

**Sopharma (3JR BU)**
**Share Data**

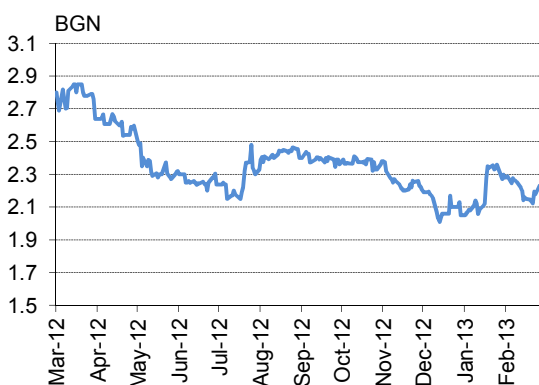
Price	2.23
52 weeks Price Change	-21.75%
52 weeks Price Range	2.01 - 2.85
Market Cap (BGN)	285 766 171
Market Cap (EUR)	146 109 923
Shares outstanding	128 146 265
DPS	0.07
Dividend yield	0.03
EPS	0.28
Sales per share	5.36
Book value per share	3.05
FCF per share	-0.30
P/E	7.98
P/S	0.42
P/B	0.73
EV/Sales	0.79
EV/EBITDA	7.98
ROA	5.03%
ROE	9.47%
Current Ratio	1.39
Total Debt Ratio	0.36
Interest Coverage	4.28
Assets Turnover	0.96

Source: Company data, Sofia International Securities Equity Research

**Shareholder Structure**

Donev Investments	24.53%
Telecomplect Invest	20.42%
Financial Consulting Company	13.80%
Pension Fund Doverie	6.73%
Other juridical persons	30.66%
Physical persons	3.86%

Source: Company data, Sofia International Securities Equity Research

**Share Price of Sopharma (3JR BU)**


Source: Bloomberg, Sofia International Securities Equity Research

**Sopharma launches 3 new products and continues investments in the new factory**

In 2012 consolidated revenues of Sopharma rose by 6.22% y-o-y to BGN 686.75m on better production sales (products, manufactured within the Group) and improved results of the distribution segment. The former accounted for 37.8% of total revenues, and increased 4% y-o-y, while the latter increased by 7% y-o-y to BGN 424.5m.

Export accounts for 30.8% of sales in the year, as foreign market sales grew by 14.34% YoY, while the domestic market - for 69.2% (up by 2.4% YoY). On the Bulgarian pharmaceutical market Sopharma enjoys 5% market share in terms of value while in terms of volume sold company's market share is quite higher at 13%.

Material expenses remained almost flat at BGN 87.4m while cost of goods sold (cost of distributed medicines) increased by 8.5% to BGN 402.5m.

Operating profit grew by 5% to BGN 48.3m. Net financial result is negative at BGN 5.34m, slumping further from BGN 4.7m a year ago. As a result, Sopharma bottom line (before attribution to minorities) worsened - by 11.2% to BGN 35.8m.

Total debt-to-equity ratio marginally appreciated to 0.70 from 0.60 in 2011, as equity grew less (6.8% up) than debt (increasing by 15%). Non-current liabilities doubled, driven by non-current bank loans soaring 1.5 times as a result of granted funds on investment loan for works' construction.

Total assets rose by 10.5% to BGN 747.61m as non-current assets increased by 19%, mainly due to 23% growth in PP&E. The latter stems from the near-completion stage of new company factory for tablet forms. In 2012 in the works were invested BGN 50.1m (thus a total of BGN 75.6m is invested until the end of the year). Cash and cash equivalents were halved to BGN 16.11m as a large part of it was used to redeem shares.

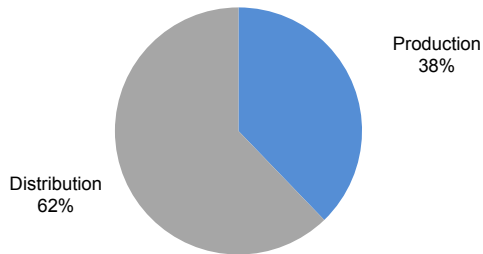
**Latest highlights:**

Shareholders of Sopharma voted for setting the minimum price of the ongoing buy-back procedure at BGN 1.00 per share. As of 27th February 2013 the company holds 2.74% of total shares outstanding.

<i>Selected Financials</i>	2011	2012	2011	2012
BGN '000	FY	FY	4Q	4Q
Revenues	646 506.0	686 747.0	177 431.0	178 151.0
Revenues YoY	7.22%	6.22%	5.36%	0.41%
EBIT	46 025.0	48 262.0	10 284.0	5 158.0
EBIT Margin	7.12%	7.03%	5.80%	2.90%
Net Income	38 404.0	34 057.0	8 969.0	-4 391.0
Net Margin	6.24%	5.22%	6.38%	-1.48%
PP&E	236 338.0	289 602.0	236 338.0	289 602.0
Trade Receivables	136 756.0	164 806.0	136 756.0	164 806.0
Inventories	126 022.0	132 251.0	126 022.0	132 251.0
Total assets	676 588.0	747 605.0	676 588.0	747 605.0
Equity	365 812.0	390 516.0	365 812.0	390 516.0
Non-Current Debt	24 814.0	59 454.0	24 814.0	59 454.0
Current Debt	194 415.0	212 554.0	194 415.0	212 554.0
Trade Payables	66 134.0	57 114.0	66 134.0	57 114.0

