

<u>Recommendation</u>	<u>Previous</u>	<u>From date</u>	<u>52-week target</u>
Market Outperform	Outperform	22 June 2007	BGN 15.96

Monbat

Business Summary

Monbat is the largest producer of lead-acid car batteries in Bulgaria. Its product range includes batteries for both civil and military applications. The company was established in 1959 in Montana as a self dependant factory for starter batteries. "PRISTA OIL" – Sofia acquired the company in 1998.

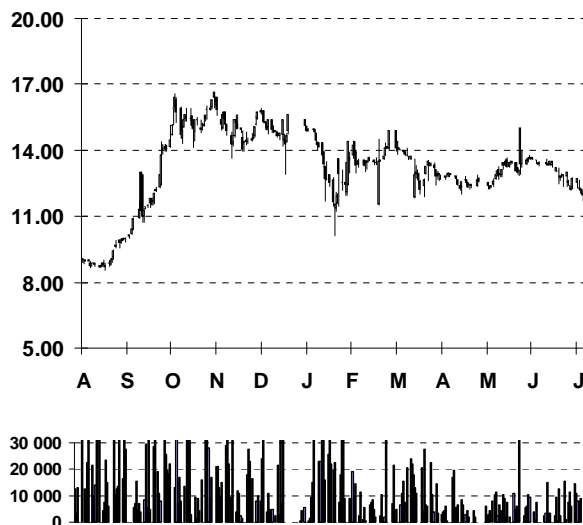
Monbat is specialized in the production of the following types of batteries:

- starter batteries (including semi-traction batteries);
- stationary batteries;
- locomotives batteries;
- semi-traction batteries;
- batteries for special purposes.

The most profitable product group, however, are starter batteries. Monbat is constantly aiming at increasing the quality of its production and widening its product range at the same time. After the IPO in 2006, Monbat became a public company with 24% free float.

Current Market Activity

The current liquidity is subdued due to the stock dividend which decreased the actual free-float twice. The market ignored the seasonal weakness of revenues. The price is testing the key level of BGN 11 but we expect more visible support at the levels just above BGN 10. Shares are trading at higher than average trailing P/E and the strong growth of profits is expected to continue. Moreover, Monbat has better trailing and forward P/E ratios than most of other Bulgarian manufacturing companies. Significant short-term risk is the fire sell of shares due to the margin requirements of REPO operations. This could reinforce the correction further. Another risk is the increased supply when new shares from the stock dividend begin to trade.



Financial Summary

Monbat is the best performing position among SOFIX from the beginning of the correction. The solid improvement of sales and profits is exceeding the expectations of the management. However, a price of lead below 2000 USD per metric ton will begin to underpin the profitability ratios. The start of the two new recycling facilities in Serbia and Romania will be delayed and their contribution in sales and profits will be visible in the second half of 2008.

Valuation Ratios

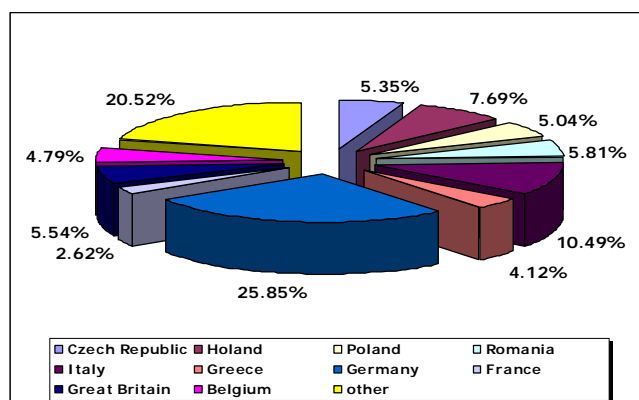
Enterprise Value	449 360 000
Dividend Yield - Gross	0.8%
Trailing P/E (ttm)	18.85
Forward P/E (2008)	13.49
PEG Ratio (1yr expected)	0.36
Price/Sales (ttm)	2.55
Price/Book (mrq)	4.45
Enterprise Value/Revenues (ttm)	2.65
Enterprise Value/EBITDA (ttm)	14.49

Profitability and Growth Ratios

Return on Capital	25.12%
Return on Equity	24.28%
Return on Assets	16.88%
EBITDA Margin	18.26%
Net Profit Margin	13.53%
Revenue Growth	106%
EPS Growth	204%
Capital Growth	26.29%
Assets Growth	45.36%

Market Position

87% from the production is intended for export. Germany is on the first place with 25.85%, which is 2.22 percentage points above the last year. The main advantage of Monbat is the diversified market structure as the negative impact on sales from deterioration of any country is offset by strength of the others. Monbat don't have contracts with car producers and is offering its products throughout the local distributors of automotive batteries, thus maintaining better profit margins. The products of Monbat have slightly lower prices than the car batteries of larger producers.



