



**GENERALFINANCE**

**Company profile**

March 2022

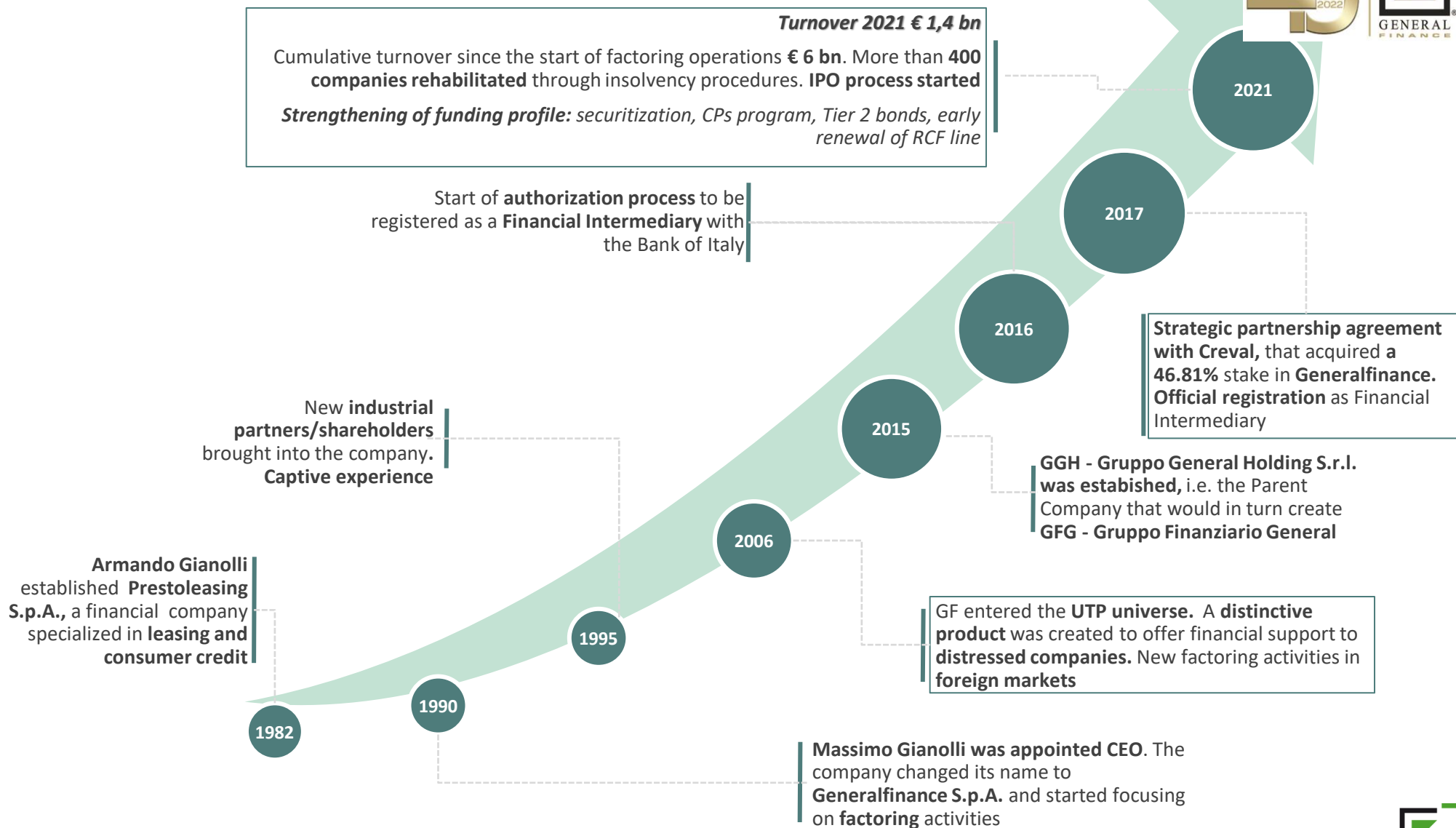


*Company Overview*

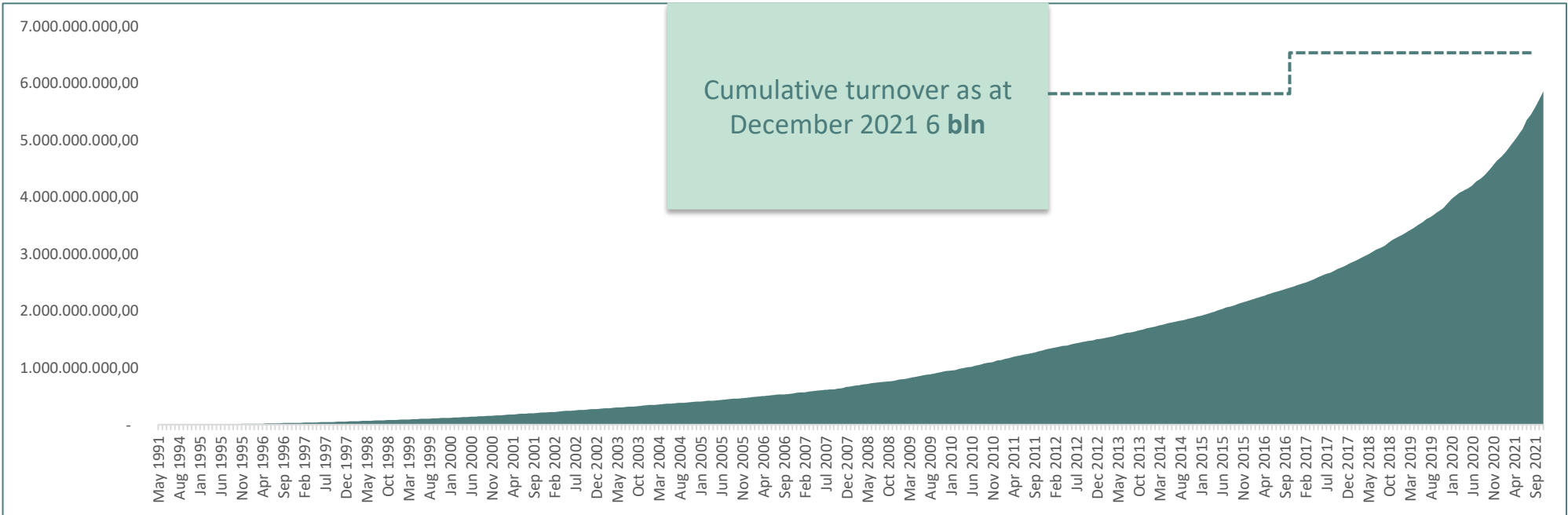
*Financials*



# Company Milestones



# Company Milestones - Turnover



With the **1.4 bn turnover in 2021FY**, total factored receivables since the start of factoring operations (1991) amounts to approximately **6 bln**



