

**Equity Research****General Update****October 11th, 2009**

| | | | |
|---------------------------|----------|------------------|------------------------|
| Current Price: | AED 1.16 | Country: | United Arab Emirates |
| Fair Value Target: | AED 1.42 | Sector: | Construction |
| Recommendation: | BUY | Exchange: | Dubai Financial Market |

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• We revise our fair value target based on Drake & Scull International's (DSI) better than expected performance: 1) DSI beat our net profit estimates by 15.0% in Q1 09 and confirmed the trend by exceeding our Q2 09 net profit expectations by 22.3%, and 2) H1 09 revenues reached AED 1.0bn with an NPM of 16.4% versus our projected revenues of AED 977.3mn and NPM of 14.1% - resulting in a gap of 2.3 percentage points in our forecasts. DSI has already generated 76.0% of our conservative AED 215.5mn net profit forecast for the year, facts that provide solid basis for an upward revision of our profitability forecasts.

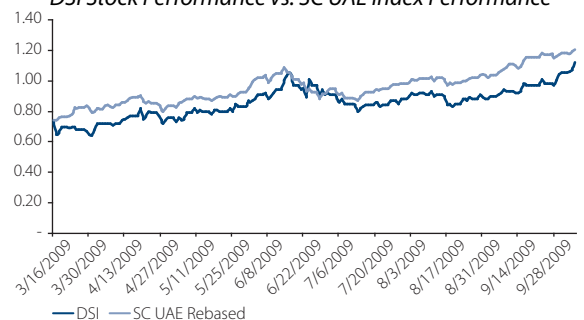
• In addition to the increase in profitability, DSI has secured AED 780.0mn of additional contracts in Abu Dhabi, Dubai and Thailand over the past ten weeks, a 30.1% boost to DSI's H1 09 backlog of AED 2.59bn. This includes the AED 400.0mn MEP contract which the company announced after market close on Wednesday the 7th of October.

• We re-iterate our BUY recommendation on DSI and revise our fair value target to AED 1.42 from the AED 0.89 per share we set in our initiation coverage of this name on the 1st of April 2009. Our revised fair value target implies an upside potential of 22.2% to the current share price of AED 1.16 per share.

| Year | Net profit (AED'000) | BV (AED'000) | EPS (AED) | BVPS (AED) | FCF yield 1 | FCF yield 2 | P/EBITDA 1 | P/EBITDA 2 | P/E (x) | P/BV (x) |
|---------|----------------------|--------------|-----------|------------|-------------|-------------|------------|------------|---------|----------|
| Dec-11E | 264,210 | 3,088 | 0.12 | 1.42 | 7.8% | 12.3% | 9.5 | 6.3 | 9.4 | 0.8 |
| Dec-10E | 285,508 | 2,877 | 0.13 | 1.33 | 8.5% | -10.7% | 9.2 | 6.1 | 8.7 | 0.9 |
| Dec-09E | 306,038 | 2,508 | 0.14 | 1.16 | -4.1% | N/A | 9.1 | 9.1 | 8.1 | 1.0 |
| Dec-08E | 209,900 | 2,234 | 0.10 | 1.03 | 2.9% | N/A | 15.4 | 15.4 | 11.9 | 1.1 |

Note: FCF yield 2 and P/EBITDA 2 assume acquisitions taking place in 2010

| | |
|--------------------------------|-----------|
| 52-week range (AED) | 0.64-1.16 |
| Number of shares ('000) | 2,147,378 |
| Free float | 55% |
| Market cap (AED '000) | 2,490,958 |
| Market cap (USD '000) | 677,259 |
| Dividend yield 2008 | - |

DSI Stock Performance vs. SC UAE Index Performance

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Investment thesis

Since our initiation coverage on Drake & Scull International (DSI) with a BUY recommendation on the 1st of April, the share price has had an impressive rally gaining 71% from AED 0.68 to AED 1.16 per share. This increase in the stock price exceeds the 47% rally of the DFMGI as well as the 43% surge of the SC GCC index.

We revise our fair value target based on DSI's better than expected performance: 1) DSI beat our net profit estimates by 15.0% in Q1 09 and confirmed the trend by exceeding our Q2 09 net profit expectations by 22.3%, and 2) H1 09 revenues reached AED 1.0bn with an NPM of 16.4% versus our projected revenues of AED 977.3mn and NPM of 14.1% - resulting in a gap of 2.3 percentage points in our forecasts. DSI has already generated 76.0% of our conservative AED 215.5mn net profit forecast for the year, facts that provide solid basis for an upward revision of our profitability forecasts.

