SOUTH EASTERN EUROPE

August 24th, 2011

# Financial results of Asseco South Eastern Group for HY 2011

# CONTENTS

# OPERATING RESULTS FLAT, BOTTOM LINE BETTER

| | HY '11A | HY '10 | 11 vs '10 Growth | | |
|---|---|---|---|---|---|
| Revenue Total | 50,3 | 48,1 | 4,5% | organic growth | -14% |
| *Proprietary Sft & Serv* | *23,7* | *17,9* | *32,1%* | organic growth | +14% |
| EBIT | 5,3 | 5,4 | -0,6% | organic growth | -8% |
| NPAT | 5,8 | 4,5 | 30,6% | | |

**details**

# BUSINESS UPDATE

ASEBA core banking system – Volksbank Banja Luka B&H

Mobile Token – Banca Carpatica Romania

Contact center solutions – Hestia Poland & ING Turkey

Payment Gateway – Demir Kyrgyz – Kyrgyzstan

AML and anti fraud system – Halk bank Turkey

ASEBA Core Banking + iBank – Agrobanka Banja Luka B&H

BI Data Warehouse Basel II– Universal Banka

Reconcilment service for tax payments for Virtual POS – 5 big Turkish banks

# CONTENTS

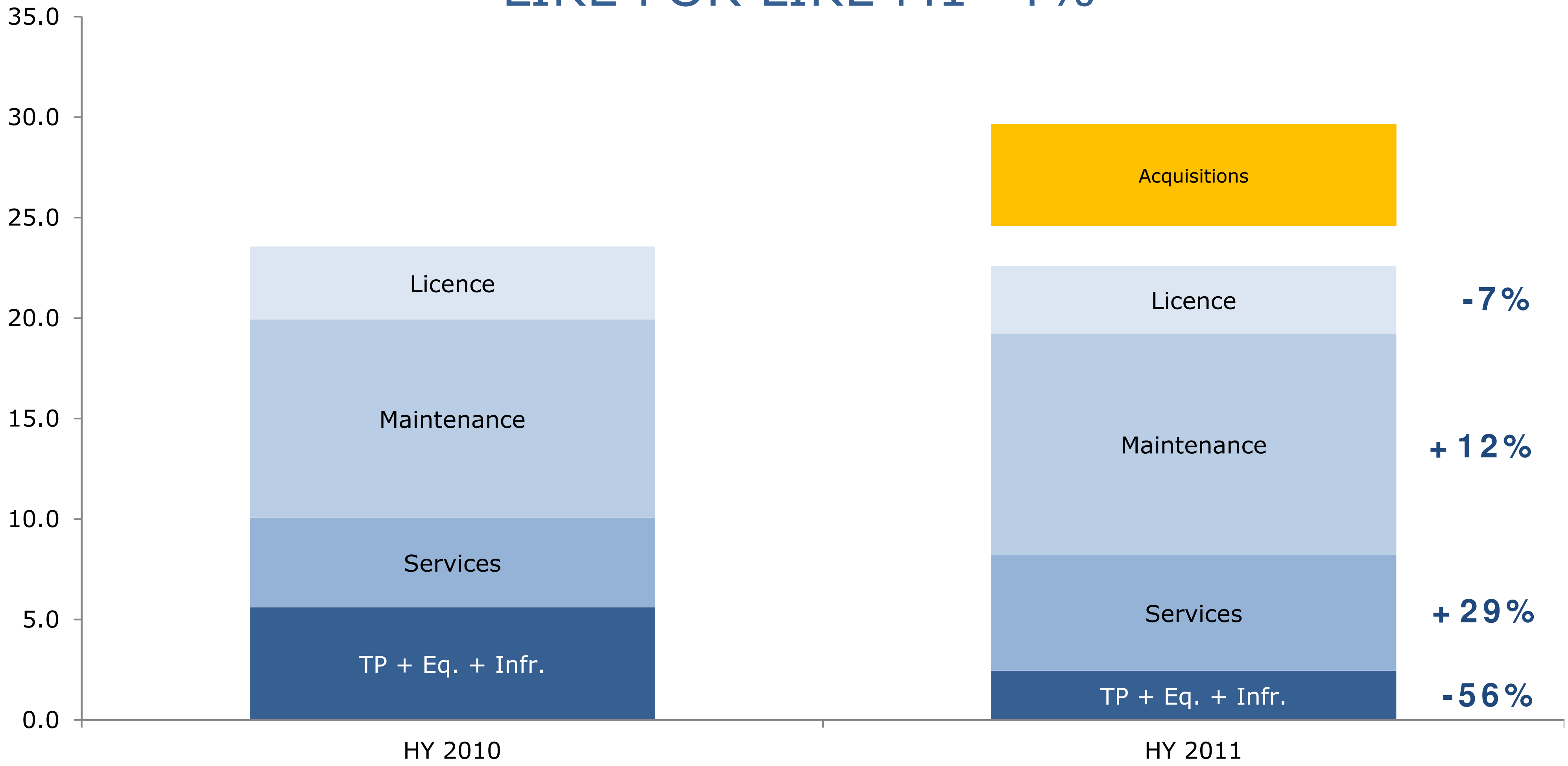
SOUTH EASTERN EUROPE

# FINANCIAL UPDATE HY '11 VS '10

| | HY '11 mEUR | HY '10 mEUR | Δ % | HY '11 mPLN | HY '10 mPLN | Δ % |
|---|---|---|---|---|---|---|
| Revenue | 50,3 | 48,1 | 4% | 199,4 | 192,6 | 4% |
| *Licence* | *3,4* | *3,6* | *-6%* | *13,5* | *14,6* | *-7%* |
| *Maintenance* | *13,3* | *9,9* | *35%* | *52,7* | *39,5* | *34%* |
| *Services* | *7,0* | *4,5* | *58%* | *27,9* | *17,9* | *56%* |
| *TP + Eq. + Infr.* | *26,5* | *30,2* | *-12%* | *105,3* | *120,7* | *-13%* |
| M1 | 27,6 | 23,6 | 17% | 109,6 | 94,3 | 16% |
| *Licence* | *3,4* | *3,6* | *-7%* | *13,4* | *14,6* | *-8%* |
| *Maintenance* | *13,1* | *9,9* | *33%* | *52,1* | *39,5* | *32%* |
| *Services* | *6,9* | *4,5* | *55%* | *27,4* | *17,9* | *54%* |
| *TP + Eq. + Infr.* | *4,2* | *5,6* | *-25%* | *16,7* | *22,5* | *-26%* |
| OC + Oper. Activities Balance | 22,3 | 18,2 | 23% | 88,5 | 72,9 | 21% |
| EBIT | 5,3 | 5,4 | -1% | 21,2 | 21,5 | -2% |
| *% EBIT* | *11%* | *11%* | *-0,55 pp* | *11%* | *11%* | *-0,55 pp* |
| Financial and other operations | 1,2 | -0,1 | | 4,9 | -0,4 | |
| Income tax | -0,7 | -0,8 | | -3,0 | -3,2 | |
| Net Profit of Asseco SEE | 5,8 | 4,5 | 31% | 23,1 | 17,8 | 29% |

