

asreco

Asseco Results

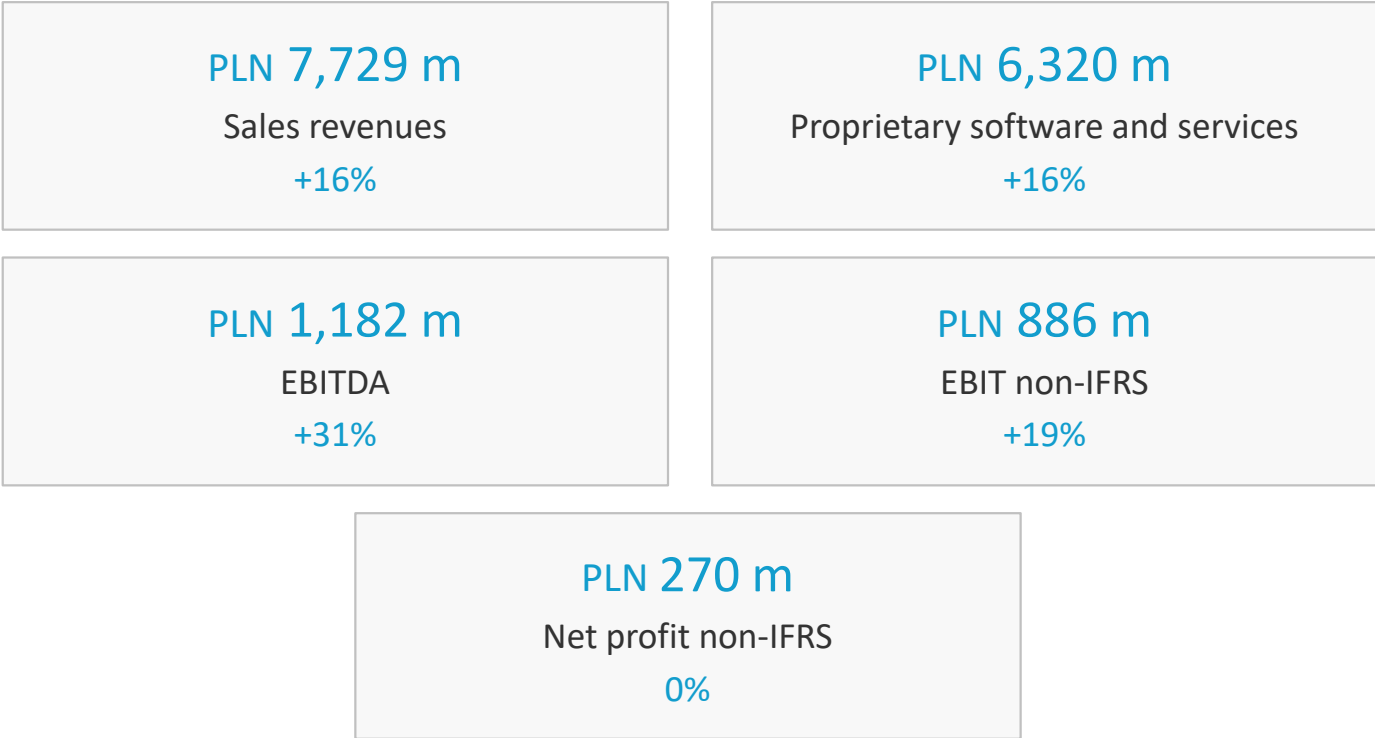
Q1-Q3 2019

Summary of Asseco's operations

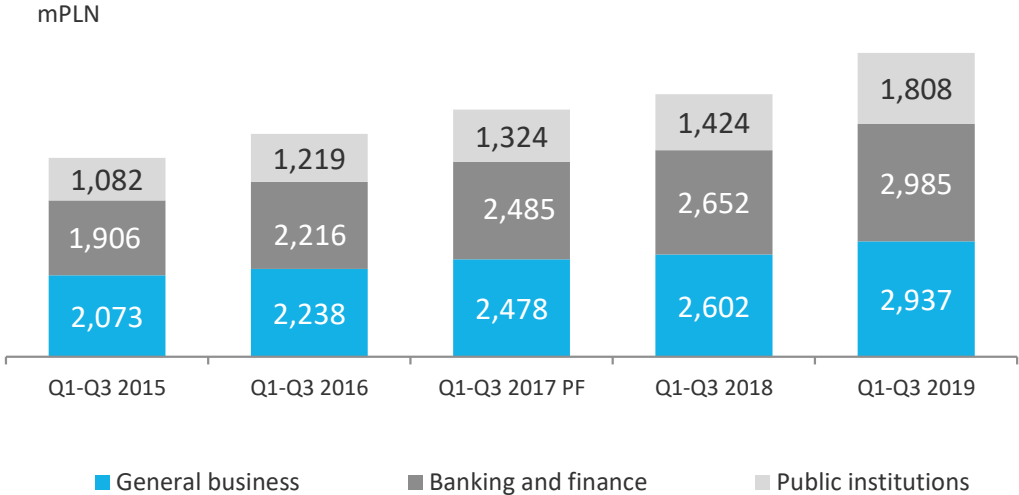
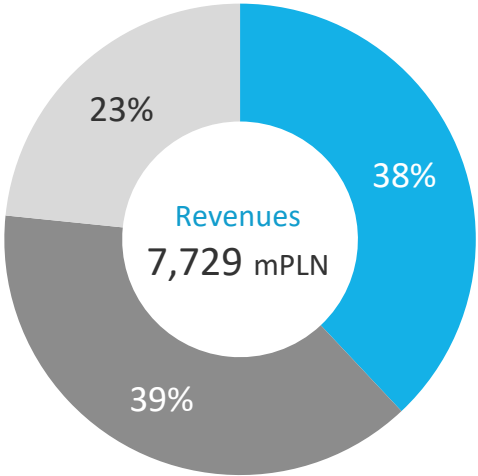
Key events in Q1-Q3, 2019

- Double-digit increase in revenues and operating profit.
- Increase in operating profitability.
- Dynamic growth on international markets - 88% of revenues from foreign markets.

