PHAROS
Research

Egyptian Resorts Company

A Rare Play on Tourism

Date	28 May 2008
Sector	Consumer Discretionary/ Hotels, Resorts & Cruise Lines
Recommendation	BUY
Price (27th May 2008)	7.6 EGP
No. Shares	840.0 m
Market Capitalisation (EGP)	6,384 m
Market Capitalisation (US$)	1,193 m
Reuters	EGTS.CA
Bloomberg	EGTS EY
Exchange Rate (EGP/US$)	5.34
Av. Daily Turnover (12 Months)	US$ 11.4 m
Year High - Low	EGP 9.3 - 7.5

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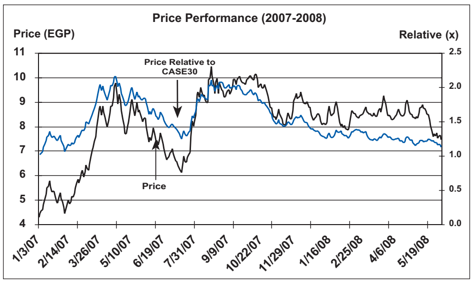


Performance	*1 month*	*3 months*	*YTD*
EGTS	*(11.1 %)*	*(10.1%)*	*(7.0%)*
CASE	*(6.3 %)*	*(2.1 %)*	*2.9%*

**Source : Reuters, Pharos Research.*

Egyptian Resorts Company is a relatively safe play on Egyptian real estate yet a rare play on the more attractive tourism sector. The company has a large plot of land in an unexploited Red Sea area which has the potential to become one of the main tourist destinations in the country. Large investments have gone into local tourism and the number of tourists is reaching record levels. Assuming no political surprises, we expect the sector to be a major beneficiary of the ongoing local and regional economic transformation. Yet the company's main asset is a piece of land and there are signs of a slowdown in real estate across the country. However, we believe that ERC will be the least affected by a decline in land prices, if at all, given that it operates in a completely different segment that's influenced by different dynamics. Our fair value estimate of the stock is EGP 10.4, 36.8% above the current market price. We initiate coverage of Egyptian Resorts Company with a "Buy" recommendation.

ERC is a master developer of land. The company has a land area of 32.0 million square meters on the unexploited Red Sea area of Sahl Hashish. The investment case for ERC is based on two arguments; the outlook on tourism and management's ability to make the area a mainstream tourist destination through attracting key tenants and facilities.

The outlook for tourism in Egypt is positive, assuming no political surprises. Investment inflows into the sector are at an all time high driven by a buoyant local and regional economic climate and liquidity. Tourist numbers are also at record levels and are expected to further grow encouraged by improved local facilities and the shift of global economic power from West to East thus broadening the tourist base and reducing the country's heavy dependence on European visitors.

Sahl Hashish has all the attributes to become one of Egypt's main resorts at least in terms of its natural features. The company's task in bringing the area up to its full potential is relatively straightforward where it needs to attract key developers and hoteliers and provide basic and reliable infrastructure, and it is doing so. The company carries little development risk as it passes it on to third parties yet it should enjoy the full benefit of an upside.

Year End (31st December)	2005A	2006A	2007A	2008E	2009F	2010F	2011F
Revenues (EGP m)	84.5	325.6	351.6	431.5	655.1	950.7	1,271
EBITDA (EGP m)	56.9	240.5	298.8	379.1	506.6	719.8	905.8
EBITDA margins (%)	67.3%	73.9%	85.0%	87.8%	77.3%	75.7%	71.3%
Pre Tax Profits (EGP m)	61.8	235.5	288.0	373.4	500.8	713.9	899.9
Net Profits (EGP m)	61.3	235.8	285.3	297.8	398.6	568.1	714.6
Net Debt (EGP m)	(20.0)	(76.0)	(462.3)	(706.7)	(932.8)	(1,259)	(1,701)
Shareholders' Equity (EGP m)	267.4	500.5	1,106	1,400	1,791	2,347	3,048
PE (x)	104.1	27.1	22.4	21.4	16.0	11.2	8.9
P/NAV (x)	23.9	12.8	5.8	4.6	3.6	2.7	2.1
P/CFPS (x)	441.1	83.1	59.9	24.8	26.4	18.5	13.7
EV/EBITDA (x)	111.9	26.2	19.8	15.0	10.8	7.1	5.2
D.Yield (%)	0.0%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%

**Source: Company Reports, Pharos Research.*

Our fair value estimate of the stock based on net asset valuation using current prices and a discounted cash flow is EGP 10.4 per share, 36.8% above the current market price. ERC is more of a value than a growth stock. As a real estate play, it operates in a more mature and solid segment compared to other developers. It is therefore unlikely to be influenced by sector factors that have driven real estate prices to unsustainable levels. Outlook on tourism is positive and growth is expected to be healthy but gradual and so will value recognition.

Technically, the stock is showing a weakness confirmed by the violation of the lower boundary of the last six months sideways range between the support level at EGP 7.9 and the resistance level at EGP 9.5. This downward breakout has a first target at EGP 6.0. Investors should accumulate close to EGP 6.0 and add on the breakout of EGP 9.5 targeting EGP 10.25 followed by EGP 12.0 in the medium term, then EGP 14.0 in the long term. The stop loss level should be placed at EGP 5.6.

Shareholders' Structure	
Rowad Tourism	14.0%
KATO Investment	12.0%
Others	36.0%
Free Float (Est.)	38.0%
Corporate Calendar	
H1 2008 Results	August 2008
Year - End 2008 Results	March 2009
Last ex. Div. Date	18 December 2007

Contents

Investment Rationale

A real estate play on tourism...

