

# doValue

## Key Highlights of Gardant Acquisition

7<sup>th</sup> June, 2024



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# Executive Summary – Strategic Rationale

doValue has entered into a binding agreement to acquire 100% of Gardant

## Leader in Southern Europe

- The Acquisition allows doValue to strengthen and consolidate its unique position as the asset-light servicing champion in Southern Europe, with an undisputed leadership in Italy

## Overview of Gardant

- Gardant is a leading Italian fully rounded Credit Management platform with long-term servicing contracts from Banco BPM and BPER Banca, stemming GBV of c.€22bn at end of March 2024, and 2024E Revenues of c.€135m with average EBITDA of c.€50m

## Acceleration of doValue's 2024-2026 Business Plan

- The transaction accelerates the execution of doValue's 2024-2026 Business Plan, anticipating the targets of revenue diversification, from 35-40% of non-NPL revenues to 40-45% by 2026E

## Fully Committed Industrial Shareholders<sup>(1)</sup> & Rights Issue

- doValue will also benefit from Elliott related entities, the majority shareholder of Gardant, as fully-committed industrial partner, alongside Fortress and Bain Capital, having provided an underwriting commitment to subscribe pro-rata to the €150m Rights Issue

## High Quality Forward Flow Agreements

- The platform and capabilities of Gardant, with forward flow agreements with both Banco BPM (NPLs) and BPER Banca (mostly UTPs), will endow the combined entity with the scale and know-how to compete in one of the most profitable segments of the Italian NPE market

## Foster Launch of Asset Management Funds

- Gardant's asset management business has 4 funds with €715m of funds raised to date<sup>(2)</sup>, thereby allowing doValue to smoothly launch the investment funds embedded in its business plan

## Optimisation through Digital Platform

- doValue will adopt the proprietary data-driven digital platform under the umbrella of DataGardant, allowing doValue to optimize the management of NPL and UTP portfolios, in line with its strategy

# Executive Summary – Financial & Structure

## Transaction Consideration

- The Acquisition consideration is composed of: (i) €230m upfront cash consideration and (ii) new doValue shares, issued at a premium to current stock price, resulting in a 20% stake in doValue (together with Gardant the “**Combined Group**”)
- The implied valuation of Gardant, at today’s doValue share price level, is consistent with doValue’s current trading multiples

## Industrial Synergies and Cash EPS accretion

- The transaction is expected to generate revenue and cost synergies at up to €15m per annum. Cumulative one-off restructuring costs c.€15m
- Medium-term Cash EPS accretion also thanks to an efficient financial structure going forward

## Acceleration of Deleverage and Credit Rating

- Net Debt/EBITDA expected to fall to c.2.0x in 2025E and c.1.5x in 2026E, supporting financial flexibility for future M&A and dividend policy
- No expected impact on Credit Rating and conservative financial policy in place to maintain it stable at current levels

## Committed Financing Package

- Committed financing package of c.€500m including a 5-year amortising Term Loan and €70m 3-year RCF
- The financing package will also be used (i) to pay the cash consideration due for the acquisition (€230m) and (ii) to fully refinance the 2025 SSNs (€264m), together with the proceeds from the Rights Offering, and (iii) additional liquidity to support the repayment of the 2026 SSNs in due course

## Rights Issue

- Rights Issue of €150m consisting of (i) an underwriting commitment from Fortress, Elliott, Bain Capital and certain other Gardant minority shareholders to subscribe pro-rata (€82.5m<sup>(1)</sup>), and (ii) a pre-underwriting commitment pursuant to which the bank syndicate have undertaken, subject to conditions in line with market practice for similar transactions, to enter into an underwriting agreement for the subscription of any newly issued shares that remain unsubscribed at the end of the auction period of the Rights Issue offering, for an amount of up to approximately €67.5 million

