

“SIMPO” JSC, Vranje



General Information

Full legal name	"SIMPO" JSC, Vranje
Address	Radnicka 12, Vranje
Identification Number	07105681
Core activity	Manufacture of other furniture
Foundation Year	1963
Number of Employees	2.462



Capital structure (in%)

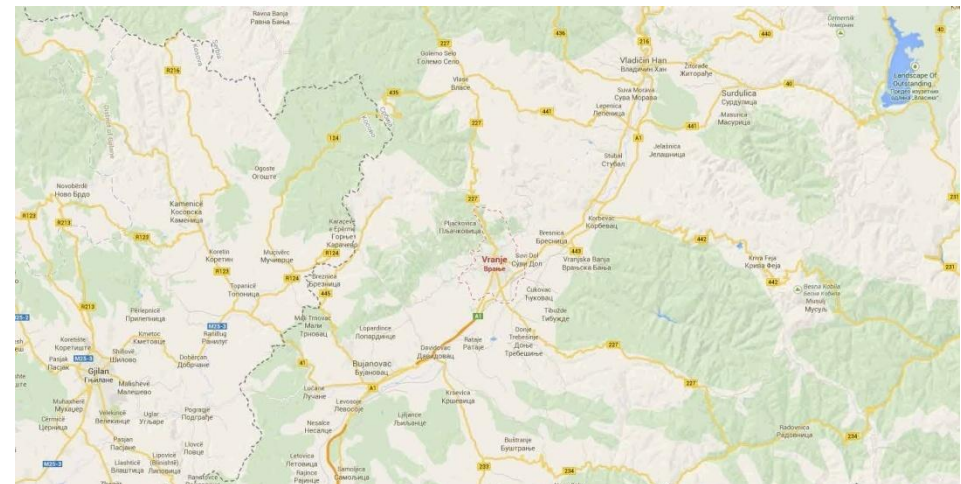
Local authorities	31.71
State-owned	20.66
Shareholders Fund Belgrade	7.07
Pension and Disability Funds	5.86
Health Fund	16.11
National Employment Service	4.60
Development Fund	0.26
Others	13.73

General Information



Distance from the Company to:

Belgrade	360 km
Regional Center	120 km
Main road	next to the highway
Port	500 km
Railway	next to the railway station



Location



Pan-European Transport Corridors

Vranje is a city located in southern Serbia. The population of the city administrative area is 83,524, while the urban area has 55,138 people. It is the administrative center of the Pčinja District of Serbia and the southernmost settlement which is in an official category of a city. It is located on the Pan-European Corridor X, close to the borders with Macedonia and Bulgaria.

Geographical location of SIMPO JSC, Vranje is of strategic importance in the market area of southeast Europe and provides opportunity for intensive business cooperation.



Long tradition and expertise



SIMPO developed from the Furniture Factory "Sima Pogačarević" established in 1963. The nomination of the current President of SIMPO a.d., Mr. Dragan Tomić, to the post of General Manager, in 1967, was the turning point in the business operations of SIMPO and it marked the beginning of the accelerated development.

At the end of 1968, the Company started recording positive results. The period between 1970 and 1980, was recorded as a period of the big successes, when substantial funds were invested into the construction of new facilities: SIMPO became richer for a mattress factory, a plant for cardboard products, a sawmill with a drying shed, a Recreation Centre in Pržar, a Business Centre in Belgrade, fabric factory... In the period 1980-1990, SIMPO was the leading company in the domestic wood processing industry. Manufacturing activity expanded to include manufacturing of fabrics, carpets and chemicals. According to the number of employees and the production capacities SIMPO was one of the biggest companies for furniture manufacturing in Europe, which exported to 40 countries in the world.

The next decade was marked by the disintegration of the country, sanctions, bombardment of Serbia...SIMPO sustained enormous direct and indirect damages, but it managed to preserve production and to introduce new activities. Company launched first domestic brand of the natural bottled water "Rosa". Also, SIMPO established Wafers Factory „Kondiva“ and entered in the field of agribusiness and stock-breeding, as well as the fruit processing industry.

From 2006 till today SIMPO has modernised its production facilities, expanded exports and improved the retail network.

