Informazione Regolamentata n. 20115-10-2019	Data/Ora Ricezione 09 Maggio 2019 18:00:45	MTA - Star

Societa'	:	Equita Group S.p.A.
Identificativo Informazione Regolamentata	:	118181
Nome utilizzatore	:	EQUITAGROUPN04 - Graziotto
Tipologia	:	REGEM; 3.1
Data/Ora Ricezione	:	09 Maggio 2019 18:00:45
Data/Ora Inizio Diffusione presunta	:	09 Maggio 2019 18:00:47
Oggetto	:	The Board of Directors of Equita Group approves the financial results for the first quarter ended 31 March 2019

Testo del comunicato

Vedi allegato.

THE BOARD OF DIRECTORS OF EQUITA GROUP APPROVES THE FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

- CONSOLIDATED NET REVENUES OF EURO 12.6 MILLION (-33% COMPARED TO THE FIRST QUARTER 2018 AND +12% COMPARED TO THE FOURTH QUARTER 2018)

- FIRST QUARTER 2019 INFLUENCED BY LOWER TRANSACTION VOLUMES IN THE ITALIAN CAPITAL MARKETS AND COMPARISON EFFECT WITH THE FIRST QUARTER 2018 WHERE EQUITA INVESTMENT BANKING EXPERIENCED UNUSUALLY HIGH VOLUMES COMPARED TO THE NORMAL SEASONALITY OF THE BUSINESS

- POSITIVE RESULTS OF GLOBAL MARKETS (+11%) AND ALTERNATIVE ASSET MANAGEMENT (+55%) AREAS IN THE FIRST THREE MONTHS 2019

- CONSOLIDATED NET PROFIT OF EURO 2.0 MILLION (-54% COMPARED TO THE FIRST QUARTER 2018 AND +6% COMPARED TO THE FOURTH QUARTER 2018), WITH A POST-TAX PROFITABILITY IN LINE WITH THE PREVIOUS YEAR

- TOTAL CAPITAL RATIO OF 23.5%, CONSISTENTLY ABOVE CAPITAL REQUIREMENTS

Milan, May 9th, 2019

The Board of Directors of Equita Group S.p.A. (the "Company" and, together with its subsidiaries, "Equita" or the "Group") approved the financial results for the first quarter ended 31 March 2019.

Andrea Vismara, Chief Executive Officer of Equita, commented: *"Global Markets and Alternative Asset Management delivered positive results in the first quarter 2019: both areas grew in Net Revenues by double digits despite the challenging market environment. We confirmed the Equita's ability to increase market share, successfully develop and leverage on new projects like Fixed Income offering and go forward with new asset management product launches. In terms of consolidated results, overall revenue growth was negatively impacted by the tough market situation experienced by the Investment Banking, with number and size of equity capital markets and M&A transactions more than halving at a European level."*

CONSOLIDATED NET REVENUES

(€m)	Q1 2019	% N.R.	Q1 2018	% N.R.	% Chg
Global Markets	9,1	72%	8,3	44%	11%
Sales & Trading	*5,5*	*44%*	*4,8*	*25%*	*15%*
Proprietary Trading	*3,6*	*29%*	*3,5*	*19%*	*4%*
Investment Banking	2,1	16%	9,6	51%	(79%)
Alternative Asset Management	1,4	11%	0,9	5%	55%
Consolidated Net Revenues	**12,6**	**100%**	**18,7**	**100%**	**(33%)**

Global Markets, which includes the *Sales & Trading* and the *Proprietary Trading* business lines, grew Net Revenues by 11% in the first quarter 2019, increasing from Euro 8.3 million in 2018 to Euro 9.1 million in 2019.

Sales & Trading revenues, net of commissions and interest expenses, increased from Euro 4.8 million in the first quarter 2018 to Euro 5.5 million in 2019, a 15% growth compared to the previous year. This result was mainly driven by the integration of the Retail Hub (the business acquired in May 2018 from Nexi S.p.A.) and the ongoing efforts of the trading floor, directly involved in different initiatives aimed at increasing cross-selling opportunities on products and widening the client base.

