

Bulgaria

Pharmaceuticals firm corners the market

A PRIME EXAMPLE OF THE ENTERPRISING APPROACH OF THE NEW BULGARIA, PHARMACEUTICAL DISTRIBUTOR COMMERCIAL LEAGUE HAS CARVED OUT A REPUTATION FOR QUALITY SINCE ITS FOUNDATION A DECADE AGO

WHEN THE WALL CAME down in Berlin in 1989 and the domino effect rippled throughout south-eastern Europe all the way to Bulgaria, Tihomir Kamenov decided to go home. A 30-year-old graduate of international law in London, Mr. Kamenov returned to his native Bulgaria to found pharmaceutical distributing company, Commercial League.

The year 2000 marked Commercial League's tenth consecutive year of growth. Revenues were 62 million euros in the company's core businesses alone and net income rose by 272% to 6.5 million euros from 2.5 million in 1999. Since its founding in 1991, Commercial League has emerged as one of the blue chips of the new

Bulgarian economy and one of the largest pharmaceutical distributors in Eastern Europe. Since 1996, sales have risen some 900% and market share has increased by



TIHOMIR KAMENOV
Chairman of Commercial League

700%. The company currently supplies pharmaceutical products to more than 2,900 pharmacies and has a 57% share of the local Bulgarian pharmaceutical market. Chairman Tihomir Kamenov describes the company's position in Bulgaria as "dominant" and goes on to say that Commercial League "supports Bulgarian society by raising healthcare production and commercial standards and it provides one of the best bridges towards Bulgaria's early accession to the European Community." The company's commitment to current good manufacturing and good distribution practices is widely recognized as an industry standard and further promotes Bulgaria's case before the EU.

A bright example of Bulgaria's emergent market economy, Commercial League is a case study of the new breed of Bulgarian companies. "Commercial League was



THE CARING FACE OF BULGARIA Commercial League is the largest supplier of medicine for the national health service.

created by 100% Bulgarian nationals, born and educated in Bulgaria," Mr. Kamenov states. "The company uses all the modern techniques of conducting business. We began purely with product marketing knowledge and then moved on to structural development, legal framework, financial risk management and internal credit organization, recruitment rules and credit control systems. Finally, we now have modern IT in place. According to most of the multinationals we do

business with, they feel secure with a company that services over 45,000 lines, and has a structure of 410 cars, 700 people, 28 full-fledged branches, and a developed responsibility chain. This provides them with the modern marketing capacity they like to have."

Since its formation, Commercial League has established its own regional branch structure and its own transport units. With over 200 transport units in operation, the company can deliver to

any point in Bulgaria within two hours of order confirmation, 24-hours-a-day, 7-days-a-week, 365-days-a-year, and services over 4,000 orders daily. Bulgaria's recently introduced health-care reform has helped boost demand and Commercial League is the largest supplier for the national health insurance system. Correspondingly, the company launched its Care For You program, a first for Bulgaria, involving the gradual accumulation of patient data and the building of data processing capacity.

Increased generic production and further expansion throughout the Balkan region are on the table. In December 2000, the company inaugurated Tchaikapharma Inc., its GMP-certified facility for solid-dosage packaging and vials labeling. Mr. Kamenov adds, "going into the full-scale modern production of generics in Bulgaria and supplying the rest of the Balkans is what we will contribute to tomorrow's accession. Since modern development of original medicines is not possible in Bulgaria, the production of quality generic drugs is the only proud way to enter Europe with flying colors."

Tapping Bulgaria's tourism potential

UPGRADING EXISTING TOURISM INFRASTRUCTURE AND ACTIVELY PROMOTING THE COUNTRY'S CHARMS ARE VITAL IF BULGARIA IS TO LURE VISITORS TO ITS HISTORIC CITIES AND IMPRESSIVE MOUNTAINSCAPES

BULGARIA, ANCIENT LAND of Orpheus and Spartacus, lies nestled amongst Romania, Greece, Turkey, and former Yugoslavia, and is bordered by the Black Sea to the east. Mountainous and forested, the country is rich in history and offers dramatic scenery, haven-like monasteries, as well as Roman and Byzantine ruins. Orthodox religion chants convey the mysticism of regional fables and legends, while in rural villages, the visitor still has the opportunity to experience traditional folk music and dances whilst partaking of home-milked cheese

and watching passing donkey carts. In the early 19th century, after 500 years of Ottoman rule, Bulgarian culture and folklore blossomed as writers and artists strove to reawaken national consciousness. A premature revolt was brutally suppressed by the Turks at Koprivshitsa in April 1876, and outraged Europeans came to Bulgaria's aid, which was liberated two years later. Today, the Koprivshitsa Folk Festival, held every four years, commemorates the Revival and draws thousands of participants.

It is clear that Bulgaria is full of

color and untapped tourism potential. Its troubled transition to democracy weakened its marketing strategies abroad (before 1990 there were 30 Bulgarian promotion offices outside of the country; today there are none), but tourism still continues to account for some 15% of GDP and the number of tourists was expected to top 2 million in 2001—a 20% rise from the year before. The country is finally beginning to rebound and the upgrading of the tourism infrastructure is a top priority of the new government. General Manager of the Sofia Hilton Armin Zerunyan says that promotion is a must for Bulgaria's tourism

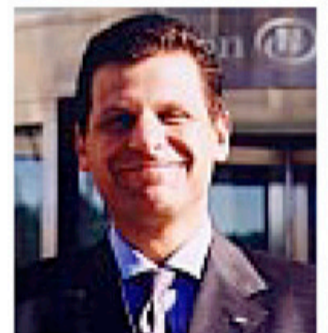
industry. "There are many things that can be offered—cultural tourism, third-age tours, niche markets, ecotourism. Bulgaria is a major wine-producing country as well, which is little known. This country has many similarities to Switzerland—with the added benefits of the sea."

