

ASSCO

SOUTH EASTERN EUROPE



solutions for demanding business

Financial Results for 2013 and Strategic Outlook for 2014

February 20th, 2014
Warsaw

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Financial Results for year 2013

Q4.2013 Highlights

- **Successfully closed** implementation of **AbSolut Core Banking** in Intesa (Romania) (amount of project 2.1mE)
- **Implementation** of ASEBA Core Banking and Experience Front Office in Podravaska Banka (Croatia&Serbia) (amount of project 2.8mE + maintenance 0.3mE per annum)*
- **Acquisition of new business in Payments BU**: EZR in Croatia and organized team in Slovenia. Extra M1 for 2014 **2.5mE**
- **Bankruptcy of Privredna Banka** (3rd Serbian bank within 12 months) – impact on EBIT **-0.7mE**

2013 Highlights

- New **Group Operations Manager**
- New **Country Leaders** in Romania and Bulgaria
- Implemented **ASEE Group Sales** organization including centralized **CRM system**
- Internal competition and **loss of contract** in Bulgaria (Card BU) (annual amount of project 0.3mE)
- Two **projects cancelled** in Turkey resulting in extra provisions (amount 0.34mE)

2013 shows drop in EBIT compared to last year

mEUR	2013	2012	Δ YoY
Revenue Total	112,0	110,8	+1%
EBITDA	13,4	15,2	-12%
EBIT	10,0	12,6	-21%
NPAT normalised*	8,7	11,2	-22%
<i>EBITDA %</i>	<i>12%</i>	<i>14%</i>	
<i>EBIT %</i>	<i>9%</i>	<i>11%</i>	

mPLN	2013	2012	Δ YoY
Revenue Total	471,7	462,5	+2%
EBITDA	56,2	63,4	-11%
EBIT	42,1	52,6	-20%
NPAT normalised*	36,8	46,9	-22%
<i>EBITDA %</i>	<i>12%</i>	<i>14%</i>	
<i>EBIT %</i>	<i>9%</i>	<i>11%</i>	

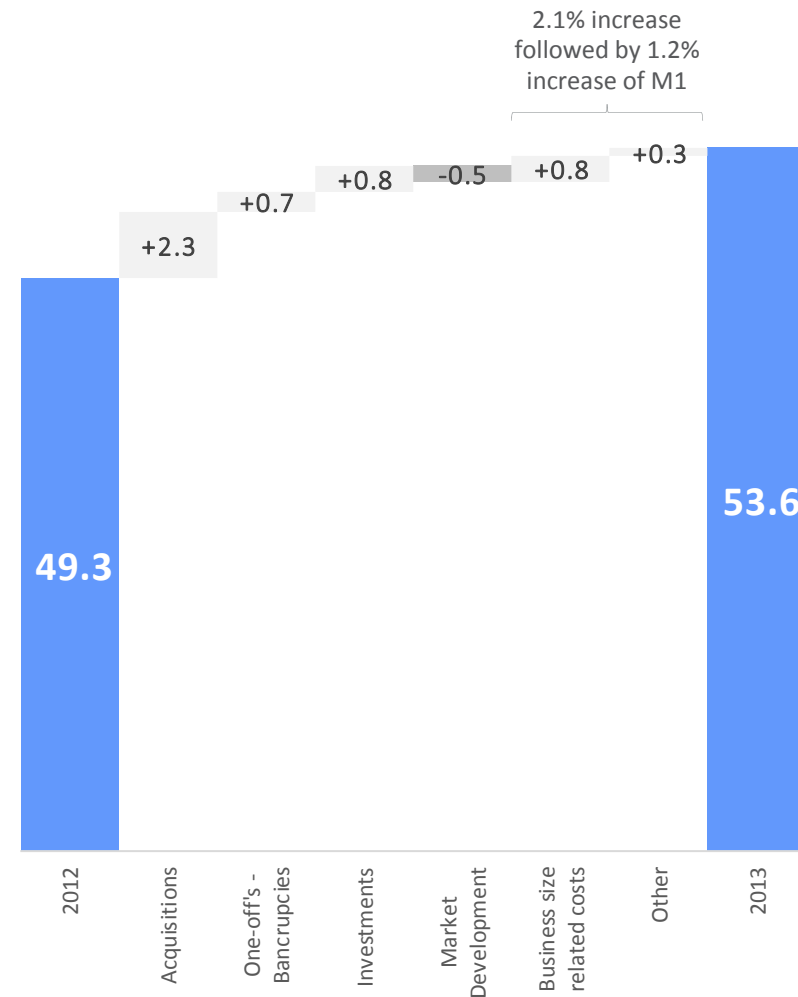
*EUR -0,02m revaluation of liability for purchase of EST, EUR 0,01m revaluation of liability for purchase of ASEE Bulgaria, EUR -0,08m revaluation for liability for purchase of Altius and EUR -0,55m deferred tax asset on tax losses in 2012; EUR 0,21 utilization of deferred tax losses in 2013

Operating costs – 2013 versus 2012

mEUR	2012	2013	Δ	Δ%
Total OC	49.3	53.6	4.4	9%
Production	31.9	35.7	3.8	12%
Direct Sales	7.9	7.8	-0.1	-1%
Backoffice	9.5	10.2	0.6	7%

