SeeNews
Competitive Intelligence

PLASTICS SECTOR IN BULGARIA

a report by SeeNews Competitive Intelligence

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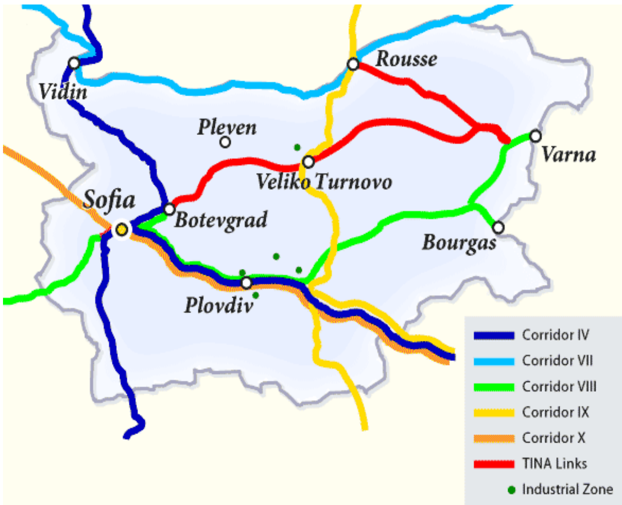
1. PLASTICS SECTOR IN BULGARIA – INVESTMENT POTENTIAL

1.1. Country investment advantages

Bulgaria's strategic geographic location in Southeastern Europe and its European Union (EU) membership provide locally-registered companies with a market of more than 500 million potential clients. The access to such an enormous market is supported by the five Pan-European transport corridors that pass Bulgaria, the five international airports and the 64 river and sea ports in the country.

Main Transport Corridors in Bulgaria



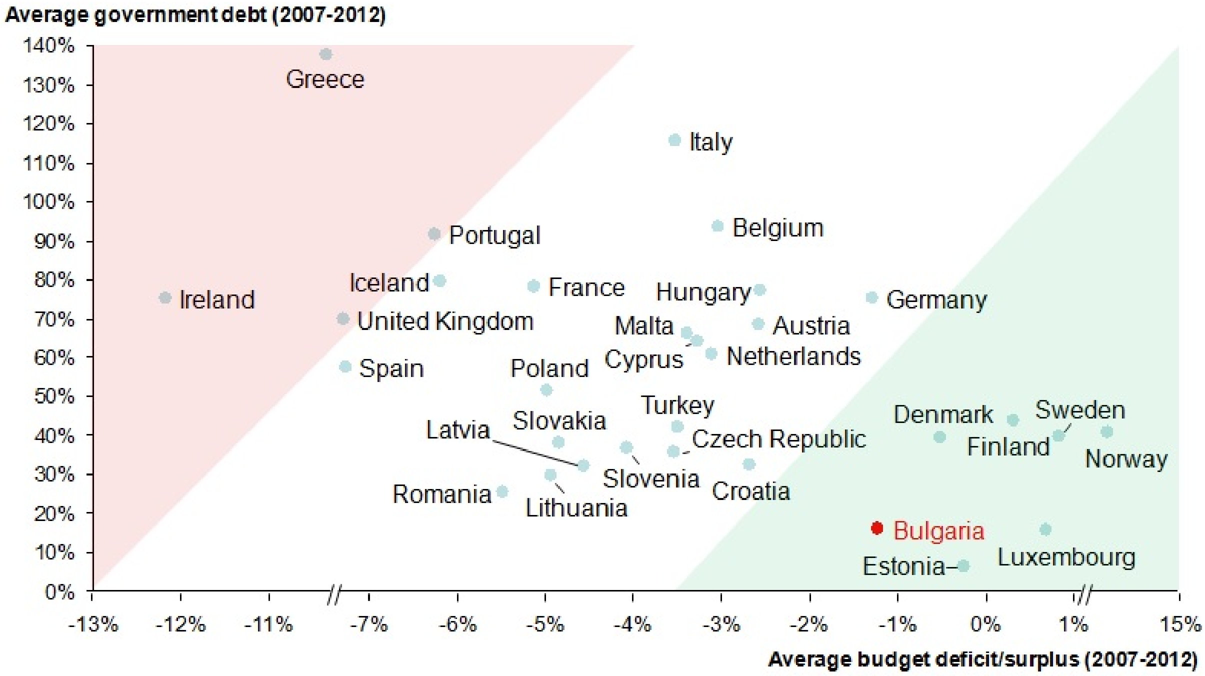
Source: InvestBulgaria Agency

Bulgaria offers a low corporate and personal tax rate of 10%, the lowest labour costs within the EU, modern office space and favourable office rents, as well as low utility expenses. The country is operating a currency board system, which provides financial stability by cushioning exchange rate movements. Other macroeconomic advantages are the low budget deficit and government debt.

Bulgaria also has a well-developed educational system, which comprises more than 50 universities, including five technical universities in major cities, with about 60,000 graduates every year.

Key indicators		
Indicator	**Bulgaria**	**EU average**
Real GDP growth rate in 2013	1.10%	0.00%
Corporate tax rate	10%	24%
Average annual wage in industry and services sectors (EUR)	4,599	26,402
Industrial gas price (EUR per gigajoule)	9.89	10.56
Electricity for industry sector (EUR per kWh)	0.080	0.094

Source: InvestBulgaria Agency



Source: Eurostat, InvestBulgaria Agency

The Bulgarian government supports investments in specific industries under the Investment Promotion Act (IPA). In order an investment project to be supported the minimum investment amount must exceed EUR 2.5 mln. However, this limit narrows to EUR 1.0 mln for projects in regions with high unemployment and to EUR 0.5 mln for investments in high-tech projects.

IPA supported industries	Benefits for investors
✓ Manufacturing	✓ Shortened administrative procedures
✓ Research & development	✓ Preferential acquisition of state or municipal land
✓ Education	✓ Financial support for professional training/education
✓ Healthcare	✓ Infrastructure subsidies
✓ High-tech services	✓ Labor cost subsidies
✓ Warehousing and logistics	✓ Individual administrative services

Bulgaria improved significantly its position in the ranking on ease of doing business, according to World Banks' Doing Business 2015 report. The country went up to the 38th position in the 2015 report, compared to its 58th position in previous year's report. Bulgaria made easier starting a business by simplifying preregistration and registration formalities, the World Bank noted. The country was among the economies in Southeastern Europe to achieve the highest average score on the strength of insolvency framework index, the report showed. Bulgaria implemented many of the good practices measured by the index as part of its reform efforts.

Bulgaria also improved its position in the Global Competitiveness Index of the World Economic Forum by scoring 4.37 points in the 2014-2015 ranking, thus occupying the 54th place, up from 57th place in the 2013-2014 ranking. Bulgaria outpaced almost all countries in Central and Eastern Europe, including Romania, Slovenia, Croatia and Greece. Bulgaria ranks highest in health and primary education, macroeconomic environment and technological readiness.

1.2. Investment potential in plastics sector

Bulgaria's traditions in plastics manufacture date back to the beginning of the XX century, when the first factories were built. The first large plant that produced plastics among others was launched in Burgas in 1963. In the years before 1989 the country was among the leaders in the production of chemical products in Central and Eastern Europe. At this time, Bulgaria exported more than 180 types of chemical products to 80 countries worldwide.

Since the late 1990s the plastics manufacture sector has attracted major foreign companies entering the Bulgarian market. The industry was hit by the global economic downturn but in 2011 it started to recover with foreign investments gathering pace.

The plastics products sector combined total revenue accounted for 2.5% of the country's GDP in 2013 and 2.2% in 2012. The plastics sector employed 21,200 people in 2013, compared to 19,350 in 2012.

Other key advantages include:

- ✓ Well-educated and experienced workforce with 7,000 students graduating annually in majors relevant to chemical and plastics industries;
- ✓ Competitive price of labour and high productivity;
- ✓ Existing infrastructure and facilities for the needs of the plastics industry;
- ✓ Easy access to large markets such as EU, Russia and the Middle East;
- ✓ Large availability of local and imported raw materials;
- ✓ Transfer of know-how from major international companies operating in the country;
- ✓ Financing under EU structural funds

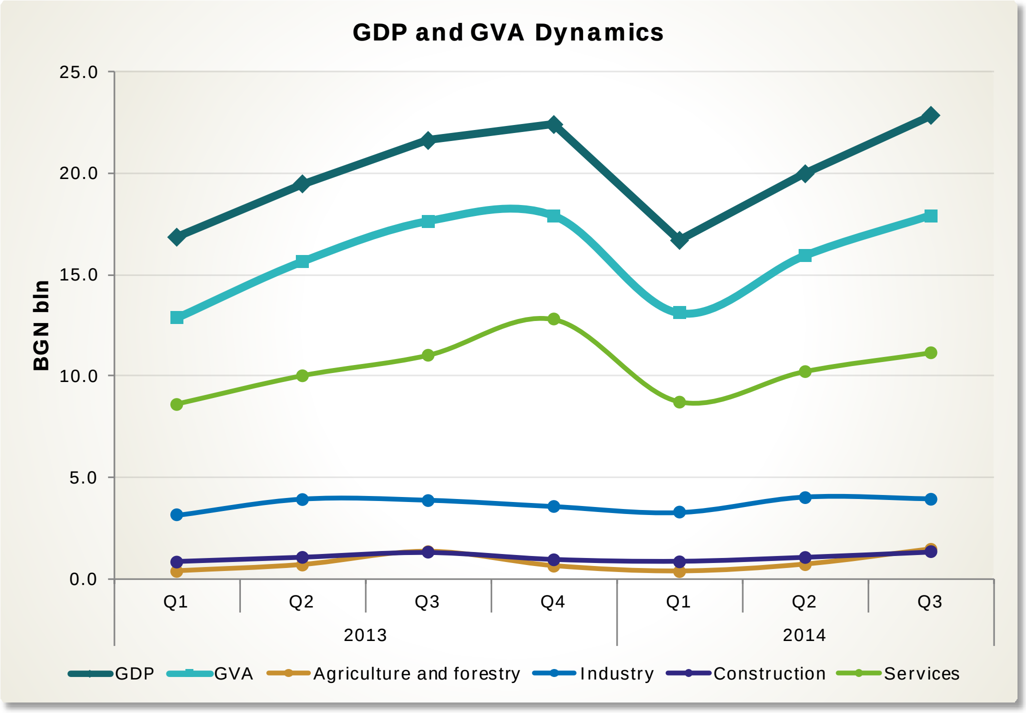
As of January 2015 Bulgaria managed to absorb 76.34% of the money from the EU structural funds, according to data of the country's Ministry of Finance. The total amount of the funds absorbed under the Operational Programmes stood at BGN 11.972 bln.

