



### Stock Price of Sopharma



- The quarterly report of the pharmaceutical company Sopharma is among the few bright spots on the stock exchange as revenues and profits improved. The market had little reaction in terms of price change as Sopharma is announcing each month its non-consolidated financial results.

- Total revenues increased 9% on yearly basis. Sales of production rose 12% to BGN 204 million as compared to 2008. The domestic market is generating 35% of the total revenues. The market share of Sopharma in Bulgaria remained 7%. The company entered two new markets in 2009 – the Republic of Serbia and Turkey, which contributed by BGN 4.6 million to the total revenues. The other main foreign markets – Russia and Ukraine increased respectively by 11% and 24% on yearly basis.

- Sopharma's net profit increased by 73% on yearly basis, but the 4Q 2009 was the worst quarter for the company in terms of the profit during the previous four years. The non-consolidated financial result for the last three months of the year was BGN 2.5 million. The main reason for the better result on yearly basis was the cost-cutting measures that affected all main groups of expenditures. Costs of basic materials decreased by 15%. They have the largest stake in the total cost along with the costs for external services.

- The total liabilities of the company decreased by 8% on yearly basis, mainly due to the lower long-term bank loans. The change in liabilities' structure continued – short-term loans increased but in less degree than the decrease of long-term credits. Most bank loans of Sopharma are in EUR and USD and the company is paying relatively low interest rates.

- Latest results confirmed not only the positive trend but also the less degree of uncertainty when comparing to the other Bulgarian companies. Recently, the stock enjoyed higher investors' interest and the traded volumes improved. The price consolidated around the level of BGN 4.00 since October.

## 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:

---

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

**Copyrights:** The copyrights of ELANA Trading analyses belong to the Research Department of the brokerage and their content cannot be used for commercial purposes. Replication and redistribution of ELANA Trading analyses content is expressly prohibited without the prior written consent of the appointed contacts listed below.

For more information about the current recommendations, please visit ELANA Trading web page: [http://www.elana.net/analysis/reports/bul\\_f\\_pazar\\_7/LIST\\_Recommendations.pdf](http://www.elana.net/analysis/reports/bul_f_pazar_7/LIST_Recommendations.pdf)

### For more information, please contact:

<b>Research analyst</b>	<b>Phone:</b>	<b>E-mail:</b>	<b>Internet:</b>
Tsvetoslav Tsachev	+359 2 810 00 23	<a href="mailto:tsachev@elana.net">tsachev@elana.net</a>	<a href="http://www.elana.net">www.elana.net</a>
Tamara Becheva	+359 2 810 00 27	<a href="mailto:becheva@elana.net">becheva@elana.net</a>	<a href="http://www.elana.net">www.elana.net</a>