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Industry Report

Mining of metal ores 2016 BULGARIA

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I. KEY INDICATORS

- The Mining of metal ores industry in Bulgaria was represented by 31 companies at the end of 2016, compared to 26 in the previous year and 26 in 2014.
- The industry's net profit amounted to BGN 244,028,000 in 2016.
- The industry's total revenue was BGN 1,442,926,000 in 2016, up by 1.78% compared to the previous year.
- The combined costs of the companies in the Mining of metal ores industry reached BGN 1,172,285,000 in 2016, up by 0.12% year-on-year.
- The industry's total revenue makes up 1.56% to the country's Gross domestic product (GDP) in 2016, compared to 1.59% for 2015 and 1.71% in 2014.
- A total of 6,707 people were employed in the Mining of metal ores industry in 2016, compared to 6,758 in 2015 and 6,834 in 2014.
- Most of the companies in the industry are based in Sofia, followed by Laki and Madan.

II. INTRODUCTION

In 2016 the companies in the Mining of metal ores industry numbered 31.

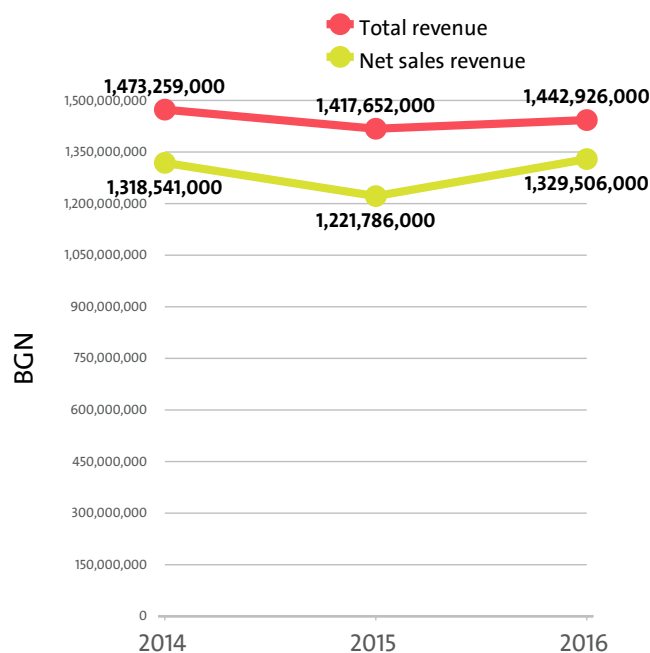
In 2015 there were a total of 26 companies operating in the industry. In 2014 their number totalled 26.

NUMBER OF COMPANIES IN MINING OF METAL ORES INDUSTRY BY SECTORS

SECTOR	2016	2015	2014
MINING OF OTHER NON-FERROUS METAL ORES	31	25	24

III. REVENUES

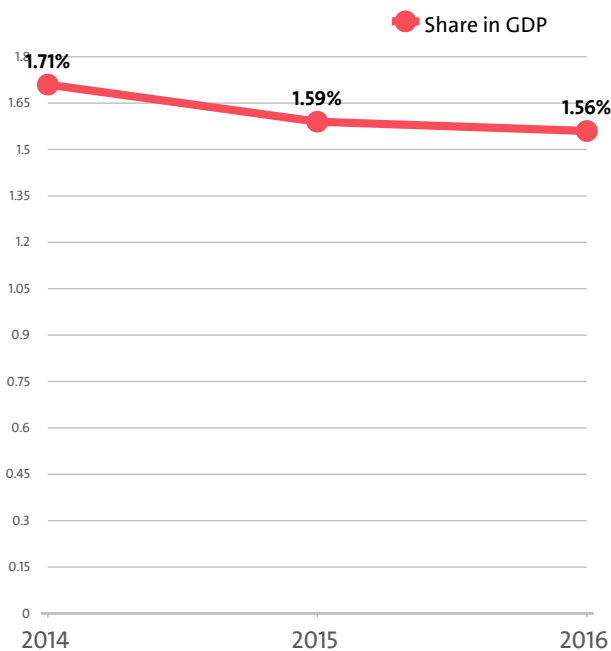
The total revenue in the industry was BGN 1,442,926,000 in 2016, BGN 1,417,652,000 in 2015 and 1,473,259,000 in 2014.



