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Testo del comunicato

Vedi allegato

doValue

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***** PRESS RELEASE *****

DOVALUE TO ACQUIRE GARDANT AND CONSOLIDATE ITS LEADERSHIP IN THE ITALIAN CREDIT MANAGEMENT SECTOR

doValue has entered into a binding agreement for the acquisition of the 100% shareholding in Gardant[1] (the "Acquisition") for a €230 million cash consideration (including €50 million net financial debt refinancing), plus issuance of new shares issued at a premium to current stock price, resulting in a 20% stake in doValue (together with Gardant the "Combined Group") to Gardant shareholders.

The financing package agreed in connection with the Acquisition includes (i) a new bank financing package (the "Bank Financing") of c. €500 million (a 5-year amortising term loan and €70 million 3-year RCF); (ii) a reserved capital increase to Gardant shareholders of a 20% stake in the Combined Group (the "Reserved Capital Increase") to be issued at a premium to current stock price of doValue, and (iii) a rights issue of €150 million to existing and new shareholders (the "Rights Issue") which will include a pro-rata underwriting commitment from entities managed by Fortress Investment Group LLC ("Fortress"), Elliott, an entity managed by Bain Capital Credit, LP or its affiliates ("Bain")(together the "Anchor Shareholders"), as well as certain Gardant minority shareholders, in the amount of €82.5 million[2].

The above financing package will provide sufficient resources for the acquisition of Gardant, the full refinancing of the 2025 senior secured notes and includes additional liquidity which will support the repayment of the 2026 senior secured notes through available cash and future cash flow generation.

Gardant to play a key role in further supporting the growth of doValue's leadership in Italy, while also enhancing partnerships with banks and investors and diversifying product offerings (c. 40% of non-NPL revenues), particularly through attractive UTP contracts and capabilities as well as an asset management business.

Strong support from Elliott, current majority shareholder of Gardant, as strategic investor with long-term commitment to enhance doValue's growth ambitions in Europe and provide future business thanks to an exclusivity agreement.

Creation of the leading asset-light servicer and asset manager in Europe with leadership positions in Italy, Greece and Cyprus, and relevant operations in Spain.

Financial net leverage expected at ~2.0x in 2025E, with neutral impact on credit rating and a conservative financial policy to maintain it stable going forward.

Industrial synergies of up to €15 million per year leading to medium-term Cash EPS accretion.

[1] Gardant S.p.A. and its consolidated subsidiaries
[2] Determined taking into account the treasury shares (#2.8 million)

Rome, June 7th, 2024 – Following the previous announcement made on March 21st, 2024, doValue announces that it has entered into a binding agreement (the "**Sale and Purchase Agreement**") with Tiber Investments S.à r.l. ("**Tiber**"), an affiliate of funds advised by Elliott Advisors (UK) Limited ("**Elliott**" or "**EAUK**"), and other minority shareholders, to acquire 100% of the entire issued share capital of Gardant S.p.A. (**"Gardant"**) for a total consideration including: (i) a cash consideration of €230 million (including Gardant's net financial position) and (ii) new shares of doValue, resulting in a 20% stake in doValue.

doValue further announces that it has secured financing commitment papers for c. €500 million aimed at funding the Acquisition and refinancing the 2025 senior secured notes – subject to certain customary conditions for similar transactions including the execution of long form financing agreements. The Bank Financing includes additional liquidity which will support the repayment of the 2026 senior secured notes through available cash and future cash flow generation. The Combined Group financial net leverage is expected at ~2.0x in 2025E and at ~1.5x at the end of 2026E.

The Acquisition will create a leading European credit management company, whose central role to support the financial system and the economy is strengthened through the creation of the leading credit management company in Italy, with products ranging from sub-performing to non-performing loans, state-of-the-art IT platform, fund management, diversified business lines across the full spectrum of credit management, and long-term contracts with the largest European Banking Groups.

