



# Egypt's Leading Regional Media Firm

***“Whoever controls the media, controls the mind”***  
***Jim Morrison***

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## The Offer

Offered Company	[REDACTED] s Group
Offer Structure	Sale of primary shares
Offered Stake	Up to 23% post-capital increase
Offered Share Price	USD3.1
Financial Advisor	Global Investment House - Egypt



- More liberalization of media.
- Diminishing of guided media, governmental.
- Prevalence of free speech media, mainly privately held.
- Increased demand for content.
- Shift in entertainment demand towards purposeful media.
- Greater role of media in everyday life.
- Domination of the new age digital media.



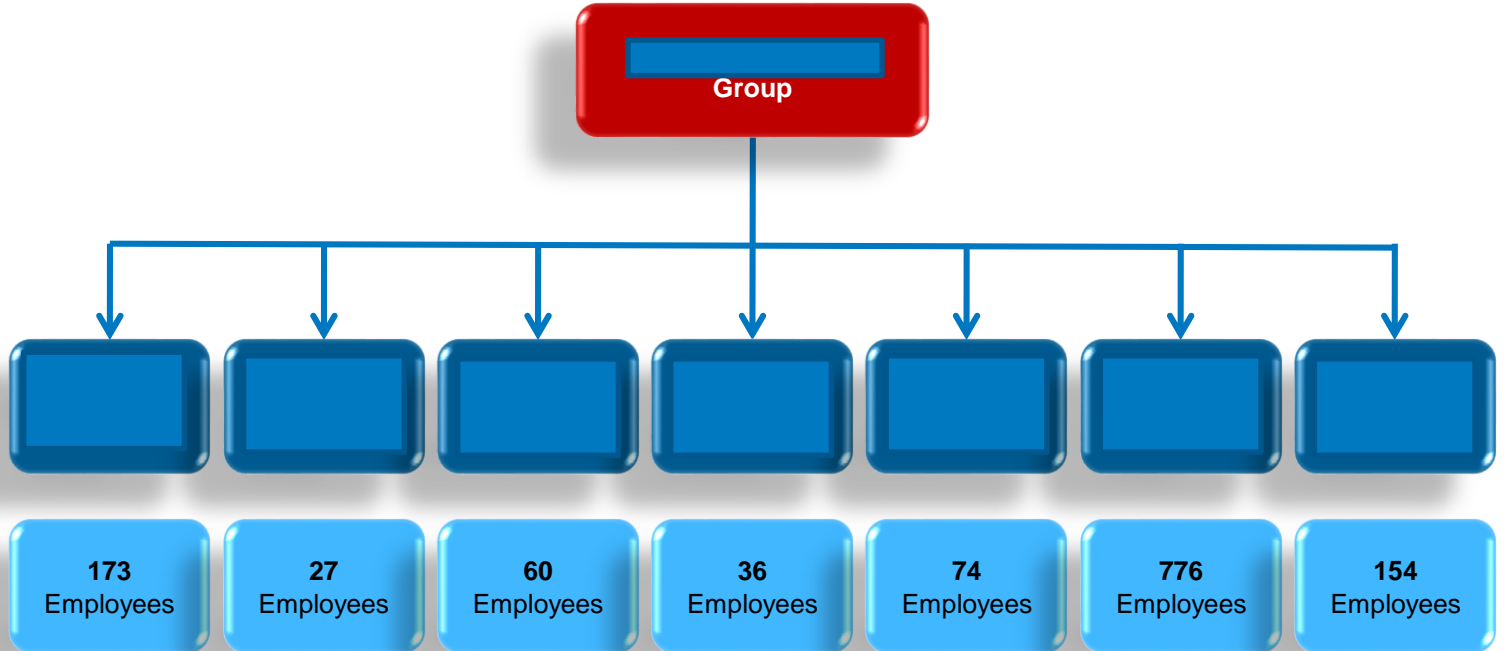
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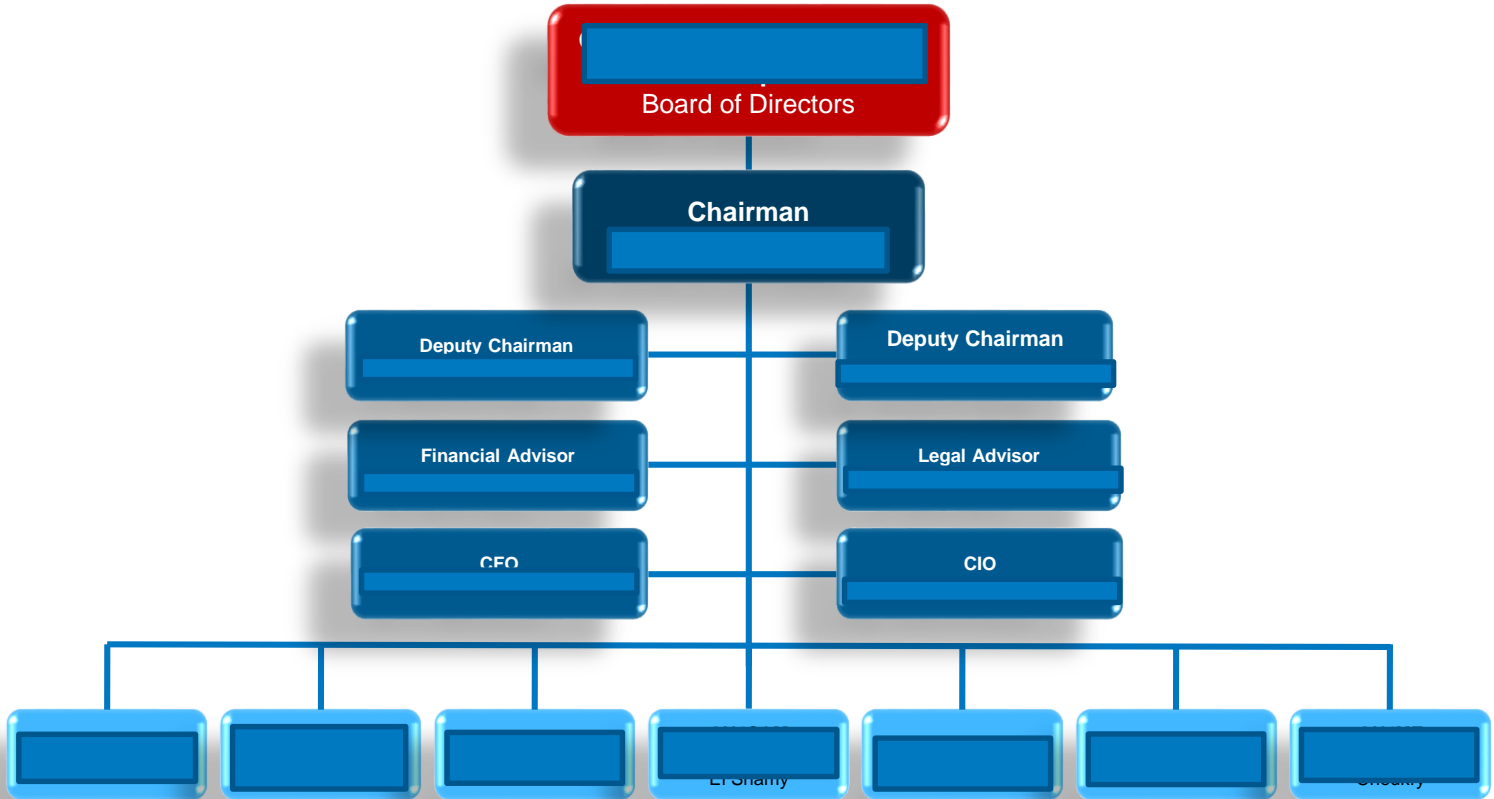
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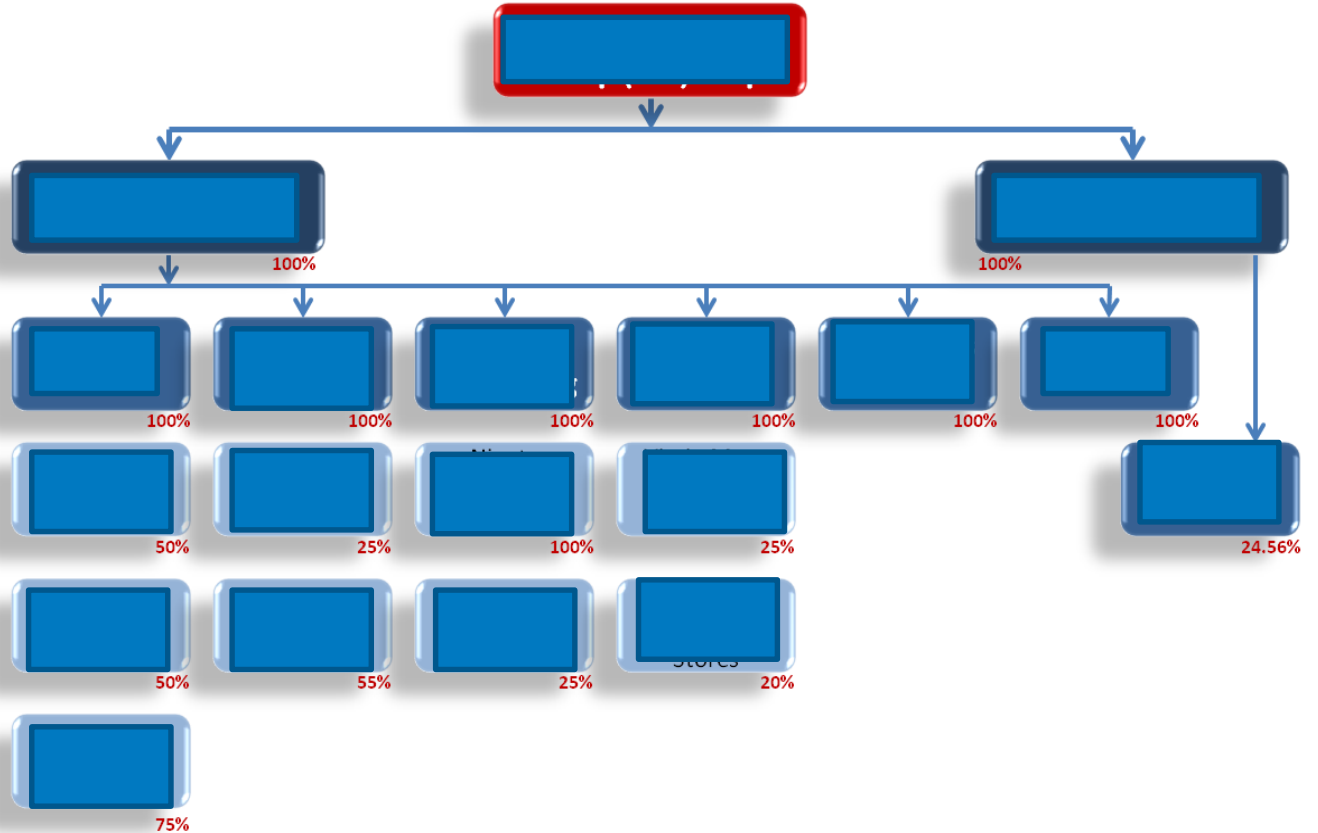
[Redacted] VI incorporated entity that went through different changes within its shareholding structure reaching its current structure as follows:

