

# COMARCH

## Financial Results H1 2011

**Konrad Tarański – CFO**

**2nd of September, 2011, Krakow**

## Agenda

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

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- **Financial Results**
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## Financial Results H1 2011

	<b>H1 2011</b>	<b>H1 2010</b>
Revenue	299,388	320,065
Operating result	(24,922)	(5,449)
Net result attributable to the Comarch shareholders	(20,050)	5,233

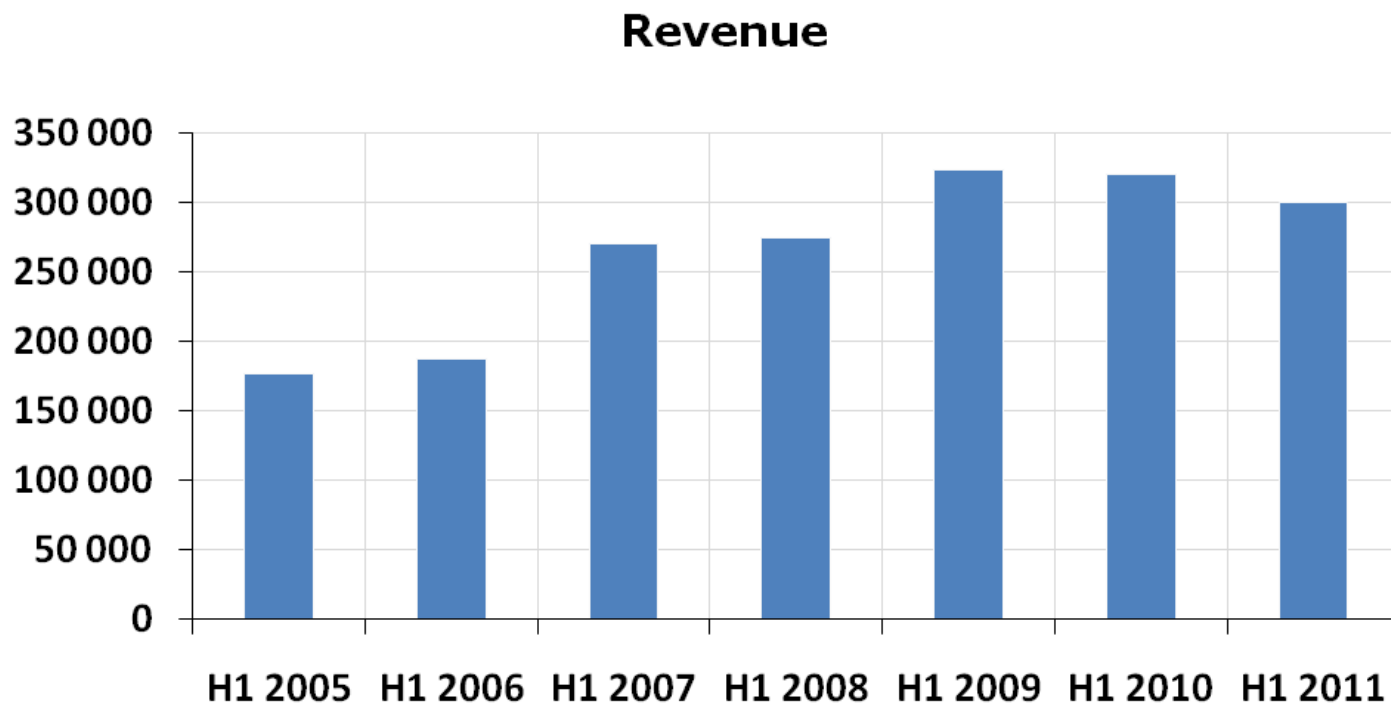
*In thousands of PLN*

## Financial Results Q2 2011

	<b>Q2 2011</b>	<b>Q2 2010</b>
Revenue	151,922	174,351
Operating result	(17,493)	(2,307)
Net result attributable to the Comarch shareholders	(19,188)	(4,620)

