Informazione Regolamentata n. 20115-24-2019	Data/Ora Ricezione 12 Settembre 2019 18:58:34	MTA - Star

Societa'	:	Equita Group S.p.A.
Identificativo Informazione Regolamentata	:	122521
Nome utilizzatore	:	EQUITAGROUPN04 - Graziotto
Tipologia	:	REGEM; 3.1; 1.2; 2.2
Data/Ora Ricezione	:	12 Settembre 2019 18:58:34
Data/Ora Inizio Diffusione presunta	:	12 Settembre 2019 18:58:35
Oggetto	:	The Board of Directors of Equita Group approves the financial results for the first half 2019. Change in the calendar of corporate events

Testo del comunicato

Vedi allegato.

THE BOARD OF DIRECTORS OF EQUITA GROUP APPROVES THE FINANCIAL RESULTS FOR THE FIRST HALF ENDED 30 JUNE 2019

- CONSOLIDATED NET REVENUES OF EURO 25.5 MILLION AND CONSOLIDATED NET PROFIT OF EURO 4.0 MILLION
- FIRST HALF 2019 RESULTS IMPACTED BY LOWER EXTRAORDINARY TRANSACTIONS IN THE ITALIAN CAPITAL MARKETS AND A COMPARISON EFFECT AS EQUITA EXPERIENCED AN UNUSUAL CONCENTRATION OF INVESTMENT BANKING MANDATES IN THE FIRST HALF 2018
- RETURN ON TANGIBLE EQUITY OF 14% AND TOTAL CAPITAL RATIO OF 25%, CONSISTENTLY ABOVE CAPITAL REQUIREMENTS
- OUTLOOK 2019: FIRST HALF RESULTS AND EXPECTATIONS ABOUT THE SECOND HALF OF THE YEAR LED THE BOARD OF DIRECTORS OF EQUITA TO CONSIDER, ABSENT SIGNIFICANT MARKET CHANGES, THE PROPOSAL TO DISTRIBUTE A DIVIDEND BETWEEN EURO 0.18 AND EURO 0.20 PER SHARE IN 2020 (COMPARED TO EURO 0.22 PER SHARE PAID OUT IN MAY 2019)
- CHANGE IN THE CALENDAR OF CORPORATE EVENTS FOR FISCAL YEAR 2019

Milan, September 12th, 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 half ended 30 June 2019.

Andrea Vismara, Chief Executive Officer of Equita, commented: *"In terms of strategic initiatives, the first half 2019 was intense: we renewed and extended the partnership of the management with a new shareholders' agreement; we defined our sustainability strategy, supported by the research published jointly with Altis – Università Cattolica that investigates ESG ratings for SMEs; we established Equita Capital SGR, the management company that will optimize the Alternative Asset Management activities of Equita and that will accelerate the growth strategy of the Group; we also increased by 20% assets under management thanks to the launch of a new flexible fund distributed by Credem".*

Vismara continued: *"tThe second quarter results reflect the low level of both third-parties brokered volumes and investment banking transactions in the Italian market. Despite this, the diversification strategy implemented over time led the Group to grow in areas like Global Markets and Alternative Asset Management, positioning Equita as reference partner in Italy. All the initiatives launched in recent years have the aim to lay the foundation for further interesting future growth. The strong positioning of Equita is the key asset that will let us benefit from future changes of the market".*

"We expect a positive second semester, not suffering the comparison with the previous year as occurred to the first half 2018 in which the Equita experienced an unusual concentration of investment banking mandates in the first part of the year. Management expectations point to a less marked decrease in full year 2019 net profits compared to the first half 2019. Taking this into account and considering the retained earnings coming from 2017 and 2018 fiscal years, it is reasonable to assume a dividend distribution between Euro 0.18 and Euro 0.20 per share in 2020, representing an average 7% dividend yield with respect to the value of the Equita Group shares today." ended Vismara.

