

Sopharma (3JR BU)
Share Data

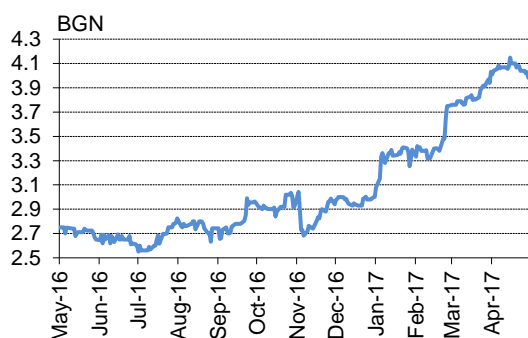
Price	3.98
52 weeks Price Change	44.76%
52 weeks Price Range	2.551 - 4.148
Market Cap (BGN)	514 088 366
Market Cap (EUR)	262 849 208
Shares outstanding	129 135 485
DPS	0.07
Dividend yield	1.76%
EPS	0.29
Sales per share	1.31
Book value per share	3.68
FCF per share	0.22
P/E	13.50
P/S	3.04
P/B	1.08
EV/Sales	3.45
EV/EBITDA	14.47
ROA	6.60%
ROE	8.29%
Current Ratio	2.56
Total Debt Ratio	0.12
Interest Coverage	47.67
Assets Turnover	0.29

Source: Company data, Sofia International Securities Equity Research

Shareholder Structure

Donev Investments Holding	24.78%
Telekomplekt Invest	20.15%
Rompharm Company	18.04%
MUPF Allianz Bulgaria	5.17%
Treasury shares	4.20%
Free Float	27.66%

Source: Company data, Sofia International Securities Equity Research

Share Price of Sopharma (3JR BU)


Source: Bloomberg, Sofia International Securities Equity Research

Sopharma's revenues are growing again as key markets rebound in Q1 2017

Sopharma reported unconsolidated revenues in the amount of BGN 46.58m in the first quarter of 2017, up by 12.2% on annual basis. The growth comes on continuing improvement on the key Russian market, which, after showing sluggish performance in 2015 and the first half of 2016, has begun to show signs of recovery in the final months of last year. Sales in Russia soared by 32% YoY, whereas revenues from Poland and Moldova also enjoyed growing trend, although more moderate.

Overall, export sales soared by 24.3% YoY to BGN 29.7m. In terms of geographic segments, European sales (which include key markets such as Russia, Poland and Ukraine), performed very well, increasing by 19.7% on annual basis and by 2.7% compared to the previous quarter's results. Domestic revenue, however, showed some weakness and fell by 4.1% YoY to BGN 16.87m, after reported gain of 2.26% in Q4 2016.

As for the individual segments' performance, sales in almost all product groups grew in the first three months of 2017. Tablets (the largest revenue driver) increased by 9.44% YoY, while Ampules rose by 21.2% on strong domestic sales.

Total operating expenses (excl. changes in inventories) added 6.43% YoY to BGN 38.8m. Along with increased sales, expenses for materials went up by 3.5% YoY to BGN 17m. External services expenses rose even more pronouncedly adding 15.6% to BGN 8.1m. Consequently, operating profit decreased by 1.2% on annual basis to BGN 12.82m.

Sopharma reported net financial income of BGN 0.6m in Q1, which, although being in small amount, supported the growth in net income despite the slightly weaker operating performance. Net profit grew to BGN 12m, up by 2.6% YoY.

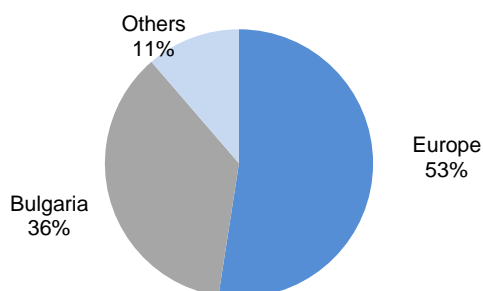
Annual GMS will be held on 2 June 2017. The company's Board of Directors has proposed annual dividend distribution for 2016 in the amount of BGN 0.10 (EUR 0.05) per share, which at the current stock price levels implies a dividend yield of 2.5%.

As bank loans liabilities fell, Net Debt/EBITDA ratio went down to 2.03x from 2.22x posted at 2016-end.

