

# ASSCO

SOUTH EASTERN EUROPE



solutions for demanding business

# Financial Results for H1 2014

August 6th, 2014  
Warsaw

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# Financial Results for H1.2014

## Q2.2014 Highlights

- Increasing CAPEX in the financial sector
- Appearing **new entrants** on the financial scene, both utilities and non present banks
- Banks interested in building **Multichannel** approach
- Continuing interest in payment infrastructure **outsourcing**
- **Delivery** shows **weak** points and its reorganisation will be a major focus for this and next year
- **Positive turn-around** of Turkish ex-**Sigma** business

## Q2'14 shows increase in EBIT and NPAT

mEUR	Q2 2014	Q2 2013	Δ YoY	Organic growth
Revenue Total	29,0	26,5	+10%	+7%
EBITDA	3,9	2,9	+32%	+23%
EBIT	2,5	2,1	+19%	+16%
NPAT	2,2	1,7	+26%	+22%
<i>EBITDA %</i>	<i>13%</i>	<i>11%</i>		
<i>EBIT %</i>	<i>9%</i>	<i>8%</i>		

mPLN	Q2 2014	Q2 2013	Δ YoY	Organic growth
Revenue Total	121,0	112,6	+7%	+5%
EBITDA	16,2	12,5	+29%	+21%
EBIT	10,5	9,0	+17%	+14%
NPAT	9,1	7,3	+24%	+20%
<i>EBITDA %</i>	<i>13%</i>	<i>11%</i>		
<i>EBIT %</i>	<i>9%</i>	<i>8%</i>		

## H1'14 shows comparable EBIT and increase in NPAT

mEUR	H1 2014	H1 2013	Δ YoY	Organic growth
Revenue Total	52,7	50,6	+4%	+1%
EBITDA	6,9	6,1	+14%	+5%
EBIT	4,4	4,5	-1%	-4%
NPAT	3,9	3,6	+7%	+4%
<i>EBITDA %</i>	<i>13%</i>	<i>12%</i>		
<i>EBIT %</i>	<i>8%</i>	<i>9%</i>		

mPLN	H1 2014	H1 2013	Δ YoY	Organic growth
Revenue Total	220,3	213,3	+3%	+0%
EBITDA	28,9	25,6	+13%	+4%
EBIT	18,6	18,9	-2%	-5%
NPAT	16,1	15,1	+6%	+3%
<i>EBITDA %</i>	<i>13%</i>	<i>12%</i>		
<i>EBIT %</i>	<i>8%</i>	<i>9%</i>		

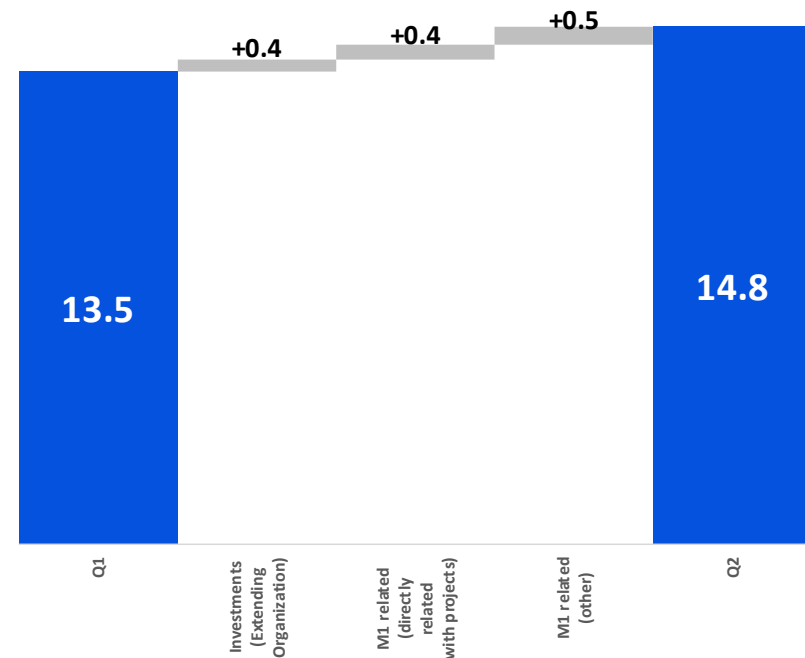
## Operating costs – Q2 versus Q1

	Q2	Q1	Δ	Δ%
<b>Total Own Costs</b>	<b>14.8</b>	<b>13.5</b>	<b>1.3</b>	<b>+10%</b>
Production Costs	10.5	9.7*	0.8	+8%
Sales Costs	2.3	1.9	0.4	+21%
GnA Costs	2.0	1.9	0.1	+6%

### Comments:

- Increase of depreciation resulting mainly from **Payment-Card outsourcing** business (+0.2m)
- Extending **sales organization** (+0.1m) and **production organization** (+0.2m)

**10% increase of OC (1.3m)**  
followed by  
**14% increase of M1 (2.2m)**



\* excluding non-recurring items including AR write-offs reversal (0.2mE)



