

Sale offer for property and equipment owned by the company DUKAT mlin i pekara d.o.o. Jelah Teřanj

Teaser (June 2019)



Evrakın elektronik imzalı suretine <http://e-belge.gtb.gov.tr> adresinden 52e04c32-e9d6-4f29-a1dc-8a09c04223e7 kodu ile erişebilirsiniz.

BELGENİN ASLI ELEKTRONİK İMZALIDIR.

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- 1 Info/Teaser of M&A Team real estate sale offer
- 2 Raiffeisen Bank dd Bosnia and Herzegovina (RBBH)

DUKAT - mlin i pekara d.o.o. Tešanj - Jelah

Key investment guidelines for the potential buyer of grain mill with production equipment and shopping center

Market with potential for growth

- The market for the production and distribution of flour and bakery products has a continuous accelerated growth with a strong trend of consolidation of key players in B&H market.
- Possibility to achieve significant negotiating power with suppliers, which is an additional potential for operational improvement and margins.

Possibility of increasing operational efficiency

- Quality construction and modern equipment with the possibility of expanding business activities gives the opportunity to finance further growth.
- A significant potential for increasing the number of products / services already exists.
- The value and speed of receivables collection in the market are improving considerably.

Entering the field of business

- Dukat Mill is the subject of market leader interest in BiH and has already been affirmed in a market with a good business perspective.
- Possibility to place their own products through a high-quality retail store in a good location in B&H.

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DUKAT - mlin i pekara d.o.o. Tešanj - Jelah

