

# SeeNews

Business Intelligence  
for Southeast Europe



## Industry Report

Extraction of crude petroleum  
and natural gas

2017

BULGARIA

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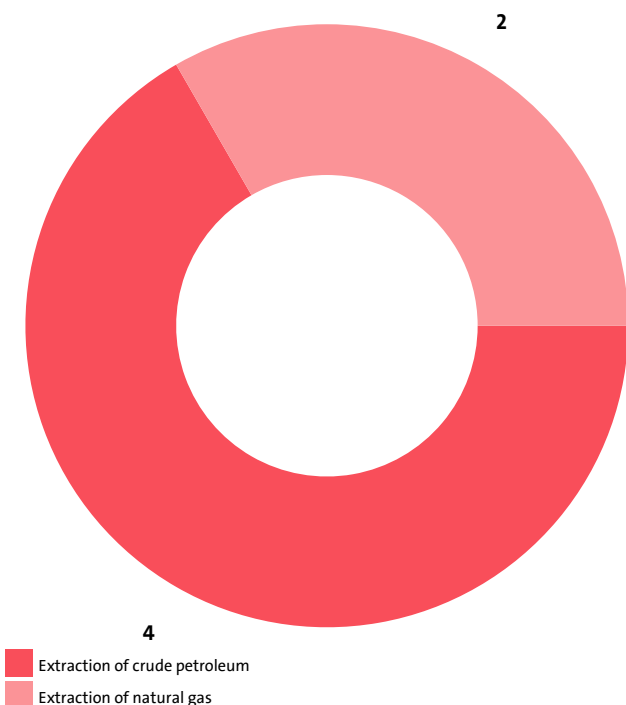
# I. KEY INDICATORS

- The Extraction of crude petroleum and natural gas industry in Bulgaria was represented by 6 companies at the end of 2017, compared to 6 in the previous year and 8 in 2015.
- The industry's net profit amounted to BGN 37,132,000 in 2017.
- The industry's total revenue was BGN 90,259,000 in 2017, up by 14.60% compared to the previous year.
- The combined costs of the companies in the Extraction of crude petroleum and natural gas industry reached BGN 52,382,000 in 2017, down by 45.90% year-on-year.
- The industry's total revenue makes up 0.09% to the country's Gross domestic product (GDP) in 2017, compared to 0.08% for 2016 and 0.09% in 2015.
- A total of 27 people were employed in the Extraction of crude petroleum and natural gas industry in 2017, compared to 532 in 2016 and 610 in 2015.
- Most of the companies in the industry are based in Sofia, followed by Varna.

# II. INTRODUCTION

In 2017 the companies in the Extraction of crude petroleum and natural gas industry numbered 6, distributed in 2 sectors.

INDUSTRY STRUCTURE BY SECTORS AND NUMBER OF COMPANIES



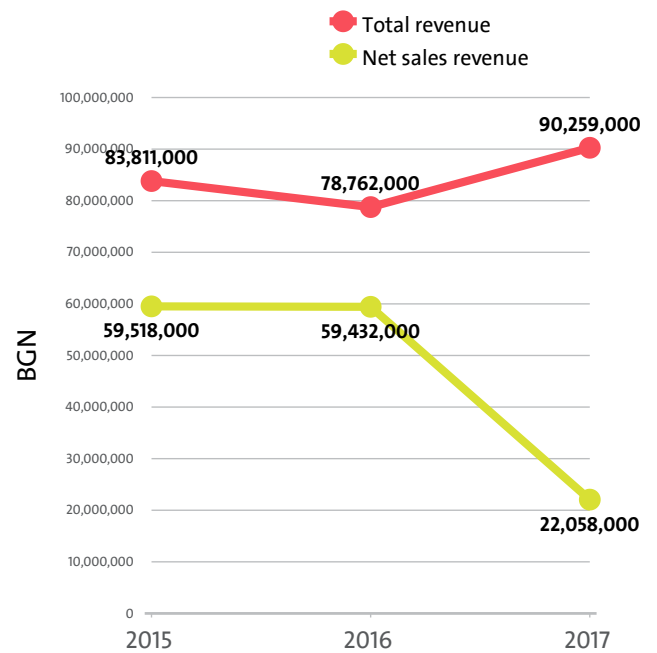
In 2016 there were a total of 6 companies operating in the industry. In 2015 their number totalled 8.

