

# SeeNews

Business Intelligence  
for Southeast Europe



## Industry Report

Extraction of crude petroleum  
and natural gas

2015

BULGARIA

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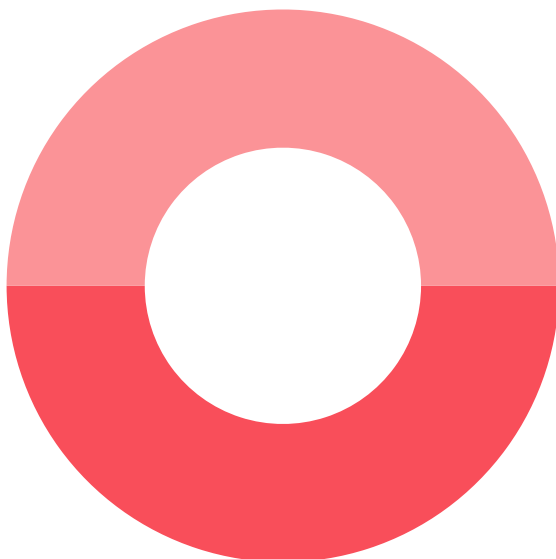
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## I. KEY INDICATORS

- The Extraction of crude petroleum and natural gas industry in Bulgaria was represented by 8 companies at the end of 2015, compared to 8 in the previous year and 7 in 2013.
- The industry's net profit amounted to BGN 19,279,000 in 2015.
- The industry's total revenue was BGN 83,811,000 in 2015, down by 44.54% compared to the previous year.
- The combined costs of the companies in the Extraction of crude petroleum and natural gas industry reached BGN 62,698,000 in 2015, down by 53.37% year-on-year.
- The industry's total revenue makes up 0.1% to the country's Gross domestic product (GDP) in 2015, compared to 0.19% for 2014 and 0.23% in 2013.
- A total of 610 people were employed in the Extraction of crude petroleum and natural gas industry in 2015, compared to 676 in 2014 and 680 in 2013.
- Most of the companies in the industry are based in Sofia, followed by Varna and Dolni Dabnik.

## II. INTRODUCTION

In 2015 the companies in the Extraction of crude petroleum and natural gas industry numbered 8, distributed in 2 sectors.



Extraction of natural gas 4  
Extraction of crude petroleum 4

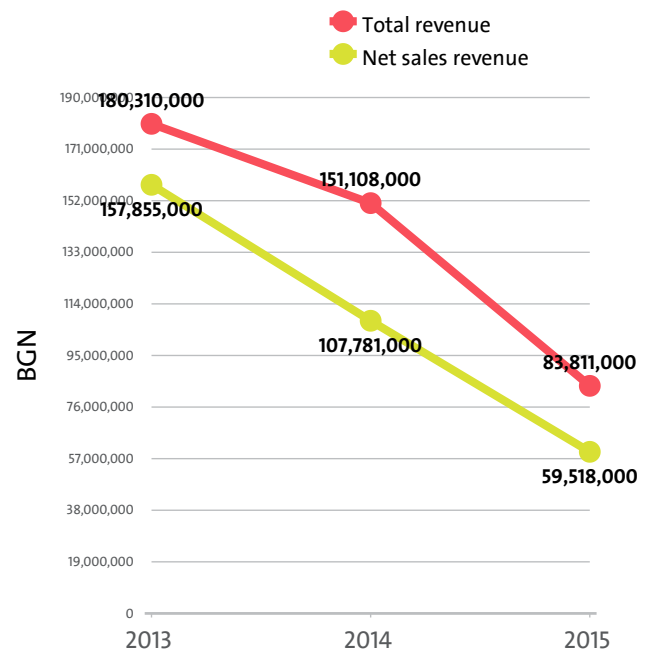
In 2014 there were a total of 8 companies operating in the industry. In 2013 their number totalled 7.

