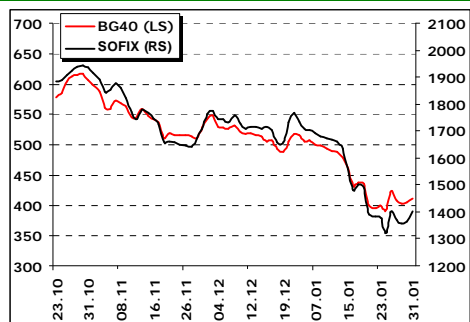


MARKET REACTION TO EARNINGS



The announced corporate earnings for 2007 had little impact on prices of liquid shares. Although profits were in line with the expectations for solid growth, the market remains focused on the negative effects from foreign markets and the credit crunch. We cannot put all stocks under the same general conclusion for solid growth and improvement of profits. Companies with positive earning surprises will outperform the market in mid-term perspective. Moreover, Bulgarian stocks are more attractive in terms of multiples and growth perspectives as compared to the previous two years.

Company

Albena /ALB/ *

The non-consolidated report showed the same positive trend that began during the third quarter. The changes in the accounting method resulted to understated sales during the current quarters as compared to previous periods. Thus the second half of the year includes any possible shifts from quarter to quarter. The consolidated report will improve all multiples and more notably P/S and EV/Sales. The share looks attractive with its low P/B that doesn't include revaluation of assets during the last year.

Indicator Value

Price	90.98
Sales Growth	3.6%
P/E	21.64
P/B	1.41
P/S	4.16
EV/EBITDA	13.14
EV/Sales	5.10

*non-consolidated

Graph



Company

Alcomet /ALUM/

Sales growth during the fourth quarter decelerated further due to the falling prices of aluminum. Moreover, rising depreciation and interest pushed down additionally the profit before tax. EBITDA increased 11% which is below the growth rate of sales. Bank loans jumped by BGN 13 million but payables decreased considerably along with the inventories. Alcomet continued to invest in new equipment. However, profits are too low to improve the P/E ratio.

Indicator Value

Price	11.60
Sales Growth	17.1%
P/E*	52.36
P/B	3.10
P/S	0.83
EV/EBITDA	13.14
EV/Sales	1.13

*not including taxes

Graph



Company

Bulgarian American Credit Bank

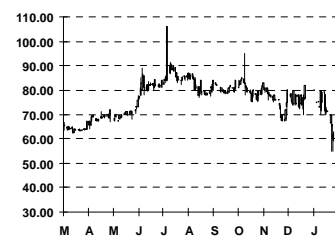
/BACB/


BACB has the best profitability ratios among Bulgarian public banks. The credit portfolio growth is 54% y-o-y. BACB made additional provisions of BGN 5.48m during 2007. The total provisions are BGN 30.68m, whereas credits last year increased from BGN 403.26m to BGN 620.82m. The trailing P/E is below the average for the banking sector and is likely to remain the lowest as the market capitalization of BACB is 16.7% higher than its assets.

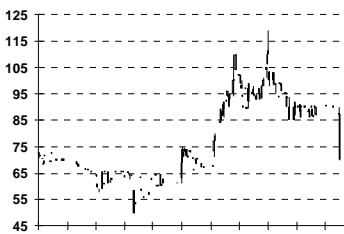
Indicator Value

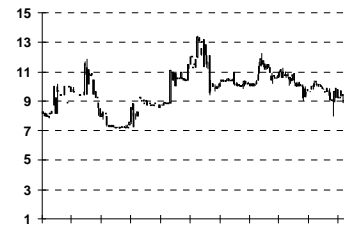
Price	64.69
Asset Growth	44%
Profit Growth	55.6%
P/E	15.38
P/B	5.25
RoA	8.96%
RoE	39.7%


Graph





Company	Indicator	Value	Graph
Biovet /BIOV/ *			
<p>Non-consolidated sales grew by 37% but total revenues are down as one-time sale of non-tangible assets contributed for the better performance in 2006. The net profit remained meager but Biovet decreased its debts and interest payments. Shares are currently trading 13 times the non-consolidated EBITDA. The company is planning to sell its small steam and power plant as the investment is non-profitable and revenues will cover some of the debts. However, it is unlikely to improve the P/E ratio to the market average.</p>	Price	13.36	
	Sales Growth	37.2%	
	P/E	760	
	P/B	1.61	
	P/S	0.88	
	EV/EBITDA	13.72	
	EV/Sales	1.27	
*non-consolidated			

