

STELLANTIS

Sector: Industrials

NEUTRAL

Price: Eu19.66 - Target: Eu21.10

Little Fresh News from CMD

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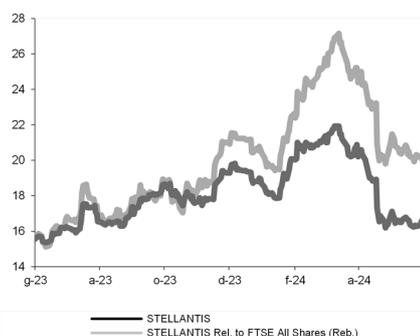
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.0%	0.0%

STELLANTIS - 12M Performance



Stock Data

Reuters code:	STLAM.MI
Bloomberg code:	STLAM IM

Performance	1M	3M	12M
Absolute	-6.5%	-22.7%	26.3%
Relative	-3.2%	-22.0%	5.9%
12M (H/L)	27.16/15.12		
3M Average Volume (th):	9,721.24		

Shareholder Data

No. of Ord shares (mn):	3,069
Total no. of shares (mn):	3,069
Mkt Cap Ord (Eu mn):	60,329
Total Mkt Cap (Eu mn):	60,329
Mkt Float - Ord (Eu mn):	40,188
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):	28,104

- 2024 guidance reiterated.** STLAM reiterated the 2024 guidance and seasonality indications provided at the 1Q24 revenue call, but we don't deem this a surprise or unexpected at this stage. Both our estimates and consensus are aligned to these indications, assuming a weaker 1H and a recovery in 2H.
- Capital allocation: greater commitment to distribute cash, but no extraordinary payouts.** On capital allocation: i) the 25-30% dividend payout was confirmed, with FY24 seen at the high end of the range; ii) management is willing to return excess cash while retaining a 25-30% liquidity/revenue ratio (FY23 was 27%, or 32% incl. undrawn credit lines). This supports a greater commitment to distribute a higher share of FCF (conservatively should be >€6bn). Although this shows confidence, it failed to surprise the market as consensus was already expecting a hike in the dividend payout and was probably also hoping for an extraordinary buyback.
- Strategy consistent with current developments; no m/l-term targets.** In terms of strategy, we don't note any particular deviation from the current reality: i) growth will be driven by Jeep, Commercial vehicles, launches in the C-segment in Europe and the "3rd engine" (SA, ME, APAC); ii) the transition to EVs will be addressed through multi-energy platforms which allow greater flexibility. EV margins are currently 30% lower than ICE, with parity seen in 3 years; iii) improve cost competitiveness by working with suppliers, moving production to low-cost countries, higher commonality between models and verticalising in key strategic areas (i.e. EV drivetrains). The presentation remained at concept level, as besides a double-digit EBIT margin target, we note medium-to-long terms targets were not provided, although we think they are rarely embraced by the market.
- Short-term issues remain: NA inventories and increasing BEV/Chinese competition.** In North America, management acknowledges the issues stemming from high inventories just ahead of a product refresh cycle. The aim is to smoothly reduce that position through: i) higher incentives (negative for pricing), but not in a brutal manner; ii) changes to leadership and marketing teams; iii) a reorganisation of manufacturing. On the enhanced competition on BEVs, including from Chinese players, in addition to its ongoing cost cutting efforts, management plans to exploit cooperation with Leapmotor (>20% stake). While we appreciate these efforts, we continue to see these issues as a risk.
- NEUTRAL recommendation and TP confirmed.** STLAM delivered a wide-ranging presentation at its CMD, but remained at a high level without providing more refined targets or delving into detail. The company didn't surprise investors with higher FY24 guidance of more immediate shareholder compensation (i.e. extraordinary dividend or buybacks) despite committing to future distributions. We confirm our NEUTRAL recommendation on the stock in light of risks from the challenging 2023 comparison base due to numbers helped by re-stocking, the high inventory situation in North America ahead of the launch of new models, high pricing in a normalising demand/supply market and increased competition especially on EVs, with market share declining in the main geographical markets and the inflation of some industrial costs (especially labour in the United States).

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	4.945	5.210	5.417
DPS (Eu)	1.340	1.550	1.484	1.563	1.625
EV/EBITDA Adj	0.6	0.7	1.0	0.7	0.4
EV/EBIT Adj	0.8	1.0	1.4	1.1	0.6
P/E Adj	3.3	3.1	4.0	3.8	3.6
Div. Yield	6.8%	7.9%	7.5%	7.9%	8.3%
Net Debt/EBITDA Adj	-0.8	-0.9	-1.2	-1.3	-1.5

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
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- 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)

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Frequency of research: quarterly.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

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

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NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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