EU Operational Programmes' Priority Axes Concerning the Plastics Sector		
Priority name	**Payments (BGN mln)**	**% of implementation**
Support for innovation in enterprises	190.561	56.30%
Improvement of technologies used and management of enterprises	583.123	70.82%
Financial instruments for enterprise development	682.585	99.71%
Strengthening the international market positions of the Bulgarian economy	48.127	65.35%
Raising the productivity and adaptability of employees	282.707	77.41%
Strengthening the links between institutions for education and training, research and business sectors	96.771	79.87%

2. BULGARIA – ECONOMY SNAPSHOT

Bulgaria – Macroeconomic Snapshot		
Indicator	**Value/Change in value**	**As of**
GDP Growth	*1.5% y/y*	Q3 2014
Business confidence indicator	*1.2 pp m/m*	February 2015
Industrial output	*0.9% y/y*	December 2014
Industrial sales	*3.5% y/y*	December 2014
Wholesales	*-16.9% y/y*	Q4 2014
Retail sales	*6.4% y/y*	December 2014
Average annual inflation	*-1.4%*	December 2014
Unemployment rate	*10.6%*	Q4 2014
Number of building permits	*3.3% y/y*	Q4 2014
Money supply growth	*1.1% y/y*	December 2014
Household loans	*-1.6% y/y*	December 2014
SOFIX blue-chip index	*-8.5% y/y*	January 2015
Gross external debt	*EUR 39.558 bln*	December 2014
Current account surplus	*EUR 18.8 mln*	2014
FDI inflow change	*5.4% y/y*	Q3 2014
Foreign trade deficit	*EUR 453 mln*	Q3 2014
Number of foreign tourist overnights	*6.9% y/y*	January 2015

The country's **GDP** increased by 1.5% y/y and totalled BGN 22.838 bln (EUR 11.677 bln) in the third quarter of 2014, according to preliminary data of the National Statistical Institute (NSI).

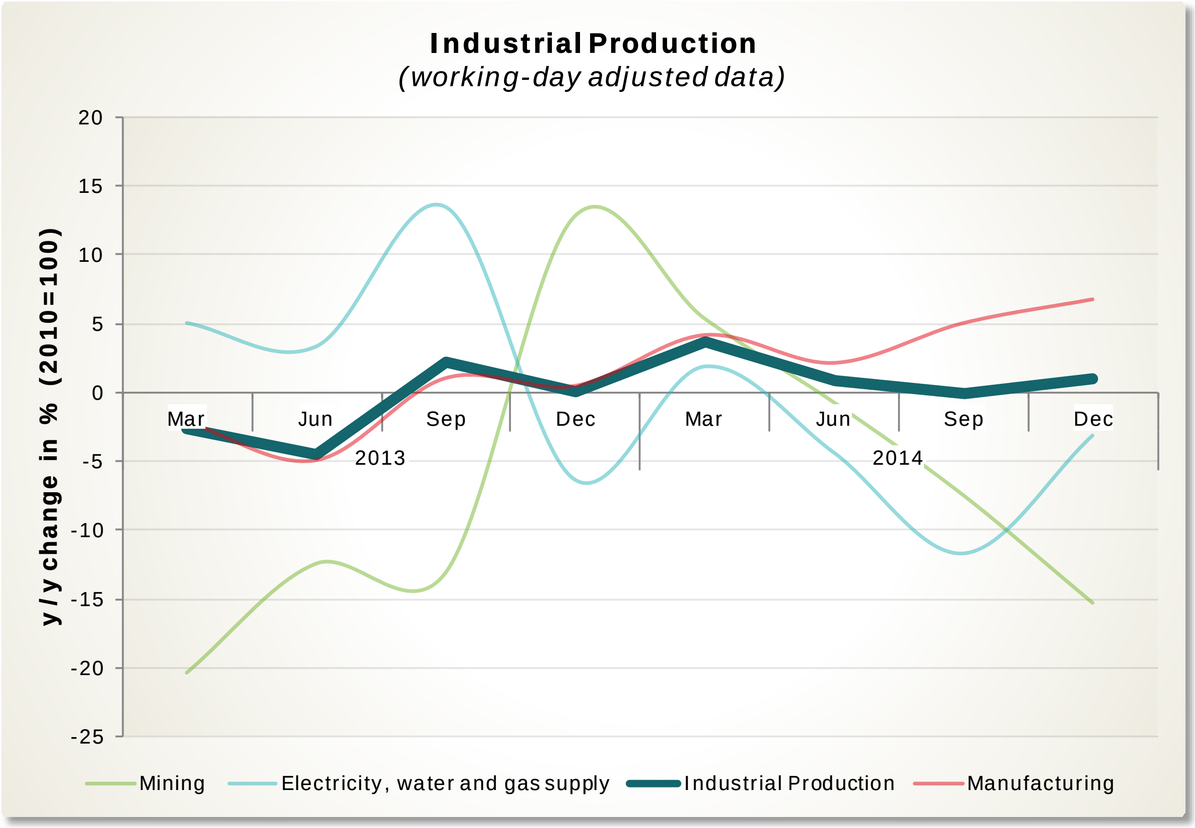


Source: NSI
Editor's note: Construction's GVA is included in Industry's GVA for Q3 2014

The gross value added (**GVA**) generated by the national economy increased by 1.6% y/y in the third quarter of 2014 and totalled BGN 17.884 bln. The industrial sector grew in value by 1.7% y/y and its share in the GVA structure remained unchanged at 21.9%. The services sector recorded a 1.1% annual increase, slicing a 62.3% share in the GVA, down from 62.6% in the corresponding quarter of the previous year. The agricultural sector registered an annual rise of 8.7%, thus increasing its share in the GVA to 8.1%, from 7.6% in the third quarter of 2013.

In February 2015 the **business confidence indicator** went up by 1.2 percentage points m/m due to the improved business climate in the manufacturing industry, construction and retail trade.
Economic uncertainty, tough competition, financing issues and low demand are among the key factors, which impede the development of the sectors.
The business confidence indicator grew by 3.8 percentage points m/m in January 2015 and fell by 1.1 percentage points m/m in December 2014.

Industrial output went up by 0.9% on the year in December 2014. The mining, and electricity, water and gas supply sectors fell by 15.3% and 3.1% y/y, respectively, while the manufacturing sector rose by 6.8% y/y.
Manufacture of motor vehicles, trailers and semi-trailers was the segment to report the highest annual production growth, of 53.9%, while mining of metal ores slumped by 18.0% y/y.



Source: NSI

Industrial sales increased by 3.5% y/y in December 2014. The manufacturing industry rose by 3.0% on the year. Sales in the manufacture of metal products except machinery and equipment achieved the highest annual growth of 50.8%, while repair and installation of machinery and equipment marked the sharpest drop of 12.5%.

The **wholesale** sector went down by 16.9% y/y in the fourth quarter of 2014. Non-specialised wholesale registered the steepest drop of 33.0%. Wholesale of computer and communications equipment reported the highest rise, of 34.8%.

In the period January – December 2014 the **average annual deflation** was 1.4%. The highest average annual decrease of 22.1% in consumer prices in the period under review was recorded in dental services, while prices of newspapers and periodicals registered the strongest increase, of 3.6%.

Unemployment in Bulgaria narrowed to 10.6% of the total labour force in the fourth quarter of 2014 from 13.0% a year earlier, according to data of NSI.
The **average monthly salary** in the fourth quarter of 2014 rose by 4.7% q/q and grew by 2.3% in annual terms to BGN 847 (EUR 433). Wages in the public and private sectors went up by 4.9% y/y and 1.4% y/y, respectively. Employees in the IT and Communication sector and in the Electricity, gas and water supply and production had the highest salaries of BGN 1,791 and BGN 1,543, respectively.

Housing prices inched up by 1.2% to an average BGN 874.5 per sq m in Q4 2014, compared to BGN 864.5 per sq m in the previous year.

Loans to non-financial corporations fell by 11.6% y/y to BGN 31.011 bln in December 2014, by 11.5% y/y in November and up by 3.0% y/y in October 2014.

The **gross external debt** increased, totalling EUR 39.558 bln at the end of December 2014, which was 94.3% of the projected full-year GDP. It widened by 3.0%, or EUR 1.161 bln compared to November 2014.