[Redacted] Group Shareholders List	USD	%
[Redacted]	79,556,142	65.21%
[Redacted]	22,436,667	18.39%
Others	20,007,191	16.40%
	<b>122,000,000</b>	<b>100%</b>

GN Group recruits more than 1300 professionals, among the finest in their fields, scattered among its different companies.

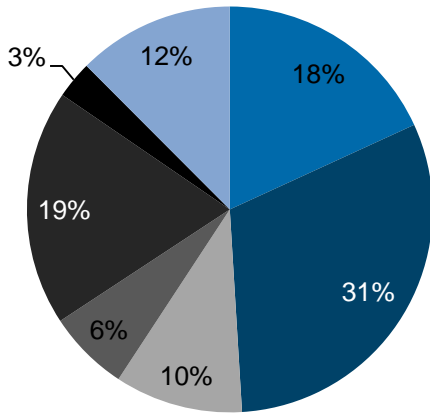




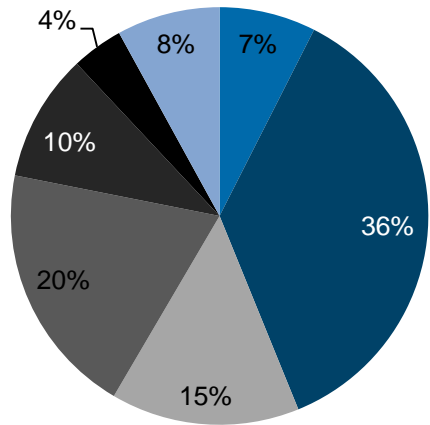
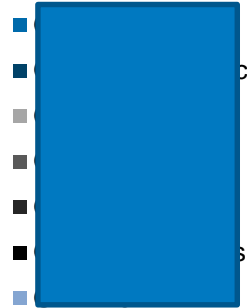


██████████ - Revenue Mix

- ██████████ is the largest contributor at 31%, increasing to 36% in 2015.
- Largest contributors are ██████████ and ██████████, collectively generate 80%.
- By year 2015, the largest contributors will be ██████████ and ██████████, collectively will generate 81%.

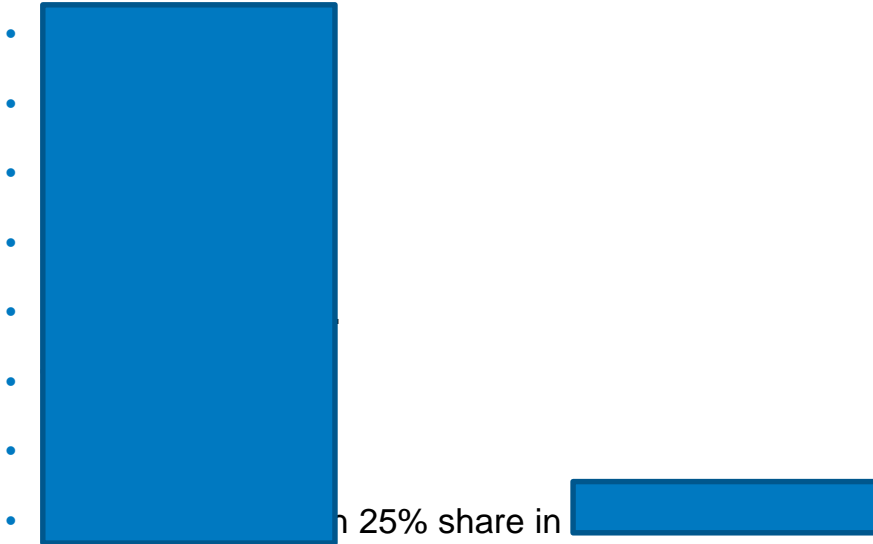


Revenues Breakdown, 2010 (%)



Revenues Breakdown, 2015 (%)

- Incorporated in Panama in 1997 as a publishing firm.
- Owns and publish:



- Revenues generate from distribution and subscription, content syndication and advertising revenues, with the last being the highest contributor.

- Dominated and censored with more liberalization anticipated.
- Less mature due to relative low literacy rates.
- Circulation figures are growing and anticipated to grow at 5-years CAGR of 2.3%.
- Newspapers advertising reached USD2.3bn in 2009, around 60% of media advertising.
- Expected growth geared by unsaturated nature, relative low concentration of newspapers.

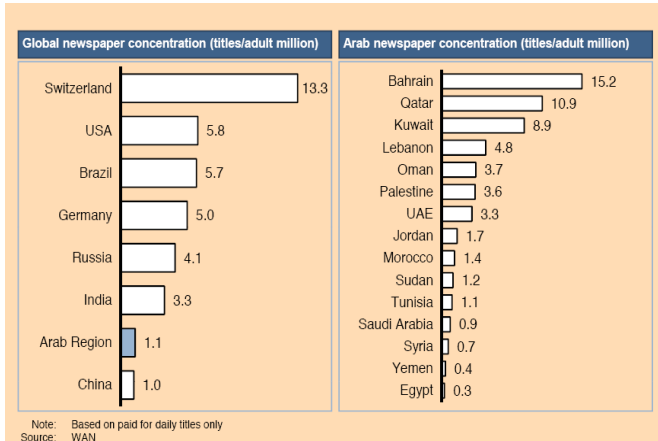
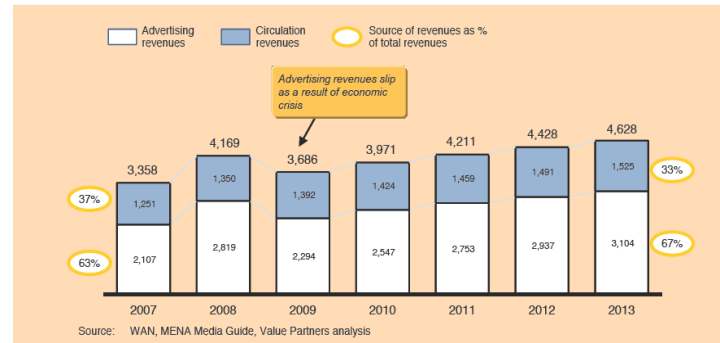
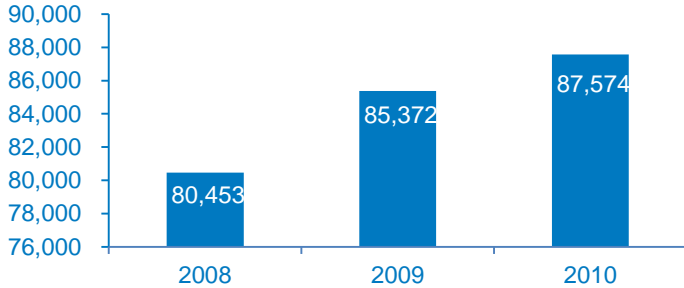
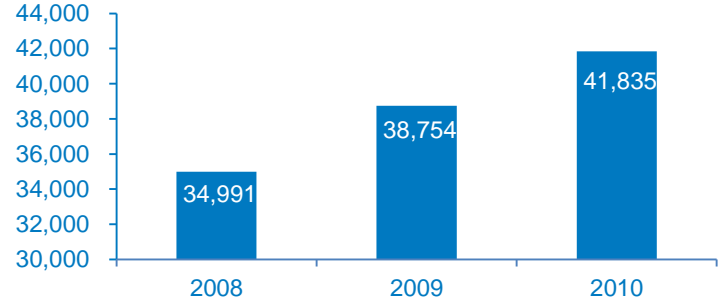


