

asreco

The Asseco Group's Results

Q1-Q3 2018

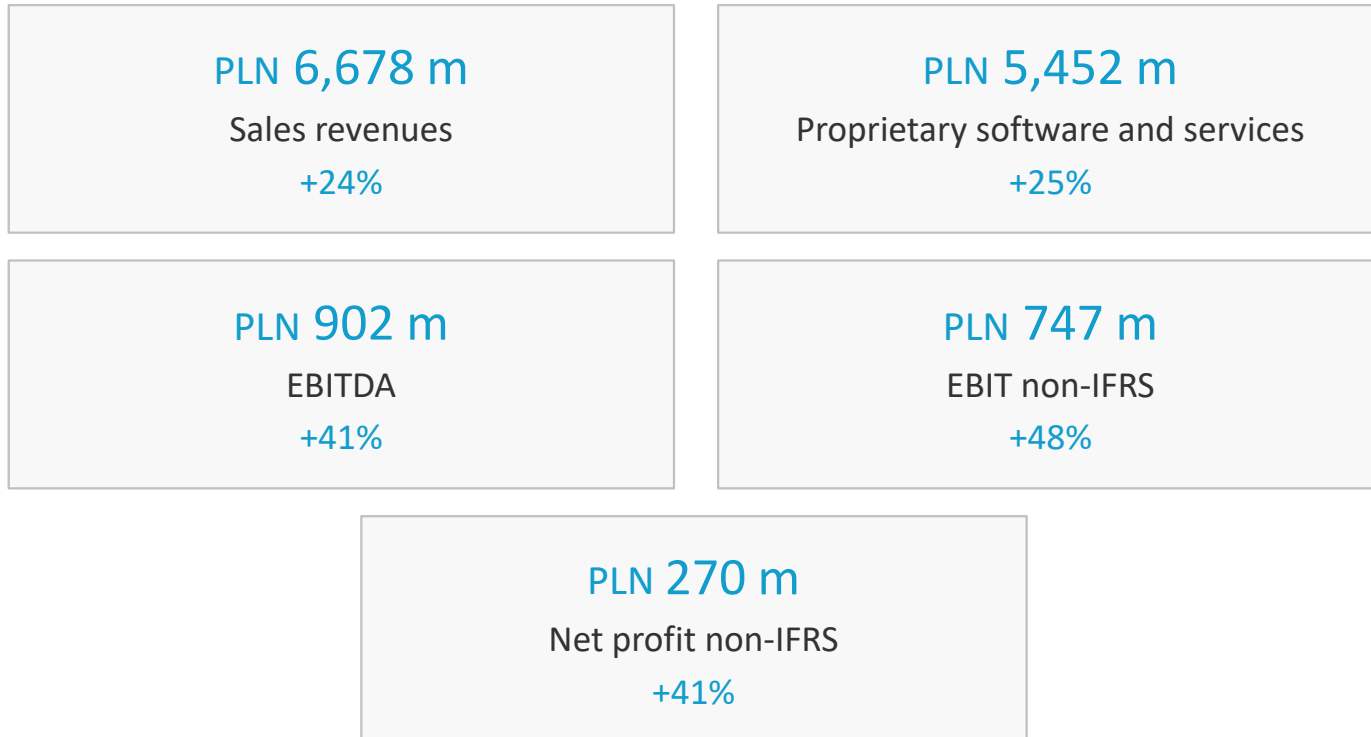
Summary of the Group's operations

Key events in Q1-Q3 2018

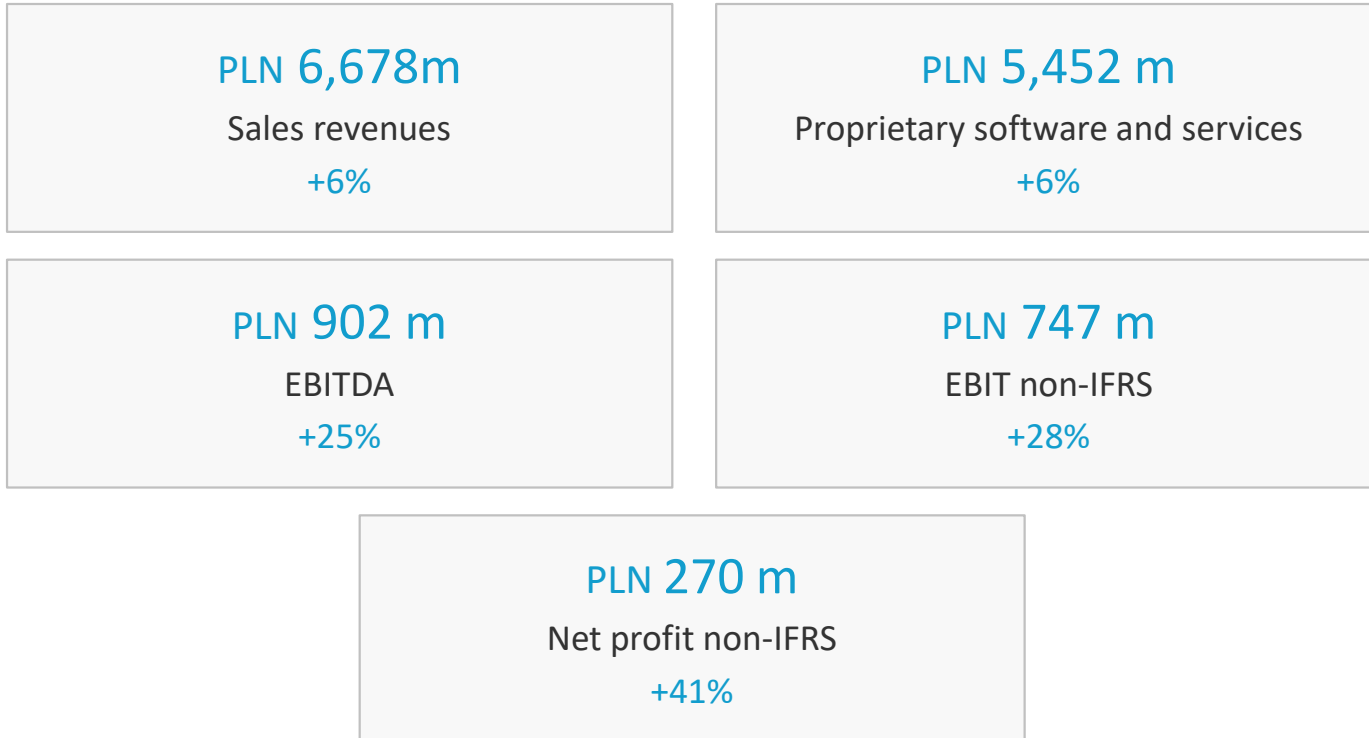
- Further growth at the level of revenues and operating profit in all business segments.
- The banking sector is the engine of growth in Poland.
