P/E discount vs. sector peers (Source: Factset). Based also on a DCF valuation, **we raise our TP from EUR 34.5/sh to EUR 36.2/sh** (including EUR 0.3/sh from the award of the SOO Green contract in the USA; please see our last note of 30/06/21 for full valuation details). **We revised our rating to BUY from ADD.**

## Prysmian - Target price calculation (EUR/sh)

Fair value on 2022 EV/EBITDA	36.7
Fair value on 2022 EV/EBIT	35.9
Fair value on 2022 P/E	31.5
2021E-24E DCF	39.5
<b>Average</b>	<b>35.9</b>
SOO Green	0.3
<b>Prysmian target price</b>	<b>36.2</b>

E: estimates; Source: Intesa Sanpaolo Research

## Prysmian – Key Data

Rating BUY	Target price (EUR/sh) Ord 36.2	Mkt price (EUR/sh) Ord 30.09				Sector Capital Goods
<b>Values per share (EUR)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
No. ordinary shares (M)	268.1	268.1	268.1	268.1	268.1	
Total no. of shares (M)	268.1	268.1	268.1	268.1	268.1	
Market cap (EUR M)	4,974.8	5,849.1	8,068.5	8,068.5	8,068.5	
Adj. EPS	1.34	0.82	1.34	1.63	1.86	
CFPS	2.5	2.0	2.6	2.9	3.0	
BVPS	9.0	8.4	8.6	9.4	10.4	
Dividend ord	0.25	0.50	0.55	0.60	0.65	
<b>Income statement (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
Revenues	11,519.0	10,016.0	12,002.2	12,722.8	13,145.4	
EBITDA	907.0	781.0	936.7	1,036.2	1,104.4	
EBIT	568.9	353.0	608.7	704.3	788.7	
Pre-tax income	443.9	252.0	498.7	604.3	693.7	
Net income	291.9	178.0	340.2	418.2	480.1	
Adj. net income	359.6	220.7	360.4	437.6	498.4	
<b>Cash flow (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
Net income before minorities	295.9	174.0	344.1	423.0	485.6	
Depreciation and provisions	318.0	325.0	328.0	331.9	315.8	
Others/Uses of funds	0	-213.5	-5.2	-59.9	-60.2	
Change in working capital	-37.4	231.8	-103.7	-37.6	-22.1	
Operating cash flow	576.6	517.3	563.2	657.3	719.1	
Capital expenditure	-248.0	-244.0	-300.0	-350.0	-350.0	
Financial investments	0	0	0	0	0	
Acquisitions and disposals	0	0	0	0	0	
Free cash flow	328.6	273.3	263.2	307.3	369.1	
Dividends	-115.3	-119.0	-134.1	-147.5	-160.9	
Equity changes & Other non-operating items	-131.0	0	0	0	0	
Net cash flow	82.3	154.3	129.1	159.9	208.2	
<b>Balance sheet (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
Net capital employed	4,741.6	4,408.9	4,263.6	4,295.3	4,351.6	
of which associates	0	0	1.0	2.0	3.0	
Net debt/-cash	2,140.0	1,985.8	1,793.5	1,628.7	1,423.0	
Minorities	187.0	164.0	157.9	152.4	147.9	
Net equity	2,414.6	2,259.1	2,312.1	2,514.2	2,780.7	
Minorities value	187.0	164.0	157.9	152.4	147.9	
Enterprise value	7,553.8	8,250.8	10,481.8	9,847.6	9,636.3	
<b>Stock market ratios (x)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
Adj. P/E	13.8	26.5	22.4	18.4	16.2	
P/CFPS	7.3	10.7	11.7	10.5	9.9	
P/BVPS	2.1	2.6	3.5	3.2	2.9	
Payout (%)	41	75	43	38	36	
Dividend yield (% ord)	1.3	2.3	1.8	2.0	2.2	
FCF yield (%)	6.6	4.7	3.3	3.8	4.6	
EV/sales	0.66	0.82	0.87	0.77	0.73	
EV/EBITDA	8.3	10.6	11.2	9.5	8.7	
EV/EBIT	13.3	23.4	17.2	14.0	12.2	
EV/CE	1.6	1.9	2.5	2.3	2.2	
D/EBITDA	2.4	2.5	1.9	1.6	1.3	
D/EBIT	3.8	5.6	2.9	2.3	1.8	
<b>Profitability &amp; financial ratios (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
EBITDA margin	7.9	7.8	7.8	8.1	8.4	
EBIT margin	4.9	3.5	5.1	5.5	6.0	
Tax rate	33.3	31.0	31.0	30.0	30.0	
Net income margin	2.5	1.8	2.8	3.3	3.7	
ROCE	12.0	8.0	14.3	16.4	18.1	
ROE	12.5	7.6	14.9	17.3	18.1	
Interest cover	4.6	3.5	5.5	7.0	8.3	
Debt/equity ratio	82.3	82.0	72.6	61.1	48.6	
<b>Growth (%)</b>		<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
Sales		-13.0	19.8	6.0	3.3	
EBITDA		-13.9	19.9	10.6	6.6	
EBIT		-38.0	72.4	15.7	12.0	
Pre-tax income		-43.2	97.9	21.2	14.8	
Net income		-39.0	91.1	23.0	14.8	
Adj. net income		-38.6	63.3	21.4	13.9	