Backlog additions - higher than burn rate

In addition to the increase in profitability, DSI has secured AED 780.0mn of additional contracts in Abu Dhabi, Dubai and Thailand over the past ten weeks, a 30.1% boost to DSI's H1 09 backlog of AED 2.59bn. This includes the AED 400.0mn MEP contract which the company announced after market close on Wednesday the 7th of October. This contract is for conducting MEP works for 15 buildings of 14 storeys each and 159 villas in Abu Dhabi.

With DSI's H1 09 backlog as our starting point, these new additions would put the company's work in hand at AED 3.37bn. Adjusting for our Q3 09 revenue projections of AED 504.8mn, the backlog should be around AED 2.86bn as of 9M 09, implying a net addition to the backlog of 10.6% on QoQ basis. In short, DSI is winning more than it burns. The implied 9M 09 backlog equates to 1.45x and 1.37x our revised revenue forecasts for FY 09 and FY 10 respectively. The backlog is 1.12x the forecasted revenues for the 15 months period between Q4 09 and FY 10-end.

Near term catalysts

Going forward, we expect the following near-term catalysts: 1) conclusion of at least one acquisition in Q4 09 which would reduce DSI's reliance on Dubai and boost future earnings growth, and 2) announcement of contract awards amounting to the equivalent of at least AED 250-500mn before year end adding between 8.7%-17.5% to the estimated 9M 09 backlog in the coming months.

Q3 09 earnings preview¹

We expect DSI to report Q3 09 net profits of AED 79.5mn, down 8.1% QoQ on the back of a slight decline in revenues, margins inline with Q1 09 and lower net interest income. The slower construction activity during summer months and the Holy month of Ramadan, will in our opinion slow down the revenue growth trend that DSI has been experiencing - with revenues for the quarter expected to come in at AED 504.8mn, slightly below Q2 09. We do not expect the 1.7 percentage points increase in Q2 09 EBITDA margins to be sustainable - leading us to expect Q3 09 margins resembling the first quarter of 2009.

¹

Excerpt from our Earnings Preview publication dated 30.09.2009.

Raising forecasts

As a result of DSI's better than expected performance, especially in terms of profitability and pace of backlog replenishment, we revise our revenue forecast for 2009 upwards by 8.8% from AED 1.82bn up to AED 1.98bn. Based on existing backlog, expected contract awards and increased earnings visibility our FY 10 and FY 11 revenue projection have been increased by 29.8% and 38.0% respectively.

On the back of our revised revenue projections and DSI's better than expected EBITDA margins in H1 09, we forecast FY 09 EBITDA to reach AED 274.7mn, 50.2% above our previous forecast for the year. FY 10 and FY 11 EBITDA are projected to reach AED 271.8mn and AED 263.5mn respectively, more than 2x our old projections. The rapid deterioration of the EBITDA margin, we were expecting at the time of our initiation report, has not materialised, with the company achieving an EBITDA margin of 15.3% in H1 09.

DSI managed to achieve AED 163.7mn in net profits in H1 09, making up 76.0% of our old FY 09 net profit estimate of AED 215.5mn. Given this better than expected profitability (H1 09 NPM of 16.4% versus our projected NPM of 14.1%), we raised our FY 09 NPM to 15.5% from 11.9%. We expect DSI's net profit to reach AED 306.0mn in 2009, up 42.0% from our old estimates based on higher contract awards and pricing power. Moving into FY 10 and FY 11, we forecast DSI's bottom-line to slide down to AED 285.5mn and AED 264.2mn respectively. Our new net profit margins (NPM) for FY 10 and FY 11 will land on 13.6% and 12.7% respectively, a 186 bps and 280 bps lower than our FY 09 margins and way ahead of the previous margin estimates of 9.0% and 7.5% respectively.

