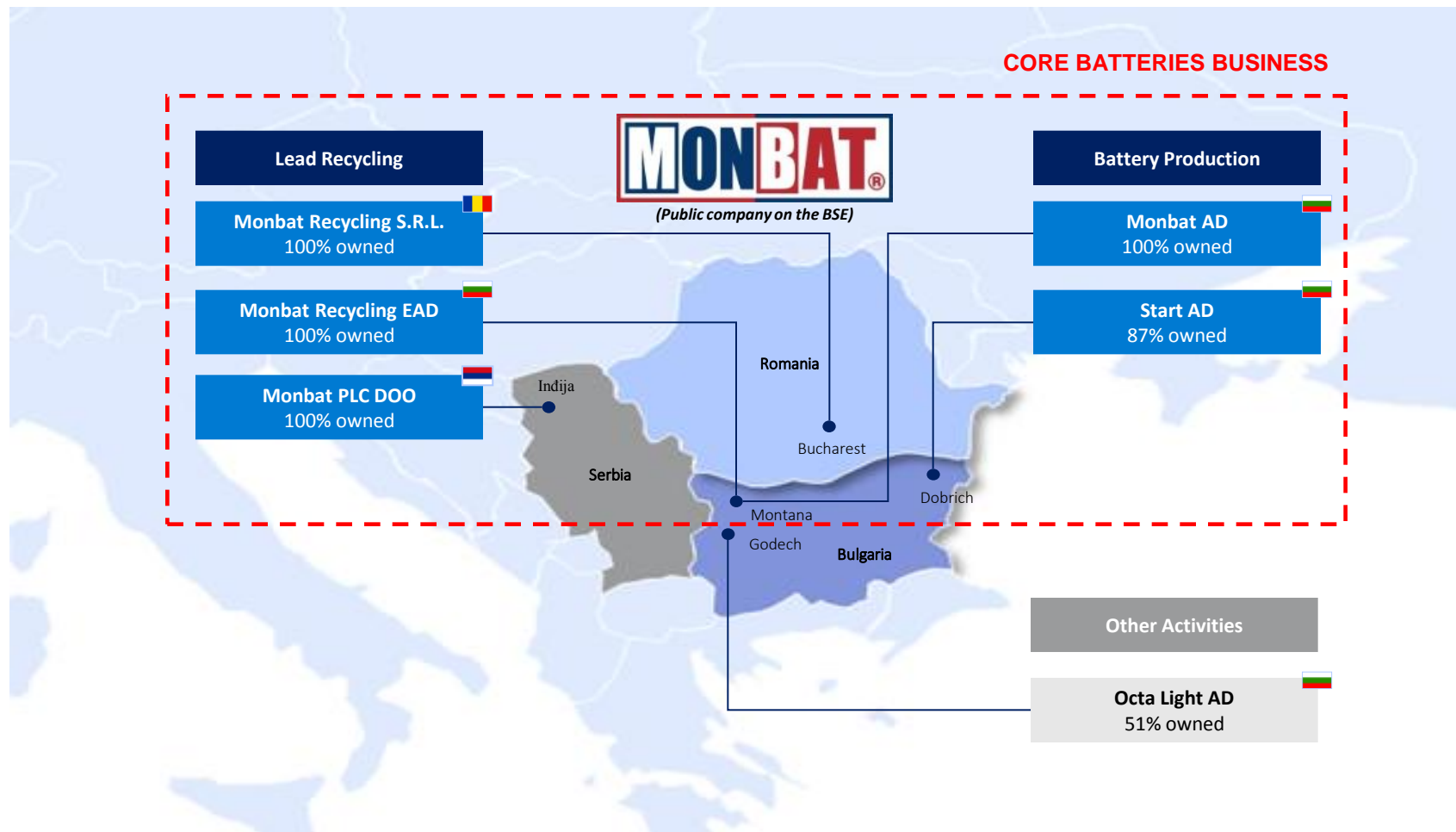


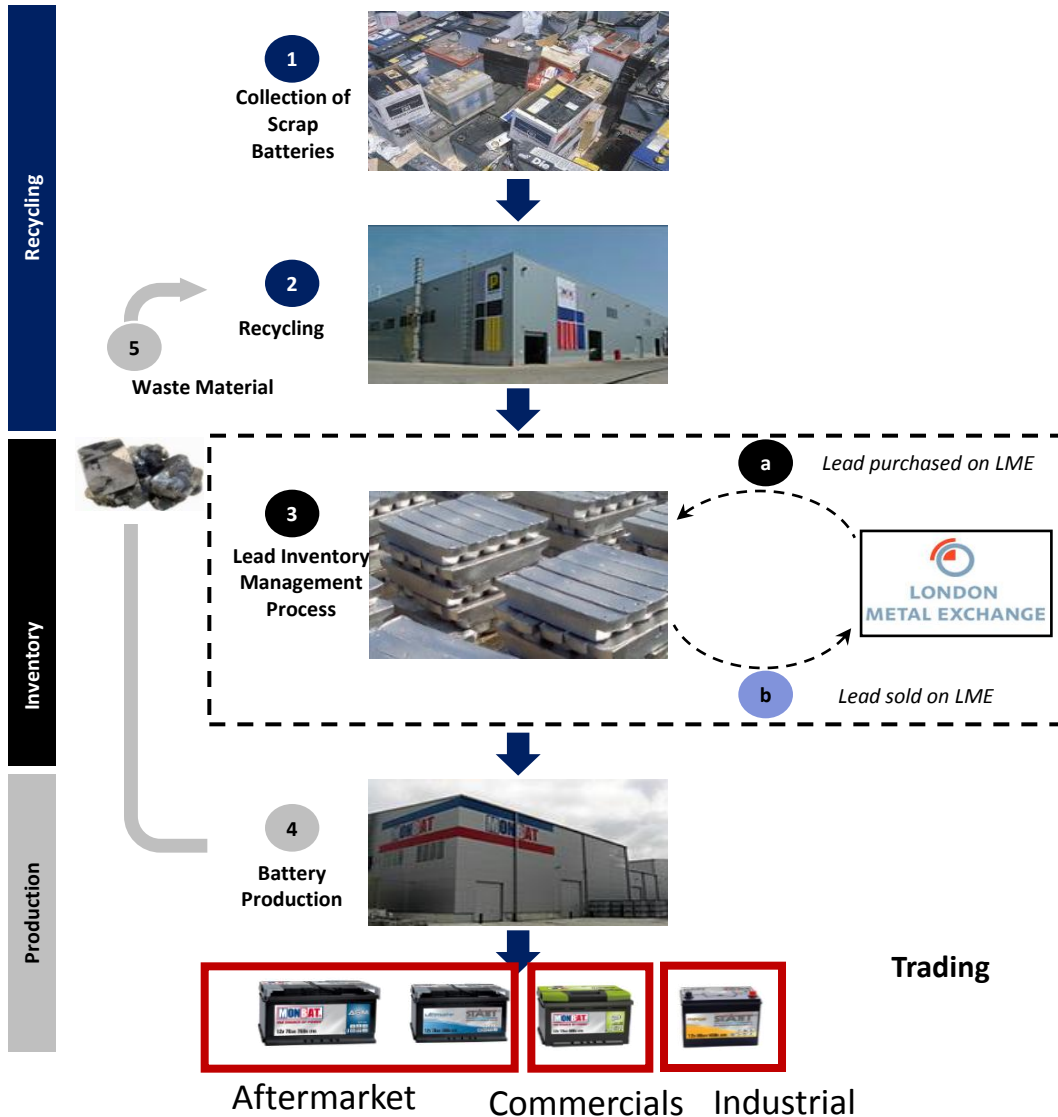
**MONBAT ECONOMIC GROUP**  
**PROGRESSIVE VALUE CREATION**

# BUSINESS MODEL

## Monbat Group at a Glance



# Fully Vertically Integrated