

# CAMPARI

Sector: Consumers

# OUTPERFORM

Price: Eu10.73 - Target: Eu12.50

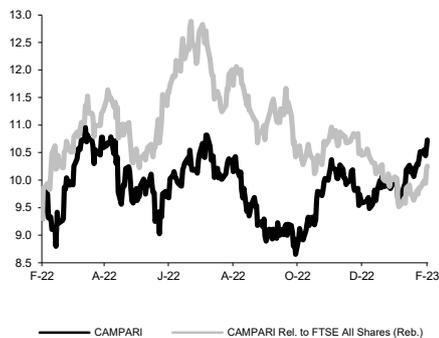
## Gearing Up to Unleash Full Potential

**Francesco Brilli +39-02-77115.439**  
 francesco.brilli@intermonte.it  
**Andrea Randone +39-02-77115.364**  
 andrea.randone@intermonte.it

### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	from 11.50 to 12.50		
	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>Chg in Adj EPS</b>	10.1%	22.6%	31.5%

### CAMPARI - 12M Performance



### Stock Data

Reuters code: CPRI.MI  
 Bloomberg code: CPR IM

Performance	1M	3M	12M
Absolute	7.6%	5.1%	15.5%
Relative	2.2%	-5.8%	11.0%
12M (H/L)	10.96/8.65		
3M Average Volume (th):	1,946.04		

### Shareholder Data

No. of Ord shares (mn):	1,162
Total no. of shares (mn):	1,162
Mkt Cap Ord (Eu mn):	12,464
Total Mkt Cap (Eu mn):	12,464
Mkt Float - Ord (Eu mn):	4,882
Mkt Float (in %):	39.2%
Main Shareholder:	
Alicros (Garavoglia Fam.)	51.0%

### Balance Sheet Data

Book Value (Eu mn):	3,045
BVPS (Eu):	2.62
P/BV:	4.1
Net Financial Position (Eu mn):	-1,531
Enterprise Value (Eu mn):	13,995

- In a nutshell: solid results and bright prospects.** Campari again displayed a very healthy set of numbers in FY22, with double-digit organic sales growth (+16.4% YoY) and EBIT margin expansion (+50bp YoY organic) despite the headwinds that were a feature of the year, from raw materials and logistic cost inflation to glass shortages that capped 4Q22 growth. Management remains confident of continuing the positive trend, giving constructive indications on 2023 and highlighting momentum across brands and regions.
- Accelerating investments in growth:** more importantly, the company is embarking on an ambitious investment plan involving c.Eu550-600mn of extraordinary CapEx (on top of the maintenance level, which remains at c.4% of sales) in 2023-2025, which will enhance growth potential and allow future demand to be met. The plan, which already got underway in 2022, is focused on the supply chain and aims at doubling production capacity for key categories: aperitifs, bourbon and tequila. We welcome this decision as it is testament to the company's commitment to grasping the numerous opportunities arising that remain untapped, starting with geographical expansion and increased penetration in key markets such as North America and Asia Pacific. We believe the company has one of the most balanced and attractive brand portfolios coupled with a proven ability to foster the potential of each product through activation and promotion.
- Positive indications.** During the conference call management reiterated indications for brand momentum to remain solid, with robust demand across the brand portfolio and geographical markets. 2023 started positively in terms of volumes, with key brands such as Espolon, Aperol and Campari continuing to show strong trends. Market growth will normalise, but Campari should outperform, especially in key markets and the US. Input costs will stay high, while the availability of materials should gradually normalise in 2023 (glass shortages have had the biggest impact): without logistics and glass constraints 4Q22 would have been 2-3pp higher in terms of organic growth (+15-17%).
- Estimates change.** We are reassessing our model and assumptions on the back of actual figures and new indications. Our estimates are above current consensus, as we believe Campari will continue to overcome cost headwinds with strong pricing discipline and volumes growth (higher operational leverage), as already demonstrated. The announced capacity expansion should drive additional top line growth from 2024.
- OUTPERFORM confirmed; target Eu12.5 (from Eu11.5).** We appreciate the business resilience 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. Factoring in the new investment plan (long-term growth now assumed at 4% from 3%) and margin profile brings our valuation to Eu12.5ps from Eu11.5ps. The high-end profile, borne out by the latest announcement, justifies a valuation at least in line with history (1Y FW EV/EBITDA c.16x, vs. 22x historically) which, coupled with potential further M&A appeal as 2023 approaches (increased voting rights for the main shareholder), prompt us to reiterate our recommendation on the stock.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	2,173	2,698	3,003	3,265	3,538
EBITDA Adj (Eu mn)	481	602	749	854	969
Net Profit Adj (Eu mn)	308	388	455	531	603
EPS New Adj (Eu)	0.265	0.334	0.392	0.457	0.519
EPS Old Adj (Eu)	0.263	0.347	0.339	0.355	
DPS (Eu)	0.060	0.060	0.070	0.080	0.090
EV/EBITDA Adj	28.6	22.0	18.7	16.1	13.9
EV/EBIT Adj	34.2	25.9	21.8	18.8	16.3
P/E Adj	40.5	32.1	27.4	23.5	20.7
Div. Yield	0.6%	0.6%	0.7%	0.7%	0.8%
Net Debt/EBITDA Adj	1.7	2.6	2.0	1.5	1.1