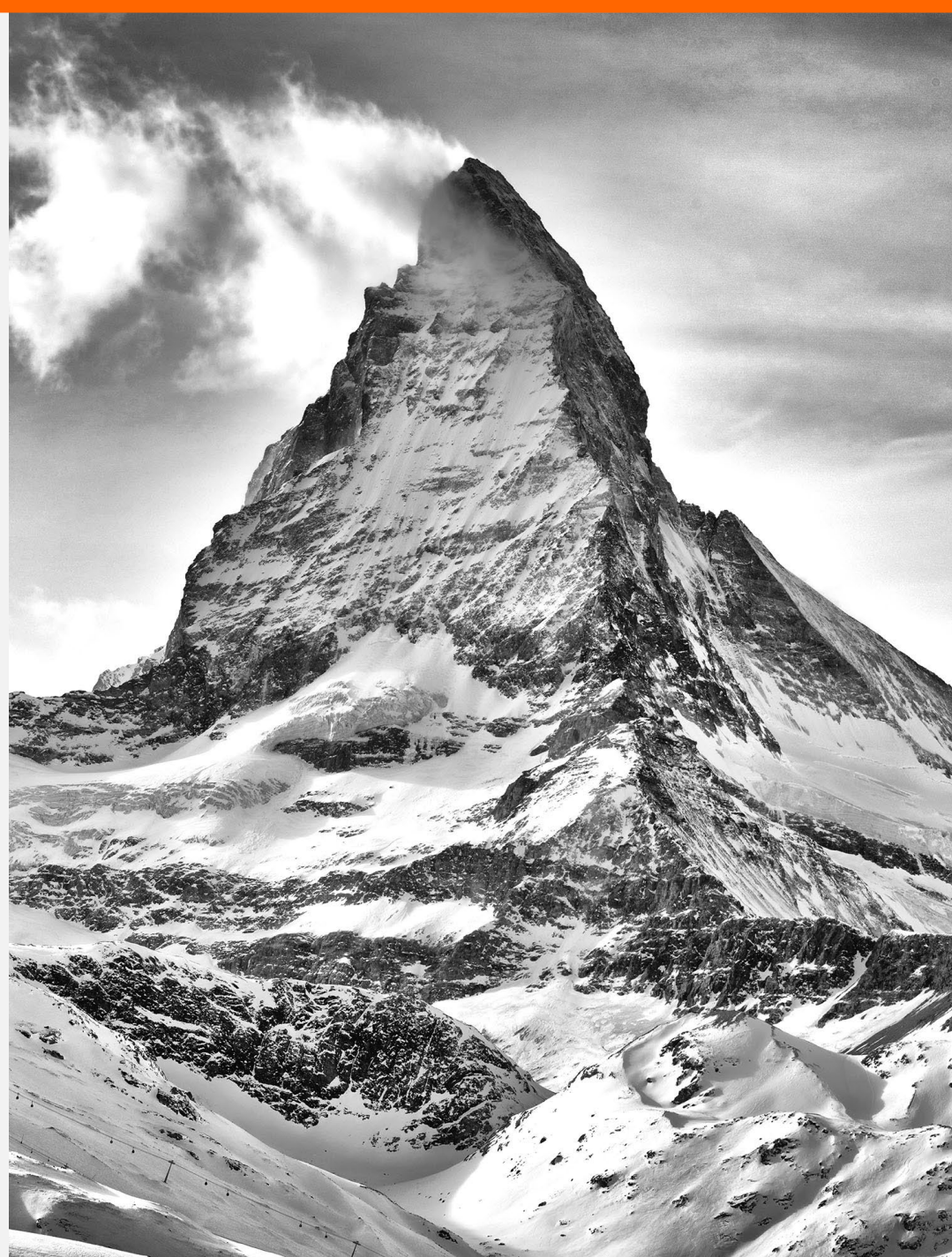




## Arctic Securities' Debt Collection Seminar

9 January 2020



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# AGENDA

1. Introduction to DDM and key developments

2. Financials January - September 2019

3. Summary



# Today's presenters



**HENRIK  
WENNERHOLM**  
*Chief Executive Officer*

## Experience:

- With DDM since 2018
- Head of Business Development and member of the Group Executive Management Team of B2Holding ASA
- Founding partner and CEO of Sileo Kapital AB
- Executive positions with Aktiv Kapital (PRA), Öhman (Pareto) and Hoist



**FREDRIK  
OLSSON**  
*Chief Financial Officer*

## Experience:

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

# DDM Group at a glance

## Leading acquirer of distressed assets in focus region

- A specialist acquirer and manager of performing and non-performing secured loans (NPL) with focus on Southern, Central and Eastern Europe (SCEE)
- 13 years experience of investments, work out and debt collection in the region
- Launched servicing platform for corporate & SME secured work out in certain markets that complements large network of debt collection agencies (DCAs) across SCEE that provides a cost efficient, lower risk, highly flexible and scalable business model
- The proprietary IT system FUSION provides granular and real-time overview of portfolio performance, competitive pricing and analytics tools, resulting in realizing above market returns
- Proven deal execution with about 100 portfolios acquired in eleven markets

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

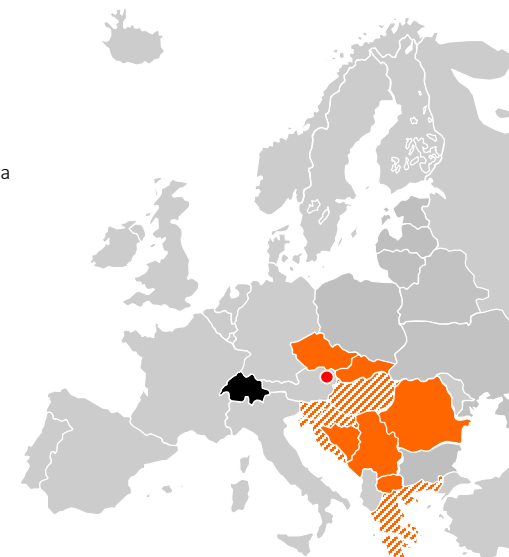
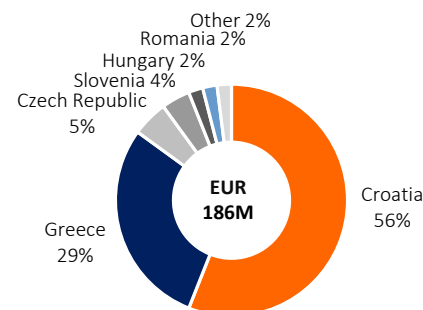
**EUR 28m**

