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# Industry Report

## Manufacture of tobacco products 2014 Bulgaria

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BULGARIA

## I. KEY INDICATORS

- The Manufacture of tobacco products industry in Bulgaria was represented by 19 companies at the end of 2014, compared to 18 in the previous year and 18 in 2012.
- The industry's net profit amounted to BGN 38,505,000 in 2014.
- The industry's total revenue was BGN 919,713,000 in 2014, up by 7.59% compared to the previous year.
- The combined costs of the companies in the Manufacture of tobacco products industry reached BGN 876,317,000 in 2014, up by 9.62% year-on-year.
- The industry's total revenue makes up 1.19% to the country's Gross domestic product (GDP) in 2014, compared to 1.12% for 2013 and 1.07% in 2012.
- A total of 3,140 people were employed in the Manufacture of tobacco products industry at the end of 2014, compared to 3,363 in 2013 and 1,928 in 2012.
- Most of the companies in the industry are based in Sofia, followed by Parvomay and Plovdiv.

## II. INTRODUCTION

In 2014 the companies in the Manufacture of tobacco products industry numbered 19.

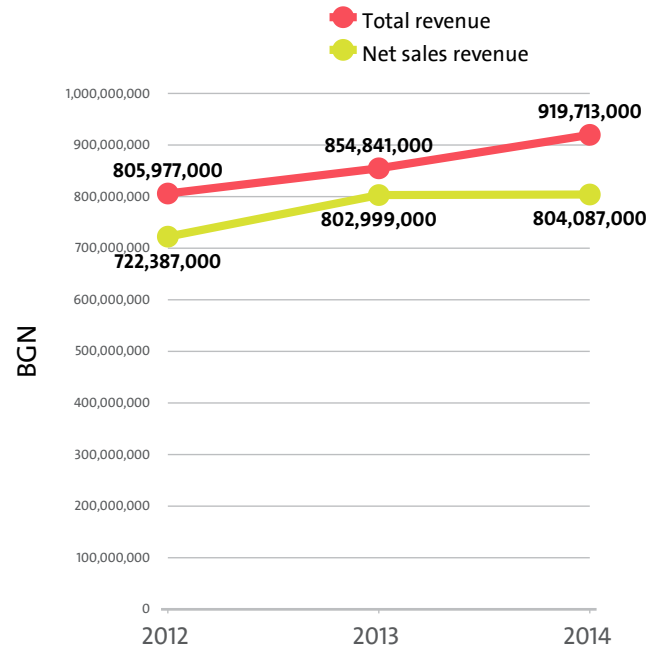
In 2013 there were a total of 18 companies operating in the industry. In 2012 their number totalled 18.

### NUMBER OF COMPANIES IN MANUFACTURE OF TOBACCO PRODUCTS INDUSTRY BY SECTORS

SECTOR	2014	2013	2012
MANUFACTURE OF TOBACCO PRODUCTS	19	18	18

## III. REVENUES

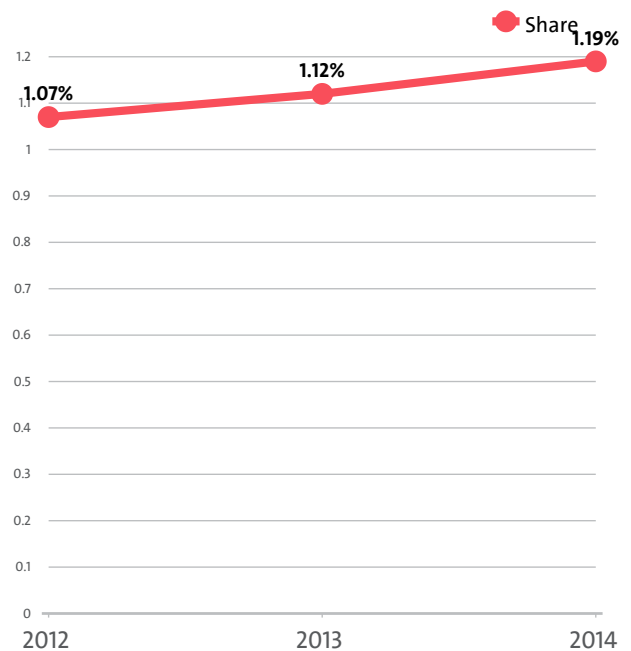
The total revenue in the industry was BGN 919,713,000 in 2014, BGN 854,841,000 in 2013 and 805,977,000 in 2012.