Business

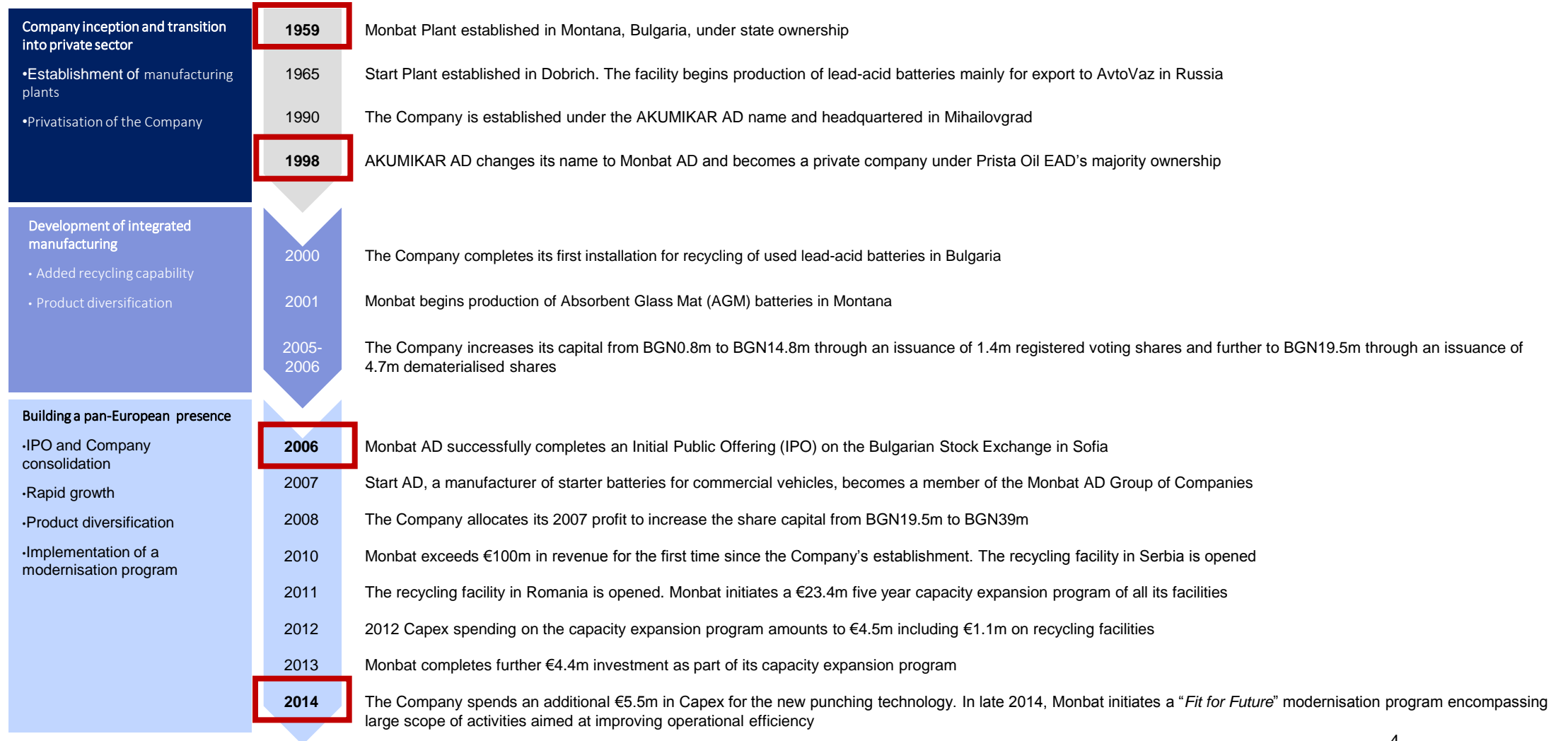


Impact on Monbat's Operating Margins	
Scrap battery procurement and stock insulate Monbat from negative impact of tight lead supply market pricing peaks	+
Management of recycled lead vs. purchased lead to optimise raw material input cost	+
Further margin optimisation via sales into lead market	+
Efficient manufacturing yield from in-house recycling of process waste material	+

