

asreco

The Asseco Group's Results

H1 2018

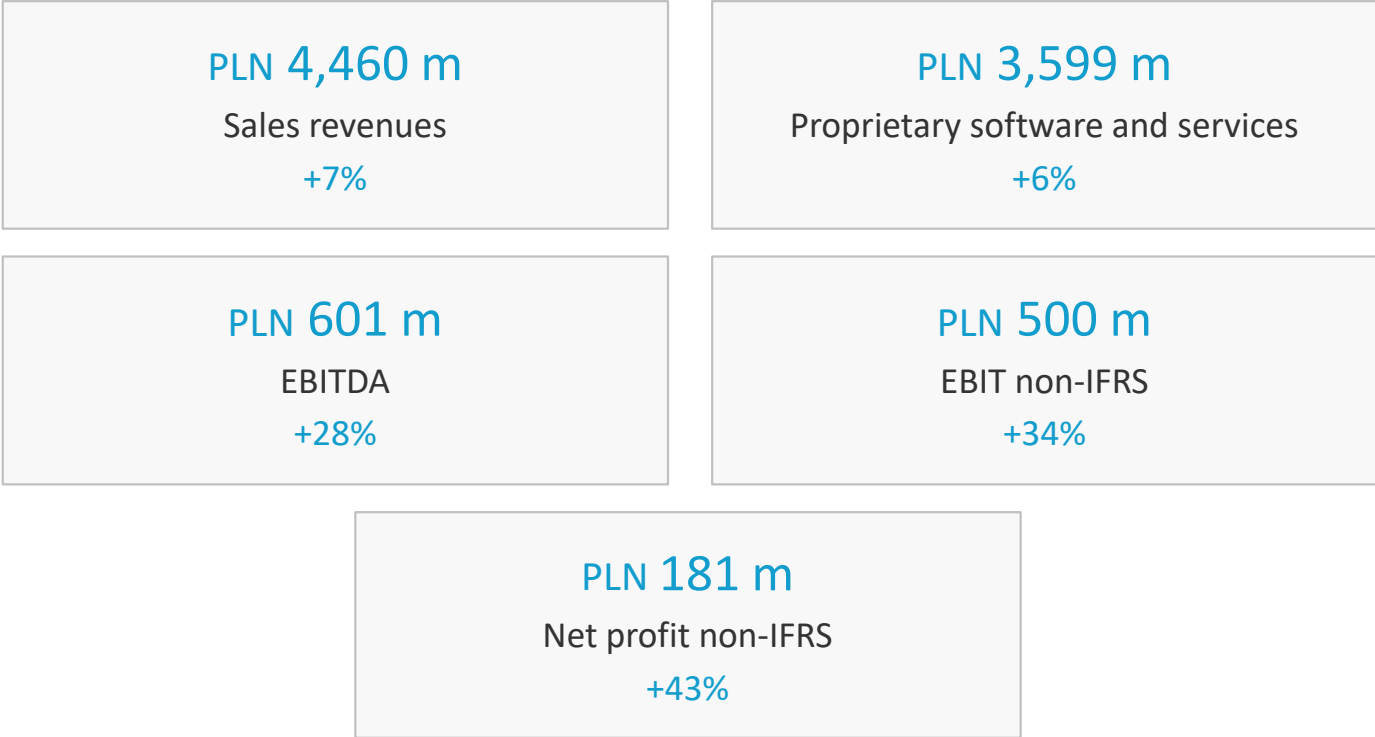
Summary of the Group's operations

Key events in H1 2018

- Sales growth in all geographical segments and sectors of activity.
- Double-digit increase in sales of Asseco International.
- Increase in orders in the public institutions sector.
- Dynamic growth in the banking sector in Poland.

