

Raya Holding

BUY | MODERATE RISK

Waiting for contact centers to save the day

- *1Q07: Net income of LE 54.5 mn boosted by an LE 54.4-mn capital gain post the sale of the second tranche of Raya Telecom*
- *FY06 bottom line profits increased 70% reaching LE 67.6 mn, thanks to an LE 66.6 mn capital gain*
- *More focus in the coming period on Retail & Distribution and Call Center LoBs*
- *Upgraded to BUY with a 12M Target of LE 15.23/share*

I. RECENT DEVELOPMENTS

- The UAE-based mobile phone distributor Axiom started its operations early June 2007, opening six new outlets in Cairo & Alexandria.
- Raya e-Finance, 30% owned by Raya Holding (RAYA), is expected to start operations during 3Q07. Its core business is building and operating an electronic Egyptian payment hub in partnership with the financial sector. The company increased its paid-in capital to LE 120 mn in February 2007.
- RAYA sold around 96.9% of Raya Telecom to Vodafone Egypt (VFE) in two tranches. The first tranche was executed on September 30, 2006 for the sale of 51% of the company for LE 104 mn. Later on March 31, 2007, VFE acquired another 45.9% stake for LE 93.6 mn. Total capital gain for the deal is around LE 121 mn (LE 66.6 mn in 9M06 and LE 54.4 mn in 1Q07).
- In January 2007, RAYA acquired an additional 59.5% stake in C3 (a contact center company) for a total value of LE 27.4 mn, increasing its stake to 84.5%.
- RAYA is capitalizing on being Nokia's regional maintenance hub post winning Nokia Level 4 tender, serving Egypt & 14 North West African countries. Also, RAYA is seeking to expand its maintenance operations in Algeria and other African countries and is considering entering other African countries for mobile distribution.

II. VALUATION

Post the sale of Raya Telecom - a high capex consumer - RAYA's valuation has been positively affected in light of the associated high capex savings.

On the other hand, the Retail & Distribution (R&D) LoB, RAYA's main revenue stream, is currently facing severe competition from i2, Ring, Mobile Shop in addition to Axiom. We believe that RAYA's market share retreated significantly in 2006 owing to:

- (1) competitive prices of handsets offered by i2 and
- (2) closing some of RAYA's outlets for refurbishment.

Going forward, we believe RAYA's market share in R&D will decline from its current levels of mid-40% to 35% by end of 2011 against the backdrop of increasing market players especially after the agreement signed between I2 and Omar Effendi stores.

However, there is still a substantial growth potential in the mobile & IT distribution industry, which RAYA can capitalize on by offering PCs to the youth and cheap handsets.

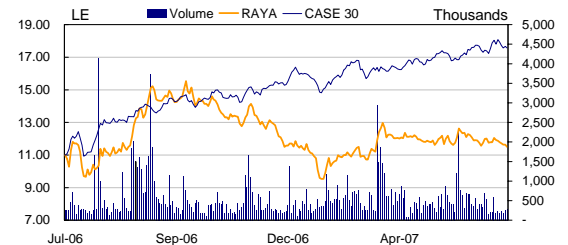
Reason for report: 2006 & 1Q07 results; valuation update

Fair Value **LE 12.96**
12M Target **LE 15.23**

Share data

Reuters / Bloomberg	RAYA.CA / RAYA EY
Recent price	LE 11.28
Number of O/S shares	56.9 mn
Free float	57%
Market cap	LE 666 mn
Weight in market	0.1%
52-wk high/low	LE 15.54 / LE 9.54
Average daily volume	548k shares
Average daily turnover	LE 6.8 mn

Share performance



Company synopsis

Raya Holding (RAYA) is initially the offspring of a merger conducted in 1999 between seven companies in the IT and mobile distribution fields. Operating under Law 95/1992, RAYA's activities encompass currently three main lines of business (LoBs), namely retail & distribution, contributing to around 76% of the company's operations, IT, and Contact Center business after the spinning off of the Telecom LoB.

