



Carnegie Debt Purchase Seminar

20 March 2017

Presenters: Gustav Hultgren, CEO, and Fredrik Olsson, CFO

DDM Holding AG (Nasdaq First North, Stockholm: DDM)



This presentation contains forward-looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read our company description for a better understanding of these risks and uncertainties.

Company overview

Key developments

Financial recap

2017

DDM | 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 CEE

| | |
|----------------------|--|
| 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 outsources collections to the optimal partner |
| Scalability | Cross regional relationships for quick market entry and flexibility |






DDM's key market segments

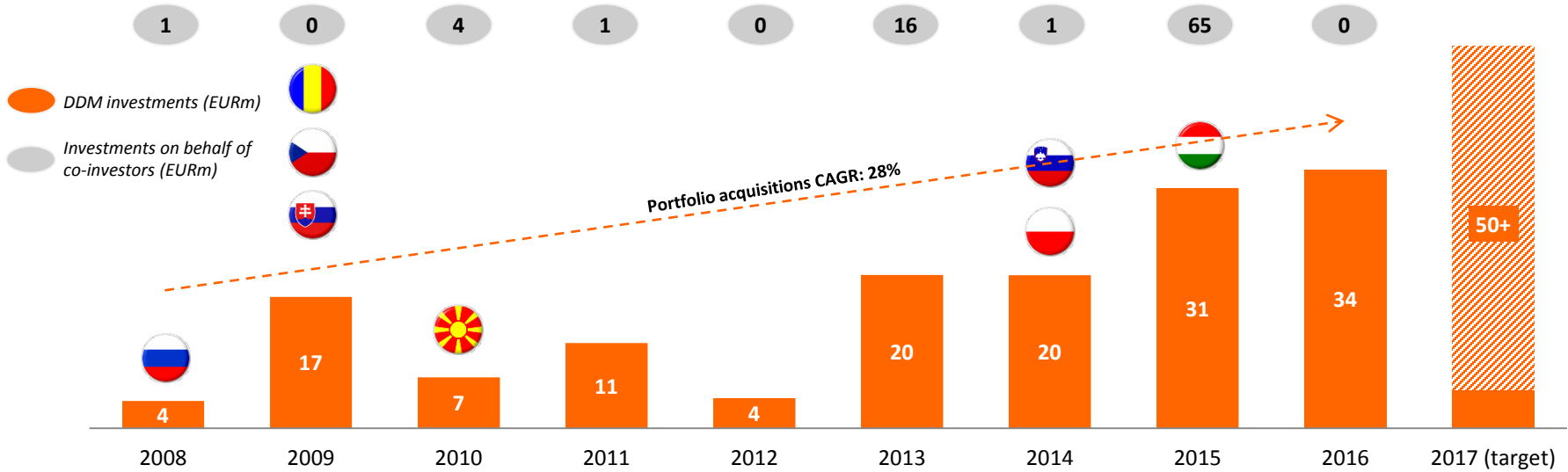
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|-------------------|---|-------------|------------------------|-----------------|-------------------|------|-------|
| Geography | W Europe | CE Europe | Africa | N America | S America | Asia | |
| Seller | Utility companies | | Financial institutions | | Telecom companies | | Other |
| Type | Consumer (credit cards, auto loans & mortgages) | | | Corporate | | | |
| Collateral | Secured | | | Un-secured | | | |
| Underlying assets | Performing | | | Non-performing | | | |
| Size | < EUR 3M | EUR 3 – 30M | EUR 31 – 100 M | EUR 100 - 500 M | > EUR 500 M | | |
| Collection method | In-house | | | Outsourced | | | |

Primary regional focus



-  Company headquarters in Switzerland
-  Invested markets
-  Current potential new markets

DDM's activities (in orange) are focusing on specific segments of the overall market



| Start up phase | Build up phase | Scale up phase | Growth (target pipeline) |
|---|---|---|---|
| <p>2007: DDM founded</p> <p>2008: First external funding and initial investments made in Russia</p> | <p>2009-2012: Build up of team, processes and IT system FUSION DDM headcount from 3 to 10+ people, acquired 50 portfolios</p> <p>2009: Enters Romania, Czech Republic and Slovakia</p> <p>2010: Enters Macedonia</p> | <p>2013: First bond issue of SEK 300m Starts co-investment discussions with a leading global financial institution</p> <p>2014: IPO on Nasdaq First North Ruble crisis Enters Poland and Slovenia</p> | <p>2015: Enters Hungary with two landmark transactions</p> <p>2016 July: Share capital increase of approx. EUR 7m and first Euro bond of EUR 11m issued New landmark transaction in Slovenia</p> <p>2017 roadmap: Refinanced existing debt with EUR 50m bond at 9.5% Ongoing share issue with pre-emptive subscription rights of up to SEK 104m (approximately EUR 11m) Continued focus on funding growth and lowering cost of capital Capitalise on strong market opportunities in Central and Eastern Europe reflected in current pipeline</p> |

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Summarizing the year

- Directed new share issue in May with gross proceeds of approx. EUR 7M (SEK 65M)
- New EUR-denominated bond of EUR 11M at 13% interest issued in July
- Landmark portfolio acquisition in Slovenia in July
- Strong performance from recent acquisitions, resulting in significant cash flows
- Loan repayments of approx. EUR 9.2M in H2 2016



