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Global Telecom Holding S.A.E.

Valuation executive summary

July 2019

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22 July 2019

Dear Sirs

Global Telecom Holding S.A.E. – Company valuation

In accordance with your instructions, we have pleasure in enclosing a copy of our executive summary prepared in connection with the valuation of Global Telecom Holding S.A.E. (**GTHE** or the **Company)** as at 31 March 2019.

This executive summary is confidential and has been prepared exclusively for GTHE. It should not be used, reproduced or circulated for any other purpose, in whole or in part, without our prior written consent, other than in accordance with the terms of the Letter of engagement. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than GTHE for our work, our executive summary and other communications, or for any opinions we have formed. We do not accept any responsibility for any loss or damages arising out of the use of the report by the addressee(s) for any purpose other than in connection with GTHE.

Yours faithfully

Grant Thornton Egypt

If you have any questions in respect of this report or its contents, please contact:

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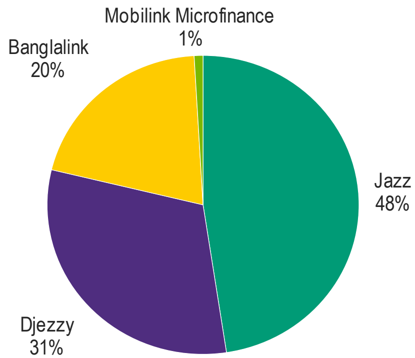
Section 1: Executive Summary – Global Telecom Holding

GTH is publicly traded on the Egyptian Stock Exchange operating in the telecommunication sector in Pakistan, Algeria and Bangladesh

GTH total revenue breakdown per companies as at 31 December 2018



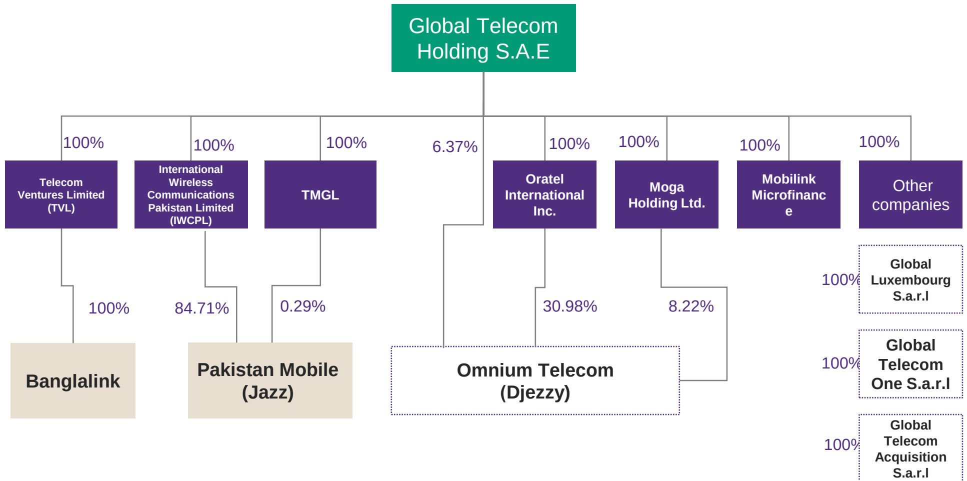
Sources: 1. Grant Thornton analysis 2. Management information

Business Overview

- Global Telecom Holding SAE is a publicly traded company listed on the Egyptian Stock Exchange operating in the telecommunication industry specialized in wireless telecommunication services.
- From 200,000 subscribers in 1998 to more than 100 million subscribers in 2018. Global Telecom Holding has a global position among major companies and today is one of the largest telecom operators around the world. Furthermore, Global Telecom Holding operates in emerging markets.
- Global Telecom runs GSM networks in Algeria (Djezzy), Pakistan (Jazz), and Bangladesh (Banglalink). In addition, it owns Mobilink Microfinance, one of the leading microfinance and e-banking banks in Pakistan.
- Djezzy started its operations in February 2002. The company has grown to become a leader in the Algerian market in terms of the number of subscribers and the quality of the telecommunications services provided. Today, the company offers mobile services to 16 million subscribers in its network and owns 32.5% of the market share.
- Jazz , formerly Mobilink , started its operations in Pakistan in 1994. In April 2001, Global Telecom started to manage the company. In 2016, Mobilink and Warid merged and reached about 56 million customers with a market share of about 38% of the market in Pakistan.
- In September 2004, Global Telecom acquired Chiba Telecom Limited in Bangladesh. Subsequently, Global Telecom decided to change the company's name to Banglalink in February 2005. Moreover, Banglalink provides services to more than 30 million subscribers, and holds a market share of 21.6%.
- The ratio of the companies' revenues to the total revenues of Global Telecom in March 2019 is as follow:
  - Jazz 48%
  - Djezzy 31%
  - Banglalink 20%
  - Mobilink Microfinance Bank 1%

Global Telecom Holding's ownership structure shows direct and indirect investments as at 31 March 2019 (Valuation date)

GTH organizational structure - 31 March 2019



Sources: 1- Grant Thornton 2- Management Information

Global Telecom Holding's ownership overview:

- Global Telecom Holding SAE owns investments directly and indirectly.
- The corresponding diagram shows the company's investments as of 31 March 2019:
  - GTH owns 100% of Telecom Ventures Limited (TVL), which owns 100% of Banglalink.
  - GTH owns International Wireless Communications Pakistan Limited (IWCPL), which owns 84.7% of Pakistan Mobile (Jazz).
  - GTH owns TMGL, which also owns 0.29% of Jazz.
  - GTH owns Oratel International Inc, which owns 30.98% of Omnium Telecom (Djezzy).
  - GTH owns Moga Holding Ltd., which also owns 8.22% of Omnium Telecom (Djezzy).
  - GTH directly owns 6.37% of Omnium Telecom (Djezzy)
  - GTH directly owns 100% of Mobilink Microfinance Bank
  - GTH owns other small and medium sized company as shown in the chart opposite.

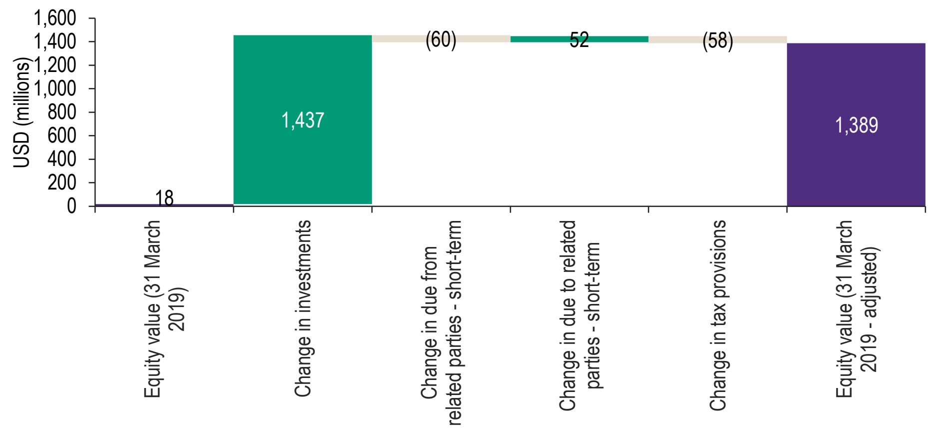
We conclude that the equity value of Global Telecom Holding is $1,388.9 million as at 31 March 2019 indicating a share price of EGP 4.93 per share

Global Telecom Holding – Adjusted Book Value

USD'mn unless stated otherwise	Adjusted 3M 2019	3M 2019
Assets		
Non current assets		
Investments	3,156.7	1,719.7
Property and equipment	0.1	0.1
Total non-current assets	**3,156.8**	**1,719.8**
Current assets		
Due to related Parties	0.9	61.1
Other debit balances	7.9	7.9
Cash and cash equivalents	4.3	4.3
Total current assets	**13.1**	**73.3**
Total assets	**3,169.9**	**1,793.1**
Equity and liabilities		
(Net Deficit)/Total equity	18.3	18.3
FV uplift	1,370.6	
Total equity	**1,388.9**	**18.3**
Liabilities		
Non-current liabilities		
Due to related Parties	1,200.0	1,200.0
Total non-current liabilities	**1,200.0**	**1,200.0**
Current liabilities		
Due to related parties	390.6	442.8
Other credit balances	190.4	132.0
Total current libailities	**581.0**	**574.8**
Total liabilites	**1,781.0**	**1,774.8**
Total equity and liabilites	**3,169.9**	**1,793.1**
Exchange rate (USD:EGP)	16.75	
Equity value (EGP - millions)	23,265	
Number of shares as at 31 March 2019	4,721	
Share price	**4.93**	

Sources: 1. Grant Thornton analysis 2. Management information

Global Telecom Holding – valuation bridge



Sources: 1. Grant Thornton analysis 2. Management information

Valuation Summary

- We have used Adjusted Book Value (ABV) method to derive the Equity value of Global Telecom Holding. We adjusted the book value of the equity in 31 March 2019 with the fair value of the company's investments in Jazz (Pakistan), Djezzy (Algeria), Banglalink (Bangladesh) and Mobilink microfinance bank.
- The company has direct and indirect investments in the stated companies.
- We valued the investments according to their fair value which amounted to $3,156.7 million in comparison to its book value in 31 March 2019 $1,719.7 million, this shows an increase by $1,437.0 million.
- We have settled the balances of the related parties between Global Telecom Holding Company and the associates directly owning the aforementioned investments.