Since its inception, the company underwent four phases of development: 1) a merger phase, 2) a diversification phase that occurred in 2000 and 2001 whereby three companies were acquired and seven new companies were established. 3) Streamlining phase where mergers between small companies were effected, unsuccessful operations were shut down, redundancies were curtailed, and affiliated companies were renamed to consolidate the RAYA brand name in 2002. 4) Expansion phase starting 2003 and onwards, in which RAYA set its eyes on regional presence and international expansion.

Currently, RAYA stands as one of the flagships in Egypt's CIT industry, commanding the highest market share in the mobile distribution market, and capturing a considerable part of the system integration domain with a broad array of services. RAYA also has presence in Algeria, Saudi Arabia, Kuwait, Qatar, UAE, Pakistan, Oman, Jordan, Yemen, Chad, Morocco, Syria, and lately the US.

Shareholder structure

Financial Holding International LTD	12%
Medhat Khalil & Family	4%
Suliman Abanumay	10%
El-Tawil Family	9%
Watheqa Holding Co.	8%
Free float	57%

Also, we believe that RAYA's strategy to concentrate more on the Contact Center LoB after the sale of its Telecom LoB is a good decision on account of higher margins and lower capex needs of the former.

A. DCF valuation

Overall, the sale of Raya Telecom has added slightly to RAYA's fair value versus our latest valuation dated August 17, 2006. Valuing RAYA using the DCF model with a WACC of 13.9%, we reached a fair value of LE 12.96/share with a 12-month target of LE 15.23/share. Thus, we are upgrading our recommendation (and target price) for RAYA from **SELL** to **BUY**, offering a 35% upside potential.

B. Multiples valuation

RAYA is currently traded at a 2007 P/E of 8x (including the capital gain). Excluding the capital gain, RAYA is traded at a 2007 P/E of 25x versus a European average of 17x.

Figure 1: Comparable P/E multiples

	Location	P/E06	P/E 07	Normalized P/E 07
Avenir Telecom	Europe	19x	19x	
Mobilezone Holding	Switzerland	17x	15x	
MSC Konsult AB	Sweden	16x		
First Mobile Group Holdings	HK	10x		
Average P/E		15x	17x	
Raya Holding	Egypt	8x	8x	25x

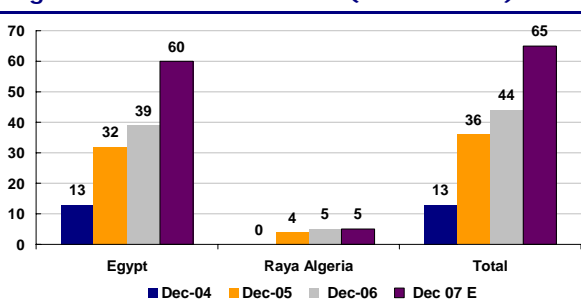
Source: Bloomberg and CIBC estimates

III. OPERATIONAL & FINANCIAL SUMMARY

To reach 60 outlets in Egypt by end of 2007

At end of December 2006, RAYA owned around 39 outlets in Egypt and 5 in Algeria. In 4Q06, several shops were temporarily closed and revamped to launch multi-brand mobile shops. By end of 2007, RAYA is planning to reach 60 outlets in Egypt. In addition to its 5 outlets in Algeria, RAYA has signed shop-in-shop agreements with Wataneya Telecom for 22 shops in Algeria.

Figure 2: Number of outlets (2004-2007e)



Source: Company reports & CIBC

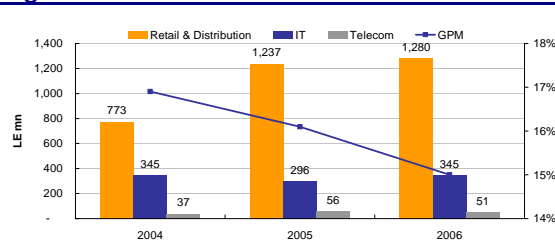
A. 2006

High competition slowing top-line growth in 2006

In 2006, top-line revenues came in 7% higher at LE 1,652 mn¹ and 8% below our expectation of LE 1,784 mn (including only 9 months revenues of Raya Telecom) in 2006. We believe this mainly resulted from high competition faced from i2 which hit R&D LoB - RAYA's largest contributor to revenues (76%) - in addition to the closing of most of the outlets in 4Q06 for refurbishment purposes.