Egyptian Resorts Company is a safe play on the Egyptian real estate sector. While the Egyptian residential real estate market is going through a radical transformation which could be associated with short term obstacles, tourism is a more stable and established market and Egypt is undoubtedly a global tourist destination. In fact, we believe that ERC is not a play on real estate but rather on Egyptian tourism, an area in which we are optimistic. The depreciating dollar and the shift of economic power towards the East have already been reflected on the increased number of tourists over the last few years. The ongoing local and global economic change and the amount of investments going into the industry, should make tourism one of the most attractive economic sectors over the short and longer terms.

The company's core asset is a large piece of land located in an unexploited area on the Red Sea with the potential of becoming one of Egypt's most attractive tourist destinations. The advantage of the destination from an investment perspective is its appeal to a wide and diversified audience including overseas and domestic tourists. This makes it less exposed to real estate and regional economic fluctuations. Land prices in the area are still at reasonable rates and went up only modestly compared to the price frenzy in the local real estate market over the last couple of years. This means that as a real estate play, the stock is likely to be the least affected by a slowdown in property prices, if at all.

... with a good value proposition

Our fair value estimate of EGP 10.4 per share indicates a 36.8% upside above the current market price. Our estimate is based on two methods, a net asset value and a discounted cash flow. We believe that the value in the stock would be unblocked overtime as more land is sold and developed and when the area picks up momentum as a major resort. Over the short term, we don't expect a trigger that would result in a significant hike in the stock price which has become the norm for Egyptian real estate companies. However, we believe that given the uncertainty surrounding real estate prices in Egypt, ERC should be immune to sector fluctuations and thus outperform in a downturn.

Overview

Egyptian Resorts Company (ERC) was incorporated with the purpose of developing 32.0 million square meters of land located on Egypt's Red Sea coast in Sahl Hashish. Compared to other Red Sea destinations, the area remains largely unexploited and has a great potential to become one of the country's main resort and tourist destinations. The land was acquired from the government in 1995 at favorable prices and the company has since designed a master plan and provided a large part of the infrastructure.

Master planning and utility provision are the main lines of business

The core business of the company evolves around master planning and supplying the area with basic infrastructure and then selling assigned plots of land to sub-developers at a premium. Following the sale of land, ERC maintains the responsibility of managing and maintaining the resort for a fee. In addition, the company supplies other developers and property owners in the resort with utilities, mainly water, electricity and communication services.

The third line of business is more in line with conventional real estate companies of leasing and selling finished units. Land is sold to the company’s 69.4% owned subsidiary, Sahl Hashish Company (SHC) which mostly develops commercial units for rental purposes. In addition, SHC also builds residential units that are marketed and sold to overseas clients.

Going forward, management has plans to replicate the model of Sahl Hashish and develop other large resorts around the country. A bid was submitted to the government to acquire a 14.0 million square meters of land in Bernice on the Red Sea. In addition, ERC is in negotiations with El Rowad Tourism Company, its largest shareholder, to co-develop a 4.0 million square meters of land owned by the latter and located in Dahab, an area in Sinai which is also located on the Red Sea.

Business Model

ERC has a simple business model in which it acquires land plots from the government at nominal prices, undertakes the necessary infrastructure work then sells the land to other sub developers at a premium. The company has a monopoly on the development and a provision of utilities over the 32.0 million square meters of land in Sahl Hashish. According to the master plan, land is sold to sub developers on the pre condition of constructing residential units, commercial spaces, golf courses, hotels and other tourism facilities.

The master plan divides the area into three phases; Phase I constitutes of 6.0 million square meters and Phases II and III comprise of 6.0 and 20.0 million square meters, respectively. Almost 90.0% of the sellable land in Phase I and 35.0% in Phase II have been sold. The master plan for Phase III is expected to be finalised by the end of 2008 which is when land sale is expected to start. Ownership of land only gets transferred to developers and individual owners once construction of the sold land is completed, in order to prevent secondary sales.

