

## Today's Story

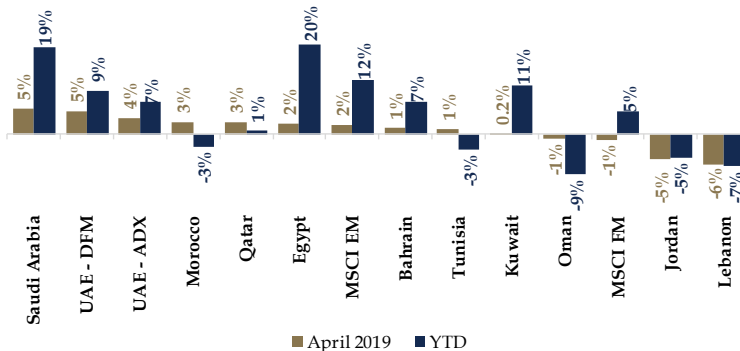
### A Month in Brief – An Illiquid, Disappointing EGX 30

■ Ahmed Abdelnaby | Vice President, Research | [ahmedabdelnaby@shuaasecurities.com](mailto:ahmedabdelnaby@shuaasecurities.com)

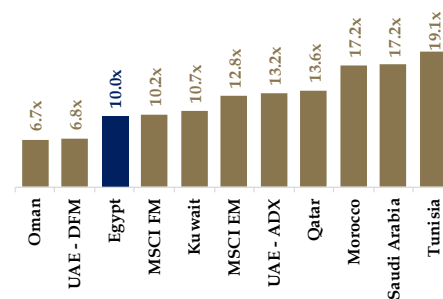
Egyptian equities continued to perform poorly for the second consecutive month in April, almost flattening the uptrend in January and February this year. Shallow liquidity and margin calls – among other factors – took their toll on most of the EGX's sectors, in preparation for long vacations in late April. FTSE's inclusion of Saudi Arabia in emerging markets (adding 10% of its equities mid-March and another 15% mid-April) absorbed some liquidity from the other emerging markets including Egypt. Like in most of 2018 and 2019 so far, Egypt's market valuation remains very attractive. The EGX 30 index is currently trading at a discount to both MSCI EM and MSCI FM. In April, Egyptians turned into net sellers, foreigners eased their selling pressures, and Arabs kept their net buying position for the second month in a row—all on a year-to-date basis. Let's cast a glance at the performance during April 2019.

- Egypt's petty gain in March and April did not deprive it from staying at the top of MENA markets ytd, upheld by the hefty gains that made it top MENA markets in January and February. **EGX 30** edged 2% up in USD terms (+20% ytd), outperforming **MSCI EM** and **MSCI FM** indices. On the valuation side, **Egypt** maintained its third cheapest market position across MENA markets behind **Oman** and **Dubai**. EGX 30 is traded at a discount to MSCI EM of 2.3% and even at a discount to MSCI FM of 22.0% in April.