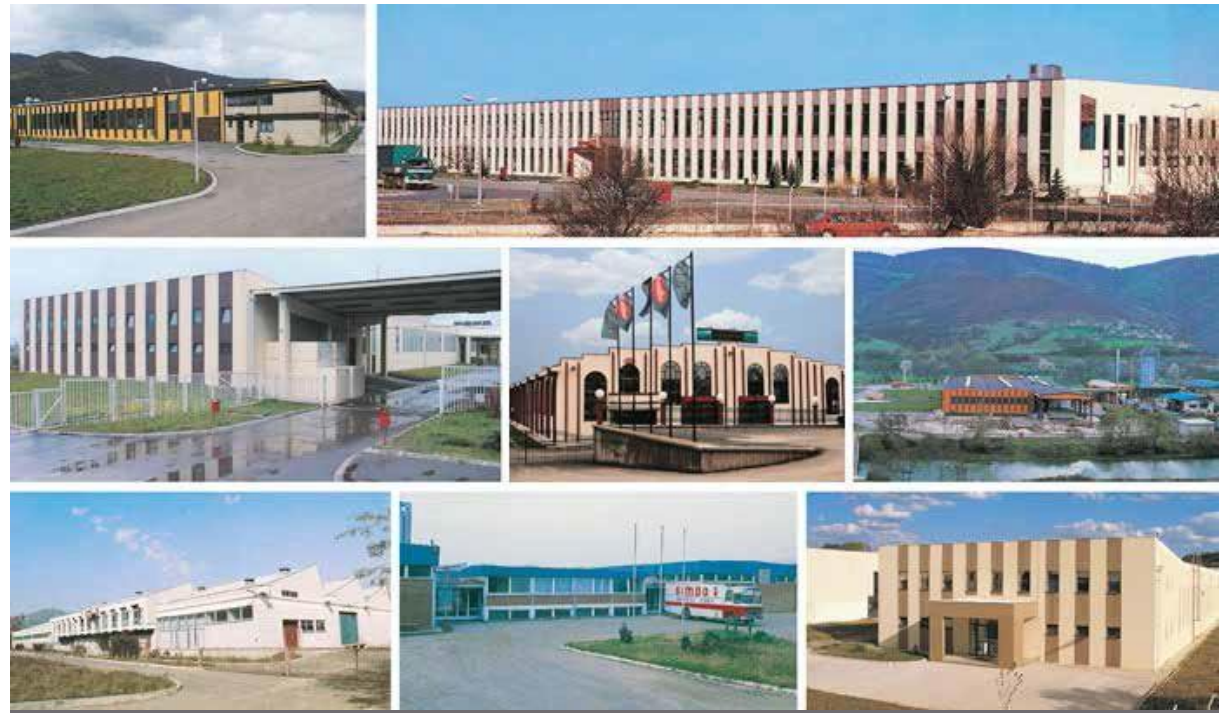
SIMPO



SIMPO is a leading regional company trading in furniture and accessories, with its own logistics and the retail network of 47 department stores and showrooms in 4 countries. Within the wide range of its activities, the core business of the SIMPO is furniture industry, in which it ranks among the largest European manufacturers. In this activity, we have the rounded-off production process, from raw materials and intermediate goods to final product, which makes us unique on the European market. Such a concept enables us the maximum control of quality, costs and just-in-time delivery, which makes our products competitive both on the domestic and international markets.

1. Parent company

2. Related companies



Brand



For the half a century, SIMPO has been one of the most recognized brands in Serbia, and a leading regional brand in the area of the furniture industry and retail trade. It is the only brand in Serbia that has been awarded five times as the best national brand in its category, within the traditional campaign „Best of Serbia”. SIMPO is the winner of this recognition award for 2005, 2008, 2009, 2011 and 2012, granted on the basis of the study of opinions of the consumers and the representatives of the professional public, as well as the analysis made by the professional Jury.





1. Furniture industry:

- Furniture factory
- Upholstery factory
- Mattresses factory
- Furniture frame factory
- Reproduction furniture factory STIL
- Laminated furniture factory

2. Services:

- Hotel industry

Parent company – Furniture industry



Furniture Factory

Established in 1963.