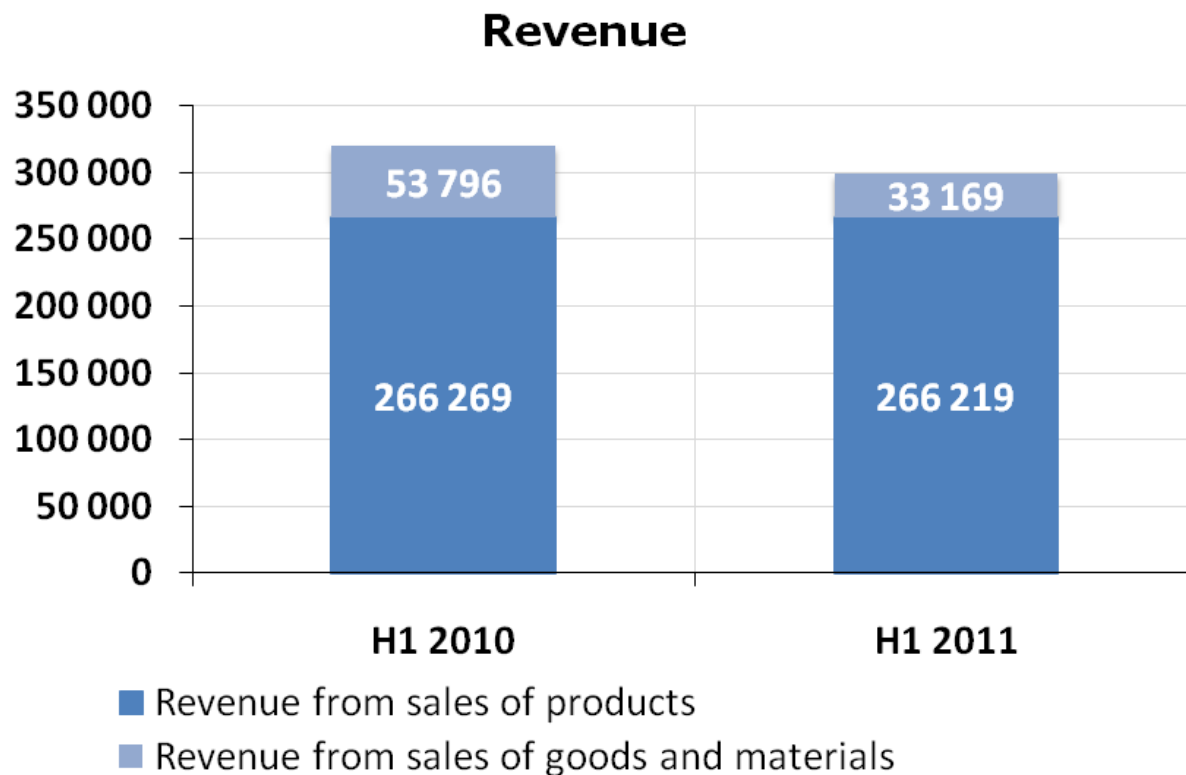
*In thousands of PLN*

# Revenue H1 2011



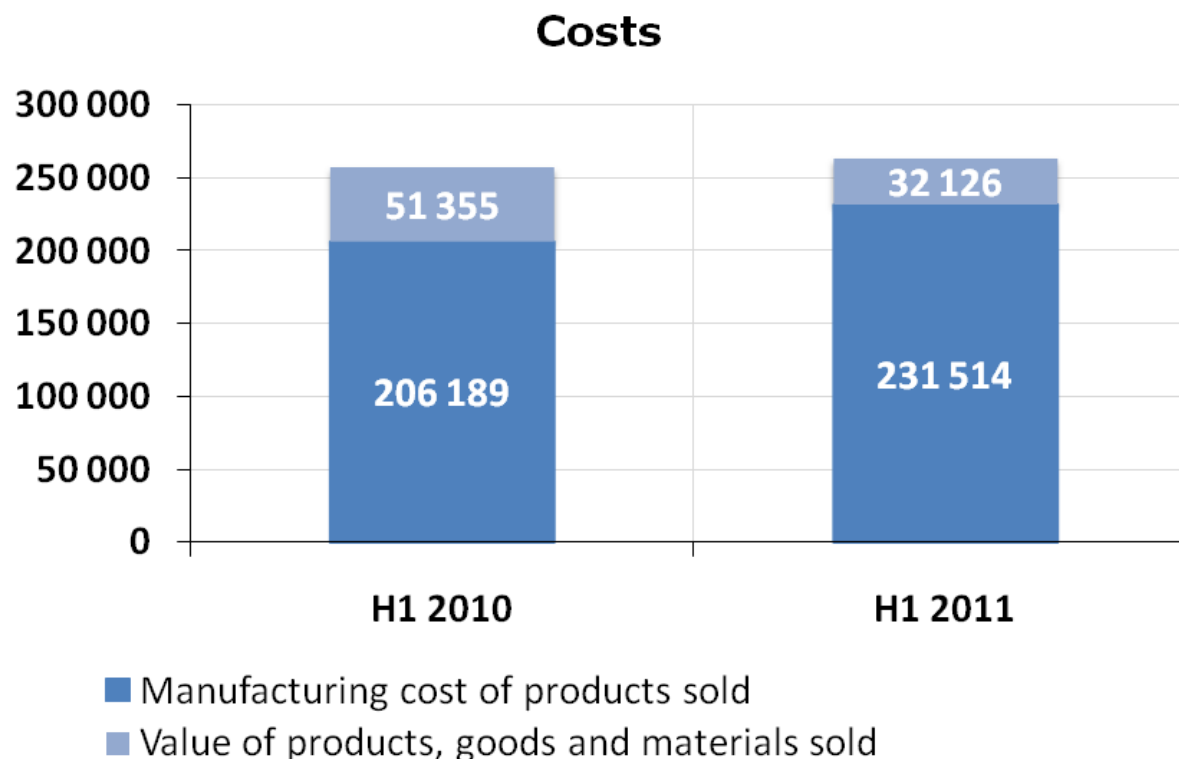
*In thousands of PLN*

## Comparison of Revenue Structure H1 2010 vs H1 2011



*In thousands of PLN*

## Comparison of Costs Structure H1 2010 vs H1 2011



*In thousands of PLN*

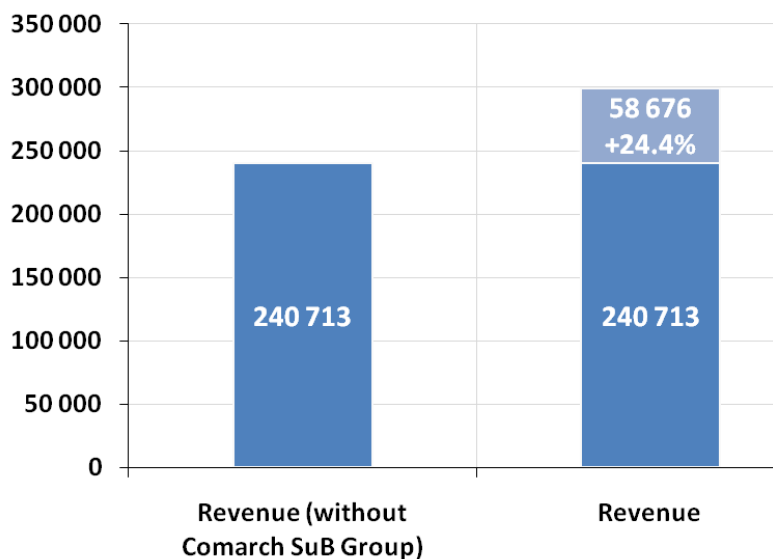


## Comparison of the Financial Results for H1 2011 and H1 2010 after Eliminating One-Off Events

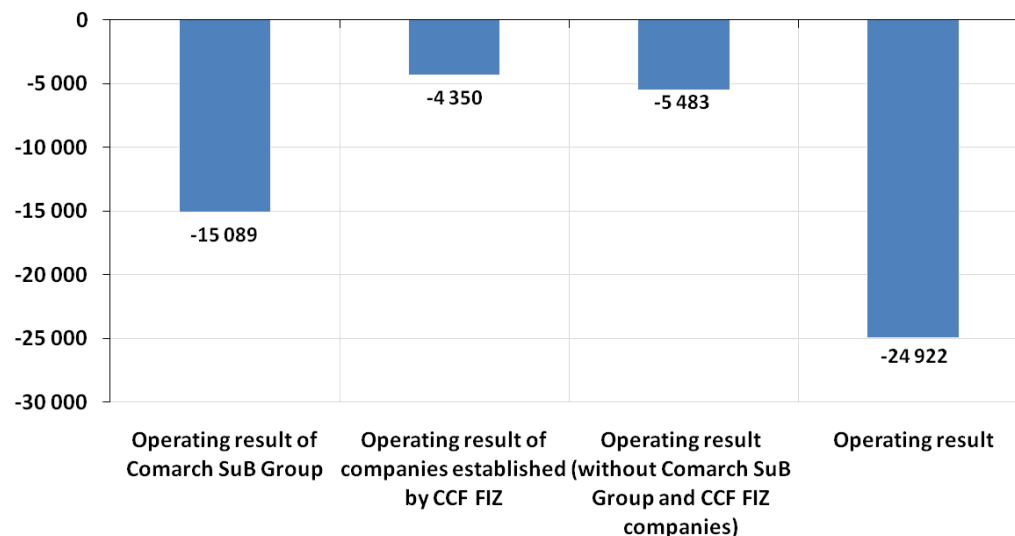
Comarch Group	H1 2011	H1 2010	Change
Nominal operating result (according to the IFRS)	-24,922	-5,449	357.4%
Earnings impact of the costs of the managerial option	-1,368	-1,322	
Impact on earnings of the CCF FIZ and companies where CCF FIZ is a shareholder	-4,350	-5,490	
Impact on earnings of the write-off due to loss in the company's value	0	-5,542	
Comarch SuB Group's operating result	-15,089	-15,332	
<b>Adjusted operating result</b>	<b>-4,115</b>	<b>22 237</b>	<b>-118.5%</b>
Adjusted EBIT margin	-1.71%	9.01%	
<b>Adjusted EBITDA (operating result + depreciation)</b>	<b>7,301</b>	<b>34,367</b>	
Adjusted EBITDA margin	3.03%	13.93%	

