

# 1H22 Results

We look to the future by changing the present

27<sup>th</sup> July, 2022



# We care about the sustainability of our business

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## Sustainable, effective and structured operating model



- Established capability to manage and structure complex deals:
- Sustainable approach in credit management, aimed at meeting clients' needs with a patient approach, as proven by the successful cases managed by the UTP, SP&S and Real Estate Divisions in several industries, including apparel, automotive and real estate
- Growth of Cuvée multi-originator platform managing UTP loans in the real estate sector – run by the SP&S Division – with GBV reaching €2.2bn
- Signed agreements with Intesa Sanpaolo Group for the acquisition of €1.4bn (GBV) of non-performing real estate leasing contracts, plus €120m (GBV) related to a single-name UTP portfolio
- Successful implementation of the new Special Partnerships & Servicers (SP&S) Division, reinforcing our partnership model with 13 leading market players while ensuring management flexibility

## Established business strength



- Fitch confirmed its Long-Term rating (27 April 2022) to BBB and Short-Term rating to F2
- S&P confirmed its Long-Term rating (22 June 2022) to BBB and Short-Term rating to A-2

## Team's growth and ESG Strategy



- 360 employees as of June 2022, 42 more than in June 2021
- Continued commitment to ESG



# Recent successful transactions: we approach clients in several industries with sustainable solutions

## Apparel



**Closing:** June 2022  
**Restructured debt:** €14.8m



AMCO played a pivotal role in the restructuring process of Grotto (GAS brand). The composition with creditors was carried out with the objective of favouring a solution encompassing business continuity. The solution found is a credible entrepreneurial project, bringing discontinuity versus the past, which values local presence and protects employment.

## Automotive



**Closing:** June 2022  
**Restructured debt:** €22.4m



Asso Werke is a key player in the Italian automotive sector as supplier of components for high-performance engines in the premium and sport segment (Ferrari, McLaren, BMW). AMCO, as sole financial creditor, supported the company's industrial turnaround by providing new financing to back planned investments for the revamping of production facilities.

## Real Estate



**Closing:** July 2022  
**Debt:** €28.8m



Fondo Umbria Comparto Monteluca is a publicly contributed closed-end real estate investment fund set up by the Umbria Region for the requalification of the Monteluca district (Perugia). AMCO, acting as special servicer of the Cuvée Project, facilitated an agreement with Fund's creditors and signed a debt restructuring agreement that will allow the completion of the real estate development.

## Residential Real Estate



**Closing:** June 2022  
**Restructured debt:** €19.9m



Torre Aquileia in Jesolo (Venice) is a brand new residential building. In 2020, AMCO acquired 28 apartments, 5 stores and 30 garages in an auction process and, thanks to an effective marketing effort, the sale of almost all properties has been completed as of today. After more than 10 years, Torre Aquileia project will provide Jesolo with a new commercial area.

- **Strategic support**, including business plan review and industrial partner selection.
- **Debt restructuring** aligned with the company's operating needs, with a sustainable repayment plan.
- **Property purchases** with a view to enhancing property value and revitalising urban areas
- Provision of new financing to **encourage business continuity** and industrial relaunch, in order to put **resources and energy back into the system for the benefit of the country's economy**

# 1H22 Results - Overview



# Financial results

First Half 2022

Solidity and performance drive our work



**AUM**  
€34.1 bn  
*pro-forma*



**Collections +11% y/y**  
€667 mln



**Revenues**  
€150.2 m



**Ebitda**  
€90.6 m



**CET1 ratio**  
36.2%



# 1H22: strong growth in collections and robust capital structure



**Collections performance further improves to €667m (+11% y/y)**, equal to **4.2% of AuM<sup>1</sup>** (3.6% in 1H21) thanks to the growth experienced by all Divisions, confirming the success of the in-house/outsourcing operating model.

**AuM stand at €32.6bn at June 2022, and €34.1bn pro-forma** for the **acquisitions** signed<sup>2</sup>; AuM evolution reflects the natural dynamics of the portfolio under management as well as the continuous business expansion.



**EBITDA up to €90.6m (+1% y/y)**, thanks to **revenue growth** offsetting the **increase** in **debt collection expenses** related to files that will originate future collections. **EBITDA margin** stands at **60%**



**Net profit at €10m**, impacted by provisions covering specific files' credit risk

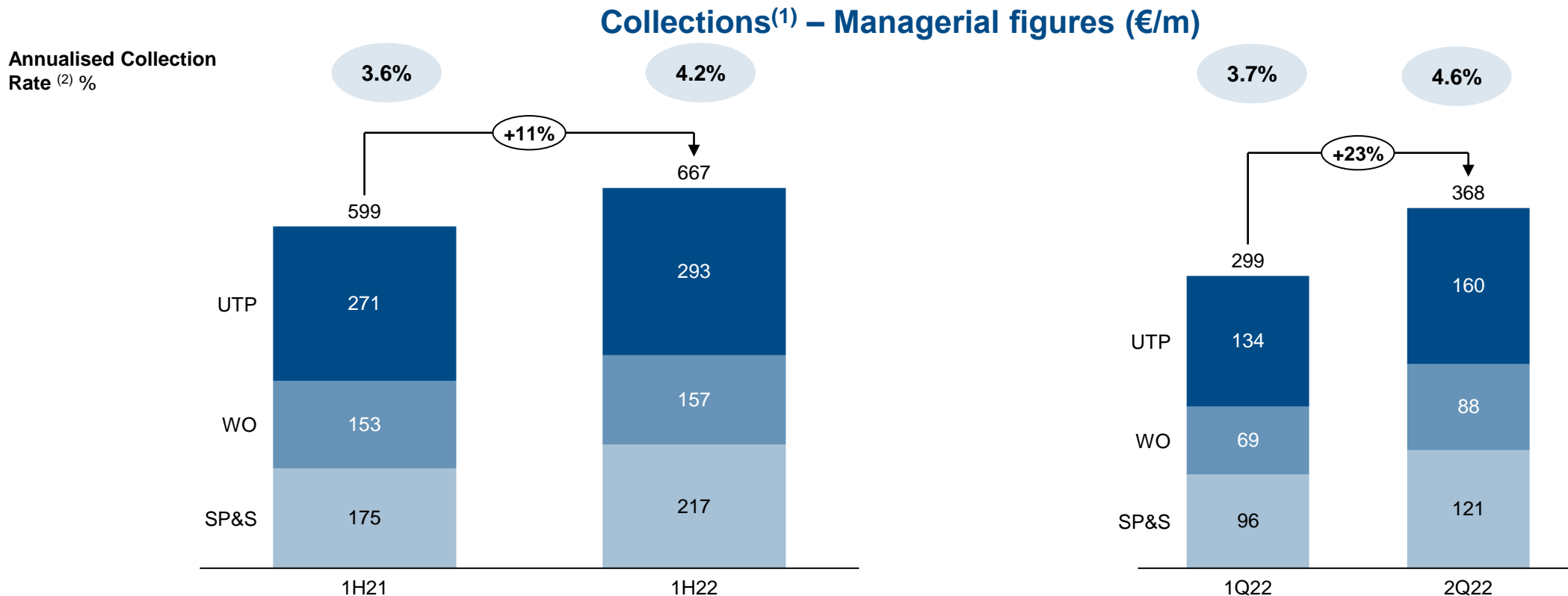


The **capital structure remains solid** at June 2022:

- **CET1 ratio** at **36.2%**, and
- **Net Debt/Equity ratio** of **1.2x**.

