

# COMARCH

## Financial Results Q1-Q3 2010

**Konrad Tarański – CFO**

**17th of November 2010, Krakow**

## Agenda

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

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## Financial Results Q3 2010

	<b>Q3 2010</b>	<b>Q3 2009</b>
Revenue	177,310	174,055
Operating result	9,688	8,382
Net result attributable to the Comarch shareholders	7,554	12,839

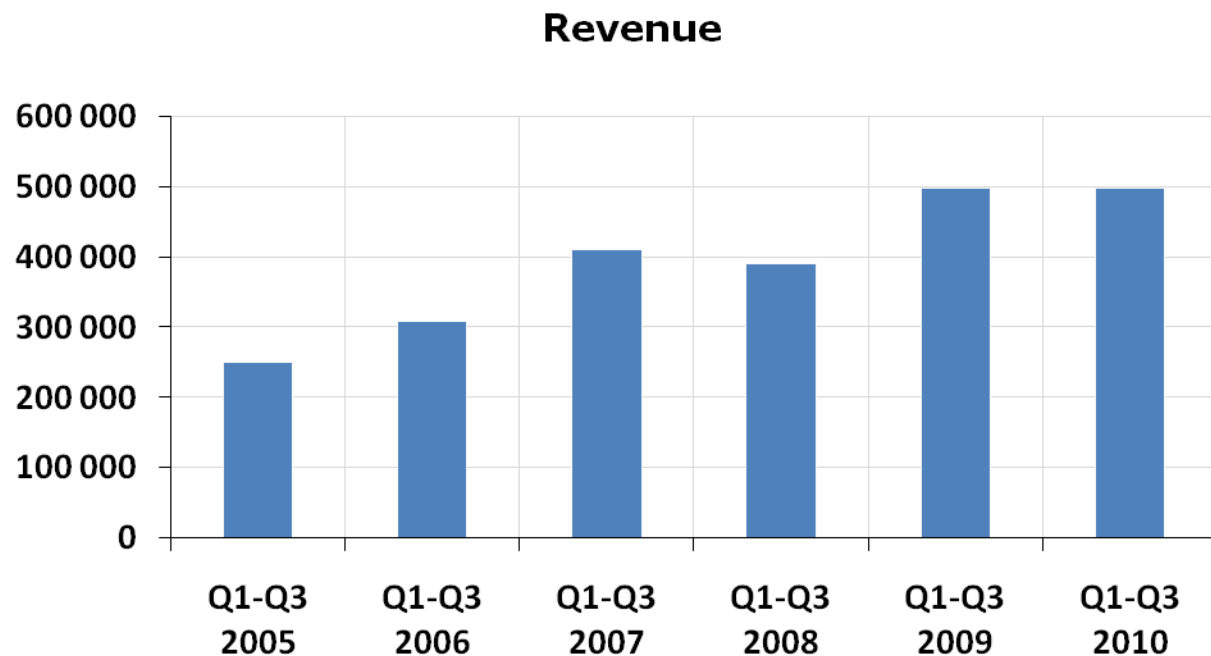
*In thousands of PLN*

## Financial Results Q1-Q3 2010

	Q1-Q3 2010	Q1-Q3 2009
Revenue	497,375	497,520
Operating result	4,239	-10,294
Net result attributable to the Comarch shareholders	12,787	5,706

*In thousands of PLN*

## Revenue Q1-Q3 2010



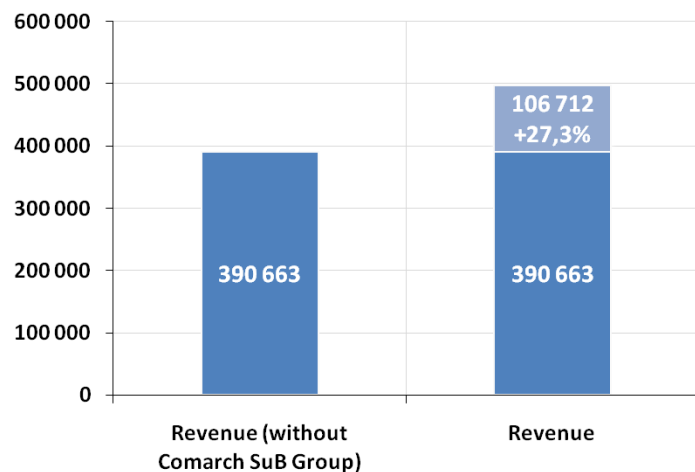
*In thousands of PLN*

## Comparison of the Financial Results for Q1-Q3 2010 and Q1-Q3 2009

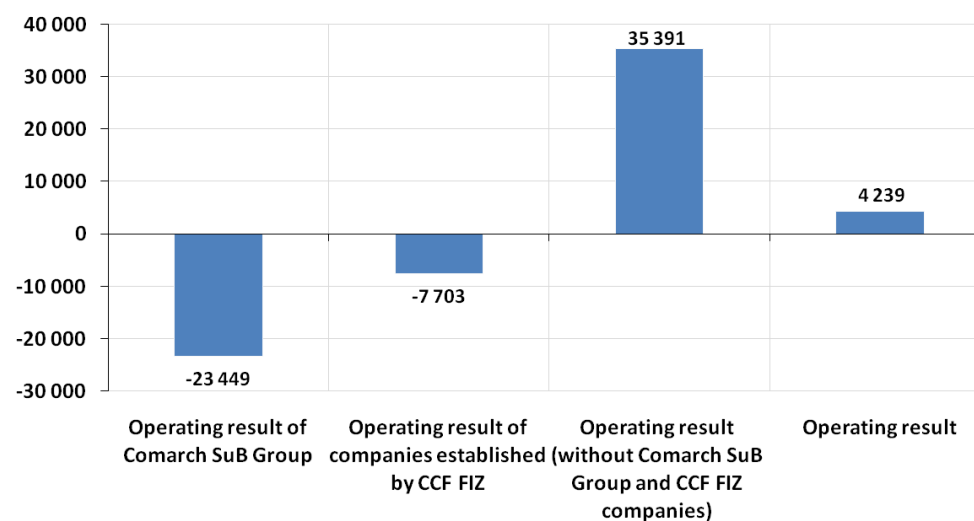
Comarch Group	Q1-Q3 2010	Q1-Q3 2009	Change
<b>Revenue</b>	<b>497,375</b>	<b>497,520</b>	<b>0.0%</b>
Depreciation	31,810	30,391	+4.7%
<b>Nominal operating profit/loss (according to the IFRS)</b>	<b>4,239</b>	<b>-10,294</b>	<b>+141.2%</b>
<b>Nominal net profit attributable to the company's shareholders (according to the IFRS)</b>	<b>12,787</b>	<b>5,706</b>	<b>+124.1%</b>
Nominal EBIT margin	0.9%	-2.1%	
Nominal net margin	2.6%	1.2%	
<b>Nominal EBITDA (operating profit + depreciation)</b>	<b>36,049</b>	<b>20,097</b>	<b>+79.4%</b>
Nominal EBITDA margin	7.3%	4.0%	