- Continued increase in sales of Polish products abroad.
- Stronger position on the US market thanks to acquisitions of the Formula Group's companies.



Consolidated financial highlights for Q1-Q3 2018 (vs. Q1-Q3 2017*)

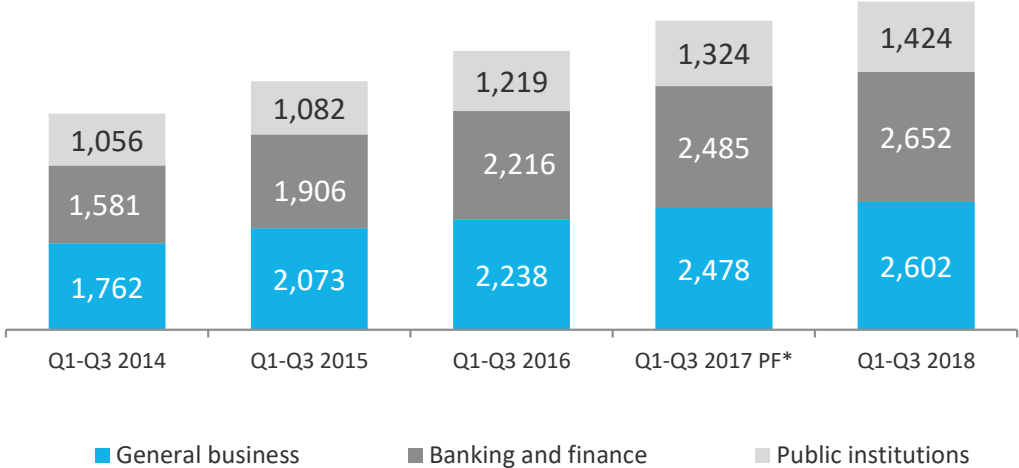
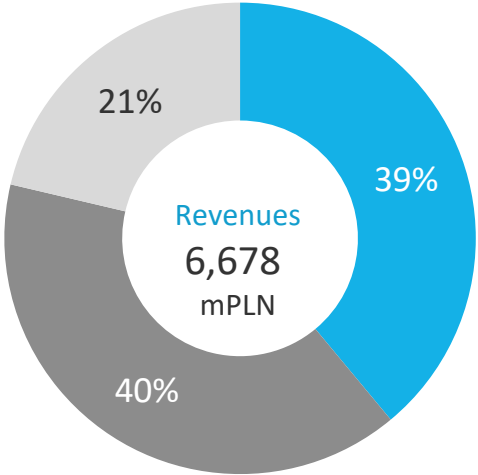


Consolidated financial highlights for Q1-Q3 2018 (vs. Q1-Q3 2017 pro forma figures*)



