

Monbat (5MB BU)
Share Data

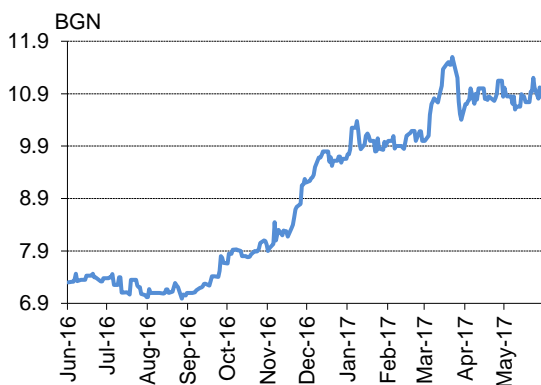
Price	10.82
52 weeks Price Change	48.22%
52 weeks Price Range	6.99 - 11.6
Market Cap (BGN)	421 861 564
Market Cap (EUR)	215 694 393
Shares outstanding	38 989 054
DPS	0.28
Dividend yield	2.59%
EPS	0.70
Sales per share	7.11
Book value per share	5.31
FCF per share	0.14
P/E	15.43
P/S	1.52
P/B	2.04
EV/Sales	1.85
EV/EBITDA	11.02
ROA	8.27%
ROE	13.72%
Current Ratio	2.23
Total Debt Ratio	0.31
Interest Coverage	9.29
Assets Turnover	0.89

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	5.20%
Free Float	17.69%

Source: Company data, Sofia International Securities Equity Research

Share Price of Monbat (5MB BU)


Source: Bloomberg, Sofia International Securities Equity Research

22% revenue growth marks a solid start of 2017 for Monbat

Monbat starts the year on a solid ground with consolidated revenue soaring by 22.2% YoY to BGN 78.05m in the first quarter. Export, which traditionally accounts for the majority of the company's sales, increased by 14% to BGN 67m. Domestic sales performed even better, achieving more than two-fold increase over the results posted a year ago.

France remains the major single export market of the group, accounting for 16.21% of total non-domestic sales. Among the top performing markets were Greece (with 2.5x increase in sales), Poland (3.2x increase) and USA, which brought in BGN 4.26m in revenues after zero sales in the country in Q1 2016. On the other hand, sales in Romania and Spain were weaker as they fell by 30% and 56% YoY respectively.

Lead prices continued to climb in the first three months of the year, pushing up the company's expenses for materials. The price of the commodity reached USD 2 277.30 per MT in March 2017, up from USD 2 230.83 at the end of 2016.

Total operating expenses (excl. changes in inventories) reached BGN 75.37m, up by 21.3% on annual basis. Nearly all cost categories were growing, among which expenses for materials – by 18.8% YoY to BGN 54.9m and personnel expenses – by 17.5% YoY to BGN 6.03m. Despite this, Monbat posted 17.3% growth in its operating profit to BGN 10.56m but operating margin took the hit dropping by 0.6 percentage points to 13.5%.

The company reported net profit in the amount of BGN 8.4m, up by 12.2% on annual basis. This corresponds to EPS of BGN 0.22.

Total assets remained almost unchanged in the first three months of the year, reaching BGN 340.3m at the end of March. Most notably, cash balances rose to BGN 10.5m on stronger cash flows from operations.

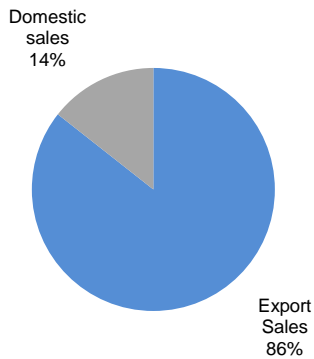
Monbat's management proposed the distribution of 60.9% of 2016 profit as dividend, or BGN 0.2828 per share. The annual GSM will be held on 26 June 2017.

The April data published by the company revealed that the uptrend in the group's sales was sustained after the end of Q1 as well. Net revenue for the period January – April rose by 27.4% on annual basis to BGN 101.27m.

<i>Selected Financials</i>	2015	2016	2016	2017
BGN '000	FY	FY	1Q	1Q
Sales	244 653.0	262 916.0	63 868.0	78 045.0
Sales YoY	7.13%	7.46%	0.88%	22.20%
EBIT	25 972.0	31 562.0	9 002.0	10 559.0
EBIT Margin	10.62%	12.00%	14.09%	13.53%
Net Income	22 051.0	26 527.0	7 803.0	8 618.0
Net Margin	8.54%	9.43%	11.73%	10.77%
PP&E	126 517.0	145 692.0	130 150.0	144 544.0
Trade Receivables	40 523.0	52 766.0	40 344.0	51 451.0
Inventories	52 547.0	87 970.0	62 349.0	87 785.0
Total assets	275 660.0	336 520.0	281 206.0	340 325.0
Equity	179 479.0	192 604.0	186 747.0	200 308.0
Non-Current Debt	13 876.0	48 574.0	14 223.0	47 717.0
Current Debt	48 873.0	58 688.0	50 244.0	58 816.0
Trade Payables	19 035.0	21 492.0	16 614.0	17 752.0