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

Q1-Q3 2010



Q1-Q3 2010



*In thousands of PLN*

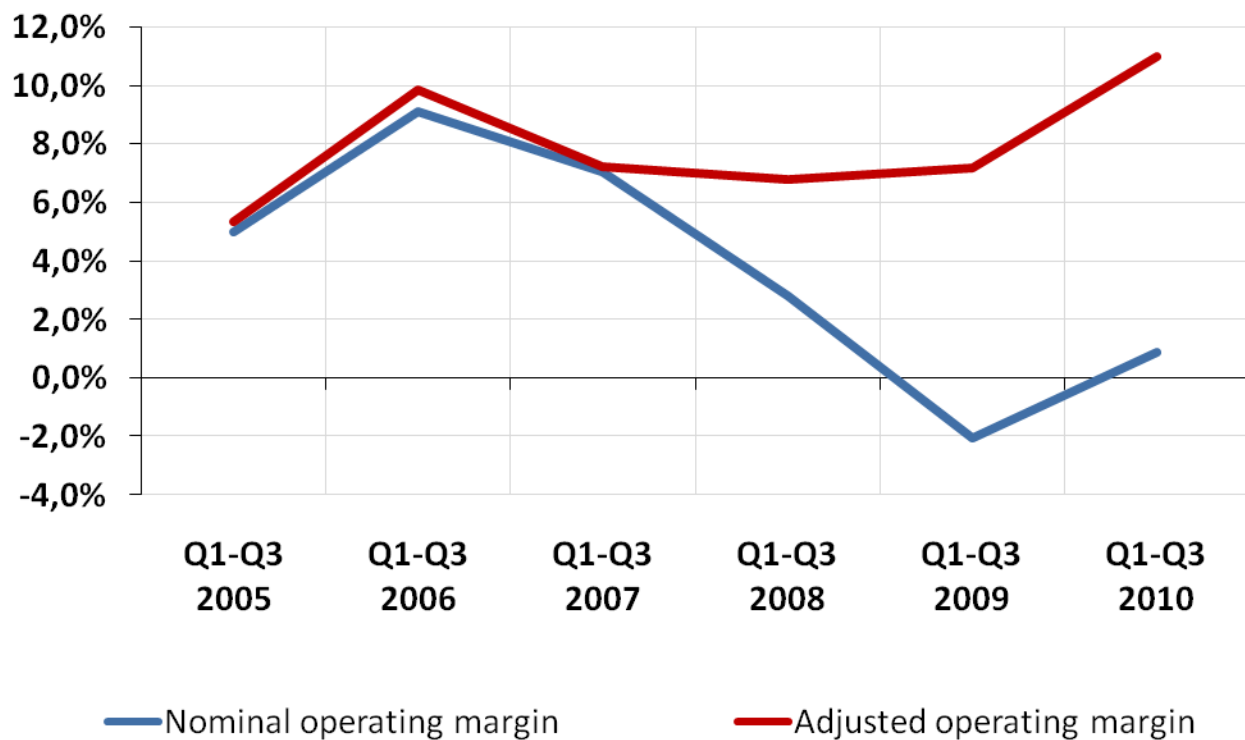


## Comparison of the Operating Profits for Q1-Q3 2010 and Q1-Q3 2009 after Eliminating One-Off Events

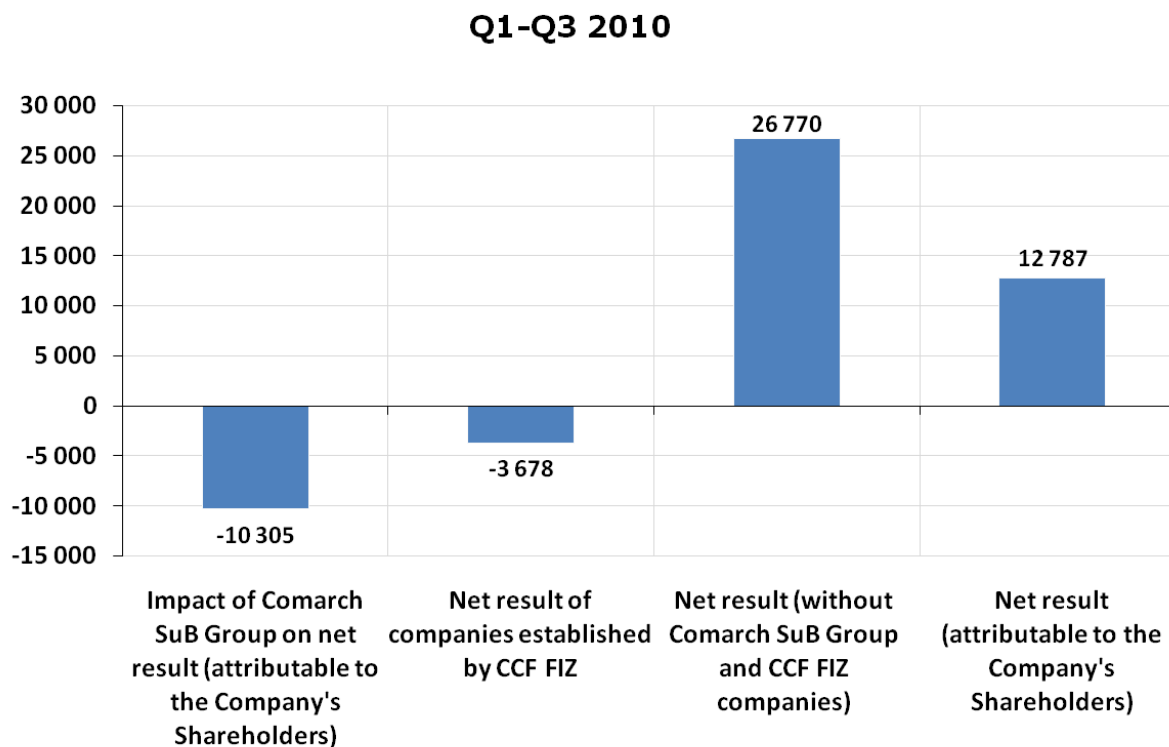
Comarch Group	Q1-Q3 2010	Q1-Q3 2009	Change
Nominal operating profit/loss (according to the IFRS)	4,239	-10,294	+141.2%
Earnings impact of the costs of the managerial option	-1,982	-2,235	
Impact on earnings of the CCF FIZ and companies where CCF FIZ is a shareholder	-7,703	-6,543	
Impact on earnings of the goodwill impairment	-5,542	0	
Comarch SuB Group's operating result	-23,449	-28,016	
<b>Adjusted operating profit</b>	<b>42 915</b>	<b>26 500</b>	<b>+61.9%</b>
Adjusted EBIT margin	11.0%	7.1%	
<b>Adjusted EBITDA (operating profit + depreciation)</b>	<b>58,234</b>	<b>42,510</b>	<b>+37.0%</b>
Adjusted EBITDA margin	14.9%	11.4%	