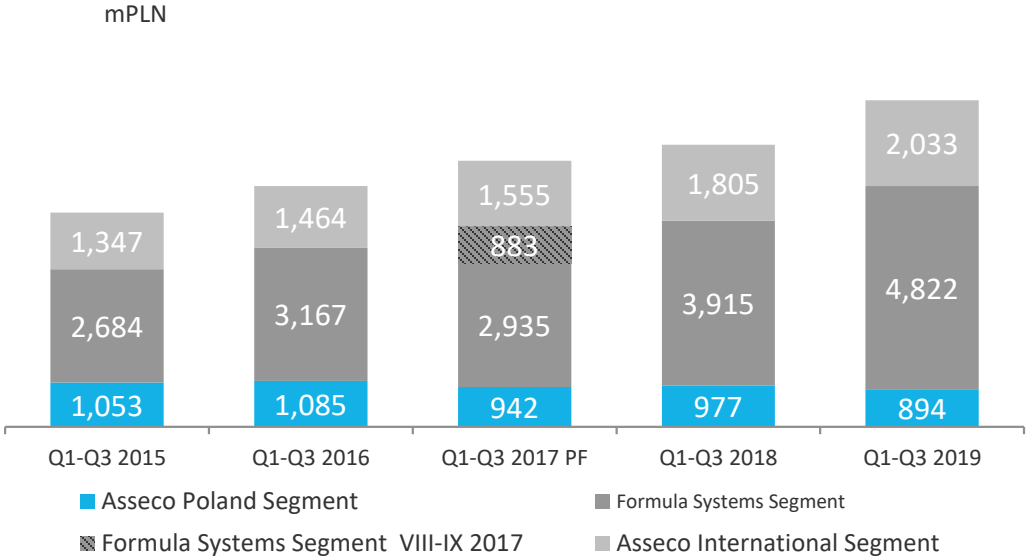
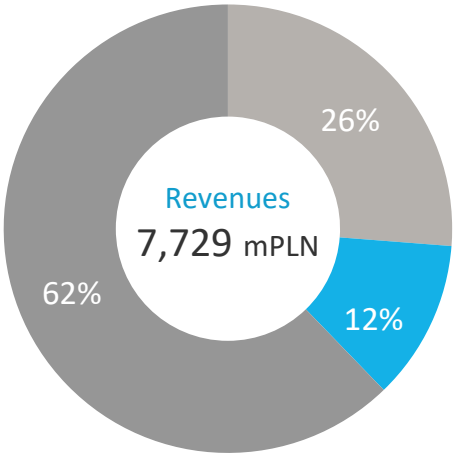
Consolidated financial highlights for Q1-Q3 2019



Asseco's revenue structure – strong diversification into sectors

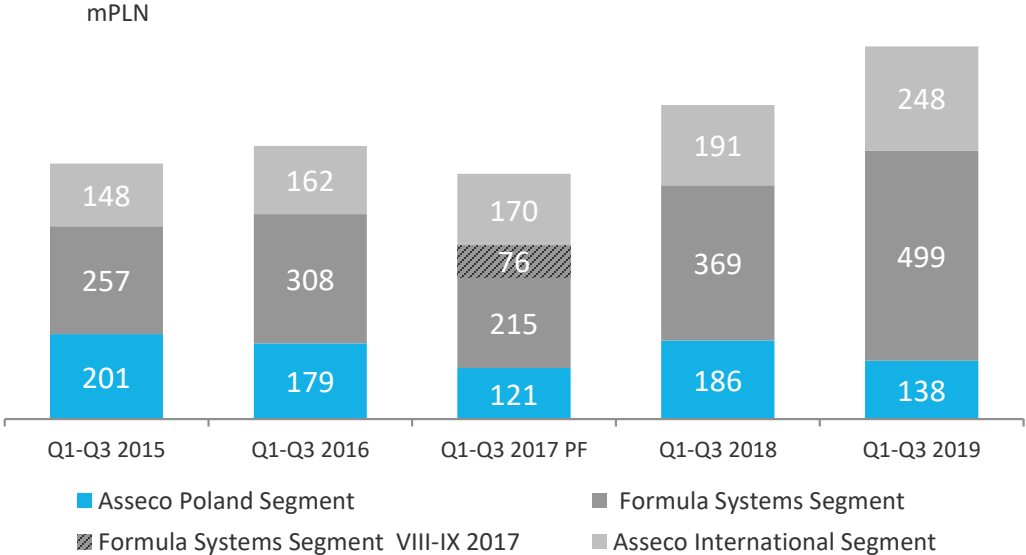
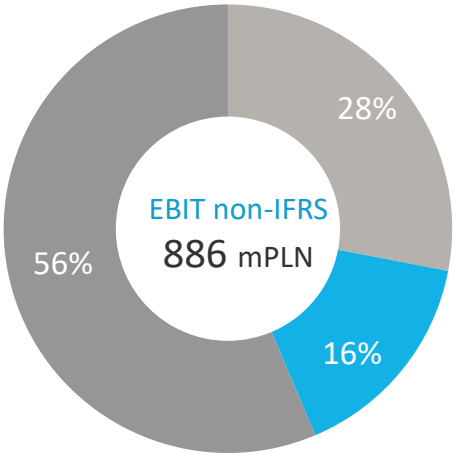


Significant share of foreign markets in the Group's revenues



Data including changes to the Group's structure.
 Data excluding consolidation adjustments.
 Data 2017 PF, i.e. including Formula Group's revenues for August and September 2017.

