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Societa' : doValue S.p.A.

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Diffusione presunta

Oggetto : BoD approves updated Business Plan with
2019-2022 targets and the Consolidated
Interim Report as at September 30, 2019

Testo del comunicato

Vedi allegato.

Press release

THE BOARD OF DIRECTORS APPROVES UPDATED BUSINESS PLAN WITH 2019-2022 TARGETS AND THE CONSOLIDATED INTERIM REPORT AS AT SEPTEMBER 30, 2019

Update of the Business Plan and 2019-2022 targets to incorporate the inclusion of Altamira Asset Management in the scope of consolidation:

- **2019 targets**
 - **2019 targets:** expected gross revenues of ca. €380 million, EBITDA excluding non-recurring items¹ of ca. €140 million, net profit excluding non-recurring items at €70 million and pro forma leverage equal to ca. 1.5x before potential M&A transactions;
 - **pro-forma (pf)² 2019 target**, including the impact of the acquisition of Altamira Asset Management from January 1, 2019, the reference point for the 2022 targets: expected gross revenues of ca. €500 million, EBITDA excluding non-recurring items¹ of ca. €185 million and net profit excluding non-recurring items¹ of ca. €65 million.
 - **2019 dividend:** expected dividend proposal of at least €0,62 per share, up more than 30% compared with 2018.
- **Strengthening of doValue's leadership in the management of non-performing exposures, unlikely-to-pay (UTP) loans and real estate assets in Southern Europe**
 - Expectations of new servicing mandates in Southern Europe amounting to around €7 billion per year (GBV) on average 2020-2022;
 - Target supported by positive performance of portfolio under management at September 30, 2019: new mandates with for over €10 billion, of which around €4.8 billion from flow agreements;
 - development of real estate asset management activities, mainly in Italy and Greece, leveraging on Altamira Asset Management's distinctive skills.
- **Greater efficiency of operations and cost reduction**
 - Improvement in Group collection rate; collection rate Italy confirmed at over 2.6% in 2020;
 - Lower outsourcing fees due to a reduction in use of the external professionals network;
 - Cost basis declining in absolute terms in 2019-2022, despite the expected growth in revenues.
- **Group's solid financial position to support shareholder value creation:**
 - cautious analysis of M&A opportunities in the short term, limiting the maximum net debt to 3.0x EBITDA, with a focus on accretive transactions;
 - confirmation of dividend payments (dividend per share) above current market expectations in the medium-long term;

¹ Excluding non-recurring items connected with the launch of our new businesses, notably our operations in Greece and in the UTP segment, the corporate reorganisation and the acquisition of Altamira Asset Management.

² Pro-forma 2019 data include the effects of the acquisition of Altamira Asset Management, closed on June 27, 2019, since January 1, 2019

doValue S.p.A.

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- **2022 targets**

- revenues expected to post average annual growth (CAGR) of between 1% and 3% between pf 2019 and 2022;
- EBITDA excluding non-recurring items expected to post average annual growth (CAGR) of between 3% and 5% between pf 2019 and 2022;
- EBITDA margin excluding non-recurring items over 40% in 2022;
- depreciation and amortisation declining over the period;
- net profit excluding non-recurring items posting average annual growth (CAGR) of 15% between pf 2019 and 2022;
- dividend per share (“DPS”) above current market expectations, starting with 2019 DPS of € at least 0,62 per share;
- leverage expected to decrease rapidly, with ratio of net financial debt to EBITDA expected to fall below 1.0x in 2021.

Interim Consolidated Report at September 30, 2019: main consolidated results and KPIs compared with September 30, 2018 Restated³ and September 30, 2018 “aggregate”:⁴

- portfolio under management of €132.4 billion (gross book value), +61% compared with the end of 2018 (€82.2 billion), -3% compared with the “aggregate” figure at September 30, 2018 (€135.9 billion);
- new assets under management of over €10 billion, of which about €4.8 billion from flow agreements under outstanding contracts;
- new servicing contracts of worth a further €7.8 billion of GBV, not yet included in the portfolio under management; including these contracts, the portfolio under management would amount to over €140 billion;
- gross revenues at €233.4 million, up +44% compared with €161.9 million at September 30, 2018 (+5% compared with the “aggregate” figure);
- net revenues of €209.8 million, +44% compared with €145.9 million (+7% compared with the “aggregate” figure);
- EBITDA excluding non-recurring items of €90.6 million, +61% compared with €56.2 million (+13% compared with the “aggregate” figure); EBITDA of €78.8 million, +40% compared with €56.2 million;
- EBITDA margin excluding non-recurring items equal to 39%, up 4 points compared with 35% at September 30, 2018 (+3 percentage points compared with the “aggregate” EBITDA margin);
- net profit excluding non-recurring items, linked to the dividend policy, equal to €44.7 million, +30% compared with €34.5 million at September 30, 2018 (+17% compared with the “aggregate” figure); net profit of €18.6 million, -46% compared with €34.5 million;
- negative net financial position of €257.5 million (a positive €67.9 million at the end of 2018), improving by over €62 million compared with June 30, 2019 and including the impact of the Altamira acquisition; pro forma leverage (net financial position as a ratio of EBITDA) equal to 1.5x, a significant reduction compared with 1.8x at the end of June 2019.

