



Strong portfolio performance and significant capital raised to support major growth in the coming months

11 May 2017

Q1 2017 report

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

DDM Holding AG (Nasdaq First North, Stockholm: DDM) and
DDM Debt AB (publ) (Nasdaq Stockholm: DDM2)



Company overview

Key developments

Financial recap January – March 2017

- Operating result EUR 2.5M vs. EUR 1.3M in Q1 2016
- Net profit of EUR 0.6M on an adjusted basis, excluding non-recurring items related to the bond refinancing
- Strong financial base: Share issue of approximately EUR 11M before transaction costs, facilitating issuance of more debt
- Lowered funding costs to support continued strong growth
 - Strong track record continues to lower DDM's funding cost
 - EUR 35M tap issue under the EUR 85M senior secured bond framework at a price of 101.5%, representing a yield to maturity of c. 9%
- Funding in place to capitalize on strong pipeline



- **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

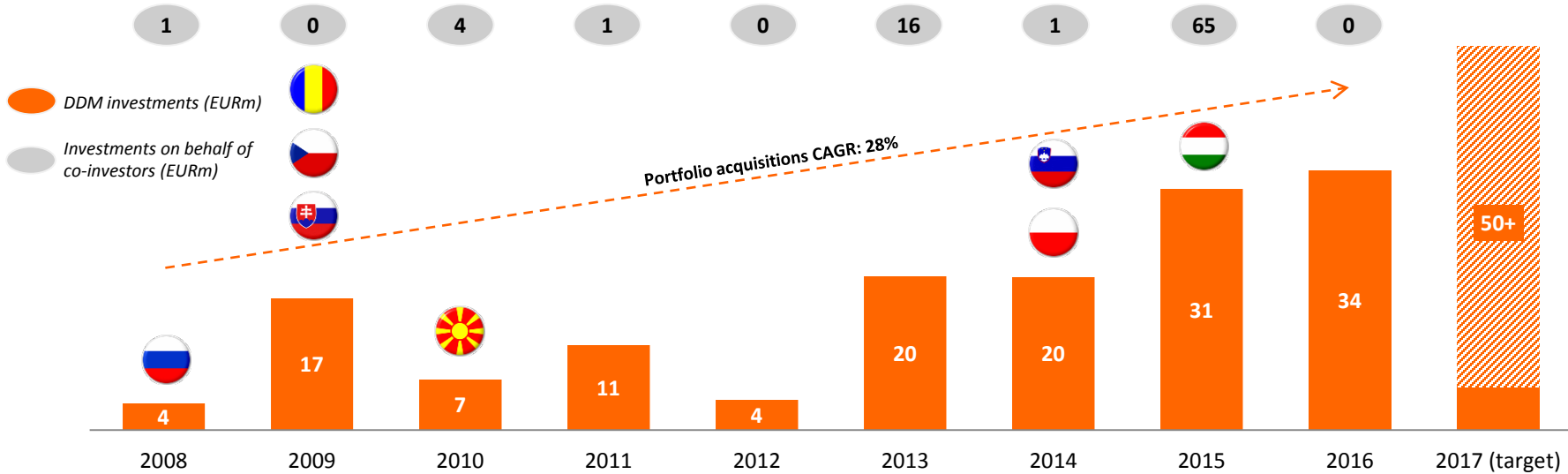
Knowledge	Extensive local sector experience across the internal organisation
Deal sourcing	Structured yet opportunistic approach the key value driver, both for profitability and growth
Relations	Strong relationships with reputable sellers of debt portfolios across the region and a credible buyer
Processes	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

Geography	W Europe	CE Europe	Africa	N America	S America	Asia
Seller	Utility companies	Financial institutions	Telecom companies	Other		
Type	Consumer			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		

DDM's activities are shown in orange



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</p> <p>Starts co-investment discussions with a leading global financial institution</p> <p>2014: IPO on Nasdaq First North</p> <p>Ruble crisis</p> <p>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</p> <p>New landmark transaction in Slovenia</p> <p>2017 roadmap:</p> <p>Refinanced existing debt with EUR 50m bond at 9.5%</p> <p>Completed share issue of approximately EUR 11m</p> <p>Completed a EUR 35m tap issue at 101.5%, representing a yield to maturity of c. 9%</p> <p>Continued focus on funding growth and lowering cost of capital</p> <p>Capitalise on strong market opportunities in Central and Eastern Europe reflected in current pipeline</p>

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Financial recap January – March 2017

