

# SeeNews

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## Industry Report

### Manufacture of tobacco products 2018 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 12 companies at the end of 2018, compared to 12 in the previous year and 14 in 2016.
- The industry's net profit amounted to BGN 11,041,000 in 2018.
- The industry's total revenue was BGN 507,577,000 in 2018, down by 26.82% compared to the previous year.
- The combined costs of the companies in the Manufacture of tobacco products industry reached BGN 494,356,000 in 2018, down by 30.26% year-on-year.
- The industry's total revenue makes up 0.51% to the country's Gross domestic product (GDP) in 2018, compared to 0.72% for 2017 and 0.83% in 2016.
- A total of 1,604 people were employed in the Manufacture of tobacco products industry in 2018, compared to 2,020 in 2017 and 2,364 in 2016.
- Most of the companies in the industry are based in Blagoevgrad, followed by Radinovo and Dupnitsa.

## II. INTRODUCTION

In 2018 the companies in the Manufacture of tobacco products industry numbered 12.

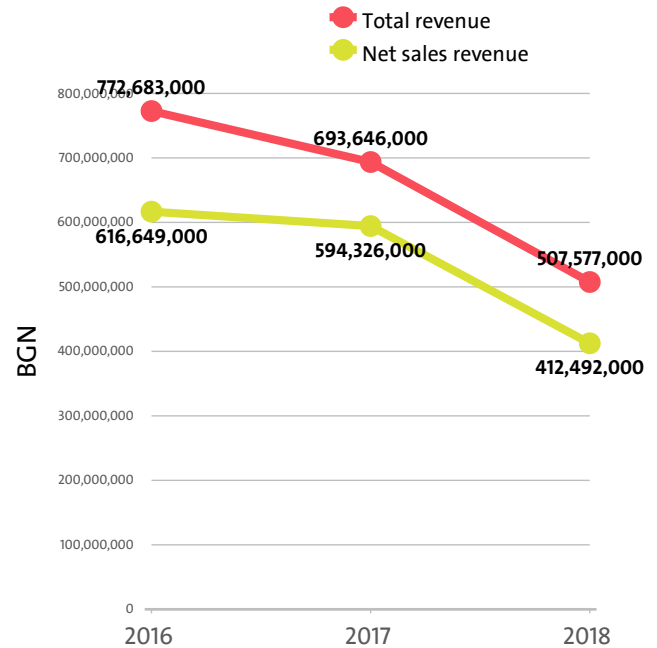
In 2017 there were a total of 12 companies operating in the industry. In 2016 their number totalled 14.

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

SECTOR	2018	2017	2016
MANUFACTURE OF TOBACCO PRODUCTS	12	12	14

## III. REVENUES

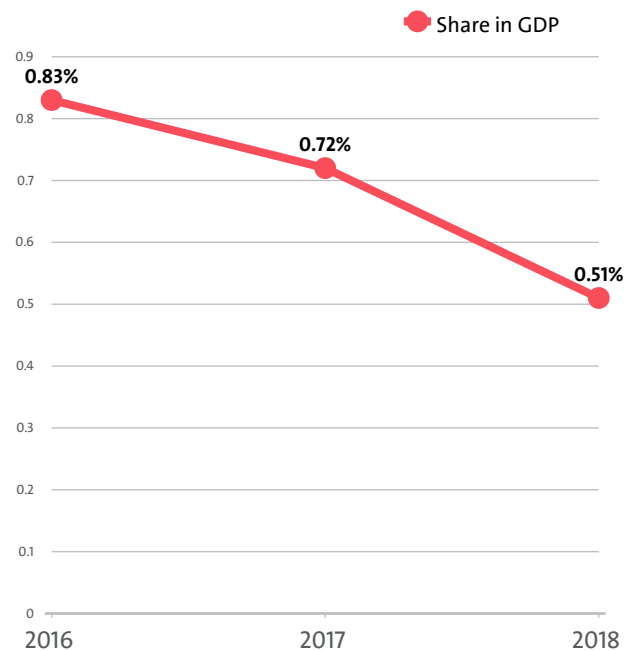
The total revenue in the industry was BGN 507,577,000 in 2018, BGN 693,646,000 in 2017 and 772,683,000 in 2016.



The companies in the Manufacture of tobacco products market of Bulgaria earned combined net sales revenues of BGN 412,492,000 in 2018.

