

# STELLANTIS

Sector: Industrials

**NEUTRAL**

Price: Eu14.46 - Target: Eu16.20

## Discouraging Signs On Industry-Wide Topics

**Gianluca Bertuzzo +39-02-77115.429**

gianluca.bertuzzo@intermonte.it

**Alberto Villa: +39-02-77115.431**

alberto.villa@intermonte.it

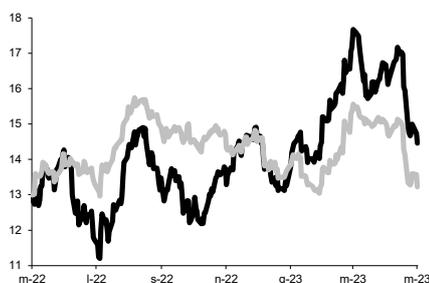
### Stock Rating

**Rating:** Unchanged

**Target Price (Eu):** from 17.40 to 16.20

	2023E	2024E	2025E
<b>Chg in Adj EPS</b>	0.8%	2.2%	1.4%

### STELLANTIS - 12M Performance



— STELLANTIS — STELLANTIS Rel. to FTSE All Shares (Reb.)

### Stock Data

**Reuters code:** STLAM.MI

**Bloomberg code:** STLAM IM

Performance	1M	3M	12M
Absolute	-13.2%	-4.9%	11.3%
Relative	-11.9%	-4.1%	1.9%
12M (H/L)	17.67/11.20		
3M Average Volume (th):	12,192.67		

### Shareholder Data

**No. of Ord shares (mn):** 3,228

**Total no. of shares (mn):** 3,151

**Mkt Cap Ord (Eu mn):** 46,677

**Total Mkt Cap (Eu mn):** 46,677

**Mkt Float - Ord (Eu mn):** 31,093

**Mkt Float (in %):** 66.6%

**Main Shareholder:**

Exor 14.4%

### Balance Sheet Data

**Book Value (Eu mn):** 80,000

**BVPS (Eu):** 25.39

**P/BV:** 0.6

**Net Financial Position (Eu mn):** 27,184

**Enterprise Value (Eu mn):** 18,392

■ **1Q23 revenues slightly above thanks to “Others”, Automotive in line.** STLAM reported 1Q23 revenues that were slightly above expectations thanks to higher “other revenues”, while auto revenues were in line on both volumes and ASP, although with a different geographical mix. Indeed, North America saw higher volumes (+6% YoY vs. -5% exp.), but lower-than-expected ASP (+4% YoY vs. +9% exp.) that even declined QoQ by -6%. On the other hand, EMEA saw lower volumes (+7% vs. +14% exp.), but an ASP in line (+6% YoY). At group level, revenues were €47.2bn, our estimate/consensus €46.4/45.7bn, up +14% YoY. Growth was achieved thanks to volumes up +7% YoY (vs. +6% exp.), ASP up +5% (vs. +6% exp.) and a ForEx & Others contribution of +2%. Pricing was up +6%, but the mix was negative at -1% due to weak channel and Jeep sales in North America only partly offset by Europe.

■ **Guidance confirmed, but not much of a pointer.** Guidance for a double-digit adj. EBIT margin and positive FCF was confirmed, but is not much of an indication given the FY22 levels of 13.0% and €10.9bn. Our estimates/ consensus point to an adj. EBIT margin of 10.9%/10.5% and €5.7/8.2bn in industrial FCF.

■ **Mixed feedback from the call.** Given the ongoing newsflow on a weakening macro environment and higher competitive pressure in the industry triggered by Tesla’s price cuts, the key topics discussed during the call concerned:

- **Pricing:** management’s view is that pricing for its vehicles is right, and it is not willing to start a price war. Consequently, the fall in market share relates to unfulfilled semiconductor orders and outbound logistics problems. Despite the sequential improvement in 1Q23 vs. 4Q22 (~13% in EU/NA in 1Q23, -4pp vs. ~17.1% in 1Q19), we note vehicle pricing is ~6% above benchmark compared to ~1.5% in 1H21. Overall, FY23 pricing is expected up low single-digit thanks to the carryover effect of FY22 increases (1Q was +6%) suggesting flat sequential pricing going forward. Our estimate is at +2% YoY with 2H at -1% YoY;
- **Inventories** were 1.30mn units or 79 days of sales, up from 62 days in 4Q22 (1.07mn, +0.23mn) and 52 days in 1Q22 (0.81mn, +0.5mn). Management views this level as “ok”, but we note that it is above the previous indication that 1mn would be the appropriate level;
- **Order backlog** is still strong, but **order intake** has slowed in relative terms, mostly in the B2C area. Mix, rather than volume, is the main concern;
- **Cost inflation** is expected to be lower YoY and potentially half of the FY22 level of €9.1bn (our est. €5.2bn).

■ **Change in estimates.** We are tweaking our estimates in light of slightly higher volumes, higher other revenues and lower cost inflation, but lower ASP and FX.

■ **NEUTRAL; target €16.2 from €17.4 after dividend payout.** STLAM’s 1Q23 revenues were largely as expected, but overall feedback remains discouraging given broader industry headwinds. While we recognise the stock’s undemanding valuation, we remain NEUTRAL, as pricing power should reduce, while cost inflation continues to dent margins. Target from €17.4 to €16.2 after the dividend payout.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	152,119	179,592	181,522	190,350	203,457
EBITDA Adj (Eu mn)	23,999	30,095	28,035	29,840	32,100
Net Profit Adj (Eu mn)	13,346	16,779	14,414	15,884	16,887
EPS New Adj (Eu)	4.235	5.324	4.574	5.040	5.358
EPS Old Adj (Eu)	4.235	5.324	4.539	4.930	5.282
DPS (Eu)	1.040	1.340	1.151	1.269	1.349
EV/EBITDA Adj	1.3	0.6	0.7	0.5	0.3
EV/EBIT Adj	1.7	0.8	0.9	0.7	0.4
P/E Adj	3.4	2.7	3.2	2.9	2.7
Div. Yield	7.2%	9.3%	8.0%	8.8%	9.3%
Net Debt/EBITDA Adj	-0.8	-0.9	-1.0	-1.1	-1.2