Location: Vranje

Area: 21,590 m²

Annual production volume: 40,000 bedrooms

bedrooms / wall cabinets / rooms for children / dining rooms / entryway furniture / office furniture / living rooms / piece furniture / kitchens

The Furniture Factory is the first production facility of the SIMPO. Since its establishment, it has been reconstructed thoroughly and modernized several times. It manufactures panel furniture which complies with the highest international standards and market requirements, owing to its complex finishing, design, quality, structure and functionality. It is technologically equipped for mass production, and the product range includes all kinds of semi-finished products that are used in wood processing industry.

The Facility for Interior Design is operating in the synergy with the Furniture Factory, and it is intended primarily for the production of small and special series of panel products. Major part of the production accounts for the furniture for public spaces – hotels, business facilities, schools, hospitality facilities and health institutions. Owing to this factory, SIMPO can meet the nonstandard and complex requirements of the buyers, without suspending the course of the serial production. This ensures high flexibility and the possibility for implementation of large furnishing projects on short delivery terms.



Parent company – Furniture industry



Upholstery Factory

Established in 1965.

Location: Vranje

Area: 12,293 m²

Annual production volume: 25,000 sets

leather suites / fabric suites / sectionals / three-seater sofa beds, two-seater sofa beds – fixed and with a mechanism/ armchairs / ottomans



The Upholstery Factory manufactures suites in leather, eco-leather and fabrics of different composition (sectionals, three-seater and two-seater sofas, fixed and with folding mechanism, armchairs, ottomans). The multiannual experience in manufacturing suites in leather and fabric, and constant progress in research and launching of new models, and flexibility in production, enabled export of this Factory's products to the whole world.

Parent company – Furniture industry



Mattresses Factory

Established in 1984.

Location: Bujanovac

Area: 20,980 m²

Annual production volume:

300,000 mattresses / 20,000 click-clack beds / 18,000 upholstery beds / 18,000 suites in fabric and artificial leather

Mattresses Manufacturing

The new Mattresses Factory was built in 1984, and it was completely modernized in 2011. The product range includes Bonelli coil spring mattresses, mattresses with pocket springs, and the high-tech premium programme of memory foam mattresses. The factory also manufactures frame mattresses and roll-up mattresses of different sizes.

Beds Manufacturing

SIMPO is on the top of the European production of two-seater sofas, three-seater sofas and sectionals, with the sleeping mechanisms of the most recent generation, so called "bed-sofa". Along with the bed-sofa, factory in Bujanovac manufactures numerous types of upholstery bed-sofas and beds with the click-clack mechanism.



Parent company – Furniture industry



Furniture Frame Factory

Established in 1982.

Location: Prešovo

Area: 7,014 m²

Annual production volume:

22,000 frame unassembled for three-seater sofas, two-seater sofas, armchairs and beds 16,500 suites for upholstered furniture
50 t of briquette.



By establishing this factory, SIMPO secured supply of furniture frames for the upholstery Plants in Prešovo and Mattress and Bed Factory in Bujanovac, in the most rational way, and on the permanent basis. In conformity with the sustainable development policy of the SIMPO group, this factory has also developed briquette production, using as a raw material the wood scrap from the furniture frame production.

Parent company – Furniture industry



Reproduction Furniture Factory STIL

Established in 1981.

Location: Surdulica

Area: 4,500 m²

Annual production volume:

50, 000 reproduction furniture parts

Along with the sawmill for log working, the Factory STIL, owns the facilities for technical timber drying, which is used for further manufacturing of a wide range of high-quality reproduction wooden structures for leather, eco leather and fabric suites. This factory also manufactures and finishes decorative wooden structure, and decorative elements and profiles for reproduction furniture.



Parent company - Furniture Industry



Laminated Furniture Factory

Established in 1990.

Location: Zubin potok

Area: 7,900 m²

Annual production volume:

55,000 conditional units chairs/ tables /office furniture / upholstery suites

This factory manufactures a special laminated furniture programme. The factory disposes of its own sawmill for manufacturing timber and different wooden elements for the needs of the wooden industry.