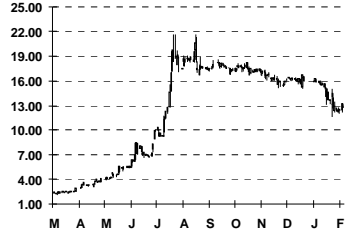
Company	Indicator	Value	Graph
Blagoevgrad-BT /BLABT/			
<p>Revenues increased by 36% last year but the main source of growth was the export of cigarettes and tobaccos. However, the sell of assets also contributed for the growth of revenues. Blagoevgrad-BT is state-owned company and the ongoing restructuring program in the tobacco sector will concentrate the production in the two largest facilities. The share is trading at very cheap valuation but the low liquidity, the rising excises and the future privatization are the main factors for the price discount.</p>	Price	90.70	
	Sales Growth	36%	
	P/E	6.47	
	P/B	1.12	
	P/S	1.10	
	EV/EBITDA	2.89	
	EV/Sales	0.65	


Company	Indicator	Value	Graph
Bulgarian River Shipping /BRP/ *			
<p>The company increased its revenues but the transported cargo fell 6% due to the dry summer season and the low shipment of grain in the region. BRP managed to retain its profitability ratio but all valuation ratios are too high despite the ongoing correction on the stock market. The performance in 2008 will be boosted by the new ships that have better capacity utilization. BRP is in process of replacing its ships.</p>	Price	6.70	
	Sales Growth	14.5%	
	P/E	64.55	
	P/B	5.11	
	P/S	5.08	
	EV/EBITDA	39.01	
	EV/Sales	5.14	
*non-consolidated			

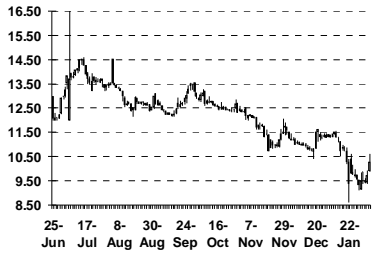
Company	Indicator	Value	Graph
Central Cooperative Bank /CCB/			
<p>Gains from trading with securities were behind the 2007 profits. The recent capital increase improved the P/B ratio to 2.5 which is undermining the return on equity. The expansion of the branch network is the price for the lower profits from banking activities.</p>	Price	7.13	
	Asset Growth	38.3%	
	Profit Growth	69.2%	
	P/E	25.53	
	P/B	2.45	
	RoA	1.51%	
	RoE	13.9%	

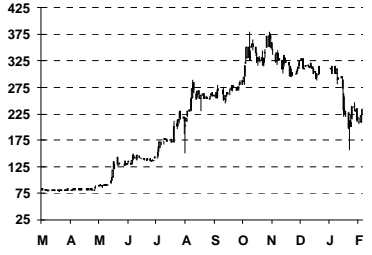
Company	Indicator	Value	Graph
Devin /DEVIN/			
<p>The consolidated report showed solid growth which covers the management estimations. However, the profit margin is lower than the previous expected 14% EBITDA margin. Devin decreased its bank loans substantially but has additional credit limits from Bulgarian banks to continue its investment program.</p>	Price	6.10	
	Sales Growth	79.1%	
	P/E	75.37	
	P/B	3.55	
	P/S	1.94	
	EV/EBITDA	16.48	
	EV/Sales	2.10	

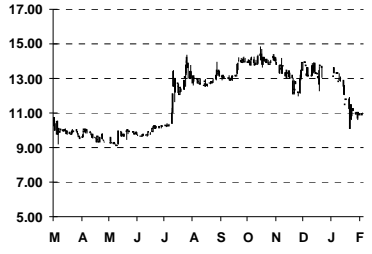
Company	Indicator	Value	Graph
Elhim /ELHIM/			
<p>The small-cap producer of car batteries managed to improve substantially all its multiples. The rising lead prices supported the increase of sales, whereas the improved profit margin during the seasonally strong second half of the year resulted to more acceptable valuation ratios. The current P/E is 25 as the net profit is 4 times higher. The cash flow from operations deteriorated due to the rising inventories and receivables.</p>	Price	5.23	
	Sales Growth	69.6%	
	P/E	24.88	
	P/B	3.38	
	P/S	1.87	
	EV/EBITDA	15.86	
	EV/Sales	1.92	


