

ValuationBot.ai

Stellantis N.V. (STLA)

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1. Executive summary

Company: Stellantis N.V.

Ticker: STLA

Recommendation: Strong Buy

Current price: €6.64

Estimated value: €27.55

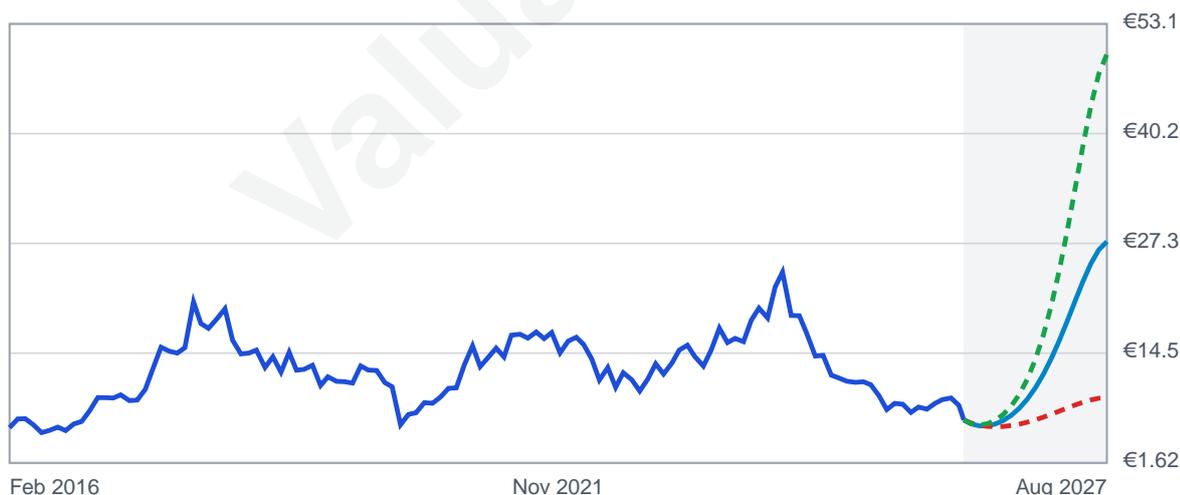
Upside: 314.8%

Expected IRR: 18.8%

I believe Stellantis is undervalued at €6.6. The market is pricing in a weak steady-state profile with only a 3.4% net income margin, 1.0x sales to equity, and 6.1% ROE, which implies the group cannot rebuild profitability or run the balance sheet efficiently through the cycle. I see a different picture. The evidence shows Stellantis can already operate at mid-single-digit profitability (2024 adjusted operating income margin was 5.5%), and platform sharing plus disciplined capital returns should support higher capital efficiency, which makes my steady-state assumptions of 5.5% margin, 1.7x sales to equity, and 10.0% ROE credible. Compared with peers where today's multiples imply very low expectations (STLA at 2.8x P/E, 0.1x P/S, and 0.2x P/B, each around the 10th percentile of the peer set), I estimate fair value at about €20–€35 per share, with a base-case of €28, which implies about 315% upside from today's price. Key events such as the expected strategic plan refresh in May 2026 and the 2025 full-year results and 2026 outlook cycle (timing unconfirmed) should test whether margins, cash discipline, and returns move towards my forecasts. The main risks are a prolonged BEV price war that locks margins near 3.4%, balance sheet protection that keeps sales to equity near 1.0x, and regulatory or competitor shocks that cap ROE near 6.1%. Taking all this together, I rate the shares a Strong Buy over the next 12–18 months.

Share price and forecast

— Historical close — Base forecast - - - Bear forecast - - - Bull forecast



Historical close prices and forecast scenarios. Forecast horizon: 18 months. Generated Feb 2026.

2. Overview

Company	Stellantis N.V.
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Ticker

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Analysis date

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Feb 19, 2026

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Expected IRR

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18.8%

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Latest filing

ValuationBot.ai

10-Q, Jul 29, 2025

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Industry

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Auto – Manufacturers

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Sector

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Consumer Cyclical

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Recommendation

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Strong Buy

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Upside potential

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314.8%

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Exchange

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NYSE

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Market cap

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\$19.19bn

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Current price

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€6.64

ValuationBot.ai

Estimated value

ValuationBot.ai

€27.55

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3. Investment summary

Recommendation: Strong Buy STLA (Stellantis N.V.) shares at €6.6.

