

PRESS RELEASE

FIRST HALF 2022 RESULTS

AMCO: COLLECTIONS AT €667M (+11%) AND REVENUES INCREASING TO €150.2M (+6%)

ASSETS UNDER MANAGEMENT POINTING TO €34.1 BILLION

- **Assets under Management up +3.0% y/y, standing at €34.1 billion *pro-forma*¹ for the acquisitions signed**
- **Balanced business mix: 59% NPLs and 41% UTPs**
- **Double-digit growth (+11% y/y) in collections: €667 million in 1H22, as a result of the growth experienced by all Business Divisions**
- **Collection rate rose to 4.2%: +0.5 pp compared to 1H21**
- **Revenues stood at €150.2 million (+6% y/y), driven by debt purchasing activity, accounting for 85% of total**
- **EBITDA came in at €90.6 million: +1% y/y supported by revenue growth; EBITDA margin at 60%**
- **Net profit reached €10 million, due to provisions covering the credit risk of specific files**
- **Confirmed capital strength: CET1 at 36.2%**
- **Team is strengthened by new hirings: 42 more than in 1H21, with headcount totalling 360 employees at the end of June 2022**
- **Fitch confirmed AMCO's "BBB" long-term rating and "F2" short-term rating, with a stable outlook, thus maintaining the investment grade level**
- **S&P's updated its analysis: AMCO's long-term rating remains 'BBB' with a positive outlook; short-term rating remains 'A-2'**
- **ESG commitment continues as well as our sustainable approach to patient credit management, aimed at favouring corporates' business continuity while supporting the country's economy**

¹ Pro-forma for the acquisitions of former Intesa Sanpaolo leasing and single name portfolios. The underlying contracts have been signed but are expected to become effective in the second half of 2022.

Milan, 27 July 2022 - The Board of Directors of [AMCO – Asset Management Company S.p.A.](#) met today and approved the Company's 1H results of the year 2022.

*"1H22 results show a continuously improving collections trend with double-digit growth, thanks to the contribution of all business divisions. Operating profitability improved as a result of revenue growth. Our capital structure is strong while our team keeps growing with new talents joining the Company – said **Marina Natale, CEO of AMCO** -. Our goal for the second half of the year is to consolidate growth, continuing to approach our customers/debtors with a patient and sustainable management approach aimed at avoiding financial stress while ensuring business continuity and development."*

1H22 RESULTS

Business development

As of 30 June 2022, Assets under Management (AuM) on a *pro-forma* basis² reached €34.1 billion (+3.0% y/y), consisting of NPLs (59%) and UTPs (41%).

Growth in *pro-forma* AuM reflects agreements signed with **Intesa Sanpaolo Group** to purchase **€1.4 billion** (gross book value) of real estate **non-performing lease loans** and a UTP single name portfolio with a gross book value of €120 million, expected to be finalised in the second half of 2022.

Prior to these transactions, AuM as of 30 June 2022 stood at €32.6 billion (58% NPLs and 42% UTPs), compared to €32.5 billion at the end of 2021. The change in AuM during the period was driven by the natural dynamics of the portfolio as well as by additional contributions to the Back2Bonis Fund related to the Cuvée Project.

As a result of the above contributions, the **Cuvée Project** reached €2.2 billion in gross assets under management, confirming the success of the first multi-originator platform established in late 2019 to manage UTPs in the real estate sector.

Thanks to its innovative *in-house/outsourcing* model, AMCO can rely on a flexible operational leverage that combines growth and efficiency.

The **UTP Division** was further strengthened by creating a new team responsible for the management of granular positions related to small/medium-sized counterparties, ensuring solutions that include also the provision of new financing, thus enabling deserving businesses to access credit sources again.

² Pro-forma for the acquisitions of former Intesa Sanpaolo leasing and single name portfolios. The underlying contracts were signed but are expected to become effective in the second half of 2022.

The **Special Partnerships & Servicers Division (SP&S)**, which began its operations in January 2022, is now operating at full speed, consolidating our partnership model with 13 leading servicers, thus ensuring management flexibility.

The **Workout Division**, specialised in the management of non-performing loans, carries out the sustainable and patient management approach by engaging in customised negotiations (loan by loan) with the main objective to pursue out-of-court settlements.