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

H1 2011



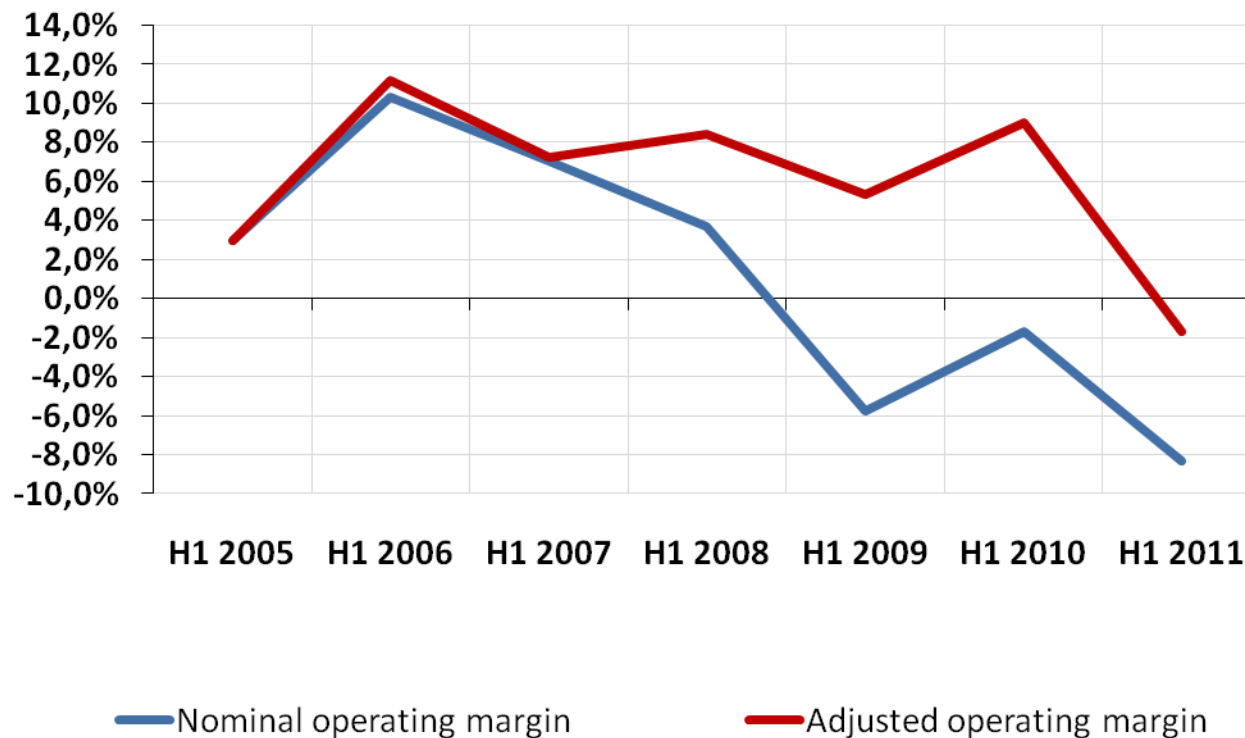
H1 2011



*In thousands of PLN*

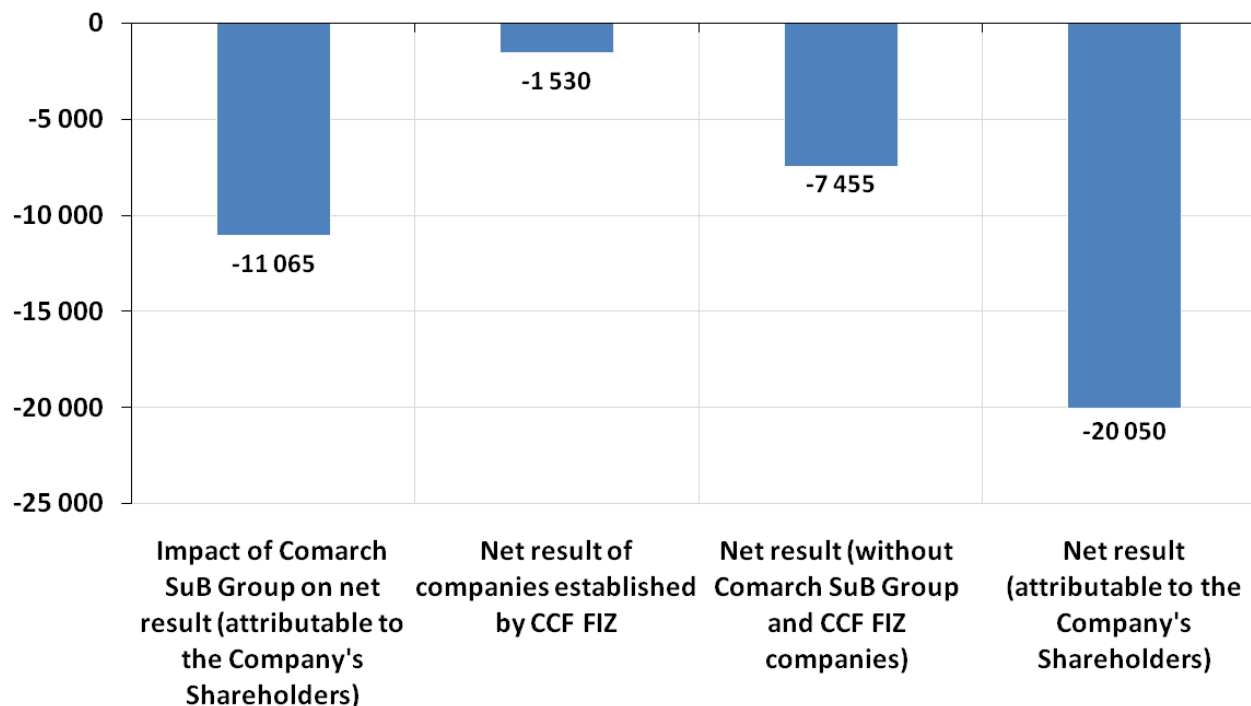
# EBIT Margin H1 2005 – H1 2011

## Operating margin - nominal vs adjusted



# Impact of Comarch SuB Group and Companies Established by CCF FIZ on Comarch Group's Net Result

H1 2011

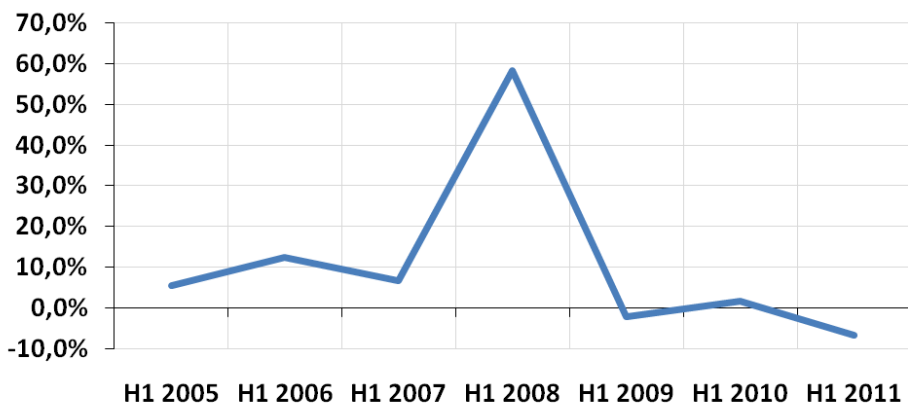


## Comparison of the Net Results for H1 2011 and H1 2010 after Eliminating One-Off Events

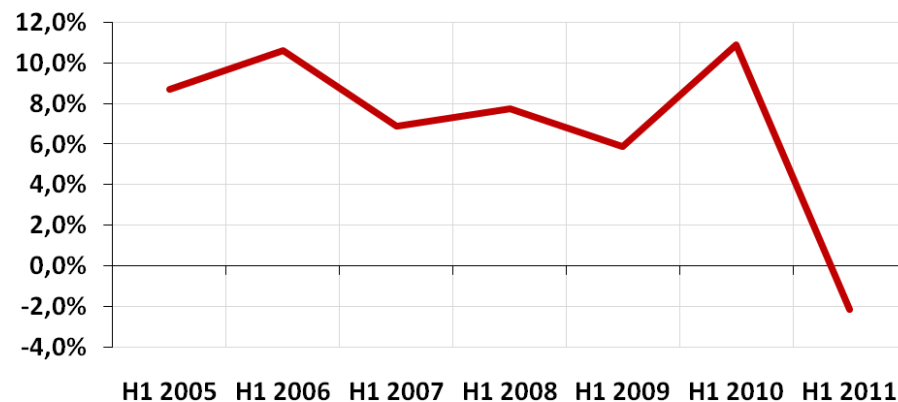
Comarch Group	H1 2011	H1 2010	Change
<b>Nominal net result (according to IFRS)</b>	<b>-20,050</b>	<b>5,233</b>	<b>-483.1%</b>
Earnings impact of the costs of the managerial option	-1,368	-1,322	
Impact on earnings of the CCF FIZ and companies where CCF FIZ is a shareholder	-1,530	-1,525	