³ 2018 results restated: including the effects of the application of the new IFRS 16 Leases as from January 1, 2019.

⁴ Aggregate 2018 results: in order to ensure greater comparability with the 2019 results at constant perimeter, the figures for the first nine months of 2018 have been combined with Altamira third quarter 2018 results, in line with Altamira's contribution to performance in 2019.



Rome, November 7, 2019 - The Board of Directors of doValue SpA (the “**Company**” or “**doValue**”) today approved the update of the Business Plan and the 2019-2022 targets and the Consolidated Interim Report as at September 30, 2019.

UPDATE OF THE BUSINESS PLAN WITH TARGETS 2019-2022

New doValue profile with the integration of Altamira Asset Management

The acquisition of Altamira Asset Management is part of the process of growth, through both organic expansion and extraordinary operations, outlined in the 2018-2020 Business Plan approved in June 2018, accelerating growth and the pace of internationalisation significantly.

Between 2017, the year the company was listed, and today, doValue has radically expanded and diversified its activities, while maintaining high profitability and cash generation:

- portfolio under management up from €77 billion to €132 billion;
- revenues up from €213 million to €493 million (pro forma 2018 including the acquisition of Altamira);
- EBITDA margin excluding non-recurring items rising from 33% to 39% (results at September 30, 2019);
- greater market diversification: from the main Italian player to leadership in five Southern European markets;
- greater product diversification: from NPLs to management of NPLs, UTPs and real estate assets;
- greater diversification of customers: from around 40 in 2017 to over 75 in 2019, including three main “flow” contracts for the exclusive management of future NPL production and the real estate assets of leading European banks.

Product diversification, a larger customer portfolio and doValue’s financial strength are particularly important in the current market environment, consisting of a number of macroeconomic and product cycles able to offset each other in the broader Southern European market, with a greater customer focus on the servicing of real estate assets and unlikely-to-pay exposures, and possible scenarios for consolidation among operators in the servicing sector that facilitate M&A opportunities.

Despite our dimensional growth and greater diversification, the distinctive features of the doValue business model have not changed: an independent and asset-light servicing platform, which does not involve the purchase of loan portfolios and is based on long-term management contracts with leading financial institutions and specialised investors.

The NPL and real estate asset servicing market in Southern Europe

According to Deloitte forecasts,⁵ over €140 billion of transactions involving non-performing assets are expected in Europe in 2019, compared with over €200 billion in 2018 and over €150 billion in 2017.

⁵ Source: Deloitte “Deleveraging Europe”, October 2019



Over the past three years, the volume of NPL operations has accelerated sharply, but the equally significant amount of transactions in the previous period must be emphasized: in fact, between 2014 and 2016, Europe registered transactions worth over €100 billion on average per year.

Various structural factors underpin this trend, in particular pressure from the European Commission (the “Action Plan” to tackle NPLs), the ECB (“Framework” for non-performing exposures) and the EBA (“Guidelines”) for financial institutions reduce the stock of doubtful loans. Further opportunities for servicers are being created by the increasing use of outsourcing in credit management and recovery activities and real estate asset management by banks and investors, in favour of specialised operators.

Southern Europe, based on macroeconomic conditions, the development of the servicing market and its competitive dynamics, represents an attractive target for doValue, the leading credit servicer and real estate asset manager in the area.

In Italy, in 2020-2022 a total of approximately €15-20 billion of NPL and UTP transactions per year are forecast,⁶ with a mix of primary and secondary market operations, in addition to growth in the REO asset management market from €7 billion in 2019 to €17 billion in 2022. In addition to the organic expansion of the business, in Italy it is expected that servicers will focus on improving the efficiency of their operations and will consider aggregations and other extraordinary operations to better respond to the challenges of the sector.

Spain and Portugal also forecast operations totalling around €15-20 billion a year between 2020 and 2022, consisting mainly of transactions in the secondary market, involving NPLs and real estate assets, driven by the substantial volume of operations on the primary market in the recent past.

However, Greece and Cyprus are the most active primary markets, given the need for Greek banks to reduce the stock of non-performing assets by around €47 billion in the next two years and the current market pipeline in Cyprus, consisting of operations worth over €5 billion. Even in these markets, and Greece in particular, banks are expected to make greater use of real estate asset management services.

