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Industry Report

Manufacture of tobacco products 2015 BULGARIA

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CONTENTS

I. KEY INDICATORS

II. INTRODUCTION

III. REVENUES

IV. EXPENSES

V. PROFITABILITY

VI. EMPLOYMENT

I. KEY INDICATORS

- The Manufacture of tobacco products industry in Bulgaria was represented by 19 companies at the end of 2015, compared to 19 in the previous year and 18 in 2013.
- The industry's net profit amounted to BGN 24,347,000 in 2015.
- The industry's total revenue was BGN 884,840,000 in 2015, down by 3.79% compared to the previous year.
- The combined costs of the companies in the Manufacture of tobacco products industry reached BGN 856,798,000 in 2015, down by 2.23% year-on-year.
- The industry's total revenue makes up 1.1% to the country's Gross domestic product (GDP) in 2015, compared to 1.18% for 2014 and 1.11% in 2013.
- A total of 2,972 people were employed in the Manufacture of tobacco products industry in 2015, compared to 3,140 in 2014 and 3,363 in 2013.
- Most of the companies in the industry are based in Sofia, followed by Blagoevgrad and Plovdiv.

II. INTRODUCTION

In 2015 the companies in the Manufacture of tobacco products industry numbered 19.

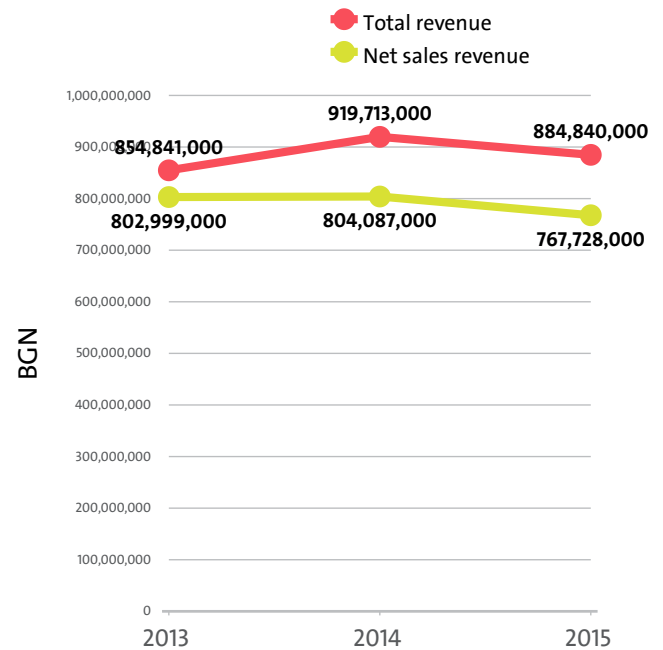
In 2014 there were a total of 19 companies operating in the industry. In 2013 their number totalled 18.

NUMBER OF COMPANIES IN MANUFACTURE OF TOBACCO PRODUCTS INDUSTRY BY SECTORS

SECTOR	2015	2014	2013
MANUFACTURE OF TOBACCO PRODUCTS	19	19	18

III. REVENUES

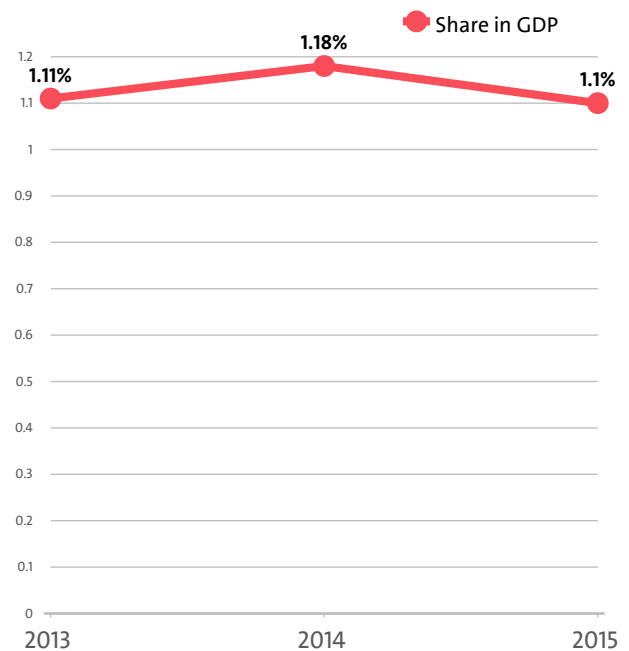
The total revenue in the industry was BGN 884,840,000 in 2015, BGN 919,713,000 in 2014 and 854,841,000 in 2013.



