

# Payten

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SOUTH EASTERN EUROPE

# Financial Results for 2018 And Business Update

February 21<sup>st</sup>, 2019

Warsaw

# Q4 2018 results

## Q4 2018 highlights

- Very good quarter and the best year in ASEE/Payten history
- Numerous new projects in Banking (including Instant Payments) with positive impact on results of the segment
- Strong Mobile banking continues its good trend
- Good performance of Voice line of business (Live solution)
- Traditionally good quarter for SI-AIS

# Q4 ASEE Best Deals.

## Banking Business Unit

- Instant payment solution for 5 banks in Serbia
- WEB Corporate Solution Digital Edge and SxS for a bank in Romania
- Mobile banking, PKI and mToken for an international bank in Croatia
- PKI & PKI Hardware for banks in Croatia

## System Integration

- Live proprietary customer engagement platform to banks in Serbia and Macedonia, a bank and insurance company in Croatia
- Oracle licenses and support as well as purchase of goods for the upgrade of the unique data center JP EPS - Electric power company „Elektroprivreda Srbije“
- Genesys TP solution for call center company in Turkey

# Q4 Payten Best Deals.

## E-Commerce

- **MSU**, payment card tokenization solution, sold to a food industry company in Turkey

## ATM and POS Related Services

- **TermHost**, own inter-server platform for faster and simpler realization of ATM transactions, to a bank in Serbia
- **150 ATMs outsourcing** for 8 years for a bank in Croatia
- Delivery of **recyclers** to BANCA COMERCIALA ROMANA
- **First CashIn ATMs** in Albania for FIB Bank
- **ATM RS & POS RS delivery** for Komercijalna banka a.d. Banja Luka (ATMRS) & for a bank in Macedonia (POS RS)

# Q4 2018: record-high sales and growing profits

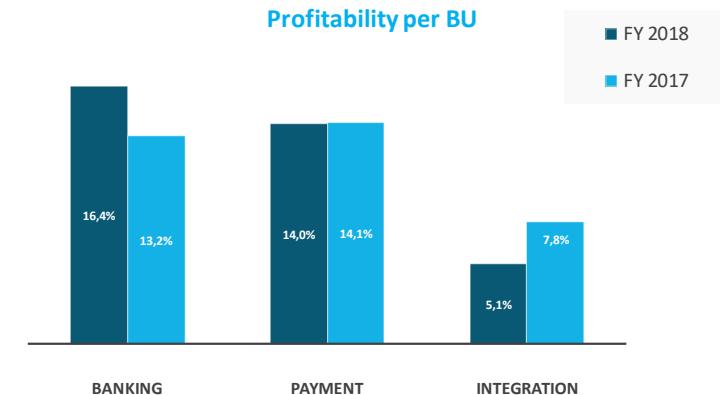
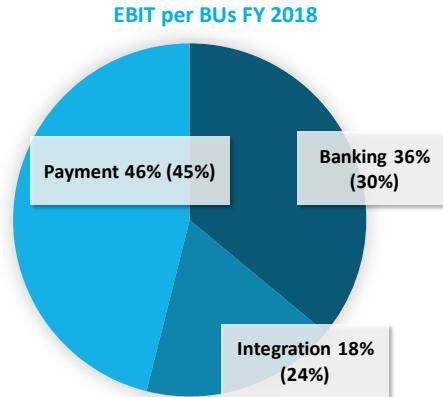
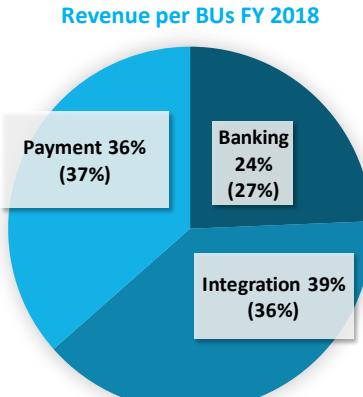
|                 | mEUR         |              |        | mPLN    |         |        |
|-----------------|--------------|--------------|--------|---------|---------|--------|
|                 | Q4 2018      | Q4 2017      | % Diff | Q4 2018 | Q4 2017 | % Diff |
| Revenue         | 51,6         | 38,0         | +36%   | 221,5   | 160,2   | +38%   |
| EBITDA          | 8,5          | 7,8          | +10%   | 36,7    | 32,9    | +12%   |
| EBIT            | 5,8          | 5,2          | +12%   | 24,8    | 21,8    | +14%   |
| NPAT            | 4,7          | 4,3          | +9%    | 20,1    | 18,1    | +11%   |
| <i>EBITDA %</i> | <i>16,6%</i> | <i>20,5%</i> |        |         |         |        |
| <i>EBIT %</i>   | <i>11,2%</i> | <i>13,6%</i> |        |         |         |        |

