

Monbat (5MB BU)
Share Data

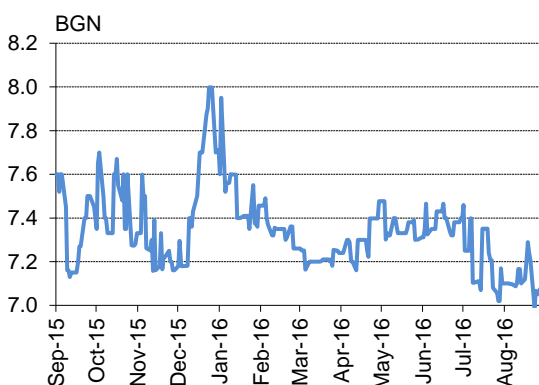
Price	7.07
52 weeks Price Change	-7.53%
52 weeks Price Range	6.99 - 7.998
Market Cap (BGN)	275 808 186
Market Cap (EUR)	141 018 486
Shares outstanding	38 989 000
DPS	0.28
Dividend yield	3.96%
EPS	0.50
Sales per share	6.22
Book value per share	4.75
FCF per share	-0.08
P/E	14.03
P/S	1.14
P/B	1.49
EV/Sales	1.43
EV/EBITDA	9.41
ROA	6.98%
ROE	11.15%
Current Ratio	1.74
Total Debt Ratio	0.27
Interest Coverage	10.81
Assets Turnover	0.86

Source: Company data, Sofia International Securities Equity Research

Shareholder Structure

Prista Oil Holding EAD	30.97%
Prista Holdco Cooperative	25.78%
Unicredit Bank Austria AG	15.29%
Free Float	27.96%

Source: Company data, Sofia International Securities Equity Research

Share Price of Monbat (5MB BU)


Source: Bloomberg, Sofia International Securities Equity Research

Net profit slips by 9.3% in H1 on fast-growing operating expenses

Consolidated revenue of Monbat fell by 1.8% YoY to BGN 112.43m in the first half of 2016 dragged down by slump in domestic sales. Export revenues, which account for more than 90% of Monbat's total revenues, grew by 3.89%, while revenues from Bulgarian market fell by 37.7%.

France keeps its position as a leading single export market for the group giving 15.51 % of all export sales. Export to the country, however, dropped by 8.24%. Sales in Greece remained far below last year's level, as they marked a 57% decrease YoY. Among the markets where the company performed well, UK stands out as sales there grew by 30.5% on annual basis. Sales in Italy also went up impressively adding 54.2% YoY.

After the initial recovery of commodities markets in Q1, lead prices fell at the beginning of Q2 and remained little changed throughout the past three months. The average price of lead in the first half of 2016 was 1 730.59 USD/MT.

Total operating costs (excl. changes in inventories) jumped by 16.73% on annual basis to BGN 114.3m. Expenses for materials went up by 25.9% to BGN 83.68m and personnel expenses soared by 30.83% to BGN 10.4m.

As a result, operating profit fell by 6.2% to BGN 14.8m. EBIT margin contracted slightly from 13.8% to 13.2% over the period.

Net financial expenses increased to BGN 1.23m and with this, Monbat's reported profit fell to BGN 11.98m, down by 9.3% on annual basis.

Total assets grew to BGN 304.4 m (up by 10.4% YTD) as inventories added 24.4m over the first half of the year reaching BGN 79.9m. Property, plant and equipment also increased, going up by BGN 9.2m to BGN 135.7m.

Total liabilities of the company jumped by BGN 28.33m over the first six months of the year to BGN 124.5m. Bank loan liabilities (current and non-current) increased by BGN 18.56m. Monbat also reported liabilities to related parties in the amount of BGN 5.57m as of 30 June.

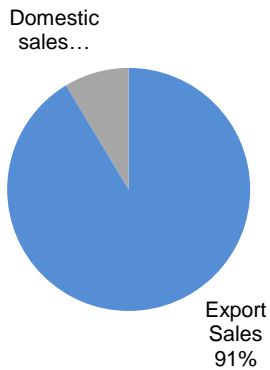
According to the interim data provided by the company, consolidated net revenues for the first seven months of 2016 were in the amount of BGN 131.38, down by 3.2% on annual basis. Earnings before taxes, however, marked an increase of 0.4% on consolidated basis.

On 27 June, Monbat's shareholders voted for a distribution of annual dividend for 2015 in the amount of BGN 0.28 per share (gross).