# EBIT Margin Q1-Q3 2005 – Q1-Q3 2010

## Operating margin - nominal vs adjusted



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



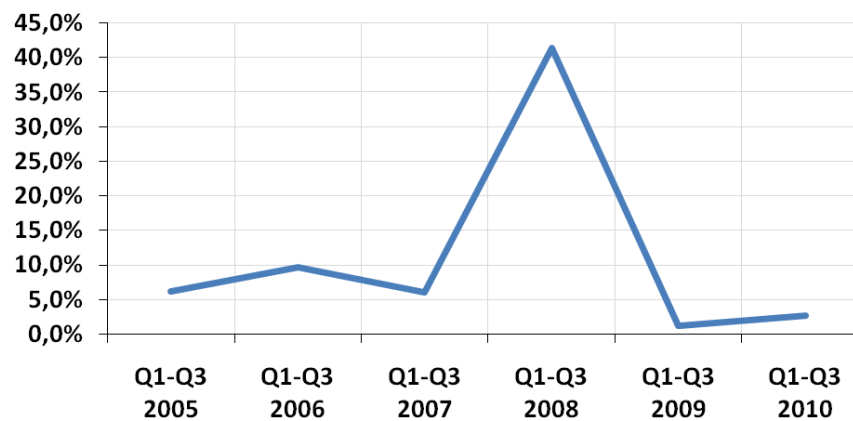
*In thousands of PLN*

## Comparison of the Net Profits for Q1-Q3 2010 and Q1-Q3 2009 after Eliminating One-Off Events

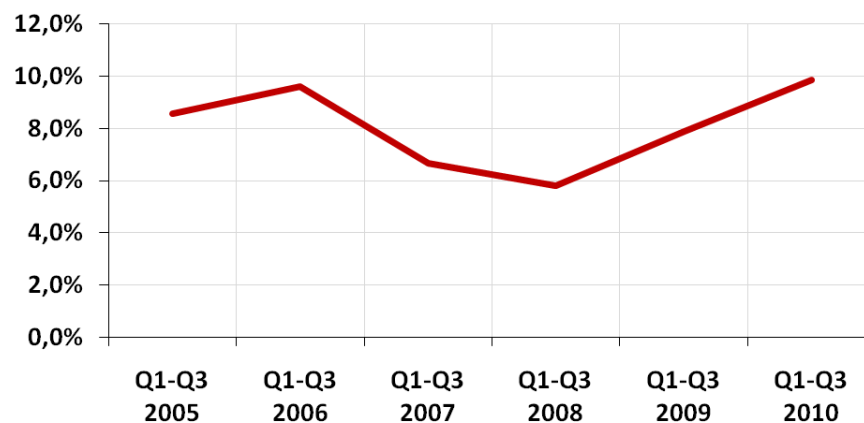
Comarch Group	Q1-Q3 2010	Q1-Q3 2009	Change
<b>Nominal net profit (according to IFRS)</b>	<b>12,787</b>	<b>5,706</b>	<b>+124.1%</b>
Earnings impact of the costs of the managerial option	-1,982	-2,235	
Impact on earnings of the CCF FIZ and companies where CCF FIZ is a shareholder	-3,678	-195	
Impact of asset on earnings due to deferred tax (due to activities in Special Economic Zone)	-4,652	-926	
Impact on earnings of the goodwill impairment	-5,542	-	
Impact of provision on earnings due to deferred tax	688	3,456	
Impact of asset on earnings due to tax loss in subsidiaries and temporary differences	-218	-897	
Impact of SoftM Group on net result	-10,305	-20,021	
<b>Adjusted net profit</b>	<b>38,476</b>	<b>26,524</b>	<b>+45.1%</b>
Adjusted net margin	9.9%	7.1%	

