



# FIRST QUARTER 2021 RESULTS

May 2021

THE EXPERTS OF FINANCIAL MARKETS

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KNOW  
HOW**





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**Q1'21 RESULTS (KEY FINANCIALS)**

# SNAPSHOT ON FIRST QUARTER 2021 CONSOLIDATED RESULTS

## KEY CONSOLIDATED HIGHLIGHTS

**€20.3m**

(+57% vs Q1'20)

**Net Revenues**

**€4.5m**

(+137% vs Q1'20)

**Net Profits (post minorities)**

**18%**

(as of 31 March 2021)

**Total Capital Ratio**

**31%**

(as of 31 March 2021)

**Return on Tangible Equity <sup>(1)</sup>**

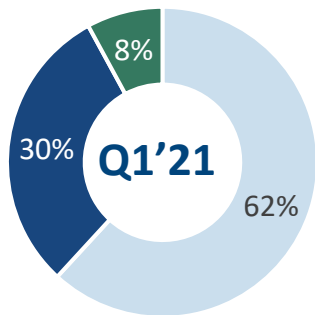
**€1.0bn**

(+3% vs FY'20)

**Assets under Management**

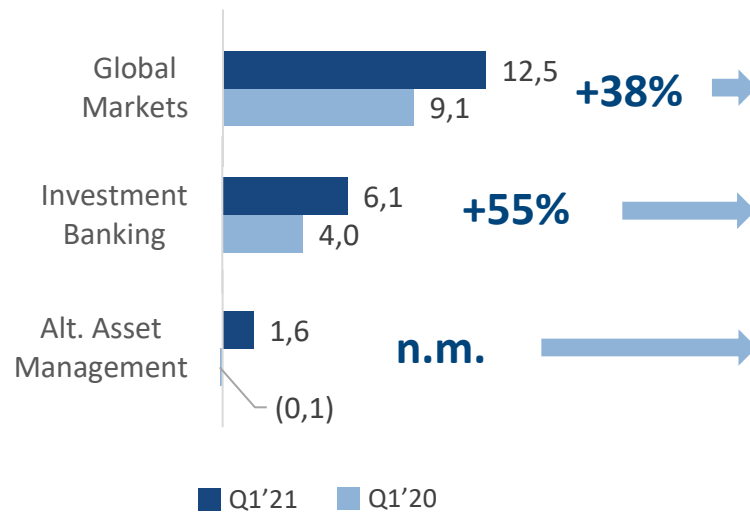
## DIVISIONAL PERFORMANCE

### Business Breakdown

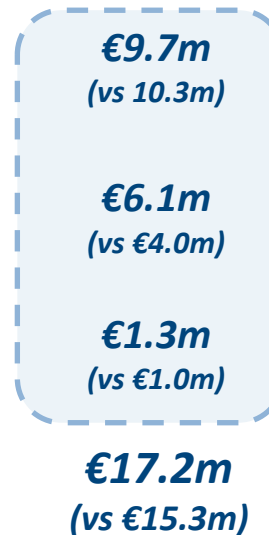


- Global Markets
- Investment Banking
- Alt. Asset Management

### Year-on-Year performance



### o/w Client-related Net Revenues

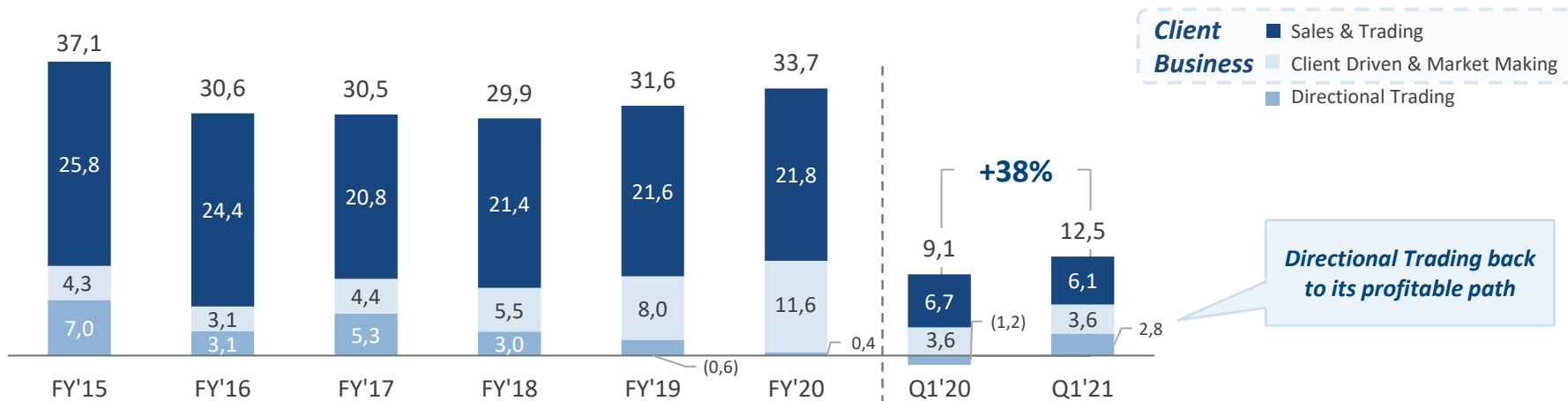


### o/w Portfolio Net Revenues



# GLOBAL MARKETS

## NET REVENUES (€M)



## Performance drivers

- Global Markets results were up 38% thanks to the positive contribution of **Directional Trading** that generated €2.8m income in Q1'21 (compared to the €1.2m loss generated in Q1'20 due to the mark-to-market of Directional trading portfolio as of 31 March 2020)
