



ASSECO

# Asseco Poland

## Solutions for Demanding Business

Financial Results for the 1st Half of 2011

Warsaw, 29 August 2011



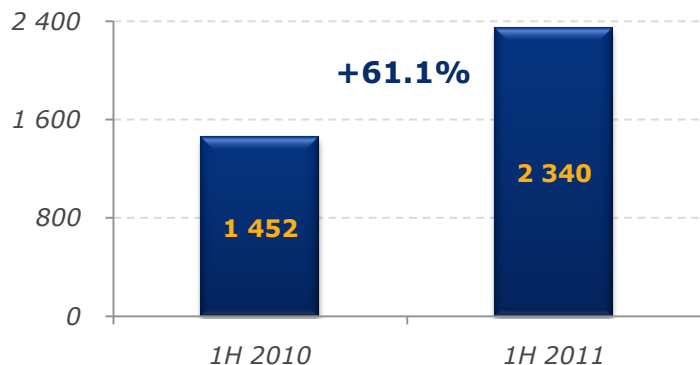
# Agenda

- **Summary of the 1st Half of 2011**
- **Financial Results for the 1st Half of 2011**
- Operating Activities
- Subsidiaries – Return on Investments, Results

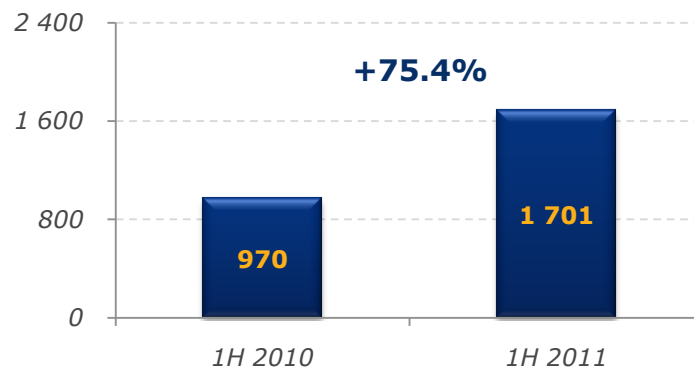


# Consolidated Financial Highlights for 1H 2011

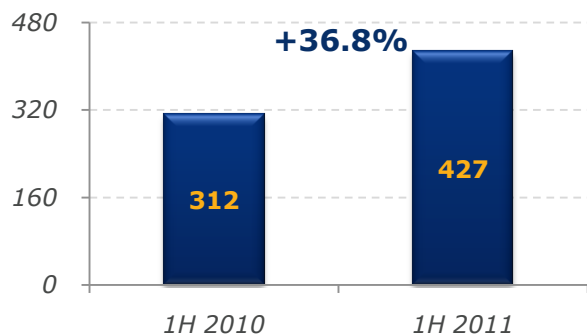
## Consolidated sales



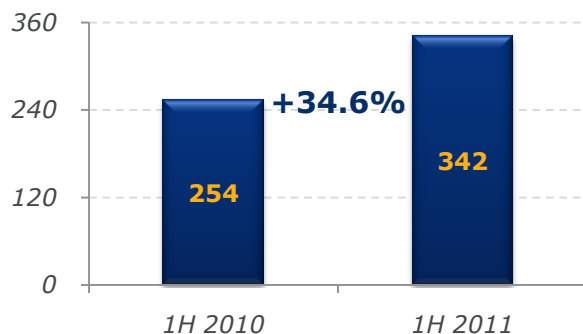
## Proprietary software



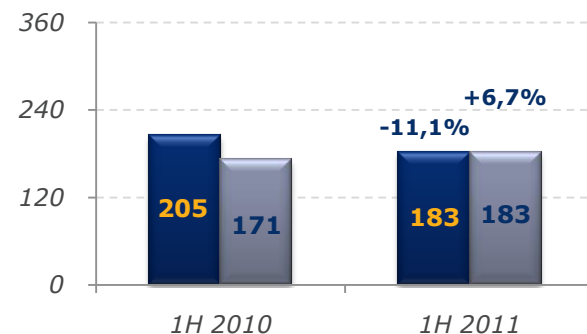
## EBITDA



## EBIT



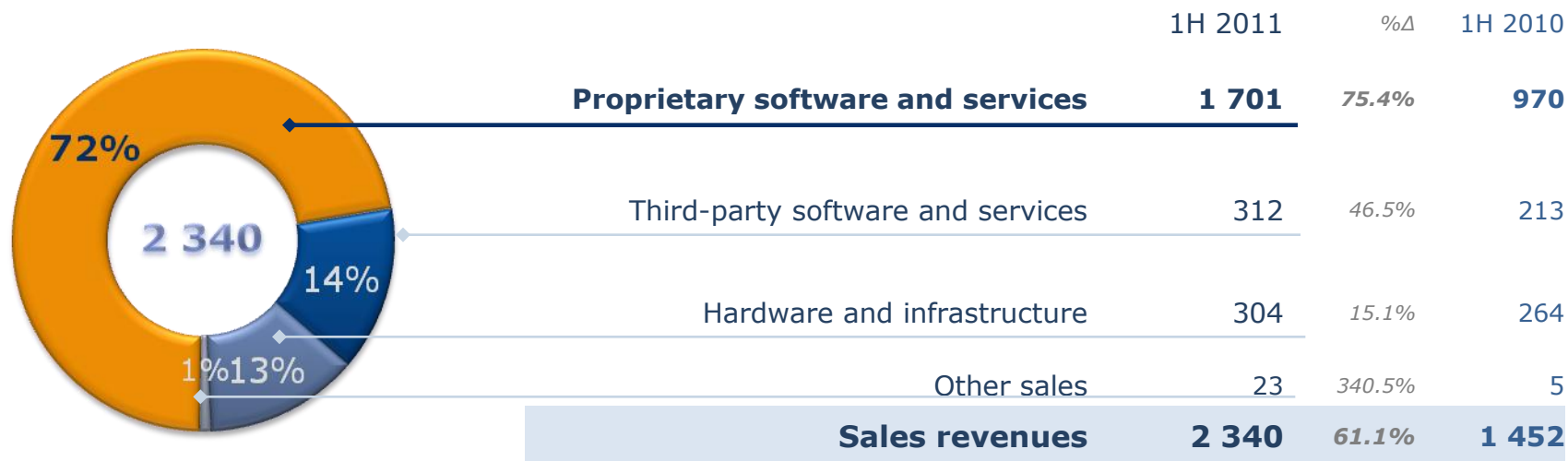
## Net profit<sup>1)</sup>



Figures in millions of PLN; <sup>1)</sup> Net profit and net profit adjusted by single-time events (light blue bars) 1H 2010: reversal of write-downs on financial assets PLN 17.0 m, write-down on Gladstone PLN (9.4) m, write-down on Asseco Spain PLN (11.7) m, reversal of deferred income tax provision PLN 41.5 m, disposal of Uniquare company PLN (3.2) m



