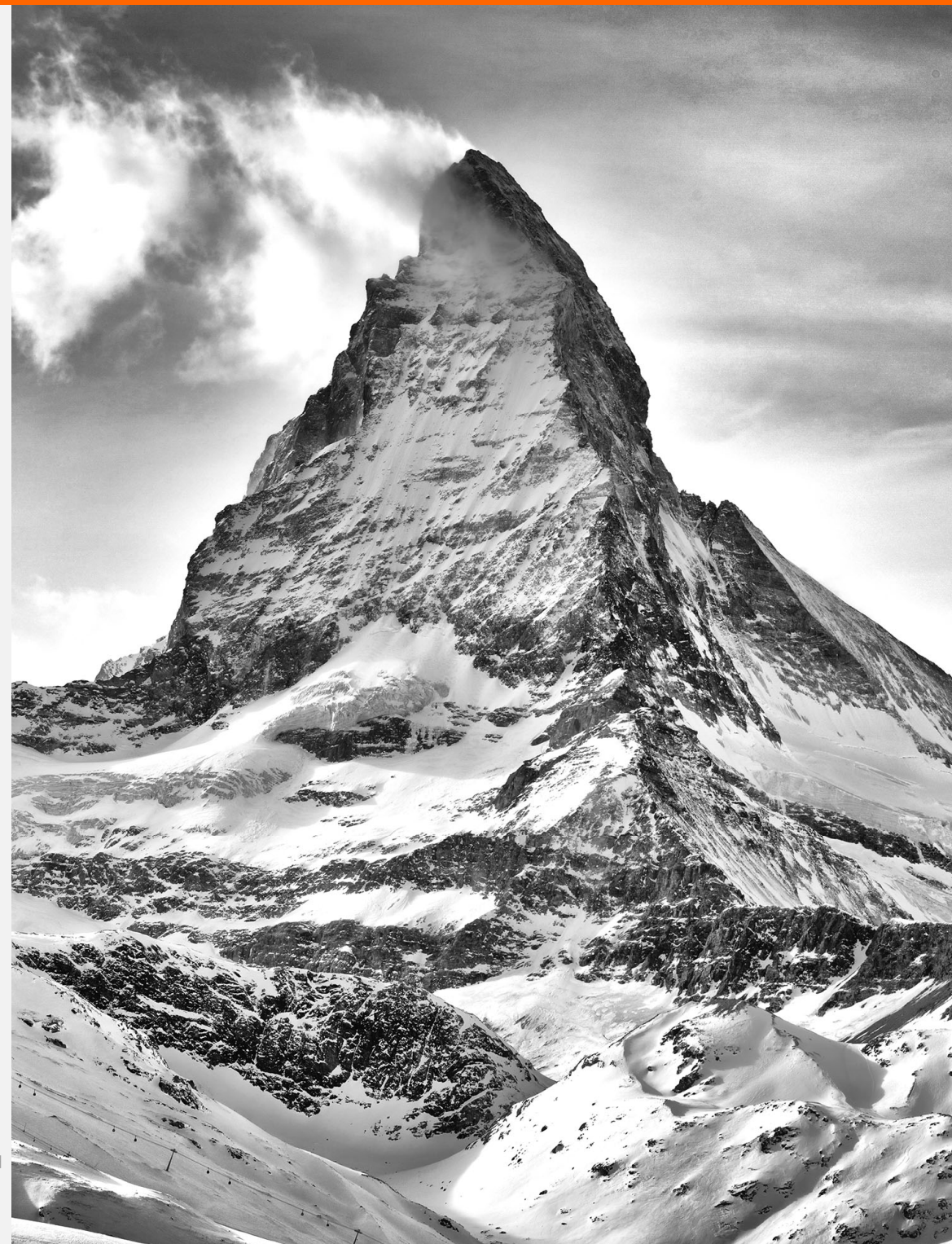




## Q3 and YTD September 2019 report

7 November 2019

Presenters: Henrik Wennerholm, CEO, and  
Fredrik Olsson, CFO



# AGENDA

1. Key developments

2. Financials January – September 2019

3. Summary



# Key highlights: Q3 2019

## Key highlights

- Adjusted net collections EUR 16.5M (Q3 2018: EUR 16.8M)
- Finalized acquisition of significant distressed asset portfolio in Croatia following regulatory approval
  - Gross Collection Value (face value) of EUR 200M
- ERC increased 38% to EUR 330M at September 2019 compared to December 2018
  - Proportion of secured portfolios increased from 61% to 72% of ERC
  - 79% of collections expected to be received in the next three years

Adjusted net collections 2019 Q3 LTM<sup>1)</sup>

**EUR 72m**

Adjusted cash EBITDA 2019 Q3 LTM<sup>2)</sup>

**EUR 61m**

Cash & undrawn RCF 2019 Q3

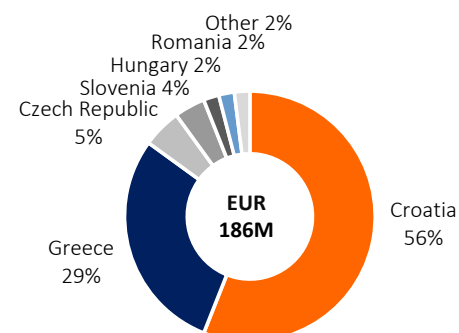
**EUR 28m**

120-month ERC 2019 Q3

**EUR 330m**

## Geographic locations

DDM's investments, book value by country, Q3 2019



- Company headquarters in Switzerland
- Office in Austria
- Joint DDM/720 portfolio management services
- Outsourced debt collection services

