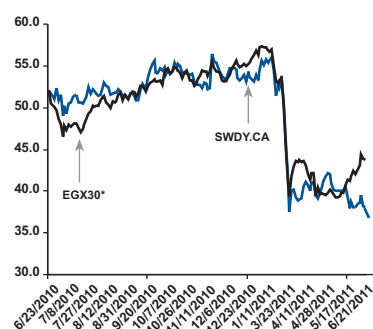


26 June 2011

► Sector	Industrials
► Price per Share (23rd June 2011)	EGP 36.0
► Fair Value Estimate	EGP 44.5
► Recommendation	BUY
► Valuation Gap	23.6%
► No. Shares	171.9 m
► Market Capitalisation (EGP)	6,185 m
► Market Capitalisation (US\$)	1,041 m
► Reuters	SWDY.CA
► Bloomberg	SWDY EY
► Exchange Rate (US\$/EGP)	5.94
► Av. Daily Turnover (12 M)	EGP 9.8 m
► Av. Daily Turnover (12 M)	US\$ 1.6 m
► Year High-Low	EGP 56.5 - 36.0

Price Performance (2010-2011)



Performance	1 month	3 months	YTD
SWDY	(5.3%)	(12.6%)	(32.5%)
EGX30	2.7%	6.6%	(22.5%)

* EGX30 Index rebased to SWDY price as of 23 June 2010

** Source: Reuters, Pharos Research.

George Beshara

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Shareholders' Structure

El Sewedy Family	66.2%
Free Float (Est.) & Others	33.8%

Corporate Calendar

H1-2011 Results	August 2011
Last ex. Div. Date	1 June 2011

We revise our fair value estimate for El Sewedy Electric (SWDY.CA) downwards from EGP 59.1 per share to EGP 44.5 per share in light of the surge in copper prices since mid 2010. From end June 2010 up to date, LME copper prices jumped from US\$ 7,082/metric ton to US\$ 9,025/ton. The jump in copper prices was coupled with a 5.0% depreciation in the EGP versus the US\$, which compounded pressures on production costs. Interestingly, these dynamics directly weighed on the share price, which underperformed the EGX30 over the same period. Although copper prices have softened since hitting an all time high in February 2011, prices currently hover around the US\$ 9,000/ton mark and are likely to linger around current levels over our forecast horizon. El Sewedy Electric currently trades at a forward PER of 8.6x and EV/EBITDA of 8.1x.

Our core concern over El Sewedy Electric is its negative exposure to high copper prices, which translates directly into lower margins, higher working capital requirements and lower free cash flow. Copper, the primary raw material used in the wires and cables segment, accounts for approximately 75.0% of production cash costs. On 14 February 2011, LME copper prices hit a record high of US\$ 10,168/metric ton, which visibly impacted margins during Q1-2011. Over our forecast horizon, we expect copper prices to hover around the US\$ 9,000/ton mark.

Year End (31st December)	2008A	2009A	2010A	2011E	2012F	2013F
Revenues (EGP m)	11,446	9,291	12,902	14,707	19,062	20,867
EBITDA (EGP m)	1,096	1,006	1,416	1,323	1,653	1,945
EBITDA Margins (%)	9.6%	10.8%	11.0%	9.0%	8.7%	9.3%
Pre Tax Profits (EGP m)	751.5	664.5	1,061	825.5	1,156	1,399
Net Profits (EGP m)	828.4	633.6	795.5	722.3	948.2	1,098
Net Debt (Cash) (EGP m)	4,598	4,555	5,771	4,405	3,991	3,599
Shareholders' Equity (m)	3,808	4,212	5,017	5,902	6,850	7,557
PE (x)	5.8	7.6	7.8	8.6	6.6	5.7
P/BVPS (x)	1.1	1.0	1.2	1.0	0.9	0.8
P/CFPS (x)	(12.1)	3.7	(9.2)	(11.0)	7.5	4.3
EV/EBITDA (x)	9.8	10.7	7.6	8.1	6.5	5.5
D. Yield (%)	2.1%	0.0%	2.6%	2.3%	3.0%	7.9%

*Source: Company Reports, Pharos Research.

Nonetheless, we expect the electric products and turnkey projects segments to shore up financial performance beyond 2011. In 2012, both high-margin segments combined are expected to generate one third of revenues and a little less than half of gross profits. A meaningful contribution of wind energy to operating performance and valuation will likely be delayed to 2013.

We revise our fair value for El Sewedy Electric to EGP 44.5 per share from EGP 59.1 per share and assign a "BUY" recommendation, given that the current market price offers an upside potential of 23.6%. Our revised fair value estimate accounts for 1) higher than previously estimated copper prices, 2) higher financial leverage due to demanding working capital requirements, 3) expected delay in wind energy operations due the current political situation in Egypt, and 4) possible delays in mega power projects due to high geopolitical risk. Based on our model, sustained upward or downward moves in copper prices would warrant a downward or upward revision to our fair value estimate, respectively.