¹ Revenues include only 9-month revenues of RAYA Telecom.

Figure 3: Revenue breakdown*



* Figures include intercompany sales
Source: Company reports

i. Retail & Distribution LoB

R&D revenues reported a moderate growth of 3% reaching LE 1,280 mn in 2006 vs. LE 1,237 mn in 2005, having grown by 60% in 2005 over 2004. Such performance was due to mediocre growth rates exhibited in the Retail and Mobile Distribution sub-segments of 5% and 1%, respectively. Gross margin slid downwards on the back of higher contribution of IT Distribution, which has a low gross margin of 7%.

Maintenance revenues grew 40% reaching LE 35 mn vs. LE 25 mn in 2005 due to a sizeable increase in handsets serviced reaching 274k vs. 208k in 2005. RAYA will focus on maintenance activities in the coming period owing to its high gross margins of around 50%.

Figure 4: Slower R&D revenue growth in 2006

LE mn	2004	2005	YoY Change	2006	YoY Change
# of outlets	13	36	177%	44	
Handsets (mn units)	0.6	1.4	133%	1.75	25%
Retail	108	210	94%	221	5%
Mobile Distribution	527	762	45%	767	1%
IT Distribution	121	210	74%	257	22%
Total Distribution	648	972	50%	1,024	5%
Maintenance	17	25	47%	35	40%
Scratch cards	-	30	NA	-	-
Total Revenues	773	1,237	60%	1,280	3%
GPM	12.0%	12.8%		11.4%	

Source: Company reports

ii. IT LoB

In 2006, the IT LoB grew by around 17% to reach LE 345 mn vs. LE 296 mn a year ago driven mainly by the continuous stream of newly awarded local and regional projects. However, gross margins slipped by 460 bps to 20% as margins in Business Applications & Solutions sub-segment were negatively affected by a low-margin enterprise license sale to a major Egyptian bank.

Figure 5: 17% growth in IT LoB

(LE mn)	2004	2005	YoY % Change	2006	YoY % Change
Infrastructure Solutions	167	161	(3%)	200.2	24%
Business Applications & Solutions	151	97	(36%)	102.8	6%
Outsourced services	28	38	36%	42.2	12%
Total Revenues	345	296	(14%)	345.2	17%
GPM	24%	25%		20%	

Source: Company reports

Increasing focus on contact centers

RAYA became the largest in the contact center business in Egypt after increasing its stake in C3, the second largest contact center in Egypt, in mid January 2007 to 84.5% to reach a total of 1800 agents. Accordingly, RAYA will focus more over the coming period on its Contact Center LoB through Raya Contact Center (RCC) and C3. It is worthy to highlight that RCC mainly relies on local clients (76% of revenues), whereas 80% of C3's revenues are generated from international clients.

EBITDA margin declined to 4.6%

EBITDA declined 21% to LE 76 mn vs. LE 97 mn a year ago, implying a 163-bps decline in EBITDA margin to 4.6% on the back of (1) lower gross margins in the Distribution segment and (2) only 9 months of the Telecom LoB was included in 2006 compared to a full year in 2005. Meanwhile, depreciation & amortization (D&A) declined 7% YoY due to the sale of RAYA Telecom which used to constitute a large portion of that line item.

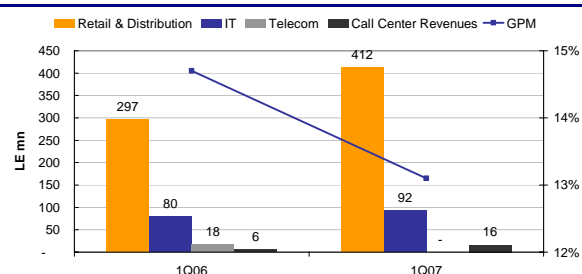
Capital gain constituted around 83% of NPBT

RAYA reported an LE 66.6 mn gain resulting from the sale of 51% of Raya Telecom executed on September 30, 2006. Said amount represented the bulk of the LE 80.3 mn net profits before tax (NPBT) in 2006. Also, RAYA incurred retirement compensations of LE 9 mn related to retired employees at the RAYA Holding level and Raya Telecom.