DoValue Business Plan: main financial targets for 2022

- Group gross revenues up between 1% and 3% on average per year between pf 2019 and 2022 (CAGR) thanks to:
 - new management contracts for NPLs, UTPs and real estate amounting to €4-5 billion a year in Italy, €1-2 billion a year in Spain and Portugal, €1-2 billion in Greece and new contracts in Cyprus;
 - development of real estate activities, especially in Italy and Greece, leveraging Altamira’s track record in international development and the greater potential in asset repossession activities in Italy as an asset management strategy. Proportion of Real Estate on total GBV under management from 16% in 2020 to 18% in 2022. Revenue synergies from the integration of Altamira Asset Management are expected to amount to about €8-10 million in terms of impact on 2022 EBITDA;
 - greater efficiency in recovery activities, with an increase in the Group collection rate, especially in Italy, where the collection rate is expected to exceed 2.6% by 2020;
 - expansion of ancillary services at a faster rate than Group revenues, due to the increasing adoption by customers of data quality and governance services, as well as legal, due diligence and master servicing services;

⁶ Source: PWC “Update on the Italian servicing market, June 2018”

- Lower outsourcing fees, declining from about 14% of gross revenues in 2019 to around 10% in 2022, due to a decline in recourse to external providers in NPL and real estate management activities;
- Group EBITDA excluding non-recurring items increasing by between 3% and 5% on average per year between pf 2019 and 2022 (CAGR), thanks to:
 - reduction of the cost basis in absolute terms by around 3% on average between pf 2019 and 2022, thanks to the search for greater efficiencies in all the main cost items, starting with the rationalization of our geographical presence, our IT infrastructure and our personnel costs;
 - cost synergies from the integration of Altamira Asset Management amounting to about €2-4 million in terms of impact on 2022 EBITDA, without significant associated costs;
 - an EBITDA margin excluding non-recurring items forecast at more than 40% by 2022;
- Earnings per share excluding non-recurring items up by 15% on average per year between pf 2019 and 2022 (CAGR), thanks to:
 - a declining depreciation and amortisation profile over the period;
 - lower financial expense due to the rapid reduction in net financial debt;
 - a tax rate at around 30%, based on the Group's marginal tax rate of 28% in addition to the DTA charge and the impact of non-deductible costs;
- Dividend per share ("DPS") above current market expectations, starting from 2019 DPS expected to be €0.62 per share;
- Leverage is expected to decrease rapidly, with the ratio between net financial debt and expected EBITDA lower than 1.0x in 2021;
 - the Group's high cash conversion rate is expected to remain above 90% over the period in terms of EBITDA-Capex as a percentage of EBITDA;
 - limited need for capital investment and benefits from tax assets;
- Exploiting the Group's sound financial position to support the creation of value for investors:
 - close monitoring of M&A opportunities in the short term, with a focus on the markets and business segments in which the Group is already active;
 - renewed commitment to maintain maximum net financial position below a ratio of net debt to EBITDA of 3x;
 - in the medium term, shareholder remuneration expected to increase further.

CONSOLIDATED INTERIM REPORT AS AT SEPTEMBER 30, 2019

For the first time, doValue's income statement at September 30, 2019 reflects the consolidation of Altamira Asset Management, the acquisition of which was completed at the end of June 2019. The following discussion is accompanied by remarks on a comparison of the actual figures for the first nine months of 2019 with the "aggregate" data for the first nine months of 2018 including the contribution of Altamira Asset Management, therefore at constant perimeter with 2019, shown in the appendix.

In the first nine months of 2019, doValue posted gross revenues of €233.4 million, up 44% compared with



€161.9 million in the first nine months of 2018, +5% compared with the “aggregate” figure for the same period.

Servicing revenues, the main activity of doValue and equal to 88.5% of consolidated revenues, amounted to €206.6 million, compared with €144.2 million (+43%) in the same period of the previous year (3% growth compared with the “aggregate” figure at constant perimeter). Revenue growth compared with 2018 “aggregate” data was supported by the performance of real estate services, which more than offset developments in NPL servicing revenues (+20% compared with September 30, 2018, -1% compared with the “aggregate” figures). Performance fees and customer portfolio sales indemnities also posted growth. In line with portfolio under management, base fees declined for the period compared with the “aggregate” 2018 figures, despite the stability of average fees.

Revenues from co-investment and revenues from ancillary products and minor activities, equal to €26.8 million, were up 51% compared with the same period of 2018, reaching 11.5% of revenues, compared with 11% in the first nine months of 2018 (+26% growth compared with the “aggregate” 2018 figure). This trend was sustained by higher revenues from judicial management, data remediation, business information and master servicing activities, as well as the reimbursement of costs related to the management of the contract with the four Greek systemic banks, amounting to about €3.8 million.