Target profile

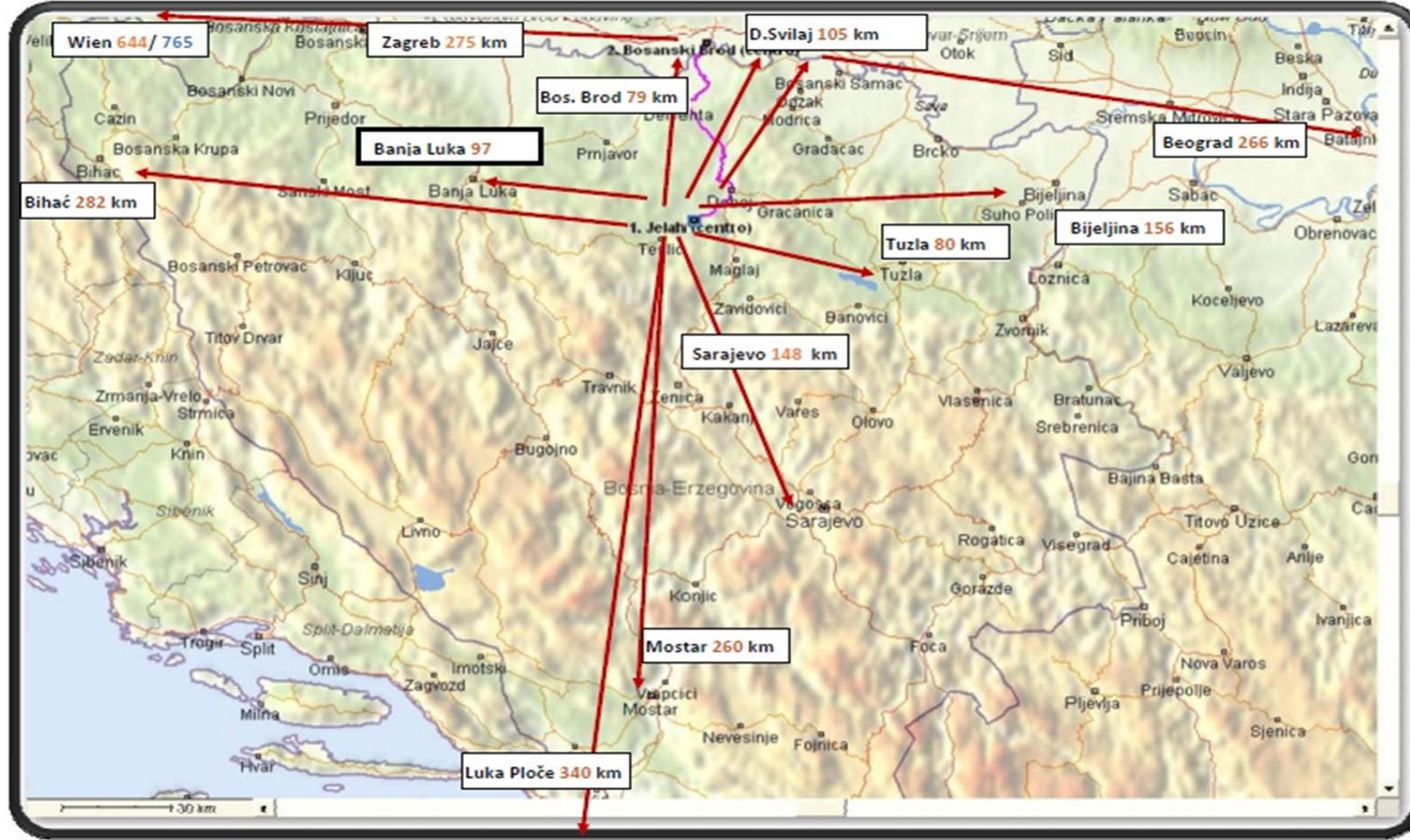
- **Industry:** Grain Mill and Bakery + Retail - department store
- **Ownership and basic information:** the company is 100% privately owned by one owner, started working in 2007. General overhaul and modernization was done in 2017.
- **Business activities and capacities:** the company consists of two units: mills and bakeries with infrastructure and retail building - department store. The mill has a capacity of 200t / 24h - brand IMAS MAKINA ITIFAK HOLDING KONYA - TURKEY, with 4 metal silos for storing wheat with capacity x 1.160t = 4.640t out of which there are 2 silos producers AGRIKON KESCKEMENT HUNGARY, 2 silos CSI ADANA TURKEY, 8 concrete silos for preparation of wheat x 64t = 512t, 8 concrete silos for flour with capacity of 44t = 352t, 1 concrete silo for livestock flour with capacity of 30t and vehicle weight of 64t and sloping unloading ramp, a system of reception and placement of wheat in silo with capacity of 52t / h (basket, redlers , elevator) and wheat extraction system from silo 26t / h (slugs, elevator).
- **Laboratory:** Farinograph & Extenzograph (BRABENDER), Laboratory mill (ROLANDO BONA), Instalab 600 (DICKEY JOHN), Glutomatic (SWANTECH), Laboratory sieve (BUHLER MIAG), Muffol furnace for determination of ash (SERBIA) YUCEBAS), Starch Damage Device (YUCEBAS), Sedimentation Device (YUCEBAS).
- **Facilities:** besides equipment and mill, the company owns 3 flour stores with a total area of 1.112m2, as well as a department store on a good location of 4.242m2 which consists of three floors of 1,414m2 area. A department store can also be used as a production facility by conversion that does not require significant investments.
- **Land:** economic land plot of 8,457 m2.
- **Property valuation by the owner / expected sales value:** The owner is interested in the sale of property and real estate owned by the company, all of it - a mill and a department store for 3,5 mio EUR, with a separate sale option: a mill with a warehouse of 1,75 mio EUR and department store in particular for 1,75 mio EUR. The price is for real estate, without any other obligations of the company such as VAT, taxes and contributions for workers and obligations towards banks and suppliers that the current owner will settle.
- **The company has advantages for the new investor such as:** the location - since the plants are a geographically strategically positioned for the company, it is ideal for the further development of the international business of production and further exports, possesses cutting-edge technology, large storage space, regional distribution and exports to the EU countries as well. The company has established a large cooperative network for flour production in the region.
- **Key financial indicators:** The client is selling real estate with equipment and supporting infrastructure, and the financial indicators of DUKAT - mill are not relevant.