# Key developments: Q3 2019

## Summarizing the quarter

- Bought-out the co-investor for approximately EUR 20M in our Greek non-performing loan (“NPL”) portfolio (acquired in August 2017)
- Secured third party financing together with B2Holding to partially fund the joint venture acquisition in Croatia
  - DDM’s share of the gross proceeds is approximately EUR 35M
  - Lower cost of borrowing than the existing senior secured bond framework
  - Confirms the portfolio quality following extensive due diligence
- Refinanced the EUR 12M bonds issued by DDM Finance AB, extending the maturity to 30 June 2022 and issuing an additional EUR 6M of bonds
- Newly appointed COO to increase focus on portfolio management and business development services
  - New platform lead by Bernhard Engel and in partnership with 720 Restructuring & Advisory
  - Service DDM’s own secured portfolios and further identify profitable business opportunities
  - Gradually will provide third party work out servicing and adjacent professional services
- EGM held on 30 August
  - Jörgen Durban elected as Chairman of the Board
    - Currently Chairman of the Board of Directors of Haldex AB and Anoto Group AB
  - Florian Nowotny elected as a new member of the Board
    - Currently CFO of Investor United Benefits GmbH

## Since the quarter end

- Partially sold a portfolio containing consumer receivables previously acquired in Croatia

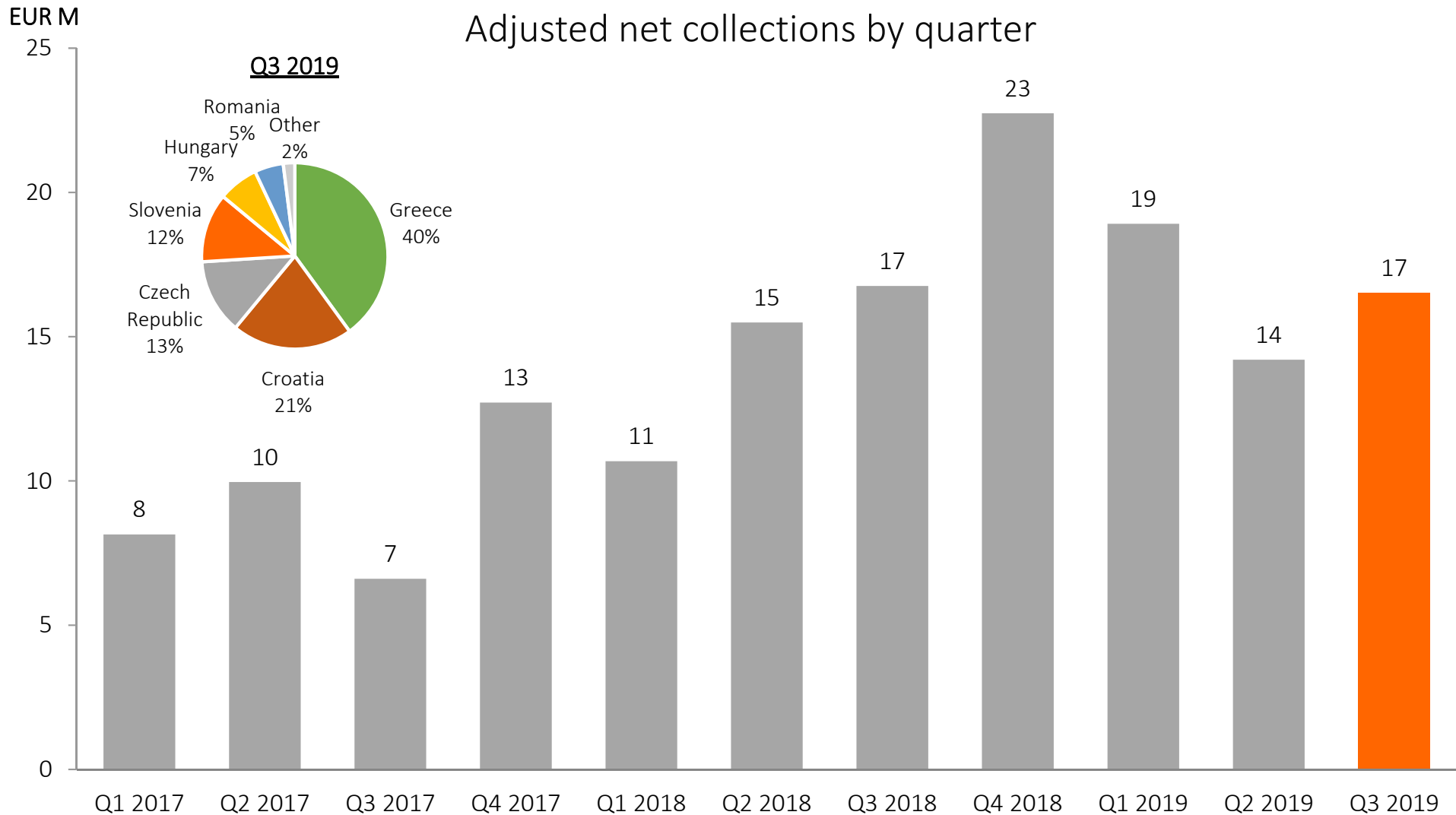


- Company headquarters in Switzerland
- Office in Austria
- ▨ Joint DDM/720 portfolio management services
- Outsourced debt collection services



