

Citadel Capital Reports Full-Year 2009 Results

Strong rise in net asset value, revenues and profits at Middle East and Africa's leading private equity firm

16 March 2010

(Cairo, Egypt) — Citadel Capital (CCAP.CA on the Egyptian Stock Exchange), the leading private equity firm in the Middle East and Africa, announced today its financial results for the fiscal year 2009, reporting a total net asset value per share (TNAVPS) of US\$ 2.83 (EGP 15.50) as of 31 December 2009. The total net asset value (TNAV) captures i) the present value of Citadel Capital's principal investments in the 19 Opportunity-Specific Funds that it controls as well as ii) the asset-management component of the business.

Citadel Capital had total assets under management (committed) of US\$ 3.7 billion (EGP 20.2 billion) as of 2009, of which total invested assets under management were US\$ 2.9 billion (EGP 16.2 billion), up 9.5% from US\$ 2.6 billion (EGP 14.8 billion) the previous year. These include US\$ 1.9 billion (EGP 10.5 billion) of third-party fee-earning assets under management¹ in addition to investments of US\$ 757.2 million (EGP 4.2 billion) of its own balance sheet in its transactions.

The firm had total investments under control² of US\$ 8.3 billion (EGP 45.5 billion) as of year-end.

For the year ending December 2009, Citadel Capital reported net earnings of US\$ 38.1 million (EGP 211.4 million), a 806.7% increase from the previous year, on revenues of US\$ 79.2 million (EGP 438.9 million).

“We are very pleased not just to have recorded a substantial gain in the net asset value of our portfolio in the last quarter of the year alone, but also to have grown both our top and bottom lines on the full year,” said Citadel Capital Chairman and Founder Ahmed Heikal. “This is particularly significant in light of the impact of the global financial crisis on markets and valuations across our Middle East and Africa footprint, which meant the year just past was not conducive to substantial exits, which are the primary drivers of earnings in our industry.”

New investments in 2009 included Wafra (agriculture in Sudan, representing 2.2% of new investments), Africa Railways (transportation in Kenya and Uganda, representing 9.7% of new investments), and Tawazon (solid waste management in Egypt and the Middle East,

¹ Third-party fee-earning assets under management are a sub-set of total third-party invested assets under management (drawn equity) of US\$ 2.1 billion (EGP 12.0 billion). Management notes that an historical agreement structured in 2004 entitles anchor limited partners to 34.8% of the carried interest and advisory fees from Citadel Capital's Opportunity-Specific Funds. Management is presently in negotiations for Citadel Capital to buy back the right to these asset management fees.

² Management considers total investments under control (defined as committed debt + committed equity) as an appropriate indicator of the firm's scope.

representing 4.4% of new investments). The Africa Railway investment came as the firm began deploying what it expects will be US\$ 200-400 million in new equity in East Africa in 2010-12.

Citadel Capital recorded EGP 271.4 million (US\$ 48.9 million) in gains from the sale of some of its principal investments in FY09, a 37.4% rise over EGP 197.5 million the previous year. Sales included a partial exit of 6% of ASEC Holding and United Foundries, on-market sales of ASCOM shares and the spin-off of Sphinx Private Equity Management to Pharos Capital, a Portfolio Company of Citadel Capital's Finance Unlimited Platform Company.

Since 2004, Citadel Capital has generated cash returns of more than US\$ 2.5 billion to its shareholders and the co-investors in its Opportunity-Specific Funds.

"The year just ended was a challenging one for our industry across the world, but Citadel Capital has thrived," said Heikal. "All of our existing investments are very much on track, and we see the coming two years as offering unparalleled opportunities."

These earnings results are the first Citadel Capital has released since the firm listed on the Egyptian Stock Exchange in December 2009.

Citadel Capital's 2009 standalone financial results and management's discussion of the factors affecting performance are now available for download at www.citadelcapital.com.

