



SPARKY ELTOS AD

Deutsches Eigenkapitalforum – Bulgaria Forum

Frankfurt, 10 November 2008



SPARKY ELTOS AD



WHO WE ARE

- The brand name



SPARKY

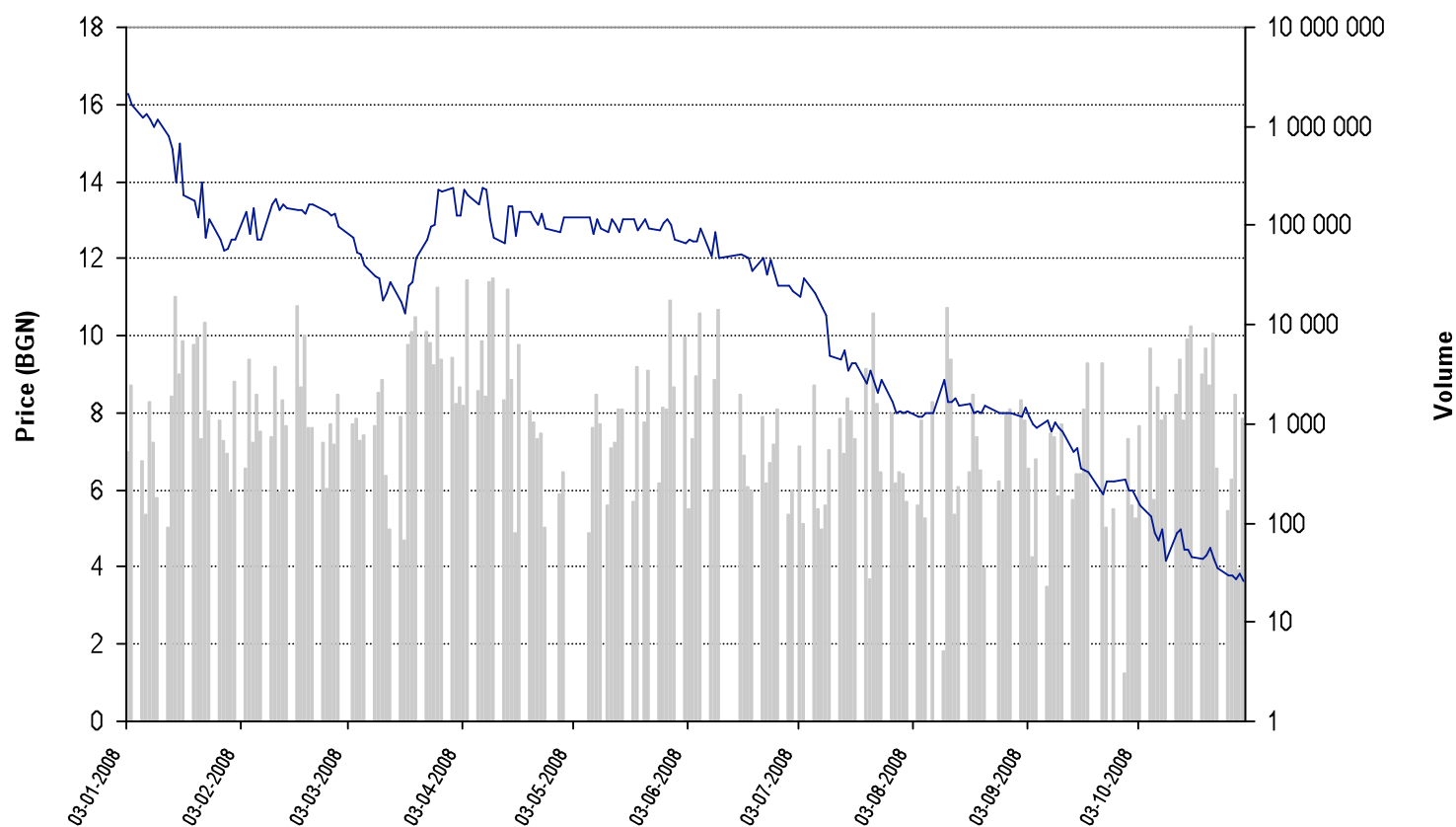
PROFESSIONAL

- Well-known producer of power tools on EU, Eastern Europe, Middle East, Russia and CIS markets
- The only producer of power tools in Bulgaria
- Listed on the Bulgarian Stock Exchange since 1998. BSE code: SL9/ELTOS



