

Informazione Regolamentata n. 0902-30-2024	Data/Ora Inizio Diffusione 9 Maggio 2024 07:15:39	Euronext Milan
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Societa' : PRYSMIAN

Identificativo Informazione
Regolamentata : 190291

Utenza - Referente : PRYSMIANN05 - Bifulco

Tipologia : REGEM

Data/Ora Ricezione : 9 Maggio 2024 07:15:39

Data/Ora Inizio Diffusione : 9 Maggio 2024 07:15:39

Oggetto : Prysmian S.p.A.: First-quarter 2024 results

Testo del comunicato

Vedi allegato



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PRESS RELEASE – 1Q 2024 INTEGRATED RESULTS

PRYSMIAN MAKES SOLID START TO THE YEAR

Strong cash generation LTM & margin expansion sustained by market trends

FY 2024 results expected in the upper end of the guidance range

- **ADJ EBITDA AT €412M, WITH IMPROVING MARGINS AT 11.2% (10.7% IN 1Q23)**
- **MARGIN IMPROVEMENT IN TRANSMISSION AT 13.0%; OVER €18BN BACKLOG**
- **ADJ. EBITDA IN POWER GRID RISES TO €115M (+57%), MARGIN IMPROVED AT 13.5%**
- **GROUP NET PROFIT INCREASES TO €185M (€182M IN 1Q23)**
- **SOUND CASH GENERATION WITH FREE CASH FLOW LTM AT €827M**
- **CLEAR PROGRESS ON CLIMATE AMBITIONS: -35% LTM SCOPE 1&2 GHG EMISSIONS**
- **ENCORE WIRE ACQUISITION WILL GROW PRYSMIAN'S NORTH AMERICA BUSINESS**

Massimo Battaini, Chief Executive Officer (CEO), commented: *“Prysmian has had an solid start to 2024. The first quarter results highlight an outstanding profitability, driven by the strong performance of the Power Grid and Transmission segments, while the order backlog stands at over € 18 billion. These achievements demonstrate that Prysmian’s commitment to accelerating the energy transition globally, together with its solutions which meet the highest environmental standards, are continuing to deliver positive results. My first year as Prysmian’s CEO is also marked by the signing acquisition of Encore Wire. This transaction is a unique opportunity to further grow and strengthen our position in North America, enhancing the diversification of our business and creating value for all stakeholders.”*

FINANCIAL HIGHLIGHTS

(in million euros)	1Q 2024	1Q 2023	change %
Sales	3,687	3,992	-5.6%*
Adjusted EBITDA	412	427	-3.5%
Group Net Profit	185	182	1.6%
Net Financial Debt	1,693	2,074	-18.4%
Free Cash Flow LTM ¹	827	581	42.3%

* Organic growth

¹ FCF excluding Acquisitions & Disposals and Antitrust impact



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Milan, 9 May 2024 - The Board of Directors of Prysmian S.p.A. have approved the Group's consolidated results for the first quarter of 2024.

Group Sales amounted to €3,687 million, with a -5.6% organic growth. The Transmission Business reported an organic growth of +1.0% thanks to a consistent execution of interconnection and offshore wind farm projects. Sales in the Power Grid continued to benefit from investments in the grid enhancement, with a robust growth in North America in particular. In Electrification, Renewables continued to post a double-digit growth, while in Industrial & Construction price normalization continued at a slower than expected pace in North America. Sales in the Digital Solutions sharply declined in line with expectation (-31.6% organic growth) mainly due to the US market. A volume recovery is expected in the second part of the year.

Adjusted EBITDA reached €412 million (€427 million in 1Q23), with improving margins at 11.2% compared to 10.7% in 1Q23. Solid improvement in the Transmission Business with adj. EBITDA up 15% at €62 million thanks to the smooth execution and improved project margins. Excellent performance confirmed in Power Grid with the Adj. Ebitda rising to €115 million (+57%) with significant margin improvement at 13.5% (8.6% at 1Q23). In Electrification Business, Adj. Ebitda stood at €203 million vs. €233 million in 1Q23. The improvement in Specialties (Adj Ebitda margin at 11.1% vs 9.8% in 1Q23) were offset by Industrial & Construction where price normalization continued at a slower than expected pace in North America. A sharp market decline, especially in the US, negatively impacted the Digital Solutions in line with expectation, with adj. EBITDA down to €32 million vs €67 at 1Q23, including also lower contribution from YOFC at €3 million (vs. €7 million in 1Q23).