Table 1 : Land Development Schedule

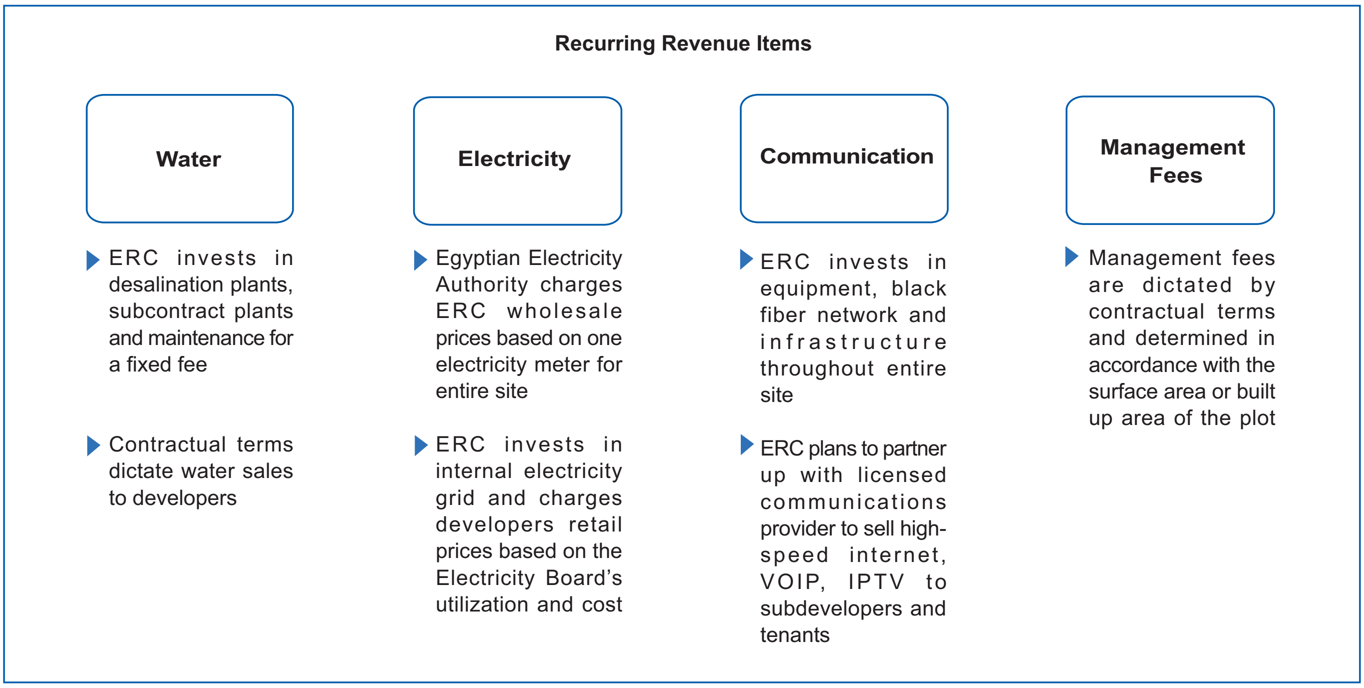
	Phase I	Phase II	Phase III	Total
Area (Sqm)	6,000,000	6,000,000	20,000,000	32,000,000
Infrastructure Coverage (Sqm)	752,438	592,337	4,000,000	5,344,775
Infrastructure % of Total	12.5%	9.9%	20.0%	16.7%
Sellable Land (Sqm)	5,247,562	5,407,663	16,000,000	26,655,225
Sellable % of Total	87.5%	90.1%	80.0%	83.3%
Sold Land (Sqm)	4,737,999	1,906,170	-	6,644,169
Sold Land % of Sellable	90.3%	35.3%	0.0%	24.9%
Net Remains for Sub Developers (Sqm)	509,563	3,501,493	16,000,000	20,011,056
Net Remains % of Sellable	**9.7%**	**64.8%**	**100.0%**	**75.1%**

**Source: Management, Pharos Research.*

Utility sales should form an increasing share of revenues as more land gets developed

As part of its mandate, ERC assumes the government's role in supplying the area with the required utilities such as water desalination and treatment, communication, electricity and other services. The services are sold for a fee. The company purchases utilities from the government at whole sale prices and builds the necessary infrastructure to connect it to end users. Given that the bulk of land remains undeveloped, this business line is still insignificant as a percentage of total revenues. Over the longer term and as more land gets developed and sold, utility provision is expected to represent a healthy part of recurring revenues.

Figure 1 : Recurring Revenue Items



**Source: Management, Pharos Research.*

Another source of recurring revenues and an important business line is the lease and sale of finished commercial and residential units through its 69.4% owned subsidiary, Sahl Hashish Company (SHC). The latter acquires land from ERC according to the same terms as other developers. SHC constructs all the commercial units in the three phases for leasing purposes. In addition, SHC develops residential units that it mainly sells to overseas clients. The company plans to have a lease portfolio of over 200,000 square meters and over 1.0 million square meters of land for the purpose of developing mixed use compounds and hotels. The rental properties portfolio is expected to grow once Phase III comes on stream.

Table 2 : SHC's Commercial Lease Portfolio

	Total Area (Sqm)	Gross Built Up Area (BUA) (Sqm)	Net Rentable Area (Sqm)
Phase I	57,528	138,067	107,275
Phase II	57,660	138,384	110,000

**Source: Management, Pharos Research.*

Table 3 : SHC's Land Portfolio

	Total Area (Sqm)	Type of Development
Phase I&II	581,421	Mixed Use
Phase I&II	420,000	Entertainement Center / Condos
Phase II	257,566	Hotels
Total	**1,258,987**	

**Source: Management, Pharos Research.*

Strategy

Going forward, the company has plans to expand the business operationally and geographically

At present, the company's main business lines fall under three categories; land sales, utility provision and commercial leasing. The main and only asset of the company is the 32.0 million square meters in Sahl Hashish. Going forward, management has indicated that it plans to expand its business horizontally and vertically. Future plans entail replicating the model of Sahl Hashish and developing other large resorts around the country. A bid was submitted to the government to acquire a 14.0 million square meters of land in Bernice on the Red Sea. In addition, ERC is in negotiations with El Rowad Tourism Company, ERC's largest shareholder, to co-develop a 4.0 million square meters of land owned by the latter and located in Dahab, also located on the Red Sea.

Operationally, the future strategy of the company involves expanding into the leisure industry by developing its hotels and facilities. In other words, it will add to its land master planning model a development angle. Expansion into this line of business should provide the company with continuity assuming it can attract reputable hotel and other facilities operators. ERC is also looking into partnering up with a mortgage finance company to finance the sale of residential units. However, we believe that given the area is mainly a resort, such service might not have a wide audience.

Corporate Structure

At present, the company has a simple structure with only one majority owned subsidiary. The mother company handles the master planning, development and sale of land in addition to utility provision. Sahl Hashish Company, SHC, handles the lease and sale of finished units although at present no revenues are being generated at the subsidiary's level. The management plans to expand its business lines through establishing various business units that would conduct the same activities across the various future locations.

