

Market Overview

The performance of the stock indices in Bulgaria was quite feeble in November. Blue-chip SOFIX index lost 3.64% and closed at 514.42 amid volatile trading and low volumes, and its year-to-day gain narrowed to 5.9%. The consolidation of trading of the major index is still in force as already more than 4 months the values of it are developing in a relatively narrow range of 50 points. A break above the level of 564 points from 4th of July is needed to confirm the renewal of the long-term bull trend of the market. On the positive side, BGREIT added 0.58% in November to 97.34 points.

Eurohold (4EH) saw the largest volume of trading as Finland-based investment fund KJK Fund II Sicav-Sif Balkan Discovery acquired a stake of 12% in the conglomerate at BGN 1.025 per share. More than BGN 21.1 mln were traded and the price went up 3.94% for the month (see the In Focus section for details). Monbat (5MB) and Sopharma Trading (SO5) were also among the actively traded stocks but their stock price fell by 1.1% and 1.5%, respectively. The best performance among the broad BGTR 30 index had Biovet (53B) which jumped 10.63% following good Q3 results. On the opposite side was Toplivo (3TV), which plunged 10.17% to BGN 5.30 per share. Blue-chip drug maker Sopharma (3JR) was also among the top fallers as its share price slipped 6% in November to BGN 3.75.

The NSI (National Statistics Institute) rendered surprisingly higher growth of the Bulgarian economy through the third quarter of the year. According to the data, in Q3 the GDP growth was 1.6 % on an annual basis and 0.5 % compared to the previous quarter. The support for this growth came from the lower commodity prices, the higher level of investments from the business and the growing final consumptions for this period.

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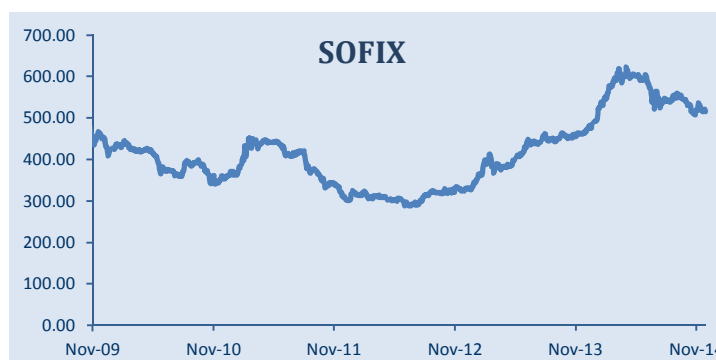
Bulgarian Stock Exchange | Trends

	Value	Monthly change	Year-to-date
SOFIX	514.42	-3.64%	5.86%
BGBX 40*	103.30	-0.93%	2.90%
BG REIT	97.34	0.58%	9.79%
BGTR 30	403.20	-0.90%	15.52%

*BGBX 40 replaces BG40 starting on January 1, 2014

BSE Turnover	BGN	EUR
Equities (BGN/EUR'000)	41 548.52	21 243.42
Bonds (BGN/EUR'000)	9 759.56	4 989.98
Other (BGN/EUR'000)	247.84	126.72
Total-Regulated market (BGN/EUR'000)	51 555.92	26 360.12
OTC market (BGN/EUR'000)	51 350.08	26 254.88
Market Cap (BGN/EUR'000 000)	7 388.24	3 777.55
Market Cap/GDP	8.6%	