Thesis: The market prices Stellantis like a structurally impaired car maker, but its scale across 14 brands, shared STLA platforms, and growing services and captive-finance earnings power can sustain a materially better steady-state margin and ROE than investors assume. I expect capital discipline and platform-led cost leverage to lift sales to equity towards 1.7x and ROE towards 10%, which supports a far higher intrinsic value than today's price implies.

Catalysts: May 2026 strategic plan guidance should clarify the long-run margin and capital return path and can challenge the market's 3.4% margin and 6.1% ROE assumptions. The 2025 full-year results and 2026 outlook cycle in early 2026 (timing unconfirmed) should also provide clean evidence on whether profitability can sustain around mid-single digits and whether management actions can support higher capital efficiency towards 1.7x sales to equity.

Valuation: I estimate intrinsic value at €28 per share in my base case versus €6.6 today, which implies about 315% upside; the 25th to 75th percentile of simulated intrinsic values is €20–€35.

Risks: If competitive pricing and compliance costs keep steady-state net income margin near 3.4% and ROE near 6.1%, intrinsic value falls materially versus my base case and the re-rating case weakens. If cash burn or caution forces Stellantis to protect liquidity instead of shrinking equity, sales to equity can stay near 1.0x and investors can keep applying distressed multiples.

4. Company background

Industry

Auto – Manufacturers

Description

Stellantis designs, engineers, manufactures, and sells passenger cars and light commercial vehicles worldwide across 14 brands. It earns most revenue from vehicle sales and parts, and it adds income from aftersales, mobility, and captive or partner finance, leasing, and dealer support.

Key products

Abarth, Alfa Romeo, Chrysler, Citroën, DS, Dodge, Fiat, Fiat Professional, Jeep, Maserati, Ram, Opel, Lancia, Vauxhall, Peugeot vehicles; parts and services; retail and dealer finance, leasing, and mobility services.

Business model

Value proposition: Multi-brand, multi-energy vehicles built on shared STLA platforms, plus parts and mobility and finance add-ons

Revenue engine: Vehicle sales and parts, supplemented by aftersales services and financing and leasing income

Cost drivers and investment focus: R&D and tooling for platforms and software, plant utilisation, purchasing scale, and electrification transition spend

Unit economics

Key unit: Vehicle shipped

Revenue per unit: ~€28.9k (2024 net revenues €156.9bn on 5.415m shipments)

Cost per unit: ~€27.3k (implied by 2024 adjusted operating income margin of 5.5%)

Contribution margin: ~€1.6k per vehicle (about 5.5% of revenue)

Competitive landscape

Direct competitors: Direct competitors: VW Group, Toyota, General Motors, Ford, Renault, Hyundai Kia

Relative positioning: Scale player with broad brand coverage and platform sharing, strong in Europe and meaningful in North America

Key threat/trend: BEV price competition and Chinese entrants compressing margins and forcing higher investment

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Key threat/trend: BEV price competition and Chinese entrants compressing margins and forcing higher investment

Operating segments

North America (largest): Jeep, Ram, Dodge, Chrysler vehicle sales and parts

Enlarged Europe (second): Peugeot, Citroën, Fiat, Opel, Vauxhall sales and parts

South America (mid-sized): Fiat and regional brands with strong local scale

Middle East and Africa (smaller): Import and local assembly footprint

China and India and Asia Pacific (smaller): Joint ventures and regional sales

Maserati (smallest): Luxury brand sales and services

Geographic segments

Europe (largest): Core volume base with intense BEV competition and regulation

North America (second): Higher mix potential but sharper cycle and incentive risk

South America (mid-sized): Stronger share positions in key markets

Middle East and Africa (smaller): Growth optionality with lower scale

Rest of World (smaller): Mixed distributor and export markets

5. Financial summary

All financial figures in € millions

Fiscal year	2024	2023	2022	2021	2020
Revenue	156,878	189,544	179,592	149,419	47,656
YoY growth	-17.2%	5.5%	20.2%	213.5%	-56.0%
Adjusted net profit	6,897	20,592	19,360	17,034	(891)
Margin	4.4%	10.9%	10.8%	11.4%	-1.9%
Reinvestment	(650)	14,042	15,084	13,073	(1,054)
FCFE	7,547	6,550	4,276	3,961	163
Adjusted equity	104,517	103,094	91,404	72,751	39,747