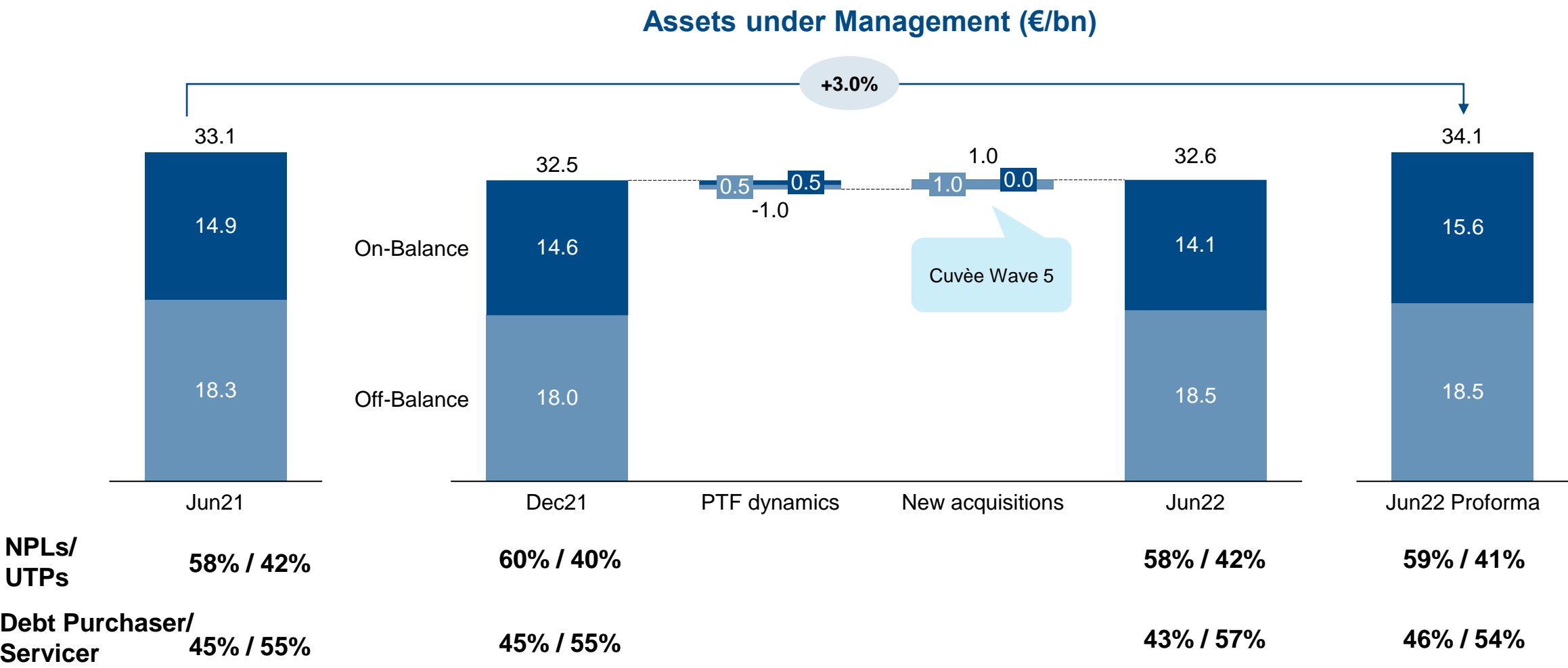
**Net financial position** improves due to cash generated from collections on purchased portfolios.

# Collections reach 4.2% of AuM, posting a double-digit growth y/y



- **Collections +11% y/y**, thanks to the growth experienced by all Divisions, confirming the success of the in-house/outourcing operating model. **Collection rate at 4.2%**, +0.5pp vs 1H21
- UTP largest contributor, due to collections on both small and big tickets, almost fully related to out-of-court settlements
- Collections gained momentum on a quarterly basis (+23% q/q), thanks to the consolidation of the collection activities set up at the beginning of the year

# AuM up y/y thanks to new acquisitions offsetting the natural dynamics of the portfolio under management



○ **AuM** stand at **€34.1bn** including **acquisitions** signed with ISP, with on-boarding expected by year-end

Note (1): ‘Portfolio dynamics’ include collections, write-offs, interest accrual and capitalisation of costs incurred in the period

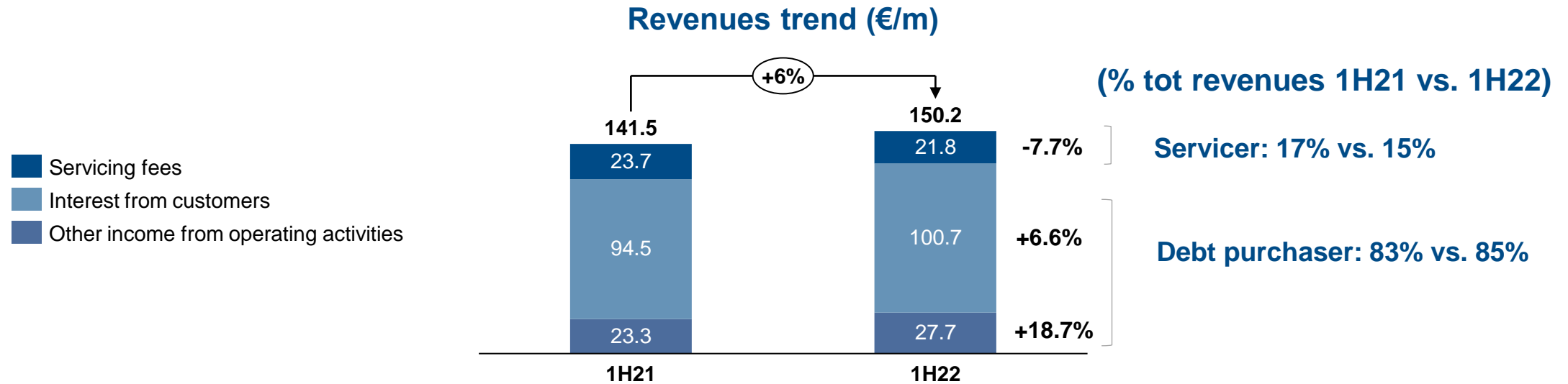


# Higher revenues support operating profitability, offsetting the increase in debt collection expenses that back future collections