The companies in the Mining of metal ores market of Bulgaria earned combined net sales revenues of BGN 1,329,506,000 in 2016.

In annual terms, sales marked an increase of 8.82% compared to 2015. In comparison to 2014 they went up by 0.83%. In 2015 sales grew by 7.34% year-on-year.

The Mining of metal ores industry total revenue make up 1.56% to the country's GDP in 2016, compared to 1.59% for 2015 and 1.71% in 2014.



In 2016 the Mining of metal ores industry contributed to GDP BGN 1,331,421,000 in Gross value added (GVA) accounting for 0.87% of the total for the country's economy.

In the previous year, the industry's GVA amounted BGN 1,341,712,000, accounting for 0.87% of the total for the country in 2015. In 2014 the GVA of the Mining of metal ores

was BGN 1,399,465,000, or 0.97% of the GVA for the country's economy.

We expect, based on the trend in the last three years, the total revenue of the Mining of metal ores industry to change at a compound annual growth rate (CAGR) of -1.03% in 2017.

Mining of other non-ferrous metal ores contributed net sales revenue of BGN 1,329,506,000 or 100.00% of the total net sales in the industry.

The highest growth, of 8.82%, was recorded by Mining of other non-ferrous metal ores. There was no industry's sector to report a drop in net sales revenues.

The top 10 companies in terms of total revenue in Mining of metal ores accounted for 96.21% of the industry's total in 2016, 98.21% in 2015 and 97.67% in 2014.

TOP 10 COMPANIES BY TOTAL AND NET SALES REVENUE IN THE INDUSTRY

RANK	COMPANY	TOTAL REVENUE (BGN)	NET SALE REVENUE (BGN)
1	ELLATZITE-MED AD	452,510,000	402,856,000
2	ASAREL MEDET AD	373,087,000	349,804,000
3	DUNDEE PRECIOUS METALS CHELOPECH EAD	332,400,000	327,451,000
4	MINSTROY HOLDING AD	49,390,000	43,475,000
5	VARBA - BATANTSI AD	46,119,000	42,117,000
6	GORUBSO - MADAN AD	36,690,000	31,908,000
7	LUCKY INVEST AD	32,628,000	30,396,000
8	RODOPI ECO PROJECTS EOOD	29,194,000	28,777,000
9	GORUBSO KARDZHALI AD	20,394,000	15,363,000
10	RUDMETAL AD	15,756,000	10,487,000

The total revenues of the top 10 companies in the Mining of metal ores were 1.5% of GDP in 2016, compared to 1.56% for 2015 and 1.67% in 2014.

The top 10 by assets in the Mining of metal ores field made up BGN 1,271,794,000, or 95.66% of the total net sales revenue.

TOP 10 BY TOTAL ASSETS IN THE INDUSTRY

RANK	COMPANY	BGN
1	ASAREL MEDET AD	1,033,062,000
2	ELLATZITE-MED AD	525,241,000
3	DUNDEE PRECIOUS METALS CHELOPECH EAD	450,021,000
4	MINSTROY HOLDING AD	154,152,000
5	GORUBSO - MADAN AD	44,077,000
6	RODOPI ECO PROJECTS EOOD	43,232,000
7	LUCKY INVEST AD	38,968,000
8	RUDMETAL AD	33,948,000
9	EUROMANGAN EAD	27,268,000
10	VARBA - BATANTSI AD	24,567,000

TOP 10 COMPANIES WITH HIGHEST ANNUAL GROWTH IN OPERATING REVENUE IN MINING OF METAL ORES

RANK	COMPANY	Y/Y GROWTH
1	GORUBSO LUCKY EAD	197.71%
2	RESURS 1 AD	123.33%
3	LAKI INVEST GOVEDARNIKA EOOD	54.69%
4	RUDMETAL AD	49.65%
5	GORUBSO ZLATOGRAAD AD	38.76%
6	LUCKY INVEST AD	32.59%
7	GORUBSO KARDZHALI AD	27.10%

8	LAKY INVEST - DZHURKOVO EOOD	20.43%
9	RODOPI ECO PROJECTS EOOD	18.91%
10	VARBA - BATANTSI AD	18.00%

TOP 10 COMPANIES BY TOTAL REVENUE IN THE INDUSTRY WERE:

COMPANY	BGN
ELLATZITE-MED AD	452,510,000
ASAREL MEDET AD	373,087,000
DUNDEE PRECIOUS METALS CHELOPECH EAD	332,400,000
MINSTROY HOLDING AD	49,390,000
VARBA - BATANTSI AD	46,119,000
GORUBSO - MADAN AD	36,690,000
LUCKY INVEST AD	32,628,000
RODOPI ECO PROJECTS EOOD	29,194,000
GORUBSO KARDZHALI AD	20,394,000
RUDMETAL AD	15,756,000

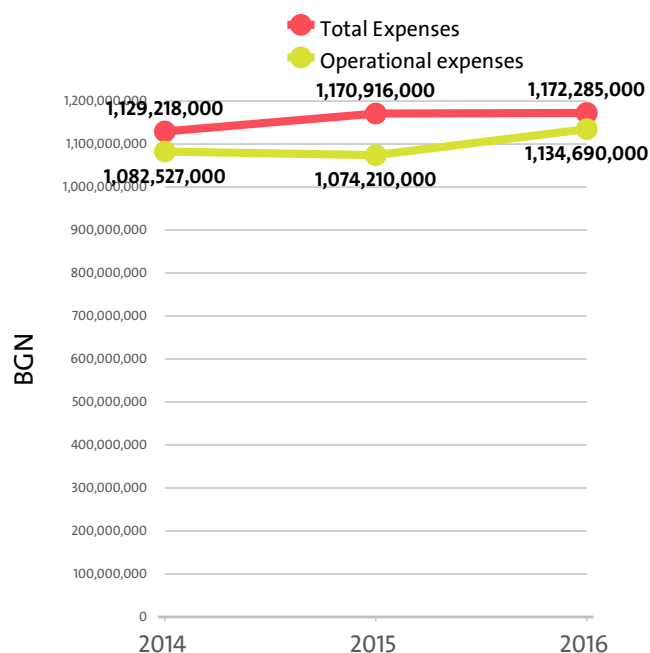
The 10 largest companies in terms of total revenue in sector Mining of other non-ferrous metal ores earned total revenue of BGN 1,388,168,000 and accounted for 96.21% of the industry's total revenue.

PRODUCTION SALES FIGURES FOR MINING OF METAL ORES IN 2016

SECTOR	SALES IN BGN	INCL. SALES ON THE DOMESTIC MARKET IN BGN	INCL. EXPORTS IN BGN
MINING OF OTHER NON-FERROUS METAL ORES	1,222,347,000	891,895,000	330,452,000

IV. EXPENSES

The combined costs of the companies in the Mining of metal ores industry reached BGN 1,172,285,000 in 2016.



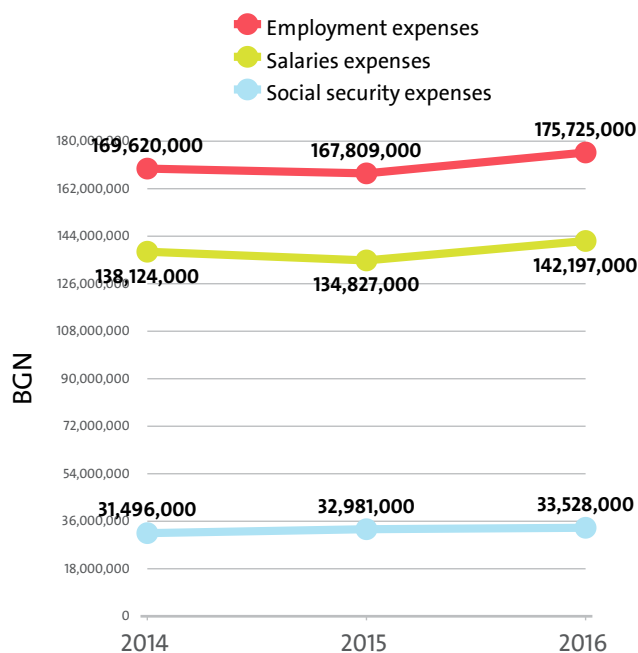
In annual terms, total expenses increased by 0.12% compared to 2015 and went up by 3.81% in comparison to 2014.

The total operating expenses of the companies in the Mining of metal ores industry were BGN 1,134,690,000 in 2016.

Operating costs rose by 5.63% compared with the previous year and increased by 4.82% when compared to 2014.

