

REVO INSURANCE

BUY

Sector: Insurance

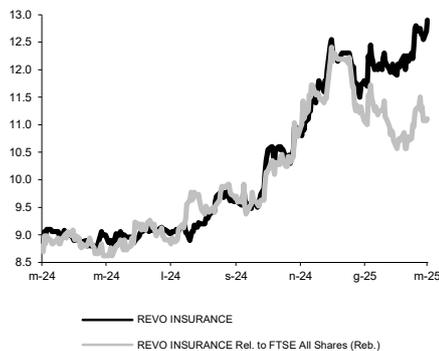
Price: Eu12.90 - Target: Eu14.50

Strong FY24 Results Lay Foundations for New Strategic Plan

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 12.00 to 14.50		
	2025E	2026E	2027E
Chg in Adj EPS	-7.6%	-1.6%	

REVO INSURANCE - 12M Performance



Stock Data			
Reuters code:	REVOI.MI		
Bloomberg code:	REVO IM		
Performance	1M	3M	12M
Absolute	6.6%	4.5%	46.6%
Relative	4.2%	-9.8%	30.7%
12M (H/L)	12.90/8.76		
3M Average Volume (th):	40.31		

Shareholder Data	
No. of Ord shares (mn):	26
Total no. of shares (mn):	26
Mkt Cap Ord (Eu mn):	340
Total Mkt Cap (Eu mn):	340
Mkt Float - Ord (Eu mn):	269
Mkt Float (in %):	79.1%
Main Shareholder:	
Fondazione Cariverona	6.8%

Balance Sheet Data	
Book Value (Eu mn):	266
BVPS (Eu):	10.10
Solvency II (%):	230.4%

■ **4Q/FY24 results slightly better than expected. DPS at €0.22ps, growth set to continue in 2025.** Revo FY24 results show the continuation of the strong growth trend for premiums, operating profit and net profit, exceeding the objectives of the current strategic plan a year in advance. In addition, the proposed DPS at €0.22ps was a positive vs the €0.18 expected. In detail:

- 4Q24 **GWP** at €92mn (+37% YoY) leading to FY24 GWP of €309mn (+43% YoY). Reported **operating profit** at €6.8mn in 4Q24 vs almost zero in 4Q23 when it was hit hard by Nat Cat losses. At adjusted level, operating profit was €8.7mn vs €1.8mn in 4Q23. In FY24, adj. operating profit was €35.1mn (+65% YoY).
- 4Q24 **Net Profit** was €4.3mn (€18.6mn in FY24, +53% YoY), while adj. net profit was €5.6mn (vs €3.1mn in 4Q23) and €22.6mn in FY24 vs €14.8mn in FY23.
- **Solvency II ratio** at 236.7% (vs 196% as at end-September 2024) mainly on lower capital absorption by the Credit and Surety businesses following authorisation for the application of Undertaking Specific Parameters.
- **COR** was flat YoY at 85.8% with the Loss Ratio improving to 37.3% vs 42.0% in FY23, while the expense ratio in FY24 was 48.5% vs 43.8% in FY23. The latter was hit by higher reinsurance and acquisition costs, partly offset by the fall in the cost ratio.

■ **Fine-tuning of estimates in light of 2025 guidance and conversion of special shares.** Pending presentation of new Strategic Plan targets, we are slightly revising our estimates to take into account the new parameters for Solvency calculation, the EPS dilution on conversion of special shares, and management indications on FY25 (GWP at €360-370mn; adj. operating profit at ~€40mn as a floor; adj. net profit at ~€30mn; CoR -2/3pp YoY). DPS for FY25/26 is increased to factor an acceleration in dividends, also thanks to higher capital. For premiums, we expect an almost 20% '24-'27 CAGR. For FY25/26, we are revising our adj. net profit by -1.2%/+5.2%, while for EPS, the changes (-7.6%/-1.6%) factor the change in the share count (effects already accounted for in our valuation model). Our new estimates for 2027 envisage adj. operating profit at €66mn.

■ **BUY confirmed, target at €14.5 from €12.0.** We look at Revo as an excellent example of a company leveraging on tech opportunities to thrive in highly competitive and mature industries but focusing on service excellence in niche segments: specialty lines for SMEs. Growth is expected to remain sustained thanks to portfolio expansion also supported by the large capital buffer following approval of USP on solvency. Expansion in Spain is expected to gain traction in 2025, showing that the company's platform is replicable in other markets with limited additional costs. We expect positive indications from the new strategic plan: while acquisitions are not at the heart of the strategy, there could be opportunities like Ara1857, which is currently under discussion. At the new target price of €14.5, Revo would trade at 13x/10x fully diluted FY25/26 earnings (11.7x 2025 EPS pre full dilution). Despite the recent (deserved) rally, we confirm our BUY rating.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total Net Premiums (Eu mn)	216	309	368	438	495
Total Net Income (Eu mn)	23	35	44	58	70
Operating Profit (Eu mn)	16	29	38	51	61
Net Profit Adj (Eu mn)	15	23	33	41	47
EPS New Adj (Eu)	0.601	0.860	1.245	1.550	1.798
EPS Old Adj (Eu)	0.601	0.841	1.347	1.576	
DPS (Eu)	0.084	0.220	0.300	0.400	0.450
P/E Adj	21.5	15.0	10.4	8.3	7.2
Div. Yield	0.7%	1.7%	2.3%	3.1%	3.5%
P/BVPS	1.5	1.4	1.3	1.2	1.0

