

# COMARCH

## Financial Results H1 2010

**Konrad Tarański – CFO**

**3rd of September 2010, Krakow**

## Agenda

- Financial results
- Sales structure
- Human resources
- Backlog
- Summary

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- **Financial results**
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## Financial Results Q2 2010

	Q2 2010	Q2 2009
Revenue	174,351	163,774
Operating result	-2,307	-12,763
Net result attributable to the Comarch shareholders	5,354	-4,269

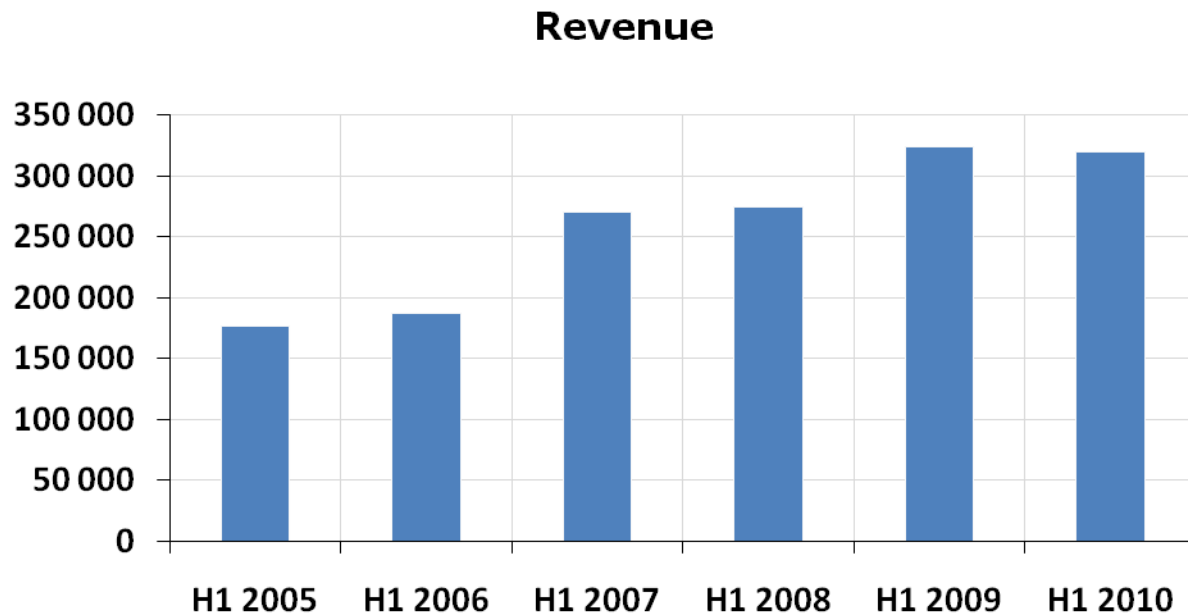
*In thousands of PLN*

## Financial Results H1 2010

	H1 2010	H1 2009
Revenue	320,065	323,465
Operating result	-5,449	-18,676
Net result attributable to the Comarch shareholders	5,233	-7,133

*In thousands of PLN*

# Revenue H1 2010



*In thousands of PLN*

## Comparison of the Financial Results for H1 2010 and H1 2009

Comarch Group	H1 2010	H1 2009	Change
<b>Revenue</b>	<b>320,065</b>	<b>323,465</b>	<b>-1.1%</b>
Depreciation	23,251	24,208	-4.0%
<b>Nominal operating profit (according to the IFRS)</b>	<b>-5,449</b>	<b>-18,676</b>	<b>+70.8%</b>
<b>Nominal net profit attributable to the company's shareholders (according to the IFRS)</b>	<b>5,233</b>	<b>-7,133</b>	<b>+173.4%</b>
Nominal EBIT margin	-1.7%	-5.8%	
Nominal net margin	-1.6%	-2.2%	
<b>Nominal EBITDA (operating profit + depreciation)</b>	<b>17,802</b>	<b>5,532</b>	<b>+221.8%</b>
Nominal EBITDA margin	5.6%	1.7%	

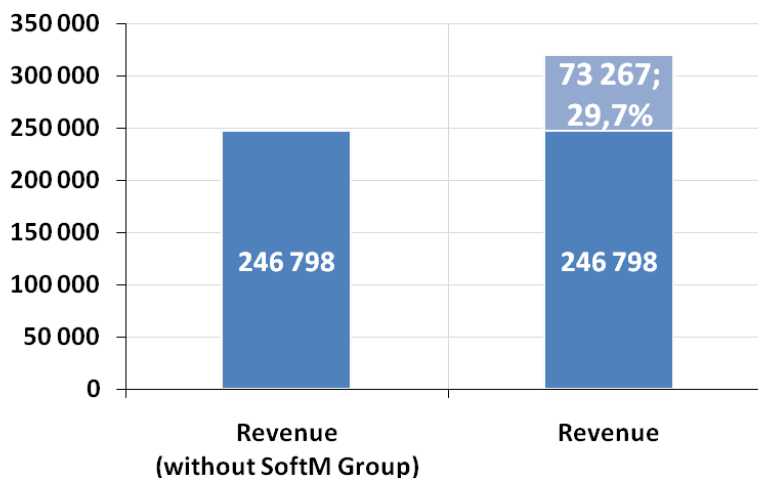
## Comparison of the Operating Profits for H1 2010 and H1 2009 after Eliminating One-Off Events

Comarch Group	H1 2010	H1 2009	Change
Nominal operating profit (according to the IFRS)	-5,449	-18,676	+70.8%
Earnings impact of the costs of the managerial option	-1,322	-1,490	
Impact on earnings of the CCF FIZ and companies where CCF FIZ is a shareholder	-5,490	-4,123	
Impact on earnings of the goodwill impairment	-5,542	0	
SoftM Group's operating profit	-15,332	-25,558	
<b>Adjusted operating profit</b>	<b>22,237</b>	<b>12,495</b>	<b>+78.0%</b>
Adjusted EBIT margin	9.0%	5.4%	
<b>Adjusted EBITDA (operating profit + depreciation)</b>	<b>34,367</b>	<b>23,502</b>	<b>+46.2%</b>
Adjusted EBITDA margin	13.9%	10.1%	