- Factoring is a **flexible tool for the management of working capital**, it offers a wide range of services to release, manage and successfully deliver trade receivables.
- The legal instrument underpinning factoring is the **assignment of receivables**, in accordance with Law no. 52 of 21 February 1991 (*Law on the assignment of receivables*).
- The law is aimed to regulate and validate the following:
  - ✓ Enable the Assignor to sell (assign) receivables, also **future ones**;
  - ✓ Ensure the assignability of receivables to a Factor, **even in bulk**;
  - ✓ Make it easier for the Assignor to **oppose disposal to Third Parties**.
- Through the assignment, the Client transfers the receivables arising from its own business activity to a Factor, who:
  - ✓ manages **their collection** and accounting;
  - ✓ can provide **protection in the event of default** of the Assigned Debtor (Buyer);
  - ✓ can **advance** all or part of the purchase price of the assigned receivables (Prepayment)

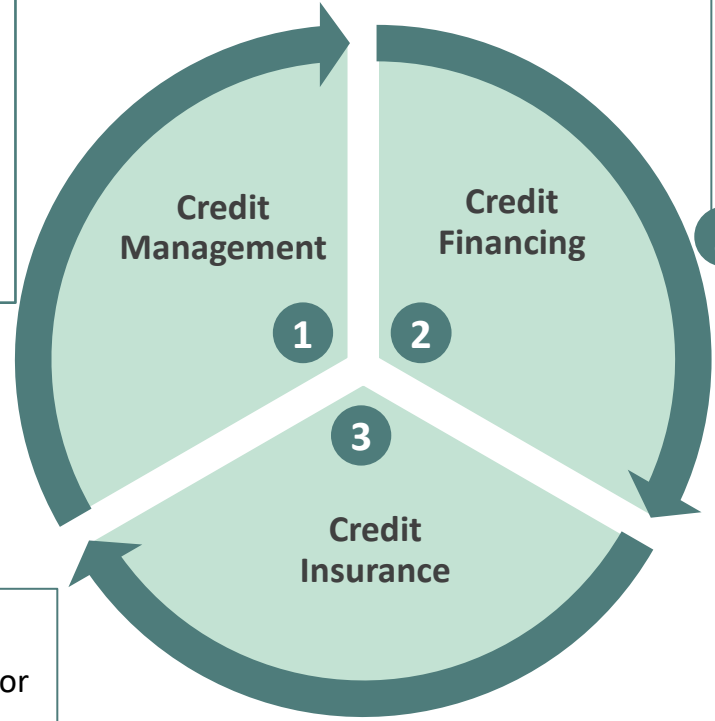


# Factoring: a Combination of Three Services

**Credit management** (debtor management and payment collection) is the **core business** of a factoring company and allows the creditor to outsource activities that are usually carried out in-house, thus achieving:

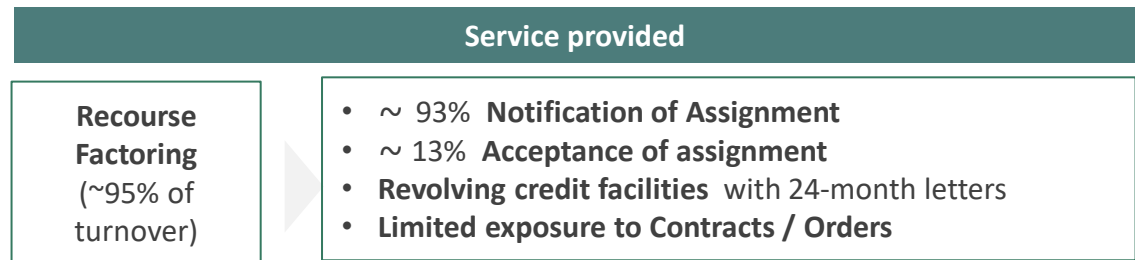
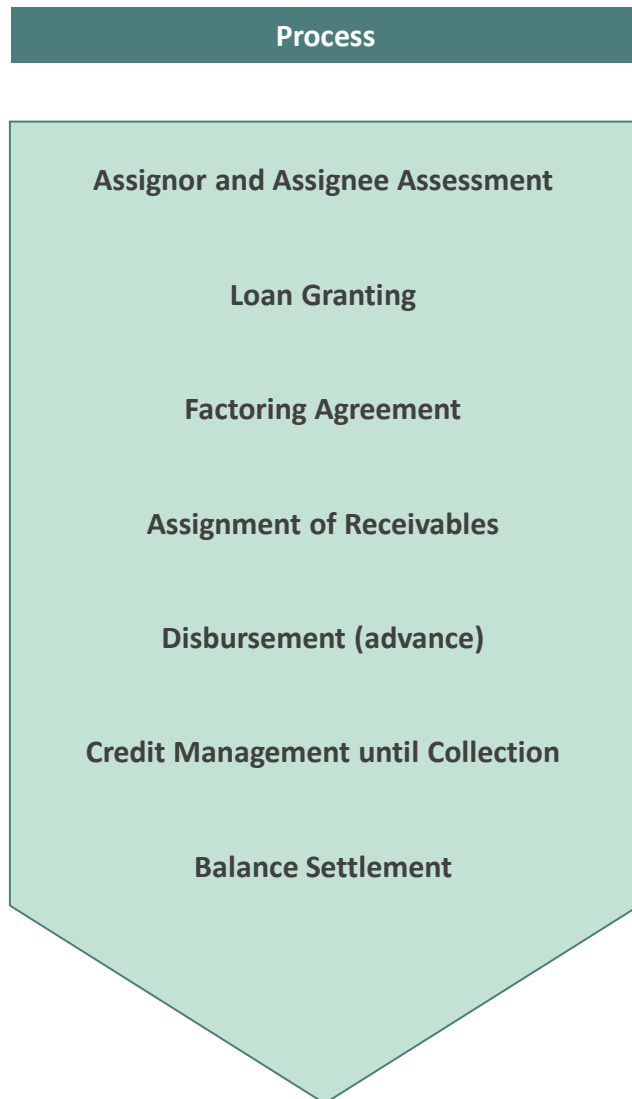
- ✓ Greater **effectiveness** (credit management is a Factor's core business)
- ✓ Greater **efficiency** (the factor benefits from economies of scale)

In the **credit financing service**, the Factor differs from a bank in that it **analyzes the assigned receivables/debtors** in addition to performing the usual creditworthiness assessments