## Liquidity

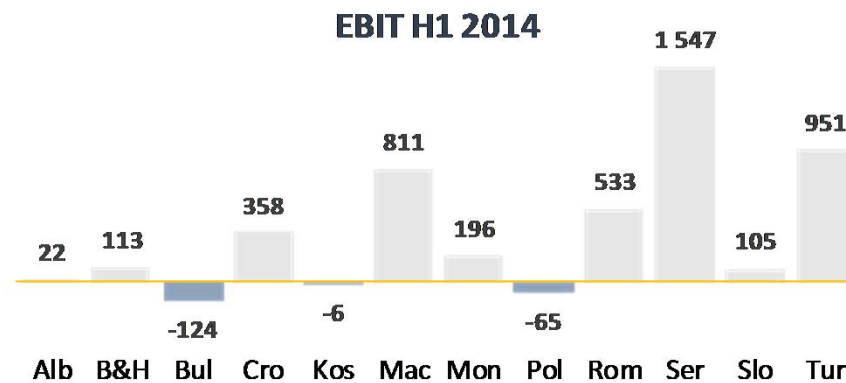
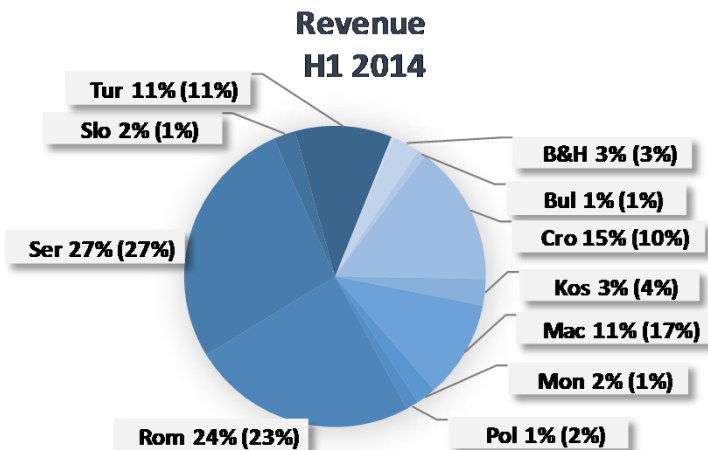
mEUR	Asseco SEE		Asseco SEE Group	
	Q2 2014	Q2 2014	2013 YE	Δ
Cash and cash equivalents	0,6	7,1	8,1	-1,0
Short term and long term investments	3,3	9,6	6,2	3,5
Short term and long term debt	0,0	-0,5	-0,7	0,2
<b>Net Cash</b>	<b>4,0</b>	<b>16,3</b>	<b>13,6</b>	<b>2,6</b>
Receivables and Prepayments	2,3	30,9	32,9	-2,0
Liabilities, Provisions and Deferred Income	-1,0	-29,1	-26,5	-2,7
Inventory	0,0	4,9	4,3	0,6
<b>Operational Balance</b>	<b>5,2</b>	<b>22,8</b>	<b>24,3</b>	<b>-1,5</b>

PLN 16.6m (EUR 4m) dividend was distributed on July 30th (PLN 0,32 per share)

\*) debt for purchase of hardware for outsourcing projects excluded (8,3 mEUR as at the end of Q2'14, 2,6 mEUR as at the end of Q4'13)

## Revenue and EBIT contribution by countries in H1.2014\*

KEUR	Revenue		Change	% Diff	EBIT		Change	% Diff	NPAT		Change	% Diff
	H1 2014	H1 2013			H1 2014	H1 2013			H1 2014	H1 2013		
Alb	185	235	-50	-21%	22	41	-19	-46%	19	39	-20	-51%
B&H	1 518	1 632	-114	-7%	113	189	-76	-40%	99	165	-66	-40%
Bul	473	557	-84	-15%	-124	30	-154	-513%	-104	33	-137	-415%
Cro	7 939	5 158	2 781	+54%	358	101	257	+254%	226	75	151	+201%
Kos	1 493	1 877	-384	-20%	-6	87	-93	-107%	-4	76	-80	-105%
Mac	5 522	8 520	-2 998	-35%	811	891	-80	-9%	744	807	-63	-8%
Mon	1 132	642	490	+76%	196	173	23	+13%	184	160	24	+15%
Pol	710	794	-84	-11%	-65	68	-133	-196%	-101	-184	83	-45%
Rom	12 748	11 537	1 211	+10%	533	607	-74	-12%	476	556	-80	-14%
Ser	14 283	13 491	792	+6%	1 547	1 681	-134	-8%	1 314	1 479	-165	-11%
Slo	1 248	762	486	+64%	105	89	16	+18%	84	76	8	+11%
Tur	5 473	5 403	70	+1%	951	527	424	+80%	920	312	608	+195%
<b>GASEE</b>	<b>52 723</b>	<b>50 608</b>	<b>2 115</b>	<b>+4%</b>	<b>4 440</b>	<b>4 484</b>	<b>-44</b>	<b>-1%</b>	<b>3 857</b>	<b>3 594</b>	<b>263</b>	<b>+7%</b>

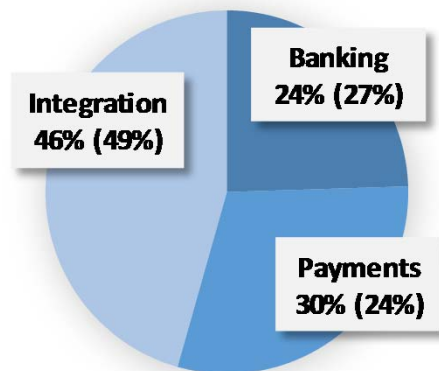


\* All data in EUR thousands [in brackets 2013 split]

