

# Comarch Financial Results Q1-Q3 2008

**Janusz Filipiak - CEO**

**Konrad Tarański - CFO**

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## Financial Results Q3 2008

	<b>Q3 2008</b>	<b>Q3 2007</b>
<b>Revenue</b>	115,162	140,435
<b>Operating profit</b>	750	9,844
<b>Net profit</b>	1,115	6,839

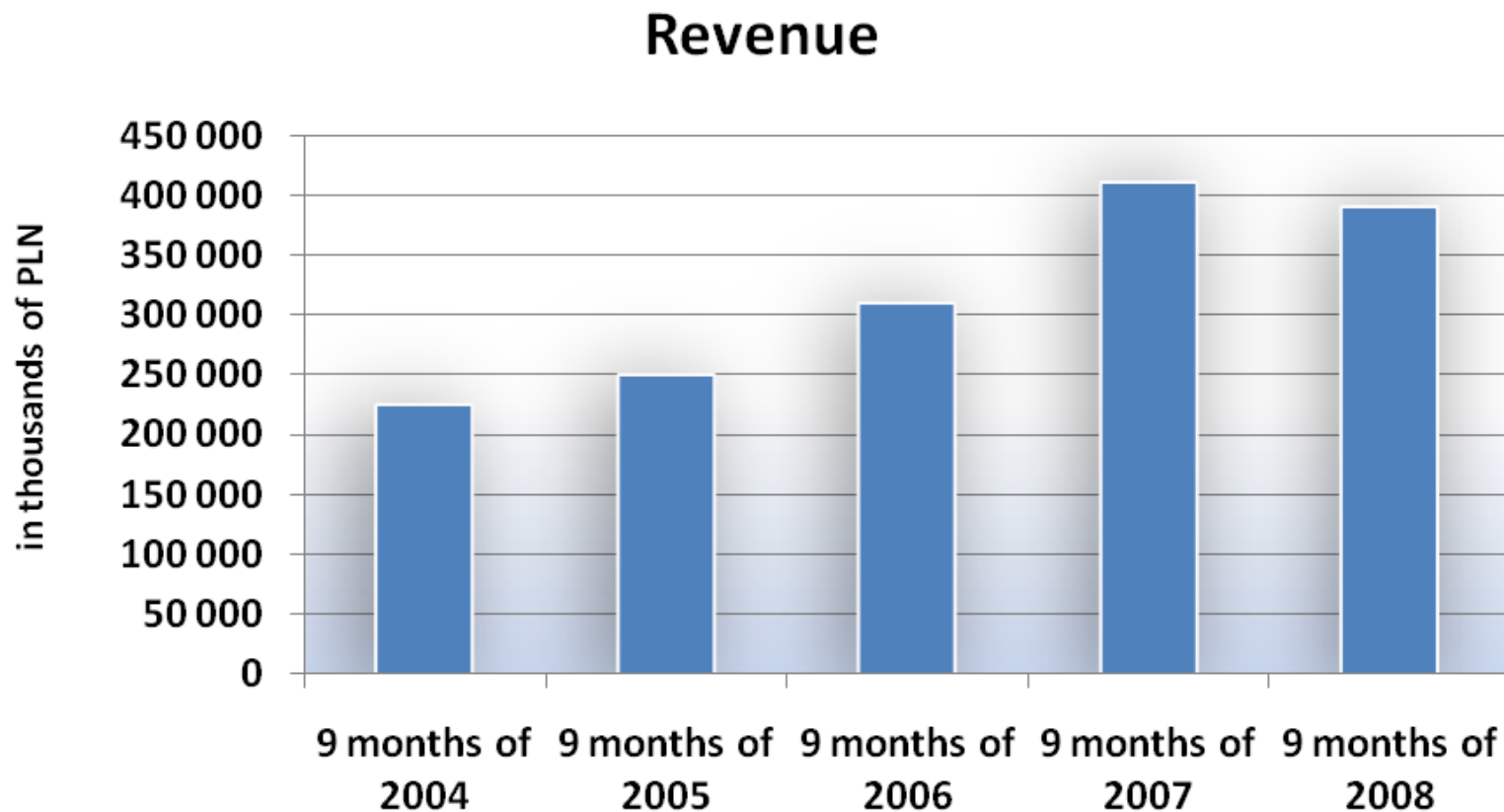
In thousands of PLN

# Financial Results Q1-Q3 2008

	<b>Q1-Q3 2008</b>	<b>Q1-Q3 2007</b>
<b>Revenue</b>	389,391	410,844
<b>Operating profit</b>	10,898	28,877
<b>Net profit</b>	161,177	24,725

