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Industry Report

Manufacture of coke and refined
petroleum products

2017

BULGARIA

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I. KEY INDICATORS

- The Manufacture of coke and refined petroleum products industry in Bulgaria was represented by 9 companies at the end of 2017, compared to 10 in the previous year and 11 in 2015.
- The industry's net profit amounted to BGN 319,062,000 in 2017.
- The industry's total revenue was BGN 6,588,919,000 in 2017, up by 26.65% compared to the previous year.
- The combined costs of the companies in the Manufacture of coke and refined petroleum products industry reached BGN 6,254,173,000 in 2017, up by 23.91% year-on-year.
- The industry's total revenue makes up 6.86% to the country's Gross domestic product (GDP) in 2017, compared to 5.61% for 2016 and 6.46% in 2015.
- A total of 2,405 people were employed in the Manufacture of coke and refined petroleum products industry in 2017, compared to 1,942 in 2016 and 1,985 in 2015.
- Most of the companies in the industry are based in Sofia, followed by Ruse and Disevitsa.

II. INTRODUCTION

In 2017 the companies in the Manufacture of coke and refined petroleum products industry numbered 9.

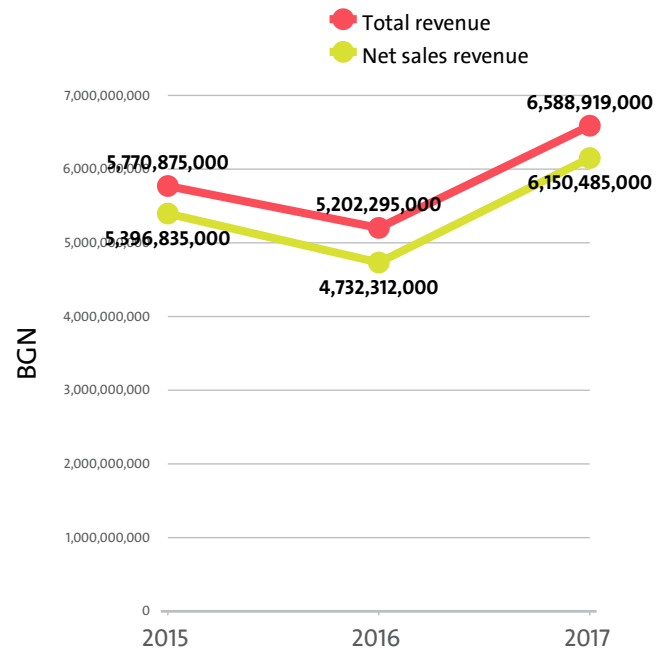
In 2016 there were a total of 10 companies operating in the industry. In 2015 their number totalled 11.

NUMBER OF COMPANIES IN MANUFACTURE OF COKE AND REFINED PETROLEUM PRODUCTS INDUSTRY BY SECTORS

SECTOR	2017	2016	2015
MANUFACTURE OF REFINED PETROLEUM PRODUCTS	9	10	11

III. REVENUES

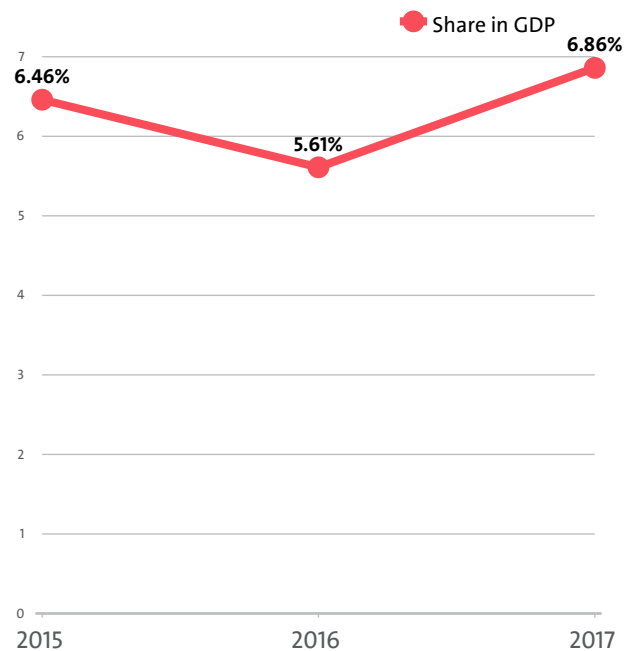
The total revenue in the industry was BGN 6,588,919,000 in 2017, BGN 5,202,295,000 in 2016 and 5,770,875,000 in 2015.