Parent company - Services

slmpo



Hotel Industry

The „Pržar“ Hotel

On the Pržar Hill, a few kilometres above the northern part of Vranje, there is a hotel bearing the same name. It is situated at the location of the old resort, in the beautiful pine forest ambience, with the gazebos providing attractive view of the town of Vranje and the entire Vranje Valley. The Hotel has 18 rooms with modern furniture and accessories, two exquisite suites and a banquet room for 200 guests.

The Hotel facilities also include two meeting rooms, small football pitches, and a corner for children's games.

Owing to the excellent location and modern facilities, the „Pržar“ Hotel is an ideal venue for business meetings, team workshops and smaller seminars, as well as professional gatherings. Highly professional and hospitable staff of the „Pržar“ Hotel welcome their guests with the famous heartiness of the people from Vranje and the rich traditional and international cuisine.



Related companies



Furniture industry:

- Carpet factory
- Children's furniture factory
- Simpo drvo
- Simpo dekor
- Simpo ŠIK

Agribusiness:

- Sheep farm
- Simbi
- Simpo cveće

Furnishing:

- Simpo line

Food industry:

- Kondiva

Related companies – Furniture industry



Carpet Factory (in liquidation)

Established in 1972.

Location: Donji Stajevac, Vranje

Area: 1,200 m².

Annual production volume: 12,500-13,500 m² of carpets and rugs

The factory with a 40-year long tradition, manufactures woollen, leather and polypropylene carpets. All carpets are handmade and produced from the supreme quality materials. The designs are diversified, from the Persian to the authentic national motives, to the simple ones with abstract patterns and geometric details. The product range also includes the carpets for children's rooms and babies' rooms, designed in conformity with the specific needs of the youngest. All carpets have the anti-allergic and anti-bacteria protection, and they can be manufactured to suit the special consumers' requirements regarding pattern and size. The factory is unique by its leather carpets programme, which is manufactured from the pieces of this material left over in manufacturing of upholstery suites.



Related companies – Furniture industry



Children's Furniture Factory

Established in 1988.

Location: Radovnica, Trgovište

Area: 7,030 m²

Annual production volume: 40,000 children's beds



Children's Furniture Factory in Radovnica, near Vranje, manufactures a wide range of children's beds, cot beds and cradles, and other furniture for children. 95% of these products are exported to Germany market. In 2009, the factory was completely reconstructed and technologically and industrially modernized.

Related companies – Furniture industry



SIMPO DRVO

Established in 2002.

Location: Čičevac

Area: 22,000 m²

Sawmill capacity:

15,000 m³ of cut logs (12,000 m³ beech and 3,000 m³ poplar)

Drying capacity: 800 m³ of cut timber per shift

Steaming capacity: 15,000 m³ of timber annually

„SIMPO DRVO“ manufactures timber and components for the needs of the furniture industry. Major part of the production is supplied to the factories of the SIMPO, and a part is exported. Most important international markets are Italy, Greece and Poland. The production is organized in Čičevac, near Kruševac, where the company's sawmill „SIMPO DRVO“ is located.

Related companies – Furniture industry



SIMPO DEKOR

Established in 1979.

