doValue S.p.A.

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ALBERTO GORETTI, HEAD OF INVESTOR RELATIONS

ALBERTO GORETTI: Good morning, and welcome to doValue Q1 2023 Results Conference Call. I'm Alberto Goretti, Head of IR in doValue, and I'm here in Rome today with Manuela Franchi, our newly appointed group CEO, and Davide Soffietti, Group Deputy CFO. Together, we will cover the main Group and market developments, since the beginning of the year, as well as the financial performance for the first quarter. At the end of the presentation, we will be happy to take any questions that you might have.

Let's start now and let me hand over to Manuela to get started.

MANUELA FRANCHI: Thank you, Alberto. It's a great pleasure and honor for me to present our 1Q 2023 results, as acting CEO for the doValue Group. As you all know, I've been a key member of the management team of doValue, since its IPO actively contributed to its growth and development over the last few years, both organically and through acquisitions.

I also had the privilege of being in constant dialog with financial analysts and investors and the regular feedback, you have provided to me over the years has been extremely valuable. I've been recently entrusted by the Board to take the role of acting CEO on the back of the departure of Andrea Mangoni, and I feel a huge sense of responsibility, as well as the excitement in taking on this assignment.

I would like to thank the Board for its trust, and I would also like to thank Andrea for his precious mentorship and guidance over the years. I'm very aware of the challenges and opportunities that are in front of us. You can be assured that I will do my best to provide the Group with continuity as well as to accelerate the company development. Taking into account that all the company is behind us and no other changes have happened. So all our management is fully committed to our year-end results.

Let's now get started with the presentation. On Page 3, in Q1, the company has delivered the results, which are in line with our budget. Our performance has been particularly resilient, also considering the macro slowdown, as well as some specific external factors that have affected the first 3 months of the year, in particular, in the Hellenic region and Iberia.

The current inflation of environment, which led also to substantially higher financing costs for both households and SMEs, has had some impact on our collection performance, as common to other players in the industry. This is also compounded by general slowdown in court activity in Italy after the acceleration in auctions seen post-COVID in 2021, and in the first part of '22.

In Spain, the quarter was affected not only by the Sareb portfolio off-boarding, which limits comparability with last year, but also by a strike of the courts, which has influenced the recovery activity for 2 of the 3 months of the year. In Cyprus, the election that was held in February had a collateral effect of making foreclosures more difficult, which impacted our NPL activity in the country, particularly compensating the strong reactivity.

All-in-all, in this context, we delivered €101 million of gross revenue and €30 million of EBITDA. The group has also delivered a growth of 42% in cash flow from operation year-on-year, something we are quite proud of, also considering the seasonality of our business.

Net debt has increased in Q1, mainly due to the normal seasonality of our business, as well as higher tax paid in the quarter. But financial leverage remains in line with the end of the year and much below our target of up to 3 times.

Please bear in mind that we have €4 billion of GBV already secured that will be on-boarded during 2023, and will further support the revenues for the remainder of the year. Lastly, let me recall you on the excellent performance of the ESG front with MSCI ESG rating upgrade to AAA in March.

Moving now to Page 4, the key message here is that we have managed to overcome few specific market challenges that have affected the quarter, and might weight for the coming quarters. In general, our geographic diversification has followed us to weather and wealth some counter specific teams, further demonstrating the value of having expanded beyond our domestic market over the years.

In Italy, the market has seen a reduction in auction activity in the last few months, which is reversal of the post-COVID acceleration when courts worked through the pile of cases, which had accumulated post lockdown, of course, activity is now normalized. We have reacted in this environment by improving our internal efficiency, having implemented SAP at Group level in record time, and pursuing a high degree of in sourcing versus the past.

In Greece, the macro environment remains particularly strong with the country likely to reach investment grade level in the coming quarters. But the regulatory uncertainty around the role of service in the HAPS schemes negatively weighted on the first few weeks of the year.

In addition, elections are going to be held in 2023 in Greece, with the expectation of a material slowdown of cost activity. In this environment, we are executing our planned pipeline of disposal of NPL portfolio with ask of our client, so all elements which are on our control.

In Cyprus, elections were held in February and this had a marginal negative effect on the ability to perform foreclosures. Despite all this, in Greece and Cyprus, our real business continues to perform very well. It's been a strike of the court, affected 2 months, and the second wave has already started. In addition, the fact that the majority of the NPL flow from commercial banks service are related to government ICO loans makes the recovery activity of the services more complex and harder.

