

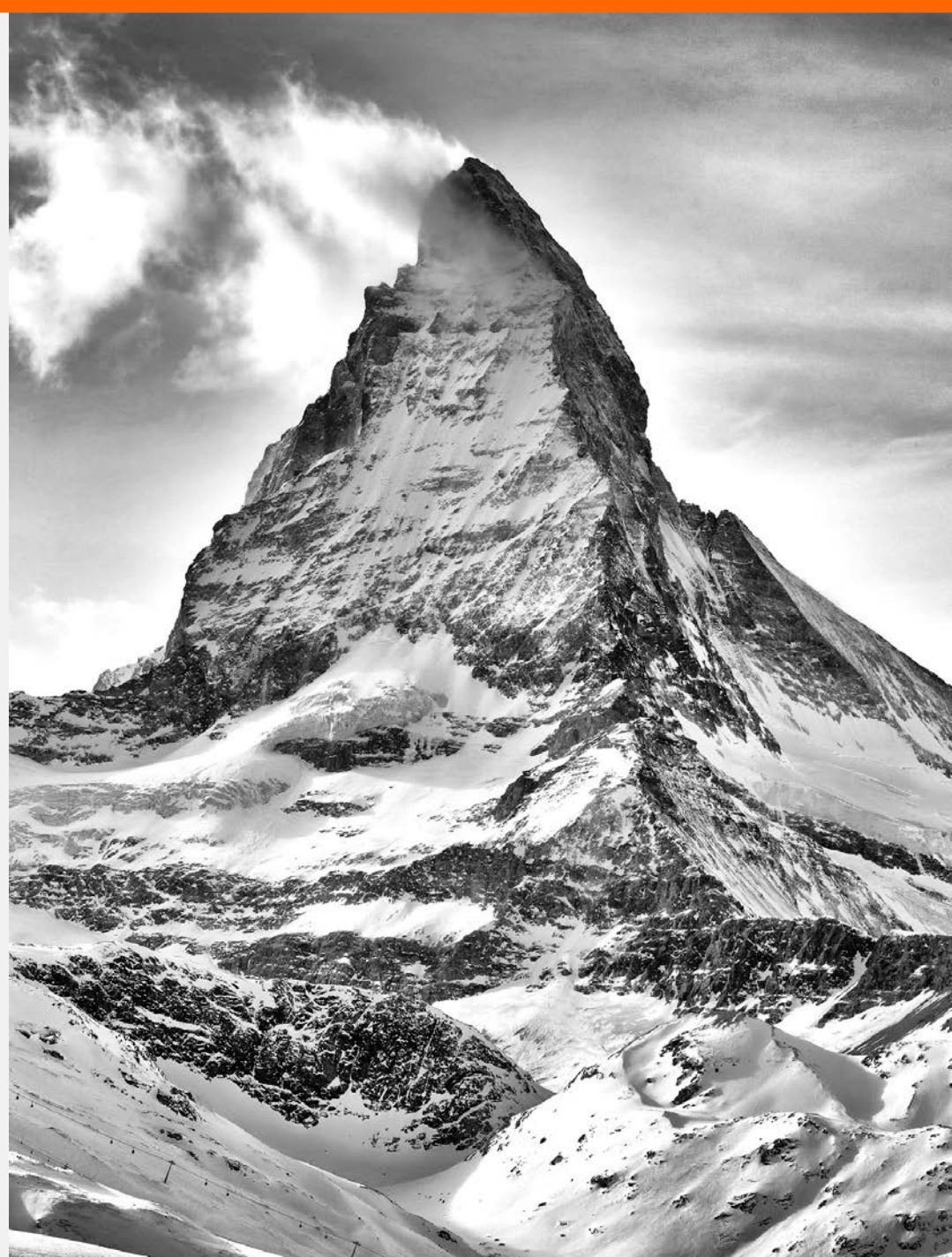


ddm

# On a path of rapid growth

Pareto Securities' Nordic Corporate  
Bond Conference

7 March 2018



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# Today's presenters



**KENT  
HANSSON**

*Acting CEO,  
Chairman and Founder*

Experience:

- 28 years industry experience, previously from Intrum Justitia Group responsible for Pan European Purchased Debt company
- Founded DDM in 2007



**FREDRIK  
OLSSON**

*Chief Financial Officer*

Experience:

- With DDM since 2014
- Finance Manager at LyondellBasell Industries NV
- Head of Investor Relations and other management positions at Petroplus Marketing AG

# AGENDA

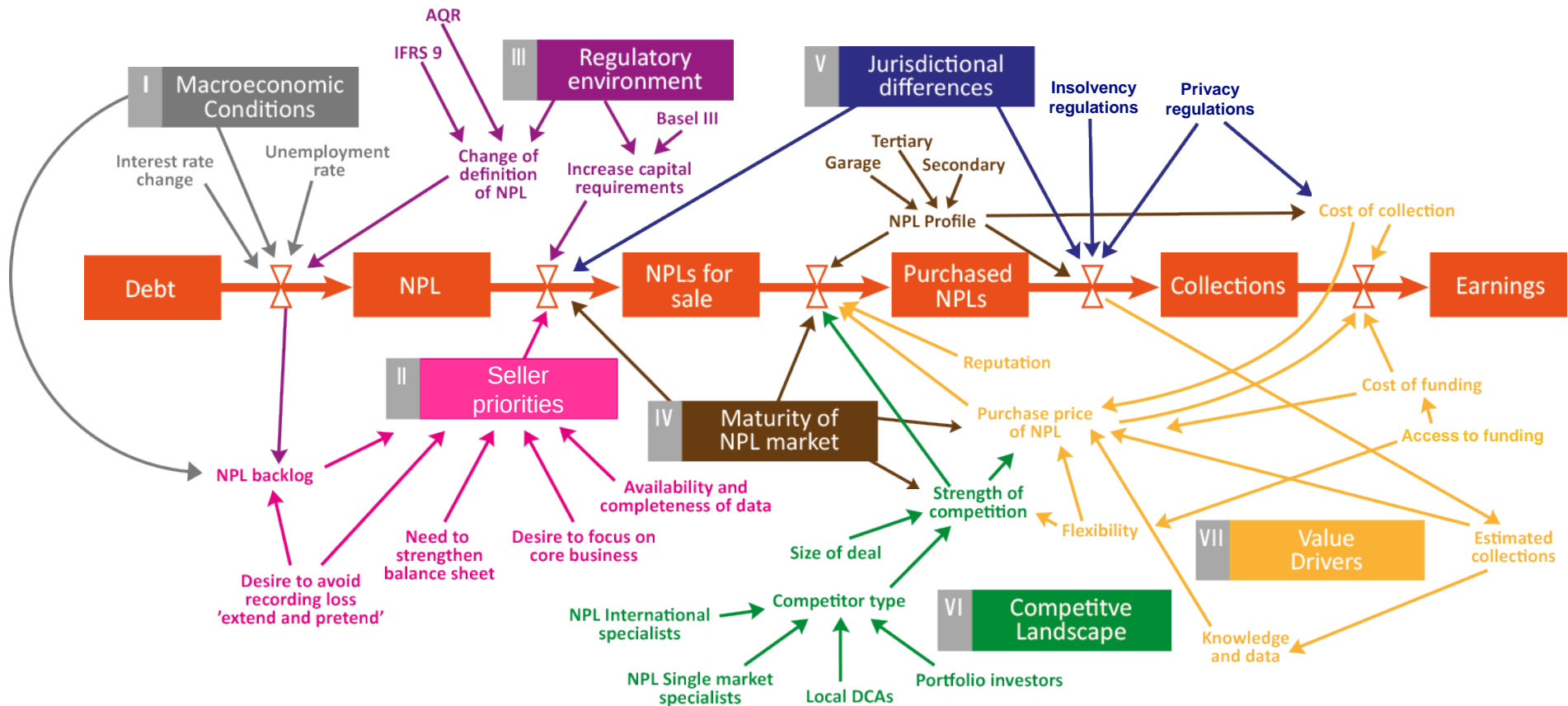
1. Industry profitability and introduction to DDM