In its advisory role to all other Divisions, the **Real Estate Division** pursues strategies that are aimed at enhancing the value of collaterals of secured loans under management not only by providing appraisals and opinions but also by acting as auction facilitator in enforcement procedures, including direct investment (REOCO). With the finalisation of the purchase of the Intesa Sanpaolo portfolio, the Division will experience a business scale-up in the management of real estate assets underlying lease loans.

Sustainable approach to business

The distinctive feature of AMCO lies in its sustainable approach towards its customers –designed to avoid financial and reputational stress and to support business sustainability – acting as a partner for all stakeholders. This approach is based on a mix of customer-oriented actions, including:

- Strategic support, including business plan review and industrial partner selection;
- Debt restructuring proposals in line with business operating needs, with sustainable repayment plans, including reliance on equity-like instruments;
- Identification of non-core assets to be divested in order to free up additional resources to support the business;
- Purchase real estate assets with a view to increasing their value and revitalising urban areas;
- Granting new financing to encourage business continuity and industrial turnaround, in order to re-inject resources and energy into the system for the benefit of the country's economy.

During 2022, AMCO successfully managed files in several sectors involving both **restructuring of Italian manufacturing companies**, such as the relaunch of *Gruppo Grotto* (Gas jeans brand) and *Asso Werke*, an Italian company engaged in the automotive sector, as well as **direct purchases of real estate assets** such as the *Torre Aquileia in Jesolo* (Venice) with a view to enhancing their value through subsequent sale while creating a benefit for the local area.

Recent transactions include also *Fondo Umbria Comparto Monteluca* for the requalification of Perugia's Monteluca district. AMCO, acting as Project Cuvée's special servicer, facilitated an agreement with the Fund's creditors in order to rebalance its indebtedness and signed a restructuring agreement that will allow the completion of a real estate development after ca. 15 years.

Cash Collections

Cash **Collections** in 1H22 **grew by 11% y/y**, standing at €667 million, confirming the success of the *in-house/outsourcing* operating model. During the period, the annualised collection rate reached 4.2% of Assets under Management, up from 3.6% in 1H21.

All business divisions contributed to collection growth. Special emphasis is placed on the strong performance of the **Special Partnerships & Servicers Division, which scored the highest growth** (+24% y/y), reaching €217 million in collections during the period. Also noteworthy was the 8% growth in collections posted by the UTP Division (€293 million), the largest contributor to the performance of the period, such growth being driven by the flow business on both small and big tickets and almost entirely resulting from out-of-court settlements. **In the Workout Division** (collections at €157 million, +2% y/y), in-court settlements increased compared to 1H21 as courts resumed operations.

Results as of 30 June 2022

Net profit at 30 June 2022 stood at about €10 million, down from €36.5 million in the first half of 2021, mainly due to higher net impairment losses concerning the credit risk of specific files and the review of the value of owned funds (UCITS), related to interest rate movements, particularly affecting the stakes in the *Italian Recovery Fund (IRF)*.

EBITDA (€90.6 million) was up 1% y/y from €89.6 million in 1H21. This trend reflects the increase in revenues which offsets higher legal and collection expenses related to credit management activities that have been started and will generate future collections. **EBITDA margin** stood at 60%.

Income Statement – Main items

Revenues grew (+6% y/y) to €150.2 million, with revenues from investments having an increasing weight, accounting for 85% of the total (83% in 1H21). The remaining revenues originated from servicing activities. Servicing fees derived almost entirely from the management of the loan portfolio of former Veneto Banks, slightly declining due to the natural dynamics of the off-balance portfolios, only partially offset by the increase in fees arising from new AuM contributions to the Cuvée fund.

Interest from customers reached €100.7 million (+6.6% y/y), mainly driven by higher Time Value interests accrued on the MPS portfolio, as recoveries envisaged in the plans approach, after provisions done at the end of 2021.

Other income/expenses from operating activity refer to cash recoveries (all cash-based), maximised thanks also to out-of-court settlement procedures.

