



SOFTBANK® S.A.

Targeted IT Solutions for Banks & Public Administration

January 2005

- **Softbank – Basic Information**
- **IT Market in Poland**
- **Strategy**
- **Strategic Goals**
- **Products & Competences**
- **Major Projects**
- **Financial Results**



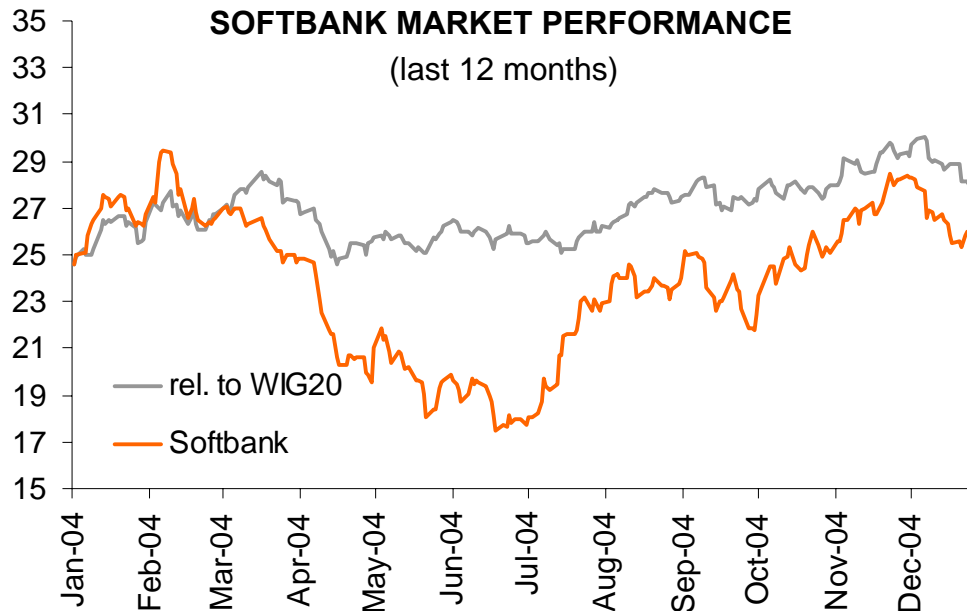
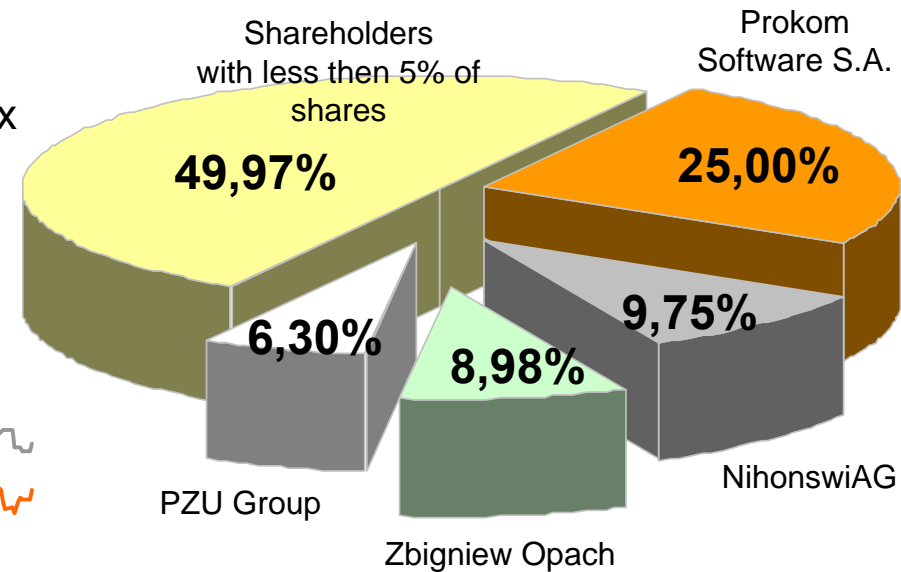
BASIC INFORMATION ABOUT SOFTBANK