Net revenues amounted to €209.8 million at September 30, 2019, up 44% compared with the same period of the previous year (€145.9 million) and up 7% compared with the “aggregate” figure at constant perimeter. The increase in outsourcing fees at €23.5 million, compared with €16.0 million in the first nine months of 2018, is entirely accounted for by the inclusion of Altamira Asset Management in the scope of consolidation. Outsourcing fees fell by around 9% with respect to the “aggregate” figure as at September 30, 2018 due to a reduction in recourse to the external network in Italy for activities connected to the NPL business, in line with the objectives of the Business Plan. This trend explains the higher growth rate of net revenues compared with gross revenues.

Operating expenses amounted to €131.1 million (€89.7 million in the first nine months of 2018, €117.1 million for the 2018 “aggregate” figures) and include non-recurring items of about €11.9 million, reported under general expenses. Non-recurring items are mainly linked to the acquisition of Altamira Asset Management and the corporate reorganisation process through which doValue has become a servicing company governed by Article 115 of the of the Consolidated Public Security Act (TULPS), ceasing to be a banking group.

Compared with “aggregate” operating expenses at September 30, 2018, the slight increase in IT costs (€12.5 million in the first nine months of 2019 compared with €11.6 million in the corresponding period) is attributable to the development of Group software applications, while the increase in staff expenses (€89.3 million compared with €85.0 million) is related to the growth in the number of personnel employed in developing activities in Greece and UTP servicing operations in Italy. Initiatives aimed at reducing personnel costs provided for in the 2018-2020 Business Plan have been completed, mainly through early termination incentives, with the effects becoming fully visible in 2020.

EBITDA before non-recurring items at the end of September 2019 amounted to €90.6 million, up €34.4 million (+61%) compared with the same period of 2018 (€56.2 million), with an increase of 13% compared with “aggregate” EBITDA at the end of September 2018 at constant perimeter. As a percentage of revenues, EBITDA before non-recurring items improved by 4 points, from 35% in 2018 to 39% at September 30, 2019 (up 3 percentage points compared with “aggregate” 2018). Including non-recurring items recorded in the period, which are discussed above, EBITDA would be €78.8 million (€56.2 million at September 30, 2018 and €78.4 million for the September 30, 2018 “aggregate” figures).



Profit (loss) of equity investments for the first nine months made no contribution to performance for the period, unlike the year-earlier period when the item reflected the measurement at equity of the investment in BCC Gestione Crediti S.p.A., which was sold in the second half of 2018.

Net profit before non-recurring items at the end of September 2019 amounted to €44.7 million, up 30% on the €34.5 million posted at September 30, 2018 (up 17% compared with the “aggregate” 2018 figure at constant perimeter). Net profit at the end of September 2019 was €20.6 million (€34.5 million at September 30, 2018, the “aggregate” 2018 figure was €36.4 million).

Net working capital amounted to €123.2 million, a significant reduction compared with the end of June 2019 (€158.6 million), reflecting a reduction in trade receivables in the Group’s main markets. The amount also reflects the expansion of the scope of consolidation with the inclusion of Altamira Asset Management (net working capital of €77.4 million at the end of December 2018).

The **net financial position** was a negative €257.5 million, a significant improvement compared with the June 30, when it was a negative €319.7 million. The trend is reflected in an improvement in leverage, expressed by the ratio between net debt and EBITDA, down to 1.5 compared with 1.8 at the end of June 2019. The negative net financial position compared with the net cash position of €67.9 million at the end of 2018 is due to the disbursement for the acquisition of Altamira Asset Management, which was completed in June 2019, and to the payment of dividends of €36.3 million. The generation of free cash flow in the first nine months of 2019 was particularly positive, amounting to €78 million and with a cash conversion rate (EBITDA-Capex in relation to EBITDA) of 94%.

Deferred tax assets amounted to €72.1 million at September 30, 2019, down slightly compared with the end of 2018 (€81.4 million), mainly due to the reversal for previous tax losses.

Assets under management

At September 30, 2019 the **portfolio under management** (GBV) by the Group in the five markets of Italy, Spain, Portugal, Greece and Cyprus **amounted to €132.4 billion** (€82.2 billion at the end of 2018, €83.5 billion at the end of September 2018, and an “aggregate” €135.9 billion at the end of September 2018 including the contribution of Altamira Asset Management). During the year, the portfolio under management saw the on-boarding of some €5.5 billion in new contracts, of which €2.3 billion in Italy (from the Iccrea Banking Group and the Banca Carige Group) and €3.2 billion in Spain. These are accompanied by about €4.8 billion in loans under management from existing customers, thanks to flow agreements envisaged in outstanding contracts in Spain, Italy and Cyprus, in addition to the effect of collections, writeoffs and sales of portfolios. The value of the portfolio under management at September 30, 2019 does not include the amounts relating to the management contracts in Italy, Spain, Greece and Cyprus amounting to about €7.9 billion, which would bring the total portfolio under management to €140.3 billion.