### NUMBER OF COMPANIES IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS INDUSTRY BY SECTORS

SECTOR	2015	2014	2013
EXTRACTION OF NATURAL GAS	4	4	4
EXTRACTION OF CRUDE PETROLEUM	4	4	3

## III. REVENUES

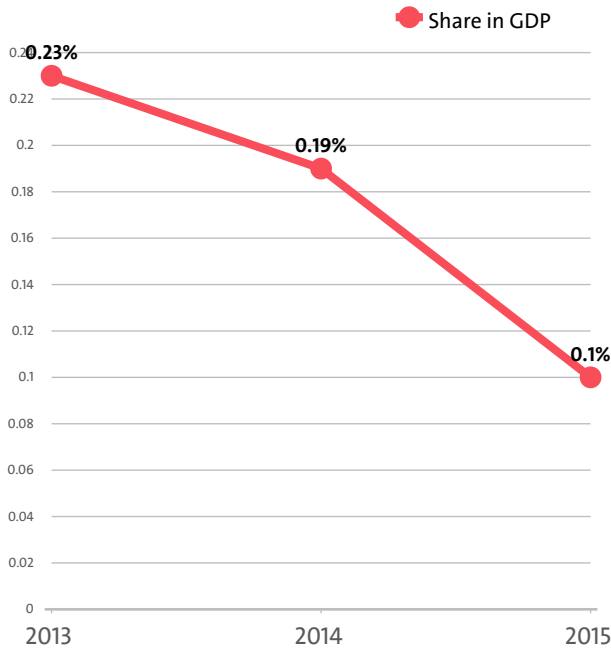
The total revenue in the industry was BGN 83,811,000 in 2015, BGN 151,108,000 in 2014 and 180,310,000 in 2013.



The companies in the Extraction of crude petroleum and natural gas market of Bulgaria earned combined net sales revenues of BGN 59,518,000 in 2015.

In annual terms, sales marked a fall of 44.78% compared to 2014. In comparison to 2013 they decreased by 62.30%. In 2014 sales dropped by 31.72% year-on-year.

The Extraction of crude petroleum and natural gas industry total revenue make up 0.1% to the country's GDP in 2015, compared to 0.19% for 2014 and 0.23% in 2013.



In 2015 the Extraction of crude petroleum and natural gas industry contributed to GDP BGN 70,178,000 in Gross value added (GVA) accounting for 0.05% of the total for the country's economy.

In the previous year, the industry's GVA amounted BGN 72,201,000, accounting for 0.05% of the total for the country in 2014. In 2013 the GVA of the Extraction of crude petroleum and natural gas was BGN 105,303,000, or 0.08% of the GVA for the country's economy.

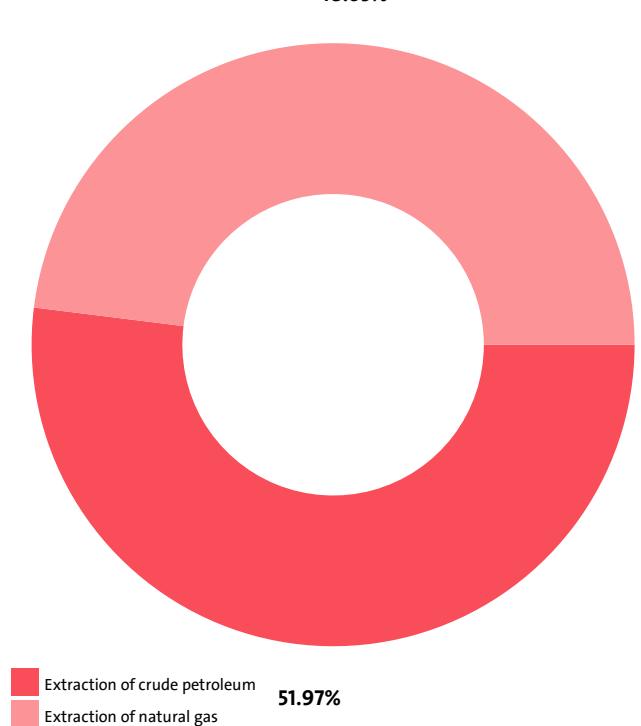
#### GVA BY SECTORS

RANK	SECTOR	BGN	SHARE OF THE COUNTRY'S GVA (%)
1	EXTRACTION OF NATURAL GAS	37,397,000	0.02
2	EXTRACTION OF CRUDE PETROLEUM	32,781,000	0.02

We expect, based on the trend in the last three years, the total revenue of the Extraction of crude petroleum and natural gas industry to change at a compound annual growth rate (CAGR) of -31.82% in 2016.

Extraction of crude petroleum contributed net sales revenue of BGN 30,931,000 or 51.97% of the total net sales in the industry, and sector Extraction of natural gas - BGN 28,587,000 (48.03%).

INDUSTRY'S NET SALES REVENUE STRUCTURE BY SECTORS



The highest growth, of 3.10%, was recorded by Extraction of crude petroleum, while Extraction of natural gas registered the sharpest decline, of 63.25%.

#### TOP COMPANIES' REVENUE BY SECTORS

SEGMENT	COMPANY	TOTAL REVENUE (BGN)	NET SALES REVENUE (BGN)
<b>EXTRACTION OF NATURAL GAS</b>			
	PETROKELTIK OOD - LYUKSEMBURG	24,529,000	15,731,000
	PETROCELTIC BULGARIA EOOD	19,004,000	12,856,000
	SHEVRON BULGARIA EKSPLOREYSHAN END PRODAKSHAN OOD	1,000	0
<b>EXTRACTION OF CRUDE PETROLEUM</b>			
	OIL AND GAS EXPLORATION AND PRODUCTION AD	40,130,000	30,931,000
	MOESIA OIL AND GAS (BULGARIA) OOD	138,000	0
	VERMILION ENERGY BULGARIA OOD	9,000	0

The top 5 companies in terms of total revenue in Extraction of crude petroleum and natural gas accounted for 100.00% of the industry's total in 2015, 99.78% in 2014 and 100.00% in 2013.