On the other hand, investment income hiked rapidly to LE 6 mn vs. LE 0.1 mn due to income from its 25% and 49% stakes in C3 and Envances (an IT company) at the time, respectively. However, provisions grew 58% reaching LE 12.6 mn owing to conservative actions and stricter policies taken to account for obsolete inventory and uncollected receivables beginning 2005. Going down, net profits after taxes increased 70% reaching LE 67.6 mn vs. LE 39.7 mn a year ago.

B. 1Q07

RAYA reported a 31% increase in revenues to LE 515 mn in 1Q07 ended March 31, 2007 vs. LE 394 mn a year ago. This mainly came on the back of a 39% increase in R&D revenues reaching LE 412 mn as a result of a significant growth in the mobile market with net adds reaching a total of 2.4 mn subs in 1Q07.

Figure 6: R&D drove 1Q07 revenues higher*


*Figures include intercompany sales
Source: Company reports

Moreover, the IT LoB posted a 16% growth reaching LE 92 mn resulting from growing existing business and newly awarded contracts. Also, the Contact Center LoB exhibited a 189% growth reaching LE 16 mn due in part to RAYA's 84.5% acquisition of C3 and the full utilization of the new contact center building.

EBITDA increased 44% reaching LE 25.4 mn vs. LE 17.6 mn in 1Q06, implying an EBITDA margin of 4.9% (a 46-bps expansion YoY). Moreover, the company reported a capital gain of LE 54.4 mn from the sale of a 45.9% stake in Raya Telecom to Vodafone Egypt. Also, the company incurred LE 8.5 mn of retirement compensations. D&A decreased 61% reaching LE 3.1 mn – again due to the sale of Raya Telecom. Net interest expense decreased to LE 5.7 mn as a result of removing

debts related to Raya Telecom. Consequently, net profits reached LE 54.5 mn vs. net losses LE 1.2 mn in the same period a year ago. Excluding the one-time capital gain, bottom line would have read a slight net profit of LE 0.1 mn.

IV. PROJECTION ASSUMPTIONS
Fine-tuning its R&D strategy

RAYA is implementing a well-planned strategy covering retail, distribution, and IT fields in order to confront the expected higher competition in the R&D LoB. Such a plan entails the expansion of its Egypt retail and distribution chain to reach 60 owned outlets by end of 2007 and 6,000 distribution outlets (not owned) by end of 2009 up from a current level of 1,000 outlets. Also, RAYA is planning to expand its retail, distribution, and IT chains in Algeria. However, the company did not provide us with its planned figures for Algeria.

Market is not that easy

Once competing with two, RAYA now has four competitors to deal with on the retail level, especially from Mobile Shop (characterized by competitive offers) and Axiom, the UAE-based mobile distributor that began operations in Egypt with 6 branches in Cairo and Alexandria. On the distribution level, tough competition is faced from i2 and Ring.

In order for RAYA to maintain its market share in the R&D LoB, we believe it will need to launch more competitive offers. We expect a 37% increase in R&D revenues in 2007 to reach LE 1,758 mn and to grow at an 11% 5-year CAGR to 2011.

In the IT field, IT revenues are expected to exhibit a strong growth on the back of the newly awarded contracts together with the establishment of Raya e-Finance, which is expected to start commercial operations in 3Q07. For conservatism, we excluded RAYA e-finance from our valuation. IT revenues are expected to increase by 13% reaching LE 397 mn in 2007 with an 11% 5-year CAGR reaching LE 592 mn by 2011.

Meanwhile, we believe that revenues generated from the Contact Center LoB in the coming period are expected to make up for the decline in RAYA's market share in the R&D LoB. The Contact Center LoB is expected to post revenues of LE 69 mn in 2007 then grow at a 24% 4-year CAGR till 2011.