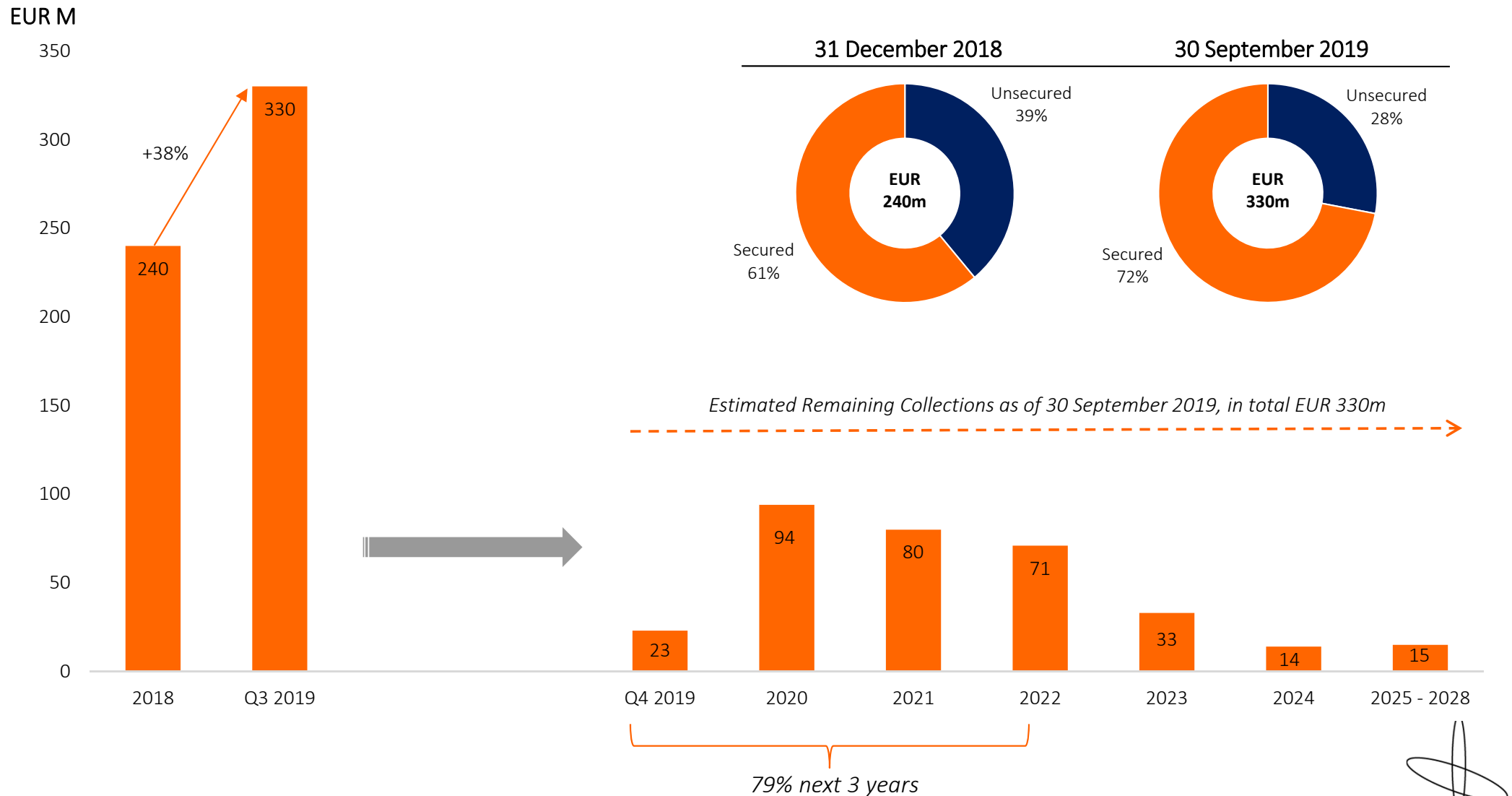


# Majority of collections received from secured corporate portfolios with variability in collections quarter-on-quarter



# Significant increase in ERC following recent acquisitions with increased proportion of secured portfolios and accelerated collections profile

Historic 120-months gross ERC and projected future collections on existing portfolios, 30 September 2019



