

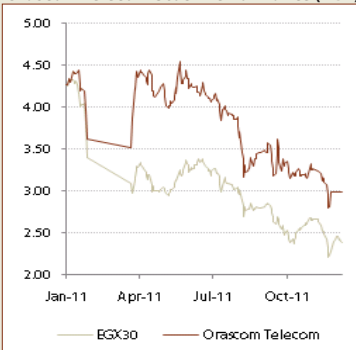
## ORASCOM TELECOM HOLDING

### HIGHLIGHTS

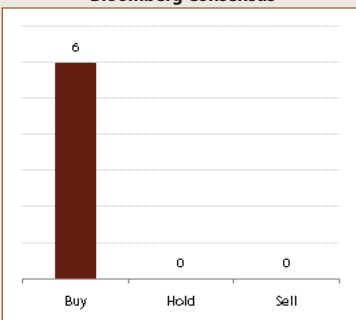
Stock Data	
Ticker	ORTE EY
Closing Price as of 8/12/11 (EGP)	2.98
Bloomberg Median Target Price (EGP)	5.40
Market Cap (EGP mn)	15,632.16
Market Cap (USD mn)	2,598.43
Number of Shares (mn)	5,246.69
Average Monthly Liquidity (EGP mn)	544
Free Float	48.30%
52 week Low (EGP)	2.68
52 week High (EGP)	4.75

Ownership Structure	
Wind Telecom - Italy	51.70%
Free Float	48.30%

### Orascom Telecom Stock Performance (EGP)



### Bloomberg Consensus



### COMPANY COVERAGE

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### THE DEMERGER

The landmark merger deal of VimpelCom and Wind Telecom necessitates the demerger of certain assets that are not intended to be part of the newly formed group. According to the previously approved plan by Orascom Telecom Holding's (OTH) shareholders held on 14/4/2011 and 23/10/2011, the company will partition into 2 separate entities; OTH and Orascom Telecom Media & Technology S.A. (OTMT) – which will embrace the demerged assets. These assets include OTH's interests in Egyptian Company for Mobile Services (ECMS), CHEO Technology Joint Venture Company (Koryolink) in North Korea, as well as other investments in the media and undersea cable business. (See Appendix)

As part of the demerger procedure, OTH has requested from the EGX to suspend trading its ordinary shares until further notice to facilitate the execution of the plan. Basically, the starting point of the demerger lies in the book value of the assets. Accordingly, upon prompt resumption of trading (date yet to be announced) the opening price will be 58% allocated to OTH and 42% to OTMT.

OTH have set the financial statements of 30/09/2010 as a benchmark for the split, and consequently determined the allocation of the par values stemming from the respective book values. Nevertheless, looking at things from a different angle, we believe that OTH ought to trade at a much higher premium than the stipulated one due to the following 3 pillars:

- ☞ OTH's sound economic footing in terms of subscriber growth in the 3 main operations being Algeria, Pakistan, and Bangladesh.
- ☞ ARPU resilience of Djezzy and Mobilink which contributed 62% and 27% of OTH's (post-split) 9M2011 EBITDA respectively. Nonetheless, we must add that Banglalink's prosperity has yet to come at the price of ARPU dilution.
- ☞ Advocating progress with regards to the Djezzy deadlock situation after VimpelCom CEO met with Algerian officials and market chatter of a ~7 billion USD valuation of the unit.

Proposed prices post stock-split based on closing price of EGP 2.98 vs. assumed book values:

