



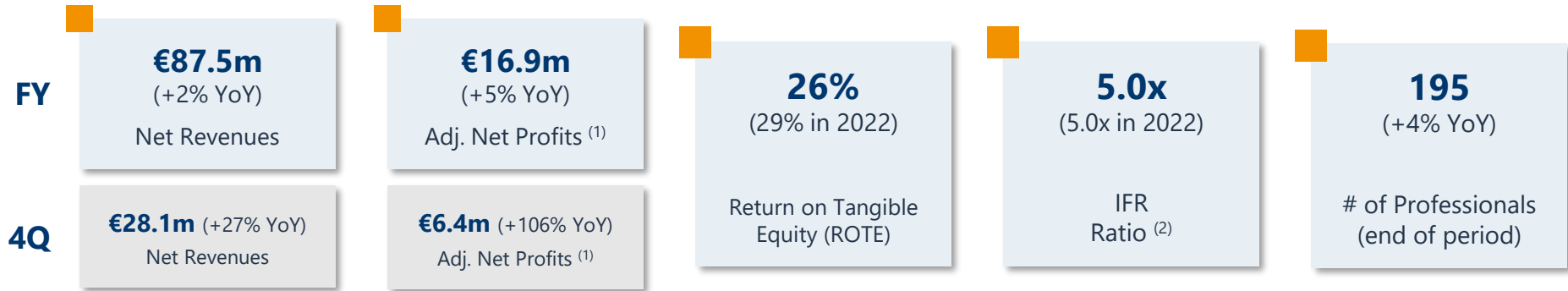
# **EQUITA Group FY'23 Results**

March 14<sup>th</sup>, 2024 – IR Conference Call

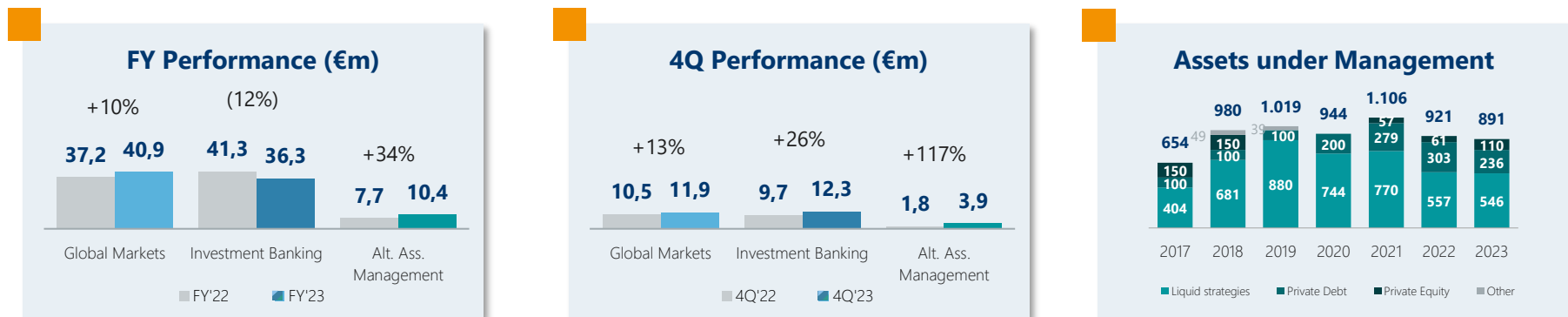


# Very Resilient Performance in FY'23 and Significant Growth in 4Q'23

## Key Financial Highlights



## Divisional Performance



(1) Excludes impacts from non-recurring costs and the Long Term Incentive Plan (LTIP). (2) IFR ratio 5.0x times the minimum regulatory requirement.

# Tough Year for Equities (Brokerage, Capital Markets) and M&A in Italy

## Third Parties Brokered Volumes (1)

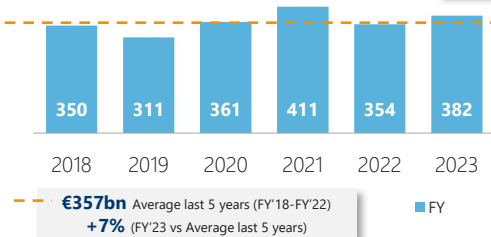
Market figures in 4Q'23

- Euronext Milan +28% YoY
- Euronext Growth Milan +13% YoY
- Bonds +45% YoY

### Equity – Euronext Milan

(volumes, €bn)

