

# 2018FY Results

2018... happens



Milan, 27 February 2019

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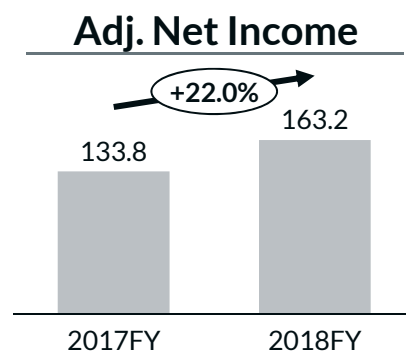
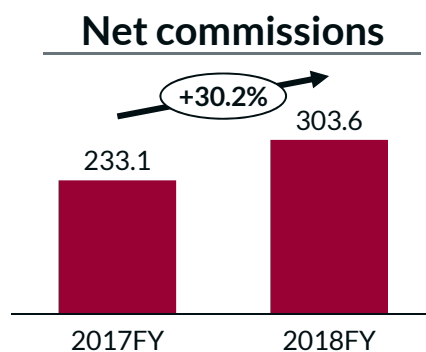
# 01

ANIMA... who

# Highlights

«new» ANIMA, «old» skills: a problem solver and fee generator, with a distinctive attitude of service company strongly linked to its distributors through long term strategic partnerships

- ▶ 2018 FY characterised by:
  - ▶ Resilient flows in a tough macro environment representing ~12% of total Italian industry\* NNM (more than 2.5x ANIMA BoP market share BoP of ~4.5%)
  - ▶ Retail margin improving, with overall decline due to large growth in institutional segment volumes
  - ▶ Continued cost control and effective operating leverage
  - ▶ Solid cash generation returned to shareholders through ordinary dividend and buyback totalling more than €100m in 1H2019