## Closing of the Transaction

- Closing of the Acquisition is expected in 4Q-24, subject to certain conditions precedent being satisfied, including, among others: (i) the approval by the doValue’s shareholders meeting, inter alia, of (a) the Reserved Capital Increase, (b) the Rights Issue, and (c) the increase of the members of the current doValue’s Board of Directors through the appointment of two Elliott representatives, and (d) certain customary regulatory approvals including, inter alia, Bank of Italy

# Why Gardant

doValue

# New doValue: the Asset-Light Credit Management Leader in Southern Europe



Uniquely positioned as **asset-light Credit Management Leader** in the most attractive **European geographies**



**Long-term industrial relationships** with shareholders who are among the **largest credit funds** investing in Southern European NPEs



**High revenue visibility** through **long term and forward flows contracts** with leading European Banks and NPE funds



**Solid revenue diversification** into UTPs and performing loans , real estate and data advisory services, asset management and master servicing



**High profitability coupled with superior cash conversion** leading to accelerated deleveraging profile



**Solid capital structure** paving the way for **M&A to enhance growth and profitability** and a **sustainable dividend policy**, with the aim to maintain the current credit rating level

**Leader** in Southern Europe, Hellenic region and Italy

**#3** anchor shareholders & clients committed to doValue: Fortress, Elliott, Bain Capital

**High Visibility** across all revenue streams (c.80% secured revenues)

**40-45%** non-NPL expected revenues in 2026E

**c.2.0x** leverage expected in 2025E

# Gardant is a Leading Italian Credit Management Platform

## Business Description (figures for 2024E)

- Gardant boasts a comprehensive credit management offering across the entire value chain, including performing loans, UTPs and NPLs, master & special servicing, and asset management
- Gardant is also a pioneer in the development of proprietary, data-driven platform to optimize the management of portfolios, under the umbrella of DataGardant
- Gardant has achieved significant growth, both organically and through strategic partnerships, including 10-year long-term joint ventures with Banco BPM and BPER Banca for the management, also via forward flow agreements, of non-performing exposures

**c.€22bn**

Special Servicing GBV  
(as of Mar-24)

**c.€715m**

Funds Raised  
(as of Mar-24)