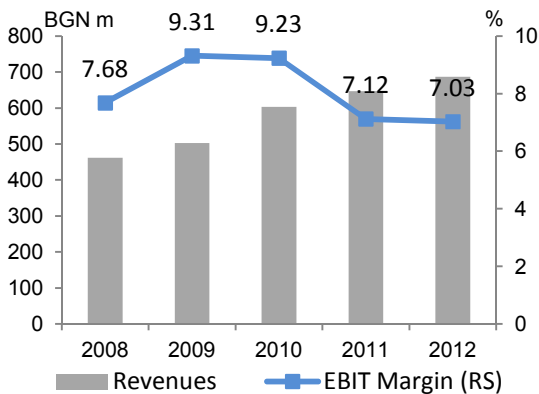
Source: Company data, Sofia International Securities Equity Research

### Sales by segments in 2012



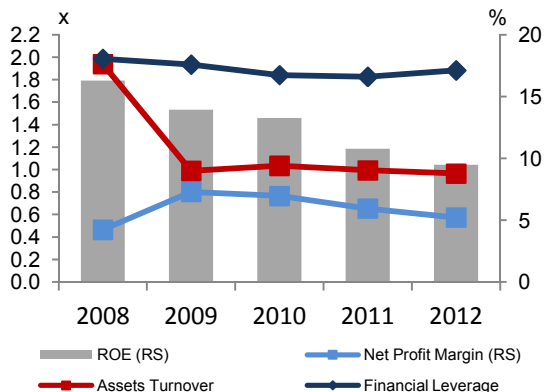
Source: Company data, Sofia International Securities Equity Research

### Sales vs. EBIT Margin



Source: Company data, Sofia International Securities Equity Research

### ROE (DuPont Decomposition)



Source: Company data, Sofia International Securities Equity Research

Income statement	2011	2012	2011	2012
BGN '000	FY	FY	4Q	4Q
<b>Revenues</b>	<b>646 506.0</b>	<b>686 747.0</b>	<b>177 431.0</b>	<b>178 151.0</b>
Expenses	-580 749.0	-619 049.0	-160 463.0	-167 762.0
<b>EBITDA</b>	<b>65 757.0</b>	<b>67 698.0</b>	<b>16 968.0</b>	<b>10 389.0</b>
Depreciation	-19 732.0	-19 436.0	-6 684.0	-5 231.0
<b>EBIT</b>	<b>46 025.0</b>	<b>48 262.0</b>	<b>10 284.0</b>	<b>5 158.0</b>
Net financial result	-4 700.0	-5 375.0	-1 770.0	-3 873.0
t/o interest expense	-8 298.0	-11 267.0	-2 240.0	-5 159.0
<b>EBT</b>	<b>45 045.0</b>	<b>40 894.0</b>	<b>12 199.0</b>	<b>-206.0</b>
Taxes	-4 620.0	-5 070.0	-795.0	-2 418.0
<b>Net Income (before minorities)</b>	<b>40 336.0</b>	<b>35 818.0</b>	<b>11 315.0</b>	<b>-2 630.0</b>
Minorities	1 932.0	1 761.0	2 346.0	1 761.0
<b>Net Income</b>	<b>38 404.0</b>	<b>34 057.0</b>	<b>8 969.0</b>	<b>-4 391.0</b>

### Balance sheet

PP&E	236 338.0	289 602.0	236 338.0	289 602.0
Intangibles	27 979.0	27 489.0	27 979.0	27 489.0
Other Non-Current Assets	29 813.0	34 168.0	29 813.0	34 168.0
<b>Non-Current Assets</b>	<b>294 130.0</b>	<b>351 259.0</b>	<b>294 130.0</b>	<b>351 259.0</b>
Inventories	126 022.0	132 251.0	126 022.0	132 251.0
Trade Receivables	136 756.0	164 806.0	136 756.0	164 806.0
Cash & Cash Equivalents	32 235.0	16 107.0	32 235.0	16 107.0
Other Current Assets	87 445.0	83 182.0	87 445.0	83 182.0
<b>Current Assets</b>	<b>382 458.0</b>	<b>396 346.0</b>	<b>382 458.0</b>	<b>396 346.0</b>
<b>Total Assets</b>	<b>676 588.0</b>	<b>747 605.0</b>	<b>676 588.0</b>	<b>747 605.0</b>
<b>Equity</b>	<b>365 812.0</b>	<b>390 516.0</b>	<b>365 812.0</b>	<b>390 516.0</b>
Non-Current Debt	24 814.0	59 454.0	24 814.0	59 454.0
Other Non-Current Liabilities	10 288.0	12 253.0	10 288.0	12 253.0
<b>Non-Current Liabilities</b>	<b>35 102.0</b>	<b>71 707.0</b>	<b>35 102.0</b>	<b>71 707.0</b>
Trade Payables	66 134.0	57 114.0	66 134.0	57 114.0
Current Debt	194 415.0	212 554.0	194 415.0	212 554.0
Other Current Liabilities	15 125.0	15 714.0	15 125.0	15 714.0
<b>Current Liabilities</b>	<b>275 674.0</b>	<b>285 382.0</b>	<b>275 674.0</b>	<b>285 382.0</b>
<b>Total Equity and Liabilities</b>	<b>676 588.0</b>	<b>747 605.0</b>	<b>676 588.0</b>	<b>747 605.0</b>

### Cash Flow Statement

Cashflow from Operations	52 377.0	621.0	24 997.0	9 917.0
Chasflow from Investments	-64 506.0	-55 597.0	-19 370.0	-10 540.0
t/o Capex	-38 707.0	-57 568.0	-14 790.0	-15 142.0
Cashflow from Financing	155.0	37 961.0	-4 406.0	-5 894.0
<b>Net Cash</b>	<b>-11 974.0</b>	<b>-17 015.0</b>	<b>1 221.0</b>	<b>-6 517.0</b>

Source: Company data, Sofia International Securities Equity Research

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