

The background features a dark blue gradient with a network of white lines and dots. On the left, a hand reaches up towards a cluster of 3D cubes. Most cubes are blue, but one is highlighted in orange and glows with a bright yellow light. The ASBIS logo is in the top right, with the tagline 'SUCCESS THROUGH FOCUS' in an orange box below it.

# ASBIS®

*SUCCESS THROUGH FOCUS*

**New competencies combined  
with robust profitability**

Q2 2019 RESULTS

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# ASBIS DIRECTORS

Name	Position	Responsibility
Siarhei Kostevitch	Chairman, Chief Executive Officer	Strategic plans and policies
Marios Christou	Chief Financial Officer	Finance and Control
Constantinos Tziamalis	Chief Risk Officer and Investor Relations	Risk Management, Own brands, Management and Investor Relations
Yuri Ulasovich	Director, Chief Operating Officer	Sales and Supply Management
Demos Demou	Non-Executive Director	Regulatory and financial advisory Audit Committee
Tasos.A.Panteli	Non-Executive Director	Regulatory advisory Remuneration Committee



# Local in 26 countries of EMEA

## CEE

Poland  
Czech Republic  
Slovakia  
Hungary  
Romania  
Bulgaria  
Serbia  
Bosnia  
Slovenia  
Croatia  
Cyprus

## BALTIC

Lithuania  
Latvija  
Estonia

## FSU

Belarus  
Russia  
Ukraine  
Kazakhstan  
Azerbaijan **since 2017**  
Georgia **since 2018**

## MIDDLE EAST

United Arab Emirates

## AFRICA

Morocco  
Algeria  
Tunis  
Egypt  
South Africa



Subsidiaries  
in **26**  
countries



30,000  
active customers  
in 60  
countries worldwide



**1,478**  
Employees



Revenue:  
**371 m\$**



**2**  
Distribution  
centers



**21,000**  
products  
in portfolio



**20**  
b2b e-shops



over  
**190**  
vendors



**60%**  
transactions  
online



## VISION:

Be the leading Value Add Distributor, OEM and Solutions Provider of IT, IoT, AI across CEE, FSU, MEA

## MISSION represented by focus areas:

- Develop and Market IT, IoT, AI solutions
- Gain expertise in consultative business
- Excel and leverage on Distribution
- Grow profitably Own Brands
- Manage risks and zero regulatory issues



## Distribution

Resellers

R/E tail

### OEM

consumer

commercial

### IT, IoT, AI solutions

Sales projects

Professional services

# TOWARDS NEW COMPETENCIES

## Solutions and services



[www.avectis.by](http://www.avectis.by)

### Main activities

Design and implementation of the following systems:

- automated process control systems;
- audiovisual systems;
- integrated engineering infrastructure;
- data networks;
- data processing and storage systems;
- integrated security systems;
- customer flow management systems;
- interactive systems.

Established in 1994  
Number of employees exceeds 100  
Quality management ISO 9001-2015  
Direct partnership with over 30 vendors  
More than 50 foreign partners  
Over 500 projects realized





# THE WORLD'S FIRST INTUITIVE CLICK&TOUCH

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The merge of a keyboard and a touchpad



All buttons pressable

Entire keyboard as a huge touchpad

Auto switch between KB and touch



# ASBIS<sup>®</sup>

*SUCCESS THROUGH FOCUS*



## Prestigio



 atlantech



perenio  
Intelligence at best



 CANYON

# FINANCIAL OVERVIEW

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Q2 2019 and H1 2019 FINANCIAL  
RESULTS

FY 2019 OUTLOOK

BUY-BACK PROGRAM

GUIDANCE

DIVIDEND



# KEY Q2 2019 EVENTS

## EXPECTED MONTHLY DATA

Solid revenue estimates for April – June 2019 in line with expectations and guidance for 2019.

A decrease in revenues expected due to a high base and lower demand.

## ACQUISITION

Acquisition of **AVECTIS ALC** - a leading systems integrator in the Belarusian market.