120-month ERC 2019 Q3

**EUR 330m**

## Geographic locations

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



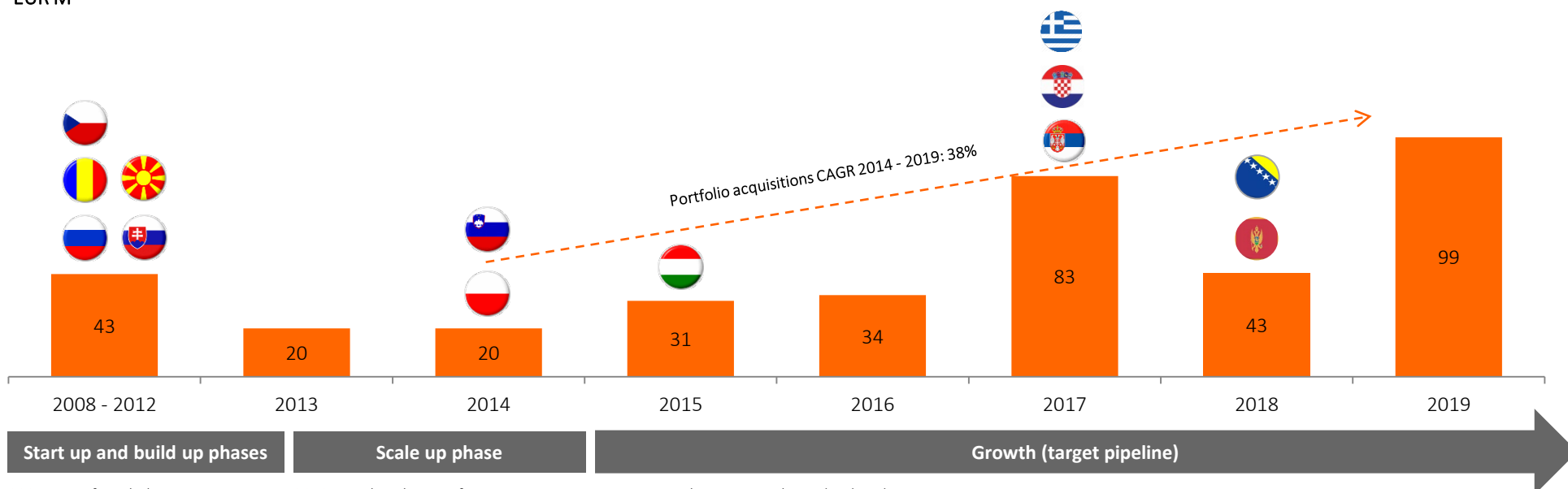
- Company headquarters in Switzerland
- AxFina office in Austria
- ▨ Joint DDM/AxFina portfolio management services
- Outsourced debt collection services

1) Includes gain on sale of invested assets and incremental net distribution from joint venture 2) Includes revenue from management fees



# Historic development

## Historic investment volumes EUR M



### Start up and build up phases

### Scale up phase

### Growth (target pipeline)

**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

**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

**2015:** Entered Hungary with two landmark transactions

**2016 July:** Share capital increase of EUR ~ 7m and first EUR bond of EUR 11m issued. Landmark transaction in Slovenia

**2017 Financing activities:** Refinanced existing debt with EUR 50m bond, completed share issue of EUR ~ 11m in March, completed EUR 35m tap issue of outstanding bond in April. EUR 17m RCF signed in September, EUR 10m bridge financing completed in November and EUR 50m of senior secured bonds at 8% issued in December

**2017 Investing activities:** Acquired two portfolios in Croatia in June, transaction in Greece in July, acquired portfolios in the Czech Republic from a repetitive seller in January and September. Transaction with a partner in Greece in November. Entered Serbia in December

**2018 Investing activities:** Investments in the Balkans, the Czech Republic and Hungary

**2018 Financing activities:** Refinanced EUR 10m of senior secured bonds in September lowering the cost of funding

**2019 Investing activities:** Significant investments, including co-investment with B2 Holding in Croatia

**2019 Financing activities:** Secured EUR 27m Revolving Credit Facility at 3.5% available until March 2021. Refinanced existing EUR 85m of senior secured bonds by way of issuing EUR 100m bond. Extended maturity of existing EUR 12m of senior secured bonds and issued further EUR 6m maturing in June 2022

**2019 Operational activities:** Launch of platform for work-out of secured portfolios and business development

**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

# 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 – 100M		> EUR 100 M		
Collection method	Retail outsourced			Captive Servicing Platform (Corporate & SME secured)		
<div><div></div> DDM's activities</div> <div><div></div> AxFina's activities</div>						