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

SECTOR	2017	2016	2015
EXTRACTION OF CRUDE PETROLEUM	4	3	4
EXTRACTION OF NATURAL GAS	2	3	4

# III. REVENUES

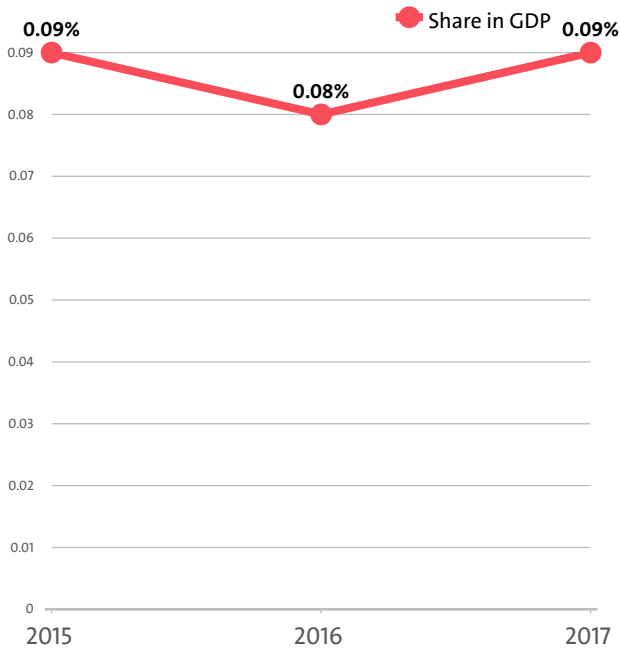
The total revenue in the industry was BGN 90,259,000 in 2017, BGN 78,762,000 in 2016 and 83,811,000 in 2015.



The companies in the Extraction of crude petroleum and natural gas market of Bulgaria earned combined net sales revenues of BGN 22,058,000 in 2017.

In annual terms, sales marked a decline of 62.89% compared to 2016. In comparison to 2015 they fell by 62.94%. In 2016 sales decreased by 0.14% year-on-year.

The Extraction of crude petroleum and natural gas industry total revenue make up 0.09% to the country's GDP in 2017, compared to 0.08% for 2016 and 0.09% in 2015.



In 2017 the Extraction of crude petroleum and natural gas industry contributed to GDP BGN 76,699,000 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 67,194,000, accounting for 0.04% of the total for the country in 2016. In 2015 the GVA of the Extraction of crude petroleum and natural gas was BGN 70,178,000, or 0.05% of the GVA for the country's economy.

#### GVA BY SECTORS

RANK	SECTOR	BGN	SHARE OF THE COUNTRY'S GVA (%)
1	EXTRACTION OF CRUDE PETROLEUM	47,984,000	0.03
2	EXTRACTION OF NATURAL GAS	28,715,000	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 3.78% in 2018.

Extraction of natural gas contributed net sales revenue of BGN 22,058,000 or 100.00% of the total net sales in the industry.

There was no industry's sector to report a growth in net sales revenues. In terms of annual drop, the top position was occupied by Extraction of natural gas with 62.89%.

#### TOP COMPANIES' REVENUE BY SECTORS

SEGMENT	COMPANY	TOTAL REVENUE (BGN)	NET SALES REVENUE (BGN)
<b>EXTRACTION OF NATURAL GAS</b>			
	PETROCELTIC SARL LUXEMBOURG BRANCH	19,511,000	14,404,000
	PETROCELTIC BULGARIA EOOD	11,210,000	7,654,000
<b>EXTRACTION OF CRUDE PETROLEUM</b>			
	SHEL EKSPLOREYSHAN END PRADAKSHAN (59) B.V. – KLON BULGARIA	58,109,000	0
	SHEL INTERNESHANAL EKSPLOREYSHAN END DIVELAPMANT ITALIYA S.P.A. – KLON BULGARIA KCHT	1,429,000	0

The top companies in terms of total revenue in Extraction of crude petroleum and natural gas accounted for 100.00% of the industry's total in 2017, 100.00% in 2016 and 100.00% in 2015.

