

Financial Results to September 30th 2020

November 6th, 2020

doValue

9M 2020 key messages

1 Positive momentum in Q320 earnings, confirming the recovery path

- ✓ Monthly **collections trends** into October, at Group level, **in line with base case of COVID-impact**
- ✓ **3Q20 EBITDA** at €41.1m, **+163% vs 2Q20 EBITDA**
- ✓ **Sequential improvement in EBITDA ex NRI margin** (27% in 9M20 vs 21% in 1H20)
- ✓ Stable Net Working Capital trend and Capex increase in line with expectations (Group IT integration projects)
- ✓ **doValue Greece ahead of expectations**, on the back of higher liquidations and restructuring

2 €8.6bn new mandates, meeting our yearly €9-€11bn target despite COVID-19

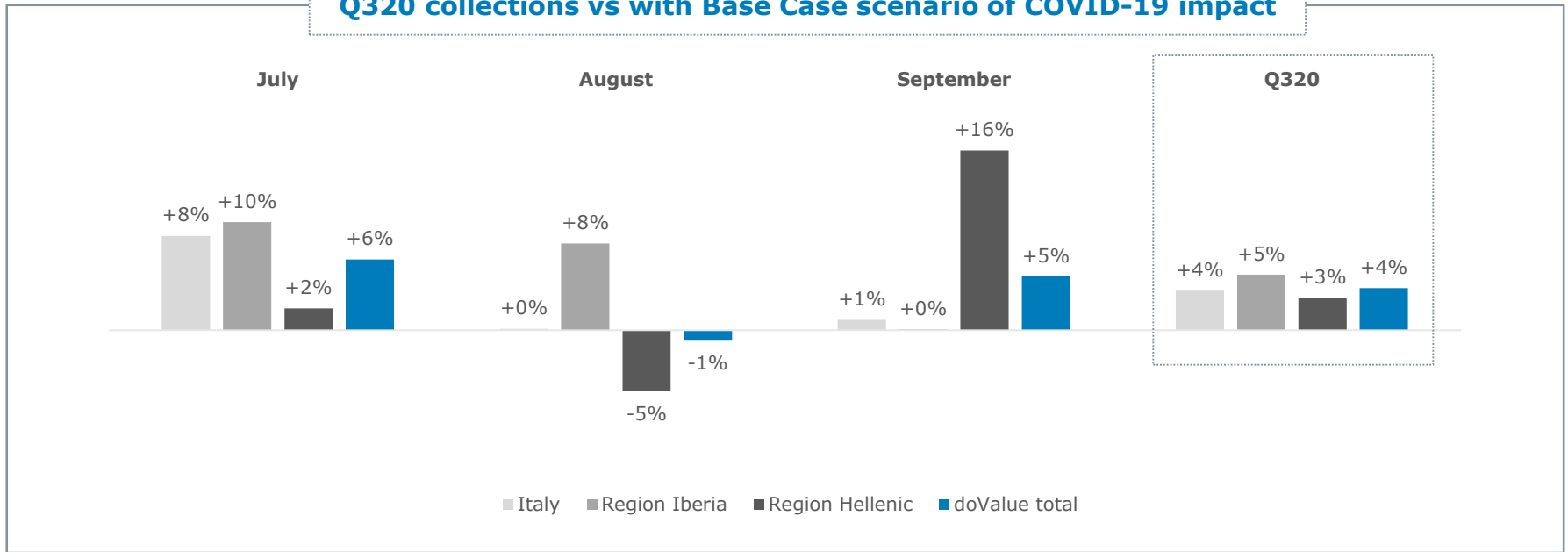
- ✓ **GBV growth to €163bn, confirming doValue leadership** in loan and real estate servicing in Southern Europe
- ✓ **+€5.5bn GBV from 3 new servicing mandates** won in Greece, Italy and Spain
- ✓ **+€3.1bn GBV from forward flow agreements**, above FY20 €2.0bn guidance despite banking moratoria
- ✓ Significant short-term pipeline at more than €25bn, positive news expected by year-end

3 Responsive business model, ready to capitalize on market opportunity

- ✓ **Pro-forma leverage at 2.4x** following the acquisition of doValue Greece; covenant levels (including amendment) provide ample headroom into end of 2021 to face any possible worst case negative COVID-related scenarios
- ✓ COVID restrictions in place allow for **normalized operational activity**, doValue fully operational from remote
- ✓ Servicing sector expected to consolidate, with current scenario amplifying gap between top and worst performers

Third quarter collections slightly above expectations

Q320 collections vs with Base Case scenario of COVID-19 impact



Q320 trends

- **Positive overall trend in NPL collections**, supported by the renewed ability to apply legal pressure post lockdown
- REO sales benefited from renewed demand for residential real estate and pent-up demand from Q2
- Monthly volatility typical given the low-volumes of the summer months (July and August)

