

Orascom Investment Holding S.A.E.

Established pursuant to the provisions of Law 95/1992
Head Office: Nile City Towers, South Tower,
2005 A corniche El Nile, Ramlet Beaulac, 11221, Cairo, Egypt
Authorized Capital: EGP 2,885,129,841 billion
Issued Capital: EGP 577,025,968.2 (fully paid)
Number of Issued Shares: 5,245,690,620
Commercial register number: 394061 Cairo

**Summary of Board of Directors Resolutions
September 14, 2021**

On the 12th of September 2021, pursuant to the invitation of Eng. Akil Hamed Beshir – Non-Executive Chairman, the following matters were discussed, and the following resolutions were taken by the Company’s Board of Directors (“**BoD**”), namely:

- Eng. Akil Hamed Beshir, Non-executive Chairman (independent) and by proxy from Mr. Ashraf Abdel Tawab Salman, Non-Executive Expert Board Member (independent);
- Eng. Naguib Onsi Sawiris, CEO and Managing Director;
- Mr. Oussama Daniel Nassif, Executive Board Member;
- Mr. Mohamed Hamdan Ashmawy, Non-Executive Expert Board Member; and
- Mrs. Wafaa Shoukry Zaklama, Non-Executive Board Member.

The meeting quorum was accordingly met.

Also, attended the meeting via conference call:

- Mr. Hassan Mostafa Abdo, Non-Executive Board Member; and
- Eng. Iskandar Shalaby, Non-Executive Board Member.

- Ms. Nada Yasser Hafez – Secretary of the Board

The Resolutions:

First resolution: The Board unanimously approved the AC’s report on the standalone and consolidated financial statements for the financial period from 01/01/2021 and ending on 30/09/2021.

Second resolution: The Board unanimously approved the Auditor’s report on the standalone and consolidated financial statements for the financial period from 01/01/2021 and ending on 30/09/2021.

Third resolution: The Board unanimously approved the Board of Directors’ report on the standalone and consolidated financial statements and business results for the period from 01/01/2021 and ending on 30/09/2021.

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Authorized Capital: EGP 2,885,129,841 - Issued Capital: EGP 577,025,968.20 (fully paid)
Subject to law No. 95/1992 - CR. 394061 Cairo



Fourth resolution: The Board unanimously ratified the standalone and consolidated financial statements and business results for the financial period from 01/01/2021 and ending on 30/09/2021.

Fifth resolution: 1. The board approved (with the abstention of the related board members Eng. Alexandre Shalaby and Mr. Oussama Daniel Nassif) to ratify the independent auditor's report on the IFA report on the fair value of Trans World Associates Private Limited, and the IFA report on the fair value of Trans World Associates Private Limited.

2. The Board extended the delegation given on 27/04/2021 to Eng. Naguib Onsi Sawiris and Mr. Oussama Daniel Nassif, severally, to sign all documents, contracts and papers required until the completion of the sale

Sixth resolution: The Board unanimously approved to add to the Company's signature matrix the following:

In addition to signatory powers in the commercial register, Eng. Naguib Onsi Naguib Sawiris, CEO and Managing Director and Mr. Oussama Daniel Nassif, Executive Board Member, shall have the right, severally, to establish new companies outside of Egypt and to sign all investments contracts, documents, papers, acknowledgments and issue powers of attorney related to all or part of the above, outside of Egypt.

Chief Financial Officer
Marwan Mohamed Hussein



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Trans World Fair Value
(Final Report)
September 2021

 **PRIME**

Disclaimer

This report has been prepared in light of information provided to us by Orascom Investment Company and Prime Capital's database and exclusively for the above mentioned company.

The future estimates contained in this report have been based on several assumptions that were considered acceptable by Prime Capital at the date of this report, in light of the business plan, data and information obtained from the company's management. As is the norm in this type of work, the results obtained in this report can be counted for a limited period and must be re-evaluated at regular time intervals.

In addition and as is the case in this type of work, figures and percentages are rounded up for presentation and analytical purposes in order to achieve the main objectives of the report.

With the exception of errors and omissions, the teamwork exerted the care of a prudent man in reviewing all the data and information contained in this report, and any misspelling or omission, whether linguistic or arithmetic does not invalidate the purpose of the report nor affect its results.

Prime Capital and its related entities, directors, employees and agents shall not be liable for any loss or damage arising from reliance on this report.

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1 Executive Summary

Trans World Associates (Private) Limited (“TWA” or the “Company”) is a TIER-1 telecom operator that owns and operates a comprehensive telecom network to provide telecommunication services under the license issued by Pakistan Telecommunication Authority (PTA). In addition, the company owns two submarine cable systems offering international bandwidth and internet transit services. It also operates a domestic long-haul network through which it offers Fiber to the Home and other media services to end-users. It is also engaged in setting up and offering telecom infrastructure to other operators.