€m	1H21	1H22	Δ %
Total Revenues	141.5	150.2	6%
Total Costs	(51.9)	(59.6)	15%
<b>EBITDA</b>	<b>89.6</b>	<b>90.6</b>	<b>1%</b>
<b>EBITDA margin</b>	<b>63%</b>	<b>60%</b>	<b>n.s.</b>
Net impairment gains/losses on loans and financial assets	3.2	(42.9)	n.d.
Depreciation and amortisation	(1.3)	(2.1)	67%
Net provisions for risks and charges	0.8	(0.1)	n.d.
Other operating income/expenses	(5.3)	9.3	n.d.
Net result from financial activities	7.6	(7.7)	n.d.
<b>EBIT</b>	<b>94.6</b>	<b>47.1</b>	<b>-50%</b>
Net interests from financial activity	(42.7)	(31.5)	-26%
<b>Pre-tax income</b>	<b>51.8</b>	<b>15.6</b>	<b>-70%</b>
Income taxes	(15.4)	(6.0)	-61%
<b>Net profit</b>	<b>36.5</b>	<b>9.6</b>	<b>-74%</b>

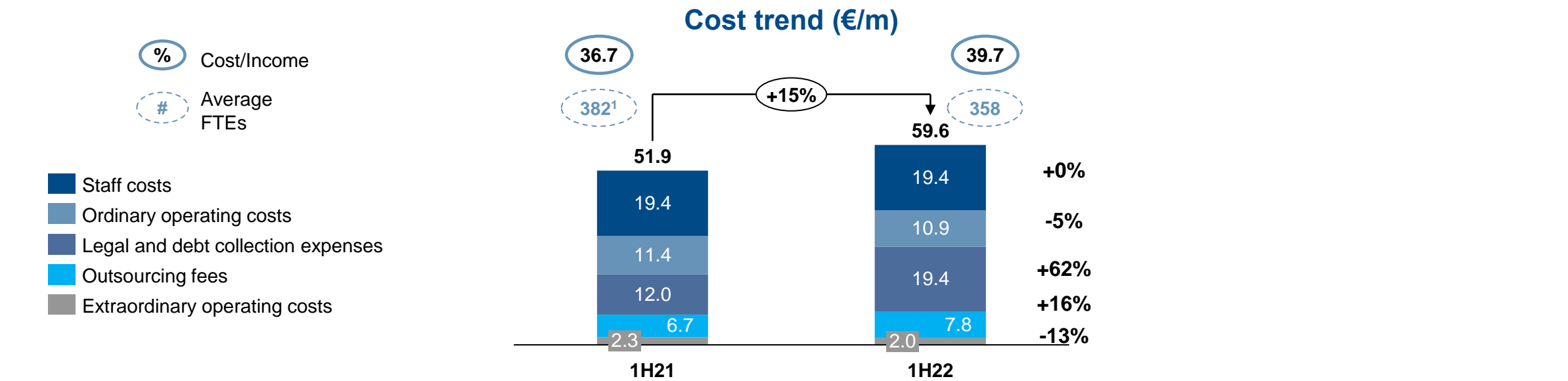
- **EBITDA up to €90.6m** (+1% y/y), thanks to **revenue growth** offsetting **higher costs** related to the **increase** of **legal and debt collection expenses** related to files that will provide future collections. **EBITDA margin** at **60%**
- **Interest expense** (-26% y/y) reflects the optimisation of the funding structure with reduction of average cost of debt
- **Net profit decreases to €9.6m** (-74% y/y ) due to (i) **higher provisions** covering specific files' credit risk, and (ii) the review of the value of owned **funds** (UCITS) resulting from the increase in interest rates

# Revenues up 6% y/y due to higher interest from customers



- **Servicing fees**, almost fully related to the **portfolio of former Veneto Banks**, slightly down 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** reach €100.7m (+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 activities** refers to **cash recoveries** (all cash-based), maximised thanks also to out-of-court settlement procedures

# Costs increase y/y related to higher recovery expenses to support future collections

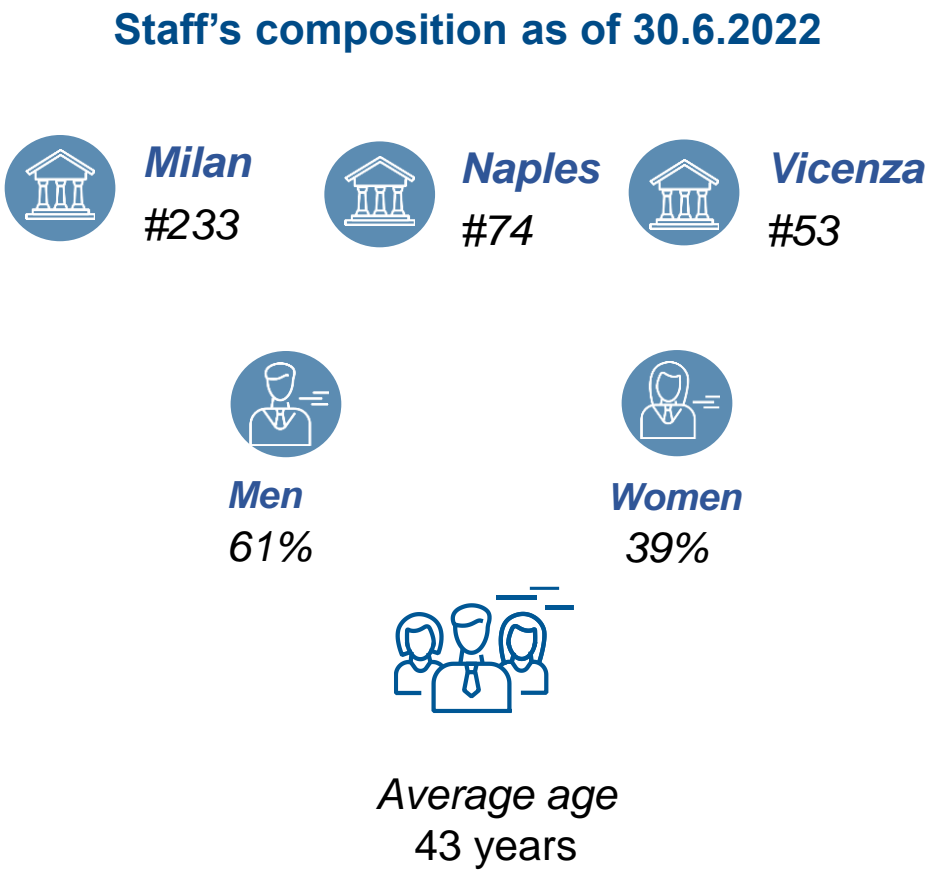
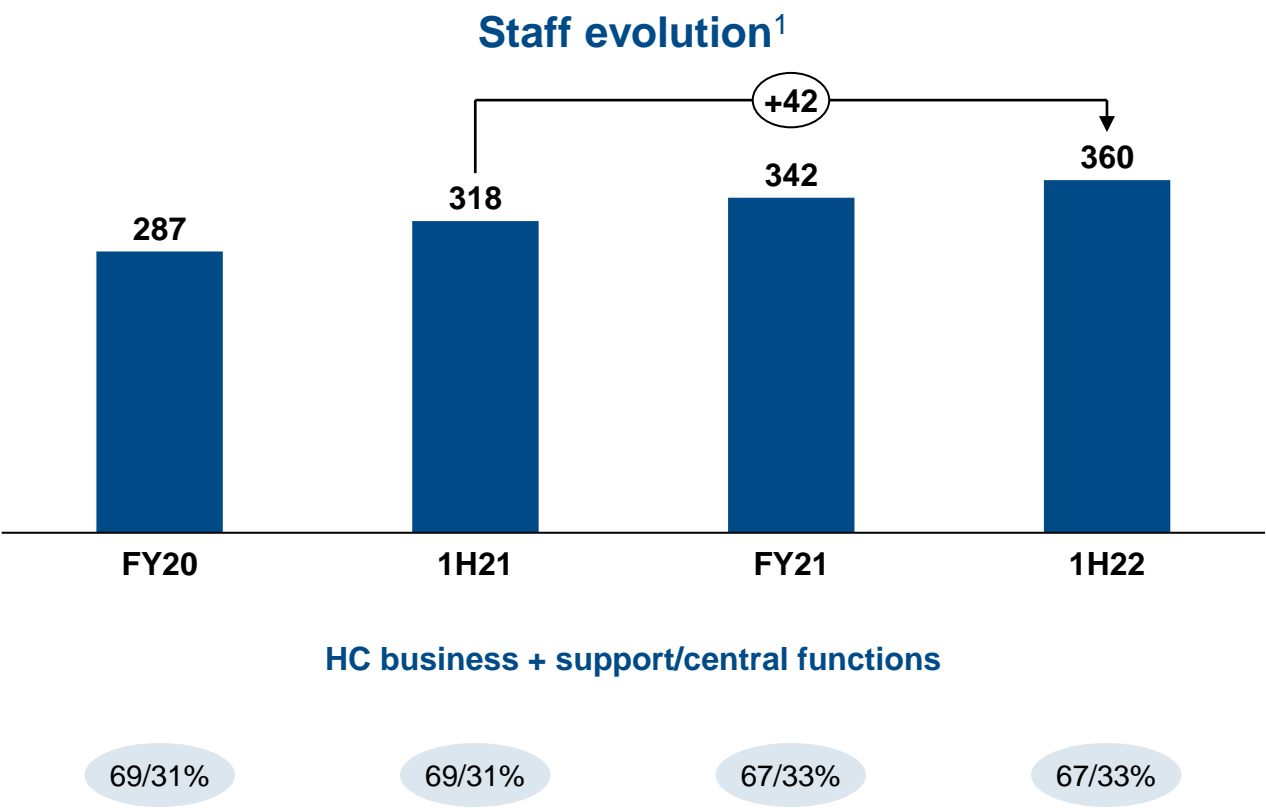


