

# IR Highlights

## Bulgarian Stock Exchange – Sofia

<http://www.bse-sofia.bg/>

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**Macro Highlights**



**Market Highlights**



**Milestones**



**Company Highlights**



**Main Priorities**



**Why invest in Bulgaria**

# Macro Highlights

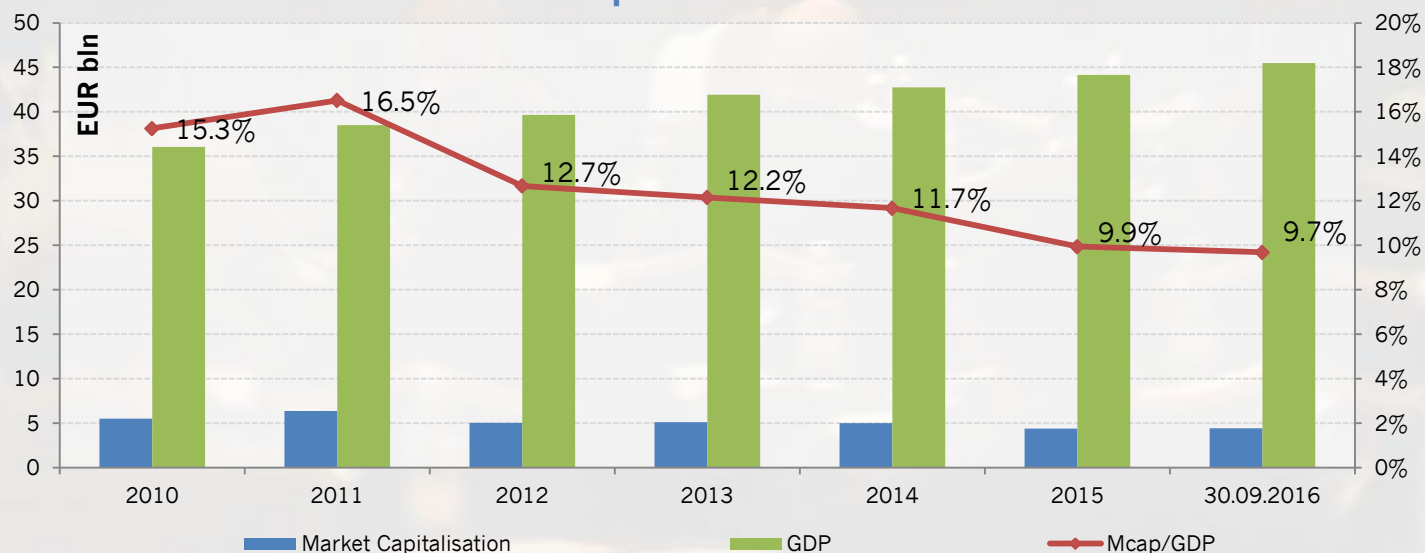
	2013	2014	2015	2016
<b>GDP (EUR mln)</b>	<b>41 911</b>	<b>42 750</b>	<b>44 162</b>	<b>45 474 (F)</b>
<b>Real GDP growth</b>	<b>1.3%</b>	<b>1.6%</b>	<b>3.0%</b>	<b>2.6% (F)</b>
<b>Short-term interest rates</b>	<b>1.14%</b>	<b>0.79%</b>	<b>0.54%</b>	<b>0.15%*</b>
<b>Population</b>	<b>7 265 115</b>	<b>7 223 937</b>	<b>7 265 115</b>	<b>N/A</b>
<b>GDP per capita (nominal, EUR)</b>	<b>5 765</b>	<b>5 911</b>	<b>6 136</b>	<b>N/A</b>
<b>Market Cap (as at Sept 30, EUR mln)</b>	<b>5 093</b>	<b>4 988</b>	<b>4 390</b>	<b>4 402</b>
<b>Market Cap/GDP</b>	<b>12.1%</b>	<b>11.7%</b>	<b>9.9%</b>	<b>9.7%</b>

\* Data as at August 31, 2016

BGN/EUR exchange rate is fixed at 1.95583. BGN exchange rate was pegged to DEM (hence to EUR) since 1999

Source: BNB, NSI, Eurostat

## Market Capitalisation and GDP

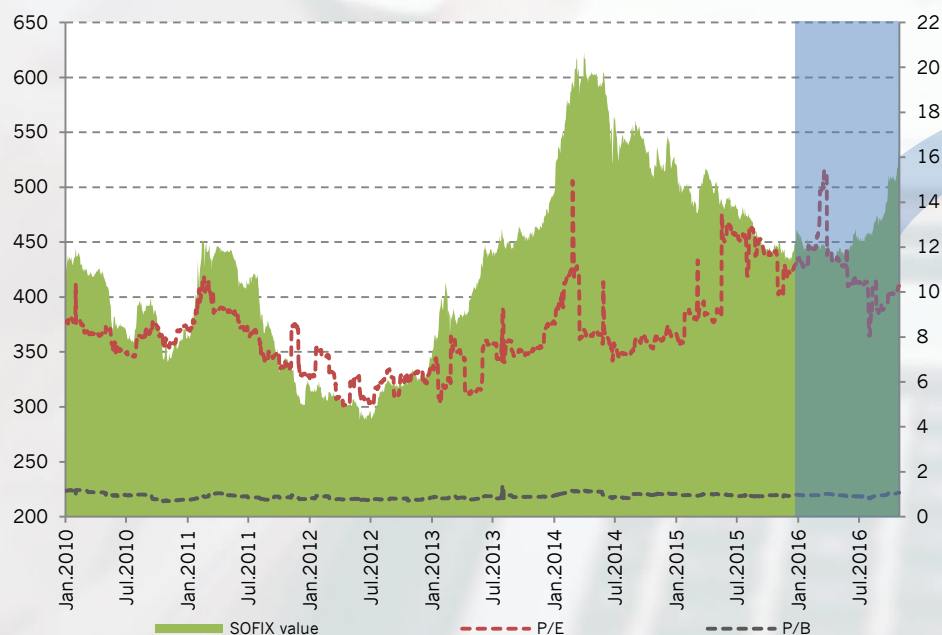


# Market Highlights

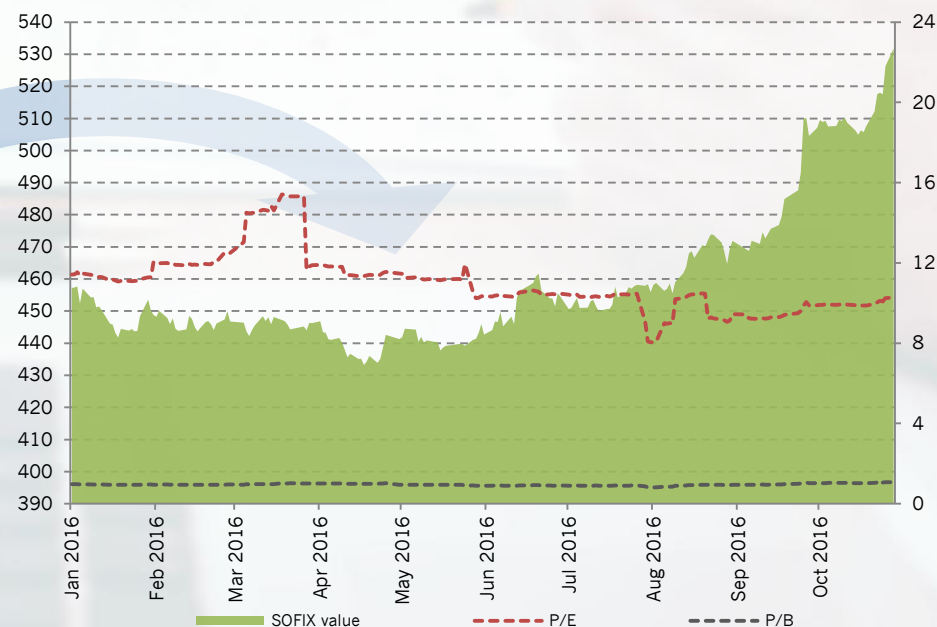
	2013	2014	2015	2016 YTD
Trading value (EUR mln)	792	388	210	113
Capital raised (EUR mln)	59	16	17	9
Companies that raised capital	11	5	5	2
IPOs	1	1	1	2

Stable economic perspective and GDP growth forecast have a positive influence on financial markets. From January to October the main index SOFIX grew by 16.32%. The growth compared to October 2015 is even bigger: 19%. In September 2016 an ETF on SOFIX was launched, further fostering the index performance and investors' interest.