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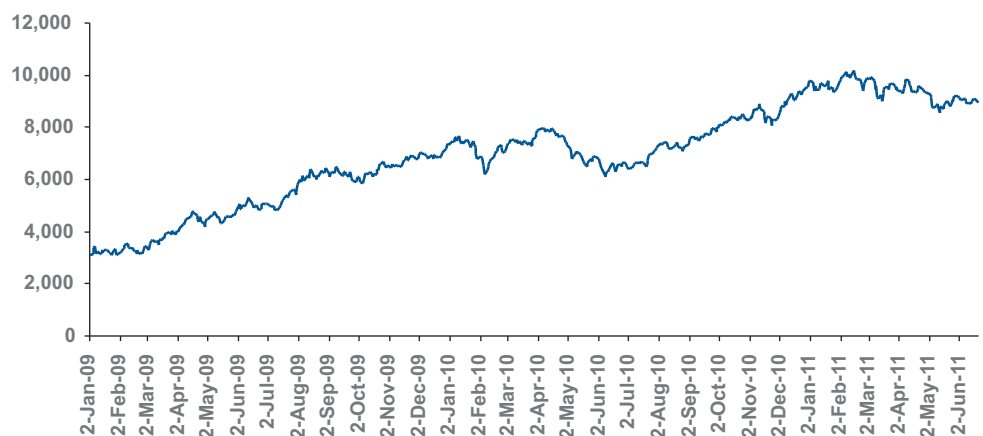
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I. Copper, Cables and Financing Costs

I.A. The Copper Super Cycle is a Primary Risk Factor

We revise downward our fair value estimate of El Sewedy Electric given what seems to be a **sustainable surge in copper prices**. Although prices have softened since hitting a record high of US\$ 10,168/ton on 14 February 2011 and currently hover around the US\$ 9,000/ton mark, they are still considerably higher than 2010 average and our initial 2011 forecast of approximately US\$ 7,000/ton. The copper super cycle has been driven by 1) strong demand from China, which accounts for roughly 40.0% of world consumption, 2) a precipitous fall in inventories, 3) supply disruption in key producing nations such as Chile and Peru, and 4) a weak US\$. According to industry analysts, copper prices may stage another rally during H2-2011 due to what has been reported as a significant drop in stockpiles at bonded warehouses monitored by Shanghai Futures Exchange (SFE), which may trigger a recovery in Chinese imports starting Q3-2011. It is interesting to note that the rally in copper prices was compounded by a 5.0% depreciation in the EGP versus the US\$

Figure 1: LME Copper Spot Prices, US\$/ton



*Source: Bloomberg, Pharos Research.

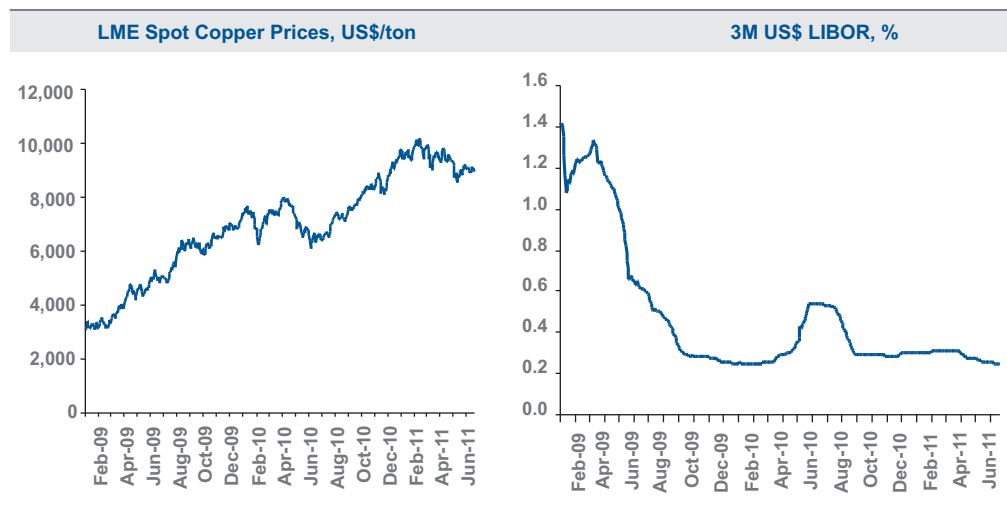
I.B. US Subpar Growth, however, Helps Keep Financing Costs Low

It is important to understand the exact relationship between copper prices and both gross and net profits of El Sewedy Electric. Copper, imported at spot prices via United Metals Company; 99.8% owned by El Sewedy Electric, accounts for roughly 75.0% of the total production cash costs. In setting the ex-factory prices of cables, El Sewedy Electric adds a gross profit per ton to the cable cost per ton. In 2011, the company has set the gross profit per ton at cc US\$ 1,000. According to our model, this will generate a gross profit margin of approximately 10.0% for the wires and cables segment. Accordingly, higher costs of cables, which generate roughly 75.0% of revenues, are typically passed through to end consumers yet at the expense of margins.

However, the pressure on net margins emanates from higher financing costs given that the firm has a relatively long cash conversion cycle. As of end Q1-2011, El Sewedy net debt balance

stood at EGP 4.9bn, representing 3.6x trailing EBITDA and approximately 3.3x our 2011 expected EBITDA. The bulk of this debt is in the form of short-term (less than one year) overdrafts secured to finance copper purchases. Thankfully, the high financing burden has been partially offset by the plunge in financing costs over the past three years. El Sewedy Electric typically borrows at US\$ LIBOR + spread. From early 2009 until mid 2011, 3M US\$ LIBOR plunged from 1.4% to a current 0.25% and over the same period copper surged from US\$ 3,085/ton to US\$ 9,076/ton.