—Ends—

Highlights

I. Citadel Capital as a Principal Investor (Own Balance Sheet)

- **Total principal investments** (including convertibles and interest-bearing loans to Platform Companies) stood at US\$ 757.2 million (EGP 4.2 billion)³ at year end, a 24.0% rise over FY08.
- **The portfolio net asset value (PNAV)** of Citadel Capital's principal investments in the 19 Opportunity-Specific Funds (OSFs) it controls stood at US\$ 1.2 billion (EGP 6.8 billion) as of December 2009, a rise of 10.5% from 30 September 2009. PNAV per share (PNAVPS) stood at US\$ 1.89 (EGP 10.33) at year-end.
- **New investments by Citadel Capital as a principal investor** in FY09 stood at US\$ 151.0 million (EGP 830.0 million), broken down as 28% to new platforms, 18% in existing platforms, 8% in additional investments in existing oil and gas convertibles and 46% in interest-bearing loans to Platform Companies in the amount of US\$ 71.2 million (EGP 391.7 million).
- **Gains from the sale of principal investments** from three partial exits stood at US\$ 48.9 million (EGP 271.4 million), a 37.4% rise over US\$ 35.6 million (EGP 197.5 million) in FY08.

II. Asset Management Business

- **Total assets under management (committed)**⁴ in Citadel Capital's 19 Opportunity Specific Funds (OSFs) rose 4.6% to US\$ 3.7 billion (EGP 20.2 billion) in FY09 compared to US\$ 3.5 billion (EGP 19.3 billion) the previous year.
- **Total invested assets under management** rose 9.5% year-on-year to US\$ 2.9 billion (EGP 16.2 billion) from US\$ 2.6 billion (EGP 14.8 billion) in FY08.
- **Total invested third-party assets under management** rose 7% to US\$ 2.1 billion (EGP 12.0 billion), up from US\$ 2.0 billion (EGP 11.2 billion) the previous year.
- **Total third-party fee-earning assets under management** stood at US\$ 1.9 billion (EGP 10.5 billion) at year end.
- **New invested assets under management** from both Citadel Capital and the limited partners (LPs) in its OSFs stood at US\$ 262.1 million (EGP 1.4 billion) in FY09. Of that total, US\$ 151.0 million (EGP 830.0 million, or 57.6%) was contributed by Citadel Capital as a principal investor and US\$ 111.11 million (EGP 608.9 million, or 42.4%) was contributed by LPs.

³ Figures relating to financial results in 2009 are converted using the average 2009 exchange rate of EGP 5.556 : US\$ 1.00. Figures related to investments and AUM are converted using historical exchange rates. Citadel Capital typically analyses its own financial statements in EGP and investments in US\$.

⁴ Following international practices, Citadel Capital defines Assets Under Management (AUM) as committed amounts, not amounts drawn.

- **Revenue from advisory fees**⁵ stood at EGP 103.6 million (US\$ 18.7 million) in FY09, up 42.5% from EGP 72.7 million (US\$ 13.1 million) the previous year.
- **Revenue from Citadel Capital's carried interest** in its limited partners' proceeds from exited or partially-exited investments was nil, as it was in FY08.
- **Asset management value (AMV)**, which captures the present-day value of Citadel Capital's asset management business, stood at US\$ 0.62 billion (EGP 3.4 billion) at year end 2009, a 10.9% rise from 9M09.
- **Asset management value per share (AMVPS)** stood at US\$ 0.94 (EGP 5.17) at year end.

III. Total Net Asset Value

- **Total net asset value (TNAV)** of Citadel Capital, which captures both the value of the firm's principal investments (PNAV) and of the asset management business (AMV), was US\$ 1.9 billion (EGP 10.3 billion) for the year ending December 2009, a rise of 10.9% year-on-year.
- **Total NAV Per Share (TNAVPS)** was US\$ 2.83 (EGP 15.50) at year end.

