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for Southeast Europe



Industry Report

Extraction of crude petroleum
and natural gas

2016

BULGARIA

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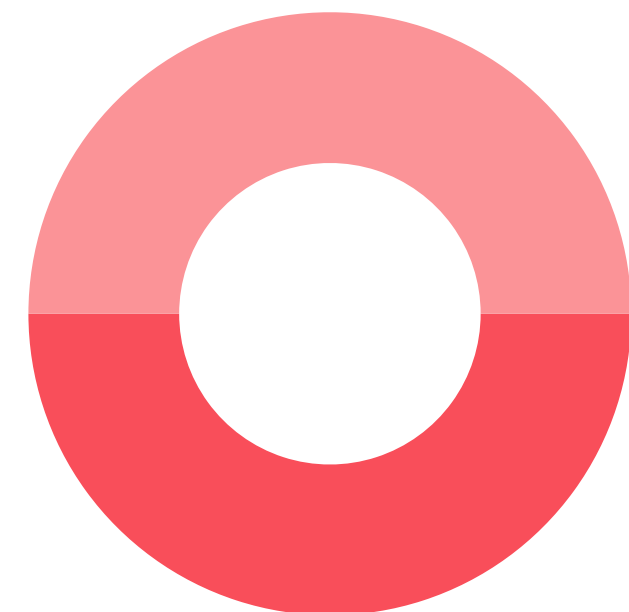
I. KEY INDICATORS

- The Extraction of crude petroleum and natural gas industry in Bulgaria was represented by 6 companies at the end of 2016, compared to 8 in the previous year and 8 in 2014.
- The industry's net loss amounted to BGN 19,538,000 in 2016.
- The industry's total revenue was BGN 78,762,000 in 2016, down by 6.02% compared to the previous year.
- The combined costs of the companies in the Extraction of crude petroleum and natural gas industry reached BGN 96,832,000 in 2016, up by 54.44% year-on-year.
- The industry's total revenue makes up 0.08% to the country's Gross domestic product (GDP) in 2016, compared to 0.09% for 2015 and 0.18% in 2014.
- A total of 532 people were employed in the Extraction of crude petroleum and natural gas industry in 2016, compared to 610 in 2015 and 676 in 2014.
- Most of the companies in the industry are based in Sofia, followed by Varna and Dolni Dabnik.

II. INTRODUCTION

In 2016 the companies in the Extraction of crude petroleum and natural gas industry numbered 6, distributed in 2 sectors.

INDUSTRY STRUCTURE BY SECTORS AND NUMBER OF COMPANIES



Extraction of natural gas
Extraction of crude petroleum

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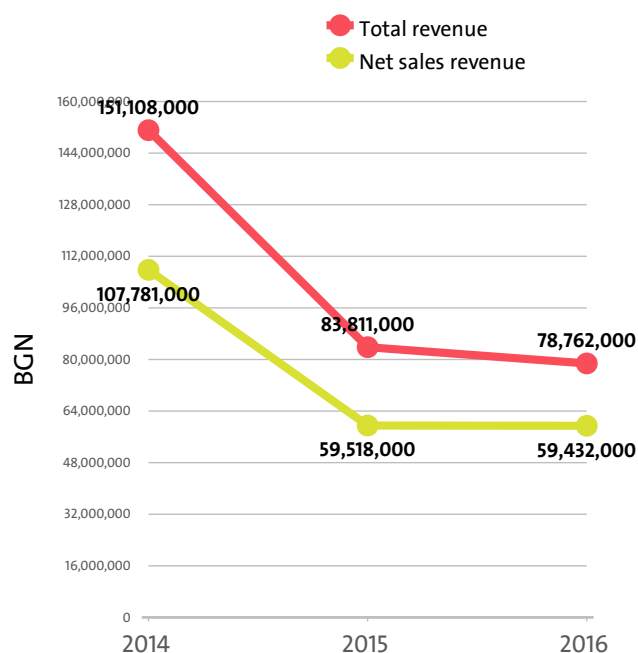
In 2015 there were a total of 8 companies operating in the industry. In 2014 their number totalled 8.

