

# UNICREDIT

Sector: Banks

# NEUTRAL

Price: Eu48.15 - Target: Eu47.00

## 1Q25 Preview... Awaiting A More Stable Scenario

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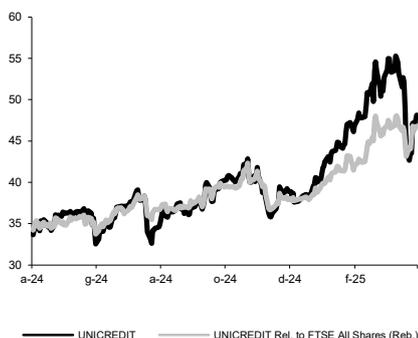
### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 45.00 to 47.00		
	2025E	2026E	2027E
Chg in Adj EPS	2.9%	-0.3%	-1.6%

### Next Event

Results Out on May 7

### UNICREDIT - 12M Performance



### Stock Data

Reuters code:	CRDI.MI		
Bloomberg code:	UCG IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	-8.6%	17.6%	41.4%
Relative	0.6%	17.9%	38.0%
12M (H/L)	55.28/32.53		
3M Average Volume (th):	10,298.66		

### Shareholder Data

No. of Ord shares (mn):	1,434
Total no. of shares (mn):	1,434
Mkt Cap Ord (Eu mn):	69,053
Total Mkt Cap (Eu mn):	69,053
Mkt Float - Ord (Eu mn):	55,289
Mkt Float (in %):	80.1%
Main Shareholder:	
Blackrock	5.9%

### Balance Sheet Data

Tangible Equity (Eu mn):	60,679
TEPS (Eu):	42.31
CET1 Ratio Fully Loaded:	15.4%
Gross NPE Ratio:	2.7%

UniCredit is due to report its 1Q25 results on May 7. We expect a reduction in profitability both YoY and QoQ, but the trends still look positive, especially for the top line and OpEx management. We think investors will not focus on 1Q25 figures, as good numbers are already priced in, but will pay attention to indications on 3 key topics: 1) messages on the M&A quarries that UCG is pursuing, both in Italy and Germany; 2) the potential fallout from geopolitical turmoil; 3) top-line guidance, especially on NII resilience and growth of fees.

We think UCG is a key player in the evolving M&A scenario, with an ongoing “mispriced” offer on BAMl, a potential bid on CBK (with the press lining up UCG for Santander’s Polish Unit), and the stake in Generali. Given the many moving parts, we confirm our NEUTRAL recommendation, and raise our TP to €47.

■ **1Q25 Preview.** We expect 1Q25 figures to remain solid and resilient, despite a slowdown in profitability. The top line is seen shrinking YoY but staying roughly flat QoQ, reflecting a decrease in net interest income (due to rate cuts and day-count effects, partly offset by Alpha Romania), higher fee income driven by seasonality and product initiatives, and a normalisation of trading income. Operating expenses are likely to rise due to inflation and the integration of Alpha Romania and Aion&Vodeno. We forecast CoR at 19bps, implying €199mn of LLPs, while risk provisions should diminish with the conclusion of precautionary schemes. Overall, these factors suggest pre-tax profit of €3.25bn and net profit of around €2.3bn, with a lower CET1 ratio resulting from the introduction of Basel 4 measures.

■ **Change in Estimates.** We have slightly increased our NII estimates due to higher volumes, lower sensitivity, and the contribution of Alpha Romania, while we expect trading income to normalize at lower rates. OpEx are set to rise, mainly reflecting the integration of the recent investments in Alpha Romania and Aion/Vodeno, pushing staff and admin costs toward €9.6bn. Integration costs, however, should be significantly lower than before, as a large component was booked in 4Q24. We also highlight the inclusion of potential DTA releases in our tax calculations, alongside an adjustment to restated net profit for the same release. Finally, we incorporate Basel4 impacts in our estimates, resulting in higher RWAs and thus a lower CET1.

■ **Capital & payout** policy have always been a rock-solid pillar of the UCG equity story, especially in recent periods. The SBB (€3.6bn remaining from FY24 results) is currently suspended due to the BAMl offer, but will be executed following conclusion (1H25). We then expect a further interim SBB to be proposed in 9M25 results. Capital, on the other hand, is seen slightly lower than before due to the implementation of Basel4 rules and the volume effect on new lending.

■ **Valuation:** We think UCG is almost fairly valued at current prices, given the P&L projections and the already priced massive distribution. Given the slight changes we have made to our estimates, we stick to our NEUTRAL recommendation, raising the TP to €47. The stock is now trading at 1.14/1.06/0.97x FY25/26/27 TE. At target, it would trade at 1.11/1.02/0.94x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	23,826	24,844	24,125	24,221	24,544
Net Operating Profit (Eu mn)	14,366	15,439	14,543	14,600	14,898
Net Profit Adj (Eu mn)	8,844	9,336	9,286	9,231	9,423
EPS New Adj (Eu)	5.166	6.046	6.475	6.874	7.527
EPS Old Adj (Eu)	5.031	6.451	6.293	6.893	7.650
DPS (Eu)	1.761	2.416	3.238	3.437	3.764
P/E Adj	9.3	8.0	7.4	7.0	6.4
Div. Yield	3.7%	5.0%	6.7%	7.1%	7.8%
P/TE	1.33	1.23	1.14	1.06	0.97
ROTE	14.3%	15.5%	15.3%	15.1%	15.2%

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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 of 5.5% 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.

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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**Intermonte acts as ECM advisor to Banca Ifis in the offer promoted on Illimity Bank**

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Emittente	%	Long/Short
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