

doValue S.p.A.

"Capital Markets Day Conference Call"

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MODERATORS: **ANDREA MANGONI, CHIEF EXECUTIVE OFFICER**
MANUELA FRANCHI, CHIEF FINANCIAL OFFICER AND GENERAL
MANAGER OF CORPORATE FUNCTIONS
GEORGIOS KALOGEROPOULOS, CHIEF OPERATING OFFICER
THEODORE KALANTONIS, HEAD OF HELLENIC REGION
FRANCESC NOGUERA, HEAD OF IBERIA
ALBERTO GORETTI, HEAD OF INVESTOR RELATIONS

ALBERTO GORETTI: Good morning ladies and gentlemen, and welcome to doValue Capital Markets Day. Our event today is titled "Leading the evolution of the credit servicing industry", and hopefully by the end of the presentation, you'll be as excited as we are, about the prospects for our company for the next 3 years and beyond.

My name is Alberto Goretti, and I am heading Investor Relations for the Group. Together with me here in the room today you have Andrea Mangoni, our Chief Executive Officer, Manuela Franchi, our Group CFO and General Manager of Corporate Functions, and George Kalogeropoulos, our Group Chief Operating Officer. Also connected from Athens we have Theodore Kalantonis, heading our activities in the Hellenic region, and connected from Madrid we have Francesc Noguera heading our activities in Iberia.

We have a pretty packed agenda today, and we are going to go through the presentation in a couple of hours, and then leave one full hour for Q&A. So, without further ado, let me hand it over to Andrea to get started. Over to you, Andrea.

ANDREA MANGONI: Hello and welcome. Thank you, Alberto, and welcome everyone. So, Slide 5. Slide 5 is on our business model. We reiterate our commitment on our consolidated and straightforward business model. Our clients are banks and investors. We have their asset under management, and we perform collection for them. Our company is capital light because our investment in asset are extremely limited just to align our interest with the interest of our clients. The visibility of our revenues and cash flow is extremely high, thanks to our long-term contract and the indemnity fees protect our cash flow in case the asset are sold by client. Our business has significant barrier to entry because of the scale and because of the high indemnity fees, so all-in-all, our long-term visibility is extremely strong.

Moving to Slide 6, we have experienced a strong growth since IPO. We doubled our gross book value. We had a 3-fold increase, both in gross revenues and EBITDA, while we improved from 31% to 34% our EBITDA margin in the last 5 years.

Moving to Slide 7, growth means diversification for doValue. Today doValue, it's a completely different company in comparison to the company we IPOed 5 years ago. At the IPO time, we were in just one country, today we have a well-diversified and balanced presence across Southern Europe, where we are the undisputed leader in our industry. At the IPO time, we had just 3 clients, UniCredit, Fortress and Intesa. Today we have a wider and balanced client base with more or less 70 different clients, and when we IPO the company doValue was all about NPL, today the situation it's completely different. We have, I think the broadest product offering in Southern Europe, with a value proposition spanning from non-performing loans to performing.

Slide 8 is on our successful track record on acquisition and integration. The contribution of the acquisition to the growth of the company was significant. In our historical core business, the sizable steps in terms of acquisition were the acquisition of Altamira a couple of years ago, and the acquisition of the current doValue Greece, back to June 2020. Today, we are investing in digital platform to enhance our digital capability, both to support our core business and expand our offering to adjacent markets. We will back on this point later on, because it's an important point on our new strategy.

Moving to Slide 9, we have proven to be a very resilient investment proposition. This slide is on our cash flow generation and operational resilience. From the IPO, we generated more or less €350 million free cash flow and paid to our shareholder €88 million in dividends. We reimbursed

debt for €166 million, and the leverage of the company went down from 2.6 times during pandemic to the current more or less 2 times. So the financial structure of the company is solid, I can say rock solid, and our cash flow generation was driven by our performance in terms of collection. This performance was extremely strong. At the IPO time, our collection rate was 2.4% versus the current 4%.

Slide 10 is on the execution of our previous Business Plan. If we look back to our previous Business Plan back to November 2019, I think we missed some financial target basically because of the pandemic, but we are carried out all the operational and business action we committed to at the IPO time. Amongst the different action, I said before, I think the most important right now is the diversification in terms of product. We currently have very completed product offering across the credit value chain and we can further increase it leveraging on our experience in the different countries where we are operating right now.

Moving to Page 11, this slide is on the main driver that supports the growth of our industry. I think, the 3 main ones are...first of all, in the short-term at the end of the moratoria and the up-tick in new NPE formation expected from this year onward. In the medium run...and this is important because this will be both for Stage 3, so non-performing exposure and Stage 2, so high performing exposure.

In the medium-term, I think, the main driver will be the switch in the originator space from the banks to the investor, because when the current public intervention in the credit market will come to an end, our client base will switch from the securitization vehicles to the investors, because the historical investor will be back to the market, and we can leverage on our strong relationship of some of those investors, such as Fortress or Bain. In

the long run, the main driver will be the tight banking regulation and the ECB pressure for the bank to deliver, as soon as, possible.

On Slide 12, because of the end of the moratoria and the tight banking regulation, I said before, a substantial formation of new NPEs is expected in the 5 countries where we are. Our view is confirmed by PWC and it means an NPE formation of around €200 billion from 2022 to 2024. And this is with a conservative default rate, as you can see in the right hand side of the slide. So the magnitude of the increase could be higher.

Next slide is a snapshot, a snapshot of the pipeline we are looking at. Market is very active and we are talking about more or less €17 billion addressable market in the 5-country, where we are this year, we put in this slide a description of the current pipeline, the project where we are working on at the moment, and we are extremely positive on our success rate on this pipeline, because of our preferential strong relationship with some of this originators.

We put a key message on Slide 14, we are the dominant player in Southern Europe with that blended market share in the region of 20% to 25%, and we want to protect our current market share in our core business. But our aim is expand the business of doValue to all categories of loans, as I said before, including Stage 2 or Stage 1, so performing loans and the market is sizable. We are extremely positive on what we can do on it. But this opportunity is not included in our Business Plan, I mean, in terms of figures economic and financial results.

On Slide 15, we summarize the different phase of our strategic evolution. Now, we are in the third phase, and the third phase means leading the evolution of the credit servicing industry through investment in technology and in parallel strengthening strategic and long-term partnership with banks

and investor in broadened reference market. Again, a broadened reference market means our expansion across the credit management value chain. So, we want to do, thanks to our investment in technology we want to be in the condition to address a new sizable and profitable market.

This brings us to Slide 16, where we lay down the 5 strategic pillars of doValue 2024. These pillars are grow, enhance, transform, innovate and care. Let's take them one-by-one. So, the first one is grow. Our growth will be based on our strong origination capacity, we have had €9 billion mandates per annum in the last couple of year without significant capital deployment plus €5 billion of new inflow all-in-all €14 billion per annum. This is an important number because our guidance in terms of growth was something around €10 billion per annum. So our origination track record is extremely strong.

Talking about our Business Plan, we will replicate this inflow per annum, so €14 billion and I have 2 comments on it. The first one is, this year will be key because on top of the new €14 billion, we have to on board more or less €10 billion of mandate already secured and to be on boarded next year, so for a total of €24 billion.

My second comment is on the €14 billion acquisition per annum. We put in our Business Plan. I think this number could be conservative because it's in line with our previous performance and we do not include in this projection the impact of the new formation of NPE I said before, because of the end of the moratoria and the impact of the current crisis, so €14 billion, it's an important number, but I think it could be a little bit conservative.

The second pillar is enhance, in the next 3 years we will continue to enhance our product offering through cross fertilization across the different market and leveraging on the best practice within our different companies. And on

the righthand side of the slide, we described the expansion of the product portfolios by country versus the status quo and as you can see the enhancement is tangible.

The 3 pillars on Slide 19 is transform, one of the strategic project in our Business Plan is the so-called doTransformation project. The aim of the project is extract more value per AuM unit and at the same time lowering the cost per unit and reducing the breakeven point of the company for the benefit of the EBITDA. We are talking about €55 million investment for global and local transformation. The impact of this investment will be extremely positive because we foresee a run rate of €25 million per annum after 2024. This is the backbone of our Business Plan. This project is paramount and this is why Manuela and George will drill down on it later on, on this presentation.

Moving to Slide 20, Slide 20 is on innovation. For doValue innovation means doing better what we do already and learn to do more to expand our reference market. We will pursue innovation both internally and through acquisition. When I say internally, I mean, the doTransformation project I said before. The innovation budget will be equal to 10% of the doTransformation plan OPEX and CAPEX.

