

Investing in your future



**EUROPEAN
UNION**

European Regional
Development Fund



NATIONAL
STRATEGIC
REFERENCE FRAMEWORK
2007 – 2013



OP "Development of
the Competitiveness
of the Bulgarian
Economy" 2007-2013



INVESTBULGARIA
AGENCY

Project "Promoting the advantages of investing in Bulgaria"

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TRANSPORT AND LOGISTICS IN BULGARIA





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Bulgaria is ideally located to provide easy access to Turkey, and the Middle East



the markets in Europe, Russia, the CIS countries,

- BULGARIA is a member of the EUROPEAN UNION which stands for FREE MOVEMENT OF GOODS
- FIVE PAN-EUROPEAN CORRIDORS pass through the country
- TRACECA (TRANsport Corridor Europe – Caucasus – Asia) links Bulgaria with Central Asia



Source: InvestBulgaria Agency

Bulgaria offers easy access to the EU, Russia and the CIS countries, and the Middle East at the same time

City	Sofia		Belgrade		Budapest	
	Distance (km)	Days by truck	Distance (km)	Days by truck	Distance (km)	Days by truck
European Union						
Munich	1 097	3	773	2	564	1
Antwerp	1 711	4	1 384	3	1 137	2
Milan	1 167	3	885	2	789	1
Piraeus	525	1	806	2	1 123	3
Russia and CIS						
Moscow	1 777	5	1 711	5	1 565	5
Kiev	1 021	4	976	3	894	3
Middle East						
Istanbul	503	1	809	2	1 065	3
Kuwait City	2 623	12	2 932	13	3 165	13
Tel Aviv	1 551	8	1 880	9	2 167	9

Bulgaria is an entry to the growing markets of South East Europe

- Bulgaria has strategic central positioning on the Balkan peninsula
- The region is one of the last regions with potential for rapid growth
The economies have grown in size from \$468 bln to \$655 bln between 2005 and 2010



Bulgaria is a favourable place to do business...

- Lowest costs of utilities and fuels in Europe
- Lowest price for rents of industrial and office space in Europe
- 10% corporate tax rate - the lowest in Europe
- Competitive labour costs
- About 3 000 university students graduate from transport and logistics related majors per year



...and applies favourable tariff and tax regulations

- Bulgaria applies the EU tariff arrangements covering a market of more than half of the world's population, including EFTA, Russia, Turkey, the Middle East and North Africa
- Bilateral treaties for avoidance of double taxation with 68 countries, including all EU countries, Norway and Switzerland, Russia and the CIS countries, Turkey, the Middle East and North Africa

Bulgaria has established a very comprehensive infrastructure...

- 6 Motorways, some under development
- 230 Railway stations with capability for loading/unloading cargo
- 4 international airports
- 2 major seaports on the Black Sea
- 4 major river ports on the Danube
- 58 industrial zones, some under development



... that is constantly being improved

- 70% of allocated road, rail and industrial zone infrastructure development funds are available
- Over €2 bln will be invested in Bulgaria under the Operational Program Transport
- The 5 main motorways will be completed, the max speed supported by the railway tracks will reach 160 km/h
- Ship transport conditions in critical areas on the Danube river are improving
- Construction of several freight villages is planned

With a strong macroeconomic and financial performance Bulgaria has competitive advantages in the region



- South-East Europe – a 122 million inhabitant, high growth market
- European Union - Bulgaria offers the lowest cost access to a market of 500 million consumers
- Russia/CIS, Middle East and North Africa

Bulgaria offers a combination of political and macroeconomic stability and incentives for doing business:

- Stable parliamentary democracy, EU, NATO and WTO member
- Bulgaria's currency is fixed to the Euro under a currency board arrangement
- Lowest tax rate and one of the lowest labour costs in the EU coupled with special incentives for investors
- EU funding – more than €10 bln in EU funds

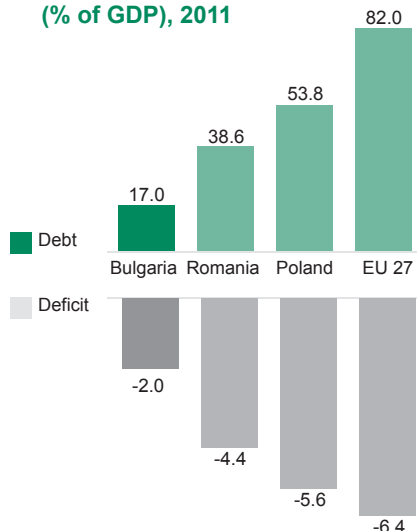
Bulgaria: Summary Statistics	
Population:	7.4 million
Labour force:	3.4 million
Urban Population:	73%
Capital:	Sofia
Time zone:	EET (UTC+2)
Summer (DST):	EEST (UTC+3)
Total area:	110 879 sq. km
Land area:	108 489 sq. km
Water area:	2 390 sq. km
Climate:	temperate
Languages:	
Bulgarian (official)	85.2%
Turkish	9.1%
Roma	4.2%
English, German, Russian, French:	widely spoken
Religions:	
Christian Orthodox	76%
Muslim	10%
Other	14%
Currency:	Lev (BGN)
Fixed exchange rate:	€1 = BGN 1.95583
Corporate income tax:	10%
Personal income tax:	10%
VAT (standard):	20%
Government type:	Parliamentary Democracy
Supreme legislative power:	Unicameral 240-seat National Assembly
Executive state body:	Council of Ministers, head: Prime Minister
EU member since 2007 NATO member since 2004 WTO member since 1996	

Bulgaria has exemplary macroeconomic fundamentals

2012 Economic Snapshot:	
GDP (€ bn):	39.7
Exports (€ bn):	26.5
Net FDI* (% of GDP):	3.7
GDP growth (%):	0.8
Unemployment (%):	11.4
Inflation rate (annual change,%):	3.0
Government deficit (% of GDP):	-0.5e
Government debt (% of GDP):	18.9
Current account balance (% of GDP):	-1.3
Long-term credit ratings:	
Moody's:	Baa2 stable
S&P:	BBB stable
Fitch:	BBB stable

Source: Bulgarian National Bank, National Statistics Institute, Ministry of Finance Bulgaria

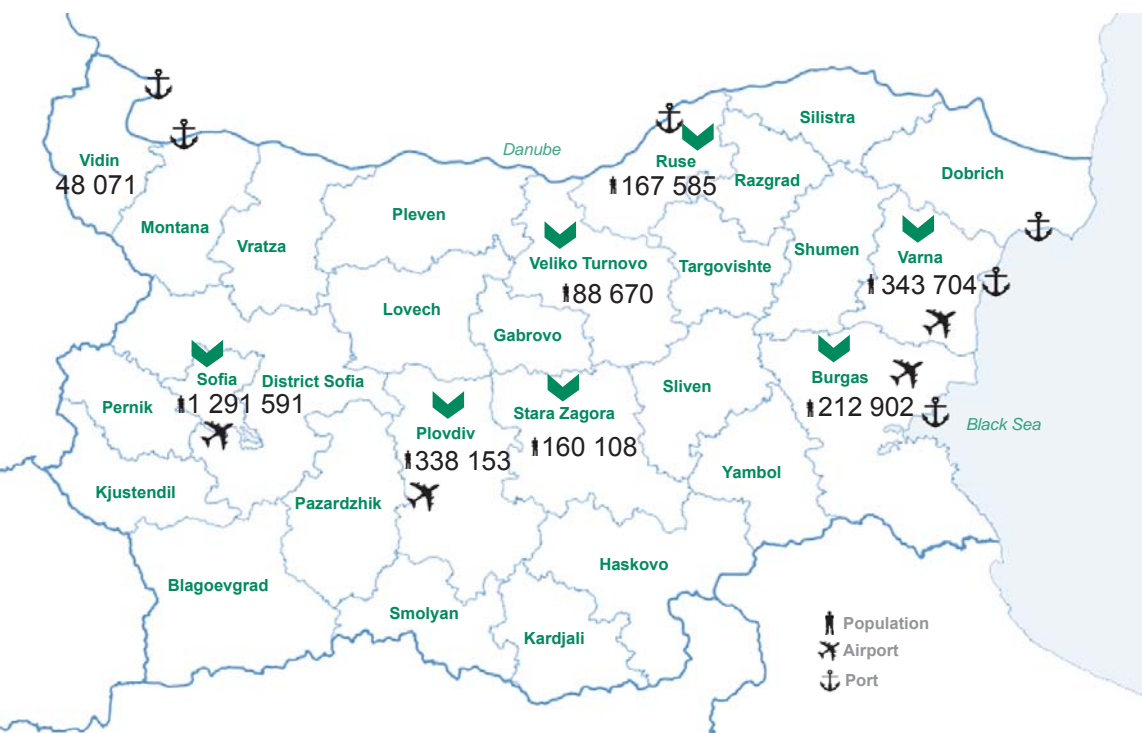
Government debt and government deficit in Bulgaria, Romania, Poland and EU 27 (% of GDP), 2011



