

**SPEEDY**  
**INDUSTRY: COURIER SERVICES**
**GAINING MOMENTUM**

**LEADING COURIER IN BULGARIA, SPEEDY, EXCELLED OVER THE 9M 2015 WITH NEWLY ACQUIRED DPD ROMANIA ADDING MOMENTUM. IN LINE WITH EXPECTATIONS, TOP LINE SUSTAINS DOUBLE DIGIT GROWTH WHILE PROFITABILITY SETTLES DOWN LOWER AS ROMANIAN OPERATIONS ARE YET TO REACH BULGARIAN MARGINS. EBITDA EXCELS.**

**TOP LINE SUSTAINS DOUBLE DIGIT GROWTH**

In line with expectations, Speedy sustained double digit top line growth for the 9M 2015. Group sales are up 66% y/y with majority coming from freshly consolidated Romanian arm - DPD Romania. Currently, Romanian operations represent 1/3 of Speedy Group. Organic growth on the domestic Bulgarian arm stood at 12% y/y, expectedly down from 15% y/y in H1'15, driven by both B2B pallet delivery services and B2C e-commerce. FY 2015 will be the first full year with clean post-acquisition consolidated results. Nevertheless, extrapolated Romanian arm results signal double digit growth on the new market as well, thus adding momentum to Speedy's overall performance.

**PROFITABILITY MARGINS LOWER DUE TO ROMANIAN CONSOLIDATION**

Profitability margins settled down lower for the 9M 2015, in line with forecasts, as less profitable Romanian arm starts to weigh in. EBIT margin is down y/y 237 bps to 10.34%, net income margin decreased 294 bps to 8.11%. EBITDA margin, however, excelled due to higher depreciation from increased CAPEX in both Bulgarian and Romanian arm. Overall, consolidated EBITDA is up 54.5% y/y to BGN 16.2 m while net income more than doubled to BGN 7.4 m.

**CONTINUED INVESTMENTS TO SPEED UP GROWTH AND RETURNS**

With DPD Romania's acquisition in November 2014, Speedy entered a 3x bigger but less developed market. DPD Romania is B2C focused and holds 4<sup>th</sup> largest market share (4% of the market) while Speedy is a B2B leader in Bulgaria and plans to transpose its model in Romania. Accordingly, it started investing in renewal of the courier vehicles, logistics expansion and IT infrastructure upgrade to speed up expansion in Romania. Overall, investments in 9M 2015 totaled BGN 11.5m which we shall start adding returns 2016 earliest.

**2015 EXPECTED DPS ACHIEVABLE**

As the company has accomplished its cost optimization measures via transportation outsourcing, the 2015 expected BGN 1.29 per share looks achievable. This would yield a 3.66% DY based on current quotes. Speedy's unconsolidated 9M 2015 net income is up 50.5% y/y to BGN 10.4m while EBITDA is up 47.3% y/y to BGN 14.7m. The company's dividend payout guidance is at least 50% of annual profits.

**VALUATION:** Based on Speedy's 9M 2015 results we twitch downward our bottom line margins expectation but keep our top line estimate. These leave our target price almost unchanged. Thus, we keep our target price at BGN 38.43 per share but change our recommendation to HOLD from BUY as Speedy's stock price has added 18% y/y.

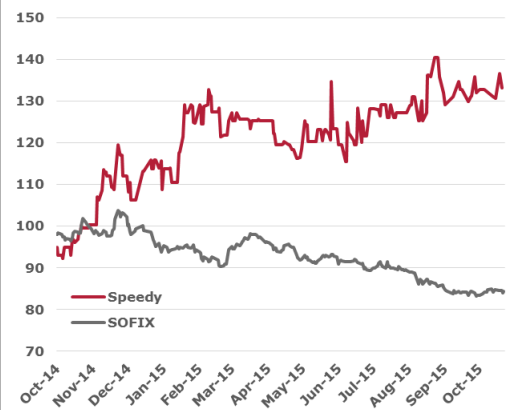
**RESULTS ANALYSIS**

**RECOMMENDATION: HOLD**  
 PREVIOUS RECOMMENDATION: BUY  
**ONE YEAR PRICE TARGET: BGN 38.43**  
 CURRENT PRICE: BGN 35.20

