



sopharma®

GROUP PRESENTATION



SOPHARMA GROUP PRESENTATION

Who we are

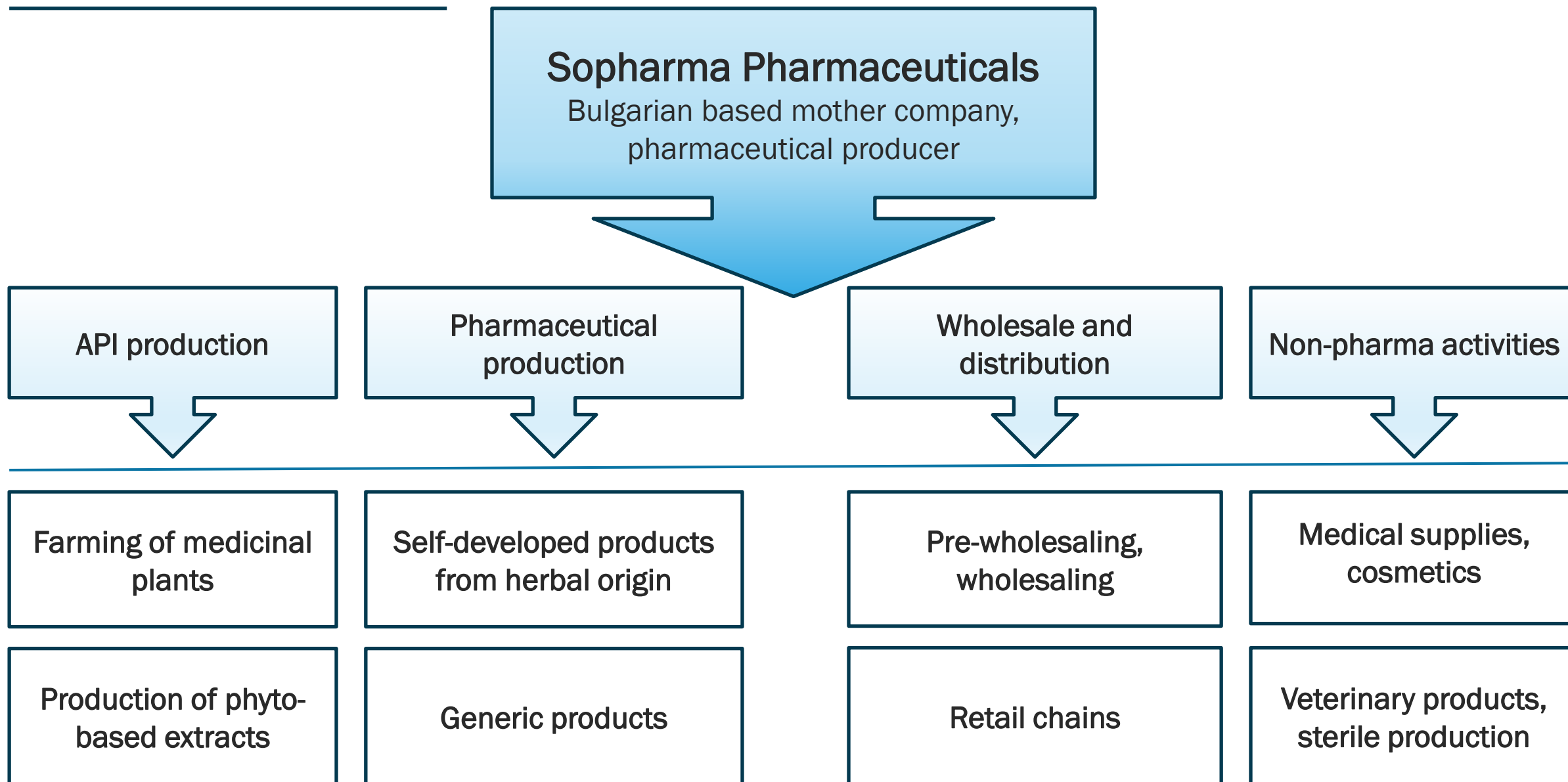
WHO WE ARE

Sopharma Group in brief

- More than **80 years tradition** and a modern approach to the production of medicines
- Leading, **vertically-integrated** Bulgarian manufacturer, exporter and distributor of pharmaceutical and other health related products
- **39 subsidiaries**, 7 joint-ventures and 2 associate companies in 7 countries
- Strong presence in **Southern and Eastern Europe**
- **Active on over 40 markets**, on 5 continents



