



# Obuća Pavle d.o.o. Bela Palanka

## Children Footwear Manufacturing and Retail

Presentation to Prospective Investors

June 2020



## Obuća Pavle d.o.o. Bela Palanka

### Introduction



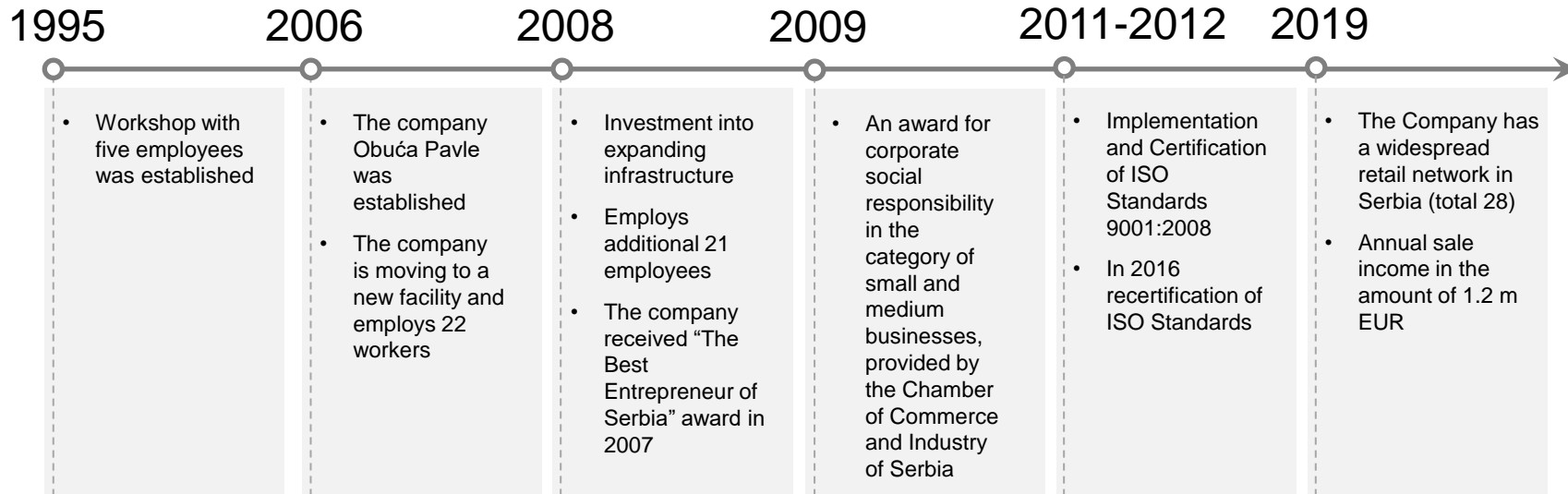
- Obuća Pavle d.o.o. is a renewed producer of children footwear in Serbia with a tradition of more than 25 years
  - The company was firstly founded as a workshop in 1995, and later in 2006 company Obuća Pavle d.o.o. was established
  - The company is in 100% ownership of Mr. Srdjan Pavlović
- Production is conducted in an own manufacturing plant located in Bela Palanka, with all necessary ancillary facilities and warehouses, total area of 2.858 m<sup>2</sup>
- Maximal yearly production capacity amounts to 150,000 pairs of children footwear, when production is performed in one shift
  - Possibility to increase capacity by introducing a second shift
- During 2019, a total of 63,558 pairs of footwear were produced and sold, achieving annual sale income of 1.2 m EUR
  - About 83% of achieved sale refers to sale on domestic market mostly through own retail network
- Production portfolio of the company consist of children footwear anatomically designed, medically tested by pediatricians, physiatrists and orthopedists
  - Obuća Pavle is a brand recognizable on the Serbian market and the region
- The Company has a widespread retail network on the Serbian market
  - Currently there are 29 retail stores, with the largest concentration of stores in Belgrade
- The Company possesses a Quality Management Certificate ISO 9001:2008
  - Recertification performed in 2016





# History

## Overview





## Location

### Overview

- The company is located in Bela Palanka (South Serbia)
- In close proximity to Corridor 10 and its southern branch
  - Distance to Corridor 10 about 42 km
  - In the immediate vicinity of the southern branch of Nis-Sofia, distance about 5 km
- Connection to larger cities:
  - Belgrade: about 280 km
  - Niš: about 42 km