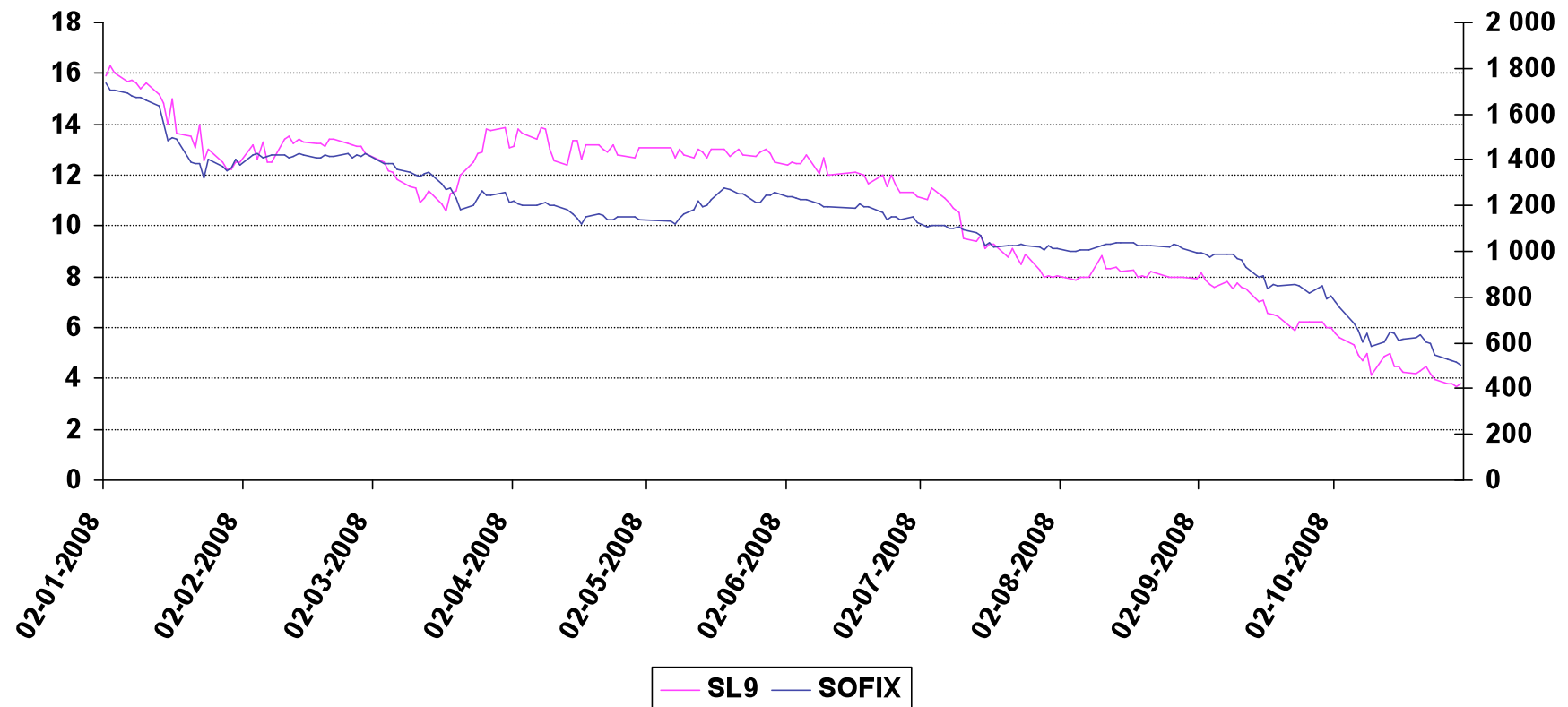
- In 2007 SPARKY ELTOS was added to the oldest blue chip index on the Bulgarian Stock Exchange - SOFIX

SPARKY ELTOS AD – share price 01/01/08 – 31/10/08
Market cap.: BGN 65 million; Nr. of shares: 16,735,320; Free-float: 20.2%





