2019FY Results

ANIMA & core

ANIMA

Milan, 20 February 2020

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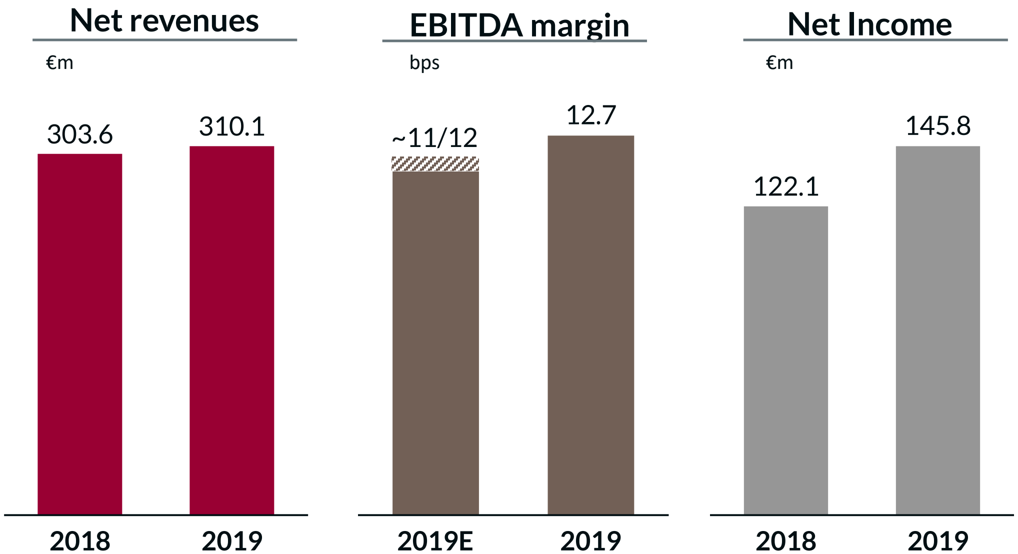
ANIMA… who

2019FY Highlights

- AuM up in 2019 thanks to the strong performance of most asset classes, with funds' WAP at +8.5% and net new money* back to positive in H2
- Continuous core revenues improvement, with net commissions reaching in Q4 the historical maximum
- "Recurrent" EBITDA margin (excluding performance fees) above guidance