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

RANK	COMPANY	TOTAL REVENUE (BGN)	NET SALE REVENUE (BGN)
1	OIL AND GAS EXPLORATION AND PRODUCTION AD	40,130,000	30,931,000
2	PETROKELTIK OOD - LYUKSEMBURG	24,529,000	15,731,000
3	PETROCELTIC BULGARIA EOOD	19,004,000	12,856,000
4	MOESIA OIL AND GAS (BULGARIA) OOD	138,000	0
5	VERMILION ENERGY BULGARIA OOD	9,000	0

The total revenues of the top companies in the Extraction of crude petroleum and natural gas were 0.1% of GDP in 2015, compared to 0.19% for 2014 and 0.23% in 2013.

The top 5 by assets in the Extraction of crude petroleum and natural gas market made up BGN 59,518,000, or 100.00% of the total net sales revenue.

#### TOP BY TOTAL ASSETS IN THE INDUSTRY

RANK	COMPANY	BGN
1	PETROKELTIK OOD - LYUKSEMBURG	139,879,000
2	OIL AND GAS EXPLORATION AND PRODUCTION AD	125,428,000
3	PETROCELTIC BULGARIA EOOD	107,051,000
4	SHEVRON BULGARIA EKSPLOREYSHAN END PRODAKSHAN OOD	781,000
5	VERMILION ENERGY BULGARIA OOD	291,000

#### TOP COMPANIES BY TOTAL REVENUE IN THE MARKET EXTRACTION OF NATURAL GAS WERE:

COMPANY	BGN
PETROKELTIK OOD - LYUKSEMBURG	24,529,000
PETROCELTIC BULGARIA EOOD	19,004,000
SHEVRON BULGARIA EKSPLOREYSHAN END PRODAKSHAN OOD	1,000

The largest companies in terms of total revenue in sector Extraction of crude petroleum and natural gas earned total revenue of BGN 43,534,000 and accounted for 51.94% of the industry's total revenue.

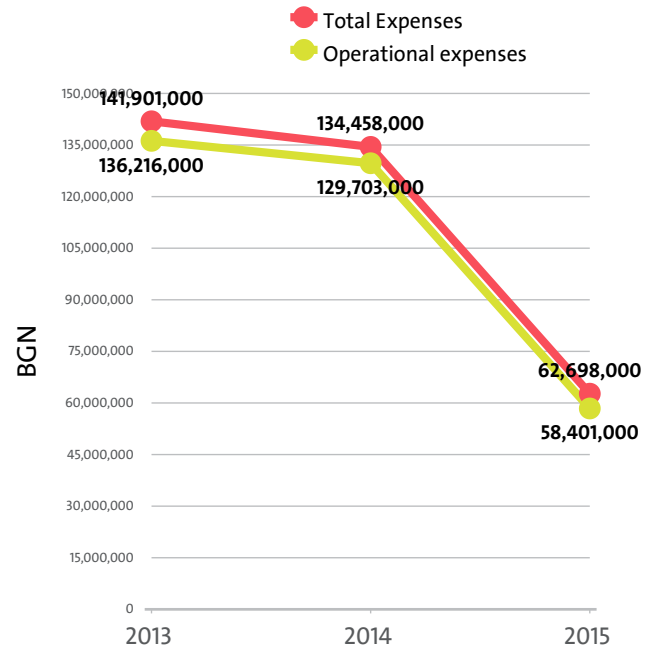
#### TOP COMPANIES BY TOTAL REVENUE IN THE INDUSTRY EXTRACTION OF CRUDE PETROLEUM WERE:

COMPANY	BGN
OIL AND GAS EXPLORATION AND PRODUCTION AD	40,130,000
MOESIA OIL AND GAS (BULGARIA) OOD	138,000
VERMILION ENERGY BULGARIA OOD	9,000

The largest companies in terms of total revenue in sector Extraction of crude petroleum and natural gas earned total revenue of BGN 40,277,000 and accounted for 48.06% of the industry's total revenue.

## IV. EXPENSES

The combined costs of the companies in the Extraction of crude petroleum and natural gas industry reached BGN 62,698,000 in 2015.



In annual terms, total expenses fell by 53.37% compared to 2014 and went down by 55.82% in comparison to 2013.

