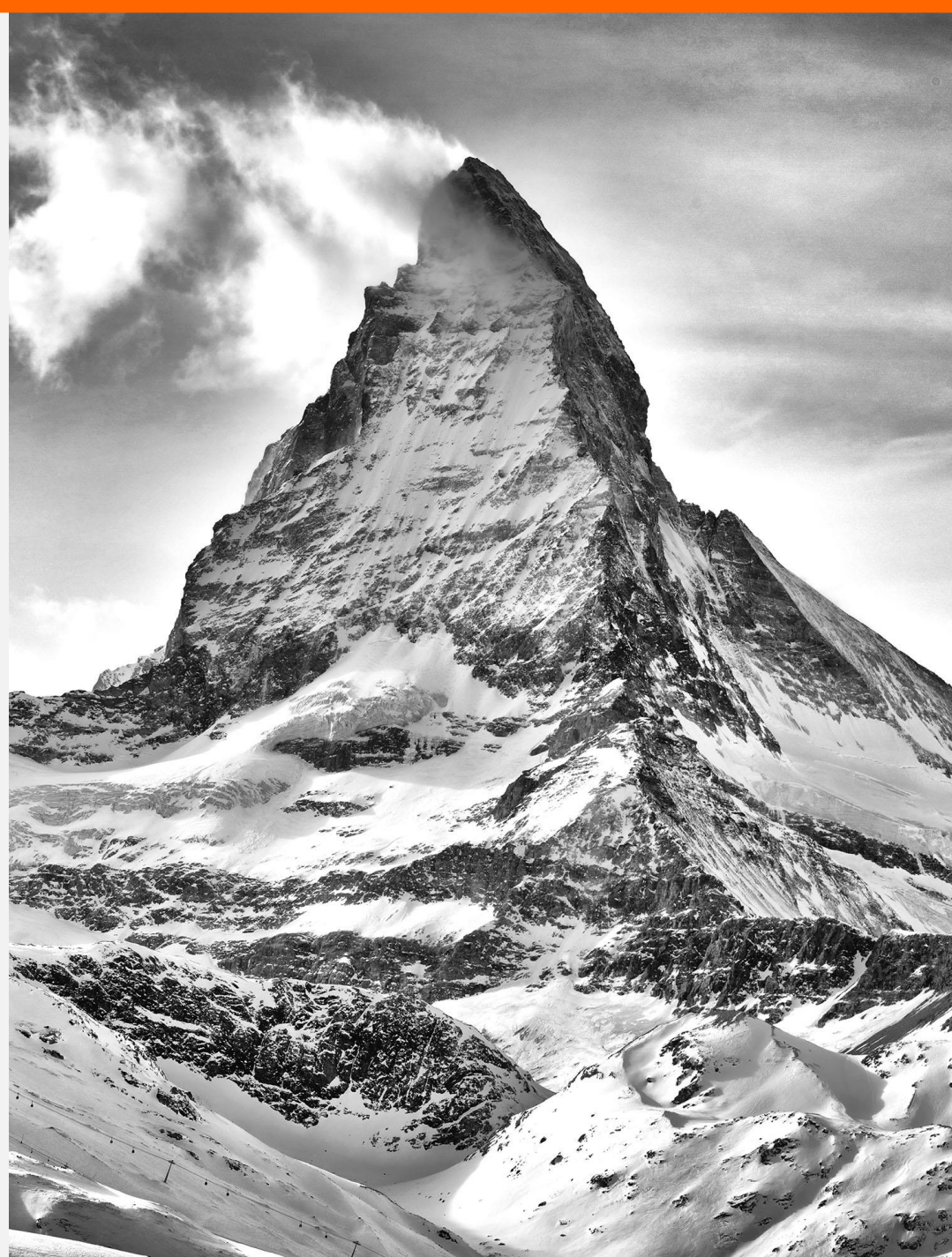




## Q1 2020 report

7 May 2020

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



# AGENDA

1. Key developments

2. Financials Q1 2020

3. Summary



# Key highlights: Q1 2020

## Key highlights

- Adjusted net collections EUR 19.5M (Q1 2019: 18.9M)
  - Strong collection performance prior to the COVID-19 pandemic
  - Driven by collections received from Greece and secured corporate portfolios in the Balkans
- Total investments increased 14% to EUR 200M at March 2020 compared to December 2019
  - Strategic investment to acquire 20% stake in Addiko Bank AG
  - Buy-out of co-investor in Hungary
- Impact of the COVID-19 pandemic
  - Negatively impacted by unrealized FX movements
  - Limited visibility over future collections