The companies in the Manufacture of coke and refined petroleum products market of Bulgaria earned combined net sales revenues of BGN 6,150,485,000 in 2017.

In annual terms, sales marked a growth of 29.97% compared to 2016. In comparison to 2015 they rose by 13.96%. In 2016 sales rose by 12.31% year-on-year.

The Manufacture of coke and refined petroleum products industry total revenue make up 6.86% to the country's GDP in 2017, compared to 5.61% for 2016 and 6.46% in 2015.



In 2017 the Manufacture of coke and refined petroleum products industry contributed to GDP BGN 6,428,203,000 in Gross value added (GVA) accounting for 3.78% of the total for the country's economy.

In the previous year, the industry's GVA amounted BGN 5,091,716,000, accounting for 3.34% of the total for the

country in 2016. In 2015 the GVA of the Manufacture of coke and refined petroleum products was BGN 5,642,138,000, or 3.65% 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 coke and refined petroleum products industry to change at a compound annual growth rate (CAGR) of 6.85% in 2018.

Manufacture of refined petroleum products contributed net sales revenue of BGN 6,150,485,000 or 100.00% of the total net sales in the industry.

The highest growth, of 29.97%, was recorded by Manufacture of refined petroleum products. There was no industry's sector to report a drop in net sales revenues.

The top 5 companies in terms of total revenue in Manufacture of coke and refined petroleum products accounted for 99.64% of the industry's total in 2017, 100.00% in 2016 and 99.84% in 2015.

TOP COMPANIES BY TOTAL AND NET SALES REVENUE IN THE INDUSTRY

RANK	COMPANY	TOTAL REVENUE (BGN)	NET SALES REVENUE (BGN)
1	LUKOIL NEFTOHIM BURGAS AD	5,965,656,000	5,565,565,000
2	INSA OIL EOOD	461,671,000	447,651,000
3	PRISTA OIL HOLDING EAD	90,575,000	73,672,000
4	OIL AND GAS EXPLORATION AND PRODUCTION AD	25,802,000	21,201,000
5	LUBRICA OOD	21,634,000	20,443,000

The total revenues of the top companies in the Manufacture of coke and refined petroleum products were 6.84% of GDP in 2017, compared to 5.61% for 2016 and 6.45% in 2015.

The top 5 by assets in the Manufacture of coke and refined petroleum products industry made up BGN 6,128,532,000, or 99.64% of the total net sales revenue.

TOP BY TOTAL ASSETS IN THE INDUSTRY

RANK	COMPANY	BGN
1	LUKOIL NEFTOHIM BURGAS AD	4,584,143,000
2	INSA OIL EOOD	322,353,000
3	PRISTA OIL HOLDING EAD	212,901,000
4	OIL AND GAS EXPLORATION AND PRODUCTION AD	123,878,000
5	LUBRICA OOD	27,939,000

TOP COMPANIES WITH HIGHEST ANNUAL GROWTH IN OPERATING REVENUE IN MANUFACTURE OF COKE AND REFINED PETROLEUM PRODUCTS

RANK	COMPANY	Y/Y GROWTH
1	INSA OIL EOOD	79.41%
2	AVTOMAN EOOD	74.58%
3	LUKOIL NEFTOHIM BURGAS AD	20.28%
4	PRISTA OIL HOLDING EAD	15.28%
5	LUBRICA OOD	12.73%

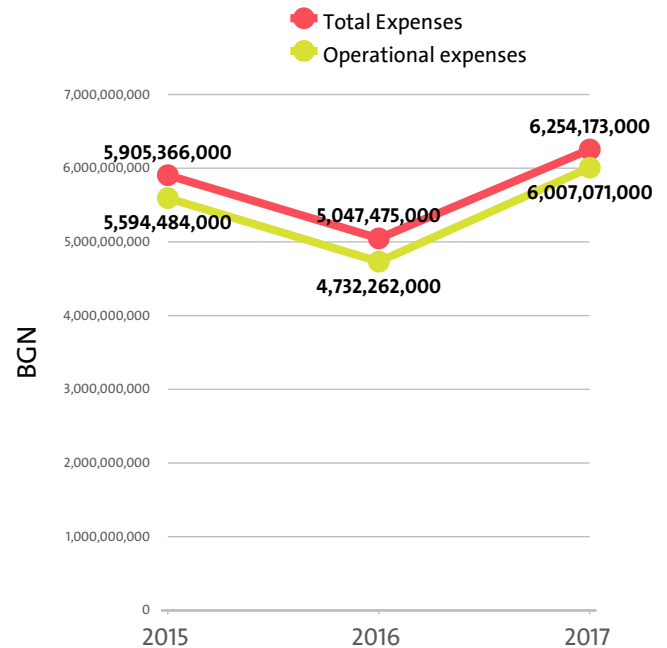
TOP COMPANIES BY TOTAL REVENUE IN THE INDUSTRY WERE:

COMPANY	BGN
LUKOIL NEFTOHIM BURGAS AD	5,965,656,000
INSA OIL EOOD	461,671,000
PRISTA OIL HOLDING EAD	90,575,000
OIL AND GAS EXPLORATION AND PRODUCTION AD	25,802,000
LUBRICA OOD	21,634,000

The largest companies in terms of total revenue in sector Manufacture of refined petroleum products earned total revenue of BGN 6,565,338,000 and accounted for 99.64% of the industry's total revenue.

IV. EXPENSES

The combined costs of the companies in the Manufacture of coke and refined petroleum products industry reached BGN 6,254,173,000 in 2017.



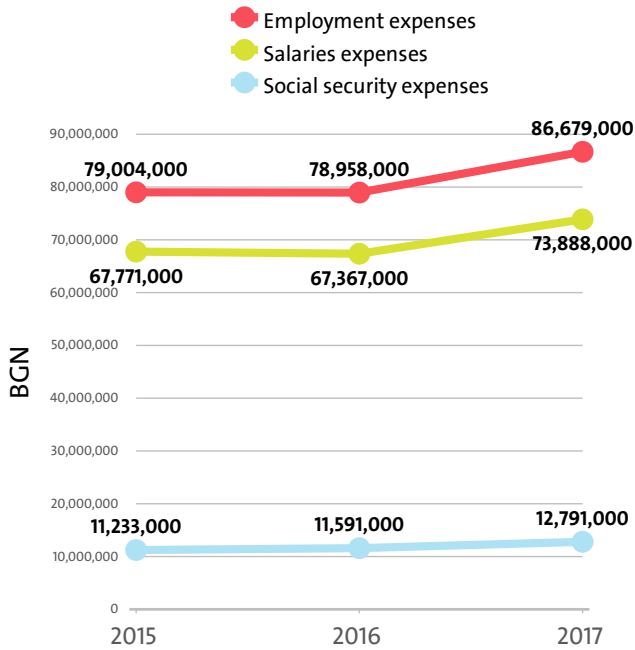
In annual terms, total expenses grew by 23.91% compared to 2016 and increased by 5.91% in comparison to 2015.

The total operating expenses of the companies in the Manufacture of coke and refined petroleum products industry were BGN 6,007,071,000 in 2017.

Operating costs grew by 26.94% compared with the previous year and rose by 7.37% when compared to 2015.

We expect, based on the trend in the last three years, the total costs of the Manufacture of coke and refined petroleum products industry to change at a compound annual growth rate (CAGR) of 2.91% in 2018.

Employment expenses in the Manufacture of coke and refined petroleum products industry grew by 9.78% on the year to BGN 86,679,000 in 2017.



The highest growth in labour costs, of 9.78%, was registered by Manufacture of refined petroleum products.

The monthly costs per employee in the Manufacture of coke and refined petroleum products industry averaged BGN 3,003 in 2017, BGN 3,388 in 2016 and BGN 3,317 in 2015.

The monthly social security costs per employee in the industry averaged BGN 443 in 2017, versus BGN 497 in 2016 and BGN 472 in 2015.

