

MONBAT

INDUSTRY: ELECTRICAL EQUIPMENT

SCALING UP

MONBAT DELIVERED ANOTHER SET OF STRONG RESULTS IN 1H17 DESPITE SWELL IN VOLUMES AND DRAG IN MARGINS. FLEXIBLE SCRAP LEAD TRANSACTIONS LED TO DOUBLE DIGIT TOP AND BOTTOM LINE GROWTH FOR THE PERIOD. NEW INVESTMENTS IN TRADITIONAL AND NEW INDUSTRIES, TO BE FINANCED PARTIALLY WITH A NEW 7 YEAR, EUR 30M CONVERTIBLE BOND, EXPECTED TO SCALE UP THE COMPANY

NEW SET OF STRONG RESULTS AMID TURBULENT LME LEAD ENVIRONMENT

Monbat delivered another set of strong results in 1H17 despite a turbulent LME lead environment. Rising LME Lead prices at the start of the year caused a 20% y/y swell in volumes for the period as dealers had pre-stocked in late 2016 and early 2017. Yet, Monbat responded with selling more of lower priced recycled scrap lead to third parties, thus delivering 34% y/y surge in the top line. Preliminary 3Q17 and October data signal that volumes are recovering with 12% y/y decline in volumes and only 1.8% y/y decline in batteries sales value for the 10M17.

MARGINS HURT BUT 2H17 SIGNALS RECOVERY

The start of the year volumes swelling led to lower margins. Profitability is up with double digit pace – EBITDA added 22.5% y/y to BGN 25.7m while net income advanced 21% y/y to BGN 15m. Yet, margins lost 100+ bps y/y to 17% and 10% EBITDA and Net income margin, respectively for the 6M17 period. Preliminary 9M17 results signal slight further margin erosion yet volumes started recovering so the end of the season may lead to partial reversion.

FOCUS ON NEW HORIZONS AND CONSIDERABLY EXPANSION

Amid a hectic lead acid batteries year, Monbat ventured into sustaining its organic growth model and expanding its horizons via a three stage strategic investment plan. The Company announced it plans to scale up its existing business model via two strategic acquisitions in Italy (recycling facility) and Tunisia (lead acid batteries producer (ASSAD)); initiate niche diversification in recycling operations via tin and antimony recycling; and commercialize and scale the production of new li-ion batteries for high power applications. The latter is an entirely new venture for Monbat, yet is expected to have considerable impact on the Company from 2019 onward. Management expects EBITDA to triple in 5 years from EUR 22.5m in 2016 to EUR 69.8m in 2021 from the latter strategic plan.

NEW EUR 30M CONVERTIBLE BOND ISSUE TO FINANCE PLANNED INVESTMENTS

To finance its new investment ventures, Monbat plans to issue 7- year EUR 30m convertible bond. The issue's prospectus has already been approved by the Bulgarian Financial Supervision Commission with public offering expected shortly. The bond poses a dividend like investment exposure to Monbat as coupon is slightly above average DY of the Company. Thus, the bond offers lucrative current income investment opportunity with the option to take considerable upside if Monbat achieves targets via the bond conversion option. Bondholders can convert the bond into common stock three times over the life of the issue at a price of 90% of the weighted average price per share prior to the conversion.

VALUATION/RISKS

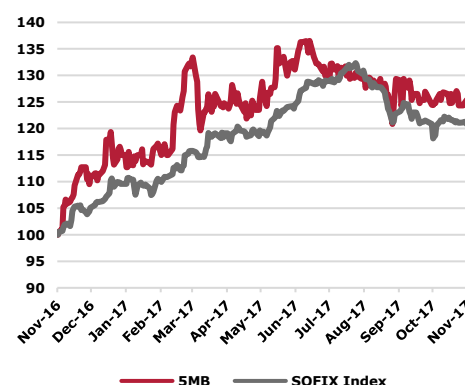
VALUATION: We keep our recommendation unchanged until Monbat places its new bond and finalized all pending acquisitions, but we twitch slightly up our top line estimates.