NUMBER OF COMPANIES IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS INDUSTRY BY SECTORS

SECTOR	2016	2015	2014
EXTRACTION OF NATURAL GAS	3	4	4
EXTRACTION OF CRUDE PETROLEUM	3	4	4

III. REVENUES

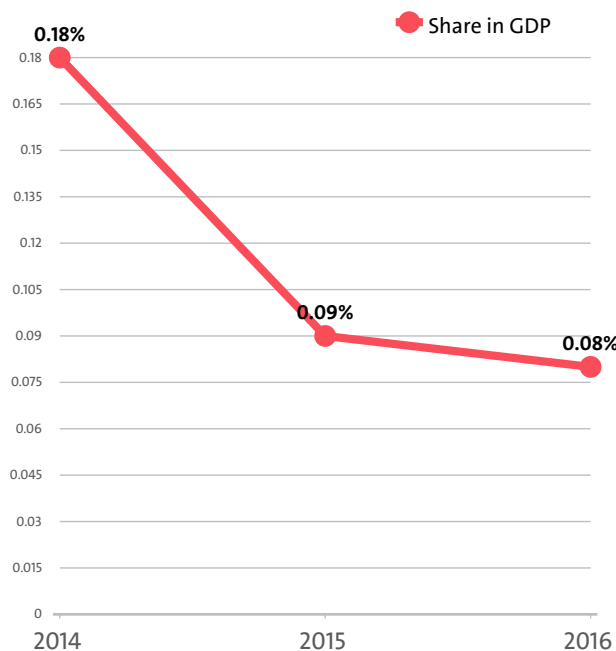
The total revenue in the industry was BGN 78,762,000 in 2016, BGN 83,811,000 in 2015 and 151,108,000 in 2014.



The companies in the Extraction of crude petroleum and natural gas market of Bulgaria earned combined net sales revenues of BGN 59,432,000 in 2016.

In annual terms, sales marked a decline of 0.14% compared to 2015. In comparison to 2014 they decreased by 44.86%. In 2015 sales decreased by 44.78% year-on-year.

The Extraction of crude petroleum and natural gas industry total revenue make up 0.08% to the country's GDP in 2016, compared to 0.09% for 2015 and 0.18% in 2014.



In 2016 the Extraction of crude petroleum and natural gas industry contributed to GDP BGN 67,194,000 in Gross value added (GVA) accounting for 0.04% of the total for the country's economy.

In the previous year, the industry's GVA amounted BGN 70,178,000, accounting for 0.05% of the total for the country in 2015. In 2014 the GVA of the Extraction of crude petroleum and natural gas was BGN 72,201,000, or 0.05% of the GVA for the country's economy.

GVA BY SECTORS

RANK	SECTOR	BGN	SHARE OF THE COUNTRY'S GVA (%)
1	EXTRACTION OF NATURAL GAS	67,117,000	0.04
2	EXTRACTION OF CRUDE PETROLEUM	77,000	0.00

We expect, based on the trend in the last three years, the total revenue of the Extraction of crude petroleum and natural gas industry to change at a compound annual growth rate (CAGR) of -27.80% in 2017.

Extraction of natural gas contributed net sales revenue of BGN 59,432,000 or 100.00% of the total net sales in the industry.

The highest growth, of 107.90%, was recorded by Extraction of natural gas, while Extraction of crude petroleum registered the sharpest decline, of 100.00%.

TOP COMPANIES' REVENUE BY SECTORS

SEGMENT	COMPANY	TOTAL REVENUE (BGN)	NET SALES REVENUE (BGN)
EXTRACTION OF NATURAL GAS			
	OIL AND GAS EXPLORATION AND PRODUCTION AD	41,673,000	32,680,000
	PETROCELTIC SARL LUXEMBOURG BRANCH	23,170,000	17,532,000
	PETROCELTIC BULGARIA EOOD	13,778,000	9,220,000
EXTRACTION OF CRUDE PETROLEUM			
	SHEL EKSPLOREYSHAN END PRADAKSHAN 59 B.V. - KLON BULGARIA	141,000	0

The top companies in terms of total revenue in Extraction of crude petroleum and natural gas accounted for 100.00% of the industry's total in 2016, 100.00% in 2015 and 99.78% in 2014.

