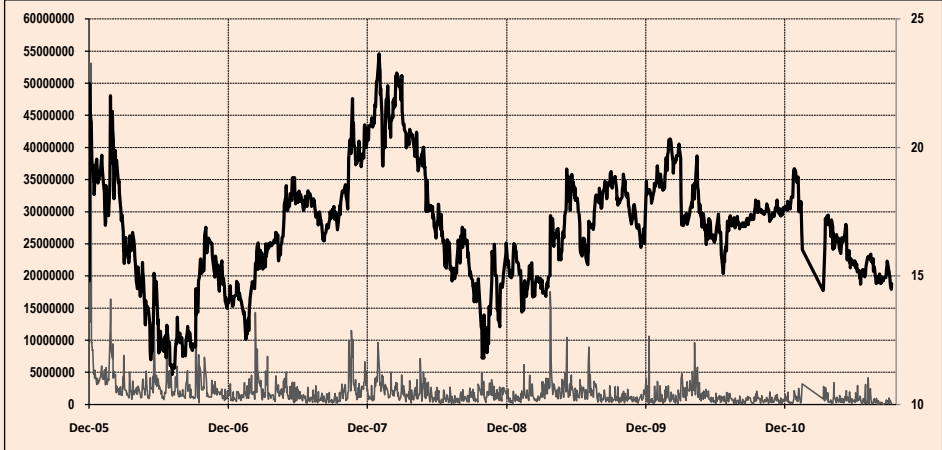


TELECOM EGYPT		Bloomberg ETEL EY	Incorporation Fiscal year end Listing	1854 December Egypt	MCap Mn 25,094	Recent Price EGP 14.7	PE TTM 8.2	PE MEDIAN 10.8	PE AVG 12.1	PB TTM 0.9	PB MEDIAN 1.1	PB AVG 1.2	DIV. YIELD 8.8%	WATHEEQA BLACK BOX
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Watheeqa Rating	Our Opinion	Intrinsic Value (IV) Range
-	-	-
Margin of Safety	Buy Below	- Discount/+Premium to IV
-	-	-

Business: Telecom Egypt (ETEL) provides fixed telecommunication services. It owns companies involved in managing and operating GSM mobile network; providing internet and data services; operating call centers; developing software solutions; providing information technology consultancy; manufacturing information technology equipment.

Sector: Technology	Business: Telecom
Key Stock Details	Shareholders (%)
52 Week H/L: 20 / 13	Government: 80.0
3M-D.Avg.Vol: 701,849	Public: 20.0
Free Float: 20%	
Shares O/S (M): 1,707	



Compounded Annual Growth Rates (%)				
Parameters	10 Yrs	5 Yrs	3Yrs	1 Yr
Revenue	-	3.8	1.1	3.6
Gross Profit	-	7.3	4.8	6.8
Opr. profit	-	5.1	(1.6)	4.7
Net Profit	-	11.4	11.6	10.3
EPS	-	11.4	11.6	10.3
BVPS	-	4.8	3.8	3.4
DPS	-	21.1	9.1	0.0
Assets	-	1.3	(1.0)	2.8
SH Equity	-	4.8	3.8	3.4
Mcap	-	(1.1)	(4.8)	(0.1)

Valuations	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	YTD/TTM
Mcap (M)	-	-	-	-	32,690	24,240	35,729	27,757	30,898	30,864	25,094
Ent.Value (M)	-	-	-	-	36,809	31,144	39,447	28,271	29,530	26,783	21,937
PE x High	-	-	-	-	26.5	15.7	15.9	16.7	11.3	10.6	10.9
PE x Low	-	-	-	-	13.1	7.1	8.9	7.5	7.5	7.7	7.2
PE x Close	-	-	-	-	16.9	9.9	15.0	11.3	10.3	9.3	8.2
PB x High	-	-	-	-	2.3	1.6	1.5	1.6	1.3	1.3	1.2
PB x Low	-	-	-	-	1.1	0.7	0.8	0.7	0.8	0.9	0.8
PB x Close	-	-	-	-	1.5	1.0	1.4	1.1	1.1	1.1	0.9
Mcap/Sales x	-	-	-	-	3.8	2.5	3.6	2.7	3.1	3.0	2.5
EV/EBIDTA x	-	-	-	-	8.7	5.8	7.6	6.5	6.0	5.6	6.5
Earning Yld %	-	-	-	-	5.2	7.8	6.0	8.7	10.2	12.4	14.0
Div. Yld %	-	-	-	-	2.6	4.9	4.8	8.0	7.2	7.2	8.8

Forecasts *			
Parameters	2011F	2012F	
Revenue	10,160	10,098	-
Opr.Profit	2,230	2,270	-
Opr.Margin	21.9	22.5	-
Net Profit	2,866	2,982	-
EPS	1.7	1.7	-
Fwd PE x	8.8	8.4	-
Fwd PB x	0.9	0.9	-

Financial M	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TTM
Revenue	-	6,219	7,177	7,802	8,550	9,517	9,993	10,117	9,961	10,318	10,118
Gross.Profit	-	-	-	2,865	3,146	3,655	3,888	4,105	4,190	4,474	4,222
Gr.Margin %	-	-	-	36.7	36.8	38.4	38.9	40.6	42.1	43.4	41.7
Opr.Profit	-	1,228	1,335	1,622	1,757	2,569	2,357	1,904	2,146	2,248	2,206
Opr.Margin%	-	19.7	18.6	20.8	20.5	27.0	23.6	18.8	21.5	21.8	21.8
Non.Opr. Inc	-	(85)	106	538	1,118	998	1,344	1,433	1,811	1,978	1,896
Net Profit	-	735	944	1,298	1,930	2,442	2,381	2,448	3,000	3,309	3,065