- Sales & Trading** net revenues declined by 10% (€6.1m in Q1'21 vs €6.7m in Q1'20) due to lower market volumes compared to the ones brokered on behalf of clients last year. If compared to Q1'19 results (€5.5m), Q1'21 net revenues were up 11%, benefitting from the successful diversification strategy of the product offering
- Client-Driven Trading & Market Making** performed positively (+2% vs Q1'20) despite the lower brokered volumes of fixed income instruments on markets. If compared to Q1'19 results (€2.1m), Q1'21 net revenues were up 70%

## Market data - ASSOSIM <sup>(1)</sup>

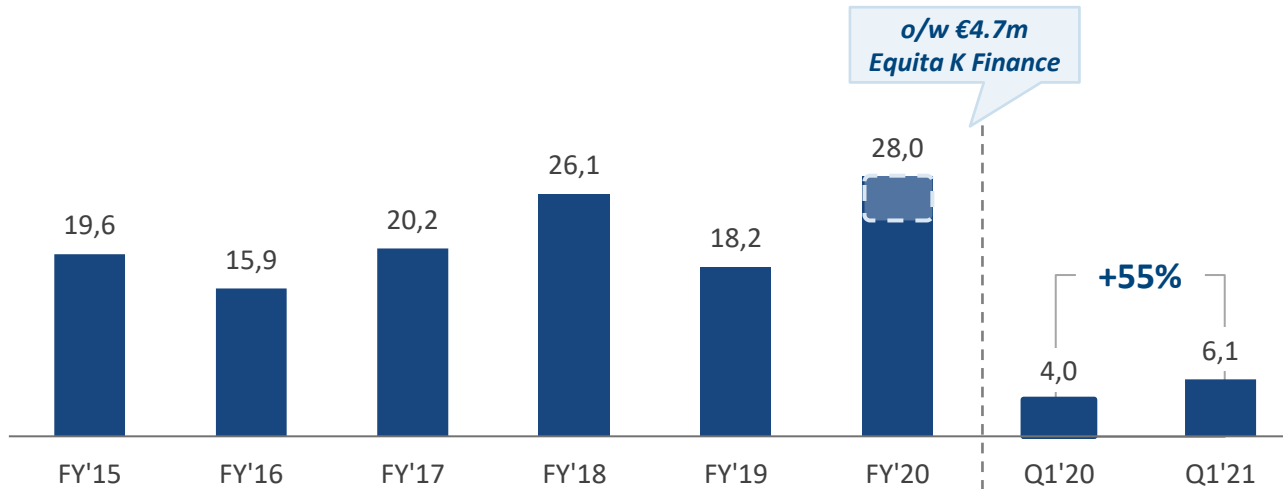
(third parties brokered volumes)

	Equities		Bonds		Equity Options	
	% market share	Overall rank <sup>(2)</sup> (indep. rank)	% market share	Overall rank <sup>(2)</sup> (indep. rank)	% market share	Overall rank <sup>(2)</sup> (indep. rank)
FY'18	6.6%	#5 (#1)	4.2%	#9 (#1)	5.3%	#4 (#3)
FY'19	9.2%	#5 (#1)	6.2%	#6 (#1)	7.6%	#7 (#1)
FY'20	7.8%	#5 (#1)	6.8%	#6 (#1)	5.0%	#3 (#3)
Q1'21	7.2%	n.d.	8.4%	n.d.	8.7%	n.d.