2. Financials and funding

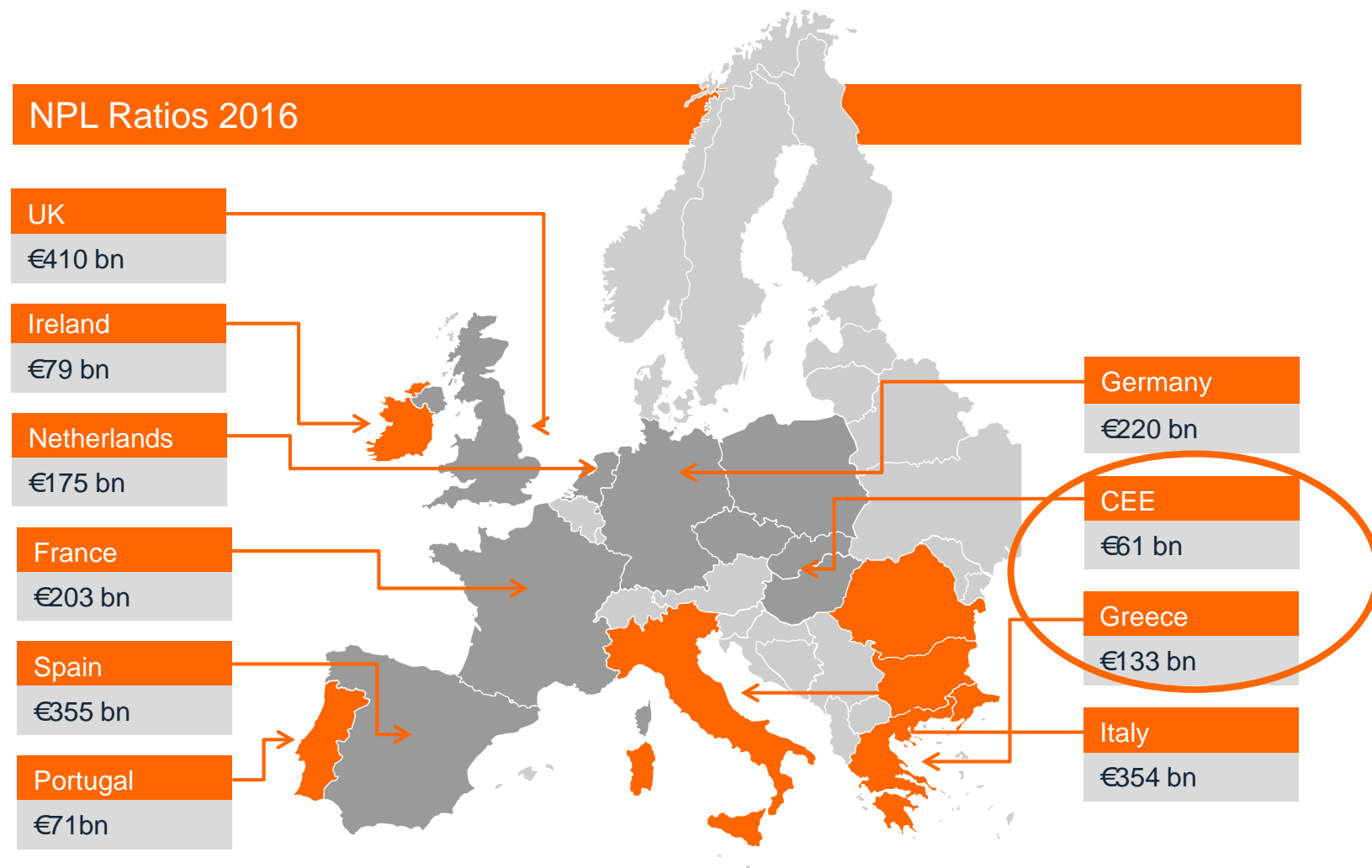
3. Next steps



# Drivers of Industry Profitability in the NPL industry in Europe



# Significant potential for NPL-deals in SCEE



Source: Deloitte NPL presentation slides May 2017, World Bank Data.  
The amounts in EUR bn refer to the amount of outstanding NPLs and non-core universe in each country.

# Business model tailor made for the SCEE markets

## Strong presence in the SCEE market



Experienced organisation with proven track record and significant industry knowledge



Wide network of DCAs across SCEE



Trusted buyer and close relationships with major banks and other sellers



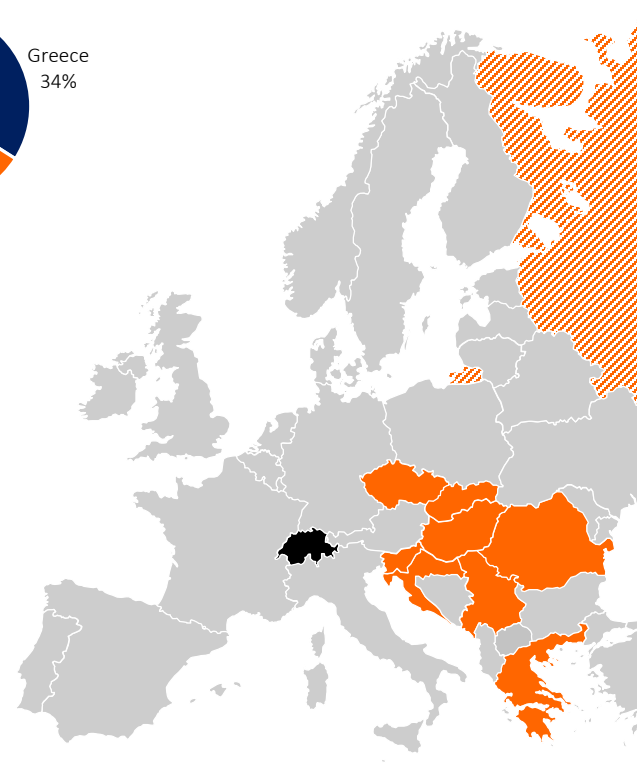
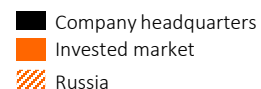
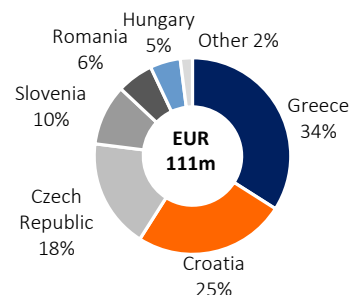
Opportunistic, flexible and highly scalable business model