■ Company headquarters in Switzerland

■ Invested markets

Since the end of the year

- Further portfolio acquisition in the Czech Republic
 - This was the third portfolio that we have acquired from the seller
- EUR 50M of senior secured bonds at 9.5% were issued by DDM Debt AB in January
 - Used to refinance existing debt within the DDM Group
 - Future portfolio acquisitions
- Ongoing share issue with pre-emptive subscription rights of up to SEK 104M (approximately EUR 11M) to facilitate the issuance of more debt and support future growth
- Future investments
 - Preparations for transaction-closing following new funding



■ Company headquarters in Switzerland

■ Invested markets

Company overview

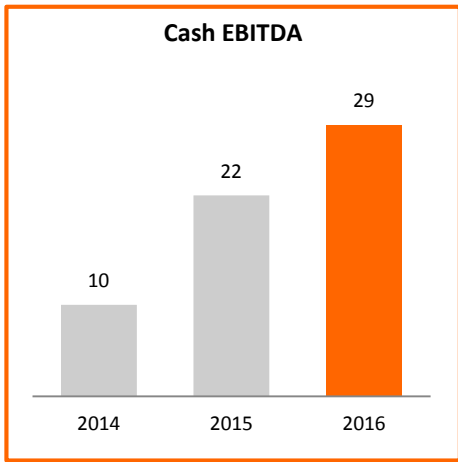
Key developments

Financial recap

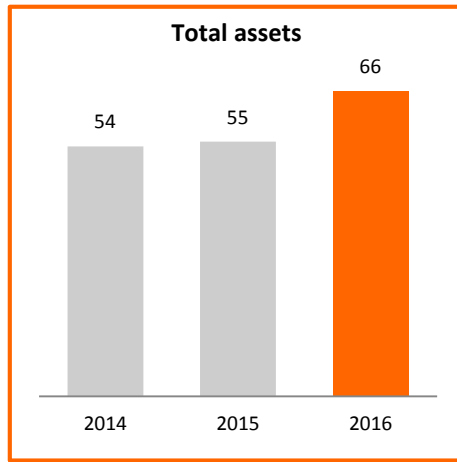
2017



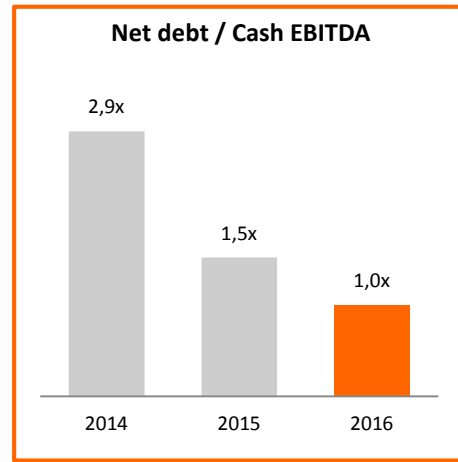
Profitability



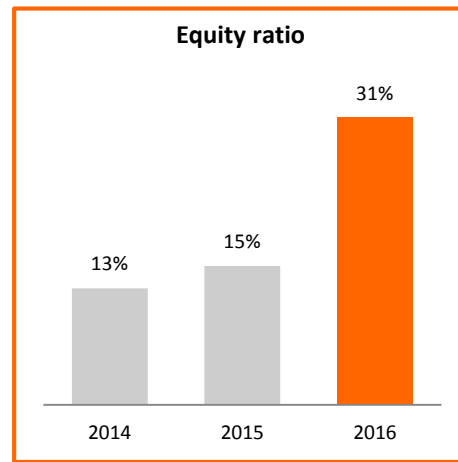
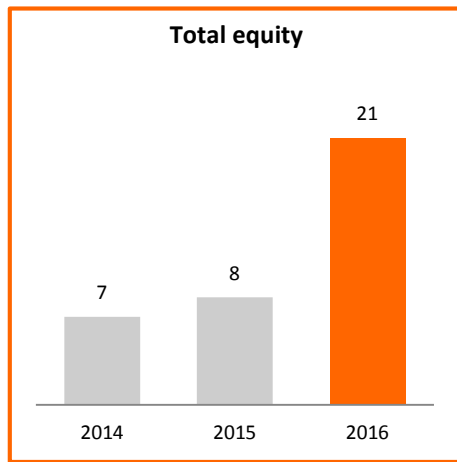
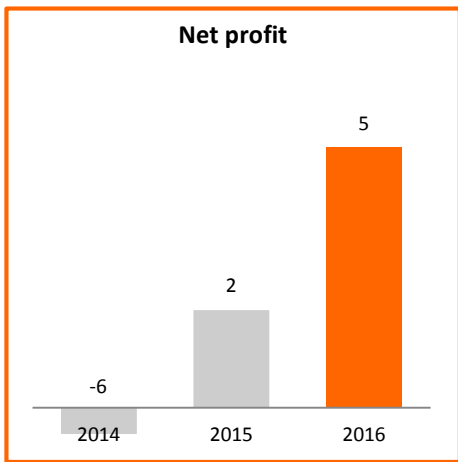
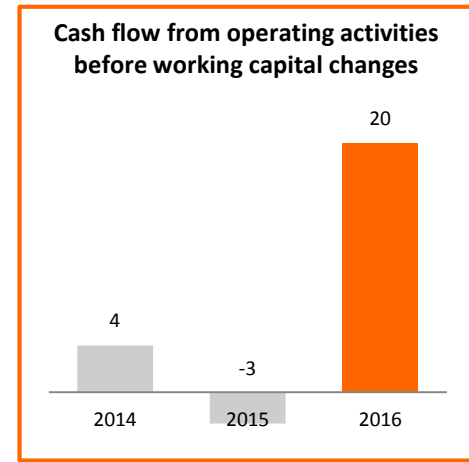
Balance sheet



