# doValue S.p.A.

## "9 Months 2022 Financial Results Conference Call"

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MODERATORS: ANDREA MANGONI, CHIEF EXECUTIVE OFFICER

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ALBERTO GORETTI, HEAD OF INVESTOR RELATIONS

OPERATOR: Good morning. This is the Chorus Call Conference operator. Welcome and thank you for joining the doValue 9 Months 2022 Financial Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Mr. Alberto Goretti, Head of Investor Relations of doValue. Please go ahead, sir.

ALBERTO GORETTI: Good morning all. I'm pleased to welcome you to our 9 months 2022 results presentation. As usual, I'm here with Andrea Mangoni, our CEO, and Manuela Franchi, our General Manager of Corporate Functions and CFO. Andrea will walk you through the development of doValue business activities since the beginning of the year, and then Manuela will give you an update on our financial performance. Andrea will then wrap up with some final remarks. As usual, following the presentation, we'll be glad to answer all your questions.

Andrea, over to you.

ANDREA MANGONI: Thank you, Alberto, and welcome to all of you. Let's start from Page 3 of the presentation. We are very proud of the financial results we are presenting today. These results are the outcome of our sound acquisition strategy, our intense business origination activity, as well as, our financial discipline in managing the cost base.

Both gross revenues and EBITDA are showing double-digit growth year-on-year. We saw net income has doubled compared to the first 9 months of 2021. Our cash flow generation has accelerated in the third quarter and that we are posting a very conservative net debt to EBITDA ratio below our leverage target of 2 times to 3 times.

Collections have been resilient in the first 9 months of the year outperforming the trajectory in gross book value and once again demonstrating the strength of our business model across cycles.

In terms of other key activity, we are getting closer to our GBV targets for the year. And we have seen the first sign of acceleration of a forward flow in the third quarter compared to the first half of the year, a first sign of growing default rates for corporates and individuals across Southern Europe.

Drilling down on each region. In Italy, we have improved our collection rate now standing at 2.6% and achieving historical highs. We continue to proactively manage our cost base to protect profitability.

In the Hellenic region, we had successfully arranged more than €1 billion of secondary NPL transactions, retaining the servicing mandate with the new investors and the region continues to perform extremely well compared to budget and local competitors.

In Iberia, we have now successfully completed the off-boarding process of the Sareb portfolio and made a strong progress with the reorganization plan. Also, we are seeing positive signs of new business wins like the management of a new portfolio by Fortress and the launch of new initiatives including an important pilot project for the management of early arrears related to SMEs with a top tier Spanish Bank.

Now moving to Page 4, our strong performance in the first 9 months has been strongly driven by the Hellenic region, which has posted outstanding results, both in terms of top line growth and EBITDA. Both of the NPL and REO businesses supported the growth profile. As a reminder, the REO business was launched in Greece only one year ago supported by the experience of the Spanish colleagues.

Italy has contributed positively to our results with a very strong cost control activity yielding double-digit EBITDA growth on the back of low single-digit gross revenues increase.

The turnaround in Spain is progressing well having achieved almost 20% account reduction in the first 9 months of the year. The run rate benefits of the reorganization process are slightly delayed by a couple of quarters because we decided to pursue a less expensive and more progressive restructuring process. All in all, this approach yields a higher NPV compared to a collective dismissal process.

Whilst managing the post-Sareb scenario has been a key priority for the team, both in terms of portfolio off-boarding and reorganization, the team in Spain can now fully focus on extracting more value out of the existing portfolio under management for Santander and investors and winning new business further diversify our revenue base.

Moving to Page 5, as you can see, collection have held up well in the first 9 months of the year and in particular they performed better than the associated GBV trajectory. In Italy, collection grew by 4% year-on-year posting an 8-percentage point positive spread compared to GBV trend which has decreased by 4% in the same period. This is also in line with the feedback from our investor clients and master servicers we are working with, which confirmed to us that our collection performance is better than the one of our competitors.