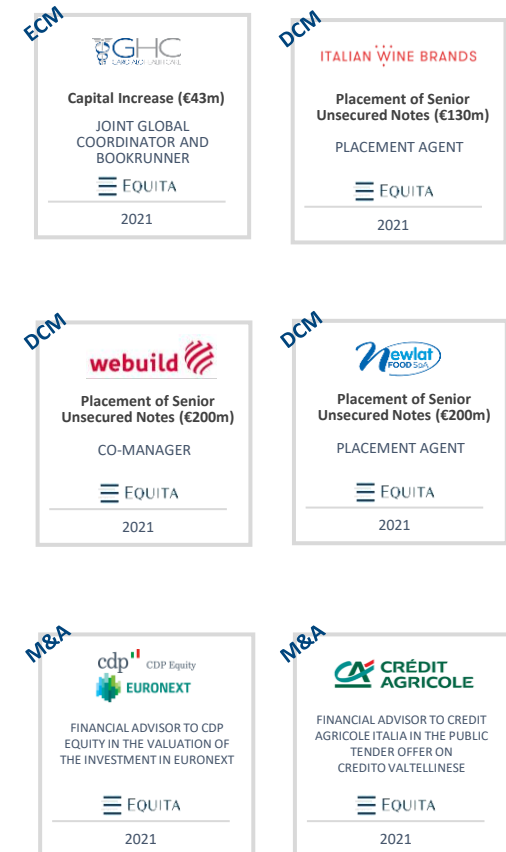
(1) Source: ASSOSIM; market volumes and market shares' figures based on brokerage activities on behalf of third parties; "Equities" referred to MTA segment, "Bonds" referred to DomesticMOT, EuroMOT and ExtraMOT segments; "Equity Options" referred to IDEM segment. (2) Overall rank vs Independent brokers' rank (excluding intermediaries controlled by commercial banks or dealing with flows deriving from proprietary retail clients (captive).  
2015 figures referred to Equita SIM; 2016 and onward figures referred to Equita Group; roundings in Client Driven & Market Making and Directional Trading could occur due to minor reclassifications