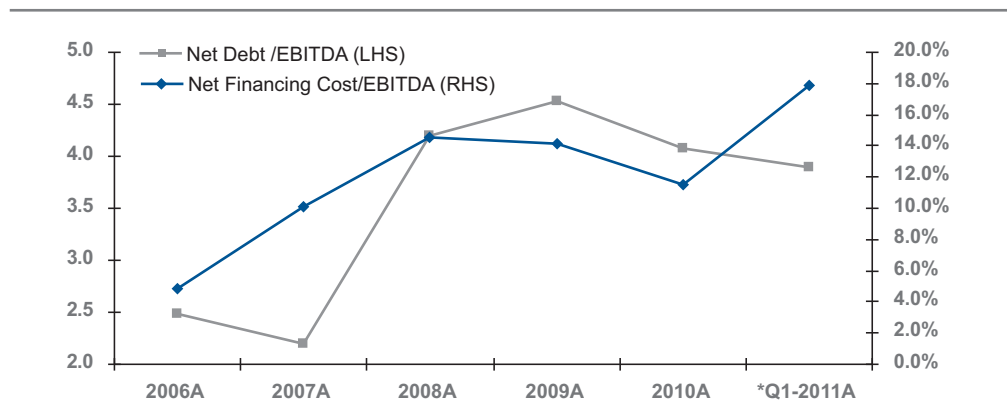
Figure 2: Copper Curse Versus LIBOR Bless



**Source: Bloomberg, Pharos Research.*

The plunge in US\$ LIBOR has helped partially offset the impact of higher working capital requirements on El Sewedy bottom line. As shown in Figure 3 below, net debt surged since 2007 and currently stands at roughly 1.0x equity and 4.0x 2011E EBITDA. Accordingly, the ratio of net financing costs to EBITDA, which gauges the drain on operating cash flow attributed to high working capital requirements, is projected to jump to 17.0% in 2011 up from 11.0% in 2010. The drain, however, could have been significantly higher if US\$ LIBOR hovered around its 2007 average of over 5.0%.