The companies in the Manufacture of tobacco products market of Bulgaria earned combined net sales revenues of BGN 767,728,000 in 2015.

In annual terms, sales marked a fall of 4.52% compared to 2014. In comparison to 2013 they went down by 4.39%. In 2014 sales dropped by 0.14% year-on-year.

The Manufacture of tobacco products industry total revenue make up 1.1% to the country's GDP in 2015, compared to 1.18% for 2014 and 1.11% in 2013.



In 2015 the Manufacture of tobacco products industry contributed to GDP BGN 775,643,000 in Gross value added (GVA) accounting for 0.5% of the total for the country's economy.

In the previous year, the industry's GVA amounted BGN 872,744,000, accounting for 0.61% of the total for the

country in 2014. In 2013 the GVA of the Manufacture of tobacco products was BGN 815,283,000, or 0.60% 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 1.74% in 2016.

The top 10 companies in terms of total revenue in Manufacture of tobacco products accounted for 99.61% of the industry's total in 2015, 99.47% in 2014 and 99.58% in 2013.

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	338,788,000	287,496,000
2	SOFIA-BULGARTABAC AD	195,177,000	189,498,000
3	SOCOTAB OOD	132,171,000	114,414,000
4	KT INTERNATIONAL AD (FORMERLY KNOWN AS KING'S TOBACCO AD)	98,955,000	91,051,000
5	LEAF TOBACCO A.MICHAILIDES AD	38,931,000	23,140,000
6	PLEVEN-BULGARTABAC AD	38,239,000	28,666,000
7	PARVOMAY-BT AD	23,945,000	20,331,000
8	SLANCE STARA ZAGORA TABAC AD	6,618,000	5,662,000
9	KARDZHALI-TABAK AD	6,161,000	2,942,000
10	TRAKIYA-TABAK OOD	2,394,000	2,340,000

The total revenues of the top 10 companies in the Manufacture of tobacco products were 1.09% of GDP in 2015, compared to 1.17% for 2014 and 1.11% in 2013.

The top 10 by assets in the Manufacture of tobacco products sector made up BGN 763,202,000, or 99.41% of the total net sales revenue.

TOP 10 BY TOTAL ASSETS IN THE INDUSTRY

RANK	COMPANY	BGN
1	BLAGOEVGRAD-BT AD	441,009,000
2	SOFIA-BULGARTABAC AD	211,807,000
3	KT INTERNATIONAL AD (FORMERLY KNOWN AS KING'S TOBACCO AD)	196,481,000
4	SOCOTAB OOD	188,147,000
5	LEAF TOBACCO A.MICHAILIDES AD	120,305,000
6	PLEVEN-BULGARTABAC AD	45,192,000
7	KARDZHALI-TABAK AD	43,496,000
8	PARVOMAY-BT AD	28,140,000
9	SLANCE STARA ZAGORA TABAC AD	17,453,000
10	DUPNITSA-TABAK AD	12,671,000

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

RANK	COMPANY	Y/Y GROWTH
1	GLOBAL TOBACCO OOD	40900.00%
2	DUPNITSA-TABAK AD	241.32%
3	TRAKIYA-TABAK OOD	55.44%
4	PARVOMAY-BT AD	24.76%
5	KT INTERNATIONAL AD (FORMERLY KNOWN AS KING'S TOBACCO AD)	18.98%