Summarizing the quarter

- Strong portfolio performance
- Net profit of EUR 0.6M on an adjusted basis, excluding non-recurring items
- Further portfolio acquisitions in the Czech Republic and Slovenia
- EUR 50M of senior secured bonds at 9.5% issued by DDM Debt AB in January
 - Refinance existing debt
 - Future portfolio acquisitions
- Refinancing resulted in non-recurring items of about EUR 3.1M impacting the Q1 result
- Share issue of approximately EUR 11M before transaction costs, facilitating the issuance of more debt and supporting future growth



- Company headquarters in Switzerland
- Invested markets

Since the end of the quarter

- EUR 35M tap issue under the EUR 85M senior secured bond framework
 - At a price of 101.5%, representing a yield to maturity of c. 9%
 - Continuing to lower DDM's funding cost
- New main investor in DDM Holding AG, Aldridge EDC Specialty Finance, holding approximately 48.8% of the shares
 - Erik Fällström (*co-founder and former owner of 40% of HOIST Finance*)
 - Andreas Tuczka (*previously a partner at Lone Star Europe*)
- Future investments
 - Preparations for transaction-closing following new funding
 - Positioned to exceed investment target of EUR 50M for 2017



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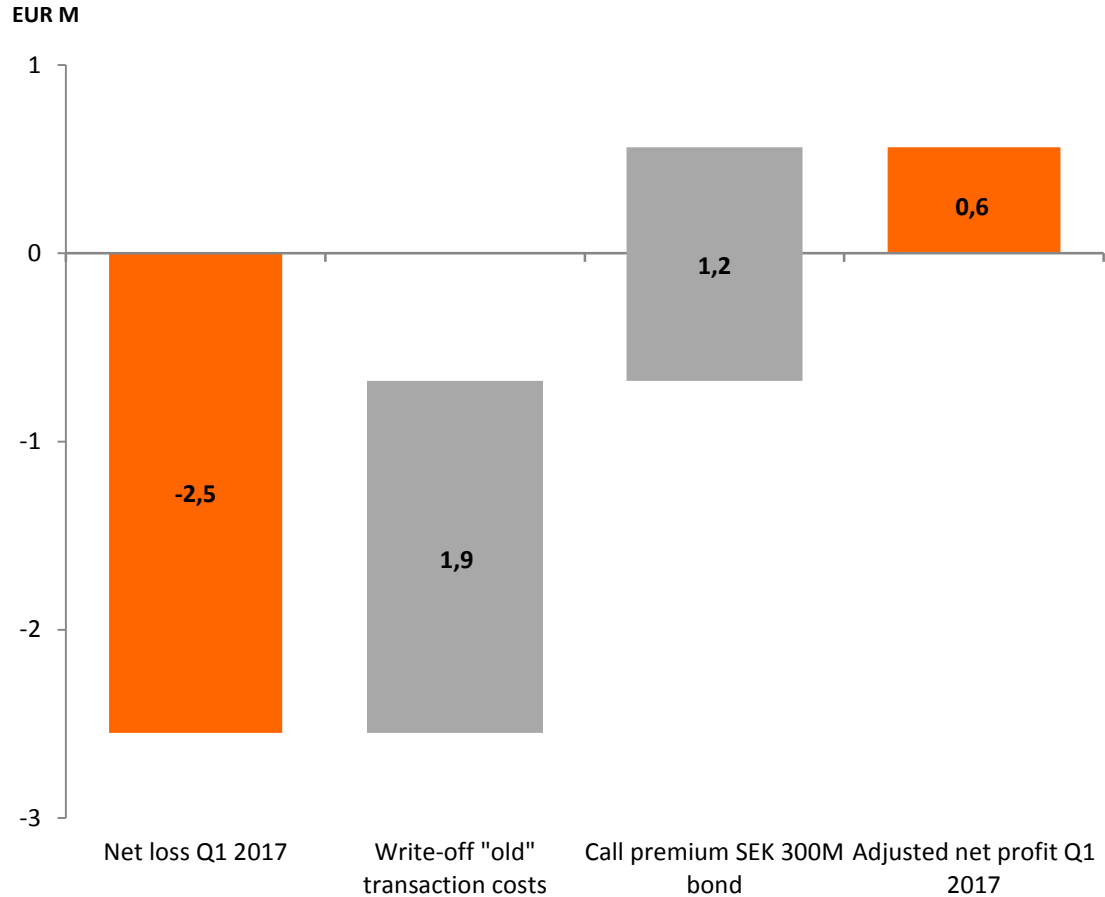
Financial recap January – March 2017