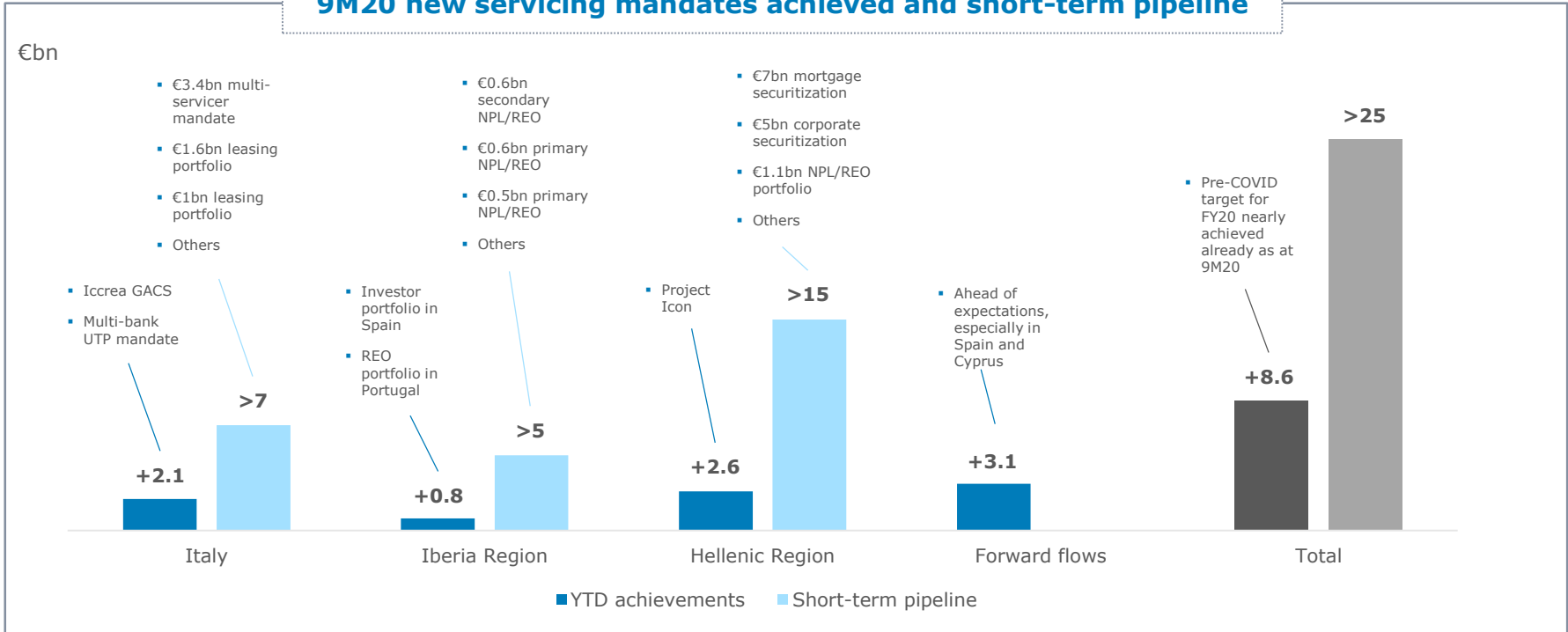
Q420 expectations

- **Q420 expected to confirm current expectations**, despite higher business seasonality and COVID-related uncertainty
- Activity of legal courts as expected still below pre-COVID levels, with auction volume and frequency weighing on collection

Q320 collections confirm current expectations for FY20

Strong servicing pipeline and supportive operating/regulatory environment

9M20 new servicing mandates achieved and short-term pipeline



Regulatory update

- No signs of material changes in regulatory scenario with impacts on servicing industry
- Temporary banking moratoria in place across markets: no impact on current GBV under management, potential to delay new flows
- Several Governmental schemes in place to support vulnerable debtors and help restructuring of SMEs in most cases maturing in Dec. 2021

Operational update

- doValue team fully operational across markets and adjusting recovery/sales strategies to account for current environment
- Activity of legal courts already normalized in Iberia while still below full operational capacity in Italy and Hellenic Region
- Key items to watch: frequency and volume of real estate auctions and volume of real estate transactions

FY20 target of +€9-11bn new mandates nearly achieved as of September

Financial Review

doValue

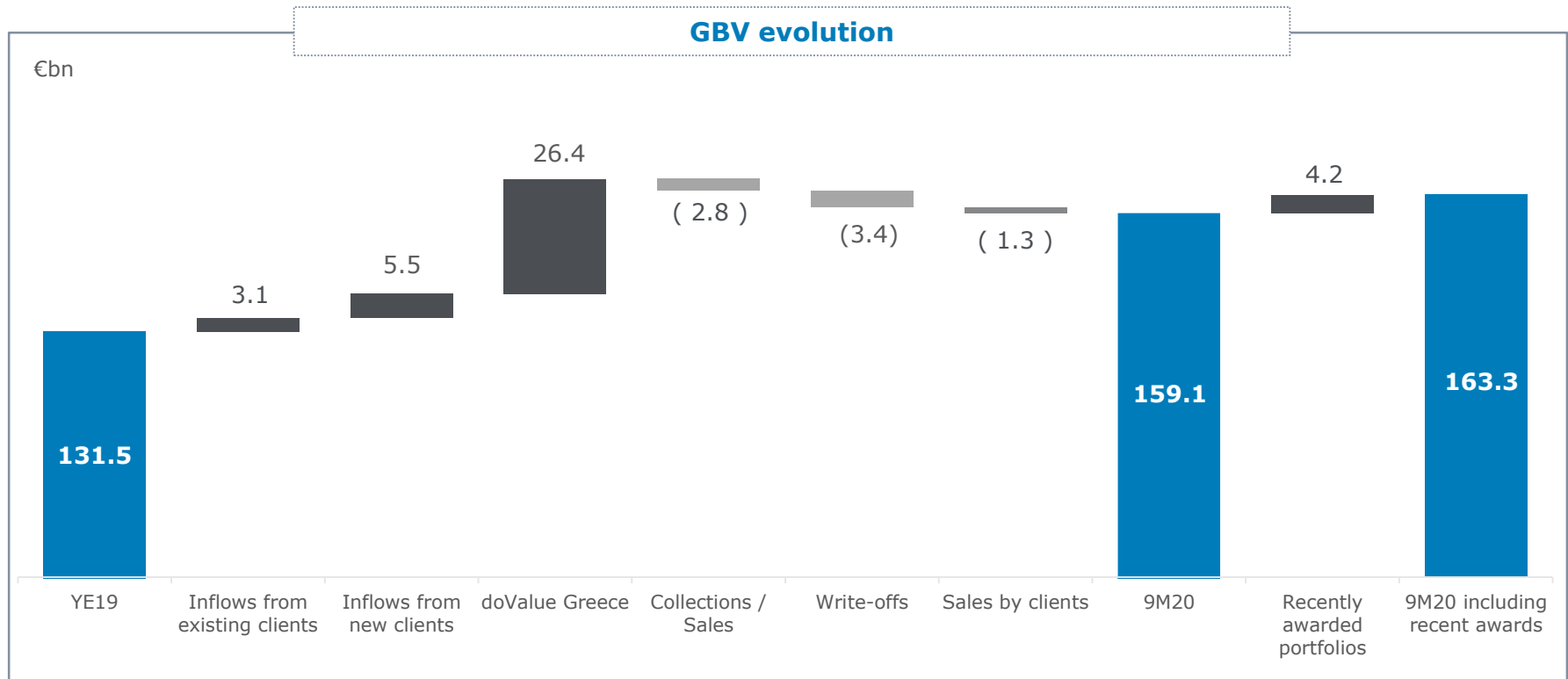
Summary financial highlights

		9M19 ²	9M20 ¹	Δ (%)		
Revenue drivers	GBV EoP	€132.4bn	€159.1	+20%	<ul style="list-style-type: none"> GBV more than doubling over the past year as doValue consolidates #1 position in South Europe GBV at €163bn including the Icon and Iccrea Banca portfolios, currently onboarding Collections trend in line with expectations, progressing towards normalization 	
	Gross collections	€2.2bn	€2.8bn	+29%		
Simple P&L structure	Gross revenues	€233.4m	€280.8m	+20%		<ul style="list-style-type: none"> Base fees at 38% of revenues (€106 million), adding to resiliency doValue Greece slightly ahead of expectations
	Operating costs ex NRIs ³	€119.2m	€170.8m	+43%		
	EBITDA ex NRI ³	€90.6m	€76.2m	-16%	<ul style="list-style-type: none"> International expansion limiting the temporary COVID-19 impact on earnings Cost efficiency results: all main cost lines down year-on-year on a pro-forma basis 3Q20 EBITDA +163% vs 2Q20 EBITDA Reported 9M20 EBITDA at €68m EBITDA ex NRI growing year-on-year if one-off indemnities are excluded from 9M20 and 9M19 	
	EBITDA ex NRI ³ margin	39%	27%	- 12 p.p.		
	Net income ex NRI	€39.4m	€3.5m	n.m.		<ul style="list-style-type: none"> Net Income impacted by non-cash D&A charges and turning positive in 3Q20 and 9M20
Cash generation	Net Financial Position	€257.5m	€411.1m	+60%	<ul style="list-style-type: none"> PF leverage at 2.4x due to the acquisition of FPS (now doValue Greece). Amended covenants provide wide headroom Cash position at €170 million, in addition to €80 million untapped credit lines 	
	Net Debt/ PF ⁴ EBITDA	1.5x	2.4x	+0.9x		