185.7 AuM (€bn)
+7% vs. 2018FY

+0.3 Net New Money (€bn)
excluding Class I mandates

310.1 Net revenues (€m)
+2% vs. 2018FY

277.7 EBITDA (€m)
+15% vs. 2018FY

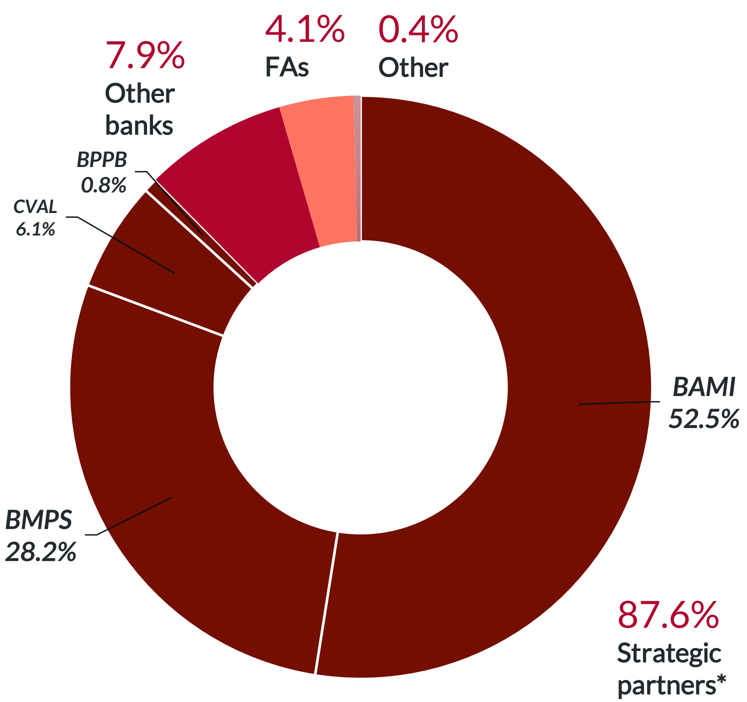
145.8 Net Income (€m)
+19% vs. 2018FY

**excluding Class I mandates*

Business by segment

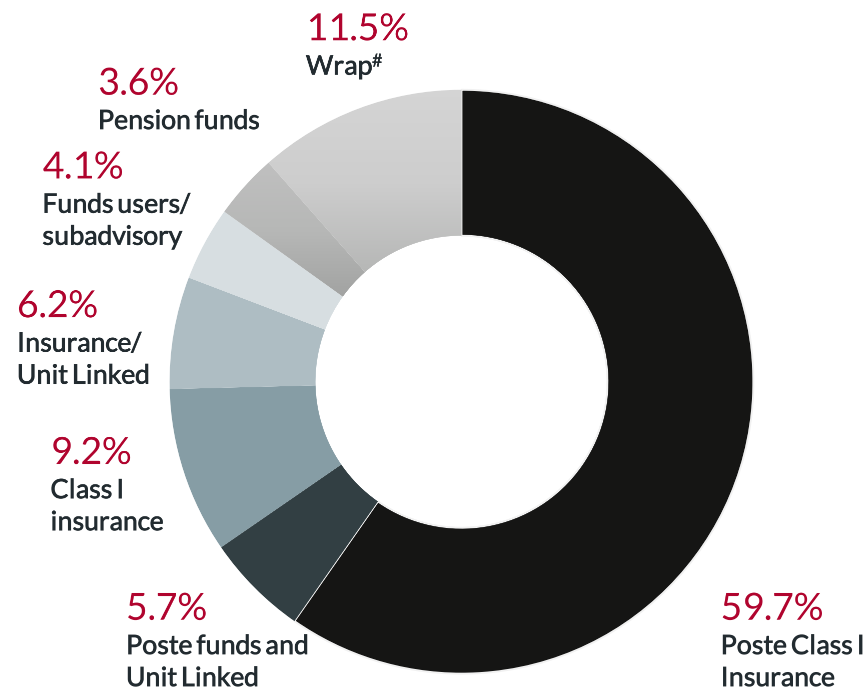
Retail

30% AuM = €55.0bn



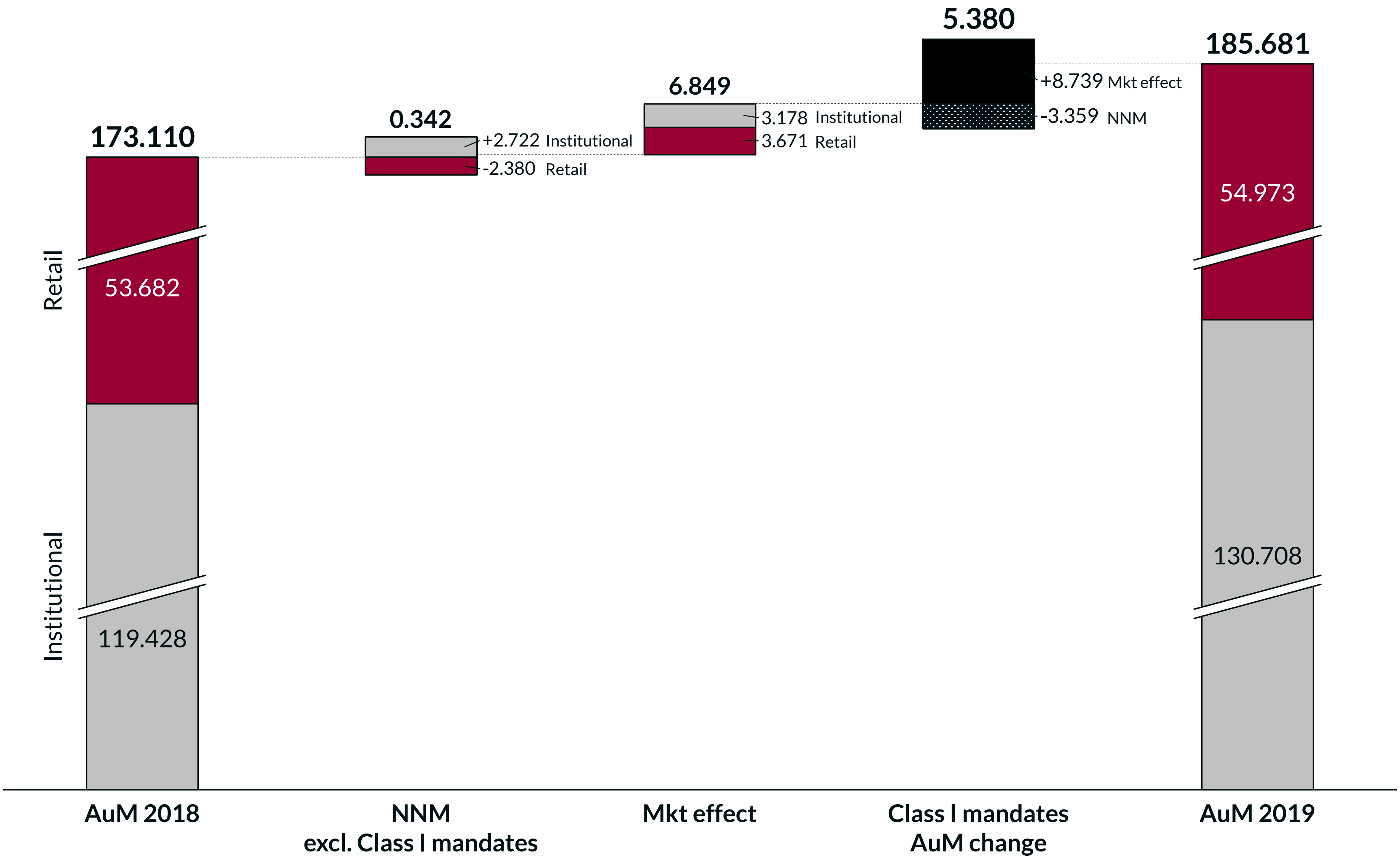
Institutional

70% AuM = €130.7bn



Source: ANIMA as of 31-Dec-2019 **Includes BMPS, Banco BPM, Cre.Val. and BPPB* *# Wrap: ANIMA mutual funds invested by other products/mandates managed by ANIMA*