The **current account** surplus was EUR 18.8 mln in 2014, compared to a EUR 848.2 mln surplus a year earlier, according to Bulgarian National Bank (BNB).

Foreign Direct Investments (**FDI**) rose by 5.4% y/y to EUR 354.3 mln in the third quarter of 2014. For the January-September period FDI totalled EUR 1.106 bln, or 2.7% of the projected full-year GDP, compared with EUR 1.161 bln, or 2.8% of GDP, a year earlier.

Source: BNB

3. MARKET ANALYSIS

3.1 Methodology

For the preparation of the analysis a throughout desktop research is implemented. The initial phase of the process is focused on data mining in official and verified secondary sources, which include, but are not limited to:

- Bulgarian trade register database;
- National statistical institute;
- original annual reports of companies;
- websites and publications of government and regulatory bodies;
- websites of international organizations (International Trade Centre);
- independent studies

Based on the data gathered during the research, qualitative and quantitative analyses are made. The results are:

- estimation of the market size in terms of volume and revenue
- identification and profiles of the top players in the industry
- market share and market penetration analysis
- industry landscape and dynamics

Forecasts for the development of the plastics sector in Bulgaria are made using the available historical data and mathematical models.

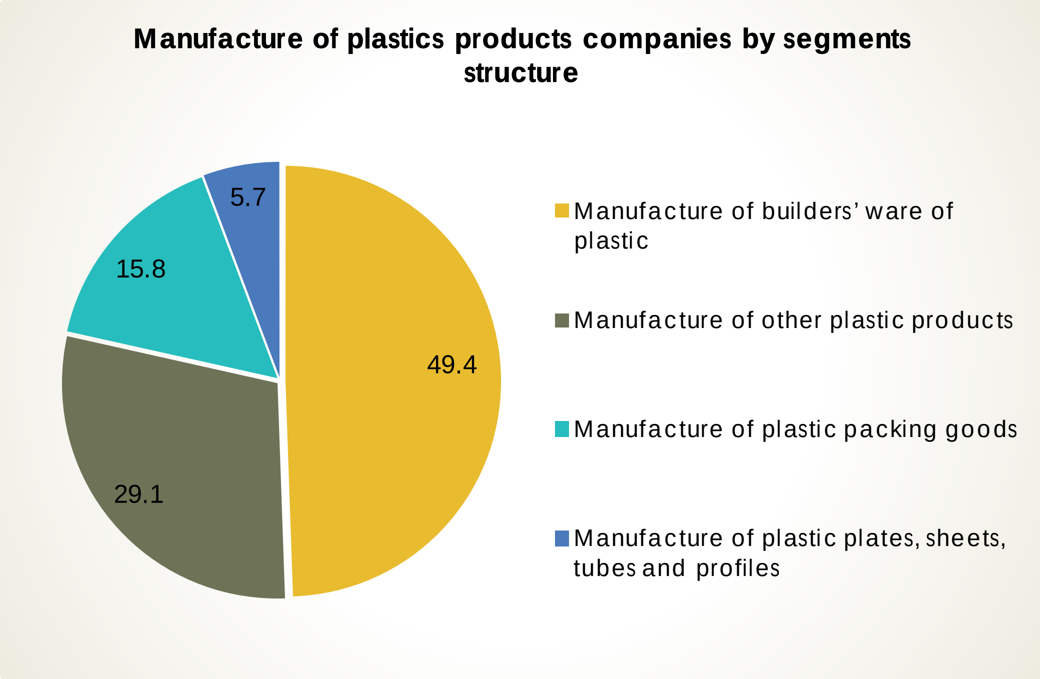
The information in the report for the plastics sector is based on the revised Statistical Classification of Economic Activities in the European Community (NACE Rev.2). The exact name and NACE code of the industry and its segments is presented in the table below:

NACE Code	Level	Industry/Sector/Segment/Subsegment Name
C	1 (Industry)	Manufacturing
29	2 (Sector)	Manufacture of rubber and plastic products
222	3 (Segment)	Manufacture of plastics products
2221	4 (Subsegment)	Manufacture of plastic plates, sheets, tubes and profiles
2222	4 (Subsegment)	Manufacture of plastic packing goods
2223	4 (Subsegment)	Manufacture of builders' ware of plastic
2229	4 (Subsegment)	Manufacture of other plastic products

3.2. Industry analysis

Landscape

The Manufacture of plastics products industry in Bulgaria was represented by 1,535 companies at the end of 2013, compared to 1,301 in the previous year.



The territorial structure of plastics manufacturing industry is characterized by uneven distribution of companies. Most of the enterprises are based in the capital Sofia, followed by Plovdiv, southern Bulgaria, and the South Central region.

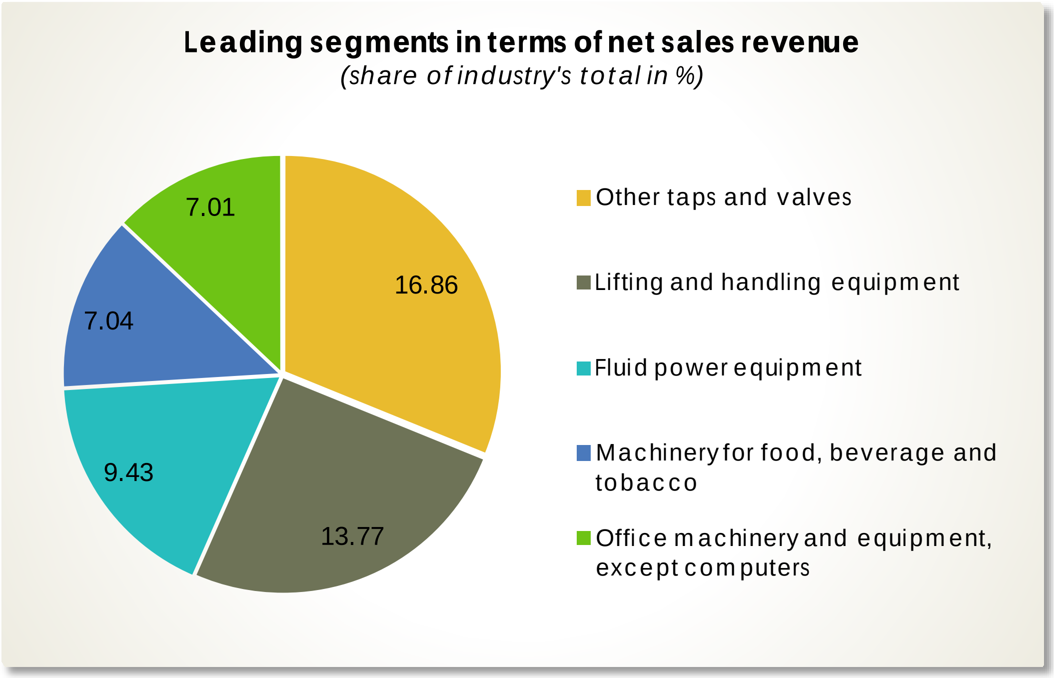
Employment

Statistics show that 21,190 people were employed in the Manufacture of plastics products sector at the end of 2013, compared to 19,355 in 2012.

Market size

According to market experts, expenses for raw materials and external services have the greatest impact on the development of Manufacture of plastics products. In 2013 they stood at BGN 1.403 bln, according to the financial statements of the companies in the industry. In 2012 the figure was BGN 1.219 bln.

The companies in the Manufacture of plastics products market of Bulgaria earned combined revenues of BGN 1.844 bln in 2013. In annual terms, sales marked an increase of 14.47% compared to 2012.



The highest growth, of 42.43%, was recorded by Manufacture of plastic plates, sheets, tubes and profiles, followed by Manufacture of plastic packing goods with 12.99%.

The Manufacture of plastics products sector revenues make up 2.47% to the country's GDP in 2013, compared to 2.17% for 2012.

Costs

The combined costs of the companies in the Manufacture of plastics products sector reached BGN 1.907 bln in 2013. In annual terms, total expenses rose by 14.10% compared to 2012.

Employment expenses in the Manufacture of plastic packing goods sector rose by 13.17% on the year, while the monthly costs per employee in the Manufacture of plastics products industry averaged BGN 618 in 2013 and BGN 598 in 2012.

The social security expenses in the industry were BGN 23.907 mln in 2013 compared to BGN 21.419 mln in 2012.

Profits and profitability

The profitability of the companies in the Manufacture of plastics products market, measured by their operating earnings, rose by 19.44% y/y to a combined BGN 73.689 mln in 2013. At the same time, operating profit per employee in the industry as a whole was BGN 3,478 in 2013. For comparison, in 2012 it amounted to BGN 3,188.

As a result, the profit margin for the Manufacture of plastics products sector stood at 3.74% in 2013, while in 2012 it amounted to 3.60%.

Margins vary for different segments: 6.90% for Manufacture of other plastic products, 5.76% for Manufacture of builders' ware of plastic and 3.98% for Manufacture of plastic packing goods.

