

CORE BUSINESS

The Sopharma Group (the Group) is a leading, vertically-integrated Bulgarian manufacturer, exporter and distributor of pharmaceutical products with a strong presence in Eastern, South-East Europe, the Baltic States, Ukraine, Russia and other countries in the region. The Group offers a wide range of prescription and OTC pharmaceutical products, health care services and other health related products.

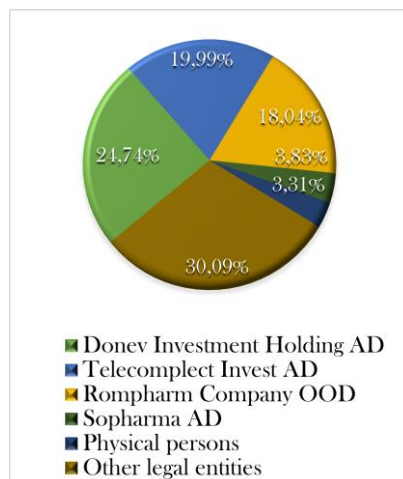
The Group operates in the following business areas:

- production of pharmaceuticals, including medicines, mainly generics, and phyto-based substances, nutrition and food supplements (“Production of Pharmaceuticals”), which is primarily carried out by the Company and, to a lesser extent, by its production Subsidiaries, including Unipharm in Bulgaria, Vitaminy in Ukraine and Ivancic i Sinovi in Serbia;
- distribution of pharmaceutical products, medical consumables, sanitary materials, vitamins, food additives and cosmetics (“Distribution of Pharmaceuticals”), which is primarily carried out by Sopharma Trading in Bulgaria and Briz in Latvia; and
- production and distribution of non-pharmaceutical products, mainly medical devices, such as syringes and other disposable materials for medical use (“Production of Medical Devices”), which is mainly carried out by Momina Krepost and Medica.

General information about Sopharma AD

The company performs the production and marketing of medicinal substances and dosage forms; research, engineering and implementation activities in the field of phytochemistry, chemistry and pharmacy. Sopharma AD performs services as a production function and related ancillary and service activity.

Shareholder structure



The largest share of the capital of the company is held by legal entities - mostly financial services companies, as well as pension funds. The shares of the company are registered and freely transferable. As at the end of the first quarter of 2015 the company has over 33% free float.

Management Board

Sopharma AD has a one tier management system with a Board of Directors of five members as follows: Ognian Donev, PhD - Chairman, Vessela Stoeva - Deputy-Chairman and members Alexander Tchaushev, Andrey Breshkov and Ognian Palaveev. The company is represented and managed by the Executive Director Ognian Donev, PhD.

Products

The company has more than 210 products in its portfolio: mainly generics and 15 original products, 12 products are phyto based. The original products of the Company (and in particular Carsil and Tempalgin) are key contributors to its revenues from export markets, while for the domestic sales the most important products are generics, among which is the leading medicine Analgin.

Intellectual property

Although oriented towards generic pharmaceuticals, Sopharma AD is known for many years with its traditional production of several unique products based on plant extracts obtained by self-developed extraction technologies. These products are protected in addition to trademark and patent or corporate know-how.

In all the years of its existence, Sopharma AD generates and protects its intellectual property. As a result, the company owns a large number of intellectual property, most of which - registered rights (trademarks, patents, designs) and unregistered items - mainly technology.

R&D

Sopharma AD focuses its R & D mainly on generics. R & D projects are focused on finding and developing new formulas and composition or physical properties (such as formulation or tablets) products in order to adapt them to current market needs. Strategic goal of Sopharma AD in the future is to achieve a stable result development of eight to ten new products per year.

Earnings

Year over year sales revenue of the Group increased by 4.08 million EUR or 3.7%, reaching 113.3 million EUR in the first quarter of 2015 compared to 109.2 million EUR in the first quarter of 2014.

Consolidated domestic sales grew by 6.9% on YoY basis, while exports decreased by 2.9%. The contribution of sales in Bulgaria to the consolidated sales revenue in the first quarter of 2015 amounted to 70%, reaching 79.3 million EUR compared to 74.2 million EUR in the first quarter of 2014.