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

## Company Snapshot

### Company Description

Prysmian is a world leader in the energy and telecom cable systems industry. With almost 140 years of experience, sales of over EUR 11Bn, about 29,000 employees in over 50 countries and 112 plants, the group is strongly positioned in high-tech markets and offers a wide range of products, services, technologies and know-how. It operates in the businesses of underground and submarine cables and systems for power transmission and distribution, special cables for applications in many different industries and medium and low voltage cables for the construction and infrastructure sectors. For the telecommunications industry, the group manufactures cables and accessories for voice, video and data transmission, offering a comprehensive range of optical fibres, optical and copper cables and connectivity systems. Prysmian is a public company, listed on the Italian Stock Exchange in the FTSE MIB index.

### Key data

Mkt price (EUR)	30.09	Free float (%)	90.4
No. of shares	268.1	Major shr	Clubtre SpA
52Wk range (EUR)	30.8/21.6	(%)	5.1
Reuters	PRY.MI	Bloomberg	PRY IM
<b>Performance (%)</b>	<b>Absolute</b>	<b>Rel. FTSE IT All Sh</b>	
-1M	-1.4	-1M	0.1
-3M	12.8	-3M	9.6
-12M	31.5	-12M	4.0

### Key Risks

#### Company specific risks:

- Postponement in Energy Project tendering or some price pressure in the division .
- Lack of resilience in E&I/Stronger than expected copper impact in wc/ not value crea
- Not value creating M&A /
- Lower than expected volumes growth in Telecom Cables and further pricing deterioration

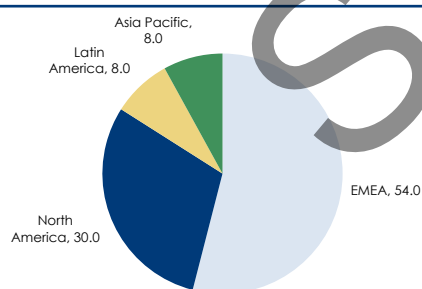
#### Sector generic risks:

- Significant slowdown in EMEA economy
- Higher competition from Asian players particularly in TLC