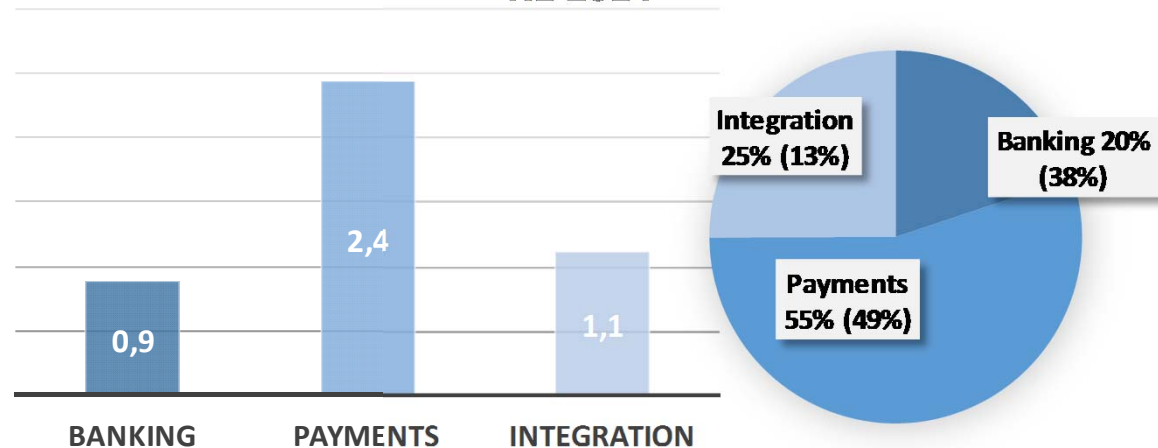
## Revenue and EBIT contribution by segments in H1.2014\*

kEUR	Revenue H1 2014	Revenue H1 2013	Change	EBIT H1 2014	EBIT H1 2013	Change
Banking	12 916	13 523	-607	882	1 709	-827
Payments	15 760	12 018	3 742	2 446	2 191	255
Integration	24 047	25 067	-1 020	1 112	584	528
<b>Asseco SEE Group</b>	<b>52 723</b>	<b>50 608</b>	<b>2 115</b>	<b>4 440</b>	<b>4 484</b>	<b>-44</b>

Revenue per BUs  
H1 2014



EBIT contribution  
H1 2014



\* All data in EUR thousands; [in brackets 2013 split]

## Banking BU: H1.2014 results and highlights

mEUR	H1 2014	H1 2013	Δ
Revenue Total	12,9	13,5	-4%
EBITDA	1,7	2,1	-19%
EBIT	0,9	1,7	-48%
EBITDA %	13%	16%	
EBIT %	7%	13%	

### Highlights:

- Focus on implementation of **ASEBA Experience** and **ASEBA Multichannel** at **Telenor Bank** in Serbia (ASEE Serbia with ASEE Macedonia and ASEE Croatia – cross-sell)
- **Authentication** solutions for **Zagrebačka Banka** (UniCredit Group)
- **Authentication** solutions for WebPOS application for **T-Hrvatski Telekom** (Deutsche Telekom)
- **Own software for settlements** of intrabanking and financial transactions for **Serbian Banking Association**
- **Customer Information File** System and **Collateral Management** System for **Raiffeisen** Bank in Bulgaria

## Payment BU: H1.2014 results and highlights

mEUR	H1 2014	H1 2013	Δ
Revenue Total	15,8	12,0	+31%
EBITDA	3,7	2,6	+38%
EBIT	2,4	2,2	+12%
EBITDA %	23%	22%	
EBIT %	16%	18%	

### Highlights:

- Development in ATM and POS services delivered in **outsourcing model**, among others:
  - Signed 8-year and 7-year contracts for **ATM outsourcing** for **Privredna Banka** in Croatia (Intesa Sanpaolo Group)
  - **ATM and POS outsourcing** contract with **NKBM** in Slovenia
- Significant **sales of POS/ATM** equipment in Serbia and Croatia
- **ATM replacement** in **OTP Bank** in Croatia
- Implementation of **contactless POS terminals** for **BRD Bank** (Societe Generale), to be used in McDonald's restaurants in Romania