In the **credit insurance** service, the Factor analyzes the **specific features of the assigned receivables** and can issue a solvency guarantee





On the "Assigned Debtor"	On the "Assignor"
<ul style="list-style-type: none"> <li>• The <b>Assigned Debtor</b> generally shows a <b>much higher creditworthiness</b> than the <b>Assignor</b> and can generate sufficient cashflow to <b>repay the receivables</b> acquired by Generalfinance</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Companies</b> that are formally distressed (~77% of the business) or 'performing' under financial stress (~23% of their business<sup>1</sup>). The Assignor retains the <b>guarantee</b> of successful payment of the <b>assigned receivables</b></li> <li>• <b>Low LTV</b> (~80%), which mitigates the transaction credit risk through a contractually agreed compensation in the event of assigned debtor's default</li> </ul>

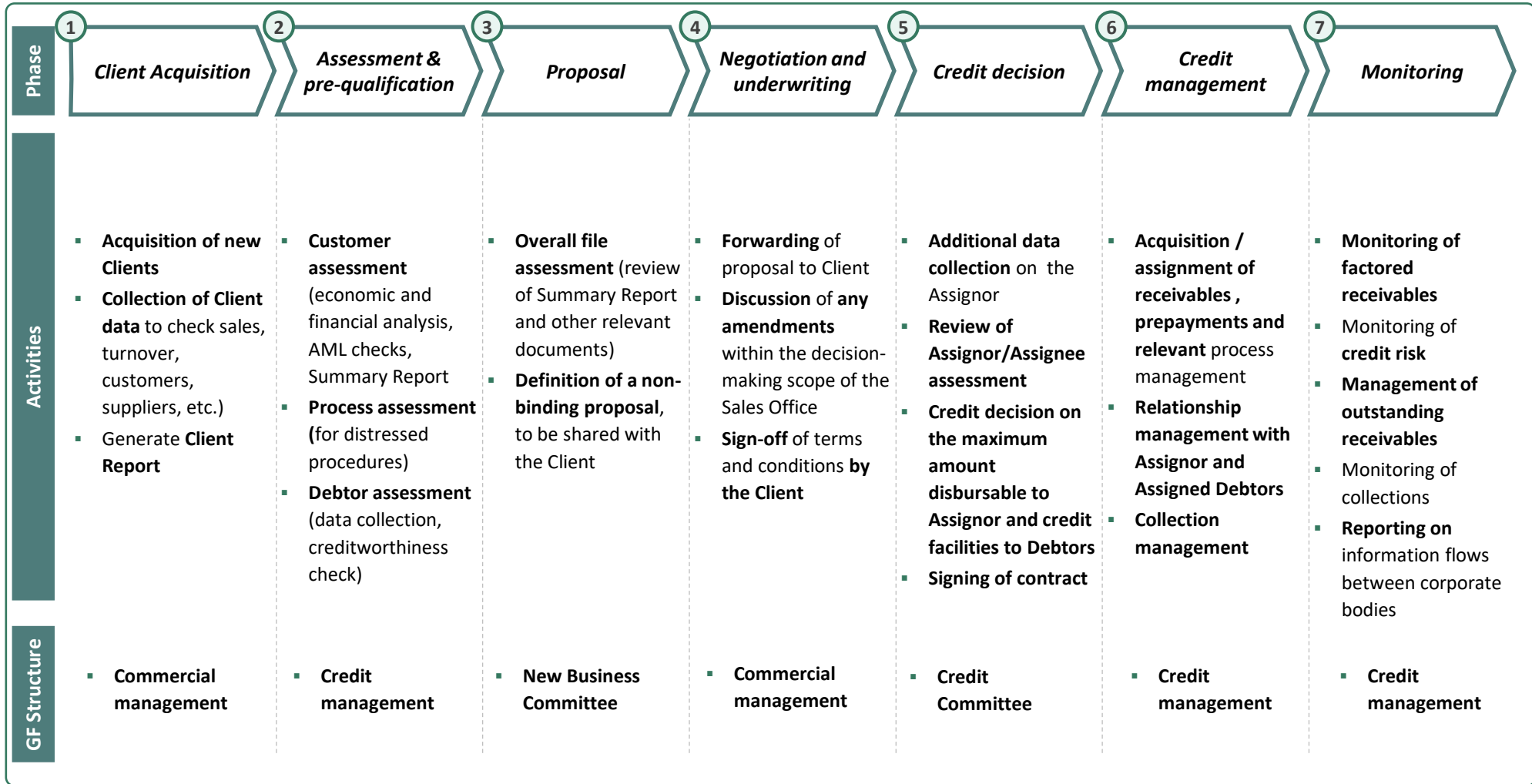
**Insurance coverage** of approximately **75% of turnover**, through a strategic partnership with **Euler Hermes**, a **global leader in credit insurance**