in 000 BGN, ex. ratios	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Revenues	62 479	69 001	63 893	48 563	66 920	83 895	78 207	72 672
<i>Growth y/y</i>	<i>11.41%</i>	<i>-0.41%</i>	<i>0.90%</i>	<i>-5.06%</i>	<i>7.11%</i>	<i>21.59%</i>	<i>22.40%</i>	<i>49.64%</i>
EBITDA	8 611	7 394	12 056	8 909	11 829	11 590	14 079	11 603
EBIT	5 615	4 578	9 002	5 793	8 614	8 153	10 559	8 118
Net profit	4 456	4 326	7 803	4 742	6 629	7 353	8 618	6 533
Equity	179 747	183 295	191 684	185 119	191 879	199 018	206 936	202 917
ROE	14.19%	12.25%	11.80%	11.65%	12.61%	13.95%	14.03%	14.78%
ROA	9.67%	8.33%	8.08%	7.74%	8.11%	8.67%	8.58%	8.80%
EBITDA margin	13.78%	10.72%	18.87%	18.35%	17.68%	13.81%	18.00%	15.97%
Net profit margin	7.13%	6.27%	12.21%	9.76%	9.91%	8.76%	11.02%	8.99%
EPS	0.11	0.11	0.20	0.12	0.17	0.19	0.22	0.17
Debt/equity	0.30	0.33	0.33	0.43	0.51	0.53	0.34	0.51
P/E (ttm)	11.62	14.13	12.97	13.17	15.27	16.02	16.40	14.59
P/B (ttm)	1.63	1.70	1.46	1.52	1.87	2.14	2.17	2.09
EV/EBITDA	8.33	9.53	9.12	9.63	11.26	11.81	10.95	10.56

RESULTS ANALYSIS

HOLD
ONE YEAR PRICE TARGET: BGN 11.32
CURRENT PRICE: BGN 10.90
EXCHANGE RATES
EUR/BGN (FIXED): 1.95583
USD/BGN: 1.65077
MARKET DATA

Shares Outstanding:	39.89 m
Share Capital:	BGN 39 m
Free-float:	29%
Treasury Shares	0%
Market Cap.:	BGN 425 m
Avg. Daily Vol.:	BGN 95 000
52 Weeks Range:	BGN 8.49- 11.60
BSE Ticker	5MB
Bloomberg Ticker	SMB BU

OUTPERFORMING THE INDEX


Source: Bloomberg

MONBAT'S 1H17 FINANCIAL RESULTS REVIEW AND NEW BOND ISSUANCE

Monbat delivered another set of strong results for the first six months of 2017 with preliminary 9M17 data supporting the trend. The latter performance came at a hectic time in the LME Lead environment. Lead prices were sharply on the rise in the first months of the year and then declined considerable in the second quarter to pick up the upward trend again in the third quarter of the year. This kept dealers away from new batteries purchases until lead prices calmed down.

Results breakdown: The latter environment led to 20% y/y decline in volumes with less than one million starter, stationary and deep cycled batteries sold in 1H17, according to Company data. The cycle reversed in 3Q17 and October 2017 with batteries sold already above one million in the second part of the period. For the 10M2017, the Company reported 2 million sold batteries, down 12.3% y/y.

This translated into 10% y/y decline in sales value from the batteries producing operations of the Group in 1H17. Yet, Monbat managed to offset this volumes effect with the sale of lower cost recycled scrap lead from the recycling operations of the Group.

Preliminary data for 3Q17 and October 2017, signal recovery in the batteries division. Volumes picked up in the months of September and October 2017. Thus, 10M17 data show only 12% y/y decline in volumes and 1.8% y/y decline in batteries division revenues.

The Group managed to completely offset the lead prices effect on the top line by selling more recycled scrap lead to third parties. According to Company data, Monbat managed to sell 10k tons of scrap lead over the 10M7 vs only 0.5k tons an year earlier. No scrap lead sales value data available for the same period.

This resulted in overall group sales for 1H17 to be up 34% y/y to BGN 150m while preliminary 9M17 data show 27% y/y rise to BGN 228m of revenue.

Profitability also maintained double digit growth trend but margins declined. In 1H17, EBITDA added 22.5% y/y to BGN 25.7m but EBITDA margin is down 160 bps y/y to 17%. Still this is above historical average for the Company.

Net income rose 20.8% y/y to BGN 15.2m but net income margin is down 116 bps y/y to 10%. Preliminary 9M17 results signal slight further margin erosion yet volumes started recovering, so the end of the season may lead to partial reversion in profitability.

New investments: Amid this hectic year, Monbat ventured into sustaining its organic growth model and expanding its horizons via a three stage strategic investment plan.

