ANIMA

OUTPERFORM

Sector: Asset mgmt

Price: Eu3.25 - **Target: Eu4.30**

Stable Trends in 2Q, Estimates Lowered on Performance Fees

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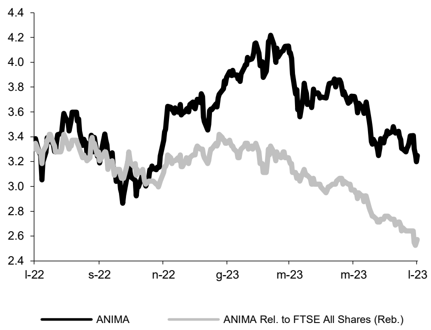
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 4.60 to 4.30
	2023E	**2024E**	**2025E**
Chg in Adj EPS	-6.9%	-5.6%	-6.2%

Next Event
Results Out August 2, 2023

ANIMA - 12M Performance



Stock Data			
Reuters code:			ANIM.MI
Bloomberg code:			ANIM IM
Performance	**1M**	**3M**	**12M**
Absolute	-4.5%	-12.7%	-1.6%
Relative	-6.7%	-14.2%	-27.9%
12M (H/L)			4.22/2.86
3M Average Volume (th):			598.99

Shareholder Data	
No. of Ord shares (mn):	347
Total no. of shares (mn):	350
Mkt Cap Ord (Eu mn):	1,126
Total Mkt Cap (Eu mn):	1,126
Mkt Float - Ord (Eu mn):	607
Mkt Float (in %):	53.9%
Main Shareholder:	
Banco BPM	21.7%

Balance Sheet Data	
Book Value (Eu mn):	1,560
BVPS (Eu):	4.72

- **2Q23 results due out on 2 August 2023:** the company should report trends in line with 1Q considering the current low net inflow scenario and the gradual recovery in average AuM thanks to positive market performances. At 1H23, total AuM amounted to €185bn thanks to a positive performance effect and a recovery in net inflows in 2Q23 after a weak start to the year. From 2Q23 results we expect:
  - Management fees: €70.5mn, up 1.4% QoQ and down 2.7% YoY due to lower AuM, while the margin is expected to have been 28bp on an annual basis;
  - Performance fees: still very low as most of the funds remain below HWM at €1.4mn, down compared to €4.5mn last year
  - Other fees: €10.4mn with total income at €81.4mn, up slightly QoQ and down 4.4% YoY
  - Operating costs expected at €22.4mn, up 4% YoY due to some cost inflation but well under control and a cost/income ratio at 27.2%
  - Operating profit expected at €60mn, pre-tax at €46.6mn and reported net profit at €26.6 and adj. net profit at €36.2mn
- **Net inflows outlook: improvements in 2Q23.** Monthly net inflow trends remain the main focus for the time being, with the outlook clouded by the competition from fixed income alternatives remaining the main issue in the current environment, After a negative 1Q23, with €550mn of outflows due in part to institutional mandates. Retail net inflows were positive in 2Q23, and overall managed asset inflows turned positive for €361mn. The outlook for 2H23 is mixed, but the main banking partners are expected to support the distribution of AM products designed to respond to clients' demand for exposure to fixed income products. We are cutting our FY23 net inflow forecast to €400mn from €1.2bn previously on the back of the 1H23 trend and a gradual recovery in 2H23, while we remain more constructive on 2024, forecasting an expansion of €1.3bn.
- **Change in estimates: 2023 EPS -6.9%, mostly on lower performance fees:** we are cutting our management fee estimate slightly to €295.5mn to take into account lower net inflows and stable margins at 15.7bp, or 25.5bp ex-Poste insurance mandates. Performance fees are forecast at €7.5mn from Eu22mn previously and other fees at €40mn: adjusted net profit is now foreseen at €156.4mn, a 6.9% cut vs. our previous €168mn estimate, while we now forecast €168mn for 2024 (-5.6%).
- **OUTPERFORM confirmed; target down to €4.3:** the stock remains cheap, trading at below 7x earnings even after our estimate revision. Having said that, increased interest is unlikely until there is a more structural improvement in inflows. June net inflows were positive, a trend we hope will continue in the coming months, supporting a re-rating. Anima remains a well-managed company with double-digit cashflow yield and scope to continue to pay high cash dividends and implement buybacks. We are trimming our target price to €4.3 from €4.6, factoring in the cut in estimates. At target, Anima would be trading below average sector multiples.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Commissions Income (Eu mn)	437	306	302	319	335
Total Income (Eu mn)	475	344	344	363	382
Net Operating Profit (Eu mn)	344	212	208	226	242
Net Profit Adj (Eu mn)	258	155	156	168	180
EPS New Adj (Eu)	0.700	0.445	0.473	0.509	0.545
EPS Old Adj (Eu)	0.700	0.445	0.508	0.539	0.581
DPS (Eu)	0.280	0.220	0.250	0.280	1.280
Market Cap/F.U.M.	0.6%	0.6%	0.6%	0.6%	0.6%
P/E Adj	4.6	7.3	6.9	6.4	6.0
Div. Yield	8.6%	6.8%	7.7%	8.6%	39.4%
ROE	18.2%	10.3%	10.2%	10.6%	11.0%