# AGENDA

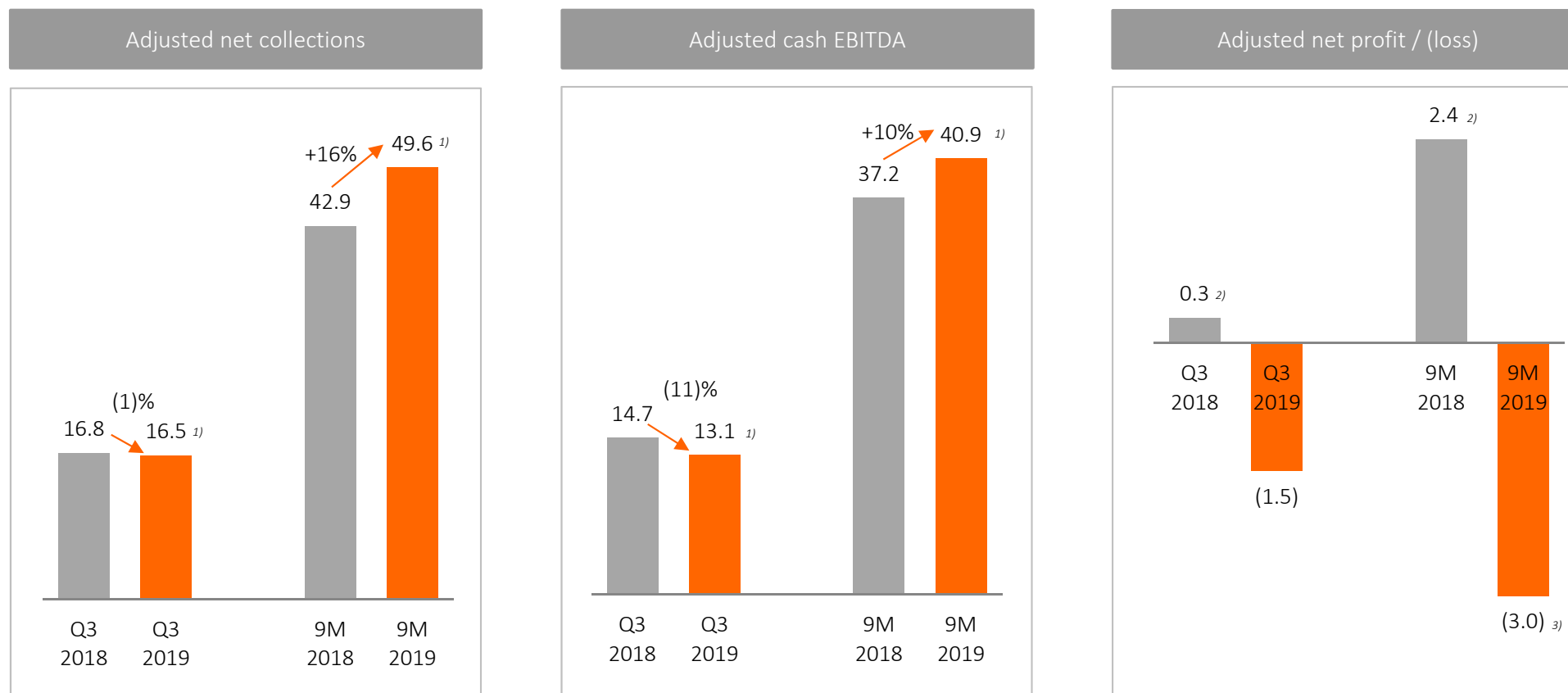
1. Key developments

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# 9M 2019 higher adjusted collections and cash EBITDA, offset by higher amortization



Note: All figures are in EURm.

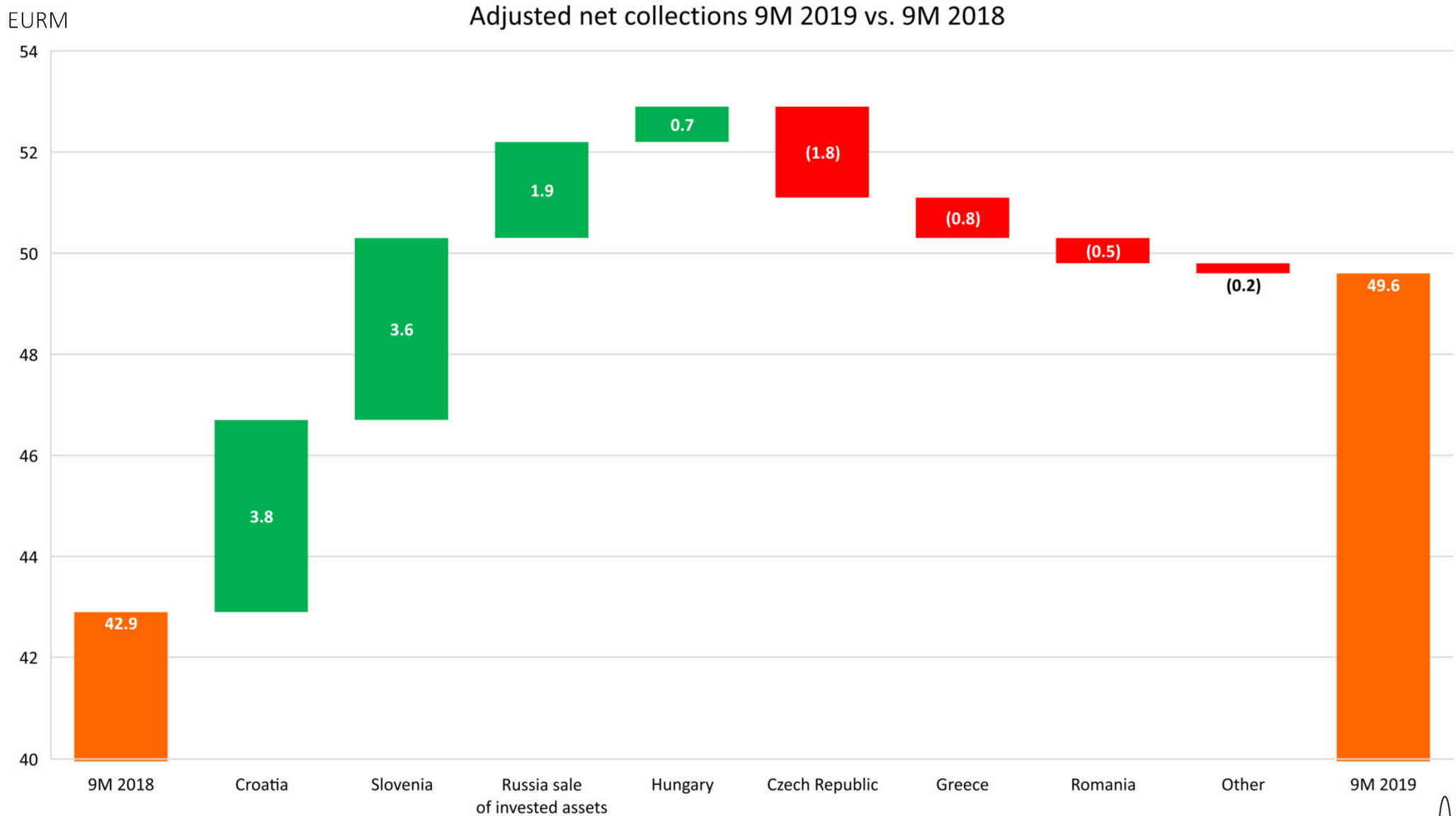
1) Adjusted net collections and cash EBITDA include an incremental net distribution from joint venture of EUR 1.2m and EUR 2.6m in Q3 and 9M 2019 respectively and include a gain on sale of invested assets of EUR 1.9m in 9M 2019