Auction activity on our portfolios in Italy is up 7% year-on-year, supporting our collection performance, in particular, as there is a customary delay between completion of auctions and collections of a one-year on average. More in general, in recent months, we've seen growing importance of secondary sales transactions in the Italian market in the prospect of higher extrajudicial processes. The trend on judicial versus extrajudicial processes might actually invert as the macro slowdown starts to weight on corporates and households pushing the debtors towards judicial processes.

It's important to remember that the improvement of the efficiency of the public administration, including courts, is a key condition for the allocation of the next generation EU plans and it is also a priority of the current government. Under previous government, targeted actions gave notable results with recovery times shortened by 10% on average and directly impact on collections performance.

In the Hellenic region, the trend in collections mirrors the trend in GBV. The collection profile is expected to accelerate in Q4. Also considering the completion in late October of project Virgo, secondary NPL trade for €450 million of GBV out of Frontier for which doValue has maintained the servicer role and recorded a sales fee for the transaction. The stronger collection performance in Greece has continued beyond the end of September with collection increasing by 4% in October compared to September and by 9-10% in the first days of November versus October.

In Iberia, collections in aggregate have held up better than the overall trend in GBV. REO sales have been particularly strong and are up 6% year-on-year with NPL collection has been relatively weaker, as they've been affected by the Sareb NPL portfolio off-boarding process that has been completed at the beginning of the third quarter.

Moving to Page 6, we have continued to add new GBV in the last few months with few notable wins. In particular, as you know, we have been awarded the Frontier II HAPS securitization from a National Bank of Greece in July, which will be onboarded in the first quarter of 2023. And the NPL secondary disposal Project Virgo where we maintain the servicing mandate.

In Greece, we are also working on another important secondary NPL transaction out of the Cairo portfolios through Intrum called Project Souq. We should complete in early 2023 and where once again we will be retaining the servicing mandate post disposal. Again, we work with every investor, even our competitors.

In Spain, the €300 million portfolio from Fortress is the first positive sign of our ability to secure new mandates among investors in the region. And we believe Fortress is likely to be a key player in Spain in the next few months, considering they have set up a dedicated office in Madrid last May.

All in all, despite the postponement of the Ariadne portfolio to 2023 and few mandates won by AMCO in Italy, which will potentially be a servicing opportunity in 2023. We are continuing to make strong progress vis-à-vis our GBV intake targets cumulating in total approximately €9 billion of GBV so far in 2022.

Moving to Page 7, we are possibly at an important junction in the market whereby default rates are starting to increase albeit from a low base.

Recent studies such as the one published by Cribis in late October report a double-digit increase in default rates since the beginning of the year, in particular, related to corporates. The default rates for joint stock company and sole proprietorships are getting closer to the 2% level, which is consistent to the mid case scenario as presented in our Capital Markets Day back in January. Same happens for other key countries such as Greece and Spain.

In addition, Stage 2 loans on banks’ balance sheet remain high at 13-14% in Italy and Greece and 7% in Spain, potentially a precursor of more NPEs to come.

More broadly, we expect that the combination of a material slowdown in GDP in 2023, persistent inflation, rising financing costs, stringent banking regulation, and more limited room for support by governments will lead to more default by SMEs and household, which will feed our GBV pipeline for the medium-term.

On the other hand, we expect our collection performance in 2023 to remain relatively resilient as shown by our track record during previous cycles. As a reminder, most of the GBV that we manage is made by mid to large ticket, mostly secured by real estate asset thus providing a solid base for our collection activity. Also the real estate auction market is less sensitive to interest rate and therefore we expect a lower impact by the repricing in the mortgage market. Volumes are going up even in recent months.

Moving to Page 8 in terms of pipeline, we are currently seeing approximately €19 million of portfolio looking for a servicer in the near-term, roughly equally split across the 3 regions in which we operate.

Mandates are relatively large in both Italy and in the Hellenic region. We saw the pipeline in Iberia is more granular and made of several midsized portfolios.

In addition, the AMCO sponsored project GLAM could provide potential upside to our pipeline in 2023. As you can see, this is material with the first branch of the project consisting of up to €12 billion of GBV and the portrayed plan sets a significant portion with the outsourcing to third-party servicer.

Now, let me hand it over to Manuela to cover the financial results in more details.