Exhibit 15: Projections for print revenues in the Arab Region, 2007-2013 (US\$m)

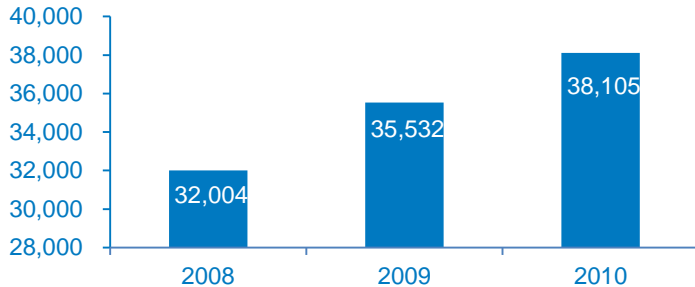




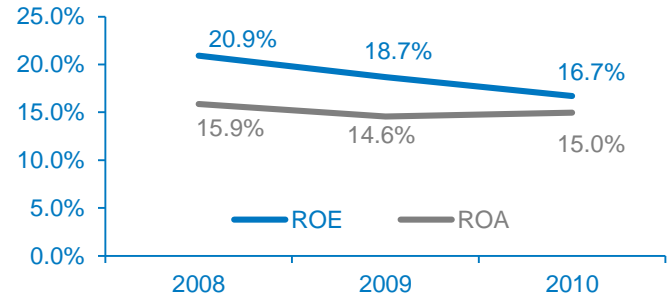
**Revenues (EGP '000s)**



**EBITDA (EGP '000s)**

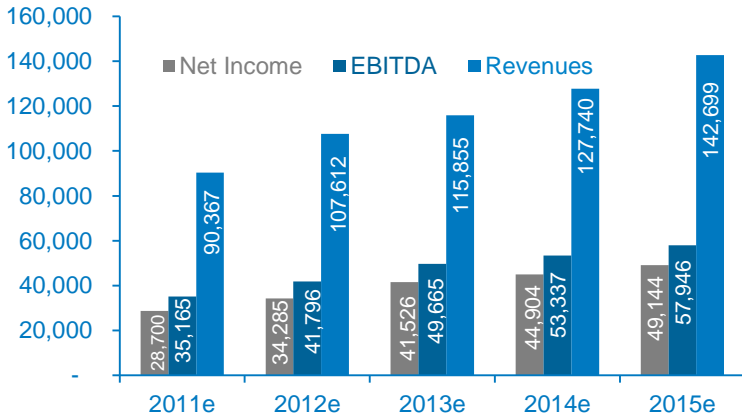


**Net Income (EGP '000s)**

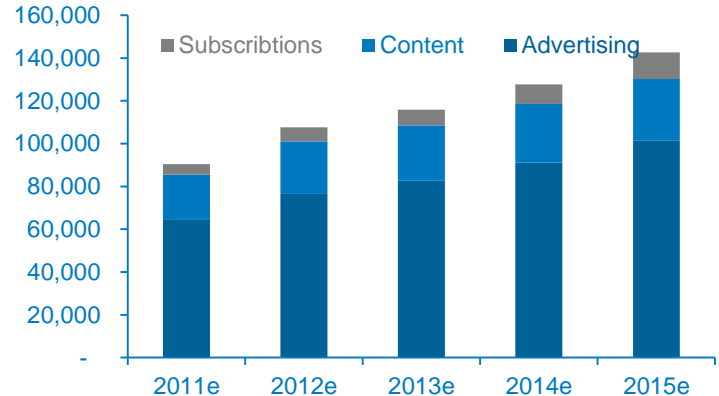


**ROE & ROA (Percentages)**

- Existing operations revenues will grow to EGP120mn in 2015.
- By 2012, [REDACTED]
- New products will contribute 14% of revenues in 2015.
- Revenues, EBITDA and Net Income will grow at 5-year CAGR of 10%, 7% and 5% respectively.



Net Income, EBITDA & Revenues (EGP '000s)



Revenues Breakdown (EGP '000s)

v

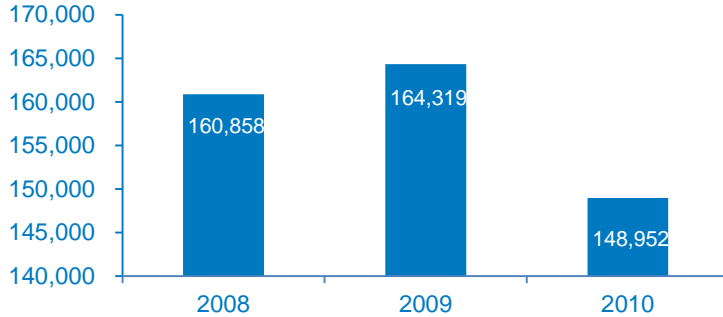
BVI company established in 2001. Fully owns the following:

- , produces movies, music works and related services.
- , produces and manages Radio and TV programs and channels.
- owns and manages movie theatres.
- an advertising agency.
- , manages food outlets and entertainment complexes.
- provides digital content over new technology portals, particularly cell phones and the internet.

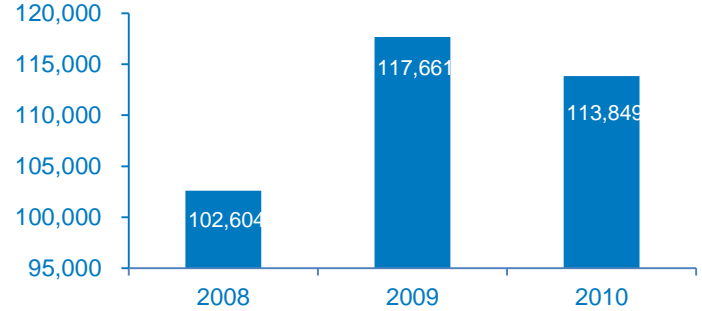
- established in 2001.
- Produces movies, music works and artistic works.
- Highly recognized through producing critically acclaimed movies, that received 38 awards.
- Owns a 25% stake in Virgin Mega Stores, which owns four outlets in Lebanon.
- Owns 20% of Variety Multimedia Stores, owner of Virgin outlets in Egypt.
- Revenues generates from selling of music, managing productions, parties organizing, usufruct rights and films revenues.
- Films contribute 78% of total revenues.

- On average Egypt produces 40 movies a year.
- In 2007 movies ticket sales and home video market was around USD166mn.
- Main movie makers are GN4 F&M, Al Arabia Company, Oscar; EIMasa, El Nasr for Film Production, the El Adl Group, Rotana, Al Sobky, Al Batros, MBC and ART.
- Music is the cornerstone of the Arabic entertainment industry.
- In 2007, the total market for recorded music amounted to USD87mn.
- Music market is expected to grow at a 5-year CAGR of 1.8%.
- Shift of music platform towards mobile and internet.
- The music industry is highly competitive based on changing consumer preferences.
- Major music producers are Rotana, Alam Al Fan, Free Music, Melody and ART.

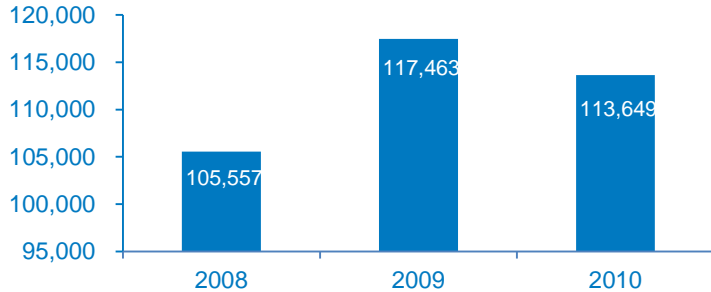
## Fully Owned Subsidiaries -



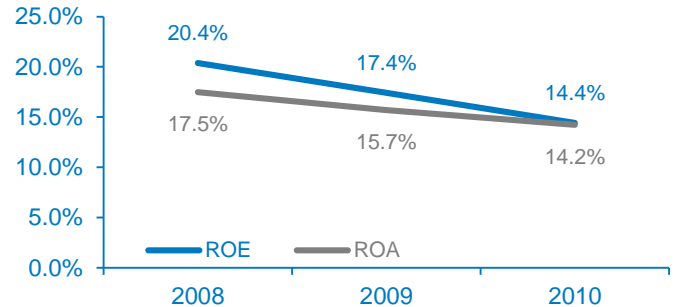
**Revenues (EGP '000s)**



**EBITDA (EGP '000s)**

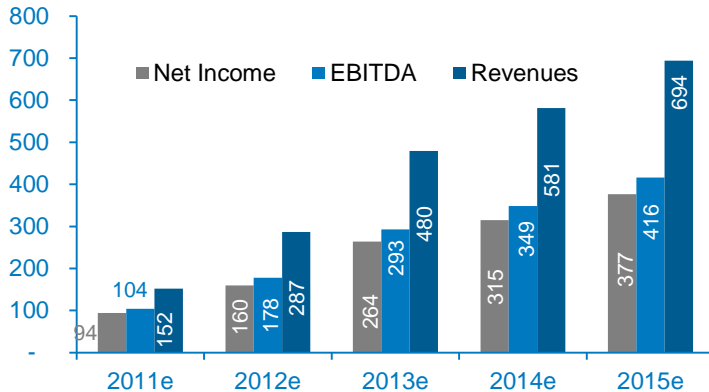


**Net Income (EGP '000s)**

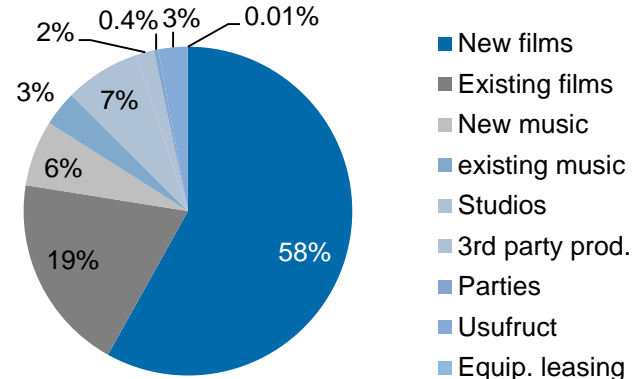


**ROE & ROA (Percentages)**

- Existing operations revenues will grow to EGP194mn in 2015.
- 20 new movies and 41 new musical works from 2012 to 2015.
- 2 new voice and 4 TV studios in 2012. Also, two international movie studios in 2013.
- Revenues, EBITDA and Net Income will grow at 5-year CAGR of 36%, 30% and 27% respectively.