Price for the purchased 100% shares:  
**USD 573,702.**

## BUY BACK PROGRAM

Resolution of the EGM on the buy back program.

Maximum amount of money: USD 300,000.  
Maximum amount of shares: 500,000.

# Q2 2019 GOOD QUARTER

- Decrease in revenues as a result of high base in Q2 2018.
- The gross profit margin much improved from 4.41% to 5.68% YoY and continued a positive trend.
- SG&A costs scaled with GP and under control.
- Net income reached US\$ above 0.9 m.

## REVENUES

US\$ 370.9 million

**-20% YoY**

## GROSS PROFIT

US\$ 21.1 million

**3% YoY**

## GROSS PROFIT MARGIN

**5.7%**

## NET INCOME

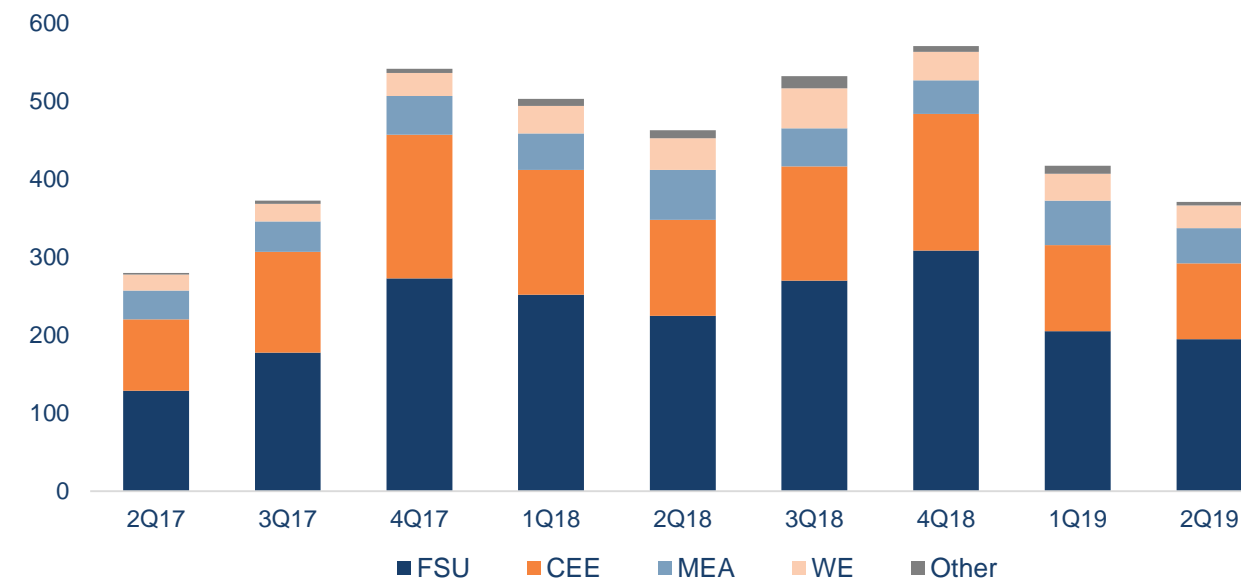
US\$ 0.9 million

**-26% YoY**

# REVENUES ON EXPECTATIONS IN ALL REGIONS

- FSU region delivered above 50% of revenues in Q2'19.
- Russia still remained the no. 1 country while Ukraine followed.
- CEE dropped 21% YoY.
- MEA result is mainly determined by revenues in UAE.