Leverage

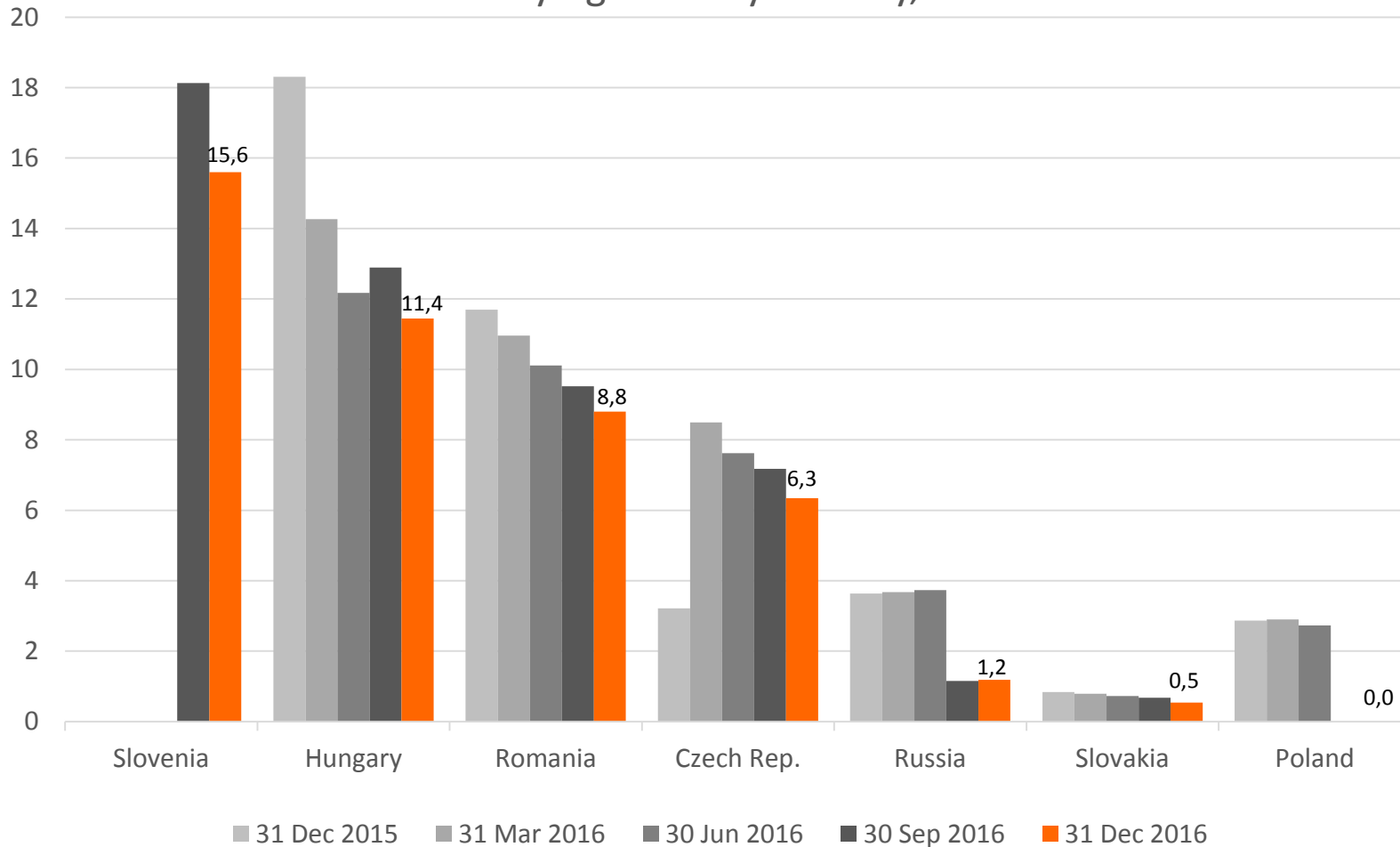


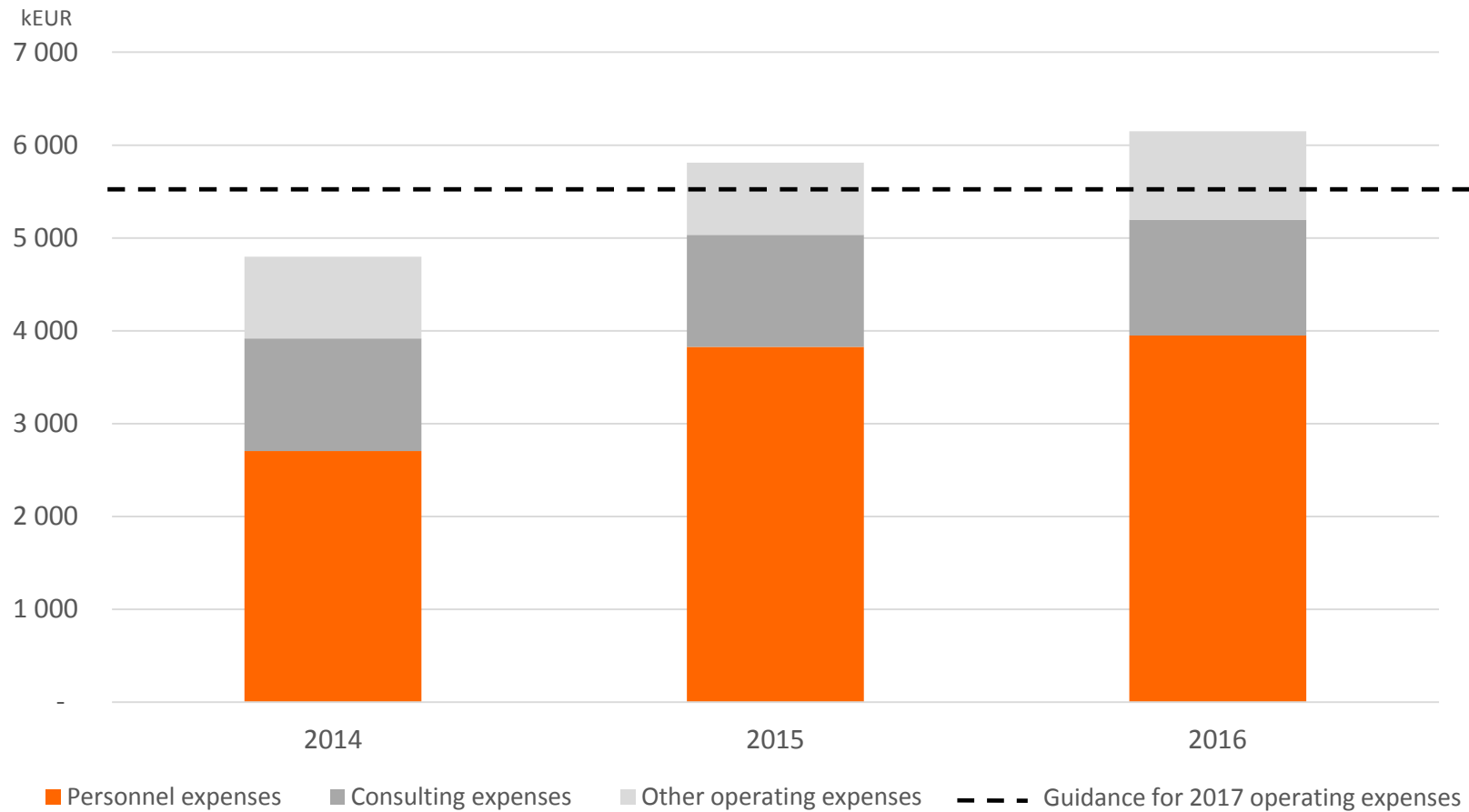
Cash flow

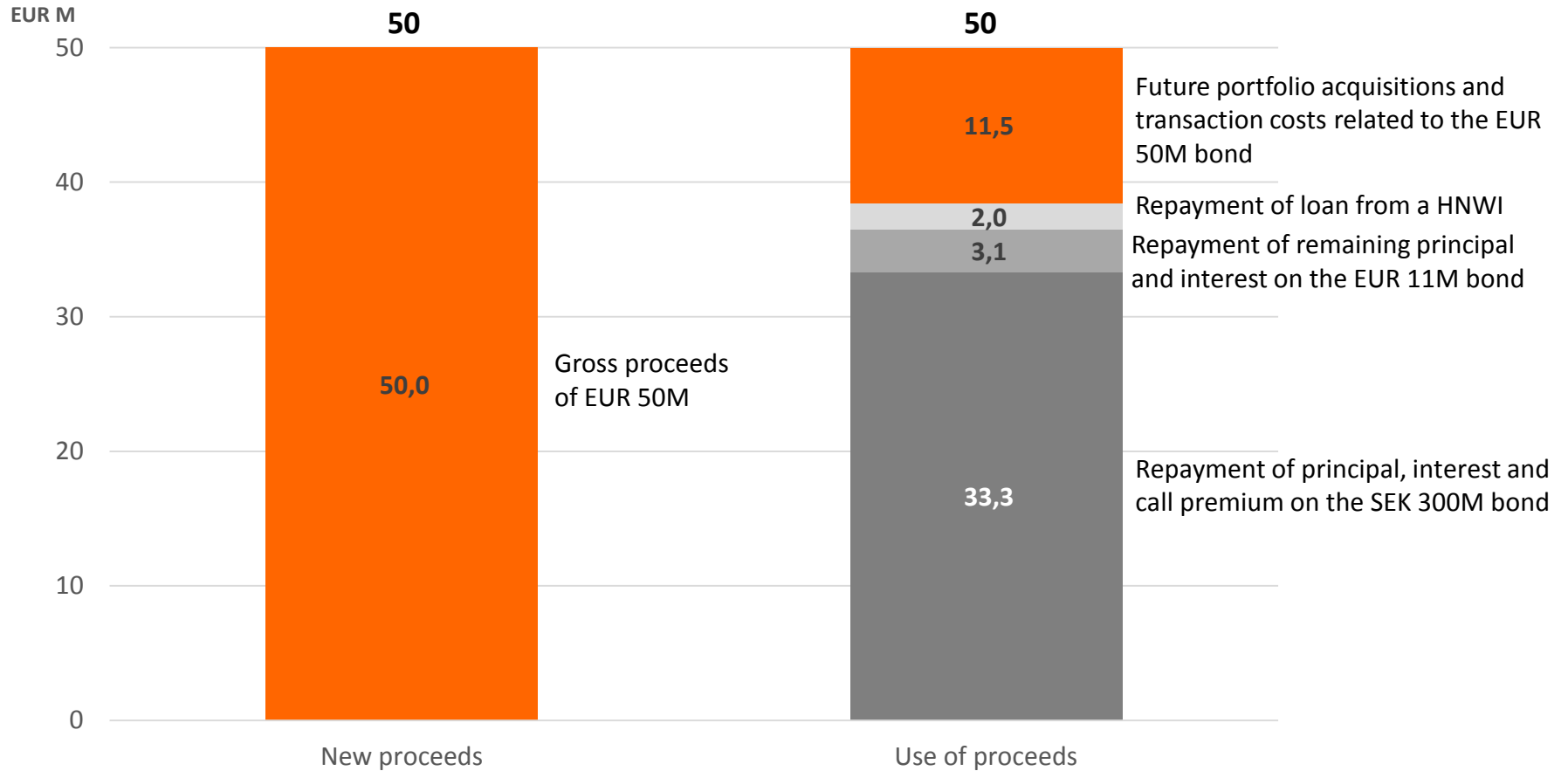




Carrying value by country, EUR M