In the first quarter 2019, thanks to several internal projects kicked off last year, Equita was able to more than offset the market decline of brokered volumes for third parties: in line with the trend seen in 2018, the market continued to experience declining brokered volumes for third parties on equities (-25% compared to the same period of the previous year). On the other side, third parties brokered volumes on bonds started to recover with an increase, year-on-year, of 14%[1]. In this context, Equita has been able to further increase its market share on equities, bond and equity options, reaching 8.8%, 5.8% and 9.9% of brokered volumes for third parties respectively[2].

Proprietary Trading revenues, net of commissions and interest expenses, grew from Euro 3.5 million in the first quarter of 2018 to Euro 3.6 million in 2019, achieving 4% growth. This was due to the performance of the Client-Driven and Market Making activities in fixed income (the latter reinforced with the business acquired in May 2018 from Nexi S.p.A.), partially offset by the performance of Directional trading.
In the first quarter of 2019, the Client-Driven and Market Making activities represented more than half of the Net Revenues of Proprietary Trading (55%), in line with the Group's strategy to increase the client-related revenues characterized by a lower degree of risk.

Investment Banking revenues were down from Euro 9.6 million in the first quarter of 2018 to Euro 2.1 million in 2019, negatively impacted by a combination of different factors.
The first months of 2019 were among the worst of recent years, also at a European level, in terms of transactions closed on capital markets, continuing the negative trend that started in the second half of 2018. The negative performance of European financial indices in the last quarter of 2018 had a negative effect on the number of transactions closed in Italy in the first months of 2019; the number of M&A transactions executed successfully remained unchanged (165 in the first quarter 2019 vs 167 in the first quarter 2018) but volumes of such transactions more than halved (-58%)[3]; moreover, overall volumes on Equity Capital Markets and Debt Capital Markets declined significantly, falling from Euro 2.5 billion in 2018 to Euro 0.5 billion in 2019 (-80%) and from Euro 6.2 billion in 2018 to Euro 4.7 billion in 2019 (-25%) respectively[4].
Moreover, the first quarter of 2019 was affected by the comparison with the results of the first quarter of 2018 which experienced unusually high volumes compared to the normal seasonality of the investment banking business and which represented one of the recent strongest quarters of Equita.
In the first months of 2019 Equita assisted – with senior roles – several clients including Cedacri in the acquisition of Oasi (Nexi group) and Chequers Capital in the acquisition of Limonta Sport. Equita also completed the placement of senior unsecured notes of Società per la Gestione di Attività – SGA as joint bookrunner and the accelerated book building of Aquafil (listed company owned by Three Hills Capital Partners) as sole bookrunner, in addition to other mandates as intermediary in charge of coordinating the collection of acceptances in several takeovers. The pipeline of Equita for investment banking transactions remains good although less demanding than in 2018.

Alternative Asset Management revenues increased from Euro 0.9 million in the first quarter of 2018 to Euro 1.4 million in 2019, highlighting a 55% growth impacted by the initiatives launched in 2018.
Portfolio management grew significantly thanks to the management fee of "Euromobiliare Equity Mid Small Cap", the flexible fund launched by Euromobiliare AM SGR in late 2018 and investing in Italian and European equities of mid and small size.
Private Debt completed its first transaction of the year in March 2019 investing Euro 7.8 million with a mix of equity and senior subordinated debt to support Orienta and some co-investors in the acquisition of PassioneUnghie, an Italian player active in the online sale of products for nail care. Today the Private Debt fund has reached an investment rate of 91% of total commitment[5]; for this reason Equita continues its activities to launch a second private debt fund in 2019.

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[1] *Source: ASSOSIM; data on equities referred to the MTA market; data on bonds referred to DomesticMOT, EuroMOT and ExtraMOT markets*
[2] *Equita on ASSOSIM data*
[3] *Source: KPMG data*
[4] *Source: Equity Capital Markets on Dealogic data; Debt Capital Markets on Bondradar data*
[5] *Total commitment of Euro 100 million*

Equita also confirms that the preliminary activities to launch the Management Company to optimize the Alternative Asset Management are on track: in January 2019 Equita established the vehicle Equita Capital SGR and in February 2019 it submitted the authorisation request to the Bank of Italy.