MANUELA FRANCHI: Thank you Andrea and good morning to all of you. Moving to Page 10. As mentioned, our financial results have been particularly strong for the first 9 months of 2022. The collection performance has been extremely resilient both versus the corresponding trend in GBV, but also in terms of our ability to collect in a difficult macro environment characterized by slowing growth, inflation, and increased financing costs.

Collection stand at €3.9 billion for the first 9 months of 2022 have in fact declined by only 3% versus a GBV decline of 9%. GBV stood at €137 billion at the end of September 2022.

In this contest, gross revenue has grown by 10% year-on-year, reaching €426 million, driven by strong NPL and REO performance at group level as well as supported by ancillary activities in particular in Italy. The result is also notable if we consider that the first 9 months of '21 were positively affected by the €4 million capital gain on the Relais notes.

EBITDA ex-NRI has grown by 31% year-on-year, reaching €152 million as the strong performance in gross revenue has been compounded by a notable effect in containing costs, in particular, on the HR side, this is important to increase our operating leverage.

The EBITDA margin for the first 9 months of the year stood at close to 36%, a 5.6 percentage point increase versus last year. The strong growth in EBITDA ex-NRI coupled with a reduction in D&A and provision has supported a strong increase in net income ex-NRI, which has more than doubled versus last year, reaching €46 million. Therefore, already standing within our guidance range for the full-year of €45 million to €50 million given to you last August.

Net debt has also decreased versus 1 year ago, thanks to the €38 million cash flow generated in the third quarter of 2022. This was already anticipated to you in our conference call in August. Leverage currently stands at 1.8 times below the bottom of the range of our 2 to 3 times leverage target.

Moving now to Page 11, in the first 9 months of the year we have added €10 billion of new GBV of which €1.7 billion comes from forward flows and €8.3 billion from new mandates awarded and onboarded. The collection performance has been strong at €3.9 billion and the ratio between collection and write-offs has remained broadly stable at 45-55%. During the first 9 months of the year, our clients have sold €5 billion of portfolio. And in most cases, we have been indemnified by them.

All in all, at the end of September, our GBV was €137 billion, already reflecting the off-boarding of the Sareb NPL portfolio for €10 billion. We also have a sale of €4 billion of mandates awarded and not yet onboarded, which in particular includes Frontier II in Greece for €1 billion, Sky in Cyprus for €2.2 billion and Nix in Spain for €300 million. The €4 billion here does not include the €1 billion secondary NPL disposal in Greece, Project Virgo and Project Souk, as those will be recorded in terms of collection in GBV in 4Q and 1Q, respectively.

As mentioned, the Sareb NPL portfolio has been off-boarded in Q3, while the Sareb REO portfolio has been off-boarded at the beginning of 4Q and therefore, at the end of 2022, you will see the full exit of Sareb from our book.

Now on Page 12. We show that we have achieved a 10% gross revenue growth year-on-year with double-digit growth in our NPL business and high single-digit growth in our REO business. In addition, ancillary revenue provided a strong support to our performance in the first 9 months of the year, in particular in Italy.

Gross revenue stood at €426 million for the first 9 months of the year versus €386 million 1 year ago. Our Italian business posted a solid 3% growth in gross revenue, reaching €133 million, which can be read at 7% growth if we exclude the Relais capital gain booked in Q1 2021.

The performance in Italy was mostly driven by growth in our UTP activity, as well as in ancillary services.

As a reminder, the third quarter of '21 was a very strong quarter in Italy as it was positively impacted by several portfolio disposals. We are planning same portfolio disposal for 4Q, 2022, which will support our collection activity for the full year. The Hellenic Region posted a 43% growth in gross revenue, reaching €193 million, with the NPL, REO and ancillary servicing supporting such growth. On the other hand, the lower performance on the UTP business is mainly driven by the Mexico securitization completed at the end of '21 and which now entails a lower curing activity.

In Iberia, gross revenue declined by 18% year-on-year, which is in line with the collection profile in the region and in turn, driven by the 38% decline in GBV. Overall, revenue in Iberia stood at €100 million in the first 9 months of the year, while the NPL collection performance was affected by the Sareb off-boarding process. We still have REO performance proved to be more resilient.