**c.#450**

FTEs

**c.€135m**

Gross Revenues

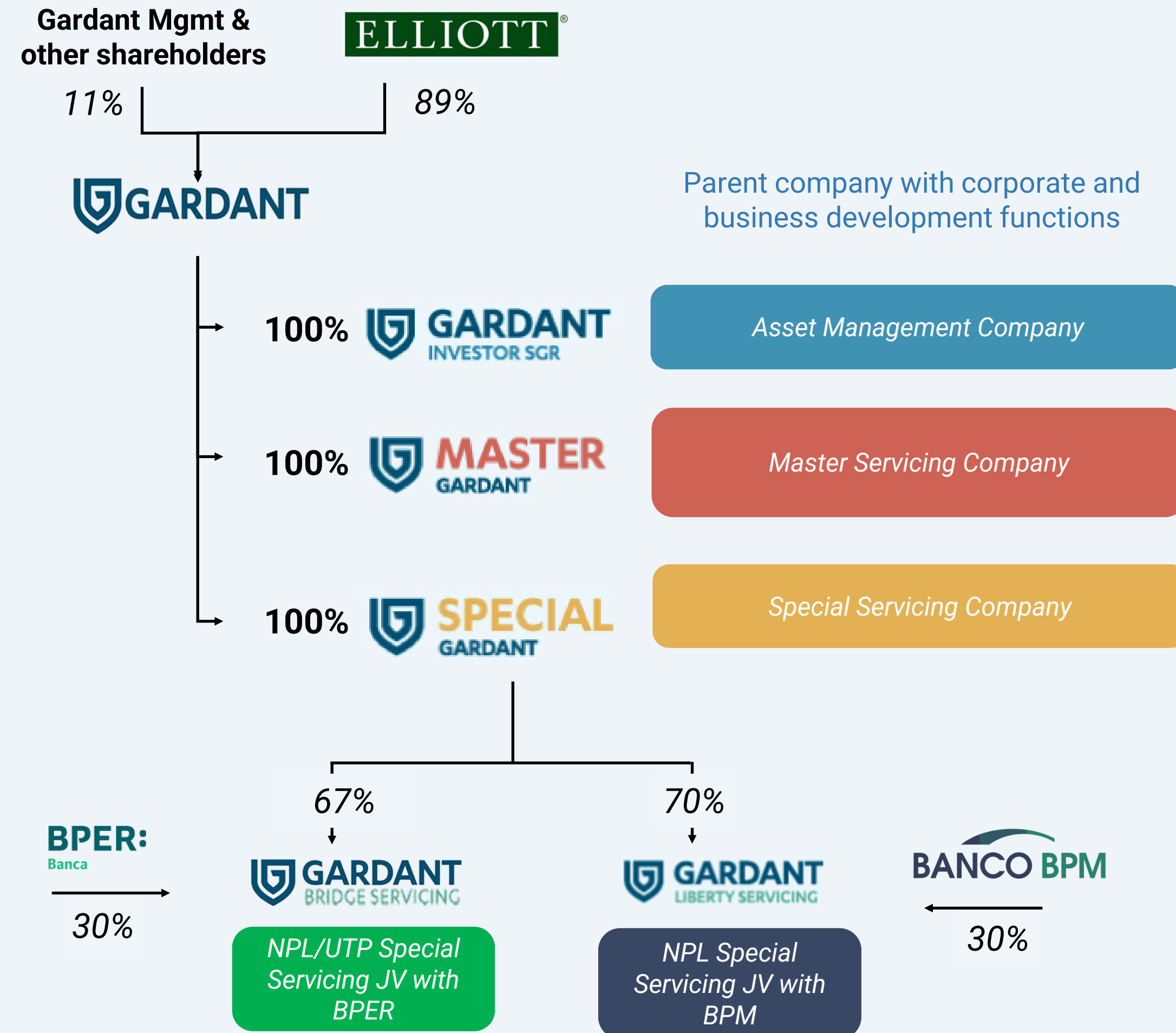
**c.€50m**

EBITDA

**c.40%**

Revenues from non-NPL  
services

## Group Structure





# Compelling Financials and Attractive Flow Contracts

Gardant boasts an excellent level of profitability thanks to high-quality and long-term forward flow servicing agreements with Banco BPM and Banca BPER and focus on UTP / Asset management

## Key Financials

	2024E
<b>GBV</b> <i>(as of March 2024)</i>	c.€22bn
<b>Funds Raised</b> <i>(as of March 2024)</i>	c.€715m
<b>Gross Collections</b>	>€1.0bn
<b>Gross Revenue</b>	c.€135m
<b>EBITDA</b>	c.€50m
<b>Cash Conversion</b>	>90%

## Key Commercial Agreements



























	BANCO BPM	BPER: Banca
		
<b>Joint Venture</b>	70%	67%
<b>Current Stock</b>	c.€10bn <sup>(1)</sup>	c.€3bn
<b>Forward Flows</b>	80% of new NPLs	90% of new NPLs 50% of new UTPs
<b>Expected future inflows</b>	c.€4bn NPLs 2024-2030	c.€2.5bn NPLs c.€5.5bn UTPs 2024-2034
<b>Duration</b>	2019 to 2030	2024 to 2034

Minimum guaranteed volumes mechanism



# Consolidating doValue's Leadership in the Italian Market

>€90bn Pure-Play Servicing Italian Servicer with Long-Standing Relationships with Banks and Financial Investors

Italian NPE Landscape						
Servicer	Anchor Shareholders	Italian Special Servicing NPE GBV (€bn)	Asset-light business model	NPE asset management	Banking Forward Flow JVs	
 	  		✓	✓	✓	
 			✓	✓	✓	
	 		✗	✗	✓	
	 		✗	✗	✗	
	 Fürstenberg family		✗	✗	✓	
			✗	✗	✓	
	Bommarito family		✗	✗	✗	