In the first three months of 2019 the ***Research*** team of Equita further increased its market-leading position reaching the number of 165 listed companies covered (122 Italian and 43 European) and adding several fixed income instruments to its coverage, establishing its presence also in the fixed income domain.

CONSOLIDATED INCOME STATEMENT (RECLASSIFIED)

Results of the first quarter of 2019 highlight Consolidated Net Revenues down 33% compared to the previous year but up 12% if compared to the fourth quarter of 2018.

Personnel costs decreased from Euro 9.3 million in the first quarter 2018 to Euro 5.8 million in 2019 (-38%), with a Compensation/Revenues ratio of 46%, in line with the ratio of full year 2018 and lower than the 49% of the first quarter of 2018. The fixed component of Personnel costs increased by 19% due to the integration of new resources hired in 2018, including 13 professionals from the Retail Hub and Market Making operations acquired from Nexi S.p.A..

Consolidated Profit & Loss (reclassified, €m)	Q1 2019	% N.R.	Q1 2018	% N.R.	% Chg
Consolidated Net Revenues	12,6	100%	18,7	100%	(33%)
Personnel costs (1)	(5,8)	(46%)	(9,3)	(49%)	(38%)
Other operating costs (2)	(4,0)	(32%)	(3,3)	(18%)	21%
Total Costs	(9,8)	(77%)	(12,6)	(67%)	(22%)
Consolidated Profit before taxes	2,8	23%	6,2	33%	(54%)
Income taxes	(0,8)	(7%)	(1,8)	(10%)	(54%)
Consolidated Net Profit	2,0	16%	4,4	23%	(54%)

(1) Such item excludes compensation of Board of Directors and Statutory Auditors

(2) Such item includes compensation of Board of Directors and Statutory Auditors, net recoveries on impairment of tangible and intangibles assets and other operating income and expenses

Other operating costs moved from Euro 3.3 million in the first quarter 2018 to Euro 4.0 million in 2019 (+21%), impacted by the integration of the business acquired in May 2018. The increase of Euro 0.7 million is mainly attributable to the change of perimeter that involved higher operating expenses of the Retail Hub (which are connected to higher revenues in the Global Markets division). The Cost/Income ratio[6] was 77% in the first quarter of 2019, approximately in line with the ratio of the fourth quarter of 2018.

Consolidated Net Profit of the first quarter of 2019 was Euro 2.0 million, down year-on-year from Euro 4.4 million, due to lower Net Revenues influenced by a combination of tough investment banking markets and comparison effect with the first quarter's results of 2018 as already discussed in detail previously. Post-taxes profitability remained in line with the previous year (c. 16%). Compared to the fourth quarter of 2018, Consolidated Net Profit for the first quarter 2019 was up by 6%.

CONSOLIDATED SHAREHOLDERS' EQUITY

Consolidated Shareholders' Equity, amounting to Euro 82.1 million as of 31 March 2019, increased by 3% compared to year-end 2018 (Euro 80.1 million). Total Capital Ratio was 23.5% as of 31 March 2019, consistently above capital requirements.

[6] *Ratio between Total Costs and Net Revenues*

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According to paragraph 2 of Article 154-bis of the Consolidated Finance Law, the Executive appointed to draft corporate accounts, Stefania Milanesi, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.

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EQUITA

Equita Group	Close to Media	FinElk
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*Equita is the **leading Italian independent investment bank**, reference partner of Italian companies and institutional investors. Thanks to its 45 years of experience, Equita can offer a clear and focused business model: **Global Markets**, with its **Sales & Trading** and **Proprietary Trading** business lines, offers brokerage on equities, bonds, derivatives and ETFs for domestic and international institutional customers, market making, specialist and liquidity provider services. To such activities, Equita offers a high profile **Investment Banking** platform, dedicated to advisory to companies and financial institutions. The **Alternative Asset Management** division, which provides traditional portfolio management along with innovative private debt and private equity portfolio management, such as the special acquisition vehicle (SPAC), completes the range of special and synergic services offered. Then, all business lines are continuously supported by a **Research team** recognized for its excellence. **Independent advice** and **deep knowledge of capital markets** grant Equita credibility among domestic and international institutional investors, ensuring a unique positioning in the Italian market, with a focus on mid & small caps.*

