



# INVESTMENT OPPORTUNITY

GORIČANE D.D.  
PAPIRUS GROUP

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A SLOVENIAN PRODUCER OF  
HIGH-QUALITY WOODFREE PAPERS

JANUARY 2022

## INVESTMENT OPPORTUNITY

With the transfer of assets in 2013 and 2014 from Slovenian banks, Družba za upravljanje terjatev bank, d.d. Davčna ulica 1, Ljubljana ("BAMC") became a major creditor of the company Goričane, d.d. ("Company"), a Slovenian producer of high-quality woodfree papers, and its mother companies Papigor, d.o.o. and Papirus, d.o.o. At this point BAMC is considering selling its claims against companies within the Papirus Group:

- GORIČANE tovarna papirja Medvode, d.d., Ladja 10, 1215 Medvode (hereinafter: Goričane or Company);
- PAPIGOR, holding, d.o.o., Ladja 10, 1215 Medvode (hereinafter: Papigor); and
- PAPIRUS, holding, d.o.o., Goričane 38, 1215 Medvode (hereinafter: Papirus).

### THE COMPANY OFFERS THE FOLLOWING KEY INVESTMENT OPPORTUNITIES:

- Goričane, headquartered in Central Europe (Slovenia), is a high-grade speciality paper producer, exporting the majority of its products to 38 countries around the world, mostly to the EU, Turkey and the Balkans.
- The company draws its roots from one of the oldest Slovenian paper mills, established in 1740, and has developed into a modern company with a high level of technological expertise and a diverse range of products.
- The company's core activity is the production of high-quality woodfree papers in the weight range of 37 to 150 g/m<sup>2</sup>.
- The company uses a wide variety of different technologies in its production process, including oil- and grease-resistant barriers in food packaging papers, PFOA-free C6 technology, etc.
- Goričane has the following certificates: ISO 9001:2015, ISO 14001:2015, FSC® and PEFC™. The proprietary food packaging papers are certified by the German company ISEGA in accordance with the international standards.
- The goal of the company is to become one of the leading producers of speciality woodfree lightweight papers in Europe. By specialising in the production of its unique papers, and also focusing on growing customer satisfaction it gives it the ability to respond quickly to the needs and requirements of the market.

### GORIČANE OWNERSHIP STRUCTURE AS OF 31.12.2020

OWNER	OWNERSHIP IN %
Papigor, holding, d.o.o.	85.56
Papirus, holding d.o.o.	10.97
Small shareholders	3.05
Goričane d.d.	0.42

Source: Goričane Annual report 2020.

### BANK DEBT AS OF 31.12.2020

000 €	Goričane d.d.	Papirus Group (Cons.)
Long-term financial liabilities to banks*	16,520	24,910
Short-term financial liabilities to banks*	3,119	3,119
<b>SUM BANK* DEBT</b>	<b>19,639</b>	<b>28,029</b>

\*including BAMC  
Source: Goričane and Papirus Group Annual reports 2020.

In 2014, the company/group signed an agreement on restructuring the financial debt with all its bank creditors. As per this agreement, all loans were changed to long-term loans due end of 2022. Loans are secured with a security interest on movable and immovable assets, inventories, receivables, pledge of shares, etc.

## COMPANY PROFILE

The company was formally established in 1989 with a spinoff from the former SOZD AERO as »Cellulose and paper factory Goričane«, but the roots can be dated as far back as 1740.

55% percent of its net sales of 69.4 million EUR in 2020 was generated in the EU, 35% in third countries and 10% in the domestic Slovenian market.

The majority of its revenue stream, namely 24.1 mio EUR, is generated by speciality papers, followed by graphic coated papers with 13.9 mio EUR and silicone papers with 11.8 mio EUR.

In 2020 the production amounted to 81.4 thousand tons of paper, with the average weight at 68.4 g/m<sup>2</sup>.

## PRODUCTS AND SERVICES

The company's core activity is the production of high-quality woodfree papers in the weight range of 37 to 150 g/m<sup>2</sup>. The product lines include a selection of various papers such as:

- **SORA matt+**

is a two-side matt-coated high bulk graphic paper known for its convincingly unique bulk and a warm colour tone. It is distinguished by excellent stiffness and a high level of efficiency in printing. It is best suited for sheet-fed offset printing, heat-set and cold-set offset printing, as well as cold and hot laser printing, which makes it the right choice for printing atlases, picture books, school books and manuals as well as any applications for post distribution since its bulk allows for lighter weight and thus enables savings on mail services.

- **SORA matt 1.1**

is a two-side matt-coated bulky graphic paper with excellent printing properties, distinguished by its reading-friendly surface and a precise reproduction of colour tones. It is best suited for sheet-fed offset printing, heat-set and cold-set offset printing, as well as cold and hot laser printing and designed for the printing of textbooks, brochures, magazines, supplements and maps.