Notes: 1: Altamira Asset Management is consolidated from July 2019, doValue Greece (formerly Eurobank FPS) is consolidated from June 2020. 2: Restated following the completion of the Purchase Price Allocation process related to Altamira AM. 3: Non-recurring items include transaction costs connected with the acquisition of Altamira AM, doValue Greece (formerly Eurobank FPS), the Group reorganisation project and costs referred to Covid-19. 4: LTM Pro Forma EBITDA including the acquisition of Altamira AM and doValue Greece (formerly Eurobank FPS)

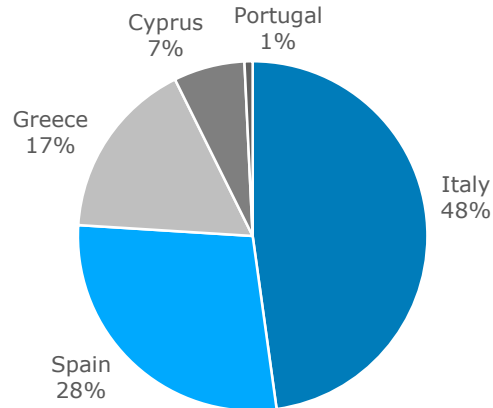
Evolution of gross book value (GBV) under management

- Assets under management continue to diversify (more asset classes and markets) and grow organically and via M&A
- Inflows from existing clients (forward flow agreements with Unicredit, Santander, Alpha Bank) already +50% above FY20 expectations, despite banking moratoria in place
- Inflows from new clients above the 1H20 figure due to the Efesto UTP mandate in Italy (already under management)
- Icon portfolio award in Greece and Iccrea GACS award in Italy would bring total GBV to €163bn
- Collections and REO sales improving in line with expectations but still affected by legal system not operating at full capacity

