

# 9M18 Results

Like a bridge over troubled water



*Milan, 9 November 2018*

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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

- ▶ 9M18 characterised by:
  - ▶ Positive flows representing 7.2% of total Italian industry\* NNM (vs. ANIMA market share BoP of 4.5%)
  - ▶ Earnings growth also thanks to successful and quick M&A execution
  - ▶ Resilient margins
  - ▶ Continued cost control and effective operating leverage

**+0.9** Net New Money (€bn)

**103.4** AuM (€bn)  
+35% vs 9M17

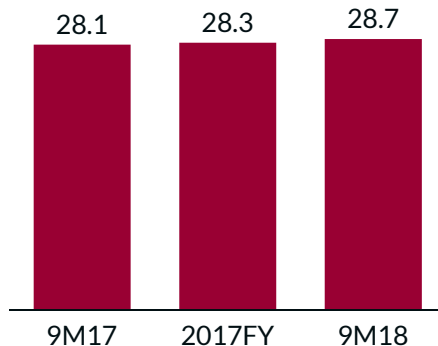
**210.0** Net commissions (€m)  
+34% vs. 9M17

**97.4** Net Income (€m)  
+24% vs. 9M17

**124.1** Adj. Net Income (€m)  
+37% vs. 9M17

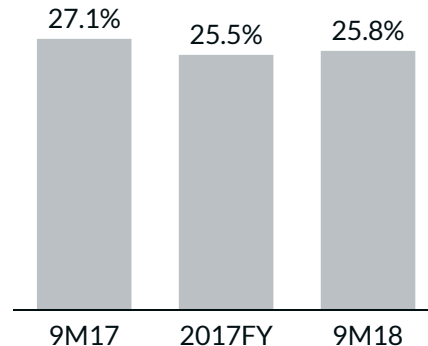
