Milan, 08 August 2025

Italian Equity Research – 2Q/1H25 Results

REVO INSURANCE

OUTPERFORM

Sector: Insurance

Price: Eu15.72 - **Target: Eu18.60**

Good 1H25 Trends Underscore Confidence in FY Guidelines

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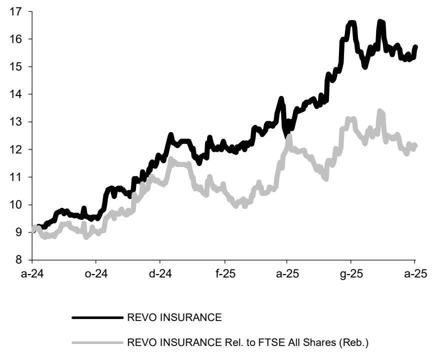
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 18.80 to 18.60
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.3%	0.4%	0.6%

REVO INSURANCE - 12M Performance



Stock Data			
Reuters code:			REVOI.MI
Bloomberg code:			REVO IM
Performance	**1M**	**3M**	**12M**
Absolute	-5.3%	15.1%	73.5%
Relative	-9.0%	7.0%	44.0%
12M (H/L)			16.64/9.06
3M Average Volume (th):			44.63

Shareholder Data	
No. of Ord shares (mn):	26
Total no. of shares (mn):	29
Mkt Cap Ord (Eu mn):	414
Total Mkt Cap (Eu mn):	414
Mkt Float - Ord (Eu mn):	298
Mkt Float (in %):	72.1%
Main Shareholder:	
Vittoria Assicurazioni	8.6%

Balance Sheet Data	
Book Value (Eu mn):	261
BVPS (Eu):	8.92
Solvency II (%):	223.4%

REVO's 2Q/1H25 results provide a clear and encouraging view of its business trajectory, confirming the company is firmly on the path outlined in its "TECHUMAN ERA" strategic plan. Underlying performance is robust, with strong growth and increasing operational efficiency inspiring confidence in the medium and long term. In 1H25, property lines temporarily exceeded surety premiums as REVO grasped tactical opportunities on the market, but surety was confirmed as a major driver of future growth and profitability. While the Loss Ratio increased slightly to 32.3%, the CoR remained comfortably below the 85% target. We appreciate that REVO's growth is not coming at the expense of financial stability; the Group's capital strength remains high with a Solvency ratio of 245%, providing a significant capital buffer to absorb potential market volatility, fund further tech investment, and support continued expansion in other markets like in Spain. We confirm our OUTPERFORM rating on the stock.

- **Good 2Q/1H25 results enhance visibility on FY25 guidance.** Revo demonstrated robust GWP growth in 1H25, reinforcing the positive trajectory that supports confidence in achieving FY25 guidance. From a technical profitability perspective, the Loss Ratio rose to 32.3%, primarily due to higher losses in the Marine and Transport lines. We appreciate that despite this increase, the Combined Ratio (CoR) improved to 83.2%, reflecting a significant decrease in the Expense Ratio. FY25 guidance was confirmed, and given the strong progress seen in 1H, we believe current targets are potentially conservative but also depend on the outcome of NatCat season in 3Q.
- **Targeted partnership with banks on the way, not included in targets or our estimates.** REVO reached an agreement with Banco Desio to distribute specialty insurance coverage to the bank's SME customers. Other partnerships are under discussion with a mid-sized bank and a larger player. These are promising trends that are not included in targets or our estimates and could provide significant upside, but are not expected to have any major financial impact in the near future.
- **Estimates basically unchanged with some scope for upside.** We are broadly confirming estimates awaiting the outcome of the NatCat season in 3Q. We see room for some upside if no major events materialise. We are lifting our 2025 gross premiums estimate by €10mn to €386mn to include higher growth in property to reflect the strong 1H trend. We confirm our CoR estimate for 2025 at 84.7%, in line with company guidance of <85% despite the slightly high Loss Ratio trends that emerged in 1Q25, which we expect to normalise through the year. We also confirm expectations for strong premiums and operating earnings growth in the coming years, in line with the company's business plan targets.
- **OUTPERFORM confirmed, target from €18.8 to €18.6.** REVO's current market valuation still seems more than reasonable, and 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 (€19.5ps) and 2025/26/27 P/E multiples for Palomar (€17.8ps). Upside remains attractive at ~18% and we confirm our OUTPERFORM rating.

Key Figures & Ratios	2024A	2025E	2026E	2027E	2028E
Total Net Premiums (Eu mn)	309	386	440	485	548
Total Net Income (Eu mn)	35	45	60	70	86
Operating Profit (Eu mn)	29	37	50	60	74
Net Profit Adj (Eu mn)	23	30	38	43	51
EPS New Adj (Eu)	0.860	1.030	1.289	1.470	1.731
EPS Old Adj (Eu)	0.860	1.027	1.283	1.461	1.722
DPS (Eu)	0.220	0.270	0.330	0.380	0.440
P/E Adj	18.3	15.3	12.2	10.7	9.1
Div. Yield	1.4%	1.7%	2.1%	2.4%	2.8%
P/BVPS	1.7	1.6	1.4	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 FTSEMIB40 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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BUY:	32.09%
OUTPERFORM:	37.31%
NEUTRAL:	30.60%
UNDERPERFORM:	00.00%
SELL:	00.00%

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BUY:	51.90%
OUTPERFORM:	29.11%
NEUTRAL:	18.99%
UNDERPERFORM:	00.00%
SELL:	00.00%

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