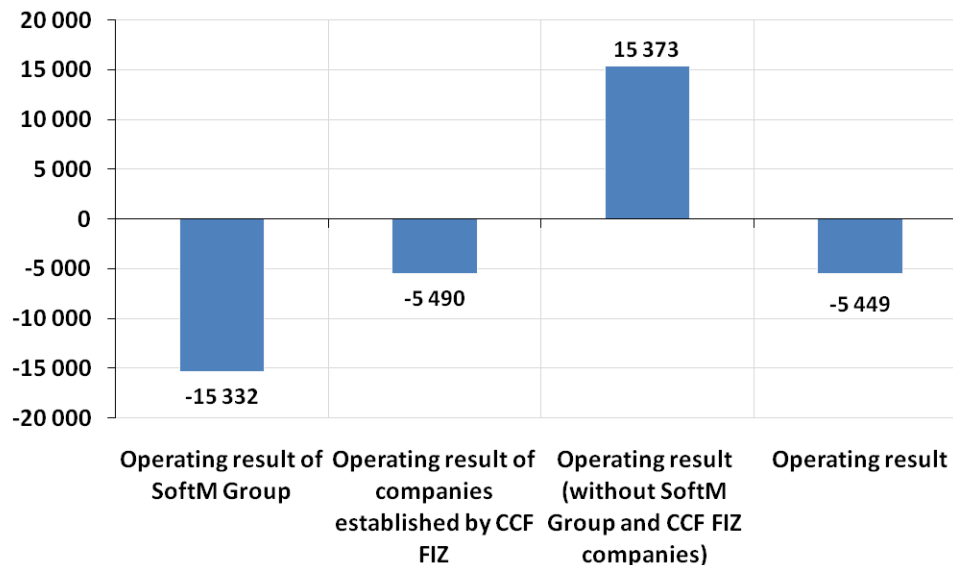


# Impact of SoftM Group and Companies Established by CCF FIZ on Comarch Group's Revenue and Operating Result

H1 2010



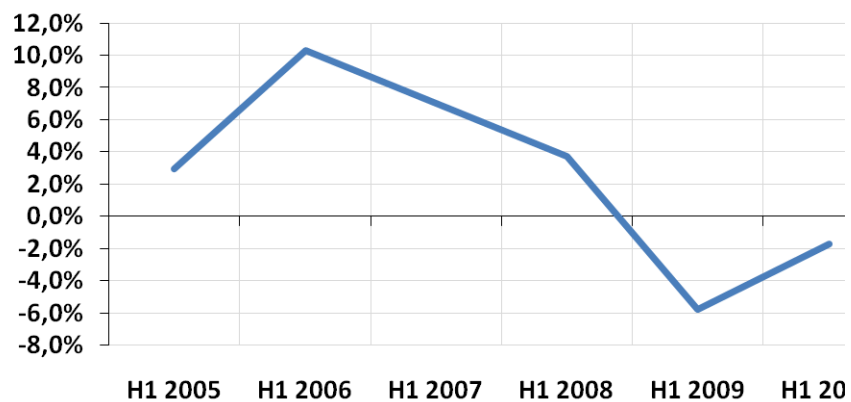
H1 2010



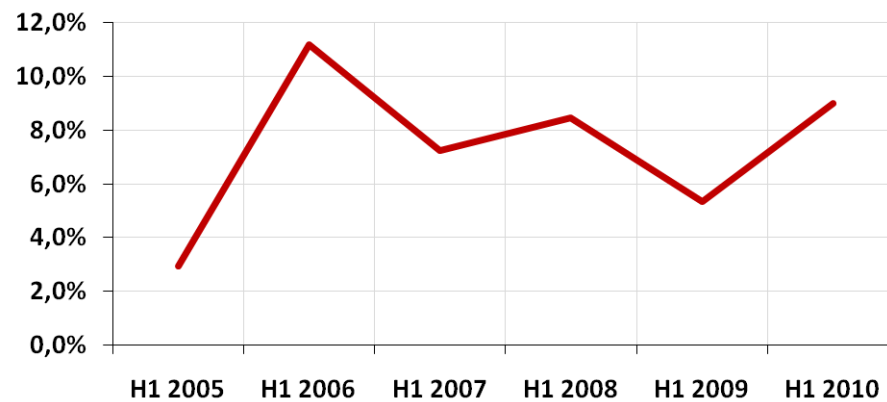
*In thousands of PLN*

# EBIT Margin H1 2005 – H1 2010

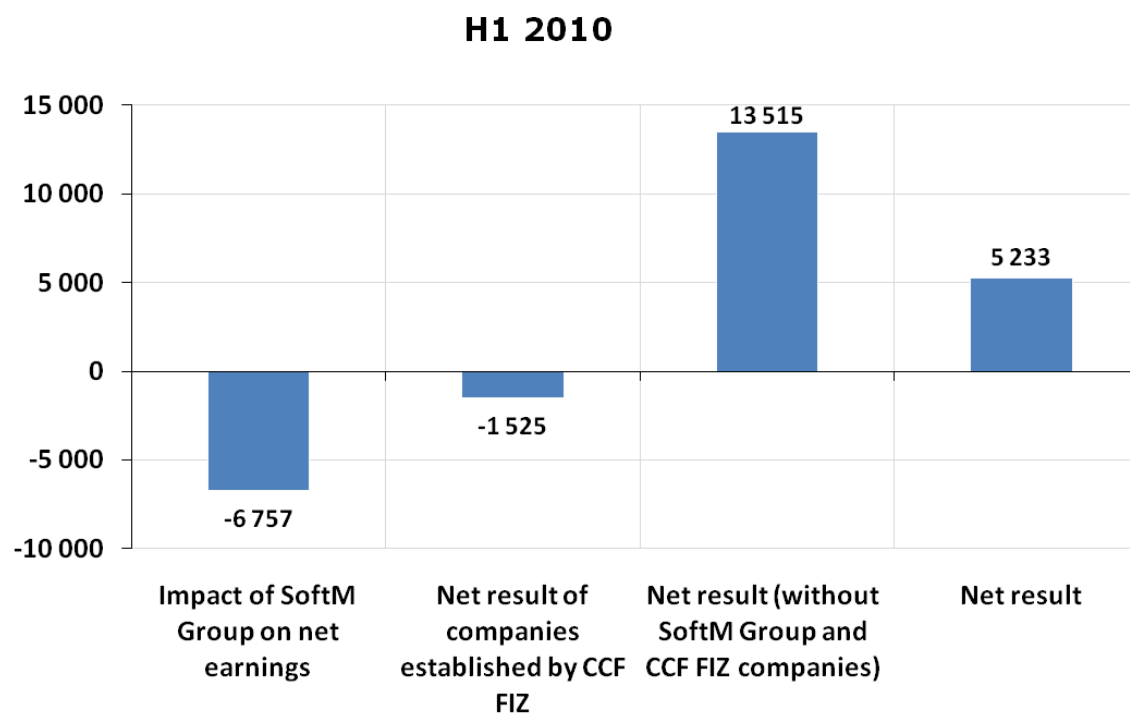
### Operating margin



### Adjusted operating margin



# Impact of SoftM Group and Companies Established by CCF FIZ on Comarch Group's Net Profit



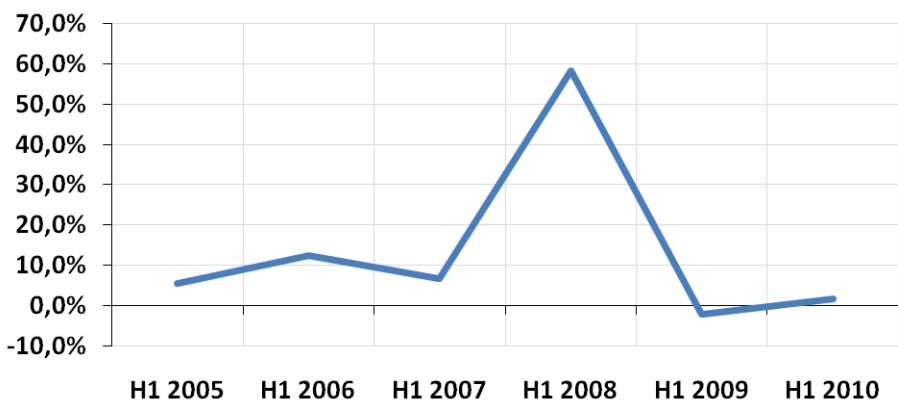
*In thousands of PLN*

## Comparison of the Net Profits for H1 2010 and H1 2009 after Eliminating One-Off Events

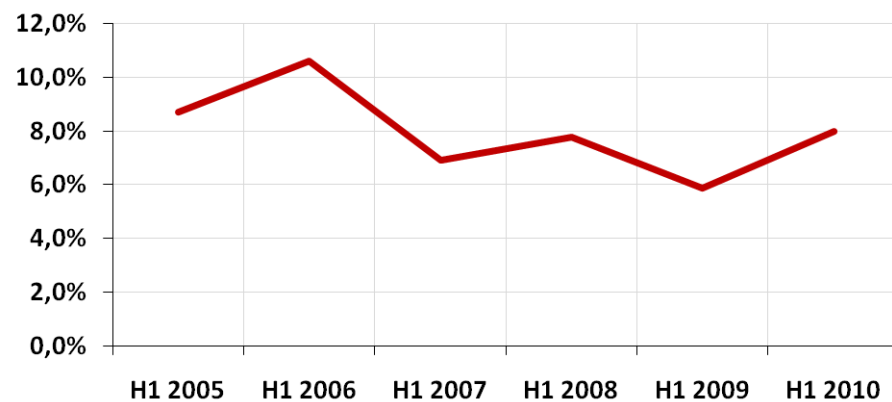
Comarch Group	H1 2010	H1 2009	Change
<b>Nominal net profit (according to IFRS)</b>	<b>5,233</b>	<b>-7,133</b>	<b>+173.4%</b>
Earnings impact of the costs of the managerial option	-1,322	-1,490	
Impact on earnings of the CCF FIZ and companies where CCF FIZ is a shareholder	-1,525	1,596	
Impact of asset on earnings due to deferred tax (due to activities in Special Economic Zone)	-1,603	-	
Impact on earnings of the goodwill impairment	-5,542	-	
Impact of provision on earnings due to deferred tax	461	539	
Impact of asset on earnings due to tax loss in subsidiaries and temporary differences	1,851	-771	
Impact of SoftM Group on net result	-6,757	-20,716	
<b>Adjusted net profit</b>	<b>19,670</b>	<b>13,709</b>	<b>+43.5%</b>
Adjusted net margin	8.0%	5.9%	

# Net Margin H1 2005 – H1 2010

## Net margin



## Adjusted net margin



## **Comparison of Net Result and Net Result attributable to Comarch Shareholders**

**Net result: -6,178 thousand of PLN**

Loss in SoftM for H1 2010, attributable to minority shareholders: -7,179 thousand of PLN

Loss in other subsidiaries for H1 2010, attributable to minority shareholders: -4,232 thousand of PLN