€/m ³	1H21	1H22	y/y % change
Servicing fees	23.7	21.8	-7.7%
Interest and fees from customers	94.5	100.7	6.6%
Other operating income/expenses from ordinary activity	23.3	27.7	18.7%
Total revenues	141.5	150.2	6.2%
Labour cost	-19.4	-19.4	0.0%
Net operating costs	-32.5	-40.1	23.6%
Total costs	-51.9	-59.6	14.8%
EBITDA	89.6	90.6	1.2%
Ebitda margin	63%	60%	n.s.
Net impairment gains/losses on loans and financial assets	3.2	-42.9	n.s.
Depreciation and amortisation	-1.3	-2.1	66.6%
Provisions	0.8	-0.1	n.s.
Other operating income/expenses	-5.3	9.3	n.s.
Net result from financial activity	7.6	-7.7	n.s.
EBIT	94.6	-47.1	-50.2%
Interest and fees from financial activity	-42.7	-31.5	-26.3%
Profit before tax	51.8	15.6	-70.0%
Income taxes	-15.4	-6.0	-61.2%
NET RESULT	36.5	9.6	-73.7%

Total costs amounted to €59.6 million, up 14.8% y/y. In detail, net operating costs amounted to €40.1 million, up 23.6% y/y, due to an increase in legal and collection expenses of credit management activities that have been started and will generate future collections. In addition to legal expenses, net operating costs include outsourcing fees related to collections on the portfolio outsourced to external servicers, IT costs, business information costs as well as costs relating to other services provided to business operations and other functions.

Personnel expenses amounted to €19.4 million and were in line with the first half of 2021, which included staff seconded from MPS then exited in November 2021.

As of 30 June 2022, there were 360 employees, 42 more than in June 2021, due to the hiring of new talents deployed in both business activities and central functions. 67% of staff is employed in business roles and the remaining 33% in central functions. Females account for 39% of total staff.

EBIT came in at €47.1 million. The balance of net impairment gains/losses on loans (-€42.9 million), reflects provisions made to cover the credit risk of specific files.

Interest and fees from financing activities (€31.5 million) decreased by 26.3% compared to the first half of 2021 due to the fact that last year secured debt was refinanced, on an unsecured basis, on more favourable terms.

³ 1H22 results refer to individual financial statements, while 1H21 results refer to consolidated financial statements. Effective 1 March 2022, following the liquidation of the Fucino NPL's Srl vehicle, AMCO no longer prepares consolidated financial statements.

Income **taxes** stood at €6 million.

Balance sheet

The balance sheet structure proved once again strong, with the main items virtually in line with 31 December 2021. Loans to customers totalled €4,389 million, down 4.3% from 31 December 2021 due to the natural dynamics of portfolios under management.

Liquid assets, including cash and Italian government bonds, reached €818 million, showing a €161 million increase compared to the end of 2021, thanks to the cash generated by business operations. The excess liquidity is invested in Italian government bonds accounted at Fair Value.

Financial assets stood at €622 million and primarily consisted of the stakes in the Italian Recovery Fund.

Financial liabilities as of 30 June 2022 amounted to €3,635 million and entirely consisted of unsecured bonds issued under the Euro Medium Term Note Programme (EMTN), increased in July 2021 to a maximum of €6 billion. In addition, the company has in place a Commercial Paper program for up to €1 billion, currently unutilised.

Net debt⁴ amounted to €2,790 million, down from €2,990 million at the end of 2021, thanks to cash generated by operating activities.

Assets (€/m) ⁵	1H21	FY21	1H22	% change vs FY21
Loans to customers	5,220	4,586	4,389	-4.3%
Cash and cash equivalents (Due from Banks + Government Securities)	586	657	818	+24.5%
Financial assets	663	654	622	-4.8%
Other assets	227	291	285	-1.9%
TOTAL ASSETS	6,696	6,188	6,115	-1.2%

⁴ Calculated as: debt securities in issue less cash and cash equivalents

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Liabilities and Shareholders' Equity (€/m) ⁶	1H21	FY21	1H22	% change vs FY21
Financial liabilities	3,753	3,673	3,635	-1.0%
Tax liabilities	4	4	4	-14.7%
Provisions for specific purposes	16	23	19	-16.9%
Other liabilities	62	91	91	-0.1%
SHAREHOLDERS' EQUITY (of which):	2,861	2,396	2,366	-1.3%
<i>Share capital</i>	655	655	655	0%
<i>Share premiums</i>	605	605	605	0%
<i>Reserves</i>	1,572	1,572	1,148	-27%
<i>Valuation reserves</i>	-8	-14	-52	268%
<i>Net Profit</i>	36	-422	10	n.s.
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,696	6,188	6,115	-1.2%

Shareholders' equity as of 30 June 2022 totalled €2,366 million.