SOFIX INDEX CHART





SPARKY ELTOS AD



SPARKY ELTOS AD – VIEW OF THE PLANT 1961



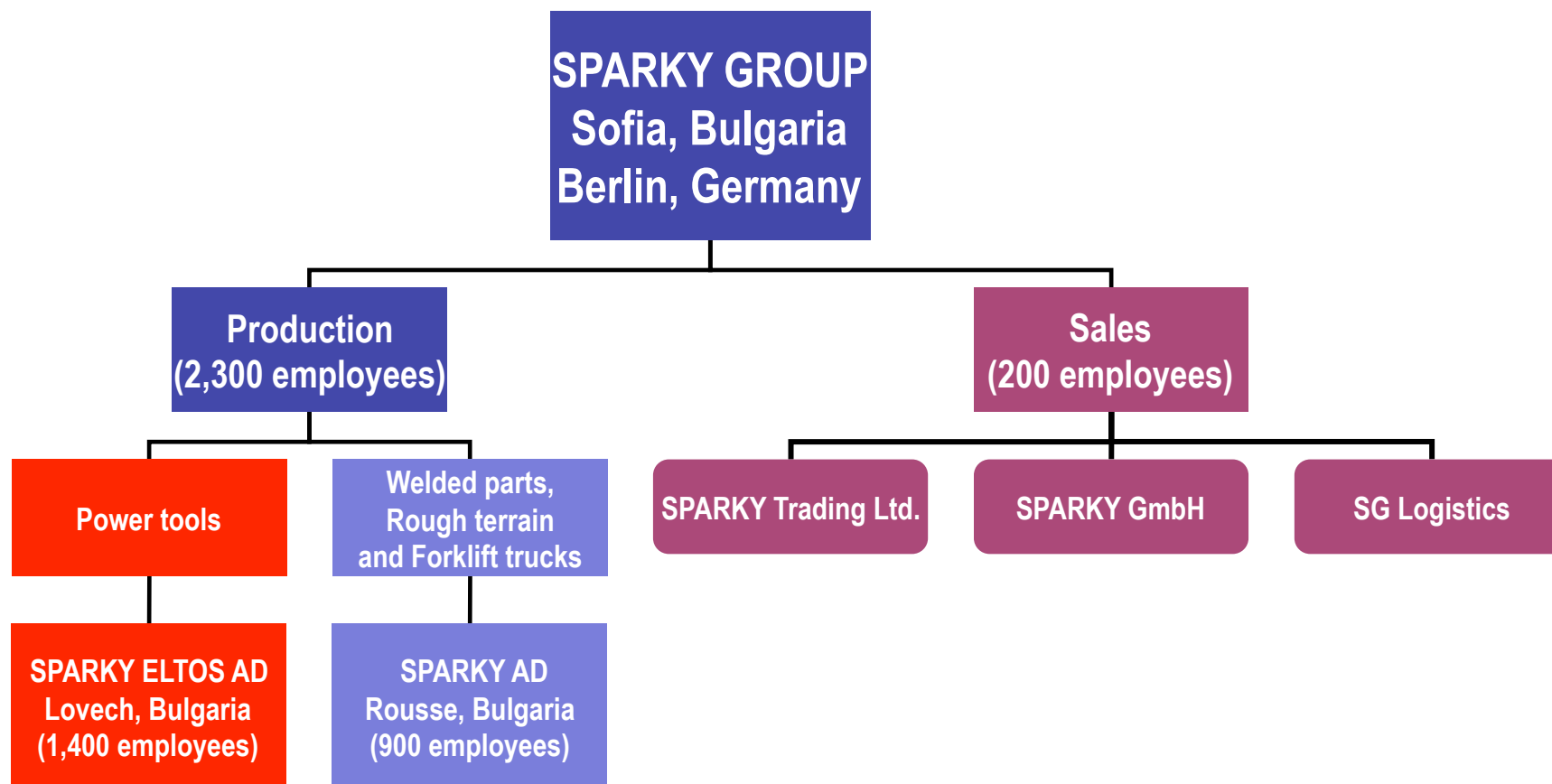


SPARKY ELTOS AD – VIEW OF THE PLANT 2008





SPARKY GROUP – ORGANIZATION CHART





HISTORY MILESTONES

- 1961 Establishment of the factory
- 1965 Start of power tools production
- 1966 AEG first license purchase (500,000 machines capacity achieved)
- 1975 AEG second license purchase (1,000,000 machines capacity achieved)
- 1996 Privatisation of the factory by SPARKY GROUP
- 1997 Certified under ISO 9001
- 1998 Listed on the Bulgarian Stock Exchange
- 2003 Technical Laboratory certified under ISO/IEC 17025:1999
- 2004 Certified under ISO 14001 for the environmental management system
- 2006 Certified under OHSAS 18001 (Occupational Health and Safety System)
- 1997-2006 Investment of 30 million Euro
- 2008 Signed 2.2 million Euro contract for the purchase of cold chamber die casting machines for the Al/Mg foundry with the leading manufacturer Oskar Frech GmbH + Co. KG



