



ddm

On a path of rapid growth

Carnegie Investment Bank's
Debt Purchase Seminar

13 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

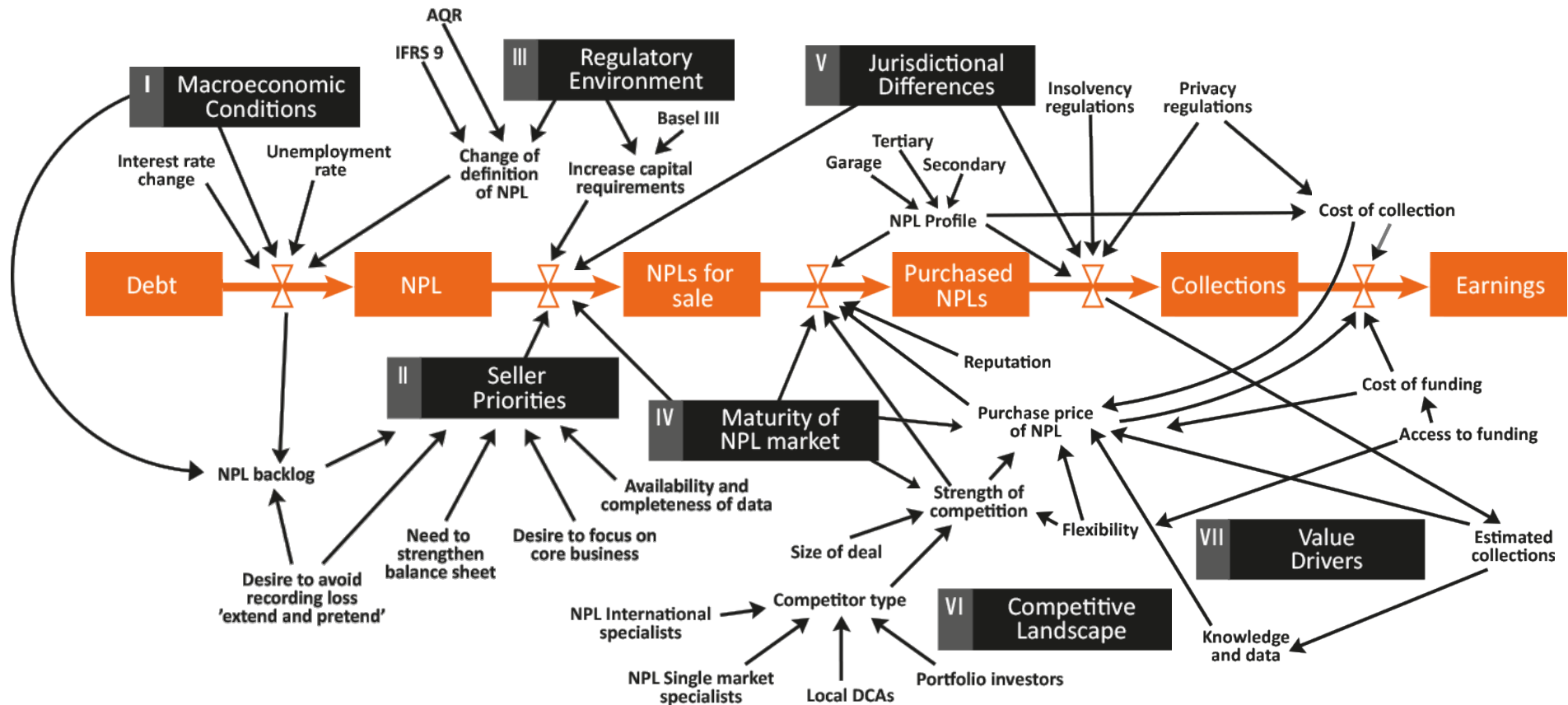
1. Industry profitability and introduction to DDM

