

<u>Recommendation</u>	<u>Previous</u>	<u>From date</u>	<u>52-week target</u>
Market Outperform	-	-	BGN 15.74

Enemona

Business Summary

Enemona is leading Bulgarian engineering company, established in 1990. The list of operations includes:

- engineering and project management;
- project design;
- turn-key construction;
- assembly works;
- construction;
- adjusting and testing activities in energetic, industry ecology and civil engineering;
- energy efficiency;
- trading with electricity.

The company is the leader on the market of energy efficiency services based on an ESCO model and doesn't have significant domestic competitors in the sector. Along with that in 2007 ESCO model was developed and successfully adapted for its application in industry. Enemona has the controlling stakes in several companies through which it operates its non-core business.

Current Market Activity

Although the financial results of Enemona were hardly changed during the last year, its shares also moved lower following the overall market slump. However, Enemona hit the bottom in December last year ahead of the market and most other blue chips. The following recovery almost doubled the price but volumes progressively decreased since the short-term high in May. The news for the planned preferred shares and warrant issues had negligible effect on stock prices.

The market weakness in May and June put shares of Enemona under pressure but large institutional investors were not active sellers. The stock recovered and quickly jumped above BGN 10.00.



Financial Summary

The company posted higher net profit for the first six months on yearly basis. The consolidated revenues jumped more than twice as sales of goods continued to increase their share. Enemona announced the forthcoming implementation of several large contracts for construction of buildings that will guarantee the growth of revenues for 2009. The largest concern remains the debt level of the company.

Valuation Ratios

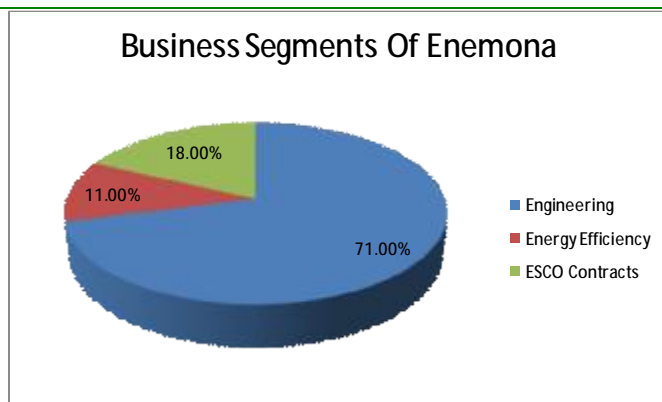
Enterprise Value	202 678 760
Dividend Yield - Gross	-
Trailing P/E (ttm)	8.82
Forward P/E (2009)	7.74
PEG Ratio (1yr expected)	0.40
Price/Sales (ttm)	0.79
Price/Book (mrq)	1.51
Enterprise Value/Revenues (ttm)	1.16
Enterprise Value/EBITDA (ttm)	7.19

Profitability and Growth Ratios

Return on Capital	22.88%
Return on Equity	17.12%
Return on Assets	8.00%
EBITDA Margin	16.09%
Net Profit Margin	8.96%
Revenue Growth	52%
EPS Growth	-0.33%
Capital Growth	10%
Assets Growth	27%

The Business Model

The core business of Enemona is the construction and formed 71% of the non-consolidated revenues for 2008. The ESCO contracts are the second largest revenue source with 18% share. The service includes the assessment and implementation of energy efficiency measures and commitment to achieve certain results. Enemona is the largest and most successful company to implement those contracts in Bulgaria and has unique expertise in the field. However, the service is not yet popular in Bulgaria.



Source: Enemona

Future Projects

Lom Lignite Energy Project (LLEP) is part of Lom coal field, the only lignite coal field in Northern Bulgaria. The proven deposit resources have significant energy potential. Moreover, they have lower sulfur than lignite coal of Maritza East and will be more efficient in the production of electricity. Enemona has the results of the 50 tons sample of coal from US laboratory that evaluated the most efficient technology of burning for the thermal power plant. The company already owns the land of the coal field and the future construction of the thermal power plant. The final phase of the project will be accomplished in cooperation with strategic investors. The scale of the project is larger than the possibilities of Enemona to implement it through additional debt. The project will include an open mine for extraction of 4-6 million tons annually and the construction of thermal power plant with 400-600 MW installed capacity.

Subsidiaries

The trading with electricity is increasing its stake in the consolidated revenues of Enemona. The fully owned subsidiary Enemona Utilities is primary engaging with the trading with electricity and natural gas. This segment is the fastest growing in the structure of Enemona and will continue to support the growth rate of sales. Other subsidiaries will also operate in the sector and are building the infrastructure for the trading with natural gas.

