

# **Growth, knowledge, experience**

**No 1 in IT services to banking sector in Poland**

**KBC Central European Stock Market Review Conference**

17 & 18th October 2005

Brussels

## AGENDA

### 1. IT Market in Poland

### 2. Softbank Today

### 3. Prospects

# IT Market in Poland

## IT expenditures as % GDP

Poland	1.8
Western Europe	3.1

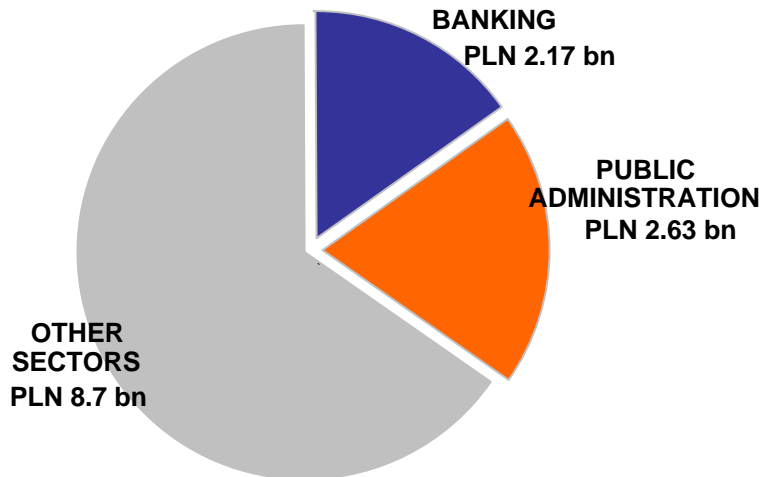
Source: EITO 2005

## IT expenditures per capita (EUR)

Lithuania	86
<b>Poland</b>	<b>100</b>
Hungary	190
Slovenia	270
Czech	238
Western Europe	732