Financial summary (continued)

Fiscal year	2024	2023	2022	2021	2020
Return on equity (ROE)	6.6%	20.0%	21.2%	23.4%	-2.2%
Sales to equity ratio	1.50	1.84	1.96	2.05	1.20

6. Investment thesis

The market prices Stellantis like a structurally impaired car maker, but its scale across 14 brands, shared STLA platforms, and growing services and captive-finance earnings power can sustain a materially better steady-state margin and ROE than investors assume. I expect capital discipline and platform-led cost leverage to lift sales to equity towards 1.7x and ROE towards 10%, which supports a far higher intrinsic value than today's price implies.

Mid-single-digit steady-state margin looks achievable: The market prices Stellantis as if it will settle at a 3.4% net income margin, which implies lasting damage from BEV pricing and transition costs. I forecast a 5.5% stable margin because Stellantis has already shown mid-single-digit operating profitability in a normal year (2024 adjusted operating income margin was 5.5%), and it can rebuild mix and cost absorption with platform scale. Cost actions, purchasing leverage, and a rising contribution from aftersales and finance should support margins above the level implied by the current share price, even if competition keeps outcomes volatile year to year. This margin uplift is the biggest driver of the gap between market pricing and my intrinsic value.

Platform scale and capital discipline lift sales to equity: The market assumes Stellantis will need a heavy equity base to sustain revenues, which drives an implied sales to equity ratio of about 1.0x. I forecast 1.7x because the group can share STLA platforms across brands and reduce duplicated investment, which supports better asset use even in a capital-heavy industry. Recent sales to equity has sat around 1.5–2.1 and the industry median sits near 1.8, which makes 1.7x a normalised outcome rather than an aggressive target. If management sustains cash discipline as volumes and mix recover, it can keep equity stable or lower it through capital returns, which mechanically lifts sales to equity and supports a higher valuation.

Scale and services support a higher ROE through the cycle: The market's implied ROE of 6.1% assumes Stellantis cannot earn much above its cost of equity over time. I forecast a 10.0% stable ROE because scale and platform standardisation improve fixed-cost absorption, and services and captive finance add earnings power beyond the hardware cycle. This ROE is not a peak-cycle claim, as it sits only modestly above an 8.98% cost of equity assumption in my base case. If margins normalise near 5.5% and capital efficiency rises towards 1.7x, ROE should follow, which supports a re-rating from distressed multiples.

7. Catalysts

May 2026 plan update can reset margin expectations: Stellantis is expected to publish a refreshed strategic plan in May 2026. If management underwrites a mid-single-digit profitability framework consistent with my 5.5% stable net income margin, the market should move away from the 3.4% margin embedded in the share price. A partial re-rating

to the 25th percentile of simulated intrinsic values at about €20 implies roughly +200% upside from €6.6, even before the shares approach my €28 base-case value. The May 2026 timing is not confirmed, but recent notes point to this window.

Capital allocation signals can lift sales to equity expectations: The 2026 annual general meeting and subsequent board communications (timing unconfirmed) should clarify the balance between investment, dividends, and buybacks. Clear evidence of sustained capital discipline and equity management should push investors away from the market-implied 1.0x sales to equity and towards my 1.7x forecast. If the market prices in a higher efficiency profile, it should support a move into the €15–€20 range, which matches a shift towards the lower quartile of simulated intrinsic values. This catalyst depends on management choice and cash generation, so I treat the timing as an estimate.

Earnings normalisation can shift ROE expectations: The 2025 full-year results and the 2026 outlook cycle in early 2026 (best estimate, unconfirmed) should show whether earnings power can recover enough to lift ROE expectations. If reported performance supports a path towards a 10.0% steady-state ROE, investors should reduce the risk discount implied by today's valuation. A move from a 6.1% ROE narrative to a 10.0% ROE narrative can justify a rerating towards my €20–€35 valuation range, with €28 as the central case. This catalyst relies on execution and end-market conditions.

8. Valuation

Current price: €6.64

Base case value: €27.55

Upside potential: 314.8%

Expected IRR: 18.8%

Currency: EUR

Report date: Feb 19, 2026

Latest annual financials: Dec 31, 2024

[Base case assumptions](#) [DCF model](#) [Bull/Bear scenarios](#)

Story:

Stellantis sits in a mature, cyclical phase. I expect a multi-year recovery in volumes and mix after a weak patch, helped by product renewals, platform scale, and a broader multi-energy line-up. Electrification and software add some recurring revenue, but strong competition and incentive pressure keep pricing power limited. The firm protects profitability through cost actions and scale, so margins rebuild gradually rather than snap back, and growth fades towards a steady replacement-cycle rate.