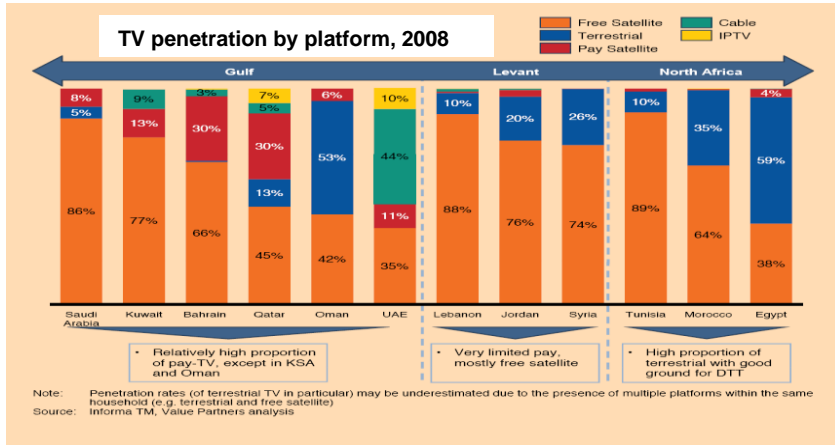
Net Income, EBITDA & Revenues (EGP mn)



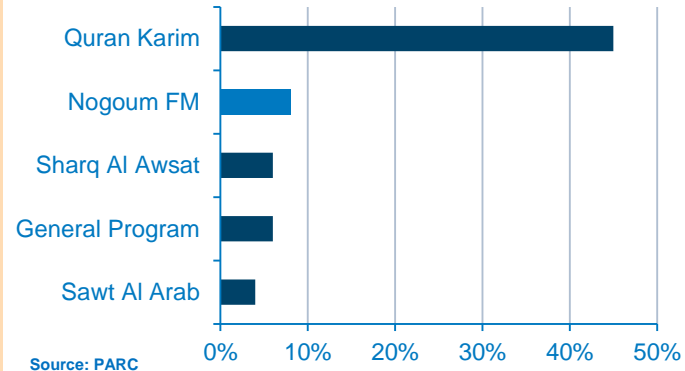
Revenues Breakdown, 2015 (%)

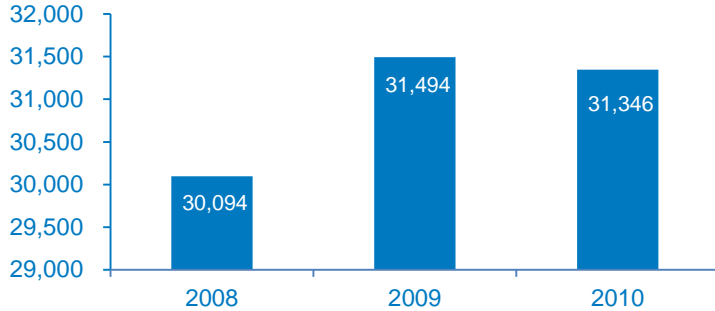
- established in 2001.
- Produces and manages Radio and Television programs and channels.
- Produced programs that are broadcasted all over the region.
- Owns a 25% stake in  FM.
- Owns a 55% stake in
- The Company's revenues mix consists of three lines, usufruct, sponsorship and party radio.
- Usufruct fees resemble 93% of revenues.

- 346 FM channels in the region, roughly split equally between government and private owned.
- In 2007, radio advertising MENA market stood at USD38mn reaching USD68mn in 2012.
- In Cairo, radio advertising market is highly dominated by Nogoum and Nile FM.
- High Television and satellite receivers penetration rates.
- More than 400 Arabic satellite channels highly dominated by free to air channels.

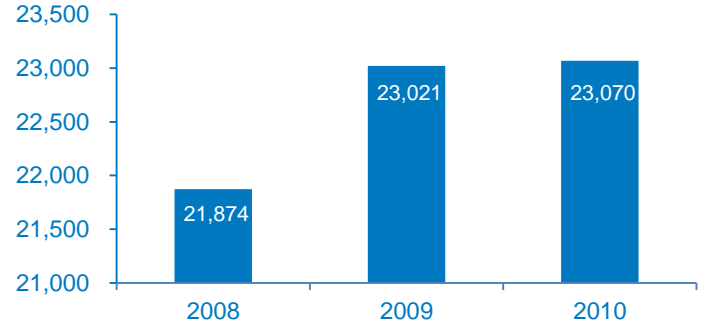


### Egypt's Top 5 Radio Channels by Listeners

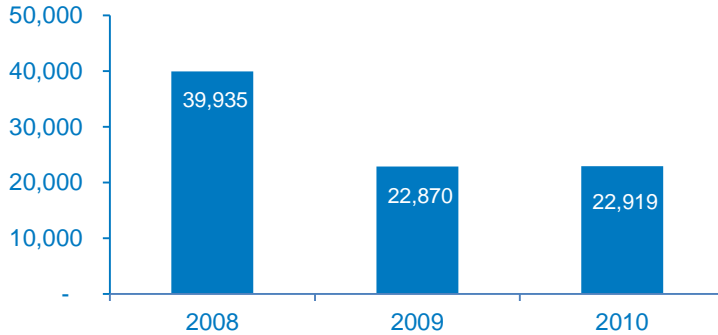




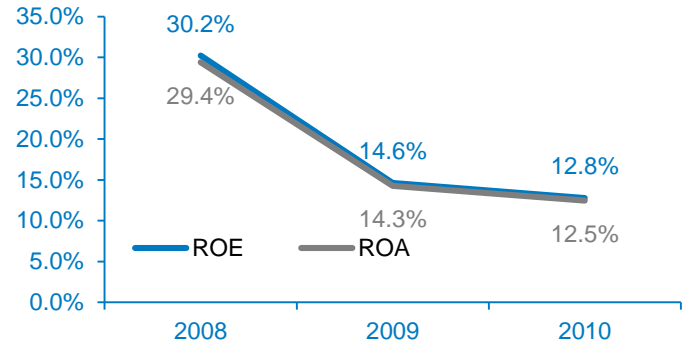
**Revenues (EGP '000s)**



**EBITDA (EGP '000s)**

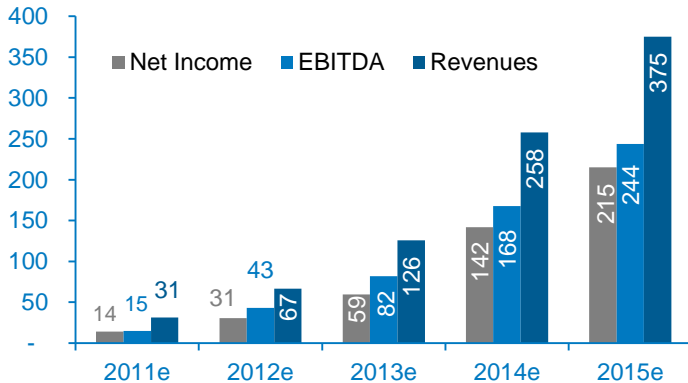


**Net Income (EGP '000s)**

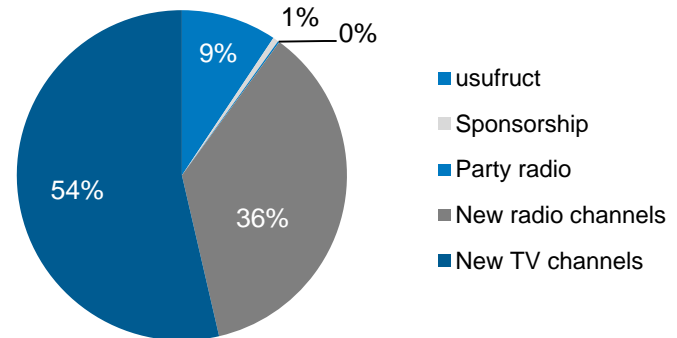


**ROE & ROA (Percentages)**



- Existing operations revenues will reach EGP38mn in 2015.
- Ownership of 4 new TV channels.
- Six new radio channels will be issued.
- New TV and radio channels will generate EGP337mn resembling 90% of total revenues in 2015.
- Revenues, EBITDA and Net Income will grow at 5-year CAGR of 64%, 60% and 57% respectively.



