

ALBENA (6AB)

INDUSTRY: HOTELS, RESTAURANTS AND LEISURE

INVESTMENTS TO COUNTER THE HEADWINDS

DURING 1H 2015 ALBENA IS UNDER THE NEGATIVE INFLUENCE OF THE DECLINING RUSSIAN MARKET BUT IT IMPLEMENTS ITS INVESTMENT PROGRAM IN CAPACITY EXPANSION AND ADDITIONAL SERVICES THAT WILL IMPROVE LONG TERM PROFIT MARGINS. 2015 SHOULD BRING LOWER REVENUES AND PROFITS. THEREFORE, OUR VALUATION MODEL POINTS TO LOWER INTRINSIC VALUE OF BGN 58.24.

FOCUS ON INVESTMENTS IN 2015

The beginning of the year is the weakest period in terms of revenues, which is used by Albena for investments into its hotels and infrastructure. Only a few hotels are open for the period, mainly for congress tourism and balneology. The focus on investments is a key element of the Company's strategy. Albena started to increase CAPEX two years ago and plans to expand the program further into modernization of hotels and building of recreational facilities. The difference with the already implemented investment program is only in the scale as the Group had long-term plan to renovate its hotels. The construction of new hotels in the "White Lagoon" complex is the example of a more focused program that should not only increase revenues, but also improve profit margins from economies of scale and new services.

DEBT FINANCING ON THE RISE

The investments last year were funded by 24% increase of net debt to BGN 86 m. We expect the debt level to reach 30% of equity but the company should add to its payables as part of the investments would be financed by long-term contracts with tour operators. The same model is used in the "White Lagoon" complex as Thomas Cook Scandinavia provided part of the BGN 40 m investments.

EFFECTS OF THE RUSSIAN CRISIS

The tourism in Bulgaria is negatively affected from the devaluation of the Russian ruble in 2014. Hotels had two possible solutions to offset the decline of reservations before the active seasons. The first one was to decrease prices as a way to minimize the foreign exchange differences. The second alternative is hotel operators to change their focus to tourists with higher income and to offer additional services, which should offset only part of the losses. Albena chose the latter, which will have long-term effect on revenues and margins but 2015 sales are expected to decline 10%. The improvement afterwards will due to the growth of visits from Scandinavia and other EU markets.

VALUATION: Negative revision on our expectations for revenues in 2015, based on the declining booking from the Russian market, has led to lower intrinsic value of Albena's shares. We assume a 7% decline of sales this year and lower than historical EBIT margin that pushed down the intrinsic value of Albena in our DCF model. Therefore, we decrease the price target and downgrade our recommendation to HOLD.

RESULTS ANALYSIS

RECOMMENDATION: HOLD

ONE YEAR PRICE TARGET: BGN 58.24

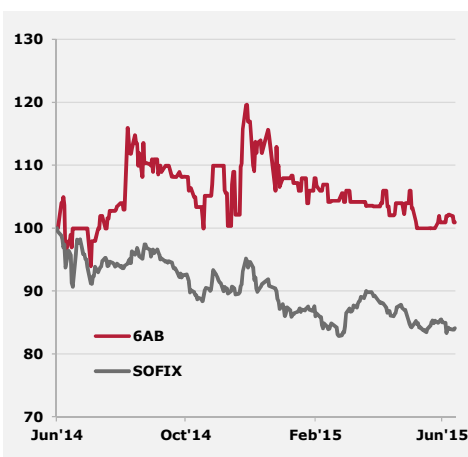
CURRENT PRICE: BGN 50.50

EXCHANGE RATES
EUR/BGN (FIXED): 1.95583
USD/BGN: 1.7480

MARKET DATA

Shares Outstanding:	4 145 126
Share Capital:	4 273 126
Free-float:	22.4%
Treasury Shares	3%
Market Cap.:	BGN 215.8m
52 Weeks Range:	BGN 45.61-59.00
Ticker	6AB
Bloomberg	6AB BU

