

Monbat (5MB BU)
Share Data

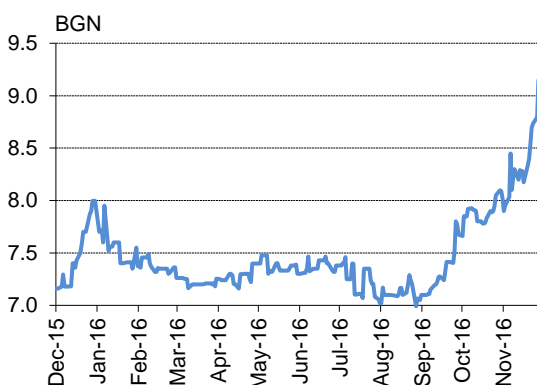
Price	9.15
52 weeks Price Change	27.08%
52 weeks Price Range	6.99 - 9.15
Market Cap (BGN)	356 749 350
Market Cap (EUR)	182 403 046
Shares outstanding	38 989 000
DPS	0.28
Dividend yield	3.06%
EPS	0.57
Sales per share	6.33
Book value per share	4.92
FCF per share	-0.59
P/E	15.98
P/S	1.45
P/B	1.86
EV/Sales	1.82
EV/EBITDA	11.15
ROA	7.62%
ROE	12.27%
Current Ratio	2.08
Total Debt Ratio	0.30
Interest Coverage	9.66
Assets Turnover	0.84

Source: Company data, Sofia International Securities Equity Research

Shareholder Structure

Prista Oil Holding EAD	42.73%
Prista Holdco Cooperative	20.78%
Monbat Trading	7.06%
UPF Doverie	6.54%
UPF Allianz Bulgaria	5.29%
Free Float	17.60%

Source: Company data, Sofia International Securities Equity Research

Share Price of Monbat (5MB BU)


Source: Bloomberg, Sofia International Securities Equity Research

Net profit of Monbat jumps by 8.2% YoY in the first nine months of 2016

Consolidated revenues of Monbat went up by 1.2% YoY to BGN 179.06m as export sales, which traditionally account for ca. 90% of the group's total revenues grew by 5.49% to BGN 161.4m. Domestic sales, however, plunged by 25% on annual basis and amounted to BGN 17.9m as of the end of third quarter.

France – the leading export market of the group, generated 15.35% (BGN 24.78m) of all non-domestic revenues. Sales on this market however, dropped slightly by 4% over the past one-year period. Among the well-performing markets were Italy and United Kingdom, which rose by 50.7% and 45% YoY respectively. Monbat's business activity in Ukraine remains on the path to recovery as sales there reached BGN 7.6m in Q3 2016 compared to just BGN 1.77m reported last year.

As commodities markets recovered visibly between June and September, lead prices also went up. The price of the material, which accounts for 70% of total costs per unit, rose to USD 1 942.02 per MT, up from USD 1 713 in June.

Correspondingly, total operating expenses (excl. change in inventories) jumped by 12% YoY to BGN 174m. Expenses for materials reached BGN 122.5m, up by 13.98%. External services and personnel expenses also rose significantly adding 20.1% and 32.5% respectively, over the past 12 months.

With positive effects from changes in inventories, Monbat's operating profit rose despite the drag from the growing operating expenses. The company reported EBIT in the amount of BGN 23.4m, up by 9.4% on annual basis. Net profit also went up by 8.2% to BGN 18.9m.

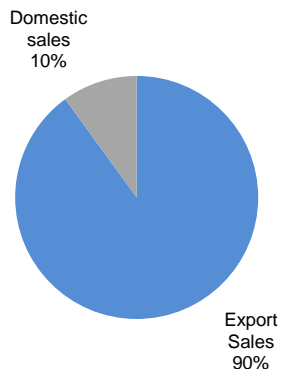
The group added BGN 54.5m in total assets over the first nine months of the year. Increased investing activities led to growth in PP&E account to BGN 141.5m (+11.85% YTD), while inventories added BGN 37.47m over the same period. Expectedly, total bank loan liabilities jumped considerably over the course of the year reaching BGN 97.1m.

In November, Monbat announced that it has incorporated a new subsidiary - Monbat New Power AD, which will be specialized in R&D activities related to exploring the industrialization and commercialization of new technology in the field of starters, commercial fleet and special purpose batteries. Furthermore, the new company, in which Monbat will have 51% ownership stake will focus its efforts on producing and commercializing "all-in-one energy storage" solutions including power management devices.