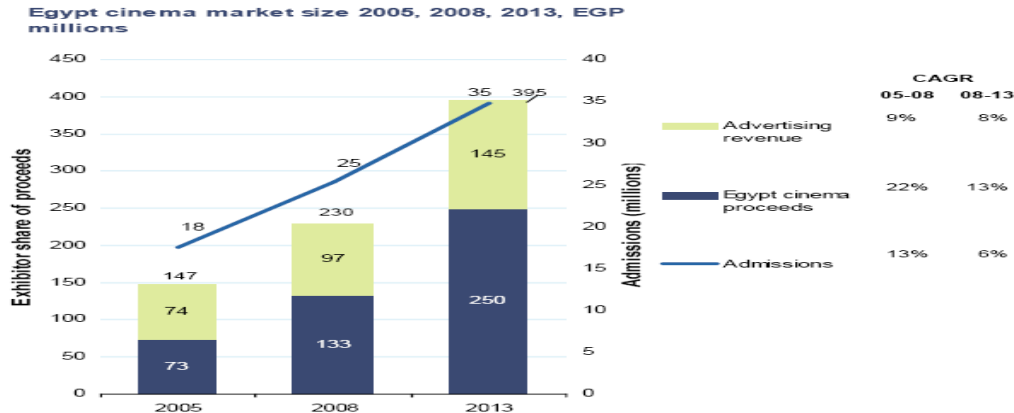
Net Income, EBITDA & Revenues (EGPmn)



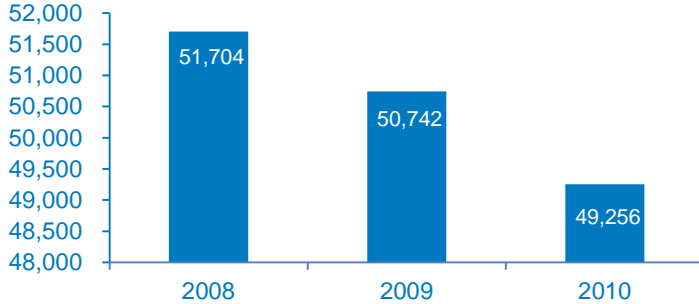
Revenues Breakdown, 2015 (%)

- Established in 2004 as a BVI corporation.
-  owns and operates 12 cinemas with an aggregate of 29 screens.
-  was the first to introduce “luxury cinema” concept in Egypt.
- Revenues arise from tickets, advertising, cafeterias, distribution, sponsorship and renting of halls and stands.
- The main revenues contributions come from advertising with contribution of around 79%.

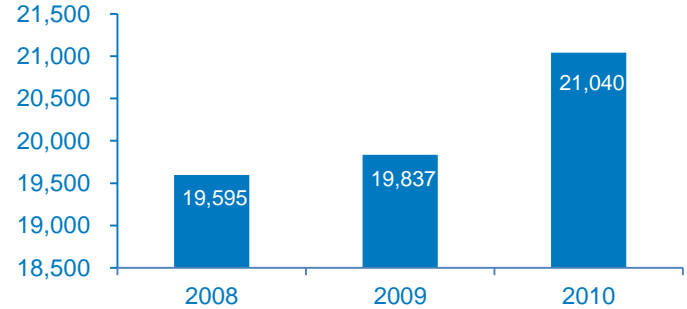
- Limited number of cinemas relative to population.
- Egyptian cinema proceeds will grow at a 5-years CAGR of 13.5%.
- Cinemas occupancy rates are modest as opposed to international rates.
- Zenith believes cinema advertising market will grow at 5-years CAGR of 8.4%.
- Main cinema operators are GN, Osman Group, El Arabia Company and El Masa Company.



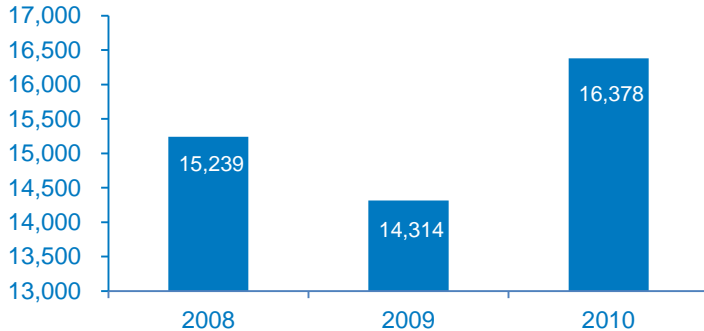
Source: Screen Digest



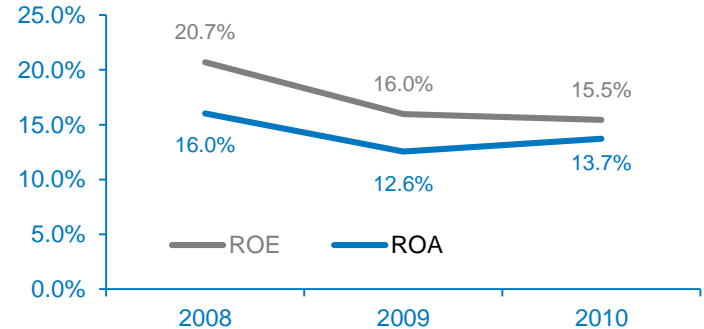
**Revenues (EGP '000s)**



**EBITDA (EGP '000s)**

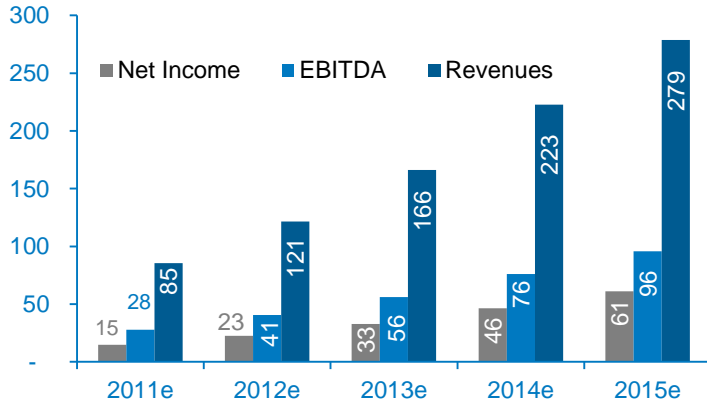


**Net Income (EGP '000s)**

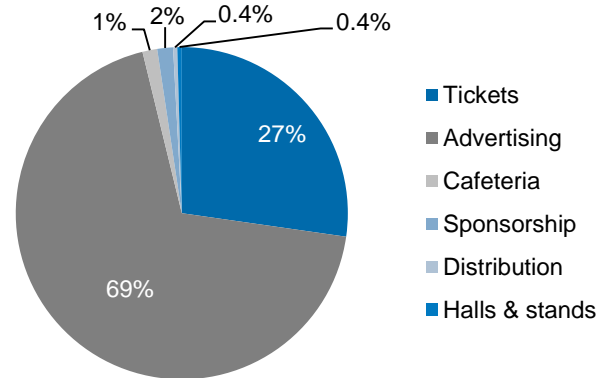


**ROE & ROA (Percentages)**



- Existing operations revenues will reach EGP98mn in 2015.
- New 28 screens to reach a total of 61 screens by 2015.
- Added screens will generate revenues of EGP181mn in 2015 out of EGP279mn.
- Revenues, EBITDA and Net Income will grow at 5-year CAGR of 41%, 35% and 30% respectively.



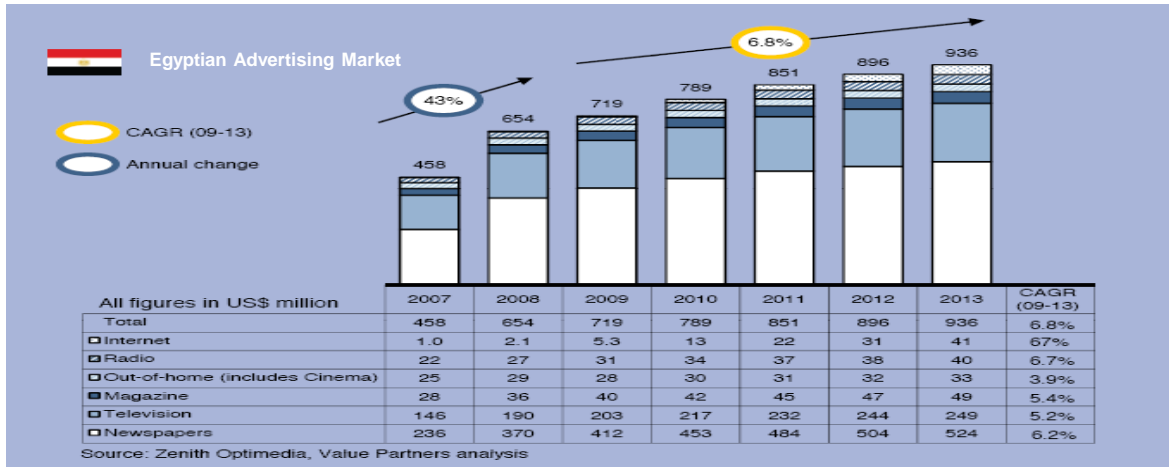
**Net Income, EBITDA & Revenues (EGP mn)**