**Non-Recourse Factoring** (~5% of turnover)



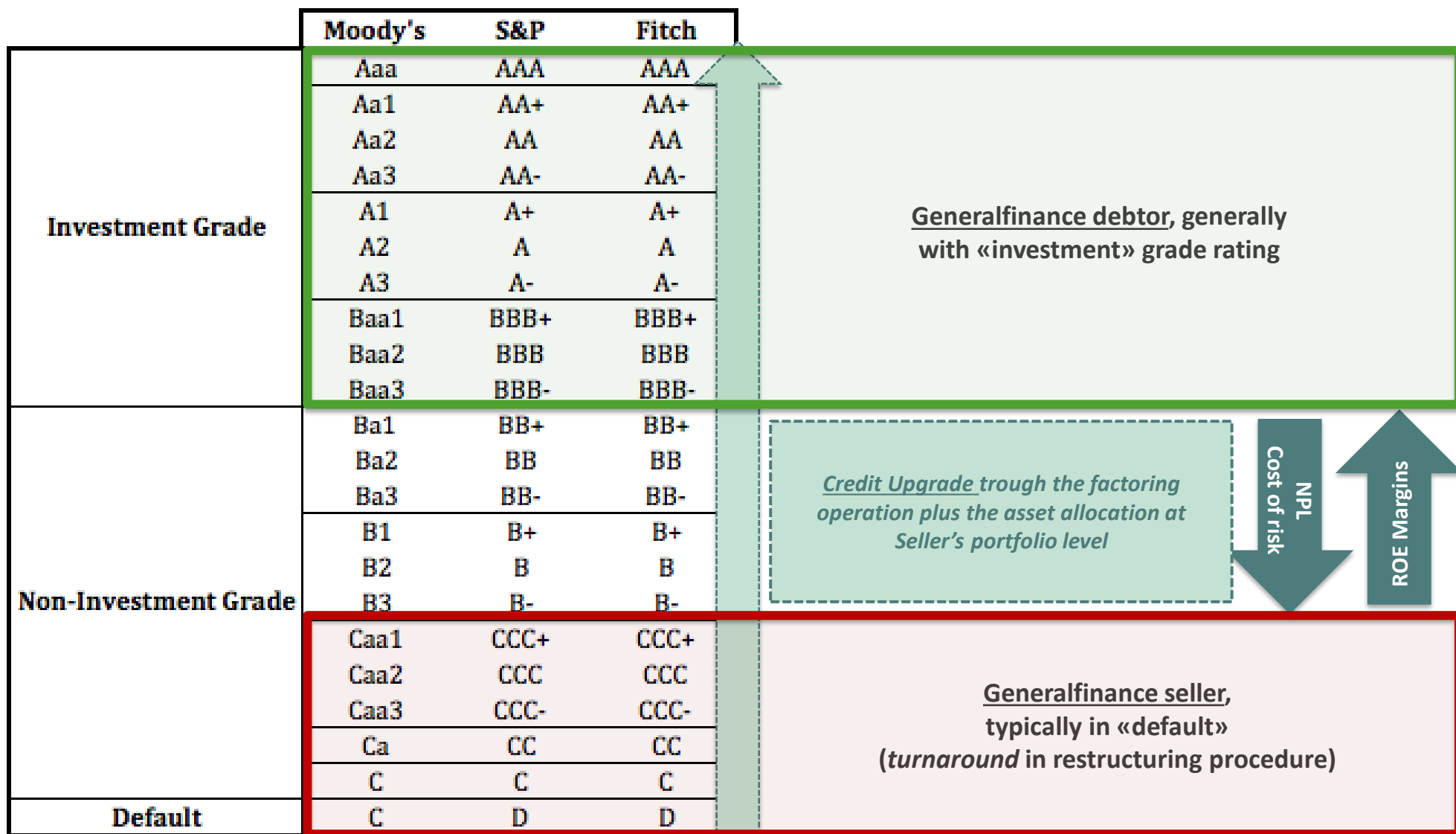


# Credit Process Overview



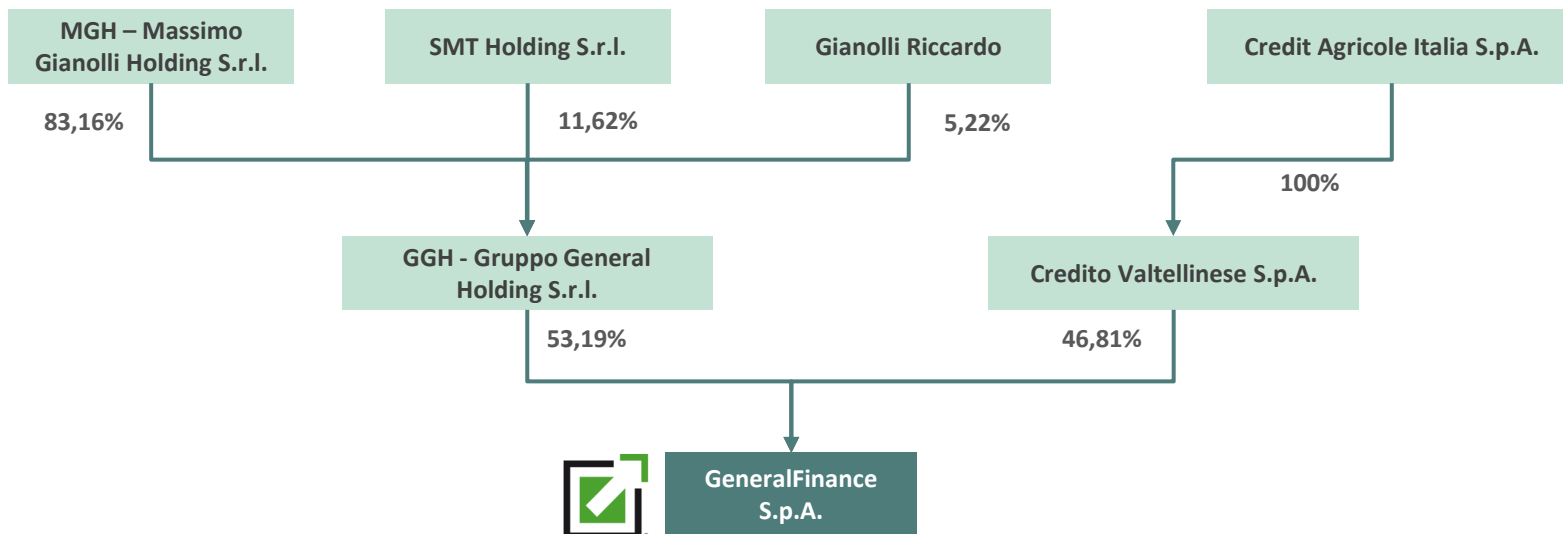


# Our Business Model in a Nutshell

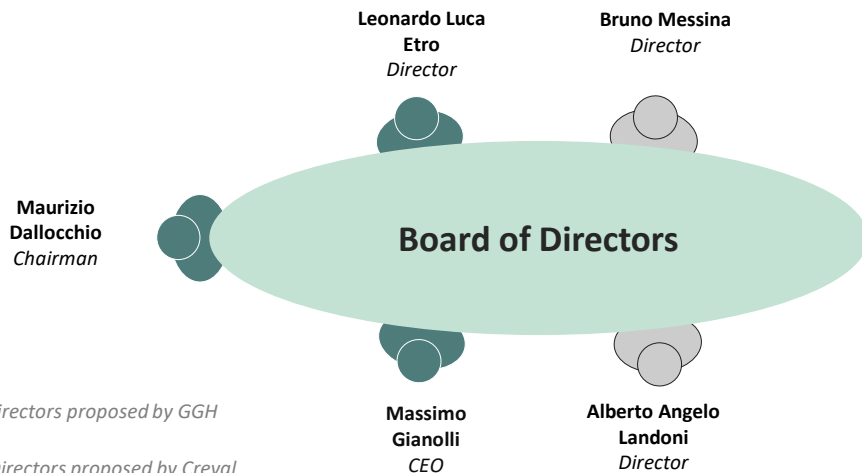


# Current Shareholder Structure and Governing Bodies

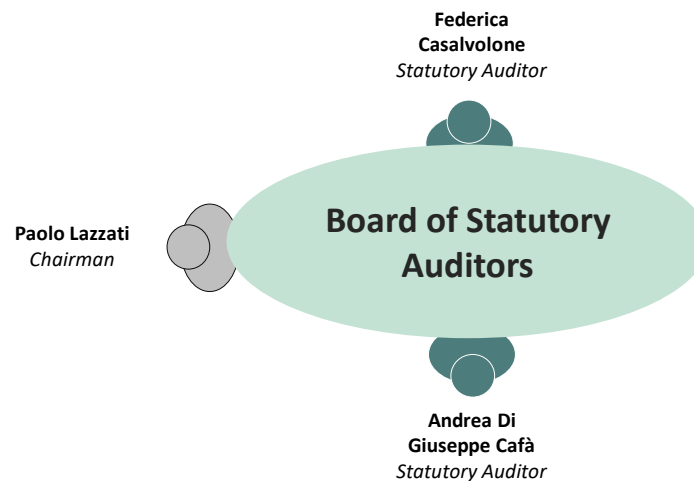
## Shareholding structure



## Board of Directors



## Board of Statutory Auditors



# Core Business: Distressed Companies (1/2)

Support provided to Italian distressed companies, as follows:

- Certified recovery plans pursuant to art. 67 of Finance Law
- Debt restructuring agreements pursuant to art. 182 bis of Finance Law
- Arrangements with creditors pursuant to art. 160 ss. of Finance Law (provided business continuity is shown)
- Extraordinary administration of large insolvent companies
- Newly established companies (Newco) resulting from corporate restructuring/reorganization

77% of corporate turnover\*



Support provided when transactions happen under financial stress and are not regulated by the Financial Law