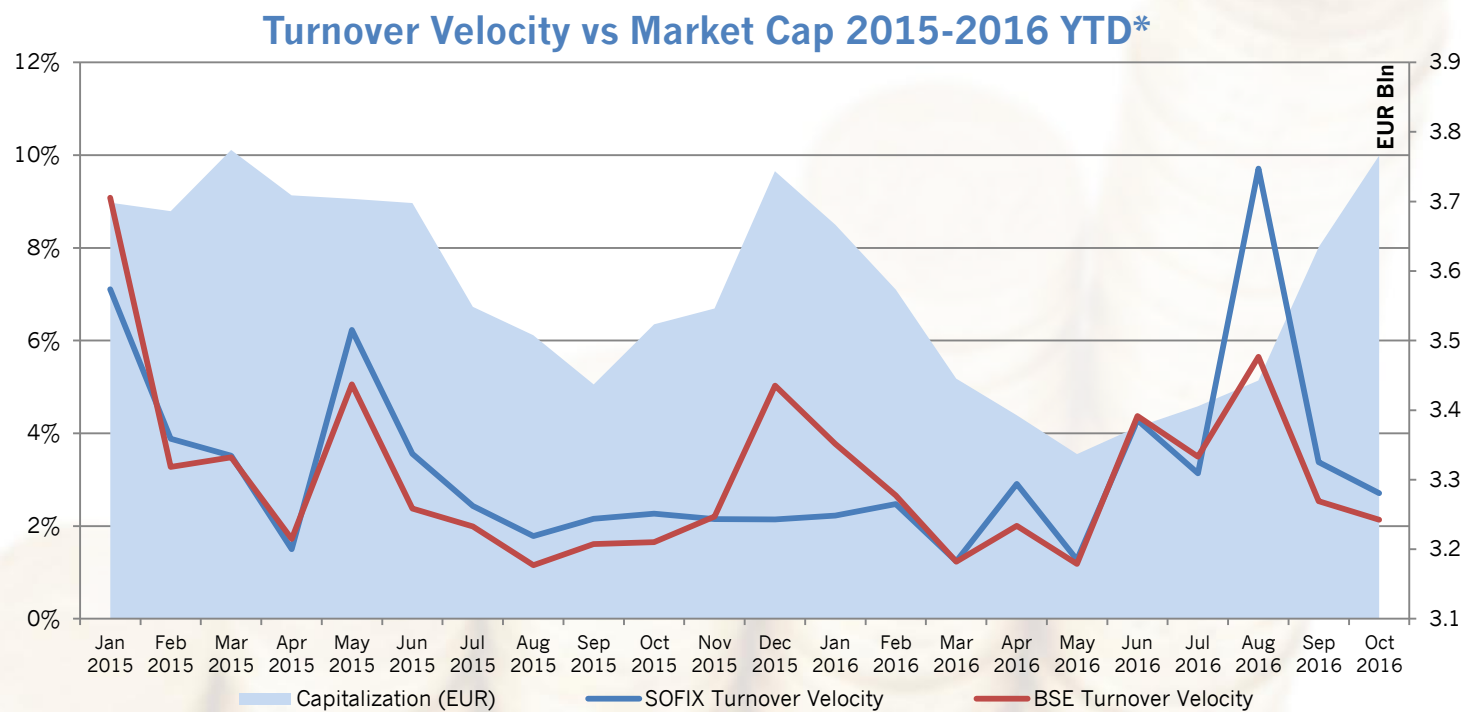
## SOFIX performance 2010-2016



## SOFIX performance 2016 YTD



## Market Highlights



*\*Main BSE market figures*

Despite the slight decrease in the number of listed equity issues, the market capitalisation increased for five consecutive months.

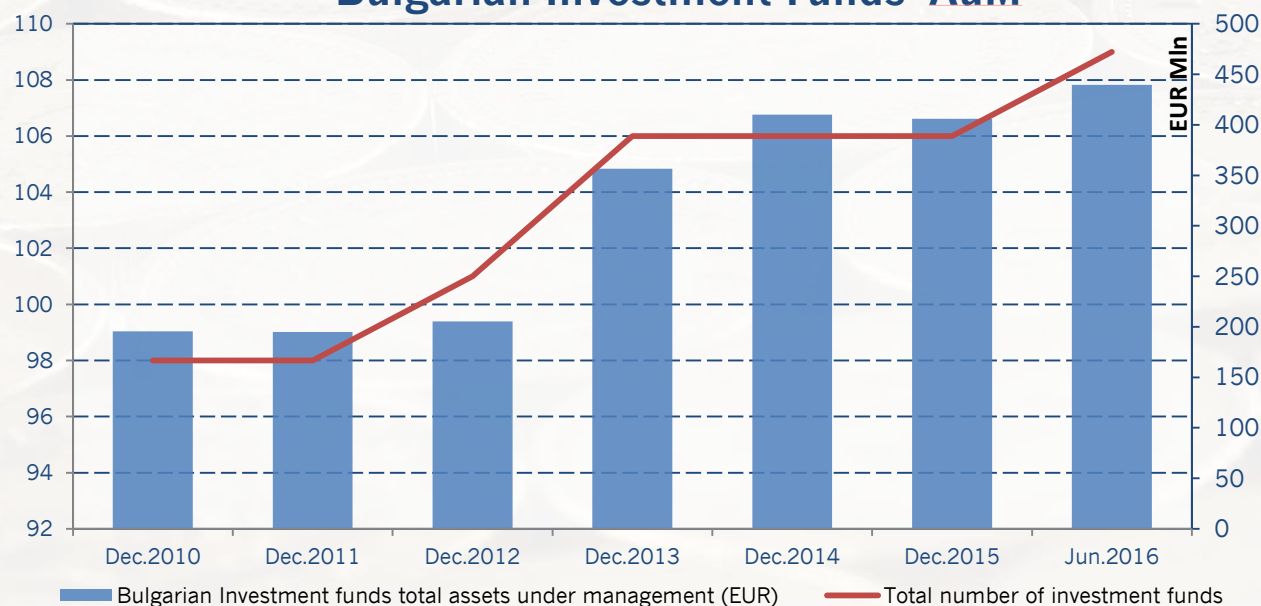
# Market Highlights

Asset management companies (June 2016)	30
Net Assets Under Management (AuM) of investment funds (EUR mln, June 2016)	440
Market Cap held by all institutional investors (EUR mln, Sept. 2016)	723
Share ownership by institutional investors (Sept. 2016)	20%
Share ownership in SOFIX companies by institutional investors (Sept. 2016)	16%
Share ownership in BGBX40 companies by institutional investors (Sept. 2016)	13%

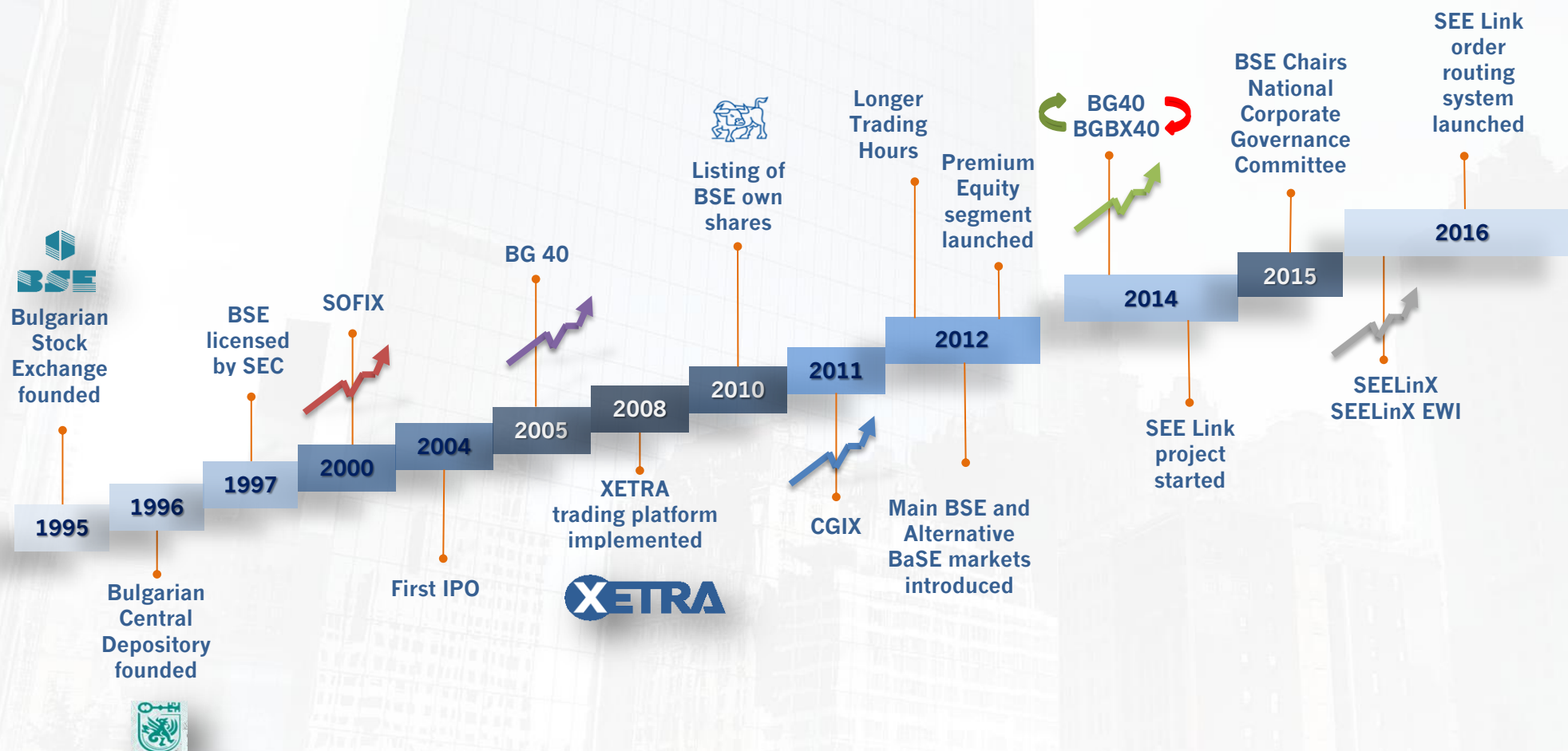
*Institutional investors include Investment funds, UCITs, Pension insurance companies*

