

Market Overview

Bulgaria's stock market benchmark SOFIX ended in the red in July, continuing a downward trend that had started in April 2014. The benchmark slipped 2.4% in July to close at 473.64, extending year-to-date losses to 9.3%. Furthermore, wider BGBX40 fell 2.1% in July to settle at 93.64, down by 10.5% y-t-d. Meanwhile, property-related BGREIT added 1.6%, narrowing losses from the start of the year to 3.1%. Total market turnover dropped by 24% to BGN 13.7 mln.

Stocks of courier services company Speedy [OSP] were among the rare gainers in July, adding 8.01% to BGN 34.0 per share on favorable earnings numbers. Net income rose by 21.4% to BGN 4.86 mln in H1'2015 on 63% higher revenues - a result of 15% organic growth in the local market, as well as of the consolidation of DPD Romania, which was acquired by Speedy AD in 2014. Speedy distributed BGN 1.05 gross dividend per share (3.3% dividend yield).

Mineral fertilizers maker Neochim [3NB] surprisingly turned to a net profit of BGN 14.2 mln in H1'2015 from a loss of BGN 1.3 mln in the respective period last year on 21% higher sales revenue and improved operational efficiency. Consequently, the stock price offset losses from earlier in July and finished the month slightly in the positive territory, up by 2.3% m-o-m. Exports were the main growth driver, jumping by more than 27% to 44% of revenue. Sales at the domestic market also increased, by 15.6%, to BGN 95.13 mln.

Svilozha AD [3MZ] was the top gainer among the smaller companies, surging 16% to BGN 2.90 per share as investors cheered majority owner's announcement that the company would invest BGN 250 mln within three years to increase its capacities and improve efficiency.

On the negative side, blue-chip drug maker Sopharma [3JR] was the worst performer as its market value plummeted 12.3% to BGN 2.71 per share in heavy volumes following Q2 earnings announcement, which revealed a continuing deterioration in growth and profitability (see Stocks in Focus on page 2).

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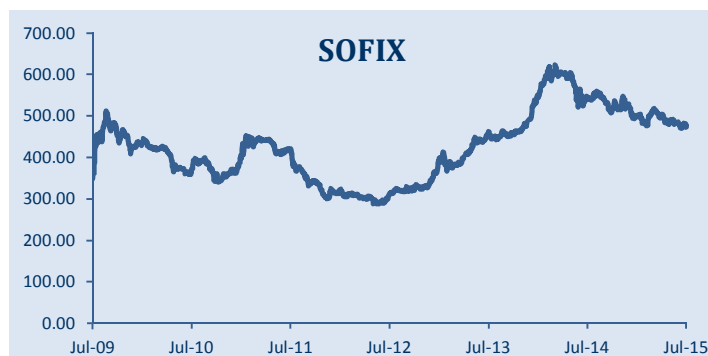
Bulgarian Stock Exchange | Trends

	Value	Monthly change	Year-to-date
SOFIX	473.64	-2.39%	-9.28%
BGBX 40*	93.64	-2.06%	-10.49%
BG REIT	95.74	1.58%	-3.05%
BGTR 30	387.50	-0.98%	-4.91%

*BGBX 40 replaces BG40 starting on January 1, 2014

BSE Turnover	BGN	EUR
Equities (BGN/EUR'000)	11 524.35	5 892.30
Bonds (BGN/EUR'000)	1 582.89	809.32
Other (BGN/EUR'000)	601.77	307.68
Total-Regulated market (BGN/EUR'000)	13 709.01	7 009.30
OTC market (BGN/EUR'000)	40 990.21	20 957.96
Market Cap (BGN/EUR'000 000)	6 940.27	3 548.51
Market Cap/GDP	8.4%	