**+1.0 Net New Money (€bn)**

**173.1 AuM (€bn)**  
+83% vs. 2017

**303.6 Net commissions (€m)**  
+30% vs. 2017

**122.1 Net Income (€m)**  
+10% vs. 2017

**163.2 Adj. Net Income (€m)**  
+22% vs. 2017

\*Source: Assogestioni, NNM excluding M&A

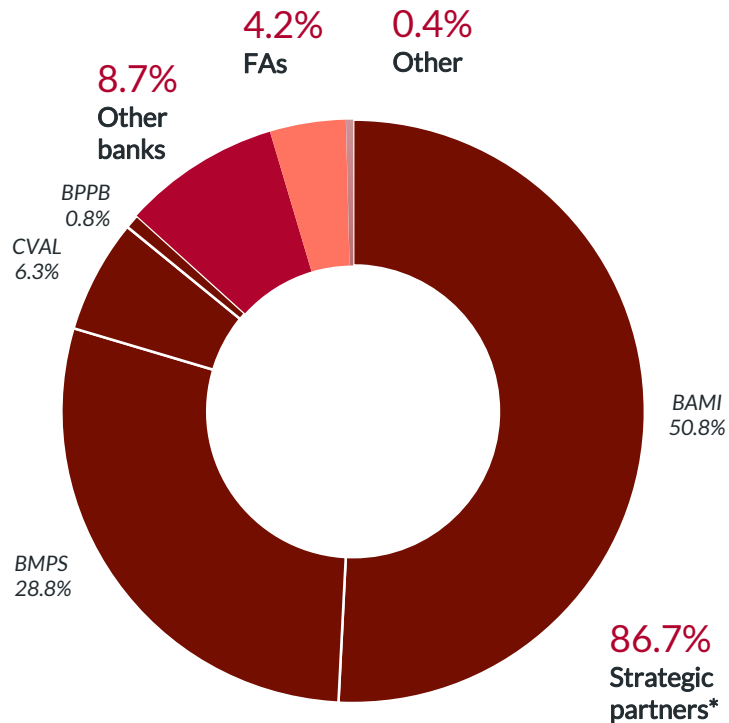
# 02

ANIMA... what

# Business by segment

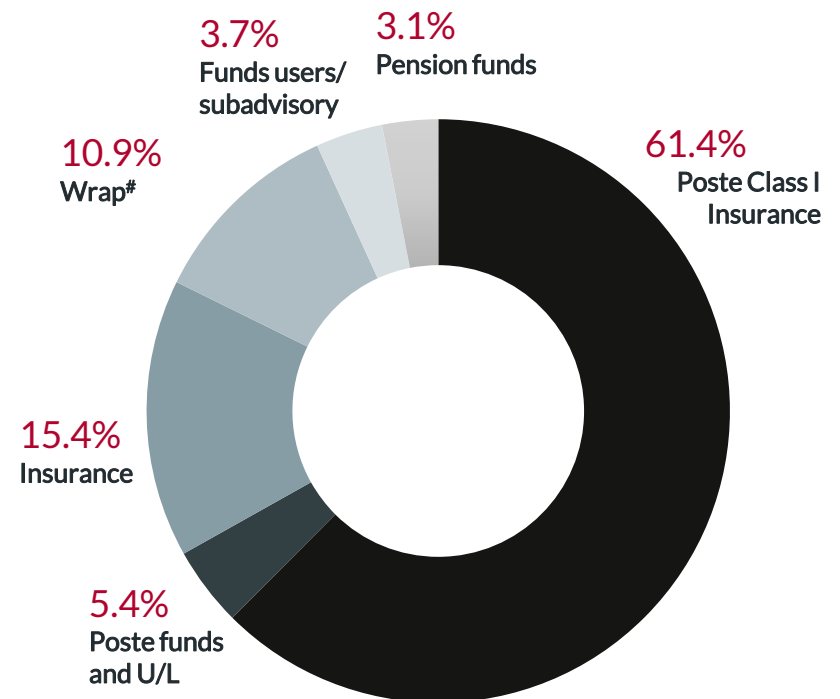
## Retail

31% AuM = €53.7bn



## Institutional

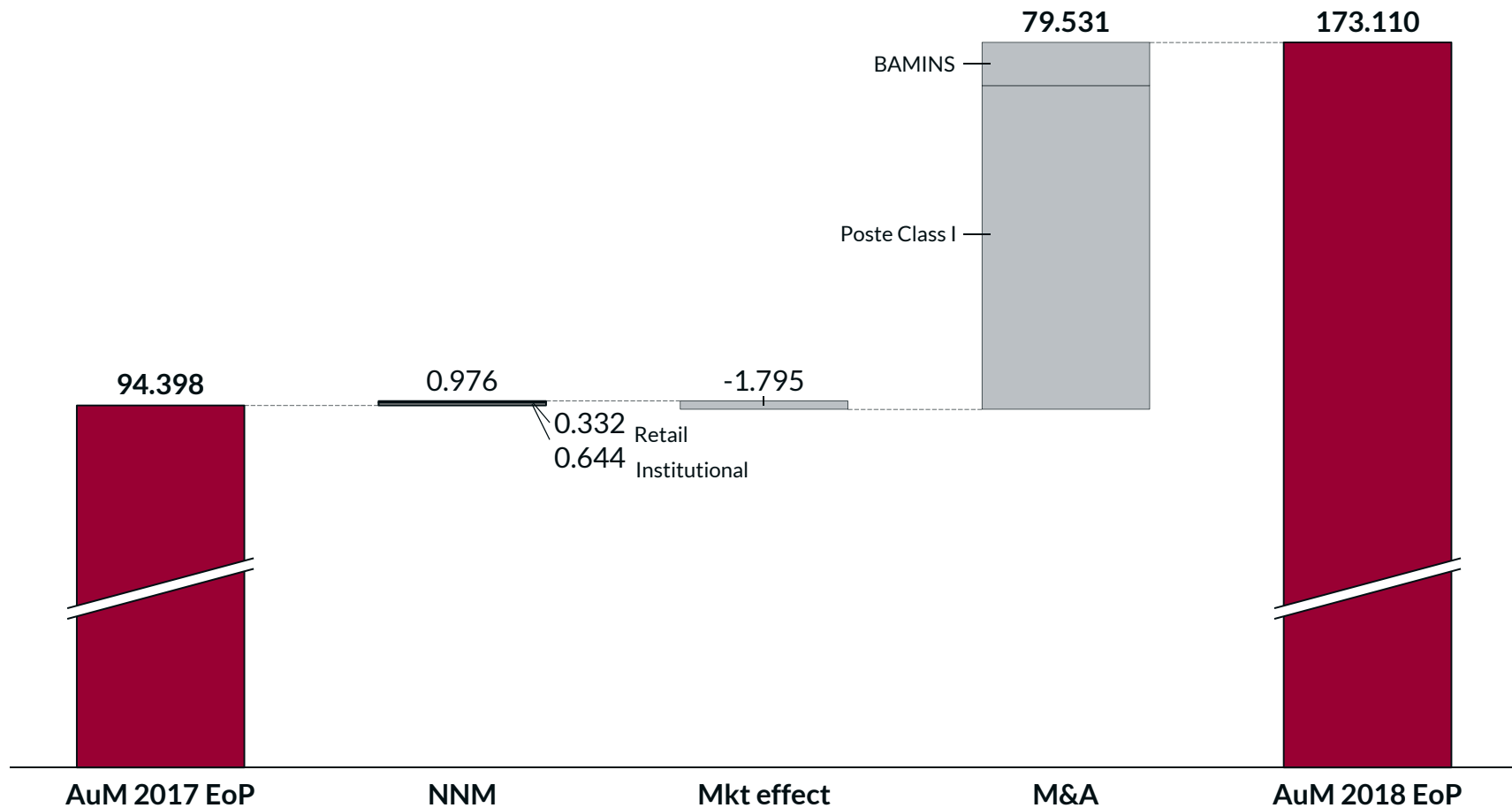
69% AuM = €119.4bn



Source: ANIMA as of 31-Dec-2018 \*Includes BMPS, Banco BPM, Cre.Val. and BPPB

# Wrap: Anima funds invested by other products managed by Anima

# 2018FY AuM evolution



- ▶ M&A contribution: BAM I insurance mandates effective from 1<sup>st</sup> July and Poste Class I mandates from 1<sup>st</sup> November

Source: ANIMA, data in € bn

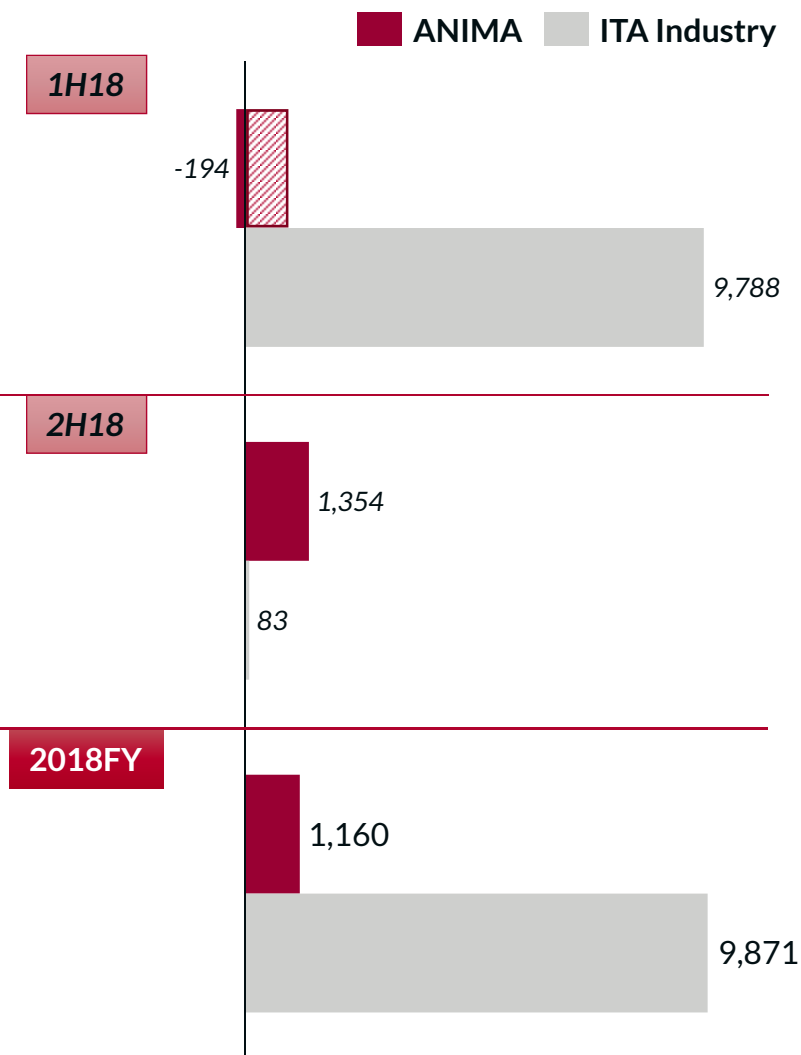
# Flows vs. industry

(Assogestioni reported figures)

- ▶ 2018 was slightly negative due to the anticipated €1.2bn mandate expiration and with the new partnerships yet to be implemented (Aletti acquisition effective December 27<sup>th</sup> 2017, and insurance mandates only at the beginning of H2)

- ▶ H2 improving with the industry zeroing, with significant overperformance in September (ANIMA recorded ~¾ of total flows), November (best result overall after «red October») and December (positive flows against €1.5bn outflows for the Industry)

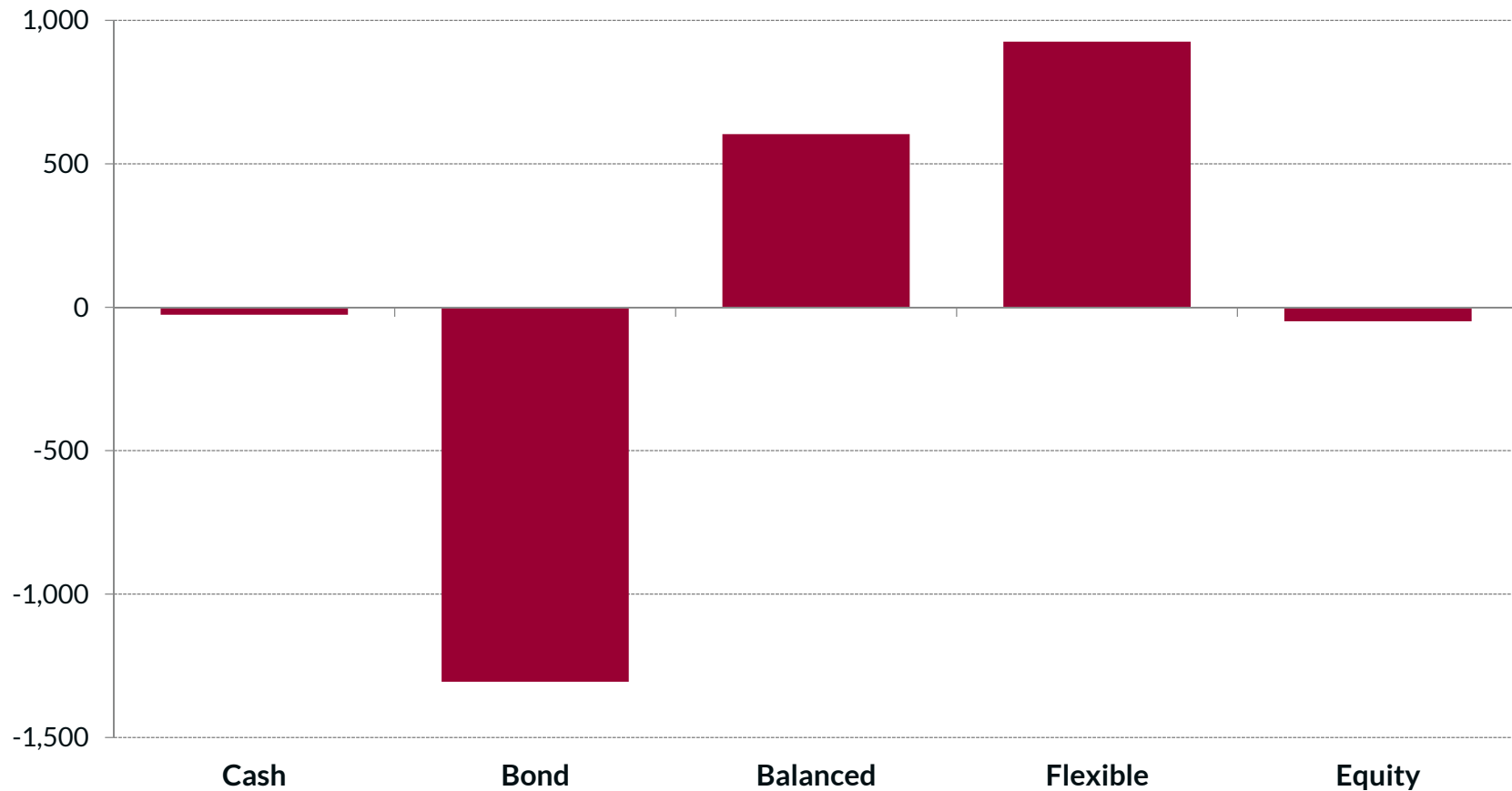
- ▶ Looking at 2018FY, ANIMA flows represent approx 12% of total AM flows in Italy, well above (~2.6x) our market share at the beginning of the period