Source: Monbat

Investment Program

Monbat's investment program in the past several years was mainly aimed at:

- modernization of existing plants and machinery in order to increase production capacity and to suit environmental requirements;
- building, reconstruction, modernization of factories for recycling in order to reduce material expenses.

The company plans increasing the production capacity and reaching a capacity of 3 100 000 starter batteries per year until July, 2009 as compared to 1 200 000 in 2006.

2008		BGN ' 000
Increasing production capacity		2 400
Modernization of the production in Monbat and Start		1 900
Doubling the prod. cap. for telecommunication, stationary batteries		1 100
Factory for old acumulators batteries recycling in Republic of Serbia		7 000
Factory for old acumulators batteries recycling in Republic of Romania		13 400
Modernization and increasing the prod.cap. of the factory in Montana		2 400
Establishment of a new company in Dobrich		10 000
Attracting new young engineers		1 000
Total		39 200
2009		
Increasing production capacity		14 000
Establishment of a new company in Dobrich		11 000
Total		25 000
2010		
Establishment of a new company in Dobrich		10 000

Source: Monbat

The production capacity for telecommunication and stationary batteries will be doubled to 200 000 until the end of 2008. Monbat forecasted establishment of a new company in Dobrich for production of traction batteries for electric trucks which will produce 250 000 elements in 2009. During the two following years the capacity will reach 750 000 elements. The new company could become public in 2010.

All needed financing will be acquired through bank loans /up to BGN 16 m/ and own resources, leasing and/or bond issue /BGN 48.2 m/. Monbat's preferable source of financing is the leasing. Recently, MONBAT leaded a GMS with main item in the agenda profit allocation decision. The company distributed part of its profit as dividends to the shareholders and the rest of the profit for increase of the capital.

Lead Price

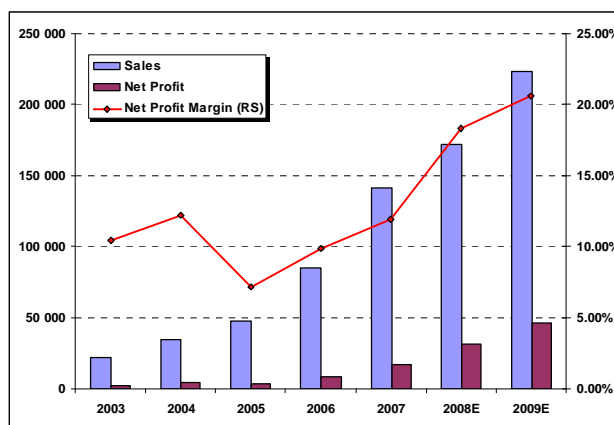
The price of lead is correlated with sales as it represents the main part of the production costs (78% of total in October, which coincided with the price peak). In addition, the LME quotes are the base for the pricing of car battery scrap that Monbat is purchasing. The company is planning to increase the recycled lead to total resource utilization from 38% in 2007 to 60% and 75% in 2008 and 2009, respectively. Despite the solid increase, the use of recycled lead won't cover all needs in longer term as Monbat is planning to use 40% more lead and lead alloys annually in 2008 and 2009.



Source: Bloomberg

Forecasts

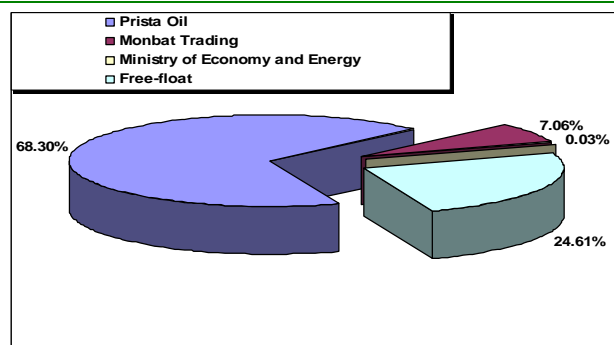
The forecasted sales and profits from Monbat are based on the lead price of 2500 and 2000 USD per metric ton for 2008 and 2009. The average price per ton declined during the second quarter. Growth rates of Monbat decelerated as the period is seasonally the weakest. However, the company expects to maintain its previous estimations for BGN 14.56 million profits before tax for the first half of the year. The net profit margin is improving during the last two years and is expected to continue to as the new recycling facilities in Serbia and Romania will increase their production.



