

PIAGGIO

Sector: Industrials

OUTPERFORM

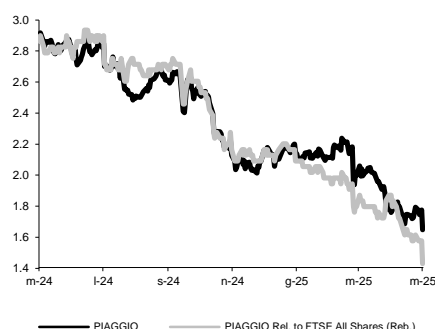
Price: Eu1.65 - Target: Eu2.10

1Q25 in Line; Resumption of Growth Will Be Key Catalyst

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 2.70 to 2.10		
	2025E	2026E	2027E
Chg in Adj EPS	-13.2%	-11.9%	-9.1%

PIAGGIO - 12M Performance



Stock Data			
Reuters code:	PIA.MI		
Bloomberg code:	PIA IM		
Performance	1M	3M	12M
Absolute	-6.3%	-22.0%	-42.4%
Relative	-26.4%	-28.3%	-56.6%
12M (H/L)	2.92/1.65		
3M Average Volume (th):	1,357.55		

Shareholder Data	
No. of Ord shares (mn):	355
Total no. of shares (mn):	355
Mkt Cap Ord (Eu mn):	585
Total Mkt Cap (Eu mn):	585
Mkt Float - Ord (Eu mn):	286
Mkt Float (in %):	49.0%
Main Shareholder:	
IMMSI	50.6%

Balance Sheet Data	
Book Value (Eu mn):	441
BVPS (Eu):	1.24
P/BV:	1.3
Net Financial Position (Eu mn):	-488
Enterprise Value (Eu mn):	1,073

PIA's 2025 got off to a slow start, mainly due to the Euro 5+ transition in Europe, but was consistent with overall expectations, featuring some positives such as resilient profitability and sequentially improving volumes in APAC. While the current situation offers limited visibility, the company is still delivering good returns on invested capital thanks to its focus on pricing, improving mix and operational efficiency. We continue to see a return to growth as the key catalyst for the stock. We expect improving trends going forward, so reaffirm our rating with an attractive valuation supporting the case (PIA is trading at 3.6x and 8.3x EV/EBITDA and P/E NTMA, discounts of 35% and 50% to the 10 average). TP to €2.1 from €2.7 due to lower estimates (€-0.5) and higher ERP (€-0.2) partly offset by lower beta (€+0.1).

- **1Q25 results: results in line, with weak volumes but resilient margins.** 1Q25 results were in line with forecast, with lower volumes YoY driving the decline in earnings, but resilient ARPU and operational efficiency ensuring healthy profitability. Revenues were €371mn (vs. our/cons. at €373/376mn), down -13% YoY, burdened by an -11% drop in volumes (vs. -9% exp.) and a -3% reduction in ARPU (vs. -4% exp.). As anticipated, lower volumes were mainly due to the European market (51% of total, -17% YoY, in line), which dipped due to the transition from Euro 5 to Euro 5+ standards. Indian CV (-5% YoY, 18% of total) and 2W sales (+12% YoY, 3% of total) were in line. APAC (16% of total) posted another -10% YoY drop due to China, but improved sequentially and from recent quarters, with Thailand and the Philippines growing. EBITDA was €62mn (vs. our/cons. €62/62mn), down -18% YoY with a 16.7% margin (-0.9pp YoY); lower industrial and central costs, pricing discipline and model mix partly softened the volume decline and adverse geo mix. Net income was €9mn (vs. our/cons. at €9/9mn), up +13% YoY, due to a slightly lower tax rate and net fin. exp. Net debt was in line (€593mn vs. exp. €592mn).
- **FY25 outlook: stable EBITDA ambitious, but achievable.** During the call, management seemed less confident on the return to growth due to a volatile macro environment and declining consumer confidence. After a soft 1Q, no significant growth seems to be expected in 2Q, while a recovery is still anticipated in 2H25, supported by a favourable comparison base due to destocking in 2H24. Management deems roughly flat FY25 EBITDA at €290mn (vs. our/cons €297/293mn) as ambitious but achievable. While this indication is not bullish in itself, we believe it provides some comfort, especially considering the context. At the same time, the main strategic priority is cash generation and net debt reduction through continued focus on inventory and disciplined CapEx.
- **Mixed regional picture.** i) Europe remains weak due to the Euro 5/5+ transition and strong competition, while PIA will continue its pricing discipline; dealer stock levels are down YoY; ii) in the US (6% of total) the impact from tariffs is expected to be limited, while some buying activity was seen to get ahead of hikes; iii) India continues to deliver EBIT growth in a resilient market. EV penetration in 2W/3W remains low-margin, but the company plans to introduce electric 2W in June while gaining share in thermic engines where profit margins are higher; iv) Some improvements were noted in APAC, while the region remains key given its growth opportunities. China remains under pressure and the company is restructuring operations and may launch dedicated EV products by 2026.
- **Change in estimates.** We are cutting our 2025-27 EPS by -11% on average due to lower volumes in Europe and higher D&A, only partly offset by lower industrial costs.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	1,985	1,701	1,703	1,796	1,892
EBITDA Adj (Eu mn)	325	287	289	308	333
Net Profit Adj (Eu mn)	91	67	66	82	108
EPS New Adj (Eu)	0.257	0.190	0.187	0.231	0.304
EPS Old Adj (Eu)	0.257	0.190	0.216	0.262	0.335
DPS (Eu)	0.205	0.155	0.150	0.185	0.243
EV/EBITDA Adj	5.1	5.2	3.7	3.3	2.9
EV/EBIT Adj	9.1	10.0	7.6	6.3	5.2
P/E Adj	6.4	8.7	8.8	7.1	5.4
Div. Yield	12.4%	9.4%	9.1%	11.2%	14.8%
Net Debt/EBITDA Adj	1.3	1.9	1.7	1.4	1.1

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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 of 5.5% 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.

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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 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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