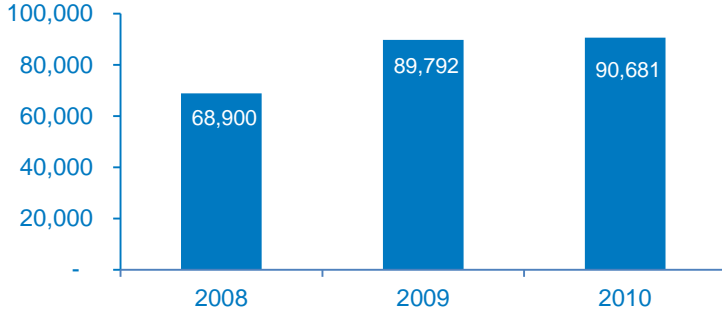


**Revenues Breakdown, 2015 (%)**

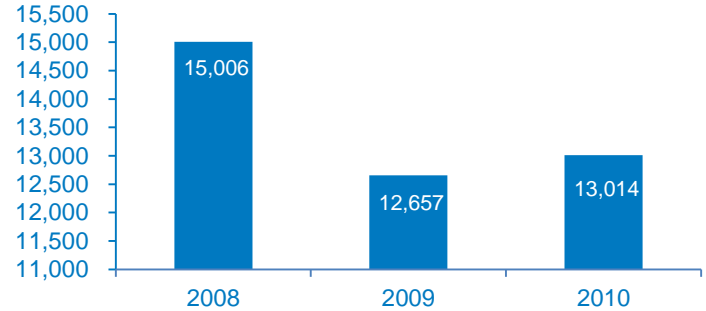
- BVI corporation established in 2001.
- Capitalize on the group's platform to provide advertising.
- Fully owns ", located in Dubai serving Egypt and Emirates.
- Owns 25% of "", located and operating in Saudi.
- Selling air time generates 99%, while the remaining is generated through sponsorship fees.

- MENA advertising market reached USD5bn in 2010.
- Print medium dominates advertising with a share ranging between 50% and 55%.
- The market is distinguished by fierce competition.
- Main players are Leo Burnett, Saatchi & Saatchi and young & Rubicam, Tarek Nour, Gravity Creative Lab and In House Advertising.

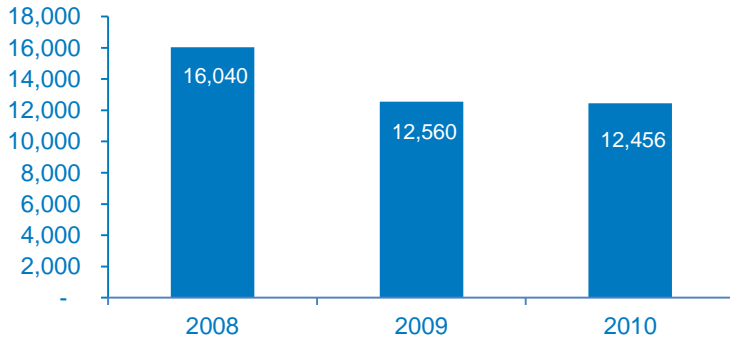




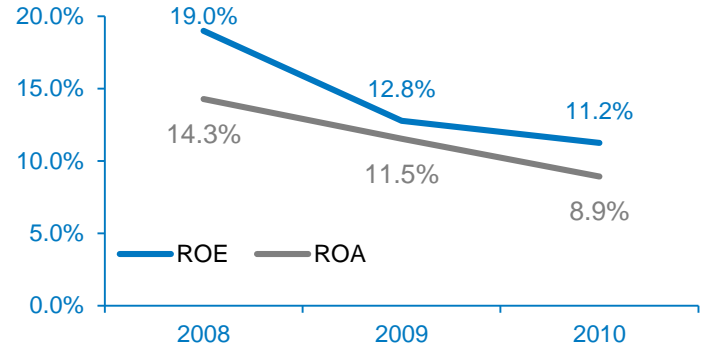
**Revenues (EGP '000s)**



**EBITDA (EGP '000s)**

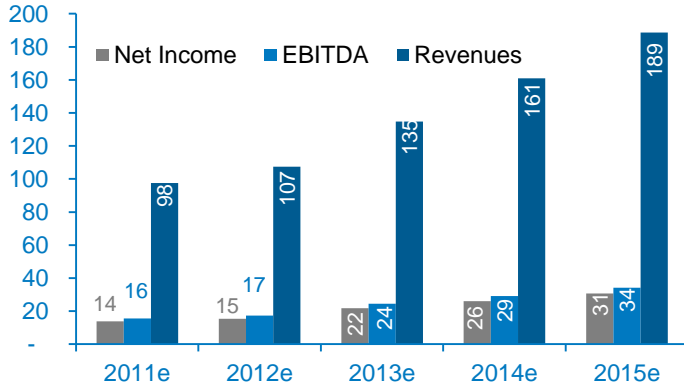


**Net Income (EGP '000s)**

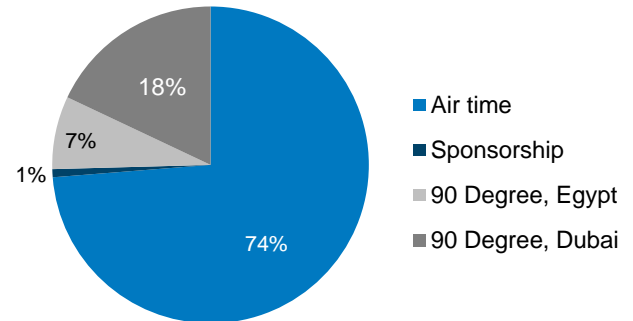


**ROE & ROA (Percentages)**

- Existing operations revenues will reach EGP141mn in 2015.
- [Redacted] to start generating revenues.
- [Redacted] will generate EGP48mn in 2015 representing 25% of revenues.
- Revenues, EBITDA and Net Income will grow at 5-year CAGR of 16%, 21% and 20% respectively.

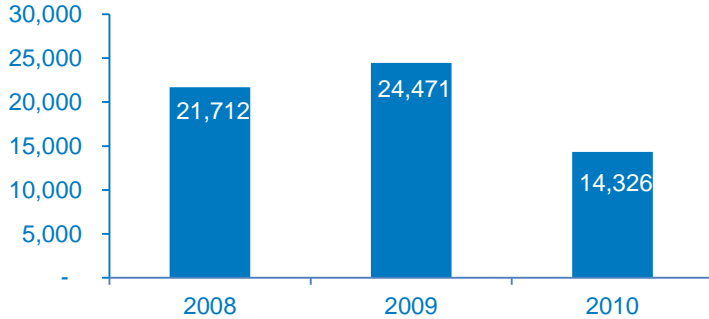


Net Income, EBITDA & Revenues (EGP mn)

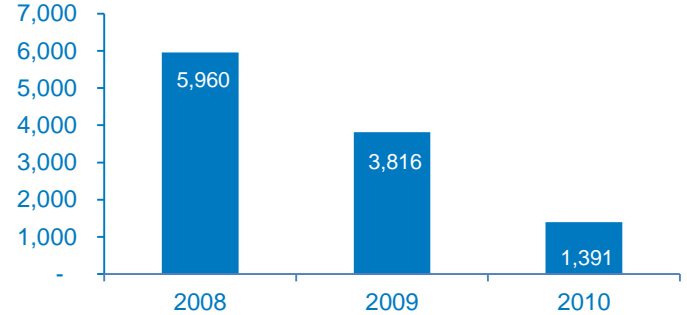


Revenues Breakdown, 2015 (%)

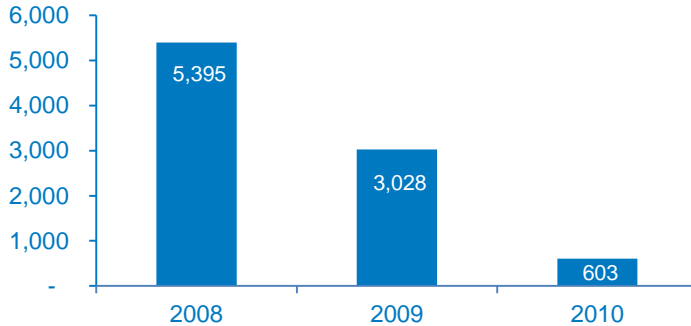
- Established in 2004 as a BVI corporation.
- Manages and offers consultations and design of entertainment centers.
- Manages the entertainment centre of Dandy mall.
- Generates revenues from managing dandy mall, consultation and advertising services.
- Management of Dandy mall generates 65% of revenues.