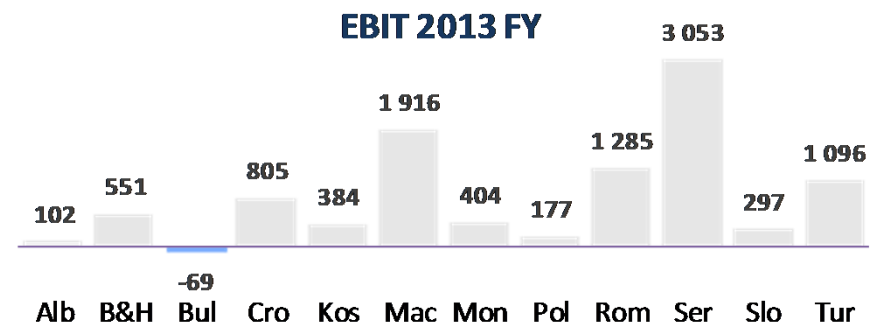
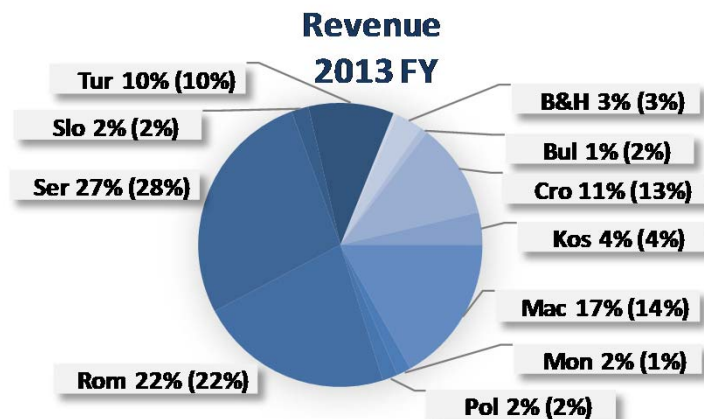
Comments:

- Biggest increase from **acquisition of Sigma & EZR (+2.3m)**
- Bankruptcy of banks in Serbia resulted in **extra costs (+0.7m)**
- Further investments in **products and organization (+0.8m)** but savings in **market development**



Revenue and EBIT contribution by countries in 2013 FY*

kEUR	Revenue 2013 FY	Revenue 2012 FY	Change	% Diff	EBIT 2013 FY	EBIT 2012 FY	Change	% Diff	NPAT 2013 FY	NPAT 2012 FY	Change	% Diff
Alb	513	768	-255	-33%	102	59	43	+73%	91	50	41	+82%
B&H	3 429	3 675	-246	-7%	551	754	-203	-27%	488	674	-186	-28%
Bul	926	1 781	-855	-48%	-69	127	-196	-154%	-58	121	-179	-148%
Cro	12 154	14 042	-1 888	-13%	805	1 074	-269	-25%	619	889	-270	-30%
Kos	4 110	3 909	201	+5%	384	195	189	+97%	351	184	167	+91%
Mac	18 852	15 404	3 448	+22%	1 916	1 865	51	+3%	1 761	1 870	-109	-6%
Mon	1 814	1 579	235	+15%	404	305	99	+32%	377	284	93	+33%
Pol	1 947	1 728	219	+13%	177	427	-250	-59%	-177	622	-799	-128%
Rom	24 764	24 021	743	+3%	1 285	1 448	-163	-11%	1 210	1 328	-118	-9%
Ser	30 406	30 732	-326	-1%	3 053	3 643	-590	-16%	2 675	3 389	-714	-21%
Slo	2 194	2 486	-292	-12%	297	246	51	+21%	273	206	67	+33%
Tur	10 905	10 680	225	+2%	1 096	2 459	-1 363	-55%	931	2 264	-1 333	-59%
GASEE	112 014	110 805	1 209	+1%	10 001	12 602	-2 601	-21%	8 541	11 881	-3 340	-28%