## Net commissions

bps/avg AuM



## Cost/Income

as a % of total revenues

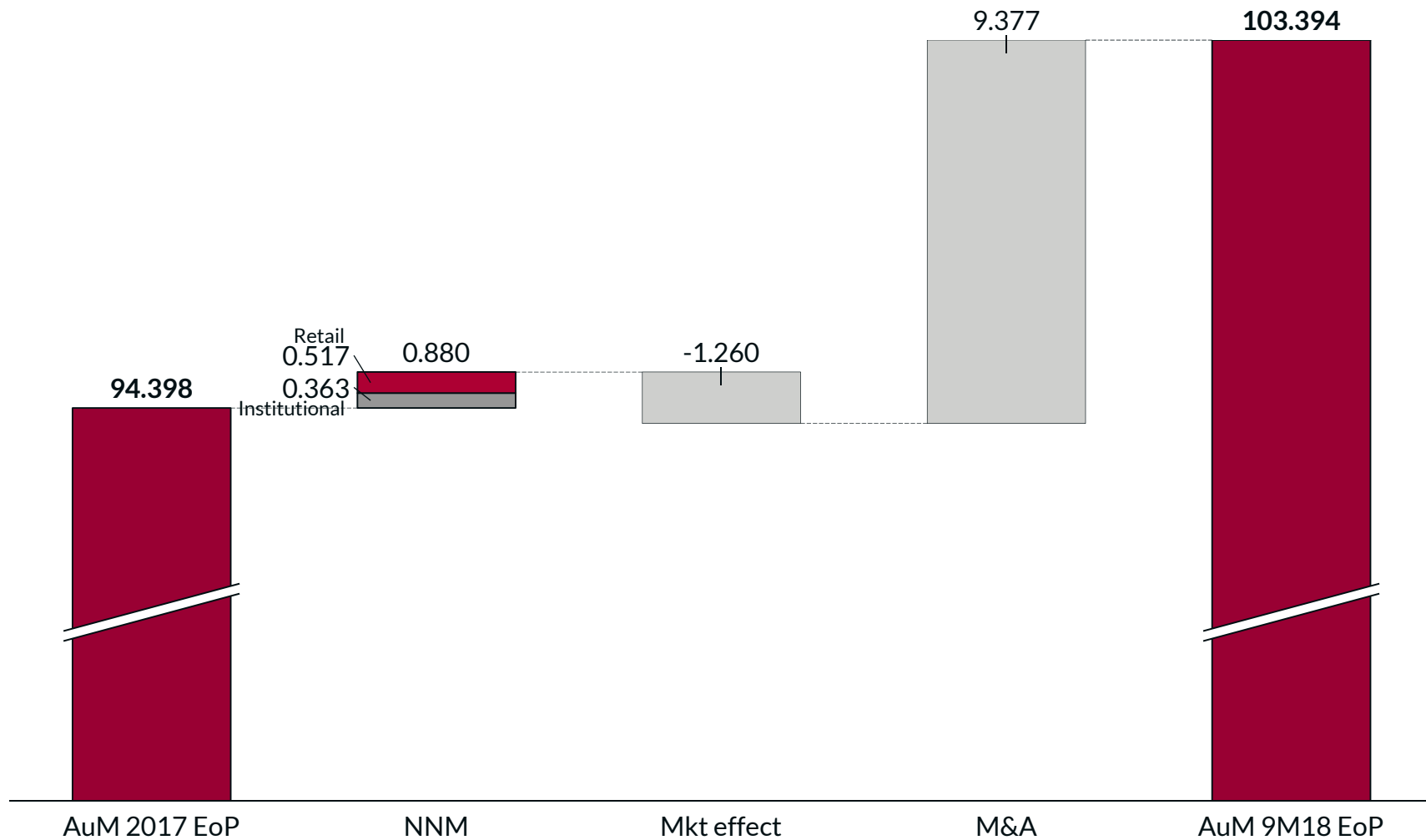


\*Source: Assogestioni

# 02

ANIMA... what

# 9M18 AuM evolution

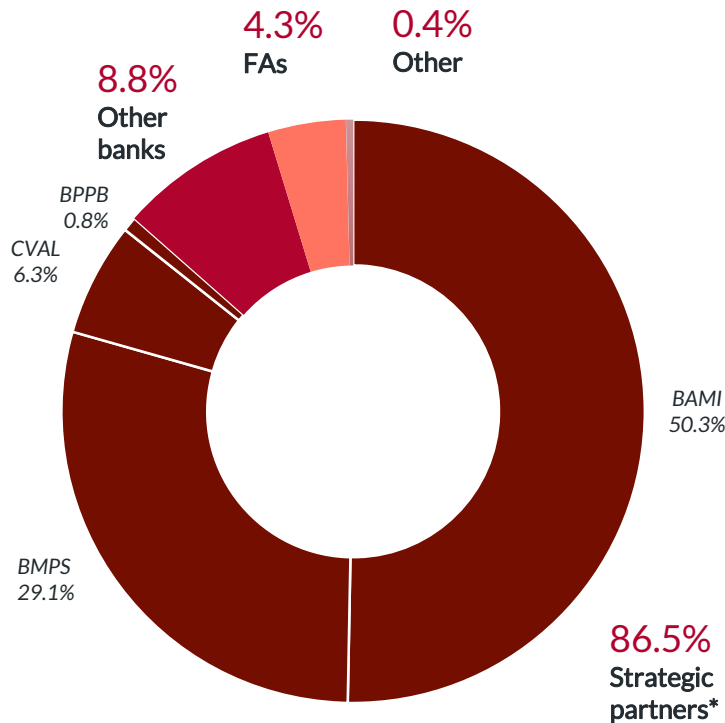


Source: ANIMA, data in € bn

# Business by segment

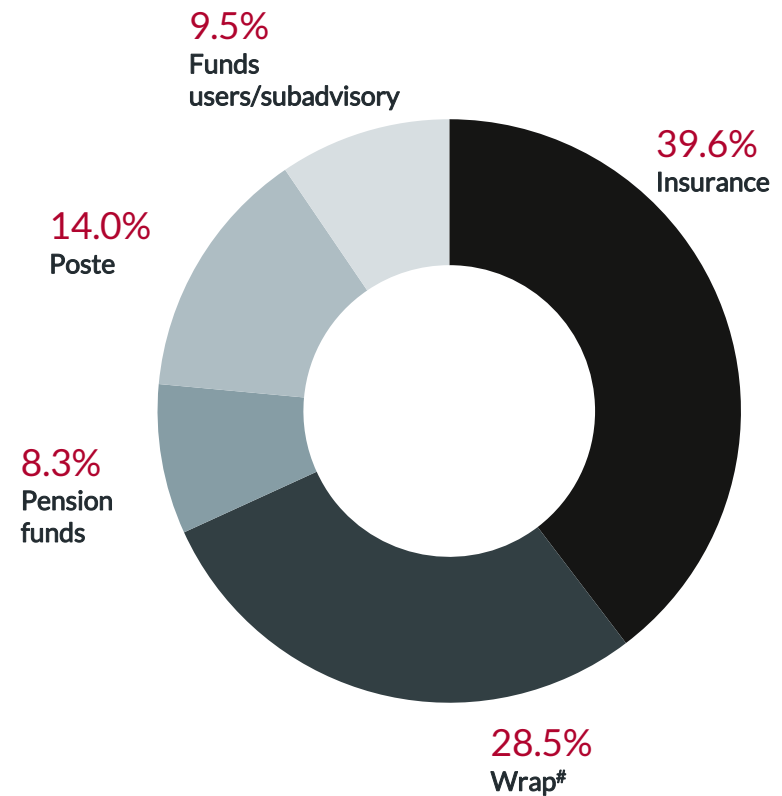
## Retail

54% AuM = €56.2bn



## Institutional

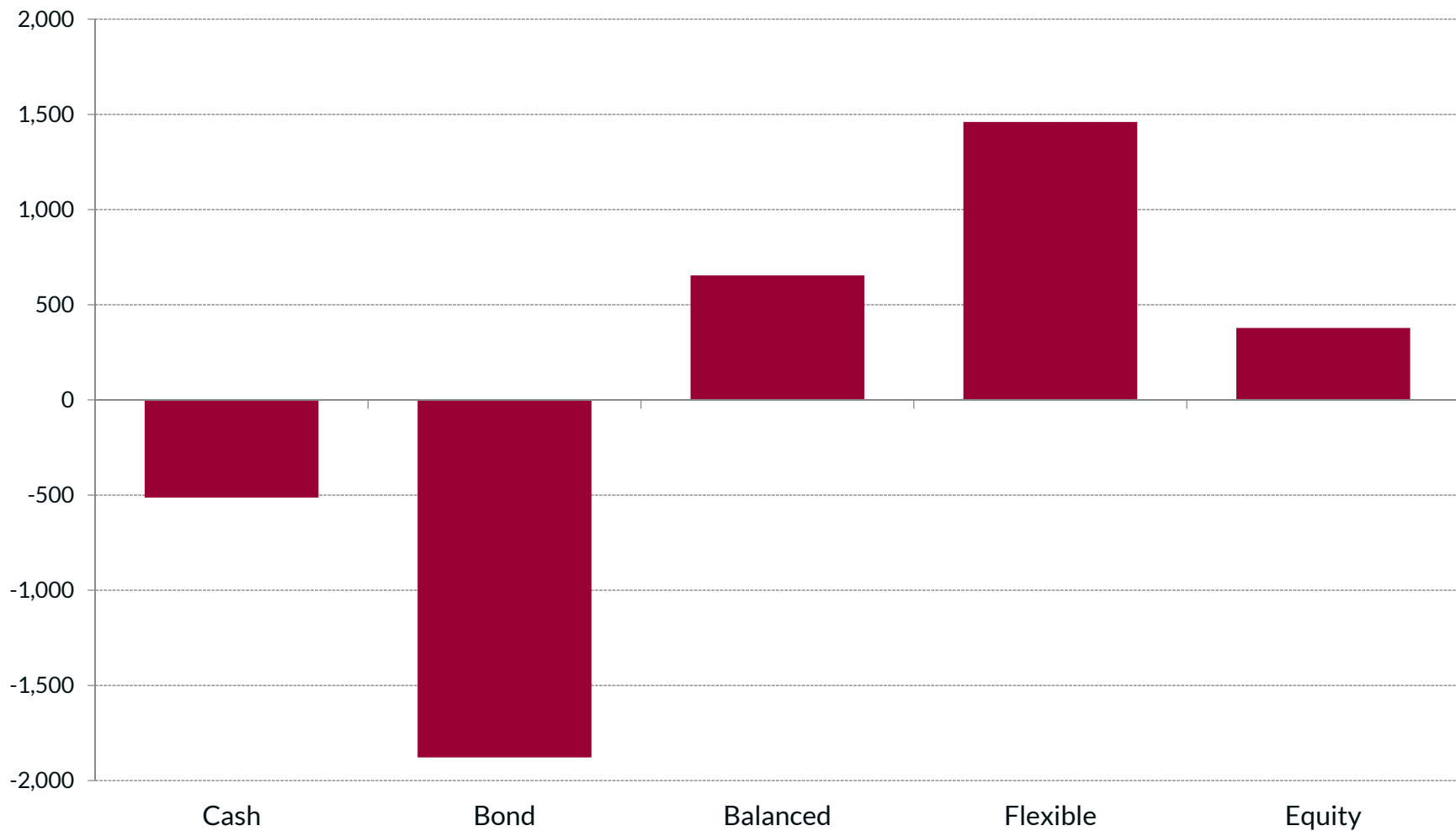
46% AuM = €47.2bn



Source: ANIMA as of 30-Sep-2018 \*Includes BMPS, Banco BPM, Cre.Val. and BPPB

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

# 9M18 mutual funds' flows breakdown by category

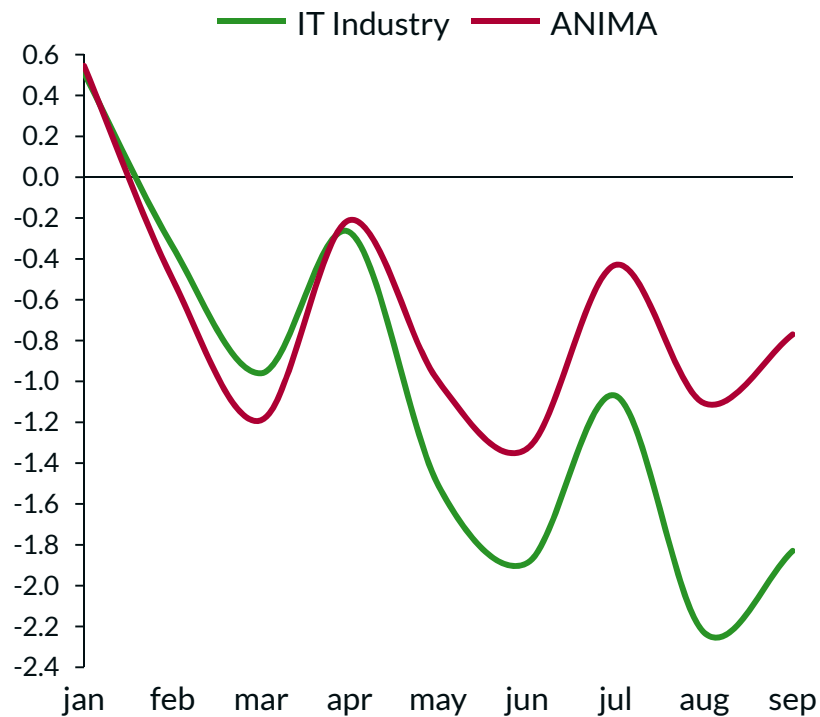


Source: NNM in ANIMA mutual funds - data in €m According to ASSOGESTIONI classification

