

“Global Consulting” EOOD

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	Initial Rating 09.2004	Update 05.2005	Update 09.2006	Update 08.2007	Update 10.2008	Update 05.2009	Update 18.10.2010	Update 31.10.2011
CORPORATE RATING								
Long-term Rating :	BB+ <i>Stable</i>	BBB <i>Stable</i>	BBB <i>Negative</i>	BBB <i>Stable</i>	BBB+ <i>Stable</i>	BBB+ <i>Stable</i>	BBB+ <i>Stable</i>	BBB+ <i>Stable</i>
Outlook :	B	A-3	A-3	A-3	A-2	A-2	A-2	A-2
Short-term Rating :								

BCRA – CREDIT RATING AGENCY is the only Bulgarian agency included in the list of the Financial Supervision Committee, as its ratings are acknowledged equally with the ratings of the international agencies Moody’s, Standard & Poor’s and Fitch. In 2004 BCRA adapted the corporate credit rating methodology of ICRA (An associate of Moody’s Investors Service). The rating scale of BCRA coincides with the rating scale of Standard & Poor’s.

BCRA assigns the long-term credit rating A- (outlook: stable) and short-term rating A-1 to Global Consulting EOOD. BCRA uses the officially adopted methodology for assignment of corporate credit rating (http://www.bcra-bg.com/files/file_103.pdf).

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

The main macroeconomic factors, determining the operational environment in which the companies in Bulgaria operated during the period 06.2010 – 06.2011, are slow and insecure recovery of the country economy, low investment activity and a drop of DFI, increasing unemployment and low consumption. The complicated economic conditions changed the strategic purposes and operational assignments of a bigger part of the companies. With the reduced IT budgets within two years in 2010 and the first months of 2011, the development of the information environment for the purposes of the business is directed mainly to renewal of existing solutions and consolidation of the information environment, and less in the direction of introduction of new applications. The introduction of new communication devices, combined with the growth of mobile internet consumption of worldwide importance changed the way the companies work in the IT industry. **BCRA assesses the risk resulting from the state and structure of the sector, in which the rated company operate, as moderate.**

During the period under review there were no changes in the interests of the rated company or of its sole trader in other companies. **BCRA retains the risk from the ownership and interests of Global Consulting EOOD and its owner during the update period of credit rating as relatively low.**

The main subject of activity during the period 2010- 06.2011 continued being the sale of software and hardware solutions and services related to the delivery – installation, introduction, training, guarantee and out-of-guarantee service, implementation of professional consultations in the field of information technologies. The company continues developing its partnership with the world famous suppliers: EMC, Informatica, Sybase, Unisys, Sterci SA, Omikron, Stematch. The company realizes sales in Bulgaria, in other member-countries of EU, as well as in third countries. There was no change regarding the main competitors of Global Consulting EOOD – the large companies in the IT sector remain its competitors. During the update period, the decrease of the balance value of FTA continued. **BCRA believes that the risk resulting from operating activity of the company is relatively low.**

During the update period there were no changes in the number of the clients – in 2010 they remained at the levels of the previous year. The clients’ portfolio is comparatively well diversified; traditionally, the financial institutions are among the largest clients. In 2010 the turnover for the clients of the company decreased, though there was a growth on an annual basis as of the middle of 2011. **BCRA retains the risk from the clients of the company as moderate.**

The company keeps long-term relations with its main suppliers. During the different reported periods, different entrepreneurs held the biggest share in the structure of suppliers of Global Consulting. As of the first six months’ period of 2011 the portfolio concentration grew up, the share of the leading suppliers also increased. **BCRA believes that the risk from suppliers**

retains relatively low. The agency defines the total risk from external factors as moderate.

During the observed period the management of Global Consulting EOOD followed a policy aimed to keep the staff's motivation, to avoid the reduction of employees and to enhance the quality of employees like a main resource for achieving the strategic purposes and enhancing business efficiency. The company realizes financial planning with the aim to prevent possible difficulties in repaying of current and extraordinary debts of the company. During the period under review Global Consulting EOOD participated in various events – forums, competitions, etc. The project of the company „Delivery of software products and services for analysis and cleaning the data for the aims of National Revenue Agency” is awarded at the competition for IT project of year of 2010 in the category “Public organizations”. **BCRA retains the excellent assessment of the company management and believes that the risk from the management is low.**

In 2010 the sales revenues of the analyzed company decreased by ~44% on an annual basis, though in the first six months` period of the current year the company realized a ~41% growth on a yearly basis, mainly in line of sales of goods. The shrinkage of the revenues during the update period caused also a drop of the expenses on economic elements, mainly in line of the expenses for hired services. As of the end of 2010 the financial result of the company decreased, though as of the middle of 2011 it registered almost a double growth on an annual basis. Net and Operating profitability of Global Consulting EOOD increased. In 2010 Current and Fast Liquidity declined, though their values remained high. As of the middle of 2011 liquidity of the rated company, compared to the same period of 2010, improved. At the end of the analyzed period the company continued not having long-term debts; the total leverage is determined as insignificant. The observed growth of the receivables from the clients and the debts to the suppliers had an effect to increase the periods of collection for the first and periods of repayment for the second. As of 30.06.2011 the efficiency indicators improved compared to the same period of 2010. During the period 2009-06.2011 the company realized positive net cash flows. In comparison with the other companies from the competitive group, Global Consulting is at a level around and over the average regarding the main financial indicators under view for the period 2007-

2010. **BCRA assesses the risk resulting from the whole financial state of the company as low.**

BCRA makes the financial forecast for the expected future development of Global Consulting EOOD for the period of three years. In case the development is similar with the forecasted, BCRA expects that the company shall continue realizing a positive net financial result during the whole forecasted period and shall be characterized with very fair creditworthiness in a short- and middle-term perspective.

Main Financial Indicators:

Indicator (BGN thousand)	6.2011	2010	2009
Assets	6 134	6 018	5 103
Sales Revenues	1 647	3 289	5 842
Net Financial Result	654	856	1 156
Net Profitability	39.71%	26.03%	19.79%
Current Liquidity	180.58	12.54	16.59
Fast Liquidity	157.64	9.67	13.83
Leverage	0.02	0.10	0.08
Net Cash Flow	665	430	770