

## **Azimut Holding: 1H 2018 Results**

**2Q net profit reaches € 46 million: 50% higher than consensus<sup>(1)</sup>**

**Total Assets: € 51.6 billion**

**Net Inflows in the 1H 2018: € 2.4 billion**

**In the 1H 2018:**

- **Consolidated revenues: € 376 million (€ 415 million in 1H 2017)**
- **Consolidated net profit: € 73 million (€ 121 million in 1H 2017)**

**In the 2Q 2018:**

- **Consolidated revenues: € 193 million (€ 201 million in 2Q 2017)**
- **Consolidated net profit: € 46 million (€ 48 million in 2Q 2017)**

**Launch of a new share buyback tranche for up to € 10 million**

*Milan, 26 July 2018*

Azimut Holding's (AZM.IM) Board of Directors approved today the 1H 2018 results, highlighting the following:

- **Consolidated Total Revenues** in 1H18 of € 375.7 million (vs. € 415.4 million in 1H17)
- **Consolidated Operating Profit** in 1H18 of € 98.8 million (vs. € 149.8 million in 1H17)
- **Consolidated Net Profit** in 1H18 of € 72.6 million (vs. € 121.2 million in 1H17)

**Total Managed Assets** at the end of June 2018 were €40.8 billion, and including assets under custody and third parties' funds reached **€ 51.6 billion**. **Net inflows** for the first six months were ca. **€ 2.4 billion**, of which a good part coming from the overseas business, whose weight on Total Assets reached 25%.

**Net Financial Position** as of June 30, 2018 was negative for **€ 57 million**, decreasing compared to the end of December 2017 (€ 134.9 million). The NFP in the first half includes mostly the impact of ca. € 131 million ordinary dividends paid, ca. € 30 million share buybacks and ca. € 17 million of acquisitions. The NFP also includes payments for ca. € 80 million for policyholders tax advance, stamp duties and mathematical reserves.

Recruitment of financial advisors and private bankers in Italy remained positive: in the first half of 2018 Azimut and its networks recorded 119 new hires, bringing the total number of FAs to 1719.

Lastly, the Board of Directors of Azimut Holding approved the commencement of a new share buyback tranche<sup>(2)</sup>, for an approximate value of up to € 10 million and a maximum share price equal to € 30. This new tranche is on top of the three already completed in the previous buyback plan for a total value of € 100 million.

As a reminder, today the Company has 4,086,364 own shares, equivalent to ca. 2.8% of share capital, and does not hold any treasury shares through controlled companies.

Sergio Albarelli, Azimut CEO, commented: *"The results of the second quarter show a positive trend compared to the previous three months, despite the persistence of uncertainty and volatility on the financial markets. A significant contribution to these results came from foreign operations whose development will increasingly be a strategic lever for the growth of the Group."*

Pietro Giuliani, Azimut Chairman, commented: *"I leave to the **imagination and/or the malevolence** of "market participants", the explanation of why our **net profit is ca. 50% higher than consensus**. Our priority is to generate performance for our customers and shareholders, and not to explain why our results are much greater than what the market expected. For what regards some creative theories on the future/value of Azimut, I can only comment by reiterating the fact that **we will bring the stock price to 50 euros** (even without contributions that might seem to have a "vested interest / biased"). No later than a month ago, **1200 colleagues** working in Azimut **invested another 100 million euros** in an LBO, **together with a private equity fund** that invested an additional 60 million euros, **for a total of ca. 160 million euros**."*

*The Officer in charge of the preparation of Azimut Holding SpA accounting documents, Alessandro Zambotti (CFO), declares according to art.154bis co.2 D.lgs. 58/98, that the financial information herein included, corresponds to the records in the company's books. The reclassified financial statements attached to this press release are not subject to verification by the audit company; the latter, in charge of the limited audit of the Consolidated Half-Year Financial Report, will complete its examination in accordance with the law.*

*Note (1): Bloomberg net profit consensus equal to €29.1 million.*

*Note (2): The commencement of this new plan follows the authorization obtained by the Ordinary Shareholders' Meeting held on 27 April 2017 and renewed on the 24 April 2018 for a maximum amount of 28,000,000 shares, equivalent to 19.55% of share capital, taking into account own shares already at hand. The current authorization, pursuant to article 2357 of the Italian Civil Code, is valid until October 2019. The buyback of treasury shares will be carried out in line with previous procedures already announced in earlier plans. It should be noted that neither the authority granted by the Shareholders' Meeting, nor the commencement of this new tranche, should be construed as putting the Company under any obligation to buy back its shares and that the buyback may, therefore, only be executed in part. Similarly, the execution may be interrupted or revoked at any time and promptly announced to the market. In respect of the execution of the buyback of shares, the Company will provide the public, Consob and Borsa Italiana with all the necessary information, in accordance with the procedures and terms established by the statutory and regulatory requirements from time to time in force.*

