



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:

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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