The decline in outsourcing fee, both in absolute and relative terms is both driven by the different revenue mix but also by the in-sourcing of some activities in particular in Italy.

Moving now to OPEX. Operating expenses, excluding nonrecurring items, have increased by 2% year-on-year to €228 million and declined as a percentage of gross revenue from 58% to 54%. In particular, strong effort was put in containing HR costs, which remained stable year-on-year on absolute terms but declining as a percentage of revenue from 41% to 37%.

This is particularly remarkable considering the current inflationary environment. The number of FTEs at group level had declined by 1% year-on-year as the 1% reduction in Italy and 15% reduction in Iberia was partly compensated by 10% increase in FTE in Hellenic Region linked to the Frontier onboarding.

Other OpEx have also remained broadly stable as a percentage of gross revenue with the absolute increase in both IT and D&A costs, partially attributable to the local transformation processes.

As a quick update on the transformation on the following page, we wanted to remind you that the overall program initially involved was of €55 million of investment in the 2022-2024 period, and we aim to achieve a run rate of €25 million to €30 million savings from 2024 onwards.

We have actually reduced investment to €45 million due to better negotiation with suppliers, further rationalization of the program and the fact that we no longer need to satisfy Sareb specific requirement on system and back office, which made a relevant investment for this year.

In the last 3 months, we have increased the level of committed investment from more than 40% to more than 55% (or 80% for 2022), and we have achieved an overall completion level to 65% for 2022. So the program is progressing well, is on track and with our expectation at group and local levels are satisfied.

Some notable actions taken in so far in 2022 have been the merger of the NPL platform in Italy in January, the onboarding of Frontier II in February, the establishment of a central procuring department in Spain and Cyprus, the transfer of local IT resources to Group IT for the creation of ONE doValue IT to undertake all IT centralized services, the initialization of the operation hub implementation, the launch of a common security road map across the group and the creation of a group data warehouse.

Moving to Page 15 now. The 10% growth in gross revenue and the flatter profile of operating expenses resulted in a 31% growth in EBITDA ex-NRI, with a widening of the EBITDA margin from 30% to close to 36%. EBITDA ex-NRI for the first 9 months of the year stood at €152 million compared to €116 million of 1 year ago.

In particular, in Italy, the top line growth of 3% and a strong cost control discipline, in particular, on the HR side resulted in a 26% EBITDA growth. Italy posted €35 million of EBITDA ex-NRI in the first 9 months of the year.

In the Hellenic Region, the gross revenue growth of 43% resulted in a 77% EBITDA growth, despite the increase in FTE related to project Frontier onboarding. The Hellenic Region posted €115 million of EBITDA ex-NRI in the first 9 months of the year.

In Iberia, EBITDA ex-NRI decreased by 90% to €2 million, reflecting the 38% reduction in GBV, the 18% reduction in gross revenue and the cost structure, which, on one hand, sees a reduction in HR cost, but on the other hand, it's still affected by the local transformation program, which is absorbing cash flow and negatively affecting the P&L.

The relatively high cost base in Iberia in the third quarter of '22 is due to the conscious decision of not going through a collective dismissal process for the employee working on the Sareb portfolio, but to manage situation on one-to-one basis. This means that many people have left proactively. We have been able to cherry-pick asset managers and better manage costs. All in all, we will have a higher savings going forward and a lower restructuring cost upfront. So the effect is a positive on NPV basis.

Moving to Page 16, you can see our regional performance, which is relatively consistent with what we said so far. The Italian region remains stable, also considering the partial absorption of group cost. The

Hellenic region is currently supporting both growth and margin in line with our 2022-2024 Business Plan. The business in Iberia is in the middle of a turnaround with Sareb now fully behind us, a reorganization which is well advanced and few tangible sign of new business wins with key clients.

Collection rate at group level is at 4%, with the last 12 months ended in September 22, broadly stable to the level of 4.2% recorded in June 2022. The collection rate in Italy increased by 0.1 percentage point in the last 3 months currently at 2.6%. So going back to the top historical levels. The collection rate in the Hellenic Region remains stable at 5%. And the collection rate in Iberia was impacted by the off-boarding of Sareb NPL portfolio.