Figure 3: Net Debt/EBITDA and Net Financing Cost/EBITDA

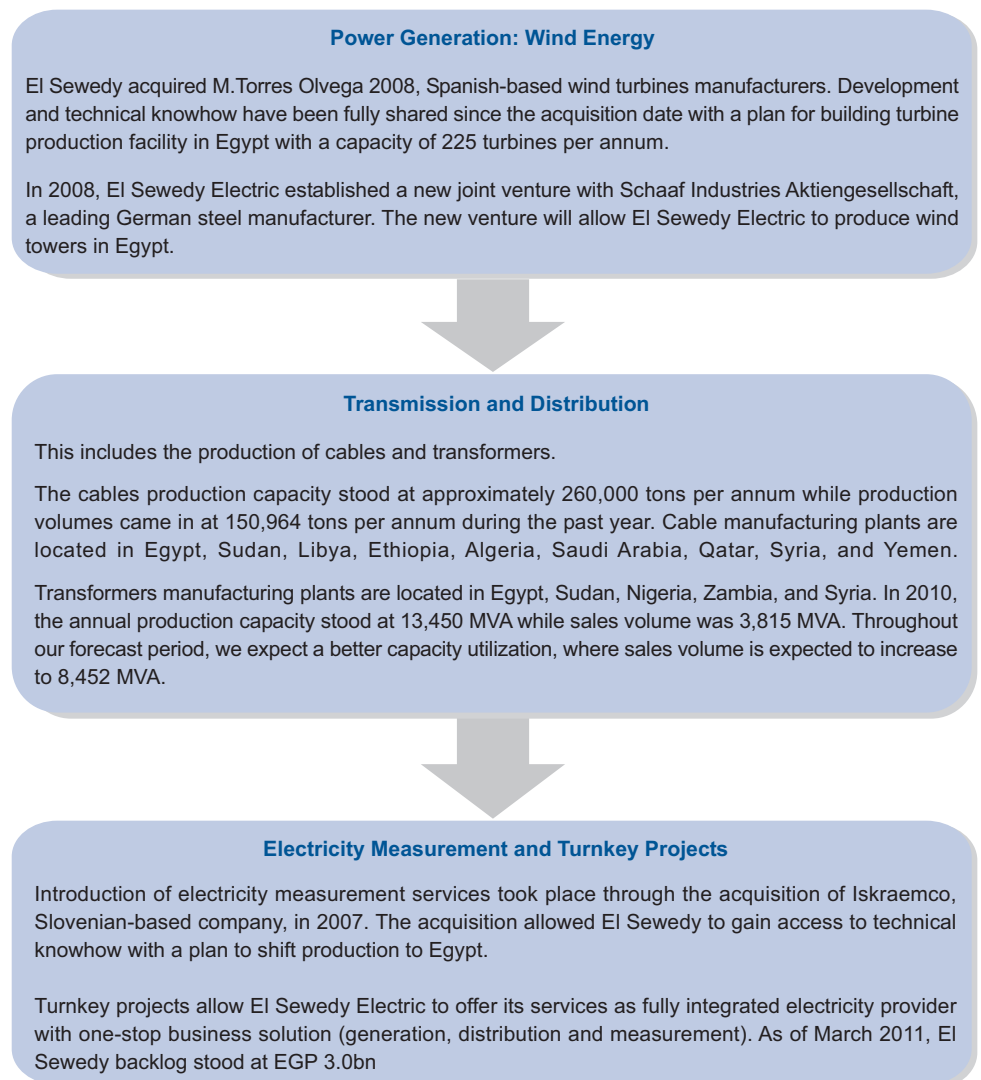


**Source: Company Reports, Pharos Research.*

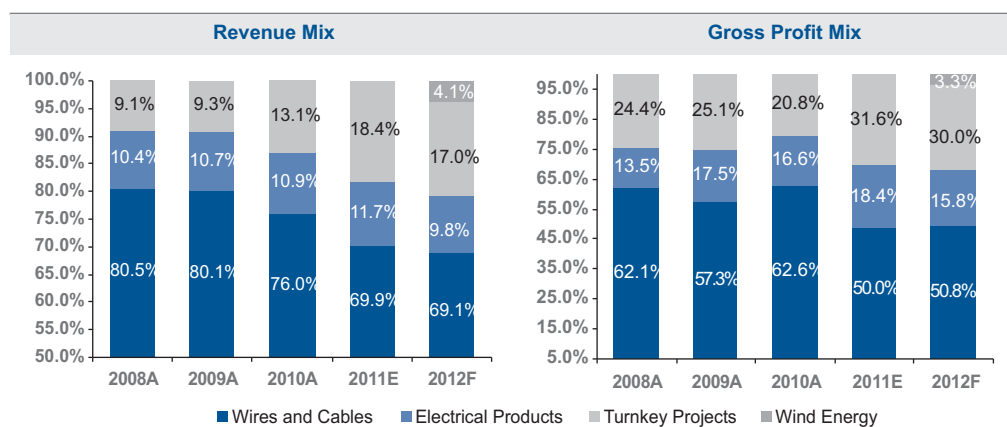
I.C. Cable Dominance until 2012 Implies that Cash Preservation is Key

The impact of the aforementioned dynamics on valuation is tightly linked to our view of El Sewedy Electric as a predominantly cable manufacturer up to 2012. As a quick refresher, the company has four main business segments, namely 1) wires and cables, 2) electrical products, 3) turnkey projects, and 4) wind energy. The low-margin wires and cables segment has historically been the primary revenue and value driver of the company. However, management has been adopting a two-pronged strategy to boost margins. The strategy is centered on 1) tapping high-margin segments along the electric power value added chain - El Sewedy Electric as a manufacturer, and 2) cementing the company position as a reliable provider of electric power solutions - El Sewedy Electric as a contractor. In Figure 4 below, we depict the vertically integrated business model of El Sewedy. Figure 5 in the following page demonstrates the contribution of each business line to revenues and gross profits.

Figure 4: Schematic Presentation of El Sewedy Electric as a Fully Integrated Power Play



**Source: Company Reports, Pharos Research.*

Figure 5: Revenue and Gross Profit Mix


*Source: Company Reports, Pharos Research.

As depicted in Figure 5 above, the wires and cables segment is expected to generate 69.9% of revenues and 50.0% of gross profits in 2011, which implies continued dominance of the cables business. Accordingly, we believe financial strategy will be centered on preserving cash rather than on venturing into expansion programs until at least mid 2012. As noted above, copper prices are likely to remain elevated in the near term and the firm will likely face a significant drain on its cash resources to finance working capital requirements. The firm had already felt the pinch from higher working capital requirements in late 2010 and announced then it plans to raise capital via a rights issue by mid 2011. As such, we expect management to purely focus on a defensive strategy of preserving cash until copper prices soften, a scenario that is unlikely unless China faces a hard landing over the coming few months.

I.D. Upside and Downside Risks in 2011 and 2012

Upside Risks

Stronger-than-expected growth in the turnkey projects segment

As of March 2011, the segment backlog stood at EGP 3.0bn and we expect its contribution to revenues to reach approximately 25.0% by 2012. The segment gross margins hover around 25.0%, versus only 10.0% generated by the wires and cables segment. Any sizable additions to the backlog would have significant impact on our fair value estimate.

Stronger-than-expected revenue growth in the transformers business segment

The transformers segment is expected to offer higher profitability and solid revenue growth at the consolidated level throughout our forecast period. For the period 2011-2014, we expect segment revenues to increase from EGP 743.4m to EGP 842.2m. According to management, revenues from the segment are expected to increase by a minimum of 20.0% annually over the same period.

Downside Risks

Surge in copper prices during H2-2011

In our view, the key downside risk to SWDY is another rally in copper prices, which will automatically pressure working capital requirements and impose further strains on financing costs.

Increase in US\$ LIBOR

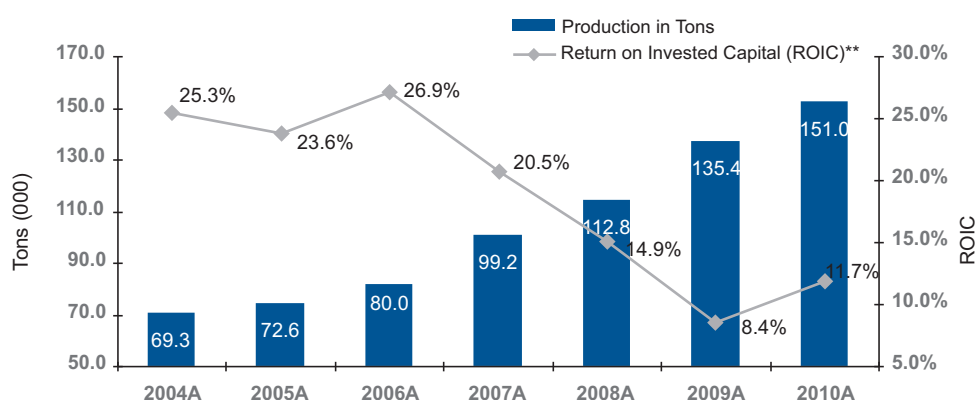
If the US starts to increase interest rates during 2012, the pressure on free cash flow will be material.