SOPHARMA GROUP STRUCTURE





SOPHARMA CORPORATE PRESENTATION

2016 FINANCIAL OVERVIEW

Key Financial Highlights



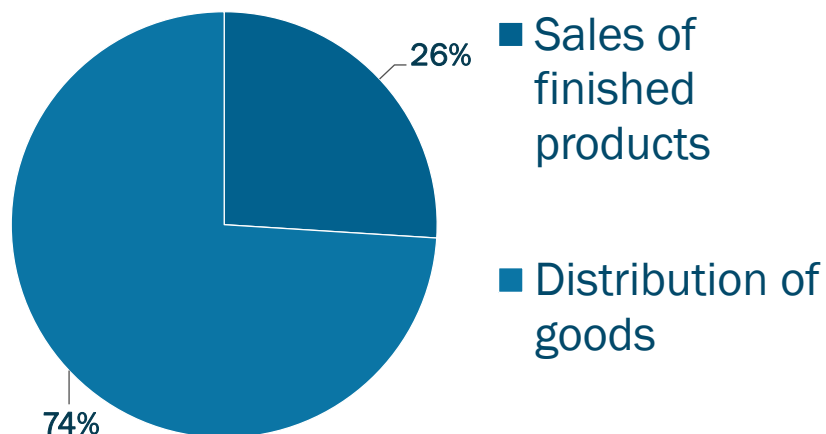
Sopharma Group in million BGN

	2016	2015	Change
Revenue	877	875	0.2%
EBITDA	74	63	17.4%
EBITDA margin	8.4%	7.2%	
Operating profit	45	36	23.6%
Operating profit margin	5.1%	4.2%	
Net profit	55	23	142.9%
Net profit margin	6.6%	2.3%	

- Revenue from sales increased to BGN 877 million in 2016 vs. BGN 875 million 2015
- EBITDA increased by 17.4% in 2016 vs. 2015 driven by an optimization of the foreign exchange differences
- Operating profit increased by 23.6% in 2016 vs. 2015
- Net profit increased by 142.9% in 2016 mainly due to one-off effects from sale of subsidiaries and gains from associates

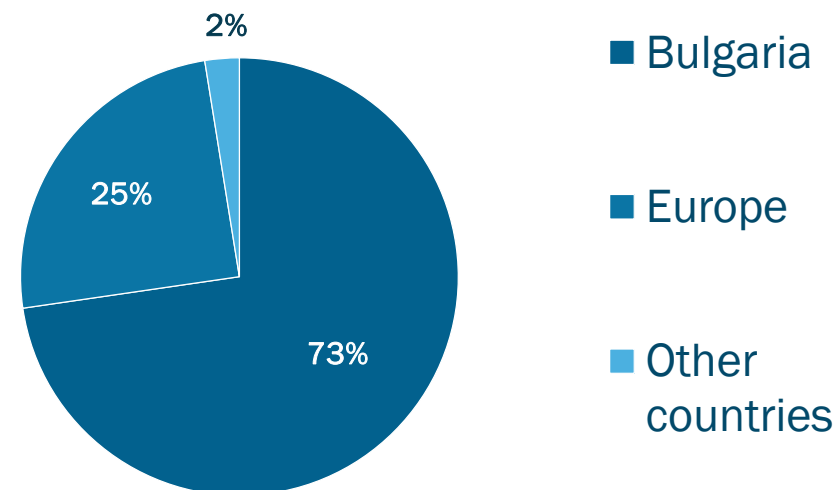
Sales revenue breakdown

Revenue breakdown by segments in 2016



- Sales of finished products decreased by 8% in 2016 vs. 2015, mainly due to the challenging environment in Russia and the Ukraine
- Distribution of health related products increased by 3% in 2016 vs. 2015

Revenue breakdown by geographic region in 2016

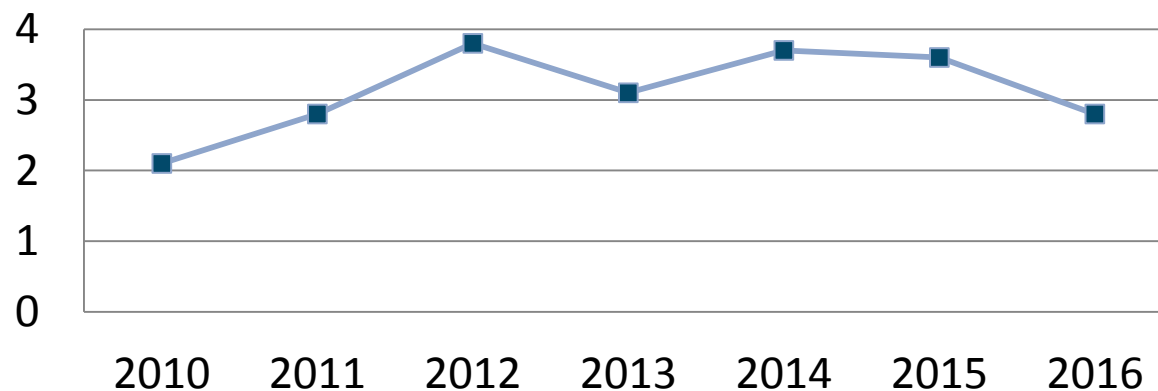


- Sales revenue in Bulgaria has a significant share as a result of distribution of goods
- Russia and Ukraine are main export markets of the Group - 6.4% and 5.9% of revenue in 2016