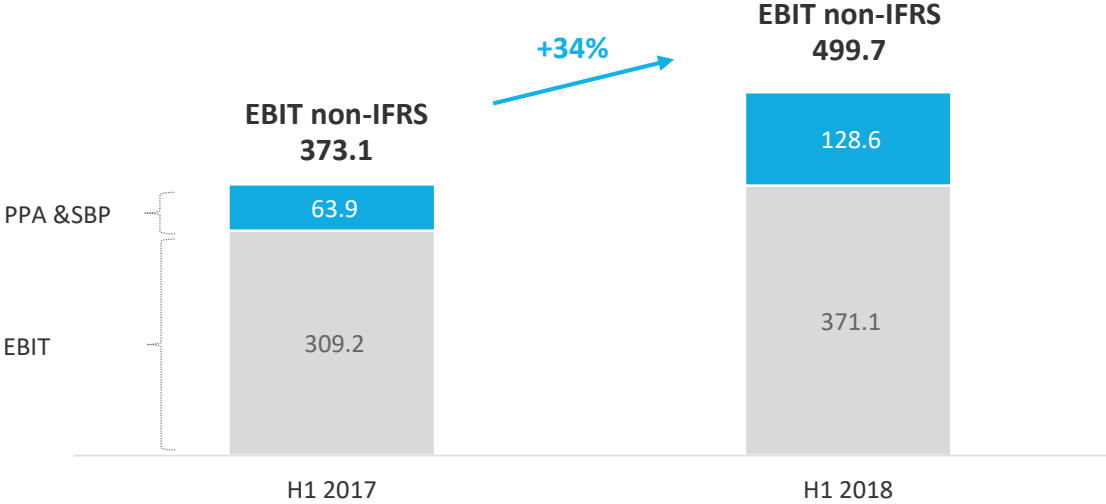


Consolidated financial highlights for H1 2018



Significant increases in non-IFRS operating profit

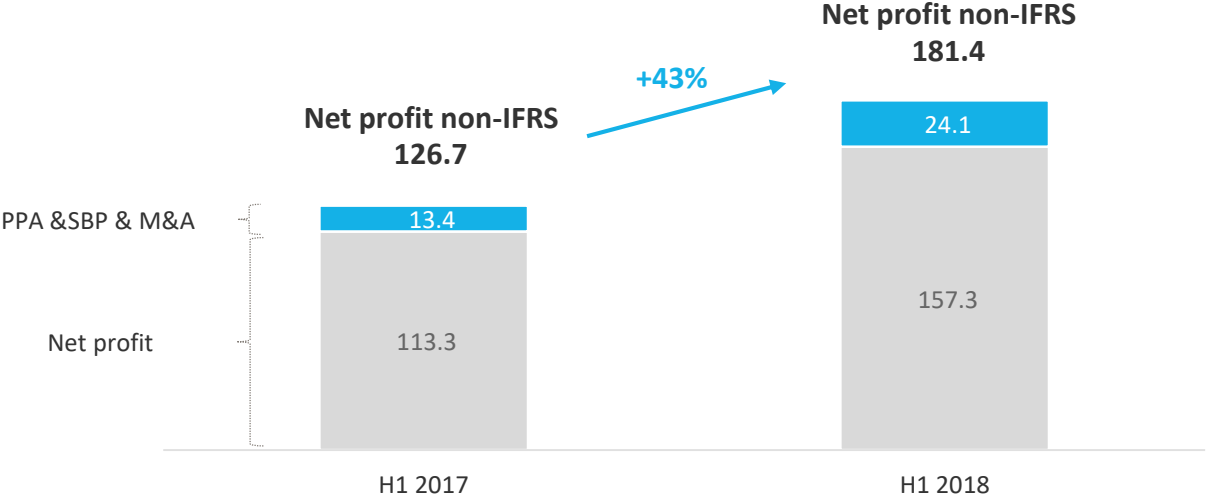
mPLN



PPA: the cost of amortization of intangible assets recognized under the combination settlement
SBP: the costs of share-based payment transactions with employees

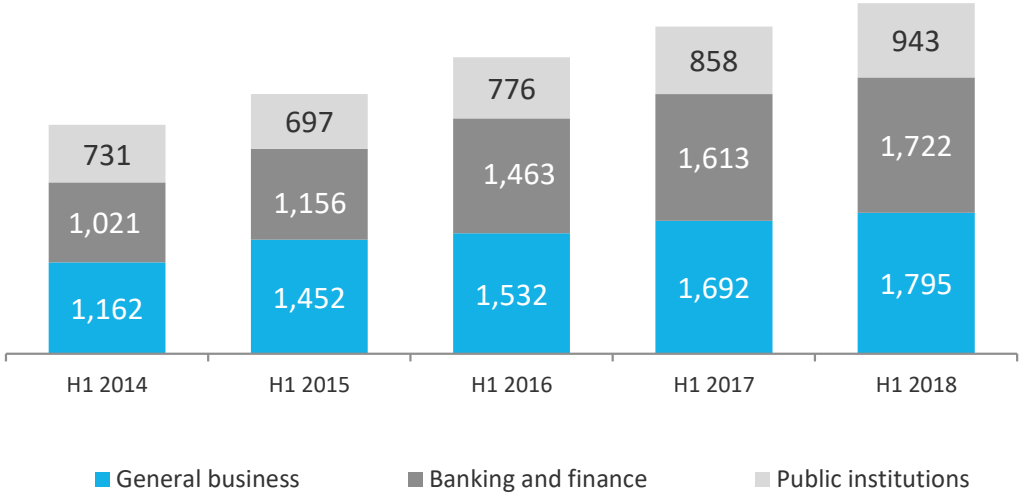
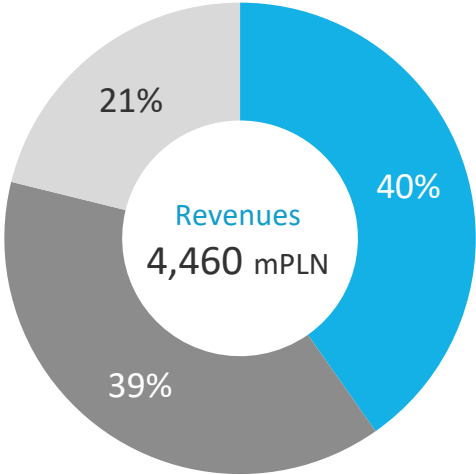
Significant increases in non-IFRS net profit

