

Azimut Holding: 9M 2019 Results

In the 9M 2019:

- **Record Net Profit in the history of the Group: € 247 million (+120% vs. 9M 2018)**
 - **Matched in just 9 months the previous full year record obtained in 2015**
- **Key drivers include a strong increase in recurring revenues at € 550 million (+ 16% vs. 9M 2018) and a reduction in fixed costs (-2% vs. 9M 2018)**

Milan, 5 November 2019

Azimut Holding's Board of Directors approved today the interim results as of September 30, 2019, whose main figures are:

- **Total Revenues** in 9M19 equal to € 724.3 million (vs. 565.6 million in 9M18)
- **Operating Profit** in 9M19 equal to € 279.5 million (vs. € 153.3 million in 9M18)
- **Consolidated Net Profit** in 9M19 equal to € 246.5 million (vs. € 111.9 million in 9M18)

In the 3Q 2019:

- **Consolidated net profit: € 76 million (+92% vs. 3Q 2018)**
 - **€ 50 million of net profit excluding variable fees achieved for the third consecutive quarter⁽¹⁾**
- **Consolidated total revenues: € 238 million (+26% vs. 3Q 2018)**

Total Managed Assets at the end of September 2019 were €44.6 billion, and including assets under custody and third parties' funds reached **€ 57.4 billion**. **Net inflows** for the first 9 months were **€ 3.7 billion**, of which a good part coming from the overseas business, whose weight on Total Assets stands at 29%.

Net Financial Position as of September 30, 2019 is negative for € 47 million⁽²⁾, **improving** compared to - € 75 million as of June 30, 2019. In the first nine months of 2019 the company **distributed more than € 200 million ordinary dividends**, of which ca. € 166 million in cash and ca. € 42 million through existing treasury shares. Furthermore, the Group spent ca. **€52 million in acquisitions** in the same period. The NFP also includes payments for ca. € 43 million for policyholders, stamp duties and tax advance.

Recruitment of financial advisors and private bankers in Italy continued well: in the first nine months of 2019 the Group recorded 112 new hires, bringing the total number of FAs to 1798.

The Group also announces, subject to regulatory approval, the distribution by year end of the **Corporate Cash Plus** fund, an innovative alternative product under Luxembourg law reserved for Italian corporate clients. The fund, in line with the Azimut Libera Impresa project, will aim to **support cash management activities of Italian corporates** with a positive expected return profile, compared to negative rates applied on bank deposits.

Finally, the **Board of Directors** approved the launch of a preliminary soft sounding activity reserved to Italian and international qualified investors, in order to better assess the market conditions in connection with a possible issuance by the Company of a **fixed rate non-convertible notes** (the "Notes") to be executed over the next weeks. The Company will be assisted in such potential activities including the roadshow and placement, by **J.P. Morgan, Banca IMI and Nomura**.

The potential launch of the placement of the Notes is subject to certain conditions, including market conditions, the interest expressed by the potential investors and the price trend of similar instruments on the market, as well as to the final decision by the Company's administrative bodies. The issuance will indicatively have an **intermediate duration** and an amount up to **€ 500 MM**, whose use of proceeds will be used for general corporate purposes, fund potential extraordinary transactions and/or to repay part of the Company's indebtedness including the partial reimbursement for ca. € 140 MM of the € 200 MM credit facility obtained at

the beginning of the year by a pool of banks. The interest rate, as market standard, will be fixed upon the completion of the potential placement of the Notes. The Notes will be reserved for subscription by qualified investors, United States of America and other selected countries. The Notes will be listed on the regulated Irish Stock Exchange.

Pietro Giuliani, Chairman of Azimut Holding, comments: *"We are very pleased to show the market the **best net profit result in the history of Azimut: 247 million euros achieved in just 9 months** thanks to the growth of recurring revenues and the containment of fixed costs. Our common goal is to offer superior returns to our customers, who have **enjoyed** since the beginning of the year a **net weighted average performance of +6.9%**. These numbers, both in terms of net profit and performance to clients, reflect the hard work done in a cohesive way by all Group professionals, and will improve further thanks to the latest initiatives within the private markets space. We are delighted to be such a highly trusted and respected institution, and last week's **Azimut Libera Impresa Expo** event has once again confirmed this: **in just two days we gathered 14 thousand people** interested in the Private Markets space, including **entrepreneurs, investors and professionals.**"*

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): assuming the full effect of repricing in 1Q 2019 and including ca. € 3 mln of one-offs.

Note (2): 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 as well as Peninsula Capital, bound by a shareholders' agreement that controls over 24% 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, Egypt, 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 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.