Selected Financials	2014	2015	2015	2016
BGN '000	FY	FY	9M	9M
Sales	228 371.0	244 653.0	176 944.0	179 058.0
Sales YoY	-4.60%	7.13%	11.21%	1.19%
EBIT	29 157.0	25 972.0	21 394.0	23 409.0
EBIT Margin	12.77%	10.62%	12.09%	13.07%
Net Income	25 374.0	22 051.0	17 725.0	19 174.0
Net Margin	10.34%	8.54%	9.87%	10.56%
PP&E	118 371.0	126 517.0	120 932.0	141 506.0
Trade Receivables	39 924.0	40 523.0	37 670.0	45 025.0
Inventories	50 560.0	52 547.0	48 083.0	90 018.0
Total assets	259 881.0	275 660.0	255 968.0	330 118.0
Equity	165 533.0	179 479.0	176 826.0	186 912.0
Non-Current Debt	35 001.0	13 876.0	33 514.0	47 591.0
Current Debt	39 018.0	48 873.0	22 833.0	52 052.0
Trade Payables	11 001.0	19 035.0	11 223.0	24 146.0

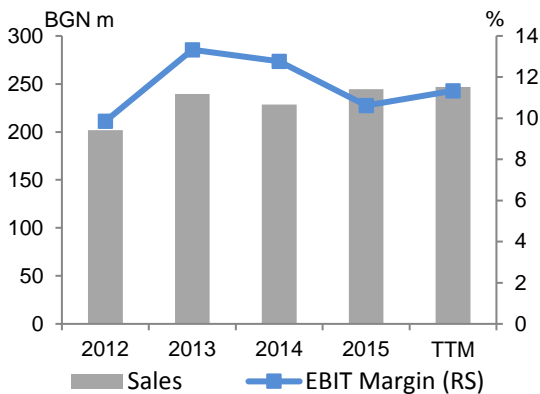
Source: Company data, Sofia International Securities Equity Research

Sales by segments in Q3 2016



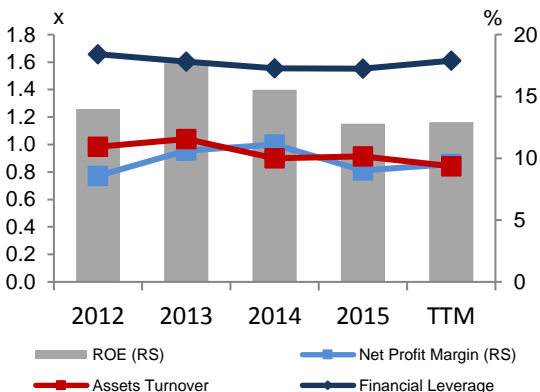
Source: Company data, SIS Equity Research

Sales vs. EBIT Margin



Source: Company data, Sofia International Securities Equity Research

ROE (DuPont Decomposition)



Source: Company data, Sofia International Securities Equity Research

Income statement	2014	2015	2015	2016
BGN '000	FY	FY	9M	9M
Sales	228 371.0	244 653.0	176 944.0	179 058.0
Operating costs	-192 162.0	-193 940.0	-135 800.0	-158 694.0
EBITDA	40 350.0	37 504.0	30 110.0	32 794.0
Depreciation	-11 193.0	-11 532.0	-8 716.0	-9 385.0
EBIT	29 157.0	25 972.0	21 394.0	23 409.0
Net financial result	-2 505.0	-1 851.0	-1 559.0	-2 026.0
t/o interest expense	-3 653.0	-2 077.0	-2 266.0	-2 424.0
EBT	26 652.0	24 121.0	19 835.0	21 383.0
Taxes	-3 048.0	-3 236.0	-2 370.0	-2 479.0
Net Income (group)	23 604.0	20 885.0	17 465.0	18 904.0
Minorities	-1 770.0	-1 166.0	-260.0	-270.0
Net Income	25 374.0	22 051.0	17 725.0	19 174.0

Balance sheet

PP&E	118 371.0	126 517.0	120 932.0	141 506.0
Intangibles	1 606.0	905.0	1 481.0	1 076.0
Other Non-Current Assets	463.0	463.0	463.0	463.0
Non-Current Assets	120 440.0	127 885.0	122 876.0	143 045.0
Inventories	50 560.0	52 547.0	48 083.0	90 018.0
Trade Receivables	39 924.0	40 523.0	37 670.0	45 025.0
Cash & Cash Equivalents	20 538.0	15 232.0	9 137.0	3 308.0
Other Current Assets	28 419.0	39 473.0	38 202.0	48 722.0
Current Assets	139 441.0	147 775.0	133 092.0	187 073.0
Total Assets	259 881.0	275 660.0	255 968.0	330 118.0
Equity	165 533.0	179 479.0	176 826.0	186 912.0
Non-Current Debt	35 001.0	13 876.0	33 514.0	47 591.0
Other Non-Current Liabilities	3 675.0	6 244.0	4 639.0	5 721.0
Non-Current Liabilities	38 676.0	20 120.0	38 153.0	53 312.0
Trade Payables	11 001.0	19 035.0	11 223.0	24 146.0
Current Debt	39 018.0	48 873.0	22 833.0	52 052.0
Other Current Liabilities	5 653.0	8 153.0	6 933.0	13 696.0
Current Liabilities	55 672.0	76 061.0	40 989.0	89 894.0
Total Equity and Liabilities	259 881.0	275 660.0	255 968.0	330 118.0

Cash Flow Statement

Cashflow from Operations	24 948.0	26 040.0	19 537.0	-18 076.0
Cashflow from Investments	-15 574.0	-15 933.0	-9 053.0	-22 665.0
t/o Capex	-12 487.0	-16 588.0	-9 646.0	-23 424.0
Cashflow from Financing	3 874.0	-14 917.0	-21 539.0	29 379.0
Net Cash	13 248.0	-4 810.0	-11 055.0	-11 362.0

Source: Company data, Sofia International Securities Equity Research

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