Milan, 01 August 2024

Italian Equity Research – 2Q24 Results

ANIMA

OUTPERFORM

Sector: Asset mgmt

Price: Eu4.86 - **Target: Eu6.00**

Booming Performance Fees and Solid Operating Trends

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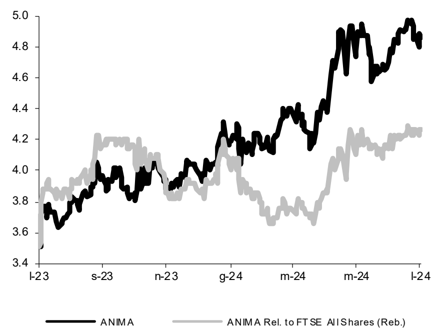
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 5.60 to 6.00
	2024E	**2025E**	**2026E**
Chg in Adj EPS	8.0%	3.0%	3.2%

ANIMA - 12M Performance



Stock Data			
Reuters code:			ANIM.MI
Bloomberg code:			ANIM IM
Performance	**1M**	**3M**	**12M**
Absolute	4.3%	10.4%	38.7%
Relative	2.6%	10.4%	25.2%
12M (H/L)			4.97/3.51
3M Average Volume (th):			767.41

Shareholder Data	
No. of Ord shares (mn):	318
Total no. of shares (mn):	318
Mkt Cap Ord (Eu mn):	1,546
Total Mkt Cap (Eu mn):	1,546
Mkt Float - Ord (Eu mn):	833
Mkt Float (in %):	53.9%
Main Shareholder:	
Banco BPM	21.7%

Balance Sheet Data	
Book Value (Eu mn):	1,704
BVPS (Eu):	5.36

- **2Q24 results in line with some one-offs related to Kairos integration.** Total revenues came in at €118mn (+44% YoY / +7% vs. our expectations). There was a positive contribution from performance fees (€19.5mn vs. €1.2mn in 2Q23) and higher recurring commissions (+17% YoY / +1% vs. our estimates), driven by higher AuM, a positive market effect, net inflows and higher average margins on AuM. Operating costs rose (+46% YoY / +20% vs. our estimates) with personnel expenses up 65% YoY due to the consolidation of Castello SGR and of Kairos for two months. Cost/income ratio at 29.2%, up 37bp YoY, an increase that was expected due to the consolidation of Castello and Kairos. The EBITDA margin was stable (70.8% in 2Q24 vs. 71.1% in 2Q23) while EBIT (+69% YoY / +15% vs. our estimates) includes €8mn of positive income from badwill on the first-time consolidation of Kairos. Excluding this effect, adjusted net profit was €62mn (+60% YoY / +3% vs. our estimates).
- **Positive conference call indications on fee margins and inflows.** 1) the margin on management fees expanded further in 2Q24 to 27bp (from 26bp in 1Q and 25.3bp in 1H23) thanks to a better mix, with lower wrapper funds, and accretion from the consolidation of Kairos; 2) strong inflows expected in July with contributions from all main partners; 3) performance fees were healthy in 1H and we expect this trend to have continued in July despite more challenging markets; 4) Anima is bullish on alternative AM and Kairos contributions. Other small M&A in these sectors is possible but nothing is currently under discussion; 5) shareholder remuneration will benefit from one-offs due to the Kairos consolidation, which will be included in the payout ratio. Remuneration is ≥75% of group net profit considering the dividend payout at ≥50% and buybacks: a €40mn buyback is ongoing and will probably lead to the cancellation of ~2.5-3% of the capital in 1H25.
- **Adj. EPS lifted by 8.0%/3.0%/3.2% for FY24/25/26.** We are again lifting our estimates, factoring in higher revenues from all items, and performance fees in particular. We are also lifting operating costs to reflect the Kairos consolidation. Finally, under reported income we are including the ~€8mn positive one-off from the recognition of badwill from the Kairos consolidation and higher financial income. Overall, EPS is lifted by 8%/3%/3.2% on 2024/2025/2026 despite keeping a low future contribution from performance fees.
- **OUTPERFORM confirmed; target up to €6.0.** Anima's improving commercial trends are testament to the greater commitment of banking partners to the distribution of AM products. Anima remains engaged in returning half of its market cap to shareholders over 5 years through both cash dividends and buybacks. The company is still interested in looking at M&A opportunities, but we do not expect major deals in the near future. We are updating our valuation based on an average of DCF and peer multiples. At target, Anima would trade at ~8.5/9.0x 2025/26 earnings or broadly 10x excluding performance fees.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Commissions Income (Eu mn)	306	325	398	390	401
Total Income (Eu mn)	343	368	457	453	465
Net Operating Profit (Eu mn)	196	214	270	255	264
Net Profit Adj (Eu mn)	155	185	224	218	225
EPS New Adj (Eu)	0.445	0.581	0.703	0.690	0.712
EPS Old Adj (Eu)	0.445	0.581	0.651	0.670	0.690
DPS (Eu)	0.220	0.250	0.300	0.320	0.340
Market Cap/F.U.M.	0.9%	0.8%	0.8%	0.8%	0.8%
P/E Adj	10.9	8.4	6.9	7.0	6.8
Div. Yield	4.5%	5.1%	6.2%	6.6%	7.0%
ROE	10.3%	11.9%	13.6%	12.5%	12.3%

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and – 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between –10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	23.97 %
OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (49 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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