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SECTOR	Financials	COUNTRIES	Italy, Luxembourg, Ireland, China (Hong Kong, Shanghai), Monaco, Switzerland, Singapore, Brazil, Mexico, Egypt, Taiwan, Chile, United States, Australia, Turkey, UAE
INDUSTRY	Asset Management		
SUB-INDUSTRY	Investment Management		
SHAREHOLDERS	Timone Fiduciaria Srl (24%) Treasury shares (3%) Free float (73%)	EMPLOYEES (1H20)	1,052 (+4.1% YTD)
TOP MANAGEMENT	Pietro Giuliani (Founder, Chairman) Gabriele Blei (CEO)	FINANCIAL ADVISORS (1H20)	1,806 (+1.0% YTD)
FINANCIAL CALENDAR	Nov. 12, 2020: 3Q20 Earnings	CLIENTS (Nov. 2019) (% AuM)	220k around the world (90% retail, 10% institutional)

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QUICK LOOK

Azimut Holding SpA is the parent company of one of Italy's main players in the **asset management** sector, with more than 80 firms in **17 countries** around the world and over **EUR55bn in Assets under Management**. Founded in Milan in 1989, the Azimut Group operates in the promotion, management and distribution of financial and insurance products (mutual funds, alternative funds, portfolio management, unit-linked insurance plans, pension funds), mainly towards **affluent** and **high-net-worth retail customers**.

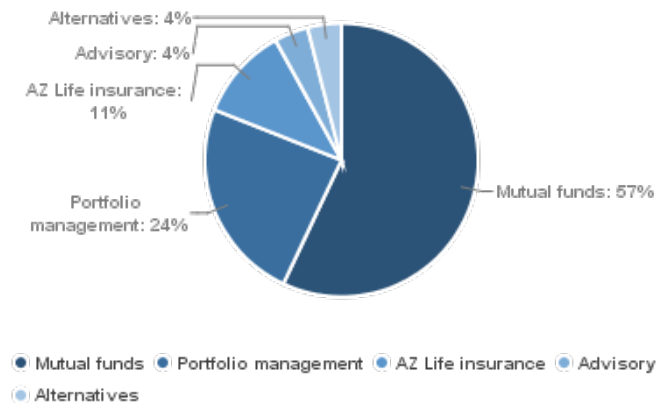
COMPANY PROFILE

- BUSINESS MODEL** - The Group's business model is based on the full integration of **portfolio management** (production) and **distribution** activities. Upstream, Azimut employs about 95 PMs and analysts, based in Europe, APAC and the Americas; downstream, the Group boasts a network of **1,806 financial advisors** and wealth managers. To a lesser extent, Azimut relies on banks (mainly medium- or small-sized Italian lenders) and other third parties with which it has signed distribution agreements both in Italy and abroad. About 78% of the Group's Italian advisors works in **Northern Italy** (80% AuM), 16% in Central Italy (17% AuM) and the remaining 6% in South Italy (3% AuM), according to data released by Azimut in November 2019. As of June 2020, more than 1/4 of the Group's AuM is attributable to its foreign operations.

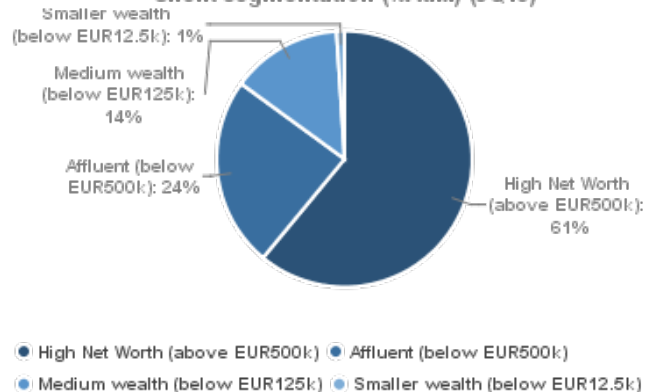
- SHAREHOLDERS** - Azimut Holding has been listed on the **Italian Stock Exchange** in 2004 (MTA segment) and has joined blue-chip index FTSE MIB in 2010 (market cap EUR2.4bn). According to data compiled by Milan-based Borsa Italiana, as of 15 September 2020, the holding company is 24%-owned by **Timone Fiduciaria Srl**, a firm that represents the shares of over 2,000 individual shareholders (Azimut's executives, portfolio managers, financial advisors and employees) bound by a three-year **shareholders' agreement** (renewed in July 2019). The agreement, whose automatic renewal can be impeded only through the objection of an absolute majority of voting rights, provides for the **lock-up** of a portion of the shares of each shareholder which decreases as the number of years of adhesion to the agreement increases. Net of treasury shares, the remaining 73% of the capital is free float. The names of several leading **US institutional investors** (Goldman Sachs, Vanguard, BlackRock, etc.) stand out among shareholders with stakes of less than 3%.