SOFIX



P/E	P/B	EPS growth	Market Cap	Turnover
13.00	0.58	-35.9%	2 869	30.558

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

CEE and Global Markets

Country /	Index	Value	Monthly	Year-to-
Bulgaria	SOFIX	514.42	-3.64%	5.86%
Greece	ASE	963.19	-13.73%	-21.23%
Macedonia	MBI-10	1 855.56	8.22%	6.63%
Poland	WIG20	2 416.93	-1.46%	2.61%
Romania	BET	6 936.54	-3.14%	8.33%
Russia	MICEX	974.27	-2.73%	-24.32%
Slovakia	SAX	220.85	2.32%	8.75%
Slovenia	SBITOP	813.55	-3.17%	23.71%
Serbia	BELEX15	696.91	6.17%	25.85%
Turkey	ISE-100	86 168.66	7.53%	18.85%
Ukraine	PFTS	382.05	3.20%	45.49%
Hungary	BUX	17 350.09	-3.16%	-6.70%
Croatia	CROBEX	1 792.02	-4.13%	2.48%
Montenegro	NEX20	11 688.47	7.76%	24.66%
Czech Republic	PX	1 007.17	-1.01%	-0.77%
Morgan Stanley	MSCI EE (€)	329.12	-2.13%	-11.80%
USA	S&P 500	2 067.56	2.32%	9.18%
Germany	DAX	9 980.85	-1.56%	-2.36%
Japan	NIKKEI	17 459.85	1.49%	0.75%

Eurohold Bulgaria AD [4EH]

Sector: conglomerates

Finland's investment fund KJK Fund II Sicav-Sif Balkan Discovery acquired a stake of 12% in Eurohold Bulgaria on November 25, 2014, becoming the third largest shareholder after Starcom Holding (50.05% as of the end of September) and Dar Finance (19.94%). The price of the deal was BGN 15.66 mln, or BGN 1.025 per share, which represented a **premium of 3.9% over the market price**. Sellers were mainly subsidiaries of Euroins Insurance Group (EIG), the insurance arm of Eurohold Bulgaria. The funds from the sale would support the capital position of EIG and the growth plans of its subsidiaries.

KJK will have a representative in the Supervisory board of Eurohold Bulgaria. KJK Fund II Sicav-Sif Balkan Discovery, launched in 2012 and currently having some EUR 75 mln in assets, is a specialized investment vehicle designated for investments in the Balkan region focusing on both listed and private equity assets.

Eurohold Bulgaria is engaged in the insurance, automotive and leasing businesses. The conglomerate reported weak Q3 results, particularly from the insurance business. Third-quarter consolidated revenues dropped by 29.5% to BGN 93.7 mln as revenue from insurance slumped by 37%. Other divisions also saw declining top lines – revenues of the automotive business dropped by 12%, from leasing activities – by 8%. The bottom line was a loss of BGN 1.8 mln, vs. a loss of BGN 3 mln in the respective quarter of 2013.

Shares outstanding, th	127 345	P/E	211.20
Last share price	1.01	P/B	0.68
Market cap, BGN th	129 255	P/S	0.23
Assets, BGN mln	736.46	ROA, ttm	0.1%
Debt/Equity	2.87	ROE, ttm	0.3%

The loss from the insurance business was somehow limited to BGN 1.7 mln vs. a loss of BGN (2.3) mln in Q3'2013. Automotive business delivered a loss of BGN 407 th vs. a loss of BGN 316 th a year earlier, while leasing activities delivered a profit of BGN 344 th vs. a profit of BGN 20 th in Q3'2013.

Consolidated nine-month core revenues inched up 0.9% to BGN 409.6 mln as revenues from insurance fell by 0.7% to BGN 278.70 mln, while revenues from car dealership increased by 8.5% y-o-y to BGN 100.7 mln and revenues from leasing activities declined by 1.2% to BGN 14.3 mln. The conglomerate delivered a net loss of BGN 1.8 mln for the nine months till September, vs. a loss of BGN 133 th a year earlier, as revenues were increasing at a slower pace than expenses.

Gross written premiums of Euroins Insurance Group slipped by 5.2% y-o-y to BGN 219 mln through September, with premiums in Romania falling by an annual 20% to BGN 148.5 mln, in line with the company's policy to decrease the share of MTPL and CASCO which deliver the highest loss ratios. Cumulative nine-month loss of EIG almost doubled to BGN 7.7 mln due to the adverse weather conditions in July which led to a substantial increase in claim ratios on CASCO and Property insurance products, along with an increase in reserves of Euroins Romania.

Biovet AD [53B]

Sector: chemicals

Veterinary drugs maker Biovet was among the top gainers in November, adding 10.6% to BGN 11.45 per share, as investors cheered the company's strong Q3 performance. Earnings surged 195% to BGN 5.75 mln in July-September on the back of a 25% increase in revenues and much slower 15% increase in operating expenses. Cumulative nine-month earnings jumped 38% y-o-y to BGN 11.62 mln as revenues increased by 4.8% to BGN 140.89 mln. Profitability improved, with an EBITDA margin of 13.5% (up from 11.5% for 9M'2013) and net profit margin of 8.25% (up from 6.2% a year earlier). The company exports some 90% of its production. Meanwhile, cash flow from operations slipped 58% to BGN 8.47 mln for the nine months through September.

