

asreco

The Asseco Group's Results

FY 2017

Agenda

1. Summary of the Group's operations in 2017.
2. Financial information for 2017.
3. Plans for 2018 – 2019.

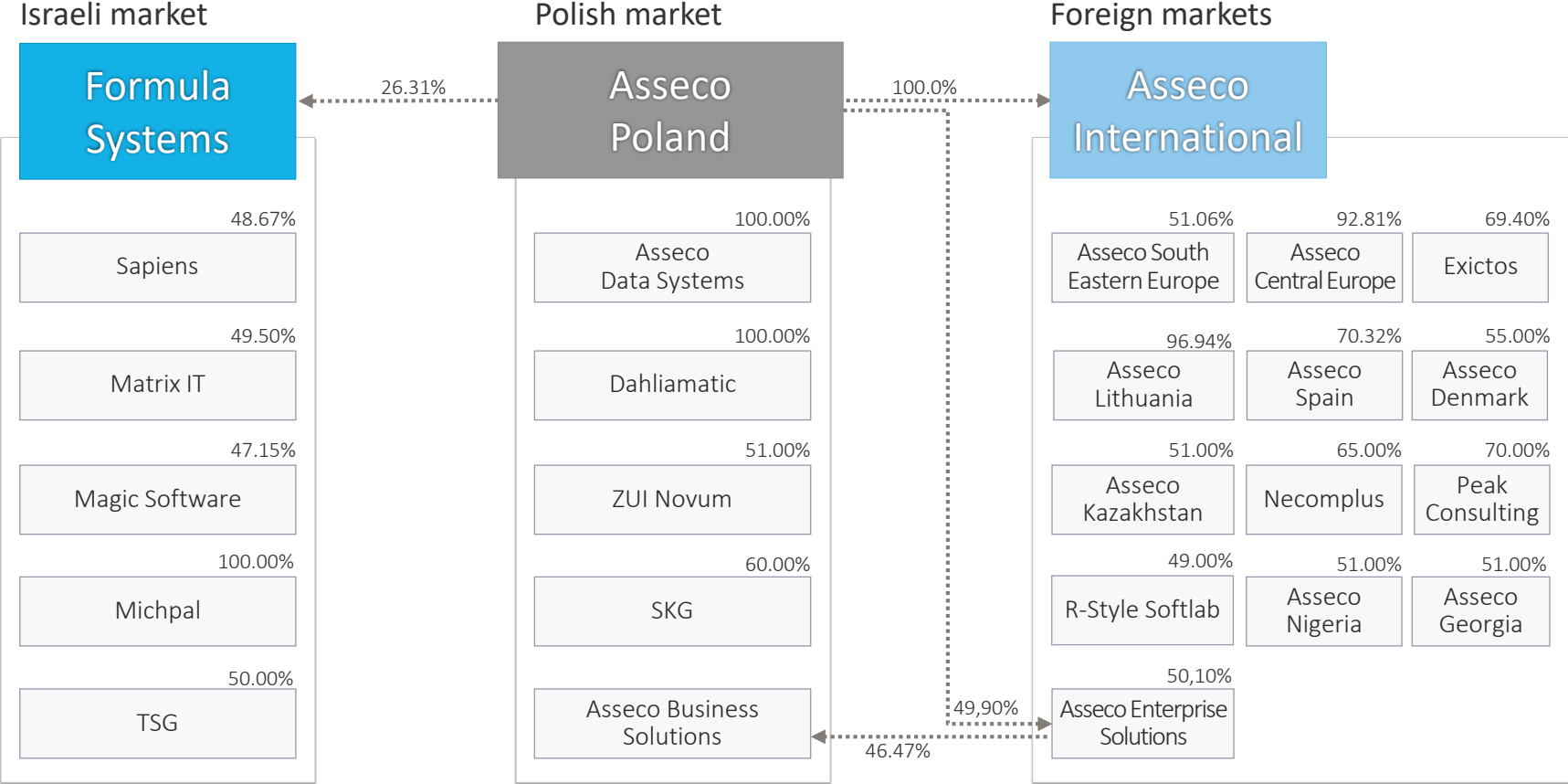
Summary of the Group's operations in 2017

Simplification of the Asseco Group's structure



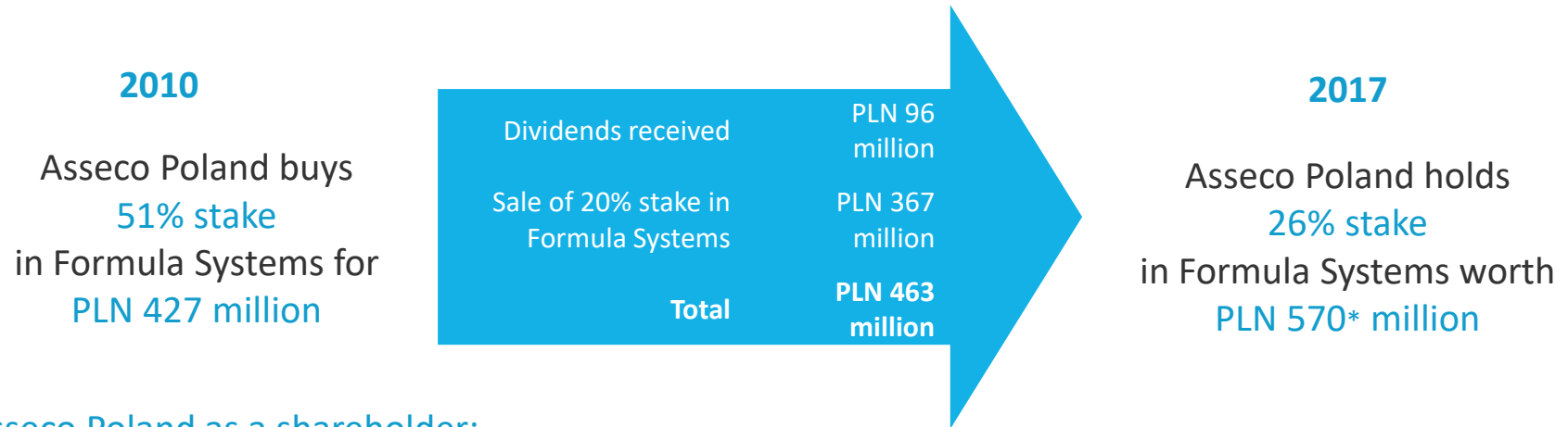
Establishment of Asseco International:

- Separation of Asseco Poland's operating activities from those conducted for the benefit of the Group's development, as well as more effective management of the Group's international development.
- Building the Asseco Group's value on the basis of its international assets – the establishment of a holding company with the prospect of dynamic development and the possibility of its public offering in international markets.



The Group's key companies, stake in capital.

