

Misr Conditioning (MIRACO)		Bloomberg MRCO EY	Incorporation Fiscal year end Listing	1976 December Egypt	MCap Mn 894	Recent Price EGP 19-Sep-11	59.6	PE TTM 7.1 PE MEDIAN 5.9 PE AVG 5.3	PB TTM 2.3 PB MEDIAN 1.5 PB AVG 1.5	DIV. YIELD 15.6%	WATHEEQA BLACK BOX
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Watheeqa Rating	Our Opinion	Intrinsic Value (IV) Range
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Margin of Safety	Buy Below	- Discount/+Premium to IV
-	-	-

Business: Misr Conditioning manufactures air conditioners under license from Carrier Corporation. It also produces heating and ventilating units. Further, it provides after sales services on its products.

Sector: Consumer Discretionary	Business: Household Durables
Key Stock Details	Shareholders (%)
52 Week H/L: 84 / 55	Media Electrics (China): 32.5
3M-D.Avg.Vol: 9,444	United Tech. (Canada): 27.0
Free Float: 22%	Carrier Corporation (US): 10.1
Shares O/S (M): 124	Government: 8.5
	Public: 21.9



Compounded Annual Growth Rates (%)					Valuations											
Parameters	10 Yrs	5 Yrs	3Yrs	1 Yr		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	YTD/TTM
Revenue	15.4	8.2	5.2	13.1	Mcaps (M)	89	246	256	339	578	645	735	583	867	977	894
Gross Profit	14.5	14.3	9.0	21.9	Ent.Value (M)	67	181	162	272	493	558	582	459	673	685	891
Opr. profit	17.0	10.7	9.6	33.5	PE x High	4.0	6.3	4.3	6.4	6.2	9.0	10.8	9.3	11.1	6.8	9.9
Net Profit	15.4	10.3	8.0	43.3	PE x Low	2.2	2.2	3.8	3.6	3.5	5.9	5.1	2.8	5.2	5.2	6.5
EPS	15.4	10.3	8.0	43.3	PE x Close	2.3	6.3	4.0	4.8	5.9	6.3	5.8	3.7	7.8	6.1	7.1
BVPS	12.7	9.3	8.1	16.6	PB x High	1.0	1.3	1.1	1.7	1.9	2.6	3.4	3.3	2.9	2.2	3.2
DPS	19.1	14.6	14.0	69.8	PB x Low	0.6	0.4	1.0	1.0	1.1	1.7	1.6	1.0	1.4	1.7	2.1
Assets	10.2	7.4	5.1	24.4	PB x Close	0.6	1.3	1.1	1.3	1.8	1.8	1.9	1.3	2.0	2.0	2.3
SH Equity	12.7	9.3	8.1	16.6	Mcaps/Sales x	0.3	0.6	0.4	0.4	0.7	0.7	0.7	0.4	0.8	0.8	0.7
Mcaps	15.4	11.1	10.0	12.7	EV/EBIDTA x	1.4	2.9	1.9	2.7	3.9	4.3	3.7	2.2	4.3	3.3	6.0
					Earning Yld %	57.2	21.4	39.2	26.1	19.7	18.4	21.7	34.6	16.5	23.3	14.2
					Div. Yld %	9.7	33.3	47.7	18.1	27.6	22.5	16.3	18.6	11.2	23.9	15.6

Forecasts *	2010F	2011F
Revenue	-	-
Opr.Profit	-	-
Opr.Margin	-	-
Net Profit	-	-
EPS	-	-
Fwd PE x	-	-
Fwd PB x	-	-

Financial M	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TTM
Revenue	306	397	619	793	866	939	1,104	1,469	1,136	1,285	1,269
Gross.Profit	76	99	149	171	152	153	229	303	243	296	244
Gr.Margin %	25.0	25.1	24.0	21.5	17.5	16.3	20.7	20.6	21.4	23.1	19.3
Opr.Profit	41	56	78	93	119	128	151	197	148	198	140
Opr.Margin%	13.5	14.2	12.6	11.8	13.8	13.7	13.6	13.4	13.1	15.4	11.0
Non.Opr. Inc	4	4	5	8	14	9	6	1	-1	9	(8)
Net Profit	38	39	64	71	97	102	126	159	111	159	127