# Company History



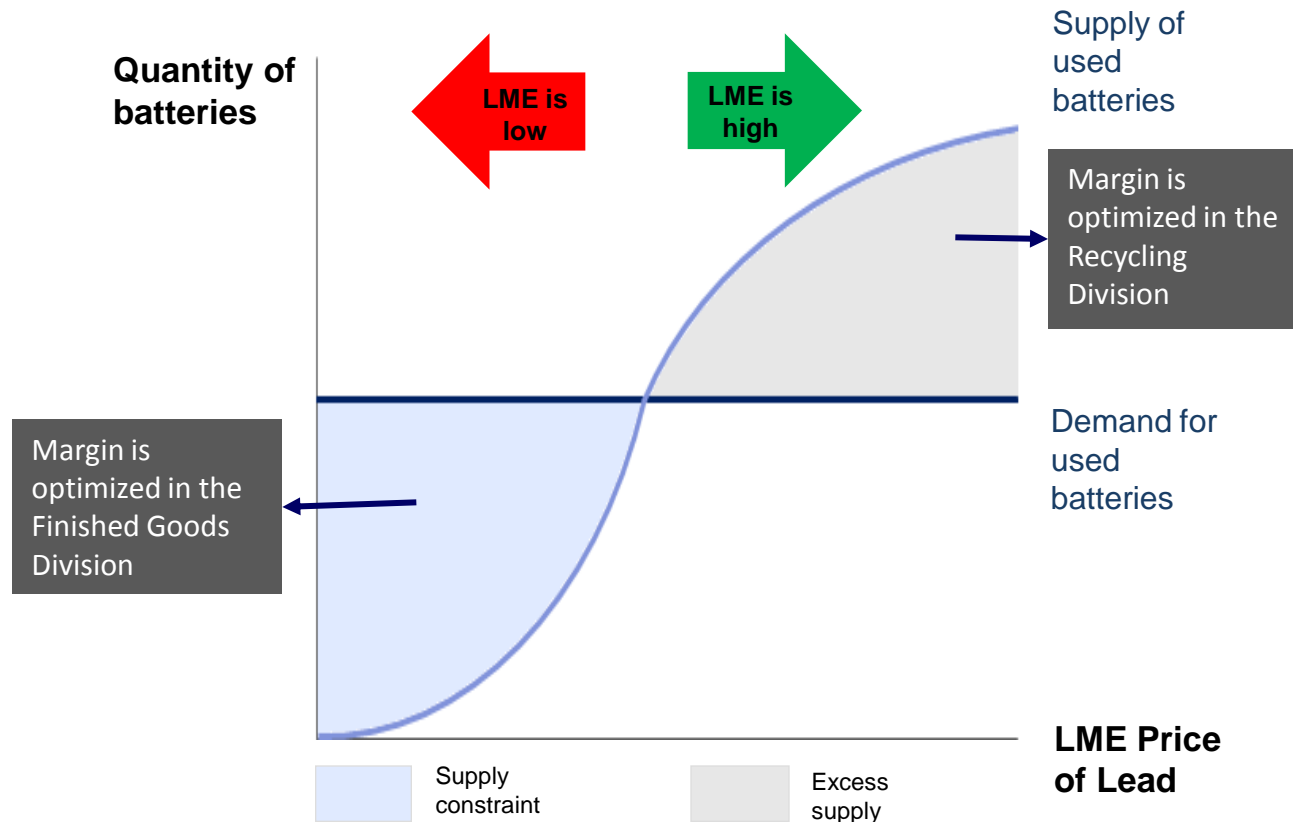
Since its inception, Monbat has transitioned from a small state-owned enterprise into a global player in the lead-acid battery market



