

PIRELLI & C

Sector: Industrials

OUTPERFORM

Price: Eu5.82 - Target: Eu7.20

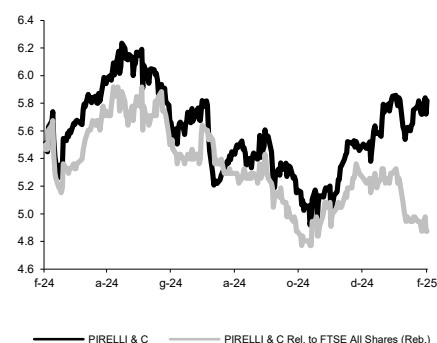
Strong End to FY24; FY25 Guidance Confirmed

Gianluca Bertuzzo +39-02-77115.429
gianluca.bertuzzo@intermonte.it

Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 6.50 to 7.20		
	2025E	2026E	2027E
Chg in Adj EPS	0.1%	0.2%	

PIRELLI & C - 12M Performance



Stock Data

Reuters code:	PIRC.MI		
Bloomberg code:	PIRC IM		
Performance	1M	3M	12M
Absolute	-0.5%	17.2%	6.5%
Relative	-8.6%	-0.3%	-13.1%
12M (H/L)	6.23/4.92		
3M Average Volume (th):	2,007.50		

Shareholder Data

No. of Ord shares (mn):	1,000
Total no. of shares (mn):	1,000
Mkt Cap Ord (Eu mn):	5,820
Total Mkt Cap (Eu mn):	5,820
Mkt Float - Ord (Eu mn):	1,594
Mkt Float (in %):	27.4%
Main Shareholder:	
Marco Polo International Italy Srl	37.0%

Balance Sheet Data

Book Value (Eu mn):	5,875
BVPS (Eu):	6.06
P/BV:	1.0
Net Financial Position (Eu mn):	-1,594
Enterprise Value (Eu mn):	7,414

PIRC reported better-than-expected 4Q24 results, with FCF coming in well above forecast at €0.57bn for a 10% FCF yield. More importantly, FY25 guidance was confirmed, pointing to another year of profitable growth. We therefore reassert our positive view on the stock, as we appreciate the company's exposure to what should be more resilient demand from the replacement channel and High Value tyres in today's weak automotive production environment. The stock is trading at 6.7x 2025 EV/EBIT, a 6% discount vs. closest peers despite better organic growth, profitability, FCF conversion and ROCE. TP to €7.2, +11% on the roll-over of the valuation focus to FY25/26 vs. FY24/25 previously.

■ 4Q24 results: better thanks to ForEx. In detail:

- **Revenues €1,589mn vs. our/cons €1,519/1,525mn**, +7% YoY, with volumes at +1% (in line, both HV and SV +1%), price&mix +2% (in line), while ForEx was +4% (vs. -1%);
- **EBIT €245mn vs. our/cons €229/228mn**, +12% YoY, 15.4% margin +0.7pp YoY, thanks to higher ForEx (€+46mn vs. €-9mn exp) offsetting more negative raw materials (€-43mn vs. €-8mn exp.), while other items (vol, price&mix, efficiencies, cost inflation) were broadly in line;
- **FCF €902mn vs. our/cons €834/865mn**, thanks to a lower cash-out below EBIT and higher operating results. Net debt closed at €1,926mn or 1.3x EBITDA.

■ **2025 guidance: confirmed.** FY25 guidance provided at last year's CMD was confirmed, and seems highly visible given the positive FY24 base and normal inventory situation (also favoured by a partial de-stocking in 4Q). Revenues are seen at €6.9bn (±0.1bn), up +2% YoY, with volumes +1/2%, price&mix +2/3%, and ForEx -2%. EBIT was indicated at €1.1bn, a 16.0% margin, with efficiencies, price&mix and volumes offsetting cost inflation, raw material and ForEx headwinds. FCF seen at €560mn (±10mn). Our estimates and consensus are in line with the guidance mid-point.