**EXCHANGE RATES**  
**EUR/BGN (FIXED): 1.95583**  
**USD/BGN: 1.81160**

**MARKET DATA**

Shares Outstanding:	<b>5.34 m</b>
Share Capital:	<b>5.34 m</b>
Free-float:	<b>8.6%</b>
Treasury Shares	<b>0%</b>
Market Cap.:	<b>BGN 187.3 m</b>
52 Weeks Range:	<b>BGN 25.35 – 37.00</b>
BSE Ticker	<b>OSP</b>
Bloomberg Ticker	<b>OSP BU</b>

**PRICE PERFORMANCE**


Source: Bloomberg

in kBGN, excl. ratios	Q1 2014	Q2 2013	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
REVENUES	17 272	18 082	19 281	26 313	28 130	29 388	33 264
<i>GROWTH Y/Y</i>	18.16%	16.70%	15.48%	35.02%	62.86%	62.53%	72.52%
EBITDA	4 102	2 784	3 620	5 642	5 445	4 821	5 965
EBIT	2 989	1 625	2 330	4 221	3 372	2 665	3 350
NET PROFIT	2 553	1 450	2 036	3 613	2 716	2 145	2 500
EQUITY	17 486	14 489	16 525	39 213	43 290	39 834	42 322
ROE (TTM)	55.05%	59.55%	44.21%	47.02%	37.46%	34.27%	30.28%
ROA (TTM)	26.32%	27.30%	20.36%	22.00%	18.84%	17.28%	15.55%
EBITDA MARGIN	23.75%	15.40%	18.77%	21.44%	19.36%	16.40%	17.93%
NET PROFIT MARGIN	14.78%	8.02%	10.56%	13.73%	9.66%	7.30%	7.52%
EPS	0.57	0.33	0.46	0.68	0.51	0.40	0.47
DEBT/EQUITY	0.55	0.69	0.64	0.51	0.50	0.46	0.47
P/E	13.59	12.02	16.54	16.47	17.94	15.98	17.02
P/B	6.08	7.06	6.86	4.05	4.07	4.22	4.41
EV/EBITDA	8.26	7.68	9.50	9.94	10.34	9.07	9.09

**ANALYST'S COMMENTS**

Speedy pleased with 9M'2015 consolidated results. Top and bottom lines were in line with expectations as the newly acquired Romanian arm starts to weigh in on Group's results.

DPD Romania represents 1/3 of Speedy's group operations as of Sept. 2015. The company acquired it in November 2014 as part of its strategic agreement with the French GeoPost. The latter acquired 25% of Speedy in the autumn of 2014 at 8x EV/EBITDA with the option to increase its stake to 70% in 2020 at the same EBITDA multiple.

Reversely, Speedy acquired GeoPost's Bulgarian and Romanian units – GeoPost Bulgaria and DPD Romania, and was empowered to expand Romanian operations and portfolio by transposing its proven business model in Bulgaria. Speedy financed the acquisitions with both debt and equity – BGN 10m investment loan /50% utilized as of Sept. 2015/ and a BGN 20m capital raise subscribed by GeoPost. The company paid BGN 8.2m and BGN 17.3m for GeoPost Bulgaria and DPD Romania, respectively.

**Top line performance:** Post-acquisition, Speedy does not publish separate results for Romania. Nevertheless, extrapolated Romanian arm results signal double digit growth on the new market which adds momentum to Speedy's overall performance. Domestic market growth sustained in the double digit zone. Domestic revenues are up 12% y/y for 9M 2015 to BGN 52.8m while revenues from international deliveries are up 581% y/y due to DPD Romania consolidation effect to BGN 31.2m. International deliveries revenue free of DPD Romania consolidation are up 29% to BGN 5.9m.

