



Stock Price of Monbat



- The non-consolidated report of Monbat didn't bring any new information for the market, which receives regular updates for the performance on monthly basis. Revenues for the quarter returned to the level of 2007 and were supported by the rising lead prices on the international markets. As compared to the third quarter of 2008 sales fell 19%. The difference for the first nine months of the year was larger – 40.5% decline of revenues.

- The company is exporting most of its production and main markets were Germany (23% of exports) and Italy (9.9%). Monbat increased its sales to new clients in France, Spain and Italy.

- The quarterly profit also remained at the levels of 2007 but fell much stronger than sales on yearly basis or 29%. The decline of the profit margins can be attributed to the rising depreciation costs and the flat interest payments as compared to the last year.

- The main source of improvement in the profit came from the lower costs of recycled materials. Monbat increased the stake of the recycled lead to 50% of its total consumption and 100% of the propylene. They represented 48% of the costs for the production of car batteries, down from 54% at the end-2008 and 78% at the end-2007.

- The car batteries aftermarket has strong seasonality as the cold temperature during late autumn and the winter are increasing the rate of failure of old batteries. We expect that this year a similar seasonal peak of sales will improve further the revenues. Moreover, better profit margins are also expected despite the delay of the start of the two subsidiaries in Serbia and Romania.

- Monbat lost 14% from its recent peak in September. The company decreased significantly its shares buy-back during the last several months as prices jumped. Trading volumes remained thin even compared to the current low activity on the market. The valuation ratios did not improve after the third quarter report but the difference on yearly basis will continue to diminish due to the higher lead prices.

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