

**Magnohrom LLC, Kraljevo**

# General Information



Full legal name	Magnohrom LLC Kraljevo
Address	No. 314 Dositejeva Street, Kraljevo
Identification Number	07195508
Core activity	Manufacture of refractory products
Foundation Year	1948
Number of Employees	214



## Capital structure (in%)

Privatization Agency 100,00

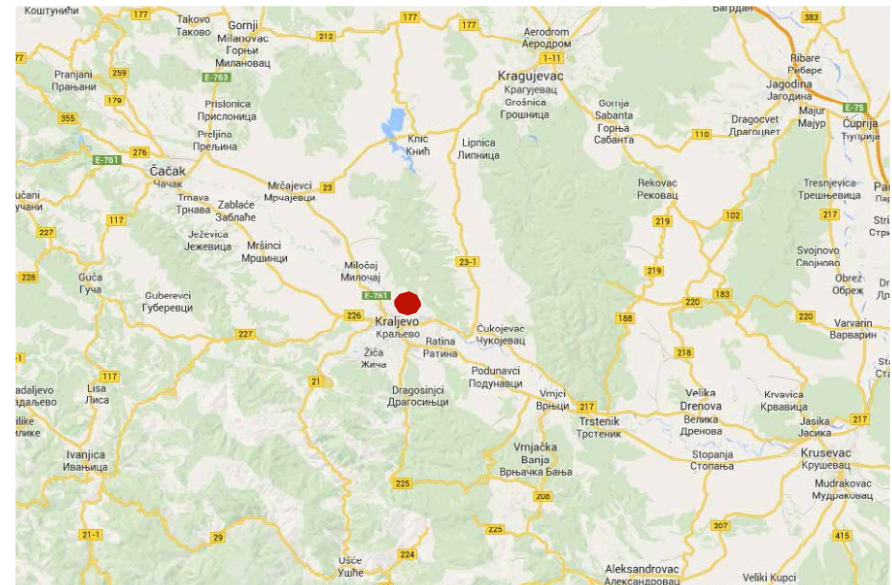


# General Information



## Distance from the Company to:

Belgrade	180 km
Regional Center	0 km
Main road	0 km
Port	180 km
Railway	0 km



# Location



KRALJEVO  
Pan-European Transport Corridors

Geographical location of Magnohrom LLC Kraljevo is of strategic importance in the market area of sougtheast Europe and provides oportunity for intensive bussines cooperation.



# Tradition



Magnohrom is an enterprise comprising the mines of chromites, magnesites and dolomites, the Industries of Refractory Material, Plant for the manufacture of Electric&Thermal household appliances and units, and the Plant for manufacture of special products.

1948 - Year of foundation of Magnohrom

1952 - Starting the work

1960 - Start of work R&D Institute

1962 - Building of modern Tunnel kilns

1973 - The factory of electro-thermal products (FETP) was established.

1991 - Building of the new plant Svo -Tvo 2006 – Privatized by Global Steel Holding Ltd

2007 - Contract with Global Steel Holding Ltd was terminated



## MINES AND INDUSTRY OF REFRACTORY MATERIALS



### RAW MATERIAL

Serbian deposits of magnesite belong to microcrystal (criptocristal) type. Magnohrom defines two types of deposits: vein and net. According to geology studies and ore mining explorations serbian magnesites are high purity (low content of gangue material).

The magnesite ore is mined from a number of open cast and underground mines within area 120km around Kraljevo.

### PRODUCTION PLANT

Magnohrom is the only basic refractory producer in Serbia. The magnesite concentrate from diferent deposits comes to production plant. The magnesite concentrate is heated to 1.800°C in rotary kiln to form sintermagnesite. The rotary kiln is fired by natural gas and has capacity 100tpd. Products, sintermagnesites are characterised by chemical composition, bulk density, porosity and periclas crystal size. Products are stored in to twelve silos with 1000t capacity.