Industry leading and unified IT system synced with DCAs for data collection

## Geographic distribution at 31 December 2017

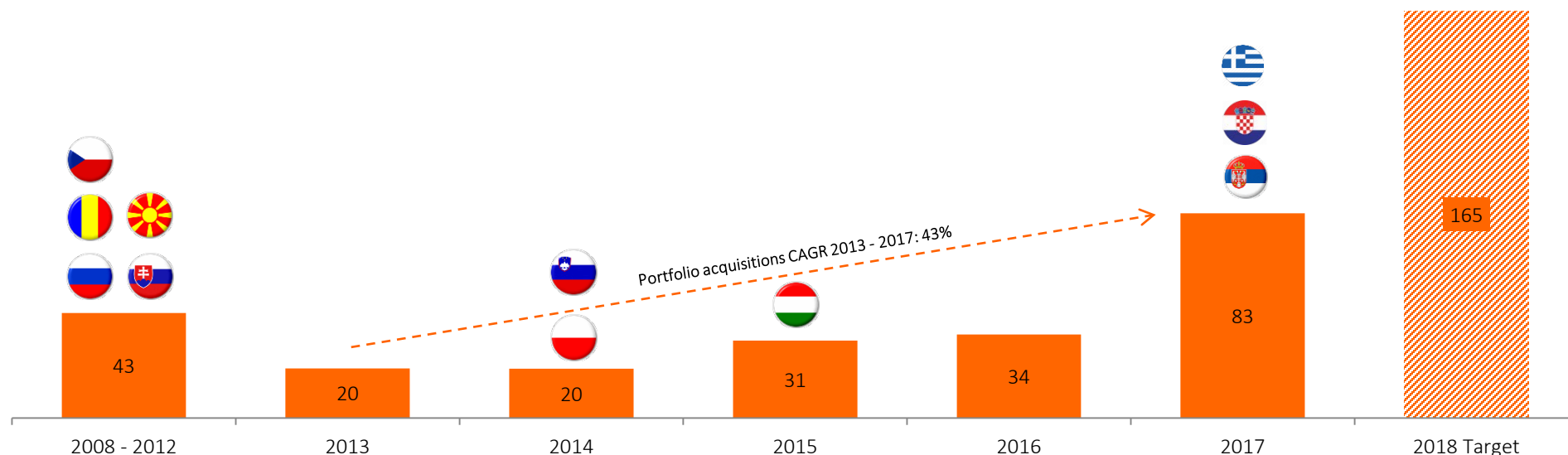
DDM's distressed assets by country, Q4 2017





# Achievements in 2017 a platform for significant growth in 2018

EURm



## Start up and build up phases

**2007:** DDM founded  
**2008:** First external funding and initial investments made in Russia  
**2009-2012:** Build up of team, processes and IT system FUSION  
 DDM headcount from 3 to 10+ people, acquired 50 portfolios  
**2009:** Entered Romania, Czech Republic and Slovakia  
**2010:** Entered Macedonia

## Scale up phase

**2013:** First bond issue of SEK 300m  
 Starts co-investment discussions with a leading global financial institution  
**2014:** IPO on Nasdaq OMX First North  
 Entered Poland and Slovenia

## Growth (target pipeline)

**2015:** Entered Hungary with two landmark transactions  
**2016 July:** Share capital increase of EUR ~ 7m and first Euro bond of EUR 11m issued. Landmark transaction in Slovenia  
**2017 Jan:** Refinanced existing debt with EUR 50m bond at 9.5%  
**2017 Mar:** Completed share issue of EUR ~ 11m  
**2017 Apr:** Completed EUR 35m tap issue of outstanding bond at 101.50 corresponding to a yield of ~ 9%  
**2017 June:** Acquired two portfolios in Croatia  
**2017 July:** Milestone transaction in Greece  
**2017 Sept:** Acquired portfolio in Czech Republic from repetitive seller and signed EUR 17m RCF  
**2017 Nov:** EUR 10m bridge financing completed. Transaction with a partner in Greece. Entered Serbia  
**2017 Dec:** Issued EUR 50m of senior secured bonds at 8%, within a total framework of EUR 160m  
**Roadmap:** Capitalize on strong market opportunities in SCEE and continued focus on funding growth and lowering cost of capital

Note: Country flags represent when DDM first entered the respective market

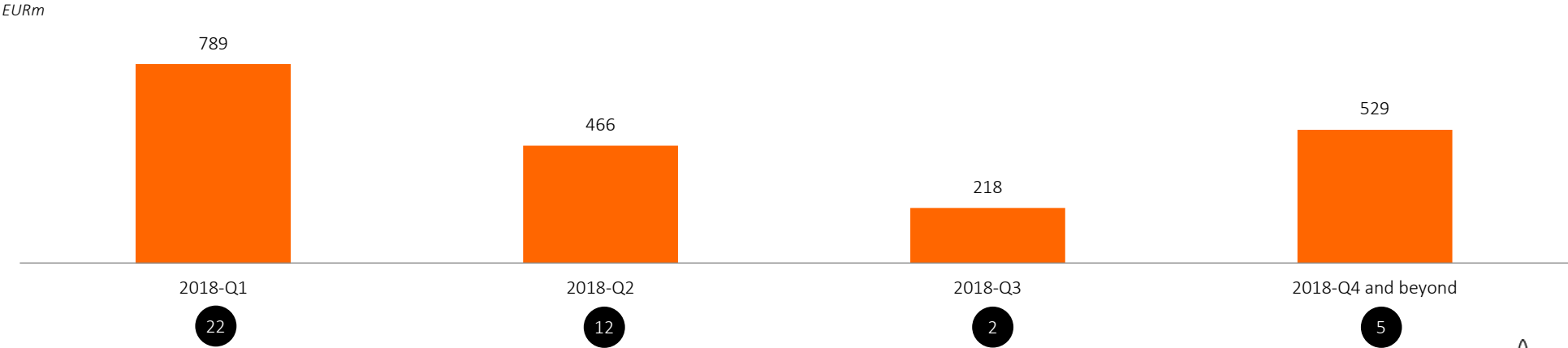


# Strong pipeline of new investment opportunities

Type of portfolios analysed, 2018



2018-2019 investment opportunities<sup>1)</sup>



1) Including new and rolled over portfolios from 2017, all analyzed and priced. Management estimates. Data as of 5 March 2018



# AGENDA

1. Industry profitability and introduction to DDM

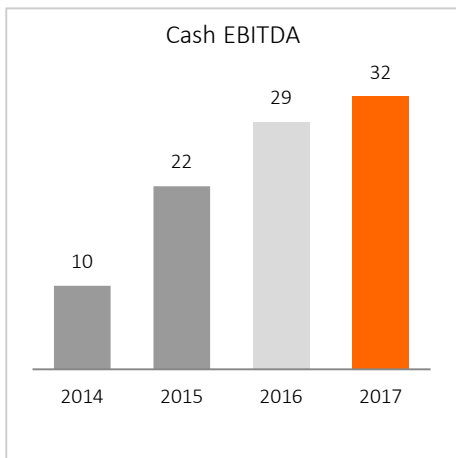
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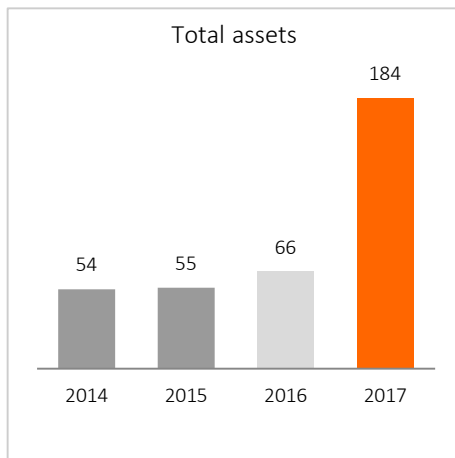