Mostly focused on Real Estate

# Enhanced Scale & Breadth of Offering

The acquisition achieves a well-balanced portfolio in terms of client category (banks, securitisation vehicles and investors), in addition to achieving a larger and highly attractive GBV, with Italy increasing its contribution to the Group

**GBV  
Special Servicing**

**ACR (% , Italy only)**

**EBITDA ex NRI  
Margin %**

**Revenues by Client**

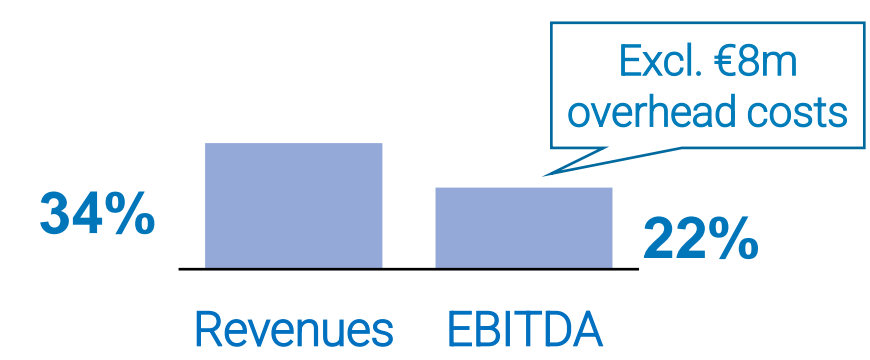
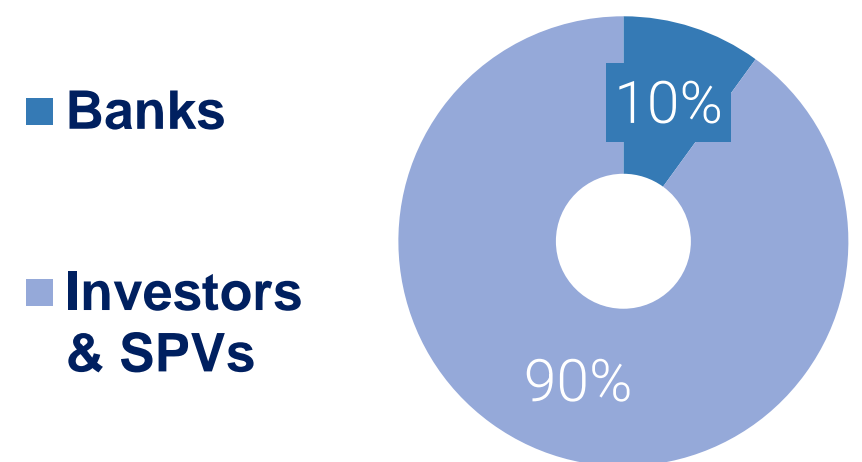
**Italy Contribution to  
Group Revenues  
and EBITDA**

**doValue**  
2023A

€117bn

c.2.5%

c.37%

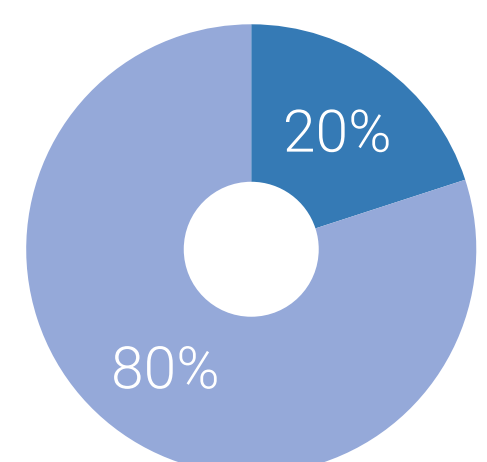


**GARDANT**  
2024E

c.€22bn

>5%

c.37%



**doValue** **GARDANT**

*GBV in excess of €130bn across Souther Europe*

*Average Collection Rate accretion in Italy*

*Confirming high EBITDA margin*

*Higher Client Diversification of Revenues*

*Italian market to be largest revenue contributor with almost half of aggregated revenues*