Impact of asset on earnings due to deferred tax (due to activities in Special Economic Zone)	-1,490	-1,603	
Impact on earnings of the write-off due to loss in the company's value	0	-5,542	
Impact of assets and provisions on earnings due to deferred tax in relation to temporary differences and of an asset due to tax loss in subsidiaries	3,169	2,312	
Impact of SoftM Group on net result	-11,065	-6,764	
<b>Adjusted net result</b>	<b>-7,766</b>	<b>19,677</b>	<b>-139.5%</b>
Adjusted net margin	-3.23%	7.97%	

# Net Margin H1 2005 – H1 2011

Net margin



Adjusted net margin



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

### **Net result: -21,476 thousand of PLN**

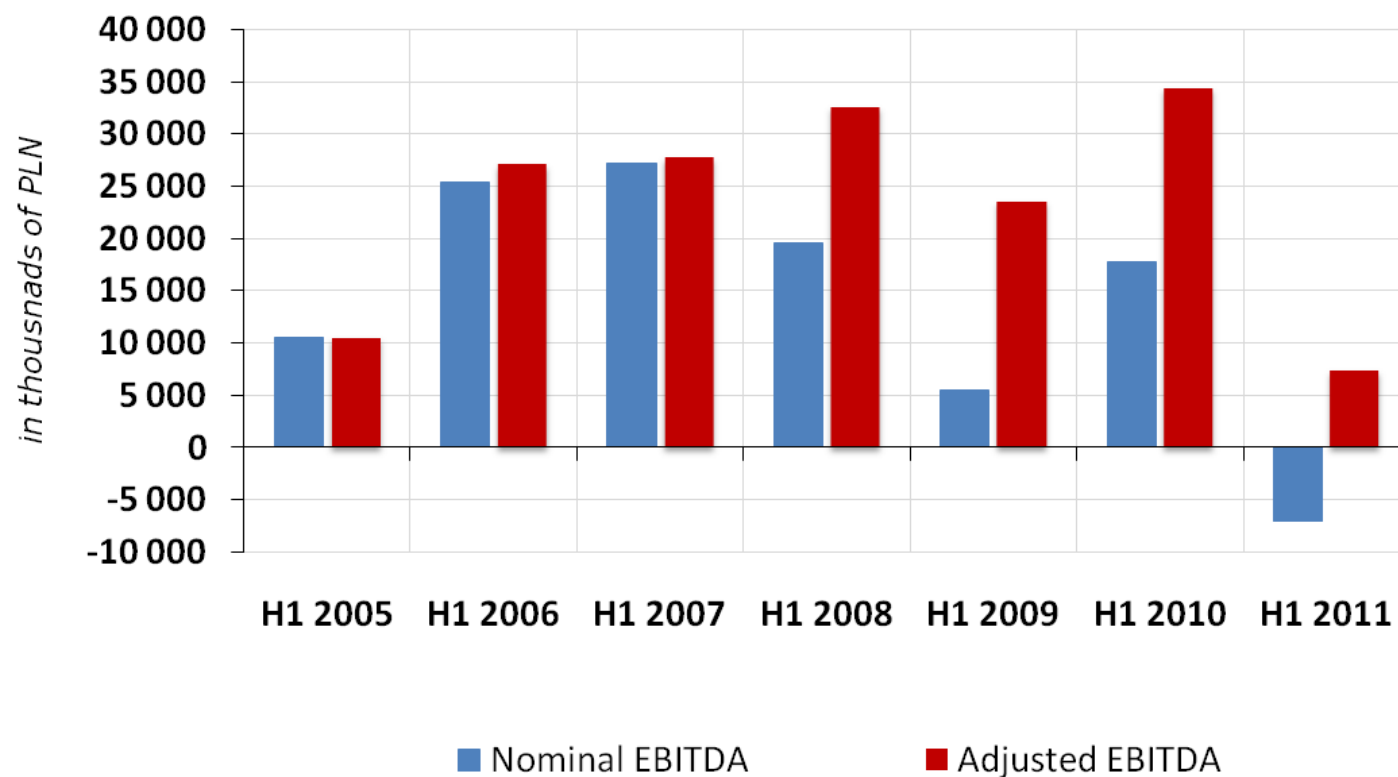
Loss in Comarch SuB Group for H1 2011, attributable to minority shareholders: : -2,614 thousand of PLN

Profit in other subsidiaries for H1 2011, attributable to minority shareholders: : 1,188 thousand of PLN