In annual terms, sales marked a fall of 30.59% compared to 2017. In comparison to 2016 they decreased by 33.11%. In 2017 sales fell by 3.62% year-on-year.

The Manufacture of tobacco products industry total revenue make up 0.51% to the country's GDP in 2018, compared to 0.72% for 2017 and 0.83% in 2016.



In 2018 the Manufacture of tobacco products industry contributed to GDP BGN 466,818,000 in Gross value added (GVA) accounting for 0.26% of the total for the country's economy.

In the previous year, the industry's GVA amounted BGN 561,489,000, accounting for 0.33% of the total for the

country in 2017. In 2016 the GVA of the Manufacture of tobacco products was BGN 620,367,000, or 0.41% 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 -18.95% in 2019.

Manufacture of tobacco products contributed net sales revenue of BGN 412,492,000 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 Manufacture of tobacco products with 30.59%.

The top 10 companies in terms of total revenue in Manufacture of tobacco products accounted for 99.87% of the industry's total in 2018, 99.89% in 2017 and 99.32% in 2016.

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

RANK	COMPANY	TOTAL REVENUE (BGN)	NET SALE REVENUE (BGN)
1	SOCOTAB EOOD	178,360,000	144,720,000
2	BLAGOEVRAD - BT AD	141,953,000	105,370,000
3	KT INTERNATIONAL EAD	111,397,000	106,883,000
4	PARVOMAY -BT AD	27,996,000	25,388,000
5	SOFIA -BULGARTABAC AD	21,295,000	9,871,000
6	SLANCE STARA ZAGORA TABAK AD	14,085,000	9,100,000
7	GLOBAL TOBACCO OOD	6,677,000	6,250,000
8	VALTABAK OOD	2,029,000	1,754,000
9	KARDZHALI TABAK AD	1,966,000	1,790,000
10	PLEVEN BULGARTABAK EAD	1,175,000	1,115,000

The total revenues of the top 10 companies in the Manufacture of tobacco products were 0.51% of GDP in 2018, compared to 0.72% for 2017 and 0.83% in 2016.

The top 10 by assets in the Manufacture of tobacco products market made up BGN 405,991,000, or 98.42% of the total net sales revenue.

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

RANK	COMPANY	BGN
1	BLAGOEVRAD - BT AD	728,479,000
2	SOCOTAB EOOD	226,391,000
3	KT INTERNATIONAL EAD	178,761,000
4	SOFIA -BULGARTABAC AD	137,124,000
5	KARDZHALI TABAK AD	38,068,000
6	SLANCE STARA ZAGORA TABAK AD	28,875,000
7	PARVOMAY -BT AD	24,472,000
8	PLEVEN BULGARTABAK EAD	11,255,000
9	DUPNITSA-TABAK AD	9,272,000
10	VALTABAK OOD	4,379,000

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

RANK	COMPANY	Y/Y GROWTH
1	GLOBAL TOBACCO OOD	158.75%
2	SLANCE STARA ZAGORA TABAK AD	37.06%
3	PARVOMAY -BT AD	23.01%
4	VALTABAK OOD	5.82%
5	SOCOTAB EOOD	4.82%

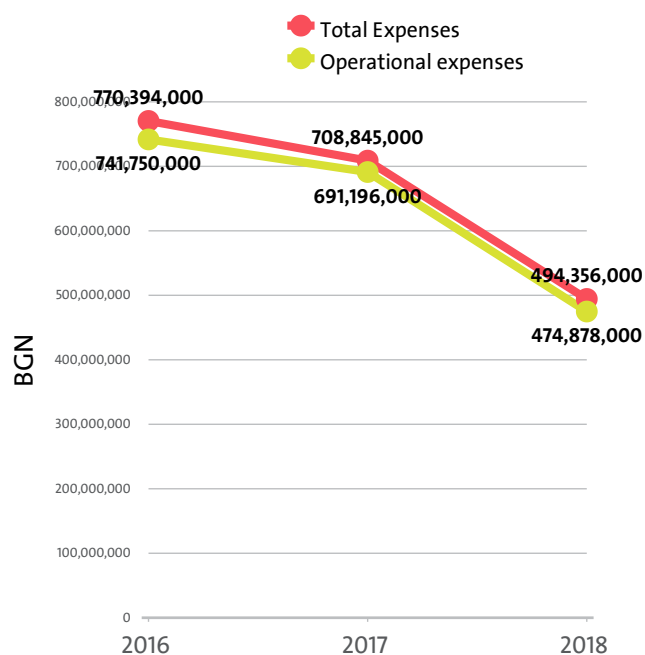
#### TOP 10 COMPANIES BY TOTAL REVENUE IN THE INDUSTRY WERE:

COMPANY	BGN
SOCOTAB EOOD	178,360,000
BLAGOEVRAD - BT AD	141,953,000
KT INTERNATIONAL EAD	111,397,000
PARVOMAY -BT AD	27,996,000
SOFIA -BULGARTABAC AD	21,295,000
SLANCE STARA ZAGORA TABAK AD	14,085,000
GLOBAL TOBACCO OOD	6,677,000
VALTABAK OOD	2,029,000
KARDZHALI TABAK AD	1,966,000
PLEVEN BULGARTABAK EAD	1,175,000

The 10 largest companies in terms of total revenue in sector Manufacture of tobacco products earned total revenue of BGN 506,933,000 and accounted for 99.87% of the industry's total revenue.

## IV. EXPENSES

The combined costs of the companies in the Manufacture of tobacco products industry reached BGN 494,356,000 in 2018.



In annual terms, total expenses fell by 30.26% compared to 2017 and fell by 35.83% in comparison to 2016.

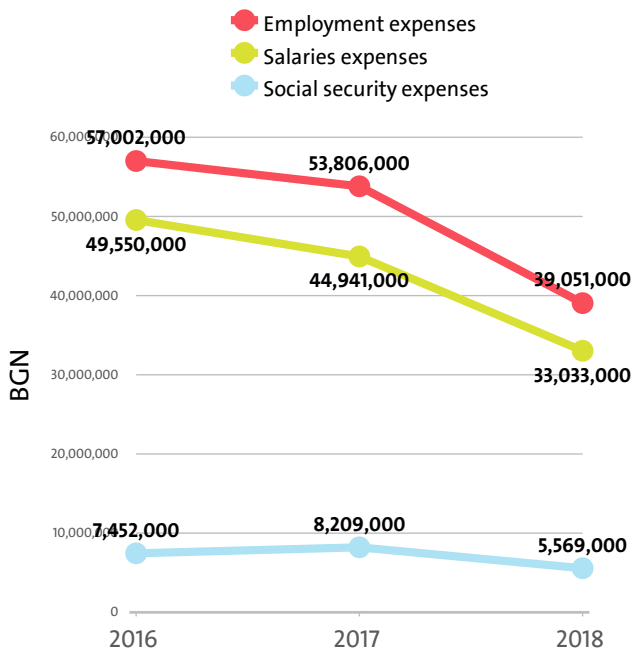
The total operating expenses of the companies in the

Manufacture of tobacco products industry were BGN 474,878,000 in 2018.

Operating costs dropped by 31.30% compared with the previous year and went down by 35.98% when compared to 2016.

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 -19.89% in 2019.

Employment expenses in the Manufacture of tobacco products industry fell by 27.42% on the year to BGN 39,051,000 in 2018.



The monthly costs per employee in the Manufacture of tobacco products industry averaged BGN 2,029 in 2018, BGN 2,220 in 2017 and BGN 2,009 in 2016.

The monthly social security costs per employee in the industry averaged BGN 289 in 2018, versus BGN 339 in 2017 and BGN 263 in 2016.