# Creating Long-Term Value through Industrial Synergies

The envisaged combination of doValue and Gardant is expected to generate up to €15m of annual pre-tax synergies (c.€5m already in 2025), with cumulative one-off restructuring costs of approx. €15m

## Cost Synergies (c. 80%)

Reduction of external costs through selective insourcing

Integration of IT functions and various operating cost savings

Sharing of best practice in terms of efficiency and productivity

Savings on new hires and lower exits from more stable workforce

## Revenue Synergies (c. 20%)

Gardant Investor SGR capabilities to launch co-investment fund

Cross-selling of services offered by doValue to Gardant customers, and vice-versa (eg. Master servicing, fronting bank, DataGardant)

Expand Gardant Investor SGR outside Italy

**Annual pre-tax synergies up to €15m**

**Cumulative one-off restructuring costs c.€15m**



# 'Ticking all the boxes' of doValue's Strategic Agenda and M&A Guidelines

The transaction is also perfectly in line with the Rationale, Focus and Guidelines for M&A indicated in the CMD on 21<sup>st</sup> March 2024, with respect to M&A

Acceleration of 24-26 Industrial Plan Objectives		Key Guidelines for M&A	
Increase of share of non-NPL Revenues, particularly UTP	✓	Timing	Constant focus over the Business Plan to 2026 to achieve strategic objectives ✓
Younger GBV leading to a higher Collection Rate	✓	Size	Focus on small-medium deals for diversification, and larger deals to achieve market consolidation ✓
Exposure to new high quality and long-term clients	✓	Leverage	Limited impact to organic deleverage profile, particularly in 2024-2025 ✓
Secure new long-term forward flow agreements	✓	Valuation	Valuations to ensure attractive EPS accretion, also considering strong synergies and/or exceptional growth ✓
Improvement of Profitability	✓	Geography	Main focus on Italy and Spain. New markets be considered at a later stage ✓
Enhanced organic reduction of financial leverage	✓	Structure	Focus on majority stakes, with conservative structures and a favourable risk profile for doValue ✓

# Transaction Overview

The background features a vibrant blue gradient with intricate, flowing patterns of red and white lines that resemble liquid or smoke, creating a sense of dynamic movement and complexity.

# Gardant Transaction Highlights

## Consideration for Gardant envisages a €230m cash component and 20% ownership in the Combined Entity

### Consideration for Gardant

- The Acquisition consideration is composed of: (i) €230m upfront cash consideration and (ii) new doValue shares issued at a premium to current stock price, resulting in a 20% stake in doValue
- The implied valuation of Gardant, at today's doValue share price level, is consistent with doValue's current trading multiples

### Transaction Financing

- Committed financing package of c.€500m including a 5-year amortising term loan and €70m 3-year revolving facilities
- The financing package will also be used to fully refinance the 2025 SSNs and includes additional liquidity to support the repayment of the 2026 SSNs in due course

### Rights Issue

- Rights Issue of €150m consisting of (i) an underwriting commitment from Fortress, Elliott, Bain Capital and certain other Gardant minority shareholders to subscribe pro-rata (€82.5m)<sup>(1)</sup> and (ii) a pre-underwriting commitment pursuant to which the bank syndicate have undertaken, subject to conditions in line with market practice for similar transactions, to enter into an underwriting agreement for the subscription of any newly issued shares that remain unsubscribed at the end of the auction period of the Rights Issue offering, for an amount of up to approximately €67.5 million

### Financial impacts<sup>1</sup>

- Medium-term Cash EPS accretion
- Expected Combined Group Financial Leverage of c.2.0x in 2025E and c.1.5x in 2026E
- Solid capital structure and leverage under control allowing future M&A and a sustainable dividend policy