PRICE PERFORMANCE



in kBGN, excl. ratios	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015
REVENUES	74,748	3,906	4,209	20,989	68,536	9,106	4,134
EBITDA	37,960	(3,257)	(1,271)	(1,922)	30,342	(1,805)	(1,850)
EBIT	34,501	(6,797)	(4,602)	(5,288)	27,816	(5,550)	(5,691)
NET PROFIT	34,348	(7,773)	(5,159)	(6,444)	27,352	(6,621)	(6,425)
EQUITY	366,509	365,519	360,340	351,914	379,487	373,014	81,185
ROE	4.69%	4.04%	3.93%	4.17%	2.23%	2.53%	2.14%
ROA	3.43%	2.96%	2.88%	3.04%	1.61%	1.81%	1.52%
EBITDA MARGIN	32.24%	30.95%	30.49%	30.34%	26.07%	26.18%	25.07%
NET PROFIT MARGIN	14.97%	13.82%	13.63%	14.42%	8.36%	9.08%	7.78%
EPS	8.29	(1.88)	(1.24)	(1.55)	6.62	(1.59)	(1.55)
DEBT/EQUITY	0.17	0.19	0.20	0.24	0.22	0.23	0.24
P/E	16.36	17.51	15.10	13.84	27.87	26.02	25.93
P/B	0.77	0.71	0.59	0.58	0.59	0.63	0.55
EV/EBITDA	9.35	9.73	8.72	8.65	12.24	12.3	11.20

ANALYST'S COMMENT

In our last results review we raised the question "is the worst behind Albena?". The answer came a bit later as the management of the company announced its expectations for 2015 and pointed to a 10% decline of revenues and profit in the range of BGN 6-7 m.

But let's see the big picture first. The tourism sector is expecting a tough year for the 2015 summer season after the decline last year. The biggest hurdles in 2014 were the floods and later on the declining number of Russian tourists' visits. The latter is still the largest uncertainty for Albena in the middle of 2015.

We share the view that Albena and Bulgaria as tourist destination will have additional decline of visits this year but we are not as negative as the sector was in the past few months. The first reason is the partial recovery of the Russian ruble, which means higher purchasing power of tourists. The Russian market represented 20% last year and the 30% decline of visits, according to the most negative scenario of sector's representatives, should result to the 10% contraction of revenues that Albena forecasted. It sounds logical to expect that higher Russian ruble will partially limit this decline.

The second factor for a positive bias on Albena is the substitution with tourists from other countries. The visits from neighboring Romania are on the rise and Bulgarian tourists also might increase as the resort is very popular with its green areas and good conditions for family vacations.

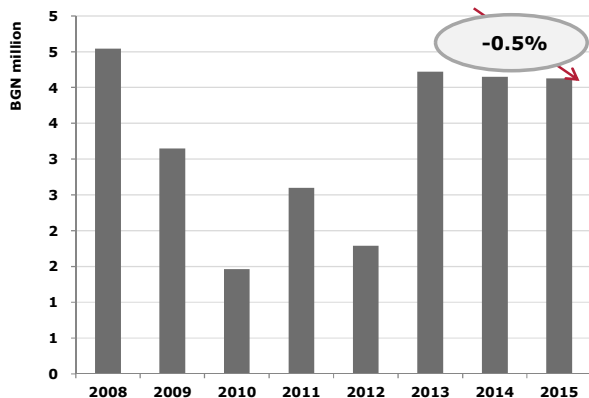
The number of visits from Eastern Europe will depend on the cheaper air transportation. We expect a positive effect from lower fuel costs that will support visits from the Baltic states, Scandinavia and Germany.

Investment horizon: Albena made substantial investments so far and plans additional BGN 130 m for the next few years that could become the game changer for the company. The smaller "White Lagoon" complex was enlarged with 240 new apartments. The increase represents less than 3% of the total number of beds in the Group but the project extends the partnerships with Nordic tour operators and is an opportunity to improve revenues and profit margins of the subsidiary. It will diversify the services of Albena with higher margin products like balneology and golf tourism.

Another large and important project that was completed in June is the aqua park in Albena. The company is improving the services of the hotels that are situated far from the sea, thus increasing the capacity utilization at higher prices. Albena will continue to enlarge the scope of services it provides to tourist.