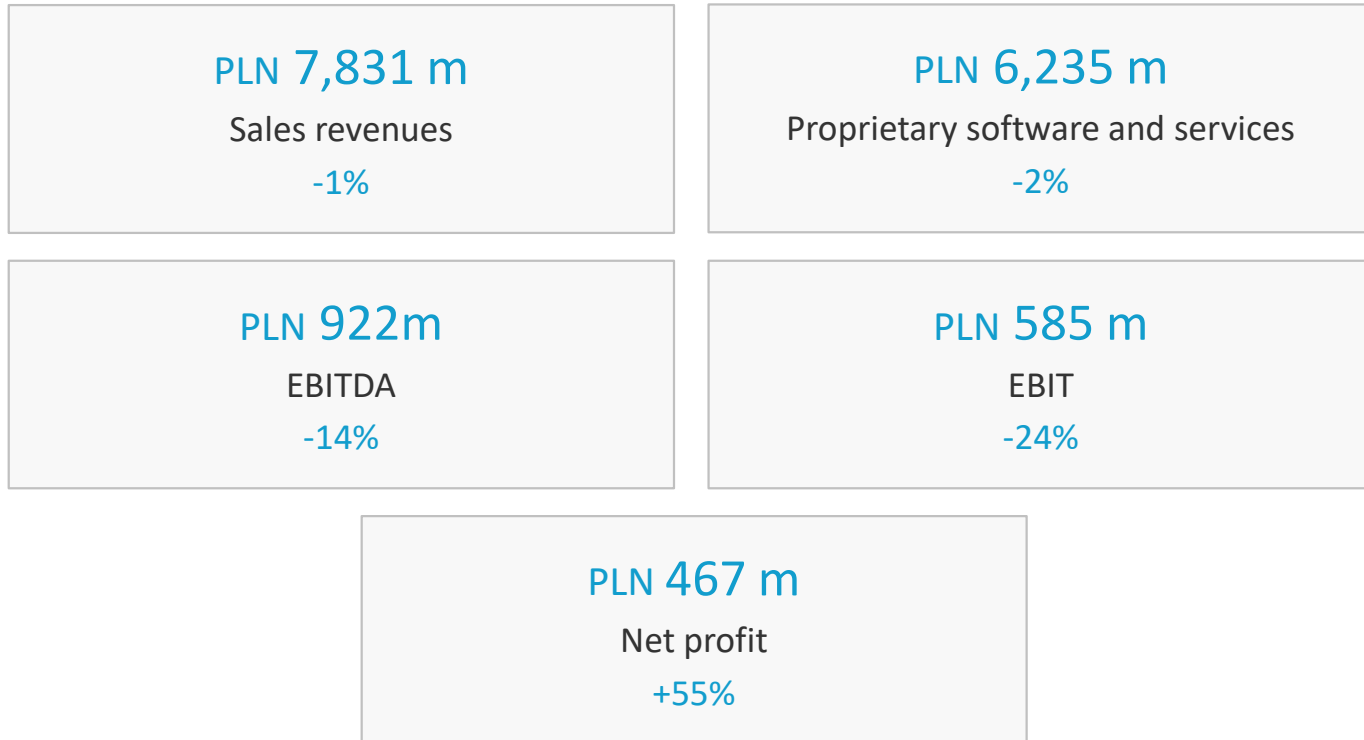
Booking profit from the investment in Formula Systems



Asseco Poland as a shareholder:

- Gained PLN 463 million from the investment and still holds a stake worth PLN 570 million.
- Remains the largest shareholder of Formula Systems and executes control over the company.

Consolidated financial highlights for 2017*



* Lack of consolidation of the results of Formula Group in August and September in 2017 due to the sale of a chunk of a stake and loss of control.

Consolidated financial highlights for 2017

(pro forma*)

PLN 8,703 m

Sales revenues

+10%

PLN 6,992 m

Proprietary software and services

+10%

PLN 1,014 m

EBITDA

-5%

PLN 685 m

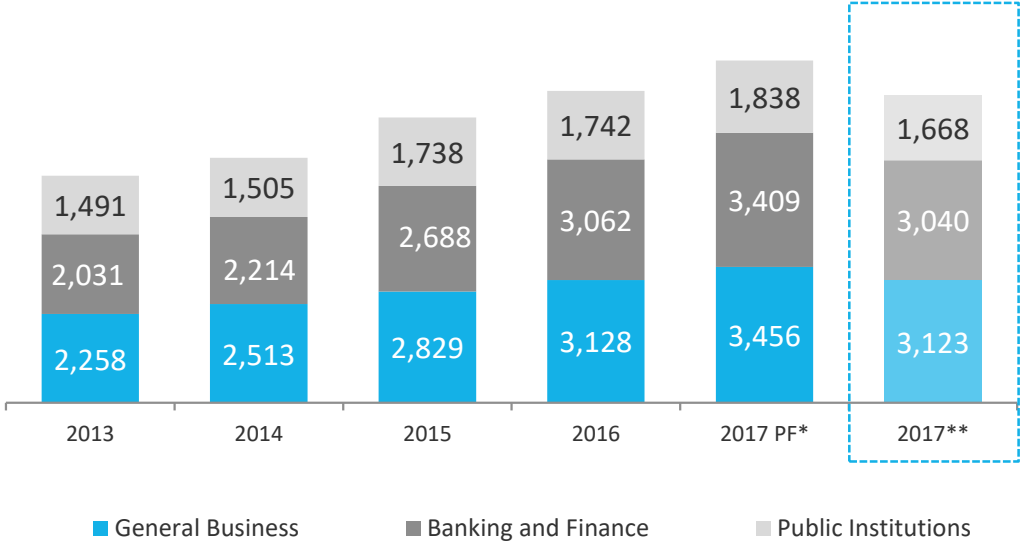
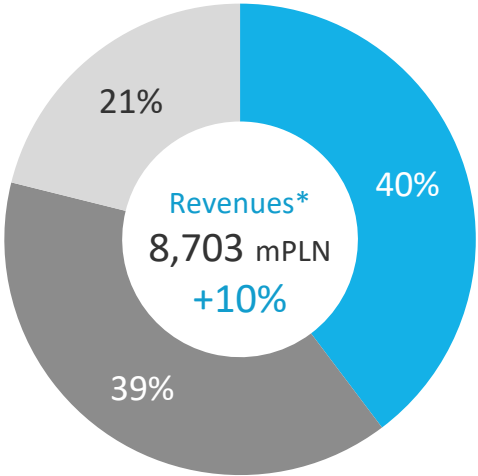
EBIT

-11%

*Data including the results of the Formula Group in August and September 2017 and excluding the impact of the recalculation of amortization charges on intangible assets recognized from a business combination settlement and costs of share-based payment transactions with employees related to another recalculation at the time of regaining control over the Formula Group.