- **Staff costs** in line with the first semester of 2021 that included personnel seconded from MPS, then exited in November 2021
- **Ordinary operating costs** (-5% y/y) reflect savings on business support services
- Increase in **legal** and **debt collection expenses** (+62% y/y) related to the management of files that will provide future collections
- Increase in **outsourcing fees** due to the higher collections on the portfolio outsourced to 13 external servicers

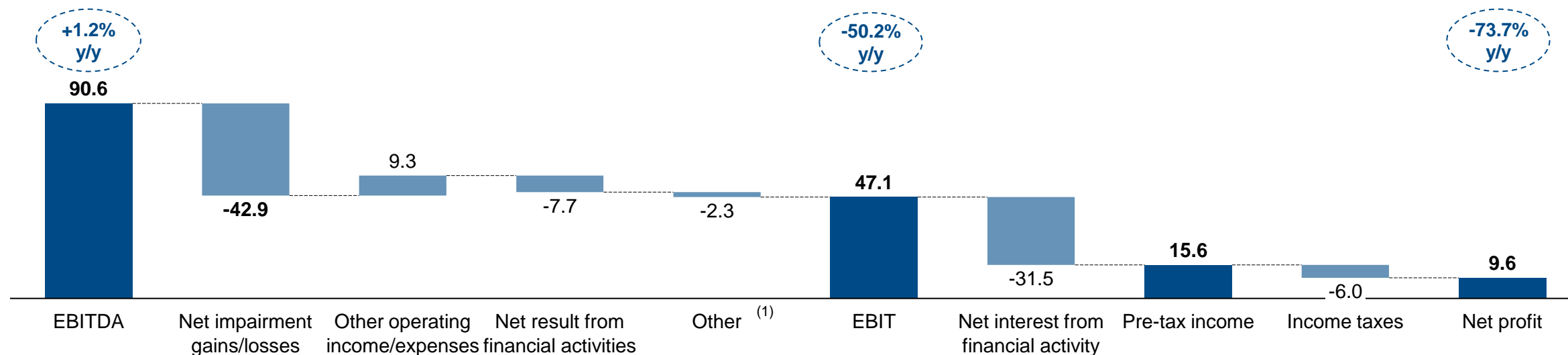


# Staff's growth while maintaining high levels of operational efficiency

- Since the end of the first half of 2021, AMCO has recruited 42 new talents, both in business operations and in central functions.



# Net profit affected by credit provisions and devaluation resulting from the increase in interest rates



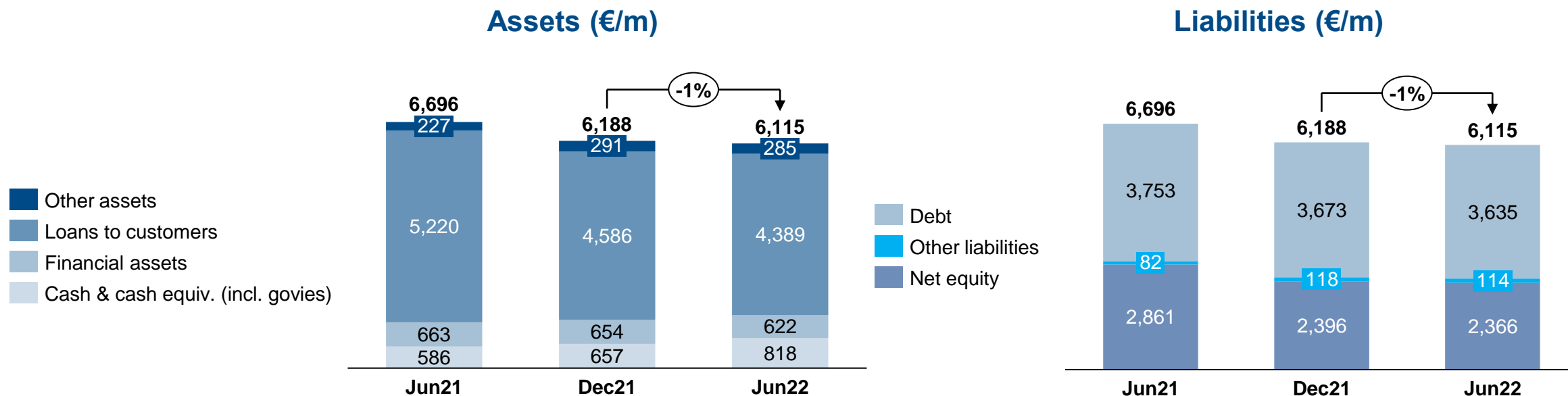
- **The balance of net impairment gains/losses** (-€42.9m), reflects provisions covering specific files' credit risk
- The **balance of other operating income and expenses** includes, among others, the impact of the €/€ exchange rate on foreign currency receivables
- The **result from financial activities** (- €7.7m) is affected by the review of the value of owned funds (UCITS), with particular impact on the stakes in the *Italian Recovery Fund*, resulting from the increase in interest rates
- Net **Interest expense** from financial activity (-26% y/y) reflects the optimisation of the funding structure with reduction of average cost of debt