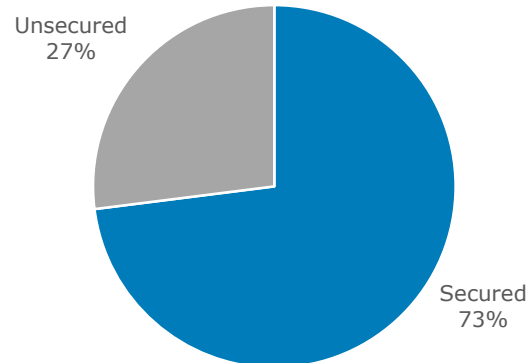


GBV details: one of the most diversified portfolios in the industry

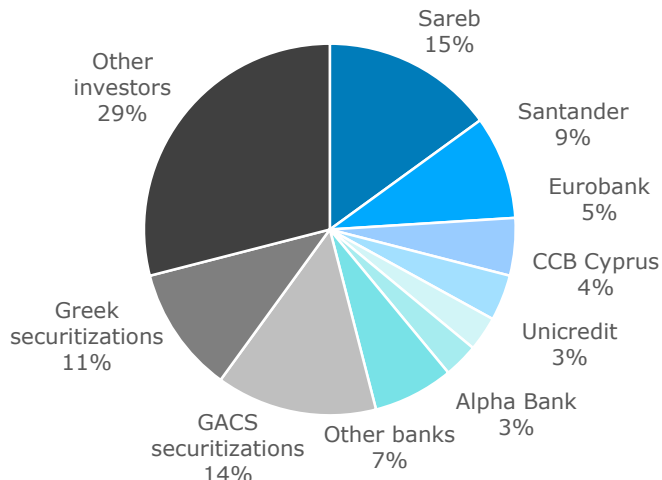
GBV Composition by country



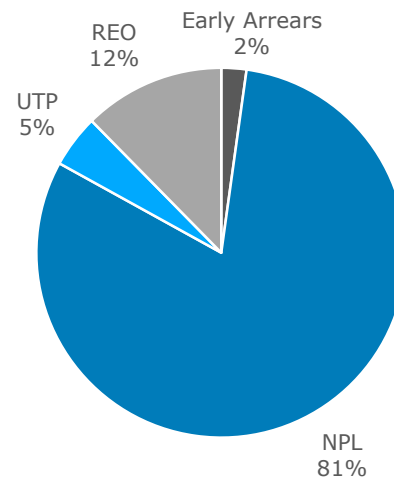
GBV Composition by security



GBV Composition by Client¹



GBV Composition by Business

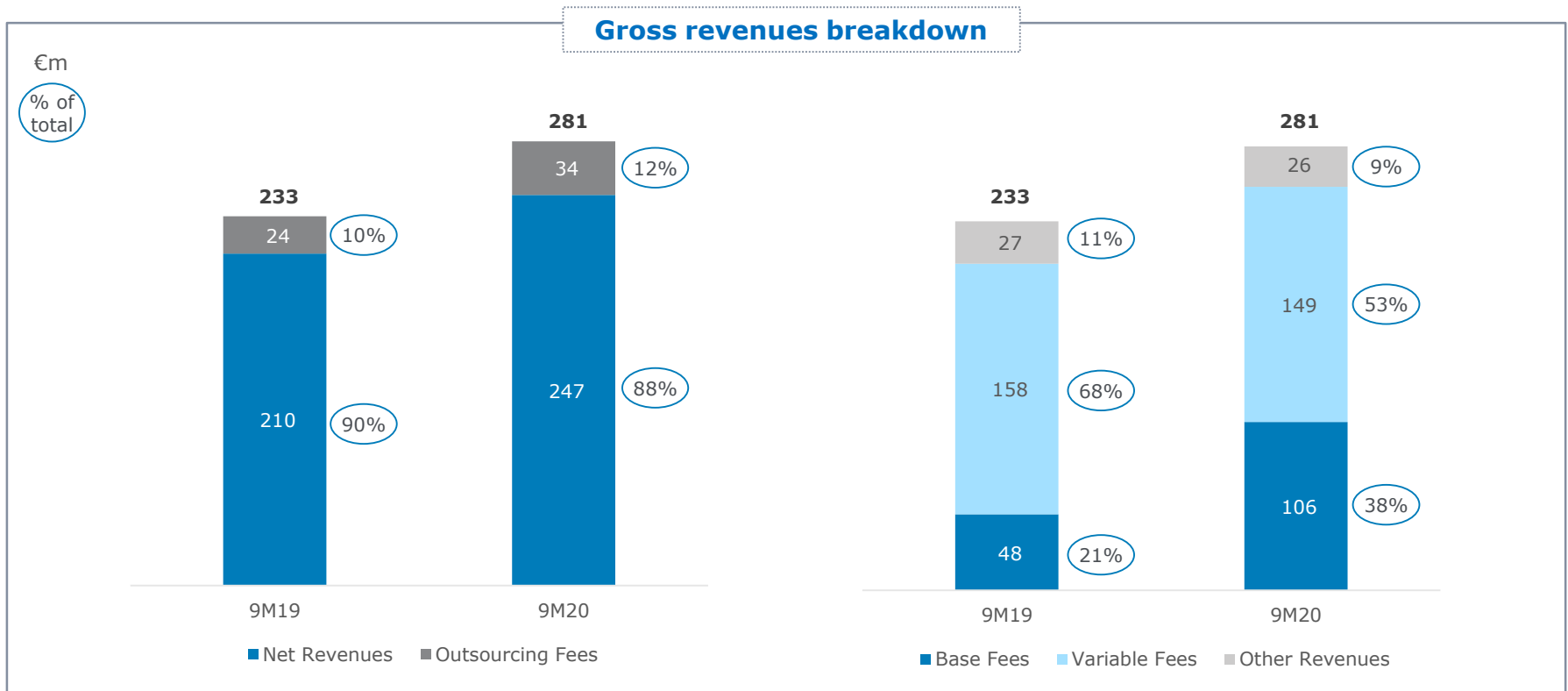


- Figures based 9M20 reported GBV of €159.1bn (recently won mandates not included)
- High quality book composed mostly of **large, secured assets**
- Country mix: high diversification and **focus on most attractive markets**
- Client mix: **top systemic banks and NPL/RE investors** in Southern Europe
- Product mix: servicing **Early arrears, UTP, NPLs and Real Estate assets**, in line with evolution of servicing markets
- Average loan size of €140k in Italy, €74k in Spain, Portugal and Cyprus, >€300k in doValue Hellas and <€50k in doValue Greece

Notes:

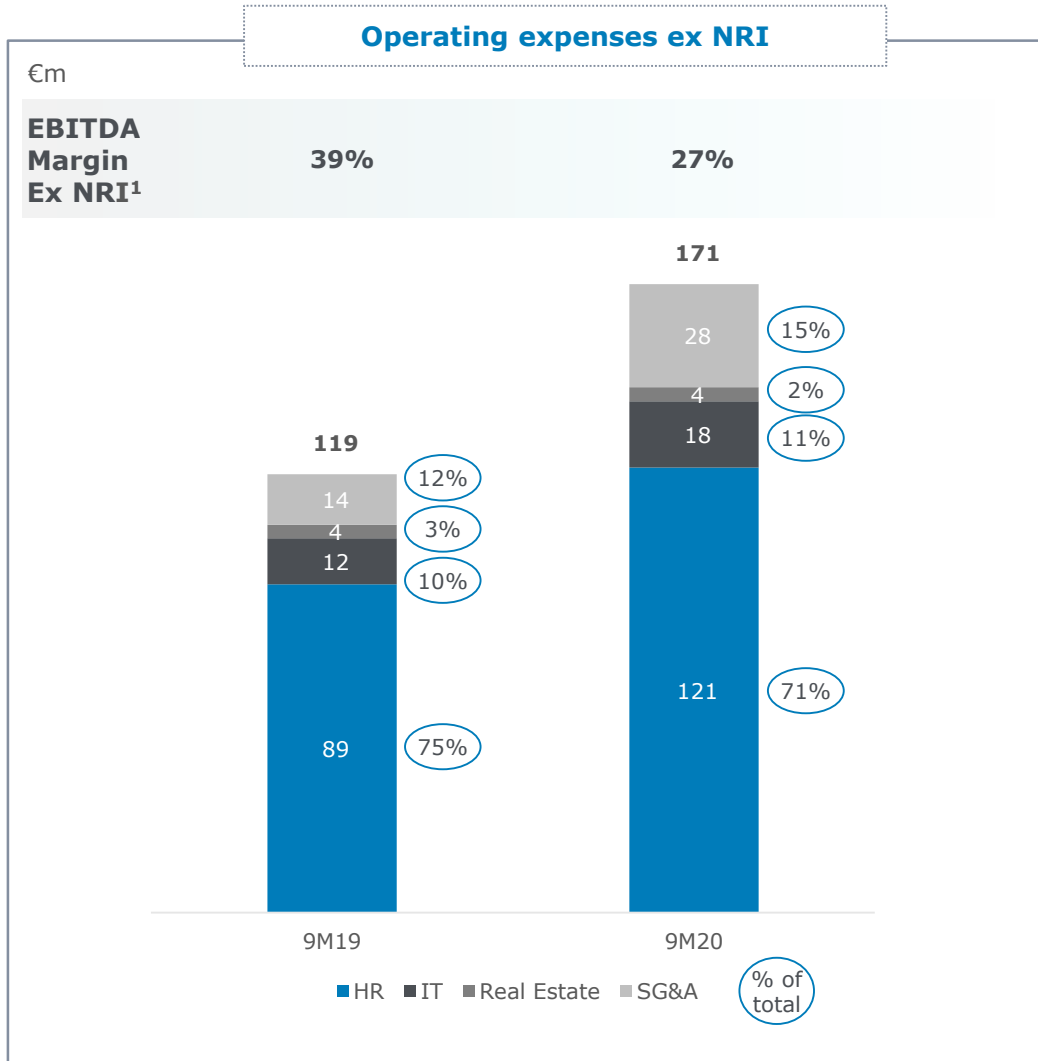
- "Other Investors" includes Fortress at 23% of total GBV (together with FINO 2 portfolio).

Revenue composition: resiliency in base fees and ancillary revenues



- **Base fees nearly doubling as a proportion of revenues at 38%, providing a hedge to current scenario**
 - Structural higher exposure to Spain, Greece and Cyprus (base fees ca. 10-15bps vs Italy at ca. 5bps)
 - Variable fees discount the temporary reduction due to COVID-19 (postponement of collections)
- **Outsourcing fees** higher in absolute terms due to consolidation of Altamira Asset Management and linked to REO services. Excluding M&A, **NPL outsourcing fees continue trending down year-on-year**

