

El Ezz Aldekhela Steel		Bloomberg	Incorporation	1982	MCap Mn	Recent	PE TTM	10.0	PB TTM	2.5	DIV. YIELD	WATHEEQA
		IRAX EY	Fiscal year end	December	7,381	Price EGP	PE MEDIAN	6.5	PB MEDIAN	2.4	6.9%	BLACK BOX
			Listing	Egypt		540.0	PE AVG	13.1	PB AVG	2.5		

Watheqa Rating	Our Opinion	Intrinsic Value (IV) Range
-	-	-
Margin of Safety	Buy Below	- Discount/+Premium to IV
-	-	-

Business: El Ezz Aldekhela Steel Alexa Company produces steel reinforcing bars and rods and hot rolled coils. The company operates a rolling mill, a steel making plant and a reduction plant and has offices in Giza & Alexandria. It sells its products in Egypt and exports elsewhere in the Middle East and to North America, the Far East and Europe.

Sector: Metals	Business: Steel
Key Stock Details	Shareholders (%)
52 Week H/L	869/503
3M-D.Avg.Vol	8,229
Free Float	2%
Shares O/S (M)	14
	Ezz Steel 54.6
	Government 37.9
	Ahli Cap. Holding 5.8
	Public 1.8



Compounded Annual Growth Rates (%)				
Parameters	10 Yrs	5 Yrs	3Yrs	1 Yr
Revenue	18.4	3.8	3.7	(22.4)
Gross Profit	18.6	(12.6)	(23.8)	(67.6)
Opr. profit	19.5	(11.9)	(26.2)	(70.9)
Net Profit	L to P	(14.2)	(31.6)	(78.4)
EPS	L to P	(14.2)	(31.6)	(78.4)
BVPS	6.2	6.7	8.3	29.5
DPS	-	-	-	(52.4)
Assets	5.8	6.0	16.4	31.2
SH Equity	7.6	6.7	8.3	29.5
Mcap	-	9.2	(7.5)	(6.1)

Valuations	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD/TTM
Mcap (M)	1,324	1,293	1,331	984	6,629	17,905	13,026	14,745	10,978	10,304	7,381
Ent.Value (M)	5,908	6,282	6,390	4,447	8,672	20,003	16,315	16,864	12,584	16,355	14,119
PE x High	NMF	NMF	58.4	3.1	5.1	8.9	11.8	6.5	7.3	19.0	20.9
PE x Low	NMF	NMF	31.2	2.0	0.7	2.6	5.4	5.1	3.3	12.4	9.3
PE x Close	NMF	NMF	57.4	2.2	4.8	7.5	6.5	6.4	3.7	16.1	10.0
PB x High	0.9	0.8	0.8	0.6	2.4	6.3	7.4	4.6	6.9	3.0	5.2
PB x Low	0.3	0.8	0.4	0.4	0.3	1.8	3.4	3.6	3.1	1.9	2.3
PB x Close	0.7	0.8	0.8	0.5	2.2	5.3	4.1	4.5	3.5	2.5	2.5
Mcap/Sales x	0.8	0.6	0.4	0.2	0.9	2.3	1.6	1.7	0.9	1.1	0.6
EV/EBIDTA x	16.2	15.1	8.0	3.2	3.3	7.1	4.9	4.8	2.9	10.4	7.4
Earning Yld %	NMF	NMF	0.4	10.1	15.9	11.9	12.3	13.6	23.6	3.9	5.2
Div. Yld %	-	-	-	-	-	-	-	13.4	26.1	13.3	6.9

Forecasts *			2011F	2012F
Revenue	11,524	12,224	-	-
Opr.Profit	1,071	2,018	-	-
Opr.Margin	9.3	16.5	-	-
Net Profit	520	691	-	-
EPS	38.0	50.6	-	-
Fwd PE x	14.2	10.7	-	-
Fwd PB x	2.3	2.1	-	-

Financial M	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TTM
Revenue	1,671	2,203	2,975	4,887	7,474	7,898	8,102	8,826	11,639	9,027	11,676
Gross Profit	241	188	504	1,097	2,597	2,566	2,999	3,115	4,103	1,328	1,595
Gr.Margin %	14.4	8.5	16.9	22.5	34.7	32.5	37.0	35.3	35.3	14.7	13.7
Opr.Profit	192	131	446	966	2,158	2,368	2,849	3,117	3,930	1,144	1,379
Opr.Margin%	11.5	5.9	15.0	19.8	28.9	30.0	35.2	35.3	33.8	12.7	11.8
Non.Opr. Inc	(15)	8	(8)	(6)	43	308	87	109	98	118	122
Net Profit	(35)	(260)	23	450	1,380	2,376	2,008	2,296	2,966	642	739

