

UNIPOL

Sector: Insurance

OUTPERFORM

Price: Eu17.33 - Target: Eu21.00

Solid Checkpoint Raising Visibility on Conservative Targets

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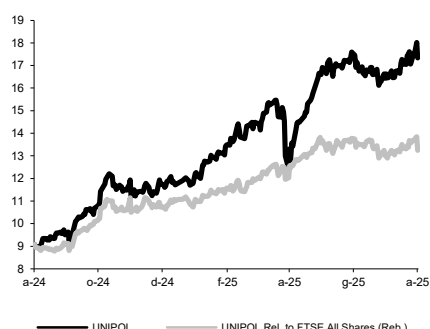
Stock Rating

Rating: Unchanged

Target Price (Eu): from 19.40 to 21.00

	2025E	2026E	2027E
Chg in Adj EPS	0.4%	6.2%	5.5%

UNIPOL - 12M Performance



Stock Data

Reuters code: UNPI.MI

Bloomberg code: UNI IM

Performance	1M	3M	12M
Absolute	5.5%	4.4%	90.8%
Relative	2.0%	-2.5%	60.2%
12M (H/L)			18.02/8.93
3M Average Volume (th):			1,524.42

Shareholder Data

No. of Ord shares (mn):	717
Total no. of shares (mn):	717
Mkt Cap Ord (Eu mn):	12,422
Total Mkt Cap (Eu mn):	12,422
Mkt Float - Ord (Eu mn):	8,187
Mkt Float (in %):	65.9%
Main Shareholder:	
Coop Alleanza 3.0 SC	22.2%

Balance Sheet Data

Book Value (Eu mn):	9,855
BVPS (Eu):	13.75
Solvency II (%):	216.0%

Unipol posted solid results, in line with overall expectations. We believe one-off factors in the P&C CoR and the derivative on the forward sale of BPER shares did not allow results to clearly beat estimates. We think Unipol is set to benefit from a still benign environment for P&C and a steadily-increasing Life segment contribution thanks to bancassurance. The stock delivered a very strong performance, but we think there is still upside as business plan targets are conservative, and we expect cumulative dividends to be >€2.5bn (20% of the current market cap) over the next 3 years. We still consider multiples attractive, and the bancassurance contribution could provide a further boost after the merger between BPER and BPSO. We are lifting our TP to €21.0 from €19.4, confirming our positive view.

■ **In-line results enhance visibility on conservative plan targets.** Unipol posted solid results, in line with expectations. Motor CoR, Life and Other segments were strong, beating expectations, while deterioration in the Non-Motor CoR was mainly due to a tough YoY comparison. Normalisation of the contribution from P&C investment income vs. last year was related to a negative one-off (€70mn) on the forward sale derivative for BPER shares. In contrast, in 3Q there will be a positive one-off of €170mn for the tender of BPSO shares to BPER (more details in the following pages).

■ **Conference call indications:** interesting insights on the YoY increase in the overall expense ratio, which was driven by higher agency commissions linked to better technical profitability. The normalised slowdown in CSM growth in 2Q25 was due to a larger release vs. new business, boosted by the strong market performance, but this P&L contribution may not recur in 2H unless markets remain robust. As for BPER and BPSO, Unipol, with a 20% stake in the combined entity, expects significant upside from synergies in scale, efficiency, and especially enhanced bancassurance productivity through improved distribution.

■ **Estimates: FY25/26/27 adj. EPS raised by +0.4%/+6.2%/+5.5%.** We are revising our estimates to include a better contribution from UNA Hotels and a lower contribution from BPER Banca in 2025, which is set to be a transitional year given the ongoing integration with BPSO, while we include merger synergies for 2026/27. In FY25 we are including a positive one-off of €170mn for the tender of BPSO shares to BPER. In terms of dividends, we are confirming an annual payout ratio of ~60% while revising our FY25 DPS estimate upwards to €1.05, as the lower contribution expected from BPER due to one-off costs related to the merger with BPSO should be offset by the positive P&L effect (€170mn) related to the tender of BPSO shares to BPER. On higher FY26/27 estimates, which include merger synergies between the two banks, we are raising our DPS estimates to €1.15/€1.25, implying cumulative dividends of >€2.5bn over the 3-year period vs. the Strategic Plan target of €2.2bn.

■ **OUTPERFORM confirmed; target raised to €21.0 (from €19.4).** We are updating our fair value calculation for Unipol based on: (i) sector peers' P/E multiples; (ii) DDM based on our new DPS assumptions, as we think the dividend will remain a key area of interest for investors; (iii) NAV composed of insurance segment business at peers' multiples plus the stake in BPER Banca at market value. The average of these approaches yields a fair value of €21.0ps, or potential upside of ~21% vs. stock price.

Key Figures & Ratios	2024A	2025E	2026E	2027E	2028E
Total Net Premiums (Eu mn)	15,621	16,733	17,145	17,867	18,636
Total Net Income (Eu mn)	15,642	17,224	17,535	18,252	18,964
Operating Profit (Eu mn)	1,316	1,825	1,850	2,007	
Net Profit Adj (Eu mn)	1,074	1,221	1,380	1,500	1,523
EPS New Adj (Eu)	1.498	1.703	1.925	2.093	2.125
EPS Old Adj (Eu)	1.498	1.696	1.813	1.984	
DPS (Eu)	0.850	1.050	1.150	1.250	
P/E Adj	11.6	10.2	9.0	8.3	8.2
Div. Yield	4.9%	6.1%	6.6%	7.2%	
P/BVPS	1.3	1.3	1.3	1.2	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 FTSEIMIB40 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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BUY:	32.09%
OUTPERFORM:	37.31%
NEUTRAL:	30.60%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

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

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