MENA Markets April 2019 & YTD Performance



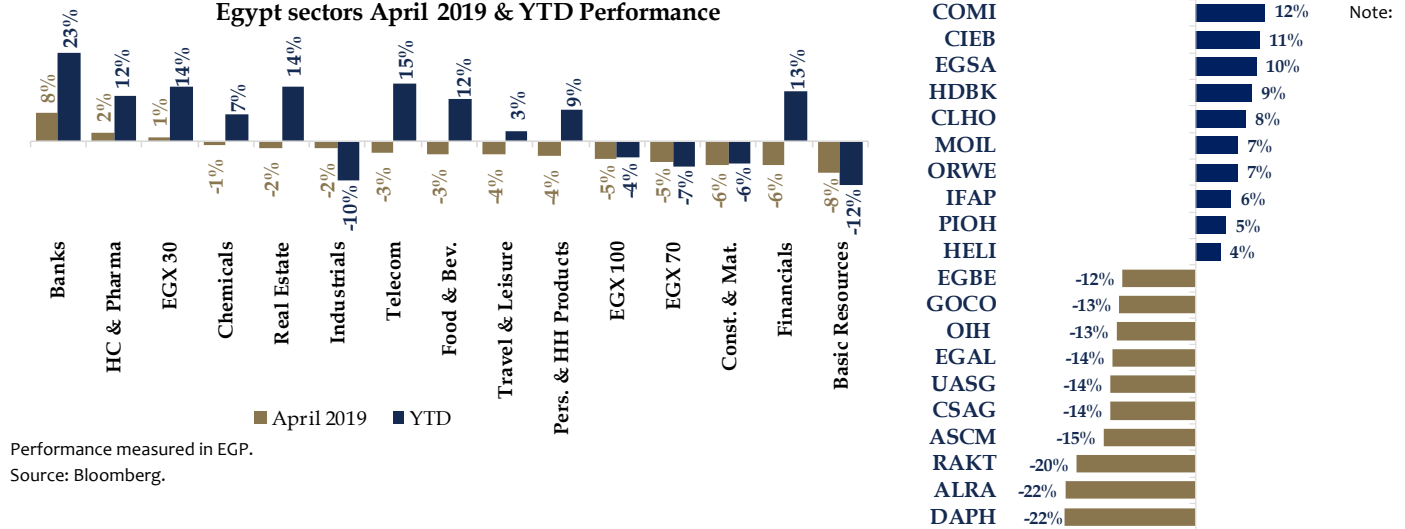
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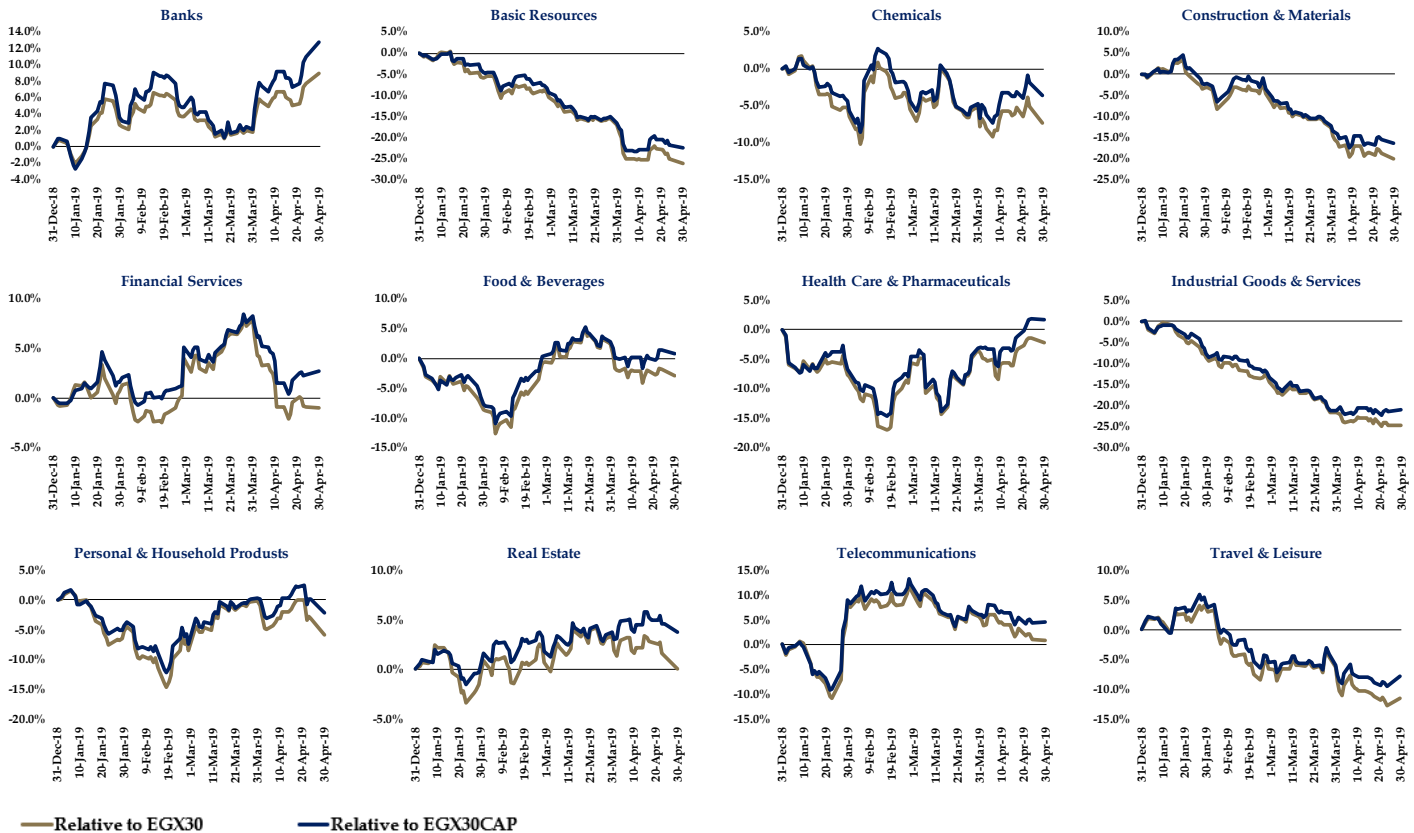
Note: Performance measured in USD.  
Source: Bloomberg.