6.90%
Manufacture of other plastic products

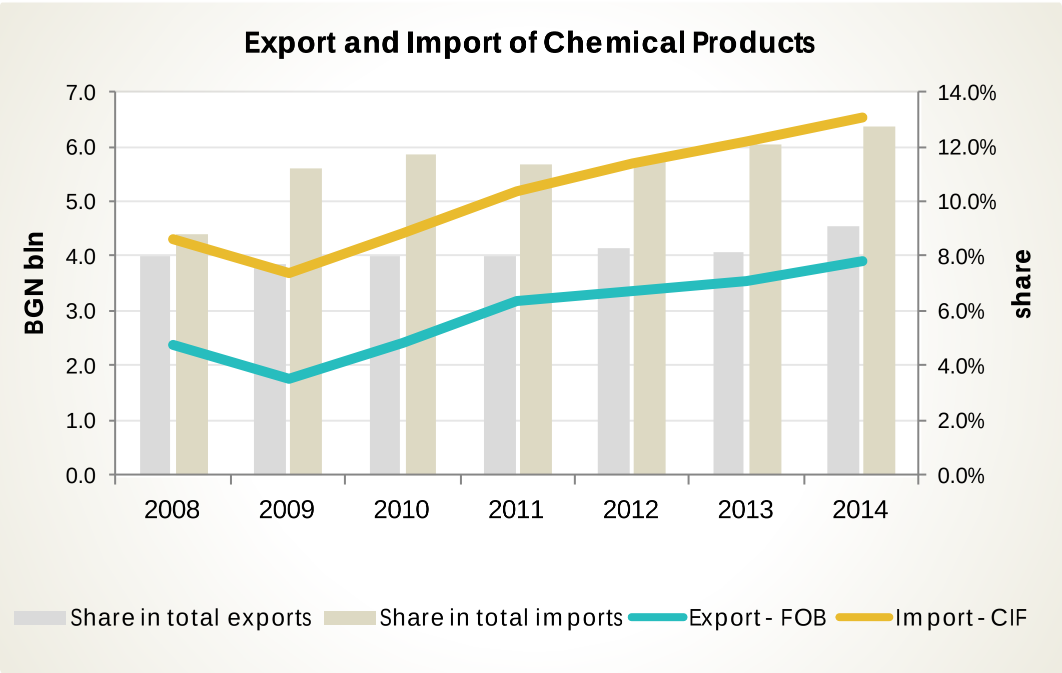
5.76%
Manufacture of builders' ware of plastic

3.98%
Manufacture of plastic packing goods

3.3. Export and Import

Bulgaria's exports of chemical products were constantly growing in the period 2009-2014. The trend led to exports in 2014 reaching BGN 3.924 bln, growing by 10.6% compared to the previous year, according to National Statistical Institute (NSI). Chemical products were the fastest growing segment in Bulgarian exports to EU member states with 13.5% y-o-y rise.

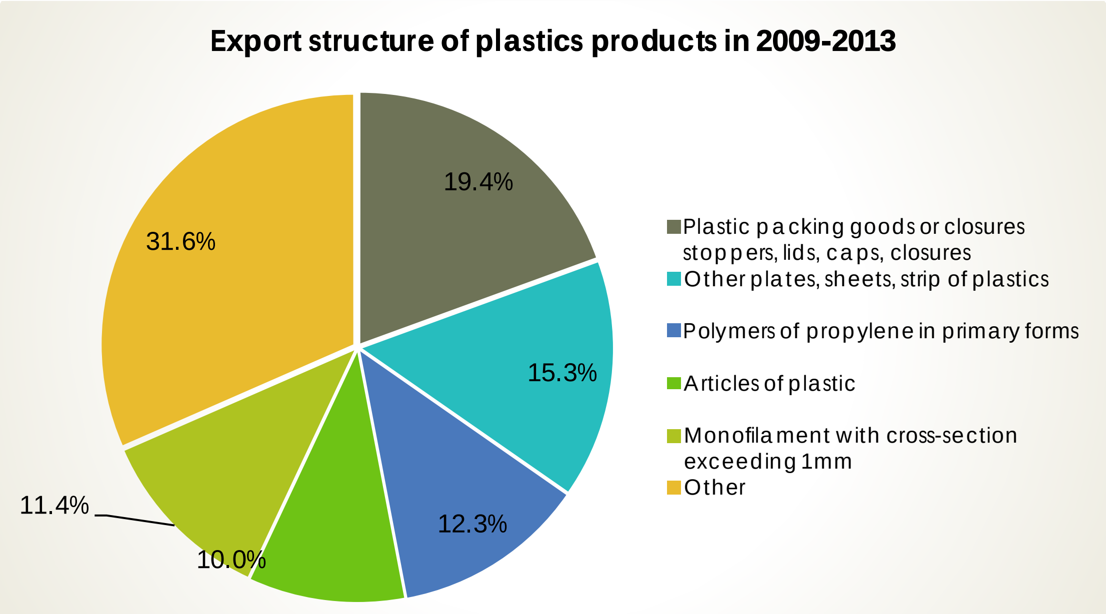
Imports fluctuated significantly in the period under review. After a sharp drop in 2009, it recovered between 2010 and 2014. On year-on-year basis, chemical products imports marked a 7.2% growth in 2014.



Source: NSI

3.3.1. Export

The most exported plastics products in the period 2009-2013 were plastic packing goods, closures, stoppers, lids and caps, according to data from International Trade Centre (ITC). They accounted for 19.4% of the total export value of the 26 plastics product groups in the period under review.



Source: ITC

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Bulgaria's plastics sector main export destinations by segment in 2013 – share of total segment exports

In 2013 Bulgaria's main export markets for plastics products were the EU-countries and Ukraine, according to UN Comtrade data. The EU-member states accounted for 78.2% of the Bulgarian plastics products exports with the main markets being Germany, Romania and Italy. As a whole, Bulgaria exported plastics products to 95 countries. However, the leading five markets in each of the segments accounted for between 62% and 84% of the total segment exports.

Of the major export markets, Germany had the biggest share of 20.1% in Bulgaria's total plastics products exports, followed by Romania with a 15.2% share and Italy with 8.5%. The three biggest markets accounted for almost half of Bulgaria's total plastics products exports.

Non-EU SEE countries were represented by Macedonia and Serbia among the main export markets with 3.9% and 3.6% of the total exports, respectively.

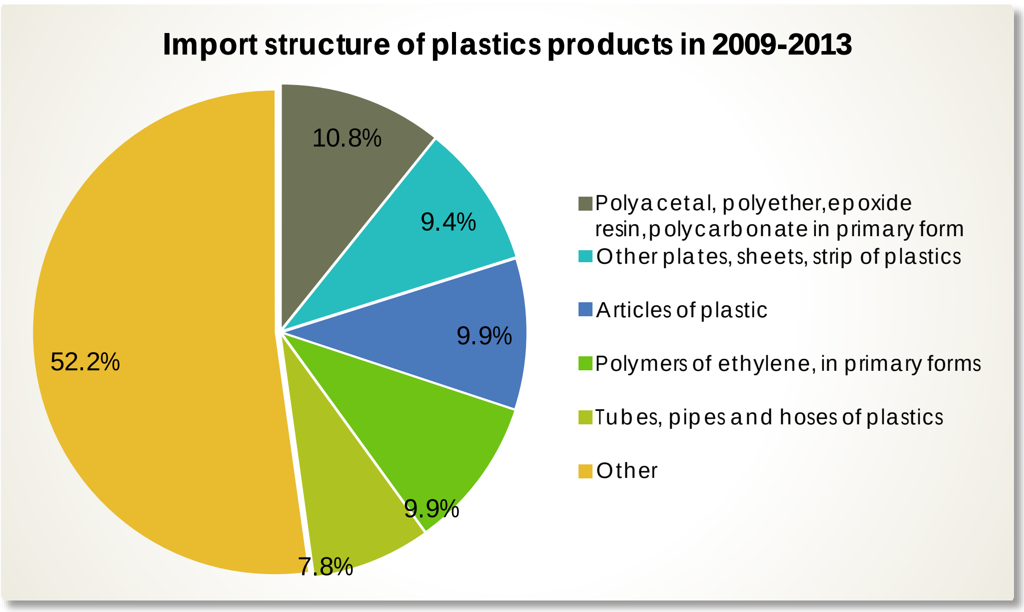
The main competitors of the Bulgarian plastics sector on foreign markets are the world's major plastics products manufacturers such as Germany, France and China.

Main competitors on Bulgaria's major export markets by product group in 2013			
Product Group	**Importer Country**	**Bulgaria's share of total imports**	**Bulgaria's main competitors on importer country market**
Monofilament	Romania	8.7%	Germany (41.7%) Turkey (13.7%) Poland (10.8%)
Plastic plate	Poland	1.1%	Germany (34.3%) France (7.4%) Belgium (6.9%)
Bathroom wares	Germany	8.7%	China (15.8%) Austria (9.1%) Switzerland (8.8%)
Containers, bobbins and packages	Germany	0.9%	Netherlands (11.9%) Switzerland (9.6%) France (8.5%)
Plastic articles for construction	Greece	10.2%	Italy (34.6%) Germany (15.5%) France (9.8%)

Source: UN Comtrade

3.3.2. Import

In the period 2009-2013 Bulgaria imported more than 25 types of plastic products with the leading being polyacetal, polyether, epoxide resin, polycarbonate in primary form, according to ITC data. They accounted for 10.8%, or EUR 455.6 mln, of the total plastics products imports in the country.



Source: ITC

Similar to exports, the bulk, or 67.8%, of Bulgaria's imports came from the EU-countries in 2013. However, Turkey was the biggest importer to Bulgaria, slicing an 18.2% share of the country's total imports. Other major importers were Germany with a share of 17.8% and Greece with 8.1%. In difference to exports, non-EU countries had a significantly higher share in total imports with the main importers in this group being Turkey, Egypt, China and India with their combined share amounting to 26.8% of Bulgaria's total plastics products imports. Imports from non-EU SEE countries were weak with Serbia accounting for only 1.1% of Bulgaria's total exports.