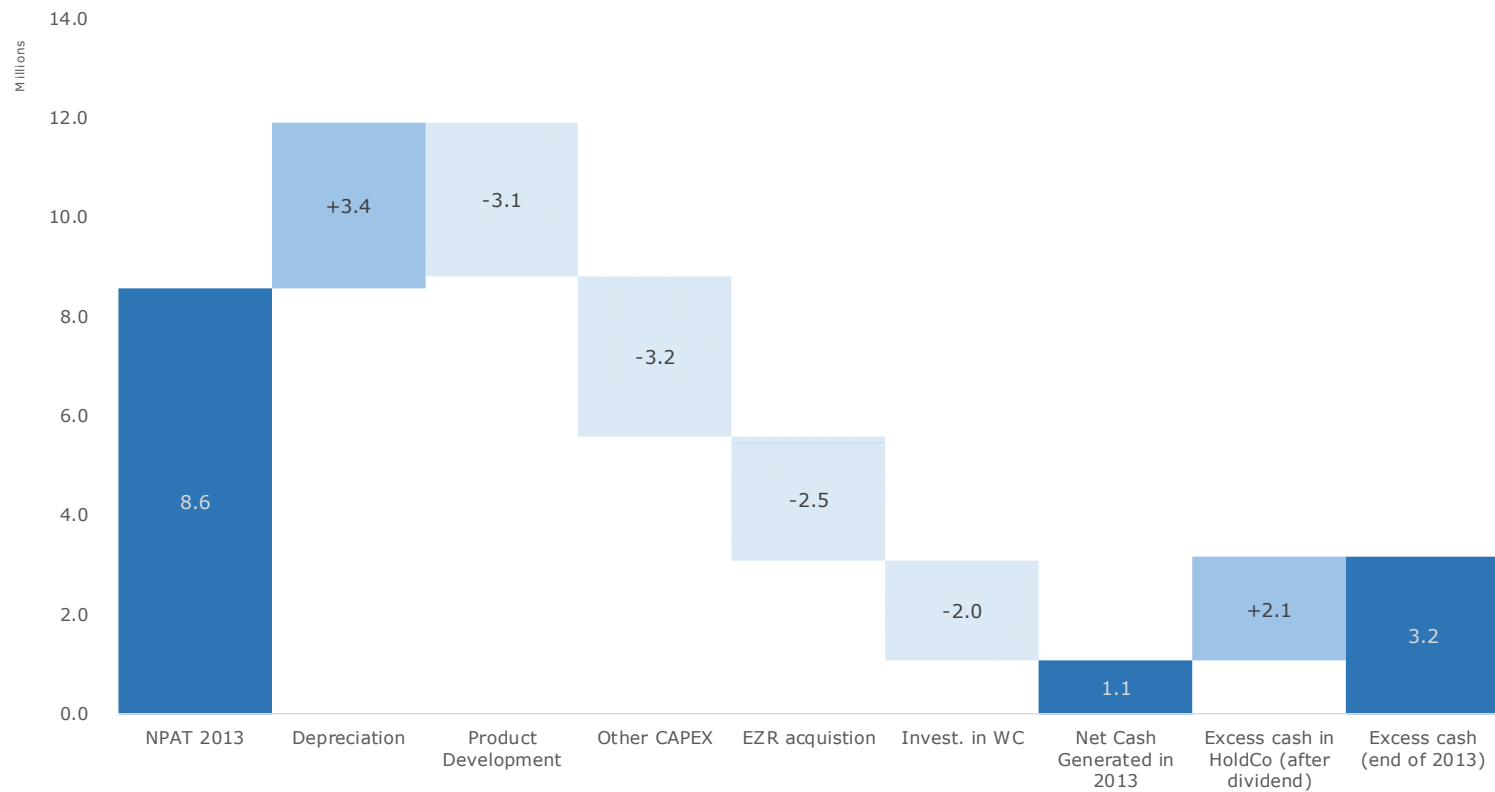


* All data in EUR thousands [in brackets 2012 split]

Liquidity

mEUR	Asseco SEE 2013	Asseco SEE Group		
		2013	2012	Δ
Cash and cash equivalents	0,5	8,3	9,9	-1,6
Short term investments	0,2	5,9	8,2	-2,3
Short term and long term debt	0,0	-3,2	-0,1	-3,1
Net Cash	0,7	11,0	18,0	-7,0
Receivables	1,2	26,0	18,2	7,8
Liabilities	-0,9	-12,6	-7,8	-4,8
Inventory	0,0	4,3	4,0	0,3
Operational Balance	1,0	28,7	32,4	-3,7

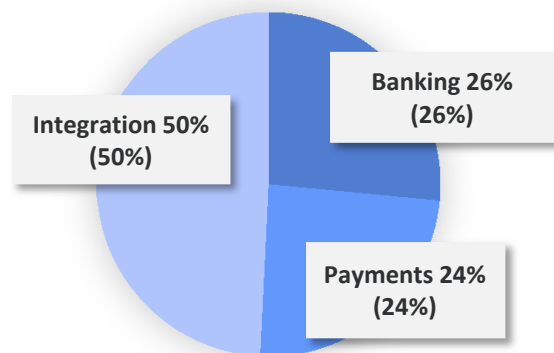
2013 Excess cash generation



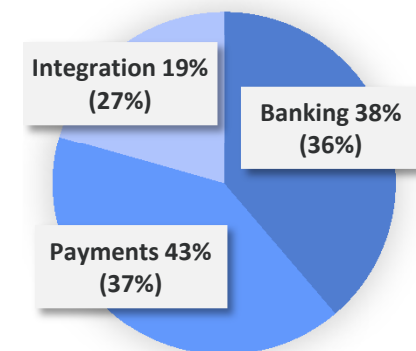
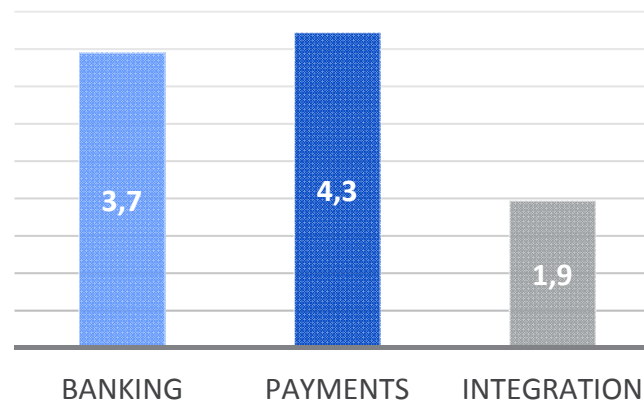
Revenue and EBIT contribution by segments in 2013 FY*

kEUR	Revenue 2013A	Revenue 2012A	Change	EBIT 2013A	EBIT 2012A	Change
Banking	29 647	28 064	1 583	3 731	4 579	-849
Payments	26 597	26 892	-295	4 337	4 676	-339
Integration	55 770	55 849	-79	1 934	3 346	-1 412
Asseco SEE Group	112 014	110 805	1 209	10 001	12 602	-2 600

Revenue per BUs 2013A



EBIT contribution 2013 FY



* All data in EUR thousands; [in brackets 2012 split]