Location: Vranje

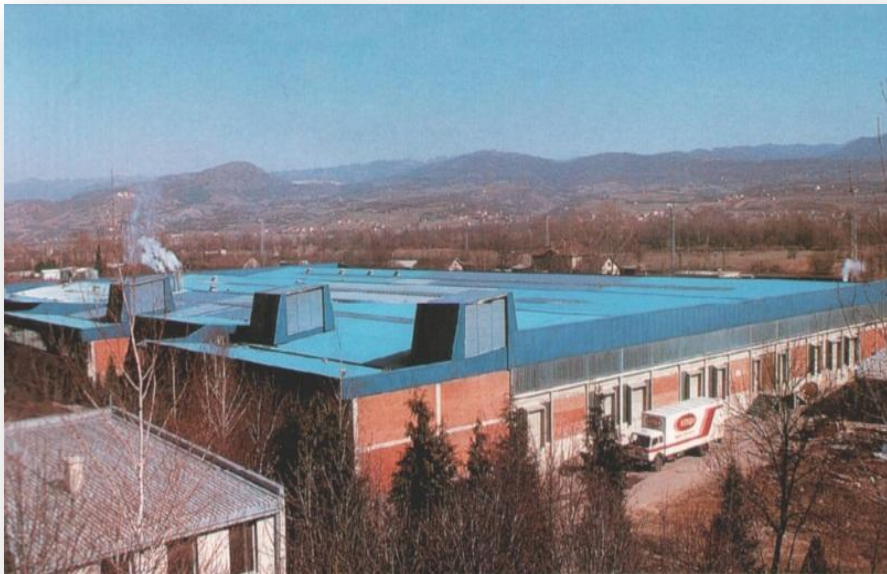
Area:13,700 m²

Annual production volume: 1,000,000 m of fabrics

Fabrics and cloths in various patterns / plain and patterned plush/ printed plush and linen/ jacquard fabric and linen / chenille fabric

Since its establishment, the factory has been modernized several times, and today it is equipped with the state-of-the-art technologies for production of cloth and other decorative fabrics for the needs of the furniture industry and interior furnishing.

A special segment to which great attention is attached is making fabric fireproof, according to the standards of the EU. This kind of fabric is intended for furnishing railway wagons, buses, cars, theatres, hotels, cinemas and other public and residential spaces. The product range includes dirt-resistant fabrics, waterproof fabrics and oil-proof fabrics. The products of this factory are used by the members of SIMPO group, whereas the major part of the production is exported. In addition, the products of „Simpo dekor” are also used by other furniture manufacturers in Serbia.



Related companies – Furniture industry



SIMPO ŠIK

Established in 2010.

Location: Kuršumlija

Area: 32,969 m²

Annual production capacity:

Sawmill 22,000 m³ of logs annually

Parquet 120,000 m²

Plywood: 3,000 m³

Hardboard: 44,000 t

Painted hardboard: 12,000,000 m²

Solid wood elements factory – product range and capacity to suit the needs of buyers

Main product range includes: hardboard, logs, plywood (raw and waterproof), beech elements and parquet, manufactured in conformity with the standards SPRS ISO 9001:2008. The factory manufactures the massif wood furniture, whose product range is adaptable to the buyers' needs. The products of „SIMPO ŠIK“ are present on the markets of Serbia, Bosnia and Herzegovina, Macedonia, Croatia, Montenegro, Germany, Belgium, Morocco, Greece, Bulgaria, Slovakia, Romania, Hungary and others.



Related companies - Furnishing



Simpo Line

The Company „Simpo Line“ specialized in furnishing of all kinds of interior – hotels, business and residential facilities, restaurants, office space, hospitals and schools. „Simpo line“ combines all the activities related to the commercial furnishing – from the design, technological elaboration, manufacturing, transportation, all the way to installation. Its market concept is based entirely, and in all its segments, on the parent company potential. Therefore, it delivers to its clients not only the panel and upholstery furniture, but also floor and wall cladding, carpets, mattresses, draperies, bed linen, table cloths, and the interior flowers that we grow in our greenhouses. The portfolio of „Simpo line“ includes numerous business buildings and prestigious hotels, such as the International Trade Centre in Moscow, the hotels „Four Seasons“(Limasol, Cyprus), „Klaus K“ (Helsinki, Finland), „Intercontinental“ (Doha, Qatar), „grand hotel Admiral“ (Dubrovnik, Croatia), and „Holiday Inn“ (Belgrade), and the Sports Village for the university Sports games in Belgrade.



Related companies - Agribusiness



Sheep Farm

Established in 1993.

Location: Vlasina Mountain / Area: 1.200 ha

The farm is located on the highlands of the Vlasina Mountain, and along with sheep-breeding, it deals with vegetable growing and cereals on its estate. It is situated on the totally clean, isolated natural environment, at the height of 1,200 meters, which guarantees the highest level of health and ecological safety of the food produced. The farm breeds the herd of about 1,000 sheep, which bring forth 700 lambs every year. They are fed with the natural, health food (hay and alfalfa) from the highlands of the Vlasina Mountain. Due to such a way of breeding, the lamb meat from the SIMPO's farm is highly appreciated, not only on the Serbian market, but also in the neighbouring countries. The farm has developed the controlled potato growing, applying natural nourishment of nursery plants, without any use of pesticides. The same way, it produces up to 100 tons of rye and 50 tons of buckwheat, which is partly used for cattle feeding and partly sold on the market.