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

RANK	COMPANY	TOTAL REVENUE (BGN)	NET SALE REVENUE (BGN)
1	SHEL EKSPLOREYSHAN END PRADAKSHAN (59) B.V. – KLON BULGARIA	58,109,000	0
2	PETROCELTIC SARL LUXEMBOURG BRANCH	19,511,000	14,404,000
3	PETROCELTIC BULGARIA EOOD	11,210,000	7,654,000
4	SHEL INTERNESHANAL EKSPLOREYSHAN END DIVELAPMANT ITALIYA S.P.A. – KLON BULGARIA KCHT	1,429,000	0

The total revenues of the top companies in the Extraction of crude petroleum and natural gas were 0.09% of GDP in 2017, compared to 0.08% for 2016 and 0.09% in 2015.

The top by assets in the Extraction of crude petroleum and natural gas sector made up BGN 22,058,000, or 100.00% of the total net sales revenue.

#### TOP BY TOTAL ASSETS IN THE INDUSTRY

RANK	COMPANY	BGN
1	PETROCELTIC SARL LUXEMBOURG BRANCH	118,807,000
2	PETROCELTIC BULGARIA EOOD	117,218,000
3	SHEL INTERNESHANAL EKSPLOREYSHAN END DIVELAPMANT ITALIYA S.P.A. – KLON BULGARIA KCHT	64,811,000
4	SHEL EKSPLOREYSHAN END PRADAKSHAN (59) B.V. – KLON BULGARIA	52,370,000
5	MIZIYA OYL END GAZ (BULGARIA) EOOD	177,000

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

COMPANY	BGN
PETROCELTIC SARL LUXEMBOURG BRANCH	19,511,000
PETROCELTIC BULGARIA EOOD	11,210,000

The largest companies in terms of total revenue in sector Extraction of natural gas earned total revenue of BGN 30,721,000 and accounted for 34.04% of the industry's total revenue.

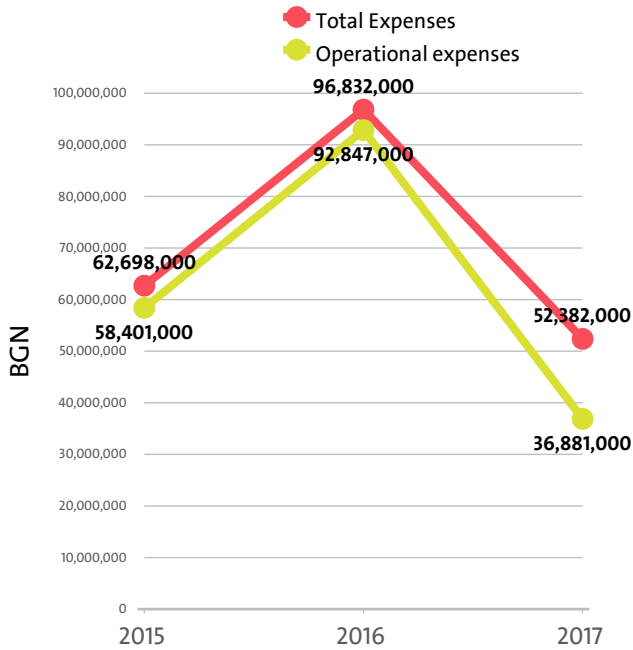
#### TOP COMPANIES BY TOTAL REVENUE IN THE INDUSTRY EXTRACTION OF CRUDE PETROLEUM WERE:

COMPANY	BGN
SHEL EKSPLOREYSHAN END PRADAKSHAN (59) B.V. – KLON BULGARIA	58,109,000
SHEL INTERNESHANAL EKSPLOREYSHAN END DIVELAPMANT ITALIYA S.P.A. – KLON BULGARIA KCHT	1,429,000

The largest companies in terms of total revenue in sector Extraction of crude petroleum earned total revenue of BGN 59,538,000 and accounted for 65.96% 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 52,382,000 in 2017.