# Net Margin Q1-Q3 2005 – Q1-Q3 2010

## Net margin



## Adjusted net margin



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

### **Net result: - 685 thousand of PLN**

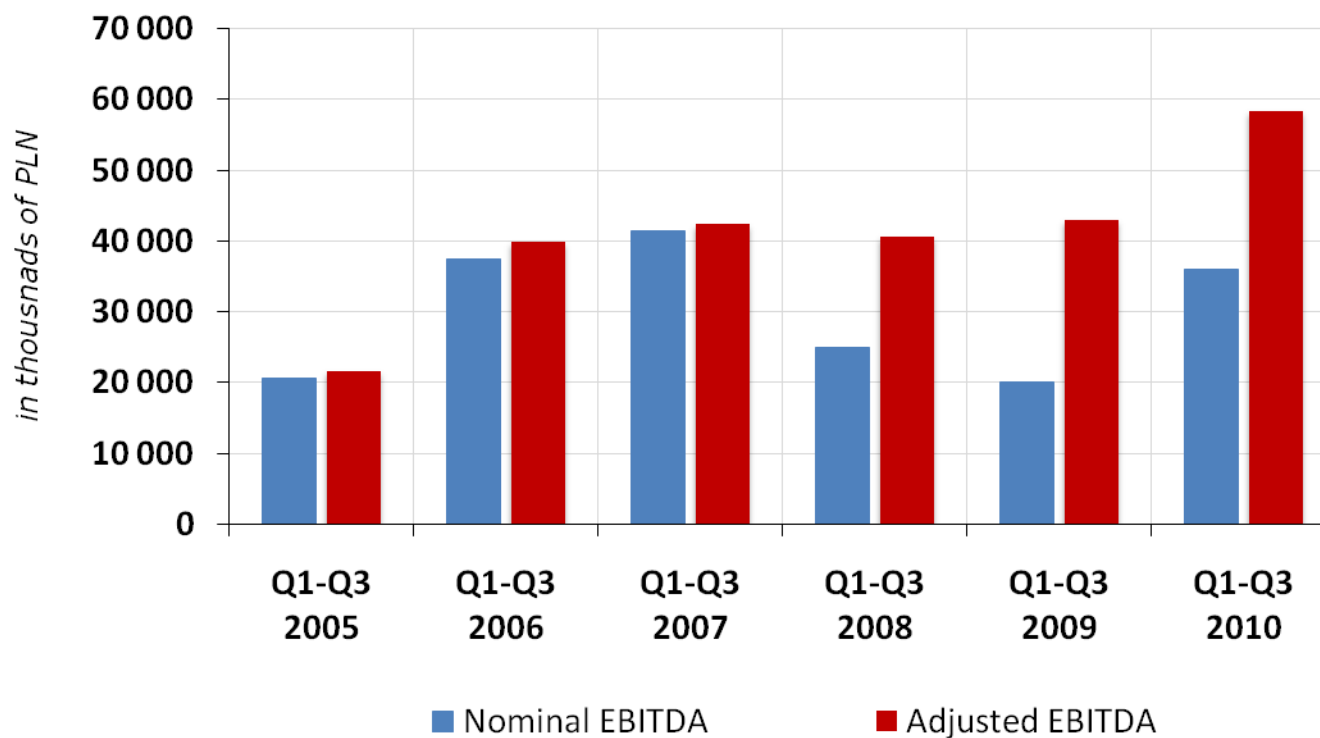
Loss in Comarch SuB Group for Q1-Q3 2010, attributable to minority shareholders: - 10,939 thousand of PLN

Loss in Comarch SuB Group for Q1-Q3 2010, attributable to minority shareholders: - 2,533 thousand of PLN

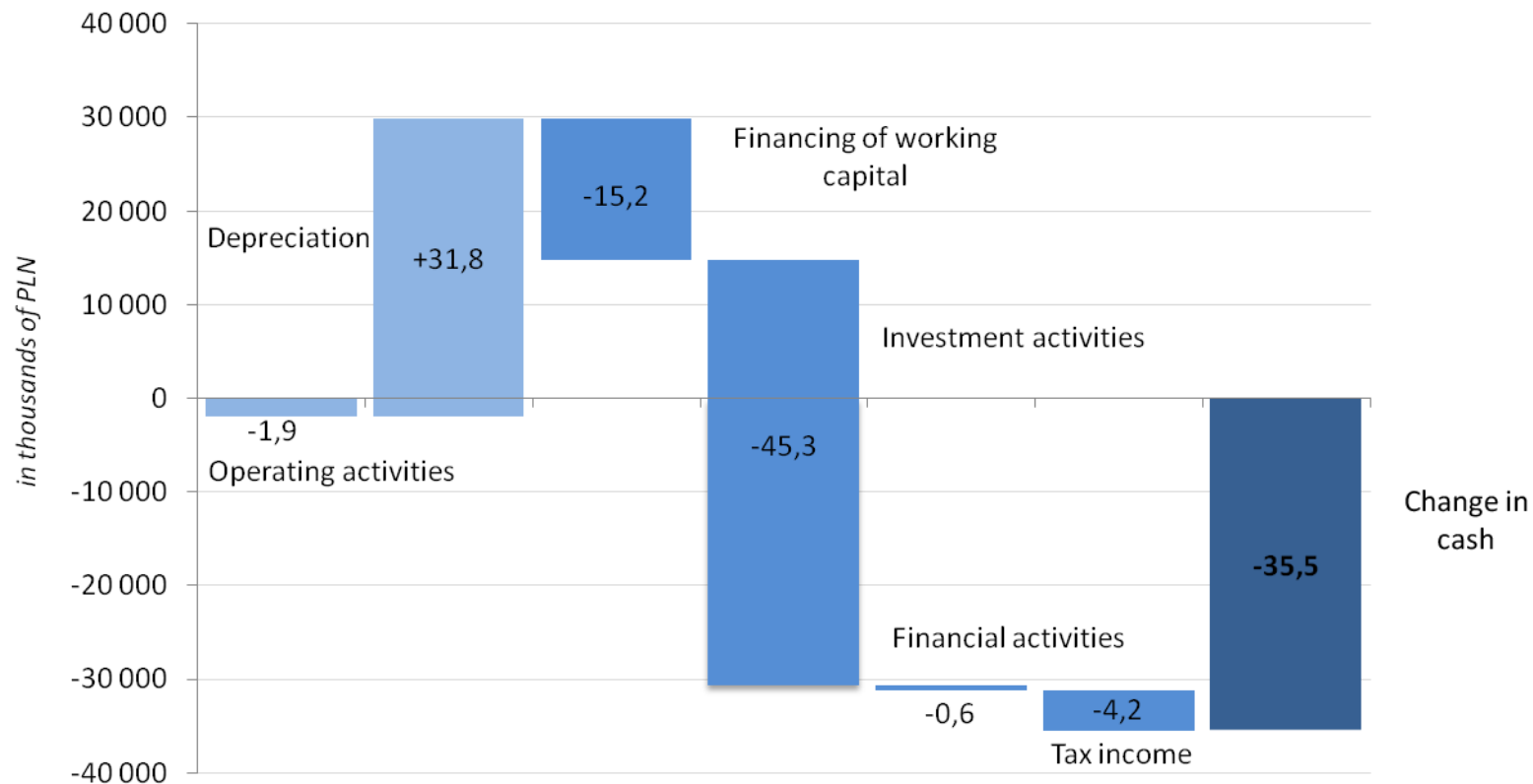
### **Net profit attributable to Comarch shareholders: + 12,787 thousand of PLN**

