

# Sampo

## Company report

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This report is a summary translation of the report “If jaksaa yllättää” published on 08/09/2023 at 10:20 pm EEST.

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# If manages to surprise again

Sampo's Q2 report was very strong as If P&C continued its strong performance. We have made marginally positive changes to our estimates and expect the company to continue to deliver solid earnings growth and a healthy dividend stream. Our view of the company's value has remained unchanged and the fall in the share price has improved the expected return. Thus, we reiterate our target price of EUR 44.0 and raise our recommendation to Accumulate (was Reduce). Our recent extensive report is available [here](#).

## Very strong Q2 report

Group profit before taxes was EUR 363 million, well above the consensus forecast of EUR 292 million (Inderes: 316 MEUR). If P&C continued its strong growth (+5% in constant currency) driven by price increases and the market environment in the Nordic countries still seems quite serene. The combined ratio also developed more favorably than expected, reaching 82.9% in Q1, despite significantly higher-than-normal large claims. Following the strong performance in H1, If P&C also updated its combined ratio guidance to 81.5%-83.5% (was 82-84%). This change came as a surprise to us, given that the previous target was already very ambitious, and indicates the company's confidence in the outlook for H2. Hastings' development was again mixed as it continued its strong growth, but profitability was sluggish. In our view, the outlook for Hastings has improved as price increases exceed claims cost inflation and market pricing discipline appears to have improved. Hastings should therefore be well placed to improve its results strongly in the coming quarters. Topdanmark's subdued performance was already known, and the result of group functions was in line with expectations.

## Earnings growth outlook is stable

We have made marginal positive changes to our estimates following the Q2 results. If and Topdanmark, are currently performing strongly and in our view, their earnings growth will inevitably be moderate in the next few years. Hastings has the preconditions to grow clearly faster than we estimate, but caution is justified considering the challenging market in the UK. As a whole, we estimate that Sampo's normal earnings level with its current structure is EUR 2.5–2.7e per share, including Mandatum. Given the fierce performance of the businesses, there is no reason to expect major corrections at this level. to this level, but the result will grow steadily, supported by strong P&C insurance performance and ongoing share buybacks (2024-2026 average EPS growth 7%). A key forecast risk is still related to a deterioration in the earnings mix as rising investment income increases the likelihood of higher competitive pressure, which would have a negative impact on the insurance service result. Sampo still has surplus capital in its balance sheet for about EUR 2–3 per share and we expect the company to gradually dismantle this capital with extra profit distribution when the PE investments are exited.

## Expected return is just adequate

We have estimated Sampo's fair value through the value of its parts, relative and absolute valuation, as well as dividend flow calculations. In this analysis, we will focus on the sum of the parts, as it is the best way to consider the different profiles of the businesses. In addition, the value will be dissolved when PE investments are sold, and Mandatum is demerged. The value based on our sum of the parts is approximately EUR 44 per share. The peer group analysis, absolute multiples and our dividend flow model support the current target price. We therefore see Sampo's solid earnings growth and strong dividend as providing just enough expected return to justify a positive recommendation.

## Recommendation

**Accumulate**

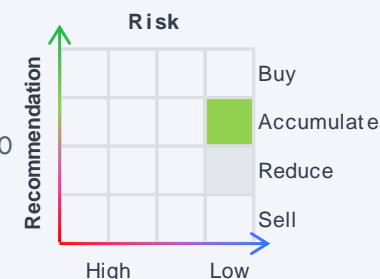
(previous Reduce)

**EUR 44.00**

(previous EUR 44.0)

**Share price:**

40.35



## Key figures

	2022	2023e	2024e	2025e
<b>PTP</b>	1924	1485	1622	1684
<b>growth-%</b>	-39%	-23%	9%	4%
<b>Net Income</b>	1426	1053	1158	1212
<b>EPS (adj.)</b>	3.71	2.42	2.75	2.91
<b>DPS</b>	2.60	2.40	2.50	2.10

<b>P/E (adj.)</b>	13.1	16.7	14.7	13.9
<b>P/B</b>	2.6	2.1	2.1	2.1
<b>Dividend yield-%</b>	5.3 %	5.9 %	6.0 %	5.1 %
<b>Dividend/EPS %</b>	70%	99%	91%	72%

