

INFORMATION BULLETIN

MERGER AND ACQUISITION OPPORTUNITIES AND PARTNERSHIPS

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Bulgarian Business Brokers OOD

Part of Bulgarian Business Consultants AD

Information Technology and Internet Services

1. EXCLUSIVE OFFER: INTERNET SERVICE PROVIDER

Overview

The company is a fast-growing provider of internet services. Since inception, it has been offering unmatched service quality and therefore has experienced stable double-digit growth rates in new subscribers / thus ensuring rising revenues and profits /.

Current owners are planning a sizable expansion in the next 6-12 months and seek strategic and/or financial investors in order to carry out this expansion policy further. In terms of market share, the company is ranked in the top 10 internet information providers in the capital of Sofia.

Strategic Advantages

- Average monthly revenue per subscriber: EUR 12
- Annual increase in subscribers /2008-2009/: approximately 10%
- Forecasted increase in subscribers in the next 6-12 months: 9-18%
- Above average EBITDA margins – varying between 40-50%
- The company is offering High Definition TV services (HDTV) at attractive prices
- Plans to launch “Fiber-to-the-building” service in 2010

Source: Business Partner

**Location:**

Western Bulgaria

Industry:

Internet Information Providers

Staff:

80

FY 2009 Revenue:

€1 400 000

2009 EBITDA Margin:

46%

Asking Price for 75%:

€3 000 000

Investment Type:

Acquisition of 75% of the Company's shares

2. STRATEGIC ACQUISITION OPPORTUNITY: INTERNET TELEPHONY SERVICE PROVIDER

Overview

The company was found at the end of 2007. After the development and testing of a stable and well-working platform for voice services, in the middle of 2009 the firm engaged in a marketing campaign, comprising mainly of telemarketing, thus managing to establish its main client base by the end of 2009. The goal was to take up the niche of prepaid stationary telephone services, preferably with small and medium business clients.

At the moment the company offers two main products:

- Business trunking – designed for medium-large business clients, it allows for an unlimited amount of simultaneous telephone calls
- Stationary telephone – prepaid telephone service for smaller business and private clients



New

Overview**Location:**

Western Bulgaria

Industry:

Telecommunications

Staff: 2



Strategic Advantages

- The character of the services leads to a 50% operational margin, due to the low expenses
- Existing client base, marked by exceptional loyalty and the possibility for expansion
- Low seasonality in sales and prepaid terms with the clients lead to low income volatility
- The business is marked by geographical independence and technological flexibility. It can be managed virtually and does not require investments in equipment.
- The company operates in the most profitable and fast-growing sector of the economy
- Internet telephony allows for the development of new and unorthodox services that have not yet penetrated the ICT markets
- The market is hard to penetrate due to the need of licenses and technological know-how
- The company is profitable and has no current obligations

Source: BGBB

Quick Financials

FY 2009 Revenue (last quarter):
€2 500

FY 2010 Revenue (Forecasted):
€11 000

Net Profit:
50%

Investment Type and Terms

Asking Price:
€6 000

Investment Type:
100% Buyout

Fast Moving Consumer Goods

3. EXCLUSIVE BUYOUT OFFER: LEADING DISTRIBUTOR OF NUTS AND DRIED FRUITS

Overview

The company is specialized in import, processing, packaging, trade and distribution of nuts and dried fruits. It has been operational since 2006 and according to management estimations, the company ranks in Top 3 for the city of Sofia and in Top 5 nationwide in terms of market share.

The company owns 4 registered trademarks /one for each of the following product groups: roasted nuts, wafers, snack pellets and pop-corn/. Management is seeking an acquirer or financial partner(s) / investor(s) interested in obtaining majority stake and facilitating the company's expansion and investment programs.