Selected Financials	2014	2015	2015	2016
BGN '000	FY	FY	1H	1H
Sales	228 371.0	244 653.0	114 467.0	112 431.0
Sales YoY	-4.60%	7.13%	11.11%	-1.78%
EBIT	29 157.0	25 972.0	15 779.0	14 795.0
EBIT Margin	12.77%	10.62%	13.78%	13.16%
Net Income	25 374.0	22 051.0	13 269.0	12 545.0
Net Margin	10.34%	8.54%	11.54%	10.65%
PP&E	118 371.0	126 517.0	120 714.0	135 744.0
Trade Receivables	39 924.0	40 523.0	36 456.0	39 209.0
Inventories	50 560.0	52 547.0	52 921.0	79 939.0
Total assets	259 881.0	275 660.0	259 092.0	304 424.0
Equity	165 533.0	179 479.0	172 475.0	179 914.0
Non-Current Debt	35 001.0	13 876.0	34 302.0	22 794.0
Current Debt	39 018.0	48 873.0	25 025.0	59 063.0
Trade Payables	11 001.0	19 035.0	12 090.0	19 826.0

Source: Company data, Sofia International Securities Equity Research

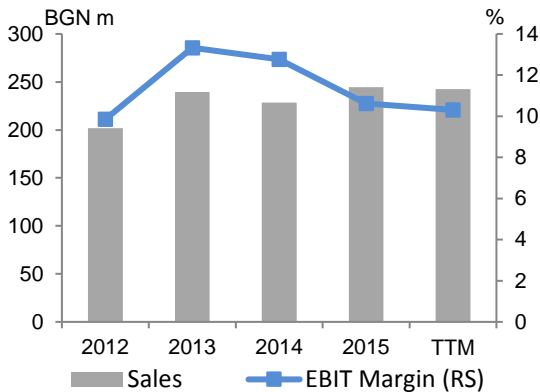
Sales by segments in Q2 2016



Source: Company data, Sofia International Securities Equity Research

<i>Income statement</i>	2014	2015	2015	2016
BGN '000	FY	FY	1H	1H
Sales	228 371.0	244 653.0	114 467.0	112 431.0
Operating costs	-192 162.0	-193 940.0	-84 411.0	-106 122.0
EBITDA	40 350.0	37 504.0	21 499.0	20 965.0
Depreciation	-11 193.0	-11 532.0	-5 720.0	-6 170.0
EBIT	29 157.0	25 972.0	15 779.0	14 795.0
Net financial result	-2 505.0	-1 851.0	-828.0	-1 227.0
t/o interest expense	-3 653.0	-2 077.0	-1 581.0	-1 369.0
EBT	26 652.0	24 121.0	14 951.0	13 568.0
Taxes	-3 048.0	-3 236.0	-1 742.0	-1 591.0
Net Income (group)	23 604.0	20 885.0	13 209.0	11 977.0
Minorities	-1 770.0	-1 166.0	-60.0	-568.0
Net Income	25 374.0	22 051.0	13 269.0	12 545.0

Sales vs. EBIT Margin

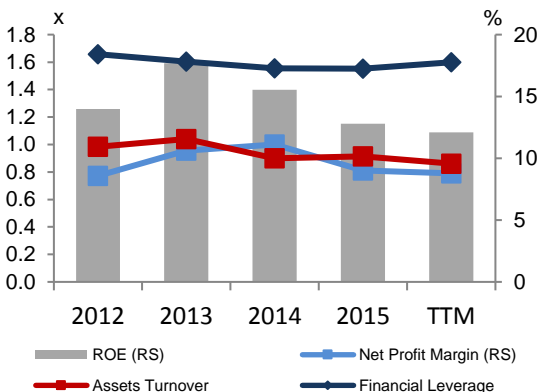


Source: Company data, Sofia International Securities Equity Research

Balance sheet

PP&E	118 371.0	126 517.0	120 714.0	135 744.0
Intangibles	1 606.0	905.0	1 540.0	1 050.0
Other Non-Current Assets	463.0	463.0	463.0	463.0
Non-Current Assets	120 440.0	127 885.0	122 717.0	137 257.0
Inventories	50 560.0	52 547.0	52 921.0	79 939.0
Trade Receivables	39 924.0	40 523.0	36 456.0	39 209.0
Cash & Cash Equivalents	20 538.0	15 232.0	10 157.0	4 417.0
Other Current Assets	28 419.0	39 473.0	36 841.0	43 602.0
Current Assets	139 441.0	147 775.0	136 375.0	167 167.0
Total Assets	259 881.0	275 660.0	259 092.0	304 424.0
Equity	165 533.0	179 479.0	172 475.0	179 914.0
Non-Current Debt	35 001.0	13 876.0	34 302.0	22 794.0
Other Non-Current Liabilities	3 675.0	6 244.0	3 420.0	5 858.0
Non-Current Liabilities	38 676.0	20 120.0	37 722.0	28 652.0
Trade Payables	11 001.0	19 035.0	12 090.0	19 826.0
Current Debt	39 018.0	48 873.0	25 025.0	59 063.0
Other Current Liabilities	5 653.0	8 153.0	11 780.0	16 969.0
Current Liabilities	55 672.0	76 061.0	48 895.0	95 858.0
Total Equity and Liabilities	259 881.0	275 660.0	259 092.0	304 424.0

ROE (DuPont Decomposition)



Source: Company data, Sofia International Securities Equity Research

Cash Flow Statement

Cashflow from Operations	24 948.0	26 040.0	12 317.0	-14 252.0
Cashflow from Investments	-15 574.0	-15 933.0	-8 338.0	-13 932.0
t/o Capex	-12 487.0	-16 588.0	-7 500.0	-14 826.0
Cashflow from Financing	3 874.0	-14 917.0	-14 154.0	17 717.0
Net Cash	13 248.0	-4 810.0	-10 175.0	-10 467.0

Source: Company data, Sofia International Securities Equity Research

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