The companies in the Manufacture of tobacco products market of Bulgaria earned combined net sales revenues of BGN 804,087,000 in 2014.

In annual terms, sales marked an increase of 0.14% compared to 2013. In comparison to 2012 they went up by 11.31%. In 2013 sales grew by 11.16% year-on-year.

The Manufacture of tobacco products industry total revenue make up 1.19% to the country's GDP in 2014, compared to 1.12% for 2013 and 1.07% in 2012.



In 2014 the Manufacture of tobacco products industry contributed to GDP BGN 872,744,000 in Gross value added (GVA) accounting for 0.61% of the total for the country's economy.

In the previous year, the industry's GVA amounted BGN 815,283,000, accounting for 0.60% of the total for the

country in 2013. In 2012 the GVA of the Manufacture of tobacco products was BGN 758,896,000, or 0.59% of the GVA for the country's economy.

We expect, based on the trend in the last three years, the total revenue of the Manufacture of tobacco products industry to change at a compound annual growth rate (CAGR) of 6.82% in 2015.

The top 10 companies in terms of total revenue in Manufacture of tobacco products accounted for 99.47% of the industry's total in 2014, 99.58% in 2013 and 99.59% in 2012.

#### TOP 10 COMPANIES BY TOTAL AND NET SALES REVENUE IN THE INDUSTRY

RANK	COMPANY	TOTAL REVENUE (BGN)	NET SALE REVENUE (BGN)
1	BLAGOEVGRAD-BT AD	299,764,000	285,296,000
2	SOFIA - BULGARTABAC AD	270,922,000	244,112,000
3	SOKOTAB EOOD	136,932,000	113,634,000
4	KING'S TOBACCO EAD (FORMERLY KNOWN AS PLOVDIV-BT AD)	82,589,000	67,499,000
5	LIYV TABAKO A. MIHAYLIDIS AD	48,415,000	36,232,000
6	PLEVEN-BULGARTABAC AD	35,118,000	31,694,000
7	PARVOMAY-BT AD	19,159,000	12,717,000
8	SLANCE STARA ZAGORA-TABAK AD	9,827,000	4,955,000
9	KARDZHALI TABAK AD	9,674,000	4,074,000
10	VALTABAK EOOD	2,437,000	1,361,000

The total revenues of the top 10 companies in the Manufacture of tobacco products were 1.18% of GDP in 2014, compared to 1.12% for 2013 and 1.07% in 2012.

The top 10 by assets in the Manufacture of tobacco products field made up BGN 800,290,000, or 99.53% of the total net sales revenue.

#### TOP 10 BY TOTAL ASSETS IN THE INDUSTRY

RANK	COMPANY	BGN
1	BLAGOEVGRAD-BT AD	387,893,000
2	SOFIA - BULGARTABAC AD	251,427,000
3	SOKOTAB EOOD	181,471,000
4	KING'S TOBACCO EAD (FORMERLY KNOWN AS PLOVDIV-BT AD)	144,125,000
5	LIYV TABAKO A. MIHAYLIDIS AD	119,483,000
6	KARDZHALI TABAK AD	40,933,000
7	PLEVEN-BULGARTABAC AD	32,694,000
8	PARVOMAY-BT AD	18,873,000
9	SLANCE STARA ZAGORA-TABAK AD	15,756,000
10	DUPNITZA-TABAK AD	13,889,000

#### TOP COMPANIES WITH HIGHEST ANNUAL GROWTH IN OPERATING REVENUE IN MANUFACTURE OF TOBACCO PRODUCTS

RANK	COMPANY	Y/Y GROWTH
1	MEHANIKA AD	3118.52%
2	TABAKO LEAF HAUS OOD	1100.00%
3	PLEVEN-BULGARTABAC AD	48.86%
4	VALTABAK EOOD	48.67%
5	TOPOLOVGRAD BT AD	22.23%