Anticipated revenue growth of 33%

We anticipate top-line revenues to reach LE 2,203 mn in 2007 vs. LE 1,652 mn a year ago. Going forward, revenues are expected to show a 12% 5-year CAGR reaching LE 2,886 mn by 2011.

Meanwhile, EBITDA margin is expected to slip by 3 bps from its 2006 level of 4.61% to 4.58% in 2007 as a result of foreseen competition in the R&D LoB. Going forward, EBITDA margin is expected to ramp up to settle at 5.43% by 2011, helped mainly by higher contribution of the Contact Center LoB.

Going down, bottom-line profits are expected to increase by 24% to around LE 84 mn in 2007 due mainly to the one-time capital gain from sale of Raya Telecom. Later, normalized net profits are expected to grow at a 32% 4-year CAGR to LE 99.7 mn by 2011. ■■

Figure 7: 2007 summary income statement (quarters)

LE mn	1Q07A	2Q07E	3Q07E	4Q07E
Revenues				
Retail & Distribution	412,300	415,850	480,455	449,237
IT	92,100	99,245	106,390	99,245
Contact Center	15,900	16,786	17,712	18,677
Intercompany sales	(4,900)	(5,053)	(5,743)	(5,388)
Total Revenues	515,400	526,829	598,813	561,771
GPM				
Retail & Distribution	12%	12%	12%	12%
IT	17%	17%	17%	17%
Contact Center	47%	47%	48%	48%
Total gross profits	67,646	73,902	83,521	79,116
Gross margin	13%	14%	14%	14%
SG&A	(42,202)	(50,049)	(57,785)	(53,368)
EBITDA	25,445	23,854	25,736	25,747
EBITDA margin	5%	5%	4%	5%
Depreciation & Amortization	(3,100)	(3,137)	(3,137)	(3,137)
NOP	22,345	20,717	22,598	22,610
Net interest expense	(5,739)	(7,653)	(7,653)	(7,653)
Sundry income	55,168	1,478	1,478	1,478
Sundry expenses	(11,660)	(3,070)	(3,070)	(3,070)
Net Profits Before Taxes	60,114	11,472	13,354	13,366
Prov. Income Taxes	(7,123)	(1,886)	(1,886)	(1,886)
Net Profits after Taxes	52,991	9,586	11,468	11,480
Unusual items				
Minority interest	1,544	(1,085)	(1,085)	(1,085)
NPAUI	54,535	8,501	10,383	10,395

