Preliminary Financial Results Full Year 2018

11th February 2019

doBank
Servicing | Lending | Solutions

Summary

Financial results FY2018 vs FY2017

- ✓ **Gross Collections:** €1.96bn vs €1.84bn in 2017 (**+7%**), on the back of new GBV mandates
- ✓ **Gross Revenues**: €234m, **+9%** vs €214m in 2017, with stable base and performance fees
- ✓ **Net Revenues:** €210m, **+8%** vs €193m in 2017
- ✓ **EBITDA excluding NRI[1]:** €84m vs €70m in 2017 (**+20%**), **margin up from 33% to 36%**
- ✓ **Net Income excluding NRI[1]:** €53m vs €45m in 2017 (**+17%**), Net Income at €51m (+13%)
- ✓ **Net Cash Position**: **€68m** post dividend payment, supported by positive NWC trends and limited cash taxes due to use of DTAs; **Cash conversion** (EBITDA-Capex) **at 93%**

Main events in 2018

- ✓ **Consolidation of leadership in home market via large portfolio wins:**
  - ✓ >€15bn new mandates and >€13bn already on-boarded with visible in collections
  - ✓ Selective approach toward mandates with better pricing terms, supporting profitability
- ✓ **2018-2020 Business Plan and Altamira acquisition reshaping doBank's fundamentals**
  - ✓ De-banking process going ahead and expected to be completed by early Q2 '19
  - ✓ Progress in Greek and UTP markets with additional portfolios expected in 2019
  - ✓ M&A market presents further opportunities in Italy and Southern Europe, within the targeted leverage (<3x Net Debt/EBITDA)

What's next

- ✓ **Growing markets:** confirmed outlook shared at the June '18 BP presentation, with opportunities in Southern Europe (portfolio sales, outsourcing deals and platform sales)
  - ✓ Several active processes, doBank already benefiting from a broader client/market base to be exploited in the wider region
- ✓ **Plan execution:** continued focus on cost efficiency and operational excellence, with IT platform migration to be completed by H1 '19 as planned and HR efficiency plan confirmed
- ✓ **Updated mid-term targets** and details on Altamira Acquisition **synergies** to be released **post acquisition closing**

Notes:
1. Excluding Non Recurring Items (start-up costs for Greece and UTP and part of the costs of the acquisition of Altamira Asset Management); 2018 EBITDA reported at €81.3m, 2018 Net Income reported at €50.9

Continued execution towards a larger and stronger doBank

	2016 A	2018 A		2018 PF Altamira	Highlights
GBV (€bn)	81	82	+1%	137	Significant share of Italy's most important NPL mandates and entry into Europe's highest potential markets
Revenues (€m)	206	234	+14%	489	Volume growth, resilient pricing, improving collection rates and higher diversification
EBITDA ex NRI (€m) (% margin)	64 31%	84 36%	+31%	179 37%	Operating leverage and continued focus on cost control, driven by IT excellence
Product mix	NPL, UTP 100%	NPL, UTP 100%		REO 15% NPL, UTP 85%	Higher diversification while maintaining an asset light and focused approach
Weight of top 3 clients	91%	72%		59%	Largest client now accounting for ~20% of GBV. doBank working with some of the largest banks and investors in Europe
Weight of Italy AUM	100%	98%		60%	Exporting Italy's success into similar markets while drastically reducing macro risk

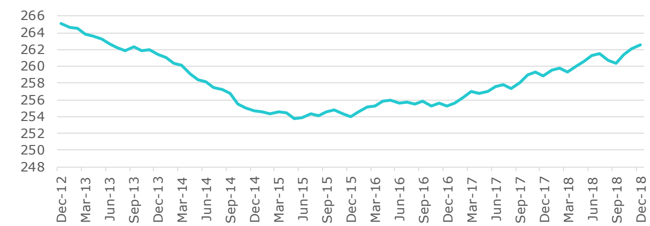
Organic revenue growth, profitability expansion and M&A opportunities

Italy update: supportive environment continues

Macro in line with expectations

- doBank planning **assumptions in line** with current market consensus for **very limited 2019 GDP growth**
- **Real estate** indicators still pointing to **positive liquidity and pricing momentum**
- Moderate but continued **progress in the reduction of court timing** bodes well for the future

Italian Real Estate Pricing Trend[1]



Supportive regulatory push

- 2018: EBA guidance (5% NPE ratio), calendar provisioning on new NPE flows and BoI guidance for less significant banks driving a **proactive approach to NPEs and need for specialized servicers**
- 2019: ECB draft **SREP requirement letters** recommending to increase coverage on both stock and flow of new NPEs in the medium-term
- 2019: possible **GACS extension** in Italy, with potential to include UTP

Solid deal pipeline[2]

Main deals planned and in pipeline, not including structured deals (stock, flow and platform)

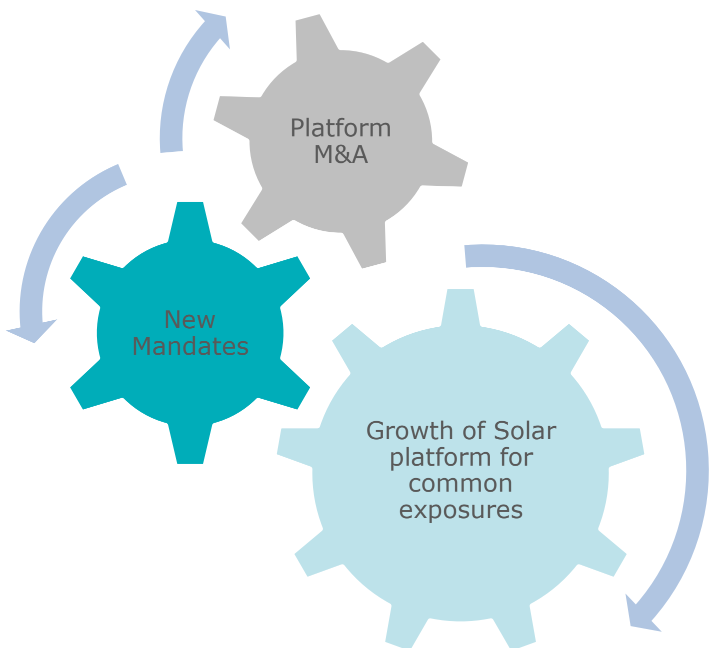
SELLER	GBV (€bn)	Details	SELLER	GBV (€bn)	Details
Crédit Agricole	6.0	NPL secured and unsecured, secondary transaction	Banca Carige	1.8	Mixed portfolio
Intesa Sanpaolo	4.2	Mixed portfolio	UBI Banca	1.5	Mixed portfolio
UniCredit	3.0	Project "Sandokan Bis"	**REV**	1.5	Mixed portfolio
Monte dei Paschi di Siena	2.6	Project "Merlino"	Banca Carige	1.0	Mixed portfolio
BPER: Banca	2.3	NPL unsecured	Cassa Centrale Banca	0.7	Mixed portfolio
Banca Popolare di Sondrio	2.0	Mixed portfolio	**Others**	>5	

Notes:
1. Source: Bloomberg. Index=100 in Dec. 1996, latest value 263 in Dec. 2018
2. Source: press and EY report "The Italian NPEs market", Jan 2019

