Milan, 14 April 2025

Italian Equity Research – 1Q25 Preview

FINECO

NEUTRAL

Sector: Asset mgmt

Price: Eu16.47 - **Target: Eu18.00**

Starting with a Good 1Q, Brokerage a Booster

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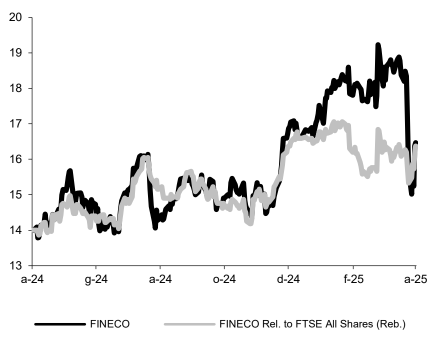
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-0.7%	-1.9%	-1.1%

Next Event
Results Out May, 07

FINECO - 12M Performance



Stock Data			
Reuters code:			FBK.MI
Bloomberg code:			FBK IM
Performance	**1M**	**3M**	**12M**
Absolute	-8.9%	-5.2%	17.6%
Relative	0.6%	-2.2%	16.9%
12M (H/L)			19.23/13.79
3M Average Volume (th):			2,263.61

Shareholder Data	
No. of Ord shares (mn):	611
Total no. of shares (mn):	611
Mkt Cap Ord (Eu mn):	10,054
Total Mkt Cap (Eu mn):	10,054
Mkt Float - Ord (Eu mn):	9,169
Mkt Float (in %):	91.2%
Main Shareholder:	
Blackrock	8.8%

Balance Sheet Data	
Book Value (Eu mn):	2,535
BVPS (Eu):	4.15

- **1Q25 results due out on 7 May 2025:** we expect a resilient top line, with NII down YoY, while commissions and trading profits fees up. According to our estimates, the impact of lower rates on NII should have been offset by a positive YoY contribution from commissions thanks to investing and brokerage fees, supported by acquisition of customers, higher AuM and trading volumes. Bottom line YoY growth will have also been related to the easy comparison in terms of provisions, despite higher marketing costs. In detail:
  - NII estimated at €159mn (-12% YoY / -6.7% QoQ).
  - Net commissions estimated up 9% YoY, with Investing fees +5% YoY despite the continuation in the margin decrease towards 65bp annualized, related to still not exciting inflow mix.
  - Brokerage contribution is projected at €69mn (+24% YoY) with commissions seen at €39mn (+19% YoY) and trading at €25mn (+37% YoY), both driven by higher volumes and the increase in platform clients.
  - Operating expenses estimated to increase 16% YoY, also due to higher marketing activities. Gross operating profit seen at €234mn (-6% YoY).
  - Easy comparison in terms of provisions considering 1Q24 systemic charges for FY24 entirely booked in 1Q (€6.6mn for the Single Resolution Fund and €35mn for the Deposit Guarantee Scheme). In FY25, there will be no contribution for DGS. 1Q25 net profit estimated at €159mn (+8% YoY).
- **Change in Estimates.** Considering monthly inflow releases during 1Q25 and sharp movements in financial markets during the last weeks, we are consequently adjusting our yearly estimates. In light of deposit outflows seen in 1Q25, we are lowering NII estimates, while even considering still not exciting mix in 1Q25, we are including lower net commissions on managed fund fees and the negative market effect on assets. At the same time, considering an estimated sharp increase in trading volumes, which should start to be particularly visible in 2Q25, we project an acceleration in trading profit growth. All in all, we are revising our adj. net profit estimates downwards to -0.7%/-1.9%/-1.0% for FY25/FY26/FY27.
- **Neutral, tp €18.0 confirmed.** Fineco is well positioned in this challenging market environment. Some headwinds on the net inflow mix are inevitable but the general macro and Italian banking consolidation are tailwinds to acquire new clients while improvements in the AuM inflow mix and margins will likely take more time. Brokerage is set to report strong results in 1H25 and help to offset adverse market effects. We basically confirm estimates despite the tough environment of the last weeks and think that Fineco could benefit, in relative terms, from current context. Fineco trades at a slight discount to European fintech platforms and at a hefty premium vs Italian asset gatherer. We confirm our target price of €18.0. At target, Fineco would trade at 18x 2025 earnings.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Commissions Income (Eu mn)	490	527	575	624	679
Total Income (Eu mn)	1,238	1,316	1,279	1,335	1,407
Net Operating Profit (Eu mn)	939	984	922	957	1,014
Net Profit Adj (Eu mn)	609	652	621	645	683
EPS New Adj (Eu)	0.997	1.068	1.016	1.055	1.117
EPS Old Adj (Eu)	0.997	1.068	1.023	1.075	1.129
DPS (Eu)	0.690	0.740	0.777	0.816	0.857
Market Cap/F.U.M.	17.3%	15.1%	14.9%	13.8%	12.6%
P/E Adj	16.5	15.4	16.2	15.6	14.7
Div. Yield	4.2%	4.5%	4.7%	5.0%	5.2%
ROE	29.7%	28.5%	25.2%	24.7%	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.
Reports on all companies listed on the S&PMIB40 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:	32.59 %
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:

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NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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