Source: Company reports & CIBC estimates

Services | Raya Holding

Balance Sheet (LE Millions)	Dec-06A	Dec-07 F	Dec-08 F	Dec-09 F	Dec-10 F	Dec-11 F
Assets						
Cash & Cash Equivalent	117.7	110.1	119.7	127.3	135.3	140.8
Net Receivables	275.8	283.7	310.4	333.0	356.0	371.6
Total Inventory	221.3	254.9	278.2	298.6	319.2	332.7
Advance Payment to Suppliers	16.1	21.7	23.7	25.4	27.2	28.3
Other Trading Assets	0.9	0.9	0.9	0.9	0.9	0.9
Other Current Assets	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Assets	631.9	671.2	733.0	785.3	838.6	874.3
Net Plant	155.0	182.8	193.9	193.5	194.5	196.4
Long-Term Investments	31.6	31.6	31.6	31.6	31.6	31.6
Other Trading Non-Current Assets	62.5	62.5	62.5	62.5	62.5	62.5
Other Non-current Assets	135.1	135.1	135.1	135.1	135.1	135.1
Intangibles	47.4	69.7	69.7	69.7	69.7	69.7
Total Assets	1,063.6	1,153.0	1,225.8	1,277.8	1,332.1	1,369.7
Liabilities & Shareholders' Equity						
Short-Term Debt	230.4	192.3	234.9	236.4	228.0	190.4
Current Portion of Long-Term Debt	8.6	15.0	16.8	28.0	16.0	7.0
Accounts Payable	90.9	109.2	119.2	128.0	136.8	142.6
Accrued Expenses	30.8	36.4	39.7	42.7	45.6	47.5
Down Payments to customers	31.7	42.3	46.3	49.7	53.1	55.5
Taxes Payable	0.0	0.0	0.0	0.0	0.0	0.0
Dividends Payable	0.0	28.3	17.2	21.7	26.6	33.6
Other Spontaneous Finance	0.7	0.7	0.7	0.7	0.7	0.7
Other Current Liabilities	152.1	152.1	152.1	152.1	152.1	152.1
Total Current Liabilities	545.2	576.3	627.0	659.2	658.9	629.3
Total Long-Term Debt	57.4	58.5	41.7	13.7	9.7	2.7
Other Non-Current Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Long-Term Spontaneous Finance	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	602.7	634.9	668.7	672.9	668.6	632.0
Deferred Taxes	0.0	0.0	0.0	0.0	0.0	0.0
Other Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	5.1	6.9	8.4	10.4	12.9	15.9
Shareholders Equity	455.7	511.3	548.7	594.5	650.7	721.8
Total Liab. & Shareholders' Equity	1,063.6	1,153.0	1,225.8	1,277.8	1,332.1	1,369.7
Income Statement (LE Millions)						
Revenues	1,651.5	2,202.8	2,417.2	2,586.2	2,764.4	2,886.0
COGS	(1,409.9)	(1,898.7)	(2,078.3)	(2,224.6)	(2,377.9)	(2,478.1)
Gross Profits	241.6	304.2	338.9	361.6	386.5	407.9
SG&A	(165.5)	(203.4)	(224.8)	(232.8)	(246.0)	(251.1)
EBITDA	76.2	100.8	114.1	128.9	140.5	156.8
Depreciation & Amortization	(25.2)	(12.5)	(14.5)	(16.7)	(18.4)	(21.2)
EBIT	51.0	88.3	99.6	112.2	122.0	135.7
Interest Expense	(27.0)	(35.5)	(40.8)	(39.9)	(36.7)	(29.5)
Provisions	(12.6)	(12.3)	(12.3)	(12.3)	(12.3)	(12.3)
Interest Income	2.4	6.8	6.9	7.4	7.9	8.3
Investment Income	6.2	2.9	4.7	6.5	10.1	13.7
Other Non-Operating Income	59.9	48.2	2.3	2.3	2.3	2.3
Other Non-Operating Expenses	0.5	0.0	0.0	0.0	0.0	0.0
EBT	80.3	98.3	60.3	76.2	93.3	118.1
Taxes	(10.4)	(12.8)	(7.8)	(9.9)	(12.1)	(15.4)
NPAT	69.9	85.5	52.5	66.3	81.2	102.8
Minority Interest	(2.3)	(1.7)	(1.6)	(2.0)	(2.4)	(3.1)
Extraordinary Items	0.0	0.0	0.0	0.0	0.0	0.0
Attributable Profits	67.6	83.8	50.9	64.3	78.8	99.7

Cash Flow (LE Millions)	Dec-06A	Dec-07 F	Dec-08 F	Dec-09 F	Dec-10 F	Dec-11 F
NOPAT	23.7	129.9	91.7	102.3	109.9	120.3
Depreciation & Amortization	25.2	12.5	14.5	16.7	18.4	21.2
Gross Cash Flow (COPAT)	48.9	142.4	106.2	119.0	128.3	141.5
Working Investments Change	(72.4)	(12.4)	(34.7)	(29.7)	(30.1)	(20.2)
Other Current Items	63.6	0.0	0.0	0.0	0.0	0.0
Cash After Current Operations	40.2	130.0	71.5	89.2	98.2	121.3
Financing Payments	(37.5)	(44.1)	(55.8)	(56.7)	(64.7)	(45.5)
Cash Before Long Term Use	2.7	85.9	15.7	32.5	33.6	75.8
Net Plant Change	(56.2)	(40.3)	(25.6)	(16.3)	(19.4)	(23.0)
FCFF	(16.0)	89.7	45.9	73.0	78.8	98.2
Others	(2.0)	(18.9)	13.9	16.2	20.2	24.2
Cash Before Financing	(55.5)	26.7	3.9	32.4	34.4	77.0
Short-Term Debt	73.5	(38.1)	42.6	1.5	(8.3)	(37.7)
Long-Term Debt	38.4	16.1	(0.0)	0.0	12.0	0.0
Networth	(28.2)	(1.7)	2.1	1.2	1.5	1.9
Grey Area	(16.5)	(10.6)	(10.7)	(10.3)	(9.8)	(9.2)
Dividends	22.8	0.0	(28.3)	(17.2)	(21.7)	(26.6)
Change in Cash	34.5	(7.6)	9.6	7.6	8.0	5.5