# Strong organisation with significant expertise and local knowledge

DDM / AxFina

Management

38 employees

10 nationalities

12 languages spoken



**Henrik Wennerholm**

**CEO**

*DDM since 2018*



**Fredrik Olsson**

**CFO**

*DDM since 2014*



**Alessandro Pappalardo**

**CIO**

*DDM since 2018*



**Frank Breitling**

**Head of Asset Mgmt**

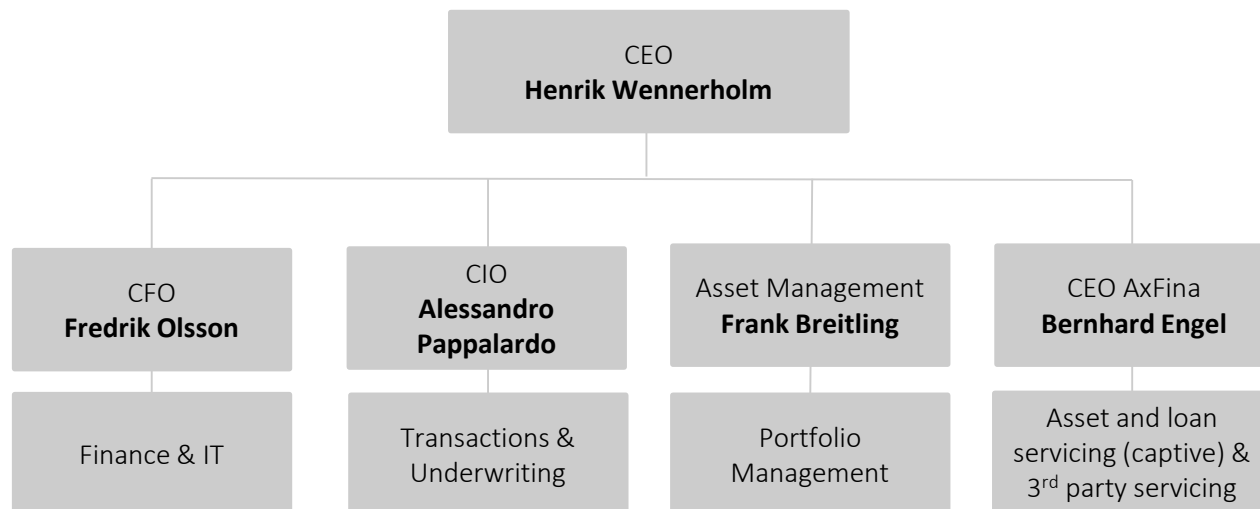
*DDM since 2018*



**Bernhard Engel**

**CEO AxFina**

*DDM since 2019*

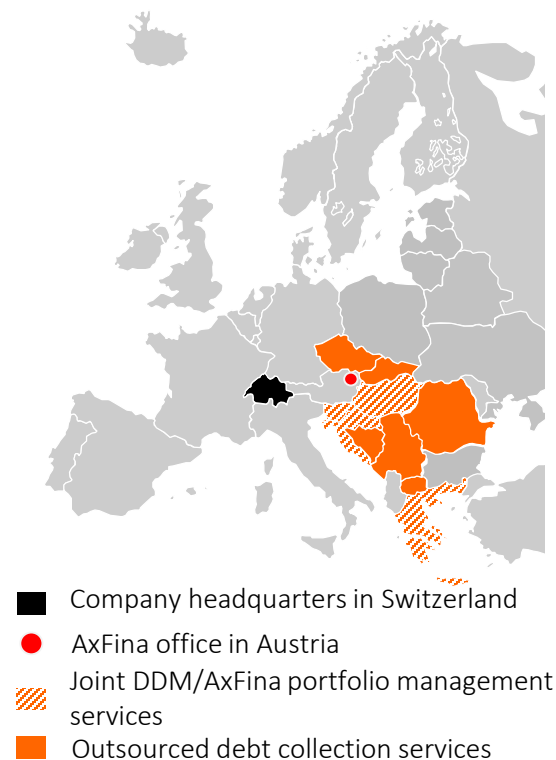




# Key developments: 2019

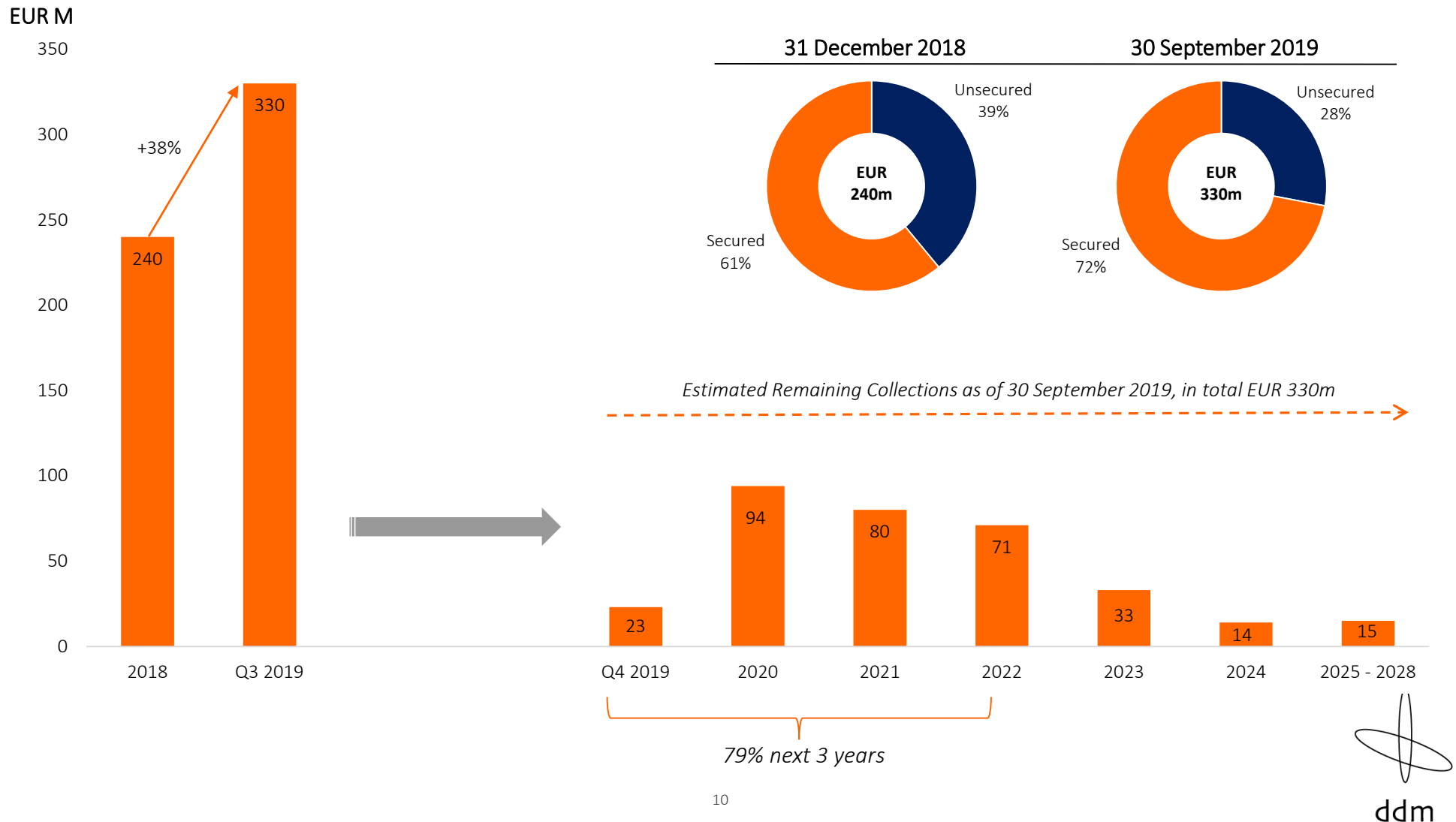
## Summarizing the first nine months

- Significant investments of about EUR 100M in 2019
  - Acquisition in Croatia made through a 50%/50% Joint Venture structure together with B2Holding. Secured third party financing to partially fund the joint venture
  - Acquired significant distressed asset portfolio in Croatia with Gross Collection Value (face value) of EUR 200M
  - Bought-out the co-investor for approximately EUR 20M in our Greek non-performing loan portfolio (acquired in August 2017)
- 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
- Successful refinancing supports future growth
  - Revolving Credit Facility of EUR 27M available until March 2021 at Euribor plus 350bps
  - Issued a new EUR 100M senior secured bond in April with a three-year term replacing the existing EUR 85M bond
- Bernhard Engel recently joined to build up new platform
  - To increase focus on portfolio management and business development services
  - Service DDM's own secured portfolios and further identify profitable business opportunities
  - Gradually will provide third party work out servicing and adjacent professional services