Greece update: ideally positioned to benefit from market growth

Market update and doBank ambition

- Continued commitment by banks to complete deleverages plan and tangible investor interest
- doBank in discussion with main players in the local NPE ecosystem
- Competitive scenario developing in line with expectations, supportive of doBank ambitions
- €1.8bn Solar Project completed the business planning phase and has just started the loan management phase
- 2019 growth based on a mix of new flows into Solar Platform, new mandates in the market and M&A options



Greek banks' deleverage plan

NPE
€bn

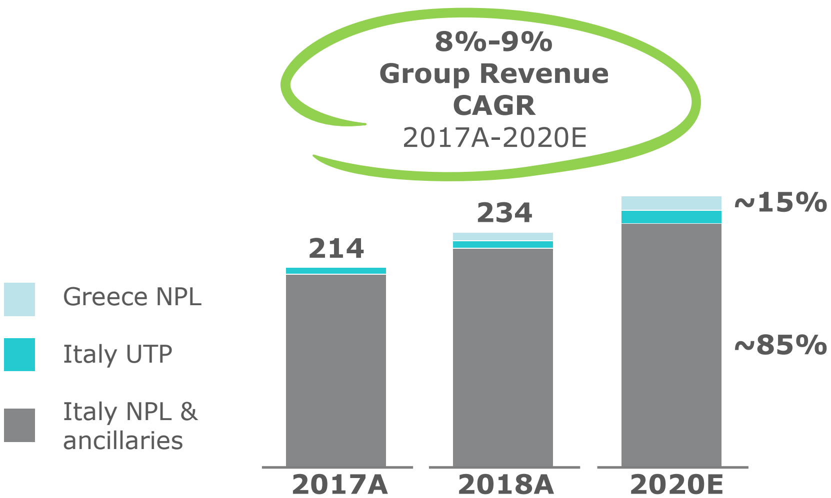
Deal Pipeline update

- **2018:** sales of mostly unsecured and retail portfolios
- **2019:** mix shift towards SME secured and two possible structured deals (stock, flow and platform):
    - NBG: €1.6bn secured SME
    - Piraeus: €0.8bn secured + €0.9bn unsecured
    - NBG: €1bn secured +€0.7bn unsecured
    - Eurobank: €2.5bn mortgage
    - Alphabank: two projects to come to market
    - …

Group 2018-2020E guidance confirmed

Consolidated Revenue Targets

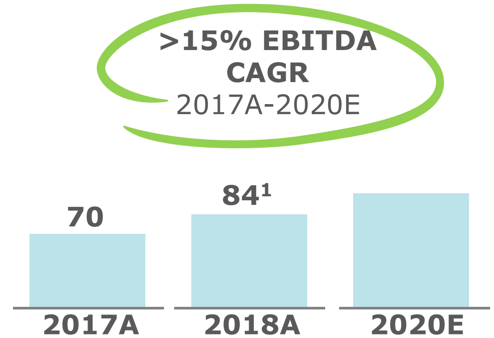
Gross Revenues
€m



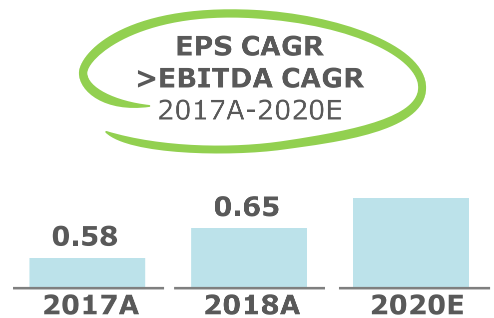
- **New GBV under management**
  - +€15bn in 2H 2018-2020 in Italy NPL
  - Growth in UTP and Greece GBV
- Improved **collection efficiency**
  - Collection rate >2.6% in 2020
  - Collections/Servicing FTEs >€2.8m
- **Ancillary revenues** expansion

Profitability and Cash Flow Targets

EBITDA
€m



EPS
€



- Deployment of **operating leverage** and strict **cost control,** enabled by IT investments in management platform
- Cash flow conversion (EBITDA-Capex) >90% and **dividend payout >65%** of consolidated ordinary net income
- Consolidated **leverage up to ~3x net debt/EBITDA**

Notes:
1. EBITDA excluding Non Recurring Items (start-up costs for Greece and UTP and part of the costs of the acquisition of Altamira Asset Management); EBITDA at €81.3m in 2018 (35% EBITDA margin)

2. Financial Review

Key financial highlights

			2017	2018	Δ (%)	
Revenue drivers	Largest servicing portfolio in the Italian market	GBV EoP	€76.7bn	€82.2bn	+7.1%	▪ €13.2bn new servicing mandates on-boarded progressively in 2018 ▪ €1.2bn inflows from existing clients
	Best-in-class collections	Gross collections	€1.8bn	€2.0bn	+6.8%	▪ Stronger H2 due to seasonality of collections, as expected
Simple P&L structure	Visible revenue base	Gross revenues	€213.5m	€233.5m	+9.3%	▪ Significant volume growth and resilient average fees
	Operating leverage	Operating costs	€123.3m	€128.3m	+4.1%	▪ IT and SG&A efficiencies, higher HR cost as expected ▪ Fixed HR costs at 85% of total HR costs
	Proven profitability	EBITDA ex NRI[1]	€70.1m	€84.0m	+19.8%	▪ Tangible evidence of operating leverage with a 20% expansion of EBITDA and EBITDA margin at 36% ▪ Reported EBITDA at €81.3m (35% EBITDA margin)
		EBITDA[1] margin	32.8%	36.0%	+3.2 p.p.	
		Net income ex NRI[1]	€45.0m	€52.6m	+17.0%	▪ Including €0.9m (pre-tax) gain from BCC GeCre 45% stake sale to Iccrea
Cash generation	Limited capex	Cash conversion[2]	€63.5m	€75.9m	+19.0%	▪ 93% cash conversion rate[2] ▪ Most of IT and other investments expensed at income statement
	Benefits from tax assets	Tax Assets	€94.0m	€81.4m	(13%)	▪ Tax assets fully off-settable against direct and indirect taxes

Notes:
1. Excluding Non Recurring Items (start-up costs for Greece and UTP)
2. EBITDA-Capex

