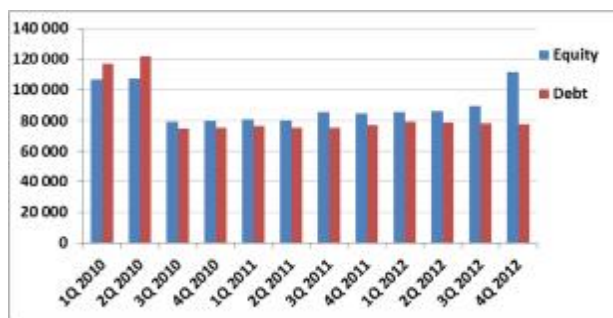
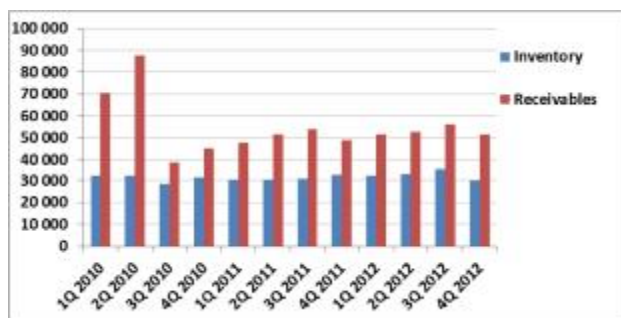
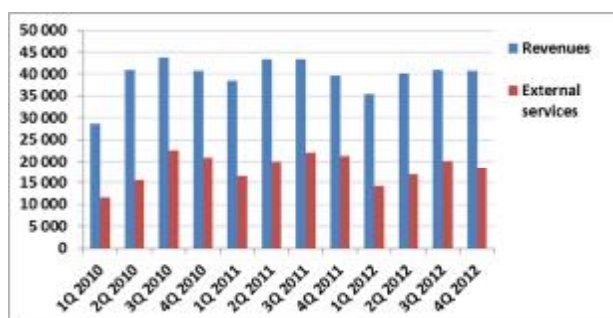
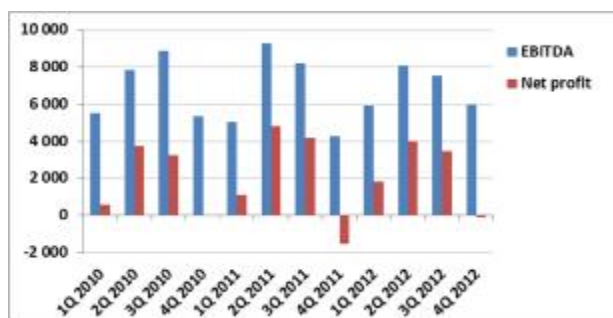


- Kaolin reported a small loss during the fourth quarter as the seasonality in operations had lower than usual effect on the revenues. This improvement supported the increase of consolidated net profit for 2012, which reached BGN 9.152 million as compared to BGN 8.532 million in 2011.
- The company included in its unconsolidated report the impairment loss from its investment in the 100%-owned subsidiary Solar Ventures at the amount of BGN 13.7 million. The result is an unconsolidated loss of BGN 14.113 million for the last year.
- Revenues are rising 3% on yearly basis during the fourth quarter. Total sales in 2012 declined 4.6%. Kaolin announced a decrease of shipments of limestone for flue gas desulfurization to thermo-power plants. The company is also influenced by the stagnation in the construction in-

dustry. However, the lower shipments to the sector are compensated in part by the better sales to paper and foundry industries. The sales to ceramic sector are rising steadily.

- The stable fuel prices were the main reason behind the lack of sizable increase of transportation expenses that are usually seen in the costs for external services. EBITDA during the fourth quarter is higher on yearly basis, although the profitability during the summer months is lagging previous year's achievement.
- The debt of Kaolin did not change substantially for the last two years. Receivables are also stable.
- The company announced at the end of 2012 a forthcoming change in the majority ownership. The price range of the deal is between BGN 3.50 and 4.30 per share.

	4Q 2012	q-o-q	y-o-y
Revenues	40 675	-0.71%	2.72%
Costs, incl. depreciation	36 984	3.84%	-3.47%
Interest expenses	2 788	5.53%	-11.04%
EBITDA	1 090	3.02%	-0.09%
EBIT	5 955	-20.73%	38.94%
Net profit	3 167	-34.97%	174.91%
Assets	-131	-103.77%	-91.44%
Long-term assets	222 717	1.82%	6.52%
Inventories	76 658	-24.96%	-24.42%
Receivables	29 921	-14.81%	-8.45%
Cash	51 467	-7.96%	5.30%
Equity	3 017	-39.66%	-40.72%
Long-term loans	111 374	24.31%	31.35%
Short-term loans	39 656	-15.60%	-3.11%
	37 752	21.62%	3.77%



*Source: Kaolin; in thousand BGN

Financial Data

Statement of Income (in '000 BGN)	2008	2009	2010	2011	2012
Sales	143 036	135 610	154 072	164 784	157 179
Production expenses	101 150	95 459	109 777	118 326	109 460
Personnel expenses	18 548	16 438	17 190	18 262	19 239
Net income from financial activities	1 244	712	356	(1 593)	(1 674)
Other revenues and expenses	150	150	81	176	598
EBITDA	24 732	24 575	27 542	26 779	27 404
Depreciation	10 419	14 526	14 377	12 006	10 891
EBIT	14 313	10 049	13 165	14 773	16 513
Interest expense	2 482	3 337	4 245	4 144	4 376
Pretax income	11 831	6 712	8 920	10 629	12 137
Taxes	1 491	1 430	1 203	1 756	2 093
After-tax income	10 340	5 282	7 717	8 873	10 044
Minority interest	649	269	172	341	892
Net income	9 691	5 013	7 545	8 532	9 152
Earnings per share in BGN	0.39	0.20	0.32	0.18	0.18