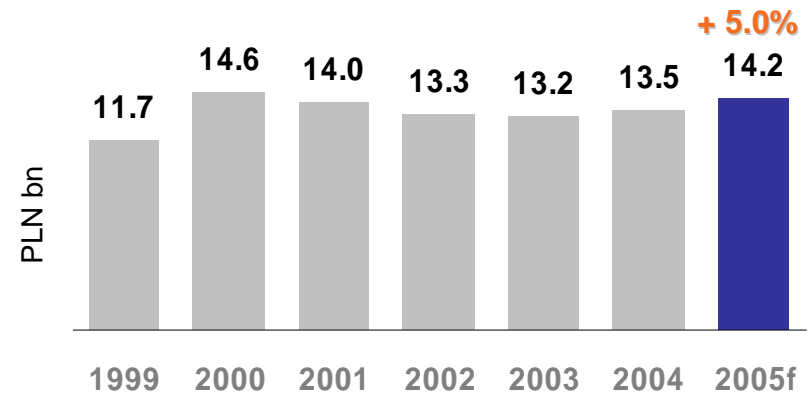
Source: EITO 2005

## IT MARKET IN POLAND (PLN 13.5 bn, 2004)



Source: DiS Research Report

## IT MARKET IN POLAND 1999-2005F

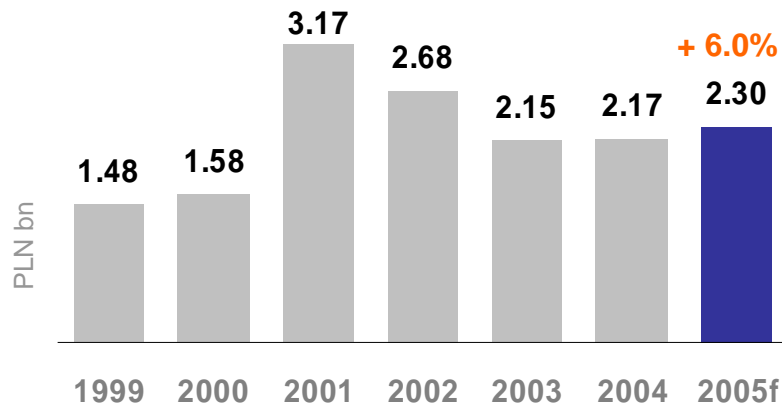


Source: DiS Research Report

# IT Market in Poland

## BANKING & FINANCE

IT expenditures in Poland



Source: DiS Research Report

## SOFTBANK MARKET POSITION

Market share 15.0%

Position **No. 1**

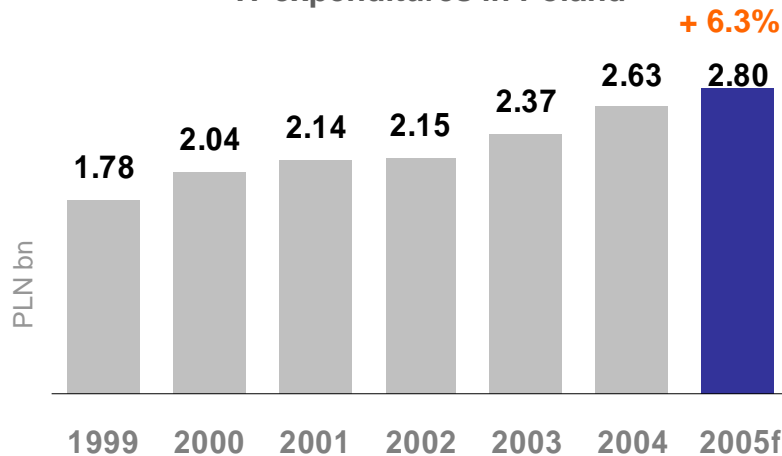
## MARKET DRIVERS

- Obligation to adopt regulations set by the Basel Committee – a growing demand for risk management systems.
- Focus on data integration from different transactional systems and converting them into value added business information (BI systems, data warehouses)
- Further mergers & acquisition in banking sector – require data migration, integration of varied applications, etc
- About 15 banks are planning to start its activity in Poland – growing demand for IT infrastructure & systems
- Increasing attempts to win over new clients - increasing interest in CRM systems
- Pressure on high profitability - growing interest in backoffice centers, etc

# IT Market in Poland

## PUBLIC ADMINISTRATION

IT expenditures in Poland



Source: DiS Research Report

## SOFTBANK MARKET POSITION

Market share 5.8%

Position **No. 2**

## MARKET DRIVERS

- Adjustment to EU rules&regulations forces investments in IT (e.g. E-Government Systems)
- Undeveloped IT infrastructure in public administration (Poland is on the 72nd place in the world in terms of use IT solutions in public administration according to World Economic Forum Report)
- The government plans to start in 2005 big tenders for Integration of National Registers and related to Poland access to Shengen area
- High demand for IT infrastructure in public administration offices
- Growing interest in financial systems, budgeting systems, etc.

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## Strategy

### MARKET SECTORS

#### BANKING & FINANCE

#### PUBLIC ADMINISTRATION

### COMPETITIVE ADVANTAGES

- In-depth business knowledge about banking sector (16 years of experience)
- Implementation of the largest transactional system in Poland
- Employment of 600 IT specialists dedicated to banking sector
- Reliable partner - Long list of implementations
- Full range of services and products for banks
- Pioneer in implementation of risk management systems in Polish banks

- Experience in very large, sophisticated projects for public administration
- Long reference list
- Solid background of competences and knowledge as regards to the range of public administration activity
- Poland-wide service network allowing to maintain services around the country
- Favorable agreements with vendors

## Major Ongoing Projects

### BANKING & FINANCE

- Integrated Banking System (ZSI) in PKO BP (the largest retail bank in Poland)
  - Total value **PLN 300 m**
  - **PLN 50 m** sales till now (15% of total value)
  - Implementation until 2009
- Implementation, upgrades and maintenance of ZORBA and other systems in PKO BP.
- Risk management system for Raiffeisen Austria AG, Raiffeisen Poland (compliance with Basel II Committee requirements)

### PUBLIC ADMINISTRATION

- IT system of National Central Register of Vehicles and Drivers (CEPiK)
  - Total value **PLN 200 m**
  - **PLN 70 m** sales till now (30% of total value)
  - Implementation until 2009