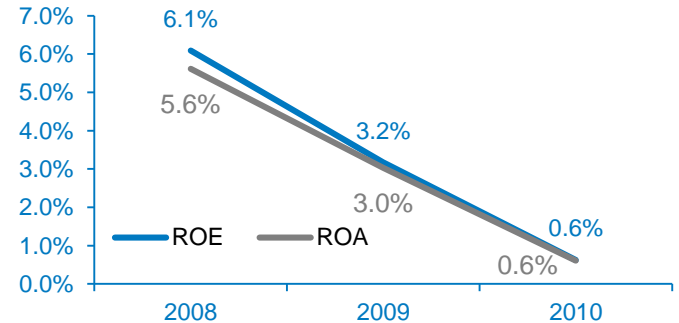
**Revenues (EGP '000s)**



**EBITDA (EGP '000s)**

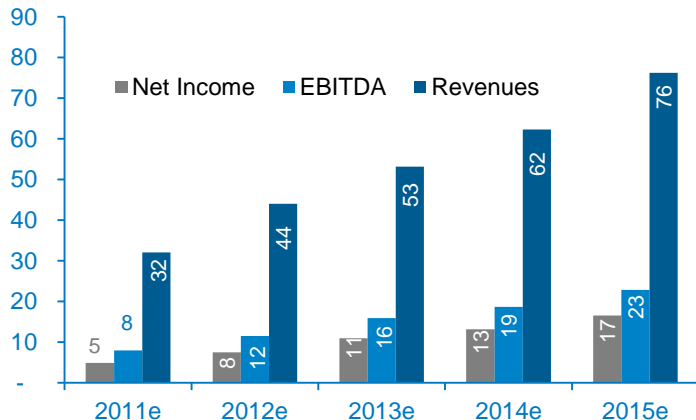


**Net Income (EGP '000s)**

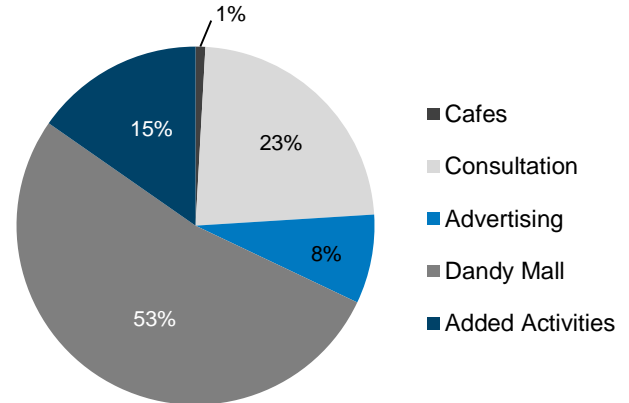


**ROE & ROA (Percentages)**

- Existing operations revenues will reach EGP76mn in 2015.
- 4 new cafes plus extra 550 m<sup>2</sup> and advertising banners will be rented out from 2011.
- New activities will generate EGP12mn representing 15% of 2015 revenues.
- Revenues, EBITDA and Net Income will grow at 5-year CAGR of 40%, 75% and 94% respectively.



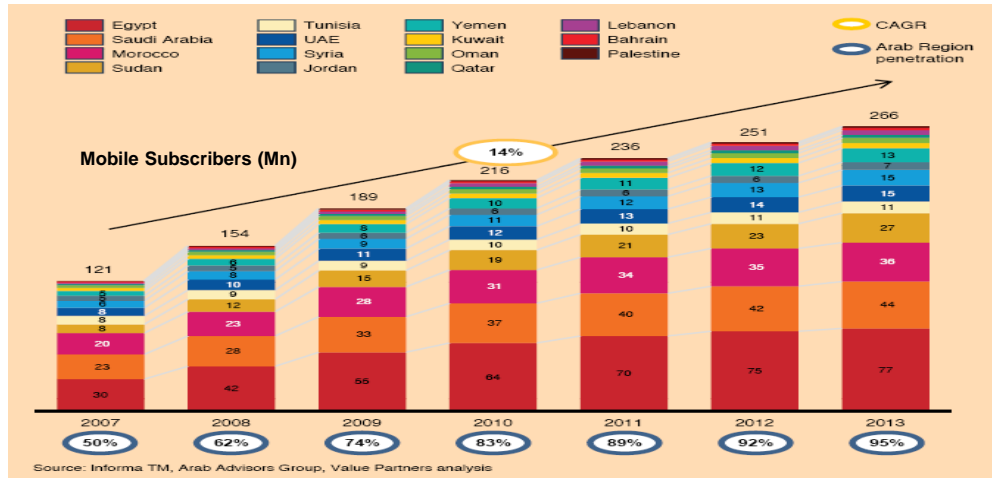
Net Income, EBITDA & Revenues (EGPmn)

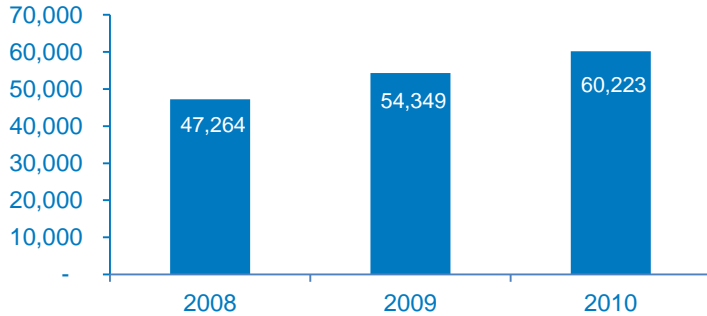


Revenues Breakdown, 2015 (%)

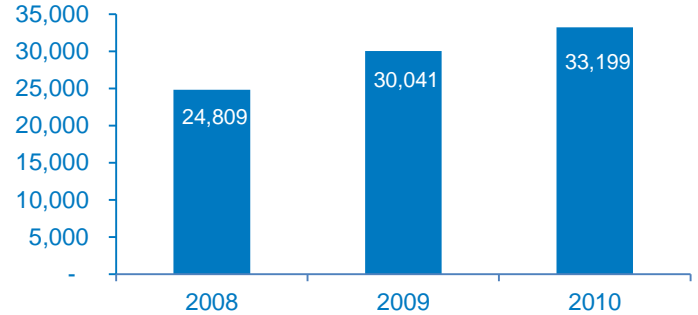
- BVI firm established in 2001.
- Presents digital Content over various technological portals, particularly mobile phones.
- Manages its own portal on the net including more than 2 million pages.
- Pioneer in offering IVR in the region.
- Presented in Saudi, GCC and Emirates through subsidiaries.
- Revenues are generated from development services, advertising and content syndication with the last being the highest contributor to revenues with a share of 87%.

- Digital content delivery market is USD750mn, out of which around 99% is mobile phone specific.
- High mobile penetration rates and increasing broadband penetration rates.
- The market is highly fragmented.
- Main market players are MBC, Rotana, ART, ARPU+, Telemedia, Masrawy, yallkora and mazzika.

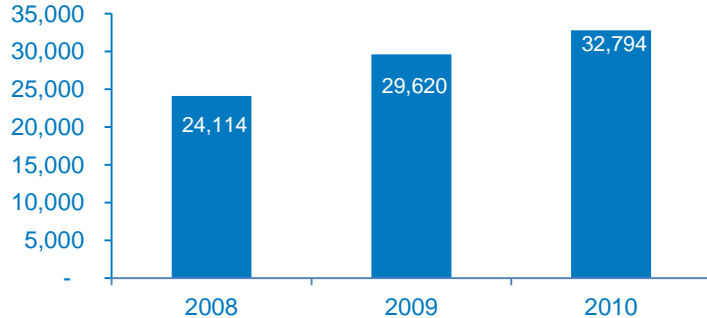




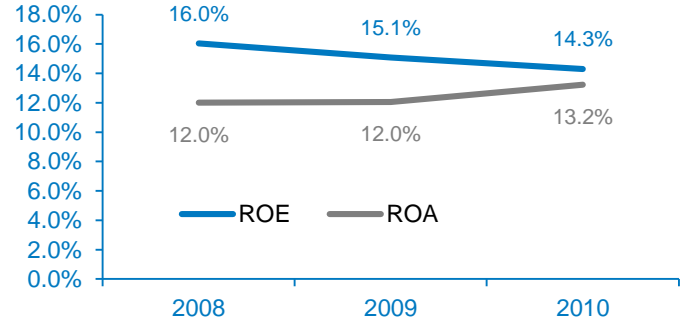
**Revenues (EGP '000s)**



**EBITDA (EGP '000s)**

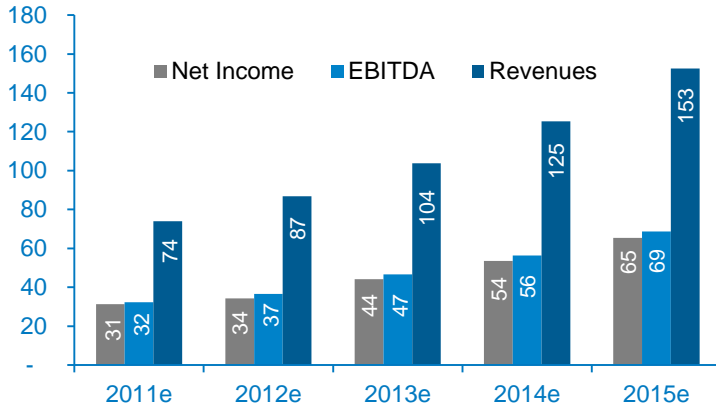


**Net Income (EGP '000s)**

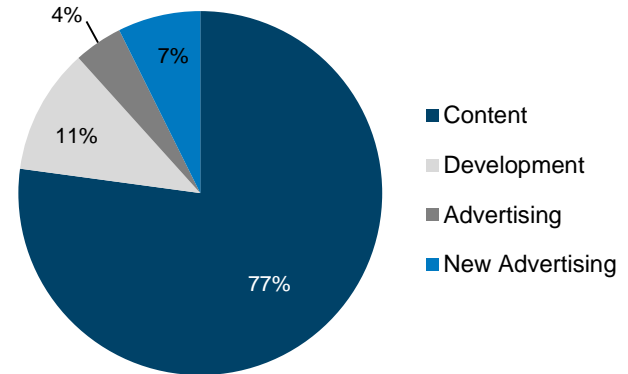


**ROE & ROA (Percentages)**

- Existing operations revenues will grow to EGP141mn in 2015.
- New advertising products from 2011 generating EGP11mn equivalent to 7% of 2015 total revenues.
- Revenues, EBITDA and Net Income of the firm will grow at 5-year CAGR of 20%, 16% and 15% respectively.