CONSOLIDATED NET REVENUES

(€m)	H1 2019	H1 2018	% Var	Q2 2019	Q2 2018	% Var
Global Markets	17,0	16,9	1%	7,9	8,6	(8%)
Investment Banking	5,7	17,4	(67%)	3,7	7,9	(53%)
Alternative Asset Management	2,7	2,4	12%	1,3	1,5	(14%)
Consolidated Net Revenues	25,5	36,7	(31%)	12,9	17,9	(28%)

Global Markets, which includes *Sales & Trading*, *Client Driven Trading & Market Making* activities and *Directional trading*, in the first half 2019 increased Net Revenues by 1%, from Euro 16.9 million in 2018 to Euro 17.0 million in 2019.
Sales & Trading revenues, net of commissions and interest expenses, increased by 5%, from Euro 10.7 million in the first half 2018 to Euro 11.3 million in the first half 2019. The growth 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, the latter involved in different initiatives aimed at increasing cross-selling opportunities on products and widening the client base. This more than offset the market decline of brokered volumes of equity and fixed income for third parties in the first half 2019 (-28 % and -9% respectively compared to the same period of the previous year)[1]. In this context, Equita further increased its market share on equities, bond and equity options, reaching 9.5%, 5.9% and 8.7% respectively[2]. Net Revenues of *Client Driven Trading & Market Making* activities increased from Euro 3.0 million in the first half 2018 to Euro 3.9 million in the first half 2019, highlighting a 28% growth, also thanks to the result of the new fixed income desk. On the other side, *Directional trading* was negatively impacted by market uncertainty and low market volatility, and recorded declining Net Revenues, from Euro 3.2 million in the first half 2018 to Euro 1.9 million in the first half 2019[3].
In the second quarter 2019 the Net Revenues of Global Markets declined by 8% compared to the second quarter 2018, from Euro 8.6 million to Euro 7.9 million. *Sales & Trading* was in line with the previous year and *Client Driven Trading & Market Making* increased revenues compared to 2018. However, the performance of the *Directional trading* was negatively impacted by the low volatility and uncertainty of markets.

Investment Banking revenues were down from Euro 17.4 million in the first half of 2018 to Euro 5.7 million in 2019, impacted by the combination of two factors: first, a market that in the first six months of 2019 was among the worst of recent years in terms of transactions closed on capital markets, both in Italy and Europe. Second, the comparison effect with the Equita results of the first half 2018, one of the strongest first half results of recent years, which experienced unusually high volumes of transactions compared to the normal seasonality of the investment banking business.
In the first half 2019 volumes of M&A transactions declined by 41% (Euro 18.6 billion in the first half 2019 vs Euro 31.5 billion in the first half 2018)[4]. Volumes of Equity Capital Markets transactions – excluding the IPO of Nexi S.p.A. (Euro 2.1 billion) and the capital increase of Credito Valtellinese (Euro 1.0 billion) – declined by 72% (Euro 0.9 billion in the first half 2019 vs Euro 4.0 billion in the first half 2018) and volumes of Debt Capital Markets in High Yield and Non Rated issues declined by 34% in total (Euro 1.8 billion in the first half 2019 vs Euro 2.8 billion in the first half 2018)[5].
Despite these market dynamics, Equita successfully executed a number of transactions. For example, Equita distinguished itself in the Equity Capital Markets with several senior roles including Global Coordinator in the IPO of Italian Exhibition Group, Nomad for the admission to negotiations of the shares of Antares Vision, Sole Bookrunner in the Accelerated Bookbuilding Offering of Aquafil from TH IV, in addition to other mandates as intermediary in charge of coordinating the collection of acceptances in several takeovers. On the Debt Capital Markets, Equita completed the placement of senior unsecured notes of Società per la Gestione di Attività – SGA as joint bookrunner (Euro 250 million) and the placement of senior unsecured notes of Cassa Depositi e Prestiti jointly with other banks (Euro 1.5 billion). In the first half 2019, Equita also assisted several Italian industrial groups in their M&A transactions like in the merger by incorporation of GIMA TT

