

| <u>Recommendation</u> | <u>Previous</u> | <u>From date</u> | <u>52-week target</u> |
|-----------------------|-----------------|------------------|-----------------------|
| Market Perform        | -               | -                | 1.33                  |

## Herti

### Business Summary

Herti was founded in 1993 as a start-up company. It is producing various types of closures for bottles. The packaging products are sold to producers of alcoholic and non-alcoholic beverages but part of the closures are designed for the use by the pharmaceutical industry. The company is exporting more than 80% of its production. Main markets are the European Union, Russia and ex-Soviet countries. Herti's business model includes the whole process of production as well as the sell to clients. The company is making market researches in its sector to respond the necessities in different economic sectors.

The company's holding structure includes four subsidiaries:

- Tihert JSC – 100% of the capital;
- Herti UK – 100% of the capital;
- Herti France – 100% of the capital;
- Herti Group International – 49.00%.

The company also owns 5.6% stake in the first Bulgarian packaging recovery organization – the non-profit company Ecopack Bulgaria. Herti is fulfilling its obligations for separate waste collection and recovery of packaging released on the market in Bulgaria according to the current legislation.

Herti is expanding its product portfolio through research and development activities. The company is applying the requirements of the world quality standards and the principles of good corporate management. It is certified under ISO 9001:2000.

### Current Market Activity

Herti is among the low liquid shares on the Bulgarian stock market. The initial public offering during the first quarter of 2008 faced many obstacles in terms of limited investors' demand. The ambitious plan to raise capital and to sell existing shares through the stock exchange coincided with the first major decline of international markets. Investors turned toward the low-risk shares of large and well-know companies.

The secondary trading of Herti's shares started with significant lag behind the ongoing process of revaluation of risks on the global markets. This is the reason for the stock to turn lower during its first deals. Investors did not showed interest to the low liquid position in 2009 despite the recovery of the market. The price-to-sales ratio of Herti is close to 0.5, which is a very low indicator for the Bulgarian stocks. Those are the reasons to consider the fall of the price overdone but we still not see signs for established bottom.

### Valuation Ratios

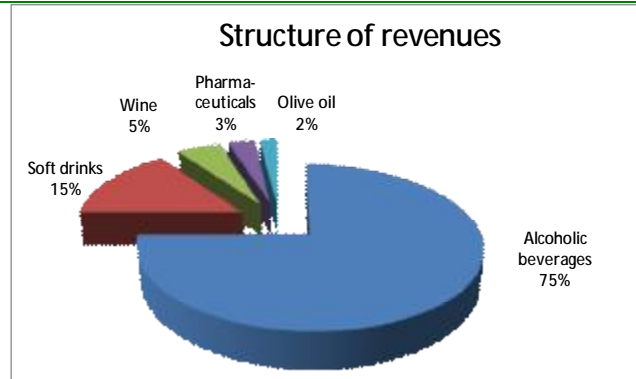
|                                 |            |
|---------------------------------|------------|
| Enterprise Value                | 24 263 000 |
| Dividend Yield - Gross          | -          |
| Trailing P/E (ttm)              | -          |
| Forward P/E (2009)              | 53         |
| PEG Ratio (1yr expected)        | -          |
| Price/Sales (ttm)               | 0.56       |
| Price/Book (mrq)                | 1.10       |
| Enterprise Value/Revenues (ttm) | 1.02       |
| Enterprise Value/EBITDA (ttm)   | 13.98      |

### Profitability and Growth Ratios

|                   |       |
|-------------------|-------|
| Return on Capital | -     |
| Return on Equity  | -     |
| Return on Assets  | -     |
| EBITDA Margin     | 7.3%  |
| Net Profit Margin | -     |
| Revenue Growth    | -22%  |
| EPS Growth        | 57%   |
| Capital Growth    | 0.4%  |
| Assets Growth     | -7.6% |