# Consolidated sales revenues, by products and sectors

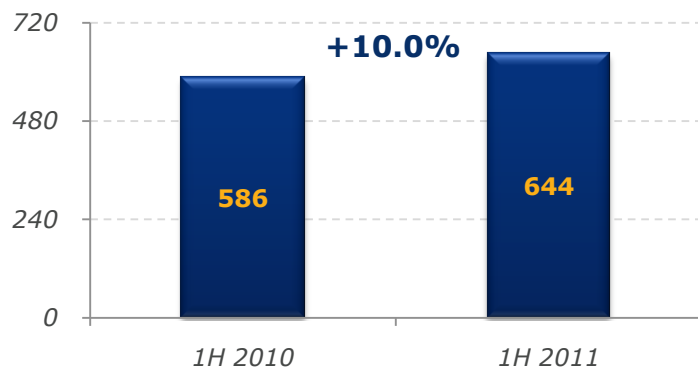


Figures in millions of PLN

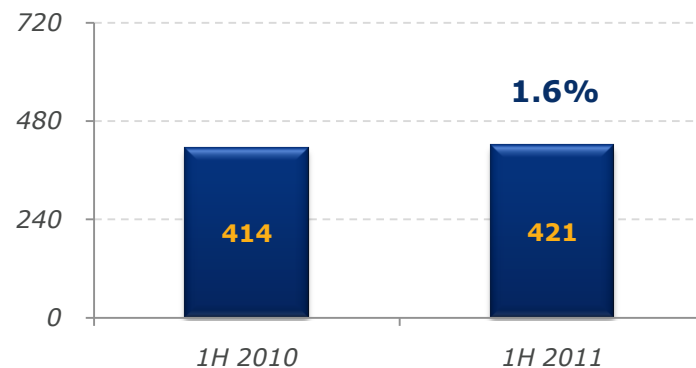


# Standalone Financial Highlights for 1H 2011

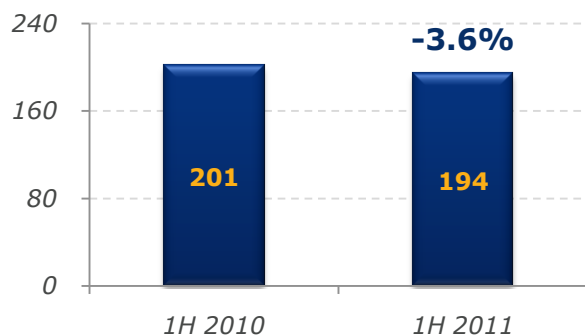
**Standalone sales**



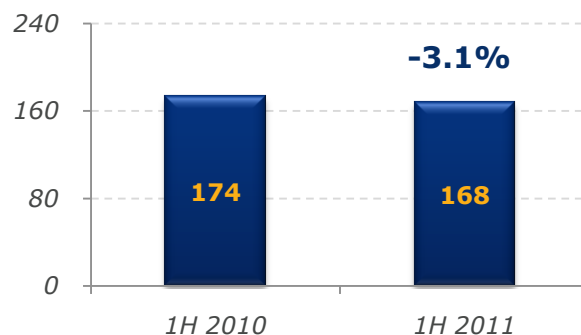
**Proprietary software**



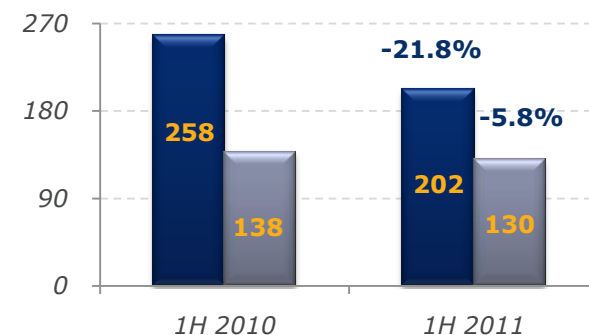
**EBITDA**



**EBIT**



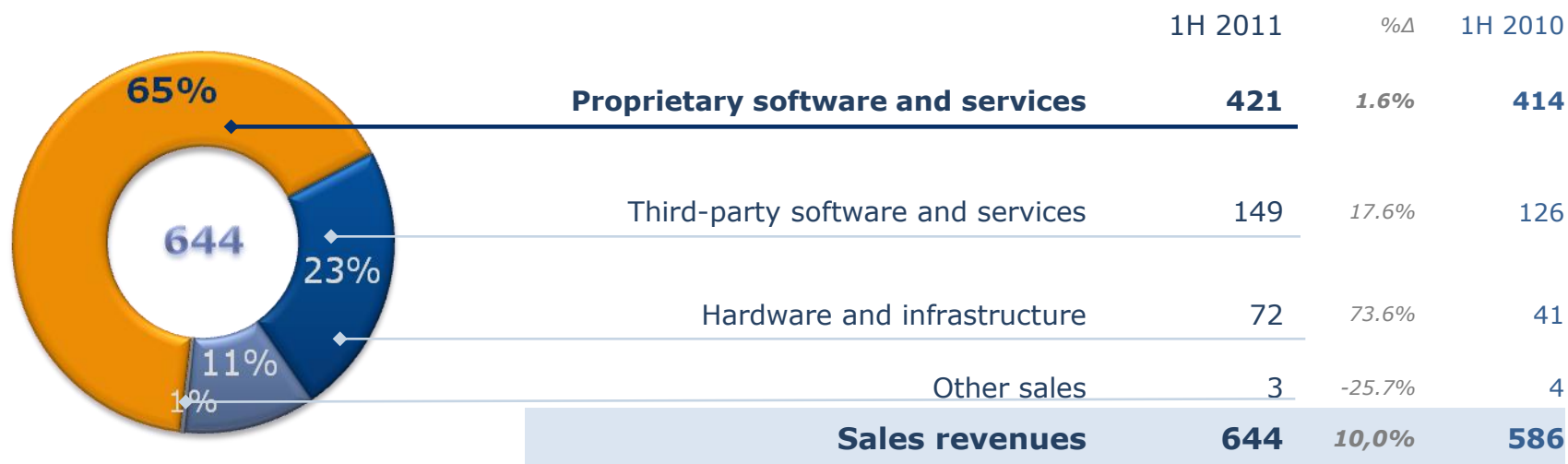
**Net profit<sup>1)</sup>**



Figures in millions of PLN; <sup>1)</sup> Net profit and net profit adjusted by single-time events (light blue bars) 1H 2010: reversal of write-downs on financial assets PLN 17.0 m, write-down on Gladstone PLN (14.9) m, dividends PLN 76.2 m; 1H 2011: dividends PLN 70.4 m, disposal of financial assets PLN 1.1 m



# Standalone sales revenues, by products and sectors



Figures in millions of PLN

# Financial liquidity

	2011-06-30		2010-12-31	
	Asseco Poland	Asseco Group	Asseco Poland	Asseco Group
Short- and long-term debt	-110.7	-362.3	-92.0	-335.2
Cash and cash equivalents	102.1	635.1	166.2	835.0
<b>Cash - debt</b>	<b>-8.6</b>	<b>272.8</b>	<b>74.2</b>	<b>499.8</b>
Trade accounts receivable	163.1	771.6	172.5	1 016.3
Trade accounts payable	-53.4	-273.5	-51.2	-457.0
Inventories	13.5	59.0	4.7	66.7
<b>Operating balance</b>	<b>114.6</b>	<b>829.9</b>	<b>200.2</b>	<b>1 125.8</b>

	PLN m
Dividend income	42
Dividend paid out	-140
Wilanów investment	-31
Buy-out of minorities	-13

