Milan, 27 February 2025

Italian Equity Research – 4Q24 Results

STELLANTIS

NEUTRAL

Sector: Industrials

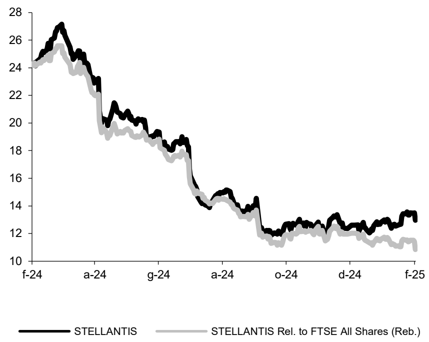
Price: Eu12.94 - **Target: Eu13.50**

Weaker 2H24 & Soft FY25 Guidance Reinforce Turnaround Concerns

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 14.00 to 13.50
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-6.3%	-5.0%	

STELLANTIS - 12M Performance



Stock Data			
Reuters code:			STLAM.MI
Bloomberg code:			STLAM IM
Performance	**1M**	**3M**	**12M**
Absolute	1.2%	6.1%	-46.7%
Relative	-6.9%	-11.4%	-66.4%
12M (H/L)			27.16/11.75
3M Average Volume (th):			15,819.96

Shareholder Data	
No. of Ord shares (mn):	2,976
Total no. of shares (mn):	2,976
Mkt Cap Ord (Eu mn):	38,519
Total Mkt Cap (Eu mn):	38,519
Mkt Float - Ord (Eu mn):	26,455
Mkt Float (in %):	68.7%
Main Shareholder:	
Exor	15.2%

Balance Sheet Data	
Book Value (Eu mn):	78,078
BVPS (Eu):	26.24
P/BV:	0.5
Net Financial Position (Eu mn):	16,099
Enterprise Value (Eu mn):	22,420

Despite the warning issued last year, STLAM's 2H24 results were even weaker than expected, reflecting poor Vol, Mix and Price with disappointing performance on industrial costs. Loose FY25 guidance and a weak 1H outlook suggest downward pressure on estimates will continue. Overall, the release reinforces our concerns on the turnaround: we don't see a big tailwind from vehicle launches due to market segment, powertrain offering and pricing still above peers, inventory levels that remain bloated and external factors that create volatility (EU emission rules and US tariffs). TP to €13.5 from €14.0 (-4%) on lower estimates; NEUTRAL.

- **2H24 results: below bottom end of expected range.** With shipments already disclosed at -14% YoY to 2.54mn, 2H24 closed with revenues of €71.9bn (our/cons. €72.8/71.0bn), -21% YoY, reflecting lower European ARPU on mix while other regions were in line (Vol&Mix -19% vs. -18% exp.; pricing -2%, in line; ForEx -2%, in line; Others +2%, in line). Adj. EBIT was near breakeven at €0.2bn (our/cons. €1.1/1.0bn), -98% YoY, for a 0.3% margin or 5.5% in FY24 vs. guidance of 5.5-7.0% (our/cons 6.1%). Looking at the bridge, Vol&Mix was €-6.3bn vs. €-8.6bn exp., price €-1.8bn vs. €-2.0bn, industrial costs €-1.4bn vs. €+1.8bn (higher fixed costs and warranty in US against expectations for cost savings and lower input prices), SG&A/R&D €+0.4bn vs. €+0.1bn and ForEx & Others €-1.0bn vs. €-0.4bn. FCF came to €-5.7bn (our/cons. €-6.4bn) on much less negative NWC outflow, while all other items were more negative. Net cash closed at €15bn.
- **Loose targets and 2H dragged FY25 guidance down, putting pressure on estimates.** Management expects revenues "to grow", a mid-single-digit EBIT margin, and "positive" FCF. While we maintain our revenue forecast (€163.4bn, ~+4% YoY), supported by North American sell-in/through realignment and a slightly positive EU mix, the MSD EBIT margin guidance trails our/cons. forecast of 6.2%. We believe there is at least high single-digit downside to estimates, especially as 1H is expected to be weak (low single-digit margin) with improvements from new launches in 2H. Limited details were given, but positive volumes should be offset by a negative mix (higher EV sales in Europe due to CO_2 compliance) and slight pricing pressure in North America due to 2H24 price cuts carrying over, balanced by cost savings.
- **Notes from the call. i) CEO** selection is underway, candidates are both internal and external, backgrounds of strong leadership, cultural diversity and understanding of technology, choice to be confirmed by 1H25 (former FCA CEO Manley would be our ideal candidate; he is currently CEO of Autonation); **ii) trade tariffs** no changes included in guidance; **iii) DPS** of €0.68 suggests payout policy applied to adj. EPS (vs. reported EPS previously); **iv) buyback** stopped, but will be re-evaluated in 2H based on how the situation evolves; **v)** one third of **the 750k decline in FY24 shipments** was due to de-stocking, the remainder to discontinued models and poor commercial performance; **vi) pricing** "more competitive", but still seems above peers based on YoY trends and wording; **vii) shipments** will be driven but keeping a tight rein on Days Sales Outstanding (i.e. inventories); **viii) quarterly reporting** to start from 1Q26.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	189,544	156,878	163,352	168,286	173,368
EBITDA Adj (Eu mn)	31,390	15,340	16,190	17,029	17,976
Net Profit Adj (Eu mn)	20,111	7,369	7,242	8,074	8,487
EPS New Adj (Eu)	6.420	2.476	2.434	2.713	2.852
EPS Old Adj (Eu)	6.420	2.695	2.596	2.856	
DPS (Eu)	1.550	0.680	0.669	0.746	0.784
EV/EBITDA Adj	0.7	2.5	1.4	1.2	1.0
EV/EBIT Adj	1.0	4.5	2.4	2.1	1.8
P/E Adj	2.0	5.2	5.3	4.8	4.5
Div. Yield	12.0%	5.3%	5.2%	5.8%	6.1%
Net Debt/EBITDA Adj	-0.9	-1.0	-1.0	-1.1	-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)

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Frequency of research: quarterly.
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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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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:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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NEUTRAL:	19.72 %
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Emittente	%	Long/Short

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