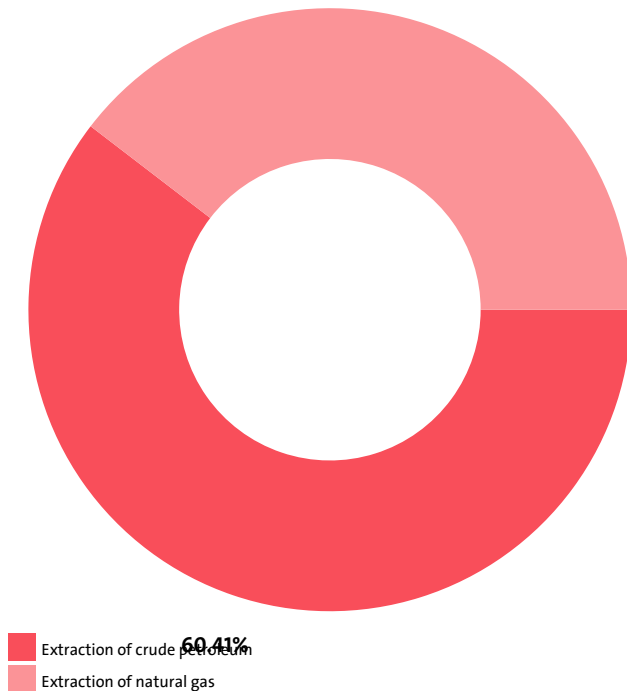
The total operating expenses of the companies in the Extraction of crude petroleum and natural gas industry were BGN 58,401,000 in 2015.

Operating costs fell by 54.97% compared with the previous year and fell by 57.13% when compared to 2013.

We expect, based on the trend in the last three years, the total costs of the Extraction of crude petroleum and natural gas industry to change at a compound annual growth rate (CAGR) of -33.53% in 2016.

Extraction of crude petroleum reported the highest total costs, of BGN 37,877,000, followed by Extraction of natural gas with BGN 24,821,000.

INDUSTRY'S TOTAL COSTS STRUCTURE BY SECTORS  
39.59%

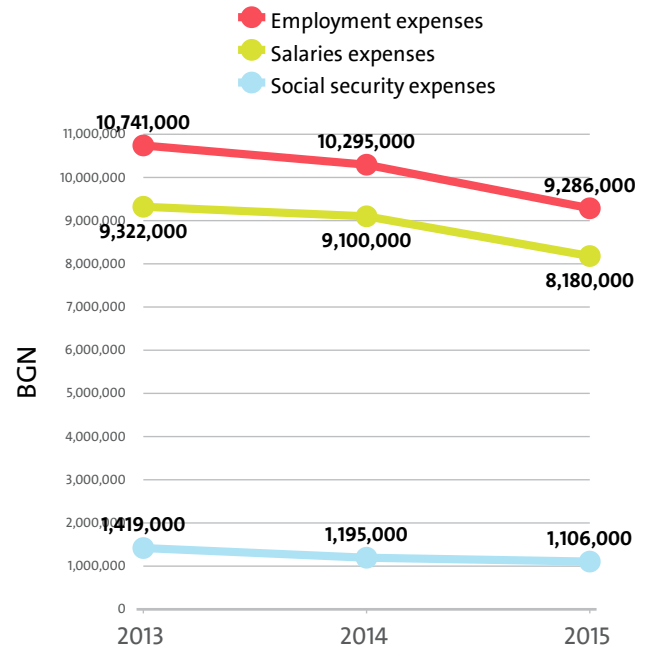


Extraction of crude petroleum marked the highest annual growth in total expenses, of 1.81%, while total expenses dropped the most, by 74.48%, for Extraction of natural gas.

In terms of operating expenses, the highest increase, of 1.54%, was recorded by the Extraction of crude petroleum sector. The sharpest fall was posted by Extraction of natural gas - 76.55%.

The biggest spenders in the industry, with costs of over 10% of industry's costs, numbered 2, including PETROKELTIK OOD - LYUKSEMBURG, Oil and Gas Exploration and Production AD. The medium spenders, or those in the 5% and 10% range count 2 and include VERMILION ENERGY BULGARIA OOD, PETROCELTIC BULGARIA EOOD. Below 5% threshold are 4 companies, including MOESIA OIL AND GAS (BULGARIA) OOD, Moesia Operations (Bulgaria) OOD, CABO DRILLING BULGARIA OOD, SHEVRON BULGARIA EKSPLOREYSHAN END PRODAKSHAN OOD.

Employment expenses in the Extraction of crude petroleum and natural gas industry fell by 9.80% on the year to BGN 9,286,000 in 2015.