	PLN m
Dividends paid out	-205
Acquisitions	- 81
Wilanów investment	-31
R&D	-24

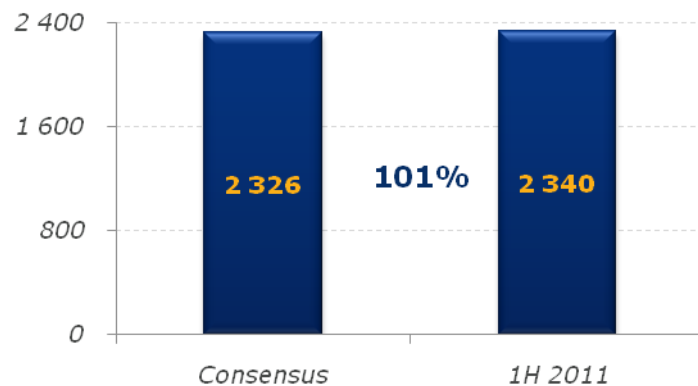
	PLN m
Formula Systems	274.9
ACP	102.1
ASEE	104.1
ACE	95.5
ABS	35.1
others	53.0

	PLN m
Formula Systems	327.6
ACP	166.2
ASEE	100.1
ACE	89.5
ABS	59.4
others	92.2

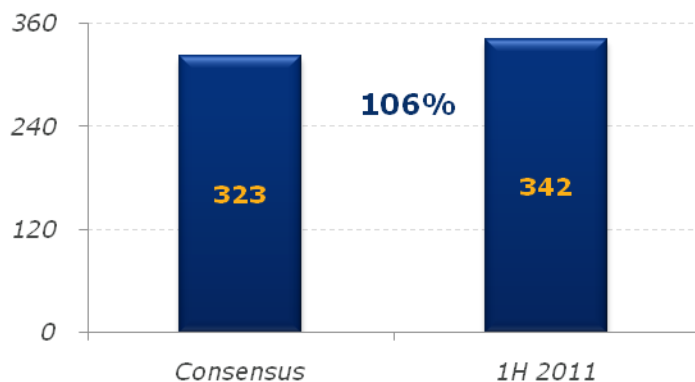


# Market Expectations for 1H 2011

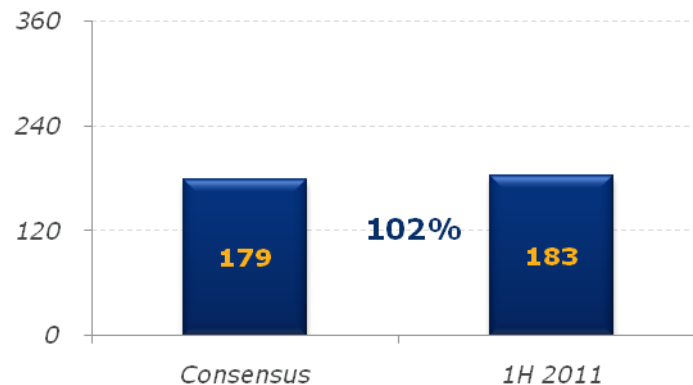
**Consolidated sales revenues**



**Consolidated operating profit**



**Consolidated net profit**



\* Arithmetic average of 2Q forecasts made by 11 brokerage houses as at 17 August 2011 plus arithmetic average of 1Q forecasts made by 11 brokerage houses as at 11 May 2011; figures in millions of PLN





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- Financial Results for the 1st Half of 2011
- **Operating Activities**
- Subsidiaries – Return on Investments, Results



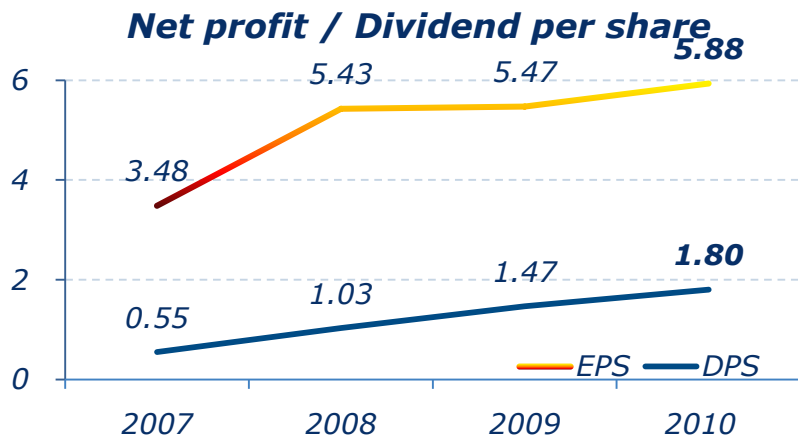
# Share buy-back program

- Repurchase of own shares for cancellation
- Maximum value – not more than PLN 600 million
- Maximum number of shares – not more than 25.6 million (33% of the share capital)
- Maximum price – moving, not higher than 110% of the average closing price from the last 3 trading days
- Minimum price – moving, not lower than 90% of the average closing price from the last 3 trading days
- Required approval by the General Meeting of Shareholders
- Extraordinary General Meeting of Shareholders to be held on 6 September 2011
- Buy-back of own shares possible over a 5-year period of the adoption of a resolution