Revenue structure – strong diversification into sectors

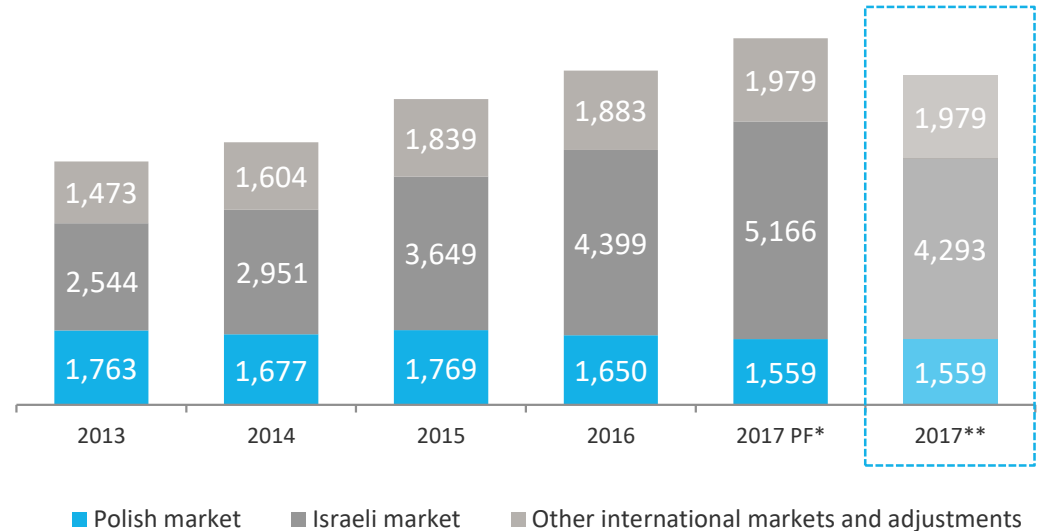
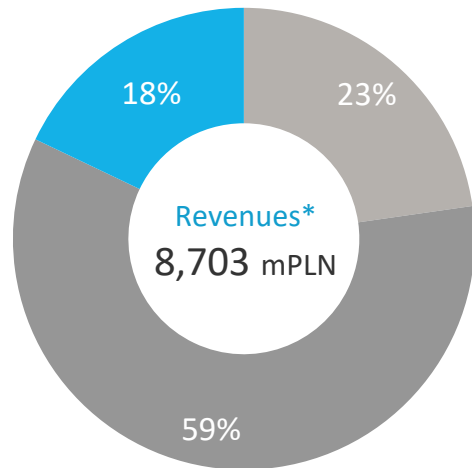
(pro forma*)



*Including the Israeli market revenues in the period non consolidated by the Asseco Group, i.e. in the period of August-September 2017.

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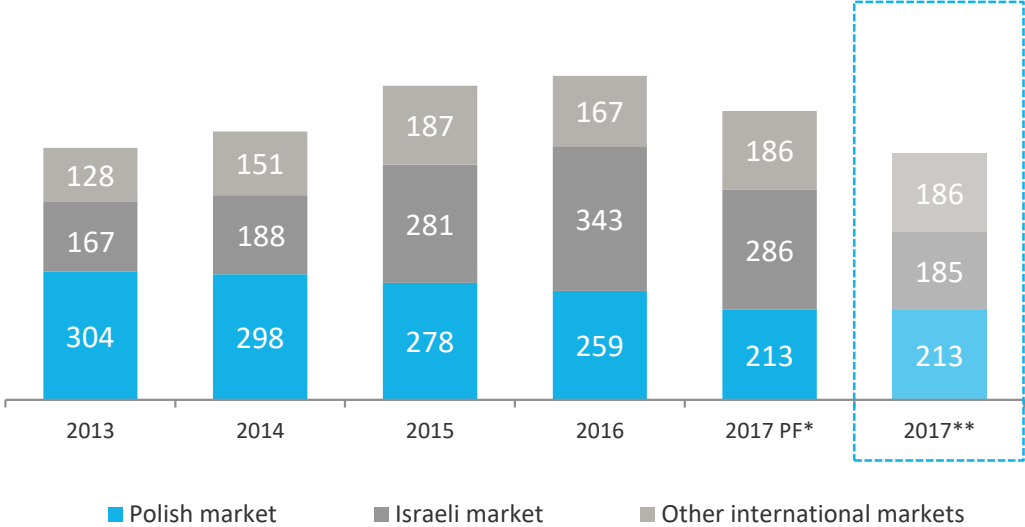
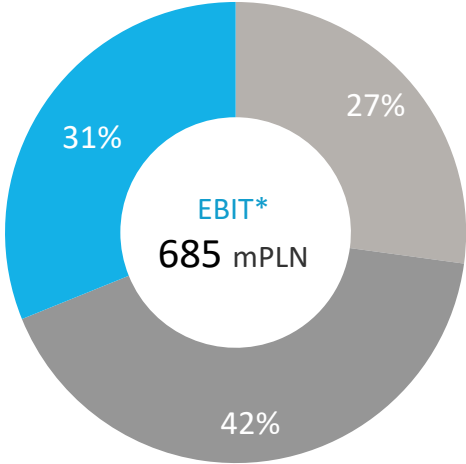
Significant share of foreign markets in the Group's revenues (pro forma*)



*Including the Israeli market revenues in the period non consolidated by the Asseco Group, i.e. in the period of August-September 2017.

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Strong diversification of the Group's operating result (pro forma*)



*Data including the Israeli market revenues in the period non consolidated by the Asseco Group, i.e. in the period of August-September 2017 and excluding the impact of the recalculation of amortization charges on intangible assets recognized from a business combination settlement and costs of share-based payment transactions with employees related to another recalculation at the time of regaining control over the Formula Group.

**Official results, i.e. excluding the Israeli market revenues in the period non consolidated by the Asseco Group, i.e. in the period of August-September 2017 and including the impact of the recalculation of amortization charges on intangible assets recognized from a business combination settlement and costs of share-based payment transactions with employees related to another recalculation at the time of regaining control over the Formula Group.

The Asseco Group in 2017 – geographical regions (pro forma*)

Polish market

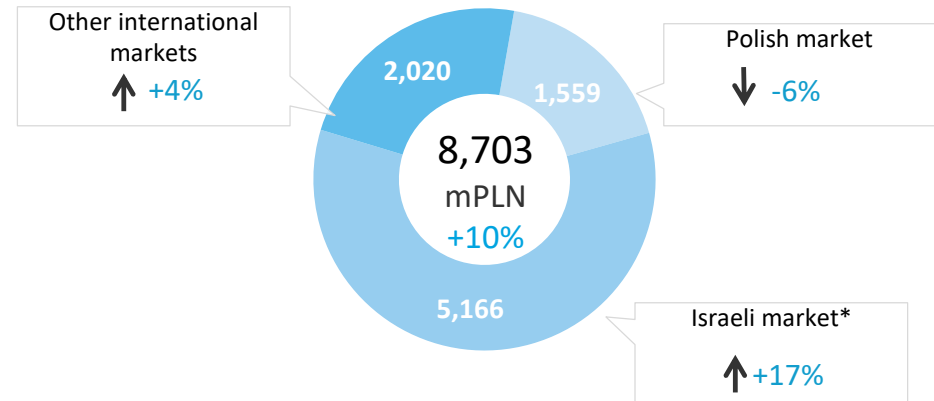
- Development of exports of products for the Banking and Finance sector.
- Supporting customers in their adaptation to legal changes in the Banking and Public sectors.
- First signs of a rebound in the Public Administration sector.