# INVESTMENT BANKING

## NET REVENUES (€M)



## RECENT TRANSACTIONS (YTD MAY'21)

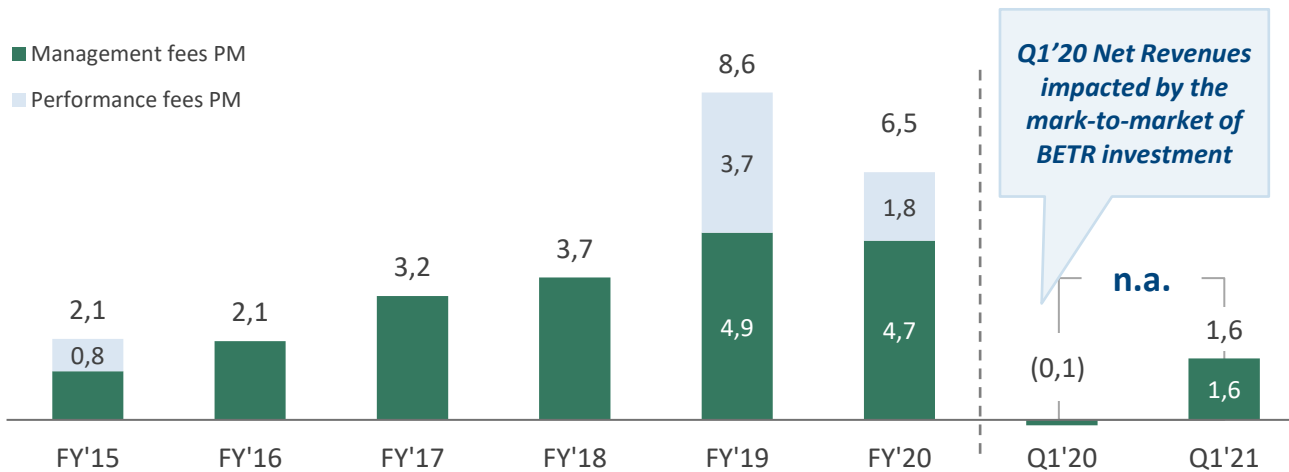


## Performance drivers

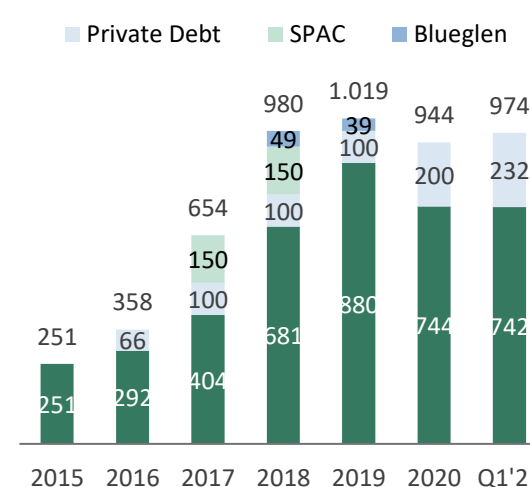
- ≡ **In Q1'21, Italian capital markets experienced interesting levels of activity:** number of ECM transactions doubled (from 7 in Q1'20 to 14 in Q1'21, mainly convertible bonds) while DCM issues more than tripled (from 6 in Q1'20 to 21 in Q1'21)
- ≡ **M&A activities increased in terms of deal size** (€26bn in Q1'21 vs €10bn in Q1'20) **due to some large deals completed** – including the merger between FCA and PSA Peugeot (€19.6bn) – **but declined in terms of number of transactions** (232 in Q1'21 vs 239 in Q1'20)
- ≡ **The investment banking team executed a relevant number of transactions in all areas** and confirmed its strong positioning in assisting corporates and financial institutions
- ≡ **Minor impacts from the consolidation of Equita K Finance due to seasonality effects** that concentrates revenues contribution in Q2 and Q4

# ALTERNATIVE ASSET MANAGEMENT

## NET REVENUES (€M)



## ASSET UNDER MANAGEMENT (€M)



## Performance drivers

- AM fees increased by 30% in Q1'21 vs Q1'20 thanks to the **increase in private debt AuMs** that more than offset the **lower average value of AuMs in portfolio management**
- Private Debt** continued the **fundraising of EPD II** – its second fund, PIR compliant. To date, the team has raised **€131.5m of total commitments** <sup>(1)</sup> and has already completed 4 investments (€42m, 32% of EPD II current commitments). Final target confirmed to €200m by 2021.
- Private Equity** is working – jointly with a tier 1 partner – on the **launch of its ELTIF focused on private equity** (“Equita Smart Capital – ELTIF”). Final target expected to reach €140m in 2022.
- Equita recently closed its **first club deal** and – given the success of the initiative – the team is now actively working to **offer access to its interesting deal flow to families and institutional investors**

# PROFIT & LOSS AND FOCUS ON COSTS

DISCIPLINED APPROACH ON COSTS AND STRONG PROFITABILITY CONFIRMED

## SUMMARY OF CONSOLIDATED FIGURES

Profit & Loss	Q1	Q1	Var	FY
€ m	2021	2020	%	2020
<b>Net Revenues</b>	<b>20,3</b>	<b>12,9</b>	<b>57%</b>	<b>68,2</b>
Personnel costs <sup>(1)</sup>	(9,7)	(5,9)	64%	(32,3)
Comps/Revenues ratio	(47%)	(46%)		(47%)
Operating costs	(4,4)	(4,3)	1%	(18,2)
<b>Total Costs</b>	<b>(14,0)</b>	<b>(10,2)</b>	<b>38%</b>	<b>(50,6)</b>
Cost/Income ratio	(69%)	(79%)		(74%)
<b>Profit before taxes</b>	<b>6,2</b>	<b>2,7</b>	<b>130%</b>	<b>17,6</b>
Income taxes	(1,9)	(0,8)	127%	(4,7)
<b>Net Profit</b>	<b>4,4</b>	<b>1,9</b>	<b>131%</b>	<b>12,9</b>
<b>Net Profit (post-minorities)</b>	<b>4,5</b>	<b>1,9</b>	<b>137%</b>	<b>12,3</b>
Margin %	22%	15%		18%
Dividend Payout %				75%