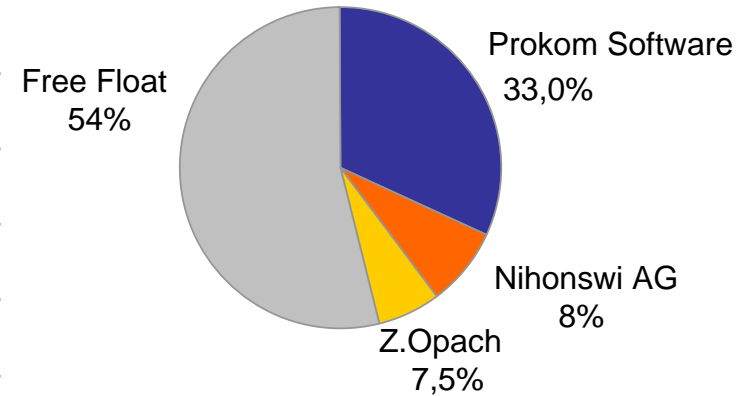


# Shareholders

## BASIC FIGURES (as on 11 Oct 2005)

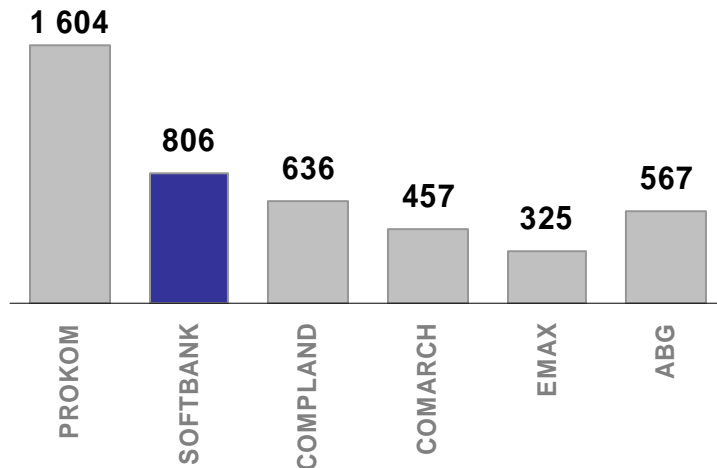
Average daily turnover of shares	<b>PLN 3.2 m / EUR 0.8m</b>
Market capitalization	<b>PLN 806 m / EUR 208 m</b>
Free float	<b>PLN 435 m / EUR 112 m</b>
Component of <b>WIG 20</b> – Polish blue chip index	
Stock is covered by <b>12 equity analysts</b>	