Figure 2 : Corporate Structure

**Source: Management, Pharos Research.*

Financial Analysis

Profit and Loss

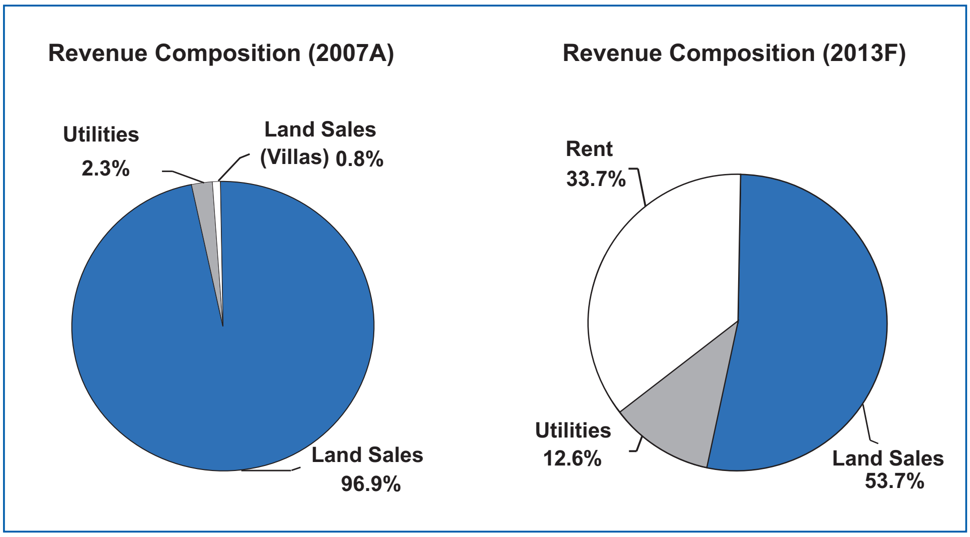
ERC has three main revenue streams; 1) sale of land plots in Sahl Hashish to sub developers with the requisite infrastructure, 2) utility provision to property owners and developers in return of a fee, and 3) rental revenues from the commercial space developed by its subsidiary, Sahl Hashish Company. Land sales represent the majority of revenues at present given that most of the land remains undeveloped.

Upon signing the contract with the sub developers, ERC receives a down payment of 30.0% of the land's sale value while the balance gets paid over equal semiannual installments for three years. For the purpose of revenue recognition, the whole sales amount gets recognised once the sale is agreed and the contract is signed. The down payment is stated at face value and the future installments get discounted using the prevailing interest rate in US dollars locally. Revenues generated from the sale of utilities to property owners and rental revenues realised through SHC are recognised once cash is received.

Revenues and Costs are recognised once sale is agreed

At the end of 2007, revenues from the sale of land to sub developers represented 96.9% of total revenues. The balance was generated from the sale of utilities and land to individual owners. Going forward, we expect the bulk of revenues to be generated from land sales in Phases II and III. Revenues from land sales are expected to pick up significantly as of next year when sales in Phase III start taking place.

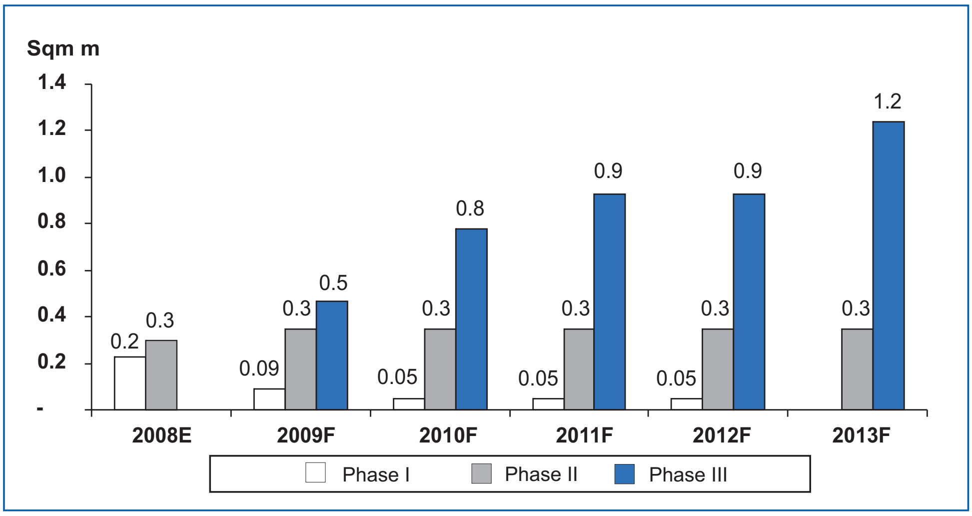
Figure 3 : Revenue Composition



**Source: Company Reports, Pharos Research.*

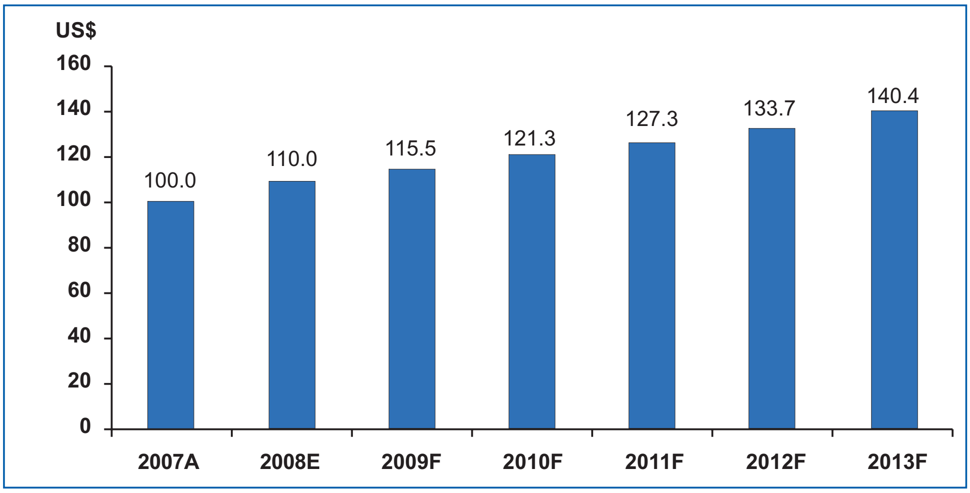
With regards to land pricing, ERC currently sells plots in Phases I & II at US$ 120.0 (EGP 726.0) per square meter. Across the various phases, we assumed that prices will grow at 5.0% annually over the forecast period, in line with the long term inflation target.