mPLN

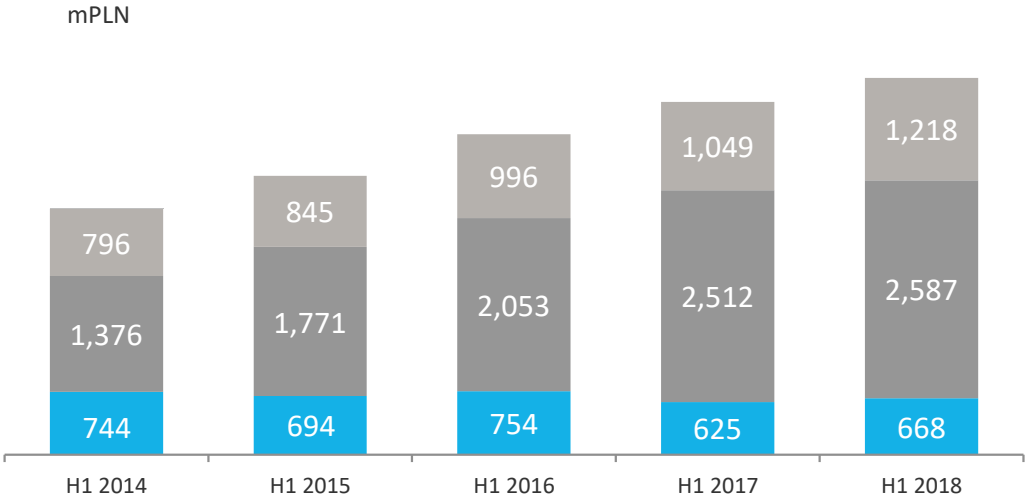
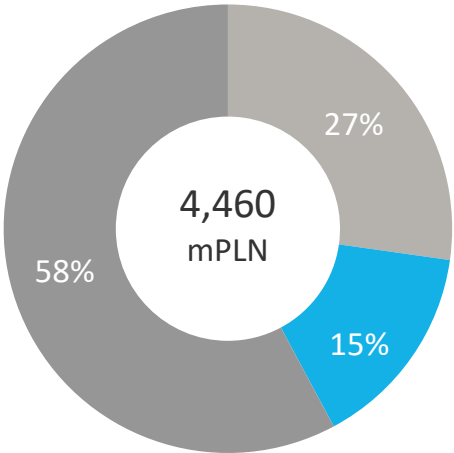


PPA: the cost of amortization of intangible assets recognized under the combination settlement
SBP: the costs of share-based payment transactions with employees
M&A: the costs and financial revenues resulting from the transactions of purchase and sales of companies

Revenue structure – strong diversification into sectors



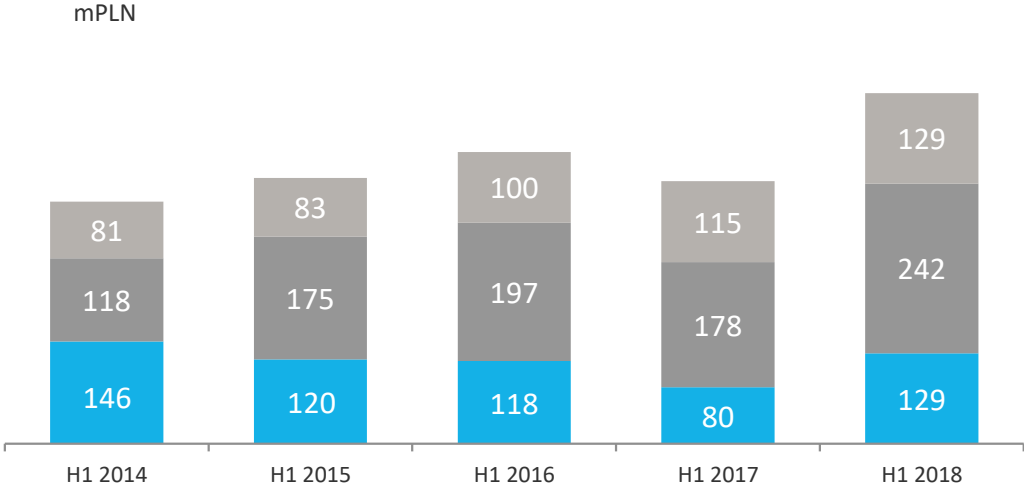
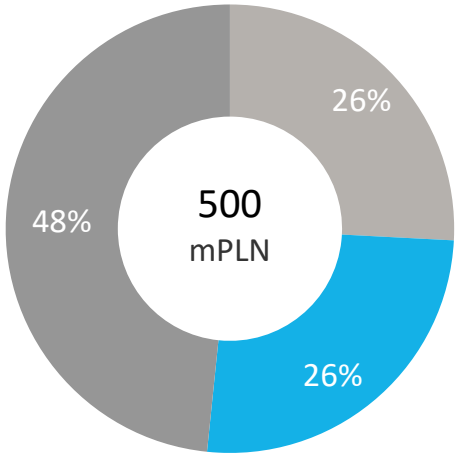
Significant share of foreign markets in the Group's revenues



