

UNIPOL

Sector: Insurance

OUTPERFORM

Price: Eu14.73 - Target: Eu16.50

Stronger|Faster|Better and... With Added Upside Potential

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Stock Rating

Rating: from NEUTRAL to OUTPERFORM

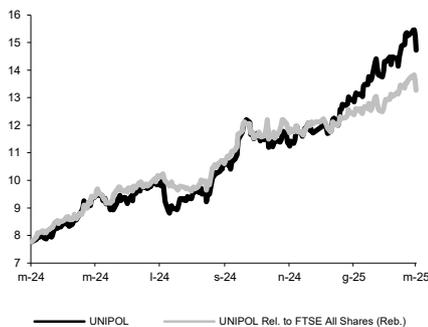
Target Price (Eu): from 14.70 to 16.50

	2025E	2026E	2027E
Chg in Adj EPS	2.2%	2.9%	4.1%

Next Event

 1Q25 Results Out May 16th

UNIPOL - 12M Performance



Stock Data

Reuters code: UNPI.MI

Bloomberg code: UNI IM

Performance	1M	3M	12M
Absolute	2.7%	23.7%	89.7%
Relative	2.6%	11.0%	78.8%
12M (H/L)	15.47/7.86		
3M Average Volume (th):	2,049.77		

Shareholder Data

No. of Ord shares (mn):	717
Total no. of shares (mn):	717
Mkt Cap Ord (Eu mn):	10,558
Total Mkt Cap (Eu mn):	10,558
Mkt Float - Ord (Eu mn):	6,959
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 (%):	217.3%

The new Stronger|Faster|Better business plan includes 2027 targets that are broadly in line with expectations, but that we deem conservative. It is a no-frills plan that focuses on optimisation in underwriting, technical excellence and using technology to boost profitability. We think the plan is not particularly ambitious considering the group's leadership in Italian P&C and the quite modest contributions to growth indicated for the Life segment and investments. €1bn of excess capital generation in the plan grants flexibility to raise dividends above the cumulative distribution target of €2.2bn. Barring a strong increase in NATCAT claims and spikes in financial market volatility, Unipol can exceed the new plan's targets and deliver better earnings and shareholder remuneration, making the company an appealing prospect despite its strong 12M performance. We move back to OUTPERFORM as our new target price of €16.5ps offers ~17% upside (ex-dividend).

■ **Business plan targets in a nutshell:** for 2027, total premiums at €18bn (€10.6bn P&C / €7.4bn Life) was slightly below our €18.4bn forecast (€10.6bn P&C/€7.8bn Life), but profitability, with the combined ratio (CoR) at 92% and cumulative net profit of €3.8bn, was in line. Cumulative dividends in line at of €2.2bn, but we see potential upside. Given the projected capital generation buffer (€1bn) and possible further income from the disposal of UnaHotels, we consider the announced dividend policy a floor, as excess capital generation could be used for more generous distribution to shareholders.

■ **Main strategic points:** our understanding is that Unipol's new Strategic Plan is based on portfolio optimisation, necessitating technological product engineering for both new and existing policies. The core strategy is to shift the portfolio towards more profitable, less risky products, helping reduce volatility in financial results. There was less of an emphasis on Life/bancassurance than had been expected, and we see scope for the contribution of both P&C and Life bancassurance to beat targets.

■ **Change in estimates:** targets were broadly in line with expectations. We are aligning our premiums projections with the announced targets with a CoR of 92% in 2027, leading to a slight upward revision in terms of profitability. We are updating contributions from BPER and BPSO based on our latest estimates. Overall, we are lifting 2025/ '26/ '27 adj. EPS by +2.2%/+2.9%/+4.1%. The announced dividend targets are conservative in our view, and we confirm our €2.3bn cumulative dividend distribution assumption.

■ **Upgrade to OUTPERFORM; target to €16.5 (from €14.7).** Upside on business plan targets could offer further support, in our view. While the stock was the star of 2024 thanks to the collapse of the chain, unwinding of the discount to NAV and excellent financial results, we now think the company's strong domestic positioning and technical excellence will drive earnings growth momentum in the future. Disposal of the non-core hotel asset could accelerate cash generation, but we think the plan has significant buffers and that delivering a 92% combined ratio makes P&C a great source of value creation for the company. We think a dividend yield above 6% offers a floor, and we are convinced earnings are visible and targets conservative. We are removing the discount applied to peers' multiples, and our new fair value of €16.5 is reached by averaging 3 valuation methodologies: peer comparison, DDM and SoP, with the banking stakes included at market value. At target Unipol would be trading at c.10x earnings.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total Net Premiums (Eu mn)	14,930	15,621	16,481	17,214	18,016
Total Net Income (Eu mn)	15,901	16,271	17,245	17,943	18,794
Operating Profit (Eu mn)	1,298	1,316	1,523	1,648	1,778
Net Profit Adj (Eu mn)	834	1,074	1,125	1,215	1,309
EPS New Adj (Eu)	1.164	1.498	1.570	1.695	1.826
EPS Old Adj (Eu)	1.164	1.498	1.536	1.646	1.754
DPS (Eu)	0.380	0.850	0.950	1.050	1.150
P/E Adj	12.7	9.8	9.4	8.7	8.1
Div. Yield	2.6%	5.8%	6.4%	7.1%	7.8%
P/BVPS	1.1	1.1	1.1	1.1	1.1

