

# Payten

MEMBER OF asseco

asseco  
SOUTH EASTERN EUROPE

# Financial Results for 1H 2019 And Business Update

August 9th, 2019

Warsaw

# 1H 2019 results

## 2Q 2019 highlights

- Another quarter of growth thanks to all business segments and Necoplus acquisition
- Growing interest in Digital banking solutions
- Very good performance of eCommerce continued, including 3D Secure
- Buying out minority in Multicard (MoneyGet in Serbia) and reaching 100 independent ATM locations
- Taking over Bassilichi payment business in Serbia

# Q2 ASEE Best Deals.

## Banking Business Unit

- **PSD2 Enabler** for a local bank in Croatia and 2 banks in Romania
- **Digital Edge HUB** for one of the banks in Serbia
- **InAct** for 2 banks out of SEE region
- **Tesauri** solutions for 2 banks in Serbia

## System Integration

- **BPM** solution for one of the international banks in Romania
- „Court cases" support propriety software developed for Distribution system operator "EPS Distribucija" Ltd. Belgrade
- Application "Bulletin board" developed for Ministry of Public Administration and Local Self-Government in Serbia for the purpose of informing public administration employees about public administration reform activities

# Q2 Payten Best Deals.

## E-Commerce

- **Trides2** for 3 banks

## ATM and POS Related Services

- **Instant Payment POS Backend** solution, that enables retail customers to pay for goods and services using instant payment in store (cashier) with mobile app and POS terminal, for 2 banks in Serbia
  - reaching **10 IP payment deals** in 2019 and **22 IP banking deals** in 2019
- **ProView** ATM Network Management and Monitoring system for Borica AD, the largest Bulgarian PSP, which will be the largest ProView installation in Europe (4,000 ATMs in the next 2 years)

# 2Q'19: Another quarter of growing results

	mEUR			mPLN		
	Q2 2019	Q2 2018	% Diff	Q2 2019	Q2 2018	% Diff
Revenue	46.3	37.0	+25%	198.2	158.8	+25%
EBITDA	9.0	6.8	+33%	38.7	29.2	+32%
EBIT	5.3	4.2	+27%	22.6	17.8	+27%
NPAT	4.3	3.6	+18%	18.2	15.5	+17%
<i>EBITDA %</i>	<i>19.5%</i>	<i>18.4%</i>				
<i>EBIT %</i>	<i>11.4%</i>	<i>11.2%</i>				

In kEUR:

- N+ acquisition impact (kEur): **Reve** +8 340, **EBITDA** +613, **EBIT** +247 (including -116 PPA amortization), **NPAT** 123
- Tax on civil law transactions: **EBITDA/EBIT/NPAT** -281
- Revaluation of share in Multicard (kEUR): **NPAT** +466
- IFRS16 impact (kEur): **EBITDA** +671, **EBIT** +27, **NPAT** -87

# 1H'19: solid organic growth supplemented by N+ results

	mEUR			mPLN		
	H1 2019	H1 2018	% Diff	H1 2019	H1 2018	% Diff
Revenue	87.9	70.1	+25%	377.0	297.3	+27%
EBITDA	17.4	12.5	+39%	74.7	53.1	+41%
EBIT	10.2	7.3	+40%	43.8	30.9	+42%
NPAT	8.5	6.3	+35%	36.6	26.8	+37%
<i>EBITDA %</i>	<i>19.8%</i>	<i>17.9%</i>				
<i>EBIT %</i>	<i>11.6%</i>	<i>10.4%</i>				

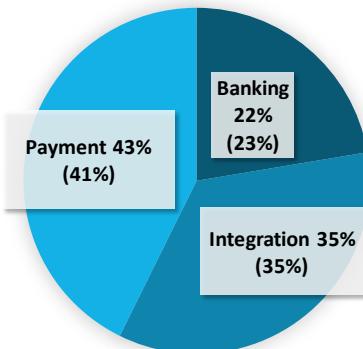
In kEUR:

- N+ acquisition impact: **Reve** +12 830; **EBITDA** +962; **EBIT** +353 (including -193 PPA amortization); **NPAT** +261
- Tax on civil law transactions: **EBITDA/EBIT/NPAT** -281
- Revaluation of share in Multicard: **NPAT** +466
- IFRS16 impact: **EBITDA** +1,451; **EBIT** +57; **NPAT** -127

