

Nuovo comunicato Fitch su possibile emissione obbligazionaria

Milano, 06 novembre 2019

Si comunica che in data odierna Fitch ha rilasciato il seguente comunicato a seguito del comunicato diffuso nella giornata dalla Società in merito all'avvio delle attività di soft sounding di investitori istituzionali, italiani e internazionali, per una possibile emissione obbligazionaria da parte della Società.

Azimut è il principale Gruppo Italiano indipendente operante (dal 1989) nel settore del risparmio gestito. La capogruppo Azimut Holding S.p.A. è quotata alla Borsa di Milano dal 7 Luglio 2004 (AZM.IM) ed è membro, fra gli altri, dell'indice FTSE MIB. L'azionariato vede oltre 1900 fra gestori, consulenti finanziari e dipendenti insieme a Peninsula Capital uniti in un patto di sindacato che controlla oltre il 24% della società. Il rimanente è flottante. Il Gruppo comprende diverse società attive nella promozione, nella gestione e nella distribuzione di prodotti finanziari e assicurativi, aventi sede principalmente in Italia, Lussemburgo, Irlanda, Cina (Hong Kong e Shanghai), Monaco, Svizzera, Singapore, Brasile, Messico, Egitto, Taiwan, Cile, USA, Australia, Turchia ed Emirati Arabi. In Italia Azimut Capital Management Sgr opera nella promozione e gestione dei fondi comuni di diritto italiano, nei fondi di investimento alternativi di diritto italiano, nonché nella gestione su base individuale di portafogli di investimento per conto di terzi. Inoltre, Azimut Capital Management, a seguito della scissione con incorporazione di Azimut Consulenza Sim, cura la distribuzione dei prodotti del Gruppo e di terzi tramite la propria rete di consulenti finanziari mentre Azimut Libera Impresa Sg si occupa dei prodotti alternativi. Le principali società estere sono AZ Fund Management SA (fondata in Lussemburgo nel 1999), che gestisce i fondi multicomparto AZ FUND1 e AZ Multi Asset, e la società irlandese AZ Life DAC, che offre prodotti assicurativi nel ramo vita.

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Fitch Places Azimut on Rating Watch Negative; Assigns 'BBB-(EXP)' Bond Rating

Fitch Ratings - Frankfurt am Main - 06 November 2019:

Fitch Ratings has placed Azimut Holding S.p.A.'s (Azimut) 'BBB' Long-Term Issuer Default Rating (IDR) and 'BBB' long term rating on its outstanding senior unsecured debt on Rating Watch Negative (RWN). At the same time, Fitch has assigned Azimut's announced EUR500 million senior unsecured bond an expected long-term rating of 'BBB-(EXP)'. A full list of rating actions is at the end of this rating action commentary.

The assignment of a final rating to the planned bond issuance is contingent on the receipt of final documents conforming to information already received.

The rating actions follow Azimut's announcement on 5 November that it intends to issue EUR500 million in seven-year senior unsecured bonds. Azimut intends to use around EUR140 million of the proceeds to repay outstanding bank funding, which will lead to a net increase in outstanding debt of around EUR360 million (to around EUR910 million) and, based on annualised 2Q19 and 3Q19 EBITDA (around EUR266 million), gross leverage of around 3.4x (compared with around 2.2x at end-2018).

When calculating gross leverage, Fitch primarily focusses on EBITDA after 1Q19 when Azimut changed its operating model, leading to an increase in recurring fees and changes to the calculation of variable fees. However, we note that Azimut's performance in 2Q19 and 3Q19 was strong but in Fitch's view will not necessarily be repeated in 4Q19 and 2020. In addition, its track record of operating under its revised business model is short, which represents downside risks to its EBITDA. Fitch has excluded variable fees from EBITDA calculations but notes that Azimut has historically generated variable fee income under most market conditions.

Key Rating Drivers

The RWN on Azimut's Long-Term IDR and the long-term rating on the outstanding senior unsecured notes reflect Fitch's view that Azimut's gross leverage pro forma for the anticipated debt issuance is no longer commensurate with a 'BBB' Long-Term IDR and that Fitch expects to downgrade Azimut's Long-Term IDR and senior unsecured long-term rating to 'BBB-' on completion of the debt issue.

While the pro forma gross leverage (around 3.4x) is outside Fitch's 'bbb' range for investment manager leverage, Azimut's net leverage remains adequate and its deleveraging potential remains strong. Combined with sound asset performance and robust profitability, this supports its credit profile.

Following the debt issuance, net leverage (as per Fitch's rating case) will be materially below gross leverage. While this is credit-positive in the short term, uncertainty around the use of proceeds in the medium term as well as Azimut's investment policy, which allows for investments in less liquid assets partly offsets this positive impact.

Fitch notes that the contemplated debt issuance plans will materially lengthen Azimut's funding profile. However, Azimut's increased leverage could make future funding access under challenging market conditions potentially more difficult. In addition, the bullet nature of Azimut's outstanding and planned bond issues increases medium- to long-term refinancing risk, in Fitch's view. This is partly mitigated by Azimut's historically strong cash generation and currently materially lower net leverage.

The 'BBB-(EXP)' Long Term Rating assigned to Azimut's planned bond issuance is in line with Azimut's anticipated Long-Term IDR following completion of the debt issue as in Fitch's view they have average recovery prospects and the probability of default on the notes is the same as the probability of default for Azimut.

RATING SENSITIVITIES

Following the completion of the anticipated debt issuance, Fitch expects to downgrade Azimut's Long-Term IDR and outstanding senior unsecured bond rating to 'BBB-'. Based on pro forma leverage as calculated by Fitch, we expect to assign a Stable Outlook to the 'BBB-' Long-Term IDR.

Following completion of the debt issue, an upgrade of Azimut's Long-Term IDR of 'BBB-' is unlikely in the short to medium term because of i) the challenging operating environment in Italy (as reflected in the 'BBB'/Negative Italian sovereign rating); ii) limited visibility of the exact deleveraging path for both gross and net leverage; and iii) Azimut's limited track record of operating under its revised fee structure, which makes EBITDA forecasts potentially less predictable than for peers operating under a longer-established fee structure.

A gross cash flow leverage ratio above 3.5x either because of i) higher than currently communicated outstanding debt; or ii) a reduction in Azimut's EBITDA could lead to negative rating action. A material delay in Azimut's deleveraging projections would also be rating negative. A downgrade of Italy's sovereign rating by one notch would not automatically lead to a downgrade of Azimut's Long-Term IDR but could put pressure on its ratings if the downgrade reflected a more negative domestic investment environment and impaired Azimut's ability to attract net inflows.

Furthermore, any significant damage to the franchise value, associated for example with non-compliance with regulatory requirements, anti-money laundering regulations, contravention of international sanction requirements, or adverse operational events as a result of the change in the management model could be negative for Azimut's ratings.



The rating of the senior unsecured notes is primarily sensitive to changes in Azimut's Long-Term IDR.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or to the way in which they are being managed by the entity.

For more information on our ESG Relevance Scores, visit www.fitchratings.com/esg

RATING ACTIONS

ENTITY/DEBT	RATING	PRIOR
Azimut Holding S.p.A.	LT IDR BBB  Rating Watch On	BBB 
	ST IDR F3 Affirmed	F3
senior unsecured	LT BBB-(EXP)	

	Expected Rating	
senior unsecured	LT BBB  Rating Watch On	BBB

Additional information is available on www.fitchratings.com

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (pub. 12 Oct 2018)

Short-Term Ratings Criteria (pub. 02 May 2019)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

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