



EV/EBITDA	9.44	P/E	29.05
RoA	1.82%	P/S	1.04
RoE	4.56%	P/B	1.32

Stock Price of Kaolin



- The fourth quarter showed again good improvement of the revenues as compared to the previous period and the same quarter of 2008. Moreover, the consolidation added the record BGN 9.1 million of revenues during the quarter. Sales were BGN 135.6 million or 4.3% lower than 2008.

- The extraction of non-metallic minerals for the construction industry posted improvement during the third quarter and were stable during the last quarter of 2009. However, the main contributors for the growth were the foreign companies in Serbia and Ukraine.

- Revenues from the products for the glass and ceramic industries declined in 2009 but were offset from the sales of limestone for the termo-power plants. The demand from the metallurgy and the paper sector remained subdued. The share of the products for the metallurgy was 5% of the total consolidated sales due to the contribution of the Serbian companies as the segment represented only 2% of the non-consolidated revenues.

- However, the profit for the last quarter continued to weaken. It is sensitive to the seasonal demand but the weakness for the total 2009 was due to the rising depreciation costs and interest expenses that jumped by BGN 5 million as compared to the previous year. This is similar to the difference of the net profit, as EBITDA remained unchanged. The net profit fell to BGN 4.68 million or BGN 0.19 per share. Transportation costs declined substantially due to the lower fuel costs and the free capacity.

- Kaolin's liabilities increased in 2009. The company's long-term and short-term debt increased by BGN 40 million. Debt-to-equity ratio increased to 1.08 from 0.64 at the end of 2008. The interest payments of Kaolin are significantly less than EBITDA.

- We expect that consolidated sales of Kaolin will recover faster from the crisis due to the broad product portfolio and the geographic expansion. However, it is too early for quick recovery in the construction and ceramic industry that could increase significantly the domestic revenues.

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