



## FURNITURE PRODUCTION, KONJUH ŽIVINICE

<b>Project title</b>	Acquisition of Furniture Production company "Konjuh d.d. Živinice"
<b>Sector</b>	Wood industry
<b>Location</b>	Municipality of Živinice
<b>Location description</b>	Konjuh d.d. Živinice is located in the North-eastern part of Bosnia and Herzegovina in the town of Živinice. The micro location is characterized by both a wealth of wood resources and an excellent logistical infrastructure that enables transport by road and railway. The total area of land that belongs to the industrial complex of Konjuh d.d. is around 174,000 m <sup>2</sup> situated practically in the centre of Živinice at a very attractive location for future urban development.
<b>Company description</b>	<p>Konjuh dd was founded back in 1885 by Austro-Hungarian entrepreneurs as a furniture production factory. Konjuh is one of the leading producers of wood products (veneer, chair pressings, solid wood glued panels for furniture production and parquet) and furniture (tables, chairs, office and school furniture) in Bosnia and Herzegovina.</p> <p>What makes Konjuh unique is its large scale integrated wood processing and furniture production process situated at one location. One production line integrates the production of furniture from timber to the finished product, including sawmilling and the drying of wood, production of furniture elements and final furniture production. The other line integrates veneer production from veneer peeling and drying to veneer pressing production of furniture elements.</p> <p>Concerning the raw material, Konjuh has secured wood supply amounting to 25,000 m<sup>3</sup> of timber from the local state forestry company. Konjuh used to maintain a database of more than 300 customers from the region, Western Europe and the USA.</p>



<b>Project status</b>	Feasibility study
<b>Project description</b>	<p>Konjuh is currently offered for sale by its major shareholders together with many small shareholders, the majority of which are current or former employees. The management estimates that it is possible to consolidate in excess of 70 percent of the share capital of the company.</p> <p>The aim of the management is to secure strategic and or financial investment in order to ensure that the company's capacities are utilized at optimum performance.</p> <p>Despite its current problems Konjuh has great potential to be rebuilt into a major regional player in wood processing and furniture production. All of the company's production facilities are fully functional and could be operational at full capacity in a matter of weeks after receiving new orders.</p>
<b>Estimated total investment cost</b>	An investment by a potential buyer of 980.000 KM for the acquisition of Konjuh
<b>Inputs provided by local partner</b>	The company has integrated wood processing facilities that include sawmilling; parquet and solid wood board production, veneer and pressings production as well as chair and table production. Konjuh's potential also lies in the considerable value that the company has locked in unused real estate (industrial land and unused buildings) at the company's headquarters located in Živinice (Northeast Bosnia). The total estimated value of the locked real estate stands at 61 million BAM (book value 17 million BAM).
<b>Inputs required from foreign partner</b>	<p>Acquisition of Konjuh dd: 980.000 KM</p> <p>Payment of liabilities: 23 million KM</p>
<b>Form of cooperation with foreign partner</b>	<p>Acquisition of Konjuh d.d.</p> <p>The takeover procedure at the Sarajevo Stock Exchange (SASE) requires that a potential buyer publish a tender offer for the purchase of shares. It is possible under SASE regulations to place an offer that requires a minimum percentage of shares the buyer wishes to purchase under the offer. If that percentage is not met then the buyer is not bound by the offer.</p>
<b>Supporting information available</b>	For additional information about this project, please contact FIPA either by e-mail: <a href="mailto:fipa@fipa.gov.ba">fipa@fipa.gov.ba</a> or phone number: +387 33 278 080.