Israeli market

- Increase in the scale of operations in international markets - new companies in the Group, including US StoneRiver.

Other international markets

- Expanding the offer of IT products and services for the industry through the acquisition of Slovak CEIT. Further dynamic development in the ERP sector - the Central European market.
- Double-digit increase in ASEE's operating profit and its stable revenues. Sales growth in the payments segment, improved results in the banking and integration sectors - the South Eastern European market.
- Sales growth in all three key sectors - the Western European market.



Revenues including consolidation adjustments

* Excluding the Israeli market revenues in the period non consolidated by the Asseco Group, i.e. in the period of August-September 2017 the revenues amounted to PLN 4,293 million, i.e. -2% lower than in the corresponding period in 2016.

The Group's development - new acquisitions in the Group



Purchase of stake by
Asseco Central Europe

Slovakian producer of innovative solutions, among others, in the field of industrial automation and robotics. The dominant area of the company's activity are R&D activities for the automotive industry



Purchase of stake by
Formula Systems

Michpal MicroComputers – Israeli company operating in the market of HR and payroll software.



Purchase of stake by
Asseco Business Solutions

Polish producer of software for companies and businesses, specializing in the production and implementation of proprietary ERP software.



Purchase of stake by a
company from the Magic
Software Group

A company offering services in the field of application development, business analysis and education.



Purchase of stake by
Sapiens International

American manufacturer of advanced insurance software (Sapiens).



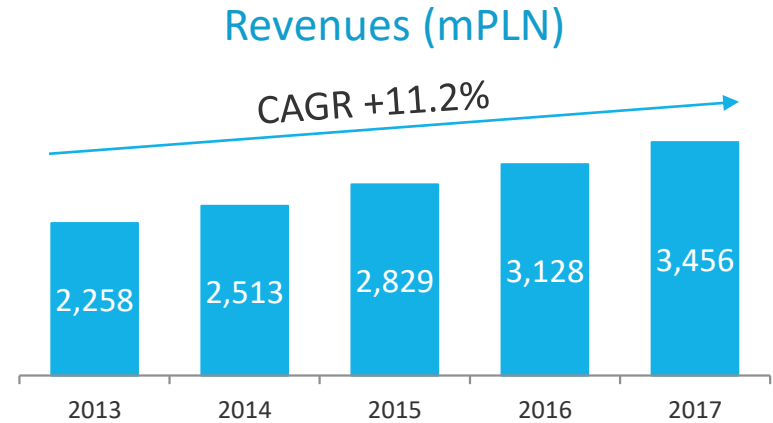
Purchase of stake by
Sapiens International

(Q1, 2018)

American software producer specializing in solutions for insurance companies.

General business sector (pro forma*)

	2017	2016	Change
Polish market	599.1	567.3	+6%
Israeli market	2,066.8	1,871.6	+10%
International markets	795.5	693.9	+15%
Central European market	426.7	337.6	+26%
South Eastern European market	91.5	88.6	+3%
Western European market	276.5	265.9	+4%
Eastern European market	0.8	1.8	-55%
Asseco Group**	3,456.2	3,127.6	+11%



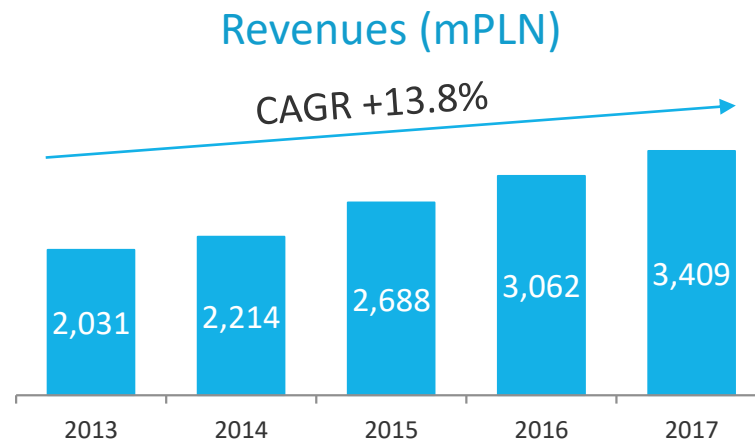
- Increase in revenues in the General Business sector, driven by international markets.
- Sales growth and further development of the ERP segment in Poland and Central Europe.

* Including the Israeli market revenues in the period non consolidated by the Asseco Group, i.e. in the period of August-September 2017.

** Data including consolidation adjustments.

Banking and finance sector (pro forma*)

	2017	2016	Change
Polish market	450.0	489.4	-8%
Israeli market	2,151.6	1 774.3	+21%
International markets	840.4	850.1	-1%
Central European market	109.3	100.3	+9%
Rynek południowo-wschodniej Europy	434.5	440.3	-1%
Western European market	286.5	257.9	+11%
Eastern European market	10.0	51.7	-81%
Asseco Group**	3,409.1	3,062.4	+11%



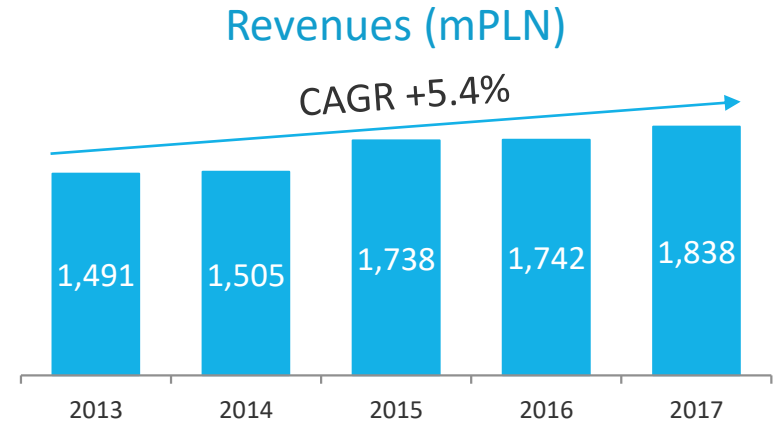
- Double-digit increase in the sales of Sapiens in 2017 thanks to an acquisition on the American market.
- Improved results in South-Eastern Europe (ASEE) and Western Europe.

* Including the Israeli market revenues in the period non consolidated by the Asseco Group, i.e. in the period of August-September 2017.