# Positive operating result net of interest expenses across all Business Divisions

1H22 results (€m)	AMCO	Workout	UTP	SP&S	Other <sup>(1)</sup>
Servicing fees	21,8	4,4	10,6	6,2	0,6
Interests from customers <sup>(2)</sup>	100,7	13,5	33,1	20,9	33,2
Other income/expenses from operating activities	27,7	12,2	9,4	6,1	0,0
<b>Totale Revenues</b>	<b>150,2</b>	<b>30,1</b>	<b>53,1</b>	<b>33,2</b>	<b>33,9</b>
Labour cost	(19,4)	(5,2)	(6,4)	(3,4)	(4,4)
Net operating costs	(40,1)	(11,8)	(5,7)	(18,9)	(3,7)
<b>Total costs</b>	<b>(59,6)</b>	<b>(17,0)</b>	<b>(12,0)</b>	<b>(22,3)</b>	<b>(8,2)</b>
<b>EBITDA</b>	<b>90,6</b>	<b>13,1</b>	<b>41,0</b>	<b>10,8</b>	<b>25,7</b>
Net interests from financial activity	(31,5)	0,0	0,0	0,0	(31,5)
<b>EBITDA net Interest from financial activity</b>	<b>59,1</b>	<b>13,1</b>	<b>41,0</b>	<b>10,8</b>	<b>(5,8)</b>

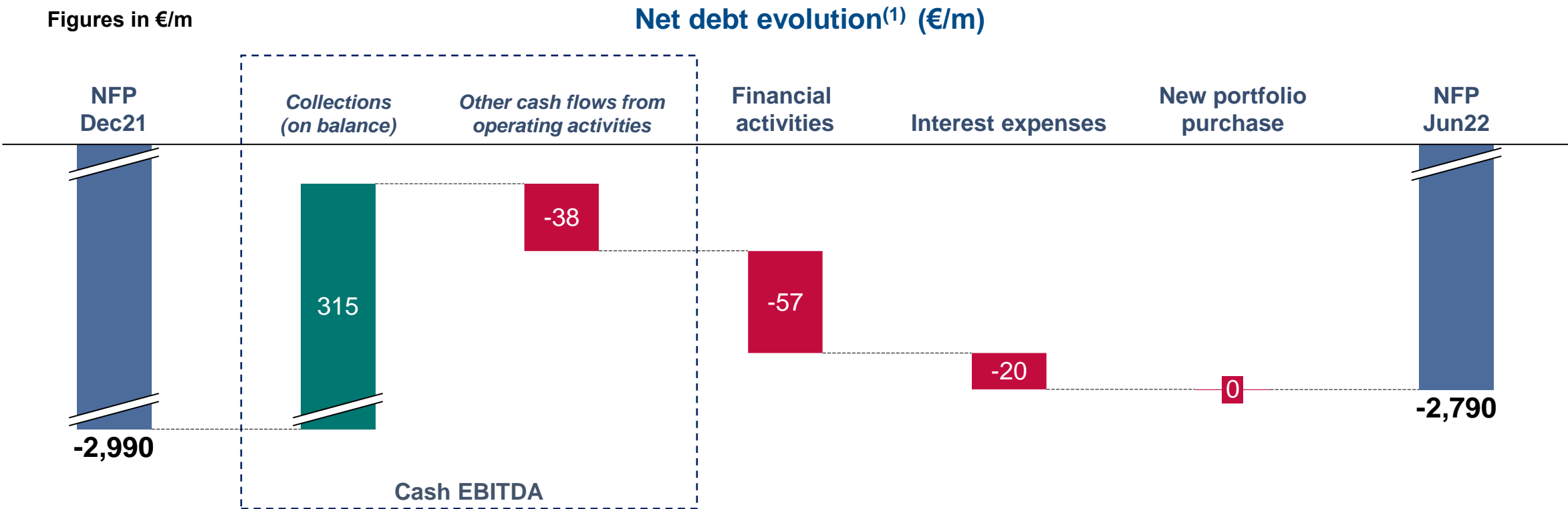


# Balance sheet composition broadly in line with Dec-21: increase of available liquidity thanks to the cash flow generation of the business



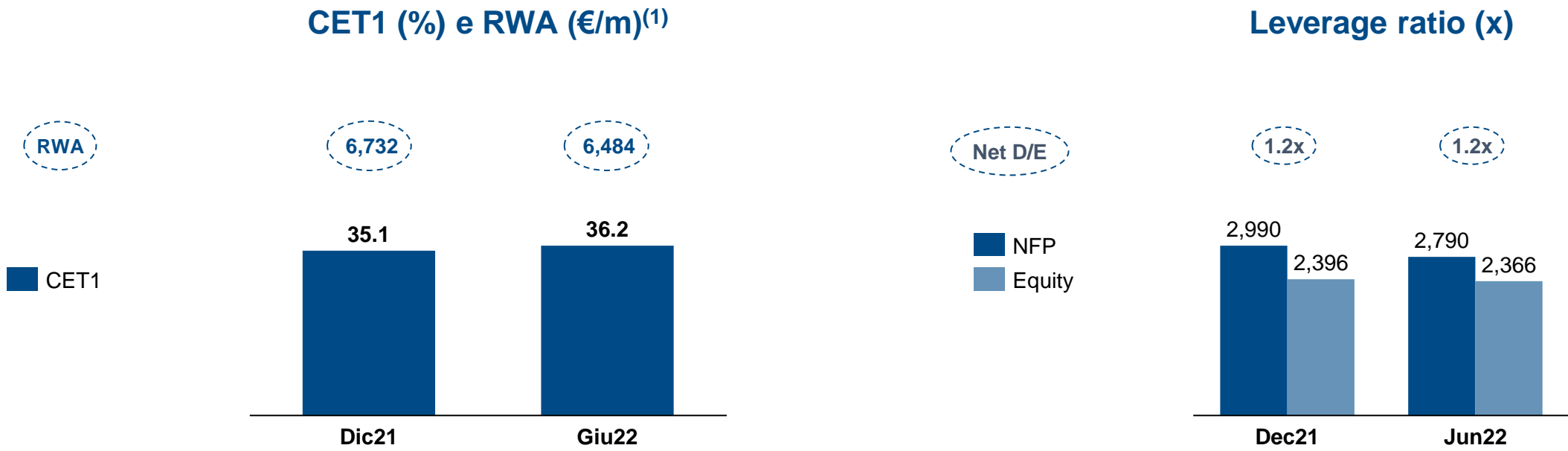
- Loans to customers decrease due to the natural dynamics of portfolios under management
- Increase in cash and cash equivalents (+€161m) driven by cash generated by the business operations. Excess cash is invested in Italian government bonds booked at Fair Value
- Debt slightly down as a result of the repurchase of the senior notes of the Fucino securitisation

