doValue

Press release

THE BOARD OF DIRECTORS EXAMINES THE PRELIMINARY FIGURES FOR 2020

Consolidated financial highlights and KPIs as at December 31, 2020 compared with 2019 restated[1] financial results.

- **Portfolio under management of €158 billion** (gross book value), +**20**% as compared with €132 billion 2019, confirming doValue leadership in Southern Europe; portfolio under management at €161 billion when including signed projects "Icon" in Greece and "Marina" in Cyprus;
- **New servicing agreements awarded for €13.0 billion:** €8.6 billion (gross book value) from new mandates and €4.4 billion inflows from long-term management contracts ("forward flow agreements"), exceeding the FY20 guidance;
- **Gross revenues of €418.2 million,** up **+15%** compared with **€363.8** million;
- **EBITDA excluding non-recurring items amounted to €125.3 million,** compared with € **140.4** million at the end of 2019; EBITDA margin excluding non-recurring items came to **30**% (**39**% in 2019);
- **Net profit attributable to shareholders excluding non-recurring items equal to €20.9 million**, improving significantly from the €3.5 million as of 30 September 2020;
- **Net financial position (net debt) of €410.6 million**, increased as compared with €236.5 million posted at the end of 2019 to include the debt incurred for the acquisition of the Greek servicer FPS, now doValue Greece, for an amount of €265m; **operating cash flow generation at approximately €115 million,** with a mid-single-digit growth of the cash conversion rate on EBITDA excluding non-recurring items (>90%) compared with the end of 2019;
- **Pro forma[2] leverage (net financial position as a ratio of EBITDA) equal to 2.7x,** compared with 1.3x at the end of 2019, in line with expectations and reflecting the acquisition of doValue Greece; Pro forma EBITDA excluding non-recurring items for 2020 equal to €153 million.

[1] Restated following the completion of the purchase price allocation related to the acquisition of Altamira Asset Management
[2] Pro forma to include the effects of the acquisitions of Altamira Asset Management and FPS (now doValue Greece)

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Rome, February 25, 2021 – The Board of Directors of doValue S.p.A. ("doValue" or the "Group") has examined the key preliminary economic and financial figures for 2020, which are in line with guidance provided by doValue management in 2020 and confirm a solid trend of the business, despite the challenges posed to the loan and real estate servicing industry by the global COVID pandemic.

The Board of Directors will reconvene on March 18, 2021 to approve the draft financial statements, which will be submitted to the approval of the Shareholders' Meeting, and the consolidated financial statements at December 31, 2020. A conference call will follow with analysts and investors on March 19.

Recent Trends and Current Operating Environment

The October-December period of 2020, in line with expectations, was marked by positive results in terms of collections and awards of new business acquisitions, with new servicing mandates in Italy and Cyprus, encompassing the full range of assets under management: UTP, NPL and Real Estate servicing (REO). This allowed doValue to exceed its full year target for new servicing mandates set in November 2019 despite the disruption to business activity caused by COVID and will support revenues going forward starting with 2021. On a regional basis, the Hellenic Region was the outperformer.

The servicing market in Southern Europe continues to be vibrant, with banking institutions eager to accelerate their asset quality projects ahead of the expected increase in default rates, and doValue was able to secure new mandates already in January and February 2021.

Servicing activities for complex, secured assets rely on a number of public services, in particular an an efficient legal system that our clients, banks and investors, utilize to satisfy their claims in a timely fashion. As flagged during the course of 2020, the COVID pandemic caused a significant reduction of most of those services especially in the March-May full lockdown period, with a recovery beginning in June. Such recovery continued in the third and fourth quarter of 2020, supporting improving trends in collections and, subsequently, profitability and cash flow generation. At present, however, despite the continued signs of improvement, the efficiency levels of legal systems and other public services across Southern Europe are not yet at pre-pandemic levels.

Other factors to monitor in the short-term, in a benign medium-term backdrop for the industry, which is looking at significant volume of new servicing opportunities from investors, banks and governmental agencies, are the extensions of debt relief measures such as loan moratoria, currently still active in most of Southern Europe and planned to expire by end of 1H21.

The servicing industry and doValue in particular have several tools to appropriately navigate the current environment. While collection rates are expected to continue to rise on the path to their pre-COVID levels, base fees have demonstrated to provide a substantial support, reaching almost 36% of Gross Revenues in 2020. doValue cost base includes significant areas of flexibility, beginning with outsourcing fees and variable compensation components, while the rest of the cost base continues to be scrutinized and reduced, especially in the areas of IT and Real Estate costs.

Positive trends in business development, progressively improving collections and a conservative approach to the cost base are expected to continue supporting doValue's profitability and cash flow generation, in a context of a sound balance sheet and low leverage, important defensive features in the present context.