** Data including consolidation adjustments.

Public institutions sector (pro forma*)

	2017	2016	Change
Polish market	510.0	593.5	-14%
Israeli market	947.1	753.2	+26%
International markets	384.0	397.4	-3%
Central European market	257.4	298.3	-14%
South Eastern European market	44.9	41.7	+8%
Western European market	75.1	51.2	+47%
Eastern European market	6.6	6.1	-
Asseco Group**	1,837.8	1,742.0	+6%

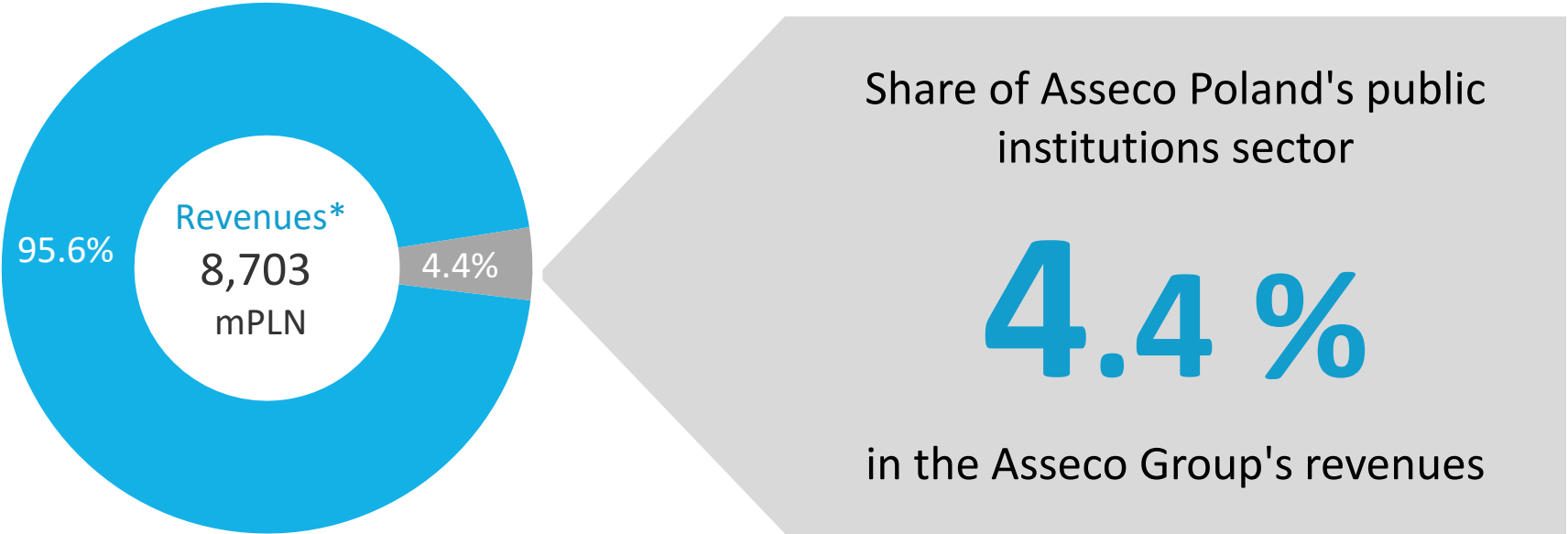


- Impact of drop in orders in the public sector in Poland.
- Higher sales and stronger position in the public sector in Israel.

* Including the Israeli market revenues in the period non consolidated by the Asseco Group, i.e. in the period of August-September 2017.

** Data including consolidation adjustments.

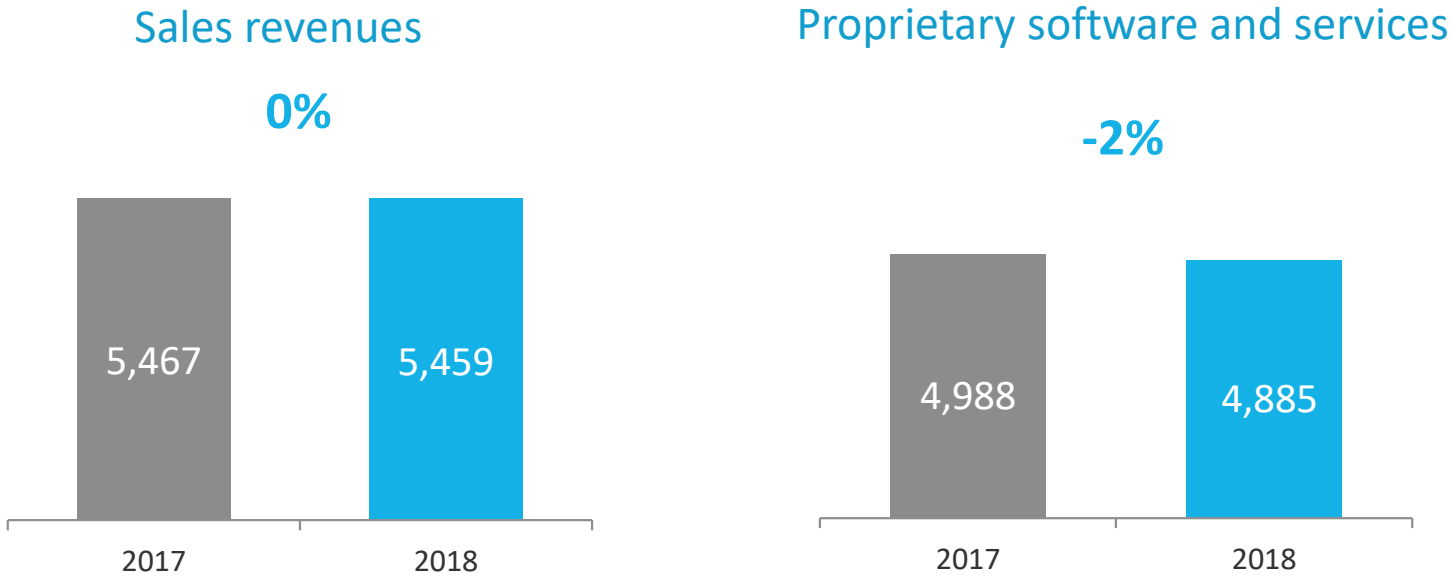
Asseco in the public institutions sector in Poland



* Data for 2017 including the Israeli market revenues in the period non consolidated by the Asseco Group, i.e. in the period of August-September 2017.

Consolidated order backlog for 2018

In comparison to the order backlog presented in March, 2017



When calculating the backlog for 2018 according to the exchange rates used for calculating the backlog for 2017, the change amounts to: +9% in total revenues/+7% in proprietary software and services. Figures in millions of PLN.

Value of the backlog for 2018 as at March 13, 2018; value of the backlog for 2017 as at March 13, 2017 (adjusted by R-Style Softlab's data).