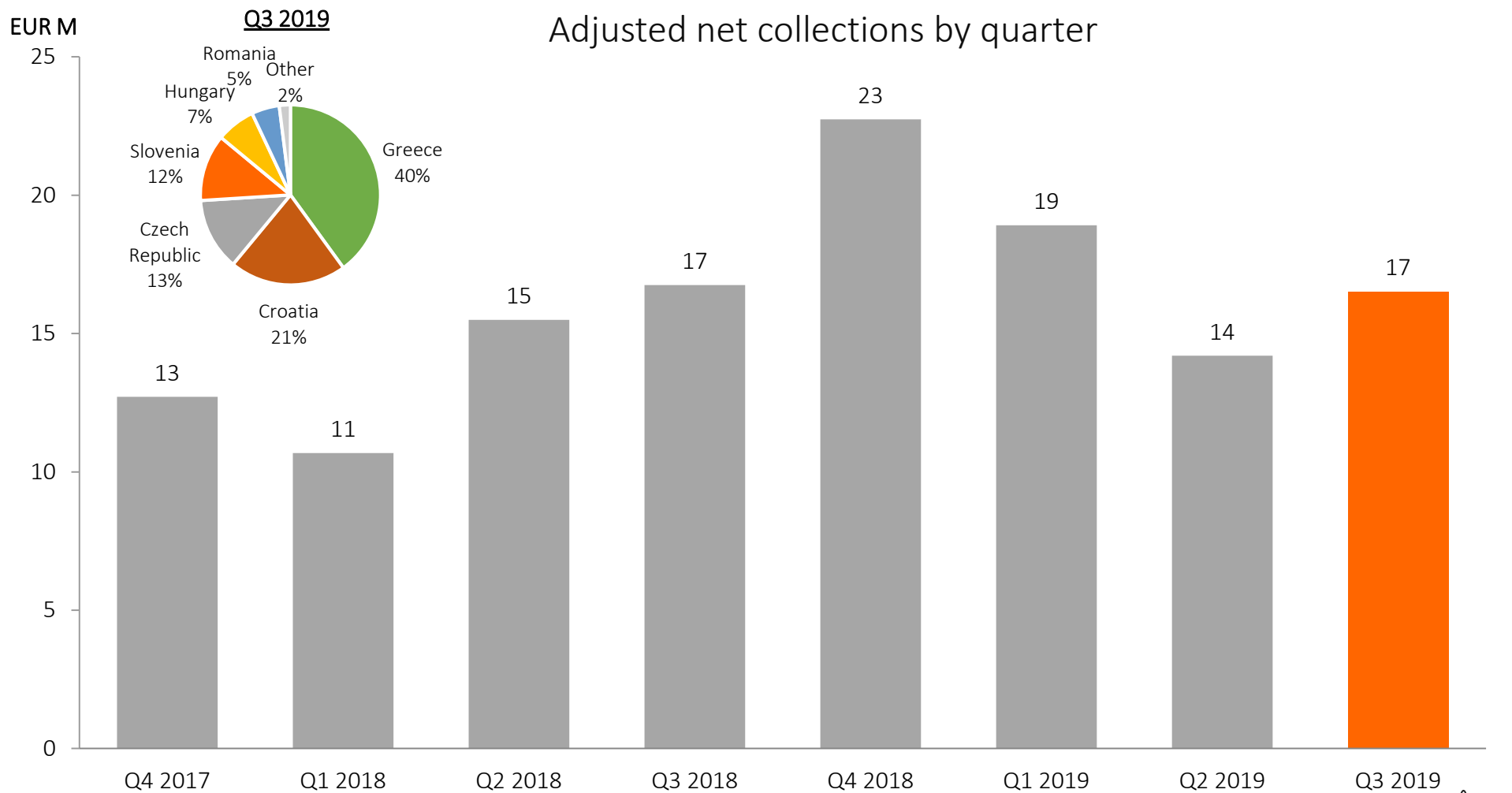


# Significant increase in ERC following recent acquisitions with increased proportion of secured portfolios and accelerated collections profile

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



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



# Group structure

Majority shareholder DDM Group Finance S.A., an affiliate to Aldridge EDC Specialty Finance Ltd, announced a public cash offer to the shareholders of DDM Holding AG at SEK 40 per share.

At the end of the extended acceptance period, shareholders representing 29.3% of the total number of shares and votes in DDM Holding AG had accepted the offer.

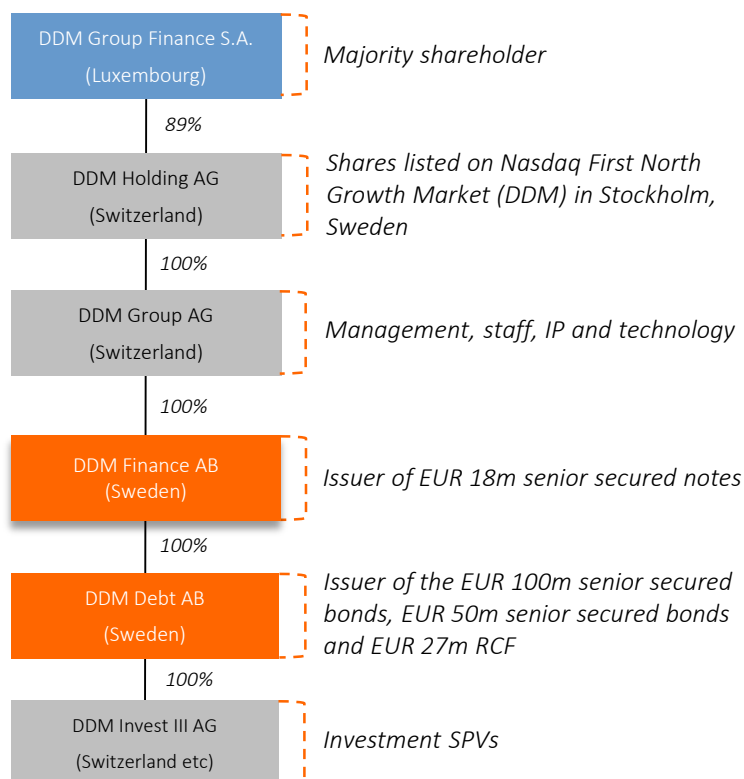
DDM Group Finance S.A. shareholding in DDM Holding AG corresponds to 89.0% of the total number of shares and votes in DDM Holding AG.

17 December 2018

3 May 2019

30 September 2019

## DDM Holding AG (Ticker: DDM)



## Shareholder structure

Shareholder	Percentage of capital and votes
DDM Group Finance S.A.	89.0%
Ålandsbanken AB	3.0%
Förvaltnings AB Hummelbosholm	1.7%
Investment AB Öresund	0.9%
Nordnet Pensionsförsäkring AB	0.8%
Olsson, Fredrik	0.8%
Sjöblom, Harry	0.5%
Försäkringsaktiebolaget, Avanza Pension	0.4%
Mare Invest AB	0.4%
Söderberg, Jakob	0.2%
<b>Total 10 largest shareholders</b>	<b>97.7%</b>
Others	2.3%
<b>Total shareholders</b>	<b>100.0%</b>

# AEDC's Financial Services Platforms: Partner to European Banks

Three business lines covering investment, asset servicing and digital banking

## Investment

### DDM

Pan-European  
investment platform

### Tactical Opportunities Fund

- **Acquisition** of under performing, non-core and non-performing loan portfolios in SEE/CEE markets.
- Since inception DDM has acquired 2.3 million receivables with a nominal value of over EUR 4 billion.
- Investment ticket size up to EUR 100 million
- Tactical Opportunities Investments in financial services.
- Investment ticket size above EUR 100 million.

### Range of services

Acquisition of non-core & distressed assets

Tactical opps Investment



ddm



Tactical Opps

## Asset Servicing

### AxFina

Full-scope service provider

- **Asset/Portfolio servicing.** AxFin offers third-party portfolio servicing, advisory services and asset management solutions to financial institutions and sponsors.

### Range of services

Special and master servicing

Advisory services

Real Estate services

Digital Banking Operations



AXFINA

## Digital Banking

### OMNIO

Digital banking platform

- **Technology.** Omnio is a UK-based software solution enterprise delivering a cloud-based, core banking system that brings modern digital banking to banks and non-banks.
- With market leading implementation times and cost-efficiency, Omnio allows banks and non-banks to benefit from the customer lock-in and cross-selling achieved from bankifying their customers.