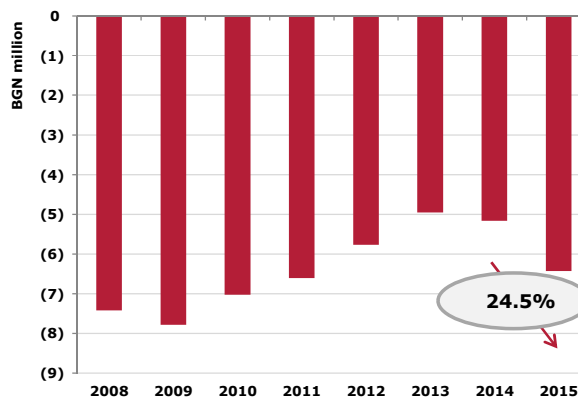
The financial performance during the first quarter is not representative for the forthcoming summer season, although the increase of depreciation should continue in 2015 and will pressure down the margins. Moreover, higher advertising costs and discounts are required to attract tourists from Western Europe.

FIRST QUARTER REVENUE



Source: Albena

FIRST QUARTER LOSS



Source: Albena

VALUATION OF ALBENA

The negative forecasts of the management and the bleak outlook from the sector regarding the Russian market this year have implications on the valuation of the stock. We revised our calculations on the downside, although we expect that Albena will perform better than the conservative forecasts of the management. The reasons include the newly expanded capacity in "White Lagoon" complex by 3% in cooperation with Scandinavian operators; the investments in recreational facilities and the better weather conditions as compared to 2014.

Revision of price target on the downside and HOLD recommendation

Therefore, our inputs in the DCF model include 7% decline of revenues in 2015, followed by four years of recovery of sales in the range between 6% and 10%. This should be backed by the strong investment program and the cooperation with tour operators from EU. The EBIT margin is forecasted to fall as low as 12.5% in 2015 and to recover quickly to the historical average of 15% in the following year due to higher value-added services. We assume that will take up to five years of margin to reach 19% that was recorded in 2012.

Our DCF model was adjusted to the announced plans of larger investments in the hotels of the Group. Expected CAPEX are increased to BGN 121 m for the next three years. This is in line with the level of 2014. The investments will be financed via bank loans and increased receivables from long-term contracts with tour operators. The same scheme was implemented in the expansion of capacity of "White Lagoon" complex.

Intrinsic value is BGN 58.24 per share

The calculation of Bloomberg on Albena's beta based on the last two years' performance to main index SOFIX is 0.55. The position proved to be hardly correlated to the overall market trend, due to the high value of net assets and its constant profit and dividend payment. We expect the cost of capital to remain low.

The intrinsic value of Albena's share is BGN 58.24, which is significant decline as compared to the price target in our report last year (BGN 78.51). Therefore, we consider the stock for HOLD recommendation until improvement of revenues and recovery from the Russian crisis in tourism.

WACC CALCULATION

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TERMINAL YEAR
RISK FREE RATE	2.40%	2.75%	3.25%	3.50%	3.75%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
EQUITY RISK PREMIUM	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
BETA	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
COST OF EQUITY	7.35%	7.70%	8.20%	8.45%	8.70%	8.95%	8.95%	8.95%	8.95%	8.95%	8.95%
COST OF DEBT	3.50%	3.50%	3.75%	4.00%	4.25%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
EFFECTIVE TAX RATE	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
AFTER-TAX COST OF DEBT	3.15%	3.15%	3.38%	3.60%	3.83%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%
WEIGHT OF EQUITY	77%	77%	77%	78%	79%	90%	90%	90%	90%	90%	90%
WACC	6.40%	6.64%	7.07%	7.37%	7.67%	8.48%	8.48%	8.48%	8.48%	8.48%	8.48%

DISCOUNTED CASH FLOWS

BGN'000	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TERMINAL YEAR
EBIT	11,955	15,207	18,613	22,281	24,714	26,444	28,031	29,432	30,757	31,987	33,107
EBIT(1-T)	10,760	13,686	16,752	20,053	22,243	23,800	25,228	26,489	27,681	28,788	29,796
ADD: D&A	16,584	17,235	17,869	18,018	18,132	19,402	20,566	21,594	22,566	23,468	24,290
LESS: INVESTMENTS	48,486	36,363	36,523	22,397	21,505	20,806	21,842	22,710	23,616	24,439	25,169
LESS: CHANGE NWC	-12,268	-1,588	-2,733	7,002	5,372	7,869	-835	-738	-697	-648	-610
FCF	-8,874	-3,854	831	8,672	13,499	14,526	24,787	26,110	27,328	28,465	29,527
PV FCF	0.92	0.85	0.78	0.72	0.67	0.61	0.56	0.52	0.48	0.44	
SUM OF PV FCF	67,086										
PV OF CONTINUING VALUE	262,525										
TOTAL PV FREE CASH FLOWS	329,611										
LESS: OUTSTANDING DEBT	95,078										
PLUS: FINANCIAL ASSETS	6,897										
PV OF EQUITY	241,430										
NUMBER OF SHARES ('000)	4,145										
PRICE PER SHARE	58.24										