# 2018: best year thanks to Payment and Banking

|                 | mEUR         |              |        | mPLN    |         |        |
|-----------------|--------------|--------------|--------|---------|---------|--------|
|                 | FY 2018      | FY 2017      | % Diff | FY 2018 | FY 2017 | % Diff |
| Revenue         | 157,1        | 134,5        | +17%   | 670,4   | 570,9   | +17%   |
| EBITDA          | 28,2         | 25,1         | +12%   | 120,1   | 106,5   | +13%   |
| EBIT            | 17,5         | 15,5         | +12%   | 74,5    | 65,9    | +13%   |
| NPAT            | 15,3         | 13,0         | +18%   | 65,2    | 55,0    | +18%   |
| <i>EBITDA %</i> | <i>17,9%</i> | <i>18,7%</i> |        |         |         |        |
| <i>EBIT %</i>   | <i>11,1%</i> | <i>11,5%</i> |        |         |         |        |

# 2018: Significant improvement in Banking and Payment

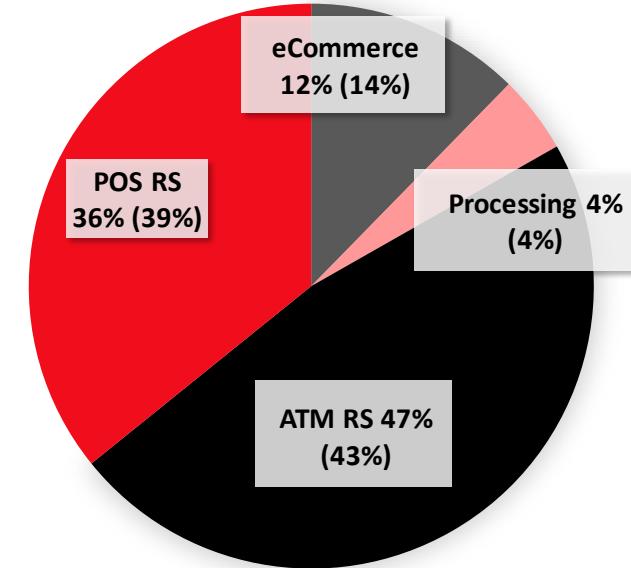
| mEUR                    | Revenue      |              |             | EBITDA      |             |            | EBIT        |             |            |
|-------------------------|--------------|--------------|-------------|-------------|-------------|------------|-------------|-------------|------------|
|                         | FY 2018      | FY 2017      | Diff        | FY 2018     | FY 2017     | Diff       | FY 2018     | FY 2017     | Diff       |
| Banking                 | 38,3         | 35,9         | 2,4         | 7,3         | 6,2         | 1,2        | 6,3         | 4,7         | 1,5        |
| Integration             | 61,5         | 48,7         | 12,8        | 4,0         | 4,7         | -0,7       | 3,1         | 3,8         | -0,7       |
| Non-Payment             | 99,8         | 84,6         | 15,2        | 11,3        | 10,9        | 0,5        | 9,4         | 8,5         | 0,9        |
| Payment                 | 57,3         | 49,9         | 7,4         | 16,8        | 14,2        | 2,6        | 8,0         | 7,0         | 1,0        |
| <b>Asseco SEE Group</b> | <b>157,1</b> | <b>134,5</b> | <b>22,6</b> | <b>28,2</b> | <b>25,1</b> | <b>3,1</b> | <b>17,5</b> | <b>15,5</b> | <b>1,9</b> |