In annual terms, total expenses fell by 45.90% compared to 2016 and went down by 16.45% in comparison to 2015.

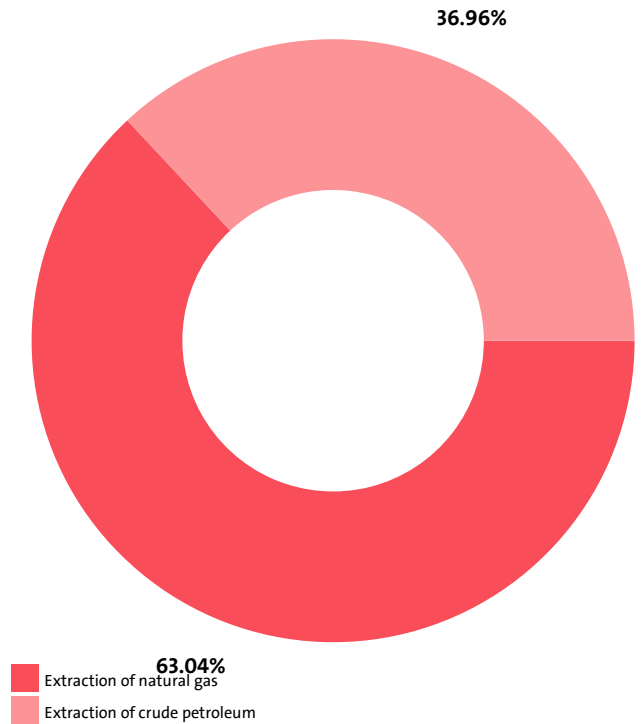
The total operating expenses of the companies in the Extraction of crude petroleum and natural gas industry were BGN 36,881,000 in 2017.

Operating costs went down by 60.28% compared with the previous year and went down by 36.85% when compared to 2015.

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 -8.60% in 2018.

Extraction of natural gas reported the highest total costs, of BGN 33,024,000, followed by Extraction of crude petroleum with BGN 19,358,000.

INDUSTRY'S TOTAL COSTS STRUCTURE BY SECTORS

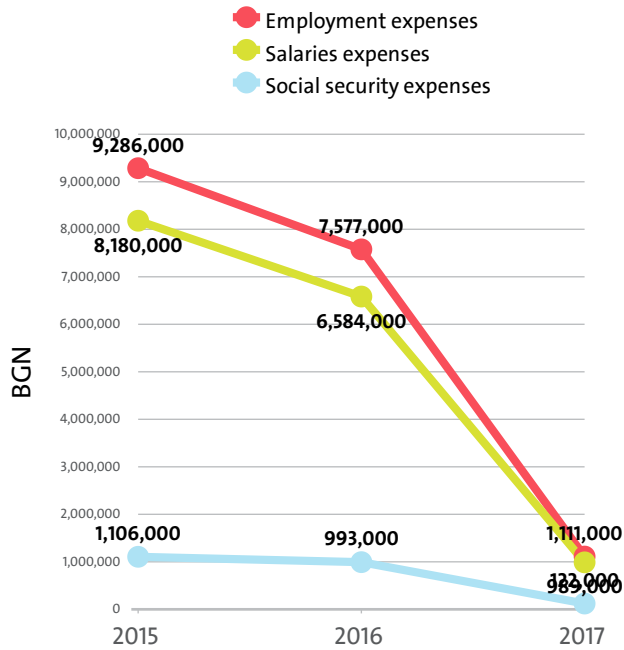


There was no industry's sector to report a rise in total costs. In terms of annual fall, the top position was occupied by Extraction of crude petroleum with 47.95%.