In the first nine months of 2019, collections on loans under management in Italy amounted to €1,235 million, slightly down compared with €1,334 million in the same period of 2018. The performance is linked to delays in the on-boarding of a portfolio and the impact of the structuring of a significant loan securitization transaction of a Group customer, which in the third quarter of the year significantly limited activity in respect of certain positions. In both cases, it is expected that the delay in collections will be progressively recouped in 2020.

The collection rate at the end of September 2019 (collections in the last 12 months compared with the GBV at the end of the period), excluding new contracts under management, was stable at 2.5% (2.5% at June 30, 2019 and 2.5% at the end of December 2018); including the new servicing contracts, the indicator would be 2.4%, up from 2.3% in the first nine months of 2018 and unchanged compared with 2.4% at the end of 2018.



The growing efficiency of collections confirms the expectations of the 2018-2020 Business Plan, including the goal of raising the collection rate to over 2.6% in 2020.

Significant events after the end of the period

Credit servicing agreement with Alpha Bank in Cyprus for approximately €4.3 billion plus future flows

On October 14, 2019, doValue announced that it had reached an agreement with Alpha Bank for the exclusive management of a Cypriot portfolio of non-performing exposures (“NPEs”) and real estate assets (“REOs”) for a total gross amount of about € 4.3 billion, in addition to the future flows of NPEs and REOs produced by Alpha in Cyprus.

Outlook for operations

With regard to the evolution of operations for the 2019 financial year, the Group expects to register growth in revenues and EBITDA consistent with the objective of strengthening doValue's leadership in the European credit servicing and real estate market, as envisaged by the update of the Business Plan presented on November 8, 2019.

Webcast conference call

The updated Business Plan and our results as at September 30, 2018 will be presented on Friday, **November 8, at 10:30** in a conference call in audio-webcast format held by the Group's top management.

The conference call can be followed via webcast by connecting to the bank's website at www.doValue.com or the following URL: <https://services.choruscall.eu/links/dovalue191108.html>.

As an alternative to the webcast, it will be possible to participate in the conference call by calling one of the following numbers:

ITALY: +39 02 805 88 11

UK: +44 121 281 8003

USA: +1 718 705 8794

The presentation by top management will be available as from the start of the conference call on the www.doValue.it site in the “Investor Relations/Financial Reports and Presentations” section.

Certification of the financial reporting officer

Elena Gottardo, in her 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.



The Consolidated Interim Report as at September 30, 2019 will be made available to the public at the Company's headquarters and at Borsa Italiana, as well as on the website www.doValue.it in the Investor Relations/Financial Reports and Presentations" section by the statutory deadlines.

We inform you that doValue S.p.A. has adopted the simplified rules provided for in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Consob Issuers Regulation no. 11971/1999, subsequently amended, and has therefore exercised the option to derogate from compliance with the obligations to publish the information documents provided for in Articles 70, paragraph 6, and 71, paragraph 1, of that Regulation on the occasion of significant mergers, spin-offs, capital increases through the contribution of assets in kind, acquisitions and sales.

doValue S.p.A.

doValue, formerly doBank S.p.A., is the leading operator in Southern Europe in credit management and real estate services for banks and investors.

Present in Italy, Spain, Portugal, Greece and Cyprus, doValue has over 18 years of industry experience and manages assets of about €140 billion (gross book value) with over 2,200 employees and an integrated range of services: special servicing, master servicing, real estate management and other credit management services. doValue is listed on the Electronic Stock Market (Mercato Telematico Azionario) operated by Borsa Italiana S.p.A. and, including the acquisition of Altamira Asset Management, recorded gross revenues in 2018 of about €490 million with an EBITDA margin of 37%.

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€/000)