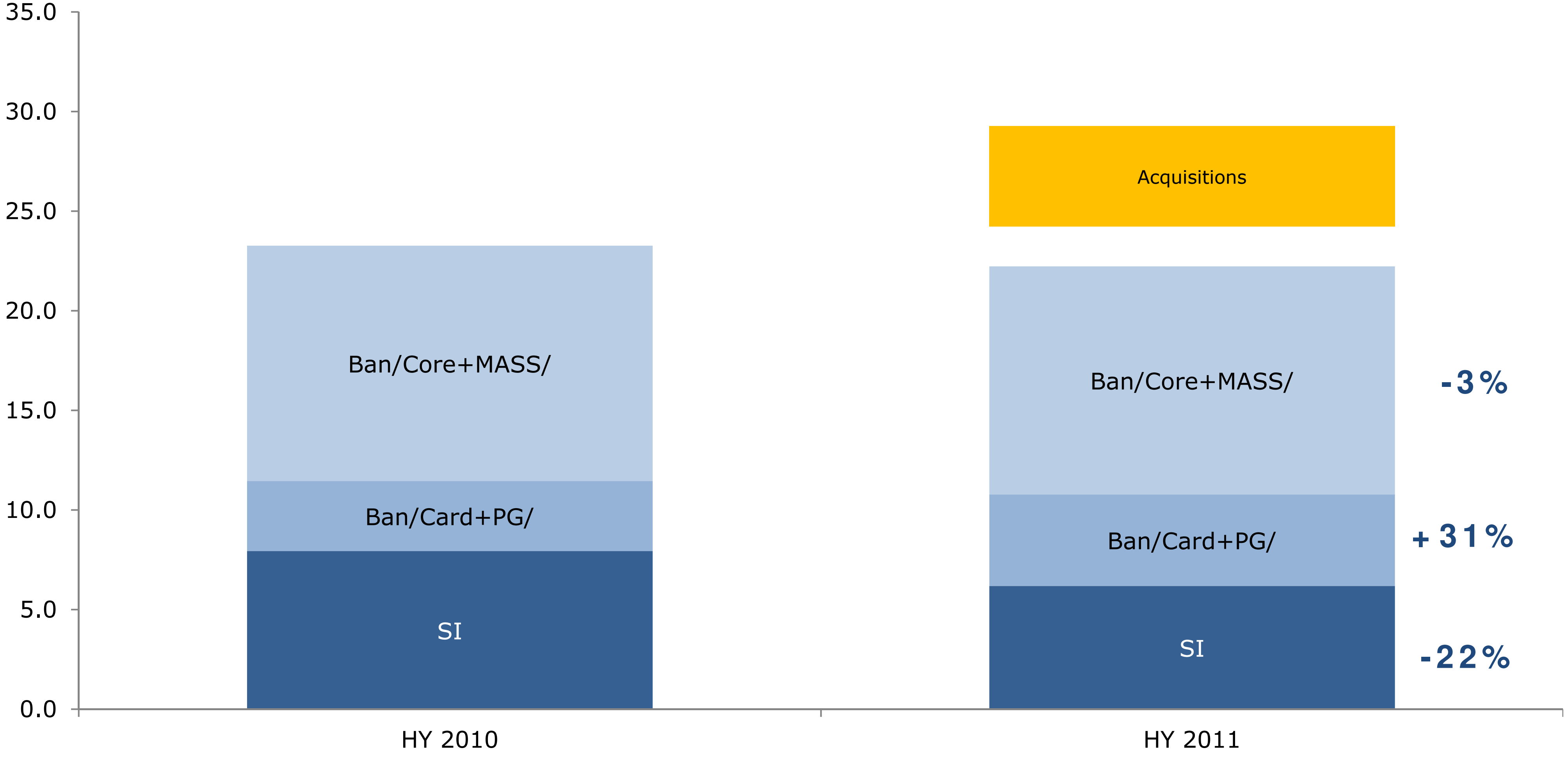
Capitalised R&D expenses 226kE

# LIKE FOR LIKE M1 -4%

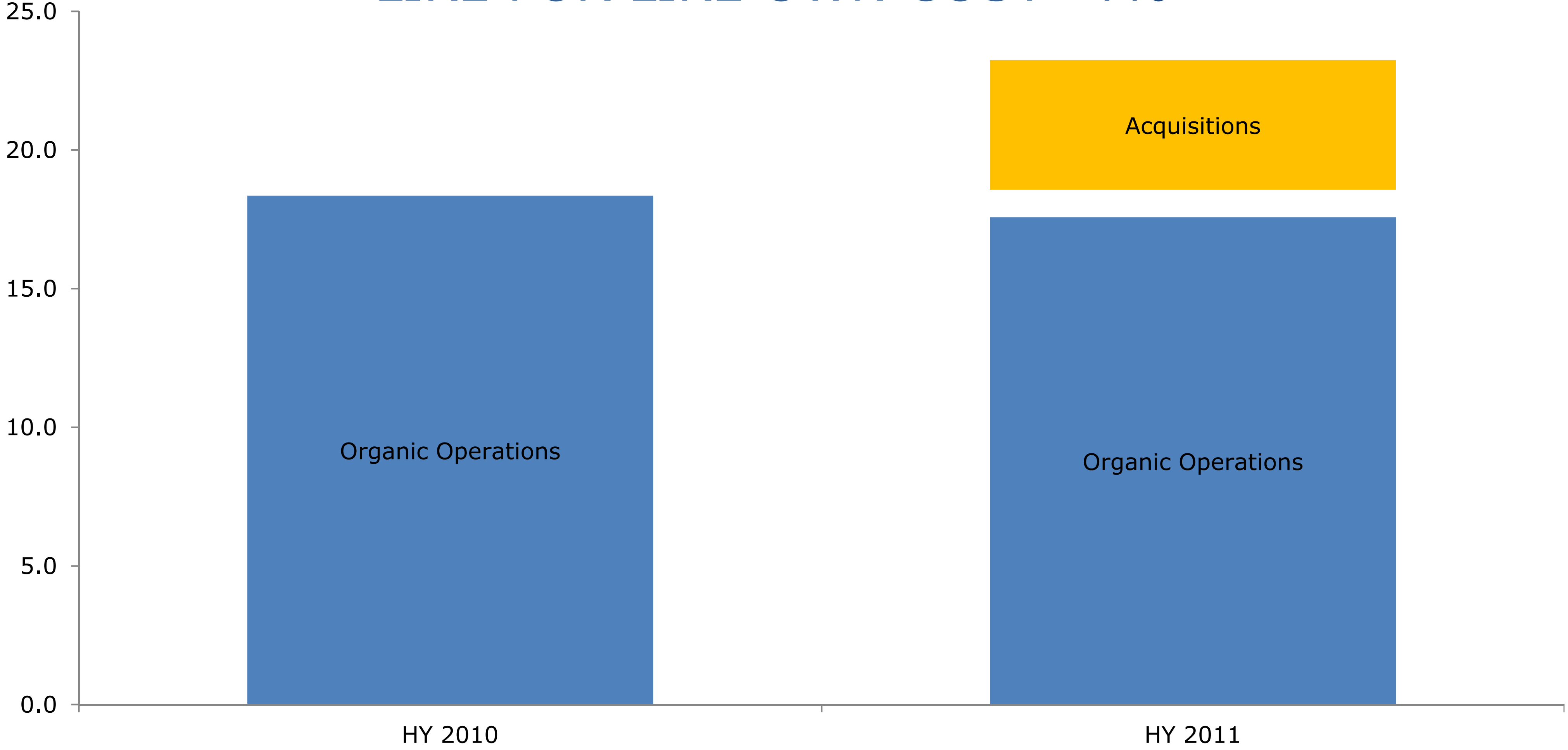



* Licence + Maintenance + Services = Own Sftw. & Serv.; TP + Eq. + Infr. = Third Party Solutions & Services, Equipment

# LIKE FOR LIKE M1 -4% (BY BU'S)

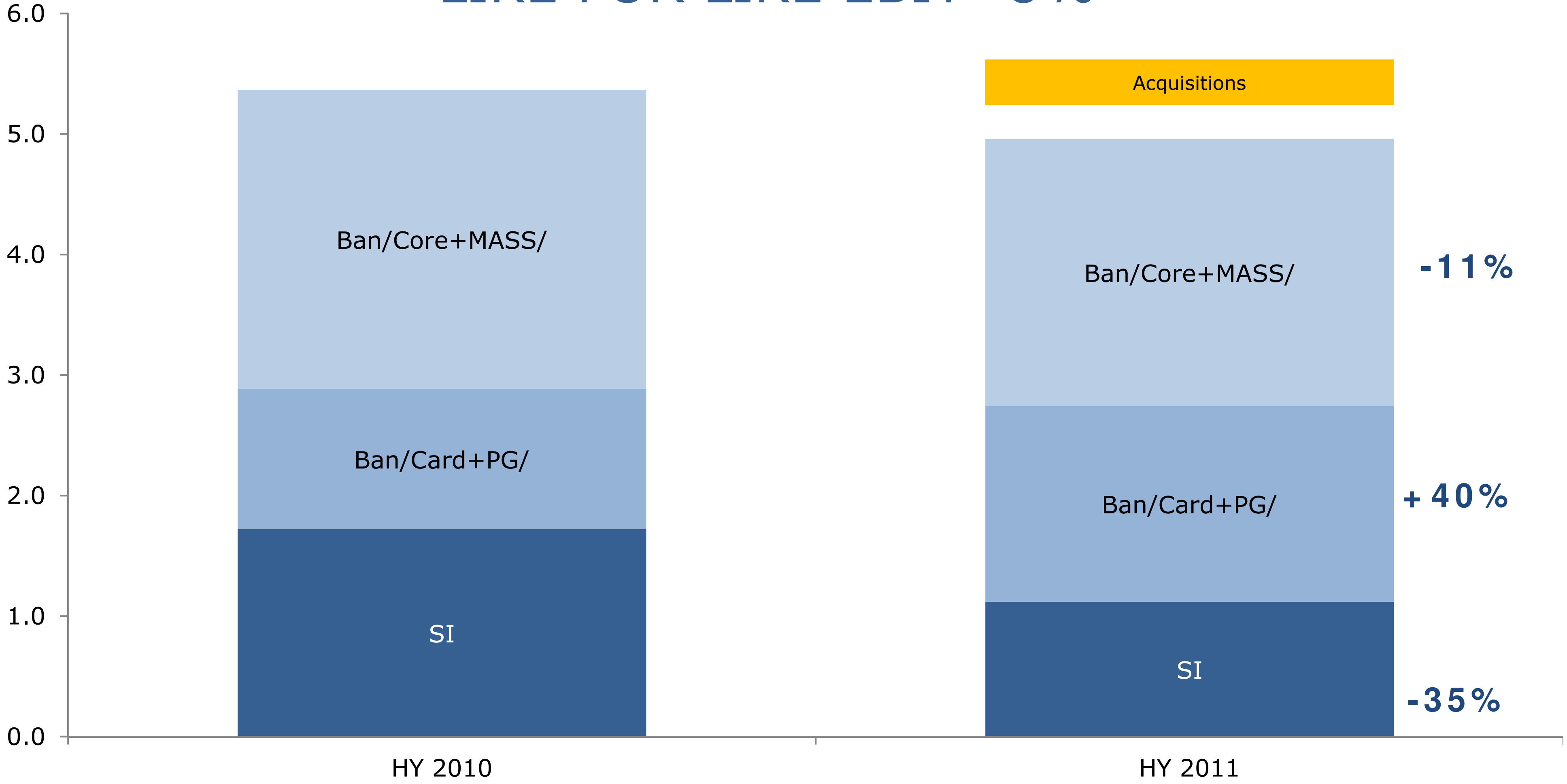


# LIKE FOR LIKE OWN COST -4%




G&A as % of TC dropped from 21% to 17% (organic 20% to 15%)

# LIKE FOR LIKE EBIT -8%



# ASSECO SEE GROUP KPI

| | ASEE GROUP | Ban/ Core + MASS/ | Ban/ Card + PG/ | Integration |
|---|---|---|---|---|
| Operational Profitability (EBIT/Revenue) (HY 2011) | 11% | 17% | 16% | 5% |
| Operational Profitability (EBIT/Revenue) (HY 2010) | 11% | 18% | 19% | 6% |
| Maintenance Coverage (HY 2011) | 59% | 57% | 95% | 34% |
| Maintenance Coverage (HY 2010) | 56% | 54% | 107% | 39% |

