

# IVECO Group

Sector: Industrials

**NEUTRAL**

Price: Eu19.01 - Target: Eu20.00

## From Rumours to Reality: Strong Performance Caps Upside; Down to Neutral

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### Stock Rating

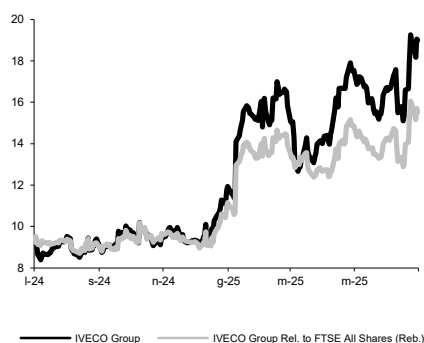
Rating: from OUTPERFORM to NEUTRAL

Target Price (Eu): from 19.50 to 20.00

2025E 2026E 2027E

Chg in Adj EPS -3.3% -2.7% -2.2%

### IVECO Group - 12M Performance



### Stock Data

Reuters code: IVG.MI

Bloomberg code: IVG IM

Performance 1M 3M 12M

Absolute 13.8% 35.7% 105.7%

Relative 9.4% 25.1% 83.4%

12M (H/L) 19.25/8.40

3M Average Volume (th): 2,708.44

### Shareholder Data

No. of Ord shares (mn): 268

Total no. of shares (mn): 268

Mkt Cap Ord (Eu mn): 5,095

Total Mkt Cap (Eu mn): 5,095

Mkt Float - Ord (Eu mn): 3,719

Mkt Float (in %): 73.0%

Main Shareholder:

EXOR NV 27.0%

### Balance Sheet Data

Book Value (Eu mn): 3,173

BVPS (Eu): 11.84

P/BV: 1.6

Net Financial Position (Eu mn): -1,894

Enterprise Value (Eu mn): 5,760

After the intense newsflow, first about the sale of IDV and more recently about IVG EX-IDV, IVG and the parties involved finally announced the deal. The overall offer stands at €19.6-20.1, o/w €5.5-6.0 from the extraordinary dividend linked to the sale of IDV to LDO by 1Q26 and €14.1 from the VTO on IVG EX-IDV by Tata Motors by 2Q26. The implied valuation of 5.6x adj. EV/EBIT NTMA appears fair to us, as the 25% discount vs peers is justified by the narrower geo focus and lower profitability. At the same time, we see no Golden Power and Antitrust obstacles to the deal. All in all, the offer is just a tad below the ~€20.5 suggested by recent rumours, but still a fair premium to pre-rumours VWAP. That said, as the strong recent performance leaves only 3-6% upside from yesterday's closing price, broadly similar to pending deals like SPM/SUBC, we downgrade the stock to NEUTRAL from Outperform. We update our TP to €20.0 to reflect the announcement.

■ **Offer of €19.6-20.1 from: Tata VTO on IVG EX-IDV + Divi. from IDV sale to LDO.** As rumoured over the last few days, Tata Motors has officially launched a VTO on IVG EX-IDV and LDO will purchase IDV for a total value of €19.6-20.1. The deal envisages: i) the sale of IDV to LDO for €1.7bn with completion by 1Q26; ii) The distribution of an extraordinary dividend of €5.5-6.0 from the net proceeds of the IDV sale; iii) Tata Motors launching a VTO on IVG EX-IDV at €14.1 with completion by 2Q26.

The offer values IVG EX-IDV at 2.5x EV/EBIT NTMA, while 5.6x or a 25% discount vs peers by applying our adjustments to the NFP, Factoring and Others. The transaction is aimed at the delisting of IVG and has the full support of the BoD and main shareholder Exor representing >44% of the voting rights. The premium to the 3-month VWAP average before the 17 July rumours about Tata's interest is 22-25% for the total group or 34-41% after deducting the €5.5-6.0 extraordinary dividend from IDV sale to LDO.

Given recent press disclosure and overall set up, we do not expect obstacles to the deal going through on the suggested schedule from a Golden Power perspective. The same applies in terms of anti-trust as there is no industrial and geographical overlap.

The offer is just a tad below the ~€20.5 suggested by recent rumours. The 3-6% upside from yesterday's closing price does not support a strong reaction to the release, also considering the time to close. For example, the SPM/SUBC merger, which should close by 2H26, is trading at a ~5% discount, and based on that level IVG could trade as low as €18.6–19.1 (or essentially in line with yesterday's closing price).

■ **2025 guidance: lowered due to softer market outlook, but in line with exp.** As feared, FY25 guidance has been lowered, with revenues seen down -4% (vs +0% prev.), adj. EBIT at €930 (±50, vs prev. 1,005mn), -5% YoY, adj. Ind. EBIT €800 (±50, vs prev. €875) and Industrial FCF at €375mn (±25, vs prev. 425). The 9% cut at mid-point reflects lower industry outlook, particularly for LCVs, while on pricing the company is reiterating industry messages of a diligent attitude. Nevertheless, the cut was relatively anticipated by both our/consensus forecasts, which were already below guidance and fully in line with the mid-point (downside to low-end of guidance is ~7/8%). Given the uncertain environment, we lower our forecast between the low-end and mid-point of the guidance, which translates into a 4% EBIT cut and a 3% EPS cut, partly offset by a lower tax rate.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	15,978	15,289	14,826	15,493	16,217
EBITDA Adj (Eu mn)	1,671	1,756	1,739	1,783	1,865
Net Profit Adj (Eu mn)	370	566	497	567	621
EPS New Adj (Eu)	1.353	2.085	1.854	2.115	2.317
EPS Old Adj (Eu)	1.353	2.085	1.917	2.174	2.368
DPS (Eu)	0.220	0.330	0.407	0.529	0.579
EV/EBITDA Adj	1.9	2.1	3.3	3.1	2.8
EV/EBIT Adj	3.3	3.8	6.4	5.6	5.0
P/E Adj	14.0	9.1	10.3	9.0	8.2
Div. Yield	1.2%	1.7%	2.1%	2.8%	3.0%
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 FTSEMIIB40 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.

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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As at 31 July 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.84%
OUTPERFORM:	38.06%
NEUTRAL:	29.10%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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