#### TOP 10 COMPANIES BY TOTAL REVENUE IN THE INDUSTRY WERE:

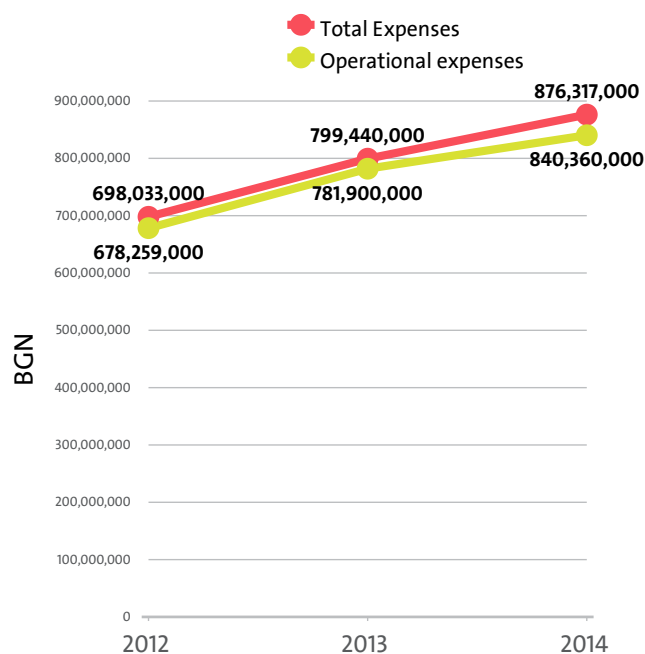
COMPANY	BGN
BLAGOEVGRAD-BT AD	299,764,000
SOFIA - BULGARTABAC AD	270,922,000
SOKOTAB EOOD	136,932,000
KING'S TOBACCO EAD (FORMERLY KNOWN AS PLOVDIV-BT AD)	82,589,000

LIYV TABAKO A. MIHAYLIDIS AD	48,415,000
PLEVEN-BULGARTABAC AD	35,118,000
PARVOMAY-BT AD	19,159,000
SLANCE STARA ZAGORA-TABAK AD	9,827,000
KARDZHALI TABAK AD	9,674,000
VALTABAK EOOD	2,437,000

The 10 largest companies in terms of total revenue in sector Manufacture of tobacco products earned total revenue of BGN 914,837,000 and accounted for 99.47% of the industry's total revenue.

## IV. EXPENSES

The combined costs of the companies in the Manufacture of tobacco products industry reached BGN 876,317,000 in 2014.



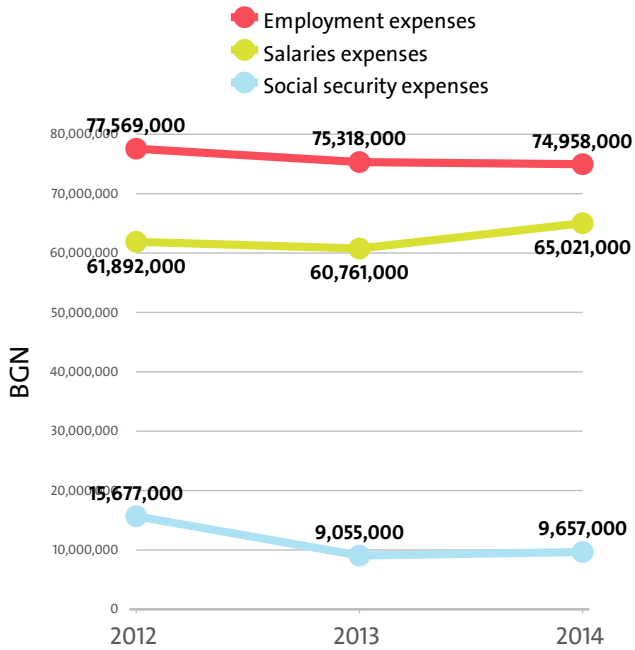
In annual terms, total expenses went up by 9.62% compared to 2013 and increased by 25.54% in comparison to 2012.

The total operating expenses of the companies in the Manufacture of tobacco products industry were BGN 840,360,000 in 2014.

Operating costs went up by 7.48% compared with the previous year and increased by 23.90% when compared to 2012.

We expect, based on the trend in the last three years, the total costs of the Manufacture of tobacco products industry to change at a compound annual growth rate (CAGR) of 12.05% in 2015.