SOUTH EASTERN EUROPE

# FINANCIAL UPDATE

## FINANCIAL LIQUIDITY

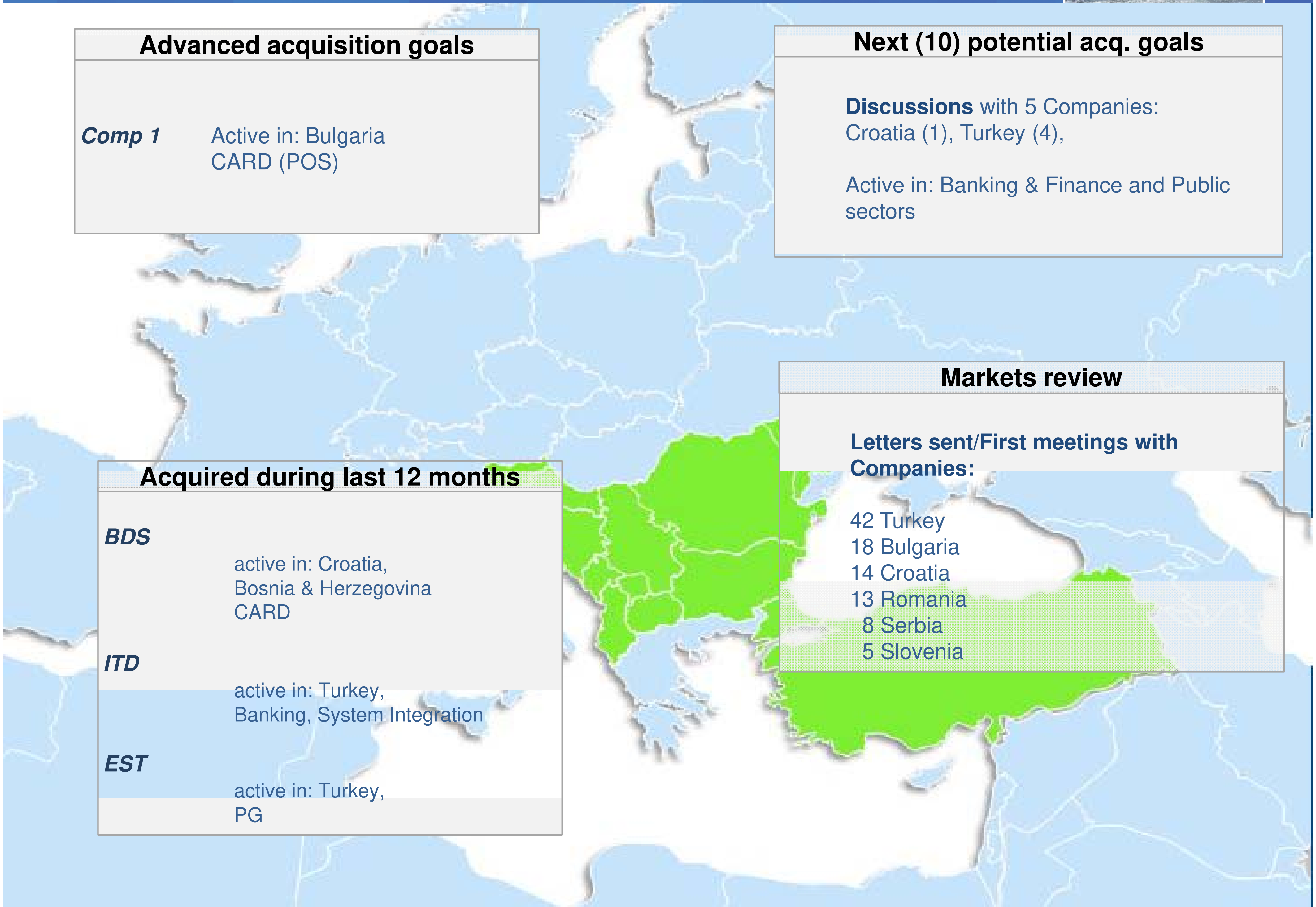
| mPLN (mEUR) | Asseco SEE | Asseco SEE Group |
|---|---|---|
| Short and long term debt | -6 | -1 |
| Cash and cash equivalents | 26 | 104 |
| **Cash – debt** | **20(5mE)** | **102(25mE)** |
| Receivables | 2 | 103 |
| Liabilities (current) | -23 | -108 |
| Inventory | 0 | 16 |
| **Operational Balance** | **0(0mE)** | **113(30mE)** |
| Non cash liabilities | 0 | 0 |
| **NetDebt to EBIDTA** | **no debt** | **no debt** |
| **Quick Ratio** | **0,99** | **1,90** |

- 13.3 Dividend payable
- 1.1 ASEE Bulgaria
- 6.0 Macedonian Loan
- 1.2 – provisions of CIT of IPO cost
- 1.0 – Accrued expenses *[bonuses]*
- 0.4 – Other

# CONTENTS

# MERGERS AND ACQUISITIONS UP-DATE

| *Acquisitions* | *Description* |
|---|---|
| ASEE in Turkey | Merger of Turkish operations (ITD & EST) – finished by June 2011; |
| 50% Simt Cardinfo | Tender won (300 kEUR), waiting for approval of court |



## Advanced acquisition goals

***Comp 1*** Active in: Bulgaria
CARD (POS)

## Next (10) potential acq. goals

**Discussions** with 5 Companies:
Croatia (1), Turkey (4),

Active in: Banking & Finance and Public sectors

## Acquired during last 12 months

***BDS***
active in: Croatia,
Bosnia & Herzegovina
CARD

***ITD***
active in: Turkey,
Banking, System Integration

***EST***
active in: Turkey,
PG

## Markets review

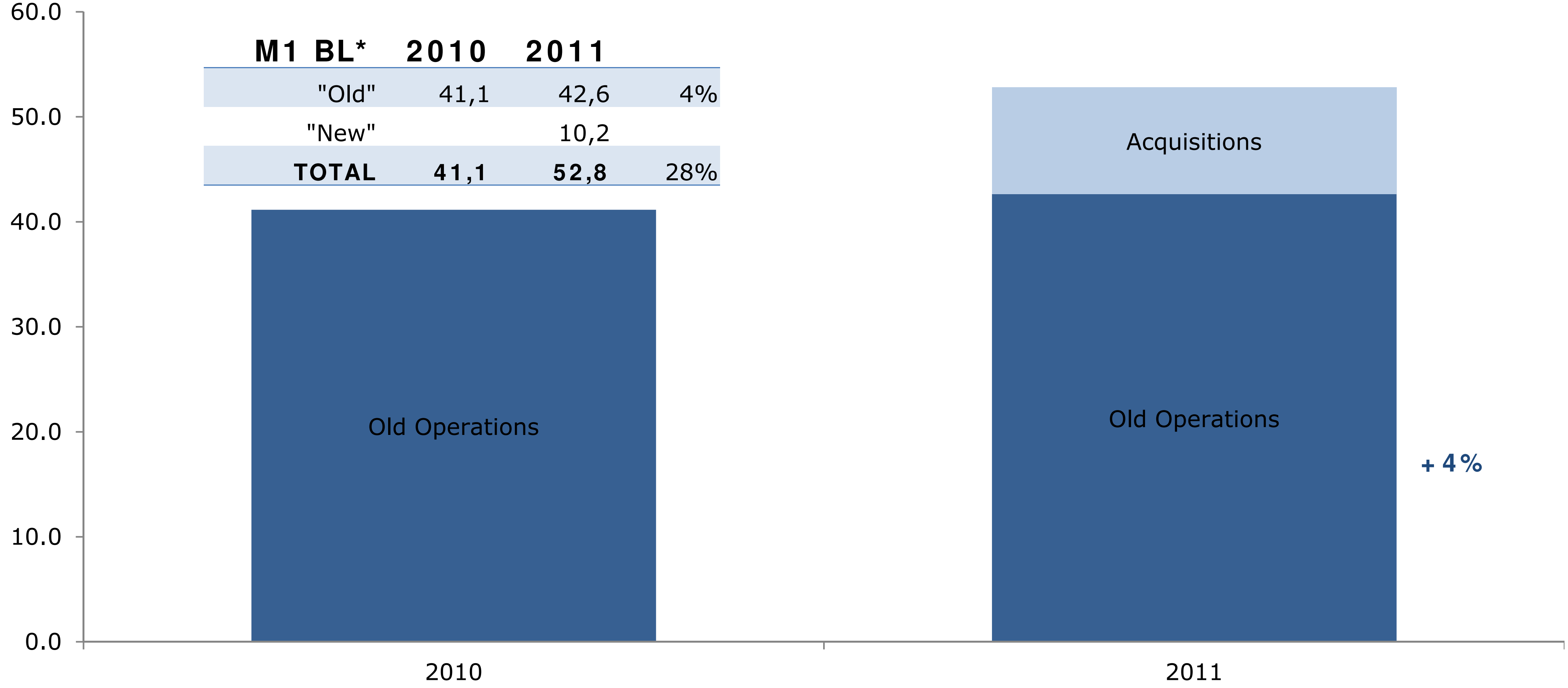
**Letters sent/First meetings with Companies:**

