

Warsaw, 14 November 2014

Press release

Orbis to enter a new era by taking over Accor's operations in Central Europe

- **Orbis, the leading hotel group in Poland, accepted the offer of its strategic partner Accor to conclude a new Master License Agreement and takes over network of 46 hotels in Central Europe, increasing significantly its current hotel perimeter.**
- **As per the transaction Orbis becomes the sole licensor of all Accor brands in 16 countries, and the leader of hospitality industry of the Central Europe region.**
- **The decision was approved by Orbis Supervisory Board in line with the positive recommendation of the Management Board.**
- **The total price for the deal amounts to 142.3 million euros.**

Orbis is going to sign a new Master License Agreement with Accor, which will give the Group a right to operate until 2035 the hotel business under the Accor brands in 16 countries: Bulgaria, Czech Republic, Estonia, Lithuania, Latvia, Poland, Macedonia, Romania, Slovakia, Hungary, Croatia, Slovenia, Bosnia and Herzegovina, Montenegro, Serbia and Moldova. As a consequence Orbis takes over the current Accor portfolio in these countries i.e. represent 46 hotel portfolio, including 11 owned (1,974 rooms), 17 leased (3,573 rooms), 11 managed (1,685 rooms) and 7 franchised (821 rooms). All hotels operate under the Accor brands: Sofitel, Pullman, MGallery, Novotel, Mercure, ibis and ibis budget. 76% of these hotels are located in capital cities. 38 of them are operational, and 8 projects are in the pipeline, of which 3 hotels to be managed and 5 to be franchised.

- *"Today's announcement of this deal with Accor is a key milestone for Orbis. The transaction perfectly matches our strategy as we have been aiming at wider development in the region for some time now. After negotiations the license has been extended from 10 to 16 countries and from a 15 to a 20-year period of time. Entering new markets gives us a great opportunity for a more robust supply growth. Accor mandates Orbis to be its management platform for this part of Europe - we see this as a great recognition for our past achievements and as a strategic step forward in our development."* – said Gilles Clavie, President of the Management Board of Orbis.

The total price of the transaction, 142.3 million euros, is within the range of valuation and in line with the fairness opinion conducted by Orbis' independent advisor: HVS, an international expert in hotel valuation. The prospective EV/EBIDTA multiple for the transaction is 7.9X, which is an attractive level compared to the one based on the 12 month Orbis share price on the WSE, i.e. 8.3X.

- *"We firmly believe that the price is fair. It was confirmed by the in-depth analysis which we performed together with our advisors. We have a great understanding of the region and will be able to capitalise on strong brands. Significant business enlargement will also translate into value creation for our shareholders. We are very glad that the Supervisory Board shared the Management Board's opinion. Orbis has a very good cash position today and in addition is debt free. Therefore*

the deal is going to be financed from our own funds, as well as from bank loans which we may replace by proceeds from bond issue in the future.” – said Gilles Clavie.

Orbis has been conducting a consistent dividend policy for the past three years. – *This transaction will be closed in 2015 so it will not impact the 2014 results. “Since it is going to increase EPS significantly, there is no reason why it should alter our dividend policy going forward. On the contrary - it is going to foster Orbis’ capacity to maintain its status as a consistent dividend payer.” – added Gilles Clavie.*

Orbis strategy aims at strengthening its leading position in the region through further development, and operational excellence in its hotels. In this respect, the Group will accelerate its expansion mostly through management, franchise and in opportunistic use of ownership.

Currently, the Orbis Group comprises 68 hotels (including 52 owned, 1 leased, 3 hotels under management agreements and 12 franchised) operating in 32 cities and resorts in Poland and Baltic countries.

- *“Thanks to this transaction we will record a significant business increase. Total number of our hotels will soon exceed 110, and Orbis will be able to develop business in 16 countries. We will significantly strengthen our leading position as the key hotel operator in Central Europe. We are acquiring a healthy network, mainly located in capital cities. Orbis already has a great team working in international environment and having extensive understanding of this region. I am sure that both Orbis and the entities operating in new markets will benefit from our mutual cooperation and positive synergies will soon be effective.” – said Ireneusz Węglowski, Vice President of the Management Board of Orbis.*

Following the best corporate governance practice, the Supervisory Board Members appointed upon Accor's proposal, abstained from voting the relevant resolution which was unanimously adopted by all the other members of the Supervisory Board. The Supervisory Board authorised the Management Board to negotiate with Accor the contract provisions. The agreement should be effective by January 2015.

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The Orbis Hotel Group is the largest network of hotels in Poland. It manages **63 hotels in 32 cities in Poland** as well as **5 hotels in the Baltic States**. It offers a total of **12,000 rooms**. The hotels operate under the brand names **Sofitel, Novotel, Mercure, ibis, ibis Styles and ibis budget, as well as Orbis Hotels**. These brands, recognized throughout the world, provide a quality of service to various standards, ranging from luxury 5-star to budget 1-star hotels.



Orbis’ strategic investor is Accor, the world’s leading hotel operator, offers its guests and partners the dual expertise of a hotel operator and brand franchisor (**HotelServices**) and a hotel owner and investor (**HotelInvest**) with the objective of ensuring lasting growth and harmonious development for the benefit of the greater number.

With around 3,600 hotels and 470,000 rooms, Accor welcomes business and leisure travelers in 92 countries across all hotel segments: luxury-upscale with **Sofitel, Pullman, MGallery, and Grand Mercure**, midscale with **Novotel, Suite Novotel, Mercure and Adagio** and economy with **ibis, ibis Styles, ibis budget** and **hotelF1**. The Group boasts a powerful digital ecosystem, notably its booking portal **accorhotels.com**, its brand websites and its loyalty program **Le Club Accorhotels**.

As the world's top hospitality school, Accor is committed to developing the talents of its **170,000 employees** in Accor brand hotels. They are the daily ambassadors of the culture of service and innovation that has driven the Group for over 45 years.

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