Intermonte

Milan, 09 May 2025

Italian Equity Research – 1Q17 Results

BREMBO

NEUTRAL

Sector: Industrials

Price: Eu8.23 - **Target: Eu8.60**

Weak Start to the Year, No Short-Term Catalysts

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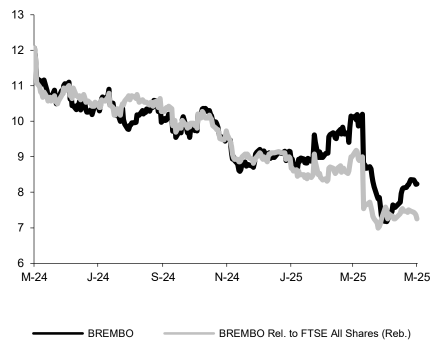
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-2.2%	-2.0%	-1.8%

BREMBO - 12M Performance



Stock Data			
Reuters code:			BRBI.MI
Bloomberg code:			BRE IM
Performance	**1M**	**3M**	**12M**
Absolute	10.7%	-8.4%	-31.8%
Relative	-4.9%	-13.5%	-45.4%
12M (H/L)			11.83/7.17
3M Average Volume (th):			774.67

Shareholder Data	
No. of Ord shares (mn):	320
Total no. of shares (mn):	320
Mkt Cap Ord (Eu mn):	2,636
Total Mkt Cap (Eu mn):	2,636
Mkt Float - Ord (Eu mn):	1,105
Mkt Float (in %):	41.9%
Main Shareholder:	
Bombassei	53.6%

Balance Sheet Data	
Book Value (Eu mn):	2,468
BVPS (Eu):	7.59
P/BV:	1.1
Net Financial Position (Eu mn):	-779
Enterprise Value (Eu mn):	3,415

BRE reported weaker-than-expected 1Q25 results, with a like-for-like revenue decline of 9% and lower margins. While guidance for an EBITDA margin above 16% appears cautious, and 1Q should be the softest quarter of the year, we remain wary due to limited visibility on 2H and a weak sector outlook. Öhlins represents a clear tailwind, but in our view it is not sufficient to offset broader pressures and has also contributed to stretched net debt levels, with BRE facing ongoing challenges in NWC. The stock is trading at 5x EV/EBITDA NTMA and 11x P/E, reflecting discounts of 32% and 21% vs. the 10Y average, which we find justified in today's context. Some key catalysts that could reverse our view are a more supportive automotive environment, positive newsflow on growth opportunities such as Sensify and Coated Discs, improving cashflow generation (ROIC), and faster growth at Öhlins. We confirm our NEUTRAL recommendation and TP of €8.6, with lower beta offsetting higher ERP and lower estimates.

- **1Q25 results below consensus.** 1Q25 results came in below our / consensus forecasts, showing a mid-single-digit revenue contraction and lower margins. Revenues were €957mn, down -5% YoY, o/w -9% organic slightly offset by Öhlins +4% and +1% ForEx. By division, on a like-for-like basis, auto (72% of total) and racing (8%) were below consensus, while motorcycles (11%) and comm. vehicle (9%) were weak, as expected. EBITDA was €153mn, down -13% YoY for a 16.0% margin (-1.6pp YoY), dented by lower vol & mix, only partly offset by Öhlins. Net income was €51mn vs. our/cons. €65/67mn, mainly on lower EBITDA. Net debt closed at €779mn, above YE24 and vs. our/cons. €697/720mn, driven by higher NWC outflows and CapEx, only partly offset by the cash-out for Öhlins.
- **FY25 guidance updates less severe than initial reaction.** Management confirmed FY25 revenue guidance ("stable YoY", incl. Öhlins, -5% organic). The EBITDA margin is seen at >16%, but this seems cautious as profitability is expected to improve after a soft 1Q (16.0%), supported by the phasing out of one-offs at Öhlins and the ramp-up of the Thailand plant (no revenues in 1Q). As a result, we expect limited consensus revision (currently 16.6–16.7%) as consensus stands at -1% for revenue growth and 16.6% for the EBITDA margin. Tariffs are not explicitly included in guidance as management indicated the impact would be indirect, already partially reflected in the -5% organic revenue assumption. For Öhlins, stronger-than-expected FY25 revenue guidance signals early revenue synergies, with the unit seen contributing €180–190mn vs. €140mn in FY24. On a negative note, FCF generation continues to disappoint due to higher CapEx (€400mn vs. our/cons. €333/347mn) and a NWC outflow for the year (affected by extended payment terms in the Aftermarket and China), bringing net debt to €779mn (vs. our/cons €697/720mn), flat vs. 1Q.
- **Change in estimates:** we are cutting our estimates by 4% to incorporate the new guidance, assuming flat revenue growth and a >16% EBITDA margin. Our estimates remains well below consensus especially for 2026/27 (-6% in 25, -16% in 26/27).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	3,849	3,841	3,846	4,000	4,160
EBITDA Adj (Eu mn)	666	661	642	674	706
Net Profit Adj (Eu mn)	305	263	231	251	271
EPS New Adj (Eu)	0.938	0.820	0.723	0.783	0.846
EPS Old Adj (Eu)	0.938	0.820	0.739	0.799	0.862
DPS (Eu)	0.300	0.300	0.264	0.287	0.310
EV/EBITDA Adj	6.8	5.6	5.3	4.9	4.6
EV/EBIT Adj	10.9	9.5	9.7	8.8	8.0
P/E Adj	8.8	10.0	11.4	10.5	9.7
Div. Yield	3.6%	3.6%	3.2%	3.5%	3.8%
Net Debt/EBITDA Adj	0.7	0.5	1.2	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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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