

Biovet (53B BU)
Share Data

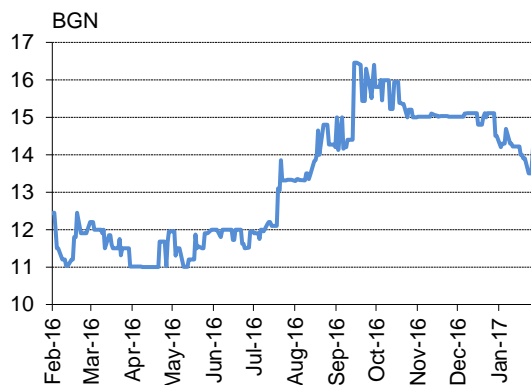
Price (BGN)	14.66
52 weeks Price Change	17.75%
52 weeks Price Range	11 - 16.458
Market Cap (BGN)	99 444 321
Market Cap (EUR)	50 856 775
Shares outstanding	6 783 378
DPS	n/a
Dividend yield	n/a
EPS	2.52
Sales per share	33.52
Book value per share	19.43
FCF per share	-2.20
P/E	5.82
P/S	0.44
P/B	0.75
EV/Sales	0.57
EV/EBITDA	6.59
ROA	5.58%
ROE	13.84%
Current Ratio	0.59
Total Debt Ratio	0.11
Interest Coverage	27.05
Assets Turnover	0.74

Source: Company data, Sofia International Securities Equity Research

Shareholder Structure 31.12.2016

Huvepharma	89.76%
Free Float	10.24%

Source: Company data, Sofia International Securities Equity Research

Share Price of Biovet (53B BU)


Source: Bloomberg, Sofia International Securities Equity Research

Net profit hits record in 2016

Biovet's revenues jumped by 13.2% YOY in 2016 to BGN 227.3m, after sales in the fourth quarter alone surged by 14.5% on annual basis. Cost of goods sold reached BGN 202.38m (up by 12.9%), implying gross margin of 11%.

Operating expenses outside COGS sank by 21.3% YoY to BGN 8.7m. Altogether, Sales and administrative expenses fell by 2.27% to BGN 2.84m, while R&D expenses were cut by 4.63% to BGN 3.36m. Other unclassified expenses fell by 45.9% over the year to BGN 2.5m.

Along with these developments, operating profit soared by 49% to 19.75m. This implies EBIT margin of 8.7%, up by 2.1 p.p. from last years' reading.

In 2016, Interest expenses were cut by BGN 0.5m to BGN 0.73m. With this, pre-tax profit reached 19.02 m and the reported net income was in the amount of BGN 17.1m or BGN 2.52 per share, up by 58.3% on annual basis.

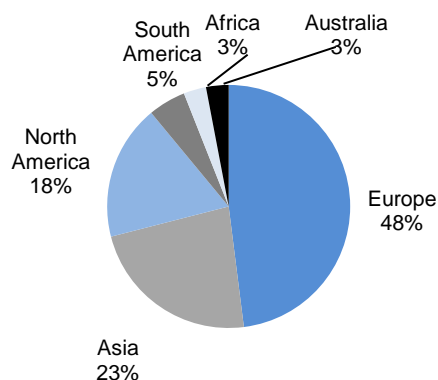
Total assets grew by BGN 60.14m over the last 12 months to BGN 336.29m. More than half of this increase comes on growth in long-term assets as Biovet acquired both PP&E and intangible assets throughout the year. Company's inventories surged in the fourth quarter reaching BGN 77.23m as of 31 December 2016. Total loan liabilities decreased to BGN 36.54m, as Biovet repaid BGN 4.06m of these liabilities in the second half of the year. Payables to suppliers marked significant increase in the last three months of the year jumping by 22.85m to BGN 56.81m.

Financial Supervision Commission approved the tender offer made by Huvepharma EOOD to the minority shareholders to purchase their shares at a price of BGN 15.11 per share. After the closure of the procedure, Huvepharma increased its controlling stake to 93.07%. The parent company plans to delist Biovet and the proposal is subject to shareholders' vote on the General Meeting of Shareholders to be held on 20.02.2017.

