

# STELLANTIS

Sector: Industrials

## NEUTRAL

Price: Eu13.49 - Target: Eu14.00

## Still a Long Way to Go

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### Stock Rating

**Rating:** Unchanged

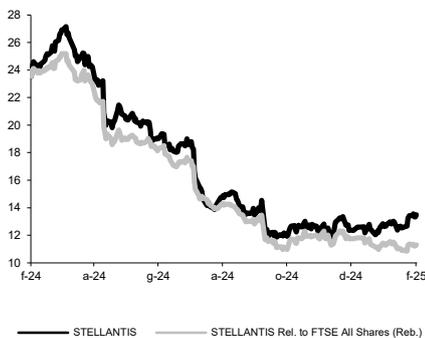
**Target Price (Eu):** from 12.80 to 14.00

|                       | 2024E | 2025E | 2026E |
|-----------------------|-------|-------|-------|
| <b>Chg in Adj EPS</b> | -0.3% | -1.8% | -1.4% |

### Next Event

Results Out: Feb-26

### STELLANTIS - 12M Performance



### Stock Data

**Reuters code:** STLAM.MI

**Bloomberg code:** STLAM IM

| Performance             | 1M          | 3M    | 12M    |
|-------------------------|-------------|-------|--------|
| Absolute                | 6.6%        | 10.8% | -42.7% |
| Relative                | 0.2%        | -4.1% | -61.9% |
| 12M (H/L)               | 27.16/11.75 |       |        |
| 3M Average Volume (th): | 15,740.48   |       |        |

### Shareholder Data

**No. of Ord shares (mn):** 2,968

**Total no. of shares (mn):** 2,968

**Mkt Cap Ord (Eu mn):** 40,032

**Total Mkt Cap (Eu mn):** 40,032

**Mkt Float - Ord (Eu mn):** 27,494

**Mkt Float (in %):** 68.7%

**Main Shareholder:**

Exor 15.2%

### Balance Sheet Data

**Book Value (Eu mn):** 84,481

**BVPS (Eu):** 28.46

**P/BV:** 0.5

**Net Financial Position (Eu mn):** 17,352

**Enterprise Value (Eu mn):** 22,681

With weak 2024 results already expected, focus will be on 2025 guidance and commentary on key topics such as pricing, inventories, cost evolution, benefits from new launches, tariff risk, compliance costs in Europe and visibility on 3<sup>rd</sup> engine regions. In short, we confirm our view on the stock as we still have some concerns on the turnaround, despite the low 2024 starting base and some progress on key elements. In particular, US inventories are not healthy, recent vehicle launches shouldn't bring material benefits, EU is off to a slow start and external factors (EU emission rules and US tariffs) create volatility. TP to €14.0 due to roll-over of multiples.

■ **2H24 results preview: weak results already foreseen.** We expect 2H to close with revenues of €72.8bn, -20% YoY based on already-disclosed shipments at -14% and ARPU -8%, mainly driven by a negative geo mix, pricing and ForEx; adj. EBIT is expected down 89% YoY to €1.1bn, a 1.5% margin (6.1% for the FY), with FCF of €-6.4bn (FY €-6.8bn). By region, North America should report a loss, Europe a low single-digit margin and 3<sup>rd</sup> Engine country margins in the mid-teens.

■ **2025 outlook: little progress from a tough 2024.** We expect 2025 revenues of €163.7bn, +4% YoY, driven by higher volumes (+3% YoY, 5.56mn) in North America, where the sell-in realigns with the sell-through, while other regions are seen roughly flat. ARPU should rise slightly (+2% YoY) due to a positive top line mix (+2%), amid higher EV and geo mix, and ForEx (+1%), while pricing is seen negative (-1%) especially in North America (-3%, vs. GM/F comments of -1/-2%). Adj. EBIT is seen up 5% YoY to €10.1bn, a 6.2% margin, flat YoY. By driver, we see lower input costs, higher volumes and a ForEx tailwind more than offsetting negative mix (mainly EVs) and pricing headwinds. FCF is expected at €4bn.

■ **US inventories improving but still high; new models unlikely to boost market share.** While STLAM successfully achieved its target to reduce US inventories below 330k units by YE24, this was came from more severe underproduction, with a weak 4Q sell-through, down -7% despite incentives. More importantly: i) inventories are still high relative to current sales and peers; ii) we don't envisage significant tailwinds from upcoming vehicle launches given their market segment; iii) pricing seemingly remains above peers.

■ **EU: off to a slow start.** In 2024, EU PC registrations were up +1% YoY, while STLAM registrations underperformed, falling -8% (market share -1.4pp) blaming delayed launches due to different issues across brands and models (quality, software, parts). While the company has made progress and is placing its emphasis on new launches, we don't envisage a recovery in market share, as most of the launches feature small upgrades, and new vehicle launches are in already populated market areas or with premium pricing. January registrations in the 5 main EU countries declined by -14% for STLAM (mkt -4% or flat ex-STLAM). We expect the company to be compliant with emissions regulations, although the issue remains a headwind.

■ **STLAM significantly exposed to tariff risk.** In early February, President Trump postponed imposition of a 25% tariff on vehicles imported from Mexico and Canada by 30 days, allowing them to implement border security and drug trafficking measures. According to our analysis, STLAM is among the most exposed carmakers as it exports ~500k vehicles from Mexico and Canada to the US, ~35% of the total for North America or ~9% of group shipments. Before mitigating factors such as production relocation, cost cuts and external factors, we estimate a ~€4.6bn headwind or ~50% of 2025E pre-tax income. Similarly, Trump threatened the same tariffs on exports from the EU.

| Key Figures & Ratios   | 2023A   | 2024E   | 2025E   | 2026E   |
|------------------------|---------|---------|---------|---------|
| Sales (Eu mn)          | 189,544 | 157,784 | 163,683 | 168,626 |
| EBITDA Adj (Eu mn)     | 31,390  | 16,421  | 18,542  | 19,425  |
| Net Profit Adj (Eu mn) | 20,111  | 7,979   | 7,570   | 8,354   |
| EPS New Adj (Eu)       | 6.420   | 2.688   | 2.550   | 2.815   |
| EPS Old Adj (Eu)       | 6.420   | 2.695   | 2.596   | 2.856   |
| DPS (Eu)               | 1.550   | 0.531   | 0.636   | 0.844   |
| EV/EBITDA Adj          | 0.7     | 2.4     | 1.2     | 1.0     |
| EV/EBIT Adj            | 1.0     | 4.0     | 2.2     | 1.9     |
| P/E Adj                | 2.1     | 5.0     | 5.3     | 4.8     |
| Div. Yield             | 11.5%   | 3.9%    | 4.7%    | 6.3%    |
| Net Debt/EBITDA Adj    | -0.9    | -0.9    | -0.9    | -1.1    |

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- 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.

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 of today Intermonte's distribution of stock ratings is as follows:

|              |         |
|--------------|---------|
| BUY:         | 31.34 % |
| OUTPERFORM:  | 43.28 % |
| NEUTRAL:     | 25.38 % |
| UNDERPERFORM | 00.00 % |
| SELL:        | 00.00 % |

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

|              |         |
|--------------|---------|
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| OUTPERFORM:  | 29.58 % |
| NEUTRAL:     | 19.72 % |
| UNDERPERFORM | 00.00 % |
| SELL:        | 00.00 % |

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| Emittente | % | Long/Short |
|-----------|---|------------|
|-----------|---|------------|

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