2) Adjusted net profit Q3 and 9M 2018 is adjusted for EUR ~ 0.8m and EUR ~ 1.0m respectively of non-recurring items relating to deferred taxes and interests in associates

3) Adjusted net loss 9M 2019 is adjusted for EUR ~ 2.6m of non-recurring items due to the bond refinancing in Q2 2019

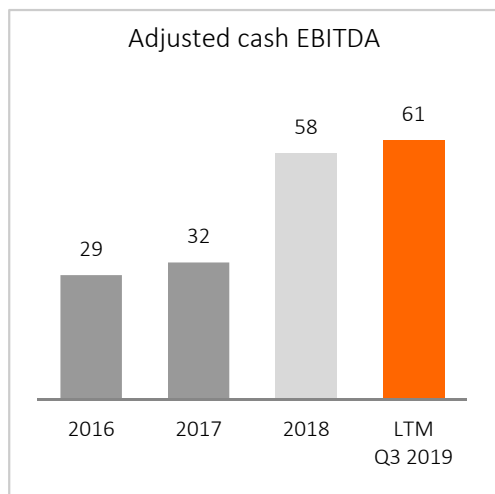


# 9M 2019 collections from corporate secured portfolios across the Balkans and gain on sale of Russia offset by decrease in Czech Republic & Greece

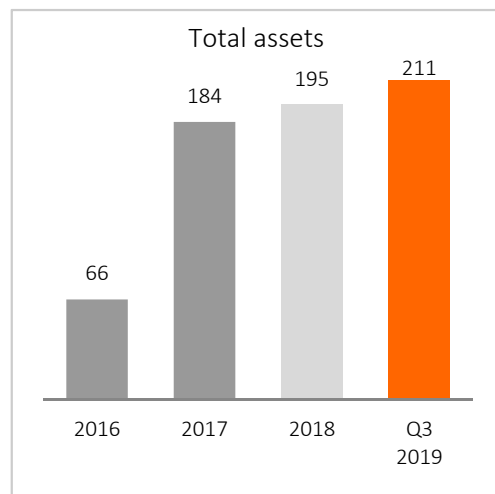


# Our Financial KPIs show our collection performance

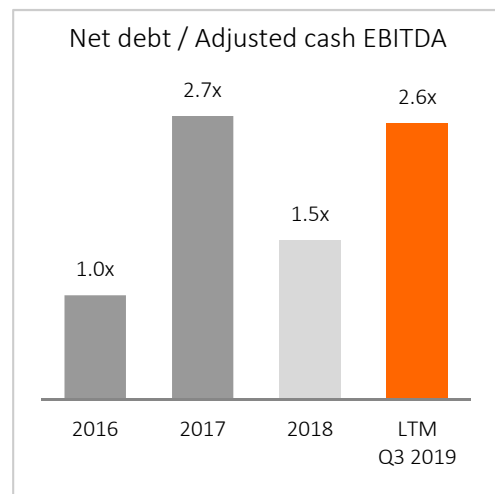
## Profitability



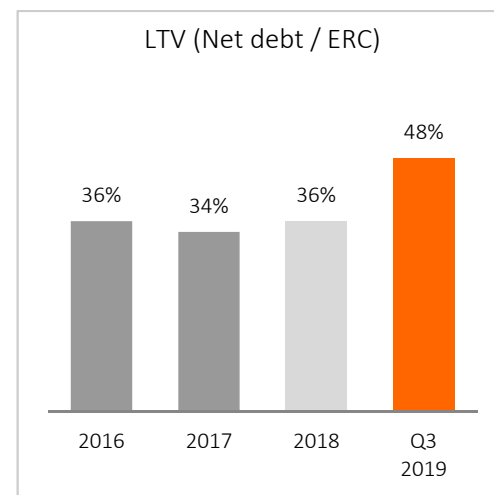
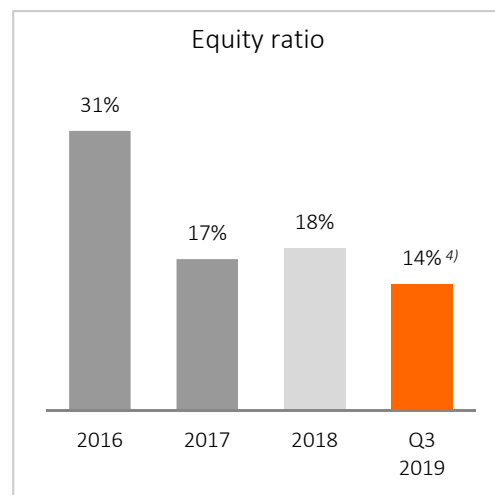
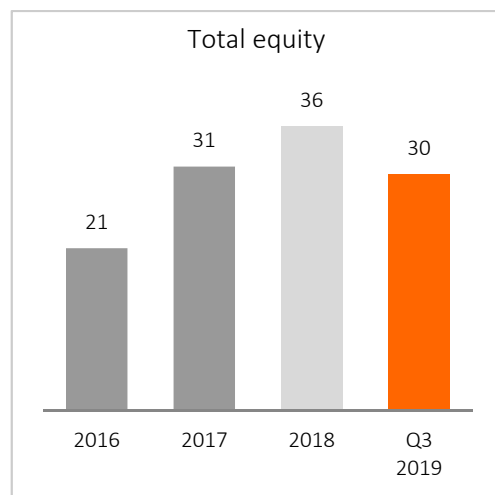
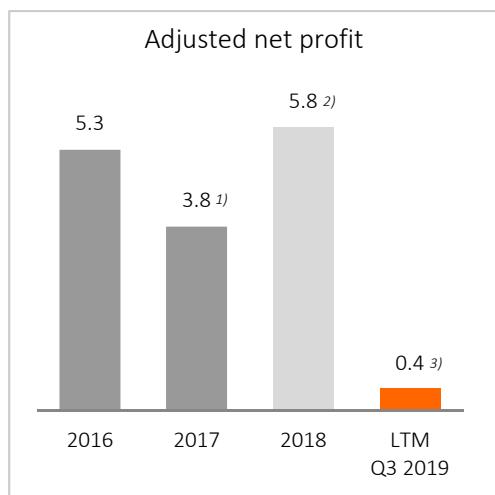
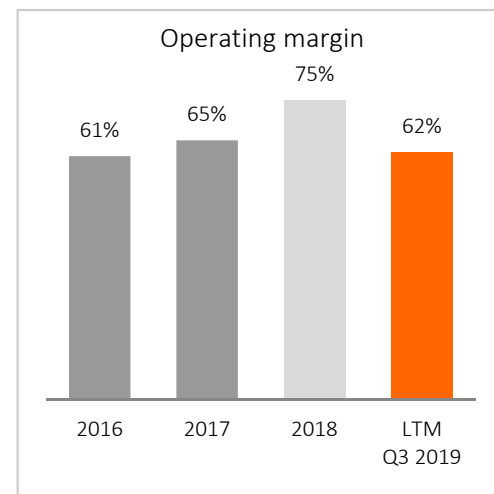
## Balance sheet