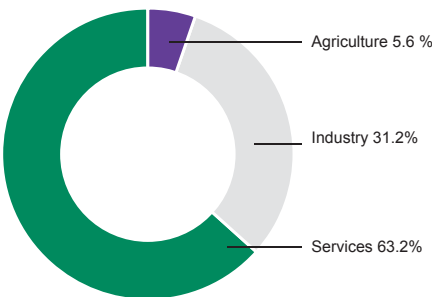
- The Bulgarian economy had a constant growth of above 6% in the period 2000-2008
- The economy stabilized in 2011 with GDP growth of 1.8% for 2011 and 0.8 % in 2012
- The budget deficit in Bulgaria is one of the lowest in Europe for 2012: -0.5e %
- There are no currency fluctuations due to a currency board, introduced in 1997 – €1 = BGN 1.95583
- Bulgaria has the lowest government debt to GDP ratio in the EU27 in 2012



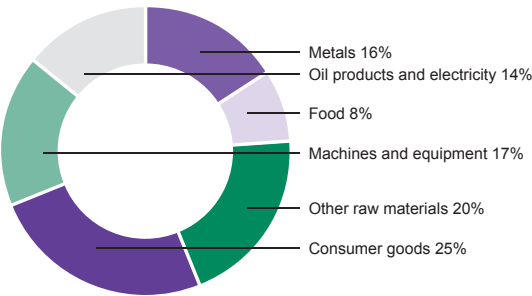
Bulgaria is the only European country with an increased credit rating by Moody's since the beginning of 2010.



GDP Breakdown 2012



Exports Breakdown



Source: NSI

The long transportation and logistics sector



Several Roman roads crossed Bulgaria: Via Pontica, the Roman road to Cilicia and Via Militaris, the last being located on the current trans-European Corridor 10



1883 - 1885
Orient Express operates on Bulgarian territory

1919
First mail-plane from Sofia to Varna

1866
The first railway track (224 km) started operation between Ruse and Varna



1889
SCHENKER opens its first office in Sofia



1922
First commercial air transportation services at Sofia Airport

history is a strong base for...



1975 - 1980

SOMAT, a Bulgarian transport company, becomes European Top carrier with a fleet of over 4000 trucks

1989

The sea trade fleet has 109 ships

1975 - 1980

SOMAT reaches from Europe to Asia, the Middle and the Near East regions as well as to North and Sub-Saharan Africa

1989

The length of railways in Bulgaria is 4300km. 62% are electrified, which places Bulgaria seventh among the European countries (source: AT Kearney)



...the bright future of the industry



1991 - 1995

Major European/global sector companies enter in Bulgaria, such as DHL Willi Betz, In Time



2006

Fraport Twin Star undertakes the airports of Varna and Burgas for a 35-year concession



2007

The EU Accession leads to liberalization of EU customs control & EU transfers for improvement of the infrastructure



Sofia Airport Center
A Tishman International Development

2005

Tishman International opened an office in Sofia in recognition of the high potential for commercial and residential real estate investment in Bulgaria and the surrounding region. It is currently managing the development of the Sofia Airport Center

2006

Sofia Airport, the largest passenger and cargo airport in Bulgaria, opens a Second Terminal constructed by STRABAG. Since 2006, a new runway system has been operating. The whole reconstruction, development and extension amounted to EUR 210 mln

in Bulgaria

2010

Bulgaria's foreign trade increases 12 times in the last 20 years

2011

There are 58 industrial zones in Bulgaria



2005 - 2010

LIDL and Kaufland open logistics centers in Bulgaria with total capacity of 68 000 sq.m.

2010

Yana Intermodal Terminal opens near Sofia, at the crossroad of 3 pan-European corridors , serving the European and the Central Asian markets



The large number of companies ensures a healthy market environment

- The transportation and logistics industry represents about 5% of the economy in terms of revenues, number of employees or firms

Company	Revenue 2011 (€ '000)	Employees	
			Transportation
Bulgarian State Railways (BDZ) Holding – Freight Services	95 233		•
Willi Betz SOMAT	145 447	1300	•
Fraport Twin Star Airport Management	62 769	1069	
Militzer & Muench	32 925	200	•
Schenker	28 927	150	•
BIOMET	6 052	650	•
Bulgarian Railway Comapny	13 884	250	•
Discordia	15 957	180	•
Unimasters Logistics	4 889	300	•
Gebrüder Weiss	6 264	55	•
Donau Transit Ltd	5 105	32	
Kaven Orbico	3 714	840	•
Despred	2 716	119	•
Scorpio Oil Transport	2 918	100	•
Fresh Logic	18 917	363	•
DSV	8 517	74	•

	Size	% of economy
Revenues (€ '000)	5 141 149	4.70
Employees	156 086	5.20
Firms	19 062	4.90

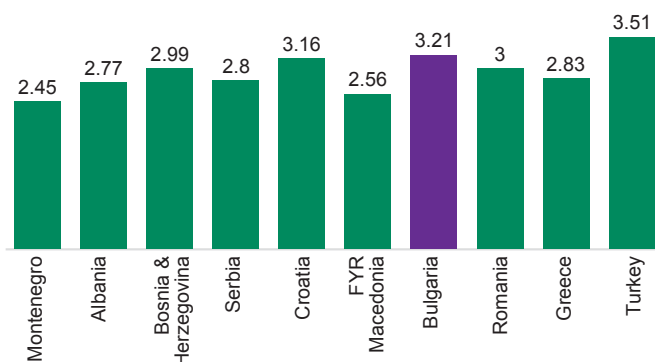
Activities			Mode of transport			
Forwarding	Logistics	Warehousing	Road	Rail	Sea	Air
•				•		
•	•	•	•		•	
	•					•
•	•	•	•	•	•	•
•	•	•	•	•		
•	•	•	•	•		
•	•	•	•	•	•	•
•	•	•	•	•	•	•
	•	•	•	•	•	•
•	•	•	•			
•		•	•	•	•	•
	•	•	•			
•	•	•	•			
	•	•	•		•	•

(*) total revenue, including passengers transportation: € 133 468 000, (**) 2009; (***) Sales; (***) 2009 revenues from services; since Kaven Orbico is a distribution company, its total revenue amounted to € 289 121 000

Bulgarian transport and logistics sector is well developed

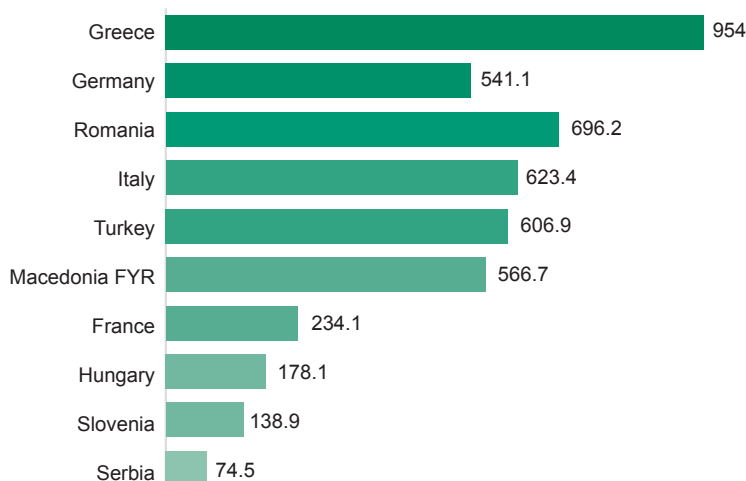
- The Bulgarian logistics sector is among the best developed on the Balkans

Logistics Performance Index, 2012



- Most goods are transported to the emerging markets on the Balkans and the developed EU countries

