



EV/EBITDA	0.65	P/E	4.37
RoIC	7.34%	P/S	0.42
RoE	6.77%	P/B	0.30

**Stock Price of Industrial  
Holding Bulgaria**



- The net profit of Industrial Holding Bulgaria increased by 11.6%. The fourth quarter showed the lowest quarterly result for the year. Revenues decreased last year as compared to 2007. However, it is important to note that the company capitalized the production of ships for its subsidiaries and in fact revenues should exceed BGN 164 million or 1% higher than 2007.

- The specific of the accounting of shipbuilding could disturb the sales of the holding as revenues are recognized after each phase of completion. This is unlikely to have significant impact on revenues.

- EBITDA improved by 14% an EBITDA margin for 2008 was 15.9%. The lower prices of metals improved the costs for materials but the holding faced higher expenses for labor force and services. The operating profit decreased to BGN 11 million but the interest income of the holding managed to compensate the difference. The cash flow from operations remained negative but VAT refunding made some improvement to the overall cash flow. The holding's cash is BGN 80 million, whereas the market cap is BGN 60 million.

- The holding increased its tangible assets by BGN 40 million and the production of ships formed the largest part of assets purchases. The extremely difficult market conjuncture in maritime transportation will have impact on the subsidiaries of Industrial Holding Bulgaria late this year. The first ship will be commissioned in April.

- The holding is responding to the crisis with an action plan, that presumes a decrease of production of furniture and machines. Some reduction of labor force is already implemented and the companies in the group could extend the job cut to 15% of the employees.

- Trailing ratios became very attractive as compared to the market average, which is usual for holding companies. P/E is 4.40 and the profit is not distorted by huge profits from operations with securities. The low debt and huge cash are the reasons for the best EV/EBITDA among Bulgarian stocks.

- The position outperformed the broad market in the weeks before and after the announcement of the consolidated report.



## Industrial Holding Bulgaria 2008 Report

11 March 2009

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<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

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