## Sales

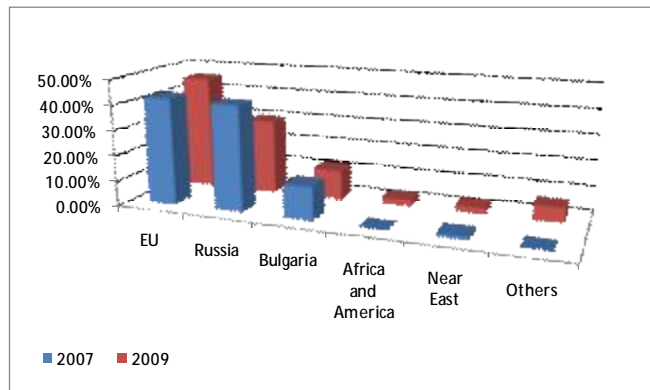
The largest part of the revenues comes from the packaging products for the alcoholic beverages. The non-alcoholic beverages segment set up 15% of the total revenues. Herti is expecting that this segment will shrink further due to the decline of the consumption of soft drinks on the domestic market. According to the Bulgarian Soft Drinks Association, the crisis changed significantly the consumer behavior.



Source: Herti

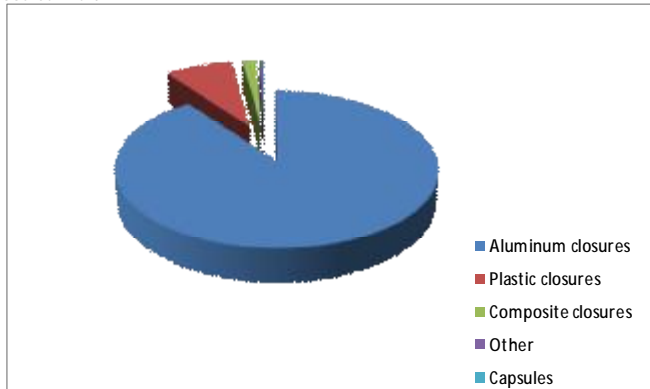
Retail prices of soft drinks in Bulgaria were flat as compared to the previous year. However, the production is declining due to the shrinking personal income, the rising unemployment and the weak touristic season this year. Herti is estimating faster growth in the segments with relatively small contribution in the total revenues – the pharmaceutical products and the closures for olive oil. Producers of wine are switching from cork to aluminum closures to cut costs that could affect further positively the company's revenues in the coming quarters.

The packaging products and solutions of Herti are exported to broad range of markets. The share of sales to Russia is declining due to the growing importance of the EU markets and mainly to neighboring Romania. Herti is expecting to increase substantially the sales to United Kingdom and France after the establishment of subsidiaries in those countries.



Source: Herti

The aluminum closures segment increased its stake in the total revenues during the first nine months to 90%. The segment generated fewer revenues due to the overall decline of sales.



Source: Herti

## Costs

The price of aluminum has its implication on the revenues and profits of Herti as it is determining the end-user prices as well as the costs for production. Currently, costs for aluminum represent 54% of total costs. The metal's price doubled since the beginning of the year and reach 1 725 dollar per ton. This level is still below the highs from 2008 and is a consequence of the declining production of the automotive industry, the construction and the lower prices of electricity worldwide as energy costs represent the main pricing factors for aluminum.



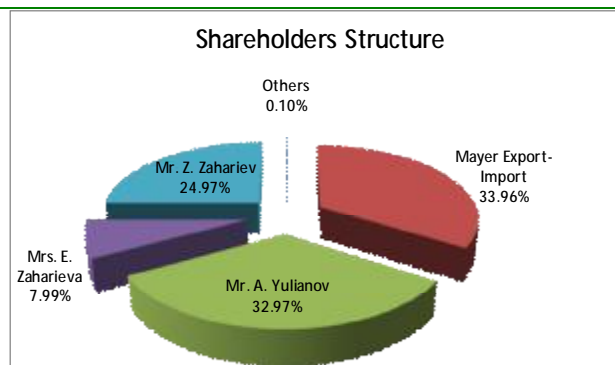
Source: Bloomberg

## Certificates For Quality

Herti has started the certification procedure under the BRC/IOP Global Standard for Packaging and Packaging Materials. This Standard is a product certification designed to protect consumers' rights and help traders to follow the requirements of the EU for good practices. The certificate provides proof of technical competence and helps producers and retailers reaching full law compliance. It is applied by suppliers in Europe, Africa, the Middle East, Asia, Australia, North and South America. Herti will have the opportunity of free trade with all the companies in the scheme - Tesco, Sainsbury, Marks&Spencer, Asda, Boots, Safeway, Co-op.

