

The Bulgarian Stock Exchange recorded another month in the red, after the collapse from June, which was as a result of the panic in the banking sector, took its toll on investors' sentiment. Fortunately, the integrity of the banking system was kept, thanks to the help of the EU and few sensible bankers who struck in during the last weekend of the month. This relieved investors' fears, but positive momentum on the BSE did not last for long.

The long-awaited resignation of the controversial cabinet of Plamen Oresharski at last became a matter of fact. As expected, the last parliament proved to be the shortest lived one in the new Bulgarian history. New elections are scheduled to be held in the first weekend of October, and a caretaker government appointed by the President will rule the country for the time being. The quarrels and attacks among the policy makers and institutions continued till the last ring of the bell for July, which has affected badly the lawmaking function of the parliament.

After SOFIX surged 5.8% in the last trading day in June, few more days of gains followed and then the index settled in the range of 515 - 565 points. Eventually, it stepped back 1.94% for the month. The average trading volume of the stocks included in the major BSE index, SOFIX, was BGN 300 th - an extremely low level compared to the interest to these positions in the last few months.

The month, however, was not so bad for everybody, and there was no lacking of nice performing stocks. The undisputed leader among the companies included in the broad market index BG TR 30 was Biovet (53B), as the stock gained 15.8 % through the month, supported by hefty volume of more than BGN 2 mln. Some stocks, like Yuri Gagarin [4PX] and Trace Group [T57] offset losses from June and gained ground, adding 8.8% and 8.6%, respectively. Agria Group [A72] also managed to recover a great part of the losses and approached its year-to-date highs. With a gain of more than 75% since the start of the year, it is one of the best performing stocks in BSE.

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## Monthly Newsletter 7'2014

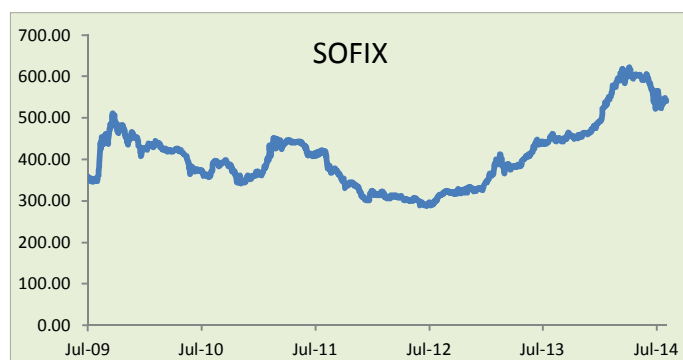
### Bulgarian Stock Exchange | Trends

|          | Value  | Monthly change | Year-to-date |
|----------|--------|----------------|--------------|
| SOFIX    | 540.73 | -1.94%         | 10.01%       |
| BGBX 40* | 106.06 | -2.53%         | 5.65%        |
| BG REIT  | 99.71  | 5.79%          | 12.46%       |
| BGTR 30  | 408.88 | 0.15%          | 17.15%       |

\*BGBX 40 replaces BG40 starting on January 1, 2014

| BSE Turnover                         | BGN       | EUR       |
|--------------------------------------|-----------|-----------|
| Equities (BGN/EUR'000)               | 17 951.84 | 9 178.63  |
| Bonds (BGN/EUR'000)                  | 3 001.34  | 1 534.56  |
| Other (BGN/EUR'000)                  | 11 254.51 | 5 754.34  |
| Total-Regulated market (BGN/EUR'000) | 32 207.69 | 16 467.53 |
| OTC market (BGN/EUR'000)             | 53 675.98 | 27 444.09 |
| Market Cap (BGN/EUR'000 000)         | 8 118.44  | 4 150.89  |
| Market Cap/GDP                       | 10.4%     |           |

### SOFIX



| P/E  | P/B  | EPS growth | Market Cap | Turnover  |
|------|------|------------|------------|-----------|
| 9.84 | 0.66 | -19.8%     | 3 840      | 6 951.273 |