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Main importers of plastics products in Bulgaria by segment in 2013 – share of total segment imports

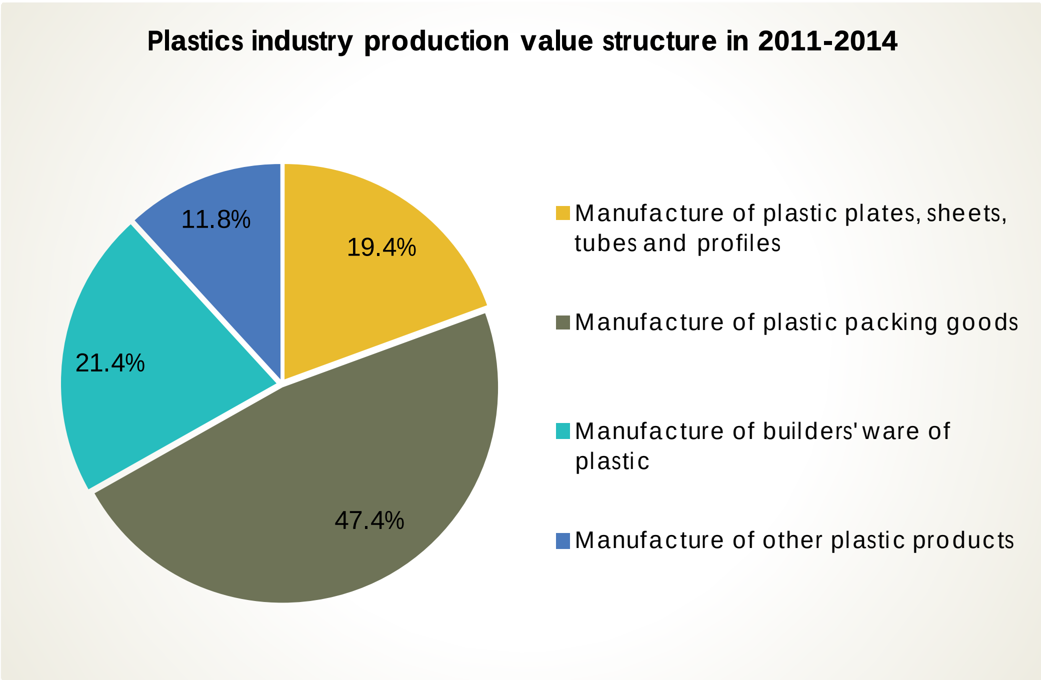
MORE DETAILED INFORMATION ON EXPORTS AND IMPORTS CAN BE FOUND IN:

- ✓ **Appendix 1** – Plastics products imported to and exported from Bulgaria in the period 2009-2013 in EUR mln. Sources: ITC, UN Comtrade

- ✓ **Appendix 2** – Plastics products exports from and imports to Bulgaria by country and segment. Source: UN Comtrade

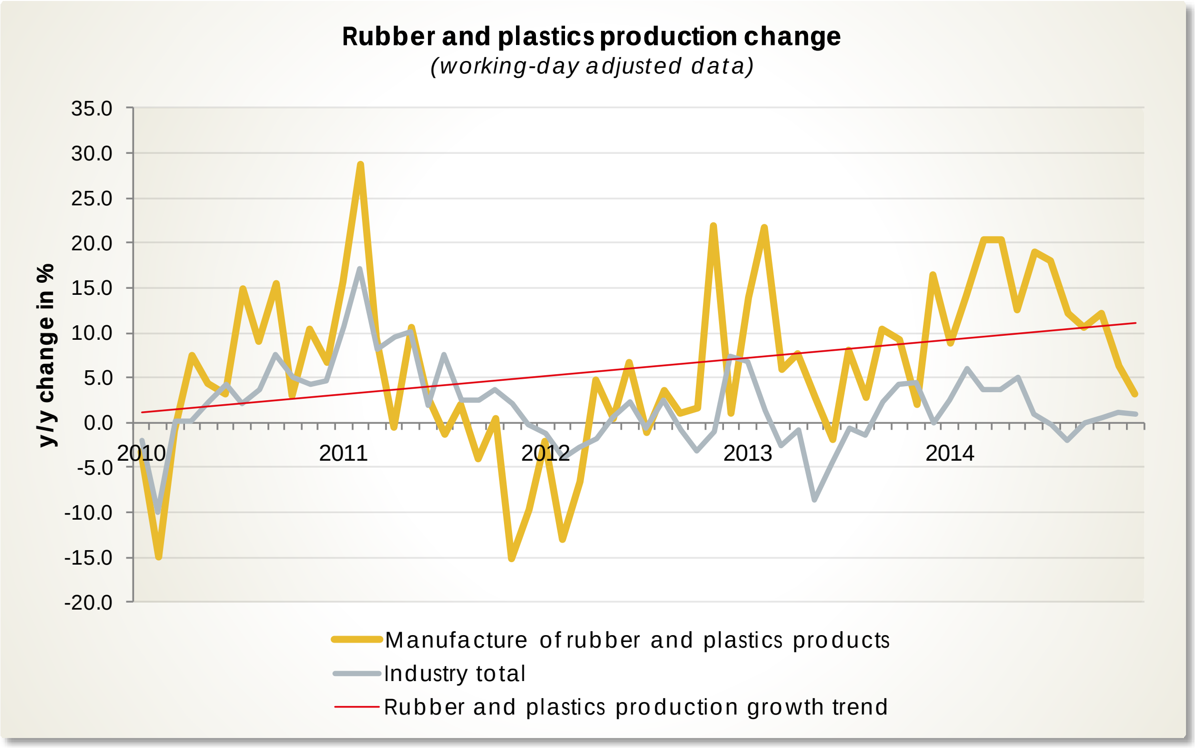
3.4. Production Figures

The output of the Bulgarian plastics sector was estimated at EUR 3.5 bln in the period 2011-2014 according to Bulgarian Industrial Association (BIA) and Eurostat data, with the highest production value of EUR 984.4 mln in 2014, compared to EUR 771.1 mln in 2011. All sector segments experienced an annual growth in 2014, led by manufacture of plastic packing goods with an increase of 8.2% to EUR 465.2 mln.



Source: Eurostat, BIA

In the period between 2010 and 2014 the annual industrial production growth of the manufacturing of rubber and plastics products sector was generally higher than the average for the country's industry, NSI data showed. The growth trend is accelerating and in 2014 the average annual increase rose to 13.1% from 8.3% in 2013.



Source: NSI

3.5. Competitive landscape

The Bulgarian plastics industry is concentrated in and around the largest Bulgarian cities, including the capital Sofia, Plovdiv and Stara Zagora, southern Bulgaria. The development of the sector has been driven by major foreign companies investing in the country. The global economic downturn in the 2008-2009 period had a negative impact on the plastics industry and some manufacturers ceased their production and started to rent out or sell their plants and equipment.

Bulgarian plastics sector has been mainly export oriented after 2001 and this trend is clearer in the last years of the considered period with the EU accession of the country. According to Bulgaria's Ministry of Economy, the sector's export grew faster than the total exports of the country in the period 2001-2010. The export of plastic goods used in construction was hit hardest by the economic crisis.

Bulgarian companies face tough competition, but nevertheless the country ranks among the top import destinations on some of the major markets in Europe – for example, Bulgaria is the fourth larger exporter of bathroom ware to Germany.

Among the key advantages regarding the competitiveness of Bulgarian plastic producing companies is the established positive image of the country on its main export markets – Germany, Italy, Poland, the UK, Romania and Greece.