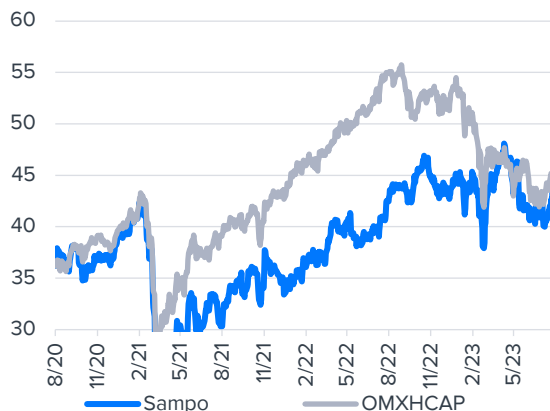
Source: Inderes

## Guidance

(Improved)

Sampo Group's P&C insurance operations are expected to achieve underwriting margins that meet the annual targets set for 2021-2023. At group level, the target is a combined ratio of less than 86%, and If P&Cs target is less than 85%. Hastings' 2023 operating margin guidance has been revised to 88-90% from below 88%."With the strong performance in H1, If P&C's 2023 combined ratio is expected to be 81.5-83.5%.

## Share price



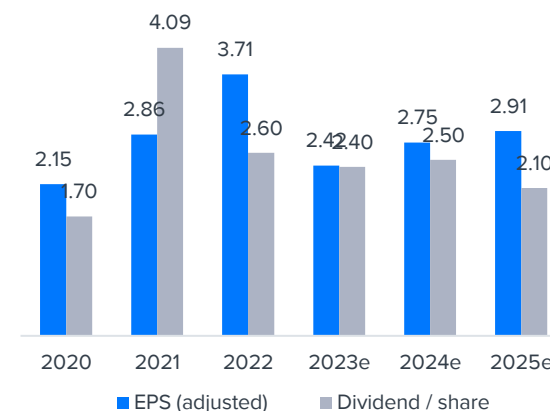
Source: Millistream Market Data AB

## Sampo's PTP breakdown (MEUR)



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Profitable growth in insurance activities
- Capital released from non-core business activities
- Higher interest rates would improve investment income
- Topdanmark acquisition
- Other M&A transactions



## Risk factors

- Rising interest rates could weaken underwriting results and depress insurance companies' acceptable multiples
- Tightening competition in the Nordic insurance market

Valuation	2023e	2024e	2025e
Share price	40.4	40.4	40.4
Number of shares, million	508.1	495.6	489.5
Market cap	20248	20248	20248
P/E (adj.)	16.7	14.7	13.9
P/E	16.7	14.7	13.9
P/B	2.1	2.1	2.1
Payout ratio (%)	98.1 %	89.8 %	72.2 %
Dividend yield-%	5.9 %	6.0 %	5.1 %

Source: Inderes

# Excellent development continues

Sampo's Q2 report was very strong and clearly exceeded both our and the market's expectations. This is thanks to If P&C in particular, whose business developed excellently as the competitive situation remained stable in its key markets. Group profit before taxes was EUR 363 million, well above the consensus forecast of EUR 292 million (Inderes: 316 MEUR).

## If P&C's performance continued to be stronger than expected

If P&C's premium income continued to grow strongly by more than 5% adjusted for currency exchange effects. Growth continued to be driven mainly by price increases. According to the company, the inflation rate for claims costs was around 4-5%, so the price increases seem to continue to pass through effectively as If P&C's personal insurance churn rate remains at the level of recent years. This supports our view that the competitive situation in the Nordic

insurance market is still relatively calm. The combined ratio also developed more favorably than expected, reaching 82.9% in Q1, despite significantly higher-than-normal large claims. Adjusted for large claims, the combined ratio would actually have improved year-on-year, which can be considered a very good performance. In net financial income, the result was supported by the change in the discount rate (+54 MEUR) and we believe that this should be interpreted largely as a one-off item. Overall, If P&C's result was a whopping EUR 320 million.

