



ESOX PRODIMPEX SRL



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Business profile:

- the **sole** producer of recycled PET grains food contact (rPET) of the entire Balkan area, since 2010-year;
- producer of PET performs since 2000-year, ranked the 4th in Romania.

Business attractiveness:

- The PET total consumption in Europe-3,6 million tons /year, of which in Central and East Europe -1,2 million tons/year, in Romania - 0,120 million tons/year. It was recorded an increasing demand of PET in comparison with other packaging types. Production capacities in Europe are smaller by about 30-40% given the demand;
- A tremendous increase of rPET demand (consumption increased twice within the last two years) following social awareness / marketing campaigns carried out by large transnational companies which assimilated in the packaging production such type of materials (Coca Cola, Pepsi Cola, Dannone, Nestle, Tesco etc), the EU permissivity in relation to rPET, a sale price lower with 15-20% than the PET virgin (leverage to increase profitability);
- A phasing out increase of PET waste gathering level in Romania, from 0% in 2004-year to 26% in 2009-year;
- a superior added-value of rPET food contact granules given other products obtained by PET recycling process (fibers, geo-fabrics etc);
- A constant demand increase for the company's products, few affected by the current crisis, recession,
- Optimum diversification in company's portfolio of clients. 50% of the company's sales dedicated to export in the EU, 50% to the domestic market. Beneficiaries: multinational and regional companies;
- Opportunities to develop on PET preforms.

Production capacities:

- recycling the PET food contact (Sorema and Erema technology): 6 400 tons/years of post-consumers, yield of 70%, 5 000 tons of granules, share market in Europe: 2.75%;
- PET preforms (3 Husky equipment): 6 000 tons/year, domestic share market: 3-4% (9% in 2008)

Current financial status :

- Voluntary insolvency since 17 February 2009, reorganization plan acknowledged since January 2010, a quarterly payment schedule over 3 years, unequal installments to be paid. I
 - OTP Bank: 4.5 EUR million; *-could be cut to 3.3 EUR million;*
 - State budget: 0.2 EUR million;
 - Other creditors: 0.3 EUR million;
 - Judiciary trustee: 8%.

Assets: location in Caracal

3 hectares land surface, 4 000 sq.m. of production hangars and an administrative area;
Recycling installations: Sorema (Italy) washing equipment, Erema (Austria) grinding equipment – manufactured in 2009;
Purifying waste water station, thermal plant -2009;



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Injection equipment Husky-3.

Other ancillary equipment (chiller, compressors etc)

Business brief presentation and Business Plan:

Recycling: Company buys from domestic market the PET post-consumers ranked by colors, pressed and **ballot packed**. It gets PET flakes and then granules, mainly sold to export (to some large international producers of PET preforms and also to reputable water bottling companies) for a consideration set in relation to PET virgin price (82-85% of the said price). Currently, the PET virgin price is of 1 250 EUR/tons.

Payment term for waste acquisitions is *payment in advance*, cashing term for PET granules is *cash in advance*;

PET preforms: Company acquires from traders PET virgin granules and then mixed them with PET recycled granules obtained from its own production and get preforms which are sold to Romanian bottling companies (bottling water, soft drinks and **food oil**). Sale price is of 1,2 times the price of PET virgin, cashing period of 30-60 days, payment term—usual for a company which is not in insolvency is of 90 days, payment on spot **in the company's case**.

Business Plan:

Conservative version.

Sales: 7.7 mil EUR/year, of which: recycled granules – 4 mil EUR; preforms 3.7 mil EUR;

EBITDA: 1.2 mil EUR/year, 0.7 mil EUR from granules, 0.5 mil EUR from preforms.

EBITDA margin: 15% of Sales, 16% of Recycled PET sales, 13% of Preforms Sales.

Increase opportunities:

New investment to double the recycling capacities, total investment 1.5 mil EUR after 1 year from the equipment payment.

Sales: 12 mil EUR, EBITDA 2 mil EUR, EBITDA margin 17%.

New investment for high standard equipment in preforms production, total investment 1.3 mil EUR:

Sales 12 mil EUR, EBITDA 1,7 mil EUR, EBITDA margin 14%

Partners:

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