**Net profit attributable to Comarch shareholders: +5,233 thousand of PLN**

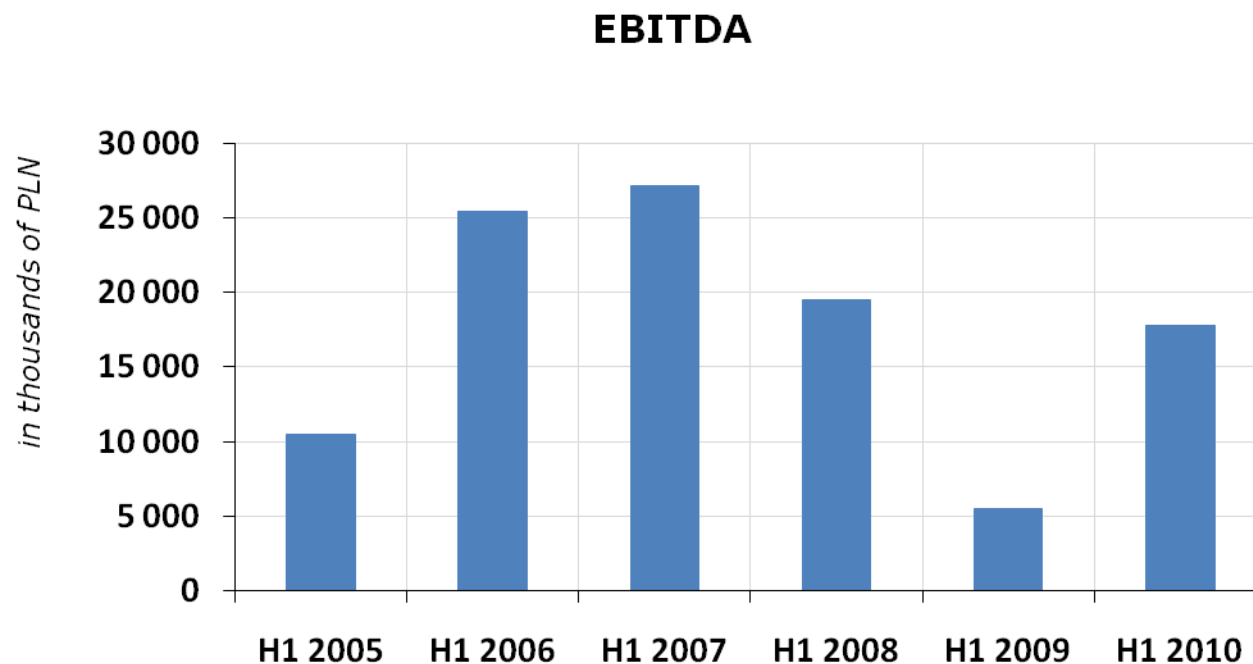
## **Changes in Shareholding in H1 2010**

Increase in Comarch AG share capital up to 2,500,000 EUR

Comarch S.A. holds 60 % of Comarch AG shares,  
Vintage Investment Holding holds 40% of Comarch AG shares

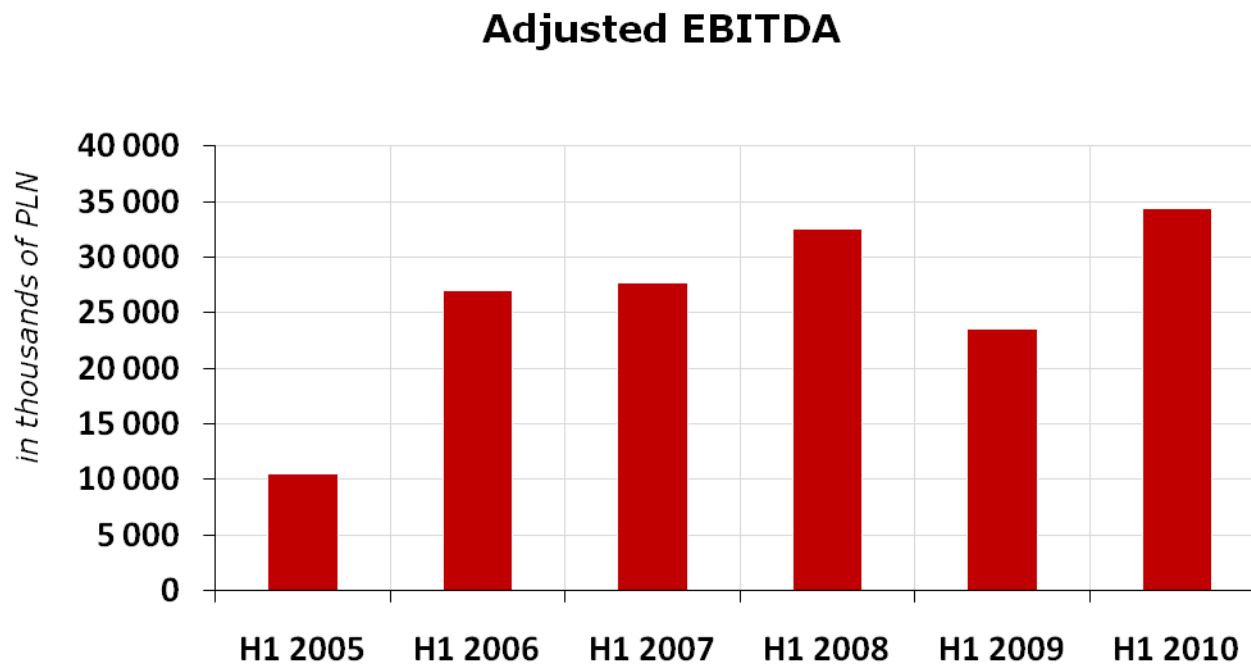
Comarch AG holds 80.81 % of Comarch Software und Beratung  
AG shares (no changes)