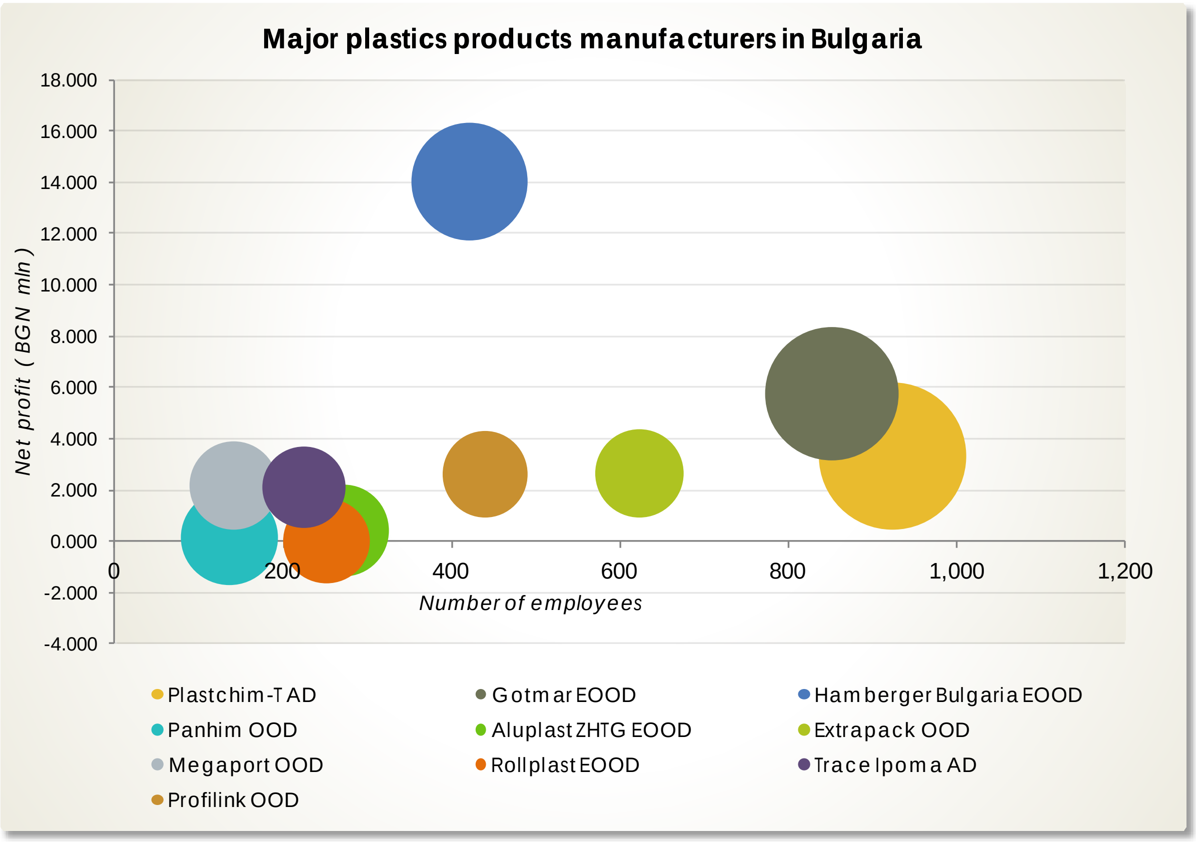
3.6. Fairs and exhibitions

Plastics fairs and exhibitions in Bulgaria in 2015			
Fair name	**Website**	**Venue**	**Dates**
Bulgaria Building Week	http://buildingweek.bg/bg	Inter Expo Center - Sofia	March 25 – March 28
Stroiko 2000	http://stroiko2000.com/en/	National Palace of Culture - Sofia	March 25 – March 29; October 21 – October 25
International Technical Fair, incl.:	http://www.fair.bg/NR/exeres/1563E91B-9B71-4501-BCB5-3F2487CF948D.htm	International Fair Plovdiv	September 28 – October 03
- Chemistry	http://www.fair.bg/NR/exeres/C2158F54-45B1-4D7D-8CD0-178961A06471.htm	International Fair Plovdiv	September 28 – October 03
PLAST	N/A	Inter Expo Center - Sofia	March 06 – March 08, 2016

4. SECTOR'S MAIN STAKEHOLDERS

4.1. Plastics manufacturers

In 2013 the plastics manufacturing sector in Bulgaria increased by 12.8% year-on-year in terms of net sales revenue to BGN 1.844 bln. The leading 10 companies by net sales revenue accounted for more than a third of the total, or BGN 644.4 mln. The leading company was plastic packing goods manufacturer Plastchim-T AD, followed by household plastic products maker Gotmar EOOD and toilet seats producer Hamberger Bulgaria EOOD. All of the top 10 companies reported net profits in 2013 with the most profitable being Hamberger Bulgaria EOOD with a net profit of BGN 14.0 mln.



Source: Companies' financial statements, SeeNews
Editor's note: The bubble size reflects the market share of the company in terms of net sales revenue in 2013 on the local plastics market.

The leading companies in terms of net sales revenue in each of the segments on the Bulgarian plastics market are presented below.

Top 5 by Net Sales Revenue in Manufacture of Plastic Plates, Sheets, Tubes and Profiles			
Rank	**Company**	**2013 (BGN mln)**	**2012 (BGN mln)**
1	Panhim OOD	54.8	49.5
2	Aluplast ZHTG EOOD	49.5	47.4
3	Vias EOOD	30.0	30.7
4	Pipelife Bulgaria EOOD	29.0	20.1
5	Fibran Bulgaria AD	27.3	23.2

Top 5 by Net Sales Revenue in Manufacture of Plastic Packing Goods			
Rank	**Company**	**2013 (BGN mln)**	**2012 (BGN mln)**
1	Plastchim-T AD	131.0	113.6
2	Gotmar EOOD	106.5	106.0
3	Extrapack OOD	46.0	41.9
4	Megaport OOD	45.8	44.6
5	Trace Ipoma AD	40.7	36.6

Top 5 by Net Sales Revenue in Manufacture of Builders' Ware of Plastic			
Rank	**Company**	**2013 (BGN mln)**	**2012 (BGN mln)**
1	Hamberger Bulgaria EOOD	81.4	63.0
2	Profilink OOD	44.5	50.5
3	Rollplast EOOD	44.1	36.5
4	Kristian Neiko 90 EOOD	18.2	22.5
5	Valda 90 EOOD	12.8	12.5

Top 5 by Net Sales Revenue in Manufacture of Other Plastic Products			
Rank	**Company**	**2013 (BGN mln)**	**2012 (BGN mln)**
1	Arexim Engineering EOOD	33.8	32.3
2	Mekalit Bulgaria EOOD	10.8	1.4
3	Convoy World AD	10.1	10.0
4	Accumalux BG AD	7.6	8.5
5	ET Diko Ivan Dikolakov	7.4	6.2

4.2. Plastics products manufacturers, distributors, wholesalers, importers and exporters

List of the main plastics products manufacturers in Bulgaria by segment

Rank	Company	City	Tel	Fax	E-mail	Website	Number of employees
Manufacturers of Plastic Plates, Sheets, Tubes and Profiles							
1	Panhim OOD	Stara Zagora	+359 42 615 211		panchim@panchim.com		136
2	Aluplast ZHTG EOOD	Burgas	+359 56 880 440	+359 56 880 443	bobi_berk@mail.bg		272
3	Vias EOOD	Shumen	+359 54 830 837	+359 54 830 837	office@vivaplast.net	www.vivaplast.net	152
4	Pipelife Bulgaria EOOD	Botevgrad	+359 723 99 413	+359 723 99 533	office.bg@pipelife.com	www.pipelife.bg	81
5	Fibran Bulgaria AD	Sofia	+359 2 850 40 90	+359 2 850 40 91	fibran@fibran.bg	www.fibran.bg	53
Manufacturers of Plastic Packing Goods							
1	Plastchim-T AD	Tervel	+359 52 76 58 11	+359 52 69 99 85	office@plastchim-t.com	www.plastchim-t.com	924
2	Gotmar EOOD	Saedinenie	+359 32 60 00 00	+359 32 60 00 19	office.1@gotmar.com	www.gotmar.com	852
3	Extrapack OOD	Veliko Tarnovo	+359 62 611 515	+359 62 611 556	team@ep-bags.com	www.bags.bg	623
4	Megaport OOD	Varna	+359 52 505 787	+359 52 730 072	info@megaport.bg	www.megaport.bg	141
5	Trace Ipoma AD	Sofia	+359 2 973 24 51	+359 2 973 24 57	plastics@ipoma.com	www.thracegroup.com	225
Manufacturers of Builders' Ware of Plastic							
1	Hamberger Bulgaria EOOD	Sevlievo	+359 675 31 010	+359 675 32 205	hamberger@b-trust.org		422
2	Profilink OOD	Plovdiv	+359 32 600 700	+359 32 600 900	office@profilink.bg	www.profilink.bg	440
3	Rollplast EOOD	Sofia	+359 2 812 69 21	+359 2 812 69 61	info@rollplast.com	www.rollplast.com	252
4	Kristian Neiko 90 EOOD	Sofia	+359 2 958 85 72	+359 2 958 85 73	kristian-neiko@kristian-neiko.com	www.kristian-neiko.com	279
5	Valda 90 EOOD	Sofia	+359 2 929 52 01		v.slavchev@valda.bg	www.valda.bg	232
Manufacturers of Other Plastic Products							
1	Arexim Engineering EOOD	Plovdiv	+359 301 60909	+359 301 60915	info@arexim.bg	www.arexim.bg	423
2	Mekalit Bulgaria EOOD	Kuklen	+359 32 307 970	+359 32 307 979	info@mecalit.com	www.mecalit.com	68
3	Convoy World AD	Novi Iskar	+359 2 400 50 23	+359 2 936 09 37	convoy@convoybg.com	www.convoy-world.com	92
4	Accumalux BG AD	Sadovo	+359 32 52 00 52		info@accumalux.com	www.accumalux.com	26
5	ET Diko Ivan Dikolakov	Plovdiv	+359 32 392 340	+359 32 674 047	office@diko.cc	www.diko.cc	170

The full list of traders in plastics products, including exporters and importers can be found in Appendix 3.