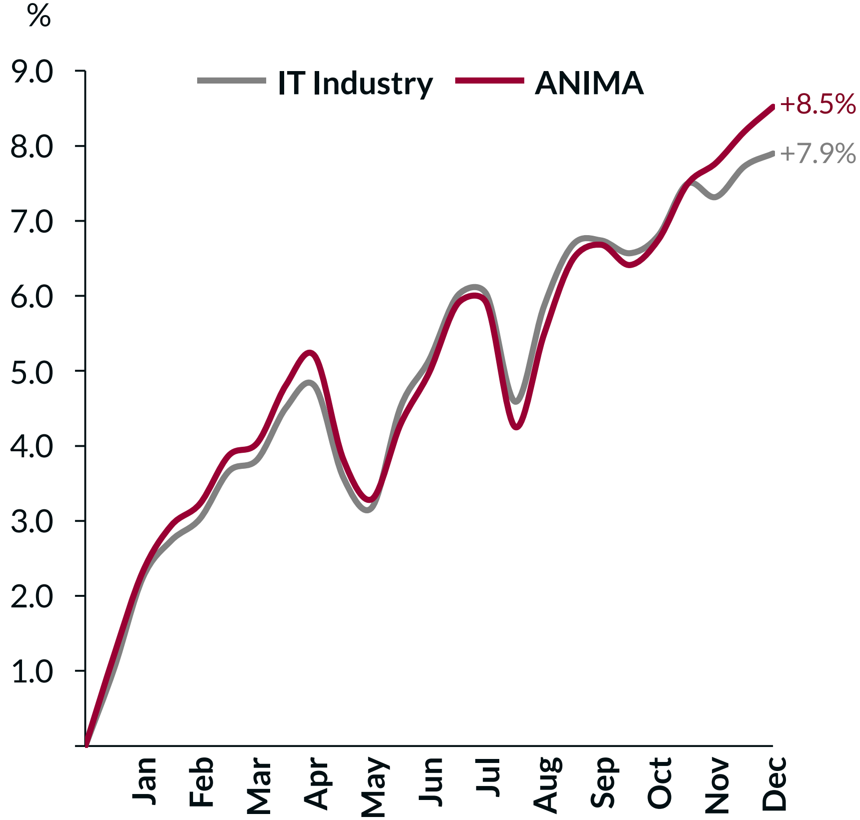
2019 AuM evolution



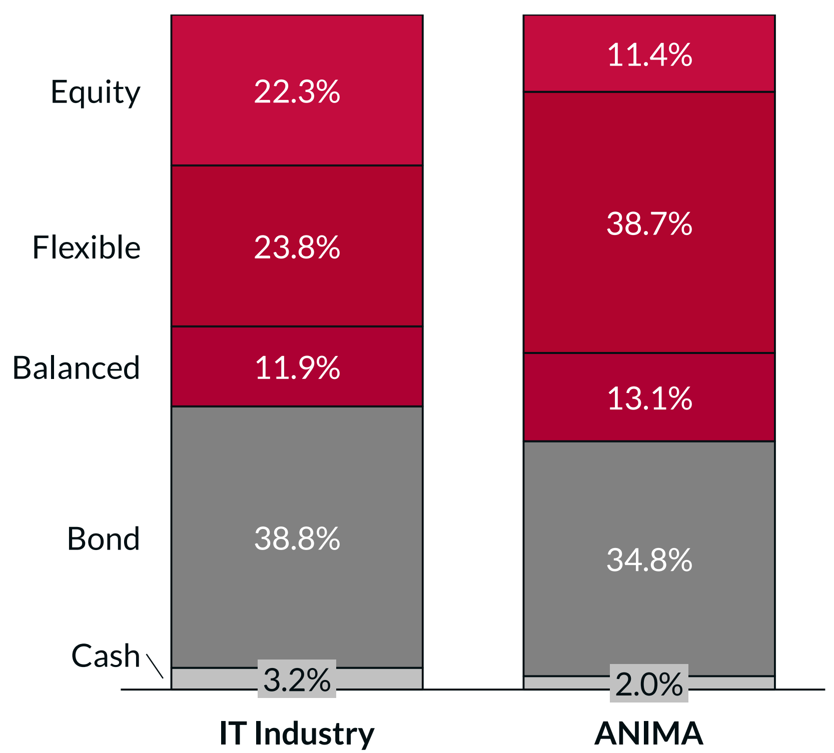
Source: ANIMA, data in € bn

Mutual funds' investment performance

2019 WAP



2019 funds' breakdown by category



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

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

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ANIMA… how much

Consolidated P&L

€m	2019		2018
Net revenues	310.137		303.588
Performance fees	48.176		20.318
Total revenues	**358.313**	*+11%*	**323.906**
Personnel cost	(43.353)		(41.581)
o/w fixed	*(32.825)*		*(33.504)*
o/w variable	*(10.528)*		*(8.076)*
Other expense	(37.286)		(41.829)
Total expense	**(80.639)**		**(83.410)**
EBITDA	**277.674**	*+15%*	**240.496**
Non recurring costs	(2.281)		(7.881)
LTIP expense	(2.730)		(3.336)
Other income/(cost)	3.621		0.417
D&A	(53.939)		(47.465)
EBIT	**222.345**	*+22%*	**182.231**
Net financial charges	(17.448)		(8.644)
PBT	**204.897**	*+18%*	**173.587**
Income tax	(59.068)		(51.530)
Net income	**145.829**	*+19%*	**122.057**
Adjusted net income	**185.097**	*+13%*	**163.232**

bps/avg AuM	2019	2018
Retail	28.3	30.5
Institutional	10.2	18.7
Average	**15.6**	**24.4**
Avg AuM	**181.6**	**114.9**

- Average margin reflecting the full integration of large institutional volumes, in line with the guidance provided in 2018

Cost/income	2019	2018
on total revenues	22.5%	25.8%
ex performance fees	26.0%	27.5%

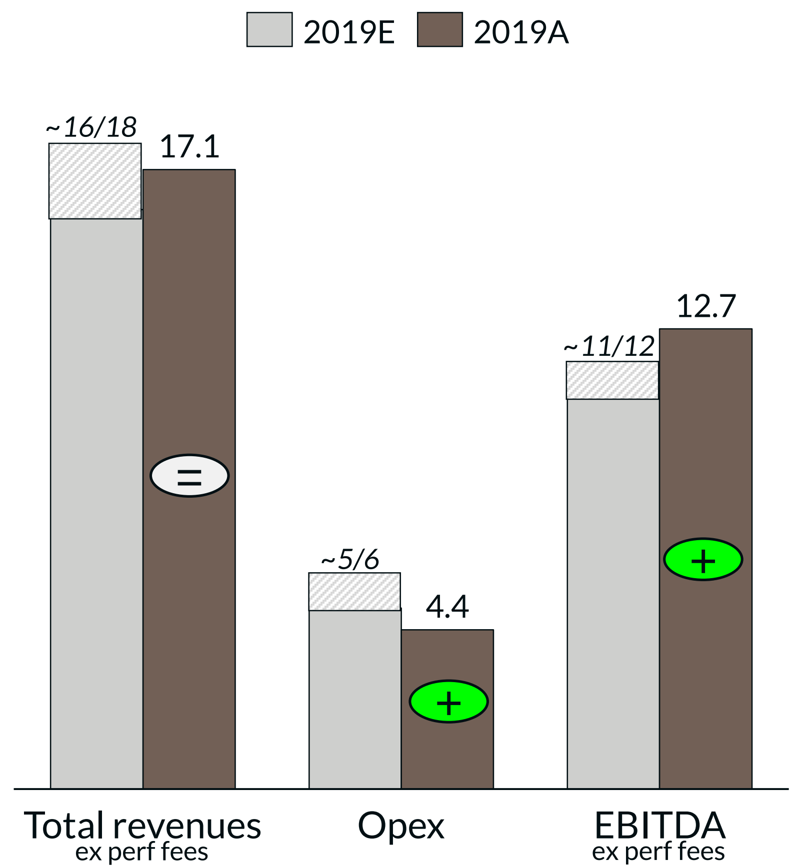
- Strong commitment and consistency in keeping a low cost/income
- Increase in D&A due to acquisition of BAMI insurance mandates (3Q18) and to Poste Class I deal (4Q18)
- Financial charges increase mostly due to non cash / one-off items linked to the refinancing of the debt in October
- Tax rate increase (mainly due to concentration of investment management activities in Italy) fully offset by one-off tax relief on goodwill