- For **16 years** we have been delivering IT solutions for banks & public administration
- **Prokom Software S.A.** (the biggest IT company in Poland) is Softbank's strategic investor
- Softbank Capital Group employs **780 people**
- Third in size IT integrator in Poland (consolidated sales approx **USD 144m** in 2004*)
- Good financial results (2004 sales **+25% y/y**, net margin **4.2%***)
- Outlook for **2005-2008** supported by profitable large long-term contracts
 - ✓ Integrated Banking System (ZSI) in PKO BP (the largest retail bank in Poland); **USD 130m** until 2008
 - ✓ IT system of National Central Register of Cars and Drivers (CEPiK); **USD 60m** until 2009
- 2005 backlog at **USD 65m**, 2006 backlog at **USD 40m**, deal pipeline until 2009

* Consensus of market forecast

SOFTBANK ON WARSAW STOCK EXCHANGE

- Average daily turnover of Softbank's shares: **USD 1.6m**
- Market capitalization as on 31th Dec 2004: **USD 190m**
- Free float **USD 94m** (49% of the capital)
- Component of **WIG 20** – Polish blue chip index
- Stock is covered by **9 equity analysts**



IT MARKET IN POLAND

IT expenditures as % GDP

Poland	2.0
EU	3.2

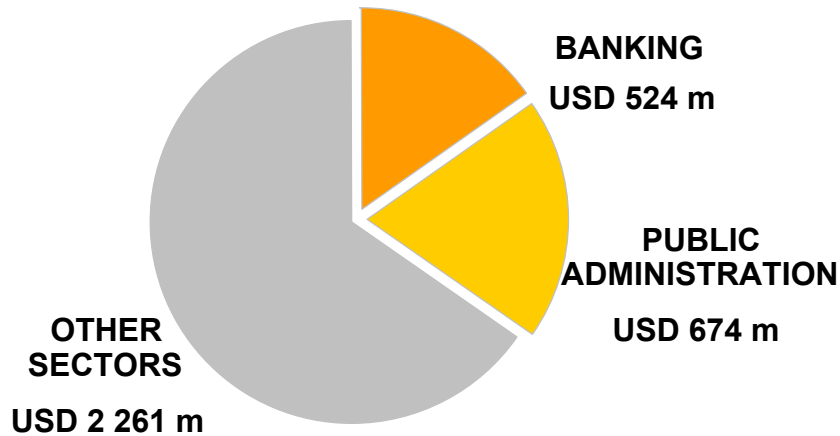
Source: IT Europe, 2004

IT expenditures per capita (EUR)

Poland	111
Hungary	193
Czech	254
EU „15”	723

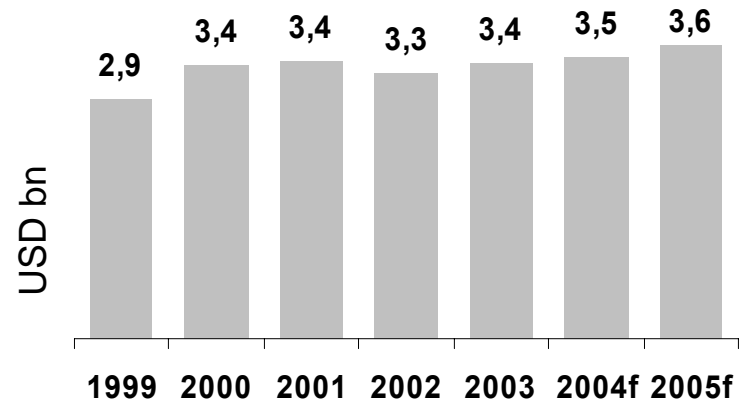
Source: IT Europe, 2004

IT MARKET IN POLAND (USD 3 459 M, 2004)



Source: DiS Research Report

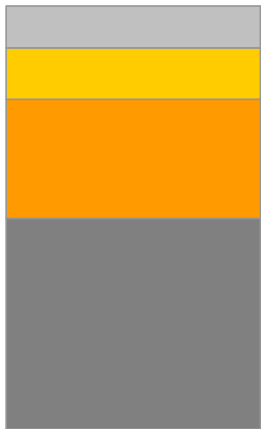
IT MARKET IN POLAND 1999-2005F



Source: DiS Research Report

IT MARKET – BANKING SECTOR

... large and developing market ...