Leverage Net debt/EBITDA

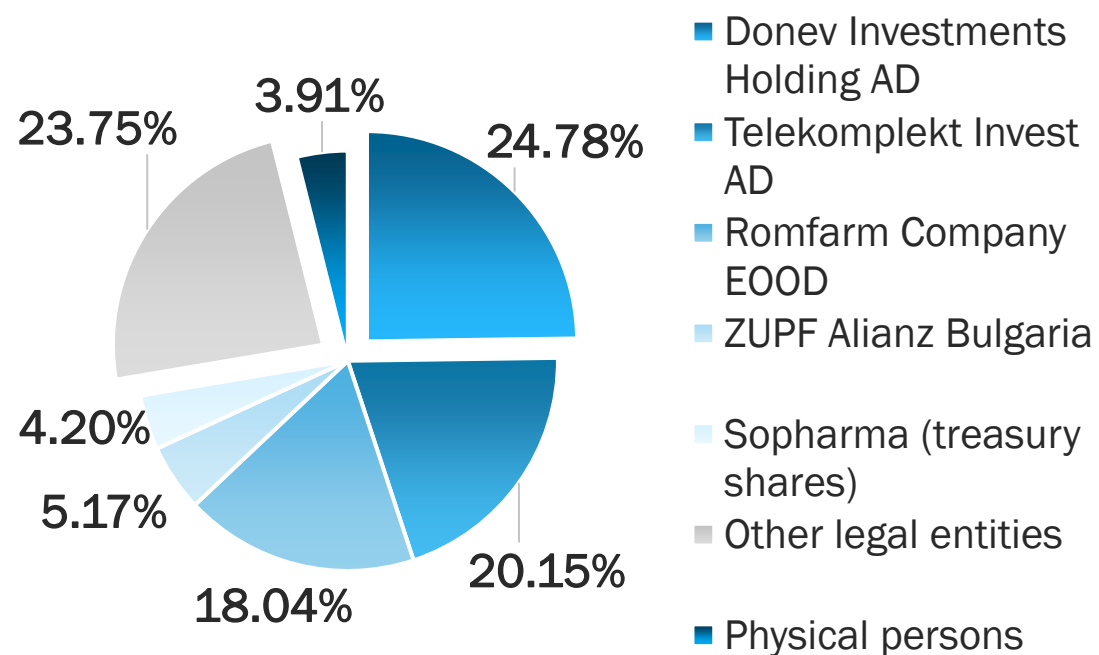


	2010	2011	2012	2013	2014	2015	2016
Net debt/ EBITDA	2.1x	2.8x	3.8x	3.1x	3.7x	3.6x	2.8x



- Net debt decreased by BGN 17 million to BGN 206 million
- Long-term loans BGN 29 million
- Main reason for the short-term exposure is the leading position of the Group on the Bulgarian hospital market – high volume sales, liberal payment schedule, low risk
- Group leverage target - below 3x
- Net debt/EBITDA covenants - max 4x

Shareholder structure



- Listed on the Bulgarian and Warsaw stock exchanges – 3JR/SPH
- Capital 134 797 899 shares
- 10.05.2016 closing price **3.905 BGN** (BSE – Sofia AD)
- Market cap **526 385 796 BGN**
- Free float **27.66%**

Dividend policy



Dividend per share in BGN

	2010	2011	2012	2013	2014	2015	2016 proposal
Sopharma AD	0.085	0.07	0.07	0.07	no dividend	0.07	0.10
Sopharma Trading AD	0.15	0.17	0.20	0.23	0.27	0.30	0.30

Dividend payout ratio

	2010	2011	2012	2013	2014	2015	2016 proposal
Sopharma AD	28%	23%	23%	27%	no dividend	37%	36%
Sopharma Trading AD	75%	85%	91%	91%	82%	82%	74%

- The Board of Directors of Sopharma AD proposed a dividend of 0.10 BGN per share, 43% dividend increase compared to 2015
- Sopharma Trading AD has a solid strong dividend policy, payout ratio continues to be over 70%



SOPHARMA CORPORATE PRESENTATION

PLANS AND FINANCIAL OUTLOOK 2017



LOOKING AHEAD

ON THE LOOKOUT FOR OPPORTUNITIES

- **Bulgaria** – acquisition of a local pharmacy chain
- **Serbia** – pending acquisition of a regional distributor
- **Moldova** – acquisition of a controlling stake in a local distributor
- **Consolidation** - mergers of subsidiaries Unipharm AD and Medica AD
- **Tabex** – expecting successful registration of our smoking cessation drug in the USA starting 2018

2017 GUIDANCE



- Expected growth of finished products sales due to stabilization in Russia and Ukraine markets
- Growth of goods sales mainly as a result of new acquisitions
- Further integration in the Group – optimization of the cost structure, entire control of the production chain and benefits from potential synergies
- CAPEX – construction of a new lyophilic plant to increase production, investments within depreciation levels
- M & A – Unipharm AD tender offering, merger of Medica AD, local pharmacy chain and strong regional distributor in Serbia



SOPHARMA CORPORATE PRESENTATION

**Thank you for your time and
attention!**

Boris Borisov

Financial Director

e-mail: boris@sopharma.bg