Simbi

Established in 1997.

Location: Crna Trava

The development policy for this branch of industry is based on the cooperation with the local agricultural producers, to whom we provide high quality nursery plants free of charge. Our main commitment has been to revive and expand the orchards of the autochthonous quince variety, by which the Vranje region has been known for centuries. Until now, the contracts have been made with 800 contract farmers, and the quince nursery plantations have been grown on 100 hectares, with 90,000 trees of this fruit. Along with quince, we enabled the small farmers to grow the nursery plantations of other fruits. Thus, our contract farmers today grow 31,000 trees of plums on 50 hectares. The apple orchards spread on more than 20 hectares with more than 15,000 trees, and 10,000 pear nursery plants have been planted on 8 hectares. Raspberries have been planted on the area of 5 hectares and hazelnuts on the area of 6,3 hectares. All the fruit plantations have been formed on the hilly terrain, where application of substantial chemical protection is not necessary as much as it is with the fruit growing in lowlands. Under the supervision of our agricultural experts, the fruits are treated exclusively in the stage of flower buds formation and blossom fade, without additional treatment after that. Owing to this, the fruits do not contain any chemicals, and they are classified as ecological, healthy food. We buy out the entire yield of our contract farmers and process it further in our Factory SIMBI, which is located in Crna Trava. The largest quantities of fruit are processed into natural fruit brandy from quince and plum, and smaller quantities are used for production of pear brandy.

SIMPO cveće

Established in 1997. / Area: 10 hectares of land / 59,000 m² under roof

The Company „SIMPO cveće“ deals with the production and marketing of all kinds of indoor and garden flowers from the famous assortment of flowers grown in Holland, cultivation of flower seedlings, and partly vegetable growing. The seedlings are produced in the factory, under the glass roof, on the area of 59,000 m². Since the water temperature in the Vranjska Spa goes up to 92.7 degrees Celsius, it is ideal for the development of modern greenhouse plant growing. This hot water is used for heating of the greenhouses, and it replaces other energy sources, thus achieving large energy savings and environmental protection. „SIMPO cveće“ also deals with horticultural arrangement of outdoor green areas and interiors using decorative biomaterial.

Food industry



KONDIVA

Location: Žbevac – Bujanovac

With the establishment of the Confectionery Industry „Kondiva“ , in 2002, the SIMPO group first started the Wafer Factory, and three years later, the Candy and Caramel Factory was opened. As one of the market leaders, it has been recognized by its wafer product brand „Napolitana“ and the hard and soft candy brands „Kondi Bo“ and „Karamela“. In 2006, „Kondiva“ started producing chocolates and chocolate desserts. Its brands, „Smilies“ and „Pralinea“, produced from the fine Belgium chocolate, are the national synonym for the best quality moulded chocolate today.



Certificates



QUALITY POLICY

The quality policy of SIMPO is a part of its entire business policy and it is based on development, implementation and maintaining of the market-oriented business system, and the quality management principles.

The quality management system in all business activities and production processes has been established in conformity with the standards SRPS ISO 9001:2008, SRPS ISO 14001:2005, SRPS OHSAS 18001:2008. The focus of all employees is permanent responsibility in respect of reaching the required quality of products and services, protection of the environment and health and safety at work.

Quality assurance certificate ISO 9001

Company owns quality assurance certificate ISO 9001.



Ecology

According to applicable regulations, the requirements for environment protection are fulfilled.

Along with the certificates of accredited laboratories (CATAS, TUV Rheinland, Intertek etc.) prevailing in the EU and outside the EU, all the materials that we build in our products have passed the strictest international tests for health safety and security for use. All this makes SIMPO your first choice for furnishing your family and public spaces.

All restaurants of the SIMPO and company KONDIVA, implement also HACCP quality system.