There was no industry's sector to report a rise in operating costs. In terms of annual fall, the top position was occupied by Extraction of natural gas with 68.72%.

The biggest spenders in the industry, with costs of over 10% of industry's costs, numbered 3, including PETROCELTIC SARL LUXEMBOURG BRANCH, SHEL EKSPLOREYSHAN END PRADAKSHAN (59) B.V. – KLON BULGARIA, PETROCELTIC BULGARIA EOOD. Below 5% threshold are 3 companies, including MIZIYA OPEREYSHANS (BULGARIA) OOD, MIZIYA OYL END GAZ (BULGARIA) EOOD, SHEL INTERNESHANAL EKSPLOREYSHAN END DIVE LAPMANT ITALIYA S.P.A. – KLON BULGARIA KCHT.

Employment expenses in the Extraction of crude petroleum and natural gas industry dropped by 85.34% on the year to BGN 1,111,000 in 2017.



The monthly costs per employee in the Extraction of crude petroleum and natural gas industry averaged BGN 3,429 in 2017, BGN 1,187 in 2016 and BGN 1,269 in 2015.

The monthly social security costs per employee in the industry averaged BGN 377 in 2017, versus BGN 156 in 2016 and BGN 151 in 2015.

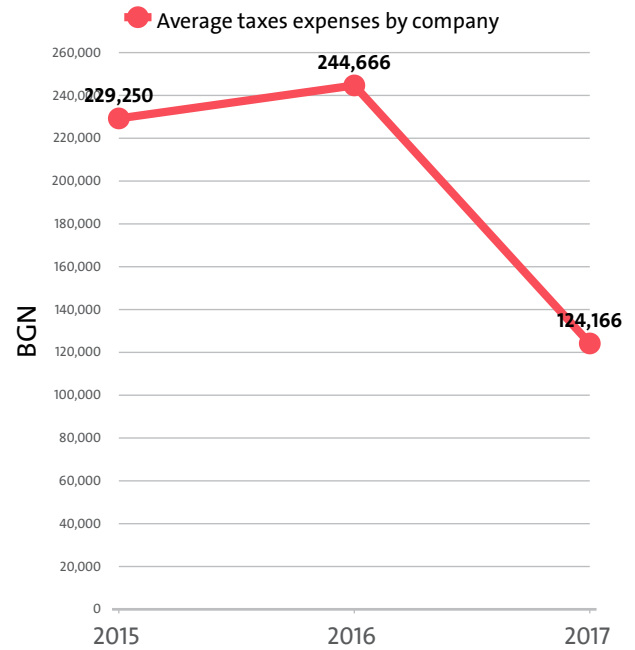
#### EMPLOYMENT EXPENSES IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS BY SECTORS IN 2017

RANK	SECTOR	EMPLOYMENT EXPENSES (BGN)	AVERAGE EXPENSES PER EMPLOYEE (BGN)
1	EXTRACTION OF NATURAL GAS	1,111,000	41,148
2	EXTRACTION OF CRUDE PETROLEUM	0	0

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

RANK	COMPANY	BGN
1	PETROCELTIC BULGARIA FOOD	5,050
2	PETROCELTIC SARL LUXEMBOURG BRANCH	2,475

The industry's tax expenses stood at BGN 745,000 in 2017. In 2016 it paid taxes of BGN 1,468,000. In 2015 the industry paid BGN 1,834,000 in taxes.