Fact Sheet	Dec-06A	Dec-07 F	Dec-08 F	Dec-09 F	Dec-10 F	Dec-11 F
ROE	14.8%	16.4%	9.3%	10.8%	12.1%	13.8%
ROS	4.1%	3.8%	2.1%	2.5%	2.8%	3.5%
ROA	6.4%	7.3%	4.2%	5.0%	5.9%	7.3%
ROIC	3.3%	18.2%	11.7%	12.6%	13.0%	13.9%
EV (LE mn)	822	799	816	794	761	702
EBITDA Margin	4.6%	4.6%	4.7%	5.0%	5.1%	5.4%
ATO	1.6	1.9	2.0	2.0	2.1	2.1
Wt/ Sales	25.5%	19.7%	19.4%	19.3%	19.1%	19.0%
ALEV	2.3	2.3	2.2	2.1	2.0	1.9
Liabilities/Networth	1.3	1.2	1.2	1.1	1.0	0.9
Current Ratio	1.2	1.2	1.2	1.2	1.3	1.4

Per-Share Ratios	Dec-06A	Dec-07 F	Dec-08 F	Dec-09 F	Dec-10 F	Dec-11 F
Share Price	11.28	11.28	11.28	11.28	11.28	11.28
No. Of Shares (mn)	57	57	57	57	57	57
EPS	1.19	1.47	0.89	1.13	1.38	1.75
DPS	0.40	0.50	0.30	0.38	0.47	0.59
Revenues/Share	29.0	38.7	42.4	45.4	48.5	50.6
BV/Share	8.0	9.0	9.6	10.4	11.4	12.7
Gross Cash Flow/Share	0.9	2.5	1.9	2.1	2.3	2.5
FCFF/Share	(0.3)	1.6	0.8	1.3	1.4	1.7
EBITDA/Share	1.3	1.8	2.0	2.3	2.5	2.8
EV/Share	14.4	14.0	14.3	13.9	13.4	12.3

Multiples	Dec-06A	Dec-07 F	Dec-08 F	Dec-09 F	Dec-10 F	Dec-11 F
P/E	9.5	7.7	12.6	10.0	8.2	6.4
Dividend Yield	3.5%	4.4%	2.7%	3.4%	4.1%	5.2%
P/ Revenue	0.4	0.3	0.3	0.2	0.2	0.2
EV/ Revenues	0.5	0.4	0.3	0.3	0.3	0.2
P/ COPAT	13.1	4.5	6.1	5.4	5.0	4.5
EV/ COPAT	16.8	5.6	7.7	6.7	5.9	5.0
P/ FCFF	(40.2)	7.2	14.0	8.8	8.2	6.5
EV/ FCFF	(51.3)	8.9	17.8	10.9	9.7	7.1
P/ EBITDA	8.44	6.38	5.63	4.99	4.58	4.10
EV/ EBITDA	10.8	7.9	7.2	6.2	5.4	4.5
P/ BV	1.4	1.3	1.2	1.1	1.0	0.9

Source: Raya Holding and CIBC estimates

Note: A = Actual; F = Forecasted

Recommendations Guide

Our three-tier recommendation matrix takes into account the imbedded risk in terms of company-, sector-, and share-specific factors in addition to the share's beta. The table to the right illustrates the new system depending on the upside potential calculated over the share market price. (Example: If a share is rated HIGH risk, we would rate it a BUY if, and only if, it has an upside potential in excess of 10%.)

RISK	HIGH	MODERATE	LOW
BUY	>10%	>5%	>0%
HOLD	5%-10%	0%-5%	0%--5%
SELL	<5%	<0%	<-5%

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