II. Financial Analysis

II.A. Wires and Cables Segment

The wires and cables segment accounted for more than 75.0% and 60.0% of the revenue and gross profit lines in 2010. El Sewedy Electric cables plants are widely distributed across the Middle East, where Egypt accounts for more than 40.0% of total production capacity. During the past period, the firm pursued a geographic expansion strategy that focuses on penetrating new markets through establishing new cable plants across the Middle East. The management's main criteria for selecting new markets focused on 1) expanding operations in poor and underdeveloped infrastructure markets characterized by low cost environment that could potentially serve as an export hub to neighboring markets (Sudan and Ethiopia to Africa, Yemen and Syria to Iraq), and 2) expanding in rich countries characterized by strong budget surpluses that are expected to offer strong potential for infrastructure spending (Saudi Arabia, Qatar, Algeria, and Libya). The expansion strategy had cost the company more than EGP 6.1bn from 2005 till 2010. However, it was not value accretive as evidenced by the deep contraction in return on invested capital (ROIC) over the same period, mainly due to the surge in copper prices.

Figure 6: Wires and Cables Capacity Expansion vs El Sewedy Electric ROIC



*Source: Company Reports, Pharos Research.

** ROIC = EBIT (1 - Effective Tax Rate) / Invested Capital, Invested Capital = Interest Bearing Debt + Equity at Book Value

In our opinion, management should pursue a strategy that favors profitability and margin expansion over increasing revenues. Accordingly, we view expansions in the electrical products segment (transformers and electrometers) and turnkey segment to be more value accretive to shareholders as opposed to the wires and cables segment.

Furthermore, we believe that the wires and cable segment's margin will most likely remain suppressed as a result of the expected increase in copper prices due to limited supply from existing mines and the absence of significant new developments. According to industry sources, the combined copper inventories monitored by LME and COMEX as of December 2010 declined to 436,000 metric tons, which represents approximately eight days of global consumption. The table below shows our outlook on the wires and cables segment.

Table 1: Wires and Cables Segment Projections

EGP m	2009A	2010A	2011E	2012F	2013F
Sales Volume (Tons 000)	135.4	151.0	140.4	175.5	189.0
Copper Price (US\$ per Ton)	4,500	6,600	9,100	8,933	8,784
Gross Profit (US\$ Per Ton)	1,069	1,075	1,017	1,017	1,037
Wires and Cables Revenues (EGP m)	7,438	9,803	10,279	13,166	13,914
Gross Profit (EGP m)	745.3	1,245	1,071	1,373	1,470
Gross Profit Margin	10.0%	12.7%	10.4%	10.4%	10.6%

*Source: Pharos Research.

II.B. Electrical Products

During 2010, the electrical products segment accounted for 10.9% of revenues and 16.6% of gross profits. The electrical product segment offers El Sewedy Electric a higher operating margin as opposed to the wires and cables segment. In 2010, gross margin for the segment came in at 23.4%, slightly higher than the previous period. The segment is divided into electrometers, transformers and other electrical products. Electrometers represent more than 60.0% of segment revenues and more than 50.0% of segment gross profit. El Sewedy Electric has penetrated the electrometers segment in 2007 through the full acquisition of the Slovenian-based company, Iskraemco. The acquisition allowed the firm to gain access to the electrometers technological knowhow, in addition to accessing Iskraemco's European-based customers. Furthermore, El Sewedy Electric aims to shift production of the labor-intensive electrometers industry from Slovenia to Egypt to capitalize on Egypt's low cost environment. The table below shows our projections for the electrical products segment.

Table 2: Electrical Products Segment Projections

EGP m	2009A	2010A	2011E	2012F	2013F
Electrometers	598.6	612.5	707.6	825.5	880.5
% of Consolidated Revenues	6.4%	4.7%	4.8%	4.3%	4.2%
Meters Gross Profit Margin (%)	19.9%	21.9%	22.0%	22.1%	23.0%
Transformers	259.6	412.3	743.4	742.1	793.3
% of Consolidated Revenues	2.8%	3.2%	5.1%	3.9%	3.8%
Transformers Gross Profit Margin (%)	16.3%	18.6%	19.0%	19.0%	19.0%
Other Electrical Products **	135.0	384.2	272.7	294.6	318.1
% of Consolidated Revenues	1.5%	3.0%	1.9%	1.5%	1.5%
Other Electrical Products Gross Profit Margin (%)	49.5%	30.9%	35.2%	35.3%	35.5%
Segment Total Revenues	993.2	1,409	1,724	1,862	1,992
% of Consolidated Revenues	10.7%	10.9%	11.7%	9.8%	9.5%
Gross Profit Margin (%)	23.0%	23.4%	22.8%	22.9%	23.4%

*Source: Company Reports, Pharos Research.