REVENUES BY REGIONS (US\$ m)



REVENUES BY REGIONS (US\$ m)

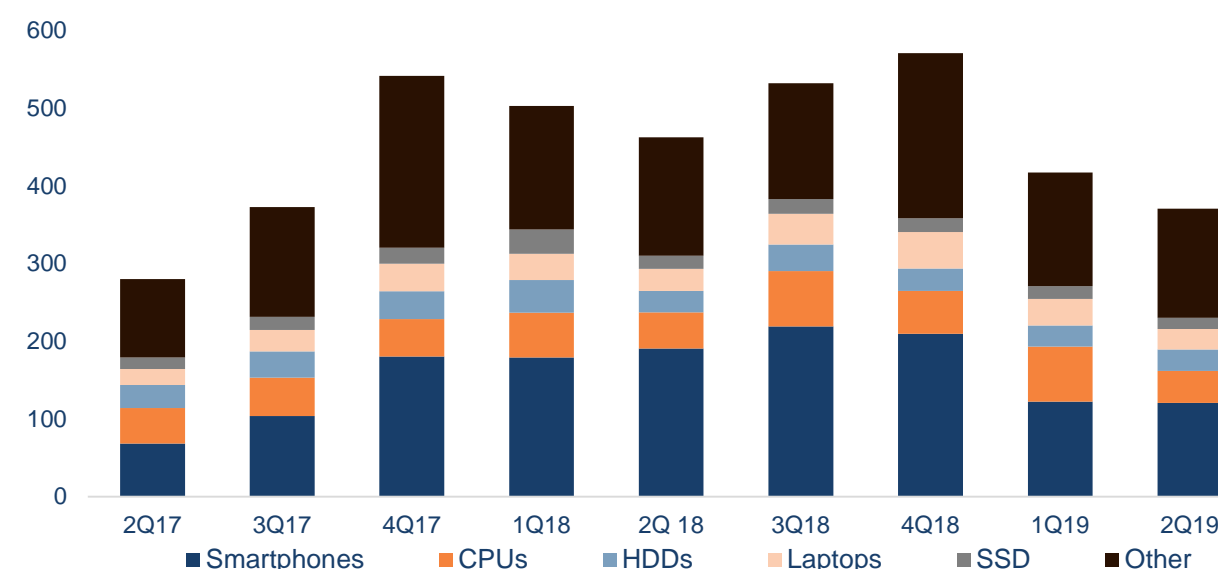
US\$ m	Q2'19	Q2'18	YoY
FSU	194.8	225.1	-13%
CEE	97.3	123.1	-21%
MEA	45.5	64.0	-29%
WE	28.8	40.4	-29%
Other	4.5	10.3	-57%
<b>TOTAL</b>	<b>370.9</b>	<b>462.9</b>	<b>-20%</b>



# BROAD PRODUCT MIX REVENUE

- Decrease of smartphones business as a result of market maturity and general slowdown in demand.
- Strong market share in both CPUs and accessories & multimedia.
- Increase in sales of accessories based on master distribution in the EMEA region.

REVENUES BY LINES (US\$ m)



REVENUES BY LINES (US\$ m)

US\$ m	Q2'19	Q2'18	YoY
Smartphones	120.8	190.7	-37%
CPUs	41.1	46.9	-13%
Accessories & multimedia	40.6	25.6	59%
HDDS	27.6	27.6	0%
Laptops	26.4	28.4	-7%
SSD	14.6	16.6	-12%
<b>TOTAL</b>	<b>370.9</b>	<b>462.9</b>	<b>-20%</b>

# ROBUST Q2 2019 PROFITABILITY

- Strong numbers in top and bottom lines.
- Gross profit margin much improved to 5.68%.
- Expenses stay under control.
- Net income reached US\$ 0.9 m.

