



- The consolidated report of Chimimport was not a surprise for the market. Profits remained very close to the previous year's results whereas revenues gained 11% during the third quarter. The holding relies heavily on financial operations for its profit and this item increased further its significance in 2010.

- The subsidiaries in production and transportation segments posted lower financial results since the beginning of the year - 22.3% and 28% respectively. Their profits were BGN 12 million and BGN 20 million for the nine months. The revenues of production companies gained 14%. Sales to other companies in the group decreased their share in total revenues from BGN 24.7 million to 14.5 million. The transportation segment, which is the largest source of revenues for the group, contracted 10%.

- Profits of financial companies represented 68% of the total result since the beginning of the year. The reported profit of Chimimport is BGN 101.137 million, which is 2.1% higher on yearly basis. The insurance premium income increased 4.3%, whereas the financial result of the segment gained 2.3%. The general insurance market in Bulgaria contracted 6% this year.

- The period was very successful for the group of Chimimport in terms of net interest income, which increased 38% for the nine months to BGN 82.6 million. At the same time the profit from trading with financial instruments fell 33% to BGN 36.4 million. Administration and selling expenses were relatively unchanged to BGN 94.5 million.

- The slow and steady decline of Chimimport's shares reversed in November and the price returned to BGN 2.50 quickly. Volumes also improved along with rising number of deals as individual investors joined on the demand side. Multiples of Chimimport are significantly lower as compared to other Bulgarian stocks. This is due to the large stake of financial profits in the holding's results. The market is not paying attention to the details in the quarterly reports and the volatility of profits and revenues by segments did not have effect on the stock price.

### Stock Price of Chimimport



**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:**

Research analyst  
Tsvetoslav Tsachev  
Tamara Becheva

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

E-mail:  
[tsachev@elana.net](mailto:tsachev@elana.net)  
[becheva@elana.net](mailto:becheva@elana.net)

Internet:  
[www.elana.net](http://www.elana.net)  
[www.elana.net](http://www.elana.net)