Source: Monbat

Ownership

After the establishment in 1959 the company was merged with several other factories, until it was organized as a state company under the name PIMA. In the 90's the battery plant was separated from the PIMA state company and was renamed to "Akumicar". In 1998 PRISTA-OIL – Sofia acquired "Akumicar" and renamed it to "Monbat". Recently, PRISTA-OIL owns 68.30% from Monbat's capital, followed by Monbat Trading with 7.06%. Both are related entities and their total share in Monbat amounts 75.36%.



As of end 2007
Source: Monbat

Financial Situation

The respectable growth of Monbat during the last several years raised the questions of the financial stability and the risks for the company's solvency. Moreover, such growth could result to significant changes in the balance sheet structure.

Liquidity	2003	2004	2005	2006	2007
Current ratio	3.43	2.82	3.79	6.16	4.73
Quick ratio	1.83	1.56	1.76	3.42	2.06
Days Receivables Held	105.34	78.38	86.22	73.24	62.05
Days Inventory Held	95.25	103.78	129.06	111.47	105.94
Days Payables Held	95.48	65.71	59.88	40.07	24.46

The increase of sales didn't result to deterioration of the company's liquidity ratios. On the contrary, Monbat showed solid improvement in 2007 as compared to the years before the IPO. Days receivables held fell to 62, which represent two months from the delivery to the payment by clients. Monbat is also decreasing the period for its payments, which is characterizing the stable financial situation of the company.

Debt Management	2003	2004	2005	2006	2007
Total Liabilities / Total Assets	33.8%	38.2%	47.9%	13.7%	29.9%
LT Debt / (LT Debt + Share Equity)	24.3%	25.2%	36.7%	2.3%	18.4%
LT Debt / Share Equity	32.1%	33.6%	57.9%	2.3%	22.6%
Operating Cash Flow to Total Liabilities	49.8%	67.4%	22.7%	111.5%	62.5%
Interest Coverage Ratio	9.94	18.15	6.57	8.01	26.16

Liabilities decreased in 2006 after the IPO as Monbat covered its debts. However, this was temporarily and the company continued to implement its investment program. The capital raised from the IPO and the solid net profit improved the debt to assets structure and the interest payments are not burden for the company. Moreover, bank loans and leasing are the source for financing of the investment program. Monbat is not planning to increase its capital or to issue bonds as leasing is easier and cheaper way to purchase equipment.

Asset Management	2003	2004	2005	2006	2007
Inventory turnover	4.23	3.88	2.77	3.74	3.39
Days sales outstanding	82	104	94	92	67
Fixed asset turnover	1.53	2.01	2.17	3.01	3.39
Total asset turnover	0.82	1.05	0.98	1.20	1.34

The solid growth of sales is increasing the assets turnover ratios. Monbat is making a gradual re-valuation of its fixed assets.

Profitability	2003	2004	2005	2006	2007
Profit margin on sales	10.0%	12.2%	7.2%	9.9%	12.0%
EBIT margin	8.9%	15.6%	10.0%	13.2%	13.9%
Return on assets	9.5%	13.6%	8.4%	13.7%	16.7%
Return on equity	14.4%	20.2%	12.6%	16.4%	21.0%

Profitability margins improved along with the rising sales. The price of lead jumped several times during the last years but the recycling facilities, the strong demand of lead-acid batteries and the pricing policy of Monbat managed to overcome the cost pressure.

SWOT Analysis

Strengths	Weaknesses
Experience in the sector Transparent management System for collecting old batteries Recycling facilities Highly qualified team Capacity increase Strong export orientation and diversified market position	Strong dependence from the lead's price High transportation costs Weakening car market
Opportunities	Threats
Aggressive investment program Rising market share Stable growth rates	Falling lead price on international markets Additional delay of the new factories Competitive pressure

Corporate Action History



- 24 Jul. 2007 Shares of Monbat finished at new historical high after announcement of 2Q report. Profit growth decelerated but sales continued to improve with hefty pace. Volumes traded increased several times.
- 15 Aug. 2007 Monbat announced the implementation of its investment program in 2007. No new information for the market and shares were hardly changed.