- COVID-19** - According to the company, **net inflows** have maintained a **positive pace** in **1H20** (EUR1.8bn, -30.8% YoY), notwithstanding the economic and financial fallout of the coronavirus pandemic. Therefore, despite market uncertainties, Azimut has **confirmed a net-profit target** of at least **EUR300m in FY20** (as indicated at the beginning of the year), also in light of the EUR143m profit recorded in 1H20 (-16.4% YoY). According to Fitch, Azimut's business model is reasonably positioned to retain the company's client base in the current market environment. Short-term volatility will likely give rise to **temporary AuM pressure**, the rating agency said, but the company's asset allocation is sufficiently diversified to guard against single outsized devaluations.

AuM breakdown (1H20)



Client segmentation (%AuM) (3Q19)



- **STRATEGY** - Having successfully delivered its 2015-2019 strategic plan, the company was expected to announce a **new five-year business plan** in early 2020, before the outbreak of the coronavirus pandemic. The Group's key aim is to grow in the **Private Markets** segment (private equity/credit, club deals, venture capital, SPACs, start-ups, real estate, social infrastructure) in the belief that, against a backdrop of low interest rates, investments in the real economy offer higher returns and greater diversification benefits. Azimut expects that, **by 2024**, at least **15% of its AuM** will be attributable to the Private Markets/Alternatives segment (from 1% in 2019), 35% to the International/Emerging Markets segment (from 29%) and 50% to the Traditional/Developed Markets segment (from 70%).

FINANCIALS

INCOME STATEMENT

(in EUR m)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Net Interest Income	-13,55	-7,72	-9,40	-9,96	-9,45
Adjusted Total Non-Interest Income	1093,09	728,94	800,82	703,95	734,07
Net Revenue after Provisions	1079,54	721,22	791,42	694,00	724,61
Total Non-Interest Expense	610,14	565,11	544,14	508,42	445,95
Operating Income (Loss)	469,41	156,11	247,28	185,58	278,66
Non-Operating (Income) Loss	16,56	-0,19	0,01	0,69	0,49
Pretax Income (Loss)	452,85	156,30	247,27	184,89	278,18
Income Tax Expense (Benefit)	64,90	15,30	21,36	7,59	28,19
Income (Loss) from Cont Ops	387,94	141,00	225,91	177,30	249,99
Net Extraordinary Losses (Gains)	1,69	0,42	0,00	0,00	0,00
Income (Loss) Incl. MI	386,25	140,58	225,91	177,30	249,99
NET INCOME	370,01	122,15	214,79	172,69	247,42