TOP 10 COMPANIES BY TOTAL REVENUE IN THE INDUSTRY WERE:

COMPANY	BGN
BLAGOEVGRAD-BT AD	338,788,000
SOFIA-BULGARTABAC AD	195,177,000
SOCOTAB OOD	132,171,000
KT INTERNATIONAL AD (FORMERLY KNOWN AS KING'S TOBACCO AD)	98,955,000
LEAF TOBACCO A.MICHAILIDES AD	38,931,000
PLEVEN-BULGARTABAC AD	38,239,000
PARVOMAY-BT AD	23,945,000
SLANCE STARA ZAGORA TABAC AD	6,618,000
KARDZHALI-TABAK AD	6,161,000
TRAKIYA-TABAK OOD	2,394,000

The 10 largest companies in terms of total revenue in sector Manufacture of tobacco products earned total revenue of BGN 881,379,000 and accounted for 99.61% of the industry's total revenue.

PRODUCTION FIGURES FOR MANUFACTURE OF TOBACCO PRODUCTS IN 2015

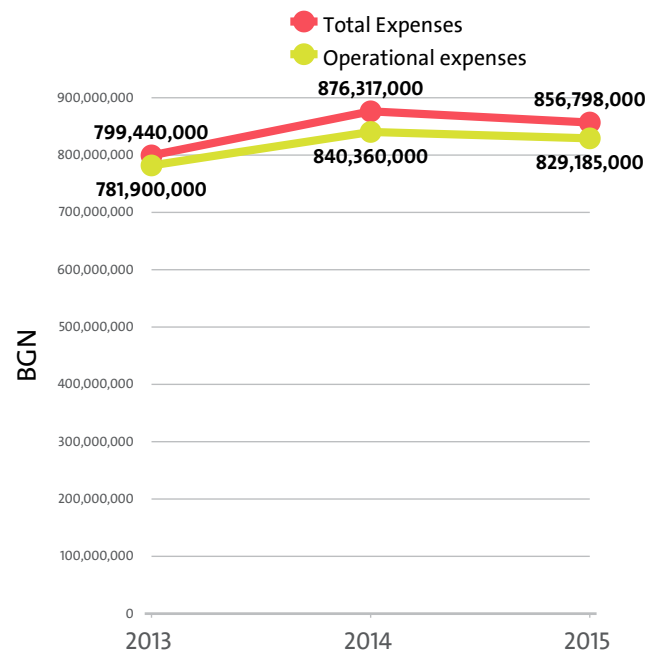
SECTOR	UNIT	QUANTITY PRODUCED	INCL. CUT, MAKE, TRIM (CMT) QUANTITY
TOBACCO PRODUCTS	NUMBER	26,534,509,921	1,380,481

OUTPUT SALES FIGURES FOR MANUFACTURE OF TOBACCO PRODUCTS IN 2015

SECTOR	UNIT	QUANTITY SOLD	INCL. EXPORTED QUANTITY	SALES IN BGN	INCL. EXPORTS IN BGN
TOBACCO PRODUCTS	NUMBER	26,937,780,394,000	21,076,054,972,000	748,854,200,000	492,242,840,000

IV. EXPENSES

The combined costs of the companies in the Manufacture of tobacco products industry reached BGN 856,798,000 in 2015.