Adjusted net collections Q1 2020 LTM<sup>1)</sup>

**EUR 66m**

Adjusted cash EBITDA Q1 2020 LTM<sup>2)</sup>

**EUR 53m**

Cash Q1 2020

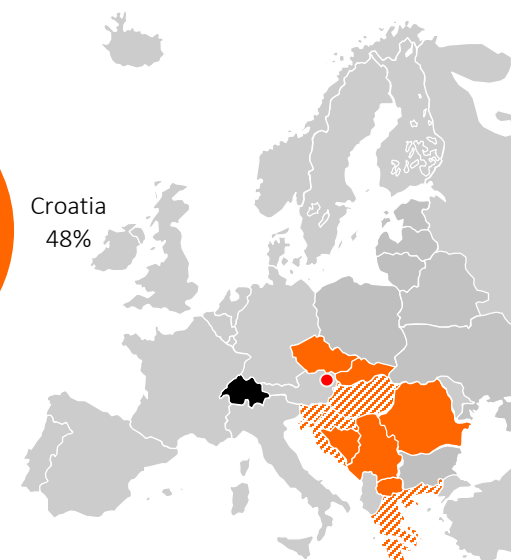
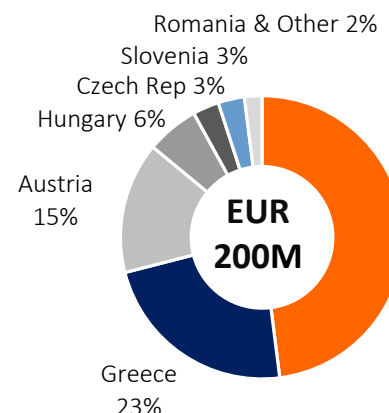
**EUR 22m**

120-month ERC Q1 2020

**EUR 308m**

## Geographic locations

DDM's investments, book value by country, Q1 2020



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

# Key developments: Q1 2020

## Summarizing the quarter

- Strategic investment to acquire a 20% stake in Addiko Bank AG, an Austrian bank with operations in DDM's core markets in the Balkans
  - Acquired a 9.9% stake for approximately EUR 30M on 9 March
  - Call option exercised on 30 March to acquire an additional 10.1% stake at an adjusted price, which is subject to regulatory approval
  - DDM is a highly experienced investor in Addiko's core markets and is looking to support Addiko in its transformation process
    - At 31 December 2019 the bank had EUR 6.1 billion of total assets, including a net loan book of EUR 3.9 billion mostly towards consumers and SME customers, with an NPE ratio of 3.9%
- Bought out the majority share co-investor located in Hungary
  - Total investment amounted to approximately EUR 3M
  - Control over a leasing company and platform in which we see great future value
- Written procedure
  - Successfully completed a written procedure in March to make certain amendments to DDM Debt up to EUR 150M bonds due 2022