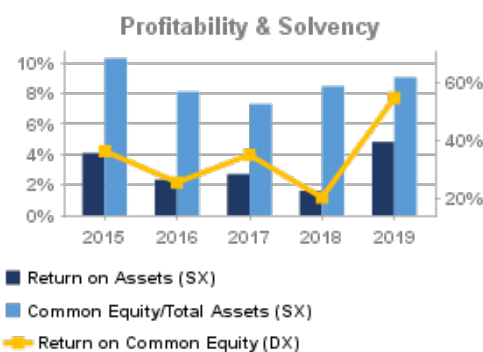
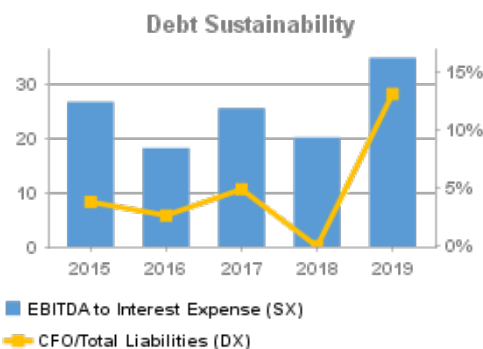
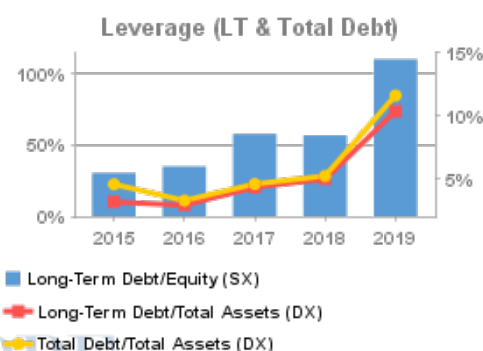
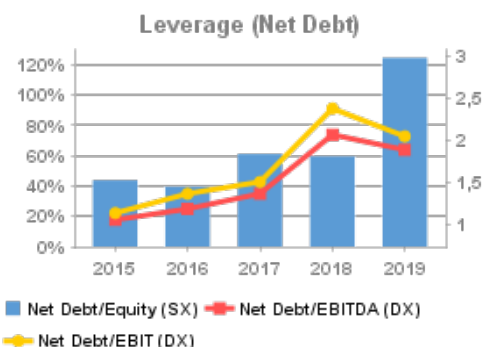
BALANCE SHEET

(in EUR m)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
ASSETS					
Cash & Cash Equivalents	0,02	0,02	0,03	0,02	0,03
ST And LT Investments	7159,05	6071,46	7251,03	6724,39	6024,23
Net Fixed Assets	48,76	8,47	8,10	7,22	6,20
Total Intangible Assets	634,34	602,35	557,41	517,32	449,53
Investments in Associates	1,80	2,87	1,34	0,94	7,74
Total Deferred Tax Assets	24,37	52,99	50,66	46,07	27,83
Other Assets	385,32	347,72	238,03	242,02	177,62
TOTAL ASSETS	8253,66	7085,88	8106,61	7727,28	6946,24
LIABILITIES + EQUITY					
ST Borrowings & Repos	64,06	17,55	20,25	28,28	96,69
LT Debt	895,94	354,17	353,82	226,52	221,83
Total Deferred Tax Liabilities	63,98	68,15	61,69	57,96	58,43
Other Liabilities	6458,15	6021,56	7058,66	6758,94	5842,08
TOTAL LIABILITIES	7482,13	6461,42	7494,42	7082,21	6219,02
Equity before Minority Interest	747,69	600,61	592,60	627,09	716,87
Minority/Non Controlling Interest	23,84	23,85	19,59	17,98	10,35
TOTAL EQUITY	771,53	624,46	612,19	645,07	727,22
TOTAL LIABILITIES & EQUITY	8253,66	7085,88	8106,61	7727,28	6946,24

CASH FLOW STATEMENT

(in EUR m)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Cash from Operating Activities	981,42	-4,24	364,77	185,11	234,21
Cash from Investing Activities	-96,92	-61,46	-57,25	-84,31	-57,25
Cash from Financing Activities	-222,94	-109,88	-247,67	-250,18	-158,09
NET CHANGES IN CASH	661,57	-175,57	59,85	-149,38	18,87

Source: Bloomberg - Note: Financials audited by PwC; Decimal separator ","



- **INDUSTRY**- According to **Assoreti** data, as of June 2020, **Azimut Capital Management SGR** (the Group's main company in Italy) holds a **6.9%** share of Italy's investment advisory market, in terms of assets, preceded by **Intesa Sanpaolo** (which controls 37.4% of the market through Intesa Sanpaolo Private Banking, Fideuram and Sanpaolo Invest SIM), **Banca Mediolanum** (12.5%), **FincoBank** (11.7%), **Banca Generali** (10.9%) and **Allianz Bank Financial Advisors** (8.4%). Not having a banking license (unlike almost all of its peers), Azimut offers banking services through strategic partnerships with lenders such as Banco BPM, Banca Popolare di Sondrio and illimity.