*Sources: FSC, BAAMC*

## Bulgarian Investment Funds' AuM



# Milestones

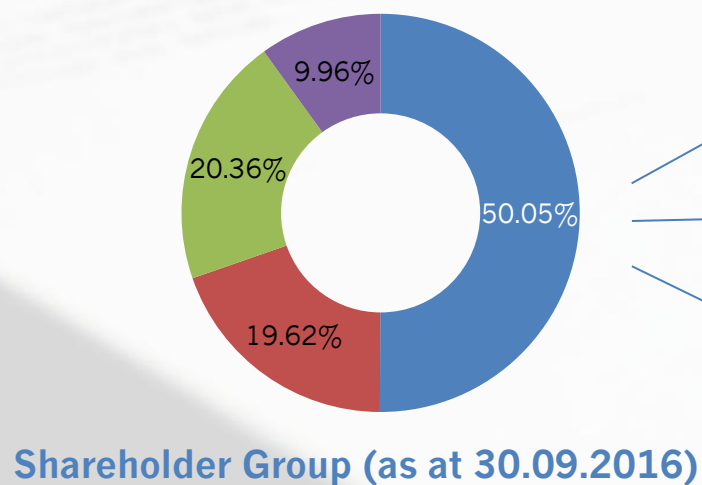




# Company Highlights

Ticker BSO  
 ISIN BG1100016978  
 Market: Main Market, Standard Equities Segment  
 Issue size 6 582 860

**Last 52 weeks**  
 High price (EUR) 1.304  
 Low price (EUR) 1.012  
 Last price (EUR) 1.227  
 Traded value (EUR) 434 860  
 Number of transactions 538  
 Shares traded 380 626  
 Market cap (EUR million) 8.07

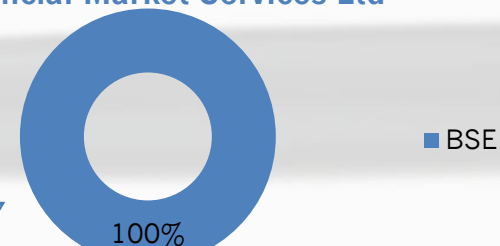


■ Ministry of Finance  
 ■ Brokerage Firms and Banks  
 ■ Other Legal Persons  
 ■ Natural Persons

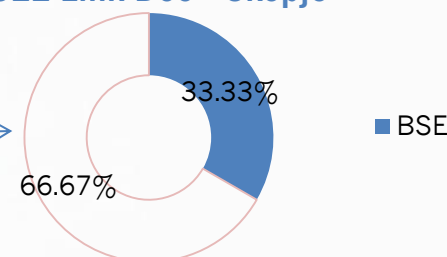
There is no limit on how many BSE shares could a single shareholder own. Nevertheless, acquiring 10% or more requires regulatory approval.

## BSE ownership – subsidiaries, joint venture and minority interest

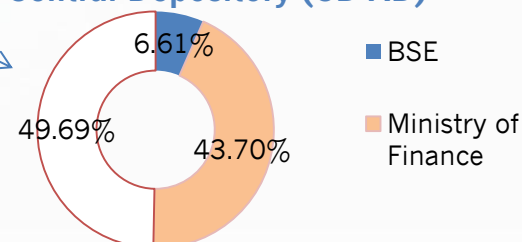
### Financial Market Services Ltd



### SEE Link Doo - Skopje



### Central Depository (CD AD)

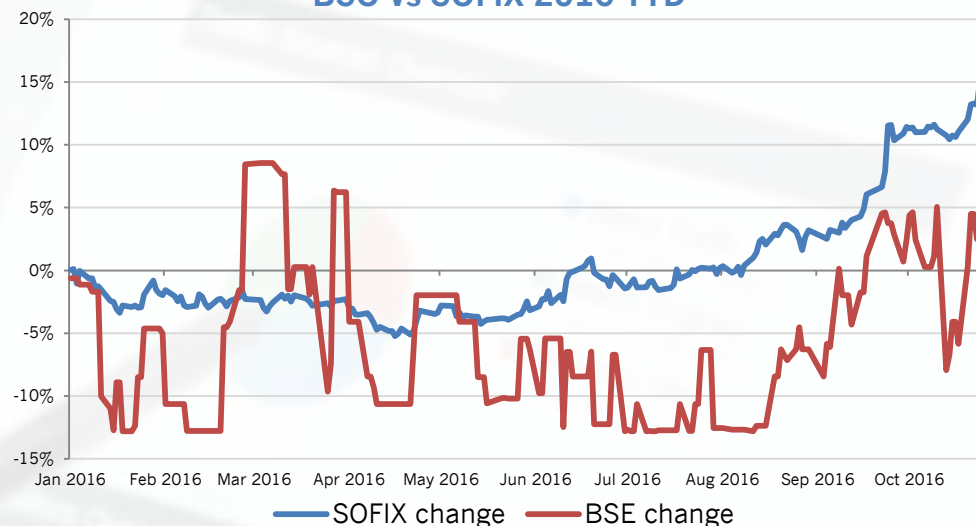




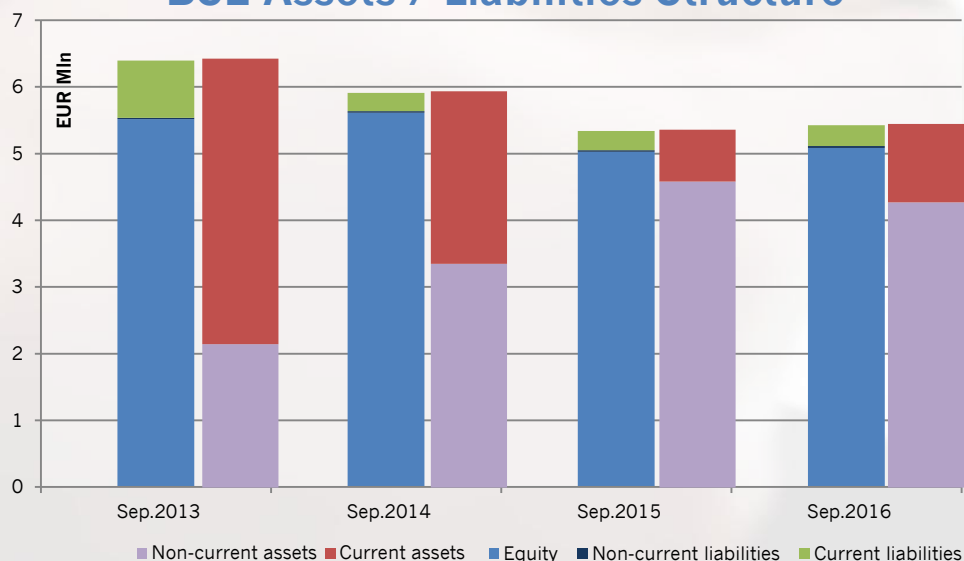
# BSE Financials And Market Performance

(EUR '000)	Q3 '13	Q3 '14	Q3 '15	Q3 '16
Operating income	1 082	875	622	738
Operating cost	-885	-873	-830	-850
Operating result	198	3	-208	-112
EBIT	325	146	-130	-30
EBITDA	395	198	-84	17
Net profit/loss	292	131	-130	-30
Profit/loss per share (EUR)	0.044	0.020	-0.020	-0.005