| Condensed consolidated income statement | First nine months | | Change | |
|---|-------------------|------------------------------|-----------------|--------------|
| | 2019 | 2018 RESTATED ⁽¹⁾ | Amount | % |
| Servicing revenues | 206,586 | 144,172 | 62,414 | 43% |
| o/w NPL | 173,654 | 144,172 | 29,482 | 20% |
| o/w REO | 32,932 | - | 32,932 | n.s. |
| UTP Servicing | | | | |
| Co-investment revenues | 477 | 714 | (237) | (33)% |
| Ancillary and other revenues | 26,289 | 17,037 | 9,252 | 54% |
| Gross Revenues | 233,352 | 161,923 | 71,429 | 44% |
| NPL Outsourcing fees | (12,396) | (12,445) | 49 | (0)% |
| REO Outsourcing fees | (5,143) | - | (5,143) | n.s. |
| Ancillary Outsourcing fees | (5,990) | (3,562) | (2,428) | 68% |
| Net revenues | 209,823 | 145,916 | 63,907 | 44% |
| Staff expenses ⁽³⁾ | (89,266) | (68,092) | (21,174) | 31% |
| Administrative expenses | (41,785) | (21,640) | (20,145) | 93% |
| Operating expenses | (131,051) | (89,732) | (41,319) | 46% |
| EBITDA | 78,772 | 56,184 | 22,588 | 40% |
| EBITDA Margin | 34% | 35% | (1%) | (3)% |
| Non-recurring items (NRIs) included in EBITDA ⁽²⁾ | (11,857) | - | (11,857) | n.s. |
| EBITDA excluding NRIs | 90,629 | 56,184 | 34,445 | 61% |
| EBITDA Margin excluding NRIs | 39% | 35% | 4% | 12% |
| Impairment/Write-backs on property, plant, equipment and intangible assets | (25,455) | (3,818) | (21,637) | n.s. |
| Net Provisions for risks and charges | (7,456) | 146 | (7,602) | n.s. |
| Net Write-downs of loans | 553 | 450 | 103 | 23% |
| Net income (losses) from investments | - | 917 | (917) | (100)% |
| EBIT | 46,414 | 53,879 | (7,465) | (14)% |
| Net income (loss) on financial assets and liabilities measured at fair value | 1,093 | 630 | 463 | 73% |
| Net financial interest and commissions | (4,893) | (299) | (4,594) | n.s. |
| EBT | 42,614 | 54,210 | (11,596) | (21)% |
| Income tax for the period | (22,038) | (19,701) | (2,337) | 12% |
| Profit (loss) from group of assets sold and held for sale net of tax | - | - | - | n.s. |
| Net Profit (Loss) for the period | 20,576 | 34,509 | (13,933) | (40)% |
| Net Profit(Loss) attributable to non-controlling interests | (2,015) | - | (2,015) | n.s. |
| Net Profit (Loss) for the period attributable to the shareholders of the Parent Company | 18,561 | 34,509 | (15,948) | (46)% |
| NRIs including in the result for the period attributable to the shareholders of the Parent Company | (26,346) | - | (26,346) | n.s. |
| NRIs including in the result for the period attributable to non-controlling interests | (196) | - | (196) | n.s. |
| Net Profit (Loss) for the period attributable to the shareholders of the Parent Company excluding NRIs | 44,711 | 34,509 | 10,202 | 30% |
| Net Profit(Loss) attributable to non-controlling interests excluding NRIs | 2,211 | - | 2,211 | n.s. |
| Earnings per share (Euro) | 0.24 | 0.44 | (0.21) | (47)% |
| Earnings per share excluding NRIs (Euro) | 0.57 | 0.44 | 0.13 | 29% |

⁽¹⁾ In order to enhance the comparability of the figures for 2019 with the figures in the income statement, the effects of the application of the new IFRS 16 Leases as from January 1, 2019 have been included. See also the separate reconciliation table.

⁽²⁾ Non-recurring items in Operating expenses include the costs connected with the acquisition of Altamira Asset Management S.A.. And those incurred for the Group reorganisation project

⁽³⁾ Non-recurring items included below EBITDA refer to (i) termination incentive plans that have therefore been reclassified from personnel expenses, and (ii) income taxes mainly referred to the cancellation of deferred tax assets following the change in the rate as part of the debanking process

RECLASSIFIED CONSOLIDATED INCOME STATEMENT – 2018 AGGREGATE DATA AT CONSTANT PERIMETER OF CONSOLIDATION TO INCLUDE THE ACQUISITION OF ALTAMIRA AM

(€/000)