Having said that, in Spain, doValue continues to restructure its business with positive evidence of the turnaround already visible in the month of March and April. Our key clients in Spain continue to appreciate our performance and we are certain that we continue to perform ahead of other services deployed by them.

Moving now to Page 5. In terms of GBV, clearly the trend year-on-year has been dominated by the onboarding of the Sareb portfolio and some disposal made by our clients. The collection trajectory at group level is actually positive year-on-year, excluding Sareb. Strongly supported by the activity in the Hellenic region as well as productivity improvement deriving from the transformation plan.

More in details, our GBV stands at €120 billion at the end of March, plus compared with the end of 2022. Collections stood at €1.1 billion in Q1 '23, a growth of 6%, excluding Sareb. The collection trajectory in Italy has mirrored the trajectory in GBV. Despite a deterioration in the auction activity and in general, much of the slowdown, which has pushed household and SMEs towards the share route, as opposed to amicable settlements.

In fact, the general increase in financing cost has made the refinancing option less viable in general terms.

In the Hellenic region, collection outperformed significantly the trajectory of GBV, despite the regulatory uncertainty that affected Greece in January and the election held in Cyprus which have limited the foreclosure activity.

In Iberia, the loss of Sareb had a meaningful impact on collection, a factor which was compounded by the court strike. Nevertheless, excluding Sareb, our collection has grown by 3% year-on-year, and we continue to be top-rated by our clients. This is a result of all the productivity efforts done by the team.

Moving now to Page 6, I wanted to give you an update on the transformation. As you recall, the program is key for the group on both revenue and cost. The main objective recalled around. 1), the ability to extract more revenue per unit of GBV managed. 2), enhancing productivity to lower cost per GBV managed. 3), updating the operating model to reduce cost breakeven point. And 4), strengthening our human capital. I'm very proud of the results achieved by this program, which are in line with the expectations.

On the cost side, a lot of work has been done to streamline our operations and a key backbone, and on some key works we are very well advanced. For example, our service model has been 95% implemented. We have also completed the roll out of 90% of our applications and the infrastructure and security upgrade program is 70% completed. This should already provide an uplift to EBITDA margin by reducing OPEX related operations from 10% to 7% of total already in 2023.

Also, let me remind you that our transformation program is characterized by balance between centralized operation and local one, thus avoiding duplication of costs and full control of our delivery. In general, we have also been extremely careful and reasonable in planning investment for the doTransformation program, reducing the overall plan expenditure and investment by €10 million compared to the original plan.

Moving to Page 7, the doTransformation program, coupled with the restructuring of our operation in Iberia and an ordinary FTE reduction in Italy, has already produced a 20% reduction in OPEX in the last 15 months, of which 13% was achieved in the last 6 months. Clearly, Italy and Iberia are strong components of such reduction, which also mirrors the respective movements in FTEs. And for Italy, also partially the release of the CEO provision related to invested shares-based remuneration.

The departure of our CEO will continue to yield a positive support to our P&L for the first months to come in terms of HR costs. Further costs and FTE reduction can be expected for the rest of 2023 in all countries due to higher operating efficiencies.

Moving to Page 8, a key theme is the development of very active secondary markets for NPL portfolio in Greece. This is something that was already planned at the inception of the HAPS securitization and is also functional to achieving our collection targets. In particular, we are taking advantage of this also by trying to preserve as much as we can the servicing mandate of disposal. As you know, we have already been very successful in completing Project Virgo and Project Souq, where we preserved the servicing mandate from EOS and Intrum respectively.

And in 4Q '22, we also completed project stream on behalf of Bain Capital. We are currently in the market with few other trades such as Heliopolis, Suez, and Gemini, which should complete by the end of 2023.

The secondary market is gaining traction and we are preparing various portfolio for such trade, a similar market is expected to develop in Italy and

Spain, considering that the bulk of the NPE stock is currently held by investors or securitization vehicles, as opposed to a few years ago when the bulk of the stock was still in banks' balance sheet.

Moving now to Page 9, the pipeline has grown by €6 billion in the last 3 months, currently standing at €58 billion. This is all related to existing NPE portfolio, that's not taking into account the very probable increase in NPE production by banks in the coming quarters. It's important to note that the pipeline contains some very large government-sponsored transactions, such as the €12 billion project GLAM in Italy and the €5 billion project Ariadne in Greece.

