

Azimut Holding: 1H 2020 Results, Consolidated Net Profit at € 143 million, on track to reach the target of € 300 million for the FY 2020

In the 2Q 2020:

- Consolidated net profit: € 95 million (+18% vs. 2Q 2019)
- Consolidated revenues: € 248 million (+4% vs. 2Q 2019)

Total Assets at the end of June 2020: € 55.4 billion

Net Inflows in the 1H 2020: € 1.8 billion

Reached € 1.7 billion of AUM in the private markets division, also thanks to the first acquisition in the United States; confirming the target of at least € 2 billion by the end of 2020

Milan, 30 July 2020

Azimut Holding's (AZM.IM) Board of Directors approved today the 1H 2020 results, highlighting the following:

- Consolidated Total Revenues in 1H20 of € 476.0 million (vs. € 485.9 million in 1H19)
- Consolidated Operating Profit in 1H20 of € 183.2 million (vs. € 191.5 million in 1H19)
- Consolidated Net Profit in 1H20 of € 143.0 million (vs. € 171.0 million in 1H19)

Total Managed Assets at the end of June 2020 were €42.9 billion, and including assets under custody and third parties' funds reached € 55.4 billion. Net inflows for the first six months were € 1.8 billion, of which a more than 50% are coming from the Italian business and the rest from the overseas business, whose weight on Total Assets stands at 27%.

Net Financial Position as of June 30, 2020 was negative for € 84 million⁽¹⁾, slightly increasing compared to the negative € 74.7 million at the end of June 2019. The NFP in the first half includes ca. € 137 million ordinary dividends paid in cash, ca. € 44 million of Buybacks and € 56 million invested in the foreign development. The NFP also includes payments of ca. € 41 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 2020 Azimut recorded 48 new hires, bringing the total number of FAs to 1806.

Pietro Giuliani, Chairman of Azimut Holding, comments: *"The first six months of the year were characterised by a global health emergency in front of which the Group was able to react promptly, achieving very solid results. The net weighted average performance to clients from 2019 has in fact largely returned to positive territory and is today close to + 4%. During the half year of the year, unlike almost every Italian financial services company, we delivered all commitments made towards our shareholders by distributing a dividend of 1 euro per share (for a total cash out of 137 million euros) and completing buybacks for 44 million euros. With the Net Profit recorded in the first six months, we are on track to reach the 300 million euros for the FY 2020 that we had targeted at the beginning of the year. Yesterday, we also announced the first acquisition in the private markets space in the United States, confirming our long-term commitment and joining forces with a leading private credit manager like Kennedy Lewis, founded and managed by top-tier professionals. The strength of our integrated business model includes competencies from both our asset management team, made up of over 100 professionals around the world (making Azimut the only Italian player with fund managers working real time on open markets in all continents), and our network of financial advisors, including over 1,800 colleagues in Italy and several partners overseas. Thanks to these values, we were able to offer clients innovative and unique solutions such as the club deal for one of the largest Private Investment In Public Equity transactions in INWIT (Italian Wireless Infrastructures), the launch of AZ Eltif Ophelia fund, benefiting from total tax exemption in compliance with Alternative PIRs and the first private debt fund with a 5 thousand euro minimum investment threshold. These solutions, together with the recent closing of the*

private equity fund Demos 1 subscribed by more than 9,500 customers, expanded our range of offerings in the private markets segment while supporting the real economy.”

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): not including the impact of IFRS 16 as detailed in the table below.

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 21.5% of the company. 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 mainly in Italy, Luxembourg, Ireland, China (Hong Kong and Shanghai), Monaco, Switzerland, Taiwan, Brazil, Singapore, Mexico, Australia, Chile, USA, UAE 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 Libera Impresa focuses on the Alternatives business. Overseas main operations are Azimut Investments (previously 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 2020	1H 2019	2019
Acquisition fees and commissions	5,174	2,626	6,133
Recurring fees	378,622	357,804	752,741
Variable commissions	39,886	86,767	206,517
Other income	6,839	6,224	13,285
Insurance revenues	45,499	32,489	71,098
Total revenues	476,020	485,911	1,049,774
Commission expense	(175,043)	(185,661)	(379,776)
General overheads/Administrative expenses	(104,623)	(99,577)	(200,201)
Depreciation, amortisation/provisions	(13,134)	(9,164)	(24,387)
Total costs	(292,800)	(294,402)	(604,364)
Operating income	183,220	191,509	445,410
Profits from financial operations	(5,969)	11,825	16,936
Net Non operating costs	(1,408)	(4,430)	678
Interest expense	(8,554)	(4,992)	(11,871)
Profit Before Taxation	167,290	193,913	451,153
Income taxation	(21,897)	(16,998)	(58,413)
Deferred taxation	3,238	1,254	(6,491)
Net Profit	148,631	178,168	386,250
Minorities	5,605	7,143	16,239
Consolidated Net Profit	143,025	171,025	370,011