### Macro location – Map





## Micro Location

### Map





## Micro Location

### Overview of Cadastral Parcels Owned by the Company / Cadastral Municipality Novo Selo

- Total area of the land, in the ownership of the company amounts to 22,390 m<sup>2</sup>
- Total area of production plant, warehouses and other auxiliary facilities amounts to 2,857 m<sup>2</sup>
- Land and facilities are in the ownership of the company Obuća Pavle



| Plot No.      | Area (in m <sup>2</sup> ) |
|---------------|---------------------------|
| 907           | 814                       |
| 908           | 992                       |
| 909/2         | 648                       |
| 912           | 6.374                     |
| 913           | 6.877                     |
| 914           | 663                       |
| 915           | 400                       |
| 916           | 554                       |
| 917           | 3.297                     |
| 918           | 1.216                     |
| 921           | 555                       |
| <b>22.390</b> |                           |

| Building               | Area (m <sup>2</sup> ) |
|------------------------|------------------------|
| Production facility    | 1.485                  |
| Reception desk         | 16                     |
| Warehouse              | 1.038                  |
| Auxiliary facility     | 40                     |
| Auxiliary facility P+1 | 279                    |
| <b>2.858</b>           |                        |





# Picture

## The Production Complex





## Picture

### Production Facility and Warehouses







## Production Capacities and Products

### Production Capacities

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- On annual level there is a possibility of producing up to 150,000 pairs of children footwear in one shift
  - During 2019, total of 63,558 pairs of footwear was produced and sold
- By operating in one shift currently is produced about 500 pairs a day

### Production Portfolio

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- The production program includes children's footwear, anatomically designed made of natural materials in size groups from number 16 to number 40, medically tested by pediatricians, physiatrists and orthopedists
- Product groups by size are:
  - Baby shoes / non-walking shoes
  - Footwear for the first step,
  - Footwear for preschool children,
  - Shoes for school children
  - Teenage program
- Product groups by seasons are:
  - **Spring – Summer:** footwear for spring, semi-open footwear program, flats, sandals and indoor shoes
  - **Autumn – Winter:** autumn shoes, ankle boots, boots and indoor shoes



# Picture

## Production Portfolio

|                          | Shoes                              | Indoor shoes                       | Semi-open shoes, sandals and flats   | Ankle boots and boots  |
|--------------------------|------------------------------------|------------------------------------|--|--|
| <b>Footwear for boys</b> | <p>from number 17 to number 40</p> | <p>from number 18 to number 30</p> | <p>Semi-opened shoes: from number 17 to number 34<br/>Sandals: from number 17 to number 37</p> | <p>Ankle boots: from number 20 to number 40<br/>Boots: from number 20 to number 29</p>         |
|                          | <b>Footwear for girls</b>          | <p>from number 17 to number 40</p> | <p>from number 18 to number 30</p>   | <p>Semi-opened shoes: from number 17 to number 26<br/>Sandals: from number 17 to number 38</p> |





## Employees

### Employees Structure by Organizational Units

| Name of the Organizational Unit | No. of employees |
|---------------------------------|------------------|
| Retail stores                   | 45               |
| Assembly                        | 18               |
| Administration                  | 10               |
| Technical preparation           | 12               |
| Sewing                          | 46               |
| Tailor                          | 14               |
| <b>Total:</b>                   | <b>145</b>       |

### Employees Structure by Age

| Structure by Age | No. of employees |
|------------------|------------------|
| <30              | 12               |
| 30-39            | 28               |
| 40-49            | 54               |
| 50-59            | 45               |
| 60-65            | 6                |
| <b>Total:</b>    | <b>145</b>       |

### Employees Structure by Years of Service

| Years of Service  | No. of employees |
|-------------------|------------------|
| <5                | 65               |
| 5-10              | 25               |
| 10-15             | 29               |
| >15               | 10               |
| Freelancer status | 16               |
| <b>Total:</b>     | <b>145</b>       |

### Employees Structure by Type of Engagement

| Type of Engagement | No. of employees |
|--------------------|------------------|
| On indefinite term | 84               |
| On definite term   | 45               |
| Freelancer status  | 16               |
| <b>Total:</b>      | <b>145</b>       |