Net income on Page 17 has increased by 3 times year-on-year to €39 million. Excluding nonrecurring items, we moved to €46 million. Growth was driven by the increase in EBITDA compounded by lower D&A and lower provision compared to last year. This is a trend we anticipated to you in the past because most D&A is linked to depreciation of main forward flow contracts.

Nonrecurring items above EBITDA stood at only €2.4 million as mainly referred to the consulting fees, while non-recurring guidance below EBITDA were at €6.1 million pre-tax and pre-minorities and mainly relate to redundancy plans and litigation, partially offset by reimbursements from an insurance claim.

In terms of Sareb reorganization cost, please note that €6 million were paid in the third quarter, and we expect a further €3 million to be paid in the fourth quarter. Also, we expect that some of the redundancy costs will be paid in the first quarter of '23, still being below the total of €15 million.

Moving to Page 18. The business generated €38 million of cash flow in the third quarter which coupled with the €59 million cash absorption in the first half of the year, bringing the total cash absorption for the first 9 months of 2022 to €21 million.

CAPEX spent increased to €14 million in the first 9 months of '22 with a €4 million being spent in Q3 on top of the €10 million spent in the first half. In line with our transformation plan, we expect CAPEX to accelerate in 4Q in a similar fashion to what we have seen in '21.

We are glad to show a normalization of our net working capital dynamic, while the Eurobank prepayment arrangement together with leasing payments, VAT payments and redundancy payments still affect our cash flow in the delta other assets and liability. As discussed in a number of instances, the Eurobank payment scheme will partially normalize in 2023 with fees being paid as they are accrued.

Moving to Page 19. Our financial structure remains very conservative in terms of leverage, a maturity profile, liquidity and RCF lines available. We have reached a 1.8x leverage level on the back of a strong cash flow generation in the third quarter and growth in EBITDA in the last 12 months being below the 2 to 3 times leverage target.

As a reminder, both Fitch and S&P confirmed our BB rating before summer with Fitch improving our outlook to BB positive. As mentioned, we expect net debt to remain stable in the fourth quarter.

Now let me hand over to Andrea for the final remarks.

ANDREA MANGONI: Thank you, Manuela. As you have seen, we have made very good progress with our 9 months results, which allow us to reiterate our guidance for 2022. But there can be upside in terms of net income, dividend and net financial position. I am proud of the results achieved so far from the group and perfectly in line with what we promised at the

Capital Markets Day in January, notwithstanding the changed macro environment. This has been possible primarily thanks to the relative strengths of each region and management teams and the support received from each part of the group, which contributes to the overall targets and sustainability going forward.

So thanks to all of you for your attention and let me hand it over to Alberto to start the Q&A session

Q&A

ALBERTO GORETTI: Thank you very much, Andrea. So let's get started with the Q&A. As usual press "*" "1" to register your questions, we will take them one-by-one. Maybe we can take the first question from Nicholas Binda, Intermonte. Nicholas over to you.

NICHOLAS BINDA: Hi, good morning. Thank you, for the presentation. I have 3 questions. The first one is related to the full year '22 guidance. So factoring in the solid third quarter results, why don't you have revised up all your guidance, even because the implied fourth quarter suggests the Q-on-Q drop on revenues and EBITDA. Then on Italy, could you provide us more colour about the main dynamics of the quarter as the quarterly performance declined Q-on-Q? And finally, on the NPL segment, what are you observing in terms of clients' activity and NPL prices? Thank you.

ANDREA MANGONI: I will take the first one. And in terms of guidance, despite the important results we present today, we have presented in terms of EBITDA, because of the current economic slowdown and the possible impact the slowdown will have on the switch of our collection from extrajudicial to judicial. This is why we are prudent. We are working harder to offset this risk, increasing the productivity of our asset management team. This is the main reason why we are prudent in terms of EBITDA impact. I really believe we can improve our performance, both in terms of cash flow generation and net financial position and net result of the company. This is why I said before these better results in terms of net income of the company will probably drive to increase our dividend payment.