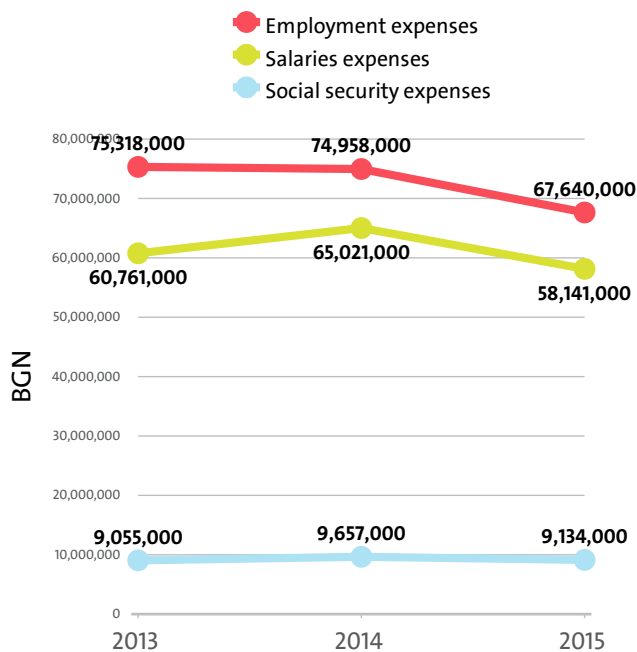
In annual terms, total expenses dropped by 2.23% compared to 2014 and rose by 7.17% in comparison to 2013.

The total operating expenses of the companies in the Manufacture of tobacco products industry were BGN 829,185,000 in 2015.

Operating costs decreased by 1.33% compared with the previous year and went up by 6.05% when compared to 2013.

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 3.53% in 2016.

Employment expenses in the Manufacture of tobacco products industry fell by 9.76% on the year to BGN 67,640,000 in 2015.



The monthly costs per employee in the Manufacture of tobacco products industry averaged BGN 1,897 in 2015, BGN 1,989 in 2014 and BGN 1,866 in 2013.

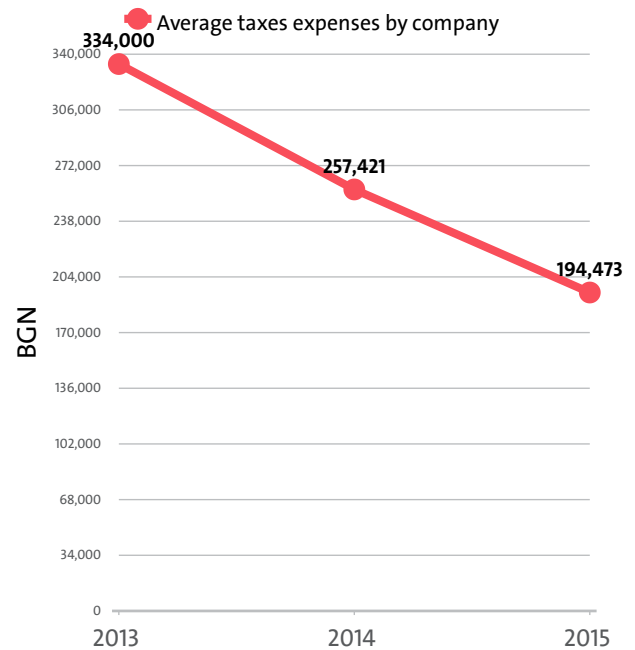
The monthly social security costs per employee in the industry averaged BGN 256 in 2015, versus BGN 256 in 2014 and BGN 224 in 2013.

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

RANK	COMPANY	BGN
1	BLAGOEVGRAD-BT AD	3,379
2	SOFIA-BULGARTABAC AD	2,855
3	SOCOTAB OOD	1,574
4	TOPOLOVGRAD-BT AD	1,483
5	DUPNITSA-TABAK AD	1,469
6	PLEVEN-BULGARTABAC AD	1,209
7	SLANCE STARA ZAGORA TABAK AD	1,165
8	KT INTERNATIONAL AD (FORMERLY KNOWN AS KING'S TOBACCO AD)	1,143
9	KARDZHALI-TABAK AD	999
10	TOBACCO AND SUPPLIES OOD	750