# Payment: good performance in ATM RS business

| mEUR           | Revenue     |             |            |
|----------------|-------------|-------------|------------|
|                | FY 2018     | FY 2017     | Diff       |
| eCommerce      | 7,1         | 6,9         | 0,2        |
| Processing     | 2,5         | 2,0         | 0,6        |
| ATM RS         | 27,2        | 21,6        | 5,6        |
| POS RS         | 20,5        | 19,4        | 1,1        |
| <b>Payment</b> | <b>57,3</b> | <b>49,9</b> | <b>7,4</b> |

Revenue per BUs FY 2018



# Improving results in BH, Croatia, Serbia, Turkey & Other

| mEUR         | Revenue      |              |             |             | EBIT        |             |            |             |
|--------------|--------------|--------------|-------------|-------------|-------------|-------------|------------|-------------|
|              | FY 2018      | FY 2017      | Diff        | % Diff      | FY 2018     | FY 2017     | Diff       | % Diff      |
| B&H          | 9,6          | 5,2          | 4,4         | +85%        | 1,3         | 0,8         | 0,5        | +55%        |
| Cro          | 30,1         | 24,4         | 5,7         | +24%        | 4,4         | 3,7         | 0,7        | +18%        |
| Mon          | 2,9          | 3,3          | -0,5        | -14%        | 0,6         | 0,9         | -0,3       | -35%        |
| Mac          | 14,2         | 11,6         | 2,6         | +23%        | 2,7         | 2,8         | -0,1       | -4%         |
| Rom          | 33,8         | 31,8         | 2,0         | +6%         | 0,9         | 1,4         | -0,5       | -35%        |
| Ser          | 52,4         | 40,3         | 12,1        | +30%        | 5,6         | 4,5         | 1,1        | +24%        |
| Slo          | 4,4          | 6,4          | -2,0        | -31%        | 0,6         | 0,5         | 0,1        | +27%        |
| Tur          | 11,7         | 12,4         | -0,7        | -5%         | 0,7         | 0,4         | 0,4        | +109%       |
| Other*       | 7,4          | 6,9          | 0,5         | +7%         | 0,9         | 0,5         | 0,4        | +77%        |
| Eliminations | -9,5         | -7,9         | -1,6        |             | -0,3        | -0,1        | -0,2       |             |
| <b>GASEE</b> | <b>157,1</b> | <b>134,5</b> | <b>22,6</b> | <b>+17%</b> | <b>17,5</b> | <b>15,5</b> | <b>1,9</b> | <b>+12%</b> |

\*Other entities include Kosovo, Albania, Bulgaria and Poland

# Ready for new investments and dividend payment

|   | mEUR        | Asseco SEE Group |             |      |
|---|-------------|------------------|-------------|------|
|   |             | 2018 YE          | 2017 YE     | Diff |
| Cash and cash equivalents                   |             | 18,7             | 16,4        | 2,3  |
| Short term investments                      |             | 20,5             | 11,5        | 9,0  |
| Short term and long term debt               |             | -11,6            | -11,4       | -0,2 |
| <b>Net Cash</b>                             | <b>27,6</b> | <b>16,5</b>      | <b>11,1</b> |      |
| Receivables and Prepayments                 |             | 41,0             | 35,1        | 5,9  |
| Liabilities, Provisions and Deffered Income |             | -39,7            | -35,0       | -4,7 |
| Inventory                                   |             | 4,0              | 5,9         | -2,0 |
| <b>Operational Balance</b>                  | <b>32,9</b> | <b>22,6</b>      | <b>10,2</b> |      |