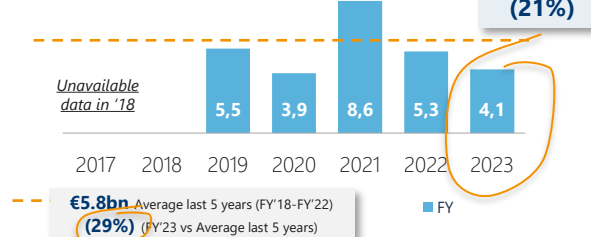
Var FY'22-FY'23  
**+8%**



### Equity – Euronext Growth Milan (EGM)

(volumes, €bn)

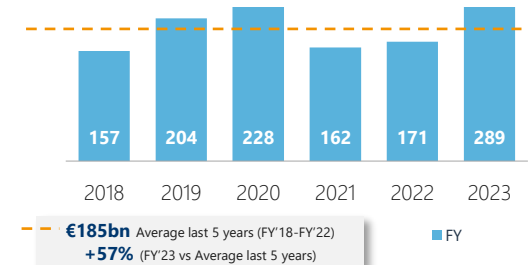
Var FY'22-FY'23  
**(21%)**



### Fixed Income (MOT)

(volumes, €bn)

Var FY'22-FY'23  
**+69%**



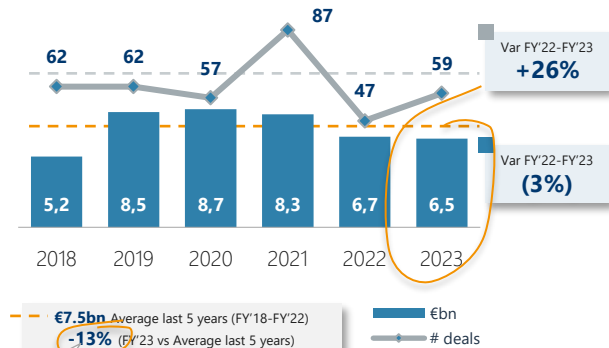
## Capital Markets and Corporate Finance

### Equity Capital Markets | ECM (2)

(value, €bn)

Var FY'22-FY'23  
**+26%**

Var FY'22-FY'23  
**(3%)**

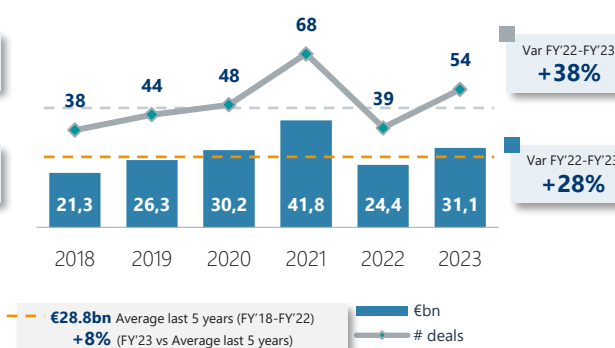


### Debt Capital Markets | DCM (3)

(value, €bn)

Var FY'22-FY'23  
**+38%**

Var FY'22-FY'23  
**+28%**

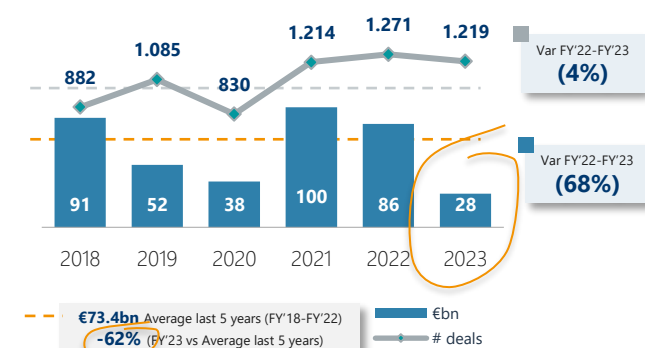


### Mergers & Acquisitions | M&A (4)

(value, €bn)

Var FY'22-FY'23  
**(4%)**

Var FY'22-FY'23  
**(68%)**



**(47%)** vs AVG  
FY'13-FY'22  
(€12.2bn)

(1) Source: AMF Italia (Assosim); MOT figures referred to the aggregate of DomesticMOT, ExtraMOT and EuroMOT. (2) Source: Dealogic; FY'22 figure excludes the right issue completed by Stellantis (€732m). (3) Source: Bondradar and Bloomberg. (4) Source: KPMG.