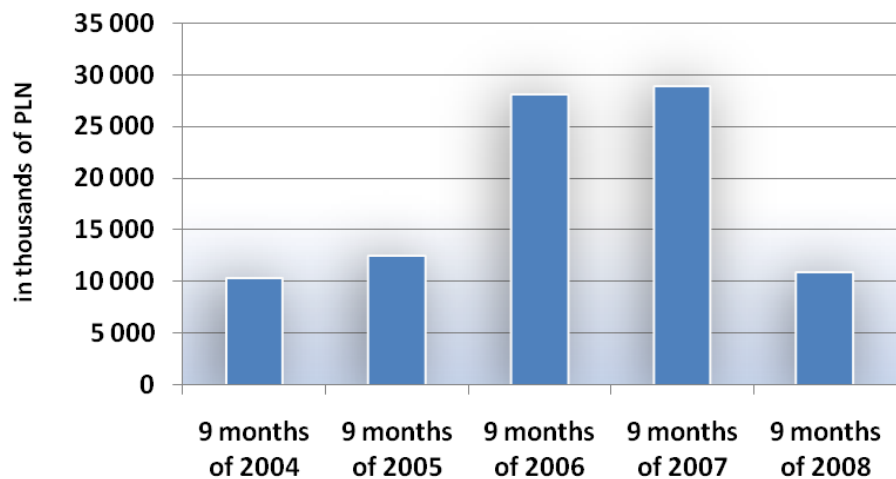
In thousands of PLN

## In Q1-Q3 2008 Revenues from Sales Slightly Decreased

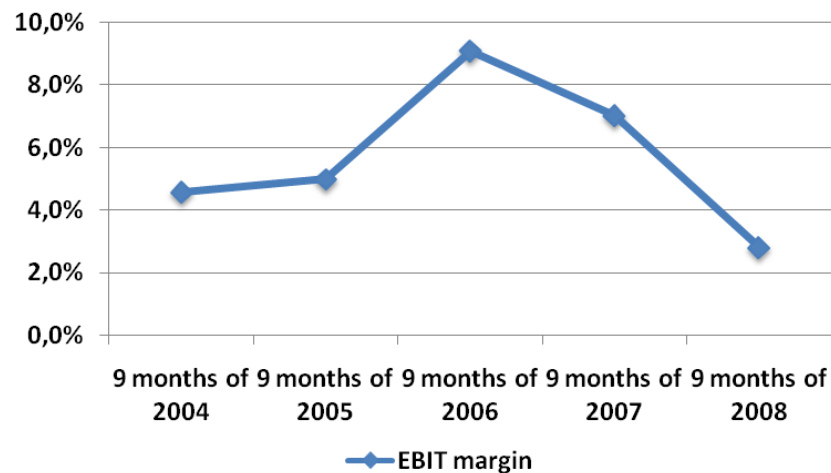


# Operating Margin Q1-Q3 2004 – Q1-Q3 2008

Operating Profit



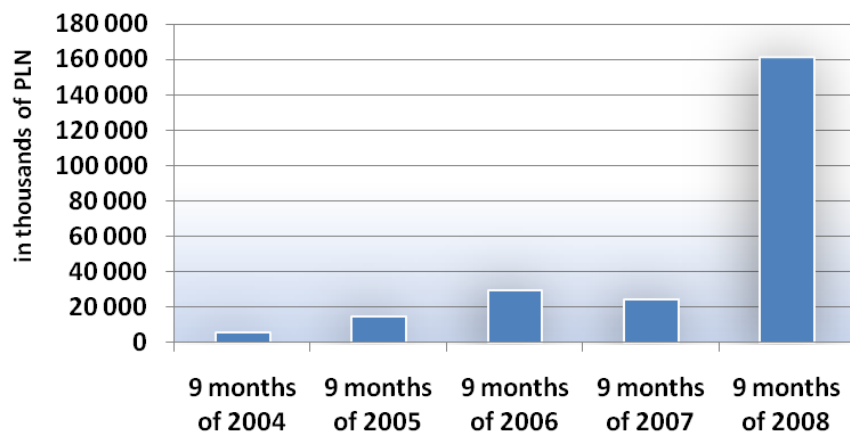
Operating Margin  
Q1-Q3 2004-2008



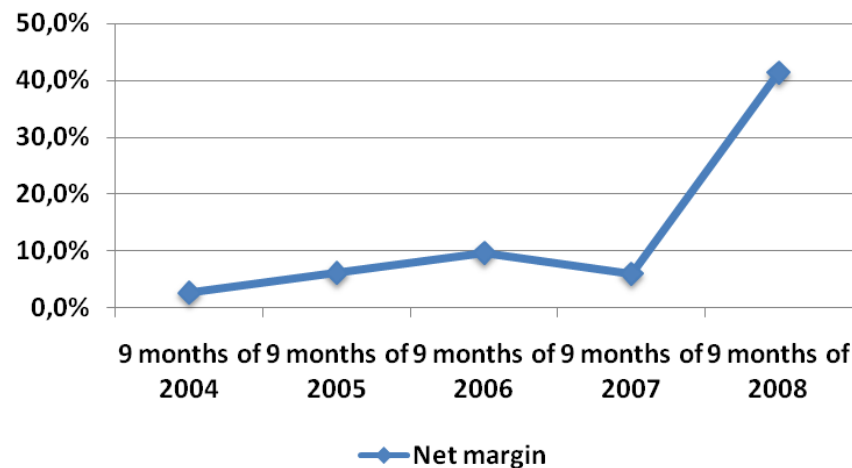
# Net Margin

## Q1-Q3 2004 – Q1-Q3 2008

Net Profit attributable to the Company's Shareholders



Net Margin  
Q1-Q3 2004-2008



## Comparison of the Financial Results for Q3 2008 and Q3 2007

Comarch Group	Q3 2008	Q3 2007	Change %
Revenue	115,162	140,435	-18.0%
Depreciation	4,721	4,436	6.4%
<b>Nominal operating profit (according to the IFRS)</b>	<b>750</b>	<b>9,844</b>	<b>-92.4%</b>
<b>Nominal net profit attributable to the company's shareholders (according to the IFRS)</b>	<b>1,125</b>	<b>6,839</b>	<b>-83.6%</b>
Nominal EBIT margin	0.7%	7.0%	
Nominal net margin	1.0%	4.9%	
<b>Nominal EBITDA (operating profit + depreciation)</b>	<b>5,471</b>	<b>14,280</b>	<b>-61.7%</b>
Nominal EBITDA margin	4.8%	10.2%	

## Comparison of the Financial Results for Q3 2008 and Q3 2007 after Eliminating One-Off Events

Comarch Group	Q3 2008	Q3 2007	Change %
<b>Nominal operating profit (according to the IFRS)</b>	<b>750</b>	<b>9,844</b>	<b>-92.4%</b>
Earnings impact of the costs of the managerial option	-1,487	-263	
Impact on earnings of the companies established by CCF FIZ	-1,154	0	
Impact on earnings of the provisions for premiums due to net profit achieved by the Group in 2008	193	-991	
<b>Adjusted operating profit</b>	<b>3,198</b>	<b>11,098</b>	<b>-71.2%</b>
<b>Nominal net profit (according to the IFRS)</b>	<b>1,125</b>	<b>6,839</b>	<b>-83.6%</b>
Impact of asset and provision on earnings due to deferred tax	-372	-1,899	
Impact on earnings of financial revenues achieved by ComArch Management Sp. z o.o. SKA	1,691	0	
Impact of associate profit sharing on earnings	0	295	
+ - other adjustments			
<b>Adjusted net profit</b>	<b>1,522</b>	<b>9,697</b>	<b>-84.3%</b>
Adjusted EBIT margin	2.8%	7.9%	
Adjusted net margin	1.3%	6.9%	
<b>Adjusted EBITDA (operating profit + depreciation)</b>	<b>7,919</b>	<b>15,534</b>	<b>-49.0%</b>
Adjusted EBITDA margin	6.9%	11.1%	



## Comparison of the Financial Results for Q1-Q3 2008 and Q1-Q3 2007

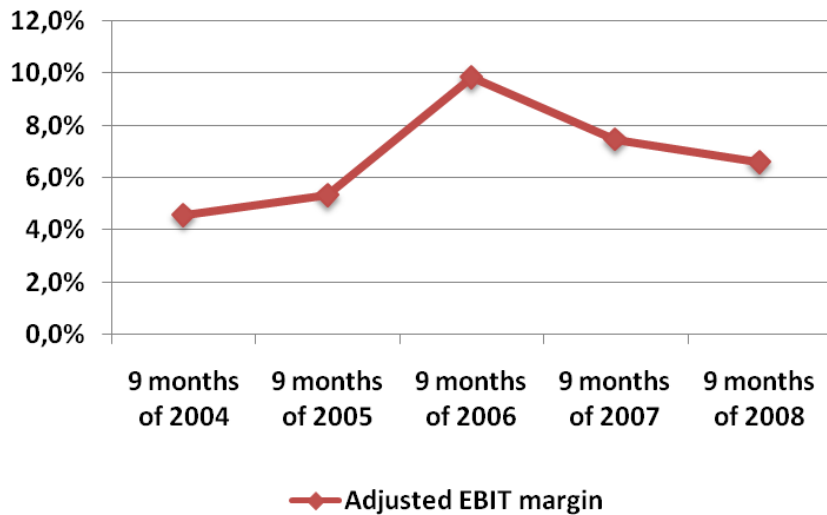
Comarch Group	Q1-Q3 2008	Q1-Q3 2007	Change %
Revenue	389,391	410,844	-5.2%
Depreciation	14,103	12,537	12.5%
<b>Nominal operating profit (according to the IFRS)</b>	<b>10,898</b>	<b>28,877</b>	<b>-62.3%</b>
<b>Nominal net profit attributable to the company's shareholders (according to the IFRS)</b>	<b>161,177</b>	<b>24,725</b>	<b>551.9%</b>
Nominal EBIT margin	2.8%	7.0%	
Nominal net margin	41.4%	6.0%	
<b>Nominal EBITDA (operating profit + depreciation)</b>	<b>25,001</b>	<b>41,414</b>	<b>-39.6%</b>
Nominal EBITDA margin	6.4%	10.1%	

