Intermonte

Milan, 03 December 2025

Italian Equity Research – Change in View

STELLANTIS

OUTPERFORM

Sector: Industrials

Price: Eu9.13 - **Target: Eu12.00**

Fix It Again, Tony*

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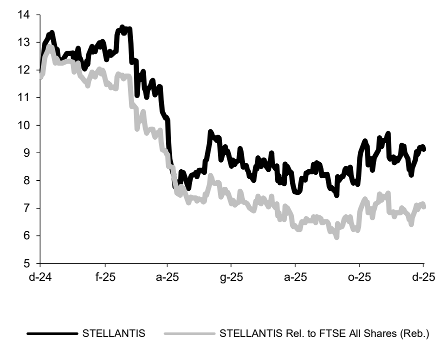
Stock Rating			
Rating:	from NEUTRAL to OUTPERFORM		
Target Price (Eu):	from 8.50 to 12.00		
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-3.3%	8.4%	39.7%

STELLANTIS - 12M Performance



Stock Data			
Reuters code:			STLAM.MI
Bloomberg code:			STLAM IM
Performance	**1M**	**3M**	**12M**
Absolute	4.0%	14.0%	-22.3%
Relative	3.5%	10.0%	-51.4%
12M (H/L)			13.56/7.46
3M Average Volume (th):			27,406.48

Shareholder Data	
No. of Ord shares (mn):	2,883
Total no. of shares (mn):	2,883
Mkt Cap Ord (Eu mn):	26,315
Total Mkt Cap (Eu mn):	26,315
Mkt Float - Ord (Eu mn):	18,073
Mkt Float (in %):	68.7%
Main Shareholder:	
Exor	15.2%

Balance Sheet Data	
Book Value (Eu mn):	78,555
BVPS (Eu):	27.25
P/BV:	0.3
Net Financial Position (Eu mn):	8,282
Enterprise Value (Eu mn):	18,033

After remaining cautious for nearly three years, we are now upgrading STLAM to OUTPERFORM from Neutral, with a TP of €12 (30% upside). While this is not a macro call, and the broader environment still suggests prudence, we now see clearer signs of stabilisation and a gradual inflection across key areas. We view the new management team favourably, as its swift actions to streamline the organisation, refocus strategy, and engage actively with policymakers are laying stronger foundations for value creation.

In North America, STLAM's largest potential profit pool, we expect competitiveness to improve through a more market-aligned product portfolio and supportive regulatory developments. In Europe, despite pressure from Chinese OEMs, we anticipate some stabilisation driven by easing regulatory uncertainty, enhanced product differentiation, and a sharper value proposition. Supported by a strong recovery in NA, modest improvement in EU and resilient margins in SA and the ME, we foresee a gradual volume recovery that, combined with policy tailwinds and disciplined spending, should take margins toward mid-single-digit levels by 2027. The pillars of our investment case include improved product development, stronger commercial momentum, steady margin expansion, and constructive policymaker engagement. Key risks include weaker product reception, stronger competition, adverse policy outcomes, and supply chain constraints.

- **New management delivering on streamlining, strategic focus, and regulatory engagement.** We have a positive view on the new CEO Antonio Filosa, as he brings experience, disciplined execution and a clear vision. Despite a challenging starting point, his early actions inspire confidence. He has refreshed senior leadership, simplified the hierarchy, granted regions more autonomy, realigned the product strategy, exited loss-making activities such as Symbio, and adopted a more pragmatic regulatory stance through proactive engagement with EU institutions.
- **North America is recovering through product renewal and regulatory support.** The sharp decline in volumes since '18-19 (-1.0mn, -40%) was largely self-inflicted, driven by portfolio choices and pricing. Management is back to a traditional playbook, resetting prices and restoring key nameplates in line with market demand (i.e. Jeep Cherokee, RAM 1500 V8, and ICE Dodge Charger). We estimate new models can add >300k units/year, taking volumes to 1.8mn (+25% vs. 25e) and revenues to >€73bn. Supported by a richer mix enabled by looser emissions regulations and recent tariff adjustments (that reinforce STLAM's position), we forecast NA EBIT of €4.3bn, a 6% margin, in 2027.
- **Europe remains challenging but is showing early signs of improvement.** Issues around recent launches are easing, regulatory clarity should improve soon, and STLAM is expected to accelerate product differentiation and quality as competition from Chinese OEMs intensifies. We expect modest volume recovery, although margins should remain subdued at a forecast 3%, with EBIT foreseen at €1.9bn.
- **Change in estimates.** We are making limited changes to our 2025 and 2026 estimates, while significantly raising the 2027 outlook due to operating leverage, the full benefit of new launches, and supportive policy developments.

**Fix It Again, Tony. It's a playful phrase common in the 1970-80s in US and UK suggesting FIAT vehicles broke down frequently and an Italian mechanic named Tony had to fix them*

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	189,544	156,878	152,140	163,834	172,965
EBITDA Adj (Eu mn)	31,390	15,340	9,381	13,508	17,210
Net Profit Adj (Eu mn)	20,111	7,369	1,945	4,859	7,562
EPS New Adj (Eu)	6.420	2.476	0.675	1.686	2.623
EPS Old Adj (Eu)	6.420	2.476	0.698	1.556	1.878
DPS (Eu)	1.550	0.680	0.169	0.421	0.656
EV/EBITDA Adj	0.7	2.5	1.9	1.2	0.8
EV/EBIT Adj	1.0	4.5	7.0	2.6	1.4
P/E Adj	1.4	3.7	13.5	5.4	3.5
Div. Yield	17.0%	7.4%	1.8%	4.6%	7.2%
Net Debt/EBITDA Adj	-0.9	-1.0	-0.9	-0.7	-0.8

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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 between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX 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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As at 3 December 2025 Intermonte's Research Department covered 132 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	31.82%
OUTPERFORM:	37.12%
NEUTRAL:	30.30%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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