Sofia, the country's capital, reflects these new changes. Thanks to the EU's "Beautify Bulgaria" campaign, historic buildings are being restored and older neighborhoods re-energized. Medieval and neo-Byzantine cathedrals mix with modern hotels and shopping avenues. Mt. Vitoshka, just 5 miles south of the city, offers winter ski-

ing and there are unparalleled hiking opportunities nearby in the majestic Rila Mountains.

The Congress Center-Sofia, with its capacity for 4,000 people, is southeast Europe's largest multipurpose complex. Opened in 1981, it has since become a renowned venue for various national and international conferences and events. Connected to the Congress Center by a pedestrian bridge is the new Sofia Hilton, opened in January 2001. It is the city's premier business hotel and is located in the heart of the city, just 15 minutes from the international airport. The hotel is surrounded by a park and overlooks the Vitoshka Mountain and has been designed with the business traveler in mind. All rooms are equipped with PC ports and internet connections and there is a special executive floor where business assistance is available. Mr. Zerunyan sees the Sofia Hilton as a "new generation hotel. It brings all the advantages of a modern business hotel, especially in terms of telecommunications and communications in general. I would say that almost 85% of our clients are of the corporate nature, including conference business."

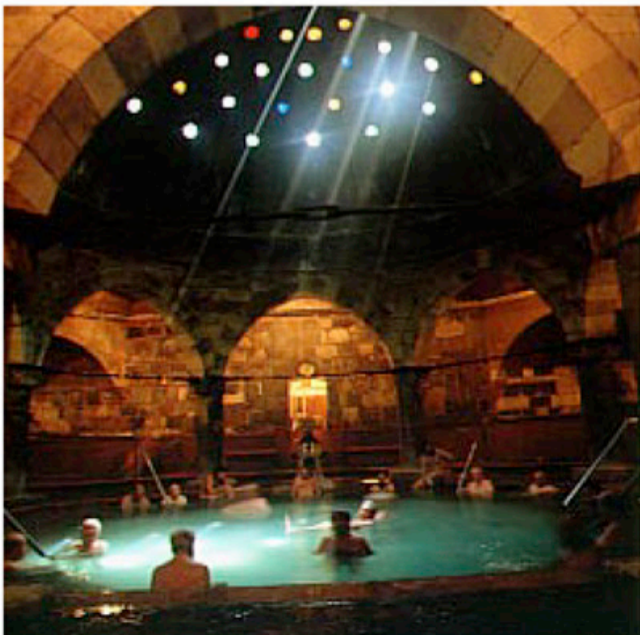
With regards to setting up business in Bulgaria, Mr. Zerunyan added, "we believe in the long-term development of this country because you can see that there



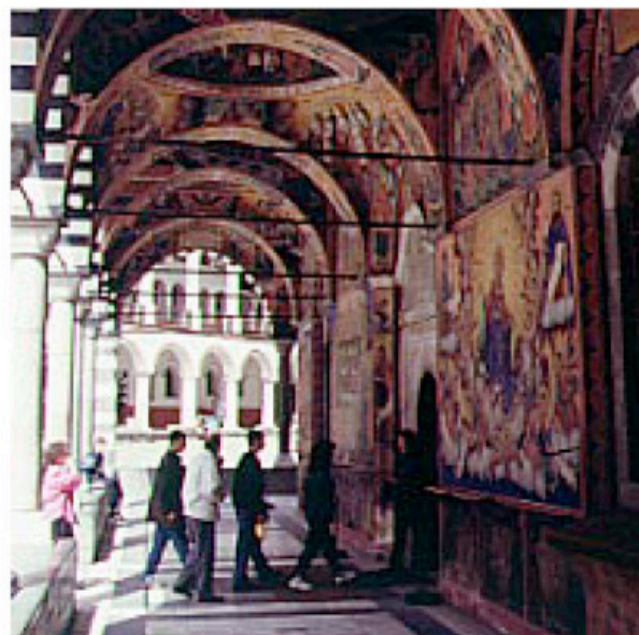
ARMIN ZERUNYAN
General Manager of the Sofia Hilton

is light at the end of the tunnel. Sooner or later we will become a member of the EU; NATO is almost a done deal. Above all, I am truly impressed by the quality of the human element in this country. The human potential here is much better than in a lot of neighboring countries, and even better than in some European countries that didn't belong to the eastern bloc."

Opened in 1981, the Congress Center-Sofia has capacity for 4,000 people



SHEER DIVERSITY Visitors to Bulgaria can enjoy all manner of touristic pursuits, from bathing in healing waters to bathing in local culture.



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FOR FURTHER INFORMATION PLEASE CONTACT
SUMMIT COMMUNICATIONS AT:
1040 FIRST AVENUE, SUITE 395, NEW YORK, NY 10022-2902.
TEL: (212) 286-0034 - FAX (212) 286-8376
E-MAIL: info@summitreports.com