## SI BU: H1.2014 results and highlights

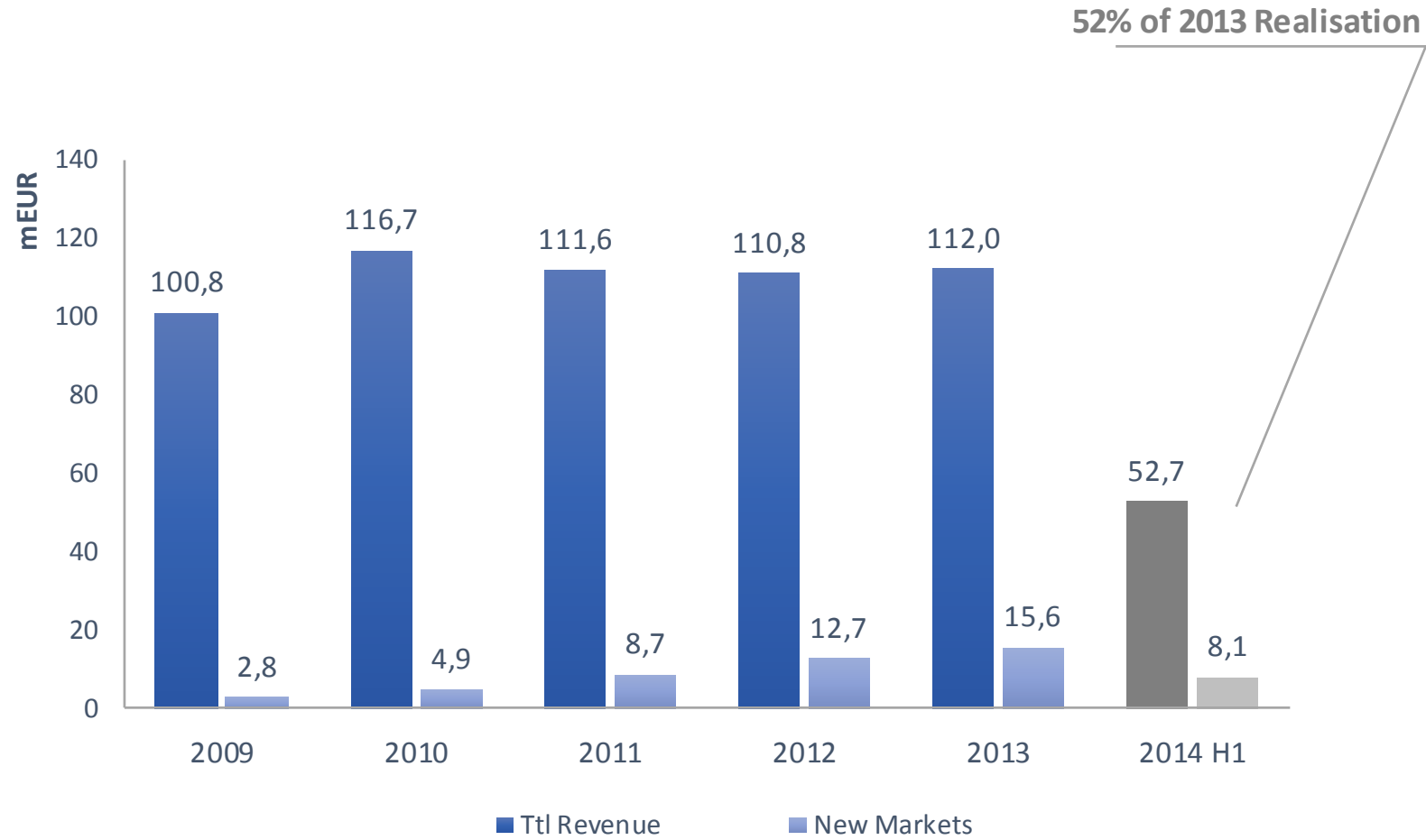
mEUR	H1 2014	H1 2013	Δ
Revenue Total	24,0	25,1	-4%
EBITDA	1,5	1,0	+42%
EBIT	1,1	0,6	+90%
EBITDA %	6%	4%	
EBIT %	5%	2%	

### Highlights:

- **0.8mEUR** agreement for **infrastructure** for **Electoral Register** in Romania
- **0.6mEUR** agreement for **data storage** and **network communication system** for **electricity distributor** in Montenegro and Serbia
- **0.6mEUR** agreement for development and implementation of **disaster recovery information system** for **Bucharest City Hall**
- Agreement for core **IP MPLS equipment** and **maintenance** for **ONE Telekom** in Macedonia

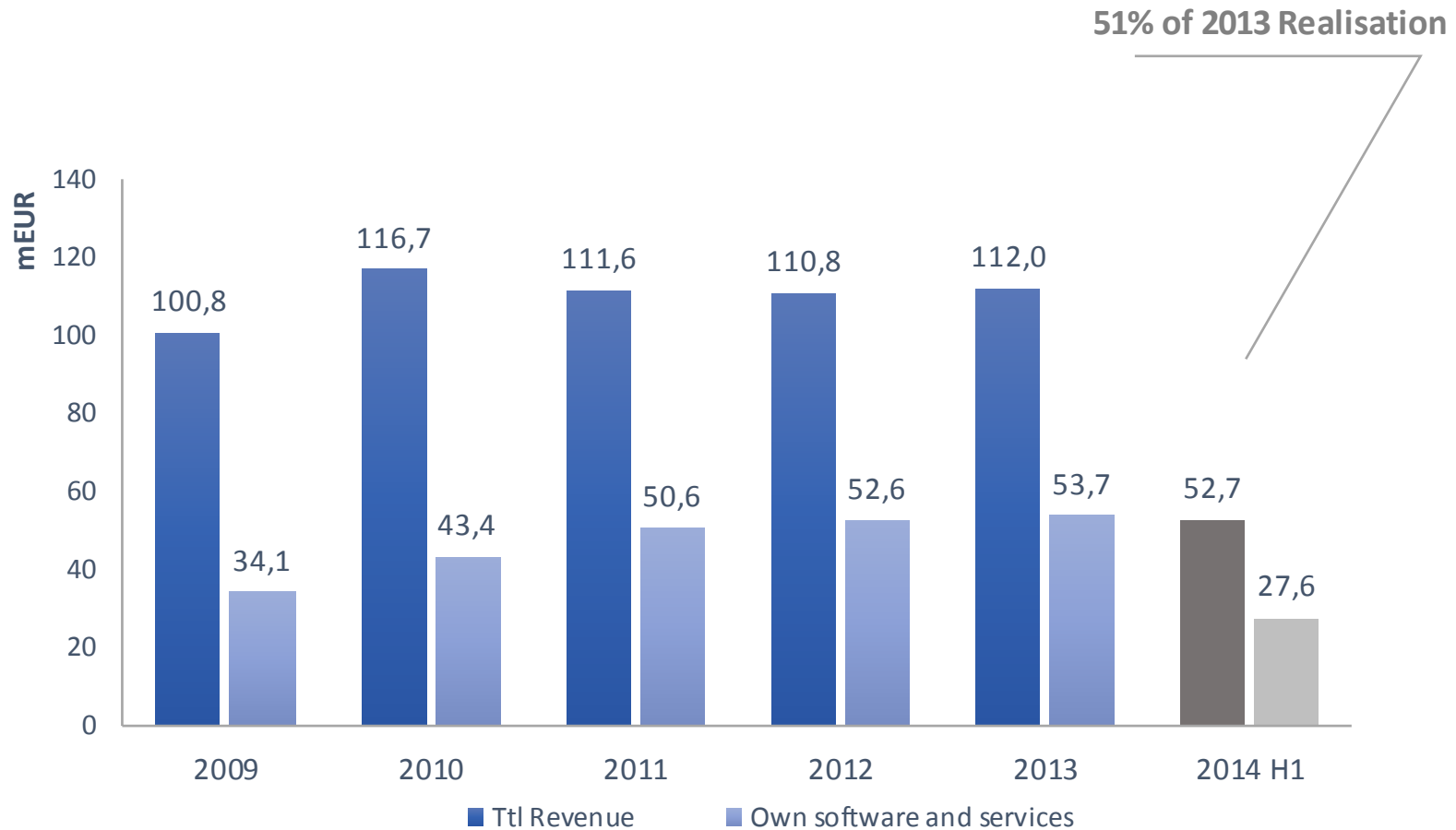
## Strategic KPIs and outlook for the future