Applications for Decision Support – USD 50 m USD
Additional Specialized Business Applications – USD 60 m
Transactional Systems – USD 150 m
Other products / IT solutions – USD 260 m

Market value
in 2004
USD 524 m

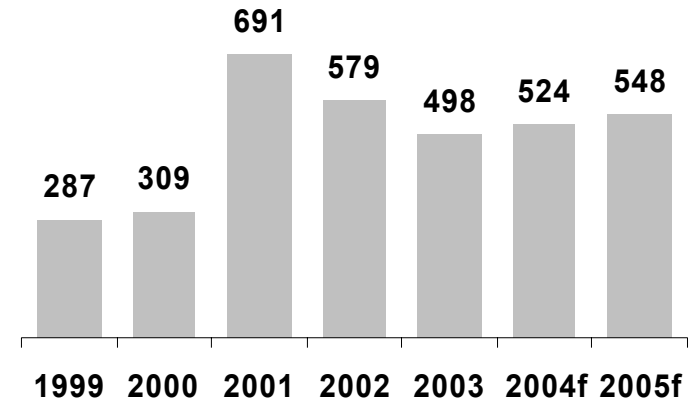
2004

Source: Softbank estimates based on DiS Research Report

Market drivers:

- **Obligation to adopt security regulations set by the Basel Committee – a growing demand for risk management systems.**
- **Focus on processing data from different transactional systems and converting them into value added business information (BI systems, data warehouses)**
- **Further mergers in banking sector – require data migration, integration of varied applications, etc**
- **About 15 banks are going 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 expenditures in Banking Sector in Poland (USD m)



Source: DiS Research Report

IT MARKET - PUBLIC ADMINISTRATION

... great market demand ...



2004

Security and infrastructure – USD 430 m

Integration of applications – USD 200 m

Data warehouses, analytical tools, MIS – USD 50 m

Market value
in 2004
USD 674 m

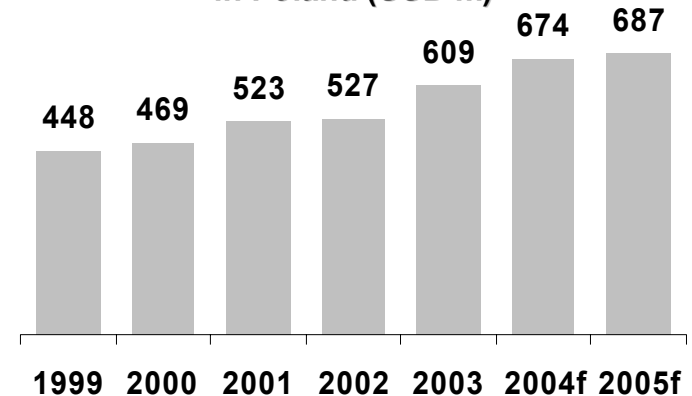
Source: Softbank estimates based on DiS Research Report

Market drivers:

- The government plans to start in 2005 huge IT projects like TETRA (app. USD 400-900m), C2 (USD 350m), e-Tax (USD 60m).
- High demand for IT infrastructure in public administration offices
- Adjustment to EU rules®ulations forces investments in IT (e.g. E-Government Systems)
- Growing interest in financial systems, budgeting systems, etc.

