

# BANCA MEDIOLANUM

# OUTPERFORM

Sector: Asset mgmt

Price: Eu15.50 - Target: Eu17.30

## Sound Operating Delivery Despite Market Volatility

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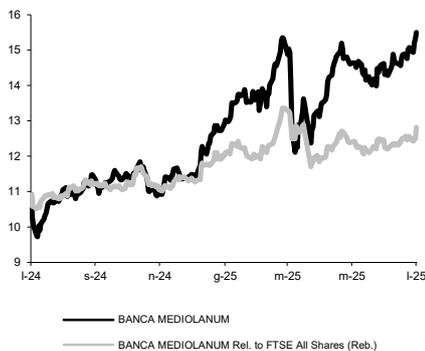
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### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	from 15.80 to 17.30		
	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>Chg in Adj EPS</b>	4.9%	2.2%	4.3%

### BANCA MEDIOLANUM - 12M Performance



### Stock Data

Reuters code:	BMED.MI
Bloomberg code:	BMED IM

Performance	1M	3M	12M
Absolute	6.0%	18.1%	42.1%
Relative	3.1%	9.1%	21.1%
12M (H/L)	15.50/9.72		
3M Average Volume (th):	1,846.72		

### Shareholder Data

No. of Ord shares (mn):	745
Total no. of shares (mn):	745
Mkt Cap Ord (Eu mn):	11,552
Total Mkt Cap (Eu mn):	11,552
Mkt Float - Ord (Eu mn):	3,409
Mkt Float (in %):	29.5%
Main Shareholder:	
Doris family	40.4%

### Balance Sheet Data

Book Value (Eu mn):	4,085
BVPS (Eu):	5.48

■ **2Q25 net profit beats forecast on higher banking fees, resilient NII and slightly better than expected performance fees.** Banca Mediolanum's 2Q25 results beat our estimates, with net profit of €234mn vs. €209mn expected. The strong performance was driven by higher banking fees related to a robust increase in certificate-related fees: during 2Q24 Mediolanum issued certificates for €490mn vs. €192mn in 2Q24. The NII was resilient, declining 6% YoY to €187mn (3% better than expected) after an 18% YoY reduction in 1Q25. Moreover, performance fees also contributed, increasing 6% YoY to €16mn. We appreciate that similarly to 1Q, most of these were related to funds domiciled in Italy, suggesting the possibility of further strong results on this line in 2H. All-in-all, total net fees were €328mn, +10% YoY and above our estimates, with management fees at €337mn (+6% YoY and in line with our estimate) boosted by AuM inflows despite the impact of market volatility at the beginning of the quarter, as well as the US dollar depreciation. There was also another strong quarter for insurance revenues at €54mn (+11% YoY and slightly above our estimates).

■ **Strong 1H performance paved the way for upward revision to FY25 guidance.** Management struck a confident tone on 2H trends during the conference call. We believe this further enhances visibility on hitting FY25 guidance, which featured an upward revision to NII, now estimated down 3% YoY in FY25 vs. -5% previously. This revision was mainly related to the gradual expiry of current remunerated deposit offers in the coming months, and already includes the negative impact of a similar campaign to be launched in September. Guidance for AuM net inflows was also raised, now indicating €8-8.5bn, confirming management's expectation for a continuation of the strong trend seen in 1H25 (€4.5bn inflows) and the positive indication on July trends during conference call.

■ **OUTPERFORM confirmed, target to €17.3 from €15.8.** We are revising our FY25/26/27 adjusted net profit estimate upwards by +4.9%/+2.2%/+4.3% to include solid indications on NII, the inflows mix and banking revenues (contribution from certificates), only slightly offset by expectations for higher operating costs. The slight decrease in margins during 2Q does not represent a major issue, in our view, as it is linked to the temporary increase in money market products that will gradually be shifted to higher-margin products. Growth looks solid and visible and BMED gave reassurance on the potential threat stemming from an increase in 'fee on top' solutions. We continue to rank BMED as our top pick in the sector. The stock trades at attractive multiples (~12.8x/12.5x 2025/2026 earnings). Factoring in our revised estimates, expanded sector multiples and a 50bp decrease in ERP to 5.50%, we are raising our target price to €17.3ps, implying a multiple of 14.5x FY25/26 earnings. The 5% dividend yield based on our current €0.80ps base DPS could be close to 6% if, as suggested during the conference call, ~€0.2ps will be added to the base dividend as extraordinary DPS deriving from the ~100bp of additional capital obtained from the sale of the stake in Mediobanca.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Commissions Income (Eu mn)	1,718	2,035	2,192	2,324	2,479
Total Income (Eu mn)	2,655	3,076	3,212	3,354	3,534
Net Operating Profit (Eu mn)	1,067	1,455	1,181	1,180	1,233
Net Profit Adj (Eu mn)	830	1,120	890	890	929
EPS New Adj (Eu)	1.115	1.505	1.194	1.194	1.247
EPS Old Adj (Eu)	1.115	1.505	1.139	1.168	1.195
DPS (Eu)	0.700	1.000	0.800	0.840	0.900
Market Cap/F.U.M.	14.2%	13.1%	12.2%	11.3%	10.5%
P/E Adj	13.9	10.3	13.0	13.0	12.4
Div. Yield	4.5%	6.5%	5.2%	5.4%	5.8%
ROE	26.0%	31.1%	22.6%	21.1%	20.8%

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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 FTSEMIB40 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.

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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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As at 1 August 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.84%
OUTPERFORM:	37.31%
NEUTRAL:	29.85%
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:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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