Please note that regarding future NPE production, we have already seen a 17% increase year-on-year on the forward flow, which we received from our banking partners, and believe that this is a signal of increased NPE production already taking place.

On the product innovation side, the pipeline has further grown in the last 3 months, now also incorporating some projects on reforming loan in Italy as well as brokerage fees model in Greece.

All-in-all, we remain extremely focused on pushing the boundaries of our product offer with the aim of increasing relevance for our clients, broadening our reference market, and sustaining our revenues and EBITDA in the medium-to-long term. This is key for us as the NPE and UTP markets have now reached a certain level of maturity, and we need to continue pursuing additional growth revenues.

To wrap up on ESG, on Page 11, there are some details around our recent upgrade by MSCI, which is now rating doValue as AAA since March 2023. We continue to pursue our sustainability plan, working on ESG objectives for 2023, after having successfully completed all our objectives in 2022. The areas of work that for us the level of engagement of our employees, as well as training for our workforce. In addition, we will carry out in 2023 a holistic sustainability assessment of all our suppliers in the 3 core countries in which we operate.

Now, let me hand over to Davide to cover the financials in more details.

DAVIDE SOFFIETTI: Thank you, Manuela, and good morning to all of you. I am Davide Soffietti, Deputy CFO for the Group and CFO for the Italian business. For those that don't know me, I have been with doValue since the beginning of 2015, covering different roles in finance, and I was also part of the team that led the IPO of the company in 2017.

I have worked in the Credit Servicing industry for more than 20 years, also covering the financial valuation and monitoring of NPL portfolios, as well as due diligence process for the acquisition of new portfolios and servicing plant. I have met in person or in video call some of you during our recent road shows, and I'm looking forward to work with all of you on regular basis in the coming months.

So, let's get started. Moving to Page 13, we have here a summary of the financial for the quarter. As already mentioned by Manuela, the quarter was in line with our expectations and partially affected the normal seasonality of our business, the current macro slowdown in Europe, and some other exogenous factors.

GBV has remained stable since the beginning of the year, while it declined by 21% year-on-year, mainly affecting the off-boarding of Sareb portfolio in the second part of 2022. Our collection performance year-on-year has proven to be more resilient than the corresponding decline in GBV, in particular sustained by a strong performance in Hellenic region in the quarter. Overall, collections stood at €1.1 billion in the first quarter.

In general, given the growing importance of secondary transactions, we expect the collection profile to become more lumpy and in the case of 2023, more concentrated towards the second half of the year. The collection rate stands at 4.1% as of the end of March, in line with the level recorded at the end of 2022.

Gross revenues declined by 23% year-on-year to €101 million, a trend in line with the decline in GBV, which was in good part due to the off-boarding of the Sareb portfolio, as well as due to some weakness in the collection performance on NPL portfolios in Italy. As a reminder, the Spanish activity in the first quarter of 2023 was affected also by the court strike, which impacted the whole of the month of February and March.

In general, the operating environment is likely to continue to be affected by these exogenous factors for the rest of the year. That's why we have been extremely proactive in managing our cost base in order to achieve our budget for the quarter.

Thanks to that, EBITDA declined in line with gross revenues year-on-year to €30 million, beating consensus, and we have been able to preserve a margin very close to 30%. The decline in EBITDA, coupled with a margin increase in provisions for risk and charges and the non-cash impact of fair value movements, drove the net income decline, which for Q1 2023 is a touch above breakeven.

In terms of financial position, we generated a strong cash flow from operations in Q1, which actually grew by 42% year-on-year. But the impact of taxes paid in the quarter mainly drove our net debt higher compared to the year-end 2022.

Financial leverage is stable at 2.2x and remains in the low part of our target range of 2 to 3 times. As a reminder, we have ample liquidity of more than €250 million if you take it into account both our cash position as well as the amount of undrawn committed lines.

Moving to Page 14, here we present the components of our GBV movement in the first quarter. Forward flows amounted to €900 million, with strong inflows from Eurobank in Greece. Forward flows have increased by 17% year-on-year, which we reached as a sign of a new wave of default, starting on the back of the macro slowdown experienced in 2022 and still ongoing.

On top of that, in the quarter, we have onboarded €1.4 billion of new mandate. In particular, the Souq portfolio in Greece which we now manage on behalf of the Intrum, UTP portfolios in Italy contributed into the Efesto Fund as well as another mid-cycle mandate in Spain. As already mentioned, collections stood to €1.1 billion in the quarter and the split between collection and write-off remained in line with average 56% to 46%.