Shares outstanding, th	6 783	P/E	6.26
Last share price	11.87	P/B	0.80
Market cap, BGN th	80 498	P/S	0.43
Assets, BGN mln	215.4	ROA, ttm	5.9%
Debt/Equity	1.14	ROE, ttm	13.9%

In November, Advance Properties acquired full control over Biovet's majority owner - Bulgarian pharmaceutical company Huvepharma. Also in November, Biovet signed a contract for a EUR 20.8 mln loan from the parent company Huvepharma, and repayed all of its loans from banks.

Biovet manufactures medicated and nutritional feed additives, enzymes, bulk active substances and pharmaceuticals for animal productivity and health. It exports more than 90% of its production, mainly to EU and North America.

Main Economic Indicators

	2011	2012	2013	2014
GDP, in BGN bn	75.3	78.089	78.1	22.4
GDP, real annual growth (%)	1.8	0.6	0.9	.
Inflation (%)	4.2	3	-1.5	-0.4
Jobless rate (%)	10.4	11.4	11.8	10.7
Fiscal balance, %GDP	-2	-0.8	-0.1	0.3
Gross public debt, %GDP	16.3	18.5	17.1	21.0
Gross external debt, %GDP	94.3	94.9	92.1	95.2
Current account, %GDP	0.1	-1.3	2.8	1.1
FDI, %GDP	3.5	3.7	3	2.7
Prime interest rate (%)	0.22	0.03	0.04	0.02

For 2014 latest available official data is used. GDP data is for Q3'2014. Data for inflation and unemployment are at end-October 2014. Fiscal balance and Gross public debt data is for Q2'2014. Gross external debt, current account and FDI data is at end-September 2014. Data for the prime interest rate is for December 2014.

Market Overview (cont.)

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At the beginning of the month a new government was formed, backed by a quite wide coalition formed by the winner party of GERB and 3 other formations. However, that was not enough to put an end of the ongoing political instability, as among the coalition partners obviously there are still some ideological disputes, which could prove to be crucial for holding up the majority in this parliament. The case of Corporate Commercial Bank was finally solved, as the Bulgarian National Bank revoked the bank's license. The payment of the guaranteed deposits (up to EUR 100 000) started on December 4, 2014.

The world markets, particularly European stocks, were supported in November by Mario Draghi's expressed commitment to quantitative easing and by hopes that the ECB would expand its asset purchasing program in Q1'2015. Since June, the ECB has cut rates twice, offered long-term loans to banks and started asset purchases. Moreover, Bank of China announced an interest rate cut, aiming to stimulate the economy growth. Consequently, the major stock indices in Germany and China added 7% and 10.9%, respectively.

News of the Past Month | Corporate Sector

- Net consolidated income of Chimimport AD [6C4] decreased 8.39% on the year to BGN 70.632 mln for 9M'2014, the consolidated financial statement for Q3 showed. Revenue increased by an annual 4.54% to BGN 427.596 mln. Operating expenses inched up a bit faster, by 4.98% y-o-y to BGN 471.678 mln.
- The portfolio of Advance Terrafund REIT [6A6] increased by 746 da in October, the fund announced in its monthly bulletin. It bought 2 040 da agricultural land at an average acquiring price of BGN 850/da and sold 1 294 da. At the end of October the REIT owned 211 668 da agricultural land with an average cost price of BGN 408/da and 139 da urban land. The new agricultural year 2014 – 2015 has started in October and the average rental income from new contracts is BGN 47/da. Expected rental revenue arrives at BGN 6 537 756 as 22% from it or BGN 1 437 756 is already collected. 75.2% of the rents for 2013 – 2014 year has already been collected or BGN 4 143 107.