Company	Indicator	Value	Graph
Eltos /ELTOS/			
<p>4Q sales slightly fell q-o-q but are 22% higher as compared to a year ago. Revenues for the total 2007 jumped 40%, whereas the rising profit improved the valuation ratios to the most attractive among SOFIX components. Eltos had negative cash flow from operations as receivables from related parties jumped solidly. The company covered debts but is planning to invest in modernization and improved competitiveness. Eltos is expecting 23% sales growth for 2008 and 0.91 EPS.</p>	Price	12.50	
	Sales Growth	39.9%	
	P/E	18.81	
	P/B	1.83	
	P/S	2.42	
	EV/EBITDA	10.05	
	EV/Sales	2.47	

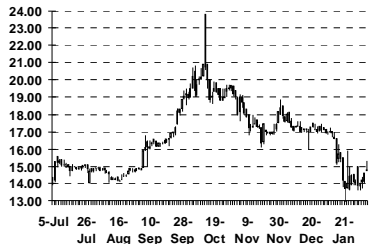
Company	Indicator	Value	Graph
Euro Ins /EURINS/			
<p>The gross premium income increased by 25% whereas claims net of reinsurance were hardly changed. Income from investments also improved solidly to BGN 4 million, whereas the technical result is 31% higher. At recent levels P/E is below the market average, whereas P/B of 5.12 remains lower than the trailing ratio of the other insurer Bulstrad.</p>	Price	10.45	
	Premium Growth	25.02%	
	P/E	19.59	
	P/B	5.12	
	P/Premium	1.59	


Company	Indicator	Value	Graph
<u>First Investment Bank /FIB/</u>			
<p>The bank exceeded the expectations as it managed to increase the assets growth rate along with the net profit margin. Income from trading with securities represents less than 5% of the total profit. Credit portfolio increased by 62% y-o-y, which exceeded the assets' growth rate. P/E ratio of 20.85 is below the average for the financial sector. The price of FIB's shares is 33% below the all-time high and even the IPO price.</p>	Price	9.49	
	Asset Growth	33.3%	
	Profit Growth	74.2%	
	P/E	20.85	
	P/B	3.21	
	RoA	1.36%	
	RoE	20.3%	

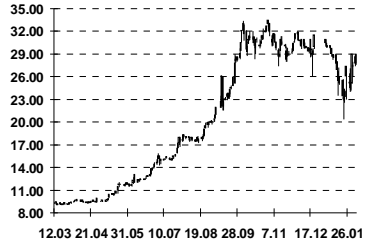
Company	Indicator	Value	Graph
<u>Fazerles /FZLES/</u>			
<p>The quarter was the weakest for the year in terms of sales but the growth for the total 2007 is still robust. The net profit margin improved due to the investment in energy efficiency technology and the high capacity utilization. Moreover, the wood material producer is able to transfer the inflation to its end-user prices. The P/B is still high but this is usual for privatized companies on the stock exchange that didn't revalue its assets recently.</p>	Price	211.37	
	Sales Growth	32.0%	
	P/E	18.04	
	P/B	6.04	
	P/S	3.43	
	EV/EBITDA	14.39	
	EV/Sales	3.22	

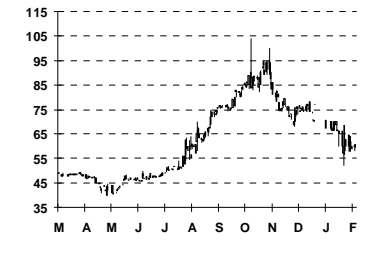
Company	Indicator	Value	Graph
<u>Oil & Gas /GAZ/*</u>			
<p>The consolidated report improved the multiples of GAZ but so far the growth rates of sales and profits are less than the increase of oil prices. The decline of physical volumes is stronger for the natural gas – 18.9%, whereas the crude oil production fell 3.5%. When adding the profits of the subsidiaries without the adjustment for related parties the total profit could reach BGN 6.2 million which corresponds to P/E of 21.50. This is close to the average for the market.</p>	Price	10.90	
	Sales Growth	9.46%	
	P/E	23.91	
	P/B	2.88	
	P/S	4.89	
	EV/EBITDA	16.74	
	EV/Sales	3.95	
*non-consolidated			


Company	Indicator	Value	Graph
<u>Hydraulic Elements & Systems /HES/</u>			
<p>The company is implementing its investment program for expanding the capacity. HES managed to exceed the prognosis for 2007 despite that the expected sale of assets is not included. The one-time revenues will be in the report for 1Q 2008. The P/E and EV/EBITDA are higher than the market average.</p>	Price	23.50	
	Sales Growth	14.5%	
	P/E	33.76	
	P/B	3.46	
	P/S	1.46	
	EV/EBITDA	18.02	
	EV/Sales	1.44	