Corporate Action History

20 Aug. 2007	Monbat announced preliminary information for sales and profits for July. Growth rates accelerated but shares began to appreciate several days after.
24 Sep. 2007	The management published updated prognosis for the 2007 along with the preliminary data for August. Profit jumped 300% y-o-y for the month. Although the update of forecasts was slightly on the upside, market reacted with huge gains.
08 Oct. 2007	Monbat fell more than 6% due to the general market weakness. SOFIX topped during the previous session and most blue chips posted serious losses.
25 Oct. 2007	Results for September showed another strong month as revenues had been fueled by rising prices of lead. Profit growth accelerated to 400% y-o-y before the seasonally strong fourth quarter. Monbat's shares continued to move higher.
30 Oct. 2007	Monbat announced preliminary quarterly results. The end-month buying sent the price to new all-time high at increased volumes.
15 Nov. 2007	Monbat announced new prognosis for 2008-2009, based on average price of lead of USD 2500 per ton for 2008 and USD 2000 per ton for 2009. Prices began to recover after a series of sell-offs.
26 Nov. 2007	Slightly positive reaction after the announced results for October in the following trading days.
20 Dec. 2007	Large selling orders from institutional investors pushed down the market but liquid positions managed to recover. Shares of Monbat were boosted also by the preliminary results for November and the end-year buying from institutional investors.
22 Jan. 2008	SOFIX collapsed after the huge losses on US and EU markets. Shares of Monbat fell due to the REPO-operations that were forcibly closed. The prices recovered during the following sessions and the lows weren't revisited despite the continuing market weakness.
25 Jan. 2008	Monbat announced the financial results for December, which had little impact during the following two trading sessions.
25 Feb. 2008	The management announced financial results for January and prognosis for the first quarter, which sparked modest price increase of Monbat shares. End-month buying lifted the price temporarily.
20 Mar. 2008	Monbat announced its investment program for 2008 and 2009, which had no positive impact on the shares.
21 Mar. 2008	The company published the agenda for the General Shareholders Meeting, which includes the proposal for stock dividend. The market reaction was positive but only during the following two trading session as the market was under pressure from the losses on developed markets and long liquidation from Bulgarian speculators.
25 Mar. 2008	The announced financial results for February, which confirmed the quarterly prognosis, had little impact on prices.
25 Apr. 2008	The announced financial results for March were close to the expectations. The price of lead continues to weaken.
16 May 2008	The General Shareholders Meeting approved the stock dividend, which provided moderate support for the shares.
26 May 2008	Monbat announced the April financial results, which were influenced by the seasonality of the business and the falling price of lead. The management expects a deceleration of profit growth during the second quarter. Shares were under modest selling pressure.
25 June 2008	Monbat announced the financial results for May. The profit before tax jumped 111% to BGN 2.152 million. Sales increased 68% y-o-y to almost BGN 13 million in May.

Stock Information (BSE Ticker: 5MB; Bloomberg: 5MB BU; REUTERS: 5MB.BB)

Last Price	11.10	Market Cap	432 900 000	1Y Range	BGN 7.37 – BGN 16.64	Average Volume (3m)	10 138
Beta	0.99	1Y Change	+47.06%	SOFIX Change	-31.05%	BG40 Change	-20.75%

Valuation

Monbat is usually trading at higher than average multiples. The extreme growth of sales and profits is the main factor behind the difference to other blue chips. Monbat managed to fulfill and exceed the prognosis made before the IPO in late-2006.

Multiples Analysis

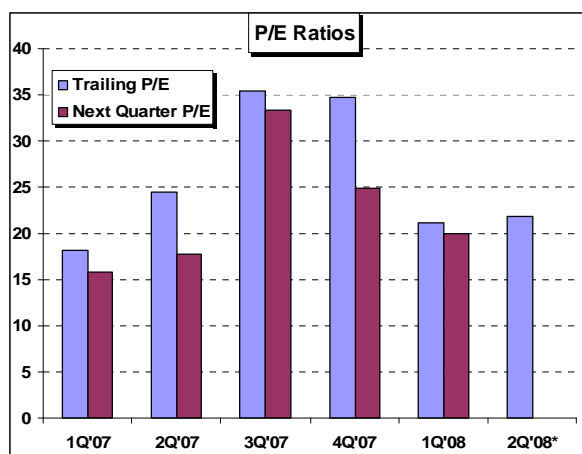
The strong first quarter of the year resulted to solid improvement of multiples. Moreover, Monbat has the potential for further increase of sales and profit margins. The management expects 30% higher sales for both 2008 and 2009, which could be supported (or undermined) by the price of lead. During the second quarter the lead has negative impact on revenues. In addition to the calculations of multiples with the data for 2007 and the first quarter of 2008, we give our estimations for multiples based on financial data for the period from July 1, 2007 to June 30, 2008. Our adjustments include the already announced sales and profits before tax for April and May. We also made some minor changes to cash and debts, which won't have significant impact on valuation.