News of the Past Month | Economy and Politics

- A request for insolvency proceedings against Commercial Corporate Bank AD was submitted in Sofia City Court in the beginning of November after the Central Bank revoked the license of the bank on November, 6 due to negative equity of BGN 3.7 bn and failure to meet the capital requirements of the regulator. But on November, 24, the trail was stopped due to a received complaint by the major shareholders of Corpbank – Bromark LTD and Bulgarian Acquisition Company. The duration of the trails and insolvency proceedings will not affect the payment of the guaranteed deposits which has started on December 4, 2014.
- The revised budget for 2014 allowed the arrangement of new debt amounting to BGN 4.5 bn as BGN 3 bn of it will be raised on the foreign markets. Due to the unfulfilled revenue forecasts the budget deficit will reach 3.7% of the projected GDP for 2014. 2 auctions for placement of short-term Government Securities for the amount of EUR 800 mln were held in the beginning of December. The funds were used to fill the shortfall in the Fund for Guaranteeing Bank Deposits. The remaining BGN 3 bn will be raised through bond issue on the international capital markets and through a bridge loan from 5 banks (UniCredit, CITI, Societe Generale and HSBC), which will be repaid with the proceeds from the bond issue with maturity in 2015. The money will be used to finance the deficit in the budget and to ensure liquidity support for banks.

News of the Past Month | Economy and Politics

- The budget balance on a cash basis under the Consolidated Fiscal Program (CFP) as of October 28, 2014 is negative, amounting to BGN 1 760.1 mln. The negative balance is due to deficit in the national budget of BGN 693.8 mln and deficit of European funds of BGN 1 066.3 mln.
- Bulgaria's government debt totaled EUR 9 415.8 mln as of the end of October, which accounted for 22.8% of GDP, the monthly bulletin of the Ministry of Finance showed. In nominal terms, the government debt decreased by EUR 156.2 mln compared to the end of September, mainly due to the matured government securities. The domestic debt amounted to EUR 3 896.1 mln and accounted for 9.4% of GDP, while the external debt reached EUR 5 519.7 mln, or 13.4% of GDP. By the end of October the share of debt denominated in EUR was 58.9%, in BGN – 30.5%, in USD - 9.8% and in other currencies - 0.9%.
- Bulgaria's current account surplus amounted to EUR 415.5 mln in August 2014, down from EUR 858.8 mln a year earlier, data by BNB showed. The country's cumulative C/A surplus totaled EUR 808.8 mln (2% of GDP) for January – August 2014 vs. EUR 1 257.7 mln (3.1% of GDP) for the same period of 2013. The trade balance was negative at EUR 157.7 mln in August vs. a surplus of EUR 107.9 mln a year earlier. Cumulative trade balance for the first 8 months of 2014 was negative at EUR 1 861.2 mln (4.6% of GDP) vs. a deficit of EUR 1 399.4 mln (3.5% of GDP) a year earlier. Cumulative exports for January – August 2014 decreased 2.9% y-o-y to EUR 14 264.4 mln and imports increased by 0.2% on the year to EUR 16 125.5 mln. In August alone, exports dropped by 3.4% y-o-y to EUR 1 935.3 mln, while imports jumped by an annual 10.5% to EUR 2 093 mln. Foreign direct investment (FDI) reached EUR 235.3 mln in August 2014, up from EUR 103.1 mln a year earlier. Cumulative FDI amounted to EUR 1 221.4 mln (3% of GDP) for January – August 2014, up from EUR 1 173.9 mln (2.9% of GDP) for the same period of 2013.
- Commercial bank Victoria (the subsidiary of CCB) will provide full access of its depositors to their funds on December 12, but it will remain under the special supervision of the central bank until December 22, BNB reported. The reopening of the bank is possible thanks to the partial sale of the bank's loan portfolio.