2. Financials and funding

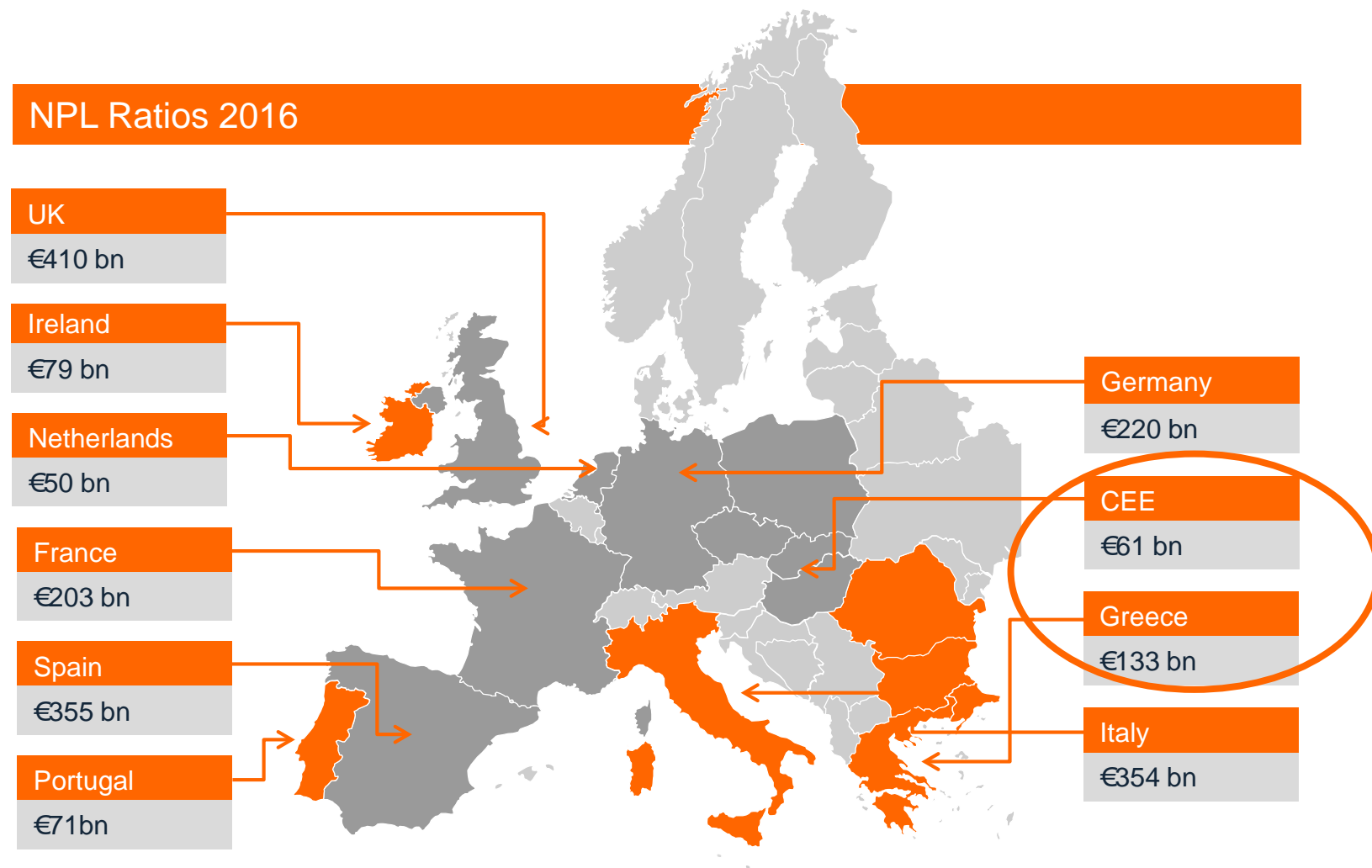
3. Next steps



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



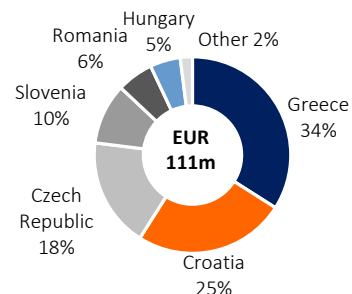
Opportunistic, flexible and highly scalable business model



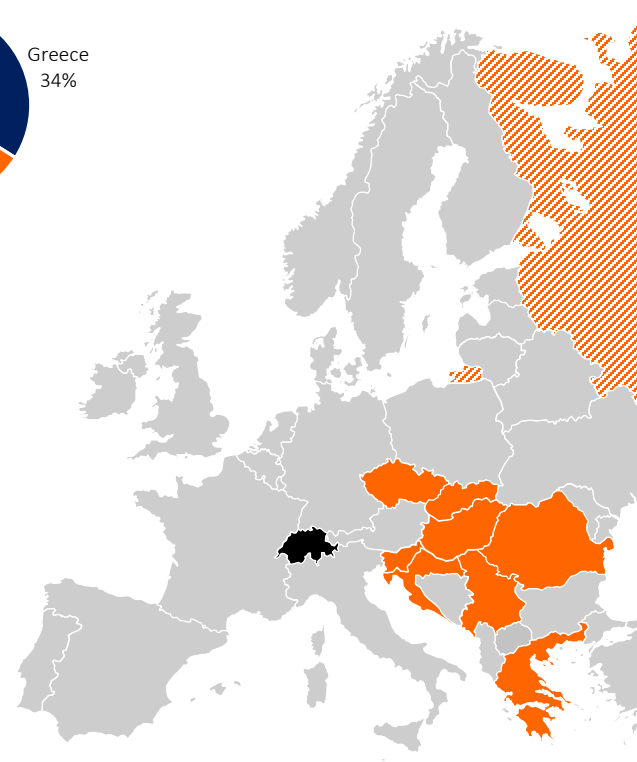
Industry leading and unified IT system synced with DCAs for data collection