# EBITDA Q1-Q3 2005 – Q1-Q3 2010

## EBITDA - nominal vs adjusted



## Cash Flow Q1-Q3 2010



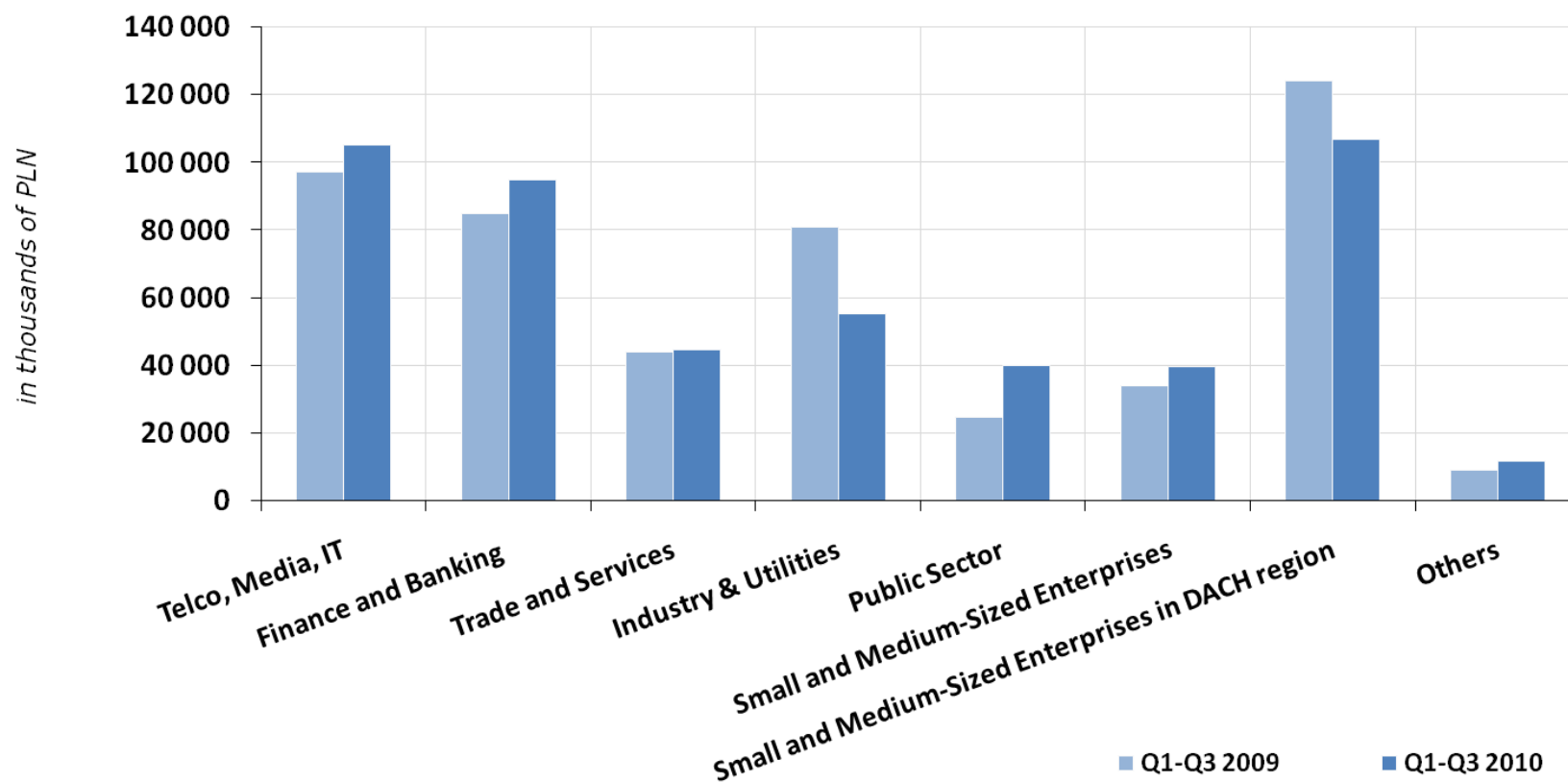


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## Market Sales Structure Q1-Q3 2010 and Q1-Q3 2009

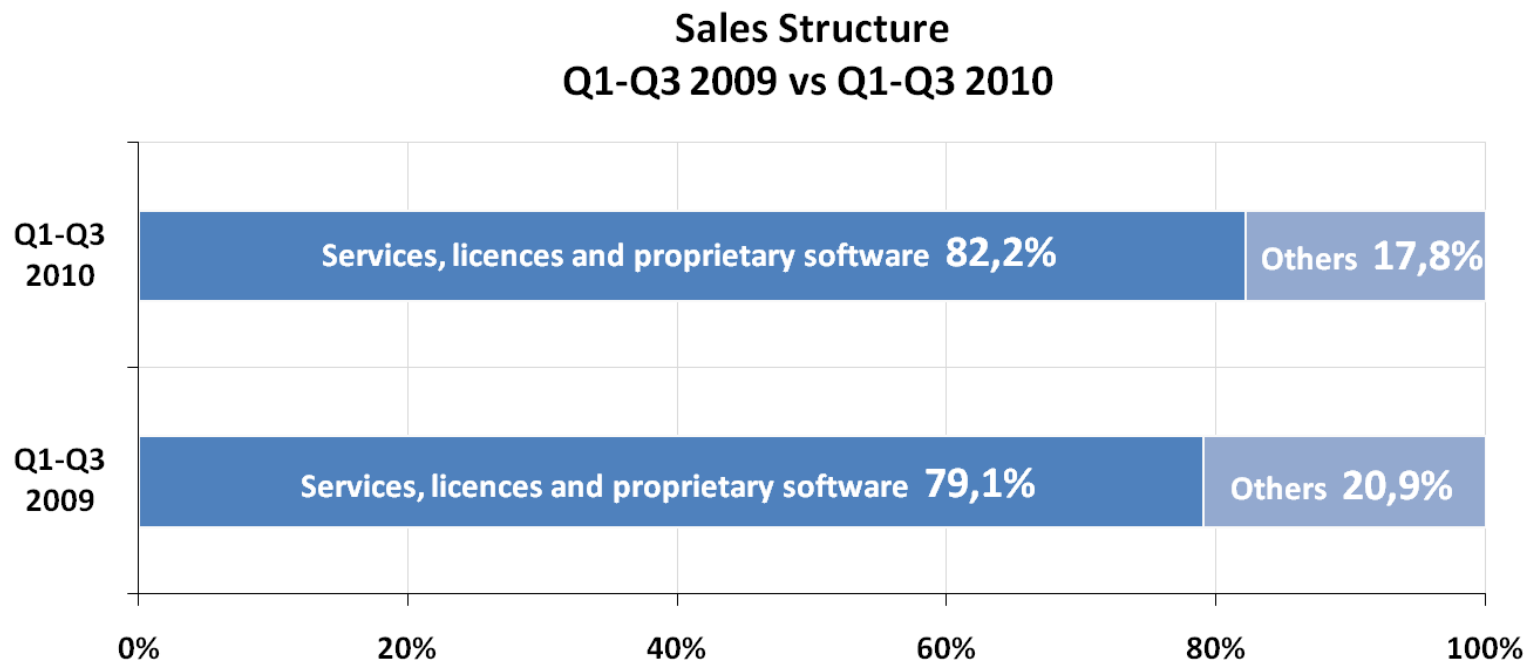
Revenue from Sectors Q1-Q3 2009 and Q1-Q3 2010