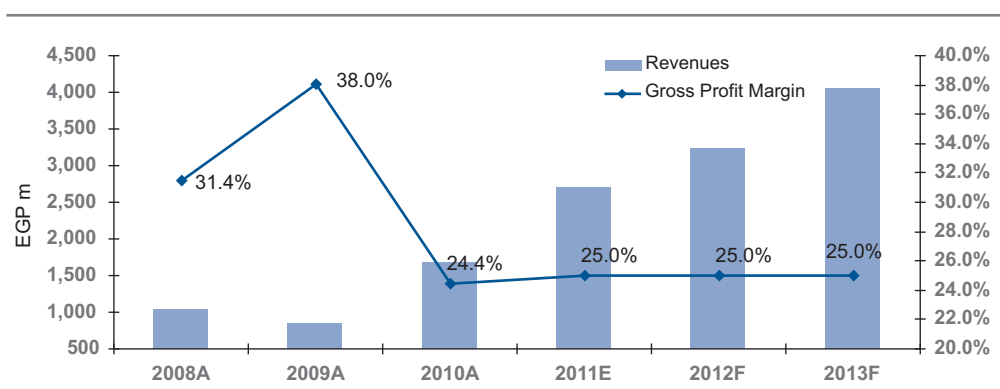
** Other electrical products include insulators, cable accessories and connections.

We specifically believe that the electrometers sub-segment is expected to demonstrate a resilient performance going forward backed by the inevitable shift from the old mechanical meters to electrometer to facilitate accurate electricity measurement particularly for industrial usage.

II.C. Turnkey Projects

Turnkey projects is one of the fastest growing business segments among El Sewedy Electric business portfolio. The segment offers its clients a complete one-stop business solution ranging from project planning and development, followed by the procurement and supply of materials up to installation, measurement and electricity transmission. In our opinion, the turnkey segment is a key strength point that distinguishes El Sewedy Electric from other cable producers in the region. As of March 2011, the segment backlog stood at EGP 3.0bn. The chart below demonstrates the past and projected performance of the segment.

Figure 7: Turnkey Segment Projections



*Source: Company Reports, Pharos Research.

II.D. Wind Energy: The Fourth Leg

Wind energy is the newest business segment under El Sewedy Electric business portfolio. The firm operates its wind energy business segment through two main subsidiaries; Sewedy Wind Energy Group (SWEG) and SIAG El Sewedy Towers (SET).

In 2008, El Sewedy Electric created SWEG and acquired 30.0% of the Spanish-based company M. Torres Olvega. Currently SWEG holds 90.0% of the Spanish company. SWEG is specialized in the manufacturing of wind turbines and wind farm implementation. Since the acquisition, research and developments and knowhow activities were fully shared between the two entities, which will eventually allow El Sewedy Electric to manufacture wind turbines in Egypt to capitalize on cheap labor cost. As per the deal, El Sewedy Electric will have exclusive distribution rights for M. Torres wind turbines in Africa and the Middle East while M.Torres will retain exclusivity in Europe.

SET, is a joint venture between SIAG Schaaf Industrie Aktiengesellschaft, a leading German steel manufacturer, and El Sewedy Electric. The new venture will enhance the company's wind energy backward integration through the establishment of wind towers. Both SET and SWEG will allow El Sewedy to offer its clients another one stop solution for wind farm projects.

Despite the current political uncertainty in Egypt, we believe that the long-term fundamentals for the wind energy sector remains attractive. Higher oil and natural gas prices, rising per capita consumption, and expected depletion of fossil fuel reserves (oil and natural gas in Egypt) over the medium-term are among the main reasons for the government to encourage sizable investments in renewable energy, we believe. Additionally, large investments in renewable energy

will help the Egyptian government to generate new job opportunities, which is currently one of the top priorities on its agenda.

It is worth mentioning that pre revolution, Egypt aimed to generate 20.0% of its energy needs from renewable resources by 2020. According to this plan, wind energy is expected to generate 12.0% of the electricity generated from renewable resources versus less than 3.0% at present. Due to the current political situation in Egypt, we expect revenues from the wind energy segment to show on the financial statements by the end of 2012/early 2013. The table below depicts our projections for the wind energy segment.

Table 3: Wind Energy Segment Projections

EGP m	2011E	2012F	2013F
Torres	0.0	782.9	893.8
El Sewedy Egypt Turbines-SIAG	0.0	0.0	2.9
SWEG Total Revenues	0.0	782.9	896.7
SET	0.0	11.9	15.3
Total Revenues	0.0	788.8	904.3
Gross Profit	0.0	89.9	121.3
Gross Profit Margin (%)	0.0%	11.4%	13.4%

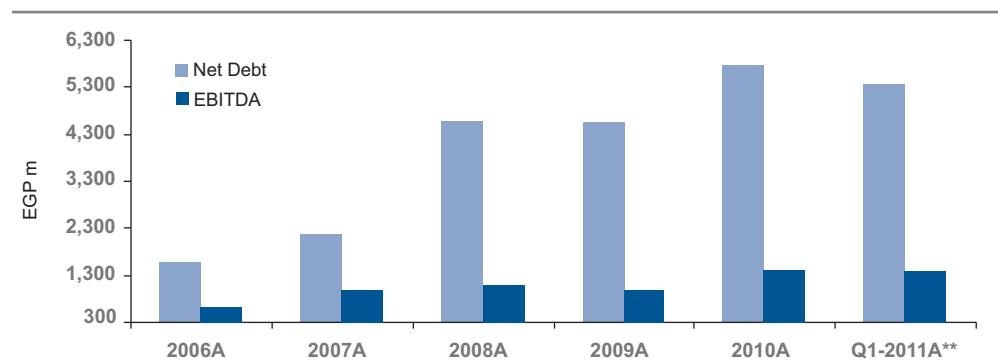
*Source: Company Reports, Pharos Research.