Production and Capacity



Capacity utilization

Production line	% of utilization		
	2011	2012	2013
Furniture factory	65	64	53
Upholstery factory	87	76	63
Mattress factory	75	67	65
Laminated furniture factory	28	20	16



Realization



Sales structure

Sales structure in %	2011	2012	2013
Domestic market	38	35	36
Foreign market	62	65	64
TOTAL :	100	100	100

Distribution channels (%)

Distribution channels	2011	2012	2013
Wholesale	11	10	8
Retail	27	25	28
Export	62	65	64
TOTAL:	100	100	100

Organization – Parent company



EMPLOYEES



Number of employees

Working	1.064
Vacation	49
Sick leave	81
Other (paid leave etc.)	412
TOTAL NUMBER OF EMPLOYEES	1.606

Average salaries in EUR

(gross and net) in 2011, 2012 and 2013

Year	Gross	Net
2011	451	276
2012	470	287
2013	493	302

Assets Overview



	31/12/2011	31/12/2012	31/12/2013	31/12/2014
CURRENT ASSETS	92,446,490	95,896,060	52,862,177	26,361,407
NON-CURRENT ASSETS	92,255,915	82,650,655	136,881,320	127,151,134



Demounting mechanism Type 1, 2, 3

Type 1 Type 1 is the rapido mechanism, which supports the backrest cushions and enables the transformation of the three-seat sofa into a bed in one step. It is found within the Mondo, Incanto, Emily, De Marco, Contessa, Lupo, Polar Night, Nord, Moon, Joy2, Fred, and Nora models.

Type 2 Type 2 is the classic mechanism, which is drawn out together with the sofa seats, while the backrest cushions are unattached, facilitating the implementation of the most modern design solutions and various combinations of pieces. It is found within the Athens, Today, Brendy, Leo lux, Commodo, Chester, and Christian models.

Type 3 Type 3 mechanism is incorporated into head rests and back rests. It can be lowered into various positions, and it can form different angles as to provide the optimum and most relaxing position for the body during sitting or lying down. It is found in Theo and Sirena three seaters.



A) Information contain in this document is based on the data recieved from the company, and as such has not been verified by the Privatization Agency. Accordingly, the Privatization Agency shall have no liability with respect to the accuracy and validity of the information contained here in.

B) Pursuant to the law, enterprises from the Republic of Serbia were obliged as of 2004 to prepare Financial Statements in accordance with the International Standards of Financial Reports (ISFR).

SWOT Analysys

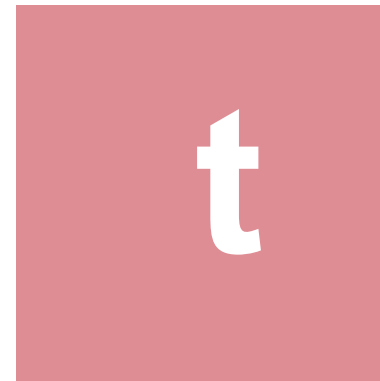
STRENGTHS:

- great experience in the production / sales of furniture
- complete constructed production / sales capacities (factories/distribution centers)
- established relationships with suppliers and customers at domestic and foreign market
- rounded-off production process
- recognizable brand of furniture and related products
- highly advanced sales / distribution network in Serbia and and key markets in the region



OPPORTUNITIES:

- optimization of production and sales strategy
- development of a flexible production process and modernization of production capacities
- financial consolidation (reduction of debts)
- sales of companies from other industries and increase of liquidity
- optimization of manpower (number and structure)
- optimization of the internal organization
- optimization of sales channels
- strategic partnership with a reputable companies in furniture industry