Financial information for 2017

Impact of key one-off transactions on the Group's results in 2017

Positive

- Sale of stake in Formula Systems
 - **PLN 146 million** impact on the stand-alone financial report *
 - **PLN 324 million** impact on the consolidated financial report
- Revaluation of Formula Systems shares
 - **PLN 76 million** impact on the consolidated financial report

Negative

- Write-downs associated with the international reorganization:
 - **-PLN 89 million** impact on the stand-alone financial report
 - **-PLN 73 million** impact on the consolidated financial report
- Write-down on goodwill allocated to the Public Administration segment:
 - **-PLN 80 million** impact on the stand-alone financial report
 - **-PLN 80 million** impact on the consolidated financial report

- Total impact on the stand-alone financial report: **-PLN 24 million.**
- Total impact on the consolidated financial report: **+PLN 248 million.**

Revenues and operating result of the Asseco Group

	2017 PF*	2017	2016	Δ PF*	Δ	Q4 2017	Q4 2016	Δ
Revenues	8,703.2	7,830.5	7,932.0	+10%	-1%	2,427.0	2,259.1	+7%
Proprietary software and services	6,991.9	6,235.1	6,351.0	+10%	-2%	1,871.4	1,776.7	+5%
EBITDA	1,013.7	921.9	1,069.5	-5%	-14%	280.6	283.1	-1%
EBITDA margin	11.6%	11.8%	13.5%	-1.8 p.p.	-1.7 p.p.	11.6%	12.5%	-1 p.p.
Operating profit non-IFRS**	818.9	743.5	883.0	-7%	-16%	237.8	234.5	+1%
Operating profit margin non-IFRS	9.4%	9.5%	11.1%	-1.7 p.p.	-1.6 p.p.	9.8%	10.4%	-0.6 p.p.
PPA & SBP***	-133.4	-158.7	-113.6	+17%	+40%	-79.4	-31.5	+152%
Operating profit	685.5	584.8	769.4	-11%	-24%	158.4	203.0	-22%
Operating profit margin	7.9%	7.5%	9.7%	-1.8 p.p.	-2.2 p.p.	6.5%	9.0%	-2.5 p.p.

Figures in millions of PLN

*Data including the results of the Formula Group in August and September 2017 and excluding the impact of the recalculation of amortization charges on intangible assets recognized from a business combination settlement and costs of share-based payment transactions with employees related to another recalculation at the time of regaining control over the Formula Group.

**Non-IFRS figures including adjustments for: i) income recognized in purchase price allocation, ii) amortization charges on intangible assets recognized in purchase price allocation as well as iii) for the costs of share-based payment transactions with employees.

***PPA, i.e. amortization charges on intangible assets recognized in purchase price allocation, and SBP, i.e. the costs of share-based payment transactions with employees.

Reconciliation of operating profit and net profit



-80.1: write-down on goodwill allocated to the Public Administration segment
 -15.9: write-down for the investment in Sintagma
 -2.1: write-down for the investment in Asseco Georgia
 -1.1: write-down for the investment in Asseco Kazakhstan
 -0.9: write-down for the investment in Asseco Nigeria
 +76.2: revaluation of the stake in Formula Systems to fair value
 +0.5: other transactions

+359.0: result due to losing and then regaining control over Formula Group, before tax
 - 40.9: write-down of deferred payment from the sale of shares in R-Style Softlab and the sales result
 -4.8: other transactions

-39.7: write-down for the investment in R-Style Softlab's associated entity
 +2.0: other

	2017	2016	Δ	Q4 2017	Q4 2016	Δ
Operating profit	584.8	769.4	-24%	158.4	203.0	-22%
Interest expense	-40.7	-37.9		-14.8	-8.4	
Foreign currency transactions	-39.2	-4.5		-3.2	5.8	
Other	271.6	-7.1		-14.7	-1.4	
of which: gain/loss on transactions associated with company acquisitions	-23.4	-6.1		43.8	-1.4	
gain/loss on transactions associated with company sales	313.3	6.0		-48.4	6.0	
dividends paid to non-controlling shareholders	-5.1	-6.0		0.0	-5.8	
Pre-tax profit	776.5	719.9	+8%	125.7	199.0	-37%
Income tax	-122.0	-179.0	-32%	-10.2	-51.7	-80%
<i>effective tax rate</i>	15.7%	24.9%		8.1%	26.0%	
Share of profits/losses of associates	-37.7	2.7	-1496%	-0.5	-0.9	-
Net profit	616.8	543.6	+13%	115.0	146.4	-21%
Net profit attributable to shareholders of the parent company	466.6	301.3	+55%	64.7	76.8	-16%

Financial results of regions and subsidiaries



	Sales revenues			Operating profit			Net profit – contribution to Asseco Poland	
	2017 PF*	2017	2016	2017 PF*	2017	2016	2017	2016
Polish market**	1,559.1	1,559.1	1,650.2	213.4	213.4	258.6	28.2	167.4
Asseco Poland (without dividends, without one-offs; PF 2016)**	861.2	861.2	952.2	120.7	120.7	192.0	53.8	145.3
Asseco Business Solutions	212.8	212.8	168.8	62.0	62.0	51.6	22.8	19.7
Asseco Data Systems (PF 2016)**	357.5	357.5	361.7	8.3	8.3	10.0	3.7	6.1
other companies	208.2	208.2	225.4	22.6	22.6	11.1	3.2	3.0
write-down on goodwill allocated to Public Administration segment (formally in Asseco Poland's result)							-80.1	
elimination of write-down of loans in Asseco Poland (no impact on cons. result)							23.9	
other adjustments	-80.6	-80.6	-57.9	-0.3	-0.3	-6.0	0.9	-6.7
Israeli market	5,165.6	4,292.9	4,399.0	286.0	185.3	343.4	405.5	37.4
Matrix IT	3,024.8	2,517.9	2,634.4	207.7	170.4	192.7	23.6	27.0
Magic Software	983.3	819.4	800.1	100.2	84.2	85.9	10.8	12.3
Sapiens Int.	1,024.9	845.1	857.3	6.9	-1.4	99.6	-1.7	17.6
other companies	148.6	126.5	136.4	-5.1	-5.0	-16.2	-14.4	-15.4
result on sales and revaluation of the stake in Formula Systems							400.6	
consolidation adjustment	-16.1	-16.1	-29.2	-23.7	-62.9	-18.6	-13.4	-4.1
Other international markets	2,019.8	2,019.8	1,941.4	187.3	187.3	167.6	33.7	96.9
Central European market	793.4	793.4	736.1	70.4	70.4	66.9	55.2	48.0
South Eastern European market	570.9	570.9	570.6	65.9	65.9	56.4	28.7	26.3
Western European market (without one-offs)	638.2	638.2	575.1	52.0	52.0	55.6	24.5	30.9
Eastern European market (without one-offs)	17.4	17.4	59.6	-1.0	-1.0	-11.2	-2.4	-8.3
adjustments (write-downs in Western and Eastern European markets)	0.0	0.0	0.0	0.0	0.0	0.0	-72.3	0.0
Consolidation adjustment	-41.3	-41.3	-58.6	-1.2	-1.2	-0.3	-0.8	-0.4
Asseco Group	8,703.2	7,830.5	7,932.0	685.5	584.8	769.4	466.6	301.3

* Data including the results of the Formula Group in August and September 2017 and excluding the impact of the recalculation of amortization charges on intangible assets recognized from a business combination settlement and costs of share-based payment transactions with employees related to another recalculation at the time of regaining control over the Formula Group.

** For the companies from the Polish market, the 2016 data are pro forma figures, i.e. taking into account changes in the structure of the market.

Generated cash flows

	Asseco Group		Asseco Poland	
	2017	2016	2017	2016
CFO	863.1	1,032.0	111.4	176.0
CAPEX*	-214.7	-210.7	-15.3	-24.3
Free cash flow**	648.4	821.3	96.1	151.7
Cash conversion***	87%	93%	73%	75%

Figures in millions of PLN.