We expect, based on the trend in the last three years, the total costs of the Mining of metal ores industry to change at a compound annual growth rate (CAGR) of 1.89% in 2017.

Employment expenses in the Mining of metal ores industry grew by 4.72% on the year to BGN 175,725,000 in 2016.



The highest growth in labour costs, of 5.06%, was registered by Mining of other non-ferrous metal ores.

The monthly costs per employee in the Mining of metal ores industry averaged BGN 2,183 in 2016, BGN 2,069 in 2015 and BGN 2,068 in 2014.

The monthly social security costs per employee in the industry averaged BGN 417 in 2016, versus BGN 407 in 2015 and BGN 384 in 2014.

EMPLOYMENT EXPENSES IN MINING OF METAL ORES BY SECTORS IN 2016

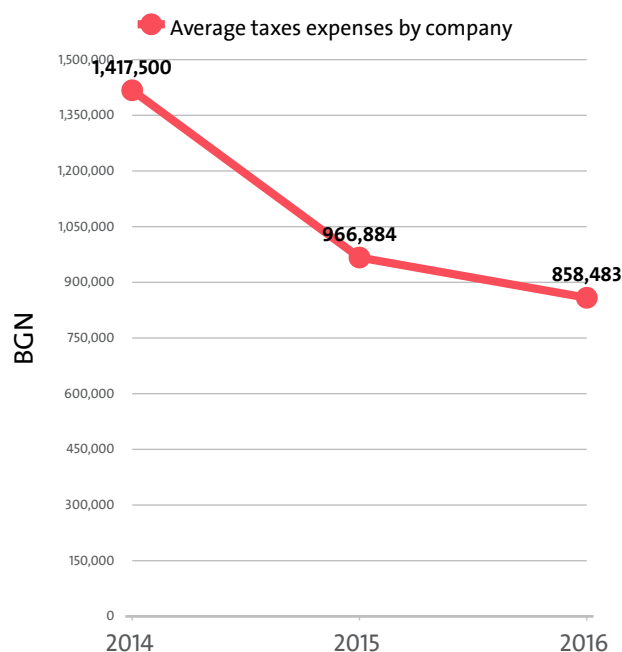
RANK	SECTOR	EMPLOYMENT EXPENSES (BGN)	AVERAGE EXPENSES PER EMPLOYEE (BGN)
1	MINING OF OTHER NON-FERROUS METAL ORES	175,725,000	26,200

THE TOP 10 COMPANIES BY AVERAGE MONTHLY COSTS PER EMPLOYEE IN THE INDUSTRY

RANK	COMPANY	BGN
1	BULGARIA ALFA EAD	4,042
2	ASAREL MEDET AD	3,402
3	LUCKY INVEST AD	3,136
4	DUNDEE PRECIOUS METALS CHELOPECH EAD	3,006
5	MINSTROY HOLDING AD	2,926
6	LAKI INVEST GOVEDARNIKA EOOD	2,303
7	LAKY INVEST - DZHURKOVO EOOD	2,171
8	ELLATZITE-MED AD	2,042

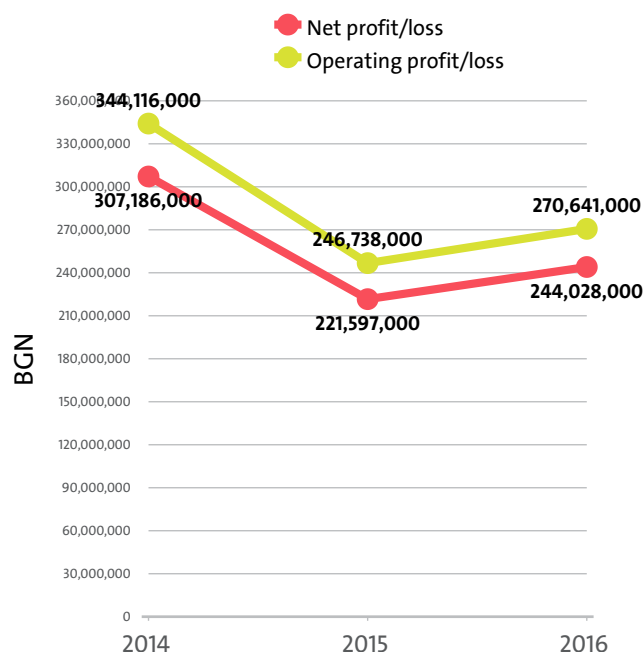
9	GORUBSO ZLATOGRAAD AD	1,526
10	EUROMANGAN EAD	1,450

The industry's tax expenses stood at BGN 26,613,000 in 2016. In 2015 it paid taxes of BGN 25,139,000. In 2014 the industry paid BGN 36,855,000 in taxes.