Refinancing

- Non-cash write off of about EUR 1.9M for the remaining transaction costs on the old bonds
- Call premium of approximately EUR 1.2M for the SEK 300M bond

Equity

- Share issue of approximately EUR 11M before transaction costs;
 - Equity ratio of 32.9% post transaction
 - Facilitating the issuance of more debt
 - Supporting future growth



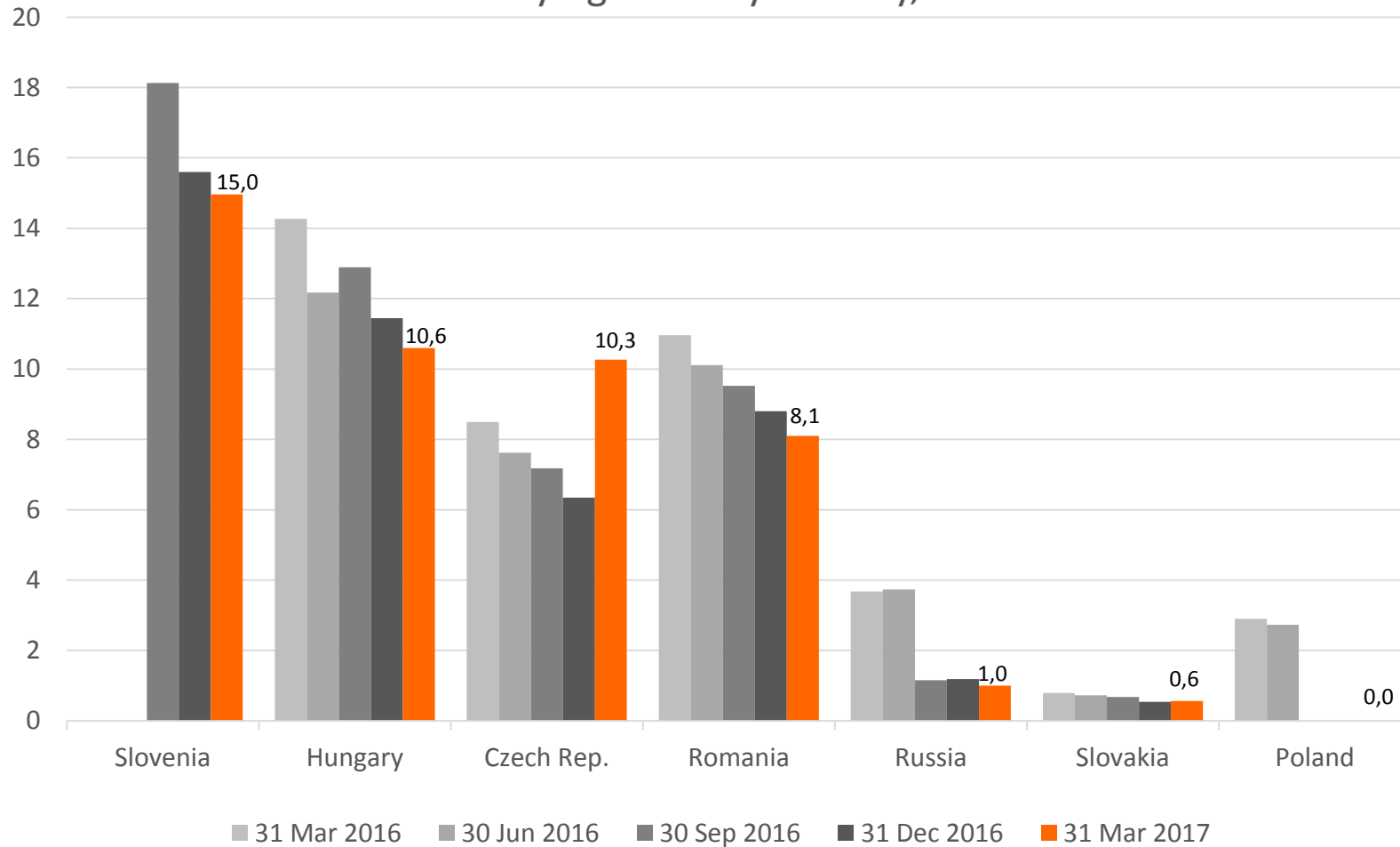