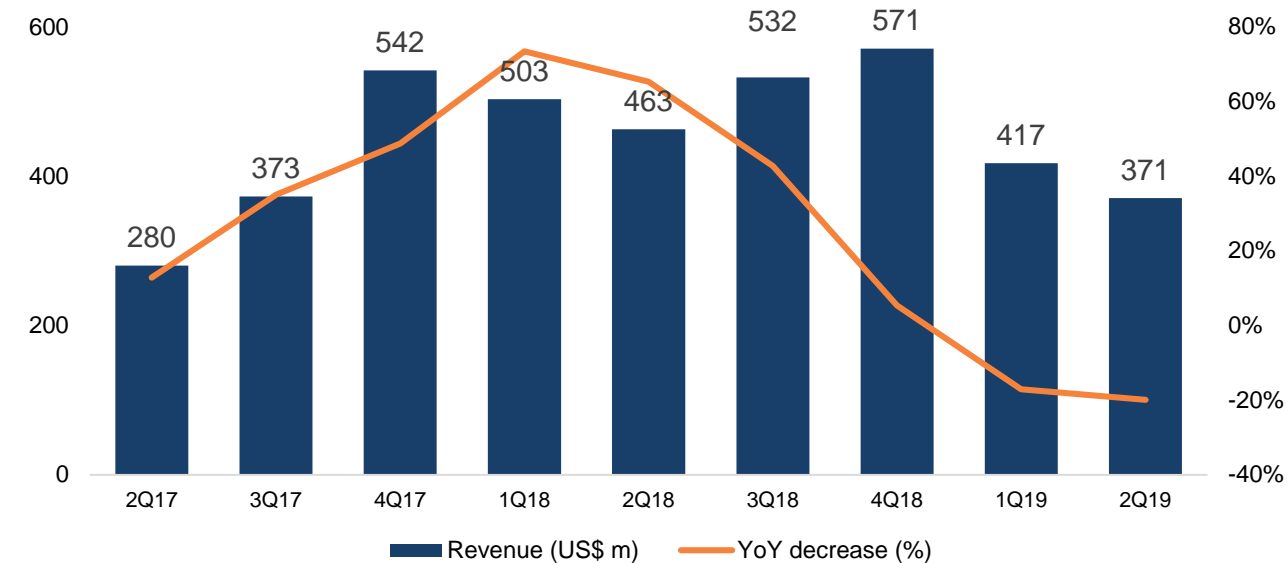
US\$ m	Q2'19	Q2'18	YoY
<b>Revenue</b>	<b>370.9</b>	<b>462.9</b>	<b>-20%</b>
Gross profit	21.1	20.4	3%
<i>Gross profit margin</i>	<i>5.68%</i>	<i>4.41%</i>	<i>+1,27pp</i>
SG&A costs	-15.8	-16.6	-5%
<b>Profit from operations</b>	<b>5.3</b>	<b>3.8</b>	<b>39%</b>
<i>Operating margin</i>	<i>1.42%</i>	<i>0.82%</i>	<i>+0.6pp</i>
Financial income	0.1	1.3	-89%
Financial expenses	-4.6	-3.8	22%
<b>Profit before tax</b>	<b>0.9</b>	<b>1.5</b>	<b>-38%</b>
Tax	0.0	-0.3	-92%
<b>Profit for the period</b>	<b>0.9</b>	<b>1.2</b>	<b>-26%</b>
<i>Net margin</i>	<i>0.25%</i>	<i>0.27%</i>	<i>-0.02pp</i>

STRONG NET INCOME IN Q2'19.