## Nominal EBITDA H1 2005 – H1 2010

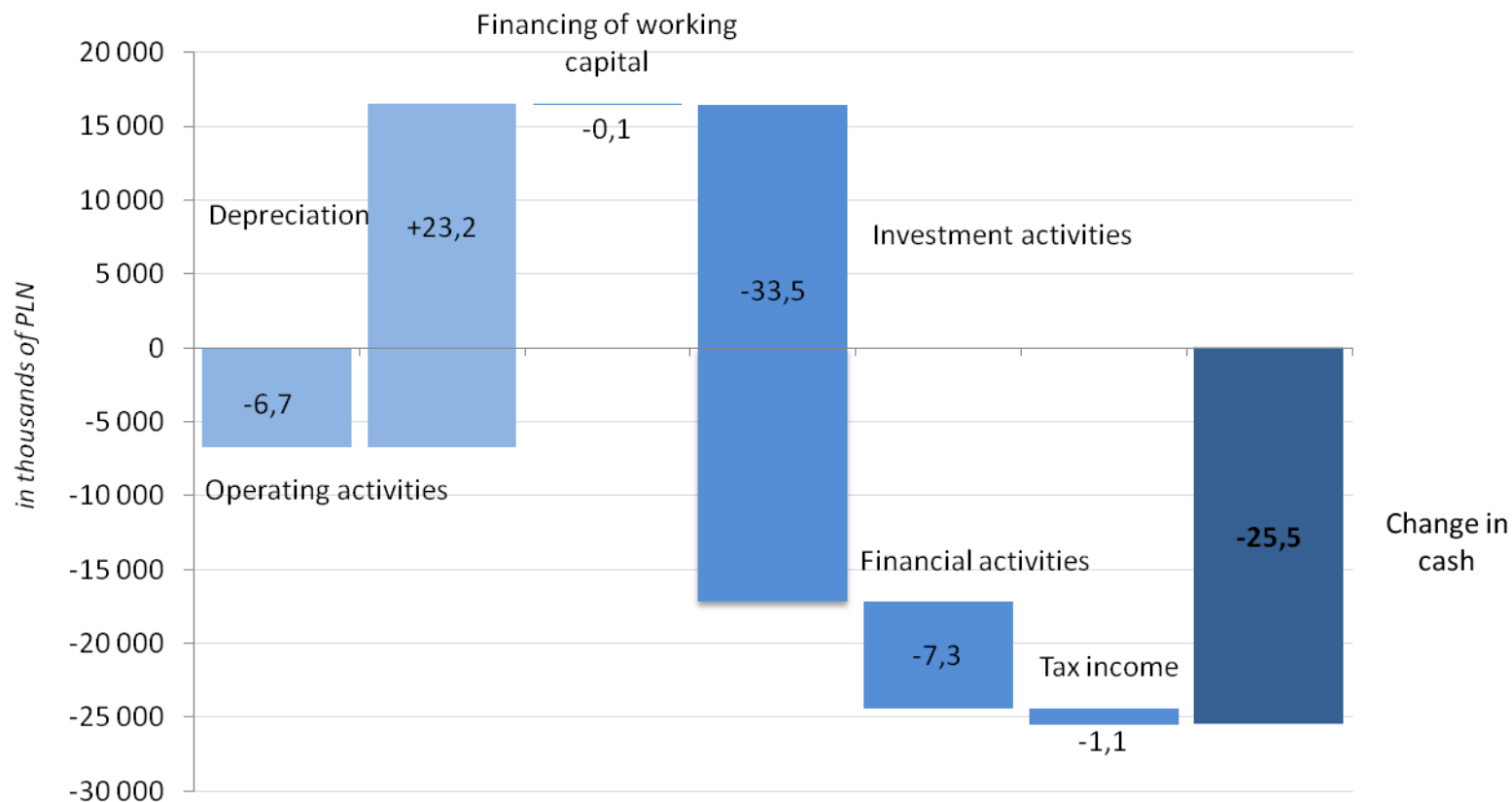




## Adjusted EBITDA H1 2005 – H1 2010



# Cash Flow H1 2010

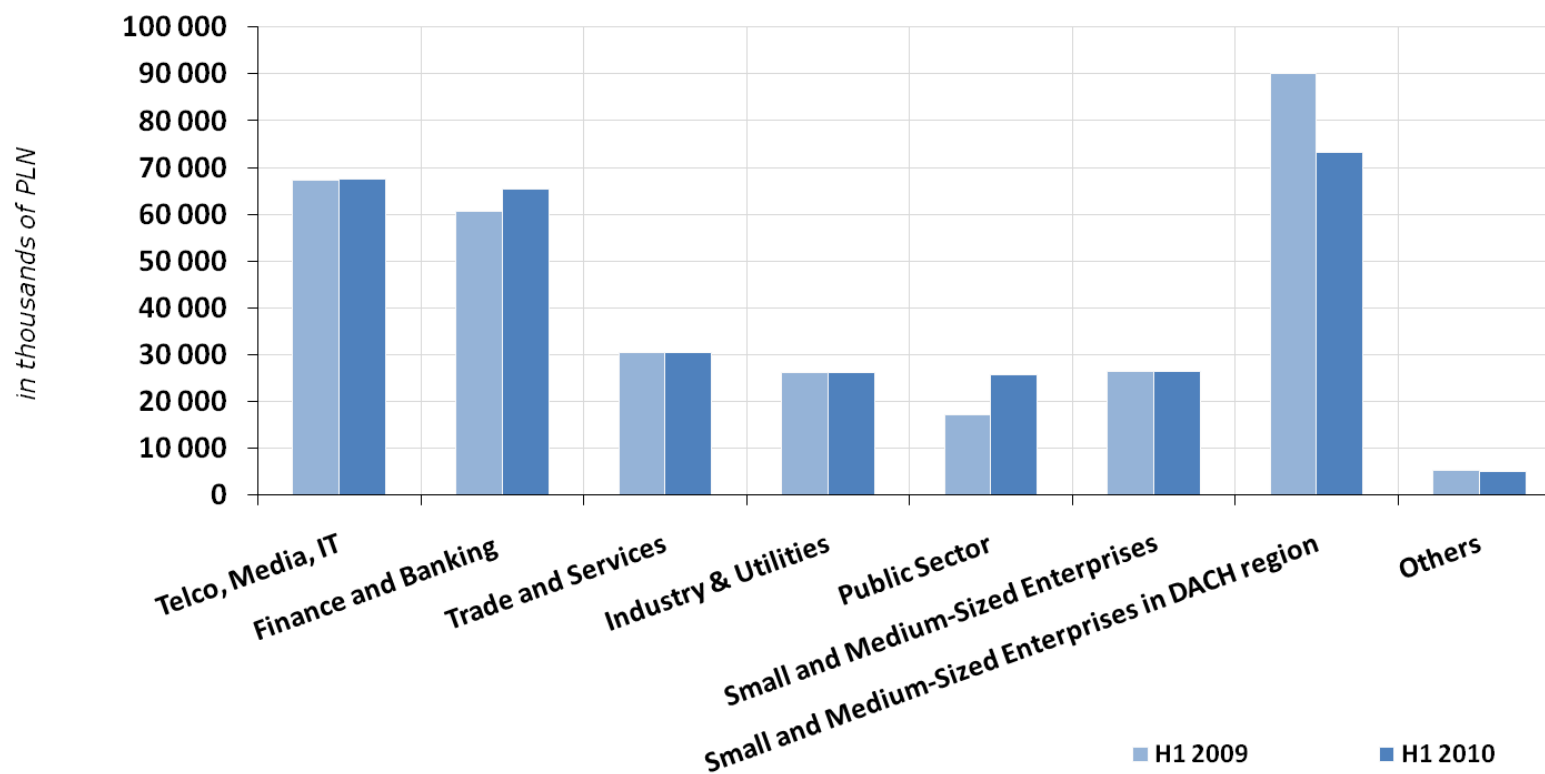


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# Market Sales Structure H1 2009 – H1 2010