Major growth drivers are B2B pallet delivery services, international deliveries of up to 31.5 kg and expanding B2C e-commerce segment which Speedy serves via its Speedy Parcel Shop network in Bulgaria.

Total delivered packages are up 68% y/y to 14.3m from 8.5m a year ago but revenue per package is down as the B2C segment with smaller and cheaper packages is gaining weight. Overall consolidated sales are up 66% y/y to BGN 90.8m which is in line with our expectations. Accordingly, we keep our top line estimate unchanged.

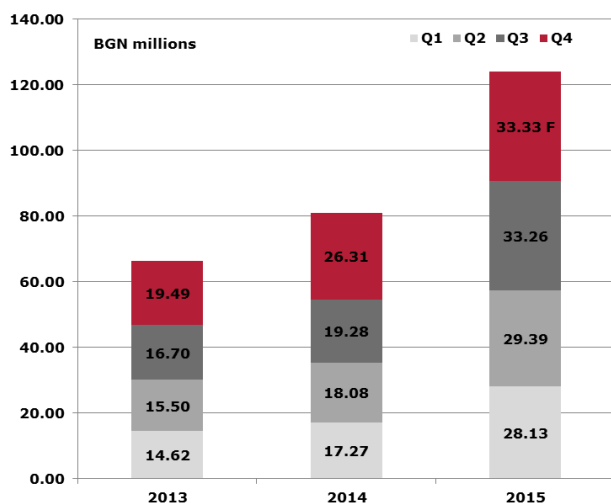
**Bottom line results:** EBITDA excelled expectations as Speedy accelerated investments in Romania and the same in Bulgaria increased depreciation expense for the period. Overall, consolidated EBITDA is up 54.5% y/y to BGN 16.2m while EBITDA margin stabilized at 17.88% better than estimates.

However, overall margins settled down lower in 2015 as the less profitable Romanian arm is yet to deliver results. EBIT and net income margins are lower than anticipated and as of Sept. 2015 stood at 10.34% (down 236 bps y/y) and 8.11% (down 294 bps y/y), respectively. Consolidated EBIT is up 155.5% y/y to 9.4m while net income is up 121.9% y/y to 7.4m.

ROE (ttm) is also down 31.5% y/y to 30.28% due to balance sheet metrics reshaping from the Q4 2014 acquisition and capital increase. ROA (ttm), on the other hand, is down 23% y/y to 15.5%. We expect both metrics to steady around these levels and start to improve 2016 forward with the end of the operations restructuring in Romania

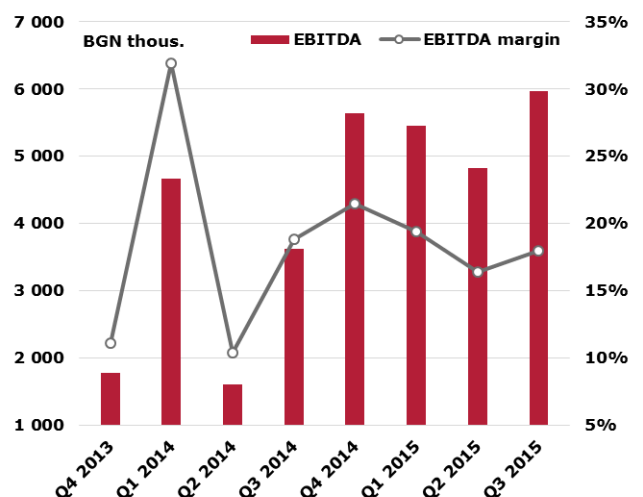
**Valuation revision:** Accordingly, we revise our bottom line estimates for the next five years but considering higher than expected investments in 2015 our estimate of Speedy's free cash flow generating ability remains unchanged. Thus, we remain comfortable with our initial BGN 38.43 per share target price as changed valuation parameters lead to almost the same final result.

