

AZIMUT

Sector: Asset mgmt

OUTPERFORM

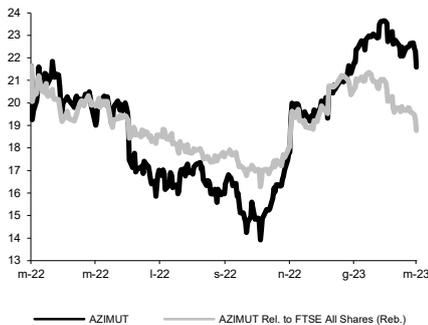
Price: Eu21.58 - Target: Eu27.00

2023/2024 Guidance Reiterated, Inflow Outlook Uncertain

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Stock Rating		
Rating:	Unchanged	
Target Price (Eu):	Unchanged	
	2023E	2024E
Chg in Adj EPS	-0.7%	-0.8%

AZIMUT - 12M Performance



Stock Data				
Reuters code:	AZMT.MI			
Bloomberg code:	AZM IM			
Performance	1M	3M	12M	
Absolute	-8.2%	7.4%	-0.3%	
Relative	-8.9%	-6.3%	-15.3%	
12M (H/L)	23.65/13.91			
3M Average Volume (th):	683.10			

Shareholder Data	
No. of Ord shares (mn):	143
Total no. of shares (mn):	143
Mkt Cap Ord (Eu mn):	3,091
Total Mkt Cap (Eu mn):	3,091
Mkt Float - Ord (Eu mn):	2,334
Mkt Float (in %):	75.5%
Main Shareholder:	
Timone Fiduciaria	21.0%

Balance Sheet Data	
Book Value (Eu mn):	2,060
BVPS (Eu):	14.38

■ **FY22 profits in line with guidance, partly thanks to non-recurring items:** total revenues rose 5% QoQ to Eu303mn, with recurring fees basically flat QoQ at Eu272mn and variable fees at Eu11mn, driven by performance in Turkey while fulcrum fees were essentially flat. Total operating costs came to Eu186mn vs. Eu164mn in 3Q22, mainly driven by higher distribution costs QoQ and the end of the positive impact from the higher yield curve on future severance payments and incentives to FAs. SG&A expenses increased to Eu79m vs. Eu65mn in 3Q22 as a result of scope changes, bonus accruals and new initiatives. D&A and provisions mainly increased due to higher provisions. Financial income: driven by dividends from GPs and the Sanctuary result; also includes positive unrealised fair value adjustments on options on minority investments, partially offset by negative unrealised fair value adjustments on investments in own products. Net income was flat QoQ at Eu101mn. DPS proposed at Eu1.3, flat YoY and in line with our estimate for a payout of just over 50%.

■ **Main presentation pointers:** the main indications were as follows: 1) Azimut gave more details on performance in the international business, showing revenues of Eu273mn (up c.10% YoY) and adj. Ebit of Eu78mn, with adj. net profit of Eu60mn, i.e. profitability of ~20bp on AuM of Eu32.4bn; the same margin is >60bp for Italian operations, at Eu295mn on Eu42.5bn, and ~60bp for private markets, at Eu33mn on Eu5.6bn; 2) net inflows: Italian performance was below peers in 2022 at Eu1.3bn, with ~40% of net inflows coming from recruitment, the 2023 target of Eu6-8bn includes the contribution from acquisitions. Azimut will continue to focus on private market products with new closures of recent launches expected soon; 3) shareholder remuneration should remain towards the lower end of the 50-70% range until the financial debt is repaid; 4) the partnership with UCG in asset management is expected to report a single-digit loss in 2023 and start to generate inflows and revenues in 2024, but no targets were provided on the expected contribution; 5) no specific indications provided on the potential impact of the ban on inducement, although this does not look particularly likely to go through.

■ **2023/2024 guidance confirmed:** Azimut confirmed guidance, under normal market conditions, for net profit of Eu450mn in 2023 and Eu500mn in 2024 despite performance fees only contributing 5-10% of revenues due to the change in accounting. Margins are expected to remain stable. SG&A are foreseen up 5-6% while in 2024 the contribution from international operations is expected to grow to Eu150mn. 2023 net inflows are expected at Eu6-8bn including acquisitions.

■ **Estimates, target and recommendation confirmed:** the short-term outlook is mixed. We expect the increased disclosure on international operations to reassure investors. For the time being we confirm our estimates and recommendation, which is based on a DCF model and yields a target price of Eu27.

Key Figures & Ratios	2020A	2021A	2022A	2023E	2024E
Commissions Income (Eu mn)	1,034	1,420	1,248	1,353	1,407
Total Income (Eu mn)	1,054	1,449	1,287	1,392	1,445
Net Operating Profit (Eu mn)	449	702	558	590	617
Net Profit Adj (Eu mn)	389	480	331	373	391
EPS New Adj (Eu)	2.712	3.352	2.312	2.601	2.730
EPS Old Adj (Eu)	2.712	3.352	2.305	2.619	2.751
DPS (Eu)	1.000	1.300	1.300	1.400	1.500
Market Cap/F.U.M.	6.6%	5.7%	5.5%	5.4%	5.1%
P/E Adj	8.0	6.4	9.3	8.3	7.9
Div. Yield	4.6%	6.0%	6.0%	6.5%	7.0%
ROE	39.8%	36.2%	19.8%	19.3%	17.8%