42 Turkey
18 Bulgaria
14 Croatia
13 Romania
8 Serbia
5 Slovenia

# CONTENTS

# IMPROVEMENTS OF BL IN M1 (FY)

| M1 BL* | 2010 | 2011 | |
|---|---|---|---|
| "Old" | 41,1 | 42,6 | 4% |
| "New" | | 10,2 | |
| **TOTAL** | **41,1** | **52,8** | 28% |

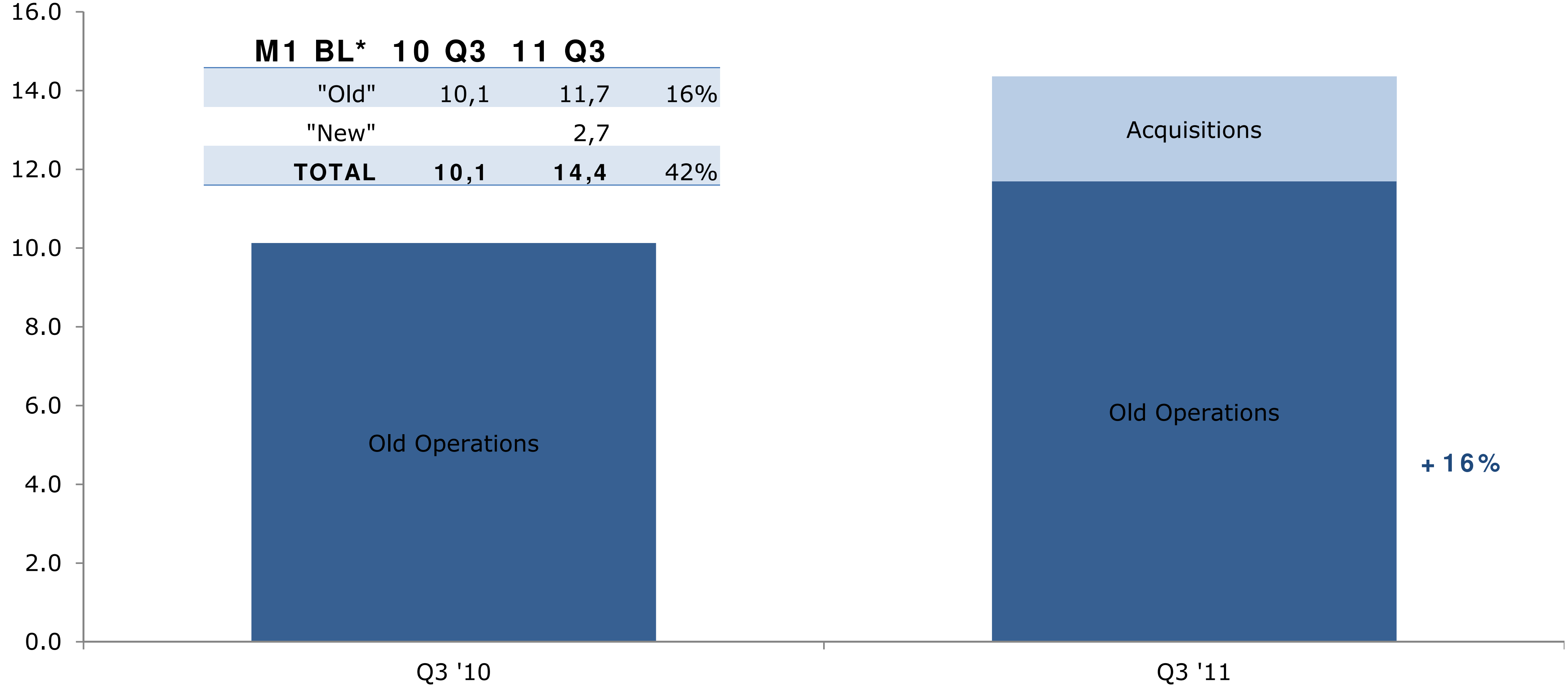



| Rev BL* | 2010 | 2011 | |
|---|---|---|---|
| "Old" | 80,8 | 71,8 | -11% |
| "New" | | 17,5 | |
| **TOTAL** | **80,8** | **89,3** | **11%** |

* Backlog as at August 10th for 2011 and as at August 10th for 2010

# IMPROVEMENTS OF BL IN M1 (Q3)

| M1 BL* | 10 Q3 | 11 Q3 | |
|---|---|---|---|
| "Old" | 10,1 | 11,7 | 16% |
| "New" | | 2,7 | |
| **TOTAL** | **10,1** | **14,4** | 42% |




| Rev BL* | Q3 '10 | Q3 '11 | |
|---|---|---|---|
| "Old" | 22,1 | 19,4 | -12% |
| "New" | | 5,0 | |
| **TOTAL** | **22,1** | **24,5** | **11%** |

* Backlog as at August 10th for 2011 and as at August 10th for 2010

# CONTENTS

# BASIC DEFINITIONS

**M1 [Margin 1]** = Revenues – Cost of Goods Sold
**BL [Backlog]** (Value of contracts already signed)
**Operating Profitability** = EBIT/Revenues
**Maintenance coverage** = Maintenance Revenues/Own Cost
**Own S&S** [own software and services]
***Proprietary Sft & Serv*** [own software and services]
**LTM** [last twelve months]
„**Old**" **-** Old Operations **–** without acquisitions
„**New**" **-** New Operations **–** new acquired companies in 2010 ITD, EST, BDS and 50% Cardinfo BDS
**Organic Growth –** it means operational growth/loss [by acquisitions only change between current and ProForma results is treated as organic growth]
**EBIT Margin** = EBIT/Revenues
**Quick Ratio** = (Receivables + Cash and Cash Equivalents)/Current liabilities

