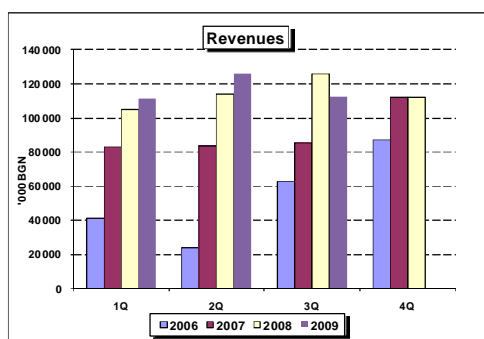
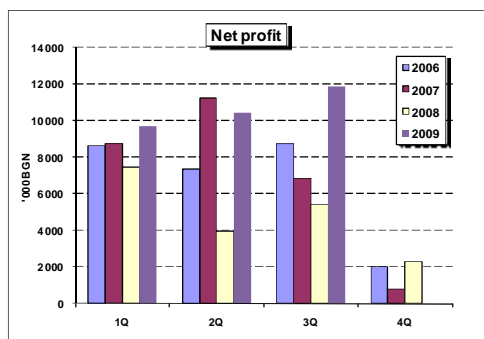
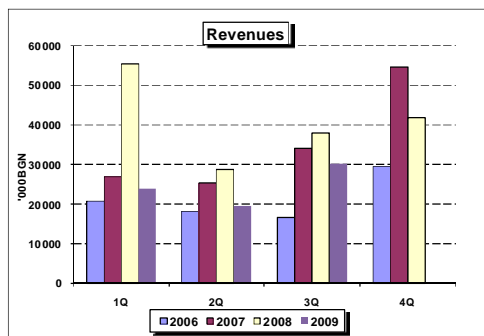
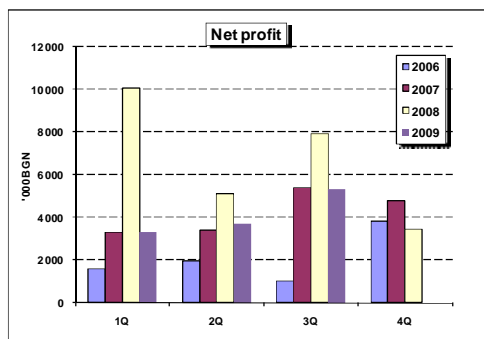


## Sopharma



- The consolidated report for the first nine months of Sopharma improved the valuation ratios of the pharmaceutical company as it showed further increase of the profit. This was the best quarterly profit for the last four years. Moreover, the comparison to the nine months of the previous year showed that the profit margins are improving steadily.
- Total revenues increased 1.6% since the beginning of the year. However, the third quarter revenues were 10% lower as compared to the second quarter. The domestic market contributed for 75% of the revenues and posted 3% increase since the beginning of 2009. The new markets of Sopharma are growing faster but they have only small contribution to the total growth.
- The improved profitability was due to the cost-cutting measures. Sopharma managed to pay part of its debts and decreased its total loans by 9% since the beginning of 2009. Important factor for the improved debt level is the lower inventory turnover.
- The subsidiary Sopharma Trading that is the distributor of pharmaceutical products for the domestic market announced recently 2% increase of the revenues for 2009.

## Monbat



- The car batteries producer Monbat benefited from the rising prices of lead and lead alloys. The company managed to improve its profitability on quarterly basis. The results of Monbat resemble 2007 by level of revenues and the quarterly profit margins.
- The consolidated report also showed that the pace of decline in revenues is weakening. The quarterly sales hit the bottom in 2Q and the next two quarters will close most of the gap to the year-ago results.
- However, the main problem for the stock price is the still rising multiples after each quarterly report. The P/E ratio increased to 17 after calculated through the last four quarters. Moreover the comparison to the very bad fourth quarter of 2008 will not support the market bias even if results are improving faster.
- The current assets of Monbat are rising but mainly due to the increase of stockpiled materials and receivables. The company's bank loans grew by BGN 3.2 million during the last quarter. The increase is much higher and worrisome when comparing to the end-2008. Bank loans soared more than BGN 10.5 million or by one third despite the parallel rise of profits and the cash of the company.

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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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### 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)