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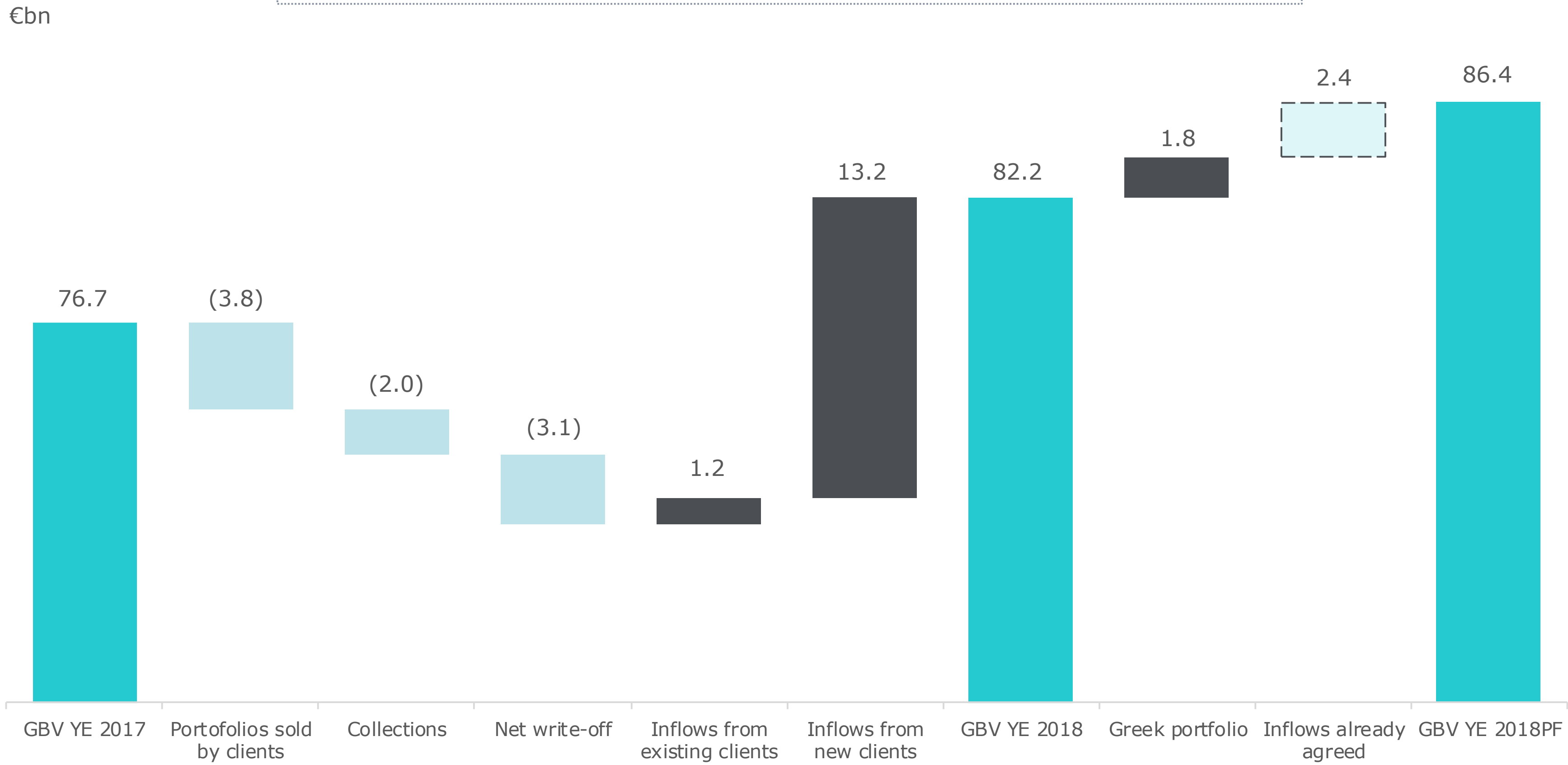
Evolution of gross book value under management

- Strong growth in GBV to €82bn driven by new servicing mandates, confirming #1 position in Italian market
- REV, Berenice, MPS, BP Ragusa, Project "Milano" and minor portfolios progressively on-boarded during the period
- Greek mandate with systemic banks and €2.4 of new business to be on-boarded in the first quarter of 2019 (ICCREA and Project Riviera of Carige)

GBV evolution

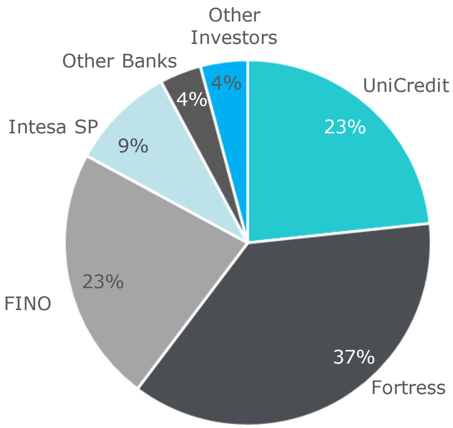


Portfolio composition: large, diversified, secured, corporate

GBV Composition

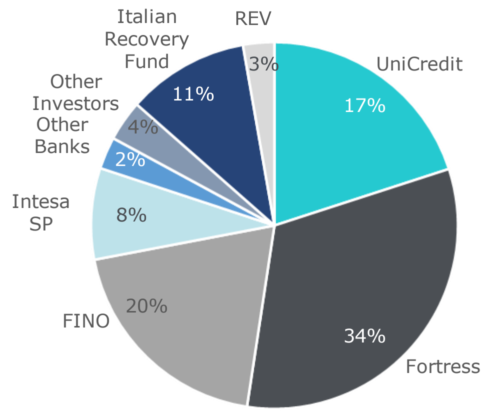
YE 2017

Investors 64% / Banks 36%

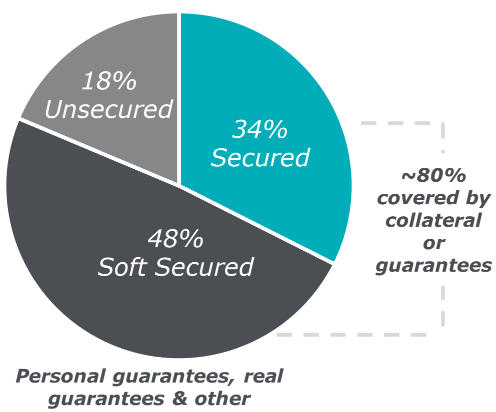


YE 2018

Investors 71% / Banks 29%



Portfolio Profile 2018



Loan Profile 2018

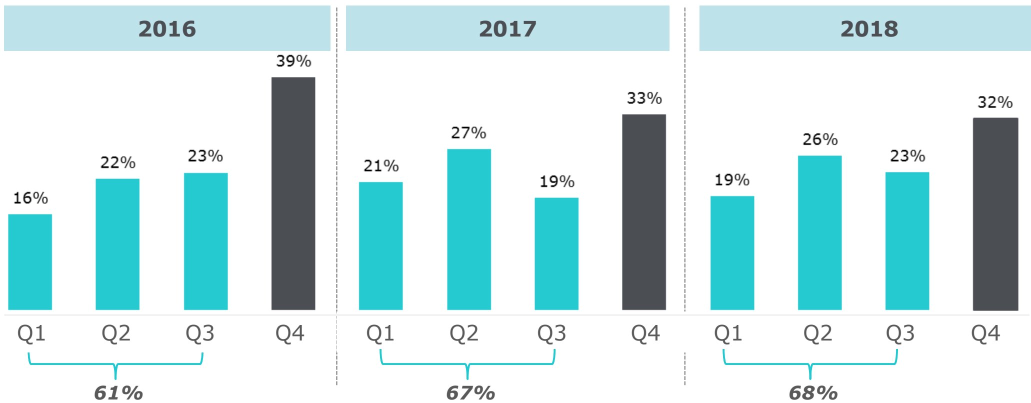
# of Claims	618k
Loan Size	€133k
% "Large" Loans (> €500k GBV)	54%
% Corporate	71%
% Northern/Central Italy	68%

- Improving diversification :
  - Banks at 29% of GBV (60% at IPO)
  - Investors at 71% of GBV (40% at IPO)
- No relevant client overlap with Altamira Asset Management expected to materially improve GBV diversification post deal closing
- Intrum/Intesa transaction to reduce GBV by approx. €2bn in Q1 2019 offset by indemnity fees. Impact on collections already visible in Q4 '18 due to reduced activity
- Portfolio maintains its highly secured profile, with dominance of corporate, mid to large size loans

Seasonality of collections across quarters

Historical quarterly pattern

% on yearly collections[1]