#### EMPLOYMENT EXPENSES IN MANUFACTURE OF TOBACCO PRODUCTS BY SECTORS IN 2018

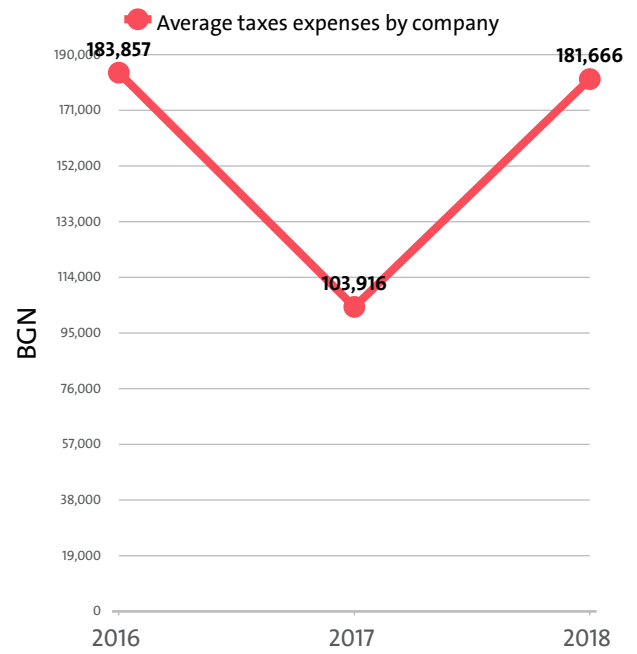
RANK	SECTOR	EMPLOYMENT EXPENSES (BGN)	AVERAGE EXPENSES PER EMPLOYEE (BGN)
1	MANUFACTURE OF TOBACCO PRODUCTS	39,051,000	24,346

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

RANK	COMPANY	BGN
1	DZHAMBAS OOD	7,389
2	SOFIA - BULGARTABAC AD	3,868
3	BLAGOEVRAD - BT AD	3,567
4	DUPNITSA-TABAK AD	3,188
5	KARDZHALI TABAK AD	2,386
6	PLEVEN BULGARTABAK EAD	2,377
7	SOCOTAB EOOD	2,110
8	KT INTERNATIONAL EAD	1,672

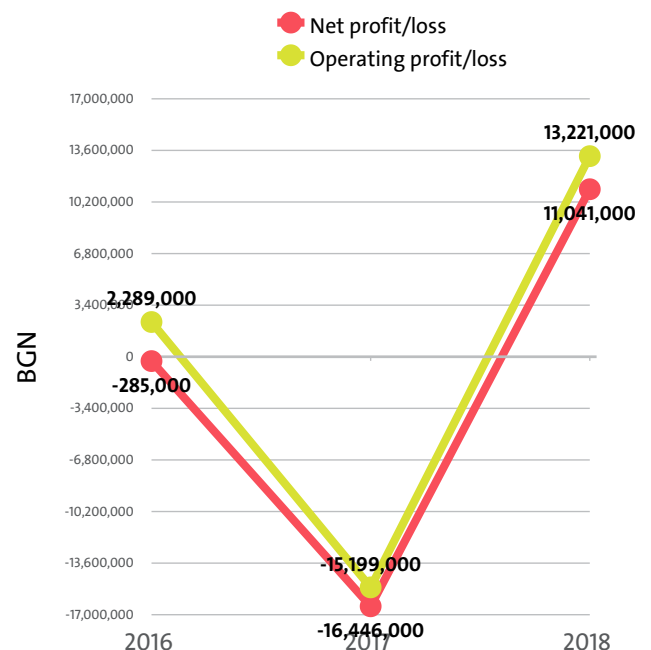
9	SLANCE STARA ZAGORA TABAK AD	1,426
10	GLOBAL TOBACCO OOD	912

The industry's tax expenses stood at BGN 2,180,000 in 2018. In 2017 it paid taxes of BGN 1,247,000. In 2016 the industry paid BGN 2,574,000 in taxes.



## V. PROFITABILITY

The industry's net profit amounted to BGN 11,041,000 in 2018, compared to a net loss of BGN 16,446,000 in 2017 and a net loss of BGN 285,000 in 2016.



**TOP COMPANIES BY HIGHEST NET PROFIT IN MANUFACTURE OF TOBACCO PRODUCTS**

RANK	COMPANY	BGN
1	SOCOTAB EOOD	5,550,000
2	BLAGOEVGRAD - BT AD	4,890,000
3	SLANCE STARA ZAGORA TABAK AD	3,653,000
4	GLOBAL TOBACCO OOD	1,081,000
5	SOFIA -BULGARTABAC AD	787,000

