

## **Dear Investors, Partners, and Friends,**

Bulgarian Business Brokers proudly presents the 2010 November issue of our Information Bulletin, dedicated to Strategic Acquisition and Investment opportunities.

We are pleased to announce that our company has become a correspondent member of M&A Europe – one of the largest international networks organized by independent M&A advisors. Furthermore, 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.

The macroeconomic situation and the business climate in Bulgaria and the region have continuously changed during the past six months. Despite the economic crisis, the country's GDP has recorded a slightly positive rise by 0.5% QoQ. Inflation rate remains at low levels of 3.2% and Bulgarian exports have been seeing a QoQ growth of 3.9%.

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:**

- |  |   |
|--|---|
| <i>1. Internet Service Provider</i>            | <i>7. Advertising/Package Development Company</i> |
| <i>2. Internet Telephony Service Provider</i>  | <i>8. Electric Contractor</i>                     |
| <i>3. Distributor of Nuts and Dried Fruits</i> | <i>9. Ammunitions Factory</i>                     |
| <i>4. Distributor of Olives and Olive Oils</i> | <i>10. Medical Center</i>                         |
| <i>5. Heatset WEB Offset Printing Company</i>  | <i>11. Large City Hotel</i>                       |
| <i>6. Electronic Retail Trade Company</i>      |   |

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 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
- Non-tradable goods sectors
- Information Technology companies
- Distressed businesses
- Risk-equity funds



## INFORMATION BULLETIN

### MERGER AND ACQUISITION OPPORTUNITIES AND PARTNERSHIPS

Tuesday, November 02, 2010

Offered and mandated by

**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.



New

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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

### 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

### Overview

**Location:**  
Western Bulgaria  
**Industry:**  
Telecommunications  
**Staff:**  
2

### 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

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**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

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### 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*

**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

**Source:** Business Partner

## 4. 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. Since Q1 2010, the company has added to its product portfolio high quality Greek olives, whose introduction is forecasted to contribute 30+% to the revenue growth in FY2010 alone. 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 distributes to more than 100 hotels and restaurants in Sofia, while supplying the largest retailers and food chains /Metro Cash & Carry, Piccadilly, Elemag/ in the same vicinity. In accordance with the size and fragmentation of the sector, the distribution activity is directed almost entirely towards Sofia. However, the company is strategically positioned to expand its footprint by targeting restaurants and hotels located in popular mountain and sea resorts.



**Location:**

Western Bulgaria

**Industry:**

Processed & Packaged Foods

**Staff:**

4

### 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*
- *Higher financial margins of newly added products due to realized cost-synergies with existing products*
- *Triple digit CAGR since inception*

**FY 2009 Revenue:**

€158 500

**FY 2010 Revenue:**

€180 000

**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



#### 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

### 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:

Northeast Bulgaria

#### Industry:

Electronics Retail/Wholesale

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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: BGGB

## 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.



**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: BGGB

### 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

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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.

#### 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



**Location:**  
Western Bulgaria  
**Industry:**  
Electric Contractors  
**Staff:**  
12

**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 carbine 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: BGBB

**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 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 2008 Revenue:**

€532 000

**2008 EBITDA Margin:**

22.3%

**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: BGBB

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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.

#### 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*
- *The company has no obligations towards banks or other companies*

**Source:** BGBB



Overview

New

#### 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

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OUR BUSINESS IS BUYING & SELLING BUSINESSES

## 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

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

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