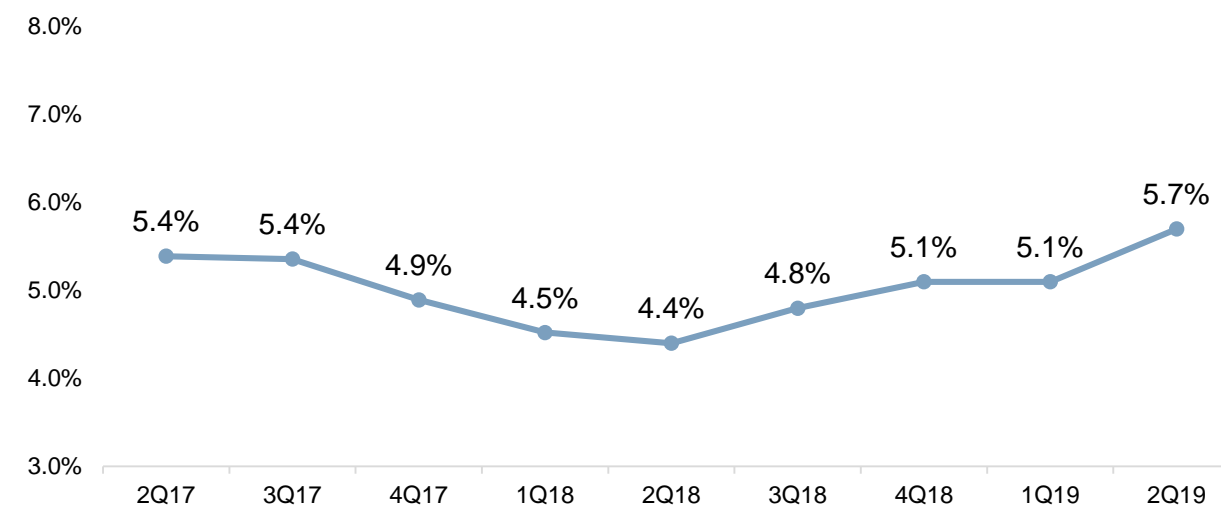
# POSITIVE TREND IN GROSS PROFIT MARGIN CONTINUED

- Q2'19 revenues reached US\$ 371 m, down 20% YoY.
- Q2'19 revenues were down from a high Q2'18 base.
- Gross profit margin the highest since Q4'16.
- In Q2'19 gross profit margin continued a positive trend observed in previous quarters.