## 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 2017

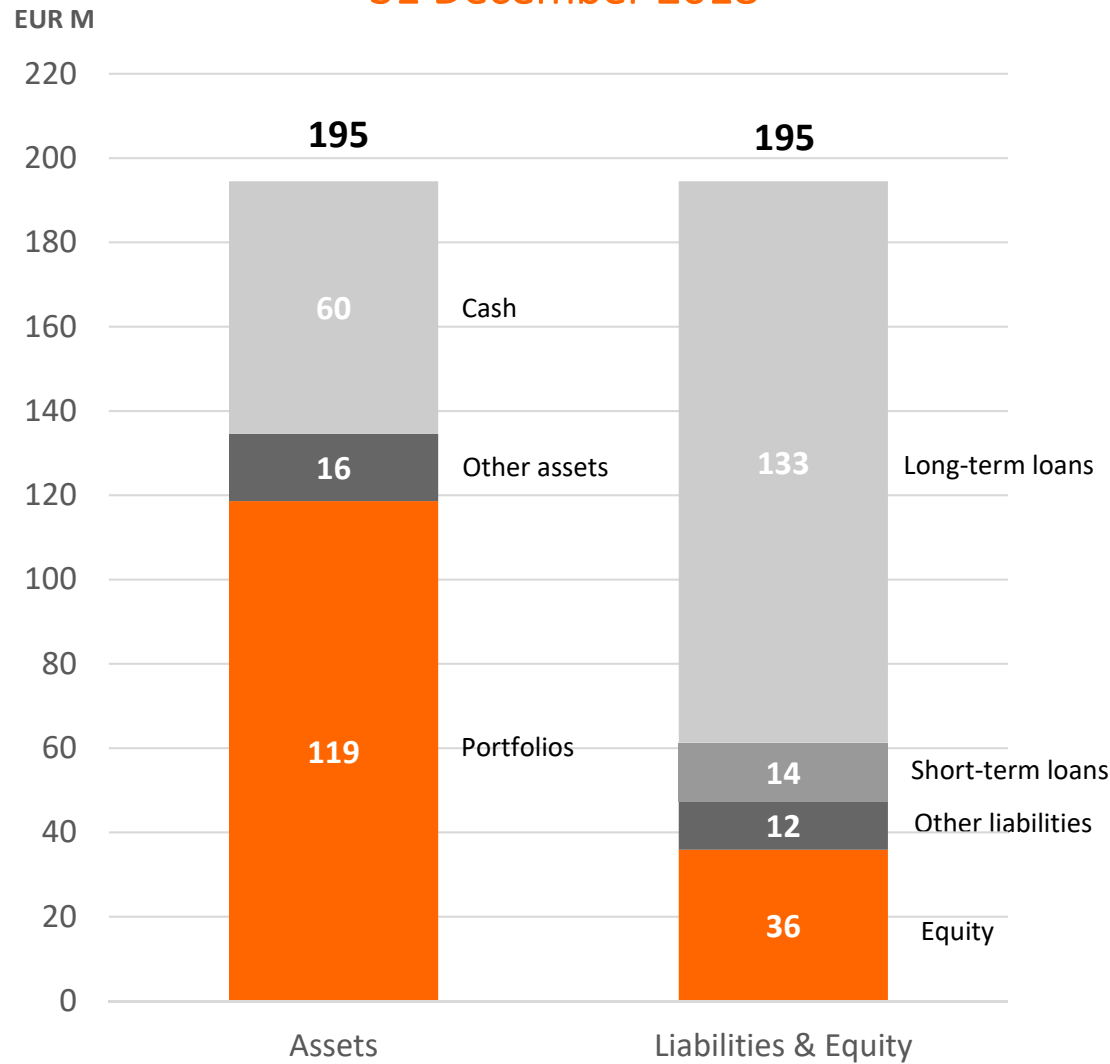
2) Adjusted net profit is adjusted for EUR ~ 1.0m of non-recurring items due to deferred tax and interest in associates in 2018