PLN 27m (EUR 6,2m) dividend proposed to be distributed in 2019 (PLN 0.52 per share)

# Cash flow improved as expected

| mEUR                                | Asseco SEE Group |       |      |
|-------------------------------------|------------------|-------|------|
|                                     | 2018             | 2017  | 2016 |
| Operating cash flow*                | 29,2             | 22,7  | 21,6 |
| - IT Infrastructure for outsourcing | -5,8             | -13,7 | -6,1 |
| - infrastructure for IAD            | -1,4             | 0,0   | 0,0  |
| - Capitalized R&D                   | -0,3             | -0,8  | -1,2 |
| - M&A                               | 0,0              | -0,2  | -2,5 |
| - Other CAPEX                       | -2,6             | -1,9  | -2,0 |
| Free cash flow                      | 19,1             | 6,1   | 9,8  |
| Debt Increase                       | 3,8              | 5,2   | 2,9  |
| Debt Service                        | -3,8             | -4,7  | -4,0 |
| Total Cash Flow                     | 19,0             | 6,5   | 8,7  |
| Oper CF/EBITDA                      | 119%             | 90%   | 101% |
| FCF/EBIT                            | 128%             | 39%   | 75%  |

\* Excluding investment in outsourcing equipment presented in Inventory

# Necomplus

Company profile and  
Transaction summary

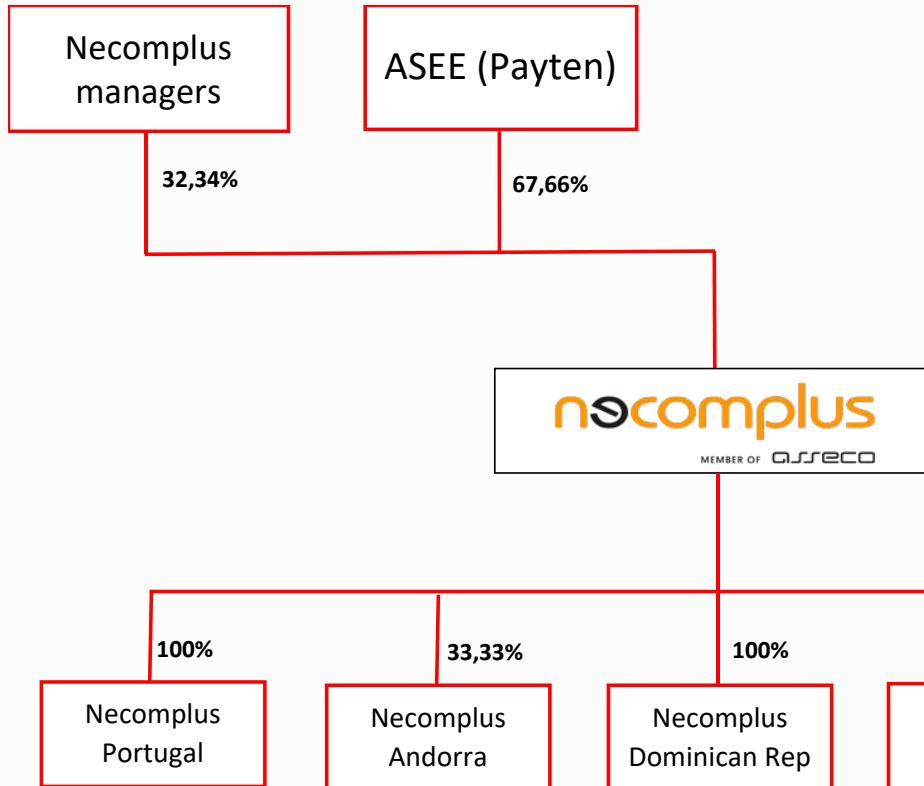


# Necomplus

Spanish (Alicante) based company offering **POS maintenance** as well as **BPO services**

