

Q1 report January – March 2019

Press release issued by DDM Holding AG

2 May 2019

Highlights first quarter 2019

- **Net collections** increased by 77% to EUR 18.9M (Q1 2018 EUR 10.7M)**
- **Cash EBITDA** increased by 95% and amounted to EUR 16.8M (Q1 2018: EUR 8.6M)
- **Net profit** for the period of EUR 0.0M (Q1 2018: EUR 1.0M)
- **Gross ERC** at the end of March 2019 was EUR 217M (Q4 2018: EUR 240M)***
- **Cash** on hand available for investment at the end of March 2019 was EUR 63M (Q4 2018: EUR 60M)
- **Secured super senior RCF** of EUR 27M significantly lowering the cost of funding, priced at Euribor plus a margin of 350 basis points and available for period of up to two years
- **Sale** of portfolios in Russia resulted in EUR 2M gain
- **Operational launch** of partnership to provide portfolio management services for secured portfolios in the Balkans

Significant events after the end of the quarter

- **Successful refinancing** issuing a new EUR 100M senior secured bond with a three-year period replacing the existing EUR 85M bond, priced at Euribor plus a margin of 925 basis points
- **Investment closed** phase 1 of the acquisition of a significant corporate secured portfolio in Croatia. Investment made through a 50/50 joint venture with B2Holding, which is expected to fully close during Q2

Comment by the CEO

The first months of 2019 have been eventful. We have successfully secured a new Revolving Credit Facility ("RCF") of EUR 27M at a significantly lower cost of funding with an international bank. Successfully refinanced the existing EUR 85M bond (after the period) by issuing a new EUR 100M bond, demonstrating our continued ability to access financing. This will improve flexibility, decrease the cost of capital and in combination with strong collections support our future growth.

Net collections increased by 77% compared to the first quarter in 2018 driven by collections from corporate secured portfolios acquired in 2018 in the Balkans and the collections from the sale of our Russian portfolios. The sale of our Russian portfolios resulted in a gain of EUR 2M that demonstrates the underlying value of the portfolios, ERC and our dynamic business model that can capitalize on profitable business opportunities. This has resulted in cash EBITDA of EUR 17M, a significant increase of 95% to the corresponding period last year due to both the increased scalability of DDM's

operations and the strategic shift to invest primarily in secured portfolios following recent acquisitions.

During the quarter we also announced a milestone acquisition through a 50/50 joint venture with B2Holding of a distressed asset portfolio containing secured corporate receivables in Croatia with a Gross Collection Value (face value) of the total portfolio amounting to approximately EUR 800M. Phase 1 of this transaction closed on 30 April 2019 and is expected to fully close during Q2, which will positively impact our ERC and other key financial measurements.

Significantly lowering the cost of funding

The new RCF is available for a period of up to two years and priced at Euribor plus a margin of 350 basis points. After the end of the period we also issued a new EUR 100M senior secured bond with a three-year tenor, priced at Euribor plus a margin of 925 basis points. The proceeds from the new bond issue will mainly be employed towards refinancing the existing EUR 85M bond issue and for general corporate purposes. Cash on hand available for investment is EUR 63M at the end of March 2019, which is expected to be fully utilized and thereby increasing asset utilization from 68% and improving the financial performance.

Third party review confirming DDM's future ERC

DDM engaged one of the Big 4 accountancy firms with extensive experience and knowledge in the Non-Performing Loan industry in Southern, Central and Eastern Europe to conduct an independent review of DDM's ERC from its secured and unsecured portfolios during the first quarter. The review of the ERC has been a key focus area for me since taking on the role as CEO of DDM. I am very pleased with the outcome of the review, conducted by a well renowned company which confirms the future estimated cashflows.

Strategic shift towards secured portfolios

Our business model is flexible and opportunistic, and we believe that there will be continued profitable business opportunities that can be capitalized to achieve greater value both in the process of investing and managing NPL portfolios. During the quarter we launched a partnership with the company 720 Restructuring & Advisory, where the majority of the ownership is being controlled by DDM. The partnership will provide portfolio management services and oversee the debt collection process for secured portfolios in the Balkans. This will complement the existing network of outsourced debt collection agencies and enable us to be closer to the market, ensuring increased control and management of larger, more complex work outs of corporate secured receivables.

Market outlook

We aim to deliver sizeable and profitable growth in 2019 as we continue to focus on our core markets across Southern, Central and Eastern Europe where we have strong market knowledge and relationships.



As part of the outlook we expect projected ERC to increase by about EUR 100M in light of committed investments including the acquisition of a significant portfolio containing secured corporate receivables in Croatia. The most active markets for us are currently the Balkans and Greece. We expect economic expansion, improving labour market conditions and increased lending activity to present further investment opportunities. Real estate in our region has also benefited from positive price development supporting our business and further transactions.

Financial calendar

DDM intends to publish financial information on the following dates:

Annual General Meeting: 18 June 2019

Interim report for January – June 2019: 1 August 2019

Interim report for January – September 2019: 7 November 2019

Q4 and full year report 2019: 20 February 2020

Other financial information from DDM is available on DDM's website: www.ddm-group.ch.

This report has not been reviewed by the Company's auditors.

Presentation of the report

The report and presentation material are available at www.ddm-group.ch on 2 May 2019, at 08:00 CET.

CEO Henrik Wennerholm and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 2 May 2019, starting at 10:00 CET. The presentation can be followed live at www.ddm-group.ch and/or by telephone with dial-in numbers: SE: +46 8 505 583 59, CH: +41 225 805 977 or UK: +44 333 300 9260.

For more information, please visit DDM's website at www.ddm-group.ch or contact:

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The information in this interim report requires DDM Holding AG to publish the information in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on 2 May 2019 at 08:00 CET.

DDM Holding AG (Nasdaq First North, Stockholm: DDM) is a multinational investor in and manager of distressed assets. Since 2007, the DDM Group has built a successful platform in Southern, Central and Eastern Europe, and has acquired 2.3 million receivables with a nominal value of over EUR 3.5 billion. **DDM Debt AB** (publ) (Nasdaq Stockholm: DDM2) is a wholly owned subsidiary of DDM Holding AG. Arctic Securities is DDM Holding AG's Certified Adviser (tel: +46 8 44686080, e-mail: certifiedadviser@arctic.com).



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