

Methodology for Calculation of Financial Ratios

BSE-Sofia calculates the financial ratios listed below for the companies listed on the Official Market of Equities ("A" and "B" segments) and for the companies listed on the Unofficial Market of Equities "A":

1. Price-To-Earnings Ratio (P/E)
2. Price-To-Sales Ratio (P/S)
3. Price-To-Book Ratio (P/B)
4. Return On Equity (ROE)
5. Return On Assets (ROA)
6. Earning Before Interest & Tax (EBIT)
7. ROE using EBIT
8. ROA using EBIT
9. Price-To-EBIT Ratio (P/EBIT)
10. Debt-To-Equity Ratio (DER)
11. Coefficient on Liquidity (COL)
12. Assets Turnover (AT)

Note: For the companies, which prepare consolidated financial reports, there will be two different values calculated for each of the ratios above:

- One based on the data in the consolidated reports, and
- Another based on the data in the non-consolidated reports.

Financial Ratios

1. *Price-To-Earnings Ratio (P/E)*

$$P/E = \frac{\text{Price per share (P)}}{\text{Earnings per share (EPS)}}$$

Where:

(P) shall be the weighted-average price per share as of the last trading session, on which shares of the company have been transacted;

(EPS) shall be the net profit of the company for the last four quarters divided by the number of outstanding shares

Note: When calculating the ratio on the grounds of the data in a *consolidated report*, only the net profit of the group shall be taken into consideration

P/E of SOFIX index shall be the sum of the market capitalisations of all companies included in the index, divided by the sum of the respective net profits.

P/E of BG40 index shall be the average value of the P/E ratios of all companies included in the index.

If a company included in SOFIX and/or BG40 prepares a consolidated report, the respective net profit of that report shall be taken into consideration.

2. *Price-To-Sales Ratio (P/S)*

$$P/S = \frac{\text{Price per share (P)}}{\text{Sales per share (S)}}$$

Where:

(P) shall be the weighted-average price per share as of the last trading session, on which shares of the company have been transacted;

(S) shall be the revenues (sales) of the company for the last four quarters divided by the number of outstanding shares

Note: When calculating the ratio for a *bank*, the net income from interests and dividends shall be used (instead of revenues or sales)

When calculating the ratio for an *insurance company*, the gross premiums from general and life insurance shall be used (instead of revenues or sales)

3. Price-To-Book Ratio (P/B)

$$P/B = \frac{\text{Price per share (P)}}{\text{Book value per share (B)}}$$

Where:

(P) shall be the weighted-average price per share as of the last trading session, on which shares of the company have been transacted;

(B) shall be the equity of the company as per the last financial report divided by the number of outstanding shares

Note: When calculating the ratio on the grounds of the data in a *consolidated report*, the minority participation in the equity shall not be taken into consideration

P/B of SOFIX index or of BG40 index shall be the average value of the P/B ratios of all companies included in the respective index. If a company included in SOFIX and/or BG40 prepares a consolidated report, the respective P/B ratio shall be taken into consideration.

4. Return On Equity (ROE)

$$ROE = \frac{\text{Net Income}}{\text{Equity}}$$

Where:

(Net income) shall be the net profit of the company for the last four quarters

(Equity) shall be the average value of the equity as per the last five quarterly reports

Note: When calculating the ratio on the grounds of the data in a *consolidated report*, only the net profit of the group shall be taken into consideration

When calculating the ratio on the grounds of the data in a *consolidated report*, the minority participation in the equity shall not be taken into consideration

5. Return On Assets (ROA)

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}}$$

Where:

(**Net income**) shall be the net profit of the company for the last four quarters

(**Total Assets**) shall be the average value of the total assets as per the last five quarterly reports

Note: When calculating the ratio on the grounds of the data in a *consolidated report*, only the net profit of the group shall be taken into consideration

6. Earnings Before Interest & Tax (EBIT)

$$\text{EBIT} = \text{Profit Before Tax} + \text{Interest Expenses}$$

Where:

(**Profit before tax**) shall be the profit before taxation of the company for the last four quarters

(**Interest expenses**) shall be the interest expenses of the company for the last four quarters

Note: The profit before tax in the **consolidated reports** includes the profit or loss of the minority participation.

7. Return On Equity Using Earnings Before Interest & Tax (ROE using EBIT)

$$\text{ROE using EBIT} = \frac{\text{Earnings Before Interest \& Tax (EBIT)}}{\text{Equity}}$$

Where:

(**EBIT**) shall be the *Earnings Before Interest & Tax* as per item 6 above

(**Equity**) shall be the average value of the equity as per the last five quarterly reports

Note: When calculating the ratio on the grounds of the data in a *consolidated report*, the minority participation in the equity shall not be taken into consideration

8. Return On Assets Using Earnings Before Interest & Tax (ROA using EBIT)

$$\text{ROA using EBIT} = \frac{\text{Earnings Before Interest \& Tax (EBIT)}}{\text{Total Assets}}$$

Where:

(**EBIT**) shall be the *Earnings Before Interest & Tax* as per item 6 above

(**Total Assets**) shall be the average value of the total assets as per the last five quarterly reports

9. Price-To-EBIT Ratio (P/EBIT)

$$P / \text{EBIT} = \frac{\text{Price per share (P)}}{\text{Earnings Before Interest \& Tax (EBIT)}}$$

Where:

(P) shall be the weighted-average price per share as of the last trading session, on which shares of the company have been transacted;

(EBIT) shall be the *Earnings Before Interest & Tax* as per item 6 above.

10. Debt-To-Equity Ratio (DER)

$$\text{DER} = \frac{\text{Current Liabilities} + \text{Non-current Liabilities}}{\text{Equity}}$$

Where:

(**Current Liabilities**) shall be the current liabilities as per the last report of the company

(**Non-current Liabilities**) shall be the non-current liabilities as per the last report of the company

(**Equity**) shall be the equity as per the last report of the company

11. Coefficient on Liquidity (COL)

$$\text{COL} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Where:

(**Current Assets**) shall be the current assets as per the last report of the company

(**Current Liabilities**) shall be the current liabilities as per the last report of the company

12. Assets Turnover (AT)

$$\text{AT} = \frac{\text{Sales}}{\text{Total Assets}}$$

Where:

(**Sales**) shall be the revenues (sales) of the company for the last four quarters

(**Total Assets**) shall be the average value of the total assets per the last five quarterly reports

Note: When calculating the ratio for a *bank*, the net income from interests and dividends shall be used (instead of sales)

When calculating the ratio for an *insurance company*, the gross premiums from general and life insurance shall be used (instead of sales)

N.B:

***Last report** indicates the respective date of the reported data used for calculation of the ratios

***„con”** shall indicate the ratios calculated on the base of consolidated reports

* If a company is in a stage of capital increase, the respective ratios shall be in red

* If a ratio has a negative value, no value shall be visualized.