

# Teaser: Short profile of The Company

# Construction, electrical installation and manufacture of metal construction

East part of Croatia

## About The Company

- Main activity of The Company is construction, electrical installation and manufacture of metal constructions.
- The Company is performing its activities through the whole year.
- The Company was established in 2004.
- Company has 44 employees. All of them are in possession of medical certification for work, safety credential, fire safety credential and some employees have certification for providing first aid.

## Certifications:

- EN ISO 9001:2008
- HRN EN ISO 3834-3 for metal constructions



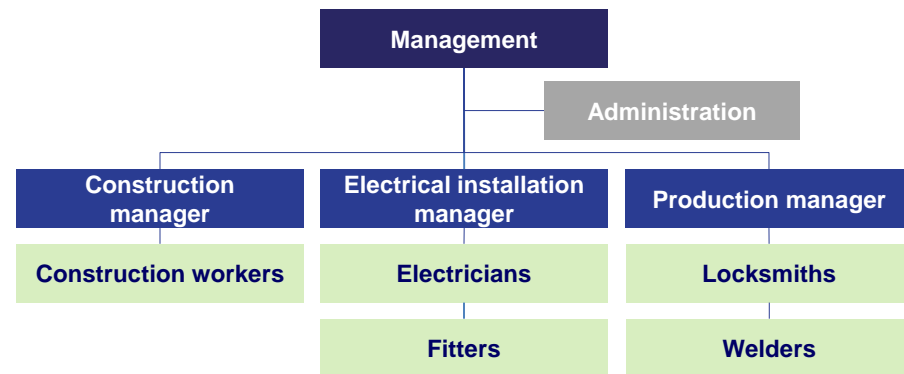
## Transaction model

Existing owners are interested in selling 100% of Company shares.

## Services

<b>Construction</b>	<ul style="list-style-type: none"> <li>• Preparatory works</li> <li>• Brickwork</li> <li>• Plastering</li> <li>• Excavations</li> <li>• Final services in constructions</li> </ul>
<b>Electrical installation</b>	<ul style="list-style-type: none"> <li>• Production and testing of electrical installation</li> <li>• Manufacture of lightning conductor installation</li> <li>• Other electrical installation work</li> </ul>
<b>Manufacture</b>	<ul style="list-style-type: none"> <li>• Locksmith services</li> <li>• Welding services</li> <li>• Turner services</li> <li>• Plasma cutting service</li> <li>• Bending service and cutting with sci</li> </ul>

## Organisation structure



- Welders have certificate according to MIG/MAG procedure and they also have all the valid certificate for working on high ground.
- 14 employees are well-trained alpinist with a valid certificate for working on high ground.

## Company location



### Special services:

- 1** Building and assembling steel antenna columns for telecommunication operators
- 2** Building the whole antenna and electro installation system
- 3** Building and assembling steel constructions

## Comparative advantages



**Perennial contracts with every teleoperator in Croatia**



**Professional equipment and tools that fits industry standards**



**Widely diversified customer base**



**Providing special services with unique goals and requests that our clients insist on**

## SWOT analysis

### Strengths

- Longtime experience in providing speclized services in construction industry, electro installation bussines and buidling steel construction business
- Cooperation with leading Companies in Croatia: VIPnet d.o.o., HT d.d., HEP d.o.o., HPB d.d.
- Longtime experience in managing demanding technologies

### Weaknesses

- Orientation towards Croatian market
- Lack of managerial accounting and controlling

### Opportunities

- Opportunity to enter EU market
- Opportunity to expand production assortment
- More flexibility in opening towards markets outside of EU
- Signing longterm contracts with new clients
- Becoming market leader for installation optic cables for 5G internet

### Threats

- Strengthening of existing competition in Croatia
- Potential price growth of raw material in future
- Bad economy situation in Croatia