## Comparison of the Financial Results for Q1-Q3 2008 and Q1-Q3 2007 after Eliminating One-Off Events

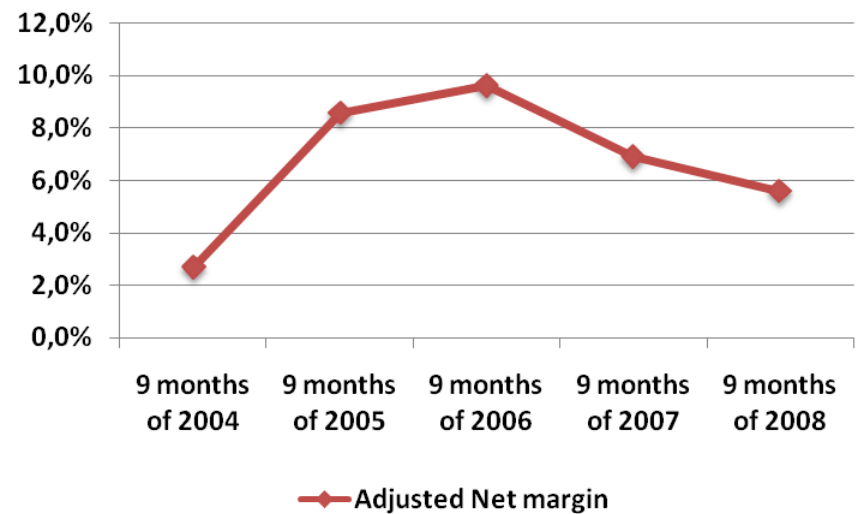
Comarch Group	Q1-Q3 2008	Q1-Q3 2007	Change %
<b>Nominal operating profit (according to the IFRS)</b>	<b>10,898</b>	<b>28,877</b>	<b>-62.3%</b>
Earnings impact of the costs of the managerial option	-4,457	-816	
Impact on earnings of the companies established by CCF FIZ	-1,943	0	
Impact on earnings of the provisions for premiums due to net profit achieved by the Group in 2008	-8,409	-991	
<b>Adjusted operating profit</b>	<b>25,707</b>	<b>30,684</b>	<b>-16.2%</b>
<b>Nominal net profit (according to the IFRS)</b>	<b>161,177</b>	<b>24,725</b>	<b>551.9%</b>
Impact of asset and provision on earnings due to deferred tax	-5,76	-3,938	
Impact on earnings of financial revenues achieved by Comarch Management Sp. z o.o. SKA	5,849	0	
Impact of associate profit sharing on earnings	0	2,141	
Impact on earnings of CCF FIZ net asset valuation related to the sale of INTERIA.PL S.A. shares	152,148	0	
<i>+ - other adjustments</i>			
<b>Adjusted net profit</b>	<b>21,726</b>	<b>28,329</b>	<b>-23.3%</b>
Adjusted EBIT margin	6.6%	7.5%	
Adjusted net margin	5.6%	6.9%	
<b>Adjusted EBITDA (operating profit + depreciation)</b>	<b>39,810</b>	<b>43,221</b>	<b>-7.9%</b>
Adjusted EBITDA margin	10.2%	10.5%	

# Adjusted EBIT and Adjusted Net Margin Q1-Q3 2004 – Q1-Q3 2008

**Adjusted Operating Margin  
Q1-Q3 2004-2008**

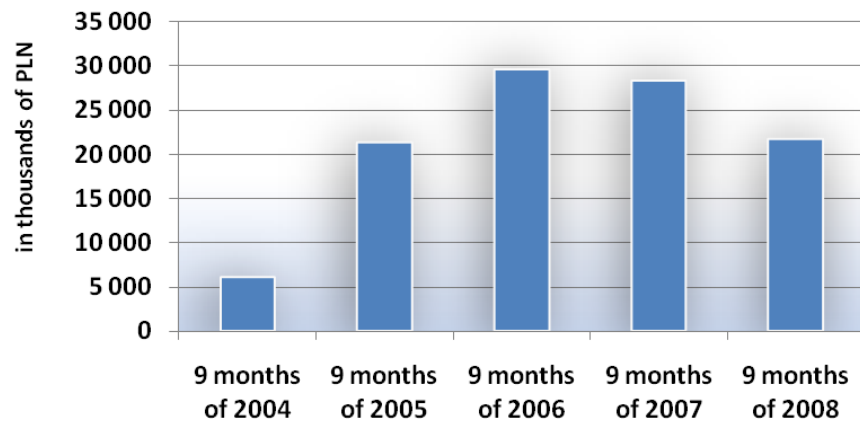


**Adjusted Net Margin  
Q1-Q3 2004-2008**

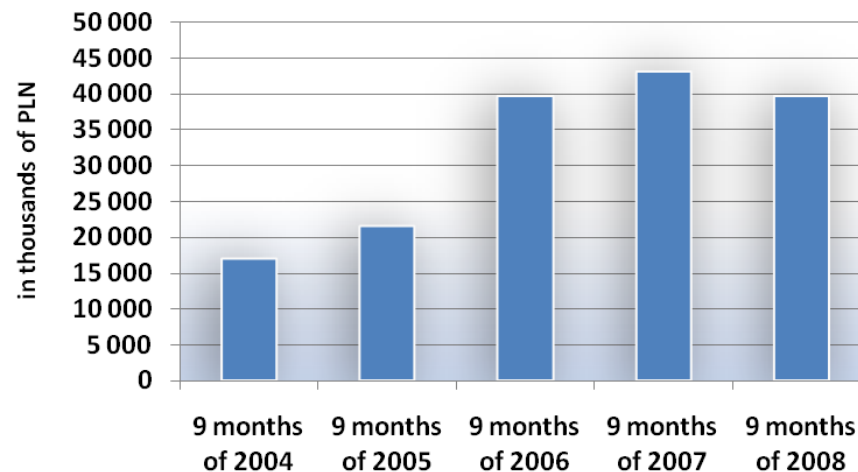


# Adjusted Net Profit and Adjusted EBITDA Q1-Q3 2004 – Q1-Q3 2008

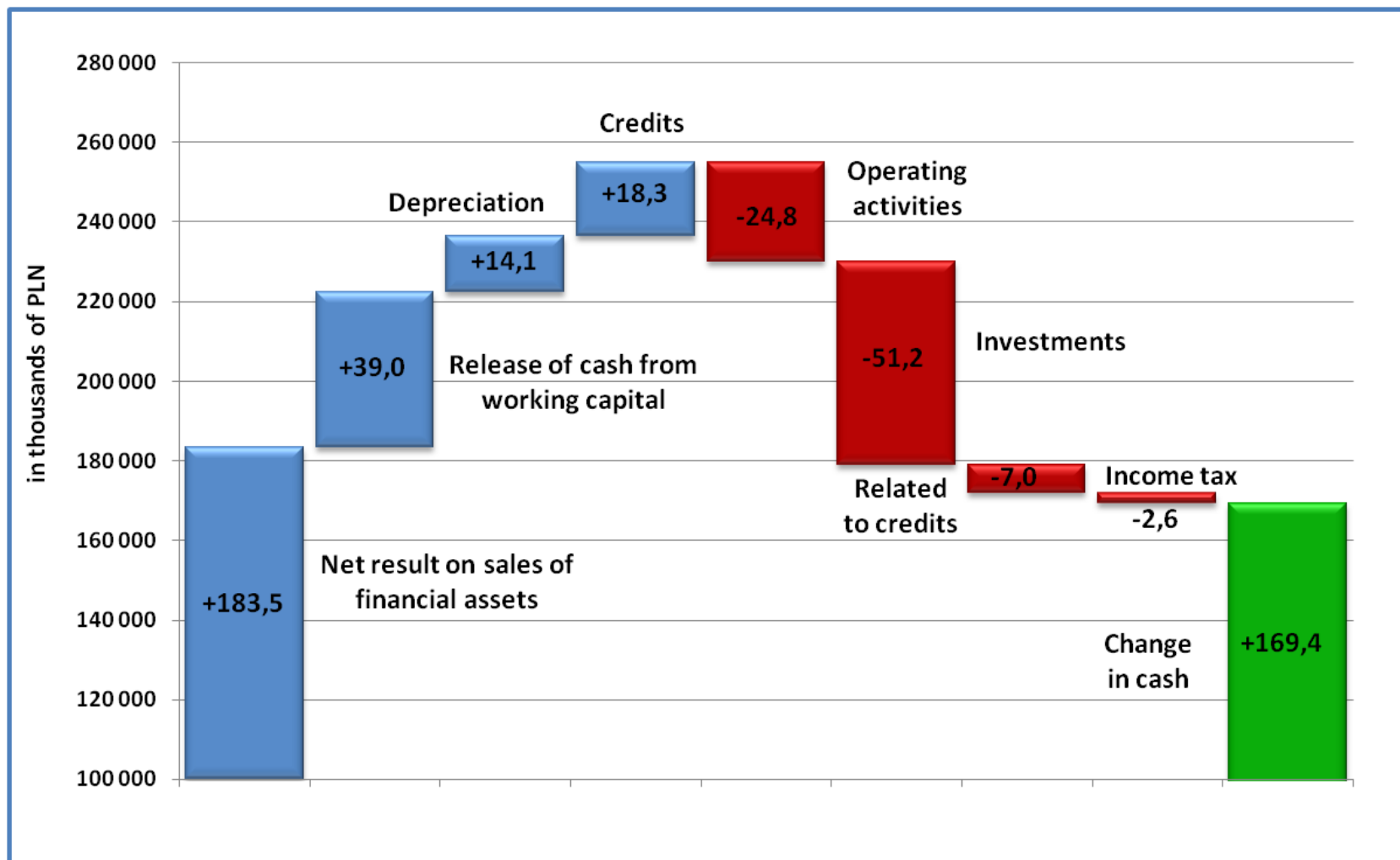
## Adjusted Net Profit attributable to the Company's Shareholders