Banking BU: 2013 results and highlights

mEUR	2013	2012	Δ	Organic
Revenue Total	29,6	28,1	+6%	+2%
EBITDA	4,9	5,5	-11%	-4%
EBIT	3,7	4,6	-19%	-7%
EBITDA %	17%	20%		
EBIT %	13%	16%		

Highlights:

- **Successfully closed** implementation of **AbSolut Core Banking** in Intesa (Romania) (amount of project 2.1mE)
- **Implementation** of ASEBA Core Banking and Experience Front Office in Podravaska Banka (Croatia&Serbia) (amount of project 2.8mE + maintenance 0.3mE per annum)*
- **Bankruptcy** of **Privredna Banka Beograd** (3rd Serbian bank within 12 months) – impact on EBIT **-0.7mE**
- **Bankruptcy** of **Agrobanka** and **Razvojna Banka Vojvodine** in 2012 (no revenues in 2013) and **Univerzal banka** in 2014 (no revenues in 2014 planned)
- **InAct deals** realized in **2013** with Turkiye Finans Katlim Bankasi (0.3m\$), Danube Pay (0.2m\$), Ziraat Bank (0.2m\$)

*) closed with 0.5mE loss - new market for Core Banking SW

Payment BU: 2013 results and highlights

mEUR	2013	2012	Δ	Organic
Revenue Total	26,6	26,9	-1%	-4%
EBITDA	5,8	5,6	+2%	+2%
EBIT	4,3	4,7	-7%	-7%
EBITDA %	22%	21%		
EBIT %	16%	17%		

Highlights:

- Strong performance by **Payment-PG**
- Acquisition of **EZR in Croatia** and taking over organized team in **Slovenia** (POS business)
- **POS Outsourcing** contracts in Croatia: with ISP Card and OTP Bank
- Internal competition and **loss of contract** in Bulgaria (Payment-Card BU) (annual amount of project 0.3mE)
- New Payment-PG product: **Merchant Safe Unipay** implemented in Aras Kargo (one of the biggest logistic company in Turkey)

SI BU: 2013 results and highlights

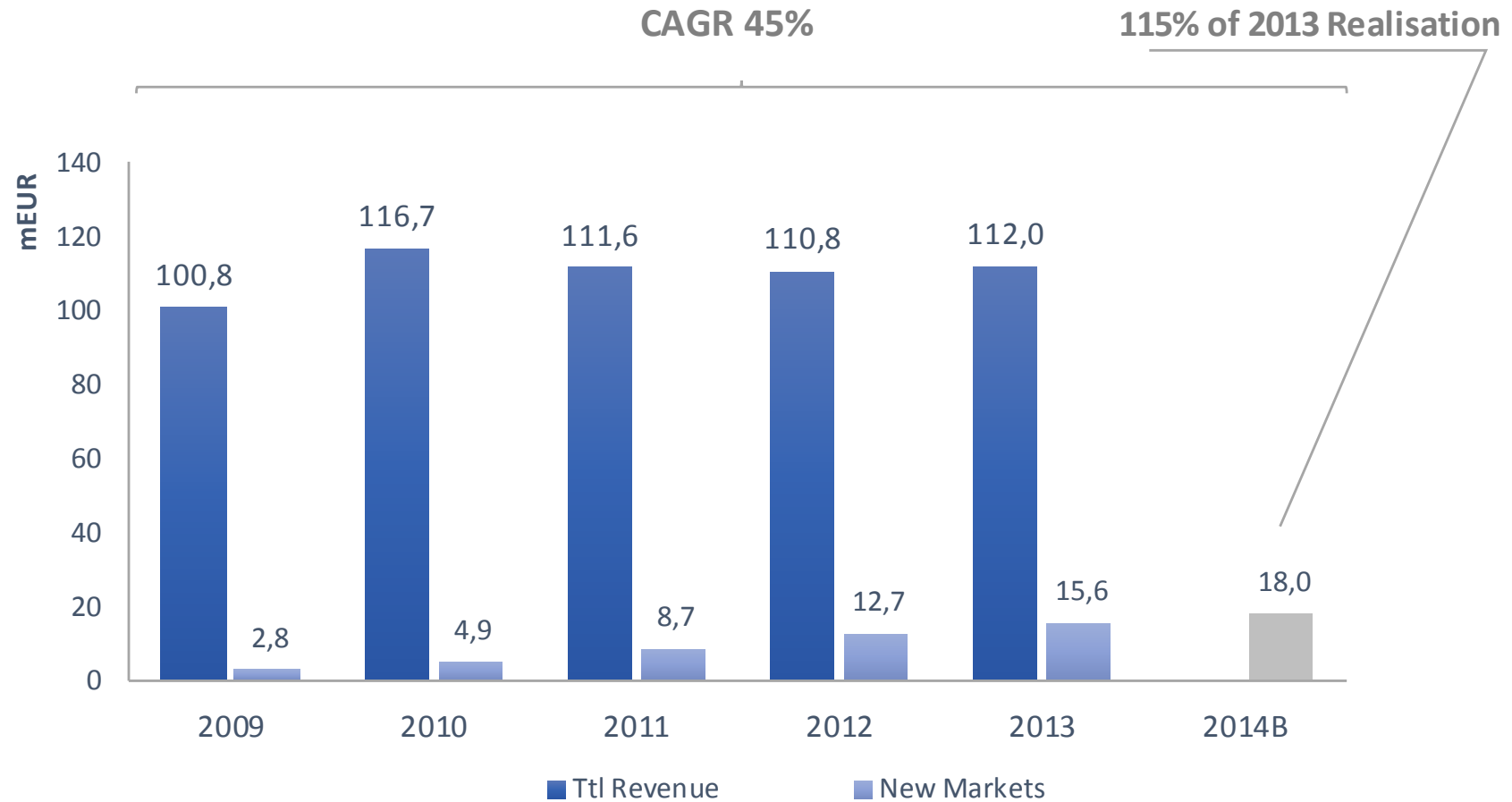
mEUR	2013	2012	Δ	Organic
Revenue Total	55,8	55,8	-0%	-2%
EBITDA	2,8	4,0	-29%	-27%
EBIT	1,9	3,3	-42%	-36%
EBITDA %	5%	7%		
EBIT %	3%	6%		

