

# CAMPARI

Sector: Consumers

# OUTPERFORM

Price: Eu11.36 - Target: Eu13.50

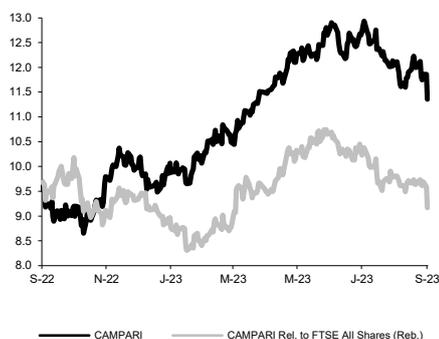
## Managed Succession In The Name Of Continuity

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### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	0.0%	0.0%	0.0%

### CAMPARI - 12M Performance



### Stock Data

Reuters code:	CPRI.MI		
Bloomberg code:	CPR IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	-5.6%	-11.3%	17.3%
Relative	-6.5%	-14.6%	-6.8%
12M (H/L)	12.93/8.65		
3M Average Volume (th):	1,933.22		

### Shareholder Data

No. of Ord shares (mn):	1,162
Total no. of shares (mn):	1,162
Mkt Cap Ord (Eu mn):	13,196
Total Mkt Cap (Eu mn):	13,196
Mkt Float - Ord (Eu mn):	5,169
Mkt Float (in %):	39.2%
Main Shareholder:	
Alicros (Garavoglia Fam.)	51.0%

### Balance Sheet Data

Book Value (Eu mn):	3,031
BVPS (Eu):	2.61
P/BV:	4.4
Net Financial Position (Eu mn):	-1,555
Enterprise Value (Eu mn):	14,751

- CEO Bob Kunze to retire after 16-year tenure.** Yesterday Campari announced that Bob Kunze-Concewitz has decided to retire as CEO effective from April 2024, to pursue his personal passions. He will remain on the Board as a Non-Executive Director. After 16 years in which he has executed a very successful strategy of remarkable growth and brand establishment he will pass the baton to **Matteo Fantacchiotti**, currently Managing Director Asia Pacific, who has been appointed Deputy CEO with immediate effect.
- Fantacchiotti: an embedded Camparista with deep knowledge of luxury beverages.** Mr Fantacchiotti, scouted by Kunze himself, joined Campari in January 2020 as Managing Director Asia-Pacific after c.20 years spent in the beverage industry, holding leadership roles with global premium brands in developed and emerging markets. He carries deep expertise and knowledge of managing and developing high end premium and ultra-premium brand portfolios.
- Our view: a well-managed succession in the name of continuity.** For the last 16 years Bob Kunze has been Campari's frontman, embodying the values and strategy of the company and its brand portfolio; undoubtedly a trusted manager of great repute (Institutional Investors Research indicated him as the best industry CEO and CFO). We nevertheless believe that while the change at the top was truly unexpected, it has been managed and prepared admirably, resulting in managerial continuity. Choosing an internal resource experienced in ultra high-end brands and the Asia Pacific region may not be a random choice, given Campari's potential and aims for an area in which it still needs strong development. The change could even be positive in this respect. We warmly appreciated Kunze as Campari's CEO, and of itself his departure certainly adds some uncertainty to the story, but we see no risk of business disruption from this change. Given Kunze's personality, culture and highly-varied interests we tend to believe that the decision to retire to follow other pursuits after sixteen years is genuine.
- M&A on hold? No concerns even from 6 months of purely organic growth.** Our Campari investment case is mainly based on the unmatched positioning, quality and depth of its brand portfolio, resulting in unparalleled pricing power. M&A has always been a proven and successful add-on to these features but we don't think a focus on organic growth and the ramp-up of recent purchases would act as a drag on Campari's potential. Also, while it remains on the cards, we tend to think that now would not be the ideal moment for the heavily-rumoured transformational deal the market has been awaiting.
- OUTPERFORM, target Eu13.5 confirmed.** We appreciate the resilience of the business and management's ability to react quickly and successfully to implement its strategy. Underlying trends are 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 inflationary context. We leave our target price and recommendation unchanged. The high-end profile, borne out by the latest announcement, justifies a valuation at least in line with history (1Y FW EV/EBITDA c.18x, vs. c.20x historically) in light of which yesterday's drop in the share price prompts us to reiterate our positive recommendation on the stock.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	2,173	2,698	3,041	3,372	3,645
EBITDA Adj (Eu mn)	481	602	730	889	1,038
Net Profit Adj (Eu mn)	308	388	441	557	655
EPS New Adj (Eu)	0.265	0.334	0.380	0.479	0.564
EPS Old Adj (Eu)	0.265	0.334	0.380	0.479	0.564
DPS (Eu)	0.060	0.060	0.070	0.080	0.090
EV/EBITDA Adj	28.6	22.0	20.2	16.3	13.7
EV/EBIT Adj	34.2	25.9	23.6	18.9	15.8
P/E Adj	42.9	34.0	29.9	23.7	20.1
Div. Yield	0.5%	0.5%	0.6%	0.7%	0.8%
Net Debt/EBITDA Adj	1.7	2.6	2.1	1.5	1.0

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