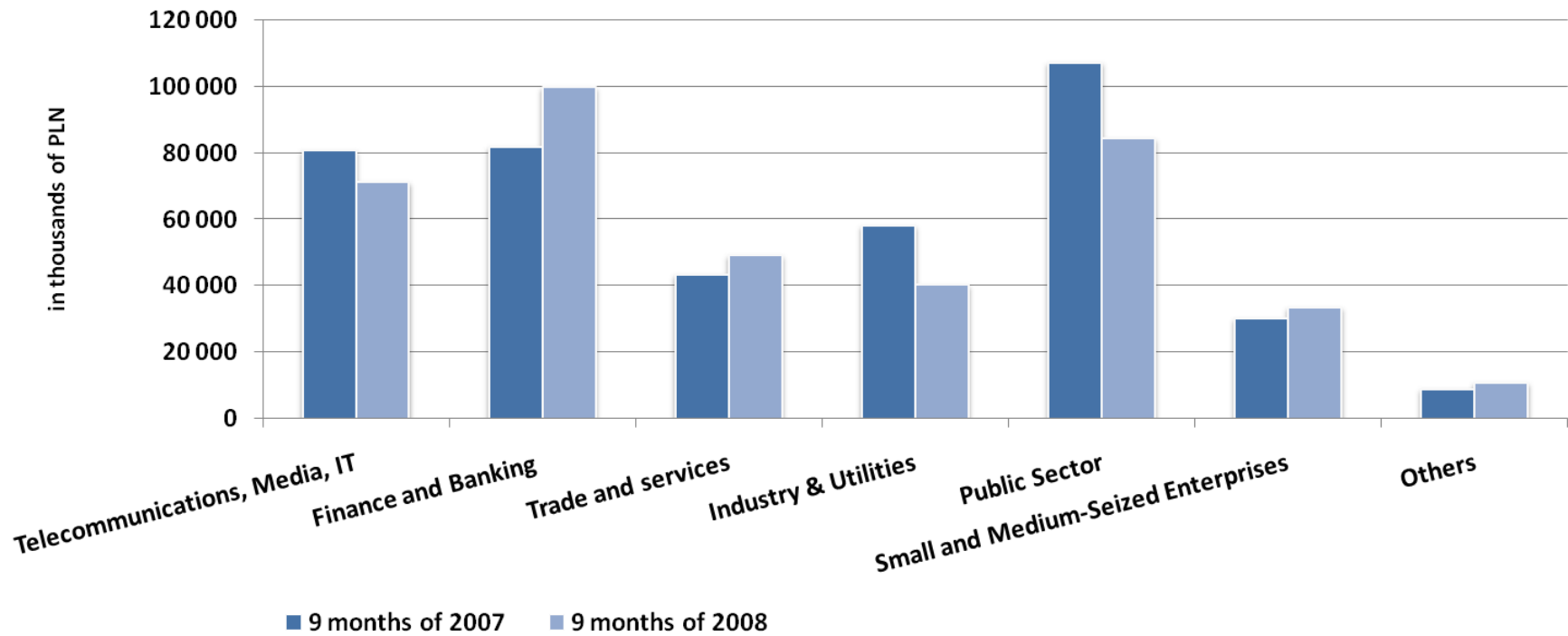
## Adjusted EBITDA



# Cash Flow Q1-Q3 2008



### Revenue from Sectors Q1-Q3 2007 and Q1-Q3 2008



## Market Sales Structure

	Q1-Q3 2008	%	Q1-Q3 2007	%
<b>Telecommunications, Media, IT</b>	71,233	18.30%	80,881	19.69%
<b>Finance and Banking</b>	99,830	25.60%	81,901	19.93%
<b>Trade and Services</b>	49,238	12.60%	43,461	10.58%
<b>Industry &amp; Utilities</b>	40,285	10.40%	58,196	14.16%
<b>Public Sector</b>	84,356	21.70%	107,275	26.11%
<b>Small and Medium-Seized Enterprises</b>	33,542	8.60%	30,149	7.34%
<b>Others</b>	10,907	2.80%	8,981	2.19%
<b>TOTAL</b>	<b>389,391</b>	<b>100.00%</b>	<b>410,844</b>	<b>100.00%</b>

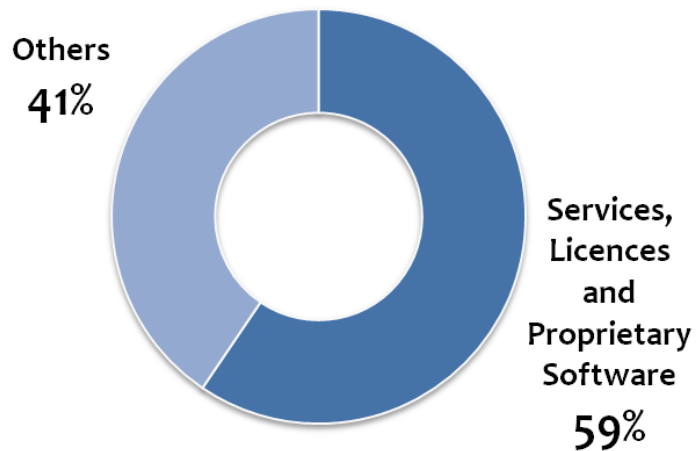
## Products Sales Structure

	<b>Q1-Q3 2008</b>	<b>%</b>	<b>Q1-Q3 2007</b>	<b>%</b>
<b>Services</b>	226,594	58.2%	201,457	49.0%
<b>Proprietary Software</b>	50,136	12.9%	42,934	10.5%
<b>Third-party Software</b>	27,805	7.1%	51,401	12.5%
<b>Hardware</b>	71,865	18.5%	103,091	25.1%
<b>Others</b>	12,991	3.3%	11,961	2.9%
<b>TOTAL</b>	<b>389,391</b>	<b>100.0%</b>	<b>410,844</b>	<b>100.0%</b>

