

Company Name	Neochim AD		Stock Symbol: NEOH
Alternative Names	Neochim JSC; Neohim AD; Neokhim AD; Neochim SA; Neohim SA; Neohim PLC; Neochim PLC		
Date Established	1951		
Corporate History	<p>1951 – A chemical plant is constructed in Dimitrovgrad, southeastern Bulgaria, which is later named Himicheski Kombinat Dimitrovgard (Dimitrovgrad Chemical Works), manufacturing ammonium nitrate fertilisers.</p> <p>1987 – The company opens a new facility for ammonia, nitric acid and ammonium nitrate.</p> <p>1992-1993 – It ceases the production of sulphur and phosphoric acid, phosphates, aniline and nitrobenzene.</p> <p>April 2, 1990 – Himicheski Kombinat Dimitrovgard spins off from fertiliser producer Agrobiochim-Stara Zagora and transforms into state-owned company Neochim - Dimitrovgrad.</p> <p>July 1993 - Neochim - Dimitrovgrad is transformed into a joint stock company, wholly-owned by the state, with a capital of BGL 2,661,209,000.</p> <p>April 1, 1996 – The company decreases its capital to BGL 2,654,358,000.</p> <p>June 2000 - Bulgaria's Privatisation Agency sells a 51% stake in Neochim AD to a consortium between Euro Fert AD, Bulgaria, and Carimex Chemicals International, Lebanon, for USD 100,000.</p> <p>Feb 1, 2005 – Neochim AD is included in the new broader Bulgarian Stock Exchange Index BG40, comprising the Top 40 companies graded by the number of transactions executed in the last six months.</p> <p>April 2007 - Neochim AD announces its plans to buy back up to 3.0% of its share capital. A year earlier, it bought back 0.56% of its capital despite plans to repurchase up to 3.0%.</p>		
Headquarters	3 Himkombinataska Str, 6403 Dimitrovgrad, Bulgaria		
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Company Overview	<p>Neochim AD is Bulgaria's leading chemical fertiliser producer. It also manufactures and trades in organic and inorganic chemicals.</p> <p>Neochim has five subsidiaries, specialising in trade, security, publishing, design and engineering. The company holds an ISO 9001:2000 Quality Management certificate for production and trade in mineral fertilisers, inorganic and organic chemicals, awarded by SGS, France, and valid till 2007. Neochim is listed on the unofficial market of the Bulgarian Stock Exchange and is included in the blue-chip index SOFIX and the Bulgarian broad stock index BG40 .</p>		
No of Employees	1,409		

Management			
Executive Board:		Board of Directors:	
CEO	Dimitar Stefanov Dimitrov	Chairman of the Board	Dimcho Staikov Georgiev
CEO	Vasil Jivkov Grancharov	Vice-Chairman of the Board	Mohamed Hasan Mohamad Karabibar
Investor Relations Director	Alexander Dochev	Member of the Board	Viktoria Ilieva Tsenova
CFO	Tosho Dimov	Member of the Board	Camal Ahmad Hamud
		Member of the Board	Elena Simeonova Shopova
		Member of the Board	Tania Dimitrova Kovanlashka
		Member of the Board	Tosho Ivanov Dimov
		Member of the Board	Dimitar Stefanov Dimitrov
		Member of the Board	Vasil Jivkov Grancharov

Ownership

Shareholders/Investors:

Euro Fert AD (Bulgaria)	49.17%
Karifert International (Lebanon)	17.16%
Agrofer International Establishment (Lichtenstein)	7.68%
Albena Invest Holding AD (Bulgaria)	6.38%
State	2.31%
Other	17.30%

Subsidiaries & Affiliated companies:

Neochim Catering EOOD (Bulgaria)	100.00%
Neochim Engineering EOOD (Bulgaria)	100.00%
Neochim Protect EOOD (Bulgaria)	100.00%
Neochim Ltd (Turkey)	99.83%
Trakia Press XXI Vek OOD (Bulgaria)	52.00%

Products / Services

Neochim produces organic and inorganic chemical products:

- ammonia, ammonia solution
- ammonium nitrate, ammonium bicarbonate
- nitric acid, nitrogen, laughing gas (NO₂)
- sodium nitrate, sodium nitrite
- sulphur powder, sulphur acid, liquid sulphur dioxide
- urea-formaldehyde resin
- mixed fertilisers
- carbon dioxide
- desalted water
- magnesium nitrate
- formalin
- carbamide glue
- urotropine
- oxygen
- glass-intensified polyamide, alkaline polyamide
- glass-intensified polypropilen
- polyethylene oxide
- moulding products

Capacity / Raw Materials

Neochim's production facilities, covering an area of 2,300,000 sq m, are located in Dimitrovgrad, southeastern Bulgaria.

