

Monbat (5MB BU)
Share Data

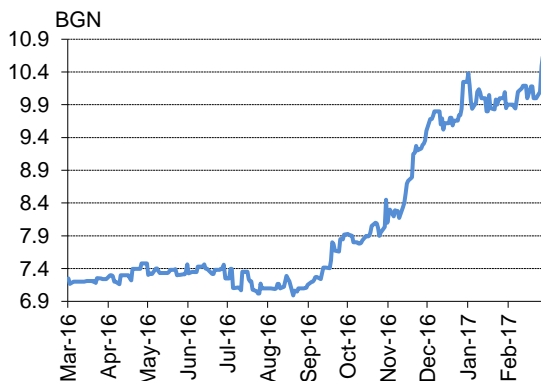
Price	10.63
52 weeks Price Change	46.63%
52 weeks Price Range	6.99 - 10.632
Market Cap (BGN)	414 531 622
Market Cap (EUR)	211 946 653
Shares outstanding	38 989 054
DPS	0.28
Dividend yield	2.63%
EPS	0.73
Sales per share	6.75
Book value per share	5.16
FCF per share	-0.91
P/E	14.63
P/S	1.57
P/B	2.06
EV/Sales	1.94
EV/EBITDA	10.82
ROA	8.94%
ROE	14.64%
Current Ratio	2.15
Total Debt Ratio	0.32
Interest Coverage	10.42
Assets Turnover	0.86

Source: Company data, Sofia International Securities Equity Research

Shareholder Structure

Prista Oil 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

The best is yet to come for Monbat as net income is expected to grow 2.6 times by 2021

Consolidated revenues of Monbat soared by 24.4% YoY in the last three months of the year, the 2016 preliminary financial reports showed. On full-year basis sales reached BGN 263.3m, up by 7.6% over last year's reading.

Export, which traditionally accounts for more than 90% of Group's top-line, continued with its strong performance, adding 11.9% YoY to BGN 239.4m. Domestic sales, however, marked 24.3% plunge in 2016.

France remains the largest single export market for the Group, generating 15.7% of Monbat's total non-domestic sales. Export to UK (BGN 13.25m) and Italy (BGN 13.8m) was strong in the past year, increasing by 36.1% and 33.8% respectively. Sales in Ukraine which began to recover at the beginning of the year, posted annual growth of 173%.

Lead prices continued to climb in the last quarter of the year, pushing up Monbat's expenses for materials. The average price of the metal, which accounts for 70% of the total cost per unit jumped to USD 1870.75 per MT from USD 1794.45 in 2015.

Total operating expenses (excl. change in inventories) grew by 15.5% to BGN 251.38m. Expenses for materials jumped by 20.2% YoY to BGN 179.24m, while personnel expenses and external services expenses increased by 26.6% and 17% respectively.

Despite the noticeable OpEx jump, operating profit soared by 32.43% on annual basis to BGN 34.4m and EBIT margin expanded to 13.1%.

The Group reported net income in the amount of BGN 27.45m (BGN 28.33m - after minorities) or BGN 0.73 per share, up by 31.5% on annual basis.

Total assets grew by BGN 62.6m (+22.7%) to BGN 338.29m over the year as Monbat invested heavily in fixed assets and working capital (inventories and trade receivables).

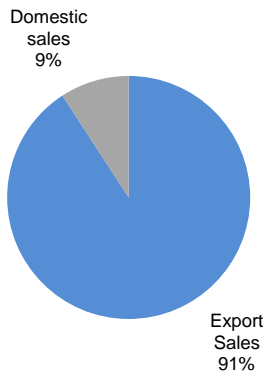
Consolidated debt levels grew by BGN 44.5m to BGN 107.28m as of end-2016, pushing total debt-to assets ratio to 31.7%.

Earlier this month the company published its forecast for the 2017-2021 period, revealing that consolidated revenue is expected to grow at 10% per annum in the next 5 year. Net income is forecasted to reach BGN 73.73m by 2021, up by 169% from 2016 level.

<i>Selected Financials</i>	2015	2016	2015	2016
BGN '000	FY	FY	4Q	4Q
Sales	244 653.0	263 306.0	67 709.0	84 248.0
Sales YoY	7.13%	7.62%	-2.25%	24.43%
EBIT	25 972.0	34 395.0	4 578.0	10 986.0
EBIT Margin	10.62%	13.06%	6.76%	13.04%
Net Income	22 051.0	28 331.0	4 326.0	9 157.0
Net Margin	8.54%	10.43%	5.05%	10.15%
PP&E	126 517.0	146 091.0	126 517.0	146 091.0
Trade Receivables	40 523.0	55 137.0	40 523.0	55 137.0
Inventories	52 547.0	86 141.0	52 547.0	86 141.0
Total assets	275 660.0	338 286.0	275 660.0	338 286.0
Equity	179 479.0	195 682.0	179 479.0	195 682.0
Non-Current Debt	13 876.0	48 589.0	13 876.0	48 589.0
Current Debt	48 873.0	58 688.0	48 873.0	58 688.0
Trade Payables	19 035.0	19 548.0	19 035.0	19 548.0

