

Biovet (53B BU)
Share Data

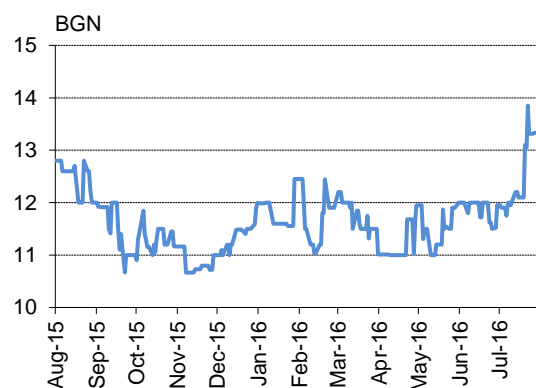
Price (BGN)	13,33
52 weeks Price Change	4,16%
52 weeks Price Range	10,665 - 13,85
Market Cap (BGN)	90 437 739
Market Cap (EUR)	46 250 723
Shares outstanding	6 783 000
DPS	n/a
Dividend yield	n/a
EPS	2,69
Sales per share	32,13
Book value per share	18,54
FCF per share	2,80
P/E	4,95
P/S	0,41
P/B	0,72
EV/Sales	0,57
EV/EBIT	6,02
ROA	6,55%
ROE	15,63%
Current Ratio	0,57
Total Debt Ratio	0,14
Interest Coverage	17,99
Assets Turnover	0,78

Source: Company data, Sofia International Securities Equity Research

Shareholder Structure

Huvepharma	82,36%
Free Float	17,64%

Source: Company data, Sofia International Securities Equity Research

Share Price of Biovet (53B BU)


Source: Bloomberg, Sofia International Securities Equity Research

Biovet's profit more than tripples on strong revenue growth and lower expenses

The strong growth in Biovet's sales persisted in the second quarter of 2016 as the company reported revenues in the amount of BGN 108.6m, up by 18.72% on annual basis. Although cost of goods sold increased by nearly 20% YoY to BGN 98.8m, gross profit is still growing (up by 7.27%), reaching BGN 9.7m for the first 6 months of the year.

Apart from COGS, company's other operating expenses shrank considerably by 55.71% to BGN 3.7m in total. The main driver behind this is the significant reduction in "other operating expenses", which include exchange rate effects.

Company's interest expenses changed a little to BGN 0.63m and reported net profit reached BGN 10.48m at the end of H1 2016, a notable jump from BGN 3m posted a year ago. Profit margin also improved from 3.28% to 9.64%.

Over the first six months of the year, the company's total assets grew by BGN 20m or by 7.25% YTD. This comes on growth in tangible and intangible assets, which added BGN 10.78m and BGN 9.63m respectively. On the other hand, current assets decreased to BGN 73.9m on lower inventories and receivables from clients.

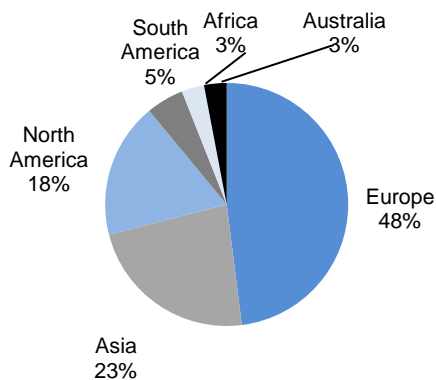
Company's total liabilities grew by 5.9% YTD to BGN 170.4m on increase in current liabilities, driven up by rising liabilities to related parties.

On 15 July 2016 it was announced that the majority shareholder Huvepharma EOOD has increased its ownership stake to 86.32%. Later, on 26 July 2016, Biovet announced that Huvepharma and another company (Opportunity 2009 EAD) jointly made a tender offer for the shares of the other shareholders in the company at a price of BGN 13.30 per share. The company's management already endorsed the proposal. The tender offer is subject to approval by the Financial Supervision Commission in Bulgaria.