Following the strong performance in H1, If P&C also updated its combined ratio guidance to 81.5%-83.5% (was 82-84%). This change came as a surprise to us, as the previous target was already very ambitious. The upgrade indicates Sampo's strong confidence in H2's prospects.

## Hastings can prove itself in the coming quarters

Hastings' development was again two-fold. Hastings continued its rapid growth (+31%) through price hikes and gaining market share. Similarly, however, profitability was under pressure from rising claims frequency, front-loaded costs of growth (distribution) and delays in price increases. As a result, the Hastings combined ratio guidance was marginally lowered. However, the company's management was very confident that claims cost inflation would calm down and that price increases would now exceed it. In addition, market pricing discipline seems to have improved. Hastings should therefore be well placed to improve its results strongly in the coming quarters. Thus, we are cautiously optimistic about Hastings' prospects at this stage.

Topdanmark's subdued performance was already known, and the result of group functions was in line with expectations.

Estimates MEUR / EUR	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Profit before tax	844	363	316	292	93	- 434	15%	1485
If	732	320	268	246	240	- 356	19%	1282
Topdanmark	45	42	40	45	26	- 68	5%	229
Hastings	25	17	26	27	-26	- 77	-35%	84.0
Holdings	39	-15	-18	-26	-49	-9	-17%	-109
EPS (rep.)	1.06	0.60	0.54	0.47	0.16	- 0.68	11%	2.45

Source: Inderes & Vara (consensus)

57.0 %

## Watch Sampo's Q2 webcast:



# Topdanmark ownership remained unchanged

## No changes in Topdanmark ownership

Contrary to our expectations, Sampo did not increase its holding in Topdanmark during the quarter. Sampo last bought a larger amount of Topdanmark in Q4'21 at an estimated price of around SEK 330. At the end of Q2, the price was at similar levels, and we considered further purchases possible. During Q3, Topdanmark has fallen to around DKK 300, and we think it is clear that Sampo is a buyer at these levels. In our view, acquiring Topdanmark's shares from the market would make sense, as a gradual increase in ownership would facilitate the payment of a potential premium in the end, when the pot to be bought would be smaller than today. We have explained this logic in more detail in our [extensive report](#).

## Mandatum listing approaching

For Mandatum, Sampo said that the listing is proceeding on schedule and should take place on October 2, 2023. As this is only a technical listing (through a demerger), we do not consider that, e.g., a weak market situation in the capital markets is a reason to postpone the listing. We have also discussed the Mandatum IPO in more detail in our recent extensive report.

Watch our interview with If P&C's CEO:



# Estimate revisions

## Estimate revisions

- We have made only limited changes to our estimates. We have discussed our estimates in more detail in our [extensive report](#).
- For If P&C, our estimates have risen slightly due to a further rise in interest rates and slightly improved insurance service result written estimates. We note that we expect a further slight deterioration in the combined ratio from 2024 onwards, as attractive interest yields and high combined ratios encourage operators to increase their market shares more than in the past.
- We have maintained our estimate of the extraordinary dividend and expect additional dividends of EUR 0.5/share for both 2024 and 2025 and a new share buyback program of EUR 500 million for 2024. Even after these distributions, the company's balance sheet remains very strong and therefore additional capital may be available for distribution at a later date.