Revised forecasts for DSI (AED '000)

| Year to December | 2008 | 2009E | 2010E | 2011E | 2012E |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
| New revenue | 1,720,500 | 1,975,166 | 2,094,395 | 2,075,186 | 1,951,629 |
| Old revenue | 1,720,500 | 1,815,755 | 1,614,079 | 1,503,231 | 1,419,836 |
| New EBITDA | 162,100 | 274,724 | 271,772 | 263,447 | 223,212 |
| Old EBITDA | 162,100 | 182,930 | 133,197 | 115,653 | 115,557 |
| New EBITDA margin | 9.4% | 13.9% | 13.0% | 12.7% | 11.4% |
| Old EBITDA margin | 9.4% | 10.1% | 8.3% | 7.7% | 8.1% |
| New net profit | 209,900 | 306,038 | 285,508 | 264,210 | 228,965 |
| Old net profit | 209,900 | 215,510 | 144,607 | 112,932 | 110,442 |
| New net profit margin | 12.2% | 15.5% | 13.6% | 12.7% | 11.7% |
| Old net profit margin | 12.2% | 11.9% | 9.0% | 7.5% | 7.8% |
| Change | 0.0% | 42.0% | 97.4% | 134.0% | 107.3% |

Source: SHUAA Capital

Valuation

We re-iterate our BUY recommendation on DSI and revise our fair value target to AED 1.42 from the AED 0.89 per share we set at in our initiation coverage of this name on the 1st of April 2009. Our revised fair value target implies an upside potential of 22.2% to the current share price of AED 1.16 per share.

DSI's fair value

| Valuation | Fair value | Weighting | Weighted fair value/share |
|----------------------------------|------------|-----------|---------------------------|
| DCF | 1.29 | 25% | 0.32 |
| Relative | 1.34 | 25% | 0.34 |
| Adjusted DCF (incl. acquisition) | 1.52 | 50% | 0.76 |
| SC FV | | | 1.42 |
| Last close | | | 1.16 |
| Upside/(downside) | | | 22.2% |

Source: SHUAA Capital

Our fair value target is a weighted average of three valuation exercises. The first is a three-stage DCF valuation based on our financial projections excluding the potential impact of any acquisitions. Next, we performed a relative valuation based on the median EV/E, EV/EBITDA and P/E for a group of comparable companies. Finally, through what we would call adjusted DCF - we assessed the valuation impact of the likely partial deployment of the current cash position by DSI to acquire contracting companies in the region.

Given the high likelihood that DSI will make significant acquisitions in the near-term, we opted for a 50%-50% split in weightings. The DCF and relative valuations, which do not account for acquisitions were allocated a 25% weighting each. The remaining 50% were allocated to the adjusted DCF, which accounts for acquisitions.

All three valuation methods were subjected to our scenario analysis and assumptions on impairment of receivables, one of the key risks facing UAE contractors like DSI. As of H1 09 - end, DSI had AED 353.0mn in contract and trade receivables past due. To address this risk in our valuation, we opted to assume impairments ranging between AED 100-353mn (AED 0.05-0.16 per share) depending on the scenario. The assumed impairment per share was subsequently subtracted from the scenario specific fair value. In our April 2009 initiation report, we did not discount any past due receivable from our valuation; we believe this is an important addition to our valuation methodology that addresses concerns surrounding the potential client default risks prevailing in DSI's operating environment. This approach is inline with our valuations of Arabtec Holding (ARTC.DU [FV: AED 4.87]) and Depa Limited (DEPA.DI [FV: USD 1.02]).

Valuation in a global and regional context

Despite raising our fair value target by 59%, cross checking DSI's fair value implied FY 10 P/E with global industry averages reveals that the company would still be trading at a discount of 20%, even if our target price is achieved. The fair value implied FY 10 P/E multiple for DSI is 52% and 25% lower than its Chinese and Indian peers respectively.

DSI's valuation in global context

| Construction Sector P/E's | Global | US | UK | China | India | Russia | GCC |
|----------------------------|--------|------|------|-------|-------|--------|------|
| P/E 10 | 13.3 | 15.4 | 10.8 | 22.3 | 14.1 | 9.3 | 7.8 |
| GCC premium/(discount) | -42% | -49% | -28% | -65% | -45% | -17% | |
| DSI P/E 10E | | | | | | | 8.7 |
| DSI premium/(discount) | -35% | -43% | -19% | -61% | -61% | -7% | 12% |
| Fair value implied P/E 10E | | | | | | | 10.7 |
| DSI premium/(discount) | -20.1% | -31% | -1% | -52% | -25% | 14% | 37% |

Source: Reuters, SHUAA Capital

A comparison with GCC contractors suggests DSI's implied FY 10 P/E would be at a premium of 37% to FY 10 P/E of regional peers based on current share prices (rather than FV implied). Although we do believe that DSI's cash advantage is worth a premium, in our view, the difference is not purely a reflection of that reality but rather an indication of how cheap regional construction companies are relative to their FV and global peers.