## New Markets

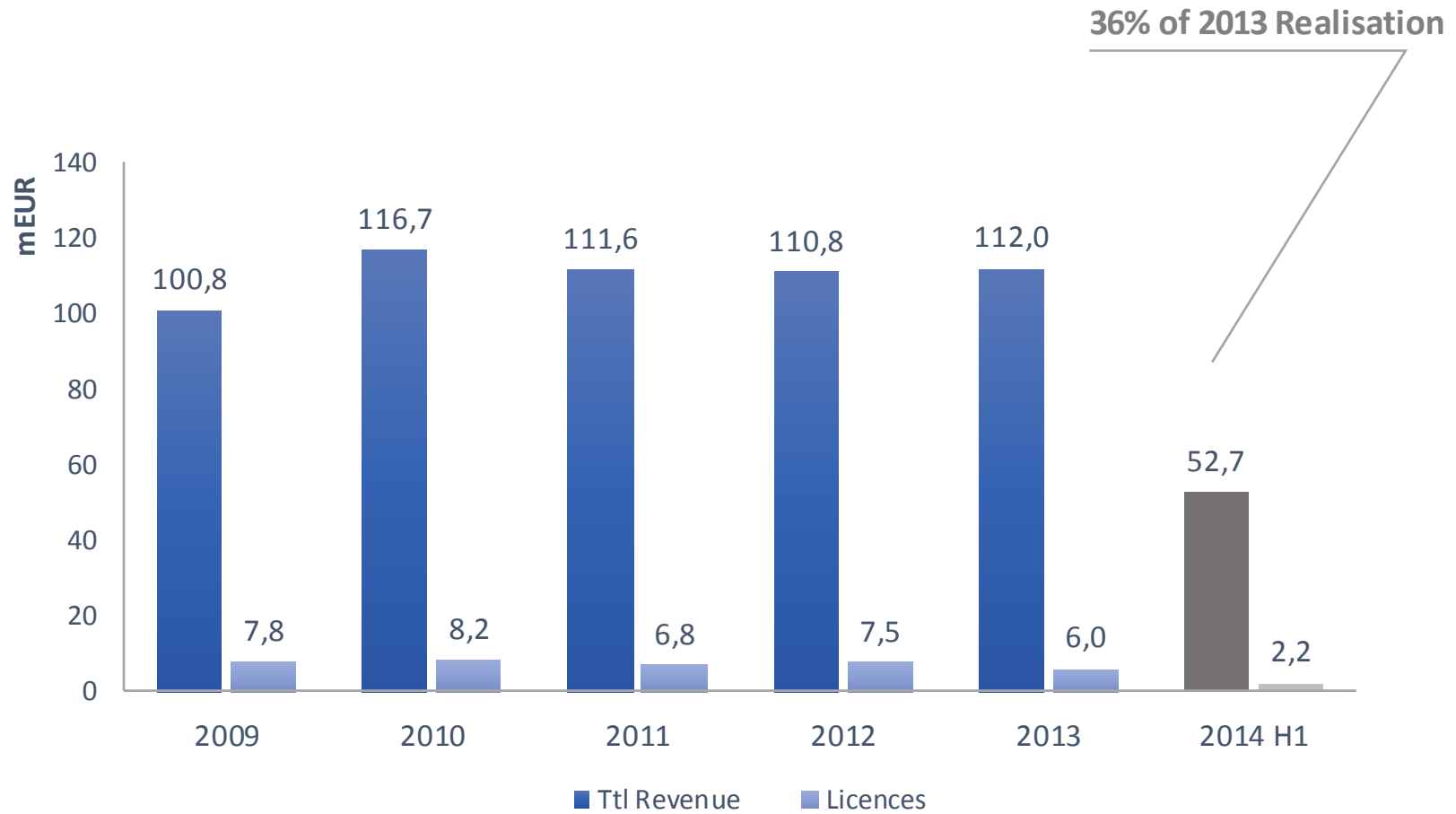




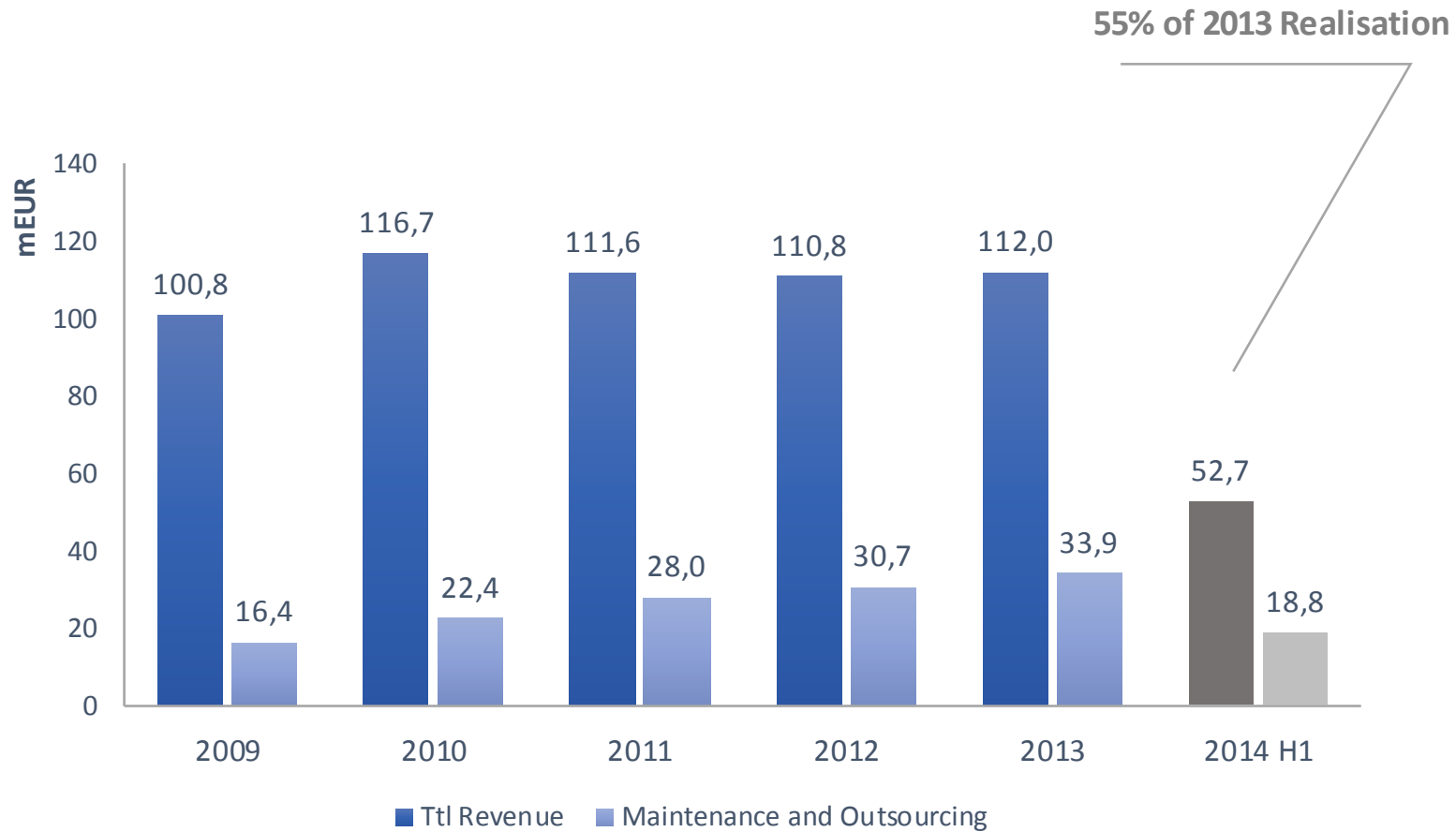