Enemona is majority owner of two financial companies. The Real Estate Investment Fund REIT and Energetic And Energy Saving Fund SPV are public listed but are very low liquid. The REIT is investing in office buildings and land. Energetic And Energy Saving Fund SPV is securitizing receivables and most of the contracts for 2008 were with Enemona. This subsidiary is funding primary the ESCO contracts of Enemona.

	Percentage of the capital	2008 Revenues
Enemona Utilities	100.00%	28 369 000
Enemona Galabovo	91.11%	12 719 000
Energomontazhcomplex	77.36%	10 204 000
Agro Invest Engeneering	99.98%	4 124 000
ESCO Engineering	99.00%	680 000
Energetics & Energy Savings Fund SPV	69.23%	607 000
Real Estate Investments Fund – FINI REIT	60.80%	236 000
Hemusgas	50.00%	80 000
TPP Nikopol	100.00%	5 000
Botunya Energy	98.68%	0
Neo Agro Tech	90.00%	0
Nevrocop - Gas	90.00%	0
Pirinpower	84.00%	0
Solar energy	80.00%	0

Source: Enemona

Main Subsidiaries

Enemona Utilities

The company is a 100% subsidiary of Enemona and has been created in 2005. Enemona Utilities is trading with electricity, including from producers abroad when prices are better. It is buying electricity from large Bulgarian power plants and is selling to domestic industrial companies, including public listed Monbat, Biovet and Fazerles or foreign consumers from Serbia and Greece.

The main objective of Enemona Utilities is to become a prime player in the retail market of electricity and natural gas after the liberalization of the energy market in mid-2007. Revenues have jumped impressively to BGN 28.37 million last year from BGN 8.96 million in 2007. Net income more than tripled to BGN 1.74 million.

Enemona Utilities expects to increase its revenues from natural gas (1.12% of total for 2008) after attracting new clients and completing the construction of compression stations to link cities without gas supply.

Nevrokopgas

Enemona holds 90% of the firm's capital. Nevrokopgas's main operations include the engineering of natural gas facilities in the southern city Gotze Delchev. The company will supply compressed gas to all of the town's administrative and industrial sites, which will be transported from the gas-pipe of Bulgartransgas.

Hemusgas

The firm is 50% owned by Enemona. The company is planning to build natural gas facilities to ensure the supply to towns of Botevgrad, Etropole and Pravetz. The gas will also be compressed and transported. The maximum capacity of the project is 40 million cubic meters and the expected is 18 million cubic meters gas.

Enemona - Galabovo

The company's main operational activities include engineering of infrastructural energy projects. The firm has no long-term debts and its projects are financed by its capital or through outside sources of financing. Last years' contracts ensured revenues from sales and services of more than BGN 12 million. Net income for the period was BGN 1.12 million.

The company is the successor of all operations of Enemona in the area of Maritza East TPP. It has signed contracts for BGN 17 million in 2008 that will be implemented this year.

Energomontazhcomplex (EMKO)

The subsidiary is specialized in developing non-standard metal constructions. EMKO is certified by ISO 9001:2000 for quality control. Its main customers are TPP Matitza East 1 and 2 as subcontractor of Alstom. The company has successfully completed its contractual obligations in over 50 sites in 20 countries including the TPP Vasilikos in Cyprus. The production facility of EMKO is situated in the construction site of the second nuclear power plant of Belene.

EMKO almost doubled its net income for the previous year to BGN 1.2 million. This is a direct consequence of the cost-cutting practices adopted by the management and the higher price of the firm's production. The company is vulnerable to rising of commodity prices and the solvency of its contractors.

ESKO Engineering

The operations include heating and climate control. ESKO is consulting, designing and constructing heating and cooling systems from renewable energy sources. Revenues shrank in 2008 to BGN 680 thousand from BGN 953 thousand.

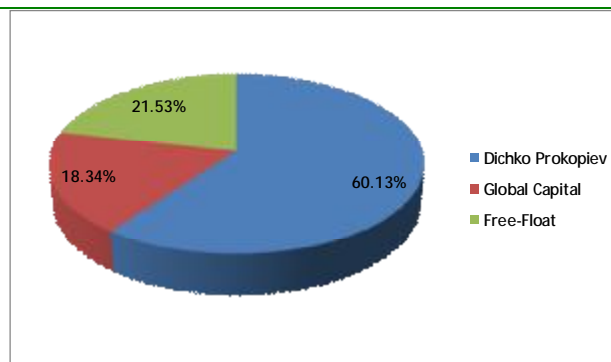
Agro Invest Engineering

The firm is orientated in the agricultural sector through the purchase of land and specialized machinery in addition to producing and trade with agricultural production. Agro Invest Engineering has plans to build a grain silos. It finances its purchases through bank loans and capital leases. It also owns the land in the Lom Lignite Energy Project. The net income in 2008 fell fivefold to BGN 1.132 million. On one hand the countercyclical character of the firm's operations makes it immune to the global financial turmoil. On the other, Agro Invest Engineering is vulnerable to sudden climatic hazards. Agro Invest Engineering owns 53.19% of the brewery Lomsko Pivo.