### Range of services

Banking Services

Payment Solutions

Apps Solutions

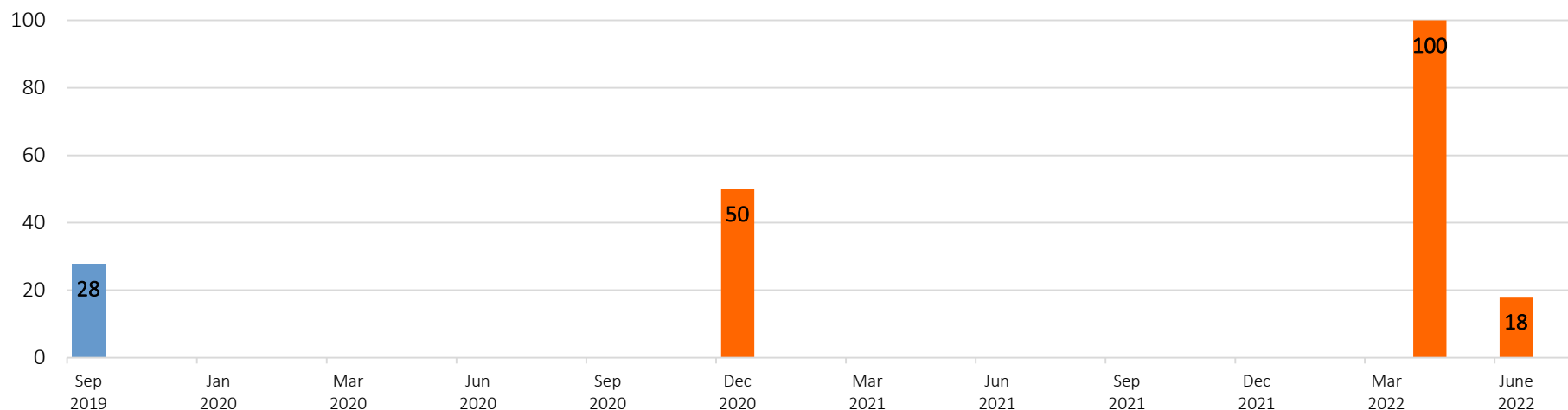


ddm

# Debt Maturity Schedule – Senior Secured bonds

As of 30 September 2019, the DDM Group, through its subsidiary companies, DDM Debt AB and DDM Finance AB, had the following bonds outstanding:

EUR M

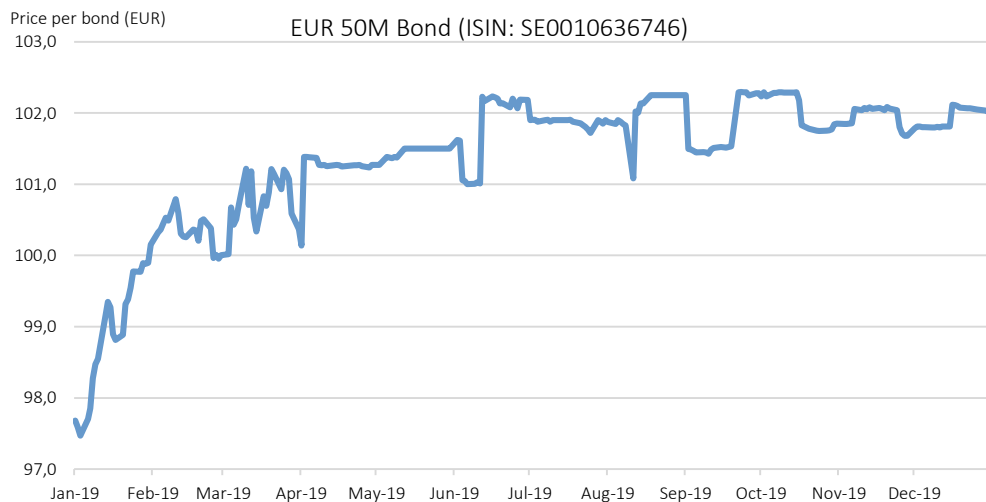
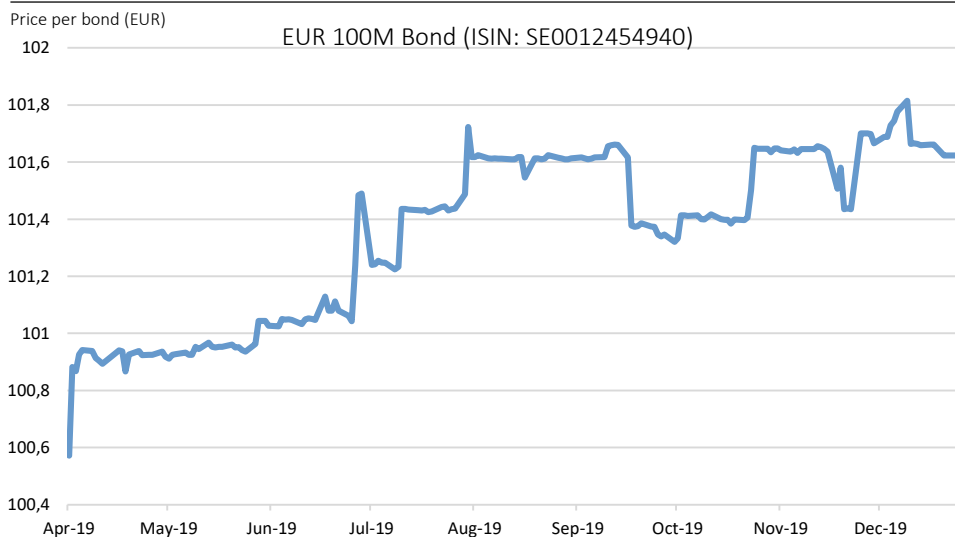


Cash &  
Undrawn RCF

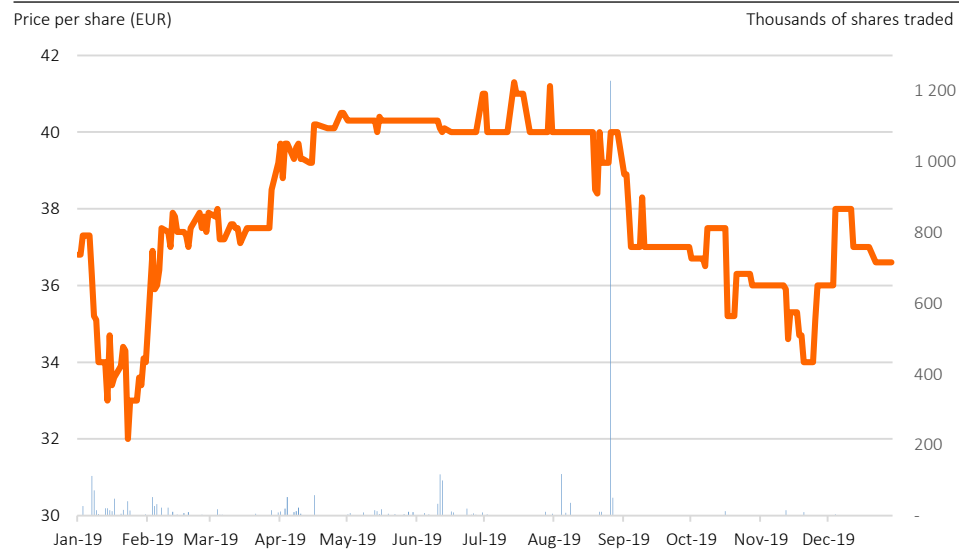
<b>Issuer</b>	DDM Debt AB	DDM Debt AB	DDM Finance AB
<b>Currency</b>	EUR	EUR	EUR
<b>ISIN</b>	SE0010636746	SE0012454940	SE0011725399
<b>Issued Amount</b>	EUR 50,000,000	EUR 100,000,000	EUR 18,000,000
<b>Aggregate Principal Amount</b>	EUR 160,000,000	EUR 150,000,000	EUR 36,000,000
<b>Coupon</b>	8% per annum	EURIBOR plus 9.25% per annum	-
<b>Interest payment dates</b>	Semi-annually	Quarterly	Annual
<b>First Call</b>	11 June 2019	8 October 2020	23 January 2021
<b>Maturity</b>	11 December 2020	8 April 2022	30 June 2022