The Company announced it plans to scale up its existing business via two strategic acquisitions, one in Italy (acquiring a recycling facility) and one in Tunisia (acquiring a local lead acid batteries producer - ASSAD); initiate niche diversification in recycling operations via tin and antimony recycling and commercializing and scaling the production of new li-ion batteries for high power applications. The latter is an entirely new venture for Monbat,

yet is expected to have considerable impact on the Company 2019 onward.

The strategic **acquisition in Italy** – a lead acid batteries recycling plant Piombifera Italiana S.p.A in Brescia, Italy, is expected to add to Monbat's recycling capacity another 40k tons. Thus, the current capacity together with the ongoing investments in tin and antimony recycling to build up to 100k tons of recycling capacity for the Group in 2-3 years.

The **acquisition in Tunisia** – a lead-acid batteries producer - ASSAD, to give Monbat not only exposure to Northern African markets but also additional manufacturing capacity. Currently, ASSAD holds 41% market share in Tunisia and 15% market share in Libya and Algeria. It can produce 1.5 million lead acid batteries and is expected to deliver EUR 7.4m in EBITDA and EUR 40m in sales in FY2017.

Monbat's **li-ion venture** is expected to give the Group exposure to the li-ion market. Monbat already acquire two German based companies – GAIA and EAS Germany, merged them into one EAS Batteries and is expected to start commercializing their li-iron phosphate cells. Monbat plans to streamline the past chaotic product mix of the German companies into a one easy to use LFP cells product line and commercialize it for high-power hybrid fleets (busses, trucks, trains, etc.). In this way, the Company expects to build organic stability in the li-ion division by the end of 2018 and beginning of 2019 and venture into new generation cell development afterwards.

With the above mentions strategic new investments, Monbat's management expects EBITDA to triple over the next 5 years from EUR 22.5m in 2016 to EUR 69.8m in 2021. The key EBITDA expansion contributors are expected to be market expansion, current organic operations, li-ion venture and recycling diversification, each contributing 48%, 26%, 17% and 9% to additional EBITDA, respectively

New EUR 30m bond financing The latter plans to be partially financed with a new EUR 30m unsecured convertible bond and partially with additional bank debt financing.

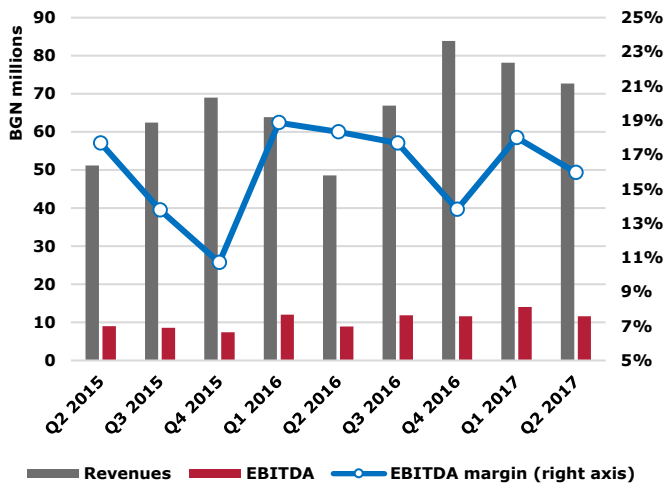
The Bulgarian Financial Supervision Commission has already approved the bond's prospectus with public placement to start shortly.

The bond will be 7 year, yielding 6- month EURIBOR + 3% but min. 3%. It will be convertible on the 48th, 66th and 78th month on bondholders' discretion for Monbat's common shares at a price equal to the 90% of the weighted average market price of the shares 6 months prior to the conversion.

The bond will also be callable at the end of the 5th year at a price of 101% of nominal value. The principle will be repaid in three installments of 20%, 30% and 50% at the end of the 5th, 6th and 7th year.