Annual trailing EPS growth; Market cap and turnover in BGN'000 000

### CEE and Global Markets

| Country/Region | Index       | Value     | Monthly change | Year-to-date |
|----------------|-------------|-----------|----------------|--------------|
| Bulgaria       | SOFIX       | 540.73    | -1.94%         | 10.01%       |
| Greece         | ASE         | 1 169.01  | -3.73%         | 0.54%        |
| Macedonia      | MBI-10      | 1 693.47  | 3.69%          | -2.61%       |
| Poland         | WIG20       | 2 320.85  | -3.65%         | -3.34%       |
| Romania        | BET         | 6 918.97  | -1.35%         | 6.55%        |
| Russia         | MICEX       | 1 219.36  | -10.74%        | -15.45%      |
| Slovakia       | SAX         | 211.28    | 2.31%          | 6.84%        |
| Slovenia       | SBITOP      | 809.82    | -1.50%         | 23.51%       |
| Serbia         | BELEX15     | 597.28    | 4.83%          | 7.05%        |
| Turkey         | ISE-100     | 82 156.87 | 4.67%          | 21.17%       |
| Ukraine        | PFTS        | 478.48    | 7.77%          | 59.21%       |
| Hungary        | BUX         | 17 521.84 | -5.83%         | -5.61%       |
| Croatia        | CROBEX      | 1 815.30  | 1.33%          | 1.17%        |
| Montenegro     | NEX20       | 10 255.55 | 5.46%          | 4.12%        |
| Czech Republic | PX          | 956.72    | -5.20%         | -3.27%       |
| Morgan Stanley | MSCI EE (€) | 358.54    | -7.63%         | -10.98%      |
| USA            | S&P 500     | 1 930.67  | -1.51%         | 4.45%        |
| Germany        | DAX         | 9 407.48  | -4.33%         | -1.51%       |
| Japan          | NIKKEI      | 15 620.77 | 3.03%          | -4.12%       |

### Sector: banks

Conflicting views of policymakers and regulators, along with expectations that Corporate Commercial Bank (Corpbank) will default on its USD 150 million 8.25% notes maturing August 8, continued to generate tension and confusion around the lender, which was placed under special supervision by the Bulgarian National Bank in June, and its banking license was subsequently revoked. Meanwhile, a group of bondholders of Corpbank are reportedly preparing for possible legal action against the Bulgarian government regarding the repayment the notes. At the same time, the bank's majority owner Tsvetan Vasilev said that a group of investors, which include a sovereign wealth fund of Oman, is willing to invest in the bank, helping it to avoid insolvency.

Corpbank reported a loss of BGN 65.283 mln for the first half of the year, vs. a net profit of BGN 13.112 mln in Q1'2014. In June alone, the bank booked a loss of BGN 80.280, vs. a net profit of BGN 14.997 mln for January - May, the report prepared by the conservators showed. Credit impairment losses at the amount of BGN 95.907 mln were cited as the major reason behind Corpbank's massive loss.

The bank's total assets stood at BGN 6.896 bn at the end of June, down by BGN 741.352 mln (-9.7%) a month earlier, the conservators' report also showed. Highly-liquid assets saw the largest drop – in June alone, cash and balances with the central bank plunged by BGN 671.940 mln to BGN 144.335 mln. The investment portfolio shed BGN 265.146 mln, and receivables from other banks fell by BGN 130.493 mln, the conservators' report also revealed. At the same time, other assets rose by BGN 293.954 mln in June to BGN 359.783, including BGN 205.887 mln of receivables from the bank's major shareholder, Bromak Ltd (owned by Tsvetan Vasilev). The gross loan portfolio amounted to BGN 5.549 bn at the end of June, up from BGN 5.421 at the end of May. The loan portfolio net of provisions totaled BGN 5.392 bn. Deposits from clients and institutions amounted to BGN 6.319 bn at the end of June, down from BGN 7.013 bn a month earlier. Consequently, the Loans/Deposits ratio (NFI and financial institutions) expanded to 87.8% at the end of June from 77.3% at the end of May. Corpbank saw a large increase in classified loans – they surged 5.8times in June to BGN 498.381 mln at the

|                        |          |                 |        |
|------------------------|----------|-----------------|--------|
| Shares outstanding, th | 6 000    | Cap. adequacy   | 10.5%  |
| Last share price       | 78.05    | Liquidity ratio | 4.7%   |
| Market cap, BGN th     | 46 830   | NIM             | 1.5%   |
| Assets, BGN mln        | 7 302.28 | ROA, ttm        | -1.8%  |
| Loans/Deposits         | 87.8%    | ROE, ttm        | -21.7% |

end of the month, or 8.98% of the loan portfolio, vs. a share of 1.59% at the end of May, the report prepared by the conservators showed. Loans in the Watch list rose 8.8-fold to BGN 386.862 mln. Loans overdue by 91 – 180 days increased 4.2 times to BGN 25.545 mln, while loans overdue by more than 180 days remained unchanged. The bank's CAR stood at 10.54% (down from 12.51% at end-May), while the Tier 1 capital adequacy ratio slipped to 7.86% (9.64% at end-May).

