

# BREMBO

Sector: Industrials

## NEUTRAL

Price: Eu8.65 - Target: Eu8.60

## Flat FY25 Revenue Guidance Disappoints

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### Stock Rating

**Rating:** Unchanged

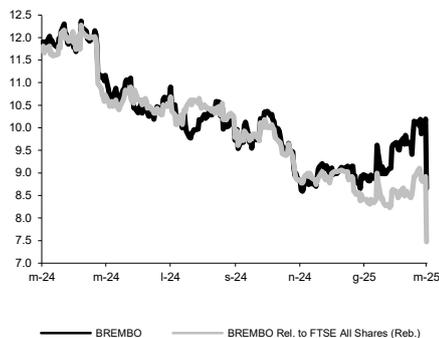
**Target Price (Eu):** from 10.20 to 8.60

	2025E	2026E	2027E
<b>Chg in Adj EPS</b>	-13.5%	-14.1%	-13.1%

### Next Event

 1Q25 Results Out 8<sup>th</sup> of May

### BREMBO - 12M Performance



### Stock Data

**Reuters code:** BRBI.MI

**Bloomberg code:** BRE IM

Performance	1M	3M	12M
Absolute	-10.3%	-5.0%	-26.1%
Relative	-12.6%	-19.3%	-41.9%
12M (H/L)		12.37/8.59	
3M Average Volume (th):		604.61	

### Shareholder Data

No. of Ord shares (mn):	320
Total no. of shares (mn):	320
Mkt Cap Ord (Eu mn):	2,771
Total Mkt Cap (Eu mn):	2,771
Mkt Float - Ord (Eu mn):	1,162
Mkt Float (in %):	41.9%
Main Shareholder:	
Bombassei	53.6%

### Balance Sheet Data

Book Value (Eu mn):	2,474
BVPS (Eu):	7.60
P/BV:	1.1
Net Financial Position (Eu mn):	-645
Enterprise Value (Eu mn):	3,416

FY24 closed with P&L figures in line with preliminary indications, but net debt worse than expected amid worse non-trade NWC and higher CapEx. More importantly, BRE guided for flat revenue in FY25, well below expectations (+5%) amid weaker market trends, but lower outperformance vs the industry could have also played a role. Despite the weak share price reaction, we remain cautious on the name given the soft sector outlook and low visibility. Our new TP goes to €8.6 (from €10.2) on the back of lower estimates, implying no upside vs yesterday's close. Our figures continue to suggest multiples at a 23% discount to history on average, but we see this justified by the lower outperformance in the industry, reduced ROCE, and higher interest rates.

- **4Q24 results: EBITDA already out, net income a touch better, but net debt worse.** 4Q24 revenue and EBITDA closed at €913mn (-2% YoY) and €160mn (-3% YoY) respectively, in line with preliminary figures released 30<sup>th</sup> January. Compared to our forecast, we note lower cost inflation offsetting higher operation costs and a lower Vol&Mix contribution. Net income closed at €65mn, -12% YoY, vs our/cons. €60/67mn on a lower FX headwind in net financial expenses. Net debt closed at €348mn vs our/cons. €282/275mn amid worse non-trade NWC and higher CapEx.
- **2025 guidance: flat revenue (vs +5% exp.) amid weaker market trends, but lower outperformance cannot be excluded.** FY25 revenue has been indicated as being flattish, well below our/cons. est. for +5% growth. While the outlook includes the well-known contribution from Öhlins, the weakness comes from a -5% organic drop (vs our +2% exp.). This reflects weaker development for global vehicle production compared to S&P Global estimate (~-2% adjusting for BRE geo mix) amid a soft start to the year and low confidence on a 2H recovery. In particular, management flagged up a 1H with Europe and North America down some -9% and -5%, while China should be positive. However, these figures are coherent with our pre-event forecast, suggesting lower-than-assumed outperformance vs the industry (we now see it at +2pp vs +4pp prev.). In terms of profitability, guidance will be offered with 1Q25 results in May. Nonetheless, we expect the EBITDA margin to decline given negative operating leverage and a lack of significant cost cutting actions. No precise figure was offered on CapEx, with 2024 seen as a “peak” year, hinting at lower expenditure going forward. However, this was consistent with our/cons est. (~€350mn vs €409mn in FY24).
- **From the call.** Main items from the call were: **i) on Öhlins**, the synergies were not quantified, with management emphasizing future revenue-driven opportunities over immediate cost benefits, but with no more details; **ii) no significant comments about the partnerships** with BYD (Hungary fab) and Michelin (intelligent solutions for vehicle performance); **iii) 100% pass-through for tariffs** from Mexico; **iv) M&A**, nothing concrete on the table; **v) coated discs** are a great opportunity; **vi) tax rate** at 25/26%.
- **Change in estimate.** We are lowering our EPS by -14% on average between 2025-27 reflecting a -4% cut in revenue, half from lower market performance and half from lower outperformance, a -7% cut to EBITDA amid negative operating leverage, and stable vs previously forecast D&A, net financial charges, and tax rate.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	3,849	3,841	3,883	4,039	4,200
EBITDA Adj (Eu mn)	666	661	651	684	716
Net Profit Adj (Eu mn)	305	263	237	256	276
EPS New Adj (Eu)	0.938	0.820	0.739	0.799	0.862
EPS Old Adj (Eu)	0.938	0.803	0.854	0.931	0.993
DPS (Eu)	0.300	0.300	0.270	0.292	0.315
EV/EBITDA Adj	6.8	5.6	5.2	4.8	4.4
EV/EBIT Adj	10.9	9.5	9.5	8.5	7.7
P/E Adj	9.2	10.6	11.7	10.8	10.0
Div. Yield	3.5%	3.5%	3.1%	3.4%	3.6%
Net Debt/EBITDA Adj	0.7	0.5	1.0	0.8	0.6