## Balance sheet

in thousands of HRK	2013	2014	2015	2016	2017
<b>Assets</b>					
Long term assets	1.366	2.017	1.960	1.634	1.552
Short term assets	1.495	2.284	4.616	5.275	5.350
Prepaid expenses	201	-	-	-	-
<b>TOTAL ASSETS</b>	<b>3.062</b>	<b>4.301</b>	<b>6.576</b>	<b>6.909</b>	<b>6.902</b>
<b>Liabilities</b>					
Equity	792	659	793	2.035	2.244
Long term liabilities	1.041	2.795	3.225	2.402	2.310
Short term liabilities	1.228	846	2.558	2.405	2.348
<b>TOTAL LIABILITIES</b>	<b>3.062</b>	<b>4.301</b>	<b>6.576</b>	<b>6.842</b>	<b>6.902</b>

## Income statement

in thousands of HRK	2013	2014	2015	2016	2017
<b>Revenues</b>	<b>5.048</b>	<b>6.895</b>	<b>9.251</b>	<b>12.638</b>	<b>10.960</b>
<b>Expenses</b>					
Costs of good sold	2.357	2.754	5.576	4.950	4.296
Employee expenses	1.065	1.746	2.162	3.490	3.609
Other expenses	775	2.031	839	1.740	1.528
	<b>4.197</b>	<b>6.531</b>	<b>8.577</b>	<b>10.180</b>	<b>9.433</b>
<b>EBITDA</b>	<b>851</b>	<b>364</b>	<b>674</b>	<b>2.458</b>	<b>1.527</b>
<i>EBITDA %</i>	<i>16,9%</i>	<i>5,3%</i>	<i>7,3%</i>	<i>19,5%</i>	<i>13,9%</i>
Depreciation & Amortization	205	327	364	669	466
<b>EBIT</b>	<b>645</b>	<b>38</b>	<b>310</b>	<b>1.789</b>	<b>1.061</b>
<i>EBIT%</i>	<i>12,8%</i>	<i>0,5%</i>	<i>3,3%</i>	<i>14,2%</i>	<i>9,7%</i>
Financial income	8	13	-	-	23
Financial expenses	130	176	177	199	191
Total revenue	5.056	6.908	9.251	12.638	10.983
Total expenses	4.532	7.033	9.118	11.047	10.089
<b>Net income</b>	<b>506</b>	<b>(126)</b>	<b>133</b>	<b>1.262</b>	<b>727</b>
<i>Net profit %</i>	<i>10,0%</i>	<i>-1,8%</i>	<i>1,4%</i>	<i>10,0%</i>	<i>6,6%</i>

## Cash flow statement

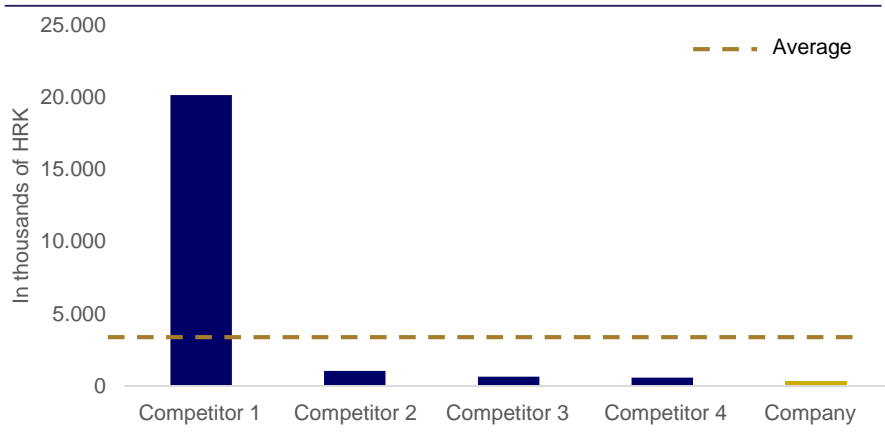
in thousands of HRK	2013	2014	2015	2016	2017
Cash flow from operating activities	394	(31)	(175)	412	1.511
Cash flow from investing activities	(461)	(1.271)	(773)	(113)	(360)
Cash flow from financing activities	65	1.595	680	(324)	(891)
<b>Net cash flow</b>	<b>(1)</b>	<b>293</b>	<b>(268)</b>	<b>(25)</b>	<b>259</b>