I will leave the floor to Manuela for the second question.

MANUELA FRANCHI: Regarding the question on the impact of 3Q on Italy, Q3 2022 versus Q3 '21 is affected by the fact that in Q3 '21, we sold a number of portfolios in Italy on behalf of our clients. And therefore, Q3 '21 was exceptionally strong. We expect to do some portfolio disposal in Italy in Q2 '22. Some of them were planned for Q3 '22, but we shifted them by one quarter. So it is important where you concentrate this extraordinary sale to explain the comparison.

On the last question around the NPL segment, we have referenced the client activity, which has been intensifying on the judicial side. As you know, during COVID time, we have pushed significantly on the extrajudicial route given the slowness and the difficulties of the judicial system. Now, we see an opposite trend. On the other side, the auction activity, which has increased substantially. There are public statistics on that front, but we have referenced a 7% growth year-on-year. Usually, when you have auctions, this drives the collections of the following 9 to 12 months. So we see this growth of auctions to have positive result also for 2023.

You talked about pricing levels, the portfolio transaction has been done at pricing not very different from past years. This is mostly because banks and services have become much more sophisticated in terms of instruments they use to protect value at time of disposal. So for example, the use of a fund is a very good representation of that. Given the structure and the derecognition effect on the bank balance sheet, if you contribute assets from the bank to funds, you are able to contribute almost a net book value, thus not suffering from a potential lower market price. There have been some transactions in the market but in Italy, some of them were placed by AMCO.  As you know, AMCO has lower returns than the rest of the funds.  So this has protected the valuation of the banks on that front.  Therefore, you have specific events where pricing has not been affected.

The other transactions we have seen in the other markets, Greece and also Spain have not seen material differences vis-à-vis the last performance also because they have been sustained by relevant real estate business, both on the Greek front, which we mentioned, and also on the Iberia side given that our GBV is mostly secured.  This is an important factor because NPL is sustained mostly by underlying real estate and the real estate market is fortunately still characterized by numerous transactions, which offset some deterioration on the price of real estate.

ANDREA MANGONI: I think also, Nicholas, the Virgo and Souq secondary NPL trade in Greece are quite important data points also because they are quite sizable.  It's a total of €1 billion GBV.  They were structured over the summer.  Virgo completed at the end of October, Souk will complete in 1Q 2023.  So they are very important data point regarding the soundness of the NPL market despite the corrections we've all seen year-to-date on the listed markets.

NICHOLAS BINDA: Thank you very much.

ALBERTO GORETTI: Okay.  Maybe we can take the next question from Andrea Lisi from Equita.  Andrea over to you?

ANDREA LISI: Hi.  Thank you, for taking my question.  The first one is on Greece.  I want to better understand the strong performance here in Greece, which was incredibly strong. So just to understand the drivers and what also do you expect for the fourth quarter, considering that the collections are further improving versus September.  And so, if there is something that maybe is not repeatable or quarterly seasonality in the third quarter and your expectation for the fourth.

The second question is on Spain. There were some rumours on an interest for servicer there. Just to understand the strategy here also on the M&A side. And how do you think that the scale will be important, especially considering the exit of the contract from Sareb?

Then another question is just to understand for our model what is the projected evolution of D&A in the last part of the year?

And the last couple of questions is: 1) if you can repeat the amount of restructuring costs and redundancy plans related to Sareb for the last quarter, and 2) why do you say that net debt is expected to remain stable in the last quarter: just for prudency reasons or because there is something that is expected to revert?

MANUELA FRANCHI: Andrea, on Greece, the strong performance is especially on the re-performing side of the ERB book, where we have good fees on that segment. And also, we have effects from the Mexico contract, which as you know, we negotiated last year given that it became a securitization and it has moved to a lower fee scheme and brought out an effect on revenue to offset the difference in the fee scheme. This effect was partially counted in 2021 and partially in this quarter of '22. Such impact has now completed. So the underlying business is progressing very well on a specific segment where the fees are particularly good and the experienced the impact of the change fee structure for Mexico, which was already constructured in this way since the deal was done last year.