# Net debt decreases thanks to cash generated by the business



- **Operating activities generate cash** for €277m, reflecting the sound performance of collections and enabling a reduction in net debt of €200m.
- **Financial activities** includes, among others, the negative delta fair value of the government bond portfolio for about €38m and new financings disbursed for ca. €13m

# CET1 at 36.2% confirms capital strength to support a sustainable growth



The **capital structure remains solid** at June 2022:

- **CET1 ratio** at **36.2%**, and
- **Net Debt/Equity ratio** of **1.2x**.

○ Note (1): Equity includes profit/loss for the period for CET1 calculation purposes



# 1H22 Financial Statements

# Balance sheet as of 30.06.2022: assets – Banca d'Italia format

ASSET ITEMS (€000)		30/06/2022	31/12/2021
10	Cash and cash equivalents	111,522	154,973
20	Financial assets measured at fair value through profit and loss	-	-
	<i>a) financial assets held for trading</i>	28	70
	<i>b) financial assets measured at fair value</i>	-	-
	<i>c) other financial assets mandatorily measured at fair value</i>	620,044	651,848
30	Financial assets measured at fair value through other comprehensive income	708,899	500,668
40	Financial assets measured at amortised cost	-	-
	<i>a) loans and receivables with banks</i>	-	3,651
	<i>b) loans and receivables with financial companies</i>	64,923	82,259
	<i>c) loans and receivables with customers</i>	4,324,124	4,503,460
50	Hedging derivatives	-	-
60	Change in value of financial assets object of a generic hedge (+/-)	-	-
70	Equity investments	10	10
80	Property, plant and equipment	28,909	27,217
90	Intangible assets	3,478	1,937
	of which goodwill	-	-
100	Tax assets	-	-
	<i>a) current</i>	17,946	11,207
	<i>b) deferred</i>	198,050	223,578
110	Non-current assets and groups of assets held for disposal	-	-
120	Other assets	36,776	26,715
<b>TOTAL ASSETS</b>		<b>6,144,707</b>	<b>6,187,592</b>

# Balance sheet as of 30.06.2022: liabilities and equity – Banca d'Italia format

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

# Income statement as of 30.06.2022– Banca d'Italia format



ITEMS (€000)	30/06/2022	30/06/2021
10 Interest and similar income	100,502	97,713
20 Interest and similar expenses	(33,058)	(43,505)
30 <b>INTEREST MARGIN</b>	<b>67,444</b>	<b>51,208</b>
40 Fees and commissions income	23,606	24,321
50 Fees and commissions expense	(54)	(485)
60 <b>NET FEES AND COMMISSIONS</b>	<b>23,553</b>	<b>23,836</b>
70 Dividends and similar revenues	839	472
80 Trading activity net result	15,786	5,295
100 Profit (loss) on sale/repurchase of:	-	-
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	-	-
a) financial assets and liabilities measured at fair value	-	-
b) other financial assets mandatorily measured at fair value	(7,639)	11,770
120 <b>BROKERAGE MARGIN</b>	<b>99,982</b>	<b>92,715</b>
130 Net impairment losses/reversals of impairment losses on:	-	-
a) financial assets measured at amortised cost	(15,780)	22,675
b) financial assets measured at fair value through other comprehensive income	(439)	(512)
140 Profit/loss from contractual amendments without cancellation	-	-
150 <b>NET RESULT OF FINANCIAL MANAGEMENT</b>	<b>83,763</b>	<b>114,878</b>
160 Administrative expenses:	-	-
a) staff costs	(19,446)	(19,443)
b) other administrative expenses	(44,802)	(35,936)
170 Net provisions for risks and charges	(128)	825
180 Net value adjustments/reversals on property, plant and equipment	(1,769)	(931)
190 Net value adjustments/reversals on intangible assets	(378)	(357)
200 Other operating income and expenses	(1,681)	(7,191)
210 <b>OPERATIONAL COSTS</b>	<b>(68,205)</b>	<b>(63,034)</b>
220 Net gains (losses) on equity investments	-	-
260 <b>PROFIT/(LOSS) OF CURRENT OPERATING ACTIVITIES BEFORE TAXES</b>	<b>15,559</b>	<b>51,844</b>
270 Income taxes for the year on current operating activities	(5,967)	(15,377)
280 <b>PROFIT/(LOSS) OF CURRENT OPERATING ACTIVITIES AFTER TAXES</b>	<b>9,592</b>	<b>36,467</b>
290 Profit (Loss) on groups of activities held for disposal net of taxes	-	-
300 <b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>9,592</b>	<b>36,467</b>