We conclude that the equity value of Global Telecom Holding is $1,388.9 million as at 31 March 2019 indicating a share price of EGP 4.93 per share

Global Telecom Holding – Adjusted Book Value

USD'mn unless stated otherwise	Adjusted 3M 2019	3M 2019
Assets		
Non current assets		
Investments	3,156.7	1,719.7
Property and equipment	0.1	0.1
Total non-current assets	**3,156.8**	**1,719.8**
Current assets		
Due to related Parties	0.9	61.1
Other debit balances	7.9	7.9
Cash and cash equivalents	4.3	4.3
Total current assets	**13.1**	**73.3**
Total assets	**3,169.9**	**1,793.1**
Equity and liabilities		
(Net Deficit)/Total equity	18.3	18.3
FV uplift	1,370.6	
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Non-current liabilities		
Due to related Parties	1,200.0	1,200.0
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Total equity and liabilites	**3,169.9**	**1,793.1**
Exchange rate (USD:EGP)	16.75	
Equity value (EGP - millions)	23,265	
Number of shares as at 31 March 2019	4,721	
Share price	**4.93**	

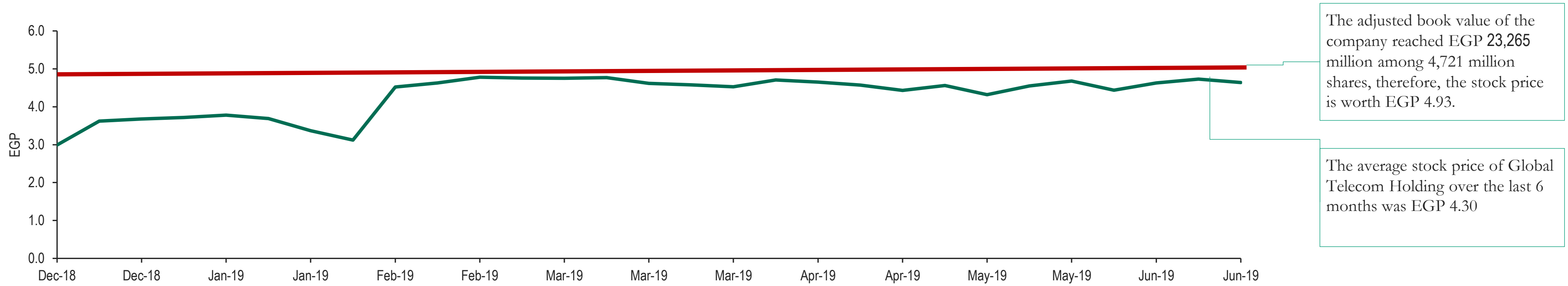
Sources: 1. Grant Thornton analysis 2. Management information

Valuation Summary (Cont'd)

- As shown in the table opposite, the due from related parties (current) has decreased from $61.1 million to $0.9 million. Similarly, the due to related parties (current) has decreased from $442.8 million to $390.6 million. Tax provisions balance increased by c.$58.4 million increasing Other credit balances from $132.0 million to $190.4 million as presented in the table opposite
- The total change in the value of equity at the date of the valuation is $1,370.6 million.
- After accounting for the balance at the beginning of the period which was $18.3 million, the adjusted book value of Global Telecom Holding amounted to $1,388.9 as at 31 March 2019 as illustrated in the table opposite
- The equity value of Global Telecom Holding is EGP 23,265 million divided over c.4,721 shares indicating a share price of EGP 4.93

We conclude that the equity value of Global Telecom Holding is $1,388.9 million as at 31 March 2019 indicating a share price of EGP 4.93 per share

Valuation summary – the stock price of GTH in the last 6 months in the Egyptian Stock Market



Sources: 1. Grant Thornton analysis 2. S&P Capital IQ

Valuation Summary (Cont'd)

- As mentioned before, the adjusted book value of Global Telecom Holding amounted to EGP 23,265 million divided over 4,721 million shares indicating a share price of EGP 4.93
- We analysed the share price of Global Telecom Holding for the last 6 months based on the average weekly stock price from the period starting December 2018 to June 2019 according to S&P Capital IQ as shown in the graph above.
- The average stock price of Global Telecom Holding during the last 6 months was EGP 4.30.

The value of the company's investments amounted to $3,157.1 million with an uplift of $1,437.4 million over the book value as at 31 March 2019

The Adjusted book value of Global Telecom Holding investments

USD'mn unless stated otherwise	Country	GTH direct ownership	GTH indirect ownership	31 March 2019-adjusted	3/31/2019
Telecom Ventures Limited (TVL) owns 100% of Banglalink	Malta	100.00%	100.00%	245.0	1,262.6
Interational Wireless Communication Pakistan Ltd. (IWCPL) owns 84.71% in Jazz	Malta	100.00%	84.71%	2,255.8	762.6
TMGL owns 0.29% in Jazz	Malta	100.00%	0.29%	4.2	
Oratel owns 30.98% in Djezzy	Malta	100.00%	30.98%	356.9	323.7
Moga owns 8.25% in Djezzy	Malta	100.00%	8.22%	94.7	43.0
GTH owns 6.37% in Djezzy	Algeria	6.37%	6.37%	73.4	56.5
Mobilink Microfinance Bank	Pakistan	100.00%	100.00%	124.7	25.3
Other companies				2.0	2.0
				3,156.7	**2,475.7**
Impairment loss in investment				-	(756.0)
Total investments				**3,156.7**	**1,719.7**
Adjusted book value of GTH investments as at 31 March 2019				**1,437.0**	

Sources: 1. Grant Thornton analysis 2. Management information

Valuation Summary

- Global Telecom Holding owns investments directly and indirectly. The table above shows GTH's direct and indirect investments.
- GTH owns 100% of TVL, and TVL owns 100% of Banglalink. Banglalink was valued at $245.2 million. The net adjusted book value of TVL amounted to $245.0 million after accounting for the company's assets and liabilities at 31 March 2019.
- GTH owns 100% of IWCPL, and IWCPL owns 84.71% of Jazz. Furthermore, Global Telecom Holding owns 100% of TMGL, which owns 0.29% of Jazz. Jazz was valued at $2,695.4 million, The net adjusted book value of IWCPL and TMGL amounted to $2,255.8 million and $4.2 million respectively after accounting for the company's assets and liabilities at 31 March 2019

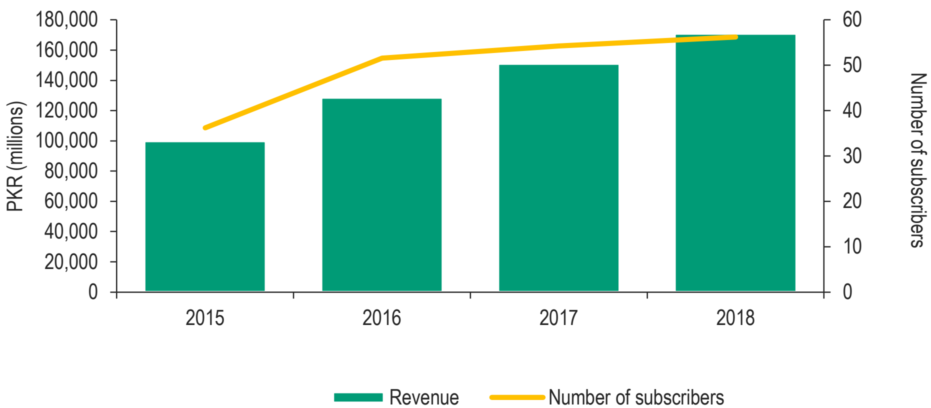
Valuation Summary (Cont'd)

- GTH owns 100% of Oratel and Moga. Furthermore, these two companies own 30.98% and 8.22% of Djezzy. Global Telecom Holding also directly owns 6.37% of Djezzy's. We have valued Djezzy at $1,152.1 million, the value of the GTH's indirect and direct investments in Djezzy through Oratel and Moga amounted to $356.9 million, $94.7 million, and $73.4 million respectively, after accounting for the company's assets and liabilities at 31 March 2019
- GTH directly owns 100% of Mobilink Microfinance. We have valued Mobilink Microfinance bank at $124.7 million, as shown in the table above.
- The total change in GTH's investments reached $1,437.0 million.

