

STELLANTIS

Sector: Industrials

OUTPERFORM

Price: Eu6.21 - Target: Eu8.20

Gradual Turnaround Progress Despite External Headwinds

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Stock Rating

Rating: Unchanged

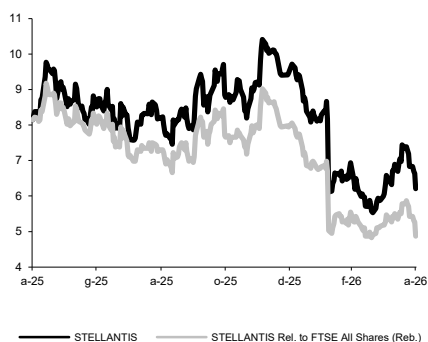
Target Price (Eu): from 8.50 to 8.20

	2026E	2027E	2028E
Chg in Adj EPS	-6.1%	-3.1%	-1.7%

Next Event

CMD May 21 in Auburn Hills

STELLANTIS - 12M Performance



Stock Data

Reuters code: STLAM.MI

Bloomberg code: STLAM IM

Performance	1M	3M	12M
Absolute	-1.8%	-25.1%	-23.7%
Relative	-7.3%	-29.9%	-50.8%
12M (H/L)		10.41/5.53	
3M Average Volume (th):		38,322.38	

Shareholder Data

No. of Ord shares (mn): 2,887

Total no. of shares (mn): 2,887

Mkt Cap Ord (Eu mn): 17,923

Total Mkt Cap (Eu mn): 17,923

Mkt Float - Ord (Eu mn): 12,310

Mkt Float (in %): 68.7%

Main Shareholder:

Exor 15.2%

Balance Sheet Data

Book Value (Eu mn): 59,871

BVPS (Eu): 20.74

P/BV: 0.3

Net Financial Position (Eu mn): 10,165

Enterprise Value (Eu mn): 7,759

1Q26 was not easy to read due to volatility induced by various exogenous business trends, the turnaround situation of the group as well as changes to divisional accounting. Though we acknowledge the situation is far from rosy and the external environment is not helping, we notice some progress, especially in the improved commercial momentum and industrial execution. We therefore remain constructive on the turnaround while expecting progress to continue. TP of €8.2 from €8.5 on slightly lower estimates.

■ **1Q26 results.** With shipments already provided, 1Q26 results came in better than expected for P&L, although with the help of a one-time tariff refund in the US, while FCF was a bit light. Revenues increased +6% YoY to €38.1bn (our/cons. 38.5/38.4), with shipments up +12%, FX -5%, mix -2%, other +1%, and marginally positive pricing. Adj. EBIT was €0.96bn (our/cons 0.34/0.55), a 2.5% margin or 1.5% net of a ~€0.4bn one-time benefit from IEEPA tariff reimbursement. Positive Vol&Mix of +€0.7bn and pricing of €0.1bn were partly offset by FX, SG&A and R&D growth (€-0.6bn), while an Industrial cost tailwind of €0.4bn (incl. flat tariffs) drove the beat. FCF was €-1.92bn (vs our/cons -2.0/-1.62), driven by the seasonal NWC outflow and included a €0.7bn cash-out linked to the FY25 strategy reset. Net industrial cash was €9.5bn vs €6.7bn as at YE25 thanks to the hybrid bond.

■ **By region and drivers.** Growth of shipments was mostly registered in NA (+17%) thanks to improving sell-out (+6% YoY) and a slight restock, but driven by an expanding portfolio, while EU, SA and ME grew as well. Mix was negative at group level due to EU (Smart Car platform growth), while NA was positive (RAM and Jeep). Pricing was marginally positive in NA (+1%) and ME (+2%), while EU was negative due to the strategy reset (-3%). The FX headwind was driven by NA and ME. Margins in NA were positive (1.6%, though slightly negative when excluding the IEEPA tariff), and at breakeven level in EU. However, we note that STLAM reallocated group costs to individual regions due to the new strategy, suggesting that, on a like-for-like basis, the regional performance would have been better, with unchanged results group-wise (the "Other" division improved from €-186mn in 1Q25 to +€44mn in 1Q26).

■ **FY26 guidance indications confirmed.** FY26 "indicative" guidance was confirmed, pointing to: MSD revenue growth (our/cons. +6/5% YoY), LSD EBIT margin (our/cons. 2.6/2.0%, EBIT of €4.2/3.2bn) and improving YoY FCF (FY25: -€4.5bn, our/cons. -1.4/-1.7). Most of the drivers were confirmed: portfolio expansion growth, neutral to marginally positive pricing, a sequentially improving EBIT margin and €2bn in cash one-off charges. Nevertheless, the additional headwind from raw material inflation is seen at €1bn, only partly offset by a lower tariff impact (€1.3bn from 1.6 prev.) due to the 1Q IEEPA refund.

■ **Inventory & order book.** Inventory (group+dealer) increased +5% vs 4Q, but this was driven by new, white-space launches, such as the RAM 1500, Jeep Cherokee and Dodge Charger ICE in NA as well as the ramp-up of B-segment cars in EU (Citroen C3, Fiat Grande Panda, and Opel Frontera). The order book stayed solid at 2.5/3 months for NA/EU vs 3 months each as at YE25.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	156,878	153,508	161,897	171,766	172,974
EBITDA Adj (Eu mn)	15,340	6,111	10,311	13,838	15,823
Net Profit Adj (Eu mn)	7,369	-1,209	3,279	5,593	6,803
EPS New Adj (Eu)	2.476	-0.419	1.136	1.937	2.357
EPS Old Adj (Eu)	2.476	-0.344	1.210	1.999	2.396
DPS (Eu)	0.680	0.000	0.284	0.484	0.589
EV/EBITDA Adj	2.5	3.4	0.8	0.5	0.4
EV/EBIT Adj	4.5	nm	1.8	1.0	0.6
P/E Adj	2.5	nm	5.5	3.2	2.6
Div. Yield	11.0%	0.0%	4.6%	7.8%	9.5%
Net Debt/EBITDA Adj	-1.0	-1.1	-1.0	-0.8	-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.

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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.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (80 in total) is as follows:

BUY:	53.75%
OUTPERFORM:	30.00%
NEUTRAL:	15.00%
UNDERPERFORM:	01.25%
SELL:	00.00%

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