Contacts - Azimut Holding S.p.A.

www.azimut-group.com

Investor Relations

Vittorio Pracca

Tel. +39 02 8898 5853

Email: vittorio.pracca@azimut.it

Galeazzo Cornetto Bourlot

Tel. +39 02 8898 5066

Email: galeazzo.cornetto@azimut.it

Media Relations

Maria Laura Sisti (CsC Vision)

Tel. +39 347 42 82 170

Email: marialaura.sisti@cscvision.com

Viviana Merotto

Tel. +39 02 8898 5026

Email: viviana.merotto@azimut.it

CONSOLIDATED RECLASSIFIED INCOME STATEMENT

| (Data in €/000) | 3Q 19 | 3Q 18 | 30-09-19 | 30-09-18 | 2018 |
|---|------------------|------------------|------------------|------------------|------------------|
| Acquisition fees and commissions | 1,496 | 1,575 | 4,122 | 4,783 | 5,401 |
| Recurring fees | 192,567 | 159,100 | 550,372 | 472,928 | 629,198 |
| Variable commissions | 25,228 | 14,775 | 111,995 | 45,100 | 56,548 |
| Other income | 3,079 | 1,983 | 9,304 | 6,329 | 8,487 |
| Insurance revenues | 16,025 | 12,468 | 48,514 | 36,478 | 48,821 |
| Total revenues | 238,396 | 189,901 | 724,306 | 565,617 | 748,454 |
| Commission expense | (97,167) | (80,085) | (282,828) | (248,954) | (336,195) |
| General overheads/Administrative expenses | (47,409) | (50,168) | (146,986) | (150,566) | (203,650) |
| Depreciation, amortisation/provisions | (5,875) | (5,212) | (15,039) | (12,844) | (15,763) |
| Total costs | (150,452) | (135,464) | (444,854) | (412,364) | (555,608) |
| Operating income | 87,944 | 54,437 | 279,452 | 153,254 | 192,846 |
| Profits from financial operations | 451 | (5,258) | 12,276 | (8,119) | (23,312) |
| Net Non operating costs | (1,612) | (956) | (6,042) | (1,959) | (6,238) |
| Interest expense | (2,784) | (1,853) | (7,775) | (5,541) | (7,414) |
| Profit Before Taxation | 83,999 | 46,371 | 277,912 | 137,634 | 155,882 |
| Income taxation | (5,973) | (3,602) | (22,971) | (17,884) | (24,836) |
| Deferred taxation | 953 | 40 | 2,207 | 6,674 | 9,534 |
| Net Profit | 78,979 | 42,808 | 257,147 | 126,425 | 140,580 |
| Minorities | 3,455 | 3,528 | 10,598 | 14,561 | 18,434 |
| Consolidated Net Profit | 75,524 | 39,280 | 246,549 | 111,864 | 122,146 |

CONSOLIDATED NET FINANCIAL POSITION

| (Data in €/000) | 30-09-19 | 31-12-18 | 30-09-18 |
|---|------------------|------------------|------------------|
| Due to banks | (199,267) | - | - |
| Securities issued | (352,649) | (354,166) | (352,293) |
| Total debt | (551,916) | (354,166) | (352,293) |
| Cash and cash equivalents | 504,475 | 323,113 | 309,379 |
| Net Financial Position | (47,441) | (31,053) | (42,914) |
| Lease Liabilities IFRS16 adoption | (46,959) | | |
| Net Financial Position including impact of IFRS 16 | (94,400) | (31,053) | (42,914) |

CONSOLIDATED INCOME STATEMENT

| Data in €/000 | 3Q 19 | 3Q 18 | 30-09-19 | 30-09-18 | 2018 |
|--|-----------------|-----------------|------------------|------------------|------------------|
| Fee and commission income | 212,914 | 180,945 | 647,589 | 539,378 | 699,010 |
| Fee and commission expense | (88,826) | (74,414) | (261,940) | (226,894) | (304,791) |
| Net fee and commission income | 124,088 | 106,531 | 385,649 | 312,484 | 394,219 |
| Dividends and similar income | 44 | 0 | 44 | 0 | 3 |
| Interest income and similar income | 250 | 167 | 701 | 628 | 1,198 |
| Interest expense and similar charges | (3,531) | (2,188) | (9,940) | (6,451) | (8,922) |
| Profits (losses) on disposal or repurchase of: | 45 | (5) | 76 | (17) | (9) |
| <i>b) financial assets at fair value through other comprehensive income</i> | 45 | (5) | 76 | (17) | (9) |
| Net gains (losses) on financial assets and financial liabilities at FVTPL | 1,009 | (4,995) | 14,084 | (7,422) | (22,138) |
| <i>a) assets and liabilities designated at fair value</i> | (1,678) | (5,930) | 4,826 | (6,993) | (13,666) |
| <i>b) other financial assets compulsorily measured at fair value</i> | 2,687 | 935 | 9,258 | (429) | (8,472) |
| Net premiums | 3,011 | 152 | 3,890 | 949 | 2,111 |
| Net profits (losses) on financial instruments at fair value through profit or loss | 65,313 | 34,863 | 211,321 | 124,473 | 166,035 |
| Change in technical reserve when the investment risk is borne by the insured party | (2,783) | 3,296 | (10,404) | 28,917 | 50,789 |
| Redemptions and claims | (36,354) | (28,418) | (116,977) | (125,822) | (166,859) |
| Net Margin | 151,092 | 109,403 | 478,444 | 327,739 | 416,427 |
| Administrative expenses | (56,607) | (57,772) | (177,377) | (176,056) | (240,699) |
| <i>a) personnel expenses</i> | (24,086) | (23,428) | (77,105) | (72,192) | (97,608) |
| <i>b) other expenses</i> | (32,521) | (34,344) | (100,272) | (103,864) | (143,091) |
| Net accruals to the provisions for risks and charges | (4,554) | (552) | (8,129) | (4,375) | (4,280) |
| Net impairment losses/reversal of impairment losses on property and equipment | (2,754) | (3,262) | (8,082) | (8,503) | (2,295) |
| Net impairment losses/reversal of impairment losses on intangible assets | (4,274) | (1,219) | (9,611) | (1,734) | (12,522) |
| Other administrative income and expenses | 1,141 | (301) | 2,532 | 462 | (522) |
| Operating Costs | (67,048) | (63,106) | (200,667) | (190,206) | (260,318) |
| Profit (loss) on equity investments | (45) | 54 | 135 | 82 | 190 |
| Pre-tax profit (loss) from continuing operations | 83,999 | 46,351 | 277,912 | 137,615 | 156,299 |
| Income tax | (5,020) | (3,543) | (20,765) | (11,190) | (15,302) |
| Net profit (loss) from continuing operations | 78,979 | 42,808 | 257,147 | 126,425 | 140,997 |
| Profit (loss) for the period/year attributable to minority interest | 3,455 | 3,528 | 10,598 | 14,561 | 18,434 |
| Net profit (loss) for the period/year | 75,524 | 39,280 | 246,549 | 111,864 | 122,146 |