About acquisition, we have a solid track record on the matter. In the last couple of years, we build-up a partnership, with Debitos for doLook digital platform to enter into the NPE secondary market. We bought QueroQuitar a Brazilian Fintech and BidX1 and Irish PropTech company and we have a significant acquisition plan, neither the acquisition we did over the last couple of year, not the pipeline are factored in the Business Plan in terms of positive economic and financial impact.

Moving to Slide 5 on care. doValue plays a special role in the financial eco system, because we support the bank to continue lending and through this way foster economic growth and employment. As a proof of our commitment to act professionally, responsibly and sensitively, we have the best in class ESG rating. We are extremely proud of this result and we will continue to commit ourselves on it for the benefit to all our stakeholders.

Slide 22, is on our sustainability targets. We published our sustainability plan which contain several quantitative targets, and we will provide regular update on it to the investor's community.

Lastly, Slide 23. On Slide 23, we wrap up our financial target to 2024 and we reiterate our guidance for 2021. On our guidance for last year, I think based on our result in December 2021, this guidance could be a little bit conservative but for the time being we reiterate our guidance and we put in this slide the indication we want to give to our Board of Director in terms of shareholders distribution, we want to distribute to our shareholders €0.50 dividend per share for last year.

In terms of financial target to 2024, we foresee an EBITDA CAGR significantly higher than the revenues CAGR, 15% CAGR in our net income and substantially conservative deleverage profile after dividend payment. So our commitment in terms of dividend policy is pay to our shareholder dividend per share CAGR of at least 20%, it means more than €200 million. We can potentially increase even more our dividend payment through additional dividend distribution or share buyback in case of limited M&A.

Talking about M&A, last slide is on consolidation opportunity. We think consolidation is important, because our industry needs scale and because through consolidation we can have a definitely better pricing environment.

We see some consolidation opportunity in Spain, because the Sareb process currently underway will reshape the structure of the Spanish market and in Italy because of the contingent weakness of some of our competitors. So we are monitoring this M&A opportunity, but again in hypothetical M&A will not affect the dividend policy we are committed on. Thank you.

ALBERTO GORETTI: Thank you very much, Andrea. Very interesting overview what we have achieved since IPO and what we have set to achieve in the next 3 years. So the next part of the presentation will drill down on the 3 different regions. We have in our portfolio Italy, the Hellenic Region and Iberia. So over to you Andrea to kick start on what we have done since IPO on the Italian business and what we have set to achieve in 2024.

ANDREA MANGONI: Okay. Thank you. So a quick presentation on our situation and perspective on the Italian market. Since IPO, we have been focused on preserving our AuM around €80 billion, so our main aim was offset the impact of the aggressive deleveraging process of UniCredit. I think the impact of this deleveraging process has been compensated by shifting GBV towards new clients, and the best example is the securitization market because in the last couple of years we won 75% of the GACS awarded. This is important, because it's another demonstration of our strong origination capabilities. And secondly, because we did it without any capital deployment.

At the same time, we announced our product offering and we entered into the UTP and Early Arrears market and I will drill down on it later on this presentation.

And in terms of financial results, we protect our EBITDA in a couple of ways. The first one is, we protect our premium fee. This is a key driver in our results because despite the quite aggressive competition, we stay at premium in terms of fees for the benefit of our EBITDA. And the second

point is the increase in the efficiency of the company. Our cost reduction plan mitigated the impact of the competition on our EBITDA and just to give you an example, we reduced our FTEs by more or less 18% in the last couple of year.

Slide #27 is on the servicer market in Italy. We are the leader of the market by far after several years and despite increase in competition we experienced in 2019, 2020, as I said before, in this competition environment, we protect our premium fee both base and variable. So our current outlook is stable.

Slide 28 is on the expected uptick in the formation of new NPE in Italy. Moratoria expired after almost 2 years. So we see a material increase in the NPE formation, €90 billion from 2020 to 2024. And this growth I think it's a little bit conservative, because as I said before, the default rate is extremely, prudent something in between of 1% and 2%. We are active in all segments of the credit value chain. Here we have a clear example of diversification and the cross fertilization between countries because we are starting with the first pilot with an important bank from January this year on Early Arrears, so, we can enter this new business leveraging our experience in doValue, Greece.

Another example of diversification on Page 30. And the example is the successful case of Efesto. Efesto is an UTP fund, the aim of the fund is restructuring corporate with turnaround potential. We have currently 12 banks participating to the Efesto Fund. The asset under management are €700 million and we are targeting for this year at least €1 billion asset under management. The profitability of this new product is extremely interesting because we are talking about an EBITDA margin higher than 60%.

So in terms of strategy, we said strong origination, some origination capacity and product diversification. The third pillar in our strategy in Italy is cost reduction and operation and optimization. Here we have some details on the cost containment action performed so far in Italy. The section have yield saving for €8 million per year from 2019 to 2021. And in terms of projection, we see additional saving of €4 million per year.

So, to wrap up our quick deep dive on the Italian business, we expect results mainly driven by our strong origination capacity lending the asset under management of €81 billion in 2024. The improvement in our efficiency and productivity will foster the EBITDA growth. So we foresee an 2024 EBITDA in the region of €40 million, €45 million.

So with this, I will handover to Alberto.

ALBERTO GORETTI: Thank you very much, Andrea. Extremely interesting insight on our Italian business. Let's now move on to the Hellenic region with Theodore Kalantonis, who should be connected from Athens. As you know, the Hellenic region was boosted through the acquisition of FPS back in 2020. And it's a very important pillar of our plan 2024. So Theodore, over to you.

THEODORE KALANTONIS: Thank you, Alberto. Good morning from Athens. Starting from Page 34, the Hellenic region is a crucial component of doValue's 3-year business plan in terms of GBV, EBITDA and cash flow generation. We have big ambitions for this region, and we already possess a number of unique features which will best position our company in order to capture new business opportunities in the years to come.

To start with doValue is the only truly independently credit and Early Arrears servicer in the Hellenic region. In terms of size, we are the biggest servicer in both Greece and Cyprus, #1 in Greece, #1 in Cyprus. Moreover,

we have developed a strong expertise in the Greek HAPS securitization market also borrowing skills and expertise from the very successful GACS track record of doValue in Italy.

We have already shown our ability to grow our book in the region by winning crucial mandates such as Frontier, Icon and Mexico. Looking forward, we are very well positioned to gain the most out of a very attractive pipeline of primary and secondary transactions, which is head of us. Specifically, we are actively looking at concrete transactions totaling more than €13 billion of gross book value, €9 billion in Greece and €4 billion in Cyprus.

The Hellenic region is also where doValue displays the most complete and developed product offering and this for sure will allow us to remain competitive in the next years. In particular, we are very strong in all segments from the NPLs to UTP and Early Arrears. In addition, our REO capabilities are well advanced particularly in Cyprus.

In terms of financial results, the contribution of the Hellenic region to the doValue Group is very accretive. The EBITDA margin of the region is above the group average and this is mainly due to a concentrated market and the fact that the Hellenic servicer market is still at an early stage of development compared to more mature markets such as Italy and Spain. All in all, we expect that the marginality premium is likely to continue going forward also supported by our front-loaded transformation plan. In particular, a significant push will be made in the next quarters in order to improve the productivity of our personal in both Greece and Cyprus and bringing in line with the group average. Let's now shed some more light on the region.

Moving onto Page 35, on the left, you can clearly see the dominant position of doValue in the region with €38 billion GBV under management and a market share of almost 30%, followed by CEPAL and Intrum. You can also see the higher level of market concentration with the top 4 servicers controlling 80% of the market. It is also important to note that the National Bank of Greece is the only major bank that has not sold its credit servicing operations has recently awarded to doValue their servicing contract of Frontier, a €6 billion GBV securitization transaction, the first HAPS transaction to be executed by NBG.

On the right, you can see the current stages of fee structure in Greece as well as its outlook going forward. Currently, the blended average of base fee is around 15 bps while the respective blended average of collection fee is around 10% of gross recoveries. The outlook of both fees looks stable mainly due to the high concentration and the less mature phase of the market, as previously mentioned.

Let's move now to Page 36, on the left part of the Page, you can see a bottom up estimate of the new NPE formation in the Hellenic region based on a number of external sources. Let me drive you through this. At the end of September 2021, the NPE ratio of the major Greek banks was 15%, well below the historical record of 47% back in 2016, but still quite far from their final target to go down to less than 5% in the next 2-3 years. Same for Cyprus. In terms of absolute numbers, this implies that currently there is an excess of over €10 billion of NPEs sitting on the balance sheet of the banks in the region with the latter trying to eliminate them by selling portfolios outright or by securitizing them.