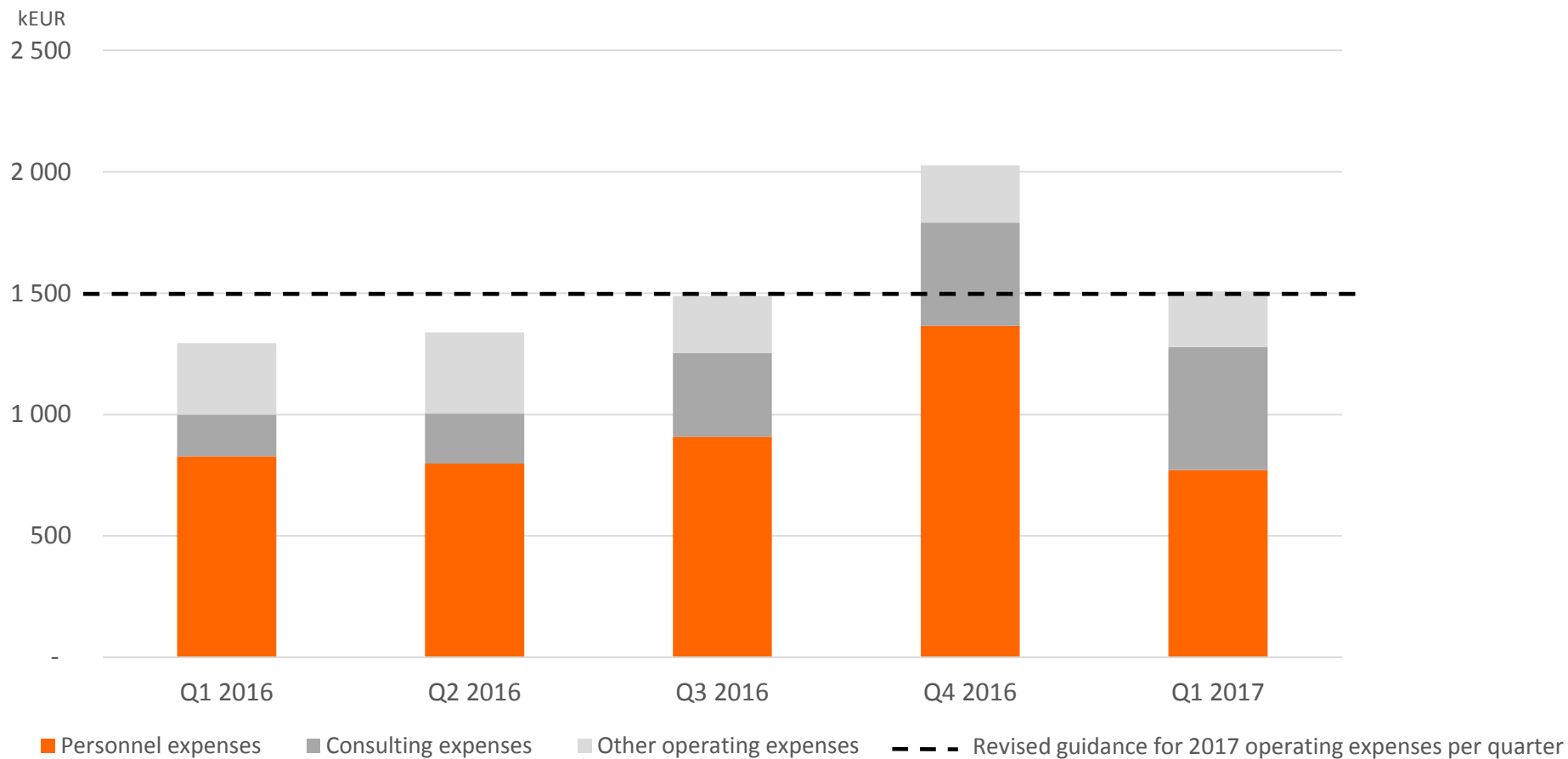
EUR M	Q1 2017	Q1 2016	Change, %	Full Year 2016
Net collections	8.1	7.9	+3	34.2
Cash EBITDA	7.0	6.6	+5	29.3
Operating profit	2.5	1.4	+87	9.8
Net profit / (loss) for the period	(2.5)	0.1	n/a	5.3
Adjusted net profit for the period	0.6	0.1	+661	5.3
Cash flow from operating activities before working capital changes	3.2	4.4	-26	20.2

