Intermonte

Milan, 05 March 2025

Italian Equity Research – FY24 Results

CAMPARI

OUTPERFORM

Sector: Consumers

Price: Eu5.85 - **Target: Eu8.50**

Proving Resilience: Ready, (Re)Set, Go.

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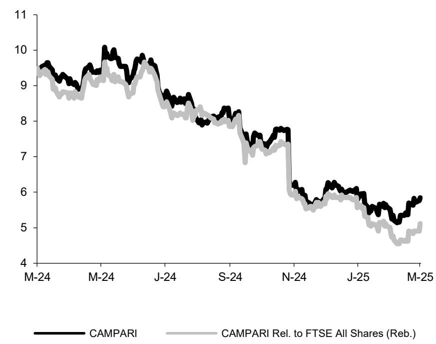
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 9.00 to 8.50
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-14.6%	-15.6%	

CAMPARI - 12M Performance



Stock Data			
Reuters code:			CPRI.MI
Bloomberg code:			CPR IM
Performance	**1M**	**3M**	**12M**
Absolute	8.7%	-4.0%	-38.4%
Relative	6.2%	-14.1%	-52.4%
12M (H/L)			10.08/5.14
3M Average Volume (th):			8,251.90

Shareholder Data	
No. of Ord shares (mn):	1,162
Total no. of shares (mn):	1,231
Mkt Cap Ord (Eu mn):	6,791
Total Mkt Cap (Eu mn):	6,791
Mkt Float - Ord (Eu mn):	2,660
Mkt Float (in %):	39.2%
Main Shareholder:	
Alicros (Garavoglia Fam.)	51.0%

Balance Sheet Data	
Book Value (Eu mn):	3,350
BVPS (Eu):	2.72
P/BV:	2.1
Net Financial Position (Eu mn):	-2,150
Enterprise Value (Eu mn):	9,348

- **FY24 beat estimates, a unique achievement in the industry.** At market close yesterday Campari reported FY24 results that beat our estimates and consensus thanks to a strong 4Q24, despite macroeconomic and geopolitical volatility. Figures showed Campari's resilience to current trends and industry concerns, with the company positive organic growth: the 4Q24 top line grew +10.5% YoY reported, with organic growth at +3.4% YoY, leading to FY24 growth of +5.2% or +2.4% organic YoY, continuing the outperformance of the competition.
- **Profitability hit by investments and modest volumes.** Adj. EBIT came in at Eu605mn (consensus at Eu592mn) -2.5% organic, with a margin on sales at 19.7% (21.2% in FY23) mainly due to ongoing investments to strengthen and expand front line and infrastructure capabilities and the re-organisation towards the announced House of Brands model. Group adjusted net profit came in at Eu376mn (-3.7% YoY, Eu360mn expected) while extraordinary factors brought reported net income to Eu202mn, -39% YoY.
- **Constructive outlook, 2025 a transitional year.** Campari provided a cautious yet constructive outlook on 2025, which has been defined as a transitional year: modest organic sales growth is expected in FY25, skewed more towards 2H25 (1Q25 indicated slightly negative mainly due to the phasing of Easter). A flattish organic EBIT margin is expected, with similar phasing to sales. This scenario does not include US tariffs, which have been evaluated at Eu35mn from now on (imports from Mexico and Canada). The fully-loaded annual figure, including the potential imposition of US tariffs on imports from Europe, could reach Eu95-100mn. All these amounts are net of mitigation actions which can be implemented by management.
- **Estimates revision.** Our assumptions now better reflect the current volatile scenario, factoring in management indications on growth and the tariff impact. This brings our figures more in line with current consensus, with an EPS revision of c.15% on average for FY25 and FY26. We think the company is very well placed to match these estimates, with some degree of confidence on potential upside.
- **OUTPERFORM confirmed; target Eu8.5 (from Eu9).** We appreciate the resilience of the business. Despite contingent weather and macroeconomic effects, underlying trends proved solid thanks to one of the industry's most balanced and renowned brand portfolios, which still has notable untapped potential. Moreover, the company can maintain strong price discipline due to high on-premises exposure, strong brand momentum across markets, and a super-premium positioning, definitely a plus in the current context. We therefore reiterate our OUTPERFORM recommendation, still viewing the stock de-rating as an opportunity in light of future developments. The company's high-end profile justifies a valuation at least in line with history (1Y FW EV/EBITDA c.14x historically, vs. c.11x now; 1Y FW P/E c.28x historically vs. 18x now). New estimates, coupled with the 1-year rollover of valuation metrics, bring our target price to Eu8.5 from Eu9 before.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,919	3,070	3,245	3,429	3,651
EBITDA Adj (Eu mn)	650	520	743	831	898
Net Profit Adj (Eu mn)	390	376	394	448	486
EPS New Adj (Eu)	0.336	0.305	0.320	0.364	0.395
EPS Old Adj (Eu)	0.336	0.314	0.374	0.431	
DPS (Eu)	0.070	0.080	0.090	0.100	0.110
EV/EBITDA Adj	23.0	24.5	12.6	10.9	9.7
EV/EBIT Adj	27.7	32.5	15.7	13.6	12.2
P/E Adj	17.4	19.1	18.3	16.1	14.8
Div. Yield	1.2%	1.4%	1.5%	1.7%	1.9%
Net Debt/EBITDA Adj	2.8	4.6	2.9	2.2	1.7

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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 December 2024 Intermonte's Research Department covered 132 companies.

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

BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	**%**	**Long/Short**

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