## Own software and services



# Licences

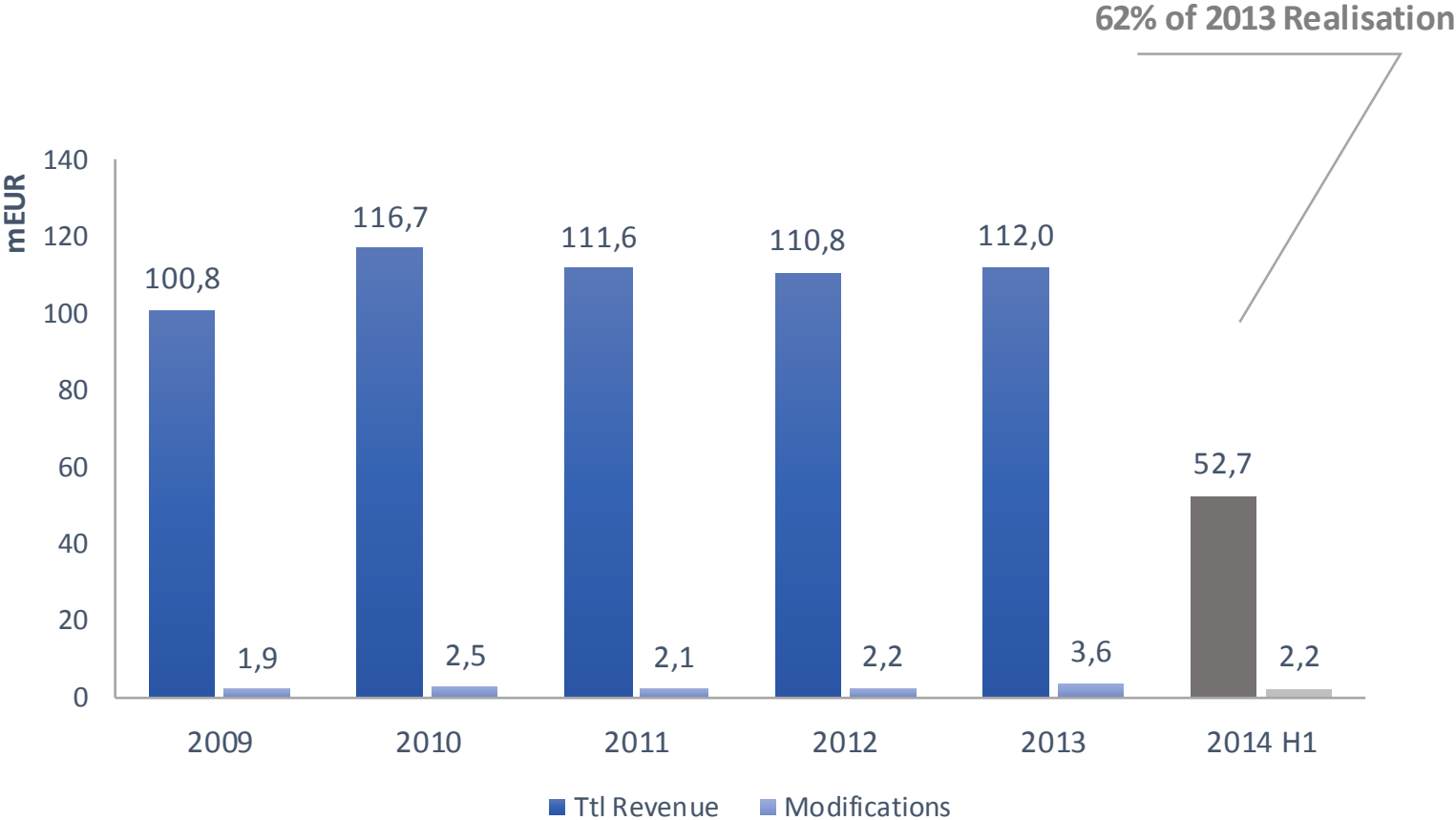


# Maintenance and Outsourcing