In July, ratings agency Moody's downgraded the long-term local- and foreign-currency deposit ratings of Corpbank to Caa1 from B3 and left these ratings on review for further downgrade. The downgrade of Corpbank's long-term deposit ratings to Caa1 is driven by increased risk of losses to depositors, which may arise as a result of depositors having no access to their deposits for a prolonged period of time and/or the failure of the authorities' plan to fully protect all deposits, Moody's said in a statement. The second driver for the action is the preliminary results of the audit commissioned by the BNB, which indicate that Corpbank is likely to incur significant losses and, as a result, experience a larger capital shortfall than previously anticipated, the rating agency also said. Moody's could further downgrade Corpbank's ratings if it concludes that uninsured depositors are likely to suffer losses greater than currently anticipated as a result of a failure by the authorities to implement the current rescue plan, or a policy shift that would ultimately impose losses on uninsured depositors, it was added.

Meanwhile, BNB said that the special supervision of Corpbank would continue longer than had previously been expected, given legislative amendments proposed by the central bank (which aimed to compensate depositors with deposits exceeding BGN 196 000 / EUR 100 000) were not accepted. The initial term of the special supervision regime was set at 3 months (till September 22, 2014).

## Biovet [53B]

Kiril and Georgi Domuschievi are about to increase their interest in Bulgaria's veterinary drugs producer Biovet after completing a deal for the acquisition of a 36.6% stake in private company Huvepharma (the majority owner of Biovet) from Rohatyn Group. The value of the deal is EUR 275 mln, according to information by Standard & Poor's Ratings Services. It values Huvepharma at EUR 750 mln, nearly 16x its 2013 EBITDA and higher than any company listed on the Bulgarian Stock Exchange. Once completed, the deal will give full control of the company to Domuschiev family.

The acquisition would be funded through a proposed senior secured credit facility which was assigned a rating of BB- by Standard & Poor's Ratings Services. Moody's has rated the deal at B1, outlook positive. The facility has three tranches – a EUR 180 mln 6-year term loan 'B' with price guidance of 475 bp over Euribor, a EUR 75 mln 5-year term loan 'A' with a price guidance of 350 bp over Euribor and a WUR 20 mln revolving credit facility, Standard & Poor's Ratings Services said in a statement.

Rohatyn Group acquired the stake in 2013, when it bought emerging markets private equity investor CVCI, a subsidiary of the alternative asset management division of Citigroup. Back in 2010, CVCI paid EUR 75 mln for the stake in Huvepharma.

Huvepharma is a vertically integrated developer, manufacturer and distributor of a wide range of animal health products for livestock animals specializing in the poultry, swine and cattle segments.

|                        |         |          |       |
|------------------------|---------|----------|-------|
| Shares outstanding, th | 6 783   | P/E      | 7.90  |
| Last share price       | 10.6    | P/B      | 0.80  |
| Market cap, BGN th     | 7 190   | P/S      | 0.40  |
| Assets, BGN mln        | 214.037 | ROA, ttm | 5.0%  |
| Debt/Equity            | 127.9%  | ROE, ttm | 10.2% |

S&P expects a strong increase of 15% - 25% in the company's revenues due to significant potential for organic growth from the introduction of new products.

Moreover, the rating agency expects the company's EBITDA margin to reach 24% - 26% in the next three years from 23% in 2013. The debt-to-EBITDA ratio is expected to expand to more than 4x in 2014 and to gradually decrease to 3.5x in 2015 and 3x in 2016, according to S&P. Revenues of Huvepharma increased by 7% y-o-y to EUR 203.5 mln in 2013. EBITDA jumped by 21% y-o-y to EUR 47.5 mln and the net income soared by 24% on the year to EUR 33.6 mln, reflecting a net profit margin of 16.5%.

Meanwhile, the net income of Biovet, where Huvepharma owns a share of 82.36%, dropped by 8.9% y-o-y to BGN 5.91 mln in H1'2014. Revenues fell 3.6% y-o-y to BGN 91.855 mln, and EBITDA decreased by 8.5% to BGN 10.4 mln, with an operating margin of 11.3% (down from 11.9% in H1'2013). In Q2 alone, however, revenues increased by 7.3% on the year to BGN 48.75 mln, EBITDA rose by 16% to BGN 6.67 mln, and earnings jumped by 23% to BGN 4.33, reflecting a net profit margin of 8.9%. Biovet manufactures medicated and nutritional feed additives, enzymes, bulk active substances and pharmaceuticals for animal productivity and health. The company has production plants in Peshtera, Botevgrad and Razgrad. It exports more than 90% of its production to EU and North America.