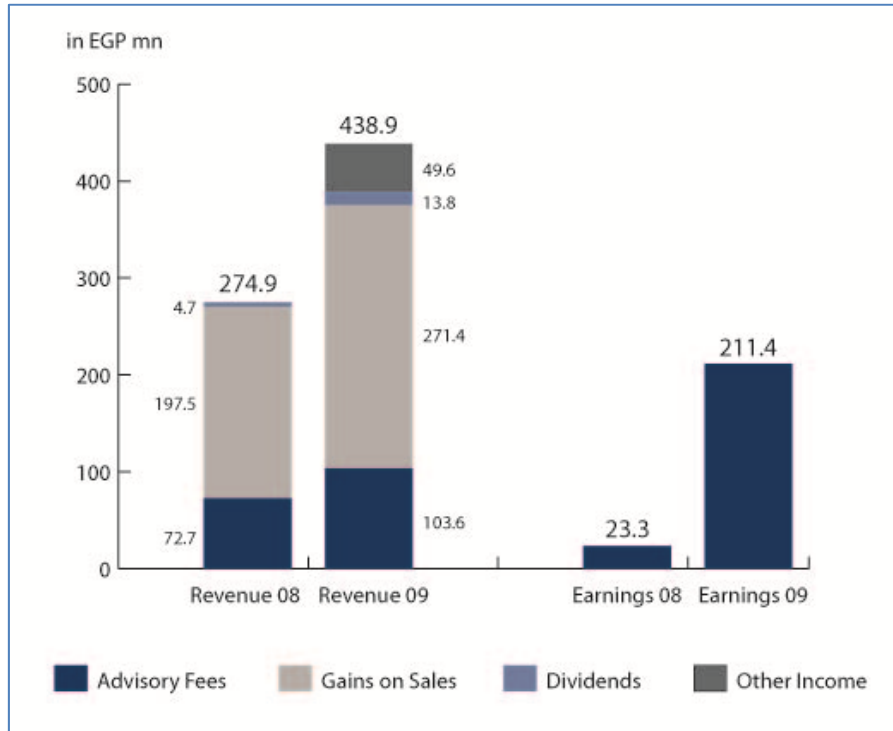
IV. Financial Highlights

- **Citadel Capital revenue** in FY09 reached US\$ 79.2 million (EGP 438.9 million), a 59.7% increase over US\$ 49.6 million (EGP 274.9 million) the previous year.⁶
- **EBDITA** for the period stood at US\$ 38.4 million (EGP 213.2 million), a 227.6% rise from US\$ 11.7 million (EGP 65.1 million) in FY08.
- **Net income** after taxes in totaled US\$ 38.1 million (EGP 211.4 million), a 806.7% increase from US\$ 4.2 million (EGP 23.3 million) the previous year.
- **Debt-to-Equity Ratio** stood at 22.4% as at 31 December 2009.

⁵ Citadel Capital earns a 1% advisory fee on fee-earning assets under management.

⁶ Due to the nature of private equity investing, revenues and earnings fluctuate significantly depending on the number and frequency of its exits and of gains on investments. Revenues and profits in any particular period are not necessarily indicative of future results.

Revenue and Net Earnings



CITADEL CAPITAL AT A GLANCE

Valuations

Total net asset value (TNAV)	EGP 10.3 billion	US\$ 1.9 billion
Total net asset value per share (TNAVPS)	EGP 15.50	US\$ 2.83
Portfolio net asset value (PNAV)	EGP 6.8 billion	US\$ 1.2 billion
Portfolio net asset value per share (PNAVPS)	EGP 10.33	US\$ 1.89
Asset management value (AMV)	EGP 3.4 billion	US\$ 0.62 billion
Asset management value per share (AMVPS)	EGP 5.17	US\$ 0.94