# Retail Stores

## Map of Retail Stores by Cities per Number of Stores

- Obuća Pavle has 29 retail stores in Serbia
- All retail facilities are in the lease status



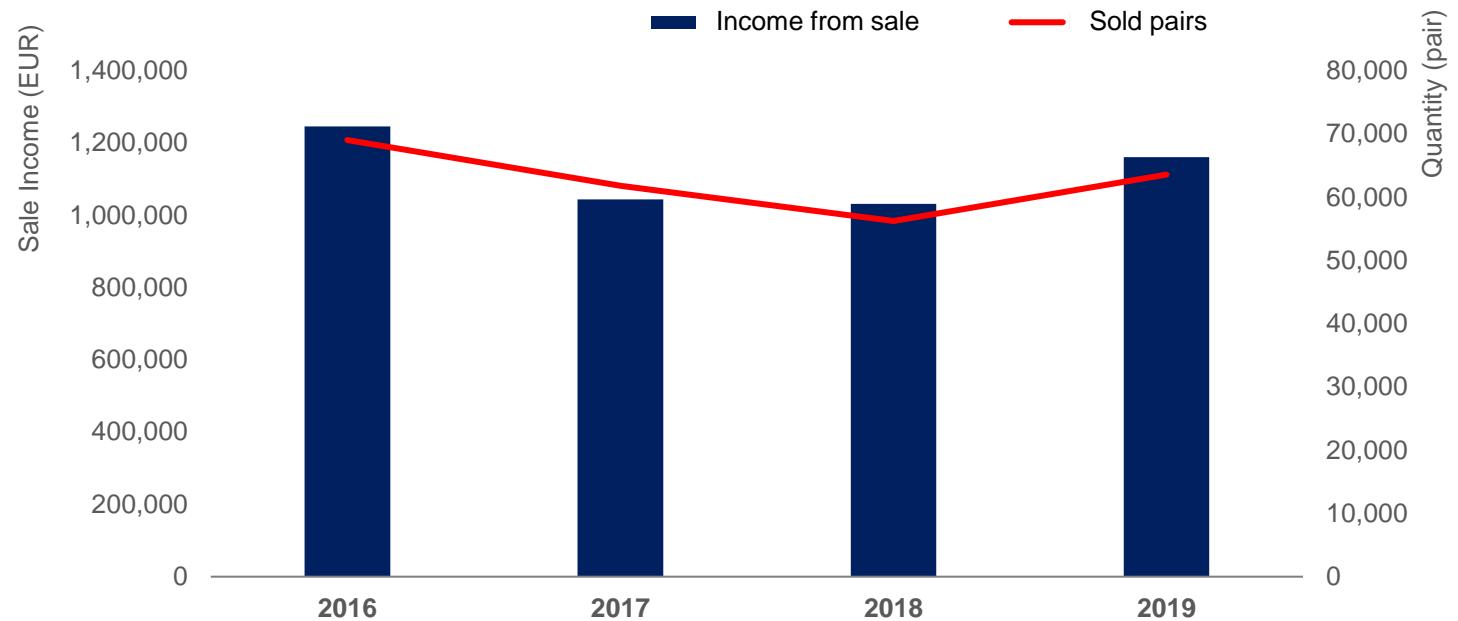
| R.br. | Name     | Location          | Adrese                            |
|-------|----------|-------------------|-----------------------------------|
| 1     | Pavle 4  | Belgrade          | Terazije 35                       |
| 2     | Pavle 7  | Belgrade          | Bulevar Kralja Aleksandra 182     |
| 3     | Pavle 10 | Belgrade          | Trgovačka br.16,lok.17 TC Mondo   |
| 4     | Pavle 16 | Belgrade          | Bulevar Kralja Aleksandra 144     |
| 5     | Pavle 19 | Belgrade          | TC BN BOS Batajnički drum         |
| 6     | Pavle 22 | Belgrade          | Vojvode Stepe 204                 |
| 7     | Pavle 3  | Čačak             | Gradsko šetalište bb              |
| 8     | Pavle 13 | Jagodina          | Kneginje Milice br.62             |
| 9     | Pavle 5  | Kragujevac        | Save Kovačevića,br.3              |
| 10    | Pavle 2  | Kraljevo          | Trg Srpskih Ratnika 28            |
| 11    | Pavle 1  | Kruševac          | Čolak Antina br.6                 |
| 12    | Pavle 24 | Kula              | MB Shopping Centar                |
| 13    | Pavle 26 | Lazarevac         | Karađorđeva 16                    |
| 14    | Pavle 28 | Leskovac          | Bulevar Oslobođenja br.148        |
| 15    | Pavle 6  | Niš               | Cara Dušana 11                    |
| 16    | Pavle 29 | Novi Pazar        | Rifata Burdževića 57              |
| 17    | Pavle 17 | Novi Sad          | Dunavska 6                        |
| 18    | Pavle 18 | Novi Sad          | Jevrejska 19                      |
| 19    | Pavle 25 | Obrenovac         | Miloša Obrenovića 71              |
| 20    | Pavle 23 | Pančevo           | Karađorđeva 2A                    |
| 21    | Pavle 14 | Pirot             | Knjaza Miloša br.71               |
| 22    | Pavle 12 | Požarevac         | Veljka Dugoševića 38              |
| 23    | Pavle 27 | Šabac             | Karađorđeva 54                    |
| 24    | Pavle 20 | Smederevo         | Kralja Petra I br.8               |
| 25    | Pavle 9  | Sombor            | Avrama Mrzovića ,br.2             |
| 26    | Pavle 15 | Sremska Mitrovica | Žitni trg 22                      |
| 27    | Pavle 21 | Subotica          | Matka Vukovića br.3               |
| 28    | Pavle 8  | Vranje            | Stefana Prvovenčanog 157          |
| 29    | Pavle 11 | Zrenjanin         | Kralja Aleksandra I Karađorđevića |