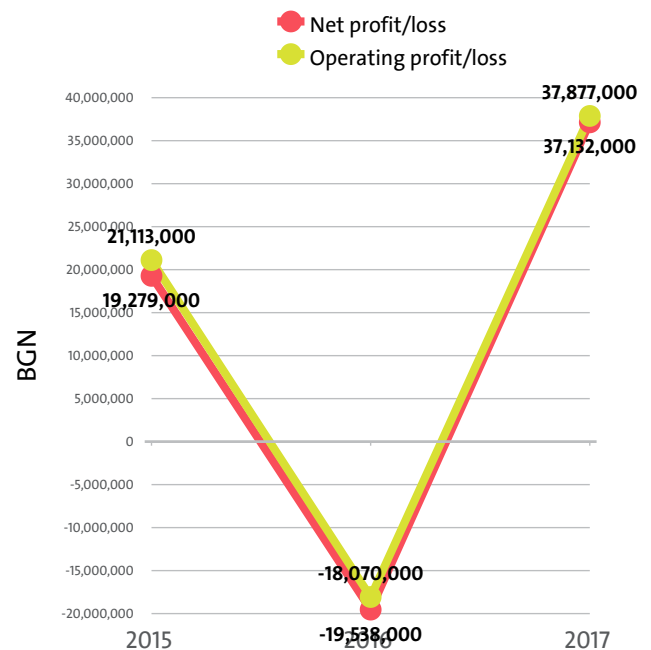


#### EXPENSES ON TAXES BY SECTORS

RANK	SECTOR	BGN	Y/Y CHANGE
1	EXTRACTION OF CRUDE PETROLEUM	404,000	N/A
2	EXTRACTION OF NATURAL GAS	341,000	-76.77%

## V. PROFITABILITY

The industry's net profit amounted to BGN 37,132,000 in 2017, compared to a net loss of BGN 19,538,000 in 2016 and a net profit of BGN 19,279,000 in 2015.



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

RANK	COMPANY	BGN
1	SHEL EKSPLOREYSHAN END PRADAKSHAN (59) B.V. – KLON BULGARIA	39,050,000
2	PETROCELTIC BULGARIA EOOD	2,001,000
3	SHEL INTERNESHANAL EKSPLOREYSHAN END DIVELAPMANT ITALIYA S.P.A. – KLON BULGARIA KCHT	835,000

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

RANK	COMPANY	BGN
1	PETROCELTIC SARL LUXEMBOURG BRANCH	4,645,000
2	MIZIYA OYL END GAZ (BULGARIA) EOOD	107,000
3	MIZIYA OPEREYSHANS (BULGARIA) OOD	2,000

In 2017 the Extraction of crude petroleum and natural gas industry swung to an operating profit of BGN 37,877,000 from an operating loss of BGN 18,070,000 in 2016.

#### OPERATING PROFIT/LOSS BY SECTORS (BGN)

SECTOR	2017	2016	2015
EXTRACTION OF CRUDE PETROLEUM	40,180,000	-37,047,000	2,400,000
EXTRACTION OF NATURAL GAS	-2,303,000	18,977,000	18,713,000

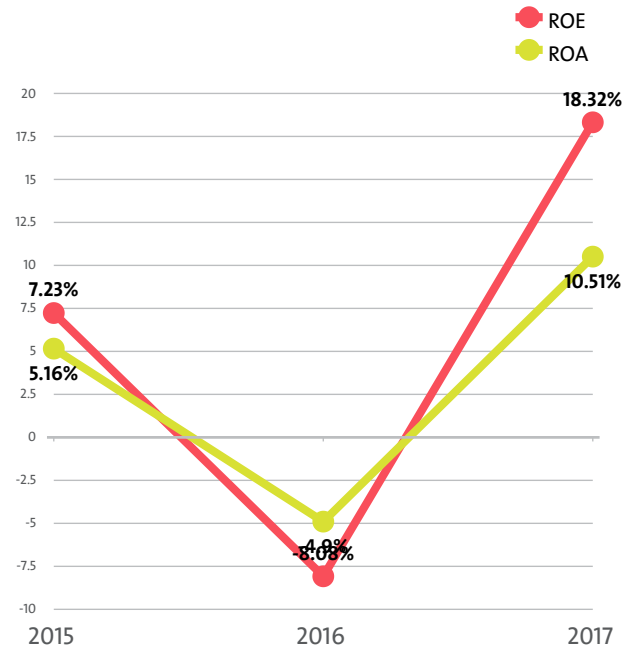
The profit margin for the Extraction of crude petroleum and natural gas industry stood at 49.47% in 2017, while in 2016 it amounted to -26.43% and 31.42% in 2015.