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DUKAT - mlin i pekara d.o.o. Tešanj - Jelah

Target profile - location (photo)



Source: company information

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DUKAT - mlin i pekara d.o.o. Tešanj - Jelah

Target profile (photo)



Source: company informatione

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DUKAT - mlin i pekara d.o.o. Tešanj - Jelah

Target profile (photo)



Source: company information

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DUKAT - mlin i pekara d.o.o. Tešanj - Jelah

Target profile (photo)



Source: company information

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Retail building - department store on three floors (4.242m²)

Target profile (photo)



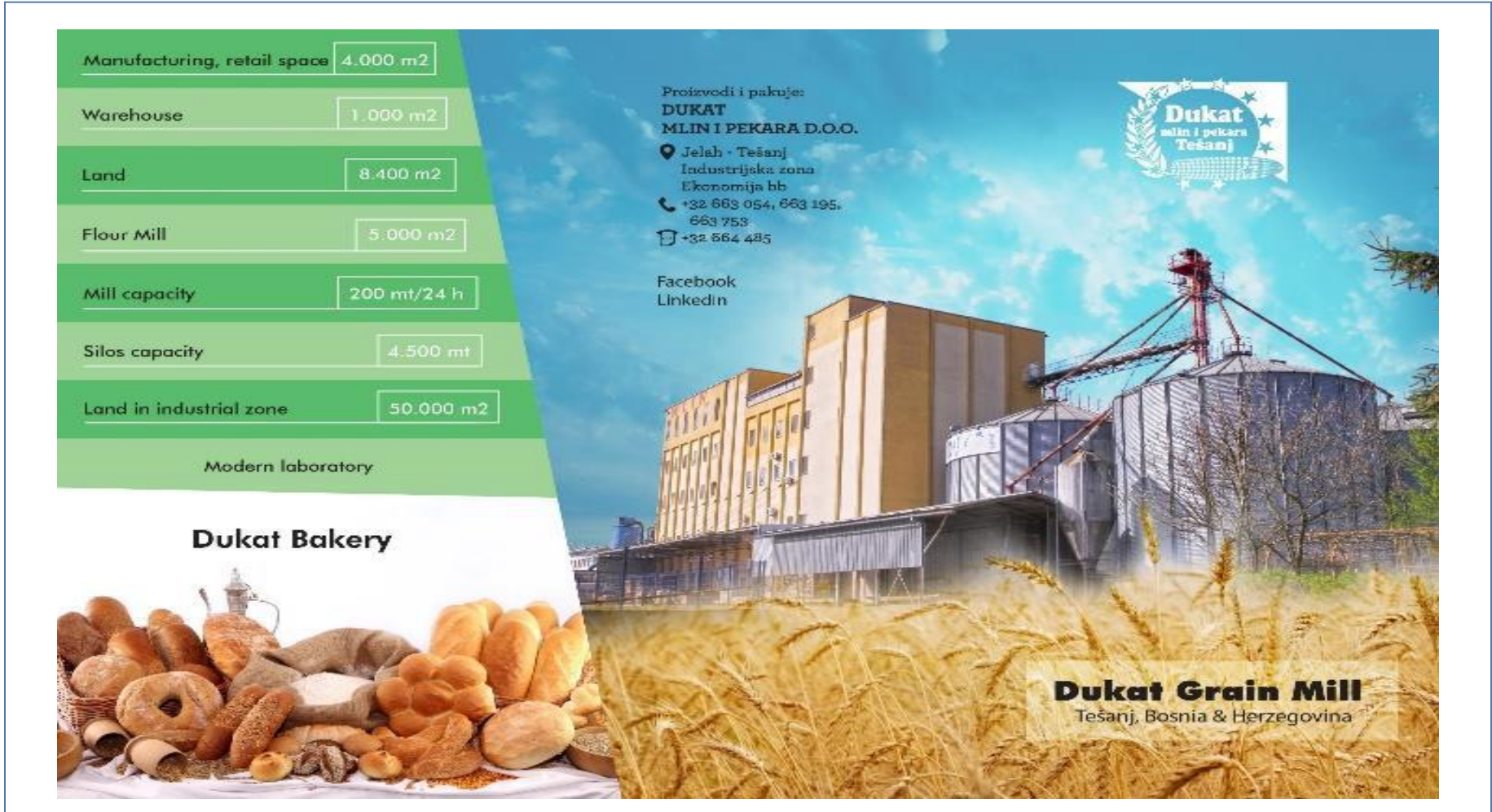
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Source: company information