# Sales

## Historical Sales Overview



|                      |     |     |     |     |
|----------------------|-----|-----|-----|-----|
| No. of Retail Stores | 10  | 13  | 24  | 28  |
| Domestic Market      | 65% | 66% | 62% | 83% |
| Foreign Market       | 35% | 34% | 38% | 17% |

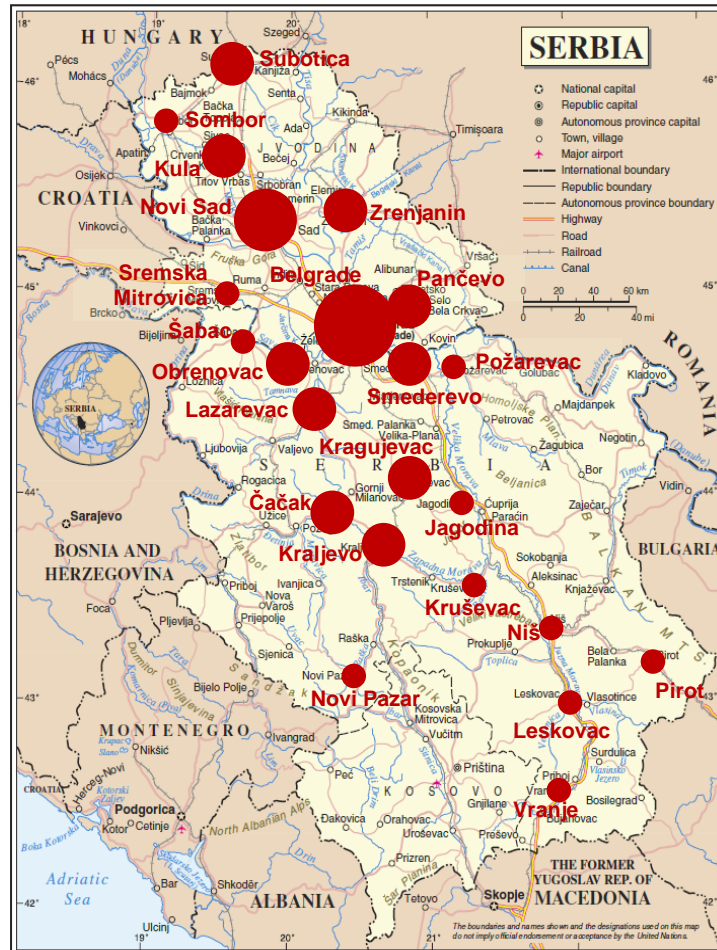
→ The company distributes its products on the market of the region (Montenegro and North Macedonia), but also to renowned foreign buyers on the European and Russian market