EBITDA amounted to €393 million (€398 million in 1Q23), including net expenses for company reorganisations, non-recurring expenses and other non-operating expenses of €19 million (€29 million in 1Q23).

Net profit increased to €190 million (€187 in 1Q23). Net profit attributable to owners of the parent company amounted to €185 million (€182 million in 1Q23).

Free Cash Flow LTM rose to €827 million, up by 42.3% compared to €581 million in March 2023.

Net Financial Debt fell sharply to €1,693 million at March 2024 (€2,074 million at March 2023), driven by strong cash flow generation.

BUSINESS OVERVIEW

(In million euros)	SALES			Adjusted EBITDA			
	1Q 2024	1Q 2023	org. growth	1Q 2024	1Q 2023	margin 1Q 2024	margin 1Q 2023
TRANSMISSION	474	481	1.0%	62	54	13.0%	11.2%
POWER GRID	852	853	1.5%	115	73	13.5%	8.6%
ELECTRIFICATION	2,049	2,198	-4.3%	203	233	9.9%	10.6%
<i>INDUSTRIAL & CONS.</i>	1,193	1,299	-5.8%	114	154	9.5%	11.8%
<i>SPECIALTIES</i>	762	796	-2.3%	85	78	11.1%	9.8%
DIGITAL SOLUTIONS	312	460	-31.6%	32	67	10.4%	14.6%
TOTAL GROUP	3,687	3,992	-5.6%	412	427	11.2%	10.7%



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TRANSMISSION

Consistent execution and improved projects' margin drove solid growth. Sales amounted to €474 million, with +1.0% organic growth. Adjusted EBITDA rose to €62 million (€54 million at 1Q23) with solid margin improvement to 13.0% (11.2% in 1Q23).

Prysmian received the Notice to Proceed for Amprion Frame Agreement and EGL 2 (both projects awarded in 2023), bringing the total backlog up to over €18 billion. In the High Voltage Underground, the Group continued to produce the German Corridors cables in line with the plan and expect to start installation later this year.

POWER GRID

Sales in Power Grid amounted to €852 million (€853 million at 1Q23), with organic growth of 1.5%. HVAC was particularly strong with double digit growth in EMEA and North America. Adjusted EBITDA leapt to €115 million (€73 million at 1Q23) with strong margin improvement at 13.5% (8.6% in 1Q23) sustained by structural markets trends (grid enhancement), in particular in North America.

ELECTRIFICATION

Industrial & Construction

Sales in Industrial & Construction totalled €1,193 million with -5.8% organic growth vs. 1Q23, mainly driven by softening raw material prices, while total physical volumes grew marginally, with a more robust growth in North America. Adj. EBITDA declined to €114 million (€154 million at 1Q23) with a margin of 9.5% (11.8% at 1Q23). The slower-than-expected price normalisation in the US, was partly offset by margin improvement in the other regions, mainly in EMEA.

Specialties

Sales of Industrial & Network Components amounted to €762 million with -2.3% organic growth. Renewables continued double-digit YoY growth, with strong performance in EMEA. Adj. EBITDA grew further to €85 million (vs. €78 million at 1Q23) with sound margin expansion at 11.1% compared to 9.8% at 1Q23, driven mainly by OEM and Renewables.

DIGITAL SOLUTIONS

As expected, sales declined sharply mainly driven by the US market. Sales amounted to €312 million (€460 million at 1Q23) with -31.6% organic growth. Adj. EBITDA also declined to €32 million (€67 million at 1Q23), with margin at 10.4% compared to 14.6% at 1Q23. The contribution from YOFC was €3 million, down from €7 million in the first quarter 2023.

The long-term growth drivers for the Digital Solutions Business remain unchanged, driven by massive data growth as well as the increase of FTTH, 5G coverage and datacentres. Prysmian is well positioned to seize the opportunities offered by digitalisation.