Increase in the Group's non-IFRS operating profit



Data including changes to the Group's structure.
 Data excluding consolidation adjustments.
 Data 2017 PF, i.e. including Formula Group's revenues for August and September 2017.

Asseco in Q1-Q3 2019 – segments

Asseco Poland Segment

- High base of last year's results, resignation from the sale of infrastructure in ADS.
- New, long-term contracts with public sector institutions and enterprises with a total value of several hundred million zlotys.
- Sales growth in the health sector - implementation of new, important projects related to the digitization of the Polish health care system.

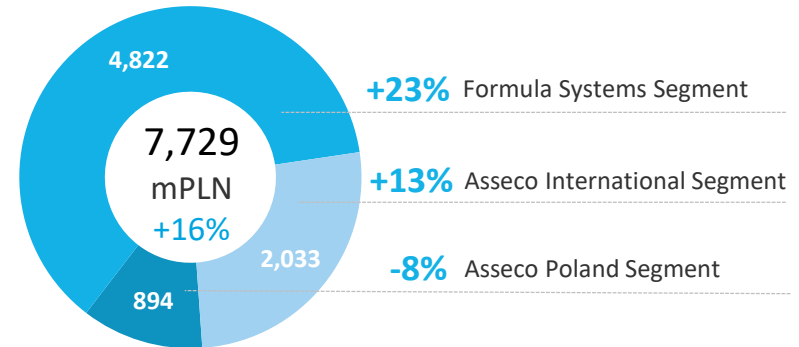
Formula Systems Segment

- Increased sales and improved profitability (Matrix IT, Sapiens, Insync).
- Strengthening of the position of Matrix in the US and Europe. These markets accounted for 12% of the Company's total revenues and 27% of its operating profit.
- New acquisitions.

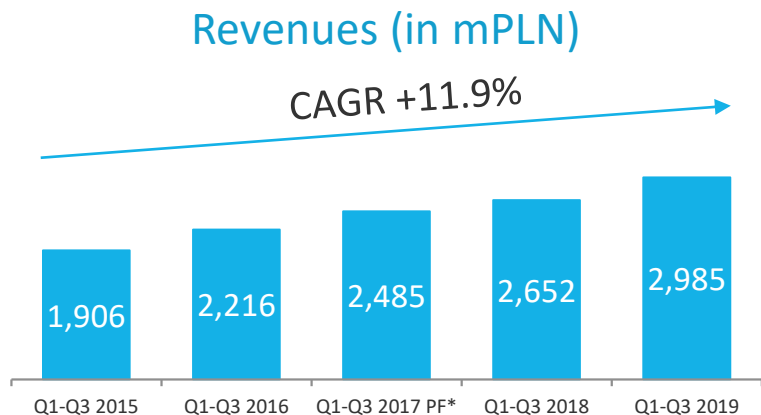
Asseco International Segment

- Significant increase in profitability of AI with double-digit increase in revenues.
- ASEE: increase in the scale of operations, strengthening of payment competence and entering new markets.
- ACE: growth in key areas (public sector, banking, ERP).
- AWE: higher revenues and operating profit of Asseco PST.

Sales revenues



Banking and finance sector



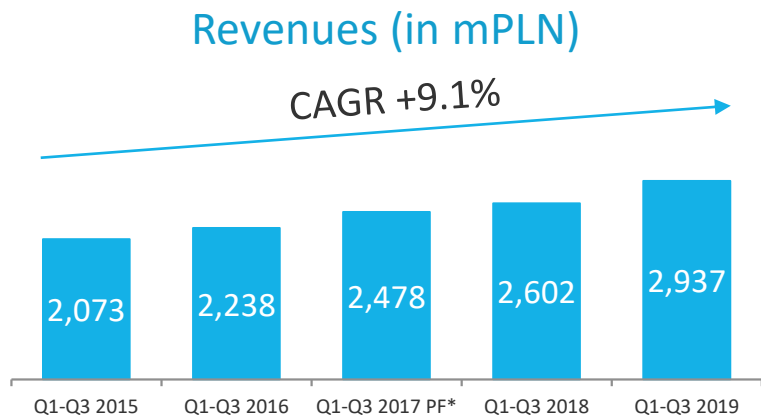
	Q1-Q3 2019	Q1-Q3 2018	Change
Formula Systems Segment	1,961.1	1,687.8	+16%
Asseco International Segment	707.5	617.2	+15%
Asseco Poland Segment	328.6	356.5	-8%
Asseco Group**	2,985.1	2,652.2	+13%

- Increase in Sapiens's revenues, mainly in the area of property and casualty insurance (P&C) and thanks to the development on international markets: investments in North America and Europe (Spain).
- ACE: growth in the banking sector, new contracts, among others, with Postova Banka regarding the development and maintenance of a comprehensive IT system.
- Development of ASEE in the key segments: payments and banking, entering new markets, strengthening the competencies in the area of mobile payments - acquisitions.
- The effect of the high base of results in Poland. Long-term cooperation agreements with existing clients and acquisition of new ones. Further development of sales of Polish products abroad.

*Data including Formula Group's revenues for August and September 2017..