# Sales per Retail Stores

## Sold Pairs in the Period January – May 2020



## Sold Pairs in the Period 2016 – 2019

|          |                   | 2016          | 2017          | 2018          | 2019          |
|----------|-------------------|---------------|---------------|---------------|---------------|
| Pavle 1  | Kruševac          | 1858          | 1264          | 612           | 1206          |
| Pavle 2  | Kraljevo          | 1621          | 1920          | 1467          | 1600          |
| Pavle 3  | Čačak             | 2040          | 2160          | 1225          | 1836          |
| Pavle 4  | Belgrade          | 3730          | 4427          | 2690          | 2571          |
| Pavle 5  | Kragujevac        | 1050          | 1694          | 1293          | 2270          |
| Pavle 6  | Niš               | 1896          | 2398          | 2047          | 2457          |
| Pavle 7  | Belgrade          | 2662          | 1938          | 872           | 1212          |
| Pavle 8  | Vranje            | 1777          | 1940          | 1112          | 2056          |
| Pavle 9  | Sombor            | 1657          | 1785          | 1085          | 1273          |
| Pavle 10 | Belgrade          | 1281          | 1832          | 675           | 859           |
| Pavle 11 | Zrenjanin         |               | 200           | 1487          | 2424          |
| Pavle 12 | Požarevac         |               | 150           | 705           | 1669          |
| Pavle 13 | Jagodina          |               | 25            | 869           | 1873          |
| Pavle 14 | Pirot             |               |               | 1174          | 1492          |
| Pavle 15 | Sremska Mitrovića |               |               | 627           | 1041          |
| Pavle 16 | Belgrade          |               |               | 695           | 1946          |
| Pavle 17 | Novi Sad          |               |               | 553           | 1339          |
| Pavle 18 | Novi Sad          |               |               | 282           | 1706          |
| Pavle 19 | Belgrade          |               |               | 1167          | 3906          |
| Pavle 20 | Smederevo         |               |               | 524           | 1879          |
| Pavle 21 | Subotica          |               |               | 467           | 1816          |
| Pavle 22 | Belgrade          |               |               | 185           | 1790          |
| Pavle 23 | Pancevo           |               |               | 161           | 1818          |
| Pavle 24 | Kula              |               |               | 67            | 1439          |
| Pavle 25 | Obrenovac         |               |               |               | 1528          |
| Pavle 26 | Lazarevac         |               |               |               | 1600          |
| Pavle 27 | Šabac             |               |               |               | 767           |
| Pavle 28 | Leskovac          |               |               |               | 809           |
|          |                   | <b>19.572</b> | <b>21.733</b> | <b>22.041</b> | <b>48.182</b> |