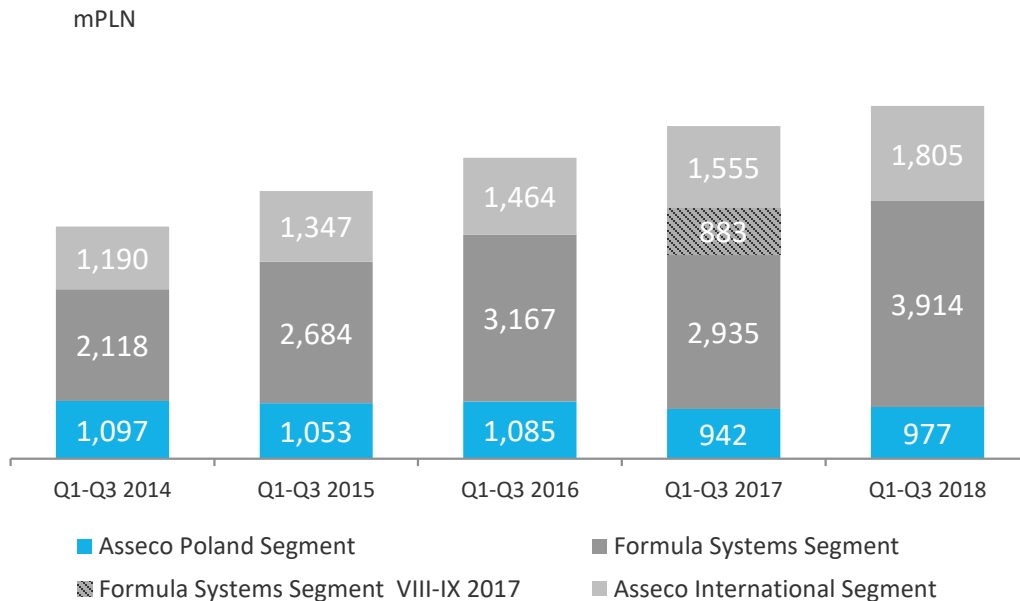
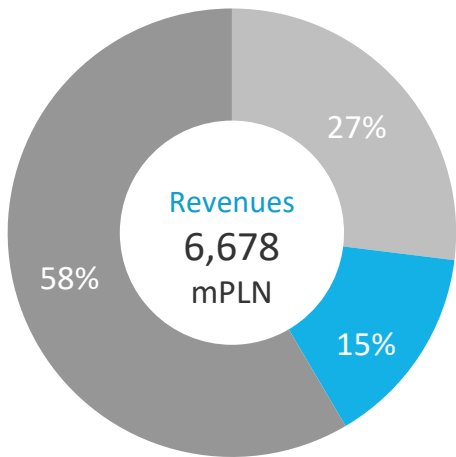
* Figures including Formula Group's results for August and September 2017

Revenue structure – strong diversification into sectors



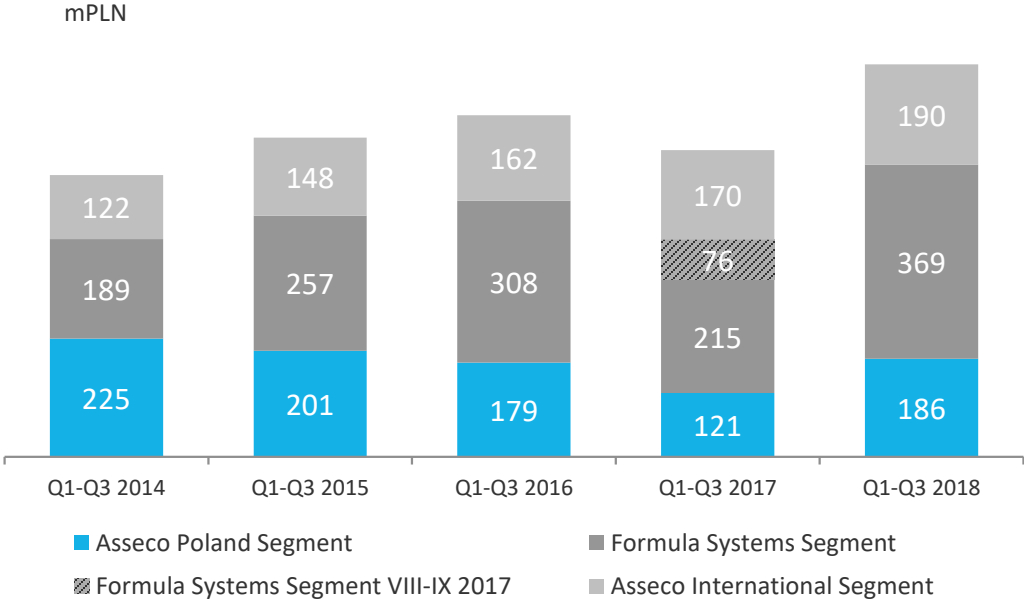
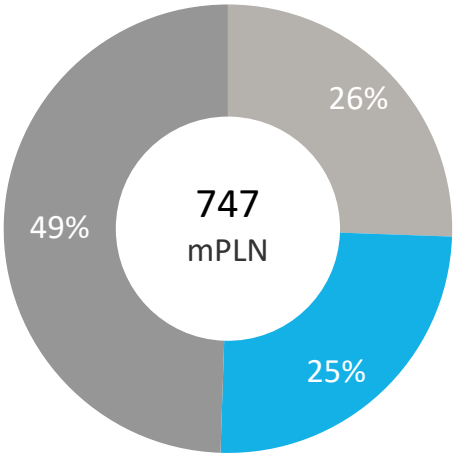
* Data including Formula Group's revenues for August and September 2017; reported results, i.e. excluding Formula Group's revenues for August and September 2017 were as follows: General business PLN 2,141 million, Banking and finance PLN 2,111 million, Public Institutions PLN 1,152 million.