Figure 4 : Sales Schedule



**Source: Management, Pharos Research.*

Figure 5 : Average Prices per Sqm (2007A - 2013F)

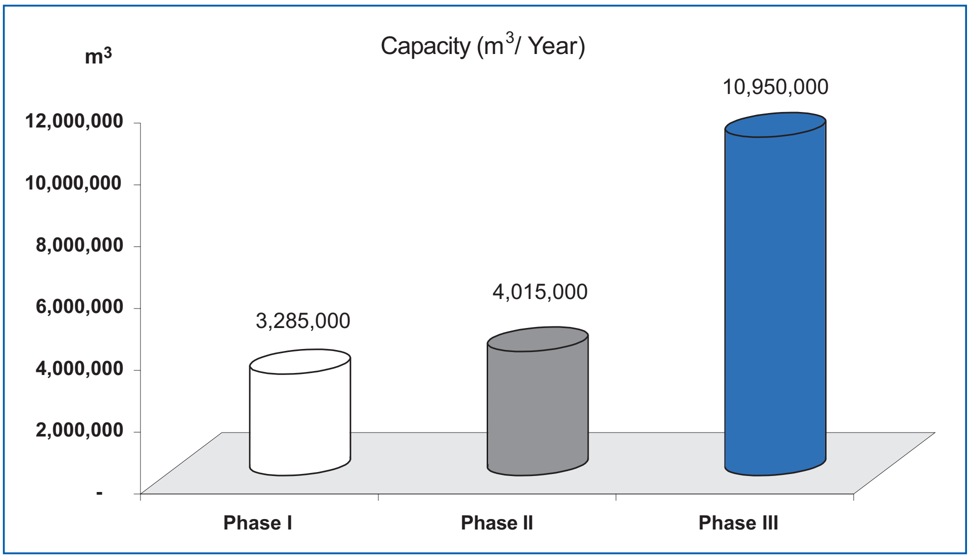


**Source: Management, Pharos Research.*

At present, rental revenues are insignificant because leased units remain undeveloped. By the end of our forecast period, we expect rental revenues together with utility sales to represent around 46.0% of the revenues.

ERC sells utilities to property owners depending on their usage. Water desalination services are priced based on a utilization schedule and on a tentative plan for the expected development of land. The water desalination process reaches its full capacity utilisation after four years from the sale of the last plot of land in each phase. ERC also provides electricity services to property owners according to usage and depending on the average occupancy rate of hotel rooms and apartments located in the resorts. We assume pricing of utilities, which are in line with the rest of the country to grow at 5.0% going forward.

Figure 6 : Capacity of Water Desalination

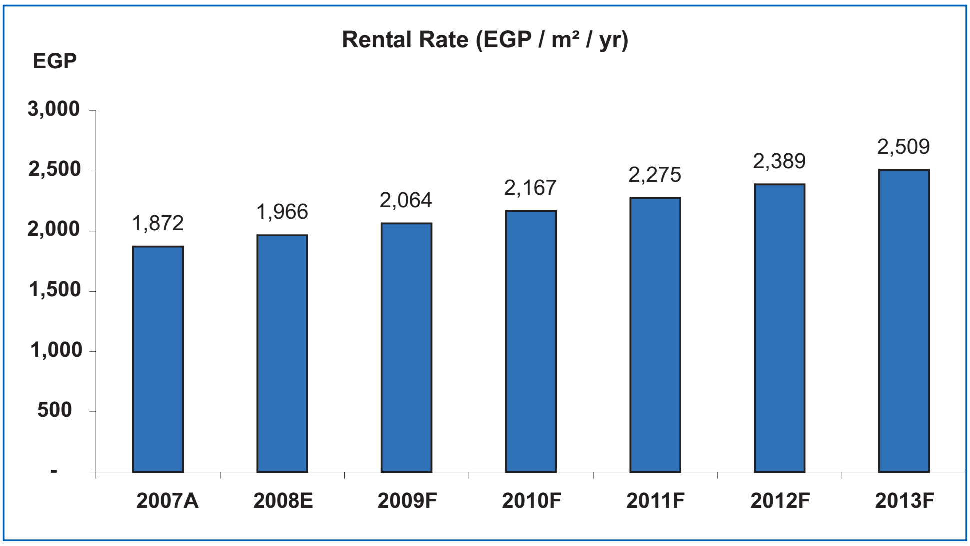


**Source: Management, Pharos Research.*

Rental income is expected to come through by the end of 2008

According to our projections, rental income which is realised through Sahl Hashish Company should start coming through by the end of 2008. We used rental rates indicated by the management which are in line with prevailing rates in other resorts although a real rental market in the resorts does not exist. We assumed that rental pricing will escalate by an annual 5.0% over the forecast period, also in line with long term inflation. We did not include in our revenue assumptions the potential developments of SHC which are planned to be sold as residential and commercial units because management did not disclose a timeframe for the project. Income recognised by SHC is tax exempted until 2017.