# Bonds & Equity Trading History 2019

DDM Debt AB (publ) (Ticker: DDM2)



DDM Holding AG (Ticker: DDM)





# AGENDA

1. Introduction to DDM and key developments

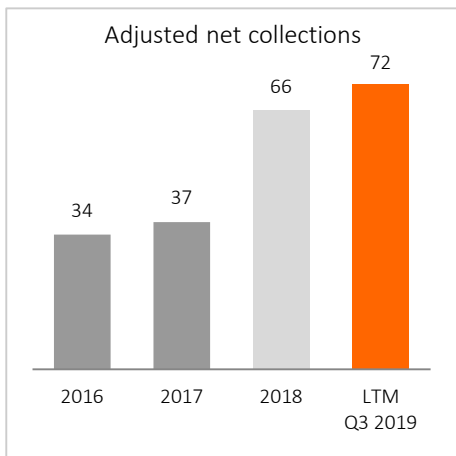
2. Financials January - September 2019

3. Summary

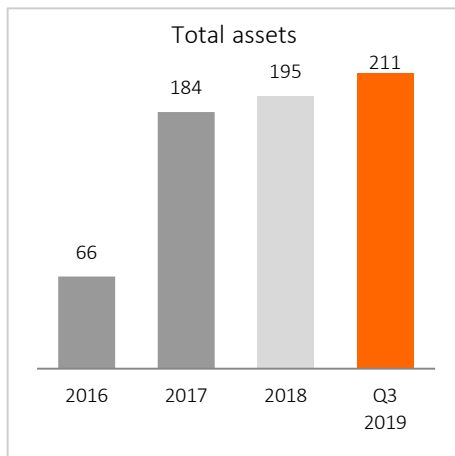


# Our Financial KPIs show our collection performance

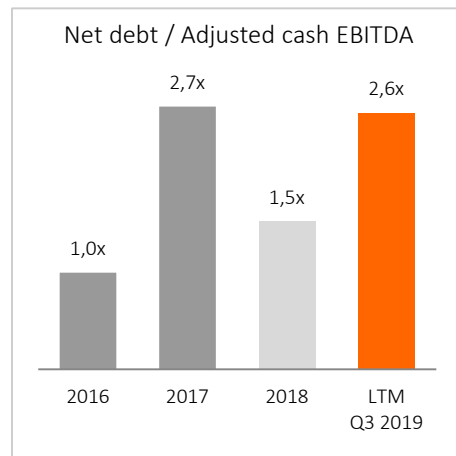
## Income statement



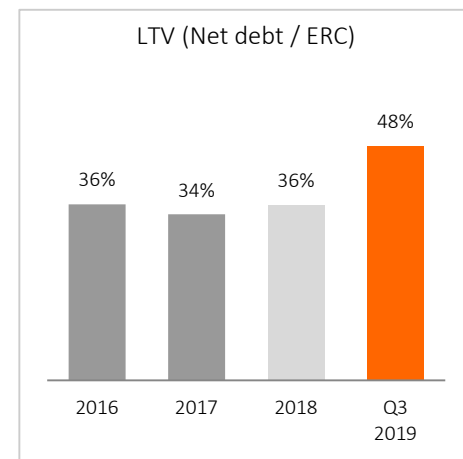
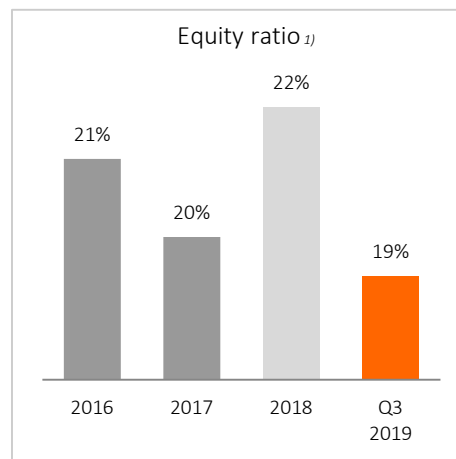
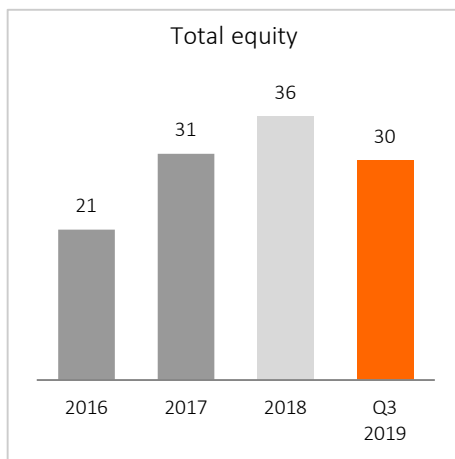
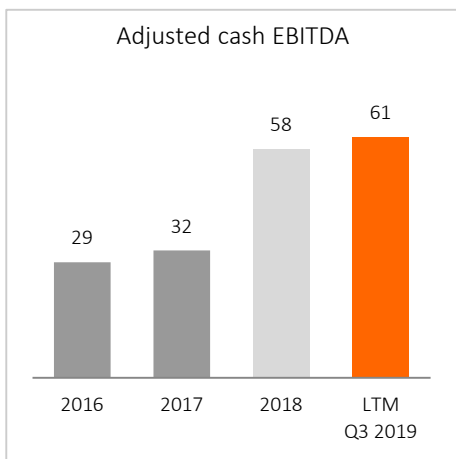
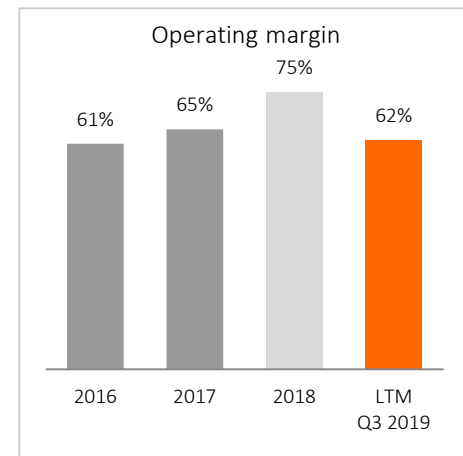
## Balance sheet