Asset Management Business

Total investments under control	EGP 45.5 billion	US\$ 8.3 billion
Total assets under management	EGP 20.2 billion	US\$ 3.7 billion
Total invested assets under management	EGP 16.2 billion	US\$ 2.9 billion
Total invested third-party AUM	EGP 12.0 billion	US\$ 2.1 billion
Third-party fee-earning assets under management	EGP 10.5 billion	US\$ 1.9 billion
Total Citadel Capital principal investments (own balance sheet)	EGP 4.2 billion	US\$ 0.76 billion

Track Record

Investments made since 2004 (acquisitions and new company formations)		54
Number of Platform Companies as at 31 December 2009		19
Total number of countries in which Citadel Capital invests		14
Number of industries in which Citadel Capital invests		15
Total equity raised and invested since 2004	EGP 23.7 billion	US\$ 4.3 billion
Cash returns to shareholders and LPs since 2004 (on equity investments of US\$ 650 million)	EGP 13.8 billion	US\$ 2.5 billion

Shareholder Structure

Citadel Capital Partners (CCP)		42%
Board members other than CCP		14%
Shareholders owning more than 1%		20%
Others		24%
Number of shares outstanding		661,625,000
Paid-in capital of Citadel Capital	EGP 3.3 billion	US\$ 0.6 billion

(EGP Million)

Citadel Capital Portfolio and Total Net Asset Value as of 31 December 2009

Platform Company	Pro-forma Investment Cost		Citadel Capital Portfolio and Total Net Asset Valuation					
	Investment Cost	Ownership	Method	Summary Valuation Assumptions	Investment Value	Multiple	% Valuation	Value / Share
ASEC Holding	772	49.8%	Market Value	Valuation based on transaction executed in December 2009	2,384	3.1x	34.8%	3.6
-ASEC Holding (Convertible)	278	49.8%	Fair Value	Conversion in 2014 at par, discounted @ 17% p.a.	1,116	4.0x	16.3%	1.7
ASCOM Mining & Geology	169	44.6%	Market Value	Stock price as of December 31st 2009	236	1.4x	3.5%	0.4
Nile Logistics	150	25.0%	Cost		83	1.0x	2.2%	0.2
Africa Railways	83	100.0%	Cost		150	1.0x	1.2%	0.1
Gozour	206	20.0%	Fair Value	10x 2014E earnings, discounted @ 20% p.a.	423	2.1x	6.2%	0.6
Gozour Real Estate*	76	20.0%	Fair Value	40 million square meters @ EGP 30 / sqm	264	3.5x	3.9%	0.1
Wafra	57	37.5%	Cost		57	1.0x	0.8%	0.1
National Petroleum Company	360	14.9%	Impaired	60% impairment on investment cost	140	0.4x	2.0%	0.2
NPC (Convertible)	52	N/A	Cost		52	1.0x	0.8%	0.1
NOPC / Rally Energy Group	359	10.4%	Impaired	50% impairment on investment cost	180	0.5x	2.6%	0.3
NOPC / Rally Energy Group (CC)	72	N/A	Cost		72	1.0x	1.1%	0.1
Nile Valley Petroleum	28	10.0%	Cost		28	1.0x	0.4%	0.0
Egyptian Refining Company	141	8.2%	Cost		141	1.0x	2.1%	0.2
TAKA Arabia	208	34.4%	Market Value	Valuation based on transaction executed on 4 October 2009	375	1.8x	5.5%	0.6
Mashreq	38	27.3%	Cost		38	1.0x	0.6%	0.1
GlassWorks	139	20.0%	Fair Value		199	1.4x	2.9%	0.3
Finance Unlimited	207	100.0%	Fair Value	10x 2014E earnings, discounted @ 20% p.a.	308	1.5x	4.5%	0.5
Bonyan	148	30.7%	Fair Value	Sum of the Parts of Sudanese Egyptian Bank and Pharos (Tanmeyah held at Cost)	245	1.7x	3.6%	0.4
tawazon	38	100.0%	Cost	10x 2013E earnings, discounted @ 20% p.a.	38	1.0x	0.6%	0.1
Tanweer	148	100.0%	Cost		148	1.0x	2.2%	0.2
United Foundries Company	184	51.5%	Market Value	Valuation based on transaction executed in December 2009	222	1.2x	3.3%	0.3
Grandview	70	13.0%	Fair Value	10x 2014E earnings, discounted @ 20% p.a.	154	2.2x	2.2%	0.2
Total Investments	EGP 3,984				EGP 7,052	1.8x	103.4%	10.66
Cash and Other Assets					468.1		6.8%	0.71
Due to CCP					(305.1)		-4.5%	(0.46)
Due from Platform Companies and Related Parties					536.7		7.8%	0.81
Due to Platform Companies and Related Parties					(103.9)		-1.5%	(0.16)
Bank Debt					(807.9)		-11.8%	(1.22)
Total					(212.1)		-3.2%	(0.32)