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

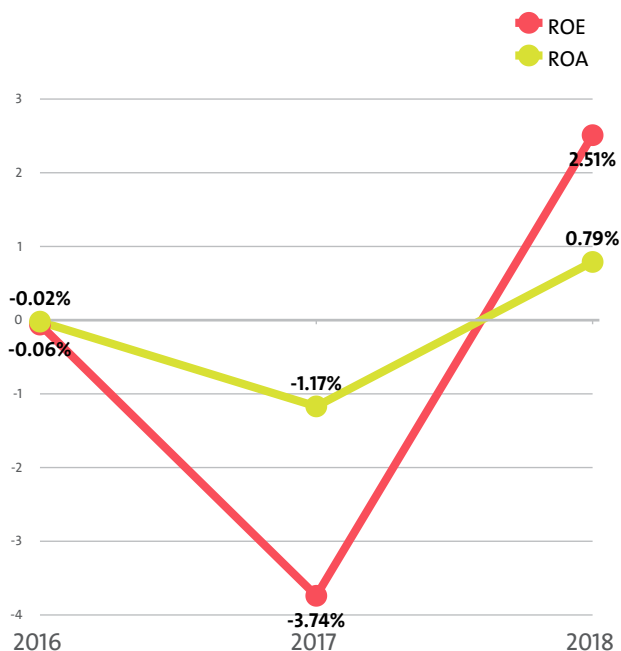
RANK	COMPANY	BGN
1	PLEVEN BULGARTABAK EAD	1,974,000
2	KT INTERNATIONAL EAD	1,866,000
3	KARDZHALI TABAK AD	1,088,000
4	DUPNITSA-TABAK AD	317,000

In 2018 the Manufacture of tobacco products industry swung to an operating profit of BGN 13,221,000 from an operating loss of BGN 15,199,000 in 2017.

The profit margin for the Manufacture of tobacco products industry stood at 2.81% in 2018, while in 2017 it amounted to -2.45% and 0.31% in 2016.

The Manufacture of tobacco products industry's return on equity (ROE) is 2.51% compared to -3.74% in 2017 and -0.06% in 2016.

The Manufacture of tobacco products's return on assets (ROA) was 0.79%, while in 2017 it amounted to -1.17% and -0.02% in 2016.


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

RANK	COMPANY	BGN	COMPANY HEADQUARTERS (CITY)
1	SOFIA -BULGARTABAC AD	46,294	BLAGOEVGRAD
2	SLANCE STARA ZAGORA TABAK AD	36,168	STARA ZAGORA
3	GLOBAL TOBACCO OOD	29,216	SOFIA
4	BLAGOEVGRAD - BT AD	19,639	BLAGOEVGRAD
5	SOCOTAB EOOD	11,734	RADINOVO

The average net sales revenue per employee in the Manufacture of tobacco products industry amounted to BGN 257,165 in 2018, down by 12.59% compared to 2017 and down by 1.41% compared to 2016.

The industry's average operating revenue per employee dropped by 4.53% year-on-year in 2018 to BGN 293,712. It decreased by 5.62% compared to 2016.

The Manufacture of tobacco products industry generated an average BGN 316,445 in total revenue per employee. In 2017 and 2016 the figure was BGN 343,389 and BGN 326,854, respectively.

The average total revenue per company in the Manufacture of tobacco products industry fell to BGN 42,298,083 in 2018 from BGN 57,803,833 in 2017. The 2016 value was BGN 55,191,643.

A company in the Manufacture of tobacco products sector made on average a net sales revenue of BGN 34,374,333 in 2018, compared to BGN 49,527,167 in 2017 and BGN 44,046,357 in 2016.

The Manufacture of tobacco products industry made 0.14% of the overall sales country-wide, reducing its market share by 0.08 pp.

Operating profit per employee for the industry as a whole was BGN 8,243 in 2018. For comparison in 2017 it amounted to BGN -7,524 and BGN -7,524 in 2016.

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

RANK	COMPANY	BGN
1	SOFIA -BULGARTABAC AD	68,176
2	SLANCE STARA ZAGORA TABAK AD	37,752
3	GLOBAL TOBACCO OOD	31,676
4	BLAGOEVGRAD - BT AD	23,301
5	SOCOTAB EOOD	13,053

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

RANK	COMPANY NAME	CORRELATION (BGN)
1	SOFIA -BULGARTABAC AD	1,206,000
2	BLAGOEVGRAD - BT AD	403,956
3	VALTABAK OOD	394,600
4	SOCOTAB EOOD	351,763
5	KT INTERNATIONAL EAD	199,016
6	GLOBAL TOBACCO OOD	168,081
7	PARVOMAY -BT AD	159,952