TOP COMPANIES BY TOTAL AND NET SALES REVENUE IN THE INDUSTRY

RANK	COMPANY	TOTAL REVENUE (BGN)	NET SALE REVENUE (BGN)
1	OIL AND GAS EXPLORATION AND PRODUCTION AD	41,673,000	32,680,000
2	PETROCELTIC SARL LUXEMBOURG BRANCH	23,170,000	17,532,000
3	PETROCELTIC BULGARIA EOOD	13,778,000	9,220,000
4	SHEL EKSPLOREYSHAN END PRADAKSHAN 59 B.V. - KLON BULGARIA	141,000	0

The total revenues of the top companies in the Extraction of crude petroleum and natural gas were 0.08% of GDP in 2016, compared to 0.09% for 2015 and 0.18% in 2014.

The top by assets in the Extraction of crude petroleum and natural gas market made up BGN 59,432,000, or 100.00% of the total net sales revenue.

TOP BY TOTAL ASSETS IN THE INDUSTRY

RANK	COMPANY	BGN
1	PETROCELTIC SARL LUXEMBOURG BRANCH	148,976,000
2	PETROCELTIC BULGARIA EOOD	117,691,000
3	OIL AND GAS EXPLORATION AND PRODUCTION AD	116,299,000
4	SHEL EKSPLOREYSHAN END PRADAKSHAN 59 B.V. - KLON BULGARIA	15,629,000
5	MIZIYA OYL END GAZ BULGARIA EOOD	125,000

TOP COMPANIES WITH HIGHEST ANNUAL GROWTH IN OPERATING REVENUE IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	Y/Y GROWTH
1	PETROCELTIC SARL LUXEMBOURG BRANCH	11.64%
2	OIL AND GAS EXPLORATION AND PRODUCTION AD	7.17%

TOP COMPANIES BY TOTAL REVENUE IN THE SECTOR EXTRACTION OF NATURAL GAS WERE:

COMPANY	BGN
OIL AND GAS EXPLORATION AND PRODUCTION AD	41,673,000
PETROCELTIC SARL LUXEMBOURG BRANCH	23,170,000
PETROCELTIC BULGARIA EOOD	13,778,000

The largest companies in terms of total revenue in sector Extraction of natural gas earned total revenue of BGN 78,621,000 and accounted for 99.82% of the industry's total revenue.

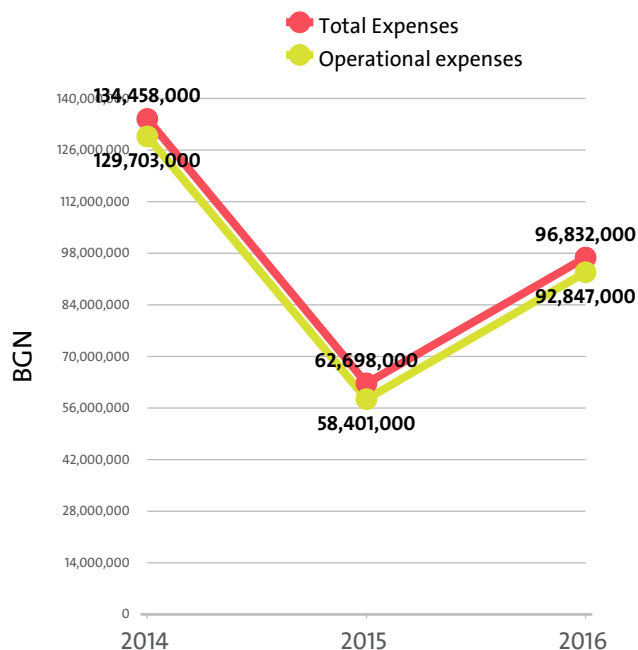
TOP COMPANIES BY TOTAL REVENUE IN THE MARKET EXTRACTION OF CRUDE PETROLEUM WERE:

COMPANY	BGN
SHEL EKSPLOREYSHAN END PRADAKSHAN 59 B.V. - KLON BULGARIA	141,000

The largest companies in terms of total revenue in sector Extraction of crude petroleum earned total revenue of BGN 141,000 and accounted for 0.18% of the industry's total revenue.

IV. EXPENSES

The combined costs of the companies in the Extraction of crude petroleum and natural gas industry reached BGN 96,832,000 in 2016.



In annual terms, total expenses rose by 54.44% compared to 2015 and decreased by 27.98% in comparison to 2014.