Assets under Management (EURm)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Azimut Holding SpA	45969,00	39783,00	40189,00	35800,00	31201,00
Banca Generali SpA	31797,00	27338,00	20713,00	15860,00	14560,00
Banca Mediolanum SpA	62700,00	53500,00	75272,00	77854,10	70681,60
FinecoBank SpA	40505,37	33484,69	32564,74	28607,92	26277,43

Net Debt To Shareholders Equity (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Azimut Holding SpA	124,43	59,52	61,10	39,50	43,80
Banca Generali SpA	-124,93	-162,74	-23,84	-16,60	-15,62
Banca Mediolanum SpA	164,97	253,83	65,93	45,51	408,64
FinecoBank SpA	-721,71	-1174,91	-1777,25	-2125,03	-2089,21

Total Debt to Total Assets (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Azimut Holding SpA	11,63	5,25	4,61	3,30	4,59
Banca Generali SpA	1,80	2,67	8,04	9,61	5,46
Banca Mediolanum SpA	8,79	12,76	5,03	6,16	20,81
FinecoBank SpA	1,36	4,55	4,81	6,41	8,88

Common Equity to Tot Assets (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Azimut Holding SpA	9,06	8,48	7,31	8,12	10,32
Banca Generali SpA	7,80	7,55	8,19	7,74	10,41
Banca Mediolanum SpA	4,38	4,35	5,11	5,12	4,63
FinecoBank SpA	4,93	3,94	3,28	3,25	3,45

Return on Common Equity (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Azimut Holding SpA	54,89	20,47	35,22	25,70	36,55
Banca Generali SpA	32,94	24,49	29,53	24,30	34,70
Banca Mediolanum SpA	25,68	11,98	17,43	18,65	22,59
FinecoBank SpA	24,46	28,25	30,30	32,24	32,24

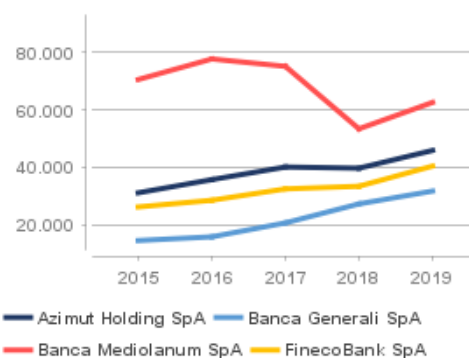
Return on Assets (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Azimut Holding SpA	4,82	1,61	2,71	2,35	4,09
Banca Generali SpA	2,53	1,92	2,35	2,15	3,32
Banca Mediolanum SpA	1,12	0,56	0,89	0,91	1,01
FinecoBank SpA	1,09	1,02	0,99	1,08	1,09

Asset Turnover (x)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Azimut Holding SpA	0,14	0,10	0,10	0,10	0,12
Banca Generali SpA	0,10	0,10	0,10	0,10	0,13
Banca Mediolanum SpA	0,04	0,04	0,04	0,04	0,04
FinecoBank SpA	0,04	0,04	0,04	0,04	0,05

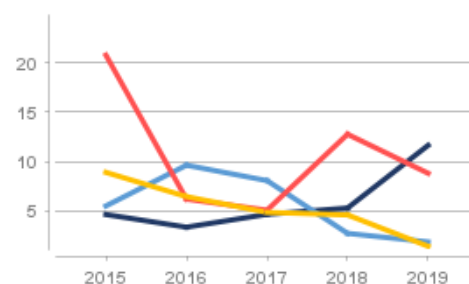
Efficiency Ratio (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Azimut Holding SpA	37,83	62,51	48,49	53,62	38,44
Banca Generali SpA	49,61	57,21	55,81	57,95	52,62
Banca Mediolanum SpA	44,04	59,63	60,62	57,03	50,88
FinecoBank SpA	50,04	50,21	51,54	51,13	52,85

Dividend Payout Ratio (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Azimut Holding SpA	37,92	169,46	60,50	76,94	80,55
Banca Generali SpA	78,80	80,45	71,27	79,82	68,38
Banca Mediolanum SpA	71,37	114,57	77,27	74,78	50,50
FinecoBank SpA	67,49	76,25	80,88	80,11	63,34

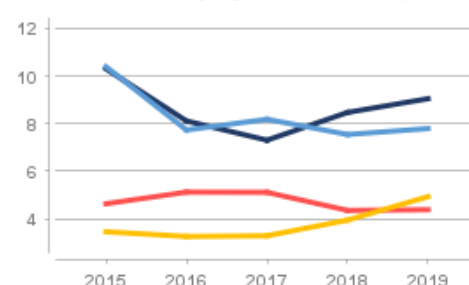
Assets under Management (EURm)



