

17th February 2016

Insurance

CNP Assurances

Price EUR11.12

A very decent set of numbers, higher-than-expected solvency margin and a 7.2% yield

Fair Value EUR15 (+35%)

NEUTRAL

Bloomberg	CNP FP
Reuters	CNPP.PA
12-month High / Low (EUR)	17.3 / 10.5
Market Cap (EUR)	7,635
Avg. 6m daily volume (000)	452.3

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.3%	-11.4%	-24.7%	-10.6%
Insurance	-10.3%	-18.1%	-18.5%	-18.9%
DJ Stoxx 600	-2.9%	-13.6%	-17.1%	-12.4%

	2014	2015e	2016e	2017e
P/E	7.1x	6.8x	6.5x	6.3x
Div yield (%)	6.9%	7.2%	7.2%	7.2%

ANALYSIS

- FY 2015 sales rose 3.4% to EUR31.6bn on a like-for-like basis. Average technical reserves were up 3.1% to EUR316.9bn. FY net insurance income was up 0.3% to EUR3.3bn (up 6.8% lfl), driven by France (up 4.6%) and Latam (down 4.1% reported but up 12.6% lfl). FY EBIT was down 0.6% to EUR2.426bn (up 7.7% lfl), slightly below the consensus (EUR2.488bn). FY net income was up 4.7% to EUR1.13bn (up 10.7% lfl), in line with the consensus (EUR1.125bn).
- Policyholders' surplus reserve (French PPE) strengthened again to reach 3% of technical reserves (vs. 2.4% at end-2014). FY NBV margin widened 80bps to 14.5%, which remains quite low by market standards.
- The dividend was stable at EUR0.77, in line with the consensus, fully in cash, offering a 7.2% yield. MCEV is up 13.2% to EUR28.0 (before dividend).
- Solvency 2 margin (standard formula) stood at 192%, way above previous economic solvency numbers (c. 170%) and market expectation (c. 170%).
- The company expects EBIT to show a 5%+ CAGR over the next three years. This number is pretty much in line with what we can expect from CNP, yet we definitely welcome the initiative of giving some kind of (even light) guidance.

VALUATION

- Based on our current 2016 estimates, our SOTP valuation is EUR15.

NEXT CATALYSTS

- AGM is scheduled on 28th April 2016. Q1 2016 numbers due to follow on 11th May 2016.

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NEUTRAL ratings 28.4%

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