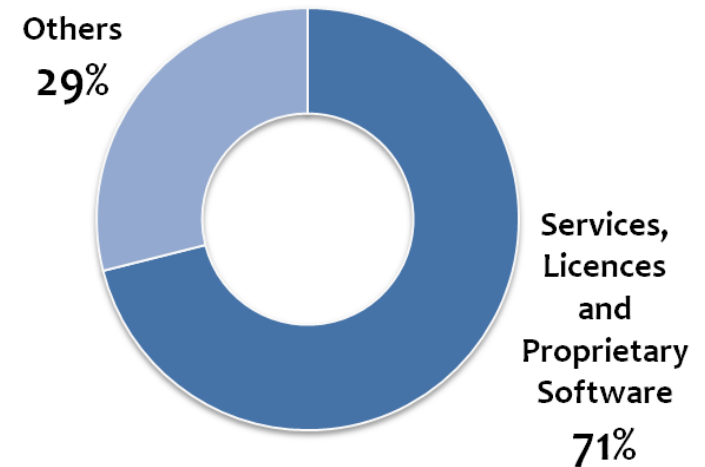


# Products Sales Structure

**Sales Structure  
Q1-Q3 2007**



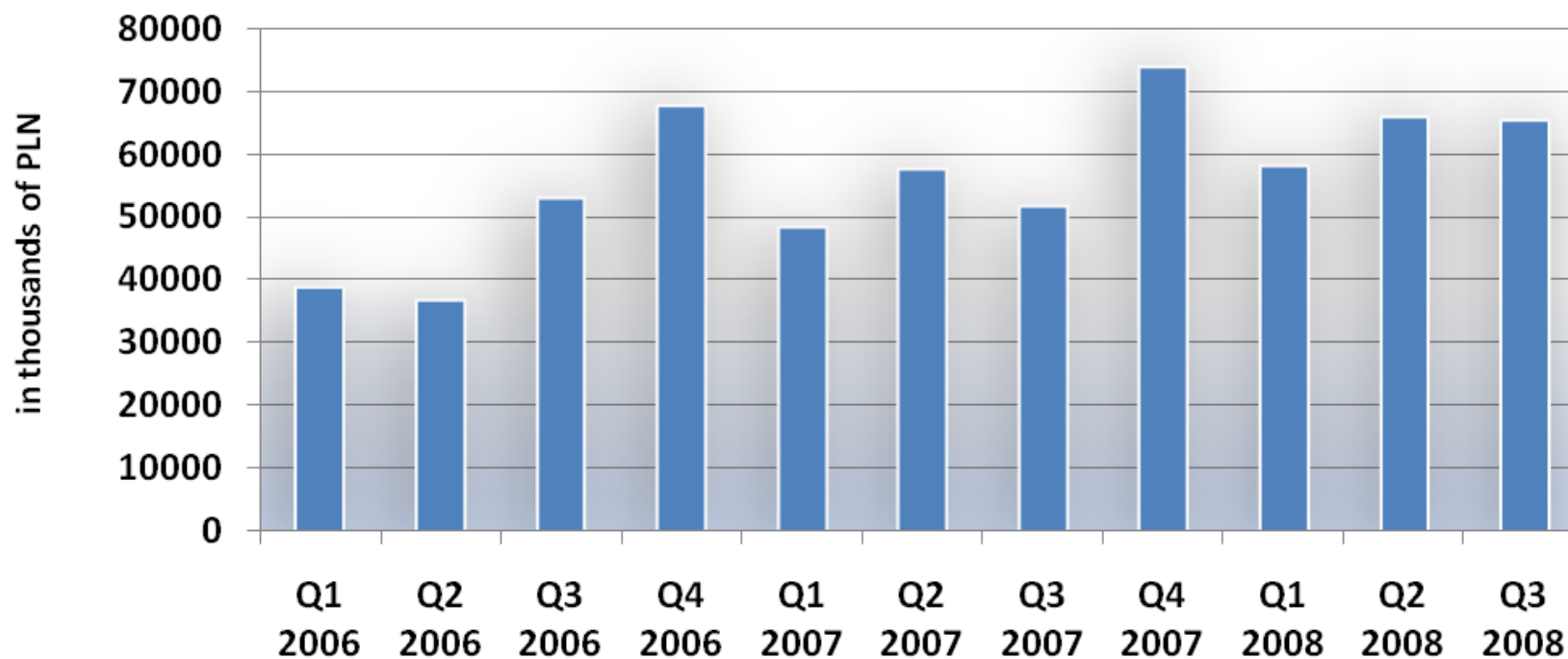
**Sales Structure  
Q1-Q3 2008**



## Geographical Sales Structure

<b>Revenue</b>	<b>Q1-Q3 2008</b>	<b>%</b>	<b>Q1-Q3 2007</b>	<b>%</b>
<b>Domestic</b>	330,131	84.8%	337,346	82.1%
<b>Export</b>	59,260	15.2%	73,498	17.9%
<b>TOTAL</b>	<b>389,391</b>	<b>100.0%</b>	<b>410,844</b>	<b>100.0%</b>

## Manufacturing Costs of Products - Quarterly



# Human Resources

## Employment stabilisation:

In 2006 we created 50 workplaces per month (600 workplaces throughout the entire year)

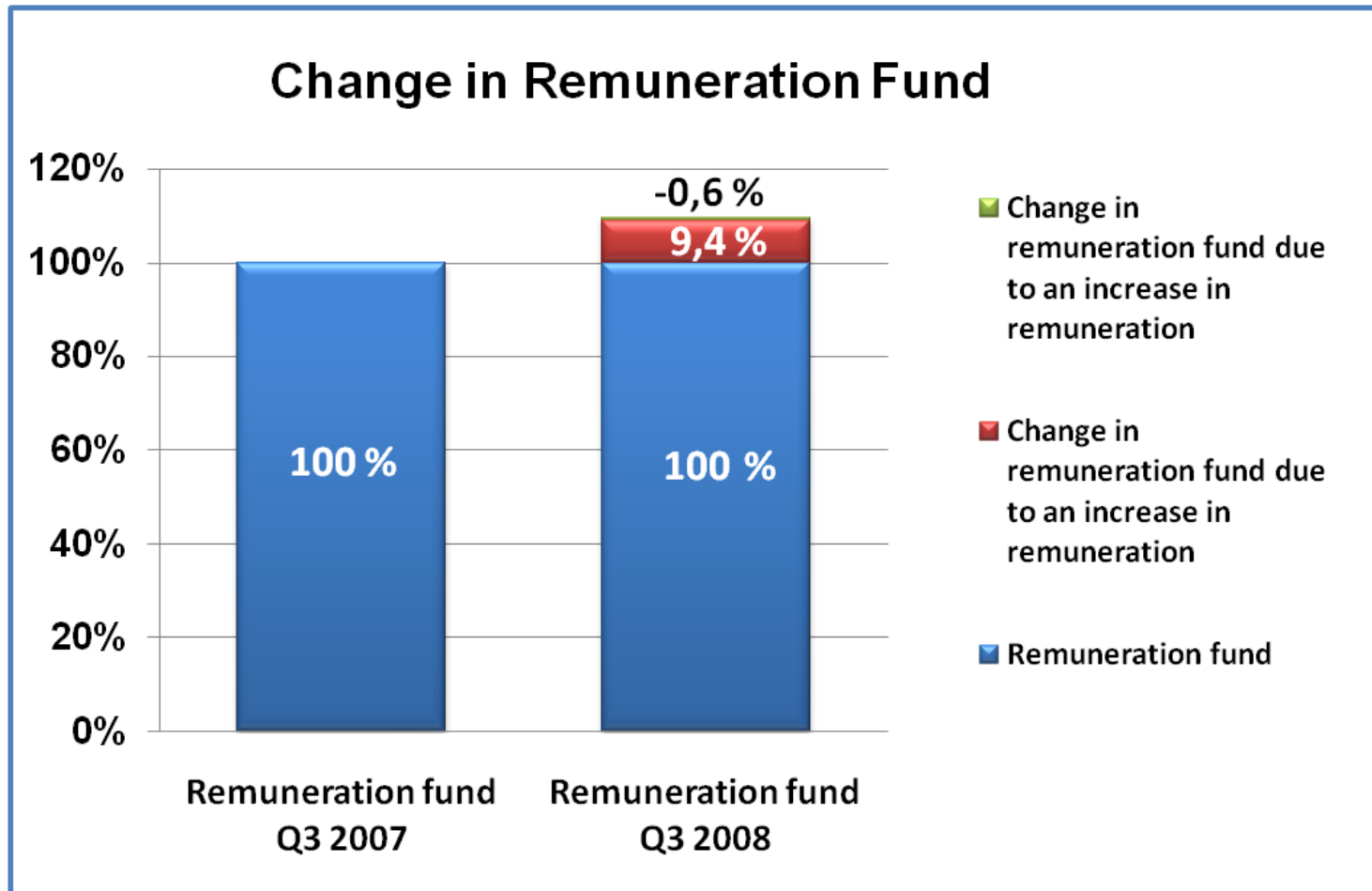
In 2007 we created 30 workplaces per month

In Q1-Q3 2008 the level of employment increased by 151 people

**Currently, we are concentrating on the improvement of employee efficiency. We have significantly raised employment criterion in Comarch for both new and existing employees**