SPARKY ELTOS AD

PRODUCT RANGE

POWER TOOLS





POWER TOOLS – PRIVATE LABEL



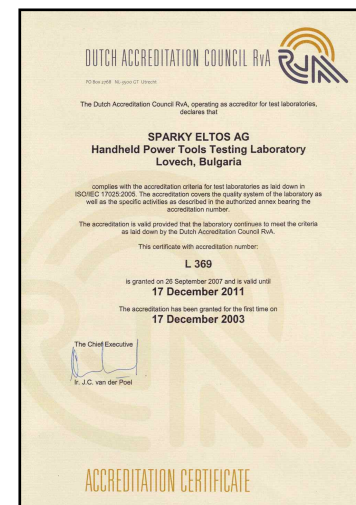
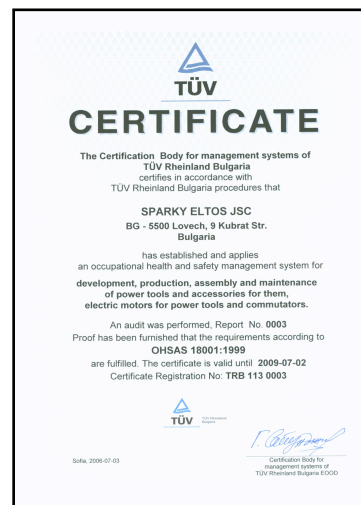


PRODUCTION OF MACHINE COMPONENTS FOR OTHER MAJOR MANUFACTURERS





- **Certified production processes**
- 1997 ISO 9001 certification-certificate guarantees the quality of the manufacturing process and of the products. Products are certified by TÜV Rheinland and conform the standards GS DIN CE. The components and the materials are supplied by: Albis, Ina, BASF, SKF, FAG, Thyssen, Shall, Marquardt, Capax, Pirelli, LFA, Röhm, Schunk, and other well reputed manufacturers
- 2004 ISO 14001 certification (established and applied environmental management system for development, production and maintenance of power tools and accessories)
- 2006 OHSAS 18001:1999 certification (Occupational Health and Safety System) -certificate is developed in response to urgent customer demand for a recognisable occupational health and safety management system standard. The emphasis is placed on practices being pro-active and preventive, by the identification of hazards and the evaluation and control of work related risks
- The Technical Laboratory is certified by the DUTCH ACCREDITATION COUNCIL RvA and complies with the accreditation criteria for test laboratories as laid down in ISO/IEC 17025:1999





PRODUCTION PROCESS

- **Vertical integration of production processes leads to increased competitive advantages**
 - R&D
 - Engineering
 - Plastic injection
 - Manufacture of electric motors
 - Manufacture of mechanical parts
 - Metal heat treatment
 - Manufacture of moulds and tooling
 - Foundry for Al and Mg alloys
 - Painting shop
 - Assembly
 - Control equipment

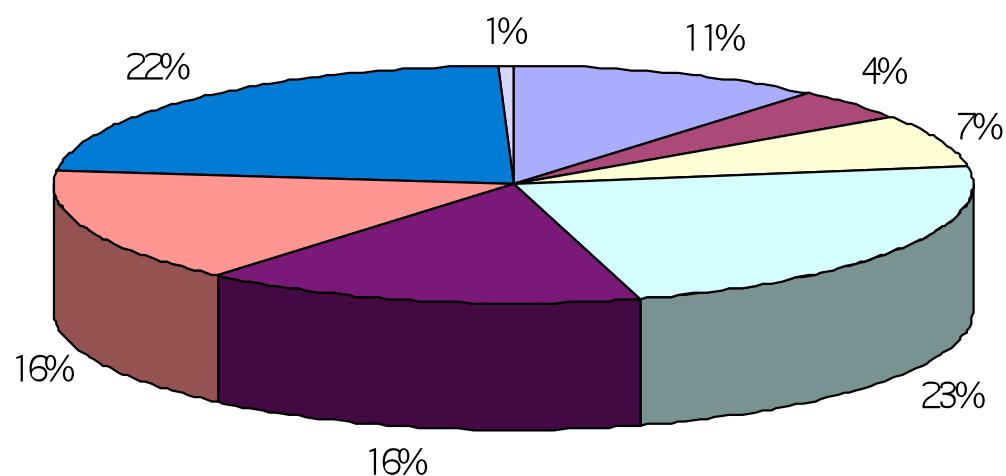


MARKET POSITION

- Top selling power tool brand in Bulgaria
- Export markets are well diversified (70 countries) and generated over 80% of revenue in 2007
- Well presented in UK, France, Germany, Italy and Spain (double digit sales growth)
- One of the three best known brands in Russia and CIS
- Professional users are targeted group by SPARKY and account for 80% of revenues
- Company also sees potential for future growth in DIY market