SOFIX



P/E	P/B	EPS growth	Market Cap	Turnover
16.43	0.55	-35.1%	2 869	5.034

Annual trailing EPS growth; Market cap and turnover in BGN'000 000

CEE and Global Markets

Country / Region	Index	Value	Monthly change	Year-to-date
Bulgaria	SOFIX	473.64	-1.92%	-9.28%
Greece	ASE	797.52	-3.38%	-3.47%
Macedonia	MBI-10	1 658.25	0.09%	-10.08%
Poland	WIG20	2 227.51	-3.90%	-3.82%
Romania	BET	7 603.24	4.18%	7.34%
Russia	RTS	858.82	-8.63%	8.61%
Slovakia	SAX	246.10	-3.78%	10.70%
Slovenia	SBITOP	749.58	2.07%	-4.40%
Serbia	BELEX15	654.67	1.38%	-1.85%
Turkey	ISE-100	79 909.68	-2.84%	-6.78%
Ukraine	PFTS	337.94	-3.68%	-12.66%
Hungary	BUX	22 588.99	3.13%	35.80%
Croatia	CROBEX	1 798.44	3.50%	3.04%
Montenegro	NEX20	12 045.85	-2.50%	6.07%
Czech Republic	PX	1 031.47	5.09%	8.95%
Morgan Stanley	MSCI EE (€)	327.38	-5.16%	18.97%
USA	S&P 500	2 103.84	1.97%	2.18%
Germany	DAX	11 308.99	3.33%	15.33%
Japan	NIKKEI	20 585.24	1.73%	17.96%

Sopharma AD [3JR]

Sector: pharmaceuticals

Among the most liquid and most disappointing positions this month were the shares of Sopharma AD [3JR] which lost 12.33% of their value in July and at the end of the month traded at BGN 2.709 per share. In fact they have been performing poorly since the summer of 2014, when the Russian-Ukrainian conflict escalated and has been heavily impacting the business of the pharmaceutical company since they are one of the major markets of Sopharma AD. Consequently, the shares of the company have lost more than 30% YTD of their value.

At the beginning of the month the sell-off was supported by released preliminary data on Sopharma's revenue for the first six months of the year which showed that sales fell by 16% y-o-y, mainly due to an annual 28% decrease in the exports. Consequently, the price of the stocks fell on speculation about weak Q2 financial statements. At the end of the month when the unconsolidated Q2 financial statements were published it became clear that the decline in revenue is even steeper.

The financial statements showed that unconsolidated earnings increased by an annual 5.39% to BGN 25.883 mln for H1'2015 but revenues plummeted 19.78% on the year to

Shares outstanding, th	117 400	P/E	11.71
Last share price*	2.78	P/B	0.75
Market cap, BGN th	326 372	NIM	1.61
Assets, BGN mln	592.22	ROA, ttm	2.69%
Cost-to-income	26.97%	ROE, ttm	6.79%

* as of August 4, 2015

BGN 94.491 mln, mainly due to a 28% y-o-y decreased in exports to BGN 54.155 mln, which comprised 57% of revenues. Domestic sales increased by 13% on the year to BGN 33.844 mln but obviously were not enough to compensate the sharp drop in exports.

Operating expenses decreased a bit faster than revenues, by an annual 20.73% to BGN 72.152 mln, insignificantly boosting EBITDA margin which reached 23.26%, up from 22.34% a year earlier. EBIT fell by 18.23% on the year to BGN 14.440 mln.

Meanwhile from Sopharma announced that the company has bought 240 000 shares of Medika AD [5MA] and thus Sopharma's stake in the capital of Medika AD has reached 36.10%. Also Sopharma's stake in the capital of Doverie United Holding [5DOV] has increased to 14.898% after the company purchased 937 000 shares of the conglomerate.

EMKA AD [57E]

Sector: industrials

Shares of EMKA AD [57E] added 7.98% to their value in July, ranking among the outperformers this month. The purchases started in the second half of the month after the company published its financial statements for the second quarter of 2015, which pleased investors with strong results. Optimism sparked and caused more active trading with the shares of EMKA, which traditionally are not very liquid and at the end of July they traded at BGN 2.03 per share.

Financial statement of the cable manufacturer showed that the earnings for the first half of the year surged by 69.94% on the year to BGN 2.617 mln. Revenues jumped by an annual 21.22% to BGN 42.931 mln mainly due to an increase in the sales on the domestic market

Shares outstanding, th	21 506	P/E	11.09
Last share price *	2.05	P/B	1.29
Market cap, BGN th	44 066	P/S	0.54
Assets, BGN mln	40	ROA, ttm	9.31%
Debt/Assets	15.54%	ROE, ttm	12.19%

* as of August 4, 2015

which skyrocketed by 86.20% y-o-y to BGN 12.336 mln and accounted for 30% of the revenue. Exports also saw a minor increase by 6.08% on the year to BGN 28.878 mln, comprising 70% of the sales. Operating expenses jumped a bit more slowly than revenues, by an annual 20.58% to BGN 38.813 mln. Consequently EBIT reached BGN 2.689 mln for H1'2015, up from BGN 1.721 mln a year earlier and EBIT margin expanded to 6.26% from 4.86%.

