

KAMEL POTTERIES

Complete Financial Analysis & Valuation Report

Analysis Period: 2024-2025 YTD (January - September)

EXECUTIVE SUMMARY

Valuation Range: R11,000,000 - R14,000,000

Normalized EBITDA (Annualized): R2,957,000

Market Position: 33.3% market share - Foremost ceramic supplier in South Africa

Critical Risk: 93% customer concentration in top 3 accounts

1. SALES DATA VERIFICATION

External Files vs Xero Reconciliation

2024 Sales Analysis

Source	Amount (R)
KAMELSALES2024.pdf (Product Sales Only)	1,115,709
Top Customers 2024 (Wholesale Accounts)	1,428,294
Xero P&L Sales 2024	1,995,629

Difference: R567,335 (likely POS retail sales not included in customer reports)

2025 Sales Analysis (January - September)

Source	Amount (R)
KAMELSALES2025.pdf (Through Sep 28)	1,115,709
Top Customers 2025 (Jan-Aug)	434,903
Xero P&L Sales 2025	1,266,542

Difference: R831,639 (significant POS/cash sales not tracked in customer accounts)

2. TOP CUSTOMERS ANALYSIS - CRITICAL FINDINGS

2024 Top 3 Customers (77% of wholesale revenue)

Customer	Revenue (R)	% of Wholesale
Egg Designs	435,199	30.8%
Art Culture Alliance	360,055	25.5%
Vegmore Distribution	295,409	20.9%

2025 Top 3 Customers (93% of wholesale revenue - INCREASED RISK)

⚠WARNING: Customer concentration increased from 77% to 93%

Customer	Revenue (R)	% of Wholesale
African Paper Products	178,777	41.1%
Vegmore Distribution	177,950	40.9%
Egg Designs	49,000	11.3%

CRITICAL: Egg Designs declined 88.7% (R435,000 → R49,000)

Lost Customers - Major Revenue Impact

- **Art Culture Alliance Foundation:** R360,000 → R0 (LOST)
- **Mathnwu Pottery:** R123,000 → R0 (LOST)
- **Total Lost Revenue:** R483,000 annually

3. COMPLETE EBITDA CALCULATION

Analysis Period: January - September 2025 (9 months)

Depreciation Analysis

Building Improvements:

- December 2024: R376,522
- September 2025: R845,942
- **Increase:** R469,420 (major capital investment in 2025)

Depreciation Estimates:

- 2024 Annual: ~R111,678
- 2025 (9 months): ~R83,759

EBITDA Calculation Table

Line Item	Amount (R)	Notes
Reported Net Profit	1,126,511	Per P&L
Add: Interest Expense	203,358	From P&L
Add: Depreciation	83,759	Estimated 9mo
Core EBITDA	1,413,628	
OWNER ADD-BACKS:		
Owner Medical/Personal	8,000	Per handover
Personal Expenses	796,428	R88,492/mo × 9
NORMALIZED EBITDA (9mo)	2,218,056	Annualized: R2,957,000

4. KEY VALUATION METRICS

Revenue Mix (2025)

Revenue Stream	Amount (R)	Percentage
Sales	1,266,542	52%
Rental Income	1,141,451	47%
Other	45,651	1%

Note: Strong recurring rental income base provides revenue stability

Asset Position

- **Cash:** R652,000 (healthy liquidity position)
- **Fixed Assets:** R848,000 (R469,000 added in 2025)
- **Debt:** R68,000 loan only (minimal leverage)
- **Owner Drawings:** R1,290,000 (demonstrates strong cash generation)

Market Position

- **Market Share:** 33.3% in Durban manufacturing/supply
- **Industry Status:** "Foremost supplier in South Africa for ceramic arts & crafts"
- **Competition:** 80% of market is retail-focused (limited manufacturing competition)

5. DUE DILIGENCE RED FLAGS

❑ **Customer Loss:**

R483,000 annual revenue from 2 lost major customers

❑ **Customer Concentration:**

93% of wholesale revenue from only 3 customers (very high risk)

❑ **Gross Margin Decline:**

83% (2024) → 75% (2025) - investigate COGS increase

❑ **Wholesale Revenue Decline:**

R1,428,294 (2024) → R434,903 (2025 8-month trend) = -70% decline

❑ **Financial Statement Discrepancy:**

R1,130,000 P&L profit vs R777,000 equity increase on balance sheet

6. VALUATION SUMMARY

Multiple Approach (4-6x EBITDA)

Metric	Value (R)
Normalized EBITDA (Annualized)	2,957,000
At 4.3x Multiple	12,715,100
At 5.0x Multiple	14,785,000

Valuation Adjustments

Negative Adjustments:

- Customer concentration risk: -10% to -15%

Positive Adjustments:

- Dominant market position: +5% to +10%

SUGGESTED VALUATION RANGE: R11,000,000 - R14,000,000

7. IMMEDIATE BUYER ACTIONS REQUIRED

Customer Relationship Due Diligence

Priority Actions:

- ☐ Interview African Paper Products & Vegmore (represent 81% of current revenue)
- ☐ Investigate reasons for Egg Designs 88.7% revenue decline
- ☐ Negotiate and secure customer retention agreements
- ☐ Assess customer contract terms and renewal dates

Sales Reconciliation

Required Analysis:

- ☐ Bank statement review to verify R1,995,629 total sales (2024)
- ☐ POS system audit for R831,639 unexplained sales (2025)
- ☐ Cash handling procedures review
- ☐ Revenue recognition policy verification

Property/Lease Clarification

Critical Items:

- ☐ Clarify R18,842/month property bond in personal add-backs
- ☐ Determine if property is owned or leased
- ☐ Negotiate lease terms or purchase agreement
- ☐ Obtain property valuation if owned

Working Capital Requirements

Financial Obligations:

- ☐ VAT payable: R560,000 (develop settlement plan)
- ☐ Analyze impact of R1,290,000 owner drawings
- ☐ Calculate true working capital requirements
- ☐ Review creditor payment terms and aging

Document prepared for internal due diligence purposes