## Shareholder structure



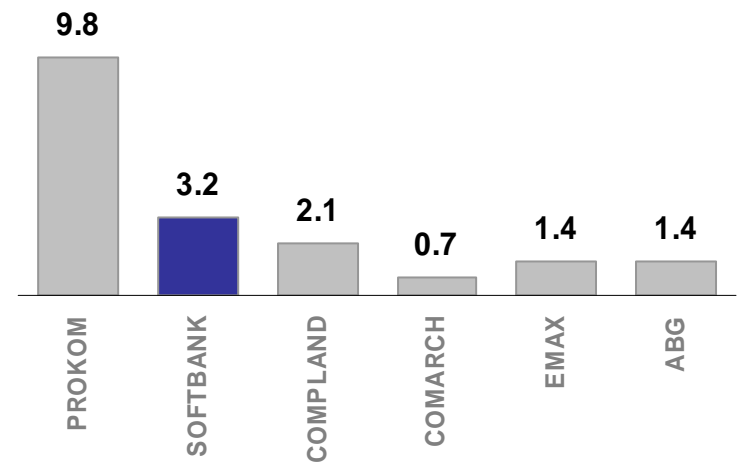
## Market Capitalization

Polish IT companies, m PLN



## Daily Turnover on WSE

Polish IT companies, m PLN

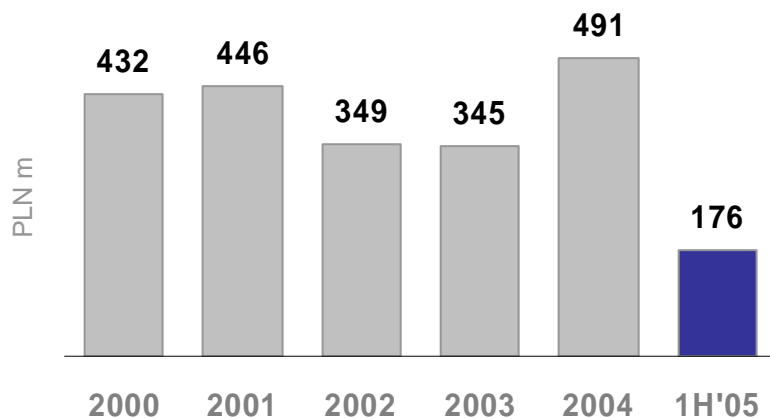


# Financial Results

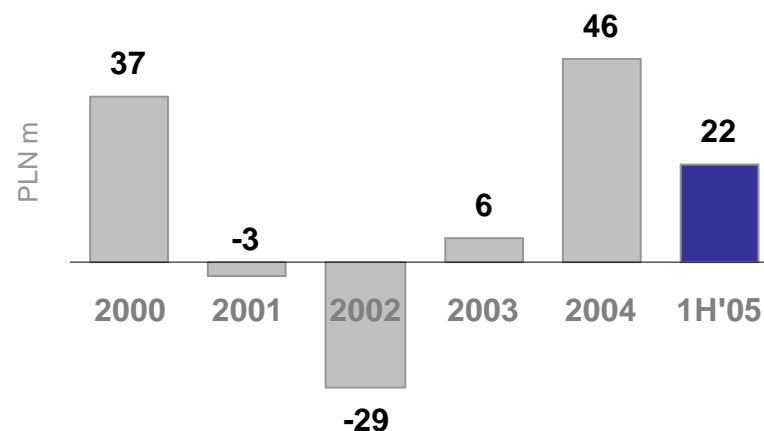
## P&L 2000 - 2005

PLN m	2000	2001	2002	2003	2004	1H'04	1H'05
SALES	432	446	349	345	491	165	176
EBITDA	12	4	-2	8	63	7	26
EBIT	37	-3	-29	6	46	1	22
Net Profit	19	-18	-155	2	29	-3	21

### SALES



### EBIT

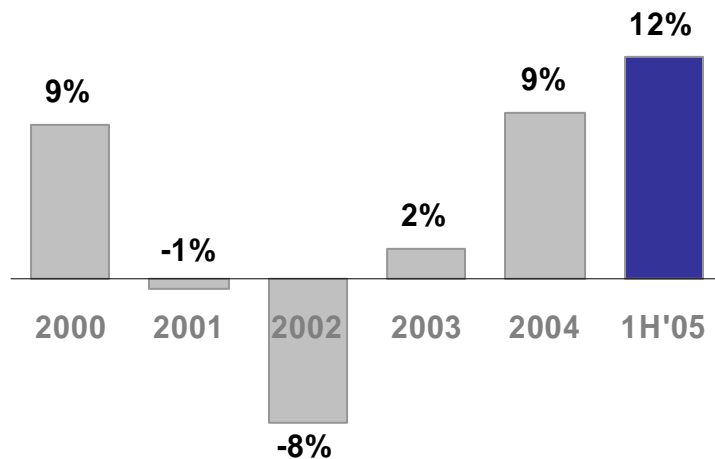


# Financial Results

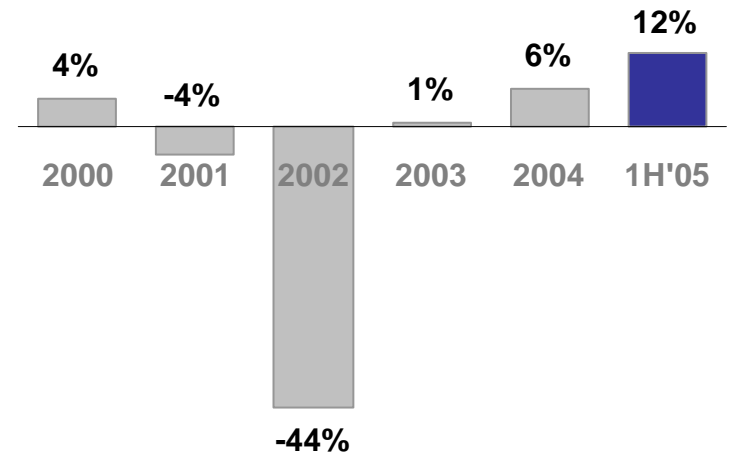
## Profitability

%	2000	2001	2002	2003	2004	1H'04	1H'05
EBITDA margin	12%	3%	-3%	8%	12%	4%	15%
EBIT margin	9%	-1%	-8%	2%	9%	1%	12%
Net margin	4%	-4%	-44%	1%	6%	-2%	12%