Figure 7 : Rental Rate Progression



**Source: Management, Pharos Research.*

Costs are treated the same way as revenues. Land development is the largest cost item representing above 90.0% of total costs. Moving towards the end of our forecast period, development and selling costs are expected to go down to about 23.0% of the total. Over the long term and using the existing business lines, we expect the majority of costs to come from the construction side at SHC's level in addition to administrative costs associated with management of the development.

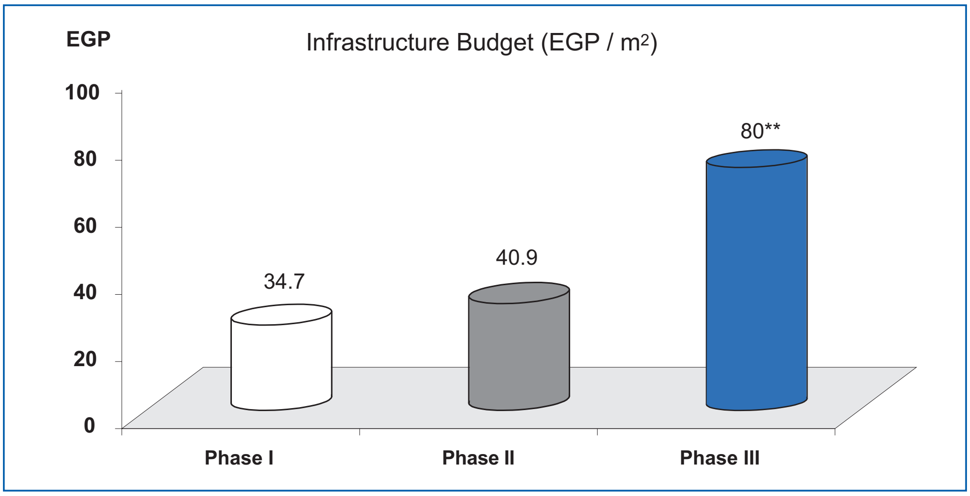
The nominal cost of acquiring land has been fully paid for in Phases I and II. The cost of land in Phase III has partly been paid and the outstanding balance will be paid over equal annual installments for seven years subject to a 5.0% interest charge. Following the sale of land, ERC is obliged to pay the state's Tourism Development Authority (TDA) a commission of US$ 1.75 (EGP 10.0) per square meters sold. As for the infrastructure costs, ERC follows a fixed budget in Phases I & II. Costs of infrastructure development in Phase III are subject to a 10.0% annual growth during the next five years. The cost of developing the commercial space by SHC is currently EGP 1,600 per square meters and is assumed to escalate by 5.0% annually.

Table 4 : Land Cost

	Cost/m^2 (US$)	EGP/USD	Total Phase Cost (EGP)	Status	Outstanding Balance (EGP)
Phase I	1.0	3.85	23,100,000	Paid	0
Phase II	1.25	5.75	43,125,000	Paid	0
Phase III	1.4	5.75	161,000,000	Partly Paid	127,641,866

**Source: Management, Pharos Research.*

Figure 8 : Infrastructure Budget



Source: Management, Pharos Research.* * Based on the average escalated costs over our forecast period*

Cash Flow & Balance Sheet

At signing the contract with sub developers, ERC receives 30.0% of the land value as a down payment and the balance gets paid over six semiannual installments for three years. The down payment received by ERC flows directly to the cash account and the balance gets booked as receivables on the balance sheet. Once the installments are paid, the amount is transferred from the receivables account to the cash balance. Costs are treated the same way as revenues. They accrue on the balance sheet as payables and are reduced each year when the company pays out the cash.

The cash position of the company is very strong and we do not expect it to run into funding difficulties at least under the current business model. Most of the revenues over the forecast period are expected to come from land sales, which involve large upfront cash payments that are sufficient to fund the minimal development and infrastructure costs. The cost base of the company is likely to remain small at least until it starts developing its own projects. Rental properties which are owned by the company are a small portion of total land. The construction costs of these assets should therefore not present a burden on the company before they start generating cash from rent.

Table 5 : Cash Flow Movement

EGP m	2007A	2008E	2009F	2010F	2011F	2012F	2013F
Cash Outflow							
Accounts Receivables	(144.6)	(49.0)	(188.3)	(277.5)	(324.1)	(298.2)	(165.8)
Cash Inflow							
Payables	(6.8)	7.4	19.3	32.3	42.7	47.9	63.6
Due to TDA	9.4	5.4	14.0	23.4	30.9	34.7	46.1
Net Effect	**(142.0)**	**(36.2)**	**(155.0)**	**(221.8)**	**(250.5)**	**(215.6)**	**(56.2)**

**Source: Company Reports, Pharos Research.*

Valuation

Our fair value estimate is EGP 10.4 per share

We valued ERC using two valuation methods; a net asset value and a discounted cash flow. Our fair value estimate is EGP 10.4 per share. The NAV approach resulted in a fair price estimate of EGP 12.5 per share representing a 64.5% above the current market price. The DCF method produced a fair value of EGP 7.3 per share representing a 4.0% below the current market price. We believe that the NAV is more appropriate in valuing the stock due to the lack of visibility on sales and a timely develpment plan. In light of this, we assigned the NAV method a higher weight. We did not incorporate the company's potential plans to acquire plots of land in Bernice on the Red Sea and the co-development plan with El Rowad Tourism Company.

In the net asset approach, we arrived at the fair equity value by estimating the value of land after deducting all necessary costs. We valued the unsold land of total sellable land in phases I & II at the current selling price of US$ 120.0 per square meter. Meanwhile, we valued phase III at US$ 100.0 per sqm as the area’s master plan has not been finalised yet. In addition, we assumed the company will generate revenue from the non sellable land through management fees. For the discounted cash flow method we used a discount rate of 16.0% and a perpetual growth rate of 5.0%.