## Shareholders Structure

Main shareholders of Herti are physical persons. Joseph Mayer is the first long-term investor in the company and is a shareholder from 1997. His trading company Mayer export-import is Austria-based. During the 2008 IPO the existing shares that were offered for sales were from the stake of Mayer export-import.



At end-September 2009  
Source: Herti

## Financial Analysis

The global economic and financial crisis put under severe stress the industrial companies in terms of their revenues and debt servicing. Herti is operating in a niche that also has been affected from the global slowdown. The company's investments in modernization and capacity expanding were financed through long-term bank loans. The initial public offering was unable to raise enough capital due to the difficult stock market conjuncture and could not improve the level of debts.

| Liquidity     | 2006 | 2007 | 2008 | 9M 2009 |
|---------------|------|------|------|---------|
| Current ratio | 1.19 | 0.93 | 1.03 | 1.12    |
| Quick ratio   | 0.77 | 0.62 | 0.73 | 0.80    |

Herti is maintaining a very good liquidity and is ensuring the continuous process of production despite the crisis and the difficult access to bank loans in Bulgaria. The large difference in the two liquidity ratios in 2007 as compared to 2006 was due to the huge investments in machines and the rising debt levels of the company. However, the current and the quick ratios improved since 2007 despite the slight increase of bank loans. Herti's management and the specific area of operations are insuring stable balance between current assets and current liabilities during the last several years of volatile level of revenues.

| Debt Management                          | 2006  | 2007  | 2008  | 9M 2009 |
|--|-------|-------|-------|---------|
| Total Liabilities / Total Assets         | 60.9% | 57.7% | 60.2% | 56.8%   |
| LT Debt / (LT Debt + Share Equity)       | 5.3%  | 13.7% | 21.0% | 21.5%   |
| LT Debt / Share Equity                   | 7.9%  | 24.9% | 40.2% | 41.0%   |
| Operating Cash Flow to Total Liabilities | 24.2% | -5.3% | 4.4%  | 7.1%    |
| Interest Coverage Ratio                  | 1.79  | 1.43  | 0.01  | 0.64    |

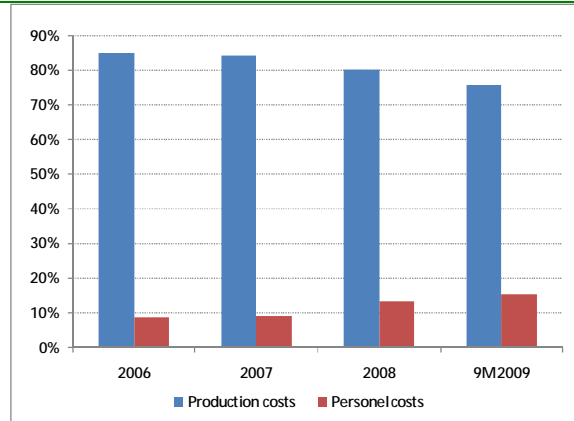
The rising debt levels in 2007 and 2008 financed the investment program of Herti. The long term debt-to-equity level jumped to 41% in the last non-consolidated report. The ratio was unchanged during 2009 as no new investments had been made. At the same time, short-term debt is not increasing as clients are able to pay their liabilities in time. Moreover, the short-term loans decreased during 2009.

The debt-to-equity ratio of Herti is higher than the average for public listed the Bulgarian industrial companies. It is lower than the leverage in developed countries but the level of debts is serious hurdle for the companies with lower profits and plans to invest during the credit crisis. The shrinking revenues resulted to loss for Herti and worsening of the interest coverage ratio, despite that EBITDA margin improved significantly.

## Financial Analysis

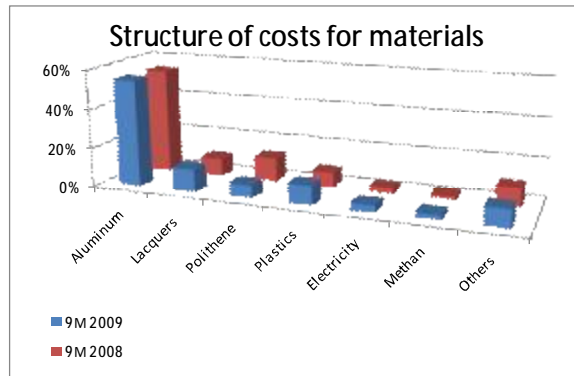
The costs of goods sold decreased as percentage of total revenues. This trend continued in 2007 and 2008 and we can expect that part of the decline could be reversed during the next three years if the globe economy recovers and prices of materials and energy increase further.