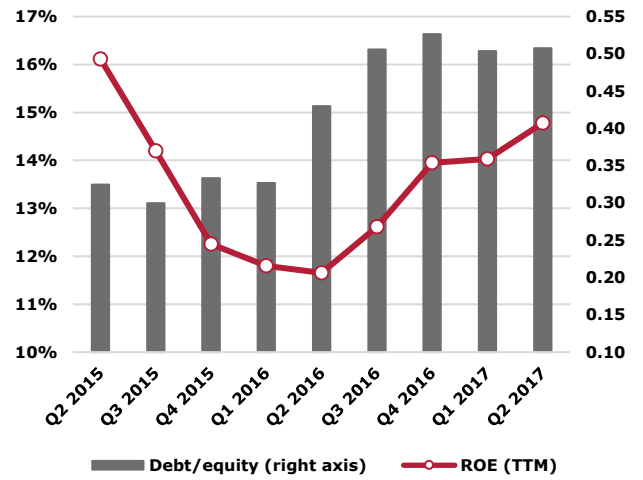
All current Monbat shareholders will be entitled to subscribe the bond via special pre-emptive rights issue. Shareholders will receive 1 pre-emptive right for each 1 share owned. 1300 rights will allow to subscribe 1 bond with a nominal value of EUR 1 000 per bond.

Exhibit 2: Margins hurt from early 2017 lead prices surge



Source: Company data

Exhibit 3: ROE rising but D/E on the rise due to working capital and investment financing



Source: Company data

ANNUAL CONSOLIDATED FINANCIAL DATA (AUDITED)

Income Statement ('000 BGN)	2014A	2015A	2016A	6M 2016	6M 2017	TTM	2017F	2018F
Sales	221 027	245 958	263 271	112 456	150 879	301 694	315 925	353 836
Other operating income	8 010	815	3 251	1 319	1 420	3 352	3 901	4 369
Change in Inventories	-10 212	1 884	-19 333	-15 340	-5 194	-9 187	-17 590	-14 328
Cost of Materials	154 380	149 163	179 095	83 679	98 926	194 342	220 680	239 998
Cost of External Services	17 669	19 436	23 140	9 869	10 477	23 748	26 226	28 656
Cost of Labor	16 022	18 314	23 179	10 443	12 430	25 166	27 185	30 447
Other Operating Expenses	4 625	7 030	7 471	2 156	2 700	8 015	5 757	6 448
Net Book value of Assets Sold	7 328	13 442	8 586	2 003	7 278	13 861	6 397	5 373
Total Operating Expenses	201 005	220 801	234 960	98 980	133 622	269 602	268 654	296 594
EBITDA	39 225	37 504	44 384	20 965	25 682	49 101	51 172	61 611
Depreciation and Amortization	11 193	11 532	12 822	6 170	7 005	13 657	13 433	16 477
EBIT	28 032	25 972	31 562	14 795	18 677	35 444	37 740	45 134
Financial revenue	2 884	3 819	3 585	1 509	2 326	4 402	4 739	4 954
Financial expense	5 389	5 670	6 697	2 736	3 742	7 703	8 230	9 284
Interest Expense	2 437	2 077	2 431	1 003	1 645	3 073	3 251	4 258
EBT	25 527	24 121	28 450	13 568	17 261	32 143	34 249	40 804
Income Taxes	2 936	3 236	3 664	1 591	1 945	4 018	3 425	4 080
Minority Interest	-1 770	-1 166	-1 741	-568	165	-1 008	-32	358
Net Income	24 361	22 051	26 527	12 545	15 151	29 133	30 856	36 365
EPS	0.65	0.57	0.68	0.34	0.39	0.75	0.79	0.93
Balance Sheet ('000 BGN)	2014	2015	2016	6M 2016	6M 2017	TTM	2017F	2018F
Assets								
Cash & Near Cash Items	20 538	15 238	5 550	4 417	9 536	9 536	14 169	38 381
Short-Term Investments	0	50	50	50	50	50	0	0
Accounts & Notes Receivable	68 175	81 467	94 701	81 924	105 435	105 435	105 543	114 626
Inventories	50 560	51 403	87 970	79 939	83 436	83 436	86 353	89 551
Other Current Assets	168	337	629	837	690	690	1 599	1 791
Total Current Assets	139 441	148 495	188 900	167 167	199 147	199 147	207 664	244 349
LT Investments & LT Receivables	463	463	463	463	463	463	1 119	716
Net Fixed Assets	118 371	127 023	145 692	135 744	142 964	142 964	159 913	211 341
Other Long-Term Assets	1 606	904	1 465	1 050	1 351	1 351	1 599	1 433
Total Long-Term Assets	120 440	128 390	147 620	137 257	144 778	144 778	162 632	213 491
Total Assets	259 881	276 885	336 520	304 424	343 925	343 925	370 296	457 840
Liabilities & Shareholders' Equity								
Accounts Payable	14 244	22 297	27 098	28 773	28 405	28 405	35 181	32 239
Short-Term Borrowings	38 092	46 226	58 173	58 519	51 029	51 029	57 569	64 477
Other Short-Term Liabilities	3 336	4 927	4 573	8 566	8 239	8 239	1 279	1 433
Total Current Liabilities	55 672	73 450	89 844	95 858	88 479	88 479	94 029	98 148
Long-Term Borrowings	34 635	14 830	46 626	21 097	52 005	52 005	54 370	107 462
Other Long-Term Liabilities	4 041	8 685	7 446	7 555	6 773	6 773	7 196	7 164
Total Long-Term Liabilities	38 676	23 515	54 072	28 652	58 778	58 778	61 567	114 626
Total Liabilities	94 348	96 965	143 916	124 510	147 257	147 257	155 596	212 774
Total Preferred Equity	0	0	0	0	0	0	0	0
Minority Interest	-2 661	-3 375	-6 414	-5 205	-6 249	-6 249	-7 996	-6 448
Share Capital & APIC	39 000	38 989	38 989	38 989	38 989	38 989	39 000	39 000
Retained Earnings & Other Equity	129 194	144 306	160 029	146 130	163 928	163 928	183 696	212 513
Total Equity	168 194	183 295	199 018	185 119	202 917	202 917	222 696	251 513
Total Liabilities & Equity	259 881	276 885	336 520	304 424	343 925	343 925	370 296	457 840