# Significant Events

## General Meeting of Shareholders – 28 April 2011

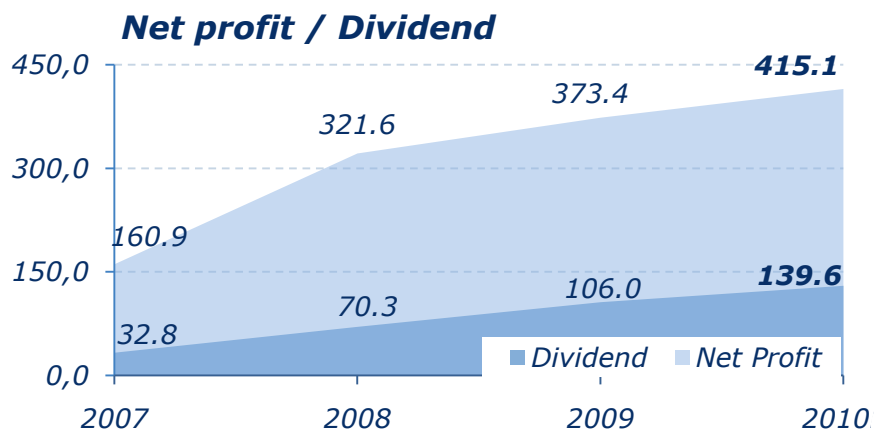


- Decided on paying out PLN 140 million in dividends from standalone earnings – PLN 1.80 per share.

Dividend day – 17 May 2011

Dividend payment – 1 June 2011

- Acknowledged the fulfilment of duties by Members of the Management Board and Supervisory Board





# Banking and Insurance Divisions

## Successes in 1H 2011

- PZU Group – implementation of Oracle eBS ERP system
- PZU SA – prolongation of support for IBM Informix database (Asseco Insurer System)
- ING – insurance system dedicated to group insurances
- ING Bank – development of e-Banking system
- Getin Noble Bank – development of def3000/TLR Teller – sales support system

## Key Accounts

- Bank PKO BP
- PZU Insurance Group
- Bank Ochrony Środowiska
- Bank Gospodarki Żywnościowej
- ING Bank
- Getin Noble Bank
- Deutsche Bank PBC
- Allianz Bank
- Cooperative Banking Group



# Public Administration Division

## Successes in 1H 2011

- Agricultural Social Insurance Fund (KRUS) – development of comprehensive Database
- Ministry of Education – education and e-learning platforms
- PKP Cargo – implementation of SANKO system to support property management
- Central Office of Geodesy and Cartography – implementation and maintenance of IT system to support the INSPIRE program (UE requirement), and development of GEOPORTAL 2 system
- Ministry of Finance – execution of a comprehensive system to support business start-up processes, along with training applications

## Key Accounts

- Social Insurance Institution (ZUS)
- Agency for Restructuring and Modernization of Agriculture (ARiMR)
- Ministry of Interior and Administration
- National Healthcare Fund (NFZ)
- Agricultural Social Insurance Fund (KRUS)
- Central Statistical Office (GUS)



# Enterprises Division

## Successes in 1H 2011

- ITI Group – Value Added Services (SMS, MMS, IVR Video) on the Asseco platform
- PKP Informatica – maintenance support and development of the existing IT infrastructure
- TP Group – development of the advertising management system
- EnergiaPro – Readouts Collection System (ADO)

## Key Accounts

- Telekomunikacja Polska
- PTK Centertel
- Lotos Group
- PGE Dystrybucja
- Energa
- PGNiG
- PKN Orlen
- Tauron
- Vattenfall