QUARTERLY DATA (UNAUDITED)

Income Statement ('000 BGN)	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Revenue	10,483	4,287	19,330	74,748	8,989	4,209	20,989	68,536	9,106	4,134
Operating Expenses	14,066	8,642	25,423	40,247	15,695	8,811	26,277	40,720	14,656	9,825
Change in Inventories	(1,683)	(260)	304	357	382	(309)	(1,330)	975	2,067	(1,753)
Cost of Material	2,703	1,352	5,209	8,332	398	1,745	6,424	6,973	3,094	1,335
Cost of Labor	3,443	1,988	5,740	9,984	3,864	2,099	7,244	10,811	3,651	2,082
Cost of External Services	2,870	1,158	6,409	7,797	3,383	1,031	7,188	8,214	1,871	3,673
Depreciation and Amortization	3,761	3,582	3,816	3,459	3,556	3,331	3,366	3,526	3,745	3,841
Net Book Value of Assets Sold	304	289	3,500	9,824	2,974	172	2,963	9,139	450	96
Other Costs	2,668	533	445	494	1,138	742	422	1,082	(222)	551
Operating Income	(3,583)	(4,355)	(6,093)	34,501	(6,706)	(4,602)	(5,288)	27,816	(5,550)	(5,691)
Interest Expense	585	655	680	793	295	589	563	648	788	669
NET INCOME	(5,662)	(4,957)	(7,484)	34,213	(7,705)	(5,159)	(6,444)	27,352	(6,621)	(6,452)

Balance Sheet ('000 BGN)	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Cash & Near Cash Items	3,545	11,696	7,641	7,344	3,385	10,421	6,461	3,926	3,747	6,897
Accounts & Notes Receivable	4,470	5,727	9,494	10,628	4,183	6,327	10,565	11,620	5,705	11,310
Inventories	9,455	10,141	12,688	10,281	10,816	11,479	13,586	10,830	10,077	13,282
Total Current Assets	17,470	27,564	29,823	28,253	18,384	28,227	30,612	26,376	19,529	31,489
Net Fixed Assets	411,048	410,671	418,112	422,036	421,702	432,332	452,866	459,289	455,868	478,443
Other Long-Term Assets	29,897	29,658	29,584	27,956	31,336	27,944	28,480	28,856	28,606	31,756
Total Long-Term Assets	443,605	444,886	453,389	454,288	459,978	467,216	488,235	495,155	491,356	517,222
Total Assets	461,075	472,450	483,212	482,541	478,362	495,443	518,847	521,531	510,885	548,711
Accounts Payable	8,643	26,394	46,371	17,193	11,574	26,899	45,455	19,949	14,809	23,349
Short-Term Borrowings	17,854	14,963	8,904	3,052	22,552	21,922	15,663	3,444	17,946	14,790
Other Short-Term Liabilities	1,025	769	2,284	1,528	293	753	1,886	1,949	599	2,005
Total Current Liabilities	27,522	42,126	57,559	21,773	34,419	49,574	63,004	25,342	33,354	40,144
Long-Term Borrowings	55,554	55,554	59,831	60,674	46,720	50,358	67,437	78,301	68,528	80,288
Other Long-Term Liabilities	24,706	25,904	27,088	27,088	22,351	25,868	27,174	29,140	28,773	30,070
Total Long-Term Liabilities	80,260	81,458	86,919	87,762	69,071	76,226	94,611	107,441	97,301	110,358
Total Liabilities	107,782	123,584	144,478	109,535	103,490	125,800	157,615	132,783	130,655	150,502
Total Equity	347,285	342,268	332,161	366,509	365,519	360,340	351,914	379,487	373,014	390,622
Total Liabilities & Equity	461,075	472,450	483,212	482,541	478,362	495,443	518,847	521,531	510,885	548,711

