

Bulgaria ECM

Agricultural land leasing company Elana Agrocredit (OEA BU) reported deals amounting to BGN 2.4m in Sep'19, up more than 3x y/y, the Company announced in its regular monthly newsletter. **In Sep'19, Elana Agrocredit invested BGN 1.9m, financing 2 354 dca** of arable land. The total amount of the deals reached BGN 2.4m, up three times y/y. The average deal amount during Sep'19 was BGN 64.5k, up 3x y/y. **Since the start of the year, the Company has sealed deals for BGN 9.2m, up 11.7% y/y.**

Industrial products manufacturer M+S Hydraulic's (5MH BU) sales dropped 1.4% y/y to 9.2m, yet pre-tax profit surged 25% y/y to 1.7m in Sep'19, according to regular Company monthly filing to the BSE. As a result, on YTD basis, M+S Hydraulic's top line shrank 10% y/y to BGN 85.5m, while pre-tax income reached BGN 12.1m, decelerating the decline from previous months to 22.3% y/y. M+S Hydraulic's management expects sales of BGN 9.3m in Oct'19, which if reached would mark a 16% y/y decline.

Hydraulic Elements and Systems (4HE BU) expanded top line by 7.4% y/y and improved profitability in Sep'19, according to regular filing by the Company. For the Jan-Sep'19 period the Company's top line arrived to BGN 47.7m, up 4.1% y/y. Increased costs during the period, however, led to earnings before taxes dropping 8% y/y to BGN 4m. For Oct'19, the management forecasts BGN 5.4m in sales (up 1.7% y/y).

Industrial products manufacturer Stara Planina Hold (5SR BU) reported 2.4% y/y drop in consolidated sales in Sep'19 to BGN 17.9m, pushing the YTD top line to BGN 173.4m, down 4.9% y/y, the Company said in a filing. The decline is a result of a 10% y/y drop in the sales of subsidiaries M+S Hydraulic and Elhim Iskra (52E BU). For Oct'19, the management forecasts Stara Planina's sales to reach BGN 18.2m, bringing the overall revenues to BGN 191.6m, down 6.3% y/y.

Bulgaria MACRO

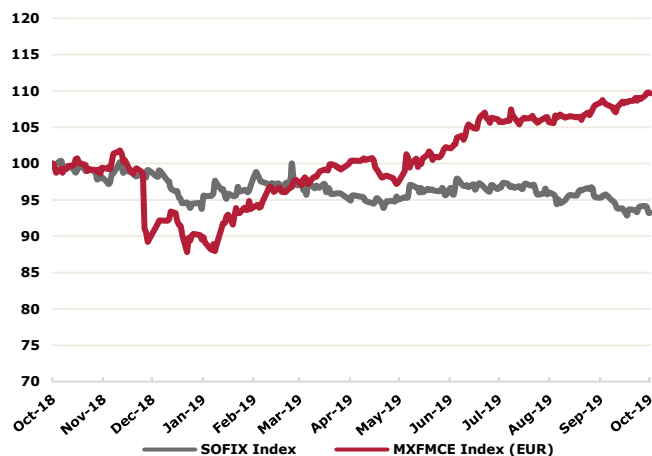
Foreign direct investments (FDI) in Bulgaria accelerated to EUR 603.5m for Jan-Aug'19, up 48% y/y, according to preliminary statistics published by the Bulgarian National Bank. The improvement is entirely a result of increase in debt financing from foreign parent companies to their Bulgarian subsidiaries. Accordingly, debt financing since the start of the year reached EUR 1bn. During the period, there was equity outflow as equity investments dropped to negative EUR 327m and reinvested income arrived to negative EUR 72.1m.

It should be noted that the data on FDI is subject to corrections in the following months, which may largely change the preliminary results.

**expected 2019 GDP is EUR 59.2bn according to forecast by the Bulgarian National Bank; GDP for 2018 was EUR 55.2bn*

Bulgaria's current account came to a surplus of EUR 1.18bn in Aug'19, up 14.9% y/y, bringing the current account since the start of the year to a surplus of EUR 4.15bn (7% of projected GDP for 2019).

The Ministry of Finance projects 3.3% GDP growth for 2020, according to latest autumn macroeconomic forecast. Although the expected growth stays unchanged since the Ministry's spring'19 macroeconomic forecast, this time expectations are for less investments, higher domestic consumption and increased imports. Inflation is expected to decelerate to 2.1% in 2020, while projections for the unemployment rate in 2020 remain unchanged at 4.1%.



Source: Bloomberg

OVERALL MARKET DATA

Total Market Cap:	9.2bn
Total Turnover (FY 2018, regulated market)	550m
Average Daily Turnover (FY 2018, regulated market)	2.24m

Figures are in Bulgarian lev /BGN/

Source: Bulgarian Stock Exchange

MARKET MULTIPLES

Index	Last	6M%Δ	12M%Δ	P/E	P/B	D/Y
SOFIX	559.56	-1.77%	-6.55%	8.20	0.79	1.04%
MSCI FM CEE+CIS	383.90	9.38%	9.79%	6.84	1.04	7.98%

Source: Bloomberg

TOP 3 MOST ACTIVE STOCKS FOR THE WEEK

Stock	Ticker	Market Cap	Turnover
Rodna Zemya Holding	6R2 BU	118m	600k
Stara Planina Hold	5SR BU	109m	363k
Advance Terrafund REIT	6A6 BU	163m	155k

Figures are in Bulgarian lev /BGN/

Source: Bulgarian Stock Exchange

ELANA TOP PICKS

Stock	Ticker	M Cap	Last	1-Yr PT	fP/E	Reco
Speedy	OSP BU	264 m	49.00	48.85	15.00	BUY
Gradus	GR6 BU	415 m	1.71	1.60	24.37	HOLD
Sopharma	3JR BU	449 m	3.33	4.18	11.66	BUY
Advance Terrafund	6A6 BU	163 m	1.92	2.52 (intr. value)	0.67 (p/b)	BUY
Bulgarian Real Estate Fund REIT	5BU BU	71m	2.06	2.73 (intr. value)	0.63 (p/b)	BUY
Korado	4KX BU	86 m	6.50	7.60	17.14	BUY

P/E ratios are on a forward 12M base; figures are in Bulgarian lev /BGN/

LATEST MACRO DATA

Indicators	2017/2018
GDP, % y-o-y Q2'19	3.5%
HICP, % y-o-y Aug'19	2.5%
Unemployment rate Aug'19	5.3%
Budget balance, % of GDP Aug'19	1.0%
Net external debt, % of GDP Jul'19	-4.8%
Government debt, % of GDP, Q1'19	20.3%
Central bank reserves, % of GDP Aug'19	41.6%
Long-term 10.5-yr, Jun'19	0.35%
S&P / Fitch Rating	BBB-/BBB

Source: BNB; NSI; Finance Ministry; Elana trading estimate, Eurostat

EXCHANGE RATES: EUR/BGN:1.95583 (fixed); USD/BGN: 1.75837

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