

Bulgaria's MonBat Raises Net Profit, Sales Forecasts for 2007/09

SOFIA (Bulgaria), January 31 (SeeNews) - Bulgarian battery producer MonBat has raised its net profit and revenue forecasts for the next three years due to stronger demand on European markets, chairman Atanas Bobokov said on Wednesday.

It has increased its net profit forecast for 2007 to 7.7 million euro from the previous forecast of 14.1 million leva (\$9.3 million/7.2 million euro) and expects this to rise further to 12.1 million euro in 2008 and 16.5 million euro in 2009, he told a press conference. MonBat more than doubled its net profit for 2006 to 3.9 million euro.

It expects its annual sales to rise some 120% from last year's levels to 87.7 million euro in 2009. MonBat will invest 21.75 million euro (\$28.2 million) over the next two years to improve its competitiveness and become one of the top five battery companies in Europe, Bobokov said. Just over half this amount is scheduled to be borrowed.

The company, which floated its shares on the stock exchange in Sofia at the beginning of this year, competes in Europe with the largest battery makers like U.S. groups Exide Technologies and Johnson Controls.

The large players on the European market are setting up their own distribution networks, which makes smaller distributors seek new suppliers, Bobokov said.

MonBat expects its earnings before interest, tax, depreciation and amortisation (EBITDA) to grow to 23.8 million euro in 2009, up 225% from 2006. Its EBITDA rose 45% to 7.4 million euro last year.

The company, based in Montana, northwestern Bulgaria, exports to all European countries with Germany and the Benelux nations being its largest markets. It expects the share of exports to rise to near 95% of its total sales in 2009 from some 87% last year.

The forecasts do not take into account the performance of battery manufacturer Start, which MonBat agreed to buy last year. The deal must be endorsed by the Bulgarian competition regulator before taking effect.

INVESTMENTS

In order to achieve the set targets, the company will raise its capacity and cut production costs, Bobokov said.

MonBat will spend 4.3 million euro to raise the capacity of its Montana plant to 2.55 million batteries in 2007 from 1.2 million now.

It also plans to build battery recycling plants in neighbouring Serbia and Romania in order to secure raw materials for its production.

The Serbian plant is estimated to cost 6.5 million euro and is scheduled to come online in March 2008. The plant in Romania, which is due to be operational in June 2008, will cost 7.0 million euro. MonBat will put another 3.47 million euro into raising the capacity of its existing recycling plant in Montana by April 2008.

The company plans to borrow 12 million euro to fund the investment programme. The remainder will be financed with its own funds, Bobokov added.

Last year MonBat sold 4.7 million shares or 24% of its capital on the stock exchange in Sofia, raising 32.67 million leva for investments in expansion.

MonBat is about 75% owned by Bulgarian lubricants producer Prista Oil.

Shares in MonBat rose 2.97% to close at 9.70 leva on Wednesday.

(1 euro=1.95583 Bulgarian leva)

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