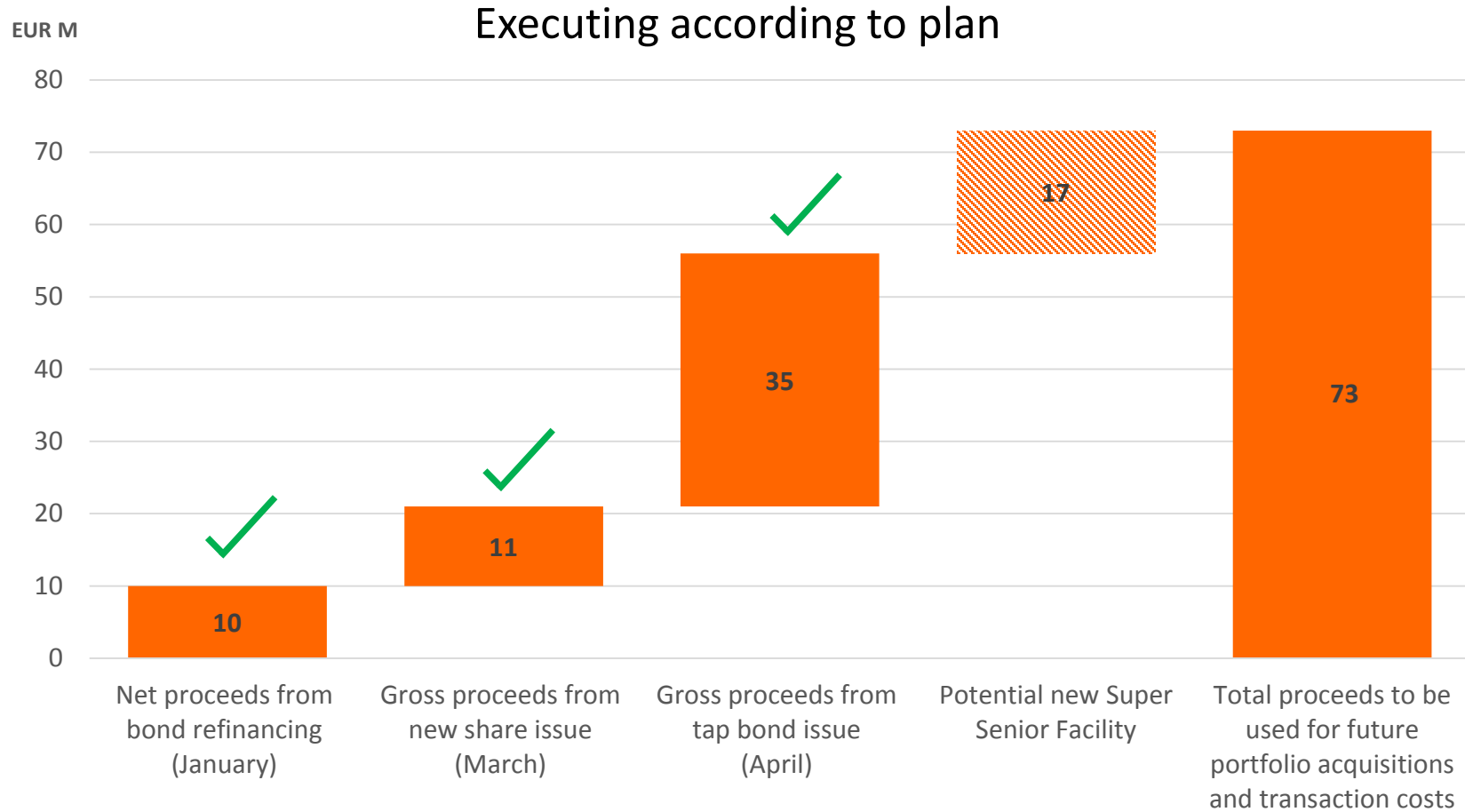
EUR M	31 March 2017	31 December 2016	Change, %
Total assets	84.5	66.4	+27
Cash and cash equivalents	27.6	10.6	+160
Distressed asset portfolios and other long-term receivables from investments	45.5	43.9	+4
Total shareholders' equity and liabilities	84.5	66.4	+27
Total liabilities	56.7	45.8	+24
Total shareholders' equity	27.8	20.6	+35
Equity ratio	32.9%	31.0%	+189bps
Net Debt*	23.0	28.8	-20
	31 March 2017	31 December 2016	Change, %
Gross ERC 120 months	81.6	79.8	+2
Interest coverage ratio **	4.6x	5.4x	-14