# Our Financial KPIs show our solid development in 2017

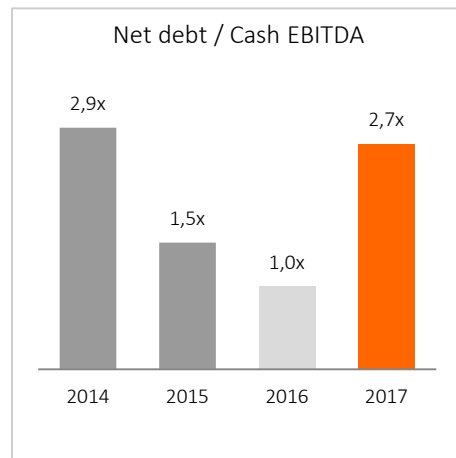
## Profitability



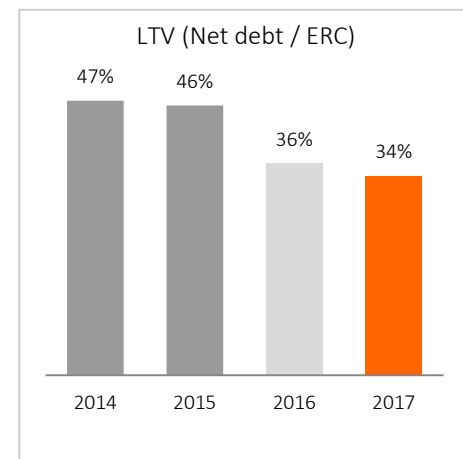
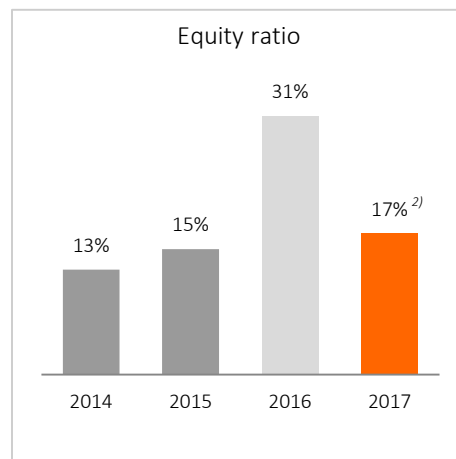
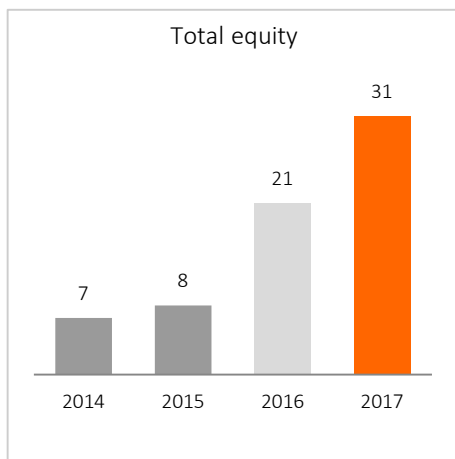
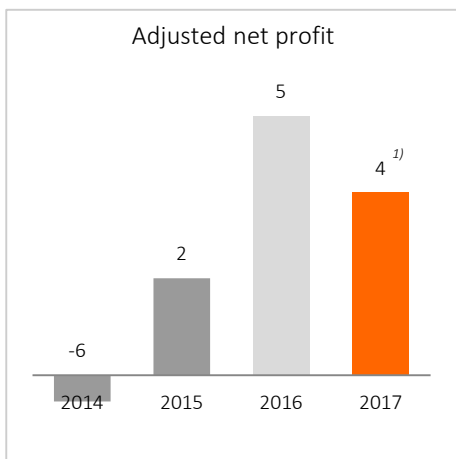
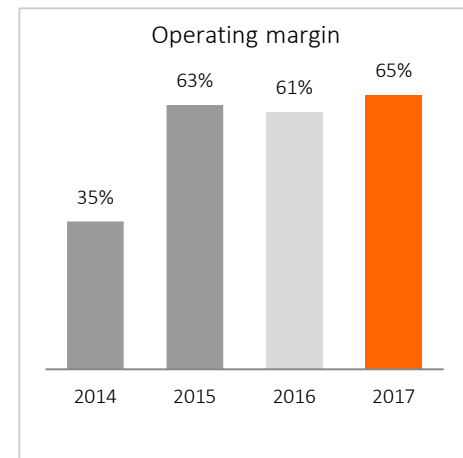
## Balance sheet



## Leverage



## Efficiency



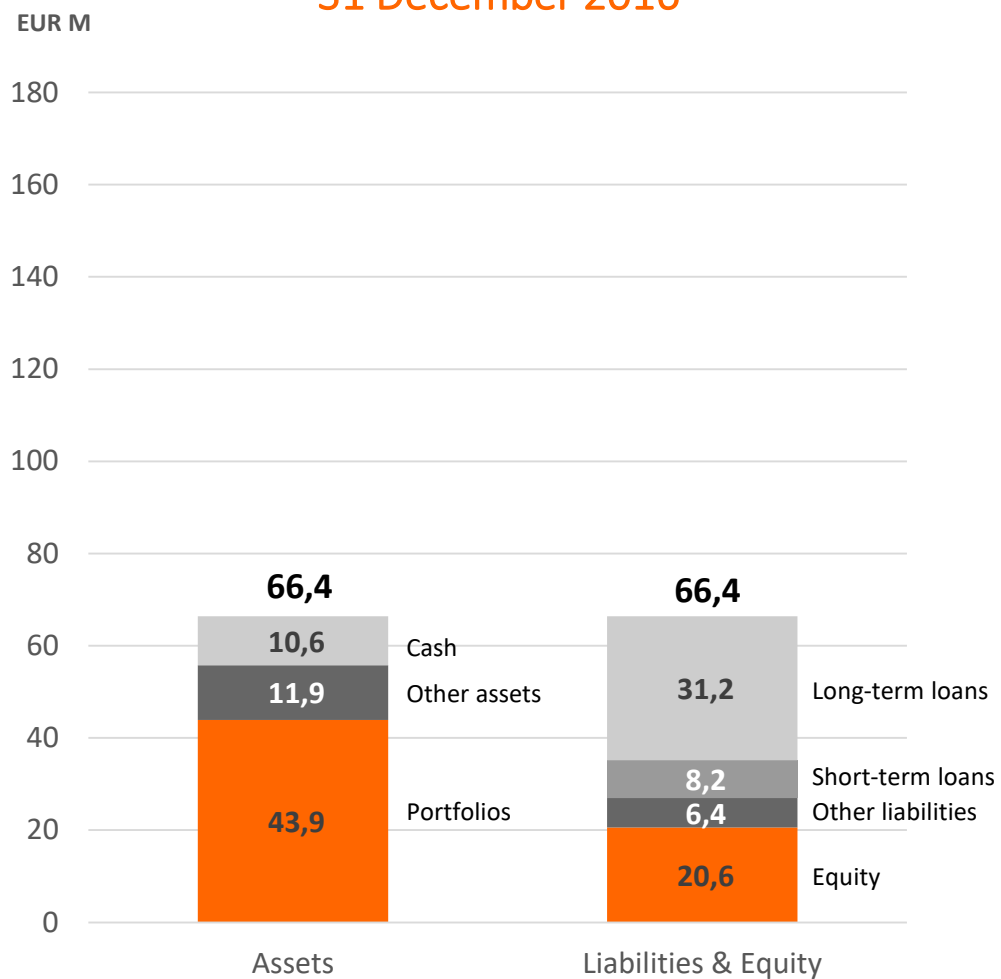
Note: All figures are in EURm.