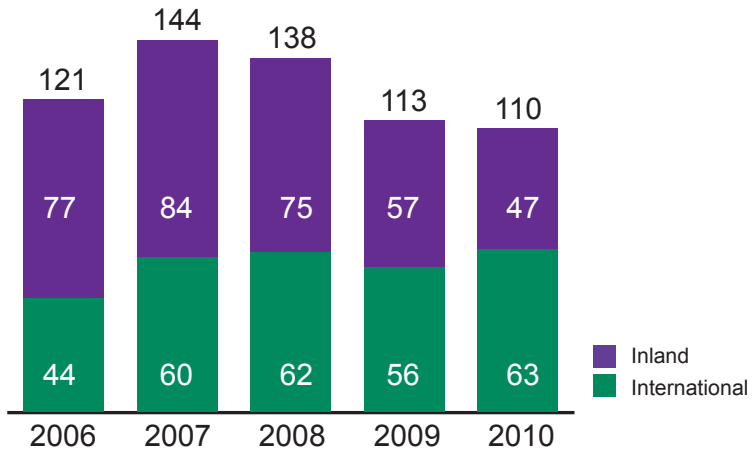
Destination countries of freight transported by road (tons '000/2011)



Stable and growing international transport

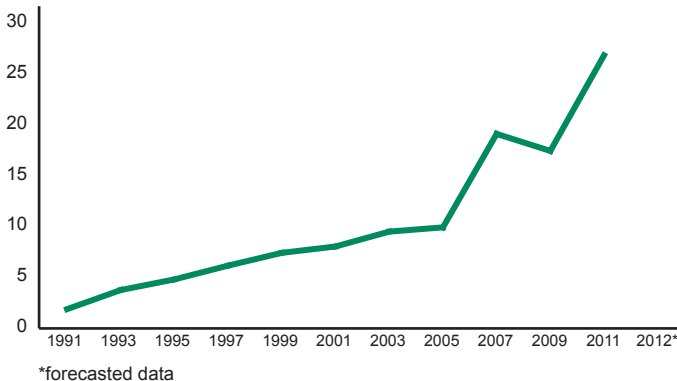
- International transportation has been stable and growing in the past years despite the global crisis

Inland and international transportation (tons, mln)

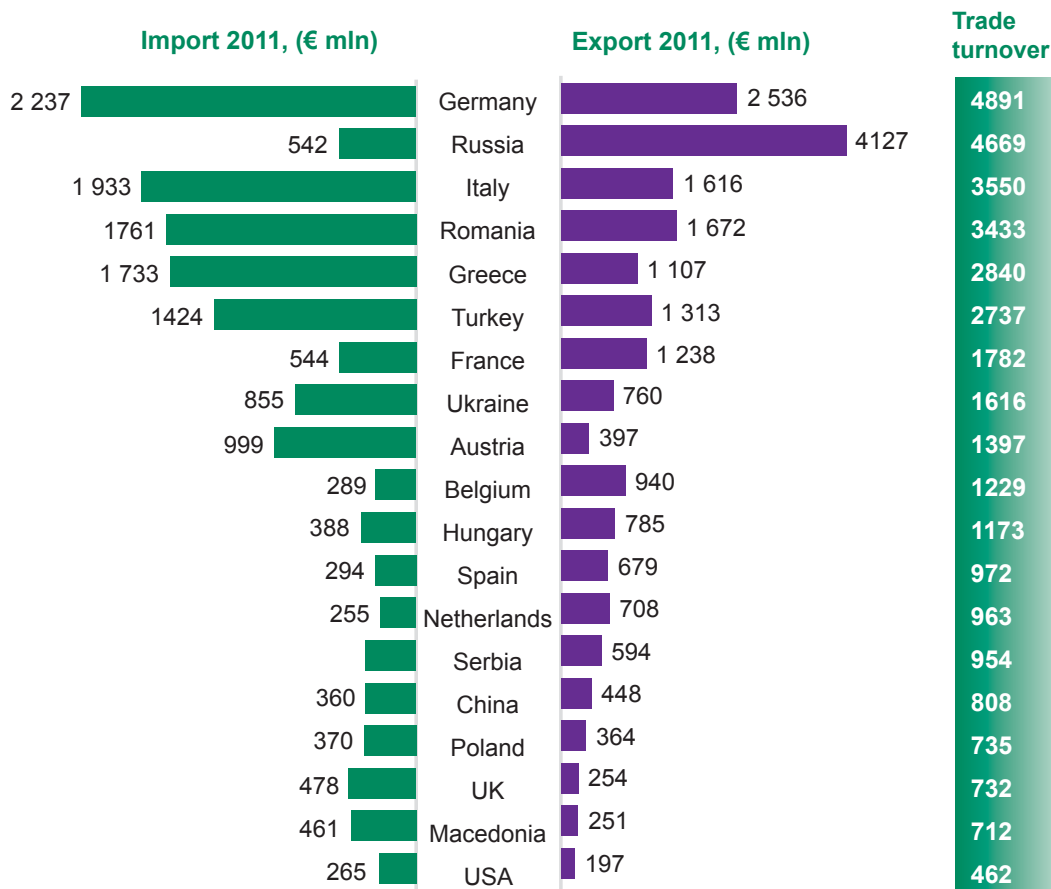


- National export increased almost 12 times in the last two decades

Export, (€ bln)



Major trading partners include Germany, Russia, Italy and Romania



The European Union is a major region of export, followed by the Balkan countries

- Currently, Bulgaria is exporting predominantly raw materials (2011)

(EUR, mln)

	European Union	Balkans	Asia	Europe - other (incl. Russia)	Other
Investment goods	2 437	175	255	272	253
Raw materials	6 071	1 658	709	193	555
Consumer goods	3 433	345	221	412	33
Total	12 570	2 909	1556	1 703	1 056



Comprehensive and developing infrastructure



Road Infrastructure:

- Network length – 19 276 km
- Motorways – 437 km

Future development:

- Completion of 5 motorways connecting the Bulgarian logistics hubs ,Turkey and Greece
- Rehabilitation of 2 high speed roads connecting Bulgaria with Romania
- Construction of The Second Danube bridge by 2013



Railroad Infrastructure:

- Network length – 4 098 km
- Electrified lines – 68%
- Max supported speed – 80/100 km/h
- Normal track gauge of 1 435 mm

Future development:

- Modernization of 5 major railroad tracks connecting Bulgaria with Romania, Turkey, and Serbia
- Increase of the max supported speed to 160 km/h



Intermodal infrastructure:

- Largest international terminal – Yana Sofia Intermodal Terminal
- In 2013, Intermodal terminal Plovdiv will be operating

Port Infrastructure:

- 6 major ports: largest river port Ruse; largest seaports Varna, Burgas
- In 2010, more than 200 000 TEU, or over 20 million tons passed through the Bulgarian ports

Future development:

- Improvement of the ship transport conditions on the Danube river

Pending concessions:

- Seaport Varna
- River port Vidin
- River port Ruse - Bulgarian government granted a concession regarding the "Port Terminal Rouse-West." The concession period is 35 years, and during this period will be invested BGN 12.2 mln in development of infrastructure, facilities and services provided. The estimated average annual cargo turnover in the first six years of the concession is expected to be 176 445 tons.