Ownership

Enemona is a private company with majority ownership. The Chairman of Board of Directors and CEO of Enemona controls 60% of the capital of Enemona and 96% of the capital of the other large shareholder – Global Capital.

The free-float is almost equally divided between individual and institutional investors, respectively 43.25% and 56.75%.



As of end-2008
Source: Enemona

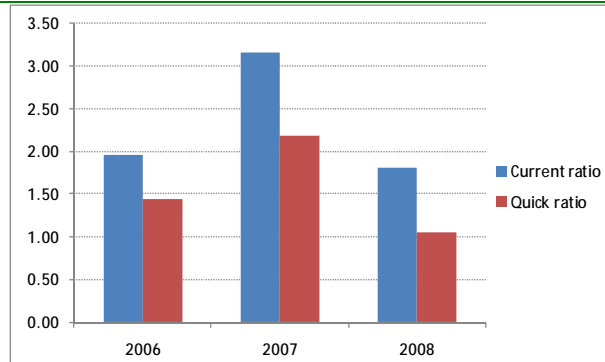
Capital Increases

Enemona announced the intentions to raise capital through preferred shares and warrants. The General Shareholders Meeting voted for changes in the corporate charter to ease the process for both issues. Thus, all particular details for each issue would be determined in the memorandums. On February 2009 the Board of Directors of Enemona decided to increase the capital by preferred shares issue for up to BGN 30 million but no details had been disclosed to the public. However, the improved market conditions after the bottom in March support the possibility for higher issue of preferred shares. For the purposes of our analysis we assume that the capital increase will be around BGN 50 million.

On June, 26 the Board of Directors of Enemona took the decision to issue warrants. The total number of the new shares, which could be subscribe by the warrants is 5 966 800. The minimum issue price of the new share will be BGN 15.00. The terms of the warrants will be no longer than 10 years. Additional parameters will be specified in the Memorandum, which is not available yet.

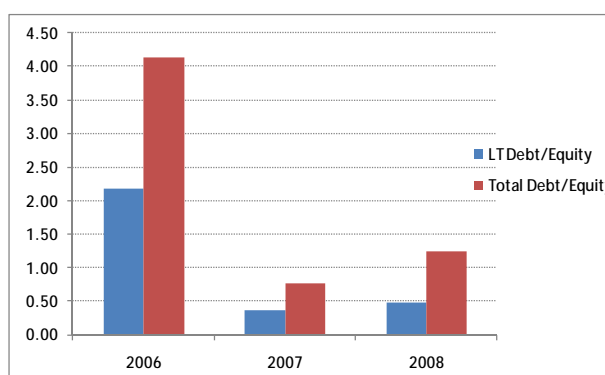
Financial Situation

The liquidity ratios of Enemona declined in 2008 as debts increased. The company is financing its expanding operations with debts that include short-term bank loans and significantly higher receivables than previous years. However, the ratios managed to remain below the 2006 levels. The construction projects in Bulgaria are usually financed by loans, whereas companies are maintaining large receivables in their balance sheets.



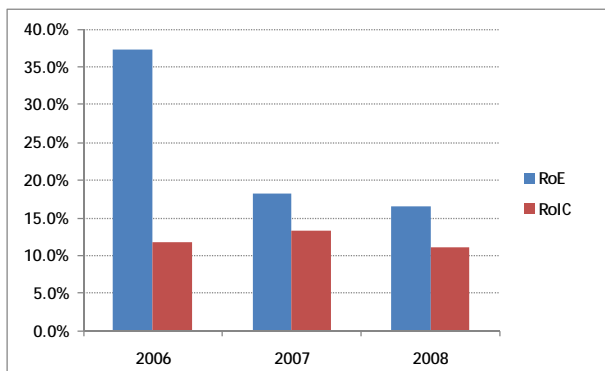
Calculations: ELANA Trading

The IPO in 2007 improved the debt-to-equity ratio as private companies usually maintain the minimum capital for their operations. The profits of the last two years also contributed for the improvement of the ratios. However, Enemona is among the SOFIX components with highest debt-to-equity ratio. The interest coverage for 2008 was 4 as interest payments are far less than EBITDA. We don't expect that the company will face liquidity problems and will be able to cover its current debts but the expansion will require additional capitals.