### **Net loss attributable to Comarch shareholders : -20,050 thousand of PLN**

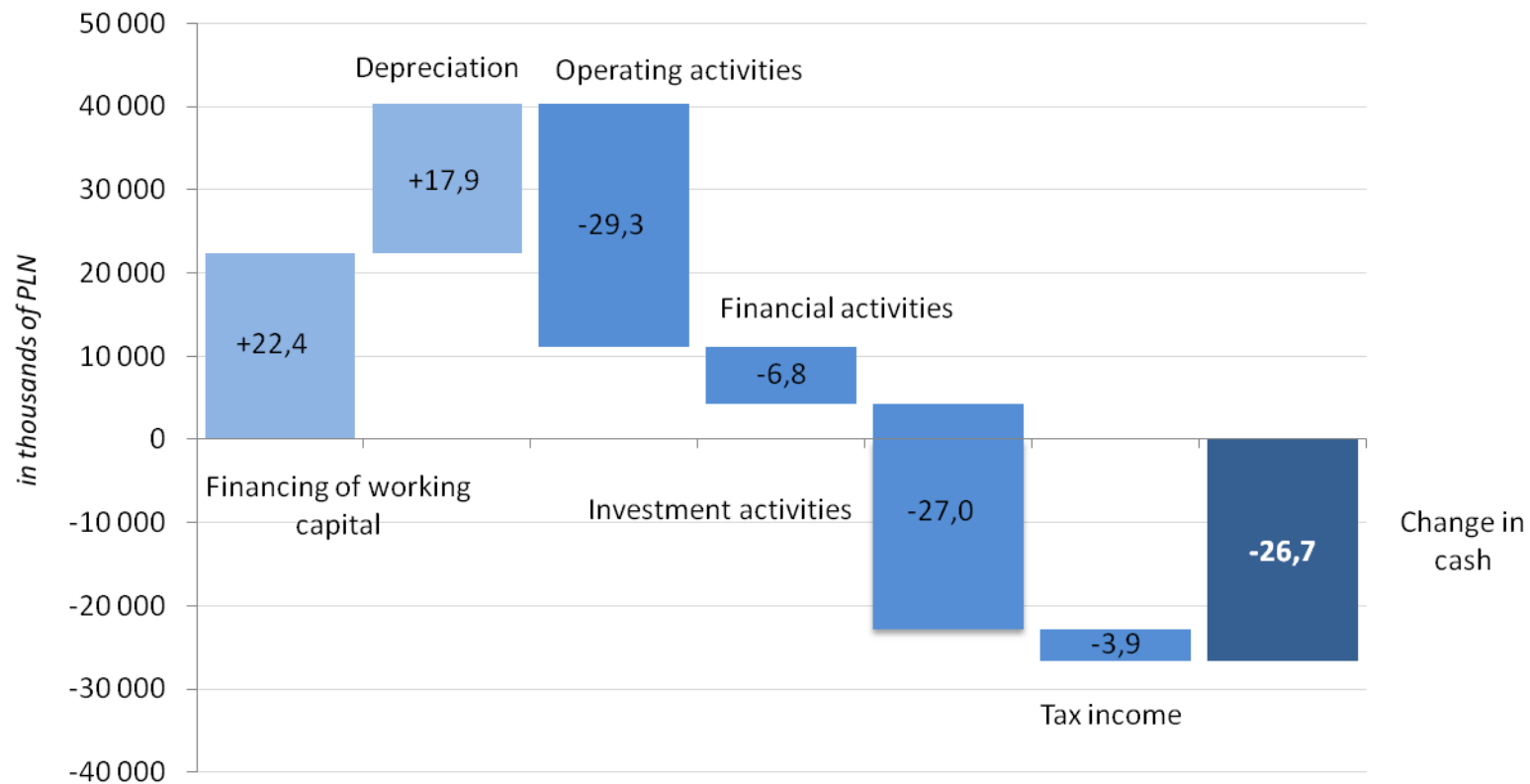
# EBITDA H1 2005 – H1 2011

## EBITDA - nominal vs adjusted





# Cash Flow H1 2011

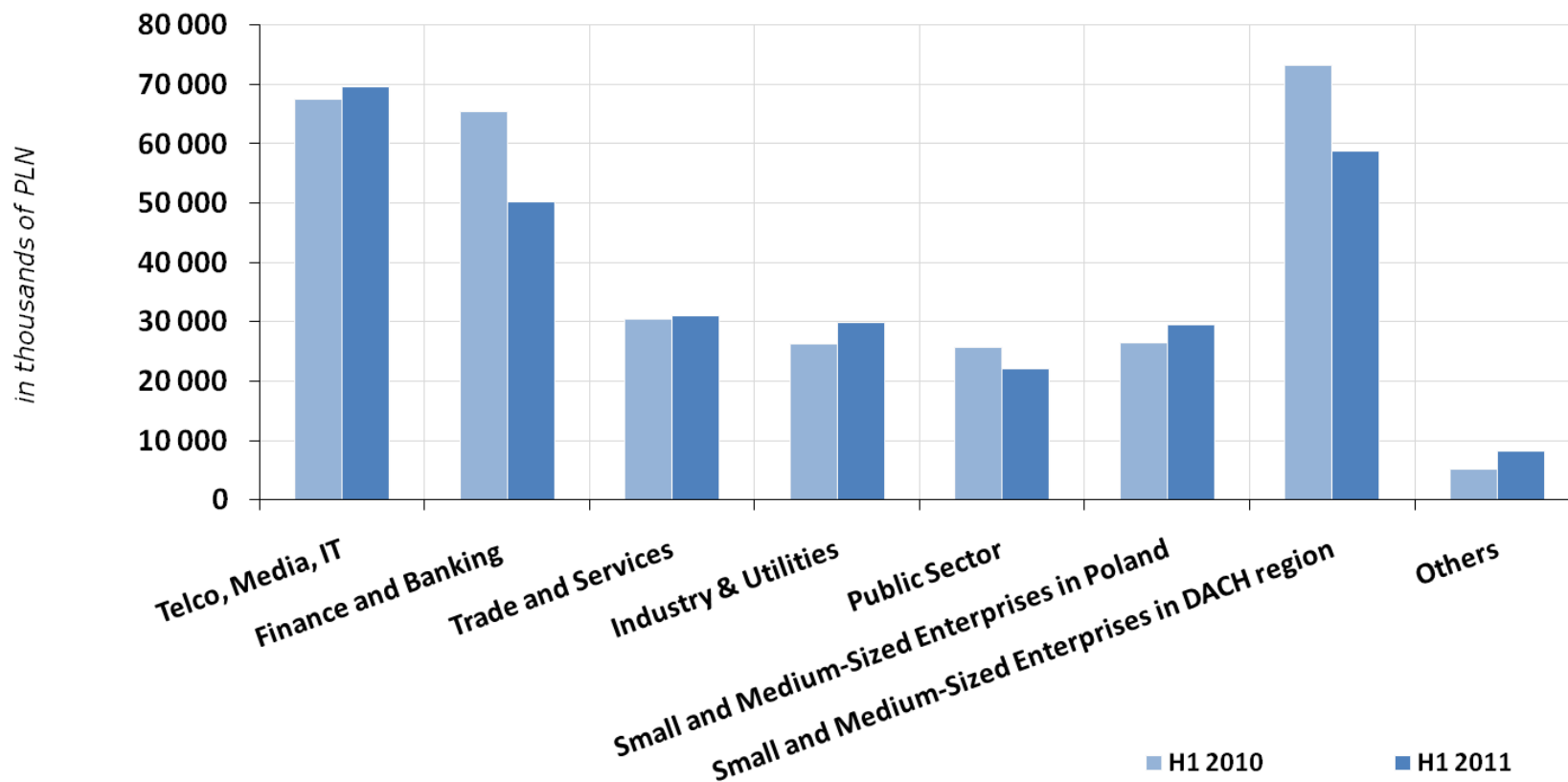


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# Market Sales Structure H1 2011 and H1 2010