Source: Company IFRS Financial Statements Audited; Elana Trading Estimates

QUARTERLY FINANCIAL DATA

Income Statement ('000 BGN)	Q3 2015	Q4 2015	Q1 2014	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Sales revenues	62 479	69 001	63 893	48 563	66 920	83 895	78 207	72 672
Other revenues	172	297	615	704	698	1 234	1 000	420
Operating Expenses	57 036	64 720	55 506	43 474	59 004	76 976	68 648	64 974
Change in Inventories	-342	1 110	-6 647	-8 693	-971	-3 022	-6 884	1 690
Cost of Material	41 060	41 662	46 223	37 456	38 852	56 564	54 914	44 012
Cost of Labor	4 515	5 817	5 136	5 307	6 117	6 619	6 034	6 396
Cost of External Services	4 781	6 207	5 425	4 444	6 023	7 248	5 624	4 853
Depreciation and Amortization	2 996	2 816	3 054	3 116	3 215	3 437	3 520	3 485
Net Book Value of Assets Sold	3 015	2 640	1 044	959	4 208	2 375	3 809	3 469
Other Costs	1 011	4 468	1 271	885	1 560	3 755	1 631	1 069
Operating Income	5 615	4 578	9 002	5 793	8 614	8 153	10 559	8 118
Financial revenues	892	1 099	854	655	1 205	871	899	1 427
Financial Expenses	1 623	1 391	1 449	1 287	2 004	1 957	1 776	1 966
Interest Expense	453	490	489	514	717	711	899	746
Pretax Income	4 884	4 286	8 407	5 161	7 815	7 067	9 682	7 579
Income Tax Expense	628	866	917	674	888	1 185	1 278	667
Income Before XO Items	4 256	3 420	7 490	4 487	6 927	5 882	8 404	6 912
Extraordinary Loss Net of Tax	0	0	0	0	0	0	0	0
Minority Interests	-200	-906	-313	-255	298	-1 471	-214	379
Net Income	4 456	4 326	7 803	4 742	6 629	7 353	8 618	6 533
Balance Sheet ('000 BGN)	Q3 2015	Q4 2015	Q1 2014	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Assets								
Cash & Near Cash Items	9 137	15 238	4 383	4 417	3 308	5 550	10 515	9 536
Short-Term Investments	50	50	50	50	50	50	50	50
Accounts & Notes Receivable	75 522	81 467	82 205	81 924	92 662	94 701	94 895	105 435
Inventories	48 083	51 403	62 349	79 939	90 018	87 970	87 785	83 436
Other Current Assets	300	337	730	837	1 035	629	691	690
Total Current Assets	133 092	148 495	149 717	167 167	187 073	188 900	193 936	199 147
LT Investments & LT Receivables	463	463	463	463	463	463	463	463
Net Fixed Assets	120 932	127 023	130 150	135 744	141 506	145 692	144 544	142 964
Other Long-Term Assets	1 481	904	876	1 050	1 076	1 465	1 382	1 351
Total Long-Term Assets	122 876	128 390	131 489	137 257	143 045	147 620	146 389	144 778
Total Assets	255 968	276 885	281 206	304 424	330 118	336 520	340 325	343 925
Liabilities & Shareholders' Equity								
Accounts Payable	15 658	22 297	20 470	28 773	35 054	27 098	24 357	28 405
Short-Term Borrowings	21 722	46 226	49 700	58 519	51 413	58 173	58 306	51 029
Other Short-Term Liabilities	3 609	4 927	4 005	8 566	3 427	4 573	3 495	8 239
Total Current Liabilities	40 989	73 450	74 175	95 858	89 894	89 844	86 964	88 479
Long-Term Borrowings	32 148	14 830	12 952	21 097	45 690	46 626	45 974	52 005
Other Long-Term Liabilities	6 005	8 685	7 332	7 555	7 622	7 446	7 079	6 773
Total Long-Term Liabilities	38 153	23 515	20 284	28 652	53 312	54 072	53 053	58 778
Total Liabilities	79 142	96 965	94 459	124 510	143 206	143 916	140 017	147 257
Total Preferred Equity	0	0	0	0	0	0	0	0
Minority Interest	-2 921	-3 375	-4 937	-5 205	-4 967	-6 414	-6 628	-6 249
Share Capital & APIC	39 000	38 989	38 989	38 989	38 989	38 989	38 989	38 989
Retained Earnings & Other Equity	140 747	144 306	152 695	146 130	152 890	160 029	167 947	163 928
Total Equity	179 747	183 295	191 684	185 119	191 879	199 018	206 936	202 917
Total Liabilities & Equity	255 968	276 885	281 206	304 424	330 118	336 520	340 325	343 925