| Condensed consolidated income statement | First nine months | | Change | |
|---|-------------------|-------------------------------|-----------------|--------------|
| | 2019 | 2018 AGGREGATE ⁽¹⁾ | Amount | % |
| Servicing revenues | 206,586 | 200,108 | 6,478 | 3% |
| o/w NPL | 173,654 | 175,495 | (1,841) | (1)% |
| o/w REO | 32,932 | 24,613 | 8,319 | 34% |
| UTP Servicing | | | | |
| Co-investment revenues | 477 | 714 | (237) | (33)% |
| Ancillary and other revenues | 26,289 | 20,478 | 5,811 | 28% |
| Gross Revenues | 233,352 | 221,300 | 12,052 | 5% |
| NPL Outsourcing fees | (12,396) | (16,439) | 4,043 | (25)% |
| REO Outsourcing fees | (5,143) | (4,770) | (373) | 8% |
| Ancillary Outsourcing fees | (5,990) | (4,556) | (1,434) | 31% |
| Net revenues | 209,823 | 195,535 | 14,288 | 7% |
| Staff expenses ⁽³⁾ | (89,266) | (85,024) | (4,242) | 5% |
| Administrative expenses | (41,785) | (32,072) | (9,713) | 30% |
| Operating expenses | (131,051) | (117,096) | (13,955) | 12% |
| EBITDA | 78,772 | 78,439 | 333 | 0% |
| EBITDA Margin | 34% | 35% | (2%) | (5)% |
| Non-recurring items (NRIs) included in EBITDA ⁽²⁾ | (11,857) | (1,784) | (10,073) | n.s. |
| EBITDA excluding NRIs | 90,629 | 80,223 | 10,406 | 13% |
| EBITDA Margin excluding NRIs | 39% | 36% | 3% | 7% |
| Impairment/Write-backs on property, plant, equipment and intangible assets | (25,455) | (17,660) | (7,795) | 44% |
| Net Provisions for risks and charges | (7,456) | (4,067) | (3,389) | 83% |
| Net Write-downs of loans | 553 | 450 | 103 | 23% |
| Net income (losses) from investments | - | 917 | (917) | (100)% |
| EBIT | 46,414 | 58,079 | (11,665) | (20)% |
| Net income (loss) on financial assets and liabilities measured at fair value | 1,093 | (1,613) | 2,706 | n.s. |
| Net financial interest and commissions | (4,893) | 630 | (5,523) | n.s. |
| EBT | 42,614 | 57,096 | (14,482) | (25)% |
| Income tax for the period | (22,038) | (20,683) | (1,355) | 7% |
| Profit (loss) from group of assets sold and held for sale net of tax | - | - | - | n.s. |
| Net Profit (Loss) for the period | 20,576 | 36,413 | (15,837) | (43)% |
| Net Profit(Loss) attributable to non-controlling interests | (2,015) | 685 | (2,700) | n.s. |
| Net Profit (Loss) for the period attributable to the shareholders of the Parent Company | 18,561 | 37,098 | (18,537) | (50)% |
| NRIs including in the result for the period attributable to the shareholders of the Parent Company ⁽³⁾ | (26,346) | (1,388) | (24,958) | n.s. |
| NRIs including in the result for the period attributable to non-controlling interests | (196) | (202) | 6 | (3)% |
| Net Profit (Loss) for the period attributable to the shareholders of the Parent Company excluding NRIs | 44,711 | 38,284 | 6,427 | 17% |
| Net Profit(Loss) attributable to non-controlling interests excluding NRIs | 2,211 | (483) | 2,694 | n.s. |
| Earnings per share (Euro) | 0.24 | 0.47 | (0.23) | (49)% |
| Earnings per share excluding NRIs (Euro) | 0.57 | 0.49 | 0.08 | 16% |

⁽¹⁾ In order to enhance the comparability of the figures for 2019 with the figures in the income statement, 2018 is represented on a like-for-like basis, so adding Altamira's third quarter 2018 to the doValue perimeter.

⁽²⁾ Non-recurring items in Operating expenses include the costs connected with the acquisition of Altamira Asset Management S.A.. And those incurred for the Group reorganisation project

⁽³⁾ Non-recurring items included below EBITDA refer to (i) termination incentive plans that have therefore been reclassified from personnel expenses, and (ii) income taxes mainly referred to the cancellation of deferred tax assets following the change in the rate as part of the debanking process

CONSOLIDATED BALANCE SHEET

(€/000)

| Condensed balance sheet | 9/30/2019 | 12/31/2018 | Change | |
|---|----------------|----------------|-----------------|-------------|
| | | | Amount | % |
| Cash and liquid securities | 151,271 | 74,443 | 76,828 | 103% |
| Financial assets | 48,087 | 36,312 | 11,775 | 32% |
| Equity investments | - | - | - | n.s. |
| Tangible assets | 22,027 | 4,290 | 17,737 | n.s. |
| Intangible assets | 392,687 | 6,847 | 385,840 | n.s. |
| Tax assets | 78,392 | 87,355 | (8,963) | (10)% |
| Trade receivables | 166,304 | 99,224 | 67,080 | 68% |
| Assets on disposal | 10 | 710 | (700) | (99)% |
| Other assets | 10,336 | 7,855 | 2,481 | 32% |
| Total assets | 869,114 | 317,036 | 552,078 | n.s. |
| Financial liabilities: due to banks | 408,735 | - | 408,735 | n.s. |
| Other financial liabilities | 93,161 | 294 | 92,867 | n.s. |
| Trade payables | 43,133 | 21,848 | 21,285 | 97% |
| Tax Liabilities | 56,093 | 11,090 | 45,003 | n.s. |
| Employee Termination Benefits | 9,047 | 9,577 | (530) | (6)% |
| Provision for risks and charges | 18,104 | 20,754 | (2,650) | (13)% |
| Liabilities on disposal | - | 6,532 | (6,532) | (100)% |
| Other liabilities | 28,572 | 14,152 | 14,420 | 102% |
| Total Liabilities | 656,845 | 84,247 | 572,598 | n.s. |
| Share capital | 41,280 | 41,280 | - | n.s. |
| Reserves | 152,612 | 140,915 | 11,697 | 8% |
| Treasury shares | (184) | (246) | 62 | (25)% |
| Result for the period | 18,561 | 50,840 | (32,279) | (63)% |
| Total shareholders' equity | 212,269 | 232,789 | (20,520) | (9)% |
| Minorities | - | - | - | n.s. |
| Total liabilities and shareholders' equity | 869,114 | 317,036 | 552,078 | n.s. |