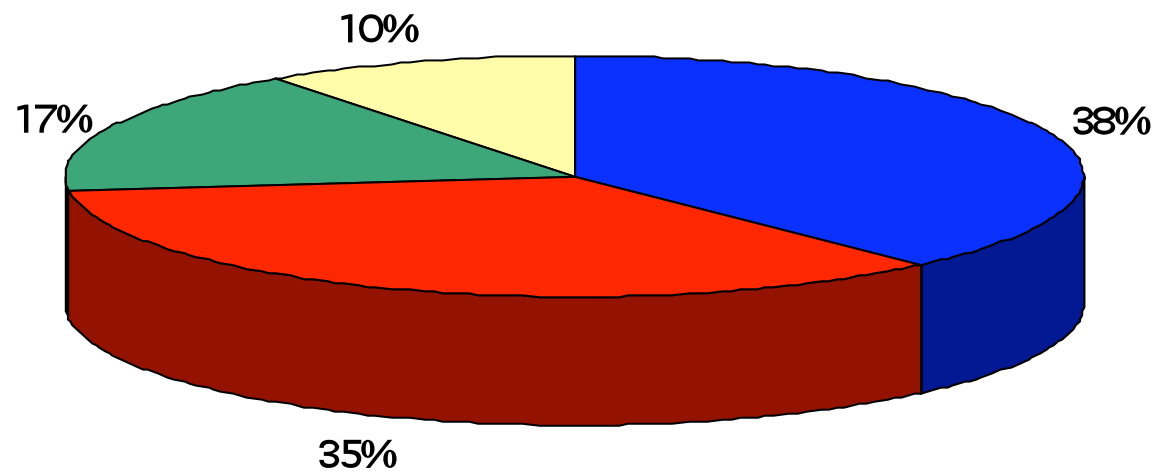


SALES BY PRODUCT LINE





MAJOR MARKETS



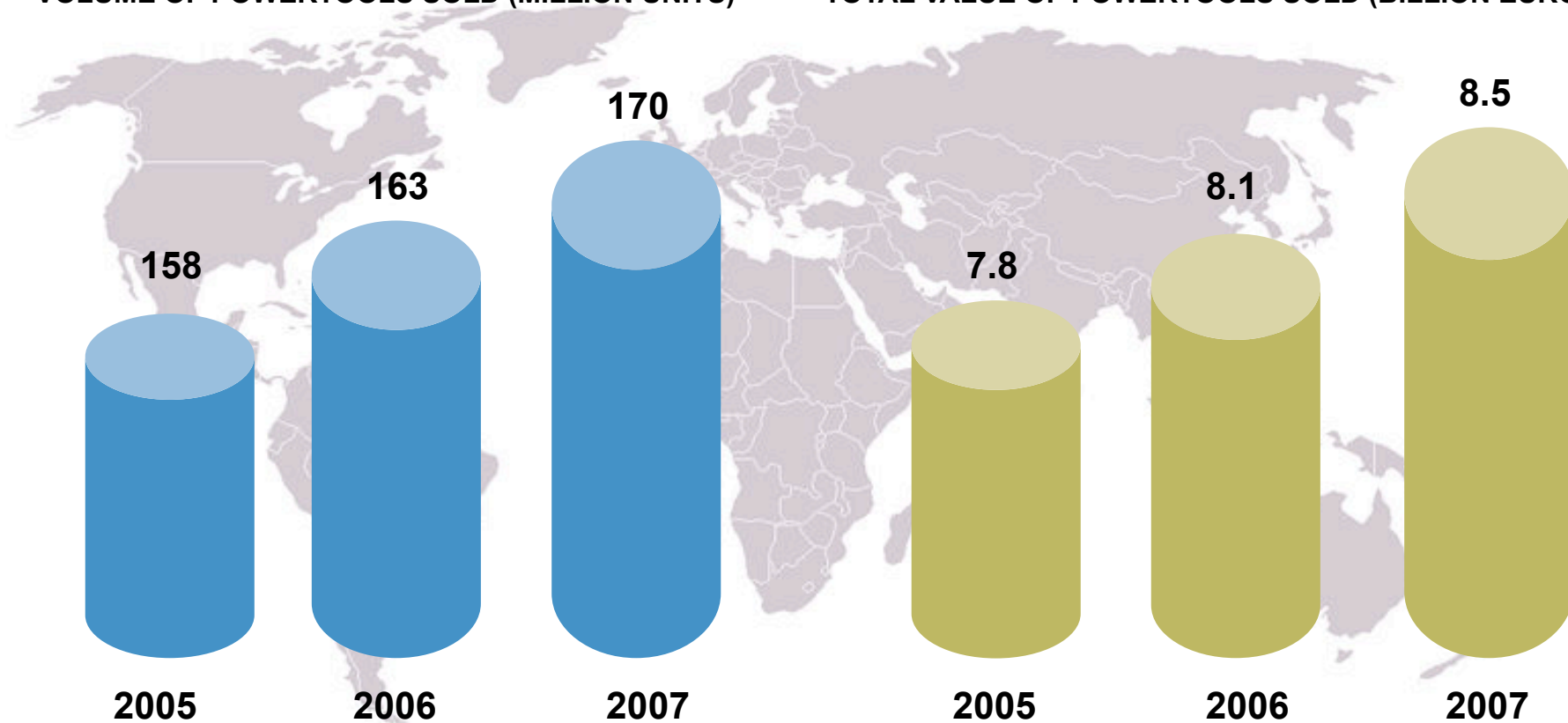
■ European Union ■ Russia and CIS ■ Bulgaria ■ Rest of the world