## Insurance Company Euroins [5IC]

Share price of Euroins added 7% to BGN 1.18 after the company announced indicative price range of BGN 1.20 – 1.50 per share for its capital hike. Shareholders will vote on a proposal to double the capital through the issuance of up to 11 753 556 new shares on August 19. The public offering shall be considered successful provided minimum 4 701 423 shares (40% of the shares offered) are subscribed and paid.

Gross written premiums (GWP) of Euroins grew by 9.2% y-o-y to BGN 39.686 mln in H1'2014. Net earned premiums grew faster, by 20.9% on the year to BGN 47.495 mln, due to a sharp increase in the unearned premium reserve (up 110% to BGN 6.736 mln).

|                        |        |                |       |
|------------------------|--------|----------------|-------|
| Shares outstanding, th | 11 754 | P/E, ttm       | 2.96  |
| Share price            | 1.18   | P/B, mrq       | 1.08  |
| Market cap, BGN th     | 13 869 | P/GWP, ttm     | 0.16  |
| Assets, BGN mln        | 132.77 | Claims ratio   | 63.7% |
| Net return on premiums | 6.7%   | Combined ratio | 83.8% |

Meanwhile, net insurance claims jumped by 21.7% y-o-y to BGN 27.615 mln, acquisition costs rose by 22.6% y-o-y to BGN 6.896 mln, and administrative expenses increased by 17.3% to BGN 8.236 mln. The share of acquisition costs in GWP increased to 16.5% from 13.5% in H1'2013, and administrative expenses were 19.7% of GWP, up from 18.4% a year earlier. The net income came at BGN 113 th, vs. a loss of BGN 659 mln in H1'2013.

## Main Economic Indicators

|                             | 2011 | 2012   | 2013 | 2014 |
|-----------------------------|------|--------|------|------|
| GDP, in BGN bn              | 75.3 | 78.089 | 78.1 | 16.1 |
| GDP, real annual growth (%) | 1.8  | 0.6    | 0.9  | 1.4  |
| Inflation (%)               | 4.2  | 3      | -1.5 | -1.9 |
| Jobless rate (%)            | 10.4 | 11.4   | 11.8 | 10.7 |
| Fiscal balance, %GDP        | -2   | -0.8   | -0.1 | 0    |
| Gross public debt, %GDP     | 16.3 | 18.5   | 17.1 | 19.9 |
| Gross external debt, %GDP   | 94.3 | 94.9   | 92.1 | 93.7 |
| Current account, %GDP       | 0.1  | -1.3   | 2.8  | -0.6 |
| FDI, %GDP                   | 3.5  | 3.7    | 3    | 0.7  |
| Prime interest rate (%)     | 0.22 | 0.03   | 0.04 | 0.04 |

*For 2014 latest available official data is used. GDP data is for Q1'2014. Data for inflation and unemployment are at end-June. Fiscal balance and Gross public debt data is for Q1'2014. Gross external debt, current account and FDI data is at end-May 2014. Data for the prime interest rate is for August 2014.*

## Market Overview (cont.)

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Among the losers this month were the stocks of the Stock Exchange operator BSE [BSO], which tumbled more than 20 %. The stocks of Enemona [E4A] and FIB [5F4] were also out of favor, dropping 10.3% and 9.44%, respectively.

The good news in the world markets were in oversupply throughout the month of July. The US consumer confidence reached its highest level since the middle of 2007, and the confidence of German consumers recorded its best performance since December 2006. The Spanish economy enjoyed its best performance for the last 6 years, and the UK surpassed its pre-crisis peak level. The icing on the cake was the reported 4% growth of the world's biggest economy for the first half of the year. However the excess of good news did not lead to new highs but just the other way - it were used by the sellers on the developed markets to cash in profits- the German DAX tumbled 4.5%, whilst the US S&P500 skid by 1.5 % for the month. The peripheral economies' major indices also retraced. The tendency for a stronger performance of the emerging markets continued, as China seriously stand out gaining 7.5 % for the month.

