



## MCS&DSO signs agreement to acquire Sistemica

Paris, France – June 11, 2019

MCS&DSO (the “**Group**”) is pleased to announce that one of its wholly-owned subsidiaries, DSO Italia 2, has entered into an agreement with the shareholders of Sistemica S.p.A. (together with its subsidiaries, “**Sistemica**”) to purchase all of the outstanding shares of Sistemica S.p.A. (the “**Acquisition**”).

### About Sistemica

Established in 2003 and located in Rome, Sistemica is an Italian credit servicer covering the entire process of credit collection for secured and unsecured receivables. In recent years, Sistemica has focused its development on three business lines:

- *Credit*, which provides both support and credit collection services, leveraging on Sistemica’s experience in public collection procedures;
- *Real Estate*, which provides services ranging from remarketing of distressed real estate assets, technical real estate services (such as appraisals and due diligence) and real estate auction simulations; and
- *Innovative Solutions*, which provides tailor-made, innovative information technology services to clients across various industries.

As of December 31, 2018, Sistemica has serviced approximately €9.0 billion of Assets under Management (“**AuM**”) for a wide range of clients. Approximately 70% of the AuM serviced by Sistemica is secured by collateral (of which approximately 68% are commercial loans and 32% are residential loans) and 30% is unsecured (of which approximately 58% was managed for banks and other financial institutions, 27% was managed for non-performing loan investors and 15% was managed for utilities). As of December 31, 2018, Sistemica had 185 employees.

### Acquisition Rationale

The Group believes it will benefit from the following key strengths of Sistemica as a result of the Acquisition:

- *Innovative player in the Italian credit collection market*: Sistemica has been able to industrialize the credit collection process through the development and adoption of best-in-class proprietary technology which is compatible with its clients’ and other third parties’ information technology systems. This allows for streamlining of the credit collection process, resulting in significant cost reductions.
- *Successful track record of contract wins and client satisfaction*: Over its history, Sistemica has been able to leverage the flexibility of its solutions, its innovative service offering and its emphasis on quality in order to attract a range of clients, including Eni, Enel, SGA, Unicredit, BNL, IccreaBanca, Telecom Italia and Trenitalia, among others.

- *Complementary businesses:* Sistemica benefits from the complementary nature of its two principal business lines, Credit and Real Estate. For example, Sistemica is able to leverage its extensive real estate experience and know-how in its Credit business.
- *Strong performance and growth:* Between 2016 and 2018, its serviced accounts, revenue and EBITDA have grown at a CAGR of approximately 45%, 25% and 48%, respectively.

Upon completing the acquisition of Sistemica and building on its acquisition of Serfin last year, the Group will have built extensive and complementary debt collection capabilities in Italy and capitalize on these best-in class platforms to develop its servicing activities locally. From early arrears to litigation, for small unsecured claims as well as for large secured loans, the Group will now be able to offer a full range of services to its customers on both sides of the Alps. Although the Group does not anticipate realizing synergies from its Italian acquisitions, it believes that the acquisitions will fuel the Group's overall growth and will provide cross-selling opportunities.

### Financial Performance<sup>1</sup>

Sistemica generated approximately €26 million in revenue, €8.6 million in EBITDA and €7.6 million Cash Flows<sup>2</sup> (representing a 89% cash conversion) for the year ended December 31, 2018.