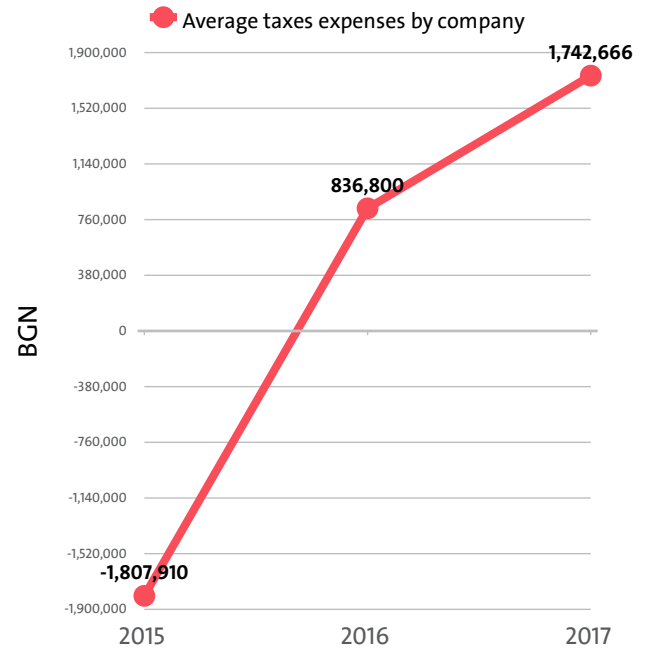
EMPLOYMENT EXPENSES IN MANUFACTURE OF COKE AND REFINED PETROLEUM PRODUCTS BY SECTORS IN 2017

RANK	SECTOR	EMPLOYMENT EXPENSES (BGN)	AVERAGE EXPENSES PER EMPLOYEE (BGN)
1	MANUFACTURE OF REFINED PETROLEUM PRODUCTS	86,679,000	36,041

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

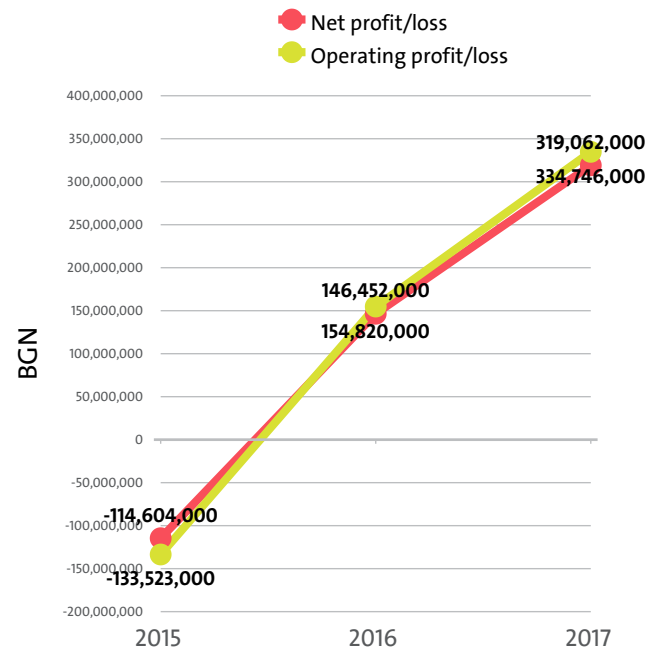
RANK	COMPANY	BGN
1	LUKOIL NEFTOHIM BURGAS AD	4,109
2	PRISTA OIL HOLDING EAD	2,509
3	VERILA LUBRICANTS AD	1,794
4	INSA OIL EOOD	1,605
5	LUBRICA OOD	1,508

The industry's tax expenses stood at BGN 15,684,000 in 2017. In 2016 it paid taxes of BGN 8,368,000. In 2015 the industry collected BGN 19,887,000 in tax revenue.



V. PROFITABILITY

The industry's net profit amounted to BGN 319,062,000 in 2017, compared to a net profit of BGN 146,452,000 in 2016 and a net loss of BGN 114,604,000 in 2015.



TOP COMPANIES BY HIGHEST NET PROFIT IN MANUFACTURE OF COKE AND REFINED PETROLEUM PRODUCTS

RANK	COMPANY	BGN
1	LUKOIL NEFTOHIM BURGAS AD	303,203,000
2	INSA OIL EOOD	9,501,000
3	PRISTA OIL HOLDING EAD	2,820,000
4	OIL AND GAS EXPLORATION AND PRODUCTION AD	2,664,000
5	LUBRICA OOD	303,000