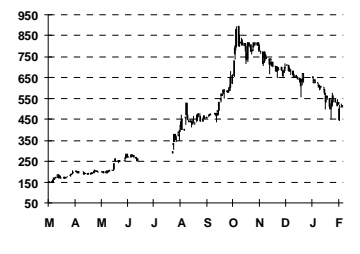
Company	Indicator	Value	Graph
<u>Kaolin /KAO/*</u>			
<p>The non-consolidated report is representative for the solid growth of Kaolin. The company is expanding its operations abroad but the revenues also increased as Kaolin is already supplying the thermo power plants with limestone for desulphurization. Investments in modernization and increase of capacity will improve the domestic production but a solid factor for consolidated growth is also the acquisition of foreign companies in the region and Ukraine.</p>	Price	14.02	
	Sales Growth	23.7%	
	P/E	20.51	
	P/B	3.05	
	P/S	3.33	
	EV/EBITDA	12.40	
	EV/Sales	3.21	
	*non-consolidated		


Company	Indicator	Value	Graph
<u>M+S Hydraulic /MCH/</u>			
<p>The producer of hydraulic elements increased its sales by 17% in physical volumes and by 25% in value due to the changes in the product structure. The company is trading at higher than average P/E ratio as the market is focusing toward the growth perspectives and the possibilities to expand the production further. However, MCH is planning 7% increase of production in 2008. The EBITDA margin is decreasing.</p>	Price	10.32	
	Sales Growth	30.4%	
	P/E	31.44	
	P/B	4.00	
	P/S	1.76	
	EV/EBITDA	13.62	
	EV/Sales	1.86	

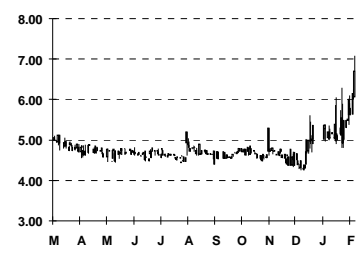
Company	Indicator	Value	Graph
<u>Monbat /MONBAT/*</u>			
<p>Some improvement of sales is likely when including the revenues from subsidiaries in the consolidated report. However, the P/E ratio is above the average as the company is expecting at least 30% growth of revenues in 2008 and further improvement of profit margin due to the recycling of lead car batteries in Romania and Serbia. The start of the two new plants will be delayed by a quarter. Until then, margins will depend mainly from the price of lead.</p>	Price	27.39	
	Sales Growth	83.2%	
	P/E	30.68	
	P/B	6.12	
	P/S	3.71	
	EV/EBITDA	22.81	
	EV/Sales	3.86	
	*non-consolidated		

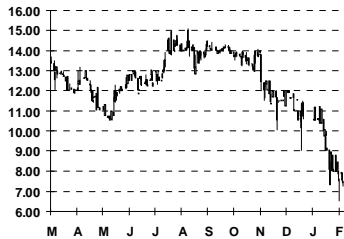
Company	Indicator	Value	Graph
<u>Neochim /NEOH/*</u>			
<p>Domestic sales exceeded the export of Neochim and represented 61% of total revenues in 2007. The non-core operations had lower contribution for the net profit as compared to 2006. As a result Neochim's non-consolidated profit fell 15% last year but the company showed a slight improvement of gross profit margin. The company is investing in modernization of its facilities.</p>	Price	59.15	
	Sales Growth	1.64%	
	P/E	51.48	
	P/B	1.98	
	P/S	0.85	
	EV/EBITDA	18.27	
	EV/Sales	0.99	
	*non-consolidated		


Company	Indicator	Value	Graph
<u>Odessos /ODES/</u>			
<p>The report showed very good performance during the last quarter. Revenues jumped and showed again an extreme volatility on quarterly basis. EBITDA margin was 24% as expected. The reported profit is without taxes and could lead to higher P/E ratio. However, the company is among the positive surprises this year and is trading at better than average multiples. The market's expectations for lower maritime transport due to the global slowdown are pushing down the price per share. However, SEE will be affected slightly.</p>	Price	286.07	
	Sales Growth	16.4%	
	P/E	18.75	
	P/B	3.27	
	P/S	4.03	
	EV/EBITDA	15.61	
	EV/Sales	3.75	