## Operational earnings drivers:

- Our view on Sampo's performance has remained unchanged and we estimate that the company's normal earnings, based on the current structure, amount to EUR 2.5-2.7 per share (incl. Mandatum). This level is growing steadily driven by operational earnings growth and share buybacks, but there is no reason to expect higher level corrections.
- Following extra dividends and rearrangement of the balance sheet, Sampo's dividend capacity is very close to its EPS level.
- In our view, the key concern in terms of performance is the insurance service result written, now that interest rates have risen to reasonable levels. We are skeptical about a situation where the recovery in investment income from rising interest rates would fully benefit companies in the sector and their earnings levels would thus again make an upward adjustment. Although a possible change in the earnings mix would hardly be reflected in the absolute earnings level, it would put pressure on the sector's elevated valuation multiples by reducing the predictability of earnings. However, in the big picture, we believe the sector has entered a period of permanently lower combined ratios and a return to the combined ratios of a decade ago is not to be expected.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
If	1222	1282	5%	1249	1312	5%	1293	1323	2%
Topdanmark	246	229	-7%	276	248	-10%	298	278	-7%
Hastings	117	84	-28%	132	137	4%	137	157	15%
Holding	-103	-103	0%	-72	-75	4%	-69	-74	7%
<b>PTP</b>	<b>1476</b>	<b>1485</b>	<b>1%</b>	<b>1600</b>	<b>1622</b>	<b>1%</b>	<b>1679</b>	<b>1684</b>	<b>0%</b>
<b>EPS (adjusted)</b>	<b>2.43</b>	<b>2.45</b>	<b>1%</b>	<b>2.70</b>	<b>2.75</b>	<b>2%</b>	<b>2.89</b>	<b>2.91</b>	<b>1%</b>
Dividend / share	2.40	2.40	0%	2.50	2.50	0%	2.10	2.10	0%

Source: Inderes

# Expected return just barely tilts to the positive side

## The sum of the parts remains unchanged

We have estimated Sampo's fair value through the value of its parts, relative and absolute valuation and a dividend model. In this analysis, we will focus on the sum of the parts, as it is the best way to consider the value of different parts of Sampo and the different profiles of the businesses. In addition, the value will be dissolved in the next few years as PE investments are sold and Mandatum is divested. The value based on our sum of the parts is around EUR 44 per share which is in line with our target price. The peer analysis, absolute multiples and our dividend model support our current target price, and we believe that Sampo's share price is currently at the right level.

Our view of Sampo's sum of the parts has remained unchanged at around EUR 44. Small changes in the sum of the parts have come through the fall in the share price of Topdanmark, a lower-than-expected cash position of the parent company (more own shares bought than expected) and a correspondingly lower number of shares. The values of the operational components are unchanged. The value still relies heavily on If, which accounts for around 75% of the total Group value. Drivers for higher than the current sum of the parts would be:

- Organic profit growth in insurance activities
- Synergies arising from Topdanmark acquisition
- Successful PE exits
- Other M&A transactions

In terms of earnings growth, we do not see a realistic path to significant earnings leap and the company's

targets also indicate this. Thus, it is difficult for us to see a significant further increase in the share price from current levels without considerable new acquisitions, which are currently not on the company's agenda (excluding a possible subsequent takeover bid for Topdanmark).

## Earnings-based valuation is neutral

On a performance basis, the valuation of the stock has become more attractive with the fall in the share price. P/E multiples for 2023-2025 are 17-14x and corresponding dividend yields at 5-6% (including additional dividends in 2023 and 2024). The levels are in line with the main Nordic insurer peers. The valuation is still not cheap, but quite reasonable considering the high quality of Sampo's businesses.

## The dividend model also supports our view

Our DDM model (p. 12) indicates a value at around EUR 43 per share, considering the share buybacks that we forecast. Thus, the dividend model also supports our view of neutral pricing of the stock. We note that the level of the discount rate is still very low in absolute terms (WACC 6.7%), so a possible further rise in interest rates and a subsequent increase in the discount rate would significantly reduce the value indicated by the DDM.

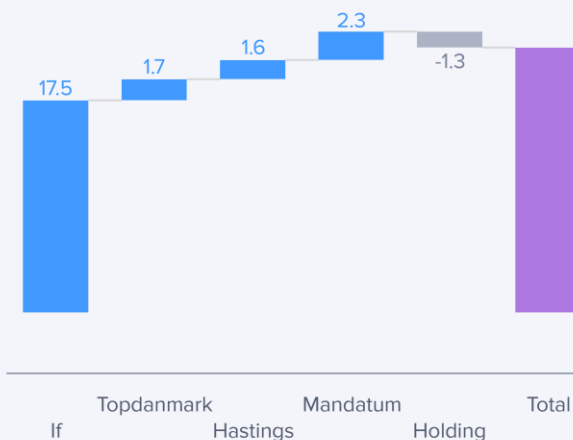
## Expected return just barely adequate

Overall, we see Sampo's stable earnings growth and strong dividend as just enough to justify a positive recommendation.