WORLD MARKET OF POWERTOOLS

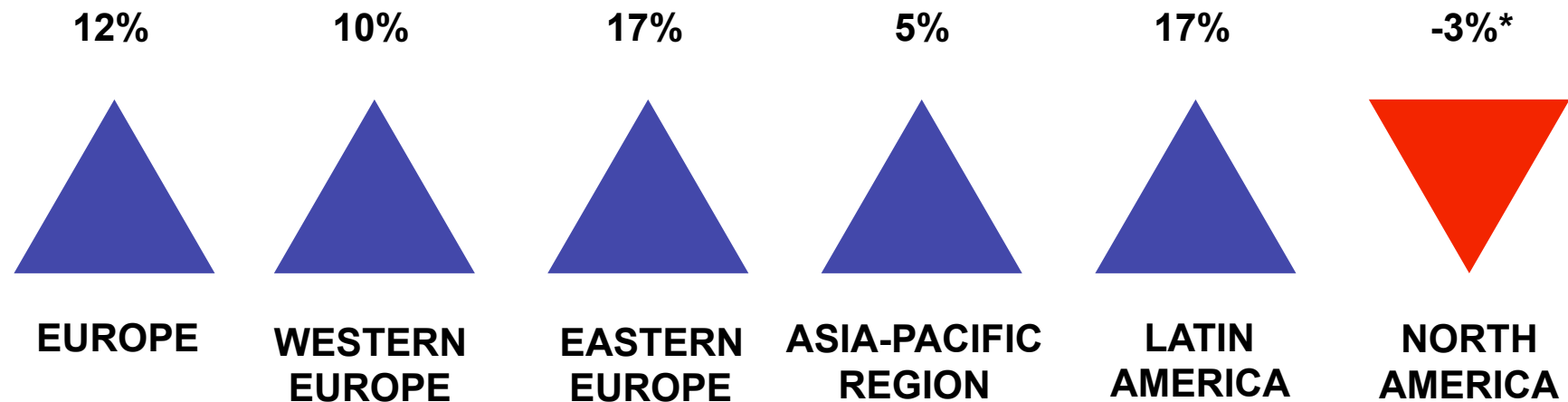
VOLUME OF POWERTOOLS SOLD (MILLION UNITS)

TOTAL VALUE OF POWERTOOLS SOLD (BILLION EUROS)





GLOBAL MARKET GROWTH OF POWERTOOLS IN 2007



*** AS A RESULT OF THE SUB-PRIME MORTGAGE CRISIS**



COMPETITION

- **SPARKY ELTOS manages to sustain competitive price-quality mix, facing strong competition on foreign markets and in Bulgaria after EU accession**
- **SPARKY ELTOS successfully competes with world leading companies like Bosch, Makita, DeWalt, Metabo, Hitachi**
- **Well-balanced price-to-quality SPARKY products are in good market position to compete no-name, low-price products**



POWER TOOLS MARKET TRENDS

- Expected world power tools demand growth above 4% until 2011; however, cordless instruments growth pace will remain above average
- Growing market and popularity of cordless power tools
- Introduction and increasing importance of Li-ion batteries, due to their longer endurance and environmental compliance
- Improvements of product ergonomics – production of light-weight tools



PRODUCT PORTFOLIO

- **Well-diversified product portfolio – product range covers more than 150 models and modifications (including 100 types of professional tools)**
- **Most successful products – drills, angle grinders, hammers, special tools**
- **After-sales service and established network of locations for warranty and post-warranty services, spare parts market**