Multiples snapshot

Auto manufacturers trade cheaply today and Stellantis sits at the extreme low end of that range, with 2.8x P/E, 0.1x P/S, and 0.2x P/B, each around the 10th percentile of the peer set. This discount matches fears of BEV price pressure, policy and tariff shocks, and volatile earnings, and it is consistent with the market-implied steady state of 3.4% margin and 6.1% ROE. If Stellantis delivers my steady-state drivers of 5.5% margin, 1.7x sales to equity, and 10.0% ROE, I see fair multiples rising to about 4.5–6.0x earnings and 0.2–0.3x sales, which the model's implied peer-

price mapping translates into roughly €15–€25 per share, and that supports a Strong Buy alongside my €28 intrinsic value.

Price-to-sales: 0.1x ("d10th percentile vs. peers) with implied share prices from €11 to €342 across the revenue-weighted peer set.

Price-to-earnings: 2.8x ("d10th percentile vs. peers) with implied share prices from €8.8 to €107 across the revenue-weighted peer set.

Price-to-book: 0.2x ("d10th percentile vs. peers) with implied share prices from €14 to €326 across the revenue-weighted peer set.

9. Risks

BEV pricing pressure locks in a 3.4% margin outcome: BEV price cuts may persist and force Stellantis to fund higher incentives to protect volumes in Europe and North America. That scenario would keep steady-state net income margin closer to the market-implied 3.4% rather than my 5.5% forecast, even if revenues recover. If margins stay at 3.4%, my intrinsic value case de-rates sharply and the shares may struggle to justify more than the €10–€15 range implied by a modest re-rating from distressed levels. This is the most direct risk to the key valuation driver that differs from market expectations.

Balance sheet protection keeps sales to equity near 1.0x: If industrial cash flow stays weak, Stellantis may prioritise liquidity and funding flexibility over equity reduction and capital returns. Hybrid funding, equity-linked issuance, or simply holding excess cash can keep equity elevated, which would hold sales to equity near the market-implied 1.0x rather than my 1.7x forecast. If efficiency stays at 1.0x, the market can continue to treat the business as capital-hungry and apply very low P/B and P/S multiples. In that case, upside to my €28 base case becomes harder to realise even if margins improve somewhat.

Regulation and competitor moves cap ROE near 6.1%: Stricter emissions rules, tariffs, or faster competitor product cycles may force higher spend and lower pricing, which would cap ROE near the market-implied 6.1% instead of my 10.0% forecast. Higher warranty and recall costs, or further impairments tied to strategy changes, could also reduce net income and delay any ROE recovery. If ROE stays near 6.1%, investors may keep the shares at distressed multiples and limit re-rating despite low headline P/E. This risk matters most in segments where BEV competition is most intense.

10. Appendix

10.1 Base case assumptions

Valuation story

Stellantis sits in a mature, cyclical phase. I expect a multi-year recovery in volumes and mix after a weak patch, helped by product renewals, platform scale, and a broader multi-energy line-up. Electrification and software add some recurring revenue, but strong competition and incentive pressure keep pricing power limited. The firm protects profitability through cost actions and scale, so margins rebuild gradually rather than snap back, and growth fades towards a steady replacement-cycle rate.

Revenue growth rate

Value: 3.5%

Explanation: I treat Stellantis as a mature, cyclical manufacturer that can recover volumes and mix after a weak patch, but cannot outgrow the global auto market for long. The analyst revenue path rises from about €180bn to just over €200bn over the medium term, which implies low-to-mid single digit growth once the near-term rebound fades. I set a 3.5% rate as a plausible 4-year CAGR (the first half of an 8-year glide path) that fits a recovery plus modest share gains in BEV and services.

Stable growth rate

Value: 2.5%

Explanation: I anchor stable growth to long-run nominal economic growth and mature auto demand. This sits close to, but below, the 2.7573% risk-free rate, which respects the hard constraint and reflects a price-led industry with limited long-run unit growth. It also matches a business that reaches a steady replacement-cycle profile once electrification investment normalises.