Cash Flow Statement ('000 BGN)	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Cash From Operations	(3,029)	14,077	9,027	9,725	(2,096)	13,990	7,992	4,636	(2,544)	(945)
Cash From Investing Activities	(2,115)	(4,624)	(12,369)	(1,844)	(1,561)	(12,393)	(24,084)	(8,069)	(1,365)	(1,834)
Cash from Financing Activities	(1,130)	(1,310)	(1,251)	(7,655)	(186)	5,481	12,032	911	3,775	5,850
Net Changes in Cash	(6,274)	8,143	(4,593)	226	(3,843)	7,078	(4,060)	(2,522)	(134)	3,071
End-of-period cash	3,455	13,545	8,605	13,505	3,385	16,112	7,459	5,163	3,747	6,544

COMPANY OVERVIEW

COMPANY PROFILE

Largest hotel and restaurant operator in Bulgaria, situated on the Black Sea coast. The main asset is the summer resort "Albena", which generates over 70% of the Group's revenues. It is the leading family resort in Bulgaria and owns 40 hotels. Albena avoided excess construction in the resort as it owns also the land and the infrastructure in the resort. The Group incorporates also two smaller resorts - "Primorsko Club" and "White Lagoon", which add the number of beds to more than 25 000.

The Group has long-term contracts with leading tour operators in Europe, such as Neckermann, TUI, REWE, Thomas Cook Northern Europe, etc. Its structure includes tour operators, companies in medical and SPA tourism, real estate, agricultural production, airport and flight services. Subsidiaries support the hotel business with additional services and goods and add to Albena's profitability.

FUNDAMENTAL STORY

Net assets of Albena exceed substantially its market cap. Moreover, the sale of hotels should bring even higher return to shareholders. The profitability of assets would be a consequence of investments in higher star category of Albena's hotels. Development of "Primorsko Club" resort aims at increasing the number of beds, while "White Lagoon" should change to highest quality vacation and balneotherapy resort in Bulgaria. Investments in 2014 doubled y-o-y and are planned to increase further.

The summer season is relatively shorter in Bulgaria as compared to the warmer resorts in Greece and Turkey. The peak of visits is in July-August. The long-term goal of Albena is to increase its occupancy rates during April-June. Latest revenue data proved the positive trend as the period is the only suitable for early vacations.

Albena also offers large number of congress halls for up to 1000 people. This segment registered 12 000 more visits in 2013 and will mostly contribute to sales during low season.

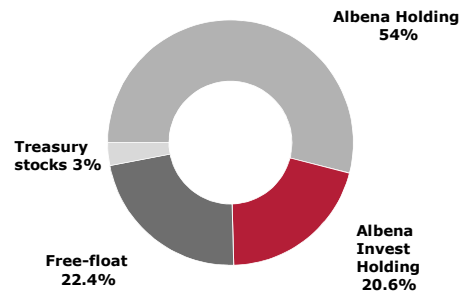
STRENGTHS AND OPPORTUNITIES

- Well-known brand in Bulgaria; focus on family vacations; excellent services
- Partnerships with leading EU tour operators and diversified markets
- Improvement of star category of hotels to attract higher value tourists and raise margins
- Investments in recreational facilities, congress tourism and balneotherapy to add to top and bottom line
- Vertically integrated structure of companies that includes additional and cost-efficient services
- Close proximity to fast growing Romanian market

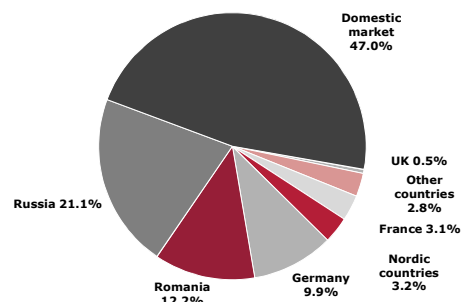
WEAKNESSES AND THREADS

- Underinvestment in infrastructure /star category, recreational facilities and parking lots/
- Dependence on short summer season
- Turkish and Greek resorts are highly competitive in both price and service quality
- High beach concession expenses
- Large share of the Russian source market that could shrink further on EU sanctions; ruble depreciation