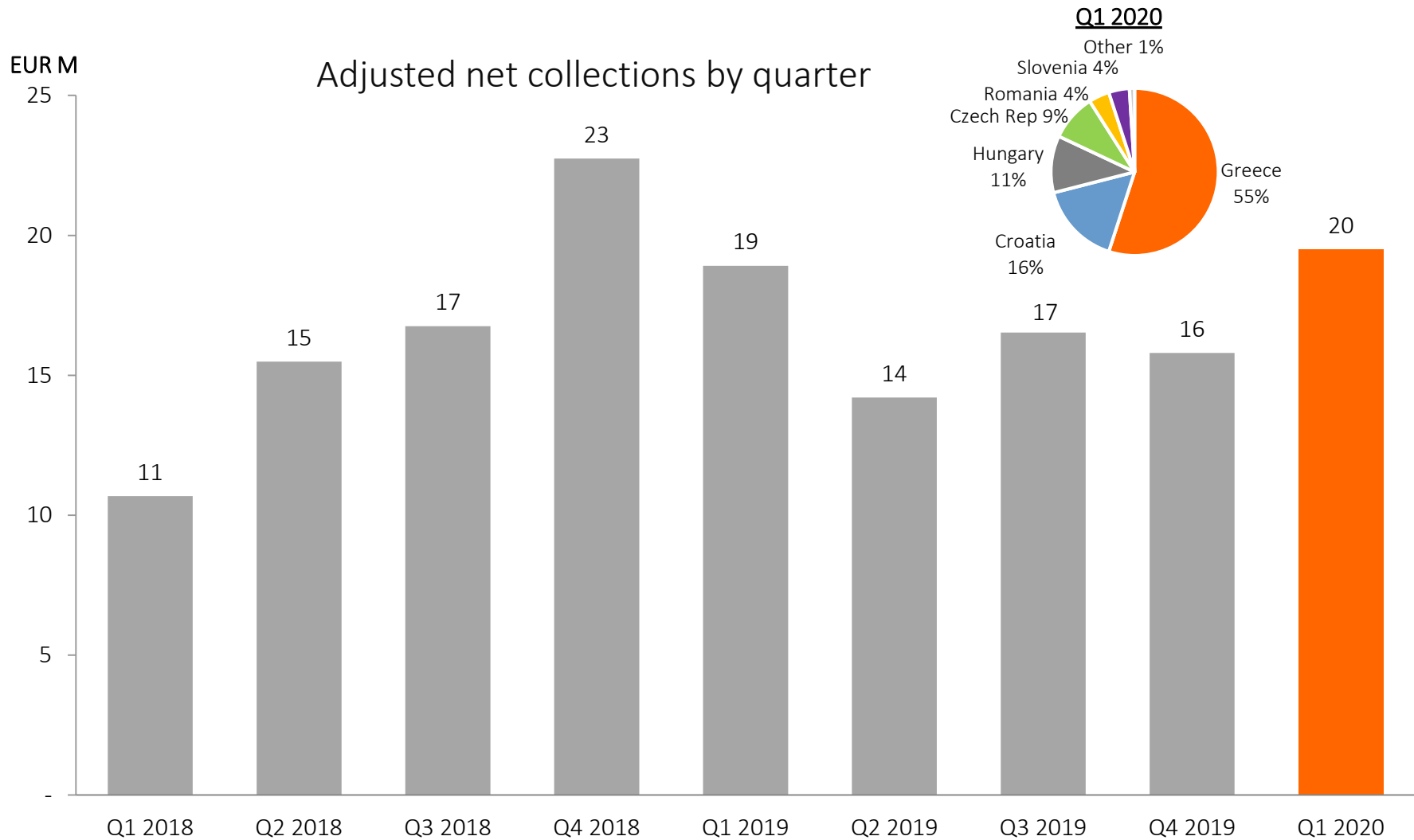


# COVID-19 pandemic

## Since the end of the quarter

- Significant adverse impact on global economic activity
  - Expected to have a negative impact to DDM's financial performance for the remainder of 2020
  - However the full extent of the economic impact on DDM's operations and the expected duration of the pandemic is unknown
- DDM is closely monitoring developments across our core markets
  - Global lockdowns implemented to prevent further spread of the virus
  - Loan moratoriums across a number of core markets in the SCEE region
  - Courts being closed or with limited operations resulting in delays of case settlements
  - Impact on tourism and thereby the economies of our markets in Croatia and Greece
- Economic outlook
  - Implemented cost saving measures including a reduction to our workforce across some of our markets
  - Limited visibility over future collections which are expected to be negatively impacted
  - Not possible at this stage to quantify the full extent of the impact on DDM's portfolio consisting to a large extent of secured debt
  - Expect the coming quarters to be challenging with increased volatility and to experience delays of some collections

# Strong collections prior to the COVID-19 pandemic with majority of collections received from Greece and secured portfolios in the Balkans