Geographic distribution at 31 December 2017

DDM's distressed assets by country, Q4 2017

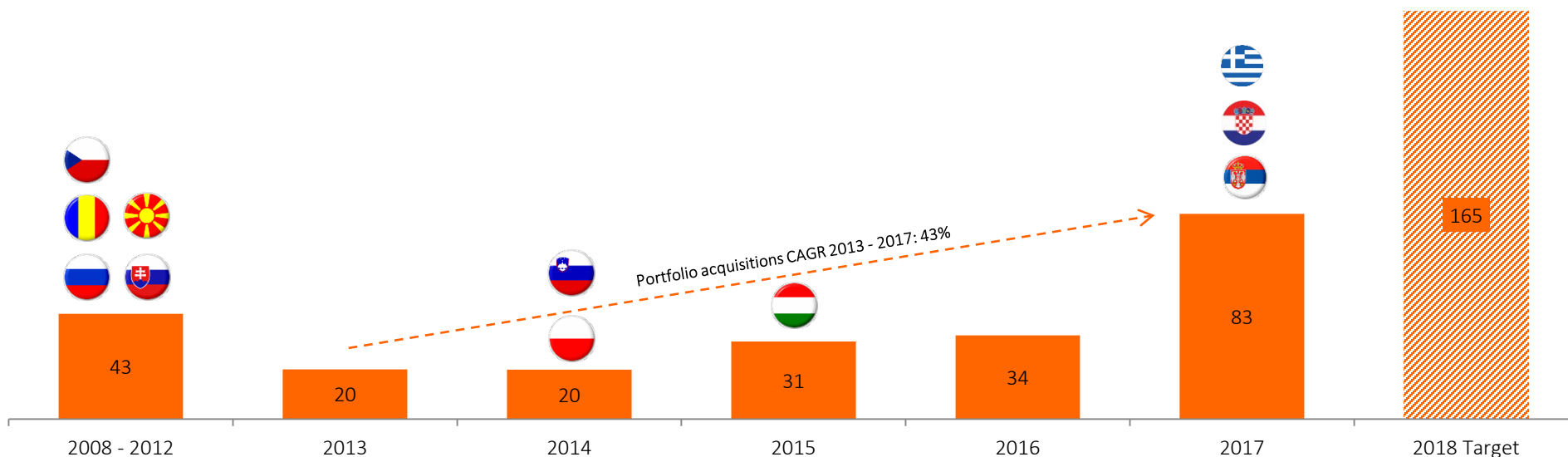


■ Company headquarters
■ Invested market
▨ Russia



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

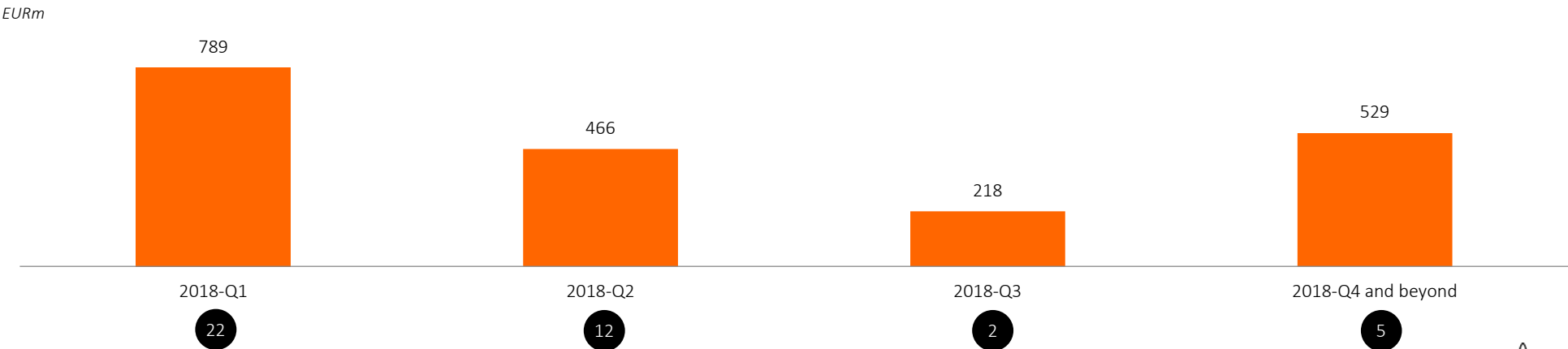
Note: Country flags represent when DDM first entered the respective market

