

# POSTE ITALIANE

Sector: Asset mgmt

# OUTPERFORM

Price: Eu9.18 - Target: Eu12.00

## Better 1Q, More Visibility on FY23 but no Major S/T Catalysts

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### Stock Rating

**Rating:** Unchanged

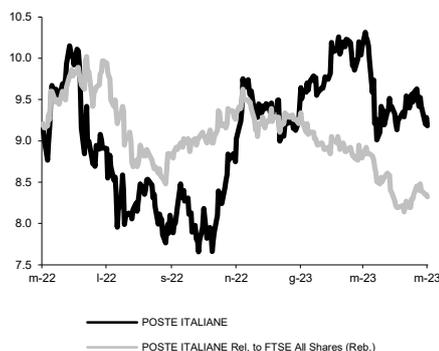
**Target Price (Eu):** Unchanged

	2023E	2024E	2025E
Chg in Adj EPS	0.0%	0.0%	

### Next Event

 1H23 Results Out July 27<sup>th</sup>

### POSTE ITALIANE - 12M Performance



### Stock Data

**Reuters code:** PST.MI

**Bloomberg code:** PST IM

Performance	1M	3M	12M
Absolute	-0.3%	-8.9%	-0.3%
Relative	1.1%	-7.5%	-10.6%
12M (H/L)		10.32/7.66	
3M Average Volume (th):		2,472.23	

### Shareholder Data

**No. of Ord shares (mn):** 1,306

**Total no. of shares (mn):** 1,306

**Mkt Cap Ord (Eu mn):** 11,993

**Total Mkt Cap (Eu mn):** 11,993

**Mkt Float - Ord (Eu mn):** 4,281

**Mkt Float (in %):** 35.7%

**Main Shareholder:**

Cassa Depositi e Prestiti SpA 35.0%

### Balance Sheet Data

**Book Value (Eu mn):** 14,083

**BVPS (Eu):** 9.22

■ **1Q23 results beat estimates:** revenues came in at €3.04bn in the quarter, up 8.1% YoY and 2.2%/1.8% higher than our expectations/consensus. The better result was primarily due to higher Financial Services revenues (+2.9%/2.5%) and Payments & Mobile (+6.9%/5.2%). EBIT was €767mn, up 10.6% YoY and 8.4%/7.7% better than our estimate/consensus, thanks to higher results in Mail, Parcel & Distribution and Financial Services. Net income was €540mn, similarly higher than our expectations/consensus. Key highlights by division:

- **Mail, Parcel & Distribution:** revenues were 1% lower YoY, with revenue growth in mail supported by repricing actions and product mix, whereas parcel revenues were stable, with higher volumes but lower pricing. EBIT was supported by higher distribution revenues;
- **Financial Services:** revenues up 9% YoY, driven by higher NII (+30%), with an average return of 2.3% (was 1.79% in 1Q22). The company also booked €168mn in active portfolio management activity (vs. €176mn in 1Q22). Retail net flows were €-0.6bn, of which €+0.5bn into savings and investments (insurance products, deposits and mutual funds). EBIT grew 11% YoY;
- **Insurance Services (under IFRS17):** revenues were up 5%, with Life up 8% supported by higher volumes and margins and P&C down 42% due to the product mix (albeit with growing GWP). Inflows remained positive, with a resilient low lapse rate, partly thanks to increasing demand for capital-guaranteed products. EBIT grew 3% YoY;
- **Payments & Mobile:** card payments were up 35% YoY (+16% organic), thanks to a strong cash-to-card trend. The energy business started contributing with revenues of €15mn, although this dented EBIT by €19mn. Nonetheless, operating profit continued to grow by 14% (+35% excl. energy).

■ **Open to support Eurovita rescue, no plans to get involved in TIM:** during the conference call, management stressed there is no involvement in TIM and that market solutions are being sought on Eurovita, in order to avoid a rescue plan, with a simple recapitalisation of the company.

■ **Guidance and estimates confirmed:** management confirmed guidance, with a new BP to be presented in 4Q23, addressing the future trajectory of costs (labour in particular, given the upcoming negotiations with the unions during the summer) and targeting MP&D break-even. 2023 divisional targets and guidance have been confirmed, and at this stage we confirm our estimates, despite the better 1Q results.

■ **OUTPERFORM; target €12.0 confirmed:** 1Q23 results proved that the company is still capable of outperforming expectations, with the business environment remaining supportive. Like banking peers, Poste is benefiting from the impact of rising interest rates on NII, but does not seem to suffer from the same competitive pressure thanks to the stickiness of its client base and broad portfolio of solutions. Further over-delivery in 2Q23 could drive an estimate upgrade; in the meantime the stock still offers attractive valuations, with a 7.6% dividend yield and 6.7x 2023 P/E.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Commissions Income (Eu mn)	2,891	2,694	2,736	2,759	2,772
Total Income (Eu mn)	11,220	11,889	12,058	12,049	12,287
Net Operating Profit (Eu mn)	1,845	2,289	2,507	2,692	2,962
Net Profit Adj (Eu mn)	1,405	1,574	1,812	1,938	2,123
EPS New Adj (Eu)	1.076	1.205	1.387	1.484	1.626
EPS Old Adj (Eu)	1.076	1.205	1.387	1.484	
DPS (Eu)	0.590	0.650	0.709	0.758	0.811
Market Cap/F.U.M.	4.6%	4.2%	4.1%	3.9%	3.8%
P/E Adj	8.5	7.6	6.6	6.2	5.6
Div. Yield	6.4%	7.1%	7.7%	8.3%	8.8%
ROE	11.7%	12.3%	13.3%	13.3%	13.6%