

Biovet (53B BU)
Share Data

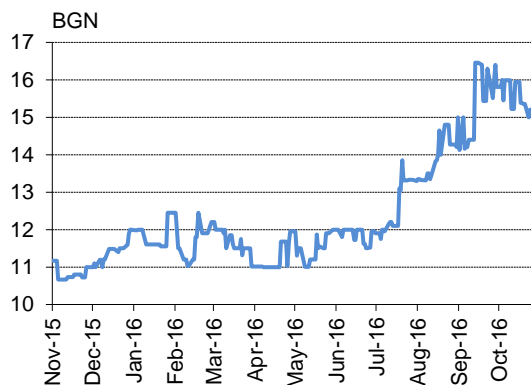
Price (BGN)	15.20
52 weeks Price Change	36.13%
52 weeks Price Range	10.665 - 16.458
Market Cap (BGN)	103 107 346
Market Cap (EUR)	52 730 081
Shares outstanding	6 783 378
DPS	n/a
Dividend yield	n/a
EPS	2.42
Sales per share	32.25
Book value per share	18.69
FCF per share	-1.72
P/E	6.29
P/S	0.47
P/B	0.81
EV/Sales	0.61
EV/EBIT	7.01
ROA	5.71%
ROE	13.79%
Current Ratio	0.56
Total Debt Ratio	0.12
Interest Coverage	14.14
Assets Turnover	0.76

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

Higher revenues and falling expenses continue to support bottom line

Growth in Biovet's top line slowed down slightly in the third quarter of the year as revenues rose by 1.6% YoY to BGN 159.25m between June and September and by 12.7% YoY for the first nine months of the year. Cost of goods sold also increased, adding 13.1% on annual basis to BGN 143.79m. Thus, company's gross profit went up by 8.83% to BGN 15.46m.

Total operating expenses sank by 36.7% YoY to BGN 5.39m. The main driver behind this is, however, the reduction in "other expenses" item, which was exceptionally high last year due to FX effects. Beside that, selling and administrative expenses fell by 6.2% YoY to BGN 2.1m, whereas R&D expenses were cut by 4.54% to BGN 2.5m.

Biovet reported operating profit in the amount of BGN 13.29m, up by 77% on annual basis. EBIT margin also reflected the company's good operating performance rising by 3 p.p. since September last year to 8.34%.

Net financial expenses were little changed at BGN 0.94 and the company reported net profit of BGN 12.01m, up by 87.4% on annual basis.

Biovet's total assets were up by BGN 36.36m (13.17%) YTD as non-current assets posted sizeable growth, pushed up by investment in property, plant and equipment and intangible assets.

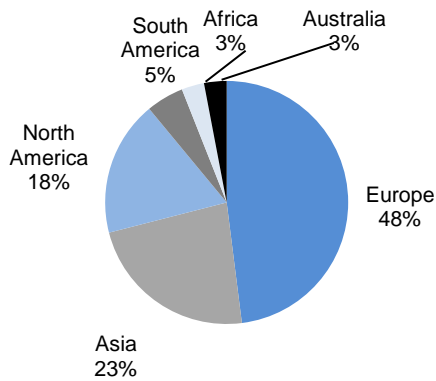
On liabilities' side, total loan and leasing liabilities were cut by BGN 3.57m over the past three months to BGN 37.2m. Simultaneously, other liabilities to related parties are still going up, adding BGN 21.4m over the previous quarter and BGN 37.4m YTD to BGN 104.36m.

After the initial tender offer for the minority stake in the company made by the parent company Huvepharma EOOD was not approved by the Financial Supervision Commission, another offer was made at BGN 15.11 per share. Regulatory approval is still pending.