3) Adjusted net profit is adjusted for EUR ~ 2.6m of non-recurring items due to the bond refinancing in Q2 2019

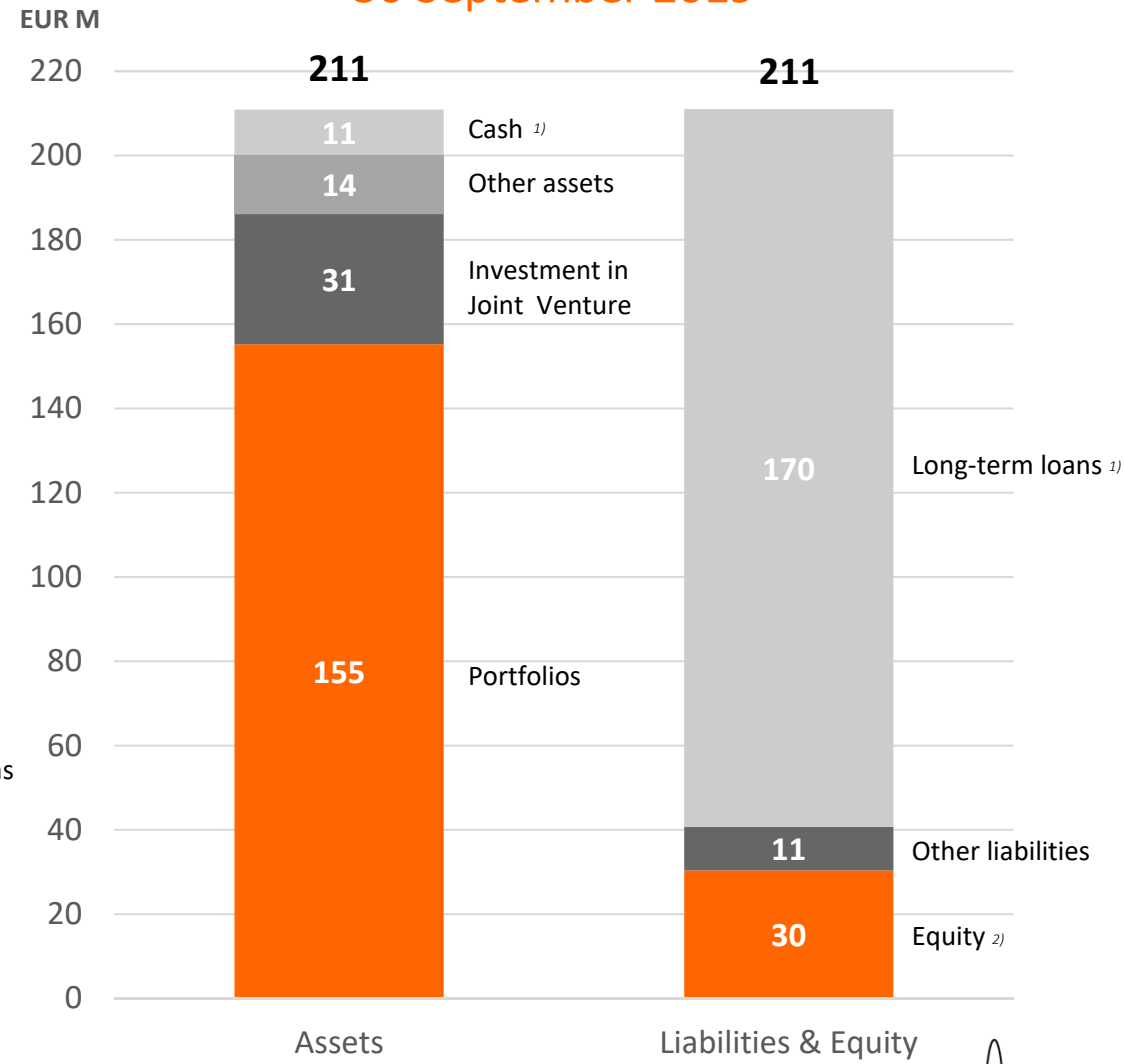
4) The equity ratio of the DDM Debt Group according to the senior secured bond terms is 19.1%