Section 2: Executive Summary – Jazz

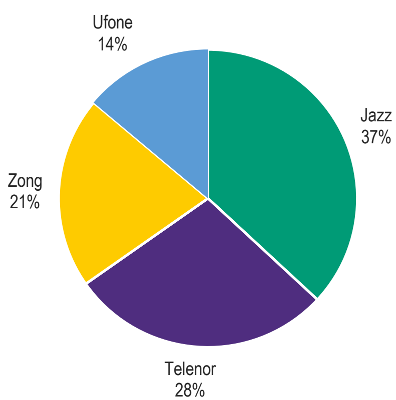
Jazz is market leader in Pakistan following the merger of Mobilink and Warid in July 2016 with over 56 million subscribers and a market share of c.37%

Jazz's revenues and number of subscribers from 2015 to 2018



Sources: 1. Grant Thornton analysis 2. Management information

Market share of telecommunication sector in Pakistan



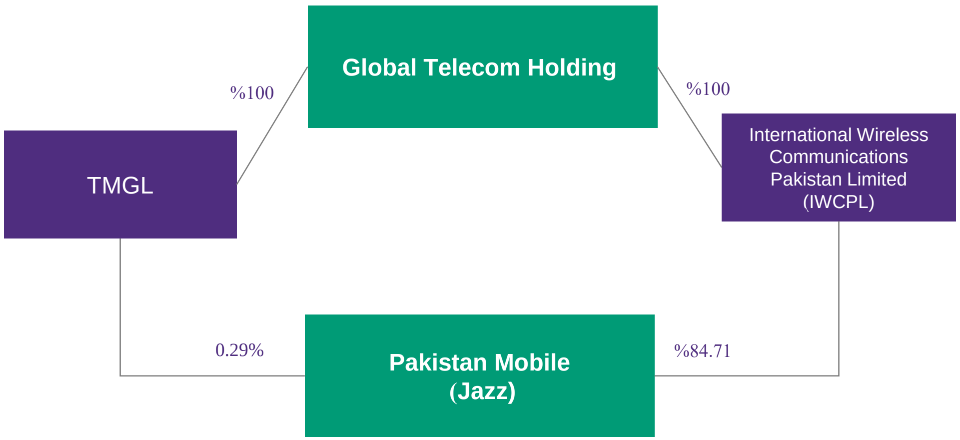
Sources: 1. Grant Thornton analysis 2. Management information

Business Overview

- The company is the market leader in Pakistan following the merger of Mobilink and Warid in July 2016. The number of subscribers reached about 56 million with a market share of about 37% in Pakistan.
- The company offers a range of mobile voice services, internet data, prepaid data and invoices for individual and corporate customers through the brand Jazz. There is a variety of price ranges to suit all customers.
- Jazz covers more than 20,000 cities/towns, with more than 8,500 communication towers, and the number is increasing rapidly.
- Pakistan's telecommunication market is dominated by 4 companies, Jazz owns the largest market share and remains a fierce competitor in the market. The company continued to show growth in revenues and number of subscribers with an annual increase of c.13% and c.5% in total revenue and customer base in 2018.
- In 2018, the market remained competitive, especially in internet offers, the company aims to provide new services to drive growth. The pricing environment in the market is reasonable but the company still maintains its special prices compared to competitors.
- The number of subscribers have increased by 5% year-on-year in 2018 driven by the company's expansion plan to improve services to subscribers in terms of quality of the service and coverage, and thus the increase in the number of new subscribers.
- One of the company's main priorities is to achieve revenue growth from mobile and data services.
- Over the expected study period, which is a five year period from 2019 to 2023, growth in both revenues and subscribers is expected to continue at a CAGR of c.6.3% and c.4.1% respectively during the study period.
- The economic environment in Pakistan will remain challenging and competitive, as the currency continues to depreciate in value.

Global Telecom Holding owns 85% of Pakistan Mobile (Jazz) indirectly, through owning shares in sister companies by 84.71% and 0.29%

GTH's ownership structure - Pakistan Mobile (Jazz)



Sources: 1. Grant Thornton analysis 2. Management information

Global Telecom Holding's ownership structure for Jazz

- Global Telecom Holding owns 85.0% of Jazz indirectly, through owning shares in sister companies, the ownership in the sister companies are as follows:
  - International Wireless Communications Pakistan Limited (IWCPL), which owns 84.71% of Jazz.
  - TMGL, which owns 0.29% of Jazz.
- The following diagram shows Global Telecom Holding's ownership for Jazz.

The value of 100% of Jazz's equity share capital is $2,695.4 million based on the income and market approach as at 31 March 2019

Valuation summary

PKR (millions)	2019	2020
Income approach - DCF		
Enterprise value	464,137	464,137
Add: cash and cash equivalents	36,090	36,090
Add: assets held for sale	2,904	2,904
Less: debt	(98,193)	(98,193)
Equity value	**404,938**	**404,938**
Market approach - EV/EBITDA		
Enterprise value	566,846	547,879
Add: cash and cash equivalents	36,090	36,090
Add: assets held for sale	2,904	2,904
Less: debt	(98,193)	(98,193)
Equity value	**507,647**	**488,680**
Average equity value of 2019 & 2020	**498,164**	
Market approach - Transactions		
Enterprise value	460,769	460,769
Add: cash and cash equivalents	36,090	36,090
Add: assets held for sale	2,904	2,904
Equity value	**401,570**	**401,570**
Average equity value of 2019 & 2020	**401,570**	
Summary		
Income approach - DCF (60%)	242,963	
Market approach - EV/EBITDA (20%)	99,633	
Market approach - Transactions (20%)	80,314	
Equity value (PKR - millions)	**422,910**	
Equity value ($- millions)	**2,695.4**	

Sources: 1. Grant Thornton analysis

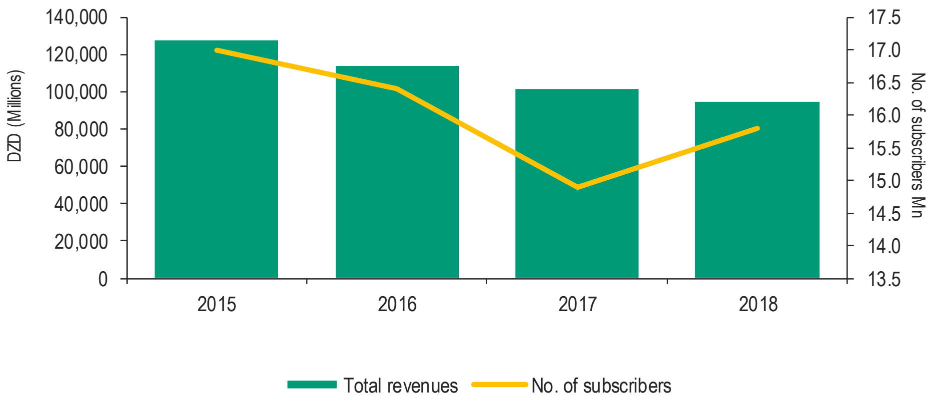
Valuation Summary

- We have used Discounted Cash Flow (DCF) analysis together with market multiples approach to derive the value of 100% of Jazz. Our analysis is based on Management's most recent forecasts from FY19 to FY23
- Using Management's forecasts, we have applied a discount rate of 15.2% and a terminal growth rate of c.5.4% in our DCF analysis deriving an enterprise value of PKR 464,137 million
- After deducting the Company's current net debt as at 31 March 2019, we have derived an equity value of PKR 404,938 million
- Using the market approach, we sought to assess Jazz's enterprise value based on market evidence using EBITDA multiples obtained from comparable guideline public companies (GPCs) and comparable transactions in the Telecom sector
- Our GPC analysis indicates a current year and forecast EBITDA multiples (Median) of 7.4x and 7.1x. We have applied a discount of 20% and 25% to the GPCs multiples deriving an EV/EBITDA multiple range of 5.9x and 5.3x. We have also applied a 20% discount on the transactions multiples deriving an EV/EBITDA multiple range of 4.8x
- Applying Jazz's EBITDA in FY19 and FY20 our market approach valuation derives an average enterprise value of PKR 557,363 million and PKR 460,769 million respectively based on our GPCs and transactions analysis in the sector
- After deducting net debt, we conclude that the average equity value of Jazz based on our GPCs and transaction analysis is PKR 498,164 million and PKR 401,570 million respectively.
- We have allocated a weight of 60% to our income approach and 20% each to the market approach and transaction analysis.
- The value of 100% of Jazz's equity share capital is PKR 422,910 million ($2,695.4 million) based on the income and market approach as at 31 March 2019

