



Stock Price of Sopharma



- Sopharma (3JR) announced BGN 40.7 million net profit for 2010 or 21.5% above the 2009 result. Only for the 4Q, the net profit of BGN 4.3 million is the best result for the period during the last few years. The sales of production improved by 12.4% y-o-y and the domestic market contributed 74% to them as consolidation revenues include the turnover of the whole-sale subsidiary Sopharma Trading. The sales in Europe contributed to 22% of the total revenues.
- Consolidated revenues increased to BGN 603 million or 19.15% y-o-y, which exceeded the preliminary Management's prognosis for growth between 10% and 15%. Bulgaria remained the main market for the company, but the new markets increased their stakes.
- The long-term liabilities of the company remained lower as compared to the end of 2009, mainly due to the declining bank loans. Most bank loans of Sopharma are in EUR and USD and the company is paying relatively low interest rates.
- The short-term bank loans increased to BGN 137.4 million as compared to BGN 95 million at the end of 2009. At the same time, the deposits on demand improved to BGN 38.8 million as compared to BGN 9 million for 2009.
- The total costs of Sopharma increased by 21% y-o-y. This is mirroring the rising revenues from the domestic market (21%). Personnel costs are increasing much slower (10%) and represent 9% of total expenditures.
- At the beginning of 2011 the company signed a contract for the purchase and putting into operation of modern equipment for a new tablet workshop that is part of the new plant for solid medicines in Sofia. The investment in equipment within this project amounts BGN 8 million, half of which are granted by EU Funds. The approved project will be accomplished until 2013.
- Return on equity is 13.7%. The interest to EBIT ratio is 14.5%. The position consolidated around BGN 4.00 and lag behind the recent market rally, despite the 14% increase since the beginning of the year. The company enjoys high investors' confidence despite the higher than market's average multiples. The trailing P/E is 14.36.

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