V. PROFITABILITY

The industry's net profit amounted to BGN 244,028,000 in 2016, compared to a net profit of BGN 221,597,000 in 2015 and a net profit of BGN 307,186,000 in 2014.



TOP 10 COMPANIES BY HIGHEST NET PROFIT IN MINING OF METAL ORES

RANK	COMPANY	BGN
1	ELLATZITE-MED AD	87,999,000
2	ASAREL MEDET AD	67,885,000
3	DUNDEE PRECIOUS METALS CHELOPECH EAD	67,540,000
4	VARBA - BATANTSI AD	5,671,000
5	LUCKY INVEST AD	4,187,000
6	LAKI INVEST GOVEDARNIKA EOOD	3,081,000
7	RUDMETAL AD	3,008,000
8	RODOPI ECO PROJECTS EOOD	2,702,000
9	GORUBSO KARDZHALI AD	1,660,000
10	GORUBSO - MADAN AD	1,520,000

TOP COMPANIES BY HIGHEST NET LOSS IN MINING OF METAL ORES

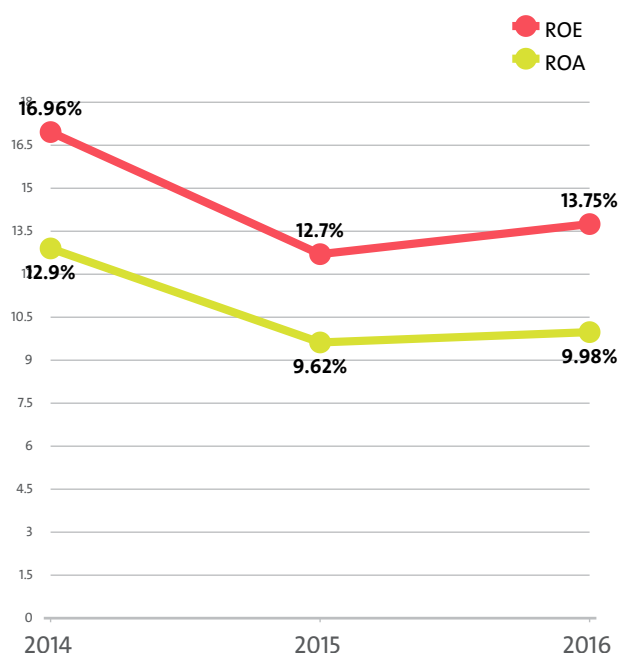
RANK	COMPANY	BGN
1	EUROMANGAN EAD	4,475,000
2	BULGARIA ALFA EAD	698,000
3	ZELENROK EOOD	131,000
4	GORUBSO LUCKY EAD	51,000
5	MBI - MEDET OOD	47,000

The combined operating earnings of the companies in the Mining of metal ores industry increased by 9.69% y/y to BGN 270,641,000 in 2016.

The profit margin for the Mining of metal ores industry stood at 19.19% in 2016, while in 2015 it amounted to 19.38% and 25.10% in 2014.

The Mining of metal ores industry's return on equity (ROE) is 13.75% compared to 12.70% in 2015 and 16.96% in 2014.

The Mining of metal ores's return on assets (ROA) was 9.98%, while in 2015 it amounted to 9.62% and 12.90% in 2014.



TOP 10 COMPANIES BY HIGHEST AVERAGE NET PROFIT PER EMPLOYEE IN MINING OF METAL ORES

RANK	COMPANY	BGN	COMPANY HEADQUARTERS (CITY)
1	PANAGYURSKI MINI EAD V LIKVIDATSIYA	755,500	ELSHITSA
2	LUCKY INVEST AD	380,636	LAKI
3	VARBA - BATANTSI AD	107,000	MADAN
4	DUNDEE PRECIOUS METALS CHELOPECH EAD	73,895	CHELOPECH
5	ASAREL MEDET AD	55,643	PANAGYURISHT E
6	ELLATZITE-MED AD	50,429	MIRKOVO
7	RODOPI ECO PROJECTS EOOD	40,939	ZLATOGRAV
8	LAKI INVEST GOVEDARNIKA EOOD	33,129	LAKI
9	RUDMETAL AD	12,746	RUDOZEM
10	LAKY INVEST - DZHURKOVO EOOD	4,849	LAKI

About 30.00% of the 10 leading companies in terms of net profit per employee are located in LAKI, while 10.00% are MADAN-based and 10.00% are headquartered in RUDOZEM.