Employment expenses in the Manufacture of tobacco products industry decreased by 0.48% on the year to BGN 74,958,000 in 2014.



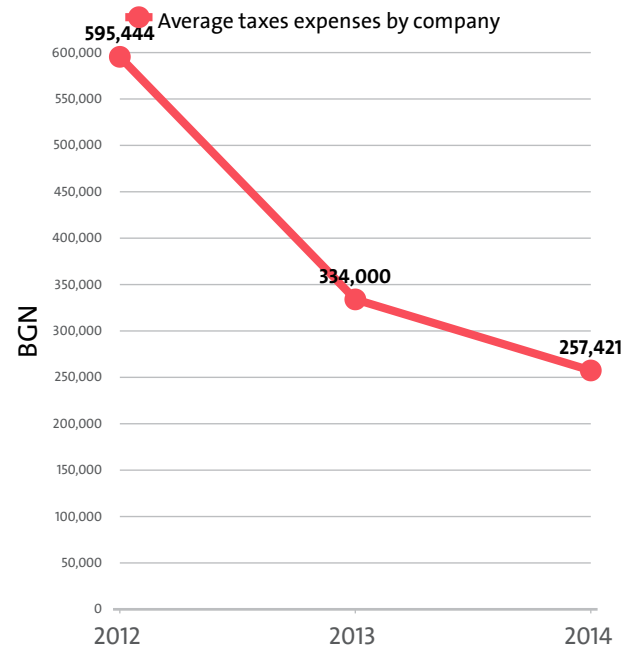
The monthly costs per employee in the Manufacture of tobacco products industry averaged BGN 1,989 in 2014, BGN 1,866 in 2013 and BGN 3,353 in 2012.

The monthly social security costs per employee in the industry averaged BGN 256 in 2014, versus BGN 224 in 2013 and BGN 678 in 2012.

#### THE TOP 10 COMPANIES BY AVERAGE MONTHLY COSTS PER EMPLOYEE IN THE INDUSTRY

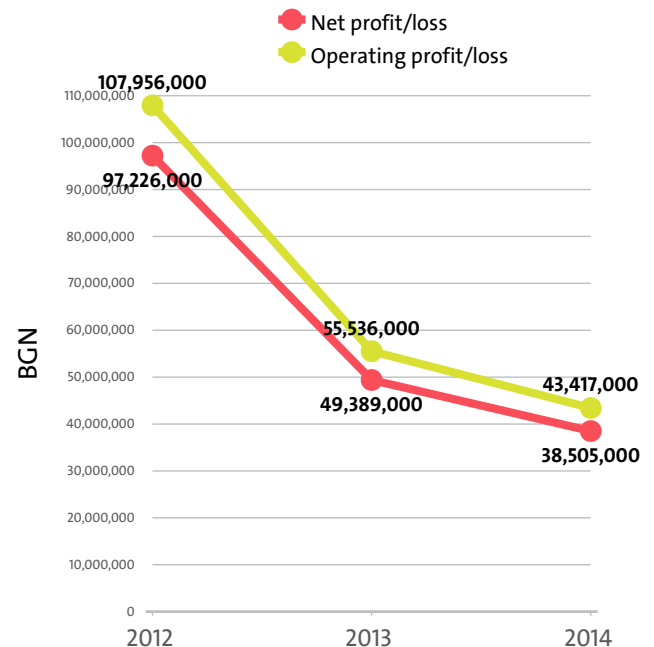
RANK	COMPANY	BGN
1	MEHANIKA AD	8,167
2	SOPIA - BULGARTABAC AD	3,314
3	BLAGOEVRAD-BT AD	3,195
4	TOBAKO END SUPLAYZ LIMITED OOD	1,833
5	SOKOTAB EOOD	1,604
6	TOPOLOVGRAD BT AD	1,483
7	SLANCE STARA ZAGORA-TABAK AD	1,150
8	PLEVEN-BULGARTABAK AD	1,135
9	KING'S TOBACCO EAD (FORMERLY KNOWN AS PLOVDIV-BT AD)	1,090
10	DUPNITZA-TABAK AD	979

The industry's tax expenses stood at BGN 4,891,000 in 2014. In 2013 it paid taxes of BGN 6,012,000. In 2012 the industry paid BGN 10,718,000 in taxes.