Main Economic Indicators

	2012	2013	2014	2015
GDP, in BGN bn	80.0	80.3	82.2	17.2
GDP, real annual growth (%)	0.5	1.1	1.7	3.1
Inflation (%)	3	0.9	-1.4	0.4
Jobless rate (%)	11.4	11.8	10.7	9.6
Fiscal balance, %GDP	-0.7	-0.9	-2.8	0.2
Gross public debt, %GDP	18	18.3	27.6	29.2
Gross external debt, %GDP	92.2	90.0	94.7	88.9
Current account, %GDP	-0.3	1.9	0.9	0.5
FDI, %GDP	3.2	3.4	3.1	1.4
Prime interest rate (%)	0.03	0.04	0.01	0.01

For 2015 latest available official data is used. GDP data is for Q1'2015. Data for inflation and unemployment are for June 2015. Fiscal balance and Gross public debt data is for Q1'2015. Gross external debt, current account and FDI data is at end-May 2015. Data for the prime interest rate is for August 2015.

Market Overview (cont.)

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Sopharma's subsidiary Sopharma Trading [SO5] also lost ground, with share price falling by 3.6% (adjusted for BGN 0.27 gross dividend per share). The drugs wholesaler announced a heavy investment program aimed at expansion in neighboring Serbia and entering the retail segment of the market with a chain of new concept pharmacies.

The world markets had a volatile month of July. In the beginning a great impact on them had the Greek debt drama and the potential GREXIT. After it became clear the rescue plan was approved, the market set up on the wings of the euphoria and till the middle of the month a strong rally took place all over the European markets. It shot them up by more than 10% from their recent lows. The followed correction on this strong rise after that was once again accompanied by new data for slowing growth in China and concerns about its impact on the world economy. However the leading European markets of Germany and France managed to keep part of the gains, finishing the month up by 3.3% and 6.1%, respectively, whilst the American broad index S&P 500 settled at 2 % in the black. July was the worst month for the oil since October 2008 as its price tumbled by 21%.

News of the Past Month | Corporate Sector

- Sopharma Trading AD [SO5] reported H1'2015 earnings of BGN 7.073 mln vs. BGN 7.049 mln a year earlier, the second quarter financial statement of the company showed. Revenues inched up 4.01% on the year to BGN 299.769 mln, while operating expenses increased a bit faster, by 4.36% y-o-y to BGN 291.769 mln. Thus EBIT fell by an annual 13.07% to BGN 6.623 mln, hurting the EBIT margin which shrank to 2.21% from 2.64% a year earlier.
- Neohim AD [3NB] reported H1'2015 earnings of BGN 14.240 mln vs. pretax loss of BGN 1.319 mln a year earlier, the second quarter financial statements of the fertilizer manufacturer showed. Revenues jumped 20.94% on the year to BGN 170.870 mln as exports increased by 27.41% y-o-y to BGN 73.077 mln and sales on the domestic market grew by an annual 15.59% to BGN 95.132 mln, accounting for 56% of the total revenues. Operating expenses increased almost 2 times more slowly than sales or by 10.55% y-o-y to BGN 150.441 mln. The great performance of the company this year is due to improved competitiveness as a result of the 13.21% reduction in the price of natural gas since the beginning of 2015.
- First Investment Bank AD [5F4] posted disappointing H1'2015 results. Earnings plunged 68.06% on the year to BGN 7.125 mln, the second quarter financial statement of the bank showed. Net interest income inched up 4.58% y-o-y to BGN 124.473 mln, while net fee and commission income fell by an annual 6.68% to BGN 36.120 mln. Impairment charges reached BGN 66.050 mln for H1'2015, up from BGN 47.623 mln a year earlier. Net loan portfolio amounted to BGN 5.801 bn vs. BGN 5.734 bn at the end of 2014.