## REVENUES



## GROSS PROFIT MARGIN (%)

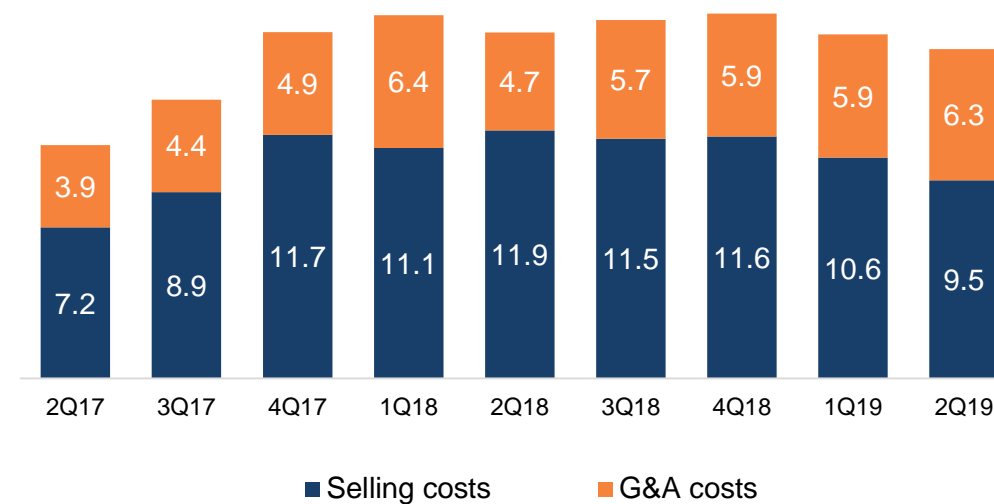




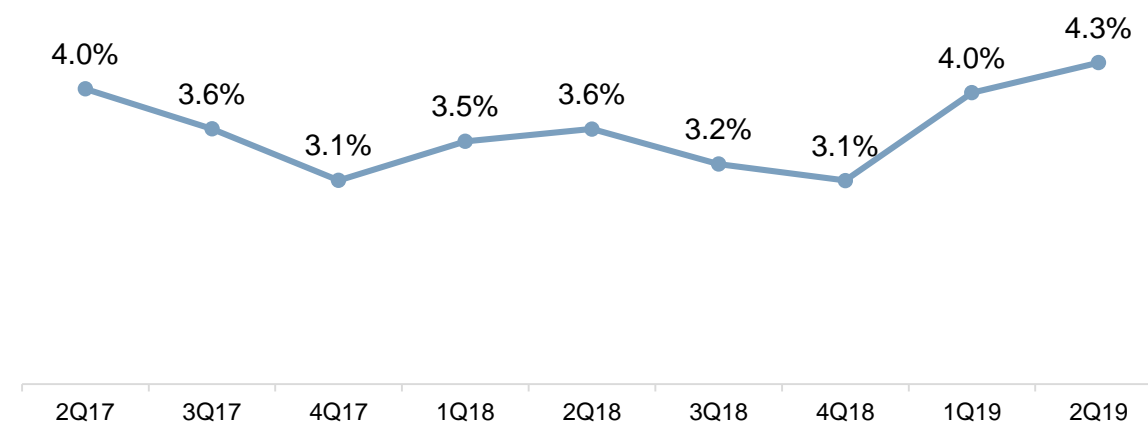
# SG&A COSTS STAY UNDER CLOSE MONITORING

- Selling expenses decreased in Q2 '19 by 20% YoY.
- S&G expenses dropped in Q2 '19 by 5% YoY.

SG&A COSTS (US\$ m)



SG&A as % SALES



# ROBUST H1 2019 PROFITABILITY

- Strong numbers in top and bottom lines.
- Gross profit margin reached 5.35%.
- Expenses stay under control.
- Net income reached US\$ 2.6 m.

US\$ m	H1'19	H1'18	YoY
<b>Revenue</b>	<b>788.2</b>	<b>966.2</b>	<b>-18%</b>
Gross profit	42.2	43.2	-2%
<i>Gross profit margin</i>	<i>5.35%</i>	<i>4.47%</i>	<i>0.9pp</i>
SG&A costs	-32.3	-34.1	-5%
<b>Profit from operations</b>	<b>9.9</b>	<b>9.1</b>	<b>8%</b>
<i>Operating margin</i>	<i>1.25%</i>	<i>0.95%</i>	<i>0.3pp</i>
Financial income	1.5	2.3	-32%
Financial expenses	-8.6	-7.8	10%
<b>Profit before tax</b>	<b>3.1</b>	<b>3.7</b>	<b>-16%</b>
Tax	-0.5	-0.8	-34%
<b>Profit for the period</b>	<b>2.6</b>	<b>2.9</b>	<b>-12%</b>
<i>Net margin</i>	<i>0.33%</i>	<i>0.31%</i>	<i>0.02pp</i>

STRONG NET INCOME IN H1 2019.

# INDEBTEDNESS AT SAFE LEVEL

- Strong increase in cash position in seasonally NWC intensive quarter.
- High cash levels, despite cash being used to benefit from early payment discounts from suppliers, due to the use of short-term financing and improved operational efficiency.
- Ability of the Company to access financing remains strong.

US\$ m	H1'19	H1'18	YoY
Short term borrowings (no factoring)	106.1	81.3	31%
Factoring creditors	28.8	36.7	-22%
<b>Short term borrowings (incl. factoring)</b>	<b>134.9</b>	<b>118.0</b>	<b>14%</b>
Long term interest bearing debt	3.2	0.1	-
Cash and equivalents	78.5	45.6	72%
<b>Net debt (no factoring)</b>	<b>30.8</b>	<b>35.8</b>	<b>-14%</b>
<b>Net debt (incl. factoring)</b>	<b>59.6</b>	<b>72.5</b>	<b>-18%</b>