## Financial ratios and indicators

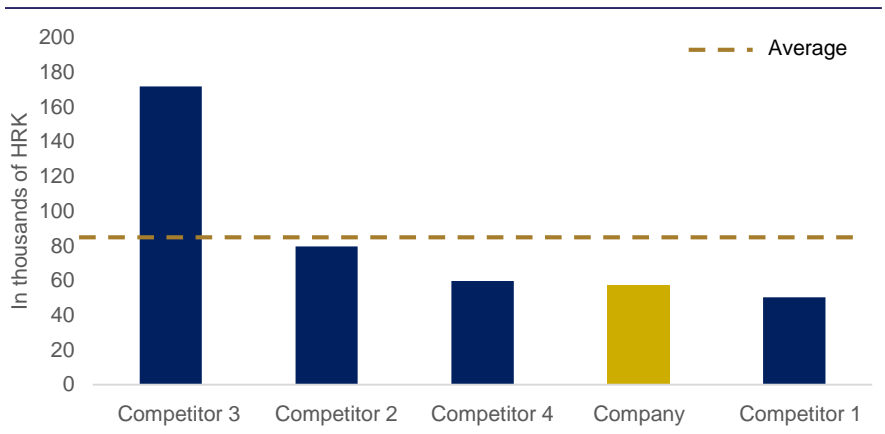
in thousands of HRK	2013	2014	2015	2016	2017
<b>Leverage</b>					
Net debt	1.177	2.501	3.449	3.170	3.403
Net debt / EBITDA	1,4	6,9	5,1	1,3	2,2
Total liabilities / Total assets	0,7	0,8	0,9	0,7	0,7
Equity multiplier	3,9	6,5	8,3	3,4	3,1
Total debt / Equity	2,9	5,5	7,3	2,4	2,1
<i>Proportion of debt in total capital</i>	<i>74%</i>	<i>85%</i>	<i>88%</i>	<i>70%</i>	<i>67%</i>
<i>Proportion of equity in total capital</i>	<i>26%</i>	<i>15%</i>	<i>12%</i>	<i>30%</i>	<i>33%</i>
Long term debt / Equity	1,3	4,2	4,1	1,2	1,0
Long term debt / (Long term debt + Equity)	0,6	0,8	0,8	0,5	0,5
Short term debt / Total debt	0,5	0,2	0,4	0,5	0,5
<b>Coverage ratio</b>					
EBITDA / Interest expenses	6,6	2,1	3,8	12,4	8,0
EBITDA / Short term debt	0,7	0,4	0,3	1,0	0,7
Operating cash flow / Interest expenses	3,0	-0,2	-1,0	2,1	7,9
Operating cash flow / Short term debt	0,3	0,0	-0,1	0,2	0,6
<b>Profitability</b>					
EBITDA margin	16,9%	5,3%	7,3%	19,5%	13,9%
EBIT margin	12,8%	0,5%	3,3%	14,2%	9,7%
Net profit margin	10,0%	-1,8%	1,4%	10,0%	6,6%
ROA (Return on average assets)	16,5%	-3,4%	2,4%	18,7%	10,5%
ROE (Return on average equity)	63,8%	-17,3%	18,3%	89,3%	34,0%
ROIC (Return on average invested capital)	20,8%	1,4%	5,7%	21,8%	13,4%