Source: Assogestioni, data in € m



# 2018FY mutual funds' flows breakdown by category

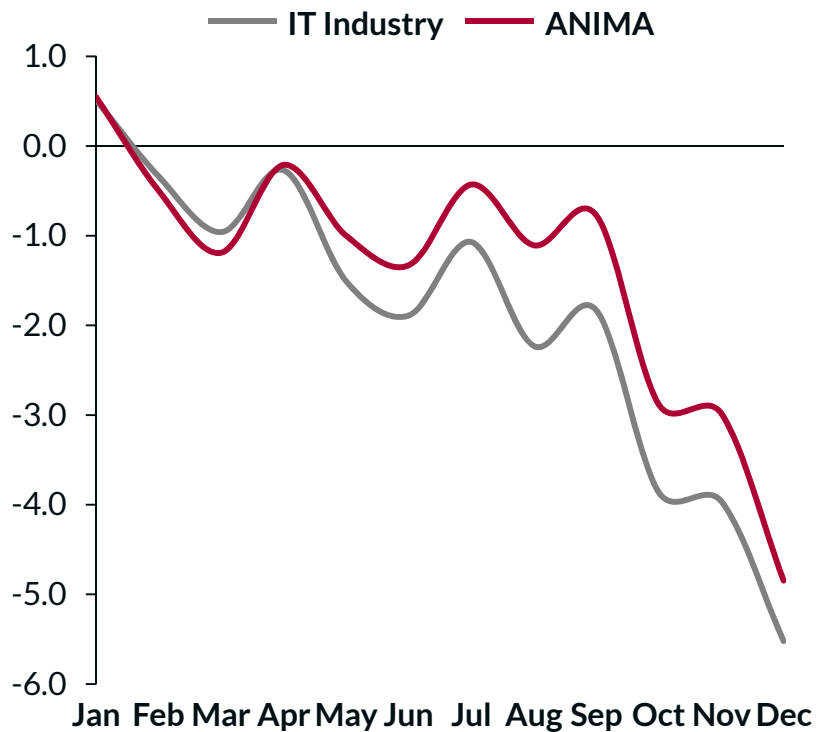


- ▶ Also in 2018 the product offering focussed on balanced and flexible funds, with outflows from pure fixed income funds

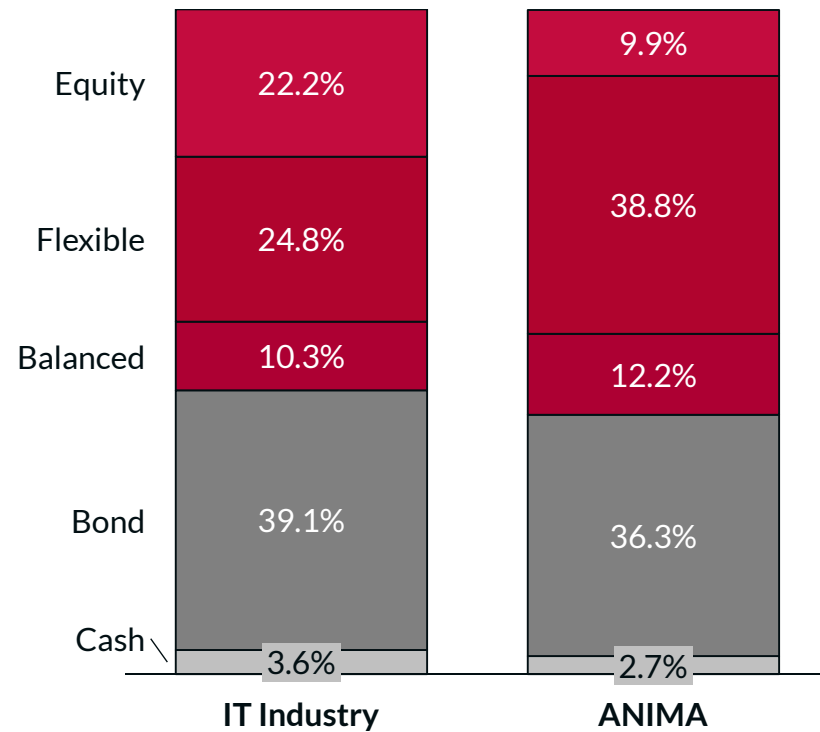
Source: NNM in ANIMA mutual funds - data in €m