Significant share of foreign markets in the Group's revenues



Data for 2014-2017 after taking into account the changes in the structure of the Group, i.e. according to the structure of segments in 2018.
Figures do not include consolidation adjustments.

Increase in the Group's non-IFRS operating profit



Data for 2014-2017 after taking into account the changes in the structure of the Group, i.e. according to the structure of segments in 2018. Figures do not include consolidation adjustments.

Asseco Group in Q1-Q3 2018 – geographical regions

Asseco Poland Segment

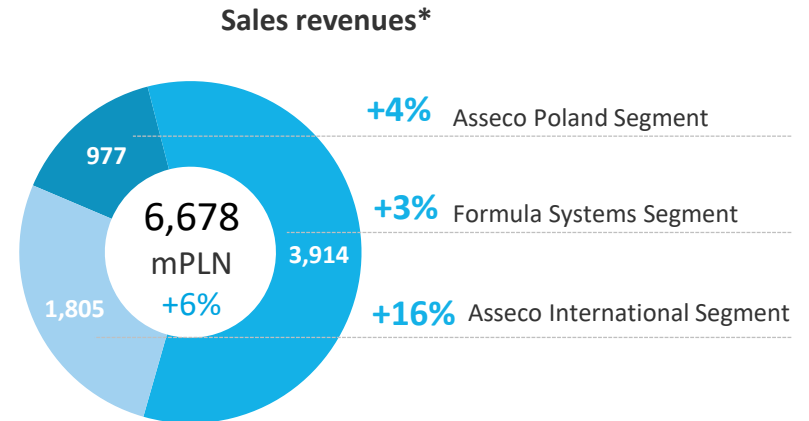
- Continued increase in sales in the banking sector.
- Development of sales of Polish products abroad - central banking systems, omnichannel solutions in banking, solutions for the utilities sector.
- ADS's focus on cloud integration, digitization and offer for local governments.

Formula Systems Segment

- Increase in sales in Formula Group's companies.
- Positive results of Sapiens - improved profitability, dynamic growth on the US market.
- Acquisitions on the American and Israeli markets.

Asseco International Segment

- Significantly higher sales in the Asseco Central Europe Group, supported by the acquisition of CEIT and DWC Slovakia.
- Dynamic development on the South Eastern European market, especially in the area of payments.



* Additionally: consolidation adjustments resulting from transactions between sectors : -PLN 17.9 m, comparison to Q1-Q3 2017 pro forma data, i.e. including revenues of Formula Group VIII-IX 2017.

The Group's development – new acquisitions in Q1-Q3 2018

Acquisitions on the US market::



Purchase of stake by
Sapiens International

US software producer specializing in solutions for insurance companies.



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.

Acquisitions on the Israeli market:



Purchase of stake by
Matrix IT

Cambium develops Internet and mobile applications in the field of customer service and information management systems in the General Business segment, mainly on the Israeli market.



Purchase of stake by
Matrix IT

Integrity Software provides IT solutions in the field of information security, content management systems and infrastructure for companies on the Israeli market.

Acquisitions on the Central European market:



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.

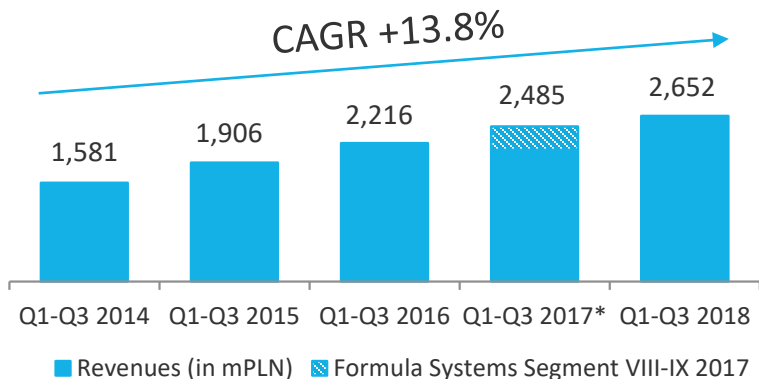


Purchase of stake by
Asseco Central Europe

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

Banking and finance sector

Revenues (in mPLN)