### Pro-forma Shareholders

- Upon completion of the Transaction, doValue share capital will see Fortress (c.23%), Elliott (c.18%) and Bain Capital (c.11%) as fully-committed partners and long-term shareholders
- Upon completion of the Transaction, Elliott will appoint #2 representatives in doValue's Board of Directors (subject to EGM approval)

### Timing & Conditions

- Closing of the Acquisition is expected in 4Q-24, subject to certain conditions precedent being satisfied, including, among others: (i) the approval by the doValue's shareholders meeting, inter alia, of (a) the Reserved Capital Increase, (b) the Rights Issue, and (c) the increase of the members of the current doValue's Board of Directors through the appointment of two Elliott representatives, and (d) certain customary regulatory approvals including, inter alia, Bank of Italy

# Simplified Sources & Uses

Uses	
Upfront cash consideration	230
Refinance 2025 SSNs	264
Additional liquidity <sup>(2)</sup>	156
<b>Total Uses</b>	<b>650</b>

Sources	
Financing package	500
Rights Issue	150
<b>Total Sources</b>	<b>650</b>

- A** Gardant Cash Consideration of €230m, includes refinancing of Gardant existing net debt (€50m)
- B** c.€500m financing package fully underwritten by a syndicate of banks, including a 5-year amortising term loan and a €70m 3-year RCF
- C** €150m Rights Issue with (i) €82.5m<sup>(1)</sup> underwriting commitment from Fortress, Elliott, Bain Capital and certain other Gardant shareholders and (ii) €67.5 pre-underwriting agreement from a bank syndicate for unsubscribed shares

# Solid Capital Structure with Ample Coverage of 2025-2026 Maturities

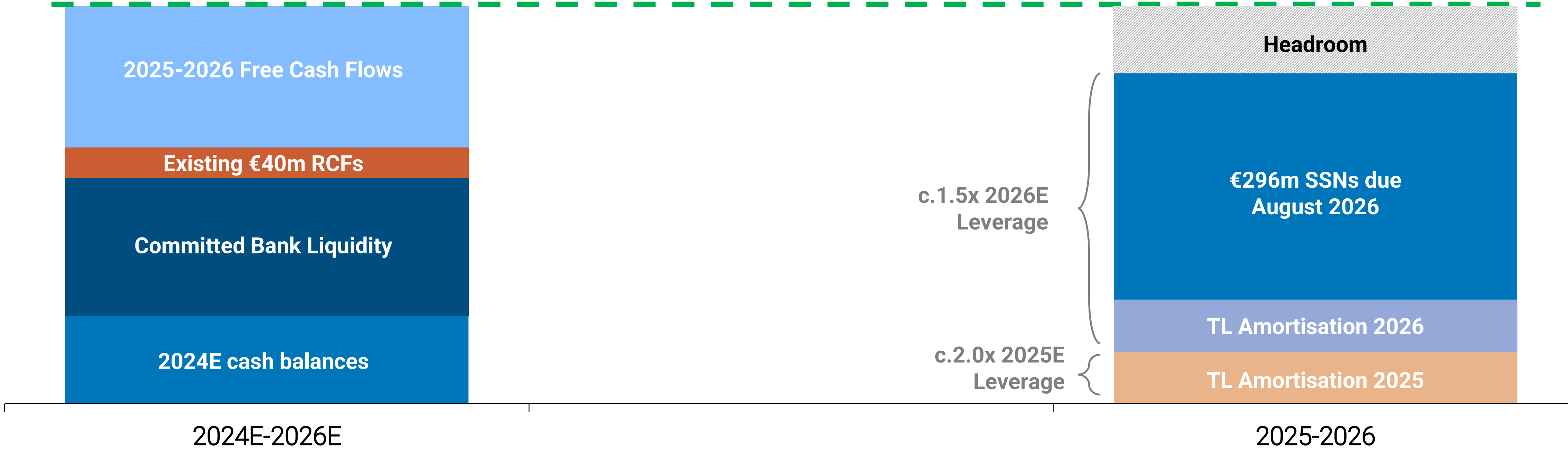
Ample and well-diversified liquidity position post-closing, with the new financing package of c.€500m coupled with improved Free Cash Flows for 2025-2026 providing solid coverage for the amortisation of the Term Loan and to support the repayment of the 2026 SSNs