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- Unemployment in Bulgaria aligned with the average for the European Union in June, data by Eurostat showed. Last month the unemployment rate in Bulgaria decline to 9.6% (11.4% on June 2014), which is the average for the 28 EU members. In terms of youth unemployment Bulgaria performs better compared to the EU countries. In June the unemployment rate among young people dropped to 18.8% from 19.6% in May (23.7% in June 2014) versus 20.7% for the EU area and 22.5% for the Eurozone.

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- The Bulgarian subsidiary of the Greek Eurobank – Postbank has announced that it will acquire the Bulgarian branch network of Alpha Bank, another Greek lender. The price of the deal wasn't disclosed. Postbank said that the deal, which is pending regulators' approval, is expected to be completed by the end of the year and it covers "the entire banking business of Alpha Bank in Bulgaria, including BGN 500 mln in deposits and gross loans worth of BGN 800 mln." Following the completion of the deal, Postbank will become the 4th largest bank in Bulgaria in terms of assets.
- Net income of the Bulgarian banking system surged by 51.55% on the year to BGN 503.288 mln for the H1'2015, data by BNB showed. Net interest income reached BGN 1.367 bn from BGN 1.323 bn a year earlier. Impairment charges fell by significantly by 22.05% y-o-y to BGN 415.608 for January - June 2015. The assets of the banking system amounted to BGN 83.884 bn at the end of June, up from BGN 85.135 bn at the end of 2014. Gross loans portfolio shrank by 7.66% YTD to BGN 61.471 bn as gross corporate loans decreased by 1.33% YTD to BGN 33.862 bn at the end of June and gross household loans reached BGN 18.559 bn, up from BGN 18.290 bn at the end of 2014. Deposits fell by 3.35% YTD to BGN 71.064 bn, however household deposits increased by 3.61% YTD, amounting to BGN 42.483 bn at the end of June as they accounted for 60% of all deposits.
- The budget balance under the consolidated fiscal program as of the end of June 2015 was positive, amounting to BGN 890 mln (1.1% of projected GDP). It was formed from a surplus in the national budget at the amount of BGN 439.9 mln and a surplus of European funds of BGN 450.2 mln. The fiscal reserve (as at 31.06.2015) amounted to BGN 11.0 bn. The Ministry of Finance announced that based on preliminary data and estimates, expected balance under the consolidated fiscal program on a cash basis for the first seven months of 2015 is positive at the amount of BGN 801 mln (1% of the projected GDP). In comparison, the balance was negative of BGN 996.4 mln or 1.2% of GDP during the first half of 2014.

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- Consolidated net income of Speedy AD [OSP] arrived at BGN 4.861 mln for H1'2015, up from BGN 4.003 mln a year earlier, the second quarter consolidated financial statements of the courier showed. Consolidated revenues surged by an annual 62.69% to BGN 57.518 mln mainly due to increased revenues from foreign markets which amounted to BGN 19.349 mln, up from BGN 3.043 mln. This surge was mainly due to the effect of the consolidation of DPD Romania, which was acquired by Speedy AD in 2014. Revenues from domestic market jumped 15% on the year to BGN 35.061 mln. Operating expenses were on the rise too, they increased faster than revenues, by 65.98% y-o-y to BGN 47.252 mln for H1'2015.
- M+S Hydraulic [5MH] H1'2015 earnings dropped by 16.43% on the year to BGN 6.457 mln, the Q2'2015 financial statement showed. Revenue fell by 2.54% y-o-y to BGN 47.331 mln, while operating expenses decreased more slowly, by 0.20% y-o-y to BGN 36.721 mln. Consequently, EBIT dropped by an annual 15.08% to BGN 7.219 mln and EBIT margin shrank to 15.25% from 17.51% a year earlier. August sales are expected to arrive at BGN 7.480 mln and cumulative revenue for the first 8 months of 2015 is forecasted to reach BGN 54.811 mln, which would be an annual decrease of 2.24%.
- Monbat AD [5MB] reported unconsolidated net income of BGN 9.394 mln for H1'2015, representing an increase of 7.89% on the year, the Q2'2015 unconsolidated financial statement of the battery manufacturer showed. Revenues jumped by an annual 18.47% to BGN 132.967 mln as 69% from them or BGN 91.524 mln came from exports. The main foreign market for the company was France which brought BGN 8.9 mln worth of sales and accounted for 19.02% of all exports. Operating expenses increased faster than revenue, by 19.97% y-o-y to BGN 120.534 mln. EBIT arrived at 9.957 mln, realizing an annual increase of 8.17%.
- Advance Terrafund REIT [6A6] reported net income of BGN 1.958 mln for H1'2015 vs. BGN 7.591 mln a year earlier, the Q2'2015 financial statement of the REIT showed. Revenues plunged by an annual 81% to BGN 3.833 mln. The significant decrease of revenues and earnings is in line with the new business model of the fund, which offers sales of land on lease.