P&L ratios' analysis

2019 actual results higher than the guidance provided in 1Q18

- Revenue margin is in line with the upper part of the expected range even if in 2019FY we had:
  - €6.0m lower contribution of placement fees (reducing retail revenues and margin) due to lower gross inflows
  - strong market effect in the Class I insurance mandates (€8.7bn) with low margins "optically" diluting the top line
- Better than expected results in the cost control, with synergies coming from the merger of Aletti into ANIMA
- As a result, **"recurrent" EBITDA margin is above guidance**, and remaining very high (almost 74%)
- Performance fees cashed are additional to the top line, even if accrual for variable compensation (including for PMs) is included in the operating expense line

KEY P&L RATIOS (bps/avg AuM)

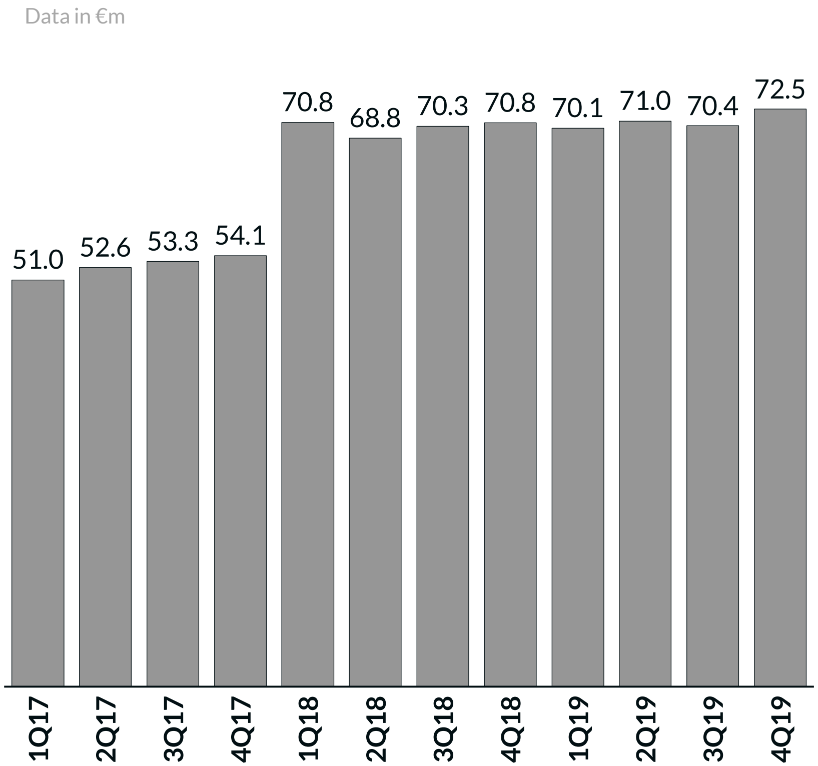


Net fees and personnel cost

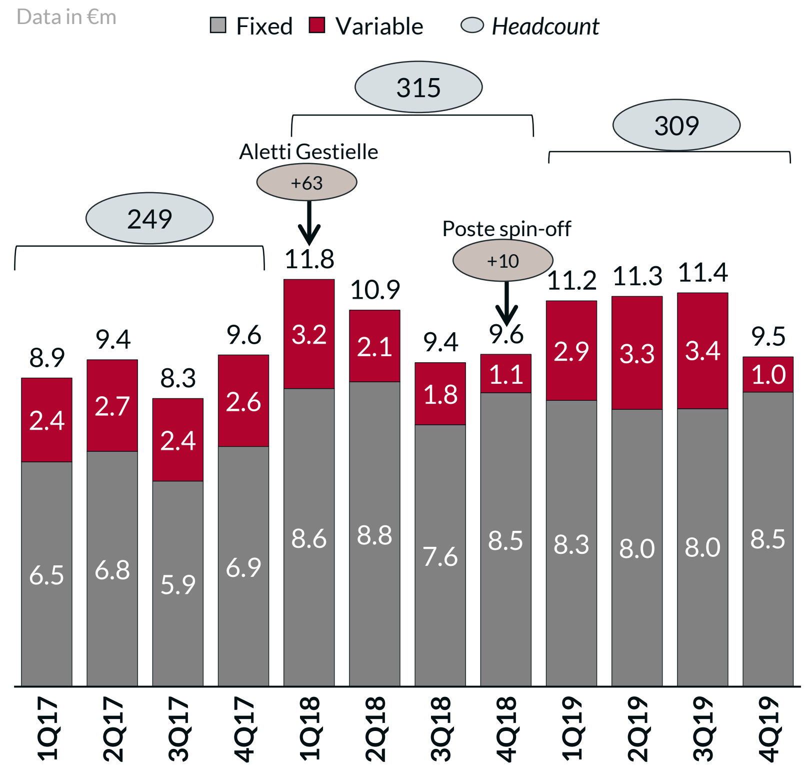
- Lower yoy placement fees and the expiration of a large institutional mandate during 2Q18 offset by higher AuM and product mix
- Substantially stable margins for the different segments drive net fees in Q4 to the highest result

- Fixed component declining due to lower headcount also related to synergies on acquisitions
- Variable compensation increases yoy due to higher performance fee generation and better overall financial performance

NET FEES (ex other income)