The highest growth in labour costs, of 3.68%, was registered by Extraction of crude petroleum, while Extraction of natural gas marked the sharpest fall, of 46.53%.

The monthly costs per employee in the Extraction of crude petroleum and natural gas industry averaged BGN 1,269 in 2015, BGN 1,269 in 2014 and BGN 1,316 in 2013.

The monthly social security costs per employee in the industry averaged BGN 151 in 2015, versus BGN 147 in 2014 and BGN 174 in 2013.

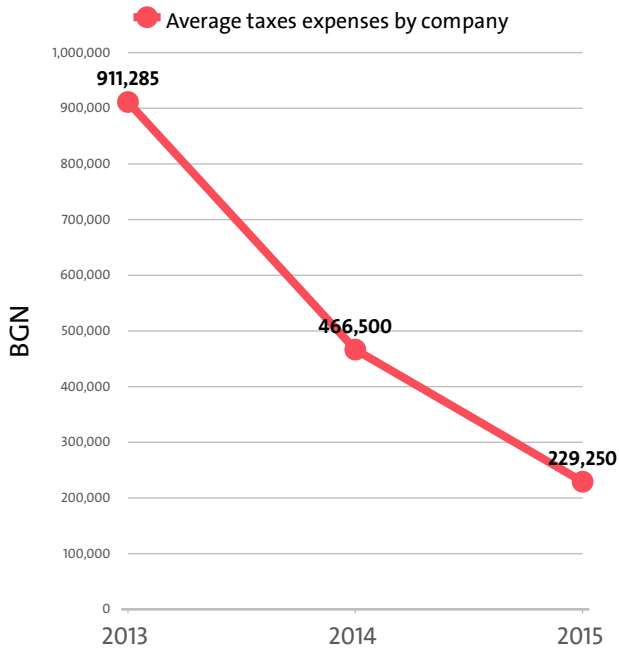
#### EMPLOYMENT EXPENSES IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS BY SECTORS IN 2015

RANK	SECTOR	EMPLOYMENT EXPENSES (BGN)	AVERAGE EXPENSES PER EMPLOYEE (BGN)
1	EXTRACTION OF CRUDE PETROLEUM	7,808,000	13,556
2	EXTRACTION OF NATURAL GAS	1,478,000	43,471

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

RANK	COMPANY	BGN
1	MOESIA OIL AND GAS (BULGARIA) OOD	14,833
2	PETROCELTIC BULGARIA EOOD	4,227
3	PETROKELTIK OOD - LYUKSEMBURG	2,943
4	OIL AND GAS EXPLORATION AND PRODUCTION AD	1,106

The industry's tax expenses stood at BGN 1,834,000 in 2015. In 2014 it paid taxes of BGN 3,732,000. In 2013 the industry paid BGN 6,379,000 in taxes.

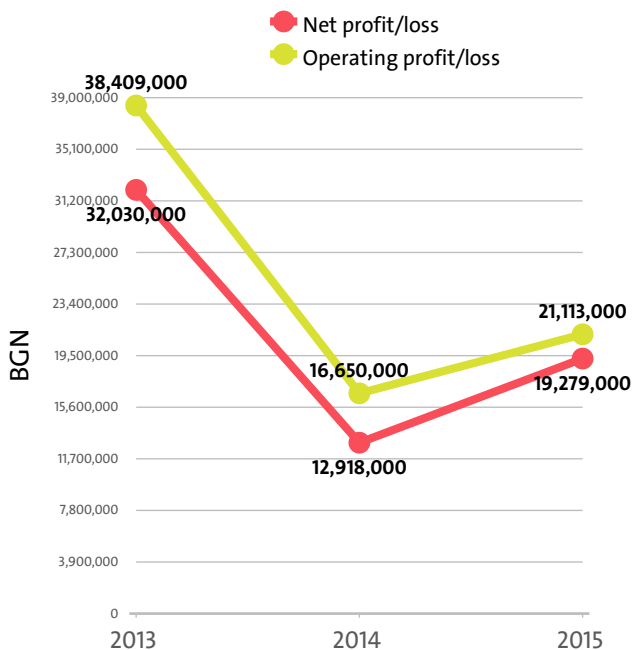


## EXPENSES ON TAXES BY SECTORS

RANK	SECTOR	BGN	Y/Y CHANGE
1	EXTRACTION OF NATURAL GAS	1,489,000	-58.89%
2	EXTRACTION OF CRUDE PETROLEUM	345,000	213.64%

## V. PROFITABILITY

The industry's net profit amounted to BGN 19,279,000 in 2015, compared to a net profit of BGN 12,918,000 in 2014 and a net profit of BGN 32,030,000 in 2013.