** Proportionately consolidated.

II.E. Financial Leverage

As we previously noted, copper is considered the main feedstock for any cable producer. Accordingly, higher copper prices are expected to dent operating margins and add pressure on working capital. Since copper prices started to rally, the net debt balance has been on an upward trend to finance higher working capital requirements. As of the end of Q1-2011, net debt stood at EGP 4.9bn, representing 3.6x trailing EBITDA and approximately 3.3x our 2011 expected EBITDA. The bulk of this debt is in the form of short-term (less than one year) overdrafts secured to finance copper purchases. Based on Q1-2011 figures, El Sewedy net debt to equity stands at 0.9x. Given the expected outlook on copper prices, we believe that El Sewedy Electric debt balance will most likely remain within the current range thus hindering the company's ability to secure long-term loans for future investments, particularly in the short-term. The chart below depicts El Sewedy Electric net debt position.

Figure 8: Net Debt Versus EBITDA



*Source: CBE, Pharos Research.

**Trailing EBITDA.

III. Valuation

We revised our fair value for El Sewedy Electric downwards from EGP 59.1 to EGP 44.5 per share and assign a "BUY" recommendation, given that the current market price offers an upside potential of 23.6%. Our revised fair value estimate accounts for 1) higher copper prices, 2) higher net debt balance to finance working capital, 3) expected delay in the wind energy operations due the current political situation in Egypt, and 4) higher systematic risk due to rising geopolitical risk in Egypt and the Middle East. Our utilized discount factor and perpetual growth rates stand at 12.0% and 5.0%, respectively.

Table 4: WACC Assumptions

	%
Risk Free Rate	11.0%
Market Risk Premium	7.0%
Beta**	1.2
Cost of Equity	20.1%
Cost of Debt, Net of Taxes	3.2%
Weight of Equity	52.0%
Weight of Debt	48.0%
WACC	12.0%
Terminal Growth	5.0%

*Source: Pharos Research.

Table 5: DCF Valuation

Free Cash Flow (EGP m)	2010A	2011E	2012F	2013F
NOPLAT	1,063	959.9	1,226	1,381
Add: Depreciation	279.1	249.8	298.4	348.5
Change in Working Capital	(2,131)	(1,967)	(509.4)	(200.1)
Capital Expenditure	(1,334)	(220.6)	(667.2)	(834.7)
Free Cash Flow	(2,123)	(978.2)	348.3	694.7
PV of Free Cash Flow	(2,123)	(874.8)	278.6	496.9
Accumulated PV	2,178			
PV of Terminal Value	10,797			
Enterprise Value	12,974			
Deduct: Debt (Q1-2011)	6,425			
Deduct: Minority Interest	371.8			
Add: Cash (Q1-2011)	1,469			
Equity Value	7,646			
Outstanding Shares (m)	171.9			
Fair Value per Share (EGP)	44.5			

*Source: Pharos Research.

Table 6: Sensitivity Table

		WACC						
		12.0%	12.5%	12.6%	13.0%	13.5%	14.0%	14.5%
Perpetual Growth	1.0%	19.5	16.7	16.1	14.2	11.9	9.8	7.8
	1.5%	21.5	18.6	17.9	15.9	13.4	11.1	9.0
	2.0%	23.8	20.6	19.9	17.7	15.0	12.6	10.4
	2.5%	26.3	22.8	22.0	19.6	16.8	14.2	11.8
	3.0%	29.0	25.2	24.4	21.8	18.7	15.9	13.4
	3.5%	32.1	27.9	27.0	24.2	20.9	17.8	15.1
	4.0%	35.6	31.0	30.0	26.9	23.2	19.9	16.9
	4.5%	39.5	34.4	33.3	29.8	25.8	22.2	19.0
	5.0%	44.5	38.2	37.0	33.2	28.8	24.8	21.3
	5.5%	49.2	42.7	41.2	37.0	32.0	27.7	23.8

*Source: Pharos Research.

Table 7: Summary Income Statement

EGP m (YE 31 Dec)	2008A	2009A	2010A	2011E	2012F	2013F
Revenues	11,446	9,291	12,902	14,707	19,062	20,867
Costs	9,785	7,555	10,635	12,568	16,361	17,795
Gross Profit	1,661	1,735	2,267	2,139	2,701	3,072
EBITDA	1,096	1,006	1,416	1,323	1,653	1,945
EBITDA Margin (%)	9.6%	10.8%	11.0%	9.0%	8.7%	9.3%
Net Financing Cost	159.4	141.9	163.5	247.9	197.8	197.2
PBT	751.5	664.5	1,061	825.5	1,156	1,399
Attributable Profit	828.4	633.6	795.5	722.3	948.2	1,098

*Source: Company Reports, Pharos Research.