The average net sales revenue per employee in the Mining of metal ores industry amounted to BGN 198,227 in 2016, up by 9.64% compared to 2015 and up by 2.74% compared to 2014.

The industry's average operating revenue per employee rose by 11.58% year-on-year in 2016 to BGN 210,223. It went up by 4.77% compared to 2014.

The Mining of metal ores sector generated an average BGN 215,137 in total revenue per employee. In 2015 and 2014 the figure was BGN 209,774 and BGN 215,578, respectively.

The average total revenue per company in the Mining of metal ores industry went down to BGN 46,546,000 in 2016 from BGN 54,525,077 in 2015. The 2014 value was BGN 56,663,808.

A company in the Mining of metal ores industry made on average a net sales revenue of BGN 42,887,290 in 2016, compared to BGN 46,991,769 in 2015 and BGN 50,713,115 in 2014.

The Mining of metal ores industry made 0.54% of the overall sales country-wide, increasing its market share by 0.05 pp.

Operating profit per employee for the industry as a whole was BGN 40,352 in 2016. For comparison in 2015 it amounted to BGN 36,511 and BGN 36,511 in 2014.

THE TOP BY OPERATIONAL PROFIT PER EMPLOYEE IN MINING OF METAL ORES

RANK	COMPANY	BGN
1	PANAGYURSKI MINI EAD V LIKVIDATSIYA	839,500
2	LUCKY INVEST AD	405,091
3	VARBA - BATANTSI AD	118,887
4	DUNDEE PRECIOUS METALS CHELOPECH EAD	81,987
5	ASAREL MEDET AD	61,820

TOP 10 COMPANIES WITH HIGHEST CORRELATION OPERATING REVENUE - NUMBER OF EMPLOYEES - EMPLOYMENT EXPENSES*

RANK	COMPANY NAME	CORRELATION (BGN)
1	LUCKY INVEST AD	2,744,545
2	VARBA - BATANTSI AD	858,472
3	PANAGYURSKI MINI EAD V LIKVIDATSIYA	850,000
4	MINSTROY HOLDING AD	528,783
5	RODOPI ECO PROJECTS EOOD	430,030
6	DUNDEE PRECIOUS METALS CHELOPECH EAD	327,057
7	ASAREL MEDET AD	253,700
8	ELLATZITE-MED AD	228,559
9	RESURS 1 AD	120,000
10	LAKI INVEST GOVEDARNIKA EOOD	66,312

*The correlation is calculated by subtracting the quotient of the operating profit, and the employment expenses to the number of employees.

AVERAGE REVENUES PER EMPLOYEE IN MINING OF METAL ORES IN 2016

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF EMPLOYEES
MINING OF OTHER NON-FERROUS METAL ORES	198,227	210,223	215,137	6,707

AVERAGE REVENUE PER COMPANY IN MINING OF METAL ORES IN 2016

SECTOR	AVERAGE NET SALES REVENUE (BGN)	AVERAGE OPERATING REVENUE (BGN)	AVERAGE TOTAL REVENUE (BGN)	NUMBER OF COMPANIES
MINING OF OTHER NON-FERROUS METAL ORES	42,887,290	45,482,742	46,546,000	31

The total indebtedness of the companies in the Mining of metal ores industry was BGN 562,168,000 versus BGN 456,522,000 a year ago. In 2014 the industry's indebtedness totalled BGN 459,672,000.

Debt-to-assets ratio of the companies in the industry is 0.23 in 2016. It was 0.20 in 2015 and 0.19 in 2014.

According to market experts, the greatest impact on the development of the Mining of metal ores industry has amortisation expenses. In 2016 it stood at BGN 127,021,000, according to the financial statements of the companies in the industry. In 2015 the figure was BGN 119,417,000 and BGN 125,985,000 in 2014.