Calculations: ELANA Trading

The decline of RoE in 2008 is associated with higher equity as the net profit increased the capital funds. At the same time the debts increased last year and pushed down the return-on-investments. The average for the last three years is 12% and represents the stable return from Enemona's equity and debts.



Calculations: ELANA Trading

Corporate Action History



- 16 May 2008 Enemona announced the agenda of the Annual Shareholders Meeting which included no dividend payments and transfer of receivables to the subsidiary Energetics & Energy Savings Fund SPV. Shares of Enemona followed the short-term recovery of the stock market and traded above BGN 20.00.
- 30 Jun. 2008 The General Shareholders Meeting decided to allocate the net profit for 2007 as retained earnings. The amount of the profit is BGN 7.78 million.
- 08 Sep. 2008 The Board of Directors of Bulgarian Stock Exchange decided to include common shares of Enemona in the calculation of the main index SOFIX. Shares closed unchanged after the news as the decision had been expected by the market participants.
- 23 Sep. 2008 Shares of Enemona weakened 4.4% during the first day of trading after inclusion in the index SOFIX. The decline was induced by the overall market weakness.
- 06 Oct. 2008 Shares of Enemona lost 16.9% for the session as the Bulgarian market accelerated its downside movement, following the huge losses of international indices. The position began to underperform the broad market and quickly compensated the lag.
- 20 Nov. 2008 Share price touched low of BGN 4.70 and began to recover under the positive influence of domestic and international demand. The position lost 77% from its peak and still outperformed the index SOFIX.
- 08 Jan. 2009 Enemona announced the contract with the Ministry of Justice for the construction of administrative building for more than BGN 100 million. The news had little impact on the stock trading.
- 27 Jan. 2009 The program for an irregular shareholders meeting has been announced. The decisions included transfer of receivables to the subsidiary Energetics & Energy Savings Fund SPV.
- 11 Feb. 2009 The Board of Directors decided to increase the capital by preferred shares issue for up to BGN 30 million. The decision needed the approval of shareholders and no details had been disclosed.

Corporate Action History

10 Mar. 2009	The shareholders meeting decided on operational issues of Enemona JSC including a sale of company's assets. Among other issues were management's compensations and the appointment of an audit committee.
07 May 2009	Shares of Enemona posted the YTD high of BGN 9.25 and nearly doubled from the last year bottom. The price peak coincided with the high of the market.
27 May 2009	Enemona announced the agenda of the Annual Shareholders Meeting.
29 Jun. 2009	The Board of Directors decided to issue warrants for 5.967 million shares at a minimum price of BGN 15.00 and no more than 10 years period of conversion. The news had no effect on the share price.
30 Jun. 2009	The General Shareholders Meeting decided to allocate the net profit for 2008 as retained earnings. The amount of the profit is BGN 8.96 million. It also voted for lower bonuses for directors than the previous proposal.

Stock Information (BSE Ticker: E4A; Bloomberg: E4A BU)

Last Price	11.60	Market Cap	138 430 000	1Y Range	BGN 4.70 – BGN 15.60	Average Volume	3 396
Beta	1.21	1Y Change	-24.24%	SOFIX Change	-43.33%	BG40 Change	-36.64%

Valuation

The rapidly growing business of Enemona and the expansion in other sectors than the core construction operations turn the focus into the assessment for the revenues and profits rather than simple comparison to peers and multiples. Moreover, the current market situation is still negative as multiples are lower than the average for the recent years and will likely remain subdued for at least a year.

The valuation of Enemona is based on the comparison to peers and our expectations for the revenues and profits from current activities. Large projects like Lom Lignite Energy Project are in early stage of development and cannot be assessed. The future benefits from them are not included in the DCF model.

Multiples Analysis

Enemona announced good financial results for the first half of the year and has the potential to post higher sales and profit this year as compared to 2008. This is a rare event among Bulgarian companies and is showing the stable fundament

We expect around 20% increase of the net profit but the improvement is much better as part of the 2008's results were one-time financial items. The much lower price-to-book ratio is including the forthcoming preferred shares issue and warrants. We added BGN 40 million to equity. Recent suggestions for larger issue than BGN 30 million and the difficulties to attract more than BGN 50 million at the current market conjuncture are the reasons to expect the value of equity to exceed BGN 150 million at the end-2009. We also adjusted the EV by lowering the debts by BGN 30 million and by adding the expected net profit to the equity.

