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## PRESS RELEASE

# Prysmian presents its strategy to lead the Energy Transition and Digital Transformation

### Key highlights:

- Prysmian Group will today unveil details of its strategy and outline 2027 financial and non-financial ambitions at its Capital Markets Day (CMD)
- The strategy - “Connect, to lead” - is aimed at capitalizing on the Group’s market position to seize the opportunities presented by current market trends
- Business to reshape into four segments to structurally align with market dynamics: Renewable Transmission, Power Grid, Electrification and Digital Solutions
- Financial targets set for 2027:
  - EBITDA of €2bn(+/-€100m), up from €1.49bn in 2022
  - Free cash flow to €900m-1bn, up from €559m in 2022
  - Capex to €2.7bn over the period 2023-2027 on selective capacity expansion
  - ROCE to 25-28%, up from 20.1% in 2022
- Sustainability targets upgraded for 2027

**Naples, 5 October 2023** - Prysmian Group (“the Group”) will today present its strategy including the reshaping of its business into four new segments and outline financial and non-financial targets for 2027.

The strategy will see Prysmian capitalise on its leading positions and outline plans to win in new growth markets in order to become a global cabling solution provider leading the Energy Transition and Digital Transformation.

Details of the strategic plan will be announced during Prysmian Group's Capital Markets Day (CMD), which will be held today in Naples.

### Four pillars of the new strategy

The cable industry is increasingly strategic due to long-term market trends which require resilient, high-performing, sustainable and innovative cable solutions: *increased renewable generation, growing electricity demand, enhanced power grids, massive data growth.*

Against this backdrop and building on our previous success which was based on market consolidation, the strategy focuses on organic growth arising from the market trends and comprises four pillars:

- **Self-funded capacity expansion:** investments to support organic growth through consistent cash flow generation
- **Balanced and innovative portfolio:** balanced portfolio and continued innovation to support technological leadership and sustainability
- **People empowerment:** best people to grow business know-how and capabilities
- **Business segmentation:** new segmentation to seize market trends and opportunities

### New business segmentation capitalizing on market trends

In light of the opportunities created by the market trends, Prysmian will reshape its business into four new segments from the existing three:



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1. **Renewable Transmission**, including the Submarine Power and the Land HVDC business units, currently belonging to the Projects segment<sup>1</sup>;
2. **Power Grid**, including HVAC business unit, also previously in Projects, and Power Distribution and Overhead Lines, currently in the Energy segment<sup>2</sup>;
3. **Electrification**, including Industrial & Construction (former Trade & Installer) and Specialties (formerly in Industrial & NWC), currently in the Energy segment;
4. **Digital Solutions**, the current Telecom segment, including the following business units: Fiber and Optical Cables, Connectivity, Multimedia & Inside Plant cables (MMS)<sup>3</sup>.

#### Financial targets

The Group expects to increase adj. **EBITDA** from €1.49bn in 2022 to ~€2bn by 2027, with a target range of +/- €100m. The strategy anticipates the selective acceleration of investments to meet growing demand, in particular in the segments of Renewable Transmission and Power Grid: over the period 2023-2027, **capital expenditure** will grow by 1.7x compared to the previous five years, to €2.7bn. **Free Cash Flow** is expected to grow to €900m- €1bn in 2027 from €559m in 2022. **ROCE** is expected to increase to 25-28% in 2027, confirming the high returns of the planned strategic investments.

	2022	2023 guidance	2025	2027
<b>Adj. EBITDA (€m)<sup>4</sup></b>	1,488	~1,625	1,775 (+/-75)	2,000 (+/-100)
<b>Free Cash Flow (€m)<sup>5</sup></b>	559	550-650	650-750	900-1,000
<b>EBITDA conversion in FCF</b>	37.6%	35 - 39%	38 - 41%	47 - 48%
<b>ROCE<sup>6</sup></b>	20.1%	21 - 23%	22 - 25%	25 - 28%

#### Non-financial targets

For Prysmian, sustainability is a key driver to create value. This means the Group has a long-term vision and a clearly defined strategy underpinned by measurable climate ambitions for 2030 and has set intermediate KPIs for 2025 and 2027.

Today Prysmian confirms its Scope 3 Net Zero target for 2050. The Group intends to continue to lead innovation in the cable industry developing thinner, lighter, faster, and greener products while creating tangible value for customers and in the communities and territories in which it operates.

The table below contains a selection of the Group's key targets.