Valuation	2023e	2024e	2025e
Share price	40.4	40.4	40.4
Number of shares, millions	508.1	495.6	489.5
Market cap	20248	20248	20248
P/E (adj.)	16.7	14.7	13.9
P/E	16.7	14.7	13.9
P/B	2.1	2.1	2.1
Payout ratio (%)	98.1 %	89.8 %	72.2 %
Dividend yield-%	5.9 %	6.0 %	5.1 %

Source: Inderes

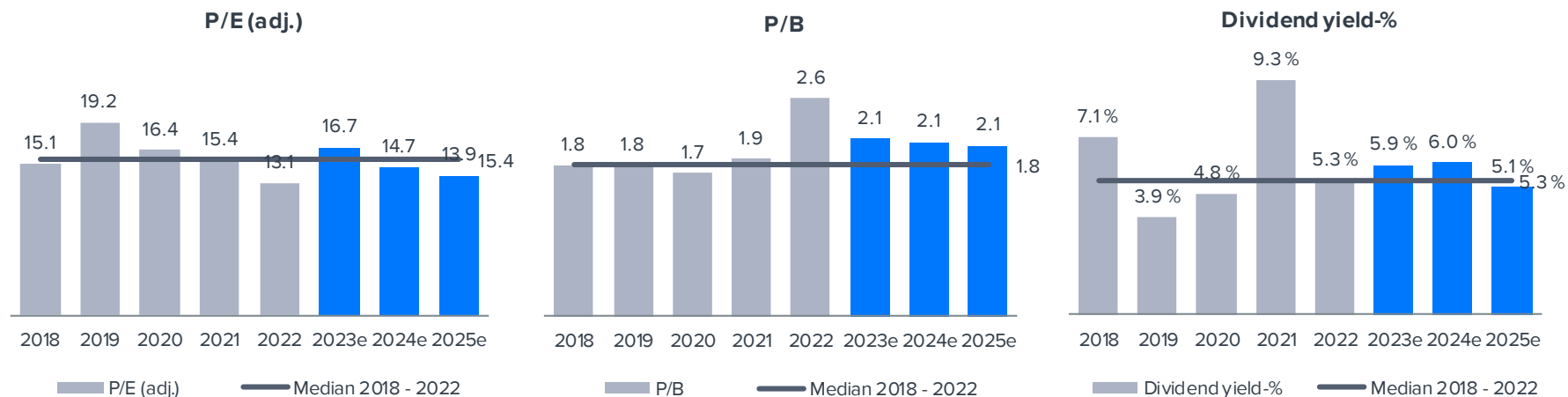
Sum of the parts	New	Old
If	17500	17500
Topdanmark	1741	2087
Hastings	1600	1600
Mandatum	2328	2328
Holding (incl. liabilities and investments)	-1311	-1088
<b>Total (EUR)</b>	<b>21858</b>	<b>22428</b>
Per share (EUR)	43.6	44.1



# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	40.4	38.9	35.3	44.1	48.8	40.4	40.4	40.4	40.4
Number of shares, millions	556.6	556.6	556.6	554.3	530.3	508.1	495.6	489.5	489.5
Market cap	22436	21609	19593	24109	25108	20248	20248	20248	20248
P/E (adj.)	15.1	19.2	16.4	15.4	13.1	16.7	14.7	13.9	13.8
P/E	13.3	19.2	>100	9.5	12.3	16.7	14.7	13.9	13.8
P/B	1.8	1.8	1.7	1.9	2.6	2.1	2.1	2.1	2.0
Payout ratio (%)	93.8 %	73.7 %	2484.5 %	87.3 %	63.5 %	98.1 %	89.8 %	72.2 %	75.3 %
Dividend yield-%	7.1 %	3.9 %	4.8 %	9.3 %	5.3 %	5.9 %	6.0 %	5.1 %	5.3 %