## News of the Past Month | Corporate Sector

- The net income of First Investment Bank [5F4] remained flat at BGN 22.3 mln in H1'2014 despite a 63% increase in the net interest income (mostly a result of the acquisition of Unionbank). Income from fees and commissions fell 9.6% y-o-y to BGN 41.6 mln. Administrative expenses increased by 41.2% y-o-y to BGN 94.1 mln, and loan impairment charges surged 115% to BGN 47.6 mln. In Q2 alone, however, earnings jumped by 26.7% y-o-y to BGN 19.4 mln, helped by a 20% increase in the interest income, while interest expenses fell 6.5% (on the back of falling deposit rates).
- Stara Planina Hold [5SR] reported consolidated sales of BGN 96.374 mln for H1'2014, up by 6.61% y-o-y. The consolidated revenues for June amounted to BGN 16.697 mln. The company projects 5.46% annual growth in its cumulative consolidated sales through July, expecting them to reach BGN 111.504 mln. Forecasted consolidated revenues for July are BGN 15.130 mln.
- FSC approved the prospectus for a public offering of 304 570 ordinary shares of Albena AD [6AB], which represent 7.13% of the company's share capital and are currently owned by Balchik municipality. The offering is expected to start on August 18, 2014.

## News of the Past Month | Economy and Politics

- Bulgaria's Prime Minister Plamen Oresharski resigned on July 23, as expected. The President announced the new interim government. Constitution law professor and former Socialist party lawmaker, Georgi Bliznashki was appointed to head the interim government until the snap election on October 5, 2014.
- Bulgaria's current account deficit shrank to EUR 15.2 mln in May 2014 from EUR 44.5 mln a year earlier, data by the Bulgarian National Bank showed. The cumulative C/A gap for January – May amounted to EUR 232.2 mln (0.6% of GDP) compared to a negative C/A balance of EUR 80.5 mln (0.2% of GDP) for the same period 2013. The main reason behind the deficit is the EUR 217.6 mln gap in the trade balance at the end of May. Cumulative exports for January - May 2014 reached EUR 8 389.7 mln, which is a 5.4% annual decline, and imports decreased by 0.1% y-o-y to EUR 9 792.1 mln. In May alone, however, exports increased by 5.4% on the year to EUR 1 782.7 mln, while imports fell by 0.7% y-o-y to EUR 2 000.2 mln. Foreign direct investment (FDI) continued to elude the country, slipping to EUR 8.6 mln in May 2014 from EUR 151.8 a year earlier. Cumulative FDI amounted to EUR 302.6 mln (0.7% of GDP) in January – May 2014, down from EUR 456.9 mln (1.1% of GDP) a year earlier. April FDI have been revised to EUR 182.1 mln, up from EUR 106.6 mln initially reported.
- Bulgaria's deflation persists in June, with consumer prices falling for 11th straight month, data from the National Statistical Institute showed. The country's consumer prices index (CPI) fell by 0.4% in June compared to a month earlier, and by 1.9% compared to a year earlier. Deflation from the beginning of the year was 1.4%, data also showed.
- Bulgaria's public debt has increased by 1.4 p.p. in Q1'2014 from the previous quarter and by 2.3 p.p. on annual basis to 20.3% of GDP, data by Eurostat showed. Bulgaria has the second lowest ratio of government debt to GDP in the EU, despite a trend for a gradual increase in the public debt that had started in 2013, data also showed.

## News of the Past Month | Economy and Politics

- Net income of Bulgarian banks increased by 4.51% y-o-y to BGN 332.085 mln in H1'2014 from BGN 317.743 mln a year earlier, data by BNB showed. Net interest income rose by an annual 7% to BGN 1.323 bn and net fee and commission income reached BGN 404.249 mln in H1'2014, up from BGN 401.824 mln a year earlier. Total operating income jumped by 3.92% on annual basis to BGN 1.885 bn at the end of June. Administrative expenses increased more slowly, by 1.36% y-o-y, to BGN 971.306 mln.. The credit portfolio of the Bulgarian banks expanded by 3.84% on an annual basis, reaching BGN 62.988 bn at the end of June, while accumulated credit provisions increased by 12.58% on the year to BGN 5.429 bn. The total assets of the banks reached BGN 87.159 bn, up from BGN 85.747 bn at the end of 2013. Deposits reached BGN 75.067 at the end of June, up by 5.37% y-o-y, while for June alone they increased with BGN 214.694 mln since May 2014.

- Households and corporations pulled out more than BGN 1 billion from their accounts during the bank run in June, data by the central bank showed. Households pulled out BGN 478 mln from their accounts in June, and corporate clients withdrew BGN 565 mln. Bulgaria's M3 money supply (broad money) grew by 7.4% y-o-y to BGN 67.671 bn (85.4% of GDPe) at the end of June after rising by 8.7% y-o-y in May, BNB statistics showed. The M1 money aggregate, which includes cash in circulation and overnight deposits, increased by 16.4% on the year to BGN 28.977 bln at the end of June. Currency outside banks totaled BGN 9.303 bn, up by 12.5% on the year, and overnight deposits amounted to BGN 19.674 bn, up by 18.4% y-o-y. Quasi-money (M2 – M1) increased by 1.5% y-o-y to BGN 38.620 bn.