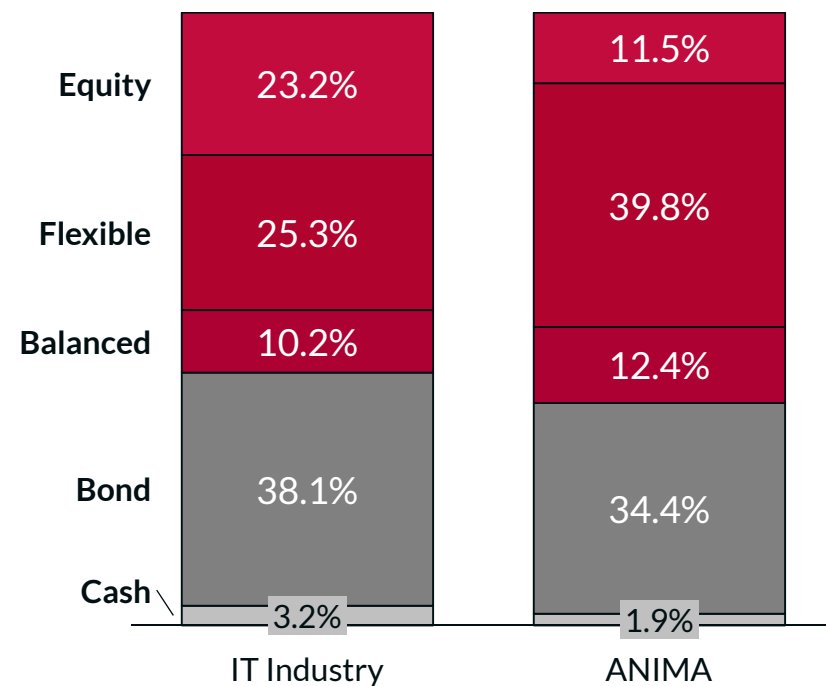


# «3P»: Investment performance

2018 monthly ytd WAP



9M18 funds' breakdown by category



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

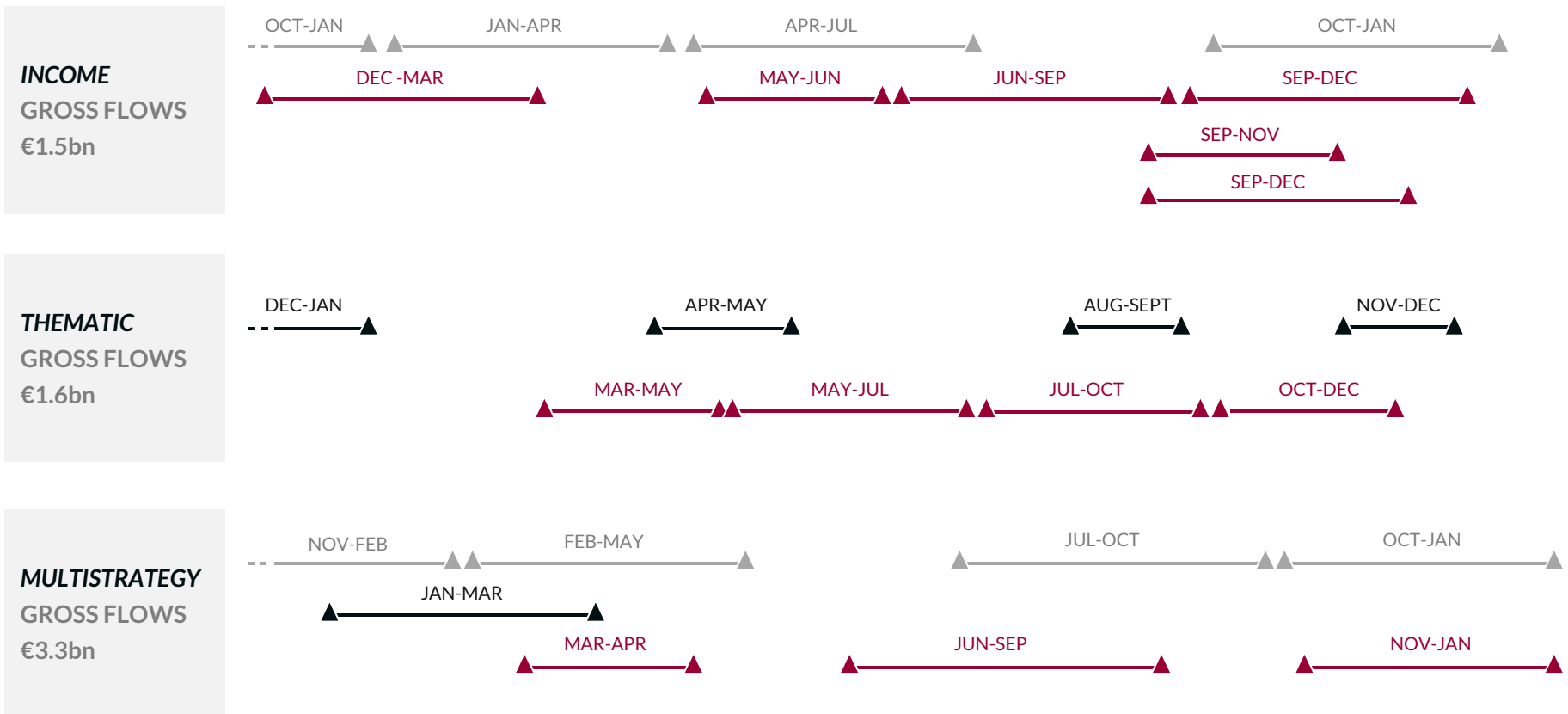
Source: ANIMA - ASSOGESTIONI for IT Industry funds breakdown by category



ANIMA: different, yet unique!

# «3P» Product innovation: target date funds launches

- Anima
- Gestielle
- Bancoposta



Source: ANIMA target date funds scheduling for 2018

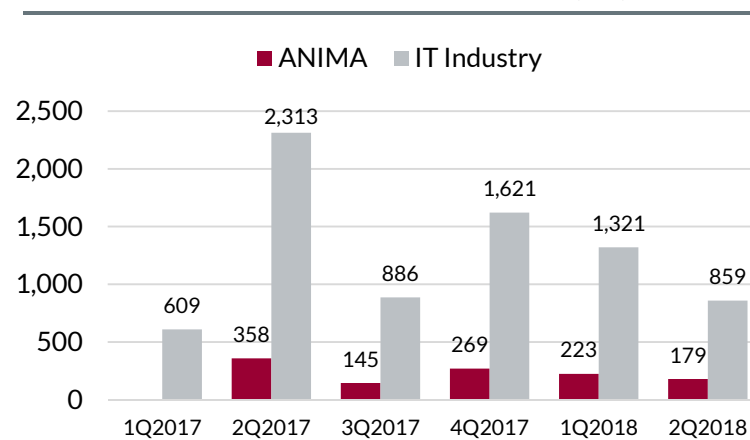


ANIMA: different, yet unique!

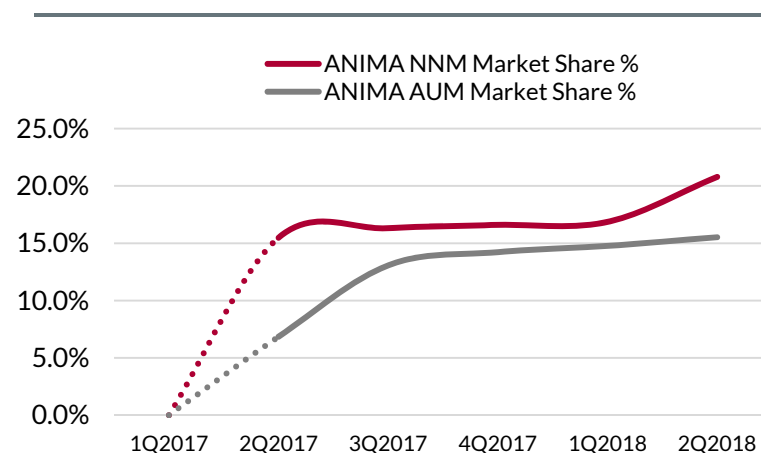
# «3P» Product innovation: focus on PIR

- ▶ PIR funds offer constituted by :
  - ▶ ANIMA INIZIATIVA ITALIA: equity fund
  - ▶ ANIMA CRESCITA ITALIA: balanced fund (40% equity)
  - ▶ GESTIELLE PRO ITALIA: equity fund
- ▶ NNM slowed down in 2018 after a very robust growth in 2017, with ANIMA market share in the Italian market still increasing
- ▶ €148m NNM in Q3 (o/w €78m in mutual funds and €69 in Unit linked)