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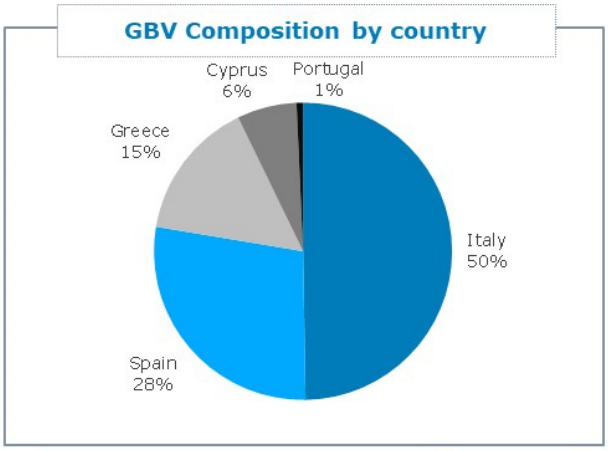
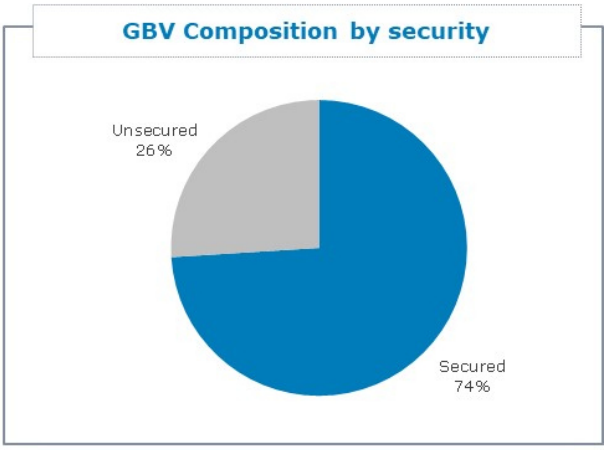
Preliminary Portfolio under management

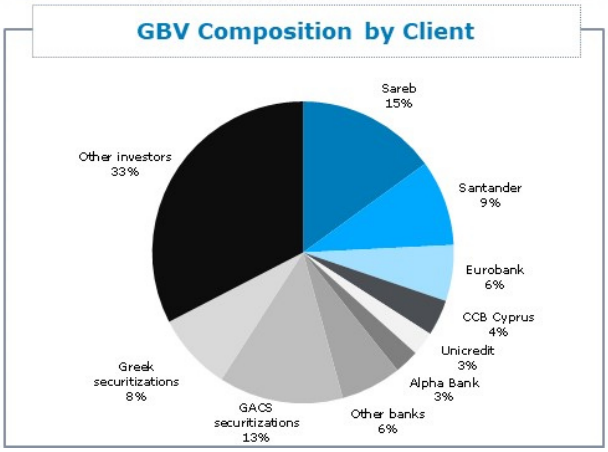
doValue's portfolio under management at the end of 2020 was equal to €158 billion (gross book value), improving by +20% as compared with €132 billion 2019, on the back of the acquisition of doValue Greece and the on-boarding of new mandates for €8.6 billion.

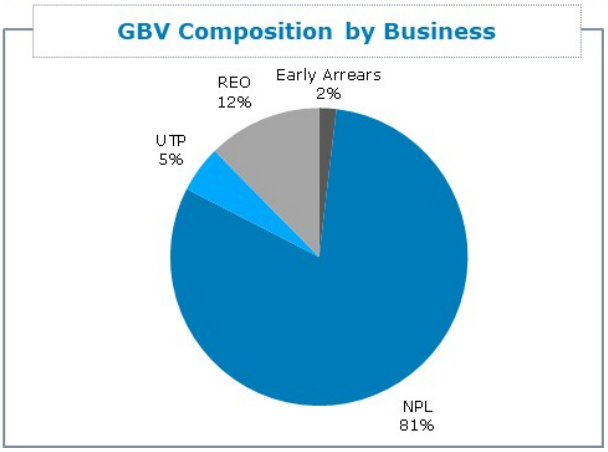
Collections and sales are €4.3 billion in total for the Group, supported by progressively normalizing trends in the third and fourth quarter of the year and by positive trends in the Hellenic Region. Collection trends for the year are in line with doValue management's initial assessment of the COVID, impact, despite the presence of multiple waves of restrictions to economic activity and free movement of people, imposed by Governments to manage the pandemic.

The Key Gross Book Value metrics for doValue, underpinning a diversified, large-sized, secured portfolio are as follows:









Preliminary Revenues and EBITDA

In 2020, doValue posted **Gross Revenues of €418.2 million**, up +15% compared with €363.8 million in 2019, reflecting the contribution of the Group's acquisitions, Altamira Asset Management, consolidated since July 2019, and Eurobank Financial Planning Services (now doValue Greece), consolidated since June 2020.

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Revenues from servicing NPL, UTP and REO assets, the core business of doValue and equal to 92% of consolidated revenues, amounted to €383.8 million up, +18% compared with €325.9 million in 2019. Altamira Asset Management and doValue Greece significantly contributed to the Group's diversification, adding approximately €101 million in Real Estate servicing revenues in the period and allowing the Group to expand more in servicing of Early Arrears and Unlikely-to-Pay loans.