[1] *Source: ASSOSIM; data on equities referred to the Italian MTA market; data on bonds referred to DomesticMOT, EuroMOT and ExtraMOT markets*
[2] *Equita on ASSOSIM data*
[3] *Client Driven & Market Making and Directional trading figures are an internal reporting representation of proprietary trading data*
[4] *Source: KPMG*
[5] *Source: Equita based on Dealogic (Equity Capital Markets) and Bondradar (Debt Capital Markets) data*

into IMA and the merger by incorporation of CIR into COFIDE. Equita also assisted Cedacri in the acquisition of Oasi (Nexi group), Chequers Capital in the acquisition of Limonta Sport, ArchiMed in the acquisition of Bomi Italia, and confirmed its role as key advisor of independent board members of large listed corporates. In the first half 2019, Equita also assisted INWIT with the agreement (closed in July 2019) that led to the integration of INWIT towers with the TIM and Vodafone towers in Italy.
In the second quarter 2019, *Investment Banking* recorded lower revenues compared to the previous year (-53%) but higher than the first quarter 2019 (+80%) thanks to the continuing participation of Equita in extraordinary financial transactions, despite the difficult market situation in Italy and Europe.

Alternative Asset Management increased its revenues from Euro 2.4 million in the first half of 2018 to Euro 2.7 million in the first half 2019, a 12% growth achieved thanks to the initiatives launched in 2018 and 2019. Assets under management reached Euro 1.2 billion (+20% compared to year-end 2018). Please note that in May 2018, having successfully completed the business combination of EPS Equita PEP SPAC with Industrie Chimiche Forestali, Equita recorded the positive accounting effects of such transaction. Excluding this impact the Net Revenues of the Alternative Asset Management would have increased by 50% in the first half 2019. Net Revenues do not include any performance fee deriving from the good relative performance achieved by Equita in its asset management activities (as of today such relative performance is positive). These fees, absent significant market changes, could materialize at the end of 2019 fiscal year.
Portfolio management grew significantly both in terms of Net Revenues and assets under management thanks to "Euromobiliare Equity Mid Small Cap", the flexible fund launched by Euromobiliare AM SGR which invests in Italian and European equities of mid and small size companies and managed by Equita since December 2018. In June 2019, the *Portfolio management* team signed an additional agreement to manage "Euromobiliare Equity Selected Dividend", a new flexible fund of Euro 229 million launched by Euromobiliare AM SGR, which further increased the Equita's assets under management.
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 nail care products. The team also signed a commitment agreement[6] to finance a private equity fund with Euro 8.0 million in the acquisition of a target in Italy. As of today, the fund is potentially fully invested (99% of total commitment[7]). Consequently, Equita is continuing its activities to launch a second private debt fund by year-end.
Management also completed the reorganization and optimization of its Alternative Asset Management activities with the establishment of its new management company, Equita Capital SGR, the latter authorized by Bank of Italy in July 2019. Then, next 1 October 2019 the Group will complete the partial demerger between Equita SIM and Equita Capital SGR.
In the second quarter, Net Revenues in Alternative Asset Management decreased from Euro 1.5 million in 2018 to Euro 1.3 million in 2019, a 14% reduction compared to the same period of the previous year. As mentioned previously, the second quarter 2018 benefitted from the positive accounting effects of the business combination of EPS Equita PEP SPAC with Industrie Chimiche Forestali. Excluding such positive impact, the second quarter 2019 would have grown by 44% compared to the previous year.

In the first six months of 2019, the ***Research team*** of Equita further increased its market-leading position and now covers 169 listed companies (125 Italian and 44 European). The team also added several fixed income instruments to its coverage, establishing its presence also in the fixed income domain.