Focus on operating expenses

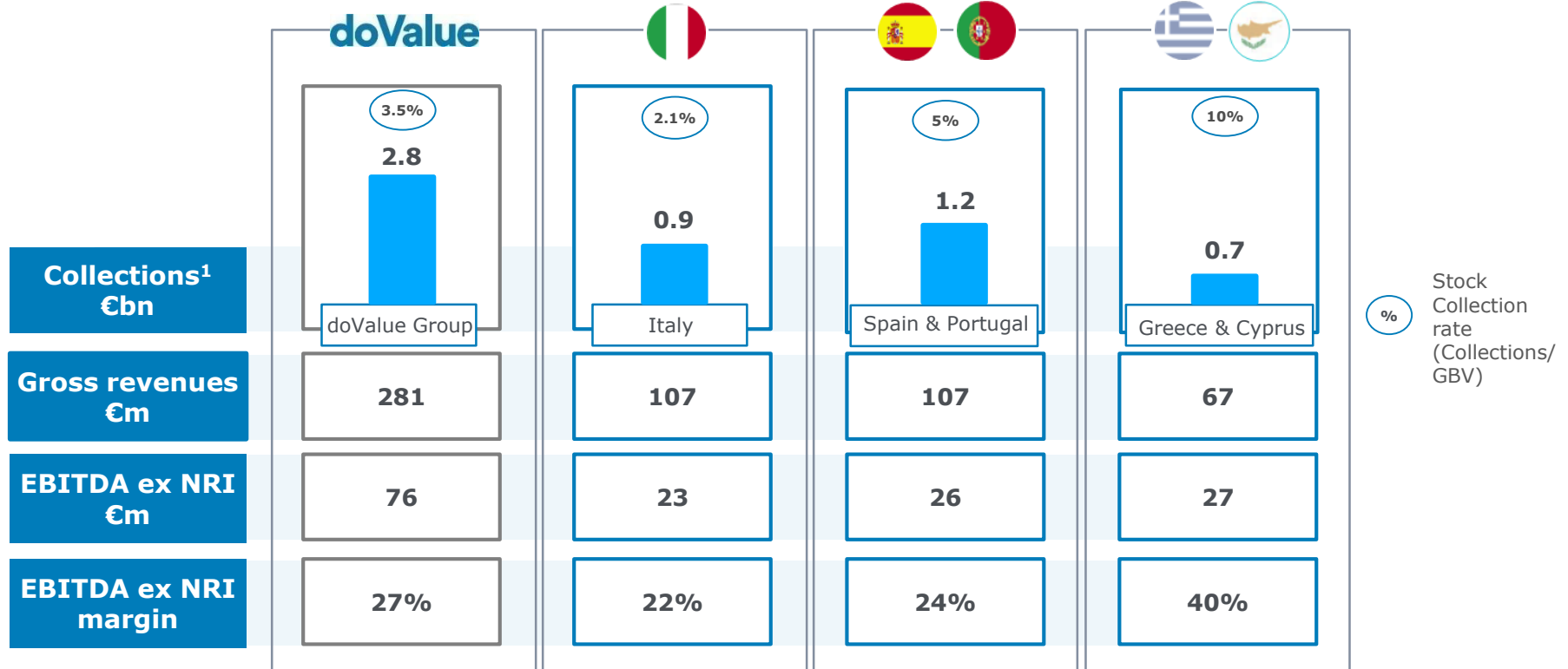


- Growth in overall cost only due to larger perimeter (Altamira Asset Management and doValue Greece)
- Excluding M&A, total operating costs are down 21% year-on-year, and headcount is down from ca. 1,250 to ca. 1,070 (Italy and doValue Hellas)
- Total Operating Expenses shown here do not include €8.2m Non Recurring Items, mostly related to M&A transaction costs
- Reduction in variable HR cost, from 14% of total HR cost in YE19 to 4% in 9M20
- Lower overall HR cost as a proportion of total cost (from 75% to 71%), also benefiting from Governmental HR cost support programs currently (mostly in Italy)
- Reduced IT and business process outsourcing costs, discounting early benefits of IBM outsourcing
- Real Estate costs down also due to reduction of number of offices in Italy and lower use of co-working space

Notes:

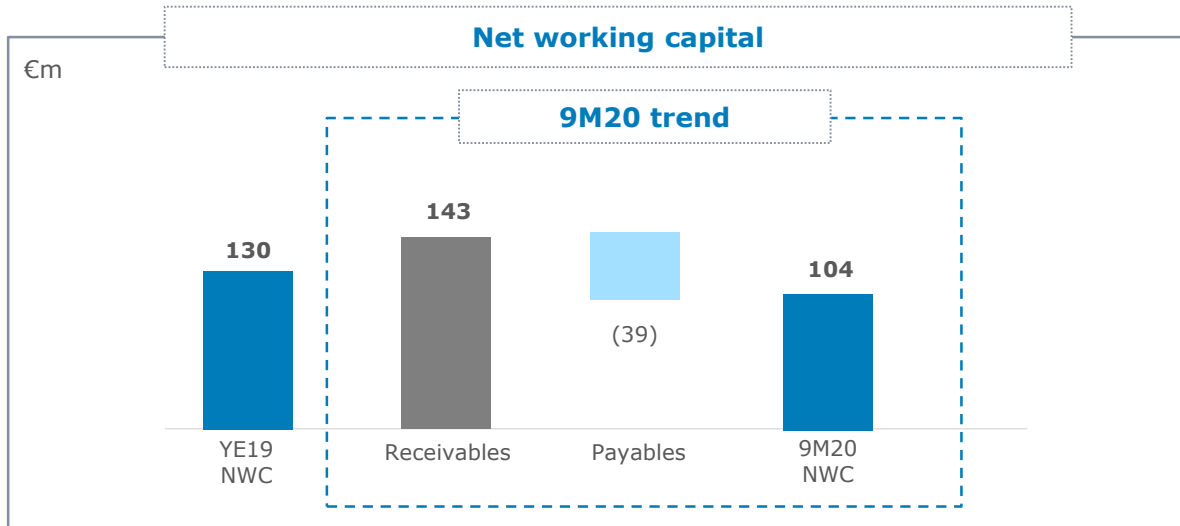
1. Non Recurring Items related to the acquisitions of Altamira Asset Management and Eurobank FPS (now doValue Greece)