**Data including consolidation adjustments.

General business sector



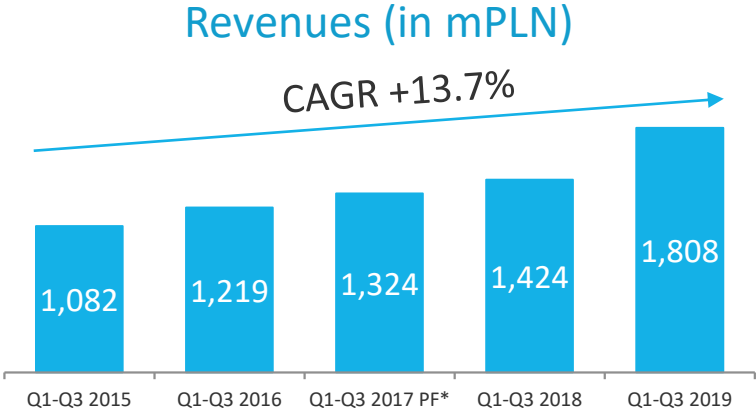
	Q1-Q3 2019	Q1-Q3 2018	Change
Formula Systems Segment	1,868.8	1,544.5	+21%
Asseco International Segment	857.4	821.4	+4%
Asseco Poland Segment	217.9	243.1	-10%
Asseco Group**	2,936.7	2,602.0	+13%

- Acquisitions on the US market made by Magic Software and Matrix IT in the area of ERP and outsourcing of software development services.
- Significant growth of sales of enterprise management solutions (ERP) in Slovakia (+19%), the Czech Republic (+6%) and Germany (+18%) recorded by the companies of Asseco Solutions.
- Cooperation with the key companies of the energy sector in Poland and new agreements (PGNiG Obrót Detaliczny, PGE Dystrybucja, PGE Systemy). Impact of project completion for Orange Polska.

*Data including Formula Group's revenues for August and September 2017.

**Data including consolidation adjustments.

Public institutions sector



	Q1-Q3 2019	Q1-Q3 2018	Change
Formula Systems Segment	992.0	682.2	+45%
Asseco International Segment	467.9	366.5	+28%
Asseco Poland Segment	347.3	377.0	-8%
Asseco Group**	1,807.5	1,424.1	+27%

- Increased sales at Matrix IT thanks to higher value of orders and acquisitions on the Israeli market.
- Execution of major projects for the public sector in the Czech Republic and Slovakia: Ministry of the Interior (Cz), Ministry of Labour and Social Policy (Sk), projects in the area of e-Health (Sk).
- Conclusion of long-term contracts with public institutions in Poland worth several hundred million PLN (including NFZ, ZUS, KRUS, ARiMR). Projects related to the digitization of the Polish health care system (eServices, Medical Documentation).

*Data including Formula Group's revenues for August and September 2017..

**Data including consolidation adjustments.

Asseco's development – new acquisitions in Q1-Q3 2019

Q1-Q2, 2019:



ComCERT provides cyber security services, such as identifying cyber threats and incidents and supporting clients in case of threats or security breaches.

(Asseco Poland)



Medatech provides services of development, implementation and maintenance of ERP solutions, mainly for manufacturing and sales companies on the Israeli, American and British markets.

(Matrix IT Group)



Ontarget specializes in outsourcing software development services.

(Magic Software)



PowWow has a low-code SmartUX platform that enables the transfer of business processes through multi-platform web and mobile applications.

(Magic Software)

Q3, 2019:



(Asseco International)

A company providing IT solutions for the energy sector. It specializes in the development of cloud software for producers and sellers of electricity.



(Magic Software)

NetEffects specializes in recruiting qualified IT specialists on the US market.



(Sapiens)

Calculo, based in Spain, provides IT solutions in the area of artificial intelligence and analysis of laboratory data.



(ASEE Group)

Basilichic CEE, with its registered office in Serbia, is engaged in offering electronic payment services.



(ASEE Group)

Turkish company Mobven increases ASEE's competence in the area of mobile payments.



(ASEE Group)

Sonet companies operating in the Czech Republic and Slovakia offer electronic payment services.

