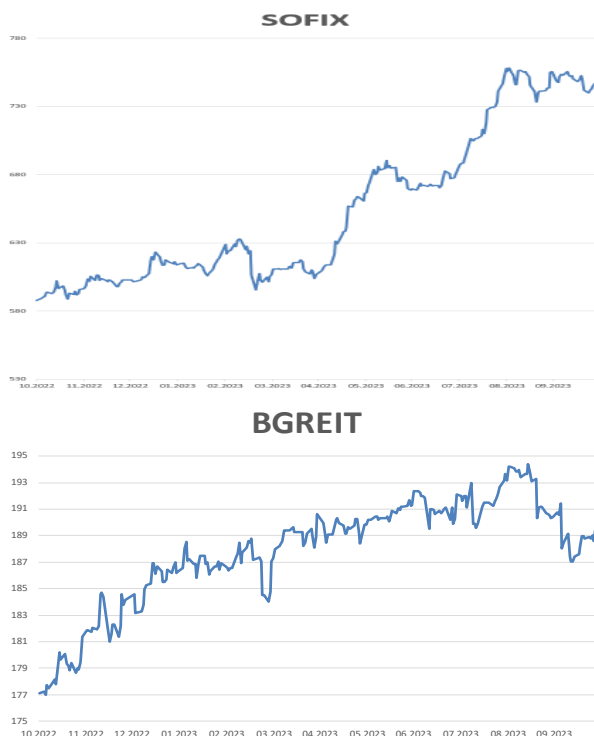


## BG Indexes 12-month performance



Index	Close	Weekly Chg. %	YTD
SOFIX	747.05	0.69	24.20
BGBX 40	157.32	0.25	12.95
BGREIT	189.55	0.41	3.48

Index	P/E	EV/S	P/BV
SOFIX	7.09	0.12	1.66
BGBX 40	9.52	0.32	1.73
BGREIT	9.88	n/a	3.08

## BSE Weekly Gainers & Losers

Top Gainers		Price	Chng %
DEX	Dekotex Carpet AD	0.60	11.11
ELHM	Elhim Iskra AD	1.00	8.70
SPDY	Speedy AD	133.00	3.91
BSE	Bulgarian Stock Exchange AD	10.95	3.79
FIB	CB First Investment Bank AD	2.60	3.17

Top Losers		Price	Chng %
AROM	Aroma AD	1.00	-20.63
HSLB	Slanchev Bryag Holding AD	2.00	-20.00
HES	Hydraulic Elements & Systems	6.00	-5.51
AGH	Agria Group Hold AD	20.00	-3.85
SPH	Stara Planina Hold AD	10.00	-2.91

For all the weekly issues to date and quarterly equity research on Bulgarian companies traded on the Bulgarian Stock Exchange go to <https://en.sis.bg/research/>

## Market Overview (23 Oct – 27 Oct)

The main Bulgarian index **SOFIX** increased this week by 0.69% to 747.05 points. The broad index **BGBX40** increased this week by 0.25% to 157.32 points and **BGREIT** increased this week to 189.55 points, up by 0.41%.

## Corporate News

**Neochim (NEOH)** reported Q3'23 total unconsolidated revenue BGN 74.7m (-23.8% YoY). The sales breakdown was almost evenly split between the domestic market (BGN 37.0m; -14.0% YoY) and exports (BGN 36.7m; -24.2% YoY). OPEX fell at the same pace as revenue amounted to BGN 72.4m (-23.8% YoY), which resulted in an EBITDA of BGN 2.3m (-25.1% YoY). Depreciation expense of BGN 2.5m pushed the bottom line to the negative BGN 232k, as financial expenses were nearly zero as the company maintains a debt-free profile. This compares to a BGN 345k profit in Q3'22 and BGN 13.0m loss in Q2'23. 9-mo revenue totalled BGN 223.3m (-55.6% YoY), while OPEX fell slower by 43.0% YoY to BGN 237.7m. This resulted in EBITDA of negative BGN 15.3m, compared to BGN 84.6m in 9-mo 2022. Depreciation of BGN 7.7m (-0.4% YoY) was the only significant item down the line, which pushed Jan-Sept'22 net loss to BGN 23.1m (EPS of negative BGN 8.91), compared to a record profit of BGN 76.2m in the corresponding period of 2022. On the balance sheet Neochim maintains a considerable net cash position of BGN 52.1m, but it has to be noted that it melted significantly from BGN 100.3m in the beginning of the year, following weak performance in H1'23.)

**M+S Hydraulic's (MSH)** unconsolidated revenue in Q3 2023 registered a 3.9% YoY decrease to BGN 56.9m, where the company confirmed a reduced demand and substantial optimization of the inventories in the supply chain. Total OPEX also diminished (-1% YoY; BGN 44.4m), mainly due to 6.1% YoY decline in materials costs (BGN 26.5m). As a result, EBITDA for the third quarter fell by 13% YoY to BGN 12.5m, while net profit marked 15.4% YoY drop to BGN 9.1m and stood on a margin of 16.1% (-2.2 p.p. YoY). 9mo 2023 uncons revenue was up 11.9% YoY to BGN 183.4m, while net sales revenue came 1.4% below management expectations. Operating expenses amounted to BGN 142.6m (+11.8% YoY) due to the increase in personnel costs (+21% YoY; BGN 45.7m). Still, robust top-line performance in the first half of the year preserved EBITDA margin at 22.2% (+0.1 p.p. YoY). At the same time, net profit for the period increased by 15.3% YoY to BGN 30.2m, while net margin stood at 16.5% (+0.5 p.p. YoY). The management guided for net sales growth of 1.8% in 2023 up to BGN 221m, which is lower than the 4.1% expected previously. This could be a result of weak performance in the August and September monthly results on the backdrop of a challenging market profile. On the balance sheet, non-cash working capital increased by 26.7% during the 9mo period from a year ago to BGN 35m, while the resilient profitability brought the CFO up by 25.2% YoY to BGN 30.6m.)

## Economic News

✓ The benchmark interest rate in Bulgaria was last recorded at 3.53 percent.

✓ Bulgaria's business confidence indicator came at 25.2 in September 2023, barely-changed from a four-month low of 25.1 in the previous month. Business sentiments for the next three months became less positive for employment (5.1 vs 6.2) and selling prices (8.7 vs 8.9), while views for stocks of finished goods were slightly more negative (-1.2 vs -1.1). On a positive note, entrepreneurs were more optimistic about their production expectations for the next three months (13.1 vs 12.9) and less pessimistic about new orders (-15.7 vs -19.8 in August) and export orders (-22.7 vs 23.3).

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