Airport Infrastructure:

- 4 international airports in Bulgaria
- In 2010, 21 000 tones of cargo handled
- In 2011, 7 000 000 passengers served

Future development:

Pending concessions:

- Airport Plovdiv – Cargo Zone
- Airport Gorna Oriahovitza
- Airport Ruse

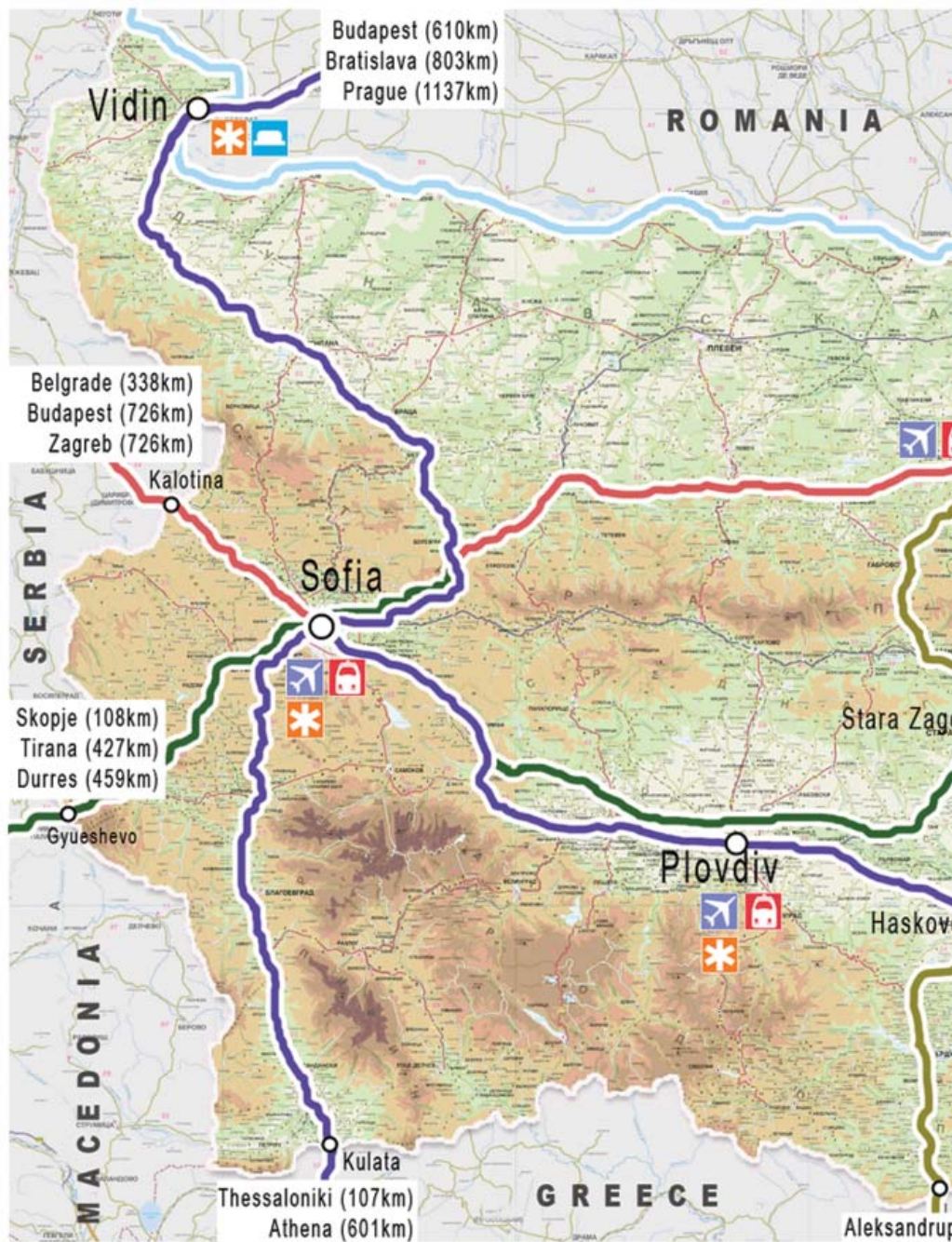


Industrial infrastructure:

- 58 industrial zones (12 functioning)



Comprehensive and developing infrastructure



Source: InvestBulgaria Agency research and analysis



SOFIA

- The largest city in Bulgaria as well as the 15th largest in the EU with a population of 1 291 591
- Major industries: metal industry, electronics, textiles, food and beverages
- Gathers 25% of the total workforce in Bulgaria
- Concentrates 18% of the total production in the country
- Local businesses stand for 34.3% of Bulgaria's GDP
- Infrastructure: road, rail and air modes of transport, dry ports and a freight village



Connectivity:

- Intersection point of three Pan-European corridors: IV, VIII, IX
- Access to the other Balkan countries by road /rail in less than 24h
- To Varna, the biggest Bulgarian port, via Yana Intermodal Terminal 1
- 50 km from Dragoman Ro-La Terminal – an intermodal connection between Turkey and west-European countries

Lufthansa Technik Sofia



In 2008, Lufthansa Technik Sofia opened an airplane overhaul and service facility (area: 6 000 sq.m) at the Sofia Airport. All types of planes of the series Airbus A320 and Boeing 737 are serviced.

So far, the company has invested EUR 50 mln in its facility in Bulgaria and plans to invest further EUR 20 mln in its expansion by the end of 2012.

Sofia Airport

- Cargo capacity: 20 000 tons/year
- Passenger capacity: 4.4 mln/year
- Runway strip length: 3 200 m
- Maximum aircraft size: Boeing 747 and AN-124
- Aircraft movement capacity per hour: 25
- Shipment handling time: Standard - 120 min
Express 60 min

Established in 1937, the Sofia Airport (SA) is the largest passenger and cargo airport in Bulgaria. In December 2006, upon Bulgaria's accession to the European Union, a newly constructed Second Terminal was put into operation. A new runway system is operating. Further expansion is planned as Bulgaria is to join the Schengen Area.



A second independent cargo terminal operates at the Sofia Airport, exploited by Aviation Services Bulgaria - M&M Ltd.

Cargo terminal

- Bonded Warehouse, Transit Zone, EU Border Post
- Refrigerator and deep-freeze storage
- Very large/heavy cargo handled
- Over 70 shipping companies work with SA, including FedEx, In Time (UPS); DHL, TNT, DB Schenker
- Major markets: China, Germany, France, India, Israel, Russia, Romania, Spain, USA

Yana Intermodal Terminal

Close proximity to:

- Sofia Ring Road
- 2 highways connecting Sofia to Varna and Burgas



Yana Intermodal Terminal is the largest terminal in Bulgaria operating with intermodal and container transport. Yana Intermodal Terminal has the capacity of 60 000 sq.m enabling it to store up to 1 000 containers a day and unload 3 trains simultaneously. The terminal offers a wide range of services regarding train on/from truck/ground, 20 TEU, 40 TEU, 45 TEU, tank, flat rack as well as administrative services.

The terminal is equipped with :

- 4 shunting locomotives and 4 depots
- mobile car landing platform
- metal lifting equipments and fuel tanks
- container cleaning equipments and technical work shops
- two industrial trains and truck scales



International partnerships:

Intercontainer, Rail Cargo Austria, Express Interfracht, Adria Combi, Gartner, Kombi Verkehr, Slovenske železnice, BDZ, Bulmarket, Schenker, Procter and Gamble, Unilever, Metro Cash and Carry, Lidl, BASF, Heineken.

Elin Pelin Industrial Park

- **Location:** Elin Pelin Town (20km form Sofia)
- **Total Area:** 1 600 000 sq.m



Elin Pelin Industrial Park accommodates primarily environmentally clean production by companies working in light industry and Hi-Tech sectors. The municipality has established a company which is working on a project for the construction of a gas-turbine installation to secure the electricity and heating needs of the site at competitive prices.

Transport availability:

- Proximity to 2 railway stations
- Highway - 5 km
- Sofia Airport – 18 km
- Burgas Seaport – 360 km



Current investors:

Overgas Inc (natural gas), Bogaris Bul Ltd (investments), Paladin Property Development (real estate), Glorient Investment Ltd (real estate).



SOFIA



Location: Ravno Pole
(Elin Pelin)

Area: 38 000 sq.m

Pallets space: 25 000

**Capacity for cold and
frozen storage:** 6 000 sq.m

**Loading
and unloading ramps:** 116

case study

Lidl is one of the largest retailers in Europe with more than 150 000 employees and 9 000 stores in 25 countries. Lidl enters the Bulgarian market in 2005. In November 2010 LIDL Bulgaria opens its first 14 stores across 11 cities at the same time. The logistics center in Elin Pelin is currently supplying all 55 supermarkets in the country, their number is expected to increase to over 70 in the next few years.

PLOVDIV



The company has been operating in 6 countries – Germany, Slovakia, Poland, Croatia, Romania and Bulgaria since 2006. Up to date Kaufland has 27 hypermarkets spread among 11 Bulgarian cities. In 2006 Kaufland opened a logistics centre in Rakovski Industrial Park storing mainly dry foods and items excluding food. Currently its capacity stands for 30 000 sq.m.