Development of Asseco's competence areas

Revenues in Q1-Q3 2019

Strong position in the area of

Banking and finance

3.0 bn PLN

Development in new areas

Cloud solutions

335 mPLN

Cybersecurity

141 mPLN

Robotics

52 mPLN

INTERNATIONAL COMPETENCE CENTERS

ERP

442 mPLN

Asseco Enterprise Solutions

Payments

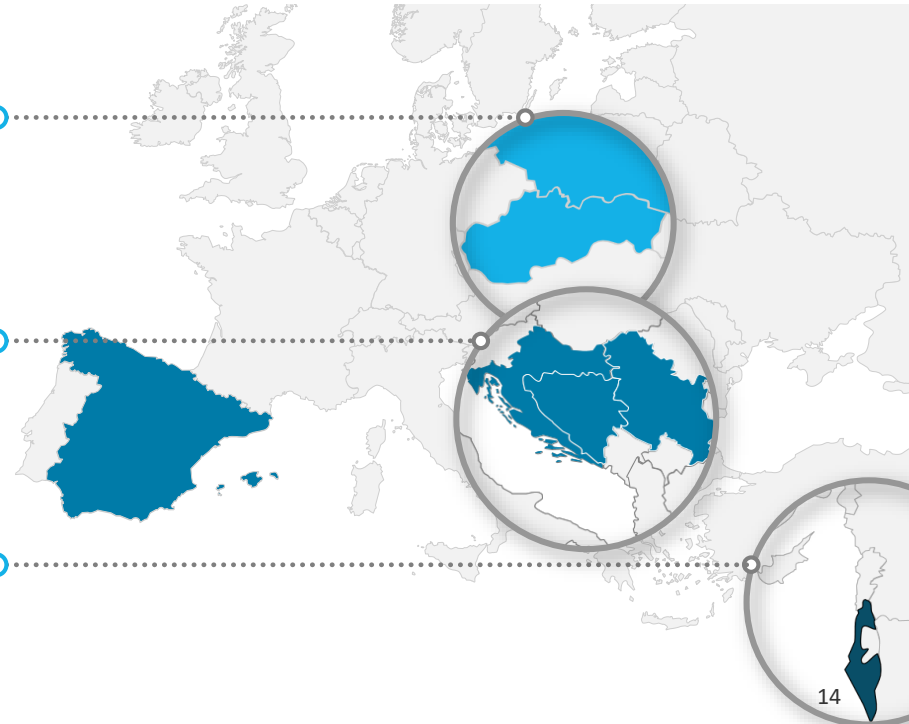
277 mPLN

Payten

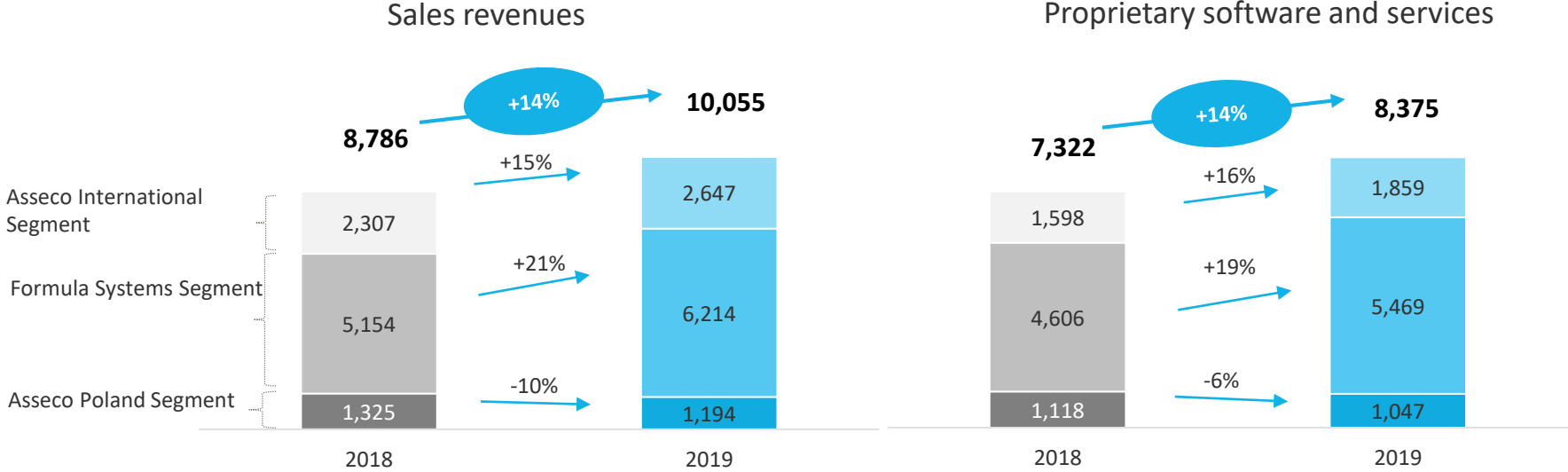
Insurance

918 mPLN

Sapiens International



Consolidated order backlog for 2019 vs. 2018



Figures in mPLN;
When calculating the backlog for 2019 according to the exchange rates used for calculating the backlog for 2018, the change amounts to: **+10%** in total revenues/**+9%** in proprietary software and services.
Value of the backlog for 2019 as at November 15, 2019; value of the backlog for 2018 as at November 15, 2018.

Financial Information

Financial information Q1-Q3 2019

- High cash flows* - Asseco Group: PLN 973 million; Asseco Poland: PLN 121 million.
- Asseco Data Systems: correction of the tax return for 2016 and making the full payment in accordance with the arrangements set forth in the VAT Control Protocol for WDT transaction:
 - PLN 6.5 million– amount of tax liabilities,
 - PLN 2.4 million– amount of interests.
- Impact on the results of newly acquired projects in the Public Administration segment in Poland.

Revenues and operating result of Asseco

	Q1-Q3 2019	Q1-Q3 2018	Δ	Q3 2019	Q3 2018	Δ
Revenues	7,729.3	6,678.3	+16%	2,738.4	2,218.4	+23%
Proprietary software and services	6,319.9	5,453.8	+16%	2,245.9	1,853.5	+21%
EBITDA	1,181.6	902.1	+31%	424.8	301.3	+41%
<i>EBITDA margin</i>	15.3%	13.5%	+1.8 p.p.	15.5%	13.6%	+1.9 p.p.
Operating profit non-IFRS*	885.5	746.8	+19%	320.8	247.0	+30%
<i>Operating profit margin non-IFRS</i>	11.5%	11.2%	+0.3 p.p.	11.7%	11.1%	+0.6 p.p.
PPA & SBP*	-170.8	-188.1	-9%	-59.7	-59.5	+0%
Operating profit	714.7	558.7	+28%	261.1	187.6	+39%
<i>Operating profit margin</i>	9.2%	8.4%	+0.9 p.p.	9.5%	8.5%	+1.1 p.p.

Figures in millions of PLN

*Non-IFRS figures including adjustments for amortization charges on intangible assets recognized in purchase price allocation (PPA) as well as for the costs of share-based payment (SBP) transactions with employees.

