

Investing in Bulgaria

The strategic business destination in Central and Eastern Europe



Spiros Nomikos Chief Executive Officer Solvay Sodi Bulgaria

Investing in your future



EUROPEAN UNION
European Regional
Development Fund



NATIONAL
STRATEGIC
REFERENCE FRAMEWORK
2007 - 2013




OP "Development of
the Competitiveness
of the Bulgarian
Economy" 2007-2013



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FINANCIAL TIMES INVESTING IN BULGARIA CONFERENCE

Investment Opportunities in Bulgaria

The Case of Solvay Sodi

Spiros Nomikos

CEO of Solvay Sodi



SOLVAY SODI - LOCATION



VARNA REGION

Area size of district: 3818 km²
 Population of district: 475 074 people
 Towns and cities in Varna province: 9
 Villages in Varna province: 150



Devnya is located 25 km to the west from the city of Varna and the Black Sea coast.
 Population: 8,300 inhabitants.



SODA ASH PRODUCTION IN BULGARIA



- **1954 – 1974:** Start-up of the first Soda Ash plant (29.08.1954)
- **1974 – 1997:** New Soda Ash plant, in operation from 31.12.1974, capacity 1,2 MT
- Devnya: Rich natural resources
 - ✓ Deposits of good quality limestone – 8 km from plant
 - ✓ Salt deposits – 17 km away, in the town of Provadia
 - ✓ Water resources and infrastructure - port of Varna West – 1.5 km away
- **Sodi, Devnya:** state-owned company, operating in a centralized planned economy; company's development was decided by the State
- **1993** – first meetings between Solvay and the Ministry of Industry, followed by bilateral visits
- **1996** – Government's decision for Sodi's privatization, negotiations with possible buyers