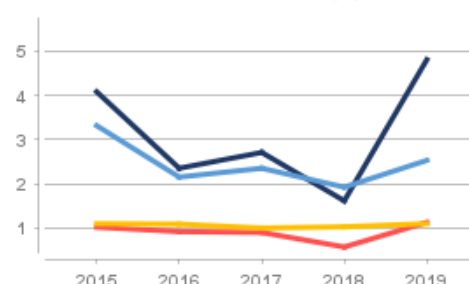
Total Debt to Total Assets (%)



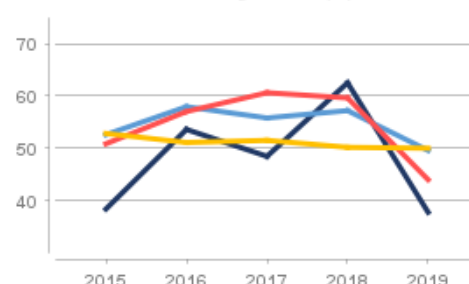
Common Equity to Tot Assets (%)



Return on Assets (%)



Efficiency Ratio (%)



Source: Bloomberg - Note: Decimal separator ","

DEBT PROFILE

Azimut Holding SpA (AZMIM) - Sr Unsecured - EUR - Fixed 1.625% - Dec. 12, 2024 - XS2081611993 (Reg S)

YIELD TO WORST	1.85%	COUNTRY RATING (Italia)	Moody's: Baa3 / Stable (10/19/2018) S&P: BBB / Negative (10/27/2017) Fitch: BBB- / Stable (04/28/2020)
MODIFIED DURATION	4.002		
COUPON FREQUENCY	Annual		
DAY COUNT	ACT/ACT	ISSUER / BOND RATING	Fitch: BBB- / RWN (03/26/2020)
AMOUNT	EUR500m		
MIN PIECE / INCREMENT	100k / 1k	S&P RECOVERY RATING	n.a.
EXCHANGES	Dublin (XDUB), EuroTLX (ETLX)	1Y DEFAULT PROB	0.0710%
LQA LIQUIDITY SCORE	40/100	5Y IMPLIED CDS SPREAD	113bps
ECB ELIGIBLE COVENANTS	Yes (Non own use haircut @ 22.4%) Negative Pledge, Cross Default	Z-SPREAD	228.9bps
USE OF PROCEEDS	GCP, investments/extraordinary transactions, partial debt refinancing, buybacks	MiFID II TARGET MKT GOVERNING LAW	Eligible counterparties, professional clients English law

KEY DOWNSIDE / UPSIDE RISKS

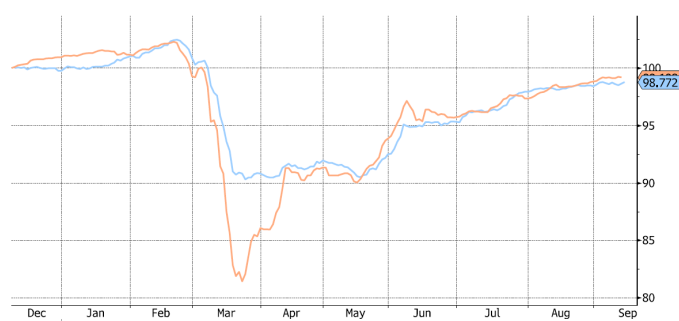
Covid-19	↓	Refinancing risk	↓
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Source: Bloomberg, Azimut, Banca Promos