**Azimut** is Italy's leading independent asset manager (active since 1989). The Parent Company Azimut Holding was listed on the Italian stock exchange on 7 July 2004 (AZM.MI) and, among others, is a member of the main Italian index FTSE MIB. The shareholder structure includes over 1,900 managers, employees and financial advisors, bound by a shareholders' agreement that controls over 20% of the company (pending the closing of the transaction announced on June 5th 2018 whereby Timone will strengthen its stake to ca. 24% of share capital net of treasury shares). The remaining is free float. The Group comprises various companies active in the sale, management and distribution of financial and insurance products, with Registered Offices in Italy, Luxembourg, Ireland, China (Hong Kong and Shanghai), Monaco, Switzerland, Taiwan, Brazil, Singapore, Mexico, Australia, Chile, USA, UAE, Iran and Turkey. In Italy, Azimut Capital Management SGR sells and manages Italian mutual funds, Italian alternative investment funds, as well as being active in the discretionary management of individual investment portfolios. Furthermore, Azimut Capital Management SGR, following the demerger by incorporation of Azimut Consulenza SIM, distributes Group and third party products in Italy via a network of financial advisors while Azimut Global Counseling provides consulting services. Overseas main operations are AZ Fund Management SA (founded in Luxembourg in 1999), which manages the multi strategy funds AZ Fund 1 and AZ Multi Asset and the Irish AZ Life DAC, which offers life insurance products.

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## CONSOLIDATED RECLASSIFIED INCOME STATEMENT

(Data in €/000)	1H 2018	1H 2017	2017
Acquisition fees and commissions	3,208	6,232	10,247
Recurring fees	313,828	299,068	606,598
Variable commissions	30,325	81,618	136,379
Other income	4,346	4,478	8,456
Insurance revenues	24,010	24,006	48,864
<b>Total revenues</b>	<b>375,716</b>	<b>415,402</b>	<b>810,544</b>
Commission expense	(168,869)	(169,657)	(337,456)
General overheads/Administrative expenses	(100,398)	(88,268)	(178,534)
Depreciation, amortisation/provisions	(7,632)	(7,635)	(16,465)
<b>Total costs</b>	<b>(276,900)</b>	<b>(265,560)</b>	<b>(532,455)</b>
<b>Operating income</b>	<b>98,817</b>	<b>149,842</b>	<b>278,089</b>
Profits from financial operations	(2,861)	(9,440)	(13,057)
Net Non operating costs	(1,004)	(2,256)	(8,114)
Interest expense	(3,689)	(5,891)	(9,646)
<b>Profit Before Taxation</b>	<b>91,264</b>	<b>132,255</b>	<b>247,272</b>
Income taxation	(14,282)	(10,350)	(22,854)
Deferred taxation	6,634	3,387	1,491
<b>Net Profit</b>	<b>83,616</b>	<b>125,292</b>	<b>225,909</b>
Minorities	11,033	4,133	11,123
<b>Consolidated Net Profit</b>	<b>72,584</b>	<b>121,159</b>	<b>214,786</b>

## CONSOLIDATED NET FINANCIAL POSITION

Data in €/000	30/06/2018	31/12/2017	30/06/2017
Due to banks	-	(10,000)	(10,000)
Securities issued	(350,440)	(353,816)	(350,125)
<b>Total debt</b>	<b>(350,440)</b>	<b>(363,816)</b>	<b>(360,125)</b>
Cash and cash equivalents	293,429	498,687	394,919
<b>Net Financial Position</b>	<b>(57,011)</b>	<b>134,871</b>	<b>34,794</b>