Highlights:

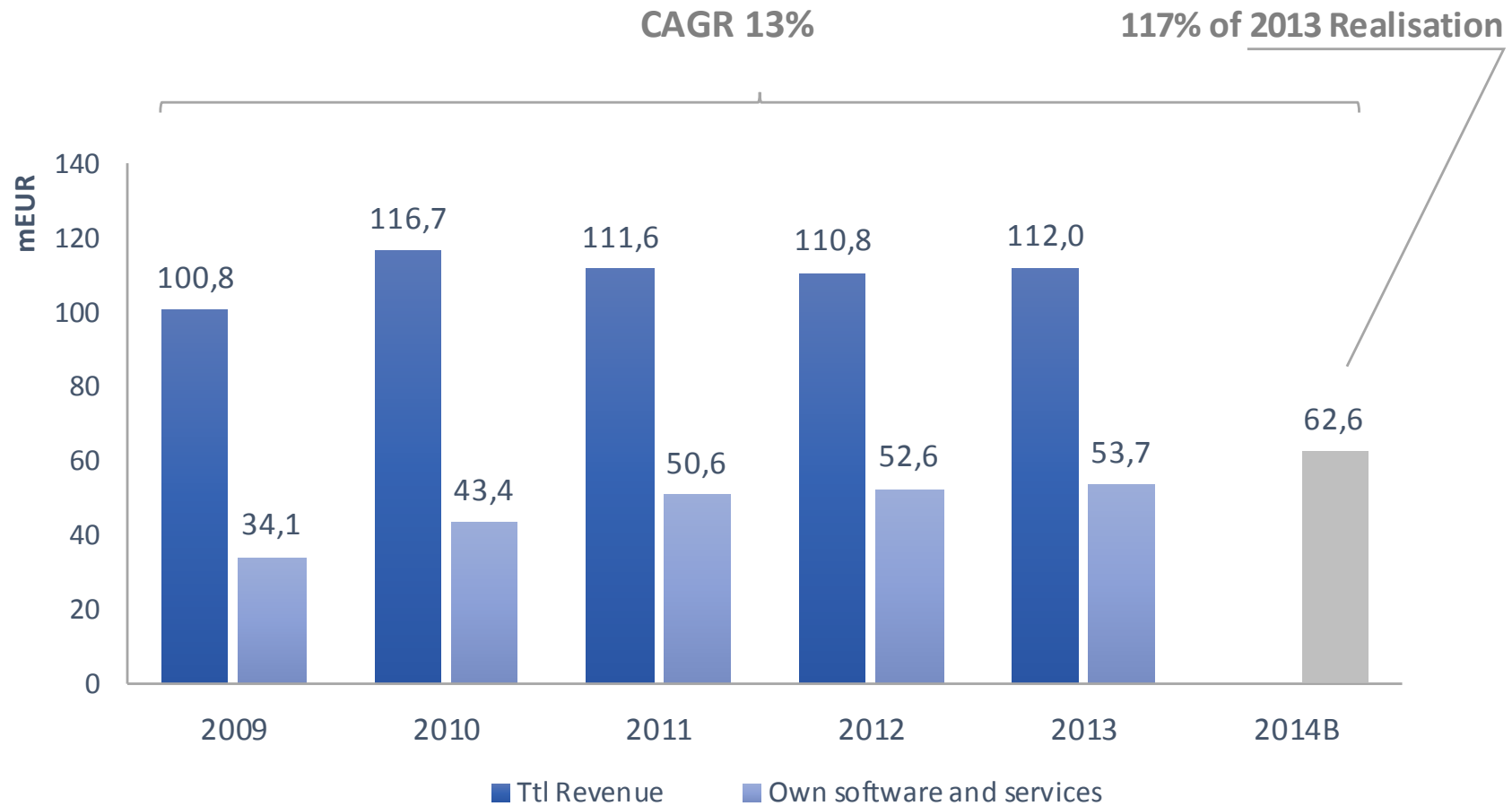
- **Good performance** in Macedonia and Kosovo
- **Expansion of value added solutions** and services in Serbia with **growing BPS** product sales accross region
- **Tough situation** in Romania
- **Low performance** and difficult projects in Turkey (Fidelity, Voice)