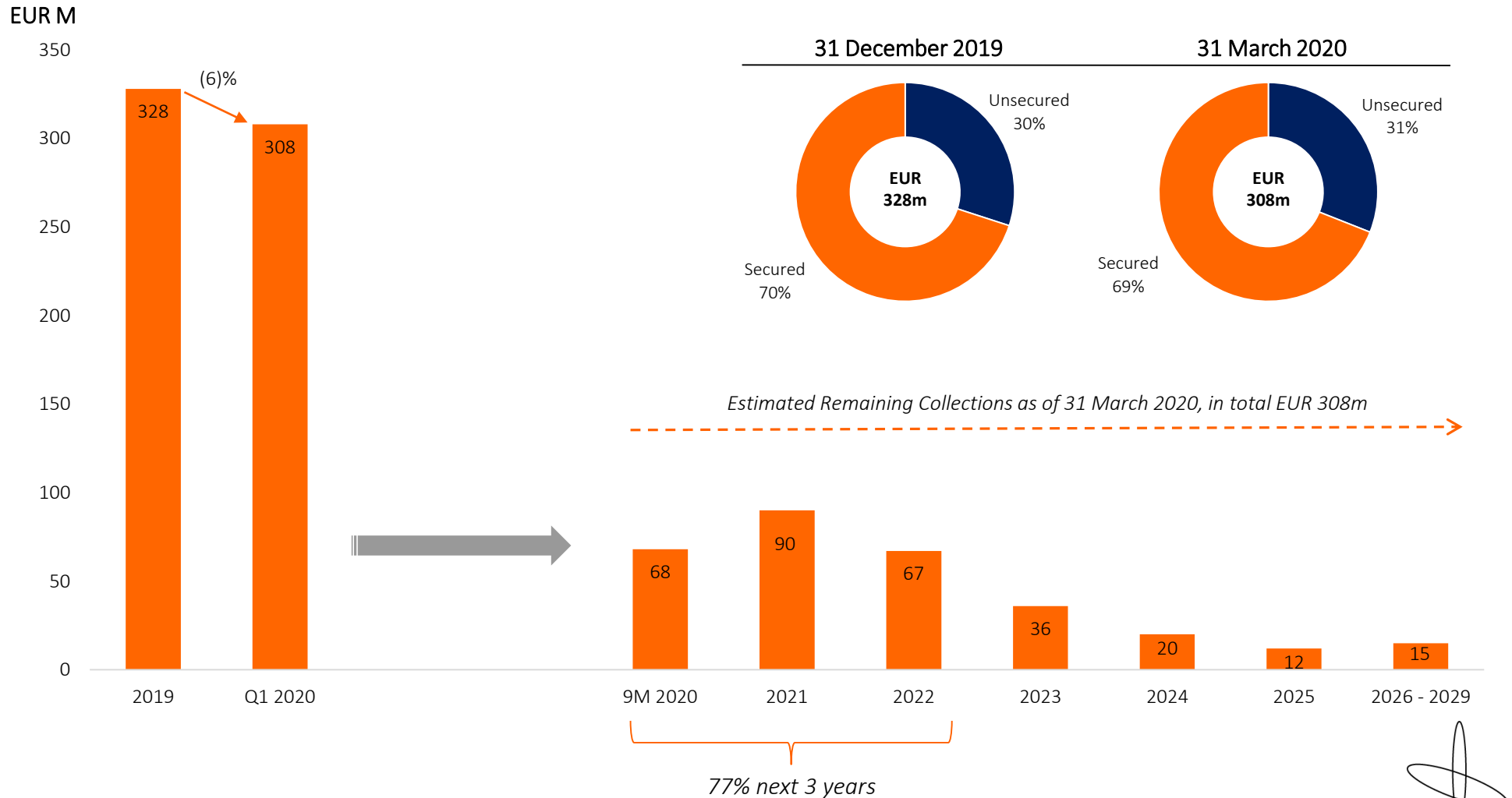


Adjusted net collections include net collections on sale of invested assets and incremental net distribution from joint venture.



# Significant proportion of ERC in secured portfolios and majority of the collections expected to be received in the next three years

Historic 120-months gross ERC and projected future collections on existing portfolios, 31 March 2020



# AGENDA

1. Key developments

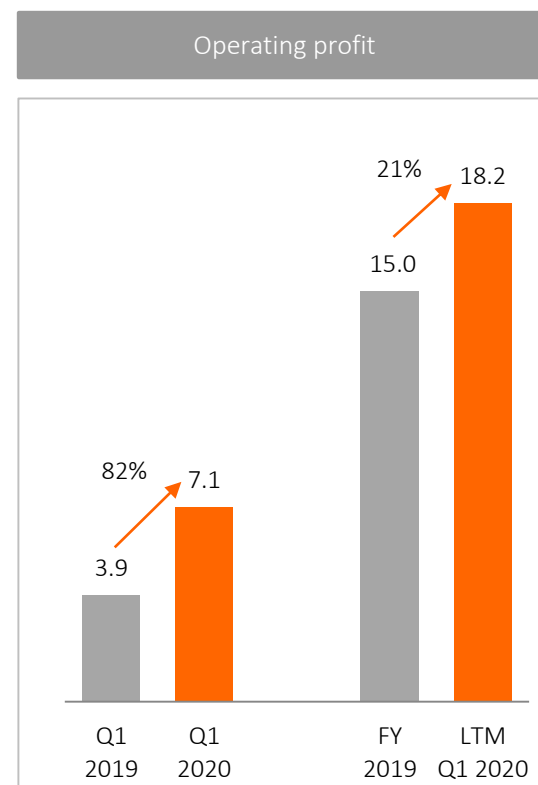
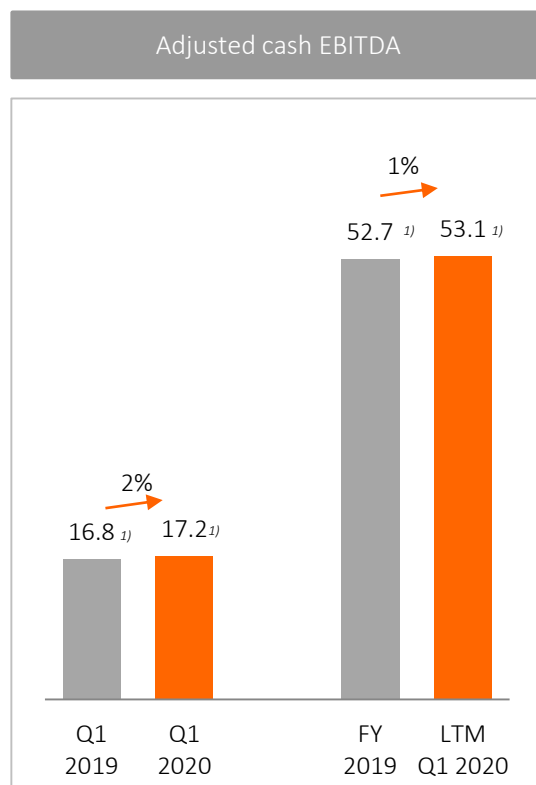
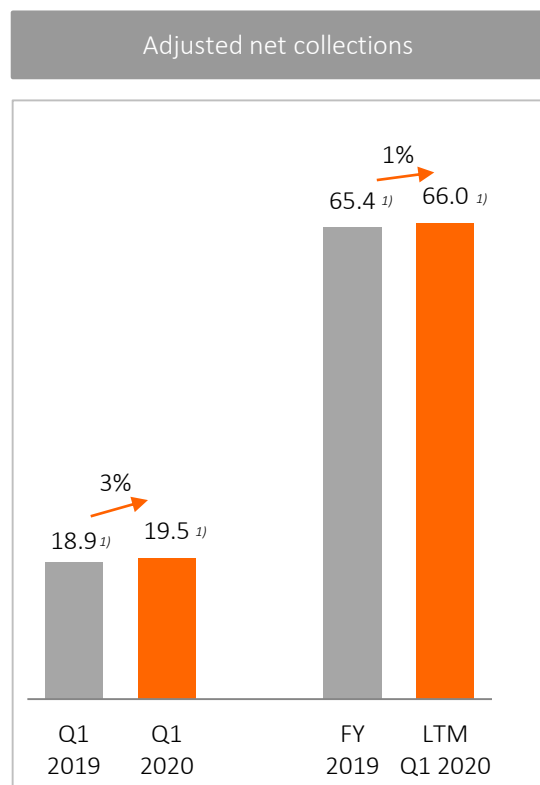
2. Financials Q1 2020