H1 2019 net debt/ equity

**0.3x** excl. factoring

**0.6x** incl. factoring

safe and low levels



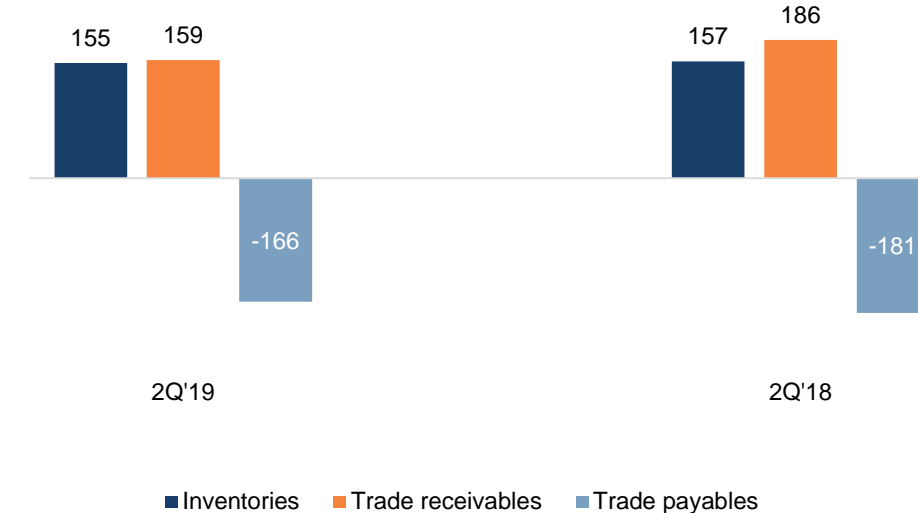
# CASH ENGAGED IN WORKING CAPITAL

- High NWC demanding quarter resulted in the need to involve more cash.
- Capex comprises of outflows for on-going investments in fixed assets, intangibles and in associates.
- Cash from operations for H1 '19 has improved YoY by almost USD 30 milion.
- Group aims for positive cash flow from operations for 2019.

## NET WORKING CAPITAL (US\$ m)

NWC: 19% of sales

NWC: 17% of sales



US\$ m	H1'19	H1'18
Net cash from operating activities	-24.2	-53.7
Net cash from investing activities	-0,7	-1.3
Net cash from financing activities	-3.3	5.0
<b>Net movement in cash and cash equivalents</b>	<b>-28.2</b>	<b>-50.0</b>

# KEY DRIVERS OF 2019

## SUSTAIN THE BUSINESS WITH APPLE

Following a year of high growth with APPLE the Group is looking to retain its strong market position and strengthen its relationships with customers and suppliers.

## TRUE VAD SALES

The Group will focus on the acquisition and servicing of large business projects. The success of last year with Data Centers and other projects, will be replicated but will also engage in the real VAD services.

## BUSINESS SOLUTIONS

The solutions we already developed show signs of success and the Group is expecting to significantly benefit from the expansion of these solutions to all markets we operate.

## TRADITIONAL DISTRIBUTION

Our core strengths are expected to play a leading role in 2019 and expect to excel against competition in all product segments of the traditional components distribution.

## OWN BRANDS

Having developed the two new own brands (PERENIO and ATLANTECH) and together with Canyon and Prestigio, the Group expects a significant contribution towards its profitability by adding our product portfolio to the channels we operate with.

# BUY BACK PROGRAM

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Max. amount of money  
\$ 300,000



Max. price

PLN 3.0



Max. amount of shares  
500,000



Min. price

PLN 1.5



**TIME FRAME: 12 months since adopted resolution, on the 15th of July 2019.**

# 2019 GUIDANCE

REVENUE

Between US\$ 1.7bn and US\$ 1.9bn

NET INCOME

Between US\$ 8.5m and US\$ 10m

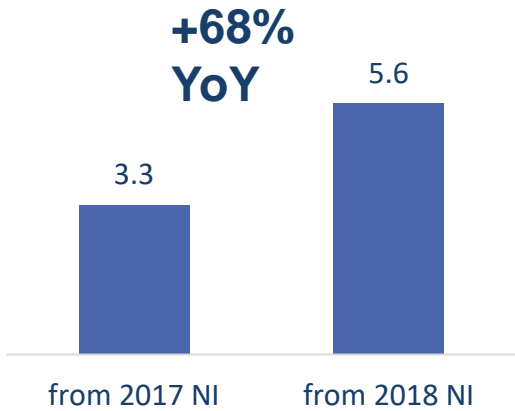
## ASSUMPTIONS

- A stable situation in key FSU markets and in key FSU currencies (not worse than in 2018).
- No significant disturbance in the general economic environment.
- A similar YoY competitive environment and favourable relations with key suppliers.
- Smartphones segment will not deteriorate more than 10% in the markets we operate.