1) Adjusted net profit is adjusted for EUR ~ 3.1m of non-recurring items due to the bond refinancing in Q1 2017

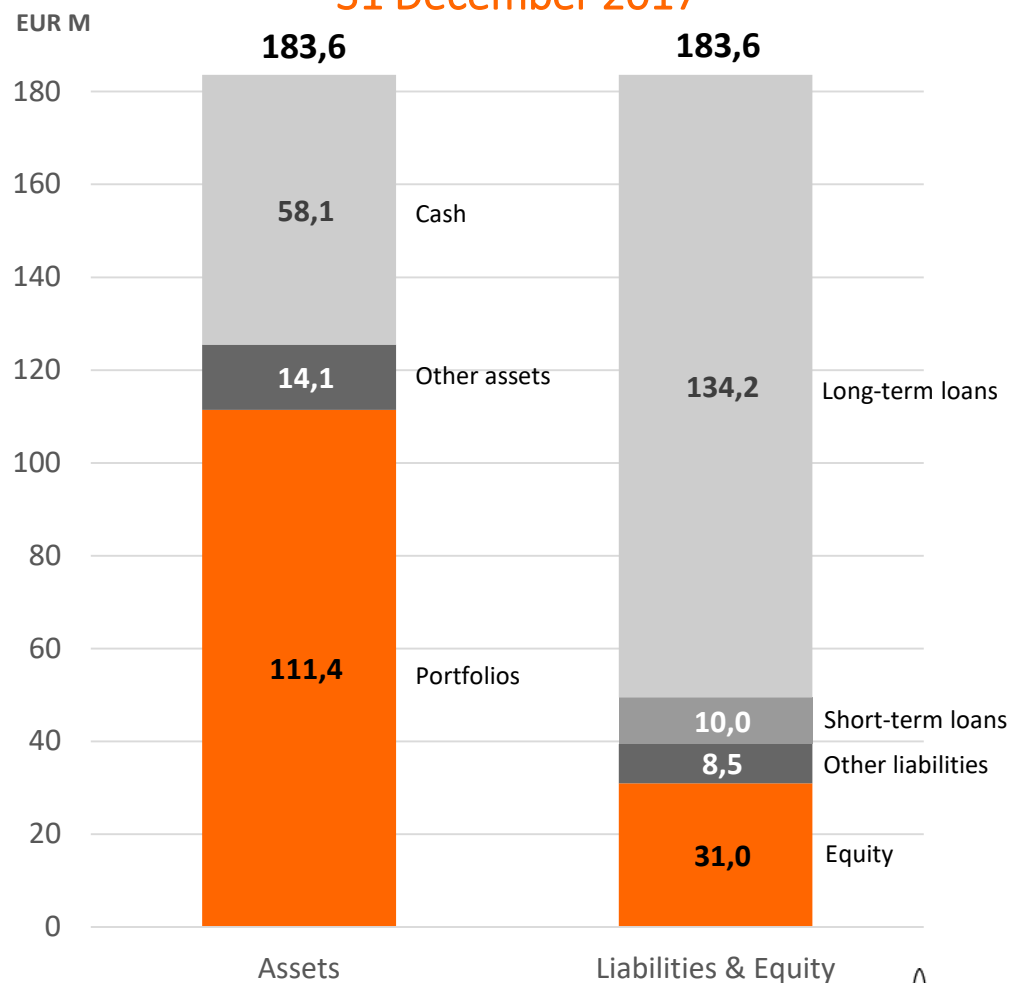
2) The equity ratio of the DDM Debt Group according to the senior secured bond terms is 19.7%