This Acquisition will significantly enhance the breadth of the Combined Group's customer portfolio, thanks to the existing agreements of Gardant with two of the country's largest banking groups (Banco BPM and BPER) as well as Elliott, which will be an additional highly valuable industry partner for the Combined Group. The enlarged shareholders' base with primary players in the credit business, will further strengthen doValue's profile and prospective, as the leading independent player specialised in the credit servicing and asset management in Southern Europe.

doValue is set to accelerate the execution of its new 2024-2026 Business Plan anticipating the targets of revenue diversification and deleverage. In particular, the UTP platform and capabilities of Gardant, with forward flow agreements with both Banco BPM and BPER, will endow the Combined Group with the scale and the know-how to compete in one of the most profitable segments of the Italian NPE market.

Furthermore, the Combined Group will also leverage Gardant Investor SGR, a credit-focused asset management company with funds raised of €715 million through various alternative funds with investment scope ranging from NPEs to Direct Lending, to also accelerate the launch of a co-investment fund and enhance its asset-light and fee-based model with a more recurring stream of revenues.

Manuela Franchi, CEO of doValue said:

This acquisition marks a transformative milestone for doValue, solidifying our position at the forefront of the credit management industry. We welcome Gardant's team into the Combined Group, with whom we share focus, ambitions and culture. Amidst a landscape where numerous entrants from the 2015-2019 NPL boom are scaling back or shifting from debt purchasing to more sustainable, asset-light models, doValue is strategically expanding. With the backing of our committed long-term shareholders and the top-tier lenders, we are poised to strengthen our role within this critical sector of the financial system. Through the acquisition of Gardant — a distinguished leader in the Italian market — we are establishing a more powerful and resilient organization with solid grounds for further growth. This acquisition is set to redefine industry standards and position us as a leader in the consolidating Italian market. Our enhanced infrastructure and the combined expertise will not only elevate operational benchmarks but also better equip us to support the financial ecosystem and manage non-performing loans more efficiently.

Overview of Gardant

Gardant was established in 2021 following the reorganization of Credito Fondiario, active in the Italian credit management sector since 2013. It boasts a comprehensive credit management offering across the entire value chain of the loan management, focusing on Italy with c.€44 billion of Assets under Management (of which €22 billion of Assets under Special Servicing) and approximately €715 million of funds raised through its fully dedicated credit-focused asset management company, Gardant Investor SGR. Gardant is also active in the development of data-driven tools to optimize the management of its portfolios, under the umbrella of DataGardant.

Over the past five years, Gardant has achieved significant growth, both organically and through strategic partnerships, including 10-year long-term joint ventures with Banco BPM (NPLs, effective since May 2019) and BPER Banca (mostly UTPs, effective since January 2024) for the management, also via forward flow agreements, of non-performing exposures.

Gardant is expected to generate €135 million of Revenues for 2024E (c. 40% stemming from non-NPL services, mainly UTP, Asset Management, Master Servicing and Due Diligence / SPV services), with an EBITDA expected at approx. €50 million for 2024E.

Following the Acquisition, the Italian market will be the largest revenue contributor to the group with almost half of aggregated revenues (vs current 34%). The Combined Group's customers, and the overall NPE industry stakeholders, will benefit from best-in-class offering and technology, while Gardant's expertise in UTPs and credit-focused asset management will be further enhanced by the Combined Group's enlarged scale.

Strategic Rationale

The pursued acquisition of Gardant meets all the key guidelines established by doValue in its Business Plan with respect to M&A strategy. In particular, the combination of doValue with Gardant is expected to strengthen and further corroborate its unique positioning as the asset-light servicing champion in Southern Europe.

The Combined Group will be a:

- Leading servicer in Italy by GBV, Revenues and number of customers
- Leading independent servicer in Southern Europe by GBV
- Leading Alternative credit-focused asset management platform

doValue and Gardant will swiftly combine their operations in servicing and master servicing allowing them to create a state-of-the-art platform for managing NPEs as well as performing and sub-performing assets. Gardant will join doValue's doTransformation program allowing the group to sustain the required investment for AI within an enhanced scale.

In line with its strategy, doValue will achieve significant business diversification with new contracts for UTPs, credit-focused asset management business and new industrial partners. The contribution of high-margin non-NPL revenues is expected to reach 40-45% (vs 35-40%). The Combined Group will also boast improved collection rates thanks to younger vintages from Gardant's stock and forward flows coming from existing contracts.