- Contrary to January and February, most of **EGX** sectors dipped in April for the second month in a row. **Banks** was the top sectoral player, followed by **health care & pharmaceuticals**, while **basic resources** and **financials** were the worst performing sectors. On a ytd basis, **banks** and **telecom** were the top gainers, while **basic resources**, **industrials**, and **construction & materials** were the only three sectors that showed a negative performance in the first four months of 2019. The below chart to the right depicts the best and worst 10 performing stocks within EGX 100 index constituents based on total return analysis for April 2019.

Egypt sectors April 2019 & YTD Performance

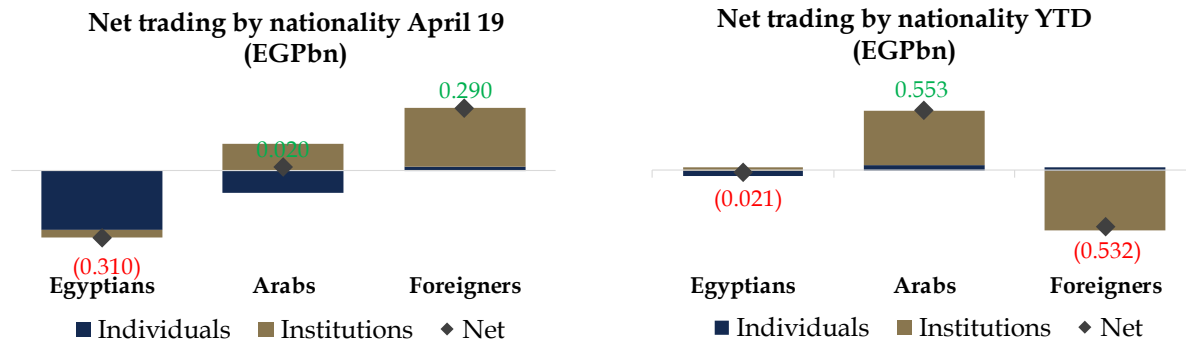


- The daily relative performance vis-à-vis EGX 30 and EGX 30 CAP indices of the 12 sectors ytd:



Source: Bloomberg, SHUAA Securities Egypt.

- In terms of investors trading by type:
  - Egyptians** continued to be net sellers with EGP0.31bn of net outflows in April, driven by individuals, for the second consecutive month after they were net buyers in January and February of 2019. The heavy selling pressures in March and April turned Egyptians into net sellers on a ytd basis for the first time this year with net outflows of EGP0.021bn.
  - Arabs** were net buyers with EGP0.02bn of net inflows in April for the third consecutive month, driven by institutions (with net inflows of EGP0.553bn ytd).
  - Foreigners** stayed net buyers in April with net inflows of EGP0.29bn for the second month in a row, led by institutions. Despite their buying through April and March, foreigners still are net sellers on a ytd basis with net outflows of EGP0.532bn.



Source: EGX.