Disposals amounted to €700 million in the quarter and mainly relate to Souq portfolio which was strong on behalf of Cairo 1 and Cairo 2 HAPS securitization vehicles. As a reminder, we have already won €4 billion of mandate which has not yet been onboarded. This will positively contribute to revenues in later part of the year. The bulk of this relates to 2 projects in the Hellenic region, project Sky in Cyprus and project Frontier II in Greece.

Moving now to Page 15, here is a most detailed breakdown of our gross revenues by region. Gross revenues declined in aggregate by 23% year-on-year to €101 million. As you can see, the bulk of the decline in gross revenues is related to Iberia, where the on-boarding of the Sareb contract coupled with the negative effect of the court strike has resulted in a decline of 56% year-on-year.

In Italy, gross revenues declined is by 20% year-on-year, mainly due to a slowdown in the NPL activity, partially compensated by the growth of our UTP business. Ancillary revenues in Italy declined also by 12% year-on-year partially reflecting the more-lumpy nature of the revenue recognition framework around these activities.

In Hellenic region, gross revenues declined marginally by 2% year-on-year at strong growth in the NPL and a real business were more than compensated by nominal decline in UTP revenues, which in Q1 2022 were positively impacted by the release of the touring provision, thanks to better than expected performance.

Both for the activity in Cyprus in Q1 2022 was impacted positively by a specific one-off target deriving from a successful long-term renegotiation, making the comparison with Q1 2023 more difficult. We continue to optimize and reduce our outsourcing activity, both leveraging on different portfolio mix of Sareb with lower reactivity as well as insourcing some activity. Outsourcing fees declined more in absolute term and as a percentage of gross revenue, positively contributing to sustaining our EBITDA margin.

Moving to Page 16, we continue to proactively and effectively manage our cost base, both in terms of personnel cost as well as IT and SG&A. OPEX declined by 20% year-on-year to €62 million. The reduction in cost does not yet match the reduction revenues, meaning that we still have more work to do in the coming quarter. We are confident that also to our due transformation program and farther FTE reduction, we will be able to achieve our target for structured and EBITDA margin.

In terms of HR cost, these declined both in Italy as well in Iberia, and particularly as we have continued our restructuring of Sareb. Personnel cost all increased in the Hellenic region mainly due to the increase on the back of the onboarding of the Frontier portfolio. Other operating cost declined at different rates across the three regions. In particular in Iberia such costs were more than half in Q1 2023 compared to Q1 2022. In Iberia, the doTransformation program is particularly advanced and was boosted by the non-renewal of the Sareb contract.

Moving now to Page 17, EBITDA declined by 23% year-on-year to €30 million, as the reduction in Gross Revenues was partially compensated by the reduction in outsourcing cost and operating expenses further demonstrating our ability to timely manage our cost base. As mentioned, in terms of EBITDA we landed in line with our 2023 budget. Overall, we are satisfied with these results also considering the various exogenous factors which negatively impacted our operational environment in the quarter.

The EBITDA decline was most pronounced in Iberia where the current researching plan produced results from the second quarter onwards. We do not exclude a further cost optimization in Iberia in 2023 as the cost structure still needs to adjust to the new reality in terms of GBV in the region. In Italy, the contraction in EBITDA was approximately 13% year-on-year while in the Hellenic region the contraction was more modest at 8%.

Moving to Page 18, here you have summary of our regional performance on various key metrics. We are particularly satisfied of our collection performance in the Hellenic region at close to €400 million, also reflected in the collection rate in the region. All-in-all, the group collection rate remains stable at 4.1% versus year end. Our EBITDA at group level continues to be strongly supported by the performance in the Hellenic region which made almost 90% of our EBITDA in the quarter.

Moving to Page 19, net income was affected in the first quarter by decline in EBITDA and marginal increase in customary provision for risk and charges and the non-cash impact of fair value movements, partially compensated by a reduction impact and minority. Nonrecurring items were equal to zero, above EBITDA and stood at approximately €4 million below EBITDA, related to the redundancy provision.

Moving to Page 20, we are satisfied with the 42% increase in cash flow from operations recorded in Q1 2023. As I mentioned, by Manuela we are proud of this achievement considering the customary seasonality of our business, which normally sees a weaker topline in the first quarter against a general stable cost based throughout the year. The cash flow from operation generated in Q1 2023 was absorbed by higher taxes mainly related to the payment schedule adopted in Greece and also the interest cost which are constant over the year.