- **SORA press**

is an uncoated graphic paper for offset printing of books and brochures. Its surface treatment makes it an excellent choice for notebooks, workbooks and planners. It is distinguished by its unique high brightness and optimum smoothness.

- **SORA press cream**

is an uncoated paper in cream shade, developed for offset printing and suitable for the printing of books, advertising materials, planners and calendars. Its tone, which is both warm and subtle, makes it an excellent choice for the printing of religious literature, exclusive literary editions and art books. Good mechanical properties and excellent stability ensure high-speed printing.

- **SORA silico**

is a paper designed for all known silicone coating techniques. It is distinguished by excellent dimensional stability, good rigidity and optimal silicone use, which makes it a suitable choice for flexo printing. It is used for the manufacture of self-adhesive labels and PVC foils, adhesive tapes, plasters, personal hygiene products, envelopes etc.

- **SORA light**

is a lightweight paper enhanced by a special coating. Its high opacity and the specific characteristics of the special coating provide for quality multicolour offset printing. It is an excellent choice for printing of pharmaceutical and cosmetic instructions, catalogues, technical manuals, encyclopaedias and dictionaries.

- **SORA medico opaque**

is a lightweight uncoated paper, specifically designed for the printing of instructions in the pharmaceutical and beauty industry. Its optimal luminescence ensures the bar code to be easily read by optical scanners, whereas its good mechanical properties, excellent stability and antistatic treatment provide for high-speed printing and excellent folding capacity. The extraordinary

opacity and excellent formation ensure high quality printing of instructions, also in multicolour. The use of a specialty filler maintains a low level of blade abrasion.

- **SORA print opaque**

is a lightweight uncoated graphic paper with high opacity. It has been designed for the offset printing of products with a high page count, such as religious literature, technical manuals, encyclopaedias, dictionaries etc. This paper is also available in a cream shade.

- **SORA face**

is a one-side coated, woodfree label paper with a silk surface. Its excellent stability, high bulk and stiffness provide for high speeds both in printing and in labelling. The main characteristics of this paper are its multipurpose applicability and reliability. Due to its low cost, it is ideal for self-adhesive labels, tin labels, jars and disposable bottles (plastic, PET, glass).

- **SORA barrier**

is a packaging paper designed for contact with greasy food, and has several different parameters adjusted to the end use. It is available in two different quality grades. The standard quality is used for direct packaging of baked products, fast food and further converting to paper bags, table linings etc., whereas the high quality is used for laminating the more demanding applications in folding various food products (butter etc.).

