

# MEDIOBANCA

Sector: Banks

## NEUTRAL

Price: Eu10.68 - Target: Eu12.75

## 1Q beat; BoD renewal saga over

**Fabrizio Bernardi +39-02-77115.387**

fabrizio.bernardi@intermonte.it

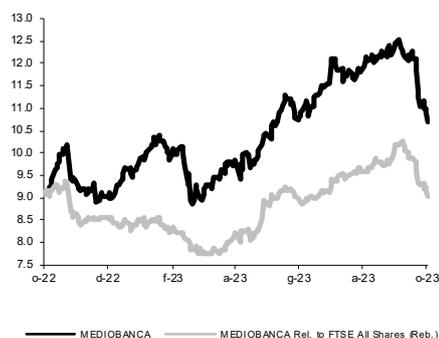
**Alberto Villa: +39-02-77115.431**

alberto.villa@intermonte.it

### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 12.40 to 12.75		
	2024E	2025E	2026E
Chg in Adj EPS	1.5%	3.4%	4.1%

### MEDIOBANCA - 12M Performance



### Stock Data

Reuters code: MDBI.MI

Bloomberg code: MB IM

Performance	1M	3M	12M
Absolute	-14.0%	-10.7%	17.5%
Relative	-11.3%	-2.5%	-0.8%
12M (H/L)	12.53/8.85		
3M Average Volume (th):	3,138.95		

### Shareholder Data

No. of Ord shares (mn):	829
Total no. of shares (mn):	848
Mkt Cap Ord (Eu mn):	8,859
Total Mkt Cap (Eu mn):	8,859
Mkt Float - Ord (Eu mn):	5,962
Mkt Float (in %):	67.3%
Main Shareholder:	
Del Vecchio	19.4%

### Balance Sheet Data

Tangible Equity (Eu mn):	11,055
TEPS (Eu):	13.03
CET1 Ratio Fully Loaded:	15.9%
Gross NPE Ratio:	2.5%

■ Mediobanca posted a positive set of 1Q23/24 results; we actually expected a kind of “earnings surprise” vs our estimates given the General Meeting scheduled for the following Saturday to renew the BoD, and the possibility that the outgoing board might not get the majority of votes. That said, we expect this set of positive results to have a marginal impact on the stock given the sharp focus on the General Meeting and the possible stake building process that may have taken place. In brief, the 1Q beat was on:

- NII (+3.1% vs E)
- OpEx (-3.4% vs E)
- GOP (€520m +6.8% vs E)
- LLP (-9.1% vs E)

Both NII and Fees are expected up due to Consumer, securities rolled over (Eu800m per quarter) at higher rates, and the consolidation of Arma Partners (Eu100m yearly).

That said, with the BoD renewal saga fading away, we have been expecting some S/T stock weakness.

■ Division-wise, the performance is mixed, with P.I. driving the Y/Y performance to a bottom line of Eu137m (+77%Y/Y), WM at Eu50m (+14% Y/Y), Consumer at Eu97m (-3%) and CIB at Eu48m (-29% Y/Y).

■ Regulatory capital and payout: CET1r looks solid at 15.5% FL: earnings generated 70bp, RWA optimization 55bp; this was absorbed by dividends (-50bp), Generali (40bp), AIRB models for Consumer (25bp) and the buyback (Eu200m, 45bp upfront).

■ The BoD renewal saga is over. The Mediobanca shareholder meeting voted for the list from the outgoing board of directors, which prevailed over the Delfin list. The board list obtained 52.6% of capital attending, or 40.4% of total capital), Delfin 41.74% (32.06% of total capital), while Assogestioni got 4.64% of those present (3.5% of the total). CEO Nagel made 3 important statements in our view: 1) MB will keep its stake in Generali (Eu3.5bn BV and +19bp of cap gains, market valuation is Eu4bn); 2) MB happy about Delfin participating in the BoD, making its valuable contribution; the relationship is oriented towards continuity and constructiveness; MB now knows Delfin, so the relationship is relaxed and straightforward; 3) there were 2 issues that prevented an agreement from being reached: one of a technical nature, i.e. it would have been an agreement between a BoD and 2 shareholders with a total stake that exceeds the takeover bid threshold; secondly, there was a divergence of views on governance issues, especially between the board and Delfin. It was not a matter of 3, 4 or 5 seats: it was a question of approach and technique.

■ Valuation: We have fine-tuned our estimate taking into account 1Q23/24 trends (3% A/E higher NII but 3% lower Fees) and update our valuation including a higher risk-free of 4.5% increasing our target price to €12.75/s. That said, with the BoD renewal saga fading away we would expect some S/T weakness on the stock to continue.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Total income (Eu mn)	2,851	3,305	3,569	3,697	3,852
Net Operating Profit (Eu mn)	1,539	1,891	2,044	2,145	2,271
Net Profit Adj (Eu mn)	907	1,127	1,238	1,307	1,385
EPS New Adj (Eu)	1.069	1.328	1.492	1.641	1.835
EPS Old Adj (Eu)	1.069	1.328	1.469	1.588	1.762
DPS (Eu)	0.750	0.850	1.000	1.100	1.200
P/E Adj	10.0	8.0	7.2	6.5	5.8
Div. Yield	7.0%	8.0%	9.4%	10.3%	11.2%
P/TE	0.87	0.82	0.84	0.77	0.71
ROTE	8.7%	10.2%	11.7%	11.9%	12.1%