Carrying value by country, EUR M

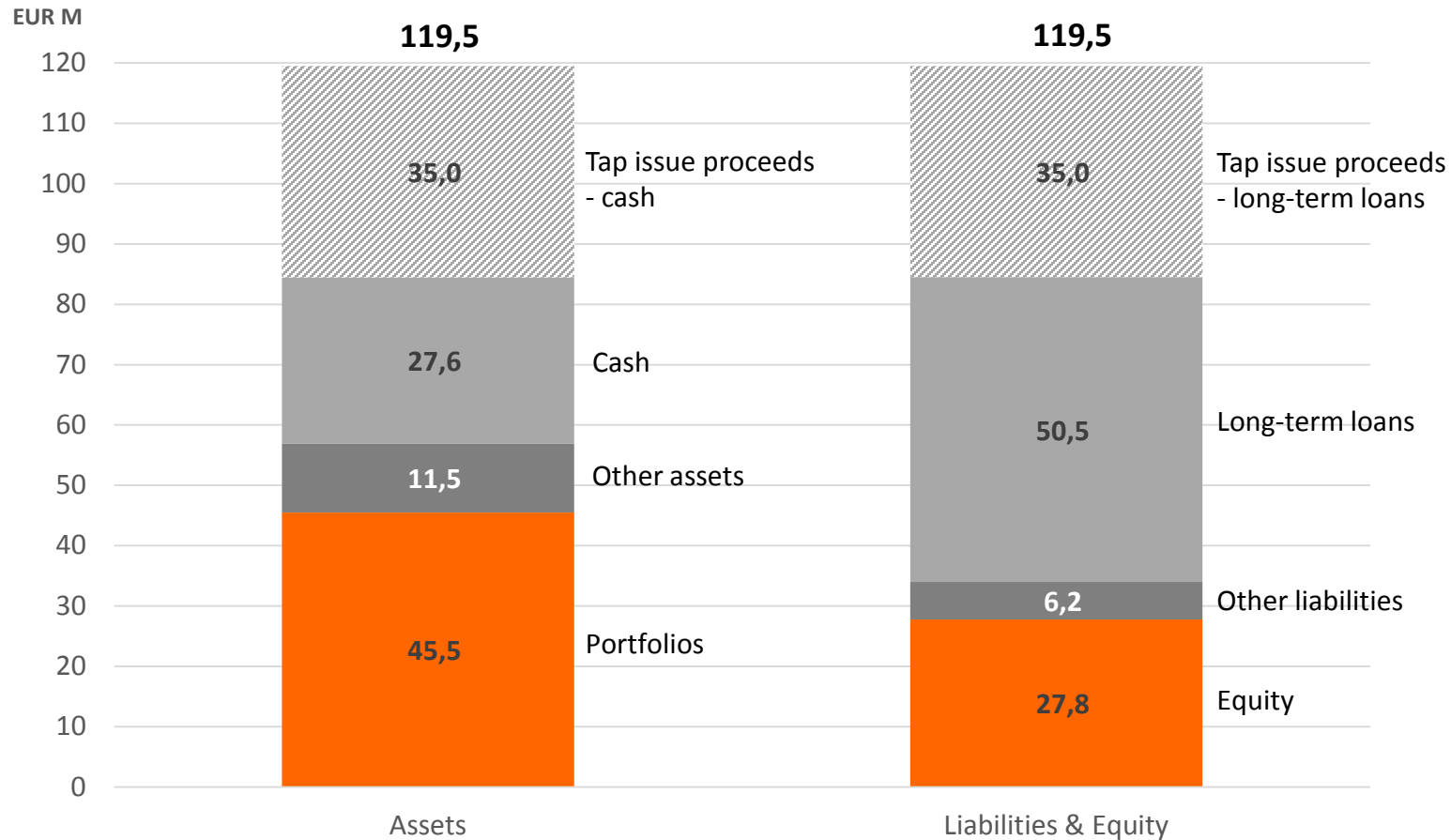








Geared for investments with over EUR 60M of cash on hand



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Annual General Meeting in Zürich, Switzerland: 31 May 2017

Interim report January – June 2017 expected to be published on 3 August 2017

Interim report January – September 2017 expected to be published on 2 November 2017



