

# **Deutsches Eigenkapitalforum 2020**

# **Lloyd Fonds**

# Focus on building scale

Lloyd Fonds (LF) continues its operational realignment process with Strategy 2023/2025 initiated in FY20. The new business model has been implemented under the Lloyd Liquid Assets segment, with €1.1bn of AUM gathered so far, and management reiterated its target to reach €7bn by 2024. The AI-based portfolio management (LAIC) has been successfully launched, with €15m in AUM raised so far. While the company reported a net loss in H120 results due to continued transformation costs and the COVID-19 crisis, management expects H220 to break even.

# H120 financials: Higher share of new business

In H120, LF reported a 64% y-o-y growth in revenues, stemming primarily from the consolidation of SPSW Capital and Lange Assets & Consulting, both acquired in Q419. LF introduced new segment reporting, with its new asset management business delivering revenues of €3.6m (58% of group) and real assets generating €2.6m (down 31% y-o-y). As the business is still in realignment phase, it is bearing the increased costs of integration and is still loss-making at EBIT level; however, the loss was slightly lower year-on-year (€4.3m vs €4.6m in H119). LF's net loss amounted to only €3.7m in H120, supported by €2.4m of tax loss carried forward.

# New strategy on track

LF intends to continue its operations as an active investment manager and gather momentum by increasing its AUM. During H120, AUM increased by 5% to €1.1bn despite COVID-19-related difficulties in new client acquisition, and the FY20 AUM guidance stands at €1.4bn. The acquisition of the two entities in Q419 was a transformation milestone. Going forward, scale will be increased mostly organically and supported by further M&A. Meanwhile, we note that real assets include areas affected by the global slowdown, including in particular container shipping and aviation.

# Valuation: Discounting the future

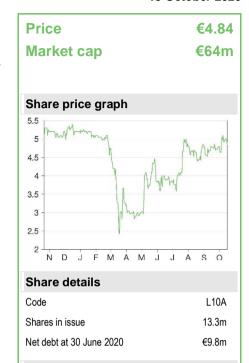
LF shares trade at an FY21e EV/EBITDA multiple of 25.3x. As LF is still in transition, we compare its valuation to both real assets investing companies (LF trades at 80% premium) and asset management companies (120% premium). On FY22e estimates the premiums change respectively to a 10% discount and a 7% premium, which we believe indicates a market expectation of successful implementation of the new strategy. In terms of P/E ratios on the other hand, LF trades at a sizeable premium to both subgroups, with an FY22e multiple of 26.9x.

Consensus estimates						
Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/19	8.2	(5.1)	(0.01)	0.0	N/A	N/A
12/20e	14.8	(5.9)	(0.22)	0.0	N/A	N/A
12/21e	21.1	(0.6)	(0.04)	0.0	N/A	N/A
12/22e	30.0	3.5	0.18	0.0	26.9	N/A

Source: Lloyd Fonds, Refinitiv as at 19 October 2020

### **Fund management**

19 October 2020



#### **Business description**

Lloyd Fonds positions itself as an integrated asset manager and partner for private customers and institutional capital. It aims to provide added value through transparent, active asset management, forward-looking digital solutions with the secondary brand LAIC, as well as individual and institutional asset management. It has over 20 years' experience as an investor in a range of alternative real assets.

### Bull

- Transformation to an active asset manager.
- Ambitious targeted AUM growth.
- Onboarding of new experienced management and sound balance sheet.

#### Bear

- Execution risk in business repositioning.
- Markets for legacy activities remain volatile.
- Regulatory risks of inorganic growth.

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