News of the Past Month | Corporate Sector

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- The acquisition of Bulgarian rose – Sevtopolis [4BJ] by Sopharma AD [3JR] has been approved by the FSC. In connection with the procedure, the capital of Sopharma AD will be increased from BGN 132 mln to BGN 134 798 527 through issuance of 2 798 527 new ordinary shares with par value of BGN 1 per share. For every share of Bulgarian rose – Sevtopolis the shareholders will receive 0.463798 shares of Sopharma AD. Meanwhile, net consolidated income plunged 33% on the year to BGN 20.510 mln for 9M'2014, showed the consolidated financial statement for Q3 of the drug producer. Revenue jumped 11.69% y-o-y to BGN 623.612 mln, while operating expenses increased by an annual 11.27% to BGN 553.436 mln.
- Bulgartabac Holding AD [57B] reported consolidated revenue of BGN 382.312 mln for 9M'2014, down from BGN 389.986 mln a year earlier, showed the consolidated financial statement for Q3'2014. Net consolidated income plunged 73% on the year to BGN 11.857 mln. The drop is due to a 10% annual increase in the operating expenses to BGN 344.053 mln.
- The shareholders of Enemona AD[E4A] couldn't vote on the proposal for the distribution of partial dividend on the preferred shares due to an imposed ban by FSC, the company announced in a statement. Enemona AD planned to vote on the distribution of partial dividend of BGN 387 597 on its preferred stocks for 2013 but the FSC banned the vote referring the audit report of Deloit Audit. The auditor had a few questions regarding the financial statements and thus FSC banned its approval by the shareholders on the GM.
- Consolidated October sales of Monbat AD [5MB] increased 7.40% y-o-y to BGN 24.897 mln, the company announced in a statement. Consolidated revenues fell by 5.70% on the year, to BGN 184.024 mln for January – October 2014. Consolidated EBT for October slumped by 30.10% y-o-y to BGN 3.369 mln. Cumulative consolidated EBT increased by 4.10% y-o-y to BGN 23.659 mln.
- Albena AD [6AB] reported a decrease of 28% on the year to BGN 15.847 mln in its net consolidated income for 9M'2014, showed the Q3 consolidated financial statement. Revenue slipped 5% y-o-y to BGN 93.734 mln, while operating expenses increased 3% on the year to BGN 65.585 mln.
- October sales of M+S Hydraulic [5MH] amounted to BGN 7.398 mln, while the cumulative revenue for the first 10 months of 2014 increased by 5.38% on the year, reaching BGN 77.109 mln, the company said in a statement. Preliminary earnings before taxes were BGN 723 000 in October and reached BGN 11.644 mln for the first 10 months of the year.