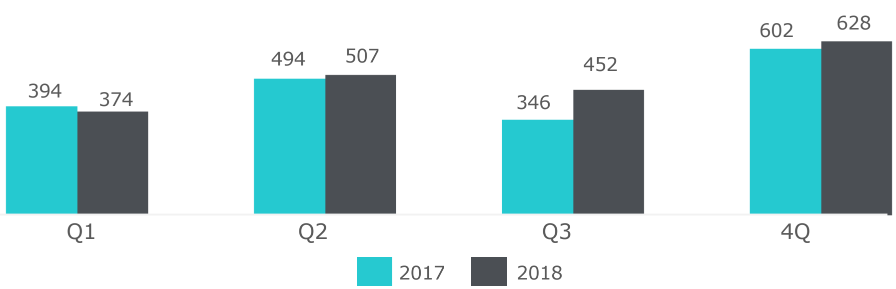


- Highly seasonal collections, Q4 2018 collection growth benefiting from comparison base effect
- Growing LTM collection rate on stock[2] GBV (2.5% in 2018 from 2.4% in 2017) due also to the ongoing management platform integration
- Collection rate trend in line with timing of portfolio on-boarding, target of >2.6% by 2020 confirmed

2018 vs. 2017 Quarterly performance

	Q1	Q2	Q3	4Q
2018 % on yearly collections	19%	26%	23%	32%
Cumulated 2018 collections, €m	374	882	1,334	1,961

Quarterly collections[2], €m

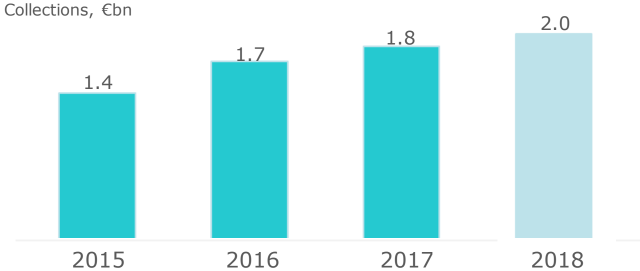


Collections vs GBV

Collections / GBV EoP

1.6% → 2.1% → 2.4% → 2.5% stock[2] 2.4% total

Collections, €bn

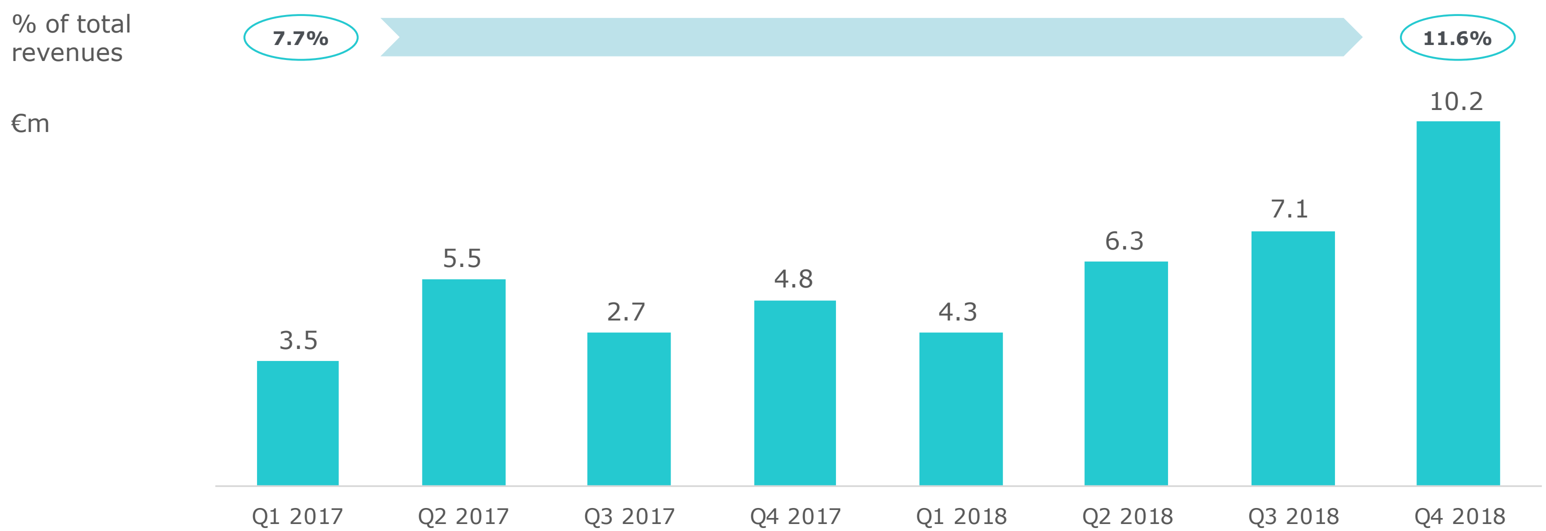


1. Italfondiario collections for 2016 are accounted for as net cash flow consistent with their historical reporting
2. Stock GBV excludes new servicing mandates on-boarded progressively in 2018, not yet fully reflected in collections of the period