## Focus on Costs

Equita Group (Consolidated)	Q1	Q1	Var. %
€ m	2021	2020	
<b>Personnel costs<sup>(1)</sup></b>	<b>(9,7)</b>	<b>(5,9)</b>	<b>64%</b>
o/w Fixed component	(5,1)	(4,2)	20%
o/w Variable component	(4,6)	(1,7)	178%
<b>FTEs<sup>(2)</sup></b>	<b>162</b>	<b>145</b>	<b>12%</b>
Comps / Revenues	47% <sup>(3)</sup>	46%	3%
Fix Comp / Total Comp	53%	72%	(27%)

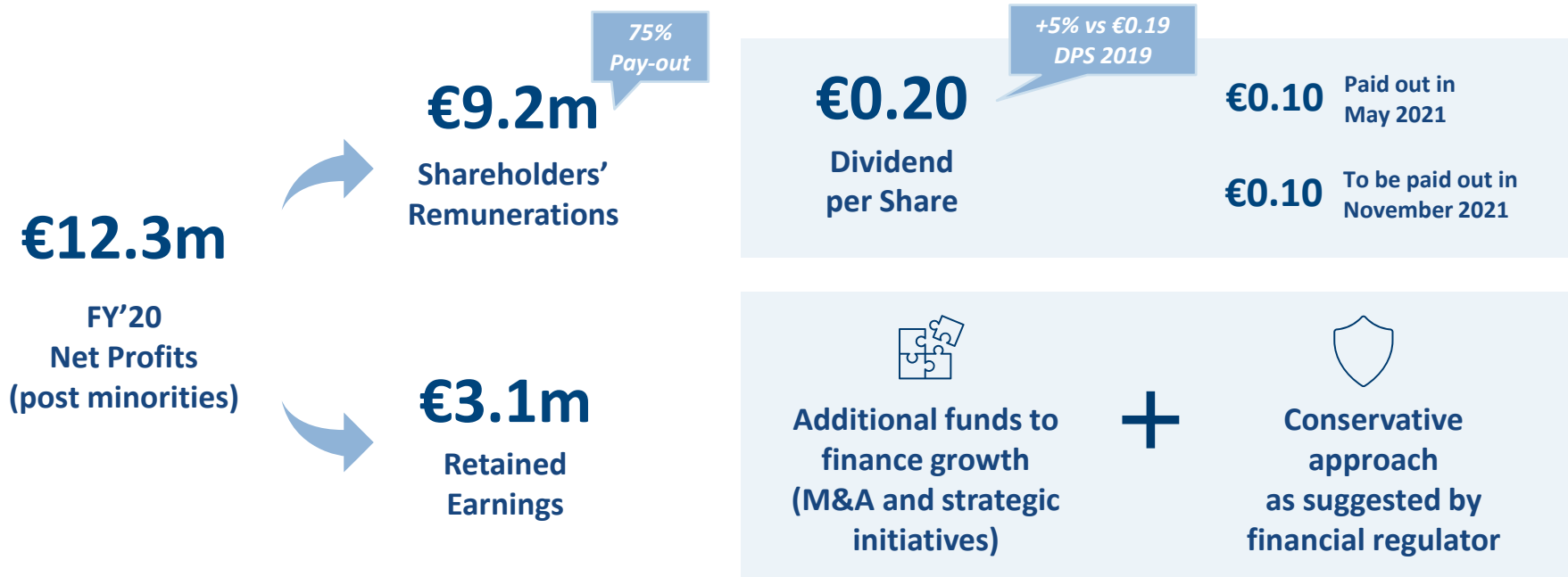
12 FTEs from  
Equita K Finance

Equita Group (Consolidated)	Q1	Q1	Var. %
€ m	2021	2020	
<b>Operating Costs</b>	<b>(4,4)</b>	<b>(4,3)</b>	<b>1%</b>
o/w Information Technologies	(1,4)	(1,4)	(1%)
o/w Trading Fees	(0,9)	(0,9)	(5%)
o/w Non-Recurring	-	-	n.a.
o/w Other (marketing, SGR, EKF)	(2,0)	(1,9)	5%

Year-on-year increase in Other expenses mainly  
driven by the enlarged perimeter (Equita K Finance)