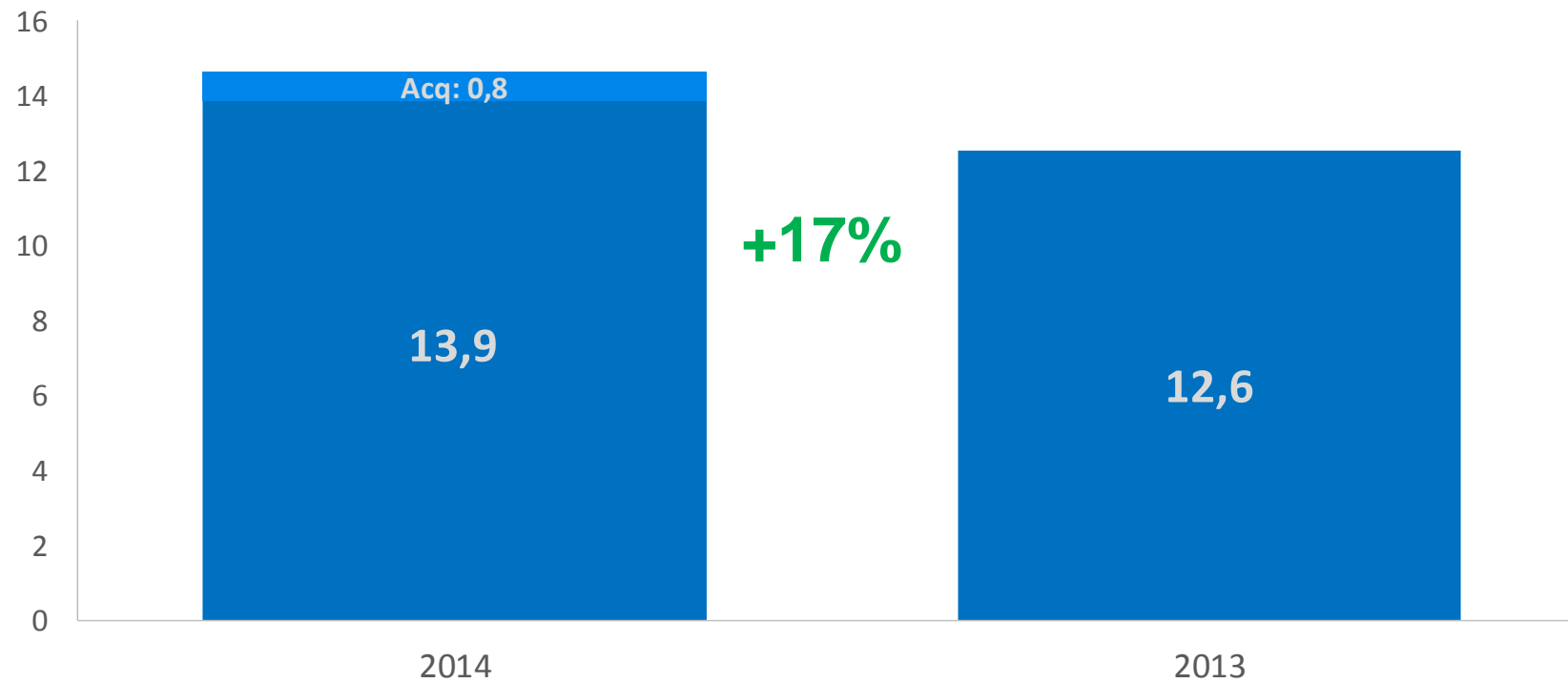
	2009	2010	2011	2012	2013	2014 H1
Cost Coverage	53%	56%	60%	60%	60%	64%