* Bloomberg Consensus Estimates

Profitability Analysis (%) - Multi year averages				
Parameters	10 Yrs	5 Yrs	3 Yrs	1 Yr
Gross Margin	21.5	20.4	21.7	23.1
Opr Margin	13.5	13.8	14.0	15.4
Net Margin	10.8	11.1	11.0	12.4
ROE	31.1	33.5	33.5	35.5
ROCE	36.8	41.2	41.5	43.3

Per share	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TTM
EPS	2.5	2.6	4.2	4.7	6.5	6.8	8.4	10.6	7.4	10.6	8.4
BV	10.1	12.7	15.7	17.6	21.3	23.4	26.4	30.1	28.5	33.3	25.8
DPS	1.6	2.2	2.8	3.0	4.7	5.1	6.3	8.0	5.5	9.3	9.3
CEPS	3.1	3.1	4.7	5.2	7.0	7.3	-	11.1	8.0	11.2	9.0
Div. Payout %	63.8	83.3	66.9	62.7	72.4	74.7	74.5	75.6	73.8	87.5	-
Share O/S M	15	15	15	15	15	15	15	15	15	15	15

Financial Position (EGP Mn)				
Assets	2008	2009	2010	Common size
Cash & Eq	124	194	292	38.5
Receivable	96	81	69	9.0
Inventories	181	108	165	21.7
ST.Inv.	-	-	-	0.0
Others	264	153	157	20.7
Cur. Asset	666	536	683	90.0
AFS	0	5	5	0.7
Fixed Asset	67	62	64	8.4
Intangibles	-	-	-	0.0
Others	7	7	7	1.0
Total Asset	741	610	760	100.0
Liabilities				
Payables	-	36	80	10.6
ST Debt	-	-	-	0.0
Others	287	140	173	22.8
Cur. Liability	287	176	253	33.4
LT Debt	-	-	-	0.0
Others	18	21	23	3.0
Total Liability	305	197	276	36.4
Eq. Capital	75	75	75	9.9
R.Earnings	361	338	408	53.7
Liability+SHF	741	610	760	100.0

Cash Flow	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TTM
Opr.Cash	34	70	50	30	70	93	148	85	196	186	17
Cap.spending	(6)	(3)	(3)	(14)	(7)	(19)	(7)	(18)	(3)	(11)	(15)
Free Cash	28	67	47	16	63	75	141	67	193	176	2

Profitability	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TTM
ROAA %	14.3	12.6	15.7	13.9	18.1	19.3	21.3	22.8	16.5	23.3	15.1
ROACE %	26.5	31.1	33.0	32.5	39.1	39.8	41.6	47.1	34.2	43.3	34.1
ROAE %	26.1	22.8	30.4	29.4	35.0	31.9	35.0	38.9	26.2	35.5	31.4
Net Margin %	12.4	9.8	10.3	8.9	11.2	10.9	11.4	10.8	9.8	12.4	10.0
Asset T/O x	1.2	1.3	1.5	1.5	1.6	1.8	1.9	2.1	1.7	1.9	1.5
Asset/Equity x	1.9	1.7	2.0	2.1	1.7	1.5	1.7	1.6	1.4	1.5	2.3

Fin.Health	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TTM
Working Cap	117	162	232	252	265	283	331	379	361	430	331
Fixed Assets	44	40	42	49	44	53	58	67	62	64	65
Total Assets	288	330	479	545	532	528	655	741	610	760	886
Total Debt	16	31	66	79	-	-	-	-	-	-	123
Total Equity	151	190	236	264	320	350	395	452	428	499	387
Debt/Equity x	0.1	0.2	0.3	0.3	-	-	-	-	-	-	0.3

Quarterly	Revenue M	QoQ Ch%	N.Profit M	QoQ Ch%	EPS	Peer Group	Mcaps (M)	PE x	ROE (%)
Q3-10			51	(15.8)	3.4				
Q4-10			17	(66.3)	1.1				
Q1-11	277		21	22.2	1.4				
Q2-11	381	37.6	37	76.8	2.5				

WATHEEQA CAPITAL COMPANY Source: Company, Bloomberg, Zawya, 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

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