■ Asseco International segment ■ Formula Systems segment ■ Asseco Poland segment

Pro forma data for H1 2014, H1 2015, H1 2016 and H1 2017 – taking into account the changes to the Group's structure
 Data do not take into account consolidation adjustments

Increase in the Group's non-IFRS operating profit



■ Asseco Poland segment ■ Formula Systems segment ■ Asseco International segment

Pro forma data for H1 2014, H1 2015, H1 2016 and H1 2017 – taking into account the changes to the Group's structure
Data do not take into account consolidation adjustments

The Asseco Group in H1 2018 – geographical regions

Asseco Poland market

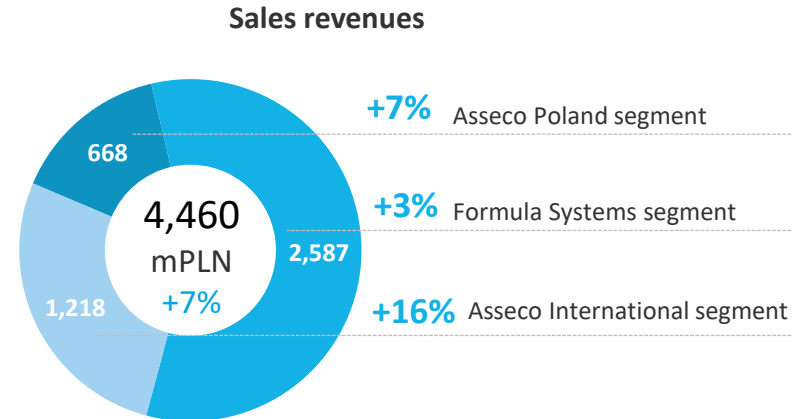
- Very good results in the banking segment.
- Rebound in the public institutions sector.

Formula Systems market

- Continued improvement in Sapiens – increase in sales and profitability.
- New companies in the Group – the acquisition of Adaptik, Alius Corp, PVBS.

Asseco International market

- Significantly higher sales in the Asseco Central Europe Group, boosted by the acquisition of Macrologic and CEIT.
- Very good results in the payment segment – double-digit revenue growth.
- Higher revenues in the Western European market.



* Additionally: consolidation adjustments resulting from transactions between sectors : -13.5m PLN

The Group's development – new acquisitions



Purchase of stake by
Sapiens International

US software producer specializing in solutions for insurance companies.



Purchase of stake by
Asseco Central Europe

DWC is engaged in the implementation of process management and document management systems, providing solutions related to ERP systems and databases.



Purchase of stake
by a company
from the Matrix
Group

Alius Corp provides IT services in the area of regulatory compliance and security for financial entities in the US market.



Purchase of stake by a
company from the
Matrix IT Group

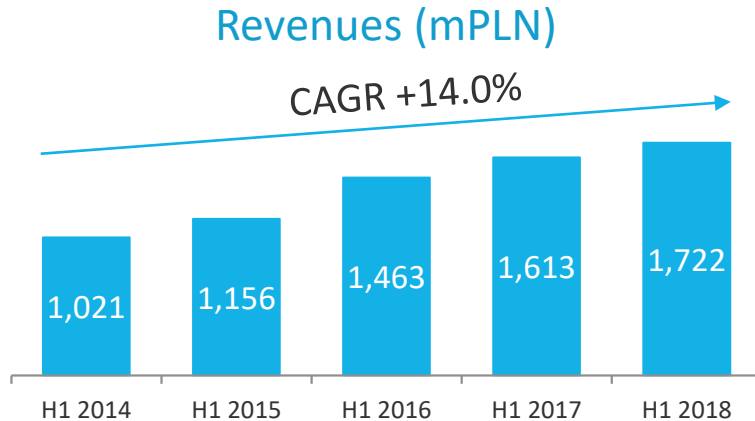
PVBS LLC deals, among other things, with the implementation and integration of ERP systems for governmental entities or entities providing services to the state, operating on the American market.



