



EV/EBITDA	neg.	P/E	neg.
RoA	neg.	P/S	1.20
RoE	neg.	P/B	0.93

Stock Price of Neochim



- The fertilizer producer Neochim announced its fourth quarterly loss in a row. The company had BGN -3.34 EPS for the quarter, according to the non-consolidated report. The consolidation should change insignificantly the results. The total amount of the loss since the beginning of the year is BGN 16.779 million as compared to the accumulated profit of BGN 55 million for the same period of 2008.

- Sales for the quarter decreased significantly. Revenues were BGN 4.8 million for the period as compared to BGN 85 million a year ago. Sales YTD were BGN 61 million. However, the third quarter is usually the period for regular maintenance and seasonally lowest production. Neochim decreased only slightly the level of inventories which means that weak demand is the main reason for the meagre sales. The domestic demand remained subdued due to the credit crisis that is hurting the bank credits to agricultural producers.

- Neochim's pessimistic prognosis for the year is based on 55% decline of revenues. It needs to generate additional 65 million of revenues to fulfil this expectation that looks very difficult without exports and during the seasonally weak fourth quarter. The export fell to the insignificant level of BGN 1.3 million for the first nine months of 2009. Domestic sales of ammonium nitrate decreased by 47% for the period.

- Costs of natural gas increased to 74% of revenues from 60% year ago. Domestic prices of natural gas increased during the last year but the lower capacity utilization is also contributing to the higher consumption.

- The short-term liabilities of Neochim were increased. 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. Neochim debt-to-equity is relatively low – 0.25. The cash and cash equivalents fell significantly during the course of the year and were BGN 1 million at the end of the last reporting period.

- The valuation ratios of Neochim deteriorated this year along with the steep decline of sales and the loss.

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