- Gross written premium (GWP) earned by Bulgaria's general insurance companies increased by 8.3% y-o-y to BGN 741.813 mln in May, a report by the Financial Supervision Commission (FSC) showed. GWP earned by the general insurance companies increased by 7.09% on the year to BGN 597.319 mln in May. GWP earned by local life insurance companies rose by 13.6% y-o-y to BGN 144.495 mln in May, the report also showed. Motor vehicle insurance policies in May accounted for the largest share in GWP, 69.4%, followed by property insurance policies with 17.1%. Paid claims in general insurance decreased by 3.31% on an annual basis to BGN 279.881 mln, while claims paid by the life insurance companies increased by 11.9% y-o-y to BGN 52.452 mln.

- U.S. energy company "Westinghouse" announced that it has signed an agreement with the Bulgarian government for the construction of a new reactor at the NPP "Kozloduy". The announcement stresses that the agreement and all future arrangements under the project should be approved by the next government.

## News of the Past Month | Corporate Sector

*from page 4*

- The Financial Supervision Commission (FSC) has not approved the prospectus for public offering of new shares of Speedy AD [OSP] and Sopharma Properties REIT [6S6]. Speedy AD planned to raise almost BGN 20.5 mln and to use the funds to finance the acquisition of Dynamic Parcel Distribution Romania and GeoPost Bulgaria. Sopharma Properties REIT planned a BGN 3.5 mln capital increase in order to fund the payment of dividends for 2013.

- Monbat AD [5MB] will pay BGN 0.23 gross dividend per share for 2013, or a total of BGN 8 970 000. The payout will start on September 1, 2014 and will end on December 1, 2014.

- Trace Group Hold AD [T57] signed a number of new contracts for constructions works in July. The first one is a EUR 19.6 contract for finishing works on the E80 highway (Pirost - Dimitrovgrad stretch in Serbia). The second one is a BGN 798 000 contract with consortium "Park Yavorov" for rehabilitation of the central park in Chirpan. Also, the subsidiary of Trace – PSI AD, signed a BGN 739 000 contract for rehabilitation of streets in Gurkovo municipality. The last one is a contract with Sofia municipality for reconstruction of Sochi street in Bankia for BGN 687 078. Trace also announced that the Board of Directors decided to set up a foundation "Trace for the people", which will unite the efforts of the companies in the Group in the field of corporate and social responsibility. The Foundation will support talented children, gifted young people and will be focused on the preservation and promotion of the cultural and historical heritage of Bulgaria. The company's consolidated sales are expected to have increased by 45% on the year to BGN 128.23 mln in H1'2014.

- June sales of M+S Hydraulic [5MH] amounted to BGN 7.805 mln, while the cumulative revenue for H1'2014 increased by 7.36% on the year, reaching BGN 48.563 mln, the company said in a statement. The interim gross profit was BGN 1.479 mln in June and reached BGN 8.584 mln for H1'2014. The company's projected sales for July are BGN 7.600 mln, and cumulative revenue is expected to arrive at BGN 56.163 mln for the first seven months of the year, which is a growth of 7.10% on annual basis.

- Euroins Insurance Group AD, the insurance division of Eurohold Bulgaria [4EH], reported a 14.29% decrease in gross written premium (GWP) to EUR 72.335 mln for H1'2014. Euroins Bulgaria [5IC] announced 6.9% increase on the year to EUR 18.218 mln, while GWP earned by Euroins Romania dropped by 21.8% y-o-y to EUR 48.897 mln. For June alone, GWP earned by the Euroins Group dropped by 4.77% on the year to EUR 12.78 mln. GWP of Euroins Bulgaria increased by annual 21.3% to EUR 3.196 mln in June, while the Romanian entity reported a decline of 13.5% y-o-y to EUR 8.567 mln, while the GWP of the Macedonian unit increased by 7.7% on the year to EUR 780 000. Meanwhile, sales volume of Auto Union, the automotive arm of Eurohold Bulgaria [4EH], surged by 74% on the year to 1 898 new cars sold in H1'2014, and June sales volume alone jumped by 38.1% y-o-y to 335 motor vehicles.