**ACQUISITION ACCELERATED GROWTH**



Source: Company data, Elana Trading estimates

**EBITDA MARGIN STEADIED AROUND 18%**



Source: Company data

**ANNUAL FINANCIAL DATA (AUDITED)**

<b>INCOME STATEMENT ('000 BGN)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Q3 2014</b>	<b>Q3 2015</b>	<b>TTM</b>	<b>2015F</b>	<b>2016F</b>
<b>REVENUE</b>	<b>54 524</b>	<b>66 297</b>	<b>80 948</b>	<b>54 635</b>	<b>90 782</b>	<b>117 095</b>	<b>121 986</b>	<b>137 235</b>
OPERATING EXPENSES	46 207	55 915	69 783	47 691	81 395	103 487	108 690	121 864
CHANGE IN INVENTORIES	0	0	0	0	0	0	0	0
COST OF MATERIAL	7 959	8 305	6 885	4 896	5 031	7 020	6 709	7 411
COST OF LABOR	18 857	20 383	17 987	12 665	16 262	21 584	21 836	24 016
COST OF EXTERNAL SERVICES	13 686	21 348	37 770	24 801	49 212	62 181	66 117	74 381
DEPRECIATION AND AMORTIZATION	2 733	3 176	4 983	3 562	6 844	8 265	8 539	9 881
NET BOOK VALUE OF ASSETS SOLD	1 654	1 428	1 141	1 137	3 093	3 097	4 270	4 803
OTHER COSTS	1 318	1 275	1 017	630	953	1 340	1 220	1 372
<b>OPERATING INCOME</b>	<b>8 317</b>	<b>10 382</b>	<b>11 165</b>	<b>6 944</b>	<b>9 387</b>	<b>13 608</b>	<b>13 297</b>	<b>15 370</b>
INTEREST EXPENSE	307	401	524	395	690	819	1 129	1 063
FOREIGN EXCHANGE LOSSES (GAINS)	1	6	17	9	33	41	(61)	(137)
NET NON-OPERATING LOSSES (GAINS)	(469)	108	(179)	(170)	73	64	73	165
PRETAX INCOME	8 478	9 867	10 803	6 710	8 591	12 684	12 155	14 280
INCOME TAX EXPENSE	864	1 040	1 151	671	1 230	1 710	1 702	1 999
INCOME BEFORE XO ITEMS	7 614	8 827	9 652	6 039	7 361	10 974	10 453	12 281
EXTRAORDINARY LOSS NET OF TAX	0	0	0	0	0	0	0	0
MINORITY INTEREST	0	0	0	0	0	0	0	0
<b>NET INCOME</b>	<b>7 614</b>	<b>8 827</b>	<b>9 652</b>	<b>6 039</b>	<b>7 361</b>	<b>10 974</b>	<b>10 453</b>	<b>12 281</b>
EARNINGS PER SHARE IN BGN	5.14	2.98	2.14	1.36	1.55	2.06	1.96	2.30
<b>BALANCE SHEET ('000 BGN)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Q3 2014</b>	<b>Q3 2015</b>	<b>TTM</b>	<b>2015F</b>	<b>2016F</b>
CASH AND NEAR CASH ITEMS	3 956	8 714	11 043	1 801	7 853	7 853	7 295	9 618
SHORT-TERM INVESTMENTS	0	0	0	0	0	0	0	0
ACCOUNTS AND NOTES RECEIVABLE	12 016	11 892	23 591	16 165	25 012	25 012	24 397	27 447
INVENTORIES	556	605	530	819	640	640	1 586	1 647
OTHER CURRENT ASSETS	329	549	466	391	531	531	976	1 098