CONSOLIDATED NET FINANCIAL POSITION

(Data in €/000)	30/06/2020	31/12/2019	30/6/2019
Due to banks	(52,154)	(59,491)	(198,274)
Securities issued	(853,410)	(852,475)	(350,858)
Total debt	(905,564)	(911,966)	(549,132)
Cash and cash equivalents	821,778	984,685	474,396
Net Financial Position	(83,786)	72,719	(74,736)
Lease Liabilities IFRS16 adoption	(43,132)	(43,463)	(48,318)
Net Financial Position including impact of IFRS 16	(126,918)	29,256	(123,054)

CONSOLIDATED INCOME STATEMENT

Data in €/000	30/06/2020	30/06/2019	31/12/2019
Fee and commission income	414,301	434,675	941,057
Fee and commission expense	(153,065)	(173,114)	(324,449)
Net fee and commission income	261,237	261,561	616,608
Dividends and similar income	0	0	24
Interest income and similar income	597	451	994
Interest expense and similar charges	(9,728)	(6,409)	(14,570)
Profits (losses) on disposal or repurchase of:	(420)	31	58
<i>b) financial assets at fair value through other comprehensive income</i>	(420)	31	58
Net gains (losses) on financial assets and financial liabilities at FVTPL	(4,522)	13,075	19,402
<i>a) assets and liabilities designated at fair value</i>	(2,756)	6,504	8,286
<i>b) other financial assets compulsorily measured at fair value</i>	(1,766)	6,571	11,116
Net premiums	1,386	879	7,465
Net profits (losses) on financial instruments at fair value through profit or loss	117,832	146,008	276,296
Change in technical reserve when the investment risk is borne by the insured parties	(718)	(7,621)	769
Redemptions and claims	(54,832)	(80,623)	(160,449)
Net Margin	310,832	327,352	746,597
Administrative expenses	(124,347)	(120,770)	(251,522)
<i>a) personnel expenses</i>	(54,216)	(53,019)	(108,375)
<i>b) other expenses</i>	(70,131)	(67,751)	(143,147)
Net accruals to the provisions for risks and charges	(4,705)	(3,575)	(10,159)
Net impairment losses/reversal of impairment losses on property and equipment	(5,357)	(5,328)	(10,758)
Net impairment losses/reversal of impairment losses on intangible assets	(7,617)	(5,337)	(13,248)
Other administrative income and expenses	(1,561)	1,391	8,496
Operating Costs	(143,587)	(133,619)	(277,191)
Profit (loss) on equity investments	45	180	(17)
Goodwill adjustments			(16,544)
Pre-tax profit (loss) from continuing operations	167,290	193,913	452,845
Income tax	(18,659)	(15,745)	(64,903)
Net profit (loss) from continuing operations	148,631	178,168	387,942
Profit (loss) for the period/year attributable to ended activities net of tax			(1,692)
Profit (loss) for the period/year attributable to minority interest	5,605	7,143	16,239
Net profit (loss) for the period/year	143,025	171,025	370,011

CONSOLIDATED BALANCE SHEET

ASSETS (Data in €/000)	30/06/2020	31/12/2019	30/06/2019
Cash and cash equivalents	19	19	32
Financial assets at fair value through profit or loss	6,376,358	6,691,955	6,111,001
c) other financial assets at fair value	6,376,358	6,691,955	6,111,001
Financial assets at fair value through other comprehensive income	17,926	17,378	8,104
Financial assets at amortised cost	339,024	449,720	286,936
Equity investments	1,849	1,804	2,955
Tangible Assets	47,547	48,757	55,421
Intangible Assets	635,261	634,342	634,752
of which:	-	-	-
-Goodwill	537,263	535,223	549,017
Tax assets	30,255	36,078	68,544
a) current	7,614	11,711	15,341
b) prepaid	22,641	24,367	53,203
Not current assets and available for sale	-	-	-
Other assets	381,718	373,607	337,414
Total Assets	7,829,955	8,253,660	7,505,159

