Intermonte

Milan, 30 July 2025

Italian Equity Research – 1H25 Results

STELLANTIS

NEUTRAL

Sector: Industrials

Price: Eu8.29 - **Target: Eu8.50**

Under the Hood: STLAM's Engine Warms, But Doesn't Fire Yet

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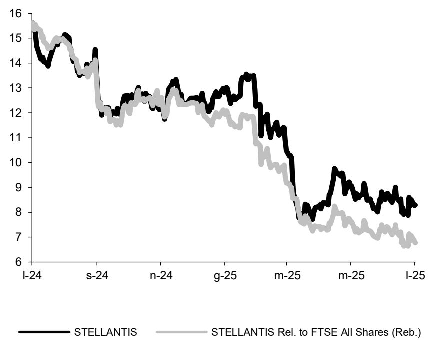
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-55.8%	-12.8%	-0.4%

STELLANTIS - 12M Performance



Stock Data			
Reuters code:			STLAM.MI
Bloomberg code:			STLAM IM
Performance	**1M**	**3M**	**12M**
Absolute	-6.0%	-0.2%	-47.0%
Relative	-9.8%	-9.2%	-69.1%
12M (H/L)			15.49/7.67
3M Average Volume (th):			23,950.24

Shareholder Data	
No. of Ord shares (mn):	2,976
Total no. of shares (mn):	2,976
Mkt Cap Ord (Eu mn):	24,658
Total Mkt Cap (Eu mn):	24,658
Mkt Float - Ord (Eu mn):	16,935
Mkt Float (in %):	68.7%
Main Shareholder:	
Exor	15.2%

Balance Sheet Data	
Book Value (Eu mn):	78,688
BVPS (Eu):	26.44
P/BV:	0.3
Net Financial Position (Eu mn):	9,857
Enterprise Value (Eu mn):	14,800

Despite slightly higher volumes and revenues, the absence of one-off incentives, a more stable production schedule, and a relatively limited tariff impact in North America, STLAM's 1H25 results showed very little sequential improvement over 2H24. The reinstated FY25 guidance, implying a better HoH 2H, highlights a still challenging environment with intensifying external pressures. However, overall progress appears slower than previously assumed, with no firm commitment yet on positive FCF. The first conference call held by the new CEO demonstrated a clear and effective understanding of the group's most pressing issues. Positively, the initial short-term decisions and actions offer some grounds for optimism, particularly in North America, although the situation in Europe remains more complex and execution will be critical. With tangible improvements still likely more than a year away, and the external backdrop remaining volatile and seemingly unfavorable, we maintain a Neutral stance on the stock. TP confirmed at €8.5, with roll-over to 2026/27 and higher multiples in line with FCA/PSA historical avg due to the stabilization of the issues (vs -30% prev.), offsetting lower estimates.

- **1H25 results softer than expected.** STLAM confirmed its preliminary 1H25 results disclosed last 21st of July which came in overall weaker than our/cons. assumptions. Results were driven by softer commercial results (unit sales -6% YoY, mkt share -1.2pp YoY in key regions), negative mix & price (especially in North America and Europe), higher industrial cost (incl. warranty, tariffs €0.3bn) and FX headwinds. Shipments were 2.66mn, -7% YoY, revenues €74.3bn (vs our/cons. 74.9/74.7), -13% YoY, adj. EBIT €0.5bn (vs our/cons. 2.2/1.6), -94% YoY for a 0.7% margin, FCF €-3.0bn (vs our/cons. -1.5/-2.4) leading to a €9.0bn net cash (vs €15.1bn at YE24).
- **FY25 guidance: improvements vs 1H, but situation still tough.** FY25 guidance points to a 2H better than 1H featuring higher revenue, margin improving at LSD digit level and better FCF. Despite intensifying external headwinds such as tariffs now seen at €1.5bn for the FY (range €1.0-1.5bn), management sees improvement coming from accretive volumes from new launches (both in EU and NA), supported by an improving order books, and cost actions (incl. non-organic benefits from emissions in regulation in the US). While we understand the challenges, we believe the rate of improvement and the lack of firm commitment over a positive FCF, also in light of higher production driving NWC inflows, is somewhat below expectations.
- **1st CEO presentation: understanding challenges and making few (right) decisions is a step forward.** The recently appointed CEO Antonio Filosa, an "FCA guy", gave its first conference call. While many more strategic issues remain on the table (brands, plants, technology), we believe he effectively understands the group's more immediate challenges, making proposed solutions more credible. First, although we have been skeptical of recent launches in North America, we view the return of Tim Kuniskis and a more customer-focused organization as positive signs. Indeed, we welcome the return of several nameplates now occupying white-space fields in large market segments (Jeep Cherokee, RAM 1500 V8, ICE Dodge Charger/Challenger). While challenges are also accurately framed in Europe, the situation appears more complex: improving powertrain options (not only ICE/BEV, but also hybrids), increasing presence in underrepresented C/D segments, and enhancing customer experience are all steps in the right direction but may not be sufficient. Overall, we appreciate the presentation and view the new CEO's initial decisions positively, although execution is now more critical than ever.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	189,544	156,878	152,700	161,085	163,731
EBITDA Adj (Eu mn)	31,390	15,340	9,616	12,957	14,486
Net Profit Adj (Eu mn)	20,111	7,369	2,077	4,629	5,588
EPS New Adj (Eu)	6.420	2.476	0.698	1.556	1.878
EPS Old Adj (Eu)	6.420	2.476	1.579	1.785	1.885
DPS (Eu)	1.550	0.680	0.175	0.389	0.469
EV/EBITDA Adj	0.7	2.5	1.5	1.1	0.9
EV/EBIT Adj	1.0	4.5	5.3	2.5	1.9
P/E Adj	1.3	3.3	11.9	5.3	4.4
Div. Yield	18.7%	8.2%	2.1%	4.7%	5.7%
Net Debt/EBITDA Adj	-0.9	-1.0	-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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As at 30 July 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.84%
OUTPERFORM:	38.81%
NEUTRAL:	28.35%
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 (79 in total) is as follows:

BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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