# Mutual funds' investment performance

2018 monthly ytd WAP



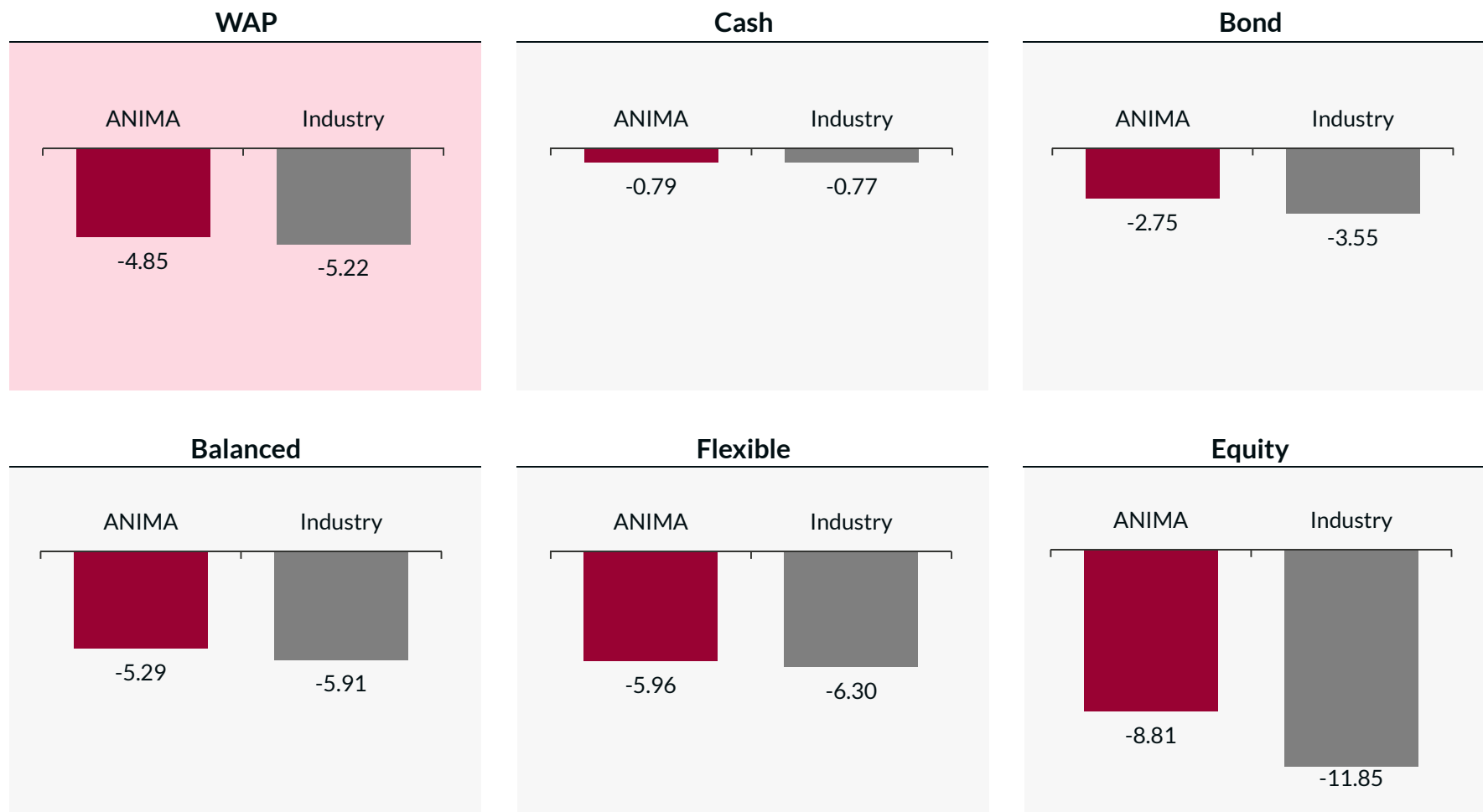
2018 funds' breakdown by category



Source: ANIMA - Bloomberg (FIDMGEND Index for Italian Industry)

Source: ANIMA - ASSOGESTIONI for IT Industry funds breakdown by category

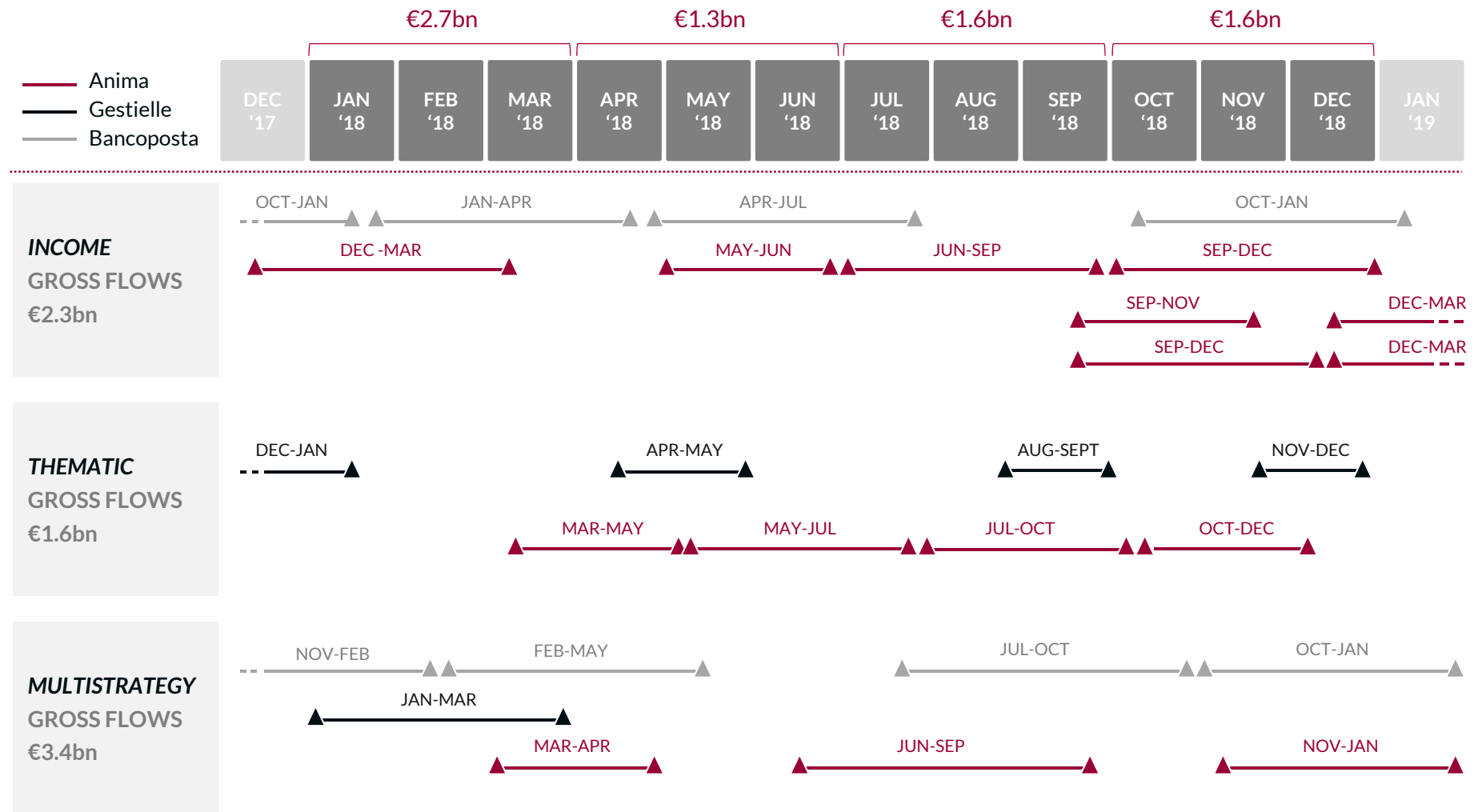
# 2018 mutual funds WAP and by category



Source: ANIMA funds and Bloomberg data for Italian Industry index, YTD performance as of 31.12.2018

# 2018 Product innovation: target date funds launches

€7.3bn gross flows into new products



Source: ANIMA target date funds scheduling for 2018




# What's next? 2019 product and investment strategy

## 1 Enhancing our product offering looking into new asset classes and investment strategies

- ▶ New global flexible bond fund with tactical allocation
- ▶ New global multi-credit fund in partnership with Legg Mason
- ▶ New thematic global equity fund linked to demographic trends

## 2 Adapting our commercial activity to volatile markets *(see box below)*

- ▶ With volatile markets, (especially equities), revamping of products based on the concept of time diversification in terms of product switch, target date funds and “embedded actively managed DCA strategy”

RESPONDING TO CAUTIOUS CLIENTS' BEHAVIORS DUE TO VOLATILE MARKETS		
DOLLAR-COST AVERAGING PLANS	AUTOMATIC SWITCHES	NEW TARGET DATE FUNDS
 <p>Reducing the risk of entering equity markets all at once in the wrong moment, and actively using this strategy leaving PMs some flexibility in accelerating or slowing down depending on opportunities</p>	 <p>Optional feature to clients for personalised automatic switches among funds with different equity exposure</p>	 <p>Launch of new target date funds mirroring our open-ended successful strategies (e.g. ANIMA Visconteo) with a time diversification strategy for the equity component</p>