Years to stability

Value: 8.0

Explanation: I place Stellantis in a mature life cycle stage with a recovery phase, so it should not need a very long high-growth runway. The consensus revenue slope looks like a multi-year repair and then a flattening, which fits an 8-year path where growth is firmer early and then tapers. This makes the 3.5% growth assumption credible as a 4-year CAGR rather than an unrealistic decade-long outperformance.

Sales-to-equity ratio

Value: 1.7

Explanation: Stellantis runs a capital-heavy model, but it has scale and can share platforms across brands, which supports decent capital efficiency. Recent sales to equity sat around 1.5–2.1, and the industry median sits near 1.8, so I move it towards 1.7 as reinvestment stays high for electrification and software. This fits a base case where the firm funds growth without a step-change in balance sheet intensity.

Stable net profit margin

Value: 5.5%

Explanation: I assume margins settle near the industry middle because competition in BEVs and incentives cap long-run pricing power. The firm showed very high adjusted margins in the strong years, but the latest results show how quickly margins compress when volumes, incentives, and impairments turn against it. A 5.5% stable margin matches a mature OEM with some help from software and aftersales, but with ongoing transition costs and cyclical pressure.

FY+1 net profit margin

Value: 0.0%

Explanation: I expect a near-term profit trough in line with the analyst net income path that turns deeply negative before recovering, which also fits management's description of a gradual margin repair from a weak base. I set FY+1 margin around break-even because fixed-cost absorption and incentives can still bite, even if revenue improves. This also reflects the gap between expensed consensus earnings and our intangible-adjusted view, where capitalised development softens the reported hit but does not remove the underlying pricing and volume pressure.

Margin convergence

Value: 6.0

Explanation: I expect margins to recover, but not in a straight line, because BEV mix, tariffs, and incentives create volatility and the product cycle takes time to flow through plants and dealers. Consensus net income improves steadily across the later years, which supports a multi-year climb rather than a snap-back. Six years gives enough time for platform scale, battery cost relief, and cost actions to show up, while still converging before full revenue stability.

Stable ROE

Value: 10.0%

Explanation: I set stable ROE modestly above the stable cost of equity because Stellantis has scale, brands, and captive finance, which should earn some economic profit in a normal cycle. Recent ROE swung from very high to low, so I do not extrapolate peak profitability into perpetuity. A 10% ROE sits below the firm's best years and below the industry upper percentiles, but it stays above an 8.98% cost of equity in a plausible base case.

Credit rating

Value: Baa2/BBB

Explanation: I align the rating with an investment-grade profile supported by large liquidity, scale, and diversified regions, but I keep it mid-BBB because earnings and cash flow swing hard in downcycles. The notes show meaningful gross debt and negative industrial free cash flow during heavy investment, which limits upward rating pressure. This matches a base case where the balance sheet stays resilient but does not de-risk enough for the A category.

Recovery ratio

Value: 45.0%

Explanation: I assume a mid-range recovery because Stellantis holds sizeable tangible assets and established brands, but autos also suffer from fast asset value erosion in distress. The business relies on working capital, tooling, and dealer networks, which often realise less than book value in liquidation. A 45% recovery fits an investment-grade cyclical industrial with meaningful secured and operating assets but high cycle risk.

