PIAGGIO

NEUTRAL

Sector: Industrials

Price: Eu1.85 - **Target: Eu2.10**

Challenging European Market and Weak Premium Trends Limit Upside

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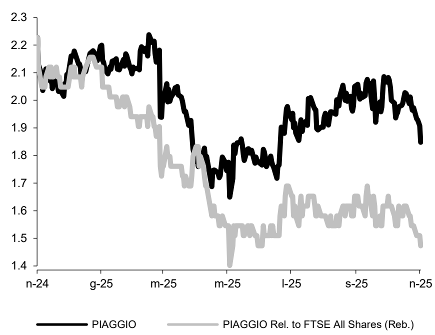
Stock Rating			
Rating:	from OUTPERFORM to NEUTRAL		
Target Price (Eu):	Unchanged		
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-52.2%	-33.3%	-26.9%

PIAGGIO - 12M Performance



Stock Data			
Reuters code:			PIA.MI
Bloomberg code:			PIA IM
Performance	**1M**	**3M**	**12M**
Absolute	-11.2%	-4.6%	-17.1%
Relative	-10.7%	-8.0%	-42.9%
12M (H/L)			2.24/1.65
3M Average Volume (th):			990.70

Shareholder Data	
No. of Ord shares (mn):	355
Total no. of shares (mn):	355
Mkt Cap Ord (Eu mn):	655
Total Mkt Cap (Eu mn):	655
Mkt Float - Ord (Eu mn):	321
Mkt Float (in %):	49.0%
Main Shareholder:	
IMMSI	50.6%

Balance Sheet Data	
Book Value (Eu mn):	420
BVPS (Eu):	1.18
P/BV:	1.6
Net Financial Position (Eu mn):	-524
Enterprise Value (Eu mn):	1,179

Despite the easy comparison base (de-stocking and an already soft 3Q23), PIA reported 3Q25 results that were weak and a touch below expectations, reflecting generally soft demand and adverse FX. While the premium strategy has been confirmed, visibility remains low amid a tough competitive environment and muted premium trends. We downgrade the stock to NEUTRAL from Outperform, also given the limited upside to our target price. Our TP of €2.1 is unchanged from before as lower estimates is offset by a lower risk-free rate (3.5% vs 4.0% prev.), lower ERP (5.5% vs 6.0% prev.) and roll-over to 2026/27 (80/20% vs 2025/26 at 50/50% prev.).

- **3Q25 results: weaker than expectations.** Despite the easier comparison base created by last year's destocking on an already soft quarter, PIA 3Q25 results were weak and a touch below consensus. Overall, the results reflect lower volumes (-2% YoY) and adverse FX with: i) EMEA& Americas 2W (58% of FY24 total) revenue +2% YoY and volume -5%, amid soft markets due to Euro5+ standards distortions and a tough competitive environment in the EU (scooter mkt share 17.9% vs 21.3%), and tariffs in the US; ii) India LCVs (18%) with revenue -15% and volume -4% YoY, as PIA missed out on the strength of EVs as they are not profitable, and FX; iii) APAC 2W (15%) with revenue-11% YoY and volume +10%, due to a still weak premium market and FX; iv) EMEA & America LCVs (6%) with revenue +11% and volume +4% as the model changeover in 4 wheelers ended in 1H; v) India 2W (3%) with revenues -18% and volumes -12% due to soft performance. In brief, revenues €352mn vs cons. 356 (-4% YoY, incl. FX of -4%), EBITDA €54mn vs cons. 55 (-11% YoY, 15.3% margin), EBIT €15mn vs cons. 18 (-42% YoY), net income €2mn vs cons. 5 (-85% YoY, 0.4% margin) and net debt €528mn vs 533.
- **From the call: premium strategy confirmed; Europe tough; more upbeat on other markets.** The main points from the call: i) strategy: premium positioning confirmed; ii) Europe: competitive environment tough as Chinese players are heavy on discounts with conditions deemed unfair; the arrival of a new GT Scooter (Aprilia SR GT 400) should provide some tailwind from next year as this is a white-space product entering a significant market; iii) APAC: the market has stabilized with positive QoQ development and the opening of a direct presence in the Philippines offering some hope; iv) India: expecting growth from the market, also supported by GST reduction; new products in the 2W low price area and better sales, distribution should improve; v) South America: a big market currently tapped only through distributors but in very low quantity. Thinking of localising with a few products in the next 12-15 months; vi) costs: savings could come from lower freight costs, although raw materials also remain volatile; vii) net debt is seen stable as at YE vs 9M excluding the cash-in of public grants, while CapEx are expected to decline next year due to the conclusion of main projects (new electric Porter; refurbishment of Moto Guzzi facility at Mandello, Italy).
- **Change in estimates.** In this note we update our forecast, which we did not refresh after 1Q. As visibility on recovery is still limited in the main regions, we are cutting our operating and EPS forecast by 24% and 37% on average respectively between 2025-27 on the back of lower volumes (-8%, with a more severe cut in EMEA & Americas, -10% YoY now vs +5% prev.), ARPU (-4%, mainly FX), and negative operating leverage.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	1,985	1,701	1,549	1,662	1,756
EBITDA Adj (Eu mn)	325	287	251	279	303
Net Profit Adj (Eu mn)	91	67	32	55	79
EPS New Adj (Eu)	0.257	0.190	0.090	0.154	0.222
EPS Old Adj (Eu)	0.257	0.190	0.187	0.231	0.304
DPS (Eu)	0.205	0.155	0.072	0.067	0.106
EV/EBITDA Adj	5.1	5.2	4.7	3.9	3.3
EV/EBIT Adj	9.1	10.0	12.2	8.7	6.7
P/E Adj	7.2	9.7	20.6	12.0	8.3
Div. Yield	11.1%	8.4%	3.9%	3.6%	5.7%
Net Debt/EBITDA Adj	1.3	1.9	2.1	1.5	1.2

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- 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)

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Frequency of research: quarterly.

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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;

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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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OUTPERFORM:	38.93%
NEUTRAL:	28.25%
UNDERPERFORM:	00.76%
SELL:	00.00%

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OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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