



ICICI Lombard

BSE Sensex 84,929 **S&P CNX** 25,939

CMP: INR2,275 **TP: INR2,650 (+16%)** **BUY**



Bloomberg	ICICIGI IN
Equity Shares (m)	493
M.Cap.(INRb)/(USD\$b)	1125.2 / 13.5
52-Week Range (INR)	2302 / 1266
1, 6, 12 Rel. Per (%)	4/19/37
12M Avg Val (INR M)	1438

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
NEP	204.4	242.1	280.3
U/W Profit	-9.3	-8.5	-6.9
PBT	33.2	39.7	50.8
PAT	24.9	29.7	38.1
EPS (INR/share)	50.6	60.4	77.4
EPS Growth (%)	29.8	19.4	28.2
BVPS (INR/share)	277.1	321.2	382.3

Ratios (%)

Claims	71.1	70.6	70.0
Commission	17.1	16.9	16.7
Expense	13.9	13.6	13.4
Combined	102.1	101.1	100.1
RoE	19.4	20.2	22.0

Valuations

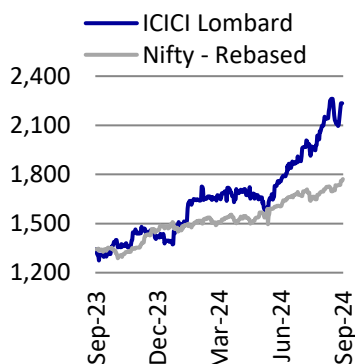
P/E (x)	44.9	37.6	29.4
P/BV (x)	8.2	7.1	5.9

Shareholding Pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	51.8	51.3	48.0
DII	17.3	16.1	18.3
FII	23.9	23.1	22.0
Others	7.0	9.6	11.7

FII includes depository receipts

Stock's performance (one-year)



Market share accretion to continue across core segments

- ICICI Lombard (ICICIGI) has experienced improved market share across segments on a YTD basis, most notably in the Motor OD, Motor TP, and Health segments by 179/83/85bp.
- While motor sales have been slow in the recent past, the momentum is expected to be strong in the festive season. Further, as highlighted in our earlier note, value growth will continue to be strong. With the segment profitability improving for the industry, ICICIGI is foraying into some profitable segments, such as ambulances and school buses.
- In the health segment, investments in agency channel and product innovation will continue to drive market share gains. Its recent product launch 'Elevate' has found decent success and the company plans to launch more innovative products in the near term.
- The fire segment continues to reel under pressure of pricing and ICICIGI is taking a calibrated approach here. For the crop business, while the dynamics have turned favorable following the government's 80-110 scheme, the risk in the business remains high and, hence, ICICIGI will constrain the share to 3.0-5.0% of the overall premium.
- The company has guided for FY25 exit combined ratio of 101.5%. We build in 102.1% for FY25 with further improvement to 101.1% and 100.4% in FY26 and FY27, respectively.
- We forecast NEP/PAT CAGR of 18%/20% for FY24-FY27 and RoE to reach 20.6% under GAAP. IFRS implementation is expected to be earnings and RoE accretive. The stock trades at 29x FY27E. We assign 38x to Sep'26E earnings to arrive at a fair value of INR2,650. We have ascribed a 10% premium for upside to earnings from IFRS implementation.

Retail segment to be the driver for the health segment

- ICICIGI's market share in the retail health segment has been stable in the 2.9-3.1% range during FY22-FY24. This performance is despite the investments made to build the agency channel. We believe that productivity would improve going forward, given the product innovation and technological capabilities built around claims processing.
- The company recently launched a new product 'Elevate' that has experienced healthy demand from distributors as well as customers. This, coupled with improved efficiency in the agency channel, led to an improvement in the market share to 3.4% in Jul'24.
- The health segment's growth has started to outperform the industry growth, aided by an increase in the number of lives (ICICIGI ranks 2nd in India), price change, market share accretion, and an increase in the sum assured. Overall, consumer stickiness is better in the health segment than in other segments; hence, ICICIGI's focus is skewed toward enhancing customer satisfaction.
- The company is diversifying its customer base by introducing innovative products catering to all age groups (18 and above), as focusing on a younger base could hamper the persistency.