BGN '000	2007	1Q'08ttm	2Q'08*	2008
Net Profit	16 885	22 968	24 981	32 080
EBIT	19 696	26 788	29 268	37 100
EBITDA	24 249	31 016	33 603	41 000
Sales	141 226	169 789	184 652	171 585
Equity	86 760	97 384	102 462	112 500
Market Cap	432 900	432 900	432 900	432 900
Cash	5 934	2 229	2 500	3 500
Debt	24 520	18 325	18 689	31 800
EV	518 176	516 050	515 779	527 951
P/E	25.64	18.85	17.33	13.49
P/S	3.07	2.55	2.34	2.52
P/B	4.99	4.45	4.22	3.85
EV/EBIT	22.92	16.77	15.34	12.30
EV/EBITDA	18.62	14.49	13.36	11.13
EV/Sales	3.20	2.65	2.43	2.66
P/EBIT	21.98	16.16	14.79	11.67
P/EBITDA	17.85	13.96	12.88	10.56

*Estimations and calculations: ELANA Trading
Data for trailing twelve months

The financial results showed strong improvement during the first quarter of 2008. P/E ratios were above the market averages and the correction also contributed. However, the decelerating growth in 2Q is leading to slight decrease of P/E ratio at the current prices.

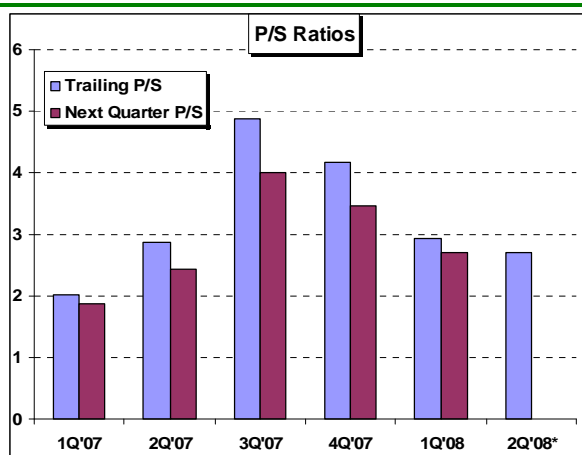
The graph is showing the trailing P/E ratios at the end of each quarter and a comparison to the financial data for the consequent quarter at the same market price. This gives us the idea for the expectations of investors and the positive surprise. There is a little difference between the two bars for 3Q 2007 and 1Q 2008. One of the conclusions is that the market won't receive fresh buying support from 2Q fundamentals as data for April and May are already revealed. And the other obvious conclusion is that current valuation is the most attractive for more than a year even at the June price level.



*Estimations and calculations: ELANA Trading

The graph is very similar when using P/S ratios. It moved to the mean of the ratio from the beginning of the IPO of Monbat. The stable prices of Monbat shares during the second quarter resulted to little changes in multiples. The next quarter report won't be the boost for prices but the seasonal support for sales during the last months of the year will push multiples down.

The P/S ratio is also the lowest for the last year. It justified the double increase of share price for one year and along with the improved P/E ratio are the primary reasons to expect that Monbat will outperform the broad market in mid-term.



*Estimations and calculations: ELANA Trading

5Y Projections

Monbat managed to increase its profit margins during 2007 and the recycling facilities in Serbia and Romania will contribute for the improvement of EBITDA margin in 2008 and 2009. The volatile price of lead and the seasonality factors could result to very different margins on quarterly basis. Another factor for uncertainty is the production of traction batteries, which will change the product structure of Monbat but is unlikely that this will diverge seriously from the price of lead. The data for 2008 and 2009 are the estimations of Monbat for sales, EBITDA and net profit. Those data are heavily influenced by the price of lead, which fell 50% from its October all-time high. Nevertheless, Monbat is announcing solid increase of revenues during the second quarter so far and at trailing basis sales are above the projected figure for 2008. The management is anticipating a 40% increase of batteries sold for the year and even stagnant sales for the fourth quarter will guarantee a bit higher total revenues for 2008 than the expectations for 21.50% growth. However, unless the price of lead moves again to the range between 2500 and 3000 USD per ton it is unlikely that revenues will jump more than 30% this year. We assumed decelerating growth of sales and constant EBITDA margin for the years after 2009. Those figures are used for the calculations of discounted cash flows.

The production of lead-acid car batteries is entering a new stage of development. The rising fuel prices are turning the consumers' attention toward small and hybrid vehicles. Large car manufacturers are planning to invest in the development of electric-powered cars, which will be commercially available in 2010-2012. So why we used a 20% growth rates in our estimations for 2012? The main reason is that this transition will be gradual and the contractors for car manufacturers will be more affected than the battery aftermarket. Even the limited use of a car is only increasing the necessity of a good battery. We believe that any economically lucrative production of traction batteries for electric cars will provide mainly opportunities for Monbat as the company is investing in modern equipment and has broad market positions in Europe.

