

POSTE ITALIANE

Sector: Asset mgmt

NEUTRAL

Price: Eu18.35 - Target: Eu18.40

Improved Guidance Further Raises the Bar for Dividends

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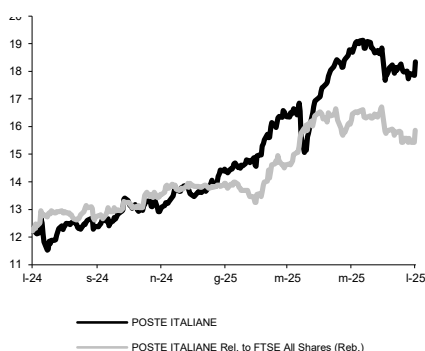
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 16.80 to 18.40		
	2025E	2026E	2027E
Chg in Adj EPS	4.7%	5.0%	6.4%

POSTE ITALIANE - 12M Performance



Stock Data

Reuters code:	PST.MI		
Bloomberg code:	PST IM		
Performance	1M	3M	12M
Absolute	-2.7%	7.4%	50.2%
Relative	-5.2%	-4.6%	34.4%
12M (H/L)	19.13/11.53		
3M Average Volume (th):	2,198.75		

Shareholder Data

No. of Ord shares (mn):	1,306
Total no. of shares (mn):	1,306
Mkt Cap Ord (Eu mn):	23,967
Total Mkt Cap (Eu mn):	23,967
Mkt Float - Ord (Eu mn):	8,556
Mkt Float (in %):	35.7%
Main Shareholder:	
Cassa Depositi e Prestiti SpA	35.0%

Balance Sheet Data

Book Value (Eu mn):	7,842
BVPS (Eu):	9.12

Despite strong financial results and effective management, we believe the current market price reflects the fair value of Poste Italiane. The upgraded FY25 guidance was a positive surprise, mostly on timing, but expected at some point during the year. Despite the new adj. EBIT target looking visible, we think there is limited room for further revisions due to rising personnel costs and weaker NII outlook for 2H25. Our FY25 Net Profit estimate of €2.3bn exceeds company guidance, supporting expectations for a ~€1.20 DPS. Furthermore, while a potential corporate reorganization could enhance dividend stability, it is unlikely to enable a higher payout, given that the Financial Services division already remits 100% of earnings. Moreover, the TIM stake may offer long-term strategic and financial benefits, but near-term synergies appear limited. With the stock near to our TP of €18.4, we confirm our NEUTRAL recommendation.

- **Better-than-expected results...** Poste Italiane's 2Q24 revenues were slightly better than our estimates, and, partly thanks to lower-than-expected costs, adjusted EBIT and the bottom line were definitely better. Total revenues were up 5% YoY, with all business units contributing to growth. Adjusted EBIT rose 10% YoY excluding systemic charges for the insurance guarantee fund (€37mn in 2Q24 and €19m in 2Q25). Group net profit was €572mn (vs. €525mn in 2Q24), 5% better than our estimates and 6% better than consensus.
- **...pave the way for upward guidance revision.** FY25 adj. EBIT and net profit guidance were revised upward respectively to €3.2bn from €3.1bn, and to €2.2bn from €2.1bn. The revenue target (€12.8bn) and dividend policy (70% payout ratio) were confirmed. Our previous estimates and consensus were already aligned with new guidance in terms of revenues, bottom line net profit and dividend policy. Visibility remains high and we believe that guidance revision was expected at some point during the year. From our point of view, the main surprise was only the timing, considering that we were expecting a revision with 3Q25 results.
- **Change in estimates.** We are revising our FY25 estimates upward due to a stronger-than-expected performance in Financial Services and Insurance, particularly with a projected +4% YoY increase in the Investment Portfolio contribution following +9% YoY in 1H25. These updates align our estimate with management's new adj. EBIT target (€2.2bn). For subsequent years, we maintain our model's growth trajectory. As a result, our EPS forecasts are raised by 4.7%/5.0%/6.4% for FY25/FY26/FY27, respectively. Correspondingly, DPS increase to €1.20/€1.25/€1.30, up from previous estimates of €1.15/€1.18/€1.22. These revisions reflect the updated EPS forecasts and remain consistent with the company's 70% payout policy, projecting a total cumulative dividend of €8.1bn for 2024–2028 period.
- **NEUTRAL confirmed; target from €16.8 to €18.4.** We are updating our valuation, based on DDM and SOP models: the average of the two now yields a fair value of €18.4ps. We think the current dividend policy, with the FY25 DPS now expected at €1.20 sets a potential stock price floor in terms of dividend yield, with the current yield (~6.5%) not offering further significant upside in our view.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Commissions Income (Eu mn)	2,827	2,892	2,941	2,980	2,980
Total Income (Eu mn)	11,989	12,589	13,066	13,177	13,343
Net Operating Profit (Eu mn)	2,620	2,546	3,144	3,258	3,320
Net Profit Adj (Eu mn)	1,918	2,013	2,281	2,318	2,375
EPS New Adj (Eu)	1.469	1.541	1.747	1.775	1.819
EPS Old Adj (Eu)	1.469	1.541	1.669	1.690	1.709
DPS (Eu)	0.800	1.080	1.200	1.250	1.300
Market Cap/F.U.M.	8.2%	7.8%	7.8%	7.9%	7.9%
P/E Adj	12.5	11.9	10.5	10.3	10.1
Div. Yield	4.4%	5.9%	6.5%	6.8%	7.1%
ROE	18.4%	22.1%	27.9%	27.0%	25.2%

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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 between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIIB40 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.

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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:	32.84%
OUTPERFORM:	38.06%
NEUTRAL:	29.10%
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 (79 in total) is as follows:

BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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