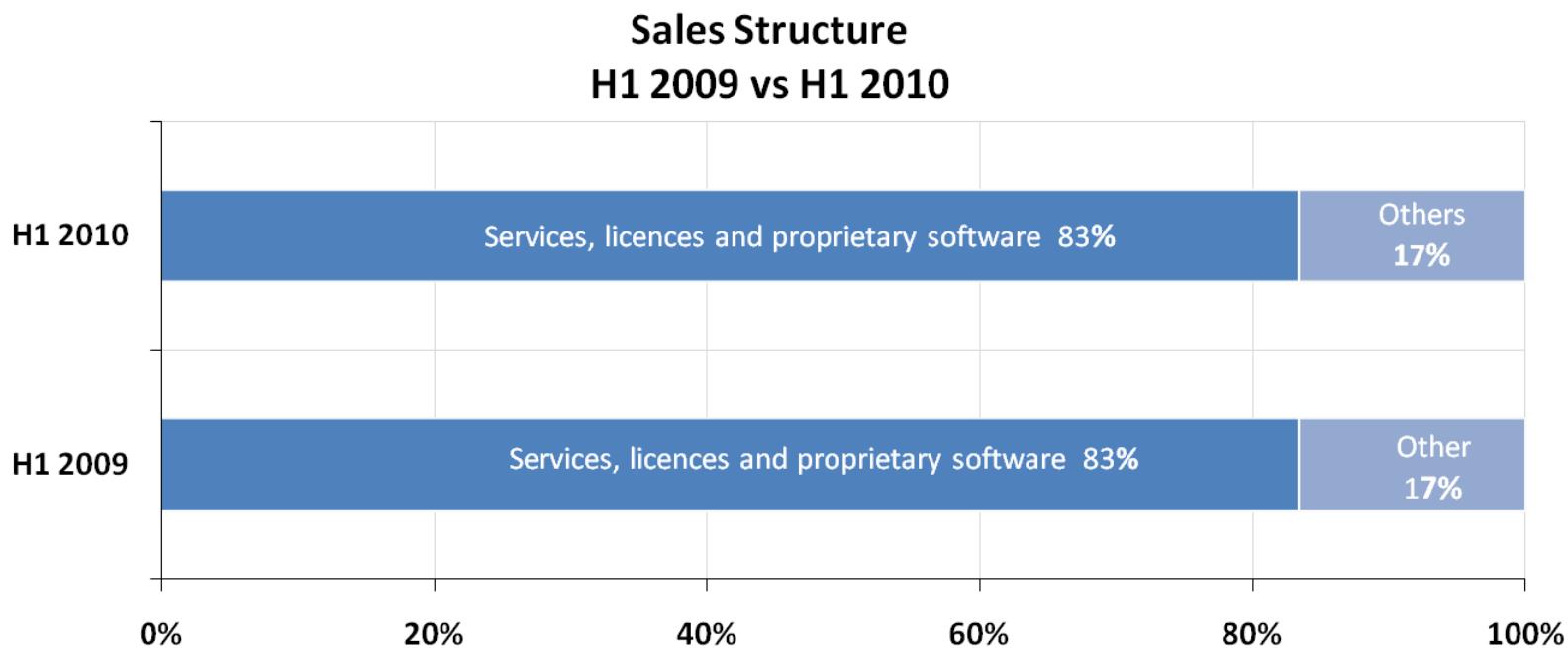
## Revenue from Sectors H1 2009 and H1 2010



## Market Sales Structure H1 2009 – H1 2010

Comarch Group	H1 2010	%	H1 2009	%
Telecommunications, Media, IT	67,435	21.1%	67,367	20,8%
Finance and Banking	65,462	20.4%	60,622	18,8%
Trade and Services	30,435	9.5%	30,424	9,4%
Industry & Utilities	26,231	8.2%	26,109	8,1%
Public Sector	25,690	8.0%	17,271	5,3%
Small and Medium- Sized Enterprises – Poland	26,452	8.3%	26,321	8,1%
Small and Medium- Sized Enterprises – DACH	73,267	22.9%	89 976	27,8%
Others	5,093	1.6%	5,375	1,7%
<b>TOTAL</b>	<b>320,065</b>	<b>100.0%</b>	<b>323,465</b>	<b>100,0%</b>

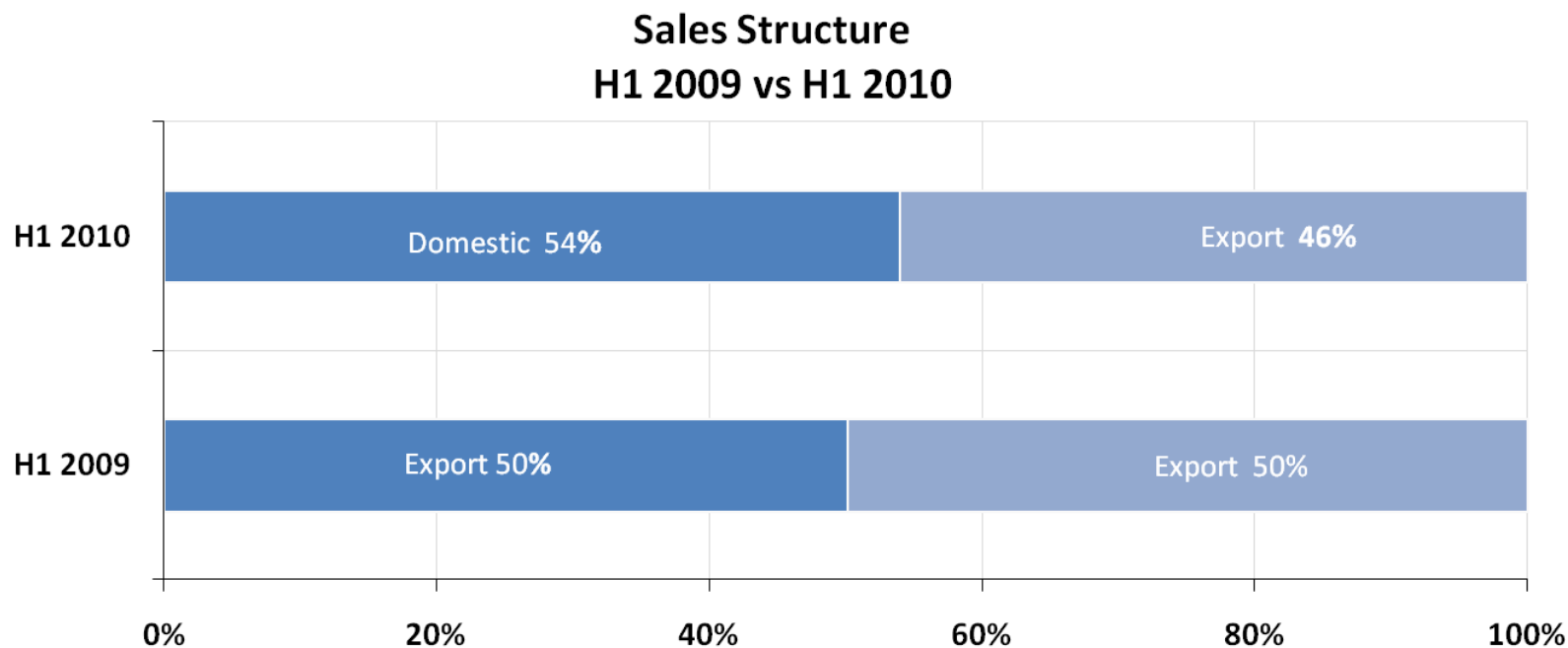
## Products Sales Structure H1 2009 – H1 2010



