

National Credit Rating Agency AD is a private agency based in Sofia. Since the beginning of 2006 NCRA is the Bulgarian affiliate of Moody's Investors Service, the leading global credit rating agency. The ratings assigned by NCRA are domestic only and are based on the application of Moody's globally recognized credit rating methodologies and best practices. Therefore NCRA's ratings are opinions of the relative creditworthiness of issuers and issues within Bulgaria. NCRA uses a relative rating scale from bgAaa (the strongest rating) to bgC (the weakest).

Rating

NCRA Domestic Rating

14 May 2008

Long-Term Credit Rating	bgA2
Short-Term Credit Rating	bgP-2
Outlook	Stable

Key Financials

(All figures in EUR '000 on consolidated basis)	2007	2006 ¹
Total Assets	237,549	87,878
Debt	83,273	28,655
Net Debt (debt minus available cash)	69,006	-
Net Debt (adjusted) ²	20,286	-
Equity	86,855	27,575
Revenues	188,159	72,315
Net Profit	47,881	4,960
Net Profit (adjusted for one-off effects)	12,731	4,960
Return on Average Assets (ROAA)	6.5%	-
Net Debt/Total Capital ³	39.4%	-
Net Debt/Total Capital (adjusted) ²	18.2%	-

¹ full year pro-forma financial statements

² excluding lease debt due to the specifics of the business

³ Total Capital = Debt + Equity + Minority Interest + Deferred tax

Credit Opinion

Credit Strengths

- Investment-grade creditworthiness of the major subsidiaries and the holding company;
- Diversified portfolio of businesses operating in growth markets;
- Synergetic effects in the value chain "automotive dealership-lease-insurance";
- Strong management and transparent corporate governance.

Credit Challenges

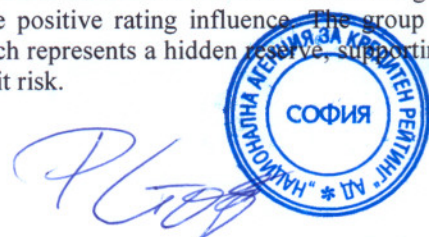
- Dynamic expansion strategy in Balkan countries with somewhat unstable political/legal system;
- Partial dependence on capital markets funding;

Rating Rationale

The credit rating of Eurohold Bulgaria AD is an investment grade rating, which implies above average investment quality and relatively low credit risk of the company.

Eurohold Bulgaria is a holding company established in December 2006 as a result of the merger of Starcom Holding AD and Eurohold AD. Following the merger, the new holding company embarked on an aggressive expansion in Bulgaria and abroad, aiming to develop a well-diversified portfolio of related businesses in each of the Balkan countries. In 2007 Eurohold Bulgaria acquired six new companies in Bulgaria and Romania, and in February 2008 – an insurance company in Macedonia.

The credit rating of Eurohold Bulgaria reflects the diversified and highly integrated business mix of its subsidiaries structured in 5 distinct segments – insurance, finance, automotive dealership, manufacturing and real estate. The strongest segment of the holding company is the insurance sub-holding EIG, which consolidates majority ownership in three insurers based in Bulgaria, Romania and Macedonia and a health assurance company. The Bulgarian insurance company, Euroins, is also the largest contributor to the holding's profitability while the other insurance subsidiaries are undergoing a restructuring process. The manufacturing and financial divisions also have positive rating influence. The group owns several properties whose market value is not shown on its balance sheet which represents a hidden reserve, supporting the creditworthiness. The automotive sales division currently bears a higher credit risk.



Rating Rationale (continued)

NCRA also factors the relationship between the different business segments of Eurohold Bulgaria. Although each of them commands about 5-9% market share, the holding strives to derive results from the common value chain “automotive dealership-lease-insurance”.

The rating also takes into account the vast experience of the Holding’s management team in the realisation of the pursued growth strategy through acquisitions. This experience comforts NCRA that the risks in each transaction are carefully understood and considered in relation to the potential of the holding. A strong side of Eurohold Bulgaria is its distinctively good corporate governance.

The financial profile of Eurohold Bulgaria is negatively influenced by partial dependence of the holding on the international capital markets which are the source for funding the growth of some of its subsidiaries. A material portion of the group’s debt comprises borrowings of the lease subsidiaries, which rely on higher leverage in line with their peers. The holding benefits from enough flexibility and discretion in its capital expenditures and their funding to weather any downturns in the market conditions and the business cycle.

The stable outlook reflects the opinion of NCRA that there are no factors which are expected to trigger a change in the credit rating of the company in the medium term.

The liquidity assessment of the company shows very good capacity to fulfill its short-term obligations in full and on time.

What Could Change the Rating - UP

- Improvement in the debt coverage ratios;
- Cash increase in the paid-in capital.

What Could Change the Rating - DOWN

- Weaker than projected operating performance;
- Deterioration of the creditworthiness of the main subsidiaries.

RATING SCALE

Long-Term NCRA Rating

NCRA – Domestic*	Meaning of the Rating Symbol**
bgAaa	Companies rated Aaa are judged to be of the highest quality with minimal credit risk.
bgAa	Companies rated Aa are judged to be of high quality and are subject to very low credit risk.
bgA	Companies rated A are considered upper-medium grade and are subject to low credit risk.
bgBaa	Companies rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.
bgBa	Companies rated Ba are judged to have speculative elements and are subject to substantial credit risk.
bgB	Companies rated B are considered speculative and are subject to high credit risk.
bgCaa	Companies rated Caa are judged to be of poor standing and are subject to very high credit risk.
bgCa	Companies rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
bgC	Companies rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

* NCRA appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

**The highlighted section of the scale indicates investment-grade ratings

Short-Term NCRA Rating

bgP-1: Very good in repaying short-term debts upon their maturity.

bgP-2: Good ability to repay mature short-term debts in due and timely manner.

bgP-3: Average ability to repay their mature short-term debts.

bgP-4: Satisfactory ability to repay their short-term mature debts in full and on time.

bgP-5: Unsatisfactory ability to repay their mature short-term debts.

Radoslav Stoyanov
Executive Director