The Acquisition is expected to enhance doValue and Gardant businesses across all of their segments. This complementarity is expected to lead to greater benefits for investors, banks and shareholders, creating a more comprehensive offering, under a resilient business based on a strong core services.

Financial Impact

doValue stand-alone financial targets for 2024-2026 as per the CMD on March 21st, 2024 remain confirmed, consequently the Combined Group is expected to generate consolidated 2026E Revenues in the range of €605 million to €625 million and 2026E EBITDA ex-NRI in the range of €240 million to €255 million. doValue will provide an enhanced dividend policy upon completion of the Acquisition in the context of lower leverage, and will not distribute dividends in 2025.

The Acquisition is expected to be Cash EPS accretive in the medium-term.

The Combined Group expects to deliver pre-tax synergies of up to €15 million per annum (c.€5 million already in 2025E), with cumulative expected restructuring costs of c.€15 million. Synergies will primarily derive from reduction of selected external costs through insourcing and various operating costs savings, integration of IT functions and sharing of the best practice in terms of efficiency and productivity.

Additional synergies and value-enhancing initiatives will be driven by (i) Gardant Investor SGR capabilities to launch further initiatives such as the co-investment fund and, subsequently, expand its reference base outside Italy, across the Combined Group’s geographical footprint, (ii) cross-selling certain services, currently offered by doValue, to Gardant’s customer base, and vice-versa.

The combination of (i) the €150 million Rights Issue and (ii) the Reserved Capital Increase (as part of the consideration mix) are expected to bring the Combined Group financial net leverage to ~2.0x in 2025E, and to ~1.5x by 2026E thanks to superior cash flow generation. The robust financial structure will allow the Combined Group to sustain an attractive dividend policy while continuing to pursue M&A opportunities with a disciplined approach either to (i) enter into adjacent business areas less dependent on NPEs or (ii) to consolidate the core NPE markets in other countries. No expected impact on credit rating and conservative financial policy to maintain it stable going forward.

Key terms of the transaction and financing

The consideration for Gardant acquisition envisages: (i) a €230 million upfront cash component (including €50 million net financial debt refinancing) and (ii) new doValue shares issued at a premium to current stock price resulting in a 20% stake in doValue.

The implied valuation of Gardant, at today’s doValue share price level, is consistent with doValue’s current trading multiples and the Acquisition translates into medium-term Cash EPS accretion thanks to significant industrial synergies. The overall Acquisition includes certain other agreements including a non-compete and exclusivity agreement for new business awarded by Elliott.

The Acquisition financing will include (i) a Bank Financing and (ii) a €150 million Rights Issue. At closing, doValue will use the term loan to pay the cash consideration due for the Acquisition (€230 million). Upon closing of the Rights Issue, doValue will use the term loan and the proceeds from the Rights Issue to fully refinance the 2025 senior secured notes (€264 million). The financing package includes additional liquidity which will support the repayment of the 2026 senior secured notes through available cash, future cash flow generation, and available RCF lines.

In connection with the Rights Issue:

- The Anchor Shareholders, and certain other Gardant minority shareholders, have entered an underwriting commitment to subscribe pro-rata the Rights Issue, on customary terms, which will cover €82.5[3] million of the €150 million Rights Issue; and

[3] Determined taking into account the treasury shares (#2.8 million) held by doValue

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- Mediobanca – Banca di Credito Finanziario S.p.A., UniCredit, Banca Akros and Intesa Sanpaolo will act as Joint Global Coordinators in connection with the Rights Issue and have entered into a pre-underwriting agreement with doValue pursuant to which such financial institutions have undertaken, subject to conditions in line with market practice for similar transactions, including the absence of any fact or circumstance impeding the drawdown of the bank financing relating to the transaction, to enter into an underwriting agreement for the subscription of any newly issued shares that remain unsubscribed at the end of the auction period of the Rights Issue offering, for an amount of up to approximately €67.5 million. As per market practice, the underwriting agreement relating to the Rights Issue will be entered, subject to satisfaction of the conditions envisaged by the aforementioned pre-underwriting agreement, immediately before the launch of the subscription period of the Rights Issue.

Governance and management

Upon completion of the Acquisition, expected during 4Q-24, and subject to the shareholders meeting approvals, Elliott, as long-term anchor shareholder, will have two representatives in doValue's Board of Directors.

