

# BANCA MEDIOLANUM

# OUTPERFORM

Sector: Asset mgmt

Price: Eu13.75 - Target: Eu15.80

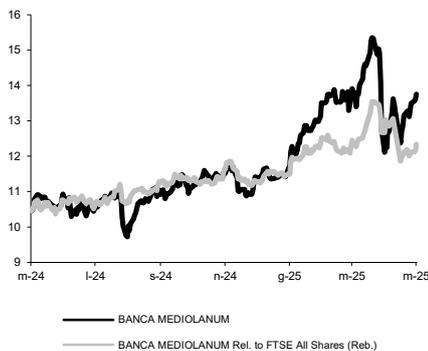
## Great Numbers, Great Stock, Great Opportunity

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### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 14.50 to 15.80		
	2025E	2026E	2027E
Chg in Adj EPS	3.6%	1.9%	1.5%

### BANCA MEDIOLANUM - 12M Performance



### Stock Data

Reuters code:	BMED.MI
Bloomberg code:	BMED IM

Performance	1M	3M	12M
Absolute	13.5%	1.9%	31.7%
Relative	-3.1%	-1.6%	20.2%
12M (H/L)	15.35/9.72		
3M Average Volume (th):	1,977.81		

### Shareholder Data

No. of Ord shares (mn):	743
Total no. of shares (mn):	744
Mkt Cap Ord (Eu mn):	10,214
Total Mkt Cap (Eu mn):	10,214
Mkt Float - Ord (Eu mn):	3,014
Mkt Float (in %):	29.5%
Main Shareholder:	
Doris family	40.4%

### Balance Sheet Data

Book Value (Eu mn):	4,043
BVPS (Eu):	5.43

In Jan-Apr 2025, BMED has once again shown extraordinarily positive inflow trends at €3.15bn with April at €1.1bn, despite growing market volatility showing the merits of its business model based on instalment plans and the transfer from liquidity to AuM of deposits gathered through commercial initiatives. 1Q results were strong and boosted by positive growth of both recurring and variable fees. The stock is still trading at undemanding multiples in our view considering the excellent expectations for future growth.

- 1Q25 net profit above expectations thanks to growth of fees and the positive market effect.** Banca Mediolanum's 1Q25 results were above our estimates, with net profit of €243mn vs. €219mn expected, mainly thanks to a stronger-than-expected insurance result, and positive market effect in terms of performance fees and investments at fair value. The main items, such as management fees and NII, were in line. In more detail: total commissions at €316mn, +9% YoY (slightly above our estimates) with management fees at €344mn (+13% YoY; in line with estimates) and net insurance result at €56mn (+18% YoY; above estimates). Performance fees at €39mn (+32% YoY; above estimates).
- Strong April inflow mix - AuM boosted by expiry of remunerated term deposits campaign.** April inflow data shown a record mix with AuM at €1.1bn (vs. €621mn in April 2024), while AuC saw outflows of €8mn (vs. €404mn inflows in April 2024). The particularly positive mix was driven by several factors but mostly by the conversion into AuM of 40% of the €1.9bn of remunerated deposits collected in 2H24 that reached maturity, and the acceleration in transfers from smart investment mechanisms. The Spanish operations are continuing to show strong growth, increasingly becoming the company's second growth engine. These figures increase visibility on 2025 AuM inflow targets, and we are raising our projection for inflows to AuM in 2025 to €7.7bn, slightly better than current company guidance. BMED announced the "Grand Patrimoni" initiative to capture a share of private banking clients; more details will be disclosed later in the year.
- OUTPERFORM confirmed, target at €15.8 from €14.5.** We are revising upward our FY25/26/27 estimates by +3.6%/+1.9%/+1.5% to include positive trends that emerged in 1Q results and supportive indications during the conference call. On the back of the company's positive commercial traction, we have raised our AuM estimate with a positive effect in terms of management fees as well. Despite its very positive performance, BMED remains our first choice among Italian asset gatherers as the stock continues its path of operating delivery while trading at attractive multiples of ~11.5x/12.0x earnings. Taking into consideration our estimate revisions but most of all an expected and deserved multiple expansion to better align to the rest of the industry, we raise the TP to €15.8ps, implying a multiple of 13.8/13.5x FY25/26 earnings with a ~5% dividend yield.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Commissions Income (Eu mn)	1,718	2,035	2,141	2,282	2,434
Total Income (Eu mn)	2,655	3,076	3,131	3,274	3,424
Net Operating Profit (Eu mn)	1,067	1,455	1,124	1,152	1,180
Net Profit Adj (Eu mn)	830	1,120	847	869	889
EPS New Adj (Eu)	1.115	1.505	1.139	1.168	1.195
EPS Old Adj (Eu)	1.115	1.505	1.100	1.146	1.177
DPS (Eu)	0.700	1.000	0.800	0.840	0.900
Market Cap/F.U.M.	12.6%	11.6%	10.8%	10.0%	9.3%
P/E Adj	12.3	9.1	12.1	11.8	11.5
Div. Yield	5.1%	7.3%	5.8%	6.1%	6.5%
ROE	26.0%	31.1%	21.6%	20.9%	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 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.

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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:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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