# Better Performance compared to Peers, Implied Increase in Market Share

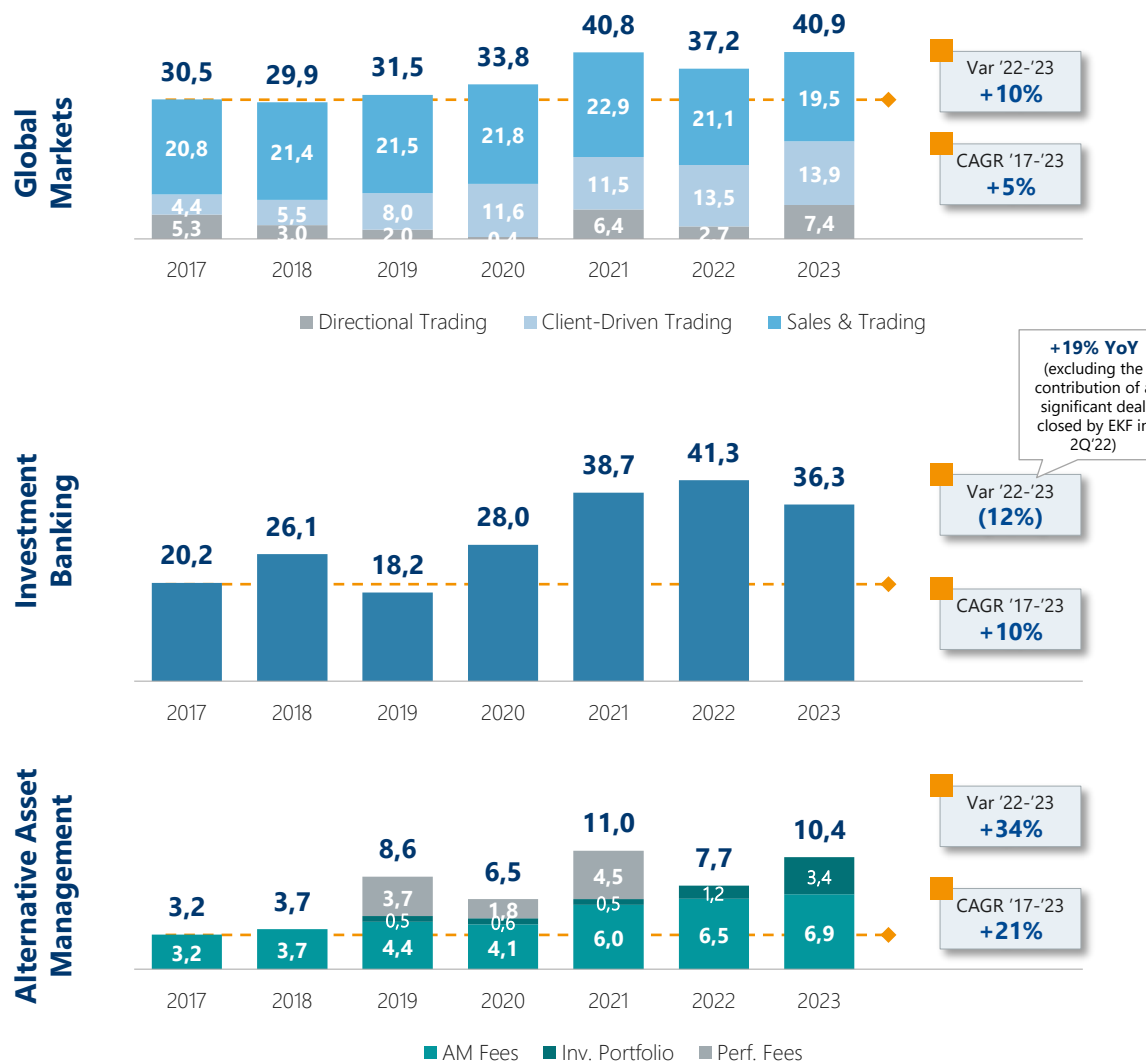
## Comparison between Selected International Investment Banks and Advisory Firms vs EQUITA

