



EV/EBITDA	2.28	P/E	3.49
RoA	13.18%	P/S	0.31
RoE	16.79%	P/B	0.59

Stock Price of Neochim



- The fertilizer producer Neochim confirmed the negative expectations and announced a quarterly loss of BGN 2.6 million. Sales for the first quarter decreased by 65% to BGN 33 million. The interrupted supply of natural gas during the first several weeks of the year had very negative impact on the company and Neochim was forced to cease production. The company restored its normal production capacity in April.

- The export fell to the insignificant level of BGN 74 thousand. Neochim is selling solely in the domestic market, which contracted by 54% on yearly basis. The ammonium nitrate decreased by 67% for the period but remains the main product of the company.

- The liabilities of Neochim are lower. The company has BGN 8.2 million debts to the provider of natural gas Bulgargas, which is extended until 2013. BGN 750 000 will be paid off this year. The natural gas represented 82% of costs for materials or BGN 6.2 millions. Lower capacity utilization is the reason for the higher consumption of natural gas per ton fertilizer. The cash and cash equivalents at the end of the quarter are BGN 15 million.

- The company's management announced its expectations for this year's results a month ago. The prognosis is for 56% decrease of produced volumes of ammonium nitrate revenues, whereas yearly revenues are expected to slump by 58%. The unfavourable market conjuncture will have negative impact on the other products of the company. Neochim will sell mainly on the domestic market.

- The valuation ratios of Neochim remained among the lowest on the Bulgarian stock market. The P/E ratio is 3.49, whereas P/S is 0.31. However, assuming that sales will decrease by at least 50% this year would result in 0.50 price-to-sales. The stock lost 36% year-to-date in relatively thin volumes.

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