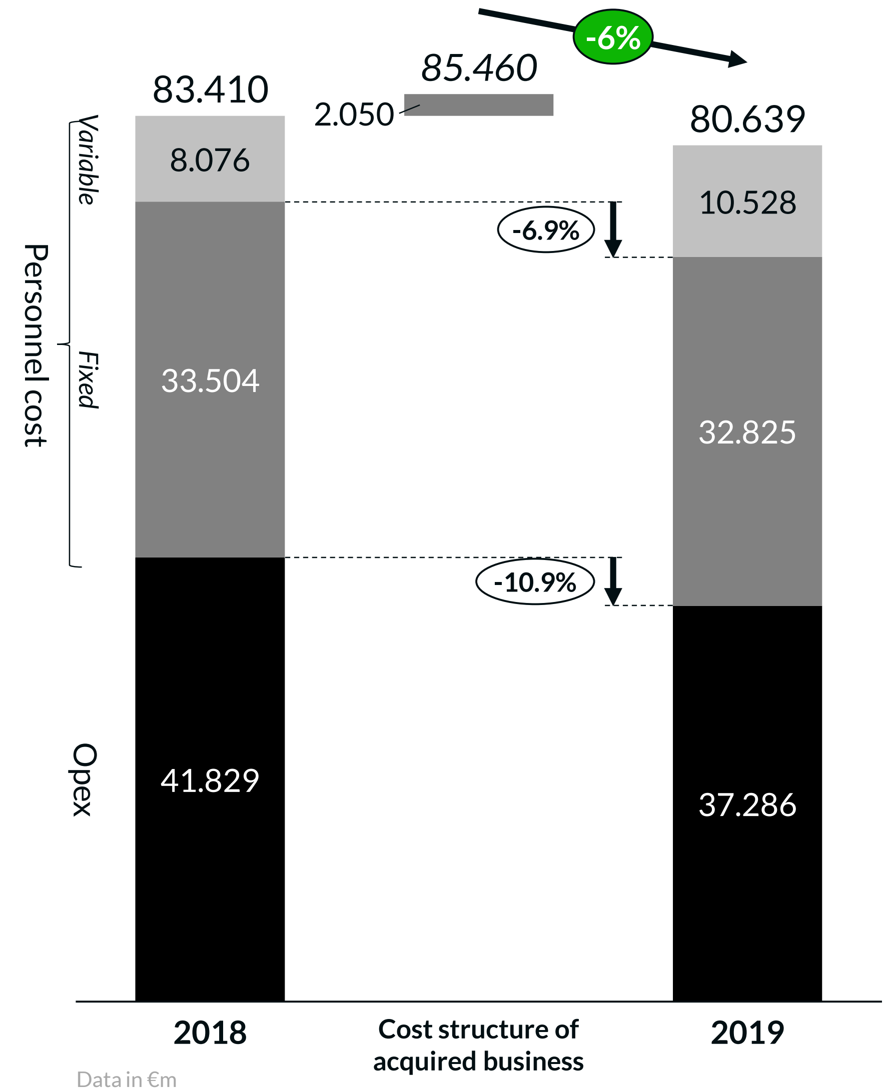


PERSONNEL EXPENSE



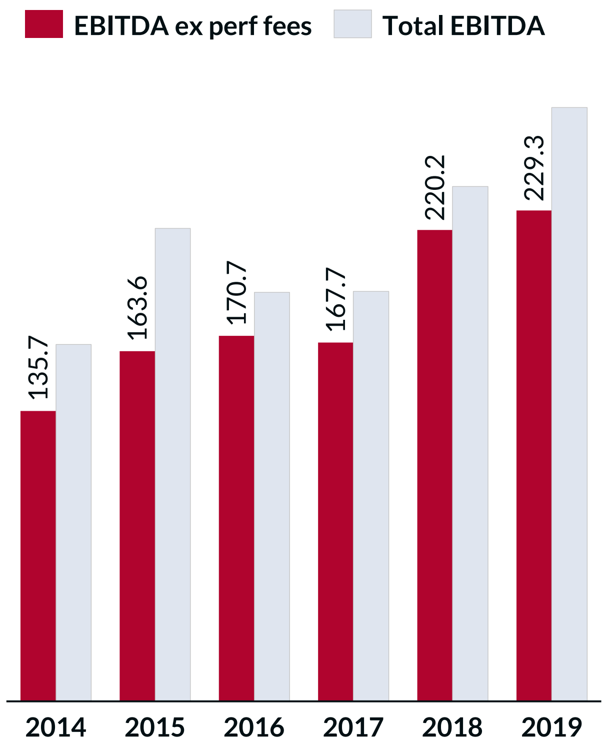
Focus on cost efficiency

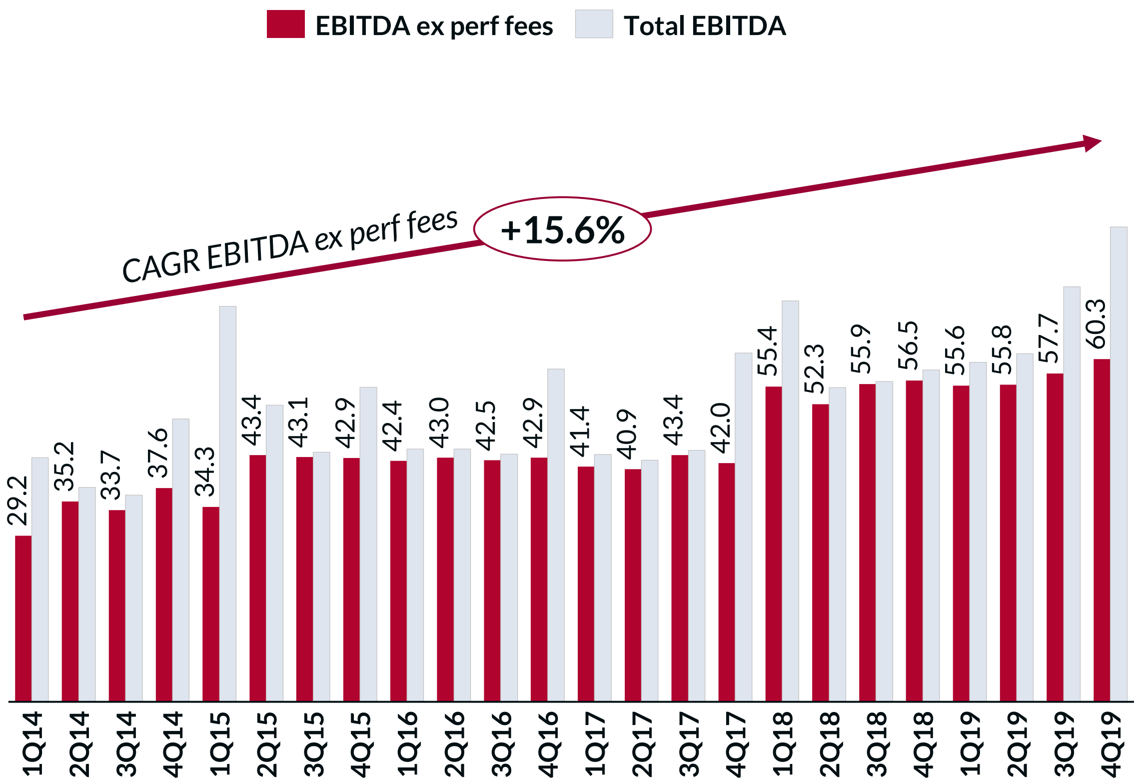
- The decrease of total expenses is 6% on a like for like basis, i.e. with the impact of the acquisitions carried out in the second half of 2018:
  - the opex in connection with the BAMI insurance mandates (~4/500K€) and
  - the costs linked to the Poste Class I business (€1.6m between personnel and opex)
- Opex reduction, with almost all items down yoy (outsourcing, rent and utilities, consultancies, info provider…) in spite of higher AuM
- Accrued variable compensation increased (+€2.5m) mainly due to higher yoy performance fee cashed (nearly 2.5x 2018 amount)
- Guidance for Aletti cost synergies was €5m at the time of the acquisition, then reviewed to at least €7m. Not considering the increase of variable compensation, cost reduction in 2019 stays at €7.5m, one year ahead of the schedule for the full phase-in