Balance Sheet (in '000 BGN)	2008	2009	2010	2011	2012
Total Assets	224 307	266 846	194 280	209 160	222 717
Equity subscriptions receivable	0	0	0	0	0
Fixed assets	126 353	146 539	106 167	116 653	135 978
Tangible fixed assets	110 041	127 758	89 967	101 423	76 658
Financial investments	12	12	10	9	52 033
Current assets	97 954	120 307	88 113	92 507	86 739
Inventory	27 308	34 149	31 335	32 681	29 921
Receivables	48 341	58 228	45 301	48 955	51 467
Financial assets	6	7	3 055	2 737	0
Cash and cash equivalents	19 790	25 494	5 652	5 089	3 017
Total liabilities + equity	224 307	266 846	194 280	209 160	222 717
Equity	113 765	106 798	79 650	84 798	111 374
Registered capital	25 000	25 000	23 670	47 340	50 000
Capital funds	78 878	75 753	49 679	31 691	75 431
Earnings	9 887	6 045	6 301	5 767	-14 057
Liabilities	110 542	160 048	114 630	124 362	111 343
Long-term payables	5 401	5 483	4 486	5 754	41 269
Long-term bank loans	52 516	74 274	38 988	40 931	39 656
Short-term bank debt	20 203	40 752	36 420	36 382	37 752
Short-term payables	26 314	24 350	25 715	30 815	29 473
Other liabilities	279	275	958	1 383	2 849
Working capital	51 437	55 205	25 978	25 310	19 514

Cash Flow Statement (in '000 BGN)	2008	2009	2010	2011	2012
Net income	9 691	5 013	7 545	8 532	9 152
Depreciation	10 419	14 526	14 377	12 006	10 891
Changes in Working capital	(6 000)	3 768	(29 227)	(668)	(5 796)
Other operating cash flow items	(2 489)	(9 889)	14 006	10 088	5 064
Net cash from operating activities	11 621	13 418	6 701	29 958	19 311
Capital expenditures	(58 952)	(33 358)	(8 822)	(18 823)	(12 769)
Other investing cash flow items	(12 710)	(847)	(10 022)	(1 333)	0
Net cash from investing activities	(71 662)	(34 205)	(18 844)	(20 156)	(13 794)
Issuance/ Retirement of Stock, Net	2 892	3 653	4 642	18	12
Issuance/ Retirement of Debt, Net	52 559	29 185	(3 692)	(4 562)	168
Dividends paid	(7 396)	(3 705)	(3 877)	(3 814)	(3 853)
Other financing cash flow items	(1 618)	(2 642)	(4 772)	(2 007)	(1 578)
Net cash from financing activities	46 437	26 491	(7 699)	(10 365)	(5 251)
Net change in cash	(13 604)	5 704	(19 842)	(563)	266
Beginning-of-period cash	33 394	19 790	25 494	5 652	5 089
End-of-period cash	19 790	25 494	5 652	5 089	5 355
Cash per share	0.79	1.02	0.24	0.11	0.11

Financial and Performance Indicators	2008	2009	2010	2011	2012
Valuation Ratios					
Price/Earnings (P/E)	8.90	28.68	15.37	11.40	19.97
Book Value (BV)	4.55	4.27	3.37	1.79	2.35
Price/Book (P/B)	0.76	1.35	1.46	1.15	1.53
Sales Per Share	5.72	5.42	6.51	3.48	3.32
Price/Sales (P/S)	0.60	1.06	0.75	0.59	1.08
Price/Cash per share	4.29	7.36	5.29	4.74	8.50
EV (in BGN)	139 179	233 282	185 739	169 508	244 815
EV/Sales	0.97	1.72	1.21	1.03	1.56
EV/EBITDA	5.63	9.49	6.74	6.33	8.93
EV/EBIT	9.72	23.21	14.11	11.47	14.83
Liquidity					
Current ratio	2.11	1.85	1.42	1.38	1.29
Quick ratio	1.52	1.32	0.91	0.89	0.85
Debt Management					
Debt to total assets	0.32	0.43	0.39	0.37	0.35
Interest coverage	5.77	3.01	3.10	3.56	3.77
LT Debt/Equity	0.46	0.70	0.49	0.48	0.36
Total Debt/Equity	0.64	1.08	0.95	0.91	0.70
Asset Management					
Inventory turnover	5.24	3.97	4.92	5.04	5.25
Days sales outstanding	122	155	106	107	118
Fixed asset turnover	1.13	0.93	1.45	1.41	1.16
Total asset turnover	0.64	0.51	0.79	0.79	0.71
Profitability					
Profit margin on sales	6.8%	3.7%	4.9%	5.2%	5.8%
EBITDA margin	17.3%	18.1%	17.9%	16.3%	17.4%
Basic earning power	6.4%	3.8%	6.8%	7.1%	7.4%
Return on assets	4.3%	1.9%	3.9%	4.1%	4.1%
Return on equity	8.5%	4.7%	9.5%	10.1%	8.2%
Return on investments	5.6%	2.7%	6.1%	6.5%	4.8%
Dividend Information					
Dividend Yield	4.35%	2.61%	3.06%	3.89%	-
Dividend per share	0.15	0.15	0.15	0.08	-
Number of shares:					
	25 000 000	25 000 000	23 669 998	47 339 996	47 339 996
Price in BGN - period end:					
	3.45	5.75	4.90	2.06	3.60
Market cap in BGN - period end:					
	86 250 000	143 750 000	115 982 990	97 283 692	170 423 986

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