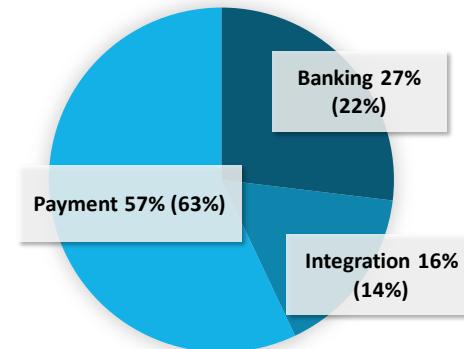
# Improvement in all segments

mEUR	Revenue			EBITDA			EBIT		
	H1 2019	H1 2018	Diff	H1 2019	H1 2018	Diff	H1 2019	H1 2018	Diff
Banking	19.7	16.5	3.2	3.8	2.2	1.7	2.7	1.6	1.1
Integration	30.7	24.6	6.1	2.4	1.5	0.9	1.6	1.0	0.6
Non-Payment	50.4	41.1	9.3	6.2	3.7	2.6	4.4	2.7	1.7
Payment	37.5	29.1	8.5	11.2	8.9	2.3	5.8	4.6	1.2
<b>Asseco SEE Group</b>	<b>87.9</b>	<b>70.1</b>	<b>17.8</b>	<b>17.4</b>	<b>12.5</b>	<b>4.9</b>	<b>10.2</b>	<b>7.3</b>	<b>2.9</b>

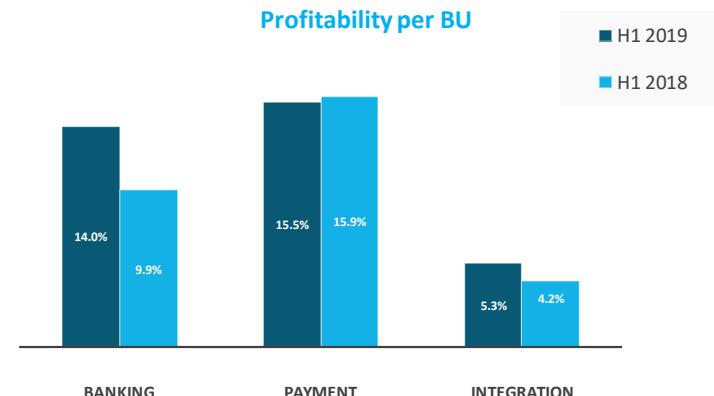
Revenue per BUs H1 2019



EBIT per BUs H1 2019

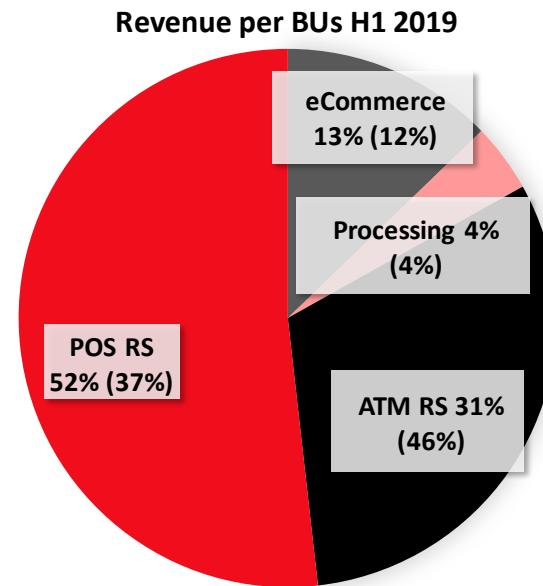


Profitability per BU



# N+ contributing to POS RS. Still very good eCommerce

mEUR	Revenue		
	H1 2019	H1 2018	Diff
eCommerce	4.8	3.6	1.2
Processing	1.5	1.2	0.4
ATM RS	11.8	13.5	-1.7
POS RS	19.4	10.8	8.6
<b>Payment</b>	<b>37.5</b>	<b>29.1</b>	<b>8.5</b>