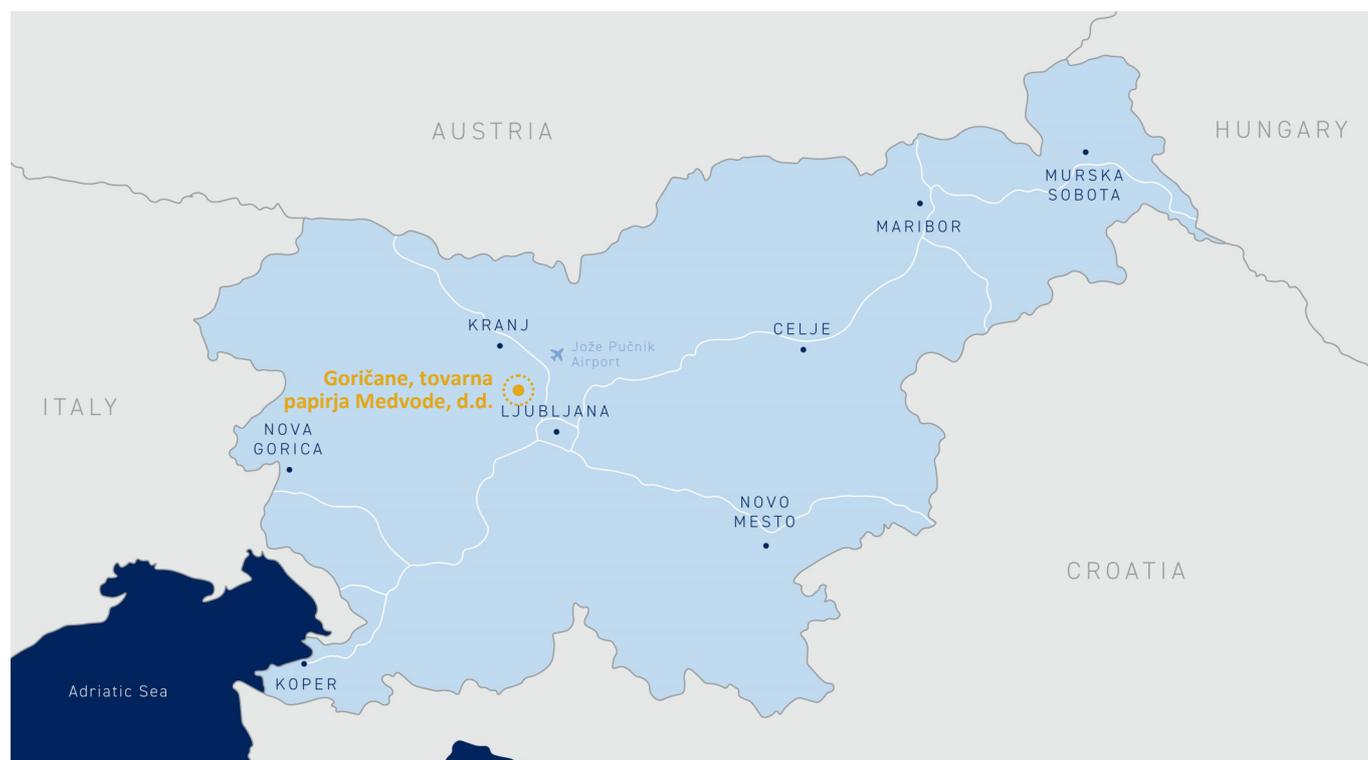
- **SORA tea pack**

is a single or doublesided coated paper, used primarily for tea envelopes with excellent printing properties.

## LOCATION

Ladja 10, Medvode, Slovenia

The production is located in Medvode, only 15 km from Ljubljana, the capital of Slovenia. It lies just 20 km from the Brnik international airport and 7 km from the motorway. Rail transport is provided on own industrial track. The ports of Trieste (Italy), Koper (Slovenia) and Rijeka (Croatia) are approximately 100 km away. It is 80 km to Klagenfurt, Austria.



## INDUSTRY SEGMENT

Industry / Segment

- 17.120 Paper and cardboard manufacturing

## KEY FINANCIALS OF GORIČANE

000 €	2017	2018	2019	2020
Operating revenues	70,403	75,941	71,923	67,514
EBITDA	5,671	1,576	4,380	5,180
EBIT	3,366	(470)	2,195	1,331
Net income	2,947	(857)	1,440	549
Total assets	73,319	74,955	69,097	64,297
Equity	23,376	22,574	23,971	25,118
Financial debt	29,892	26,598	23,873	19,770
....Long-term financial liabilities	26,272	23,261	19,657	16,520
....Short-term financial liabilities	3,620	3,337	4,216	3,250
Average number of employees (FTE)	204,00	211,90	211,39	222,50
EBITDA margin	8.1%	2.1%	6.1%	7.7%
EBIT margin	4.8%	-0.6%	3.1%	2.0%
Net income margin	4.2%	-1.1%	1.9%	0.8%
ROA	4.0%	-1.2%	1.9%	0.8%
ROE	12.5%	-3.7%	6.0%	2.2%
Net debt/EBITDA	5.3x	16.8x	5.4x	3.8x

Source: GVIN

### Disclaimer

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## GROUP PROFILE

The Papirus Group consists of parent company Papirus, holding, d.o.o., direct subsidiary Papigor, holding, d.o.o. and indirect subsidiary Goričane d.d.

The parent company Papirus, holding d.o.o. and its 100% subsidiary Papigor, holding d.o.o. have no significant business activities. Most of the operating revenues are generated by the subsidiary Goričane, d.d.

The parent company of Goričane is Papigor, holding, d.o.o.,

which is managed by Papirus holding, d.o.o., Goričane 38, 1215 Medvode, Slovenia (owned by Andraž Stegu). Papirus, holding d.o.o. is responsible for drawing up the consolidated annual report on the level of the ultimate parent company.

The parent company Papirus, holding d.o.o. and its 100% subsidiary Papigor have no significant business activities. Most of the operating revenues are generated by the subsidiary Goričane, d.d.

## KEY FINANCIALS OF PAPIRUS GROUP (CONSOLIDATED)

000 €	2017	2018	2019	2020
Operating revenues	70,777	76,356	72,207	67,709
EBITDA	5,908	1,863	4,399	5,231
EBIT	-1,239	-203	2,203	1,372
Net income	-1,931	-858	1,170	369
Total assets	63,544	65,176	59,104	54,184
Equity	3,441	2,637	3,840	4,807
Financial debt	39,956	36,656	33,929	29,886
....Long-term financial liabilities	36,279	33,267	29,663	26,526
....Short-term financial liabilities	3,677	3,389	4,266	3,361
Average number of employees (FTE)	N/A	N/A	212.4	223.5
EBITDA margin	8.3%	2.4%	6.1%	7.7%
EBIT margin	-1.8%	-0.3%	3.1%	2.0%
Net income margin	-2.7%	-1.1%	1.6%	0.5%
ROA	-3.0%	-1.3%	1.9%	0.7%
ROE	-44.1%	-28.2%	36.1%	8.5%
Net debt/EBITDA	6.7x	19.6x	7.7x	5.7x

Source: GVIN

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