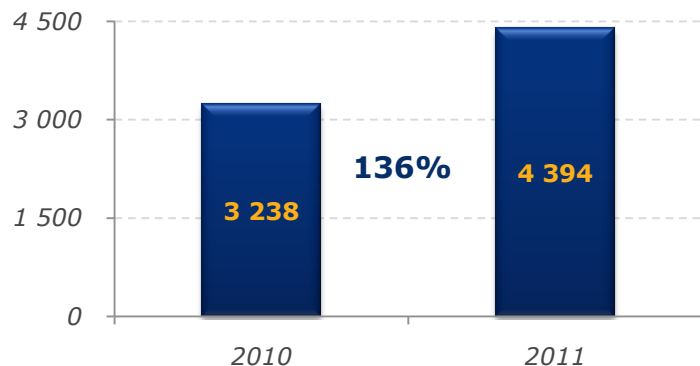


# Backlog of Orders for 2011

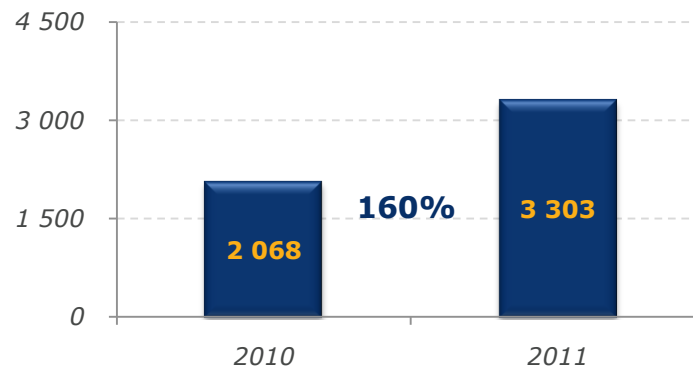
(in comparison to actual results for 2010)

## CONSOLIDATED

**Sales revenues**

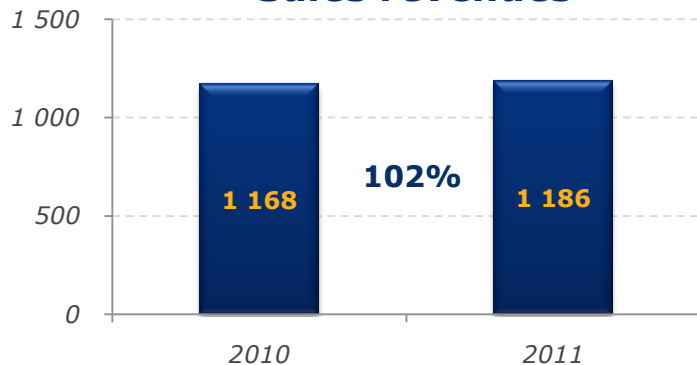


**Proprietary software**

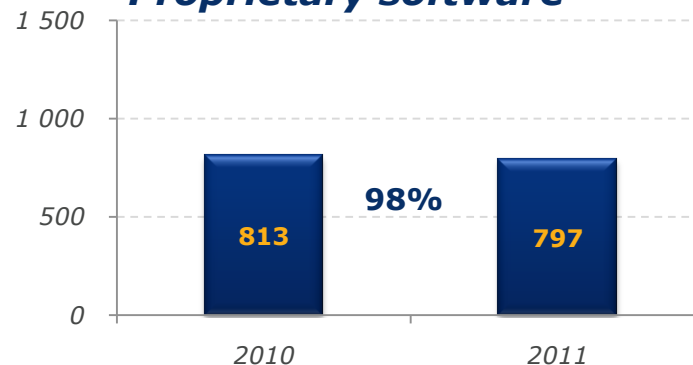


## STANDALONE

**Sales revenues**



**Proprietary software**



Figures in millions of PLN; orders backlog as at 19 August 2011



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# Asseco in Central Europe

## RETURN ON INVESTMENTS

<b>Central Europe<sup>1)</sup></b>		GDP growth <sup>6)</sup>		CPI <sup>6)</sup>
Years <sup>2)</sup> :	4.5	Czech Republic	2010	2009
Investment <sup>3)</sup> :	128.9		2.3%	-4.2%
NPAT <sup>4)</sup> :	97.1	Hungary	1.1%	-6.7%
Return <sup>5)</sup> :	16.6%	Slovakia	0.5%	-6.2%
		Poland	3.8%	1.7%
				3.8%

## BUSINESS INITIATIVES TO IMPROVE THE RETURN ON INVESTMENTS

- Support for the creation of a strong Group operating in the markets of Slovakia, Czech Republic, and Hungary
- Asseco has become Slovakia's leader in the market segments of finance and ERP for SMEs
- In Czech Republic, Asseco is one of the largest providers of software for public administration, and number one supplier of IT solutions for SMEs
- Asseco has operated in the Hungarian market for over a year, through the companies of Statlogics and GlobeNet. In the first half of 2011, these companies generated a net profit of € 910 thousand.
- As a result of cost reductions, our average workforce in the region has been reduced from 1,808 in the first half of 2010 to 1,539 in the corresponding period of 2011
- Disposal of an unprofitable investment Uniqare, with simultaneous buy-out of its products
- Simplification of the Group's organizational structure

<sup>1)</sup> Czech Republic, Hungary, Slovakia; <sup>2)</sup> Number of years from the acquisition – weighted by capital investment outlays; <sup>3)</sup> Total capital investments for acquired companies; <sup>4)</sup> Asseco's cumulative share in companies' net profits; <sup>5)</sup> NPAT / Years / Investment; <sup>6)</sup> source: World Bank