# Outstanding Turkey, improvement in Macedonia and Serbia

mEUR	Revenue				EBIT			
	H1 2019	H1 2018	Diff	% Diff	H1 2019	H1 2018	Diff	% Diff
B&H	3.7	3.0	0.8	+25%	0.5	0.6	-0.1	-20%
Croatia	14.8	15.1	-0.3	-2%	1.9	2.1	-0.2	-9%
Iberia	11.6		11.6		0.3		0.3	
Latam	1.6		1.6		0.1		0.1	
Macedonia	5.8	6.2	-0.4	-6%	1.2	0.5	0.7	+146%
Romania	13.6	15.1	-1.5	-10%	0.4	0.5	0.0	-5%
Serbia	26.8	20.6	6.2	+30%	2.4	2.0	0.4	+21%
Turkey	7.2	6.1	1.1	+17%	2.4	0.9	1.5	+172%
Other	6.8	6.9	-0.1	-1%	1.0	0.9	0.2	+20%
Eliminations	-4.1	-2.8	-1.3	+46%	-0.1	-0.1	0.0	-5%
<b>GASEE</b>	<b>87.9</b>	<b>70.1</b>	<b>17.8</b>	<b>+25%</b>	<b>10.2</b>	<b>7.3</b>	<b>2.9</b>	<b>+40%</b>

\*Other entities include Albania, Bulgaria, Kosovo, Montenegro, Poland, Slovenia

# Net cash down due to IFRS16 and payment for N+

mEUR	Excluding N+ H1 2019	Asseco SEE Group		
		H1 2019	2018 YE	Diff
Cash and short term investments	32.2	33.4	39.2	-5.8
Lease liabilities	-12.6	-14.7	-0.4	-14.3
Financial liabilities*	-15.1	-17.8	-11.2	-6.6
<b>Net Cash</b>	<b>4.5</b>	<b>0.9</b>	<b>27.6</b>	<b>-26.7</b>
Receivables and Prepayments	42.8	50.0	41.0	9.0
Liabilities, Provisions and Deffered Income	-29.7	-37.4	-39.7	2.3
Inventory	4.6	8.2	4.0	4.3
<b>Operational Balance</b>	<b>22.2</b>	<b>21.7</b>	<b>32.9</b>	<b>-11.1</b>

PLN 27m (EUR 6,3m) dividend paid on July 11th (PLN 0,52 per share)

# Lower cash flow due to M&A and payment infrastructure

mEUR	Asseco SEE Group		
	H1 2019 LTM	2018	2017
Operating cash flow*	31.9	29.2	22.7
- IT Infrastructure for outsourcing	-10.0	-5.8	-13.7
- infrastructure for IAD	-0.5	-1.4	0.0
- Capitalized R&D	-0.2	-0.3	-0.8
- M&A	-6.0	0.0	-0.2
- Other CAPEX	-1.0	-2.6	-1.9
Free cash flow	14.0	19.1	6.1
Debt Increase	6.7	3.8	5.2
Debt Service	-8.0	-3.8	-4.7
Total Cash Flow	12.7	19.0	6.5
Oper CF/EBITDA	105%	119%	90%
FCF/EBIT	76%	128%	39%