3. Summary





# Operating profit margin of 74% as a result of strong collections and lower amortization

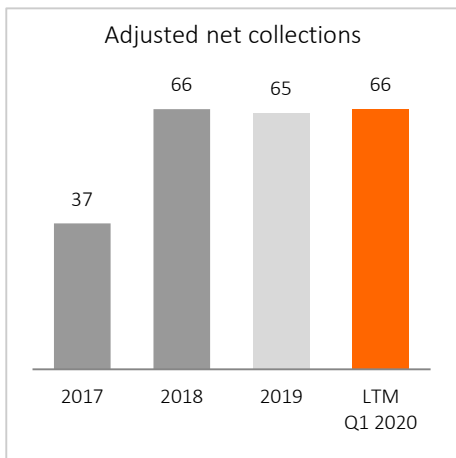


Note: All figures are in EURm.

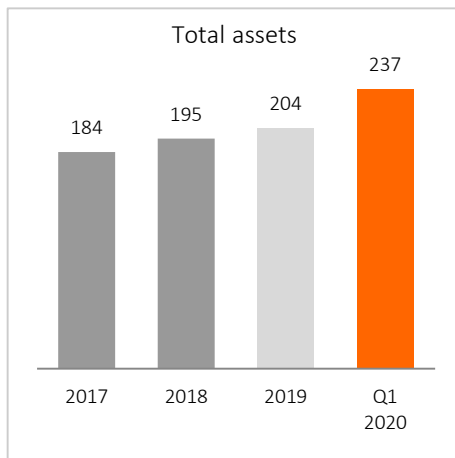
1) Adjusted net collections and cash EBITDA include incremental net distributions from joint venture of EUR 1.8M, EUR 3.8M and EUR 5.6M in Q1 2020, FY 2019 and LTM Q1 2020 respectively and include net collections on sale of invested assets of EUR 2.0M, EUR 4.5M and EUR 2.5M in Q1 2019, FY 2019 and LTM Q1 2020 respectively