## 3 Concentrating in Italy non domestic investment management activities

# 03

ANIMA... how much

# P&L overview

€m	2018	2017 <sup>1</sup>	%
Net commissions	303.588	233.137	
Performance fees	20.318	23.891	
<b>Total revenues</b>	<b>323.906</b>	<b>257.028</b>	<b>+26%</b>
Personnel cost	(41.581)	(36.267)	
o/w fixed	(33.504)	(26.173)	
o/w variable	(8.076)	(10.095)	
Other expense	(41.829)	(29.185)	
<b>Total expense</b>	<b>(83.410)</b>	<b>(65.452)</b>	
<b>EBITDA</b>	<b>240.496</b>	<b>191.576</b>	<b>+26%</b>
Non recurring costs	(7.881)	(9.555)	
LTIP expense	(3.336)	(3.847)	
Other income/(cost)	417	6.541	
D&A	(47.465)	(17.983)	
<b>EBIT</b>	<b>182.231</b>	<b>166.728</b>	<b>+9%</b>
Net financial charges	(8.644)	(6.839)	
<b>PBT</b>	<b>173.587</b>	<b>159.889</b>	<b>+9%</b>
Income tax	(51.530)	(48.596)	
<b>Net income</b>	<b>122.057</b>	<b>111.293</b>	<b>+10%</b>
<b>Adjusted net income</b>	<b>163.232</b>	<b>133.780</b>	<b>+22%</b>

bps/avg AuM	2018	2017 <sup>1</sup>
Retail	30.5	28.5
Institutional	18.7	28.0
<b>Average</b>	<b>24.4</b>	<b>28.3</b>

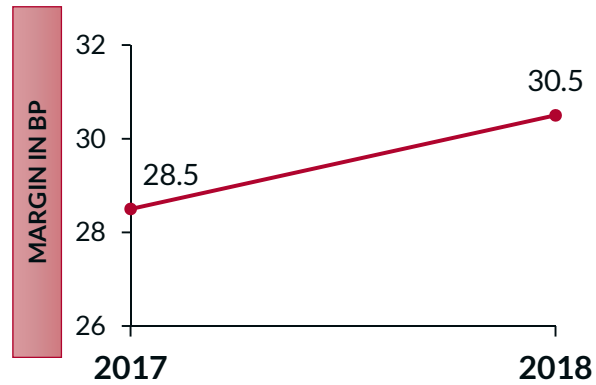
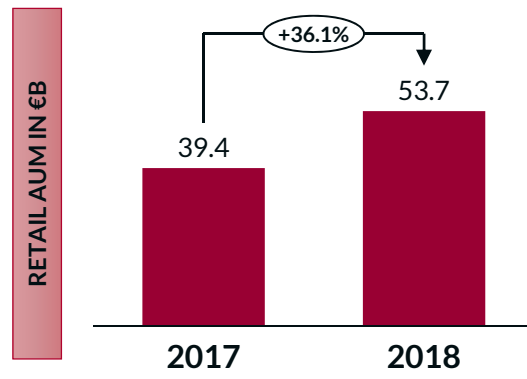
- ▶ Retail margin improving
- ▶ Large volumes diluting profitability of the institutional business

Cost/income	2018	2017 <sup>1</sup>
on total revenues	25.8%	25.5%
ex performance fees	27.5%	28.1%

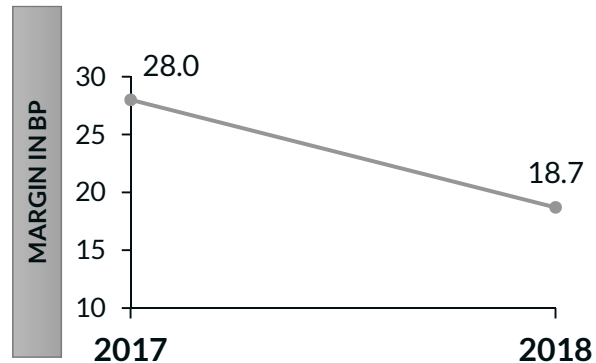
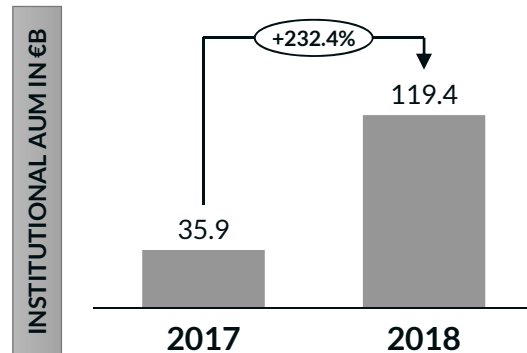
- ▶ Strong commitment and consistency in keeping a low cost/income
- ▶ 2018 Tax rate approx. 30%
- ▶ Adjusted net income is a good proxy of the cash generated by the Group (as it doesn't consider non cash-out items net of the fiscal effect such as PPA amortisation and LTIP expense)

<sup>1</sup>2017 figures for ANIMA excluding Aletti Gestielle SGR

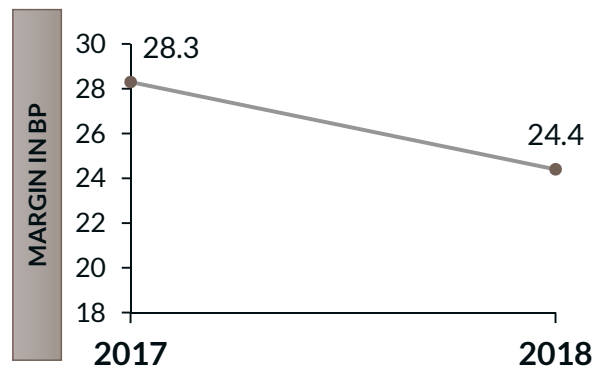
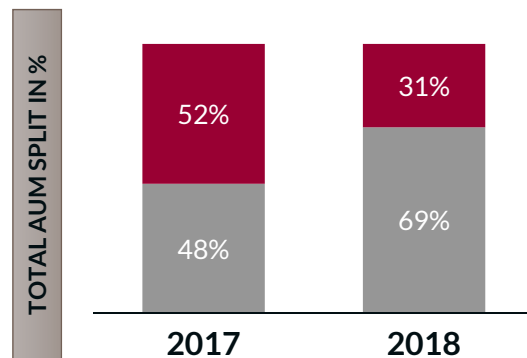
# Focus on margin evolution



- ▶ Retail margin improved vs. 2017 year-end also through the consolidation of Aletti Gestielle assets



- ▶ Institutional margin decreasing in FY 2018 mainly due to:
  - ▶ the anticipated loss of the €1.2bn mandate in Q2 (May '18)
  - ▶ the €9.4bn AuM insurance mandates (July '18) and
  - ▶ the Poste insurance mandates of ca. €70bn AuM with lower profitability (November '18)



- ▶ Average margin trending towards 16/18 bps in 2019E as large institutional volumes linked to 2018 M&A will account for the full year



# Focus on net fees and personnel cost

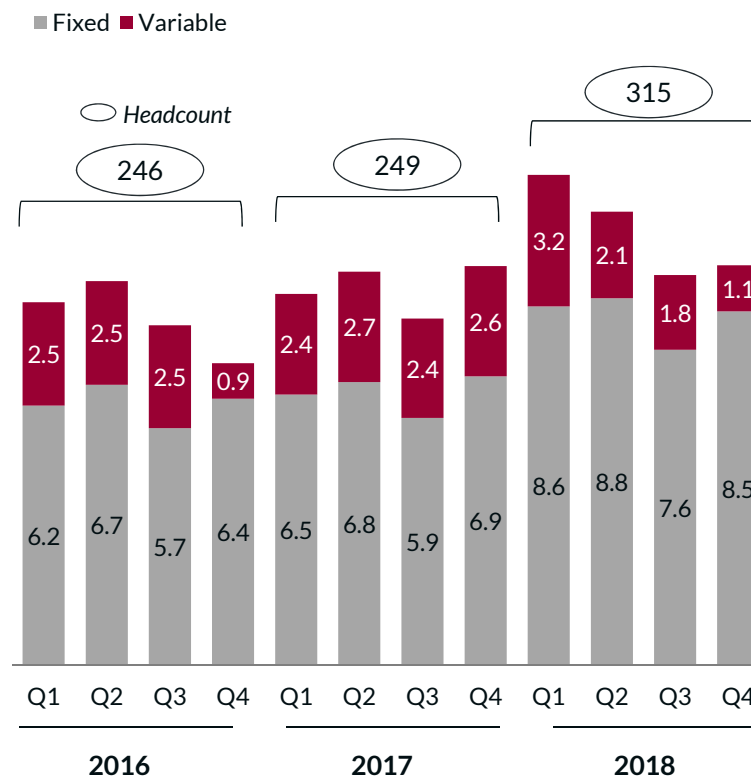
- ▶ New perimeter contributes to increase net commissions
- ▶ 2019 shall also benefit of additional net fees for approx. €15m due to the contribution for the full year of 2018 acquisitions