In Spain, you are referring to rumours regarding a deal related to a subsidiary of Santander. We don't comment on market rumour. The Spanish servicing market is in need of consolidation giving its fragmentation and will be eventually our responsibility to analyze any potential opportunities that would be accretive to our shareholders.

On the last point, Alberto will provide you with a specific reference.

ALBERTO GORETTI: Yes. So on D&A, we expect to book between €20 million and €25 million in the fourth quarter, which should bring the total to about €70 million for the year.

Regarding Sareb, what we mentioned is that you know, the total amount that we plan to associate to the restructuring charges is up to €15 million. Although as time progresses, we are probably going to spend lower than the €15 million. So we spent €6 million in Q3, that was the first part. And we expect to spend €3 million in Q4. So the total for 2022 would be €9 million. And then there will be a residual tail for Q1, possibly Q2 next year. But I think at the end of the day, it will be lower than the €15 million amount that we initially envisaged. And that's because, as mentioned, we went through a different route to restructure the team there, which takes a bit more time but overall, gives a lower one-off charge. From an NPV point of view, this chhoice is value-creating.

The last point on net debt. So essentially, we expect net debt to remain relatively stable in Q4. As you know, we are going to ramp up Capex in the last quarter, as we did last year. We still have a bit to go in terms of expenditure on the Transformation projects. And then some of the Sareb restructuring costs will also be impacting the P&L in Q4. All in all, we expect to end the year at 2.2 times net debt-to-EBITDA also because EBITDA will be normalized in 4Q22. The last 3 months EBITDA accounted as of September 2022 is a very high number which takes into account 2 very strong quarters, Q3 this year and Q4 last year.

ANDREA LISI: Thank you, just if you can elaborate on your expectation for Greece in terms of performance for the last quarter. Thank you.

MANUELA FRANCHI: The Greek performance will be ahead of our budget, compensating other weaker performances. So all in all, you have seen you know, the chart we presented in the Business Plan presentation where there was already significant growth expected for Greece for the whole year. We haven't given a specific guidance for for Greece only, but only directional chart. Let's say, there are probably going to be 5% to 10% higher than that result. This is in the best-case scenario. Also because, as we said, the 3Q was exceptionally good also for these 2 elements which I described. And in a normalized budget we need to necessarily plan in advance. Therefore, we assume that the 4Q will be much more in line with the previous quarters and normalize the effect of the fourth.

ANDREA LISI: Thank you.

ALBERTO GORETTI: I think next question comes from Simonetta Chiriotti, Mediobanca. Simonetta, over to you?

SIMONETTA CHIRIOTTI: Okay. Hello good morning. My first question is on the different collection strategy that is required in 2023. So the growth in judicial versus non-judicial collection. So I'm wondering if in general terms, this means a lower collection path and of more cost. So overall, if the judicial strategy is less profitable in general terms?

And the second question is on M&A. There was a good progression in cash flow in this quarter, you have given an M&A strategy. The question is considering a weaker economic environment, do you think that it will be easier to close M&A or you see a difficult environment also for M&A? Thank you.

ANDREA MANGONI: Okay. On the first question, the main difference between judicial and extrajudicial collection, it's not on the cost side because the cost of the lawyers for the judicial procedure is up to our client. So the main difference is timing. We do not want to destroy the value of our portfolio accelerating the extrajudicial transaction if the price of the transaction is not the right one because of the macro environment. So if our collection will significantly switch from extrajudicial to judicial, we will protect the intrinsic value of the portfolio under management. But in terms of timing, we will collect later. This is why I say this is the main reason why we are prudent.

On your second question on M&A, we are actively monitoring the M&A market. The financial position of our company is rock solid. And I really believe, as we said during our previous conference call, the market in Europe will need consolidation. So M&A is and will be one of our main priorities.

ALBERTO GORETTI: Okay. Thank you, Andrea. And Simonetta, any other questions from you or from other analysts?

SIMONETTA CHIRIOTTI: I'm okay. Thank you.

ALBERTO GORETTI: All right. So I don't see any further questions in the queue. So thank you very much for having us for this call. And have a good day. Bye-bye.

ANDREA MANGONI: Bye.

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