

STELLANTIS

Sector: Industrials

NEUTRAL

Price: Eu20.88 - Target: Eu21.10

2024 Looking Tougher Than Previously Expected

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Stock Rating

Rating: Unchanged

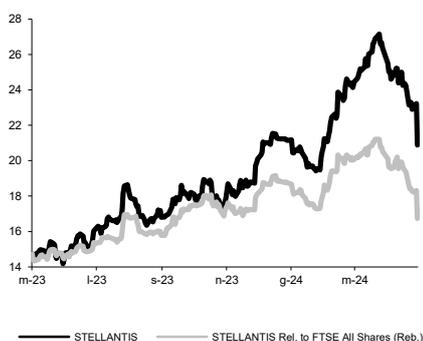
Target Price (Eu): from 23.70 to 21.10

	2024E	2025E	2026E
Chg in Adj EPS	-16.2%	-12.6%	-10.3%

Next Event

 CMD in Auburn Hills 13th of June

STELLANTIS - 12M Performance



Stock Data

Reuters code: STLAM.MI

Bloomberg code: STLAM IM

Performance	1M	3M	12M
Absolute	-20.7%	0.5%	39.2%
Relative	-18.0%	-8.9%	16.3%
12M (H/L)	27.16/14.18		
3M Average Volume (th):	9,621.06		

Shareholder Data

No. of Ord shares (mn): 3,069

Total no. of shares (mn): 3,069

Mkt Cap Ord (Eu mn): 64,073

Total Mkt Cap (Eu mn): 64,073

Mkt Float - Ord (Eu mn): 42,681

Mkt Float (in %): 66.6%

Main Shareholder:

Exor 14.4%

Balance Sheet Data

Book Value (Eu mn): 89,568

BVPS (Eu): 29.19

P/BV: 0.7

Net Financial Position (Eu mn): 32,225

Enterprise Value (Eu mn): 31,848

■ **1Q24 revenue: weak and below consensus.** STLAM reported weak 1Q24 revenues that fell short of consensus, burdened by subdued volumes, especially in North America, and weak ARPU in Europe. At group level, revenues were €41.7bn, -12% YoY vs. our estimate/consensus of €41.4/42.7bn, with volumes -10% to 1.35mn (our estimate -8%), mix -2% (vs. our -4%), price +3% (vs. our +1%) and ForEx -3% (vs. our -1%). By region, North America (46% of FY23 revenues) was down -15% due to a drop of -20% in shipments, hampered by model changeovers (phase-out of RAM 1500 and Dodge Charger) and a tough comparison with last year's re-stocking phase; Europe (35% of total) was down -13% due to volume de-stocking (-6%), lower mix and negative pricing; among other regions Middle East was positive (+24%), and South America stable (-2%), while APAC (-46%) and Maserati (-55%) were very weak.

■ **2024 indications point to below-consensus figures.** During the call, management said it expects: i) revenues to improve QoQ, with 2Q remaining negative YoY, but less than in 1Q, and positive YoY trends in 2H thanks to new model launches; ii) the adj. EBIT margin is seen in the 10-11% range in 1H due to adverse volumes, regional mix and ForEx, with scope to improve in 2H; iii) materially lower FCF in 1H due to lower operating results, front-loading of CapEx (vs. historical back-end loading) and investments in JVs. Taking the weak start to the year into account, we translate these indications into revenues of ~€184bn, down -3% YoY (vs. our/cons. €193/190bn), adj. EBIT of ~€20bn with an 11% margin (vs. our/cons. €23.9/21.9bn), suggesting cuts of -8/9% in consensus estimates.

■ **Change in estimates.** We are cutting our FY24-26 forecasts by -13% on average, reflecting lower vol&mix, higher cost inflation and a greater ForEx drop-through, only partly offset by positive pricing. All in all, we estimate annual revenues of €183bn, -3% YoY, and adj. EBIT of €20bn. By drivers, we estimate volumes -3% (+2% prev.), mix -1% (+1% prev.), price +1% (vs. -1% prev., mainly to offset ForEx volatility), ForEx -1% (vs. -1% prev.), overall cost inflation of €2bn (€1bn in US labour costs, €2bn in supplier costs net of efficiency, partly offset by €1bn in raw material savings) and higher R&D offset by lower SG&A.

■ **NEUTRAL; target €21.1 (from €23.7).** STLAM reported weak 1Q24 revenues that were lower than expected, with indications on the coming quarters suggesting trends will be worse than previously assumed. In particular, the restoration of inventories in 2023 is taking bigger bites than we expected into growth, especially as the company prepares for new model launches, with higher cost inflation net of efficiencies undermining earnings. In light of this scenario, and given the limited upside to our target, we confirm our recommendation on the stock. TP trimmed from €23.7 to €21.2, reflecting lower estimates and the dividend payout, partly offset by higher multiples.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	179,592	189,544	183,802	187,391	191,051
EBITDA Adj (Eu mn)	30,789	31,856	27,688	29,417	30,360
Net Profit Adj (Eu mn)	18,956	20,111	15,176	15,654	16,276
EPS New Adj (Eu)	5.991	6.420	4.945	5.210	5.417
EPS Old Adj (Eu)	5.991	6.420	5.898	5.962	6.041
DPS (Eu)	1.340	1.550	1.291	1.360	1.414
EV/EBITDA Adj	0.6	0.7	1.2	0.8	0.5
EV/EBIT Adj	0.8	1.0	1.6	1.2	0.7
P/E Adj	3.5	3.3	4.2	4.0	3.9
Div. Yield	6.4%	7.4%	6.2%	6.5%	6.8%
Net Debt/EBITDA Adj	-0.8	-0.9	-1.2	-1.3	-1.6

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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.

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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.

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OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (50 in total) is as follows:

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emitente	%	Long/Short
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