Supporting for example:

- Companies with limited access to traditional banking
- Companies with high leverage and low margins

23% of corporate turnover\*



\*turnover at December 31



# Core business: Distressed Companies (2/2)

## Areas of intervention and characteristics

Assignors  
Only Italian,  
Private Companies

- ✓ **Manufacturing industry**, services, trade
- ✓ **NO real estate**, investment holding companies, and industries that do not have trade receivables arising from the provision of goods or services

Assignees  
Italian and Foreign,  
Private Companies and PA

- ✓ Performing '*investment-grade*' companies in the manufacturing, trade and service sectors
- ✓ **Regions, Ministries and** certified receivables from Local Health Authorities (ASL)
- ✓ **Foreign assigned debtors**, excluding high-risk or uninsurable countries
- ✓ **High risk fractioning at the level of the individual Assigned Debtor**



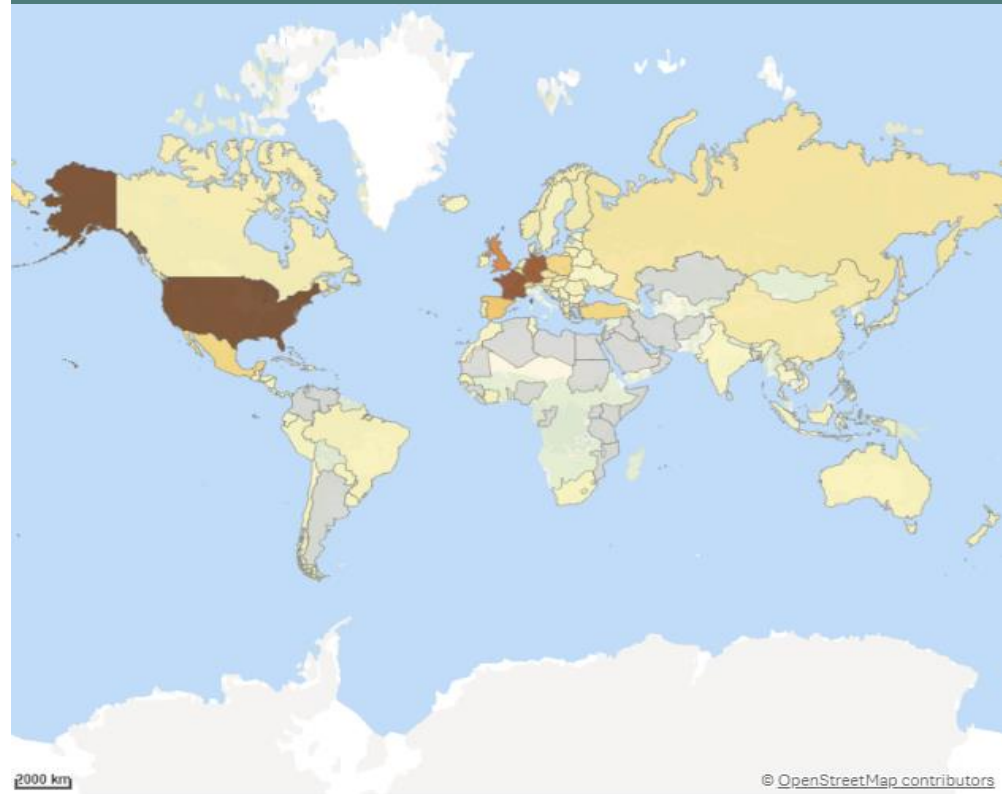
# Core business: International factoring

