

NAV Value: BGN 4.66

Share Information

Price (BGN)	5.46
Year to date change	21.33%
52-week price change	21.88%
52-week price range	4.38–6.20
1Year β (Sofix)	0.75781
Market Cap (BGN)	735 996 529
Market Cap (EUR)	376 309 050
Shares outstanding	134 797 899
Buy back shares	13 479 188
Free Float	31.05%
P/E (ttm)	12.64
P/S (ttm)	2.57
P/BV	1.17

Source: SIS Calculations and Market Data
BGN is pegged to EUR at 1.95583 BGN



* in BGN, source Bloomberg

Notable events

Q2 2023 Cons.results	31.08.2023
Q3 2023 Results	31.10.2023

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Sopharma JSC

Excellent performances

Q2 2023 Results

- Revenues from sales of manufactured medicinal products and increased by BGN 14.7m to BGN 123.8m, compared to BGN 109.1m in the H1'22.
- Sales revenue for the H1'23 for European countries increased by BGN 10.1m or 18.4% compared to H1'2022. Sales in Russia and Ukraine have the largest share, and for the current period they grew by 18.8% and 1.5%, respectively. Growth was also registered in other traditional markets, with sales revenue increasing in Belarus by 69%, in Moldova by 75%, in Serbia by 40%, in Latvia by 21%, in Poland by 25%. Sales in Lithuania fell by 27%.
 - Sales of Sopharma on the domestic market decreased by BGN 0.3m or 0.7% in the H1'23, to BGN 45.4m. According to IQVIA data, at the end of the H1'2023, the company occupies 2.18% (fourteenth position) of the total volume of the Bulgarian pharmaceutical market in value and 7.62% (second position) of sales in natural terms.
 - For the current period, the costs for materials increase by BGN 2m compared to the H1'22 in the part of basic, laboratory and technical materials. A decrease was registered in the costs of heating and electricity. Personnel costs increased by BGN 6.1m as a result of an increase in remuneration, and in external services costs, which increased by BGN 5.1m, the largest change was registered in the costs of manufacturing medicines and in the costs of advertising and marketing services, increasing by BGN 1.7m and BGN 2.2m, respectively.
 - Financial income increased by BGN 0.5m to BGN 3.8m in the H1'23, mainly due to the increase in interest income on granted loans in the amount of BGN 0.3m. Financial expenses increased by BGN 0.5m to BGN 1.2m in the H1'2023, the main reason being the impairment charge for credit losses on receivables on commercial loans granted in the amount of BGN 0.5m.
 - EBITDA in the H1'23 increased by BGN 15.6m, or by 42.6%, to BGN 52.4m, compared to BGN 36.8m in H1'22. The growth achieved during the period is due to the increase in sales in the main markets and the improved gross profit margin on the one hand, as well as a relatively stable structure of operating expenses.
 - Net profit increased by BGN 14.4m, or 61.8%, to BGN 37.8m compared to BGN 23.3m in the H1'22.
 - Current assets increased by BGN 49.8m to BGN 244.4m, with an increase in inventories of BGN 24.6m, where the most significant growth was BGN 15.2m. is registered with the finished product. An increase is reported in receivables from related enterprises in the amount of BGN 13.5m, in trade receivables by BGN 9.3m and in loans granted to third parties by BGN 2.9m.
 - Current liabilities increased by BGN 82.7m, to BGN 155.7m, as a result of the increase in liabilities under ST bank loans by BGN 30.3m, as well as as a result of accrued liabilities to related and third parties to receive dividends in the amount of BGN 72.8m. Trade payables decreased by BGN 23m, which is the result of the reduction in advances received for the sale of finished products, which decreased by BGN 20m.