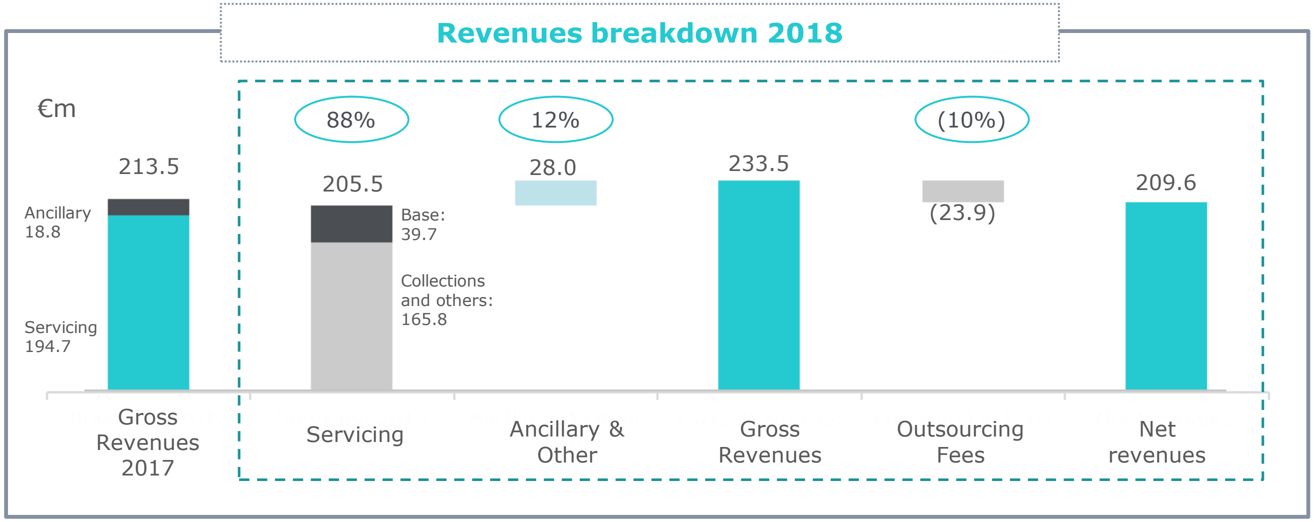
Ancillary and other revenues

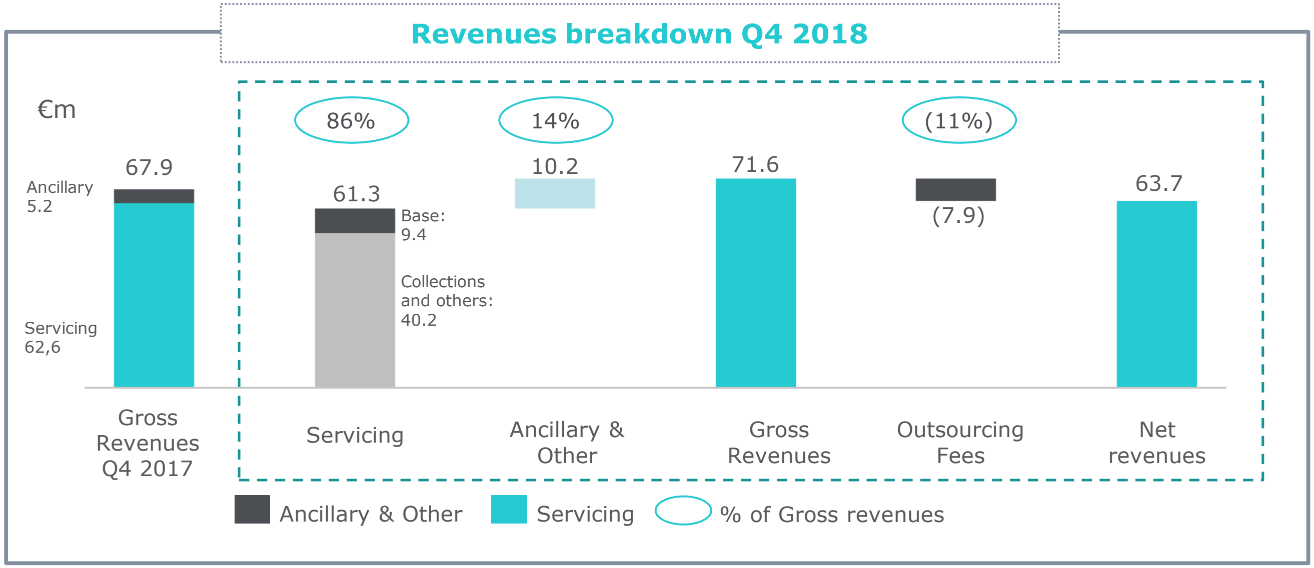
- Ancillary and other revenues well above IPO target for 2019YE
- Data remediation contracts completed on non-captive portfolios and on new GACS
- Several due diligence closed in 4Q18 (e.g. BAMI process and others)
- Judicial management progressing towards its run rate, only one year after start of operations
- Others include Greek branch revenues for €3.2m, which represents cost reimbursement by the local banks

Quarterly revenues trend



From gross to net revenues

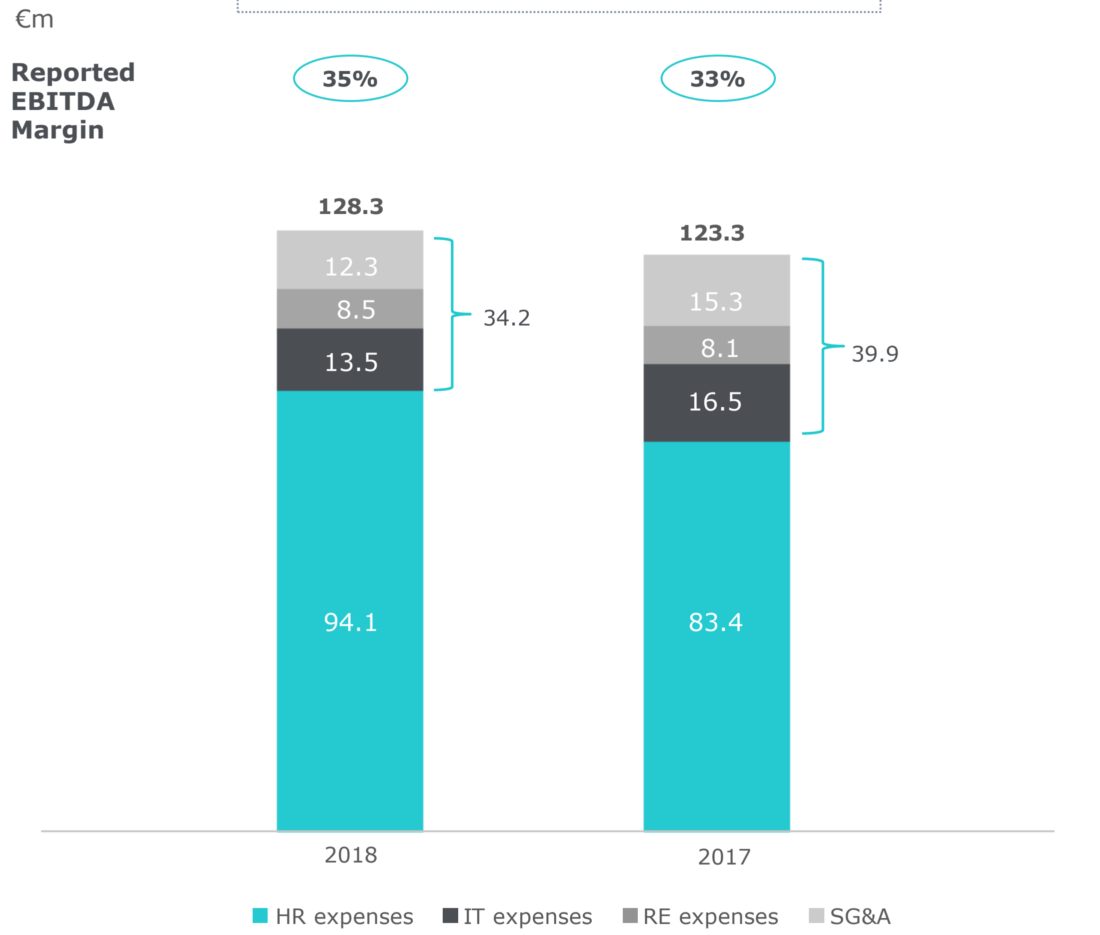




- Collection fee growth in line with collections and supported by new mandates
- doBank's selective approach to the market returns a resilient fee structure
- Base fees stable at ca. 5 basis points on AUM and at 19.5% of total fees

Focus on operating expenses

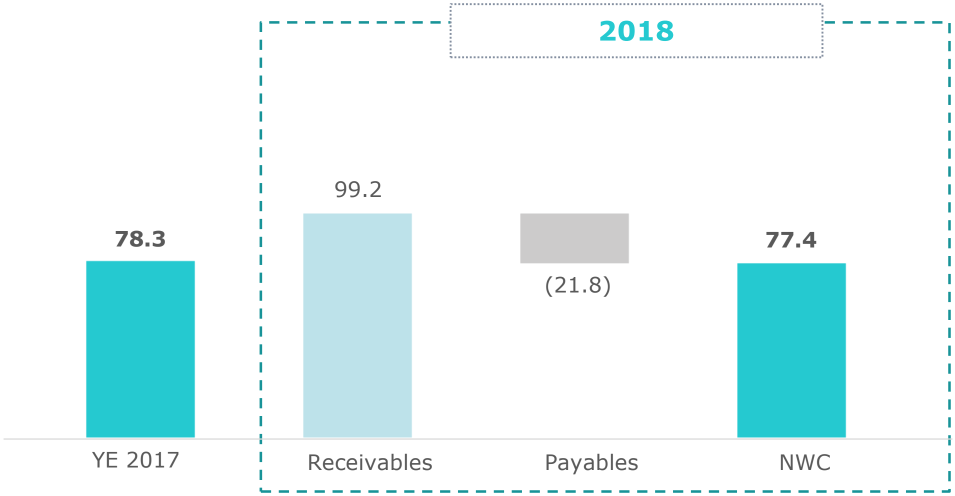
Operating expenses breakdown



- Total costs up by 4% despite a +9% growth in revenues, confirming operating leverage
- Total costs include €2.7m Non Recurring Items (start-up costs in Greece, UTP, Group Reorganization costs and a portion of costs related to Altamira project)
- Personnel cost at 73% of total; increase, as anticipated, due to new management team and IPO incentive plan from July 2017
  - 15% of HR costs variable
  - HR efficiency plan to be completed in 2019, due to timing of on-going discussions with unions; plan confirmed
- IT cost reduction due to concentration of IT projects in 2H 2018 vs 1H 2017
- Lower SG&A year on year benefit from a variety of efficiency projects across the organization