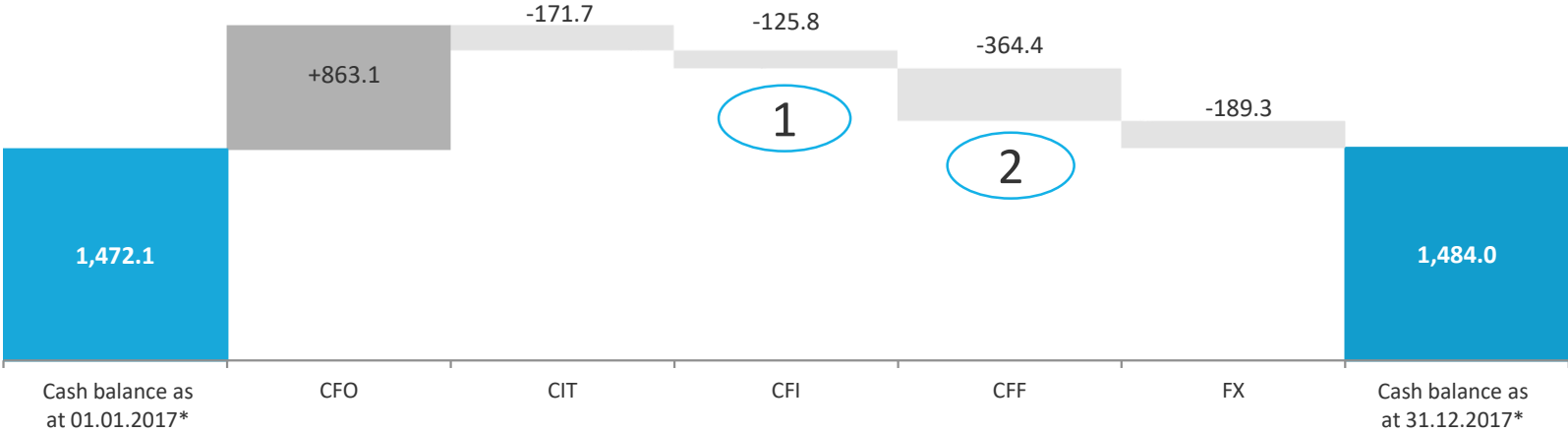
Non-IFRS figures including adjustments for: i) income recognized in purchase price allocation, ii) amortization charges on intangible assets recognized in purchase price allocation as well as iii) for the costs of share-based payment transactions with employees.

* Excluding investments in investment property, net of grants received.

** CFO+CAPEX.

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

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 purchase of subsidiaries and associates	-675.9
M&A sale of subsidiaries and associates	+340.3
Cash in sold/purchased entities	+191.3
Financial assets	+163.5
CAPEX+R&D	-194.2
Borrowings	+40.4
Other	+8.8
Total	-125.8

2

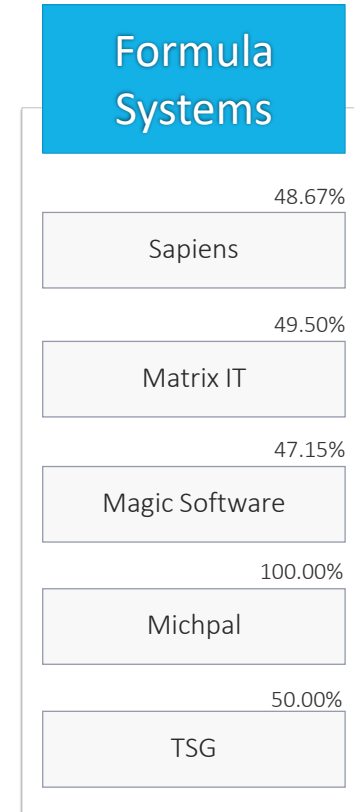
Cash from finance activity:

Dividends paid by Parent Company	-249.8
Dividends for minority shareholders	-168.9
Debt	+40.7
Other	+13.6
Total	-364.4

Plans for 2018-2019

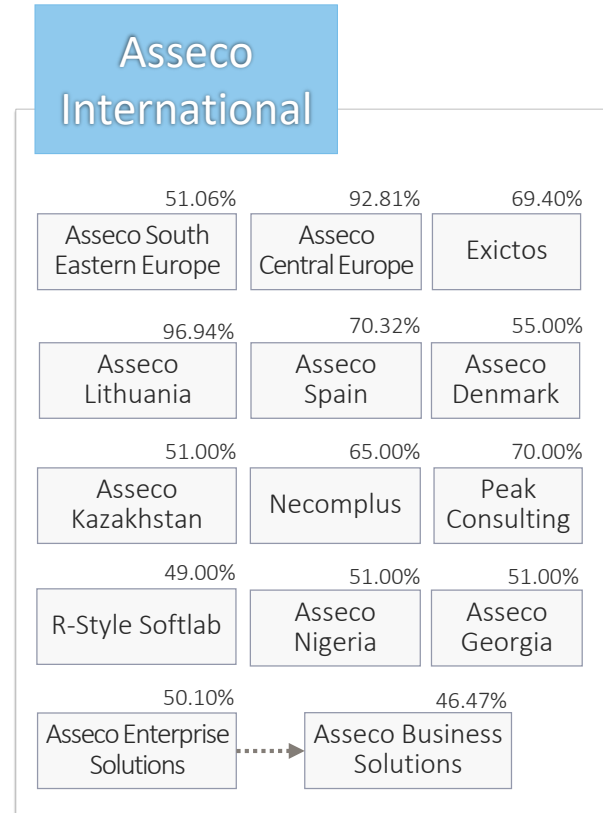
Formula Systems

- Remains the Asseco Group's strategic investment.
- Synergy in the promotion and sale of products:
 - for Asseco Poland: in entering the US market
 - for FS's companies: in development in the countries where the Asseco Group's companies have been operating (in particular in the insurance sector - Sapiens)
- The scale of joint operations is significant when selecting the Asseco Group's companies as providers of IT solutions, as well as when cooperating with global partners.



Asseco International

- A holding company whose objective is to manage and develop the Asseco Group's companies in foreign markets.
- The leader of the project is Jozef Klein, former CEO of Asseco Central Europe, the Entrepreneur of the Year 2017 in Slovakia.
- The Management Board is composed of managers from Poland: Przemysław Sęczkowski, Marek Panek and Rafał Kozłowski.
- The Supervisory Board is composed of Adam Góral, Piotr Augustyniak and Jacek Duch.



Our approach to acquisitions

Asseco is interested in companies that allow for increasing competences in specific sectors and for entering new geographical regions.