Purchase of stake by
Asseco Central Europe

Prosoft analyzes, designs, develops and implements IT systems for the healthcare sector.

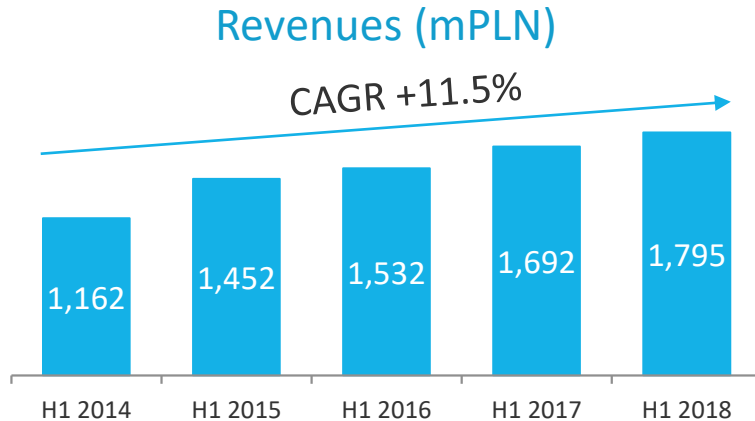
Banking and finance sector.



	H1 2018	H1 2017	Change
Asseco Poland segment	241.7	212.9	+14%
Formula Systems segment	1,072.0	1 012.7	+6%
Asseco International segment	415.9	405.4	+3%
Asseco Group*	1,721.6	1,612.5	+7%

- Significant increase in Asseco Poland's sales - support for clients in adjusting their systems to important legal changes as well as export of banking solutions.
- Growth in South-Eastern Europe, particularly in the payments segment.

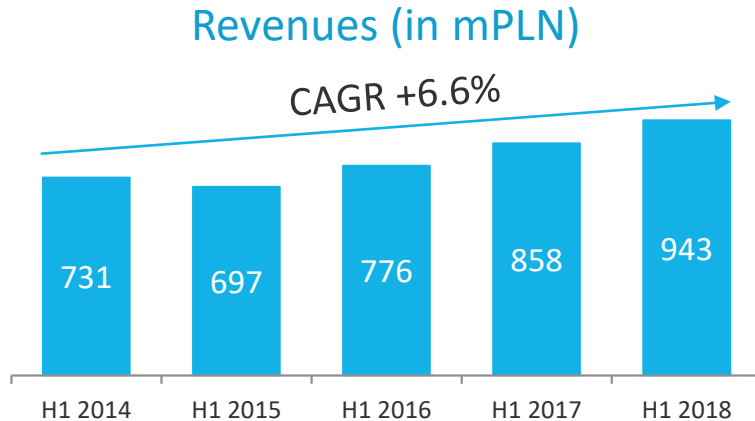
General business sector



	H1 2018	H1 2017	Change
Asseco Poland segment	172.5	186.9	-8%
Formula Systems segment	1,066.8	1,050.2	+2%
Asseco International segment	559.2	458.1	+22%
Asseco Group*	1,795.1	1,691.9	+6%

- Significant increase in sales in the Asseco International segment - improvement in the ERP area and thanks to acquisitions: Macrologic, CEIT.
- Drop in revenues in Poland mainly due to lower sales to the energy and gas sectors as well as to the telecommunication and media sectors.