The presence of another strategic investor with long-term investment horizon such as Elliott, will further support doValue's growth ambitions while facilitating Elliott's access to servicing capabilities in other strategic markets such as the Hellenic Region and Spain.

The management team of the Combined Group will also include representatives from Gardant current executives.

Expected timetable

Closing of the Acquisition is expected in 4Q-24, subject to certain conditions precedent being satisfied, including, among others: (i) the approval by the doValue's shareholders meeting, inter alia, of (a) the Reserved Capital Increase, (b) the Rights Issue, and (c) the increase of the members of the current doValue's Board of Directors though the appointment of two Elliott representatives, and (d) certain customary regulatory approvals including, inter alia, Bank of Italy.

Conference call

An Investor Update conference call will be presented on Friday June 7th, 2024, at 11:00 hours CET and will be held by the Group's management.

The conference call can be followed via webcast by connecting to the company's website at www.dovalue.it or the following URL:

https://87399.choruscall.eu/links/dovalue240604.html

To register to the conference call, please use the following link:

CLICK HERE TO REGISTER FOR THE PRESENTATION

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" section.

Advisors

Jefferies has acted as sole financial advisor to doValue on the Acquisition, while legal advice to doValue has been provided by BonelliErede and White&Case. PwC assisted with financial due diligence, tax and IT & Operations matters.

About doValue

The doValue Group is the leading operator in Southern Europe in credit and real estate management services. With an experience of more than 20 years and approximately €116 billion in assets under management (Gross Book Value) as at 31 December 2023 across Italy, Spain, Portugal, Greece and Cyprus, the doValue Group's business contributes to the economic growth by fostering the sustainable development of the financial system. The doValue Group offers an integrated range of credit management services: servicing of Non-Performing Loans (NPL), Unlikely To Pay (UTP), Early Arrears, performing loans, Master Legal, Due Diligence, data processing and Master Servicing.
The shares of doValue are listed on the STAR segment of Euronext Milan (EXM) and, in 2023, the Group reported Gross Revenue of €486 million and EBITDA excluding non-recurring items of €179 million.

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This press release includes forward-looking statements. The forward-looking statements are prepared by and based on unaudited management estimates. The independent auditors of doValue have not audited, reviewed, compiled or performed any procedures with respect to the forward-looking statements, and accordingly, the independent auditors of doValue do not express an opinion or provide any form of assurance with respect thereto for the purpose of this press release.

The forward-looking statements are based on a number of assumptions that are subject to inherent uncertainties and subject to change. In addition, while doValue believes the forward-looking statements to be reasonable, it cannot provide any assurance with respect to such statements and variations from the estimates could be material. As such, investors should not place undue reliance on the forward-looking statements and such forward-looking statements should not be regarded as an indication that such statements will be an accurate prediction of future events.

By their nature, forward-looking statements involve known and unknown risks, significant uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions (which may prove inaccurate) and actual results of operations, including financial condition, liquidity and the development of the industry in which doValue operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements. In addition, even if results of operations, including financial condition and liquidity and the development of the industry in which doValue operates, are consistent with the forward-looking statements, those results or developments may not be indicative of results or developments in subsequent periods.

The forward-looking statements speak only at the date on which the statements were made and do not take into account any circumstances or events occurring after the date they were prepared. doValue undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise.

doValue is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. doValue believes that providing this information enhances investors' understanding of the company's results and permits investors to understand how management assesses performance. doValue uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

This press release includes certain pro forma information. Such pro forma information is presented for illustrative purposes only and is based on certain assumptions and judgments based on information available to doValue that may not necessarily be applicable as of the date of its representation. Therefore, investors should not place undue reliance on the pro forma information included herein.

Each of Mediobanca, UniCredit, Banca Akros and Intesa Sanpaolo is acting exclusively for doValue and no-one else in connection with the Rights Issue. They will not regard any other person as their respective clients in relation to the Rights Issue and will not be responsible to anyone other than doValue for providing the protections afforded to their respective clients, nor for providing advice in relation to the Rights Issue, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

None of Mediobanca, UniCredit, Banca Akros and Intesa Sanpaolo or any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to doValue, Gardant or their respective subsidiaries or associated *companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.*

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