	Q1-Q3 2018	Q1-Q3 2017 PF*	Change
Asseco Poland Segment	356.5	331.0	+8%
Formula Systems Segment	1,687.8	1,567.2	+8%
Asseco International Segment	617.2	608.1	+1%
Asseco Group**	2,652.2	2,484.6	+7%

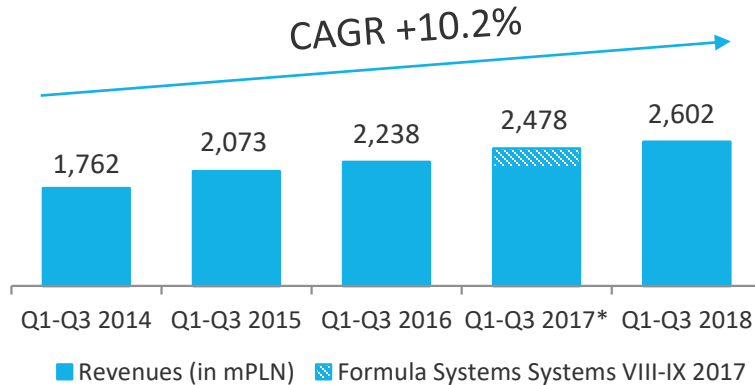
- Increase in sales in Poland - modifications aimed at adjusting to legal changes, sales of banking solutions abroad.
- Development of the Formula Systems Group on the American market.
- Growth in South Eastern Europe, especially in the area of payments.

* Data including Formula Group's revenues for August and September 2017; reported results, i.e. excluding Formula Group's revenues for August and September 2017 reached 2,110.5 and the change +26%.

** Data including consolidation adjustment.

General business sector

Revenues (in mPLN)



	Q1-Q3 2018	Q1-Q3 2017 PF*	Change
Asseco Poland Segment	243.1	268.2	-9%
Formula Systems Segment	1,544.5	1,546.4	0%
Asseco International Segment	821.4	667.4	+23%
Asseco Group**	2,602.0	2,477.9	+5%

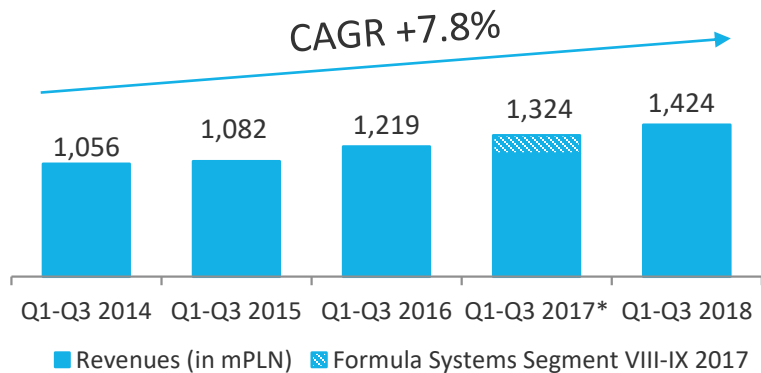
- Significant increase in sales in the Asseco International segment - increased sales of ERP solutions focused in Asseco Enterprise Solutions and through acquisitions: Macrologic, CEIT, DWC Slovakia.
- Decrease in revenues in Poland mainly due to the end of several projects for the energy and gas sector as well as telecommunications and media.

* Data including Formula Group's revenues for August and September 2017; reported results, i.e. excluding Formula Group's revenues for August and September 2017 reached 2,141.2 and the change +22%.

** Data including consolidation adjustment.

Public institutions sector

Revenues (in mPLN)