4.3. Relevant associations and state institutions

- Bulgarian Chamber of Chemical Industry (www.bcci2001.com)
- Bulgarian Association Polymers (www.bap-bg.org)
- Bulgarian Industrial Association (www.bia-bg.com)
- Bulgarian Recycling Association (www.bar-bg.org)
- Ministry of Economy (www.mi.government.bg)
- Bulgarian Small and Medium Enterprises Promotion Agency (www.sme.government.bg)
- Patent Office of the Republic of Bulgaria (www.bpo.bg)
- InvestBulgaria Agency (www.investbg.government.bg)

5. PROFILES OF MAJOR COMPANIES IN INDUSTRY

Basic information	
Company name	**Plastchim-T AD**
ID Number	124000839
Legal form	Joint Stock Company
Year of establishment	Jan 24, 1996
Primary Industry	Manufacture of plastic packing goods
Contacts	
Headquarters	97, Han Asparuh Str., 9450 Tervel, Bulgaria
Telephones	+359 58 690 303 +359 58 690 655 +359 58 690 984
Fax number	+359 58 690 985
E-mail	office@famtex-t.net sales@famtex-t.net office@plastchim-t.com plast@plastchim-t.com sales@plastchim-t.com
Website	www.famtex-t.net http://plastchim-t.com/
Overview, Management and Ownership	
Company overview	Plastchim-T AD is a Bulgarian plastic products manufacturer.
Management	Board of Directors: Beyan Aidan Faik - Chairman of the Board Aidan Faik Adem - Member of the Board Tsvetan Todorov Lazhanski - Member of the Board Faik Aidan Faik - Member of the Board Executive Board: Aidan Faik Adem - CEO Beyan Aidan Faik - CEO
Ownership	Individuals - 50.19% Sintetika AD - 49.91% (Bulgaria)
Key financial figures for 2013	
Registred capital in BGN	6,785,180
Total revenue in BGN	146,369,000
Net profit/loss in BGN	3,301,000
Total assets in BGN	111,898,000
Number of employees	924

Basic information	
Company name	**Gotmar EOOD**
ID Number	115076001
Legal form	Limited Liability Company
Year of establishment	Sept 18, 1996
Primary Industry	Manufacture of plastic packing goods
Contacts	
Headquarters	3, Shipka Str., 4190 Saedinenie, Bulgaria
Telephones	+359 32 600 000
Fax number	+359 32 600 018 +359 32 600 019
E-mail	office.1@gotmar.com office@gotmar.com
Website	www.gotmar.com
Overview, Management and Ownership	
Company overview	Gotmar EOOD produces plastic products.
Management	Executives: Geori Vasilev Tuchev - CEO Vasil Hristoskov Meretev - CEO Mina Tencheva Nikolova-Angelova - CEO
Ownership	Individuals - 100%
Key financial figures for 2013	
Registred capital in BGN	6,100,000
Total revenue in BGN	117,450,000
Net profit/loss in BGN	5,737,000
Total assets in BGN	155,480,000
Number of employees	852

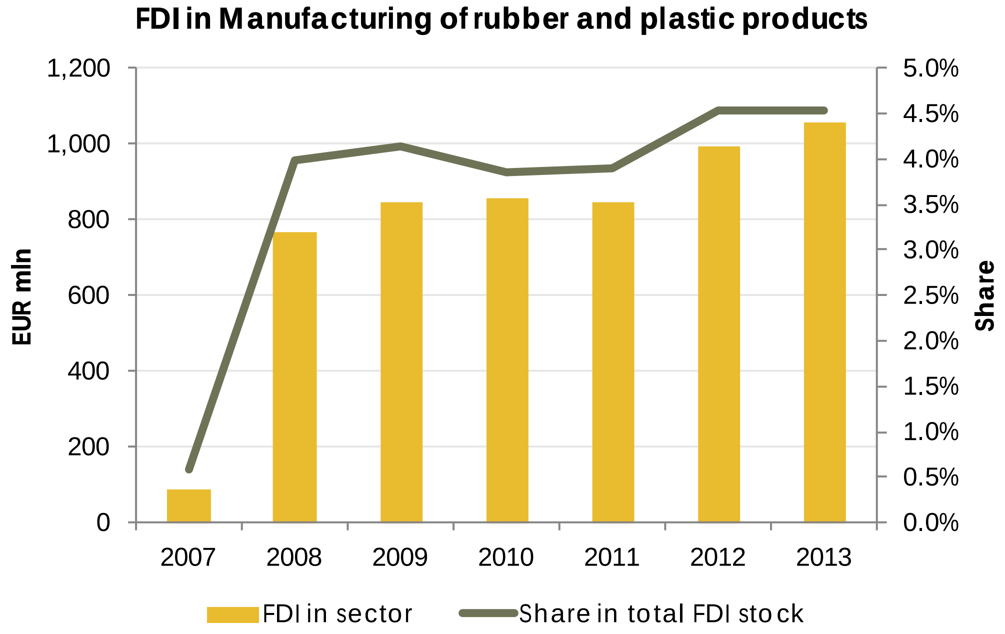
Basic information	
Company name	**Hamberger Bulgaria EOOD**
ID Number	107550147
Legal form	Limited Liability Company
Year of establishment	Jan 13, 2003
Primary Industry	Manufacture of builders' ware of plastic
Contacts	
Headquarters	1, Magistralna Str., 5400 Sevlievo, Bulgaria
Telephones	+359 67 531 010
Fax number	+359 67 532 205
E-mail	hamberger@b-trust.org
Website	
Overview, Management and Ownership	
Company overview	Hamberger Bulgaria EOOD produces other plastic products.
Management	Executives: Kurt Maximilian Hamberger - CEO Nikolai Todorov Petrov - CEO Peter Maximilian Hamberger - CEO
Ownership	Hamberger Industriewerke GmbH - 100% (Germany)
Key financial figures for 2013	
Registred capital in BGN	5,000
Total revenue in BGN	82,476,000
Net profit/loss in BGN	14,022,000
Total assets in BGN	46,304,000
Number of employees	422

Basic information	
Company name	**Panhim OOD**
ID Number	130163545
Legal form	Limited Liability Company
Year of establishment	2000
Primary Industry	Manufacture of plastic plates, sheets, tubes and profiles
Contacts	
Headquarters	6000 Stara Zagora, Bulgaria
Telephones	+359 42 615 212 +359 42 615 211
Fax number	+359 42 602 921 +359 42 602 927
E-mail	panchim@panchim.com
Website	
Overview, Management and Ownership	
Company overview	Panhim OOD produces polymers.
Management	Executive: Jacob Graziani - CEO Jerry Shlider - CEO
Ownership	PLG Holding BV - 95.81% (Netherlands) Plazit 2001 Cooperative Agricultural Association Ltd - 4.19% (Israel)
Key financial figures for 2013	
Registred capital in BGN	105,000
Total revenue in BGN	57,631,000
Net profit/loss in BGN	137,000
Total assets in BGN	45,866,000
Number of employees	136

Basic information	
Company name	**Aluplast ZHTG EOOD**
ID Number	102816747
Legal form	Limited Liability Company
Year of establishment	July 3, 2002
Primary Industry	Manufacture of plastic plates, sheets, tubes and profiles
Contacts	
Headquarters	South Industrial Zone, 8000, Burgas, Bulgaria
Telephones	+359 56 880 440
Fax number	+359 56 880 443
E-mail	N/A
Website	N/A
Overview, Management and Ownership	
Company overview	Aluplast ZHTG EOOD produces plastic products.
Management	Executive: Teodor Zhelyazkov Stoev - CEO
Ownership	Individuals - 100%
Key financial figures for 2013	
Registred capital in BGN	5,000
Total revenue in BGN	49,742,000
Net profit/loss in BGN	400,000
Total assets in BGN	37,631,000
Number of employees	272

6. FDI IN INDUSTRY

The FDI in the Bulgarian manufacturing of rubber and plastic products sector, including other non-metal mineral products, totalled EUR 1.056 bln as of end-2013, according to BNB. They increased by 6.1%, compared to the EUR 995.5 mln in 2012. The 2013 FDI in the sector were by 38.1% higher than their value in the pre-crisis 2008.



Source: BNB

Main foreign investors in the Bulgarian plastics sector include foreign majors such as Israel's Plazit Polygal Group, Germany's Hamberger Industriwerke and Mecalit, and Austria's Wienerberger and Sanotechnik.

6.1 Major foreign-owned companies

Our research identified 20 Bulgarian companies in the plastics sector with foreign companies as shareholders. The local companies are concentrated in manufacture of plastic plates, sheets, tubes and profiles, and manufacture of plastic packing goods, which accounted for 65% of the total number of companies. The foreign owners come from 14 countries, with the bulk, or nine countries, being EU-members. The non-EU countries are the USA, Liechtenstein, Israel, Panama and the Cayman Islands. In terms of geographical concentration, the companies are evenly located throughout the country, with major centres being the capital Sofia and Plovdiv, central southern Bulgaria. In 2013 the combined operating revenue of the 20 companies amounted to EUR 200.2 mln. The highest operating revenue was reported by Hamberger Bulgaria EOOD, part of Germany's plastic products manufacturer Hamberger Industriewerke GmbH, with EUR 41.6 mln in 2013.