Section 3: Executive summary – Djezzy

Djezzy is one of the leading companies in the Algerian telecommunication market with c.16 million subscribers and a market share of c.34%

Djezzy's revenue and number of subscribers from 2015 until 2018



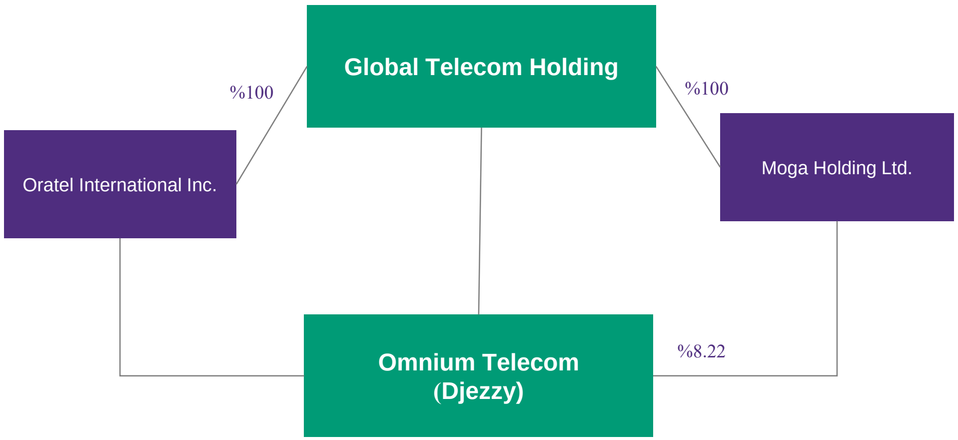
Sources: 1. Grant Thornton analysis 2. Management information

Business Overview

- Djezzy obtained a license to operate in mobile services in 2001 and launched its network on February 15, 2002. The company is one of the leading companies in the Algerian telecommunication industry, with c.16 million subscribers by the end of first quarter of 2019 and a market share of c.34%.
- The company offers a wide range of services and offers such as prepaid services, internet and value added services, 3G services is available in 48 cities/towns since the end of 2016. 4G services were launched in October 2016 and the company is continuing its expansion in the cities.
- In 2015, the National Investment Fund acquired 51% of the company's capital after 3 years of negotiations. Global Telecom Holding holds about 45.5% of the company directly and indirectly.
- The competition in the telecommunication market in Algeria continued and was evident in 2018 in mobile and internet data services, and that put a huge pressure on the prices and average revenue per user in 2018.
- The company decided to renew offers on prepaid and postpaid services through new methods aiming to increase value with the protection of the subscriber base with competitive offers.
- The company improved in the first quarter of 2019 in terms of subscribers growth which increased by 4.5% compared to the same period in 2018. On the other hand, revenue decreased by 1.3% in the first quarter of 2019 compared to the first quarter of 2018.
- In the first quarter of 2019 EBITDA increased by 1.8% on annual basis, mainly due to decrease in selling and marketing expenses.
- Djezzy has the largest stake in Algeria's telecommunication industry, as the market is dominated by three companies, Djezzy, Mobilis and Ooreedoo.

GTH owns c.6.37% of Djezzy directly, and indirectly owns 30.98% and 8.22% through two sister companies

GTH's ownership structure - Djezzy



Sources: 1. Grant Thornton analysis 2. Management information

Global Telecom Holding's ownership structure for Djezzy

- GTH owns about 6.37% of Djezzy directly, and also owns Djezzy indirectly through owning shares in sister companies with stakes of 30.98% and 8.22%.
- The sister companies are as follows:
  - Oratel International Inc., which owns 30.98% of Omnium Telecom (Djezzy).
  - Moga Holding Ltd., which owns 8.22% of Omnium Telecom (Djezzy).
- The chart opposite shows GTH's direct and indirect ownership of Omnium Telecom (Djezzy).

The value of 100% of Djezzy's equity share capital is $1,152.1 million based on the income and market approach as at 31 March 2019

Valuation summary

DZD (Millions)	2019	2020
Income approach - DCF		
Enterprise value	141,076	141,076
add: cash and cash equivalents	8,794	8,794
less: debt	(24,984)	(24,984)
Equity value	**124,886**	**124,886**
Market approach - EV/EBITDA		
Enterprise value	164,548	149,031
add: cash and cash equivalents	8,794	8,794
less: debt	(24,984)	(24,984)
Equity value	**148,358**	**132,841**
Average equity value for 2019 and 2020	**140,599**	
Market approach - Transactions (EV/EBITDA)		
Enterprise value	186,423	186,423
add: cash and cash equivalents	8,794	8,794
less: debt	(24,984)	(24,984)
Equity value	**170,233**	**170,233**
Average equity value for 2019 and 2020	**170,233**	
Summary		
Income Approach - DCF (60%)	74,932	
Market Approach - EV/EBITDA (20%)	28,120	
Market Approach - Transactions (20%)	34,047	
Equity value in DZD	**137,098**	
Equity value in dollars (millions)	**1,152.1**	

Sources: 1. Grant Thornton analysis

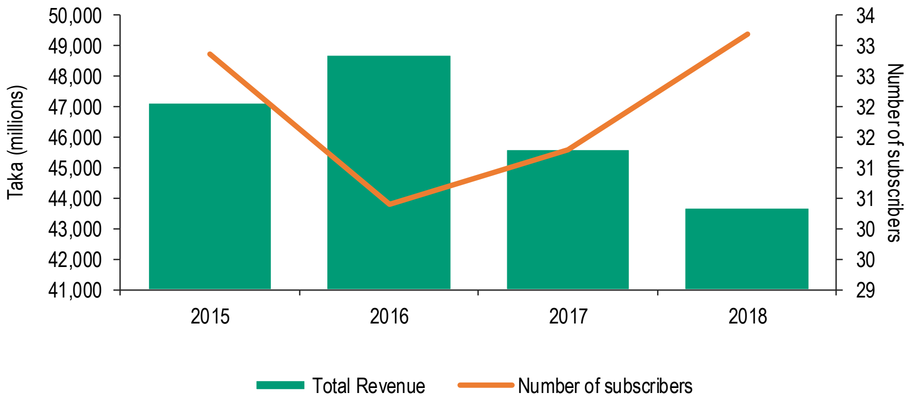
Valuation Summary

- We have used Discounted Cash Flow (DCF) analysis together with market multiples approach to derive the value of 100% of Djezzy. Our analysis is based on Management's most recent forecasts from FY19 to FY23.
- Using Management's forecasts, we have applied a discount rate of 14.06% and a terminal growth rate of c.4.0% in our DCF analysis deriving an enterprise value of DZD 141,076 million
- We have considered a 2% company specific premium in our estimation of the WACC to account for the sector risks and the economic environment in Algeria and its potential impact on the company.
- After deducting the Company's current net debt as at 31 March 2019, we have derived an equity value of DZD 124,886 million
- Using the market approach, we sought to assess Djezzy's enterprise value based on market evidence using EBITDA multiples obtained from comparable guideline public companies (GPCs) and comparable transactions in the Telecom sector in North Africa
- Our GPC analysis indicates a current year and forecast EBITDA multiples (Median) of 4.6x and 4.4x. We have applied a discount of 20% and 25% to the GPCs multiples deriving an EV/EBITDA multiple range of 3.7x and 3.3x. We have also applied a 30% discount on the transactions multiples deriving an EV/EBITDA multiple range of 4.2x
- Applying Djezzy's EBITDA in FY19 and FY20 our market approach valuation derives an average enterprise value of DZD 156,789 million and DZD 186,423 million respectively based on our GPCs and transactions analysis in the sector.
- After deducting net debt, we conclude that the average equity value of Djezzy based on our GPCs and transaction analysis is DZD 140,599 million and DZD 170,233 million respectively.
- We have allocated a weight of 60% to our income approach and 20% each to the market approach transactions analysis.
- The value of 100% of Djezzy's equity share capital is DZD 137,098 million ($1,152.1 million) based on the income and market approach as at 31 March 2019

Section 4: Executive summary – Banglalink

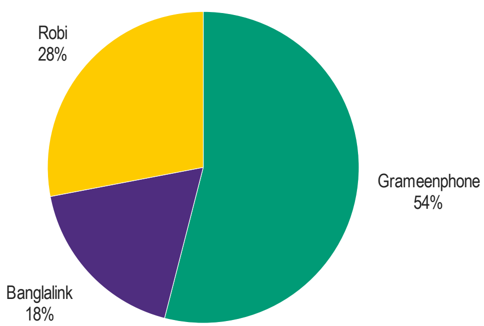
Banglalink has a market share of about 18% of the telecommunications sector with more than 30 million subscribers in Bangladesh in 2018