<b>TOTAL CURRENT ASSETS</b>	<b>16 857</b>	<b>21 760</b>	<b>35 630</b>	<b>19 176</b>	<b>34 036</b>	<b>34 036</b>	<b>34 254</b>	<b>39 810</b>
LT INVESTMENTS AND LT RECEIVABLES	0	0	0	0	22	22	0	0
NET FIXED ASSETS	8 251	14 671	23 741	16 014	22 573	22 573	25 617	27 447
OTHER LONG-TERM ASSETS	584	784	19 246	897	24 715	24 715	25 007	23 330
<b>TOTAL LONG-TERM ASSETS</b>	<b>8 835</b>	<b>15 455</b>	<b>42 987</b>	<b>16 911</b>	<b>47 310</b>	<b>47 310</b>	<b>50 624</b>	<b>50 777</b>
<b>TOTAL ASSETS</b>	<b>25 692</b>	<b>37 215</b>	<b>78 617</b>	<b>36 087</b>	<b>81 346</b>	<b>81 346</b>	<b>84 878</b>	<b>90 586</b>
ACCOUNTS PAYABLE	5 039	6 142	14 371	5 804	12 746	12 746	14 638	16 468
SHORT-TERM BORROWINGS	2 409	2 884	5 067	3 165	5 688	5 688	5 489	6 176
OTHER SHORT-TERM LIABILITIES	4 282	6 000	5 081	3 154	6 412	6 412	6 099	6 176
<b>TOTAL CURRENT LIABILITIES</b>	<b>11 730</b>	<b>15 026</b>	<b>24 519</b>	<b>12 123</b>	<b>24 846</b>	<b>24 846</b>	<b>26 227</b>	<b>28 819</b>
LONG-TERM BORROWINGS	3 439	7 256	14 885	7 439	14 178	14 178	14 638	12 351
OTHER LONG-TERM LIABILITIES	0	0	0	0	0	0	0	0
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>3 439</b>	<b>7 256</b>	<b>14 885</b>	<b>7 439</b>	<b>14 178</b>	<b>14 178</b>	<b>14 638</b>	<b>12 351</b>
<b>TOTAL LIABILITIES</b>	<b>15 169</b>	<b>22 282</b>	<b>39 404</b>	<b>19 562</b>	<b>39 024</b>	<b>39 024</b>	<b>40 865</b>	<b>41 170</b>
TOTAL PREFERRED EQUITY	0	0	0	0	0	0	0	0
MINORITY INTEREST	0	0	0	0	0	0	0	0
SHARE CAPITAL & APIC	1 482	4 447	5 336	4 447	5 336	5 336	5 536	5 536
RETAINED EARNINGS & OTHER EQUITY	9 041	10 486	33 877	12 078	36 986	36 986	38 476	43 880
<b>TOTAL EQUITY</b>	<b>10 523</b>	<b>14 933</b>	<b>39 213</b>	<b>16 525</b>	<b>42 322</b>	<b>42 322</b>	<b>44 012</b>	<b>49 416</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>25 692</b>	<b>37 215</b>	<b>78 617</b>	<b>36 087</b>	<b>81 346</b>	<b>81 346</b>	<b>84 878</b>	<b>90 586</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Q3 2014</b>	<b>Q3 2015</b>	<b>TTM</b>	<b>2015F</b>	<b>2016F</b>
<b>NUMBER OF SHARES:</b>	1 482 200	4 446 600	5 335 919	4 446 600	5 335 919	5 335 919	5 335 919	5 335 919
<b>PRICE IN BGN - PERIOD END:</b>	51.50	22.00	32.50	24.67	34.40	35.20	35.20	35.20
<b>MARKET CAP IN BGN - PERIOD END:</b>	76 333	97 830	173 417	109 698	183 556	187 824	187 824	187 824

