

# GENERALI

Sector: Insurance

**NEUTRAL**

Price: Eu22.15 - Target: Eu22.50

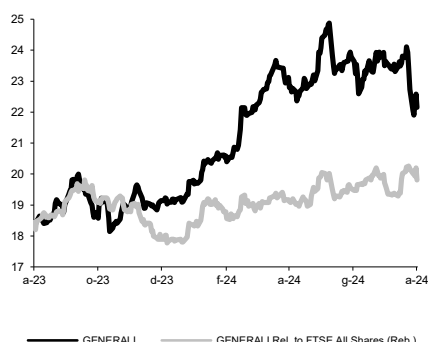
## Waiting for More... Not Before Jan'25 Plan & Other Stories...

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 24.00 to 22.50		
	2024E	2025E	2026E
Chg in Adj EPS	0.7%	-0.6%	-0.5%

### GENERALI - 12M Performance



Stock Data			
Reuters code:	GASI.MI		
Bloomberg code:	G IM		
Performance	1M	3M	12M
Absolute	-5.7%	-8.0%	20.1%
Relative	0.4%	-0.7%	8.3%
12M (H/L)	24.88/18.15		
3M Average Volume (th):	3,257.70		

Shareholder Data	
No. of Ord shares (mn):	1,542
Total no. of shares (mn):	1,528
Mkt Cap Ord (Eu mn):	34,150
Total Mkt Cap (Eu mn):	34,150
Mkt Float - Ord (Eu mn):	22,389
Mkt Float (in %):	65.6%
Main Shareholder:	
Mediobanca	13.1%

Balance Sheet Data	
Book Value (Eu mn):	33,414
BVPS (Eu):	21.87
Solvency II (%):	215.3%

### ■ 2Q24 results slightly below our estimates due to our higher expectations at P&C.

We appreciate the QoQ recovery of the Life business, with inflows acceleration, pronounced NBM resilience and an increase of CSM stock that is encouraging for future profitability. In P&C, despite the challenging comparison with 2Q23, we expected higher operating profit with a larger positive impact from tariff hikes and a more resilient loss ratio. As expected, there was no update to guidance. We believe more precise indications, including on shareholder remuneration, will come on 30 January 2025 when the new Strategic Plan will be unveiled.

### ■ Early indications on shareholder remuneration from conference call: structural buybacks in the coming years.

With the new Strategic Plan due to be presented on 30 January 2025, few strategic messages come out from management's conference call. However, the CEO reiterated the highly selective approach to potential M&A transactions and consequently the priority for the excess cash generated will remain the dividend policy, along with structural buybacks.

### ■ Estimates: fine tuning to reflect recent operating trends.

We are raising our Life premium forecast after 2Q results beat our estimates and as a result of the recovery in inflows seen in 1Q (we now estimate more than €10bn of inflows in FY24). We are also incorporating management's guidance for a New Business Margin between 4.5% and 5.0% in the coming quarters, and consequently revising our NBV estimate upwards. In light of a release ratio of ~4.6% in 1H24, we are lifting our FY estimate to ~9.2%, and as a consequence slightly lowering our stock at year-end. All-in-all, we obtain a minimal positive impact on FY24 Life operating profit, and a slightly negative impact on 2025/26 operating results on lower CSM stock. In P&C we are trimming our combined ratio estimate after the better 2Q. For adj. EPS, we are slightly revising our FY24/25/26 estimates by +0.7%/-0.6%/-0.5% keeping the dividend policy unchanged ahead of new guidance in January 2025.

### ■ NEUTRAL; target €22.5 (from €24).

We believe 2Q24 results laid solid foundations for the key operating trends that we expect to be central strategic drivers of the new plan. After 2023 was negatively affected by outflows from Life and NatCat in P&C, 1H showed a gradual but visible recovery. After the strong P&C performance in 1Q, Life was back to normal in 2Q, with inflows and margins recovering. However, we believe this was expected, as was confirmation of positive P&C trends. We believe that the stock will sail along without any particular shocks until the presentation of the new Strategic Plan and the upcoming renewal of the BoD in spring 2025. The plan focus will be on defining the capital remuneration policy, with a new discounted recurring buyback framework. For these reasons, we remain NEUTRAL on the stock, trimming our target price to €22.5 from €24, implying a multiple of ~10x earnings, broadly in line with European sector multiples.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Total Net Premiums (Eu mn)	75,627	82,466	102,095	104,847	108,016
Total Net Income (Eu mn)	69,770	95,384	115,836	120,392	123,882
Operating Profit (Eu mn)	6,509	6,879	7,390	7,702	8,152
Net Profit Adj (Eu mn)	2,911	3,879	3,881	4,143	4,423
EPS New Adj (Eu)	1.842	2.319	2.540	2.711	2.895
EPS Old Adj (Eu)	1.842	2.319	2.522	2.726	2.908
DPS (Eu)	1.160	1.280	1.370	1.459	1.550
P/E Adj	12.0	9.6	8.7	8.2	7.7
Div. Yield	5.2%	5.8%	6.2%	6.6%	7.0%
P/BVPS	1.2	1.1	1.0	1.0	0.9

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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&PMB40 Index, most of those on the MIBEX 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.

Explanation of our ratings system:

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 30 June 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	23.97 %
OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (49 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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