

REVO INSURANCE

Sector: Insurance

OUTPERFORM

Price: Eu16.16 - Target: Eu18.80

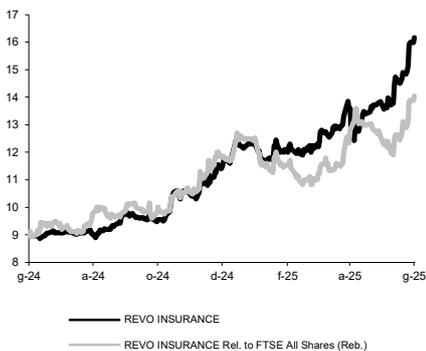
Surfing Insurance Opportunities

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

Stock Rating

Rating:	from BUY to OUTPERFORM		
Target Price (Eu):	from 16.20 to 18.80		
	2025E	2026E	2027E
Chg in Adj EPS	0.4%	0.7%	-0.2%

REVO INSURANCE - 12M Performance



Stock Data

Reuters code:	REVOI.MI
Bloomberg code:	REVO IM

Performance	1M	3M	12M
Absolute	16.8%	31.4%	80.8%
Relative	12.2%	28.5%	65.4%
12M (H/L)	16.16/8.86		
3M Average Volume (th):	58.24		

Shareholder Data

No. of Ord shares (mn):	26
Total no. of shares (mn):	29
Mkt Cap Ord (Eu mn):	425
Total Mkt Cap (Eu mn):	425
Mkt Float - Ord (Eu mn):	307
Mkt Float (in %):	72.1%
Main Shareholder:	
Vittoria Assicurazioni	8.6%

Balance Sheet Data

Book Value (Eu mn):	263
BVPS (Eu):	8.98
Solvency II (%):	223.4%

REVO's 2026-2028 Strategic Plan, dubbed the "TECHUMAN ERA", seeks to open a new chapter in the company's growth story: the journey increasingly combines human skills with technology to achieve technical and operational efficiency. The Plan continues to rest on the pillars of human, distribution and tech capital in a unique cultural model based on virtuous human-machine relationships aimed at seizing the opportunities offered by new technologies. Integrated distribution, product customisation and advanced operating models for underwriting, back-office and claims management form the basis of the technical excellence that underpins the target of keeping the combined ratio under <85%, well below the industry average. 2028 financial targets point to premiums of €550mn, operating profit of over €85mn and net profit above €50mn. 2026/2028 CAGRs of >15% for premiums and >20% for EPS are testament to REVO management's growth expectations, as is their explicit commitment to remain invested beyond the end of the plan. We move to OUTPERFORM from Buy following the stock's strong performance, while remaining positive on the story.

- **A plan combining vision and day-to-day delivery.** REVO is aiming to expand its technology drive further through the evolution of the OverX platform into VERO, which uses AI to support the organisation. All key areas of the company will be provided with AI partners. *Luminate* for underwriting will allow REVO to exploit algorithmic underwriting; *Operate* for the back office will enable a significant increase (~40%) in policies managed; *Liquidate* will speed up claims management. To achieve these goals, the plan includes €10mn of investments in 2025 alone and €25mn in the 2026-2028 period. Spain is a further growth driver, expected to represent almost 10% of premiums at the end of the plan (i.e. €50mn in 2028).
- **2028 targets vs. our estimates.** Our estimates remain largely unchanged, and we are slightly below 2028 company targets. In detail, for FY28 we forecast €518mn GWP; €80mn adj. operating profit; €50mn adj. net profit; a 17% 2026-28 EPS CAGR and average dividend payout ratio of 28%. In terms of capital and solvency, REVO is aiming for growth to be entirely self-financing, with a 30% dividend payout ratio. The Solvency II ratio target of 220%-230% allows for a buffer of 30-40% that could be deployed for organic growth, while M&A, despite not being ruled out, is not a priority given existing internal opportunities and the projected rise in dividends.
- **OUTPERFORM (from Buy), target raised to €18.8 from €16.2.** REVO has finally started to be perceived as an insurance company with a unique tech-based model that should continue to enable excellent future growth. Looking at the company a few years down the road, valuations still seem more than reasonable and well below other innovative Insurtech players like US-based Palomar. Our updated valuation of the company is based on the average of a return on allocated capital model (€17.4ps) and a 25% discount to 2025/26/27 P/E multiples for Palomar (€20.2ps). Upside remains attractive at ~14%, but we move to OUTPERFORM from Buy given the stock's recent performance. At our new target REVO will trade at implied 2027/28 P/E of 12.9x/10.9x.

Key Figures & Ratios	2024A	2025E	2026E	2027E	2028E
Total Net Premiums (Eu mn)	309	376	435	485	548
Total Net Income (Eu mn)	35	44	59	70	86
Operating Profit (Eu mn)	29	36	50	60	74
Net Profit Adj (Eu mn)	23	30	38	43	50
EPS New Adj (Eu)	0.860	1.027	1.283	1.461	1.722
EPS Old Adj (Eu)	0.860	1.023	1.275	1.465	1.706
DPS (Eu)	0.220	0.270	0.330	0.380	0.440
P/E Adj	18.8	15.7	12.6	11.1	9.4
Div. Yield	1.4%	1.7%	2.0%	2.4%	2.7%
P/BVPS	1.7	1.6	1.5	1.3	1.2

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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 S&PMB40 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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As at 31 March 2025 Intermonte's Research Department covered 131 companies.

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

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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