SOLVAY SODI – AT THE BEGINNING

14.04.1997

Privatization of Sodi
Establishment of Solvay Sodi

Shareholders

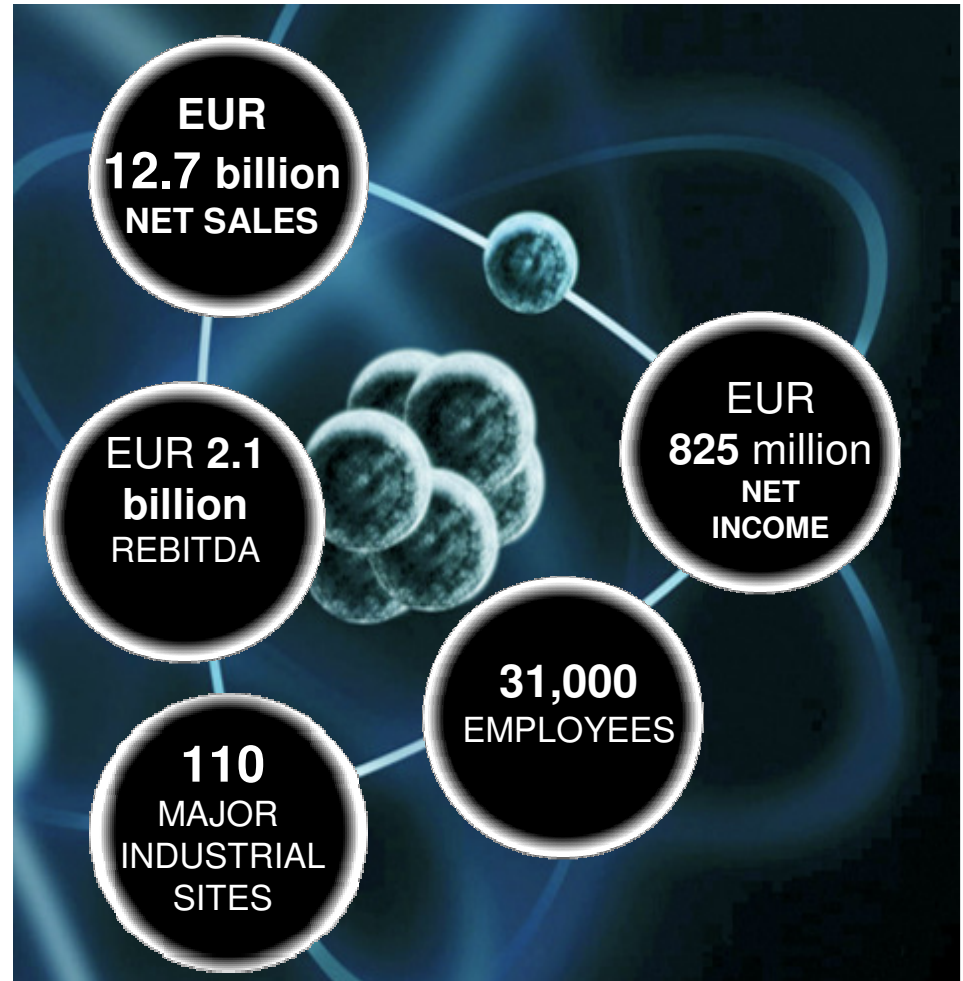
Solvay: 75 %
Sisecam: 25 %



SOLVAY SODI - SHAREHOLDERS

SOLVAY - AN INTERNATIONAL CHEMICAL GROUP, a major player in chemicals with compelling strengths

- Offering a **broad range** of products that contribute to improving **quality of life** and the **performance** of its customers
- **TOP 10 worldwide** largest chemical player
- **World leaders** with **90%** of its sales in markets where it is among the **top 3 global**
- **Diversified end markets**
- A strong commitment to **sustainable development** with a clear focus on **innovation & operational excellence**



SOLVAY SODI - SHAREHOLDERS

- ŞİŞECAM founded in 1935 by İşbank, operates in 4 business segments:
 - Flat Glass
 - Glass Packaging
 - Glassware
 - Chemicals
- Operations in 9 countries: Turkey, Russia, Bulgaria, Egypt, Georgia, Bosnia and Herzegovina, Ukraine, Romania and Italy with exports to 140 countries.
- Leading glass manufacturer in Turkey.
- Aiming to be in top 3 globally.
- Annual production of 3.8 million tons of glass and 1.9 million tons of soda ash
- Market capitalization of USD 2.2 billion (April 2012)
- 28% of its shares are listed on ISE (SISE.IS) and 72% held by İşbank
- Net sales of USD 3 billion FY 2011
- EBITDA of USD 758 million FY 2011
- Strategic alliances with global players in the region
- 18,000 employees

SOLVAY

SOLVAY SODI - DEVELOPMENTS

❑ After-privatization period and new market conditions

✓ Need to restructure Solvay Sodi's organization

✓ Special attention to protection of environment and labour safety

✓ Opening for changes: team work, spirit of entrepreneurship, delegation of power

❑ Sustainable development policy

✓ ISO 9001 certification in 2008, ISO 14001 in 2004 (environment), ISO 18001 in 2007 (health and safety), Integrated management system re-certificated in October 2012 for Solvay Sodi, Deven and Provadsol



SOLVAY SODI - SUBSIDIARIES

- ❑ **Acquisition of controlling stakes in strategic suppliers of Solvay Sodi (in 2000)**
 - DEVEN : power station in Devnya
 - PROVADSOL : brine drills in Provia
 - DEVNYA LIMESTONE : limestone quarry in the valley of Devnya