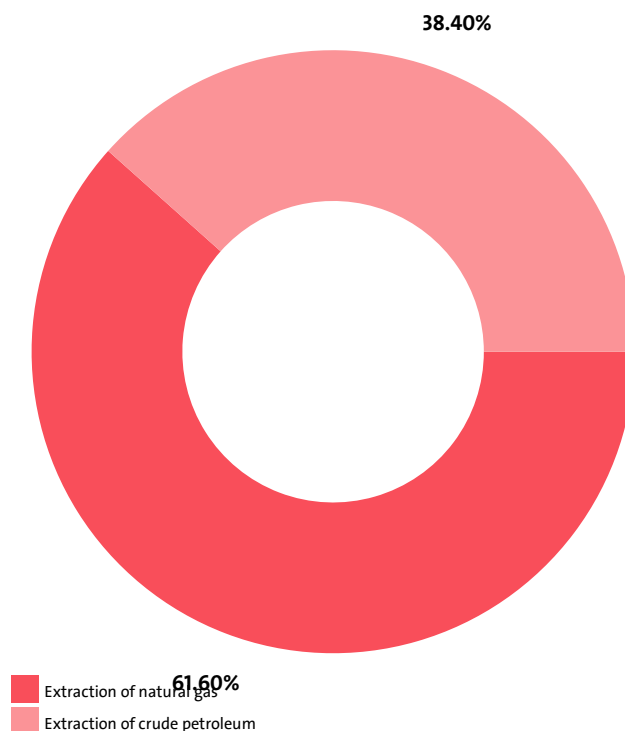
The total operating expenses of the companies in the Extraction of crude petroleum and natural gas industry were BGN 92,847,000 in 2016.

Operating costs grew by 58.98% compared with the previous year and went down by 28.42% when compared to 2014.

We expect, based on the trend in the last three years, the total costs of the Extraction of crude petroleum and natural gas industry to change at a compound annual growth rate (CAGR) of -15.14% in 2017.

Extraction of natural gas reported the highest total costs, of BGN 59,644,000, followed by Extraction of crude petroleum with BGN 37,188,000.

INDUSTRY'S TOTAL COSTS STRUCTURE BY SECTORS

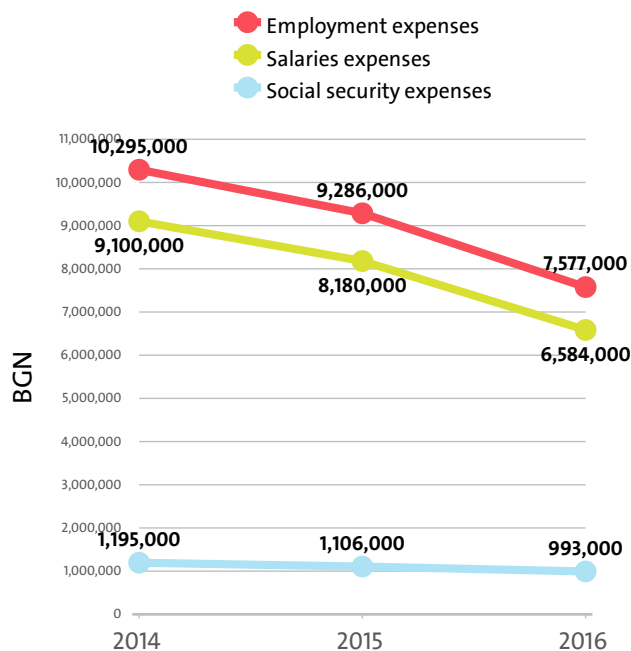


Extraction of natural gas marked the highest annual growth in total expenses, of 140.30%, while total expenses decreased the most, by 1.82%, for Extraction of crude petroleum.

In terms of operating expenses, the highest increase, of 158.89%, was recorded by the Extraction of natural gas sector. The sharpest drop was posted by Extraction of crude petroleum - 1.47%.

The biggest spenders in the industry, with costs of over 10% of industry's costs, numbered 3, including SHEL EKSPLOREYSHAN END PRADAKSHAN 59 B.V. - KLON BULGARIA, PETROCELTIC SARL LUXEMBOURG BRANCH, OIL AND GAS EXPLORATION AND PRODUCTION AD. The medium spenders, or those in the 5% and 10% range count 1 and include PETROCELTIC BULGARIA EOOD. Below 5% threshold are 2 companies, including MIZIYA OYL END GAZ BULGARIA EOOD, MIZIYA OPEREYSHANS BULGARIA OOD.