# Vertical Integration Levers



NATURAL HEDGING AND MASS MATERIAL BALANCE ARE DRIVING MARGIN OPTIMISATION IN CASE OF THE TWO EXTREME MARKET CONDITIONS



	LME	LME
Time to price Indexation	+	-
Recycling margin	+	-
Weighted average CoGS of inventory	+	-
Finished Goods Margin	+	+/-
Scrap batteries /Raw Lead stock re-build	+	-/+

**In Low LME Market context**, Monbat is aiming to minimize the market spread hit on its integrated margin.

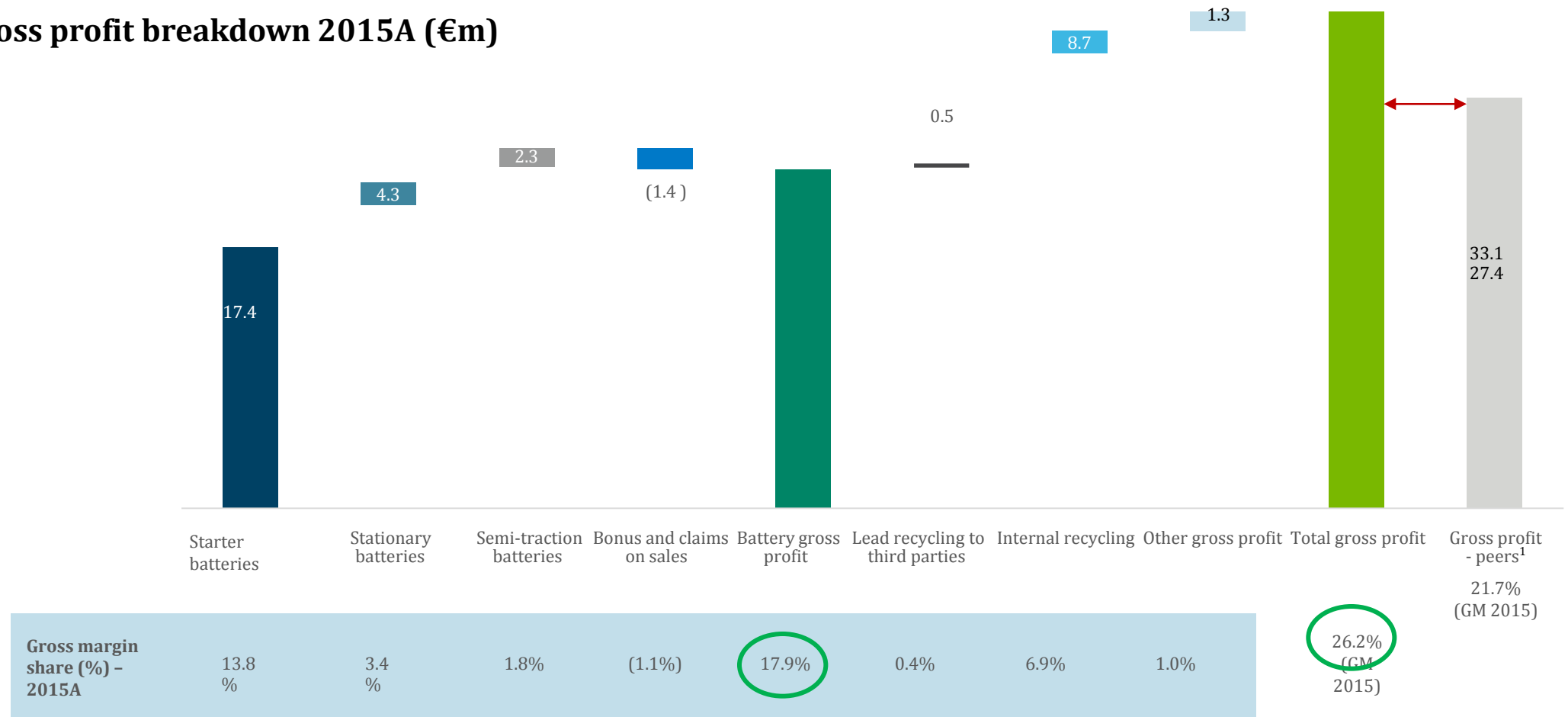
**In High LME Market context**, Monbat is aiming to maximize the margin from the market spread.