2020 marked a significant improvement in the base fee component of gross revenues, at 36% of total as compared with 22% in 2019, function of the greater exposure of earnings to markets such as Spain, Portugal, Greece and Cyprus, with base fees in excess of 10 and 15 basis points on GBV, as compared with approximately 5 basis points in Italy. This positive trend is, therefore, to be considered structural. The recently acquired doValue Greece continued to outpace expectations, on the back of positive results in loan restructuring and an above-average proportion of base fees.

EUR thousand	12/31/2020	12/31/2019 RESTATED	Change €	Change %
Servicing Revenues:	383,792	325,890	57,902	18%
o/w: NPE revenues	316,152	268,059	48,093	18%
o/w: REO revenues	67,640	57,831	9,809	17%
Co-investment revenues	429	564	(135)	(24)%
Ancillary and other revenues	34,004	37,385	(3,381)	(9)%
Gross revenues	**418,225**	**363,839**	**54,386**	**15%**
NPE Outsourcing fees	(22,147)	(19,854)	(2,293)	12%
REO Outsourcing fees	(17,407)	(12,675)	(4,732)	37%
Ancillary Outsourcing fees	(10,608)	(7,628)	(2,980)	39%
Net revenues	**368,063**	**323,682**	**44,381**	**14%**
Staff expenses	(172,905)	(133,658)	(39,247)	29%
Administrative expenses	(80,438)	(62,258)	(18,180)	29%
Total "o.w. IT"	*(26,380)*	*(20,297)*	(6,083)	30%
Total "o.w. Real Estate"	*(5,484)*	*(5,193)*	(291)	6%
Total "o.w. SG&A"	*(48,574)*	*(36,768)*	(11,806)	32%
Operating expenses	**(253,343)**	**(195,916)**	**(57,427)**	**29%**
EBITDA	**114,720**	**127,766**	**(13,046)**	**(10)%**
EBITDA margin	27%	35%	(8)%	(22)%
Non-recurring items included in EBITDA	(10,564)	(12,676)	2,112	(17)%
EBITDA excluding non-recurring items	**125,284**	**140,442**	**(15,158)**	**(11)%**
EBITDA margin excluding non-recurring items	**30%**	**39%**	**(9)%**	**(22)%**

Net revenues amounted to €368.1 million, up +14% on the €323.7 million of 2019.

EBITDA before non-recurring items amounted to €125.3 million, as compared with €140.4 million in 2019 (-11%), with continued sequential growth from €41 million in the third quarter to € 49 million in the fourth quarter of 2020. As a percentage of revenues, EBITDA before non-recurring items came to 30%, as compared with 39% in 2019.

The trend in operating expenses compared with 2019 is a consequence of the greater scope of consolidation of the Group. Excluding this factor, operating expenses showed a decline of 19%, on the back of a number of efficiency measures in place and due to a reduction of HR variable costs, from 14% of total HR cost in full-year 2019 to 6% in 2020. IT expenses benefited from the back-office partnership with IBM and real estate cost decreased due to a lesser use of office and co-working spaces, measures that, to a degree, will continue to reflect positively on the Group's cost base also in 2021.

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Preliminary Net Financial Position and Leverage

EUR thousand	12/31/2020	12/31/2019 RESTATED	CHANGE IN THE PERIOD €	CHANGE IN THE PERIOD %
Net Financial Position	(410,556)	(236,465)	(174,091)	(74%)
Leverage (Net Debt / EBITDA LTM PF)	2.7x	1.3x	n.a.	n.a.

The sound profitability and cash flow trend of the fourth quarter of 2020 continued to strengthen doValue's balance sheet, with **net financial position** standing at a negative €411 million at the end of 2020, in line with September 2020. It increased if compared with the end of 2019, when it was a negative €236.5 million, due to the funding of the acquisition of doValue Greece.

Pro-forma leverage, expressed by the ratio between net debt and EBITDA, is at 2.7x, based on a pro-forma EBITDA €153 million, compared with 1.3x at the end of December 2019.

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

The Annual Report as at December 31, 2020 will be made available to the public at the Company's headquarters and at Borsa Italiana, as well as on the website www.doValue.it in the Investor Relations/Financial Reports and Presentations" section by the statutory deadlines.

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

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doValue S.p.A.
doValue, formerly doBank S.p.A., is the leading operator in Southern Europe in credit management and real estate services for banks and investors. Present in Italy, Spain, Portugal, Greece and Cyprus, doValue has more than 20 years of industry experience and manages assets of approximately €160 billion (gross book value) with around 3,200 employees of an integrated range of services: special servicing of NPLs, UTPs, early arrears and performing positions, real estate servicing, master servicing, data processing and provision and other ancillary services. doValue is listed on the MTA (Mercato Telematico Azionario) operated by Borsa Italiana S.p.A. and, including the acquisition of Altamira Asset Management and doValue Greece, recorded preliminary gross revenues in 2020 of about €418 million and an EBITDA ex non-recurring items of about €125 million.

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