

UNIPOL

Sector: Insurance

OUTPERFORM

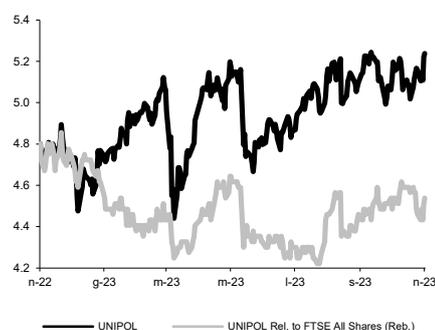
Price: Eu5.24 - Target: Eu6.00

Others Segment Improves, Discount on NAV at 29%

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Stock Rating		
Rating:	Unchanged	
Target Price (Eu):	Unchanged	
	2023E	2024E
Chg in Adj EPS	-3.7%	4.8%

UNIPOL - 12M Performance



Stock Data				
Reuters code:	UNPI.MI			
Bloomberg code:	UNI IM			
Performance	1M	3M	12M	
Absolute	2.3%	1.4%	9.1%	
Relative	1.4%	2.0%	-6.1%	
12M (H/L)	5.24/4.44			
3M Average Volume (th):	1,346.42			

Shareholder Data	
No. of Ord shares (mn):	718
Total no. of shares (mn):	721
Mkt Cap Ord (Eu mn):	3,763
Total Mkt Cap (Eu mn):	3,763
Mkt Float - Ord (Eu mn):	0
Mkt Float (in %):	
Main Shareholder:	
Coop Alleanza 3.0 SC	22.2%

Balance Sheet Data	
Book Value (Eu mn):	
BVPS (Eu):	15.22
Solvency II (%):	

■ **Highlights from 9M results:** operating trends were in line with those of Unipol SAI, with total premiums coming to Eu10,570mn and the combined ratio closing at 98.6%. Pre-tax profit was Eu948mn, better than expected, with P&C at Eu615mn vs. Eu590mn expected, Life closed at Eu221mn (in line), and the 'Others' division at Eu110mn, better than our Eu70mn forecast. Consolidated profit was Eu769mn vs. our Eu665mn estimate, and profit net of minorities came to Eu615mn. Capital: Solvency 2 was 218%, in line with expectations, and shareholders' equity was Eu7,278mn. Reported NFP closed at Eu814mn (excluding the Eu236mn investment in the BPSO stake), better than the Eu1bn forecast, while 9M holding costs came to Eu21mn and DTA stood at Eu229mn from Eu240mn as at 1H23.

■ **10% stake in BPSO:** Management reiterated that the investment in BPSO is to support the existing distribution agreement with the bank: there is still ample room to increase the penetration of bancassurance through the network and Unipol will work alongside the bank to achieve this goal. In an interview Chairman Cimbrì said that a merger between BPER and BPSO is not currently under discussion, although we think this outcome is likely to materialise in the medium term. Both BPER and BPSO are exploiting the favourable environment for retail banks and will contribute to Unipol's profitability in the future.

■ **NAV update Eu5.16bn or Eu7.2ps:** we updated our NAV to take the Eu256mn investment in BPSO into account, bringing the pro-forma net financial position to Eu1.05bn; tax assets came to Eu229mn at the end of September (NPV of Eu139mn) while holding costs were indicated at Eu21mn in 9M23, in line with expectations and included in our NAV at Eu-161mn after applying an 8x multiple.

■ **OUTPERFORM; target Eu6 confirmed:** Unipol has performed better than Unipol SAI, benefitting from exposure to banks in its NAV and a slight reduction in the discount to NAV. We nevertheless think that a discount of almost 30% to NAV is still excessive and unjustified, as we are not expecting the holding company to make any sizeable investments in other assets in the future after the recent acquisition of the stake in BPSO. The Chairman confirmed the company's commitment to dividend distribution, and our estimates include a dividend yield of over 7%, with quite high visibility, backed by a Solvency 2 ratio in excess of 200%. Our fair value is calculated at Eu6ps, implying a ~15% discount on NAV.

Key Figures & Ratios	2020A	2021A	2022A	2023E	2024E
Total Net Premiums (Eu mn)	11,694	11,879	11,366	11,707	12,058
Total Net Income (Eu mn)	12,758	13,315	12,289	13,220	13,543
Operating Profit (Eu mn)					
Net Profit Adj (Eu mn)	1,012	605	502	605	687
EPS New Adj (Eu)	1.404	0.839	0.695	0.836	0.949
EPS Old Adj (Eu)	1.404	0.839	0.695	0.868	0.905
DPS (Eu)	0.280	0.370	0.385	0.400	0.400
P/E Adj	3.7	6.2	7.5	6.3	5.5
Div. Yield	5.3%	7.1%	7.4%	7.6%	7.6%
P/BVPS	0.4	0.4	0.3	nm	nm