## Products Sales Structure 2008 - 2009 H1 2009 – H1 2010

Comarch Group	H1 2010	%	H1 2009	%
Services	230,677	72.1%	237,989	73.6%
Proprietary Software	36,219	11.3%	31,838	9.8%
Third-party Software	21,539	6.7%	21,596	6.7%
Hardware	24,960	7.8%	25,935	8.0%
Others	6,671	2.1%	6,107	1.9%
<b>TOTAL</b>	<b>320,065</b>	<b>100.0%</b>	<b>323,464</b>	<b>100.0%</b>

# Geographical Sales Structure H1 2009 – H1 2010





# Agenda

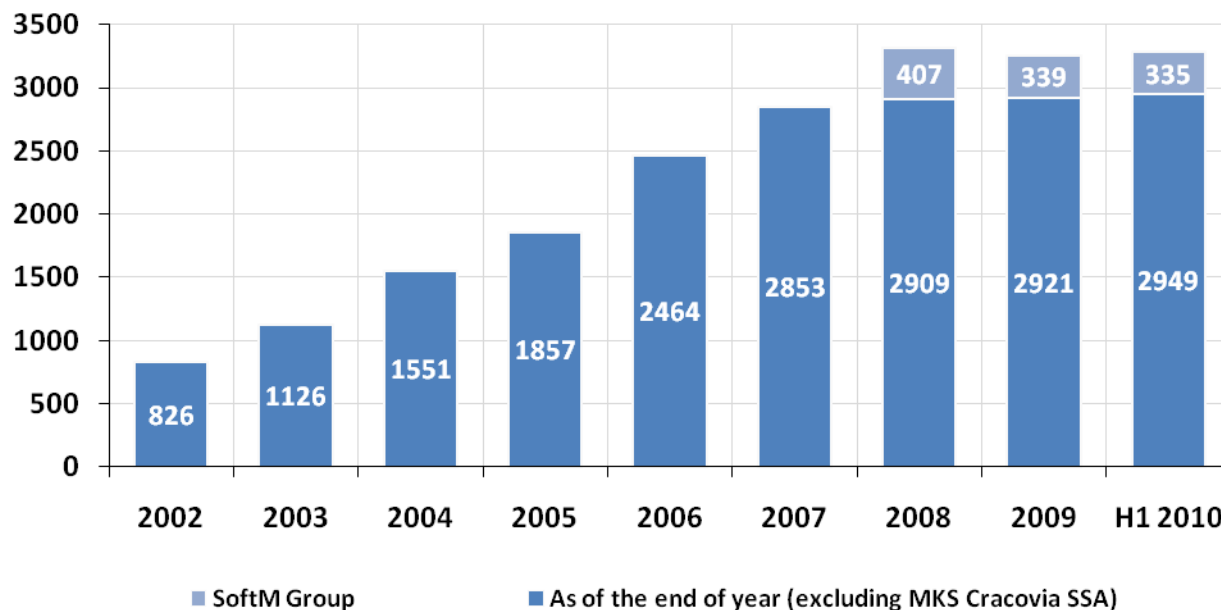
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## Employment Level

- As of 30th of June ,2010 Comarch Group had 3,284 employees (excluding employees in MKS Cracovia SSA), i.e. 24 more than at the end of 2009 (an increase of 0.7 %)
- **Within the current year, the Group maintains a policy of employment level stabilization at the current level, rational cost reduction and increased efficiency of activities**

