



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. Moreover, those data are the strongest for the third quarter in the company's history. The market had little reaction in terms of price change and volumes as Sopharma is announcing each month its non-consolidated financial results.

- Total revenues increased 5.9% during the third quarter on yearly basis. Year-to-date increase is similar – 5.8% as compared to the first nine months of 2008. Sales of production rose 7% to BGN 129.5 million from the beginning of the year. The domestic market is generating 36% of the total revenues and is growing more rapidly than the export, respectively 10.4% and 5.36%. The market share of Sopharma in Bulgaria is 7%. The company's sales were exceeded only by the other large domestic producer Actavis.

- Sopharma's profit exceeded much more the quarterly results for the previous years. The main reason for the better profit were the cost-cutting measures that affected all main groups of expenditures. Costs of basic materials and spare parts decreased by 9% and 71%, respectively. They were the largest contributors for the 18% decline of material costs. Sopharma also cut the advertising costs by 54% in the markets where the company's brands are well-known – Ukraine, Baltic States and etc.

- The change of liabilities' structure continued – short-term loans increased but in less degree than the decrease of long-term credits. Total liabilities were also lower, whereas receivables from related entities increased. Most bank loans of Sopharma are in EUR and USD and the company is paying relatively low interest rates.

- The cost-cutting program is improving the profitability of the company to better-than-expected levels. Sopharma planned to maintain the net profit at its 2008 level but this goal had been achieved at mid-year.

- The P/E ratio of Sopharma remains above the average for the Bulgarian stocks. Latest results are a positive surprise and confirmed not only the positive trend but also the less degree of uncertainty when comparing to the other Bulgarian blue chips.



SOPHARMA 3Q 2009 Non-Consolidated Report

30 October 2009

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