Strong pipeline of new investment opportunities

Type of portfolios analysed, 2018



2018-2019 investment opportunities¹⁾



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

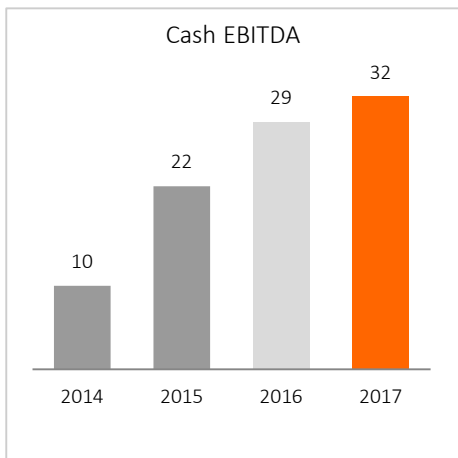
2. Financials and funding

3. Next steps

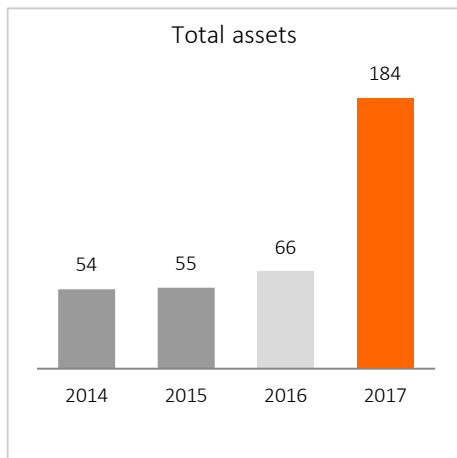


Our Financial KPIs show our development in 2017

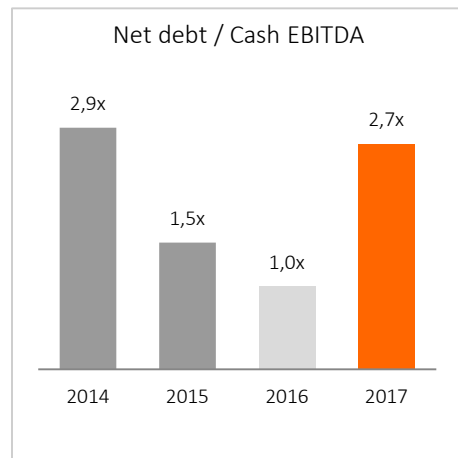
Profitability



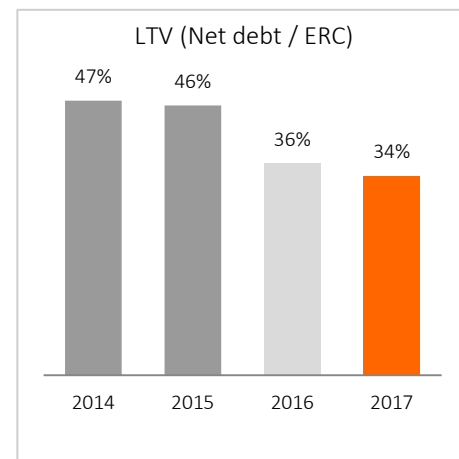
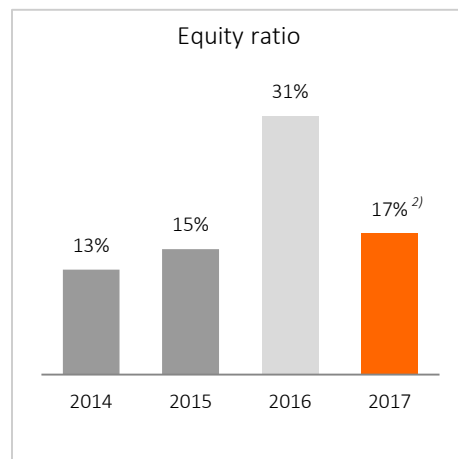
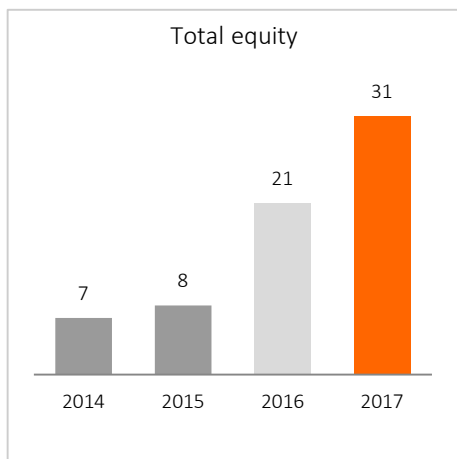
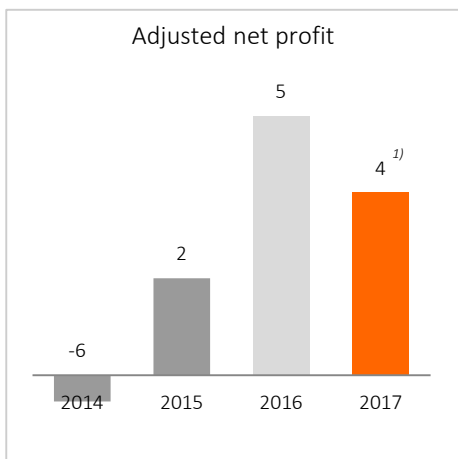
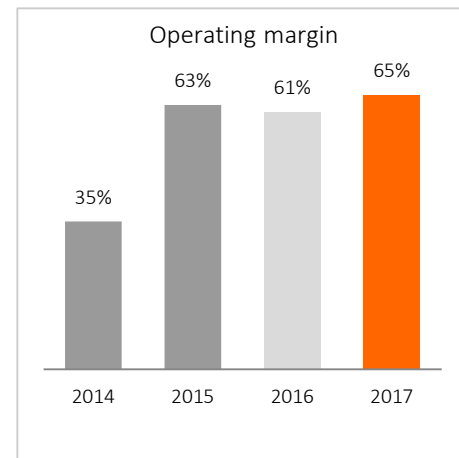
Balance sheet



Leverage



Efficiency



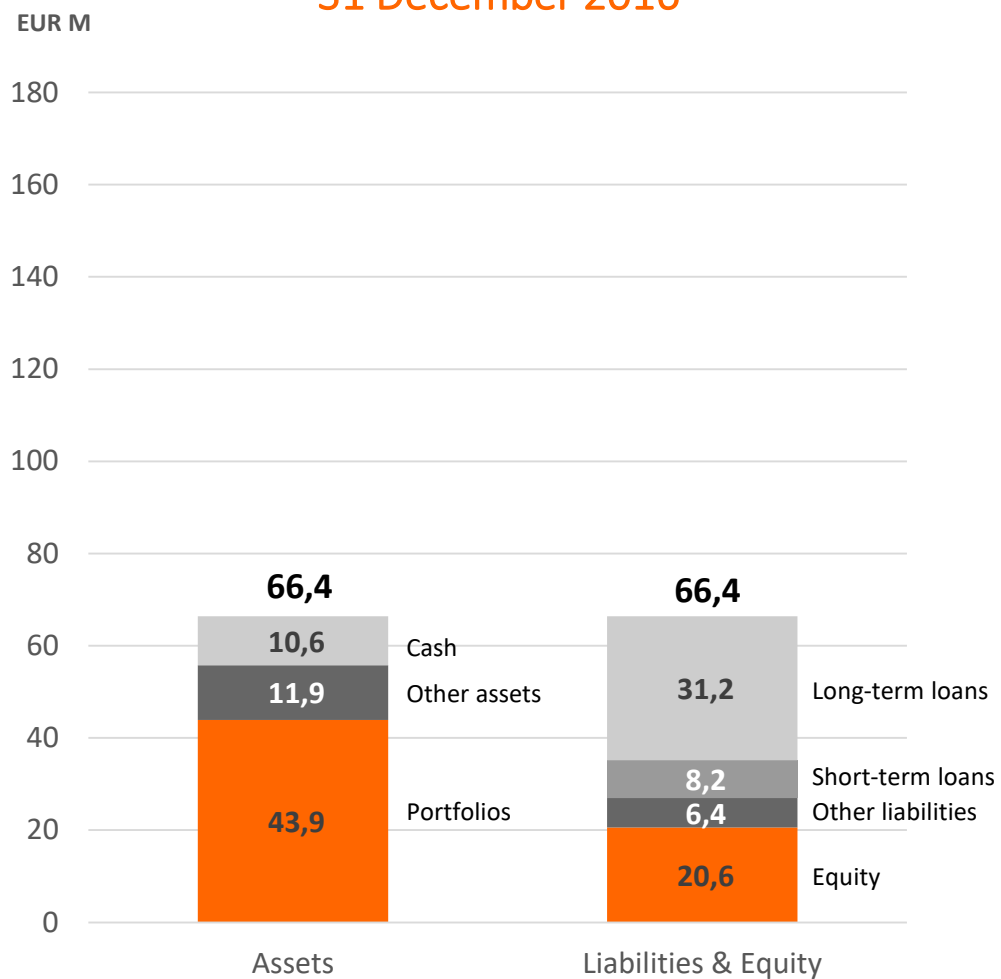
Note: All figures are in EURm.