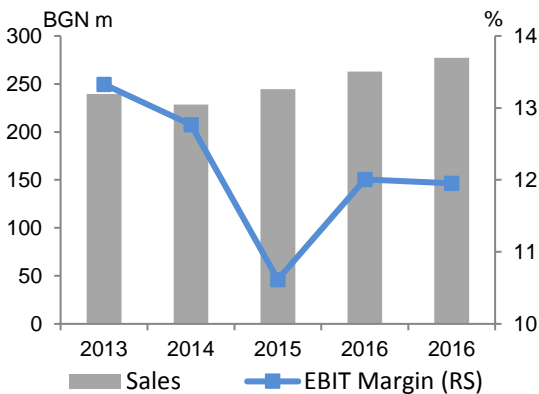
Source: Company data, Sofia International Securities Equity Research

Sales by segments in Q1 2017



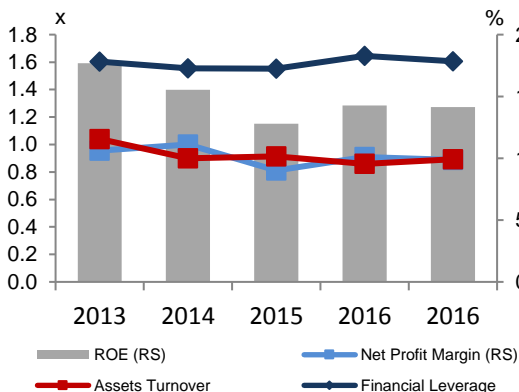
Source: Company data, SIS Equity Research

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	2016	2017
BGN '000	FY	FY	1Q	1Q
Sales	244 653.0	262 916.0	63 868.0	78 045.0
Operating costs	-193 940.0	-232 882.0	-58 030.0	-68 192.0
EBITDA	37 504.0	44 384.0	12 056.0	14 079.0
Depreciation	-11 532.0	-12 822.0	-3 054.0	-3 520.0
EBIT	25 972.0	31 562.0	9 002.0	10 559.0
Net financial result	-1 851.0	-3 112.0	-595.0	-877.0
t/o interest expense	-2 077.0	-2 431.0	-763.0	-1 137.0
EBT	24 121.0	28 450.0	8 407.0	9 682.0
Taxes	-3 236.0	-3 664.0	-917.0	-1 278.0
Net Income (group)	20 885.0	24 786.0	7 490.0	8 404.0
Minorities	-1 166.0	-1 741.0	-313.0	-214.0
Net Income	22 051.0	26 527.0	7 803.0	8 618.0

Balance sheet

PP&E	126 517.0	145 692.0	130 150.0	144 544.0
Intangibles	905.0	1 465.0	876.0	1 382.0
Other Non-Current Assets	463.0	463.0	463.0	463.0
Non-Current Assets	127 885.0	147 620.0	131 489.0	146 389.0
Inventories	52 547.0	87 970.0	62 349.0	87 785.0
Trade Receivables	40 523.0	52 766.0	40 344.0	51 451.0
Cash & Cash Equivalents	15 232.0	5 550.0	4 383.0	10 515.0
Other Current Assets	39 473.0	42 614.0	42 641.0	44 185.0
Current Assets	147 775.0	188 900.0	149 717.0	193 936.0
Total Assets	275 660.0	336 520.0	281 206.0	340 325.0
Equity	179 479.0	192 604.0	186 747.0	200 308.0
Non-Current Debt	13 876.0	48 574.0	14 223.0	47 717.0
Other Non-Current Liabilities	6 244.0	5 498.0	6 061.0	5 336.0
Non-Current Liabilities	20 120.0	54 072.0	20 284.0	53 053.0
Trade Payables	19 035.0	21 492.0	16 614.0	17 752.0
Current Debt	48 873.0	58 688.0	50 244.0	58 816.0
Other Current Liabilities	8 153.0	9 664.0	7 317.0	10 396.0
Current Liabilities	76 061.0	89 844.0	74 175.0	86 964.0
Total Equity and Liabilities	275 660.0	336 520.0	281 206.0	340 325.0

Cash Flow Statement

Cashflow from Operations	26 040.0	-11 003.0	-6 501.0	9 388.0
Cashflow from Investments	-15 933.0	-28 948.0	-4 619.0	-2 613.0
t/o Capex	-16 588.0	-29 796.0	-6 012.0	-1 775.0
Cashflow from Financing	-14 917.0	30 986.0	419.0	-1 773.0
Net Cash	-4 810.0	-8 965.0	-10 701.0	5 002.0

Source: Company data, Sofia International Securities Equity Research

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