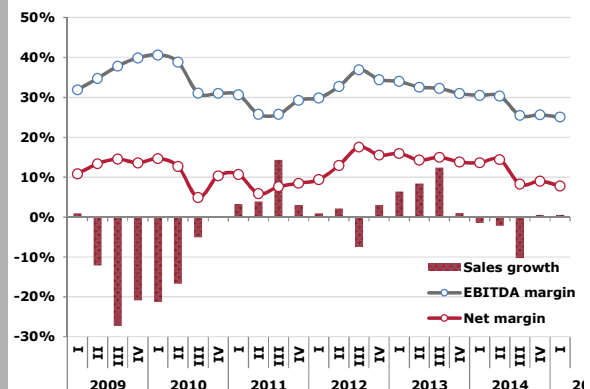
SHAREHOLDERS' STRUCTURE



SALES BREAKDOWN



MARGINS



Source: Albena; data for 2011 adjusted to one-time items; 12 months trailing data

PRICE TRIGGERS

- Better than expected booking for the summer season
- Resume of profit margin growth due to investments and synergy in the Group
- Favorable conditions on the Bulgarian Stock Exchange and expansion of multiples
- Recovery of EU economies
- Ease of political tensions between Russia and EU

YEARLY DATA

STATEMENT OF INCOME (IN '000 BGN)	2011	2012	2013	2014
SALES	98,508	101,231	107,354	102,840
OPERATING EXPENSES	86,481	81,608	90,007	90,464
CHANGE IN INVENTORIES	(371)	(1,172)	783	1,403
COST OF MATERIAL	15,852	14,572	15,291	18,236
COST OF LABOR	19,095	18,730	21,576	23,805
COST OF EXTERNAL SERVICES	16,920	16,438	18,747	18,304
DEPRECIATION AND AMORTIZATION	16,636	15,256	14,413	13,968
NET BOOK VALUE OF ASSETS SOLD	16,421	14,123	16,587	12,724
OTHER COSTS	1,928	3,661	2,610	2,024
OPERATING INCOME	12,027	19,623	17,347	12,376
INTEREST EXPENSE	3,485	2,419	2,423	2,588
FOREIGN EXCHANGE LOSSES (GAINS)	(486)	(492)	(525)	(412)
NET NON-OPERATING LOSSES (GAINS)	(281)	(18)	85	47
PRETAX INCOME	9,309	17,714	15,448	10,137
INCOME TAX EXPENSE	1,026	2,038	1,381	944
INCOME BEFORE XO ITEMS	8,283	15,676	14,067	9,193
EXTRAORDINARY LOSS NET OF TAX	0	0	0	0
MINORITY INTEREST	0	0	0	65
NET INCOME	8,283	15,676	14,067	9,128
EARNINGS PER SHARE IN BGN	2.00	3.78	3.39	2.20
BALANCE SHEET (IN '000 BGN)	2011	2012	2013	2014
CASH AND NEAR CASH ITEMS	952	3,545	3,385	3,747
SHORT-TERM INVESTMENTS	0	0	0	0
ACCOUNTS AND NOTES RECEIVABLE	7,365	4,470	4,183	5,705
INVENTORIES	4,939	9,455	10,816	10,077
OTHER CURRENT ASSETS	0	0	0	0
TOTAL CURRENT ASSETS	13,256	17,470	18,384	19,529
LT INVESTMENTS AND LT RECEIVABLES	2,580	2,660	6,940	6,882
NET FIXED ASSETS	419,564	411,048	421,702	455,868
OTHER LONG-TERM ASSETS	28,685	29,897	31,336	28,606
TOTAL LONG-TERM ASSETS	450,829	443,605	459,978	491,356
TOTAL ASSETS	464,085	461,075	478,362	510,885
ACCOUNTS PAYABLE	11,248	8,643	11,574	14,809
SHORT-TERM BORROWINGS	18,524	17,854	22,552	17,946
OTHER SHORT-TERM LIABILITIES	706	1,025	293	599
TOTAL CURRENT LIABILITIES	30,478	27,522	34,419	33,354
LONG-TERM BORROWINGS	70,424	55,554	46,720	68,528
OTHER LONG-TERM LIABILITIES	25,970	24,706	22,351	28,773
TOTAL LONG-TERM LIABILITIES	96,394	80,260	69,071	97,301
TOTAL LIABILITIES	126,872	107,782	103,490	130,655
TOTAL PREFERRED EQUITY	0	0	0	0
MINORITY INTEREST	6,073	6,008	9,353	7,216
SHARE CAPITAL & APIC	2,737	2,737	2,737	2,737
RETAINED EARNINGS & OTHER EQUITY	328,403	344,548	362,782	370,277
TOTAL EQUITY	331,140	347,285	365,519	373,014
WORKING CAPITAL	(18,174)	(13,597)	(19,420)	(17,572)
NUMBER OF SHARES:	4,145,126	4,145,126	4,145,126	4,145,126
PRICE IN BGN - PERIOD END:	58.80	38.74	59.70	57.30
MARKET CAP IN '000 BGN - PERIOD END:	243,733	160,582	247,464	237,516