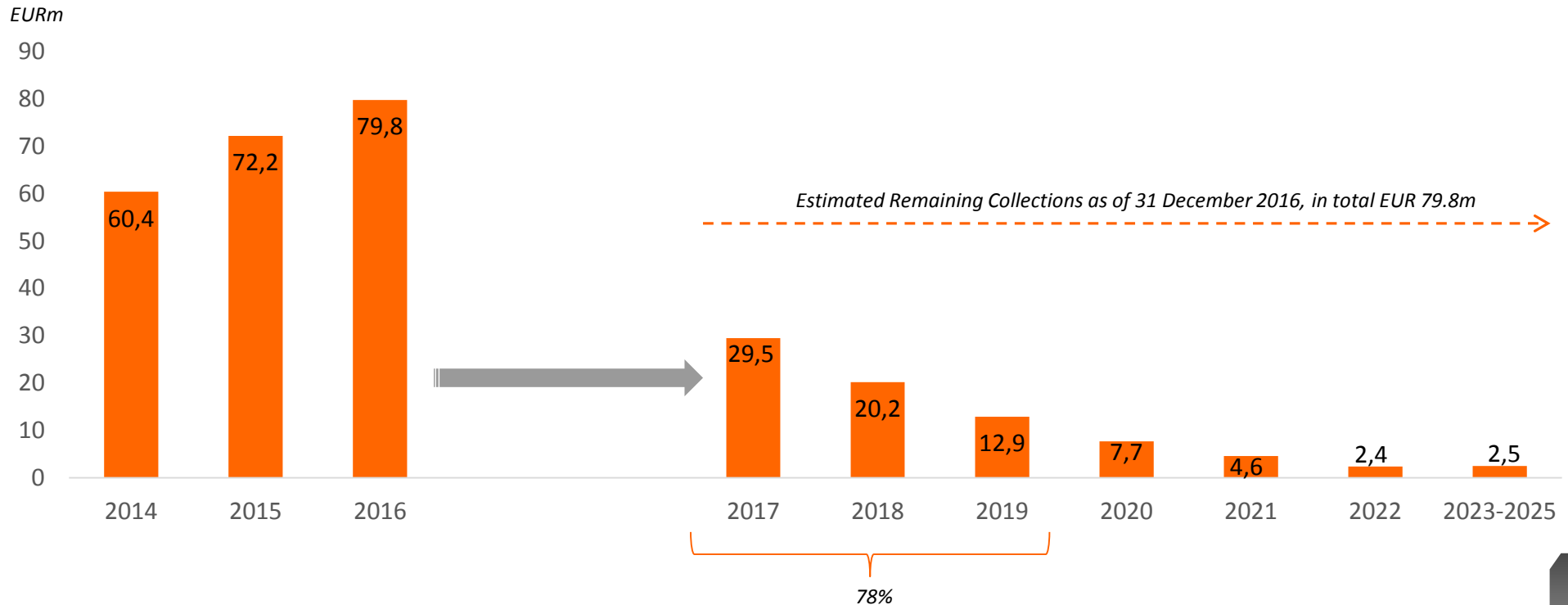
Write-off of about EUR 2M of capitalized transaction costs relating to the old bonds



Note: all figures are approximate

Historic 120-months gross ERC and projected future collection on existing portfolios, Q4 2016

- The relatively short tail is primarily due to the fact that a few recently acquired portfolios consist of performing loans
- ERC does not include revenues from management fees