#### PROFIT MARGIN BY SECTORS

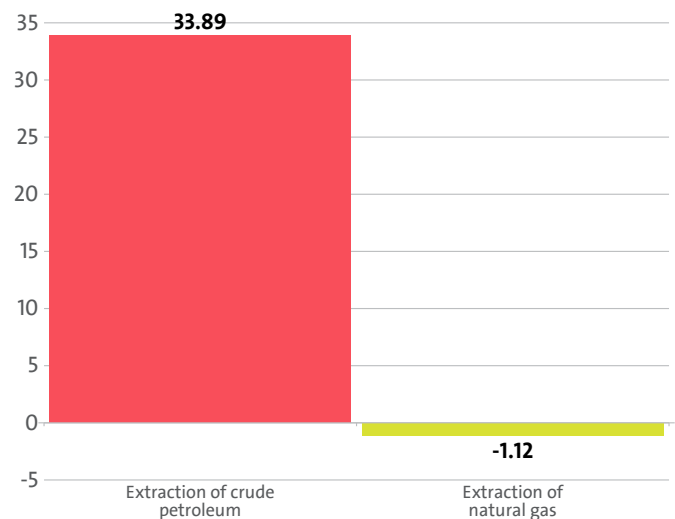
RANK	SECTOR	PROFIT MARGIN
1	EXTRACTION OF CRUDE PETROLEUM	74.20%
2	EXTRACTION OF NATURAL GAS	-10.27%

The Extraction of crude petroleum and natural gas industry's return on equity (ROE) is 18.32% compared to -8.08% in 2016 and 7.23% in 2015.

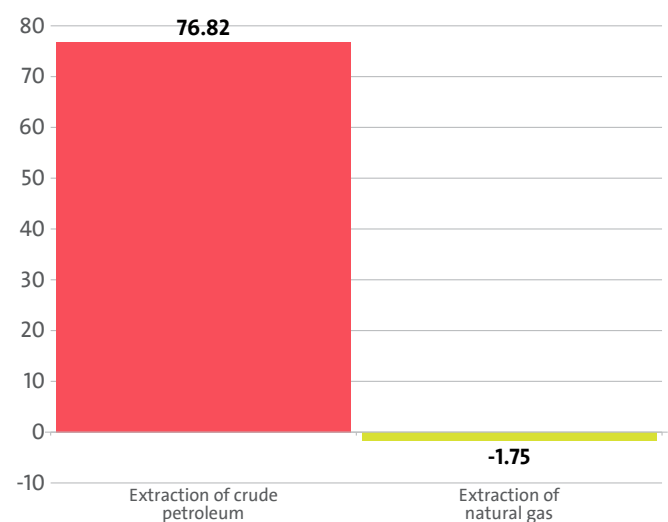
The Extraction of crude petroleum and natural gas's return on assets (ROA) was 10.51%, while in 2016 it amounted to -4.90% and 5.16% in 2015.



#### 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 EOOD	200,100	VARNA

The average net sales revenue per employee in the Extraction of crude petroleum and natural gas industry amounted to BGN 816,963 in 2017, up by 631.30% compared to 2016 and up by 737.31% compared to 2015.

The industry's average operating revenue per employee grew by 2106.52% year-on-year in 2017 to BGN 2,835,963. It went up by 2474.39% compared to 2015.

The Extraction of crude petroleum and natural gas sector generated an average BGN 3,342,926 in total revenue per employee. In 2016 and 2015 the figure was BGN 148,049 and BGN 137,395, respectively.

The average total revenue per company in the Extraction of crude petroleum and natural gas industry grew to BGN 15,043,167 in 2017 from BGN 13,127,000 in 2016. The 2015 value was BGN 10,476,375.