Predictable and growing cash generation

- Thanks to operating leverage, margin pressure was offset by growth in volumes (also through M&A)
- As a result, “recurring” EBITDA – i.e. net of performance fees contribution - shows a clear and solid growth path, only partially influenced by quarters’ volatility





Data in €m

Reduction of LTIP expense accounting

- The current LTIP foresees three 3ys rolling vesting periods, granting 1/3 of the options each year starting from April 2021
- Maximum amount of shares granted is 8,780,353 (or 2.31% of the current issued share capital)
- **LTIP KPIs :**
  - 50% based on adjusted (cash) EPS growth
  - 25% growth of market share vs. Italian peers
  - 25% TRS against a panel of 20 European comparable listed companies
- LTIP cost is determined according IFRS 2 at the time of options assignment and expensed evenly for the entire duration of the plan from the Grant Date until the Vesting Date for each of the three periods, in line with the expected KPI achievements
- **Due to lower likelihood of full KPI achievement, a revision of the amount expensed comes into effect starting from 2019FY accounts**

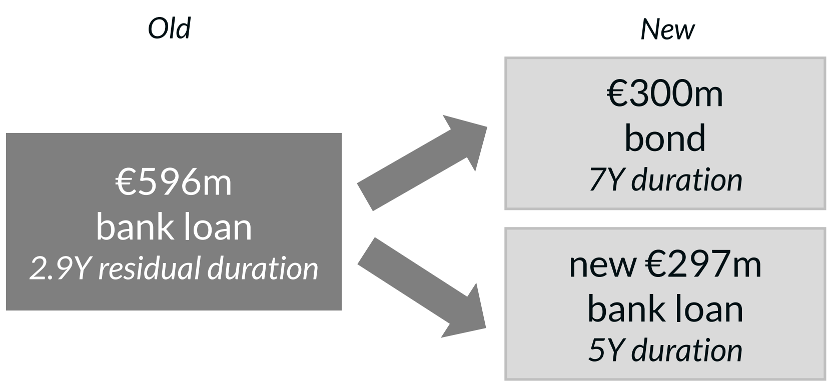
LTIP cost in €m

	2018	2019	2020E	2021E	2022E	2023E	Total
Previous IFRS 2 expense	(3.3)	(8.5)	(8.7)	(6.1)	(3.0)	(0.7)	(30.3)
New accounting	(3.3)	(2.7)	(4.4)	(3.2)	(1.7)	(0.4)	(15.8)
Net change	-	***+5.8***	***+4.2***	***+2.9***	***+1.3***	***+0.3***	***+14.5***

