

Date: September 01, 2009

[www.sopharma.bg](http://www.sopharma.bg)

1.0 EUR=1.95583 BGN

## Business Summary

Sopharma AD is a leading Bulgarian pharmaceutical company with 70 years of experience in the sector.

**Production upgrade:** Sopharma has invested heavily in production expansion and modernization for the last few years. The company has three pharmaceutical plants in the country. Its tablet plant has a capacity of 2.5 bln tablets a year and a 6,534 sq m production area. The company's plant in Vrabevo, opened in 2003, has an annual capacity of 1.0 bln tablets, 20 mln syrup forms and 30 mln pieces of ointments. The production of ampoule drug forms has an annual capacity of 80 mln ampoules. In the second half of 2007 Sopharma completed the reconstruction of its ampoule drug forms plant aiming to double its capacity. Capacity utilization of the company's plants exceeds 80%, with the ampoule plant registering the highest rates over the last five years.

**Over 80% of raw materials imported:** The company uses more than 3,500 types of raw materials in its production process with substances holding 57%, followed by packaging materials with 29%. Over 80% of the materials are imported and the company works with around 70 local and foreign suppliers.

**Sales growth remains stable:** Sopharma logged a 6.97% year-on-year increase in sales on a flat local market for the first six months of 2009. Domestic sales are carried out through partnerships with more than 30 distributors countrywide. During the period tablet and ampoule drug forms had 86% of the total sales. Exports growth slowed down during the period to 6.2% on the year compared to an 18% annual rise a year earlier. The share of exports in sales accounted for 23%. Sopharma exports to 28 countries with the former Soviet markets taking in the majority of Sopharma's exports. During the period the Bulgarian market had the biggest share in the company's sales with 77% followed by Ukraine with 17% and Russia – 14%. In the second half of 2009 the company generated 1.15 mln BGN revenue from its new markets Turkey and Serbia.

**Expansion abroad:** Sopharma aims to increase its regional position through acquisitions until the end of the year. The company is developing production facilities in Ukraine, Russia and Serbia. Another potential opportunity for expansion is Poland. Last year Sopharma acquired 90% in Serbian pharmaceutical company Ivanchich and sons LTD and plans to start building a new medical plant by 2009 investing 8.0 mln EUR. The Belgrade company currently owns 21 products. Apart from Serbia the company decided to acquire a pharmaceutical plant in Romania. In Ukraine Sopharma acquired over 50% in drug maker Vitamini. The pharmaceutical plant's production last year was worth \$5.3 mln. Its portfolio includes 64 products. At the end of September 2008 Sopharma signed a contract with Polish producer and distributor of medical products Natur Product Zdrovit to set up a joint company. Sopharma will control 50.01% of the new enterprise. Natur Product has a 16.7% market share on the Polish market of prescription anti-smoking medicines. The management of Sopharma has also decided to list its shares on the Warsaw Stock Exchange, which will make it the first Bulgarian company with stocks traded both on BSE and on another regulated market.

**Intellectual property:** Sopharma has 2 683 registered trade marks and 60 patents, most of which are also registered in countries in Europe, Asia, Americas and in Australia. Internationally registered trade marks total 2 080. During the second half of 2009 the company registered its nicotinic treatment drug Tabex in Latvia and Lithuania. The company also rolled out five new drug products so far in 2009.

## Main Information

BSE Ticker:	3JR
Industry:	Pharmaceuticals
Last Price:	3.8
Number of Shares:	132 000 000
Market cap:	277 200 000
Free float	19.5%
1 Year High	4.09
1 Year Low	1.75

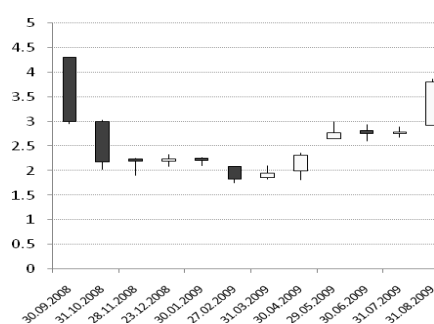
## Shareholders

Donev Investments – 25.27%
Telecomplect AD - 20.42%
Gramercy Emerging Markets Fund - 17.01%

## Key Ratios

ROE	13.85
ROA	7.99
EV/EBITDA	9.19
EPS	0.24
P/E	16.12
P/BV	2.11

## Price



## Balance sheet

consolidated report ('000 BGN)

	<b>June 30, 2009</b>	<b>June 30, 2008</b>
Fixed assets	184 709	170 595
Total assets	483 632	496 010
Equity	237 634	238 631
Current liabilities	174 688	188 005
Long-term liabilities	55 262	50 780

## Income statement

Consolidated report ('000 BGN)

	<b>H1 2009</b>	<b>H1 2008</b>
Revenue	225 795	211 083
EBITDA	33 490	24 168
Depreciation	5 996	6 161
Pre-tax profit	22 982	12 687
Tax	2 590	1 140
Net profit	20 162	11 460

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