On top of this €10 billion to €12 billion of excess NPEs, PricewaterHouse, as Andrea mentioned before, estimated another €14 billion year of the new NPEs maybe created in the region, so in total, the bottom up estimate of

new NPE formation in the Hellenic region amounts to around €24 billion in the next 3 years. As you can see, on the right part of the page, the above bottom up estimate is roughly consistent with our top down assessment based on various default rates scenarios.

On Page 37, you can see that in the Hellenic region doValue has a very complete product offering spanning from NPLs to REOs, to UTPs and Early Arrears. All these product lines have significantly contributed to the revenues in the last 12 months and we have plans to continue doing so in the next 3 years. In particular, we intend to maintain our leadership position in the NPL segment, and in the HAPS securitizations while at the same time increase our productivity and improve collections per unit of GBV.

In addition, we see opportunities to consolidate smaller servicing platforms in this segment, which is an attractive proposition in terms of capital allocation for the doValue group. In terms of arrears, we are planning to leverage on the recent acquisition of a minority stake in BidX1 in order to enhance our activity in Cyprus, where BidX1 is already very active.

In addition, we would like to continue to grow our UTP and Early Arrears offering thus capitalizing on our strong historical track record particularly in Greece. Lastly, in terms of other services, we certainly see an opportunity to do more in the region and we have already started to actively deploy our due diligence and underwriting capabilities for a number of investors including Fortress and Bain.

Moving now to Page 38, in the Hellenic region we are proactively embarking into a transformation journey in order to improve our operational efficiency, reduce costs and protect our margins. Greece was the first country to get into this journey since the last quarter of 2020, and the first deliverables are to be live as we speak. Cyprus will follow suit by the

second quarter of this year. Main deliverables will include end-to-end simplification and learning of the processes, set up of digital capabilities especially for our secured credits and enhancement of the RM service model for secured exposures.

In terms of economic benefit, we are very confident that the above transformation initiatives will yield a significant savings by 2024, specifically we expect to achieve over €12 million of annual cost savings by 2024, which is around 20% lower of the 2022 cost base.

Let's move to Page 39, concluding my presentation on the Hellenic region, I would like to focus on 4 key takeaways. First, the servicer market is expected to remain vibrant in the region also boosted by a positive macroeconomic environment. We remained very confident that we will continue increasing our loan and REO book during the next 3 years. Second, in terms of fees, the current fee structure is favorable and above the group average while the outlook looks stable.

Third, we have already initiated a holistic transformation plan expected to deliver significant savings in our cost base, and thus help us not only to maintain but further improve our margins, in particular gross revenues per FTE are expected to increase by 6% from one 135K today to almost 220K in 2024.

Last point, currently, the Hellenic region contributes to the group €100 million gross revenues, and an EBITDA of €80 million, implying a margin of 46%. Our strong commitment to the group is that in 2024, we will deliver €260 million of gross revenues, €150 million of EBITDA, and a margin over 50% ,

Thank you very much for your attention. Alberto

ALBERTO GORETTI: Thank you very much, Theodore. I think this presentation really reinforces the strategic rationale of our acquisition of FPS back in 2020, which allowed us to enter the Greek market, but also the importance of the acquisition of Altamira one year earlier, which allowed us to enter in size the market in Cyprus.

Now, let me hand it over to Francesc to go through our business in Spain and Portugal. Francesc, over to you.

FRANCESC NOGUERA: Thank you. Thank you, Alberto. Good morning everyone, from here in Madrid. If you move to Page 41, Alberto, please.

Now, when it comes to Iberia, our present profile in some extent is very similar to the one that Italy had before the IPO. In terms of customers, apart from the usual suspects, Santander, Sareb, we have started already this diversification journey, so we are acquiring new customers mainly investors, third parties, and we are quite positive that with this new wave of NPEs after the post-COVID crisis, we may be able to acquire even more and more customers.

In terms of GBV, we have managed to maintain the GBV above €40 billion by offsetting collections and REO sales with inflows and new portfolios and one key issue here in terms of GBV is going to be the Sareb outcome, but I am going to drill down on that afterwards in the presentation.

When it comes to products, we are enhancing our capabilities in terms of NPLs. You know, that Altamira is very strong when it comes to REOs, but in NPLs we see opportunity an upside, so we are betting on that, and also on deploying legal services to new customers.

And finally when it comes to financial results, well, you know this expiration of the Sareb contract means the expiration of one of the 2 large contracts with upfront fee that were paid some years ago by Altamira and the substitution with conventional servicing contracts with better margins, therefore it's very important to engage in transformation of the operating model, so that it means to be more productive and to make our assets more profitable.

If you turn to the following page, please. Now, when it comes to the market, the servicing market in Iberia it's quite fragmented. There are many players, many of them strong, still we are the leader in the market and as you can see here on the left side, all these 3 of us, doValue, Hipoges and Copernicus are pure servicers, and also marked by a star, you can see that many of the present servicers in the market are working one way or another with Sareb. Last year, we managed to acquire close to €2 billion new portfolios, and so that we are still growing and we want to grow even more in the coming years.

In terms of fee environment, if you go to the right side, banks and investors both are growing reluctant to pay these fees. They feel more comfortable on collection fees or performance fees, because they feel they are more aligned or they manage to align servicers on their interests. So when it comes to base fee, the market trend is a decrease, and the outlook is that it we will continue this way, while collection or performance fees are increasing and our outlook is, that it will be the same situation in the coming years.

So if you move to the next one, please. In terms of NPE formation, post-COVID, we didn't see a huge wave of new business, but there is an uptick for sure, and out of those €90 billion over the next 3 years, we think that the dominant profile will stem from SMEs, that have been quite affected by this

crisis. So it's something that I will discuss afterwards, but we are deploying a model to manage SMEs particularly when it comes to NPLs, to take advantage of the market that is coming after the COVID crisis.

If you move to the next one, please, Alberto. So in terms of revenue streams in Iberia, again NPLs we feel that we can foster our product offering. We are basically managing NPLs in general, but we want to have this particular model for SMEs. We are deploying that, working on that with our Italian colleagues that have more expertise on that. Also we see a growing appetite by banks in Spain and Portugal for securitization of portfolios, and we are also deploying capabilities to be a player on this sort of product. And also our transformation plan is addressing an increase in collections by FTE over the next 3 years.

In terms of REOs, we are the market leader. We are the strongest player in Iberia, but still with the transformation we will do a fine tune of a model to even increase productivity, and also we are leveraging on this new digital channel, BidX1 that the group has invested in equity as Andrea mentioned before. We see a great future in also opening our channels through this digital channel.

In terms of real estate development, this is a business line which was mixed with our core business, the servicing business was developed within Altamira, and we think that there is a very interesting market opportunity for a player in Spain in this business line, so we decided to spin it off from the company. We created a new company this month in January called Adsolum, and it will have its own strategic plan, and identify capabilities to make it grow over the years.

In terms of UTP and Early Arrears, well, this is a quite an non-existing market now a days in Iberia, banks have certainly been reluctant to

outsource this type of loans to servicers, but given the market trends and the regulated trends that Andrea mentioned before, we think there will be an opportunity here and we are working also in the value proposition to deploy it in the coming years along with our Italian and Greek colleagues that are more expert in these products.

And legal service as well, this is a very strong practice in Altamira and we think we can outsource these services to new customers and we are working with that as well.

So if you move to next page, now, Sareb, well this is the flavor of the month or you could say the flavor of the year. We are presently 4 servicers working with large contracts with Sareb, that the ones on the left side. Altamira, we manage around €24 billion assets, when the contract expires, that will take place in June this year, we will be managing around €22 billion more or less, and you know that this is a contract that we got in 2015 by paying an upfront fee of €174 million. When it comes to the scenarios, our base case in this Business Plan is that we get awarded a contract by Sareb.

Having said that, it's more about GBVs than margin. Why is that, because there is a large competition to get the new contracts, 6 contenders were invited to the RFP, and the market consensus is that the final fees will be significantly lower than the present ones. So the impact in EBITDA is really marginal in our Business Plan. While the impact in GBV substantial because we could grow from €22 billion to €26 billion, so €4 billion additional GBVs, but still what I mentioned in terms of EBITDA, it would be marginal. And the alternative case is that we don't get awarded a contract, again in terms of EBITDA, it would be marginal. We would have to reorganize our businesses so that we align resources to the new verticals that we are creating.