The sum of the tax and interest paid amounts to €25 million in Q1 2023, an amount close to 90% of our EBITDA minus CAPEX. As mentioned, this is normal in the context of the seasonality of our business across the different quarter. We are particularly satisfied with the efforts we have made in managing working capital which in the quarter has absorbed only €1 million of cash. In addition, net debt and other assets and liabilities has normalized to €6 million in the quarter, mainly reflecting leases and redundancy impairment. All in all, the quarter absorbed approximately €3 million of cash.

Moving to Page 21, our financial structure remained conservative and sound with more than €250 million of liquidity placed between €120 million of cash and €150 million of undrawn credit line. Also please note that we have never drawn our RCFs in size and we are not planning to do so as our operation are fully self-funded and our leverage is low.

Also our next bond maturity is in 2025, which means we do not have to worry for the time being about the overall increase in interest rates. Our bonds have generally rated better than the sector and of the overall high yield market. A demonstration of attractiveness of our capital light serving model. Finally, on this point, our current 2025 bond pays a 5% coupon and secondary trading plus indication from investment banks point towards a possible margin increase by 200-250 basis points upon a possible refinancing therefore, changed only marginally power with average cost of debt.

Financial leverage stood at 2.2x at the end of March, broadly stable compared to the end of December and still at the lower part of our leverage range target of 2 to 3 times. Our current financial position allows us to pursue M&A of that of our strategy for organic growth as priority.

Thanks for your attention. Let me now hand over to Manuela for final remarks.

MANUELA FRANCHI: Wrapping up our presentation, on Page 23, we wanted to go and give concrete action we are implementing in order to support our performance in 2023. We are working hard to deliver 2023 in line with our budget, which I have mentioned previously is broadly in line with the current consensus.

In a nutshell, we expect onboard €4 billion of GBV already secured and this will support revenue generation for '23. In addition, we will continue to execute our planned secondary sales in Greece to match the apps-business plan target, also with the aim of retaining the serving mandate.

Lastly we have already initiated some discussion with key investor to renegotiate fees upwards to allocate most fairly the value creation between investor and servicers. On the cost side, we'll be continuing insourcing some of the activities traditionally performed by our external network and we will continue our inorganic cost reduction program in Iberia.

In addition, the new transformation program will soon start to yield savings in terms of cost related to operation as it did for IT cost. Lastly, as mentioned we are continuing to work on cash conversion from EBITDA in 2023 as demonstrated by the better working capital dynamics achieved already in Q1. We are currently performing in line with our budget and despite the market headwinds, we are confident of the delivery of the plans for this year.

Thank you very much for your attention and let's now open the floor to questions.

Q&A

ALBERTO GORETTI: Thank you, Manuela. So, as a reminder, please press "*" and "1" to register your questions. I will take them one-by-one. I think you can take the first question from Simonetta Chiriotti of Mediobanca.

SIMONETTA CHIRIOTTI: Thank you, Alberto. Good morning all. You have mentioned that overall results are in line with the budget. Did you confirm that the budget is to deliver revenues and EBITDA roughly in line with the previous year?

And looking at what happened in the first quarter this linked back in the rest of the year, this should deliver some growth at the EBITDA level. So, do you think that this is possible considering the level of the assets especially in Spain? And remaining on Spain, do you think that the recent acquisition of Haya by Intrum changes the competitive landscape, and do you see room for M&A in that market or are you interested in M&A in this market, in the coming months? Thank you.

ALBERTO GORETTI: Simonetta, I'll cover the first question. So, yes we are confident that we will meet our budget target for the year which is roughly in line with consensus on Gross Revenues and EBITDA. And in particular, EBITDA which is probably going to be in line with what we posted last year. As Manuela mentioned, there are several factors that are supporting these assumptions. First of all, the GBV already secured which will be onboarded in the year, most of which is in the Hellenic region, so with good profitability.

Then as Davide mentioned, the seasonality effect that we usually have has been accentuated this year by the timing of the disposals that we are planning to do in Greece. Meaning that the year will be a bit more back-loaded compared to previous years. And we are targeting to preserve also the servicing mandates for the future to support performance in 2024 and onwards.

On the cost side, as mentioned by Manuela the insourcing activity and also some insourcing that we are doing in Italy and Spain. And on top of that, the transformation program which is progressing very well and which should start to ease the tangible results from 2023 onwards.