Source: Softbank estimates based on market raports DiS, EITO, IDG, ComputerWorld, Teleinfo

IT expenditures in Public Administration in Poland (USD m)



Source: DiS Research Report

FOCUSED STRATEGY

MARKET SECTORS

BANKING & FINANCE

PUBLIC ADMINISTRATION

AREAS OF STRATEGIC COMPETENCES

Systems for financial institutions based on data warehouse, applications for bank risk management

Transactional application for detail, wholesale and corporate banking

Sophisticated projects for application integration EAI, security and resources management.

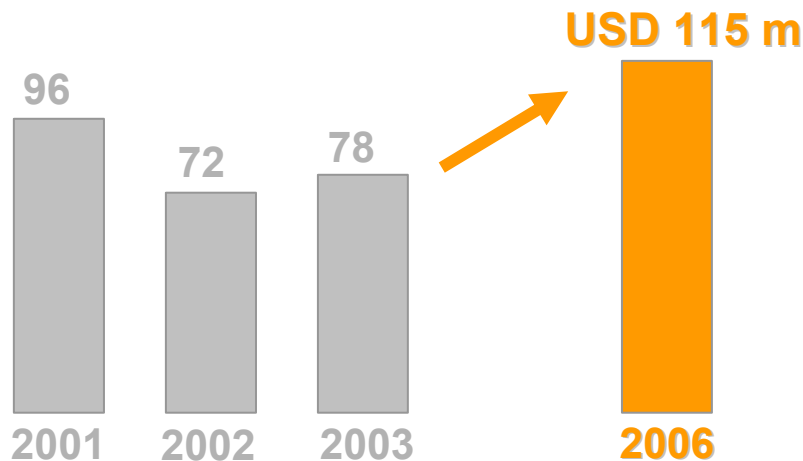
Unique, complex projects for public administration sector

STRATEGIC GOALS

... regaining the leading position ...

BANKING SECTOR

Revenues from banking sector

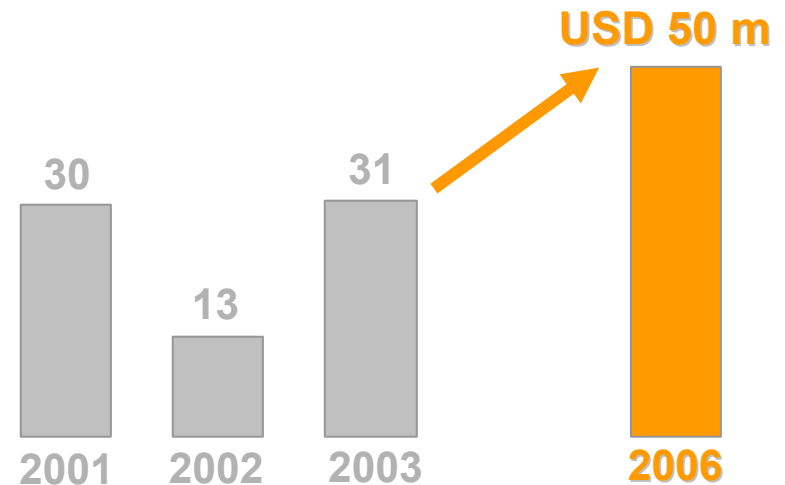


Goals until 2006:

- ▶ regaining leader position as a IT integrator (12% target market share)
- ▶ achieving gross margin at 28%