Exchange Rates [EUR/PLN]:
**2011 HY** - 3,9673
**2010 HY** - 4,0042

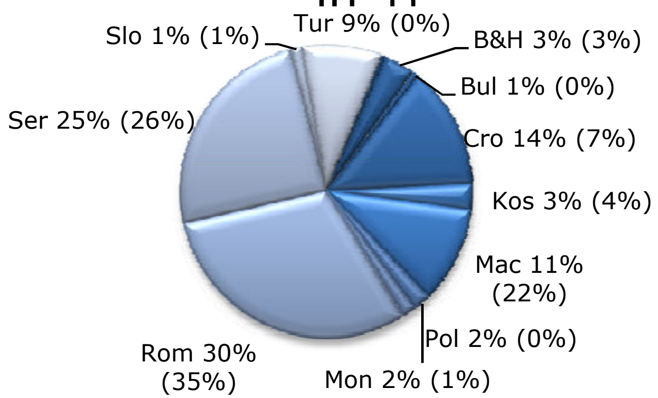
**mEUR** – million EUR (in whole presentation, amounts are in mE unless is stated differently)
**mPLN** – million PLN

# ASSECO SEE GROUP HY '11 RESULTS

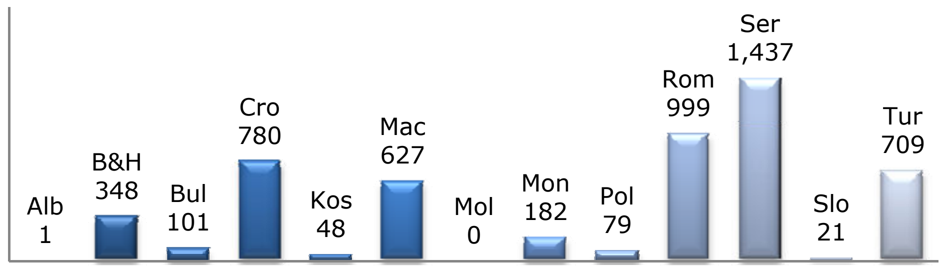
## COMPANIES AND REGIONAL REVENUE AND EBIT CONTRIBUTION – HY '11*

| kEUR | Revenue HY '11 | Revenue HY '10 | Change | EBIT HY '11 | EBIT HY '10 | Change | NPAT HY '11 | NPAT HY '10 | Change |
|---|---|---|---|---|---|---|---|---|---|
| Alb | 240 | 97 | 143 | 1 | -25 | 26 | 4 | -25 | 29 |
| B&H | 1 708 | 1 211 | 497 | 348 | 262 | 86 | 329 | 223 | 106 |
| Bul | 348 | 77 | 271 | 101 | -19 | 120 | 95 | -20 | 115 |
| Cro | 6 807 | 3 179 | 3 628 | 780 | 395 | 385 | 642 | 301 | 341 |
| Kos | 1 423 | 2 159 | -736 | 48 | 42 | 6 | 45 | 40 | 5 |
| Mac | 5 368 | 10 653 | -5 285 | 627 | 1 324 | -697 | 617 | 845 | -228 |
| Mol | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mon | 970 | 625 | 345 | 182 | 152 | 30 | 166 | 134 | 32 |
| Pol | 807 | 233 | 574 | 79 | 23 | 56 | 1 094 | 87 | 1 007 |
| Rom | 15 155 | 16 883 | -1 728 | 999 | 1 695 | -696 | 949 | 1 562 | -613 |
| Ser | 12 350 | 12 572 | -222 | 1 437 | 1 518 | -81 | 1 205 | 1 313 | -108 |
| Slo | 665 | 417 | 248 | 21 | -1 | 22 | 17 | -3 | 20 |
| Tur | 4 425 | 0 | 4 425 | 709 | 0 | 709 | 658 | 0 | 658 |
| **Asseco SEE Group** | **50 266** | **48 106** | **2 160** | **5 332** | **5 366** | **-34** | **5 821** | **4 457** | **1 364** |

**Revenue HY '11**




**EBIT HY '11**



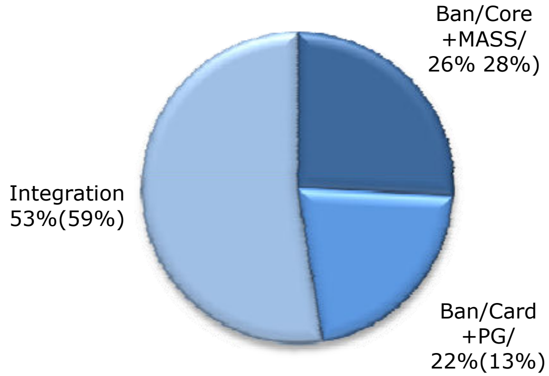

back

* All data in EUR thousands; ** in brackets 2010 split

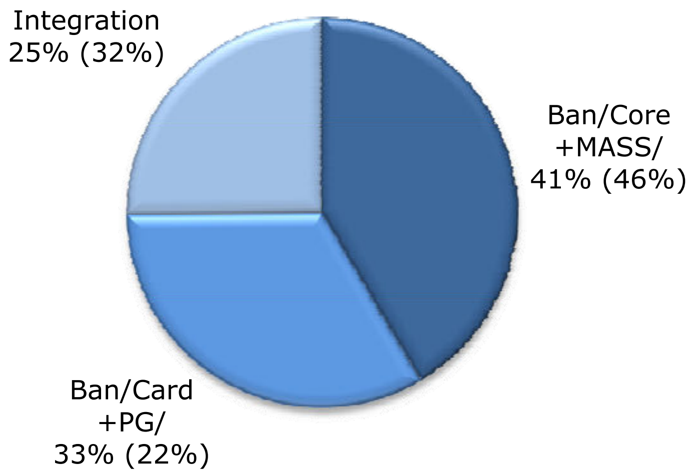
# ASSECO SEE GROUP HY '11 RESULTS
## COMPANIES AND REGIONAL REVENUE AND EBIT CONTRIBUTION – HY '11*

| kEUR | Revenue HY '11 | Revenue HY '10 | Change | EBIT HY '11 | EBIT HY '10 | Change |
|---|---|---|---|---|---|---|
| **Banking** | ***23 826*** | ***19 693*** | ***4 133*** | ***3 991*** | ***3 645*** | ***346*** |
| Ban/Core+MASS/ | *12 993* | *13 457* | *-464* | *2 212* | *2 480* | *-268* |
| Ban/Card+PG/ | *10 833* | *6 236* | *4 597* | *1 779* | *1 165* | *614* |
| **Integration** | ***26 440*** | ***28 413*** | ***-1 973*** | ***1 341*** | ***1 722*** | ***-380*** |
| **Asseco SEE Group** | ***50 266*** | ***48 106*** | ***2 160*** | ***5 332*** | ***5 366*** | ***-34*** |

