

PRESS RELEASE

BOARD OF DIRECTORS APPROVES THE BUSINESS PLAN 2022-2024

doValue to lead the evolution of the credit servicing industry through investments in technology, strengthening the strategic relationships with its clients and broadening its reference market

Business model confirmed, strategic direction enhanced

- Efficient capital light credit servicing business model confirmed
- Adoption of best practices and cross selling between regions to support growth
- Operational model upgrade through doTransformation program
- Broadening of the reference market as further long-term growth driver

Business plan underpinned by organic growth across all regions

- Hellenic Region: mid-single digit revenue growth, superior margins confirmed
- Italy: low single digit revenue growth, margin expansion through operational optimisation
- Iberia: low single digit revenue growth, operational upgrade to support profitability

Guidance for 2021 confirmed

- Gross Revenues of €565-575 million, EBITDA excluding NRIs of €190-195 million (34% margin)
- Net Income excluding NRIs of €45-50 million
- Financial Leverage of 2.0-2.2x as of December 31st, 2021
- Dividend per Share of €0.50 for 2021, subject to approval of corporate bodies

Financial targets for 2024 achievable through organic growth

- Gross Book Value (GBV) stable at c. €160 billion
- Increase in Collection Rate from 4% in 2021 towards 6% by 2024
- Gross Revenues CAGR of 3-4% in 2021-2024
- EBITDA excluding NRIs CAGR of 6-7% in 2021-2024
- EBITDA margin reaching 37% by 2024
- Net Income excluding NRIs CAGR in 2021-2024 of approx. 15%
- Capex of €42 million in 2022 focussed on IT systems and operations, supporting doTransformation
- Cumulated Free cash Flow for 2022-2024 of more than €300 million (pre-dividends and acquisitions)
- Financial Leverage between 2.0-3.0x (Net Debt / EBITDA)
- Business Plan supported by Sustainability Plan approved in December 2021

New dividend policy aimed at increasing shareholders' distributions and granting them more visibility

- Dividend policy based on a sustainable growth trajectory of Dividend per Share
- Commitment for a Dividend per Share CAGR of at least 20% (2021-2024)
- Expected cumulated dividends of at least €200 million related to fiscal years 2021-2024
- Potential to increase distributions through additional dividends or share buy backs if M&A activity is limited

M&A strategy focussed on consolidation, widening of the reference market and innovation

- Potential consolidation in Southern Europe, priority is acquisition of new clients and new products
- Increase size of the reference market towards data management and performing loan servicing
- Further decrease correlation between revenues and the credit cycle
- Move from labour intensive model to a technology driven model

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Andrea Mangoni, CEO of doValue, stated: *"We are excited to unveil our vision for doValue 2024 and our new business plan. We aim to grow our company primarily organically in the years to come, leveraging on long term and structural market trends and on an increased cross selling activity between the regions in which we already operate. A deep transformation of our operating model will materially improve our profitability. The execution of our business plan will enable attractive and more visible distributions to shareholders, sharing the value created through acquisitions since our IPO. Lastly, accelerating the long-term growth of our business through the widening our reference market will be a key area of focus for us in the next few years."*

Rome, January 25th, 2022 – the Board of Directors of doValue S.p.A. ("**doValue**", or the "**Company**", or the "**Group**") has today approved the Business Plan 2022-2024 which will be presented to the financial community on January 26th, 2022, through a dedicated virtual (webcast) event.

Business model

The Business Plan 2022-2024 confirms doValue efficient business model as a leading independent capital light credit servicer in Southern Europe. Such business model is characterised by several strengths in terms of its simplicity, the long-term visibility of revenues and EBITDA, the ability to serve all banks and investors operating the non-performing loan servicing sector offering a high degree of product and geographical diversification. The strategic positioning of doValue is also protected by high barriers to entry, mainly related with the investments needed in IT systems and proprietary data collected in multiple decades of operation.