### PRODUCTS

- Sinter magnesite
- Mixes for foundries
- Other products



# Product portfolio



## RESEARCH & DEVELOPMENT

At first it was the Laboratory for the control of raw material quality, quality of semi-products and finished products and became Research & Development Center in 1972.

Business activities:

- Scientific and research activities related to the development of technological procedures for production of refractories
- Observing of the existing technological processes, products and raw materials
- Quality control services
- Testing of samples of different origin and giving an expert opinion on the usability of raw materials
- Improvement and development of analytical techniques
- Production of non-serial products for special use

## FACTORY ELECTROTHERMAL PRODUCTS



FACTORY ELECTROTHERMAL PRODUCTS business since 1973. Permanent concern for market development and product factory is rapidly achieved a leading position in the production of household appliances and components such as:

- Dynamic electric storage heaters
- Electric water heaters (boilers)
- Electric hot water boilers, power
- Electric heaters
- Electrical heaters: dynamic and bathroom
- Electric grills
- Electrical apparatus for cooking pancakes, biscuits and pepper
- Electric tubular heaters, different strengths, forms, applications per customer's requirement
- Electrical heating plates, all kinds including square heating plate 300 x 300 mm for the restaurant ranges.



# Certificates



## **Quality assurance certificate ISO 9001**

Company does not own quality assurance certificate ISO 9001.

## **Ecology**

According to applicable regulations, the requirements for environment protection are fulfilled.

# Production



Product	unit	Quantity			value in EUR		
		2011	2012	2012	2011	2012	2013
Limag S	t	37	69	28	6.870	10.913	4.686
Brick MK 1D	t	350	0	0	60.358	0	0
Sitmagram 41BV	t	208	118	0	41.151	21.436	0
Electric high storage heater 2,5 kW	piece	2.080	1.180	0	157.390	82.161	0
Electric high storage heater 3,5 kW	piece	2.080	1.730	0	204.400	156.436	0
Electric high storage heater 4,5kW	piece	574	725	0	71.363	82.941	0
Electric water-heater 50l	piece	1.351	1.089	145	74.676	55.389	7.316
Electric water-heater 80l	piece	1.724	1.329	1.154	101.871	72.262	62.241
Small water-heaters	piece	2.182	2.194	811	32.903	28.659	12.961
Electric heaters	piece	1.585	1.550	1.500	16.981	16.445	15.272
Pipe heaters	piece	122.417	146.119	101.270	281.677	307.514	212.934
Hot plates	piece	19.465	31.540	21.794	68.360	100.517	73.694
Pipe heaters small series	piece	2.595	1.743	4.288	8.680	5.365	13.091
Sinter magnesite	t	13.169	7.672	5.550	2.272.346	1.201.031	803.495
Pipe heaters for own use	piece	28.150	24.606	10.425	44.473	36.321	15.495
Raw magnesite	t	28.276	16.574	8.981	1.543.425	794.040	416.764
Electric high storage heater 6 kW	piece	0	160	230	0	17.244	24.589
Electric high storage heater case 2,5 kW	piece	0	170	1.550	0	19.733	178.468
Electric high storage heater case 3,5 kW	piece	0	320	2.220	0	43.898	302.088
Electric high storage heater case 4,5 kW	piece	0	45	350	0	9.141	70.524



# Land



Magnesite ore is a basic raw material found in the three mining areas. The ore is collected and separated before being delivered to the main factory in Kraljevo: Šumadija (Čačak), Bogutovac (Kraljevo) and Magnezit (Užice).

Šumadija (Čačak) has three functional opencast mines – in Brezak, Milićevci and Koviljača. Certified magnesite ore reserves are: balanced 2,418,119 tonnes, off-balance 1,515,748 tonnes and potentially to 1,800,000 tonnes. Certified reticulated magnesite ore reserves are: balanced 80,297 tonnes, and off-balance 7,009,169 tonnes. For all three mines, Magnohrom has exploitation right.

Bogutovac (Kraljevo) has two underground mines – in Troglavcic and Smoljan Do. Balanced ore reserves are 24,500 tonnes with the potential for further research.