Source: Inderes





# Peer group valuation

Peer group valuation	Market cap	P/E		Dividend yield-%		P/B
Company	MEUR	2023e	2024e	2023e	2024e	2023e
Tryg	11003	16.6	14.7	6.2	6.4	2.0
Gjensidige	6756	14.9	13.0	5.8	6.2	3.2
Topdanmark	3595	20.6	17.9	4.8	5.7	5.3
ALM	2184	26.4	17.3	6.4	7.5	1.2
Storebrand	3611	11.5	10.5	4.6	5.0	1.2
Admiral	7576	17.4	15.8	5.4	5.9	6.3
Direct Line	2297	10.3	6.3	7.2	10.5	0.9
Zurich Insurance Group	65455	12.4	11.6	6.0	6.4	2.6
Allianz	86067	9.1	8.3	5.7	6.2	1.5
Assicurazioni Generali	29096	8.7	8.2	6.5	6.9	1.3
<b>Sampo (Inderes)</b>	<b>20248</b>	<b>16.7</b>	<b>14.7</b>	<b>5.9</b>	<b>6.0</b>	<b>2.1</b>
<b>Average</b>		<b>14.8</b>	<b>12.4</b>	<b>5.9</b>	<b>6.7</b>	<b>2.5</b>
<b>Median</b>		<b>13.7</b>	<b>12.3</b>	<b>5.9</b>	<b>6.3</b>	<b>1.7</b>
<b>Diff-% to median</b>		<b>22%</b>	<b>19%</b>	<b>1%</b>	<b>-4%</b>	<b>23%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Insurance premium income</b>	<b>9746</b>	<b>1863</b>	<b>2771</b>	<b>1848</b>	<b>1785</b>	<b>8267</b>	<b>1799</b>	<b>1820</b>	<b>2053</b>	<b>1990</b>	<b>7662</b>	<b>8349</b>	<b>8677</b>	<b>8959</b>
If	4855	1222	2044	1081	1085	5432	1235	1231	1349	1320	5135	5392	5554	5720
Topdanmark	2694	312	343	334	318	1307	318	317	343	352	1329	1513	1572	1572
Hastings	830	329	384	433	382	1528	246	272	361	319	1197	1444	1551	1666
Mandatum	1367	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (excl. NRI)</b>	<b>2190</b>	<b>664</b>	<b>769</b>	<b>341</b>	<b>12.0</b>	<b>1786</b>	<b>359</b>	<b>363</b>	<b>379</b>	<b>384</b>	<b>1485</b>	<b>1622</b>	<b>1684</b>	<b>1684</b>
<b>EBIT</b>	<b>3172</b>	<b>692</b>	<b>844</b>	<b>341</b>	<b>47.0</b>	<b>1924</b>	<b>359</b>	<b>363</b>	<b>379</b>	<b>384</b>	<b>1485</b>	<b>1622</b>	<b>1684</b>	<b>1684</b>
If	1077	495	732	264	59	1550	337	320	317	308	1282	1312	1323	1313
Topdanmark	346	15	45	32	65	157	63	42	53	70	229	248	278	278
Hastings	127	21	25	54	7	107	10	17	29	28	84	137	157	167
Holding	1331	164	39	-9	-48	146	-45	-15	-20	-23	-103	-75	-74	-73
Mandatum	291	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>PTP</b>	<b>3172</b>	<b>692</b>	<b>844</b>	<b>341</b>	<b>47.0</b>	<b>1924</b>	<b>359</b>	<b>363</b>	<b>379</b>	<b>384</b>	<b>1485</b>	<b>1622</b>	<b>1684</b>	<b>1684</b>
Taxes	-423	-107	-62	-86	-129	-384	-91	-81	-82	-82	-336	-365	-371	-371
Minority interest	-181	-11	-20	-14	-69	-114	-26	-18	-23	-29	-96	-99	-102	-105
<b>Net earnings</b>	<b>2568</b>	<b>773</b>	<b>563</b>	<b>241</b>	<b>530</b>	<b>2107</b>	<b>271</b>	<b>306</b>	<b>326</b>	<b>325</b>	<b>1228</b>	<b>1362</b>	<b>1424</b>	<b>1429</b>
<b>EPS (adj.)</b>	<b>2.86</b>	<b>1.37</b>	<b>0.92</b>	<b>0.46</b>	<b>0.93</b>	<b>3.71</b>	<b>0.53</b>	<b>0.60</b>	<b>0.65</b>	<b>0.65</b>	<b>2.45</b>	<b>2.75</b>	<b>2.91</b>	<b>2.92</b>
<b>EPS (rep.)</b>	<b>4.63</b>	<b>1.43</b>	<b>1.06</b>	<b>0.46</b>	<b>1.00</b>	<b>3.97</b>	<b>0.53</b>	<b>0.60</b>	<b>0.65</b>	<b>0.65</b>	<b>2.42</b>	<b>2.75</b>	<b>2.91</b>	<b>2.92</b>