Net Income, EBITDA & Revenues (EGPmn)



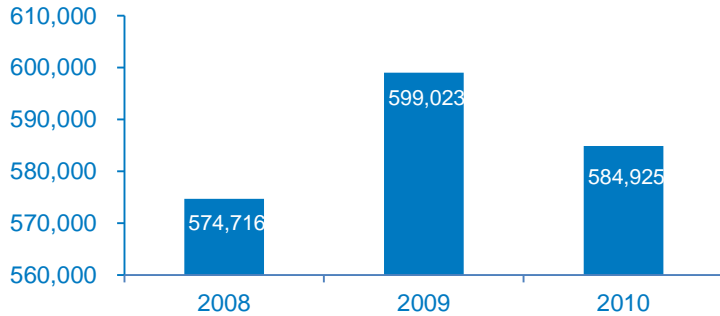
Revenues Breakdown, 2015 (%)

# Partially Owned Subsidiaries

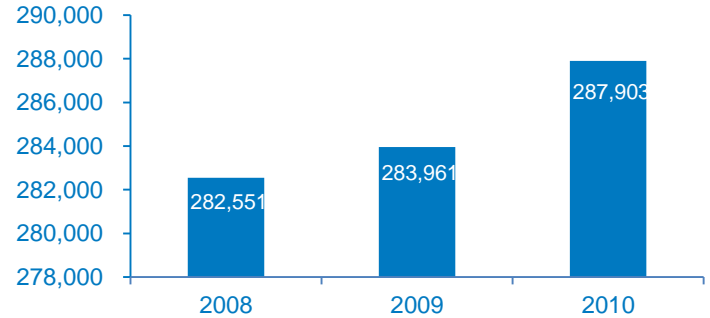
GN Group owns indirect stakes in 9 media companies through its fully owned subsidiaries.

Company	Ownership	Owned By	About the Company
			ot

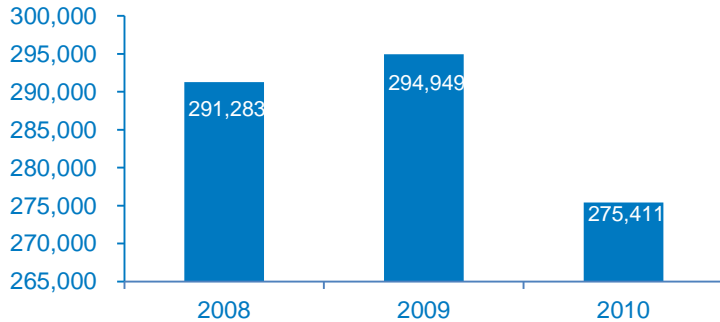
# Group Consolidated Financial Highlights



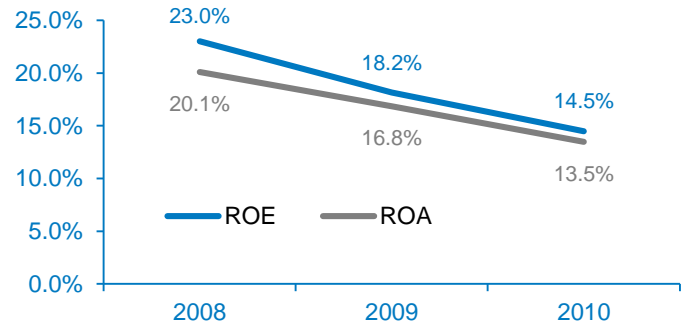
**Revenues (EGP '000s)**



**EBITDA (EGP '000s)**

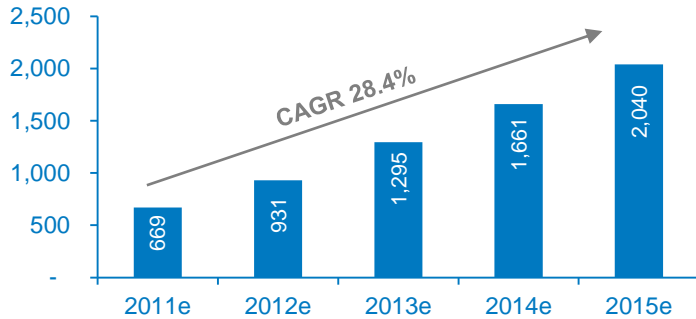


**Net Income (EGP '000s)**

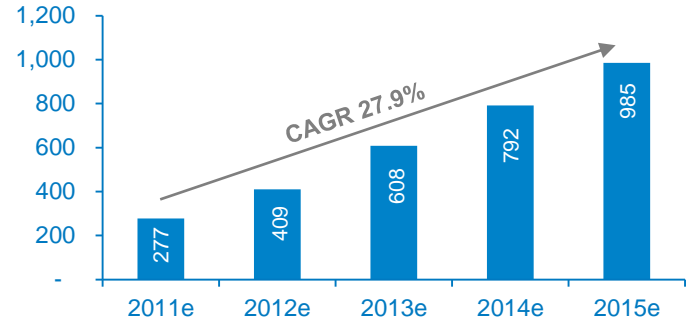


**ROE & ROA (Percentages)**

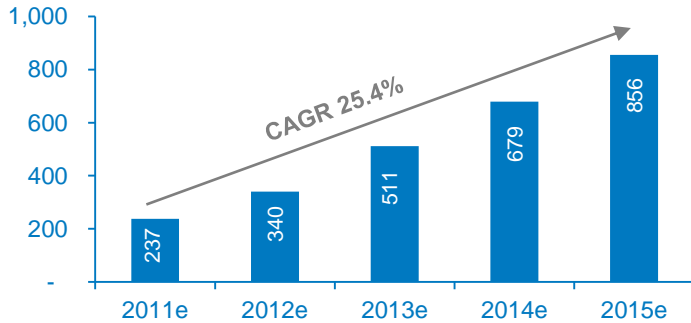
# Group Outlook Financial Highlights



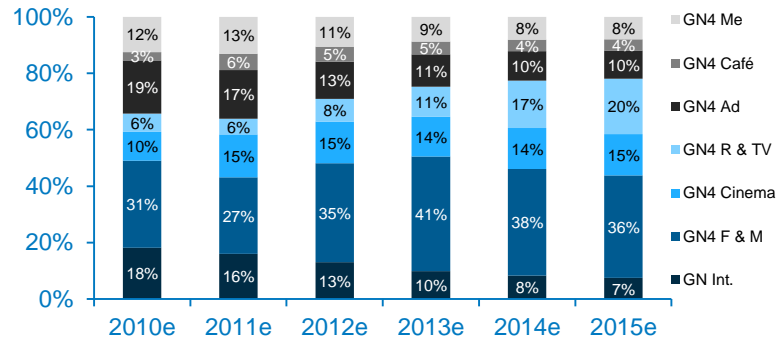
**Revenues (EGP '000s)**



**EBITDA (EGP '000s)**



**Net Income (EGP '000s)**



**Revenues (Percentages)**

## Group DCF Sensitivity Analysis

Pre-Capital increase fair value per share (USD)		Exit P/E x				
		6	8	10	12	14
Cost of Equity	21%	1.98	2.90	3.83	4.75	5.68
	23%	1.74	<b>2.59</b>	<b>3.45</b>	<b>4.30</b>	5.15
	25%	1.53	<b>2.31</b>	<b>3.10</b>	<b>3.89</b>	4.68
	27%	1.33	<b>2.06</b>	<b>2.79</b>	<b>3.52</b>	4.25
	29%	1.16	1.83	2.50	3.18	3.85

A price of UDS3.1/share is equivalent to 2010 EBITDA x of 7.75 and 2010 P/E multiple of 8.1, which represents a discount of 65%.

<b>Company</b>	<b>Domicile</b>	<b>2010 P/E</b>
Viacom	USA	30.19
Time Warner	USA	16.97
CBS	USA	31.82
Walt Disney	USA	19.22
News Corporation	USA	15.40
Zee Entertainment	India	16.12
Shree Ashtavinayak	India	21.50
PVR Ltd.	India	33.28
Balaji Telefilms Ltd.	India	37.15
Amalgamated Holding	Australia	9.22
Vivendi	France	27.10
<b>Average</b>		<b>23.45</b>

- Demographics and political developments are playing in the industry's favor.
-  are perceived among the most liberal and free speech media firms.
- The most integrated and highly diversified experienced media firm in the region.
- Pioneer and market leader in new wave digital media, particularly mobile content delivery.
- Touched different segments of the market and accumulated experiences in producing and managing movies, radio channels and TV channels on the expense of others through managing agreements.
- Best time and conditions to grow into a gigantic media firm.

***“The media's the most powerful entity on earth. They have the power to make the innocent guilty and to make the guilty innocent, and that's power. Because they control the minds of the masses”***

***Malcolm X***