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Guidance

Portfolio investments to exceed EUR 50m for 2017

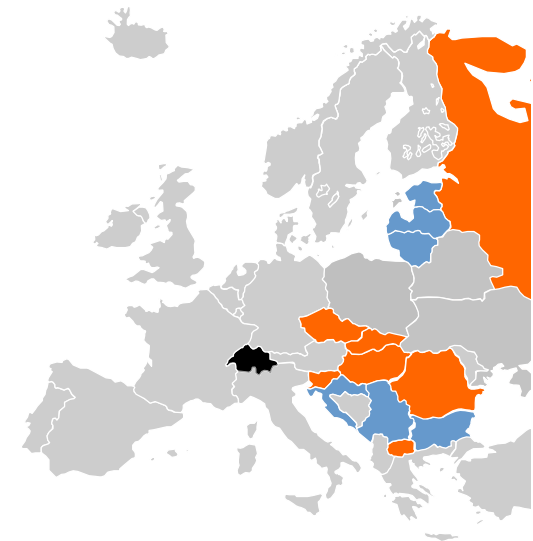
Operating expenses of EUR 5.6m for 2017

Financial targets

Maintain an EBIT margin (LTM EBIT / LTM Revenue on invested assets and Revenue from management fees) above 50%

Gross Estimated Remaining Collections (ERC) growth year-on-year above 25%

- Pursuing opportunities in both existing and new markets
- Due diligence under way on a number of large portfolios where the company is in an advanced stage of the sales process
- Several portfolio transactions expected to close in Q2 and Q3 2017
- Portfolio investments to exceed EUR 50M for 2017
- Ongoing share issue with pre-emptive subscription rights of up to SEK 104M (approximately EUR 11M)
- Facilitating the issuance of more debt



- Company headquarters in Switzerland
- Invested markets
- Current potential new markets

Annual report 2016: 31 March 2017

Interim report January – March 2017 expected to be published on 11 May 2017



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Appendix



Appendix



Overview of FUSION

- “FUSION” is DDM’s proprietary IT system, which integrates investment-, case-, payment- and activity-data into one comprehensive IT solution
- The system provides DDM with a significant competitive advantage to analyse and bid for new investments and manage current portfolios
- Captures data over the life of an asset

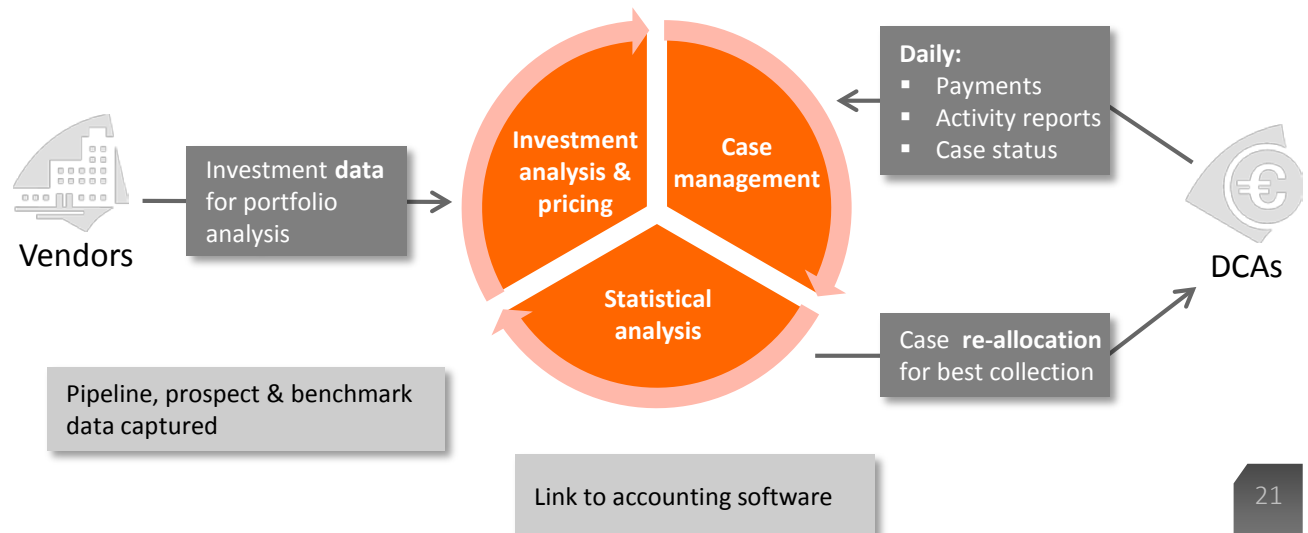
FUSION system in numbers

| | |
|---------------------------------------|------------------|
| Based on years of industry experience | 50+ years |
| Active cases in database | 2.3m |
| Number of connected DCAs | 38 |