# Modifications



## Improvement of backlog in M1 (Q3)

mEUR	Q3 2014**	Q3 2013*	Diff
Rev BL	21,1	18,7	+13%
M1 BL	14,6	12,6	+17%

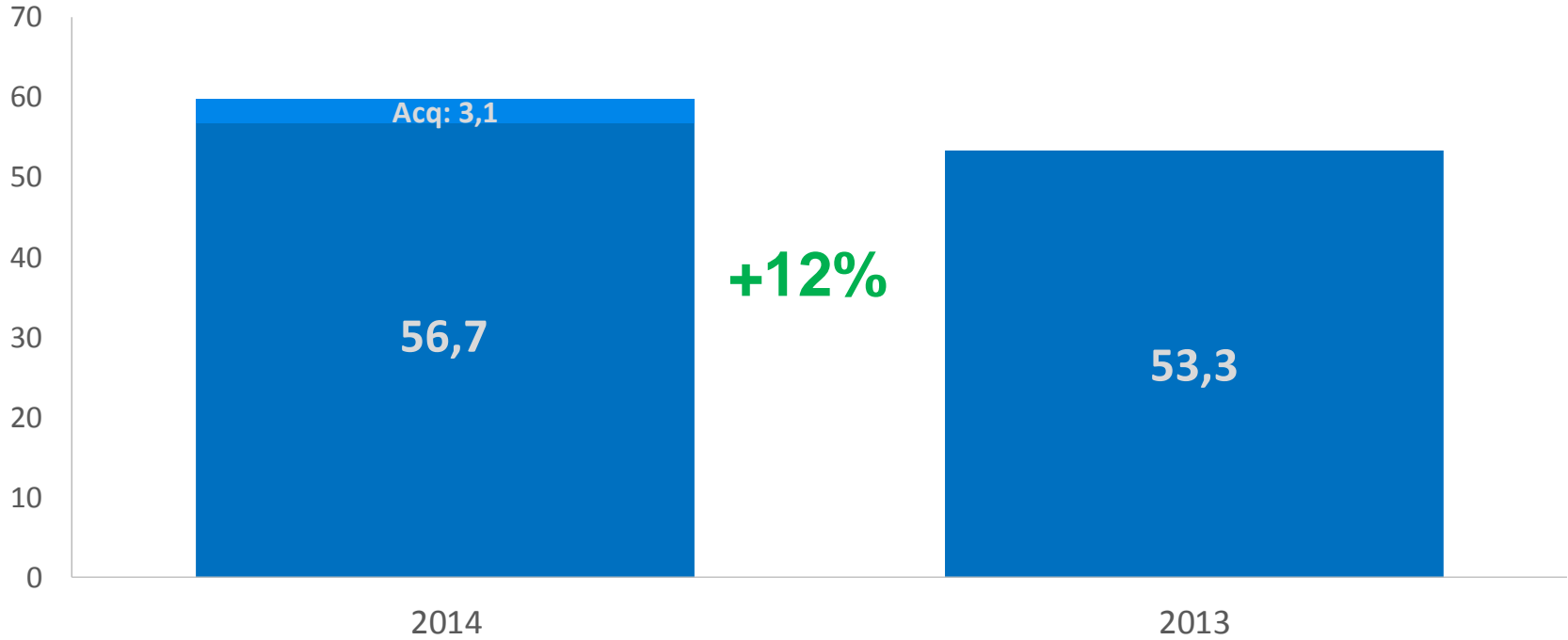


\* BL 2013 as at 10/07/2013

\*\* BL 2014 as at 14/07/2014

# Improvement of backlog in M1 (FY)

mEUR	2014**	2013*	Diff
Rev BL	89,6	83,4	+7%
M1 BL	59,8	53,3	+12%



\* BL 2013 as at 10/07/2013

\*\* BL 2014 as at 14/07/2014

# Basic definitions

**M1 [Margin 1]** = Revenues – Cost of Goods Sold

**BL [Backlog]** (Value of contracts already signed)

**EBIT Margin** = EBIT/Revenues

**Maintenance coverage** = Maintenance Revenues/Own Cost

**FY** [full year]

**Organic Growth** – it means operational growth/loss [by acquisitions only change between current and ProForma results is treated as organic growth]

Exchange Rates [EUR/PLN]:

**Q2.2014** - 4,1674

**Q2.2013** - 4,2541

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

**mPLN** – million PLN