Employment expenses in the Extraction of crude petroleum and natural gas industry decreased by 18.40% on the year to BGN 7,577,000 in 2016.



The highest growth in labour costs, of 406.29%, was registered by Extraction of natural gas, while Extraction of crude petroleum marked the sharpest fall, of 98.80%.

The monthly costs per employee in the Extraction of crude petroleum and natural gas industry averaged BGN 1,187 in 2016, BGN 1,269 in 2015 and BGN 1,269 in 2014.

The monthly social security costs per employee in the industry averaged BGN 156 in 2016, versus BGN 151 in 2015 and BGN 147 in 2014.

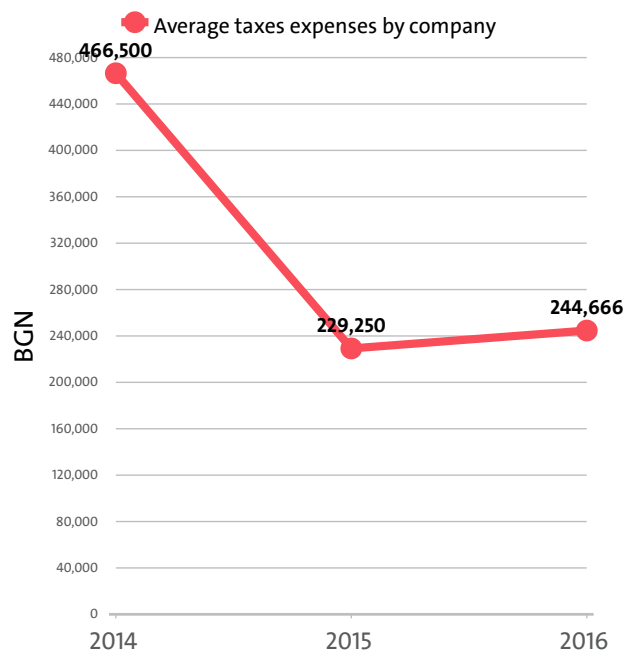
EMPLOYMENT EXPENSES IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS BY SECTORS IN 2016

RANK	SECTOR	EMPLOYMENT EXPENSES (BGN)	AVERAGE EXPENSES PER EMPLOYEE (BGN)
1	EXTRACTION OF NATURAL GAS	7,483,000	14,066
2	EXTRACTION OF CRUDE PETROLEUM	94,000	0

THE TOP COMPANIES BY AVERAGE MONTHLY COSTS PER EMPLOYEE IN THE INDUSTRY

RANK	COMPANY	BGN
1	PETROCELTIC BULGARIA EOOD	4,411
2	PETROCELTIC SARL LUXEMBOURG BRANCH	1,941
3	OIL AND GAS EXPLORATION AND PRODUCTION AD	1,056

The industry's tax expenses stood at BGN 1,468,000 in 2016. In 2015 it paid taxes of BGN 1,834,000. In 2014 the industry paid BGN 3,732,000 in taxes.