# Our Financial KPIs show our collection performance

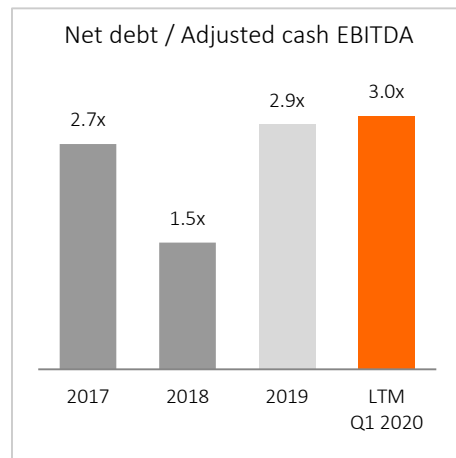
## Income statement



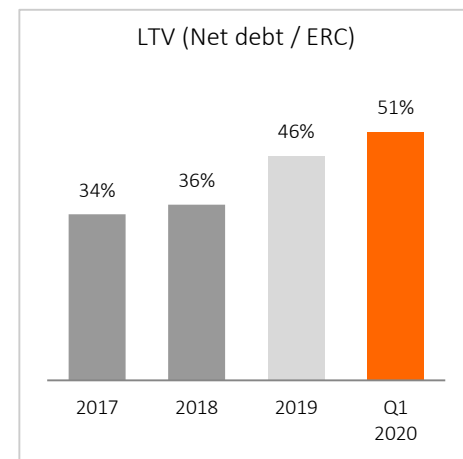
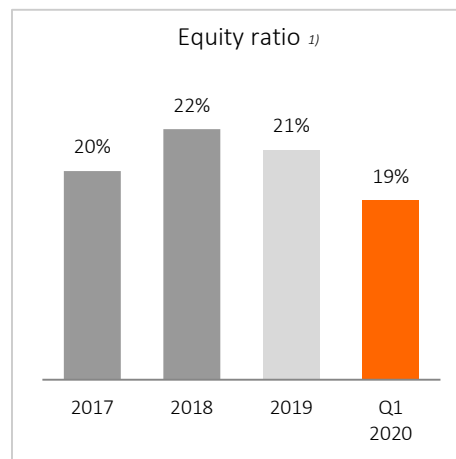
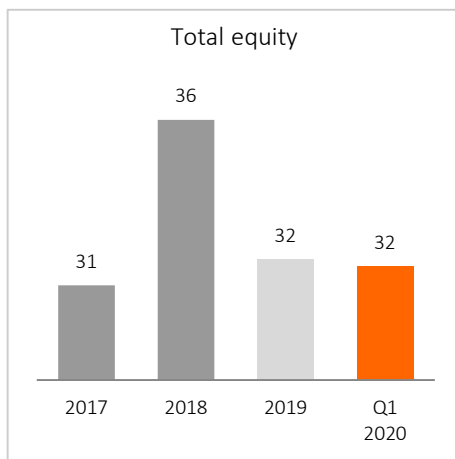
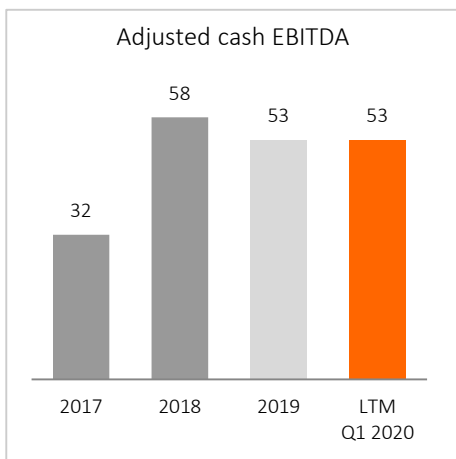
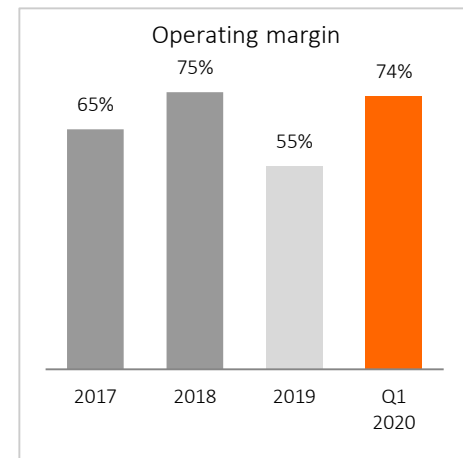
## Balance sheet