PUBLIC ADMINISTRATION

Revenues from public administration



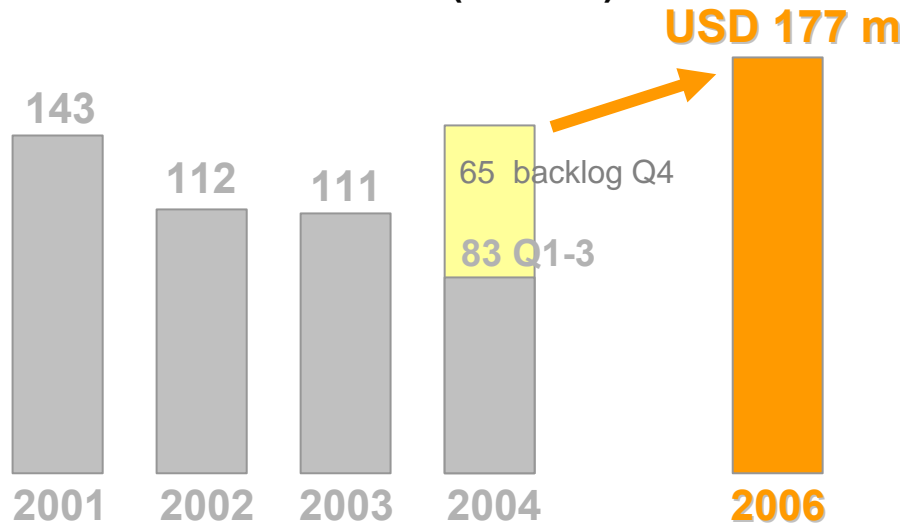
Goals until 2006:

- ▶ focusing on sophisticated IT projects
- ▶ achieving gross margin at 10%

STRATEGIC GOALS

... improvement in profitability ...

Total revenues (USD m)



% EBITDA



backlog as % of planning revenues at the beginning of the fiscal year

2001	2002	2003	2004	2005	2007
10%	10%	23%	46%	40%	50%

UNIQUE COMPETENCES

BANKING SECTOR

PUBLIC ADMINISTRATION

PRODUCTS

- Systems for bank risk management (FERMAT)
- Data warehouse – *IBM, Oracle, SAS Institute, Microsoft*
- Transactional systems
- Systems for customer relationship management
- Development and Maintenance mainframe applications
- Internet solutions B2B | B2C
– Oracle, CA, BEA, IBM, Microsoft

- CASE environment (Computer Aided Software Engineering) for building systems and applications
- Servicing and administration of IT infrastructure
- Storages and archive systems: TSM, HP.
- System for infrastructure management and high availability systems: Tivoli, Unicenter, HP Open View.
- Application for document and content management as well as workflow system – MERIDIO

COMPETITIVE ADVANTAGES

- In-depth business knowledge about banking sector (16 years of experience)
- Carry out the largest implementation of the transactional system in Poland
- Employment of 380 IT specialists dedicated to banking sector
- Reliable partner - Long list of implementations
- Full range of services and products for banks

- Long reference list
- Experience in very large, sophisticated projects for public administration
- 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

- **PKO BP S.A.** – projects, implementation and maintenance of bank's IT systems
 - ✓ Integrated Banking System (ZSI) - fully centralized, modern transaction system
 - ✓ ZORBA 3000 – biggest implementation of retail banking system in Poland designed
 - ✓ NetBank – application for electronic corporate banking
 - ✓ TRANS24 – system which manages the network of 1500 ATMs on-line
 - ✓ CESAR – centralized system for authorization and transactions based on *mainframe technology*
 - ✓ Managerial Information System for Banks Board and Management
 - ✓ Self-service branches, data centers
- **Ministry of Internal Affairs and Administration (MSWiA)**
 - ✓ Development, implementation and maintenance of National Central Register of Cars and Drivers (CEPiK). Carrying out project with maintenance between 2004-2009
 - ✓ One of the biggest and most important IT projects for a government institution in the last years.
- **RUCH S.A.**
 - ✓ Biggest press distributor in Poland – 60% of the market, 650 press titles with newspapers and magazines, 130 millions of magazines sold monthly.
 - ✓ implementation of the integrated information system
- **Supreme Chamber of Control (NIK)**
 - ✓ Implementation of document and content management system as well as workflow system (MERIDIO)

SOFTBANK'S CUSTOMERS

BANKS

- Bank BPH S.A.
- Bank Gospodarki Żywnościowej S.A.
- Bank Millennium S.A.
- Bank Pekao S.A.
- Bank Zachodni WBK S.A.
- BRE Bank S.A.
- Kredyt Bank S.A.
- PKO BP S.A.