Last Price	11.60		
Number of Shares	11 933 600		
Market Capitalization	138 429 760		
	2008	TTM	2009 (e)
Net Profit	14 044 000	15 701 000	18 230 000
P/E	9.86	8.13	7.59
Revenues	136 247 000	175 058 000	170 309 000
P/S	1.02	0.73	0.81
Equity	85 223 000	91 726 000	163 453 000
P/B	1.62	1.39	1.56
EV	185 934 760	191 938 520	153 139 760
EBITDA	24 349 000	28 170 000	30 656 000
EV/EBITDA	7.64	6.81	5.00
EV/Revenues	1.36	1.10	0.90

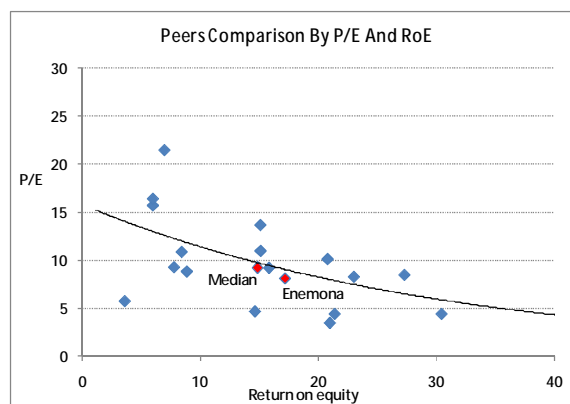
*Estimations and calculations: ELANA Trading

Peers Comparison

The comparison to regional peers showed that Enemona has better P/E and RoE than the median, although very close. Moreover, many regional peers are posting losses.

The P/E ratio is also attractive when comparing to SOFIX components and mainly to the local construction companies. Enemona is less cyclical than most other Bulgarian liquid stocks. It managed to outperform the market during the decline.

Comparing to the median, Enemona has an attractive valuation. Moreover, it is less risky in terms of future volatility of sales and profits than other sectors.



*Source: Bloomberg

Peers Comparison

We picked the regional companies that operate mainly in the construction of factories and energy facilities. The only lower multiple than the median is P/E ratio but many companies have much higher or negative values. The recent price gains of Enemona shares put the P/B and P/S ratios in disadvantage to the Bulgarian company as well as the EV/EBITDA, according to the data of Bloomberg. However, our calculations of the multiples are showing values that are closer to the median.

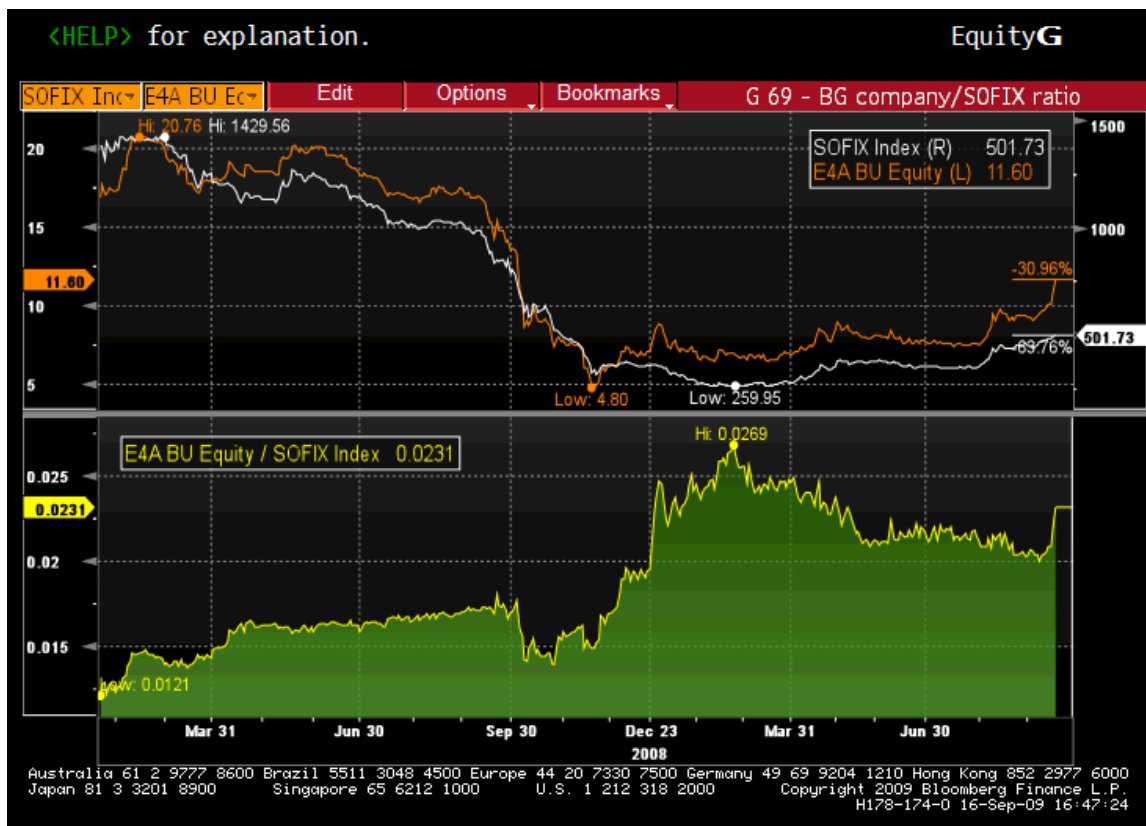
Enemona has much better return on equity and assets ratios. Based on all multiples we can assume that the company is well priced.