However, the optimization of the production and the large investments in modern equipment during the previous two years will contribute for the below average COGS-to-revenues as compared to 2006-2008



Source: Herti

Aluminum remains the primary material cost for Herti. The change in the structure of expenses for basic materials during the first nine months of 2009 is very low. The metal represented 55% of all costs for basic materials. The change on yearly basis is more significant in the other categories of expenses.



Source: Herti

At the same time Herti is facing an increase of wage and social insurance costs as a percentage of total revenues. The main reason is the huge decline of sales this year. Herti's politic to human resources is avoiding the job cuts. The adjustments of the job number is due to the voluntary went off and the retirement. Herti's goal is to maintain its specialists as the company expects that during the periods of rising revenues the labor costs will decrease their significance.

## Prognosis

The declining worldwide consumption of beverages is having negative impact on the revenues of Herti during 2009. The growth rates of sales deteriorated in 2008. However, the EBITDA margin has not been affected by the rising costs for aluminum last year as they were transferred in the end-user prices. Moreover, the cost cutting measures this year managed to improve the EBITDA margin. The non-consolidated report for the first nine months showed EBITDA margin of 8.9%. This rising depreciation and interest costs are raising doubts that Herti will be able to post net profit for 2009. A strong fourth quarter report, supported by the already higher prices of aluminum, could made the company's results positive again.

The table includes our expectations for Herti's sales and profit margins for 2009 and the following three years. They are based on the optimistic scenario of economic and demand recovery and higher profit margins. The data are used in the discounting cash flows model.

| BGN '000                 | 2006  | 2007   | 2008   | 2009E   | 2010E  | 2011E  | 2012E  |
|--------------------------|-------|--------|--------|---------|--------|--------|--------|
| Sales                    | 23638 | 27 783 | 30 965 | 24 772  | 28 488 | 32 761 | 36 037 |
| <i>Growth</i>            |       | 17.54% | 11.45% | -20.00% | 15.00% | 15.00% | 10.00% |
| EBITDA                   | 1564  | 1 613  | 2 030  | 2 229   | 2 421  | 2 785  | 2 883  |
| <i>EBITDA margin</i>     | 6.62% | 5.81%  | 6.56%  | 9.00%   | 8.50%  | 8.50%  | 8.00%  |
| EBIT                     | 712   | 599    | 573    | 729     | 921    | 1 285  | 1 383  |
| <i>EBIT margin</i>       | 3.01% | 2.16%  | 1.85%  | 2.94%   | 3.23%  | 3.92%  | 3.84%  |
| Net Profit               | 359   | -339   | -651   | 124     | -      | -      | -      |
| <i>Net Profit margin</i> | 1.52% | -1.22% | -2.10% | 0.50%   | -      | -      | -      |

Data for 2009 and beyond are estimations of ELANA Trading:

### SWOT Analysis

| Strengths   | Weaknesses   |
|---|--|
| Diversification by markets and products<br>Modern equipment<br>Complete packaging solutions<br>Specific niche<br>Logistic advantages                            | High debt level<br>Larger drop of revenues as compared to the decline of clients' industries |
| Opportunities   | Threats  |
| Certification procedure under the BRC/IOP<br>Global Standard for Packaging<br>Rising number of clients<br>Improving profit margin during period of sales growth | Continuing decline of consumption of beverages in the main markets                           |

## Stock Information (BSE Ticker: HTV; Bloomberg: HTV BU)

|            |            |                     |                |
|------------|------------|---------------------|----------------|
| Last Price | Market Cap | 1Y Range            | Average Volume |
| Beta       | 1Y Change  | SOFIX Change        | BG40 Change    |
| 1.11       | 13 335 315 | BGN 1.05 – BGN 3.10 | 77             |
| -          | -60.10%    | -7.54%              | -20.60%        |

## Valuation

The stocks of Herti are low liquid due to the unsuccessful IPO in the beginning of 2008 when the capital has been increased by only 14 000 shares. The valuation of the stock is based on the comparison by multiples of the companies in the sector of packaging products. We picked only European companies. Despite the economic uncertainties and the lack of comparable historical data of Herti in time of significant crisis, we also use discounted cash flows to calculate intrinsic value of the stock.