Comparing our target price for DSI with that of Arabtec Holding (Arabtec) and Depa Limited (Depa), reveals that DSI's fair value results in a valuation premium of 18.2% and 8.4% respectively. We believe that DSI's net cash advantage and higher margins justify this premium over Arabtec. The company's cash and margin lead is smaller relative to Depa than to Arabtec. In addition, Depa has a more niche business model which could justify the lower premium.

DSI's FV versus Arabtec and Depa

| | |
|-------------------------------|------------|
| DSI FV implied P/E 10E | 10.7 |
| ARTC FV implied P/E 10E | 9.0 |
| DSI premium/(discount) | 18% |
| Depa FV implied P/E 10E | 9.8 |
| DSI Premium/(discount) | 8% |

Source: SHUAA Capital

Scenario driven three-stage DCF

Through our three-stage DCF, which was subjected to four different scenarios including impairment of receivables, we arrived at an estimated fair value of AED 1.29 per share compared to the AED 0.78 per share in our DSI initiation report dated April 1st, 2009. This implies an 11.5% upside to the latest closing price of AED 1.16 per share.

The DCF was based on a ten year forecast period and a terminal value. The weighted average cost of capital (WACC) used is 10.5%. To calculate the terminal value we used an ascending terminal growth rate from 0% in the doomsday scenario to 3% for the bull case.

We allocated 70% of the weighting to the doomsday, bear and base case scenarios combined - leaving 30% to the bull case. The DCF valuation range was AED 0.70-1.73 per share with DSI's net cash position contributing AED 0.48 per share. The terminal value contributes 13.3% of the fair value in the doomsday scenario and 40.5% in the bull case.

DSI's scenario weighted DCF fair value

| Scenario | Net cash/ share | PV of FCF/ share | TV/ share | FV/share before impaired receivables | Impaired receivables (AED mn) | Impairment/ share | FV | Weighting | Weighted FV/share |
|-------------------------------|--------------------|---------------------|--------------|---|-------------------------------------|----------------------|-------------|-----------|----------------------|
| Doomsday | 0.48 | 0.29 | 0.10 | 0.87 | 353.0 | (0.16) | 0.70 | 10% | 0.07 |
| % fair value contribution | 68.9% | 40.7% | 13.8% | | | -23.4% | 100% | | |
| Bear | 0.48 | 0.36 | 0.21 | 1.06 | 200.0 | (0.09) | 0.96 | 20% | 0.19 |
| % fair value contribution | 50.2% | 37.8% | 21.6% | | | -9.7% | 100% | | |
| Base | 0.48 | 0.47 | 0.39 | 1.34 | 150.0 | (0.07) | 1.27 | 40% | 0.51 |
| % fair value contribution | 38.0% | 36.6% | 30.9% | | | -5.5% | 100% | | |
| Bull | 0.48 | 0.59 | 0.70 | 1.78 | 100.0 | (0.05) | 1.73 | 30% | 0.52 |
| % fair value contribution | 27.9% | 34.3% | 40.5% | | | -2.7% | 100% | | |
| SC FV per share | | | | | | | | | 1.29 |
| Last close | | | | | | | | | 1.16 |
| Upside/ (downside) | | | | | | | | | 11.5% |

Source: SHUAA Capital

Relative valuation

The relative valuation method resulted in an equity value for DSI of AED 1.34 per share, implying an upside of 15.8% to the last close based on median FY 10E EV/E, EV/EBITDA and P/E of selected peers. This compares with AED 0.81 per share in our initiation report as valuation multiples have increased significantly since April 2009. Using the same group of peers as in our initiation report, we derive an FY10E EV/EBITDA of 4.8x compared to 3.3x back in April, and a 2010E EV/E multiple of 8.3x compared to 5.0x in our previous projections. In addition to the EV/EBITDA and EV/E based valuations we utilised in our initiation, we now include a P/E 10 valuation.