DUKAT - mlin i pekara d.o.o. Tešanj - Jelah

Target profile (photo)



Manufacturing, retail space 4.000 m²

Warehouse 1.000 m²

Land 8.400 m²

Flour Mill 5.000 m²

Mill capacity 200 mt/24 h

Silos capacity 4.500 mt

Land in industrial zone 50.000 m²

Modern laboratory

Dukat Bakery

Proizvodi i pakuje:
**DUKAT
MLIN I PEKARA D.O.O.**

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**Dukat mlin i pekara
Tešanj**

Dukat Grain Mill
Tešanj, Bosnia & Herzegovina

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BELGEN N ASLI ELEKTRON K MZALIDIR.

Source: company information

SADRŽAJ

- 1 Info/Teaser of M&A Team real estate sale offer
- 2 Info about Raiffeisen Bank dd Bosnia and Herzegovina (RBBH)

Raiffeisen BANK d.d. Bosna i Hercegovina - about us:

Raiffeisen BANK d.d. Bosna i Hercegovina

- The largest single bank in Bosnia and Herzegovina with assets over 4 billion KM and a market share of 14.7% in 2017
- The largest corporate and investment bank that has carried out a significant number of acquisitions and recapitalization of companies in BH. Market
- Bank with the largest base of corporate and institutional investors in BiH and a wide base of foreign clients engaged in investing in the SEE region
- Leader in implementing innovations in technologies, products and services in Bosnia and Herzegovina
- For the seventh year in a row, Global Finance, The Banker (fifth in a row) and Euromoney (fourth in a row) have declared RBBH the best bank in Bosnia and Herzegovina

Raiffeisen BANK d.d. Bosna i Hercegovina - Indicators

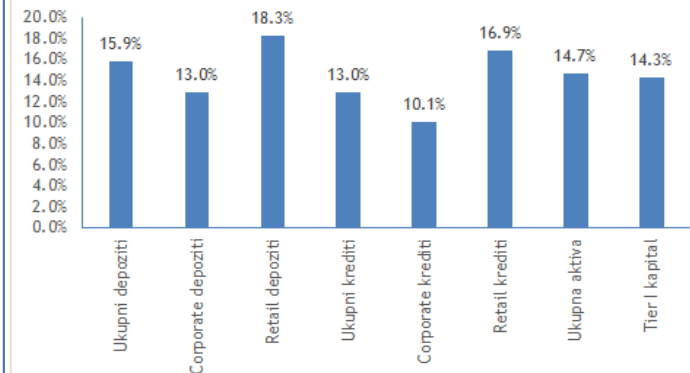
	2014	2015	2016	2017
Total Assets (mn BAM)	3,708.08	3,729.42	3,950.67	4,154.85
Capital (Tier I) (mn BAM)	530.16	529.23	520.27	547.35
Profit after taxation (mn BAM)	53.83	67.01	52.53	72.62
ROA (%)	1.5%	1.8%	1.3%	1.7%
ROE (%)	10.2%	12.7%	10.1%	13.3%
Employees	1,478	1,355	1,312	1,320
Branches	94	94	96	97

Source: Raiffeisen BANK d.d. BiH

Raiffeisen BANK d.d. Bosna i Hercegovina - Prizes:



Raiffeisen BANK d.d. Bosna i Hercegovina - market share for 2017.