# Significant growth achieved in 2017 – almost tripling total assets

31 December 2016

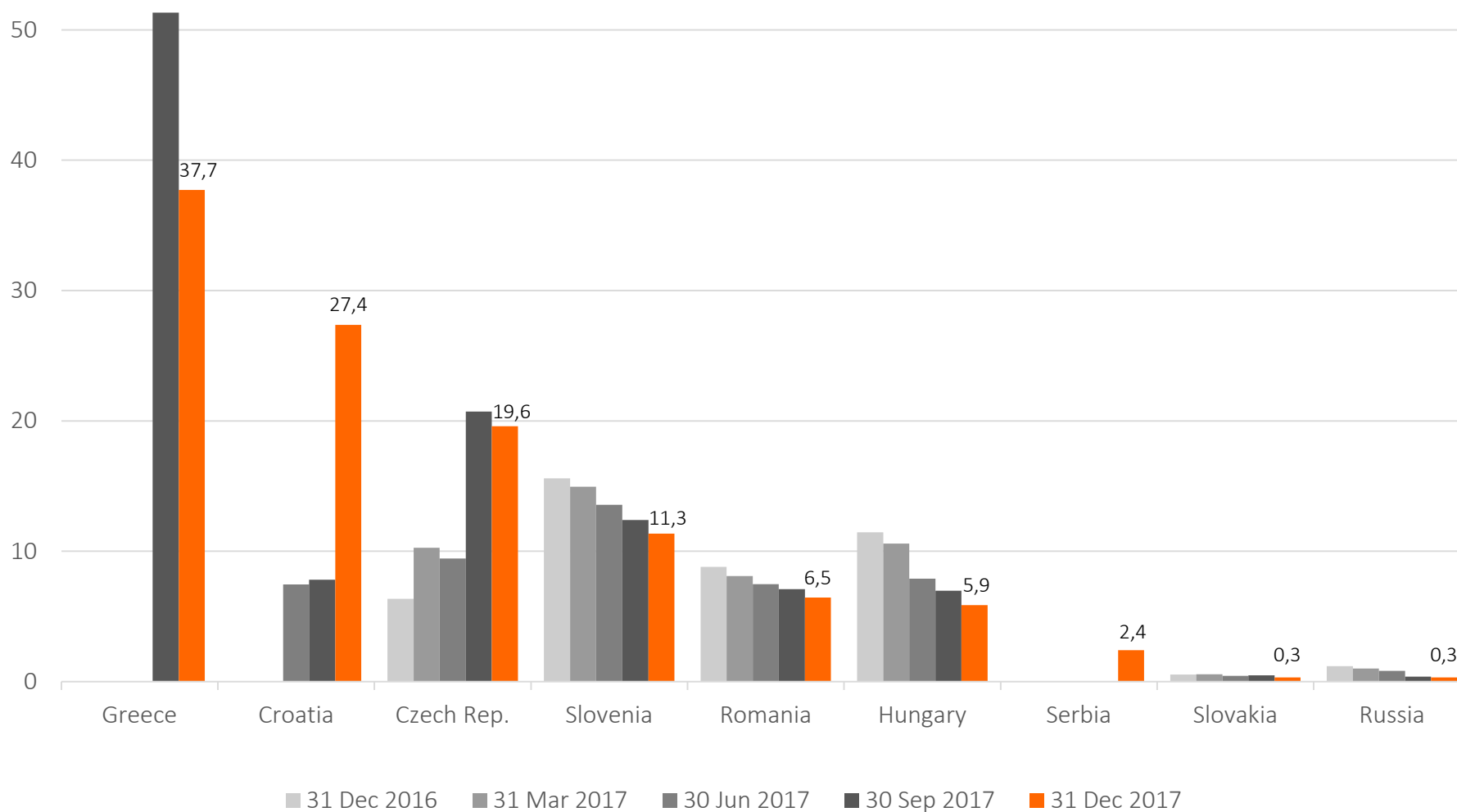


31 December 2017



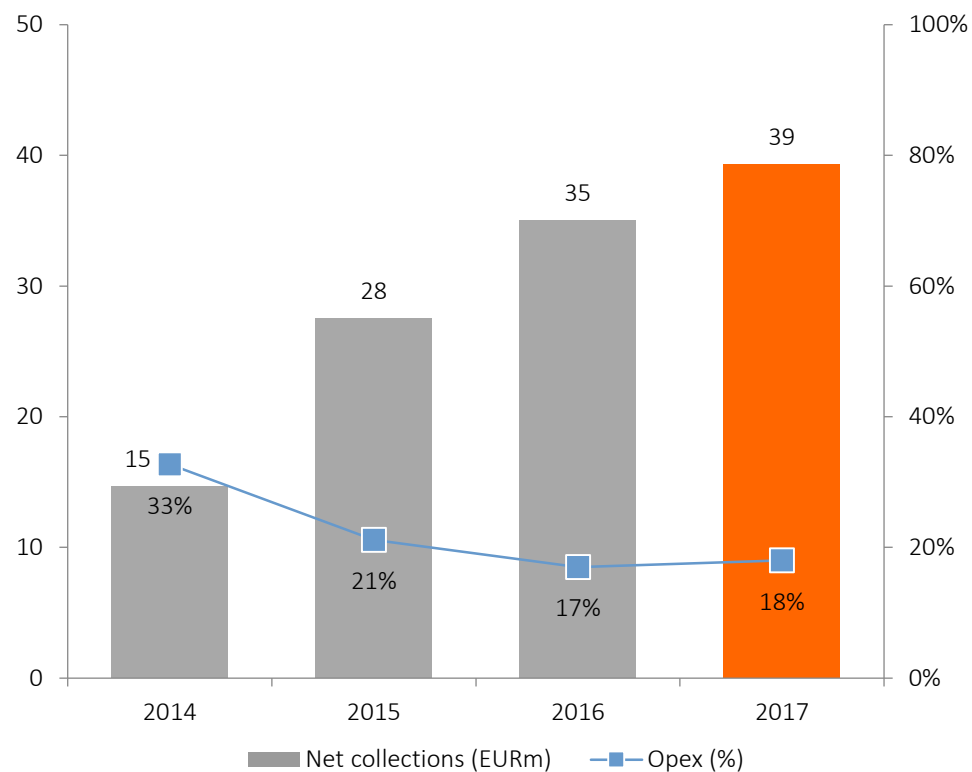
# Increasingly diversified portfolio following recent transactions