## Revenue from Sectors H1 2010 and H1 2011

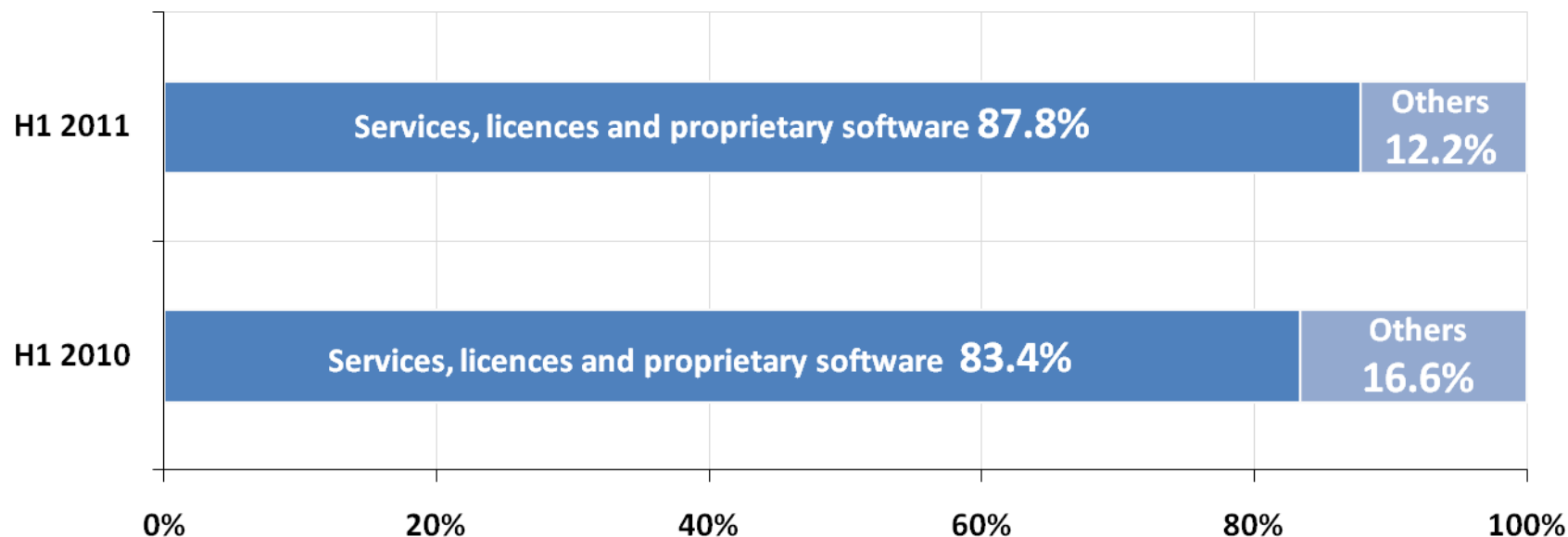


## Market Sales Structure H1 2011 and H1 2010

Comarch Group	H1 2011	%	H1 2010	%
Telecommunications, Media, IT	69,660	23.3%	67,435	21.1%
Finance and Banking	50,298	16.8%	65,462	20.4%
Trade and Services	30,982	10.3%	30,435	9.5%
Industry & Utilities	29,880	10.0%	26,231	8.2%
Public Sector	22,149	7.4%	25,690	8.0%
Small and Medium- Sized Enterprises – Poland	29,491	9.8%	26,452	8.3%
Small and Medium- Sized Enterprises – DACH	58,676	19.6%	73,267	22.9%
Others	8,252	2.8%	5,093	1.6%
<b>TOTAL</b>	<b>299,388</b>	<b>100.0%</b>	<b>320,065</b>	<b>100.0%</b>

