

Eastern European Supermarkets

One of the largest supermarket chains in Eastern Europe belongs to the market with high growth potential. Now the circle of influence is to be extended. The company wants to continue to grow and conquer new markets. It relies on two legs. On the one hand, firmly anchored, are the supermarkets and shopping centers and, on the other, the real estate segment.

1. The current situation:

Based in Eastern Europe, the company is one of the leading superstores and hypermarket providers in Bosnia-Herzegovina and other Eastern European countries. Bosnia-Herzegovina is characterized by its location in the heart of Europe. Understanding of being the gateway between Europe, the Middle East and North Africa characterizes the country. Stability, both in the reformed banking sector and the low inflation rate, favor the constantly growing economy.

Due to the good economic situation in the country and the currency of the convertible mark coupled with the euro, the conditions for steady growth in real estate and retail segment are met.

The far-reaching offer of the supermarket chain among the usual goods in Bosnia also includes many "western" brands that are not available anywhere else in the country. This offer is very well accepted by the consumer and demand is steadily growing, which leads to the opening of new stores. In part, the new markets can be built on the company's own land, which leads to huge cost savings.

2. The market and the business model:

Bosnia and Herzegovina can look back on 15 years of growing supermarket history. The steady growth has made some markets try their luck in this area. According to Euromonitor reports, the retail sector is the most stable sector within the Bosnian industry. This fact is causing more and more investors to enter the market and invest in this area.

3. Profitability and amortization:

The company currently has 61 small supermarkets, 14 supermarkets and 7 shopping centers, all of which are strategically located in the country's major cities. The associated land and buildings mostly belong to the company itself. A total of 45,451 m² of space, part of which is leased.

The current operating income of the supermarket division amounts to € 117.2 million in 2017. The real estate division had an income of € 5.5 million in 2017. The forecast for 2018 predicts that overall revenues will be overrun in 2017, with 4.5% alone accounting for the real estate business.

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4. Which competitors are there?

As competitor brands like Bingo and Konzum markets are listed. Konzum has 174 stores and is a Croatian brand.

Bingo is a Bosnian chain and maintains 186 stores. In particular, the Konzum markets can compete with the company, yet the product range cannot be compared.

5. What is the purchase price?

The supermarket chain together with the real estate sector is to be sold for € 70 million.

6. What vision does the company have?

In the long term, the company wants to grow under new leadership and become Eastern Europe's largest supermarket chain.

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