## V. PROFITABILITY

The industry's net profit amounted to BGN 38,505,000 in 2014, compared to a net profit of BGN 49,389,000 in 2013 and a net profit of BGN 97,226,000 in 2012.



#### TOP 10 COMPANIES BY HIGHEST NET PROFIT IN MANUFACTURE OF TOBACCO PRODUCTS

RANK	COMPANY	BGN
1	SOPIA - BULGARTABAC AD	29,513,000
2	KING'S TOBACCO EAD (FORMERLY KNOWN AS PLOVDIV-BT AD)	5,155,000
3	SOKOTAB EOOD	3,231,000
4	BLAGOEVRAD-BT AD	2,528,000
5	LIYV TABAKO A. MIHAYLIDIS AD	1,924,000
6	PARVOMAY-BT AD	623,000

7	SLANCE STARA ZAGORA-TABAK AD	240,000
8	PLEVEN-BULGARTABAK AD	84,000
9	VALTABAK EOOD	78,000
10	TOPOLOVGRAD BT AD	74,000

#### TOP COMPANIES BY HIGHEST NET LOSS IN MANUFACTURE OF TOBACCO PRODUCTS

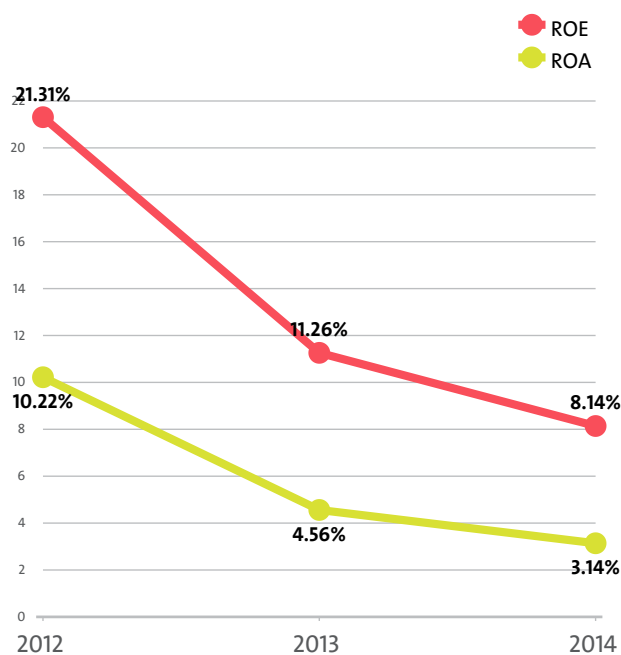
RANK	COMPANY	BGN
1	KARDZHALI TABAK AD	2,377,000
2	TABAKO LEAF HAUS OOD	1,737,000
3	DUPNITZA-TABAK AD	409,000
4	TRAKIYA-TABAK EOOD	209,000
5	GLOBAL TABAKO OOD	73,000

The combined operating earnings of the companies in the Manufacture of tobacco products market went down by 21.82% y/y to BGN 43,417,000 in 2014.

The profit margin for the Manufacture of tobacco products industry stood at 4.83% in 2014, while in 2013 it amounted to 6.57% and 13.62% in 2012.

The Manufacture of tobacco products industry's return on equity (ROE) is 8.14% compared to 11.26% in 2013 and 21.31% in 2012.

The Manufacture of tobacco products's return on assets (ROA) was 3.14%, while in 2013 it amounted to 4.56% and 10.22% in 2012.



#### TOP 10 COMPANIES BY HIGHEST AVERAGE NET PROFIT PER EMPLOYEE IN MANUFACTURE OF TOBACCO PRODUCTS

RANK	COMPANY	BGN	COMPANY HEADQUARTERS (CITY)
1	SOPIA - BULGARTABAC AD	63,606	SOPIA
2	TOPOLOVGRAD BT AD	14,800	TOPOLOVGRAD
3	KING'S TOBACCO EAD (FORMERLY KNOWN AS PLOVDIV-BT AD)	11,255	PLOVDIV
4	VALTABAK EOOD	7,091	MANOLE
5	SOKOTAB EOOD	6,904	RADINOVO
6	LIYV TABAKO A. MIHAYLIDIS AD	6,089	SANDANSKI
7	PARVOMAY-BT AD	5,417	PARVOMAY

8	BLAGOEVGRAD-BT AD	3,098	BLAGOEVGRAD
9	SLANCE STARA ZAGORA-TABAK AD	1,846	STARA ZAGORA
10	PLEVEN-BULGARTABAK AD	343	YASEN

About 10.00% of the 10 leading companies in terms of net profit per employee are located in SANDANSKI, while 10.00% are RADINOVO-based and 10.00% are headquartered in BLAGOEVGRAD.