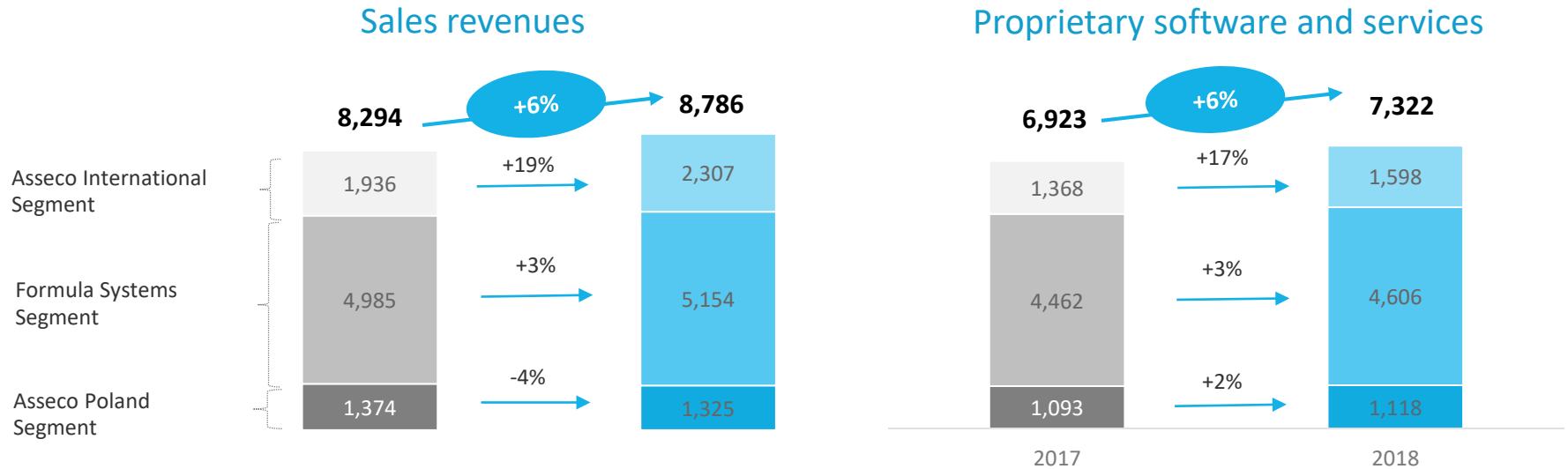
	Q1-Q3 2018	Q1-Q3 2017 PF*	Change
Asseco Poland segment	377.0	342.7	+10%
Formula Systems segment	682.2	704.2	-3%
Asseco International segment	366.5	279.2	+31%
Asseco Group**	1,424.1	1,323.7	+8%

- Significant increase in revenues in the Asseco International segment, mainly thanks to higher sales of Asseco Central Europe.
- New contracts in the public sector (Poland, Czech Republic), increased revenues in the area of health (Poland, Slovakia).

* Data including Formula Group's revenues for August and September 2017; reported results, i.e. excluding Formula Group's revenues for August and September 2017 reached 1,151.8 and the change +24%

** Data including consolidation adjustment.

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: **+8%** in total revenues/**+8%** in proprietary software and services.

Value of the backlog for 2018 as at November 15, 2018; value of the backlog for 2017 as at November 10, 2017.

Financial Information

Revenues and operating result of the Asseco Group

	Q1-Q3 2018	Q1-Q3 2017*	Δ	Q3 2018	Q3 2017*	Δ
Revenues	6,678.3	5,403.5	+24%	2,218.4	1,241.5	+79%
Proprietary software and services	5,452.1	4,363.7	+25%	1 852.9	972.3	+91%
EBITDA	902.1	641.3	+41%	301.3	172.7	+74%
<i>EBITDA margin</i>	13.5%	11.9%	+1.6 p.p.	13.6%	13.9%	-0.3 p.p.
Operating profit non-IFRS**	746.8	505.7	+48%	247.1	132.6	+86%
<i>Operating profit margin non-IFRS</i>	11.2%	9.4%	+1.8 p.p.	11.1%	10.7%	+0.5 p.p.
PPA & SBP**	-188.1	-79.3	+137%	-59.5	-15.4	+287%
Operating profit	558.7	426.4	+31%	187.6	117.2	+60%
<i>Operating profit margin</i>	8.4%	7.9%	+0.5 p.p.	8.5%	9.4%	-1 p.p.

Figures in millions of PLN

* Revenues, EBITDA, EBIT non-IFRS of Formula Group for August and September 2017 were not consolidated.

**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.

Revenues and operating result of the Asseco Group

	Q1-Q3 2018	Q1-Q3 2017 PF*	Δ	Q3 2018	Q3 2017 PF*	Δ
Revenues	6,678.3	6,286.2	+6%	2,218.4	2,124.2	+4%
Proprietary software and services	5,452.1	5,129.6	+6%	1,852.9	1,738.2	+7%
EBITDA	902.1	721.5	+25%	301.3	252.9	+19%
<i>EBITDA margin</i>	13.5%	11.5%	+2 p.p.	13.6%	11.9%	+1.7 p.p.
Operating profit non-IFRS**	746.8	581.7	+28%	247.1	208.6	+18%
<i>Operating profit margin non-IFRS</i>	11.2%	9.3%	+1.9 p.p.	11.1%	9.8%	+1.3 p.p.
PPA & SBP**	-188.1	-128.1	+47%	-59.5	-64.2	-7%
Operating profit	558.7	453.6	+23%	187.6	144.4	+30%
<i>Operating profit margin</i>	8.4%	7.2%	+1.2 p.p.	8.5%	6.8%	+1.7 p.p.

