

AZIMUT

Sector: Asset mgmt

OUTPERFORM

Price: Eu29.87 - Target: Eu34.00

Group Repositioning in the Making

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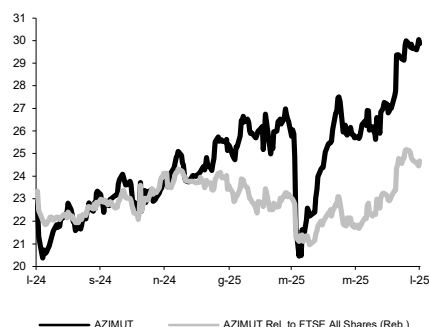
Stock Rating

Rating: Unchanged

Target Price (Eu): from 32.60 to 34.00

	2025E	2026E	2027E
Chg in Adj EPS	2.8%	2.4%	-0.9%

AZIMUT - 12M Performance



Stock Data

Reuters code: AZMT.MI

Bloomberg code: AZM IM

Performance	1M	3M	12M
Absolute	9.9%	22.5%	29.0%
Relative	7.0%	13.4%	8.0%
12M (H/L)	30.04/20.37		
3M Average Volume (th):	837.16		

Shareholder Data

No. of Ord shares (mn): 143

Total no. of shares (mn): 142

Mkt Cap Ord (Eu mn): 4,280

Total Mkt Cap (Eu mn): 4,280

Mkt Float - Ord (Eu mn): 3,189

Mkt Float (in %): 74.5%

Main Shareholder:
Timone Fiduciaria 22.0%

Balance Sheet Data

Book Value (Eu mn): 1,983

BVPS (Eu): 13.84

■ **2Q25 results higher than expected.** Azimut's 2Q25 results were overall above expectations. Revenues came in at €325mn, up 3% YoY and 6% above expectation, with management fees at €281mn; operating costs were a touch above expectations at €180mn. Operating profit was €150mn vs €125mn expected. Net profit at €124mn was above our expectation of €95mn (up 10% QoQ on a recurring basis) and was €240mn in 1H. Italy made a €199mn (70bps) contribution and international businesses €39mn on a recurring basis (30bps margin).

Total AuM amounted to €109.9bn, up 4.9% YtD, of which €5.6bn in Italy, €26.3bn international business, and €27bn linked to strategic affiliates.

■ **Guidance lifted for net profit to >€1bn (from ~€1bn) and net inflows to €4/7bn organic (€27/31bn including M&A).** Azimut raised guidance for net inflows to €27/31bn including M&A (i.e. the recently announced acquisition of NSI – North Square Investment). Net of M&A, inflows are expected to be €4/7bn, incorporating the contribution of organic operations, the NOVA JV and international businesses. As for net profit, Azimut now expects over €1bn with an unchanged expectation of €0.6bn from the accounting of the TNB spin-off. We believe the operating target of >€400mn is more visible in light of €240mn net profit posted in 1H25.

■ **Change in estimates: +2.8%/+2.4% for 2025/2026.** We are tweaking estimates upward to account for the positive 2Q earnings surprise. In the call, Azimut provided positive indications on July net inflow trends and on outlook for performance fees. Distribution costs are expected to grow in line with TFA developments. The net profit margin of the NOVA business has been confirmed at ~50bps.

■ **OUTPERFORM; target raised to €34 (from €32.6). Investor day on November 6 a key step to increase visibility.** Azimut's discount to the asset gathering sector remains particularly wide and is due to the complexity of its business model compared to those of sector peers. We expect the investor day to be a key moment to enable analysts and investors to better understand the group's future revenue, earnings and cash generation capacity. We expect the investor day to address the following key points: 1) revenue, earnings, cash and inflow capacity of a stabilized group perimeter that has been now reorganized among integrated solutions, global wealth, institutional & wholesale, and strategic affiliates; 2) M&A appetite and rationale going forward; 3) TNB spin-off developments, as the planned transaction is expected to be completed by year-end; 4) capital allocation and future remuneration of shareholders. The recent disposals, acquisitions and the TNB spin-off are yet to be digested by our modelling or by investors, and we believe a stabilization of the group will lead to a better valuation of Azimut compared to today's depressed multiples. We lift our price target to €34 from €32.4ps to factor a slight increase in estimates following the 2Q print and the decrease in the ERP. Upside potential remains relevant, but we must update our model to incorporate all the recent changes in perimeter and representation to fully evaluate the post-spinoff Azimut equity story which offers, in our view, a recurring net profit expectation in excess of €400mn.

Key Figures & Ratios	2024A	2025E	2026E	2027E	2028E
Commissions Income (Eu mn)	1,278	1,126	1,187	1,254	1,327
Total Income (Eu mn)	1,470	1,287	1,349	1,419	1,495
Net Operating Profit (Eu mn)	653	541	461	488	514
Net Profit Adj (Eu mn)	588	408	376	401	420
EPS New Adj (Eu)	3.610	2.504	2.309	2.465	2.578
EPS Old Adj (Eu)	3.610	2.435	2.255	2.487	2.618
DPS (Eu)	1.750	1.800	1.850	1.900	1.950
Market Cap/F.U.M.	5.4%	6.2%	5.7%	5.4%	5.1%
P/E Adj	8.3	11.9	12.9	12.1	11.6
Div. Yield	5.9%	6.0%	6.2%	6.4%	6.5%
ROE	33.1%	20.7%	18.8%	19.7%	20.2%

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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 between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEIMIB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

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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:	32.84%
OUTPERFORM:	37.31%
NEUTRAL:	29.85%
UNDERPERFORM:	00.00%
SELL:	00.00%

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BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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