FY'23 vs FY'22 (1 Jan – 31 Dec)		% Var Net Revenues	% Var Net Profits	Margin %
Investment bank	ABG Sundal Collier	0%	(13%)	14%
Investment bank	Baader Bank	7%	(68%)	2%
Investment bank	Goldman Sachs	(2%)	(27%)	17%
Investment bank	Jefferies <sup>(1)</sup>	(21%)	(66%)	6%
Investment bank	Morgan Stanley	1%	(19%)	16%
Investment bank	Piper Sandler	(7%)	(17%)	13%
Investment bank	Stifel	(1%)	(20%)	13%
Investment bank	UBS	18%	> 100% (excl.)	Excluded
Advisory firm	Evercore	(12%)	(46%)	10%
Advisory firm	Houlihan Lokey	0%	6%	15%
Advisory firm	Lazard	(12%)	(80%)	3%
Advisory firm	Moelis & Co	(11%)	< 100% (excl.)	Excluded
Advisory firm	Perella Weinberg	3%	< 100% (excl.)	Excluded
Advisory firm	PJT Partners	12%	(10%)	7%
	<b>EQUITA</b>	<b>2%</b>	<b>5%</b>	<b>18%</b>
	<i>Mean - Investment Banks</i>	(1%)	(33%)	11%
	<i>Median - Investment Banks</i>	(0%)	(20%)	13%
	<i>Mean - Financial Advisors</i>	(3%)	(33%)	9%
	<i>Median - Financial Advisors</i>	(6%)	(28%)	9%

(1) Different year-end date (30 November). Financials have been reworked into "1 January – 31 December" figures.

# Strong Results in All Divisions

## Trend in Net Revenues since IPO and Divisional Performance (€m)



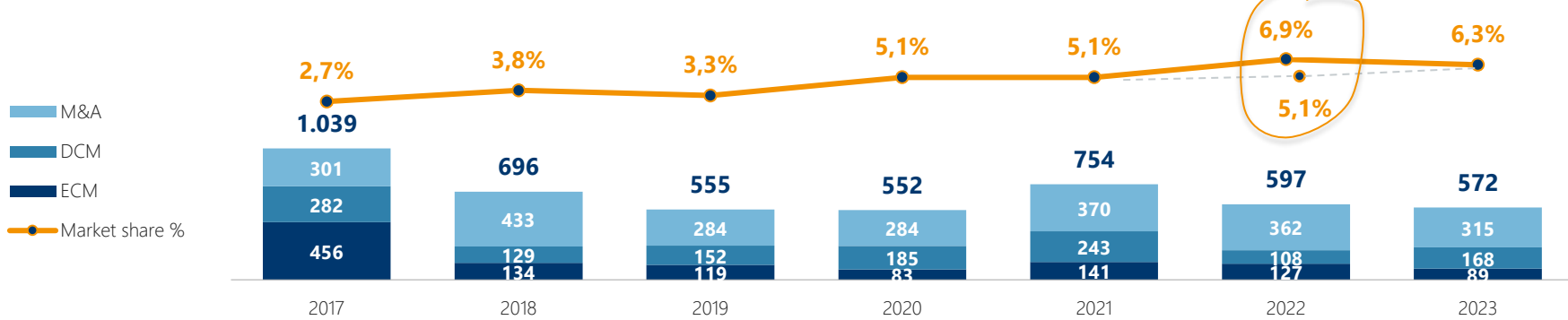
## Commentary

- Sales & Trading affected by the **overall weak levels of investors' activity on equities**, especially in Small-Mid Caps trading
- Client-Driven Trading & Market Making benefitted from **higher levels of trading on bonds, certificates and derivatives**
- **Directional Trading recorded its best year** since IPO, well-above average (€3.2m average '17-'22)
- **Very resilient performance** compared to the underlying market, with year-on-year growth impacted by the comparison effect with 2022.
- **Capital Markets materially up year-on-year**, partially offsetting the decline in M&A (and despite an increase in the number of mandates)
- **Excluding one very profitable mandate closed in 2Q'22 by EQUITA K Finance, Revenues grew 19%** in FY'23
- **Revenue mix** moving to AM fees from **illiquid, proprietary assets** (65% of FY'23 revenues)<sup>(1)</sup>
- **Investment Portfolio contributed positively**, also thanks to a **capital gain** arising from the purchase of an additional fund share in EPD at a discount to the NAV