- July sales of Sopharma AD [3JR] increased by 7% on the year as domestic sales jumped by 2% and exports expanded by 16%. Cumulative revenue from the beginning of the year decreased by 4% y-o-y as domestic sales jumped by 2% while exports dropped by 7%.

| Company                         | Ticker | Sector          | Market Cap<br>(BGN'000) | Price* | Monthly change | YTD change | Turnover<br>(BGN'000) | P/E   | P/B | P/S  | EV/EBITDA | EV/Sales |
|---------------------------------|--------|-----------------|-------------------------|--------|----------------|------------|-----------------------|-------|-----|------|-----------|----------|
| Advance Terrafund REIT          | 6A6    | REITS           | 212 435                 | 2.50   | 7.2% ▲         | 25.7% ▲    | 906.87                | 5.6   | 1.0 | 2.6  | 4.8       | 2.1      |
| Agria Group Holding AD-Varna    | A72    | agribusiness    | 59 160                  | 8.70   | 8.7% ▲         | 75.8% ▲    | 446.92                | 6.4   | 0.9 | 0.4  | 7.6       | 0.8      |
| Agro Finance REIT-Sofia         | 6AG    | REITS           | 82 160                  | 2.55   | 6.3% ▲         | 9.0% ▲     | 0.18                  | 24.0  | 1.4 | 14.2 | 21.6      | 15.1     |
| Albena AD                       | 6AB    | tourism         | 217 071                 | 50.80  | 1.6% ▲         | -14.9% ▼   | 32.60                 | 15.7  | 0.6 | 2.1  | 9.3       | 2.7      |
| Albena Invest Holding AD-Albena | 5ALB   | conglomerates   | 34 375                  | 6.25   | -5.2% ▼        | 5.0% ▲     | 150.02                | 26.7  | 0.3 | 4.6  | 33.8      | 4.4      |
| Biovet AD                       | 53B    | chemicals       | 74 617                  | 11.00  | 15.8% ▲        | 11.7% ▲    | 2 046.53              | 7.9   | 0.8 | 0.4  | 5.7       | 0.6      |
| Bulgarian Real Estate Fund REIT | 5BU    | REITS           | 32 643                  | 0.54   | 1.5% ▲         | 1.5% ▲     | 172.50                | 22.9  | 0.5 | 12.5 | 34.4      | 6.7      |
| Bulgarian Stock Exchange-Sofia  | BSO    | fin.services    | 21 197                  | 3.22   | -20.3% ▼       | -8.0% ▼    | 100.38                | 30.9  | 1.9 | 7.5  | 25.1      | 4.8      |
| CB Central Cooperative Bank AD  | 4CF    | banks           | 125 035                 | 1.11   | -7.2% ▼        | 8.3% ▲     | 687.05                | 11.0  | 0.3 | -    | -         | -        |
| Chimimport AD                   | 6C4    | conglomerates   | 290 403                 | 1.93   | 0.3% ▲         | 24.2% ▲    | 1 426.30              | 3.5   | 0.2 | 0.5  | -14.9     | 1.8      |
| Doverie Obedinen Holding AD     | 5DOV   | conglomerates   | 17 425                  | 0.93   | -2.1% ▼        | 12.0% ▲    | 47.26                 | neg   | 0.2 | 0.1  | 25.0      | 0.6      |
| Enemona AD                      | E4A    | energy          | 24 607                  | 2.06   | -10.3% ▼       | -27.8% ▼   | 107.63                | 43.4  | 0.4 | 0.2  | 28.5      | 0.8      |
| Eurohold Bulgaria AD            | 4EH    | conglomerates   | 119 577                 | 0.94   | -3.0% ▼        | 6.7% ▲     | 70.68                 | 23.0  | 0.6 | 0.2  | 50.7      | 0.4      |
| First Investment Bank AD        | 5F4    | banks           | 358 600                 | 3.26   | -9.4% ▼        | 34.2% ▲    | 630.11                | 7.0   | 0.5 | -    | -         | -        |
| Himsnab Bulgaria AD-Sofia       | 58E    | commerce        | 79 828                  | 32.00  | 0.0% -         | -3.0% ▼    | 15.04                 | 107.9 | 1.0 | 44.2 | 139.6     | 44.6     |
| Holding Varna AD-Varna          | 5V2    | commerce        | 90 319                  | 17.25  | -1.4% ▼        | 15.9% ▲    | 64.26                 | neg   | 0.6 | 1.6  | 25.4      | 4.9      |