### Multiples Analysis

The loss of Herti is leading to negative price-to-earnings for the two comparable periods. However, other multiples improved significantly this year due to the falling stock prices. Price-to-book and price-to-sales ratios are below the average for Bulgarian industrial companies but EV/EBITDA remains relatively high at levels that were common during the market top in 2007. However, we expect that EV/EBITDA will gradually improve over time following the rising revenues and possible decrease of bank loans of Herti.

| Multiples              | 2008   | 2009   |
|------------------------|--------|--------|
| Price/Earning (P/E)    | -41.77 | -28.25 |
| Equity (BV)            | 1.01   | 1.01   |
| Price/Book Value (P/B) | 2.56   | 1.10   |
| Sales Per Share        | 2.36   | 1.97   |
| Price/Sales (P/S)      | 1.09   | 0.56   |
| EV (thousand BGN)      | 41 564 | 24 263 |
| EV/Sales               | 1.47   | 1.02   |
| EV/EBITDA              | 29.63  | 13.98  |

\* Estimations and calculations: ELANA Trading  
Data for 2009 for trailing twelve months

### Sector Comparison

The production of closures for bottles is only a specialized part of the packaging industry where lots of companies are operating in Europe. Few of them are competitors of Herti but using the average multiples of broader number of companies gives a better valuation. The table is showing the main multiples of companies in Western and Eastern Europe and the average values for all companies.

|                | P/E   | P/B  | P/S  | EV/EBITDA |
|----------------|-------|------|------|-----------|
| Eastern Europe | 22.58 | 1.54 | 0.91 | 43.78     |
| Western Europe | 15.61 | 1.25 | 0.55 | 7.68      |
| Average        | 16.87 | 1.31 | 0.62 | 15.24     |

Source: Bloomberg

The markets in Eastern Europe have higher multiples than the average for the developed markets. The calculation of the average price-to-earnings ratios excludes the loss during the last 12 months. This is artificially lowering the value of the indicator as it is representing only the profitable companies. When the sum of all profits and losses are divided by the aggregate market capitalization, the P/E ratio will be much higher. The indicator is the least suitable to value a company during this stage of the economic cycle.

EV/EBITDA is also very different for the companies in Western and Eastern Europe. It is due to the worsening profits as well as the growing debts of the companies in Emerging Europe.



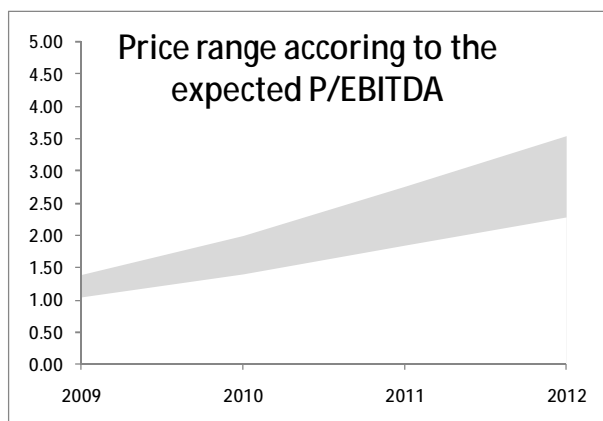


## Recommendation And Price Target

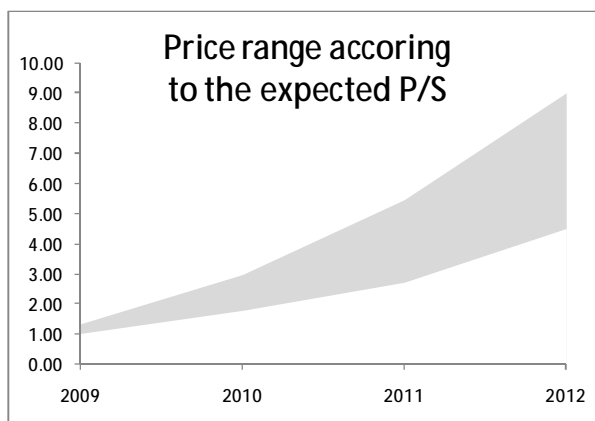
The current valuation has its flaws and some of them were already discussed. The comparison with European peers is based on their financial results that are under the negative influence of the deep economic and financial crisis – revenues and profits are at multi-year lows, whereas investors are requiring higher risk premiums as compared to the previous decade. We can expect that this market bias will gradually change over time. The risk appetite is returning and the valuation ratios are rising since March this year. On the other hand, the discounted cash flows model is very sensitive to the inflation and the nominal turnover of the company.