## Top Headlines

### Corporate

- Alexandria Mineral Oils Co. (AMOC)** is believed to be off the second wave of *Public Offerings Program (POP)*, according to the **Public Enterprises Minister**. Also, he reportedly said that **Sinai Manganese Co.** will make a strong candidate to the second wave of the program. ([Enterprise](#))
- Global Telecom Holding's (GTHE)** earnings grew by 235% y/y to USD32mn in Q1 2019, drawing on 9% y/y lower operating expenses, other operating gain of USD5mn against a loss of USD4.7mn in Q1 2018, and finally 35% y/y lower FX losses. Such results came despite 2% y/y lower revenues of USD688mn after the local currencies in **Pakistan** and **Algeria** depreciated by 25% and 4% y/y, respectively. ([Company disclosure](#)) On a different note, **VEON Ltd.'s** (NASDAQ: VEON) **CFO** Trond Westlie said that the company's tender offer for GTHE "will be approved this time by **Egypt's Financial Regulatory Authority (FRA)**," citing high probability, while declining to provide possible timing. (Bloomberg)
- National Bank of Greece (NBG)** inked an agreement with **Bank Audi - Egypt** for the sale of the banking operations of its branch network in **Egypt**. The operations include total assets of c.EUR110mn, a branch network of 17 branches and c.250 employees. NBG did not provide details regarding the deal size, citing that transaction is subject to **CBE** approval. (Enterprise, NBG)
- Egyptian companies** are interested in **Lebanon's** electricity sector, **Prime Minister** Moustafa Madbouly told **Lebanese President** Michel Aoun, according to a **Cabinet** statement. Local press reports noting that **Egypt** may be exporting excess electricity to **Lebanon**. ([Enterprise](#))
- Canal Shipping Agencies' (CSAG)** net profit climbed 36% to EGP177mn in 9M FY2018/19 versus EGP131mn in 9M FY2017/18, helped by a higher investment income from its subsidiaries **Port Said for Containers & Cargo Handling** and **Damietta for Containers & Cargo Handling**. Revenues declined 3% y/y from EGP66mn in 9M FY2017/18 to EGP63mn in FY2018/19, while gross profit dropped by 37% y/y from EGP21mn to EGP13mn. ([Company disclosure](#))
- United Agency Stevedoring's (UASG)** revenues declined 14% y/y from EGP12.1mn in 9MFY2017/18 to EGP10.4mn in 9M FY2018/19. However, the company posted a gross loss of EGP9.4mn in 9M FY2018/19, albeit 10% y/y lower than the EGP10.4mn gross loss recorded in the year-ago period. Meanwhile, net losses widened by 9% y/y from EGP17.4mn to EGP18.9mn. Separately, UASG decided to sell two marine vessels in **Port Said** and **Al-Arish** as they are no longer operational. ([Company disclosure](#))

- **Amer Group Holding (AMER)** and **Porto Group Holding (PORT)** announced plans to start executing *Santorini*, their latest joint venture in **Ain Al-Sokhna**, right after securing its permits. ([EGX](#), [EGX](#))
- **Banque du Caire (BDC)** is planning to put around EGP200mn in direct investments by end of 2019, targeting to expand direct investment portfolio to EGP1.0bn, according to **Head of Investments** Mohamed Ragai. This will include a planned USD5.0mn capital increase in BDC's majority-owned **Cairo International Bank in Kampala** and a USD3.0mn purchase of stakes owned by **National Bank of Egypt (NBE)** and **Banque Misr** in the same bank — which **CBE** has agreed to before. ([Enterprise](#))
- **Etisalat Misr (EM)** plans to invest EGP4.5bn this year, of which EGP3bn is earmarked for modernizing its network. The company is also working to grow its internet services revenue. Lastly, EM is looking to roll out fixed-line services in the next two years, according to **CEO** Hazem Metwally. ([Reuters](#))