CET1 ratio was at 36.2% and the Total Capital ratio was 36.2% as well, due to the absence of subordinated bonds. The very solid capital base ensures potential risks to be managed while providing flexibility for further business expansion.

Net Debt Ratio (NFP)/Equity came in at 1.2x.

RATING

On 27 April 2022, **Fitch Ratings** confirmed AMCO's "BBB long-term rating and "F2" short-term rating, with a stable outlook, thus maintaining the investment grade level.

On 22 June, **S&P Global** published an updated rating analysis whereby AMCO's long-term rating remains "BBB" with a positive outlook and the short-term rating remains "A-2."

STATEMENT BY THE MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS

I, the undersigned, Marina Natale, in my capacity as ad interim executive responsible for the preparation of corporate accounting documents, hereby declare, pursuant to paragraph 2 of Article 154-bis of the *Testo Unico della Finanza*, that the accounting information disclosed in this press release reflects documentary evidence, accounting entries and other records of the company.



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AMCO – Asset Management Company S.p.A.

With €34.1 billion of proforma NPEs at the end of June 2022, of which €13.9 billion of UTPs related to over 42 thousand Italian companies, coupled with a 20-year track record (as SGA), AMCO is a leading company in the management of impaired loans, a reference point in the NPE market in Italy, serving the country and the real economy.

Partly owned by the Ministry of Economy and Finance, AMCO is a full-service credit management company operating in the market. Supervised by the Bank of Italy and “Corte dei Conti” as well as subject to the control of its transactions by the Directorate General for Competition (DGComp), which acts at EU level, AMCO operates according to a flexible, innovative business model that respects debtors, creditors, originating banks, bondholders and individuals.

The management approach is designed to avoid creating financial and reputational stress and is aimed at promoting business sustainability, including by directly granting new financing to support business continuity and industrial turnaround, so as to re-inject resources and energy into the system for the benefit of the country’s economy.

Thanks to a diversified management strategy encompassing NPLs and UTPs and to the skills and expertise of its 360 professionals operating in Milan, Naples and Vicenza, AMCO is able to fully address the process of managing impaired loans and any kind of portfolio, including large ones, relying on an effective and flexible operating structure.

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PROFIT AND LOSS⁷

ITEMS (€000)	30/06/2021	30/06/2022
10 Interest and similar income	94,713	100,502
20 Interest and similar expenses	-43,505	-33,058
30 INTEREST MARGIN	51,208	67,444
40 Fees and commissions income	24,321	23,606
50 Fees and commissions expense	-485	-54
60 NET FEES AND COMMISSIONS	23,836	23,553
70 Dividends and similar revenues	472	839
80 Trading activity net result	5,295	15,786
90 Hedging activity net result	-	-
100 Profit (loss) on sale/repurchase of:	134	-
a) financial assets measured at amortised cost	-	-
b) financial assets measured at fair value through other comprehensive income	134	-
c) financial liabilities	-	-
110 Net result of other financial assets and liabilities measured at fair value through profit and loss	11,770	-7,639
a) financial assets and liabilities measured at fair value	-	-
b) other financial assets mandatorily measured at fair value	11,770	-7,639
120 BROKERAGE MARGIN	92,715	99,982
130 Net impairment losses/reversals of impairment losses on:	22,163	-16,219
a) financial assets measured at amortised cost	22,675	-15,780
b) financial assets measured at fair value through other comprehensive income	-512	-439
140 Profit/loss from contractual amendments without cancellation	-	-
150 NET RESULT OF FINANCIAL MANAGEMENT	114,878	83,763
160 Administrative expenses:	-55,379	-64,248
a) staff costs	-19,443	-19,446
b) other administrative expenses	-35,936	-44,802
170 Net provisions for risks and charges	825	-128
180 Net value adjustments/reversals on property, plant and equipment	-931	-1,769
190 Net value adjustments/reversals on intangible assets	-357	-378
200 Other operating income and expenses	-7,191	-1,681
210 OPERATIONAL COSTS	-63,034	-68,205
220 Net gains (losses) on equity investments	-	-
230 Net result of the measurement at fair value of property, plant and equipment and intangible assets	-	-
240 Vale adjustments on goodwill	-	-
250 Profit (loss) on disposal of investments	-	-
260 PROFIT/(LOSS) OF CURRENT OPERATING ACTIVITIES BEFORE TAXES	51,844	15,559
270 Income taxes for the year on current operating activities	-15,377	-5,967
280 PROFIT/(LOSS) OF CURRENT OPERATING ACTIVITIES AFTER TAXES	36,467	9,592
290 Profit (Loss) on groups of activities held for disposal net of taxes	-	-
300 PROFIT/(LOSS) FOR THE PERIOD	36,467	9,592

