

# IVECO Group

Sector: Industrials

## OUTPERFORM

Price: Eu16.50 - Target: Eu19.50

### Short-Term Noise, Long-Term Value: IDV Remains the Catalyst

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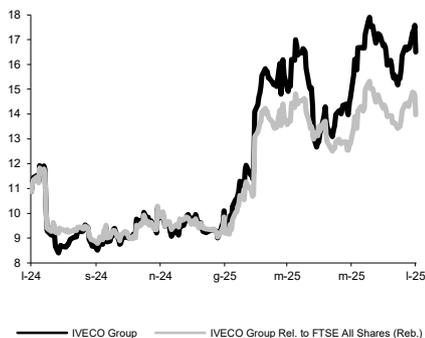
#### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-7.5%	-1.6%	-1.5%

#### Next Event

 2Q25 Results Out 30<sup>th</sup> of July

#### IVECO Group - 12M Performance



#### Stock Data

Reuters code:	IVG.MI
Bloomberg code:	IVG IM

Performance	1M	3M	12M
Absolute	-1.8%	24.3%	51.8%
Relative	-2.7%	5.9%	33.9%
12M (H/L)	17.90/8.40		
3M Average Volume (th):	2,069.85		

#### Shareholder Data

No. of Ord shares (mn):	268
Total no. of shares (mn):	268
Mkt Cap Ord (Eu mn):	4,422
Total Mkt Cap (Eu mn):	4,422
Mkt Float - Ord (Eu mn):	3,228
Mkt Float (in %):	73.0%
Main Shareholder:	
EXOR NV	27.0%

#### Balance Sheet Data

Book Value (Eu mn):	3,238
BVPS (Eu):	12.08
P/BV:	1.4
Net Financial Position (Eu mn):	-1,878
Enterprise Value (Eu mn):	5,254

Despite expecting weak quarterly results and soft guidance, we reaffirm our positive view on the stock, as we see no deviation from the rationale behind our previous upgrade. In particular, we continue to see upside from IDV and improving operational performance, supported by the recent uptick in the order intake. As for IDV, we believe additional value could still be unlocked through either a spin-off or a sale to the highest bidder (i.e. not LDO), given the wide valuation gap and what we see as overstated Golden Power concerns. Our target price is unchanged, as the impact of lower estimates is offset by the rollover of the valuation horizon (now based on a 50/50 blend of 2025/26, vs. 75/25 previously). Excluding Defence, the group would be trading at just 3.5x EV/EBIT NTMA, a discount of over 50% to peers.

■ **2Q25 preview: improving QoQ, but still down YoY.** Although performance is expected to improve sequentially vs. 1Q, we still forecast weak quarterly figures due to ongoing industry headwinds, peers' cautious commentary, and a tough comparison with last year's strong profitability. Trucks (65% of revenues), and especially LCVs, and Powertrain (8%), amid soft trends for off-road customers, are expected to burden performance, while strong Bus and Defence figures (17% and 7% respectively) won't be enough to drive earnings growth. In brief, we forecast revenues of €3.70bn, -5% YoY, adj. EBIT of €228mn, -23% YoY for a 6.2% margin (-1.3pp YoY), and FCF of €44mn vs €-94mn in 2Q24.

■ **2025 guidance: downward pressure due to weak 1H.** In light of 1H adj. EBIT seen down -28% YoY to €380mn and FY guidance of €980-1,030mn, we would expect some downward pressure on forecasts. We believe new indications could range from the bottom-end of the current range to a low single-digit cut (i.e. to where consensus is already). Although management guidance included a weak 1H, we believe the magnitude of the decline is somewhat larger, and a significant recovery would be needed in 2H to come in just slightly below current guidance, especially considering current visibility.

■ **Defence: press reports bids by LDO, KNDS and CSG ranging from €1.5-2.0bn.** Recent media reports suggest that IVG has opened the data room for Iveco Defence Vehicles (IDV), inviting LDO, Czechoslovak Group (CSG), and KNDS to participate. Offers reportedly range from ~€1.5bn from LDO to just under €2.0bn by both KNDS and CSG. We continue to value IDV at €2.1bn (€7.9/share), based on a 12.5x EV/EBIT NTMA—already a steep discount to sector multiples (~24x) and Renk (~29x), its closest peer by field of operation, size, and profitability. While an LDO bid may be more palatable from a Golden Power standpoint (as reflected in market consensus), its implicit ~8.5x EV/EBIT NTMA multiple appears too low, and roughly €0.5bn (€1.9/share) below the rumoured offers from KNDS and CSG. We are also not convinced that the KNDS and CSG offers would be blocked by Golden Power regulations, as both are essentially European companies operating for NATO countries (or with Ukraine).

■ **Change in estimate.** After bringing our estimates back within guidance post-1Q in light of an encouraging order intake, we are scaling our 2025 forecast back down slightly below guidance due to 2Q expectations, in particular lower performance in the Trucks and Powertrain divisions, as explained above. Nevertheless, our 2026/27 forecast remains unchanged as we see this weakness as temporary and not structural.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	15,978	15,289	15,128	15,819	16,558
EBITDA Adj (Eu mn)	1,671	1,756	1,715	1,840	1,920
Net Profit Adj (Eu mn)	370	566	514	583	635
EPS New Adj (Eu)	1.353	2.085	1.917	2.174	2.368
EPS Old Adj (Eu)	1.353	2.085	2.072	2.209	2.403
DPS (Eu)	0.220	0.330	0.466	0.543	0.592
EV/EBITDA Adj	2.0	2.2	3.1	2.7	2.5
EV/EBIT Adj	3.4	3.9	5.6	4.9	4.3
P/E Adj	12.2	7.9	8.6	7.6	7.0
Div. Yield	1.3%	2.0%	2.8%	3.3%	3.6%
Net Debt/EBITDA Adj	1.5	1.2	1.1	0.8	0.5

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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 between 5.5%-6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX 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.

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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;
- 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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As at 30 June 2025 Intermonte's Research Department covered 133 companies. As of today Intermonte's distribution of stock ratings is as follows:

BUY:	31,85 %
OUTPERFORM:	37,78 %
NEUTRAL:	30,37 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

As at 30 June 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (80 in total) is as follows:

BUY:	52,70 %
OUTPERFORM:	29,73 %
NEUTRAL:	17,57 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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Emittente	%	Long/Short

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