

Current report 10/2019
Orange Polska S.A. – Warsaw, Poland
29 April 2019

Pursuant to Art. 17 clause 1 of the Regulations (eu) no 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (hereinafter “MAR Regulations”), The Management Board of Orange Polska S.A. (“Orange Polska” or “the Company”) hereby announces that on April 29, 2019, Orange Polska and Tokajami Limited and Wellchosen Investments Limited (“the Sellers”), have entered into a preliminary agreement (“the Agreement”) based on which Orange Polska will acquire 100% shares (“the Shares”) in BlueSoft sp. z o.o. (“BlueSoft”).

Orange Polska concludes preliminary agreement to acquire 100% shares in BlueSoft sp. z o.o. to strengthen its operations to business customers

Total Enterprise Value of the acquired business and total transaction value according to the Agreement is expected to be around PLN 200 million. Out of this amount, around PLN 149 million will be paid upon signing of the final agreement. The remaining part will be settled before the end of 2022 and will be based on achieving certain financial targets of BlueSoft in 2019 and 2020 as well as on meeting certain other legal conditions. Acquisition will be financed by Orange Polska from own cash and available financing sources. Signing of the final agreement is subject to an approval of the antimonopoly authority.

BlueSoft, founded in 2002, is providing multiple IT services in the areas with high-growth potential: application development and integration, system customization, analytics and cloud services. In 2018, around 75% of its consolidated revenues came from application development and integration which included creation of customized applications, customer facing portals for e-commerce, back office systems and modifications of platforms and systems. BlueSoft sells its products to a diversified portfolio of blue-chip customers from multiple industries, including: banking & insurance, utilities, pharma, telecoms and logistics. In 2018 BlueSoft generated PLN 123 million of consolidated revenues and PLN 25 million of consolidated EBITDA. Employment at the end of 2018 stood at around 650.

“As Polish enterprises digitise their businesses, the demand for end-to-end solutions is increasing: on top of connectivity and infrastructure they also need software engineering, cloud and other digital enablers. This market trend makes telecom and ICT services more synergetic than ever. The acquisition of BlueSoft perfectly complements Orange Polska’s existing competencies, and significantly increases our competitive edge against both other telecom operators and pure ICT companies. I strongly believe that our combined offer will be unique on the market. BlueSoft is an agile and efficient business with a proven growth track record, a team of highly skilled IT consultants, and established business relations with a number of renowned companies. I am also very pleased that key managers of BlueSoft – the people who have built its market success – will stay on board and contribute to the exciting future ahead of us.” - said Bożena Leśniewska, Vice-President of the Management Board of Orange Polska, in charge of business market

“I am very excited that BlueSoft is joining the Orange Polska Group. This acquisition will make our business stronger: I am confident that, along with the other key pillars of our Orange.one strategy, convergence and fibre, it will make our company a better structural fit

to explore future market opportunities and will strengthen us on our path to turnaround and sustainable growth.”– said Jean-Francois Fallacher, the CEO of Orange Polska.

The transaction announced today is another step executing on Orange Polska strategy that on enterprise market focuses on expanding competencies to more value added ICT services in order to meet growing demand of business customers in the areas of digital transformation including cloud, microservices and dedicated portals as well as cybersecurity.

Acquisition of BlueSoft will complement competencies and skills already existing and developed in Integrated Solutions (ICT subsidiary wholly owned by Orange Polska) making our offer more complex and competitive. One of the ambitions of Orange.one strategy announced in September 2017 was to double ICT revenues between 2016 and 2020. In 2018 Orange Polska generated PLN 534 million of ICT revenues, a growth of 26% over 2017.

Moreover, the Company informs that on 24 April 2019, pursuant to article 17 clause 4 of the MAR Regulations, it decided to delay disclosure to the public of the inside information. In the view of the Management Board the ongoing negotiations regarding acquisition of 100% shares in BlueSoft sp. z o.o. constituted from 24 April 2019 inside information within the meaning of Article 7 of the MAR Regulations. However, having in mind that immediate disclosure to the public of this information could prejudice the legitimate interests of Orange Polska.