CONSOLIDATED INCOME STATEMENT (RECLASSIFIED)

In the first half 2019, the Group's Consolidated Net Revenues were down 31% compared to the previous year. Personnel costs decreased from Euro 17.3 million in the first half 2018 to Euro 11.6 million in 2019 (-33%), with a Compensation/Revenues ratio of 46%, in line with the ratio of full year 2018 and lower than the 47% of the first half of

[6] *Commitment subordinated to a satisfactory due diligence*
[7] *Total commitment of Euro 100 million*

2018. The fixed component of Personnel costs increased by 18% 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)	H1 2019	% R.N.	H1 2018	% R.N.	% Chg
Global Markets	17,0	67%	16,9	46%	1%
Investment Banking	5,7	23%	17,4	48%	(67%)
Alternative Asset Management	2,7	11%	2,4	7%	12%
Consolidated Net Revenues	**25,5**	**100%**	**36,7**	**100%**	**(31%)**
Personnel costs (1)	(11,6)	(46%)	(17,3)	(47%)	(33%)
Other operating costs (2)	(8,1)	(32%)	(8,4)	(23%)	(3%)
Total Costs	**(19,7)**	**(77%)**	**(25,6)**	**(70%)**	**(23%)**
Consolidated Profit before taxes	**5,8**	**23%**	**11,0**	**30%**	**(48%)**
Income taxes	(1,8)	(7%)	(3,5)	(9%)	(50%)
Consolidated Net Profit	**4,0**	**16%**	**7,6**	**21%**	**(47%)**

(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 decreased from Euro 8.4 million in the first half 2018 to Euro 8.1 million in 2019 (-3%) as a result of increasing costs due 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), offset by the lack of non-recurring items recorded in the first half 2018. The Cost/Income ratio[8] was 77% in the first half 2019, approximately in line with the ratio of the fourth quarter 2018.

Consolidated Net Profit was Euro 4.0 million in the first half 2019, down year-on-year from Euro 7.6 million, mainly due to the lower investment banking Net Revenues impacted by the tough markets and the comparison effect with the first half 2018 results. Post-tax margin was 16% in the first half 2019.

CONSOLIDATED SHAREHOLDERS' EQUITY

Consolidated Shareholders' Equity, amounting to Euro 74.0 million as of 30 June 2019, decreased by 7.6% compared to year-end 2018 (Euro 80.1 million) due to the dividend pay-out of Euro 10.0 million in May 2019. Return on Tangible Equity was 14% and Total Capital Ratio was 25% as of 30 June 2019, consistently above capital requirements.

OUTLOOK 2019

The management of Equita envisages a second half 2019 aligned to the first half in terms of absolute Net Revenues and profitability margins. This forecast implies a reduction of 15% in Net Revenues (better than the 31% reduction of the first half 2019) and a profitability around 15% (in line with the first half 2019) for the fiscal year 2019.
The second half 2019, differently from the first half, should not be impacted by the comparison with the Equita investment banking results that in the first six months of 2018 experienced significant growth overperforming the market. The second half is also the first time in which the comparison with the previous year has the same perimeter of the business (*Retail Hub* and *Market Making* activities contributes both to 2018 and 2019 second half results). Then, in July and August 2019 the trend of the markets in which Global Markets and Alternative Asset Management operate (including the underlying business areas of such division) seems to be more favourable compared to the first half 2019.
In this context the diversification strategy implemented in the past led the Group to achieve significant growth and position itself as reference partner in the Italian market. The initiatives launched over the years laid the foundation for

[8] Ratio between Total Costs and Net Revenues

further interesting future growth. The strong positioning of Equita is the key asset that will let us benefit from future changes of the market.

The Board of Directors, in view of the expected results for the fiscal year 2019 and the retained earnings of 2017 and 2018, is considering the proposal – to be submitted to the next Shareholders' Meeting – to distribute a dividend between Euro 0.18 and Euro 0.20 per share (compared to Euro 0.22 paid out in May 2019), representing a payout potentially above 100% the net profits of the year.