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) decreased by 2.29 million EUR or 15.6%, amounting to 12.4 million EUR as at the end of the period, compared to 14.7 million EUR a year earlier.

Operating profit of the Group decreased by 1.8 million EUR or 16.5%, to 9 million EUR in the first quarter of 2015 compared to 10.8 million EUR in the same period of 2014.

Consolidated net profit for the period ending 31 March 2015 decreased by 1.4 million EUR, or 21%, reaching 5.2 million EUR compared to 6.6 million EUR in the same period of 2014.

The parent company Sopharma AD recorded decreases in sales revenue by 20.8%, EBITDA by 17.7%, operating profit by 13.1%, and net profit by 31% compared to the same period a year earlier.

As at the end of the first quarter of 2015 Sopharma AD has a 4% share of the Bulgarian pharmaceutical market in terms of value and a 12% share in terms of sales.

Expenses

The operating expenses of the Group in the three months of 2015 increased by 5.4 million EUR or 5.4% from 100 million EUR in 2014 to 105.4 million EUR in 2015 due to growth in sales and therefore the carrying value of sold products in the internal market, increased cost of materials, personnel, depreciation and other operating expenses.

Consolidated (mln. €)	Q1 2015	Q1 2014	Change
Sales Revenue	113.3	109.2	3.7%
EBITDA	12.4	14.7	-15.6%
Operating Profit	9.0	10.8	-16.5%
Net Profit	5.2	6.6	-21.0%
ROE	4.5%	6.6%	-2.1%
ROA	2.1%	3.0%	-0.9%
Current Ratio	1.04	1	0.04
Quick Ratio	1.34	1.39	-0.05
Net Debt / EBITDA	4.1	3.1	1

Unconsolidated (mln. €)	Q1 2015	Q1 2014	Change
Sales Revenue	20.7	26.1	-20.78%
EBITDA	6.0	7.3	-17.70%
Operating Profit	4.1	4.7	-13.08%
Net Profit	3.7	5.3	-30.93%
ROE	5.8%	9.4%	-3.60%
ROA	4.0%	6.0%	-2.00%
Current Ratio	1.5	1.64	-0.14
Quick Ratio	0.95	1.19	-0.24
Net Debt / EBITDA	3.6	2.4	1.2

STOCK DATA (1 JAN - 31 MAR)			
Min / Max / Avg	€1.53	€1.98	€1.80
Shares Outstanding	129 510 170		
Market Capitalization	235.6 Million €		
EPS	0.07 €		

Sopharma AD in 2015: social commitment with many aspects

Providing information about health culture, prevention of socially significant diseases, providing care for disadvantaged people, public engagement of employees – these are our priorities in the work for the benefit of society.



The social and health care for the elderly – this is not only medical treatment but care and attention as well. The endless waiting and queues in front of the GP's cabinet, sometimes only to measure the blood pressure, is hard for a pensioner. To provide the feeling of actual care and support, we realize social projects in several pension clubs in Sofia, where we provide measuring of various health parameters such as blood pressure, carbon monoxide in the lungs, the volume of inhaled air, as well as a recommendation for a visit to the general practitioner, if necessary. The psychological support is also present in our prevention program, a specialist-psychologist with many years of practice is taking care of that. The project started in the pension club in Lulin and was supported by the Bulgarian Association of Pensioners (BAP), since it gave the pensioners the opportunity to share and solve actual problems that worsen their health and inner comfort.

Our online presence with advice on physical and mental health #зdravi/zdravi and a positive look at life #силен ден (strong day) and #силен ден

в общуването (strong day in communication) created social commitment and focused the attention on health, as well as gained a lot of friends in social networks. We are going to expand this very soon with a new information campaign for prevention of socially significant diseases and a new mobile application. A new challenge for us is also the joint project with Darik radio #sopharmabike to promote healthy lifestyle in urban environment. Charity and empathy to a friend in need are combined in the expansion of the sustainable project "Help from a friend" which is now in its fifth year with the voluntary participation of Sopharma employees in the form of charity bazaars.

Join us in the world of informedness by: #sopharmasociality #Здрави/Zdravi #sopharmabike #Силен ден в общуването #Силен ден and become a part of the care for yourselves and the people you love. •