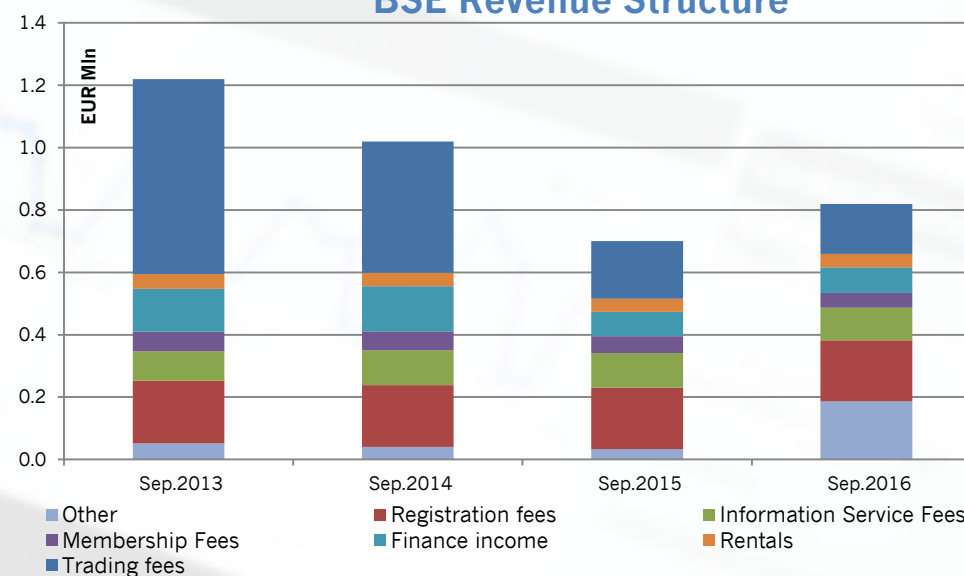
BSO vs SOFIX 2016 YTD



BSE Assets / Liabilities Structure



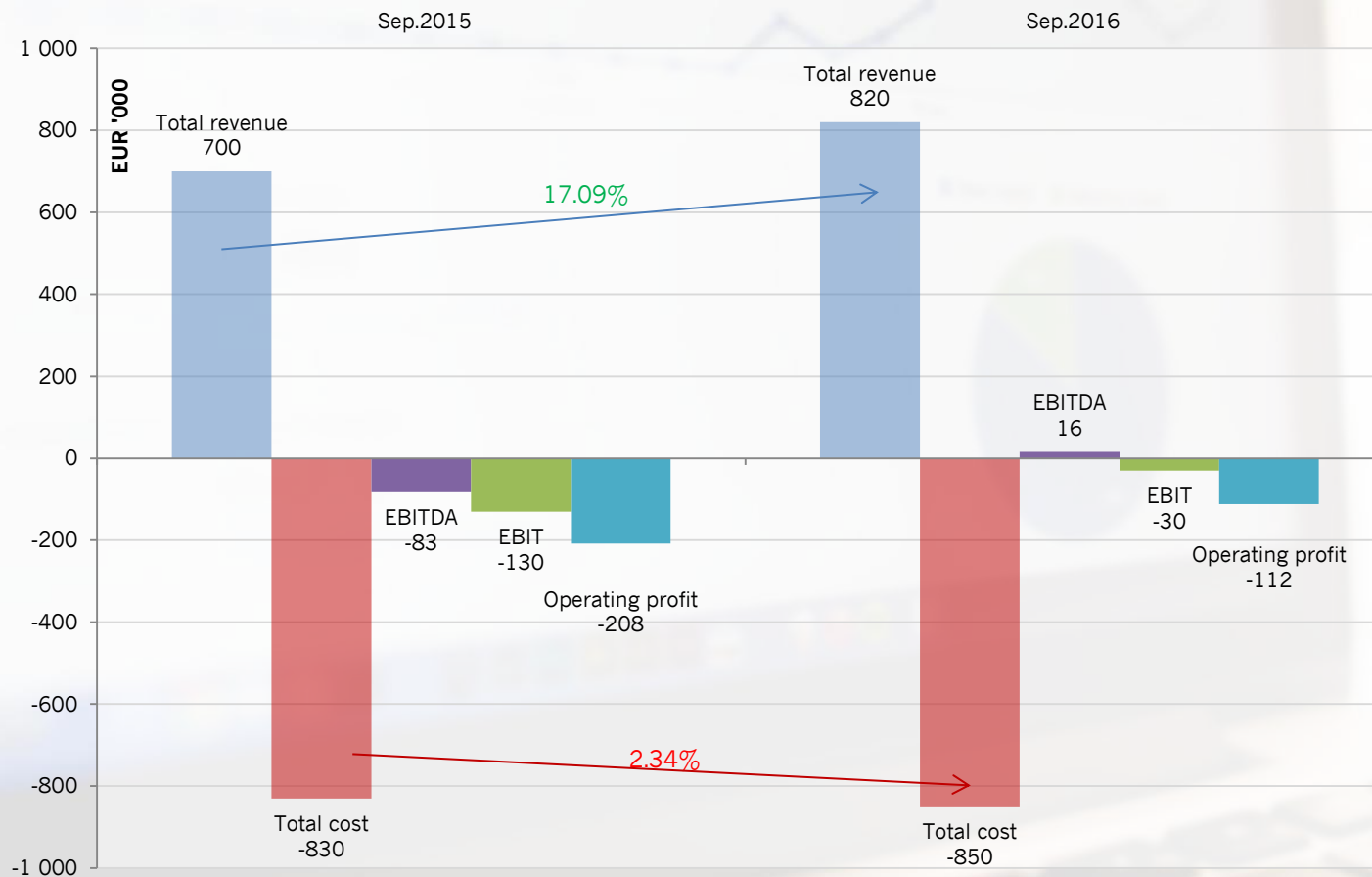
BSE Revenue Structure







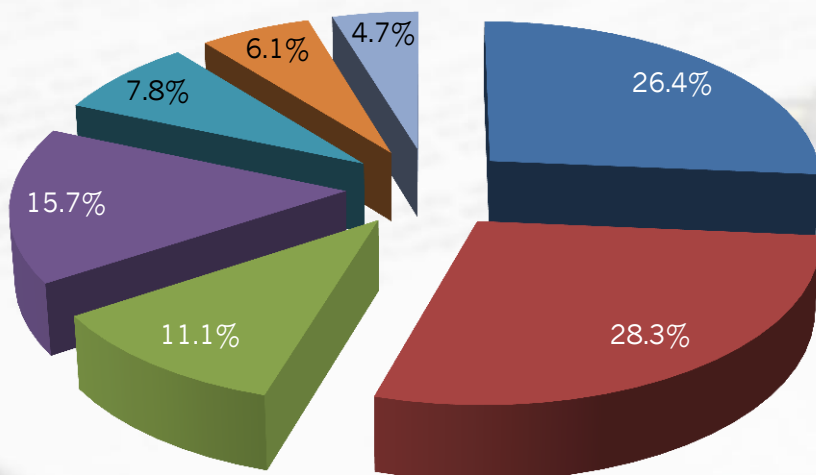
# BSE Financial Standing



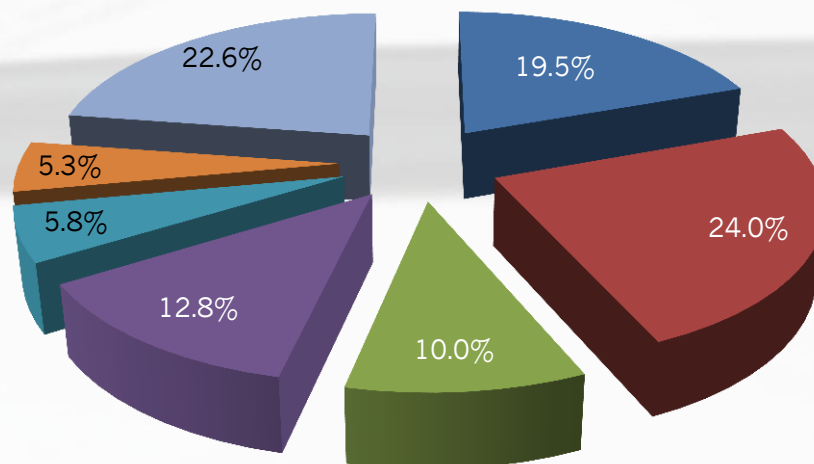


## BSE Revenue Structure

Revenue as of September 30, 2015



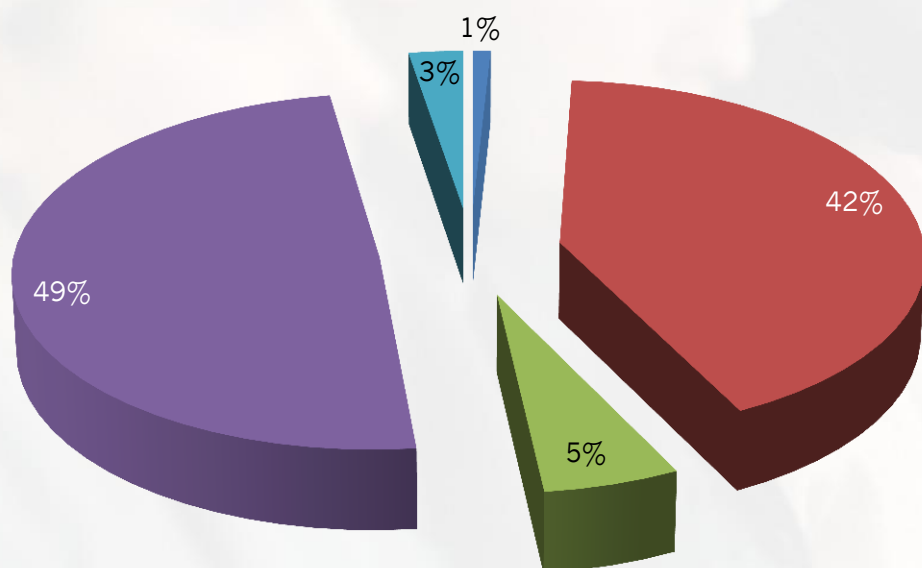
Revenue as of September 30, 2016



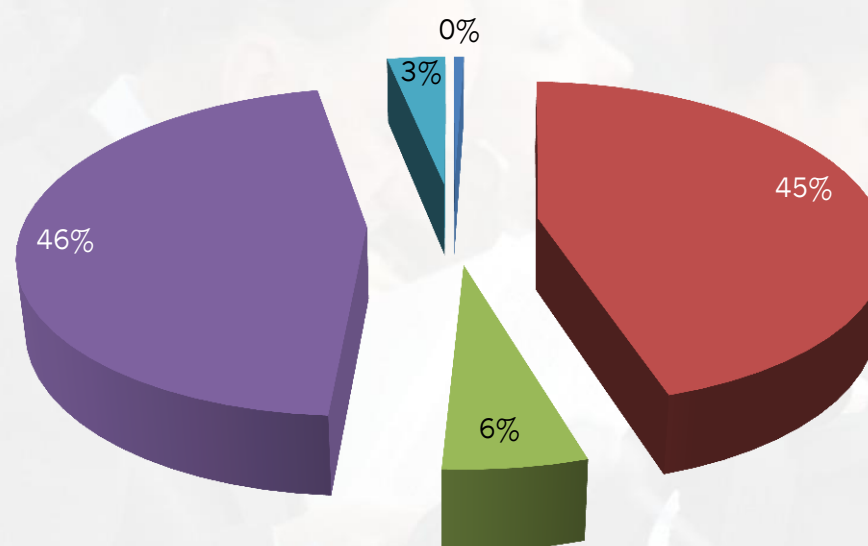
■ Trading fees ■ Registration fees ■ Finance Income ■ Information service fees ■ Membership Fees ■ Rentals ■ Other

## BSE Cost Structure

Cost as of September 30, 2015



Cost as of September 30, 2016



■ Materials and consumables

■ Hired services

■ Depreciation and amortisation

■ Personnel cost

■ Other operating expenses



## Main Priorities

*SEE Link* - Further integration and technical adaptations of all participating exchanges.

- *BSE International* to be made available in *See Link* once launched;
- Cross-border DVP settlement with Greece agreed;
- Discussions for further cross-border settlement arrangements.

News feed covering the region to be embedded in the *SEE Link* website.

