

BREMBO

UNDERPERFORM

Sector: Industrials

Price: Eu13.24 - Target: Eu11.90

2Q23 Results in Line; FY23 Guidance Confirmed; No Intention to Sell PIRC Stake

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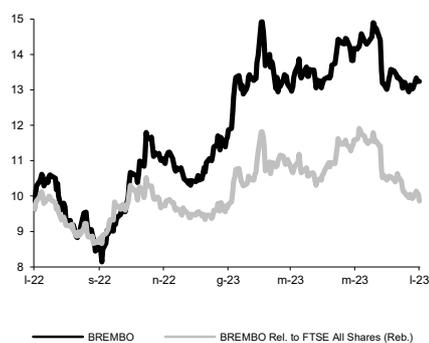
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	2.9%	1.1%	1.0%

BREMBO - 12M Performance



Stock Data

Reuters code:	BRBI.MI		
Bloomberg code:	BRE IM		
Performance	1M	3M	12M
Absolute	0.9%	-0.2%	37.6%
Relative	-6.5%	-8.0%	3.3%
12M (H/L)	14.92/8.14		
3M Average Volume (th):	346.36		

Shareholder Data

No. of Ord shares (mn):	323
Total no. of shares (mn):	325
Mkt Cap Ord (Eu mn):	4,282
Total Mkt Cap (Eu mn):	4,282
Mkt Float - Ord (Eu mn):	1,878
Mkt Float (in %):	43.9%
Main Shareholder:	
Bombassei	53.5%

Balance Sheet Data

Book Value (Eu mn):	2,166
BVPS (Eu):	6.55
P/BV:	2.0
Net Financial Position (Eu mn):	-384
Enterprise Value (Eu mn):	4,422

- 2Q23 results: EBITDA in line, net profit above thanks to financial investments.** 2Q23 results were largely in line with expectations at EBITDA level, while net income was above thanks to a higher contribution from equity investments (i.e. PIRC). Revenues were €988mn, +11% YoY, o/w +13% organic and -2% from FX. Vol&Mix growth at +13% was again below global auto production for the fourth quarter in a row due to the tough comparison and a normalizing mix. EBITDA was €176mn (our/cons. at €176/174mn), up +14% YoY and the margin was 17.8% (+0.4pp). Net profit was €92mn (vs our/cons. of €77/82mn), mainly thanks to higher income from financial investments (PIRC). Net debt was €580mn lower than our/cons. est. of €514mn due to much higher NWC absorption.
- 2023 outlook confirmed.** FY23 outlook pointing to 10% growth and a stable YoY margin was confirmed. This implies +8% growth in 2H vs +12% in 1H, mainly due to FX and a 16.7% margin vs 17.6% in 1H because of a number of unspecified items. As our / consensus estimates are already aligned to these numbers, we do not expect estimates to move after the release.
- M&A: nothing happening immediately; no intention to reduce stake in PIRC.** The EGM approved the decision to move the registered office to the Netherlands in order to take advantage of a strengthened voting rights mechanism and provide additional flexibility in the event of transformational M&A deals. Final application will still depend on exercise of the withdrawal right: the time limit is 15 days after registration of the EGM resolution with the appropriate Register of Companies (withdrawal right set at €13.096, €200mn ceiling). According to management, there is nothing imminent; however, we highlight that there is no intention to reduce the stake in PIRC.
- Change in estimates.** We broadly confirm our operating forecast but raise EPS on higher financial income.
- UNDERPERFORM and TP confirmed.** BRE reported 2Q23 results in line with estimates and confirmed guidance. We therefore confirm our UNDERPERFORM rating as the stock is trading at pre-Covid levels, while: i) ROCE is well below and is not expected to return to pre-Covid levels; ii) outperformance of the industry has dwindled as the production mix normalises; iii) uncertainties around the status of PIRC as we are sceptical on the short-term value creation potential of a deal. We do not detect any tangible commercial progress with Sensify so far. TP confirmed.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	2,778	3,629	3,990	4,150	4,316
EBITDA Adj (Eu mn)	503	625	685	720	754
Net Profit Adj (Eu mn)	215	293	309	310	323
EPS New Adj (Eu)	0.666	0.900	0.950	0.954	0.993
EPS Old Adj (Eu)	0.666	0.900	0.923	0.944	0.983
DPS (Eu)	0.270	0.280	0.296	0.297	0.309
EV/EBITDA Adj	7.5	5.8	6.5	6.0	5.5
EV/EBIT Adj	13.0	9.4	10.5	9.8	9.2
P/E Adj	19.9	14.7	13.9	13.9	13.3
Div. Yield	2.0%	2.1%	2.2%	2.2%	2.3%
Net Debt/EBITDA Adj	0.8	0.8	0.6	0.4	0.2