



## **Varteks d.d. and Čateks d.d. sign Strategic Alliance Agreement for joint appearance on the domestic and foreign market**

***Linking the primary production of the two biggest textile companies is a lever for creating better and stronger prerequisites for competitiveness on the domestic and foreign market***

**Varaždin, September 7, 2011** – The president of the Management Board of Varteks, d.d., Zoran Koščec, and the president of the Management Board of Čateks, Damir Vitez, signed a Strategic Alliance Agreement between Varteks and Čateks in Varaždin today with the aim to link primary production and to establish partnership relations between the two companies for a joint appearance on the domestic and foreign market.

The strategic alliance between Varteks and Čateks represents a proactive measure aiming to protect indispensable jobs and to strengthen cooperation between the two largest textile companies in Croatia by using their own resources as fundamental cornerstones to create prerequisites for a competitive market appearance and public procurement procedures.

Varteks and Čateks are the two largest and oldest textile companies in Croatia, with a world-renowned quality and tradition.

Varteks d.d. is the leading Croatian fashion company in garment and wool fabric production, while Čateks d.d. is the leading Croatian producer of cotton and technical fabrics, artificial leather, household linen as well as sports and recreation products. Both companies place their products on the domestic and the foreign market. Varteks generates about half of its revenues on the foreign market, while Čateks exports about 60 percent of its products.

*“Linking the primary production of two companies with a vertical business organization is a lever for creating better and stronger prerequisites for a competitive market appearance and thus also public procurement procedures, whereby conditions are created to ensure a comprehensive consumables and garment offer. Our tradition and quality, production resources and assortment as well as our employees guarantee that as a partner we can offer ideas and projects through which we will realize, along with constructive cooperation with domestic partners, significant progress and new deals, not only on the regional market, but also in countries in the European Union”,* said Zoran Koščec, the president of the Management Board of Varteks d.d.

*“Varteks and Čateks are the two largest and oldest textile companies in Croatia, with a world-renowned quality and tradition and references on the domestic and the foreign market. Together they employ around 3,000 people and as such they play a significant role in the economies of the two counties, but also the Croatian economy as a whole. By merging production and human resources through this strategic alliance which represents an extraordinary contribution not only to the textile industry, but also to the economy as a whole, Varteks and Čateks wish to create a quality lever for competitiveness on the domestic and the foreign market”,* said Damir Vitez, the president of the Management Board of Čateks d.d.



## ABOUT VARTEKS AND ČATEKS

Varteks is the leading fashion company in Croatia and has been present on the domestic and the foreign market for almost a century. With 2,300 employees it is a significant economic factor and the biggest employer in the Croatian textile industry.

Over the course of its more than 90 years of existence, Varteks has grown into a leader in garment production which has produced more than 100 million suits, maintaining traditional values while striving at the same time towards new and added values. Apart from developing and producing its own brands Di Caprio and Varteks International, Varteks also produces for renowned partners such as Versace, Valentino and Hugo Boss, and over the past fifteen years it has been at the top of this fashion company's best contractor list. Quality, experience and tradition are inwrought in each of its garments. Apart from the fashion segment, Varteks has been successfully cooperating with numerous state institutions on public procurement deals since Croatia's independence.

In accordance with market trends, Varteks's development activities are tied to the development of its own brands and the assortment offered on the domestic market, sales unit standardization (more than 80 sales units in Croatia) and the opening of new markets. Varteks is continuously working on strengthening existing sales aspects, but also on developing new ones. One of the development projects focuses on the B2B segment (sales aspect linked to corporate clothing and the production of special-purpose garments), which has been marking significant revenue growth and positive business effects. Varteks realizes about half of its revenues on European and global markets.

Čateks d.d. is a company with a longstanding tradition in the textile industry and it is one of the oldest companies in Croatia – it was founded in 1874. Through capital investments over the past ten years and by continuously developing new products, Čateks has become a market leader in this part of Europe in the production of fabrics and technical materials.

The company's production program is based on the production and finishing of cotton fabrics and special-purpose fabrics (military, police), the production of technical fabrics (fabrics with special characteristics) and laminated materials (with breathable membranes) as well as product confectioning, which constitutes a complete process with value-added products.

Čateks exports more than 65% of its products, and aiming for even better market positioning it has introduced a new brand called Compago under which four brands will be sold: *Defend (military and police program)*, *Protect (protection program)*, *Medical (medical program)* and *Home (household linen program)*.