\*Excluding investment in outsourcing equipment presented in Inventory

# Sonet acquisition

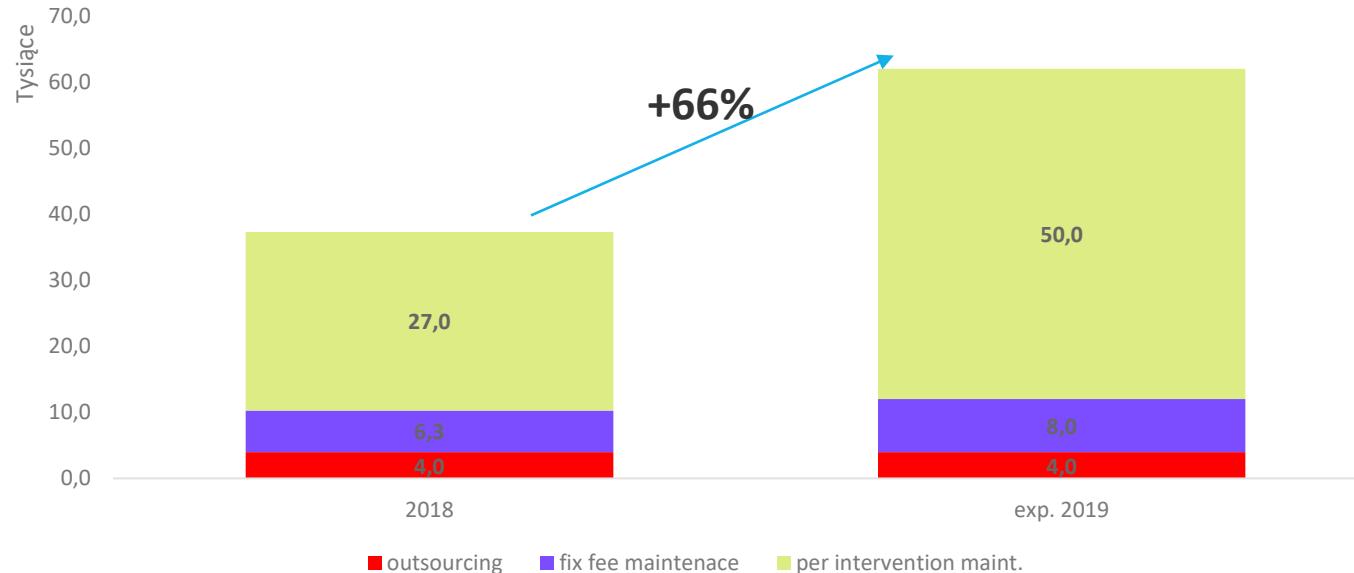
# Sonet summary

Czech company providing solutions for **non-cash payments**

- Established in 1991
- Offering solutions for non-cash payments, including numerous **software applications** (POS terminal application, Smart Switch transaction gateway with transaction DWH, Posman for administration of POS networks and card product set-up by acquirers), as well as **POS terminals maintenance**
- **Operating mainly in Czech Republic and Slovakia**, with minor activity in Hungary, Romania and Mauritius
- Maintaining close to **38 thousand POS terminals** (CZ 27,3k; SK 10,5k) with an option to grow to over 60 thousand by the end of 2019
- **Headquarters in Brno (CZ)**; branch offices in Bratislava (Slovakia) and Budapest (Hungary)
- Currently **employing 70 people**, mainly in Czech Republic
- Owned by a Czech private individual

# Number of POS terminals under maintenance

Expected huge growth in maintenance based in **2019** thanks to migration of one global customer



Estimated market share:  
 CZ = 17%  
 SK = 16%

# Transaction rationale for ASEE

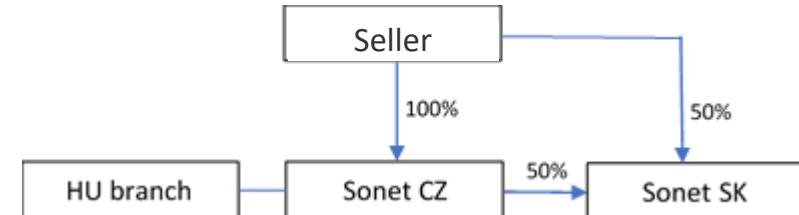
Strenghtening business line **POS Related Services**

- Becoming no 1 regional POS RS service provider – one stop shop
- Consolidating market ahead of global players
- Strengthening bargaining power towards two vendors: Ingenico, Spire and Castles
- Covering almost whole region for key clients: Intesa San Paolo and Unicredit
- Combining software development teams for POS applications (Payten with 19 and Sonet with 25 employees)
- Adding new software functionalities to ASEE/Payten portfolio & selling functionalities of Payten in Cz and Sk
- Adding 3<sup>rd</sup> vendor to the portfolio