## Products Sales Structure H1 2011 and H1 2010

Sales Structure  
H1 2011 vs H1 2010

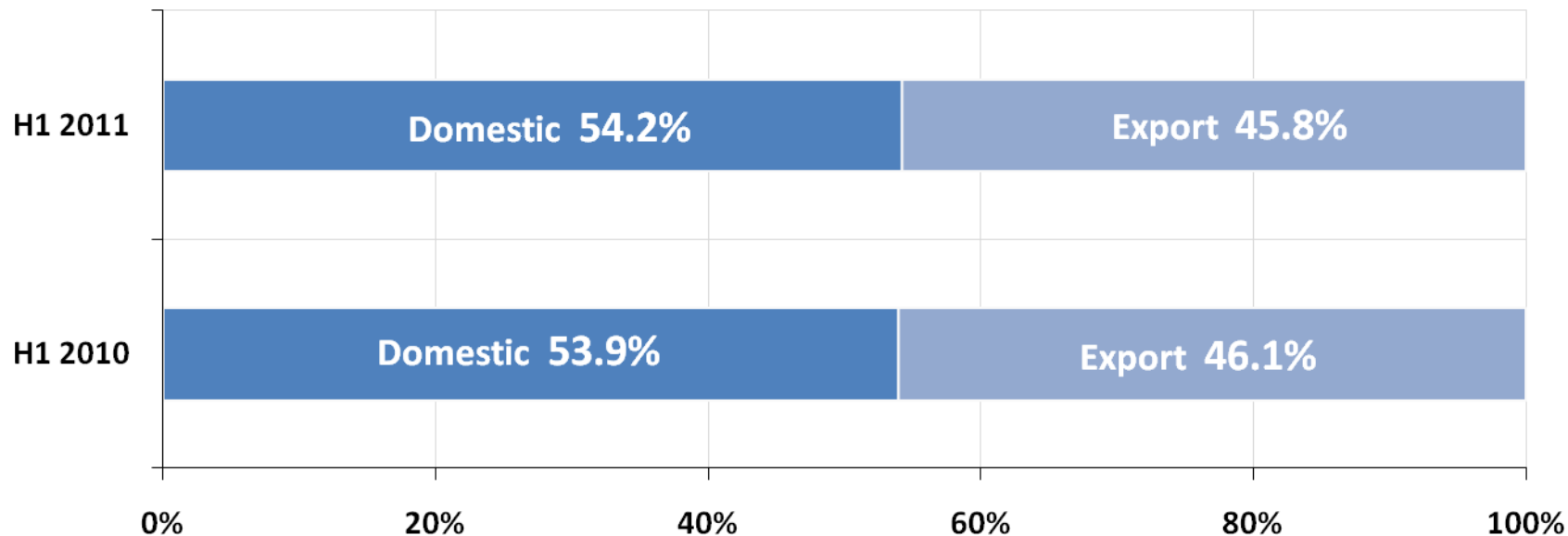


## Products Sales Structure H1 2011 and H1 2010

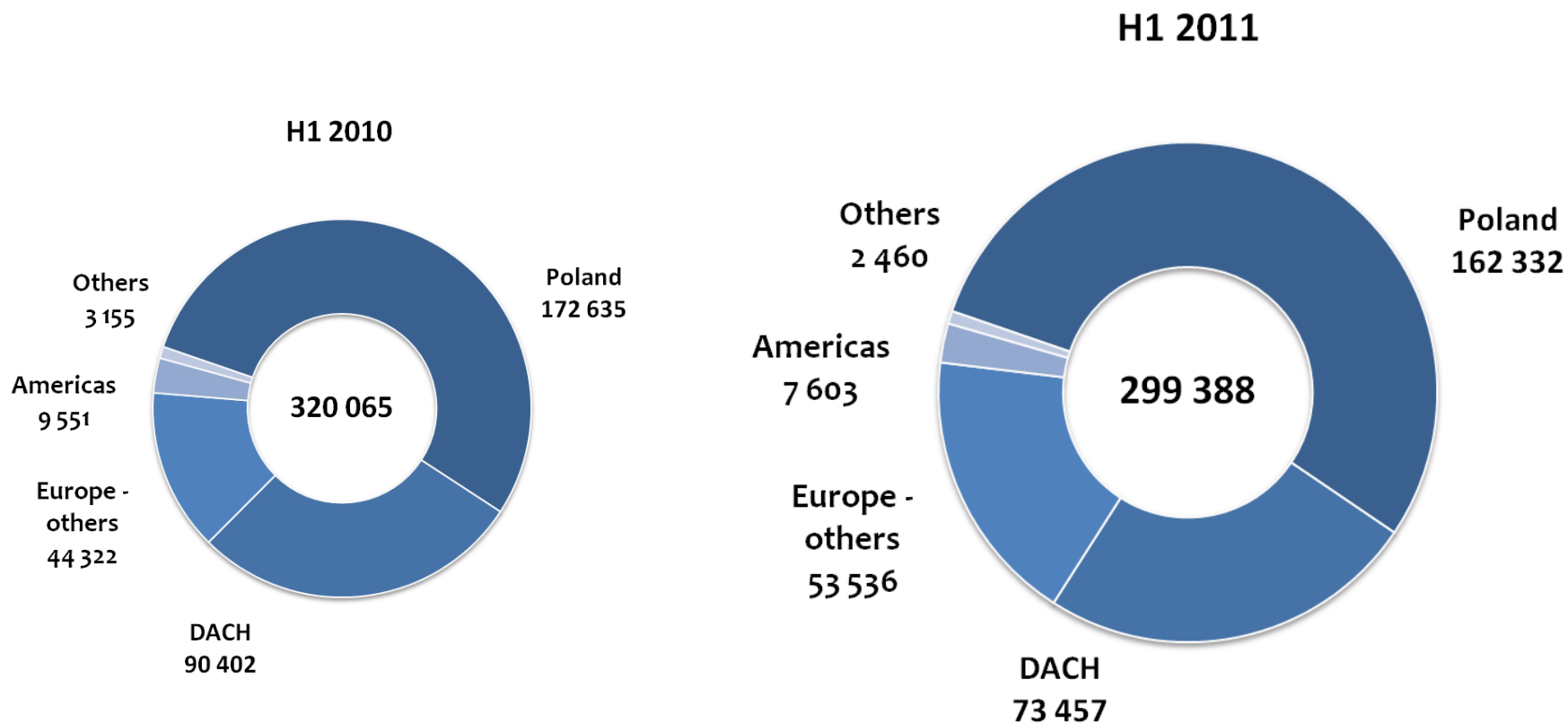
Comarch Group	H1 2011	%	H1 2010	%
Services	224,890	75.1%	230,676	72.1%
Proprietary Software	38,084	12.7%	36,219	11.3%
Third-party Software	14,229	4.8%	21,539	6.7%
Hardware	11,746	3.9%	24,960	7.8%
Others	10,439	3.5%	6,671	2.1%
<b>TOTAL</b>	<b>299,388</b>	<b>100.0%</b>	<b>320,065</b>	<b>100.0%</b>

# Geographical Sales Structure H1 2011 and H1 2010

Sales Structure  
H1 2010 vs H1 2011



# Geographical Sales Structure H1 2011 and H1 2010



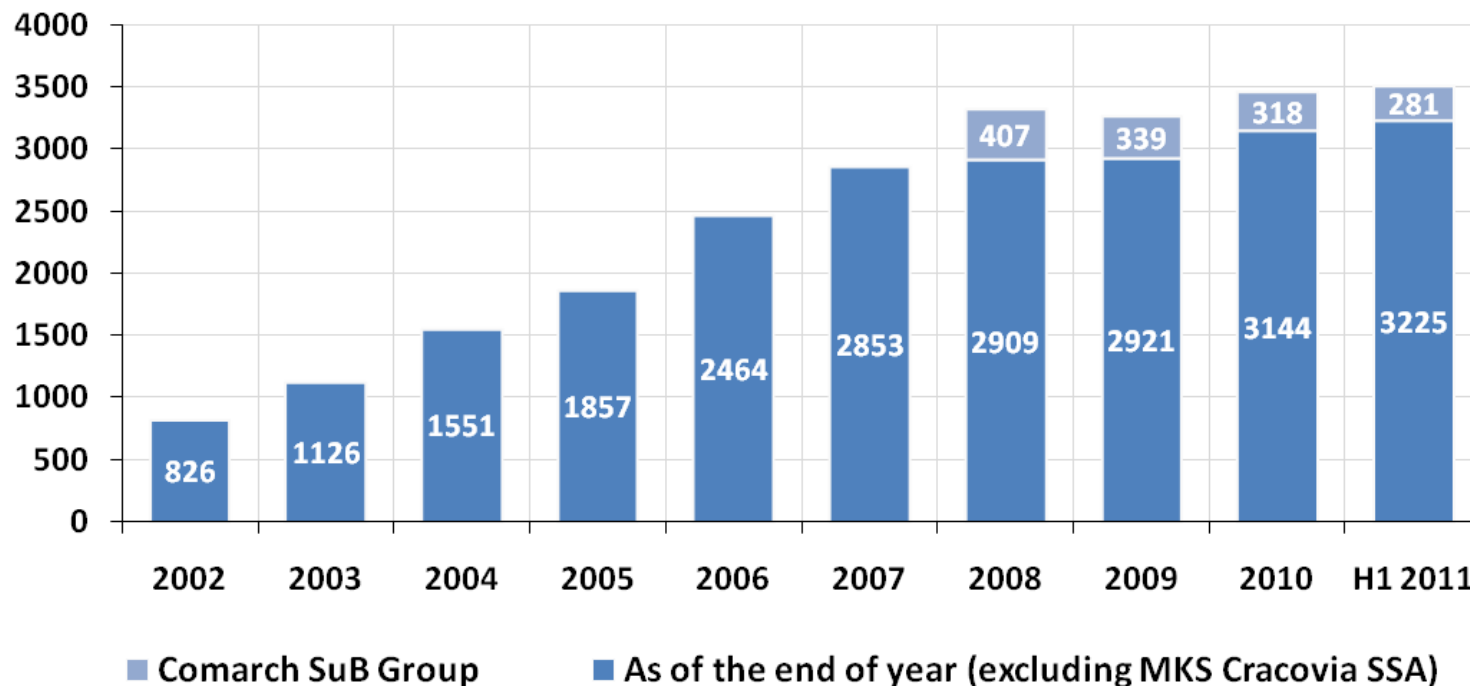


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## Employment in Comarch Group (excluding employees in MKS Cracovia SSA)