BGN '000	2007	2008	2009	2010	2011	2012
Sales	141 226	171 585	223 500	279 375	342 234	410 681
Growth	65.55%	21.50%	30.26%	25.00%	22.50%	20.00%
EBITDA	24 249	41 000	58 100	72 625	88 966	106 759
EBITDA margin	17.17%	23.89%	26.00%	26.00%	26.00%	26.00%
EBIT	19 696	37 100	52 500	65 641	80 410	96 492
EBIT margin	13.95%	21.62%	23.49%	23.50%	23.50%	23.50%
Net Profit	16 885	32 080	46 000	60 418	73 710	88 184
Net Profit margin	11.96%	18.70%	20.58%	21.63%	21.54%	21.47%

Estimated data for 2008-2012;
Calculations: ELANA Trading

Discounted Cash Flows

Discounting of the cash flows gives better picture for the price, according to the growth opportunities as the long-term perspectives are not included in the multiples P/E or EV/EBITDA. However, this method has several flaws – it is based on the presumptions for sales and profit margins and the price is very sensitive to the discount factor and the long-term growth rate.

The DCF model is based on the management's projections for sales and profits for 2008 and 2009. Afterwards we projected a gradually decrease of growth rates and constant profit margins. However, it is unlikely that the growth will be so smoothly given the recent volatility of lead and lead alloy prices. Growth rates are expected to decelerate to the end of the ten-year period. The projected long-term growth rate is 3% with WACC of 14%. We use higher long-term growth rate than the average for EU as the lead is the main price factor for lead-acid car batteries. The discount rate could be higher as the BSE is very volatile at the moment and investors could be requiring higher risk premium. We also made mid-year adjustments and provide a sensitivity analysis. The price per share is between BGN 12.37 and 22.12.

Monbat											Terminal
<i>BGN'000</i>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Year
EBIT	37 100	52 500	65 641	80 410	96 492	110 965	122 062	131 217	137 778	143 289	147 587
EBIT(1-T)	33 390	47 250	59 077	72 369	86 843	99 869	109 856	118 095	124 000	128 960	132 829
Add: D&A	3 900	5 600	6 984	8 556	10 267	11 807	12 988	13 962	14 660	15 246	15 704
Less: Investments	39 200	25 000	10 000	8 556	10 267	11 807	12 988	13 962	14 660	15 246	15 704
Less: Change NWC	1 772	6 995	16 763	18 858	20 534	18 481	14 169	11 689	8 377	7 037	5 653
FCF	-3 682	20 855	39 298	53 511	66 308	81 388	95 687	106 406	115 623	121 923	127 175
PV FCF	-3 448	17 134	28 321	33 828	36 770	39 590	40 829	39 827	37 962	35 115	
Sum of PV FCF	305 928										
PV of Continuing Value	332 977										
Total PV Free Cash Flows	638 905										
Less: Outstanding Debt	18 625										
Plus: Financial Assets	2 229										
PV of Equity	622 509										
Number of Shares	39 000										
Price Per share	15.96										
				WACC							
					Growth Rate						
					SA	2.0%	2.5%	3.0%	3.5%	4.0%	
					12.0%	19.47	20.03	20.65	21.34	22.12	
					13.0%	17.18	17.60	18.06	18.57	19.13	
					14.0%	15.29	15.61	15.96	16.35	16.77	
					15.0%	13.71	13.96	14.23	14.53	14.85	
					16.0%	12.37	12.57	12.78	13.01	13.26	

Calculations: ELANA Trading

Peers Comparison

Most large peers are producing a broad range of lead-acid car and traction batteries. Their valuation ratios are influenced by the current market correction. The rising price of lead resulted to significant growth of their revenues but their profit margins are lower when comparing to Monbat. P/S ratios are less than one but the better profitability of Monbat could be the reason for the difference.

	Country	P/B	P/S	RoE	P/E	Est P/E 08	EBIT margin	Sales Growth	EV/EBITDA
Johnson Controls	USA	7.05	0.46	15.96	12.36	11.74	5.35	10.74	7.77
Exide Technologies	USA	3.20	0.29	7.33	65.05	12.94	1.20	25.75	9.04
BYD	Hong Kong	1.49	0.71	20.15	9.31	8.07	10.05	63.93	6.54
Amara Raja Batteries	India	-	0.63	-	7.46	6.22	13.16	83.12	3.84
Global And Yuasa Battery	Korea	1.60	0.54	18.84	8.97	-	9.30	61.59	5.01
Yuasa Battery	Thailand	1.17	0.10	-39.44	neg.	-	-2.04	31.23	45.05
GS Yuasa	Japan	2.22	0.54	10.74	62.58	25.32	-	19.67	14.28
Thai Storage Battery	Thailand	0.51	0.19	22.15	2.52	-	12.28	38.27	3.43
Mutlu	Turkey	1.06	0.39	14.23	8.57	-	6.89	65.04	6.17

Source: Reuters, Bloomberg

Relative Valuation - Peers

The relative valuation with peers is not in favor of Monbat. The difference to average multiples is significant when comparing by P/S and P/B. We assume that the good profitability and solid growth rate of Monbat are contributing to the premium over the average P/S. Higher P/B is usual for Bulgarian industrial companies as revaluation of assets is lagging.