ESG UPDATE

First quarter of 2024 confirmed that Prysmian's GHG emission reduction trajectory is well-on track with the long term decarbonization trend and in line with 2025 targets. Last twelve months Scope 1 and 2 emissions are down 35% compared to the 2019 baseline.

The results of Prysmian's commitment and initiatives on Green and Circular economy resulted in the percentage of revenues linked to sustainable products up to 41% year-to-date and the percentage of recycled content on PE jackets and copper for the first quarter of 2024 rose to 14.7%.

KPIs on the Social and Governance Dimension are also in line with the Ambition of the Group to reach at least 47% of desk worker women hired and 21% of Executive women in 2025.



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SUSTAINABILITY TARGETS AT A GLANCE

KPI	FY 2023	1Q 2024	target 2027
% of reduction of Scope 1&2 GHG Emissions vs baseline 2019	-33%	-35%*	-45%
% of revenues linked to sustainable products	37%	41%	60%
% of recycled content on PE jacket and copper	12.7%	14.7%	19%
% of Executive women	18.8%	19.3%	27%
% of desk workers women hired	46%	44%	50%

* LTM (last twelve months)

OUTLOOK

For FY 2024, Prysmian confirms the guidance announced in February 2024 and expects to achieve the upper end of the range:

- o adjusted EBITDA in the range of €1,575-1,675 million
- o free cash flow in the range of €675-775 million
- o scope 1&2 GHG emission reduction of 36% and Scope 3 reduction of 13% vs 2019

These goals assume no material changes in the geopolitical crisis relating to the conflicts in Ukraine and in Israel, in addition to excluding extreme dynamics in the prices of production factors or significant supply chain disruptions. The forecasts are based on the Company's current business perimeter, assuming a EUR/USD exchange rate of 1.08, and do not include impacts on cash flows related to Antitrust issues.

EVENTS AFTER 31 MARCH 2024

For significant events took place after Mar. 31, 2024, please refer to dedicated section in the corporate website www.prysmian.com

CONFERENCE CALL

The results of first quarter 2024 will be presented to the financial community during a conference call today at 10:00 CET. Please find below the link to access the webcast:

Webcast link

<https://edge.media-server.com/mmc/p/pzo7p32u>

A recording of the conference call will be subsequently available on the Group's website: www.prysmian.com. The documentation used during the presentation will be available today in the Investor Relations section of the Prysmian website at www.prysmian.com and can be viewed on the Borsa Italiana website www.borsaitaliana.it and in the central storage mechanism at www.emarketstorage.com.



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Prysmian

Prysmian is a global cabling solutions provider leading the energy transition and digital transformation. By leveraging its wide geographical footprint and extensive product range, its track record of technological leadership and innovation, and a strong customer base, the company is well-placed to capitalise on its leading positions and win in new, growing markets. Prysmian's business strategy perfectly matches key market drivers by developing resilient, high-performing, sustainable and innovative cable solutions in the segments of Transmission, Power Grid, Electrification and Digital Solutions. Prysmian is a public company listed on the Italian Stock Exchange, with almost 150 years of experience, about 30,000 employees, 108 plants and 26 R&D centres in over 50 countries, and sales of over €15 billion in 2023.

For more info:

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Prysmian Group's Financial Report at 31 March 2024, approved by the Board of Directors on 8 May 2024 will be available to the public by May 15th, 2024 at the Company's registered office in Via Chiese 6, Milan. It will also be made available, by the same terms and conditions, on the corporate website www.prysmian.com, on the website of Borsa Italiana S.p.A www.borsaitaliana.it, and in the authorised central storage mechanism used by the Company at www.emarketstorage.com. This document may contain forward-looking statements relating to future events and future operating, economic and financial results of Prysmian. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Therefore, actual results may differ materially from those reflected in forward-looking statements due to a variety of factors. The managers responsible for preparing corporate accounting documents (Stefano Invernici and Alessandro Brunetti) hereby declare, pursuant to Article 154-bis, paragraph 2, of Italy's Unified Financial Act, that the accounting information contained in this press release corresponds to the underlying documents, accounting books and records.