Why FUSION is important

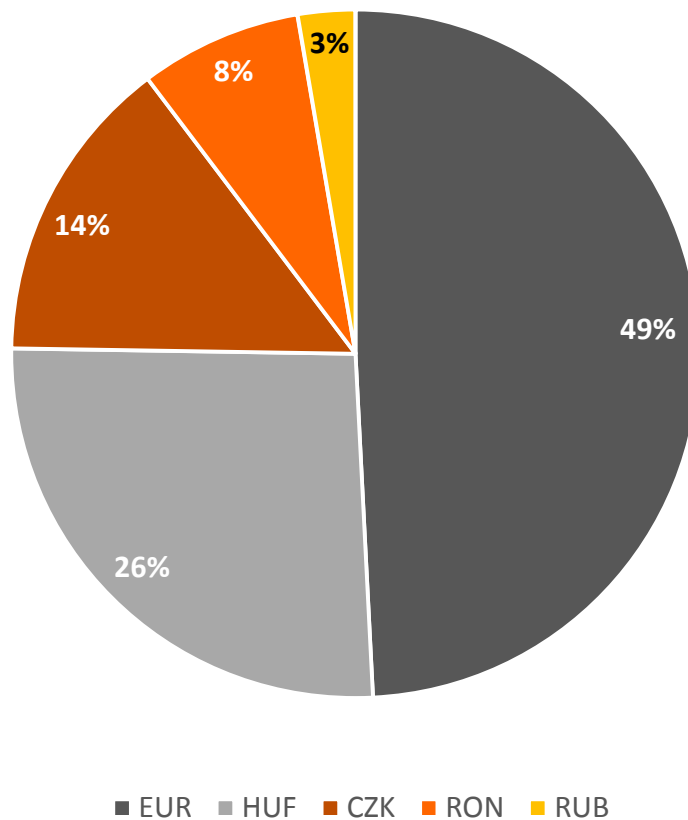
- **Higher accuracy in pricing and evaluation of asset portfolios:** Increased accuracy when evaluating and bidding for asset portfolios, using both internal and external data for benchmarking
- **Lowered credit risk:** Via aggregation of collection data the ability to predict future payment patterns increases, which reduces the risks of forecasting
- **Management of outsourced collections:** Ability to outsource and control collection agents efficiently
- **Improved collection efficiency:** Improved collections using case status and activities composed from collection partners, constantly evaluating the best-suited agency for each portfolio

