

UNIPOL

Sector: Insurance

Well Begun is Half Done

OUTPERFORM

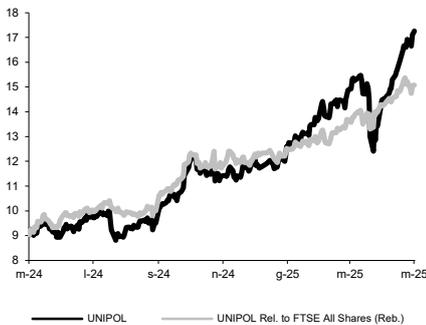
Price: Eu17.26 - Target: Eu19.40

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 16.50 to 19.40		
	2025E	2026E	2027E
Chg in Adj EPS	8.0%	7.0%	8.7%

UNIPOL - 12M Performance



Stock Data

Reuters code:	UNPI.MI		
Bloomberg code:	UNI IM		
Performance	1M	3M	12M
Absolute	19.0%	25.8%	91.4%
Relative	6.3%	18.8%	76.8%
12M (H/L)	17.26/8.81		
3M Average Volume (th):	2,220.48		

Shareholder Data

No. of Ord shares (mn):	717
Total no. of shares (mn):	717
Mkt Cap Ord (Eu mn):	12,371
Total Mkt Cap (Eu mn):	12,371
Mkt Float - Ord (Eu mn):	8,154
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 (%):	218.9%

Unipol's start to the year was ahead of expectations and the company's own assumptions. In light of 1Q25 results, we believe that without serious hits from NatCat events in 2Q-3Q, the company is poised to make excellent progress, further enhancing visibility on 3-year plan targets, which we consider conservative and with scope for upside, including on dividend distribution, as the cumulative 2025-27 target of €2.2bn vs. our new estimate of €2.4bn could be improved, and does not factor any contribution from additional capital generation of €1bn in the plan. Positive view confirmed even after the rally thanks to excellent industrial performance expectations and in light of multiples which, on target, are still at a discount to European peers (10.6/9.8x P/E 25/26)

- Better-than-expected 1Q25 results enhance visibility on conservative plan targets.** Overall, 1Q25 operating trends were better than our expectations, with total premiums of €5.0bn (€2.4bn P&C/ €2.6bn Life), while the Insurance business pre-tax result was €420mn, 13%/15% higher than our expectations and consensus respectively. CoR was slightly better at 91.0% vs our 91.5% and consensus on 91.4%. The Solvency Ratio at 218% includes the estimated pro-rata accrual of dividends on FY25 results, forecast up at least 10% vs. €0.85ps for FY24.
- Conference call indications:** i) **P&C:** Motor premium prices should continue to rise in 2025, stabilizing at ca. +3%. Strong CoR comes from recurring trends and factors a higher payout to agents linked to technical performance. ii) **Life:** a good mix driven by bancassurance. iii) **Investment income:** 1Q benefitted from capital gain releases but recurrent yield is seen as sustainable; iv) **Una Hotels:** no news on disposal, company performing well. v) **BPER / BP Sondrio exchange offer:** Unipol confirmed the intention to maintain bank stakes below 20% in BPER and has entered a forward share sale to ensure the post offer stake in BPER will be below the 20% threshold.
- Estimates: +8.0%/+7.0%/+8.7% FY25/26/27 adj. EPS.** We are factoring in improved CoR below 93% in FY25 and a linear decrease to 91.6% in FY27 vs the 92% target in the Strategic Plan. At Life, we assume a more favourable premium mix with increased unit-linked vs traditional premiums. The contribution of banking stakes has been updated following upward revisions for BPER and BPSO estimates. Consequently, we have lifted shareholder remuneration estimates, with a projected yearly payout ratio of approximately 60% and DPS of €1.00/€1.10/€1.20 for FY25/26/27 respectively, resulting in cumulative dividend distribution of €2.37bn vs the plan target of €2.2bn.
- OUTPERFORM confirmed; target raised to €19.4 (from €16.5).** 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 banking stakes at market value. The average of these approaches yields a fair value of €19.4ps, or potential upside of ~17% vs. stock price.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total Net Premiums (Eu mn)	14,930	15,621	16,515	17,173	17,973
Total Net Income (Eu mn)	15,901	16,271	17,330	17,971	18,824
Operating Profit (Eu mn)	1,298	1,316	1,642	1,761	1,926
Net Profit Adj (Eu mn)	834	1,074	1,215	1,299	1,422
EPS New Adj (Eu)	1.164	1.498	1.696	1.813	1.984
EPS Old Adj (Eu)	1.164	1.498	1.570	1.695	1.826
DPS (Eu)	0.380	0.850	1.000	1.100	1.200
P/E Adj	14.8	11.5	10.2	9.5	8.7
Div. Yield	2.2%	4.9%	5.8%	6.4%	7.0%
P/BVPS	1.3	1.3	1.3	1.3	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 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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Emittente	%	Long/Short
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