Magnezit (Uzice) represents a group of mines in Western Serbia, on the Zlatibor Mountain close to the border with Bosnia and Herzegovina. Magnezit has been operational since 1962, with several locations including Krive Strane, Konjske Torine, Slovici, Cavlovac, Masnice, Begluk, Bakica kolibe, Stublo. Certified ore reserves are: balanced 4,091,162 tonnes with a potential for 1,507,000 tonnes. For the mine locations Masnice and Cavlovac in Zlatibor and for the other locations Magnohrom has exploitation rights.

The most attractive locality is mine Ribnica (Čalovac, Masnice) in Zlatibor with the proven reserves of over 3.2 million tonnes of magnesite.

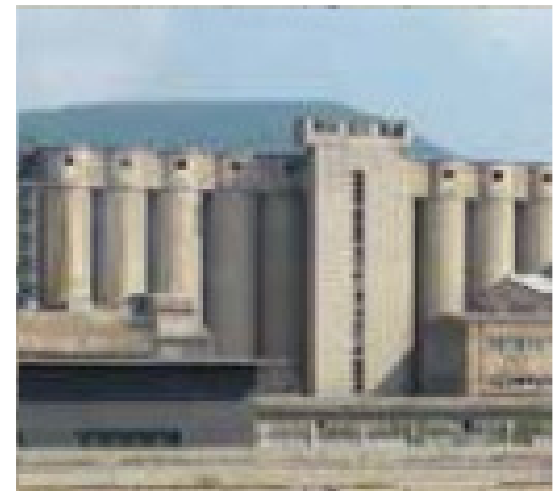
Beneficiation plants (Rzav-Zlatibor and Trbušani - Čačak) represent places where ore is separated from the gangue material.



# Buildings



- Plant for manufacture of Electric and Thermal household appliances - production of household appliances
- Production facility - Production (pressing, drying, baking) of refractory bricks, pericclass carbon bricks and warehousing
- Administrative building (Technology construction office) - Administrative building
- Rotary kiln - Production capacity of 35,000 t of sinter – magnesite
- Tunnel kiln Keraberdarf - Production capacity of 18,000 t of burned bricks
- Sylos - Sinter magnesite warehousing in 12 sylos with storage capacity of 500 m3 each
- Research&Development Center - Scientific and research activities





# Production and Capacity



## Capacity utilization

Machine (Production line)	unit	Installed capacity	Real capacity	% of utilization		
				2011	2012	2013
Bogutovac mine	t	6.000	0	0	0	0
Sumadija mine	t	72.000	36.000	0.51	0.30	11.11
Magnesite mine	t	25.000	12.000	0.75	0.16	38.33
Grain products	t	36.000	30.000	0.33	0.33	20.00
Bricks	t	42.000	42.000	0.80	0	0
Electric high storage heater	piece	50.000	40.000	12.00	9.48	9.50
Electric water-heater	piece	110.000	80.000	6.00	5.76	2.75
Hot plates	piece	1.650.000	1.350.000	1.00	2.33	1.63
Pipe heaters	piece	1.750.000	750.000	17.00	19.72	13.63
Small household appliances	piece	80.000	30.000	12.00	6.01	21.31