Relative Valuation - Peers	Value	Price	Weight
Multiples			
P/E (ttm)	22.10	13.02	20%
P/E (2008)	12.86	10.58	20%
P/S (ttm)	0.43	1.87	20%
EV/EBITDA	11.24	8.52	20%
P/B	2.29	5.72	20%
Price (BGN)			7.94

Average values for multiples of peers
Calculations: ELANA Trading

Relative Valuation - SOFIX

Monbat is not undervalued even when comparing to the average for SOFIX components. We don't include the expected profit growth of SOFIX components for 2008 as a consensus is not available. However, Monbat is among the leaders in terms of sales and profit growth rates for 2008.

Relative Valuation - SOFIX	Value	Price	Weight
Multiples			
P/E (ttm)	14.77	8.70	25%
P/S (ttm)	1.33	5.79	25%
EV/EBITDA	10.51	7.94	25%
P/B	1.89	4.72	25%
Price (BGN)			6.79

Average values for multiples of SOFIX components, excl. REIT
Calculations: ELANA Trading

Valuation

The three methods of valuation give price per share of BGN 11.66. This is slightly above the current market price. However, the main concern is the huge difference between the two methods – multiples comparison and DCF.

Method	Price	Weight
Relative Valuation - Peers	7.94	25%
Relative Valuation - SOFIX	6.79	25%
DCF	15.96	50%
Price (BGN)		11.66

Calculations: ELANA Trading

Recommendation and Price Target

The market is in process of reassessment the risks and the valuation of stocks. This has an implementation not only to current stock valuation but also to the expected price targets, which are calculated by multiples or by higher WACC and risk premium. The valuation of Monbat is reflecting the changes in market perception despite that the fundamentals remain the same. We assess the higher risk by using 14% WACC but in more calm and stable market environment it is subject of correction to the downside.

We give **Market Outperform** recommendation of Monbat due to the stable fundament, the good management and the higher intrinsic value of shares, calculated by the discounted cash flows. The stock outperformed the market during the correction and is likely to attract the investors' attention. We also want to emphasis the short term market risks as any long liquidation could easily push the price to BGN 10 and below. We expect that Monbat will continue to trade at higher than market average multiples during the next quarter. Our one-year price target is calculated by the DCF model or BGN 15.96.

