

## Letter of the President of the Management Board

Dear Madam or Sir,

Since May 2016 I have had the privilege to work as the President of the Management Board of OEX S.A.



It is with greatest pleasure that I present to you the 2016 Financial Statements which sum up our financial performance and our achievements in the pursuit of the business objectives.

Last year, we continued to pursue the strategy the most important assumptions of which included the diversification of activities of the OEX Group and the acquisition of the leader position in the segments where we operate. We have consistently reinforced the position of the OEX Group as a leading entity with Polish capital on the market of modern services for business.

The pursuit of this strategy has brought about good results, similarly as in 2015. The OEX S.A. Group once again closed the financial year with the highest

consolidated results in its history:

- The revenues amounted to PLN 399.75 million and rose by 16.2 % when compared to the results achieved in 2015
- The operating profit was PLN 20,96 million and was 18.2% higher than the one achieved in the previous year
- EBITDA amounted to PLN 26,34 million and was higher by 20.0% than in the previous year
- The net profit attributable to the shareholders of the parent company amounted PLN 11.84 million and rose by 5.9% when compared to the one achieved in 2015.

For us, year 2016 was a period of very intensive work on the integration of Group companies after the acquisitions made in 2015. In January 2016, we completed the processes related to the rearrangement of the Group's structure. The business related to the performance of the agreement with Orange Polska is currently carried out by the subsidiary Tell Sp. z o.o. and OEX S.A., as a holding company, is responsible for the formulation of the Group's development strategy and supervision over its implementation, the acquisition policy and for the support given to subsidiaries in such areas as finance, controlling or HR management. The subsidiaries concentrate on the development of their core competences and the building of competitive edge within particular operational segments. In September 2016, we published the lines of development of the Group which determined the business objective for both the Group and its particular segments.

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The execution of the very ambitious plan of acquisitions was a considerable achievement. In 2016, we acquired Mer Service Sp. z o.o. and 31 T-Mobile stores from Cel-R. It should also be mentioned that in 2015 the Group took over two companies: Cursor and Divante in a PLN 23 million transaction in exchange for shares of the new issue. In 2015, OEX also took over 23 T-Mobile stores from Transactor.

Undoubtedly, the largest success we worked for all through 2016 was the acquisition of ArchiDoc S.A. and Voice Contact Center Sp. z o.o. finalised in January 2017. ArchiDoc S.A. is one of Poland's leading companies at the market of documentation scanning and archiving services as well as back office process support services such as office management and electronic flow of documents. Voice Contact Center Sp. zo.o. offers support for selected client service processes using both paper documents, phone calls, mails as well as text messages and chats. Owing to this transaction, in 2017, the OEX Group started its business with a new - fourth - operational segment - Document Management and Client Service.

The pursuit of the strategic goal, i.e. further diversification, opens up new perspectives and service development possibilities meeting such new trends as digitalisation. The new operational segment is complementary to the services we provide in the remaining three segments. In consequence, we will be able to support our clients in the development of the online and offline sale, implementation of omnichannel solutions, back office processes and client service as well as build the consumer experience in all the distribution channels. We focus on a holistic approach to business processes that support enterprises in the context of economic digitalisation and migration of commerce to the Internet.

The transaction financing is linked with the debut of OEX S.A. as a bond issuer. December 2016 saw an adoption of the PLN 56 million bond issue programme. The first issue of three year series A bonds of the total value of PLN 20 million was successfully placed in January 2017 and will be quoted at the Catalyst market. Funds from this issue were used mainly to finance the purchase of shares in ArchiDoc S.A.

The Retail Sale Network Management segment is still the biggest part of the business of the OEX Group. In 2016, our subsidiary Europhone Sp. z o.o. took over 31 T-Mobile stores from Cel-R. Additionally, our subsidiary PTI Sp. z o.o., which manages Plus sale outlets, signed an agreement with Liberty Poland, replacing the previous agreement with Polkomtel. At the end of 2016, the Group managed the total of 309 stores, which is the highest number of stores managed by agents of mobile phone operators. The Retail Sale Network Management segment generated in 2016 over one half of the revenue and 67% of EBITDA of the OEX Group. They were, respectively, PLN 211.49 million and PLN 17.58 million.

The Sale Support segment continued the development of services based on process computerisation and the development of a comprehensive offer allowing our clients a more effective sale management. Cursor has been active on this market for 16 years and offers its services related to the outsourcing of sale, promotion and marketing. Cursor became a winner of the Business Gazelle 2016 ranking and of the Diamonds award granted by the *Forbes* monthly in January 2017. In 2016, we took over Mer Service Sp. z o.o., which increased our resources and field structure. In consequence, the OEX Group will be able to manage projects related to the sale support area at a larger scale and with a higher number of outlets supported that is has been so far. The Group will generate higher margins owing to the cost synergy effect, knowledge transfer as part of combined management teams and optimization of operating teams. We also appreciate and acknowledge the stable base of clients of that company, similarly as its business approach and understanding of the importance of technology. Mer Service was subject to consolidation in the fourth quarter only,

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thereby its contribution to last year's results was not significant. In 2016, the segment generated revenue of PLN 74.00 million and EBITDA of PLN 6.93 million.

As regards the E-business segment, our activities comprise e-store designing and construction, e-logistics and fulfilment. The most advanced technological services are offered by Divante, which provides software for e-commerce. I am proud to say that our solutions increase the sale to clients not only in Poland but also in Europe. The company has been included for the second time in the Global Leader Matrix ranging prepared by the *Clutch* service. The ranking is created on the basis of client references. E-logistics is developing dynamically and the importance of such services is growing. The permanent logistic support is used by over 100 enterprises from the FMCG, e-commerce, finance, power and pharmaceutical sectors. In 2016, this sector generated revenues of PLN 114.26 million, which is a rise by 63% when compared to 2015, and had an almost 30% share in the total revenues of the OEX Group. Despite intensive development and investments related mainly to human resources and foreign expansion, EBITDA of the segment amounted to PLN 4.54 million, which is a slight 2.2% fall when compared to 2015.

The dynamic development and the growth in the results are obtained while maintaining safe levels of debts and liquidity.

Owing to the acquisitions made and the potential of organic growth, the Group has strong foundations to develop in the years to come. We expect that the acquisitions will be well reflected in the financial performance of 2017 and subsequent years.

In 2017, we will seek to reinforce the Sale Support segment and the E-business segment in order to strengthen our position on the market by making selective acquisitions. Our objective is to offer a comprehensive chain of services, especially in the areas related to the use of the state-of-the-art technologies and specialised logistics for e-commerce. We also see a potential for organic growth in these segments.

As regards the Retail Sale Network Management segment, we count upon increases in subsequent periods owing to the further market consolidation and stable commission revenue and margins. It should be emphasised, however, that the results of this segment may depend on the situation on the mobile phone market and on the policies of phone operators the subsidiaries of OEX S.A. cooperate with.

I would like to thank all employees and collaborators as well as the Supervisory Board of the Company for their involvement and effectiveness that made it possible for us to achieve our business objectives in 2016. At the same time, I would like to give my assurances to the shareholder and bond holders that we will continue to do our best to increase the value of the OEX Group and reinforce its position on the market of modern services for business.

Yours faithfully,

Jerzy Motz

President of the Management Board  
OEX S.A.

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