If you turn to the one page, please. In terms of transformation, well, this is paramount for Altamira, and the reasons are, well, it's this new paradigm in the market of conventional servicing contracts instead of upfront fee contracts. So that means tight margins and then it gives Altamira's specifically a more granular portfolio and each portfolio as well. So we can transform the company. It's something that we are all engaged in doing so not only in Spain, but also Portugal, both countries. We launched transformational plans in both last year, and these funds are addressing processes, data, organization, technology. So in the end, we are switching from manual-based processes to very technology-based processes. The goal in the end is to raise productivity both in NPLs and, I mean, in REO in going forward.

So if you move to the next one, please Alberto. Now, to wrap up on Iberia, the headline issue for sure is the expiration of Sareb contracts in June. Having said that, we get awarded a new contract, as I mentioned before, really the impact in EBITDA is marginal. So we entered this new paradigm and we need to adjust the company to a new reality.

The decline in the EBITDA will be very significant in 2022, because of this reason of the Sareb contract, and we expect to grow in a very fast pace in the following years, so that in 2024, we manage to stabilize the EBITDA around €40 million and a margin of 21%. That would be to some extent a better quality EBITDA, in the sense that it will be based on a more diversified business, more customers, and more products, and also a business that doesn't rely on bought contracts anymore, but on conventional contracts. And just to mention to you that this 21% EBITDA if we also isolate the Sareb contract then it would be around 26%.

So that's all, thank you. Thank you, Alberto, and I go back to you.

ALBERTO GORETTI: Thank you very much, Francesc. Let's now deep dive on the transformation plan, which both Manuel and Georgios are leading doValue. So Manuela, over to you.

MANUELA FRANCHI: Thank you, Alberto. To introduce the transformation plan it's important to go through the transformation that the industry has gone through in the last 5 to 6 years. As you know, most services were created out of spin-off from banks. So with very rich contracts due to the fees paid upfront. The banks have the leverage during the last period selling their portfolio to investors or through securitization, which have a market fees with lower margin and more diversified client base. So our organization has adopted and anticipated these clients' needs and adopted the cost structure in certain countries. This is going to happen, as we heard from Francesc, also in other countries, so we are changing with an agile responsive organization to these changes.

On top of it, we have grown through acquisition. So the complexity we have achieved with our presence in 5 countries with a very wide product offer today, much more than it was at the time of IPO, will add to such complexity. We want to make the situation an opportunity for us, not a challenge, and we are able to do so with our transformation plan. The transformation is focused on satisfying clients' needs, so clients are the first focus. We have adopted a global model to do so, which will use our people, our new managers, our capabilities, and our culture, to make sure that there is a significant change in the way we operate, and in the way we deliver our results.

Let's focus now on what has been done. This journey has started already at the time of the acquisition of Altamira. We have created the basis for the future deployment. First, we created the unified governance model with the 3 regions, corporate structure concentrated at group level with functional

reporting at the local level. So there is a significant coordination between the activities at group, with the activities at local level and the opposite from local to group.

We have created a virtuous circle of spreading of know-how and best practices, which will be helpful to create the pyramid on the right site. Grow revenue with more collection by GBV managed, more services on the GBV managed, and announce the product offering.

Second part is optimize costs and CAPEX. Innovation will allow us to reduce the breakeven point, and enhance our scalable structure. Last, this will allow us to maintain our leadership position in the industry and increase returns to deliver superior profitability for our stakeholders.

Let's analyze that one-by-one, all these pillars. First of all, grow revenue. This will happen through different actions. Enhanced products and client breadth, we today have a strong business development team at group level, with a group product expert that which are the one...which have been driving the expansion of the product offer to the different countries. As we told you 2 years ago, we were going to deploy real estate in all the regions, and today this is a reality, we have a platform, we have revenue in all the countries from REO activity.

Our product experts are working with the local teams, which are close to the customers. We need to understand the clients need, we need to be able to anticipate their needs, and therefore change our organization, our products, and our systems to satisfy their needs. Clients are of paramount importance. Happy clients provide higher remuneration. Then find more business on a regular basis. This is important to protect our fees and our GBV. Obviously, we monitor that with the client satisfaction service and with improvement programs.

Second, we need to offer, and we are doing it, our clients more products. The last step of this journey has been done in all the countries and will be done even more in Spain with the deployment of Early Arrears and UTP services. This will enable to achieve higher revenue per GBV, growing from 38 to 40 basis points from '21 to '24.

Last, we will work even further on our collection through data, through more accurate recovery curves, advanced analytics, and stronger capabilities; we will improve client experience and deliver more collection per GBV managed. Here, we have a challenging but very much doable result of growing collection by GBV from 4% to 6%. We have done it in the last 3 years, growing it from 2% to 4%, and we've already recovered all the COVID impact, as you have seen, we were at a peak at 4.2, we will close this year at 4% and we will do more from that.

Let's now focus on the cost side. Many of you know already our cost structure. A significant portion is represented by people costs and the remainder by IT costs for around 5% of revenue and general costs or real-estate costs for the rest.

Our aim is to improve EBITDA margin by 500 basis points, by reducing obviously the contribution of all these costs to the revenue. The big enabler is our group structure, which is instrumental to achieve margin uplift through better use of our population, better management of procurement, and overall IT and infrastructure and operations strategy and reduction of office footprint.

Going to people's strategy, we expect a flat headcount in the next 3 years. This doesn't mean that our population will not change. We expect around 25% rotation of our population to focus on productivity. So, population will

change and therefore HR costs will reduce as a contribution to total costs and we represent less than 35% of revenue by 2024 compared to 40% today. This will be achieved to 3 main levers tools, efficiency, and alignment.

Tools, what we mean by tools, we will increase standardization of processes, we will reduce complexity, IT will help us to do so. With increased GBV by FTE by 4% between 2021 and 2024. Higher efficiency, this will happen by redesigning the routine of our asset managers, simpler task enabled by technology. We have mentioned in the past the big project we had in Italy to merge our NPL platform, this project is now concluded, and we have a superior platform one platform where asset manager will be able to helpworking in a simple way, focusing on their core activities. All-in-all, this will happen and is happening in all the countries with an uplift in revenue by FTE by almost 20%.

Last, this is possible only through alignment of interest through the entire population. First of all, as key managers and also our top managers who recently joined Theodore and Francesc. We are strongly incentivized in terms of long-term value creation; more than 65% of our remuneration is variable. Almost 50% of our variable remuneration is stock.

All our population as long-term objective and as also very strong, short-term objective aligned to the long-term. Asset managers are remunerated every quarter on collection on EBITDA, and on revenue growth. This is very important to deliver the growth we are planning in the next 3 years.

I leave now to George, who is our Chief Operating Officer of the group to deepen down into all the other initiative at cost and CAPEX level.

GEORGIOS KALOGEROPOULOS: Thank you, Manuela. Talking about OPEX and savings after your group CFO is a challenge on its own. And what a subject you know,

almost all of our competitors and the great majority of the financial services declare that they have a transformation program in place. And yes, we do have a transformation program in place. So allow me to present to you why our transformation program is a different one. We are already in the process to consolidate our backbone. This covers IT, operations, procurement and data management, and this, allow me to say, it is a holistic approach.

But why we are consolidating, we are consolidating because we want to maximize the synergies across the group. We want to optimize our cost base and to achieve a better focus and reduce the implementation risk of our global roadmap. A diversification factor of our transformation program is that it serves not only the needs of the group, but the needs of the countries as well. We have already created 3 regional hubs, one in Madrid managing Iberia region, another one in Athens, managing the Hellenic region, and our group hub in Rome.

The number of back office will be reduced by 40%. And we expect to concentrate activities in 3 main countries, activities from loan management up to invoicing and property management. We have already established the so-called ONE doValue IT. We are moving from 5 separate IT organizations to one group IT with 5 local pods, IT services like infra security and management of common applications will be centralized. Such an IT strategy will give us the opportunity to materially reduce by 60% the number of our data centers from 18 in 2021 to 8 by 2023.

So moving on the next slide, please. This is all about our back-office transformation. Our first step is to become leaner with reduced complexity, having the local transformation programs as the main vehicle, a series of initiatives have been already rolled out in most of our countries. And it is the operational excellence, a key success factor actually, not only for the cost side, but to support our frontline and our revenue strength. The next

step will be to create, establish our first back-office hubs by the end of the year. This involves all the standardized and optimized services at the regional level. We're planning to install common applications like core banking, ERP, document management, workflow platform, et cetera to support such activities.

