

“Global Consulting” OOD

Vesela Velichkova, lead financial analyst
v.velichkova@bcra-bg.com

Ventseslav Petrov, financial analyst
v.petrov@bcra-bg.com

Nikoleta Koleva, financial analyst
n.koleva@bcra-bg.com

	Initial Rating 09.2004	Update 05.2005	Update 09.2006	Update 08.2007	Update 10.2008	Update 05.2009
CREDIT RATING						
Long-term rating :	BB+	BBB	BBB	BBB	BBB+	BBB+
Outlook :	stable	stable	negative	stable	stable	stable
Short-term rating :	B	A-3	A-3	A-3	A-2	A-2

	Update 18.10.2010	Update 31.10.2011	Update 06.11.2012	Update 23.10.2013	Update 22.01.2015	Update 03.02.2016
CREDIT RATING						
Long-term rating :	BBB+	A-	A-	A-	A-	BBB+
Outlook :	stable	stable	stable	stable	stable	stable
Short-term rating :	A-2	A-1	A-1	A-1	A-1	A-2

BCRA - Credit Rating Agency (BCRA) is the third qualified rating agency in EU, registered under Regulation 1060/2009 of the European Parliament and of the European Council. The credit ratings, assigned by BCRA, are recognized in the whole EU and are entirely equal with the other ratings, recognized by European Securities and Markets Authority (ESMA), without any territorial or other restrictions.

BCRA assigns the long-term credit rating **BBB+ (outlook: **stable**) and short-term rating **A-2** of „Global Consulting“ OOD.** The officially adopted by BCRA methodology for assignment of corporate credit rating is used (http://www.bcra-bg.com/files/file_103.pdf).

To elaborate the credit report and to assign the credit rating, the information, provided by the rated company, NSI, BNB, BCRA`s database, consultants and other sources of public information is used.

The political environment as of the time of preparation of the report could be determined as relatively stable. In October 2015, the held local elections did not lead to any significant changes in the political layers.

For the first quarter of 2015, the country registered a considerably high real GDP growth – 2.2% compared to the same quarter of the previous year (0.2% for Q1 2014), and for the following quarter (Q2 2015) the rate remained almost

unchangeable – 2.3%, as the reported value was slightly under this of the same (second) quarter of the previous year (2.6%).

During the first half of 2015, the investments in the country maintained levels that were similar with the reported during the same period of the previous year, despite the decline observed in the investment flows during the second half of 2014 (in comparison with the reported values for 2013).

A slight improvement in the conditions of labour market was observed, as the unemployment rates decreased, even though the levels remained high.

The price level in the country reported drops during the months since the beginning of 2014 that brought to strengthening deflationary processes. After February 2015, the deflation rates reported a drop.

The economy of Bulgaria was characterized with a low economic activity for the prior year (2014) and weak recovery for the first half of 2015, as the growth levels are expected to maintain during the remainder of the year.

As a result of the political and economic instability of the country, observed during 2014, as of the end of the year a considerable increase in the budgetary deficit was reported, as well an increase in the leverage level of Bulgaria. The increase of the debt also continues in 2015, whereas the budget reports improvements.

The 2014 events in the banking system led to the emergence of a potential risk for the banking

institutions of deepening the banking crisis and involving a larger number of participants in the sector. Despite the increased risk in the financial system caused by the dropping of one of the main players and a risk of dropping of another, the banks in Bulgaria maintained their stability. For the first half of 2015, the banking environment could be determined as stable, as evidenced by the high capital adequacy and liquidity of assets and growth in the attracted deposits. There was a drop in the negative rate of the change of the given loans, and the share of the classified loans also marked a decrease that contributed for the improvement of the balances of the banks in the country.

IT industry is among the least affected sectors by the crisis and one of the fast growing sectors with an increasing share in GDP. The growth of the sector in Bulgaria, from one side, follows the global trends, and at the same time Bulgaria is considered attractive for foreign IT companies with good working conditions and good location, moreover in Bulgaria the specialists work on the full cycle of software development, have good knowledge of foreign languages, and the ratio quality – cost of labour is very good. The export continues to increase with a decreasing rate.

The rapid development of the sector in the country, however, slows down because of a problem existing for years and related to shortage of qualified labour. One of the possible measures for solving the issue in a short-term aspect is to transfer employees from abroad, and early specialist training.

During the period of updating, there was a change in the ownership structure of „Global Consulting“ – in November 2014, 50% of the shares were transferred from Dimitar Dzhendov to Diana Dzendova, and at present the capital is divided equally between them.

Within the analyzed period, there were not changes in the scope of activity of „Global Consulting“. The company does transactions with software, hardware and communications technology, consulting services in the area of computers, development and licensing of application software products, etc. The company continues to develop its partnerships with world-famous suppliers like EMC, Informatica, Sybase, SAS, Unisys, Sterci SA, Omikron.

The specifics of the activity of „Global Consulting“ implies partnerships with large customers with a significant part of which the company maintains a long-standing relationship which is a factor for timely paying off of their duties, though there is an exception during the last year. The nature of the activity of the company is also a prerequisite for certain concentration in the turnovers with customers, and receivables.

In 2014, there was an increased concentration in the turnovers with suppliers under a specific project which decreased in the first nine months of 201. The company pays regularly its debts and retains a short period of payment of debts to suppliers.

A positive factor from rating point of view is the low leverage which the company maintains, and its high liquidity. However, in 2014 „Global Consulting“ reported a faster growth of costs compared to revenues on a yearly basis which reflects in a sensitively lower net profit, and this is the second consecutive year of significant decline in the financial result. The dynamics determine the deterioration of the profitability indicators. Improvement in this respect was observed during the first nine-month period of 2015, which, however, is characterized by a decline in sales revenues.

Main Financial Indicators:

Indicator (BGN thousand)	09.15	09.14	2014	2013	2012
Assets	9397	8192	8677	7816	8 883
Sales Revenues	2261	4705	5 228	4 631	3 115
Net Financial Result	631	554	53	535	2 018
Net Profitability	9.38%	11.77%	1.01%	11.55%	64.78%

Current Liquidity	10.26	31.83	18.26	19.59	21.66
Quick Liquidity	8.68	23.3	9.61	13.01	19.38
Leverage	0.26	0.14	0.26	0.08	0.04