STATEMENT OF CASH FLOW

(€/000)

| Cash Flow | 9/30/2019 | 9/30/2018 |
|---|------------------|----------------|
| EBITDA | 78,772 | 54,393 |
| Capex | (4,760) | (3,250) |
| EBITDA-Capex | 74,012 | 51,143 |
| as % of EBITDA | 94% | 94% |
| Adjustment for accrual on share-based incentive system payments | 3,707 | 3,835 |
| Changes in NWC | 32,645 | (4,421) |
| Changes in other assets/liabilities | (23,942) | (6,464) |
| Operating Cash Flow | 86,422 | 44,093 |
| Tax paid (IRES/IRAP) | (8,201) | (5,582) |
| Free Cash Flow | 78,221 | 38,511 |
| (Investments)/divestments in financial assets | (6,334) | (11,318) |
| Equity (investments)/divestments | (360,998) | 2,610 |
| Dividend paid | (36,264) | (30,907) |
| Net Cash Flow of the period | (325,375) | (1,104) |
| Net financial position - Beginning of period | 67,911 | 38,605 |
| Net financial position - End of period | (257,464) | 37,501 |
| Change in Net Financial Position | (325,375) | (1,104) |

ALTERNATIVE PERFORMANCE INDICATORS

| (€/000) | | | | | |
|---------|--|------|-------------|---------------------------|--------------------------------------|
| | | KPIs | Sep -2019 | Dec - 2018 ⁽²⁾ | Sep -2018 RESTATED ⁽¹⁾ |
| [1] | Gross Book Value (EoP) - Group | | 132,433,608 | 138,578,013 | 135,915,088 |
| [2] | Gross Book Value (EoP) - Italy | | 77,079,160 | 82,179,013 | 83,549,481 |
| [3] | Collections - Italy | | 1,235,420 | 1,961,177 | 1,334,000 |
| [4] | LTM Collections - Italy | | 1,862,598 | 1,961,177 | 1,936,099 |
| [5] | LTM Collections - Italy - Stock | | 1,804,343 | 1,768,762 | 1,808,324 |
| [6] | LTM Collections / GBV EoP - Italy | | 2.4% | 2.4% | 2.3% |
| [7] | LTM Collections / GBV EoP - Italy - Stock | | 2.5% | 2.5% | 2.5% |
| [8] | Staff FTE / Total FTE | | 33% | 37% | 31% |
| [9] | LTM Collections / Servicing FTE - Italy | | 2.73 | 2.66 | 2.60 |
| [10] | EBITDA Reported | | 78,772 | 84,013 | 56,184 |
| [11] | Non-recurring items (NRIs) included in EBITDA | | (11,857) | (2,712) | 0 |
| [12] | EBITDA Ordinary | | 90,629 | 86,725 | 56,184 |
| [13] | EBITDA Margin Reported | | 33.8% | 36.0% | 34.7% |
| [14] | EBITDA Margin wo/NRIs | | 38.8% | 37.1% | 34.7% |
| [15] | Net Profit (Loss) for the period attributable to the shareholders of the Parent Company Reported | | 18,561 | 50,511 | 34,509 |
| [16] | Non-recurring items (NRIs) included in Net Income | | (26,346) | (1,784) | 0 |
| [17] | Net Profit (Loss) for the period attributable to the shareholders of the Parent Company Ordinary | | 44,711 | 52,295 | 34,509 |
| [18] | Earning per share (Euro) | | 0.24 | 0.64 | 0.44 |
| [19] | Earning per share wo/NRIs (Euro) | | 0.57 | 0.66 | 0.44 |
| [20] | Capex | | 4,759 | 5,408 | 3,201 |
| [21] | EBITDA - Capex | | 74,013 | 78,605 | 52,984 |
| [22] | Net Working Capital | | 123,171 | 77,387 | 82,686 |
| [23] | Net Financial Position | | (257,464) | 67,911 | 37,501 |
| [24] | Leverage (Net Debt / EBITDA LTM PF) | | 1.5x | n.a. | n.a. |

¹⁾ In order to enhance the comparability of the figures for 2019 with the figures in the income statement, the effects of the application of the new IFRS 16 Leases as from January 1, 2019 have been included. See also the separate reconciliation table.

²⁾ With regard to the indicators from [1] to [9], in order to enhance the comparability of the figures for 2019 with the figures in the income statement, the effects deriving from the acquisition of Altamira were included in the 2018 data as if this had occurred from 1 January 2018

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