

# Opportune

Exclusively curated opportunities to re-enter fundamentally strong companies at attractive valuations!

## BUY – SBI Life Insurance (SBILIFE)

CMP: **Rs-1,098** (Upside Potential: 38.9%) as on 21<sup>st</sup> June 2022

Fair Value (FV): **Rs-1,525** | Time Period: **12 months**

### Why Invest?

- We expect SBI Life to deliver 21% VNB (value of new business) CAGR followed by 18% APE CAGR during FY22-25E.
- Overall individual APE (annualized premium equivalent) market share at 14.7% in 2022 is higher than 13.5% in 2021.
- APE growth will likely remain robust at 18% CAGR over FY22-24E.
- Continued additions of new products to the product bouquet, focus on increasing activation rates across SBI's branches and strong growth in business through new bancassurance partners (on a low base) will likely drive strong growth in APE.
- We expect SBI Life to deliver operating ROEV (return on embedded value) of ~19-20% over FY23-25E.
- We expect SBI Life's margins to inch up further to ~24.8% by FY25E from ~23% in 2022.
- BUY with Appraisal value-based fair value of Rs. 1,525

Maintain ADD with

**FV Rs-1,525**

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