INSURERS

- PZU Życie S.A. (Insurer)
- Zakład Ubezpieczeń Społecznych (Social Welfare Institution)

PUBLIC ADMINISTRATION

- Agency for Restructuring and Modernization of Agriculture
- Komenda Główna Policji
- Krajowa Izba Rozliczeniowa S.A. (National Clearing House)
- Ministry of Internal Affairs and Administration (MSWiA)

GENERAL BUSINESS

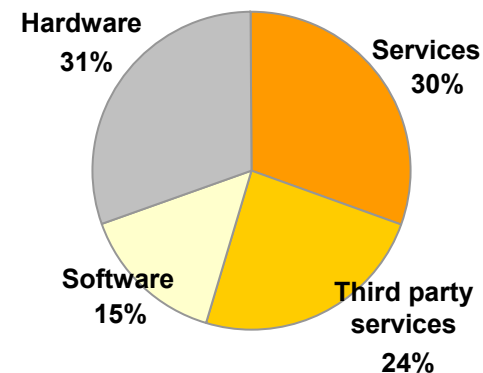
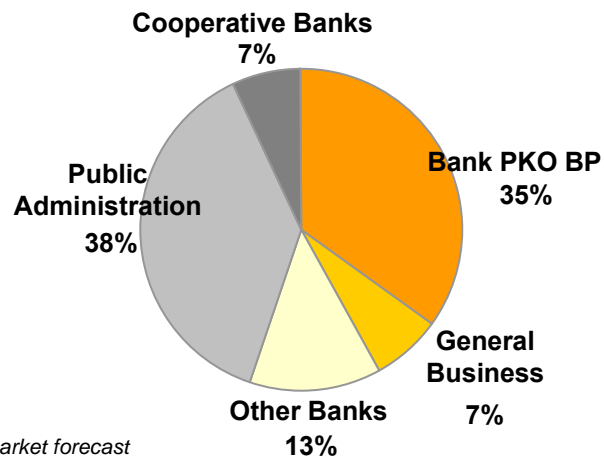
- CIECH S.A.
- LOT S.A. (National air-carrier)
- Stocznia Północna S.A. (North Shipyard)

FINANCIAL DATA

P & L

(USD m)	2000	2001	2002	2003	2004f*	1-3Q'03	1-3Q'04
Revenues	105.3	114.3	91.9	91.9	143.6	53.3	83.4
Gross Profit	22.8	16.0	21.8	17.5	33.3	9.0	22.3
EBITDA	13.0	3.9	-2.5	7.8	14.5	0.7	6.7
EBIT	9.1	-0.8	-7.5	1.5	9.8	-1.7	4.0
Net Income	4.7	-4.7	-40.8	0.6	6.1	-2.1	3.3

Sales structure (Q1-3 2004)



* Consensus of market forecast

MARKET FORECAST

Market consensus estimates

(USD m)	2003	2004f	2005f	2006f
Revenues	91.9	143.6	157.8	178.8
EBITDA	7.8	14.5	18.2	21.0
EBIT	1.5	9.8	12.8	15.7
Net Profit	0.6	6.1	10.2	13.8
% EBITDA	8.5%	10.1%	11.5%	11.8%
% EBIT	1.6%	6.8%	8.1%	8.8%
% Net Profit	0.6%	4.2%	6.5%	7.7%
EV/EBITDA	16.9	13.1	10.3	9.0
P/E	245.8	29.8	17.3	13.0

Ratios at PLN 25.9 market price (January 24, 2005)

Softbank's strengths

- **Experience in large, sophisticated IT projects in banking and public administration sectors**
- **Full range of services and products for banks**
- **Leading provider of IT services for the largest bank in Poland – PKO BP (bank spends USD 100 – 130 m yearly for IT solutions)**
- **Stable cash flow from long-term contracts**
- **Knowledge and competences based on 16 years of experience**
- **Well-known and recognized brand as an IT solution provider for banking sector**



Thank you for your attention



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