Carrying value by country, EUR M

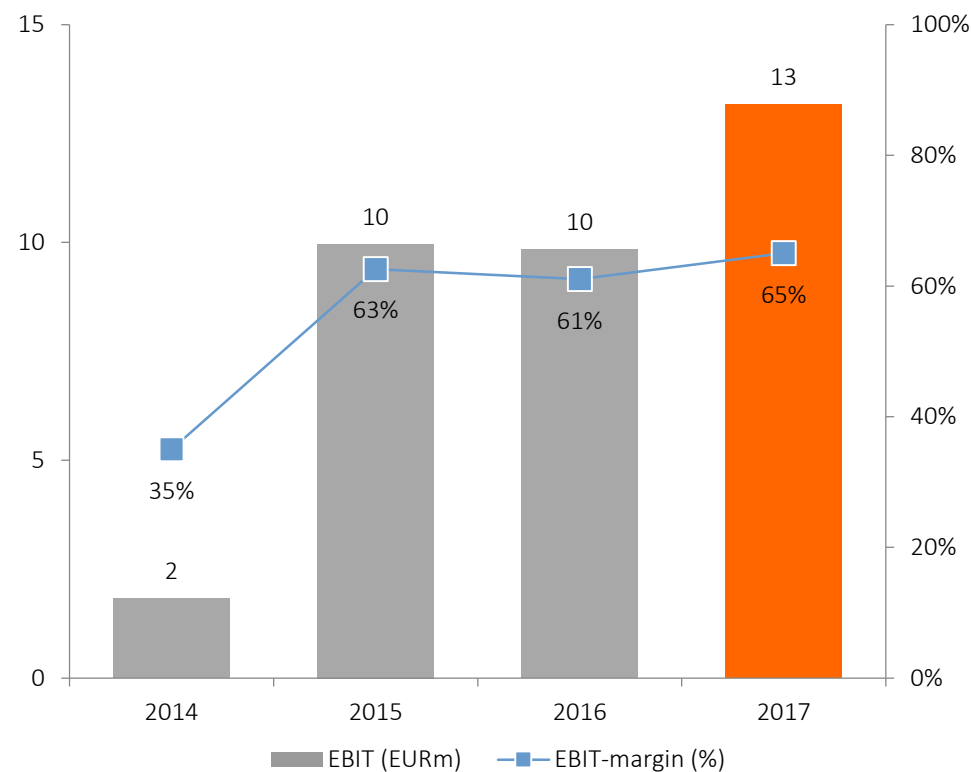


# Strong growth and scalable model with significant operating leverage

Net collections <sup>1)</sup>



EBIT

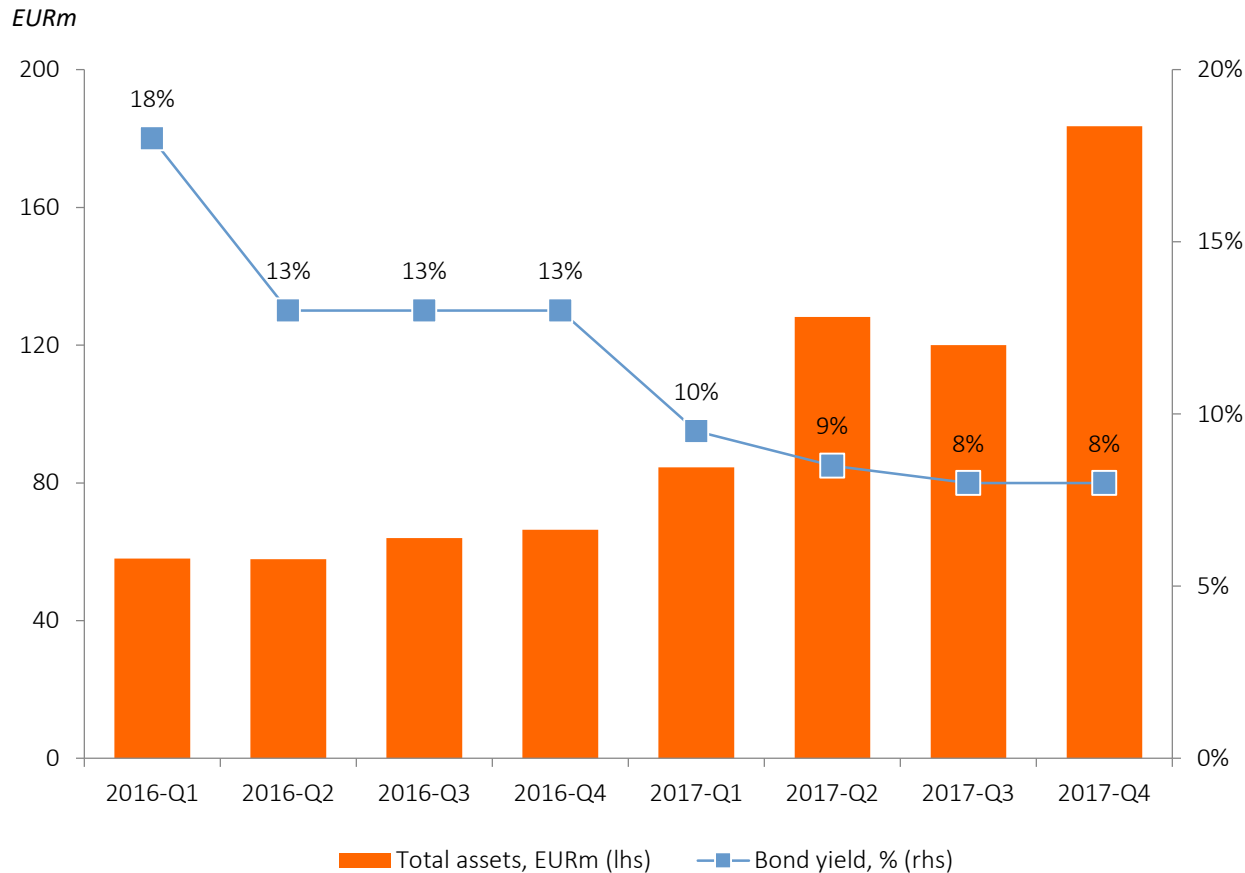


<sup>1)</sup> Including revenue from management fees

Note: All figures are in EUR millions. Consolidated DDM Holding Group 2017 accounts

# Cost of debt has decreased significantly reflecting our progress

Total assets (EURm) and senior secured bond yield development



Major achievements last 12 months

- ✓ Cost of debt has decreased significantly over the last 12 months
- ✓ Complete overhaul of old funding platform
  - Old legacy structure replaced with new and more efficient structure
  - SEK funding replaced with EUR funding
  - Expensive junior financing repaid
- ✓ First bank financing in place with EUR 17m RCF
- ✓ EUR 10m bridge financing completed in November
- ✓ EUR senior secured bonds at 8% issued in December 2017
- ✓ Continued diversification of funding platform and lowering cost of capital remain key priorities for DDM

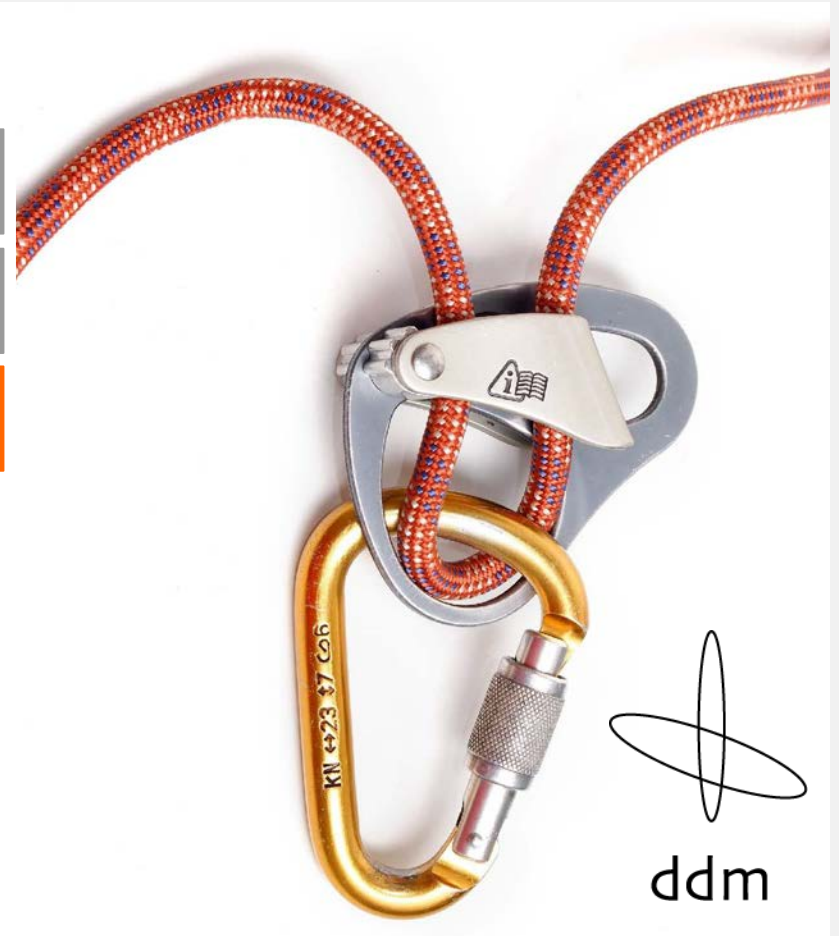


# AGENDA

1. Industry profitability and introduction to DDM

2. Financials and funding

3. Next steps



# Next steps to support our path of rapid growth

## Management

- Continue to strengthen and broadening management team & board to gear up for future growth

## Funding

- Issue additional financing to support growth
- Continue to work towards lower cost of funding
- Increase funding diversification

## Growth initiatives

- Enter additional countries in focus region
- Generally focus on larger investments
- Meet portfolio investment target of EUR 165m

## Nasdaq main list

- Change listing from Nasdaq Stockholm First North to Nasdaq Stockholm main list

# Summary

## 1 Strong position in highly attractive SCEE markets

- ✓ EUR ~170bn market opportunity, higher IRRs, less competition

## 2 Expertise organization with an impressive track-record of acquiring and managing complex investments

- ✓ +90 portfolios acquired, specialists in executing complex multi asset-classes deals with unrivalled returns
- ✓ Diverse and experienced organization with longstanding track-record from DP industry

## 3 Trusted partner to large selling banks

- ✓ Strong vendor relationships with large European banks, proven by large number of off-market deals and repeat sales

## 4 Superior operating model tailored for SCEE markets - Unique, agile and low risk

- ✓ Wide network of trusted DCAs, no large fixed cost in-house collection platforms and single IT system that accumulate all data on a granular level