8	DZHAMBAZ OOD	93,333
9	SLANCE STARA ZAGORA TABAK AD	80,772
10	PLEVEN BULGARTABAK EAD	37,059

*\*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 2018

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF EMPLOYEES
MANUFACTURE OF TOBACCO PRODUCTS	257,165	293,712	316,445	1,604

#### AVERAGE REVENUE PER COMPANY IN MANUFACTURE OF TOBACCO PRODUCTS IN 2018

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF COMPANIES
MANUFACTURE OF TOBACCO PRODUCTS	34,374,333	39,259,500	42,298,083	12

The total indebtedness of the companies in the Manufacture of tobacco products industry was BGN 944,973,000 versus BGN 951,677,000 a year ago. In 2016 the industry's indebtedness totalled BGN 1,020,448,000.

Debt-to-assets ratio of the companies in the industry is 0.68 in 2018. It was 0.68 in 2017 and 0.68 in 2016.

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 2018 it stood at 6,310, according to the financial statements of the companies in the industry. In 2017 the figure was 126 and 116 in 2016.

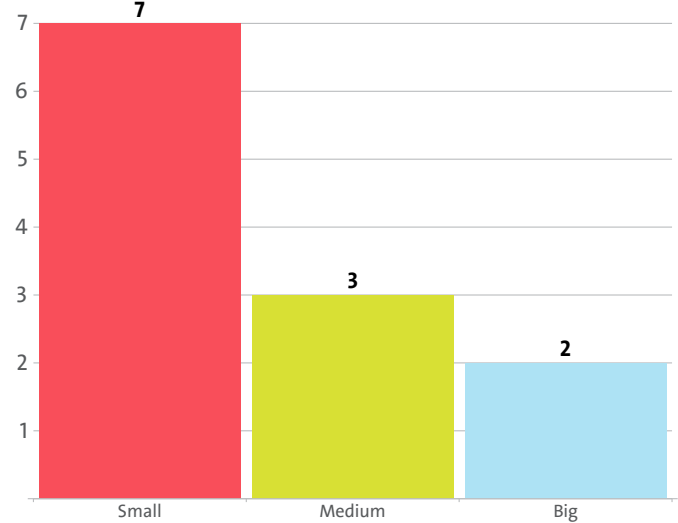
## VI. EMPLOYMENT

A total of 1,604 people were employed in the Manufacture of tobacco products market at the end of 2018, compared to 2,020 in 2017 and 2,364 in 2016.

The analysis on companies' sizes by the number of employees, shows that 7 firms have less than 50 employees\*, 3 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.*

COMPANIES IN THE INDUSTRY BY SIZE IN TERMS OF NUMBER OF EMPLOYEES



The employees of the leading 10 companies when it comes to numbers make up 99.56% of the workforce in the industry in 2018.

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

RANK	COMPANY	NUMBER OF EMPLOYEES	SHARE
1	KT INTERNATIONAL EAD	503	31.36%
2	SOCOTAB EOOD	473	29.49%
3	BLAGOEVRAD - BT AD	249	15.52%
4	PARVOMAY - BT AD	165	10.29%
5	SLANCE STARA ZAGORA TABAK AD	101	6.30%
6	GLOBAL TOBACCO OOD	37	2.31%
7	KARDZHALI TABAK AD	30	1.87%
8	PLEVEN BULGARTABAK EAD	17	1.06%
9	SOFIA -BULGARTABAC AD	17	1.06%
10	VALTABAK OOD	5	0.31%

The Manufacture of tobacco products industry is the 71st largest employer in the country with 1,604 employees with the largest employer being Retail trade, except of motor vehicles and motorcycles with 222,070 and Extraction of crude petroleum and natural gas at the bottom with 28 employees.

The Manufacture of tobacco products's share in the country's total employment was 0.07% in 2018, 0.11% in 2017 and 0.12% in 2016.

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 -17.63% in 2019.

## The industry is represented by the following companies

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KT INTERNATIONAL EAD

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PARVOMAY -BT AD

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SOCOTAB EOOD

---

BLAGOEVGRAD - BT AD

---

PLEVEN BULGARTABAK EAD

---

GLOBAL TOBACCO OOD

---

SOFIA -BULGARTABAC AD

---

SLANCE STARA ZAGORA TABAK AD

---

DUPNITSA-TABAK AD

---

DZHAMBAZ OOD

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KARDZHALI TABAK AD

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VALTABAK OOD

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