

BANCA MEDIOLANUM

OUTPERFORM

Sector: Asset mgmt

Price: Eu17.85 - Target: Eu21.50

An Evergreen High-Quality Dividend Compounder

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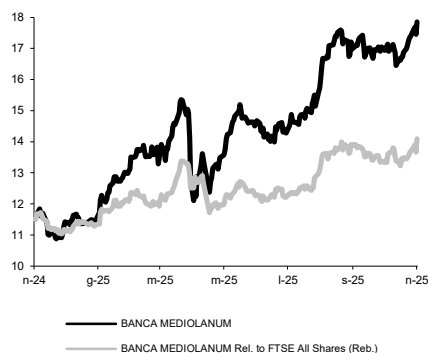
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 20.50 to 21.50		
	2025E	2026E	2027E
Chg in Adj EPS	5.5%	4.3%	5.5%

BANCA MEDIOLANUM - 12M Performance



Stock Data

Reuters code:	BMED.MI		
Bloomberg code:	BMED IM		
Performance	1M	3M	12M
Absolute	5.4%	11.6%	55.2%
Relative	5.7%	6.8%	28.6%
12M (H/L)	17.85/10.88		
3M Average Volume (th):	1,049.19		

Shareholder Data

No. of Ord shares (mn):	745
Total no. of shares (mn):	745
Mkt Cap Ord (Eu mn):	13,303
Total Mkt Cap (Eu mn):	13,303
Mkt Float - Ord (Eu mn):	3,926
Mkt Float (in %):	29.5%
Main Shareholder:	
Doris family	40.4%

Balance Sheet Data

Book Value (Eu mn):	3,989
BVPS (Eu):	5.35

Banca Mediolanum remains one of the most attractive stories in the Italian asset-gathering space, combining structural growth, high earnings visibility, and a compelling dividend profile. Its consistent business model continues to deliver record inflows and resilient margins. Upside from performance fees and ample capital flexibility provide further room for dividend growth, reinforcing Mediolanum's positioning as a high-quality compounder with best-in-class shareholder returns, while guidance on 2026 inflows and NII are supportive even in the event of future spikes in market volatility.

■ **3Q25 results: solid beat, upgraded guidance and dividend surprise.** BMED delivered solid results, above expectations, confirming strong execution. Net profit rose 11% YoY to €249mn, supported by higher NII (€215mn, +10% YoY) and resilient fee income (€324mn, +13% YoY). Management also revised FY25 guidance upward, and now expects NII at -1% YoY vs. the previous -3%, confirming robust margins and capital generation. Positive surprise from the interim DPS at €0.60 (€0.40 "base" + €0.20 "special") related to the Mediobanca stake disposal, which had no P&L impact but strengthened capital (+150bps). Overall, the results highlight BMED's ability to combine growth, efficiency, and superior shareholder returns.

■ **October inflows: strong momentum and solid mix.** October net inflows reached €1.09bn, taking YTD total inflows to €9.2bn (+8% YoY) and confirming strong commercial momentum despite a demanding comparison base. AuM inflows of €734mn (+4% YoY) once again drove growth, supported by the ongoing success of automatic investment services that continue to convert customer liquidity into managed products. Following these results, we raise our FY25 AuM inflow estimate to €8.75bn (from €8.65bn) and AuC/deposit inflows to €2.5bn (from €2.2bn), implying total inflows of €11.2bn (+7% YoY) and AuM inflows slightly above guidance (€8-8.5bn).

■ **Change in estimates: FY25/26/27 EPS +5.5%/+4.3%/+5.5%.** Following strong 9M25 results, robust October inflows, and higher FY25/26 guidance, we have revised our estimates upward to reflect improved recurring revenues, stronger NII trends, and a higher contribution from performance fees. We now estimate FY25-27 net profit of €1.02bn/€988mn/€1.02bn, boosted by higher NII assumptions. We are also raising our FY25 DPS estimate to €1.10, including a €0.80 "base" dividend and a €0.30 "special" component (€0.20 to be paid with the interim).

■ **OUTPERFORM confirmed; TP raised to €21.5 from €20.5.** We raise the TP to €21.5, implying a 5% FY25 dividend yield (DPS €1.10) and P/E at target of 16.2x/15.7x on FY26/FY27. The new valuation captures BMED's better earnings visibility after the NII guidance upgrade, positive indications on 2026, and our new estimates. We confirm our OUTPERFORM rating, seeing further upside supported by resilient profitability and superior shareholder returns.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Commissions Income (Eu mn)	1,718	2,035	2,277	2,398	2,518
Total Income (Eu mn)	2,655	3,076	3,325	3,513	3,660
Net Operating Profit (Eu mn)	1,067	1,455	1,354	1,315	1,357
Net Profit Adj (Eu mn)	830	1,120	1,018	988	1,020
EPS New Adj (Eu)	1.115	1.505	1.367	1.326	1.368
EPS Old Adj (Eu)	1.115	1.505	1.295	1.272	1.297
DPS (Eu)	0.700	1.000	1.100	0.880	0.920
Market Cap/F.U.M.	16.4%	13.6%	12.3%	11.5%	10.8%
P/E Adj	16.0	11.9	13.1	13.5	13.0
Div. Yield	3.9%	5.6%	6.2%	4.9%	5.2%
ROE	26.0%	31.1%	26.2%	23.8%	22.7%

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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 FTSEMIB40 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:	32.06%
OUTPERFORM:	39.69%
NEUTRAL:	27.49%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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