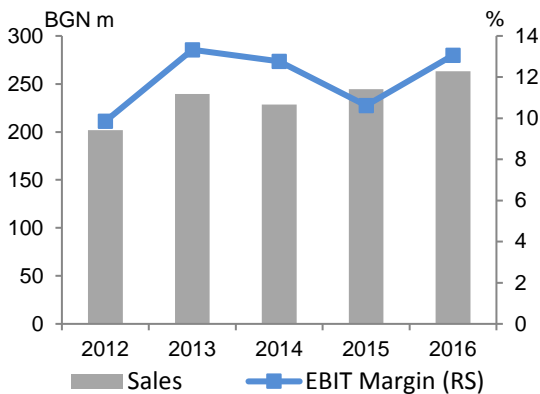
Source: Company data, Sofia International Securities Equity Research

Sales by segments in Q4 2016



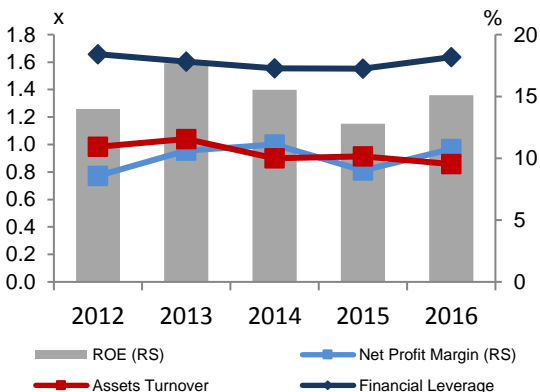
Source: Company data, SIS Equity Research

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	2015	2016	2015	2016
BGN '000	FY	FY	4Q	4Q
Sales	244 653.0	263 306.0	67 709.0	84 248.0
Operating costs	-193 940.0	-230 307.0	-58 140.0	-71 613.0
EBITDA	37 504.0	47 217.0	7 394.0	14 423.0
Depreciation	-11 532.0	-12 822.0	-2 816.0	-3 437.0
EBIT	25 972.0	34 395.0	4 578.0	10 986.0
Net financial result	-1 851.0	-3 201.0	-292.0	-1 175.0
t/o interest expense	-2 077.0	-3 301.0	189.0	-877.0
EBT	24 121.0	31 194.0	4 286.0	9 811.0
Taxes	-3 236.0	-3 740.0	-866.0	-1 261.0
Net Income (group)	20 885.0	27 454.0	3 420.0	8 550.0
Minorities	-1 166.0	-877.0	-906.0	-607.0
Net Income	22 051.0	28 331.0	4 326.0	9 157.0

Balance sheet

PP&E	126 517.0	146 091.0	126 517.0	146 091.0
Intangibles	905.0	1 261.0	905.0	1 261.0
Other Non-Current Assets	463.0	463.0	463.0	463.0
Non-Current Assets	127 885.0	147 815.0	127 885.0	147 815.0
Inventories	52 547.0	86 141.0	52 547.0	86 141.0
Trade Receivables	40 523.0	55 137.0	40 523.0	55 137.0
Cash & Cash Equivalents	15 232.0	5 551.0	15 232.0	5 551.0
Other Current Assets	39 473.0	43 642.0	39 473.0	43 642.0
Current Assets	147 775.0	190 471.0	147 775.0	190 471.0
Total Assets	275 660.0	338 286.0	275 660.0	338 286.0
Equity	179 479.0	195 682.0	179 479.0	195 682.0
Non-Current Debt	13 876.0	48 589.0	13 876.0	48 589.0
Other Non-Current Liabilities	6 244.0	5 575.0	6 244.0	5 575.0
Non-Current Liabilities	20 120.0	54 164.0	20 120.0	54 164.0
Trade Payables	19 035.0	19 548.0	19 035.0	19 548.0
Current Debt	48 873.0	58 688.0	48 873.0	58 688.0
Other Current Liabilities	8 153.0	10 204.0	8 153.0	10 204.0
Current Liabilities	76 061.0	88 440.0	76 061.0	88 440.0
Total Equity and Liabilities	275 660.0	338 286.0	275 660.0	338 286.0

Cash Flow Statement

Cashflow from Operations	26 040.0	-8 867.0	6 503.0	9 209.0
Cashflow from Investments	-15 933.0	-31 083.0	-6 880.0	-8 418.0
t/o Capex	-16 588.0	-31 931.0	-6 942.0	-8 507.0
Cashflow from Financing	-14 917.0	30 986.0	6 622.0	1 607.0
Net Cash	-4 810.0	-8 964.0	6 245.0	2 398.0

Source: Company data, Sofia International Securities Equity Research

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