Reconciliation of operating profit and net profit

	Q1-Q3 2019	Q1-Q3 2018	Δ	Q3 2019	Q3 2018	Δ
Operating profit non-IFRS*	885.5	746.8	+19%	320.8	247.0	+30%
Operating profit	714.7	558.7	+28%	261.1	187.6	+39%
Interest expense	-57.6	-34.1		-23.6	-12.6	
Foreign currency transactions	2.2	26.3		-0.4	7.5	
Other	-10.2	-14.4		-5.9	-4.5	
of which: gain/loss on transactions associated with company acquisitions	-4.3	-11.5		-3.4	-3.5	
gain/loss on transactions associated with company sales	-0.5	0.3		-0.6	0.4	
dividends paid to non-controlling shareholders	-5.5	-3.6		-1.3	0.0	
Pre-tax profit	649.1	536.5	+21%	231.1	178.0	+30%
Income tax	-142.8	-125.4	+14%	-50.8	-37.0	+37%
<i>effective tax rate</i>	22.0%	23.4%	-1.4 p.p.	22.0%	20.8%	+1.2 p.p.
Share of profits/losses of associates	1.8	-1.8	-	1.2	-0.7	-
Net profit	508.1	409.3	+24%	181.5	140.4	+29%
Net profit attributable to shareholders of the parent company	238.2	235.3	+1%	78.5	78.0	+1%
Net profit attributable to shareholders of the parent company non-IFRS*	270.2	269.7	+0%	90.4	88.4	+2%

Figures in mPLN

*Non-IFRS figures including adjustments for: the cost of amortization of intangible assets recognized under the combination settlement (PPA), the costs of share-based payment transactions with employees (SBP), the costs and financial revenues resulting from the transactions of purchase and sales of companies (M&A) and tax effects associated with them.

Financial results of regions and subsidiaries*

	Sales revenues		Operating profit non-IFRS**		Net profit – contribution to Asseco Poland non-IFRS*	
	Q1-Q3 2019	Q1-Q3 2018	Q1-Q3 2019	Q1-Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Asseco Poland Segment	893.8	976.6	138.2	186.1	104.2	134.4
Asseco Poland (without dividends)	596.8	641.8	97.2	145.2	80.8	116.6
Asseco Data Systems	201.7	259.0	22.2	23.7	14.7	19.0
Other companies	128.6	117.4	17.2	18.4	7.5	6.9
adjustments	-33.2	-41.6	1.6	-1.1	1.2	-8.1
Formula Systems Segment	4,821.9	3,914.5	498.7	368.7	39.2	32.4
Matrix IT	2 891.1	2 299.7	222.2	168.3	17.8	15.2
Magic Software	901.9	756.9	121.2	102.9	8.6	8.7
Sapiens Int.	918.2	772.3	147.5	95.4	12.4	8.3
Other companies	129.8	100.1	7.9	2.1	0.4	0.3
adjustments	-19.2	-14.4	0.0	0.0	0.0	0.0
Asseco International Segment	2,032.8	1,805.1	247.9	190.5	126.0	101.3
Central European Market	931.1	857.5	140.1	109.5	79.8	57.9
South Eastern European Market	614.3	513.8	76.5	55.0	31.4	25.5
Western European Market	481.7	431.3	41.0	33.5	26.6	24.8
Eastern European Market	5.5	5.5	0.9	0.2	-2.1	0.7
Other companies	2.4	4.2	-9.6	-7.5	-8.5	-7.2
adjustments	-2.2	-7.3	-1.2	-0.2	-1.2	-0.3
Consolidation adjustment	-19.2	-17.9	0.7	1.4	0.9	1.6
Asseco Group	7,729.3	6,678.3	885.5	746.8	270.2	269.7

Figures in mPLN

*Results of segments in 2019 and 2018 according to the structure as at 30.09.2019.

**Non-IFRS figures including adjustments for: the cost of amortization of intangible assets recognized under the combination settlement (PPA), the costs of share-based payment transactions with employees (SBP), the costs and financial revenues resulting from the transactions of purchase and sales of companies (M&A) and tax effects associated with them.

Cash generated

	Asseco Group	Formula Systems Segment	Asseco International Segment	Asseco Poland Segment
<i>CFO</i>	973.3	599.4	193.4	185.4
<i>CAPEX*+leasing**</i>	-386.2	-180.8	-112.0	-94.1
Free cash flow***	587.1	418.6	81.4	91.3
Cash conversion ratio****	66%	84%	33%	66%

Figures in mPLN.

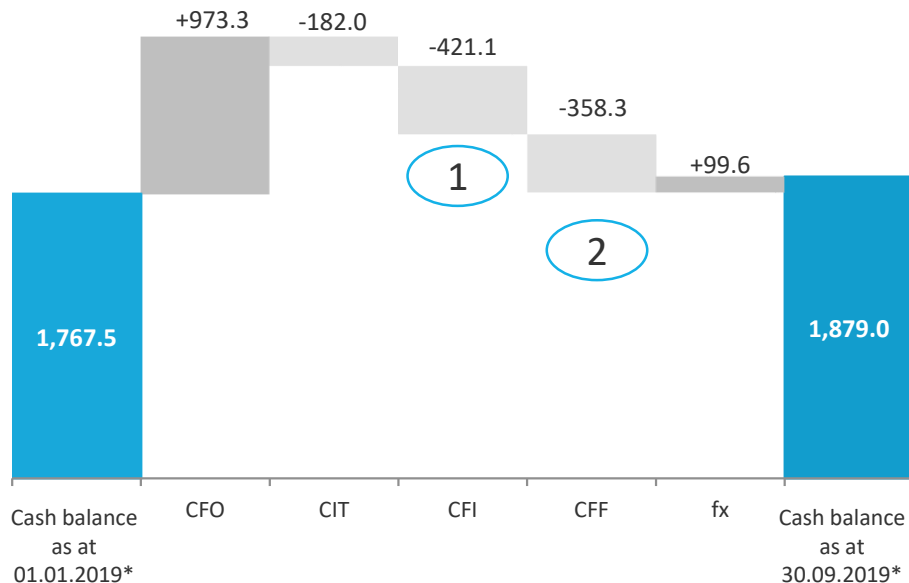
* Excluding investments in investment properties, less financing.