Table 6 : Net Asset Value

Net Asset Valuation	
Value of Land (US$ m)	2,081
Management Fees (Non Sellable Land) (US$ m)	63.0
Total Costs (US$ m)	319.2
Net Value of Land (US$ m)	1,825
Net Value of Land (EGP m)	10,038
Debt (Dec. 2007) (EGP m)	0.0
Cash (Dec. 2007) (EGP m)	462.3
Fair Value of Equity (EGP m)	10,500
Outstanding Shares (m)	840.0
Fair Value (EGP)	**12.5**

**Source: Pharos Research.*

Table 7 : Discounted Cash Flow

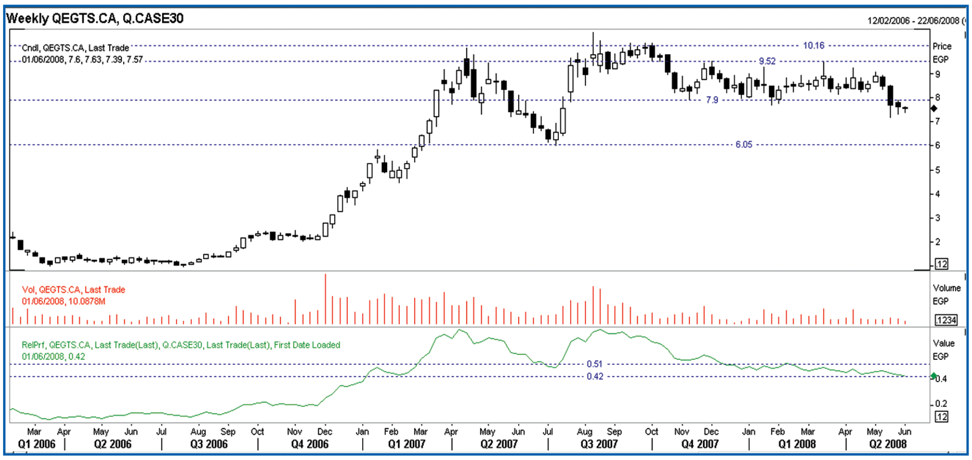
EGP m	2008E	2009F	2010F	2011F	2012F	2013F
FCF	280.0	320.3	458.8	559.1	720.5	889.4
WACC	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
PV of FCF	260.0	256.3	316.6	356.4	369.4	393.2
Sum Of PVs	1,952					
Terminal Growth	5.0%					
PV of Terminal Value	3,753					
Total PV	5,705					
Plus Cash (Dec.2007)	462.3					
Less Debt (Dec. 2007)	-					
Fair Value of Equity	6,167					
Number of Shares (m)	840.0					
Value per Share (EGP)	**7.3**					

**Source: Pharos Research.*

Technical Analysis

Egyptian Resorts Company - (EGTS.CA: EGP 7.6)

Figure 9 : Relative Strength



**Source: Reuters, Pharos Research.*

Egyptian Resorts Relative Performance to CASE30

Stock Psychology

EGTS is underperforming the CASE30 index since reaching the major resistance level at EGP10.0 in Q2 - 2008.

EGTS is showing a weakness confirmed by the violation of the lower boundary of the last six months sideways range between the support level at EGP 7.9 and the resistance level at EGP 9.5. This downward breakout has a first target at EGP 6.0.

Traders should buy close to this major support level at EGP 6.0 and spread their profit taking at the resistance levels that firstly appear at EGP 8.0 followed by EGP 9.5 then EGP10.0.

Investors should accumulate the stock close to EGP 6.0 and add on the breakout of EGP 9.5 targeting EGP 10.3 followed by EGP 12.0 in the medium term and EGP 14.0 in the long term.

The stop loss level should be placed at EGP 5.6.

Table 8 : Summary Income Statement

EGP m (YE 31 Dec)	2005A	2006A	2007A	2008E	2009F	2010F	2011F
Revenues	84.5	325.6	351.6	431.5	655.1	950.7	1,271
Gross Profits	62.3	248.4	302.3	383.4	519.0	737.8	922.9
Gross Profit (%)	**73.7%**	**76.3%**	**86.0%**	**88.9%**	**79.2%**	**77.6%**	**72.6%**
EBITDA	56.9	240.5	298.8	379.1	506.6	719.8	905.8
EBITDA Margin (%)	**67.3%**	**73.9%**	**85.0%**	**87.8%**	**77.3%**	**75.7%**	**71.3%**
Operating Profits	56.6	240.2	297.3	378.5	505.9	719.1	905.0
Operating Profit (%)	**67.0%**	**73.8%**	**84.6%**	**87.7%**	**77.2%**	**75.6%**	**71.2%**
Net Financing Cost	0.4	0.6	11.2	14.1	18.7	25.2	34.0
PBT	61.8	235.5	288.0	373.4	500.8	713.9	899.9
Minority Interest	(0.4)	0.3	(0.0)	(1.0)	(4.1)	(6.5)	(12.6)
Tax	(0.0)	0.0	(2.7)	(74.6)	(98.1)	(139.3)	(172.7)
Attributable Profits	**61.3**	**235.8**	**285.3**	**297.8**	**398.6**	**568.1**	**714.6**