■ **Impact from potential US tariff appears manageable.** Guidance didn't include any change to current trade tariff policy. Nevertheless, PIRC sees the potential impact from US tariffs on Mexico as manageable, with the low end of the guidance range still deliverable (the risk was quantified at ~€30mn, or ~3% of EBIT). The impact assumes a deterioration in global volumes due to the economic slowdown triggered by the introduction of tariffs, currency devaluation falling production costs, the introduction of cost-cutting measures (mainly SG&A), shifts in production (more local production, higher imports from Brazil and potentially Europe) and price hikes (one third of overall US tyre volumes derive from imports). We remind that PIRC derives c.20% of its turnover from the US, where it has a market share of 8-9% in HV for a total of ~10mn units. 60% of this turnover is generated through imports from Mexico, 35% through imports from Europe and Brazil and the remaining 5% (0.5mn units) from production at its plant in the State of Georgia.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	6,650	6,773	6,943	7,153	7,372
EBITDA Adj (Eu mn)	1,446	1,520	1,565	1,622	1,658
Net Profit Adj (Eu mn)	579	591	629	673	728
EPS New Adj (Eu)	0.579	0.591	0.629	0.673	0.728
EPS Old Adj (Eu)	0.579	0.571	0.629	0.672	
DPS (Eu)	0.198	0.236	0.212	0.229	0.259
EV/EBITDA Adj	4.8	4.9	4.7	4.3	3.9
EV/EBIT Adj	6.9	7.0	6.7	6.0	5.4
P/E Adj	10.1	9.8	9.2	8.6	8.0
Div. Yield	3.4%	4.1%	3.6%	3.9%	4.5%
Net Debt/EBITDA Adj	1.6	1.3	1.0	0.7	0.4

DISCLAIMER (for more details go to [DISCLAIMER](#))**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 2102, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

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&PMB40 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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

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 December 2024 Intermonte's Research Department covered 132 companies.

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

BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte acts as financial advisor to Banco BPM in the context of the offer promoted by UniCredit

Intermonte acts as ECM advisor to Banca Ifis in the offer promoted on illimity Bank

Intermonte acted as financial advisor to Retex S.p.A. – Società Benefit in relation to the voluntary public tender offer launched on Alkemy S.p.A.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aquafil, Banca Ifis, Banco BPM, Maire, Tinexta.

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civanavi Systems, Cyberoo, Cy4gate, DHH, El.En, Elica, Emak, Esprinet, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, GPI, Greenthesis (formerly Ambientthesis), IEG, Intred, Luve, Misitano & Stracuzzi, Mondadori, Notorious Pictures, Omer, Pharamnutra, Reply, Revo Insurance, Reway, Saes Getters, Servizi Italia, Sesa, Seri Industrial, Somec, Star7, Sys-Dat Group, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema, Zest.

Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider and/or Specialist and/or Corporate Broker on the following companies: Alkemy, Allcore, Almayave, Bifre S.p.A., B&C Speakers, Casta Diva Group, Cleanbnb, Cofle, Crowdfundme, Cube Labs, Cyberoo, DHH, Digitouch, Ediliziacrobatica Spa, Eles, Energy, Eviso, Fae Technology, Fiera Milano, Fila, Fope, GM Leather, Green Oleo, High Quality Food, Ikonisys, Intercos, Intred, ISCC Fintech, Lemon Sistemi, Maps Group, Mare Group, Masi Agricola, Misitano & Stracuzzi, Neodecortech, Notorious Pictures, Olidata, Osai Automation System, Racing Force Group, Redfish Long Term Capital, Reti, Sciuker Frames, SG Company, Simone, Solid World Group, Spindox, Talea, Tamburi, Tinexta, TMP Group, Tps Group, Ulisse Biomed, Xenia Hôtellerie Solution Spa Società Benefit, Wiit, Zest.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
-----------	---	------------

© Copyright 2025 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available