2007-2009 INVESTMENT PROGRAM FOR 13 MILLION EUR

- Investment in new equipment
- Introduction of new product range – cordless power tools supplied with Li-ion batteries
- Modernizing and increasing production capacity
- Specialist education and training
- Compliance to higher environmental standards



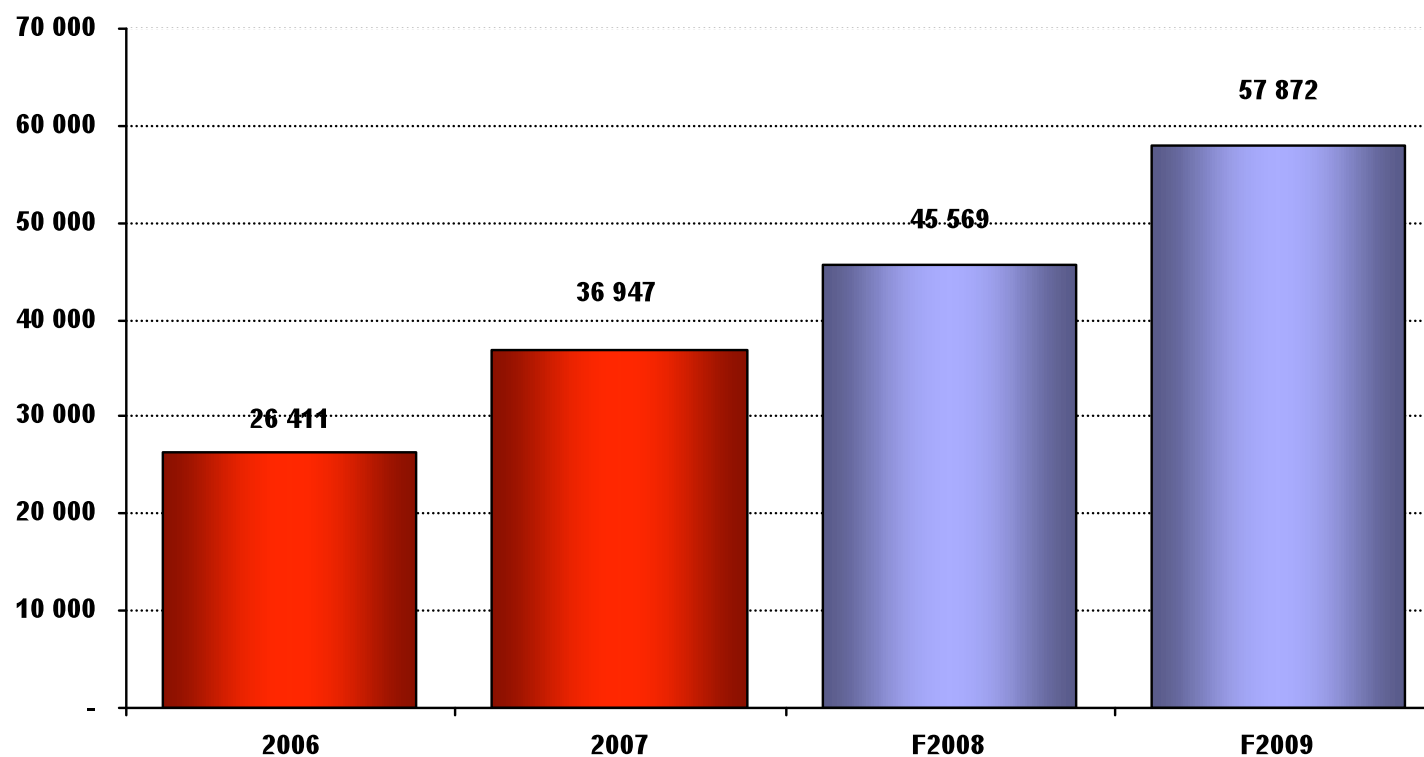
PRODUCTION OF LI-ION POWERED CORDLESS TOOLS

- **Main object of the investment program**
- **High demand growth expected**
- **Higher profit margins than corded and Ni-Cd powered tools**
- **Environmental concerns**
- **Expected additional sales for SPARKY ELTOS by the end of 2010: EUR 10 million**



