

To the FINANCIAL SUPERVISION COMMISSION

To the BULGARIAN STOCK EXCHANGE – SOFIA

To the PUBLIC

In February, 2018 the companies in the economic group of Monbat AD have generated consolidated net sales revenues in the amount of BGN 17 448 000 which represents a decrease by 34.5 % compared to the consolidated net sales revenues generated in February, 2017.

The summarized data for the first two months of 2018 show that the companies in the economic group of Monbat AD have generated consolidated net sales revenues in the amount of BGN 44 038 000 which represents a decrease by 14.90 % compared to the consolidated net sales revenues for the same period of 2017.

The generated net sales revenues for the first two months of 2018 in the amount of BGN 44 038 000 are allocated as follows:

Production	BGN 39 940 000
Products	BGN 558 000
Services	BGN 625 000
Others	BGN 2 915 000

The generated consolidated profit before taxes of the companies in the economic group of Monbat AD for February, 2018 is BGN 202 000 which represents a profit decrease by 91.90 % compared to the generated consolidated profit before taxes for February, 2017.

The summarized data for the first two months of 2018 show that the companies in the economic group of Monbat AD have generated profit before taxes in the amount of BGN 1 375 000, which represents a profit decrease by 74.90 % compared to the generated consolidated profit before taxes for same period of 2017.

In February, 2018 the companies in the economic group of Monbat AD have reached EBITDA in the amount of BGN 1 791 000 which represents a decrease by 56.3 % compared to the achieved in February, 2017.

The summarized data for the first two months of 2018 show that the companies in the economic group of Monbat AD have reached EBITDA in the amount of BGN 4 471 000 which represents a decrease by 46.30 % compared to same period of 2017.

MONBAT CONSOLIDATED VARIANCE NOTE REGARDING THE EBITDA AT GROUP LEVEL

The YTD February 2018 consolidated group EBITDA is driven by three distinctive drivers. For further transparency and convenience, the YTD variance is also shown by business segment compared to the same period 2017.

The overall 1 946k EUR (3 831 000 BGN) unfavourable variance as of February 2018 compared to the same period 2017 is composed by the following factors:

1. The decrease of 539k EUR comes from the battery division. This represents 27 % of the overall unfavourable variance compared to the same period 2017. The core driver behind this is a 12% decrease of volumes in the starter segment during February 2018 and a change in the accounting policy for the costing of the technological waste (both effects contribute to roughly the same share EBITDA

drop)

This decrease in volumes is solely driven by the mass aftermarket of starter batteries, while the industry and deep cycle application are growing and were not impacted from the temporary buying hesitation in February 2018, which was prevailing in the aftermarket segment. There are two-fold factors influencing this behavior, namely the warm winter in December 2017 and January 2018, combined with accelerated but abrupt decrease of the LME (ranging a drop of almost 12 % in its peaks within several days). The combination of the two triggered the observed slow pace of stock replenishment. However, this is overcome in March 2018, showing a 19 % increase in volumes while the April 2018 sales forecast shows a tendency of growth too, in the velocity of 12%.

2. The decrease of 716k EUR comes from the recycling division, by also netting out the inter-group consolidation adjustments. The amount represents the most sizable driver for the unfavourable EBITDA variance on a year-to-year basis. In 2017 Monbat had to initiate a relatively aggressive conversion of its sizable lead equivalents stock at relatively low weighted average cost of production, which at that point of time was motivated by a clear need to de-risk the amounts locked in stock and to use the first mover advantage at the emerging tendency of a LME drop. However, today the overall business context is completely different, namely (a) the recycling division can convert far less lead equivalents in grades for third parties and (b) the extreme instability of the LME trend, which only in February 2018 was ranging up and down with almost 260 EUR caused almost zero liquidity on the 'spot' market for lead, respectively the recycling division was ceased to realise any sound volume trade. The tendency is expected to change in May and June 2018.

3. The decrease of 691k EUR comes from the so called – “consolidated operating loss from the investment projects”. This amount sum ups the interim production and OPEX burn in the two key investments in Germany and Italy, which is expected and correspond to our shared investment plans. According the business plan, Monbat Italy will reach break-even point in mid of the year 2018 and start contribution to the overall EBITDA in the course of H2 2018. EAS Germany will have a longer investment cycle, respectively an elapsed period before influencing the consolidated group results. This was also notified in our business plan targets.

In essence the EBITDA year-to-year variance is predominately driven by the limited trading volumes of the recycling division due to the low liquidity of the spot market as well as the relatively low weighted average costs of lead and lead materials being sold in 2017. The volume gap in the starters aftermarket segment appeared only in February 2018, while March 2018 growth enabled the volume variance on quarter level to be 9 %.

The change in the accounting policy for the costing of the technological waste affects only the monthly consolidated results – namely the results in H1 of 2017, everything held constant, are higher than those in 2018 whit the expected opposite effects in H2 2018.

According our business plan expectations, we foresee a seasonality shift to April and May 2018, and growth pace in second half of the year 2018, where we also expect the EBITDA generation potential from our new business engine in Italy too.

For MONBAT AD:

Atanas Bobokov /Chairperson of the Board of Directors /