# Appendix

- Rating
- Focus on Outstanding Debt
- AuM Breakdown

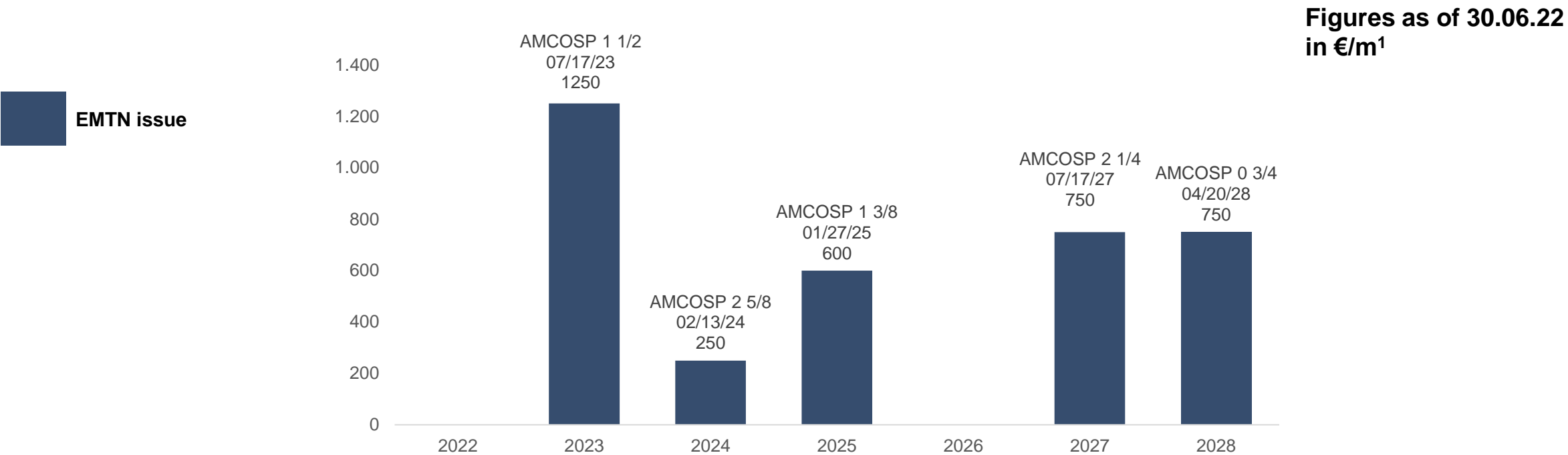


# AMCO has an investment grade rating by S&P and Fitch

	Rating and outlook confirmed on 22 June 2022	Rating and outlook confirmed on 27 April 2022
Rating agency		
Issuer Default Rating	Long-Term IDR: <b>BBB</b> Short-Term IDR: <b>A-2</b> Positive outlook	Long-Term IDR: <b>BBB</b> Short-Term IDR: <b>F2</b> Stable outlook
Special Servicer Rating		Residential Special Servicer: <b>RSS2</b> Commercial Special Servicer: <b>CSS2</b> Asset-Backed Special Servicer: <b>ABSS2</b>

On 14 January 2021 **Fitch upgraded** AMCO's commercial, residential and asset-backed special servicer ratings

# Financial debt well spread across different maturities

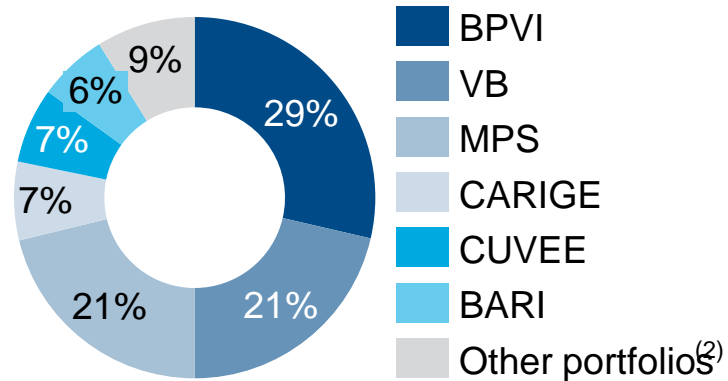


- AMCO's **financial debt is well spread across different maturities.**
- **Financial debt is entirely unsecured**, with an average residual maturity of 3.2 years.

# Breakdown of €32.6bn <sup>(1)</sup> AuM as of 30 June 2022 (1/2)

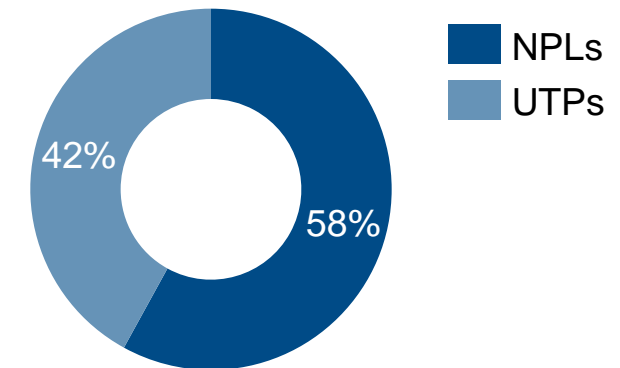
Portfolios (% GBV)

50% former Veneto banks



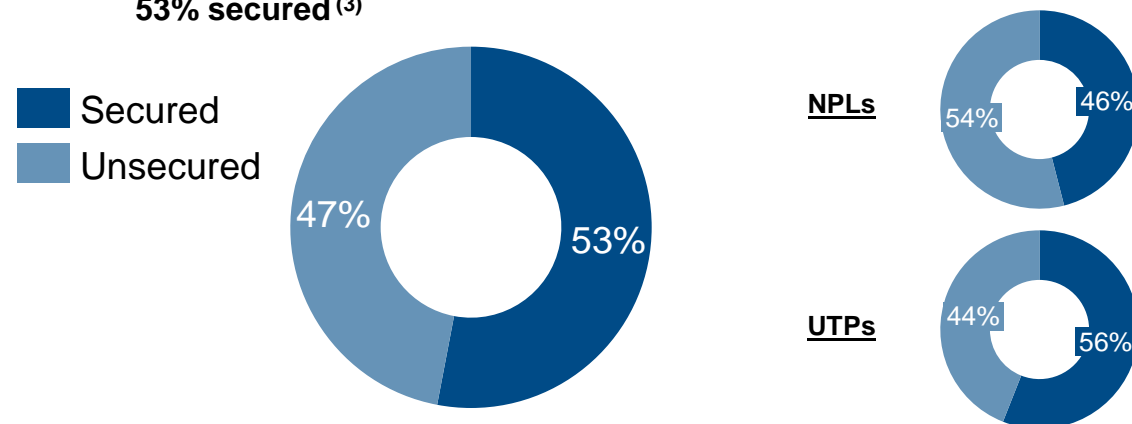
Classification (% GBV)

42% UTPs



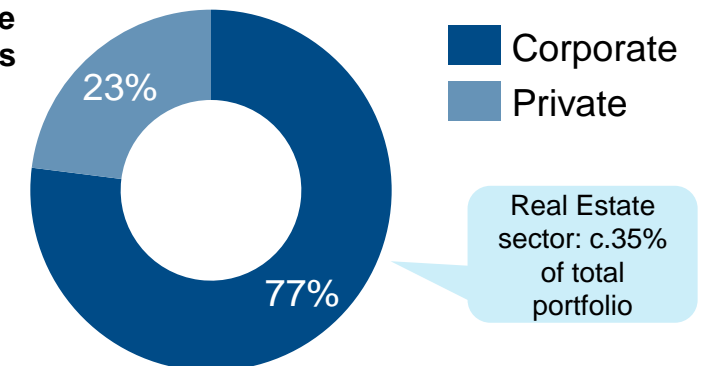
Secured/Unsecured (% GBV)

53% secured <sup>(3)</sup>



Counterparty (% GBV)