Financial highlights by geography

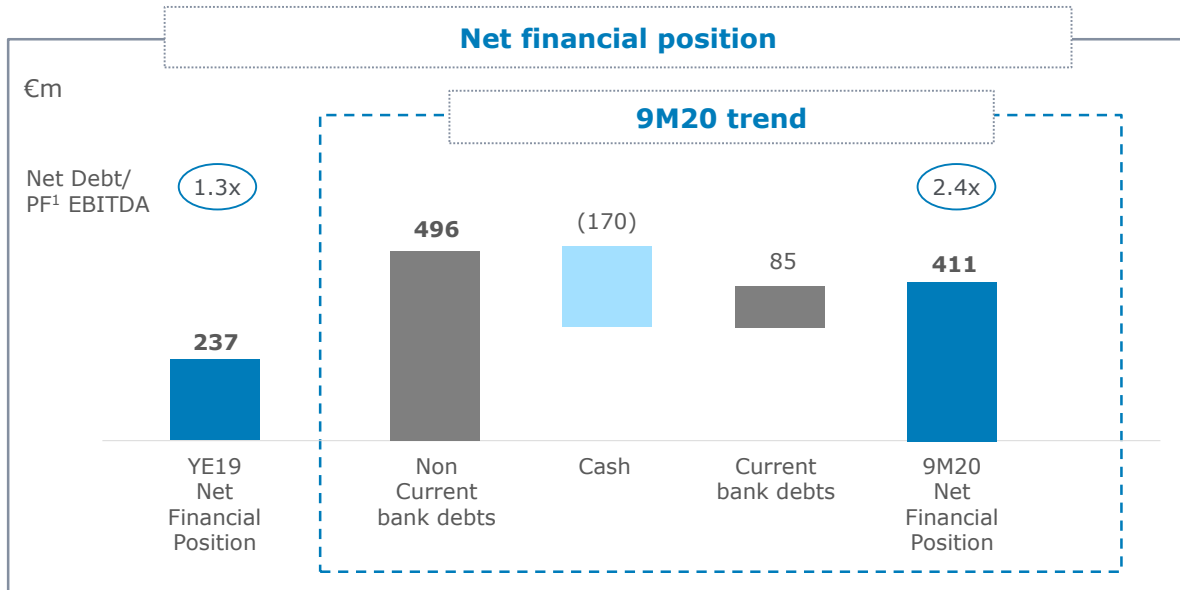


- Structurally higher collection rates in markets ex-Italy, due to shorter timing of legal procedures
- Collections and REO sales trending towards normalization, still affected by legal courts operating below capacity and enforcing Governmental measures in place to limit the spread of COVID-19
- Italy EBITDA compares with 9M19 EBITDA which included one-off indemnity fees
- Spain and Portugal progressing in line with expectations, supported by REO sales and real estate market holding up
- Strong results in Greece and Cyprus, with accretive profitability and downside protection in the form of higher than average base fees. doValue Greece (formerly FPS) tracking ahead of expectations

NWC and net financial position



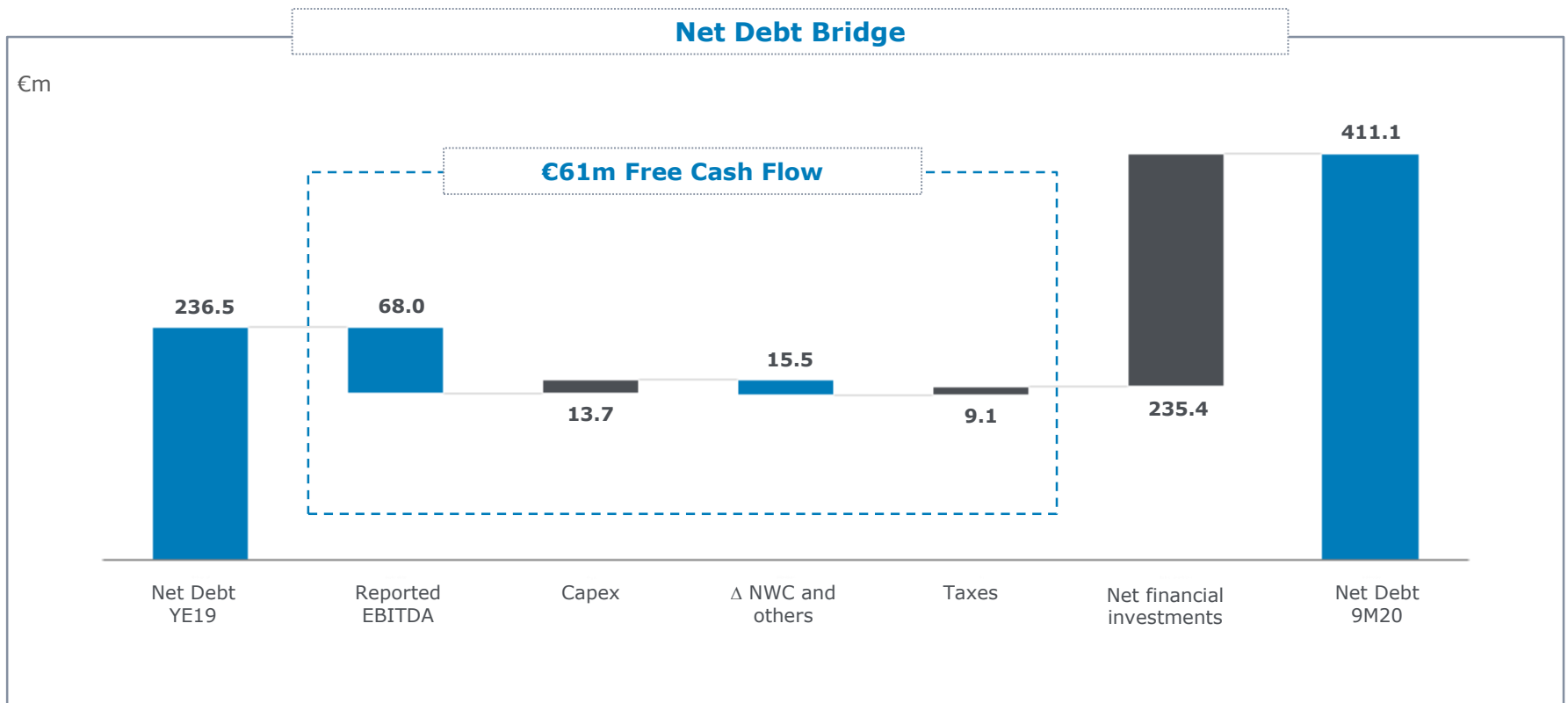
- Stable NWC as compared with 1H20 results, confirming improvement vs YE19 on the back of both lower receivables and higher payables
- Client shift towards investors (paying quicker vs banks) and doValue Greece contracts are key structural NWC positives
- No sign of stress in payments by customers due to Covid-19



- As expected, leverage at 2.4x, covenants provide significant headroom even in case of unforeseen external shocks
- Liquidity further strengthened by undrawn revolving credit facilities of ca. €80m
- No refinancing needs until 2025

Net debt trend

- Confirmed highly cash generative nature of business, with positive NWC trend, and limited capex, cash taxes
- Growth in Net Debt only due to acquisition of doValue Greece, closed on June 5th 2020
- Free cash flow generation at €61m in 9M20, supported by positive trend in Net Working Capital



Appendix

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Condensed consolidated income statement