Financial Data

Statement of Income (in '000 BGN)	2003	2004	2005	2006	2007
Sales	21 749	35 136	47 841	85 305	141 226
Production expenses	13 462	20 809	32 713	61 138	106 424
Personnel expenses	4 106	4 366	5 230	8 159	9 953
Net income from financial activities	884	79	(509)	(225)	(604)
Other revenues and expenses	1 299	(384)	0	1	4
EBITDA	6 364	9 656	9 389	15 784	24 249
Depreciation	3 423	4 158	4 559	4 495	4 553
EBIT	2 941	5 498	4 830	11 289	19 696
Interest expense	296	303	735	1 409	753
Pretax income	2 645	5 195	4 095	9 880	18 943
Taxes	378	906	654	1 394	2 042
After-tax income	2 267	4 289	3 441	8 486	16 901
Minority interest	0	0	0	56	16
Net income	2 267	4 289	3 441	8 430	16 885
Earnings per share in BGN	28.34	53.61	2.33	0.43	0.87
Balance Sheet (in '000 BGN)	2003	2004	2005	2006	2007
Total Assets	25 578	41 433	55 819	85 823	124 179
Equity subscriptions receivable	0	0	0	0	0
Fixed assets	14 526	21 145	23 293	33 767	50 276
Tangible fixed assets	14 115	20 864	23 160	33 590	49 764
Financial investments	0	0	0	8	8
Current assets	11 052	20 288	32 526	52 056	73 903
Inventory	5 137	9 061	17 296	22 792	41 631
Receivables	4 984	10 106	12 496	21 736	26 281
Financial assets	0	0	0	0	0
Cash and cash equivalents	908	1 093	2 616	7 182	5 934
Total liabilities + equity	25 578	41 433	55 819	85 823	124 179
Equity	16 925	25 626	29 064	69 996	86 760
Registered capital	800	800	14 800	19 500	19 500
Capital funds	9 382	15 884	10 823	39 452	46 969
Earnings	6 743	8 942	3 441	11 044	20 291
Liabilities	8 653	15 807	26 755	15 827	37 103
Long-term payables	0	1 276	4 343	2 656	2 586
Long-term bank loans	5 434	8 623	13 839	605	18 897
Short-term bank debt	0	0	782	0	5 623
Short-term payables	3 219	5 908	7 791	7 379	9 997
Other liabilities	0	0	0	0	0
Working capital	7 833	14 380	23 953	44 677	58 283
Cash Flow Statement (in '000 BGN)	2003	2004	2005	2006	2007
Net income	2 267	4 289	3 441	8 430	16 885
Depreciation	3 423	4 158	4 559	4 495	4 553
Changes in Working capital	1 869	6 547	9 573	20 724	13 606
Other operating cash flow items	(7 945)	(15 198)	(20 746)	(25 106)	(41 203)
Net cash from operating activities	(386)	(204)	(3 173)	8 543	(6 159)
Capital expenditures	0	0	(971)	(3 875)	(15 857)
Other investing cash flow items	0	0	0	875	(7 273)
Net cash from investing activities	0	0	(971)	(3 000)	(23 130)
Issuance/ Retirement of Stock, Net	0	0	0	32 665	0
Issuance/ Retirement of Debt, Net	637	1 990	7 559	(20 608)	29 483
Dividends paid	0	0	0	0	0
Other financing cash flow items	(429)	(1 601)	(1 892)	(13 610)	(1 442)
Net cash from financing activities	208	389	5 667	(1 553)	28 041
Net change in cash	(178)	185	1 523	3 990	(1 248)
Beginning-of-period cash	1 086	908	1 093	3 192	7 182
End-of-period cash	908	1 093	2 616	7 182	5 934
Cash per share	11.35	13.66	1.77	0.37	0.30
Number of shares:	80 000	80 000	1 480 000	19 500 000	19 500 000
Price in BGN - period end:	n/a	n/a	n/a	9.60	30.56
Market cap in BGN - period end:	n/a	n/a	n/a	187 200 000	595 920 000

Financial and Performance Indicators	2003	2004	2005	2006	2007
Valuation Ratios					
Price/Earnings (P/E)	n/a	n/a	n/a	22.21	35.29
Book Value (BV)	n/a	n/a	n/a	3.59	4.45
Price/Book (P/B)	n/a	n/a	n/a	2.67	6.87
Sales Per Share	n/a	n/a	n/a	4.37	7.24
Price/Sales (P/S)	n/a	n/a	n/a	2.19	4.22
Price/Cash per share	n/a	n/a	n/a	14.48	27.80
EV (in BGN)	n/a	n/a	n/a	180 623	614 506
EV/Sales	n/a	n/a	n/a	2.12	4.35
EV/EBITDA	n/a	n/a	n/a	11.44	25.34
EV/EBIT	n/a	n/a	n/a	16.00	31.20
Liquidity					
Current ratio	3.43	3.43	3.79	7.05	4.73
Quick ratio	1.84	1.90	1.78	3.97	2.07
Debt Management					
Debt to total assets	0.34	0.38	0.48	0.18	0.30
Interest coverage	9.94	18.15	6.57	8.01	26.16
LT Debt/Equity	0.32	0.39	0.63	0.05	0.25
Total Debt/Equity	0.51	0.62	0.92	0.23	0.43
Asset Management					
Inventory turnover	4.23	3.88	2.77	3.74	3.39
Days sales outstanding	82	104	94	92	67
Fixed asset turnover	1.50	1.66	2.05	2.53	2.81
Total asset turnover	0.85	0.85	0.86	0.99	1.14
Profitability					
Profit margin on sales	10.4%	12.2%	7.2%	9.9%	12.0%
EBITDA margin	29.3%	27.5%	19.6%	18.5%	17.2%
Basic earning power	11.5%	13.3%	8.7%	13.2%	15.9%
Return on assets	8.9%	10.4%	6.2%	9.8%	13.6%
Return on equity	13.4%	16.7%	11.8%	12.0%	19.5%
Return on investments	10.1%	12.1%	7.3%	11.5%	15.6%
Dividend Information					
Dividend Yield	n/a	n/a	n/a	n/a	0.58%
Dividend per share	n/a	n/a	n/a	n/a	0.18
Number of shares:	80 000	80 000	1 480 000	19 500 000	19 500 000
Price in BGN - period end:	n/a	n/a	n/a	9.60	30.56
Market cap in BGN - period end:	n/a	n/a	n/a	187 200 000	595 920 000

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