

# UNIPOL

Sector: Insurance

## OUTPERFORM

Price: Eu8.96 - Target: Eu10.80

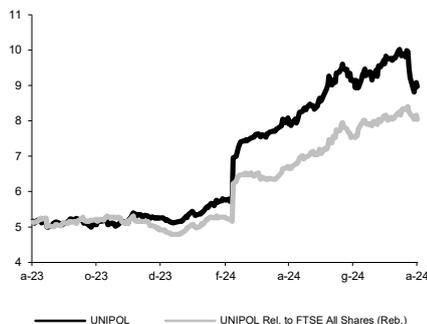
### More Profits and Dividends on the Way

**Alberto Villa +39-02-77115.431**  
 alberto.villa@intermonte.it

#### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	from 10.20 to 10.80		
	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>Chg in Adj EPS</b>	3.0%	3.6%	4.2%

#### UNIPOL - 12M Performance



#### Stock Data

Reuters code:	UNPI.MI		
Bloomberg code:	UNI IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	-6.8%	4.8%	74.8%
Relative	-0.7%	12.1%	63.0%
12M (H/L)	10.02/4.99		
3M Average Volume (th):	1,903.15		

#### Shareholder Data

No. of Ord shares (mn):	718
Total no. of shares (mn):	722
Mkt Cap Ord (Eu mn):	6,441
Total Mkt Cap (Eu mn):	6,441
Mkt Float - Ord (Eu mn):	3,305
Mkt Float (in %):	51.3%
Main Shareholder:	
Coop Alleanza 3.0 SC	22.2%

#### Balance Sheet Data

Book Value (Eu mn):	9,572
BVPS (Eu):	13.34
Solvency II (%):	219.5%

■ **2024 results in line, Solvency 2 better than expected at 221%:** 2024 results showed the impact on premiums of higher prices, although the same effect hindered volumes, while the combined ratio was broadly in line discounting some increases in reserves. On aggregate, consolidated GWP were Eu3,965mn, up 8.8% YoY but down 5.6% QoQ. Pre-tax profit was Eu395mn, +5.6% YoY, in line with expectations. Net profit after minorities and including the contribution from bank stakes in 1Q was Eu316mn vs. our Eu329mn estimate (4% below), or Eu195mn ex-banks. The Solvency II ratio was 221%, slightly above our forecasts of 218%, or 276% excluding the impact of bank stakes. Unipol's solvency proved resilient to economic variance and less buoyant market trends. More details on 2Q24 results later in this report.

■ **Conference call indications:** our main takes were: 1) P&C: management better detailed the impact of extra reserves linked to recent unexpected events, such as the increase in claims costs set by the Court of Milan, which had a negative 3ppt hit on the overall combined ratio; 2) Life: focus on profitable growth and further reduction of minimum guarantees; 3) Investment policy: UNI's increased cash position a benefit in the event of market corrections; 4) Solvency: limited impact from equity swap on BPER stake; 5) dividends: no significant 2024 guidance given; 6) no additional remarks on potential windfall tax risk or press rumours on BMPS.

■ **Change in estimates: 2024/25/26 adj. net profit +3-4% on average.** We are raising estimates slightly to factor in: 1) a slightly better P&C trend, as we think the tariff increases and reduced exposure to property will pave the way for positive technical trends and allow the combined ratio business plan target of 92.6%, which could have been considered out of reach a few months ago, to be hit; 2) higher contribution from banking stakes following some estimate revisions made on 2024 earnings. For the time being we are leaving the one-off €210mn tax benefit stemming from the merger in our assumptions for 2024, even though some recent indications suggest it is less visible than before. EPS +~3-4% on average.