Banglalink's revenues and number of subscriber from 2015 to 2018



Sources: 1. Grant Thornton analysis 2. Management information

Market share of the telecom sector in Bangladesh in 2019



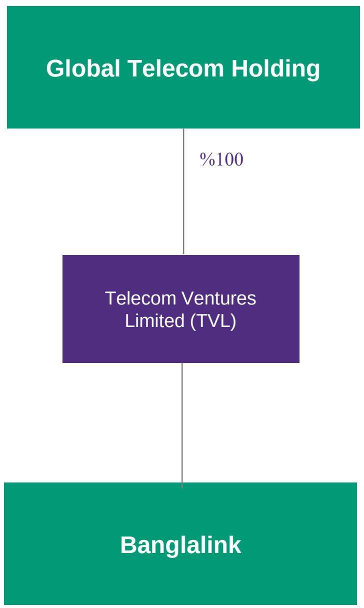
Sources: 1. Grant Thornton analysis 2. Management information

Business Overview

- Banglalink was founded in February 2005. It is fully owned by Telecom Ventures Limited (TVL), which is 100% owned by Global Telecom Holding Company.
- In September 2004, Global Telecom Holding acquired 100% of TVL and changed its brand in 2005.
- Banglalink has a market share of about 18% with more than 30 million subscribers in Bangladesh by the end of 2018. Banglalink is the third largest telecom company in Bangladesh following Grameenphone and Robi respectively.
- The company's top priority is to improve its network. Therefore, the company installed the latest equipment from Siemens and Huawei and brought more than 1,000 people, including experts, from 15 countries around the world to build the necessary infrastructure.
- The company's total revenue grew by 1.3% y-o-y in the last quarter of 2018, driven by service revenues which rose by 2.6% y-o-y. This increase reflects stability in revenue growth despite the 3G coverage gap of Banglalink compared to its competitors.
- EBITDA fell by 3.7% in the last quarter of 2018 reaching Taka 3.8 billions mainly due to increased operating costs due to the expansion of the 4G network.
- Despite ongoing intense competition in the market with a particular focus on customer acquisition , Banglalink continued to set focus on acquiring new customer in the first quarter of 2019 while providing a better network to its customers.

Global Telecom Holding owns Banglalink indirectly, through owning 100% of TVL, which owns 100% of Banglalink

Global Telecom Holding Company's ownership structure for Banglalink



Global Telecom Holding's ownership structure for Banglalink

- Global Telecom Holding owns Banglalink indirectly, through owning 100% of Telecom Ventures Limited (TVL), which owns 100% of Banglalink
- The following diagram shows Global Telecom Holding's ownership for Banglalink.

The value of 100% of Banglalink's equity share capital is $245.2 million based on the income and market approach as at 31 March 2019

Valuation summary

Taka (millions)	2019	2020
Income approach - DCF		
Enterprise value	61,290	61,290
Add: cash and cash equivalent	3,726	3,726
Less: debt	(50,017)	(50,017)
Equity value	**14,998**	**14,998**
Market approach		
EV/EBITDA		
Enterprise value	84,585	80,007
Add: cash and cash equivalent	3,726	3,726
Less: debt	(50,017)	(50,017)
Equity value	**38,294**	**33,716**
Average equity value of 2018 and 2019	**36,005**	
Market approach - Transactions		
EV/EBITDA		
Enterprise value	68,756	68,756
Add: cash and cash equivalent	3,726	3,726
Less: debt	(50,017)	(50,017)
Equity value	**22,465**	**22,465**
Average equity value of 2018 and 2019	**22,465**	
Summary		
Income approach - DCF (60%)	8,999	
EV/EBITDA multiple (20%)	7,201	
EV/EBIT multiple (20%)	4,493	
Equity value in (Taka)	**20,693**	
Equity value in (USD)	**245.2**	

Sources: 1. Grant Thornton analysis

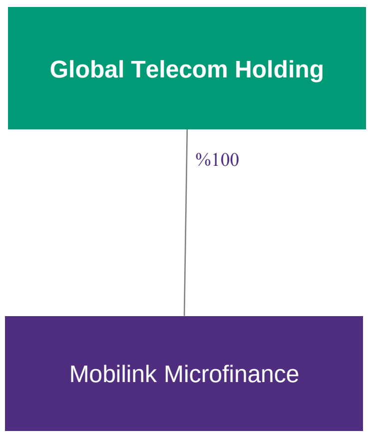
Valuation summary

- We have used Discounted Cash Flow (DCF) analysis together with market multiples approach to derive the value of 100% of Banglalink. Our analysis is based on Management's most recent forecasts from FY19 to FY23
- Using Management's forecasts, we have applied a discount rate of 13.74% and a terminal growth rate of c5.0% in our DCF analysis deriving an enterprise value of Taka 61,290 million
- We have considered a 3% company specific premium in our estimation of the WACC to account for the sector risks and the economic environment in Bangladesh and its potential impact on the company.
- After deducting the Company's current net debt as at 31 March 2019, we have derived an equity value of Taka 14,998 million
- Using the market approach, we sought to assess Banglalink's enterprise value based on market evidence using EBITDA multiples obtained from comparable guideline public companies (GPCs) and comparable transactions in the Telecom sector
- Our GPC analysis indicates a current year and forecast EBITDA multiples (Median) of 7.4x and 7.1x. We have applied a discount of 30% and 35% to the GPCs multiples deriving an EV/EBITDA multiple range of 5.2x and 4.6x. We have also applied a 30% discount on the transactions multiples deriving an EV/EBITDA multiple range of 4.2x
- Applying Banglalink's EBITDA in FY19 and FY20 our market approach valuation derives an average enterprise value of Taka 82,296 million and Taka 68,756 million respectively based on our GPCs and transactions analysis in the sector.
- After deducting net debt, we conclude that the average equity value of Banglalink based on our GPCs and transaction analysis is Taka 36,005 million and Taka 22,465 million respectively.
- We have allocated a weight of 60% to our income approach and 20% each to the market approach. The value of 100% of Banglalink's equity share capital is Taka 20,693 million ($245.2 million) based on the income and market approach as at 31 March 2019

Section 5: Executive summary – Mobilink Microfinance Bank

Mobilink Microfinance is one of the leading microfinance and e-banking banks, with a portfolio of 15 million customers in Pakistan

GTH's ownership structure - Mobilink Microfinance



Sources: 1. Grant Thornton analysis 2. Management information

Business Overview

- Mobilink Microfinance is one of the leading microfinance and e-banking banks, with the number of portfolios reaching 15 million in Pakistan.
- The bank owns 61 branches in 8 regions across Pakistan, and has more than 10,000 employees and an electronic network that has more than 73,000 electronic customer service employees.
- Mobilink Microfinance started operating in 2012 and launched a banking operation under the name of 'Jazzcash' in a partnership with Pakistan Mobile (Jazz).
- In terms of financial performance, Mobilink Microfinance emerged as one of the fastest growing banks in 2016 within four years of its inception. The bank recorded an after-tax profit increase of more than 165% in 2017 which resulted in a return on equity of 21.6%.
- Mobilink Microfinance showed a significant increase in total revenues reaching PKR 3,283 million in 2018 compared to PKR 2,531 million in 2017.
- The bank's growth is in line with the microfinance sector, which continues to expand and maintain a stable average growth rate of 10% per quarter.
- Global Telecom Holding owns 100% of Mobilink Microfinance, as shown in the chart opposite.