- Operating in **Spain, Portugal, Andorra, Colombia, Peru and Dominican Republic**
- Specialized in **POS maintenance for financial institutions**, including POS devices installation and in-field maintenance, off-field device repair and logistics, POS software development and IT related services, hardware and software sales
- Offering call center outsourcing to tourism (Goldcar/Europcar), real estate (Solvia), insurance companies and banks within a separate **BPO business line**
- **Serving big financial institutions**, including: Banco Sabadell, Bankia, Comercia, UniversalPay, BancaInter, Credibanco Colombia, PMP Peru, Visa Peru & Columbia, MC Peru
- Currently **employing 851 people** (out of which 312 in BPO)
- Owned by **Asseco SEE (Payten) (67,66%)** and three Spanish minority shareholders (managers of Necomplus)

# Group structure

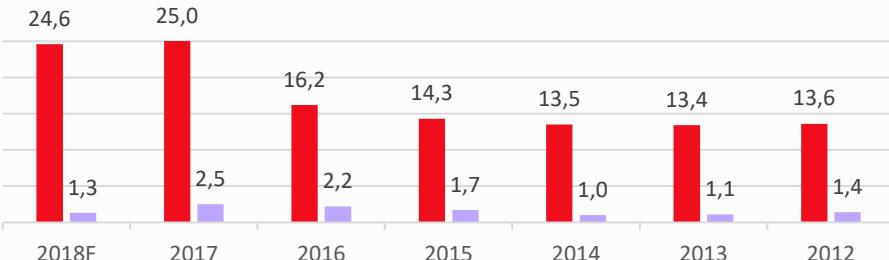


# Financial results

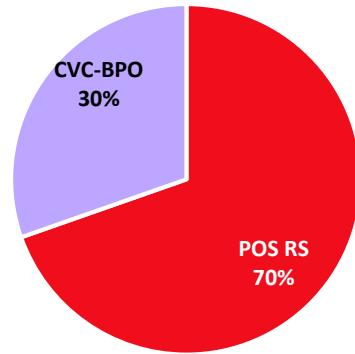
Necomplus Group consolidated (mEUR)

|                 | 2018F      | 2017       | 2016       | 2015       |
|-----------------|------------|------------|------------|------------|
| Revenues        | 24.6       | 25.0       | 16.2       | 14.3       |
| EBITDA          | 1.9        | 3.1        | 2.7        | 2.2        |
| <b>EBIT</b>     | <b>1.3</b> | <b>2.5</b> | <b>2.2</b> | <b>1.7</b> |
| <i>EBIT (%)</i> | 5.3%       | 10.0%      | 13.8%      | 11.7%      |
| <b>NPAT</b>     | <b>1.0</b> | <b>2.2</b> | <b>1.8</b> | <b>1.2</b> |
| <i>NPAT (%)</i> | 4.0%       | 8.9%       | 11.1%      | 8.7%       |

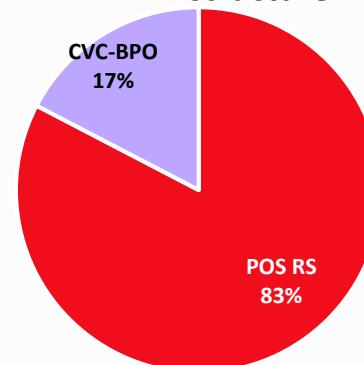
Revenues and EBIT (mEUR)



Revenue structure



EBITDA structure



# Valuation and Transaction structure

- Purchase price for 67,66% of Necoplus shares = **EUR 7,669m**
- Payment to be made in **three instalments**:
  - EUR 5,368 (70%) at closing
  - EUR 1,151 (15%) at the 1st anniversary of the closing
  - EUR 1,150 (15%) at the 2nd anniversary of the closing
- Valuation of 100% of Necoplus equity = **EUR 11,335m**
- Necoplus to remain a party of a **loan agreement** signed with Asseco Western Europe for EUR 2,18m, to be repaid 2019-2021
- ASEE (Payten) signed the **Shareholders' Agreement** including a PUT option for minority shareholders of Necoplus (based on ACP/Necoplus previous agreement)