# Realization



## Movement in sale volume

Product/service	unit	Quantity sold			value in EUR		
		2011	2012	2013	2011	2012	2013
Limag S	t	37	27	28	12.280	13.358	13.294
Sitmag NT	t	208	118	0	57.196	31.851	0
Electric high storage heater 2.5 kW	piece	2.080	870	310	307.031	170.571	60.283
Electric high storage heater 3.5 kW	piece	2.080	1.538	192	387.688	370.371	45.864
Electric high storage heater 4.5kW	piece	574	725	0	148.269	227.255	0
Electric water-heater 50l	piece	1.351	1.089	145	87.136	60.228	7.955
Electric water-heater 80l	piece	1.724	1.329	1.154	121.281	82.273	70.864
Small water-heaters	piece	2.182	2.194	811	60.091	56.745	21.214
Hot plates	piece	19.465	30.910	21.961	70.049	121.141	93.622
Electric heaters	piece	1.585	1.550	1.550	18.989	17.491	18.466
Pipe heaters	piece	127.744	147.146	102.270	402.997	326.078	260.777
Pipe heaters small series	piece	2.595	4.433	6.394	13.570	14.211	25.226
Sinter magnesite	t	13.166.967	7.671.763	5.550	2.456.038	2.146.110	1.597.703
Electric high storage heater 6 kW	piece	0	160	230	0	56.877	81.105
Electric high storage heater case 2.5 kW	piece	0	170	1.214	0	21.676	178.966
Electric high storage heater case 3.5 kW	piece	0	230	1.726	0	33.372	298.102
Electric high storage heater case 4.5 kW	piece	0	45	183	0	8.424	41.346
<b>TOTAL</b>					<b>4.142.615</b>	<b>3.758.032</b>	<b>2.814.786</b>



# Realization



## Sales structure

Sales structure in %	2011	2012	2013
Domestic market	100.00	100.00	100.00
Foreign market	0	0	0
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## Distribution channels

Distribution channels	% of share
Direct sale	100.00
Wholesale	0.00
Retail	0.00
Intermediaries	0.00



# Organization



## EMPLOYEES



### Number of employees

Working	80
Paid leave	134
unpaid leave	0
other (sick leave, vacation, etc.)	0
<b>TOTAL NUMBER OF EMPLOYEES</b>	<b>214</b>

### Age structure of employees

Age	-25	25-35	35-40	40-45	45-50	50-55	55+
Number	2	36	27	38	34	38	39

### Average salaries in EUR

(gross and net) in 2011, 2012 and 2013

Year	Gross	Net
2011	298	184
2012	291	181
2013	291	180





# Asset Overview



	value in EUR		
	31/12/2011	31/12/2012	31/12/2013
FIXED ASSETS	18.459.713	15.436.390	16.363.020
CURRENT ASSETS	9.549.622	7.343.093	4.060.131



A) Information contain in this document is based on the data recieved from the company, and as such has not been verified by the Privatization Agency. Accordingly, the Privatization Agency shall have no liability with respect to the accuracy and validity of the information contained here in.

B) Pursuant to the law, enterprises from the Republic of Serbia were obliged as of 2004 to prepare Financial Statements in accordance with the International Standards of Financial Reports (ISFR).

# SWOT Analysys

## **STRENGTHS:**

The only basic refractory producer in Serbia, Raw material base, Exploitation right - mine Zlatibor, reserves of about 3.2 million tons of magnesite, magnesite concentrate is classified according to quality standard, good access roads.



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## **WEAKNESS:**

Old liabilities, sale of goods through its subsidiaries, lack of working capital, distance to the port.

## **OPPORTUNITIES:**

The capacity for production of sinter-magnesite is about 35 thousand tonnes per year; the capacity of the production of burned bricks is about 18 thousand tonnes using one tunnel kiln Keraberdarf with the possibility to produce additional 25 thousand tonnes after the reconstruction of the second tunnel kiln Gibbons 3.



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## **THREATS:**

Energy product prices.

# Advantages of Investing in Serbia



Favorable geographic position, owing to which any shipment can reach any location in Europe within 24 hours

Highly educated and cheap labor force Restructured and stable financial system

Simple procedures for a company start-up and registration

Simple procedures for foreign trade transactions and foreign investments Several free trade agreements have been signed, ensuring supply of goods to nearly 800 million consumers:

- In March 2012 Serbia was granted the candidates status by the EC
- CEFTA
- Agreement with the EFTA members
- Autonomous trade preferences granted by the EU in December 2000, and implementation of the Interim Trade Agreement with the Eu started in February 2010
- Agreement with the Russian Federation, Belarus and Kazakhstan
- Agreement with Turkey



# Contact



PRIVATIZATION  
AGENCY

Republic of Serbia

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