Product	Installed Capacity (tonnes per year)
Ammonium nitrate	600,000
Ammonia	410,000
Nitric Acid	480,000
Sodium Nitrate	12,000
Sodium Nitrite	8,000
Ammonium Bicarbonate	6,000
Formalin	110,000
Urea-Formaldehyde Resin	24,000

Capacity utilisation rate in 2006

Production unit	Tonnes	%
Ammonia plant AM-76	276,035	76.68
Nitric Acid plant AK-72	310,756	113.11
Ammonium nitrate plant AC-72	383,044	109.26
Formalin	11,217	74.86

The company has own storehouses in all regions of Bulgaria and distributes its products through more than 50 distributors in Bulgaria. Its main distributor on the domestic market is Euro Fert AD.

Prime and raw materials: natural gas, ammonia, metals, magnesite, methanol, chemical accelerants, carbamide, electrodes, calcinated soda, chemical agents, sodium hydroxide

Markets & Sales

Neochim AD, producing 60% of Bulgaria's ammonium nitrate output, has an annual production of 630,000 tonnes of chemical fertilisers. The company is the country's sole producer of formalin, urea-formaldehyde resins, sodium nitrate, sodium nitrite, ammonium bicarbonate, liquefied sulphur dioxide, nitrous oxide and polyethylene oxide.

The company projects to boost its sales by 8.9% to BGN 180 mln for 2007, on the back of the domestic market growth.

In the first quarter of 2007 the company's non-consolidated net profit totalled BGN 6.34 mln, up 50.9% on the year, backed by a 20% rise in sales.

The company exports to the EU, the USA and Latin America and registered a constant growth until 2006, when it recorded a drop in exports to 49% of net sales revenue, from 63% in 2005. According to the company, the fall in exports was attributed to a decline in the volume of orders from Brazil and the USA as well as tightened import rules for imports in traditional markets such as France, the UK and Spain. In addition, the lower international prices and the weak demand for fertilisers globally also affected the company's sales abroad. However, the company posted an increase of 30.96% in domestic sales.

The company's production and financial results are directly dependent on the natural gas prices. In 2007 Neochim expects to experience the negative effects from the rise in gas prices as a result of the natural gas supply agreement between Bulgaria and Russia's Gazprom of December 2006. The company has already announced its plans to hike by 10% its prices on the domestic market, because of the increased price of natural gas since January 2007.

The company posted a BGN 3.09 mln net profit for 2006, which was a four-fold decline on the year, mainly due to increasing natural gas prices and higher material costs. The fuel accounts for 78-79% of the company's material expenses. Net sales revenue for 2006 remained almost unchanged on the year at BGN 188.9 mln. Neochim's financial costs rose 2.45 times to BGN 3.562 mln and revenue dropped 57.5% mainly due to foreign exchange fluctuations.

In 2006 the company produced 276,035 tonnes of liquid ammonia, 519,573 tonnes of ammonium nitrate, 423,656 tonnes of nitric acid, 11,217 tonnes of formalin and 10,878 tonnes of urea formaldehyde resin. The company's 2006 output amounted to BGN 151.316 mln, a 14.3% decrease year-on-year.

Neochim AD paid a 133% higher dividend for 2005, compared to the previous year. The company's 2005 net profit increased nearly four-fold to BGN 12.57mln, backed by a 22.9% rise in total revenue.

	Exports (mln BGN)	Domestic sales (mln BGN)
2007*	27.469	45.055
2006	92.897	80.833
2005	118.460	61.724

(*Editor's note: The figures for 2007 are for the first quarter of the financial year.)