PLOVDIV

- The second largest city in Bulgaria with a population of 338 153
- Major industries: food and beverages, machinery and textiles
- Three functioning industrial zones in the region including a free zone
- Infrastructure: road, rail, air modes of transport

Connectivity:

- An intersection point of three Pan-European corridors: IV, VIII,X
- 1h 30m away from Sofia by road
- 3 to 4h away from Burgas by road/rail transport
- 3h away from Kulata Checkpoint on the Bulgarian-Greek border

Plovdiv Station

- Strategic location in the national railway system
- Equipped to handle 32 trains/day
- 2 000 wagons can be unloaded per day



In July 2011, the project for the construction of an Intermodal terminal has been prioritized by the government. The first phase of the terminal is expected to be operational by 2013.

Plovdiv Airport



Location: 12 km South East of Plovdiv

Runway strip length: 2 500 m
13 aircraft aprons

- An investment of 40 million in the airport's infrastructure was made in 2009
- Plovdiv Airport offers the lowest airport charges in Bulgaria; in May 2010 0% governmental charge reduction was approved
- Cargo aircrafts handled include AN-124 Ruslan, Boeing 737, IL-76

Maritsa Industrial Zone (Plovdiv)



Transport Availability:

- Railway 1.5km
- Highway borders the zone
- Plovdiv Airport – 18 km
- Burgas Seaport – 230 km

Maritsa Industrial and Commercial zone is built on a total area of 3 000 000 m², including a Customs Terminal. Services provided to investors include: issue of necessary initial permits for construction and works, design and construction of industrial production, renting and purchasing of production buildings.



Current investors: Liebherr - Holding GmbH (machine-building); Socotab LLC (tobacco); Linde AG (industrial gases); Ferrero (confectionery); Schneider Electric (energy); Mercedes Benz (automotive); Bosch Group (household appliances, automotive); Vedisped Customs Terminal

BURGAS

- The second largest Black-sea port in Bulgaria with population of 212 902
- Major industries: petrochemical industry, metallurgy, transport machine – building, food
- Infrastructure: road, rail, air and sea modes of transport; airport and high-capacity port with a Ro-Ro terminal and rail access



Connectivity:

- Point of Pan-European corridor VIII
- Access to Asian transport hubs by Black Sea route TRACECA
- Developed rail routes to other regions in the country
- 3 h away from Sofia by road/ rail; a highway is planned to shorten this time to 2 h and 30 m
- 11h to Odessa by sea

Burgas Airport

Location: 10 km from Burgas

Runway strip length: 3 200 m

28 aircraft stands

Maximum aircraft size: Boeing 747

Jumbo Jet and An 124 Rouslan

2 253 320 passengers in 2011



The favourable geographic position and opportunity for intermodal transportation by air, sea, rail and road make it excellent for receiving and redirecting of cargo traffic. New cargo terminal was opened in 2011.

Burgas Port



- 3 cargo terminals
- 28 vessel's berths
- Maximum draught 15.5 ms
- Maximum vessels dwt – 125 000 t
- Container yard – 60 000 sq. m
- Cold Store – 7 000 sq. m
- Total storage area: 508 500 sq. m

Being a point of both the Pan-European Corridor VIII and TRACECA, Port Burgas provides access to the developing markets in Central Asia and countries at the east coast of the Black Sea.

Port Burgas operates with all kinds of cargo, including containers, bulk and break bulk cargo. The port disposes of storage with temperature control with capacity of 10 000 tons per year, connected with the ro-ro berths.



Container terminal 2A

With the new 100 tons mobile crane, container handling rate doubled - from 16 to 30 containers per hour. Full capacity of the container terminal is around 52 000 TEU annually. The brand new port container lifter is able to lift 42t and stores 5 containers full height.

VARNA

- The largest city on the Bulgarian Black Sea coast with population of 334 704
- Main industries: tourism, tourism, maritime industries, shipbuilding, logistics, chemical and food processing industries
- Infrastructure: road, rail, air and sea modes of transport; airport and a high-capacity port with a rail access



Connectivity :

- Point of Pan-European corridor VIII
- Access to Russia and the Asian transport hubs by Black Sea route
- 6h to Sofia by rail; a highway is planned to shorten this time to 3h and 30m
- 3h to the Danube hub Ruse by rail /road

Varna Airport

- Location: 8 km from Varna
- Runway strip length: 2 500 m
- 24 aircraft stands
- Maximum aircraft size: Boeing 747
- 1 181 832 passengers in 2011



- The opportunity for intermodal transportation by air, sea, rail and road make it excellent for receiving and redirecting cargo traffic
- Runway rehabilitation completed in the beginning of 2012; new passenger terminal under construction and scheduled to be completed in 2013



- Bulk warehousing capacity 132 000 sq.m
- Cross-docking facilities
- Dock-high doors of 3m, servicing 300 sq.m.
- Cold store

Logistics Park Varna is an investment project of “Bulgarian Property Developments” EOOD and Colliers International for warehousing cargo. Logistics Park Varna aims at forward-looking companies in the sectors of retail and wholesale of foods and beverages, construction materials, sanitary apparel, electronics and home accessories; distribution, forwarding, and warehousing. Currently the park provides ready-to-use space for rent.

Varna Port



- 34 ship berths
- Max depth 7.5m
- 380 000 sq.m open air storage capacity
- 62 500 sq.m warehouses
- 10 000 sq.m liquids storage capacity
- Ability to handle all types of cargo, including containers, chemicals, grain and liquids
- In 2011 the port is expected to handle over 9 million ton of cargo



Intermodal transportation schemes connecting Europe and Asia:

Varna – Ruse - Danube:

The cargo is reloaded onto wagons at Port Varna. Transported either by rail or by road to the Port of Ruse, reloaded on river-going vessels and navigated on the Danube or vice versa. The scheme saves 2 days transit time to the shipping operators.

Varna - Yana:

Since May 2011, a block train with capacity of 75 TEU is transporting containers from Port Varna to Yana Sofia Intermodal Terminal. The cargo can be transported from there by rail or by road to a destination in Central Europe.

Varna - Ilichevsk - Poti/Batumi:

The rail-ferry terminal in the Port of Varna provides a possibility to change the rail car bogies from European to Russian standard and vice-versa. The cargo is transported by 4 ferry vessels with capacity 108 rail wagons or 920 trucks.



RUSE



- The largest Danube port in Bulgaria
- Population of 167 585
- Major industries: machinery, chemistry, food and beverages, and textiles
- Infrastructure: road, rail, river and air modes of transport
- The cargo terminal Ruse-East is the Ruse Shipyard providing services in shipbuilding and ship repair

Connectivity:

- An intersection point of two Pan-European corridors – VII and IX, and the TRACECA route
- Danube Bridge, completed in 1954 connects Ruse by road and rail to the Romanian city of Giurgiu, 60 km from the capital Bucharest
- 3h away by road and rail from Varna – the biggest Black-sea port in Bulgaria

Ruse Airport



- International statute
- 3 Aircraft aprons
- Maximum aircraft size - IL-76
- Railway terminal in a 10 km distance in shipbuilding and ship repair

The Ruse Airport is located 18 km south of the town of Ruse. It is currently not operating. However, the favorable location and ample room for expansion are considered possible drivers for future development. The distant location from big cities provides an opportunity for sound approach of the aircrafts.

Ruse Port

- 2 Cargo terminal
- Ro-Ro terminal
- 25 ship berths
- 208 100 sq.m open air storage
- 22 700 sq.m warehouses



Ro-Ro terminal:

- Simultaneous operation on 2 vessels
- 2 parking lots – 80 trucks each



Ruse Port is the largest Danube port in Bulgaria. The state-owned “Port Complex Ruse” is the operator of the port, as well as of Ports Nikopol, Toutrakan and Silistra.

The Ruse Port is equipped with 29 cranes with capacity ranging from 5 to 32 tons and one 100-ton floating crane so as to handle containers of 3 and 5 tons as well as big and heavy containers and heavy cargo units (up to 64 tons).

The average depth of the firth at water mark 0 is between 1m – 2.5 m. The Port owns 600 000 sq.m. suitable to be developed into cargo handling area.



The first electric gantry cranes in Bulgaria start operating here in 1915.

Ruse Industrial Park



Location: City of Ruse, Ruse Region

Total Area: 640 000 sq.m

Ruse Free Zone was established in 1988, as a major import and export hub, providing customs and tax incentives for investors and traders operating on its territory.

The park is in immediate proximity to the largest Bulgarian port on the Danube river as well as only a 1 h drive away from Bucharest, which is one of the largest markets in Southeastern Europe.