## TOP COMPANIES BY HIGHEST NET PROFIT IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	BGN
1	PETROCELTIC BULGARIA EOOD	14,389,000
2	OIL AND GAS EXPLORATION AND PRODUCTION AD	4,080,000
3	PETROKELTIK OOD - LYUKSEMBURG	2,852,000

## TOP COMPANIES BY HIGHEST NET LOSS IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	BGN
1	VERMILION ENERGY BULGARIA OOD	1,822,000
2	MOESIA OIL AND GAS (BULGARIA) OOD	200,000
3	SHEVRON BULGARIA EKSPLOREYSHAN END PRODAKSHAN OOD	14,000
4	MOESIA OPERATIONS (BULGARIA) OOD	3,000
5	CABO DRILLING BULGARIA OOD	3,000

The combined operating earnings of the companies in the Extraction of crude petroleum and natural gas field rose by 26.80% y/y to BGN 21,113,000 in 2015.

## OPERATING PROFIT/LOSS BY SECTORS (BGN)

SECTOR	2015	2014	2013
EXTRACTION OF NATURAL GAS	18,713,000	7,913,000	22,567,000
EXTRACTION OF CRUDE PETROLEUM	2,400,000	8,737,000	15,842,000

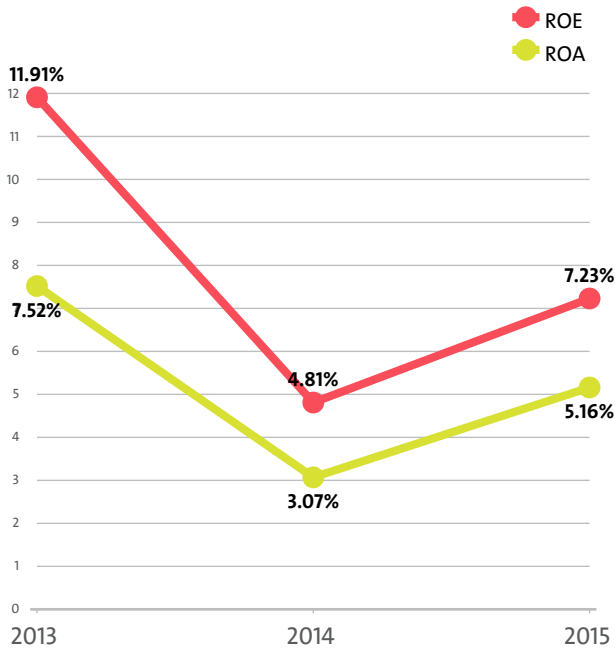
The profit margin for the Extraction of crude petroleum and natural gas industry stood at 31.42% in 2015, while in 2014 it amounted to 12.32% and 22.01% in 2013.

## PROFIT MARGIN BY SECTORS

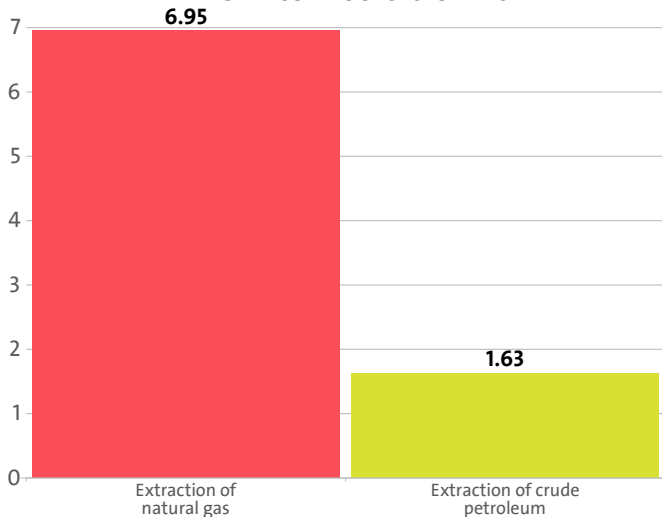
RANK	SECTOR	PROFIT MARGIN
1	EXTRACTION OF NATURAL GAS	65.44%
2	EXTRACTION OF CRUDE PETROLEUM	6.22%

The Extraction of crude petroleum and natural gas industry's return on equity (ROE) is 7.23% compared to 4.81% in 2014 and 11.91% in 2013.