# Transaction conditions

ASEE/Payten to obtain control over **100% shares** in Sonet CZ and Sonet SK

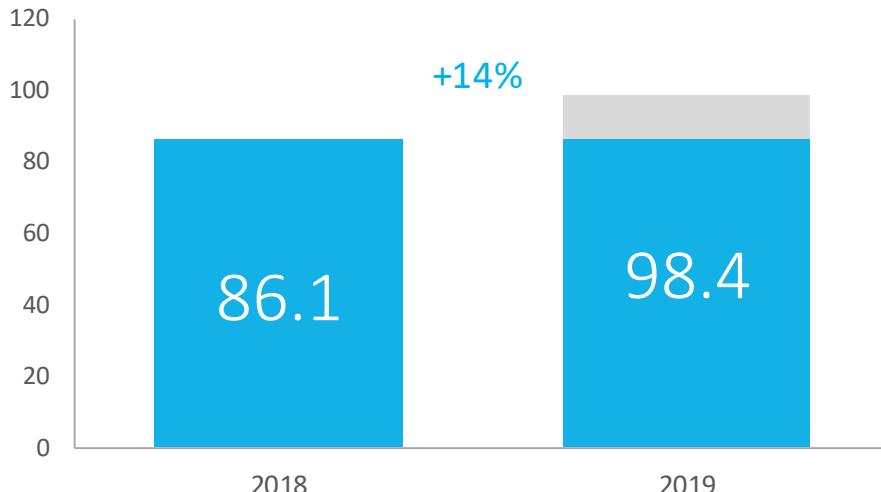
- Price for 100% shares in Sonet CZ and Sonet SK:
  - Payment at closing: **4m EUR** adjusted by net debt/cash\*
  - Payment up to **150k EUR** based on EBIT realization in **2018**
  - Payment up to **200k EUR** based on EBIT realization in **2019**
- Acquisition from a Czech private individual
- Transaction multiples (2018):
  - P/E = 6,2
  - EV/EBIT = 4,9



# Outlook for 2019

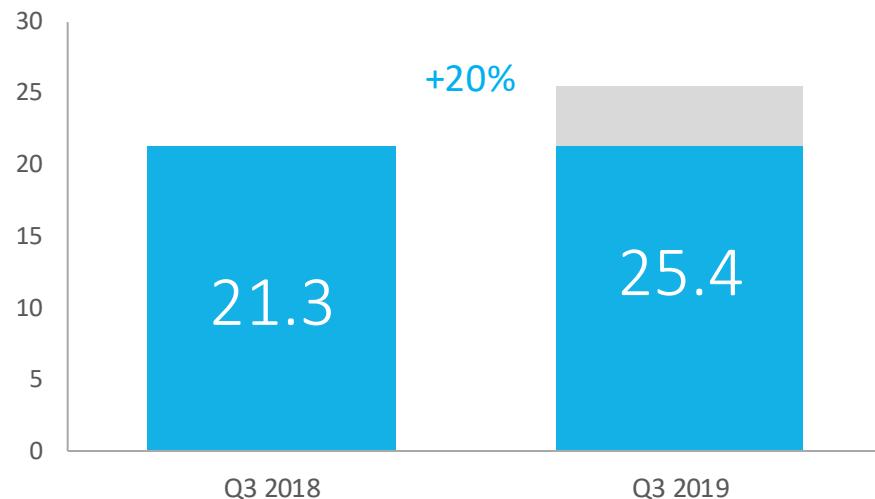
# Total ASEE Group incl. Payten

mEUR	2018	2019	% Diff
Revenues BL	124.4	138.0	+11%
Margin1 BL	86.1	98.4	+14%



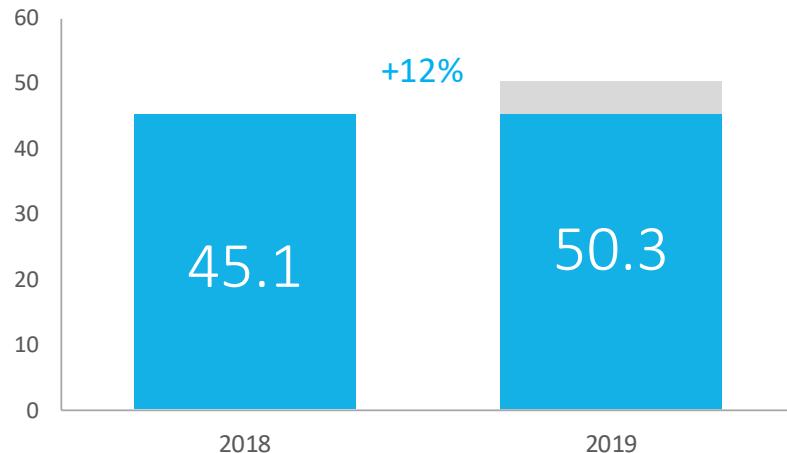
\* Backlog data as at July 23rd  
\*\* excluding N+ data