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

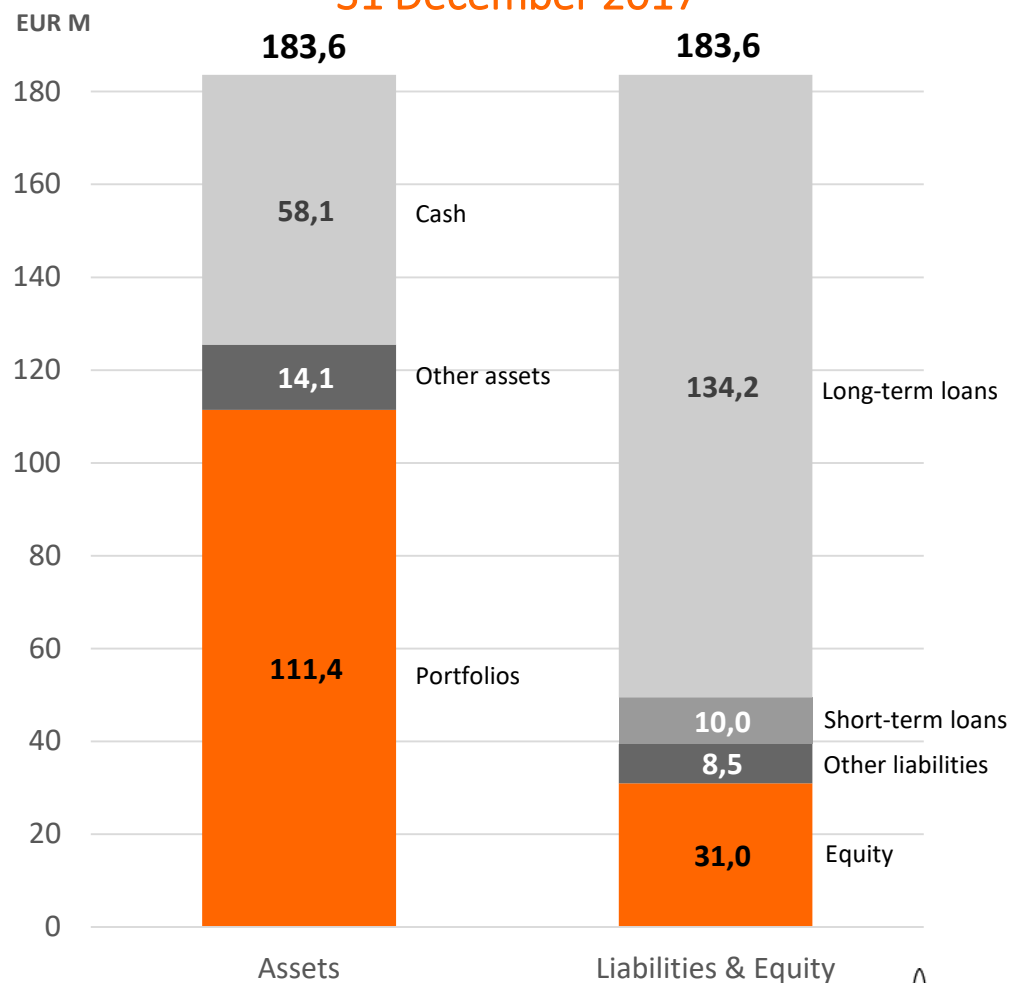
2) The equity ratio of the DDM Debt Group according to the senior secured bond terms is 19.7%