KPI	Actual 2022	Target 2025	Target 2027
<b>Enable access to green electricity to households</b>	21m	110m	210m
<b>Enable fast digital access to households</b>	3m	15m	25m
<b>% of revenues linked to Sustainable Products</b>	30%	40%	60%
<b>% of recycled content on PE jacket and copper</b>	10%	15%	19%
<b>% of women in Top Management positions</b>	13%	18%	25%
<b>% of Desk Workers women hired</b>	45%	49%	50%

As part of the Group commitment to develop the talent in underprivileged communities, more than 1,400 children and 400 women and girls will be supported by social programs between 2023 and 2027, including:

<sup>1</sup> Renewable Transmission will also include O&G Offshore Specialties, Submarine Telecom, High Voltage Network Components and Monitoring Solutions

<sup>2</sup> Power Grid will also include Medium-Low Voltage Network Components and Medium Voltage Monitoring Solutions.

<sup>3</sup> Digital Solutions will also include Copper Telecom and OPGW

<sup>4</sup> Adjusted excluding restructuring expenses, non-operating income/expenses and non-recurring income/expenses; also excluding impairment cost, share-based compensation, fair value changes on metal derivatives

<sup>5</sup> Free Cash Flow, levered, after tax, excluding Acquisitions & Disposals and excluding Antitrust in/out-flows

<sup>6</sup> Calculated as the ratio between Adjusted EBIT divided by Net Capital Employed: Adjusted EBIT excluding Share of Net income; Net Capital Employed excluding (i) Fair Value of Metals derivatives (ii) Antitrust provisions (iii) Tax receivables/payables and deferred tax assets/liabilities and (iv) Investment in associates



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- Oman: 100 women and 800 children through "SHE STEM" and STEM education
- Netherlands: 625 children involved in STEM education and labs
- Latin America: 315 women and girls involved in our social programs

**Valerio Battista**, Chief Executive Officer (CEO), commented: *"I am incredibly proud of the business we have built together over the past 15 years, an organization that has delivered value and that has retained its cohesive culture as we have expanded into new markets through transformational M&A. The outcome of our strategic choices is a strong business that is leading the industry, and that has the technology and resources to take advantage of the exciting opportunities ahead. As we enter this next chapter, I pass the baton to Massimo Battaini, who is the right leader to drive our Company and the industry forward."*

**Massimo Battaini**, CEO-designate, stated: *"Prysmian is uniquely placed to benefit from the opportunities presented by the structural changes arising from the convergence of the energy transition and digital transformation. Our market leading position, track record of technological leadership and innovation, loyal customer base and unrivalled team are the foundation from which we can capitalise on these trends. Combined with our geographical footprint and breadth of products, we are well-placed to grow our markets and become a global cable solution provider"*.

*"We have set ambitious financial and sustainability targets for the next five years, which I am confident we will achieve through our strategy, which is based on organic growth. This will see us reshape our business to structurally align with the market dynamics, selectively expand capacity through self-funded investment and deploy increasingly cutting-edge and sustainable technologies, while continuing to empower our people. We believe these are the key drivers to unlock the potential of our business and create value for all our stakeholders"*.

*"I want to thank Valerio Battista, and look forward to leading this company in the new exciting phase"*.

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*Prysmian Group's strategic guidelines, growth opportunities and financial targets for the five-year period will be presented today to the financial community during its "Capital Markets Day" in Naples hosted at 10.00 CET (9.00 GMT). A live webcast of the event will be available at the following link: <https://www.prysmiangroup.com/investors/capital-markets-day/register-to-watch>.*

*Presentation slides will be made available prior to the beginning of the event.*

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*The managers responsible for preparing the company's financial reports, A. Brunetti and S. Invernici, declare, pursuant to paragraph 2 of Article 154-bis of the Consolidated Financial Act, that the accounting information contained in this Press Release corresponds to the results documented in the books, accounting and other records of the Company. This Press Release may contain summarized information or information that has not been audited or independently verified by any third party, and its recipients are invited to consult the documentation and public information made available by Prysmian S.p.A.*

*For the aforementioned purposes, "Press Release" means this document, and any oral presentation, any question-and-answer session and any written or oral material discussed following the distribution of this document.*

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*This press release is available on the company website at [www.prysmiangroup.com](http://www.prysmiangroup.com) and in the mechanism for the central storage of regulated information provided by Teleborsa S.r.l. at [www.emarketstorage.com](http://www.emarketstorage.com).*

#### **Prysmian Group**

*Prysmian Group is world leader in the energy and telecom cable systems industry. With over 150 years of experience, sales of over €16 billion, about 30,000 employees in over 50 countries and 108 plants, the Group is strongly positioned in high-tech markets and offers the widest possible 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, of special cables for applications in many different industries and of 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.*

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