

SBI Life Insurance (SBILIFE) – BUY

Result Update

Current Market Price (CMP)

Rs. 1,192

Target Price

Rs. 1,425

We see 19.6% upside in the stock at our Fair Value of Rs. 1425.

Rationale:

- SBI Life delivered strong 45% VNB growth on a low base for both margins and APE.
- Covid tempered performance which we reckon is a one off.
- We remain positive on its high growth and ability to toggle products.
- Its conservative actuarial policies provide buffers.
- We retain Buy with a fair value of Rs. 1425, up from Rs. 1360.

Q1FY22 Earnings Update:

👍 Positives:

- VNB margin expanded 255 bps yoy to 21.2%. VNB grew 45% (on a low base).
- It reported 80-420 bps increase in persistency in all buckets (except 61st).
- Overall APE rose 28% yoy. Individual protection was up 86% yoy.
(APE - Annualised premium equivalent, VNB – Value of new business)

👎 Negatives:

- PAT was down to Rs. 223 cr from Rs. 391 cr on higher claims of Rs. 570 cr (from Rs. 332 cr in 4QFY21).

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For detailed report dated 26th July 2021. Note: CMP & valuation may differ due to difference in dates.



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