## Market Sales Structure Q1-Q3 2010 and Q1-Q3 2009

Comarch Group	Q1-Q3 2010	%	Q1-Q3 2009	%
Telecommunications, Media, IT	104,940	21.1%	97,147	19.5%
Finance and Banking	94,907	19.1%	84,645	17.0%
Trade and Services	44,591	9.0%	43,741	8.8%
Industry & Utilities	55,229	11.1%	80,864	16.3%
Public Sector	39,987	8.0%	24,512	4.9%
Small and Medium- Sized Enterprises – Poland	39,529	7.9%	33,857	6.8%
Small and Medium- Sized Enterprises – DACH	106,712	21.5%	123,908	24.9%
Others	11,480	2.3%	8,846	1.8%
<b>TOTAL</b>	<b>497,375</b>	<b>100.0%</b>	<b>497,520</b>	<b>100.0%</b>

## Products Sales Structure Q1-Q3 2010 and Q1-Q3 2009

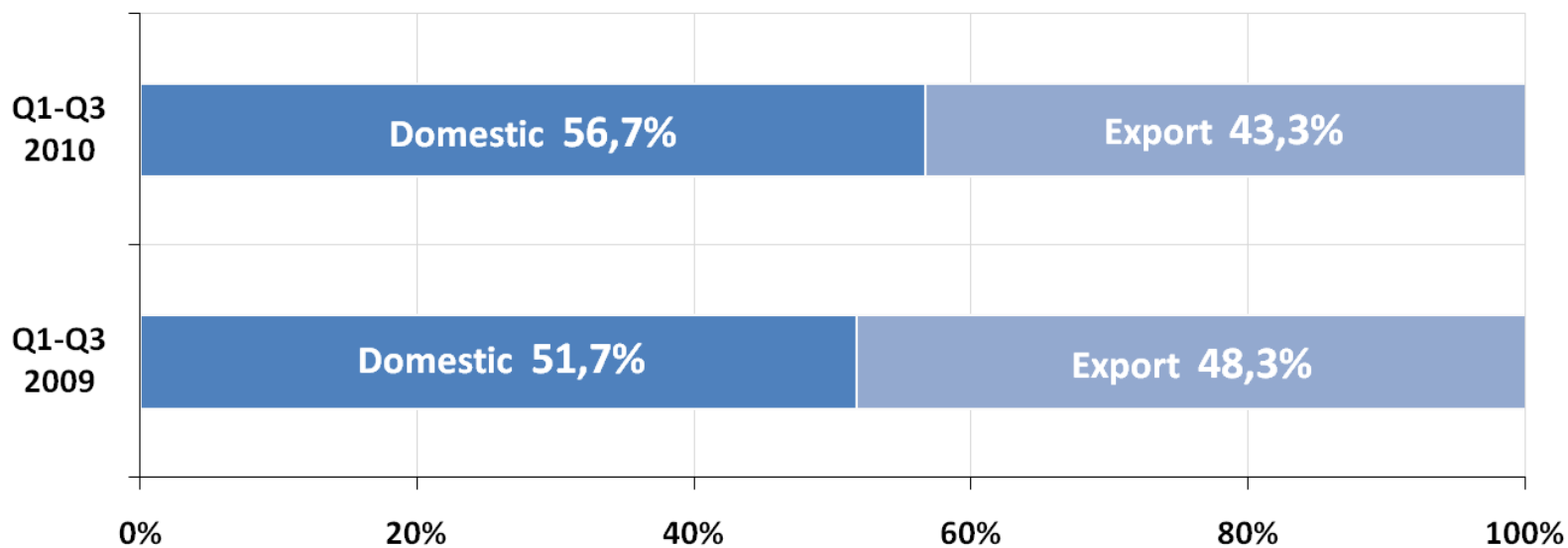


## Products Sales Structure Q1-Q3 2010 and Q1-Q3 2009

Comarch Group	Q1-Q3 2010	%	Q1-Q3 2009	%
Services	353,216	71.0%	349,820	70.3%
Proprietary Software	55,639	11.2%	43,634	8.8%
Third-party Software	38,846	7.8%	64,191	12.9%
Hardware	35,902	7.2%	29,337	5.9%
Others	13,772	2.8%	10,538	2.1%
<b>TOTAL</b>	<b>497,375</b>	<b>100.0%</b>	<b>497,520</b>	<b>100.0%</b>