Selected Financials	2015	2016	2016	2017
BGN '000	FY	FY	1Q	1Q
Sales	173 803.0	163 827.0	41 497.0	46 576.0
Sales YoY	-13.73%	-5.74%	2.47%	12.24%
EBIT	25 137.0	20 707.0	12 985.0	12 824.0
EBIT Margin	14.46%	12.64%	31.29%	27.53%
Net Income	25 354.0	37 770.0	11 711.0	12 012.0
Net Margin	14.59%	23.05%	28.22%	25.79%
PP&E	211 943.0	209 326.0	210 969.0	207 338.0
Trade Recievables	21 466.0	22 479.0	16 058.0	24 116.0
Inventories	61 701.0	56 807.0	66 894.0	59 148.0
Total assets	570 609.0	569 108.0	576 710.0	576 966.0
Equity	431 626.0	462 875.0	443 362.0	474 871.0
Non-Current Debt	30 822.0	23 844.0	29 200.0	22 047.0
Current Debt	76 341.0	55 476.0	76 200.0	48 569.0
Trade Payables	8 014.0	4 712.0	5 584.0	6 418.0

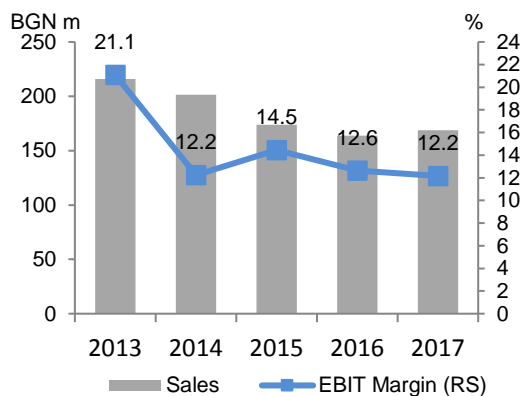
Source: Company data, Sofia International Securities Equity Research

Sales by segments in Q1 2017



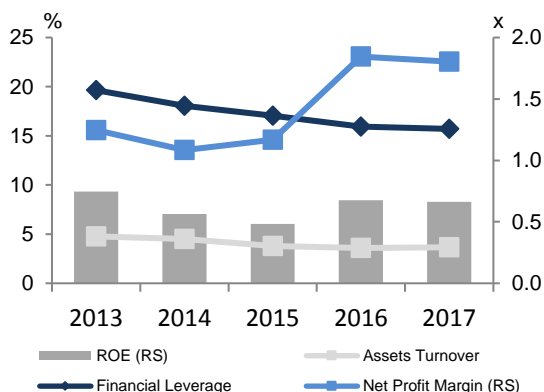
Source: Company data, Sofia International Securities Equity Research

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	2015	2016	2016	2017
BGN '000	FY	FY	1Q	1Q
Sales	173 803.0	163 827.0	41 497.0	46 576.0
Operating costs	-144 435.0	-128 127.0	-32 951.0	-35 156.0
EBITDA	39 686.0	40 253.0	16 498.0	16 496.0
Depreciation	-14 549.0	-13 919.0	-3 513.0	-3 672.0
EBIT	25 137.0	20 707.0	12 985.0	12 824.0
Net financial result	11 610.0	20 982.0	-111.0	580.0
t/o interest expense	-3 510.0	-2 065.0	-558.0	-269.0
EBT	28 180.0	41 689.0	12 874.0	13 404.0
Taxes	-2 826.0	-3 919.0	-1 163.0	-1 392.0
Net Income	25 354.0	37 770.0	11 711.0	12 012.0
Minorities	0.0	0.0	0.0	0.0
Net Income after minorities	25 354.0	37 770.0	11 711.0	12 012.0

Balance sheet

PP&E	211 943.0	209 326.0	210 969.0	207 338.0
Intangibles	2 507.0	2 177.0	2 420.0	2 107.0
Other Non-Current Assets	184 331.0	195 596.0	186 885.0	199 041.0
Non-Current Assets	398 781.0	407 099.0	400 274.0	408 486.0
Inventories	61 701.0	56 807.0	66 894.0	59 148.0
Trade Receivables	21 466.0	22 479.0	16 058.0	24 116.0
Cash & Cash Equivalents	3 745.0	4 343.0	9 954.0	2 425.0
Other Current Assets	84 916.0	78 380.0	83 530.0	82 791.0
Current Assets	171 828.0	162 009.0	176 436.0	168 480.0
Total Assets	570 609.0	569 108.0	576 710.0	576 966.0
Equity	431 626.0	462 875.0	443 362.0	474 871.0
Non-Current Debt	30 822.0	23 844.0	29 200.0	22 047.0
Other Non-Current Liabilities	13 494.0	14 218.0	13 376.0	14 141.0
Non-Current Liabilities	44 316.0	38 062.0	42 576.0	36 188.0
Trade Payables	8 014.0	4 712.0	5 584.0	6 418.0
Current Debt	76 341.0	55 476.0	76 200.0	48 569.0
Other Current Liabilities	10 312.0	7 983.0	8 988.0	10 920.0
Current Liabilities	94 667.0	68 171.0	90 772.0	65 907.0
Total Equity and Liabilities	570 609.0	569 108.0	576 710.0	576 966.0

Cash Flow Statement

Cashflow from Operations	28 398.0	26 636.0	11 040.0	10 125.0
Cashflow from Investments	-410.0	12 891.0	-2 973.0	-3 231.0
Cashflow from Investr	-410.0	12 891.0	-2 973.0	-3 231.0
Cashflow from Financing	-27 721.0	-38 929.0	-1 858.0	-8 812.0
Net Cash	267.0	598.0	6 209.0	-1 918.0

Source: Company data, Sofia International Securities Equity Research

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