DSI's peers

| Company | Country | Market Cap (USD mn) | P/E (2010E) | EV/EBITDA (2010E) | EV/Net profit (2010E) |
|---------------------------------------|--------------|---------------------|-------------|-------------------|-----------------------|
| Arabtec Holding | UAE | 1,136 | 6.2 | 4.4 | 7.6 |
| Leighton Holdings Limited | Australia | 8,873 | 8.1 | 3.8 | 6.9 |
| Long Yuan Construction Group Co., Ltd | China | 1,161 | 15.0 | 6.5 | 16.3 |
| Balfour Beatty plc | UK | 2,416 | 23.9 | 14.9 | 30.6 |
| Perini Corporation | USA | 961 | 8.1 | 4.8 | 8.3 |
| Murray & Roberts Holdings Limited | South Africa | 2,259 | 7.8 | 3.0 | 5.7 |
| Voltas Limited | India | 1,026 | 15.4 | 11.6 | 16.2 |
| Median | | | 8.1 | 4.8 | 8.3 |

Source: Reuters, SHUAA Capital
Note: prices as of 06.10.2009

We maintained our EV/E weighting of 70% and allocated 15% each for the EV/EBITDA and P/E valuations. We favour the EV/E over the other metrics in our weighting simply on the grounds that it is the only multiple that captures DSI's net cash position and the tax advantage that regional companies enjoy over their emerging market peers.

In a conservative attempt to account for the valuation impact of potential future impairments of receivables past due, we subtracted the entire assumed scenario specific past due amount from the relative valuation based equity value to derive our fair value per share for DSI. These impairments ranged from AED 0.05 per share (bull case scenario) to AED 0.16 per share (doomsday scenario).

Valuation post impairment

| Multiple | Fair value/share | Weighting | Weighted fair value/share |
|--------------------------|------------------|-----------|---------------------------|
| EV/E 2010E | 1.49 | 70% | 1.04 |
| EV/EBITDA 2010E | 1.00 | 15% | 0.15 |
| P/E 2010E | 1.00 | 15% | 0.15 |
| SC FV per share | | | 1.34 |
| Last close | | | 1.16 |
| Upside/(downside) | | | 15.8% |

Source: SHUAA Capital

Adjusted DCF - Impact of acquisitions

Using the same methodology as in our initiation report we derive a fair value of AED 1.52 per share through our weighted and scenario driven adjusted DCF, compared to AED 0.98 in our initiation report, implying a 30.8% upside potential from the latest closing price of AED 1.16 per share.

The major changes from our last valuation were the increase in our selected peer group P/ EBITDA multiple to 4.3x from 3.3x along with higher EBITDA margin across the projection period (average margin of 11.6% in 2010-2018 period vs. 7.3% in our initiation report). We also opted to include potential impairments in our valuations. The derived valuation range is AED 0.67-2.15 per share, implying a maximum downside of 42.0% to the current share price versus a maximum upside of 85.4%.

DSI's fair value assuming acquisitions, post impairments

| Scenario | Fair value | Weighting | Weighted fair value/share |
|--------------------------|------------|-----------|---------------------------|
| Doomsday | 0.67 | 10% | 0.07 |
| Bear | 1.04 | 20% | 0.21 |
| Base | 1.49 | 40% | 0.60 |
| Bull | 2.15 | 30% | 0.65 |
| SC FV per share | | | 1.52 |
| Last close | | | 1.16 |
| Upside/(downside) | | | 30.8% |

Source: SHUAA Capital

Our adjusted DCF implies that acquisitions under all scenarios would be value accretive, except for the doomsday scenario which would destroy 4.2% of shareholder value.

To acquire or not to acquire

| Detail | Doomsday | Bear | Base | Bull |
|--|---------------|---------------|--------------|--------------|
| Impairment per share | (0.16) | (0.09) | (0.07) | (0.05) |
| Excluding acquisitions, post impairment | 0.70 | 0.96 | 1.27 | 1.73 |
| Including acquisitions, post impairment | 0.67 | 1.04 | 1.49 | 2.15 |
| Value addition/(destruction) | (0.03) | 0.08 | 0.22 | 0.42 |
| % value addition/(destruction) | -4.2% | 8.0% | 17.1% | 24.0% |
| Upside/(downside) including acquisition | -42.0% | -10.3% | 28.6% | 85.4% |