## NET COMMISSIONS TREND

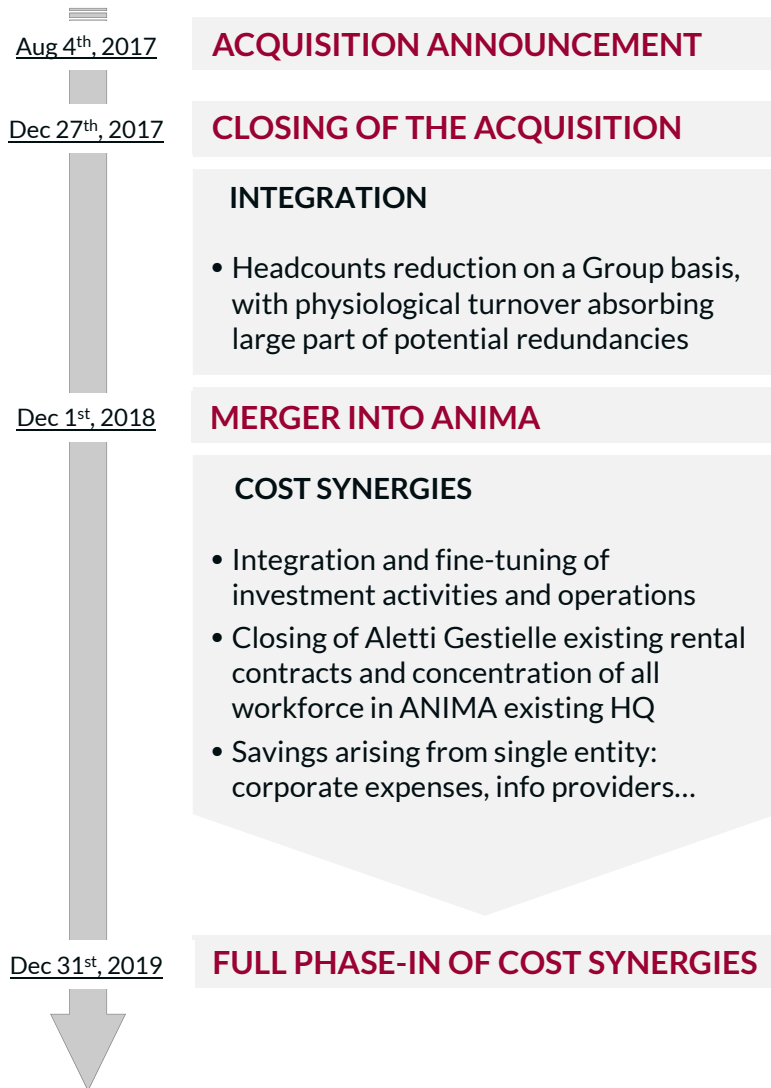


- ▶ Total personnel cost down yoy mostly due to lower variable compensation
- ▶ Fixed personnel costs reflecting increase in the headcount following integration of Aletti Gestielle and Poste Class I business

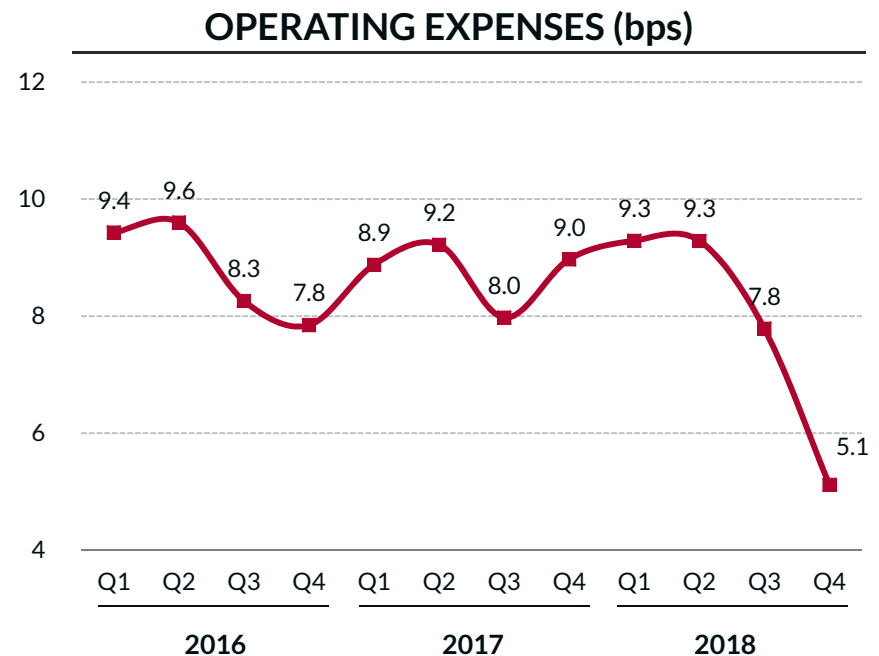
## PERSONNEL COST



# Efficient M&A integration and cost discipline

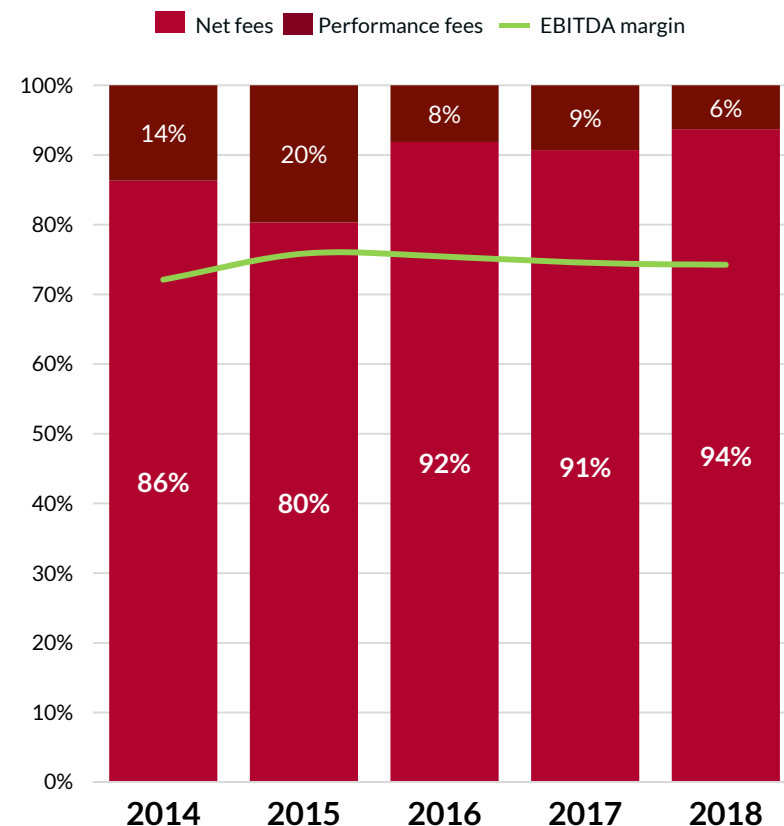
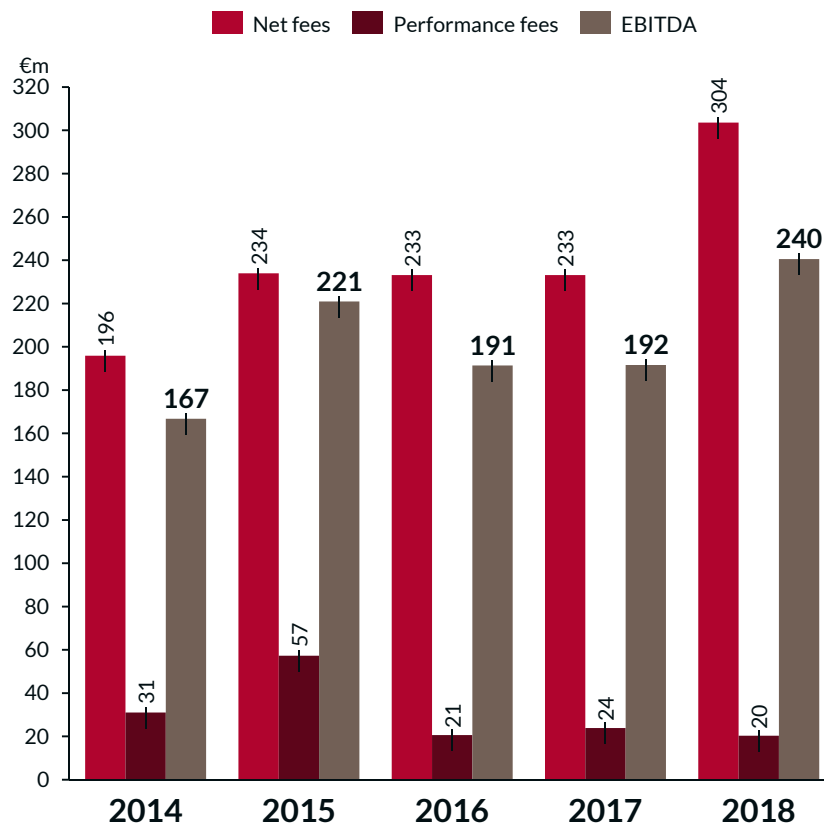