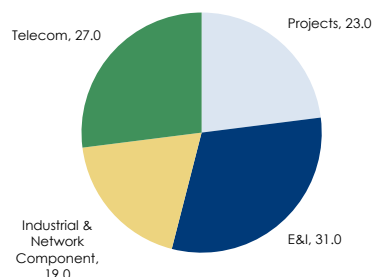
### Estimates vs. consensus

EUR Bn (Y/E Dec)	2020A	2021E	2021C	2022E	2022C	2023E	2023C
Sales	10.02	12.00	11.31	12.72	11.88	13.15	12.64
EBITDA	0.781	0.937	0.938	1.04	1.04	1.10	1.11
EBIT	0.353	0.609	0.611	0.704	0.708	0.789	0.784
Pre-tax income	0.252	0.499	0.474	0.604	0.592	0.694	0.673
Net income	0.178	0.340	0.335	0.418	0.418	0.480	0.468
EPS	0.82	1.34	1.34	1.63	1.65	1.86	1.86

### Sales breakdown by geography (%)



### EBITDA breakdown by division (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 27/07/2021)



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### Coverage policy and frequency of research reports

The list of companies covered by the Research Department is available upon request. Intesa Sanpaolo SpA aims to provide continuous coverage of the companies on the list in conjunction with the timing of periodical accounting reports and any exceptional event that affects the issuer's operations. The companies for which Intesa Sanpaolo SpA acts as sponsor or specialist or other regulated roles are covered in compliance with regulations issued by regulatory bodies with jurisdiction. In the case of a short note, we advise investors to refer to the most recent company report published by Intesa Sanpaolo SpA's Research Department for a full analysis of valuation methodology, earnings assumptions, risks and the historical of recommendation and target price. In the Equity Daily note and Weekly Preview report the Research Department reconfirms the previously published ratings and target prices on the covered companies (or alternatively such ratings and target prices may be placed Under Review). Research qualified as a minor non-monetary benefit pursuant to provisions of Delegated Directive (EUR) 2017/593 is freely available on the IMI Corporate & Investment Banking Division website ([www.imi.intesasnpaolo.com](http://www.imi.intesasnpaolo.com)); all other research is available by contacting your sales representative.

### Equity Research Publications in Last 12M

The list of all recommendations on any financial instrument or issuer produced by Intesa Sanpaolo Research Department and distributed during the preceding 12-month period is available on the Intesa Sanpaolo website at the following address:

<https://group.intesasnpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest0>

### Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (i.e. holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

### Equity rating key: (long-term horizon: 12M)

In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

#### Equity Rating Key (long-term horizon: 12M)

Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances.
TENDER SHARES	We advise investors to tender the shares to the offer.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

### Historical recommendations and target price trends (long-term horizon: 12M)

The 12M rating and target price history chart(s) for the companies currently under our coverage can also be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: <https://group.intesasnpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history--12-months->. Note: please also refer to <https://group.intesasnpaolo.com/it/research/equity--credit-research/equity> in applicable cases for the ISP-UBI Equity Ratings Reconciliation Table, the archive of ex-UBI's previously published research reports and 12M historical recommendations.



## Target price and market price trend (-1Y)



## Historical recommendations and target price trend (-1Y)

Date	Rating	TP (EUR)	Mkt Price (EUR)
29-Jul-21	Under Review	Under Review	30.2
30-Jun-21	ADD	34.5	30.2
21-Jun-21	ADD	Under Review	29.8
30-Nov-20	ADD	30.1	27.4
30-Oct-20	ADD	27.2	23.3
31-Jul-20	ADD	25.5	21.6

## Equity rating allocations (long-term horizon: 12M)

## Intesa Sanpaolo Research Rating Distribution (at July 2021)

Number of companies considered: 126	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%) (*)	44	35	21	0	0
of which Intesa Sanpaolo's Clients (%) (**)	82	73	39	0	0

(\*) Last rating refers to rating as at end of the previous quarter; (\*\*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

## Valuation methodology (short-term horizon: 3M)

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

## Equity rating key (short-term horizon: 3M)

Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

## Company-specific disclosures

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (hereafter the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Organisational, Management and Control Model" pursuant to Legislative Decree 8 June 2001 no. 231 (available at the Intesa Sanpaolo website, <https://group.intesasnpaolo.com/en/governance/leg-decree-231-2001>) setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group, which may adversely affect the interests of the customer in accordance with current regulations.