# Recycling Contributes Significantly to Total Gross Profit

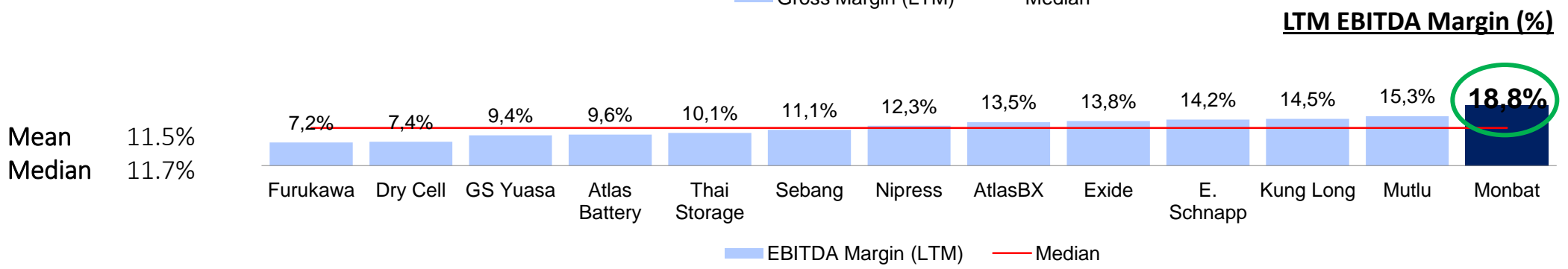
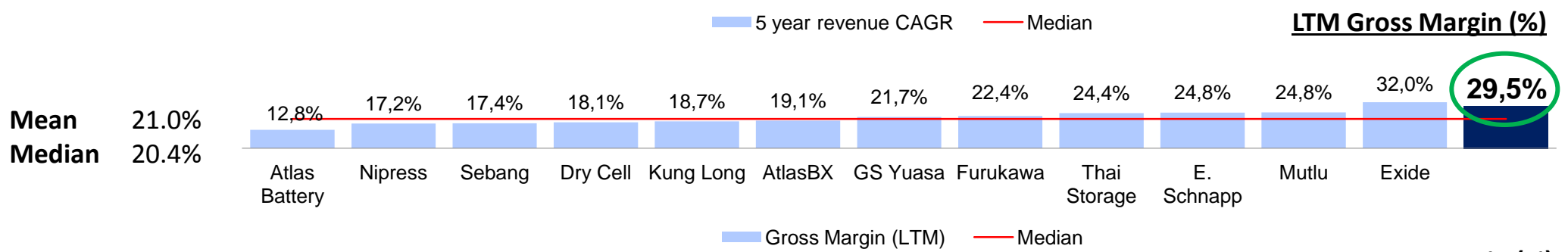
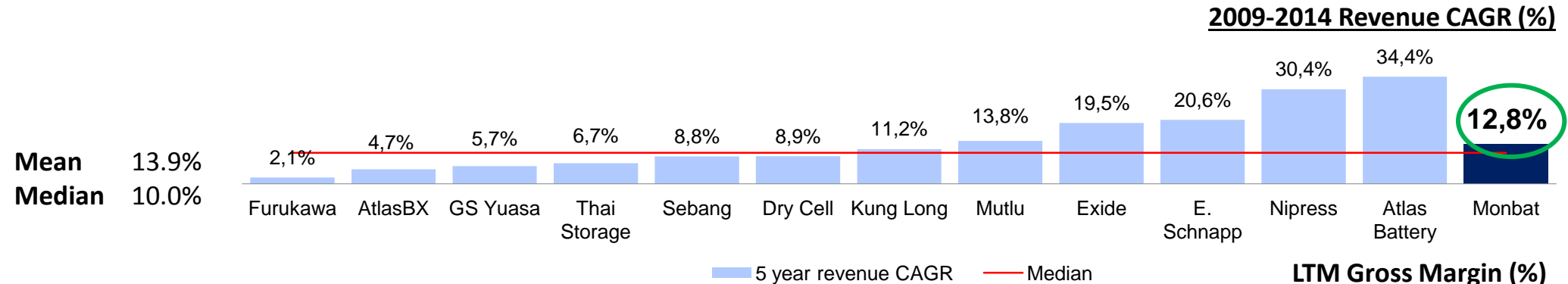