Source: SHUAA Capital

Financials

Consolidated pro forma income statement (AED '000)

| Year to December | 2007 | 2008 | 2009E | 2010E | 2011E | 2012E |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 820,456 | 1,720,500 | 1,975,166 | 2,094,395 | 2,075,186 | 1,951,629 |
| Cost of sales | (665,327) | (1,396,000) | (1,599,639) | (1,715,326) | (1,708,244) | (1,637,022) |
| Gross profit | 155,129 | 324,500 | 375,527 | 379,069 | 366,942 | 314,607 |
| Selling, general & administrative expenses | (49,710) | (135,000) | (123,403) | (137,471) | (141,431) | (136,827) |
| EBITDA | 120,700 | 162,100 | 274,724 | 271,772 | 263,447 | 223,212 |
| EBIT | 105,419 | 141,200 | 252,124 | 241,598 | 225,511 | 177,780 |
| Other income | 6,511 | 26,000 | (5,626) | - | - | - |
| Net interest | (4,766) | 16,700 | 72,270 | 59,390 | 54,241 | 63,846 |
| Net IPO income | - | 28,000 | - | - | - | - |
| Tax | - | - | (599) | (3,654) | (1,864) | (1,507) |
| Minority interest | (5,655) | (2,000) | (12,131) | (11,826) | (13,678) | (11,155) |
| Net profit | 101,509 | 209,900 | 306,038 | 285,508 | 264,210 | 228,965 |
| EPS (AED) | 0.05 | 0.10 | 0.14 | 0.13 | 0.12 | 0.11 |

Source: DSI, SHUAA Capital

Consolidated balance sheet (AED '000)

| Year to December | 2007 | 2008 | 2009E | 2010E | 2011E | 2012E |
|--------------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Bank balances and cash | 127,524 | 1,399,179 | 1,298,815 | 1,656,184 | 1,849,935 | 2,187,056 |
| Loan to shareholder | - | 45,000 | - | - | - | - |
| Trading securities | 10,783 | 12,097 | 6,645 | 6,645 | 6,645 | 6,645 |
| Prepayments and other receivables | 40,690 | 145,068 | 189,400 | 200,832 | 198,990 | 187,143 |
| Due from related parties | 349 | 19,342 | 27,057 | 22,952 | 19,899 | 18,714 |
| Contract receivables and retentions | 333,589 | 652,808 | 865,826 | 889,401 | 881,243 | 802,039 |
| Contract work in progress | 151,466 | 280,466 | 378,799 | 372,974 | 369,554 | 347,550 |
| Inventories | 3,158 | 2,418 | 5,411 | 4,590 | 4,548 | 4,278 |
| Development properties | 38,196 | 21,106 | 21,106 | 21,106 | 21,106 | 21,106 |
| Total current assets | 705,755 | 2,577,485 | 2,793,059 | 3,174,685 | 3,351,921 | 3,574,531 |
| Property, plant and equipment | 95,663 | 171,530 | 190,607 | 204,624 | 210,474 | 206,221 |
| Goodwill and other intangible assets | 147,020 | 825,464 | 830,464 | 830,464 | 830,464 | 830,464 |
| Available-for-sale investments | 10,214 | 12,576 | 12,576 | 12,576 | 12,576 | 12,576 |
| Total non-current assets | 252,897 | 1,009,570 | 1,033,647 | 1,047,664 | 1,053,514 | 1,049,261 |
| Total Assets | 958,653 | 3,587,055 | 3,826,706 | 4,222,349 | 4,405,435 | 4,623,792 |
| Accounts payable and accruals | 373,822 | 668,356 | 723,125 | 775,421 | 772,220 | 748,994 |
| Due to related parties | 1,821 | 21,623 | 26,295 | 23,498 | 18,720 | 17,940 |
| Advances received from customers | 154,891 | 353,836 | 328,693 | 281,971 | 257,407 | 224,250 |
| Due to banks | 54,520 | 83,754 | 87,990 | 89,445 | 88,454 | 81,583 |
| Term loans | 4,851 | 168,633 | 73,325 | 74,538 | 73,712 | 67,986 |
| Excess billings | 22,480 | 27,548 | 35,061 | 46,995 | 46,801 | 44,850 |
| Total current liabilities | 612,385 | 1,323,750 | 1,274,488 | 1,291,868 | 1,257,314 | 1,185,603 |
| Employees' end of service benefits | 12,256 | 19,779 | 29,649 | 38,380 | 45,231 | 54,369 |
| Term loans | 6,384 | 9,463 | 14,665 | 14,908 | 14,742 | 13,597 |
| Due to related parties | 175,240 | - | - | - | - | - |
| Total non-current liabilities | 193,880 | 29,242 | 44,314 | 53,288 | 59,973 | 67,966 |
| Total Liabilities | 806,264 | 1,352,992 | 1,318,802 | 1,345,156 | 1,317,287 | 1,253,569 |
| Total shareholders' equity | 143,988 | 2,219,734 | 2,495,772 | 2,853,236 | 3,050,513 | 3,321,434 |
| Minority interest | 8,400 | 14,328 | 12,131 | 23,957 | 37,635 | 48,790 |
| Total equity | 152,388 | 2,234,062 | 2,507,904 | 2,877,193 | 3,088,148 | 3,370,224 |
| Total liabilities and equity | 958,653 | 3,587,055 | 3,826,706 | 4,222,349 | 4,405,435 | 4,623,792 |