MANUELA FRANCHI: On your second question Simonetta, we don't believe that the transaction announced yesterday is changing the competitive landscape in the sense that it's a consolidation of the Intrum platform but vis-à-vis external clients, we have gained in term of new contract a significant market share in terms of potential additions. Also because the team has been focusing on improving the performance on the existing portfolio and this is obviously the first signal they recognize and give credit to. Finally the products we are exporting into Spain are unprecedented and this is not happening for the other competitors. So, vis-à-vis investor clients, we see a positive trajectory and vis-à-vis bank clients as we have demonstrated in the last 6 months by launching pilots which became projects. So we went beyond the pilot phase with 2 of the major banks which are also working with our competitors.

In terms of M&A, yes we are interested as we were before in potential M&A in the region to add volumes to our structure which can load more as we said.

SIMONETTA CHIRIOTTI: Thank you. Another question if I may. So, basically the trajectory is to reach an EBITDA in line with last year. What about the second quarter? Do you think that like catch up in profitability will be already visible in the second quarter or everything is postponed to the second part of the year?

ALBERTO GORETTI: The only thing that we can say around the second quarter is around the normal seasonality of our business. You know, our cost structure in terms of HR and also taxes, interest rate payments is pretty much stable across the year, whilst revenues are very strong in Q2 and in Q4 normally. Certainly, you know, if you look at the past, Q2 it's a little bit stronger than in Q1.

MANUELA FRANCHI: Also considering this year the effect of the sales which are more back-ended loaded, so probably this effect of stronger Q4, vis-à-vis the others is stronger this year than in the past. But all-in-all, you know, the normal seasonality applied.

SIMONETTA CHIRIOTTI: Yes, thank you.

ALBERTO GORETTI: W can the next questions from Eleni Ismailou at Axia Ventures.

ELENI ISMAILOU: Hello everyone and congratulations for the set of results. I just have a couple of questions. So, firstly could you please specify the asset class of the performing loans you see in Greece? And also, what counterparties do you see in secondary deals is it like banks or funds? Thank you.

ALBERTO GORETTI: I think we missed your first question, but on the second one, the counterparties are investors. So, the three trades that we did in Greece were coming out of 2 HAPS securitizations and one portfolio from Bain portfolio. The two portfolios from HAPS securitizations went to Intrum and EOS. EOS is specialized financial investors and Intrum you'll know who they are, and the third one went to APS.

MANUELA FRANCHI: Maybe to address these type of trades in the Greek market. This is not only common to us. It's common to all the servicers in the market. You know there has been a lot of HAPS in the last 3 years and the investor in these portfolio has been programming already in the business plans presented to the rating agencies and to the government some sales during this period. So, we are carrying out this transaction as well as others and there is the benefit of this sales is both booking a sales fee for the transactions as well as maintaining the servicing mandate to the same level.

ALBERTO GORETTI: So maybe Eleni if you can you repeat the first question that will be helpful.

ELENI ISMAILOU: Yes, so, the first question was, whether you could specify the asset class of the performing loans you see in Greece?

MANUELA FRANCHI: Yes, and this is mostly obviously the category of the UTP and early arrears loans where we I mean, we are able to propose restructuring solution and new financing to bring back these loans to the performing status as such they can be sold both in portfolio and securitization format to banks or investors which are different from the originator. This type of transaction has been happening usually in the Anglo Saxon world in the past, and the team is trying to replicate in Greece first, but we are having a similar project in Italy for this portfolio which is in the high part of the non-performing status in the sense that they're all non-performing and especially on the mortgages / residential books.

ELENI ISMAILOU: Okay. Thank you very much.

ALBERTO GORETTI: Okay. I think we can take the next set of questions from Andrea Lisi at Equita.

ANDREA LISI: Hi, thank you for taking my question. The first one is on Greece. I see that the collection was quite strong here above last year level, but the revenues were lower, especially servicing revenue. So just to understand the dynamic, i.e. the correlation between collection and servicing revenues if there is some pressure on fees, or if there is a fee mix that has an affected there. And what do we can expect for the rest of the year?

The second is on Spain, you said that you're interested in M&A, but apart from M&A, what can you do to become a more profitable in Spain again, because with this size in terms of GBV, it seems that it's hard to be profitable? And the question about Italy is about personnel cost that drops significantly year-on-year just to understand it bit better what happened and if it is something that is sustainable?

And last one, the level of CAPEX we anticipate for the rest of the year given that in the first quarter they were really low? Thank you.