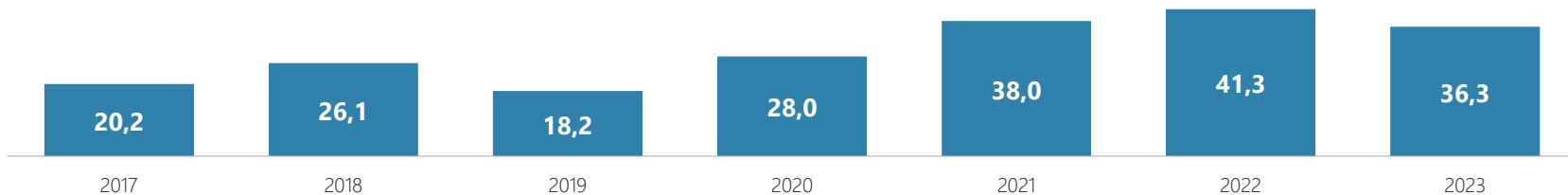
(1) % of AM fees from illiquid assets, excluding Investment Portfolio and Performance Fees

# Investment Banking: Plenty of Growth Opportunities

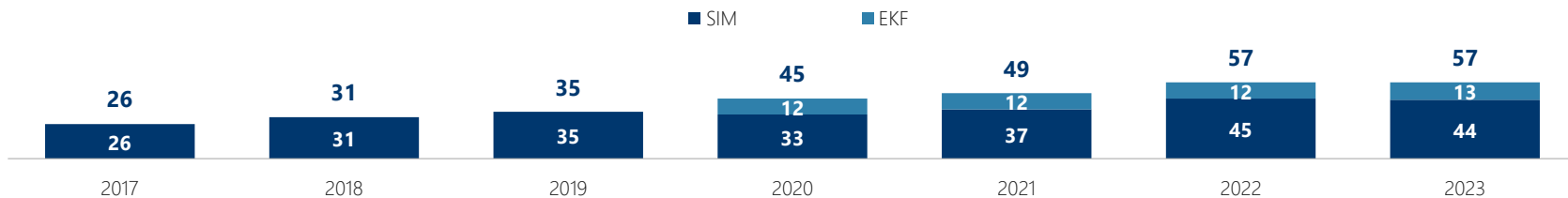
Revenue Pot and EQUITA market share (Italian market, €m)



Investment Banking Revenues since IPO (€m)



Investment Banking FTEs since IPO



# P&L and Focus on Cost Structure

## Reclassified P&L (€m)

	FY'23	FY'22	Var % 23-22	4Q'23	4Q'22	4Q Var % 23-22
Client-related	76,7	82,3	(7%)	23,3	20,8	12%
Non-client (Dir. Trading)	7,4	2,7	176%	2,5	1,1	132%
Investment portfolio	3,4	1,2	190%	2,3	0,2	n.m.
Performance fees	-	-	n.a.	-	-	n.a.
<b>Net revenues</b>	<b>87,5</b>	<b>86,2</b>	<b>2%</b>	<b>28,1</b>	<b>22,0</b>	<b>27%</b>
<b>Total Costs <sup>(1)</sup></b>	<b>(63,4)</b>	<b>(60,9)</b>	<b>4%</b>	<b>(19,1)</b>	<b>(17,2)</b>	<b>11%</b>
Cost/Income Adjusted % <sup>(2)</sup>	(71,5%)	(70,7%)		(68%)	(78%)	
Cost/Income %	(72,5%)	(70,7%)		(68%)	(78%)	
<b>Profit before taxes <sup>(1)</sup></b>	<b>24,1</b>	<b>25,3</b>	<b>(5%)</b>	<b>9,0</b>	<b>4,8</b>	<b>86%</b>
Taxes <sup>(1)</sup>	(7,0)	(7,1)	(1%)	(2,5)	(1,3)	99%
Tax rate	(29%)	(28%)		(28%)	(26%)	
Minorities	(0,7)	(2,0)	(66%)	(0,1)	(0,5)	(77%)
LTIP	(0,3)	(0,9)		(0,0)	(0,9)	
<b>Net Profits</b>	<b>16,1</b>	<b>15,2</b>	<b>5%</b>	<b>6,3</b>	<b>2,2</b>	<b>193%</b>
<b>Adjusted Net Profits <sup>(1)(2)</sup></b>	<b>16,9</b>	<b>16,2</b>	<b>5%</b>	<b>6,4</b>	<b>3,1</b>	<b>106%</b>
<b>ROTE</b>	<b>26%</b>	<b>29%</b>				