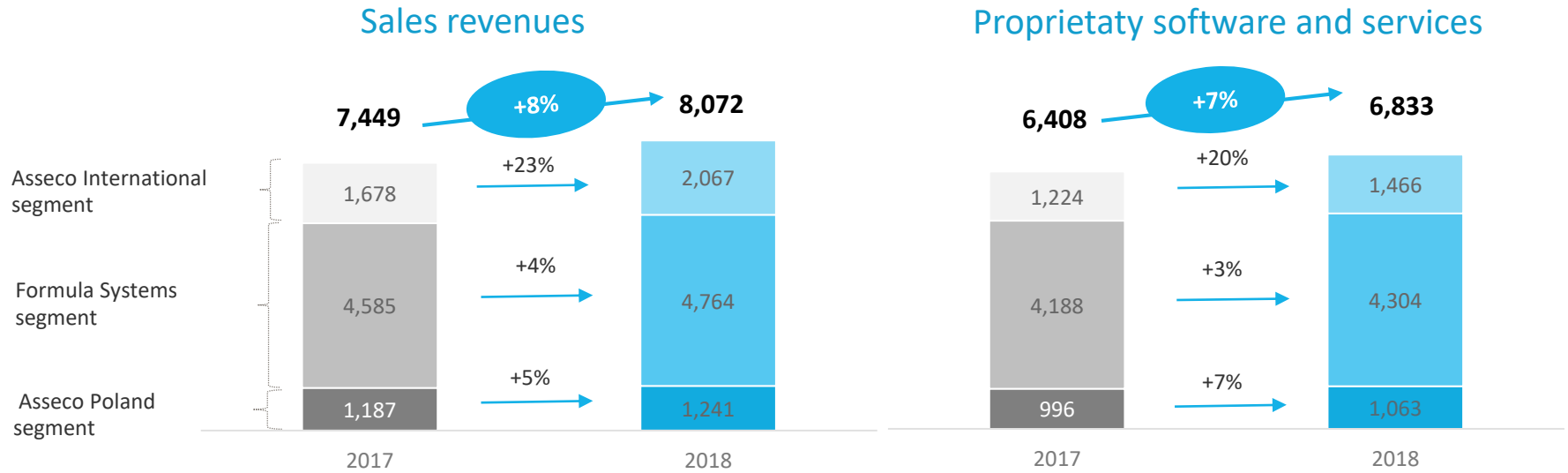
Public institutions sector



	H1 2018	H1 2017	Change
Asseco Poland segment	254.2	225.2	+13%
Formula Systems segment	447.9	449.1	0%
Asseco International segment	243.2	185.4	+31%
Asseco Group*	943.2	857.6	+10%

- Significant increase in sales revenues of the Asseco International segment, mainly as a result of higher sales of Asseco Central Europe and Peak Consulting.
- Rebound in the public institutions sector in Poland.

Consolidated order backlog for 2018 vs. 2017



Figures in mPLN;
 When calculating the backlog for 2018 according to the exchange rates used for calculating the backlog for 2017, the change amounts to: +11% in total revenues/+9% in proprietary software and services.
 Value of the backlog for 2018 as at August 21, 2018; value of the backlog for 2017 as at August 21, 2017.

Financial Information

Key events with impact on the results in H1 2018

- Payment of the entire fee due from KT Corporation as part of the "Internet for the Mazowsze voivodeship" agreement in the amount of USD 21.3 million.
- Change in the calculation method of non-controlling stake in the Formula Systems Group.
- Significant improvement in the results in the banking sector.

Revenues and operating result of the Asseco Group

	H1 2018	H1 2017	Δ	Q2 2018	Q2 2017	Δ
Revenues	4,459.9	4,162.0	+7%	2,310.9	2,093.7	+10%
Proprietary software and services	3,599.2	3,391.4	+6%	1,870.6	1,689.9	+11%
EBITDA	600.8	468.6	+28%	316.3	222.3	+42%
<i>EBITDA margin</i>	13.5%	11.3%	+2.2 p.p.	13.7%	10.6%	+3.1 p.p.
Operating profit non-IFRS*	499.7	373.1	+34%	264.4	175.2	+51%
<i>Operating profit margin non-IFRS</i>	11.2%	9.0%	+2.2 p.p.	11.4%	8.4%	+3.1 p.p.
PPA & SBP*	-128.6	-63.9	+101%	-60.6	-31.2	+94%
Operating profit	371.1	309.2	+20%	203.8	144.0	+42%
<i>Operating profit margin</i>	8.3%	7.4%	+0.9 p.p.	8.8%	6.9%	+1.9 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

	H1 2018	H1 2017	Δ	Q2 2018	Q2 2017	Δ
Operating profit non-IFRS*	499.7	373.1	+34%	264.4	175.2	+51%
Operating profit	371.1	309.2	+20%	203.8	144.0	+42%
Interest expense	-21.5	-19.8		-11.5	-10.4	
Foreign currency transactions	18.8	-36.1		11.5	-15.6	
Other	-9.9	-9.5		-6.5	-0.3	
of which: gain/loss on transactions associated with company acquisitions	-7.7	-3.9		-4.6	0.7	
gain/loss on transactions associated with company sales	-0.4	1.0		-0.9	1.0	
dividends paid to non-controlling shareholders	-3.5	-3.4		-3.0	-0.7	
Pre-tax profit	358.5	243.9	+47%	197.3	117.7	+68%
Income tax	-88.4	-61.4	+44%	-45.2	-32.5	+39%
<i>effective tax rate</i>	24.7%	25.2%	-0.5 p.p.	22.9%	27.6%	-4.7 p.p.
Share of profits/losses of associates	-2.1	-0.7	-	-0.7	-0.4	-
Net profit	268.0	181.8	+47%	151.4	84.8	+79%
Net profit attributable to shareholders of the parent company	157.3	113.3	+39%	88.4	52.4	+69%
Net profit attributable to shareholders of the parent company non-IFRS*	181.4	126.7	+43%	100.5	59.2	+69%