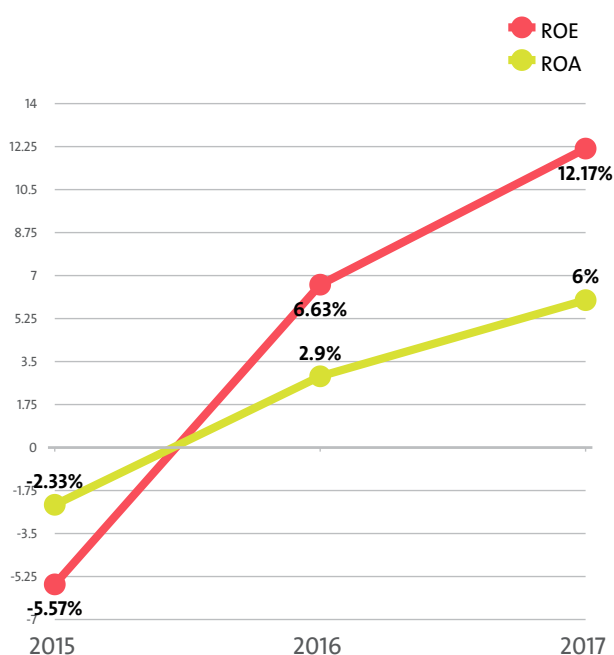
The combined operating earnings of the companies in the

Manufacture of coke and refined petroleum products sector increased by 116.22% y/y to BGN 334,746,000 in 2017.

The profit margin for the Manufacture of coke and refined petroleum products industry stood at 5.38% in 2017, while in 2016 it amounted to 3.08% and -2.41% in 2015.

The Manufacture of coke and refined petroleum products industry's return on equity (ROE) is 12.17% compared to 6.63% in 2016 and -5.57% in 2015.

The Manufacture of coke and refined petroleum products' return on assets (ROA) was 6.00%, while in 2016 it amounted to 2.90% and -2.33% in 2015.



TOP COMPANIES BY HIGHEST AVERAGE NET PROFIT PER EMPLOYEE IN MANUFACTURE OF COKE AND REFINED PETROLEUM PRODUCTS

RANK	COMPANY	BGN	COMPANY HEADQUARTERS (CITY)
1	LUKOIL NEFTOHIM BURGAS AD	220,672	BURGAS
2	INSA OIL EOOD	105,567	BELOZEM
3	PRISTA OIL HOLDING EAD	12,051	RUSE
4	AVTOMAN EOOD	7,111	SOFIA
5	OIL AND GAS EXPLORATION AND PRODUCTION AD	5,791	DOLNI DABNIK

The average net sales revenue per employee in the Manufacture of coke and refined petroleum products industry amounted to BGN 2,557,374 in 2017, up by 4.95% compared to 2016 and down by 5.94% compared to 2015.

The industry's average operating revenue per employee fell by 0.07% year-on-year in 2017 to BGN 2,586,092. It fell by 7.21% compared to 2015.

The Manufacture of coke and refined petroleum products industry generated an average BGN 2,739,675 in total revenue per employee. In 2016 and 2015 the figure was BGN 2,678,834 and BGN 2,907,242, respectively.

The average total revenue per company in the Manufacture of

coke and refined petroleum products industry grew to BGN 732,102,111 in 2017 from BGN 520,229,500 in 2016. The 2015 value was BGN 524,625,000.

A company in the Manufacture of coke and refined petroleum products sector made on average a net sales revenue of BGN 683,387,222 in 2017, compared to BGN 473,231,200 in 2016 and BGN 490,621,364 in 2015.

The Manufacture of coke and refined petroleum products industry made 2.26% of the overall sales country-wide, rising its market share by 0.35 pp.

Operating profit per employee for the industry as a whole was BGN 139,188 in 2017. For comparison in 2016 it amounted to BGN 79,722 and BGN 79,722 in 2015.

THE TOP BY OPERATIONAL PROFIT PER EMPLOYEE IN MANUFACTURE OF COKE AND REFINED PETROLEUM PRODUCTS

RANK	COMPANY	BGN
1	LUKOIL NEFTOHIM BURGAS AD	231,097
2	INSA OIL EOOD	117,356
3	PRISTA OIL HOLDING EAD	11,983
4	AVTOMAN EOOD	7,778
5	OIL AND GAS EXPLORATION AND PRODUCTION AD	6,354

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

RANK	COMPANY NAME	CORRELATION (BGN)
1	INSA OIL EOOD	5,058,278
2	LUKOIL NEFTOHIM BURGAS AD	4,034,609
3	AVTOMAN EOOD	537,167
4	PRISTA OIL HOLDING EAD	322,940
5	LUBRICA OOD	216,912