Today, ~100 % of the capital of the 3 companies is owned by Solvay Sodi

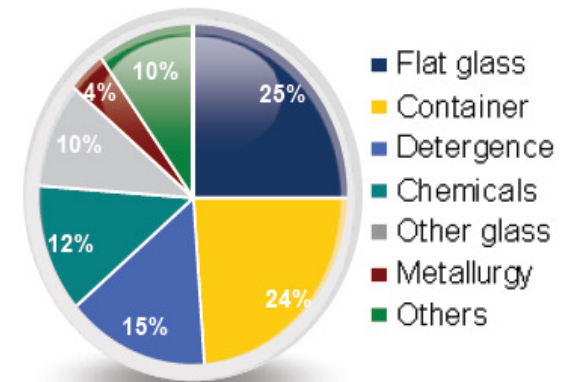
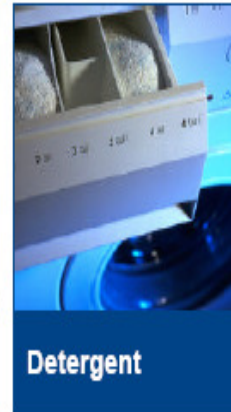
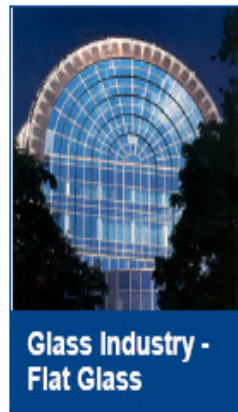
(JV 50/50 with Devnya Cement for the limestone quarry).



SOLVAY SODI - PRODUCTS AND MARKETS

- Solvay Sodi produces Na_2CO_3 – sodium carbonate (light and dense) and NaHCO_3 – sodium bicarbonate

- Markets



- With its nominal capacity of 1,5 Mt/y, Solvay Sodi is the largest site for synthetic soda ash production in Europe
- More than 90 % of our production is exported. Main destinations are the Balkans, Russia, Middle East, the Med Basin as well as South America, Africa and Asia.



SOLVAY SODI : TODAY

- ✓ Solvay Sodi is one of the largest industry in Bulgaria, well rooted in Varna region
- ✓ Considered as a successful privatization, with a high reputation in Bulgaria
- ✓ Large exporter with a considerable contribution to the Bulgarian trade balance, insuring ~ 1 % of the BG export
- ✓ Large employer: 650 direct employees (incl. 4 expatriates) and more than 1000 indirect employees (subcontractors on site)
- ✓ Turnover: ~ 200 MEUR
- ✓ Continuous improving by investing ~ 500 MEUR during the period 1997-2012
- ✓ Planned investments for the period 2013-2018 (around 125 MEUR)



OTHER ACQUISITIONS IN BULGARIA



- Solvay acquired Bulgaria Fluorite - an ore underground mine and a plant in Chiprovtsi in 2011.
- Solvay acquired concession and exploration rights for extraction of calcium fluorite (fluorspar) and ensured the development of its fluorinated products.
- Currently, the mine and plant employ over 120 people, engaged in mining operations and other manufacturing activities.
- An investment program has started in order to achieve the production of 50 000 t/y in following years.



- Şişecam has realized in Bulgaria the biggest greenfield investment project amounting to more than USD 400 million in current value.
- The glass complex in Targovishte consists of flat glass, glassware, mirror and automotive glass plants. The stages of this investment project were completed from 2005 to 2010.
- New investment projects totalling to USD 300 million at float glass, glassware and automotive glass plants together with the new coated flat glass plant are in progress.



Trakya Glass Bulgaria EAD
Тракия Глас България ЕАД



BULGARIA : TODAY

- Full EU member (January 2007)
- Financial stability - currency board: Lev bound to the DM/Euro since 1997
- Low budget deficit (expectations of 1,9 % of GDP in 2013)
- Low government debt (19 % of GDP)
- Low corporate income tax rate: 10 % (since 2007)
- Lowest cost of labor within EU
- Social Insurance cost for the employer: 18.5 - 28.5 % capped on 2200 BGN/month salary (since 2013)
- Low flat income personal tax: 10 % (since 2008)
- Unemployment 12.5 % (youth: 21,5 %)
- Inflation (average) 2012: 3.1 % (est.)
- Double taxation treaties with 58 countries
- GDP per capita (2012): ~ 5 400 EUR



BULGARIA: Maintaining competitiveness

Overall, investors ask for:

- Stable and foreseeable economic policies
- Guaranteeing the competitive position of industrial players
- Stability of the legal and fiscal framework
- Simplification of the administrative procedures
- Accessible and clear information on new legislation
- Clear privatization process for port operations (international players)



SOLVAY

Thank you!



a Passion for Progress®