Expectations of Equita do not include potential performance fees deriving from the good relative performance of the asset management activities (as of today such relative performance is positive). These fees, absent significant market changes, could materialize at the end of 2019 fiscal year.

OTHER BOARD OF DIRECTORS' RESOLUTIONS

The Board of Directors also resolved to change the calendar of corporate events for the fiscal year 2019, modifying the date of approval of the additional information as of 30th September 2019 from 6th November 2019 to 14th November 2019.

* * *

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.

* * *

EQUITA

Equita Group	Close to Media	FinElk
Investor Relations – Andrea Graziotto	Adriana Liguori	Teresa Wincrantz
ir@equita.eu	adriana.liguori@closetomedia.it	equita@finelk.eu

*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	30/06/2019	30/06/2018
110 Net Income [(1)]	25.486.092	36.343.904
120 Net losses/recoveries on impairment	4.006	28.500
a) financial assets at amortized cost	*4.006*	*28.500*
130 Net Result of financial activities	25.490.098	36.372.404
140 Administrative expenses	(18.905.675)	(25.326.903)
a) personnel expenses [(2)]	*(12.098.295)*	*(17.806.019)*
b) other administrative expenses	*(6.807.380)*	*(7.520.884)*
160 Net (losses) recoveries on impairment of tangible assets	(566.254)	(77.570)
170 Net (losses) recoveries on impairment of intangible assets	(130.231)	(64.475)
180 Other operating income and expense	(110.954)	(205.016)
190 Operating costs	(19.713.115)	(25.673.964)
200 Profit (loss) on equity investments [(1)]	(2.243)	344.848
240 Profit (loss) on ordinary operations before tax	5.774.741	11.043.288
250 Income tax on ordinary operations	(1.749.607)	(3.481.557)
260 Net Profit (loss) on ordinary operations after tax	4.025.134	7.561.731
280 Net Profit (loss) of the period	4.025.134	7.561.731
290 Net Profit (loss) of the period - Third parties interests	-	-
300 Net profit (loss) of the period - Group	4.025.134	7.561.731

(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	30/06/2019	31/12/2018
10 Cash and cash equivalents	67	67
20 Financial assets at fair value with impact on P&L	70.614.162	60.497.715
a) financial assets held for trading	*60.903.343*	*51.583.050*
b) financial assets at fair value	-	-
c) other financial assets mandatory at fair value	*9.710.820*	*8.914.664*
40 Financial assets at amortized cost	180.402.517	215.085.877
a) banks	*153.363.102*	*168.422.006*
b) financial companies	*22.908.099*	*36.392.389*
c) clients	*4.131.317*	*10.271.483*
70 Equity investments	1.545.960	1.538.351
80 Tangible assets	7.547.986	579.594
90 Intangible assets	15.030.659	15.044.030
100 Tax assets	2.646.680	3.916.842
a) current	*1.442.894*	*1.961.312*
b) deferred	*1.203.786*	*1.955.530*
120 Other assets	2.216.975	1.659.992
Total assets	280.005.007	298.322.468
Liabilities and shareholders' equity	**30/06/2019**	**31/12/2018**
10 Financial liabilities at amortized cost	172.951.172	184.798.886
a) debt	*172.951.172*	*184.798.886*
20 Financial trading liabilities	16.801.857	8.284.500
60 Tax liabilities	2.852.353	2.008.866
a) current	*2.156.360*	*1.274.593*
b) deferred	*695.993*	*734.273*
80 Other liabilities	7.377.426	14.544.410
90 Employees' termination indemnities	2.620.161	2.446.878
100 Allowance for risks and charges	3.417.716	6.168.937
b) other allowances	*3.417.716*	*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	44.948.661	44.012.875
160 Revaluation reserve	(16.112)	2.074
170 Profit (loss) of the period	4.025.134	11.028.403
Total liabilities and shareholders' equity	280.005.007	298.322.468

Fine Comunicato n.20115-24	Numero di Pagine: 9