Location:

Western Bulgaria

Industry:

Processed & Packaged Foods

Staff:

24

FY 2009 Revenue:

€2 084 000

2009 EBITDA Margin:

11.7%

Asking Price for 100%:

€1 500 000

Investment Type:

Sale of majority stake; 100% buyout or seeking growth capital

Strategic Advantages

- By managing its own distribution network, the company is selling to more than 2,000 independent mini-markets, small shops, and bistros
- The products are also sold to the biggest national supermarket chains; more than 350 supermarkets are offering the products to end-consumers
- Annually, the company processes and sells over 600 tons of roasted nuts
- The company aims at becoming market leader with domestic market share of 25% /to be achieved in the next 3-5 years/

Excellent relations with wholesale suppliers

Source: Business Partner

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4. BUYOUT OPPORTUNITY: DISTRIBUTOR OF OLIVES AND OLIVE OILS

Overview

The company, founded in 2007, has been established as a reputable domestic distributor, exclusive importer /for products from Greece and Italy/ and representative of high quality olive oils and balsamic vinegar. In 2010, the company has added to its portfolio of products high quality Greek olives, whose introduction is forecasted to contribute to a substantial increase in revenue. The company currently carries a portfolio of 10 different product types:

- Olive Oils: 3 types /main importer: Greece/
- Balsamic Vinegar: 2 types /main importer: Italy/
- Olives and Olive Products: 5 types /main importer: Greece/

The company is operating primarily in the HORECA industry and it distributes its products to more than 150 hotels and restaurants in Sofia, including the largest retailers and food chains in the country. As far as the price positioning is concerned, the company is mainly focused on two segments – high and medium-range. The Marketing Campaign is strategically developed, including regular brochures, participation in media events and also sales stimulating activities such as promotional packages, exhibitions, promotions and tastings in retail chains.

**Location:**

Western Bulgaria

Industry:

Processed & Packaged Foods

Staff:

4

FY 2010 Revenue:

€130 000

FY 2011 Revenue (expected):

€150 000

Strategic Advantages

- High cost-efficiency and operating margins achieved through specifically designed portfolio product range
- Diversified customer base of 150 – 200 clients /no single client accounts for more than 5% of annual revenues/
- Sound market positioning in the HORECA segment, which guarantees low revenue cyclical/seasonality
- Low fixed costs as a percentage of sales that ensures minor volatility in financial results and adaptability to market dynamics
- Excellent financial results during low demand circumstances
- Higher financial margin of newly added products due to realized cost-synergies with existing products
- Triple digit profit growth during last 2 years
- Low threat of new entrants due to the sector's high dependence on domestic know-how and local relations with HORECA representatives and retail trade chains

Asking Price:

Negotiable

Investment Type:

100% buyout

Source: BGBB

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Services

5. PARTNERSHIP/INVESTMENT OPPORTUNITY: MINORITY/MAJORITY SHARE IN A LEADING HEATSET WEB OFFSET PRINTING COMPANY

Overview

The company is a major domestic competitor in the heatset web offset printing field. The printing house has at its disposal a wide range of machines and equipment necessary for high quality (both heatset web and sheetfed) offset printing and finishing services. Owner(s) has/have established a complete production cycle, thus ensuring financial independence and operational cost-effectiveness.

The company holds a niche leadership position for high circulation products such as: magazines, brochures, advertising and trade catalogues. Key clients include well-known Bulgarian media enterprises and large retail trade chains.

Strategic Advantages

- Complete production cycle /only exposure on photographic film plates is performed by a third party due to the significant cost-effectiveness achieved through outsourcing the service/
- 2009 sales growth of nearly 90%; EBITDA Margin of 19.23% - an increase of nearly 500 bps points above the corresponding ratio a year earlier
- The printing company operates a heatset web press and adjacent modern equipment; this modern machinery, along with the diversified client base has helped position the company in the Top 20 of all domestic printing companies
- High quality products and services
- The location is highly strategic since the company is situated within a close proximity to the major printing and advertising area of the city

Source: BGBB

6. BUYOUT OPPORTUNITY: ELECTRONIC RETAIL TRADE COMPANY

Overview

Established as a limited liability company, the firm successfully competes in the retail and wholesale markets for electronic equipment and components through its own retail network. The company is a major retailer of variety of products, which include but are not limited to: cash registers, cash register safes, electronic scales, fiscal and non-fiscal printers, monitors for computer systems, video surveillance cameras, and business software. The company also provides pre- and post-sale services and office furnishing, which contribute to the establishment of a loyal customer base.