Consolidated Income Statement – Equita Group

Profit & Loss	31/03/2019	31/03/2018
110 Net Income [1]	**12.592.982**	**18.745.779**
120 Net losses/recoveries on impairment	27.593	-
a) financial assets at amortized cost	*27.593*	*-*
130 Net Result of financial activities	**12.620.575**	**18.745.779**
140 Administrative expenses	(9.403.974)	(12.446.451)
a) personnel expenses [2]	*(6.012.103)*	*(9.372.889)*
b) other administrative expenses	*(3.391.871)*	*(3.073.562)*
160 Net (losses) recoveries on impairment of tangible assets	(294.847)	(37.697)
170 Net (losses) recoveries on impairment of intangible assets	(60.035)	(31.896)
180 Other operating income and expense	(38.911)	(61.589)
190 Operating costs	**(9.797.768)**	**(12.577.633)**
200 Profit (loss) on equity investments [1]	18.026	-
240 Profit (loss) on ordinary operations before tax	**2.840.833**	**6.168.146**
250 Income tax on ordinary operations	(826.687)	(1.802.475)
260 Net Profit (loss) on ordinary operations after tax	**2.014.146**	**4.365.671**
280 Net Profit (loss) of the period	**2.014.146**	**4.365.671**
290 Net Profit (loss) of the period - Third parties interests	**-**	**-**
Net profit (loss) of the period - Group	**2.014.146**	**4.365.671**

(1) The sum of "Net Income " and "Profit (loss) on equity investments" is reported as "Net Revenues"
(2) The item "Personnel expenses" includes compensation of the Board of Directors and Statutory Board; in the reclassified profit & loss such expenses have been included in "Other operating expenses"

Consolidated Balance Sheet – Equita Group

Assets	31/03/2019	31/12/2018
10 Cash and cash equivalents	67	67
20 Financial assets at fair value with impact on P&L	83.493.442	60.497.714
a) financial assets held for trading	*73.951.700*	*51.583.050*
b) financial assets at fair value	*-*	*-*
c) other financial assets mandatory at fair value	*9.541.742*	*8.914.664*
40 Financial assets at amortized cost	179.585.504	215.085.878
a) banks	*123.214.576*	*168.422.006*
b) financial companies	*52.912.862*	*36.392.389*
c) clients	*3.458.066*	*10.271.483*
70 Equity investments	1.554.979	1.538.351
80 Tangible assets	7.811.856	579.594
90 Intangible assets	15.100.282	15.044.030
100 Tax assets	3.706.222	3.916.842
a) current	*1.751.940*	*1.961.312*
b) deferred	*1.954.282*	*1.955.530*
120 Other assets	2.690.433	1.659.992
Total assets	293.942.785	298.322.468

Liabilities and shareholders' equity	31/03/2019	31/12/2018
10 Financial liabilities at amortized cost	169.522.202	184.798.886
a) debt	*169.522.202*	*184.798.886*
20 Financial trading liabilities	19.134.172	8.284.500
60 Tax liabilities	2.880.232	2.008.866
a) current	*2.145.959*	*1.274.593*
b) deferred	*734.273*	*734.273*
80 Other liabilities	11.778.519	14.544.410
90 Employees' termination indemnities	2.468.822	2.446.878
100 Allowance for risks and charges	6.074.850	6.168.937
b) other allowances	*6.074.850*	*6.168.937*
110 Share capital	11.376.345	11.376.345
120 Treasury shares (-)	(4.548.025)	(4.548.025)
140 Share premium reserve	18.198.319	18.198.319
150 Reserves	55.041.131	44.012.875
160 Revaluation reserve	2.074	2.074
170 Profit (loss) of the period	2.014.145	11.028.403
Total liabilities and shareholders' equity	293.942.785	298.322.468

Fine Comunicato n.20115-10	Numero di Pagine: 8