Company	Ticker	Sector	Market Cap (BGN'000)	Price*	Monthly change	YTD change	Turnover (BGN'000)	P/E	P/B	P/S	EV/ EBITDA	EV/ Sales
Advance Equity Holding AD	6A8	conglomerate	19 770	0.55	0.0% -	-38.2% ▼	0.00	-	0.5	-	-	-
Advance Terrafund REIT	6A6	REITS	208 775	2.45	0.1% ▲	23.5% ▲	1 871.74	5.6	1.0	2.4	4.4	1.8
Agria Group Holding AD-Varna	A72	agribusiness	59 500	8.75	6.7% ▲	76.8% ▲	93.17	5.1	0.9	0.5	7.9	1.1
Albena AD	6AB	tourism	218 357	51.10	-2.9% ▼	-14.4% ▼	125.48	28.7	0.6	2.3	13.0	3.2
Albena Invest Holding AD-Albena	5ALB	conglomerates	33 303	6.06	-3.9% ▼	1.8% ▲	14.15	27.8	0.3	4.5	23.5	4.2
Biovet AD	53B	chemicals	77 670	11.45	10.6% ▲	16.2% ▲	43.56	6.0	0.8	0.4	4.8	0.6
Bulgarian Real Estate Fund REIT	5BU	REITS	32 583	0.54	-1.1% ▼	1.3% ▲	81.20	29.6	0.5	11.8	58.7	10.8
Bulgarian Stock Exchange-Sofia	BSO	fin.services	20 802	3.16	-5.1% ▼	-9.7% ▼	43.34	30.8	2.1	8.0	30.7	6.3
CB Central Cooperative Bank AD	4CF	banks	121 075	1.07	0.6% ▲	4.9% ▲	301.57	13.4	0.4	-	-	-
CEZ Distribution Bulgaria AD	3CZ	utilities	278 982	144.70	-0.2% ▼	-7.2% ▼	8.73	neg	0.2	0.2	5.3	0.7
Chimimport AD	6C4	conglomerates	279 089	1.85	2.1% ▲	19.4% ▲	659.29	3.5	0.2	0.5	-17.4	2.3
Doverie Obedinen Holding AD	5DOV	conglomerates	17 799	0.95	2.7% ▲	14.5% ▲	19.19	neg	0.2	0.1	13.1	0.6
Enemona AD	E4A	energy	20 753	1.74	-2.8% ▼	-39.1% ▼	73.43	neg	0.4	0.1	23.1	0.7
Eurohold Bulgaria AD	4EH	conglomerates	124 161	0.98	3.9% ▲	10.8% ▲	21 157.06	204	0.7	0.2	161.9	0.4
Fazerles AD	4F6	industrials	25 750	50.00	-0.5% ▼	32.8% ▲	38.51	18.3	1.0	1.2	7.2	1.1
First Investment Bank AD	5F4	banks	288 530	2.62	-2.9% ▼	7.9% ▲	628.24	11.9	0.4	-	-	-
Industrial Capital Holding AD	4I8	conglomerates	60 808	3.91	0.3% ▲	104.7% ▲	53.83	24.2	1.6	0.4	2.1	0.3
Industrial Holding Bulgaria PLC	4ID	conglomerates	70 018	1.03	3.0% ▲	22.8% ▲	35.47	neg	0.3	0.8	12.2	2.1
M+S Hydraulic AD	5MH	machinery	195 276	5.00	-1.6% ▼	58.2% ▲	87.47	12.0	2.1	1.5	9.9	2.1
Monbat AD	5MB	machinery	316 290	8.11	-1.1% ▼	20.2% ▲	4 933.60	11.7	1.9	1.4	8.5	1.6
Neochim AD	3NB	chemicals	114 005	42.95	-3.5% ▼	-19.0% ▼	7.08	neg	1.3	0.5	-15.0	0.5
Sopharma AD	3JR	pharmaceuticals	475 122	3.75	-6.0% ▼	-4.2% ▼	539.91	26.5	1.3	0.6	8.4	0.9
Sopharma Properties REIT-Sofia	6S6	REITS	48 939	3.12	2.3% ▲	28.0% ▲	119.35	39.0	1.5	4.9	12.8	9.2
Sopharma Trading	SO5	pharma trading	178 345	5.42	-1.5% ▼	83.4% ▲	3 011.24	16.2	2.9	0.3	18.0	0.5
Sparky Eltos AD-Lovech	SL9	machinery	15 045	0.90	-0.1% ▼	61.7% ▲	107.78	-	0.3	-	-	-
Stara Planina Hold AD	5SR	conglomerates	88 830	4.23	0.7% ▲	41.5% ▲	113.34	12.0	1.1	0.5	1.8	0.3
Synergion Holding AD	6S7	conglomerates	24 068	1.31	-2.9% ▼	2.4% ▲	40.41	-	-	-	-	-
Toplivo AD	3TV	commerce	28 709	5.30	-10.2% ▼	57.7% ▲	38.58	-	0.3	-	-	-
Trace group Hold AD	T57	infrastructure	152 944	6.32	-4.2% ▼	59.1% ▲	110.67	11.6	1.5	0.4	6.1	0.4
Yuri Gagarin PLC-Plovdiv	4PX	industrials	40 156	40.00	-7.0% ▼	-38.7% ▼	29.58	neg	0.6	0.4	11.7	0.5

The composition of BG30 was changed in September in accordance with a decision of the Board of Directors of the Bulgarian Stock Exchange. Agro Finance REIT [6AG], Sila Holding AD [6S5], Himsnab Bulgaria AD [58E] and Holding Varna AD [5V2] were replaced by CEZ Distribution Bulgaria [3CZ], Fazerles AD-Silistra [4F6], Advance Equity Holding AD [6A8], and Toplivo AD [3TV], effective

Top 3 Gainers			Change	Top 3 Losers			Change
Speedy AD	OSP	+ 13.90%		Sopharma AD	3JR	-6.00%	
Eurohold Bulgaria AD	4EH	+ 3.90%		Trace group Hold AD	T57	-4.20%	
Sopharma Properties REIT	6S6	+ 2.30%		First Investment Bank AD	5F4	-2.90%	

⁹ Among all stocks with turnover of at least BGN 100 000 for the past month

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