Transport Availability

- Railway Ruse-Silistra
- Highway
- Bucharest Airport – 70 km
- Varna Airport –190 km
- Varna Seaport – 200 km
- Ruse River port – 2 km



Current investors:

Montupet (automotive), Keros Bulgaria (ceramics), MBM Metalwork (metal manufacturing)

VIDIN

- The second largest Danube-port in Bulgaria
- Population - 48 071
- Infrastructure: roads, rail, river modes of transport; ferry
- Railway Danube Bridge Vidin as part of Pan-European Corridor IV



Connectivity:

- Part of Pan-European Corridor IV and VII
- 3h from Sofia by road
- Direct access to Romania by the Vidin-Kalafat ferry
- Road transport to Romania through Danube Bridge Vidin, completion expected in 2013

Vidin Free Zone



Location: City of Vidin

Total Area: 308 627m²

- In close proximity to the Vidin-Kalafat ferry terminal and Danube Bridge Vidin
- Modern warehousing facilities spreading on 7 300 sq.m. of which 3 000 sq.m. building area
- Cargo port in construction

Transport availability:

- Railway Loading Station
- Vidin River Port
- Highway
- Sofia Airport – 194 km

Vidin Port



Vidin Port

Southern (Cargo) Terminal

- 200 m along the river
- 48 000 sq.m
- 200 m from Corridor IV

Vidin North Port

- 12 000 sq.m
- Situated directly next to Danube Bridge Vidin
- Certified for cargo handling operations: TEU containers, grain, metals, bulk, scraps, pallets, wood and scrap
- Used for transportation of passengers and cargo with Ro-Ro ships (potential capacity 100K TIRs/y.)

Svishtov Port



- Total area: 350 000 sq.m
- Open storage area – 66 600 sq.m
- Indoor storage area – 6 620 sq.m
- 8 ship berths (7 for freight and cargos)
- 1 newly built loading Ro-Ro platform

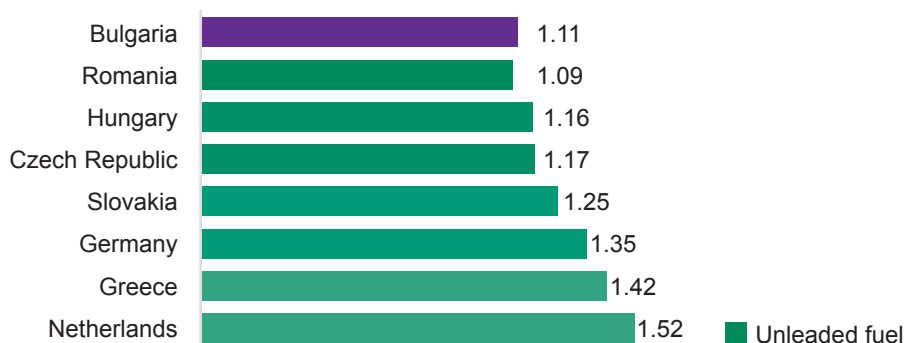
- Proximity to the Pan-European transport corridors VIII and IX
- Three-modality connections “ship-railway-automobile”
- Opportunities for all cargo load operations
- Granted concession to Dredging Fleet ‘Istar’ PLC - Svishtov
- Lays on the shortest route Romania - Bulgaria - Turkey



HUMAN RESOURCES

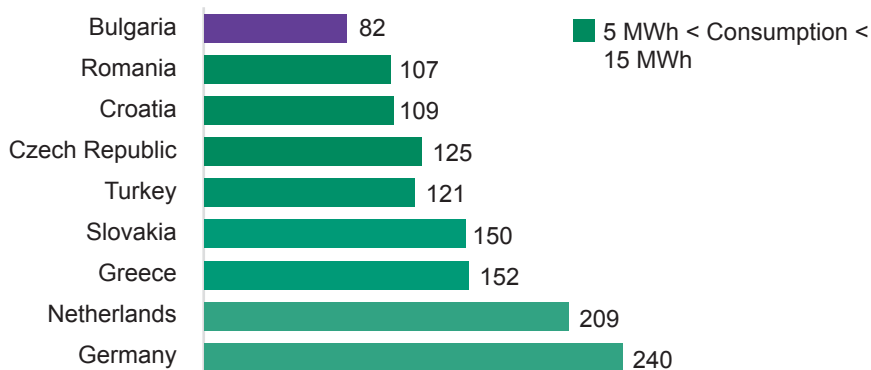
Bulgaria has some of the lowest operational costs in Europe

Fuel prices without VAT across Europe, as of Feb 2013, (€)



- The fuel prices in Bulgaria are among the lowest in Europe, which makes for low transportation costs

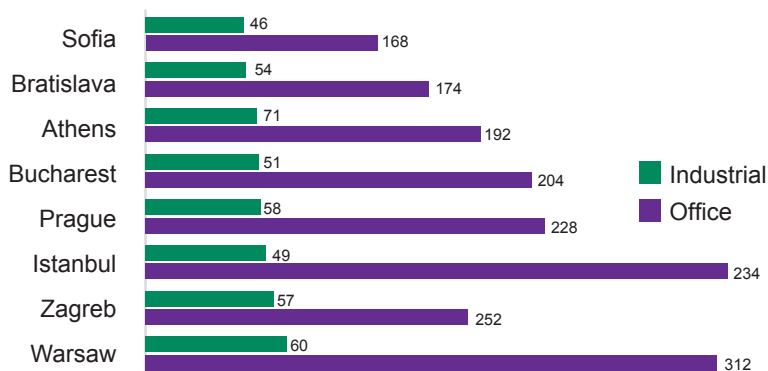
Electricity prices taxes included across Europe, as of Feb 2013, (€)



- The electricity prices in Bulgaria are among the lowest in Europe, which is excellent for storage of deep frozen or chilled goods

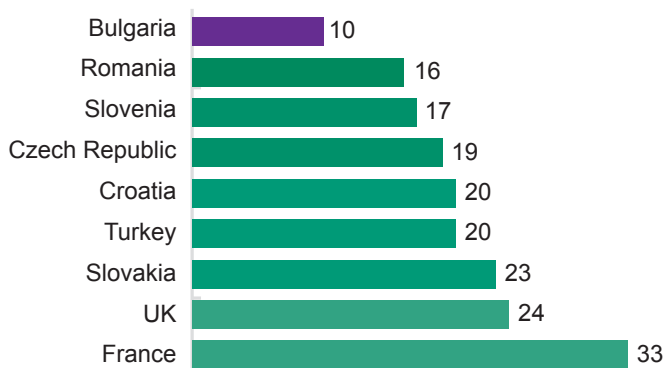
Bulgaria offers the lowest prices for industrial rents and corporate tax in the European Union

Industrial and office rents across Europe, 2011, (€ /sq.m/ annum)



- With average industrial rental rates of € 46 per sq. m. per year Bulgaria offers lower prices than the other European countries

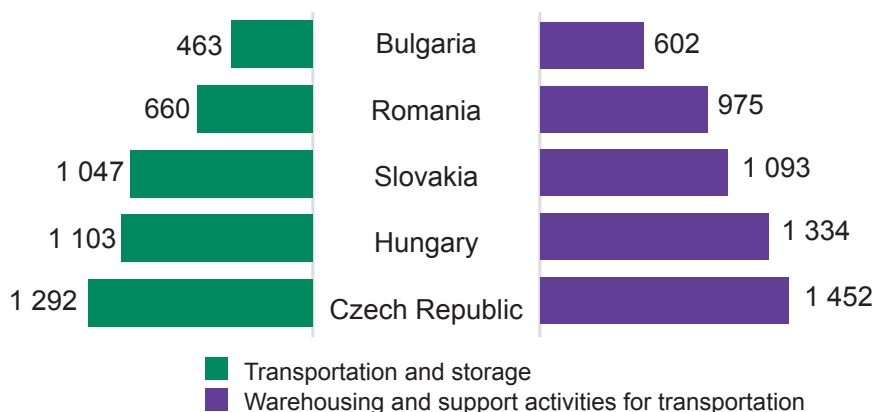
Corporate tax rates across Europe, 2013, (€)



- Bulgarian corporate tax rate is the lowest in the European Union
- In the regions with high unemployment rate such as Vidin the tax could be 0% for a period of 3 years

Bulgaria offers more competitive wages in comparison with other European countries

Labour costs in the logistics sector across Europe, 2010, (€ month)



Average monthly gross salary per occupation for 2009, (€)

City	Car mechanic	Skilled industrial worker	Engineer	Department head
Sofia	445	532	470	996
Budapest	520	761	1 509	1 701
Warsaw	600	680	1 033	1 243
Bratislava	662	841	1 175	1 262
Istanbul	711	1 138	1 441	2 047
Prague	785	1 002	1 218	1 392
Athens	1 336	1 664	1 781	2 963
Berlin	1 868	2 338	3 662	4 620



Bulgaria is a great place to do business. And not only local but also international business.

