Milan, 07 February 2023

Italian Equity Research – 4Q22 Results

ANIMA

OUTPERFORM

Sector: Asset mgmt

Price: Eu4.07 - **Target: Eu4.60**

Proceeding with High Remuneration in absence of M&A

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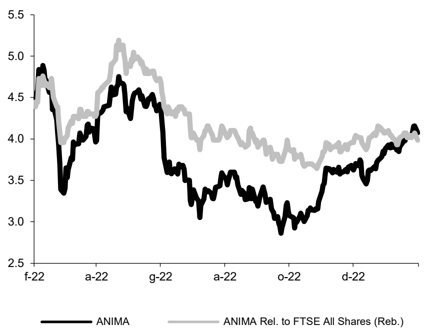
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 4.30 to 4.60
	2023E	**2024E**	**2025E**
Chg in Adj EPS	8.1%	6.4%	

Next Event
AGM on March 21, 2023

ANIMA - 12M Performance



Stock Data			
Reuters code:			ANIM.MI
Bloomberg code:			ANIM IM
Performance	**1M**	**3M**	**12M**
Absolute	5.0%	25.5%	-8.8%
Relative	-2.4%	9.3%	-9.8%
12M (H/L)			4.89/2.86
3M Average Volume (th):			672.82

Shareholder Data	
No. of Ord shares (mn):	347
Total no. of shares (mn):	350
Mkt Cap Ord (Eu mn):	1,412
Total Mkt Cap (Eu mn):	1,412
Mkt Float - Ord (Eu mn):	1,059
Mkt Float (in %):	75.0%
Main Shareholder:	
Banco BPM	20.6%

Balance Sheet Data	
Book Value (Eu mn):	1,577
BVPS (Eu):	4.77

- **4Q results broadly in line.** 4Q results were affected by poor markets:
  - Revenues at Eu86mn, 3.3% below expectations with management fees at Eu69mn, down 10% YoY following a 12% drop in AuM. Performance fees at Eu8.6mn were slightly above expectations and other income below at Eu8.5mn
  - Operating costs a touch above expectations at Eu24mn (C/I at 28%)
  - EBITDA came in at Eu62mn, 9% below expectations
  - Below operating profit, lower costs for LTIP, D&A and financial charges led to pre-tax profit of Eu50.3mn, 2.6% higher than expected, and net profit at Eu34.2mn, broadly in line with our expectations. FY22 net profit was Eu121mn compared with last year's Eu238mn, while adjusted net profit was Eu156mn.
- **Outlook for inflows looks uncertain but management confident.** Anima reported net inflows of Eu23mn in January: a weak start for inflows affected the exit of an institutional mandate while retail inflows were positive. The company did not provide inflow guidance but stated it is confident of delivering positive inflows: our estimate is Eu2bn.
- **Inducement ban could be a problem.** Management briefly touched base on the proposed EU Directive to ban inducement in the distribution of financial products: the view is that such a change would be negative for the entire industry and also for consumers – especially mass-market - who would be at risk of being left without advisory services. That said, Anima believes that some adjustments to the distribution agreements could be made to avoid major disruption.
- **Ahead with high remuneration if there are no M&A opportunities.** Anima announced the proposal to the AGM for a Eu22c dividend (above our / consensus expectations) and the cancellation of 5% of share capital represented by treasury shares. For the future, in the absence of M&A opportunities, the company will continue with dividend distribution (50/60% payout) and buybacks. The April AGM will renew the BoD. We expect confirmation of the CEO and of the current strategy, which implies hefty remuneration (dividends plus buybacks). We cannot rule out some small, bolt-on acquisitions in the future although big M&A will depend entirely on Italian banking sector consolidation. Although the risk of losing the agreement with BMPS cannot be ruled out, the survival of the distribution agreement with Credit Agricole following the acquisition of Creval shows that even where banking distribution agreements are not exclusive they are likely to remain in place, at least until expiry.
- **OUTPERFORM, TP Eu4.6.** After taking into account some fine tuning of estimates and the cancellation of the treasury shares, we believe the stock remains undervalued. Based on the average of a DCF and discounted international peer multiples we arrive at a fair value of Eu4.6ps (implied P/E of 9.2x on 2023E).

Key Figures & Ratios	2020A	2021A	2022A	2023E	2024E
Commissions Income (Eu mn)	351	437	306	332	347
Total Income (Eu mn)	380	475	344	373	389
Net Operating Profit (Eu mn)	246	344	212	237	251
Net Profit Adj (Eu mn)	197	258	155	174	184
EPS New Adj (Eu)	0.535	0.700	0.445	0.526	0.557
EPS Old Adj (Eu)	0.535	0.699	0.432	0.487	0.523
DPS (Eu)	0.220	0.280	0.220	0.250	0.280
Market Cap/F.U.M.	0.7%	0.7%	0.8%	0.8%	0.7%
P/E Adj	7.6	5.8	9.2	7.7	7.3
Div. Yield	5.4%	6.9%	5.4%	6.1%	6.9%
ROE	15.2%	18.2%	10.3%	11.3%	11.4%