We have sought to asses the equity value of Mobilink Microfinance Bank using P/E multiple from similar listed companies, and P/E multiple from transactions

Valuation summary

PKR Mn		
Income approach - Excess return		
Equity value	16,824	16,824
Market Approach - P/E multiple		
Forecast Multiple	19.6x	19.6x
Size and liquidity discount	10%	15%
Adjusted P/E miltiple	**17.6x**	**16.6x**
FY19 Net income	1,286	1,286
Equity value	**22,668**	**21,409**
Average equity value of 2019 & 2020	**22,038**	
Market Approach - P/E Transactions		
Forecast P/E multiple	19.3x	19.3x
Size and liquidity discount	20%	20%
Forecast P/E multiple range	**15.4x**	**15.4x**
FY19 Net income	1,286	1,286
Equity value	**19,811**	**19,811**
Average equity value of 2019 & 2020	**19,811**	
Summary		
Income approach - Excess return	33%	5,608.0
Market approach - P/E multiples	33%	7,346.1
Market approach - Transactions	33%	6,603.8
Equity value		**19,558**
Equity value ($-millions)		**124.7**

Sources: 1. Grant Thornton analysis

Valuation summary

- We have used income approach specifically the Excess Return method together with market multiples approach to derive the value of 100% of Mobilink Microfinance Bank. Our analysis is based on Management's most recent forecasts from FY19 to FY23
- The Excess return method considers the difference between the return on equity and our estimated cost of equity. Based on the Excess return method, we have derived an equity value of PKR 16,824 million as presented in the table opposite
- We have also sought to asses the equity value of Mobilink Microfinance Bank based on the market evidence using P/E multiple from similar listed companies, and P/E multiples observed from transactions in the sector
- Given the difference in the markets in which these companies operate, volume, profitability and liquidity, we have applied a discount of 10% and 15% to the GPCs P/E multiples deriving an adjusted current and forecast P/E multiples range of 17.6x and 16.6x respectively
- We have also applied a 20% discount on the transactions multiples deriving a P/E multiple of 15.4x
- We conclude that the average equity value of Mobilink Microfinance Bank based on our GPCs and transaction analysis is PKR 22,038 million and PKR 19,811 million respectively
- We have allocated a weight of 33% to the income approach and 33% each to the market approach (P/E multiple from similar listed companies and P/E multiples observed from transactions).
- The value of 100% of Mobilink Microfinance Bank's equity share capital is PKR 19,558 million ($124.7 million) based on the income and market approach as at 31 March 2019

Appendices

A. Discounted Cash Flow - Jazz

Assumptions								
Weighted average cost of capital (WACC)	(1)	15.20%						
Terminal growth rate	(3)	5.4%						
PKR Mn		2019	2020	2021	2022	2023	Terminal Value
Net Revenue		**147,952**	**210,269**	**223,936**	**237,615**	**251,649**	**265,242**
Annual Growth (%)			*6.7%*	*6.5%*	*6.1%*	*5.9%*	*5.4%*
Cost of Sales		(72,193)	(82,729)	(87,426)	(92,051)	(97,488)	(102,754)
Gross Profit		**75,758**	**127,539**	**136,510**	**145,564**	**154,161**	**162,488**
Operating expenses		(4,747)	(24,922)	(26,584)	(28,215)	(30,287)	(31,923)
EBITDA		**71,012**	**102,617**	**109,925**	**117,348**	**123,875**	**130,566**
Depreciation		(15,316)	(23,531)	(25,907)	(28,360)	(30,927)	(32,598)
Amortisation		(8,523)	(16,780)	(15,941)	(16,358)	(16,358)	(17,241)
EBIT		**47,173**	**62,306**	**68,077**	**72,631**	**76,590**	**80,726**
Estimated Income Taxes	(2)	(14,152)	(18,692)	(20,423)	(21,789)	(22,977)	(24,218)
Profit After Tax		**33,021**	**43,614**	**47,654**	**50,842**	**53,613**	**56,508**
Plus: Depreciation		23,838	40,311	41,848	44,717	47,285	49,839
Working Capital movement	(5)	3,934	2,339	1,754	1,492	2,226	2,719
Capital Expenditure	(4)	(89,051)	(37,175)	(43,207)	(39,743)	(37,524)	(47,744)
Cash Flow to the Enterprise		**(28,258)**	**49,090**	**48,048**	**57,308**	**65,601**	**61,323**
Discount Periods (Mid-Period)		0.38	1.25	2.25	3.25	4.25	4.25
Present Value Factor		0.948	0.837	0.727	0.631	0.548	0.548
Present Value of Cash Flow		**(26,791)**	**41,111**	**34,930**	**36,164**	**35,934**	**342,789**
Sum of Present Values		121,348					
Plus: Present Value of Terminal Value		342,789					
Enterprise Value (1)		**464,137**					
Add: cash and cash equivalents		36,090					
Add: assets held for sale		2,904					
Less: debt		(98,193)					
Less: License debt		-					
Equity value of Pakistan Mobile		**404,938**					

Sources: 1. Grant Thornton analysis

Notes to the discounted cash flow

1. Based on WACC of 15.20%
2. Based on the statutory tax rates in Pakistan
3. Terminal growth rate based on expected long term level of Pakistan's inflation
4. Capex is forecast based information provided by Management
5. Working is forecast based information provided by Management

A. Discounted Cash Flow - Djezzy

Assumptions								
Weighted average cost of capital (WACC)	(1)	14.06%						
Terminal growth rate	(3)	4.0%						
DZD Mn		2019	2020	2021	2022	2023	Terminal Value
Net Revenue		**75,456**	**100,201**	**102,295**	**104,347**	**106,357**	**110,611**
Annual Growth (%)			*2.0%*	*2.1%*	*2.0%*	*1.9%*	*4.0%*
Cost of Sales		(17,833)	(23,505)	(23,996)	(24,478)	(24,949)	(25,947)
Gross Profit		**57,623**	**76,696**	**78,299**	**79,870**	**81,408**	**84,664**
Gross Profit Margin (%)		*76.4%*	*76.5%*	*76.5%*	*76.5%*	*76.5%*	*76.5%*
Operating expenses		(23,790)	(31,890)	(33,430)	(34,212)	(35,506)	(36,926)
EBITDA		**33,833**	**44,807**	**44,869**	**45,658**	**45,903**	**47,738**
EBITDA Margin (%)		*44.8%*	*44.7%*	*43.9%*	*43.8%*	*43.2%*	*43.2%*
Depreciation		(9,507)	(12,922)	(12,773)	(12,634)	(12,562)	(13,065)
Amortisation		(4,295)	(4,766)	(4,615)	(4,549)	(4,563)	(4,746)
EBIT		**20,032**	**27,119**	**27,481**	**28,475**	**28,778**	**29,927**
Estimated Income Taxes	(2)	(5,208)	(7,051)	(7,145)	(7,404)	(7,482)	(7,781)
Profit After Tax		**14,824**	**20,068**	**20,336**	**21,072**	**21,296**	**22,146**
Plus: Depreciation & amortisation		13,801	17,687	17,387	17,183	17,125	17,810
Working Capital movement	(5)	1,995	258	291	263	235	787
Capital Expenditure - FA	(4)	(5,345)	(15,625)	(17,259)	(17,073)	(17,835)	(20,463)
Capital Expenditure - Intangibles		(5,068)	(5,371)	(5,700)	(6,077)	(6,524)	(6,550)
Cash Flow to the Enterprise		**20,208**	**17,017**	**15,056**	**15,368**	**14,297**	**13,731**
Discount Periods (Mid-Period)		0.38	1.25	2.25	3.25	4.25	4.25
Present Value Factor		0.952	0.848	0.743	0.652	0.572	0.572
Present Value of Cash Flow		**19,231**	**14,431**	**11,194**	**10,018**	**8,171**	**78,031**
Sum of Present Values		63,045					
Plus: Present Value of Terminal Value		78,031					
Enterprise Value (1)		**141,076**					
Add: cash and cash equivalents		8,794					
Less: debt		(24,984)					
Less: License debt		-					
Equity value of Djezzy		**124,886**					

Sources: 1. Grant Thornton analysis

Notes to the discounted cash flow

1. Based on WACC of 14.06%
2. Based on the statutory tax rates in Algeria
3. Terminal growth rate based on expected long term level of Algeria's inflation
4. Capex is forecast based information provided by Management
5. Working is forecast based information provided by Management

A. Discounted Cash Flow - Banglalink

Assumptions							
Weighted average cost of capital (WACC)	(1)	13.74%					
Terminal growth rate	(3)	5.0%					
TAK Mn		2019	2020	2021	2022	2023	Terminal Value
Net Revenue		**35,661**	**48,948**	**51,298**	**53,849**	**55,707**	**58,492**
Annual Growth (%)		*(18.3)%*	*37.3%*	*4.8%*	*5.0%*	*3.5%*	*5.0%*
Cost of Sales		(10,119)	(12,688)	(13,362)	(14,026)	(14,510)	(15,236)
Gross Profit		**25,542**	**36,259**	**37,936**	**39,823**	**41,197**	**43,257**
Gross Profit Margin (%)		*71.6%*	*74.1%*	*74.0%*	*74.0%*	*74.0%*	*74.0%*
Operating expenses		(14,193)	(18,969)	(19,544)	(20,516)	(21,223)	(22,284)
EBITDA		**11,349**	**17,291**	**18,393**	**19,307**	**19,974**	**20,972**
EBITDA Margin (%)		*31.8%*	*35.3%*	*35.9%*	*35.9%*	*35.9%*	*35.9%*
Depreciation		(7,423)	(9,414)	(9,609)	(9,964)	(10,369)	(10,887)
Amortisation		(3,686)	(4,597)	(4,709)	(4,826)	(4,950)	(5,197)
EBIT		**239**	**3,281**	**4,075**	**4,517**	**4,656**	**4,888**
Estimated Income Taxes	(2)	(108)	(1,476)	(1,834)	(2,033)	(2,095)	(2,199)
Profit After Tax		**132**	**1,804**	**2,241**	**2,484**	**2,561**	**2,688**
Plus: Depreciation		11,110	14,010	14,318	14,790	15,319	16,084
Working Capital movement	(5)	1,010	357	404	400	318	557
Capital Expenditure - FA	(4)	(8,839)	(8,031)	(8,369)	(8,782)	(9,112)	(9,562)
Capital Expenditure - Intangibles		(4,808)	(3,285)	(3,592)	(1,308)	(1,343)	(2,925)
Cash Flow to the Enterprise		**(1,396)**	**4,855**	**5,001**	**7,585**	**7,742**	**6,843**
Discount Periods (Mid-Period)		0.38	1.25	2.25	3.25	4.25	4.25
Present Value Factor		0.953	0.851	0.748	0.658	0.578	0.578
Present Value of Cash Flow		**(1,330)**	**4,131**	**3,742**	**4,990**	**4,477**	**45,279**
Sum of Present Values		16,010	26%				
Plus: Present Value of Terminal Value		45,279	74%				
Enterprise Value (1)		**61,290**					
Add: cash and cash equivalents		3,726					
Less: debt		(50,017)					
Less: License debt		-					
Equity value of Bangalink		**14,998**					

