

MetLife, Inc.

US Satellite*

Recommended since

09.02.2022

06.12.2024



Country US	Market capitalization (bn) USD 59.5	Perf. since reco. (%)
Sector Insurance	Free float 83.7%	MetLife, Inc. 22.0
Factset MET-US	Closing price USD 85.88	Sector 47.9
ISIN US59156R1086	ESG Risk score* 15.1 Low risk	

Profile
MetLife (MET) provides financial and insurance services to retail and institutional clients. It offers personal customers a range of life insurance, annuities and retail banking services as well as products and services in insurance, reinsurance, pensions and group savings. MetLife was founded in 1868 and is headquartered in New York. The group has 45,000 employees based in 40 or so countries and assets under management of around \$670bn.

Strengths/opportunities

- ⊕ Diversified, including higher-growth international business (emerging markets).
- ⊕ Strategic refocusing on more profitable business areas.
- ⊕ Strong balance sheet and high solvency.

Weaknesses/threats

- ⊖ Less sensitive than average to financial markets (in the event of a market rally).
- ⊖ Regulatory changes affecting statutory reserves and capital requirements.
- ⊖ Impact of Covid-19 on mortality still visible in 2023.

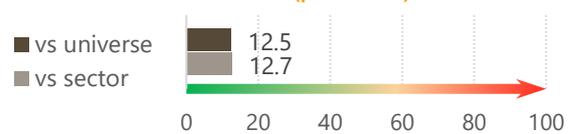
Investment case

- ⊕ Life insurance is the segment most positively correlated with rising interest rates; MET is particularly exposed through MetLife Holdings (legacy and run-off business) and its retirement planning and investment businesses.
- ⊕ Excellent franchises in a variety of markets, often as either market leader or number two player.
- ⊕ Strategic repositioning, selling off non-core businesses (Greece, Poland and Russia) and the property and casualty division to focus on more profitable segments (e.g. pet insurance, emerging markets).
- ⊕ Robust cash flow (target: 65-75% of earnings) and more than \$5bn of available cash – a comfortable margin over the target range of \$3-4bn.
- ⊕ High solvency means high potential for share buybacks (> \$3bn in 2024) -> high shareholder returns (9-10% total return).

Valuation

MET is trading at a 5% discount to the sector on a 25^e PE and P/BV basis, despite a higher ROE and a dividend yield 20% higher than the sector.

ESG risk vs. universe & sector (percentile)*



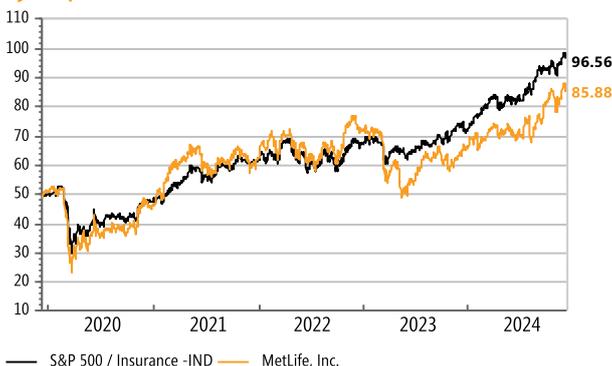
USD	12/2023	2024e	2025e
Sales revenue (mio)	66 905	72 476	76 139
Sales growth	-2.7%	8.3%	5.1%
Bénéfice avant impôts (mio)	7 317	8 136	8 833
% of sales	10.9%	11.2%	11.6%
Net income (mio)	1 578	5 909	6 506
Net income growth	-37.8%	274.5%	10.1%
Net debt/Ebitda	0.0x	2.2x	2.1x
ROE	14.1%	14.8%	15.7%
Dividend yield	2.5%	2.5%	2.6%
PE	36.5x	10.4x	8.9x
P/BV	2.0x	1.5x	1.4x

Factset estimates

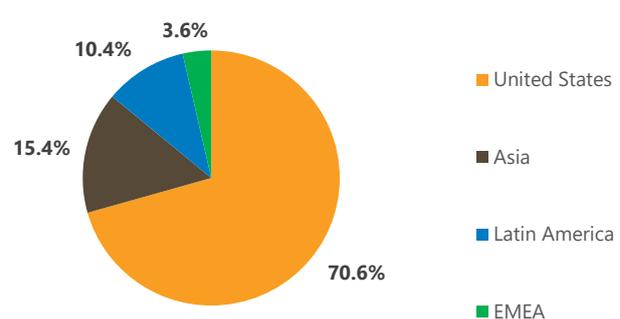
ESG - risks and key points

- ⊕ MET's exposure to the economic impact of ESG factors is low thanks to good governance.
- ⊕ Management pays closer attention to data privacy and security than the sector average.
- ⊕ While MET has insured and invested in some controversial sectors over the past few years (fossil fuels), its proportion of responsible investments has risen since 2019.

5-year performance vs sector



Sales breakdown - 12/2023



*: see overleaf

Source: Factset, Sustainabilitycs

Glossary

Satellite

From 2015, B&Cie separates its investment recommendations into Core Holdings (higher organic growth potential, high free cash flow, ROCE in excess of the cost of capital and balance sheet efficiency throughout the cycle) and Satellite Recommendations, which do not meet the above criteria but are likely to outperform in the short-to-medium term.

ESG Risk Score

At B&Cie, we take particular care to ensure that the companies in which we recommend investing are sustainable. Accordingly, our selection process takes account of risks relating to environmental, social and governance (ESG) issues. This approach is underpinned by research from Sustainalytics, the global leader in ESG and corporate governance analysis, whose methodology aims to identify major controversies and risks and assess a company's ESG risks relative to both its sector and the investment universe as a whole. The corresponding score is expressed as a percentile: the lower the overall risk score, the lower the risk within the investment universe.

b-Digital, b-Transition & b-Well

Over and above the conventional geographical and sectoral approaches to asset management, at B&Cie we believe the world of tomorrow is being shaped by structural trends. We have identified three main megatrends: ongoing digital globalisation of the economy; economic transition, particularly in the energy sector; and the quest for wellness. We believe selecting and investing in companies that play an active role in these transformations should lead to more resilient portfolios that generate higher long-term returns. Our investment recommendations in the digital globalisation space are labelled "b-Digital", those in the economic transition space "b-Transition" and those in the wellness space "b-Well". A given recommendation may fall under more than one theme, in which case it will carry the relevant matching labels.

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