Milan, 07 March 2025

Italian Equity Research – 4Q24 Results

AZIMUT

OUTPERFORM

Sector: Asset mgmt

Price: Eu26.74 - **Target: Eu30.00**

Nice Dividend Surprise, TNB Delivery Will Boost Spirits

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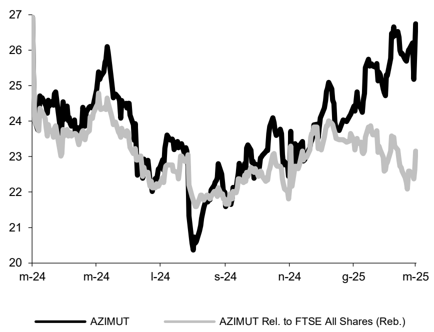
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 28.00 to 30.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-1.9%	-2.1%	-1.9%

AZIMUT - 12M Performance



Stock Data			
Reuters code:			AZMT.MI
Bloomberg code:			AZM IM
Performance	**1M**	**3M**	**12M**
Absolute	5.7%	10.7%	-0.7%
Relative	1.5%	-0.3%	-16.2%
12M (H/L)			26.74/20.37
3M Average Volume (th):			707.39

Shareholder Data	
No. of Ord shares (mn):	143
Total no. of shares (mn):	142
Mkt Cap Ord (Eu mn):	3,832
Total Mkt Cap (Eu mn):	3,832
Mkt Float - Ord (Eu mn):	2,855
Mkt Float (in %):	74.5%
Main Shareholder:	
Timone Fiduciaria	22.0%

Balance Sheet Data	
Book Value (Eu mn):	1,983
BVPS (Eu):	13.84

- **4Q24 bottom line slightly below expectations, nice surprise on DPS.** Azimut's 4Q24 net profit was lower than our estimates/consensus, closing at €139mn vs. €144mn/€146mn due to higher-than-expected deferred taxes, resulting from performance fees booked in higher-tax-rate countries, accruals for the introduction of the global minimum tax regime and taxes on dividends. Revenues were 5% above our estimate and operating costs were only 2% above, resulting in operating profit beating estimates by 8.5%. The better top line was mainly related to higher performance fees, both on managed funds and insurance business. All in all, 4Q24's strong YoY trend, with net profit up 47%, was mainly from the sharp increase in performance fees and insurance revenues, while below the operating line there was a one-off contribution from gains realised on the partial sale of AZ NGA in Australia (~€40mn), only partially offset by the deconsolidation effect. No indications on February net inflows. The €1.75 DPS was a nice surprise vs. our €1.4 estimate.
- **FY25 guidance fully confirmed, high end of range clearly depends on TNB outcome.** FY25 guidance announced in January was confirmed in full, while a new dividend policy will be presented during the year, possibly along with a strategic plan. A buyback proposal cannot be ruled out, and treasury shares could be cancelled and/or used for M&A transactions if opportunities arise. Net inflow guidance at €10bn also factors in an unquantified contribution from M&A, although the bulk of inflows should come from organic growth. Net profit is seen in a wide range of €0.4-1.25bn depending on the outcome of The New Bank project. The lower end of the range is deemed conservative. Indications for cost growth of +7-10% in 2025 were higher than expected, leading to a slight downward EPS revision to the tune of -1/-2%.
- **Update on The New Bank:** management reiterated that "*The New Bank project will happen one way or another*". In the update provided yesterday, management indicated that talks with FSI are ongoing, the process is "on track", with key assessments and evaluations being finalised, while extensive due diligence is underway. The indicated transaction valuation is in line with initial estimates (€1.8-2.2bn before taxes for 100% of The New Bank, €1.2-1.5bn after taxes).
- **Return to (higher) cash dividends is good news, spin-off execution remains key to closing the valuation gap: OUTPERFORM; target raised to €30 (from €28).** We appreciate the return to full cash dividends and indications that the lower end of the guidance range is conservative. We believe the equity story largely depends on execution of the TNB project: positive developments in negotiations with FSI and acceleration on securing a banking licence would act as a major catalyst to reducing the valuation gap at which the stock is currently trading. There are some challenges due to the competitive recruitment environment, and getting TNB up and running quickly would help. Our valuation goes to €30, primarily benefiting from a reassessment of dividend capacity. TNB could add to the fair value if an agreement enables crystallisation of part of the potential additional value stemming from the project. At our new fair value, the stock would be trading at 10.1/9.4x 2025/2026 P/E.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Commissions Income (Eu mn)	1,169	1,278	1,292	1,317	1,384
Total Income (Eu mn)	1,312	1,470	1,452	1,475	1,546
Net Operating Profit (Eu mn)	587	653	574	614	643
Net Profit Adj (Eu mn)	454	588	424	456	483
EPS New Adj (Eu)	2.693	3.610	2.607	2.802	2.966
EPS Old Adj (Eu)	2.693	2.649	2.657	2.861	3.025
DPS (Eu)	1.400	1.750	1.800	1.850	1.900
Market Cap/F.U.M.	6.3%	5.5%	5.6%	5.3%	5.1%
P/E Adj	9.9	7.4	10.3	9.5	9.0
Div. Yield	5.2%	6.5%	6.7%	6.9%	7.1%
ROE	29.5%	33.1%	21.6%	22.8%	23.7%

Intermonte

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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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 December 2024 Intermonte's Research Department covered 132 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	30.60 %
OUTPERFORM:	43.28 %
NEUTRAL:	26.12 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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