Company	Ticker	Sector	Market Cap (BGN'000)	Price end of month	Monthly change	YTD change	Turnover (BGN'000)	P/E	P/B	P/S	EV/ EBITDA	EV/ Sales
Advance Terrafund REIT-Sofia	6A6	REITs	186 987	2.20	1.2% ▲	-10.0% ▼	3 853.74	9.8	0.9	5.1	7.9	4.0
Agria Group Holding AD - Varna	A72	agribusiness	75 140	11.05	4.2% ▲	30.0% ▲	71.85	6.1	1.1	0.6	7.4	1.2
Albena AD	6AB	tourism	223 271	52.25	2.6% ▲	-8.8% ▼	27.47	40.5	0.6	2.2	14.0	3.2
Albena Invest Holding AD	5ALB	conglomerates	33 000	6.00	0.0% ▲	-7.7% ▼	75.41	87.5	0.3	5.2	29.7	4.8
Billboard AD-Sofia	5BP	b2b services	9 675	0.65	2.9% ▲	-14.6% ▼	7.34	neg	0.4	0.3	1677.1	0.9
Biovet JSC-Peshtera	53B	chemicals	86 827	12.80	-8.6% ▼	11.8% ▲	8.64	6.4	0.8	0.4	4.3	0.6
Bulgarian Real Estate Fund REIT	5BU	REITs	27 444	0.45	-2.4% ▼	-15.9% ▼	339.45	neg	0.4	6.7	-6.9	5.7
Bulgarian Stock Exchange-Sofia	BSO	fin.services	17 445	2.65	-8.6% ▼	-26.4% ▼	81.60	neg	1.8	9.9	-56.7	9.3
Bulgartabac Holding AD-Sofia	57B	conglomerates	294 689	40.00	-10.7% ▼	-12.9% ▼	92.77	12.5	0.7	0.5	5.8	0.7
CB Central Cooperative Bank AD	4CF	banks	113 494	1.00	-0.6% ▼	-8.7% ▼	133.76	0.4	0.4	-	-	-
CB First Investment Bank AD	5F4	banks	266 200	2.42	-2.4% ▼	-13.6% ▼	1 048.07	18.2	0.4	-	-	-
CEZ Distribution Bulgaria AD	3CZ	utilities	252 558	131.00	-2.2% ▼	-7.8% ▼	39.54	16.9	0.4	0.7	2.9	0.6
Chimimport AD-Sofia	6C4	conglomerates	236 999	1.57	1.0% ▲	-9.0% ▼	393.64	3.7	0.2	0.4	-14.3	2.4
Doverie United Holding PLC	5DOV	conglomerates	17 668	0.94	-5.8% ▼	-4.7% ▼	29.40	neg	0.3	0.1	11.2	0.6
EMKA AD-Sevlievo	57E	industrials	43 657	2.03	8.0% ▲	8.0% ▲	11.94	11.1	1.3	0.5	6.1	0.5
Enemona AD-Kozloduy	E4A	energy	3 461	0.29	-3.3% ▼	-83.4% ▼	16.69	-	-	-	-	-
Energoni AD-Sofia	2EL	commerce	0	0.00	0.0% -	0.0% -	0.00	neg	0.0	0.0	0.0	0.0
Eurohold Bulgaria AD-Sofia	4EH	conglomerates	101 876	0.80	-5.4% ▼	-17.5% ▼	526.66	neg	0.5	0.2	-39.2	0.5
Fazerles AD	4F6	industrials	25 750	50.00	-3.8% ▼	3.1% ▲	23.44	27.1	1.1	1.5	8.6	1.3
Fund Estates REIT-Sofia	6BMA	REITs	468	0.02	-28.6% ▼	-45.9% ▼	5.37	neg	0.1	0.0	-14.0	0.9
Holding Varna AD	5V2	conglomerates	114 389	21.85	4.0% ▲	35.0% ▲	156.00	neg	0.7	1.8	23.2	4.8
Hydraulic Elements and Systems AD	4HE	machinery	57 856	3.18	1.0% ▲	1.0% ▲	44.10	14.9	1.8	1.4	7.1	1.2
Industrial Capital Holding AD	4I8	conglomerates	49 782	3.20	-10.8% ▼	-15.9% ▼	32.34	20.1	1.4	0.3	1.4	0.2