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Bulgarian Plastics Companies with Foreign Companies as Direct Shareholders					
Rank	**Company**	**City**	**Industry (NACE Rev.2 description)**	**Foreign Shareholder**	**Shareholder's Country**
1	Hamberger Bulgaria EOOD	Sevlievo	Manufacture of builders' ware of plastic	Hamberger Industriewerke GmbH	Germany
2	Panhim OOD	Stara Zagora	Manufacture of plastic plates, sheets, tubes and profiles	Plazit 2001 Agricultural Cooperative Association Ltd.	Israel
3	Trace Ipoma AD	Sofia	Manufacture of plastic packing goods	Trierina Trading Ltd.	Cyprus
4	Retal Balkan EOOD	Sliven	Manufacture of plastic packing goods	Retal Industries Ltd.	Cyprus
5	Pipelife Bulgaria EOOD	Botevgrad	Manufacture of plastic plates, sheets, tubes and profiles	Wienerberger AG	Austria
6	Coveris Rigid Bulgaria AD	Sofia	Manufacture of other plastic products	Cayman Project Island Group Holdings LP	Cayman Islands
7	Fibran Bulgaria AD	Sofia	Manufacture of plastic plates, sheets, tubes and profiles	Fibran SA	Greece
8	Guala Closures Bulgaria AD	Kazanlak	Manufacture of plastic packing goods	GCL Holdings SCA	Luxembourg
9	Trideks OOD	Sadovo	Manufacture of plastic packing goods	Heikus Unternehmensbeteiligungen und Verwaltung GmbH	Germany
10	Rapak EAD	Shumen	Manufacture of plastic packing goods	DS Smith PLC	UK
11	Mecalit Bulgaria EOOD	Kuklen	Manufacture of other plastic products	Mecalit GmbH	Germany
12	Accumalux BG AD	Sadovo	Manufacture of other plastic products	Poudrerie de Luxembourg SA	Luxembourg
13	Kapitan Dyado Nikola AD	Gabrovo	Manufacture of plastic plates, sheets, tubes and profiles	Nikoren LLC	USA
14	Organika Bulgaria EOOD	Batishnitsa	Manufacture of plastic plates, sheets, tubes and profiles	Organika Trade Holding SA	Poland
15	Vitafoum Bulgaria EOOD	Plovdiv	Manufacture of other plastic products	Vita International Ltd.	USA
16	Trelleborg Sealing Solutions Silcotech Bulgaria OOD	Pernik	Manufacture of other plastic products	Dunker Funds and Foundation	Sweden
17	Stirosaur AD	Vedrare	Manufacture of plastic plates, sheets, tubes and profiles	Fill AG	Liechtenstein
18	Sanotechnik Bulgaria EOOD	Plovdiv	Manufacture of builders' ware of plastic	Sanotechnik GmbH	Austria
19	Plastobag OOD	Sofia	Manufacture of plastic packing goods	Republic of Italy	Italy
20	Polisep AD	Popovo	Manufacture of plastic plates, sheets, tubes and profiles	Van Mepel Inc.	Panama

6.2. Company investment plans

In the period 2013 – 2014 plastic plates and profiles producer Panhim OOD, a part of Israeli Plazit Polygal Group, invested EUR 5.0 mln in upgrade of its facilities in Stara Zagora, southern Bulgaria. More than EUR 3.0 mln of the total investment was for the construction of a polycarbonate plates factory in 2014.

***

In April 2014 plastic packing goods manufacturer Plastchim-T AD launched a EUR 8.2 mln production line with annual capacity of 30,000 tonnes in its plant in Tervel, northern Bulgaria.

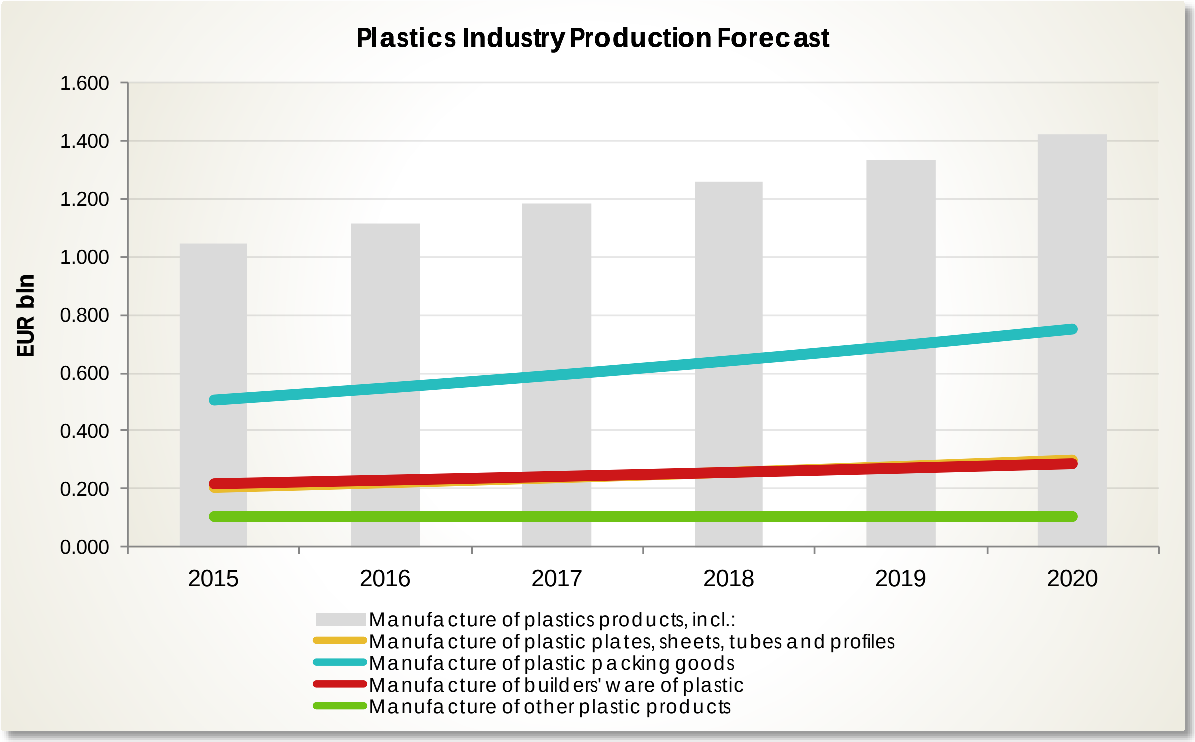
7. TRENDS AND FORECASTS

The intense competition on both Bulgarian and foreign markets of plastics and plastic goods require maintaining of high level of innovation and diversification of the types of products with emphasis on specialized wares and plastic products for use in construction. The most perspective sectors, based on their estimated export potential, include manufacturing of plastic packages, bathtubs and showers from plastic and plastic foil. The economic recovery of the EU and the decreasing fuel prices will also support the development of the predominantly export oriented Bulgarian plastics sector.

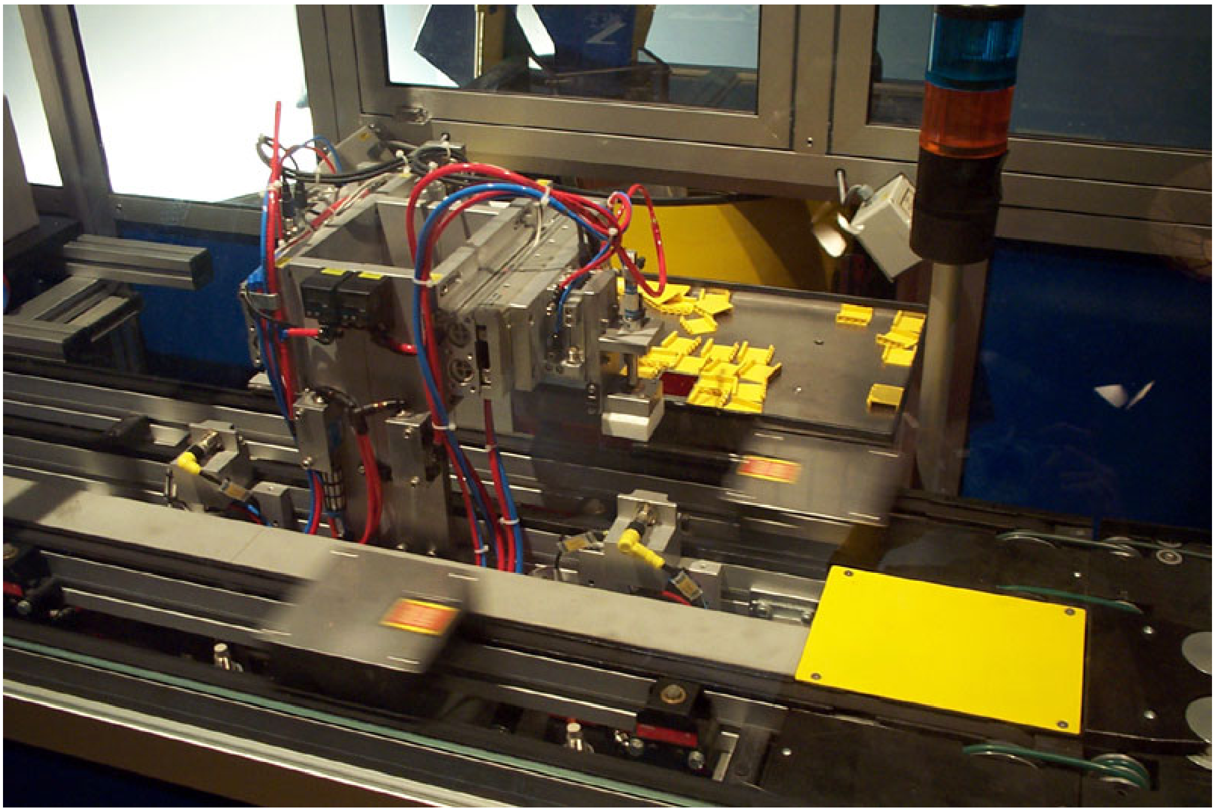
We expect, based on the trend in the last three years, the following growth trends of the plastics sector's number of employees, total revenue and total expenses in the period 2014-2016. The trends are calculated using the compound annual growth rate (CAGR) method.

▲ 5.71%	▲ 5.16%	▼ -0.62%
Total revenue	Total expenses	Number of employees

The plastics sector production is expected to reach EUR 1.420 bln by 2020, or by 33.2% more than in 2011, according to forecasts of the Bulgarian Industrial Association (BIA).


Plastics Industry Production Forecast
EUR bln
1.600
1.400
1.200
1.000
0.800
0.600
0.400
0.200
0.000
2015
2016
2017
2018
2019
2020
Manufacture of plastics products, incl.:
Manufacture of plastic plates, sheets, tubes and profiles
Manufacture of plastic packing goods
Manufacture of builders' ware of plastic
Manufacture of other plastic products

Source: BIA



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