NNM in PIR mutual funds (€m)



PIR mutual funds



data in €m	30.09.18
ANIMA Crescita Italia	908
ANIMA Iniziativa Italia	222
GESTIELLE Pro Italia	116
<b>PIR mutual funds AuM</b>	<b>1,246</b>
<b>PIR Unit linked AuM</b>	<b>506</b>
<b>TOTAL AUM IN PIR SOLUTIONS</b>	<b>1,752</b>

Source: ANIMA, ASSOGESTIONI for IT Industry NNM of PIR funds share classes only



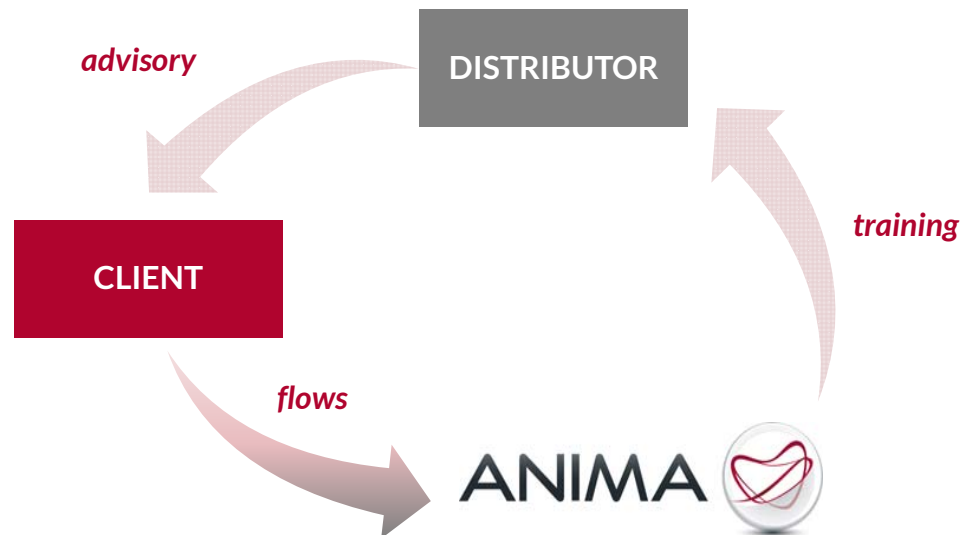
# «3P» Personalised support & training services

- ▶ We believe that the ongoing support to distributors, with the training activity as a distinctive feature, will continue to drive the alignment of interest and ultimately attract clients' flows

ACTIVITIES		9M 2018
<p><b>“ON THE GROUND” SUPPORT</b></p>	<ul style="list-style-type: none"> <li>▶ Sales support program jointly developed with each strategic partner</li> <li>▶ Open sessions for Financial Advisors</li> </ul>	<p>641 “On the Ground” events</p>
<p><b>REMOTE (LIVE &amp; ON-DEMAND)</b></p>	<ul style="list-style-type: none"> <li>▶ Webinars and Conference calls (customized for different partners)</li> <li>▶ E-learning platform</li> <li>▶ Dedicated call center (B2B and B2C)</li> </ul>	<p>15 Webinars &amp; video-chat 49 Conference Calls 43,000 B2C answered calls 34,000 B2B answered calls</p>
<p><b>“ACCADEMIA ANIMA”</b></p>	<ul style="list-style-type: none"> <li>▶ Accademia Anima Roadshow for Poste Italiane</li> <li>▶ Residential programs for partner networks</li> </ul>	<p>904 participants</p>
<p><b>THEMATIC ROADSHOWS</b></p>	<ul style="list-style-type: none"> <li>▶ Behavioral finance</li> <li>▶ Special 2018 roadshow devoted to approaching MiFID II with a «positive» commercial mindset</li> </ul>	<p>1600+ participants</p>

# Mifid II specific training program

- ▶ Dedicated and customised training activities are a distinctive expertise of ANIMA in the ongoing relationship with distributors
- ▶ ANIMA already carried out 11 training events for strategic partners with specific focus on Mifid II implementation (over 1,600 attendees)
- ▶ Areas of training include impact on daily activity due to the new regulatory framework:
  - ▶ Transparency and new reporting
  - ▶ Advisory as the value of distribution
- ▶ In the remaining part of the year other events are already scheduled involving additional 2,000+ relationship managers



# 03

ANIMA... how much

# P&L overview

€m	9M18	9M17 <sup>1</sup>	%	2017 <sup>1</sup>
Net commissions	227.356	174.159		233.137
Performance fees	18.446	4.526		23.890
<b>Total revenues</b>	<b>245.802</b>	<b>178.685</b>	<b>+38%</b>	<b>257.027</b>
Personnel cost	(32.025)	(26.686)		(36.267)
o/w fixed	(25.001)	(19.235)		(26.173)
o/w variable	(7.024)	(7.451)		(10.095)
Other expense	(31.658)	(21.776)		(29.185)
Total expense	(63.683)	(48.462)		(65.452)
<b>EBITDA</b>	<b>182.119</b>	<b>130.223</b>	<b>+40%</b>	<b>191.575</b>
Non recurring costs	(5.103)	(0.749)		(9.555)
LTIP expense	(1.482)	(3.847)		(3.847)
Other income/(cost)	1.312	2.629		6.541
D&A	(34.367)	(13.382)		(17.983)
<b>EBIT</b>	<b>142.479</b>	<b>114.874</b>	<b>+24%</b>	<b>166.729</b>
Net financial charges	(6.064)	(3.413)		(6.839)
<b>PBT</b>	<b>136.415</b>	<b>111.461</b>	<b>+22%</b>	<b>159.890</b>
Income tax	(39.036)	(33.114)		(48.597)
<b>Net income</b>	<b>97.379</b>	<b>78.347</b>	<b>+24%</b>	<b>111.293</b>
<b>Adjusted net income</b>	<b>124.113</b>	<b>90.374</b>	<b>+37%</b>	<b>133.780</b>

bps/avg AuM	9M18	9M17 <sup>1</sup>	2017 <sup>1</sup>
Retail	30.7	28.4	28.5
Institutional	25.9	27.8	28.0
<b>Average</b>	<b>28.7</b>	<b>28.1</b>	<b>28.3</b>

- ▶ Retail margin improved vs. 2017 year-end also through the consolidation of Aletti Gestielle assets
- ▶ Institutional margin decreasing in the quarter mainly as a consequence of the anticipated loss of the €1.2bn mandate in Q2 and the €9.4bn AuM insurance mandates with lower margins

Cost/income	9M18	9M17 <sup>1</sup>	2017 <sup>1</sup>
on total revenues	25.9%	27.1%	25.5%
ex performance fees	28.0%	27.8%	28.1%

