

BANCA MEDOLANUM

NEUTRAL

Sector: Asset mgmt

Price: Eu20.22 - Target: Eu22.00

Great Company, Balanced Risk/Reward, Downgrade to NEUTRAL

Alberto Villa +39-02-77115.431

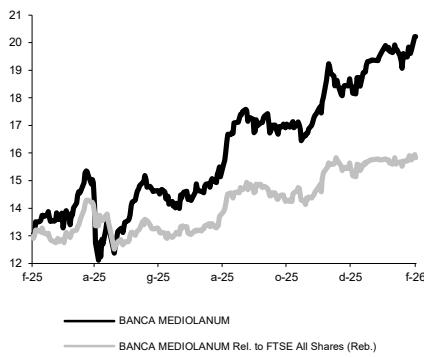
alberto.villa@intermonte.it

Antonio Gianfrancesco: +39-02-77115.634

antonio.gianfrancesco@intermonte.it

Stock Rating		
Rating:		from OUTPERFORM to NEUTRAL
Target Price (Eu):		Unchanged
2026E	2027E	2028E
Chg in Adj EPS	1.5%	1.0%

BANCA MEDOLANUM - 12M Performance



Stock Data		
Reuters code:	BMED.MI	
Bloomberg code:	BMED IM	
Performance	1M	3M
Absolute	2.7%	14.8%
Relative	0.4%	7.4%
12M (H/L)		20.22/12.11
3M Average Volume (th):	1,166.76	

Shareholder Data	
No. of Ord shares (mn):	745
Total no. of shares (mn):	745
Mkt Cap Ord (Eu mn):	15,070
Total Mkt Cap (Eu mn):	15,070
Mkt Float - Ord (Eu mn):	4,447
Mkt Float (in %):	29.5%
Main Shareholder:	
Doris family	40.4%

Balance Sheet Data	
Book Value (Eu mn):	4,444
BVPS (Eu):	5.96

BMED delivered record results and dividends in 2025, ahead of market expectations. The company is a high-quality asset-gathering franchise, with a retail-driven model delivering strong inflows, resilient margins, and excellent capital generation. Following a strong share price performance and a material re-rating, we believe the risk-reward profile on the stock is now more balanced. Positive drivers related to strong and consistent net inflows to AuM, NII, and visible dividends are now, in good part, priced in. With FY26 guidance pointing to solid-but-normalising growth and expectations of lower non-recurring contributions, we downgrade the stock to NEUTRAL, awaiting a more attractive entry point, although we still consider BMED among the best opportunities in the Italian wealth management space.

■ **4Q25 earnings beat and record dividend delivery.** BMED delivered a strong set of 4Q/FY25 results, beating our estimates and consensus and closing a record year. FY25 net profit reached €1.24bn, supported by resilient recurring revenues, stronger-than-expected NII, disciplined costs and a solid contribution from performance fees. The Board proposed a total DPS of €1.25 (€0.80 base + €0.45 special), the highest on record, confirming the bank's ability to convert earnings and capital generation into shareholder returns. Capital ratios remain very strong, with the CET1 at ~23% allowing for buffers, even in periods of higher financial market volatility.

■ **FY26 guidance: solid visibility, growth normalising.** Management has slightly upgraded FY26 guidance vs preliminary indications, mainly reflecting the strong FY25 exit rate. AuM inflows are guided at ~€9bn, broadly in line with FY25 and with our €9.0bn estimate, pointing to stable-but-not-accelerating momentum. NII is expected to grow by ~10% YoY, in line with our forecasts, while cost of risk remains low (~20bps). The base dividend is confirmed above €0.80/share (our estimate €0.88), though special dividends are set to normalise after FY25. Overall, we believe that 2026 guidance confirms high visibility but limited upside beyond current expectations.

■ **Change in estimates: FY26/27 EPS +1.5%/+1.0%.** Following FY25 results and updated FY26 guidance, we have revised estimates mainly at operating margin and net profit level, while leaving the overall growth profile broadly unchanged. FY26 NII is revised up by 3% to €896mn (+10% YoY), in line with guidance, while FY26 operating costs are slightly reduced, driving a +1% upgrade to the operating margin for the current year. FY26/27 net profit is now seen at €1.00bn/€1.03bn (~+1% vs prior). We introduce FY28 estimates for the first time, with net profit at €1.06bn, implying a low single-digit CAGR. DPS assumptions remain unchanged at €0.88/€0.92 for FY26-27.

■ **NEUTRAL from OUTPERFORM; TP unchanged at €22.0.** We set a fair value of €22 (unch.) based on a 15x earnings multiple on average 2026/2028 estimates, which are based on normalised assumptions on the contribution of variable fees (7/8% on total earnings). Consequently, at target, BMED would trade at 16.0x/15.2x/14.6x on FY26/27/28. In our view, this valuation starts to reflect BMED's great business model. We see further potential upside as limited in the short term: after the strong re-rating of the last years, we move to NEUTRAL, awaiting a more compelling entry point.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Commissions Income (Eu mn)	2,035	2,285	2,370	2,535	2,685
Total Income (Eu mn)	3,076	3,340	3,515	3,707	3,898
Net Operating Profit (Eu mn)	1,455	1,575	1,360	1,400	1,441
Net Profit Adj (Eu mn)	1,120	1,146	1,003	1,033	1,062
EPS New Adj (Eu)	1.505	1.538	1.346	1.386	1.426
EPS Old Adj (Eu)	1.505	1.448	1.326	1.373	
DPS (Eu)	1.000	1.250	0.880	0.920	0.950
Market Cap/F.U.M.	15.5%	13.9%	12.9%	11.9%	11.2%
P/E Adj	13.4	13.1	15.0	14.6	14.2
Div. Yield	4.9%	6.2%	4.4%	4.6%	4.7%
ROE	31.1%	29.1%	23.5%	22.4%	21.4%

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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 FTSEMBI40 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.

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

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As at 4 February 2026 Intermonte's Research Department covered 133 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.33%
OUTPERFORM:	38.35%
NEUTRAL:	28.57%
UNDERPERFORM:	00.75%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (73 in total) is as follows:

BUY:	53.42%
OUTPERFORM:	31.51%
NEUTRAL:	13.70%
UNDERPERFORM:	01.37%
SELL:	00.00%

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