

REVO INSURANCE

BUY

Sector: Insurance

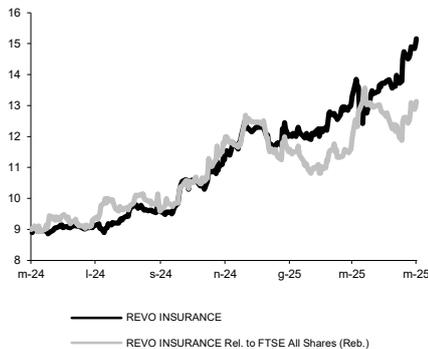
Price: Eu15.16 - Target: Eu16.20

Update Ahead of New Strategic Plan

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 14.50 to 16.20		
	2025E	2026E	2027E
Chg in Adj EPS	-17.8%	-17.8%	-18.5%

REVO INSURANCE - 12M Performance



Stock Data			
Reuters code:	REVOI.MI		
Bloomberg code:	REVO IM		
Performance	1M	3M	12M
Absolute	10.5%	24.8%	68.4%
Relative	3.2%	20.6%	52.9%
12M (H/L)	15.16/8.86		
3M Average Volume (th):	52.43		

Shareholder Data	
No. of Ord shares (mn):	26
Total no. of shares (mn):	29
Mkt Cap Ord (Eu mn):	399
Total Mkt Cap (Eu mn):	399
Mkt Float - Ord (Eu mn):	288
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 will disclose its new business plan in Milan on 4 June 2025. We expect the plan to provide more insight on the future strategy and growth levers. Focus should be on technology, thanks to the development of the OverX platform and the opportunities brought in by AI, product innovation, expansion of the distribution network and the contribution of Spanish operations. In our view, REVO is still well positioned to deliver excellent growth going forward, while in order to tap opportunities we expect additional investments in technology and people. Our assumptions point to a 2025-28 CAGR of 13% in premiums, to reach more than €500mn, and a ~20% adj. net profit CAGR to €50mn in 2028. In the plan period, the combined ratio should remain in the 80-85% range, with Solvency II expected to stay above 200%. Despite the strong stock performance, we remain positive ahead of the plan presentation.

- **1Q25 hit by higher loss ratio and taxes.** 1Q25 results showed a continuation of the strong premiums trend (+41% YoY), while the start to the year was slightly weaker than forecast for operating profit and net profit growth. Specifically, 18% YoY growth in operating profit was penalised by an increased loss ratio which, in addition to reflecting the strategy of diversifying the insurance portfolio, tends to suffer from volatility in 1Q. This effect should be reabsorbed as the year progresses. Bottom line growth, on the other hand, was also penalised by the comparison with a particularly favourable tax rate in 1Q24.
- **Condition for conversion of special shares reached; Revo Advisory at 16% of share capital.** The management team remains key to the story, and their long-term involvement is confirmed by the recent conversion of the last tranche of special shares, with a lock-up until November 2026. We are adjusting the share count to include this conversion, which was already fully discounted in our valuation.
- **BUY confirmed, target from €14.5 to €16.2.** We expect the plan to provide more insight on the future strategy and growth levers. Focus should be on technology, thanks to the development of the OverX platform and the opportunities brought in by AI, product innovation, expansion of the distribution network and the contribution of Spanish operations. In our view, REVO is still well positioned to deliver excellent growth going forward, while in order to tap opportunities we expect additional investments in technology and people compared to our previous expectations. This translates into an average impact of ~8.5% on our net profit estimates. Our assumptions point to a 12% 2025-28 premiums CAGR and even stronger growth of 27% in adj. operating profit. These expectations will place REVO on track to close 2028 with premiums well above €500mn and adj. net profit at €50mn, implying strong profitability fuelled by a combined ratio remaining in the 80-85% range in the plan period, well below the industry average thanks to REVO's specific market positioning. Capital is solid for a growing company, with Solvency II expected to remain above 200%. On the valuation, we are rolling our fair value calculation over to 2026 considering the growth potential. Applying a return on invested capital model, we reach a fair value of €16.2. At target, the stock would trade at ~12.7x/11.0x 2026/27 P/E.

Key Figures & Ratios	2024A	2025E	2026E	2027E	2028E
Total Net Premiums (Eu mn)	309	368	428	479	527
Total Net Income (Eu mn)	35	43	59	71	85
Operating Profit (Eu mn)	29	36	50	60	73
Net Profit Adj (Eu mn)	23	30	37	43	50
EPS New Adj (Eu)	0.860	1.023	1.275	1.465	1.706
EPS Old Adj (Eu)	0.860	1.245	1.550	1.798	
DPS (Eu)	0.220	0.270	0.330	0.380	0.420
P/E Adj	17.6	14.8	11.9	10.3	8.9
Div. Yield	1.5%	1.8%	2.2%	2.5%	2.8%
P/BVPS	1.6	1.5	1.4	1.3	1.1

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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&P500 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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

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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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