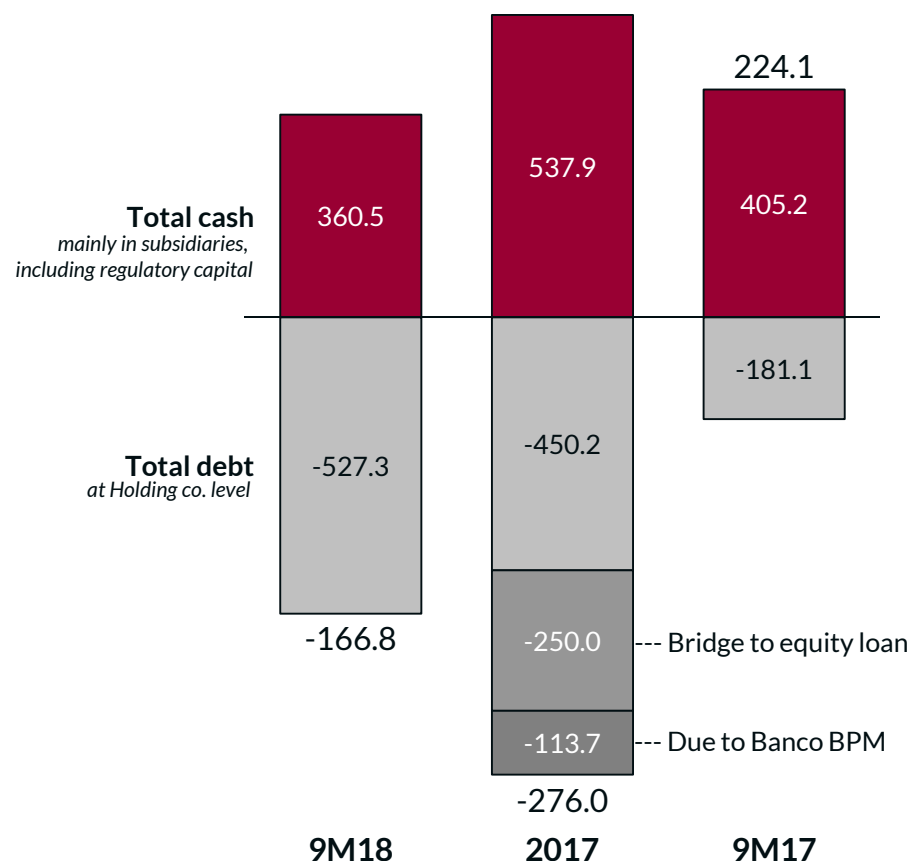
- ▶ Cost/income remains low even if M&A synergies still to be extracted
- ▶ Tax rate slightly below 29%

<sup>1</sup>9M17 and 2017 figures for ANIMA excluding Aletti Gestielle SGR

# Consolidated net financial position

€m	9M18	2017	9M17
Bank loan	(525.3)	(450.0)	(181.1)
Bridge to equity loan	-	(250.0)	-
Accrued interest expense	(2.0)	(0.2)	-
Due to Banco BPM	-	(113.7)	-
<b>TOTAL DEBT</b>	<b>(527.3)</b>	<b>(813.9)</b>	<b>(181.1)</b>
Cash	258.6	359.6	257.8
Securities	101.8	150.7	146.7
Perf. fee receivable	0.1	27.7	0.7
<b>TOTAL CASH</b>	<b>360.5</b>	<b>537.9</b>	<b>405.2</b>
<b>CONSOLIDATED NFP</b>	<b>(166.8)</b>	<b>(276.0)</b>	<b>224.1</b>

- ▶ Gross debt entirely at Holding level, whereas cash is generated by subsidiaries and moved to the Holdco through dividends
- ▶ NFP does not reflect the €120m additional debt for the Poste deal activated at the end of October
- ▶ First capital repayment of the bank loan paid in June 2018 for €15m



Source: ANIMA



# Gross debt - conditions

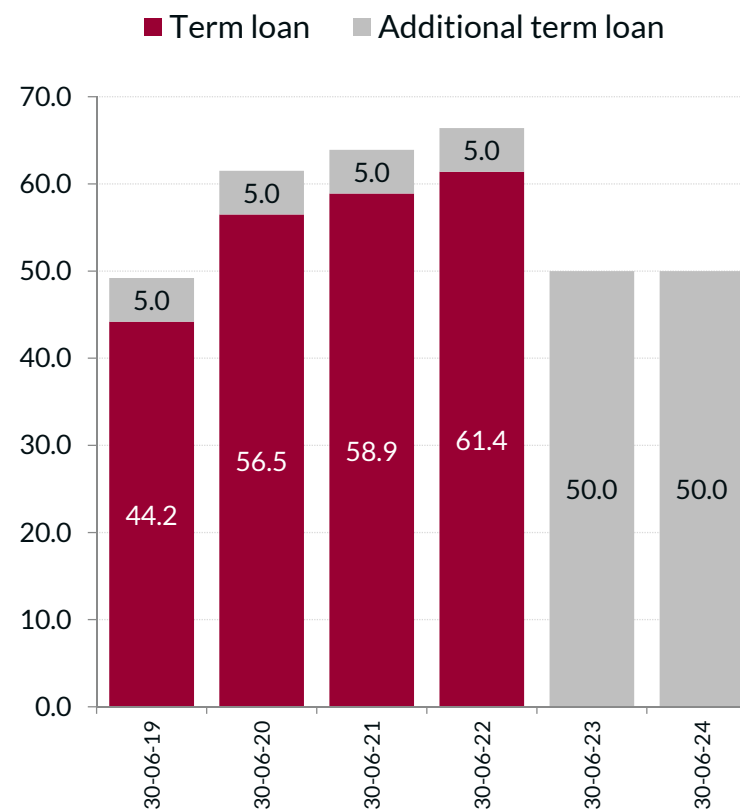
## 2017 TERM LOAN – €525m

5 years, Eur012M +125bps  
 Upfront fees: 80bps, amortised  
 Covenant at Group level: NFP/EBITDA <2.5x  
 Partially amortising, €310m bullet

## 2018 ADDITIONAL TERM LOAN – €120m

6 years, Eur012M +140bps  
 Upfront fees: 80bps, amortised  
 Covenant at Group level: NFP/EBITDA <2.5x  
 Entirely amortising

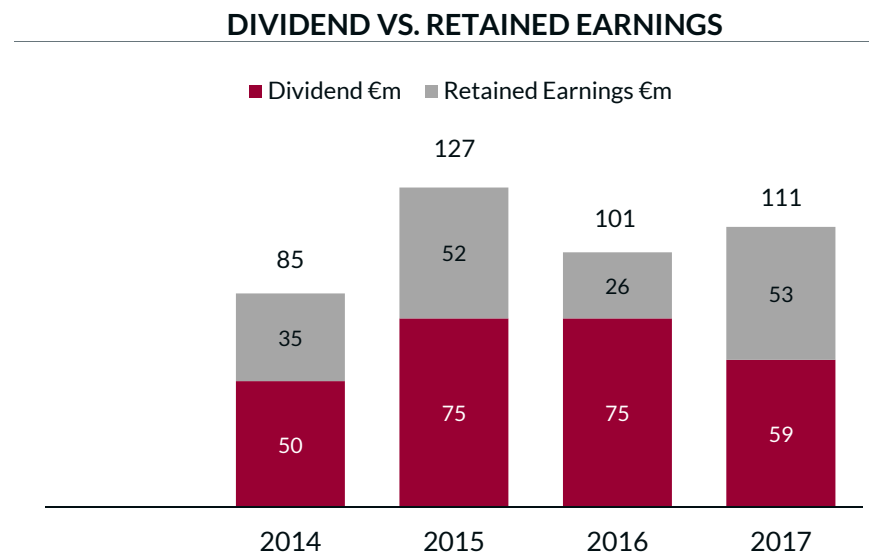
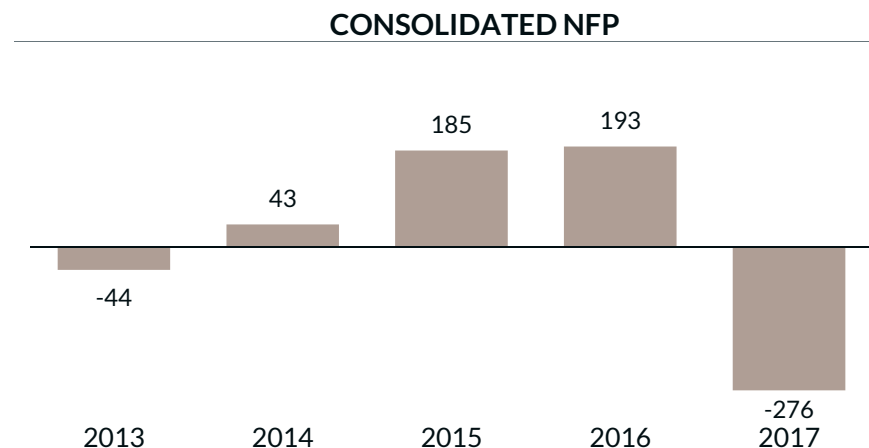
## CAPITAL REPAYMENTS (€m)