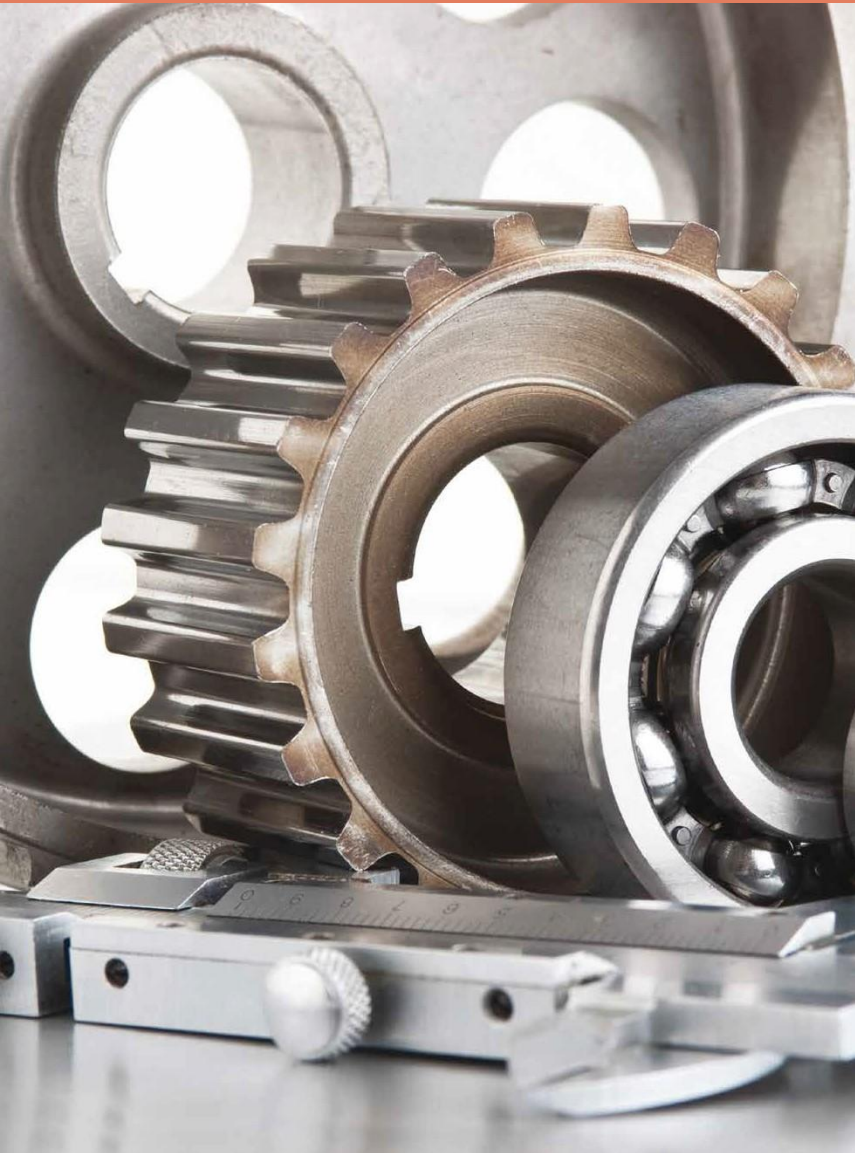
WEAKNESS:

- inadequate technical and technological fit-out of production capacities
- relatively high production costs and costs of own commercial network
- dislocation of production capacities outside from the company's headquarter
- low liquidity of business
- high levels of indebtedness and financing costs
- an unfavorable age / qualification structure of manpower and low labor productivity
- a complex system of internal organization with multiple management levels
- a low level of production flexibility and adaptation to changing market trends
- a high level of diversification business activities in various fields

THREATS:

- increasing the intensity of competition (strengthening of the domestic large and small production and the entry of foreign competition (IKEA)
- lack of materials on the domestic market and dependency of imports
- increase of prices and decline of quality of raw materials
- changes in consumer trends and tastes
- liberalization of imports of furniture
- unfavorable macroeconomic trends (employment, income level, inflation)

Advantages of Investing in Serbia



Favorable geographic position, owing to which any shipment can reach any location in Europe within 24 hours

Highly educated and cheap labor force Restructured and stable financial system

Simple procedures for a company start-up and registration

Simple procedures for foreign trade transactions and foreign investments Several free trade agreements have been signed, ensuring supply of goods to nearly 800 million consumers:

- In March 2012 Serbia was granted the candidates status by the EC
- CEFTA
- Agreement with the EFTA members
- Autonomous trade preferences granted by the EU in December 2000, and implementation of the Interim Trade Agreement with the EU started in February 2010
- Agreement with the Russian Federation, Belarus and Kazakhstan
- Agreement with Turkey

Contact



Republic of Serbia

Ministry of Economy R epublic of Serbia

Address: 20, Kneza Milosa Street, 11000 Belgrade, Serbia

www.privreda.gov.rs

Privatization Agency R epublic of Serbia

Adress: 23 Terazije, 11000 Belgrade, Serbia

Phone: +381 11 / 3020-800

Fax: +381 11 / 3020-828

Email: info@priv.rs

www.priv.rs
