

FINECO

Sector: Asset mgmt

NEUTRAL

Price: Eu12.84 - Target: Eu14.50

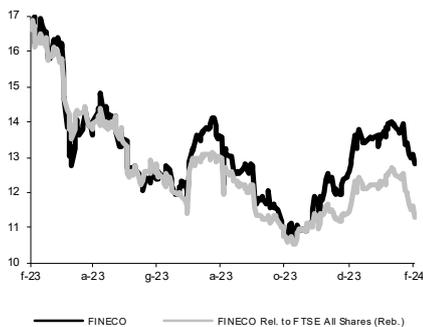
Detoxing from NII Hangover

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 15.50 to 14.50		
	2024E	2025E	2026E
Chg in Adj EPS	-2.6%	-0.7%	

FINECO - 12M Performance



Stock Data

Reuters code:	FBK.MI
Bloomberg code:	FBK IM

Performance	1M	3M	12M
Absolute	-4.9%	9.9%	-22.8%
Relative	-7.2%	0.7%	-36.5%
12M (H/L)	16.99/10.65		
3M Average Volume (th):	2,884.24		

Shareholder Data

No. of Ord shares (mn):	611
Total no. of shares (mn):	611
Mkt Cap Ord (Eu mn):	7,837
Total Mkt Cap (Eu mn):	7,837
Mkt Float - Ord (Eu mn):	7,148
Mkt Float (in %):	91.2%
Main Shareholder:	
Blackrock	8.8%

Balance Sheet Data

Book Value (Eu mn):	2,322
BVPS (Eu):	3.80

■ **4Q23 results slightly above expectations with higher DPS at €0.69.** Total revenues €321mn (+22% YoY / +2% vs our estimates), mainly driven by NII (+36% YoY / +4% vs our estimates) and with a positive contribution from net commissions (+7% YoY / +3% vs our estimates). Net commissions at €128mn (+7% YoY / +3% vs our estimates) mainly thanks to higher investing fees (+10% YoY) and higher brokerage fees (+18% YoY), offsetting a 14% decline in banking fees. Operating costs at €83mn (+7% YoY / -2.2% vs our estimates) with a cost/income ratio at 25.7% vs our 26.9% expected. Operating profit at €237mn (+28% YoY / +4% vs our expectations) and adj. net profit at €155mn (+23% YoY / +6% vs our expectations). FY23 DPS settled at €0.69 (vs our exp. of €0.60).

■ **Weak January net inflow mix with continuing significant outflows from deposits.** January data seems to confirm last year's trends, with weak AuM inflows, outflows from deposits, and a clear client preference for AuC products. Overall net inflows were €580mn (vs €746mn last year), with €374mn of outflows from deposits (vs €276mn outflows last year). January AuM inflows were still weak at €79mn (vs 700mn in January 2023) and AuC inflows at €875mn (vs €320mn in January 2023).

■ **FY24 guidance pointing to flattish net profit.** 2024 guidance was more qualitative than in the past with no quantitative targets for AuM net inflows and specific indications on financial income. For 2024, Fineco guided for:

- Revenues expected to consolidate at around the record level of FY23 thanks to investing revenues expected to increase low double-digit vs FY23, stable banking fees, brokerage fees expected to remain strong, which therefore imply a high single-digit decline in NII, according to our estimates.
- Operating costs expected up 6% YoY, not including additional costs for FAM and marketing expenses, with C/I below 30%.
- Net sales expected to be robust and with priority for managed assets. Deposits are expected to experience outflows, but FAM should expect a significant inflow boost if short-term interest rates decline below 3%.

■ **Capital management: buyback coming?** DPS is expected to grow further in 2024 after the 41% increase to €0.69ps in 2023. The goal for the leverage ratio is to remain above 4.5%, which appears to be conservative given the expectations on deposits. Fineco indicated that it will recall the €300mn AT1 (first call date on 3 Dec 2024) and go on the market to replace it. We cannot rule out Fineco considering a buyback in the coming months: this would be a relevant positive catalyst.

■ **Estimates fine-tuned.** We are marginally changing our estimates to factor indications from the guidance. We now expect a decline in net profit 2024 to €586mn, down ~4% YoY and -2.6% vs our previous estimate.

■ **NEUTRAL confirmed, target revised downward to €14.5ps from €15.5ps.** We expect improving trends in net inflows to be gradual while investors are still excessively focused on monthly deposit trends. Our fair value based on DCF/value map and peers moves to €14.5 from €15.5: NEUTRAL confirmed.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Commissions Income (Eu mn)	466	490	539	591	620
Total Income (Eu mn)	948	1,238	1,231	1,245	1,268
Net Operating Profit (Eu mn)	667	939	910	907	915
Net Profit Adj (Eu mn)	429	609	586	606	614
EPS New Adj (Eu)	0.703	0.997	0.959	0.993	1.005
EPS Old Adj (Eu)	0.703	0.984	0.984	0.999	
DPS (Eu)	0.490	0.690	0.750	0.788	0.827
Market Cap/F.U.M.	15.1%	13.5%	13.0%	12.0%	11.5%
P/E Adj	18.2	12.9	13.4	12.9	12.8
Div. Yield	3.8%	5.4%	5.8%	6.1%	6.4%
ROE	23.6%	29.7%	25.9%	25.4%	24.5%