Figures in millions of PLN

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

**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

- 16.0: write-down on investment in Sintagma
- 2.1: write-down on investment in Asseco Georgia
- 1.0: write-down on investment in Asseco Kazakhstan
- 0.9: write-down on investment in Asseco Nigeria
- 4.3: Other transactions

- 359.0: result due to loss of control over the Formula Group before tax and less transaction costs
- 42.4: write-down of deferred payment from the sale of shares in R-Style Softlab
- 2.2: Other transactions

- 38.8: write-down on the investment in R-Style Softlab's associated entity
- 1.7: Other

	Q1-Q3 2018	Q1-Q3 2017	Δ	Q3 2018	Q3 2017	Δ
Operating profit non-IFRS*	746.8	505.7	+48%	247.1	132.6	+86%
Operating profit	558.7	426.4	+31%	187.6	117.2	+60%
Interest expense	-34.1	-25.9		-12.6	-6.1	
Foreign currency transactions	-26.3	-36.0		7.5	0.1	
Other	-14.4	286.2		-4.5	295.7	
of which: gain/loss on transactions associated with company acquisitions	-7.2	-24.3		0.5	-20.4	
gain/loss on transactions associated with company sales	-4.0	318.8		-3.6	317.8	
dividends paid to non-controlling shareholders	-3.6	-5.0		-3.0	-0.7	
Pre-tax profit	536.5	650.8	-18%	178.0	406.9	-56%
Income tax	-125.4	-111.8	+12%	-37.0	-50.4	-27%
<i>effective tax rate</i>	23.4%	17.2%	+6.2 p.p.	20.8%	12.4%	+8.4 p.p.
Share of profits/losses of associates	-1.8	-40.5	-	0.3	-39.8	-
Net profit	409.3	498.5	-18%	141.3	316.7	-55%
Net profit attributable to shareholders of the parent company	235.3	398.6	-41%	78.0	285.3	-73%
Net profit attributable to shareholders of the parent company non-IFRS*	269.7	191.1	+41%	88.3	64.3	+37%

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*

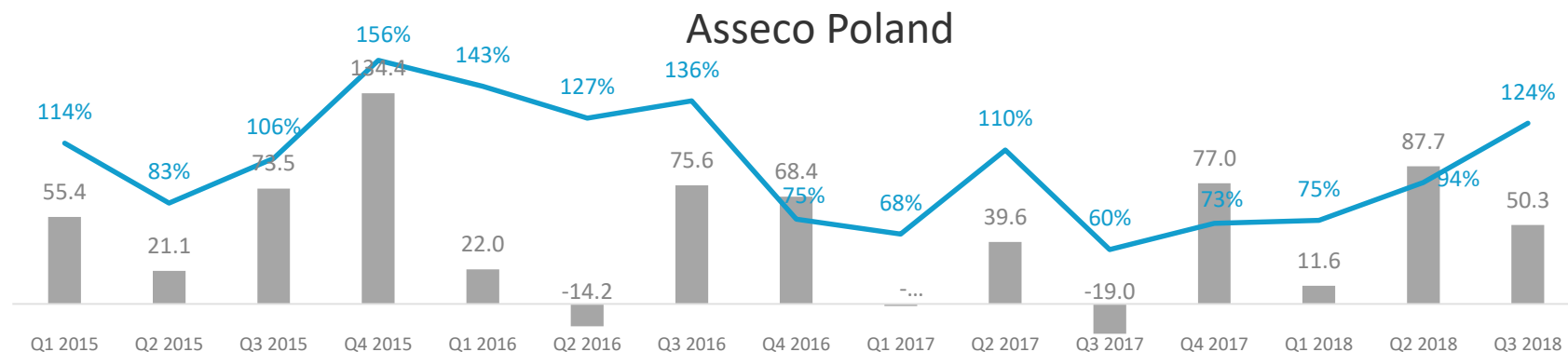
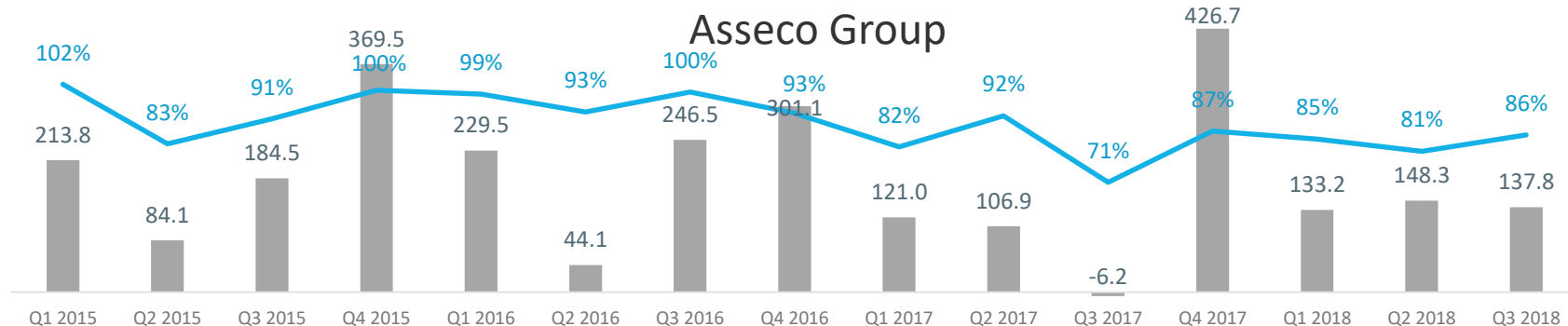
	Sales revenues		Operating profit non-IFRS**		Net profit – contribution to Asseco Poland non-IFRS**	
	Q1-Q3 2018	Q1-Q3 2017 PF	Q1-Q3 2018	Q1-Q3 2017 PF	Q1-Q3 2018	Q1-Q3 2017
Asseco Poland Segment	976.6	941.9	186.1	120.8	134.5	79.3
Asseco Poland (without dividends)	641.8	602.1	145.2	94.2	116.6	40.3
Asseco Data Systems	259.0	228.8	23.7	17.6	19.0	13.3
Other companies	117.4	153.2	18.4	13.4	6.9	1.9
adjustments	-41.6	-42.2	-1.2	-4.4	-8.1	23.8
Formula Systems Segment	3,914.5	3,817.8	368.7	291.4	32.4	24.4
Matrix IT	2,299.7	2,226.6	168.3	161.7	15.2	21.1
Magic Software	756.9	738.0	102.9	99.2	8.7	12.6
Sapiens Int.	772.3	759.7	95.4	29.9	8.3	2.0
Other companies	100.1	102.9	2.1	2.9	0.3	-10.8
adjustments	-14.5	-9.3	0.0	-2.2	0.0	-0.4
Asseco International Segment	1,805.1	1,554.7	190.5	169.9	101.3	87.6
Central European Market	857.5	683.1	109.5	87.7	57.8	51.2
South Eastern European Market	448.9	410.6	51.7	44.6	23.8	20.1
Western European Market	496.2	450.8	36.8	40.3	26.4	18.8
Eastern European Market	5.5	8.9	0.2	-2.5	0.7	-2.8
Other companies	4.2	2.3	-7.5	-1.0	-7.2	-0.4
adjustments	-7.3	-1.0	-0.2	0.8	-0.2	0.8
Consolidation adjustment	-17.9	-28.2	1.5	-0.4	1.5	-0.1
Asseco Group	6,678.3	6,286.2	746.8	581.7	269.7	191.1