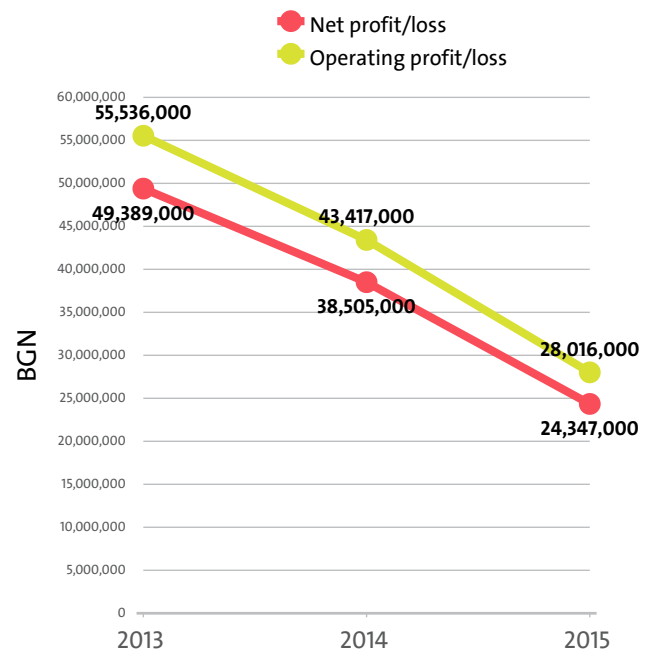
The industry's tax expenses stood at BGN 3,695,000 in 2015. In 2014 it paid taxes of BGN 4,891,000. In 2013 the industry

paid BGN 6,012,000 in taxes.



V. PROFITABILITY

The industry's net profit amounted to BGN 24,347,000 in 2015, compared to a net profit of BGN 38,505,000 in 2014 and a net profit of BGN 49,389,000 in 2013.



TOP COMPANIES BY HIGHEST NET PROFIT IN MANUFACTURE OF TOBACCO PRODUCTS

RANK	COMPANY	BGN
1	BLAGOEVRAD-BT AD	20,777,000
2	KT INTERNATIONAL AD (FORMERLY KNOWN AS KING'S TOBACCO AD)	4,875,000
3	LEAF TOBACCO A.MICHAILIDES AD	3,246,000
4	SOCOTAB OOD	1,963,000
5	PARVOMAY-BT AD	477,000

TOP COMPANIES BY HIGHEST NET LOSS IN MANUFACTURE OF TOBACCO PRODUCTS

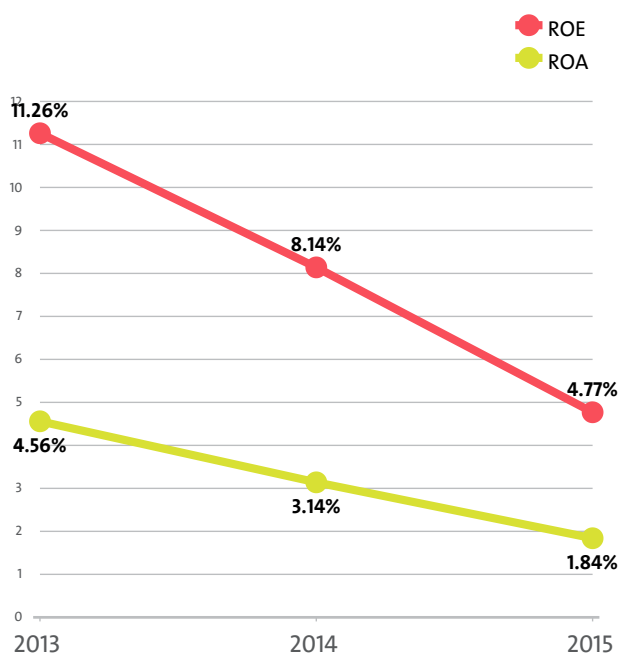
RANK	COMPANY	BGN
1	SOFIA-BULGARTABAC AD	1,846,000
2	SLANCE STARA ZAGORA TABAC AD	1,684,000
3	KARDZHALI-TABAK AD	1,306,000
4	PLEVEN-BULGARTABAC AD	1,219,000
5	DUPNITSA-TABAK AD	396,000

The combined operating earnings of the companies in the Manufacture of tobacco products market dropped by 35.47% y/y to BGN 28,016,000 in 2015.