## Geographical Sales Structure Q1-Q3 2010 and Q1-Q3 2009

Sales Structure  
Q1-Q3 2009 vs Q1-Q3 2010

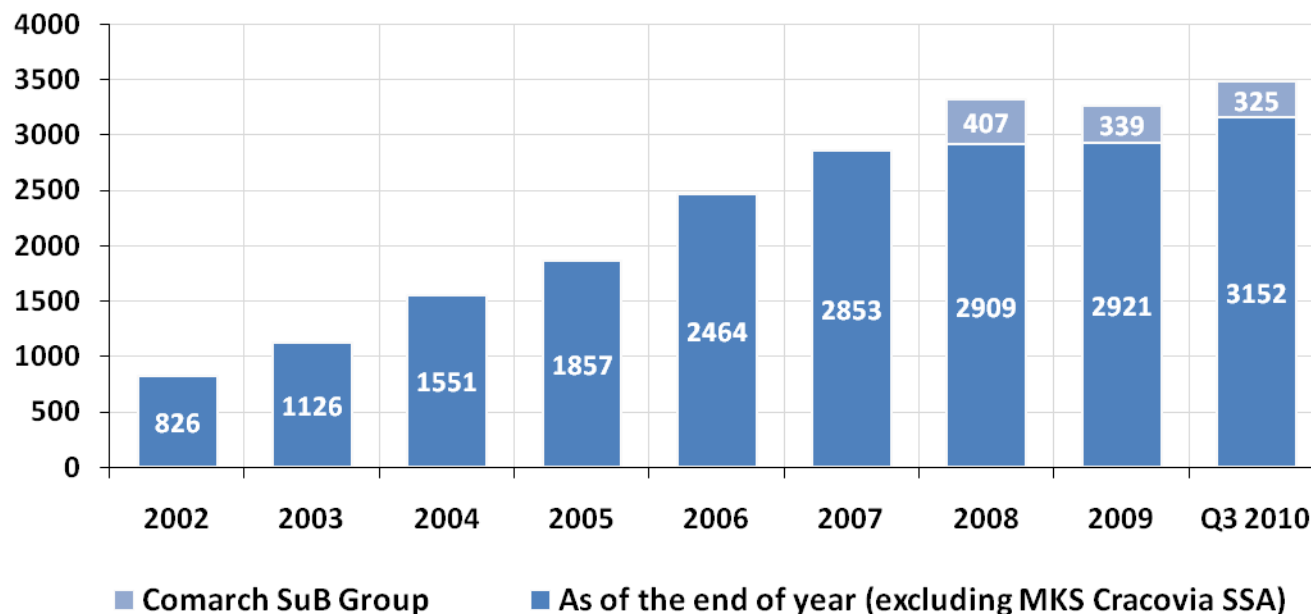


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## Employment in Comarch Group (excluding employees in MKS Cracovia SSA)

### Human Resources





## Employment Level

- As of **30th of September 2010**, Comarch Group had 3,152 employees (excluding employees in MKS Cracovia SSA and Comarch Software und Beratung Group), i.e. 231 more than at the end of 2009 (an increase of 8.0%).

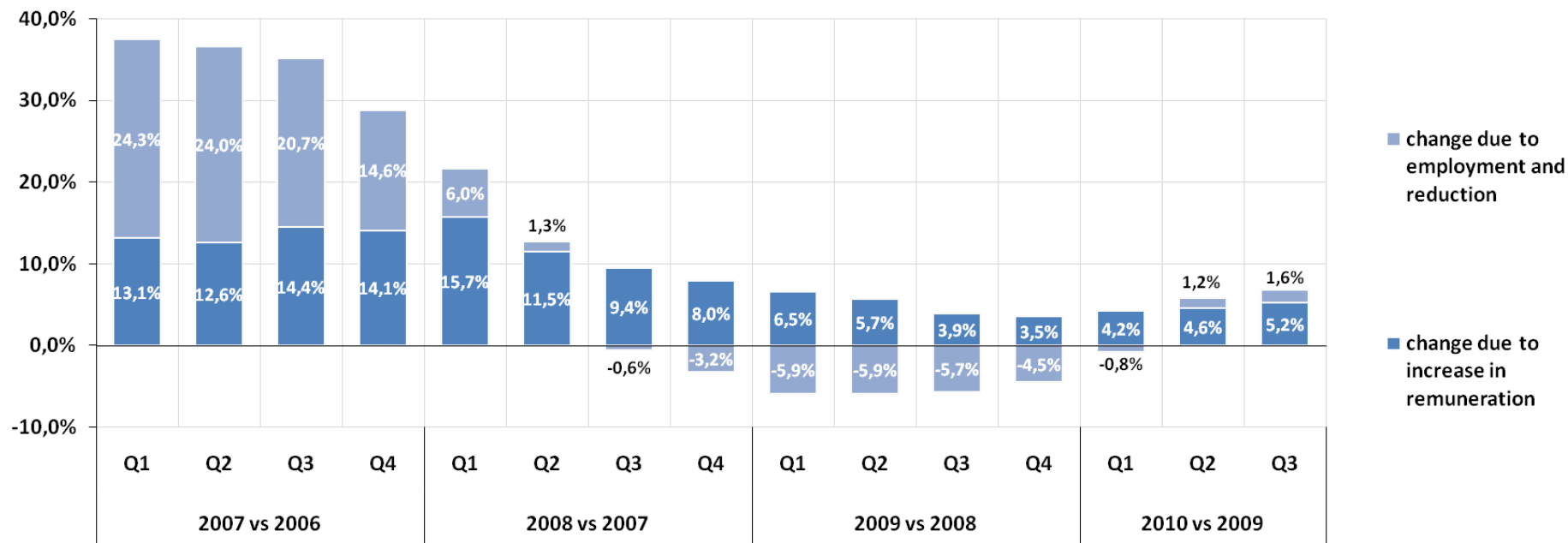
*Significant employment growth results from the completion of the summer trainee programme.*

- As of **30th of September, 2010**, Comarch Software und Beratung Group had **325** employees, i.e. 14 less than at the end of 2009.

**Recently, we have observed increased pressure on remuneration growth and intensified competition on the labor market. With that in mind, the Comarch Group maintains a policy of rational employment cost reduction and increased efficiency of employment activities.**