Strategic KPIs and outlook for the future

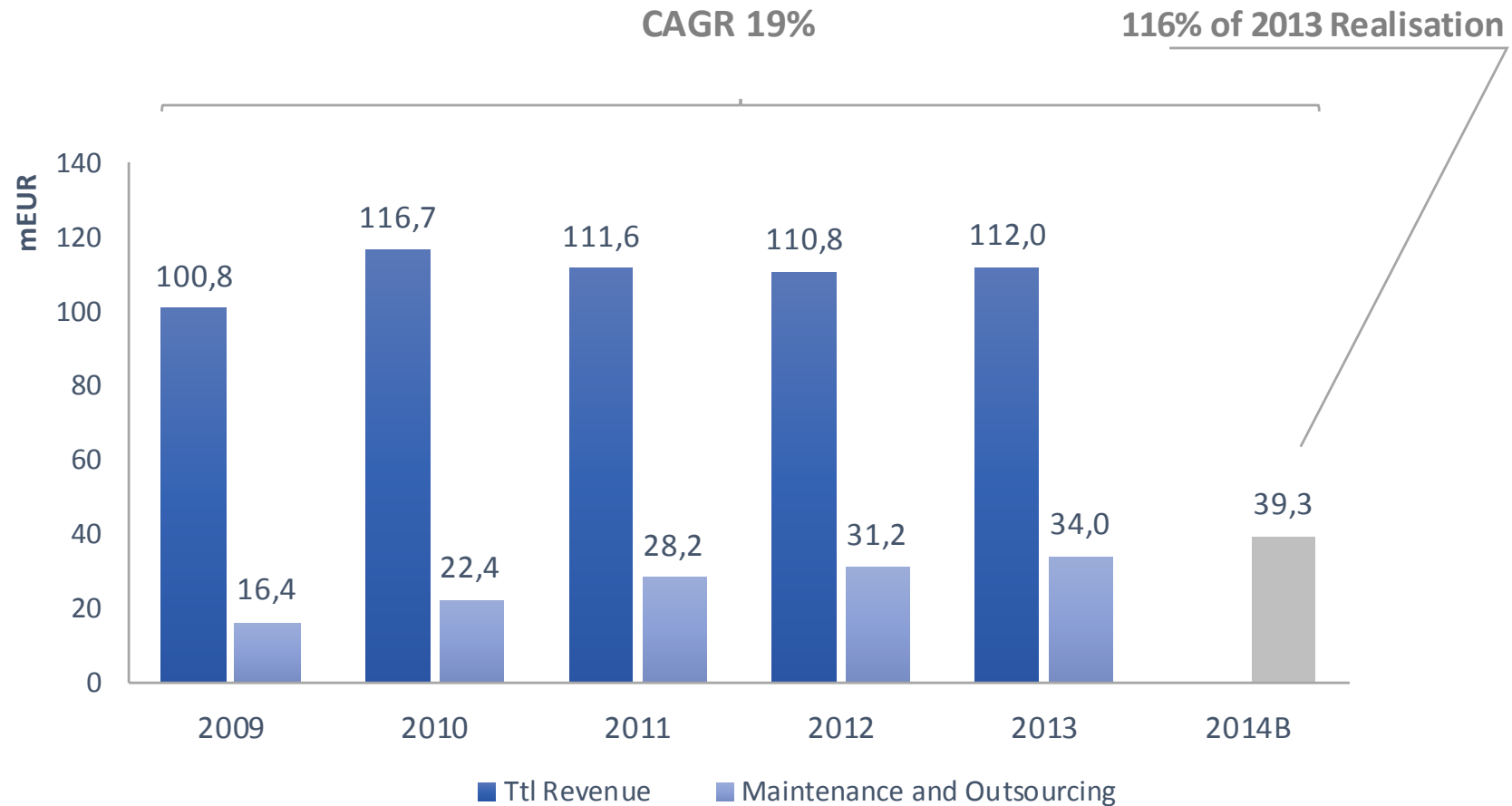
New Markets



Own software and services

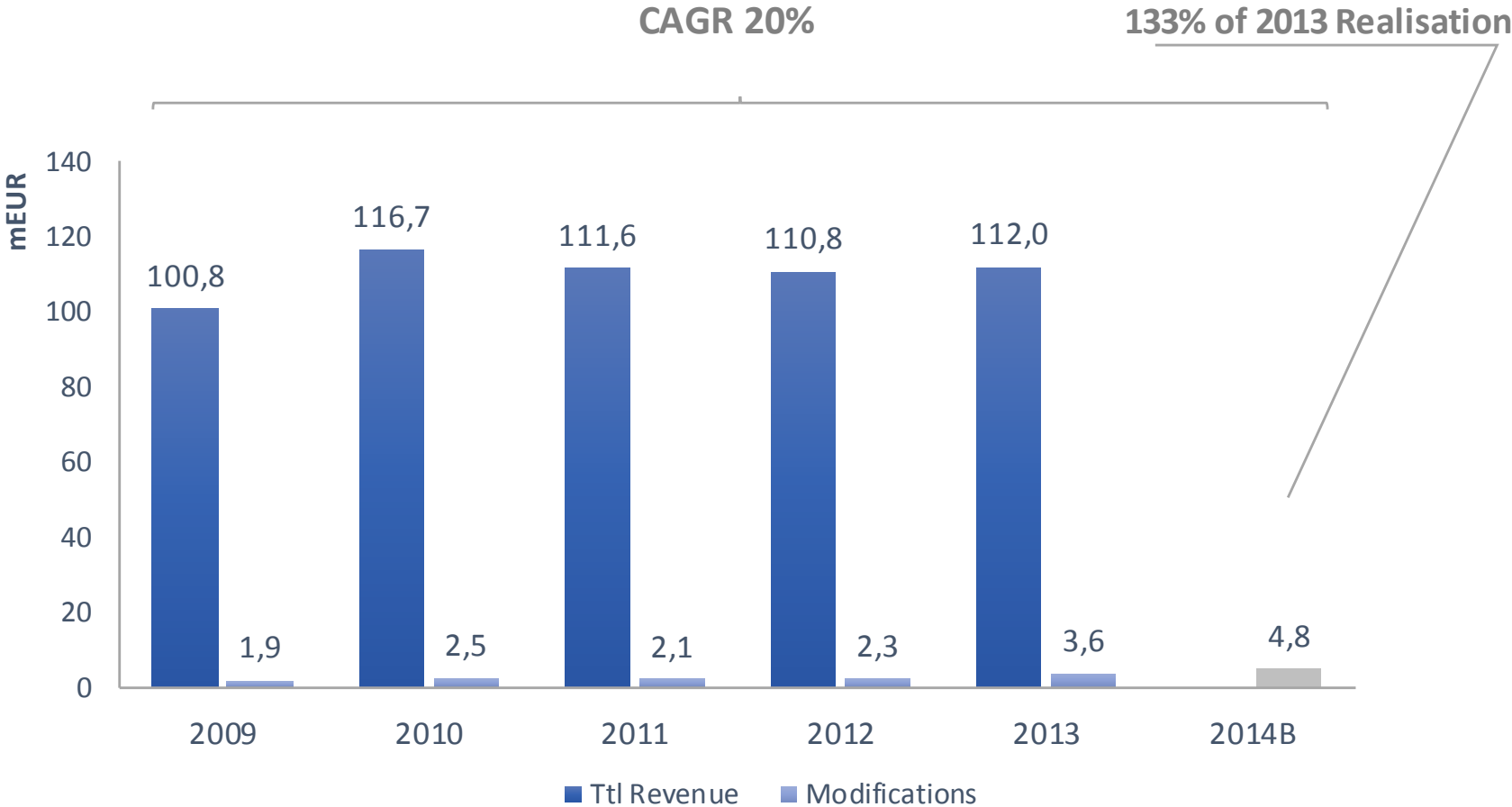


Maintenance and Outsourcing



	2009	2010	2011	2012	2013	2014B
Cost Coverage	53%	56%	60%	63%	63%	63%

Modifications



2014 Highlights

- **Successfully won** 5Y contract for implementation and maintenance of Pub2000 core banking, Experience channel solutions, Collateral Management, AML and others for total value of **3.0mE**
- **Lack of** big banking deal in Romania for 2014, pipeline of smaller deals
- **Growing** Payment-PG (IB clients and retail sector) and Ban-Antifraud and Anti-Money Landry business, potential for other markets
- **Outlook** for new **M-Payments** deals in B&H (BH Telco, Eronet)
- **Won tender** Macedonia Ministry of Information and Administration – HR system for Central Government – 1.5 year contract 2mE
- exSigma **business restructuring** including strengthening sales and operations structure
- Bulgaria **turnaround** – potential in new BUs especially in Banking

2014 Strategic focus – Sales and Markets