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Raiffeisen BANK d.d. Bosnia and Herzegovina

Raiffeisen BANK d.d. Bosnia and Herzegovina

Referent transactions:

 <p>Advisor in the purchase of a majority stake of 51% in the privatization of BH Steel doo</p>	 <p>Counselor in purchasing a majority stake in Fabrika cementa Lukavac d.d</p>	 <p>Advisor in taking 51% of the share in ABS Bank d.d. Sarajevo</p>	 <p>Advisor in taking over 100% stake in Raiffeisen Insurance d.d. Sarajevo</p>	 <p>Takeover of more than 5% of the stake in Unico Filter d.d. Tešanj</p>	 <p>Acquisition of more than 5% of the stake in Bosnia RE d.d. Sarajevo</p>
 <p>Takeover of more than 5% of shares in Procredit Bank d.d. Sarajevo (former MEB Bank)</p>	 <p>Advisor in taking over the majority stake in Bihac brewery dd.d. by a private investor</p>	 <p>Counselor in taking over the majority stake in Fabrika cementa Lukavac d.d.</p>	 <p>Advisor in the acquisition of a majority stake in UNIS Valjcići d.d</p>		
 <p>Croatia osiguranje dd Zagreb</p> <p>MANAGEMENT OF TAKE OVER BID FOR 94,66% EQUITY</p>  <p>Croatia osiguranje dd Ljubuški</p> 	<p>"Zeraa Agriculture Investment" d.o.o. Sarajevo</p> <p>BLOCK TRANSACTION OUTSIDE THE STOCK EXCHANGE 94,81% EQUITY</p>  	 <p>NN International B.V.</p> <p>BLOCK TRANSACTION ON THE SASE BID FOR 79,22% EQUITY</p> <p>RFK "VALUČIĆ" D.D. KONJAC</p> 	<p>ACCENTUS Beteiligungs AG</p> <p>BLOCK TRANSACTION OUTSIDE THE STOCK EXCHANGE 99,26 % EQUITY</p>  <p>Fabrika cementa d.d. Lukavac</p> 	 <p>BLOCK TRANSACTION OUTSIDE THE STOCK EXCHANGE 97,45% EQUITY</p>  	<p>ZR Energy</p> <p>BLOCK TRANSACTION ON THE SASE BID FOR 52,60% EQUITY</p>  <p>Petrolinvest dd Sarajevo</p> 

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71 000 BiH Zmaja od Bosne bb	71 000 BiH Zmaja od Bosne bb	71 000 BiH Zmaja od Bosne bb	71 000 BiH Zmaja od Bosne bb

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Project Matrix

Investment Opportunity

Sarajevo, June 2019



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Investment Opportunity

The Opportunity



- Potential investors are being presented with unique opportunity to acquire one of the top three leading solid wood furniture manufacturers in B&H – MS&WOOD d.d. Fojnica ("the Company").
- The Seller is seeking for a potential investor for acquisition of the Company with a single ultimate beneficiary owner (UBO) Mr. Muhamed Pilav.
- This is a unique opportunity for a potential investor to enter the market or build on the existing operations via acquisition of a company with revenues at level of EUR 12 million, 340 employees and production volume of 450 thousand pieces, out of which 70% relates to chairs.

The Company Profile



- The company is headquartered in the town of Fojnica, Bosnia and Herzegovina (55 km from Sarajevo). Drawing from Fojnica's extensive woodworking tradition, the Company's production includes state of the art CNC machining technology.
- A long term relationship for mid-range segment production with a global furniture retailer ensures stabile production volumes.
- In addition to this a strong brand recognition at present markets is associated with high quality and internationally awarded design in high-end wood furniture segment. The company is also R&D center of choice for designers who deliver progressive design solutions in B&H recognized and awarded in international fairs.
- Production facilities offer opportunities for further development through multiple production possibilities coupled with full utilization of production waste through pellet production, as third segment of companies production. Buyer could easily scale up current level of production, revenues and EBITDA on existing production capacities.