■ **OUTPERFORM: ample room to pay hefty dividends; target raised from €10.2 to €10.8:** Unipol will set a new dividend policy for the future in the new business plan in May 2025. However, we think the company already has ample room to raise the payout to around 50% (excl. potential fiscal one offs). On our estimates this would imply a 2024 DPS of €0.7 and a dividend yield in the region of 8%, making Unipol attractive in absolute terms and within the sector at the current price. There are a few uncertainties yet on potential additional taxation, the 2024 cash-in of the one-off tax benefit related to the merger and clarification of the dividend policy, but on the other hand we think 1H24 reserve provisioning was extremely prudent and the stock is still trading at undemanding multiples. We set our discount to sector multiples at 25% from 30% previously, raising our target price to €10.8ps from €10.2 previously confirming our OUTPERFORM rating on the stock. At target the stock would be trading at 7.7x/7.1x/6.7x '24/'25/'26 P/E multiples, with a dividend yield of between 6.5% and 8%.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Total Net Premiums (Eu mn)	13,645	15,060	16,477	17,392	18,318
Total Net Income (Eu mn)	13,810	16,207	17,498	18,434	19,380
Operating Profit (Eu mn)	1,240	999	1,312	1,399	1,451
Net Profit Adj (Eu mn)	583	834	1,035	1,107	1,136
EPS New Adj (Eu)	0.813	1.162	1.443	1.543	1.583
EPS Old Adj (Eu)	0.813	1.162	1.400	1.489	1.520
DPS (Eu)	0.370	0.380	0.700	0.800	0.900
P/E Adj	11.0	7.7	6.2	5.8	5.7
Div. Yield	4.1%	4.2%	7.8%	8.9%	10.0%
P/BVPS	0.8	0.7	0.6	0.6	0.6

**DISCLAIMER (for more details go to [DISCLAIMER](#))**

**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website [www.intermonte.it](http://www.intermonte.it) under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

**ANALYST CERTIFICATION**

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

**GUIDE TO FUNDAMENTAL RESEARCH**

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&PMB40 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.

Explanation of our ratings system:

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

**CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS**

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

As at 30 June 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	23.97 %
OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (49 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

**CONFLICT OF INTEREST**

In order to disclose its possible conflicts of interest Intermonte SIM states that:

**Intermonte is acting as financial advisor to Retex S.p.A. – Società Benefit in relation to the voluntary public tender offer launched on Alkemy S.p.A.**

**Intermonte is acting as financial advisor to Eagle S.p.A. and intermediary responsible for coordinating the collection of sale requests in relation to the sell-out procedure on Greenthesis S.p.A.**

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Civitanavi Systems, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambienthesis), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and WIIT.

**Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.**

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, DHH, EL.En, Elica, Emak, Esprinet, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, Go Internet, GPI, Greenthesis (formerly Ambienthesis), IEG, Iervolino & Lady Bacardi Entertainment, IndelB, Intred, Luvè, Matica Fintec, Mondadori, Notorious Pictures, Omer, Pharmanutra, Reevo, Relatech, Reply, Revo Insurance, Reway, Sababa Security, Saes Getters, Sclucker Frames, Servizi Italia, Sesa, Seri Industrial, Somec, Star7, SyS-Dat Group, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMIB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider on the following companies: Abitare In, Alkemy, Allcore, Almamwave, Banca Sistema, Bifire S.P.A., B&C Speakers, Casta Diva Group, Cleanbnb, Cofe, Crowdfundme, Cube Labs, Cy4gate, Cyberoo, Digital Bros, Digital Magics, Digitouch, Doxee, Edilziacrobatica Spa, Eles, Elica, Emak, Energy, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GPI, High Quality Food, Ikonisys, Intercos, Intred, ISCC Fintech, Lemon Sistemi, Lventure Group, Maps Group, Masi Agricola, Matica Fintec, Neodecortech, Notorious Pictures, Oldata, Osai Automation System, Racing Force Group, Relatech, Reti, Sclucker Frames, SG Company, Solid World Group, Spindox Digital Soul, Talea, Tamburi, Tesmec, Tinexta, TMP Group, Tps Group, Trendevice, Ulisse Biomed, WIIT.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short

**© Copyright 2024 by Intermonte SIM - All rights reserved**

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available