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>50970</b>	<b>19463</b>	<b>19489</b>	<b>19527</b>	<b>19565</b>
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	3794	3322	3357	3392	3427
Tangible assets	375	329	332	335	338
Associated companies	777	11.7	0.0	0.0	0.0
Other investments	26274	15789	15789	15789	15789
Other non-current assets	19711	0.0	0.0	0.0	0.0
Deferred tax assets	39.0	11.0	11.0	11.0	11.0
<b>Current assets</b>	<b>10091</b>	<b>19749</b>	<b>19601</b>	<b>19958</b>	<b>20129</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	2977	15617	15617	15617	15617
Receivables	2295	1820	1686	1837	1909
Cash and equivalents	4819	2312	2299	2505	2603
<b>Balance sheet total</b>	<b>61061</b>	<b>39212</b>	<b>39090</b>	<b>39485</b>	<b>39694</b>

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>13464</b>	<b>10178</b>	<b>10069</b>	<b>10227</b>	<b>10427</b>
Share capital	98.0	98.0	98.0	98.0	98.0
Retained earnings	9952	8482	8373	8531	8731
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	2738	1038	1038	1038	1038
Minorities	676	560	560	560	560
<b>Non-current liabilities</b>	<b>45129</b>	<b>14484</b>	<b>14471</b>	<b>14709</b>	<b>14717</b>
Deferred tax liabilities	855	506	506	506	506
Provisions	9.0	6.0	6.0	6.0	6.0
Long term debt	4346	3087	3074	3312	3320
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	39919	10885	10885	10885	10885
<b>Current liabilities</b>	<b>2468</b>	<b>14550</b>	<b>14550</b>	<b>14550</b>	<b>14550</b>
Short term debt	0.0	0.0	0.0	0.0	0.0
Payables	0.0	0.0	0.0	0.0	0.0
Other current liabilities	2468	14550	14550	14550	14550
<b>Balance sheet total</b>	<b>61061</b>	<b>39212</b>	<b>39090</b>	<b>39485</b>	<b>39694</b>

# DDM

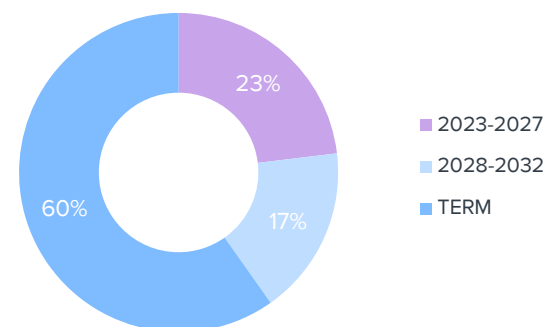
DDM valuation (MEUR)	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
<b>Sampo's result</b>	<b>1228</b>	<b>1362</b>	<b>1424</b>	<b>1429</b>	<b>1402</b>	<b>1394</b>	<b>1386</b>	<b>1415</b>	<b>1445</b>	<b>1475</b>	<b>1475</b>
<b>Divided distributed by Sampo</b>	<b>1204</b>	<b>1223</b>	<b>1028</b>	<b>1076</b>	<b>1191</b>	<b>1185</b>	<b>1178</b>	<b>1203</b>	<b>1228</b>	<b>1254</b>	<b>24363</b>
Payout ratio	98%	90%	72%	75%	85%	85%	85%	85%	85%	85%	
Growth in Sampo's dividend	-9.9 %	1.6 %	-16.0 %	4.8 %	10.7 %	-0.5 %	-0.6 %	2.1 %	2.1 %	2.1 %	2.0 %
Discount rate	1172	1110	869	849	876	813	753	717	683	650	12624
Cumulative discount rate	21114	19943	18833	17964	17115	16239	15427	14673	13956	13274	12624