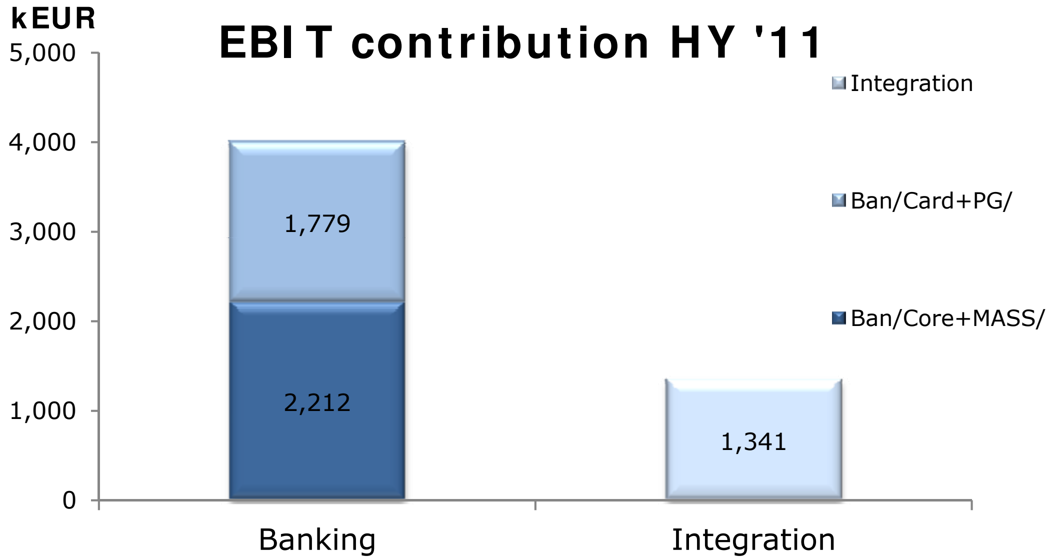
**Revenue per BUs HY '11**




**EBIT contribution HY '11**




**EBIT contribution HY '11**




** All data in EUR thousands; ** in brackets 2010 split*

# ASSECO SEE GROUP HY '11 RESULTS (FINANCIAL STATEMENT)

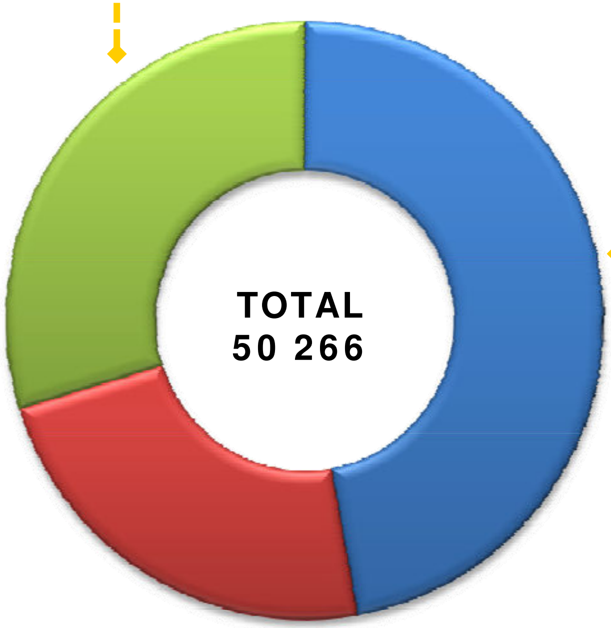
## CONSOLIDATED HY '11 SALES STRUCTURE (REVENUE)

