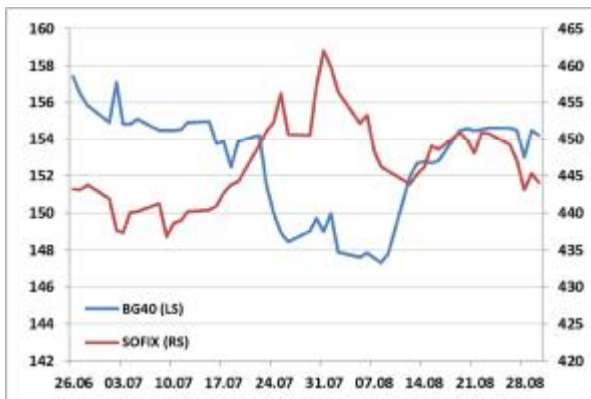


Indices

	Last quote	1-day change	5-day change	1 month	1 year
SOFIX	444.17	-0.25%	-1.46%	-2.84%	38.35%
BG40	154.22	-0.18%	-0.25%	3.01%	34.09%
BGTR30	325.91	0.52%	-0.88%	-1.60%	27.26%
BGREIT	89.07	1.43%	1.12%	-0.68%	9.88%

Market Trend



Market Capitalization in BGN

Premium Equities Segment	1 398 375 105
Standard Equities Segment	6 442 981 551
Special Purpose Vehicles Segment	497 346 987
Total	8 338 703 643

SOFIX components

Stock	Last Price	Weekly Change	Bid	Ask
Advance Terrafund REIT	2.16	0.47%	2.15	2.17
Albena	55.00	3.77%	55.00	56.50
Bulgaria Real Estate Fund REIT	0.56	0.91%	0.54	0.56
Bulgartabac Holding	92.01	-6.11%	93.00	100.00
Central Cooperative Bank	1.00	-3.75%	0.98	1.00
Chimimport	1.25	-4.58%	1.22	1.25
M+S Hydraulic	9.40	6.15%	9.20	9.40
Eurohold Bulgaria	0.89	-6.12%	0.89	0.90
First Investment Bank	2.19	-2.71%	2.13	2.19
Industrial Holding Bulgaria	0.93	-0.22%	0.87	0.93
Kaolin	4.07	-2.05%	4.06	4.16
Monbat	6.90	-0.01%	6.90	7.00
Sopharma	3.32	0.88%	3.28	3.33
Stara Planina Hold	3.04	1.33%	3.04	3.08
Zarneni Hrani Bulgaria	0.42	-1.64%	0.42	0.42

Good news from industrial companies

The stock market finished August with slight losses, mainly due to the absence of investors and the holiday moods. The confidence is returning but the political and economic uncertainties are still influencing the market. The political risks improved as protests faded away and are not significant factor for the market. However, it is expected that protests will resume in September.

The economic news are more worrisome for investors. GDP growth is stagnating and domestic demand is subdued by high unemployment and tight credit conditions. The good news are coming from export-oriented businesses. European markets are recovering from the economic slowdown and Bulgarian companies have improved sales abroad. The perfect example is Stara Planina Hold (5SR). The holding announced a slow improvement of revenues (4.6% for the first seven months of 2013 on yearly basis), mainly due to one of its subsidiaries Hydraulic Elements and Systems. However, the forecasts for August are more positive for the other two important companies of the holding. It is expected that M+S Hydraulic will also grow. Both companies are exporting to EU and are good indicator for the export-oriented machinery building in Bulgaria. Stara Planina Hold is part of SOFIX, although the market cap is only EUR 30 million. The P/E ratio is above the market average and is 14.

Shares of Monbat (5MB) gained 1.4% on Monday after the announcement that revenues increased by 33% in July on yearly basis, whereas the profit jumped by 113%. Since the beginning of the year sales totaled BGN 133 million /32% increase/ and the profit for the period was BGN 13 million /72% increase/. The EBITDA margin is well above the historical average and stood at 32%. This is also above our expectations and is supporting the current valuation of the company. The consolidated report of Monbat showed 32% increase of revenues, while material costs were only 20% higher. This improved the profit after taxes by 55%. Current P/E is 13.4.

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Valuation Methods: Company valuations are based on the following methods: multiple-based (P/E, P/B, EV/EBITDA), historical valuation approaches, peer comparisons, discount models (DCF, DDM) or asset-based evaluation methods. Valuation models are dependent on macroeconomic factors, including interest rates, foreign exchange rates, prices of raw materials, and any expectations about the economy, the market sentiment. The valuation is based on expectations that might change rapidly and without notice, depending on developments specific to individual industries and countries. Recommendations and target prices derived from the models might therefore change accordingly. The application of models depends on forecasts of a range of economic variables, thus there is a range of reasonable variations within models. Any valuation is dependent upon inputs that are based on the subjective opinion of the analysts carrying out this valuation.

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BUY	More than 5% higher as compared to SOFIX and BG40 performance
HOLD	Market performance, +/-5% as compared to SOFIX and BG40
SELL	More than 5% lower as compared to SOFIX and BG40 performance

Frequency of Recommendations: No schedule of recommendations is available. The frequency of recommendations depends on specific factors to individual companies and the opinion of the analyst(s) for the necessity of minor or major changes.

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