| Industrial Capital Holding AD   | 4I8    | conglomerates   | 49 922                  | 3.21   | 3.5% ▲         | 68.1% ▲    | 38.68                 | 18.0  | 1.2 | 0.3  | 1.7       | 0.2      |
| Industrial Holding Bulgaria PLC | 4ID    | conglomerates   | 71 106                  | 1.05   | -3.1% ▼        | 24.7% ▲    | 34.95                 | 25.6  | 0.3 | 0.7  | 10.8      | 2.0      |
| M+S Hydraulic AD                | 5MH    | machinery       | 203 868                 | 5.22   | 0.8% ▲         | 65.2% ▲    | 548.84                | 8.7   | 1.6 | 1.1  | 10.1      | 2.2      |
| Monbat AD                       | 5MB    | machinery       | 327 600                 | 8.40   | -2.3% ▼        | 24.5% ▲    | 1 210.02              | 12.4  | 2.0 | 1.4  | 9.0       | 1.7      |
| Neochim AD                      | 3NB    | chemicals       | 118 384                 | 44.60  | -7.1% ▼        | -15.8% ▼   | 26.65                 | neg   | 1.3 | 0.6  | -26.7     | 0.8      |
| Sila Holding AD-Stara Zagora    | 6S5    | conglomerates   | 38 400                  | 1.92   | 0.0% -         | 0.5% ▲     | 0.08                  | -     | 5.4 | -    | -         | -        |
| Sopharma AD                     | 3JR    | pharmaceuticals | 526 036                 | 4.15   | -5.5% ▼        | 6.0% ▲     | 591.47                | 22.4  | 1.5 | 0.7  | 9.5       | 1.0      |
| Sopharma Properties REIT-Sofia  | 6S6    | REITS           | 45 561                  | 2.90   | 1.4% ▲         | 19.1% ▲    | 127.77                | 37.8  | 1.4 | 4.5  | 13.1      | 9.3      |
| Sopharma Trading                | SO5    | pharma trading  | 166 499                 | 5.06   | 1.2% ▲         | 57.9% ▲    | 486.70                | 14.5  | 2.8 | 0.3  | 16.9      | 0.5      |
| Sparky Eltos AD-Lovech          | SL9    | machinery       | 17 405                  | 1.04   | 1.1% ▲         | 87.1% ▲    | 22.28                 | -     | 0.3 | -    | -         | -        |
| Stara Planina Hold AD           | 5SR    | conglomerates   | 87 234                  | 4.15   | 0.1% ▲         | 38.9% ▲    | 330.42                | 12.8  | 1.1 | 0.5  | 2.1       | 0.3      |
| Synergon Holding AD             | 6S7    | conglomerates   | 22 031                  | 1.20   | 0.0% -         | -6.3% ▼    | 229.84                | neg   | 0.1 | 0.1  | 7.7       | 0.3      |
| Trace group Hold AD             | T57    | infrastructure  | 153 660                 | 6.35   | 8.6% ▲         | 59.9% ▲    | 327.08                | 7.7   | 1.5 | 0.4  | 4.5       | 0.4      |
| Yuri Gagarin PLC-Plovdiv        | 4PX    | industrials     | 40 411                  | 40.25  | 8.8% ▲         | -38.3% ▼   | 57.09                 | 210.3 | 0.7 | 0.5  | 10.2      | 0.6      |

The composition of BG30 was changed in March in accordance with a decision of the Board of Directors of the Bulgarian Stock Exchange. Fazerles AD-Silistra (4F6), Bulgartabac Holding AD-Sofia (57B), Bulland Investments REIT-Sofia (5BD) and Balkan and Sea Properties REIT-Varna (5H4) were replaced by Sparky Eltos AD-Lovech (SL9), Agro Finance REIT-Sofia (6AG), Albena Invest Holding AD-Albena (5ALB) and Sila Holding AD-Stara Zagora (6S5), effective from March 14, 2014.

| Top 3 Gainers                |        |          | Top 3 Fallers                  |        |         |
|------------------------------|--------|----------|--------------------------------|--------|---------|
|                              | Ticker | Change   |                                | Ticker | Change  |
| Biovet AD                    | 53B    | + 15.80% | Bulgarian Stock Exchange-Sofia | BSO    | -20.30% |
| Agria Group Holding AD-Varna | A72    | + 8.70%  | Enemona AD                     | E4A    | -10.30% |
| Trace group Hold AD          | T57    | + 8.60%  | First Investment Bank AD       | 5F4    | -9.40%  |

\* Among all stocks with turnover of at least BGN 100 000 for the past month

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