Track record

The history and track record of doValue since its IPO is remarkable. The Company has delivered 2x growth in GBV and 3x growth in both Gross Revenues and EBITDA (with an improvement in EBITDA margin from 31% to 34%). Growth brought doValue a high degree of diversification, both in terms of geographies, clients and products. Such diversification has been aimed at creating a more complete product offering for clients and a more balanced and complete investment proposition for shareholders. The way growth was achieved was mainly through the acquisitions of Altamira Asset Management and FPS in 2019 and 2020 respectively, now completely integrated. In parallel, the acquisition strategy has also focussed on innovation, for example with the acquisitions of minority stakes in fintech business QueroQuitar and proptech business BidX1, or by setting up the doLook NPL trading platform in JV with Debitos. These innovation driven activities will further enhance doValue's growth in the future.

Market conditions

The Business Plan 2022-2024 assumes new inflows secured by the Group in the next 3 years substantially in line with the recent historical performance of the Company. This assumption could prove relatively conservative if seen in a market context in which, with the normalisation of judicial activity and the end of moratoria across all regions, an acceleration in the formation of new NPEs in the reference markets could be expected. In fact, some third parties estimate a substantial formation of new NPEs in Southern Europe at around €200 billion in 2022-2024 in terms of GBV. More generally, doValue activity is supported by exogenous and favourable medium to long term tailwinds, including the implementation by banks of stringent regulations for the recognition of loans (IFRS 9, Calendar Provisioning, Basel IV) which will result in a very proactive approach in managing their balance sheet, in addition to the well-established outsourcing trend by banks of servicing activities.

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Strategic pillars of doValue 2024

The vision around “doValue 2024” mainly revolves around the Company ability to lead the evolution of the credit servicing industry through investments in technology as well as through its ability to strengthen strategic and long-term partnerships with banks and investors in a broader reference market.

The Business Plan 2022-2024 is based on five main pillars:

- **Grow:** Gross Revenues and EBITDA are expected to grow notwithstanding a substantial stability in headline GBV level. It is also expected an improvement of the average vintage of GBV through an increase of the Collection Rate and activity aimed at securing new mandates with volumes comparable to the activity of the last 3 years. Such rotation of the assets under management, together with a higher cross selling activity between countries, will allow to extract more revenues with the same headline GBV. Such results will be achieved through a limited capital deployment, in line with doValue historical track record of being a capital light credit servicer. Further upside potentially derives from a possible acceleration in the formation of new NPEs in the reference markets.
- **Enhance:** The Business Plan 2022-2024 incorporates an increase in the level of cross fertilisation amongst the regions in terms of products, capabilities, and adoption of best practices. The plan includes further deployment of existing REOs and Early Arrears platforms established in Italy and Greece and UTP and Early Arrears to be activated in Spain coupled with a more significant offering of ancillary services in Spain, Cyprus and Portugal.
- **Transform:** The doTransformation program is at the heart of the Business Plan 2022-2024. The doTransformation program will leverage on the recently created Group structure and is aimed at supporting both revenue growth as well as cost control and reduction, also through an improved approach to outsourcing. Transformation means extracting more revenues per unit of GBV managed, enhancing productivity in order to lower costs per unit of GBV managed, update the operating model to reduce cost break-even point and strengthening human capital.
- **Innovate:** Innovation has historically been a key focus for doValue and it has been realized both internally, through JVs or acquisitions. The push for innovation will accelerate with the Business Plan 2022-2024, with main areas of focus revolving around the way data are managed, processes are structured also tapping into the recently acquired capabilities in terms of fintech (QueroQuitar) and proptech (BidX1). Further innovation will involve areas around artificial intelligence, credit information, legal services, business process outsourcing, early delinquencies and granular UTPs, and some of these are likely to be pursued through M&A. All in all, innovation will allow doValue to increase the scope of its reference market, further decrease correlation with the credit cycle and accelerate the move from a labour-intensive business model towards a more technology-driven approach.
- **Care:** Sustainability is a key focus of doValue and in 2021 the Company approved its first Sustainability Plan and the associated sustainability policy. doValue plays an important and delicate role in the financial ecosystem and this means acting professionally, responsibly, and sensitively vis a vis clients, regulators and debtors. Lastly, doValue is a people’s business, so a particular care towards employees in terms of training, inclusion and retention is of paramount importance. The serious and concrete approach to operational excellence and sustainability is demonstrated by doValue consistently high scores in terms of Servicing Ratings and ESG Ratings.