Source: Company IFRS Financial Statements

KEY FINANCIAL AND PERFORMANCE INDICATORS	2013A	2014A	2015A	2016A	2017F	2018F
VALUATION						
PRICE/EARNINGS (P/E)	13.55	12.64	13.19	15.79	13.78	11.69
PRICE/BOOK (P/B)	2.27	1.90	1.59	2.10	1.91	1.69
PRICE/SALES (P/S)	1.43	1.40	1.18	1.57	1.33	1.19
PRICE/CASH PER SHARE	9.57	8.76	8.66	10.64	9.60	8.04
EV (IN BGN)	396 353	371 989	336 758	518 109	522 870	558 658
EV/EBITDA	9.33	9.24	8.98	11.67	10.22	9.07
PROFITABILITY						
RETURN ON COMMON EQUITY	18.28%	15.84%	12.55%	13.88%	14.63%	15.34%
RETURN ON ASSETS	11.27%	10.17%	8.22%	8.65%	8.73%	8.78%
RETURN ON INVESTED CAPITAL	14.09%	11.36%	9.35%	9.82%	10.57%	10.70%
EBITDA MARGIN	17.69%	17.59%	15.20%	16.65%	16.00%	17.20%
OPERATING MARGIN	13.29%	12.70%	10.52%	11.84%	11.80%	12.60%
NET INCOME MARGIN	10.57%	11.05%	8.94%	9.95%	9.65%	10.15%
DIVIDEND						
DIVIDEND YIELD	2.61%	1.83%	3.75%	2.63%	1.69%	1.78%
DIVIDEND PER SHARE	0.23	0.15	0.28	0.28	0.18	0.19
LIQUIDITY						
CURRENT RATIO	1.67	2.50	2.02	2.10	2.21	2.49
QUICK RATIO	1.03	1.59	1.32	1.12	1.27	1.56
CREDIT						
LT DEBT/EQUITY	0.06	0.21	0.08	0.23	0.24	0.43
TOTAL DEBT/EQUITY	0.40	0.43	0.33	0.53	0.50	0.68
TOTAL DEBT/TOTAL ASSETS	0.25	0.28	0.22	0.31	0.30	0.38
EBIT/INTEREST EXPENSE	15.73	16.53	18.06	18.26	15.74	14.47

Source: ELANA Trading estimates

MONBAT Overview

COMPANY PROFILE

Monbat is the largest lead-acid battery producer in Bulgaria, focused on the automotive aftermarket. It is fully vertically integrated with two production sites in Bulgaria (3.5 million units capacity) and three scrap batteries recycling facilities in Bulgaria, Romania and Serbia (60K tons/annum capacity).