Table 8: Summary Balance Sheet

EGP m (YE 31 Dec)	2008A	2009A	2010A	2011E	2012F	2013F
Long Term Assets	3,241	4,626	4,277	3,997	4,322	4,774
Cash	1,318	1,027	1,569	1,395	588.6	501.3
Debtors	1,847	2,037	3,415	4,690	5,066	5,545
Inventory	3,170	2,779	3,700	4,603	5,153	5,128
Others	856.4	893.9	983.2	441.2	381.2	208.7
Total Assets	10,433	11,363	13,944	15,126	15,511	16,157
Current Liabilities	5,305	5,534	7,310	7,665	7,276	7,284
Creditors	466.1	994.9	1,166	1,377	1,793	2,048
Debt	4,091	3,624	4,765	5,020	4,180	3,920
Others	748.5	914.7	1,378	1,268	1,303	1,317
Long Term Liabilities	951.6	1,245	1,293	1,190	933.6	760.4
Debt	754.7	988.6	1,073	780.0	400.0	180.0
Others	196.9	256.4	220.2	409.9	533.6	580.4
Total Investment	4,176	4,584	5,341	6,271	7,301	8,112
Paid up capital	1,320	1,320	1,717	1,717	1,717	1,717
Minority Interest	368.1	371.8	324.2	369.6	450.5	555.5
Reserves	2,488	2,892	3,300	4,185	5,133	5,840
Shareholders Fund	4,176	4,584	5,341	6,271	7,301	8,112

*Source: Company Reports, Pharos Research.

Table 9: Summary Cash Flow

EGP m (YE 31 Dec)	2008A	2009A	2010A	2011E	2012F	2013F
Net Profit	828.4	633.6	795.5	722.3	948.2	1,098
Depreciation & Non Cash Items	274.2	243.3	286.5	249.8	298.4	348.5
Change in Working Capital	(1,737)	678.1	(2,131)	(1,967)	(509.4)	(200.1)
Change in other Current Assets	118.5	128.7	374.5	431.3	95.4	186.0
Operating C/F	(515.9)	1,684	(674.2)	(563.8)	832.7	1,433
Purchases of Fixed Assets	(1,721)	(1,163)	(364.5)	(208.7)	(624.0)	(800.2)
Other LT investments	(105.4)	(413.9)	429.7	239.4	0.0	0.0
Investment C/F	(1,827)	(1,576)	65.2	30.7	(624.0)	(800.2)
Change in Debt	2,545	(232.2)	1,225	(38.4)	(1,220)	(480.0)
Change in Equity	44.7	(226.3)	(37.9)	207.9	81.1	(286.6)
Change in Other Long-term Liabilities	89.4	59.5	(36.2)	189.7	123.7	46.8
Financing C/F	2,679	(399.0)	1,151	359.1	(1,015)	(719.8)
Change in Cash	335.9	(291.7)	542.4	(174.0)	(806.6)	(87.2)
Cash Balance B.o.P	982.4	1,318	1,027	1,569	1,395	588.6
Cash Balance E.o.P	1,318	1,027	1,569	1,395	588.6	501.3

**Source: Company Reports, Pharos Research.*

Table 10: Financial Ratios and Share Data

EGP m (YE 31 Dec)	2008A	2009A	2010A	2011E	2012F	2013F
EPS (EGP)	6.3	4.8	4.6	4.2	5.5	6.4
DPS (EGP)	0.8	0.0	0.9	0.8	1.1	2.9
BVPS (EGP)	31.6	34.7	31.1	36.5	42.5	47.2
CFPS (EGP)	(3.0)	9.8	(3.9)	(3.3)	4.8	8.3
PER (x)	5.8	7.6	7.8	8.6	6.6	5.7
D. Yield (%)	2.1%	0.0%	2.6%	2.3%	3.0%	7.9%
Price to Book Value (x)	1.1	1.0	1.2	1.0	0.9	0.8
EV/EBITDA (x)	9.8	10.7	7.6	8.1	6.5	5.5
EV/Sales (x)	0.1	0.1	0.8	0.7	0.6	0.5
Gross Profit Margin (%)	14.5%	18.7%	17.6%	14.5%	14.2%	14.7%
EBITDA Margin (%)	9.6%	10.8%	11.0%	9.0%	8.7%	9.3%
Effective Tax Rate (%)	2.5%	5.1%	5.0%	7.0%	11.0%	14.0%
Net Margin (%)	7.2%	6.8%	6.2%	4.9%	5.0%	5.3%
ROEA (%)	22.2%	14.5%	16.0%	12.4%	14.0%	14.3%
ROAA (%)	9.9%	5.8%	6.3%	5.0%	6.2%	6.9%
ROCE (%)	16.0%	13.1%	17.0%	14.4%	16.4%	18.0%
Payout Ratio (%)	12.3%	0.0%	20.0%	20.0%	20.0%	45.0%
Dividends Cover (x)	8.1	0.0	5.0	5.0	5.0	2.2
Debt/Equity (%)	95.5%	108.0%	105.3%	100.2%	76.5%	56.3%
Net Debt/Equity (%)	110.1%	99.4%	108.0%	70.2%	54.7%	44.4%
Net Debt/EBITDA (x)	4.2	4.5	4.1	3.3	2.4	1.9
Debtors Days	51.4	76.3	77.1	100.6	93.4	92.8
Creditors Days	17.9	35.3	37.1	36.9	35.4	39.4
Current Ratio (x)	1.5	1.3	1.3	1.4	1.5	1.6
Quick Ratio (x)	0.8	0.7	0.8	0.9	0.8	0.9
Inventory Turnover (x)	3.7	2.5	3.3	3.0	3.4	3.5

**Source: Company Reports, Pharos Research.*

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