CASH FLOW STATEMENT (IN '000 BGN)	2011	2012	2013	2014
NET INCOME	8,283	15,676	14,067	9,128
DEPRECIATION & AMORTIZATION	16,636	15,256	14,413	13,968
OTHER NON-CASH ADJUSTMENTS	7,399	4,239	(3,570)	(2,997)
CHANGES IN NON-CASH CAPITAL	(4,368)	(4,577)	5,823	3,975
CASH FROM OPERATIONS	27,950	30,594	30,733	24,074
DISPOSAL OF FIXED ASSETS	40	247	819	0
CAPITAL EXPENDITURES	(10,970)	(7,876)	(21,185)	(45,890)
INCREASE IN INVESTMENTS	(206)	(14)	(88)	0
DECREASE IN INVESTMENTS	13	21	15	19
OTHER INVESTING ACTIVITIES	52	79	41	(41)
CASH FROM INVESTING ACTIVITIES	(11,071)	(7,543)	(20,398)	(45,911)
DIVIDENDS PAID	(1,622)	(1,280)	(2,575)	(1,600)
CHANGE IN SHORT-TERM BORROWINGS	(6,477)	(670)	4,698	92
CHANGE IN LONG-TERM BORROWINGS	(16,467)	(14,870)	(8,834)	12,974
INCREASE IN CAPITAL STOCKS	0	0	641	0
DECREASE IN CAPITAL STOCKS	0	0	0	0
OTHER FINANCIAL ACTIVITIES	1,451	(3,670)	(4,332)	10,733
CASH FROM FINANCING ACTIVITIES	(23,115)	(20,490)	(10,402)	22,199
NET CHANGES IN CASH	(6,236)	2,561	(67)	362
END-OF-PERIOD CASH	894	3,455	3,385	3,747
CASH PER SHARE	0.22	0.83	0.82	0.90

FINANCIAL AND PERFORMANCE INDICATORS	2011	2012	2013	2014
VALUATION				
PRICE/EARNINGS (P/E)	29.43	10.24	17.59	26.02
PRICE/BOOK (P/B)	0.74	0.46	0.68	0.64
PRICE/SALES (P/S)	2.47	1.59	2.31	2.31
EV (IN '000 BGN)	331,729	230,445	313,351	320,243
EV/EBITDA	11.57	6.61	9.87	12.16
PROFITABILITY				
RETURN ON COMMON EQUITY	2.53%	4.62%	3.95%	2.47%
RETURN ON ASSETS	1.76%	3.39%	2.99%	1.85%
RETURN ON INVESTED CAPITAL	2.66%	4.24%	3.80%	2.58%
EBITDA MARGIN	29.10%	34.45%	29.58%	25.62%
OPERATING MARGIN	12.21%	19.38%	16.16%	12.03%
NET INCOME MARGIN	8.41%	15.49%	13.10%	8.88%
DIVIDEND				
DIVIDEND YIELD	0.43%	1.94%	0.84%	
DIVIDEND PER SHARE	0.25	0.75	0.50	
LIQUIDITY				
CURRENT RATIO	0.43	0.63	0.53	0.59
QUICK RATIO	0.27	0.29	0.22	0.28
CREDIT				
LT DEBT/EQUITY	0.21	0.16	0.13	0.18
TOTAL DEBT/EQUITY	0.27	0.21	0.19	0.23
TOTAL DEBT/TOTAL ASSETS	0.19	0.16	0.14	0.17
EBIT/INTEREST EXPENSE	3.45	8.11	7.16	4.78

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BUY	More than 5% higher as compared to SOFIX and BG40 performance
HOLD	Market performance, +/-5% as compared to SOFIX and BG40
SELL	More than 5% lower as compared to SOFIX and BG40 performance

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