*Through its recycling operations, Monbat generates superior gross profitability when compared to its peers*

Gross profit breakdown 2015A (€m)



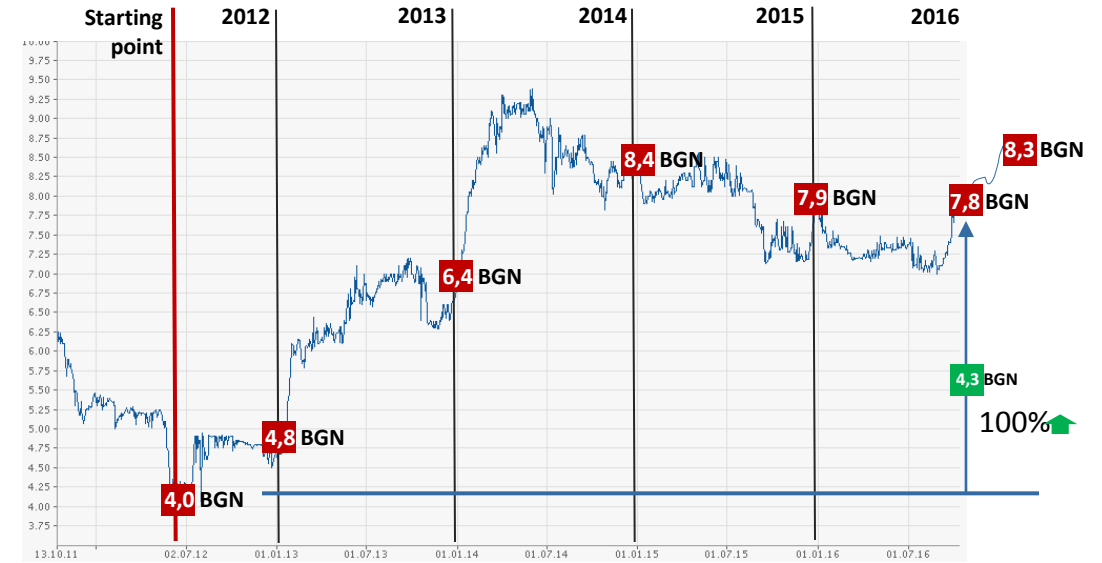
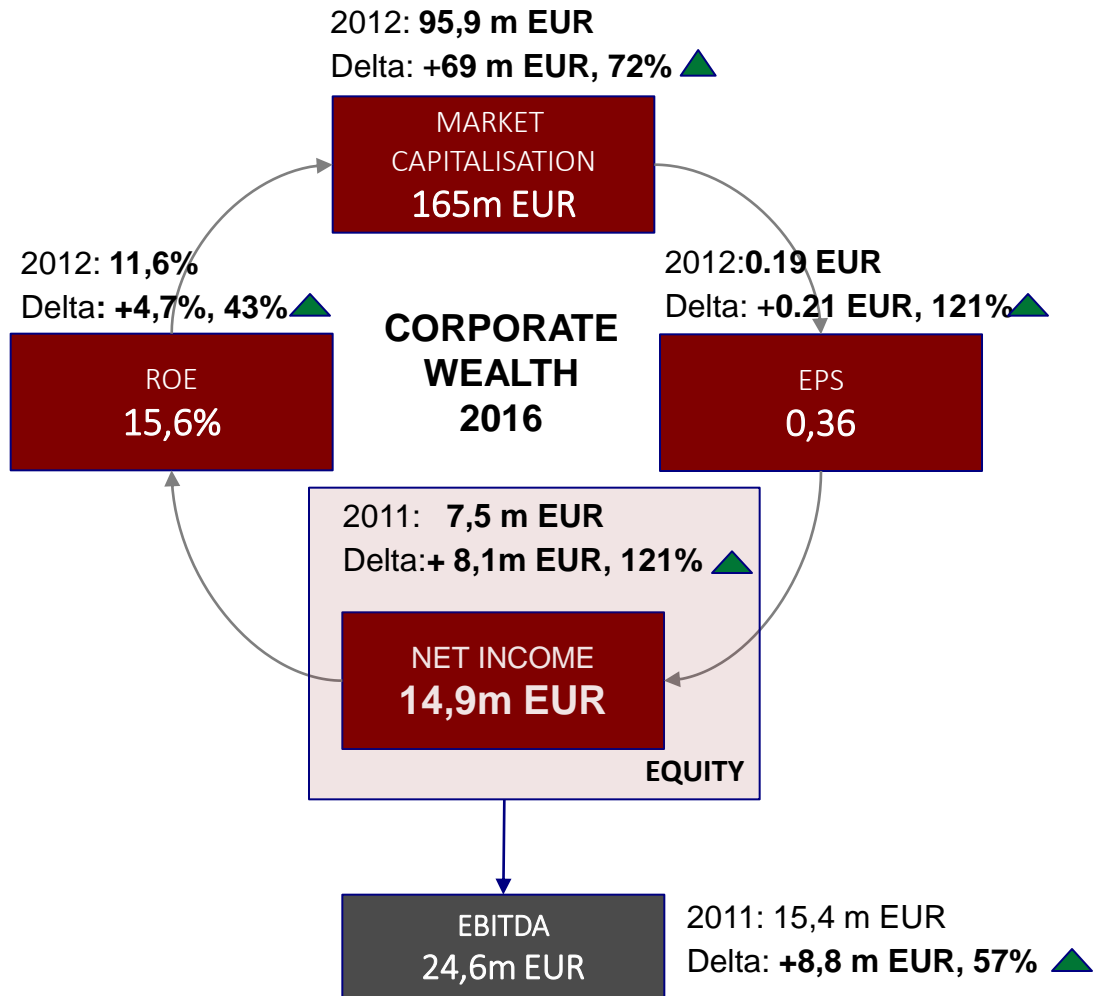
# Monbat Gross Profit and EBITDA Outperform Industry Peers



Source: Capital IQ, Company Data

# PROGRESSIVE VALUE GROWTH

What Has Been Achieved till 2016



- Reached market cap of **165m EUR**, representing **72%** increase to baseline (2012)
- 2016E EBITDA of 24,6m EUR vs 16,9m EUR (2011)**
- Maintained a healthy **18%** EBITDA profitability ratio
- Employment growth of 24%** reaching an employment level of **745 FTEs**
- 2013 National Award – “Employer of the Year” – 3<sup>rd</sup> Place**, Enhanced Social Package in conformity with Eurobat standards
- 5<sup>th</sup> consecutive times – Award for Corporate Governance**, Capital Forum
- Award of the Bulgarian Stock Exchange on Corporate Management and Governance** of a listed company, awarded only once.