FUSION system overview with main data flows

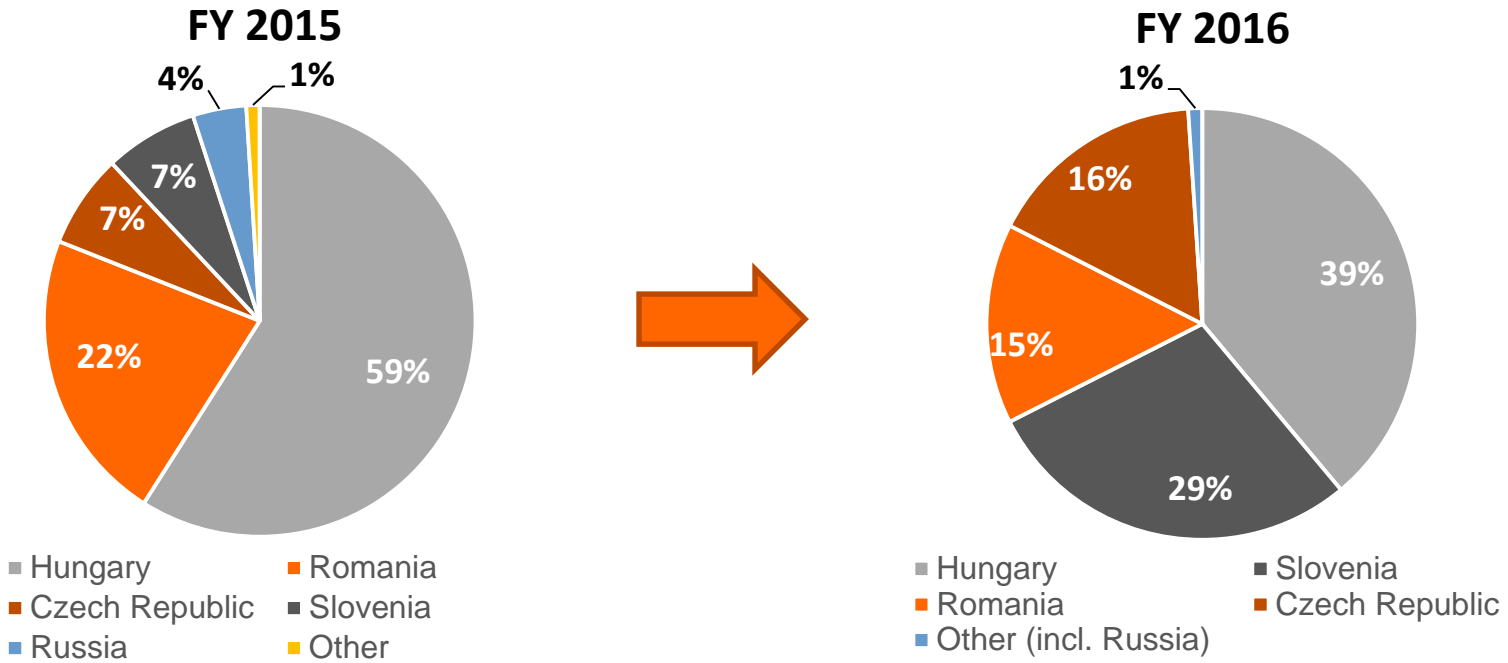


Almost 50% of the portfolio
book value is EUR denominated

Carrying value by currency, % of total
31 December 2016



Net collections by country, %
FY 2015 vs. FY 2016

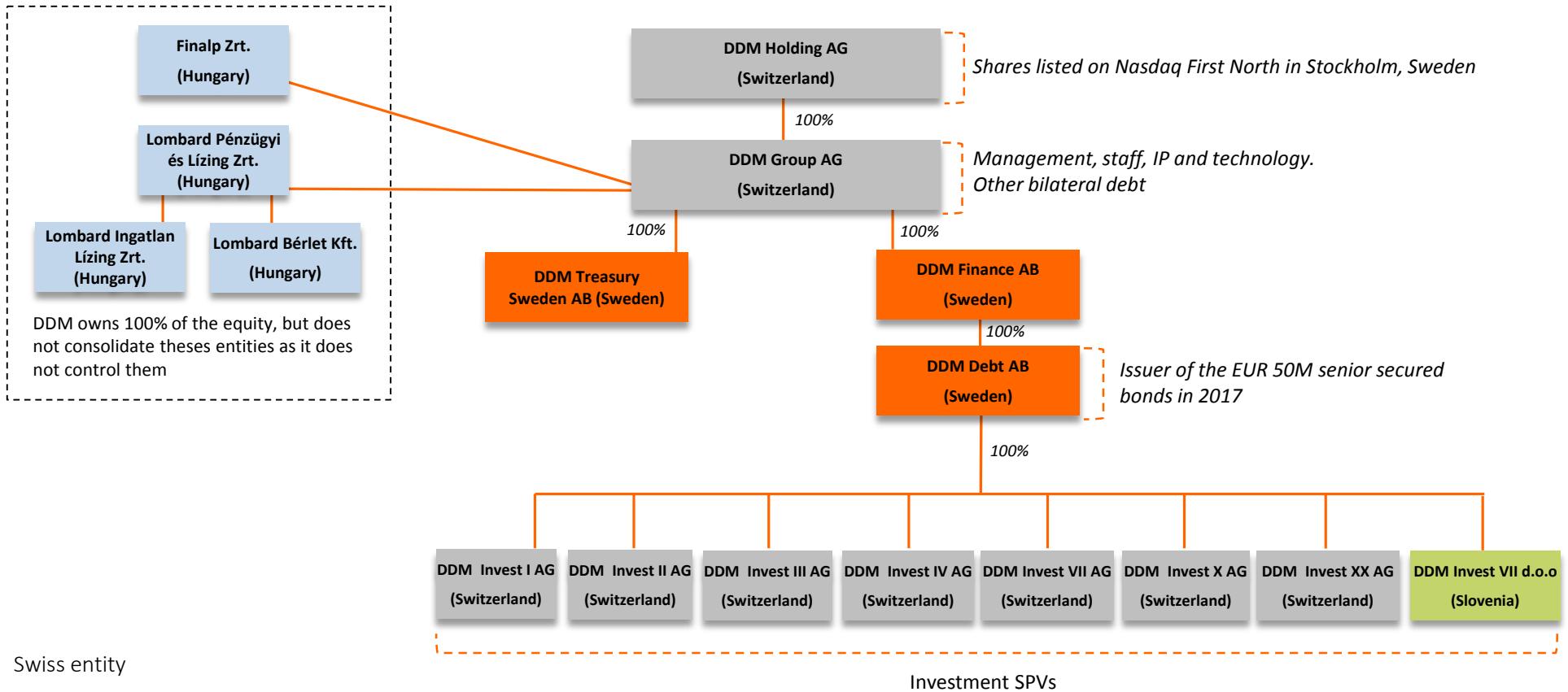


Implied invested amount: 100
 Gross collections: 1.82 x invested amount (*partially securitized portfolio*)
 Implied gross IRR: 30%

| EUR M | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 – Y10 | Y1 – Y10 |
|---|-----|-----|-----|-----|-----|----------|----------|
| Cash flow distribution | 32% | 24% | 18% | 14% | 7% | 4% | 100% |
| Gross collections | 59 | 45 | 33 | 26 | 12 | 7 | 182 |
| Amortization** | -27 | -24 | -19 | -17 | -8 | -5 | -100 |
| Amortization rate (Amortization / Gross collections) | 45% | 53% | 57% | 66% | 70% | 73% | 55% |

* This example is for illustration purposes only. Future portfolio acquisitions will have different characteristics and investment metrics, depending on e.g. underlying assets, performing vs. non-performing, securitized.

** Amortization equals the change in the carrying value in each year. The change in the carrying value is a function of the change of the estimated present value of future collections from the portfolio, estimated as the cash-flow from gross collections less collection costs, discounted at an estimated effective interest rate (IRR).



- Swiss entity
- Swedish entity
- Slovenian entity
- Hungarian entity

DDM Holding AG

Board of Directors

**Kent Hansson, Chairman (2007)**

26 years industry experience, previously from Intrum Justitia Group responsible for Pan European Purchased Debt company

**Dr. Manuel Vogel, Vice chairman (2008)**

CEO of a&o accta ortag AG, board member of several Swiss companies

**Torgny Hellström, Board member (2014)**

Chairman of Precise Biometrics AB and MagComp AB, board member of True Heading AB and Ruddex International AB

**Fredrik Waker, Board member (2013)**

Owner, deputy CEO and chairman of the board of directors of Wakers Consulting AB, board member of the Swedish industry association for Accounting Consultants

**Dovile Burgiene, Board member (2016)**

Partner and Head of the Corporate and M&A practice group at Ellex Valiunas

Management

**Gustav Hultgren**

CEO

DDM since 2013

**Fredrik Olsson**

CFO

DDM since 2014

**Konstantin Kraiss**

Head of Transactions

DDM since 2012