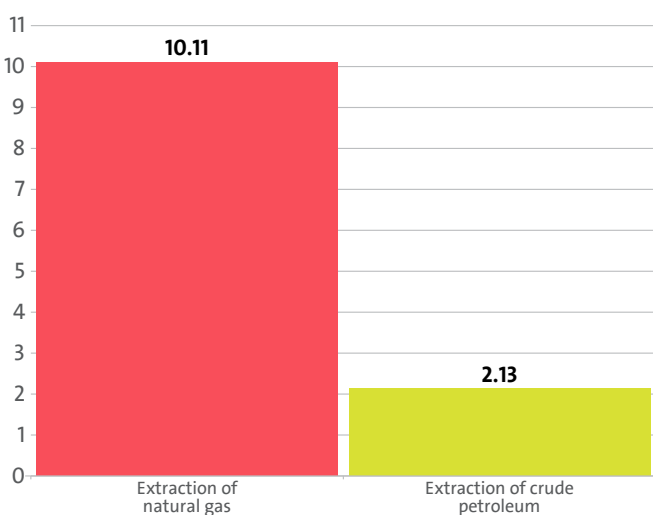
The Extraction of crude petroleum and natural gas's return on assets (ROA) was 5.16%, while in 2014 it amounted to 3.07% and 7.52% in 2013.



LEADING INDUSTRY'S SECTORS BY ROA



LEADING INDUSTRY'S SECTORS BY ROE



## TOP COMPANIES BY HIGHEST AVERAGE NET PROFIT PER EMPLOYEE IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	BGN	COMPANY HEADQUARTERS (CITY)
1	PETROCELTIC BULGARIA FOOD	799,389	VARNA
2	PETROKELTIK OOD - LYUKSEMBURG	178,250	VARNA
3	OIL AND GAS EXPLORATION AND PRODUCTION AD	7,096	SOFIA

The average net sales revenue per employee in the Extraction of crude petroleum and natural gas industry amounted to BGN 97,570 in 2015, down by 38.80% compared to 2014 and down by 57.97% compared to 2013.

The industry's average operating revenue per employee went down by 44.89% year-on-year in 2015 to BGN 110,161. It dropped by 57.07% compared to 2013.

The Extraction of crude petroleum and natural gas field generated an average BGN 137,395 in total revenue per employee. In 2014 and 2013 the figure was BGN 223,533 and BGN 265,162, respectively.

The average total revenue per company in the Extraction of crude petroleum and natural gas industry went down to BGN 10,476,375 in 2015 from BGN 18,888,500 in 2014. The 2013 value was BGN 25,758,571.

A company in the Extraction of crude petroleum and natural gas field made on average a net sales revenue of BGN 7,439,750 in 2015, compared to BGN 13,472,625 in 2014 and BGN 22,550,714 in 2013.

The Extraction of crude petroleum and natural gas industry made 0.02% 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 34,611 in 2015. For comparison in 2014 it amounted to BGN 24,630 and BGN 24,630 in 2013.

## THE TOP BY OPERATIONAL PROFIT PER EMPLOYEE IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	BGN
1	PETROCELTIC BULGARIA FOOD	889,000
2	PETROKELTIK OOD - LYUKSEMBURG	170,500
3	OIL AND GAS EXPLORATION AND PRODUCTION AD	7,696

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

RANK	COMPANY NAME	CORRELATION (BGN)
1	PETROKELTIK OOD - LYUKSEMBURG	948,313
2	PETROCELTIC BULGARIA FOOD	663,500
3	OIL AND GAS EXPLORATION AND PRODUCTION AD	53,640

\*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 EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS IN 2015

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF EMPLOYEES
EXTRACTION OF NATURAL GAS	840,794	841,000	1,280,412	34
EXTRACTION OF CRUDE PETROLEUM	53,700	67,021	69,925	576

#### AVERAGE REVENUE PER COMPANY IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS IN 2015

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF COMPANIES
EXTRACTION OF NATURAL GAS	7,146,750	7,148,500	10,883,500	4
EXTRACTION OF CRUDE PETROLEUM	7,732,750	9,651,000	10,069,250	4

The total indebtedness of the companies in the Extraction of crude petroleum and natural gas industry was BGN 86,028,000 versus BGN 133,913,000 a year ago. In 2013 the industry's indebtedness totalled BGN 141,183,000.

#### INDUSTRY'S INDEBTEDNESS BY SECTORS (BGN)

SECTOR	2015	2014	2013
EXTRACTION OF NATURAL GAS	59,409,000	106,793,000	115,232,000
EXTRACTION OF CRUDE PETROLEUM	26,619,000	27,120,000	25,951,000

Debt-to-assets ratio of the companies in the industry is 0.23 in 2015. It was 0.32 in 2014 and 0.33 in 2013.