- Increase **sales coverage** and focus on **Big deals**
- **Net-New business acquisition** (new product sales, licence revenues):
 - Strengthening streams:**
 - Banking: Serbia, Turkey, Romania,
 - Payment: Serbia, Croatia, Turkey
 - Public: Serbia, MAK, Romania
 - New streams:**
 - Banking: Croatia, Bulgaria
 - Payment: Romania, Bulgaria
 - Public Sector: Bulgaria
 - Telco: Serbia, Romania
- **GAM** – International Banking Groups: UniCredit, Intesa, in the future RZB, Sberbank
- **Customer Installed Base** (leverage of existing presence): **Up Sell** and **Cross Sell** of products

2014 Strategic Focus - Operations

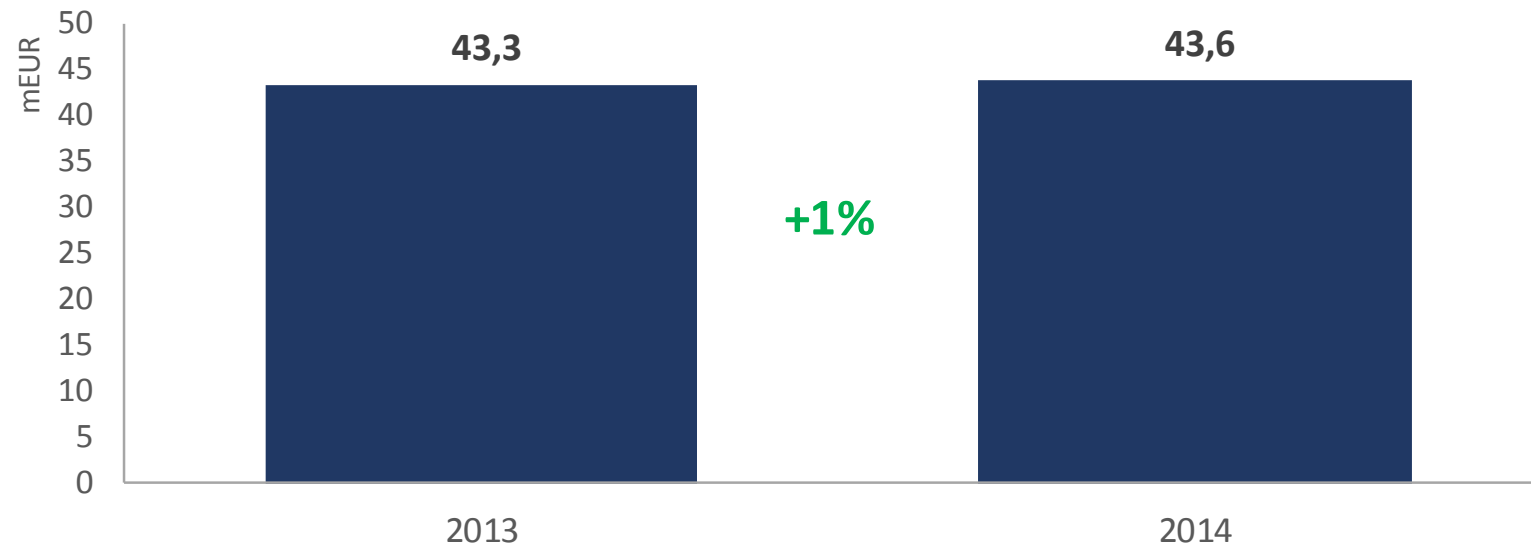
- Introduction of **Resources efficiency tracking** (billable utilization KPI)
- **Maximization of Modifications** stream - BU's focus
(14B: 4.8mE, 13A: 3.6mE)
- Further increase in **Outsourcing business** mainly in Payment BU
(14B: 14.7mE, 13A: 9.2mE)
- **Preparation of chosen solutions** (i.e InAct, BPS) for international markets
- Consolidation of product portfolio (M-Payment, Multichannel)
- **Reduction** of R&D budget due to lower market potential (B14: 3.4mE, 13A: 3.8mE, 13B: 4.9mE)