	P/E	P/B	P/S	EV/EBITDA	RoE	RoA
Enemona	8.13	1.39	0.73	6.81	17.12	7.99
Median	9.16	1.34	0.44	5.94	14.85	4.85
Bulgaria						
TRACE GROUP HOLD	75.05	3.66	1.30	19.79	1.15	1.60
HOLDING CO ROAD	n/a	2.32	0.47	6.32	n/a	n/a
Croatia						
INSTITUT IGH	9.12	1.49	0.79	n/a	15.82	4.12
DALEKOVOD DD	10.90	1.58	0.36	6.36	15.11	3.93
TEHNIKA DD	21.44	1.43	0.31	2.94	6.98	1.35
INGRA DD	n/a	0.80	n/a	n/a	n/a	n/a
VIADUKT D.D.	5.66	0.93	0.13	7.84	3.63	19.92
LAVCEVIC DD	9.19	0.59	0.25	4.39	7.80	3.76
Estonia						
AS MERKO EHITUS	4.57	0.66	0.29	15.55	14.63	7.69
AS NORDECON	10.78	0.89	0.21	n/a	8.42	2.61
Lithuania						
PANEVEZIO STATY	3.37	0.62	0.16	2.25	20.96	7.23
Poland						
ENERGOMONTAZ-POLNOC	13.59	1.95	0.83	6.15	15.07	5.59
UNIBEP	8.21	1.78	0.49	5.94	23.00	8.11
INSTAL KRAKOW	4.32	1.15	0.38	2.71	30.39	12.69
NAFTOBUDOWA SA	10.04	1.99	0.64	4.69	20.75	9.92
MOSTOSTAL PLOCK	8.39	2.17	0.71	n/a	27.24	15.33
MOSTOSTAL-EXPORT	4.33	0.83	0.89	n/a	21.37	12.90
REMAK	6.81	2.72	0.44	n/a	47.76	13.40
PROCHEM	15.65	0.92	0.30	5.48	6.00	2.72
ABM SOLID	8.75	0.78	0.17	3.75	8.88	3.05
BUDOPOL - WROCLAW	109.57	1.24	0.56	9.11	-1.78	-0.93
ENERGOPOL	n/a	1.47	0.74	n/a	n/a	n/a
Romania						
CONCEFA	16.34	1.08	0.31	n/a	6.01	1.57
Ukraine						
KIYVGORSTRIY-1	n/a	11.58	8.90	n/a	n/a	n/a

Source: Bloomberg

SOFIX Comparison

Enemona outperformed the index SOFIX during the market decline. The stock posted its all-time low in November but since the market bottom the stock is underperforming until recently. This is the reason to expect that Enemona will continue to outperform the market during an eventual correction or if the rally keep its momentum.



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 our projections for sales and profits for 2009 and 2010 that could be conservative as compared to the first half of 2009. The rising turnover from energy trading could improve the sales growth but this segment has substantially lower profit margin.

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 construction activities and the energy efficiency business. Growth rates are expected to decelerate to the end of the ten-year period. Enemona will continue to post solid increase of sales due to the forthcoming public expenditures for energy efficiency and other construction business.

The projected long-term growth rate is 3.50% with WACC of 15%. We use higher long-term growth rate than the average for EU. The discount rate was raised as the BSE is very volatile at the moment and investors could be requiring higher risk premium and is adjusted to the half year period. We also provide a sensitivity analysis.

Intrinsic value according to the DCF-model is BGN 15.74 with substantial reserves for price increase when the equity risk decreases and WACC returns to more normal levels of 10-12%.