**€0.35 dividend per share**  
in line with FY'22 (≈100% payout  
on Adjusted Net Profit)

## Focus on Personnel

	FY'23	FY'22	Var %
<b>Personnel Costs <sup>(1)</sup></b>	<b>(41,9)</b>	<b>(42,2)</b>	<b>(1%)</b>
<b>FTEs (End of Period)</b>	<b>195</b>	<b>188</b>	<b>4%</b>
Comps / Revenues	(47,9%)	(48,9%)	(2%)
Normalized Comps / Revenues	(49,5%)		

## Focus on Operating Expenses

	FY'23	FY'22	Var %
<b>Operating Costs</b>	<b>(21,5)</b>	<b>(18,7)</b>	<b>15%</b>
Information Technology	(6,3)	(6,2)	1%
Trading Fees	(3,1)	(2,9)	6%
Non-Recurring (anniversary...)	(0,8)	-	n.a.
Other (marketing, governance)	(11,3)	(9,6)	17%
Cost/Income % <sup>(1)</sup>	(72,4%)	(70,7%)	
Cost/Income Adjusted % (ex. non-rec.)	(71,5%)	(70,7%)	

Non-recurring items,  
mainly linked to the  
50th anniversary of  
EQUITA (new visual  
identity, new website,  
events...)

Other costs up  
17%, driven by  
higher  
marketing and  
inflation on  
contracts

(1) Excluding the impacts of the Long Term Incentive Plan addressed to Top Management ("LTIP"). (2) Excluding the impacts of non-recurring expenses and LTIP



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## Results since IPO



# Successful Track-Record since IPO

## Key Results

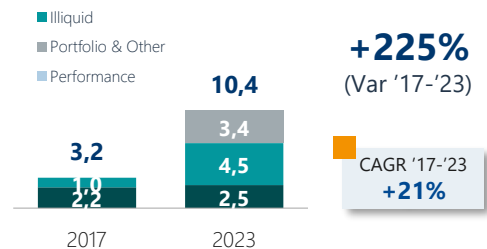
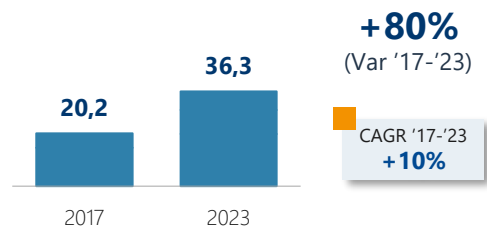
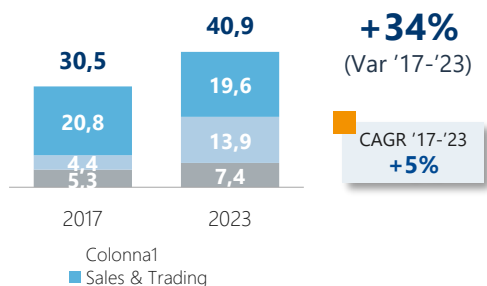
### Global Markets & Research

### Investment Banking

### Alternative Asset Management

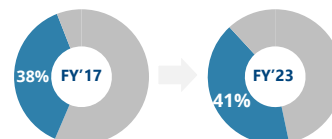
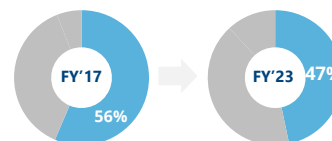
## Net Revenues (€m)

### Growth in all areas



## % of Net Revenues

### More balanced breakdown and contribution



## Summary of Key Initiatives

### Proven track-record and strong execution

- Acquisition of Retail Hub (Brokerage & Primary Markets) and Market Making activities from Nexi
- Setup of a new fixed Income desk
- New business on certificates, derivatives, US equities...
- Acquisition of EQUITA K Finance (mid-market M&A)
- New teams and areas (Utilities / Infrastructures, Consumer, Industrial, FIG, Real estate...)
- Senior hirings and onboarding of senior advisors
- Setup of the management company (EQUITA Capital SGR)
- New illiquid products and asset classes (EPD II, Equita Smart Capital ELTIF, EGIF)