In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 5 and 6 of the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest as subsequently amended and supplemented, the FINRA Rule 2241, as well as the Financial Conduct Authority Conduct of Business Sourcebook rules COBS 12.4 - between the Intesa Sanpaolo Banking Group and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo S.p.A. is available in the "Rules for Research" and in the extract of the "Corporate model on the management of inside information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A.

At the Intesa Sanpaolo website, webpage <https://group.intesasnpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest> you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

Furthermore, we disclose the following information on the Intesa Sanpaolo Banking Group's conflicts of interest.

- One or more of the companies of the Intesa Sanpaolo Banking Group plan to solicit investment banking business or intends to seek compensation from Prysmian in the next three months
- One or more of the companies of the Intesa Sanpaolo Banking Group have granted significant financing to Prysmian and its parent and group companies
- One or more of the companies of the Intesa Sanpaolo Banking Group have issued financial instruments linked to Prysmian

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**Intesa Sanpaolo Research Dept.**

<b>Gregorio De Felice - Head of Research</b>	+39 02 8796 2012	gregorio.defelice@intesasnpaolo.com
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**Equity&Credit Research**

<b>Giampaolo Trasi</b>	+39 02 8794 9803	giampaolo.trasi@intesasnpaolo.com
------------------------	------------------	-----------------------------------

**Equity Research**

<b>Monica Bosio</b>	+39 02 8794 9809	monica.bosio@intesasnpaolo.com
Luca Bacoccoli	+39 02 8794 9810	luca.bacoccoli@intesasnpaolo.com
Davide Candela	+39 02 8794 9813	davide.candela@intesasnpaolo.com
Oriana Cardani	+39 02 6275 3017	oriana.cardani@intesasnpaolo.com
Antonella Frongillo	+39 02 8794 9688	antonella.frongillo@intesasnpaolo.com
Manuela Meroni	+39 02 8794 9817	manuela.meroni@intesasnpaolo.com
Elena Perini	+39 02 8794 9814	elena.perini@intesasnpaolo.com
Bruno Permutti	+39 02 8794 9819	bruno.permutti@intesasnpaolo.com
Roberto Ranieri	+39 02 8794 9822	roberto.ranieri@intesasnpaolo.com

**Corporate Broking Research**

<b>Alberto Francese</b>	+39 02 8794 9815	alberto.francese@intesasnpaolo.com
Gabriele Berti	+39 02 8794 9821	gabriele.berti@intesasnpaolo.com
Marco Cristofori	+39 02 6275 3015	marco.cristofori@intesasnpaolo.com
Youness Nour El Alaoui	+39 02 8794 9812	youness.alaoui@intesasnpaolo.com
Arianna Terazzi	+39 02 8794 3187	arianna.terazzi@intesasnpaolo.com

**Credit Research**

<b>Maria Grazia Antola (Banks)</b>	+39 02 8794 1114	maria.antola@intesasnpaolo.com
Alessandro Chiodini (Utilities)	+39 02 8794 1115	alessandro.chiodini@intesasnpaolo.com
Dario Fasani (Industrials)	+39 334 1189282	dario.fasani@intesasnpaolo.com
Melanie Gavin (Telecoms, Industrials)	+39 02 8794 1118	melanie.gavin@intesasnpaolo.com
Maria Gabriella Tronconi (Industrials)	+39 02 8794 1117	maria.tronconi@intesasnpaolo.com
Barbara Pizzarelli (Clearing & Data Processing)	+39 02 8794 1116	barbara.pizzarelli@intesasnpaolo.com

**Technical Analysis**

Corrado Binda	+39 02 8021 5763	corrado.binda@intesasnpaolo.com
Sergio Mingolla	+39 02 8021 5843	antonio.mingolla@intesasnpaolo.com