Enemona												Terminal
BGN'000	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		Year
EBIT	29 812	27 131	31 920	37 506	43 132	48 524	53 376	57 913	61 967	65 065		64 136
EBIT(1-T)	26 831	24 418	28 728	33 756	38 819	43 671	48 038	52 122	55 770	58 559		57 722
Add: D&A	5 000	6 250	8 137	9 560	10 994	12 369	13 606	14 762	15 795	16 585		16 348
Less: Investments	5 000	6 250	8 137	9 560	10 994	12 369	13 606	14 762	15 795	16 585		16 348
Less: Change NWC	10 534	13 412	14 604	15 334	15 444	14 800	13 320	12 454	11 128	8 505		6 162
FCF	16 297	11 006	14 124	18 421	23 375	28 871	34 718	39 667	44 642	50 053		51 560
PV FCF	15 197	8 924	9 959	11 295	12 463	13 385	13 997	13 906	13 608	13 268		
Sum of PV FCF	126 002											
PV of Continuing Value	118 846											
Total PV Free Cash Flows	244 848											
Less: Outstanding Debt	62 394											
Plus: Financial Assets	5 414											
PV of Equity	187 868											
Number of Shares	11 934											
Price Per share	15.74											
				WACC								
					SA	2.5%	3.0%	3.5%	4.0%	5.0%		
					11.0%	27.29	28.26	29.35	30.59	33.69		
					13.0%	20.00	20.50	21.04	21.65	23.08		
					15.0%	15.17	15.44	15.74	16.07	16.81		
					16.0%	13.33	13.54	13.76	14.01	14.55		
					17.0%	11.76	11.92	12.10	12.28	12.69		

Calculations: ELANA Trading

Recommendation and Price Target

As long as the market is pricing in the global economic recovery we can expect that the valuation ratios of Bulgarian companies will continue to increase. The valuation of Enemona is reflecting the changes in market perception despite that the fundamentals are not deteriorating. 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.

We give *Market Outperform* recommendation of Enemona due to the stable fundament, the good management and the expectations that the stock will benefit from the bull market. Moreover, it is likely that Enemona will prove to be less susceptible to corrections due to the support from domestic institutional investors. We have to emphasize that the stock is not anymore underpriced compared to regional peers but we can expect that the rising risk appetite will gradually increase the valuation ratios of Bulgarian and East European markets.

Significant plus for the long-term investors is the fact that the economic benefits from Lom Lignite Energy Project are not priced in and have the potentials to heavily lift the market price of Enemona.

Our one-year price target is based on the DCF-model. However, we expect that the gradual return of the hot money on the Bulgarian market and the decrease of the WACC would support much higher prices in mid-term.

Financial Data

Statement of Income (in '000 BGN)	2006	2007	2008
Revenues	60 959	89 382	136 247
Production expenses	46 342	66 986	98 588
Personnel expenses	5 640	7 156	17 667
Net income from financial activities	131	5 153	3 545
Other revenues and expenses	80	352	812
EBITDA	9 188	20 745	24 349
Depreciation	2 068	1 952	3 038
EBIT	7 120	18 793	21 311
Interest expense	1 317	3 522	5 217
Pretax income	5 803	15 271	16 094
Taxes	780	889	1 586
After-tax income	5 023	14 382	14 508
Minority interest	151	396	464
Net income	4 872	13 986	14 044
Earnings per share in BGN	0.41	1.17	1.18
Balance Sheet (in '000 BGN)	2006	2007	2008
Total Assets	66 865	134 551	191 085
Equity subscriptions receivable	0	0	0
Fixed assets	23 460	49 637	80 963
Tangible fixed assets	17 952	41 842	64 736
Financial investments	3 497	3 664	11 836
Current assets	43 405	84 914	110 122
Inventory	11 536	26 216	45 492
Receivables	24 731	25 542	40 432
Financial assets	0	0	1 625
Cash and cash equivalents	6 999	33 106	22 519
Total liabilities + equity	66 865	134 551	191 085
Equity	13 041	76 354	85 223
Registered capital	5 947	11 934	11 934
Capital funds	1 728	49 932	59 300
Earnings	5 366	14 488	13 989
Liabilities	53 824	58 197	105 546
Long-term payables	21 177	20 162	23 825
Long-term bank loans	7 291	8 069	17 544
Short-term bank debt	1 338	7 566	28 655
Short-term payables	20 816	19 289	32 393
Other liabilities	33	29	0
Working capital	21 251	58 059	49 074
Number of shares:	11 933 600	11 933 600	11 933 600
Price in BGN - period end:	n/a	17.67	13.40
Market cap in BGN - period end:	n/a	210 866 712	159 910 240