The company has 3 subsidiaries namely: Trans World Enterprise Services (Private) Limited which is engaged in providing telecom services including fixed local loop in Karachi, Lahore and Islamabad regions; Trans World Infrastructure Services (Private) Limited which is involved in establishing, maintaining and offering telecom infrastructure facilities in Pakistan and TES Media (Private) Limited which provides secured local loop services for internet, data and Internet Protocol Television (IPTV) services.

Trans World existing shareholders is as follows: Orascom Investment Holding (51%), Orastar Limited (39%) and Mr. Omar Bin Abdul Mone'm Al Zawawi (10%).

The transaction under consideration is related to the fact that Orascom Investment Holdings SAE “OIH” is considering the sale of 100% of its stake in Trans World Associates (Private) Limited which represents 51% of Trans World total shares. For this purpose, Expressions of Interests are sought from Interested Parties.

Projected Financial Statements

Projected Income Statement

Income Statement (PKR mn)	2021	2022	2023	2024	2025
Net Revenues	8,692	10,427	12,213	14,150	15,402
COSR	(3,322)	(3,985)	(4,667)	(5,407)	(5,886)
Gross Profit	5,370	6,442	7,546	8,742	9,516
SG&A	(1,352)	(1,690)	(1,944)	(2,197)	(2,416)
EBITDA	4,018	4,752	5,602	6,546	7,100
Depreciation	(1,211)	(1,284)	(1,360)	(1,864)	(1,878)
Amortization	(32)	(38)	(33)	(25)	(35)
EBIT	2,776	3,430	4,209	4,656	5,186
Interest Expenses	(1,121)	(1,323)	(1,536)	(1,354)	(995)
EBT	1,655	2,107	2,672	3,303	4,191
Taxes	(480)	(611)	(775)	(958)	(1,215)
Net Profit	1,175	1,496	1,897	2,345	2,976
Owners of the Parent Company	1,166	1,484	1,883	2,327	2,953
Non-Controlling Interest	9	11	14	18	23
Total	1,175	1,496	1,897	2,345	2,976

Projected Balance Sheet

Balance sheet (PKR mn)	2021	2022	2023	2024	2025
Assets					
Current assets					
Cash & Cash Equivalent	1,156	712	532	383	1,322
Receivables	1,363	1,635	1,915	2,219	2,415
Current portion of long term deposits & prepayment	393	471	552	640	696
Other current assets	688	826	967	1,121	1,220
Total Current Assets	3,601	3,644	3,966	4,362	5,654
Non current assets					
Net Plant	12,907	14,574	16,976	16,338	15,167
Long term deposits & prepayments	2,906	3,486	4,083	4,731	5,149
Intangibles- Net	269	325	292	346	311
Other non current assets	198	198	198	198	198
Total non current assets	16,279	18,582	21,549	21,612	20,824
Total Assets	19,880	22,227	25,515	25,975	26,478
Liabilities & Shareholders' Equity					
Current liabilities					
Trade Payables	1,471	1,765	2,067	2,395	2,607
CPLTD	1,615	2,242	3,070	2,328	1,580
Overdraft	-	300	800	1,000	-
Other Liabilities	1,213	1,018	1,219	950	929
Current portion of lease liabilities	205	205	205	-	-
Accrued liabilities	140	140	140	140	140
Other Current Liabilities	91	91	91	91	91
Total Current Liabilities	4,736	5,761	7,593	6,904	5,348
Non current liabilities					
Long-Term Debt	4,970	4,739	4,232	2,740	1,642
Finance lease	410	205	-	-	-
Deferred tax liability	869	869	869	869	869
Unearned revenues	-	-	-	-	-
Long term payable	95	71	47	24	-
Contract liability	1,433	1,719	2,013	2,333	2,539
Total non current liabilities	7,777	7,603	7,162	5,966	5,050
Total Liabilities	12,513	13,364	14,755	12,870	10,398
Equity					
Share capital	1,255	1,255	1,255	1,255	1,255
Fair value adjustment	60	60	60	60	60
Unappropriated profit	6,057	7,542	9,425	11,752	14,705
Net Worth	7,373	8,857	10,740	13,067	16,021
Non controlling interest	(6)	5	20	37	60
Total Liabilities & Net Worth	19,880	22,227	25,515	25,975	26,478

Fixed Assets

The following table highlights additions to Fixed Assets over 2021-2025:

CAPEX Additions (PKR mn)	2021F	2022F	2023F	2024F	2025F
Building	22	22	22	22	20
Vehicles	41	37	38	27	15
Office Equipment	12	14	15	17	10
Computers	20	15	10	15	15
System & Equipment	1,217	1,038	1,019	9,543	566
PUC	3,687	1,825	2,658	(8,397)	81
Total additions	4,998	2,951	3,762	1,226	707

Source: Trans World

Long Term Debt

TWA is assumed to acquire new facilities during 2021-2023 in order to finance new CAPEX additions namely in the cable system & equipment. Below is amortization table of the company's debts and Leases over 2020-2025:

Debt Run-off (PKR mn)	2021F	2022F	2023F	2024F	2025F
CPLTD of Medium term Debt	1,615	2,242	3,070	2,328	1,580
CPof Lease	205	205	205	-	-
LTP of debt	4,970	4,739	4,232	2,740	1,642
LTP of lease	410	205	-	-	-
Total Balance	7,200	7,391	7,507	5,068	3,222

Source: Trans World

Key Financial Ratios for (2021-2025)

Fact Sheet	FY2021	FY2022	FY2023	FY2024	FY2025
Gross Profit Margin	61.8%	61.8%	61.8%	61.8%	61.8%
EBITDA Margin	46.2%	45.6%	45.9%	46.3%	46.1%
EBIT Margin	31.9%	32.9%	34.5%	32.9%	33.7%
Net Profit Margin	13.5%	14.3%	15.5%	16.6%	19.3%
ROE	15.9%	16.9%	17.7%	17.9%	18.6%
ROA	5.9%	6.7%	7.4%	9.0%	11.2%
ROIC	8.6%	9.5%	10.2%	12.5%	15.7%
ALEV	2.8x	2.6x	2.4x	2.0x	1.7x
Debt/ Tangible Net worth	0.9x	0.9x	0.8x	0.5x	0.2x
Current Ratio	0.8x	0.6x	0.5x	0.6x	1.1x

Valuation

We conducted a valuation for Trans World Consolidated using Free Cash Flow to Firm (FCFF) but we will cite several definitions that are critical to understand the above mentioned valuation technique.

1.1 FCFF

It represents the cash available to investors after a company pays all its business costs, invests in current assets (e.g., receivables, inventory), and invests in long-term assets (e.g., building, equipment).

The following is FCFF of TWA over 2021-2025:

Free Cash Flow to Firm (PKR mn)	FY2021	FY2022	FY2023	FY2024	FY2025
EBITDA	4,018	4,752	5,602	6,546	7,100
- Taxes on EBIT	(805)	(995)	(1,220)	(1,350)	(1,504)
-/+ Working Investment Variation	422	(707)	(325)	(838)	(397)
- Change in CAPEX	(4,488)	(3,045)	(3,762)	(1,306)	(707)
- Minority Interest	(9)	(11)	(14)	(18)	(23)
FCFF	(861)	(7)	279	3,034	4,469
Terminal Value					25,734
Total FCFF + Terminal Value	(861)	(7)	279	3,034	30,203
Discount Factor	0.92	0.78	0.66	0.54	0.44
Enterprise Value	(796)	(5)	185	1,647	13,278
Total present value	14,309				

Source: Trans World & Prime Capital Estimates

1.2 Enterprise Value & Shareholders Equity Value

According to Free Cash Flow method, the Enterprise Value of TWA is estimated at PKR 14.3bn equivalent to USD 92.6mn based on exchange rate of 154.61 PKR/USD while the Shareholders' Equity is estimated at PKR 9bn equivalent to USD 58.28mn.

Valuation using FCFF	(PKR mn)	USD mn
Enterprise Value	14,309	92.55
Plus*:		
Excess Cash	744	
Other Non-Current Assets	198	
Less*:		
Accrued Liabilities	(140)	
Other Current Liabilities	(91)	
Deferred Tax Liability	(869)	
Debt	(5,140)	
Shareholders' Value	9,010	58.28

*Balance as of 31/12/2020

1.3 Market Based Approach

The market approach comprises the (1) Guideline company and the (2) Similar transaction methods.

The following table presents the **weighted Enterprise Value** based on the multiple approach applied:

	Value in (PKR mn)	Weight %	Weighted average value (PKR mn)	Weighted average value (USD mn)
EV/EBITDA	38,166	10%	3,817	24.69
P/E	11,471	90%	10,324	66.77
Enterprise value			14,140	91.46
PKR/USD	154.61			

The following table presents the **weighted Enterprise Value** based on the multiple approach and DCF approach:

	Value in (PKR mn)	Weight %	Weighted average value (PKR mn)	Weighted average value (USD mn)
DCF	14,309	80%	11,447	74.04
Average market based approach	14,140	20%	2,828	18.29
Average Enterprise Value			14,276	92.33
PKR/USD	154.61			

The following table presents the **weighted equity Value** based on the multiple approach:

	Value in (PKR mn)	Weight %	Weighted average value (PKR mn)	Weighted average value (USD mn)
EV/EBITDA	32,867	10%	3,287	21.26
P/E	7,075	90%	6,367	41.18
Average equity value			9,654	62.44
PKR/USD	154.61			

Based on the two approaches applied, the following table shows the **fair value of the equity** of the company as of 31/12/2020:

	Value in (PKR mn)	Weight %	Weighted average value (PKR mn)	Weighted average value (USD mn)
DCF	9,010	80%	7,208	46.62
Average market based approach	9,654	20%	1,931	12.49
Average equity value			9,139	59.11
PKR/USD	154.61			