# Employment Costs 2007-2010 (excluding SoftM Group)

Change in Remuneration

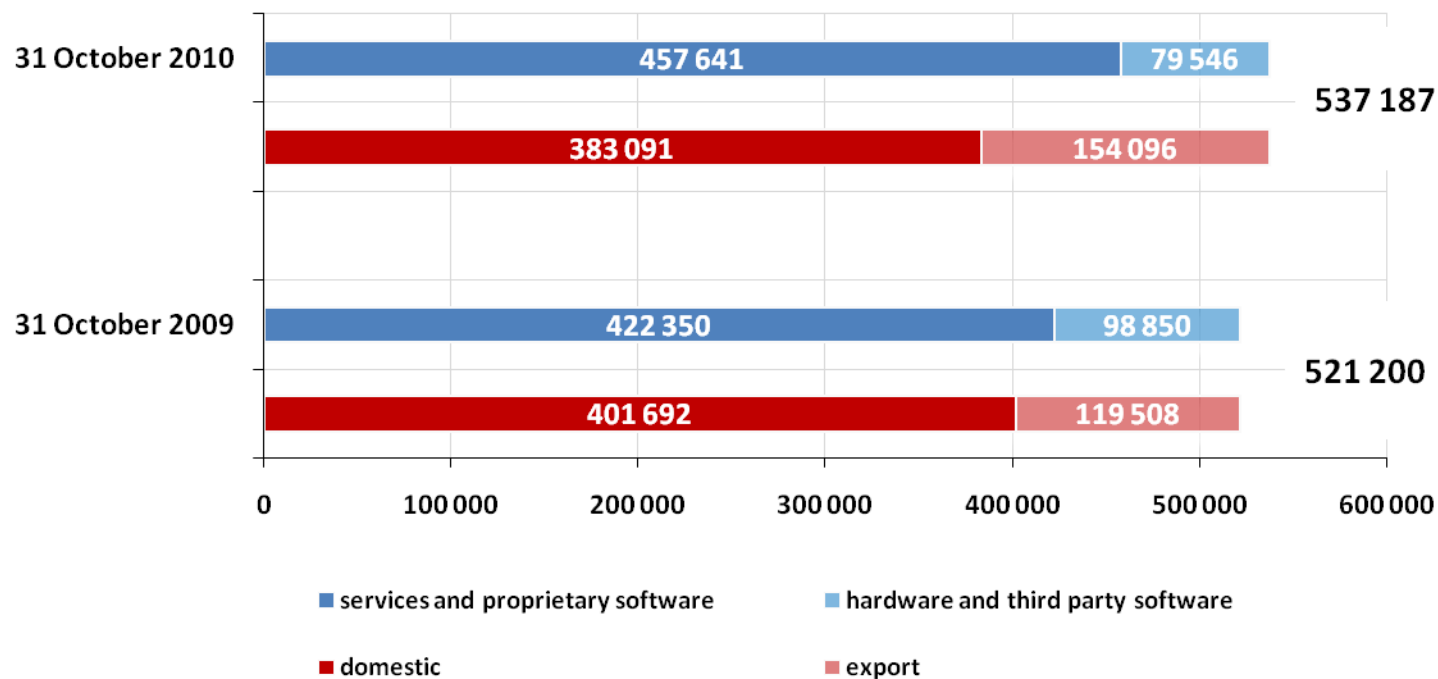


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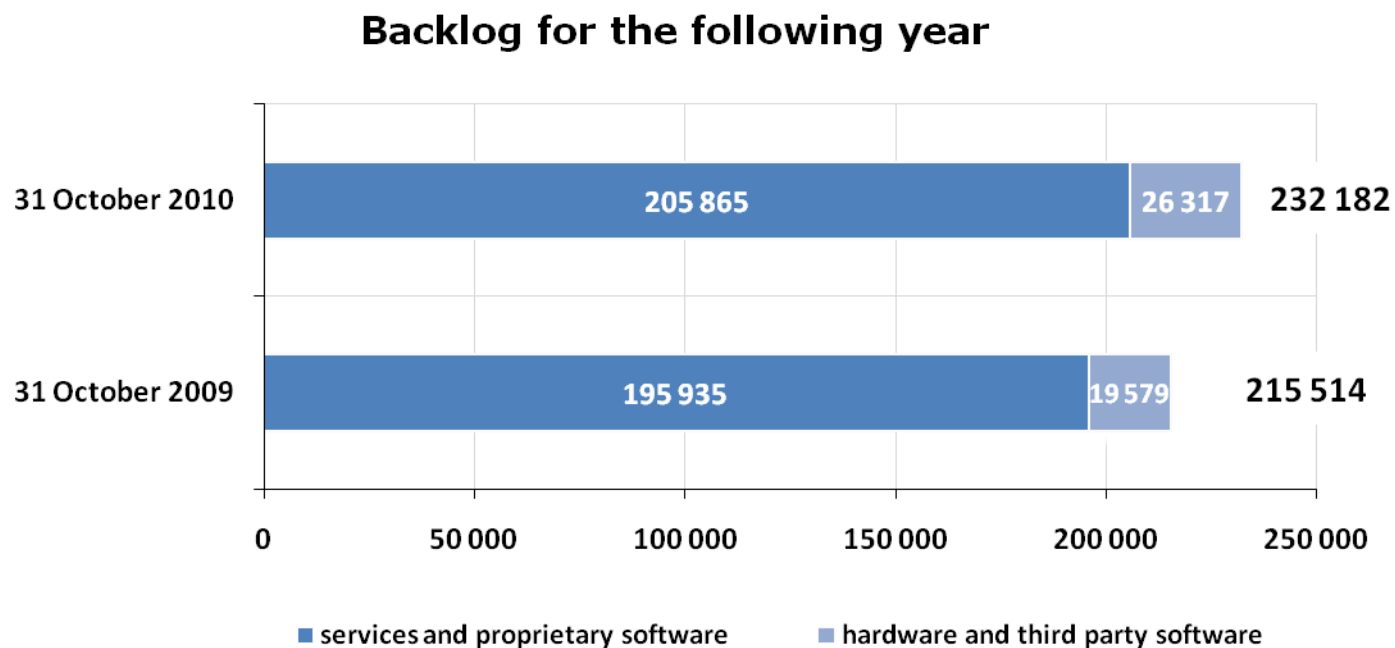
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## Backlog for the Current Year (excluding Comarch SuB Group)

Backlog for the current year



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



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## **Q3 2010 Situation Summary**

- Very good financial results on core activity in Q3, high level of consolidated EBITDA
- High growth in export contracts in backlog, an increase in backlog both for the current year and for the next year
- Dynamic development of activities in the TMT sector (E-Plus), first serious export contracts with the banking sector
- Significant influence of exchange currencies on financial results in Q1-Q3 2010
- Stabilization in Comarch Software und Beratung Group
- Increase in employment, increased competition on the labor market

## **Plans for 2010/2011**

- Further development in foreign markets, with significant pressure in the DACH region
- Efficient execution of prestigious export contracts, generating valuable references
- Comarch infrastructure extension in Western Europe and Poland
- Review and restructuring of companies established by CCF FIZ
- End of the restructuring program called DASD in Comarch Software und Beratung AG
- Slight increase, under control, in the employment level, further control of cost levels



# COMARCH

**Thank you**