Equity value, DDM	21114
<b>Per share EUR</b>	<b>42.1</b>

## Cost of equity

Risk-free interest rate	2.5%
Market risk premium	4.8%
Company Beta	1.00
Liquidity premium	0.0%
<b>Cost of equity</b>	<b>7.3%</b>
WACC-%	6.7%

Cash flow breakdown



# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Insurance premium income	8412	9746	8267	<b>7662</b>	<b>8349</b>	EPS (reported)	0.07	4.63	3.97	<b>2.42</b>	<b>2.75</b>
Profit before taxes	380	3172	1924	<b>1485</b>	<b>1622</b>	EPS (adj.)	2.15	2.86	3.71	<b>2.42</b>	<b>2.75</b>
Net profit	38	2568	2107	<b>1228</b>	<b>1362</b>	Dividend / share	1.70	4.10	2.60	<b>2.40</b>	<b>2.50</b>
Extraordinary items	-1161	982	138	<b>0</b>	<b>0</b>	Book value / share	20.5	23.1	18.1	<b>18.7</b>	<b>19.5</b>
Balance sheet	2020	2021	2022	2023e	2024e	If P&C figures	2020	2021	2022	2023e	2024e
Balance sheet total	56529	61061	39212	<b>39090</b>	<b>39485</b>	Insurance premium income	4589	4772	5024	<b>5135</b>	<b>5392</b>
Equity capital	12258	13464	10178	<b>10069</b>	<b>10227</b>	Insurance premium income growth	4.6 %	6.0 %	5.3 %	<b>2.2 %</b>	<b>5.0 %</b>
ROE-%	0.3 %	21.2 %	18.8 %	<b>12.8 %</b>	<b>14.2 %</b>	Investment income	90	174	278	<b>589</b>	<b>567</b>
						Combined ratio	82.1 %	81.3 %	86.6 %	<b>82.5 %</b>	<b>82.8 %</b>
						Risk ratio	60.7 %	59.9 %	65.0 %	<b>61.0 %</b>	<b>61.5 %</b>
						Cost ratio	21.5 %	21.4 %	21.6 %	<b>21.5 %</b>	<b>21.3 %</b>

Source: Inderes

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Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak
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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
3/17/2020	Buy	30.00 €	23.83 €
4/30/2020	Buy	34.00 €	30.85 €
5/7/2020	Accumulate	33.00 €	30.40 €
6/16/2020	Buy	34.00 €	30.40 €
8/6/2020	Buy	35.00 €	30.30 €
10/9/2020	Buy	38.00 €	35.20 €
11/5/2020	Buy	38.00 €	34.14 €
1/20/2021	Buy	38.00 €	35.28 €
2/12/2021	Buy	41.00 €	36.04 €
2/25/2021	Buy	41.00 €	36.95 €
4/7/2021	Buy	43.00 €	39.23 €
5/6/2021	Buy	44.00 €	39.85 €
8/5/2021	Buy	45.00 €	42.39 €
9/24/2021	Buy	46.00 €	43.35 €
11/4/2021	Accumulate	48.00 €	46.73 €
12/9/2021	Accumulate	48.00 €	44.09 €
2/10/2022	Accumulate	49.00 €	45.35 €
5/5/2022	Accumulate	48.00 €	45.85 €
5/23/2022	Accumulate	44.00 €	41.76 €
8/4/2022	Accumulate	46.00 €	43.71 €
10/27/2022	Reduce	46.00 €	46.67 €
11/3/2022	Reduce	46.00 €	44.32 €
2/13/2023	Reduce	46.00 €	45.50 €
5/11/2023	Reduce	47.00 €	46.15 €
6/14/2023	Reduce	44.00 €	43.08 €
8/10/2023	Accumulate	44.00 €	40.35 €



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