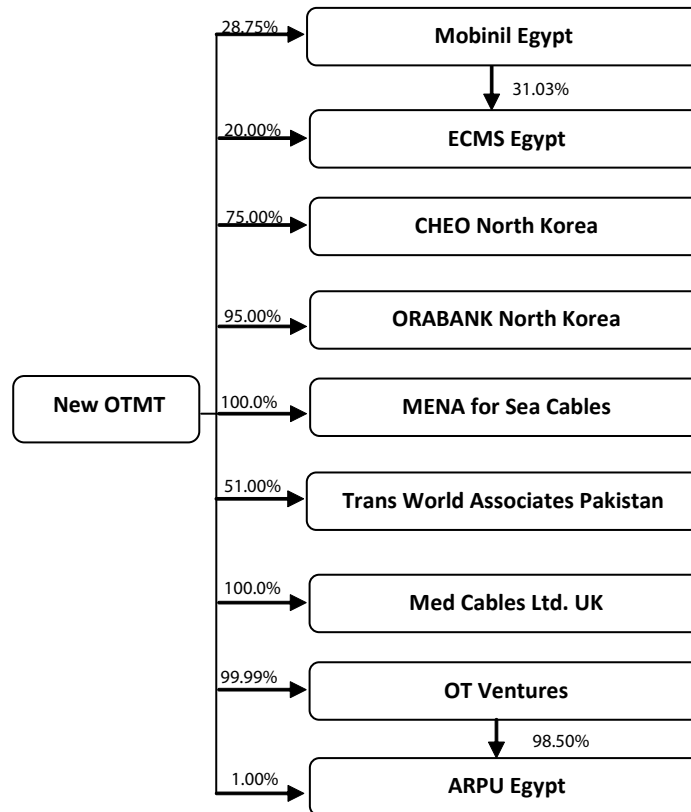
	In nominal value (EGP millions)		In percentage terms	
	OTH	OTMT	OTH	OTMT
Proportionate EBITDA Q3 2010	6,599	1,323	83%	17%
Proportionate EBITDA Q3 2011	7,721	1,398	85%	15%
Net debt breakdown Q3 2010	12,056	0	100%	0%
Sum of Parts Valuation	26,036	9,320	74%	26%
Post stock-split value (according to BV)	1.73/share	1.25/share	58%	42%
Proposed post stock-split value (according to SOP valuation)	2.19/share	0.79/share	74%	26%

We believe that upon resumption of trading, OTH and OTMT shares are to divert from their opening prices to reflect the hidden value of OTH's portfolio. Accordingly, we anticipate a 26.6% uplift in OTH's price. As for OTMT's share price, and based on the value contribution of OTMT to the sum of parts valuation, it will have to drop by 36.8%. However, we believe that this drop will not happen given the floor set from the embedded value of Mobinil within OTMT. Mobinil currently trades at EGP 95.38 implying a market cap of EGP 9,538 million and an implied value of EGP 1.50 for OTMT. Moreover, the mere presence of the put option, even without the intent of exercising it, will provide a further support for OTMT price. Any mispricing between OTMT and Mobinil will create an arbitrage opportunity for investors.

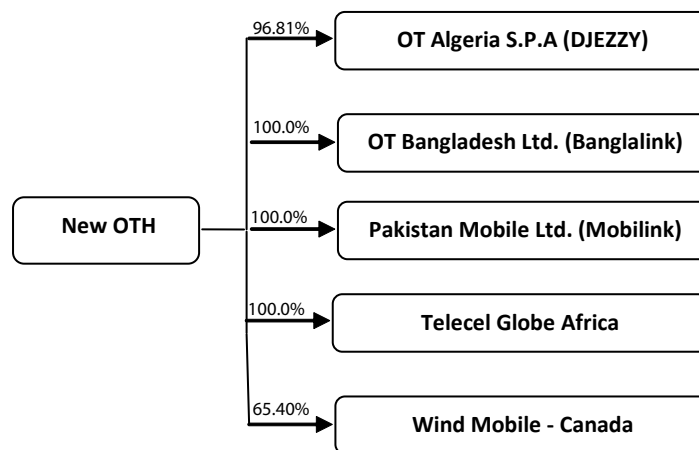
(In EGP)	OTH	OTMT
Expected value after market resumption of trading	2.19/share	1.5/share

**Recommendation: Post the demerger, hold both OTH and OTMT as they offer an immediate upside of 26.6% and 20% respectively.**

## APPENDIX A: NEW OTMT STRUCTURE



## APPENDIX B: NEW OTH STRUCTURE



**ISSUER AUDI SARADAR INVESTMENT BANK**

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