Source: Company financial statements, ELANA Trading forecasts

**QUARTERLY FINANCIAL DATA (UNAUDITED)**

<b>INCOME STATEMENT ('000 BGN)</b>	<b>Q3 2013</b>	<b>Q4 2013</b>	<b>Q1 2014</b>	<b>Q2 2014</b>	<b>Q3 2014</b>	<b>Q4 2014</b>	<b>Q1 2015</b>	<b>Q2 2015</b>	<b>Q3 2015</b>
<b>REVENUE</b>	<b>16 697</b>	<b>19 488</b>	<b>17 272</b>	<b>18 082</b>	<b>19 281</b>	<b>26 313</b>	<b>28 130</b>	<b>29 388</b>	<b>33 264</b>
OPERATING EXPENSES	12 581	18 032	14 283	16 457	16 951	22 092	24 758	26 723	29 914
COST OF MATERIAL	1 920	1 952	1 768	1 547	1 581	1 989	1 582	1 831	1 618
COST OF LABOR	3 469	6 787	3 204	5 044	4 417	5 322	5 284	5 473	5 505
COST OF EXTERNAL SERVICES	5 641	7 612	7 674	8 184	8 943	12 969	15 208	16 485	17 519
DEPRECIATION AND AMORTIZATION	863	854	1 113	1 159	1 290	1 421	2 073	2 156	2 615
NET BOOK VALUE OF ASSETS SOLD	339	382	286	325	526	4	278	523	2 292
OTHER COSTS	349	445	238	198	194	387	333	255	365
<b>OPERATING INCOME</b>	<b>4 116</b>	<b>1 456</b>	<b>2 989</b>	<b>1 625</b>	<b>2 330</b>	<b>4 221</b>	<b>3 372</b>	<b>2 665</b>	<b>3 350</b>
<b>NET INCOME</b>	<b>3 688</b>	<b>818</b>	<b>2 553</b>	<b>1 450</b>	<b>2 036</b>	<b>3 613</b>	<b>2 716</b>	<b>2 145</b>	<b>2 500</b>

<b>BALANCE SHEET ('000 BGN)</b>	<b>Q3 2013</b>	<b>Q4 2013</b>	<b>Q1 2014</b>	<b>Q2 2014</b>	<b>Q3 2014</b>	<b>Q4 2014</b>	<b>Q1 2015</b>	<b>Q2 2015</b>	<b>Q3 2015</b>
<b>ASSETS</b>									
CASH & NEAR CASH ITEMS	3 014	8 714	7 254	2 632	1 801	11 043	10 714	8 475	7 853
ACCOUNTS & NOTES RECEIVABLE	11 173	11 892	11 417	12 321	16 165	23 591	22 301	24 199	25 012
INVENTORIES	542	605	420	709	819	530	591	1 196	640
<b>TOTAL CURRENT ASSETS</b>	<b>15 193</b>	<b>21 760</b>	<b>19 604</b>	<b>16 099</b>	<b>19 176</b>	<b>35 630</b>	<b>34 113</b>	<b>34 362</b>	<b>34 036</b>
NET FIXED ASSETS	11 731	14 671	14 470	15 548	16 014	23 741	23 657	21 277	22 573
OTHER LONG-TERM ASSETS	709	784	835	889	897	19 246	20 614	22 830	24 715
<b>TOTAL LONG-TERM ASSETS</b>	<b>12 440</b>	<b>15 455</b>	<b>15 305</b>	<b>16 437</b>	<b>16 911</b>	<b>42 987</b>	<b>44 271</b>	<b>44 107</b>	<b>47 310</b>
<b>TOTAL ASSETS</b>	<b>27 633</b>	<b>37 215</b>	<b>34 909</b>	<b>32 536</b>	<b>36 087</b>	<b>78 617</b>	<b>78 384</b>	<b>78 469</b>	<b>81 346</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>									
ACCOUNTS PAYABLE	6 553	6 142	5 573	7 419	5 804	14 371	10 054	16 392	12 746
SHORT-TERM BORROWINGS	2 223	2 884	2 852	2 851	3 165	5 067	5 340	5 625	5 688
OTHER SHORT-TERM LIABILITIES	78	6 000	2 146	559	3 154	5 081	3 431	3 959	6 412
<b>TOTAL CURRENT LIABILITIES</b>	<b>8 854</b>	<b>15 026</b>	<b>10 571</b>	<b>10 829</b>	<b>12 123</b>	<b>24 519</b>	<b>18 825</b>	<b>25 976</b>	<b>24 846</b>
LONG-TERM BORROWINGS	4 664	7 256	6 852	7 218	7 439	14 885	16 269	12 659	14 178
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>4 664</b>	<b>7 256</b>	<b>6 852</b>	<b>7 218</b>	<b>7 439</b>	<b>14 885</b>	<b>16 269</b>	<b>12 659</b>	<b>14 178</b>
<b>TOTAL LIABILITIES</b>	<b>13 518</b>	<b>22 282</b>	<b>17 423</b>	<b>18 047</b>	<b>19 562</b>	<b>39 404</b>	<b>35 094</b>	<b>38 635</b>	<b>39 024</b>
<b>TOTAL EQUITY</b>	<b>14 115</b>	<b>14 933</b>	<b>17 486</b>	<b>14 489</b>	<b>16 525</b>	<b>39 213</b>	<b>43 290</b>	<b>39 834</b>	<b>42 322</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>27 633</b>	<b>37 215</b>	<b>34 909</b>	<b>32 536</b>	<b>36 087</b>	<b>78 617</b>	<b>78 384</b>	<b>78 469</b>	<b>81 346</b>