Location:

Western Bulgaria

Industry:

Heatset WEB Offset Printing

Staff:

52

FY 2009 Revenue:

€2 826 000

2009 EBITDA Margin:

19.23%

Tentative Valuation Range for 100%:

€4 000 000 – 5 000 000

Investment Type:

Acquisition of minority/majority stake



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Strategic Advantages

- Office furnishing has experienced significant growth levels in the past several quarters and has resulted in the establishment of long-term contracts with major chain stores
- Some of the products have a tendency to carry a very high surcharge, thus allowing for relatively lower margins on other high-volume traded products, making them extremely competitive
- Client's power to affect sales is minimal (especially in the cash registers and electronic scales markets) since these markets are subject to regulatory requirements
- Most product sales are accompanied by maintenance contracts for a certain timeframe, which ensures additional services and profits
- The company offers a full range of products, as well as pre- and post-sale services
- The seller will guarantee an all-equity investment without any debt obligations or accounts payable
- The company is about to open new retail centers during 2011.

Location:

Northeast Bulgaria

Industry:

Electronics Retail/Wholesale

Staff:

90

FY 2009 Revenue:

€1 357 000

2009 EBITDA Margin:

Undisclosed

Asking Price:

€3 000 000 (Cash Free- Debt Free)

Investment Type:

100% buyout

Source: BGBB

7. STRATEGIC ACQUISITION OPPORTUNITY: ADVERTISING /PRODUCT DESIGN COMPANY

Overview

The advertising and marketing product design company was founded in 1990 as a sole (single) member limited liability company. It is specialized in print production, promotional and advertising products, product design, and corporate identity. Since inception, the enterprise has undergone continuous development and growth and today it offers an extended range of promotional products: apart from the aforementioned products and services, the company offers honorary plaques, wayfinding systems, lighted blackboards, etc. Highly valuable advantages of the company are its strategic location and favorable lease terms, which guarantee operational and financial efficiency.

Strategic Advantages

- Established long-term partnerships with other domestic marketing and advertising companies
- The company facilitates design, digital printing and photo studios, prototype atelier, and a technological department
- The location is highly strategic since the company is situated within a close proximity to the major printing and advertising area of the city
- Lease terms are favorable, thus allowing current owner and prospective buyers to limit their fixed costs
- Current owner is willing to remain within the company for a transitional period in order to introduce the new owners to the specifics of the sector/company, if necessary



Location:

Western Bulgaria

Industry:

Advertising / Product Design

Staff:

6

FY 2009 Revenue:

€136 500

Average 2007-2009 Profit Margin:

12.18%

Asking Price:

€145 000

Investment Type:

100% buyout

Source: BGBB

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Utilities

8. STRATEGIC PARTNERSHIP/BUYOUT OPPORTUNITY: ELECTRIC CONTRACTOR

Overview

The electric power construction company was founded in 2004 as a limited liability company. Sales turnover has grown with an average double digit rate of 30% since inception. The company has completed more than thirty projects with a total turnover of EUR 1 800 000 over the past four years. The business lines supported by the company are: electric power substations /up to 700 kV/; outdoor high voltage distribution systems 110/220/400kV; and indoor electric distribution system 6/10/20kV.

Due to the sluggish economic conditions, owner seeks strategic partners to strengthen the working capital structure in exchange for a majority share. 100% acquisition is also an option.



Location:
Western Bulgaria
Industry:
Electric Contractors
Staff:
12

Strategic Advantages

- Participation in international projects for the establishment of high voltage distribution systems /partnering with companies such as ABB, Schneider Electric, SEG Power Protection, SIEMENS, and Areva/
- Experienced personnel, knowledgeable in the fields of: electric power grid construction, primary and secondary commutation, etc.
- Member of The National Chamber of Electrical Engineering in Bulgaria (NCEEB) and certified member of the Bulgarian Construction Chamber
- Established business relations with NEC-EAD, ECO-EAD, CEZ, EVN, E.O.N.
- Opportunity for a triple-digit sales growth in the next three years due to pending participation in several large projects
- Major focus of the company are all projects supported by automatic dispatching system SCADA; a system that does not require operative personnel for its maintenance