Profitability Analysis (%) - Multi year averages				
Parameters	10 Yrs	5 Yrs	3 Yrs	1 Yr
Gross Margir	-	40.7	42.0	43.4
Opr Margin	-	22.5	20.7	21.8
Net Margin	-	27.2	28.8	32.1
ROE	-	10.7	11.0	12.0
ROCE	-	10.5	10.1	10.9

Per share	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TTM
EPS	-	0.4	0.6	0.8	1.1	1.4	1.4	1.4	1.8	1.9	1.8
BV	-	13.1	13.4	12.3	13.0	14.0	14.7	15.1	15.8	16.4	15.8
DPS	-	-	-	-	0.5	0.7	1.0	1.3	1.3	1.3	1.3
CEPS	-	1.7	2.0	2.2	2.6	3.1	3.1	2.9	3.4	3.4	2.5
Div. Payout %	-	-	-	-	44.2	48.9	71.7	90.7	74.0	67.1	-
Share O/S M	-	1,707	1,707	1,707	1,707	1,707	1,707	1,707	1,707	1,707	1,707

Financial Position (EGP Mn)				
Assets	2008	2009	2010	Common size
Cash & Eqv	2,712	2,453	4,976	15.0
Receivable:	4,853	4,174	3,686	11.1
Inventories	473	414	463	1.4
ST.Inv.	23	-	-	0.0
Others	-	-	-	0.0
Cur. Asset	8,061	7,040	9,126	27.5
AFS	94	104	112	0.3
Fixed Asset	18,213	17,376	16,297	49.1
Intangibles	-	-	-	0.0
Others	7,070	7,768	7,670	23.1
Total Asset	33,438	32,289	33,204	100.0
Liabilities				
Payables	-	157	288	0.9
ST Debt	1,548	186	150	0.5
Others	3,937	3,801	3,906	11.8
Cur. Liability	5,485	4,144	4,345	13.1
LT Debt	1,663	858	725	2.2
Others	524	232	166	0.5
Total Liability	7,672	5,234	5,236	15.8
Eq. Capital	17,071	17,071	17,071	51.4
R.Earnings	8,695	9,984	10,897	32.8
Liability+SHE	33,438	32,289	33,204	100.0

Cash Flow	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TTM
Opr.Cash	-	2,022	3,095	3,855	4,022	4,434	4,640	4,348	4,061	4,361	5,711
Cap.spending	-	(1,953)	(1,815)	-	(2,486)	(1,937)	(945)	(919)	(981)	(1,086)	(918)
Free Cash	-	69	1,280	3,855	1,537	2,497	3,695	3,429	3,080	3,275	4,793
Profitability	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TTM
ROAA %	-	-	3.0	4.1	6.2	7.3	6.8	7.2	9.1	10.1	9.7
ROACE %	-	-	5.1	6.6	7.6	11.3	10.8	9.1	10.5	10.9	11.5
ROAE %	-	-	4.2	5.9	8.9	10.6	9.7	9.6	11.4	12.0	11.5
Net Margin %	-	-	13.2	16.6	22.6	25.7	23.8	24.2	30.1	32.1	30.3
Asset T/O x	-	-	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Asset/Equity x	-	-	1.4	1.5	1.4	1.5	1.4	1.3	1.2	1.2	1.2

Fin.Health	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TTM
Working Cap	-	2,644	809	694	714	1,033	1,233	2,576	2,897	4,781	4,097
Fixed Assets	-	24,072	25,272	22,490	22,344	21,535	19,737	18,213	17,376	16,297	15,352
Total Assets	-	30,011	32,733	30,949	31,163	35,657	34,266	33,438	32,289	33,204	31,763
Total Debt	-	4,632	6,130	6,039	4,864	7,580	5,075	3,210	1,044	876	830
Total Equity	-	22,288	22,839	21,008	22,147	23,839	25,025	25,766	27,055	27,968	26,892
Debt/Equity x	-	0.2	0.3	0.3	0.2	0.3	0.2	0.1	0.0	0.0	0.0

Quarterly	Revenue M	QoQ Ch%	N.Profit M	QoQ Ch%	EPS	Peer Group	Mcap (M)	PE x	ROE (%)
Q3-10	2,584	(1.6)	766	(17.3)	0.4				
Q4-10	2,525	(2.3)	581	(24.2)	0.3				
Q1-11	2,402	(4.8)	892	53.5	0.5				
Q2-11	2,606	8.5	826	(7.3)	0.5				

WATHEEQA CAPITAL COMPANY									
Source: Company, Bloomberg, Zawy, Watheeqa - Legend: Valuation are based on year end figures - Abbreviations: IV - Intrinsic Value, M - Million, O/S - Outstanding, SHE - Share Holders Equity, ST - Short Term, LT - Long Term, Cur - Current, T/O - Turnover, Ent. - Enterprise, MCap - Market Capitalization, BVPS - Book Value Per Share									

The Information contained herein is not represented or warranted to be accurate, complete, or timely. This report is for informational purposes only and should not be considered a solicitation to buy or sell any security.