- ▶ €275 million of the 2017 Term loan hedged bringing total cost of financing to approx 1.5%

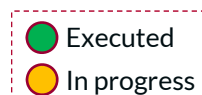
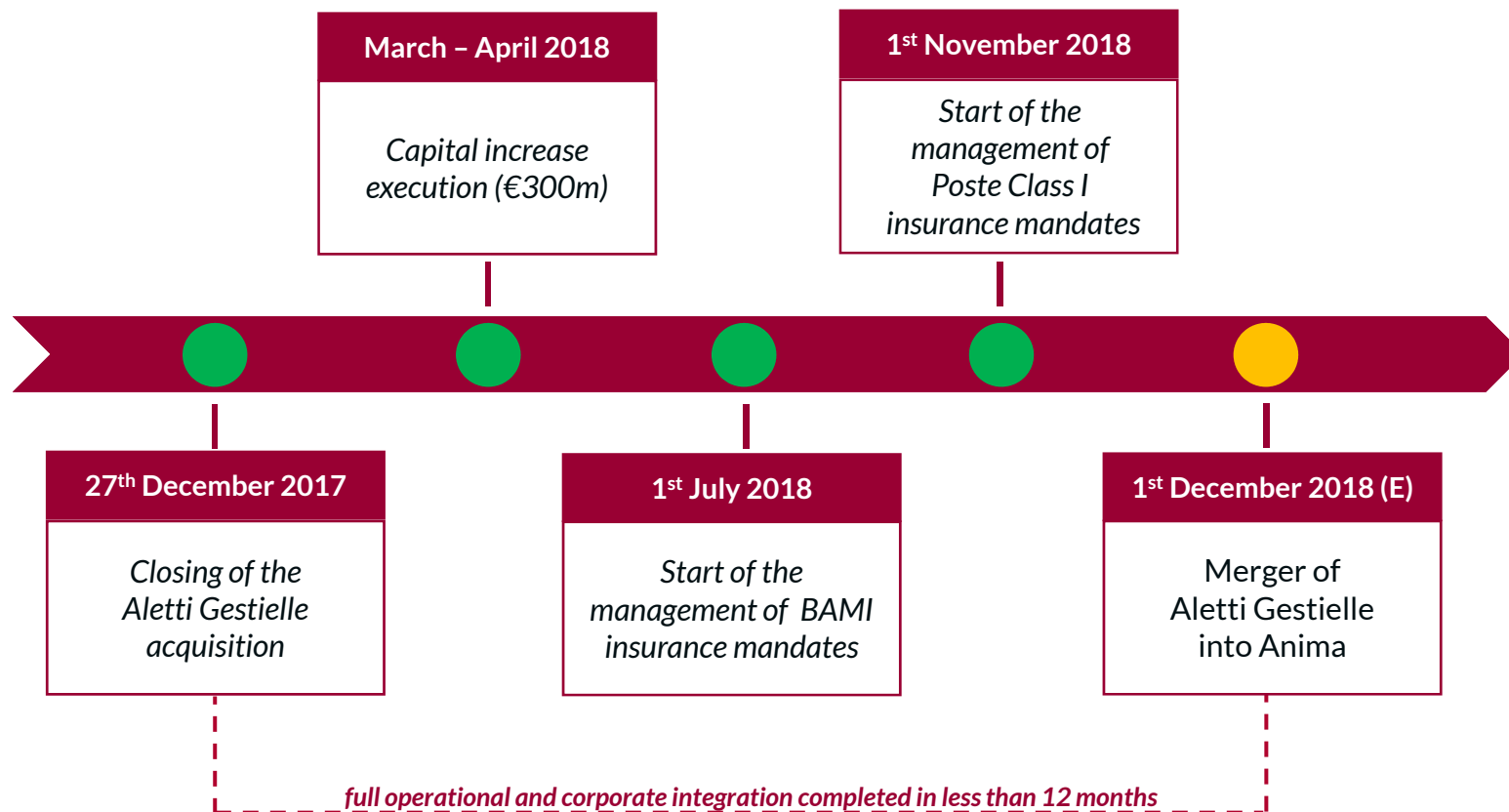
# Buy-back program

- ▶ The Board resolved on a **buy-back program up to 10% of the issued share capital**
- ▶ According to Italian law, the Board can execute a buy back only if previously authorised by a Shareholders' Meeting, with clear indication of:
  - ▶ the timeframe (max 18 months)
  - ▶ the percentage of the issued share capital which can be repurchased and
  - ▶ the use of the treasury shares
- ▶ ANIMA Treasury shares can be also used to avoid dilution from the LTIP (the first granting is due in April 2021) and/or in future M&A transactions
- ▶ The buy-back constitutes an additional way to return capital to shareholders besides ordinary dividends
- ▶ In the first 4 years as a listed company, ANIMA already returned €259m through ordinary dividends



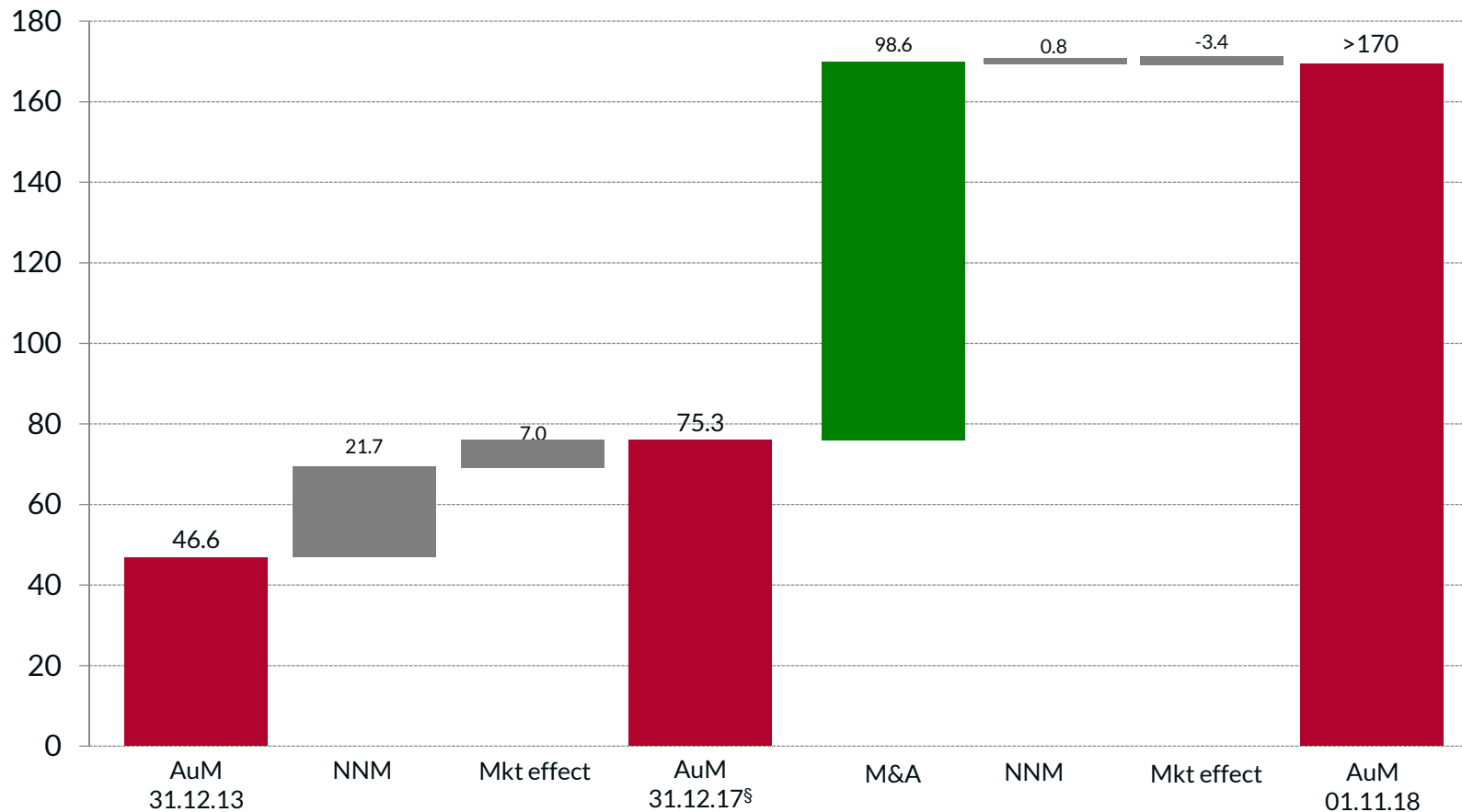
# Focus on M&A execution

- ▶ As expected, ANIMA shall execute all M&A transactions (and related capital increase) by 2018 year-end