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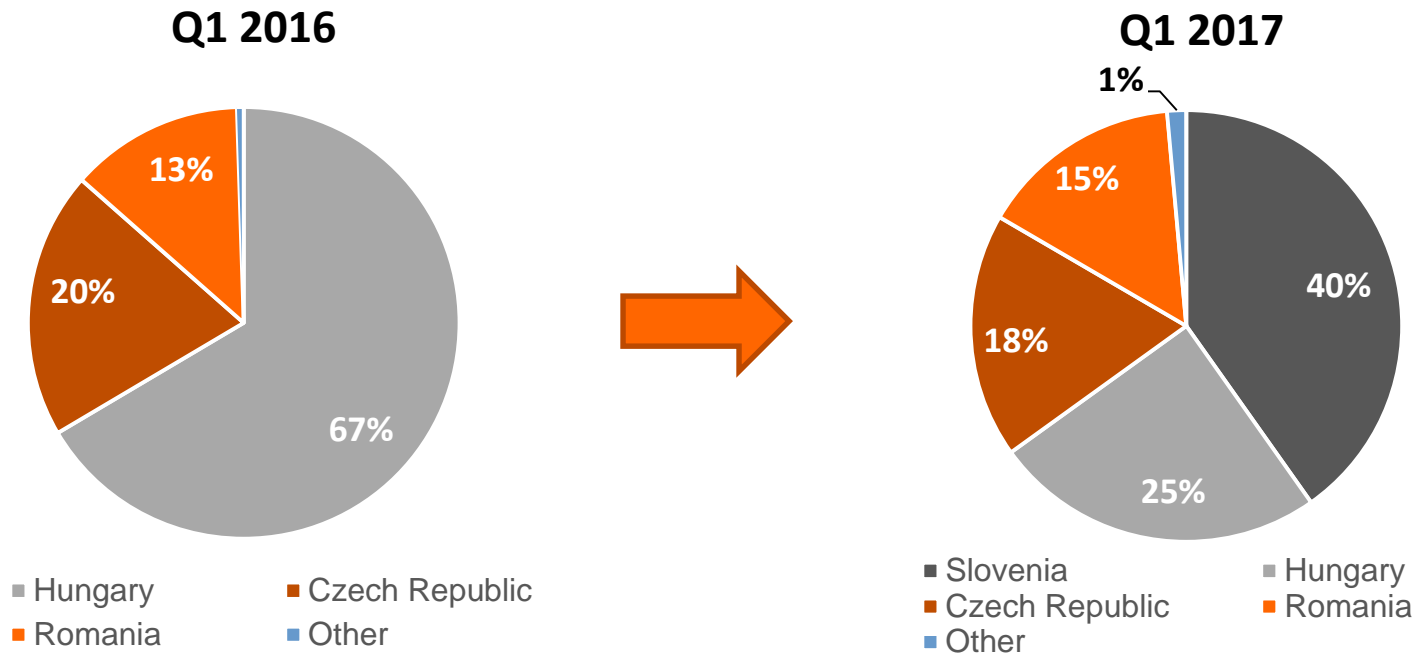
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Appendix