## CONSOLIDATED INCOME STATEMENT

(Data in €/000)	1H 2018	1H 2017 (*)	2017 (*)
Commission income	358,433	395,525	774,331
Commission expense	(152,480)	(154,292)	(311,345)
<b>Net Commissions</b>	<b>205,953</b>	<b>241,233</b>	<b>462,986</b>
Dividends and equivalents	0	255	258
Interest income and equivalents	461	429	1,071
Interest expenses and equivalents	(4,263)	(6,527)	(10,725)
Profit/losses from the sale of:	(12)	(7,949)	(8,431)
<i>a) financial assets at fair value with an impact on overall profitability</i>	(12)	(32)	(514)
<i>b) financial liabilities</i>	0	(7,917)	(7,917)
Net result from other financial assets and liabilities at fair value impacting the P&L account	(2,427)	(1,336)	(6,225)
<i>a) assets and liabilities designated at fair value</i>	(1,063)	(2,013)	(4,421)
<i>b) other compulsory financial assets valued at fair value</i>	(1,364)	677	(1,804)
Insurance net premium income	797	2,274	3,531
Net income (loss) from financial assets at fair value entered on the P&L account	89,610	118,811	184,679
Change in technical provisions when the investment risk is borne by the insured parties	25,621	11,370	23,467
Surrenders and claims	(97,404)	(113,233)	(172,924)
<b>Net Margin</b>	<b>218,336</b>	<b>245,327</b>	<b>478,201</b>
Administrative expenses	(118,284)	(103,559)	(210,557)
<i>a) personnel expenses</i>	(48,764)	(40,166)	(83,255)
<i>b) other expenses</i>	(69,520)	(63,393)	(127,302)
Value net adjustments on tangible assets	(1,182)	(1,230)	(2,414)
Value net adjustments on intangible assets	(5,241)	(6,213)	(13,444)
Provisions for risks and charges	(3,156)	(2,244)	(6,383)
Other administrative income and expenses	763	174	1,877
<b>Gross operating profit</b>	<b>91,236</b>	<b>132,255</b>	<b>247,280</b>
Profit (loss) on equity investments	28	0	(8)
<b>Profit (Loss) before tax</b>	<b>91,264</b>	<b>132,255</b>	<b>247,272</b>
Income tax	(7,647)	(6,962)	(21,363)
<b>Net profit (Loss)</b>	<b>83,617</b>	<b>125,293</b>	<b>225,909</b>
Minorities	11,033	4,133	11,123
<b>Consolidated net profit (loss)</b>	<b>72,584</b>	<b>121,160</b>	<b>214,786</b>

(\*) Restatement of consolidated financial statement as at 31 December 2017 and 30 June 2017, in line with the new regulation (Circular 262) issued by the Bank of Italy.

## CONSOLIDATED BALANCE SHEET

ASSETS (data in EUR/000)	31/06/2018	31/12/2017 (*)	30/06/2017 (*)
Cash and cash equivalents	22	28	24
Financial assets at fair value with impact on the P&L	6,463,106	6,984,302	7,021,619
<i>c) other compulsory financial assets valued at fair value</i>	6,463,106	6,984,302	7,021,619
Financial assets at fair value with an impact on overall profitability	3,174	2,938	3,301
Financial assets valued at amortised cost	171,773	263,790	162,919
Equity investments	2,411	1,343	10,216
Tangible assets	7,621	8,103	8,963
Intangible assets	583,463	557,410	526,013
of which:	-	-	-
'- goodwill	514,019	499,304	470,690
Tax assets	76,327	80,219	79,689
<i>a) current</i>	25,612	29,560	29,021
<i>b) prepaid</i>	50,715	50,659	50,668
Other assets	296,371	208,474	230,005
<b>Total Assets</b>	<b>7,604,268</b>	<b>8,106,607</b>	<b>8,042,749</b>

  

LIABILITIES (data in EUR/000)	30/06/2018	31/12/2017 (*)	30/06/2017 (*)
Financial liabilities valued at amortised cost	357,388	374,069	368,970
<i>a) Debts</i>	6,948	20,253	18,845
<i>b) Securities</i>	350,440	353,816	350,125
Technical provisions when the investment risk is borne by the insured parties	202,236	227,857	239,604
Other technical provisions	0	0	350
Financial liabilities at fair value	6,172,779	6,605,461	6,624,196
Tax liabilities:	75,115	68,151	61,765
<i>a) current</i>	5,740	6,462	2,590
<i>b) deferred</i>	69,375	61,689	59,175
Other liabilities	184,899	180,539	199,009
Employee severance indemnities	3,583	2,965	2,897
Provisions for risks and charges	37,441	35,377	32,018
<i>c) other</i>	37,441	35,377	32,018
Capital	32,324	32,324	32,324
Treasury shares (-)	(36,337)	(130,028)	(131,087)
Capital instruments	36,000	36,000	36,000
Share premium reserve	173,987	173,987	173,987
Reserves	281,307	279,069	266,543
Valuation provisions	(7,117)	(13,542)	(6,215)
Profit (Loss) for the period	72,584	214,786	121,159
Equity attributable to minority interests	18,079	19,592	21,229
<b>Total liabilities and shareholders equity</b>	<b>7,604,268</b>	<b>8,106,607</b>	<b>8,042,749</b>