FINANCIAL SNAPSHOT

QUARTERLY RESULTS				
Financial Metrics	Q2_2023	Q2_2022	% Change	TTM
Total Revenue	131 491	115 503	13.8%	257 505
Operating expenses	-88 567	-87 640	1.1%	-190 553
EBIT	42 924	27 863	54.1%	66 952
Operating Margin	33%	24%	8.5%	26%
EBITDA	52 387	36 740	42.6%	85 755
Net profit	37 671	23 278	61.8%	52 405
Net Margin	29%	20%	8.5%	20%
Total Assets	749 800	648 659	15.6%	
Net Debt	53 594	16 885	217.4%	
Equity/Assets	0.75	0.90	-16.5%	
FINANCIAL RATIOS				
Per share	Q2_2023	2022	2021	2020
Number of shares	134 797 899	134 797 899	134 797 899	134 797 899
EPS	0.4320	0.2891	0.1798	0.1727
DPS	0.0000	0.6000	0.0000	0.0400
Growth & Activity	Q2_2023	2022	2021	2020
Revenue growth	13.8%	13.4%	-5.1%	-10.9%
Earnings growth	61.8%	21.3%	12.6%	-31.3%
Asset Turnover	0.2	0.4	0.3	0.3
Working Capital Turnover	1.1	1.9	1.7	2.4
Return & Profitability	Q2_2023	2022	2021	2020
ROE	9.3%	6.3%	5.6%	5.2%
ROA	7.0%	5.4%	4.8%	4.3%
ROIC	9.0%	6.2%	5.5%	5.2%
EBITDA margin	39.8%	29.0%	29.0%	28.7%
Operating margin	32.6%	21.5%	20.8%	20.6%
Net margin	28.6%	15.7%	14.7%	12.4%
Gearing & Liquidity	Q2_2023	2022	2021	2020
Debt-to-Equity	0.1	0.0	0.1	0.1
Net Debt to EBITDA	1.6	3.1	1.6	0.9
Interest coverage	54.8	14.2	27.9	6.5
Cash ratio	0.0	0.1	0.2	0.0
Current ratio	1.6	2.7	2.8	2.2

Source: SIS calculations and Sopharma AD financial statements

COMPANY DESCRIPTION

Sopharma AD engages in the provision of pharmaceutical business. Its operations include production and marketing of medical products, medicinal substances as well as dosage forms. It also involved in research, engineering, and implementation activities in the field of phytochemistry, chemistry, and pharmacy. The firm offers dermatological products, gastroenterological, as well as psychoneurological, antiallergic and others. The company was founded in 1933 and is headquartered in Sofia, Bulgaria.

ANNUAL FINANCIAL RESULTS				
Income Statement (BGN th)	Q2_2023	2022	2021	2020
Operating Revenue	127 713	236 616	204 285	210 925
Total Revenue	131 491	241 517	212 900	224 325
Operating expenses	(88 567)	(189 626)	(168 610)	(178 102)
EBIT	42 924	51 891	44 290	46 223
EBITDA	52 387	70 108	61 835	64 453
Net profit	37 671	38 012	31 331	27 832

Balance Sheet (BGN th)	Q2_2023	2022	2021	2020
Current assets	244 375	194 530	202 353	214 447
Cash & equiv.	5 012	4 761	15 618	3 776
Non-current assets	505 425	506 718	456 746	435 891
PP&E and Inv. Properties	258 812	267 161	252 392	256 440
Total Assets	749 800	701 248	659 099	650 338
Current Liabilities	155 686	73 033	72 460	97 259
ST Loans	42 061	11 734	46 663	75 739
Non-current liabilities	28 867	27 840	22 436	16 091
LT Loans	16 545	15 333	7 246	1 548
Total Liabilities	184 553	100 873	94 896	113 350
Equity	565 247	600 375	564 203	536 988
Net Working Capital	88 689	121 497	129 893	117 188
Total Debt	58 606	27 067	53 909	77 287
Net Debt	53 594	22 306	38 291	73 511

Cash Flow Statement (BGN th)	Q2_2023	2022	2021	2020
CF from operations	(14 232)	89 433	86 468	27 268
CF from investments	(14 410)	(50 875)	(46 235)	28 139
CF from financing	28 893	(49 415)	(28 391)	(55 590)
Change in debt	28 870	(47 598)	(24 253)	(36 113)
Paid interest	(1 222)	(3 654)	(1 589)	(7 085)
Paid dividends	(5)	(11)	(22)	(19 944)

Source: SIS Calculations

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