Agop Djulgeryan, Managing Director

Eurotronics is an American company, specializing in electronics distribution with offices in New York, Miami and Panama and Bulgaria. Out of Bulgaria, the company delivers to the European, Balkan and Russian markets.

Eurotronics outline their positioning in Bulgaria as a strategic advantage for a combination of factors. In fact a day of work costs Eurotronics 3 000 \$ in Bulgaria vs 5 000\$ in Panama and 17 000\$ in the USA. Competitive wages , the duty free zone in Plovdiv and the 10% corporate tax stand for the most part of these reductions. Eurotronic's success in Bulgaria reasons also by the availability of highly qualified professionals with fluency in European and Balkan languages supported by experience abroad. Bulgaria's location close to the rest of the Balkan countries, the EU , Russia and parts of Asia is a key factor enabling the development of a sustainable distribution business.

Bulgaria's advantages:

- Low tax burden
- High quality-cost ratio of the labour force
- Favorable geographical location

Bulgarian high schools provide professional education in diverse fields of logistics and transport engineering

- Almost 5 000 high-school graduates from 136 classes specializing in transport and logistics annually
- 71 Professional schools in Bulgaria specialize in logistics and transport engineering related subjects
- Highest concentration of professional high schools for the industry in the regions of Sofia, Veliko Tarnovo, Varna, Burgas, Plovdiv, Ruse and Pleven

Professional High School of Lifting, Construction and Transport Equipment /Sofia/

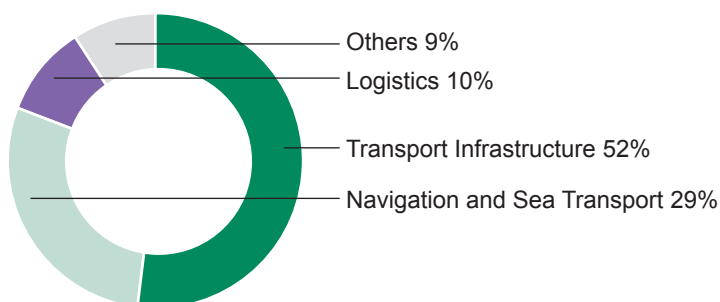


- About 90 students graduate each year
- Focus towards five professions in the field of transport technology
- Evening courses offering professional qualification in crane operating, road construction equipment, fork and electric lift driving
- Additional courses for corporations in accordance with their aims and their aims

Universities in Bulgaria prepare more than 1 800 students in logistics related majors annually

- In 2011 there were about 64 000 graduates from 53 universities and colleges
- More than half of the students are majoring in Transport Infrastructure related studies
- 11 Universities in Bulgaria offer around 55 majors directly connected with transport engineering or logistics

Student Distribution in Transport/Logistics Related Majors



Todor Kableshev University of Transport /Sofia/

- Around 1 000 students majoring in transport related studies
- International cooperation with over 50 Universities around the world including Vienna University of Technology, Technical University of Dresden, University of Bridgeport, etc.
- Modern Equipment and facilities



The University of World and National Economy and the the Association for Freight Forwarding, Transport and Logistics have signed a contract for cooperation and coordination between business and education.

Programs for collaboration between educational institutions, government and business have been launched

In collaboration with the Italian Institute for Foreign Trade, the Italian Ministry of Economic Development, an educational program of very high professional level on logistics and supply chain management was introduced in 2008 in Sofia University “St. Kliment Ohridski” and the University of World and National Economy. The program is organized by The Italian Association for Logistics and Supply Chain Management (AILOG).

The program targets:

- Professionals in Logistics, Manufacturing, Marketing and Sales of Manufacturing enterprises
- Management board in transport and distribution companies
- Students in their third or fourth year as well as graduates from Economics faculties/universities with excellent grades

-
- Lectures held by Italian professors and executives
 - Bulgarian-Italian Association founded
 - A book by the Italian Logistics Manager Armando Monte published
 - Web site launched
-



The immense interest in the program caused the creation of a new masters program in Sofia University “Logistics and Supply Chain Management”.



SUCCESS STORIES



Established: 1960

Personnel: 1 300

Activities: road and water transport, full logistics services, including combined logistics



- Logistics network of 74 terminals and offices in 23 countries in Europe and Asia. Part of Willi Betz Group
- 40 000 sq. m warehousing facilities in Sofia, Vidin, Ruse, Burgas and Pazardzhik – open and covered areas, warehouses under customs' control, specialized facilities for wind turbines components
- Company ports in Vidin (and in Passau)
- 2 500 new freight compositions, 4 000 trailers and 8 ships
- Own catamarans and barges
- Handled cargo includes ADR, automobiles, and very large/heavy cargo



The company manages operations in Europe, Russia, CIS countries, the Middle East and North Africa from its office in Bulgaria.

Clients: Metro, Billa, Carrefour, Kaufland, OMV, Danone, KAI Group Kaolin, Bosch, Ikea, Festo, Ideal Standard, HP, Henkel, Daimler Chrysler, BMW, Toyota, Kraft foods



SOMAT contributed for the development of the TRACECA corridor.

- SOMAT is the first European company to create multimodal technology connecting Europe, Asia and the Caucasus region by water
- In 1984, the company opens the Ro-Ro connections Vidin – Passau – Vidin
- Currently, SOMAT operates in 2 Ro-Ro terminals on the Danube river:
 - Vidin, with total area of 68 000 sq.m
 - Ruse, with total area of 23 203 sq.m

EUROPEAN PROJECTS:

The Marco Polo Program, or Via Danube, is a initiative of the European Commission for the transportation of cars and trailers on Danube river. The Trans-European combined technology, or a project for transportation of airscrews of wind turbines, aims at the development of renewable energy sources in the region and is supported by the EU.

SOMAT is also a partner of the US Army, ISAF and NATO, covering the full delivery to the NATO forces in Afghanistan - a sign for quality and expertise.



SOMAT carried out the transportation of the automobile of Pope John Paul II from the Vatican to Sofia and back during his visit in Bulgaria in 2002.



Established in 1991

Employees: 200

Activities: road, rail, sea freight, combined services, project business, distribution and logistics



- The Bulgarian branch of the company is a regional center for Romania, Greece, Serbia, Macedonia and Hungary
- Extensive network of offices in the country covering all border crossing points, ports and major industrial areas
- Continuously ranked as Bulgaria's largest forwarding company by NSBS, the national freight forwarders' association
- Authorised economic operator

Why Bulgaria?

Bulgaria is a geo-strategical bridge between Europe and Asia.

In addition, the country provides unique solutions for intermodal transport.

Market served from Bulgaria - EU, Tunisia, Morocco, Algeria, China, Japan, USA, Turkey, Russia, Turkmenistan, Aserbaidshan, Kasachstan, Armenia, Georgia, Macedonia

Major clients - Leading companies in the following industries: engineering, metallurgy, pharmaceuticals, food and beverage, electronics, mining, construction

Major partners - M&M International Holding, Cargo Line, Arcese Transport S.p.A., Japan post, Bulgarian State Railways, Lufthansa, Aeroflot

Intermodal Terminal Sofia

- Covered warehousing area: 25 000 sq.m
- Open warehousing area: 30 000 sq.m
- Types of warehouses: groupage, under customs' control, tax
- Railway loading platform
- Location: Modern suburb – Obelya Industrial Zone, at the crossroad of three entry points for Bulgaria – from Romania, Serbia and Greece



Aviation Services Bulgaria – M&M

The subsidiary, being a licensed cargo handler at Sofia Airport, owns 3 000 m² high-security warehouse on-airport, all under customs bond as well as specialized facilities such as VAL, VUN and DGR storages, freezer and cool storage.

Services provided:

- air cargo and air mail document and physical handling
- supervision of loading/unloading at aircraft-side and security screening
- aircraft palette build-up and breakdown for airlines and third-parties
- regional and international trucking for airline-customers



Militzer und Muench is co-operating with the Bulgarian Academy of Science on a project for optimization of energy consumption and waste management.



