Intermonte

Milan, 07 November 2025

Italian Equity Research – 3Q25 Results

BREMBO

NEUTRAL

Sector: Industrials

Price: Eu9.96 - **Target: Eu9.60**

Margins Beat Expectations on Cost Tailwinds, but Growth Still Elusive

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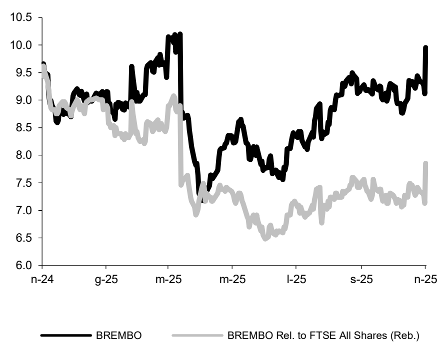
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 8.60 to 9.60
	2025E	**2026E**	**2027E**
Chg in Adj EPS	7.3%	4.2%	0.1%

BREMBO - 12M Performance



Stock Data			
Reuters code:			BRBI.MI
Bloomberg code:			BRE IM
Performance	**1M**	**3M**	**12M**
Absolute	7.5%	16.3%	5.5%
Relative	7.9%	11.6%	-21.2%
12M (H/L)			10.20/7.17
3M Average Volume (th):			398.31

Shareholder Data	
No. of Ord shares (mn):	320
Total no. of shares (mn):	320
Mkt Cap Ord (Eu mn):	3,188
Total Mkt Cap (Eu mn):	3,188
Mkt Float - Ord (Eu mn):	1,337
Mkt Float (in %):	41.9%
Main Shareholder:	
Bombassei	53.6%

Balance Sheet Data	
Book Value (Eu mn):	2,450
BVPS (Eu):	7.52
P/BV:	1.3
Net Financial Position (Eu mn):	-776
Enterprise Value (Eu mn):	3,964

Despite softer 3Q and expected 4Q sales, lower input prices and fixed costs are set to support a better margin outlook (above the low end of guidance, to which expectations were anchored), driving a positive stock reaction. Nevertheless, we remain on the sidelines amid volatile and low-visibility trends in Global Light Vehicle Production (GLVP). BRE is also trading broadly in line with its historical P/E of ~14x NTM, despite current fundamentals being less compelling. Organic growth remains negative, with ongoing underperformance of GLVP, while margins and returns on capital are at their lowest point for a decade, with limited prospects for a strong near-term recovery in our view. NEUTRAL; target €9.6 on a lower risk-free rate (to 3.5% vs. 4.0% prev, +€0.8), higher estimates (+€0.4), and roll-over to FY26/27 (+€0.1), partly offset by the dividend payment (-€0.3).

- **3Q25 results: lower sales, but better EBITDA.** Despite lower-than-expected revenues, 3Q25 results showed higher EBITDA on the back of lower input cost prices (raw mat, logistics & energy) and fixed costs (in North America). This was amplified at net income by lower D&A and net financial charges. Revenues were €909mn vs. our/cons. €938/933mn, down -2% YoY (o/w organic -2%, ForEx -3%, Scope +3%), with the miss coming from a lower Vol&Mix contribution (-2% vs. +1% exp.) and Öhlins (+5% vs. +3% exp.). By division, Auto was -5% YoY vs. -3% exp., Moto -0% vs. +4% exp, Comm. V. -4% vs. -11% and Racing +61% vs. +108% exp. Underperformance vs. GLVP stood at 6pp (7pp in 1H), a high level vs. a historical high/mid-single digit outperformance. This is linked to the ongoing weakness of the premium market and strong performance of Chinese OEMs to which the company has currently low exposure. EBITDA €162mn vs. our/cons. €152/152mn, +8% YoY, 17.8% margin (+1.6pp YoY); net income €65mn vs. our/cons. €53/58mn, +58% YoY; net debt €847mn vs. our/cons. €880/930mn.
- **2025 guidance: sales cut, margin above the low-end of the floor provided.** FY25 guidance has been updated to reflect 3Q trends: revenues have been cut, while the EBITDA margin, though formally unchanged at >16%, should come in above the low end of the floor provided. Overall, revenue should decline by -4/-5% YoY with a decline at constant exchange rates of -2% vs. "flat" previously. Underperformance vs. GLVP is set to close at 5pp in 2025 with an improvement in 4Q from the easier comparison base, but still well below the historical standard. The margin in 4Q should improve against the trend seen in 9M, but remain below 3Q due to a lower contribution from input cost prices and cost savings. CapEx and net debt are confirmed at €400mn and €780mn respectively. As consensus was sitting slightly below margin guidance, it could raise its EBITDA forecast by 4%.
- **From the call.** **2026**: too early to comment about revenue and CapEx, but management believes it is time to "harvest" the investments made in recent years (supportive of 2026 consensus CapEx of €330mn); **Capacity**: utilisation at 87%, which may rise in the next 3/4 years on the capacity already in place (good for cash generation, but not particularly bullish for the growth outlook given the already high utilisation rate); **China**: -15% like-for-like with performance burdened by the struggles of western OEMs and little exposure to Chinese manufacturers, although this is improving; **Sensify and Greentell**: start of production confirmed in 2026; **M&A**: always looking for opportunities.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	3,849	3,841	3,685	3,818	3,970
EBITDA Adj (Eu mn)	666	661	617	640	668
Net Profit Adj (Eu mn)	305	263	217	233	260
EPS New Adj (Eu)	0.938	0.820	0.678	0.728	0.811
EPS Old Adj (Eu)	0.938	0.820	0.631	0.698	0.810
DPS (Eu)	0.300	0.300	0.248	0.266	0.297
EV/EBITDA Adj	6.8	5.6	6.4	6.0	5.6
EV/EBIT Adj	10.9	9.5	11.7	10.8	9.6
P/E Adj	10.6	12.1	14.7	13.7	12.3
Div. Yield	3.0%	3.0%	2.5%	2.7%	3.0%
Net Debt/EBITDA Adj	0.7	0.5	1.3	1.0	0.8

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 7 November 2025 Intermonte's Research Department covered 131 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.06%
OUTPERFORM:	39.69%
NEUTRAL:	27.49%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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