Portfolio Net Asset Valuation

6,840

100%

10.33

Asset Management Business

0.5x PNAV

3,420

5.17

Total Net Asset Valuation

10,260

15.50

* These calculation are pro-forma reflecting a number of transactions and adjustments currently taking place

V. SUMMARY FINANCIALS
INCOME STATEMENT

<i>EGP million</i>	2008	2009
Advisory fee	72.7	103.7
Carry		
Gain from sale of investments	197.5	272.5
Dividends income	4.7	13.8
Other income		48.9
Total Revenues	274.9	438.9
OPEX	(166.7)	(171.9)
Management earn out ⁷	(2.6)	(23.5)
Forex & Others	(40.6)	(30.3)
EBITDA	65.1	213.2
Depreciation	(7.5)	(8.7)
EBIT	57.5	204.5
Net interest	(35.9)	5.8
Profit Before Taxes	21.7	210.3
Deferred Tax	1.6	1.1
Profit After Taxes	23.3	211.4

⁷ Citadel Capital pays Citadel Capital Partners a management incentive fee equal to 10% of the Company's net profits. This agreement has been effective since 1 January 2008 and will remain in effect so long as Citadel Capital Partners owns 15% or more of the preferred shares of Citadel Capital.

BALANCE SHEET

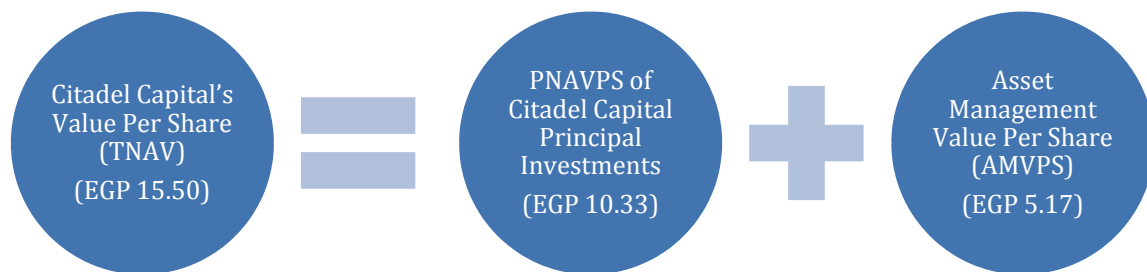
<i>EGP million</i>	2008	2009
Fixed assets (net)	78.7	83.9
Investments ⁸	2,887.7	3,284.4
Convertibles	55.9	524.8
Total Non Current Assets	3,022.3	3,893.9
Due from Related Parties & Other Debit Balances	209.5	187.9
Loans to Platform Companies	477.3	440.7
Cash & cash equivalent	125.7	248.4
Total Current Assets	812.5	877.1
Total Assets	3,834.8	4,770.9
Paid-in Capital	2,750.0	3,308.1
Reserves	74.3	62.1
Retained Earning	614.2	22.2
Current Year Profit	23.3	211.4
Dividends Distribution	(614.2)	
Total Equity	2,847.6	3,603.8
LT Borrowing	814.6	807.9
Others	0.4	
Total Non-current Liabilities	815.0	807.9
ST Borrowing		
Due to CCP	138.0	305.1
Accrued, provision & other liabilities	34.2	54.2
Total Current Liabilities	172.2	359.4
Total Equity & Liabilities	3,834.8	4,770.9

⁸ Citadel Capital's investments are recorded in its FY09 stand-alone financial statements under the following line items: Available-for-sale investments (EGP 30.69 million), Investments in Associates (EGP 2.35 billion), Payment Under Investments (EGP 1.03 billion), and Long-Term Debt Receivable (EGP 400.3 million). This results in total investments of EGP 3.8 billion (investments + convertibles).