Domestic Market Sales (mln BGN)	2007*	2006	2005	2004	2003	2002
Ammonium Nitrate	39.190	59.002	42.428	49.302	39.946	64.210
Ammonia	2.697	9.504	7.286	5.988	6.390	4.148
Urea						
Formaldehyde Resin	1.427	6.064	5.628	6.372	4.777	2.725
Liquid Carbon Dioxide	0.385	1.747	1.570	1.622	2.309	2.150
Sodium Nitrate	0.118	0.616	0.759	0.532	0.471	0.522
Other	1.238	3.900	4.053	4.795	2.995	2.948
Total	45.055	80.833	61.724	68.611	56.888	76.703

(*Editor's note: The figures for 2007 are for the first three months of the financial year.)

Exports (mln BGN)	2007*	2006	2005	2004	2003	2002
Ammonium Nitrate	21.057	77.963	87.958	53.018	70.105	35.696
Ammonia	5.622	12.172	27.238	19.777	9.208	4.041
Ammonium Hydrogen Carbonate	0.120	0.552	0.912	0.834	0.512	0.624
Propomocarb	-	-	-	0.149	-	-
Sodium Nitrate	0.496	1.658	1.674	0.994	0.666	0.361
Sodium Nitrite	0.174	0.526	0.677	0.742	0.469	0.581
Total	27.469	92.897	118.46	75.547	80.960	41.303

(*Editor's note: The figures for 2007 are for the first three months of the financial year.)

The company's sales revenue increased slightly to BGN 139.6 mln in 2004. Domestic sales rose 18.1% to BGN 67.2 mln, on the back of a 22.4% increase in ammonium nitrate sales to BGN 48.9 mln. Exports fell 10.5% to BGN 72.5 mln.

In 2004 Neochim sold 504,000 tonnes of ammonium nitrate for BGN 110 mln. Domestic sales of ammonium nitrate totalled BGN 40 mln and exports stood at 334,000 tonnes, worth BGN 70,104,396, with major destinations including the USA, the UK, France, Spain, Greece, Turkey, Macedonia, Albania, Serbia and Montenegro.

In 2003 Neochim nearly doubled its profit, bolstered by higher revenue due to the company's entering the U.S. market and rising international prices for its produce.

Ammonium nitrate is traditionally the major fertiliser used in Bulgaria. Neochim has competitive advantages over its highly indebted main domestic rival Agrobiochim, a highly diversified product range and a well-developed domestic distribution network. All companies in the sector produce ammonia for fertiliser production. Only Neochim and Chimco offer ammonia as an end product. Ammonium nitrate is the company's main product, accounting for 72% of its overall sales.

Neochim owns Neofert trademark, which is also registered in Spain, France, Italy, Macedonia, Serbia and Montenegro. In 2001 Neochim granted its majority shareholder Euro Fert AD the exclusive right to use the trademark Neofert.

Net Sales Revenue (mln BGN)	Year
75.292	2007*
188.961	2006
188.678	2005
150.746	2004
146.352	2003
124.328	2002
127.760	2001
117.719	2000
65.180	1999

(*Editor's note: The net sales revenue figures for 2007 are for the first three months of the financial year and are preliminary non-consolidated.)

Net Sales Revenue by Products in 2006

Ammonium Nitrate	73.97%
Ammonia	11.89%
Urea-Formaldehyde Resin	7.59%
Carbon Dioxide	2.19%
Other	4.36%

Investment Plans

Neochim AD has launched a BGN 6.992 mln investment programme until 2011, aiming to comply with the EU environmental standards:

Year	BGN
2007	5,784,000
2008	460,000
2009	239,000
2010	249,000
2011	260,000

The company planned to finance its investment projects mainly through bank loans.

In 2007 Neochim aims to invest BGN 18 mln in new facilities and to carry out a project for increasing ammonium nitrate production. The company expects to raise its output by 30% and improve the product quality. It also intends to invest BGN 10 mln in the automation of the ammonia production.

Between 2004 and 2006 Neochim invested BGN 28.633 mln. In 2006 it spent BGN 9.738 mln on machines, motor vehicles and modernising its production lines.

Main Competitors

Agrobiochim AD (Stara Zagora, Bulgaria) [Insolvent]
Agropolychim AD (Devnia, Bulgaria)
Chimco AD (Vratsa, Bulgaria)
Ecofol AD (Targovishte, Bulgaria)
Inofert OOD (Stara Zagora, Bulgaria)

In 2006 the Bulgarian Environment and Waters Ministry granted the company a permit to invest in capacities for production of basic organic and inorganic chemical substances.

