CAMPARI

OUTPERFORM

Sector: Consumers

Price: Eu10.08 - **Target: Eu11.60**

1Q24: continuing resilient performance. Outlook confirmed

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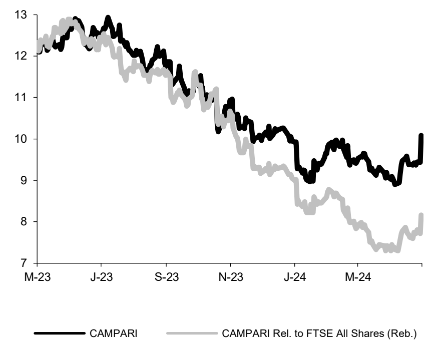
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2024E	**2025E**	
Chg in Adj EPS	-2.3%	-2.2%	

CAMPARI - 12M Performance



Stock Data			
Reuters code:			CPRI.MI
Bloomberg code:			CPR IM
Performance	**1M**	**3M**	**12M**
Absolute	10.9%	4.5%	-18.0%
Relative	10.1%	-5.6%	-41.6%
12M (H/L)			12.93/8.90
3M Average Volume (th):			3,442.86

Shareholder Data	
No. of Ord shares (mn):	1,162
Total no. of shares (mn):	1,231
Mkt Cap Ord (Eu mn):	11,709
Total Mkt Cap (Eu mn):	11,709
Mkt Float - Ord (Eu mn):	4,586
Mkt Float (in %):	39.2%
Main Shareholder:	
Alicros (Garavoglia Fam.)	51.0%

Balance Sheet Data	
Book Value (Eu mn):	3,294
BVPS (Eu):	2.68
P/BV:	3.8
Net Financial Position (Eu mn):	-2,155
Enterprise Value (Eu mn):	14,566

- **Slightly positive organic growth outperforming market.** Campari released solid 1Q24 results which came in almost in line with expectations for the top line but ahead of consensus and our estimates for the bottom line. Results would have been even better without the phasing effect last year when the company saw a large amount of volumes brought forward to 1Q23 ahead of price increases in 2Q23 (April 2023). Organic sales growth came in at +0.2% YoY with solid underlying trends on a tough comparison base due to the temporary phasing effect in 1Q23 ahead of price increases (Q1 2023 +19.6%). Overall, continued strength in aperitifs led by Campari and Aperol despite the challenging comparison base, largely thanks to EMEA and LATAM markets, while Espolòn in the US continued to show solid momentum. Excluding the temporary positive phasing effect in 1Q23, organic growth would have been c. +6%, mainly impacting the US and Italy in aperitifs and Espolòn.
- **Lower volumes weighed on profitability**. Adj. EBIT was down -2.3% and the margin at 22.8%, -60bps vs 1Q23 with a dilutive effect from SG&A due to flattish net sales growth. Gross margin stable as pricing and the positive sales mix fully offset expected COGS headwinds. The company stated that excluding the temporary positive phasing effect in 1Q23, adj. EBIT organic growth would be c. +13% with a flat gross margin. Net debt to adj. EBITDA at 1.8x or c. 3.5x with pro-forma net debt after the closing of the Courvoisier acquisition excluding the positive P&L effect of its first-time consolidation
- **Outlook unchanged.** Management reiterated for the moment the outlook previously provided, as it expects to continue to outperform the industry thanks to healthy brands in growing categories, particularly in aperitifs and tequila. For the medium term, management remains confident on continued growth momentum to deliver profitable growth. During the conf call, the CEO commented that underlying trends remain solid across geographies and brands, with the Group still perfectly positioned to build on current market dynamics. Unlike peers, they are not seeing any de-stocking issues considering that current stock levels in the market are well balanced, even in the US, which is confirmed positive: Espolon and Aperol are performing extremely well.
- **Estimates revision.** We are cautiously softening our assumptions on organic growth in light of the indications provided due to the potential for a fiercer competitive environment in the EU based on aggressive pricing by peers.
- **OUTPERFORM; target Eu11.6 confirmed.** We appreciate the resilience of the business and management's ability to react rapidly and successfully to implement its strategy. Despite market concerns, underlying trends proved to be solid thanks to one of the industry's most balanced and renowned brand portfolios, which still has notable untapped potential. Moreover, the company can pass on price hikes 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. The company's high-end profile justifies a valuation at least in line with history (1Y FW EV/EBITDA c.19x historically, vs. c.14x now; 1Y FW P/E c.33x historically vs. 25x now).

Key Figures & Ratios	2021A	2022A	2023A	2024E	2025E
Sales (Eu mn)	2,173	2,698	2,919	3,201	3,521
EBITDA Adj (Eu mn)	481	602	650	795	940
Net Profit Adj (Eu mn)	308	388	390	452	547
EPS New Adj (Eu)	0.265	0.334	0.336	0.367	0.444
EPS Old Adj (Eu)	0.265	0.334	0.336	0.376	0.454
DPS (Eu)	0.060	0.060	0.070	0.080	0.090
EV/EBITDA Adj	28.6	22.0	23.0	18.3	15.2
EV/EBIT Adj	34.2	25.9	27.7	21.7	18.0
P/E Adj	38.0	30.2	30.0	27.5	22.7
Div. Yield	0.6%	0.6%	0.7%	0.8%	0.9%
Net Debt/EBITDA Adj	1.7	2.6	2.8	2.7	2.0

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- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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

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OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
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UNDERPERFORM	00.00 %
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Emittente	%	Long/Short

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