- ▶ Aletti Gestielle successfully integrated within 11 months
- ▶ Even if the target company was already very lean on costs final cost synergies (fully phased-in from 2020 onwards) shall be above €7m (i.e. ~40% of the total cost base of Aletti Gestielle)



# Solid cash generation and consistent delivery

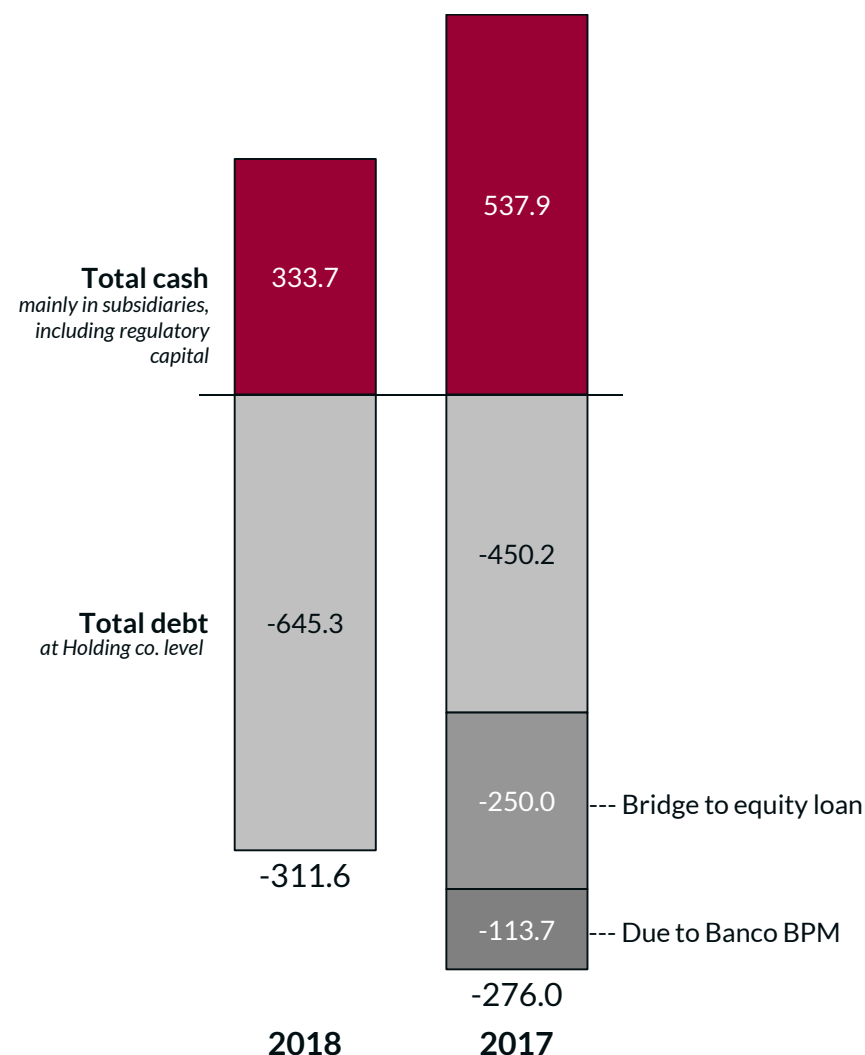
- ▶ In the first 5 years as a listed company, consolidated EBITDA grew €73m (+44%), driven by net fees
- ▶ In the same period, performance fees went down from 14% to 6% of the consolidated total revenues
- ▶ With performance fees reducing their contribution, increasing net fees and effective operating leverage kept EBITDA margin constantly well above 70%



# Consolidated net financial position

€m	2018	2017
Bank loan	(645.3)	(450.0)
Bridge to equity loan	-	(250.0)
Accrued interest expense	-	(0.2)
Due to Banco BPM	-	(113.7)
<b>TOTAL DEBT</b>	<b>(645.3)</b>	<b>(813.9)</b>
Cash	243.4	359.6
Securities	88.6	150.7
Perf. fee receivable	1.6	27.7
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>333.7</b>	<b>537.9</b>
<b>CONSOLIDATED NFP</b>	<b>(311.6)</b>	<b>(276.0)</b>

- ▶ Gross debt entirely at Holding level, whereas cash is generated by subsidiaries and moved to the Holdco through dividends
- ▶ NFP reflects the €120m additional debt for the Poste deal activated at the end of October
- ▶ Next capital repayment of the bank loan in June 2019 for €50m

