DeA Capital

Sponsored Research

Italy | Financial Services Banks

Analyser

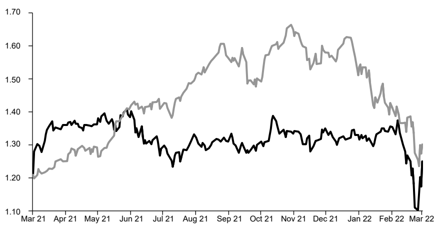
14 March 2022

Buy	
Recommendation unchanged	
Share price: EUR	**1.25**
closing price as of 11/03/2022	
Target price: EUR	**1.93**
Target Price unchanged	
Upside/Downside Potential	**54.4%**
Reuters/Bloomberg	DEA.MI/DEA IM
Market capitalisation (EURm)	**324**
Current N° of shares (m)	260
Free float	**33%**
Daily avg. no. trad. sh. 12 mth (k)	239
Daily avg. trad. vol. 12 mth (k)	826.96
Price high/low 12 months	1.41 / 1.10
Abs Perfs 1/3/12 mths (%)	-7.68/-7.41/3.36

Key financials (EUR)	12/20	12/21e	12/22e
Total Revenue (m)	62	92	76
Pre-Provision Profit (PPP) (m)	-1	30	17
Operating profit (OP)	*-1*	*30*	*17*
Earnings Before Tax (m)	-1	30	17
Net Profit (adj.) (m)	*20*	*27*	*12*
Shareholders Equity (m)	446	457	454
Tangible BV (m)	346	357	354
RWA (m)	0	0	0
ROTE	*4.5%*	*5.9%*	*2.7%*
Cost/Income	nm	67.7%	78.2%
P/PPP	-280.5	11.4	19.5
P/E (adj.)	13.5	12.8	26.1
P/BV	0.6	0.7	0.7
P/TBV	0.8	1.0	0.9
Dividend Yield	8.0%	4.8%	4.8%
PPPPS	0.00	0.11	0.06
EPS (adj.)	*0.08*	*0.10*	*0.05*
BVPS	*1.71*	*1.76*	*1.75*
TBVPS	1.33	1.38	1.37
DPS	0.10	0.06	0.06

Shareholders

De Agostini S.p.A. 67%;



Source: FactSet

DEA CAPITAL — FTSE Italy STAR (Rebased)

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FY 21 results are consistent with our expectations – Dividend yield c. 8%

The facts: DeA Capital unveiled its FY 21 results on Friday during market hours.

DeA Capital: FY 21 results

	FY 21	Y/Y	FY 20
Net operating result AAM	18.7	-1%	18.6
Other AAM	(4.9)	n.m.	13.0
Net Result AAM	**13.8**	**-56%**	**31.6**
Alternative investment	20.2	n.m.	(3.9)
Other net operating costs	(10.2)	n.m.	(7.3)
Net Group Result	**23.8**	**17%**	**20.4**

Source: Company data, Banca Akros estimates

Our analysis: in FY 21 the Combined AUM amounted to EUR 26.5bn (EUR 25.9bn in 9M 21) up by c. 11% Y/Y (integrating the amounts attributable to Quaestio Capital SGR), mainly thanks to the inflows and to the positive market performance: Real Estate, EUR 12.082bn (+16% Y/Y;+17% Y/Y in 9M 21); Credit, EUR 3.185bn (-3% Y/Y; -2% Y/Y in 9M 21); Private Equity, EUR 2.406bn (+9%Y/Y; +21% Y/Y in 9M 21); Multi-asset/Multi-manager solutions, EUR 8.803bn (+12% Y/Y; +11% Y/Y in 9M 21). The group net result close at c. EUR 23.8m vs EUR 20.4m in FY 20 and mainly thanks to both the alternative asset management platform and the investment portfolio. The NFP closed at c. 135.9m (ow EUR 98.2m attributable to Holdings) vs EUR 131m at the end of September 2021 compared to the “adjusted” figure (for the distribution of the extraordinary dividend of EUR 26.1 million in May 2021) of EUR 99.9m recorded at the end of 2020. The result was mainly due to the operating cash flow of the Alternative Asset Management platform and the disposal of the remaining indirect shareholding in Migros (EUR 19.5m). During the year, the group continued to develop the platform in all its business segments. More specifically, in the Real Estate segment, new initiatives for Assets Under Management totalling approximately EUR 1.9bn have been finalised. As part of the Credit sector, new assets of approximately EUR 33m were contributed to the CCR II fund, bringing its total size up to approximately EUR 700m. In the Private Equity sector, new AUM was raised to approximately EUR 200m, mainly due to: an investment advisory mandate for the selection of closed-end funds in the Infrastructure sector, on a pool of funds of approximately EUR 130m; new closings of the IDeA Agro and Sustainable Development funds, for EUR 28m (bringing the total to EUR 110m) and EUR 21m (bringing the total to EUR 91m), respectively. On 5 August 2021, a strategic agreement was signed between DeA Capital S.p.A., De Agostini S.p.A., DeA Capital Real Estate SGR, CPI Property Group S.A. and the subsidiary of the latter, Nova Re SIIQ, aimed at defining a potential real estate partnership in Italy. The BoD will propose an extraordinary dividend of EUR 0.10 in line with last year (yield c. 8%).

Conclusion & Action: *We stick to Buy. DPS and press rumours on De Agostini group reshaping could be the triggers for the stock in the short term. We believe that the group could cope with the current uncertain situation thanks to its solid NFP and the quality of the assets in the portfolio. The group is continuing to redirect its business model towards the more value accretive asset management business. We are convinced the company is investible thanks to: 1) the still attractive alternative investment sector; 2) its solid and straightforward cash position; 3) its experienced and committed management team; 4) its attractive dividend yield, which can be improved through the distribution of an extraordinary dividend, just as DeA Capital has done in the last few years; 5) the capability of the commission-based business to smooth out the P&L volatility going forward, mainly thanks to the growing AuM we see and the broadly stable margins we assume in the next few years; 6) its defensive profile, alongside the improvement in the business portfolio internationalisation.*