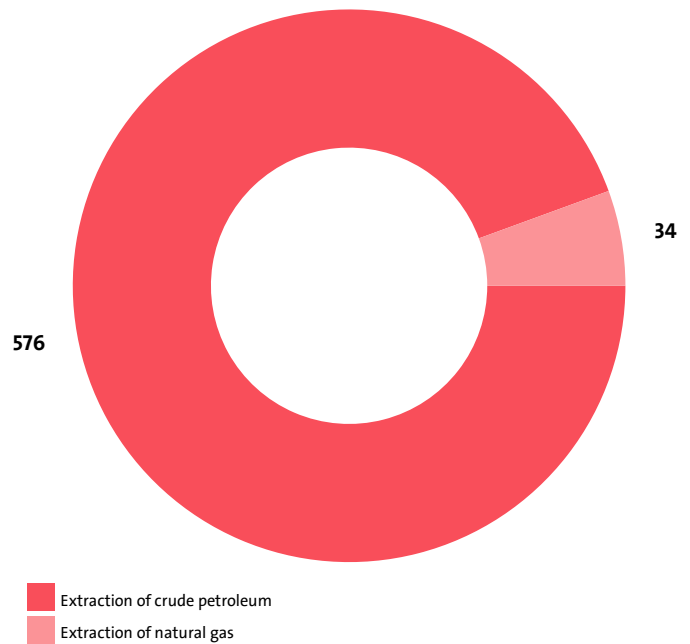
According to market experts, the greatest impact on the development of the Extraction of crude petroleum and natural gas industry has change in inventories of finished goods and work in progress. In 2015 it stood at BGN 234,000, according to the financial statements of the companies in the industry.

## VI. EMPLOYMENT

A total of 610 people were employed in the Extraction of crude petroleum and natural gas industry at the end of 2015, compared to 676 in 2014 and 680 in 2013.

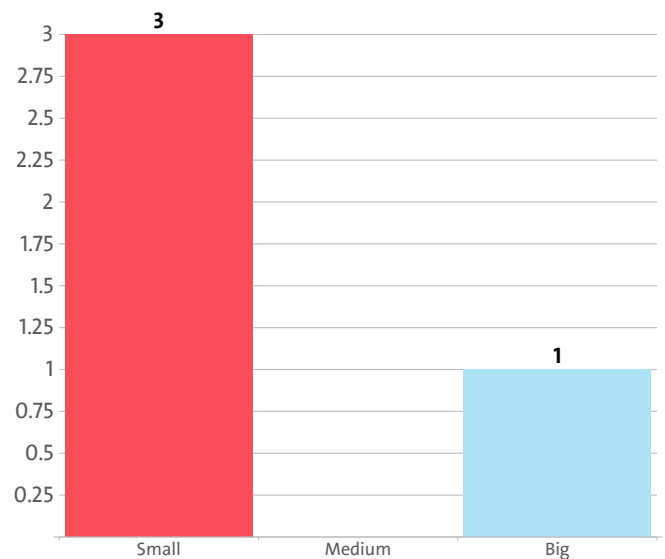
#### NUMBER OF EMPLOYEES BY INDUSTRY SECTORS

SECTOR	NUMBER	SHARE OF INDUSTRY TOTAL
EXTRACTION OF CRUDE PETROLEUM	576	94.43%
EXTRACTION OF NATURAL GAS	34	5.57%



The analysis on companies' sizes by the number of employees, shows that 3 firms have less than 50 employees\* and 1 companies employ more than 250\*.

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



The employees of the leading 5 companies when it comes to numbers make up 100.00% of the workforce in the industry in 2015.

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

RANK	COMPANY	NUMBER OF EMPLOYEES	SHARE
1	OIL AND GAS EXPLORATION AND PRODUCTION AD	575	94.26%
2	PETROCELTIC BULGARIA EOOD	18	2.95%
3	PETROKELTIK OOD - LYUKSEMBURG	16	2.62%
4	MOESIA OIL AND GAS (BULGARIA) OOD	1	0.16%
5	VERMILION ENERGY BULGARIA OOD	0	0.00%

The Extraction of crude petroleum and natural gas industry is

the 79th largest employer in the country with 610 employees with the largest employer being Retail trade, except of motor vehicles and motorcycles with 218,362 and Libraries, archives, museums and other cultural activities at the bottom with 60 employees.

The Extraction of crude petroleum and natural gas's share in the country's total employment was 0.03% in 2015, 0.04% in 2014 and 0.03% in 2013.

We expect, based on the trend in the last three years, the number of employees of the Extraction of crude petroleum and natural gas industry to change at a compound annual growth rate (CAGR) of -5.29% in 2016.

# The industry is represented by the following companies

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MOESIA OIL AND GAS (BULGARIA) OOD

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PETROKELTIK OOD - LYUKSEMBURG

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VERMILION ENERGY BULGARIA OOD

---

MOESIA OPERATIONS (BULGARIA) OOD

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OIL AND GAS EXPLORATION AND PRODUCTION  
AD

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PETROCELTIC BULGARIA EOOD

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CABO DRILLING BULGARIA OOD

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SHEVRON BULGARIA EKSPLOREYSHAN END  
PRODAKSHAN OOD

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