

# FINECO

Sector: Asset mgmt

# NEUTRAL

Price: Eu17.93 - Target: Eu18.00

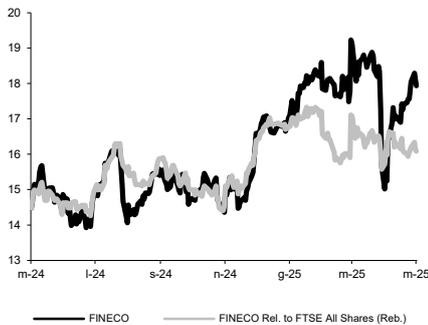
## Brokerage Growth to Offset Investing Headwinds

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### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	Unchanged		
	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>Chg in Adj EPS</b>	-0.6%	-1.0%	-0.5%

### FINECO - 12M Performance



### Stock Data

Reuters code:	FBK.MI
Bloomberg code:	FBK IM

Performance	1M	3M	12M
Absolute	19.4%	0.5%	23.9%
Relative	2.8%	-3.0%	12.4%
12M (H/L)	19.23/13.92		
3M Average Volume (th):	2,354.37		

### Shareholder Data

No. of Ord shares (mn):	611
Total no. of shares (mn):	611
Mkt Cap Ord (Eu mn):	10,952
Total Mkt Cap (Eu mn):	10,952
Mkt Float - Ord (Eu mn):	9,988
Mkt Float (in %):	91.2%
Main Shareholder:	
Blackrock	8.8%

### Balance Sheet Data

Book Value (Eu mn):	2,532
BVPS (Eu):	4.14

- **1Q25 results overall in line with favourable bottom line comparison YoY.** Fineco's results were slightly better than our estimates and in line with consensus. Total revenues were flat YoY with the decline in NII offset by the increase in trading and commission revenues. Net profit came in at €164mn (up 12% YoY) vs. our €159mn forecast and were in line with consensus at €162mn. There was a favourable net profit comparison YoY considering systemic charges in 1Q24 (€6.6mn for the Single Resolution Fund and €35mn for the Deposit Guarantee Scheme). No contributions to the DGS expected in 2025. 1Q25 net profit €164mn (+12% YoY / +3% vs our expectations).
- **FY25 Guidance broadly confirmed with brokerage offsetting investing headwinds due to markets.** Investing revenue guidance was adjusted to market conditions. Fineco indicated that the margin on incremental AuM is ~70bps, i.e. stable vs 2024, and the revenue target is no longer a low double-digit rise YoY. The focus of the call was on the increasing role of ETF products in the offering: Fineco is a market leader (~70% mkt share of Italian retail net inflows) in this segment, which already accounts for 20% of AuC and 38% of NNM. The CEO expects significant growth of this segment which we think will have positive (increase in AuC profitability) and negative (pressure on AUM margins) effects that are not easy to forecast.
- **April inflows: weak mix, but strong overall and record brokerage revenues.** April inflows were good at >€1.2bn but the inflow mix was poor: AuM ~€0.3bn, AuC €0.8bn, deposits €148mn. April set a new record for brokerage at €22.5mn. We are increasing our FY25/26/27 total net inflow estimates at >€1bn per month, thanks to AuC (€600mn/month), while lowering AuM to ~€330mn/month; deposits are expected to receive inflows of €550mn in 2025 (YTD -€406mn).
- **Adj. EPS -0.6%/-1.0%/-0.5% for 2025/26/27,** mainly due to lower net commissions factoring a worse inflow mix than previously expected, with higher AuC and less AuM, while also incorporating a slightly negative market effect on assets. We believe these effects will be partially offset by stable investing margins and higher brokerage fees. Trading profit forecasts were raised given that positive trends recorded in 1Q are expected to continue.
- **NEUTRAL; target €18 confirmed on limited upside.** The Fineco business model is solid and attracts new customers able to provide robust inflows. Future growth will lever on leadership in brokerage, ETFs and advisory/fee-on-top services. Nonetheless, the increase in investing revenues as a proportion of total revenues looks gradual, and margins could be challenging to defend as the company increases the focus on passive and active ETF strategies. We broadly confirm estimates and we do not foresee major catalysts for positive or negative surprises. On capital, Fineco confirmed the intention to consider partial excess capital repatriation but without committing on the timing and size of the move. The current stock premium on domestic sector multiples remains wide in our view. We confirm our target price at €18 based on a DDM and a premium to peers' multiples, yielding a fair value in line with the current stock market price.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Commissions Income (Eu mn)	490	527	569	608	668
Total Income (Eu mn)	1,238	1,316	1,275	1,325	1,402
Net Operating Profit (Eu mn)	939	984	919	948	1,009
Net Profit Adj (Eu mn)	609	652	617	638	679
EPS New Adj (Eu)	0.997	1.068	1.010	1.044	1.112
EPS Old Adj (Eu)	0.997	1.068	1.016	1.055	1.117
DPS (Eu)	0.690	0.740	0.777	0.816	0.857
Market Cap/F.U.M.	18.9%	16.5%	16.2%	15.0%	13.7%
P/E Adj	18.0	16.8	17.8	17.2	16.1
Div. Yield	3.8%	4.1%	4.3%	4.5%	4.8%
ROE	29.7%	28.5%	25.1%	24.5%	24.7%

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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 of 5.5% are being used.

Frequency of research: quarterly.

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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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As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

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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