Sources: 1. Grant Thornton analysis

Notes to the discounted cash flow

1. Based on WACC of 13.74%
2. Based on the statutory tax rates in Bangladesh
3. Terminal growth rate based on expected long term level of Bangladesh's inflation
4. Capex is forecast based information provided by Management
5. Working is forecast based information provided by Management

A. Discounted Cash Flow – Mobilink Microfinance bank

Assumptions						
Terminal growth rate %	4.0%					
Book value of equity	4,229					
Return on equity (terminal year)	28.3%					
Cost of equity	18.5%					
Dividends %	30.0%					
PKR ('000)	2019	2020	2021	2022	2023	Terminal value
Beginning BV of equity	1,021	5,250	7,293	10,064	13,741	14,290
Cost of equity	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%
Equity cost	**189**	**971**	**1,349**	**1,862**	**2,542**	**2,644**
Return on equity	24.5%	28.0%	27.5%	26.8%	25.9%	28.3%
Net income	1,003	2,043	2,770	3,677	4,798	4,990
CY retained eanings	**1,003**	**2,043**	**2,770**	**3,677**	**4,798**	**4,990**
Net income	1,003	2,043	2,770	3,677	4,798	4,990
Equity cost	189	971	1,349	1,862	2,542	2,644
Excess equity return	**814**	**1,072**	**1,421**	**1,815**	**2,256**	**2,346**
						16,177
Discount period	0.38	1.25	2.25	3.25	4.25	4.25
Present value factor	0.94	0.81	0.68	0.58	0.49	0.49
PV	**763**	**866**	**969**	**1,045**	**1,096**	**7,856**
NPV	**12,595**					
Equity value as at 31 March 2019	4,229					
Value of Mobilink	**16,824**					

Sources: 1. Grant Thornton analysis

Comments

- The Excess Return method was used to determine the value of Mobilink Microfinance's equity after taking into account the expected growth of the company and the expected growth in the sector in the upcoming years.
- The Excess Return method takes into consideration the difference between the return on equity (ROE) and cost of equity. We calculated return on equity based on return on equity (ROE) from 2019 to 2023. For the cost of equity we have used a discount rate of 18.5% (Cost of Equity).
- Based on the above, we estimate the net future equity value from 2019 to 2023, which is used to predict the future net income of the company based on return on equity (ROE) and also predict future cost of equity using the discount rate of 18.5%
- We used a discount rate of 18.5% and a terminal growth rate of 4%.

Indication of value

- Based on Management's forecasts and our analysis, with a net present value of PKR 12,595 million and an equity value of PKR 4,229 million as at 31 March 2019, we arrive at a value of PKR 16,824 million for the ownership of Mobilink Microfinance bank.

B. Discount rate - Jazz

Weighted Average Cost of Capital

Cost of capital		
Risk free rate	(1)	2.74%
Equity risk premium	(2)	6.0%
Beta	(3)	0.87
Industry adjusted premium	(4)	9.0%
Cost of equity (rounded)		**17.0%**
Pre-tax cost of debt	(6)	11.5%
Tax rate		30.0%
After tax cost of debt		**8.1%**
Capital structure		
Equity weight		79.90%
Debt weight	(7)	20.10%
Weighted Average Cost of Capital		**15.20%**

Sources: 1. Grant Thornton analysis

We have assessed a weighted average cost of capital for Jazz based on the capital asset pricing model (CAPM), where:

Re = Rf + b(Rm-Rf) + SP

1) Rf = Risk-free rate of return (based on the nominal return on ten year US government bond rates) - CapIQ
2) (Rm-Rf) = The estimated Market Risk Premium (MRP) of 6.0%, which equals Rm – Rf, incorporates perspective provided by recent long-term market return studies (Damodaran)
3) b = Beta, a measure of the relationship between industry risk and aggregate market risk, derived from the comparable company analysis set out in Appendix C
4) CRP = based on country risk premiums published by Damodaran
5) Company specific premium = Additional risk premium reflects the perceived uncertainties associated with the operating forecast for the subject company and the speculative nature of the returns associated therein
6) Cost of debt based on Kibor rates in Pakistan
7) Based on statutory tax rates in Pakistan
8) Debt-to-total capital ratio based on market participant optimal capital structure per the GPCs. Refer Appendix C

We assess that an appropriate discount rate based on the Company's WACC is 15.20%

B. Discount rate - Djezzy

Weighted Average Cost of Capital

Cost of capital		
Risk free rate	(1)	2.74%
Equity risk premium	(2)	6.0%
Beta	(3)	0.86
Industry adjusted premium	(4)	7.6%
Company specific risk	(5)	2.0%
Cost of equity (rounded)		**17.5%**
Pre-tax cost of debt	(6)	8.0%
Tax rate		26.0%
After tax cost of debt		**5.9%**
Capital structure		
Equity weight		70.17%
Debt weight	(7)	29.83%
Weighted Average Cost of Capital		**14.06%**

Sources: 1. Grant Thornton analysis

We have assessed a weighted average cost of capital for Djezzy based on the capital asset pricing model (CAPM), where:

Re = Rf + b(Rm-Rf) + SP

1) Rf = Risk-free rate of return (based on the nominal return on ten year US government bond rates) - CapIQ
2) (Rm-Rf) = The estimated Market Risk Premium (MRP) of 6.0%, which equals Rm – Rf, incorporates perspective provided by recent long-term market return studies (Damodaran)
3) b = Beta, a measure of the relationship between industry risk and aggregate market risk, derived from the comparable company analysis set out in Appendix C
4) CRP = based on country risk premiums published by Damodaran
5) Company specific premium = Additional risk premium reflects the perceived uncertainties associated with the operating forecast for the subject company and the speculative nature of the returns associated therein
6) Cost of debt based on Djezzy's borrowing rate
7) Based on statutory tax rates in Algeria
8) Debt-to-total capital ratio based on market participant optimal capital structure per the GPCs. Refer Appendix C

We assess that an appropriate discount rate based on the Company's WACC is 14.06%

B. Discount rate - Banglalink

Weighted Average Cost of Capital

Cost of Capital		
Risk-free rate	(1)	2.74%
Equity risk premium	(2)	6.0%
Beta	(3)	0.82
Country specific risk	(4)	5.0%
Company specific risk	(5)	3.0%
Cost of equity		**15.6%**
Pre-tax cost of debt	(6)	11.5%
Estimated tax rate		45.0%
After-tax cost of debt (rounded)		**6.3%**
Capital structure		
Equity weight		79.90%
Debt weight	(7)	20.10%
Weighted Average Cost of Capital		**13.74%**

Sources: 1. Grant Thornton analysis

We have assessed a weighted average cost of capital for Banglalink based on the capital asset pricing model (CAPM), where:

Re = Rf + b(Rm-Rf) + SP

1) Rf = Risk-free rate of return (based on the nominal return on ten year US government bond rates) - CapIQ
2) (Rm-Rf) = The estimated Market Risk Premium (MRP) of 6.0%, which equals Rm – Rf, incorporates perspective provided by recent long-term market return studies (Damodaran)
3) b = Beta, a measure of the relationship between industry risk and aggregate market risk, derived from the comparable company analysis set out in Appendix C
4) CRP = based on country risk premiums published by Damodaran
5) Company specific premium = Additional risk premium reflects the perceived uncertainties associated with the operating forecast for the subject company and the speculative nature of the returns associated therein
6) Cost of debt based on lending rates in Bangladesh
7) Based on statutory tax rates in Bangladesh
8) Debt-to-total capital ratio based on market participant optimal capital structure per the GPCs. Refer Appendix C