*Treasuries* - domestic issues to be tradable on BSE as from mid-2017.

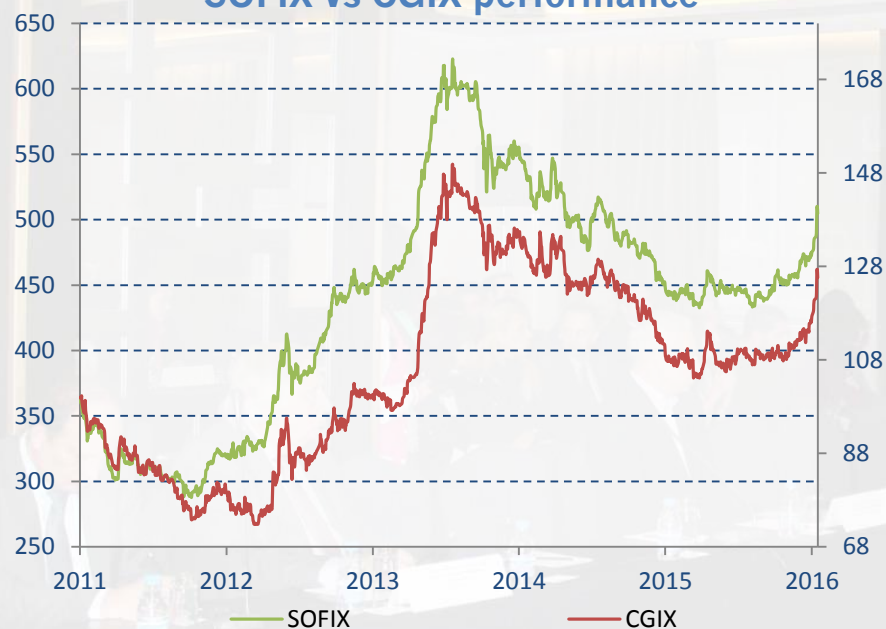
*BSE international market* - 75 instruments listed all over the world – equities / ETFs / ETCs / certificates at start will be continuously traded with auctions. All issues to be electronically quoted by a dedicated market-maker. Settlement for local brokers at CD AD and at Clearstream Luxemburg /CBL/ for the remote market-maker.

*Other key focus areas:*

- SME Growth Market to be launched as an incubator for companies to the size, experience and knowledge required to list on the official financial markets;
- Non-listed business research project to find potential companies, which could be financed through the stock market.

# Corporate Governance

**SOFIX vs CGIX performance**



BSE calculates an index of the companies with good corporate governance CGIX.

BSE is one of the founders of the National Corporate Governance Committee.

BSE is the author of the first corporate governance code back in 2006.

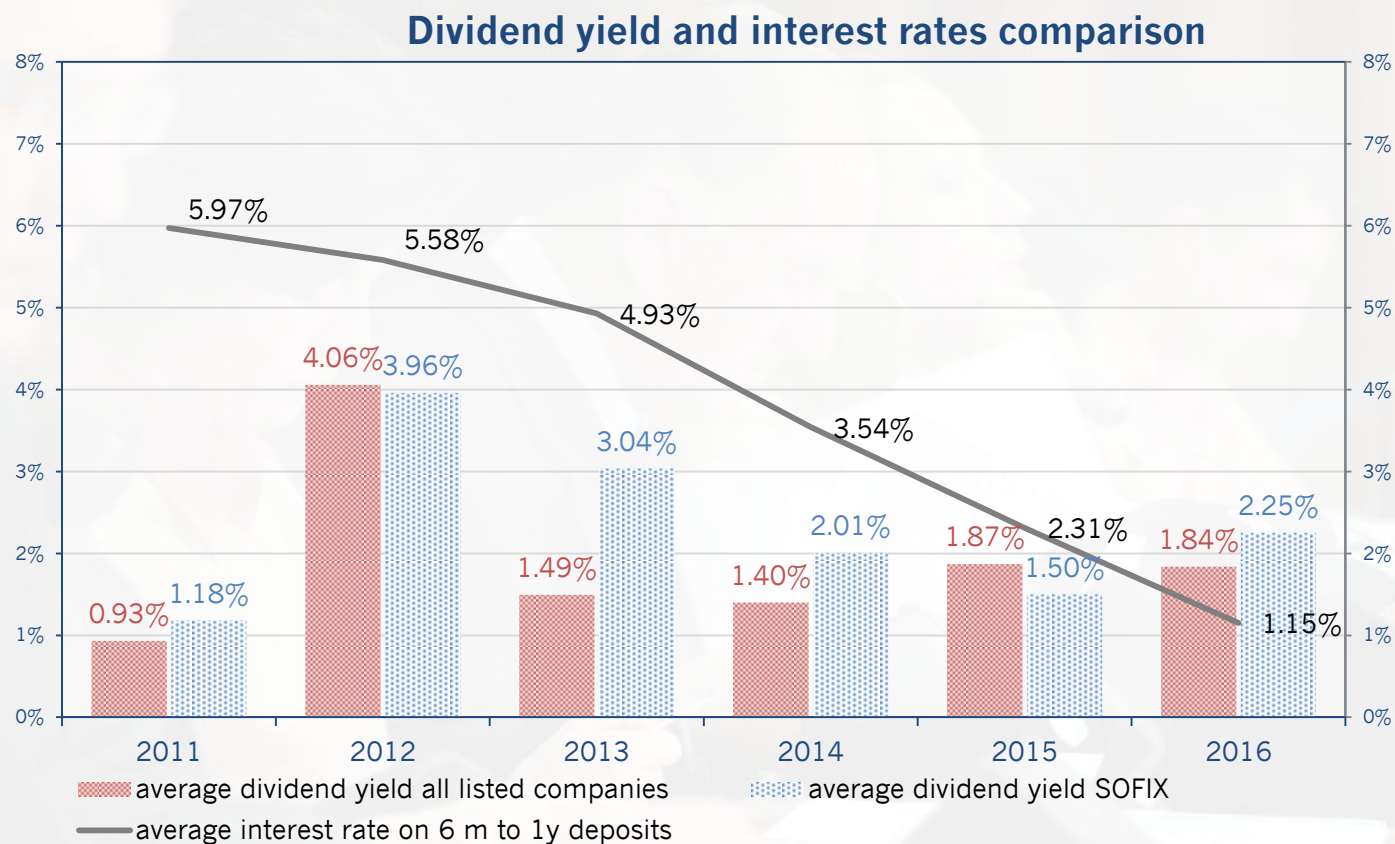
BSE is among the authors of the National Corporate Governance Code published in 2007 and the first non-listed company (at that time) to follow it.