<b>FINANCIAL AND PERFORMANCE INDICATORS</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015F</b>	<b>2016F</b>
<b>VALUATION</b>					
PRICE/EARNINGS (P/E)	10.03	7.39	15.22	17.97	15.29
PRICE/BOOK (P/B)	7.25	6.55	4.42	4.27	3.80
PRICE/SALES (P/S)	1.40	1.48	2.14	1.54	1.37
EV (IN '000 BGN)	78 225	99 256	182 326	200 658	196 733
EV/EBITDA	7.08	7.32	11.29	9.19	7.79
<b>PROFITABILITY</b>					
RETURN ON COMMON EQUITY	80.33%	69.35%	35.65%	25.12%	26.29%
RETURN ON ASSETS	32.68%	28.06%	16.67%	12.79%	14.00%
RETURN ON INVESTED CAPITAL	53.80%	44.33%	24.03%	18.53%	19.98%
EBITDA MARGIN	20.27%	20.45%	19.95%	17.90%	18.40%
OPERATING MARGIN	15.25%	15.66%	13.79%	10.90%	11.20%
NET INCOME MARGIN	13.96%	13.31%	11.92%	8.57%	8.95%
<b>DIVIDEND</b>					
DIVIDEND YIELD	5.79%	4.55%	3.23%	3.66%	4.25%
DIVIDEND PER SHARE (BGN)	2.98	1.00	1.05	1.29	1.50
<b>LIQUIDITY</b>					
CURRENT RATIO	1.44	1.45	1.45	1.31	1.38
QUICK RATIO	1.36	1.37	1.41	1.21	1.29
<b>CREDIT</b>					
LT DEBT/EQUITY	0.33	0.49	0.38	0.33	0.25
TOTAL DEBT/EQUITY	0.56	0.68	0.51	0.46	0.37
TOTAL DEBT/TOTAL ASSETS	0.23	0.27	0.25	0.24	0.20

**SPEEDY Overview**

<b>Ticker</b>	OSP	<b>Recommendation</b>	HOLD	<b>Outstanding Shares</b>	5.34 m
<b>Bloomberg ticker</b>	OSP BU	<b>Last review</b>	13 <sup>th</sup> November 2015	<b>Free Float</b>	8.6%
<b>Current Price</b>	BGN 35.20	<b>1Y Target Price</b>	BGN 38.43	<b>Avr. Daily Volume</b>	BGN 14,000

**COMPANY PROFILE**

Established 1998, Speedy is the largest courier company in Bulgaria with 37% market share. It is also the 2nd largest postal service provider after the incumbent Bulgarian Post.