Significant growth achieved in 2017 – almost tripling total assets

31 December 2016

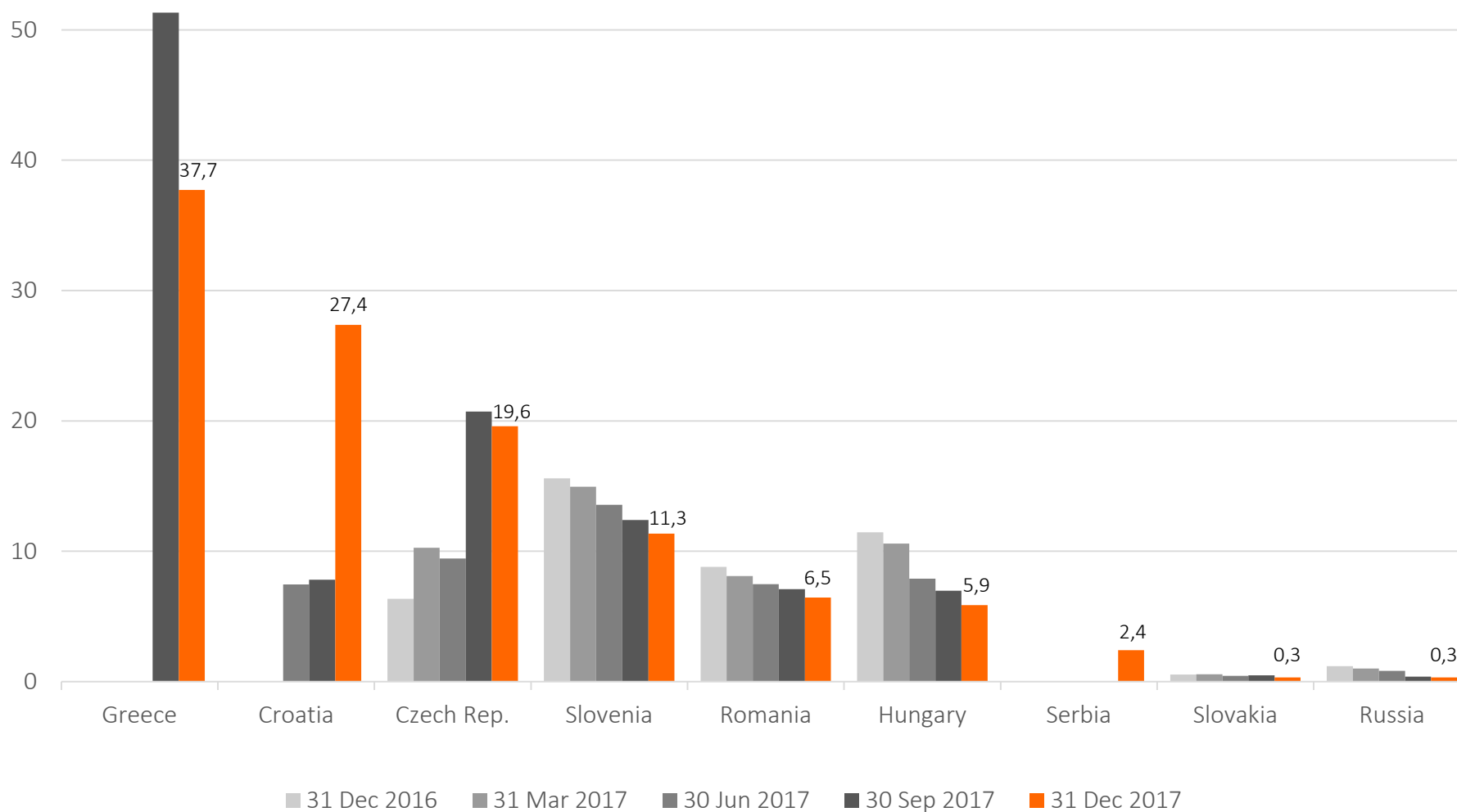


31 December 2017



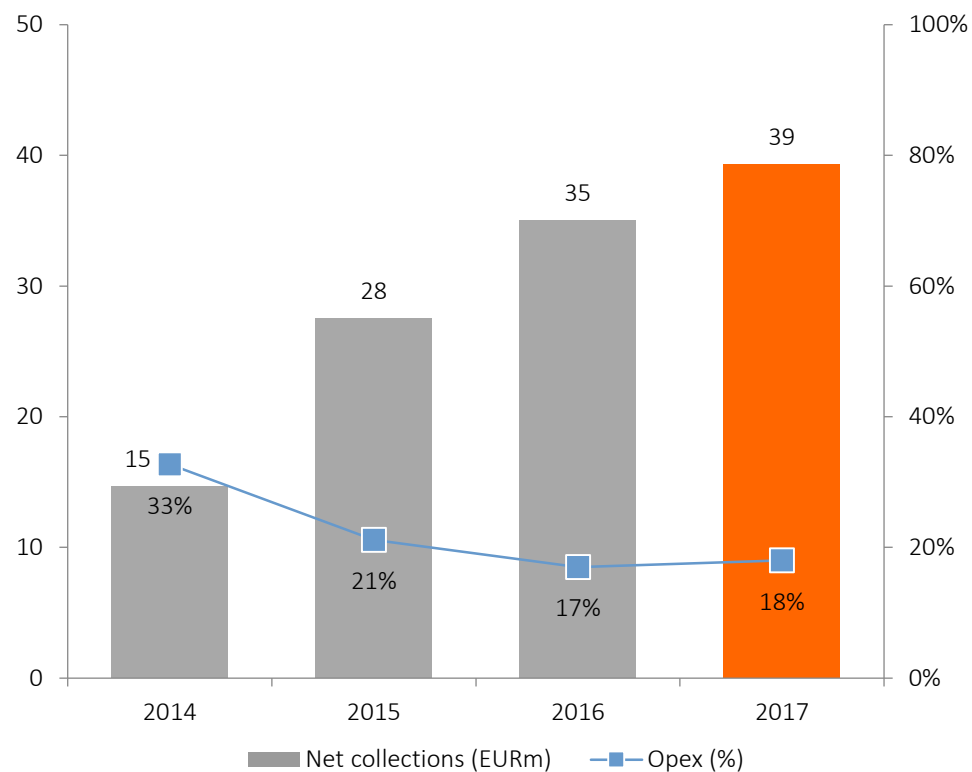
Increasingly diversified portfolio following recent transactions