EBITDA means the operating result gross of the effect of the change in the fair value of derivatives on commodities, other items measured at fair value, amortisation, depreciation and write-downs. This indicator allows to present the Group's operating profitability situation before the main non-monetary items. Adjusted EBITDA means the EBITDA described above calculated before charges and income relating to corporate reorganisations, charges and income considered to be of a non-recurring nature, as indicated in the consolidated income statement, and other non-operating income and expenses. This indicator allows to present the Group's operating profitability before the main non-monetary items, without the economic effects of events considered unrelated to the current management of the Group itself.

Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies: Adjusted EBITDA as defined above calculated before the share of net profit/(loss) of equity-accounted companies;

Adjusted operating income means the operating income before income and expense for business reorganisation before non-recurring items, as presented in the consolidated income statement, before other non-operating income and expense and before the fair value change in derivatives on commodities and in other fair value items. The purpose of this indicator is to present the Group's operating profitability without the effects of events considered to be outside its recurring operations;

Organic growth means the growth in sales calculated net of changes in the scope of consolidation, changes in metal prices and exchange rate effects.

Net financial debt is an indicator of the financial structure, determined by the: sum of the following items: – Borrowings from banks and other lenders – non-current portion – Borrowings from banks and other lenders – current portion – Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables – Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial receivables – Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial payables – Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial payables – Medium/long-term financial receivables recorded in Other non-current receivables – Loan arrangement fees recorded in Other non-current receivables – Short-term financial receivables recorded in Other current receivables – Loan arrangement fees recorded in Other current receivables – Financial assets at amortised cost – Financial assets at fair value through profit or loss – Financial assets at fair value through other comprehensive income – Cash and cash equivalents.



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ANNEX A

Consolidated Statement of Financial Position

(in millions of Euro)	31.03.2024	31.12.2023
Non-current assets		
Property, plant and equipment	3,469	3,401
Goodwill	1,681	1,660
Other intangible assets	399	411
Equity-accounted investments	231	218
Other investments at fair value through other comprehensive income	10	10
Financial assets at amortised cost	3	3
Derivatives	62	41
Deferred tax assets	303	299
Other receivables	40	36
Total non-current assets	6,198	6,079
Current assets		
Inventories	2,478	2,264
Trade receivables	2,407	1,987
Other receivables	1,148	1,054
Financial assets at fair value through income statement	27	85
Derivatives	104	80
Financial assets at fair value through other comprehensive income	25	24
Cash and cash equivalents	1,155	1,741
Total current assets	7,344	7,235
Assets held for sale	8	9
Total assets	13,550	13,323
Equity		
Share capital	28	28
Reserves	3,880	3,224
Net result attributable to the Group	185	529
Equity attributable to the Group	4,093	3,781
Share capital and reserves attributable to non-controlling interests	191	191
Total equity	4,284	3,972
Non-current liabilities		
Borrowings from banks and other lenders	2,491	2,488
Employee benefit obligations	333	333
Provisions for risks and charges	57	58
Deferred tax liabilities	242	222
Derivatives	29	47
Other payables	49	53
Total non-current liabilities	3,201	3,201
Current liabilities		
Borrowings from banks and other lenders	485	608
Provisions for risks and charges	756	753
Derivatives	47	57
Trade payables	2,132	2,199
Other payables	2,545	2,469
Current tax payables	100	64
Total current liabilities	6,065	6,150
Total liabilities	9,266	9,351
Total equity and liabilities	13,550	13,323



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Consolidated Income Statement

(in millions of Euro)	3 months 2024	3 months 2023
Sales	3,687	3,992
Change in inventories of finished goods and work in progress	139	166
Other income	8	13
Total sales and income	3,834	4,171
Raw materials, consumables used and goods for resale	(2,410)	(2,687)
Fair value change in derivatives on commodities	8	(3)
Personnel costs	(462)	(440)
Amortisation, depreciation, impairment and impairment reversal	(100)	(90)
Other expenses	(598)	(665)
Share of net profit/(loss) of equity-accounted companies	15	8
Operating income	287	294
Finance costs	(185)	(1,949)
Finance income	163	1,926
Result before taxes	265	271
Taxes	(75)	(84)
Net Result	190	187
Of which:		
<i>- attributable to non-controlling interests</i>	5	5
<i>- attributable to the Group</i>	185	182
Basic earnings/(loss) per share (in Euro)	0.68	0.67
Diluted earnings/(loss) per share (in Euro)	0.64	0.67