### Human Resources



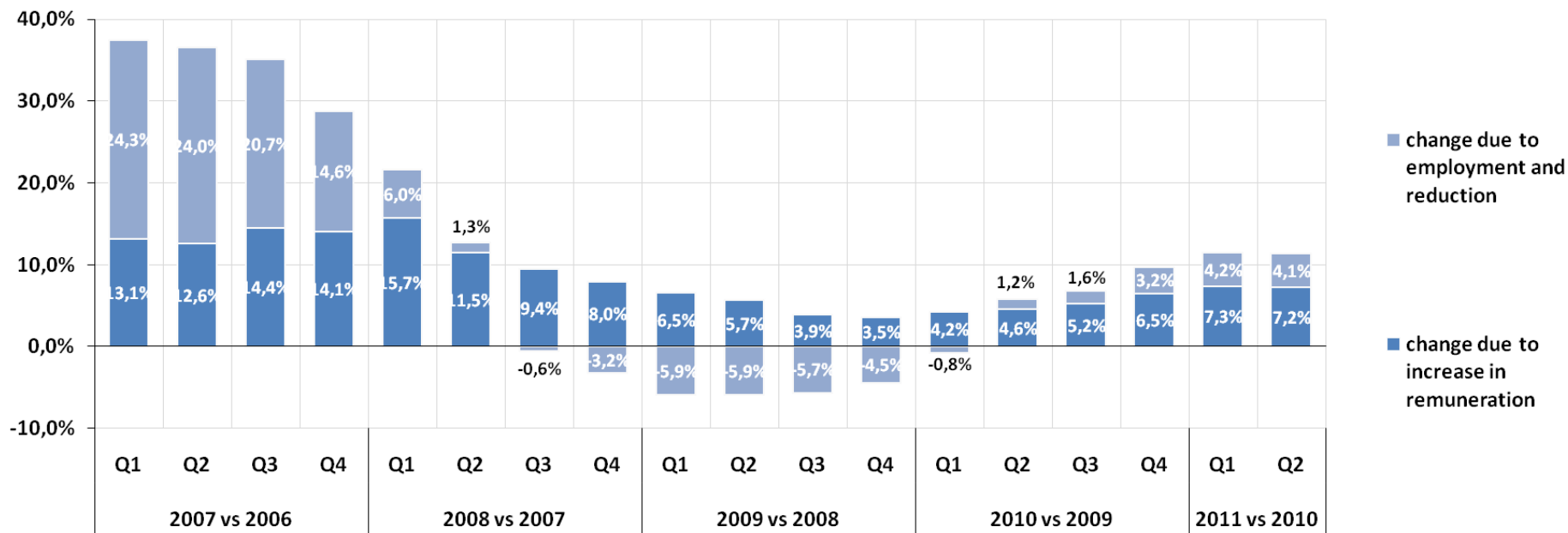
## Employment Level

- As of **30th of June, 2011**, Comarch Group had **3,506** employees (excluding employees in MKS Cracovia SSA), i.e. 44 more than at the end of 2010 (an increase of 1.3%) and over 222 more than at the end of June, 2010.
- As of **30th of June, 2011**, Comarch Software und Beratung Group had **281** employees, i.e. 37 less than at the end of 2010.

**Recently, we have observed increased pressure on remuneration growth and intensified competition on the labor market. At the same time, the Comarch Group increases its employment level due to execution of concluded contracts.**

# Employment Costs 2007- H1 2011 (excluding Comarch SuB Group)

Change in Remuneration

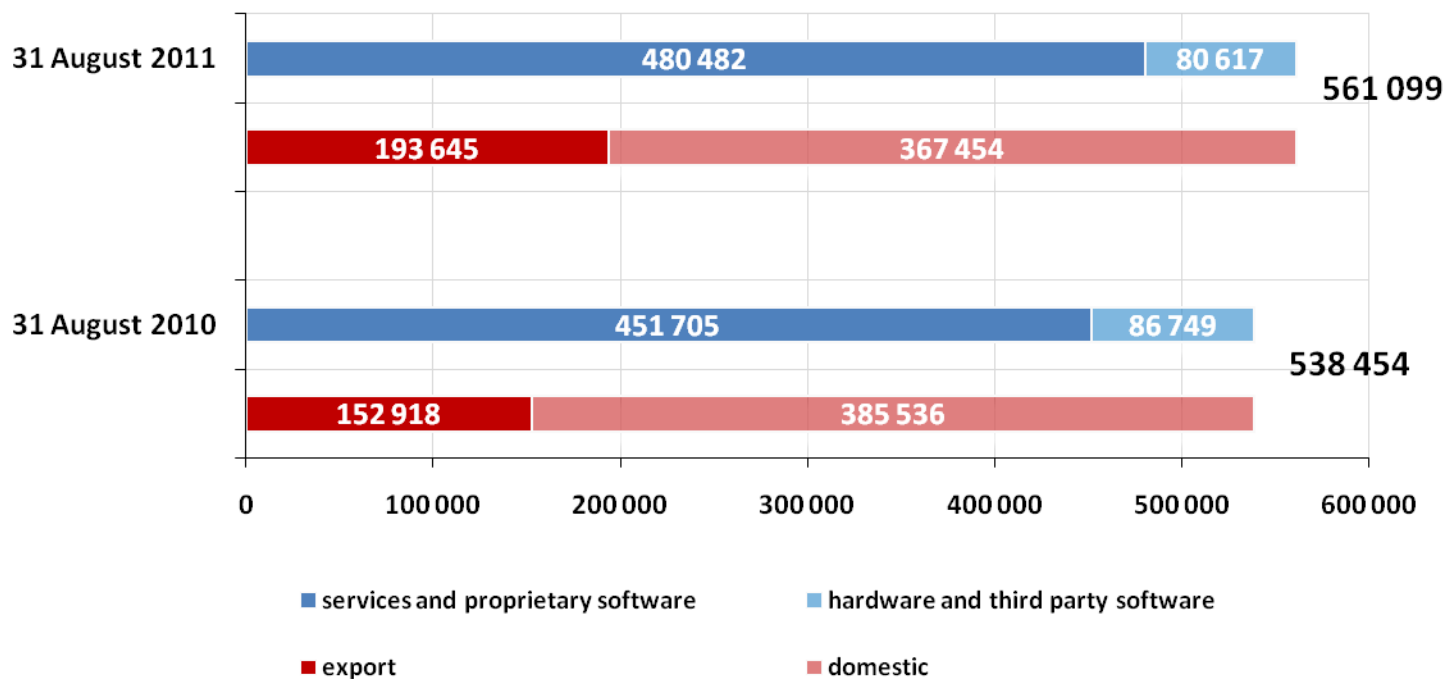


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## Backlog for the Current Year (excluding Comarch SuB Group)

Backlog for the current year



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## Investment

- Maintaining high expenditures for R&D
- In Q3, completing real estate investments in Łódź and Kraków (SSE5)
- In Q4, starting activities at Medical Center iMed24
- Continuing construction of Data Center in Dresden
- Suspending construction of Data Center in Lille



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## H1 2011 Situation Summary

- A decrease in sales of goods; revenue from sales of services and proprietary products remained at an unchanged level
- An increase in the number of employees, increased competition on the labor market
- Increased costs related to executing a huge number of contracts and in consequence, decreases in operating and net profits, as well as EBITDA compared to the first half of 2010
- A high level of marketing and investment expenditures
- Verification of the investment program in Poland and Western Europe

# COMARCH

**Thank you.**