The average net sales revenue per employee in the Manufacture of tobacco products industry amounted to BGN 256,079 in 2014, up by 7.25% compared to 2013 and down by 31.65% compared to 2012.

The industry's average operating revenue per employee rose by 13.90% year-on-year in 2014 to BGN 286,459. It dropped by 30.32% compared to 2012.

The Manufacture of tobacco products sector generated an average BGN 292,902 in total revenue per employee. In 2013 and 2012 the figure was BGN 254,190 and BGN 418,038, respectively.

The average total revenue per company in the Manufacture of tobacco products industry went up to BGN 48,405,947 in 2014 from BGN 47,491,167 in 2013. The 2012 value was BGN 44,776,500.

A company in the Manufacture of tobacco products sector made on average a net sales revenue of BGN 42,320,368 in 2014, compared to BGN 44,611,056 in 2013 and BGN 40,132,611 in 2012.

The Manufacture of tobacco products industry made 0.35% of the overall sales country-wide, decreasing its market share by 0.02 pp.

Operating profit per employee for the industry as a whole was BGN 13,827 in 2014. For comparison in 2013 it amounted to BGN 16,514 and BGN 16,514 in 2012.

#### THE TOP BY OPERATIONAL PROFIT PER EMPLOYEE IN MANUFACTURE OF TOBACCO PRODUCTS

RANK	COMPANY	BGN
1	SOPIA - BULGARTABAC AD	70,886
2	TOPOLOVGRAD BT AD	14,800
3	KING'S TOBACCO EAD (FORMERLY KNOWN AS PLOVDIV-BT AD)	12,559
4	VALTABAK EOOD	8,091
5	SOKOTAB EOOD	7,733

#### TOP 10 COMPANIES WITH HIGHEST CORRELATION OPERATING REVENUE - NUMBER OF EMPLOYEES - EMPLOYMENT EXPENSES\*

RANK	COMPANY NAME	CORRELATION (BGN)
1	MEHANIKA AD	771,000
2	SOPIA - BULGARTABAC AD	518,222
3	TABAKO LEAF HAUS OOD	396,000
4	BLAGOEVGRAD-BT AD	322,054
5	SOKOTAB EOOD	273,335
6	TOPOLOVGRAD BT AD	269,200
7	VALTABAK EOOD	213,273
8	KING'S TOBACCO EAD (FORMERLY KNOWN AS PLOVDIV-BT AD)	164,417
9	PARVOMAY-BT AD	159,339

10 LIYV TABAKO A. MIHAYLIDIS AD

144,111

\*The correlation is calculated by subtracting the quotient of the operating profit, and the employment expenses to the number of employees.

#### AVERAGE REVENUES PER EMPLOYEE IN MANUFACTURE OF TOBACCO PRODUCTS IN 2014

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF EMPLOYEES
MANUFACTURE OF TOBACCO PRODUCTS	256,079	286,459	292,902	3,140

#### AVERAGE REVENUE PER COMPANY IN MANUFACTURE OF TOBACCO PRODUCTS IN 2014

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF COMPANIES
MANUFACTURE OF TOBACCO PRODUCTS	42,320,368	47,341,158	48,405,947	19

The total indebtedness of the companies in the Manufacture of tobacco products industry was BGN 740,423,000 versus BGN 632,538,000 a year ago. In 2012 the industry's indebtedness totalled BGN 481,926,000.

Debt-to-assets ratio of the companies in the industry is 0.60 in 2014. It was 0.58 in 2013 and 0.51 in 2012.