One alternative to those methods for valuation is the comparison of indicators like P/EBITDA or the price-to-sales to their values during the previous booming years. In 2007 Bulgarian stocks traded at very high multiples - P/S of 4 and P/EBITDA between 8 and 10. The reasons included the elevated expectations for the economy and the low liquidity of the Bulgarian stocks. Small companies posted huge price gains during the final years of the bull market.

The graphs are representing the probable price ranges according to the EBITDA and the revenues in two scenarios. In both cases we can expect higher multiples and renewed risk appetite that could support P/EBITDA and P/S. These price ranges are the possible scenarios if the company is a target for acquisition.



Calculations: ELANA Trading



Calculations: ELANA Trading

We give **Market Perform** recommendation of Herti's shares due to the low liquidity and the higher risk of the small-caps. Our one-year price target is based on the two valuation methods and is BGN 1.33. The price target could be extended when the global economy starts to expand faster and the risk appetite improves. However, the next two or three quarters are unlikely to change the current cautious approach of investors toward the small industrial companies.

## Financial Data (non-consolidated)

| Statement of Income (in '000 BGN)    | 2006         | 2007         | 2008          | 9M 2009       | 12M           |
|--------------------------------------|--------------|--------------|---------------|---------------|---------------|
| Sales                                | 23 758       | 27 876       | 28 370        | 16 538        | 23 720        |
| Production expenses                  | 20 173       | 23 473       | 22 759        | 12 478        | 18 256        |
| Personnel expenses                   | 2 021        | 2 519        | 3 779         | 2 536         | 3 432         |
| Net income from financial activities | 48           | (201)        | (429)         | (79)          | (312)         |
| Other revenues and expenses          | 51           | 0            | 0             | 32            | 16            |
| <b>EBITDA</b>                        | <b>1 663</b> | <b>1 683</b> | <b>1 403</b>  | <b>1 477</b>  | <b>1 736</b>  |
| Depreciation                         | 852          | 986          | 1 394         | 1 119         | 1 481         |
| <b>EBIT</b>                          | <b>811</b>   | <b>697</b>   | <b>9</b>      | <b>358</b>    | <b>255</b>    |
| Interest expense                     | 452          | 489          | 830           | 560           | 806           |
| <b>Pretax income</b>                 | <b>359</b>   | <b>208</b>   | <b>(821)</b>  | <b>(202)</b>  | <b>(551)</b>  |
| Taxes                                | 0            | 16           | (79)          | 0             | (79)          |
| <b>After-tax income</b>              | <b>359</b>   | <b>192</b>   | <b>(742)</b>  | <b>(202)</b>  | <b>(472)</b>  |
| Minority interest                    | 0            | 0            | 0             | 0             | 0             |
| <b>Net income</b>                    | <b>359</b>   | <b>192</b>   | <b>(742)</b>  | <b>(202)</b>  | <b>(472)</b>  |
| <b>Earnings per share in BGN</b>     | <b>0.14</b>  | <b>0.02</b>  | <b>(0.06)</b> | <b>(0.02)</b> | <b>(0.04)</b> |