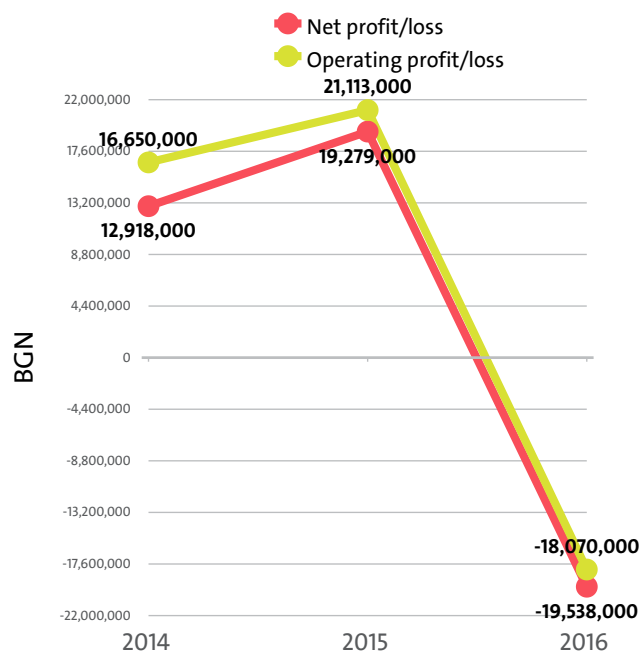


EXPENSES ON TAXES BY SECTORS

RANK	SECTOR	BGN	Y/Y CHANGE
1	EXTRACTION OF NATURAL GAS	1,468,000	-1.41%
2	EXTRACTION OF CRUDE PETROLEUM	0	-100.00%

V. PROFITABILITY

The industry's net loss amounted to BGN 19,538,000 in 2016, compared to a net profit of BGN 19,279,000 in 2015 and a net profit of BGN 12,918,000 in 2014.



TOP COMPANIES BY HIGHEST NET PROFIT IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	BGN
1	PETROCELTIC BULGARIA EOOD	10,465,000
2	OIL AND GAS EXPLORATION AND PRODUCTION AD	3,598,000
3	PETROCELTIC SARL LUXEMBOURG BRANCH	3,446,000

TOP COMPANIES BY HIGHEST NET LOSS IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	BGN
1	SHEL EKSPLOREYSHAN END PRADAKSHAN 59 B.V. - KLON BULGARIA	36,743,000
2	MIZIYA OYL END GAZ BULGARIA EOOD	302,000
3	MIZIYA OPEREYSHANS BULGARIA OOD	2,000

In 2016 the Extraction of crude petroleum and natural gas industry swung to an operating loss of BGN 18,070,000 from an operating profit of BGN 21,113,000 in 2015.

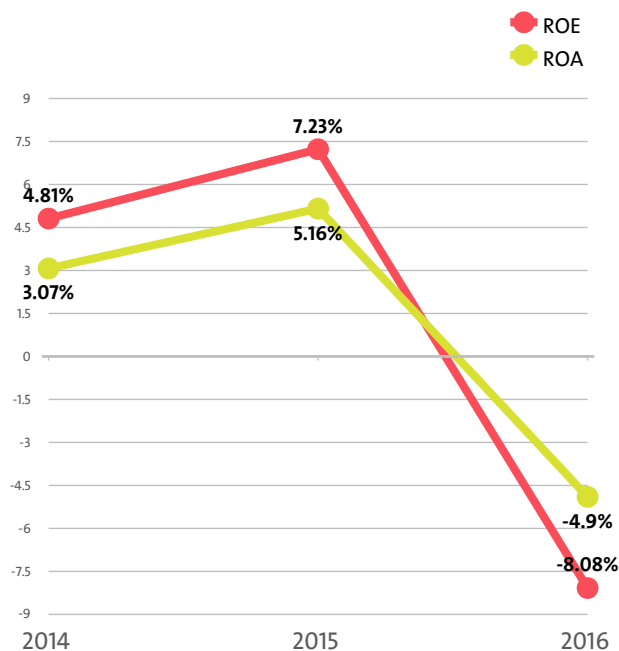
OPERATING PROFIT/LOSS BY SECTORS (BGN)

SECTOR	2016	2015	2014
EXTRACTION OF NATURAL GAS	18,977,000	18,713,000	7,913,000
EXTRACTION OF CRUDE PETROLEUM	-37,047,000	2,400,000	8,737,000

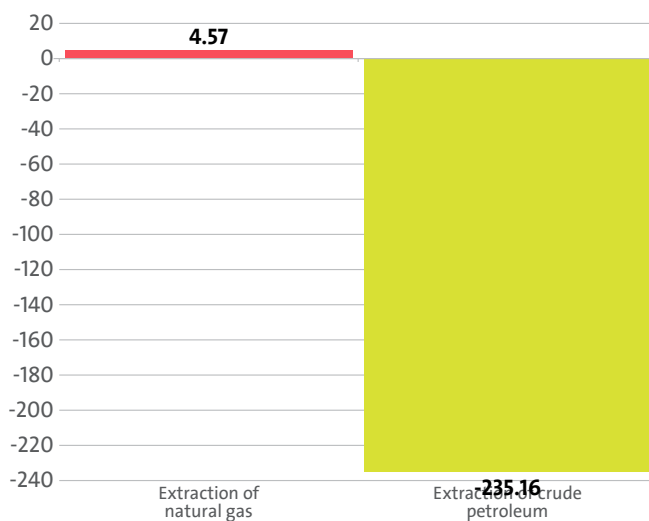
The profit margin for the Extraction of crude petroleum and natural gas industry stood at -26.43% in 2016, while in 2015 it amounted to 31.42% and 12.32% in 2014.