## Leverage



## Efficiency

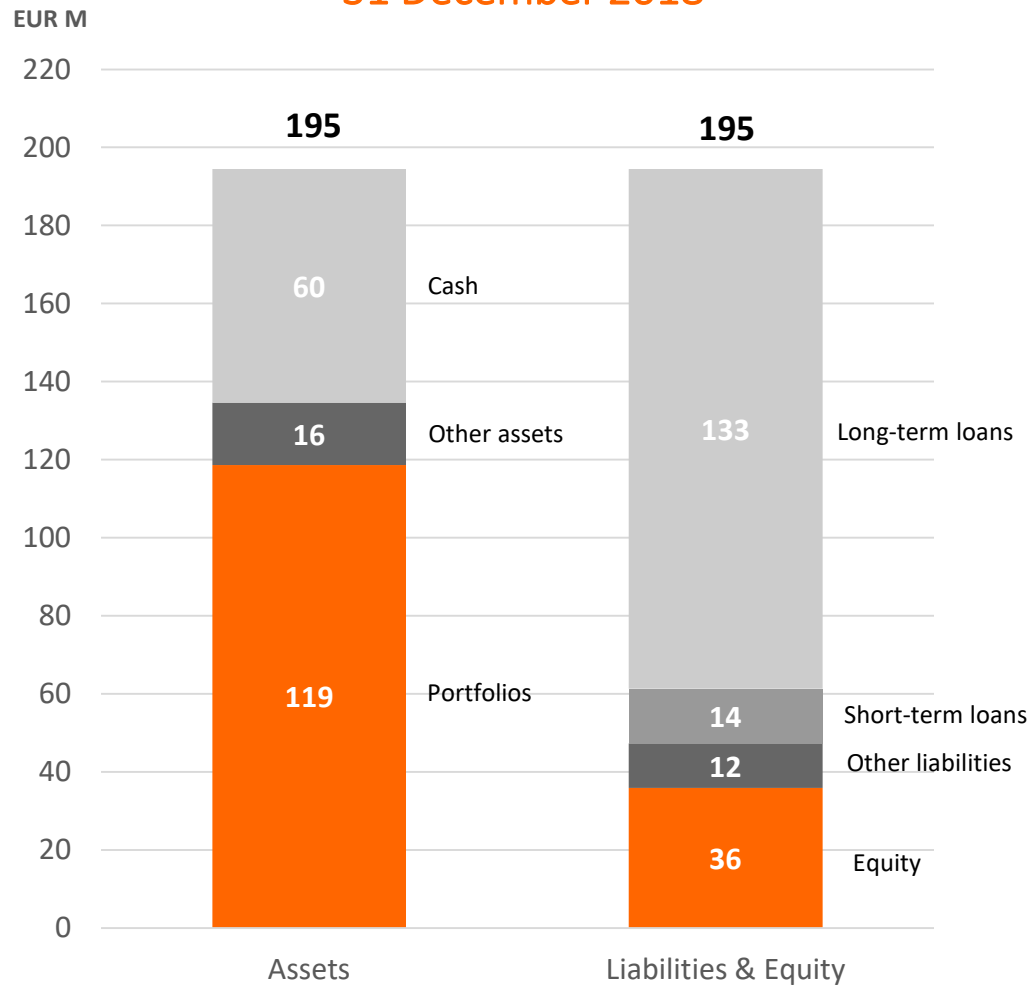


Note: All figures are in EURm.

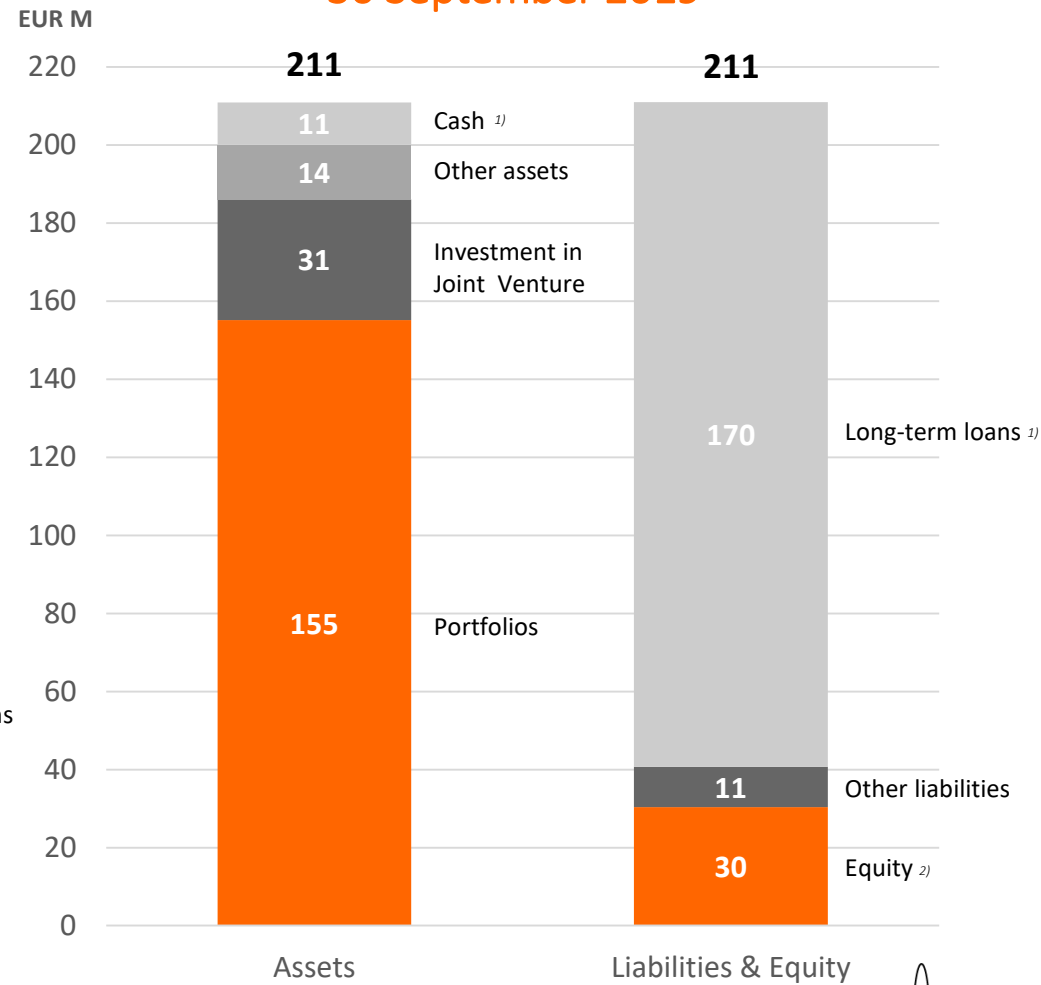
1) The equity ratio of the DDM Debt Group according to the senior secured bond terms