Financial Performance and Financial Position

Financial Performance

In EUR 000	2014	2015	2016	2017	2018
Sales revenues	6,260	7,176	8,409	11,236	12,233
% growth rate	n.a.	14.6%	17.2%	33.6%	8.9%
EBITDA reported	728	715	897	720	1,068
% EBITDA margin	11.6%	10.0%	10.7%	6.4%	8.7%
Net profit	470	398	431	195	253
%Net profit margin	7.5%	5.5%	5.1%	1.7%	2.1%

Source: company information, corporate controlling

■ The company achieved continuous and steady double digit growth in sales reaching the level of EUR 12.2 million in 2018. The majority of sales is export oriented (92.4%) and achieved through cooperation with global furniture retailer.

■ The company achieves level of EBITDA between EUR 715k to EUR 1 million achieved in 2018.

■ 2018 EBITDA margin of 8.7% is in the range with similar companies in the industry. However, EBITDA achieved in 2017 and 2018 was lower due to higher material and inventory costs due to higher volume of production and increase in employee costs due increase of salaries, education costs and strong brand promotion.

Financial Position

In EUR 000	2014	2015	2016	2017	2018
Infrastructure	9,268	6,129	5,435	5,324	9,321
Total assets	18,453	22,813	8,924	8,512	15,130
Total equity	7,739	8,157	3,889	3,972	7,637
Net debt	2,637	3,101	3,541	2,926	2,464
Equity ratio	50.5%	41.9%	35.8%	43.6%	46.7%
Net debt/EBITDA	3.62	4.33	3.95	4.07	2.31

■ Property, plant and equipment relates almost entirely to production facilities in Fojnica.

■ MS&Wood is a manufacturing company heavily relying on its own capital in structure of financing with Equity ratio of 47% and Net debt / EBITDA ratio of 2.3 times in 2018.

Source: company information, corporate controlling

Key Investment Highlights

1

EXPERIENCED WORKFORCE

- Highly experienced, trained and motivated workforce with strong expertise in furniture production industry. This is a key strength of the company and highly required resource in the industry.
- Average age of the workforce is 33 years

2

ABUNDANCE OF HIGH QUALITY RAW MATERIAL

- The company has excellent quality suppliers certified by the global furniture retailer with easy flow of raw wood material of the highest quality. 50% of the wood raw material is available in unbounded quantities within area of 50 kilometers, other 25% in area of 100 km and rest 25% within 300 km.
- Current certified list of suppliers for wood raw material accounts to 20 producers

3

EXCELLENT PROCESSING TECHNOLOGY

- Full plant engineering with 17,000 m2 of manufacturing facilities and warehouses; 33,000 m2 of available land.
- State of the art top quality machines in industry: 4 woodworking CNC machines Bacci and Biesse
- Proven team expertise with vast experience

4

ESTABLISHED LEADING PLAYER

- Leader in producing high-end quality solid wood furniture in B&H
- Robust risk management approach
- No legacy business lines or product exposures

5

REPUTABLE PRODUCTS OF EXCEPTIONAL QUALITY

- Long term relationship with global leader in mid-range furniture retail sale
- High-end segment of solid wood furniture production with internationally awarded design and recognized quality
- Independent high-margin pellet production line (re-use of waste materials)

Further Procedure and Next Steps

Further Procedure

- Potential investors interested in receiving the **Information memorandum („Info Memo“)** prepared by RBBH and RBA are kindly asked to sign and return the attached **Non-disclosure Agreement (“NDA”)** to contact persons listed below.
- Upon receipt of the signed NDA, potential Investors will receive the Info Memo in electronic format in order to be able to further evaluate this investment opportunity.

Contact Information

- The Company should not be contacted directly by Potential Investors.
- All inquiries and expressions of interest should be directed to:

Mrs. Ivona Zametica

Head of Research and Fin. Advisory

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Awards

Primum Collection – Primum Chair award



Primum Collection – Primum Table award



Awards

Elle Collection - Elle Chair award



Elle Collection – Elle Table award



Awards

Primum Collection - Primum Sideboard award



Elle Collection - Elle Chair award