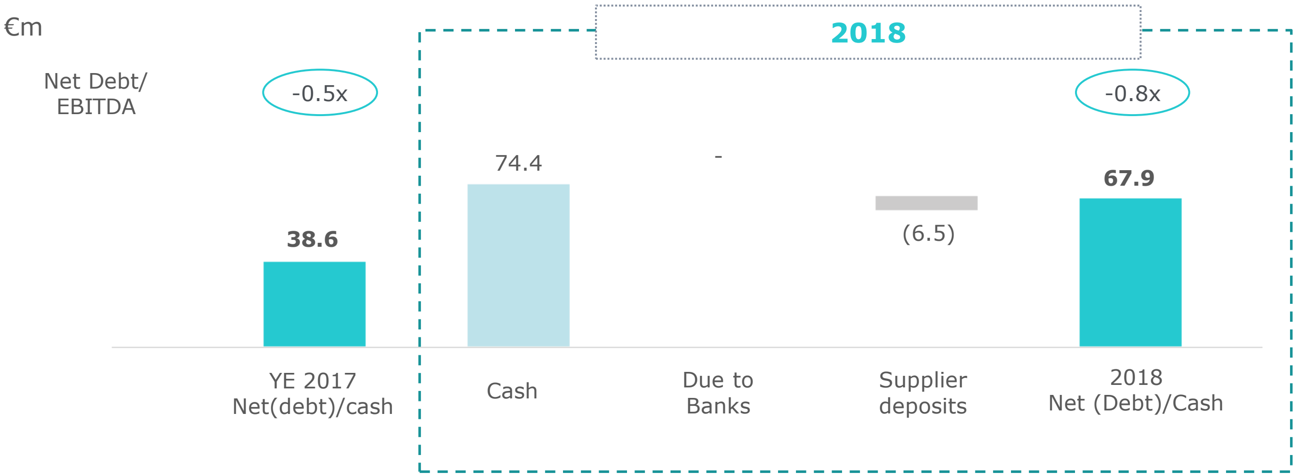
NWC and net financial position

Net working capital



- Lower net working capital despite high-single-digit growth in revenues
- Structural positive NWC trend ongoing, helped by shift of client base from Banks towards Investors

Net financial position

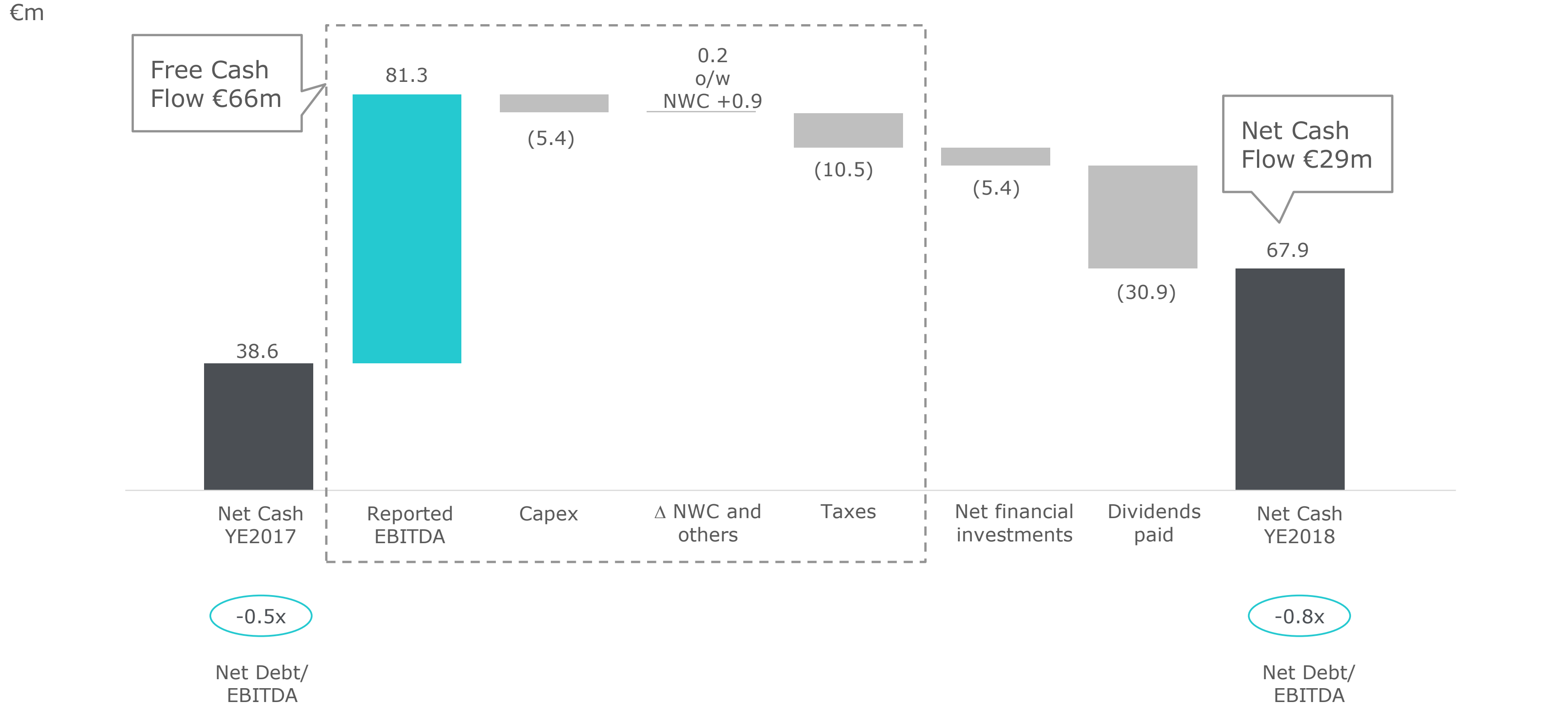


- Highly cash generative business, low capex needs and fully offsettable tax assets
- Significant Net Cash position at €68m
- Expected 2019 peak leverage <2.5x Net debt/EBITDA ratio post Altamira acquisition and quick deleverage thereafter

2018 Cash flow trend

- Significant net cash flow generation driven by growth in EBITDA and reduction in Net Working Capital
- Low capex needs and limited cash taxes support a Free Cash Flow generation of €66m, converting 81% of reported EBITDA
- Organic cash flow generation deployed to reward investors with industry-leading dividend yields and to invest in M&A in an accretive and financially prudent transaction