<i>Selected Financials</i>	2014	2015	2015	2016
BGN '000	FY	FY	9M	9M
Sales	194 036	200 829	141 324	159 247
Sales YoY	8.41%	3.50%	1.89%	12.68%
EBIT	19 797	13 247	7 543	13 289
EBIT Margin	10.20%	6.60%	5.34%	8.34%
Net Income	16 470	10 801	6 408	12 008
Net Margin	8.49%	5.38%	4.53%	7.54%
PP&E	144 475	164 597	163 040	184 594
Trade Receivables	10 092	9 466	2 451	2 838
Inventories	43 999	54 132	48 739	59 714
Total assets	241 864	276 144	261 642	312 503
Equity	105 134	115 277	111 041	126 785
Non-Current Debt	36 583	36 600	37 256	35 111
Current Debt	4 148	4 108	3 605	2 104
Trade Payables	29 266	44 516	24 233	33 963

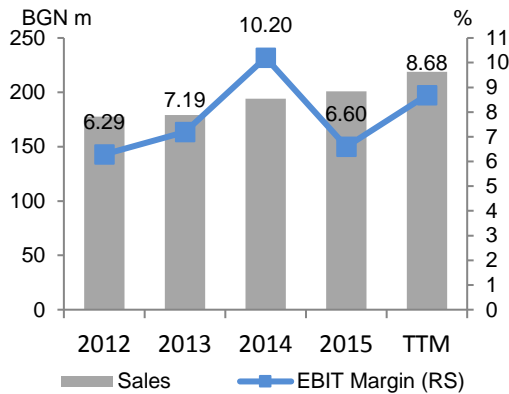
Source: Company data, Sofia International Securities Equity Research

Sales by regions



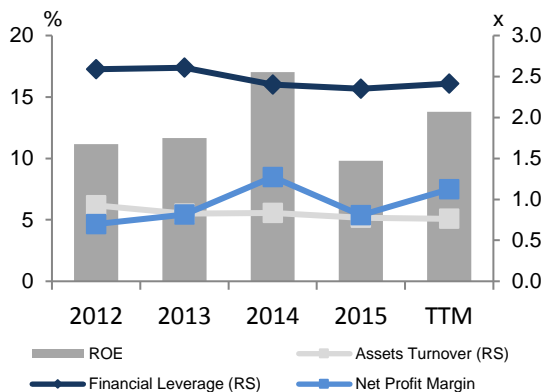
Source: Company data, Sofia International Securities Equity Research

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	9M	9M
Sales	194 036	200 829	141 324	159 247
COGS	-168 242	-179 291	-127 119	-143 787
Gross income	25 794	21 538	14 205	15 460
SG&A	-5 814	-6 434	-4 890	-4 632
EBIT	19 797	13 247	7 543	13 289
Net financial result	-1 488	-1 239	-930	-939
t/o interest expense	-1 501	-1 240	-930	-940
EBT	18 309	12 008	6 613	12 350
Taxes	-1 839	-1 207	-205	-342
Net Income	16 470	10 801	6 408	12 008
Minorities	0	0	0	0
Net Income after minorities	16 470	10 801	6 408	12 008

Balance sheet

PP&E	144 475	164 597	163 040	184 594
Intangibles	37 770	36 697	36 826	46 125
Other Non-Current Assets	401	424	401	429
Non-Current Assets	182 646	201 718	200 267	231 148
Inventories	43 999	54 132	48 739	59 714
Trade Receivables	10 092	9 466	2 451	2 838
Cash & Cash Equivalents	2 902	6 881	2 198	7 176
Other Current Assets	2 225	3 947	7 987	11 627
Current Assets	59 218	74 426	61 375	81 355
Total Assets	241 864	276 144	261 642	312 503
Equity	105 134	115 277	111 041	126 785
Non-Current Debt	36 583	36 600	37 256	35 111
Other Non-Current Liabilities	3 586	4 360	3 330	4 292
Non-Current Liabilities	40 169	40 960	40 586	39 403
Trade Payables	29 266	44 516	24 233	33 963
Current Debt	4 148	4 108	3 605	2 104
Other Current Liabilities	63 147	71 283	82 177	110 248
Current Liabilities	96 561	119 907	110 015	146 315
Total Equity and Liabilities	241 864	276 144	261 642	312 503

Cash Flow Statement

Cashflow from Operations	29 718	25 062	25 168	34 038
Cashflow from Investments	-27 551	-22 798	-25 481	-30 130
t/o Capex	-26 968	-22 709	-25 420	-19 515
Cashflow from Financing	-2 406	-523	-391	-3 613
Net Cash	-239	1 741	-704	295

Source: Company data, Sofia International Securities Equity Research

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