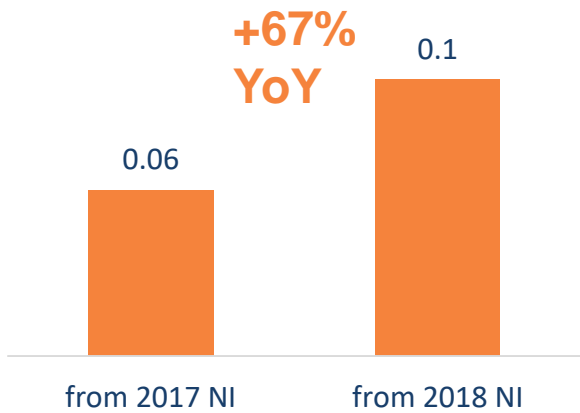


# DIVIDEND HIT A NEW RECORD

## DIVIDEND (USD m)



## DIVIDEND PER SHARE (USD)



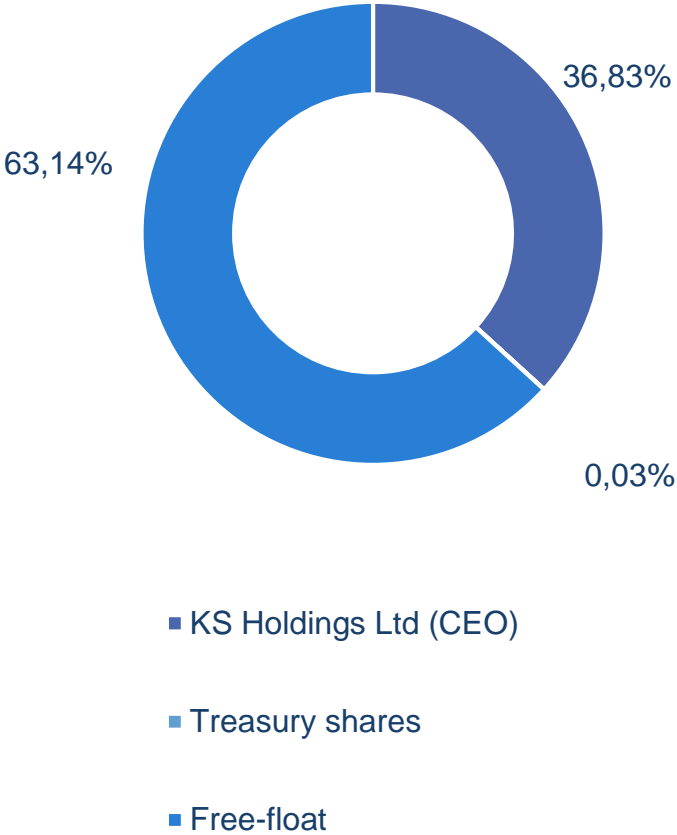
Our general dividend policy is to pay dividends at levels consistent with the Company's growth and development plans, while maintaining a reasonable level of liquidity.

The AGM on 8th May 2019 approved a dividend payment of USD 2.8m.

The total dividend from 2018 profits, including the interim dividend, amounted to USD 0.10 per share, a total payment of USD 5.6m.

Our strong financial position allows for such a record dividend.

# SHAREHOLDER STRUCTURE



	Number of shares & votes	% of share capital & votes
KS Holdings Ltd *	20,443,127	36.83%
Treasury shares	16,389	0.03%
Free-float	35,040,484	63.14%
<b>TOTAL</b>	<b>55,500,000</b>	<b>100.00%</b>

*\*Siarhei Kostevitch holds shares as the ultimate beneficial owner of KS Holdings Ltd*

We have a high 63% free-float.



# ASBIS®

***SUCCESS THROUGH FOCUS***

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