Term Loan financing allows diversification of sources of financing and, thanks to amortisation over time, lower amount of gross indebtedness and consequently lower interest charges

## Sources of Liquidity

## Financing Maturities

Ample Coverage of upcoming maturities





# Updated Financial Targets 2026E

	✓ confirmed <b>2024E</b> AS PER CMD		<b>2026E</b> AS PER CMD		<b>2026E</b> NEW DOVALUE	doValue + GARDANT
Gross revenues <i>non-NPL revenues (%)</i>	€480-490m 30-35%	»	€480-490m 35-40%	»	€605-625m 40-45%	
Gross Book Value <i>ACR (%)</i>	c.€115bn c.5.1%	»	c.€110bn c.5.5%	»	c.€130bn c.5.5%	
EBITDA ex NRIs <i>EBITDA margin (%)</i>	€160-170m +€10m run-rate savings	»	€185-195m c.39% margin	»	€240-255m c.40% margin	including synergies
OCF ex NRIs <i>Financial leverage</i>	c.€130m 2.7-2.8x	»	€140-150m 2.1-2.3x	»	€190-200m c.1.5x	
Dividend policy	Temporarily suspended	»	0.25 per share (€20m) if 2025A leverage <2.5x	»	To be enhanced in the context of lower leverage	

# Glossary

<b>NPL</b>	– Non-Performing Loan, i.e. loans which are more than 180 days past due and have been denounced	<b>UTP</b>	– Unlikely to Pay, i.e. loans that are between 90-180 days past due and denounced or more than 180 past due and not denounced
<b>NPE</b>	– Non-Performing Exposure, i.e. the aggregate of NPL, UTP and Early Arrears	<b>Non-NPL revenues</b>	– Gross revenues stemming from Unlikely-to-Pay Management, Asset Management, Master Servicing and other ancillary income
<b>GBV</b>	– Gross Book Value, i.e. nominal value of assets under management, represents the maximum / nominal claim by banks / investors to borrowers on their portfolios	<b>Cash EPS</b>	– Earnings (pertaining Parent) per fully-diluted shares (EPS) grossed-up of non-cash recurring items (D&A related to servicing contracts)
<b>RCF</b>	– Revolving Credit Facility	<b>SSN</b>	– Senior Secured Notes, currently outstanding listed bonds due in 2025 and 2026
<b>SPV</b>	– Special Purpose Vehicles in Securitizations	<b>Cash Conversion</b>	– EBITDA net of recurring Capital Expenditures / EBITDA
<b>ACR</b>	– Average Collection Rate, computed as gross collections for the year divided by average Gross Book Value	<b>E</b>	– Expected figure for a given year
<b>AUM</b>	– Assets Under Management, includes Assets under Special Servicing and Master Servicing	<b>EBITDA ex NRI</b>	– Earnings before Interests, Taxes, Depreciation & Amortization net of non-recurring items
<b>OCF ex NRI</b>	– EBITDA ex NRI net of cash taxes, $\Delta$ NWC, recurring Capital Expenditures and IFRS16 lease payments	<b>CMD</b>	– Capital Markets Day held by doValue on 21 <sup>st</sup> March 2024
<b>FTE</b>	– Full Time Equivalent, i.e. a unit that indicates the workload of an employed person in a way that makes workloads comparable across various contexts	<b>Forward Flows</b>	– Agreement with commercial bank related to the management of all future NPL generation by the bank for number of years, customary feature of credit servicing platforms spun off by commercial banks

The background features a series of glowing, blue, wavy lines that swirl and curve across the frame, creating a sense of motion and depth. The lines are bright and have a soft glow, set against a darker blue gradient background.

**doValue**