Intermonte

Milan, 08 May 2023

**Italian Equity Research – 1Q23 Results**

# ANIMA

# OUTPERFORM

*Sector: Asset mgmt*

Price: Eu3.73 - **Target: Eu4.60**

## Working to Revamp Inflows, Solid Cashflow Generation


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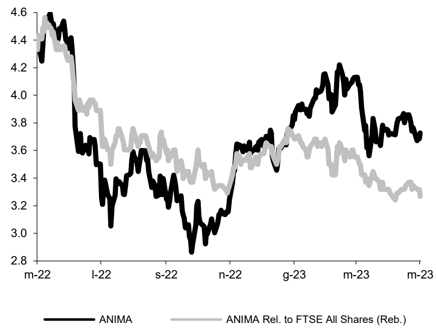
| Stock Rating | | | |
|---|---|---|---|
| **Rating:** | | | Unchanged |
| **Target Price (Eu):** | | | Unchanged |
| | **2023E** | **2024E** | **2025E** |
| **Chg in Adj EPS** | -3.5% | -3.1% | -3.5% |

**ANIMA - 12M Performance**




| Stock Data | | | |
|---|---|---|---|
| Reuters code: | | | ANIM.MI |
| Bloomberg code: | | | ANIM IM |
| **Performance** | **1M** | **3M** | **12M** |
| Absolute | 0.4% | -10.3% | -13.9% |
| Relative | -1.1% | -11.3% | -27.6% |
| 12M (H/L) | | | 4.59/2.86 |
| 3M Average Volume (th): | | | 1,461.36 |

| Shareholder Data | |
|---|---|
| No. of Ord shares (mn): | 347 |
| Total no. of shares (mn): | 350 |
| Mkt Cap Ord (Eu mn): | 1,292 |
| Total Mkt Cap (Eu mn): | 1,292 |
| Mkt Float - Ord (Eu mn): | 696 |
| Mkt Float (in %): | 53.9% |
| Main Shareholder: | |
| Banco BPM | 21.7% |

| Balance Sheet Data | |
|---|---|
| Book Value (Eu mn): | 1,571 |
| BVPS (Eu): | 4.75 |

- **1Q23 results slightly ahead of expectations:** revenues were slightly better, with management fees at Eu69.6mn, broadly flat QoQ and down 7.6% YoY. There were very low contributions from performance fees at Eu0.8mn and other revenues at Eu10.6mn. Operating costs came in at Eu22.3mn, 6% higher than expected given higher investments in marketing activities towards the distribution network. EBITDA was 6% better than expected at Eu58.6mn and net profit came in at Eu30.2mn, 12% better and flat YoY. The consolidated net financial position as at 31 March 2023 was €-97.8mn (from €-60.9mn at YE22, including €73mn of dividends to be paid this month). Anima generated around Eu30mn of cash in 1Q23, even with the low contribution from performance fees and the challenging environment for inflows and AuM performance.
- **Working on revamping inflows with offering skewed towards fixed income:** Anima did not provide precise net inflow guidance for 2023. Jan-Apr was volatile, with c.Eu200mn of outflows, as positive retail trends were offset by the institutional segment, related to the loss of a pension mandate. Management is confident on short-term trends following the commercial efforts of banking partners and hopes of obtaining new institutional mandates in the future. Clients are redirecting assets towards fixed income and target date solutions, enticed by higher market yields. The lower equity component in AuM should not notably depress margins, however.
- **No disruption expected from review of sector regulations:** in management's opinion the ongoing talks at EU level on the change in the regulatory framework are not expected to cause disruption for the sector. The proposal to ban inducements in the EU seems highly unlikely to go through following the negative opinion expressed by most of the larger EU governments. Any partial modifications to the current regulation should therefore be manageable without major changes to the current organisation and fee structure.
- **New BoD in place with appointments from main shareholders expected to support company strategy:** in recent months FSI entered the capital through an accelerated book building, becoming the third largest shareholder with a 9.4% stake, while Gamma (Caltagirone group) stands at 3.4%. The BoD has been renewed, with the confirmation of CEO Melzi. The new shareholders and board members are expected to contribute actively to the company's strategy for the next three years.
- **Estimates down slightly, recommendation remains OUTPERFORM given cheap valuation:** we are revising estimates marginally down, by -2/-3%, to take into account low visibility on performance fees as things stand. The stock is certainly very cheap even under our new EPS assumptions and generates significant cash that should be deployed in dividends and buybacks. It is important to revive inflows, but we continue to believe the main catalyst remains the role that Anima will play in future banking sector consolidation. The fate of BMPS is still uncertain, but following the recent acquisition of Creval by Credit Agricole Anima continued to do business with the new owner, offering reassuring indications on the future outlook for distribution agreements.

| Key Figures & Ratios | 2021A | 2022A | 2023E | 2024E | 2025E |
|---|---|---|---|---|---|
| Commissions Income (Eu mn) | 437 | 306 | 320 | 335 | 354 |
| Total Income (Eu mn) | 475 | 344 | 361 | 378 | 399 |
| Net Operating Profit (Eu mn) | 344 | 212 | 226 | 241 | 260 |
| Net Profit Adj (Eu mn) | 258 | 155 | 168 | 178 | 192 |
| EPS New Adj (Eu) | 0.700 | 0.445 | 0.508 | 0.539 | 0.581 |
| EPS Old Adj (Eu) | 0.700 | 0.445 | 0.526 | 0.557 | 0.602 |
| DPS (Eu) | 0.280 | 0.220 | 0.250 | 0.280 | 1.280 |
| Market Cap/F.U.M. | 0.6% | 0.7% | 0.7% | 0.7% | 0.7% |
| P/E Adj | 5.3 | 8.4 | 7.3 | 6.9 | 6.4 |
| Div. Yield | 7.5% | 5.9% | 6.7% | 7.5% | 34.3% |
| ROE | 18.2% | 10.3% | 10.9% | 11.1% | 11.5% |