DAVIDE SOFFIETTI: Hello Andrea. I will take the first question. The collection in Q1 '23 was supported by the Souq sales, excluding Souq the collection were up 5%. But as already mentioned, the revenues in Q1 '22 in the region in Greece, we had a one-off item related to the curing fees, that excluding that items the collection the revenue are more in line with Q1 2022. This happens as I mentioned also in Cyprus we had the same situation where the 1Q 2022 we had one-off items related to the renegotiation we had with one of our key client that was very successful and we had a benefit in 1Q 2022. So excluding that item they the revenues would be in line with the past.

MANUELA FRANCHI: Just to clarify this last point. Basically, we had booked in 1Q '22 also, the better fee renegotiated for '21 because the renegotiation ended beginning of '22, but it was on the year before.

On the second question on the profitability in Spain, obviously, when we think we are going to be profitable this year this is without M&A because our strategy is without M&A. Taking into account that the exit costs of the personnel which we experienced last year will complete by 1Q will have during this year, all the running effect. So, the fact that almost 200 people have exited the cost base will have a full effect obviously from next year, but significant already this year. This is the first factor.

Second factor, the Spanish team has been successful in exploiting and developing all the new systems which obviously are more efficient than previous, but also are able to deliver not only lower running costs, but also are higher productivity. In fact, you have seen that already in 1Q, the collection rates in Spain have increased.

Last obviously, there is an effort on the general cost to go down and on the outsourcing cost to reduce. Most of them were driven by the Sareb contract. By exiting it, there is much more efficiency and less legacy related to the network, which is something the team is working on. So, the profitability of Spain is not driven by M&A, but could be enhanced by M&A.

On the personnel cost in Italy, there are sustainable elements to continue it going forward. In 1Q one element weighted which is the release of the provisions for the sub-components of the CEO package but it's a package that you know, also considered comments to the remuneration policy was assessed as expensive and therefore, in the new scenario will be more at market terms and this will create a running saving that we will bring with us going forward. On top of that, we will continue to have savings obviously related to the exit program as we are doing efficiencies on the personnel as we continue.

On the CAPEX side, we had communicated in the plan with the results of 2022. It was €27 million CAPEX for 2023 and this is in line with our expectation. So you have seen less in Q1, '23 because taking into account that the deployment of SAP was a major event, which has changed the way of reporting of all the functions in the group so the team has been really focusing on that deployment. The 1Q results, were already on SAP for all the countries. That's why we slowed the investment in the 1Q to focus the team on this specific effort. But we confirm our budget for '23.

ANDREA LISI: Okay. One last follow up, if I may, is about free cash flow generation. So if I'm not wrong, you stated that 2022 would have been an year of kind of stabilization while strong acceleration in 2023. Do you confirm it or there is something new there? Thank you.

DAVIDE SOFFIETTI: Yes, we can confirm it, we can say also in the first quarter was very positive it was offset by the tax paid related to the previous year and on the interest rates that are constant quarter-by-quarter. So also consider Q1, we can confirm that the 2023 will be very positive from a cash flow generation. And |we are also working to improveworking capital dynamics.

ANDREA LISI: Thank you.

ALBERTO GORETTI: Okay, I see no further question in the queue. So thank you every one. Have a good day. Hello, sorry. I think some questions have just appeared. Maybe there are some follow up questions. So let's take the first one from Tim Pedroni at Schroders.

TIM PEDRONI: Yes, hi, there. Alberto, Manuela. Hello, hi. Thanks for the release and your time. Can you just us quickly an update on the forward flow agreements with Santander and UniCredit, because I remember they were due to expire in the next couple of years. So you can update us there?

And secondly, just a very broad question about whether you guys are considering valuing how to apply generative AI kind of infrastructure in your business because I suppose you can gain a lot of efficiency by you know, in the future years, rolling out the kind of technology just wanted to tell you something you are considering and whether that incremental into your efficiency plan, which you are clearly already delivering now? Thank you.

MANUELA FRANCHI: Thanks Tim. On the forward flows these are going to finish in more than 2 years, it is almost 3 years, and therefore obviously these discussions keep progressing, but at slow pace in the sense that there is no pressure from both parties to do it now, because it will be an expansion at no cost of this contracts. We think given the performance we are having with both our key clients, which is very strong both in Spain and Italy, obviously in Italy on the NPL side, we don't compete with anybody but they have their internal benchmark. On the Spanish side, we compete with the other 2 servicers this gives us confidence that, that we will lengthen our contract.