10.2 DCF model

All financial data in € millions unless stated otherwise

	Base year	FY+1	FY+2	FY+3	FY+4	FY+5	FY+6
Revenue	156,878	162,369	168,052	173,933	180,021	185,872	191,448
YoY growth, %	-17.2%	3.5%	3.5%	3.5%	3.5%	3.3%	3.0%
All expenses	149,981	162,369	166,511	170,745	175,071	179,057	182,673
Net profit	6,897	0	1,540	3,189	4,951	6,815	8,775
Net margin, %	4.4%	0.0%	0.9%	1.8%	2.8%	3.7%	4.6%
Reinvestment	-650	3,230	3,343	3,460	3,581	3,442	3,280
Invested equity	104,517	107,746	111,089	114,549	118,130	121,572	124,852
ROE, %	6.6%	0.0%	1.4%	2.8%	4.2%	5.6%	7.0%
S/E ratio, x	1.5	1.7	1.7	1.7	1.7	1.7	1.7
FCFE	7,547	-3,230	-1,802	-271	1,370	3,374	5,495
Stable value							
FCFs to discount		-3,230	-1,802	-271	1,370	3,374	5,495
Discount factor		1.0	0.9	0.8	0.8	0.7	0.7
Cost of equity, %	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
PV of FCFE		-3,230	-1,654	-228	1,058	2,392	3,575
	...				FY+7	FY+8	Stability
Revenue					196,713	201,631	206,671
YoY growth, %					2.8%	2.5%	2.5%
All expenses					185,894	190,541	195,304
Net profit					10,819	11,090	11,367
Net margin, %					5.5%	5.5%	5.5%
Reinvestment					3,097	2,893	2,842
Invested equity					127,949	130,842	
ROE, %					8.5%	8.5%	10.0%
S/E ratio, x					1.7	1.7	1.7
FCFE					7,722	8,197	8,525
Stable value							
FCFs to discount					7,722	8,197	131,660
Discount factor					0.6	0.5	0.5
Cost of equity, %					9.0%	9.0%	9.0%
PV of FCFE					4,611	4,491	72,137
Sum of PV of FCFE							83,152.7
Less: Distress adjustments							1,155.8
Distress likelihood, %							3.2%
Recovery ratio, %							45.0%
Value of common equity							81,996.9
Less: Employee options							0.0
Less: Unfunded liabilities							2,400.0
Value of common shareholders' equity							79,596.9
Divide: Share count							2,888.7
Equity value per share							€27.55

10.3 Scenarios

Bear case

Value: €9.30

Upside: 40.0%

Story: Stellantis sits in a mature, cyclical phase, but the bear case turns the current reset

into a longer grind. Price pressure from Chinese and legacy rivals forces higher incentives, and tariffs and regulation add cost and disruption across regions. The BEV and software plan still progresses, but it delivers less mix benefit and slower recurring revenue than hoped, while impairments and warranty and restructuring costs keep profits thin. The firm protects liquidity, but the business earns only modest returns and takes longer to rebuild towards a steady replacement-cycle profile.

Revenue growth rate: 1.5%

Stable growth rate: 2.3%

FY+1 net margin: -2.0%

Stable net margin: 3.5%

Sales-to-equity ratio: 1.5

Years to stability: 10.0

Stable ROE: 9.0%

Bull case

Value: €49.53

Upside: 645.6%

Story: Stellantis stays in a mature life cycle stage, but it shifts into a strong execution upswing. It turns the STLA platform roll-out, multi-energy range, and Leapmotor distribution into sustained volume and mix gains across Europe and higher-growth regions, while North America stabilises with a better product cadence. It grows software-enabled services, aftersales, and captive finance income, which lifts recurring revenue and reduces pure cycle dependence. It cuts structural costs and benefits from battery cost declines, so margins rebuild faster and settle above the sector mid-point, which makes this bull case plausible rather than heroic.

Revenue growth rate: 5.5%

Stable growth rate: 2.6%

FY+1 net margin: 1.8%

Stable net margin: 7.2%

Sales-to-equity ratio: 2.0

Years to stability: 10.0

Stable ROE: 12.5%

10.4 Other claims

(in € millions unless stated)

Employee stock options

Number of stock options: 0.0

Weighted avg. strike price: 0.00

Weighted avg. maturity: 0.0

Assumed volatility: 0.0%

Assumed dividend yield: 0.0%

Value of options: 0.0

Unfunded liabilities

Pension obligations: 2,400.0 – I used the stated underfunding of defined benefit pension plans of €2.4bn at December 31st 2024. I assumed a 100% payment probability because these are contractual benefit promises and the shortfall is already identified.

Post-retirement benefits: 0.0

Healthcare liabilities: 0.0

Deferred compensation: 0.0

Lawsuit contingencies: 0.0

Environmental liabilities: 0.0

Other: 0.0

Total liabilities: 2,400.0

10.5 Cost of equity

Inputs for risk-free rate

Ten-year bond yield, %	2.8%
Bond yield country	Germany
Default spread, %	0.0%
Risk-free rate, %	2.8%

