

## Dear Investors, Partners, and Friends,

Bulgarian Business Brokers proudly presents the 2012 March issue of our Information Bulletin, dedicated to Strategic Acquisition and Investment Opportunities.

We have continued expanding our partnership network, which now includes financial advisory and business brokerage companies in Bulgaria, the Balkan region, Europe and the United States.

Despite the European Debt Crisis turmoil, the macroeconomic environment in Bulgaria has preserved its stability during the past two years. According to the 2011 flash estimates of the Bulgarian National Statistical Institute, the level of nominal GDP amounted to 76,170 million levs /38,945 Euros/, increasing—at constant prices—by 1.6% compared to 2010. Inflation rate remains at low and stable levels circa 3% and the Current Account deficit has been constantly shrinking with exports growing at a rate of above 10%. At 16.3% of GDP, Bulgaria has the second lowest government debt in the EU.

### Macroeconomic Snapshot

<b>Economy</b>	<b>2010</b>	<b>2011*</b>
GDP real growth %	0.2	1.6
Inflation Rate (HIPC) %	2.1	3.6
Exports Growth % (real terms)	16.2	10.0

<b>Government</b>		
Government deficit (% of GDP)	-3.1	-2.1
Government debt (% of GDP)	16.3	16.3

<b>Long-term credit ratings</b>	Moody's	S&P	Fitch
	Baa2 stable	BBB stable	BBB stable

Source: Bulgarian National Bank, Eurostat, National Statistical Institute and sovereign rating companies' websites  
\*flash estimates

As always our team has selected the most attractive business opportunities for acquisition and investment in order to help you maximize shareholder's wealth.

### In this Bulletin, you can find the following investment offers:

1. Browser Games Company
2. Portfolio of web-sites
3. Producer of Nuts
4. Ammunitions Factory
5. Furniture Factory
6. Medical Center
7. Debt Collecting Company
8. Large City Hotel
9. Distributor of Olives and Olive Oils

Due to the shifting trends in the M&A market our company has been striving to establish relationships with business owners from the most profitable sectors of the economy in order to provide our network of partners and investors with the best business brokerage, private equity and venture capital deals. With regard to that, we are looking to expand our portfolio by adding business of the following sectors:

### BUSINESSES WANTED

- Medical Equipment Manufacturers
- Pharmaceutical companies and medical clinics
- Insurance Brokerage
- Non-tradable goods sectors
- Information Technology companies
- Distressed businesses
- Risk-equity funds



## INFORMATION BULLETIN

### MERGER AND ACQUISITION OPPORTUNITIES AND PARTNERSHIPS

Tuesday, March 06, 2012

Offered and mandated by

**Bulgarian Business Brokers OOD**

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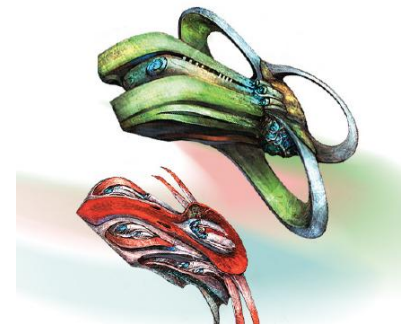
### Information Technology and Internet Services

#### 1. INVESTMENT OPPORTUNITY: A LEADING INTERNATIONAL COMPANY, SPECIALIZED IN BROWSER GAMES

##### Overview

The company is specialized in development, publishing and distribution of browser-based multiplayer online games. The business model is based on selling items and subscription. In detail, the games are free of charge and easily used (no installation of software required). About 10% of the registered players (25 M world-wide) are paying for extras that they need for better performance in the game.

The products of the company are distinguished for their original gameplay, fascinating design and artwork. The company is present in more than 80 countries and has managed to localize its titles successfully in over 40 languages.