ANNEX 1: VALUING CITADEL CAPITAL

A) Portfolio Net Asset Value

Citadel Capital disseminates semi-annually (in 1H and) a total NAV (TNAV) that captures i) the portfolio net asset value (PNAV) of the firm's principal investments and ii) the present value of the Citadel Capital's carried interest in the capital gains of the limited partners in its funds, as well as of the advisory fees Citadel Capital earns.



A) Portfolio Net Asset Value

For the purposes of the PNAV calculation, management divides Citadel Capital's principal investments into four categories:

1. Investments Held at Cost (13% of PNAV)

These are investments that are not yet operational or are at a very early stage of development and which are accordingly held at cost. Examples include Nile Logistics, the Egyptian Refining Company (ERC), Wafra, Mashreq Petroleum, and Nile Valley Petroleum. While some of these investments have already begun operations (notably Nile Logistics, which is serving contracts from an evolving network of ports using refurbished barges while it builds out a custom-designed fleet), the firm has opted to hold them at cost in the interest of being conservative.

2. Investments Having a Market Value (45% of PNAV)

These include investments that are listed on the Egyptian Exchange (EGX), such as ASCOM, for which the NAV uses the closing share price on the date at which the NAV is calculated. This category also includes investments on which there has been a transaction in the previous six months, but which are not listed. Examples of this latter category include TAQA Arabia and ASEC Holding.

3. Investments at Fair Value (38% of PNAV)

Those are investments which are in a mature stage of development and which have fully funded business plans. Examples include Gozour, GlassWorks, United

Foundries, Bonyan and Grandview. Management has calculated an NAV for these investments using the following assumptions:

- a- Applying a 10x multiple to 2014 earnings for all investments (10x being an average of the industry averages)
- b- Discounting the resultant figure by 20% annually.

The fair value method uses the current business plans of the underlying companies and does not incorporate any future enhancements of those plans that might result in great improvements in Platform Company profitability.

4. Impaired Investments (4% of PNAV)

Citadel Capital has run an impairment on two upstream oil and gas investments, namely the National Oil Production Company (NOPC / Rally Energy Group) and the National Petroleum Company (NPC) as a result of delays in the expected performance of the underlying assets. Management notes that these impairments remain unchanged from the 9M09 NAV to the FY09 NAV despite notable increases in production at both investments. Citadel Capital management will continue to monitor the progress of the assets over the course of 2010 with a view to reviewing this impairment at the half-year mark, this the NAV will next be updated.

B) Asset Management Business

Citadel Capital believes that the PNAV reflects only the firm's principal investments in its Platform Companies and does not capture its value as an asset manager, where Citadel Capital records income from a carried interest in its limited partners' capital gains as well as from advisory fees.

Accordingly, management calculates an asset management value (AMV) that values the asset management business as equivalent to one-half of the total value of Citadel Capital's principal investments as reflected in the portfolio net asset value (PNAV, above).

Accordingly, the total net asset value (TNAV) of Citadel Capital is calculated as the sum of PNAV and AMV.