Beta calculation

Operating segment	Sales	EV/Sales	Weight, %	Business beta
Auto - Manufacturers	6,151	1.0	3.9%	1.1
Auto - Manufacturers	1,040	1.0	0.7%	2.2
Auto - Manufacturers	1,993	1.0	1.3%	1.8
Auto - Manufacturers	15,863	1.0	10.1%	1.4
Auto - Manufacturers	10,097	1.0	6.4%	1.4
Auto - Manufacturers	59,010	1.0	37.4%	1.1
Auto - Manufacturers	63,450	1.0	40.3%	1.4
Business beta				1.28
Debt-to-equity ratio, %				194.0%
Cash-to-firm value ratio, %				65.7%
Marginal tax rate, %				24.6%
Equity beta				1.1

Beta selection notes

Auto – Manufacturers (50th percentile of the industry, 1.1): Other activities is a mixed set of businesses (such as mobility, software and parts and services) with both steadier and more growth-sensitive elements. With no single dominant risk profile, using the median beta is the fairest choice.

Auto – Manufacturers (80th percentile of the industry, 2.2): Maserati is a luxury brand where demand is discretionary and can drop sharply in downturns, particularly in key export markets. It also carries high fixed costs in design and engineering, so a high industry beta percentile is most appropriate.

Auto – Manufacturers (70th percentile of the industry, 1.8): China and India and Asia Pacific faces intense competition and fast-changing consumer preferences, especially around electrification, which makes volumes and pricing more volatile. With smaller scale and less resilience to shocks, the segment's risk looks higher than average.

Auto – Manufacturers (60th percentile of the industry, 1.4): South America is cyclical and tends to face sharper demand swings due to credit conditions and economic instability, which increases product risk. Manufacturing operations add fixed-cost exposure, supporting a beta above the industry median.

Auto – Manufacturers (60th percentile of the industry, 1.4): Middle East and Africa demand is more exposed to macro volatility, import restrictions and uneven market conditions, which can amplify revenue swings. The cost base still includes meaningful fixed distribution and support costs, so a modestly above-average beta is justified.

Auto – Manufacturers (50th percentile of the industry, 1.1): Enlarged Europe remains cyclical, but the product mix includes a large share of mainstream passenger cars and light commercial

vehicles, which can be somewhat steadier than luxury-heavy portfolios. With no clear evidence it is structurally riskier than the industry average, the median beta fits best.

Auto – Manufacturers (60th percentile of the industry, 1.4): North America is heavily exposed to demand for pick-up trucks and larger SUVs, which are highly cyclical and sensitive to financing and consumer confidence. The segment also has high operating leverage from large manufacturing footprints, so a slightly above-median beta is appropriate.

Equity risk premium (ERP) calculation

Geographic segment	Sales	Weight, %	ERP, %	Tax rate, %
Switzerland	670	0.4%	4.0%	14.6%
Spain	4,286	2.7%	6.2%	25.0%
Portugal	1,252	0.8%	6.2%	21.0%
Poland	1,166	0.7%	5.5%	19.0%
Germany	8,371	5.3%	4.0%	30.0%
France	16,363	10.4%	5.1%	25.0%
Brazil	13,577	8.7%	8.5%	34.0%
Austria	1,062	0.7%	4.5%	23.0%
Argentina	1,413	0.9%	17.4%	35.0%
Algeria	1,245	0.8%	10.4%	26.0%
Turkey	5,969	3.8%	10.4%	25.0%
Global	11,761	7.5%	6.3%	24.4%
United Kingdom	8,108	5.2%	5.1%	25.0%
North America	65,309	41.6%	4.7%	21.9%
Netherlands	1,513	1.0%	4.0%	25.8%
Japan	894	0.6%	5.3%	30.6%
Italy	11,166	7.1%	7.4%	24.0%
China	638	0.4%	5.3%	25.0%
Belgium	2,115	1.3%	5.1%	25.0%
Company ERP, %				5.8%

Cost of equity calculation

Risk-free rate, %	2.8%
Beta x ERP	6.2%
Equity beta	1.1
Equity risk premium, %	5.8%
Cost of equity, %	9.0%

Stable cost of equity calculation

Risk-free rate, %	2.8%
Beta x ERP	6.2%
Stable beta (clamped)	1.1
Equity risk premium, %	5.8%
Stable cost of equity, %	9.0%

10.6 Reverse DCF

Expected IRR	18.8%		
Driver	Base value	Market-implied value	Difference
Stable net profit margin, %	5.5%	3.4%	-2.1

Reverse DCF (continued)

Driver	Base value	Market-implied value	Difference
Sales-to-equity ratio	1.7	1.0	-0.7
Stable ROE, %	10.0%	6.1%	-3.9

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