P/E = 11,6

EV/EBIT = 7,7

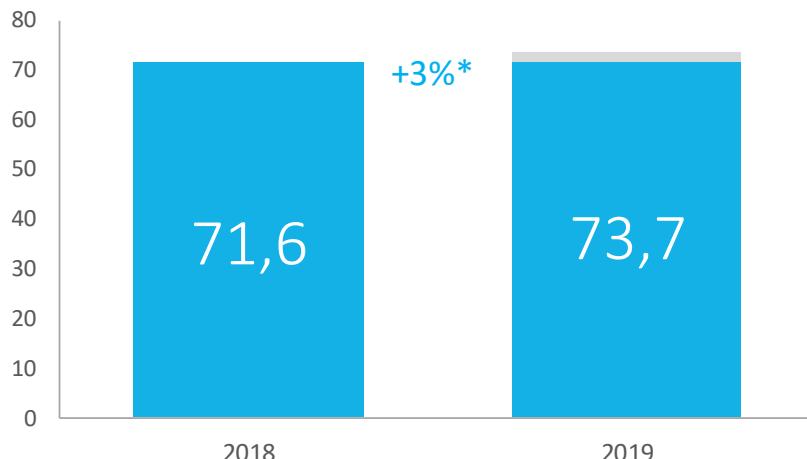
# Transaction rationale for Payten – key points

- Necoplus **business lines in-line with** these at **Payten**, creating synergies
- Expected growth of the company EBIT as a result of **extending the offer** and **more aggressive sales strategy**
- **Adding new business lines** into Necoplus and modifying sales structure (eg., independent POS deployment, online payment gateway, revenue share/success fee based models in CC)
- Utilising common, **central procurement** of hardware to lower purchase price
- **Combining POS software** (at least part of) and sharing **developments** in the Group, reducing software development and new implementation costs

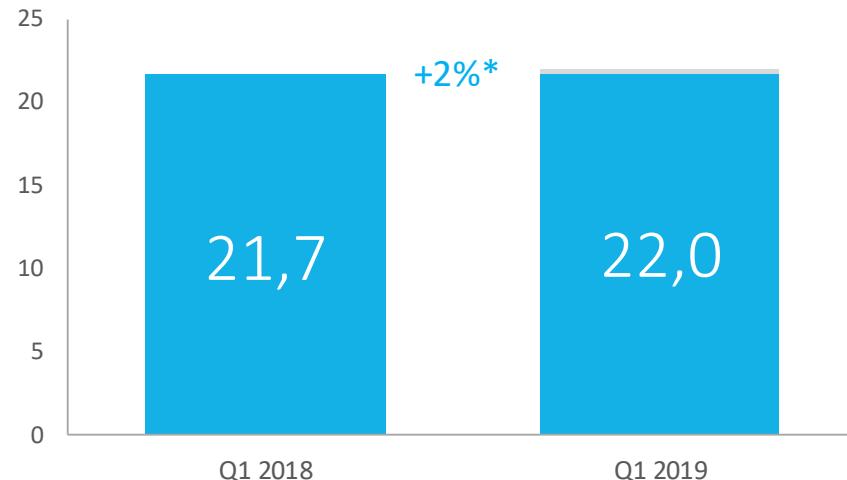
# Outlook for 2019

# Total ASEE Group

| mEUR        | 2018 | 2019 | % Diff |
|-------------|------|------|--------|
| Revenues BL | 95,1 | 92,7 | -3%    |
| Margin1 BL  | 71,6 | 73,7 | +3%    |