The last activity is about finding the right balance between outsourcing and in-house. Our strategy is to first optimize then consolidate to make outsourcing an attractive option for us. All-in-all, we foresee to progressively reach an annual savings of 15% of our total group operation cost base by 2024.

Now moving to the next slide, please. And yes, you know, IT is the real focus here for the next 3 years. We do consider IT as an enabler rather than a cost center. The main key drivers of our IT strategy is to significantly reduce complexity, reaching a level of 50% and increase the number of common platform by 40% across the countries. As I mentioned before, we are going to centralize the infrastructure and the security services, while we have already decided on a security upgrade program.

Data platforms, data is the main asset of our group. And we have performed significant investment so far to upgrade our data platforms in Greece and Italy in particular while we expect to establish implement an enterprise data platform by the end of 2022.

Innovation, it was mentioned already by Andrea. It is changing...it's about changing the way we are doing things, but offering new service capabilities to our business. We have already established our innovation center and our innovation forum, and we have already assigned a dedicated budget just for innovation.

Last but not least, is about our people embracing our program. It is our ONE doValue IT strategy that will support this activity, and also help us leverage the best skills across the group and directly increase our capacity. We have set a series of ambitious targets and KPIs that we strictly monitor throughout the organization.

Just to name a few, we are going to reduce the number of our application inventory from 224 applications to 124. We are going to reduce the IT spending as a percentage of revenue of 12% in 2021 to 8% in 2024 which is below the competitors benchmark. We are going to increase our IT spending innovation as a percentage of CAPEX from 2% in 2021 to 10% in 2024 which is above the benchmark of our competitors.

And, all in all, we are going to have a CAPEX of €42 million in 2022 on top of the €30 million we spend in 2021 and we expect this situation to be normalized in 2023 declining close to 3% of the gross revenues. The reality is that we are facing a stable IT cost despite the heavy investments and the upgrades that are taking place while the revenues are growing.

Moving on to the next slide, it is true that we are already realizing the benefits of technology. We are having our doValue Greece subsidiary leading the way and our digital journey is not a dream, it's a reality. Here you can find 7 initiatives that have already rolled out in our production since Q4 2021.

The first one is about advanced messaging system that supports massive campaigns but personalize services as well. We are already supporting digital signature internally and externally, mainly for the contract signing process. We do receive request already from our website orchestrated by RPAs. We are following in a 100% virtual eKYC process. We accept the payments powered by MasterCard. We have already initialized our virtual

RM meetings focusing on SB, RM and corporate clients. While we have upgraded our IVR systems to support automatic authentication that will help us increase our capacity of the customer service function. It is our ONE doValue IT strategy that will help us transfer all the significant capabilities to all of our countries according to their Business Plan needs. More self-service capabilities have been planned for 2022 and 2023 across the organization across the group.

Now moving on to the next page, which is the last cost saving component, and it's about procurement. Our procurement has both qualitative and quantitative targets. The first one is about creating a global partner ecosystem with a local reach. Having the right balance between local and global players, it's of paramount important for the implementation of our IT strategy, while we have to achieve a saving of 3% to 5% out of portfolio of a €100 million by 2024. Our procurement department is already working on this direction with tangible results already, like our office footprint, it has been reduced by 60 offices in 2018 to 39 offices in 2021 and we foresee it to go even further down to 30 offices by 2024. This is a total saving of €1.5 million.

Let's move to the next one, please. This is a high level roadmap of our transformation journey. I think it was evident enough that our transformation journey is not a piece of paper. It's already here and active. We already delivered significant accomplishments from the integration of Altamira and FPS up to 100% outsourcing of our Italian back office operation and the initialization of our digital journey, but 2022 is the year that makes a difference to our transformation program that leads to a better doValue by 2024. This is a more productive, more efficient and more profitable group than today. Thank you very much. Alberto, this is for you.

ALBERTO GORETTI: Thank you very much, Georgios. So just to summarize, we went through the strategic vision for doValue 2024 with Andrea, then the description of the market structure in each of the 3 regions in which we operate, the challenges and the opportunities we have in all the countries. The transformation plan which is clearly a key component of our Business Plan. And now, Manuela will go through how all these aspects translate into numbers. Over to you Manuela.

MANUELA FRANCHI: All the slides are important for you to understand how we have under control all the levers we have just described to you and now they develop into the financial target we indicate at the beginning and which we will summarize at the end.

First, dynamic of gross book value. We don't expect to grow GBV by significant amount, why? We plan to win and to be on the market and to secure new contracts in a relevant manner. As mentioned by Andrea, we are assuming €13 billion every year on top of that €10 billion which we already won. This is for each of 2022, 2023, 2024, but we are increasing collection. This means that we are going to reduce our GBV every year. So all-in-all, a slight increase in GBV for this effect.

Why we think we can increase collection? We are rotating our GBV. Almost 25% of the GBV will change in the next 3 years and we have assumed new contracts for €14 billion each year in the last 2 years. So more has changed already and you will see it in the numbers this year.

All in all new GBV means fresher vintages, especially those who come from flow agreements. Most of our new addition come from Spain, from the Santander contracts, almost €3 billion every year, which means very young vintages. Better vintages obviously have a higher collection. For this reason, we are assuming write off to less than one-time collection because

we expect to collect more and therefore the reminder which is write-off is lower.

As Sareb is assumed in this projection, but as Frances said it's a GBV matter rather than a profitability matter, because in the flipside if we were not to be awarded Sareb, we would reorganize the structure in order to deliver same EBITDA profile. On the regional mix, obviously, you have as a growing GBV in the Hellenic region and in Italy and a stable GBV in Iberia, ex-Sareb effect.

Moving now to the following page, we expect a growth of revenue by 3% to 4% per annum. So it means the revenues will increase by 1.2 times by 2024. This is with a mid single-digit contribution of the Hellenic Region and a low single-digit contribution of the other 2 regions. Fees are expected to be stable apart from the contractual arrangements so the changes are already embedded in the Eurobank contracts and the change in the Sareb fees.

We are assuming limited disposals or almost no disposal on the Eurobank book as it has been announced by Eurobank itself. But even if this assumption was going to change, we have already managed the disposal through Mexico and the disposal of the Cairo book, securing this contract at very strong fees. So we are not afraid of this potential change. Outsourcing costs are expected to remain at around 12% of revenue with indemnities to be in line with historical amounts in 2022 reduce in the next 2 years.

Moving now to the cost structure. We expect to grow EBITDA margin by 500 basis point, so all in all EBITDA will grow by 6% to 7% per annum. The contribution to the cost side is different overtime.

On HR side, we will decrease the contribution to 35%, while the other cost items will slightly decrease as a percentage of revenue. However, the other cost items are instrumental to make the lower contribution of the HR costs. We are using technology to reduce the contribution, the growth in EBITDA in terms of contribution of HR costs. So because we invest in IT, we will not increase HR cost.

Real estate will be declining because of lower allocation. And this effect is not much on the cost side, but rather on the liability side because of the IFRS 16. And we will continue to focus as we have done in the last 3 years on SG&A by reducing all the cost items and streamlining even more cost group functions.

It's important to understand that the driver in collection, which is driving also the improvement in EBITDA margin is due to mostly to the existing book and to the renewal of the existing GBV and a better penetration of the existing book on top of the younger vintages brought by the new contracts. This is particularly important for Spain compared to the other regions. In fact in Spain, we are working on the current GBV by growing how much we actively manage of that book. That's why the new additions are not significant with respect in the Hellenic region. We are talking about €1 billion to €2 billion per annum.

Different dynamics in Iberia and Italy, where the NPE offloaded by banks is expected to be higher. The margin in the different region will have a different dynamic. But it's important to say that while for 2022 we mentioned that we expect a stable EBITDA vis-à-vis 2021 indications, this doesn't mean that we are not growing in 2022. This is a very important point. 2022 has a declining EBITDA due to Sareb by €20 million. So of the circa €200 million of EBITDA, the organic basis is 180. So we are effectively growing by 10% from 180 back to the guidance we have given

for 2021. So a significant step up due to the new contracts coming onboard this year and to the new business that we will win this year and to the cost initiative we have initiated and will foster more growth this year. All in all, the pickup in the next 2 years will be driven in all regions by the components we just mentioned.

In the following page, you have a directional trend in all the markets, where we show stable GBV, growing revenue and a much stronger growth in the EBITDA.