mEUR	Q3 2018	Q3 2019	% Diff
Revenues BL	29.3	35.4	+21%
Margin1 BL	21.3	25.4	+20%



# Banking and System Integration

mEUR	2018	2019	% Diff
Revenues BL	73.2	81.0	+11%
Margin1 BL	45.1	50.3	+12%



mEUR	Q3 2018	Q3 2019	% Diff
Revenues BL	17.1	17.9	+5%
Margin1 BL	10.9	11.6	+7%

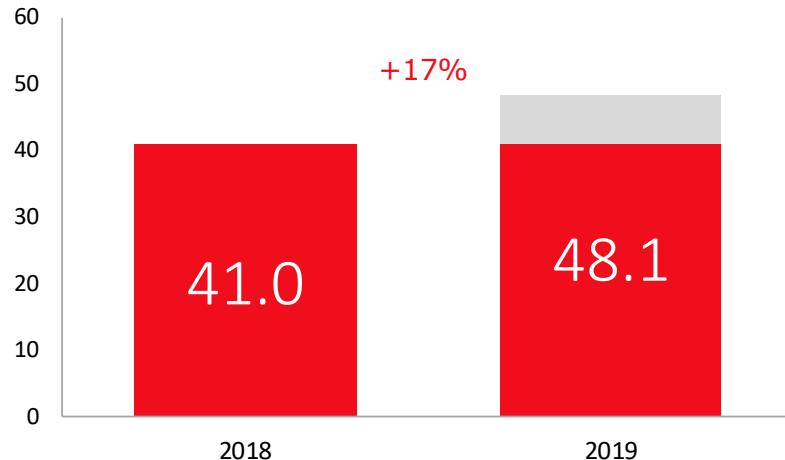


\* Backlog data as at July 23rd

\*\* excluding N+ data

# Payten

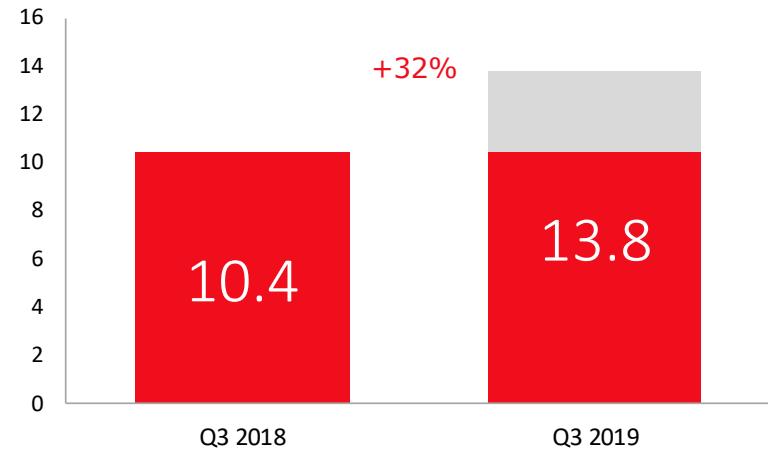
	<b>mEUR</b>	<b>2018</b>	<b>2019</b>	<b>% Diff</b>
Revenues BL	51.2	57.0	+11%	
Margin1 BL	41.0	48.1	+17%	



\* Backlog data as at July 23rd

\*\* excluding N+ data

	<b>mEUR</b>	<b>Q3 2018</b>	<b>Q3 2019</b>	<b>% Diff</b>
Revenues BL	12.2	17.4	+43%	
Margin1 BL	10.4	13.8	+32%	



# Thank you

<http://asseco.com/see/>

# Legal disclaimer

The content presented in this presentation is subject to copyright protection and has the ownership title. Texts, graphics, photographs, sound, animations and videos as well as their distribution in the presentation are protected under the Copyright and related rights Law. Unauthorized use of any material contained in the presentation herein may constitute an infringement of copyright, trademark or other laws. The materials in this presentation may not be modified, copied, publicly presented, executed, distributed or used for any other public or commercial purposes, unless the Board of Asseco South Eastern Europe S.A. gives consent in writing. Copying for any purpose, including commercial use, distribution, modification or acquisition of the contents of this presentation by third parties is prohibited. Moreover, this presentation may contain reference to third-party offers and services. Terms of use for such offers and services are defined by these entities.

Asseco South Eastern Europe S.A. assumes no responsibility for the conditions, contents and effects of the use of offers and services of these entities. The data and information contained in this presentation are for information purposes only. Presentation was prepared with the use of  company products.

The name and logo of Asseco are registered trademarks by Asseco South Eastern Europe S.A. parent company – Asseco Poland S.A. and cannot be used without prior express consent.