Focus on Italy

The Italian market has reached a relatively high degree of maturity, with most banks having widely deployed securitisations schemes (also through the GACS framework) to deconsolidate portfolios. In this context doValue has, over the years, proactively adapted its business to consider a lower fee environment whilst in parallel working on securing mandates and broadening its client base. Going forward the expectation is to have a stable to marginally improving fee environment. The Business Plan 2022-2024 for Italy is based on revenue growth underpinned by strong origination activity and improved collection rates, a shift towards more profitable businesses such as UTPs and Early Arrears and a disciplined cost control activity. Overall, the expectation in Italy is for a low-single digit Gross Revenues CAGR in 2021-2024, and high-single digit EBITDA CAGR, leading to a material improvement in EBITDA margin.

Focus on the Hellenic Region

The market in the Hellenic Region is in a relatively early stage of development, with most key credit servicers having been carved out from banks only in the last few years and with servicing fees being significantly higher than other markets in Europe. The relatively early-stage development of the sector coupled with the relatively concentrated nature of the servicing market means that fee levels are likely to remain relatively high going forward. In addition, the NPLs ratios in the region remain widely above the 5% target established by the ECB which guarantees a certain supply of portfolios shifting from banks to investors in the near term. All these factors make the Hellenic Region a very attractive market for doValue. In the Hellenic Region, doValue displays a very complete product offering, (NPLs, to REOs, to UTPs and Early Arrears). All these ingredients make the Hellenic Region a crucial element of the Business Plan 2022-2024. A strong expected origination effort, coupled with a vibrant market activity, are expected to lead to mid-single digit Gross Revenues CAGR in 2021-2024 and mid to high single digit EBITDA CAGR, with EBITDA margin remaining comfortably above 50%.

Focus on Iberia

The credit and real estate servicing market structure in Iberia remains relatively fragmented, and the currently ongoing tender process with Sareb, expected to be finalised in the first part of 2022, is likely to reshape the market significantly. doValue has made the strategic decision to actively pursue Sareb's mandate, albeit with the awareness that the likely profitability of such contract will be limited. On the back of the Sareb process, which implies substantial investments in upgrading the operational machine associated with the contract, doValue is performing a radical overhaul of its operations in Spain involving processes, technology, and data and which is expected to yield substantial improvements ultimately in terms of client satisfaction, performance, and ability to win further business. If doValue is confirmed as one of the reference servicers of Sareb, it will be in a dominant position and able to take advantage of potential growth opportunities. Otherwise, in case Sareb decides not to reappoint doValue, a reorganisation of doValue's operations in Spain will be required to preserve profitability in Iberia. In both scenarios, the Business Plan in Iberia assumes low single-digit Gross Revenues CAGR in 2021-2024, and flat EBITDA, leading to a stable margin just above 20%. An area of upside in Iberia is represented by the possibility of major banks outsourcing the management of their UTP and Early Arrears portfolios, which would represent a major opportunity for doValue which will be able to leverage on its consolidated track record both in Italy and Greece.

Transformation plan

The credit servicing sector is evolving rapidly from its recent creation. Most of today's servicers were born out of spin-off from banks with attractive initial outsourcing contracts. Over time, core banking clients have become less important for servicers as securitisations have shifted client base towards institutional investors and to different economic constructs. Successful servicers will need to adapt and anticipate client needs even more vigorously than in the past and this will require more agile and responsive organisations. In the case of doValue, the acquisition driven growth path has increased substantially the complexity of the Group which is now operating across 5 countries, each with its own specificities and criticalities, offering multiple products to clients. This complexity represents for doValue both a challenge but also a significant opportunity. The doTransformation program is at the heart of the Business Plan 2022-2024. Transformation means extracting more revenues per unit of GBV managed, enhancing productivity to lower costs per unit of GBV managed, update the operating model to reduce cost break-even point and strengthening human capital. Associated with doTransformation, the Business Plan 2022-2024 include a material capex plan of €42 million for 2022, in addition to the €30 million spent in 2021, aimed at substantially upgrading the IT system and Group operations. From 2023 onwards, Capex will be returning to more normalised levels of around 3% of Gross Revenues.