## 5 Impressive growth trajectory, strong cash flows and highly scalable platform

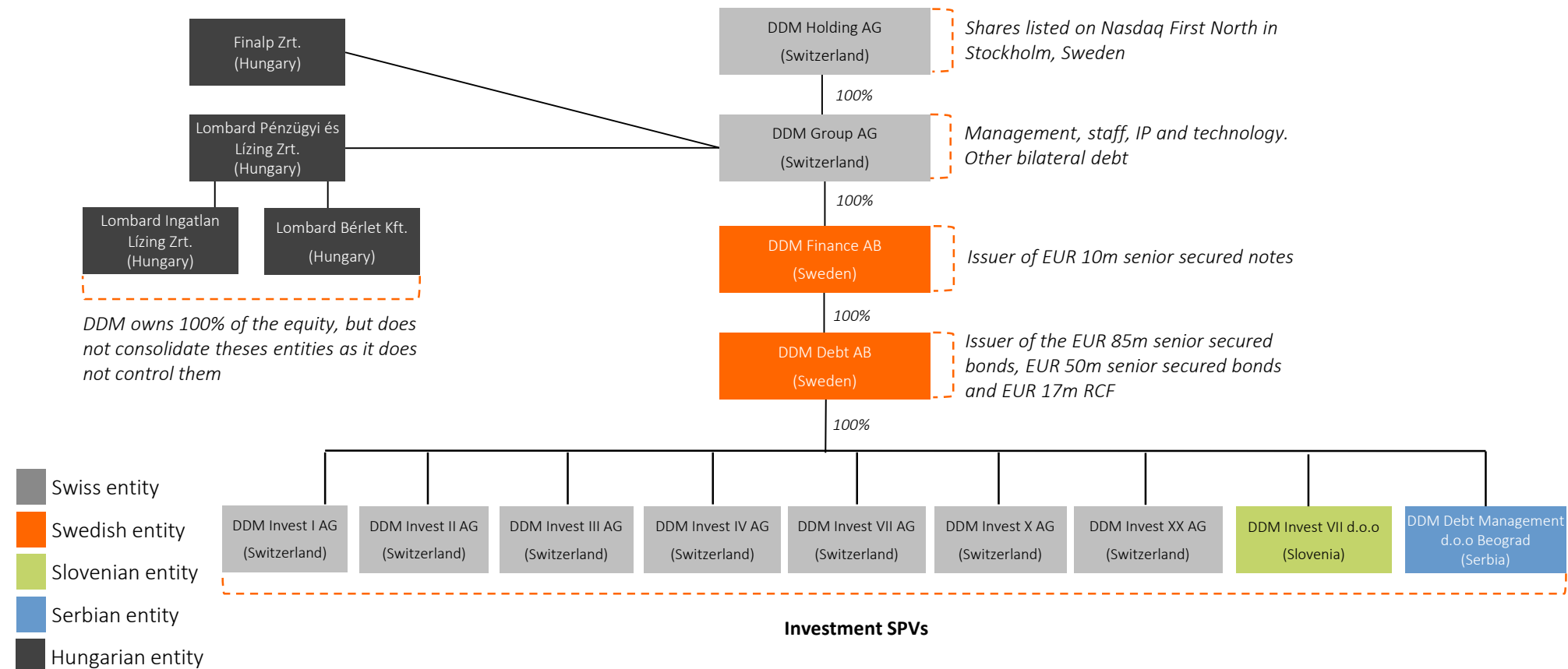
- ✓ Year-on-year ERC growth of +213%, +50% EBIT margins, 2017 Cash EBITDA of EUR 32m
- ✓ Continue lowering funding costs and further diversification a key priority



## APPENDICES



# Group structure



# Income statement

## Income statement

For the year ended 31 December				
Amounts in EUR '000	2014	2015	2016	2017
Revenue on invested assets <sup>1)</sup>	5,222	15,926	14,919	18,475
<b>Reconciliation of revenue on invested assets:</b>				
Net collections <sup>1)</sup>	14,687	27,508	34,225	37,434
Amortization of invested assets	-10,600	-7,427	-18,623	-19,164
Revaluation and impairment of invested assets	1,136	-4,155	-682	205
Revenue from management fees	0	0	1,207	1,876
Personnel expenses	-2,705	-3,827	-3,949	-3,422
Consulting expenses	-1,215	-1,207	-1,247	-2,381
Other operating expenses	-881	-779	-952	-1,236
Other operating income	1,553	0	0	0
Amortization and depreciation of tangible and intangible assets	-147	-147	-134	-143
<b>Operating profit</b>	<b>1,828</b>	<b>9,967</b>	<b>9,843</b>	<b>13,169</b>
Financial income	8	30	32	0
Financial expenses <sup>2)</sup>	-5,902	-5,961	-6,663	-12,016
Unrealized exchange profit / (loss)	-2,070	-1,707	2,111	594
Realized exchange loss	-283	-427	-257	-526
<b>Net financial expenses</b>	<b>-8,247</b>	<b>-8,064</b>	<b>-4,777</b>	<b>-11,948</b>
<b>Profit / (loss) before income tax</b>	<b>-6,418</b>	<b>1,903</b>	<b>5,066</b>	<b>1,221</b>
Tax income / (expense)	64	-54	275	-557
<b>Net profit / (loss) for the year</b>	<b>-6,354</b>	<b>1,848</b>	<b>5,341</b>	<b>664</b>

1) Includes revenue from management fees in 2014-2015 2) Includes EUR 3.1M of non-recurring items related to the refinancing in H1 2017

# Balance sheet – Assets

Assets				
<i>Amounts in EUR '000</i>	31 December 2014	31 December 2015	31 December 2016	31 December 2017
<b>ASSETS</b>				
Goodwill	4,160	4,160	4,160	4,160
Intangible assets	1,838	1,748	1,637	1,526
Tangible assets	21	70	63	54
Interests in associates	-	600	600	600
Distressed asset portfolios	34,242	22,254	32,472	105,547
Other long-term receivables from investments	-	18,307	11,447	5,865
Deferred tax assets	130	108	1,289	1,403
Other non-current assets	-	-	1,332	116
<b>Total non-current assets</b>	<b>40,392</b>	<b>47,247</b>	<b>53,001</b>	<b>119,271</b>
Accounts receivable	3,744	4,131	1,660	4,994
Other receivables	325	300	910	603
Prepaid expenses and accrued income	505	142	205	591
Cash and cash equivalents	9,001	3,392	10,599	58,118
<b>Total current assets</b>	<b>13,575</b>	<b>7,964</b>	<b>13,374</b>	<b>64,306</b>
<b>TOTAL ASSETS</b>	<b>53,967</b>	<b>55,211</b>	<b>66,375</b>	<b>183,577</b>



# Balance sheet – Equity and liabilities

## Equity and liabilities

<i>Amounts in EUR '000</i>	31 December 2014	31 December 2015	31 December 2016	31 December 2017
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Share capital	5,786	5,786	7,540	11,780
Share premium	10,778	10,778	15,512	21,030
Other reserves	(194)	(547)	(584)	(540)
Accumulated losses incl. net loss / profit for the period	(9,583)	(7,735)	(1,893)	(1,356)
<b>Total shareholders' equity attributable to Parent Company's shareholders</b>	<b>6,786</b>	<b>8,281</b>	<b>20,575</b>	<b>30,914</b>
Loans	37,282	30,145	31,192	134,166
Post-employment benefit commitments	344	812	474	913
Deferred tax liabilities	69	60	231	490
<b>Total long-term liabilities</b>	<b>37,695</b>	<b>31,017</b>	<b>31,897</b>	<b>135,569</b>
Liabilities to credit institutions (bank overdrafts)	1	-	-	-
Accounts payable	5,249	5,758	1,568	858
Tax liabilities	-	-	-	814
Accrued interest	2,364	2,519	2,418	3,822
Accrued expenses and deferred income	1,873	1,011	1,733	1,600
Loans	-	6,625	8,184	10,000
<b>Total current liabilities</b>	<b>9,487</b>	<b>15,914</b>	<b>13,903</b>	<b>17,094</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>53,967</b>	<b>55,211</b>	<b>66,375</b>	<b>183,577</b>