## Income Statement

### Historical Data in the Period from 2015 to 2019 (in EUR)

|  | 2015             | 2016             | 2017             | 2018             | 2019             |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Operating Income</b>  | <b>1,633,165</b> | <b>1,249,156</b> | <b>1,050,446</b> | <b>1,035,365</b> | <b>1,163,294</b> |
| Income from sale   | 1,600,335        | 1,246,646        | 1,044,960        | 1,031,349        | 1,160,468        |
| Income from premiums, subventions, etc                         | 32,739           | 2,510            | 5,478            | 3,999            | 2,825            |
| Other operating income   | 91               | 0                | 8                | 17               | 0                |
| <b>Operating Expenses</b>                                      | <b>1,464,676</b> | <b>1,073,813</b> | <b>977,557</b>   | <b>1,070,935</b> | <b>1,073,119</b> |
| Income from the own use of products                            | 1,135            | 146              | 329              | 161              | 2,410            |
| Increase of finished goods, work in progress                   | 0                | 56,644           | 211,816          | 422,439          | 396,787          |
| Decrease of finished goods, work in progress                   | 60,169           | 16               | 99               | 111,232          | 52,054           |
| COGS   | 49,692           | 14,874           | 6,458            | 1,480            | 13,126           |
| Costs of material  | 631,542          | 431,749          | 467,378          | 459,606          | 377,501          |
| Costs of salaries, fringe benefits and other personal expenses | 499,304          | 472,707          | 530,285          | 691,929          | 777,546          |
| Depreciation costs   | 41,112           | 41,665           | 44,604           | 47,085           | 44,553           |
| Costs of fuel and energy                                       | 31,604           | 25,832           | 31,762           | 40,431           | 44,078           |
| Costs of production services                                   | 107,293          | 101,745          | 68,730           | 94,398           | 119,490          |
| Costs of long-term provisions                                  | 0                | 0                | 0                | 0                | 0                |
| Non-production costs   | 45,095           | 42,014           | 40,386           | 47,373           | 43,968           |
| <b>EBITDA</b>  | <b>209,600</b>   | <b>217,008</b>   | <b>117,493</b>   | <b>11,516</b>    | <b>134,728</b>   |
| <b>Operating Profit (EBIT)</b>                                 | <b>168,489</b>   | <b>175,343</b>   | <b>72,890</b>    | <b>-35,570</b>   | <b>90,175</b>    |
| Financial Incomes  | 5,806            | 7,279            | 16,894           | 1,674            | 2,783            |
| Financial expenses   | 18,005           | 20,487           | 38,072           | 17,409           | 16,664           |
| Other Income   | 266,497          | 191,809          | 6,820            | 17,062           | 150,188          |
| Other Expenses   | 245,279          | 258,185          | 14,382           | 48,920           | 34,007           |
| <b>Result before tax</b>                                       | <b>177,508</b>   | <b>95,758</b>    | <b>44,151</b>    | <b>-83,162</b>   | <b>192,475</b>   |
| Income tax   | 26,627           | 14,362           | 10,527           | 9,131            | 28,873           |
| <b>Net profit</b>  | <b>150,881</b>   | <b>81,396</b>    | <b>33,624</b>    | <b>-92,293</b>   | <b>163,602</b>   |





## Balance Sheet

### Historical Data in the Period from 2015 to 2019 (in EUR)

|   | 2015             | 2016             | 2017             | 2018             | 2019             |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>NON-CURRENT ASSETS</b>                                   | 582,359          | 630,878          | 574,917          | 559,865          | 560,145          |
| Intangible property   | 2,524            | 923              | 0                | 3,029            | 2,679            |
| Property, plant, equipment and natural assets               | 576,019          | 569,415          | 570,908          | 547,639          | 547,865          |
| Long term financial placement                               | 3,815            | 60,540           | 4,009            | 9,197            | 9,601            |
| <b>CURRENT ASSETS</b>                                       | 1,241,937        | 1,361,973        | 1,535,670        | 1,675,923        | 1,949,694        |
| Inventories   | 1,006,149        | 1,030,863        | 1,276,919        | 1,601,469        | 1,915,738        |
| Receivables from sales                                      | 211,509          | 253,806          | 189,850          | 57,084           | 11,999           |
| Other receivables   | 2,919            | 29,108           | 9,985            | 5,144            | 3,155            |
| Short-term financial investments                            | 7,285            | 38,810           | 51,244           | 7,412            | 11,659           |
| Cash and cash equivalents                                   | 9,200            | 4,333            | 1,924            | 1,303            | 3,674            |
| Receivables from specific business operations               | 543              | 688              | 1,629            | 76               | 230              |
| Prepayments and accrued income                              | 4,333            | 4,365            | 4,119            | 3,435            | 3,240            |
| <b>DEFERED TAX ASSETS</b>                                   | 13,500           | 8,876            | 0                | 0                | 0                |
| <b>TOTAL ASSETS</b>   | <b>1,837,796</b> | <b>2,001,728</b> | <b>2,110,588</b> | <b>2,235,787</b> | <b>2,509,839</b> |
| <b>CAPITAL</b>  | 1,184,425        | 1,257,764        | 1,352,438        | 1,406,088        | 1,572,741        |
| Shareholders equity   | 262,567          | 258,641          | 269,556          | 270,190          | 271,573          |
| Reserves  | 53,130           | 52,336           | 54,544           | 54,673           | 54,952           |
| Retained earnings   | 868,728          | 946,787          | 1,028,338        | 1,081,225        | 1,246,216        |
| <b>LONG-TERM PROVISIONS AND LIABILITIES</b>                 | 86,930           | 425,253          | 389,288          | 265,571          | 416,947          |
| Long-term provisions  | 22,249           | 21,916           | 18,941           | 18,986           | 19,083           |
| Long-term liabilities                                       | 64,682           | 403,337          | 370,347          | 246,585          | 397,864          |
| <b>CURRENT LIABILITIES</b>                                  | 566,441          | 318,711          | 368,861          | 564,129          | 520,151          |
| Short-term liabilities                                      | 203,534          | 30,922           | 40,001           | 170,490          | 121,759          |
| Liabilities from business operations                        | 318,542          | 233,988          | 231,986          | 296,638          | 331,627          |
| Other short-term liabilities                                | 32,518           | 51,647           | 51,995           | 91,231           | 30,350           |
| Liabilities for Value Added Tax                             | 132              | 105              | 76               | 144              | 12,739           |
| Liabilities for other taxes, contributions and other duties | 10,253           | 1,490            | 920              | 491              | 18,428           |
| Prepayments, deposits and bails                             | 1,168            | 559              | 43,394           | 5,068            | 5,153            |
| Accruals and deferred income                                | 296              | 0                | 490              | 68               | 94               |
| <b>TOTAL CAPITAL AND EQUITY</b>                             | <b>1,837,796</b> | <b>2,001,728</b> | <b>2,110,588</b> | <b>2,235,787</b> | <b>2,509,839</b> |







