Intermonte

Milan, 07 February 2025

**Italian Equity Research – 4Q/FY24 Results**

# FINECO

# NEUTRAL

*Sector: Asset mgmt*

Price: Eu18.59 - **Target: Eu18.00**

## Pushing Client Growth, No Surprises on Guidance and SBBs


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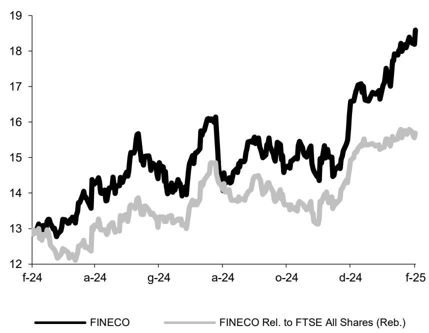
| Stock Rating | | | |
|---|---|---|---|
| **Rating:** | | | Unchanged |
| **Target Price (Eu):** | | | Unchanged |
| | **2025E** | **2026E** | **2027E** |
| **Chg in Adj EPS** | 1.5% | 3.3% | 5.4% |

**FINECO - 12M Performance**




| Stock Data | | | |
|---|---|---|---|
| Reuters code: | | | FBK.MI |
| Bloomberg code: | | | FBK IM |
| **Performance** | **1M** | **3M** | **12M** |
| Absolute | 9.1% | 29.5% | 44.8% |
| Relative | 2.7% | 20.1% | 26.4% |
| 12M (H/L) | | | 18.59/12.73 |
| 3M Average Volume (th): | | | 1,856.16 |

| Shareholder Data | |
|---|---|
| No. of Ord shares (mn): | 611 |
| Total no. of shares (mn): | 611 |
| Mkt Cap Ord (Eu mn): | 11,352 |
| Total Mkt Cap (Eu mn): | 11,352 |
| Mkt Float - Ord (Eu mn): | 10,353 |
| Mkt Float (in %): | 91.2% |
| Main Shareholder: | |
| Blackrock | 8.8% |

| Balance Sheet Data | |
|---|---|
| Book Value (Eu mn): | 2,540 |
| BVPS (Eu): | 4.16 |

- **4Q24 results slightly better, with YoY net profit growth driven by solid commissions and lower provisions. FY24 DPS in line. Weak inflow mix in January**
  - Total revenues came to €332mn (+3% YoY / +2% vs. our estimate) with NII at €170mn (-5% YoY/ in line with our estimate). Net commissions rose 10% YoY, in line with our expectations. Investing fees came to €99mn (+12% YoY) with the annualised margin confirmed below 70bp (in line with 9M), vs. last year's 70.1bp, mainly due to an AuM inflow mix still skewed towards short-term fixed income products, increasing inflows to assets under advisory and a lack of performance fees. Brokerage at €57mn (+18% YoY) was strong on the back of commissions (+10% YoY).
  - Net operating costs were up double-digit YoY in 4Q, mainly on higher marketing expenses, while there was an easy comparison on provisions, considering €11mn of one-off provisions booked last year due to Eurovita. Net profit was €162mn (+5% YoY), some 5% better than expected and 7% above consensus.
  - January inflows did not show a continuation of the improving mix trend seen in the final part of 2024. Of the total of over €8bn, AuM inflows were below €0.3bn, while AuC inflows were above €1bn, the highest since October 2023. Moreover, January saw €512mn of outflows from deposits. The 18.8k new clients (+32% YoY) and €21mn in brokerage fees were positive.
- **FY25 guidance in line with expectations, no positive surprises on excess capital distribution.** Details of FY25 guidance were unchanged vs. qualitative indications provided during 9M24 results. The dividend payout was confirmed at 70-80% (as expected). The leverage ratio now stands at a comfortable 5.22% and Fineco aims to keep it above 4.5%. In our view, a share buyback remains the most likely use of capital.
- **Adj. EPS up +1.5%/+3.3%/+5.4% for 2025/26/27**, mainly on a slower decline in NII than previously expected in 2026 and 2027. After 2024 and January data, we are including higher trading volumes, resulting in an increased forecast in terms of commissions and trading profit. We are still projecting a decline in the investing margin and after an unconvincing January, we prefer to confirm our FY25 inflows estimates for now (only slightly up YoY), but with a completely different mix to reflect what was reported in January.
- **NEUTRAL; target €18 confirmed as the stock looks fairly valued.** There was an impressive acceleration in client acquisitions in January, while the inflow mix disappointed for temporary reasons. FBK is extremely confident of delivering positive results, and we expect strong inflow momentum in the coming months. Management fees margins remain below expectations in our view, but the AuM mix should gradually shift towards longer-term products in the future. We think that at ~18x earnings the stock is fairly valued and offers a lower dividend profile than sector peers. Our valuation is based on a DCF 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 | 585 | 646 | 694 |
| Total Income (Eu mn) | 1,238 | 1,316 | 1,286 | 1,355 | 1,419 |
| Net Operating Profit (Eu mn) | 939 | 984 | 929 | 976 | 1,025 |
| Net Profit Adj (Eu mn) | 609 | 652 | 625 | 657 | 690 |
| EPS New Adj (Eu) | 0.997 | 1.068 | 1.023 | 1.075 | 1.129 |
| EPS Old Adj (Eu) | 0.997 | 1.054 | 1.008 | 1.041 | 1.071 |
| DPS (Eu) | 0.690 | 0.740 | 0.777 | 0.816 | 0.857 |
| Market Cap/F.U.M. | 19.6% | 17.1% | 15.4% | 14.3% | 13.2% |
| P/E Adj | 18.6 | 17.4 | 18.2 | 17.3 | 16.5 |
| Div. Yield | 3.7% | 4.0% | 4.2% | 4.4% | 4.6% |
| ROE | 29.7% | 28.5% | 25.4% | 25.1% | 24.8% |

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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: | 31.34 % |
| OUTPERFORM: | 43.28 % |
| NEUTRAL: | 25.38 % |
| UNDERPERFORM | 00.00 % |
| SELL: | 00.00 % |

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

| | |
|---|---|
| BUY: | 50.70 % |
| OUTPERFORM: | 29.58 % |
| NEUTRAL: | 19.72 % |
| UNDERPERFORM | 00.00 % |
| SELL: | 00.00 % |

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| Emittente | % | Long/Short |
|---|---|---|



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