(\*) Restatement of consolidated financial statement as at 31 December 2017 and 30 June 2017, in line with the new regulation (Circular 262) issued by the Bank of Italy.

## CONSOLIDATED CASH FLOW STATEMENT

(Data in €/000)	1H18	1H17 (*)	2017 (*)
<b>A. OPERATING ACTIVITIES</b>			
<b>1. Operating activities</b>	<b>79,561</b>	<b>143,019</b>	<b>280,794</b>
- net income for the period (+/-)	72,584	121,159	214,786
- gains/losses on financial assets held for trading and on financial assets/liabilities valued at fair value impacting the P&L account (-/+)	(13,797)	18,059	28,548
- value net adjustments on tangible and intangible assets (+/-)	6,423	7,443	15,858
- value net adjustments on provisions for risks and charges and other income/expenses (+/-)	3,156	2,244	6,383
- taxes (+)	7,647		10,443
- value net adjustments on disposing entities net of fiscal effect (+/-)	0	(4,649)	0
- other adjustments (+/-)	3,548	(1,237)	4,776
<b>2. Cash flow from financial assets</b>	<b>337,659</b>	<b>(339,130)</b>	<b>(295,832)</b>
- financial assets at fair value	421,181	(332,333)	(276,983)
- financial assets compulsory held at fair value	2,146		
- financial assets valued at fair value impacting the P&L account	(2,245)	(1,504)	(10,609)
- financial assets valued at amortized cost	438	(2,280)	(12,059)
- other assets	(83,862)	(3,013)	3,819
<b>3. Cash flow from financial liabilities</b>	<b>(475,471)</b>	<b>434,622</b>	<b>379,812</b>
- financial liabilities valued at amortized cost	(20,229)	115,402	112,525
- financial liabilities valued at fair value	(432,682)	325,160	302,004
- technical reserves	(25,621)	(11,370)	(23,467)
- other liabilities	3,061	5,430	(11,250)
<b>Total net operating cash flow generated/absorbed</b>	<b>(58,250)</b>	<b>238,511</b>	<b>364,774</b>
<b>B. INVESTMENT ACTIVITIES</b>			
<b>1. Cash flow generated by</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Cash flow absorbed by</b>	<b>(33,062)</b>	<b>(30,138)</b>	<b>(57,254)</b>
- acquisition of equity investments	(1,068)	(9,280)	(417)
- acquisition of tangible assets	(700)	(2,974)	(3,298)
- acquisition of intangible assets	(16,579)	(5,640)	(15,653)
- acquisition of controlled entities	(14,715)	(12,244)	(37,886)
<b>Total net cash flow generated/absorbed from investment activities</b>	<b>(33,062)</b>	<b>(30,138)</b>	<b>(57,254)</b>
<b>C. FINANCING ACTIVITIES</b>			
- issue/sale of treasury shares	(30,066)	(49,799)	(69,713)
- issue/sale of capital instruments	0	(12,325)	(34,951)
- dividends paid and others	(206,206)	3,254	(158,383)
- other reserves	123,840	(34,951)	13,764
- capital and third party reserves	(1,513)	(158,465)	1,617
<b>Total net cash flow generated/absorbed from financing activities</b>	<b>(113,945)</b>	<b>(252,286)</b>	<b>(247,666)</b>
<b>Total net cash flow generated/absorbed during the period</b>	<b>(205,257)</b>	<b>(43,913)</b>	<b>59,854</b>
<b>RECONCILIATION</b>			
	<b>1H18</b>	<b>1H17</b>	<b>2017</b>
Opening cash and cash equivalents	498,686	438,832	438,832
Cash flow generated/absorbed during the period	(205,257)	(43,913)	59,854
Closing cash and cash equivalents	293,429	394,919	498,686

(\*) Restatement of consolidated financial statement as at 31 December 2017 and 30 June 2017, in line with the new regulation (Circular 262) issued by the Bank of Italy.