Cash Flow Bridge



3. Appendix

Condensed consolidated income statement FY2018

(€/000)

Condensed consolidated income statement	Year		Year		Change	
	2018		2017		Amount	%
Servicing revenues		205,539		194,746	10,793	6%
Co-investment revenues		911		665	*246*	*37%*
Ancillary and other revenues		27,054		18,136	*8,918*	*49%*
Gross Revenues		**233,504**		**213,547**	**19,957**	**9%**
Outsourcing fees		(23,910)		(20,141)	*(3,769)*	*19%*
Net revenues		**209,594**		**193,406**	**16,188**	**8%**
Staff expenses		(94,054)		(83,391)	*(10,663)*	*13%*
Administrative expenses		(34,246)		(39,913)	5,667	*(14)%*
Operating expenses		**(128,300)**		**(123,304)**	**(4,996)**	**4%**
EBITDA		**81,294**		**70,102**	**11,192**	**16%**
EBITDA Margin		*35%*		*33%*	*2%*	*6%*
Non-recurring items included in EBITDA	*(2,712)*		-		*(2,712)*	*n.s.*
EBITDA excluding non-recurring items	***84,006***		***70,102***		***13,904***	***20%***
EBITDA Margin excluding non-recurring items	*36%*		*33%*		*3%*	*10%*
Impairment/Write-backs on property, plant, equipment and intangible assets		(2,750)		(2,284)	*(466)*	*20%*
Net Provisions for risks and charges		(318)		(4,041)	*3,723*	*(92)%*
Net Write-downs of loans		876		1,776	*(900)*	*(51)%*
Net income (losses) from investments		917		2,765	*(1,848)*	*(67)%*
EBIT		**80,019**		**68,318**	**11,701**	**17%**
Net financial interest and commissions		198		(184)	*382*	*n.s.*
EBT		**80,217**		**68,134**	**12,083**	**18%**
Income tax for the year		(29,362)		(22,750)	*(6,612)*	*29%*
Profit (loss) from group of assets sold and held for sale net of tax		-		(390)	*390*	*(100)%*
Net Profit (Loss) attributable to the Group		**50,855**		**44,994**	**5,861**	**13%**
Non-recurring items included in Net Profit (Loss) attributable to the Group	*(1,784)*		-		***(1,784)***	*n.s.*
Net Profit (Loss) attributable to the Group excluding non-recurring items	***52,639***		***44,994***		***7,645***	***17%***
Earnings per share (Euro)		**0.65**		**0.58**	**0.07**	**13%**
Earnings per share excluding non-recurring items (Euro)	***0.67***		***0.58***			

Condensed consolidated balance sheet FY2018

(€/000)

Condensed balance sheet	12/31/2018	12/31/2017	Change €	Change %
Cash and liquid securities	74,443	50,364	24,079	48%
Financial assets	36,312	25,960	10,352	40%
Equity inv estments	-	2,879	(2,879)	(100)%
Tangible assets	2,810	2,772	38	1%
Intangible assets	8,327	6,041	2,286	38%
Tax assets	87,356	103,941	(16,585)	(16)%
Trade receiv ables	99,224	99,337	(113)	(0)%
Assets on disposal	710	10	700	n.s.
Other assets	7,855	6,196	1,659	27%
Total assets	**317,037**	**297,500**	**19,537**	**7%**
Financial liabilities: due to customers	-	11,759	(11,759)	(100)%
Trade payables	21,848	21,072	776	4%
Tax Liabilities	10,174	6,105	4,069	67%
Employee Termination Benefits	9,577	10,360	(783)	(8)%
Prov ision for risks and charges	20,754	26,579	(5,825)	(22)%
Liabilities associated with non-current assets and disposal groups helc	6,532	-	6,532	n.s.
Other liabilities	15,362	14,928	434	3%
Total Liabilities	**84,247**	**90,803**	**(6,556)**	**(7)%**
Share capital	41,280	41,280	-	n.s.
Reserv es	140,901	120,700	20,201	17%
Treasury shares	(246)	(277)	31	(11)%
Result for the period	50,855	44,994	5,861	13%
Total shareholders' equity	**232,790**	**206,697**	**26,093**	**13%**
Total liabilities and shareholders' equity	**317,037**	**297,500**	**19,537**	**7%**

Consolidated cash flow FY 2018

(€/000)

Cash Flow	12/31/2018	12/31/2017
EBITDA	81,294	70,102
Capex	(5,408)	(6,557)
EBITDA-Capex	**75,886**	**63,545**
as % of EBITDA	93%	91%
Adjustment for accrual on share-based incentiv e system payments	5,814	2,195
Changes in NWC	889	1,055
Changes in other assets/liabilities	(6,471)	6,666
Operating Cash Flow	**76,118**	**73,461**
Tax paid (IRES/IRAP)	(10,480)	(1,170)
Free Cash Flow	**65,638**	**72,291**
(Inv estments)/div estments in financial assets	(8,035)	(12,509)
Equity (inv estments)/div estments	2,610	1,694
Div idend paid	(30,907)	(52,330)
Net Cash Flow of the period	**29,306**	**9,146**
Net financial Position - Beginning of period	38,605	29,459
Net financial Position - End of period	67,911	38,605
Change in Net Financial Position	**29,306**	**9,146**

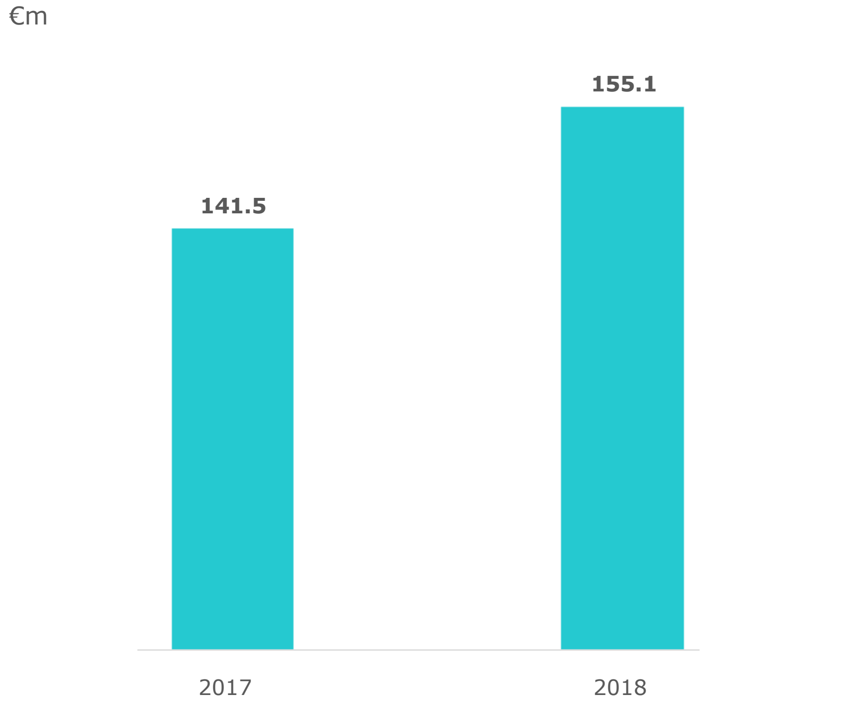
Key Performance Indicators FY 2018

(€/000)