| Balance Sheet (in '000 BGN)       | 2006          | 2007          | 2008          | 9M 2009       | 12M           |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total Assets</b>               | <b>16 614</b> | <b>30 266</b> | <b>31 223</b> | <b>28 858</b> | <b>28 858</b> |
| Equity subscriptions receivable   | 0             | 0             | 0             | 0             | 0             |
| <b>Fixed assets</b>               | <b>6 000</b>  | <b>18 008</b> | <b>17 409</b> | <b>16 636</b> | <b>16 636</b> |
| Tangible fixed assets             | 5 978         | 17 729        | 17 114        | 16 303        | 16 303        |
| Financial investments             | 14            | 219           | 221           | 269           | 269           |
| <b>Current assets</b>             | <b>10 614</b> | <b>12 258</b> | <b>13 814</b> | <b>12 222</b> | <b>12 222</b> |
| Inventory                         | 3 721         | 4 025         | 3 957         | 3 459         | 3 459         |
| Receivables                       | 6 055         | 7 343         | 9 333         | 8 643         | 8 643         |
| Financial assets                  | 0             | 0             | 0             | 0             | 0             |
| Cash and cash equivalents         | 560           | 522           | 524           | 120           | 120           |
| <b>Total liabilities + equity</b> | <b>16 614</b> | <b>30 266</b> | <b>31 223</b> | <b>28 858</b> | <b>28 858</b> |
| <b>Equity</b>                     | <b>6 502</b>  | <b>12 798</b> | <b>12 099</b> | <b>12 142</b> | <b>12 142</b> |
| Registered capital                | 2 500         | 12 000        | 12 014        | 12 014        | 12 014        |
| Capital funds                     | 1 327         | 385           | 33            | 72            | 72            |
| Earnings                          | 2 675         | 413           | 52            | 56            | 56            |
| <b>Liabilities</b>                | <b>10 112</b> | <b>17 468</b> | <b>18 808</b> | <b>16 400</b> | <b>16 400</b> |
| Long-term payables                | 683           | 1 039         | 819           | 848           | 848           |
| Long-term bank loans              | 511           | 3 190         | 4 864         | 4 976         | 4 976         |
| Short-term bank debt              | 2 548         | 7 245         | 6 228         | 6 071         | 6 071         |
| Short-term payables               | 6 365         | 5 994         | 7 213         | 4 821         | 4 821         |
| Other liabilities                 | 5             | 0             | 0             | 0             | 0             |
| <b>Working capital</b>            | <b>1 701</b>  | <b>(981)</b>  | <b>373</b>    | <b>1 330</b>  | <b>1 330</b>  |

| Cash Flow Statement (in '000 BGN)         | 2006         | 2007           | 2008         | 9M 2009        | 12M            |
|---|--------------|----------------|--------------|----------------|----------------|
| <b>Net income</b>                         | <b>359</b>   | <b>192</b>     | <b>(742)</b> | <b>(202)</b>   | <b>(472)</b>   |
| Depreciation                              | 852          | 986            | 1 394        | 1 119          | 1 481          |
| Changes in Working capital                | 0            | (2 682)        | 1 354        | 957            | 957            |
| Other operating cash flow items           | (471)        | 947            | (1 519)      | (1 093)        | (1 185)        |
| <b>Net cash from operating activities</b> | <b>740</b>   | <b>(557)</b>   | <b>487</b>   | <b>781</b>     | <b>781</b>     |
| Capital expenditures                      | (946)        | (5 522)        | (878)        | (93)           | (93)           |
| Other investing cash flow items           | 0            | (180)          | 0            | 50             | 50             |
| <b>Net cash from investing activities</b> | <b>(946)</b> | <b>(5 702)</b> | <b>(878)</b> | <b>(43)</b>    | <b>(43)</b>    |
| Issuance/ Retirement of Stock, Net        | 0            | 0              | 43           | 0              | 0              |
| Issuance/ Retirement of Debt, Net         | 1 204        | 5 990          | 1 493        | (346)          | (346)          |
| Dividends paid                            | 0            | 0              | 0            | 0              | 0              |
| Other financing cash flow items           | (572)        | 231            | (1 143)      | (796)          | (796)          |
| <b>Net cash from financing activities</b> | <b>632</b>   | <b>6 221</b>   | <b>393</b>   | <b>(1 142)</b> | <b>(1 142)</b> |
| <b>Net change in cash</b>                 | <b>426</b>   | <b>(38)</b>    | <b>2</b>     | <b>(404)</b>   | <b>(404)</b>   |
| Beginning-of-period cash                  | 134          | 560            | 522          | 524            | 524            |
| <b>End-of-period cash</b>                 | <b>560</b>   | <b>522</b>     | <b>524</b>   | <b>120</b>     | <b>120</b>     |
| <b>Cash per share</b>                     | <b>0.22</b>  | <b>0.04</b>    | <b>0.04</b>  | <b>0.01</b>    | <b>0.01</b>    |

|  |                  |                   |                   |                   |                   |
|--|------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Number of shares:</b>               | <b>2 500 000</b> | <b>12 000 000</b> | <b>12 014 000</b> | <b>12 014 000</b> | <b>12 014 001</b> |
| <b>Price in BGN - period end:</b>      | <b>n/a</b>       | <b>n/a</b>        | <b>2.58</b>       | <b>1.11</b>       | <b>1.11</b>       |
| <b>Market cap in BGN - period end:</b> | <b>n/a</b>       | <b>n/a</b>        | <b>30 996 120</b> | <b>13 335 540</b> | <b>13 335 541</b> |

