

BANCA GENERALI

Sector: Asset mgmt

OUTPERFORM

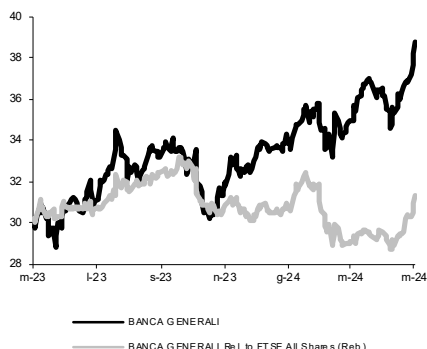
Price: Eu38.82 - Target: Eu43.00

Further Upside Potential

Alberto Villa +39-02-77115.431
alberto.villa@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 40.00 to 43.00		
	2024E	2025E	2026E
Chg in Adj EPS	0.7%	1.3%	2.1%

BANCA GENERALI - 12M Performance



Stock Data			
Reuters code:	BGN.MI		
Bloomberg code:	BGN IM		
Performance	1M	3M	12M
Absolute	7.2%	12.6%	28.5%
Relative	6.0%	2.7%	4.7%
12M (H/L)	38.82/28.80		
3M Average Volume (th):	320.18		

Shareholder Data	
No. of Ord shares (mn):	116
Total no. of shares (mn):	116
Mkt Cap Ord (Eu mn):	4,520
Total Mkt Cap (Eu mn):	4,520
Mkt Float - Ord (Eu mn):	2,192
Mkt Float (in %):	48.5%
Main Shareholder:	
Generali Assicurazioni	51.0%

Balance Sheet Data	
Book Value (Eu mn):	1,262
BVPS (Eu):	1,262.37

■ **1Q24 results better than consensus and our estimates.** 1Q24 results were sound, with a much higher contribution from performance fees, while NII remains supportive and recurring fees are developing nicely. In detail:

- Total income came to €257mn (+30% YoY), above consensus and our estimate, driven by NII (+12% YoY) and variable fees (€54mn vs. €5mn in 1Q23).
- Net recurring fees were €118mn, with management fees at €207mn (+3.7% YoY); advisory fees €11.8mn (+25% YoY) and banking and brokerage fees €37.7mn (+30% YoY). Fee charges came to €139mn (+10.9% YoY).
- Total net fees (incl. variable) came to €173mn (+46% YoY), above our estimate.
- Operating costs €68.3mn with a C/I ratio of 26.6%, better than our 30.3%.
- Operating profit was €188.4mn, pre-tax profit €161mn, net profit €122.0mn (+47% YoY) despite a €10.4mn negative impact related to the contribution to banking sector funds (€6mn in 1Q23), which were entirely booked upfront in 1Q for 2024.

■ **April net inflows improved, with management confirming our expectations for a better mix ahead.** During the conference call, management said it expects a gradual increase in customer preference for financial wrappers and advisory inflows in the coming months. We consider April inflows consistent with a gradually improving trend in the mix from earlier in the year. April net inflows into managed assets came to €254mn (vs. €119mn in April 2023), AuA posted inflows of €224mn (vs. €399mn last year) and liquidity inflows (€166mn vs. €105mn outflows in January 2024) brought YTD liquidity data into positive territory at €26mn. Traditional life insurance products and commissions continued to struggle, but with marked improvements vs. last year, and management believes they could be an attractive product again in a different market environment once yields stabilise.

■ **Change in estimates: 2024/25/26 adj. net profit +0.7%/+1.3%/+2.1%.** We are including a better contribution from performance fees to factor in the very strong 1Q24 trends and management's indication for a further positive contribution in April (~€4mn) despite the slight market decline, with many funds again near to high water marks. We are not raising our NII estimates for FY24 as we are still slightly above guidance of €280mn (which in our view is based on some conservative assumptions). 2024/25/26 adj. net profit estimates up +0.7%/+1.3%/+2.1%.

■ **OUTPERFORM; target raised from €40 to €43.** We confirm our OUTPERFORM rating, raising our TP following positive indications from 1Q24, especially considering that BGN is poised to deliver a positive trend in future inflows. The Switzerland move is a potential added extra. We remain bullish on BGN despite the recent strong market performance as we see potential for further upside on estimates, generous dividends that could also be boosted by performance fees and a re-rating towards past multiples.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Commissions Income (Eu mn)	472	467	547	568	586
Total Income (Eu mn)	640	788	847	852	858
Net Operating Profit (Eu mn)	383	512	550	533	524
Net Profit Adj (Eu mn)	248	326	366	367	366
EPS New Adj (Eu)	2.087	2.791	3.131	3.140	3.133
EPS Old Adj (Eu)	2.087	2.791	3.110	3.099	3.069
DPS (Eu)	1.650	2.150	2.250	2.300	2.350
Market Cap/F.U.M.	8.1%	7.9%	7.6%	7.2%	6.7%
P/E Adj	18.6	13.9	12.4	12.4	12.4
Div. Yield	4.3%	5.5%	5.8%	5.9%	6.1%
ROE	22.7%	28.5%	29.6%	29.0%	28.7%

DISCLAIMER (for more details go to [DISCLAIMER](#))**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Brasil Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Brasil Plural Securities LLC, 545 Madison Avenue, New York 10022.

GUIDE TO FUNDAMENTAL RESEARCH

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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMB40 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.

Explanation of our ratings system:

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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (50 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte is acting as financial advisor to SGG Holding S.p.A. in relation to the voluntary public tender offer launched on SAES Getters S.p.A.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Civitanavi Systems, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambienthesis), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and Wiit.

Intermonte SIM is acting as counterparty to Wiit Fin S.r.l. in connection with call and put options having Wiit S.p.A. shares and dividends as reference underlying.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, EL.En, Elica, Emak, Esprinet, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, Go Internet, GPI, Greenthesis (formerly Ambienthesis), IEG, Iervolino & Lady Bacardi Entertainment, IndelB, Intred, Luve, Matica Fintec, Mondadori, Notorious Pictures, Omer, Pharmanutra, Reevo, Relatech, Reply, Revo Insurance, Sababa Security, Saes Getters, Sciuker Frames, Servizi Italia, Sesa, Seri Industrial, Somec, Star7, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and Wiit.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMBI, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider on the following companies: Abitare In, Alkemy, Banca Sistema, Bifire S.p.A., B&C Speakers, Cleanbnb, Crowdfundme, Cy4gate, Cyberoo, Digital Bros, Digital Magics, Doxoe, Ediliziacrobatica Spa, Eles, Elica, Emak, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GPI, Intercos, Intred, Lventure Group, Maps, Masi Agricola, Matica Fintec, Neodecortech, Notorious Pictures, Osai Automation System, Racing Force Group, Relatech, Reti, Sciuker Frames, Solid World Group, Spindox Digital Soul, Tamburi, Tesmec, Tinexta, Tps Group, Trendevice, Ulisse Biomed, Wiit.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

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

© Copyright 2024 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available