€/’000	9/30/2020	9/30/2019 RESTATED	Change €	Change %
Servicing Revenues:	255,170	206,586	48,584	24%
o/w: NPE revenues	209,789	173,654	36,135	21%
o/w: REO revenues	45,381	32,932	12,449	38%
Co- investment revenues	372	477	(105)	(22)%
Ancillary and other revenues	25,269	26,289	(1,020)	(4)%
Gross revenues	280,811	233,352	47,459	20%
NPE Outsourcing fees	(15,028)	(12,396)	(2,632)	21%
REO Outsourcing fees	(11,004)	(5,143)	(5,861)	114%
Ancillary Outsourcing fees	(7,804)	(5,990)	(1,814)	30%
Net revenues	246,975	209,823	37,152	18%
Staff expenses	(121,782)	(89,266)	(32,516)	36%
Administrative expenses	(57,152)	(41,785)	(15,367)	37%
Total "o.w. IT"	(18,800)	(12,462)	(6,338)	51%
Total "o.w. Real Estate"	(3,851)	(3,719)	(132)	4%
Total "o.w. SG&A"	(34,501)	(25,604)	(8,897)	35%
Operating expenses	(178,934)	(131,051)	(47,883)	37%
EBITDA	68,041	78,772	(10,731)	(14)%
EBITDA margin	24%	34%	(10)%	(28)%
Non- recurring items included in EBITDA ¹	(8,184)	(11,857)	3,673	(31)%
EBITDA excluding non- recurring items	76,225	90,629	(14,404)	(16)%
EBITDA margin excluding non- recurring items	27%	39%	(12)%	(30)%
Net write- downs on property, plant, equipment and intangibles	(49,733)	(32,476)	(17,257)	53%
Net provisions for risks and charges	(7,106)	(7,456)	350	(5)%
Net write- downs of loans	57	553	(496)	(90)%
Profit (loss) from equity investments	(2)	-	(2)	n.s.
EBIT	11,257	39,393	(28,136)	(71)%
Net income (loss) on financial assets and liabilities measured at fair value	231	1,093	(862)	(79)%
Financial interest and commissions	(12,360)	(4,893)	(7,467)	n.s.
EBT	(872)	35,593	(36,465)	(102)%
Non- recurring items included in EBT ²	(14,308)	(17,676)	3,368	(19)%
EBT excluding non- recurring items	13,436	53,269	(39,833)	(75)%
Income tax for the period	(7,906)	(20,283)	12,377	(61)%
PROFIT (LOSS) FOR THE PERIOD	(8,778)	15,310	(24,088)	n.s.
Profit (loss) for the period attributable to Non- controlling interests	644	(2,015)	2,659	(132)%
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	(8,134)	13,295	(21,429)	n.s.
Non- recurring items included in Profit (loss) for the period	(12,142)	(26,346)	14,204	(54)%
O.w. Non- recurring items included in Profit (loss) for the period attributable to Non- controlling interest	(459)	(196)	(263)	134%
Profit (loss) for the period attributable to the Shareholders of the Parent Company excluding non- recurring items	3,549	39,445	(35,896)	(91)%
Profit (loss) for the period attributable to Non- controlling interests excluding non- recurring items	(185)	-	(185)	n.s.
Earnings per share (in Euro)	(0.10)	0.17	(0.3)	n.s.
Earnings per share excluding non- recurring items (Euro)	0.04	0.49	(0.45)	(91)%

Notes:

1: Non-recurring items in Operating expenses include the costs connected with the acquisition of Altamira Asset Management S.A., of doValue Greece (ex Eurobank Financial Planning Services), those incurred for the Group reorganisation project and costs referred to Covid-19

2: Non-recurring items included below EBITDA mainly refer to (i) termination incentive plans that have therefore been reclassified from personnel expenses, (ii) income taxes and (iii) fair value delta of the Put-Option and Earn-out

Pro forma¹ condensed consolidated income statement

€/’000

	9/30/2020	9/30/2019	Change €	Change %
Servicing Revenues:	309,738	435,685	(125,947)	(29)%
o/w: NPE revenues	264,357	351,239	(86,881)	(25)%
o/w: REO revenues	45,381	84,446	(39,065)	(46)%
Ancillary and other revenues	25,710	34,103	(8,393)	(25)%
Gross revenues	335,448	469,788	(134,339)	- 29%
Outsourcing fees	(35,932)	(51,367)	15,435	(30)%
Net revenues	299,516	418,421	(118,905)	- 28%
Staff expenses	(139,145)	(156,124)	16,978	(11)%
Administrative expenses	(58,857)	(68,207)	9,350	(14)%
Operating expenses	(198,002)	(224,331)	26,329	- 12%
EBITDA	101,514	194,090	(92,576)	(48)%
EBITDA margin	0	0	(0)	(27)%
Non- recurring items included in EBITDA ¹	(2,990)	(3,543)	553	(16)%
EBITDA excluding non- recurring items	104,504	197,633	(93,129)	(47)%
EBITDA margin excluding non- recurring items	31%	42%	(11)%	(26)%

Notes:

1. Pro forma to include the effects of the acquisitions of Altamira Asset Management and FPS (now doValue Greece)

Condensed consolidated balance sheet

€/’000

	9/30/2020	12/31/2019 RESTATED	Change Amount	Change %
Cash and liquid securities	170,267	128,162	42,105	33%
Financial assets	54,591	48,609	5,982	12%
Property, plant and equipment	39,113	23,904	15,209	64%
Intangible assets	257,497	289,585	(32,088)	(11)%
Tax assets	108,679	98,554	10,125	10%
Trade receivables	143,117	176,991	(33,874)	(19)%
Assets held for sale	10	10	-	n.s.
Consolidation differences to be allocated	225,774	-	225,774	n.s.
Other assets	20,676	14,378	6,298	44%
TOTAL ASSETS	1,019,724	780,193	239,531	31%
Financial liabilities: due to banks	581,393	364,627	216,766	59%
Other financial liabilities	95,823	69,642	26,181	38%
Trade payables	39,236	46,969	(7,733)	(16)%
Tax Liabilities	37,459	32,806	4,653	14%
Employee Termination Benefits	10,595	8,544	2,051	24%
Provision for risks and charges	14,791	25,669	(10,878)	(42)%
Liabilities held for sale	-	-	-	n.s.
Other liabilities	40,238	25,196	15,042	60%
TOTAL LIABILITIES	819,535	573,453	246,082	43%
Share capital	41,280	41,280	-	n.s.
Reserves	163,961	127,041	36,920	29%
Treasury shares	(103)	(184)	81	(44)%
Profit (loss) for the period attributable to the Shareholders of the Parent Company	(8,134)	38,603	(46,737)	(121)%
NET EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	197,004	206,740	(9,736)	(5)%
TOTAL LIABILITIES AND NET EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	1,016,539	780,193	236,346	30%
NET EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	3,185	-	3,185	n.s.
TOTAL LIABILITIES AND NET EQUITY	1,019,724	780,193	239,531	31%

Consolidated cash flow

€/’000

	9/30/2020	9/30/2019 RESTATED
EBITDA	68,041	78,772
Capex	(13,653)	(4,760)
EBITDA- Capex	54,388	74,012
as % of EBITDA	80%	94%
Adjustment for accrual on share- based incentive system payments	1,847	3,707
Changes in NWC (Net Working Capital)	35,093	32,645
Changes in other assets/liabilities	(21,454)	(23,942)
Operating Cash Flow	69,874	86,422
Tax paid (IRES/IRAP)	(9,156)	(8,201)
Free Cash Flow	60,718	78,221
(Investments)/divestments in financial assets	(22,147)	(6,334)
Equity (investments)/divestments	(211,357)	(360,998)
Dividend paid	(1,875)	(36,264)
Net Cash Flow of the period	(174,661)	(325,375)
Net financial Position - Beginning of period	(236,465)	67,911
Net financial Position - End of period	(411,126)	(257,464)
Change in Net Financial Position	(174,661)	(325,375)

