

# Interim report January – June 2019

Press release issued by DDM Holding AG

1 August 2019

## Successful refinancing supports future growth

### Highlights second quarter 2019

- **Net collections** amounted to EUR 14.2M (15.5)
- **Cash EBITDA** amounted to EUR 11.0M (13.8)
- **Net loss for the period** of EUR 1.5M (profit of 1.0)
- **Gross ERC** at the end of June 2019 was EUR 284M (240)
- **Investment** in a significant corporate secured portfolio in Croatia made through a 50/50 joint venture with B2Holding was finalized. Entered into an agreement to acquire a further significant portfolio in Croatia
- **Successful refinancing** issuing a new EUR 100M senior secured bond with a three-year term replacing the existing EUR 85M bond, priced at Euribor plus a margin of 925 basis points

### Highlights six months 2019

- **Net collections** increased by 26% to EUR 33.1M (26.2)
- **Cash EBITDA** increased by 24% to EUR 27.8M (22.4)
- **Net loss for the period** of EUR 1.5M (profit of 2.0)
- **Secured super senior RCF** of EUR 27M significantly lowering the cost of funding, undrawn at 30 June
- **Sale** of portfolios in Russia resulted in EUR 2M operating gain

### Significant events after the end of the quarter

- **Financing** finalized for part of the joint venture with B2Holding, at a lower cost of borrowing than the existing senior secured bond framework
- **Refinanced** EUR 12M senior secured bonds issued by DDM Finance AB, extending the maturity to June 2022 and issued a further EUR 6M of bonds that qualify as equity under the existing senior secured bond framework
- **Strengthened management** team with Chief Operating Officer to further increase focus on portfolio management, business development and servicing of third party portfolios
- **Buy-out** of co-investor in Greece

### **Comment by the CEO**

The first half of 2019 has been a significant step forward in the strategic growth of DDM as a specialized investor in non-performing loan ("NPL") portfolios. We have finalized the acquisition of a significant corporate secured portfolio in Croatia made through a 50/50 Joint Venture structure together with B2Holding and secured third party financing to partially fund this acquisition after the end of the second quarter. We have further committed to a significant acquisition in Croatia of a distressed asset portfolio that is expected to close in the third quarter of 2019.

### **Significant acquisitions in Croatia**

During the quarter we finalized the significant 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. This has significantly increased our ERC by 18% compared to December 2018 to EUR 284M. The proportion of secured portfolios has also increased from 61% of ERC in December 2018 to 71% of ERC in June 2019, with the majority of collections expected to be received in the first three years. Our ERC will increase further in light of the recently announced agreement to acquire a distressed asset portfolio in Croatia with a face value of approximately EUR 200M and the buy-out of the co-investor in Greece.

### **Strengthening of our operations**

Following the launch of a partnership with the company 720 Restructuring & Advisory focusing on the servicing of our portfolios, we have further strengthened our management team to increase focus on portfolio management and business development services. This will complement our existing network of outsourced debt collection agencies and work out specialists and enable us to be closer to the market. It will also ensure increased control and management by servicing DDMs own portfolios, whilst also gradually providing third party work out servicing and adjacent professional services. We believe our servicing platform will build further value to our shareholders by actively networking with vendors and work out specialists to further identify profitable business opportunities to invest across the NPL market. Initially it is expected there will be a period of development to build the servicing platform, in order to generate third party revenues from work outs, increasing the scalability of our existing operations.

### **Successful refinancing supports future growth**

We have also successfully refinanced our debt structure to support our future growth, improving flexibility and extending the maturity of our existing financing. We secured a new Revolving Credit Facility ("RCF") of EUR 27M at a significantly lower cost of funding with an international bank in March, and then successfully refinanced the existing EUR 85M bond by issuing a new EUR 100M bond in April with a three-year term. The EUR 27M RCF was undrawn at 30 June and is available until March 2021. Cash on hand available for investment of EUR 17M at the end of June 2019 will be utilized to fund acquisitions that will improve financial performance.

DDM secured third party financing together with B2Holding in July to partially fund the joint venture acquisition in Croatia. The financing within the joint venture structure is at a lower cost of borrowing than the existing senior secured bond framework. It also confirms the portfolio quality following extensive due diligence by the financing provider and enables DDM to invest the proceeds into future acquisitions.

In July we also refinanced the existing EUR 12M bonds issued by DDM Finance AB, extending the maturity to June 2022 and issued a further EUR 6M of bonds gross of financing costs. Part of the net proceeds will be used to provide a shareholder loan to DDM Debt AB, which thereby qualifies as equity under the existing senior secured bond framework in DDM Debt AB. This strengthens the opportunities for DDM to support continued growth.

### **Market outlook**

We aim to deliver sizeable and profitable growth 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 ERC to increase further with the majority of collections expected to be received in the first three years in light of committed investments including the acquisition of a significant distressed asset portfolio in Croatia and the buy-out of the co-investor in Greece. DDM's rate of growth and financial results will continue to vary from quarter to quarter, as DDM invests further in portfolios that are impacted by the timing of investments and larger settlements.

Having a strong investment track record and directly owning local servicing capabilities for secured portfolios in our core markets, DDM is uniquely positioned to capitalize on economic growth. The regions have shown macro-economic growth over recent years and we expect continued positive market environment supporting our continued development.

Baar, 1 August 2019

DDM Holding AG

Henrik Wennerholm, CEO

## Financial calendar

DDM intends to publish financial information on the following dates:

Interim report for January – September 2019: 7 November 2019

Q4 and full year report 2019: 20 February 2020

Annual report 2019: 27 March 2020

Other financial information from DDM is available on DDM's website:  
[www.ddm-group.ch](http://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](http://www.ddm-group.ch) on 1 August 2019, at 08:00 CEST.

CEO Henrik Wennerholm and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 1 August 2019, starting at 10:00 CEST. The presentation can be followed live at [www.ddm-group.ch](http://www.ddm-group.ch) and/or by telephone with dial-in numbers: SE: +46 8 566 426 93, CH: +41 225 675 632 or UK: +44 333 300 9272.

**For more information, please visit DDM's website at [www.ddm-group.ch](http://www.ddm-group.ch) or contact:**

Henrik Wennerholm, Chief Executive Officer  
Tel: +41 79 539 88 59

Fredrik Olsson, Chief Financial Officer  
Tel: +41 79 331 30 17

Mail: [investor@ddm-group.ch](mailto:investor@ddm-group.ch)

*This is information that DDM Holding AG is obliged to publish in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the contact person set out above, on 1 August 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, having acquired 2.3 million receivables with a nominal value of over EUR 4 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 (email: [certifiedadviser@arctic.com](mailto:certifiedadviser@arctic.com), tel: +46 8 44686100).