The company exports 90% of products to 60+ countries with the EU major export destination via a wide distribution network. Leading markets are France, Germany, Spain, and Romania while domestic sales take up 10% of revenues. Sells 3 million batteries a year which yields approx. 5.5% market share in Europe.

FUNDAMENTAL STORY

Monbat has 60 years+ of history in lead acid batteries manufacturing. The latest investments in own recycling facilities act as partial natural hedge to LME price volatility in addition to providing environmental and raw materials availability benefits. Accordingly, the company is able to earn above sector average margins of 16% average EBITDA margin over the last 10 years.

Despite the rising demand on electric vehicles, the current technology for starting batteries is expected to remain without substitution. Lead-acid batteries are most cost efficient for industrial applications and will remain primary back-up choice for telecoms.

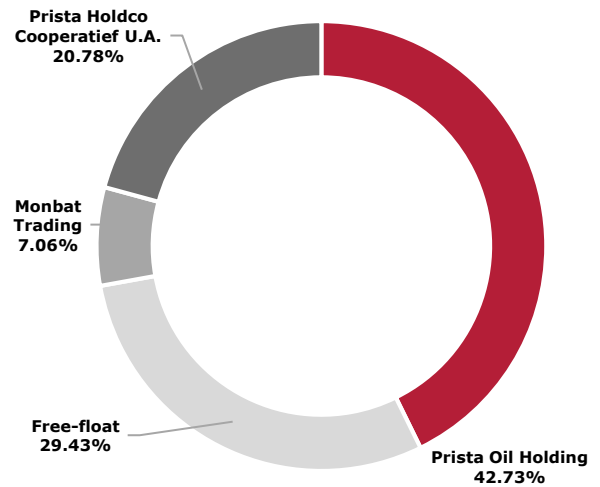
A new five investment program envisions strategic investments in tin extraction from lead alloys and new batteries and energy management solutions from alternative technology.

Monbat is highly ranked for corporate governance with a balanced stakeholders' policy and among the best managed listed companies in Bulgaria. It is run by an experienced professional turnaround team supported by both majority shareholder - Prista Oil Group, and minority investors - turnaround specialist ADM Capital and the European Bank for Reconstruction and Development.

STRENGTHS & OPPORTUNITIES

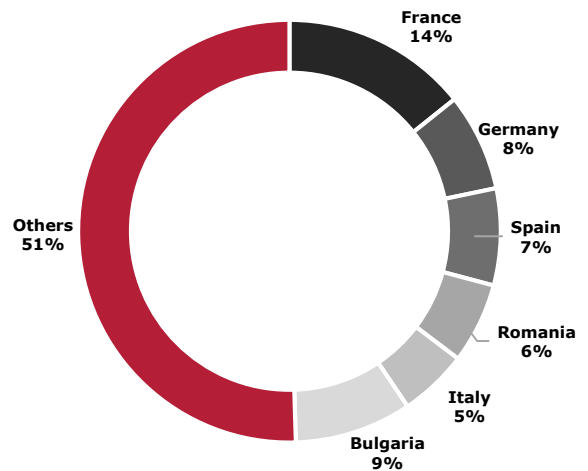
- Broad distribution network in most EU countries
- No dependence on large client or particular market
- Highly ranked for corporate governance and financial performance from Bulgarian investors
- Resource availability from recycling of old batteries
- Competitive product prices and very high profit margins as compared to leading companies in the sector

SHAREHOLDERS' STRUCTURE



Source: Company data, As of Dec 31st, 2016

SALES BREAKDOWN IN 2016



Source: Company data

WEAKNESSES & THREATS

- Volatile global lead prices may erode both margins and top line performance as price transfer may not happen as fast as commodity price fluctuations, scrap lead availability may decrease and recycling margins may not offset primary market turbulences

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BUY	Target price is more than 10% above current quotes
HOLD	Target price in +/-10% range of the current quotes
SELL	Target price is more than 10% below the current quotes

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Q3 2017 Recommendation Review			Market Maker Services
Recommendation	#	Share	
BUY	8	40%	SKK BU; 4KX BU
HOLD	9	45%	
SELL	0	0%	
Under review	3	15%	

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