

## Tile factory in Novi Pazar can soon have a new owner

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By Igljika Philipova

*A little less than 10 offers are submitted for the almost finished "Keramika Pliska I.P." The seller is the creditor "HETA" and the deal is expected to be finalized until the end of January.*

HETA Asset Resolution Bulgaria OOD is close to finalizing the sale of one of its biggest industrial assets in Bulgaria. This is the tile factory "Keramika Pliska I.P." in Novi Pazar, which was almost completely built but it had never been put to work. In October the creditor "HETA" (previously Hypo Alpe Adria) offered the assets in a tender and the short list of candidates is ready. The deal itself is expected to be finished in January. Potential customers show big interest and the submitted offers are less than 10. Among them there are strategic and financial local and international companies.

### **Broad offer**

The tile factory in Novi Pazar was built in 2008 but the production never started. Investor in the project is "Keramika Pliska I.P." which has majority ownership of Galer Group registered in Seychelles. According to different sources from the field the reason for the failure of the project is not accurate estimation of the necessary investments and efforts for starting of production. That is why the project was frozen little before it was finished.

The enterprise consists of more than 40 T sq.m. land, 20 T sq.m. of production buildings and equipment delivered and assembled by the Italian company Siti-B&T Group S.p.A. From the tender message is visible that the fabric can produce floor and wall tiles as well as tiles from technical porcelain. The yearly capacity is 5.5 mio sq.m. of different formats.

The seller further clarifies that the short list could be extended by adding the receivables of "Keramika Pliska I.P." which are secured with a mortgage over a hotel in Varna. The hotel is "Golden Tulip" which was offered for sale several times via bailiff but was not sold. The last auction was in the spring and the price was 5.8 mio BGN. Owner of "Golden tulip" is the company "Balkan hotels" which also is mortgage guarantor for the loan of "Hypo Alpe Adria". Owner of "Balkan hotels" is another entity registered in Seychelles – Ferte Inc. CEO of both hotel and tile factory is Ilian Tanev.

### **Interest above the expectations**

In the fabric were invested approx. 11 mio EUR. The financing came from "Hypo Alpe Adria" but only small part was paid. HETA refused to reveal the asking price, outlining that "with the start of the tender procedure in October "HETA Asset Resolution" guarantees transparent, public and fair process for all interested potential investors. According to "Capital" information the asking price for all assets is approx. 10 mio BGN. According to the CEO of HETA Julius Grote in 2014 the company has started several marketing initiatives for selling the factory, but there were not many interested parties. Nevertheless the procedure started in October is expected to be successful. "At first the offers were above our expectations and that is why we are modest optimists about the deal", said Grote for Capital.

The candidates who signed the NDAs has passed though the financial analyze and due diligence check and have submitted binding offers. Grote did not say what is the exact number but outlines that it is big one digit number.

## Different candidates

There are local companies as well as international although the fabric is too small to attract the world leaders of this market. Strategic and financial investors show interest acquiring the assets and the offers are not only for the whole fabric but also for equipment only." said Grote. As he stated in the short list of the candidates strategic and financial investors are even and as far as their origin - the Bulgarian companies prevail. "We prefer strategic investor and we are even willing to accept lower offer, of course, in reasonable boundaries." says Grote. Currently we are in the third stage of the procedure – assessing offers and selection of the best candidate. The deal itself should be finalized in January 2016.

The fabric practically is finished and since the freezing of the project until now it has been managed by "Hypo Alpe Adria" (currently "HETA"). Grote states that the fabric has construction permission and currently the necessary procedures are being clarified with the local authorities for acquiring production permission. In case the buyer starts producing the employees needed are at least 70. This number is only for the people engaged in producing itself, the additional staff needed for supporting services such as security, transportation etc in not included.

## Who is the seller

The company "HETA Asset Resolution" is inheritor of "Hypo Alpe Adria Leasing" which was one of the big leasing entities in Bulgaria. The company built up huge amount of portfolios during the financial crisis. After the bankruptcy of the Austrian owner of the company, further owned by the Austrian state, the Bulgarian entity is no longer performing leasing services and focuses on selling the assets on stock and collecting receivables. This function is performed by "HETA Asset Resolution" which claims that has unique business model for the Bulgarian market. The strategic purpose of the company is to sell the assets on stock fast preserving their value. In the portfolio of the company there are industrial assets, real estates, vehicles etc. The sales of separate assets are ongoing since years. The latest data shows that their value is 63.7 mio BGN as of the end of 2014 in total and one year earlier the number is 142 mio BGN. The income for the last year is 31 mio BGN.

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