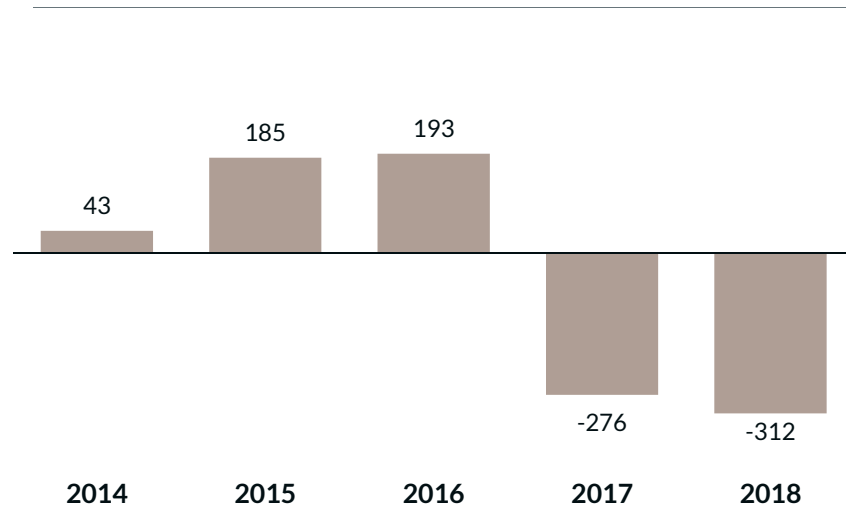


Source: ANIMA

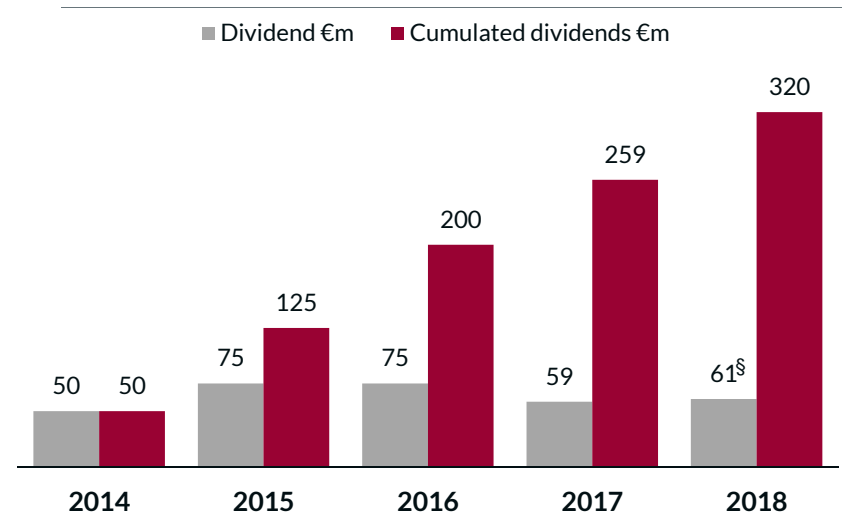
# Returning capital to shareholders

- ▶ Dividend always kept minimum of 50% of reported net income, notwithstanding releveraging for M&A in 2017/18
- ▶ In addition to ordinary dividends, execution of a first tranche of buy back in 2019 up to 3% of the issued share capital to be completed before May 2019
- ▶ **In the first months of 2019 ANIMA shall therefore return more than €100m to shareholders between ordinary dividends (~€61m) and buyback (~€40m)**
- ▶ In the first 5 years as a listed company, ANIMA returned €320m through ordinary dividends on an average market cap in the period\* of €1.76bn

CONSOLIDATED NFP



ORDINARY DIVIDEND



\*Source: ANIMA based on Bloomberg §Proposal to the AGM of €0.165DPS, amount in €m net of 3% treasury shares forecast for payment in May 2019

04

ANIMA... why

# Closing remarks (1/3)

## 2018 produced quite a bit of negative headlines...

For markets and the AM industry...

Uncertainty especially linked to global macro and political environment



...and what about ANIMA?

Italian political situation and the long debate with EU on budget law weighted on Italian listed companies, particularly on the financial sector

2018 will be remembered as the worst year for quite all asset classes in the past decade with increased volatility



First year of negative returns for ANIMA funds, even if consistently above the Italian industry in each of the major categories

Asset management industry slowed down globally, including Italy (total NNM €10bn, with H2 close to zero)



ANIMA NNM is the lowest since our 2014 IPO, but represents 2.6x our market share in Italy at the end of the previous year with very a robust increase in H2

**2018 is not the end of the world as we know it, as it wasn't 2008 either...**

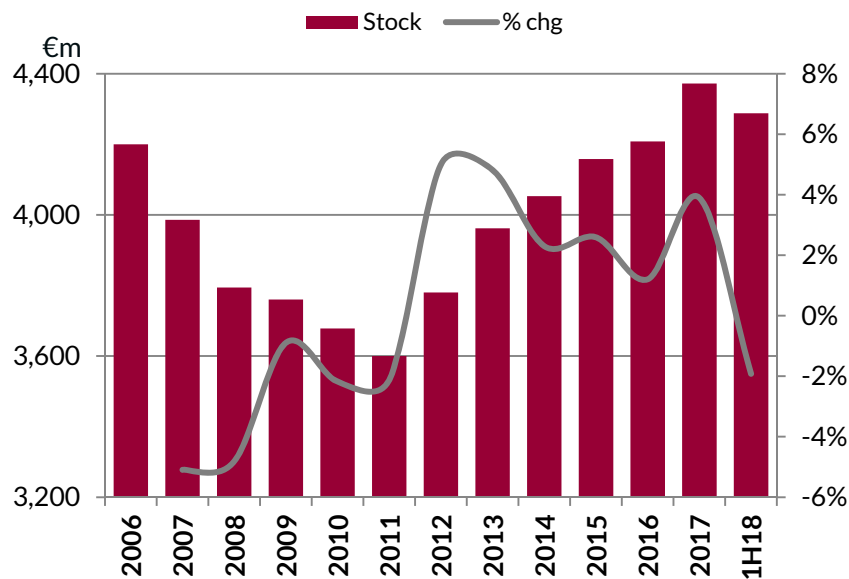
**2018 will not be recorded as our best year, with main P&L figures well away from their potential**

# Closing remarks (2/3)

## Not all that stays in the shadow can't glitter ...

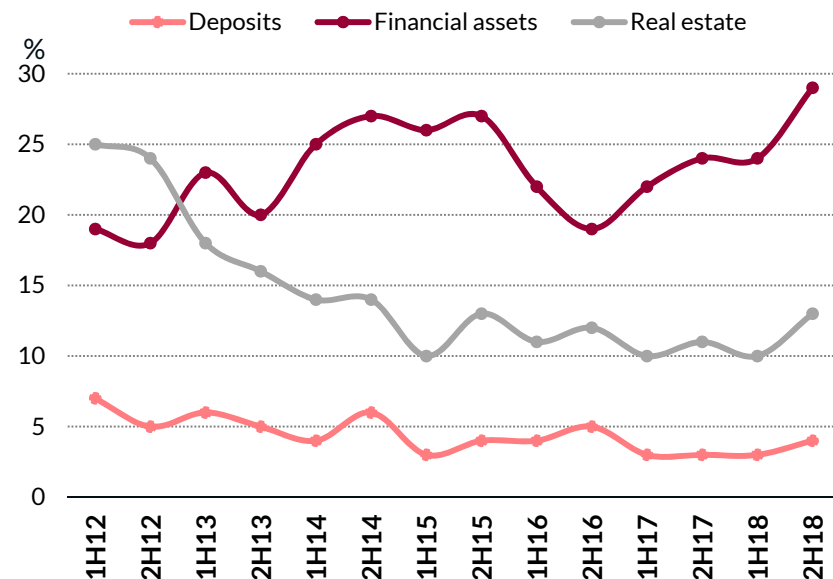
- ▶ 2019 is expected to be still complicated and volatile due to an uncertain macro and political scenario both domestic and globally
- ▶ Italy is facing a slowdown in growth but remains a very attractive market... thanks to a large amount of financial wealth with a significant pool of liquidity on current accounts reaching the record amount of €1.4 trillion (representing 32% of total households' financial wealth)
- ▶ Preference for financial products is at the highest level in the past few years

FINANCIAL WEALTH ITALIAN HOUSEHOLDS



Source: ANIMA based on Bank of Italy data

PREFERENCE FOR INVESTMENTS



Source: Survey GfK Eurisko / ANIMA



# Closing remarks (3/3)

## We might sound boring but...

- ▶ What's next? This year we plan to keep growing in line with our strategic drivers:

**ORGANIC GROWTH** will come from further strengthening of our partnerships, including the new ones in the insurance field that still need to ramp up according to their potential

**COST CONTROL** is well embedded in our company culture and it's the ultimate measurement to evaluate if the growth is healthy and value creating for all stakeholders

**CASH GENERATION** remains the main feature for the sector and even more for our company due to the very high level of efficiency; we will keep evaluating the best possible use (and return) of cash

...and, possibly

**M&A**, aimed at:

- enlarging the distribution network,
- increasing capabilities (in particular in the landscape of alternatives)

...always improving scale economies and keeping in mind that “it takes two to tango”

# ANIMA



Anima Holding spa  
Corso Garibaldi, 99  
I - 20121 Milano  
www.animaholding.it

Investor Relations  
Fabrizio Armone  
Tel. +39.02.63536.226  
fabrizio.armone@animaholding.it

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