Source: DSI, SHUAA Capital

Key ratios

| | 2008 | 2009E | 2010E | 2011E | 2012E |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Growth | | | | | |
| Revenues | 109.7% | 14.8% | 6.0% | -0.9% | -6.0% |
| Gross profit | 109.2% | 15.7% | 0.9% | -3.2% | -14.3% |
| EBITDA | 34.3% | 69.5% | -1.1% | -3.1% | -15.3% |
| Net Income | 106.8% | 45.8% | -6.7% | -7.5% | -13.3% |
| Assets | 274.2% | 6.7% | 10.3% | 4.3% | 5.0% |
| Equity | 1366.0% | 12.3% | 14.7% | 7.3% | 9.1% |
| | | | | | |
| Margins & Profitability | | | | | |
| Gross profit margin | 18.9% | 19.0% | 18.1% | 17.7% | 16.1% |
| EBITDA Margin | 9.4% | 13.9% | 13.0% | 12.7% | 11.4% |
| Net profit Margin | 12.2% | 15.5% | 13.6% | 12.7% | 11.7% |
| RoAE | 17.8% | 12.9% | 10.6% | 8.9% | 7.1% |
| RoAA | 9.2% | 11.0% | 7.4% | 6.4% | 5.2% |
| | | | | | |
| Leverage | | | | | |
| Net Debt (Cash) (AED '000) | (1,137,329) | (1,122,835) | (1,477,294) | (1,673,027) | (2,023,889) |
| Total Debt to Equity | 11.8% | 7.1% | 6.3% | 5.8% | 4.9% |
| | | | | | |
| Valuation | | | | | |
| Number of ordinary shares ('000) | 2,147,378 | 2,147,378 | 2,147,378 | 2,147,378 | 2,147,378 |
| EPS | 0.10 | 0.14 | 0.13 | 0.12 | 0.11 |
| BVPS | 1.03 | 1.16 | 1.33 | 1.42 | 1.55 |
| P/BV | 1.1 | 1.0 | 0.9 | 0.8 | 0.7 |
| P/E | 11.9 | 8.1 | 8.7 | 9.4 | 10.9 |
| Fair value based P/E | 14.5 | 9.9 | 10.7 | 11.5 | 13.3 |
| P/EBITDA | 15.4 | 9.1 | 9.2 | 9.5 | 11.2 |
| P/EBITDA (incl. acquisition) | 15.4 | 9.1 | 6.1 | 6.3 | 7.4 |
| Dividend Yield | 0.0% | 0.0% | 4.4% | 4.4% | 4.4% |
| FCF yield | 2.9% | -4.1% | 8.5% | 7.8% | 9.4% |
| FCF yield (incl. acquisition) | N/A | N/A | -10.7% | 12.3% | 13.1% |
| | | | | | |
| Liquidity | | | | | |
| Cash conversion cycle | (47) | 17 | 20 | 25 | 23 |
| Cash ratio | 1.1 | 1.0 | 1.3 | 1.5 | 1.9 |

Note: FCF yield 2 and P/EBITDA 2 assume acquisitions taking place in 2010
Source: DSI, SHUAA Capital

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