New

##### Strategic Advantages

- Over 25 million registered players
- Over 2 000 000 active daily players
- High ARPU and considerable user loyalty – on average, a user spends between €140-200 within 12 months
- Steady net revenue stream throughout the year
- Regular and well-planned updates of the games
- Native community support and management
- Wide partnership network

##### Development Strategy

- Publishing of licensed titles in Europe
- Publishing of a cutting edge technology game, based on Unity3D engine, which will allow the creation of 3D MMO games, playable on cross platforms, with no download required by the user
- Publishing of a new traditional browser based MMORPG game
- Development of company's existing games in the existing markets

Source: BGBB

##### Key Characteristics

###### Location:

Western Bulgaria

###### Sector:

IT

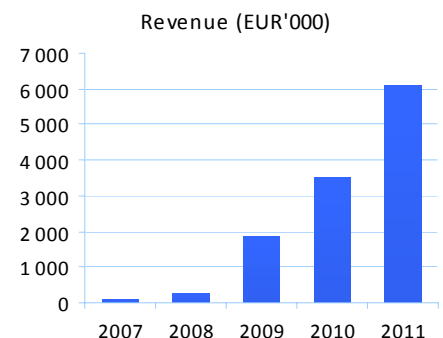
##### Investment Type and Terms

###### Capital Required:

€ 4.2 million

###### Investment Type:

Strategic Investment/Minority Stake



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## 2. INVESTMENT OPPORTUNITY – PORTFOLIO OF WEBSITES

### Overview

Opportunity to invest in a portfolio of several different web sites that are non-competitive, i.e. the level of overlapping of the visitors/ customers is minimum or even down to zero.

The business sector is very dynamic and expanding even during crisis conditions and low levels of consumption in the country. During the last year, Digital Media Market in Bulgaria has grown at a pace of 25.6 %.\* There are opportunities for high returns investments with minimal risk due to diversification in different web sites.

\*Data Source: Interactive Advertising Bureau (IAB) in Europe

Source: Business Partner



New

### Investment Details:

#### Investment range

€ 1 – 2 millions

#### Business sector

Online Media/ Advertising

## Manufacturing

### 3. STRATEGIC/FINANCIAL INVESTMENT OPPORTUNITY - NUTS PRODUCTION COMPANY

### Overview

The company produces and sells roasted and fried nuts (peanuts, almonds, cashews, hazelnuts, pistachios, chick peas, sunflower seeds, pumpkin seeds, macadamia) in various packages (cans, vacuum bags, and foil bas). The products are manufactured in a newly built factory (1 500 sq m, certified by HACCP). Company's market share is approximately 5%. Its products are sold in national and local retail chains, as well as in smaller convenient stores.

The owner—an entrepreneur with extensive (10Y+) and successful experience in the FMCG industry—is planning to strengthen and expand Company's sales and market presence. The expected results are a 6x increase in annual revenue.



New

### Financial information (Thousands of Euros)

Indicator	2008	2009	2010	2011*
Revenues	510	770	870	1020
EBIT	30	46	52	60
EBITDA	60	92	104	122
Net Income (after taxes)	27	41	46	54
Long-term Debt	685	336	194	151

\*expected

Source: Business Partner

### Overview

#### Location:

Western Bulgaria

#### Sector:

Manufacturing/FMCG

#### Number of employees: 65

- 20 salesmen, 30 distributors  
- 15 operational and administrative personnel

#### Capital Required:

3 million Euros

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#### 4. 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

**Staff:**  
13

**Asking Price:**  
Negotiable

**Investment Type:**  
100 % buyout

##### 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:** BGBB

#### 5. STRATEGIC ACQUISITION OPPORTUNITY: FURNITURE FACTORY

##### Overview

The company is one of the leading domestic producers of chairs, tables, wall units, side units, and massage beds. Due to the high quality of the final products, the client base has grown to consist of both domestic and international customers. The distribution channels and supply-chain of the company are highly effective and allow the penetration of international and domestic markets.

The production cycle includes the following processes: sawmill and production of elements, machining and sanding, processing of panels, R&D, assembly, inspection and varnishing, upholstery section, and finger-joint line. The total size of the premises approximates 47 000 sq meters, which includes three industrial/production halls each with total area of 3600 sq. m.