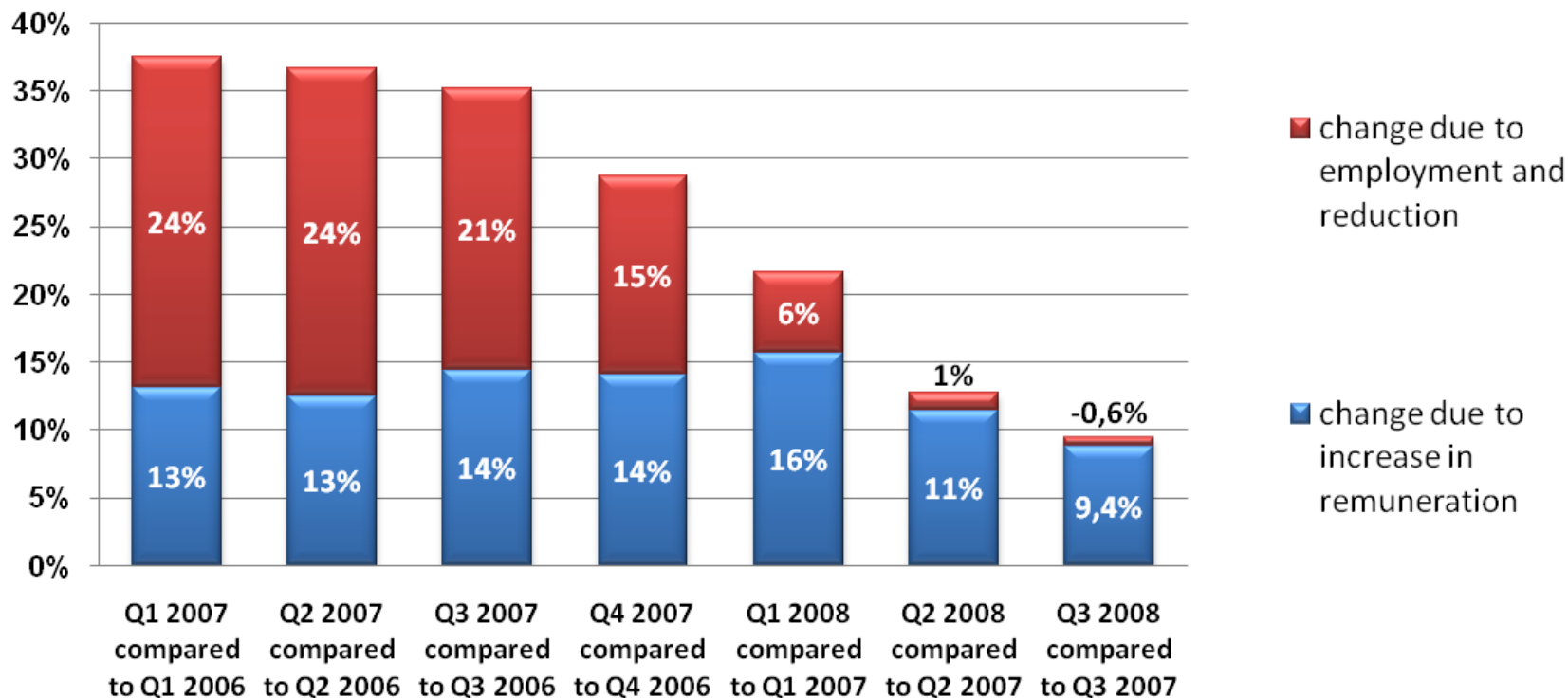
**Increase in employment in 2008 should not exceed 200 persons (excluding acquisition)**

## Increase in Remuneration Fund in Comarch Group : Q3 2008 to Q3 2007 an increase of 8.8%



# Increase in Employment Costs 2007 - 2008

## Change in Remuneration



## Backlog for 2008

**As of the 31th of October, revenues contracted for the current year amounted to 619 million PLN and are higher by 9.1 % than in the previous year.**

Contracted revenues from the sales of services and proprietary software are higher by 9.1 % than in the previous year and their share in total backlog is equal to 63.5 %.

Share of export sales in total sales amounted to 15.0 %.

## Estimated Results in 2008

We stand behind the announcement of a 10 % increase in revenue to the level of 620 millions PLN

We expect EBIT margin to be at a level of 7 % and EBITDA should remain at a level of 10 %



## Backlog for 2009

**As of the 31th of October, revenues contracted for the next year amounted to 184 million PLN and are lower by 2.5 % than in the previous year.**

Backlog for services and proprietary software amounted to 164 million PLN and is higher by 13.4 % than in the previous year.

## 2008 Situation Summary

- Slowdown in the growth of employment and employment costs
- Review of foreign markets strategy and focus on the DACH region markets
- Increase in expenses for brand promotion and marketing in Poland and foreign countries
- Increase in company productivity resulting from reasonable human resources management and implementation of advanced IT management procedures
- Continuous investment in company development
- Significant change in business environment in the face of the financial crisis

## Comarch Investment Fund Comarch Corporate Finance

- **iMed24 SA** began its activities in April 2008. It conducts IT activities related to Electronic Health Resources.
- **iFIN24 SA** began its activities in June 2008. It conducts IT activities connected with financial services.
- In Q4 2008, CCF FIZ acquired shares in **Sodigital sp. z o.o.** The company creates and implements interactive internet technology.
- In Q4 2008, **iReward24 S.A.** began its activities. It conducts IT projects related to loyalty systems.
- **InfrastrukturaIT24 S.A.** begins its operation in Q4 2008. It will conduct IT activities connected with teleinformatic infrastructure outsourcing.

## Comarch Investment Fund Comarch Corporate Finance

- **Bonus Development Sp. z o.o. SKA** conducts investment projects in Łódź, connected with extending an office and production centre here on behalf of Comarch Group
- Financial results of the companies are consolidated with Comarch's operating results. Operating costs in Q1-Q3 2008 amounted to circa 2 mln PLN, and by year-end 2008 should be at a level of 3.5 mln PLN
- We plan to prepare financial statements with separate information on results of the companies established by CCF FIZ

# Acquisition

## SoftM Software und Beratung AG

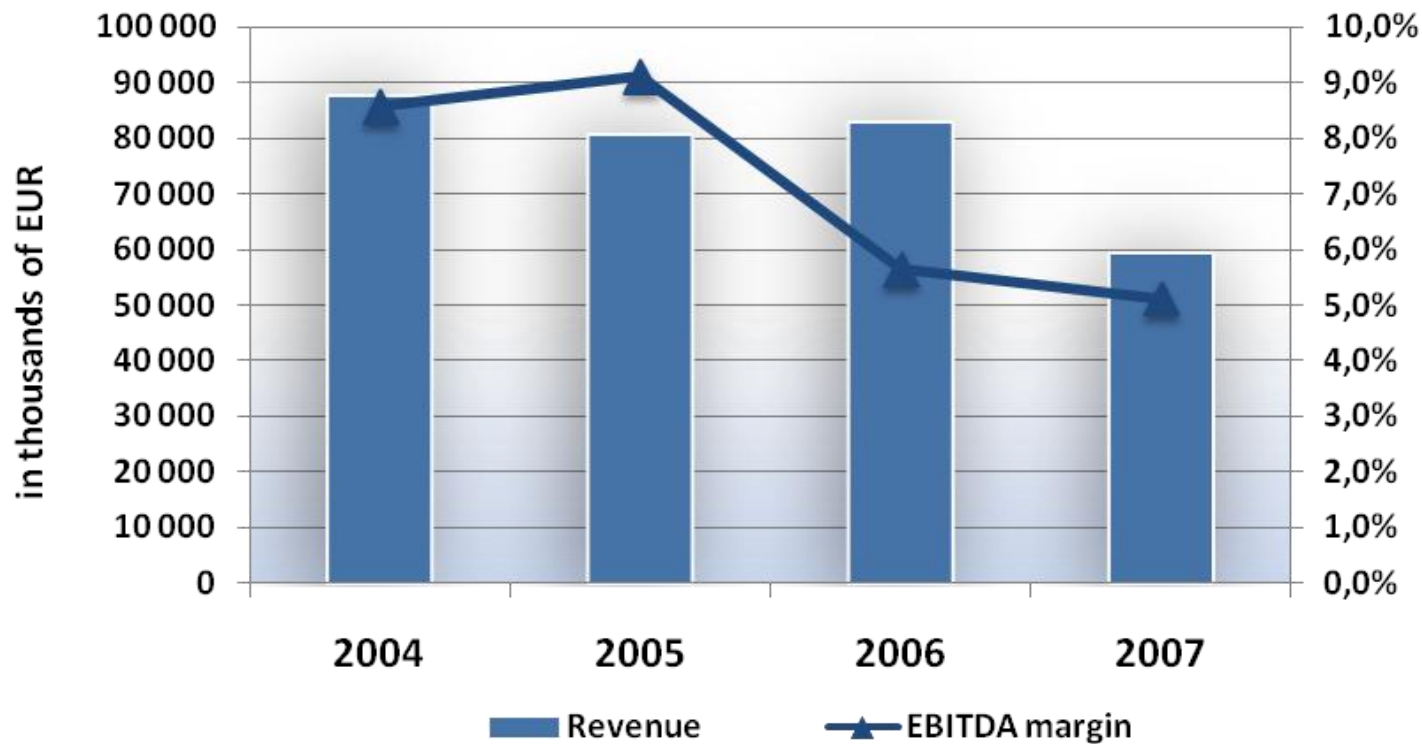
## SoftM – Basic Information

- **1973** – SoftM established (as Sedlmayr & Partner GbR)
- **1998** – flotation on the Frankfurt Stock Exchange ('Prime Standard' Segment)
- **2008** – the 19th biggest player on the German software production market,
  - 2% share in German ERP market,
  - activity in 5 EU countries (Germany, Austria, Switzerland, Czech Republic)