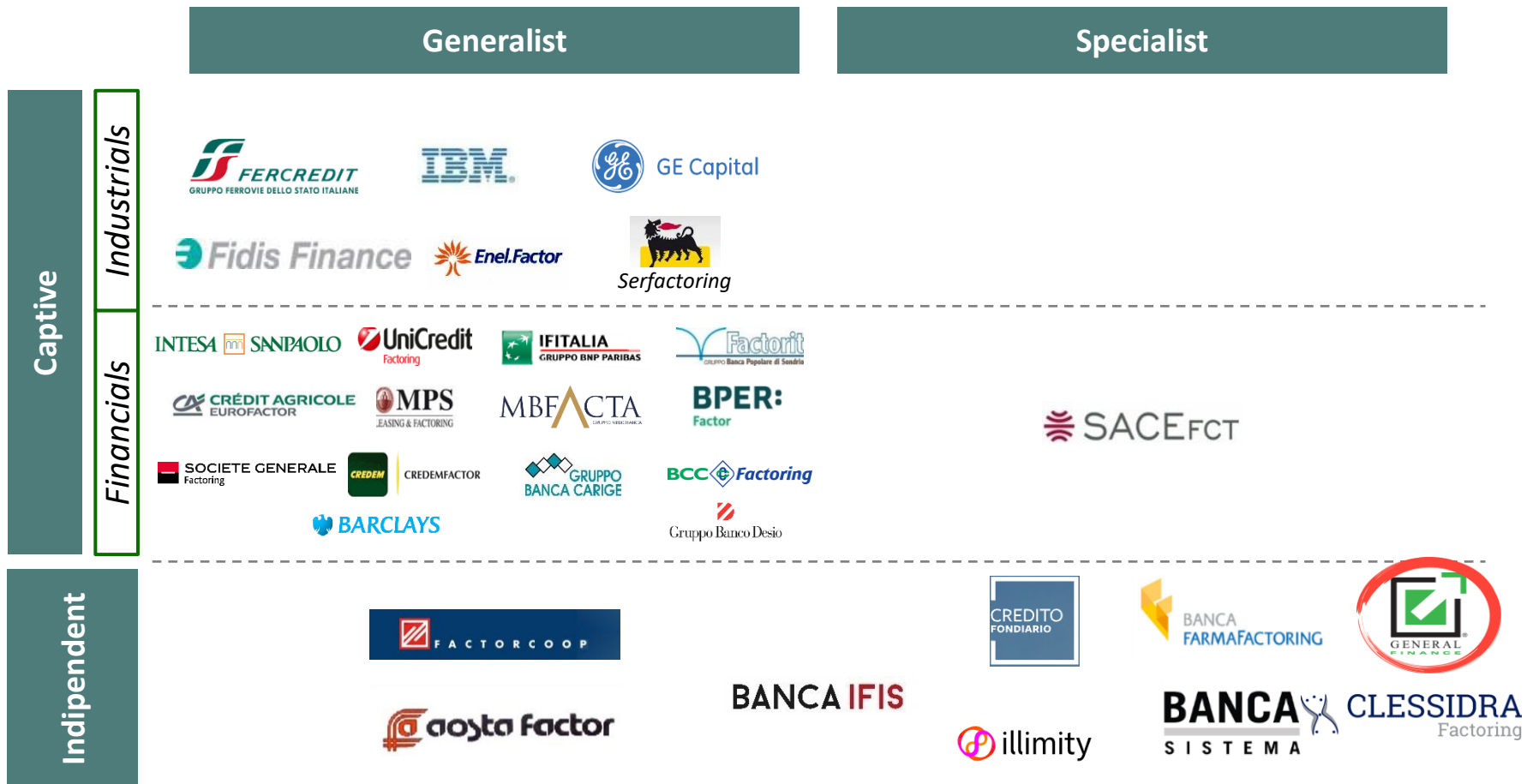
## Support for internationalization

**Generalfinance** - also thanks to the historical partnership with Eurler Hermes - is able to support manufacturing companies in all the main countries of the world, disinvesting invoices and managing credit collection (international factoring).

In 2021, **approximately 26% of turnover disinvested by the Company was related to Foreign Assigned Debtors**, mainly in Europe and North America.

Turnover 2021 - foreign countries with invoices disinvested by Generalfinance

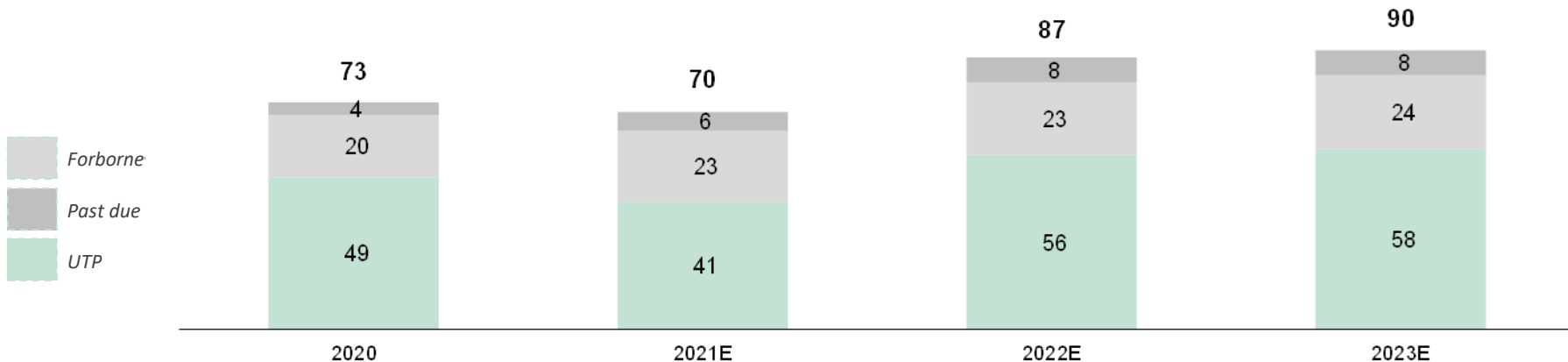




Generalfinance is an independent player focusing on distressed debt financing



Generalfinance potential target market is that of 'under-stress' receivables, i.e. UTPs, forborne and past due receivables pertaining to short-term debt



### ASSUMED SCENARIOS TO ASSESS POTENTIAL OUTSTANDING

### POTENTIALLY DISTRESSED FACTORING MARKET ESTIMATES (€ mld)

● Potential Outstanding     
 ● Potential Turnover

Impact short-term credits vs companies (exc. PCT and CC) on total credits

6,4% of the total amount of credits (Sources: Prometeia, Banca D'Italia)