- CREDIT FACILITY** - Azimut Holding's debt profile consists of a **EUR200m loan** granted by Banco BPM and two bonds, these latter for a total of EUR850m. The bank loan, obtained in February 2019, is **divided into two lines**, A and B, repayable in tranches and on 31 December 2021, respectively. Line A pays an interest rate equal to Euribor 3M + 140bps whereas line B pays Euribor 3M + 160bps. Net of Line A's already-paid installments and a EUR120m early reimbursement made in December 2019, the **residual value** of the loan is **EUR52m** at the end of 1H20. The credit facility is subject to undisclosed covenants.
- BONDS** - The first of the two bonds issued by Azimut Holding is a **senior preferred note** sold in March 2017 -- for an amount of **EUR350m**, with a 2% annual coupon and due on 28 March 2022. The second bond -- a **EUR500m senior unsecured note**, carrying a 1.625% annual coupon and due on 12 December 2024 -- has been issued in December 2019, to fund potential investments and extraordinary transactions across the following 5 years, the repayment of part of the company's indebtedness (including the partial reimbursement of the EUR200m credit facility) and possible stock buybacks. Azimut may redeem the 1.625%-2024 bond in whole during the 90 days prior to the maturity date at a price of 100 (**Issuer Maturity Par Call**). Being the issuer of the notes a non-operating holding company, the claims of bondholders are **structurally subordinated** to the claims of creditors of the other firms of the Group.
- RATING** - On 26 March 2020, **Fitch** has placed Azimut Holding's **BBB-** ratings on **Rating Watch Negative** to reflect the adverse effect of the Covid-19 pandemic on the company's financial metrics. The agency will resolve the RWN based on further clarity about the operating performance of Azimut (earnings generation, AuM developments). According to Fitch, the company's funding profile is sufficiently long-dated but the bullet nature of outstanding bonds (its primary funding mechanism) implies some **refinancing risk over the medium- to long-term**, given elevated leverage and challenging market conditions.
- LIQUIDITY** - According to Fitch, Azimut's liquidity position is resilient and **available reserves** are **more than sufficient** to meet the company's funding needs over the short- to medium-term, even under a prolonged market stress environment. Still, Azimut's **liquidity management strategy** is considered as fairly **opportunistic**: a portion of available cash reserves is earmarked for dividends and share buybacks while still little has been done to increase EBITDA (through acquisitions) and reduce leverage.
- DIVIDENDS** - Unlike many of its Italian peers, Azimut has distributed dividends for EUR137m and has completed share buybacks for EUR44m in 1H20. In a note published in May, Fitch has defined the company's **payout ratio** as '**generally high**' and has indicated its reduction as one of the 'levers' the top management could use to reduce the Group's financial debt.

Azimut Holding SpA 1.625%-2024 vs HY Euro Index

(since issue, Dec. 2019 = 100)

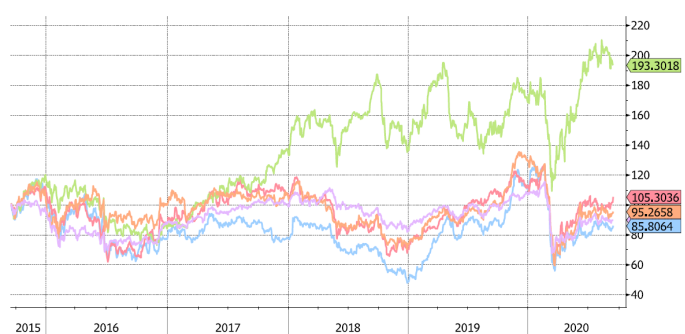


AZMIM 1.625% 12/12/2024 (XS2081611993)

Bloomberg Barclays Pan-European High Yield (Euro) TR Index Value Unhedged EUR

Azimut Holding SpA vs Peers, FTSE MIB

(last 5 years, Sept. 2015 = 100)

Azimut Holding SpA Banca Generali SpA Banca Mediolanum SpA FincoBank SpA
FTSE MIB Index

Source: Bloomberg

LATEST NEWS

- On 31 August 2020, Azimut has signed a partnership in the US financial advisory space with **Genesis Investment Advisors LLC**, a Florida-based distribution company with about **USD400m in AuM** (as of June 2020). The deal provides for Azimut to initially purchase **51% of Genesis' capital**. The closing of the transaction is expected by September.
- On 29 July 2020, Azimut has acquired a **20% stake** in **Kennedy Lewis Investment Management LLC**, a New York-based asset management firm specialized in opportunistic private credit investments, with **AuM of USD2.1bn**. Kennedy Lewis will use around 90% of proceeds from the deal to increase investments in its own funds. The terms of the transaction weren't disclosed.
- On 24 June 2020, Azimut has joined **Canson Capital Partners** and **Ardian** in a PIPE (Private Investment in Public Equity) transaction in **INWIT SpA**, the largest Italian tower operator, with 22,100 mobile phone towers. Through a set of investment vehicles, Azimut will acquire **up to 3%** of INWIT from TIM. The capital raising target for the deal is **EUR110m**, to be achieved through the involvement of qualified investors and by using leverage.



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