CONSOLIDATED BALANCE SHEET

| ASSETS (Data in €/000) | 30-09-2019 | 30-06-2019 | 31-12-2018 | 30-09-2018 |
|---|------------------|------------------|------------------|------------------|
| Cash and cash equivalents | 33 | 32 | 23 | 19 |
| Financial assets at fair value through profit or loss | 6,222,609 | 6,111,001 | 5,848,778 | 6,423,504 |
| c) other financial assets at fair value | 6,222,609 | 6,111,001 | 5,848,778 | 6,423,504 |
| Financial assets at fair value through other comprehensive income | 16,059 | 8,104 | 4,974 | 4,805 |
| Financial assets at amortised cost | 314,522 | 286,936 | 217,709 | 180,221 |
| Equity investments | 3,638 | 2,955 | 2,869 | 2,761 |
| Tangible Assets | 53,690 | 55,421 | 8,470 | 7,787 |
| Intangible Assets | 641,547 | 634,752 | 602,347 | 581,978 |
| of which: | - | - | - | - |
| -Goodwill | 552,112 | 549,017 | 525,976 | 513,291 |
| Tax assets | 67,035 | 68,544 | 74,879 | 72,093 |
| a) current | 13,820 | 15,341 | 21,887 | 21,455 |
| b) prepaid | 53,215 | 53,203 | 52,992 | 50,638 |
| Not current assets and available for sale | - | - | 300 | - |
| Other assets | 357,829 | 337,414 | 325,528 | 304,401 |
| Total Assets | 7,676,962 | 7,505,159 | 7,085,877 | 7,577,569 |

| LIABILITIES (Data in €/000) | 30-09-2019 | 30-06-2019 | 31-12-2018 | 30-09-2018 |
|--|------------------|------------------|------------------|------------------|
| Financial Liabilities at amortised cost | 604,918 | 602,554 | 371,711 | 357,721 |
| a) Payables | 252,269 | 251,696 | 17,546 | 5,428 |
| b) Outstanding securities | 352,649 | 350,858 | 354,165 | 352,293 |
| Technical reserves where the investment risk is borne by policyholders | 187,472 | 184,689 | 177,068 | 198,940 |
| Financial liabilities designated at fair value | 5,862,590 | 5,758,337 | 5,582,010 | 6,117,631 |
| Tax liabilities | 72,995 | 74,114 | 72,505 | 71,316 |
| a) current | 6,141 | 6,412 | 4,356 | 2,733 |
| b) deferred | 66,854 | 67,702 | 68,149 | 68,583 |
| Other Liabilities | 229,852 | 242,764 | 217,527 | 188,207 |
| Employees' severance | 2,624 | 2,582 | 2,812 | 3,274 |
| Provisions for risks and charges | 44,704 | 40,695 | 37,787 | 38,420 |
| b) other | 44,704 | 40,695 | 37,787 | 38,420 |
| Capital | 32,324 | 32,324 | 32,324 | 32,324 |
| Treasury shares (-) | (23,713) | (23,713) | (46,337) | (46,337) |
| Capital instruments | 36,000 | 36,000 | 36,000 | 36,000 |
| Share premium reserve | 173,987 | 173,987 | 173,987 | 173,987 |
| Reserves | 193,661 | 199,458 | 288,003 | 282,059 |
| Valuation provisions | (2,230) | (5,345) | (5,512) | (6,469) |
| Profit (Loss) for the period | 246,549 | 171,025 | 122,146 | 111,864 |
| Equity attributable to minority interests | 15,229 | 15,688 | 23,846 | 18,632 |
| Total liabilities and shareholders equity | 7,676,962 | 7,505,159 | 7,085,877 | 7,577,569 |