The company is also one of the fastest growing companies in the country with high brand recognition. Its core business is door to door standard and express delivery services that represent 95% of the revenues. The B2B segment contributes the most the Company's revenues, but B2C is advancing fast as well.

In 2014, Europe's 2<sup>nd</sup> largest land courier service provider GeoPost SA, part of the French La Poste Group, acquired 25% in Speedy at a 8x EV/EBITDA and with the option to increase its stake to 70% by 2020. Reversely, Speedy acquired GeoPost's subsidiaries in Bulgarian and Romania - GeoPost Bulgaria and DPD Romania, with the strategic goal of expanding on the Romanian market. Speedy's founder - Valeri Mektupchian and managers currently are managing the Romanian business restructuring. It aims at transposing Speedy's proven business model in Romania as well.

**FUNDAMENTAL STORY**

Speedy has gone through the economic crisis with flying colors sustaining a 30%+ ROE thanks to its integrated and innovative product range, flexible operations, skillful management and solid market presence.

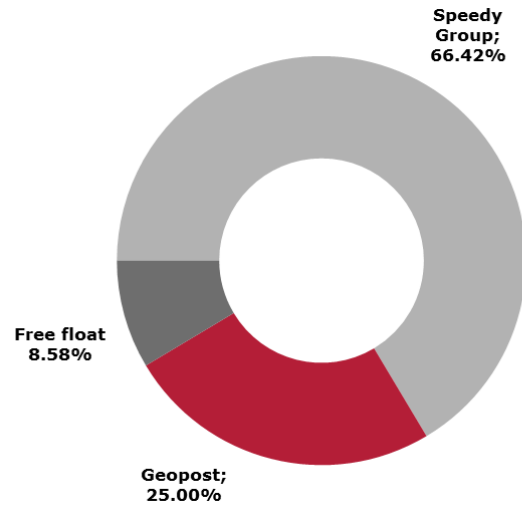
The Company adapts fast to market opportunities with innovative products offering both B2B logistics outsourcing services for supply-chain-optimization and B2C delivery services via a wide range of small pickup points all over the country. It also provides door to door deliveries.

By joining forces with GeoPost and its DPD network, Speedy will develop its regional expansion goal. It is starting in Romania - a 3x larger but more fragmented market. The Company started offering delivery services to the country in September 2014 as though it is Speedy's domestic market. It is also looking into Greece and Serbia and at the same is aiming at expanding international land deliveries via its DPD Europe cooperation.

**STRENGTHS & OPPORTUNITIES**

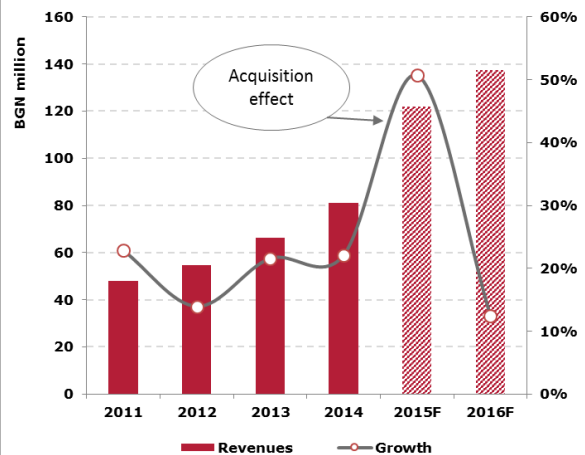
- Good corporate governance
- Clear dividend policy
- Solid market position in Bulgaria
- Integrated product range
- High growth potential with booming e-commerce
- Excellent brand recognition

**SHAREHOLDERS' STRUCTURE**



Source: Company data; Elana Trading calculations

**DOUBLE DIGIT GROWTH TO CONTINUE**



Source: Company data; Elana Trading estimates

**WEAKNESSES & THREATS**

- Low free float
- Price competition from other courier players

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<b>HOLD</b>	Target price in +/-10% range of the current quotes
<b>SELL</b>	Target price is more than 10% below the current quotes

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