## Leverage



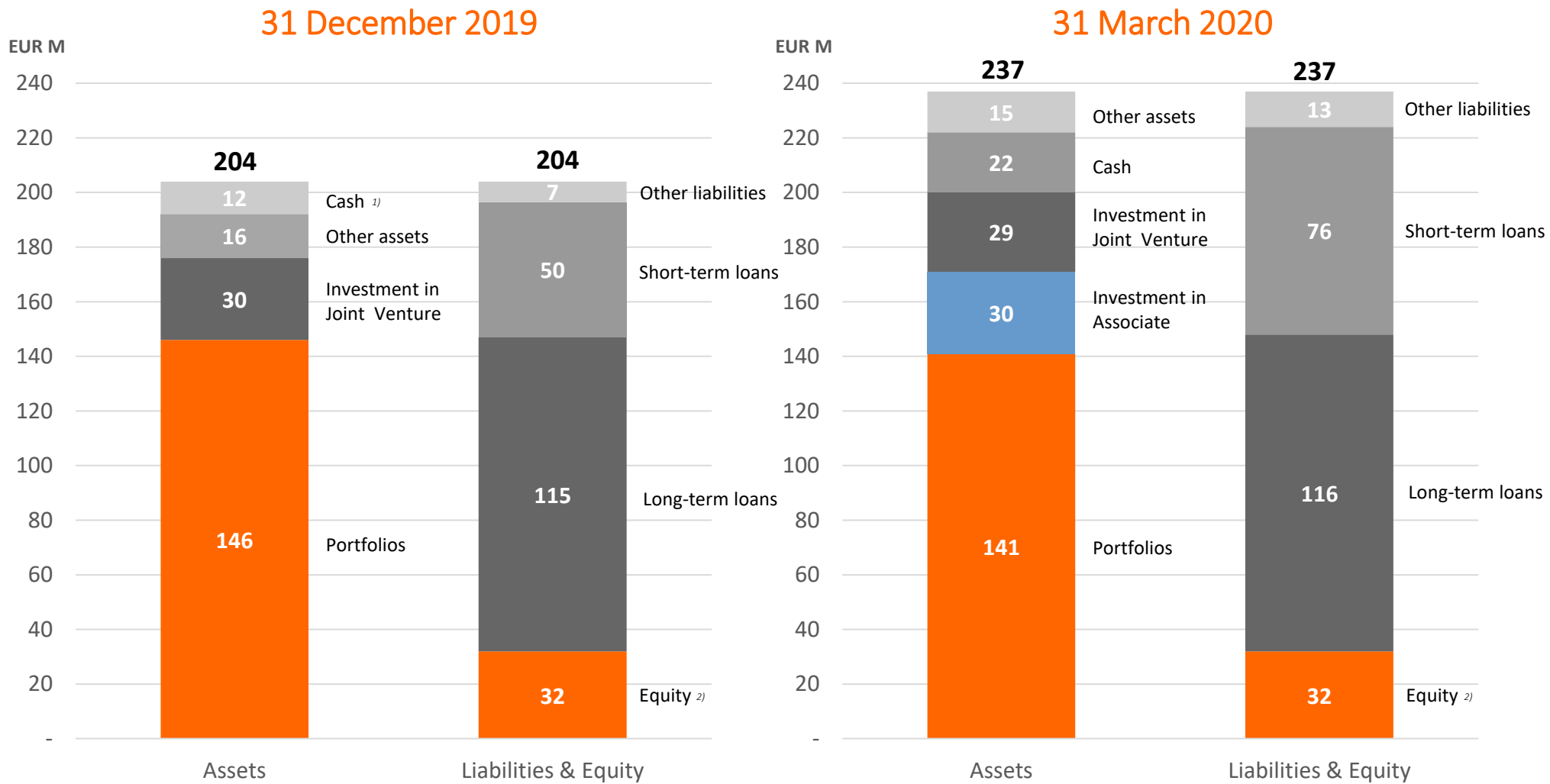
## Efficiency



Note: All figures are in EURm.

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

# Total assets increased 16% to EUR 237M at March 2020 compared to December 2019



Note: All figures are in EURm.

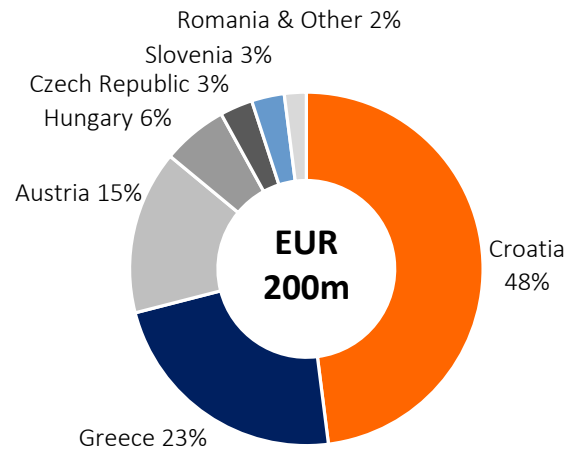
1) There were no drawdowns under the EUR 27M revolving loan facility ("RCF") at 31 December 2019

2) The equity ratio of the DDM Debt Group according to the senior secured bond terms was 21.1% at 31 December 2019 and 18.5% at 31 March 2020

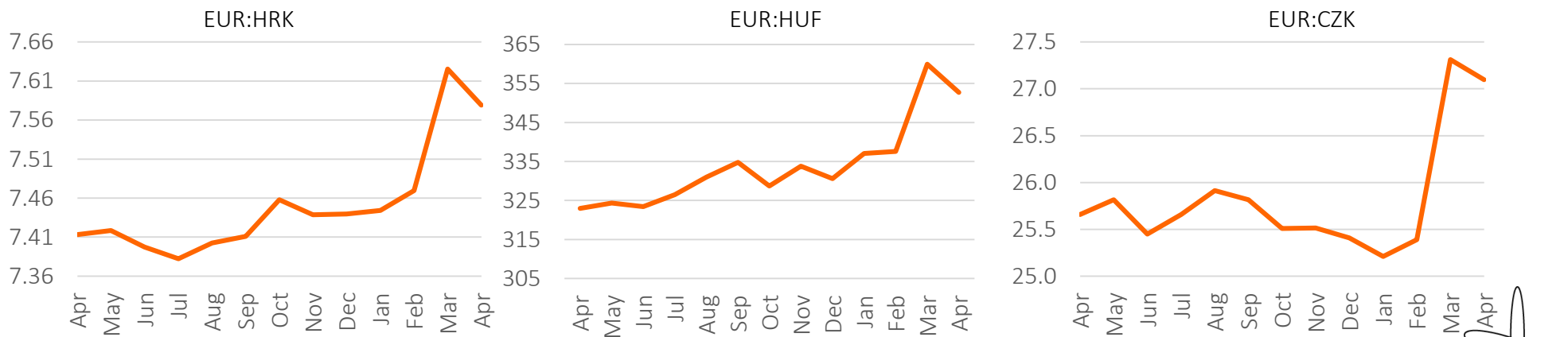


# Foreign currency exposures since the end of the quarter trending back towards the exchange rates prior to the COVID-19 pandemic