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

31 December 2018



30 September 2019

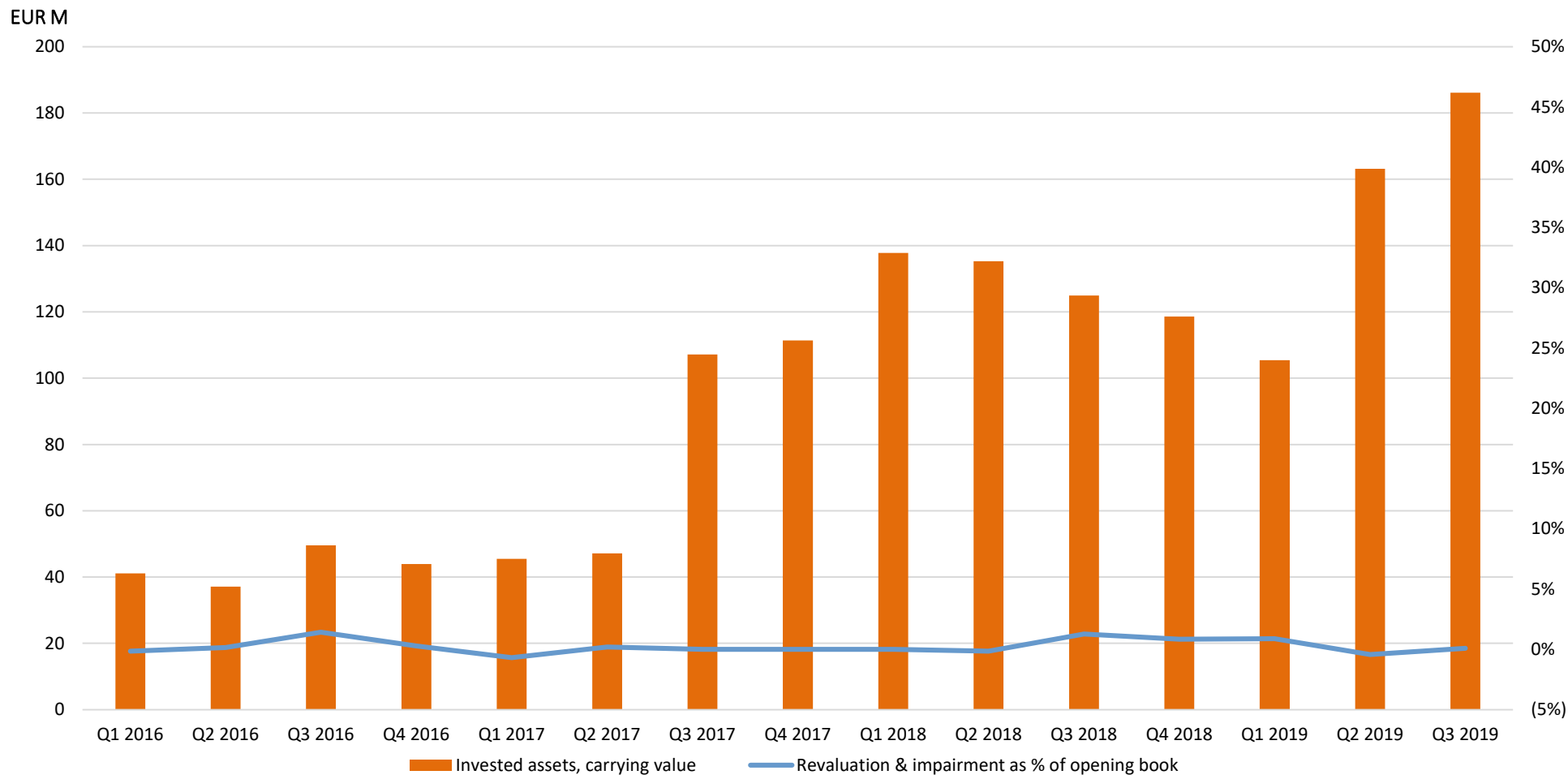


Note: All figures are in EURm.

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

1. Introduction to DDM and key developments

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# Key takeaways

1

Significant investments of about EUR 100M in 2019

2

ERC of EUR 330M at September 2019 at record high with 72% secured assets

3

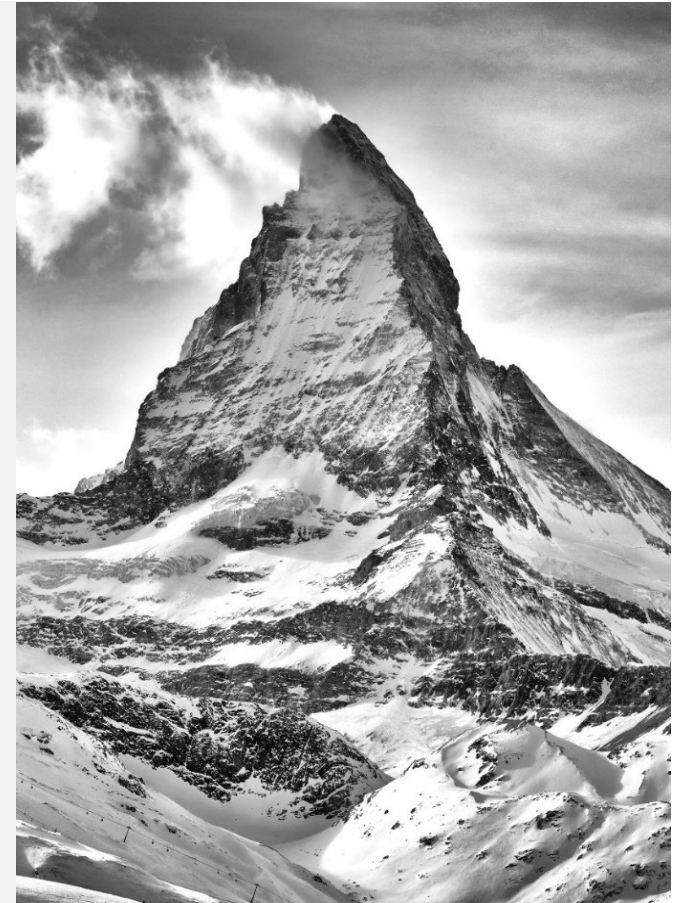
Successful refinancing supporting future growth with RCF of EUR 27M and EUR 100M bond issuance. Well positioned ahead of refinancing in 2020

4

Majority shareholder increased shareholding to 89% in 2019

5

Launch of servicing platform to focus on portfolio management and business development services, enabling both captive and third party servicing



# Q&A

## Upcoming IR events

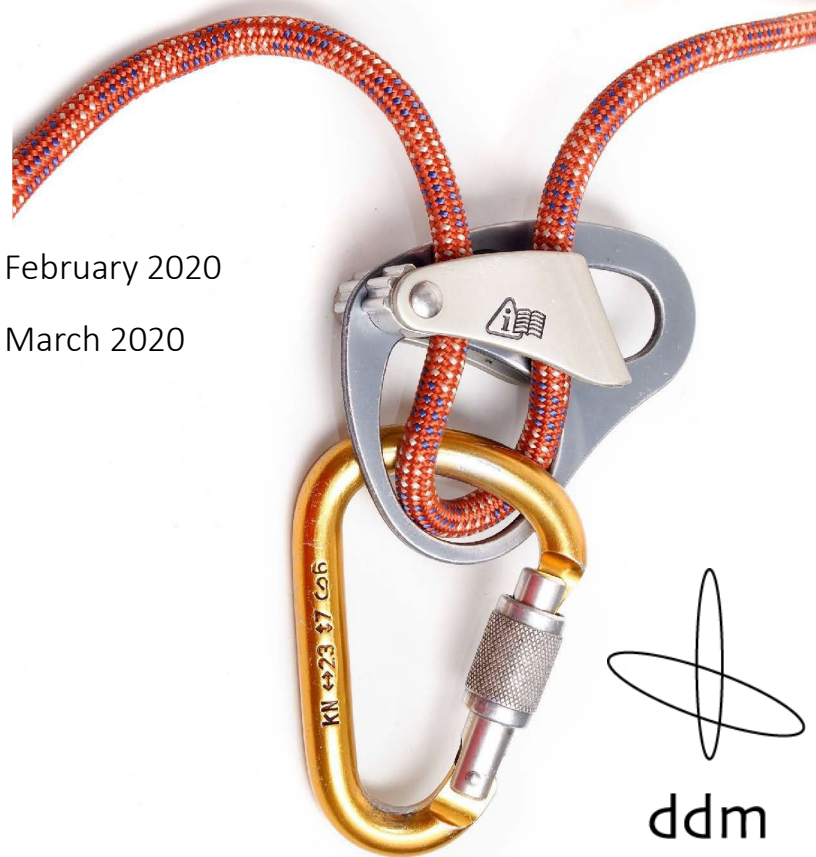
Q4 and full year report 2019:

20 February 2020

Annual report 2019:

27 March 2020

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