Financial targets

The Business Plan 2022-2024 financial targets are based on a conservative assumption around maintaining GBV at a level of approximately €160 billion to 2024, in line with the level of September 30th, 2021 (pro-forma for business secured and to be onboarded). The GBV will be maintained through an active origination effort, particularly pronounced in 2022, which will see average inflows of €13-14 billion per annum (excluding the Sareb process and the €10 billion mandates won in 2021 and in onboarding phase). This will enable a rotation of c. 26% of GBV by 2024, making the average vintage of the assets under management younger and thus more profitable. In addition, the regional breakdown of GBV is expected to marginally shift towards the Hellenic Region, with benefits in terms of collection rates and margins. Based on the expected rotation of GBV and the productivity improvement planned, collections rates are seen accelerating from the current 4% level to close to 6% by 2024.

On the back of the stabilisation and rotation of GBV and based on the improved Collection Rate, Gross Revenues are expected to grow at an average rate of 3-4% per annum in the 2021-2024 period. Revenue growth will be positive in all regions, but stronger in the Hellenic Region sustained by a strong pipeline of potential inflows. On the back of the doTransformation plan and the various cost savings and productivity improvement actions, EBITDA is expected to grow in all regions. At Group level, EBITDA is expected to increase at an overall CAGR of 6-7% in the 2021-2024 period. The respective trends of Gross Revenue and EBITDA reflect an improvement in Group EBITDA margin from 32% for LTM September 30th, 2021 (or 34% expected for 2021), to 37% in 2024.

On the back of the EBITDA trajectory and the expected reduction in D&A, Net Income ex NRIs is expected to increase at a CAGR of 15% in the 2021-2024 period.

As anticipated, the doTransformation plan will imply a temporary increase in Capex compared to the past, with investment of €42 million in 2022 (on top of the €30 million spent in 2021). Capex is expected to normalise at around 3% of Gross Revenues from 2023 onwards.

The cash flow generation of the Company is expected to remain solid in the next 3 years, with a forecast of more than €300 million of cumulated Free Cash Flow in the 2022-2024 period (pre-dividends and acquisitions).

The strong expected cash flow generation and the shift towards a more organic approach to growth in the business plan horizon enables an upgrade of the Company's dividend policy towards a construct which allows more distributions to the shareholders with an increased level of visibility. In particular, doValue is committing to a Dividend per Share CAGR in the 2021-2024 period of at least 20%, implying total dividend paid of at least €200 million in relation to the fiscal years 2021-2024. doValue reserves itself the possibility to further increase distributions to shareholders through dividends or share buy backs if limited M&A activity is performed.

In terms of Financial Leverage, doValue aims for a Net Debt / EBITDA ratio of 2.0-3.0x, thus preserving a prudent financial structure that can allow to perform accretive M&A transactions.

Compounded Annual Growth Rates (CAGR) are calculated based on the mid-point of 2021 guidance levels.

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Webcast and conference call details

The Business Plan 2022-2024 will be presented on Wednesday, January 26th, 2022 (10:00-13.00 CET), through a webcast held by the Group's Top Management.

The webcast can be followed at the following address:

<https://services.choruscall.com/mediaframe/webcast.html?webcastid=6E3ngb6Z>

As an alternative to the webcast, it will be possible to participate and to answer questions by dialling into of the following numbers:

Italy: +39 02 8020911
UK: +44 1 212818004
USA: +1 718 7058796

The presentation made by Top Management will be available from the start of the conference call on the www.dovalue.it website in the section "Investor Relations / Financial Reports and Presentations".

Certification pursuant article 154 BIS, paragraph 2 of Italian Legislative Decree no. 58 of 24 February 1998 (the Consolidated Financial Law)

Pursuant to Article 154 bis, paragraph 2, of the "Consolidated Law on Finance", Mrs Elena Gottardo, in her capacity as the Financial Reporting Officer with preparing the financial reports of doValue S.p.A, certifies that the accounting information contained in this document, is consistent with the data in the supporting documents and the Group's books of accounts and other accounting records.

doValue

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 20 years of experience in the sector and manages assets for approximately €160 billion (Gross Book Value) with over 3,200 employees and an integrated offer of services: special servicing of NPLs, UTP, Early Arrears, and performing positions, real estate servicing, master servicing, data processing and other ancillary services for credit management. doValue is listed on Euronext Milano ("**EXM**") and, including the acquisition of Altamira Asset Management and doValue Greece, recorded in 2020 Gross Revenues of approximately €421 million and an EBITDA excluding non-recurring items of €127 million.

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