** Repayment of lease liabilities.

*** CFO+CAPEX+leasing.

**** Free cash flow/ EBIT non-IFRS.

Explanation of change in cash balance*



1

Cash from investment activity:

M&A	-235.5
CAPEX+R&D	-216.6
Borrowings	+33.2
Other	-2.2
Total	-421.1

2

Cash from finance activity:

Dividend paid by Asseco Poland	-254.8
Dividends for minority shareholders	-216.7
Debt	+268.7
Repayment of lease liabilities	-150.4
Pozostałe	-5.1
Total	-358.3

*Net cash and cash equivalents include bank credits on current account used for current liquidity management.

Stable liquidity position of Asseco Group

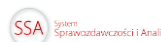
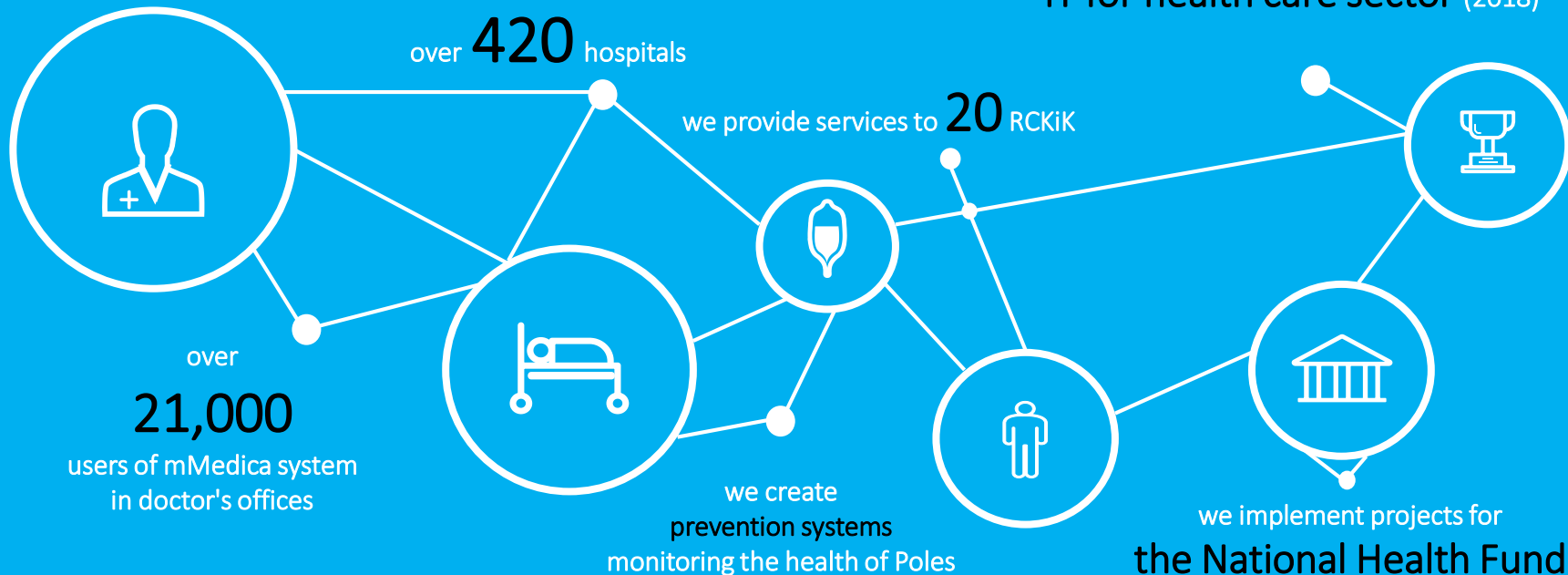
	Asseco Group	As at 30.09.2019			
		Formula Systems Segment	Asseco International Segment	Asseco Poland Segment	Eliminations
Cash assets	1,927.4	1,393.5	406.2	137.7	(10.0)
Interest-bearing liabilities (ST)	(1,102.6)	(906.3)	(157.6)	(40.1)	1.4
<i>Liabilities arising from credits and loans (ST)</i>	(878.3)	(769.8)	(105.1)	(3.4)	-
<i>Leasing (ST)</i>	(224.3)	(136.5)	(52.5)	(36.7)	1.4
Net cash	824.8	487.2	248.6	97.6	(8.6)
Inventories + ST receivables – ST liabilities *	1,712.5	986.4	407.4	318.1	0.6
Net operating assets (ST)	2,537.3	1,473.6	656.0	415.7	(8.0)

Figures in millions of PLN.

*Inventories + short-term receivables + short-term prepayments – short-term liabilities excluding bank loans and finance lease liabilities.

Asseco in health care

1st position in ComputerWorld TOP200 ranking as supplier of IT for health care sector (2018)



Market share

Market share % in all completed tenders:

- Q1-Q3, 2019: **Asseco 32%** (133 tenders) totalling **PLN 56,926,400.14**
 → Competitors 68% (351 tenders) totalling PLN 120,309,985.62

MAINTENANCE:

Share % in completed tenders

- Q1-Q3: **Asseco 46%** (107 tenders) totalling **PLN 42,613,753.13**
 ➤ Competitors 54% (156 tenders) totalling PLN 49,527,188.39

APPLICATION/IMPLEMENTATION:

Share % in completed tenders

- Q1-Q3: **Asseco 32%** (20 tenders) totalling **PLN 12,331,626.99**
 ➤ Competitors 68% (68 tenders) totalling PLN 26,736,821.66

e-Declaration and e-Confirmation
 ...is a Primary Health Care declaration and consent to make documentation available

e-Result
 ... made available to patients

e-Questionnaire
 ... which is a patient satisfaction survey

e-Registration
 ... booking and cancellation of appointments

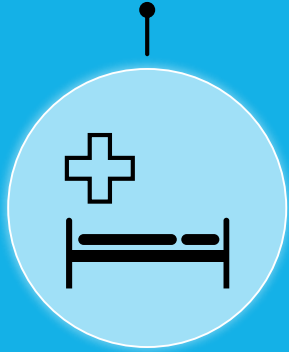


e-Documentation
 ... for a patient (including Internet payments)

e-Correspondence
 ... as communication between a facility and a patient

e-Medical History
 ... in the context of planned medical services

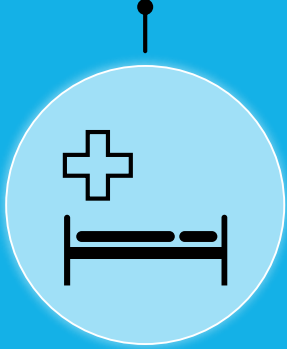
Health service
provider



Work organization and day-to-day operations

- e-Services for business partners:
 - e-Partner
 - e-Examination Order
 - e-Results Sharing
- Deposits, Multi-Organ Operations or Reverse Planning in Rehabilitation
- Dialysis units and emergency departments
 - large areas requiring computerization

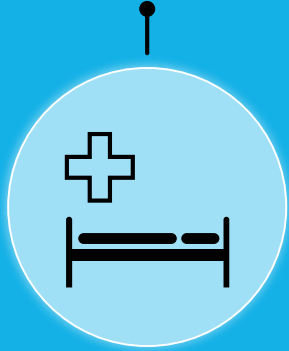
Health service
provider



Activities in the era of electronic documentation

- EDM and medical documentation exchange:
 - Two new documents:
 - ① Surgery procedure protocol
 - ② Diagnostic examination description
 - Handling of electronic signature /PUE, ePUAP, e-ID/
 - Support for medical assistants
 - Making medical records available to external parties

Health service
provider



Domestic e-Health project

- **e-Sick Leaves**
in use on large scale
- **e-Prescription**
AMMS ready to use
(legal requirement from 1.01.2020)
- **e-Referral**
participates in a pilot program, AMMS adapted to operation
(legal requirement from 1.01.2021)
- **e-Order** for supply of medical devices

How does it work?

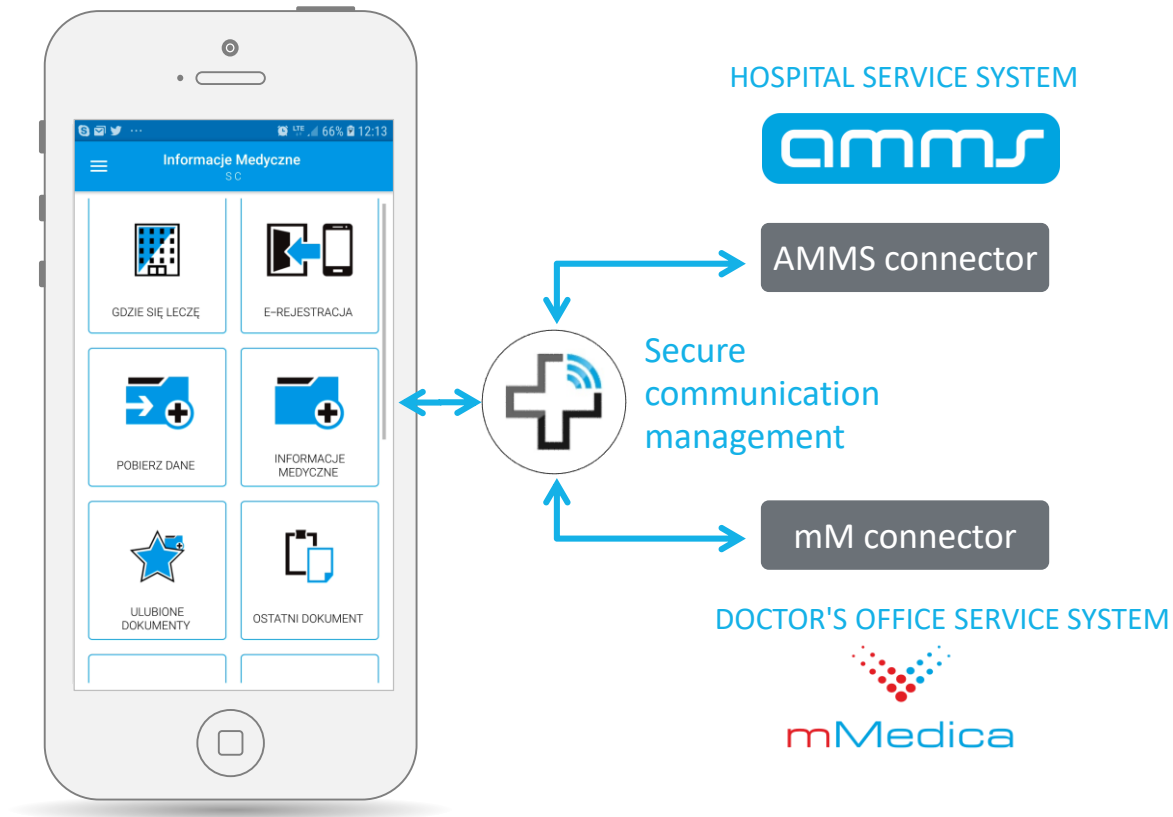
1 Mobile app



2 Specific systems

- AMMS
- mM
- others

3 Communication HUB and integration tools



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[linkedin.com/company/asseco-group](https://www.linkedin.com/company/asseco-group)

IR contact:

Katarzyna Szczepaniak-Piętka

Katarzyna.Szczepaniak-Pietka@Asseco.pl

+48 512 846 058

Asseco Poland

www.asseco.pl



@asseco_pl



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