MD Solution





## MD Solution

### Overview

- **MD Solution** is a consulting company that offers a wide range of advisory services regarding mergers and acquisitions and other strategic projects, restructurings, capital structure, capital raising and corporate finance
- With partners that have strong local and regional expertise, MD Solution can provide creative solution to its clients with their unique needs
- MD Solution's partners and employees organized, structured and successfully executed some of the most significant transactions in region, with important contribution to the development of financial and capital markets
- During many years of their experience, they provided the best solutions to clients from many industries, including automotive industry, aviation industry, infrastructure and logistics, oil & gas, financial services, telecommunications, health services, education and hospitality industry, among others
- They have a large global network of business partners and can provide all the necessary support that the client needs in different areas
  - It has unique access to the largest institutional and private investors, banks and other international financial institutions

### Focal Markets



- Headquartered in Belgrade – Serbia and Podgorica – Montenegro, MD Solution is focused on the European markets, especially in the Balkans region (Serbia, Bosnia and Herzegovina, Montenegro, Croatia, Slovenia, Romania and Bulgaria), with a network covering also the markets of China, Russia, Middle East and North Africa
  - MD Solution has unparalleled regional market knowledge and network enabling first access to prospective investment opportunities





## MD Solution – The Lead Team

### Partners

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Belgrade, Serbia

Tel.: + 381 11 3121 000  
E-mail: office@mdsolution.rs



- **Mlađan Dinkić, MBA**  
Senior Partner and CEO  
30 years of experience  
Key expertise:
  - Financing and banking
  - Transaction structuring
  - Mergers & Acquisitions
  - NPL restructuring & settlement
  - Investment advisory
  - Corporate bonds advisory
  - Restructuring
  - Strategy development and implementation
  - Policy making

During his career Mr. Dinkić served as the governor of the National Bank of Serbia (2000-2003), Minister of Finance (2004-2006), Deputy Prime Minister and Minister of Economy and Regional Development (2007-2011) and Minister of Finance and Economy (2012-2013) and Special Advisor to the Government and Deputy Chairman of Committee for Cooperation with UAE (2013-2014); Mr. Dinkić was the co-chairman of the Joint Intergovernmental Committee for Trade and Economic Cooperation between PR China and Serbia for almost 6 years, among other positions.



- **Dragijana Radonjic Petrovic, BAE**  
Founder and Senior Partner  
25 years of experience  
Key expertise:
  - Asset management
  - M&A and strategic advisory
  - Capital markets advisory
  - Private fund advisory

Mrs. Radonjic Petrovic previously founded and led M&V Investments, the largest and most successful brokerage company in Serbia (General Manager 1998-2006, Chairperson of the Board 2006-2010, 2013-); She held the office of the State Secretary in the Ministry of Economy and Regional Development in charge for Regional Development and Entrepreneurship Promotion (2010-2012); Also, she was Special Advisor to the Minister of Finance and Economy (2012-2013)





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