Key Performance Indicators

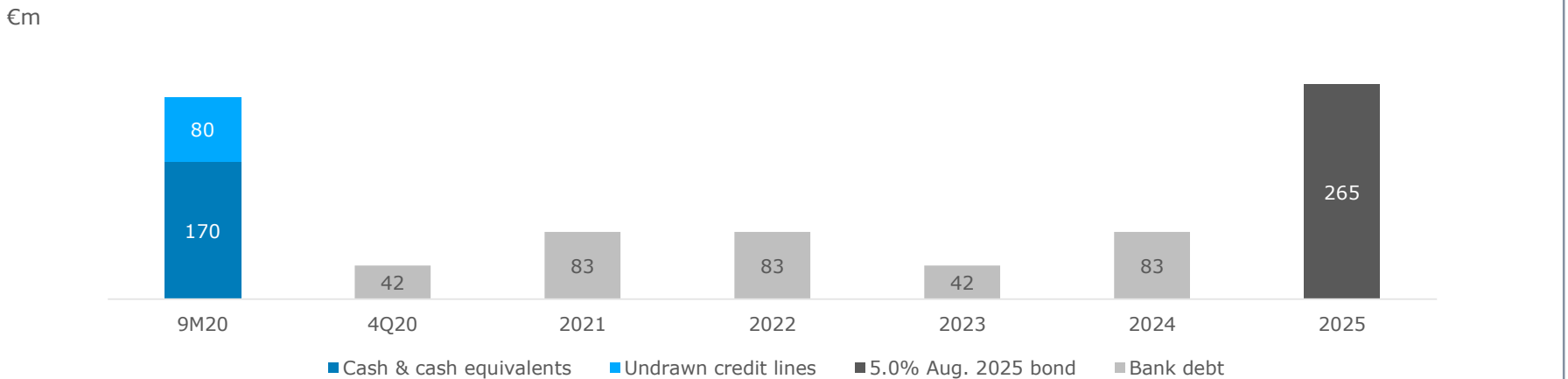
KPIs	9/30/2020	9/30/2019 RESTATED	12/31/2019
Gross Book Value (EoP) - Group ¹⁾	159,142,312	158,804,856	157,600,134
Gross Book Value (EoP) - Italy	76,087,611	77,079,160	78,796,103
Collections of the period - Italy	924,991	1,235,420	1,893,198
LTM Collections - Italy	1,582,769	1,862,598	1,893,198
LTM Collections - Italy - Stock	1,536,035	1,804,343	1,794,339
LTM Collections / GBV EoP - Italy - Overall	2.1%	2.4%	2.4%
LTM Collections / GBV EoP - Italy - Stock	2.1%	2.5%	2.5%
Staff FTE / Totale FTE Group	39%	33%	38%
LTM Collections / Servicing FTE - Italy	2.3	2.7	2.6
EBITDA	68,041	78,772	127,766
Non-recurring items (NRIs) included in EBITDA	(8,184)	(11,857)	(12,676)
EBITDA excluding non-recurring items	76,225	90,629	140,442
EBITDA Margin	24%	34%	35%
EBITDA Margin excluding non-recurring items	27%	39%	39%
Profit (loss) for the period attributable to the shareholders of the parent company	(8,134)	13,295	38,318
Non-recurring items included in Profit (loss) for the period attributable to the Shareholders of the Parent Company	(11,683)	(26,150)	(31,135)
Profit (loss) for the period attributable to the Shareholders of the Parent Company excluding non-recurring items	3,549	39,445	69,062
Earnings per share (Euro)	(0.10)	0.17	0.48
Earnings per share excluding non-recurring items (Euro)	0.04	0.49	0.86
Capex	13,653	4,759	8,086
EBITDA - Capex	54,388	74,013	119,680
Net Working Capital	103,881	123,171	130,022
Net Financial Position	(411,126)	(257,464)	(236,465)
Leverage (Net Debt / EBITDA LTM PF)	2.4x	1.5x	1.3x

¹⁾ In order to enhance the comparability of Gross Book Value (GBV) as of:
- 9/30/2019 the values for doValue Greece have been included at the reference date
- 12/31/2019 the values for doValue Greece have been included at the reference date

Simple debt structure with no refinancing needs before 2025

- Historically a net-cash business, doValue took advantage of the debt market in 2019 and 2020 to support its international M&A strategy, within its stated max 3x leverage (Net Debt/EBITDA) policy
- Access to bond market provides for greater diversification and flexibility of funding base
- Structurally high cash generation covers the yearly debt schedule, limited to the amortization of bank debt
- Current liquidity at more than €250m with no refinancing needs before 2025 (bond maturity)

Available liquidity, debt maturity schedule and key features



5.0% Aug. 2025 Bond

- €265m 5 years (NC2) senior secured notes, rated BB (stable outlook) by S&P Global Ratings and Fitch Ratings
- Issued in Aug. 2020 in connection with the acquisition of Eurobank FPS (now doValue Greece)

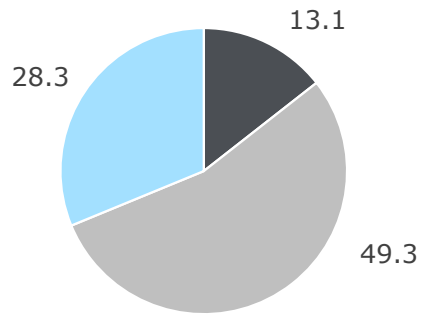
Bank debt

- €415m, 5-year bank facility, amortizing 10% semi-annually, leverage-based margin currently at 2.5%
- Beginning June 2019 in connection with the acquisition of Altamira Asset Management
- Recently revised covenant structure allows for wide headroom to manage even a possible deterioration of COVID scenario

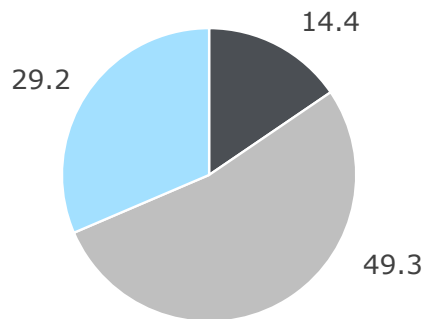
Tax assets

Tax assets breakdown

€m



FY19: 90.7



9M20: 92.9

Tax assets mostly originated from 2015 UCCMB transaction

A DTAs (Loss Carry forward):

- Can be used to off-set future direct and indirect taxes, subject to future profitability of the company
- 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 2022

C DTAs on temporary differences and others

Disclaimer

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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 presentation is consistent with the data in the accounting documentation, books and other accounting records.

Investor relations contacts

Fabio Ruffini

Head of Investor Relations

Tel.: +39 06 4797 9154

Mail: investorrelations@dovalue.it