### Three business lines of SoftM:

- **Finance** (SharkNex, SoftM Suite Financials, DKS, Schilling)
- **ERP** (Semiramis, SoftM Suite)
- **System Integration** (IBM)

## SoftM – Revenue and EBITDA margin 2004 – 2007



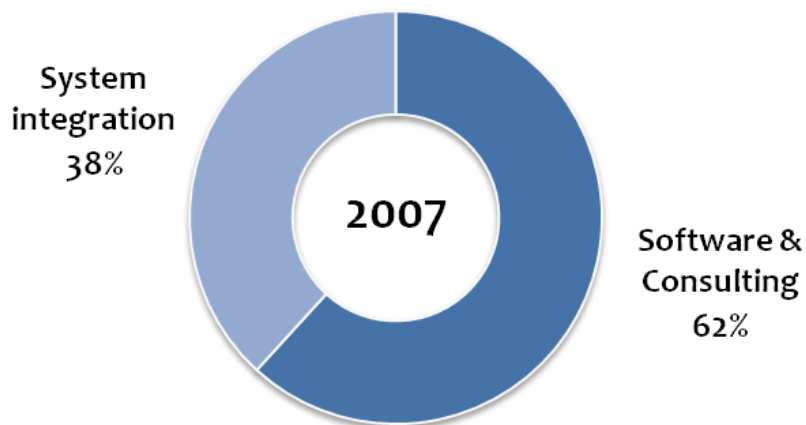
## SoftM – Selected Financial Data H1 2007 and H1 2008

<i>[in thousands of EUR]</i>	<b>H1 2008</b>	<b>H1 2007</b>	<i>Change %</i>
<b>Revenue:</b>	<b>26,458</b>	<b>28,289</b>	-6.5%
<i>Software</i>	37%	32%	+8.1%
<i>Consulting</i>	35%	34%	-3.7%
<i>System Integration</i>	28%	34%	-23.0%
<b>EBITDA</b>	<b>1,616</b>	<b>-618</b>	+361.5%
<i>EBITDA Margin</i>	6.1%	-2.2%	
<b>EBIT</b>	<b>179</b>	<b>-2,509</b>	+107.1%
<b>Net profit</b>	<b>-255</b>	<b>-1,453</b>	+82.5%
<b>Total equity capital</b>	<b>16,296</b>	<b>16,201</b>	+0.6%
<b>Total assets</b>	<b>39,421</b>	<b>39,544</b>	-0.3%

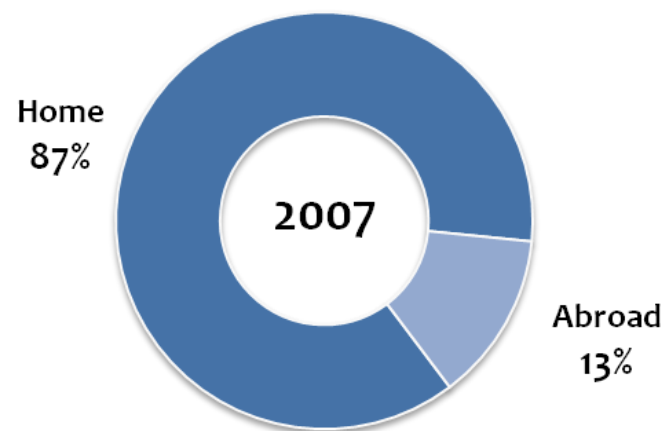


# SoftM – Sales Structure

**Sales Structure**



**Geographical Sales Structure**



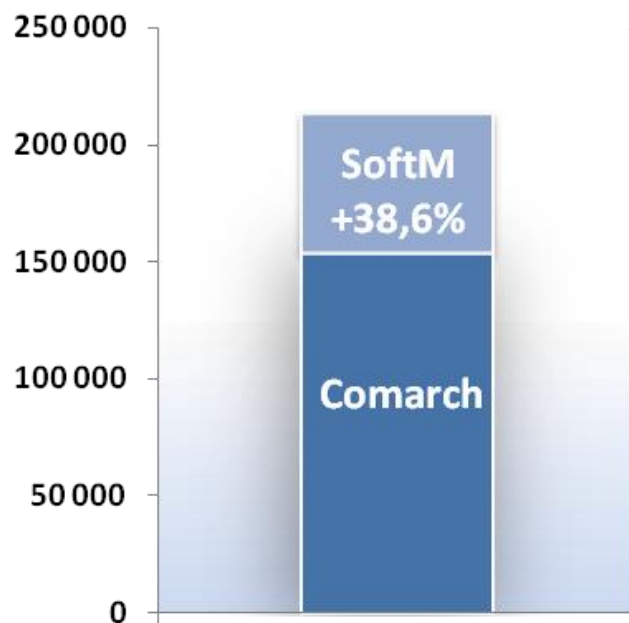
# Comarch & SoftM

## Acquisition of SoftM – business rationale

- strengthening of Comarch's market position in Germany
- acquisition of 420 highly-qualified employees
- acquisition of over 4 000 customers in Western Europe (Germany, Austria, Switzerland, Czech Republic)
- 38% increase in Comarch Group revenue, reaching 800 million PLN