### EBIT Margin



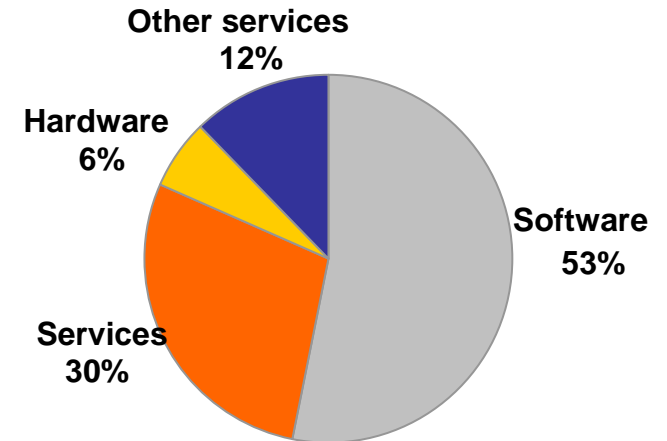
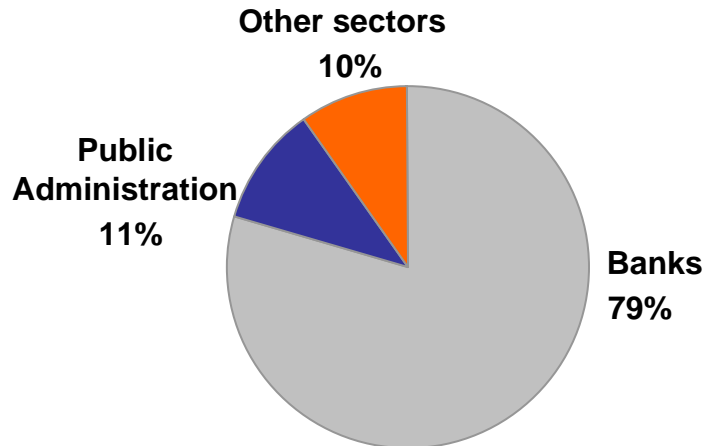
### Net Margin



## Financial Results – Sales Structure

PLN m	1 H '04	1 H '05
Banking Sector	96	140
Public Administration	56	19
Other Sectors	12	17
<b>TOTAL</b>	<b>165</b>	<b>176</b>

PLN m	1 H '04	1 H '05
Software	54	93
Services	43	51
Hardware	50	11
Other services	16	21
<b>TOTAL</b>	<b>165</b>	<b>176</b>