# Asseco in South Eastern Europe

## RETURN ON INVESTMENTS

<b>South Eastern Europe<sup>1)</sup></b>		GDP growth <sup>6)</sup>		CPI <sup>6)</sup>	
		2010	2009	2009	
Years <sup>2)</sup> :	2.7				
Investment <sup>3)</sup> :	270.4	Romania	0.9%	-8.5%	5.6%
NPAT <sup>4)</sup> :	83.9	Serbia	1.8%	-3.1%	7.8%
Return <sup>5)</sup> :	11.4%	Turkey	8.9%	-4.8%	6.3%
		Poland	3.8%	1.7%	3.8%

## BUSINESS INITIATIVES TO IMPROVE THE RETURN ON INVESTMENTS

### South Eastern Europe and Turkey

- Introduction of matrix management – division into Business Units and countries
- Delegation of competences and objectives to all Business Unit and country managers
- Simplification of the organizational structure through:
  - Buy-out of minority interests
  - Merger of companies operating within each country
  - Flattening of the organizational structure
- Creation of products for international distribution and development of sales channels
- Renegotiation of commercial contracts for maintenance and support services, increasing the share of recurring revenue
- Unification of business offering, elimination of product cannibalism, increasing business development outlays
- Development of CRM Experience Branch and Customer Insight products.

*<sup>1)</sup> 12 countries in the Balkan region, the largest of which are Romania, Croatia, Turkey, Serbia, and Macedonia; <sup>2)</sup> Number of years from the acquisition – weighted by capital investment outlays; <sup>3)</sup> Total capital investments for acquired companies; <sup>4)</sup> Asseco's cumulative share in companies' net profits; <sup>5)</sup> NPAT / Years / Investment; <sup>6)</sup> source: World Bank*



# Asseco in Western Europe

## RETURN ON INVESTMENTS

<b>Western Europe<sup>1)</sup></b>		GDP growth <sup>6)</sup>		CPI <sup>6)</sup>	
		2010	2009	2009	
Years <sup>2)</sup> :	2.6				
Investment <sup>3)</sup> :	370.4	Denmark	2.1%	-5.2%	1.3%
NPAT <sup>4)</sup> :	35.5	Germany	3.6%	-4.7%	0.3%
Return <sup>5)</sup> :	<b>3.7%</b>	Spain	-0.1%	-3.7%	-0.4%
		Poland	3.8%	1.7%	3.8%

## BUSINESS INITIATIVES TO IMPROVE THE RETURN ON INVESTMENTS

### DACH

- matrix42 signed a strategic agreement with BMC
- Implementation of Softlab finance and accounting module in both German companies – ABS gains first references in this market and German offering is extended with the finance and accounting module
- Merger of update4u and matrix42 – product integration, cost synergies
- Increasing the capital and restructuring of Asseco Germany – € 1,8 million in annual cost savings
- Implementation of a motivation scheme based on the companies' performance

### Northern Europe

- Cost restructuring in Sintagma, and product diversification in Asseco Denmark

### Western Europe

- Simplification of the organizational structure of Asseco Spain, and merger with Terminal Systems
- Restructuring – reduction of employment, other savings – approx. € 2 million in annual cost savings (additionally a tax shield of € 0.7 million)
- Development of new business lines based on Terminal Systems' technologies and Asseco Spain's infrastructure, to compensate for revenues lost in other sources (i.e. kiosks and wholesale trade)

<sup>1)</sup> Spain, Germany, Denmark; <sup>2)</sup> Number of years from the acquisition – weighted by capital investment outlays; <sup>3)</sup> Total capital investments for acquired companies; <sup>4)</sup> Asseco's cumulative share in companies' net profits; <sup>5)</sup> NPAT / Years / Investment; <sup>6)</sup> source: World Bank



# Asseco in Poland

## RETURN ON INVESTMENTS

Poland	ABS	Combidata	Novum	ADH	Otago
Years <sup>2)</sup> :	4.7	3.2	4.1 <sup>7)</sup>	4.1	1.6
Investment <sup>3)</sup> :	135.8	51.0	3.9	3.3	26.3
NPAT <sup>4)</sup> :	58.9	26.7	7.0	2.1	5.1
Return <sup>5)</sup> :	9.2%	16.2%	39.9%	15.4%	12.2%

## BUSINESS INITIATIVES TO IMPROVE THE RETURN ON INVESTMENTS

- Merger of Asseco Poland with its subsidiaries Asseco Systems and Alatus
- Reduction of job positions and achieving operating cost savings, average workforce declined from 4,484 in the first half of 2010 to 4,322 in the first half of 2011
- Increasing the share of recurring revenues in the turnover structure
- Asseco Poland – high R&D expenditures (Poland's leader according to Computerworld TOP 200)
- Reinforcement of the market position – ABS becomes Poland's second largest provider of ERP systems in terms of sales revenues (after SAP Poland), with a market share of 25% (according to Computerworld TOP 200)
- Launching the subscription sales of selected products (ABS)
- Establishing Asseco's training center in Poland (Combidata)
- Gaining stronger position in the education sector – second position in terms of revenues from services provided (Computerworld TOP 200)
- Disposal of unused office facilities (Combidata)
- Benefiting from the Group's client references