Industrial Holding Bulgaria AD	4ID	conglomerates	64 716	0.95	-4.8% ▼	-17.2% ▼	60.64	17.0	0.3	0.7	8.5	2.1
Insurance Company Euro Ins	5IC	insurance	12 141	1.03	7.0% ▲	-6.0% ▼	7.33	62.2	0.7	-	-	-
M+S Hydraulic AD-Kazanlak	5MH	machinery	202 696	5.19	6.4% ▲	-0.4% ▼	58.04	20.4	3.3	2.3	10.5	2.2
Monbat AD-Sofia	5MB	machinery	314 730	8.07	-3.9% ▼	-5.6% ▼	444.57	11.8	1.7	1.4	8.4	1.5
Oil and Gas Exploration and Product	4O1	industrials	92 933	7.60	-5.0% ▼	-20.7% ▼	77.07	21.1	0.9	3.1	14.0	3.3
Petrol AD-Sofia	5PET	oil retailer	90 677	0.83	32.0% ▲	-65.2% ▼	3.84	-	-	-	-	-
Sopharma AD-Sofia	3JR	pharmaceuticals	350 598	2.71	-12.3% ▼	-30.2% ▼	416.75	21.0	0.9	0.4	8.7	0.7
Sopharma Properties REIT-Sofia	6S6	REITs	67 416	3.98	1.7% ▲	16.2% ▲	452.91	58.8	1.7	6.3	13.7	10.2
Sopharma Trading AD-Sofia	SO5	pharma trading	167 816	5.10	-8.3% ▼	-8.1% ▼	147.06	15.8	2.8	0.3	18.3	0.5
Sparky Eltos AD-Lovech	SL9	machinery	16 267	0.97	45.7% ▲	8.0% ▲	17.14	neg	0.3	0.5	-13.9	1.9
Speedy AD	OSP	courier services	181 421	34.00	8.0% ▲	14.1% ▲	232.51	16.8	3.8	1.8	10.9	2.1
Stara Planina Hold AD-Sofia	5SR	conglomerates	84 588	4.03	-5.2% ▼	-6.3% ▼	40.84	12.5	1.1	0.5	1.6	0.3
Synergion Holding AD-Sofia	6S7	conglomerates	20 599	1.12	6.9% ▲	-6.5% ▼	312.56	neg	0.1	0.1	24.8	0.3
Toplivo AD-Sofia	3TV	commerce	21 938	4.05	-5.8% ▼	-19.0% ▼	30.30	11.9	0.2	0.1	9.3	0.3
Trace Group Hold AD-Sofia	T57	infrastructure	165 685	6.85	-2.8% ▼	9.9% ▲	547.07	18.0	1.6	0.5	8.5	0.5
Yuri Gagarin PLC-Plovdiv	4PX	industrials	37 545	37.40	16.9% ▲	-5.9% ▼	11.65	8.4	0.5	0.4	4.1	0.4
Zarneni Hrani Bulgaria AD-Sofia	T43	commerce	74 938	0.38	6.1% ▲	-23.4% ▼	68.47	10.9	0.3	0.6	13.4	1.3

* From, March 2015, we will be publishing the performance of BGBX40 instead of BGTR30. We are making the change after a decision of the Board of Directors of BFB to change the composition of all indices on BFB, which became effective on March 23, 2015.

Top 3 Gainers*			Change	Top 3 Losers*			Change
Svilozha AD	3MZ	+ 16.00%		Sopharma AD	3JR	-12.33%	
Speedy AD	OSP	+ 8.01%		Chimimport AD - Preferred	6C4P	-10.28%	
Avance Terrafund REIT	6A6	+ 1.24%		Sopharma Trading AD	SO5	-8.27%	

* Among all stocks with turnover of at least BGN 100 000 for the past month

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