BSE-Sofia is currently a rotational chairperson of the National Corporate Governance Committee.

BSE is among the companies that produce all company disclosure simultaneously in Bulgarian and English.

The CGIX index grew by 15.45% in 2016 (31.10 YTD), TTM the increase is 20.52%. The dividend yield of the companies, comprising the index, increased to 1.78% in 2016.

# Why Invest in Bulgaria: Dividends vs Interest Rates



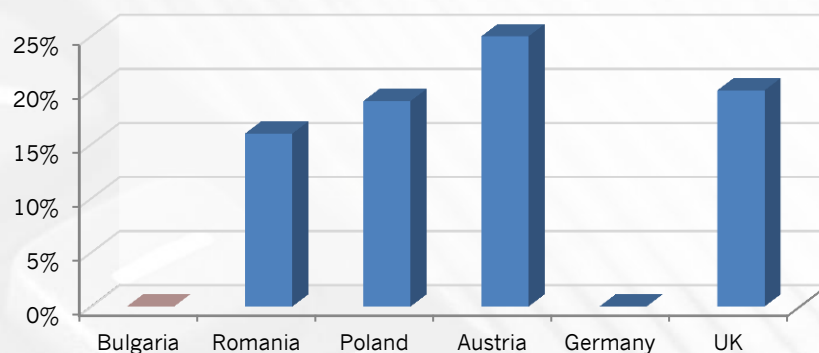
While bank deposits' interest rates are falling, in 2016 the average dividend yield of the SOFIX constituents increased, while average dividend yield of the market as a whole remained stable.