Key performance indicators	12/31/2018	12/31/2017
Gross Book Value (Eop) - in millions of Euro -	82,179	76,703
Collections for the period - in millions of Euro -	1,961	1,836
Collections for the Last Twelv e Months (LTM) - in millions of Euro -	1,961	1,836
LTM Collections/GBV (EoP)	2.4%	2.4%
LTM Collections Stock/GBV Stock (EoP)	2.5%	2.4%
Staff FTE/Total FTE	37%	37%
LTM Collections/Serv icing FTE	2,668	2,510
Cost/Income ratio	61%	64%
EBITDA	81,294	70,102
Non-recurring items	(2,712)	-
EBITDA excluding non-recurring items	84,006	70,102
EBT	80,217	68,134
EBITDA Margin	35%	33%
EBITDA Margin excluding non-recurring items	36%	33%
EBT Margin	34%	32%
Earning per share (Euro)	0.65	0.58
Earning per share excluding non-recurring items (Euro)	0.67	0.58
EBITDA – Capex	75,886	63,545
Net Working Capital	77,376	78,265
Net Financial Position of cash/(debt)	67,911	38,605

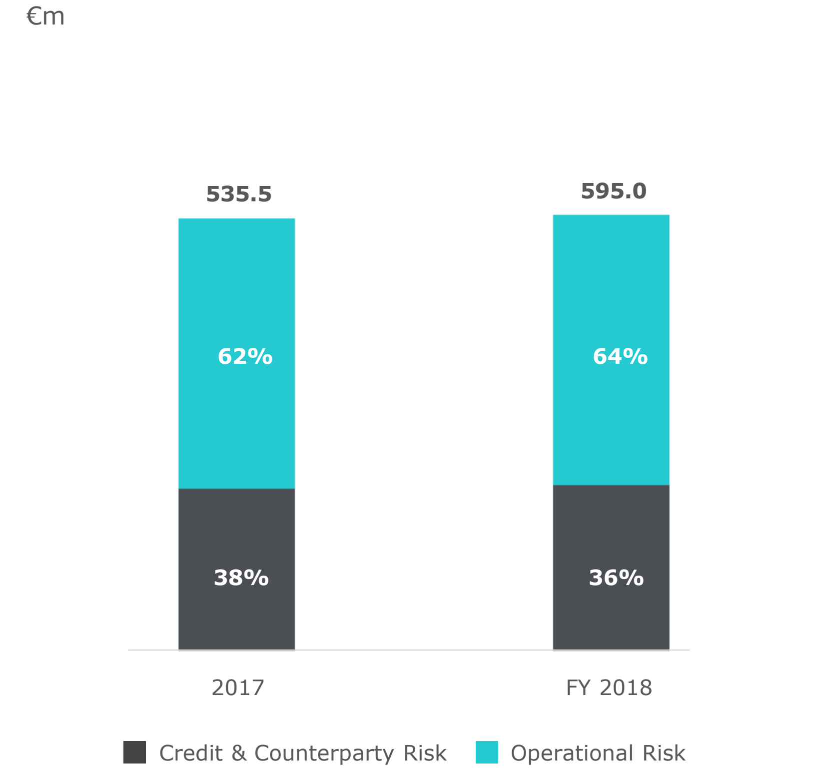
Regulatory capital

CET 1



Ratio	26%	26%

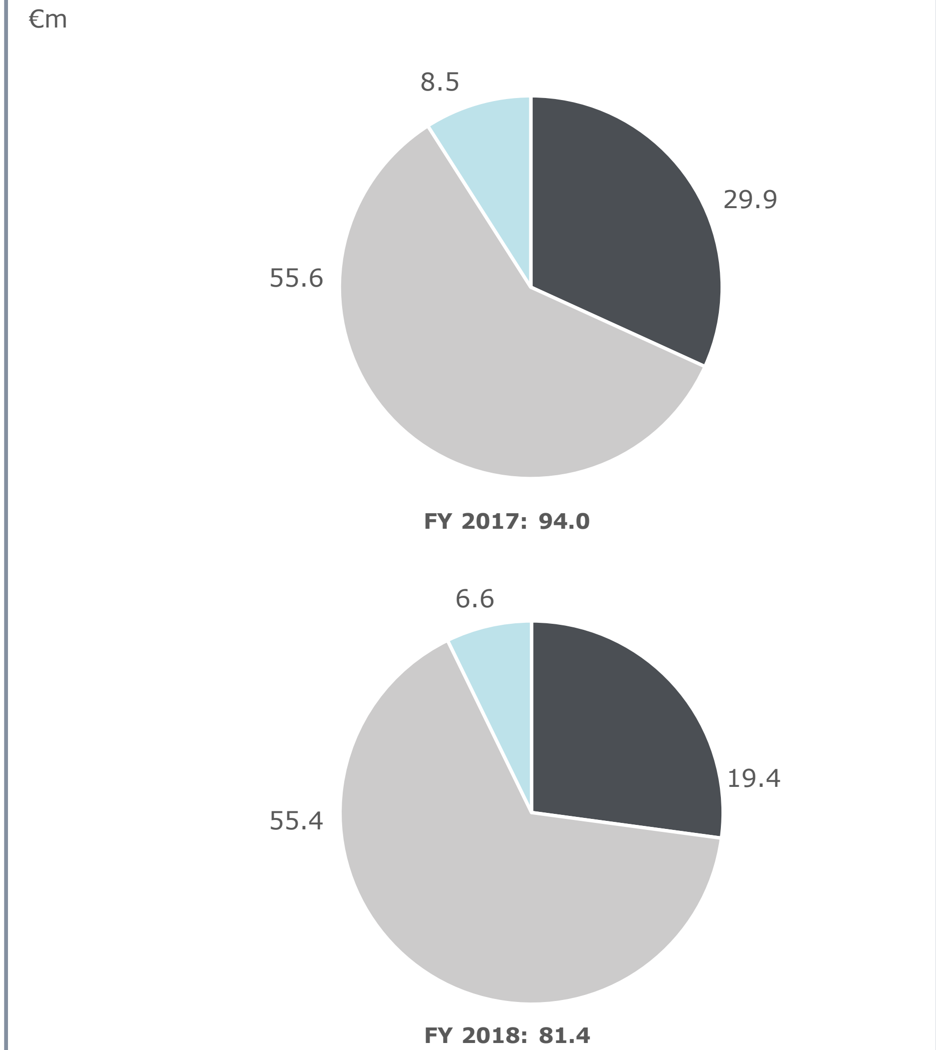
RWA Breakdown



Excess capital to support business growth through M&A and investments as well as to remunerate investors

Tax assets

Tax assets breakdown



Tax assets are originated from 2015 UCCMB transaction in 2015

A DTAs (Loss Carry forward):

- Can be used to off-set future direct and indirect taxes, subject to future profitability of the company
- Currently fully deducted from CET1 capital
- To be fully exploited through future profit generation

B DTAs (Net Write-down):

- Can be used to off-set future direct and indirect taxes, with no maturity, starting from 2021
- Currently risk-weighted at 100%

C DTAs on temporary differences

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Certification of the financial reporting officer
Mauro Goatin, in his capacity as the officer responsible for preparing corporate accounting documents, certifies – pursuant to Article 154-bis, paragraph 2, of Legislative Decree 58/1998 (the Consolidated Financial Intermediation Act) – that the accounting information in this press release is consistent with the data in the accounting documentation, books and other accounting records.