| Financial and Performance Indicators | 2006      | 2007       | 2008       | 9M 2009    | 12M        |
|--------------------------------------|-----------|------------|------------|------------|------------|
| <b>Valuation Ratios</b>              |           |            |            |            |            |
| Price/Earnings (P/E)                 | n/a       | n/a        | -41.77     | -66.02     | -28.25     |
| Book Value (BV)                      | n/a       | n/a        | 1.01       | 1.01       | 1.01       |
| Price/Book (P/B)                     | n/a       | n/a        | 2.56       | 1.10       | 1.10       |
| Sales Per Share                      | n/a       | n/a        | 2.36       | 1.38       | 1.97       |
| Price/Sales (P/S)                    | n/a       | n/a        | 1.09       | 0.81       | 0.56       |
| Price/Cash per share                 | n/a       | n/a        | 47.54      | 14.54      | 13.22      |
| EV (in BGN)                          | n/a       | n/a        | 41 564     | 24 263     | 24 263     |
| EV/Sales                             | n/a       | n/a        | 1.47       | 1.47       | 1.02       |
| EV/EBITDA                            | n/a       | n/a        | 29.63      | 16.43      | 13.98      |
| EV/EBIT                              | n/a       | n/a        | 4618.24    | 67.77      | 95.15      |
| <b>Liquidity</b>                     |           |            |            |            |            |
| Current ratio                        | 1.19      | 0.93       | 1.03       | 1.12       | 1.12       |
| Quick ratio                          | 0.77      | 0.62       | 0.73       | 0.80       | 0.80       |
| <b>Debt Management</b>               |           |            |            |            |            |
| Debt to total assets                 | 0.61      | 0.58       | 0.60       | 0.57       | 0.57       |
| Interest coverage                    | 1.79      | 1.43       | 0.01       | 0.64       | 0.32       |
| LT Debt/Equity                       | 0.18      | 0.33       | 0.47       | 0.48       | 0.48       |
| Total Debt/Equity                    | 1.56      | 1.36       | 1.55       | 1.35       | 1.35       |
| <b>Asset Management</b>              |           |            |            |            |            |
| Inventory turnover                   | 6.38      | 6.93       | 7.17       | 4.78       | 6.86       |
| Days sales outstanding               | 92        | 95         | 118        | 188        | 131        |
| Fixed asset turnover                 | 3.96      | 1.55       | 1.63       | 0.99       | 1.43       |
| Total asset turnover                 | 1.43      | 0.92       | 0.91       | 0.57       | 0.82       |
| <b>Profitability</b>                 |           |            |            |            |            |
| Profit margin on sales               | 1.5%      | 0.7%       | -2.6%      | -1.2%      | -2.0%      |
| EBITDA margin                        | 7.0%      | 6.0%       | 4.9%       | 8.9%       | 7.3%       |
| Basic earning power                  | 4.9%      | 2.3%       | 0.0%       | 1.2%       | 0.9%       |
| Return on assets                     | 2.2%      | 0.6%       | -2.4%      | -0.7%      | -1.6%      |
| Return on equity                     | 5.5%      | 1.5%       | -6.1%      | -1.7%      | -3.9%      |
| Return on investments                | 4.7%      | 1.1%       | -4.2%      | -1.1%      | -2.6%      |
| <b>Dividend Information</b>          |           |            |            |            |            |
| Dividend Yield                       | n/a       | n/a        | n/a        | n/a        | n/a        |
| Dividend per share                   | n/a       | n/a        | n/a        | n/a        | n/a        |
| <b>Number of shares:</b>             |           |            |            |            |            |
|                                      | 2 500 000 | 12 000 000 | 12 014 000 | 12 014 000 | 12 014 001 |
| Price in BGN - period end:           | n/a       | n/a        | 2.58       | 1.11       | 1.11       |
| Market cap in BGN - period end:      | n/a       | n/a        | 30 996 120 | 13 335 540 | 13 335 541 |

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**Outperform** More than 5% higher as compared to SOFIX and BG40 performance

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**Neutral** Market performance, +/-5% as compared to SOFIX and BG40

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**Underperform** More than 5% lower as compared to SOFIX and BG40 performance

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