<i>Selected Financials</i>	2014	2015	2015	2016
BGN '000	FY	FY	1H	1H
Sales	194 036	200 829	91 495	108 626
Sales YoY	8,41%	3,50%	1,27%	18,72%
EBIT	19 797	13 247	3 822	11 334
EBIT Margin	10,20%	6,60%	4,18%	10,43%
Net Income	16 470	10 801	2 997	10 476
Net Margin	8,49%	5,38%	3,28%	9,64%
PP&E	144 475	164 597	154 490	175 471
Trade Receivables	10 092	9 466	3 510	2 628
Inventories	43 999	54 132	50 977	51 008
Total assets	241 864	276 144	261 933	296 159
Equity	105 134	115 277	108 130	125 753
Non-Current Debt	36 583	36 600	35 691	35 637
Current Debt	4 148	4 108	5 112	5 151
Trade Payables	29 266	44 516	27 502	37 134

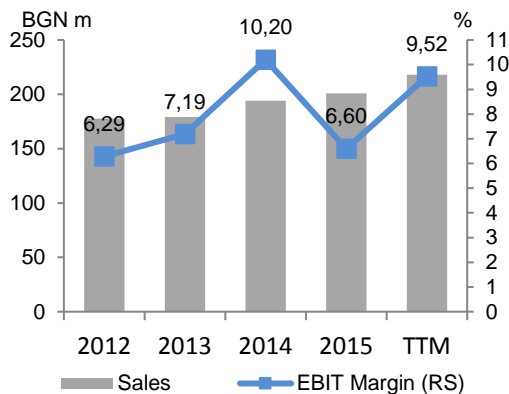
Source: Company data, Sofia International Securities Equity Research

Sales by regions



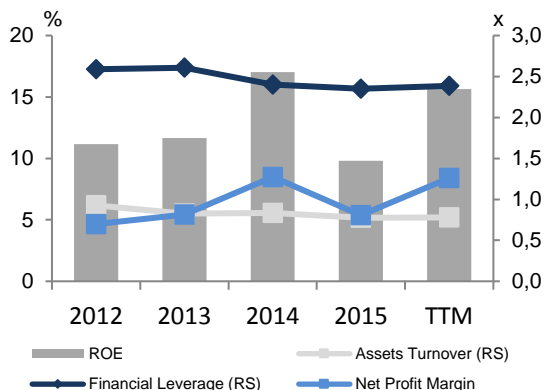
Source: Company data, Sofia International Securities Equity Research

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	2014	2015	2015	2016
BGN '000	FY	FY	1H	1H
Sales	194 036	200 829	91 495	108 626
COGS	-168 242	-179 291	-82 430	-98 902
Gross income	25 794	21 538	9 065	9 724
SG&A	-5 814	-6 434	-3 312	-3 168
EBIT	19 797	13 247	3 822	11 334
Net financial result	-1 488	-1 239	-620	-630
t/o interest expense	-1 501	-1 240	-620	-630
EBT	18 309	12 008	3 202	10 704
Taxes	-1 839	-1 207	-205	-228
Net Income	16 470	10 801	2 997	10 476
Minorities	0	0	0	0
Net Income after minorities	16 470	10 801	2 997	10 476

Balance sheet

PP&E	144 475	164 597	154 490	175 471
Intangibles	37 770	36 697	37 266	46 326
Other Non-Current Assets	401	424	401	429
Non-Current Assets	182 646	201 718	192 157	222 226
Inventories	43 999	54 132	50 977	51 008
Trade Receivables	10 092	9 466	3 510	2 628
Cash & Cash Equivalents	2 902	6 881	7 815	6 253
Other Current Assets	2 225	3 947	7 474	14 044
Current Assets	59 218	74 426	69 776	73 933
Total Assets	241 864	276 144	261 933	296 159
Equity	105 134	115 277	108 130	125 753
Non-Current Debt	36 583	36 600	35 691	35 637
Other Non-Current Liabilities	3 586	4 360	3 346	4 305
Non-Current Liabilities	40 169	40 960	39 037	39 942
Trade Payables	29 266	44 516	27 502	37 134
Current Debt	4 148	4 108	5 112	5 151
Other Current Liabilities	63 147	71 283	82 152	88 179
Current Liabilities	96 561	119 907	114 766	130 464
Total Equity and Liabilities	241 864	276 144	261 933	296 159

Cash Flow Statement

Cashflow from Operations	29 718	25 062	20 629	20 549
Cashflow from Investments	-27 551	-22 798	-15 457	-21 137
t/o Capex	-26 968	-22 709	-15 406	-10 183
Cashflow from Financing	-2 406	-523	-259	-40
Net Cash	-239	1 741	4 913	-628

Source: Company data, Sofia International Securities Equity Research

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