**Clearing & Data Processing**

<b>Anna Whatley</b>	+39 02 8794 9824	anna.whatley@intesasnpaolo.com
Stefano Breviglieri	+39 02 8794 9816	stefano.breviglieri@intesasnpaolo.com
Annita Ricci	+39 02 8794 9823	annita.ricci@intesasnpaolo.com
Wendy Ruggeri	+39 02 8794 9811	wendy.ruggeri@intesasnpaolo.com
Elisabetta Bugliesi (IT support)	+39 02 8794 9877	elisabetta.bugliesi@intesasnpaolo.com

**Intesa Sanpaolo – IMI Corporate & Investment Banking Division**

<b>Bernardo Bailo - Head of Global Markets Sales</b>	+39 02 7261 2308	bernardo.bailo@intesasnpaolo.com
--	------------------	----------------------------------

**Equity Sales**

<b>Giorgio Pozzobon</b>	+39 02 7261 5616	giorgio.pozzobon@intesasnpaolo.com
-------------------------	------------------	------------------------------------

**Institutional Sales**

<b>Catherine d'Aragon</b>	+39 02 7261 5929	catherine.daragon@intesasnpaolo.com
Carlo Cavalieri	+39 02 7261 2722	carlo.cavalieri@intesasnpaolo.com
Francesca Guadagni	+39 02 7261 5817	francesca.guadagni@intesasnpaolo.com
Paolo Maria Lenzi	+39 02 7261 5114	paolo.lenzi@intesasnpaolo.com
Stefano Ottavi	+39 02 7261 2095	stefano.ottavi@intesasnpaolo.com
Federica Repetto	+39 02 7261 5517	federica.repetto@intesasnpaolo.com
Daniela Stucchi	+39 02 7261 5708	daniela.stucchi@intesasnpaolo.com
Mark Wilson	+39 02 7261 2758	mark.wilson@intesasnpaolo.com
Carlo Castellari (Corporate Broking)	+39 02 7261 2122	carlo.castellari@intesasnpaolo.com
Roberta Pupeschi (Corporate Broking)	+39 02 7261 6363	roberta.pupeschi@intesasnpaolo.com
Francesco Riccardi (Corporate Broking)	+39 02 7261 5966	francesco.riccardi@intesasnpaolo.com
Laura Spinella (Corporate Broking)	+39 02 7261 5782	laura.spinella@intesasnpaolo.com
Alessandro Bevacqua	+39 02 7261 5114	alessandro.bevacqua@intesasnpaolo.com
Lorenzo Pennati (Sales Trading)	+39 02 7261 5647	lorenzo.pennati@intesasnpaolo.com

**Equity Derivatives Institutional Sales**

<b>Emanuele Manini</b>	+39 02 7261 5936	emanuele.manini@intesasnpaolo.com
Francesca Dizione	+39 02 7261 2759	francesca.dizione@intesasnpaolo.com
Enrico Ferrari	+39 02 7261 2806	enrico.ferrari@intesasnpaolo.com
Stefan Gess	+39 02 7261 5927	stefan.gess@intesasnpaolo.com
Edward Lythe	+44 207 894 2456	edward.lythe@intesasnpaolo.com
Ferdinando Zamprota	+39 02 7261 5577	ferdinando.zamprota@intesasnpaolo.com

**Gherardo Lenti Capoduri – Head of Market Hub**

	+39 02 7261 2051	gherardo.lenticapoduri@intesasnpaolo.com
--	------------------	--

**E-commerce Distribution**

Massimiliano Raposio	+39 02 7261 5388	massimiliano.raposio@intesasnpaolo.com
----------------------	------------------	--

**Intesa Sanpaolo IMI Securities Corp.**

Barbara Leonardi (Equity institutional Sales)	+1 212 326 1232	barbara.leonardi@intesasnpaolo.com
Greg Principe (Equity Institutional Sales)	+1 212 326 1233	greg.principe@intesasnpaolo.com