The second point is actually, and thank you for this question. This is something we are very proud of, the transformation program is not just reducing application and reducing the landscape in terms of complexity and reducing cost. But, it's very much innovation, so we give an example in the result of 2022 about text mining which is only one case, where we extract data from, you know, size of different nature and we use them automatically to better collect and to predict. So, the forward-looking predictive analytics is something we are extremely focused on at the moment, because usually this industry tends to predict using curves based on the past experience unless, so on, you know, simulation of specific events of the future. So, this is something we are working and we are actually doing some proof of concept already in both Italy and in Spain.

On the second side, we think that obviously our data are a source of a strength and wealth that we should use in a different way, and in that sense and in the most powerful way, not only for the internal activity as we said, to improve collection, but also as a product for clients. Here the efforts has been to standardize, homogenize and using in a systematic way the data and this is driving the projects around data platform in Italy, the local data warehouse and the enterprise data warehouse which is the Group one, where all the local data will be aggregated, and used for this purpose.

TIM PEDRONI: Understood. Thank you. Quite clear. Just ask a follow up on the outsourcing costs, just as generally, is it fair to assume that, the more you move from NPLs towards the early arrears and UTP the share of outsourcing cost can be reduced because the outsourcing cost are linked to courts sort of activities and exercises or it's not really the case it's just it doesn't matter you analyze on your working line in terms of allocating outsourcing cost. Thank you.

MANUELA FRANCHI: If we didn't have extra capacity which we create through the investment in IT and the operating efficiencies I would agree with you in the sense that obviously the UTP products use less of outsourcing and are more done internally also because there is more a complex work to be done by the asset manager on the restructuring side. And nonetheless we are reducing our outsourcing cost on the traditional business both NPL and REO, because we can use internal capacity of asset managers, which we free up unless the exist to do the activities that are done outside. So don't think about outsourcing as only you know, lowest activity, but also growing another type of professionals like similar to, you know, internal asset manager, but with some specialization which we use outside, when you know, the internal ones are free we can bring inside.

TIM PEDRONI: Understood. Thank you very much.

ALBERTO GORETTI: We can take a question from Filippo Prini at Kepler.

FILIPPO PRINI: Good morning. Just one question next to reconfirmation of budget on EBITDA for this year, are you confirming also the growth of dividend per share of 20% for the year? Thank you.

ALBERTO GORETTI: I think that that is part of our Business Plan targets, it was one of the very clear pillars of the Business Plan. So as you know, we paid €0.50 in 2021, we paid €0.60 in 2022 and, you know, there’s no reason to doubt that we will pay €0.72 for 2023 and this is further underpinned by the fact that, you know, we're working a lot with the cash flow conversion side in order to improve cash generation at the end of the year.

FILIPPO PRINI: Thank you.

ALBERTO GORETTI: I think there's a follow up question from Simonetta Chiriotti at Mediobanca.

SIMONETTA CHIRIOTTI: Yes, thank you Alberto. Couple of follow-up questions, first related to your last answer. Do you think that buyback could make more sense with the stock at this level as opposed to grow dividends?

And the second question is on the 2 large contracts that could be awarded in the coming months, so GLAM and Ariadne. Could you give us an update of where we stand and when this will be awarded to market players? Thank you.

MANUELA FRANCHI: Yes, on the first point, it's obviously, a lever we will consider because we strongly believe that the current share price is undervalued. So, and this was based on also of our Business Plan considerations.

On the second two, we have 2 different stories for the different projects. On the ground side, this is a project which has been approved by you have been discussed with the banks. A portfolio has been identified, which is quite sizable, and now I think the government is waiting to finalize the approvals. I think it was very much linked to the confirmation of the current CEO of AMCO, which was sponsoring this project, and was really the driver behind the project. And you know, the renewal of the Board as for all many of the state-owned companies is around this time, this month or the next month.

On Ariadne, I think that the process will start after the election, because obviously it's a portfolio, state owned thorough PQH which is was created by the government for the all bankruptcy in Greece, and once the political situation is stabilized, they will start. Obviously, you know that on Ariadne we have done a lot of work last year, we did final bids. So the process will probably be faster this year, although they will probably be splitting the portfolios at least into parts to make it more interesting for more investors.

ALBERTO GORETTI: Okay. We see no further questions. So, thanks a lot for your attention, and have a good afternoon.

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