# Peer analysis

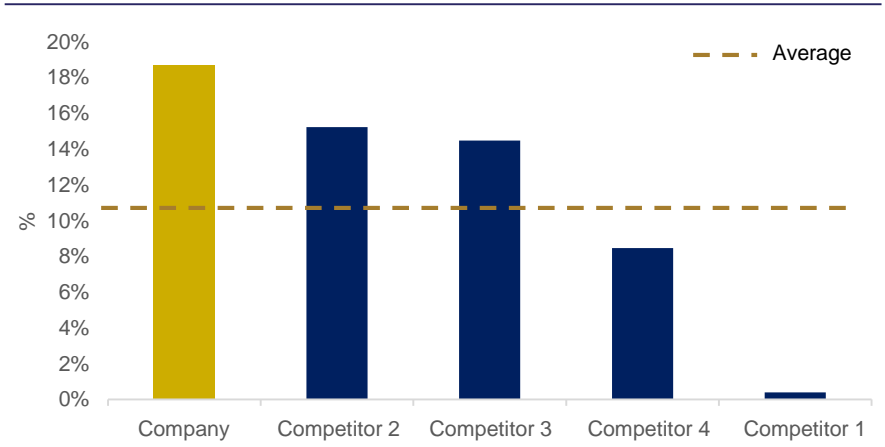
## Revenue / Number of employees



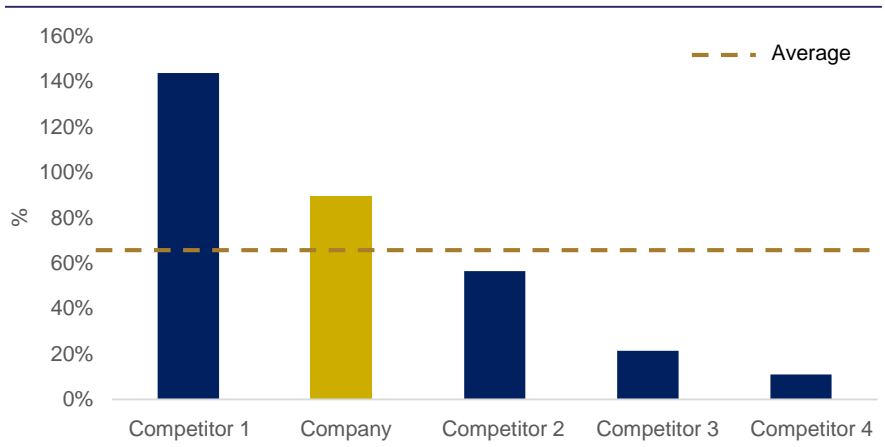
## EBITDA / Number of employees



## Return on assets (ROA)



## Return on equity (ROE)

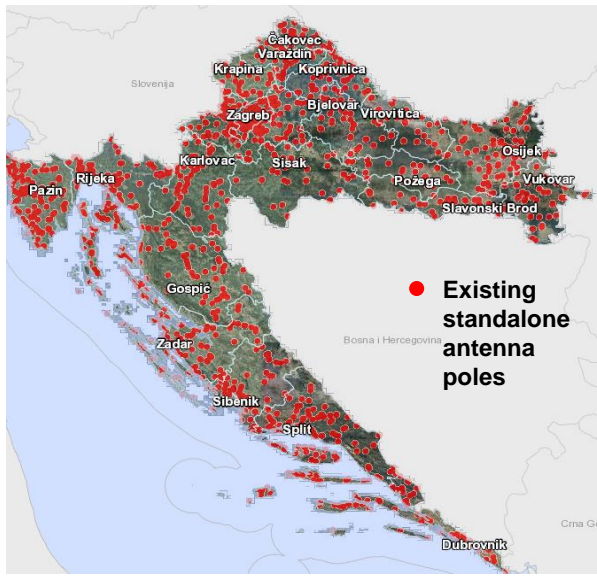


# Growth potential...

## Increasing market share

- |   |   |
|---|---|
| 1 | Coverage for whole territory of Croatia with 4G net   |
| 2 | Installation 5G net for the whole territory of Croatia and Europe                               |
| 3 | Cooperation with existing customers   |
| 4 | Possibility to expand on markets of UK, Austria and Germany                                     |
| 5 | Inquiry by Croatian Telecom (T-com) to participate in modernization of more than 1700 locations |

## Coverage of 4G net



### Existing buyers:



### Potential buyers:



## Next steps...

**Please contact representatives of Alpha Capitalis, The Advisors, for further information.**

All of documentation, like Information memorandum and Valuation report is available upon request.

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