POSTE ITALIANE

NEUTRAL

Sector: Asset mgmt

Price: Eu14.95 - **Target: Eu15.70**

DPS Energized by Strong Operating Trends and Remittance

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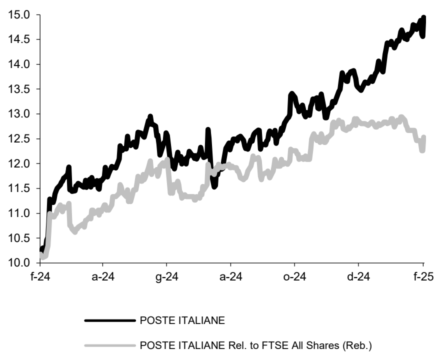
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-1.0%	1.5%	1.6%

POSTE ITALIANE - 12M Performance



Stock Data			
Reuters code:			PST.MI
Bloomberg code:			PST IM
Performance	**1M**	**3M**	**12M**
Absolute	3.4%	14.9%	46.9%
Relative	-3.0%	0.0%	27.6%
12M (H/L)			14.95/10.25
3M Average Volume (th):			1,762.38

Shareholder Data	
No. of Ord shares (mn):	1,306
Total no. of shares (mn):	1,306
Mkt Cap Ord (Eu mn):	19,520
Total Mkt Cap (Eu mn):	19,520
Mkt Float - Ord (Eu mn):	6,969
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

- **4Q24 results impacted by one-off tax credit charge – muscular FY24 DPS beat.** 4Q24 revenues were better than our estimates, while the bottom line was in line. Total revenues were up 6% YoY. Adjusted EBIT rose 22% YoY excl. systemic charges for the insurance guarantee fund (€19m) and a €341mn hit from an extraordinary tax credit charge on a voluntary risk assessment agreed with the Italian Revenue Agency. Group net profit was €418mn (vs. €410mn in 4Q23), in line with consensus and our estimates. The big surprise was FY24 DPS: after an interim €0.33, although we never ruled out the possibility of a higher DPS, our expectation was €1.0ps, whereas management announced €1.08ps!
- **FY25 guidance in line with expectations – powerful acceleration of dividend policy.** FY25 guidance was largely aligned with market expectations, with a slight adj. EBIT beat. The key highlight, however, was the significant upgrade to dividend policy, now targeting a 70% annual payout ratio and a cumulative €7.5bn payout in 2024-28, exceeding previous targets and our expectations. This enhanced policy is anchored by a diversified dividend stream from subsidiaries, notably the insurance division with a robust Solvency ratio that paved the way to >100% remittance to the parent company. This substantial contribution strengthens distributable reserves and supports the increased payout, demonstrating the insurance division's critical role in underpinning Poste Italiane's new, shareholder-friendly dividend strategy.
- **Change in estimates.** We revise our estimates, aligning FY25 projections with management targets and maintaining the existing growth trajectory for subsequent years, resulting in a 1.5%/1.6% EPS rise for FY26-27, while FY25 adj. EPS goes down by 1% as we remove the adjustment for the early retirement plan provisions. We update our DPS forecasts to reflect the new 70% payout ratio policy, projecting €1.15/€1.18/€1.22 for FY25/26/27. While management targets a cumulative €7.5bn dividend through 2028, we increase our estimate to €7.7bn, anticipating potential further dividend increases due to the significant buffer between subsidiary dividends and shareholder payouts.
- **NEUTRAL confirmed, TP unchanged at €15.7**. We update our valuation, based on DDM (€15.5ps, up thanks to the higher estimates) and SOP (€16ps) models: the average of the two yields a fair value of €15.7ps. We have removed from the SOP: 1) Anima's stake from due to the Poste commitment to tender shares to the Banco BPM PTO; and 2) the Nexi stake following the share swap with CDP that enables Poste to become a relevant TIM shareholder with 9.81%. We think the enhanced dividend policy sets a potential "stock price floor", but the current stock price seems to already reflect that. However, we do not include industrial synergies from the TIM investment but a future stake increase (not under discussion right now according to management indications) could be seen as a potential risk. Moreover, the timing of the placement by MEF remains uncertain: the 14% placement could increase liquidity, with limited short-term downside risks given the high expected involvement of retail and domestic institutional investors. The DY offers significant support, but on limited additional upside we confirm our NEUTRAL rating.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Commissions Income (Eu mn)	2,827	2,892	2,930	3,000	3,005
Total Income (Eu mn)	11,989	12,589	12,945	13,125	13,304
Net Operating Profit (Eu mn)	2,620	2,546	2,992	3,097	3,129
Net Profit Adj (Eu mn)	1,918	2,013	2,180	2,208	2,233
EPS New Adj (Eu)	1.469	1.541	1.669	1.690	1.709
EPS Old Adj (Eu)	1.561	1.604	1.686	1.665	1.683
DPS (Eu)	0.800	1.080	1.150	1.180	1.220
Market Cap/F.U.M.	6.7%	6.4%	6.4%	6.4%	6.4%
P/E Adj	10.2	9.7	9.0	8.8	8.7
Div. Yield	5.4%	7.2%	7.7%	7.9%	8.2%
ROE	18.4%	22.1%	26.7%	25.7%	23.7%

Intermonte

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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&PMIB40 Index, most of those on the MIDEX 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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As at 31 December 2024 Intermonte's Research Department covered 132 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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