Preferred sectors:

- Finance and banking
- Health care
- Utilities
- ERP
- Cyber security

Preferred geographical regions:

- Europe – all countries

We are interested in technological companies which:

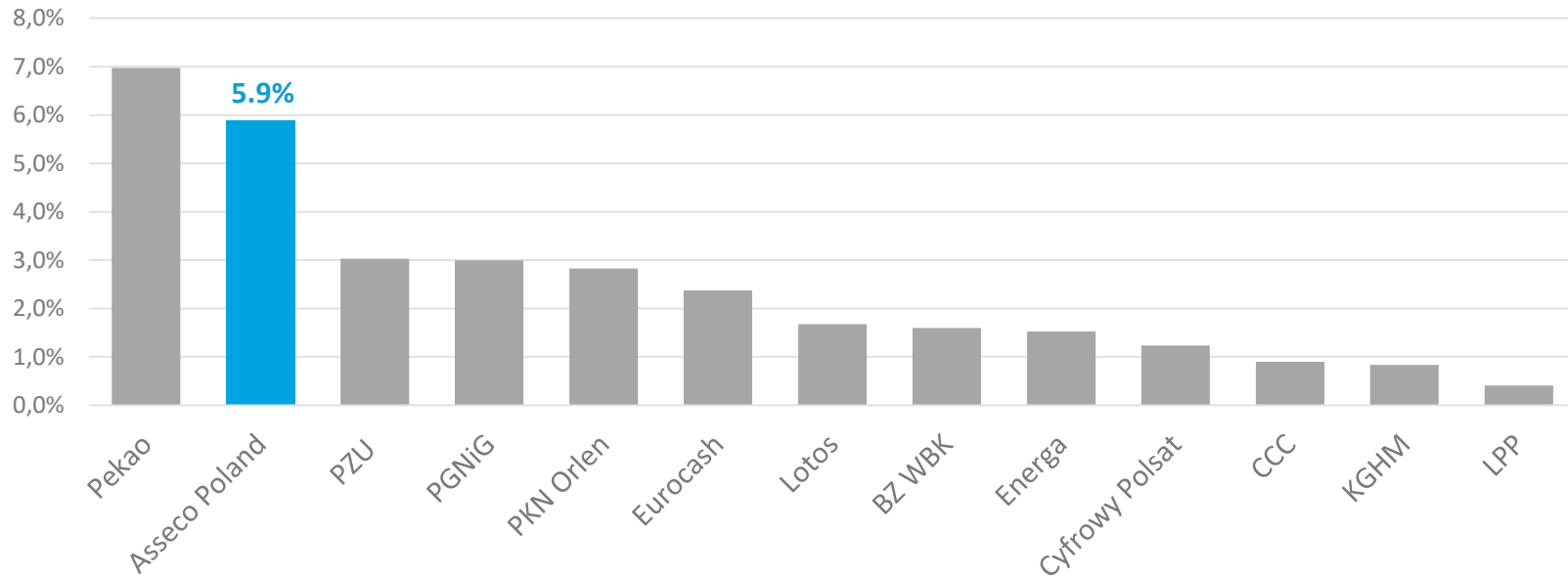
- Generate profits
- Top Management/Owners want to continue developing the company (as a minority shareholder)
- They have their own products or want to build their business based on Asseco's products
- They have an entrepreneurial spirit - they are not just looking for a simple financing mechanism
- They are focused on long-term cooperation and developing the Capital Group in a federation model

Start-ups offering technological products and experienced IT teams

Asseco Poland's dividend yield vs WIG20 companies

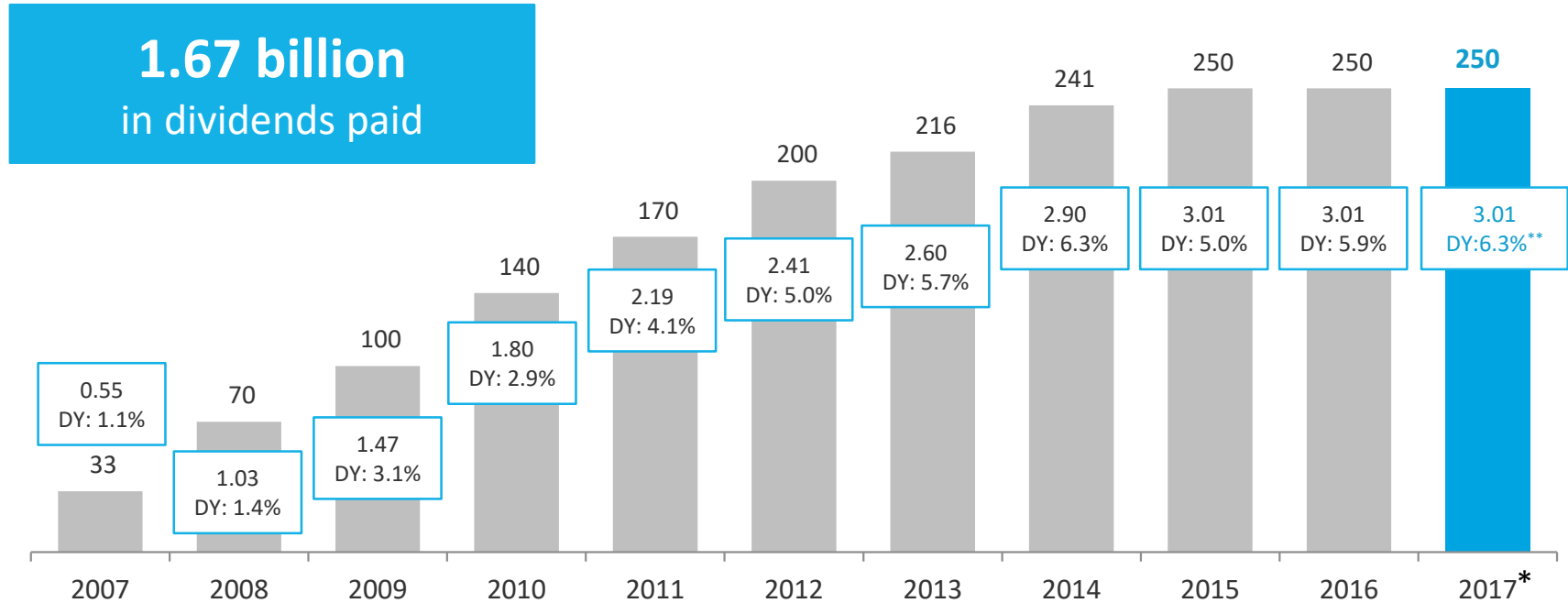
One of the highest in comparison with WIG20 companies

Asseco Poland's dividend yield vs WIG20 companies



*Dividend yield calculated on the day of its payment in 2017.

Consistent implementation of our dividend policy (in mPLN)



*Management Board's recommendation regarding a dividend from the profit in 2017.

** Dividend yield as at March 15, 2018.

Our goal: long-term and stable growth

The Asseco Group - European software producer established and developed by the Poles.

1. We rely on our proprietary software and related services.
2. We focus on the business needs of our customers.
3. We develop high competences in various sectors.
4. We employ the best programmers and IT specialists.
5. We cooperate with global suppliers of technology and IT solutions.
6. We build value for our shareholders and share successes in the form of dividends.
7. We are a socially engaged company supporting the development of the Polish economy.

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for demanding
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