# Increased utilization of the balance sheet following recent acquisitions and refinancing of the debt structure

31 December 2018



30 September 2019

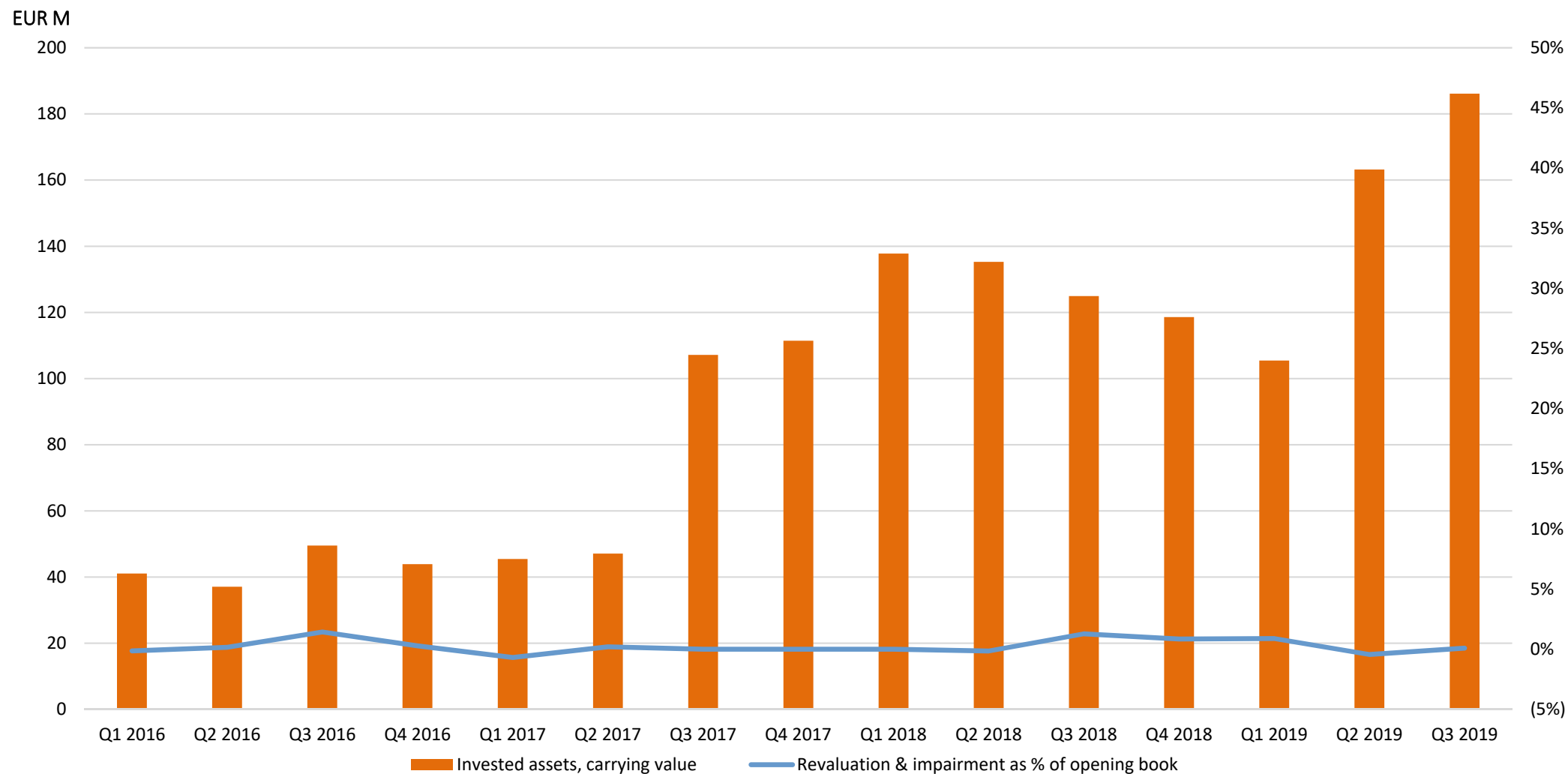


Note: All figures are in EURm.

1) The headroom under the EUR 27M revolving loan facility ("RCF") was EUR 17M at 30 September

2) The equity ratio of the DDM Debt Group according to the senior secured bond terms is 19.1%

# Adjustment of carrying value in line with prior years



# AGENDA

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# Key takeaways Q3 2019

- 1 Adjusted net collections EUR 16.5M (Q3 2018: EUR 16.8M)
- 2 Finalized the acquisition of a significant distressed asset portfolio with a GCV of c.EUR 200M in Croatia following regulatory approval
- 3 Bought-out the co-investor in our Greek NPL portfolio
- 4 ERC increased 38% to EUR 330M at September 2019 (compared to December 2018) with 72% secured
- 5 Secured third party financing together with B2Holding to partially fund the joint venture acquisition in Croatia
- 6 Extended the maturity of the EUR 12M bonds issued by DDM Finance to 30 June 2022 and issued EUR 6M of additional bonds
- 7 Newly appointed COO to build-up new servicing platform





# Q&A

## Upcoming IR events

Q4 and full year report 2019:

Annual report 2019:

DDM Holding AG  
Schochenmühlestrasse 4  
CH-6340 Baar  
Switzerland  
Telephone: +41 417 661 420  
[investor@ddm-group.ch](mailto:investor@ddm-group.ch)

20 February 2020

27 March 2020



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## APPENDICES



# Knowledge and relations build our success



- **Favoured partner:**  
DDM is the expert providing know-how and best practice
- **Managing the process:**  
Strong controls via automated processes for performance and compliance
- **Outsourcing:**  
Established debt collection network throughout SCEE
- **Insourcing:**  
Larger secured portfolios partially insourced

Knowledge	Extensive local sector experience across the internal organisation
Deal sourcing	Structured yet opportunistic approach the key value driver, both for profitability and growth
Relations	Strong relationships with reputable sellers of debt portfolios across the region and a credible buyer
Processes	DDM manages the collection process through its proprietary IT system and allocates collections to the optimal partner
Scalability	Cross regional relationships for quick market entry and flexibility
Work out	Larger more complex portfolios to a larger degree than before being insourced
Debt collection	Traditional consumer non performing loan portfolios outsourced through network of debt collection network

# Competitive landscape

DDM's key market & segments						
Geography	W Europe	SCE Europe	Africa	N America	S America	Asia
Seller	Utility companies	Financial institutions	Telecom companies		Other	
Type	Consumer			Corporate		
Collateral	Secured			Unsecured		
Underlying assets	Performing			Non-performing		
Structure	Plain vanilla			Complex / off-market		
Size	< EUR 5M	EUR 5 – 50M	EUR 51 – 100 M	EUR 101 - 500 M	> EUR 500 M	
Collection method	In-house (all others)	In-house (Corp. & SME Secured)	Outsourced			

DDM's activities are shown in orange

# Operating expenses