*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 COKE AND REFINED PETROLEUM PRODUCTS IN 2017

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF EMPLOYEES
MANUFACTURE OF REFINED PETROLEUM PRODUCTS	2,557,374	2,586,092	2,739,675	2,405

AVERAGE REVENUE PER COMPANY IN MANUFACTURE OF COKE AND REFINED PETROLEUM PRODUCTS IN 2017

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF COMPANIES
MANUFACTURE OF REFINED PETROLEUM PRODUCTS	683,387,222	691,061,333	732,102,111	9

The total indebtedness of the companies in the Manufacture of coke and refined petroleum products industry was BGN 2,674,063,000 versus BGN 2,820,850,000 a year ago. In 2015 the industry's indebtedness totalled BGN 2,836,603,000.

Debt-to-assets ratio of the companies in the industry is 0.50 in 2017. It was 0.56 in 2016 and 0.58 in 2015.

According to market experts, the greatest impact on the development of the Manufacture of coke and refined petroleum products industry has expenses for raw materials and external services. In 2017 it stood at BGN 5,501,919,000,

according to the financial statements of the companies in the industry. In 2016 the figure was BGN 4,290,702,000 and BGN 5,064,529,000 in 2015.

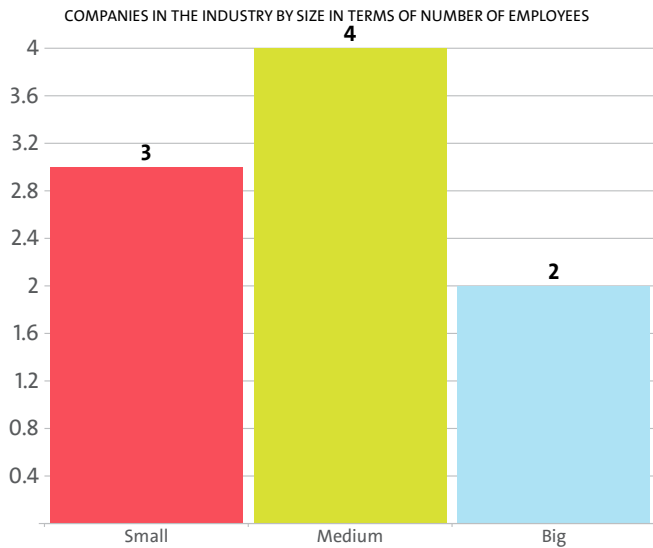
petroleum products industry to change at a compound annual growth rate (CAGR) of 10.07% in 2018.

VI. EMPLOYMENT

A total of 2,405 people were employed in the Manufacture of coke and refined petroleum products market at the end of 2017, compared to 1,942 in 2016 and 1,985 in 2015.

The analysis on companies' sizes by the number of employees, shows that 3 firms have less than 50 employees*, 4 have between 50 and 250 employees* and 2 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 93.51% of the workforce in the industry in 2017.

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

RANK	COMPANY	NUMBER OF EMPLOYEES	SHARE
1	LUKOIL NEFTOHIM BURGAS AD	1,374	57.13%
2	OIL AND GAS EXPLORATION AND PRODUCTION AD	460	19.13%
3	PRISTA OIL HOLDING EAD	234	9.73%
4	LUBRICA OOD	91	3.78%
5	INSA OIL FOOD	90	3.74%

The Manufacture of coke and refined petroleum products industry is the 68th largest employer in the country with 2,405 employees with the largest employer being Retail trade, except of motor vehicles and motorcycles with 200,534 and Extraction of crude petroleum and natural gas at the bottom with 27 employees.

The Manufacture of coke and refined petroleum products's share in the country's total employment was 0.10% in 2017, 0.10% in 2016 and 0.10% in 2015.

We expect, based on the trend in the last three years, the number of employees of the Manufacture of coke and refined

The industry is represented by the following companies

AVTOMAN EOOD

LUBRICA OOD

POLIHIM SS EOOD

VERILA LUBRICANTS AD

LUKOIL NEFTOHIM BURGAS AD

PRISTA OIL HOLDING EAD

BALGARSKA PETROLNA RAFINERIA EOOD

INSA OIL EOOD

OIL AND GAS EXPLORATION AND PRODUCTION
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