

Gomex

1,100
Employees

EUR 1.65m
Fund investment

Supporting school programs
Social Responsibility

Region: Serbia
Sector: SME Development
Year of investment 2007
Fund intermediary: SEAF South Balkan Fund
Financial intermediary: Small Enterprise Assistance Funds
SIFEM investment into fund: EUR 3.3m
www.gomex.rs

Gomex is a grocery chain serving Zrenjanin and neighboring cities in northern Serbia. In 2005 SIFEM invested in Small Enterprise Assistance Funds South Balkan Fund (SEAF SBF), a private equity fund serving the growth capital needs of small and medium enterprises (SMEs) in the region.

The Situation in Serbia

- In the fall of 2000, the Serbian government faced the task of rebuilding the country's economy after 10 years of war, international isolation and economic sanctions and recession. Key economic achievements over the last few years have included the restoration of macroeconomic stability, extensive price and trade liberalisation, and re-integration into the international community.
- However, despite the improvements made regarding the macroeconomic conditions of the country, Serbia's banking system remains in deep difficulties, with a relatively low level of deposits and very limited access to loans.
- Access to long term capital is essential to implement productive processes after years of stagnation. Many enterprises – SMEs in particular – have limited access to appropriate financing and urgently need fresh capital to develop their full potential.
- SMEs play a major role by creating jobs and generating income, supplying low cost goods and services, and participating in research and innovation. They also have important linkages with large corporations (as suppliers, subcontractors, distributors etc.), thereby contributing to economic efficiency and output.
- Often companies require business assistance for further improvement and expansion, which might not be accessible or affordable by SMEs. Financing alone is many times not sufficient to support the sustainable growth of a company in the best possible way.

Development Effects in a Nutshell

- Gomex has been able to successfully and sustainably expand as a result of SEAF SBF's investment and business assistance. It is now the largest and most well-known grocery store chain in Banat County in the northeast region of Serbia.
- The number of stores has increased from 16 to 116, and employees from 305 to more than 1,100 since SEAF SBF's investment. Moreover, operating revenues were 26.8% higher in 2013 than 2012, demonstrating the positive evolution of Gomex's operations.
- SEAF SBF assists its investee companies by providing capital, management and corporate governance expertise as well as technical knowledge and thus promotes economic growth and SME development in the region.
- SEAF SBF played a vital role in selecting Gomex's management team over the past years, analyzing potential acquisition targets, negotiating favorable financing terms, and providing assistance in the overall growth strategy formulation.
- Maximizing the potential of Gomex's rapidly growing workforce, SEAF SBF recruited specialized industry experts to provide training to employees across all organizational levels. The Fund also assisted Gomex in the selection of a new information management system to improve overall operational efficiency.
- Gomex takes its social responsibility to the communities in which it operates seriously. Its activities have included supporting school programs, and providing furniture for a pre-school. The company also recently agreed to take part in a government initiative to lower the cost of staple foods to help those struggling with living costs.

Data as of 2014

Obviam has made reasonable efforts to ensure the accuracy of the data presented. A case study is made possible both through Obviam's first-hand experience and/or the information provided by Obviam's investment partners. Data is valid as per the date recorded.



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