2021	2022	2023	CAGR
6	7	8	13%
23	28	29	13%



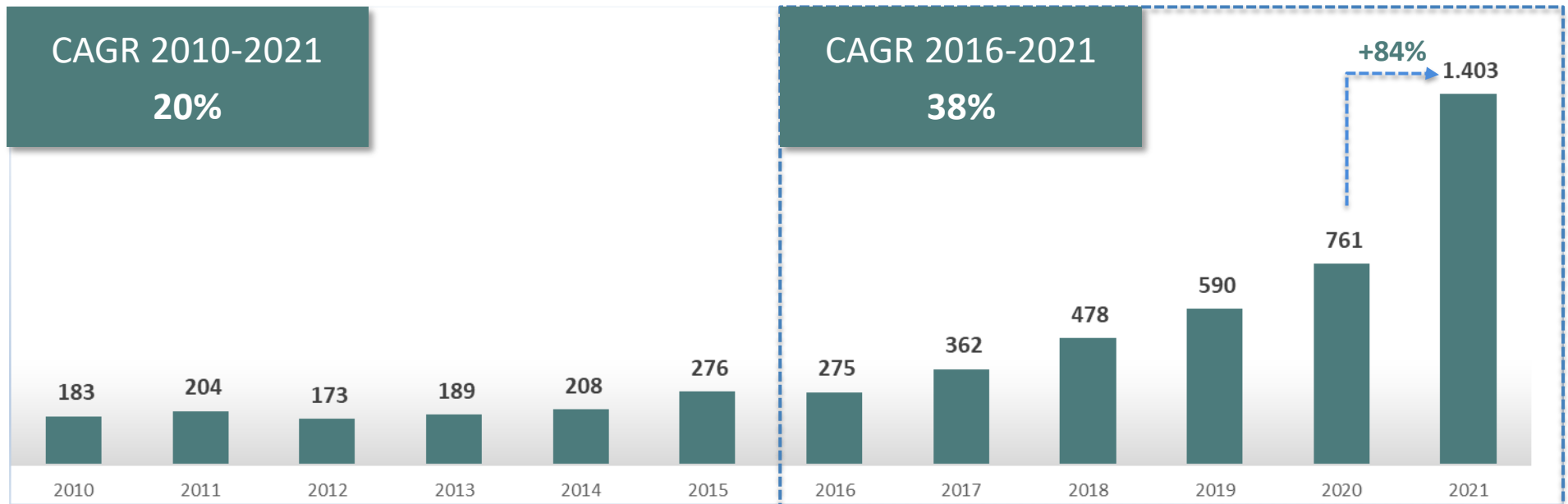


*Company Overview*

*Financials*



**Steady growth in turnover volume**, particularly from 2016, following recapitalization and strengthening of funding profile

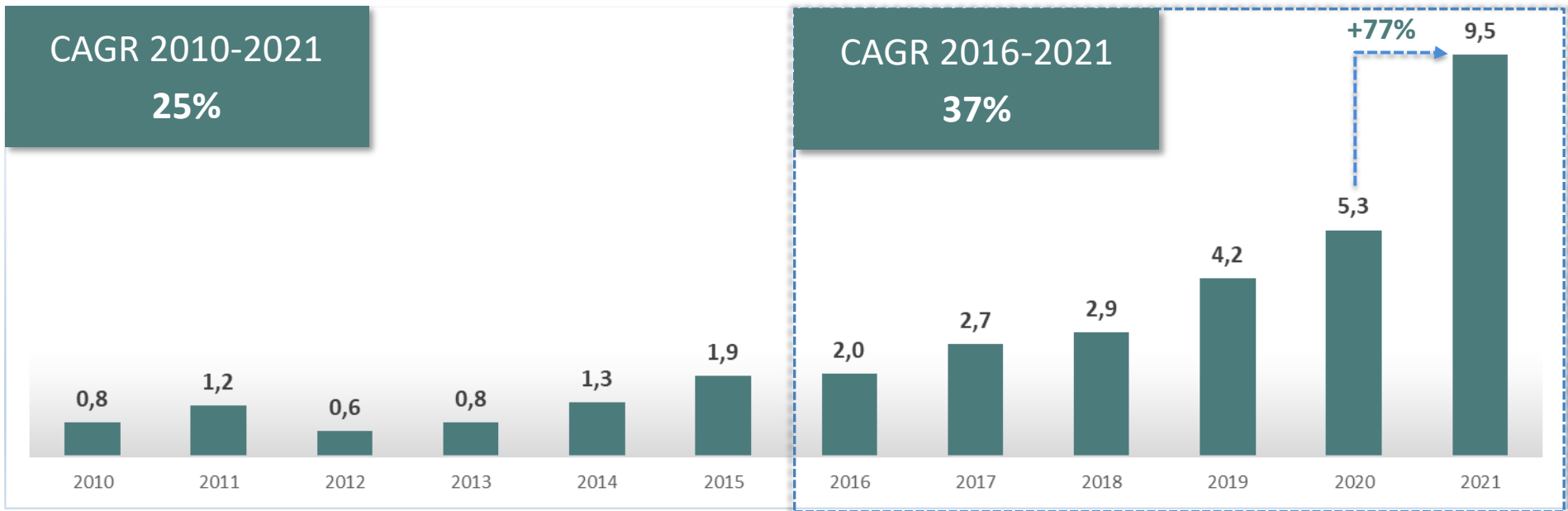


**Turnover 2021 YoY + 84%**



# Net Profit - historical series

Positive results with **stable profit growth**, particularly from 2016, following recapitalization and strengthening of funding profile



**Net Profit 2021 YoY + 77%**



Income Statement (€ mln)	2016	2017	2018	2019	2020	2021	CAGR 16-21
Net interest income	2,2	2,4	3,0	3,4	4,1	6,2	23,1%
Net commission	5,8	7,4	8,1	10,1	13,1	17,7	25,1%
<b>Revenues</b>	<b>8,0</b>	<b>9,8</b>	<b>11,1</b>	<b>13,5</b>	<b>17,2</b>	<b>23,9</b>	<b>24,6%</b>
Operating expenses	(5,0)	(5,8)	(5,8)	(6,9)	(8,4)	(9,8)	14,2%
Loan loss provisions	0,1	0,0	(0,9)	(0,4)	(0,7)	(0,2)	n.m.
EBT	3,0	4,0	4,4	6,3	8,1	13,9	35,7%
<b>Net income</b>	<b>2,0</b>	<b>2,7</b>	<b>2,9</b>	<b>4,2</b>	<b>5,3</b>	<b>9,5</b>	<b>37,1%</b>
Balance Sheet (€ mln)	2016	2017	2018	2019	2020	2021	CAGR 16-21
Loans to customers	57,6	77,1	90,0	131,9	176,5	321,0	41,0%
Total liabilities at amortized cost	53,6	64,1	75,6	129,0	175,4	314,6	42,5%
<b>Total assets</b>	<b>63,9</b>	<b>85,8</b>	<b>99,7</b>	<b>158,4</b>	<b>211,1</b>	<b>365,3</b>	<b>41,7%</b>
<b>Shareholders' equity</b>	<b>5,7</b>	<b>15,1</b>	<b>16,7</b>	<b>19,4</b>	<b>22,5</b>	<b>32,0</b>	<b>41,3%</b>

- ✓ **Revenues CAGR +24,3%** and rising steadily
- ✓ **Operating costs CAGR +14,2%** and moderate growth compared to the brokerage margin
- ✓ **Low level of loan adjustments:** average impact (2016-2021F) on revenues of **2.5%**.
- ✓ **Net income CAGR +37,1%**
- ✓ **Loans to customers CAGR +41%** in line with growth in **Liabilities at amortized cost CAGR +42.5%**.
- ✓ **Shareholders' equity CAGR +41.3%**