The Extraction of crude petroleum and natural gas industry's return on equity (ROE) is -8.08% compared to 7.23% in 2015 and 4.81% in 2014.

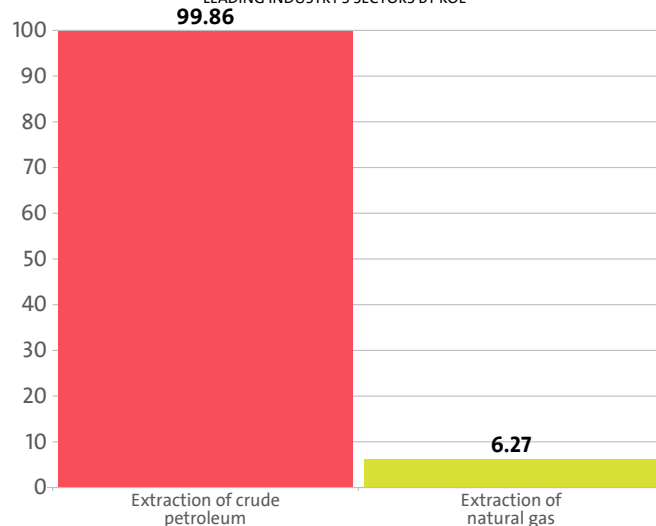
The Extraction of crude petroleum and natural gas's return on assets (ROA) was -4.90%, while in 2015 it amounted to 5.16% and 3.07% in 2014.



LEADING INDUSTRY'S SECTORS BY ROA



LEADING INDUSTRY'S SECTORS BY ROE



TOP COMPANIES BY HIGHEST AVERAGE NET PROFIT PER EMPLOYEE IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	BGN	COMPANY HEADQUARTERS (CITY)
1	PETROCELTIC BULGARIA EOOD	747,500	VARNA
2	PETROCELTIC SARL LUXEMBOURG BRANCH	202,706	VARNA
3	OIL AND GAS EXPLORATION AND PRODUCTION AD	7,182	SOFIA

The average net sales revenue per employee in the Extraction of crude petroleum and natural gas industry amounted to BGN 111,714 in 2016, up by 14.50% compared to 2015 and down by 29.93% compared to 2014.

The industry's average operating revenue per employee rose by 16.67% year-on-year in 2016 to BGN 128,526. It dropped by 35.70% compared to 2014.

The Extraction of crude petroleum and natural gas sector generated an average BGN 148,049 in total revenue per employee. In 2015 and 2014 the figure was BGN 137,395 and BGN 223,533, respectively.

The average total revenue per company in the Extraction of crude petroleum and natural gas industry rose to BGN

13,127,000 in 2016 from BGN 10,476,375 in 2015. The 2014 value was BGN 18,888,500.

A company in the Extraction of crude petroleum and natural gas sector made on average a net sales revenue of BGN 9,905,333 in 2016, compared to BGN 7,439,750 in 2015 and BGN 13,472,625 in 2014.

The Extraction of crude petroleum and natural gas industry made 0.02% of the overall sales country-wide.

Operating profit per employee for the industry as a whole was BGN -33,966 in 2016. For comparison in 2015 it amounted to BGN 34,611 and BGN 34,611 in 2014.

THE TOP BY OPERATIONAL PROFIT PER EMPLOYEE IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	BGN
1	PETROCELTIC BULGARIA EOOD	822,571
2	PETROCELTIC SARL LUXEMBOURG BRANCH	203,118
3	OIL AND GAS EXPLORATION AND PRODUCTION AD	8,000

TOP COMPANIES WITH HIGHEST CORRELATION OPERATING REVENUE - NUMBER OF EMPLOYEES - EMPLOYMENT EXPENSES*

RANK	COMPANY NAME	CORRELATION (BGN)
1	PETROCELTIC SARL LUXEMBOURG BRANCH	1,010,235
2	PETROCELTIC BULGARIA EOOD	630,929
3	OIL AND GAS EXPLORATION AND PRODUCTION AD	69,633

*The correlation is calculated by subtracting the quotient of the operating profit, and the employment expenses to the number of employees.