A company in the Extraction of crude petroleum and natural gas sector made on average a net sales revenue of BGN 3,676,333 in 2017, compared to BGN 9,905,333 in 2016 and BGN 7,439,750 in 2015.

The Extraction of crude petroleum and natural gas industry made 0.01% of the overall sales country-wide, reducing its market share by 0.02 pp.

Operating profit per employee for the industry as a whole was BGN 1,402,852 in 2017. For comparison in 2016 it amounted to BGN -33,966 and BGN -33,966 in 2015.

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

RANK	COMPANY	BGN
1	PETROCELTIC BULGARIA EOOD	223,600

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

RANK	COMPANY NAME	CORRELATION (BGN)
1	PETROCELTIC SARL LUXEMBOURG BRANCH	818,765
2	PETROCELTIC BULGARIA EOOD	739,300

\*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 2017

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF EMPLOYEES
EXTRACTION OF NATURAL GAS	816,963	830,481	1,137,815	27

#### AVERAGE REVENUE PER COMPANY IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS IN 2017

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF COMPANIES
EXTRACTION OF NATURAL GAS	11,029,000	11,211,500	15,360,500	2
EXTRACTION OF CRUDE PETROLEUM	0	13,537,000	14,884,500	4

The total indebtedness of the companies in the Extraction of crude petroleum and natural gas industry was BGN 134,207,000 versus BGN 135,859,000 a year ago. In 2015 the industry's indebtedness totalled BGN 86,028,000.

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

SECTOR	2017	2016	2015
EXTRACTION OF NATURAL GAS	68,628,000	83,007,000	59,409,000
EXTRACTION OF CRUDE PETROLEUM	65,579,000	52,852,000	26,619,000

Debt-to-assets ratio of the companies in the industry is 0.38 in 2017. It was 0.34 in 2016 and 0.23 in 2015.

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 2017 it stood at BGN 0, according to the financial statements of the companies in the industry. In 2016 the figure was BGN 662,000 and BGN 234,000 in 2015.

## VI. EMPLOYMENT

A total of 27 people were employed in the Extraction of crude petroleum and natural gas field at the end of 2017, compared to 532 in 2016 and 610 in 2015.

#### NUMBER OF EMPLOYEES BY INDUSTRY SECTORS

SECTOR	NUMBER	SHARE OF INDUSTRY TOTAL
EXTRACTION OF NATURAL GAS	27	100.00%
EXTRACTION OF CRUDE PETROLEUM	0	0.00%



## ALLOCATION OF EMPLOYEES BY INDUSTRY'S SECTORS



■ Extraction of natural gas

The analysis on companies' sizes by the number of employees, shows that 2 firms have less than 50 employees\*.

\* 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 2017.

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

RANK	COMPANY	NUMBER OF EMPLOYEES	SHARE
1	PETROCELTIC SARL LUXEMBOURG BRANCH	17	62.96%
2	PETROCELTIC BULGARIA EOOD	10	37.04%
3	MIZIYA OPEREYSHANS (BULGARIA) OOD	0	0.00%
4	MIZIYA OYL END GAZ (BULGARIA) EOOD	0	0.00%
5	SHEL EKSPLOREYSHAN END PRADAKSHAN (59) B.V. – KLON BULGARIA	0	0.00%

Extraction of crude petroleum and natural gas industry is the smallest employer in the country with 27 employees, while Retail trade, except of motor vehicles and motorcycles was the largest employer with 200,534 employees.

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 -78.96% in 2018.

# The industry is represented by the following companies

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MIZIYA OPEREYSHANS (BULGARIA) OOD

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MIZIYA OYL END GAZ (BULGARIA) EOOD

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PETROCELTIC SARL LUXEMBOURG BRANCH

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SHEL EKSPLOREYSHAN END PRADAKSHAN (59)  
B.V. – KLON BULGARIA

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PETROCELTIC BULGARIA EOOD

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SHEL INTERNESHANAL EKSPLOREYSHAN END  
DIVEAPMANT ITALIYA S.P.A. – KLON BULGARIA  
KCHT

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