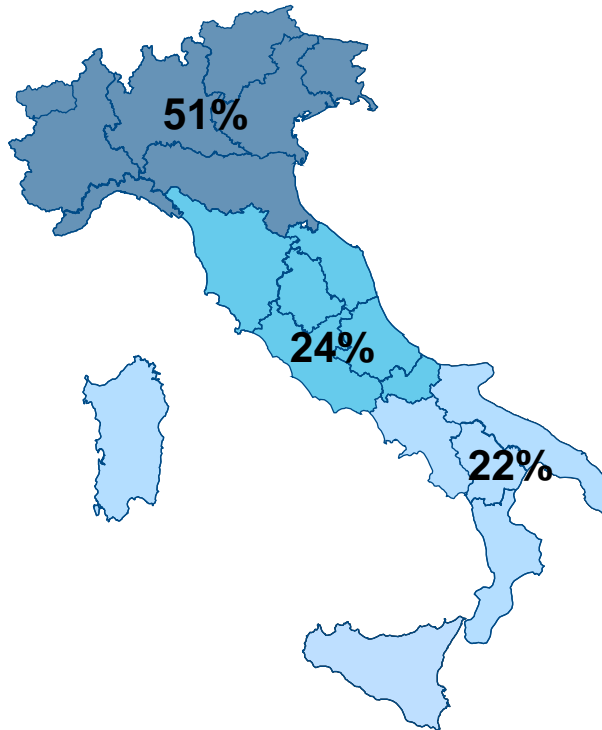
77% corporate counterparties



# Breakdown of €32.6bn <sup>(1)</sup> AuM as of 30 June 2022 (2/2)

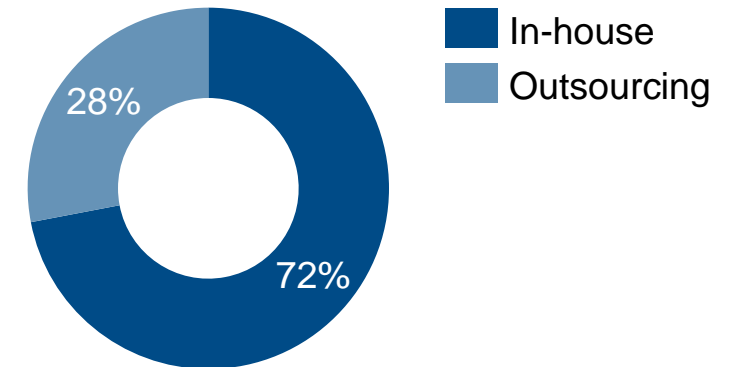
## Geography (% GBV)

51% concentrated in Northern Italy<sup>2</sup>



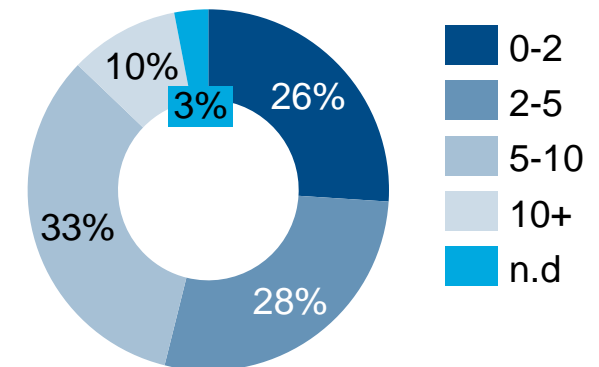
~28% managed by servicers

## Management (% GBV)



## Vintage<sup>3</sup> (% GBV)

54% with vintage under 5 years



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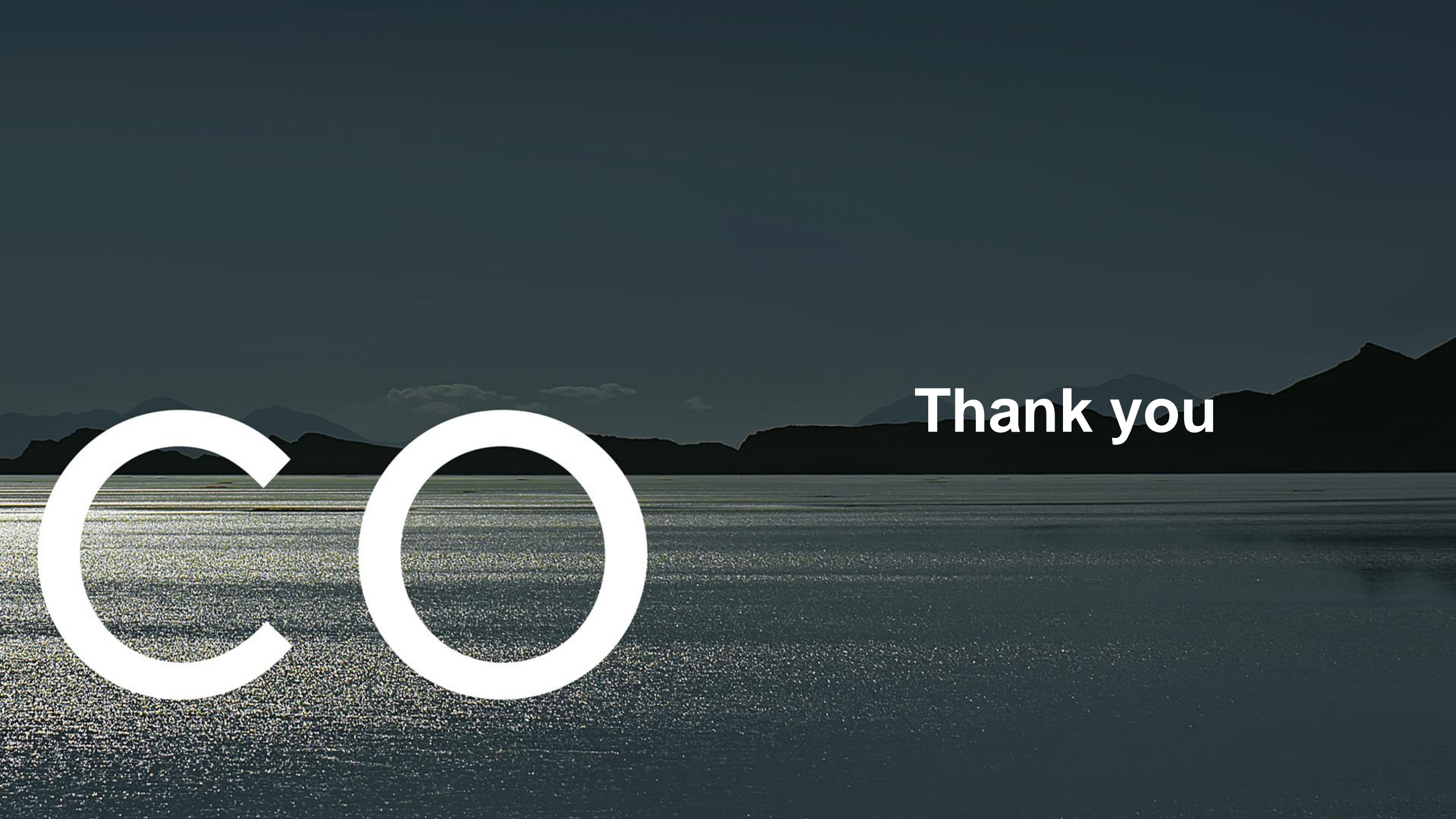
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