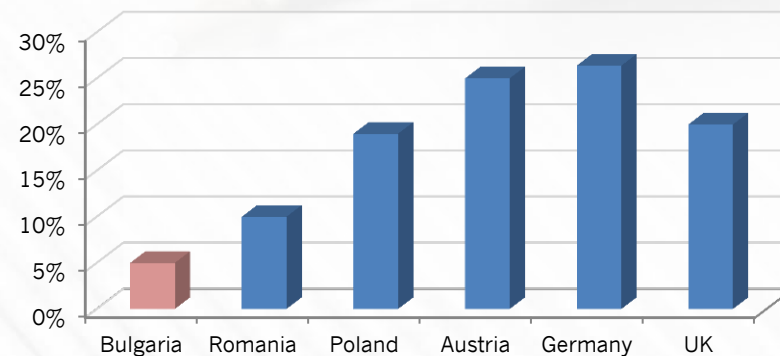


## Why Invest in Bulgaria: Legal Entities Taxation

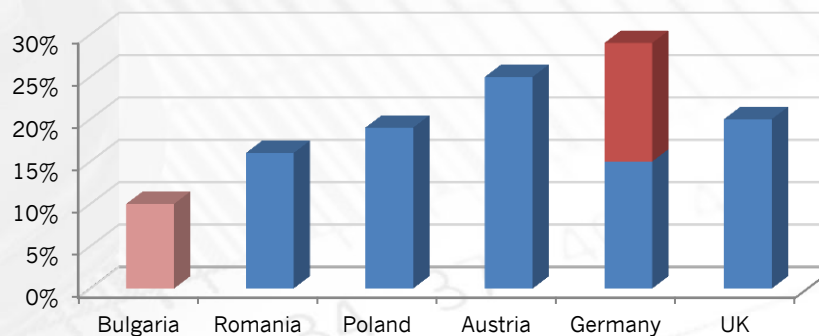
**Legal Person Capital Gains Taxation**



**Legal Person Dividend Taxation**



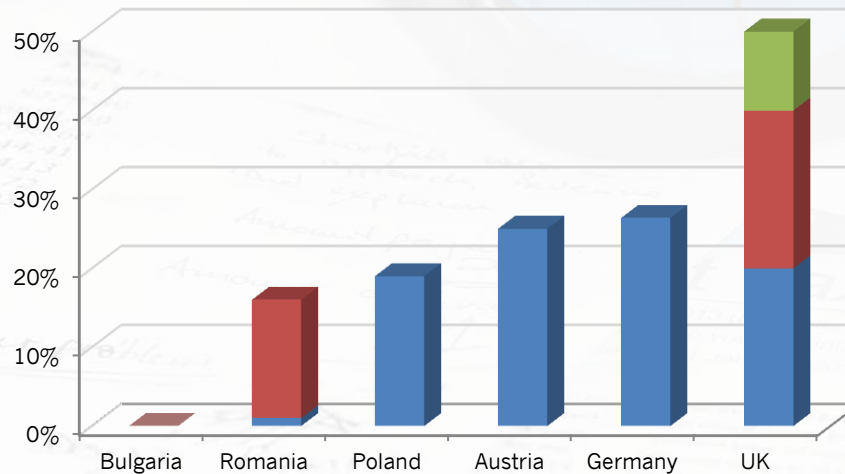
**Corporate Income Taxation**



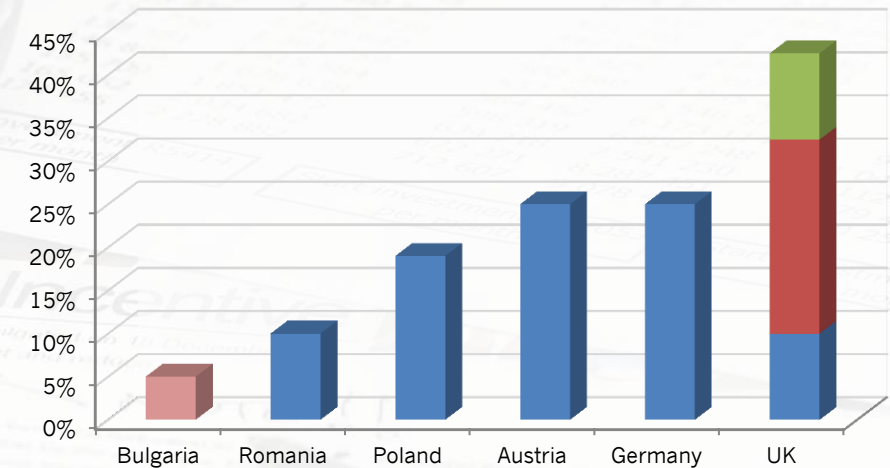


## Why Invest in Bulgaria: Natural Person Taxation

**Natural Person Capital Gains Taxation**



**Natural Person Dividends Taxation**

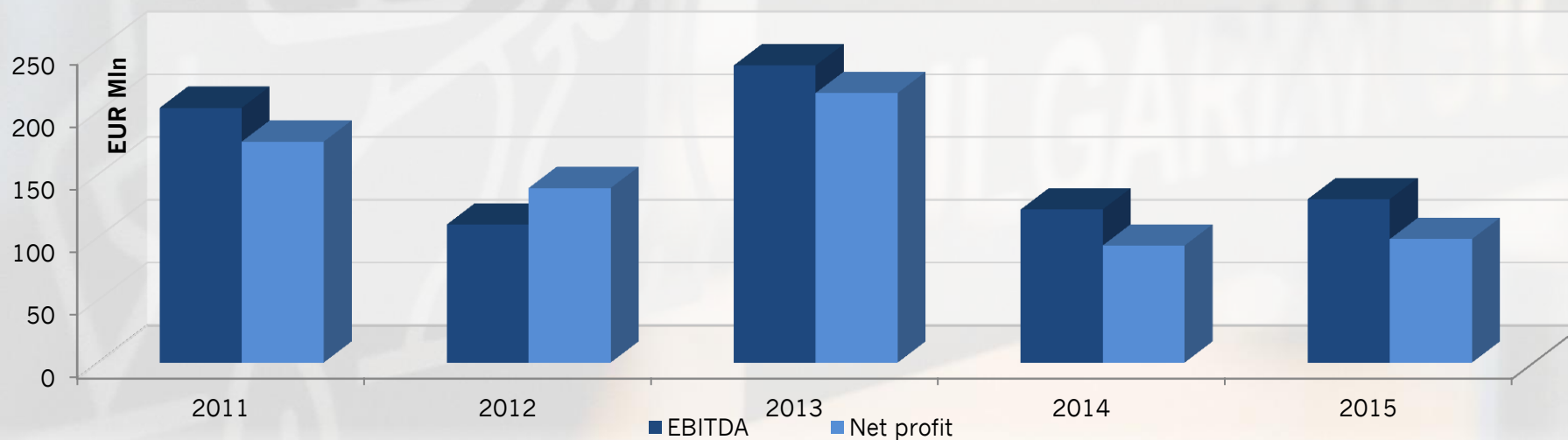
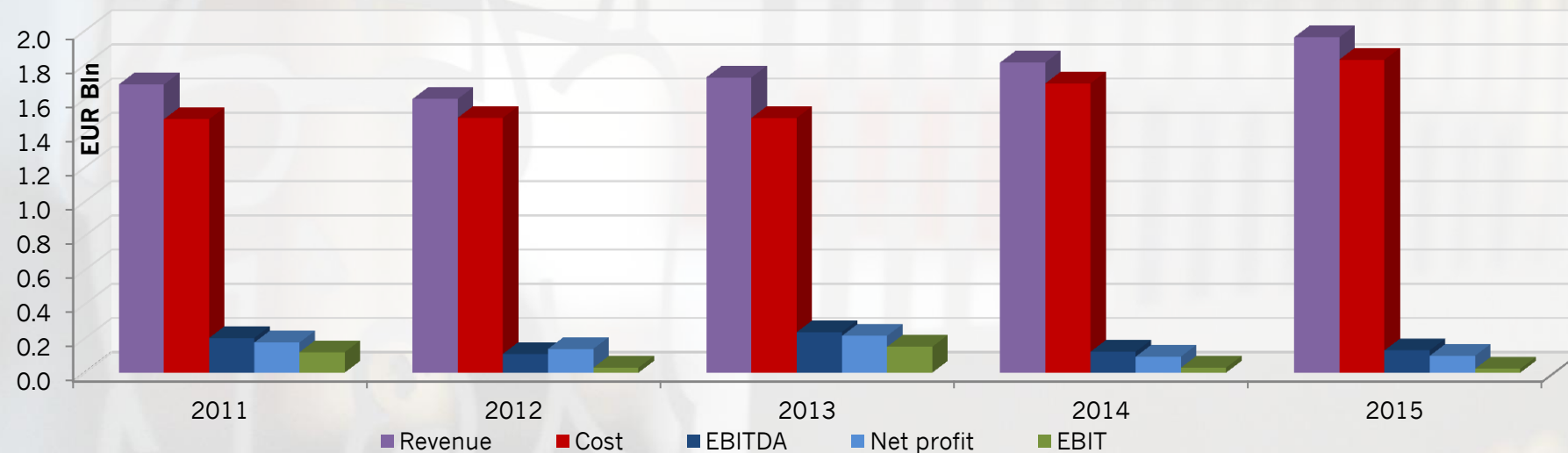


Bulgaria has:

- 0% tax on capital gains;
- 5% dividend withholding tax;
- 10% flat corporate & personal income tax.

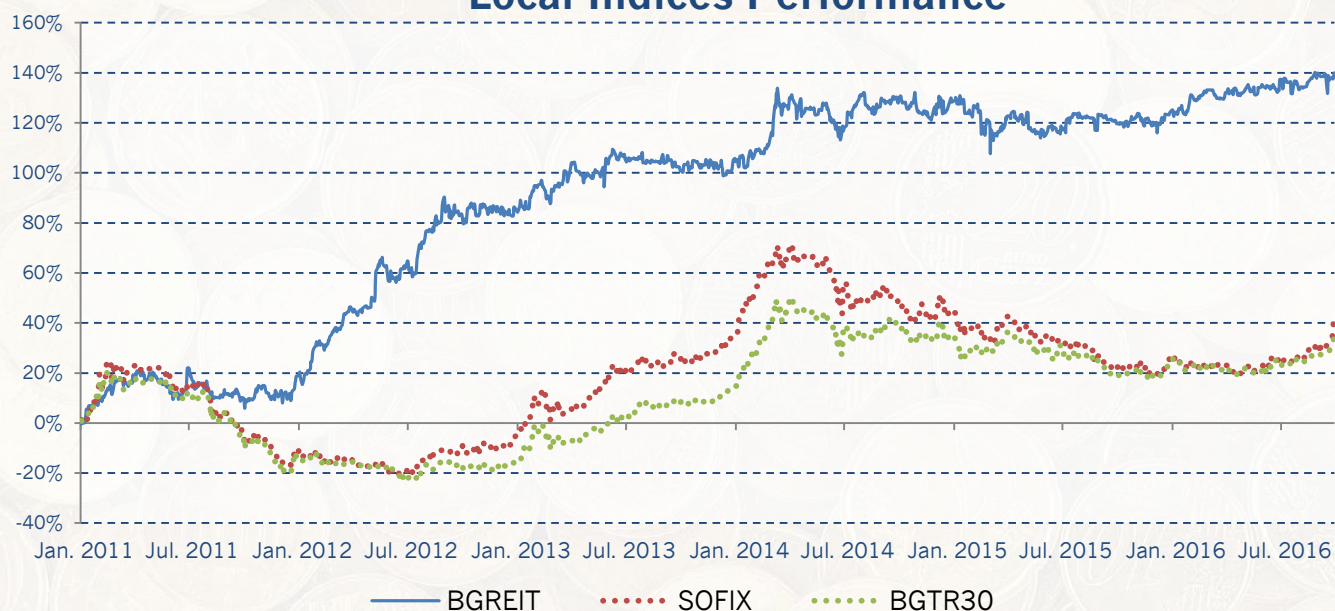
## **i** Why Invest in Bulgaria: Companies

### Financial Standing of SOFIX Constituents



# Why Invest in Bulgaria: Capital market

## Local Indices Performance

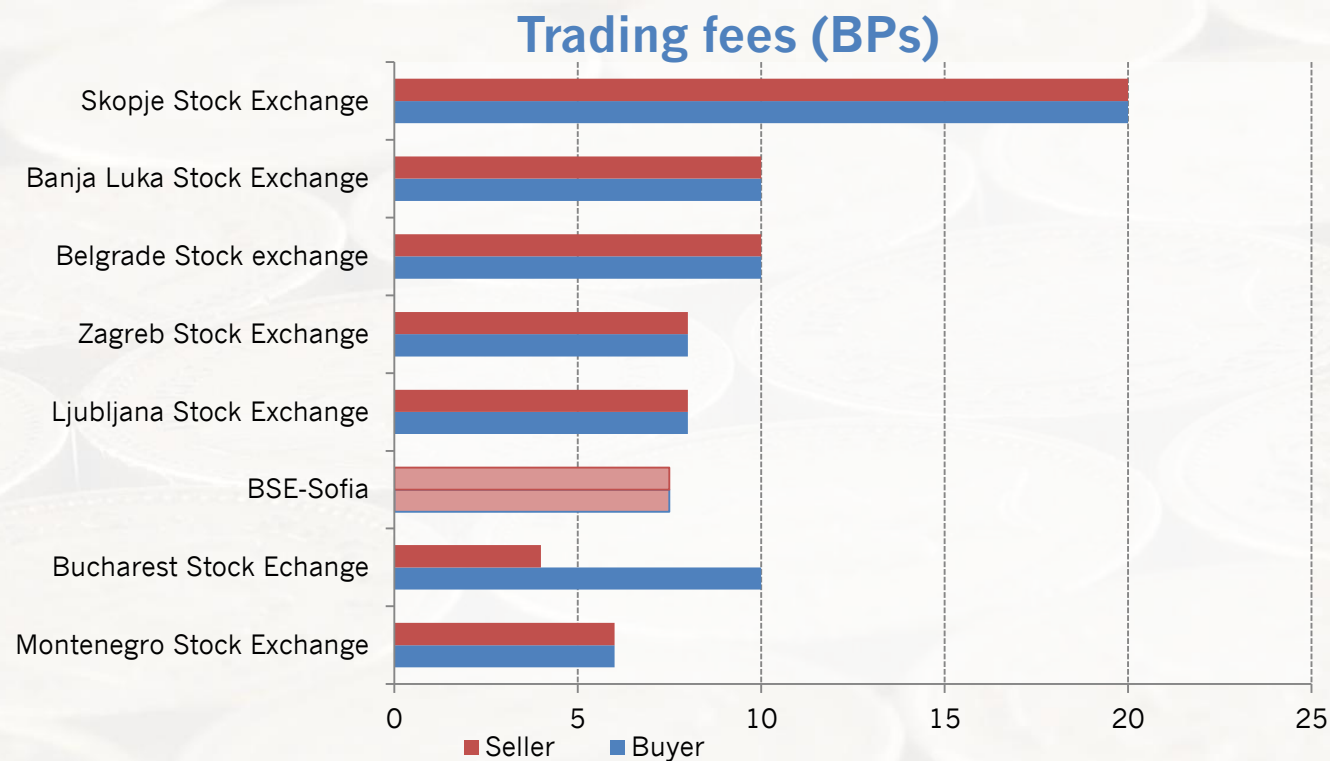


BGREIT, which follows the best performing companies, investing in agricultural land and real estate (REITs), outperforms all other indices even in periods of market crisis, when other indices plummet (2011-2012). Over six years BGREIT grew by 68.18 points or some 140%.