Company	Indicator	Value	Graph
<u>Orgachim /ORGH/*</u>			
<p>Revaluation of assets improved the P/B ratio to 3.74 but with the expense of higher taxes and low net profit. However, the P/E ratio when excluding the deferred tax expense is 29. EBITDA improved substantially but the higher amortization diminished the positive effect to the net profit when comparing to the previous year. In fact, the gross margin is improving as one-time financial profits had lower contribution to profits as compared to 2006. The company managed to increase its sales on foreign and domestic markets.</p>	Price	511.76	
	Sales Growth	27.2%	
	P/E	45.69	
	P/B	3.74	
	P/S	2.07	
	EV/EBITDA	17.44	
	EV/Sales	2.30	
	*non-consolidated		

Company	Indicator	Value	Graph
<u>Lead & Zinc Complex /OTZK/</u>			
<p>The production of lead soared 128% last year whereas the other main product zinc was slightly increased by 5%. As a result, sales of zinc decreased from 79% to 54% of total revenues. The profit is before tax, which should increase the P/E ratio to 29 when adjusting to 10% corporate tax for 2007. The weakness of metal prices and US dollar are the main short-term risks to the company's revenues in 1Q 2008. However, the investments in new equipment and the future acquisition of mines should support the growth rate of revenues and profits.</p>	Price	72.69	
	Sales Growth	59.3%	
	P/E	26.08	
	P/B	7.93	
	P/S	2.49	
	EV/EBITDA	21.50	
	EV/Sales	2.54	

Company	Indicator	Value	Graph
<u>Petrol /PET/*</u>			
<p>The non-consolidated report, which is representative only for the retail business of Petrol, showed 22.3% increase of revenues. Losses from operations with financial instruments are behind the meager profit last year. Moreover, the consolidated report will include the hedging activities of the group as the rising prices of oil resulted to consolidated loss for the first half of the year.</p>	Price	6.16	
	Sales Growth	22.3%	
	P/E	67.60	
	P/B	3.67	
	P/S	0.84	
	EV/EBITDA		
	EV/Sales		
	*non-consolidated		

Company	Indicator	Value	Graph
<u>Polimeri /POLIM/</u>			
<p>Revenues from all main product groups of Polimeri posted increase last year. Although production costs increased faster than revenues, the main factors for the loss are the write off of receivables and the tax liabilities. When excluding the net change of write off and the tax liabilities, the profit will be insignificant. The stock looks cheap in terms of P/B and P/S but even without the tax bills, the lower EBITDA margin is the major concern along with the receivables to related entities that could result to further write off.</p>	Price	7.78	
	Sales Growth	6.45%	
	P/E	neg.	
	P/B	0.46	
	P/S	0.89	
	EV/EBITDA	neg.	
	EV/Sales	0.92	

Company	Indicator	Value	Graph
<u>Svilosa /SVIL/</u>			
<p>The company began the modernization of its plant in September that will increase three times the capacity. The next several quarterly reports should remain under the negative influence of the modernization and the share will be traded at higher multiples than the average for the market. However, in the course of 2008 we expect growing interest toward Svilosa.</p>	Price	5.93	
	Sales Growth	-19.9%	
	P/E	71.14	
	P/B	3.50	
	P/S	3.56	
	EV/EBITDA	28.36	
	EV/Sales	4.59	

Company	Indicator	Value	Graph
<u>Toplivo /TOPL/</u>			
<p>The net profit for 2007 is far below the previous expectations as the management underestimated the negative effect from the mild winter last year. However, sales increased 2% last year and the profitability improved during the fourth quarter. Toplivo is one of the cheapest stocks in terms of P/B ratio and the company has lots of real estates that aren't revaluated recently and could add to the revaluation reserve.</p>	Price	21.72	
	Sales Growth	1.91%	
	P/E	21.10	
	P/B	1.25	
	P/S	0.40	
	EV/EBITDA	10.66	
	EV/Sales	0.57	

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Recommendations: Analyst(s) recommendations are based on the specific factors for the company, sector, country and global developments, as compared to market indices. Recommendations and opinions reflect ELANA Trading's expectations over the 12-month period following publication from the perspective of long-only investment clients. ELANA Trading reserves the right to express different or contrary recommendations and opinions for different timescales or for other types of investment client. Except as otherwise noted, expected performance over next 12 months vary for different recommendations for Bulgarian stocks as follows:

Outperform	More than 5% higher as compared to SOFIX and BG40 performance
Market Perform	Market performance, +/-5% as compared to SOFIX and BG40
Underperform	More than 5% lower as compared to SOFIX and BG40 performance

Frequency of Recommendations: No schedule of recommendations is available. The frequency of recommendations depends on specific factors to individual companies and the opinion of the analyst(s) for the necessity of minor or major changes.

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