Figures in mPLN

*Results of segments in 2018 and 2017 according to the structure as at 30.09.2018; data 2017 - pro forma, i.e. including Formula Group for August and September 2017.

**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



FCF*

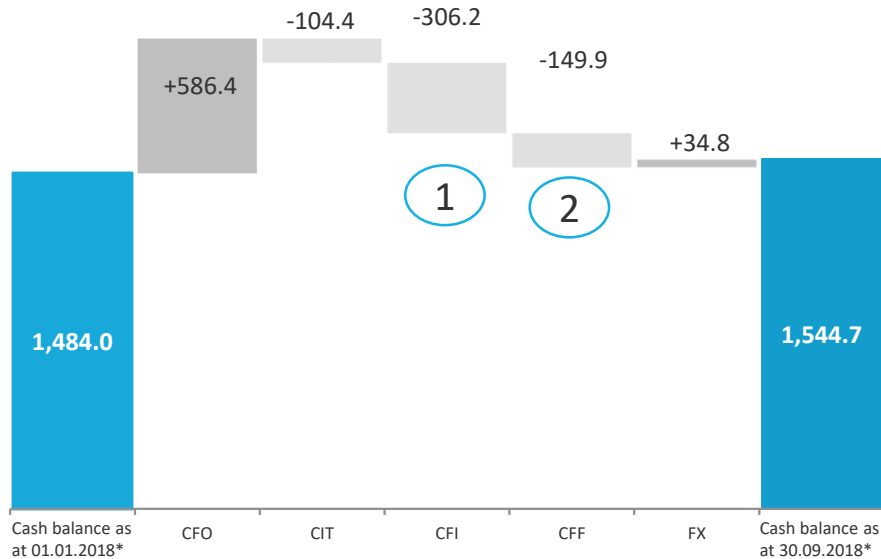
cash conversion ratio 12 mths**

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*



1

Cash from investment activity:

M&A acquisitions	-164.0
CAPEX+R&D	-154.9
Borrowings	+21.7
Other	-9.0
Total	-306.2

2

Cash from finance activity:

Dividend paid by Asseco Poland	-249.8
Dividends for minority shareholders	-155.6
Debt	+175.0
Capital issue	+90.7
M&A	-12.9
Other	+2.7
Total	-149.9

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

Stable liquidity position (Asseco Poland)

	As at 30.09.2018	
	ST	LT
Cash and financial assets	208.3	14
Debt and finance lease:	-38.3	111.0
<i>Bank loans</i>	-15.3	-42.5
<i>Assets serving as bank loan collateral*</i>	-	181.2
<i>Finance lease liabilities</i>	-23.0	-27.7
Net cash (ST)	170.0	
Inventories + ST receivables – ST liabilities KT**	210.5	
Net operating assets (ST)	380.5	
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.

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