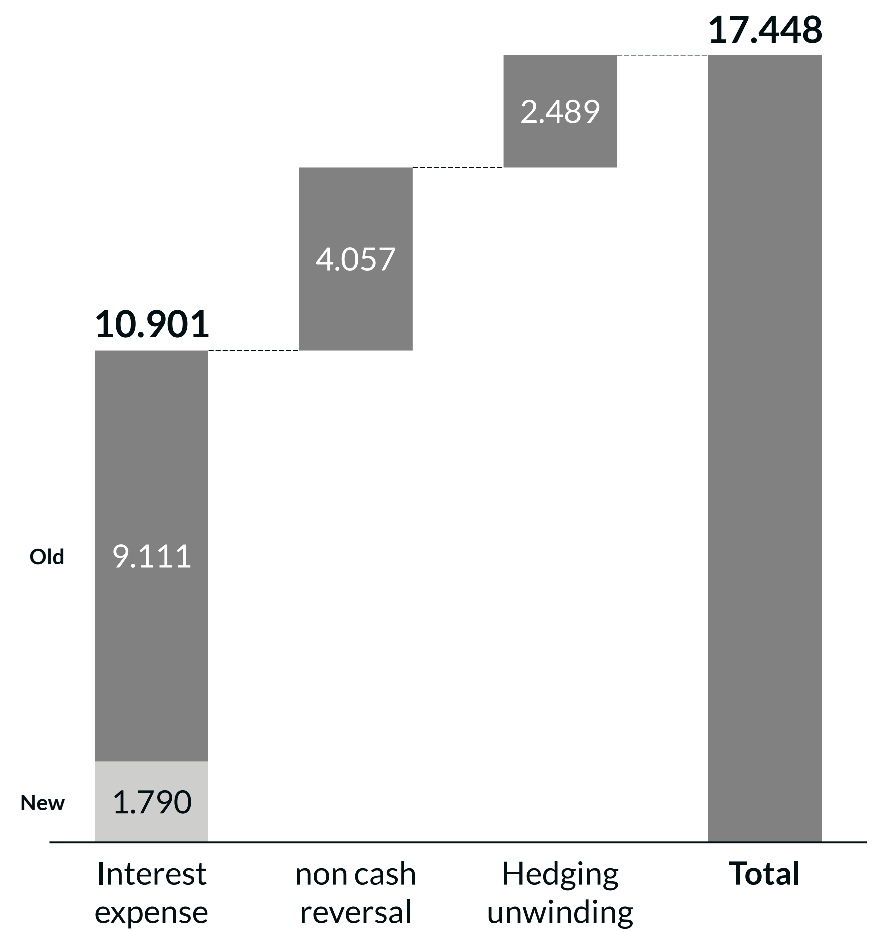
Interest expense breakdown

- With the new bond issued and the refinancing of the banking debt during Q4 two one-off impacts affect 2019 P&L:
  - the reversal of the upfront fee and other charges for the old bank loan to be yet amortised for €4.1m
  - the unwinding of the hedging for €2.5m

Debt Structure



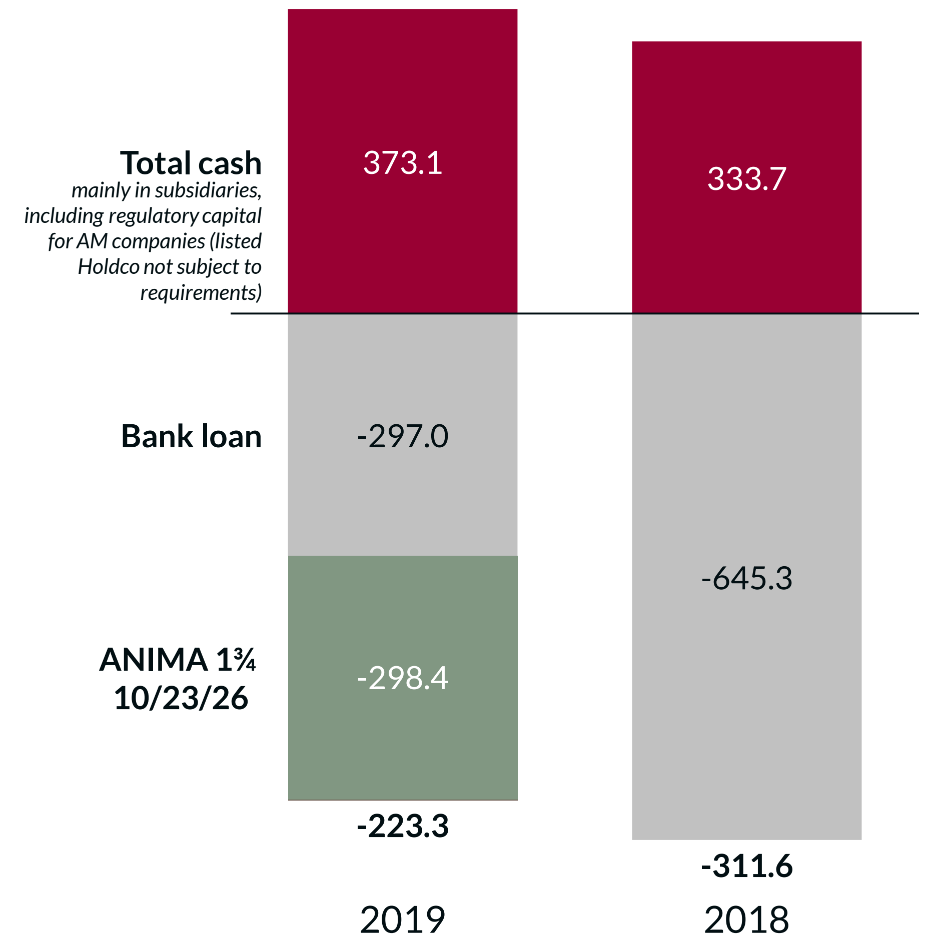
TOTAL INTEREST EXPENSE (€m)



Consolidated Net Financial Position

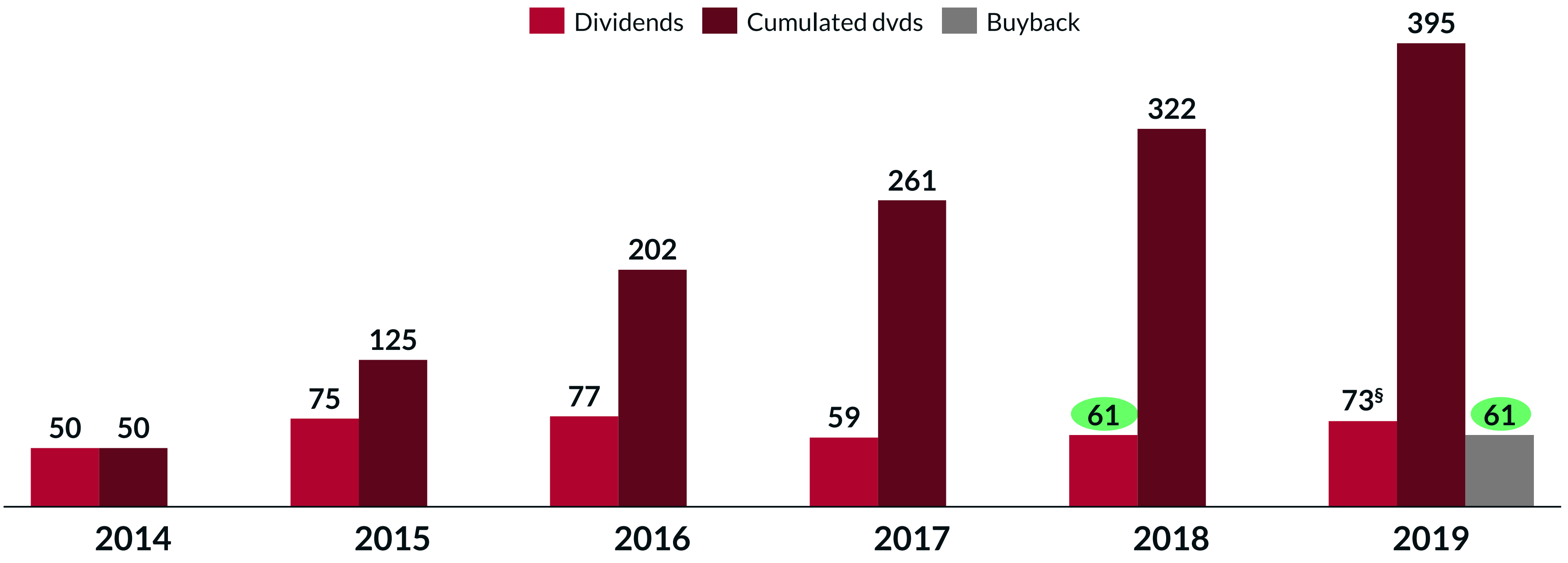
€m	2019	2018
Bank loan	(297.0)	(645.3)
Bond 2019-26 1.75%	(298.4)	-
Accrued interest	(1.0)	-
TOTAL DEBT	**(596.4)**	**(645.3)**
Cash	263.7	243.4
Securities	89.6	88.6
Perf. fee receivable	19.7	1.6
TOTAL CASH & EQUIVALENT	**373.1**	**333.7**
CONSOLIDATED NFP	**(223.3)**	**(311.6)**
*NFP / EBITDA**	*0.9x*	*1.3x*