<i>Selected Financials</i>	2014	2015	2016	2016
BGN '000	FY	FY	FY	4Q
Sales	194 036	200 829	227 358	68 111
Sales YoY	8.41%	3.50%	13.21%	14.46%
EBIT	19 797	13 247	19 746	6 457
EBIT Margin	10.20%	6.60%	8.68%	9.48%
Net Income	16 470	10 801	17 098	5 090
Net Margin	8.49%	5.38%	7.52%	7.47%
PP&E	144 475	164 597	191 579	191 579
Trade Receivables	10 092	9 466	6 155	6 155
Inventories	43 999	54 132	77 723	77 723
Total assets	241 864	276 144	336 286	336 286
Equity	105 134	115 277	131 771	131 771
Non-Current Debt	36 583	36 600	34 588	34 588
Current Debt	4 148	4 108	2 100	2 100
Trade Payables	29 266	44 516	56 813	56 813

Source: Company data, Sofia International Securities Equity Research

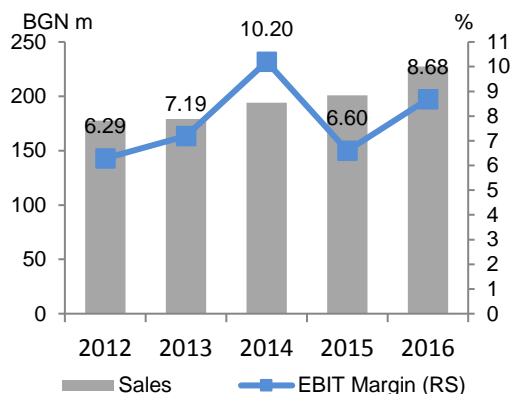
Sales by regions



Source: Company data, Sofia International Securities Equity Research

<i>Income statement</i>	2014	2015	2016	2016
BGN '000	FY	FY	FY	4Q
Sales	194 036	200 829	227 358	68 111
COGS	-168 242	-179 291	-202 384	-58 597
Gross income	25 794	21 538	24 974	9 514
SG&A	-5 814	-6 434	-6 203	-1 571
EBIT	19 797	13 247	19 746	6 457
Net financial result	-1 488	-1 239	-729	210
t/o interest expense	-1 501	-1 240	-730	210
EBT	18 309	12 008	19 017	6 667
Taxes	-1 839	-1 207	-1 919	-1 577
Net Income	16 470	10 801	17 098	5 090
Minorities	0	0	0	0
Net Income after minorities	16 470	10 801	17 098	5 090

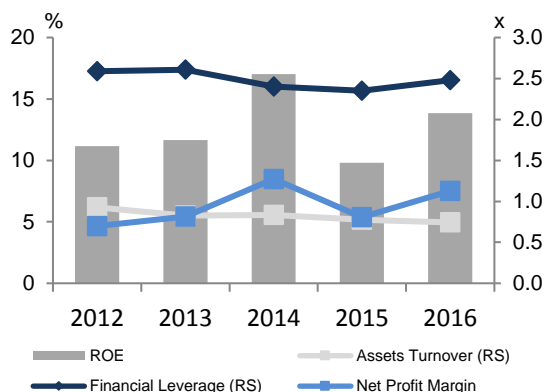
Sales vs. EBIT Margin



Source: Company data, Sofia International Securities Equity Research

<i>Balance sheet</i>	2014	2015	2016	2016
PP&E	144 475	164 597	191 579	191 579
Intangibles	37 770	36 697	46 186	46 186
Other Non-Current Assets	401	424	432	432
Non-Current Assets	182 646	201 718	238 197	238 197
Inventories	43 999	54 132	77 723	77 723
Trade Receivables	10 092	9 466	6 155	6 155
Cash & Cash Equivalents	2 902	6 881	5 939	5 939
Other Current Assets	2 225	3 947	8 272	8 272
Current Assets	59 218	74 426	98 089	98 089
Total Assets	241 864	276 144	336 286	336 286
Equity	105 134	115 277	131 771	131 771
Non-Current Debt	36 583	36 600	34 588	34 588
Other Non-Current Liabilities	3 586	4 360	4 890	4 890
Non-Current Liabilities	40 169	40 960	39 478	39 478
Trade Payables	29 266	44 516	56 813	56 813
Current Debt	4 148	4 108	2 100	2 100
Other Current Liabilities	63 147	71 283	106 124	106 124
Current Liabilities	96 561	119 907	165 037	165 037
Total Equity and Liabilities	241 864	276 144	336 286	336 286

ROE (DuPont Decomposition)



Source: Company data, Sofia International Securities Equity Research

<i>Cash Flow Statement</i>	2014	2015	2016	2016
Cashflow from Operations	29 718	25 062	46 885	12 847
Cashflow from Investments	-27 551	-22 798	-43 685	-13 555
t/o Capex	-26 968	-22 709	-32 835	-13 320
Cashflow from Financing	-2 406	-523	-4 142	-529
Net Cash	-239	1 741	-942	-1 237

Source: Company data, Sofia International Securities Equity Research

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