# DIVIDEND APPROVAL AND GUIDELINES FOR THE FUTURE

DIVIDEND ON THE HIGH-END OF THE GUIDANCE PROVIDED IN SEPTEMBER 2020



## GUIDELINES ON FUTURE DIVIDENDS

**≥50% pay-out**

*Unless specific value-adding  
growth opportunities justify  
a revision of this indication*

To retain additional resources to finance  
potential extraordinary transactions

**2 tranches**



To give more stability to share price and provide a  
spread of cash flows to investors over the year





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ANNEX

# ROAD TO 2022: TOP PRIORITIES AND TARGETS

(PLAN APPROVED IN NOVEMBER 2019)

## TOP 5 PRIORITIES

## KEY TARGETS FROM 2020-2022 STRATEGIC PLAN (@2022)

1  **Revenue Generation and Diversification**



**Net Revenues**  
€75m

 GM €30m-34m  
 IB €30m-34m  
 AAM €8m-12m

2  **Cost Discipline and Focus on Profitability**



**-500 bps in Cost/income**  
**≈20% Net Profitability**

3  **Growth in Assets under Management**



**AuM €2 billion**

4  **Low Capital Absorption and Consistent Shareholders' Remuneration**



**TCR ≥ 15% / ROTE ≥ 20%**  
**Dividend Payout % ≈90%**

5  **Strong Commitment on Sustainability**



- ≡ Promote employees wellbeing
- ≡ Increase customer and financial community's satisfaction
- ≡ Social and economic development of local communities
- ≡ Improve health and safety
- ≡ Mitigate impacts on environment

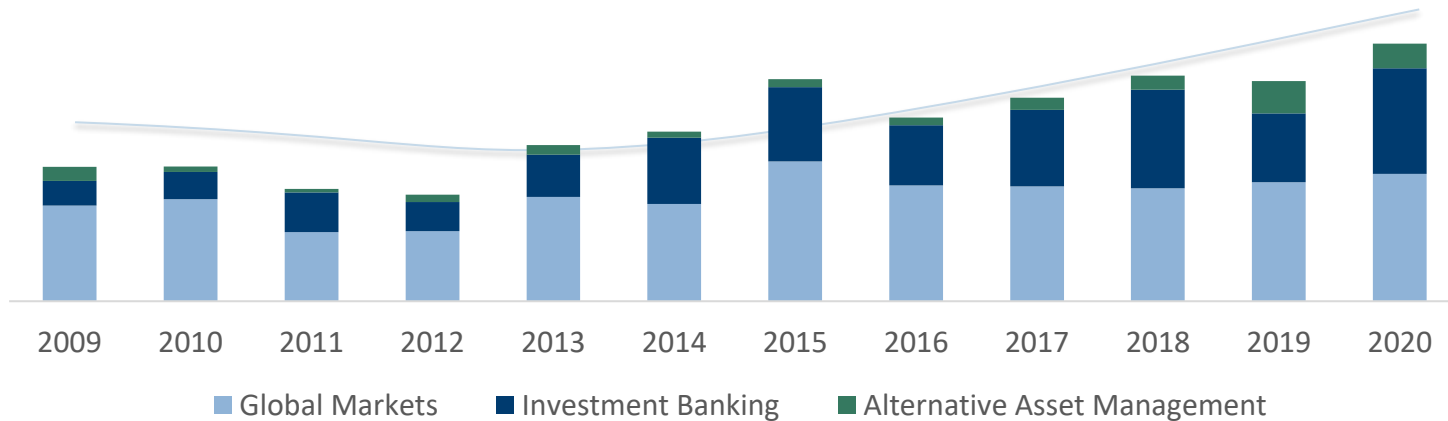


*Open to strategic partnerships that could accelerate the growth of the business*