Let's now focus on the net income dynamic. All in all, we have almost 2 times growth of net income, ordinary net income and the higher than EBITDA growth is driven by 2-3 elements, primarily. D&A, we are reducing significantly the contribution of the D&A of the existing contract, but please don't forget that we are adding Frontier which was paid and therefore, we have an additional amortization for that. We are adding CAPEX in 2021 for around €30 million, and 2022 for around €40 million, which obviously amortized over the next years, so still a declining D&A trajectory but more declining on the contract side, less so obviously on the new CAPEX, which created the total.

On the risk provision, we expect obviously this to be driven primarily by the exit schemes, so we will continue to rotate the workforce with voluntary exits scheme. On the interest costs, this is a quite easy to project, given that we have 2 bonds outstanding with very clear costs. And the difference is driven by IFRS 16 adjustments and amortized cost of financing.

Last, we expect a blended, effective tax rate of around 25%. We have done minorities, which contributes between €12 million and €17 million over the plan per annum with stable partners being Eurobank in Greece and Santander in Spain.

Let's now focus on cash flow. We have talked about our transformation plan, which has already done significant progresses in 2021. Obviously, we will go into the details at the year-end results with €30 million investments primarily driven by the plan in Italy of the merger of the platforms and the plan in Greece of the change in the operating performance, because we want to be in 2023, 2024, a leaner organization also in Greece. We will go down to industry standards, which are usually between 3% and 5% of revenue in CAPEX. We will be on the lower end due to transformation journey done already in 2023.

In terms of free cash flow generation, we expect to produce more than €300 million. This is pre-dividends and pre-M&A with an acceleration obviously in 2023 and 2024 just because in 2022 we have a higher CAPEX spend. All in all, we want to protect our shareholders from the dynamic of the net income, so to secure constant growth in dividends because we expect the cash flow to drive the leveraging and therefore to go beyond the D&A dynamic, which impacts the net income.

In terms of financial structure, we have even strengthened our sources of liquidity by growing our RCF lines by around €30 million. We mentioned that this is pre-M&A and pre-dividends. Our M&A strategy is 2 legged one in-market consolidation, why, allow us even if we are not active or in the case we are active to protect fees and to grow fees in a consolidating environment. It will reduce the number of competitor, it will help us to expand the product offer in the easiest way and achieve revenue and cost synergies in a more efficient manner.

In this market, we have obviously already experienced the Altamira and Eurobank transaction that have been completed in terms of integration. But the market offers more, as Andrea has mentioned.

On the right hand side, it's important to focus on what is next in terms of technology. We want to decrease even further correlation with credit NPL and GBV cycle, move to a less labor intensive model, to be more a technology model, less HR intensive. With the products and offer which is complementary to current offer, to expand our reference market. We have done some stuff in this direction, but we will do more. Like we did into 2018, and then in '19, we have told you which are the areas where we wanted to grow, which were the markets where we wanted to grow, we didn't include them in our financial targets, but we did what we had planned and what we had promised to you and we will do so also in this next phase.

Just a snapshot again, on our targets, so growing GBV, but pro forma for the contracts ONE is quite stable GBV, growing collection rate from 4% to 6%, revenue CAGR by 3% to 4%, EBITDA CAGR of 6% to 7%, growth in net income per annum by at least 15%, and financial leverage in the medium term around 2 times at peak around 3 times and use free cash flow generation to remunerate shareholders and to make acquisitions.

All in all, we expect to deliver to our shareholder only through dividends and EPS accretion more than 30% of our current market cap. This is clearly, summarized in the last page of this presentation where you can see the dynamic of all this components to make appealing for our current stakeholders and future stakeholders to invest in doValue.

I will leave the final remarks to Andrea.

ANDREA MANGONI: Okay. Thank you, Manu. Okay, thank you. Thank you, Manu. So, we tried to get across the sense of our recent journey and what lies ahead of us. Our 2022 to 2024 Business Plan is ambitious, but it is not out of reach, I really believe we can do better leveraging on our strategy on the adjacent

market, and as Manuela said before, the impact of the strategy is not included in our financial target. So, you can consider it as a solid credible option value.

I believe we have all the ingredients to succeed both in terms of growth and in terms of delivering our at least 20% CAGR dividend per share we are committing to. But, the main ingredient is the top management team of the company, both the manager you are familiar with. So, Manuela my right hand, she sit on the left, and the new component, so Alberto, Georgios, Theodore and Francesc first class manager, now ready to answer your question. Thank you for your time.

Q&A

ALBERTO GORETTI: Thank you very much, Andrea. It's 12 o'clock sharp so it's quite remarkable and we managed to stick to our plan hopefully is a good sign. And so, as customary we now open for questions, I think you need press "*" and "1" to register your question, and then I will take them and redirect them to the relevant people here in the room or connected remotely.

So, I think, I see the first questions comes from Borja Ramirez at Citi. Good to hear from you, Borja. Go ahead.

BORJA RAMIREZ: Yes, thank you Alberto, and a good morning and thank you very much for the very detailed presentation, it's very useful. I have 2 quick questions, if I may. The first one is related to the future inflow, of I mean, new contracts. I would like to check if you expect this to be more skewed towards banks or maybe at the investors. I think in relation to this also, it would be greatly appreciated if you could kindly provide any details on any potential opportunity from NPLs related to the government guaranteed loans where

some banks are mentioning there could be an increase in NPLs related to these loans?

And then, my second question just to check if I understood correctly, do you expect to prioritize capital return over M&A based on the target that you mentioned on the dividend growth. Is it correct to assume that you would first pay dividends and/or share buybacks increasing leverage to 2 net debt to EBITDA by 2024. And then, any potential M&A opportunities that may arise would be on top and that which could go up to 3 times in the highest scenario. Would this be a correct assumption? Thank you.

ALBERTO GORETTI: So maybe, just to start from the last question. So your understanding is correct, so we will fine tune our dividend policy to remain at around 2 times level, I think if you calculate the dividend per share at 20% CAGR you might end up slightly below 2 times by 2024 which means that we might actually increase the dividend and we can also do share buybacks as a compliments to the dividend, and clearly the 3 times leverage is only something that we will touch, you know, through M&A is not something we will go towards with the dividend policy we have in mind. And then, maybe on the inflows Andrea maybe you can take this one.

ANDREA MANGONI: Okay. In terms of breakdown of the inflow in our plan, more or less 20% will come from banks and 80% from investors. The investors market includes the securitization project and this is an important stuff because as we said before we are currently dominating the securitization market both in Italy and in Greek, so we are quite positive on it.

On the public guarantee scheme in Italy, our plan do not include the impact of this plan in terms of NPE generation when the public guarantee will expire, we are working hard on it. This is why I said before I think our strategy on the adjacent market will be important in terms of value creation,

because I presume the switch of the current loan from stage 3 to stage 2 when the public guarantee will expire will produce an significant increase in the high risk component of the performing loans.

ALBERTO GORETTI: Thank you Andrea, and anything else, Borja?

BORJA RAMIREZ: Thank you, that was very clear. Thank you very much.

ALBERTO GORETTI: Okay, thank you very much, and good to hear from you. The next question comes from Nicholas Binda at Intermonte, so Nicholas please go ahead.

NICHOLAS BINDA: Hi, good morning to everyone and thank you for the presentation. I have 3 questions, the first one is related to Sareb, so the base case scenario embeds the renewal of the contract. I was wondering looking at the alternative scenario how much could be the one-off cost in order to carry out the restructuring process, and also regarding Spain what are your assumption for the tax claim in Spain?

The second one is related to the unlikely to pay segment, I was wondering if you could provide us some colors about the remuneration in this segment, so base fee and variable fee. And the last one, regarding the potential buyback program, do you have in mind a target price or marketable target to look at in order to decide if carry out buyback rather than cash distribution? Thank you.

MANUELA FRANCHI: I will take this question, Nicholas. On the Sareb, no renewal case, the one-off cost we estimated are around €10 million, but on the other side, we will not have to face the cost of the new operating model that Sareb would impose us, as we have said in the past, moving to a Sareb new model means also new contract, means also new bidding model which has around €5

million, €6 million of cost. So the net difference is pretty much €4 million in the 2 scenarios in terms of one-off effect.

For the tax claim, we are proceeding as we had communicated to you in terms of actions to the insurance, as you know we have already recovered a portion of it, and we expect by this year to have an outcome from the judges. In the meanwhile to be conservative, we have not included a recovery, so it will be an upside to our net income because as you know that would be an extraordinary element given that it has been fully expensed last year.

Maybe to go back to the previous question that was posed by Alberto also on the leverage. Obviously, with the dividend distribution we have mentioned and the free cash flow we have mentioned, we will be able to go below the 2 times from a you know financial standpoint and we will use that capacity eventually to return more.