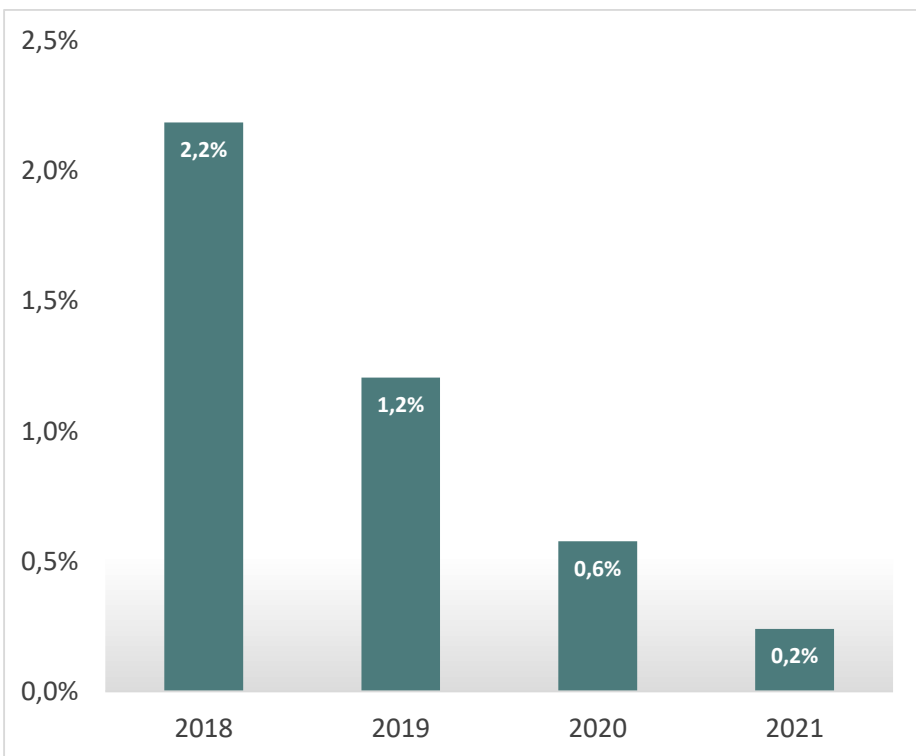
Operational data e KPIs	2016	2017	2018	2019	2020	2021	CAGR 16-21
N° of employees (#)	35	39	44	49	50	53	8,7%
Loans to customers per empl. (€ mln)	1,6	2,0	2,0	2,7	3,5	6,1	29,8%
Turnover per empl. (€ mln)	7,9	9,3	10,9	12,0	15,2	26,5	27,5%
Net interest income / Avg. Loans (%)	3,8%	3,6%	3,6%	3,1%	2,7%	2,5%	(8,2%)
Revenues / Avg. Loans (%)	13,8%	14,6%	13,3%	12,2%	11,2%	9,6%	(7,0%)
Net interest income / Revenues (%)	27,7%	24,6%	27,1%	25,4%	23,8%	26,0%	(1,2%)
Cost / Income ratio (%)	63,2%	59,1%	52,0%	50,7%	48,7%	40,9%	(8,3%)
Average credit days	85	82	73	78	85	79	(1,5%)
LTV (advance as a % of turnover)	75,4%	74,5%	73,2%	75,4%	73,9%	79,7%	1,1%
ROE (%) *	52,4%	21,3%	21,2%	27,6%	30,8%	42,0%	n.m.
Net income	2,0	2,7	2,9	4,2	5,3	9,5	37,1%
Shareholders' equity	5,7	15,1	16,7	19,4	22,5	32,0	41,3%
Commercial KPIs	2016	2017	2018	2019	2020	2021	CAGR 16-21
Turnover (€ mln)	275	362	478	590	761	1403	38,5%
Advances granted (€ mln)	207	269	350	445	562	1118	40,1%
N° of total assignors (#)	160	183	215	215	209	216	6,2%
N° of total debtors (#)	3355	6028	7485	8240	10797	12433	30,0%

- ✓ **Number of employees CAGR +8.7%**, contained compared to business dynamics
- ✓ **Turnover CAGR + 38,5%**
- ✓ **ROE\* (42% in 2021) well above Cost of Capital**, despite reduced unit revenues
- ✓ **Cost / Income Ratio** in continuous contraction, **at 41% in 2021**



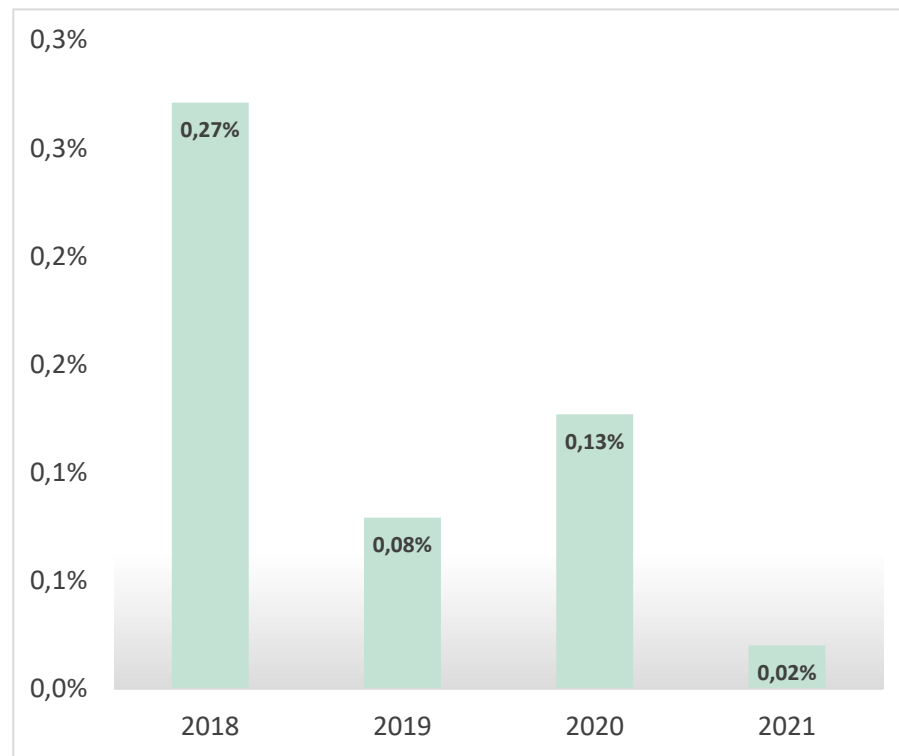
**Excellent risk profile with respect to both the cost of risk and the level of non-performing credits**

## Gross NPE Ratio



NPE Ratio: Gross impaired credits / Gross credits

## Cost of risk



Cost of risk: Value adjustments / Annual advance granted



**Web site**

[www.generalfinance.it](http://www.generalfinance.it)

**Linkedin**

<https://www.linkedin.com/company/general-finance/>

**Customer service**

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