Cash Flow Statement (in '000 BGN)	2006	2007	2008
Net income	4 872	13 986	14 044
Depreciation	2 068	1 952	3 038
Changes in Working capital	0	36 808	(8 985)
Other operating cash flow items	(10 655)	(56 753)	(1 403)
Net cash from operating activities	(3 715)	(4 007)	6 694
Capital expenditures	(8 677)	(12 177)	(25 753)
Other investing cash flow items	(5 523)	33 475	11 552
Net cash from investing activities	(14 200)	21 298	(14 201)
Issuance/ Retirement of Stock, Net	5 874	175	1 658
Issuance/ Retirement of Debt, Net	20 398	16 672	5 744
Dividends paid	(90)	(44)	(767)
Other financing cash flow items	(2 321)	(7 987)	(9 715)
Net cash from financing activities	23 861	8 816	(3 080)
Net change in cash	5 946	26 107	(10 587)
Beginning-of-period cash	1 053	6 999	33 106
End-of-period cash	6 999	33 106	22 519
Cash per share	0.59	2.77	1.89

Financial and Performance Indicators	2006	2007	2008
Valuation Ratios			
Price/Earnings (P/E)	n/a	15.08	11.39
Book Value (BV)	n/a	6.40	7.14
Price/Book (P/B)	n/a	2.76	1.88
Sales Per Share	n/a	7.49	11.42
Price/Sales (P/S)	n/a	2.36	1.17
Price/Cash per share	n/a	13.23	9.36
EV (in BGN)	n/a	178 366	161 911
EV/Sales	n/a	2.00	1.19
EV/EBITDA	n/a	8.60	6.65
EV/EBIT	n/a	9.49	7.60
Liquidity			
Current ratio	1.96	3.16	1.80
Quick ratio	1.44	2.19	1.06
Debt Management			
Debt to total assets	0.80	0.43	0.55
Interest coverage	5.41	5.34	4.08
LT Debt/Equity	2.18	0.37	0.49
Total Debt/Equity	4.13	0.76	1.24
Asset Management			
Inventory turnover	5.28	3.41	2.99
Days sales outstanding	146	103	107
Fixed asset turnover	2.60	1.80	1.68
Total asset turnover	0.91	0.66	0.71
Profitability			
Profit margin on sales	8.0%	15.6%	10.3%
EBITDA margin	15.1%	23.2%	17.9%
Basic earning power	10.6%	14.0%	11.2%
Return on assets	7.3%	10.4%	7.3%
Return on equity	37.4%	18.3%	16.5%
Return on investments	11.7%	13.4%	11.1%

Disclaimer

Analyst Certification: The research analyst(s) certifies that: (1) all of the views expressed in this document accurately reflect his or her personal views about any and all of the subject securities or issuers; (2) no part of any of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this document.

Financial Interest: ELANA Trading may trade or own shares of the analyzed companies. The research analyst(s) is not holding shares of the analyzed companies, unless otherwise noted.

Regulatory Authority: Financial Supervisory Commission, *Shar Planina* Street 33, 1303 Sofia, Bulgaria

Information Disclosure: All reasonable care has been taken to ensure the facts stated are accurate and opinions given are fair and reasonable. Our recommendations are based on information available to the public that we consider to be reliable but for the completeness and accuracy of which we assume no liability. Neither ELANA Trading, nor its directors, officers or employees shall in any way be responsible for its contents. The views expressed may differ from the views of other firm departments or representatives. Additional information is available upon request. Unless otherwise noted, sources for all information in charts and tables are ELANA Trading's calculations.

Risks for Investors: Information in this document should not be regarded as an offer to buy or sell any financial instruments. The investment possibilities discussed in this document may not be suitable for certain investors depending on their specific investment objectives and time horizon or in the context of their overall financial situation. In particular, the risks associated with an investment in the securities or the financial instruments under discussion are not explained in its entirety. The prices or values of the securities may go down as well as up and can fluctuate and fall against the investor. The securities or investments may cause the investor to lose the amount invested. Past performance is not a guide to future performance. Changes in exchange rates may have an adverse effect on the value, price or income of the securities or investments.

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.

Recommendations: Analyst(s) recommendations are based on the specific factors for the company, sector, country and global developments, as compared to market indices. Recommendations and opinions reflect ELANA Trading's expectations over the 12-month period following publication from the perspective of long-only investment clients. ELANA Trading reserves the right to express different or contrary recommendations and opinions for different timescales or for other types of investment client. Except as otherwise noted, expected performance over next 12 months vary for different recommendations for Bulgarian stocks as follows:

Outperform	More than 5% higher as compared to SOFIX and BG40 performance
Neutral	Market performance, +/-5% as compared to SOFIX and BG40
Underperform	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.

For more information, please contact:

Research analyst
Tsvetoslav Tsachev
Tamara Becheva

Phone:
+ 359 2 810 00 23
+ 359 2 810 07 23

E-mail:
tsachev@elana.net
becheva@elana.net

Internet:
www.elana.net
www.elana.net