In 2005 the company spent more than BGN 8.0 mln on new equipment and modernisation of the production facilities.

In 2004 Neochim invested EUR 9.0 mln in upgrading its facilities in an effort to boost capacity and improve production safety. It put EUR 6.0 mln into modernising its ammonia production units and the remainder went for the construction of Neochim's own steam power generators. Neochim invested EUR 2.3 mln in a power generator and expected the investment to reach EUR 5.0 mln. No further details have been disclosed.

The fertiliser maker plans to upgrade the ammonia production facilities to raise its output and safety levels. In 2004 Neochim picked French engineered components manufacturer Manoir Industries to supply the equipment for the upgrade.

Financial Information and Key Financial Ratios

The financial results are consolidated.

Year	2006	2005	2004	2003	2002	2001
Company: Neochim AD-Dimitrovgrad						
<i>Net Sales Revenue</i>	188 961 000	188 678 000	154 183 000	152 311 000	130 207 000	126 841 000
<i>Operating Profit/Loss</i>	6 317 000	16 056 000	4 807 000	7 770 000	3 873 000	5 884 000
<i>Total Revenue</i>	189 929 000	190 954 000	154 219 000	153 642 000	131 544 000	128 632 000
<i>Total Expenses</i>	186 206 000	174 083 000	150 194 000	148 558 000	130 099 000	122 839 000
<i>Net Profit/Loss</i>	3 090 000	14 176 000	3 494 000	4 561 000	412 000	3 547 000
<i>Current Assets</i>	46 501 000	46 268 000	39 510 000	39 047 000	38 073 000	34 039 000
<i>Non-current Assets</i>	74 850 000	71 092 000	70 345 000	60 286 000	60 759 000	59 604 000
<i>Cash and Equivalents</i>	7 901 000	1 948 000	3 219 000	8 772 000	2 772 000	2 464 000
<i>Total Assets</i>	121 351 000	117 360 000	109 855 000	99 333 000	98 832 000	93 643 000
<i>Current Liabilities</i>	27 257 000	19 271 000	20 692 000	23 550 000	25 179 000	22 452 000
<i>Non-current Liabilities</i>	18 815 000	23 723 000	27 832 000	17 874 000	20 313 000	20 812 000
<i>Total Liabilities</i>	46 072 000	42 994 000	48 524 000	41 424 000	45 492 000	43 264 000
<i>Total Equity</i>	75 279 000	74 361 000	61 331 000	57 907 000	53 336 000	50 379 000
<i>Subscribed and Paid-in capital</i>	2 654 000	2 654 000	2 654 000	2 654 000	2 654 000	2 654 000
ROE	4,04%	20,39%	5,67%	8,20%	0,79%	7,04%
ROA	2,54%	11,89%	3,33%	4,60%	0,43%	3,79%
ROIC	3,52%	17,27%	5,24%	7,12%	0,67%	6,00%
OPERATING MARGIN	2,71%	9,72%	3,06%	3,86%	1,27%	4,98%
NET PROFIT MARGIN	1,64%	7,51%	2,27%	2,99%	0,32%	2,80%
FIN. DEBT/ASSETS	12,29%	14,22%	14,25%	9,77%	12,75%	9,34%
FIN. DEBT/EQUITY	19,82%	22,44%	25,53%	16,75%	23,63%	17,37%
TOTAL LIABILITIES/ASSETS	37,97%	36,63%	44,17%	41,70%	46,03%	46,20%
TOTAL LIABILITIES/EQUITY	61,20%	57,82%	79,12%	71,54%	85,29%	85,88%
CURRENT LIQUIDITY RATIO	1,71	2,40	1,91	1,66	1,51	1,52
EBIT	5 114 000	18 332 000	4 722 000	5 880 000	1 649 000	6 322 000
EBITDA	9 895 000	22 902 000	8 310 000	9 080 000	5 575 000	9 949 000
MARKET CAPITALIZATION (LOCAL)	130 063 542	85 364 153	43 186 405	13 085 985	10 750 150	2 601 271
P/E	42,09	6,02	12,36	2,87	26,09	0,73

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