AZIMUT

OUTPERFORM

Sector: Asset mgmt

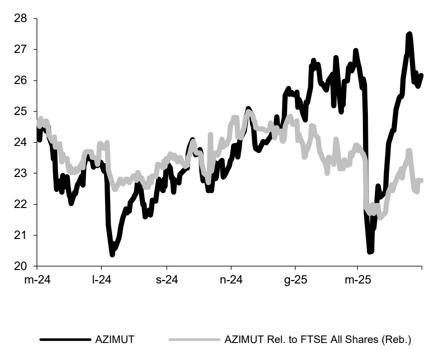
Price: Eu26.16 - **Target: Eu32.60**

TNB Takes Off: Sustained Growth Key to Creating Value

Alberto Villa +39-02-77115.431
alberto.villa@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 30.00 to 32.60
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-3.7%	-18.1%	-17.0%

AZIMUT - 12M Performance



Stock Data			
Reuters code:			AZMT.MI
Bloomberg code:			AZM IM
Performance	**1M**	**3M**	**12M**
Absolute	9.1%	1.2%	5.7%
Relative	1.8%	-1.1%	-10.1%
12M (H/L)			27.51/20.37
3M Average Volume (th):			1,083.89

Shareholder Data	
No. of Ord shares (mn):	143
Total no. of shares (mn):	142
Mkt Cap Ord (Eu mn):	3,749
Total Mkt Cap (Eu mn):	3,749
Mkt Float - Ord (Eu mn):	2,793
Mkt Float (in %):	74.5%
Main Shareholder:	
Timone Fiduciaria	22.0%

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

A year from the partial spin-off announcement, the new wealth bank TNB is on the launch pad. In this report we analyse the various steps in this ramified and complex deal that will allow TNB to be operational by YE25. FSI will enter the capital with an 80.01% stake, initially investing €240mn; in the case of success and full recognition of deferred payments and earn-outs, the cash-in for Azimut could reach ~€1.2bn over the years and will mostly depend on FSI's return on investment. A 20-year distribution agreement is also part of the deal, limiting the impact of the spin-off for Azimut. According to our calculations, TNB could jump-start TFA from an initial ~€26bn to more than €40bn in 2030 with deposits at almost €6bn. TNB is expected to deliver almost €130mn net profit in 5 years. We see the involvement of FSI in the project as positive and we assume an equity value for TNB of up to €1.2bn in due course while adding €2.6 per share to Azimut fair value.

- **Project TNB in a nutshell.** Azimut has signed a binding agreement with FSI for the creation of TNB, a digital bank for wealth advisory; the deal is expected to be completed by YE25. Azimut's total potential consideration for the disposal of its 80.01% stake in TNB is equal over time to ~€1.2bn while retaining a 19.99% stake. The agreement includes a multiyear industrial partnership on AM, advisory and banking services. TNB is due to start with €25.6bn AUM, 928 FAs, and 103k clients. *The project steps are better detailed in the next pages of the report.*
- **TNB expected to grow assets to ~€40bn and net profit to ~€120mn by 2030.** TNB is expected to tap growth opportunities, leveraging on existing TNB and Azimut clients to obtain deposits and expand distribution. Our projections set ambitious growth targets, which are crucial to enable full value creation. Cumulative '26/'30 net inflows are expected at €15.3bn o/w €8.3bn in AuM. Revenues are expected to be generated by commissions and NII, and net profit to go from €61mn in 2026 to €122mn in 2030.
- **Azimut FY25 guidance revised upward – new plan by 3Q25.** Azimut has indicated new 2025 net profit guidance of ~€1.0bn, which is based on the previous floor of €400mn and the calculation of a positive actualized contribution of €600mn from the spin-off. The latter will clearly depend on the timing and realization of indicated earn-outs, which are a significant part of the €1.2bn potential value of the deal. The proceeds from TNB allow for further flexibility, with details to be provided in the new BP.
- **OUTPERFORM confirmed; target €32.6 from €30.** We appreciate the involvement of FSI, a prominent investor with a track record in financial deals. The project is complex, and it is difficult to evaluate, given the limited visibility on the timing and value of the exit that would trigger the maximum potential value for Azimut. At this point, we are revising our Azimut stand-alone estimates and valuation to incorporate the spin-off, ending up with a fair value of €30ps, unchanged considering a sector multiples re-rating. In our calculations, TNB is expected to add €2.6ps (~€370mn) based on the €240mn initial cash-in, having deducted the cash investments required to set-up TNB, and with cautious assumptions on the deferred cash-in of €210mn and the earn-out of up to €764mn. We set a new target price of €32.6 and confirm our positive view on the stock given the depressed valuations and the material upside possibilities afforded by successful delivery of TNB.

Key Figures & Ratios	2024A	2025E	2026E	2027E	2028E
Commissions Income (Eu mn)	1,278	1,080	1,140	1,262	1,348
Total Income (Eu mn)	1,470	1,241	1,302	1,428	1,516
Net Operating Profit (Eu mn)	653	528	449	492	523
Net Profit Adj (Eu mn)	588	396	367	405	426
EPS New Adj (Eu)	3.610	2.435	2.255	2.487	2.618
EPS Old Adj (Eu)	3.610	2.529	2.753	2.995	
DPS (Eu)	1.750	1.800	1.850	1.900	1.950
Market Cap/F.U.M.	5.4%	5.4%	5.0%	4.8%	4.4%
P/E Adj	7.2	10.7	11.6	10.5	10.0
Div. Yield	6.7%	6.9%	7.1%	7.3%	7.5%
ROE	33.1%	20.2%	18.3%	19.9%	20.6%

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

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
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SELL:	00.00 %

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Emittente	%	Long/Short

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