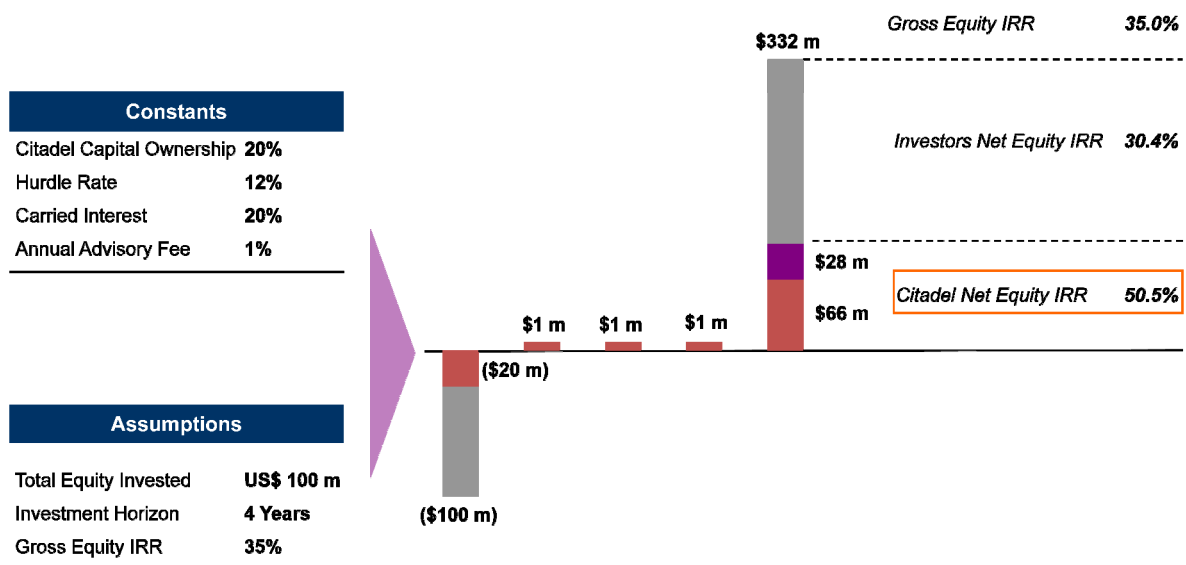
The AMV captures the value of both advisory fees and, in particular, the carried interest using a model Citadel Capital transaction with a four-year investment horizon, a total equity investment of US\$ 100 million (split as 20% Citadel Capital and 80% limited partners), an a gross equity IRR of 35%. Other assumptions include a carried interest of 20% over a 12% hard hurdle and a 1% annual advisory fee.

In this model, the asset management business contributes approximately one-third of Citadel Capital's total gain. (See next page for Model Transaction.)

An alternative approach yielding the same results is to discount at 20% per annum the expected carried interest and advisory fees to be earned by Citadel Capital over the coming five years, assuming the following:

- 1) A target gross IRR of 35%;
- 2) Third Party fee-earning AUM increasing by US\$ 1 billion during 2010 as committed capital is drawn and transactions in the pipeline are executed;
- 3) Subtracting the impact of an historical agreement structured in 2004 that entitles anchor limited partners to 34.8% of the carried interest and advisory fees from Citadel Capital's Opportunity-Specific Funds. Management is presently in negotiations for Citadel Capital to buy back the right to these asset management fees.

Model Transaction: Impact of Fees and Carry on Citadel Capital Investments



About Citadel Capital S.A.E.

Citadel Capital (CCAP.CA on the Egyptian Stock Exchange) is the leading private equity in the Middle East and Africa. Citadel Capital focuses on building regional platforms in select industries through acquisitions, turnarounds, and greenfields executed via Opportunity Specific Funds. Citadel Capital's 19 OSFs now control Platform Companies with investments worth more than US\$ 8.3 billion in 14 countries spanning 15 industries, including mining, cement, transportation, food and energy. Since 2004, the firm has generated more than US\$ 2.5 billion in cash returns to its co-investors and shareholders, more than any other private equity firm in the region. Citadel Capital is the largest private equity firm in Africa by PE assets under management (2004-2009, as ranked by Private Equity International). For more information, please visit www.citadelcapital.com.

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Forward-Looking Statements

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