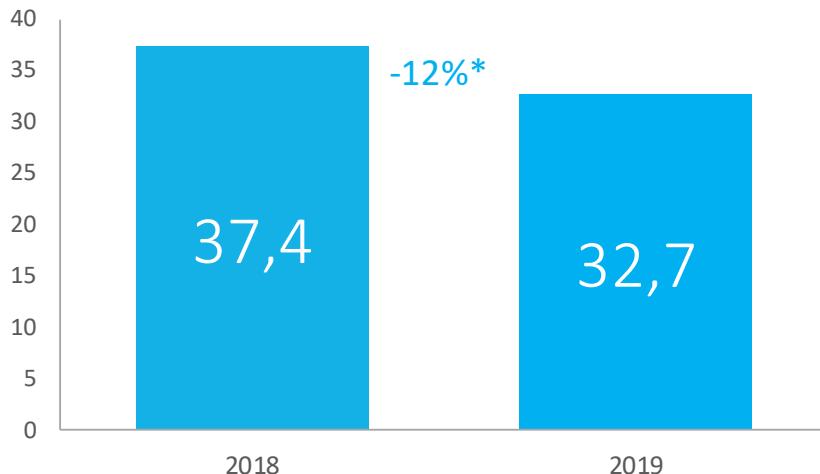
| mEUR        | Q1 2018 | Q1 2019 | % Diff |
|-------------|---------|---------|--------|
| Revenues BL | 33,6    | 30,9    | -8%    |
| Margin1 BL  | 21,7    | 22,0    | +2%    |



\*2018 data including NKBM project (impact on FY=3,8 mEUR; Q1=0,6 mEUR) cancelled during the year, M1 BL dynamics excluding this project would be +9% (FY) and +4% (Q1)

# Banking and System Integration

| mEUR        | 2018 | 2019 | % Diff |
|-------------|------|------|--------|
| Revenues BL | 55,1 | 47,0 | -15%   |
| Margin1 BL  | 37,4 | 32,7 | -12%   |



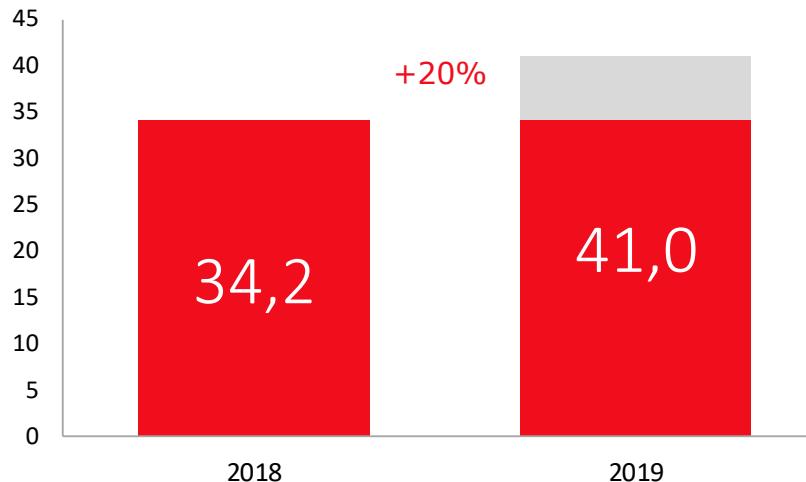
| mEUR        | Q1 2018 | Q1 2019 | % Diff |
|-------------|---------|---------|--------|
| Revenues BL | 19,0    | 16,7    | -12%   |
| Margin1 BL  | 11,9    | 11,3    | -5%    |



\*2018 data including NKBM project (impact on FY=3,8 mEUR; Q1=0,6 mEUR) cancelled during the year, M1 BL dynamics excluding this project would be -3% (FY) and -1% (Q1)

# Payment

| mEUR        | 2018 | 2019 | % Diff |
|-------------|------|------|--------|
| Revenues BL | 40,0 | 45,8 | +14%   |
| Margin1 BL  | 34,2 | 41,0 | +20%   |



| mEUR        | Q1 2018 | Q1 2019 | % Diff |
|-------------|---------|---------|--------|
| Revenues BL | 14,6    | 14,1    | -3%    |
| Margin1 BL  | 9,8     | 10,8    | +10%   |



\*\*Backlog data as at 19th February

# Thank you

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# Payten

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