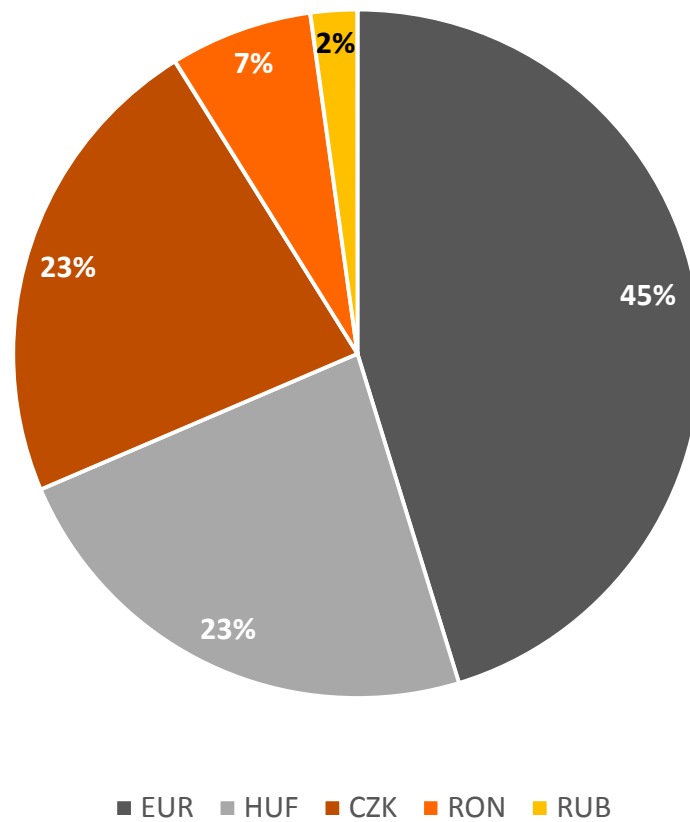
Appendix

Net collections by country, %
Q1 2016 vs. Q1 2017



DDM | A significant part of the portfolio book value is EUR denominated

Carrying value by currency, % of total



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%

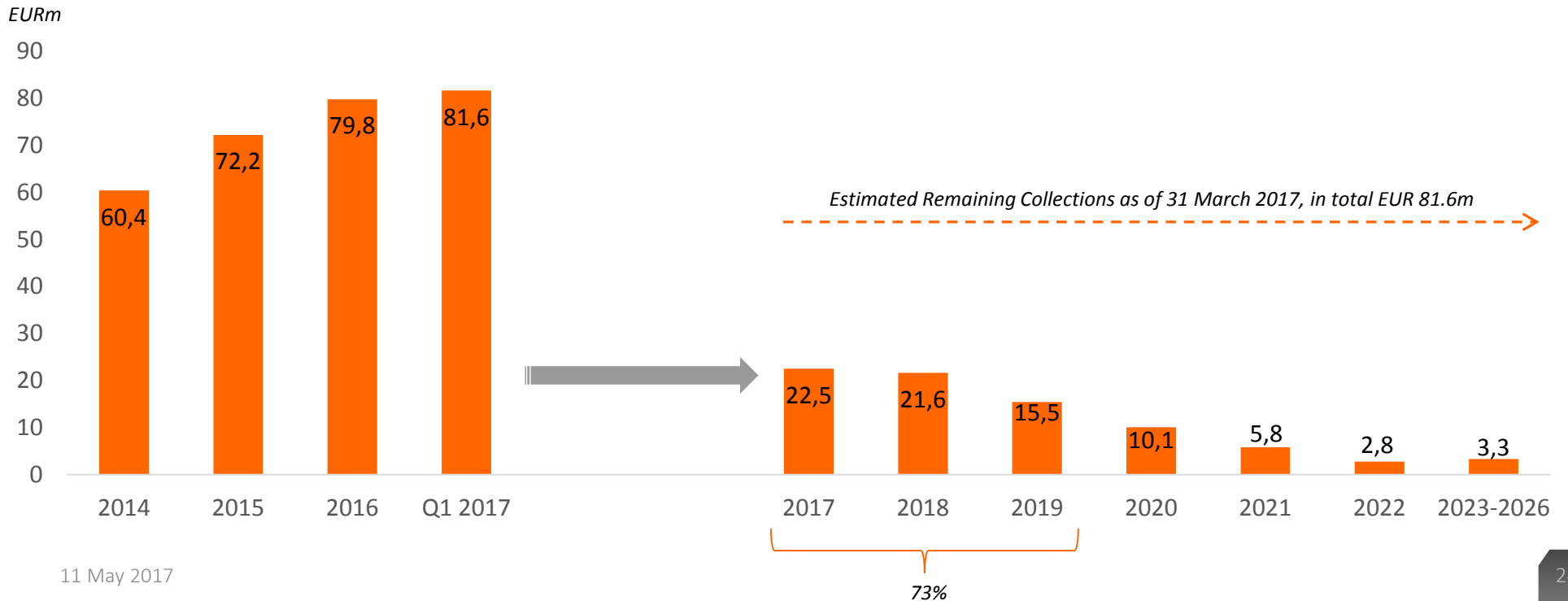
* This example is for illustration purposes only. Future portfolio acquisitions will have different characteristics and investment metrics, depending on e.g. underlying assets, performing vs. non-performing, securitized.

** 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).

ERC | 120-months gross Estimated Remaining Collections

Historic 120-months gross ERC and projected future collection on existing portfolios, 31 March 2017

- The relatively short tail is primarily due to the fact that a few recently acquired portfolios consist of performing loans
- Commission rate: ~ 23%
- Amortization rate (amortization/gross collections): ~ 55%
- ERC does not include revenues from management fees





Guidance	<i>Portfolio investments to exceed EUR 50m for 2017</i> <i>Operating expenses of EUR 6m for 2017</i>
Q1 2017	<i>Portfolio investments of about EUR 6m</i> <i>Operating expenses of EUR 1.5m</i>
Financial targets	<i>Maintain an EBIT margin (LTM EBIT / LTM Revenue on invested assets and Revenue from management fees) above 50%</i> <i>Gross Estimated Remaining Collections (ERC) growth year-on-year above 25%</i>
LTM Q1 2017	<i>EBIT margin of 63%</i> <i>Gross ERC growth year-on-year of 15%</i>

LTM = Last twelve months

11 May 2017