<sup>2)</sup> Number of years from the acquisition – weighted by capital investment outlays; <sup>3)</sup> Total capital investments for acquired companies;

<sup>4)</sup> Asseco's cumulative share in companies' net profits; <sup>5)</sup> NPAT / Years / Investment; <sup>6)</sup> source: World Bank; <sup>7)</sup> Results restated from the date of merger with Softbank



# Subsidiaries of Formula Systems

<b>NIS / USD millions</b>				
<b>Matrix</b>	[NIS]	1H 2011	%Δ	1H 2010
Revenues		<b>850.6</b>	15.0%	<b>740.9</b>
EBIT		<b>70.4</b>	10.5%	<b>63.7</b>
Net profit		<b>44.4</b>	-1.5%	<b>45.1</b>
<b>Sapiens</b>	[USD]	1H 2011	%Δ	1H 2010
Revenues		<b>27.6</b>	12.7%	<b>24.4</b>
EBIT		<b>3.4</b>	6.9%	<b>3.2</b>
Net profit		<b>3.3</b>	12.4%	<b>2.9</b>
<b>Magic</b>	[USD]	1H 2011	%Δ	1H 2010
Revenues		<b>52.9</b>	28.4%	<b>41.2</b>
EBIT		<b>6.5</b>	71.0%	<b>3.8</b>
Net profit		<b>6.7</b>	77.4%	<b>3.8</b>
<b>Formula Systems</b>	[USD]	1H 2011	%Δ	1H 2010
Revenues		<b>321.8</b>	22.5%	<b>262.6</b>
EBIT		<b>25.6</b>	14.7%	<b>22.3</b>
Net profit		<b>9.2</b>	6.4%	<b>8.6</b>

Figures in millions of USD (Sapiens, Magic), NIS (Matrix). Financial results of Magic Software, Sapiens International and Formula Systems presented in compliance with US GAAP standards, Matrix under IFRS standards



## Major Events – Formula Systems

### **SAPIENS**

- Acquisition of and merger with the companies of FIS and IDIT – both providers of software solutions for the insurance industry.

### **MATRIX IT**

- Acquisition of a 50.1% stake in Babcom Centers Inc – a service provider, developer and tester of software for call-centers. The company employs nearly 500 persons.

### **MAGIC SOFTWARE**

- Take-over of a partner business in South Africa.
- Geographical expansion into the Turkish market by signing a partnership agreement. New distributor declares to generate \$700 thousand in revenues over the next 3 years.



# Cross-Selling Summary

Year	Initiative	Successful	Active
2008	40	-	-
2009	32	8	-
2010	103	10	-
2011	100	10	120
Total	275	28	120

Total contract value: **EUR 9.5 million**

Recent contracts:

Client's country	Name of client	Project scope	Contract value
Kosovo	Ministry of Health	Consulting Asseco CE	EUR 350k
Poland	PGE Skarżysko-Kamienna	AMES & Asseco CE	EUR 125k
Slovakia	Slovenska Sportielna	Aseba Trides & Asseco SEE	EUR 250k
Denmark	PenSam	Consulting Matrix IT	EUR 4m



# Financial Results of Subsidiaries

	Sales revenues H1 2011	Sales revenues H1 2010	Operating profit H1 2011	Operating profit H1 2010	Net profit* H1 2011	Net profit* H1 2010
Asseco Central Europe Group	235.5	242.9	43.6	25.3	35.0	8.5
Asseco South Eastern Europe Group	199.4	192.6	21.2	21.5	23.2	18.0
Asseco DACH Group	96.4	74.5	(3.2)	3.4	(2.8)	2.9
Asseco South Western Europe Group	103.3	66.9	3.7	0.4	1.0	(0.3)
Formula Systems	898.0	n/a	77.4	n/a	28.3	n/a
Asseco Northern Europe	46.3	44.2	6.6	4.5	3.2	2.0
Asseco Business Solutions S.A.	80.9	74.3	18.1	15.9	15.5	13.6
Combidata Polska Sp. z o.o.	24.5	35.8	1.8	4.8	1.6	3.7
ZUI Novum Sp. z o.o.	12.3	11.0	2.3	2.0	1.9	1.6
ZUI OTAGO Sp. z o.o.	8.6	5.0	1.7	1.5	1.4	1.2
ADH-Soft Sp. z o.o.	3.7	3.6	0.4	0.5	0.2	0.3
Other	10.7	15.8	0.8	2.9	1.2	1.0
<b>Total</b>	<b>1 719.6</b>	<b>766.6</b>	<b>174.4</b>	<b>82.7</b>	<b>109.7</b>	<b>52.5</b>

*Figures in millions of PLN.*

*\* Net profit attributable to Shareholders of the Parent Company*





ASSECO

**Many thanks for your attention**

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