Source: BGBB

FY 2009 Revenue:
€300 000

2009 EBITDA Margin:
Undisclosed

Asking Price for 100%:
€350 000

Growth Capital Required:
€250 000

Investment Type:
100% buyout or seeking growth capital

9. ACQUISITION OPPORTUNITY: PRODUCER OF CARTRIDGES AND BULLETS

Overview

The factory is strategically located near Sofia and is the local market leader in the production of hunting and sport cartridges. It is equipped with all required licenses for storage and trade with gun powder, firearms, ammunitions and pyrotechnical products, as well as a licence for the production of various types of bullets and cartridges. The factory manufactures ammunitions and hunting rifle cartridges, sports pistol cartridges, hunting carabine cartridges, blank cartridges, and stop cartridges. The factory's premises have a total land area of 8205 sq.m. and a total built area of 1 072 sq.m.



Location:
Western Bulgaria
Industry:
Sporting Goods/Firearms and Accessories

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Strategic Advantages

- *The factory is operative and profitable with excellent market share*
- *Leading Italian and U.S. technology production lines are used for the production of ammunitions*
- *A test firing ground is available*
- *The investor will acquire a well-established and developed business with large and loyal client base*
- *The license regime for production and trade with ammunitions hinders new firms from penetrating the market*
- *Very good relationship established with the Bulgarian Fishing & Hunting Association and the shooting grounds in the country*

Source: BGGB

Staff:
13

FY 2009 Revenue:
Undisclosed
2009 EBITDA Margin:
Undisclosed

Asking Price:
Negotiable

Investment Type:
100 % buyout

Healthcare Services

10. INVESTMENT OPPORTUNITY: ESTABLISHED MEDICAL CENTER

Overview

Located in the downtown area of one of the largest cities in Northeast Bulgaria, the Medical Center ensures easy access for patients from various locations. The expertise and specialized out-patient care provided by doctors and other specialists encompasses: diagnostics, treatment, rehabilitation, consultative and prophylactics activities, and appraisals. The aforementioned healthcare services are provided by 33 fully specialized doctors, who have attained degrees in: Internal medicine, Pediatrics, Gynecology and Obstetrics, Ophthalmology, Surgery, Orthopedics, Cardiology, Urology, Neurosurgery, and many more. The Center is equipped with parasitological ward, immunotherapy, vision diagnostics, and laboratory.



Location:
Northeast Bulgaria
Industry:
Medical Clinics
Staff:
62 /33 doctors/

FY 2010 Revenue:
€427 000
2010 EBITDA Margin:
24%
Debt to EBITDA:
22.2X

Asking Price:
€1 700 000
Investment Type:
100% buyout

Strategic Advantages

- *High quality of the medical services offered resulting in market share of 30% in the region*
- *Modern equipment and practices that are continuously upgraded*
- *The Medical Center has experienced steady growth rate in sales and robust growth in net profits for the past several years (32% average net profit growth for the period 2005-2009)*
- *Positive trends for development of the healthcare system due to EU regulations, as well as sound expectations for an increase in public expenses for healthcare purposes*
- *Experienced professionals with proven reputation in the field*

Source: BGGB

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Tourism

11. INVESTMENT OPPORTUNITY: LARGE CITY HOTEL

Overview

The hotel is located in one of the ten largest cities in Bulgaria. The prospects for future development are enormous as the location is suitable for both business clients and tourists.

The company acquired the hotel in 1999 during the mass privatization in Bulgaria. Since then the building has been fully refurbished and modernized. The current owners have invested over €500 000 in renovations and have managed to establish fruitful relationships with tour operators, tour and travel agencies.



New

Overview

Location:
Central Bulgaria
Industry:
Hotels

Hotel Details:

Rank:
Two star
TBA / sq.m. /:
Over 7 500
Capacity:
Over 150 beds
Occupancy rate:
17% /Latest 12 months/

Investment Type and Terms:

Asking price:
Negotiable
Investment Type:
100% buyout

Strategic Advantages

- *The hotel is positioned at the most central location of the city and its high building provides a breathtaking view and scenery over the surrounding area*
- *The infrastructure is well developed and allows for easy access by tourists and business clients*
- *The amenities include a large restaurant, two conference halls, large day-bar with terrace, outdoor and underground parking spaces, central heating and others*
- *All the rooms have recently been fully refurbished and modernized*

Source: BGBB

For further information please visit our website or contact us directly:
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