Under priced

**Location:**  
Western Bulgaria  
**Industry:**  
Home/Office/Hotel Furniture  
**Sector:**  
Furniture Manufacturing

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## Strategic Advantages

- Easy access to resources
- Well-capitalized and profitable production and operations
- A newly introduced system 'REFA' that contributes to the optimization of the production process and better Human Resources Management
- The machine-heavy asset base allows for rising operating leverage and higher margins than many competitors
- The capacity of the factory has reached very high levels; currently, 4000-5000 chairs and 1000-1500 tables can be produced and assembled
- The client base includes is well-diversified and includes customers such as: hotel chains, restaurants, various companies, and individuals
- Established long-term relationships with clients and suppliers
- Close to a specialized school that guarantees young experts

**FY 2010 Revenue:**  
€700 000

**Staff:**  
23

**Buyout Price:**  
Negotiable

**Investment Type:**  
Acquisition of 100% of the Company shares

**Source:** BGBB

## Healthcare Services

### 6. 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:**  
54 /30 doctors/

**FY 2010 Revenue:**  
€427 000  
**2010 EBITDA Margin:**  
24%  
**Debt/EBITDA:**  
2.2X

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

**Source:** BGBB

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## Financial Services

### **7. STRATEGIC INVESTMENT OPPORTUNITY: DEBT COLLECTING AND MANAGEMENT COMPANY**

#### **Overview**

The company is one of the fastest growing Bulgarian providers of debt management services. Its main activities include:

- Collection of receivables on the phone and in written correspondence
- Field Collection
- Optimization of mortgage portfolios
- Court collection of receivables
- Trainings



New

#### **Overview**

##### **Location**

Western Bulgaria

##### **Sector:**

Debt Management

##### **Staff:**

Approx. 100

#### **Strategic Advantages**

- Established 'Field Collection' Centers in the biggest cities in Bulgaria
- The Company is using uniquely developed ONE SCREEN SYSTEM SOFTWARE that contributes to its high efficiency
- Both experts /collectors/ and the management team are experienced professionals
- Well-established long-term relationships with some of the biggest financial institutions and corporations in Bulgaria
- Successful introduction of a completely new product on the Bulgarian market – *Optimization of mortgage portfolios*

*Source: Business Partner*

#### **Investment Type and Terms**

##### **Capital Required:**

Negotiable

##### **Investment Type:**

- Sale of share capital. Preferred: 50 + %, up to 100%
- Joint SPV with the investor to develop buy-out of debt business line

## Tourism

### **8. INVESTMENT OPPORTUNITY: LARGE CITY HOTEL**

#### **Overview**

The hotel is located in the centre of one of the ten largest cities in Bulgaria. It is a preferred destination for trainings, work-seminars and conferences, organized by municipal and government institutions.

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.



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## 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

**Location:**

Central Bulgaria

**Industry:**

Hotels

**Rank:**

Two star

**TBA / sq.m. /:**

Over 7 500

**Capacity:**

Over 150 beds

**Asking price:**

€2 000 000

**Investment Type:**

100% buyout

## Fast Moving Consumer Goods

### 9. BUYOUT OPPORTUNITY: DISTRIBUTOR OF OLIVES AND OLIVE OILS

#### Overview

The company is a reputable domestic distributor, exclusive importer and representative of high quality olive oils and balsamic vinegar. Currently, the company carries a portfolio of 10 product types separated in three major classes: olive oils; balsamic vinegars; olives and olive products.

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. In compliance with the size and structure of the market, its activity is oriented almost entirely in the Bulgarian capital as well as in some seaside and mountain resorts. As far as the price positioning is concerned, the company is mainly focused on two segments – high and medium-range.



**Location:**

Western Bulgaria

**Industry:**

Processed & Packaged Foods

**Staff:**

4

**FY 2010 Revenue:**

€130 000

**2010 EBITDA margin:**

20.55%

**Asking Price:**

€140 000

**Investment Type:**

100% buyout

Source: BGBB

#### 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 cyclicity/seasonality*
- *Low fixed costs as a percentage of sales ensure minor volatility in financial results and excellent performance during low demand circumstances*
- *Higher financial margins of newly added products due to realized cost-synergies with existing products*
- *Triple digit profit growth during last 2 years*

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## OTHER OPPORTUNITIES/ IN THE PIPELINE

- **Visual Effects Company**
- **Producer of high-quality doors**
- **Furniture Factory**
- **Clay Bricks Producer**

## BUSINESSES WANTED

- **Medical Equipment Producers** - Manufacturers of medical accessories, dental supplies, medical equipment, etc.
- **Pharmaceutical Companies and Medical Clinics**
- **Non-tradable goods sectors**
- **Information Technology companies**
- **Distressed Businesses**
- **Risk-equity funds**

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