Investments, book value by country, 31 March 2020

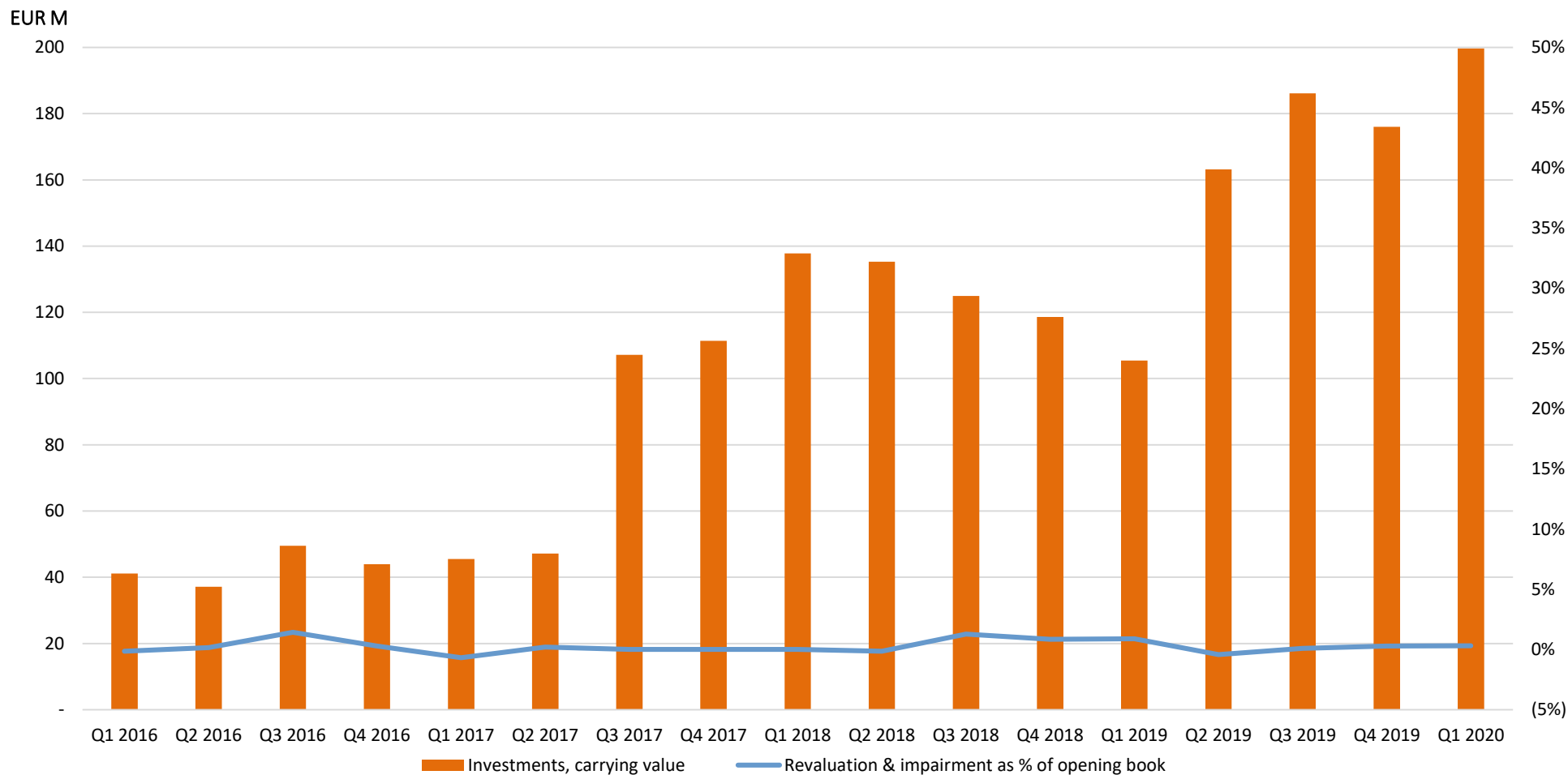


Balance sheet FX rates vs. EUR LTM April 2020



Source: Xignite

# Investments resilient in challenging market with adjustment of carrying value in line with prior years



# AGENDA

1. Key developments

2. Financials 2019

3. Summary



# Key takeaways

1

Strong collection performance in Q1 2020 prior to the COVID-19 pandemic principally received from Greece and the Balkans

2

Strategic investment to acquire 20% stake in Addiko Bank AG, having acquired 9.9% and exercised a call option to acquire a further 10.1% pending regulatory approval

3

Bought out the majority co-investor in a leasing company and platform in Hungary for approximately EUR 3M

4

Successfully completed a written procedure and well positioned ahead of bond refinancing later in the year with EUR 22M of cash

5

The COVID-19 pandemic continues to have a significant adverse impact on global economic activity and is expected to have a negative impact on our financial performance for 2020





# Q&A

## Upcoming IR events

Annual General Meeting:

23 June 2020

Interim report January – June 2020:

30 July 2020

Landis + Gyr-Strasse 1  
CH-6300 Zug  
Switzerland  
Telephone: +41 417 661 420  
[investor@ddm-group.ch](mailto:investor@ddm-group.ch)



This presentation has been prepared by DDM Holding AG ("DDM") solely for information purposes only and as per the indicated date. DDM does not undertake any obligation to correct or update the information or any statements made therein. Certain statements in this presentation are forward-looking and are subject to risks and uncertainties. Nothing contained herein shall constitute any representation or warranty as to accuracy or completeness. DDM has not made any independent verification of the information obtained from third parties. Nothing in this material shall be construed as an offer or solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any transaction. DDM does not accept any liability whatsoever arising from or in connection with the use of this information. Save as by prior approval in writing, this material may not be copied, transmitted or disclosed, whether in print, electronic or any other format. All rights to the material are reserved.

## 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
- **AxFina Servicing platform:**  
Work out for larger secured portfolios

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 secured portfolios work out managed by the AxFina servicing platform
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 – 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>						