Profitability Analysis (%) - Multi year averages				
Parameters	10 Yrs	5 Yrs	3 Yrs	1 Yr
Gross Margin	25.2	31.0	28.4	14.7
Opr Margin	22.8	29.4	27.3	12.7
Net Margin	12.8	22.7	19.5	7.1
ROE	38.3	64.2	61.6	21.1
ROCE	28.2	44.0	47.2	17.0

Per share	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TTM
EPS	(2.9)	(19.0)	1.7	32.9	100.9	173.8	146.9	168.0	217.0	47.0	54.0
BV	163.4	124.4	125.7	159.0	215.6	246.7	234.5	238.5	230.1	298.0	218.8
DPS	-	-	-	-	-	-	-	145.0	210.0	100.0	37.0
CEPS	30.3	30.4	58.7	100.6	191.2	206.1	243.9	259.6	318.8	115.2	93.5
Div. Payout %	-	-	-	-	-	-	-	86.3	96.8	213.0	-
Share O/S M	12	14	14	14	14	14	14	14	14	14	14

Financial Position (EGP Mn)				
Assets	2007	2008	2009	Common size
Cash & Eq.	1,675	2,525	1,107	8.2
Receivable:	86	39	104	0.8
Inventories	1,391	1,895	2,223	16.5
ST.Inv.	-	-	11	0.1
Others	241	245	407	3.0
Cur. Asset	3,392	4,704	3,852	28.6
AFS	63	49	1	0.0
Fixed Asset	5,664	5,497	9,572	71.2
Intangibles	-	-	-	0.0
Others	6	3	23	0.2

Cash Flow	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TTM
Opr.Cash	391	208	567	841	2,271	2,445	2,613	3,067	3,549	551	848
Cap.spending	(920)	(550)	(101)	-	-	(62)	(91)	(38)	(261)	(720)	(1,514)
Free Cash	(529)	(343)	466	841	2,271	2,383	2,522	3,029	3,288	(168)	(665)

Profitability	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TTM
ROAA %	(0.5)	(3.3)	0.3	5.1	14.4	24.3	22.2	26.0	30.6	5.4	5.9
ROACE %	4.0	2.5	8.5	15.6	30.8	34.4	44.1	52.5	72.1	17.0	21.3
ROAE %	(1.9)	(14.2)	1.4	23.1	53.9	75.2	61.0	71.0	92.6	21.1	24.1
Net Margin %	(2.1)	(11.8)	0.8	9.2	18.5	30.1	24.8	26.0	25.5	7.1	6.3
Asset T/O x	0.2	0.3	0.4	0.6	0.8	0.8	0.9	1.0	1.2	0.8	0.9
Asset/Equity x	3.9	4.7	4.9	4.2	3.4	2.8	2.7	2.8	3.3	3.3	5.1

Liabilities	2007	2008	2009	Common size
Payables	213	349	680	5.1
ST Debt	1,729	2,552	2,372	17.6
Others	1,397	2,120	2,111	15.7
Cur. Liability	3,340	5,021	5,163	38.4
LT Debt	2,065	1,579	3,661	27.2
Others	460	509	1,686	12.5

Fin.Health	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TTM
Working Cap	(428)	(923)	(1,313)	(108)	165	330	105	52	(317)	(1,311)	(2,003)
Fixed Assets	5,781	6,047	6,658	7,139	6,827	6,451	6,044	5,664	5,497	9,572	10,242
Total Assets	7,628	7,970	8,398	9,093	10,046	9,525	8,526	9,125	10,253	13,448	15,129
Total Debt	4,781	5,127	5,239	3,747	3,169	3,129	3,812	3,794	4,131	6,033	6,264
Total Equity	1,961	1,701	1,718	2,173	2,947	3,372	3,205	3,260	3,145	4,074	2,990
Debt/Equity x	2.4	3.0	3.1	1.7	1.1	0.9	1.2	1.2	1.3	1.5	2.1

Quarterly	Revenue M	QoQ Ch%	N.Profit M	QoQ Ch%	EPS	Peer Group	Mcap (M)	PE x	ROE (%)
Q4-09	2,808	45.2	158	43.6	11.5				
Q1-10	2,538	(9.6)	254	60.8	18.6				
Q2-10	3,182	25.4	268	5.7	19.6				
Q3-10	3,148	(1.1)	59	(77.9)	4.3				

WATHEEQA CAPITAL COMPANY Source: Company, Bloomberg, Zawya, Watheqa - 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

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