The profit margin for the Manufacture of tobacco products industry stood at 3.23% in 2015, while in 2014 it amounted to 4.83% and 6.57% in 2013.

The Manufacture of tobacco products industry's return on equity (ROE) is 4.77% compared to 8.14% in 2014 and 11.26% in 2013.

The Manufacture of tobacco products's return on assets (ROA) was 1.84%, while in 2014 it amounted to 3.14% and 4.56% in 2013.


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

RANK	COMPANY	BGN	COMPANY HEADQUARTERS (CITY)
1	BLAGOEVRAD-BT AD	30,826	BLAGOEVRAD
2	LEAF TOBACCO A.MICHAILIDES AD	12,157	SANDANSKI
3	KT INTERNATIONAL AD (FORMERLY KNOWN AS KING'S TOBACCO AD)	10,417	PLOVDIV
4	SOCOTAB OOD	3,790	RADINOVO
5	PARVOMAY-BT AD	3,336	PARVOMAY

The average net sales revenue per employee in the Manufacture of tobacco products industry amounted to BGN 258,320 in 2015, up by 0.88% compared to 2014 and up by 8.19% compared to 2013.

The industry's average operating revenue per employee increased by 1.74% year-on-year in 2015 to BGN 291,445. It rose by 15.88% compared to 2013.

The Manufacture of tobacco products field generated an average BGN 297,725 in total revenue per employee. In 2014 and 2013 the figure was BGN 292,902 and BGN 254,190, respectively.

The average total revenue per company in the Manufacture of tobacco products industry went down to BGN 46,570,526 in 2015 from BGN 48,405,947 in 2014. The 2013 value was BGN 47,491,167.

A company in the Manufacture of tobacco products market made on average a net sales revenue of BGN 40,406,737 in 2015, compared to BGN 42,320,368 in 2014 and BGN 44,611,056 in 2013.

The Manufacture of tobacco products industry made 0.31% of the overall sales country-wide, decreasing its market share by 0.04 pp.

Operating profit per employee for the industry as a whole was BGN 9,427 in 2015. For comparison in 2014 it amounted to BGN 13,827 and BGN 13,827 in 2013.

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

RANK	COMPANY	BGN
1	BLAGOEVRAD-BT AD	34,466
2	LEAF TOBACCO A.MICHAILIDES AD	13,476
3	KT INTERNATIONAL AD (FORMERLY KNOWN AS KING'S TOBACCO AD)	11,605
4	SOCOTAB OOD	4,263
5	PARVOMAY-BT AD	3,706

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

RANK	COMPANY NAME	CORRELATION (BGN)
1	BLAGOEVRAD-BT AD	444,792
2	SOFIA-BULGARTABAC AD	410,316
3	SOCOTAB OOD	236,274
4	KT INTERNATIONAL AD (FORMERLY KNOWN AS KING'S TOBACCO AD)	192,953
5	TRAKIYA-TABAK OOD	173,846
6	PLEVEN-BULGARTABAC AD	167,462

7	PARVOMAY-BT AD	159,636
8	LEAF TOBACCO A.MICHAILIDES AD	138,030
9	VALTABAK OOD	124,556
10	KARDZHALI-TABAK AD	81,364

**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 2015

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF EMPLOYEES
MANUFACTURE OF TOBACCO PRODUCTS	258,320	291,445	297,725	2,972

AVERAGE REVENUE PER COMPANY IN MANUFACTURE OF TOBACCO PRODUCTS IN 2015

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF COMPANIES
MANUFACTURE OF TOBACCO PRODUCTS	40,406,737	45,588,158	46,570,526	19

The total indebtedness of the companies in the Manufacture of tobacco products industry was BGN 800,878,000 versus BGN 740,423,000 a year ago. In 2013 the industry's indebtedness totalled BGN 632,538,000.

