

BANCA MEDIOLANUM

BUY

Sector: Asset mgmt

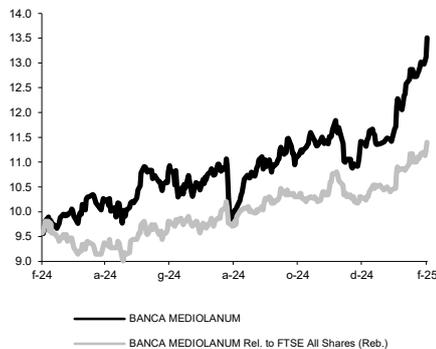
Price: Eu13.51 - Target: Eu14.50

More Inflows and Dividends on the Way!

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	0.4%	0.7%	0.3%

BANCA MEDIOLANUM - 12M Performance



Stock Data			
Reuters code:	BMED.MI		
Bloomberg code:	BMED IM		
Performance	1M	3M	12M
Absolute	15.9%	17.5%	41.1%
Relative	9.4%	8.2%	22.7%
12M (H/L)	13.51/9.56		
3M Average Volume (th):	1,103.31		

Shareholder Data	
No. of Ord shares (mn):	743
Total no. of shares (mn):	744
Mkt Cap Ord (Eu mn):	10,035
Total Mkt Cap (Eu mn):	10,035
Mkt Float - Ord (Eu mn):	2,961
Mkt Float (in %):	29.5%
Main Shareholder:	
Doris family	40.4%

Balance Sheet Data	
Book Value (Eu mn):	4,070
BVPS (Eu):	5.47

■ **Record net profit boosted by exceptional performance fees paves the way for a special dividend.** As expected, BMED's 4Q24 results were driven to a record level by performance fees, while investment management fees and the NII contribution were still slightly better than expected. In detail:

- Net commissions came in at €294mn (+13% YoY), an increase driven by Insurance (+21% YoY) and growth in management fees (+20% YoY) thanks to higher AuM boosted by positive markets and solid inflows.
- Contribution margin €495mn (+4.1% YoY), with the NII contribution in line with expectations at €198mn (-6.4% YoY) and lower impairments for loans (€9.3mn) vs. €13mn in 4Q23.
- FY24 performance fees were already announced in early January. The 4Q contribution was €326mn vs. €46mn in 4Q23. This result boosted the impressive YoY bottom line growth, with net profit of €445mn (+78% YoY).
- Record FY24 DPS at €1.00 (€0.75 base + €0.25 special), vs. €0.90 expected.

■ **Resilient January inflows mix - AuC boosted by remunerated term deposits campaign.** January inflow figures were very positive despite a weaker mix than in the final months of 2024. We believe this was mainly related to the ongoing remunerated liquidity campaign that should boost AuM in next months.

■ **FY25 guidance: no news is good news!** Mediolanum's FY25 guidance was aligned with our expectations and market consensus. We welcome the absence of unexpected news, especially considering the reassuring tone struck by management during the conference call on the visibility of 2025 targets. Specifically, DPS is expected to increase vs. the 2024 base of €0.75 (our estimate €0.80), 2025 AuM inflows are projected at a similar level to the €7.5bn witnessed in 2024 (in line with our estimate), while NII is expected to decline 5% vs. FY24 (-6% YoY in our estimate). We consider the confirmation of just a mid-single-digit NII decline to be a very appealing target considering the remunerated deposit campaigns that BMED is putting in place to attract liquidity and new clients.

■ **BUY, target confirmed at €14.5.** We are nudging our estimates upwards by less than 1% to include the positive trends that emerged in 4Q and the supportive indications from guidance and the conference call, which confirmed the company's positive commercial traction: it expects an additional €1.5bn of inflows from the ongoing term deposits while continuing to work on switching client liquidity into managed assets. We expect BMED to retain best-in-class AuM net inflows, with both engines in Italy and Spain continuing to support growth. Despite its very positive performance, BMED continues to trade at attractive multiples of around 11x earnings, making the company one of the best opportunities in the Italian asset gathering arena. We confirm our target price of €14.5 on the stock, implying a multiple of 12.5x FY25 earnings with a ~5.5% dividend yield.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Commissions Income (Eu mn)	1,718	2,035	2,156	2,285	2,423
Total Income (Eu mn)	2,655	3,076	3,158	3,267	3,417
Net Operating Profit (Eu mn)	1,067	1,455	1,151	1,147	1,176
Net Profit Adj (Eu mn)	830	1,120	875	872	894
EPS New Adj (Eu)	1.115	1.505	1.176	1.172	1.202
EPS Old Adj (Eu)	1.115	1.479	1.171	1.163	1.198
DPS (Eu)	0.700	1.000	0.800	0.840	0.900
Market Cap/F.U.M.	12.4%	11.4%	10.5%	9.7%	9.0%
P/E Adj	12.1	9.0	11.5	11.5	11.2
Div. Yield	5.2%	7.4%	5.9%	6.2%	6.7%
ROE	26.0%	31.1%	22.3%	20.8%	20.2%

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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 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 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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BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
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 (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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