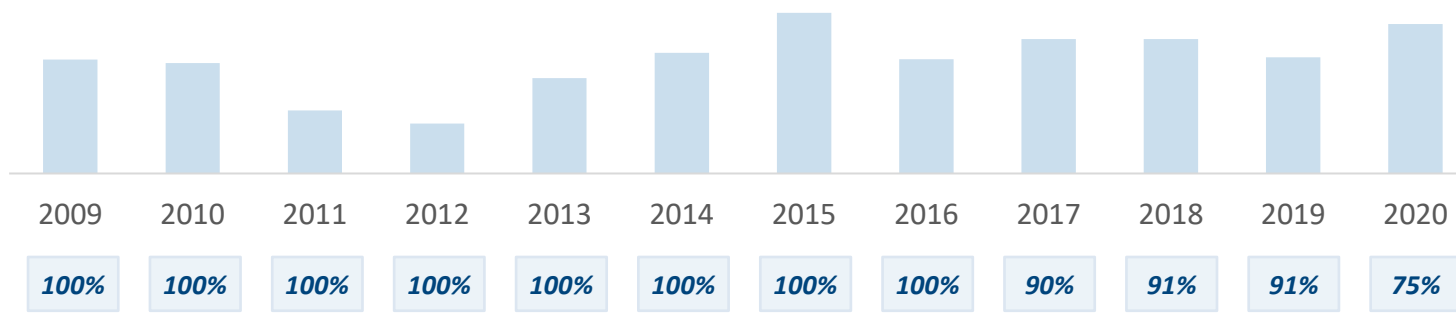
# RESILIENT AND PROFITABLE PERFORMANCE THANKS TO DIVERSIFICATION

## NET REVENUES (€M)



**+6%**  
CAGR '09-'20  
in Net Revenues  
over the last  
12 years

## NET PROFITS (€M)



**Always  
profitable,  
with significant  
dividend distribution  
over the last  
12 years**

*Dividend  
Payout (%)*

# BALANCE SHEET AND TOTAL CAPITAL RATIO

LIGHT BALANCE SHEET AND HEALTHY CAPITAL STRUCTURE, WITH TOTAL CAPITAL RATIO WELL ABOVE REQUIREMENTS

<i>Equita Group (Consolidated) € m</i>	Q1'21	FY'20	H1'20	Q1'20	FY'19	9M'19
Cash & cash equivalents	0,0	0,0	0,0	0,0	0,0	0,0
Assets at FV to P&L & Equity investments	74,9	43,9	84,2	80,9	75,3	81,5
Receivables	221,6	203,3	196,4	237,6	184,2	174,4
Tangibles assets	6,0	6,2	6,7	7,2	7,3	7,6
Intangible assets	27,5	27,5	15,1	15,1	15,1	15,0
Tax assets	3,0	3,1	2,2	4,2	5,0	2,6
Other assets	2,8	1,6	2,7	2,9	1,5	1,6
<b>Total assets</b>	<b>335,8</b>	<b>285,8</b>	<b>307,3</b>	<b>347,9</b>	<b>288,3</b>	<b>282,7</b>
Debt	185,0	157,0	205,7	227,2	172,9	173,7
Financial liabilities held for trading	28,3	14,2	8,3	13,4	12,3	17,5
Tax liabilities	4,0	2,2	1,9	2,7	2,3	0,9
Other liabilities	23,3	21,7	10,8	16,5	14,2	8,9
Employee termination indemnities	2,3	2,3	1,9	1,9	2,5	2,6
Provisions for risks and charges	2,7	2,7	1,8	3,9	3,9	3,4
<b>Total liabilities</b>	<b>245,6</b>	<b>200,1</b>	<b>230,4</b>	<b>265,7</b>	<b>208,2</b>	<b>207,1</b>
Share capital	11,4	11,4	11,4	11,4	11,4	11,4
Treasury shares	(4,1)	(4,1)	(4,5)	(4,5)	(4,5)	(4,5)
Share premium reserve	18,7	18,2	18,2	18,2	18,2	18,2
Reserves	59,7	47,2	46,7	55,3	45,6	44,9
Valuation reserves	(0,0)	(0,0)	(0,0)	(0,0)	(0,0)	(0,0)
Profit /(Loss) for the financial year	4,4	12,9	5,1	1,9	9,5	5,6
Third parties' equity & Profit /(Loss)	0,1	0,1	0,1	-	-	-
<b>Total shareholders' equity</b>	<b>90,2</b>	<b>85,7</b>	<b>76,9</b>	<b>82,2</b>	<b>80,1</b>	<b>75,6</b>
<b>Total shareholders' equity and liabilities</b>	<b>335,8</b>	<b>285,8</b>	<b>307,3</b>	<b>347,9</b>	<b>288,3</b>	<b>282,7</b>

**Tangible Equity  
€63m**

**TCR 18% in Q1'21  
(vs 20% in FY'20)**

**WE  
KNOW  
HOW**



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