Debt-to-assets ratio of the companies in the industry is 0.61 in 2015. It was 0.60 in 2014 and 0.58 in 2013.

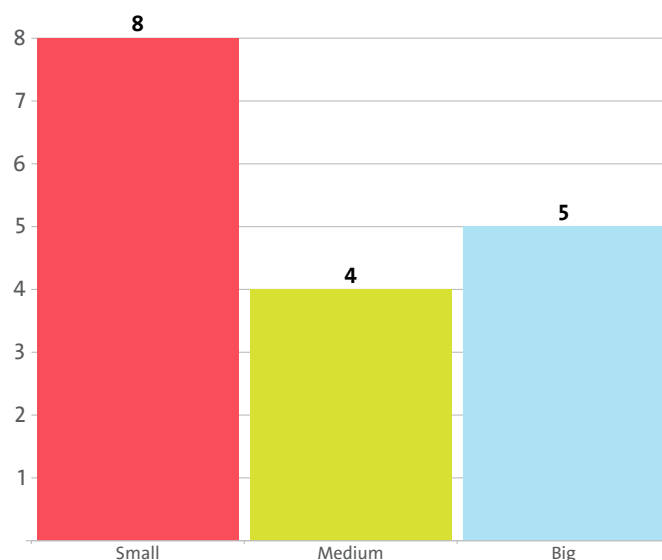
According to market experts, the greatest impact on the development of the Manufacture of tobacco products industry has net sales revenue to production and land plots ratio. In 2015 it stood at 135, according to the financial statements of the companies in the industry. In 2014 the figure was 84 and 132 in 2013.

VI. EMPLOYMENT

A total of 2,972 people were employed in the Manufacture of tobacco products field at the end of 2015, compared to 3,140 in 2014 and 3,363 in 2013.

The analysis on companies' sizes by the number of employees, shows that 8 firms have less than 50 employees*, 4 have between 50 and 250 employees* and 5 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 10 companies when it comes to numbers make up 98.49% of the workforce in the industry in 2015.

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

RANK	COMPANY	NUMBER OF EMPLOYEES	SHARE
1	BLAGOEVGRAD-BT AD	674	22.68%
2	SOCOTAB OOD	518	17.43%
3	KT INTERNATIONAL AD (FORMERLY KNOWN AS KING'S TOBACCO AD)	468	15.75%
4	SOFIA-BULGARTABAC AD	431	14.50%
5	LEAF TOBACCO A.MICHAILIDES AD	267	8.98%
6	PLEVEN-BULGARTABAC AD	210	7.07%
7	PARVOMAY-BT AD	143	4.81%
8	SLANCE STARA ZAGORA TABAC AD	123	4.14%
9	KARDZHALI-TABAK AD	66	2.22%
10	GLOBAL TOBACCO OOD	27	0.91%

The Manufacture of tobacco products industry is the 65th largest employer in the country with 2,972 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 Manufacture of tobacco products's share in the country's total employment was 0.13% in 2015, 0.17% in 2014 and 0.16% in 2013.

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 -5.99% in 2016.

The industry is represented by the following companies

PLATINUM 2011 EOOD

LEAF TOBACCO A.MICHALIDES AD

KT INTERNATIONAL AD (FORMERLY KNOWN AS KING'S TOBACCO AD)

TOBACCO AND SUPPLIES OOD

SOCOTAB OOD

TOPOLOVGRAD-BT AD

PARVOMAY-BT AD

"SO TREYD" EOOD

BLAGOEVGRAD-BT AD

PLEVEN-BULGARTABAC AD

GLOBAL TOBACCO OOD

SOFIA-BULGARTABAC AD

SLANCE STARA ZAGORA TABAC AD

DUPNITSA-TABAK AD

VALTABAK OOD

TRAKIYA-TABAK OOD

VISANDAR OOD

KARDZHALI-TABAK AD

MEHANIKA AD

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