

AZIMUT

Sector: Asset mgmt

OUTPERFORM

Price: Eu25.73 - Target: Eu28.00

Watching Delivery of The New Bank Project

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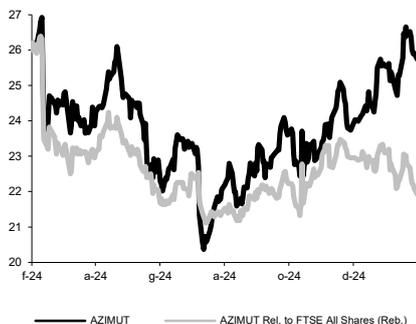
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	1.6%	-13.8%	-12.5%

Next Event

Results Out March, 06

AZIMUT - 12M Performance



Stock Data

Reuters code:	AZMT.MI		
Bloomberg code:	AZM IM		
Performance	1M	3M	12M
Absolute	0.7%	11.6%	-1.9%
Relative	-5.4%	-2.7%	-18.9%
12M (H/L)	26.92/20.37		
3M Average Volume (th):	711.97		

Shareholder Data

No. of Ord shares (mn):	143
Total no. of shares (mn):	138
Mkt Cap Ord (Eu mn):	3,687
Total Mkt Cap (Eu mn):	3,687
Mkt Float - Ord (Eu mn):	2,747
Mkt Float (in %):	74.5%
Main Shareholder:	
Timone Fiduciaria	22.0%

Balance Sheet Data

Book Value (Eu mn):	1,671
BVPS (Eu):	11.66

- 4Q/FY24 results out on 6 March 2024.** At its annual convention on 16th January, Azimut announced FY24 preliminary results and 2025 guidance (net profit of €0.4bn-€1.25bn). FY24 net profit was indicated at ~€600mn (vs guidance for €550mn-€600mn), including ~€140mn in cap gains from the disposals of Kennedy Lewis (~€100mn) and AZ NGA in Australia (~€40mn); this preliminary indication was in line with our estimate. For 4Q24, we estimate total revenues at €396mn (+14% YoY) with management fees at €316mn (+12% YoY). We think that despite the average weighted net performance offered to customers exceeding the sector benchmark, 4Q24 results will not feature any important contribution from performance fees. We estimate an all-cash DPS on FY24 of €1.4ps instead of last year dividend partially paid with treasury shares (€0.4ps out of €1.4ps total DPS).
- Estimates for 2025 down ~14% to factor new perimeter and TNB project costs.** We are adjusting 2025 estimates to take account of the removal from the perimeter of Kennedy Lewis and a large part of the contribution from AZ NG in Australia, and the costs for ramping up The New Bank (TNB) project. This results in a cut to estimates of almost 14% for 2025, which also incorporates cautious assumptions regarding this year's contribution from variable fees. Our new net profit estimate before adjusting for distribution to special shares is expected at €433mn compared with bottom-end guidance of >€400mn, while the high-end of the guidance at €1.25bn includes the capital gain from project TNB being realized in 2025.
- Net inflows solid in January despite seasonality and new project.** Azimut posted positive inflows of €697mn in January with a strong mix: €539mn to AuM driven by the contribution from Managed Funds at €459mn, while Private Markets contributed €11mn. AuC inflows were €157mn. These indications were positive considering the adverse January seasonality and the risks of disruption from the ongoing partial network spin-off in Italy. Azimut is seeking to reach net inflows of €10bn in 2025.
- TNB key for stock re-rating.** Azimut announced that it had entered into exclusive negotiations with FSI on 17 December 2024 with the aim of sealing an agreement to finalize the partial spin-off of the Italian network and AuM. The spin-off involves ~1k advisors and €20/24bn of AuM. Azimut has also started opening current accounts through the partnership with Illimity; we expect news on this front to be crucial for the stock re-rating and entry of FSI into the capital would be positive news. The value of the project is likely to include partial initial value recognition and future earn-outs depending on delivery by TNB.
- OUTPERFORM, TP €28.0 confirmed.** Azimut's stock performance has been penalized by the uncertainties around TNB. In the meantime, Azimut delivered relevant disposals in 2024 – Kennedy Lewis in US and AZ NG in Australia - booking more than €150mn in capital gains. In 2H25, a new 5Y business plan will come out that is expected to shed more light on future strategic guidelines once project TNB is complete. We think that if Azimut works out a successful spin-off and continues to report positive net inflows, there is room for a stock rerating: it is currently trading at highly punitive multiples compared to the sector.

Key Figures & Ratios	2023A	2024E	2025E	2026E	2027E
Commissions Income (Eu mn)	1,169	1,268	1,277	1,313	1,379
Total Income (Eu mn)	1,312	1,450	1,428	1,466	1,536
Net Operating Profit (Eu mn)	587	638	587	621	650
Net Profit Adj (Eu mn)	454	431	433	466	493
EPS New Adj (Eu)	2.693	2.649	2.657	2.861	3.025
EPS Old Adj (Eu)	2.693	2.607	3.084	3.269	
DPS (Eu)	1.400	1.400	1.450	1.550	1.600
Market Cap/F.U.M.	6.1%	5.3%	5.4%	5.1%	4.9%
P/E Adj	9.6	9.7	9.7	9.0	8.5
Div. Yield	5.4%	5.4%	5.6%	6.0%	6.2%
ROE	29.5%	26.6%	26.1%	27.6%	28.7%

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- 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)

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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:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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