

Project Report

Kaolin in Paper, Ceramic And Other Industries **MARKET SURVEY 2006**

CZECH REPUBLIC

Client [CLIENT]

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Contents

1. Customer Survey - Paper and Ceramic Industries	3
1.1. Overview of market structure and leading kaolin buyers	3
1.2. Prospective buyers	5
1.2.1. Comparative overview	5
1.2.2. Detailed profiles of selected buyers - paper industry	7
1.2.3. Other relevant companies in the target industries	18
1.2.4. Detailed profiles of selected buyers - ceramic industry	19
2. Competitor Survey - Kaolin Producers and Importers	33
2.1. Kaolin production in the Czech Republic	33
2.2. Producers of kaolin in the Czech Republic	36
2.3. Importers and other possible competitors	38
2.3.1. Companies processing kaolin	38
2.3.2. Kaolin trading companies	39
3. Database of Key Players in 5 Other Sectors	40
3.1. Rubber producers	40
3.2. Producers of glass fiber	44
3.3. Producers of paints and lacquers	46
3.4. Tire producers	50
3.5. Producers of filling for polyamide goods	52
4. Foreign Trade Statistics	53

Note: Exchange rates used for this report: CZK 27.9 = EUR 1

1. Customer Survey - Paper and Ceramic Industries

1.1. Overview of market structure and leading kaolin buyers

EasyLink researched the Czech market with kaolin in various industries specified by [CLIENT] Company and identified 20 end-users of kaolin within the paper, ceramic, and tire industries.

Paper industry

Usage of kaolin in the paper industry has generally been shrinking due to substitution of this material by mixed limestone or talcum. The EasyLink consultant identified 6 end-users of kaolin (out of all paper producers in the Czech Republic). Total demand of these companies is at least 6,500 tons of kaolin per year. Potential customers emphasized the importance of competitive prices and high quality of kaolin expected from [CLIENT] Company. They also mentioned the challenge of technical and cost-related benefits of substitute materials used by other companies (such as whiteness of limestone).

Deposits and mining of kaolin used in paper production

	2001	2002	2003
Total number of deposits	23	22	22
Already mined deposits	7	7	8
Reserves total (in kt)	375,312	380,352	376,722
Mining of crude kaolin total (in kt)	4,702	2,678	3,401

Source: Czech statistical office; Geofond

Ceramic industry

Demand for a new kaolin supplier in the ceramic industry is significantly higher than in the paper industry, mainly due to the fact that kaolin is irreplaceable in production of porcelain and china. A vast majority of companies contacted (i.e. 13 out of 14) use kaolin in their production and their overall reaction to a new supplier from Ukraine was very positive. Some companies even identified [CLIENT] Company.

Total amount of kaolin demanded by these companies is estimated to reach at least 25,000 tons per year and most company representatives expressed their interest in specifications and samples of kaolin provided by [CLIENT] Company, in order to determine real possibilities of usage of that particular material.

Most interviewed companies (large and medium ceramic and porcelain producers in the country) are currently supplied with kaolin produced in the Czech Republic.

Deposits and mining of kaolin used in porcelain and ceramics production

	2001	2002	2003
Total number of deposits	28	29	29
Already mined deposits	5	6	7
Reserves total (in kt)	256,168	257,441	258,622
Mining of crude kaolin total (in kt)	417	424	402

Source: Czech statistical office; Geofond

Other prospective buyers

Prospective buyers were also identified in the rubber or tire production. Usage of kaolin by producers of fillings is not considered very perspective, whereas usage in glass fiber production, or in production of paints and lacquers represents a greater opportunity for [CLIENT] Company. There also exists a chance for kaolin use in the production of plastics.

1.2. Prospective buyers

1.2.1. Comparative overview

Paper industry

	Name	Turnover in mil EUR	Kaolin used (ton / year)	www	Page
1	Mondi Packaging Paper Steti a.s.	281.112	1,500	www.mondipackaging.com	7
2	KRKONOSSKE PAPIRNY a.s.	79.873	NA	www.krpa.cz	8
3	Smurfit Kappa Czech s.r.o.	73.191	NA	www.smurfitkappa.cz	9
4	Norske Skog Steti a. s.	70.432	NA	www.norske-skog.com	10
5	SCA Packaging Ceska Republika, s.r.o.	69.003	NA	www.scapackaging.cz	11
6	Olsanske papirny a.s.	62.435	1,440 - 1,920	www.olpa.cz	12
7	JIP - Papirny Vetrni, a. s.	58.709	NA	www.jip.cz	13
8	Duropack Bupak Obaly a.s.	37.759	NA	www.duropack.cz	14
9	Papirny Bela a.s.	19.130	1000	www.papirny-bela.cz	15
10	Brnenske papirny, statni podnik	9.407	240	www.papirny-tisnov.cz	16
11	NEOGRAPH, a.s.	4.489	144	www.neograph.cz	17