So going to the last point, on share buyback, we haven't defined a share price of reference. We would like to see also the dynamic this year, taking into account eventually a trade-off from higher distribution, because that's also an option through dividends and the share buyback. So we will obviously make a proposal by the time the GM will approve the dividend for the 2021 results.

In terms of UTP remuneration, I think we should probably go back to a slide which was in the Italian session, which speaks about the Efesto fund. There we have mentioned the profitability of our UTP book, which is accretive, so we have a revenue model with around 100 basis points basically, so 1%, so as you can appreciate, it's much higher than what you see to a couple of pages before in terms of base fee on the NPL side. Collection fees here, they are not collection, they are restructuring fees which are not very different from the...in terms of amounts, a percentage of restructuring

compared to the NPL, so obviously from these 2 dynamics you can see why the EBITDA margin is substantially higher than the one of the NPL business.

NICHOLAS BINDA: Thank you, very clear.

ALBERTO GORETTI: Alright, so I see Andrea Lisi from Equita next in line. So Andrea, over to you.

ANDREA LISI: Thank you for and for the presentation release, really clear. I have several questions, hope that you can answer to all of them, maybe we can split in 2 groups. The first one is, if you can provide some examples of additional services you can provide or you are interested in providing or maybe developing it internally or through an acquisition?

Second one is on the €13 billion, €14 billion indication of new inflows per year, if it is reasonable to continue to assume a forward flow, that impact for some forward flow in the region of size or if it's expected to be a bit above considering the end of moratoria and so on? And if you can provide us an indication in these €13 billion, €14 billion which will be the weight of the secondary market in both, especially Italy and Spain I imagine. Another question is on the slide where you provided the EBITDA of the last 12 months ending September 2021 in Italy, Spain and Greece. Obviously, the first quarter last year was more impacted by COVID than the last quarter this year. So if you can provide us some indication about the real figures for 2021 in Italy, Spain, and Greece, in terms of EBITDA? And related to this point, on Italy, we see an EBITDA margin that ends in the region of 25% in 2024. That is a level which is quite below the pre-COVID levels, which was maybe a target which was achievable also for you to come back to the pre-COVID levels. So if you can tell us what in some way has changed or which are your assumptions there?

And very last one, sorry, for the number of question, it's on Italy and Spain, we see a significant drop in the EBITDA margin, obviously in Spain also because of Sareb. Why should not we see the same thing also in Greece? Especially in Greece, we are observing on the one hand a good growth in terms of revenues for gross book value, 15% increase. Just wanted to understand, which are the most challenging assumptions you have assumed there and also, which are the contingencies you've taken some things go different from what you expected? Thank you.

MANUELA FRANCHI: I can take this question, Andrea. In terms of additional services, taking into account that we have deployed the operating model and the operating system and the team working on the real estate services in Greece and in Italy, much broader than what we used to do in these countries. All-in-all, in Italy, you can recall that we used to do only valuations and auction facilitation. We have deployed, you know, the technology that allows us to manage assets. So when the assets are repossessed, which is a trend was supposed to start earlier, but due to COVID then to the blockage of the auction, has delayed. But now it's a reality after the end of that limitation, assets are being repossessed, would be sold. So there is all a process of commercialization and management of assets, which is important.

Second, earlier arrears, means managing smaller tickets with a continuous flow from the bank to the servicer and back to the bank, because the main aim is to bring back to performing, which is something that we were not used to both in Italy and in Spain, obviously Greece has specific contracts with the Eurobank and they've done it historically. This is a new trend for Italian banks, for sure. Andrea mentioned the pilot projects, which we are starting with a major Italian bank, and there will be more, because these banks were not focused on these assets class before. They were just the receiving in the earlier years, not doing anything about them and waiting

that if they naturally go back to performing or they go down to non-performing status. Now, because the amount of NPE production could be significant, following moratoria, they are actively doing strategies to do that. And we want to be ready to service all of these both in the Italian markets, what it's a reality and from next year or so in Spain.

Securitization, are you know, our probably strongest tool in Italy and that's been in the last 2 years. GACS are securitization, HAPS are securitization. It's something which has not been a reality in the Spanish markets and in Portugal. And it's going to become a product there very soon.

Legal services, Francesc has mentioned, this is done just as a support to the NPL strategy so far. But we have the capabilities in-house and we have the ability to do it as a job. We do it already in Italy. It's a revenue line and that will be a revenue line and not just as support to NPL in Spain from next year.

These are just example. The other one is on the data side where we have data quality enabled by technology in Italy, and we will do so the same for the other countries.

I leave to Andrea to address the topics on the Greece and Spain.

ANDREA MANGONI: Yes. You are right in terms of projection. Greece is extremely important, both in absolute and in relative terms, I mean, the Hellenic region. The reason why the situation of the Hellenic region is completely different in comparison to the Italian and Spanish one is first of all, because the market dynamic are completely different. In Greece, we are currently experiencing a extremely high and higher growth of the market in comparison to Italy and Spain that for NPL are right now, mature market. But in parallel, the competition is significantly lower. We have 3, I mean, important players in

the Greek market. Meanwhile, the Italian and Spanish markets are still extremely fragmented. So all-in-all, in Greece, you have higher growth and lower competition for the benefit of the fees first.

The second reason why is on top of the first class really first class performance of doValue Greece, because the result of the company last year were impressive. The different is in Greece, we are today in the same situation where we were in Italy and Spain few years ago. So just to be simple, we and our competitor are deploying capital to enter into long-term contract. So the fee of this long-term contract are set to remunerate the capital deployment as I said before. So in terms of EBITDA margin, the result is the situation, it's apparently definitely better than the situation we have in Italy and Spain.

MANUELA FRANCHI: On the fee side, there is an evidence, which is different from the others, you can see it in, in the Greek session. Now here it's not only Greece, but also Cyprus while in the past, you used to see Cyprus from '19 and before under Altamira, so you need to take that into account as well. And Cyprus has higher profitability, the main point is the investor fees in Greece have actually been increasing. So, it's quite the opposite, then you know, the effect of the competition bringing fees down in the market. This is an evidence because here we are projecting what has happened in the last 2 years. So, we have experienced better contracts because there are legal servicers and they want to work with us. And the results achieved on the book managed are over the Business Plan.

All-in-all, going back also to your question, Andrea regarding the EBITDA margin of Italy. The main reconciliation from the pre-COVID levels. Is that one in the pre-COVID we were already assuming the inclusion of the other countries, so the improvement to the target was driven also by the other country. And then, we saw a shift, a very strong acceleration of the seller

portfolio of UniCredit, which obviously had higher margin business . And this is why, you know, probably the target was around just below 30% margin and we are 25%. And the remaining gap is explained by the group function, we concentrate, you know, all the people which work for group, even if they're located in other part of the organization under the Italian cap. You had other 2 questions. One was on the inflows. The historical inflows were targets were on average €8 billion of new contracts and €2 billion of new inflows.

Now, we are talking about inflows which is 4 to 5 of inflows and still around €8 billion of new contracts. So, we are not increasing the forward flow beyond these levels. So, this could be one of the contingency you have been describing or you have been asking for. The other one is definitely on the fee side, because of the experience we have put ourselves assuming new business on the lower end of all the contracts won in the countries where we are assuming new business. So in all the new countries we are assuming the lowest pricing, we have achieved across new clients.

In terms of EBITDA margin, for this year we confirm obviously our guidance, which is driving an EBITDA margin around 33% to 34%. For this year, as I said, based on guidance, we prefer to announce the final year-end results on the 17th of February.

ANDREA LISI: Thank you very much. Thank you.

ALBERTO GORETTI: Thank you, Andrea, and thank you Manuela. I think the next set of questions will come from Andreas Markou with Berenberg. Hi, Andreas, over to you.

ANDREAS MARKOU: Yes. Hi, everyone. Can you hear me? Hello, can you hear me?

ALBERTO GORETTI: Yes, we can.

ANDREAS MARKOU: Okay, perfect. Thanks very much for the presentation and taking my questions. Most of them are actually follow-up of some of the already asked questions. The first one is on the margins in Italy, as the previous analyst mentioned, you know, your expectations seem a bit, let's say, undemanding versus historic and also versus Q3 where margins were actually 26%. So, you explained obviously the reasons with a group costs and the UniCredit portfolio sales. But despite that, I mean, given that the product mix is changing in Italy, I mean, you mentioned for example, UTPs having margins higher than 60%. And then, all the kind of other ancillary businesses, et cetera, should also be beneficial to margins. So are you not basically baking in a bigger share of revenues from these high margin businesses, offsetting the impact you mentioned earlier? That's the first one.