Index	52 weeks change (Nov 6, 2015 - Oct 28, 2016)
BUX	33.73%
MBI10	19.58%
<b>SOFIX</b>	<b>17.33%</b>
RTS	16.14%
CROBEX	14.56%
BELEX15	11.91%
FTSE 100	10.11%
SASX-10	0.70%
ATX	0.51%
WIG	-1.07%
DAX	-2.66%
ISE 100	-4.39%
PX Index	-6.36%
BET	-6.70%
CAC 40	-8.74%
Swiss Market Index	-11.84%



## Why Invest in Bulgaria: Trading fees

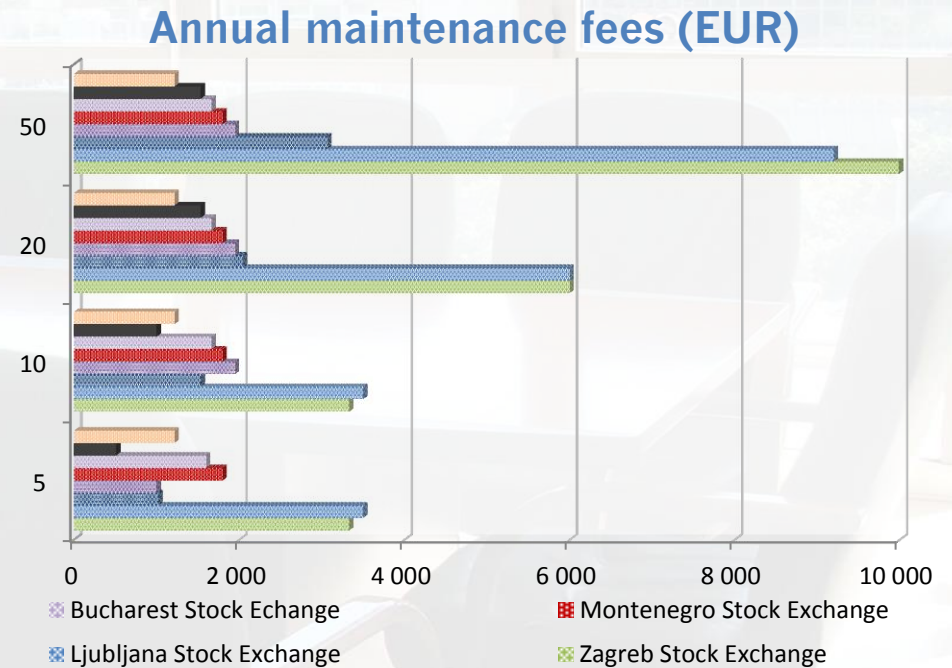
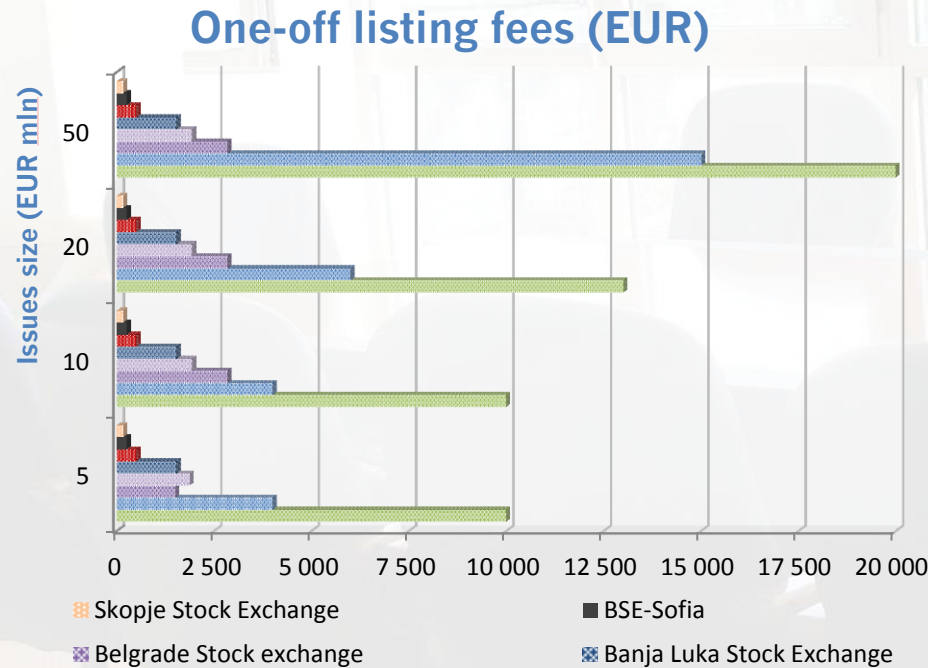


*Note: BSE charges per executed order regardless of the number of executions it may trigger.*





## Why Invest in Bulgaria: Listing fees



BSE has the **second lowest admission fees** and the **lowest annual maintenance fees** in the region.

One-off listing fees	Issue size (EUR mln)				EUR Total
	5	10	20	50	
Skopje Stock Exchange	162	162	162	162	<b>648</b>
<b>BSE</b>	256	256	256	256	<b>1 024</b>
Montenegro Stock Exchange	500	500	500	500	<b>2 000</b>
Banja Luka Stock Exchange	1 534	1 534	1 534	1 534	<b>6 136</b>
Bucharest Stock Exchange	1 865	1 932	1 932	1 932	<b>7 660</b>
Belgrade Stock exchange	1 500	2 841	2 841	2 841	<b>10 023</b>
Ljubljana Stock Exchange	4 000	4 000	6 000	15 000	<b>29 000</b>
Zagreb Stock Exchange	9 990	9 990	13 000	19 981	<b>52 961</b>

Annual maintenance fees	Issue size (EUR mln)				EUR Total
	5	10	20	50	
<b>BSE</b>	511	1 000	1 534	1 534	<b>4 579</b>
Skopje Stock Exchange	1 218	1 218	1 218	1 218	<b>4 872</b>
Bucharest Stock Exchange	1 599	1 665	1 665	1 665	<b>6 594</b>
Belgrade Stock exchange	1 000	1 948	1 948	1 948	<b>6 844</b>
Montenegro Stock Exchange	1 800	1 800	1 800	1 800	<b>7 200</b>
Banja Luka Stock Exchange	1 023	1 534	2 045	3 068	<b>7 669</b>
Ljubljana Stock Exchange	3 500	3 500	6 000	9 200	<b>22 200</b>
Zagreb Stock Exchange	3 330	3 330	6 000	9 990	<b>22 650</b>







## Why Invest in Bulgaria: Perspective

Country credit rating	Local currency	Foreign currency	Perspective
Fitch	BBB-	BBB-	Stable
Moody's	Baa2	Baa2	Stable
Standard&Poor's	BB+	BB+	Stable

Source: Ministry of finance

	2011	2012	2013	2014	2015
GDP Growth (% , yoy)	1.9%	0.0%	0.9%	1.3%	3.6%
Inflation (% , yoy)	2.8%	4.2%	-1.6%	-0.9%	-0.4%
Unemployment (%)	10.4%	11.4%	11.8%	10.7%	10.0%

Source: BNB

2016 (F)	2017 (F)
European Economic Forecast Spring 2016	
2.0%	2.4%
-0.7%	0.9%
8.6%	8.0%
Ministry of Finance Forecast	
2.6%	2.5%
-1.0%	1.5%
8.1%	7.3%



## Investor Relations Contacts

If you have any questions, regarding the activities of BSE-Sofia, contact us at:

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