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*

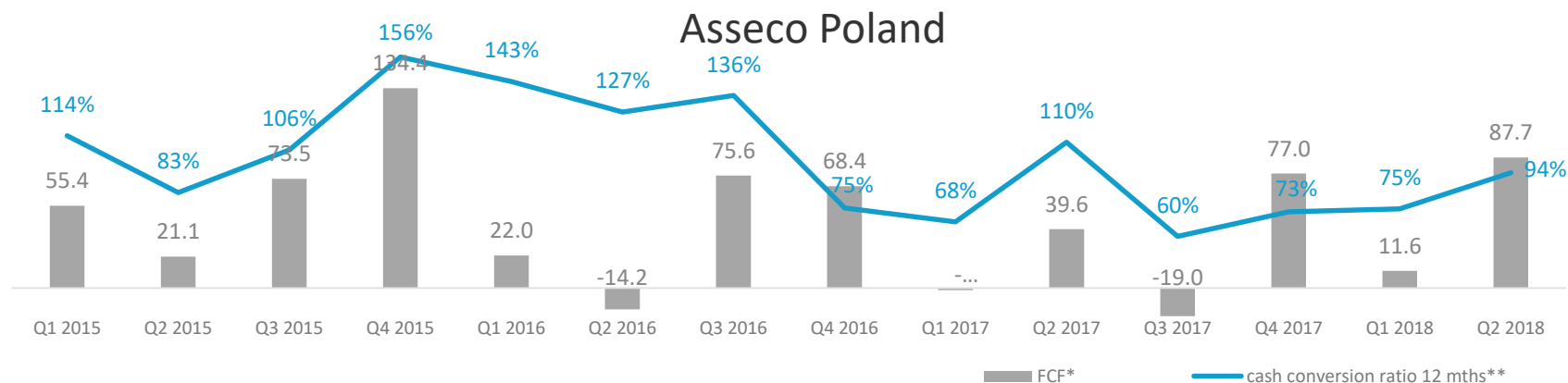
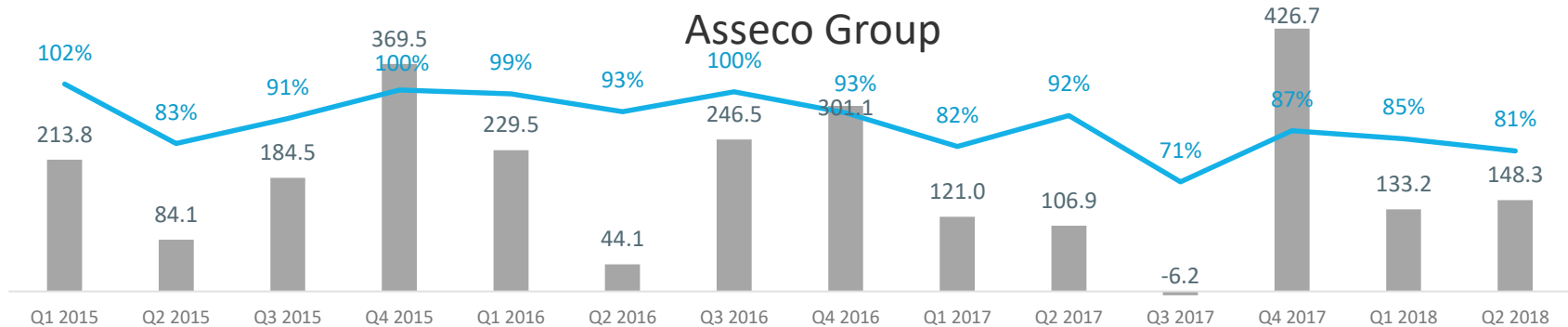
	Sales revenues		Operating profit non-IFRS**		Net profit – contribution to Asseco Poland non-IFRS**	
	H1 2018	H1 2017	H1 2018	H1 2017	H1 2018	H1 2017
Asseco Poland segment	668.4	625.0	128.9	80.4	91.0	58.3
Asseco Poland (without dividends)	430.8	399.2	94.9	59.0	74.2	44.9
Asseco Data Systems	182.3	144.2	21.0	11.7	16.9	9.1
Other companies	78.6	105.3	11.1	11.2	3.8	4.3
adjustments	-23.4	-23.7	1.9	-1.6	-3.8	0.1
Formula Systems segment	2,586.7	2,512.0	241.7	178.3	21.9	12.5
Matrix IT	1,533.9	1,468.1	113.8	103.6	10.3	15.0
Magic Software	492.5	491.9	67.5	67.6	5.7	9.9
Sapiens Int.	503.8	489.3	59.7	6.9	4.9	-0.4
Other companies	64.6	69.8	0.7	2.3	1.0	-11.7
adjustments	-8.1	-7.1	0.0	-2.0	0.0	-0.3
Asseco International segment	1,218.3	1,048.9	129.1	115.1	68.3	56.7
Central European market	579.1	462.1	73.4	59.3	37.6	35.0
South Eastern European market	297.3	282.8	32.3	30.7	14.2	14.1
Western European market	342.3	296.0	28.5	28.6	21.6	10.5
Eastern European	3.2	7.7	-0.1	-2.6	0.1	-2.6
Other companies	3.4	1.2	-5.0	-0.8	-5.3	-0.3
adjustments	-7.0	-0.9	-0.1	-0.1	0.0	-0.1
Consolidation adjustment	-13.5	-23.9	0.1	-0.7	0.2	-0.7
Asseco Group	4,459.9	4,162.0	499.7	373.1	181.4	126.7

Figures in mPLN

* Pro forma figures for 2018 and 2017, i.e. based on the structure as at 30.06.2018.