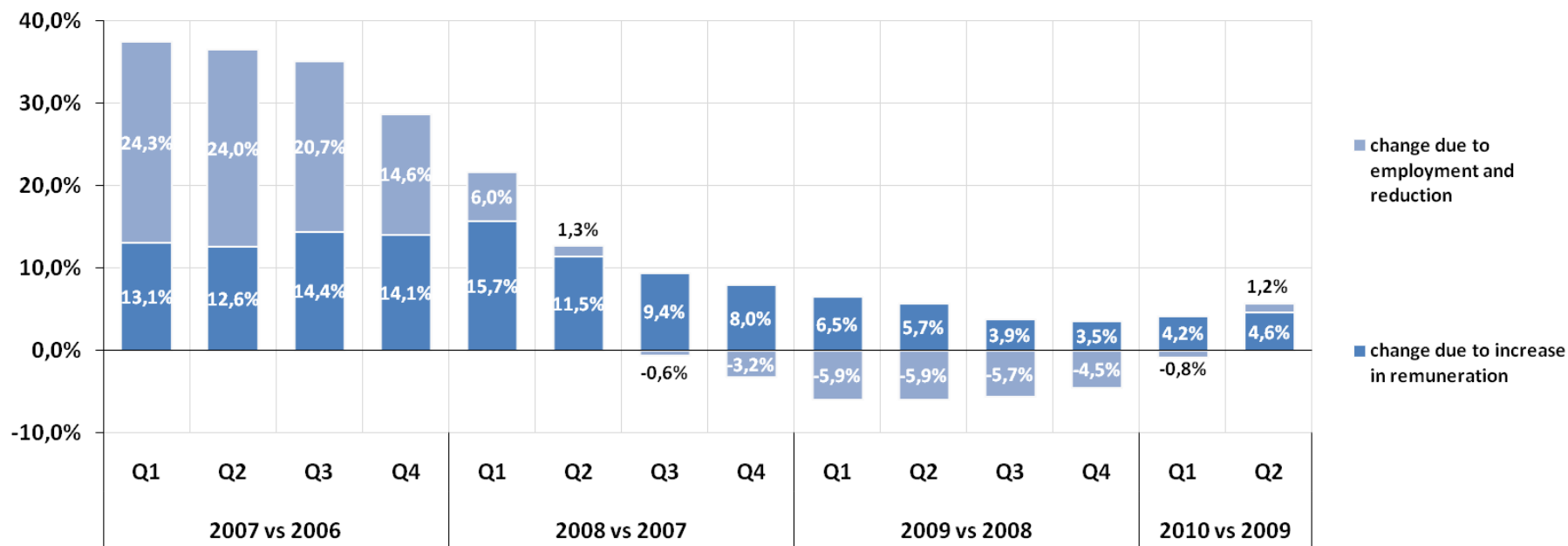
# Employment in Comarch Group (excluding employees in MKS Cracovia SSA)

## Human Resources



# Employment Costs 2007-2010 (excluding SoftM Group)

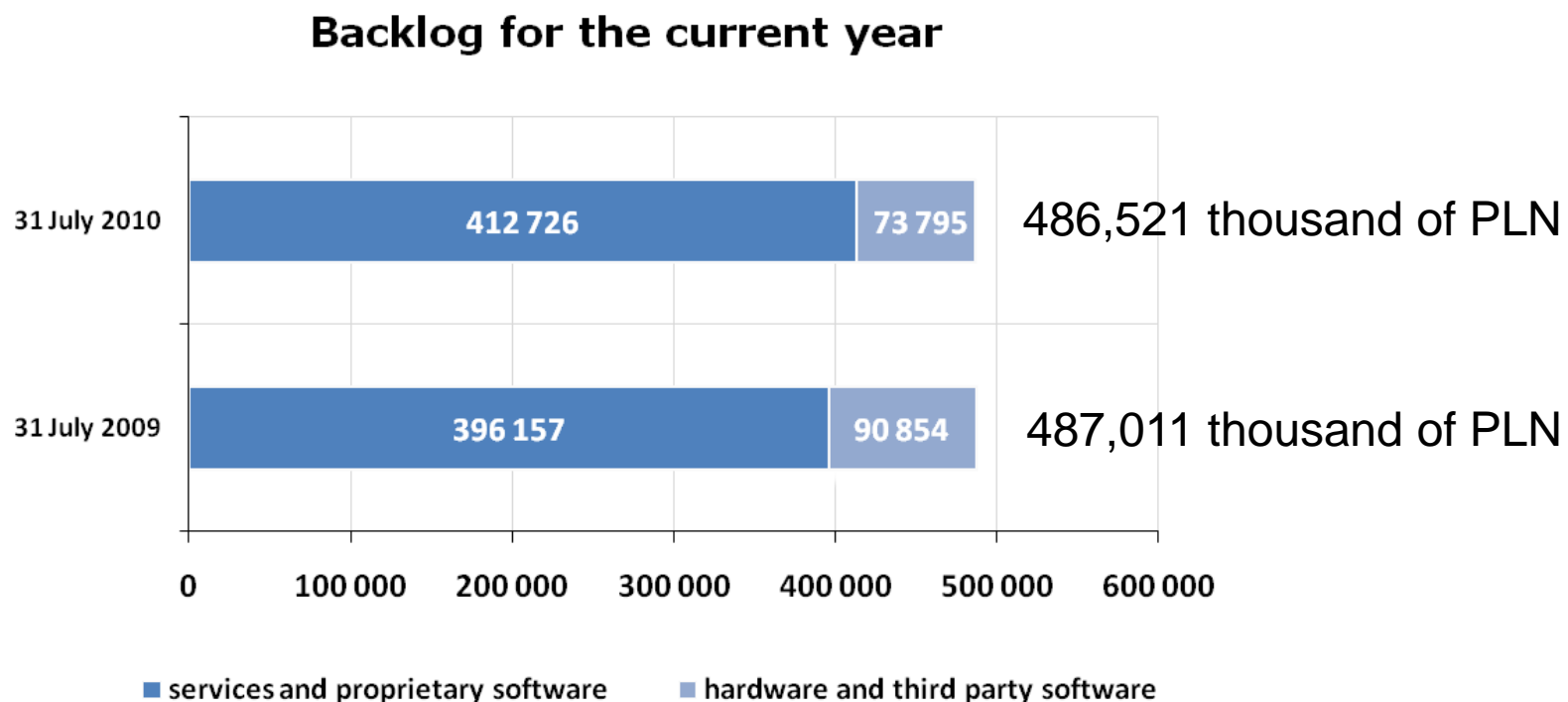
Change in Remuneration



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## Backlog for the Current Year (excluding SoftM Group)



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## H1 2010 Situation Summary

- Good financial results in H1, very high level of consolidated EBITDA
- Export sales maintain the previous year's level and constitute 46% of the Group's revenue, concentration on DACH market
- Dynamic development of activities in TMT sector – new contracts of significant value
- Significant influence of exchange currencies on financial results in H1 2010
- Negative influence of SoftM results, pressure on increase in sales
- Slight increase in employment and cost levels



## Plans for 2010

- Further development in foreign markets, with significant pressure in the DACH region
- Comarch infrastructure extension in Western Europe and Poland
- New products – Semiramis Accounting
- Dynamic development of activities in TMT sector
- End of the restructuring program called DASD in SoftM
- Slight increase in employment level, further control of cost levels

# COMARCH

**Thank you**