We assess that an appropriate discount rate based on the Company's WACC is 13.74%

B. Discount rate – Mobilink Microfinance bank

Cost of equity

Cost of capital			
Risk-free rate	(1)		2.7%
Equity risk premium	(2)	6.0%	
Beta	(3)	0.96	
Industry adjusted premium			5.7%
Country risk premium	(4)		9.0%
Company specific risk	(5)		1.0%
Cost of equity (rounded)			**18.50%**

Sources: 1. Grant Thornton analysis

We have assessed a weighted average cost of capital for Mobilink Microfinance bank based on the capital asset pricing model (CAPM), where:

Re = Rf + b(Rm-Rf) + SP

1) Rf = Risk-free rate of return (based on the nominal return on ten year US government bond rates) - CapIQ
2) (Rm-Rf) = The estimated Market Risk Premium (MRP) of 6.0%, which equals Rm – Rf, incorporates perspective provided by recent long-term market return studies (Damodaran)
3) b = Beta, a measure of the relationship between industry risk and aggregate market risk, derived from the comparable company analysis set out in Appendix C
4) CRP = based on country risk premiums published by Damodaran
5) Company specific premium = Additional risk premium reflects the perceived uncertainties associated with the operating forecast for the subject company and the speculative nature of the returns associated therein

We assess that an appropriate cost of equity is 18.50%

C. Guideline public companies – beta analysis

Beta analysis – Jazz

(USD) SELECTED PUBLIC GUIDELINE COMPANIES	MONTHLY EQUITY BETA	TOTAL DEBT	MARKET VALUE OF COMMON EQUITY	MARKET VALUE OF DEBT TO TOTAL CAPITAL	EFFECTIVE INCOME TAX RATE	MONTHLY ASSET BETA
TPG Telecom Limited	0.65	1,155,271	4,577,770	20.2%	30.8%	0.55
Bharti Airtel Limited	0.80	17,394,425	19,200,563	47.5%	35.0%	0.50
Perusahaan Perseroan (Persero) PT Telekomunikasi Indonesia Tbk	0.61	3,267,250	27,390,703	10.7%	23.3%	0.56
Grameenphone Ltd.	0.98	162,882	6,558,683	2.4%	36.8%	0.97
Globe Telecom, Inc.	1.08	2,837,623	4,894,680	36.5%	32.5%	0.78
Digi.Com Berhad	1.00	651,449	8,667,535	7.0%	25.9%	0.94
Advanced Info Service Public Company Limited	0.84	3,376,582	17,238,703	16.4%	16.6%	0.72
			Average	20.1%		0.72

Re-levering of Beta:	
Selected asset beta	0.72
Debt to equity market value	30.7%
Estimated income tax rate	30.0%
RELEVERED BETA	**0.87**

Sources: S&P Capital IQ

C. Guideline public companies – beta analysis

Beta analysis – Algeria (Djezzy)

(USD) SELECTED PUBLIC GUIDELINE COMPANIES	MONTHLY EQUITY BETA	TOTAL DEBT	MARKET VALUE OF COMMON EQUITY	MARKET VALUE OF DEBT TO TOTAL CAPITAL	EFFECTIVE INCOME TAX RATE	MONTHLY ASSET BETA
TPG Telecom Limited	0.65	1,155,271	4,577,770	20.2%	30.8%	0.55
Bharti Airtel Limited	0.80	17,394,425	19,200,563	47.5%	35.0%	0.50
Perusahaan Perseroan (Persero) PT Telekomunikasi Indonesia Tbk	0.61	3,267,250	27,390,703	10.7%	23.3%	0.56
GrameenPhone Ltd.	0.98	162,882	6,558,683	2.4%	36.8%	0.97
Digi.Com Berhad	1.00	651,449	8,667,535	7.0%	25.9%	0.94
Advanced Info Service Public Company Limited	0.84	3,376,582	17,238,703	16.4%	16.6%	0.72
Ooredoo Q.P.S.C.	0.90	10,340,159	5,720,354	64.4%	21.3%	0.37
Mobile Telecommunications Company K.S.C.P.	0.98	4,763,197	6,980,497	40.6%	8.1%	0.60
Türk Telekomünikasyon A.S.	1.38	3,944,404	2,695,130	59.4%	31.2%	0.69
			Average	29.83%		0.66

Re-levering of Beta:	
Selected asset beta	0.66
Debt to equity market value	42.5%
Estimated income tax rate	26.0%
RELEVERED BETA	**0.86**

Sources: S&P Capital IQ

C. Guideline public companies – beta analysis

Beta analysis – Bangladesh (Banglalink)

(USD) SELECTED PUBLIC GUIDELINE COMPANIES	MONTHLY EQUITY BETA	TOTAL DEBT	MARKET VALUE OF COMMON EQUITY	MARKET VALUE OF DEBT TO TOTAL CAPITAL	EFFECTIVE INCOME TAX RATE	MONTHLY ASSET BETA
TPG Telecom Limited	0.65	1,155,271	4,577,770	20.2%	30.8%	0.55
Vodafone Idea Limited	0.45	17,770,488	2,300,487	88.5%	17.5%	0.06
Bharti Airtel Limited	0.80	17,394,425	19,200,563	47.5%	35.0%	0.50
Perusahaan Perseroan (Persero) PT Telekomunikasi Indonesia Tbk	0.61	3,267,250	27,390,703	10.7%	23.3%	0.56
Grameenphone Ltd.	0.98	162,882	6,558,683	2.4%	36.8%	0.97
Globe Telecom, Inc.	1.08	2,837,623	4,894,680	36.5%	32.5%	0.78
Digi.Com Berhad	1.00	651,449	8,667,535	7.0%	25.9%	0.94
Advanced Info Service Public Company Limited	0.84	3,376,582	17,238,703	16.4%	16.6%	0.72
			Average	20.1%		0.72

Re-levering of Beta:	
Selected asset beta	0.72
Debt to equity market value	25.1%
Estimated income tax rate	45.0%
RELEVERED BETA	**0.82**

Sources: S&P Capital IQ

C. Guideline public companies – beta analysis

Beta analysis – Mobilink Microfinance bank

(USD) SELECTED PUBLIC GUIDELINE COMPANIES	MONTHLY EQUITY BETA
Asia Asset Finance PLC	0.92
Zuoli Kechuang Micro-Finance Company Limited	1.56
Alliance Finance Company PLC	0.81
Ujjivan Financial Services Limited	1.43
Equitas Holdings Limited	1.02
Repco Home Finance Limited	0.96
AEON Credit Service (Asia) Company Limited	0.41
Re-levering of Beta:	
Selected asset beta	0.96
Debt to equity market value	0.0%
Estimated income tax rate	0.0%
RELEVERED BETA	**0.96**

Sources: S&P Capital IQ

D. Valuation methods

Standard of value

- The valuation of a company is not an exact science and ultimately depends on what the company is worth to a serious investor or buyer who, for their own reasons, may be prepared to pay a substantial goodwill element
- The standard of value to be used is market value. We have defined market value as:
  - "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion"
- Valuation methodologies applied to the appraisal of any business interest, shareholding or asset may broadly be classified into three main approaches namely:
  - the cost approach
  - the market approach
  - the income approach

Cost approach

- This approach ascribes a value to a business interest, shareholding or intangible asset by using one or more of the methods based on the value of the net assets of a business
- The cost approach establishes value based on the cost of reproducing or replacing the asset, less depreciation from physical deterioration and functional and economic obsolescence, if present and measureable

Market approach

- The market approach ascribes a value to a business interest, shareholding or intangible asset by using one or methods that compare the subject to similar businesses, shareholdings or intangible assets
- The market approach is based on the principle of substitution, in that a prudent purchaser will pay no more for an asset than it would cost to acquire a substitute asset with the same utility and income earning potential
- The three most common sources of data used in the market approach are:
  - public stock markets in which ownership interests of similar businesses are traded
  - the acquisition market in which entire businesses are bought or sold
  - prior transactions in the ownership of the subject business
- The market approach assumes that a company's underlying business will continue as a going concern and involves determining the company's relevant earnings and then capitalising those relevant earnings at a rate which reflects the expected risks of achieving those earnings
- Depending on the type of multiple used, this calculation delivers either an enterprise value or an equity value for the company

Income approach

- The income approach generally ascribes a value to a business interest, shareholding or intangible asset
- In the income approach, an economic benefit stream of the asset or business interest under analysis is selected, usually based on historical or forecasted cash flow often a derivative of profits
- This cash flow is then discounted to present value with an appropriate risk-adjusted discount rate

Conclusion

- In undertaking the valuation of Global Telecom Holding we have selected both the income approach, specifically the discounted cash flow method, and the market approach, both public company and transaction data, as the most appropriate approach

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