Carrying value by country, EUR M

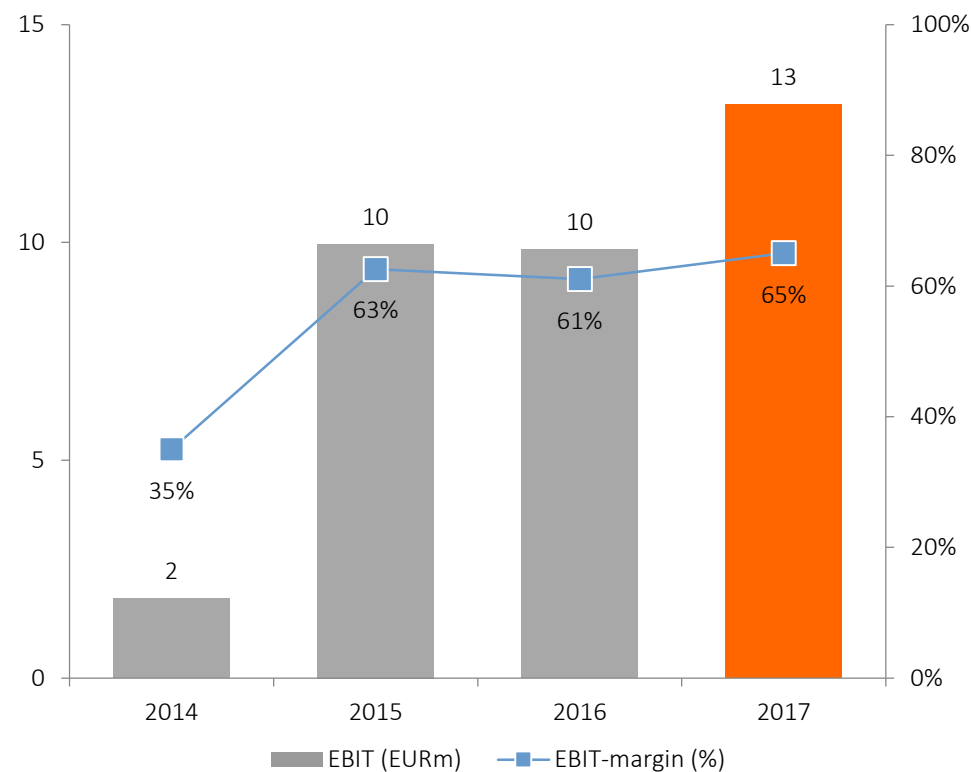


Strong growth and scalable model with significant operating leverage

Net collections ¹⁾



EBIT

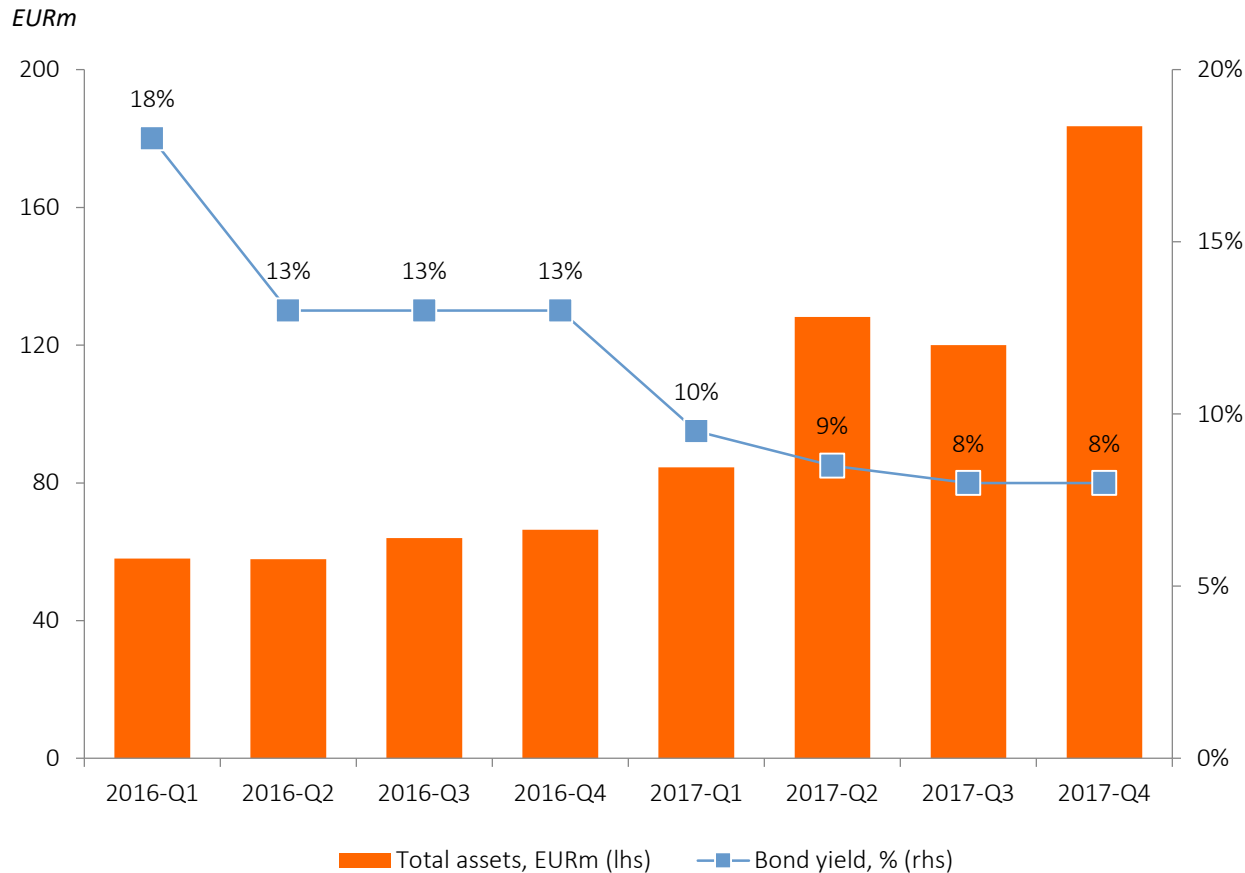


¹⁾ Including revenue from management fees

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

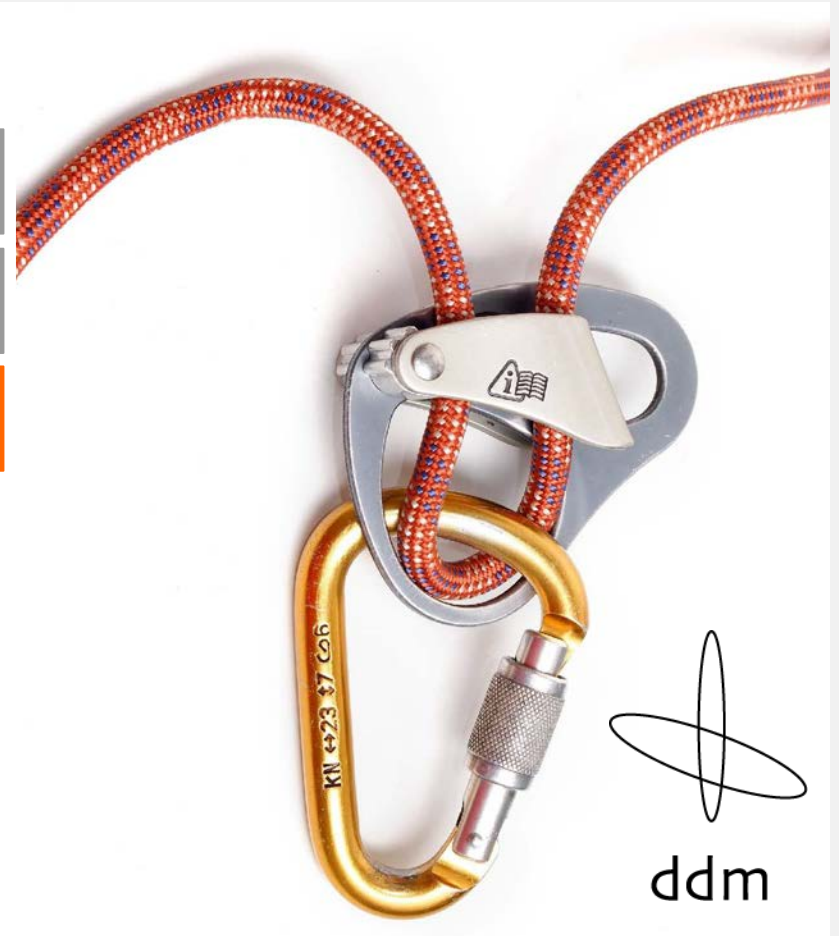
- ✓ Cost of debt has decreased significantly over the last 12 months
- ✓ Complete overhaul of old funding platform
 - Old legacy structure replaced with new and more efficient structure
 - SEK funding replaced with EUR funding
 - Expensive junior financing repaid
- ✓ First bank financing in place with 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