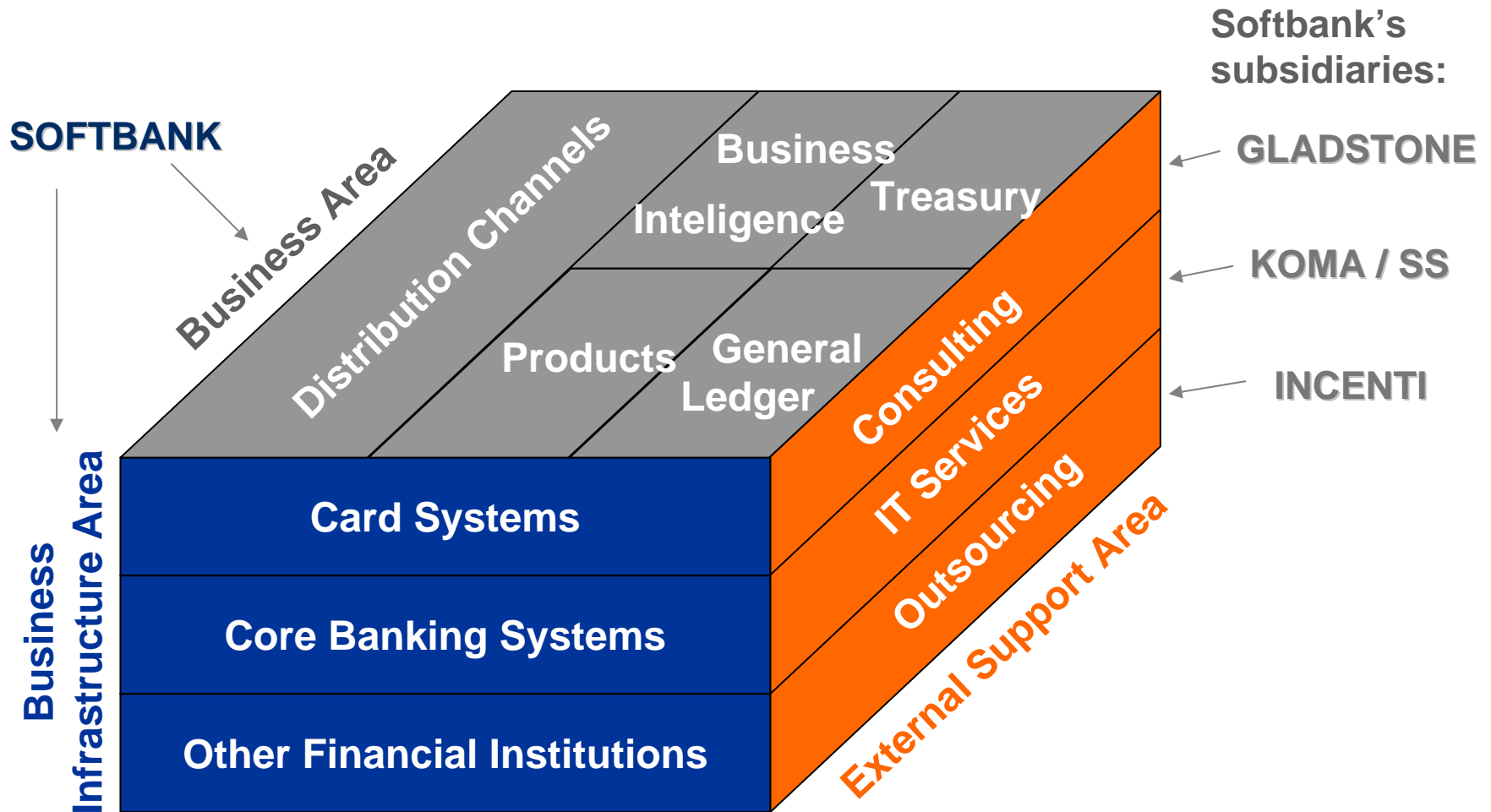
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# Offer and Competences



## Capital Group

### Strategic Investor

**PROKOM**  
SOFTWARE SA

PLN m, 2004

Sales 1 582.3

Net Profit 37.2

33%

IT solutions for  
banking sector



IT services  
Infrastructure

**KOMA**

100%

Professional  
IT services

**GLADSTONE**

51%

Outsourcing

**INCENTI**

100%

IT systems for small/medium  
& cooperative banks

**NOVUM**

51%

**COMP RZ.**

21.2%

PLN m, 2004

Sales 144.7

32.5

21.1

10.1

110.3

Net Profit 5.0

18.5

-5.7

2.1

14.4

## Prospects

### BANKING & FINANCE

- **Risk management systems**
  - realisation of contracts Raiffeisen Austria AG, Raiffeisen Poland, BISE
  - high probability of winning next contracts
- **Contracts for PKO BP**
  - Implementation of core banking system (ZSI)
  - Upgrade & maintenance of systems implemented in PKO BP
- **Development of credit card management competences**
- **Development of consulting competences for banks**

### PUBLIC ADMINISTRATION

- **Start in tenders for Integration of National Registers (total value up to PLN 20 m)**
- **Tenders related to Poland access to Shengen area (total value up to PLN 100 m)**
- **Realization of the next stage of contract for IT system of National Central Register of Cars and Drivers (CEPiK)**



## Summary

### BACKLOG

2005	2006 - 2009
PLN 456 m	PLN 755 m

- 2 years sales in backlog coverage
  - Stable cash flow from long-term contracts
  - Financial means for further expansion
  - Intent to further stream-line & develop competences:
  - Development from organic & acquisition growth
  - Well-known and recognized brand as a leader in IT solution provider for banking sector
  - Knowledge and competences based on 16 years of experience
- IT product implementation
  - Consulting
  - Services
  - Infrastructure & Hardware
  - Outsourcing



# Thank you for your attention

**Address:**  
17 Stycznia 72a  
02-146 Warsaw, Poland  
[www.softbank.pl](http://www.softbank.pl)

**INVESTOR RELATION MANAGER:**  
Katarzyna Perzak  
Tel. +48 22 87-86-333  
E-mail: [IR@softbank.pl](mailto:IR@softbank.pl)