# Growing across cycles: organic vs. M&A

- ▶ After fully exploiting the growth of the Italian AM Industry in the period 2013-2017, outperforming the industry approx 1.6x\*, 2017 unlocked M&A opportunities to increase not only AuM but especially distribution platform in line with our diversification strategy



\* Net new money /AuM ratio at the beginning of the period Source: ANIMA / Assogestioni § not considering Aletti Gestielle AuM transferred December 27, 2017

04

ANIMA... why

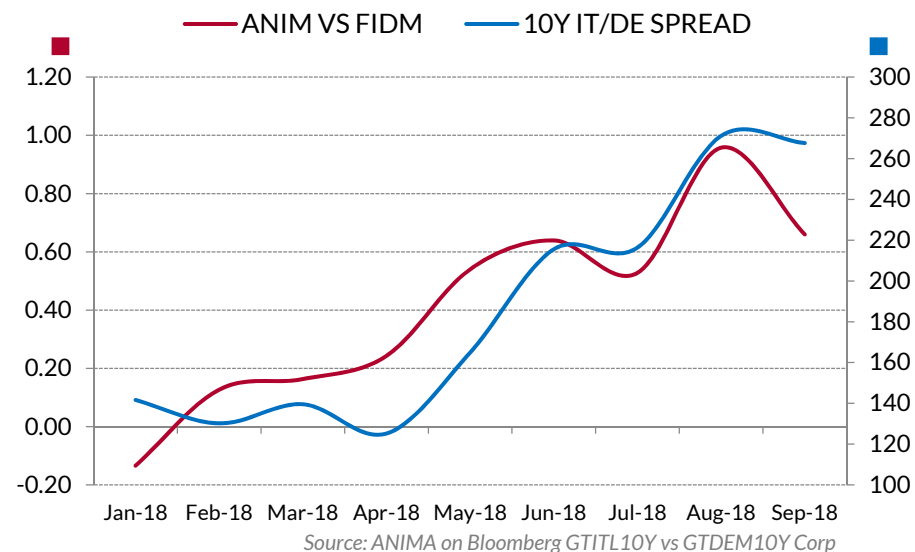
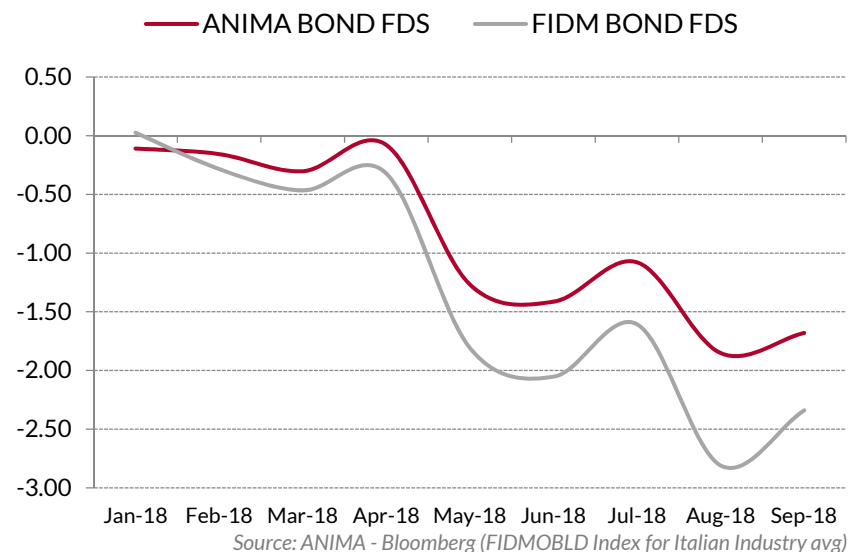
# Prejudice vs. truth: the correlation spread vs. ANIMA

## PREJUDICE:

- ▶ ANIMA is a “BTP player”, so a sharp short term increase in the spread translates into a strong loss for Anima fees (and clients)

## TRUTH:

- ▶ ANIMA client base is historically represented by bond holders who became funds holders
- ▶ During recent years, our product offering focused on balanced and flexible solutions helped this transition, with the underlying bond exposure being actively managed
- ▶ ANIMA exposure to Italian Govies decreased to less than 25% of total AuM at the end of 3Q18 (significantly down from 43% at the end of 2013)
- ▶ In 2018 the overperformance vs. the Italian industry grew more when the spread rose



# Prejudice vs. truth: ANIMA is a proxy of the banks

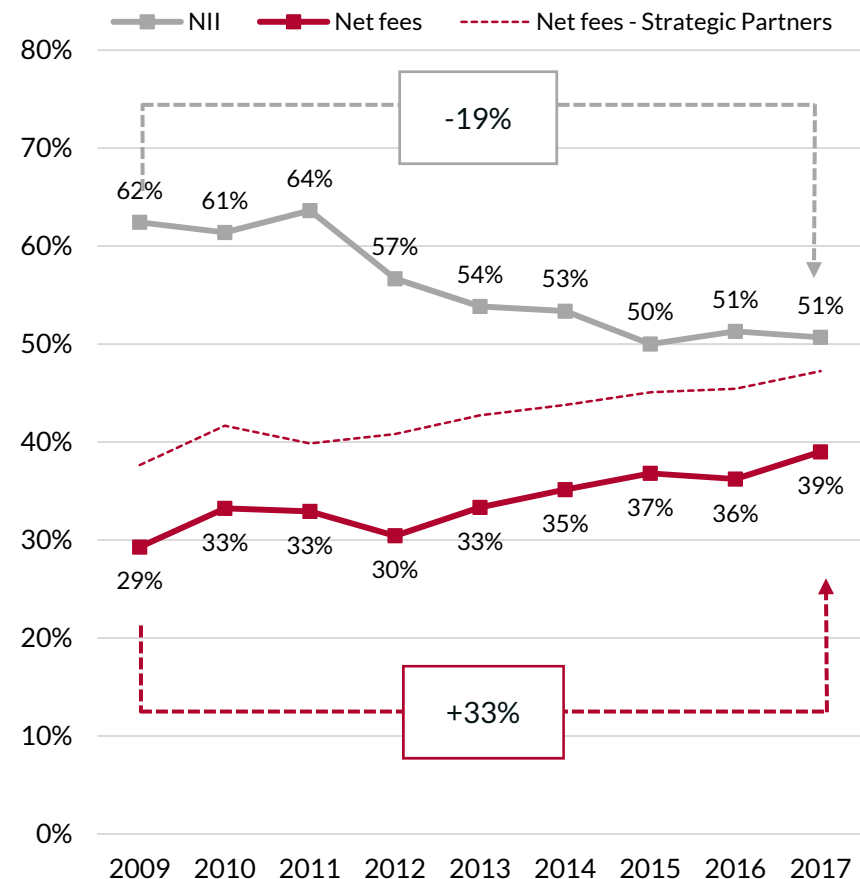
## PREJUDICE:

