

## Qumak bids for Euvic merger to create CEE IT behemoth

Two Polish giants set to merge by June



Polish systems integrator Qumak has filed a bid to merge with Polish outsourcer Euvic Group which, if approved, would create one of the largest IT firms in the CEE.

Under current plans, Qumak would get a 100 per cent stake of Euvic, in exchange for Euvic shareholders receiving a majority stake in Qumak.

Euvic already has a stake in Qumak, when it shelled out PLN 30m for a share of more than 10 per cent in the company as of September 2017.

Both parties estimate that the value of the 100 per cent stake of Euvic will not exceed PLN 220m (€52.44m).

In a **letter of intent**, Qumak said the move is motivated by Euvic's strong financial results. It added that it expects the merger to be profitable within the first quarter, and to achieve revenues of PLN 450m and net profits of PLN 30m by 2020.

If realised, it will help turn around the fortunes of the Warsaw-listed firm, which has posted operational losses for three consecutive years.

In its FY2016, Qumak's revenues slumped to PLN 428.41m, a 41 per cent drop year on year. Meanwhile, EBITDA in 2016 was PLN 28.328m into the red, almost six times the loss of its FY2015 EBITDA.

Meanwhile, Gliwice-headquartered Euvic - which was founded in 2004 - reported FY2016 revenues of PLN 100m, with an EBITDA of PLN 32m.

The group claims to have more than 900 customers, and comprises 11 Polish IT entities.

On the other hand, Qumak has been in business for three decades, and works with vendors such as IBM, Cisco, Dell EMC, and HP.

The transaction is expected to close on 30 June 2018.

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