

SBI Life Insurance (SBILIFE) – BUY

Result Update

Current Market Price (CMP) Rs. 1,146	Target Price Rs. 1,525
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We see 33.1% upside in the stock at our Fair Value of Rs. 1525.

Rationale:

- SBI Life delivered 72% VNB growth on back of 47% growth in APE.
- The Covid impact was however higher than peers.
- We expect superior growth and margins to sustain driving 27% VNB CAGR.
- We retain Buy with a fair value of Rs. 1,525, up from Rs. 1,425.
(VNB – Value of new business, APE - Annualised premium equivalent)

Q2FY22 Earnings Update:

👍 Positives:

- 2 year APE CAGR at 19% was higher than industry average of 14%.
- VNB margin expanded to 22.2% (21.2% in Q1FY22).
- High margin non-par was up 86 bps to 12.3%.
(CAGR: Compounded annual growth rate)

👎 Negatives:

- Net Covid claims increased to Rs. 7600 cr. from Rs. 5700 cr.
- ULIP (low margin) and protection was 68% and 10.3% (60% and 12.6% in Q2FY21).

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For detailed report dated 28th October 2021. Note: CMP & valuation may differ due to difference in dates.



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Holding Period: 12 months / Disclaimer: <http://bit.ly/2n5AxIE>