- ▶ ANIMA is a proxy of Italian banks, sharing the very same dooms and glooms

## TRUTH:

- ▶ What links us to the banks is the ability to intercept savings of Italians and a strong long term partnership that is of mutual advantage
- ▶ The importance of the fee generation in the banking business is a clear trend of the past decade, and we believe it will remain a pillar of banks' strategy
- ▶ ANIMA is a material positive contributor in this area (our strategic partners show a better fee/income ratio)
- ▶ Last but not least, ANIMA has a very clean balance sheet, not impacted by lending activities and issues with capital adequacy

## SPLIT OF ITALIAN BANKS' REVENUES



Source: CONSOB <http://www.consob.it/web/area-pubblica/bollettino-statistico>; BMPS, BAMI (BP+PMI), CVAL Strategic partners Financial Reports

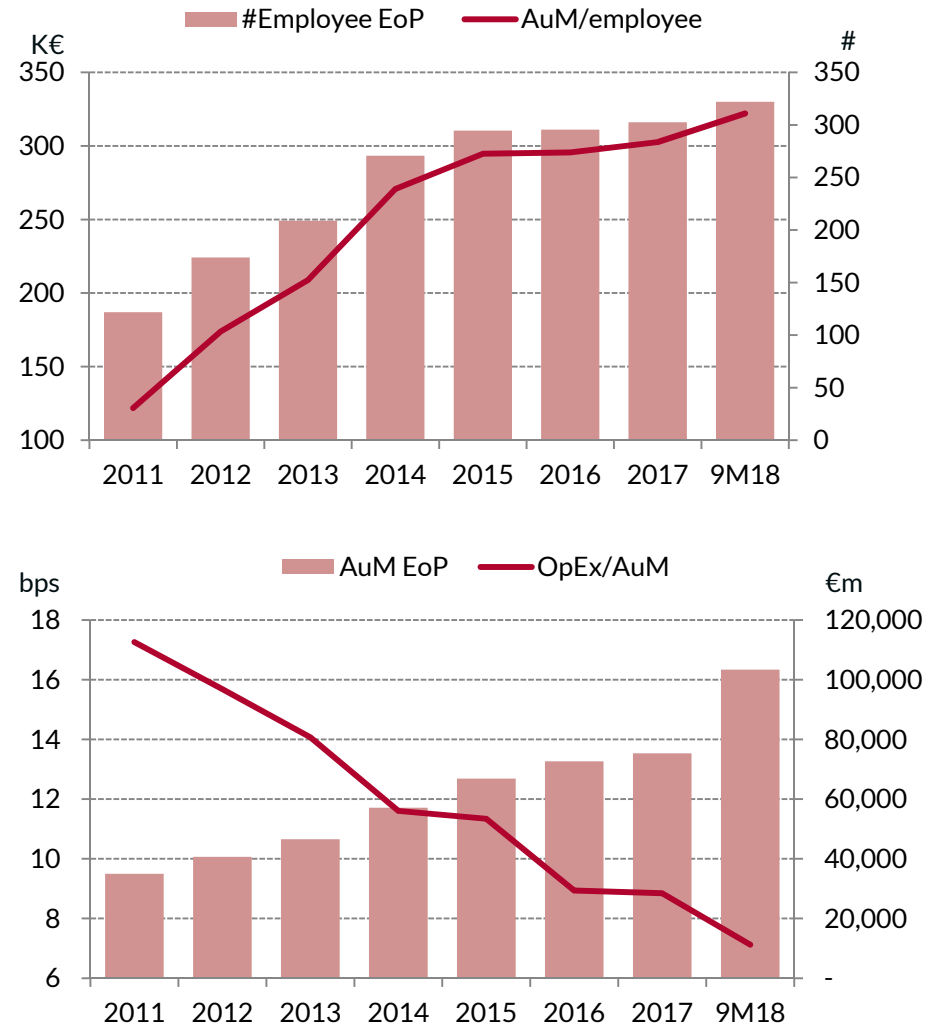
# Prejudice vs. truth: scale economies in AM decrease

## PREJUDICE:

- ▶ After a certain size, scale economies rapidly reduce or even disappear, thus the consolidator profile of ANIMA will stop generating value

## TRUTH:

- ▶ M&A creates value when the target company is a good fit for the buyer; for ANIMA this means getting access to additional distribution, increase of capabilities, improvement in the product offering and reduce production costs
- ▶ In an industry under margin pressure, the best way to ensure shareholders' return is leveraging and improving operating leverage, and our figures demonstrate we still have fully in place the "OL" factor





# Closing remarks (1/2)

- ▶ 2018, the year of M&A execution and integration, is also the 5<sup>th</sup> year as a listed company
- ▶ To sum up how we were back then, and how we look like today:

2014	2018
<p><b>AUM AND P&amp;L RATIOS*</b></p> <ul style="list-style-type: none"> <li>• €46.6b AuM (60% retail 40% institutional)</li> <li>• Market share in Italy 3.6%</li> <li>• EBITDA €167m (FY)</li> <li>• EBITDA margin 73.6%</li> </ul> <p><b>RETAIL DISTRIBUTION NETWORK</b></p> <ul style="list-style-type: none"> <li>• Main retail distributor is the 3<sup>rd</sup> Italian largest bank</li> <li>• 3 strategic partners granting access to 3,624 branches               <ul style="list-style-type: none"> <li>BMPS until 2030</li> <li>PMI until 2030</li> <li>CVAL until 2027</li> </ul> </li> </ul> <p><b>ANIMA AS A LISTED ENTITY</b></p> <ul style="list-style-type: none"> <li>• €1.2 mkt cap, implicit 11.7x P/E multiple</li> </ul>	<p><b>AUM AND P&amp;L RATIOS</b></p> <ul style="list-style-type: none"> <li>• €103.4 AuM (54% retail 46% institutional)</li> <li>• Market share in Italy 5.2%</li> <li>• EBITDA €182m (9M)</li> <li>• EBITDA margin 74.1%</li> </ul> <p><b>RETAIL DISTRIBUTION NETWORK</b></p> <ul style="list-style-type: none"> <li>• Main retail distributor is the 3<sup>rd</sup> Italian largest bank</li> <li>• 4 strategic partners granting access to 4,396 branches               <ul style="list-style-type: none"> <li>BAMI until 2038</li> <li>BMPS until 2030</li> <li>CVAL until 2027</li> <li>BPPB until 2027</li> </ul> </li> </ul> <p><b>INSTITUTIONAL BUSINESS</b></p> <p>Commercial partnership with Poste Italiane until 2033 BAMI Insurance mandates until 2038</p> <p><b>ANIMA AS A LISTED ENTITY</b></p> <ul style="list-style-type: none"> <li>• €1.5 mkt cap, implicit 9.4x P/E multiple</li> </ul>

\*AuM and market share data as of December 31<sup>st</sup> 2013

# Closing remarks (2/2)

2014-2018

WHAT HASN'T CHANGED

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ANIMA profile as a service company to facilitate the alignment and convergence of the different needs (clients/distributors) thanks to «3P»:

**PRODUCT INNOVATION:** dedicated product engineering team with highly developed country specific knowledge

**PERFORMANCE IN INVESTMENTS :** long track record and outstanding performance within a comprehensive product range

**PERSONALISED SERVICES TO DISTRIBUTORS:** ongoing investments in marketing, training and support for the sales channels

2014-2018

WHAT HAS CHANGED

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- ▶ **ANIMA today is undeniably more solid, diversified and profitable**
- ▶ We are well aware of the macro headwinds ahead of us, including a possible change in the banks' funding needs (it wouldn't be a first), but we keep expecting positive flows due to a much broader product offering, distribution platform, stronger and longer commercial agreements
- ▶ 2019 will also reflect for the full year all the new partnerships, expected to keep improving towards the full capacity...
- ▶ ...remembering we will continue to explore external growth opportunities (leveraging our proved rapid and effective«digesting» capabilities in M&A) which could be speeded up by a challenging market environment

# ANIMA



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