According to market experts, the greatest impact on the development of the Manufacture of tobacco products industry has net sales revenue to production and land plots ratio. In 2014 it stood at 84, according to the financial statements of the companies in the industry. In 2013 the figure was 132 and 200 in 2012.

## VI. EMPLOYMENT

A total of 3,140 people were employed in the Manufacture of tobacco products market at the end of 2014, compared to 3,363 in 2013 and 1,928 in 2012.

When it comes to employees the sizes of firms vary. Some 9 have less than 50 employees, 4 fall in the 50 to 250 range, 5 count more than 250 employees\*.

\* Companies without data in the number of employees at end of the year are not taken into consideration.

The employees of the leading 10 companies in terms of numbers make up 98.82% of the workforce in the industry in 2014.

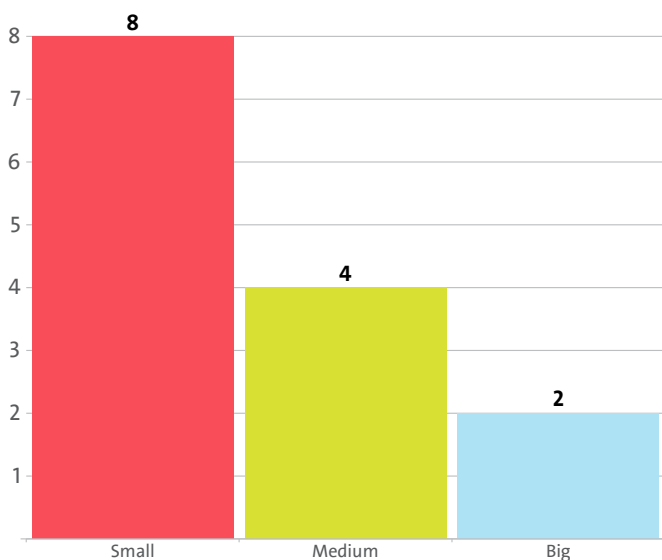
#### TOP 10 FIRMS BY SHARE IN INDUSTRY'S TOTAL NUMBER OF EMPLOYEES

RANK	COMPANY	NUMBER OF EMPLOYEES	SHARE
1	BLAGOEVGRAD-BT AD	816	25.99%
2	SOKOTAB EOOD	468	14.90%
3	SOPIA - BULGARTABAC AD	464	14.78%
4	KING'S TOBACCO EAD (FORMERLY KNOWN AS PLOVDIV-BT AD)	458	14.59%
5	LIYV TABAKO A. MIHAYLIDIS AD	316	10.06%
6	PLEVEN-BULGARTABAC AD	245	7.80%
7	SLANCE STARA ZAGORA-TABAK AD	130	4.14%
8	PARVOMAY-BT AD	115	3.66%
9	KARDZHALI TABAK AD	78	2.48%
10	TRAKIYA-TABAK EOOD	13	0.41%

The Manufacture of tobacco products industry is the 64th largest employer in the country with 3,140 employees with the largest employer being Retail trade, except of motor vehicles and motorcycles with 204,297 and Libraries, archives, museums and other cultural activities at the bottom with 66 employees.

The Manufacture of tobacco products's share in the country's total employment was 0.14% in 2014, 0.16% in 2013 and 0.11% in 2012.

We expect, based on the trend in the last three years, the number of employees of the Manufacture of tobacco products industry to change at a compound annual growth rate (CAGR) of 27.62% in 2015.



# The industry is represented by the following companies

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PEGASUS TREYD TSENTAR OOD
LIYV TABAKO A. MIHAYLIDIS AD
KING'S TOBACCO EAD (FORMERLY KNOWN AS PLOVDIV-BT AD)
TOBAKO END SUPLAYZ LIMITED OOD
TOPOLOVGRAD BT AD
PARVOMAY-BT AD
SOKOTAB EOOD
"SO TREYD" EOOD
SOFIA - BULGARTABAC AD
BLAGOEVGRAD-BT AD
PLEVEN-BULGARTABAK AD
GLOBAL TABAKO OOD
SLANCE STARA ZAGORA-TABAK AD
DUPNITZA-TABAK AD
VALTABAK EOOD
TRAKIYA-TABAK EOOD
TABAKO LEAF HAUS OOD
KARDZHALI TABAK AD
MEHANIKA AD



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