### Products*

**Own Software and Services**
23 721 / 47% / 32%

**Third party software and services**
11 577 / 23%/ -12%

**Equipment and Infrastructure**
14 968 / 30%/ -12%

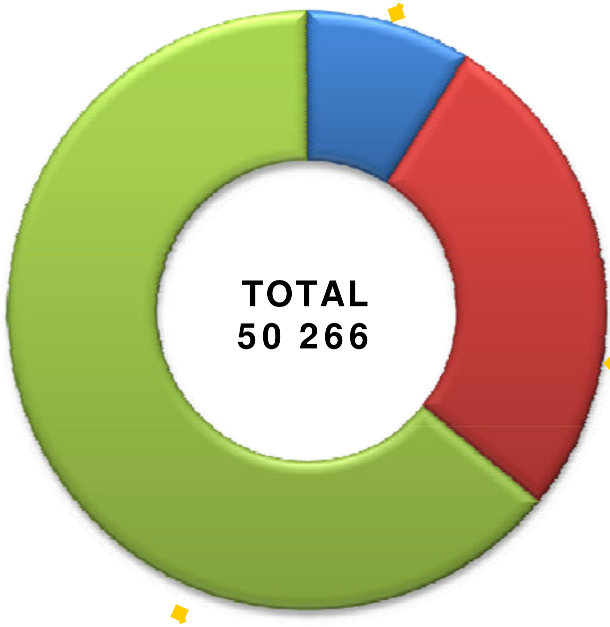



### Market Segments*

**Public administration**
4 476 / 9% / 12%

**Industry**
13 592 / 27% / -19%

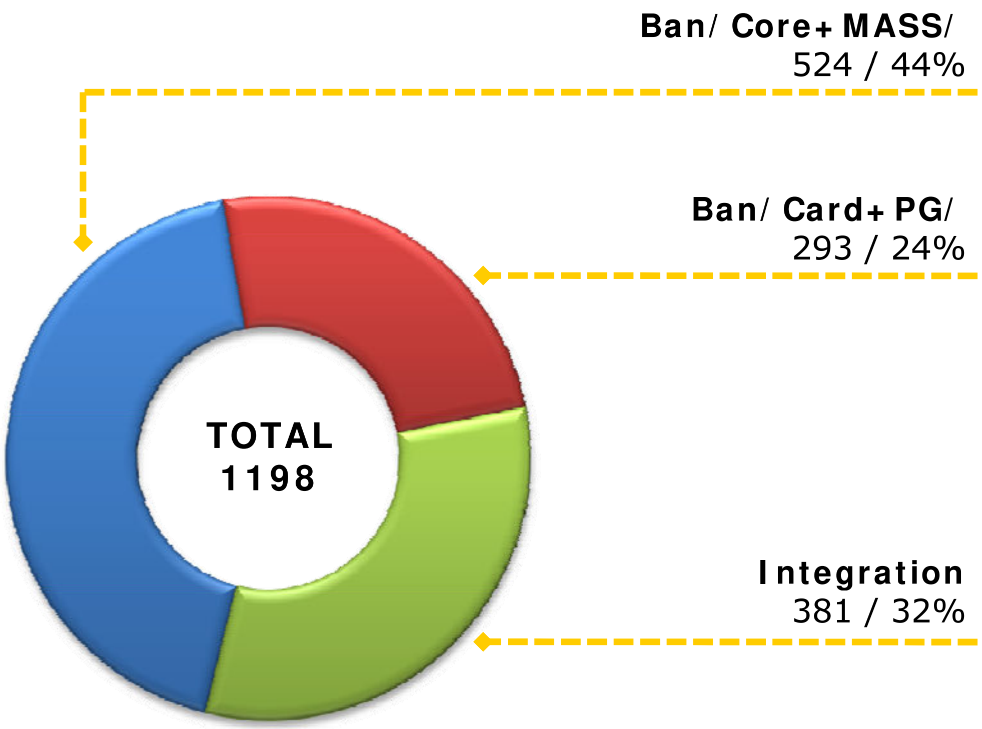
**Finance**
32 199 / 64% / +18%



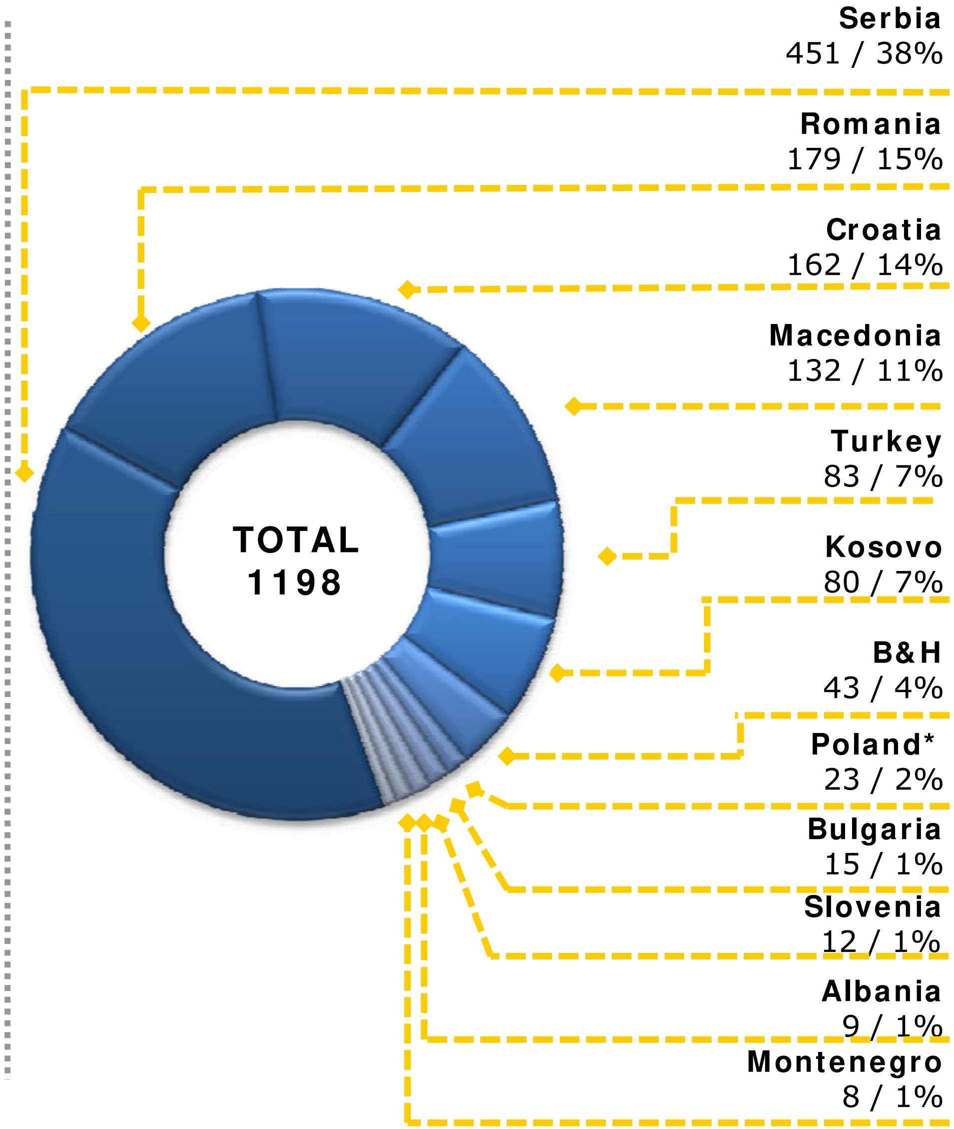

** All data in EUR thousands / % in total HY 2011 sales / % change to HY 2010 sales*

# ASSECO SEE GROUP HY '11 RESULTS
# CONSOLIDATED HY '11 EMPLOYEE STRUCTURE

## Employment by BU*




## Employment by Country*

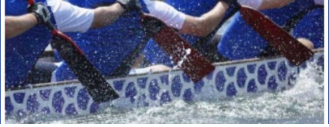



* *Polish part of Turkish business*
** *ASEE Holdco divided between countries based on employment key*

# EBIT LOWER THAN LAST YEAR IN Q2

| | Q2 '11A | Q2 '10 | '11vs'10 Growth | | |
|---|---|---|---|---|---|
| Revenue Total | 25,6 | 24,8 | 3,1% | organic growth* | -16% |
| *Proprietary Sft & Serv* | *11,5* | *9,3* | *24,0%* | organic growth* | +7% |
| EBIT | 2,5 | 2,9 | -13,9% | organic growth* | -24% |
| NPAT | 2,8 | 2,4 | 15,3% | | |

* Growth calculated excluding new acquired companies ITD, EST , BDS and 50% Cardinfo BDS



# WHERE DO WE WANT TO BE – CURRENT STATUS

## *Strategic goals*

- **Grow** in revenues and profits

| mEUR | HY '11 | HY '10 | Growth |
|---|---|---|---|
| Rev | 50,3 | 48,1 | 4% |
| EBIT | 5,3 | 5,4 | -1% |

- **Increase** own competencies and thus ASEE value added – share of own solutions and services

| mEUR | HY '11 | HY '10 | Growth |
|---|---|---|---|
| Own S&S | 23,7 | 18,0 | 32% |
| Share [Rev] | 47% | 37% | 9,9pp |

- **Increase** security of our business – level of reocccuring revenues

| mEUR | HY '11 | HY '10 | Growth |
|---|---|---|---|
| Maintenance | 13,1 | 9,9 | 33% |
| Coverage | 59% | 56% | 2,1pp |

-**Be present** on all ASEE markets – geographic expansion (Albania, Bulgaria, Moldavia, Slovenia, Poland)

| mEUR | HY '11 | HY '11 org | HY '10 |
|---|---|---|---|
| M1 | 1,01 | 0,55 | 0,30 |