**Source: Company Reports, Pharos Research.*

Table 9 : Summary Balance Sheet

EGP m (YE 31 Dec)	2005A	2006A	2007A	2008E	2009F	2010F	2011F
Fixed Assets	**146.5**	**210.6**	**273.4**	**305.3**	**391.9**	**513.5**	**653.6**
Of which							
Long Term Receivables	112.9	159.2	180.4	205.9	285.6	399.8	531.9
Current Assets	**265.9**	**457.6**	**979.8**	**1,248**	**1,592**	**2,091**	**2,735**
Cash	20.0	76.0	462.3	706.7	933	1,259	1,701
Debtors	70.1	205.7	329.0	352.6	461.2	624.4	816.4
Others	175.8	175.9	188.6	188.6	198.0	207.9	218.3
Total Assets	**412.4**	**668.2**	**1,253**	**1,553**	**1,984**	**2,605**	**3,389**
Current Liabilities	**74.6**	**111.6**	**136.5**	**141.5**	**178.2**	**237.1**	**313.5**
Creditors	45.0	85.4	83.4	91.9	112.4	145.9	189.9
Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	29.6	26.1	53.1	49.5	65.8	91.2	123.7
Long Term Liabilities	**70.4**	**56.1**	**10.4**	**11.7**	**15.0**	**20.6**	**28.0**
Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	70.4	56.1	10.4	11.7	15.0	20.6	28.0
Total Investment	**267.4**	**500.5**	**1,106**	**1,400**	**1,791**	**2,347**	**3,048**
Paid up Capital	210.0	262.5	840.0	840.0	840.0	840.0	840.0
Minority Interests	14.0	15.5	15.9	15.9	15.9	15.9	15.9
Reserves	43.4	222.5	250.5	544.0	934.6	1,491	2,192
Shareholders Funds	**267.4**	**500.5**	**1,106**	**1,400**	**1,791**	**2,347**	**3,048**

**Source: Company Reports, Pharos Research.*

Table 10 : Summary Cash Flow

EGP m (YE 31 Dec)	2005A	2006A	2007A	2008E	2009F	2010F	2011F
Operating Profits	61.3	235.8	285.3	297.8	398.6	568.1	714.6
Depreciation	0.3	0.3	1.5	0.6	0.6	0.7	0.8
Change in Working Capital	(48.5)	(159.5)	(180.3)	(44.2)	(162.8)	(230.1)	(259.2)
Others	1.3	0.2	0.0	3.7	5.2	7.2	8.5
Operating c/f	**14.5**	**76.8**	**106.5**	**257.8**	**241.6**	**345.9**	**464.7**
Purchase of Fixed Assets	(0.0)	(0.8)	(29.4)	(4.0)	(4.5)	(4.9)	(5.4)
Other LT Investments	(8.3)	(17.2)	(13.8)	(2.9)	(3.1)	(3.2)	(3.4)
Investment c/f	**(8.3)**	**(18.0)**	**(43.1)**	**(7.0)**	**(7.5)**	**(8.1)**	**(8.8)**
Change in Debt	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Change in Equity	1.0	(2.8)	322.9	(6.5)	(8.0)	(11.4)	(14.3)
Financing c/f	**1.0**	**(2.8)**	**322.9**	**(6.5)**	**(8.0)**	**(11.4)**	**(14.3)**
Change in Cash	7.1	56.0	386.3	244.4	226.1	326.5	441.6
Cash Balance B.O.P	12.9	20.0	76.0	462.3	706.7	933	1,259
Cash Balance E.O.P	**20.0**	**76.0**	**462.3**	**706.7**	**932.8**	**1,259**	**1,701**

**Source: Company Reports, Pharos Research.*

Table 11 : Financial Ratios and Share Data

	2005A	2006A	2007A	2008E	2009F	2010F	2011F
EPS (EGP)	0.1	0.3	0.3	0.4	0.5	0.7	0.9
DPS (EGP)	0.00	0.01	0.01	0.01	0.01	0.01	0.02
BVPS (EGP)	0.3	0.6	1.3	1.7	2.1	2.8	3.6
CFPS (EGP)	0.02	0.1	0.1	0.3	0.3	0.4	0.6
PER (x)	104.1	27.1	22.4	21.4	16.0	11.2	8.9
D.Yield (%)	0.0%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%
P/BVPS (x)	23.9	12.8	5.8	4.6	3.6	2.7	2.1
P/CFPS (x)	441.1	83.1	59.9	24.8	26.4	18.5	13.7
EV/EBITDA (x)	111.9	26.2	19.8	15.0	10.8	7.1	5.2
EV/Sales (x)	75.3	19.4	16.8	13.2	8.3	5.4	3.7
Grosss Margin (%)	73.7%	76.3%	86.0%	88.9%	79.2%	77.6%	72.6%
EBITDA Margin (%)	67.3%	73.9%	85.0%	87.8%	77.3%	75.7%	71.3%
Effective Tax Rate (%)	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%	20.0%
Net Margin (%)	72.6%	72.4%	81.1%	69.0%	60.8%	59.8%	56.2%
ROE (%)	22.9%	47.1%	25.8%	21.3%	22.3%	24.2%	23.4%
ROA (%)	14.9%	35.3%	22.8%	19.2%	20.1%	21.8%	21.1%
ROCE (%)	18.3%	42.3%	25.8%	26.4%	27.7%	30.1%	29.3%
Payout Ratio (%)	1.8%	1.8%	2.2%	2.0%	2.0%	2.0%	2.0%
Dividends Cover (x)	56.7	55.5	45.9	50.0	50.0	50.0	50.0
Interest Cover (x)	1,200	N/A	N/A	N/A	N/A	N/A	N/A
Debt/Equity (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt /Equity (%)	(7.5%)	(15.2%)	(41.8%)	(50.5%)	(52.1%)	(53.6%)	(55.8%)

**Source: Company Reports, Pharos Research.*

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