- Gross debt entirely at Holding level, whereas cash is generated by subsidiaries and moved to the Holdco through dividends
- 2019FY NFP reflects:
  - €61m spent for shares buyback in the year
  - €61m 2018FY dividends paid in May
  - €50m capital repayment of the bank loan in June
  - €7m payment for the tax relief on goodwill also in June



Returning capital to shareholders

- Dividend always kept at 50% of reported net income in line with guidance, notwithstanding releveraging for M&A in 2017/18
- In 2019 ANIMA returned cash to shareholders through:
  - ordinary dividends pertaining to 2018FY (~€61m) and
  - buyback executed during 2019 (~€61m)
- **Total cash returned in 2019 is more than €122m, corresponding to an average yield of 9% on the average market cap***



*Source: ANIMA based on Bloomberg for 2019 avg mkt cap

§subject to AGM approval

03

ANIMA… why

Closing remarks

- 2019 was off to a difficult start, after the difficult phase for financial markets in 4Q18; nevertheless, we highlighted –once again- our capability to adapt and grow, confirmed by the quality of our economics, with the best result in terms of reported net income and a clear positive trend for core net fees

- 2020 started well and the scenario keeps being favorable for asset management (even if macro risks are still present in the landscape); the real challenge remains how to move the huge liquidity pool on deposits

- Main areas of development to keep the organic growth path:

1. Strengthening the investment process and investment management capabilities
2. Enlarging traditional product offering (PIR 3.0, ESG…)
3. Entering private markets

2020 new initiatives

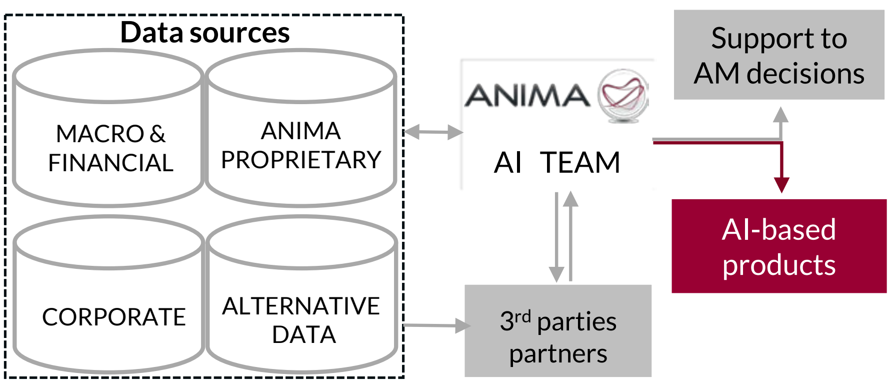
INVESTMENT MANAGEMENT

INTERNAL RESEARCH TEAM

- Creation of an internal research team (6/7 resources) to enhance the investment process and to support asset management activities
- Head of the team already hired in Q1

A.I. PROJECT

- Creation of an internal AI team (3/4 resources) to support asset management activities and to develop new quantitative methodologies
- Head of the team already hired in Q1



PRODUCT DEVELOPMENT

TRADITIONAL PRODUCT OFFERING

PIR 3.0

- Restart of the commercial activity after having implemented the regulatory changes (Q1)

ESG IMPLEMENTATION

- As UN PRI signatory, ANIMA Sgr approved its ESG policy and procedure with the creation of an internal ESG Committee
- Gradual implementation of reporting tools to monitor managed portfolios under ESG criteria
- Development of a specific ESG product range (Q2)

PicPac

- Gradual and actively managed increase of the equity exposure embedded in a target date fund

ALTERNATIVE PRODUCT OFFERING

- Establishment of a newco aimed at private markets and launch of a first product for private debt (Q3)

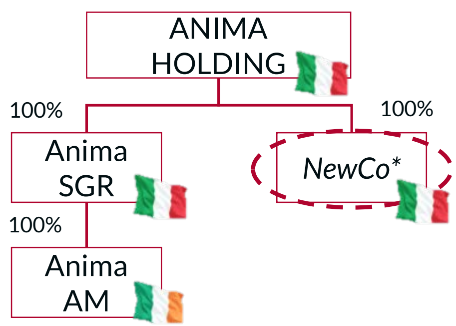
AIFM newco

- ANIMA Group is launching a 100% ANIMA Holding subsidiary acting under AIFMD to:
    - offer products with more interesting expected returns in a long lasting low rates environment and
    - diversify the range with solutions more focussed on the institutional and private segment
- The initial focus will be on private debt (LBO, mini-bonds, direct lending…), being the «most liquid» within the alternative space

ALTERNATIVE ASSET CLASSES

- PM team joined ANIMA in January 2020: 2 professionals with 20+ total years expertise in the sector

New Group Structure



2020 expected timeline

*subject to regulatory approval

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