EXPECTED SALES

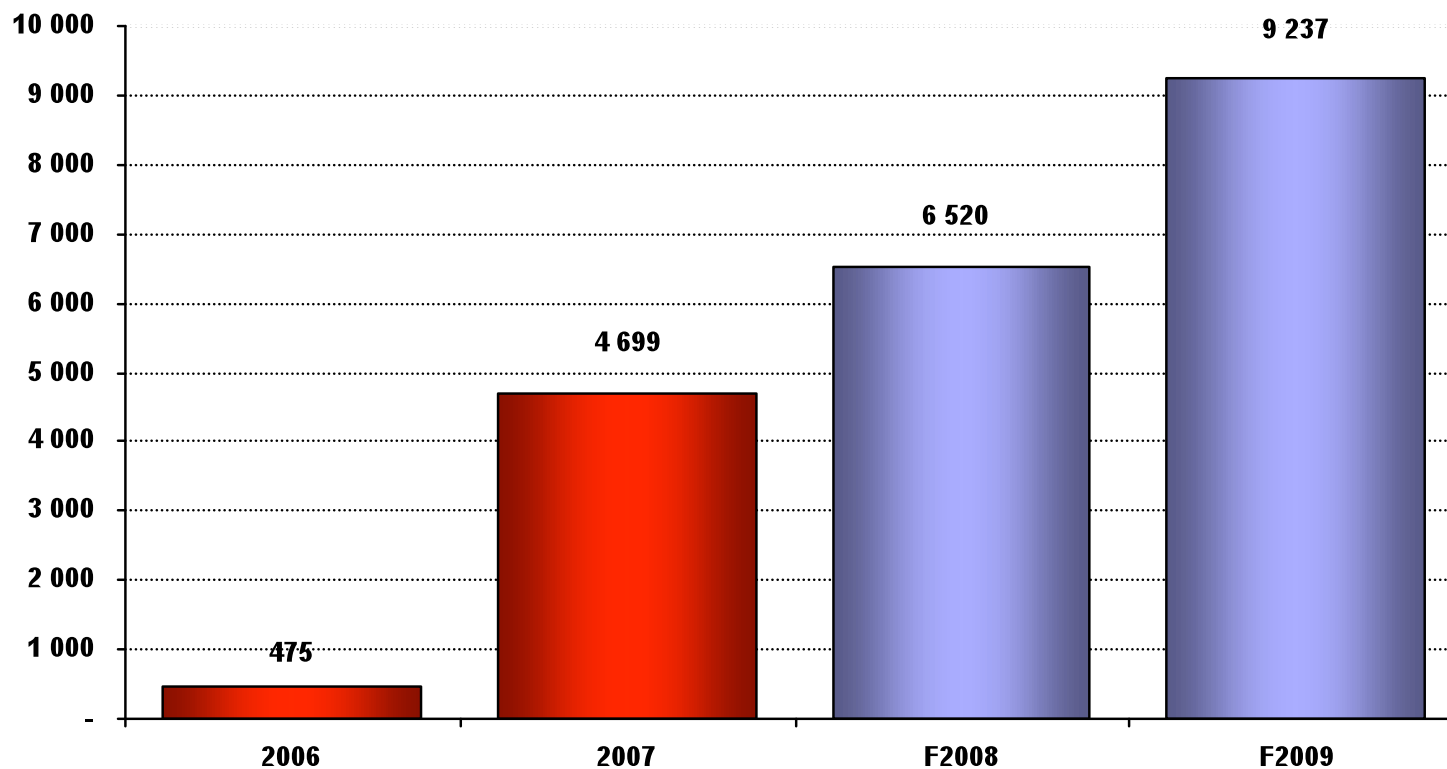
Sales - in TEUR





EXPECTED NET INCOME

Net Income - in TEUR





FINANCIALS

(all figures in EUR, share price of EUR 1.99 as at 05.11.2008 used in price-ratio calculations)

FINANCIAL RATIOS	2007	LAST 12 M.	F2008
Sales	36,947	41,528	45,569
EBITDA	8,878	9,950	10,481
EBIT	6,218	7,251	7,745
EBT	5,284	6,560	7,244
Net Income	4,699	5,975	6,520
Sales Growth	39.9%	19.2%	23.3%
EBITDA Growth	116.4%	34.4%	18.1%
% EBITDA	24.0%	24.0%	23.0%
% EBIT	16.8%	17.5%	17.0%
% EBT	14.3%	15.8%	15.9%
% Net Income	12.7%	14.4%	14.3%
ROE	14.7%	11.7%	
ROA	8.1%	8.8%	
Debt-to-Equity Ratio	0.11	0.23	
Total Debt-to-Equity	0.19	0.28	
P/E ratio	7.08	5.57	5.11
P/S ratio	0.90	0.80	0.73
P/B ratio	0.68	0.63	0.56



THANK YOU AND SEE YOU SOON

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