# Successful Track-Record since IPO

## Change since IPO

**Net Revenues (€m)**



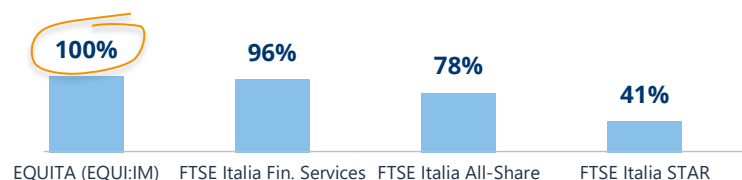
**Adjusted Net Profits (€m)**



**Dividend per Share (€)**



**Total Shareholder Return (%) <sup>(1)</sup>**



## Results to Date

### Larger Group scale

- Mix of initiatives contributing to growth, including accretive M&A (Nexi, EQUITA K Finance...)
- Larger scale, to compete with traditional investment banks

### Increase in Net Profits

- Discipline on costs confirmed despite growth in number of professionals

### Rewarding return for shareholders

- More than €71m cashed-out to shareholders (or €1.53 per share) <sup>(2)</sup>
- +100% of Total Shareholders' Return since IPO, overperforming the main Italian indices and international peers
  - +42% EPS fully diluted vs +7% outstanding shares (2023 vs 2017)

(1) Total Shareholder Return in the period 22 November 2017 – 11 March 2024. Proceeds are reinvested in the stock / index. Source: Bloomberg. (2) Includes the €0.35 dividend per share proposed by the Board of Directors to the next Shareholders' Meeting, to be distributed in 2024.



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## What's Next

# What's Next

Market

## Market Scenario

- Still difficult **global environment** (war, inflation, recession...)
- Soft start of the year in terms of **trading volumes** on mid-small caps and **ECM** transactions in Italy
- Challenging **fund-raising environment** for alternative, illiquid assets

## Mitigants

- Higher interest rates are now digested
- Ongoing simplification to ease access to capital markets, potentially increasing liquidity in financial markets
- Large portion of debt to be refinanced in 2024-2025
- €40bn of M&A transactions announced in the Italian market

## Global Markets and Research

- **Fixed income desk** benefitting from increasing positioning and investors' appeal on bonds
- Equity volumes on **mid-small caps** expected to recover
- Expansion of **research coverage** on Italian and European listed companies

Revenues

## Investment Banking

- Strong pipeline in **M&A**, both in mid-market, large and public transactions
- **Capital Markets** activities expected to improve in 2H'24
- Increase in **positioning**, thanks to recent senior hirings, contribution from **senior advisors** and new areas of **expertise** (EQUITA Real Estate)
- Consolidation of Group's presence in **Rome**

## Alternative Asset Management

- Growth in illiquid proprietary assets following fundraising of **EPD III** and **EGIF**
- Focus on **capital deployment** investing in private capital opportunities, on the basis of current interesting pipeline
- Positive contribution to Net Revenues from the Investment Portfolio and **carried interest** from 2025

Costs

## Group

- No other material additions of **workforce** or **investments** needed
- Adequate structure to benefit from increase in business volumes, revenues and net profits (**operating leverage**)
- Further optimisation of **rental spaces**
- Focus on business-related **marketing** to boost revenues with clients

Strategy

## M&A & Strategic Initiatives

- Scouting of external growth opportunities with **bolt-on acquisitions**, in Italy and abroad
- Preliminary discussions with **EKF** to acquire minorities and extend the partnership
- Always open to **strategic partnerships** that could accelerate growth of the business