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BALANCE SHEET ASSET⁸

ASSET ITEMS (€000)	31/12/2021	30/06/2022
10 <i>Cash and cash equivalents</i>	154,973	111,522
20 <i>Financial assets measured at fair value through profit and loss</i>	651,918	620,072
<i>a) financial assets held for trading</i>	70	28
<i>b) financial assets measured at fair value</i>	-	-
<i>c) other financial assets mandatorily measured at fair value</i>	651,848	620,044
30 <i>Financial assets measured at fair value through other comprehensive income</i>	500,668	708,899
40 <i>Financial assets measured at amortised cost</i>	4,589,370	4,389,046
<i>a) loans and receivables with banks</i>	3,651	-
<i>b) loans and receivables with financial companies</i>	82,259	64,923
<i>c) loans and receivables with customers</i>	4,503,460	4,324,124
50 <i>Hedging derivatives</i>	-	-
60 <i>Change in value of financial assets object of a generic hedge (+/-)</i>	-	-
70 <i>Equity investments</i>	10	10
80 <i>Property, plant and equipment</i>	27,217	28,909
90 <i>Intangible assets</i>	1,937	3,478
100 <i>Tax assets</i>	234,785	215,996
<i>a) current</i>	11,207	17,946
<i>b) deferred</i>	223,578	198,050
110 <i>Non-current assets and groups of assets held for disposal</i>	-	-
120 <i>Other assets</i>	26,715	36,776
TOTAL ASSETS	6,187,592	6,114,707

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BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY⁹

LIABILITIES AND SHAREHOLDERS' EQUITY ITEMS (€000)	31/12/2021	30/06/2022
10 <i>Financial liabilities measured at amortised cost</i>	3,673,371	3,635,415
<i>a) payables</i>	26,199	26,142
<i>b) debt securities issued</i>	3,647,172	3,609,273
20 <i>Financial liabilities held for trading</i>	4	179
30 <i>Financial liabilities measured at fair value</i>	-	-
40 <i>Hedging derivatives</i>	-	-
50 <i>Change in value of financial liabilities object of a generic hedge (+/-)</i>	-	-
60 <i>Tax liabilities</i>	4,103	3,501
<i>a) current</i>	-	198
<i>b) deferred</i>	4,103	3,303
70 <i>Liabilities associated to assets held for disposal</i>	-	-
80 <i>Other liabilities</i>	91,124	90,839
90 <i>Post-employment benefits</i>	556	456
100 <i>Provisions for risks and charges:</i>	22,394	18,613
<i>a) commitments and guarantees issued</i>	-	-
<i>b) pensions and similar obligations</i>	130	167
<i>c) provisions for risks and charges</i>	22,264	18,446
110 <i>Share capital</i>	655,154	655,154
120 <i>Treasury shares (-)</i>	-72	-72
130 <i>Equity instruments</i>	-	-
140 <i>Share premiums</i>	604,552	604,552
150 <i>Reserves</i>	1,572,479	1,148,474
160 <i>Valuation reserves</i>	- 14,098	- 51,996
170 <i>Profit/(loss) for the period (+/-)</i>	-421,976	9,592
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,187,592	6,114,707

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