AVERAGE REVENUES PER EMPLOYEE IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS IN 2016

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF EMPLOYEES
EXTRACTION OF NATURAL GAS	111,714	128,526	147,784	532

AVERAGE REVENUE PER COMPANY IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS IN 2016

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF COMPANIES
EXTRACTION OF NATURAL GAS	19,810,667	22,792,000	26,207,000	3
EXTRACTION OF CRUDE PETROLEUM	0	0	47,000	3

The total indebtedness of the companies in the Extraction of crude petroleum and natural gas industry was BGN 135,859,000 versus BGN 86,028,000 a year ago. In 2014 the industry's indebtedness totalled BGN 133,913,000.

INDUSTRY'S INDEBTEDNESS BY SECTORS (BGN)

SECTOR	2016	2015	2014
EXTRACTION OF NATURAL GAS	83,007,000	59,409,000	106,793,000
EXTRACTION OF CRUDE PETROLEUM	52,852,000	26,619,000	27,120,000

Debt-to-assets ratio of the companies in the industry is 0.34 in 2016. It was 0.23 in 2015 and 0.32 in 2014.

According to market experts, the greatest impact on the development of the Extraction of crude petroleum and natural gas industry has change in inventories of finished goods and work in progress. In 2016 it stood at BGN 662,000,

according to the financial statements of the companies in the industry. In 2015 the figure was BGN 234,000.

VI. EMPLOYMENT

A total of 532 people were employed in the Extraction of crude petroleum and natural gas industry at the end of 2016, compared to 610 in 2015 and 676 in 2014.

NUMBER OF EMPLOYEES BY INDUSTRY SECTORS

SECTOR	NUMBER	SHARE OF INDUSTRY TOTAL
EXTRACTION OF NATURAL GAS	532	100.00%
EXTRACTION OF CRUDE PETROLEUM	0	0.00%

ALLOCATION OF EMPLOYEES BY INDUSTRY'S SECTORS



Extraction of natural gas

The analysis on companies' sizes by the number of employees, shows that 2 firms have less than 50 employees* and 1 companies employ more than 250*.

* Companies without data in the number of employees at end of the year are not taken into consideration.

The employees of the leading 5 companies when it comes to numbers make up 100.00% of the workforce in the industry in 2016.

TOP FIRMS BY SHARE IN INDUSTRY'S TOTAL NUMBER OF EMPLOYEES

RANK	COMPANY	NUMBER OF EMPLOYEES	SHARE
1	OIL AND GAS EXPLORATION AND PRODUCTION AD	501	94.17%
2	PETROCELTIC SARL LUXEMBOURG BRANCH	17	3.20%
3	PETROCELTIC BULGARIA EOOD	14	2.63%

4	MIZIYA OYL END GAZ BULGARIA EOOD	0	0.00%
5	SHEL EKSPOREYSHAN END PRADAKSHAN 59 B.V. - KLON BULGARIA	0	0.00%

The Extraction of crude petroleum and natural gas industry is the 79th largest employer in the country with 532 employees with the largest employer being Retail trade, except of motor vehicles and motorcycles with 234,189 and Libraries, archives, museums and other cultural activities at the bottom with 54 employees.

The Extraction of crude petroleum and natural gas's share in the country's total employment was 0.02% in 2016, 0.03% in 2015 and 0.04% in 2014.

We expect, based on the trend in the last three years, the number of employees of the Extraction of crude petroleum and natural gas industry to change at a compound annual growth rate (CAGR) of -11.29% in 2017.

The industry is represented by the following companies

MIZIYA OYL END GAZ BULGARIA EOOD

SHEL EKSPLOREYSHAN END PRADAKSHAN 59 B.V.
- KLON BULGARIA

PETROCELTIC SARL LUXEMBOURG BRANCH

MIZIYA OPEREYSHANS BULGARIA OOD

PETROCELTIC BULGARIA EOOD

OIL AND GAS EXPLORATION AND PRODUCTION
AD

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