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# Appendix

# Balance Sheet

(€m)	FY'23	9M'23	1H'23	1Q'23	FY'22	1H'22	FY'21	FY'20
Cash & Cash equivalents	130.5	75.1	74.0	106.3	107.9	125.3	136.1	117.2
Financial assets at fair value with impact on P&L	77.4	99.3	95.5	90.4	111.7	79.6	49.2	43.8
Financial assets at amortized cost	101.2	122.5	144.6	128.0	99.6	97.1	91.4	86.1
Equity investments	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Intangible assets	26.6	26.7	26.8	26.8	26.9	27.1	27.2	27.5
Tangible assets	6.0	5.7	5.8	6.0	4.1	4.6	5.2	6.2
Tax assets	3.2	4.9	5.3	8.1	7.5	4.7	4.4	3.1
Other assets	34.1	36.0	34.0	39.4	41.7	42.1	1.9	1.6
<b>Total Assets</b>	<b>379.7</b>	<b>370.3</b>	<b>386.1</b>	<b>405.0</b>	<b>399.5</b>	<b>380.5</b>	<b>315.6</b>	<b>285.8</b>
Debt	213.9	203.0	220.0	222.5	221.3	197.4	175.6	171.3
Tax liabilities	1.3	1.6	1.1	5.3	3.6	3.4	6.0	2.2
Other liabilities	50.8	64.1	66.1	62.7	64.4	87.7	27.9	21.7
Employees' termination liabilities	1.9	2.0	2.2	2.2	2.1	2.1	2.4	2.3
Allowance for risks and charges	3.2	2.4	2.1	3.8	3.8	3.2	4.4	2.7
<b>Total Liabilities</b>	<b>271.1</b>	<b>273.1</b>	<b>291.4</b>	<b>296.5</b>	<b>295.2</b>	<b>284.8</b>	<b>216.3</b>	<b>200.1</b>
Share capital	11.7	11.6	11.6	11.6	11.6	11.6	81.3	76.8
Treasury shares	(3.2)	(3.2)	(3.2)	(3.3)	(3.9)	(4.0)	(4.1)	(4.1)
Reserves	80.0	78.5	78.2	96.3	79.4	76.5	69.9	65.4
Net Profits of the period	16.8	10.3	8.1	3.8	17.3	11.7	22.1	12.9
Third parties' equity	3.2	-	-	-	-	-	-	0.1
<b>Shareholders' Equity</b>	<b>108.6</b>	<b>97.2</b>	<b>94.7</b>	<b>108.5</b>	<b>104.3</b>	<b>95.7</b>	<b>99.3</b>	<b>85.7</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>379.7</b>	<b>370.3</b>	<b>386.1</b>	<b>405.0</b>	<b>399.5</b>	<b>380.5</b>	<b>315.6</b>	<b>285.8</b>
ROTE %	26%	22%	23%	26%	29%	38%	44%	27%
IFR %	499%	579%	538%	550%	489%	648%	587%	N/A

# Why Us?

## Some Reasons to Invest

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### Track record

Track record in diversification, growth and remuneration of shareholders

### Leadership

Leading positioning in Italy and increasing footprint abroad

### Investments

Significant investments made to date, to boost growth in the future

### Brand

Strong brand to develop new initiatives in other areas of business

### Timing

Interesting time to invest, where the investment banking industry is weak but expected to recover soon

### Valuation

Compelling valuation with 9-10% dividend yield

# Successful Track-Record since IPO

	Key Metrics	2017 (IPO)	March 2024	Variation
<b>Share Capital</b>	No. of shares	50.0m	51.3m	+1.3m
	No. of treasury shares	4.7m	2.7m	+2.0m
	No. of outstanding shares	<b>45.3m</b>	<b>48.6m</b>	<b>+3.3m</b>
				<p>3.3m shares distributed to professionals to:</p> <ul style="list-style-type: none"> <li>Execute M&amp;A deals</li> <li>Serve incentive plans required by applicable regulation</li> <li>Align interests of new senior hirings</li> </ul> <p><b>+7.3%</b> outstanding shares (6.8% dilution)</p>
<b>Key Financials</b>	Adjusted Net Profits	<b>€11.2m</b>	<b>€16.9m</b>	<b>+€5.7m</b> <b>+51% vs IPO</b>
	Adj. Earnings per share (EPS, fully diluted) <sup>(1)</sup>	<b>€0.242</b>	<b>€0.345</b>	<b>+€0.103</b> <b>+42% vs IPO</b>
<b>Ownership Structure</b> (% share capital / % votes in the Shareholders' Meeting)	Management and Equita professionals	<b>54% / 60%</b>	<b>40% / 54%</b>	<p>Management still the largest shareholder with 33% stake and 47% of votes in the Shareholders' Meeting</p>
	<i>Of which Management Pact</i>	38% / 42%	<b>33% / 47%</b>	
	Float / Market	<b>37% / 40%</b>	<b>55% / 46%</b>	Significant increase in market float
	<i>of which Significant Shareholders (Fenera Holding)</i>	- / -	5% / 7%	
	<i>Of which Families, Entrepreneurs and institutions (May'23 - Placement)</i>	- / -	11% / 8%	
	Treasury shares	<b>9% / -</b>	<b>5% / -</b>	

(1) Fully diluted is calculated considering in-the-money stock options. Out-of-the-money stock options are excluded.



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