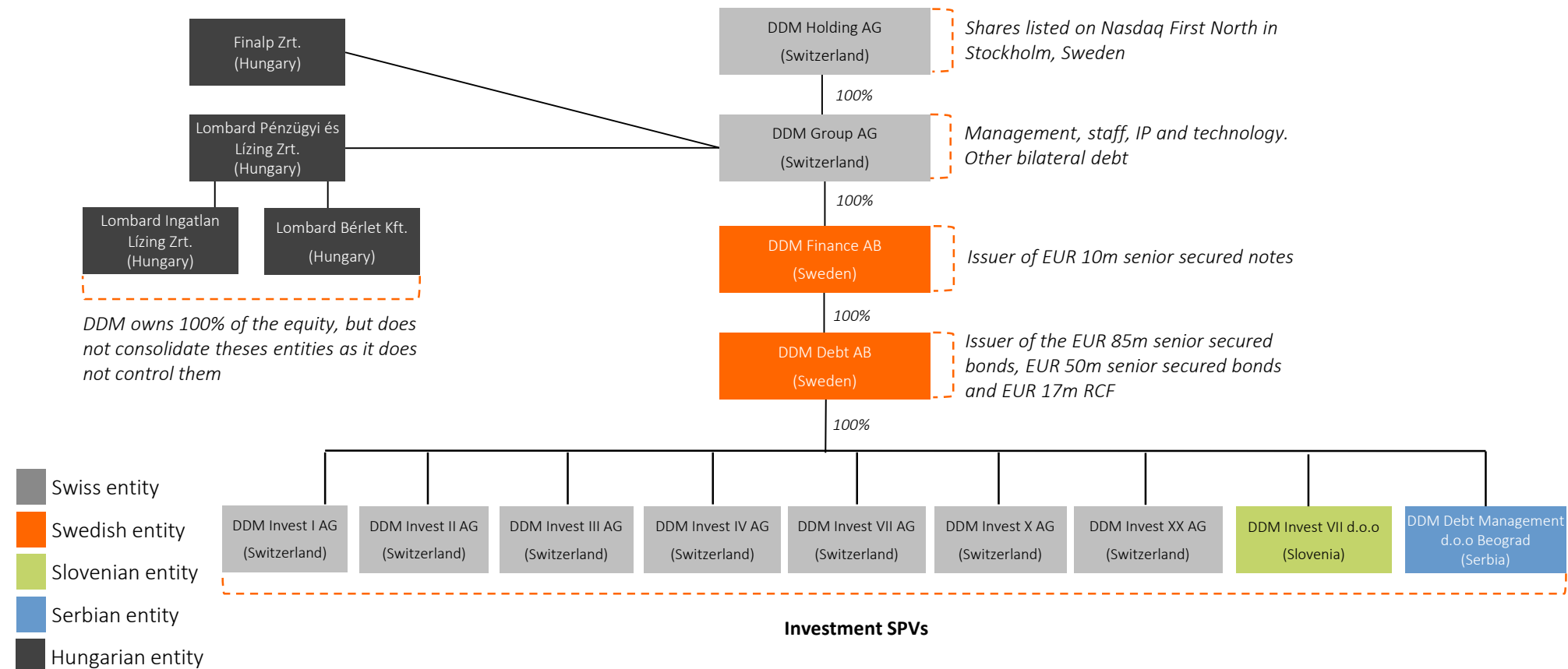
- ✓ Year-on-year ERC growth of +213%, +50% EBIT margins, 2017 Cash EBITDA of EUR 32m
- ✓ Continue lowering funding costs and further diversification a key priority



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 ¹⁾	5,222	15,926	14,919	18,475
Reconciliation of revenue on invested assets:				
Net collections ¹⁾	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
Operating profit	1,828	9,967	9,843	13,169
Financial income	8	30	32	0
Financial expenses ²⁾	-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
Net financial expenses	-8,247	-8,064	-4,777	-11,948
Profit / (loss) before income tax	-6,418	1,903	5,066	1,221
Tax income / (expense)	64	-54	275	-557
Net profit / (loss) for the year	-6,354	1,848	5,341	664

1) Includes revenue from management fees in 2014-2015 2) Includes EUR 3.1M of non-recurring items related to the refinancing in Q1 2017

Balance sheet – Assets

Assets

<i>Amounts in EUR '000</i>	31 December 2014	31 December 2015	31 December 2016	31 December 2017
ASSETS				
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
Total non-current assets	40,392	47,247	53,001	119,271
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
Total current assets	13,575	7,964	13,374	64,306
TOTAL ASSETS	53,967	55,211	66,375	183,577

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
SHAREHOLDERS' EQUITY AND LIABILITIES				
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)
Total shareholders' equity attributable to Parent Company's shareholders	6,786	8,281	20,575	30,914
Loans	37,282	30,145	31,192	134,166
Post-employment benefit commitments	344	812	474	913
Deferred tax liabilities	69	60	231	490
Total long-term liabilities	37,695	31,017	31,897	135,569
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
Total current liabilities	9,487	15,914	13,903	17,094
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	53,967	55,211	66,375	183,577