

PIAGGIO

Sector: Industrials

OUTPERFORM

Price: Eu1.99 - Target: Eu2.70

Destocking in EU Nearing Completion, APAC to Recover Gradually

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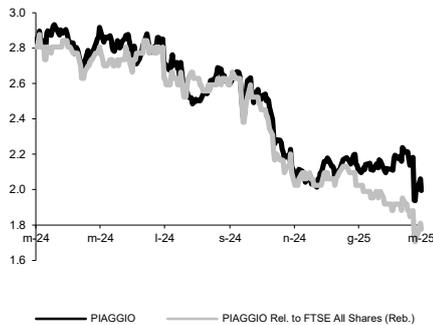
Stock Rating

| | | | |
|---------------------------|-------------------|--------------|--------------|
| Rating: | Unchanged | | |
| Target Price (Eu): | from 2.50 to 2.70 | | |
| | 2025E | 2026E | 2027E |
| Chg in Adj EPS | -19.9% | -19.0% | |

Next Event

 1Q25 Results Out 9th of May

PIAGGIO - 12M Performance



Stock Data

| | | | |
|-------------------------|-----------|-----------|------------|
| Reuters code: | PIA.MI | | |
| Bloomberg code: | PIA IM | | |
| Performance | 1M | 3M | 12M |
| Absolute | -5.9% | -7.7% | -28.9% |
| Relative | -6.0% | -15.6% | -41.6% |
| 12M (H/L) | 2.93/1.94 | | |
| 3M Average Volume (th): | 999.76 | | |

Shareholder Data

| | |
|---------------------------|-------|
| No. of Ord shares (mn): | 355 |
| Total no. of shares (mn): | 355 |
| Mkt Cap Ord (Eu mn): | 707 |
| Total Mkt Cap (Eu mn): | 707 |
| Mkt Float - Ord (Eu mn): | 346 |
| Mkt Float (in %): | 49.0% |
| Main Shareholder: | |
| IMMSI | 50.6% |

Balance Sheet Data

| | |
|---------------------------------|-------|
| Book Value (Eu mn): | 452 |
| BVPS (Eu): | 1.28 |
| P/BV: | 1.6 |
| Net Financial Position (Eu mn): | -450 |
| Enterprise Value (Eu mn): | 1,157 |

■ **4Q24 results below forecasts.** Revenues were €344mn (cons. €352mn), -8% YoY, driven by -5% and -3% declines in ARPU and volumes respectively. EBITDA was €52mn (cons. €54mn), -6% YoY, with a 15.2% margin, with lower price/mix and volume effects only partly offset by lower central costs. FY24 net income closed at €67mn, -26% YoY, due to lower EBIT and higher net financial charges, but a lower tax rate. Net debt closed at €534mn (cons. €499mn), hit by higher inventories and CapEx. Revenues by unit were:

- 2W EMEA & Am. (49% of tot.)** +3%, with volumes +6% suggesting de-stocking is coming to an end;
- CV India (23%)** -14%, volumes -9% due to weak EV sales only partly offset by ICE;
- 2W APAC (17%)** -13%, volumes -9% due to weak premium scooter market and destocking;
- CV EMEA & Am. (8%)** -16%, volumes +29% affected by model changeover;
- 2W India (3%)** +2%, volume -17% thanks to success of Aprilia RS 457.

■ **2025 outlook: focus on revenue growth but sustaining margins seen as challenging.** In 2025, management will focus on revenue growth and net debt reduction, but acknowledged it would be tough to match the record margins achieved in 2024. Overall, we forecast revenue up +3% YoY to €1.76bn, EBITDA of €297mn, +4% YoY, with a 16.9% margin (stable YoY), and net debt declining to €450mn. We expect growth to be driven by a +4% rise in volumes, mainly driven by 2W in EMEA & Americas and APAC. In EMEA & Americas destocking is nearing completion (-20k in FY24) and the sell-in and sell-through should realign, while the company sees higher APAC demand, with growth to resume thanks in part to a larger dealer network and a strong pipeline of products. India started the year on a positive note, but we err on the side of caution due to recent trends. As for margins, we see flat EBITDA with growth driven by volumes. Net debt should come down, benefitting from stable operating income and improving NWC (mainly due to lower inventories) and lower CapEx, which peaked in 2024, as well as the cash-in of grants relating to the development of the electric Porter (€38mn over FY25/26). From a seasonal perspective, we envisage 1Q will remain weak amid volatility in the EU market created by new emissions regulations (EU5+), with only a gradual improvement in APAC.

■ **Change in estimates.** We are updating our estimates to reflect lower ARPU and volumes compared to our old forecast, resulting in an ~8% cut in 2025/26 EBITDA. The 19% cut to our EPS reflects stable D&A, higher net financial charges, and a slightly lower tax rate.

■ **OUTPERFORM and TP confirmed.** PIA ended a tougher-than-expected 2024 undermined by weak end-market dynamics, especially in APAC and India, and de-stocking in Europe. While these developments are clearly not positive in the short-term, we believe they protect brand equity and profitability going forward. While the aforementioned issues should partly persist in 1Q25, we expect an improvement from 2Q to drive a positive PIA stock performance, and therefore reaffirm our rating with an attractive valuation supporting the case (the stock is trading at a 30% discount to 10-year average NTM multiples). TP to €2.7 as lower estimates are offset by rolling over the valuation and by the lower tax rate.

| Key Figures & Ratios | 2023A | 2024A | 2025E | 2026E | 2027E |
|------------------------|-------|-------|-------|-------|-------|
| Sales (Eu mn) | 1,985 | 1,701 | 1,759 | 1,855 | 1,953 |
| EBITDA Adj (Eu mn) | 325 | 287 | 297 | 316 | 341 |
| Net Profit Adj (Eu mn) | 91 | 67 | 77 | 93 | 119 |
| EPS New Adj (Eu) | 0.257 | 0.190 | 0.216 | 0.262 | 0.335 |
| EPS Old Adj (Eu) | 0.257 | 0.206 | 0.269 | 0.323 | |
| DPS (Eu) | 0.205 | 0.155 | 0.173 | 0.209 | 0.268 |
| EV/EBITDA Adj | 5.1 | 5.2 | 3.9 | 3.5 | 3.1 |
| EV/EBIT Adj | 9.1 | 10.0 | 7.4 | 6.3 | 5.3 |
| P/E Adj | 7.8 | 10.5 | 9.2 | 7.6 | 6.0 |
| Div. Yield | 10.3% | 7.8% | 8.7% | 10.5% | 13.4% |
| Net Debt/EBITDA Adj | 1.3 | 1.9 | 1.5 | 1.2 | 1.0 |