2014 Challenges

- Business development: **New Sectors, New Territories**
- Small **amount of Big deals**
- Small amount **of Public deals** due to lack of distribution of new round EU funds (mainly in Romania)
- Still weak middle management, no proper **succession plan**
- **Sales organization** in place but still need strengthening
- Introduction of the **professional services organization** crucial for cross-country or out of ASEE Region new Sales
- Speed of **consolidation of product portfolio**
- Organization **restructuring** processes in **Turkey, Romania**

Improvement of backlog in M1 (FY)

mEUR	2013*	2014**	Diff
Rev BL	56,2	56,6	+1%
M1 BL	43,3	43,6	+1%

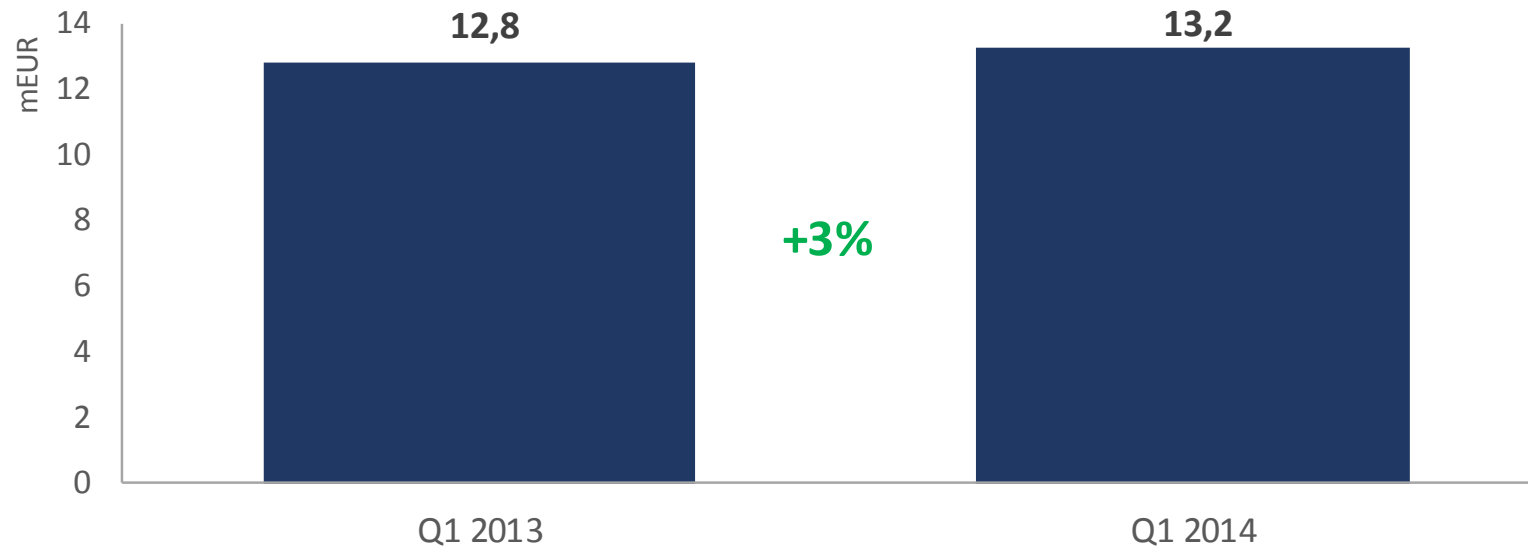


* BL 2013 as at 11/02/2013

** BL 2014 as at 12/02/2014

Improvement of backlog in M1 (Q1)

mEUR	Q1 2013*	Q1 2014**	Diff
Rev BL	18,6	19,2	+3%
M1 BL	12,8	13,2	+3%



* BL 2013 as at 11/02/2013

** BL 2014 as at 12/02/2014