**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

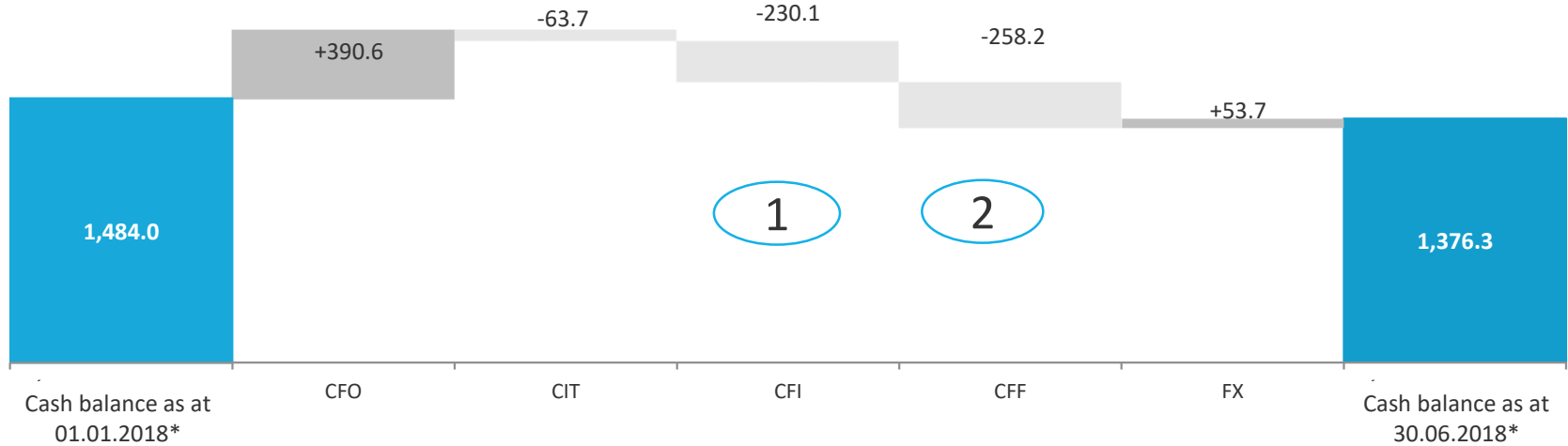


Figures in mPLN

*Free cash flow (FCF) (CFO+CAPEX) (CAPEX excluding investments in investment properties, less financing)

** Free cash flow FCF / EBIT non-IFRS

Explanation of change in cash balance*



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

1

Cash from investment activity:

M&A acquisitions	-140.4
CAPEX+R&D	-107.1
Borrowings	+14.2
Other	+3.2
Total	-230.1

2

Cash from finance activity:

Dividend paid byAsseco Poland	-249.8
Dividends for minority shareholders	-99.8
Debt	+101.2
Other (mainly M&A)	-9.8
Other	-258.2

Stable liquidity position (Asseco Poland)

	As at 30.06.2018	
	ST	LT
Cash and financial assets	171.1	13.5
Debt and finance lease:	-38.5	85.1
<i>Bank loans</i>	-15.4	-46.4
<i>Assets serving as bank loan collateral*</i>	-	182.5
<i>Finance lease liabilities</i>	-23.1	-34.2
Net cash (ST)	132.6	
Inventories + ST receivables – ST liabilities**	213.2	
Net operating assets (ST)	345.8	
Available bank loan facilities	570.0	

Figures in millions of PLN

* The book value of real estate serving as bank loan collateral.

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

Completion of the purchase price allocation process regarding the Formula Group


In Q2 2018, the method of calculation of non-controlling stake in Formula Systems **was changed**.

- On October 11, 2017 Asseco Poland acquired control over the Formula Group. In the provisional settlement of the acquisition presented in the consolidated financial statements for 2017, the method of calculating the value of non-controlling stake at fair value was applied.
- This meant that goodwill arising from the acquisition of the Formula Group represented a value carried to 100% of the net assets of the Formula Group.

Comparison of methods	
Provisional settlement	Final settlement
Goodwill:	Goodwill:
4,052 mPLN	434 mPLN
Non-controlling stake:	Non-controlling stake :
4,876 mPLN	1,240 mPLN

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