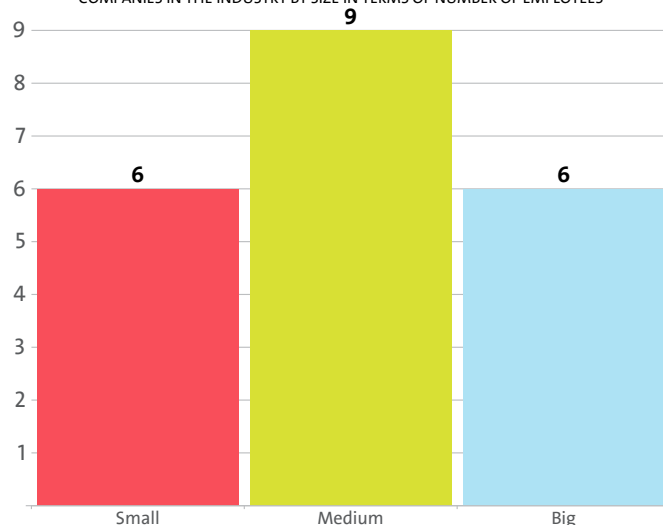
VI. EMPLOYMENT

A total of 6,707 people were employed in the Mining of metal ores field at the end of 2016, compared to 6,758 in 2015 and 6,834 in 2014.

The analysis on companies' sizes by the number of employees, shows that 6 firms have less than 50 employees*, 9 have between 50 and 250 employees* and 6 companies employ more than 250*.

* Companies without data in the number of employees at end of the year are not taken into consideration.

COMPANIES IN THE INDUSTRY BY SIZE IN TERMS OF NUMBER OF EMPLOYEES



The employees of the leading 10 companies in terms of numbers make up 94.38% of the workforce in the industry in 2016.

TOP 10 FIRMS BY SHARE IN INDUSTRY'S TOTAL NUMBER OF EMPLOYEES

RANK	COMPANY	NUMBER OF EMPLOYEES	SHARE
1	ELLATZITE-MED AD	1,745	26.02%
2	ASAREL MEDET AD	1,220	18.19%
3	DUNDEE PRECIOUS METALS CHELOPECH EAD	914	13.63%
4	GORUBSO - MADAN AD	798	11.90%
5	GORUBSO KARDZHALI AD	510	7.60%
6	GORUBSO ZLATOGRAAD AD	383	5.71%
7	RUDMETAL AD	236	3.52%
8	EUROMANGAN EAD	233	3.47%
9	LAKY INVEST - DZHURKOVO EOOD	186	2.77%
10	LAKY INVEST EOOD	105	1.57%

The Mining of metal ores industry is the 58th largest employer in the country with 6,707 employees with the largest employer being Retail trade, except of motor vehicles and motorcycles with 234,189 and Libraries, archives, museums and other cultural activities at the bottom with 54 employees.

The Mining of metal ores's share in the country's total employment was 0.29% in 2016, 0.34% in 2015 and 0.37% in 2014.

We expect, based on the trend in the last three years, the number of employees of the Mining of metal ores industry to change at a compound annual growth rate (CAGR) of -0.93% in 2017.

The industry is represented by the following companies

RODOPI ECO PROJECTS EOOD
RUDMETAL AD
NELIK INVEST EOOD
PANAGYURSKI MINI EAD V LIKVIDATSIYA
ASAREL MEDET AD
YURO KOPAR GOLD EOOD
GORUBSO LUCKY EAD
MALINOV GOLD EOOD
EUROMANGAN EAD
GORUBSO - MADAN AD
RIVAR 1919 EOOD
YURO MINERALS KORPOREYSHAN EOOD
ZELENROK EOOD
EVRO MINERALS KORPOREYSHAN OOD
BULGARIA ALFA EAD
LUCKY INVEST AD
MAYNING INVEST EOOD
MBI - MEDET OOD
GORUBSO KARDZHALI AD
LAKI INVEST GOVEDARNIKA EOOD
ELLATZITE-MED AD
LAKY INVEST EOOD
GORUBSO ZLATOGRAAD AD
LAKY INVEST - DZHURKOVO EOOD
DUNDEE PRECIOUS METALS CHELOPECH EAD
ASAREL - EKSPLOREYSHAN AD
VARBA - BATANTSI AD
YURO GOLD KOPAR EOOD
MINSTROY HOLDING AD
RESURS 1 AD
ET VAS VES MIG - VASIL GULEKOV

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