

POSTE ITALIANE

NEUTRAL

Sector: Asset mgmt

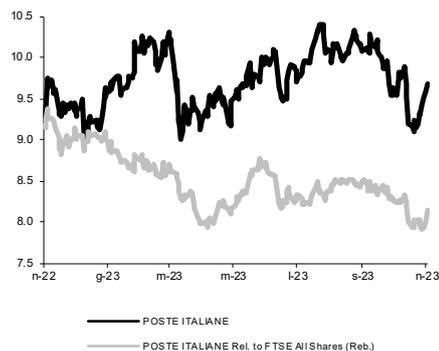
Price: Eu9.68 - Target: Eu10.40

3Q23 in Line, '23 Guidance Up for MP&D. New Plan in March '24

Alberto Villa +39-02-77115.431
 alberto.villa@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	4.2%	2.6%	0.4%

POSTE ITALIANE - 12M Performance



Stock Data			
Reuters code:	PST.MI		
Bloomberg code:	PST IM		
Performance	1M	3M	12M
Absolute	0.4%	-4.0%	5.4%
Relative	-1.7%	-3.0%	-13.6%
12M (H/L)	10.41/9.00		
3M Average Volume (th):	1,870.39		

Shareholder Data	
No. of Ord shares (mn):	1,306
Total no. of shares (mn):	1,306
Mkt Cap Ord (Eu mn):	12,638
Total Mkt Cap (Eu mn):	12,638
Mkt Float - Ord (Eu mn):	4,512
Mkt Float (in %):	35.7%
Main Shareholder:	
Cassa Depositi e Prestiti SpA	35.0%

Balance Sheet Data	
Book Value (Eu mn):	14,187
BVPS (Eu):	9.30

- 3Q23 results in line, FY23 EBIT guidance revised upward to €2.6bn from €2.5bn.** Overall, Poste Italiane 3Q23 results were in line with our estimates. Group revenues were up 4% YoY to €2.8bn, mainly thanks to the contribution of the Mail, Parcel & Distribution and the Payments and Mobile divisions. Group operating profit was down 18% YoY to €539m and impacted by higher personnel costs (+9% YoY) factoring in a €90m one-off employee bonus, excluding which operating profit was down 4.3% YoY. Group net profit was down 16% YoY to €382m and adj. net profit (excl. the one-off employee bonus) was down 2% YoY.
- Awaiting the new Strategic Plan in March 2024.** Poste Italiane management has announced a CMD for the presentation of the new Strategic Plan on March 20th. We welcome the news because we think the announcement of new targets could be a significant catalyst for the stock.
- Conference call takeaways:** (i) no comment from the CEO on the potential placement of a stake by the Treasury, but he believes that an enlargement of the float could increase the appeal of the stock; (ii) negotiations with unions for the renewal of the labour agreement are still ongoing and no indications on the potential cost impact were given. The main goal for Poste is to move the Mail & Parcel business towards a new distribution model boosting B2C deliveries; (iii) management continues to see as appropriate the €320mn provision booked in 2022 related to potentially fraudulent ecobonus tax credits: no release and no increase indicated for the next quarters; (iv) EBIT guidance revision was driven by better Mail & Parcel results. No changes so far to net profit and dividend targets.
- Change in estimates.** We acknowledge that PST is delivering positive results in terms of cost discipline and benefitting from positive volumes in parcel, and price increases in mail. This performance prompts the FY23 guidance revision and will enable operating break-even to be achieved as early as FY23 for the division that has been a drag on the group for many years. Accordingly, we now expect a slightly positive result of €3mn for MP&D while keeping expectations broadly unchanged for the other divisions, with positive results expected at Payments & Mobile and flattish trends at Financial Services and Insurance. For FY23, EBIT is expected at €2.6bn, in line with the guidance, while the FY24 operating profit estimate is raised by ~4%. A more detailed revision of our expectations and dividends policy will take place ahead of the business plan presentation on 20 March 2023.
- NEUTRAL, TP €10.4 unchanged.** The renegotiation of the labour agreement with unions and of the postal saving distribution agreement with CDP are two key milestones for the new business plan and the outlook for Group profitability. PST has not fully benefitted from NII as have retail banks but has shown good resilience of inflows in insurance and AM compared to the rest of the industry. The dividend remains a support, but we see limited upside on estimates pending the renewal of the aforementioned agreements and we therefore stick to our NEUTRAL stance on the stock and TP at €10.4ps.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Commissions Income (Eu mn)	2,891	2,694	2,706	2,805	2,847
Total Income (Eu mn)	11,220	11,889	11,968	12,311	12,804
Net Operating Profit (Eu mn)	1,845	2,289	2,572	2,691	2,891
Net Profit Adj (Eu mn)	1,405	1,574	1,902	1,993	2,121
EPS New Adj (Eu)	1.076	1.205	1.456	1.526	1.624
EPS Old Adj (Eu)	1.076	1.205	1.398	1.488	1.618
DPS (Eu)	0.590	0.650	0.709	0.791	0.881
Market Cap/F.U.M.	4.8%	4.5%	4.3%	4.1%	4.0%
P/E Adj	9.0	8.0	6.6	6.3	6.0
Div. Yield	6.1%	6.7%	7.3%	8.2%	9.1%
ROE	11.7%	12.3%	13.9%	13.6%	13.5%