MANUELA FRANCHI: I will give the financial answer and Andrea obviously the more strategic, analytic one. We want to be reasonably conservative in our expectation because we really want to deliver on our plan. And this is the main message we want to give to you.

So we have assumed accretive new products. We will do on the cost side better than we have indicated. We have assumed like as you saw additional initiatives, but the historical one have been achieved. You might recall we spoke about 7%, 10% reduction in FTEs. We did a reduction of around 250 people out of work force 1,200 which means more productivity because people are out but also people in with, obviously more experience and background on the new things we are doing. So we would rather achieve better results but promise what we are strongly comfortable with.

ANDREAS MARKOU: Okay. That's clear.

ANDREA MANGONI: I think Manuela, I was clear enough from my side unless I prefer to have a discussion on this point on February 17 because as Manuela said probably, on this point we were a little bit conservative.

ANDREAS MARKOU: Okay. My next question is on the UTP business. So I remember a couple a years ago mentioning a lot about the UTP market. How it's going to bring a lot of new GBV, you know boost profitability et cetera, et cetera, and it's actually moved a bit a slower than what the market and I think what yourselves have been expecting. So what is your conviction today on the UTP market and also the REO business going forward given that maybe learning from the historical lessons of maybe the market moving a bit slower than what we expected.

ANDREA MANGONI: Now, on the UTP, you are right, in terms of size. I mean asset under management, our growth was slightly lower than our expectation but the problem we have with UTP is we don't want to dilute our current profitability. So this is why in terms of dynamic of AuM we are more conservative in terms of expectation. Again, our current profitability is extremely high, plus 60% and we do want to dilute it. It is a matter of around the trade-off between size and profitability. On the REO of now, we were late but now we are substantially in line with our previous expectations.

MANUELA FRANCHI: On this Andrea, consider COVID.

ANDREA MANGONI: This is because the impact of the pandemic on the auctions, so on the development of the REO business in Italy was dramatic. We had more or less 6 months of courts shut down et cetera, et cetera. So during this period, the real estate market was completely stopped. And in the second part of the year, the market itself was still slightly recovering. So considering this

negative impact of the pandemic, we are I think in line both in business and as Manuela said before, in operational terms.

ANDREAS MARKOU: Okay. That's clear. Maybe the next question is on Spain. I mean this has proven to be a very, very difficult region for you, not maybe managing costs as quickly as we expected again when you bought Altamira. I mean given now that today we are probably in a much more difficult situation with the uncertainty of Sareb and then whatever direction the contract goes, you still need to do a lot of work to actually get the EBITDA in absolute terms back to what it is today. So can you maybe just give us a bit of more detail on your conviction and your execution plans and how you are monitoring execution, and maybe a bit of insight on the kind of UTP earlier years platform that you are intending to build in Spain.

ANDREA MANGONI: Okay. Before leaving the floor to Francesc to answer your question, Andrea. I want to give you my view on what happened, after the acquisition of Altamira. Frankly speaking, I think we did couple of mistakes. The first one is, as you mentioned, we were not aggressive enough on the cost side, this is why the current situation is completely different in comparison to Italy for example. And the second mistake we did was on the NPL side, as Francesc pointed out, the company is the undisputed leader in Spain in the real estate market. And as you can see last year, the results on this business are impressive. Our problem was on the NPL side, because historically the approach of Altamira was more or less keep the low hanging fruit on the NPL for the benefit of the short-term result but deteriorating at the same time, the medium term performance.

Now, we have a new management in place, this management is completely changing the rules of the game, both in general and in particular on NPL. We are working hard on it, and we really believe the contribution of the NPL business to the result of Altamira would be important and not in the

medium run, because we have a real crash program in place. And I think in the second half of the year, you will see some material result coming from the program itself. But on this important point, I want to leave the floor to Francesc to complete the answer.

FRANCESC NOGUERA: Well, I think you summarized most of the issues on the answer Andrea. But just to complement of what you have said, one thing which is very important is that most of the growth in EBITDA in the next years comes from what we manage presently especially NPLs. This transformation of the model addresses the fact that we need to extract more volume from the NPL base that we have from customers. So we will gain in revenues, we will gain in EBITDA, there will be more collections per FTE overall more productivity, which is very important.

On top of that something that we explained throughout the presentation, we are developing new capabilities especially the SME model for NPLs which we already manage NPLs of SMEs in Altamira, but we see a large opportunity in having a very particular model for the Spanish market. On top of that as well, we are also betting a lot on investors, we have recruited new managers in Altamira new team very skill and very expert in this segment of customers and we are now focusing on growing with them as well.

And finally, another very important driver is the real estate development business line, the spin-off that I mentioned before, it's something that we already look for blue chip customers, AMCO, Santander, Sareb and so on, and Bain as well, and we think that we can grow a lot on there in the next years.

ANDREAS MARKOU: Okay. Thank you very much. That's clear. And maybe final question from my end. So we've seen Fortress increasing their share and also some of your

peers receiving tender offers and kind of going private. Any comment potentially from you guys, how would a potential tender offer be viewed by yourself?

ANDREA MANGONI: We have no information at all, and no comments to do on the tender, no information on our side zero.

On Fortress, I think Fortress increased stake of the company, because Fortress strongly believe on our perspective in terms of value creation, but I can't answer for Fortress, but I think the idea of Fortress is not take the company private because again this is a matter of value creation. The top management of the company and Fortress are fully aligned on what the independence of the company is important in terms of value creation. We said during our presentation have differentiated customer base versus the IPO time. So the perception of the market of doValue as an independent company is key support to our growth perspective more or less all our post IPO external growth was no Fortress driven. So, I really believe and we are in line with Fortress, Fortress will support the growth of the company what we are doing together in Greece is extremely important, I am talking about the frontier project, the net on project, and I think there is more to come. But, I really do not believe the current priority of Fortress is to take this company private.

ANDREAS MARKOU: Okay, thank you, very much. Very clear. Thank you.

ALBERTO GORETTI: Good to have you in this call. I see no more question on the queue. Maybe Andrea Lisi from Equita just appeared.

ANDREA LISI: Yes, sorry a follow-up. If you can provide us an indication on costs, which is the proportion between fixed and variable cost now. And which level is reasonable to expect at the end of the plan? And last one is, if you can

provide a bit more detail on the free cash flow generation we should expect for 2022 we see is it reasonable to expect higher CAPEX, wondering to under a bit better on the dynamic of networking capital you expect there? Thank you.

MANUELA FRANCHI: Andrea, on the cost side we should look to Page 63, you can see hear that, you know, the key components of the costs where you find variable cost is mostly on the HR side, and some on the IT side. So, we are talking today about 15% of the HR costs are being variable and only about 10% of the IT costs being variable. So, all in all, probably of the total operating cost taking aside the outsourcing fees, because the outsourcing fees are completely variable we don't have base fees there, we are talking between 16% and 17%. In the future, because we are going to have a rotation of the population and the new population has higher component of variable then the current one, the 15% I mentioned would probably be more around 20%-22%, while on the other cost side I think it will continue to be the same. So, all in all, you know, the variable net of the outsourcing will grow from 16%-17% to 22%-23%.

In terms of free cash flow generation, I think on the EBITDA we have given an indication so similar to the guidance of 2021 on the interests is very clear and also on the tax side. On the CAPEX we have given a specific figure. On the working capital side, we have reference on Page 68, where we expect some opposite trend vis-à-vis the past, because of the reversal of the fee in Greece in the sense that there was a big upfront fee especially in the first 2 years paid by Eurobank, due to the negotiation we had during the COVID times, that indicated, you know a higher base fee to offset potential decline in collection, actually we were lagging because our Greek team was able to deliver same collection as they expected pre-COVID notwithstanding that we benefit from it. And that's why we include a reference that the fee trajectory of Eurobank contract-by-contract is declining because we it had

this significant, you know, element in the first 2 years. But, all in all I think working capital negative effect is around €10 million in 2022 expected. Obviously this is, you know, planning assumption, we will try to do better and have and they have you know, less impact but this is our base assumption.

ANDREA LISI: Thank you very clear.

ALBERTO GORETTI: Right. So, I see the question queue is clear, unless there is any late question I think we can wrap it up. I hope you enjoyed this 3 hours we spent together, we tried to give you a lot of information to really give you a sense of where we are heading to and I wanted to thank all the team, you know, here in Rome and connected remotely for spending the time together with you analysts and investors. So, thank you very much and speak to you soon. Goodbye.

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