Established in 1889

Personnel: 150

Activities: european land traffic, domestic distribution, rail solutions, airfreight, ocean freight, logistics, fairs removal



- Headquarters in Sofia
- 7 Branch Offices:
 - Sofia (2), Varna, Plovdiv,
 - Burgas, Ruse, Sevlievo
- Brand new investments in Varna & Sofia

Schenker Varna

- 300 sq.m cross-docking
- 3 000 sq.m warehouse for 4 000 pallets
- 164 sq.m office building
- 6 loadingbays with hydraulic ramps
- Bonded Warehouse & customs services
- Highest Technology Standard

Schenker invests in Bulgaria for its strategic location, the supply of intermodal transport solutions and the potential for growth.



In our region, we are relying increasingly on rail-ports – terminals where we can implement inter-model solutions that are profitable for our customers

Elmar Wieland, Chairman of Schenker & Co AG,
Vienna, responsible for activities in Bulgaria



Schenker Sofia

- 2 000 sq.m cross-docking
- 3 000 sq.m warehouse for 4 000 pallets
- 3 600 sq.m office building
- 30 loadingbays, 20 with hydraulic ramps
- Own Railway Siding
- TAPA Level A certified
- Highest Technology Standard





Established: 1947

Personnel: 130

Activities: freight forwarding, transports, customs, warehousing, and logistics



Why Bulgaria?

Bulgaria has an excellent location, trained staff, and available infrastructure which are more than enough to take advantage of the market opportunities and start a stable business.

- Over 21 000 sq.m terminals and warehouses with special equipment
- Over 49 000 sq.m open storage area
- **Head office:** Sofia
- **Branch offices:**
 - Ports of Burgas & Varna on the Black sea
 - Ports of Lom, Vidin & Ruse on the Danube River
 - Plovdiv – important economic area in the middle of Bulgaria
 - Railway stations in Dragoman, Dimitrovgrad & Svilengrad
 - Kalotina checkpoint with Serbia Kapitan Andreevo checkpoint with Turkey





Established: 1991

Employees: over 650

Activities: domestic and International transportation, warehousing, logistics



The company is transporting all kinds of loads, including ADR, from Bulgaria to all European destinations. Main directions are UK, Benelux, Spain, France, Italy, Germany, Austria, Czech Republic and back to Bulgaria, Romania and Greece. In the recent years BIOMET has expanded its office network in order to secure excellent coordination and control.

Major partners:

- Shell Bulgaria, OMV Bulgaria, Air Liquid, Vitogaz Bulgaria
- Kaufland, Penny Market and Lidl

Sevlievo logistics center

Biomet and Ideal Standard International hold the second-largest logistics center in Bulgaria with a total area of 40 000m². The logistics centre serves the production of the factories and the import of Ideal Standard subsidiaries from Western Europe and Egypt.

- 23 000 pallet spaces
- Loading platforms: 15
- Trucks ready for forwarding: Up to 60 per day





Established: 2004

Personnel: 840

Activities: Distribution of FMCG, Logistics, Co-Packing and Transport



Kaven Orbico has set up warehousing facilities in 11 key locations in Bulgaria, equipped with temperature/humidity/odour control in addition to the available refrigerators. The company is the official distributor of Procter & Gamble, Globul, SC Johnson Wax, Mars, Philip Morris, Shell Lubricants and a logistics partner of Kraft, Wrigley, Shell petrol stations and Intersnack. KAVEN ORBICO provides the whole set logistic services for Varta in the regions of Bulgaria and Romania.

Following their contract with leading universities in Bulgaria, precisely UNWE, The American College and European Business School London, Kaven Orbico have no difficulty in recruiting qualified young professionals.

- The company plans to extend its activity to Romania, Macedonia, Serbia, Croatia and Turkey in the following years
- The increasing demand in their business is influenced by the increasing number of manufacturers following the world trend of 3PL and 4PL Outsourcing





Established: 2006

Employees: 363

Activities: transportation,
distribution, Integrated logistics
services



- Cross-docking service for the transportation of frozen and chilled products
- Daily transportation in Bulgaria and European countries
- Owns a fleet of over 90 specialized refrigerator trucks and vans with capacity of 1 to 20 tons
- The only robotized and certified warehousing facility with capacity of 15 000 pallet-space stored under temperature regime from +4°C till – 20°C on the Balkans

A strategic position in the industrial area of the city of Plovdiv

- In the centre of Bulgaria
- With direct access to Trakia highway
- At the crossroads of Pan-European corridors IV, VIII and X

Fresh Logic Plus: Logistics Centers in Sofia and Varna:

- Storage capacity for over 2 800 pallet-space
- Dedicated fleet of over 30 vans serving the city and the region





Fraport Twin Star Airport Management

Established: 2006

Personnel: 1069

Activities: Concessioner of Varna and Burgas Airports for 35 years



We believe in the growth potential of the two regions and we will keep developing and investing in Burgas and Varna Airports. In the next to years we have planned investments of more than EUR 75 mln.

Dirk Schusdziara
Chief Executive Officer



- More than 3 mln passengers annually
- More than 30 000 flights annually
- More than 100 airlines

In the course of an immediate investment program the company increased the capacity for passengers handling on both airports by building additional terminal areas. Fraport purchased modern equipment and technology for ground handling, created training centers for language and professional trainings of the staff, developed master plans as a basis for large scale infrastructure projects. The extension of Burgas Airport apron was completed as well as the construction of new buildings for cargo handling, fire-brigade station, administrative building, rehabilitation of the runway in Varna Airport (project estimated at about EUR 20 mln), The construction of two new state-of-the-art passenger terminals are already in progress.



Bulgarian Railway Company

Established: 2004

Personnel: 280

Activities: Rail freight transport services on the domestic and international traffic

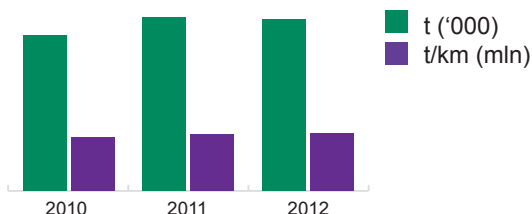


BRC is the largest private railways operator in Bulgaria in terms of both volume of transported goods and carried tonne – kilometers.

In the last few years the company achieved significant increase of the share of international transport. BRC has concluded agreements with railway operators from other countries for handing and taking over of freight trains through border stations.

Some of BRC's major clients are companies as AURUBIS BULGARIA AD, KAOLIN AD, STOMANA INDUSTRY AD, KCM, SOFIA MEL EAD, ROMPETROL BULGARIA AD, LUKOIL BULGARIA, PROMET STEEL, GAZPROM NEFT NIS.

2010-2012 Cargo statistics



The most significant project carried out in 2012 - BRC is the first of the railway operators carrying the freight train with the longest route in Europe – the train with copper anodes of AURUBIS from Bulgaria to Germany/Belgium and the way back, with the regularity of shipments – 2 – 3 trains per week.

Bulgarian Association for shipment, transport and logistics



- NSBS, the Bulgarian Association for shipment, transport and logistics was established in 1992. To 2011 it has 76 members - shipping companies (with Bulgarian and foreign participation) that collectively operate more than two thirds of the international shipping services in Bulgaria.
- From 1994 NSBS represent Bulgaria in the International Federation of the Freight Forwarders Associations - FIATA. Representatives of the association participate in the bodies of FIATA and through them in the activities of the European Conference of Ministers of Transport (ECMT), the European Commission, the Economic Commission for Europe of the United Nations, the International Chamber of Commerce and a number of international organizations in the field of Transport (IRU, UIC, IATA, IMO, etc.).
- Since 2003 NSBS is a member of the European Association for forwarding, transport, logistic and customs services by which it has been granted the right to participate in the decisions made by the European Commission concerning transport policy.



IBA Services:

- Macroeconomic information
- Legal advice
- Information on operational costs
- Regional data on unemployment, availability of skilled labour force, level of education, infrastructure, foreign investors and industrial zones
- Recommendation of vacant land
- Identification of potential suppliers, subcontractors or joint venture partners
- Individual administrative services
- Contacts with the central and the local authorities
- Contacts with industry chambers, local universities and NGOs



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