

MetLife, Inc.

US Satellite*

Recommended since

09.02.2022

24.05.2022



Country	US	Market capitalization (bn)	USD	52.0	Perf. since reco. (%)
Sector	Insurance	Free float		84.4%	MetLife, Inc. -9.2
Factset	MET-US	Closing price	USD	63.95	Sector -5.3
ISIN	US59156R1086	ESG Risk score*	15.0	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 2022.

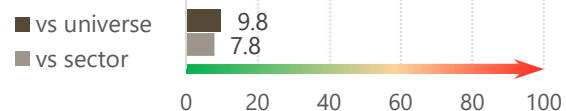
Investment case

- ⊕ 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); RoE is converging on industry benchmarks thanks to MetLife's now more balanced risk profile (with a medium-term target of 12-14% excluding the impact of Covid).
- ⊕ 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 (\$2.5-3bn in 2022) -> high shareholder returns (7-8% total return).

Valuation

MET is trading at a 15% discount to the sector based on 2023e book value, in line with its still slightly below-sector RoE. On a 2023e P/E basis, the share is trading in line with comparables despite its dividend yield being 30% above the sector average.

ESG risk vs. universe & sector (percentile)*



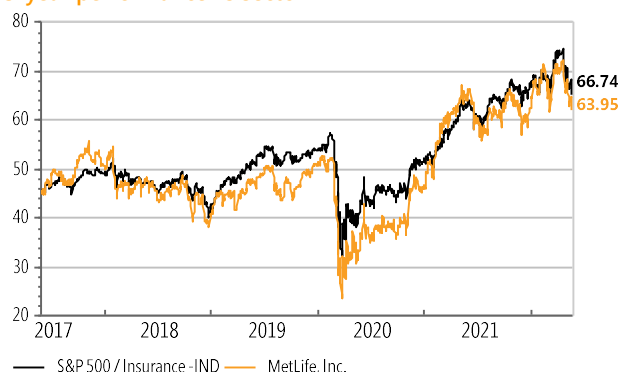
USD	12/2021	2022e	2023e
Sales revenue (mio)	69'680	68'510	70'324
Sales growth	2.7%	-1.7%	2.6%
Bénéfice avant impôts (mio)	10'080	7'986	8'376
% of sales	14.5%	11.7%	11.9%
Net income (mio)	6'554	5'804	6'298
Net income growth	21.2%	-11.5%	8.5%
Net debt/Ebitda	0.2x	0.2x	0.2x
ROE	14.2%	11.9%	12.1%
Dividend yield	3.1%	3.1%	3.3%
PE	8.6x	8.5x	7.7x
P/BV	0.9x	1.0x	0.9x

Factset estimates

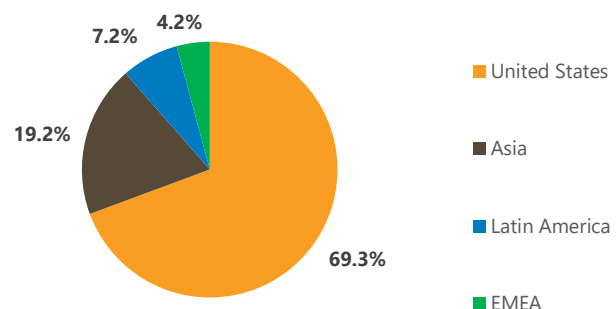
ESG - risks and key points

- ⊕ 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 - 12/2021



*: see overleaf

Source: Factset, Sustainalytics

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.

Offices & Branches

Bordier & Cie Genève

Rue de Hollande 16
CH-1204 Genève
Case postale
CH-1211 Genève 3
T + 41 58 258 00 00
F + 41 58 258 00 40

Bordier & Cie Berne

Spitalgasse 40
Case postale
CH-3001 Berne
T + 41 58 258 07 00
F + 41 58 258 07 10

Bordier & Cie Nyon

Rue de la Porcelaine 13
CH-1260 Nyon
Case postale 1045
CH-1260 Nyon 1
T + 41 58 258 07 50
F + 41 58 258 07 70

Bordier & Cie Zurich

Talstrasse 83
CH-8001 Zürich
T + 41 58 258 05 00
F + 41 58 258 05 50

Bordier & Cie (France) S.A.

1, rue François 1er
75008 Paris – France
T + 33 1 55 04 78 78
F + 33 1 49 26 92 48

Bordier & Cie (Uruguay) S.A.

Edificio Beta 3, oficina 102
Zonamerica
91600 Montevideo
Uruguay
T + 598 2 518 2700
F + 598 2 518 2703

Bordier & Cie (Singapore) Ltd

CapitaGreen #14-00
138 Market Street
Singapore 048946
T + 65 6239 9999
F + 65 6239 9998

Bordier Bank (TCI) Ltd

Leeward Highway
Caribbean Place
Providenciales
Turks and Caicos
T + 1 649 946 45 35
F + 1 649 946 45 40

This document has been issued for information purposes and is exclusively supplied by Bordier & Cie SCmA in the framework of an existing contractual relationship with the recipient of this document. The views and opinions contained in it are those of Bordier & Cie SCmA. Its contents may not be reproduced or redistributed by unauthorized persons. The user will be held liable for any unauthorized reproduction or circulation of this document, which may give rise to legal proceedings. All the information contained in it is provided for information only and should in no way be taken as investment, legal or tax advice provided to third parties. Furthermore, it is emphasized that the provisions of our legal information page are fully applicable to this document and namely provisions concerning the restrictions arising from different national laws and regulations. Consequently, Bordier Bank does namely not provide any investment services or advice to "US persons" as defined by the Securities and Exchange Commission rules. Furthermore, the information on our website – including the present document – is by no mean directed to such persons or entities.