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Consolidated Statement of Comprehensive Income

(in millions of Euro)	3 months 2024	3 months 2023
Net profit/(loss)	190	187
Other comprehensive income:		
A) Change in cash flow hedge reserve:	54	30
- Profit/(loss) for the period	76	41
- Taxes	(22)	(11)
B) Other changes relating to cash flow hedges:	(18)	(12)
- Profit/(loss) for the period	(25)	(16)
- Taxes	7	4
C) Change in currency translation reserve	76	(91)
Total other comprehensive income (A+B+C):	112	(73)
Total comprehensive income/(loss)	302	114
<i>Of which:</i>		
- <i>attributable to non-controlling interests</i>	8	-
- <i>Group share</i>	294	114



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Consolidated Statement of Cash Flows

(in millions of Euro)	3 months 2024	3 months 2023
Profit/(loss) before taxes	265	271
Amortisation, depreciation and impairment	100	90
Share of net profit/(loss) of equity-accounted companies	(15)	(8)
Dividends received from equity-accounted companies	3	2
Share-based payments	14	11
Fair value change in derivatives on commodities	(8)	3
Net finance costs	22	23
Changes in inventories	(204)	(309)
Changes in trade receivables/payables	(478)	(497)
Changes in other receivables/payables	(42)	(67)
Change in employee benefit obligations	(5)	(5)
Change in provisions for risks and other changes	(4)	16
Net income taxes paid	(27)	(37)
A. Cash flow from operating activities	(379)	(507)
Investments in property, plant and equipment	(100)	(67)
Investments in intangible assets	(2)	(3)
Investments in financial assets or equity investments at fair value through other comprehensive income	58	-
B. Cash flow from investing activities	(44)	(70)
Dividend distribution	(9)	-
Proceeds of new loans	-	120
Repayments of loans	(100)	-
Changes in other net financial receivables/payables	(40)	(41)
Finance costs paid	(59)	(33)
Finance income received	41	10
C. Cash flow from financing activities	(167)	56
D. Net currency translation difference on cash and cash equivalents	4	(7)
E. Net increase/(decrease) in cash and cash equivalents (A+B+C+D)	(586)	(528)
F. Cash and cash equivalents at the beginning of the period	1,741	1,285
G. Cash and cash equivalents at the end of the period (E+F)	1,155	757



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ANNEX B**Reconciliation table between Net result, EBITDA and adjusted EBITDA of the Group**

(in millions of Euro)	3 months 2024	3 months 2023
Net result	190	187
Taxes	75	84
Finance income	(163)	(1.926)
Finance costs	185	1.949
Amortisation, depreciation, impairment and impairment reversal	100	90
Fair value change in derivatives on commodities	(8)	3
Fair value shared-based payment	14	11
EBITDA	393	398
Company reorganization	19	7
Non-recurring expenses/(income)	(2)	3
Other non-operating expenses/(income)	2	19
Total adjustments to EBITDA	19	29
Adjusted EBITDA	412	427



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Statement of Cash Flows with reference to change in net financial position

(in millions of Euro)	3 months 2024	3 months 2023	Change
EBITDA	393	398	(5)
Changes in provisions (including employee benefit obligations)	(9)	11	(20)
Share of net profit/(loss) of equity-accounted companies	(15)	(8)	(7)
Net cash flow from operating activities (before changes in net working capital)	369	401	(32)
Changes in net working capital	(724)	(873)	149
Taxes paid	(27)	(37)	10
Dividends from investments in equity-accounted companies	3	2	1
Net cash flow from operating activities	(379)	(507)	128
Net cash flow used in operating investing activities	(102)	(70)	(32)
Free cash flow (unlevered)	(481)	(577)	96
Net finance costs	(18)	(23)	5
Free cash flow (levered)	(499)	(600)	101
Dividend distribution	(9)	-	(9)
Net cash flow provided/(used) in the period	(508)	(600)	92
Opening net financial debt	(1,188)	(1,417)	229
Net cash flow provided/(used) in the period	(508)	(600)	92
Increase in net financial debt for IFRS 16	(23)	(10)	(13)
Other changes	26	(47)	73
Closing net financial debt	(1,693)	(2,074)	381