## Comarch & SoftM – synergy

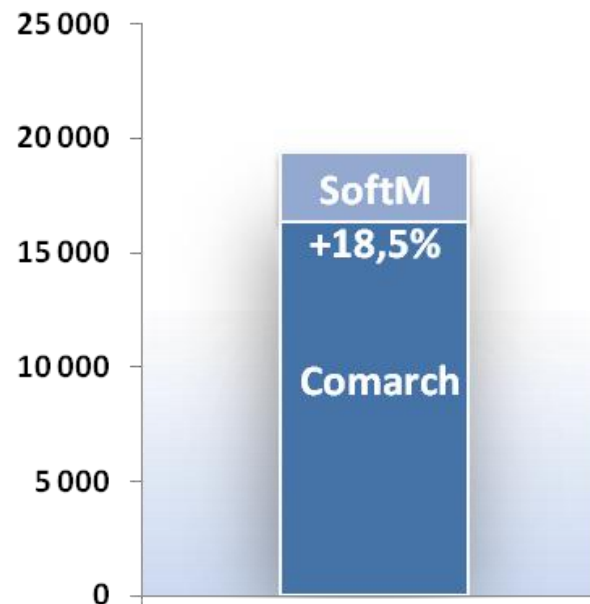
### Revenue increase



Przychody 2007

in thousands of EURO

### EBITDA increase

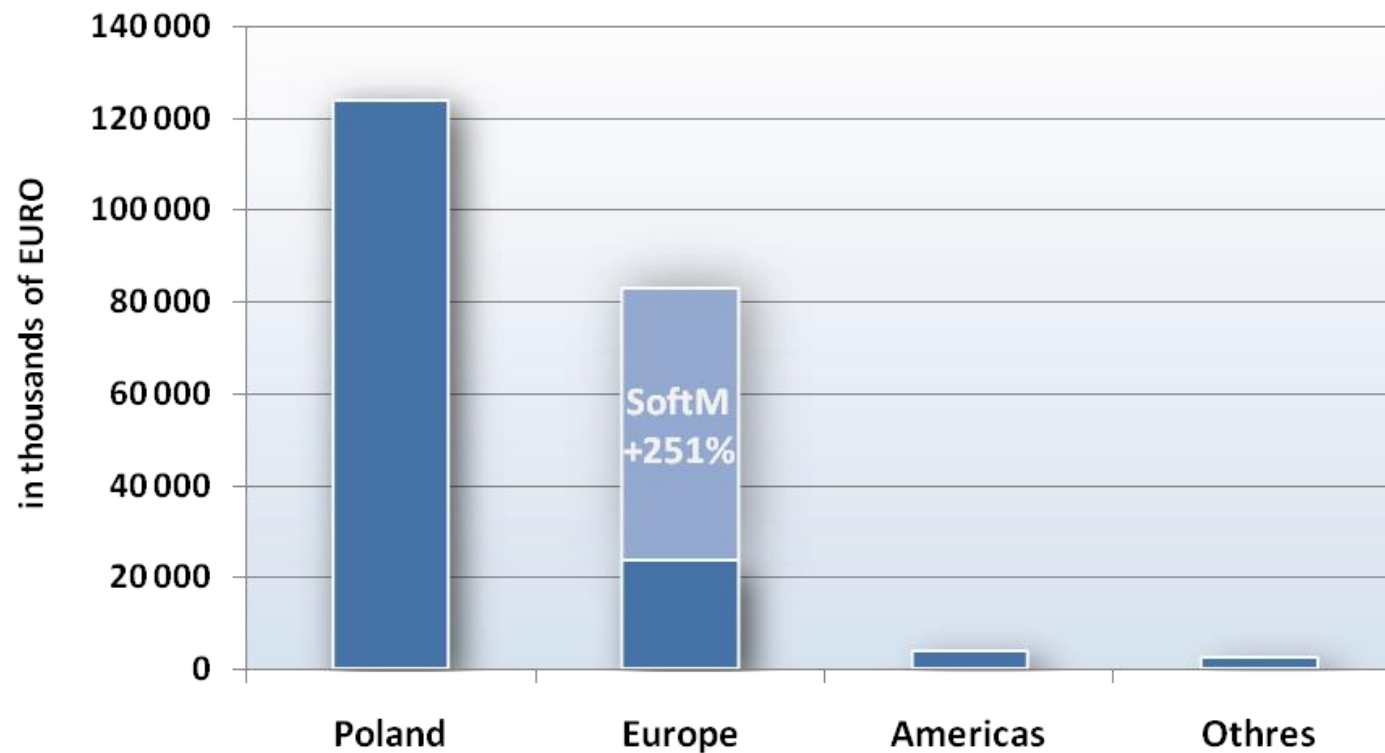


EBITDA 2007

in thousands of EURO

# Comarch & SoftM – synergy

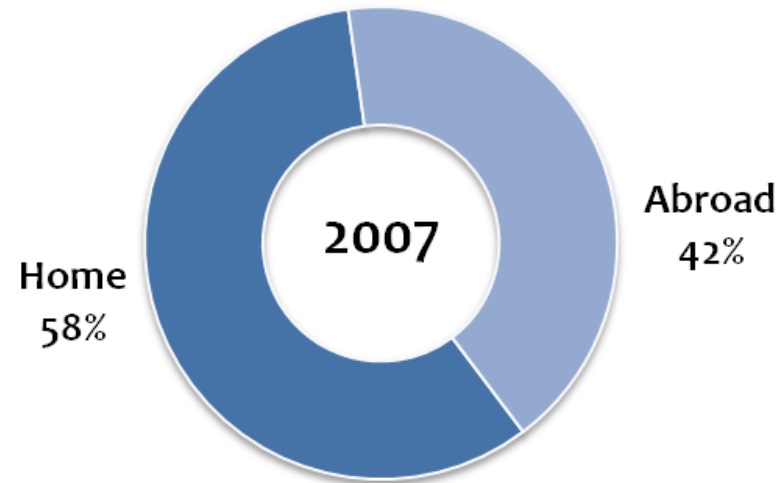
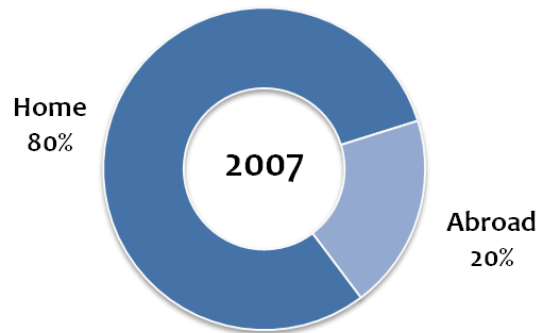
## Geographical Sales Structure



# Comarch & SoftM – synergy

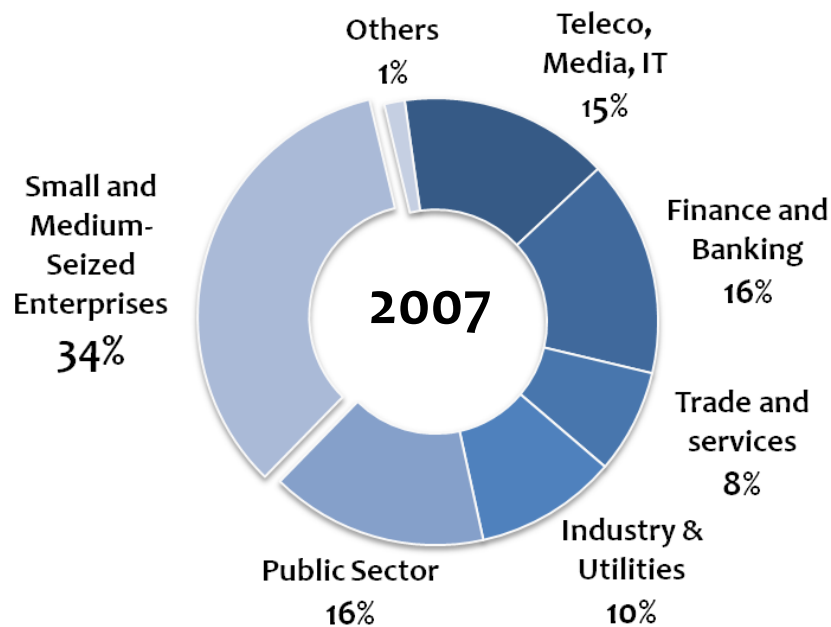
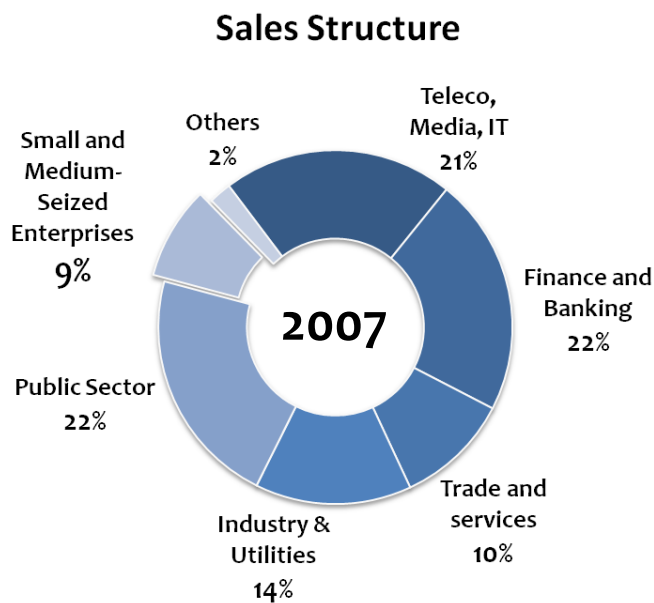
## Geographical Sales Structure

Geographical Sales Structure



# Comarch & SoftM – synergy

## Sales Structure



## Acquisition of SoftM – Transaction Structure

- Purchase of 1.75 million shares from core shareholders for a total amount of 6.038 million euro  
+  
Acquisition of 1.5 million shares from new share issue for a total amount of 5.175 million euro  
=  
3.25 million shares and 50.15% of share capital
- Public tender for the remaining shares with tender price of 3.45 euro per single share
- Max. transaction value = ca. 22 million euro
- Total amount of SoftM shares = 6,480,000 shares



# Comarch & SoftM – strategy



## Comarch Group– strategy

**Regardless of the current market recession, Comarch and SoftM**

**will continue to invest in:**

- Research and development (R&D)
- Marketing and advertisement
- Human capital (development of highly qualified employees)
- Innovative projects conducted by new companies of CCF FIZ

**... which will have a significant influence on  
the Group's operating result**

**CORPORATE**

[www.comarch.pl](http://www.comarch.pl)

**COMARCH**  
SYSTEMY INFORMATYCZNE

**Thank you!**