LIABILITIES (Data in €/000)	30/06/2020	31/12/2019	30/06/2019
Financial Liabilities at amortised cost	963,230	960,000	602,554
a) Payables	109,819	107,525	251,696
b) Outstanding securities	853,410	852,475	350,858
Technical reserves where the investment risk is borne by policyholders	177,192	176,630	184,689
Financial liabilities designated at fair value	5,684,899	5,976,059	5,758,337
Tax liabilities	68,421	78,514	74,114
a) current	8,307	14,532	6,412
b) deferred	60,113	63,982	67,702
Other Liabilities	210,286	242,212	242,764
Employees' severance	2,897	3,011	2,582
Provisions for risks and charges	48,335	45,703	40,695
b) other	48,335	45,703	40,695
Capital	32,324	32,324	32,324
Treasury shares (-)	(68,290)	(23,713)	(23,713)
Capital instruments	36,000	36,000	36,000
Share premium reserve	173,987	173,987	173,987
Reserves	350,620	161,711	199,458
Valuation provisions	(10,955)	(2,631)	(5,345)
Profit (Loss) for the period	143,025	370,011	171,025
Equity attributable to minority interests	17,986	23,842	15,688
Total liabilities and shareholders equity	7,829,955	8,253,660	7,505,159

CONSOLIDATED CASH FLOW STATEMENT

Data in €/000	1H 2020	1H 2019	2019
A. OPERATING ACTIVITIES			
1. Operating activities	168,857	193,955	459,632
- net income for the period (+/-)	143,025	171,025	370,011
- gains/losses on financial assets held for trading and on financial assets/liabilities valued at fair value (-/+)	0	0	0
- gains/losses on hedging activities (-/+)	0	0	0
- value net adjustments for deterioration (+/-)	0	0	0
- value net adjustments on tangible and intangible assets (+/-)	12,974	10,665	24,006
- value net adjustments on provisions for risks and charges and other income/expenses (+/-)	4,705	3,575	10,159
- taxes (+)	8,667	5,084	54,187
- value net adjustments on disposing entities net of fiscal effect (+/-)	0	0	1,692
- other adjustments (+/-)	(514)	3,606	(423)
2. Cash flow from financial assets	260,026	(183,027)	(446,289)
- financial assets at fair value	252,907	(179,194)	(388,313)
- financial assets mandatorily measured at fair value	(16,737)	(4,786)	(6,805)
- financial assets at FVTOCI	(1,456)	(2,627)	(12,085)
- financial assets at amortised cost	28,125	3,301	(18,813)
- other assets	(2,813)	279	(20,273)
3. Cash flow from financial liabilities	(339,203)	426,520	968,080
- financial liabilities at amortised cost	3,744	227,237	588,712
- financial liabilities at fair value	(291,160)	176,327	394,049
- technical reserves	562	7,621	(438)
- other liabilities	(52,349)	15,335	(14,243)
Total net operating cash flow generated/absorbed	89,680	437,448	981,424
B. INVESTMENT ACTIVITIES			
1. Cash flow generated by	0	0	0
2. Cash flow absorbed by	(12,728)	(90,107)	(96,915)
- acquisition of equity investments	(45)	(86)	(627)
- acquisition of tangible assets	(4,147)	(52,279)	(51,045)
- acquisition of intangible assets	(5,525)	(14,701)	(35,996)
- purchase of subsidiaries and business units	(3,011)	(23,041)	(9,247)
Total net cash flow generated/absorbed from investment activities	(12,728)	(90,107)	(96,915)
C. FINANCING ACTIVITIES			
- issue/sale of treasury shares	(44,577)	22,624	22,624
- issue/sale of capital instruments	0	0	0
- dividends paid and others	(192,276)	(206,511)	(206,511)
- other reserves	2,850	(4,013)	(39,046)
- sale/acquisitions of non-controlling interests	(5,856)	(8,158)	(4)
Total net cash flow generated/absorbed from financing activities	(239,859)	(196,058)	(222,937)
TOTAL NET CASH FLOW GENERATED/ABSORBED IN THE PERIOD	(162,907)	151,283	661,572
Reconciliation			
	1H 2020	1H 2019	2019
Opening cash and cash equivalents	984,685	323,113	323,113
Cash flow generated/absorbed during the period	(162,907)	151,283	661,572
Closing cash and cash equivalents	821,778	474,396	984,685