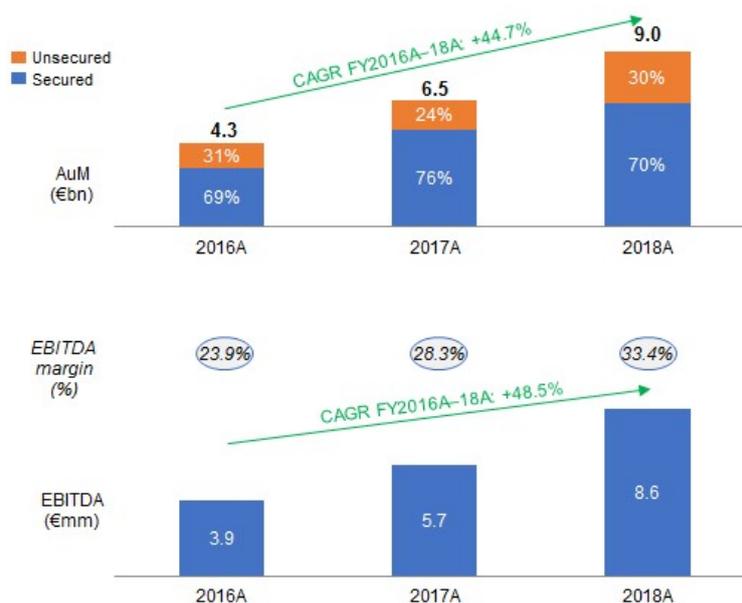
Below are certain key financial metrics for Sistemica as of and for the years ended December 31, 2016, 2017 and 2018:

<i>(in millions of euro, except as otherwise indicated)</i>	<u>As of and for the year ended December 31,</u>			<u>CAGR (2016- 2018)</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	
Servicing accounts (€bn).....	4.3	6.5	9.0	44.7%
% growth .....		51.2%	38.5%	
Net revenues.....	16.5	20.3	25.7	24.8%
% growth .....	31.6%	22.9%	26.8%	
Operating expenses .....	(13.1)	(15.3)	(17.9)	16.9%
<b>EBITDA .....</b>	<b>3.9</b>	<b>5.7</b>	<b>8.6</b>	<b>48.5%</b>
<i>EBITDA margin .....</i>	23.9%	28.3%	33.4%	

<sup>1</sup> The financial information on Sistemica provided herein is based on consolidated financial information as reported by Sistemica in accordance with Italian GAAP.

<sup>2</sup> Defined as EBITDA minus Capex and change in Working Capital.

The charts below show the growth in the accounts serviced by Sistemica (and the breakdown between secured debt and unsecured debt therein) and Sistemica's EBITDA and EBITDA margin over the years ended December 31, 2016, 2017 and 2018.



On a *pro forma* basis for the Acquisition as if it had occurred on January 1, 2018, the Group would have generated approximately €237 million in cash revenue and €109 million in cash EBITDA, including approximately €4.7 million in anticipated synergies to be realized within 24 months from the closing last October of the combination of MCS and DSO. Moreover, and in keeping with the Group's overall rebalancing strategy of the source of its revenues, approximately 58% of the Group's total net revenue on a *pro forma* basis would be generated from servicing revenues (as compared to 52% on a combined MCS and DSO basis for the quarter ended March 31, 2019). Approximately 42% would be generated from net collections on the Group's portfolios (as compared to 48% on a combined MCS and DSO basis for the quarter ended March 31, 2019).

### The Acquisition

Sistemica is currently owned by funds managed or advised by KKR, which acquired it in 2017, as well as members of Sistemica's management, including its Chairman, Guido Fienga, and its CEO, Paolo Sgritta. Sistemica's Chairman, CEO and other key managers intend to reinvest in Sistemica alongside the Group in connection with the Acquisition. The Group intends to fund the Acquisition using its available cash. Depending on market conditions, the Group may choose to replenish all or part of the cash used to fund the Acquisition through external debt. In any case, we will seek to ensure net group leverage stays within the Group's leverage guidance of 2.5x -3.5x. The Acquisition is expected to close before the end of July 2019, subject to customary closing conditions.

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### ***About MCS-DSO, the new group formed from the tie-up between MCS and DSOgroup (October 2018)***

*As the leading debt repurchase & management specialist in France, the new group provides services for major companies and financial institutions throughout each stage of their client financial relations, by combining a culture based on operational excellence with artificial and human intelligence. Its ambition is to offer its clients a first-rate experience and respond to the challenges they face in terms*

*of risk management, performance and transformation. MCS and DSO employ over 1,800 staff in 13 sites located in 5 countries and generated €211 million of consolidated cash revenues in 2018.*

*This press release constitutes a public disclosure of inside information by Louvre Bidco under Regulation (EU) 596/2014 (16 April 2014) and Implementing Regulation (EU) No 2016/1055 (10 June 2016).*

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