## Non-Corporate

- **Egypt's Emirates NBD PMI** hit 50.8 in April, the highest since August 2015, reflecting better sentiment for private sector. ([Markit](#))
- **Egypt** targets economic growth of 8% in FY2021/22, as per the **Prime Minister**. ([Reuters](#))
- The **Minister of Military Production** Mohamed Al-Assar last week visited four **Chinese** engineering and technology companies, which could help construct new solar plants in **Egypt**, according to a **Ministry of Defense** statement. Representatives from the **Ministries of Defense, Electricity, Investment, and Environment** accompanied the minister on his visits to the **China Electronics Technology Group, China Metallurgical Group, China Enfi Engineering Corporation, and China Silicon Corporation**. ([Enterprise](#))
- In a visit to **Egypt**, the **World Bank's** new President David Malpass discussed the cooperation on small- and medium-sized businesses. Malpass and **SME Development Authority Chief** inked a “declaration of intent” on SME development. This comes after the World Bank had approved a USD200mn SMEs loan, of which USD145mn is earmarked to subsidize non-banking financial institutions offering funding for small businesses as well as for women- and youth-led SMEs. ([Enterprise](#))
- **Egypt** will auction USD1bn worth of one-year USD-denominated T-bills on Monday. The auction will be settled on Tuesday when USD T-bills worth USD1.1bn are due to mature. ([Reuters](#))
- **Average yields on 182-day and 357-day T-bills** were up in an auction held on 2 May 2019 as follows:
  - 182-days: 17.325% (+9.7bps vs. 17.228%); EGP9bn required; EGP13.5bn submitted; EGP8.15bn accepted; bid-to-cover: 1.5.
  - 357-days: 17.176% (+15bps vs. 17.026%); EGP9.5bn required; EGP12.4bn submitted; EGP8.4bn accepted; bid-to-cover: 1.3. ([CBE](#))

## Markets

↓ EGX 30	14,880.39	(0.27%)	↑ EGX 70	649.02	0.12%
↑ DFMGI	2,758.51	0.25%	↓ ADSMI	5,242.59	(0.30%)
↓ TASI	9,336.90	(0.27%)	↑ QE Index	10,480.52	0.77%
↑ S&P 500	2,945.64	0.96%	↑ MSCI EM	1,082.77	0.35%
↑ Gold	1,279.11	0.66%	↑ Brent Oil	70.85	0.14%

\*As of market close, except for commodities at spot price as of 8.31am CLT.

- **MENA Markets:** **Egypt's EGX 30** ended lower on Thursday, pressured by **COMI, EAST, and HELI**. In the **UAE**, **banking** and **energy** stocks drove **ADSMI** down, while **DFMGI** rose, driven by gains in the **real-estate** and **financials** stocks. Meanwhile, **Saudi Arabia's TASI** hit the red as its **consumers** and **materials** sectors slid.
- **Global Markets:** **US equities** managed to recover from an earlier slump last week, which followed **Fed** remarks regarding “transitory” inflation. The rally on Friday however, came well-supported by robust April's jobs report, which shrugged off worries of slow economic activities. Meanwhile, **oil** prices edged up Friday on a strong note, as **US** economic data boosted the sentiment. Elsewhere, **gold** prices closed firmly higher, with the **US dollar index (DXY)** failing to capitalize on strong jobs data.

## Number of the Day

**27.8%**

Foreigners' contribution to total trading value in April 2019.

## Today's Quiz

**Where are Egyptian Iron & Steel's (IRON) facilities located?**

(Answer located at the end of this newsletter)

## Corporate Events

Company	Ticker	Event Type	Event Date	Reason
Egyptian International Tourism	EITP	EGM / AGM	5-May	Reviewing Agenda Items
Remco for Touristic Villages	RTVC	AGM	5-May	Reviewing Agenda Items
Raya Contact Center	RACC	EGM / AGM	5-May	Reviewing Agenda Items
Orascom Investment Holding	OIH	AGM	5-May	Discussing Nile Sugar Acquisition
Egyptian International Pharmaceuticals (EIPICO)	PHAR	Dividends	6-May	Ex-date (EGP4/share); Last eligible date (5 May)
Six of October Development and Investment	OCDI	Dividends	6-May	Ex-date (EGP0.50/share); Last eligible date (5 May)
Raya Holding	RAYA	AGM	6-May	Reviewing Agenda Items
Nozha International Hospital	NINH	Dividends	7-May	Ex-date (EGP0.60/share); Last eligible date (6 May)
Suez Canal Bank	CANA	Lawsuit	7-May	To rule in a lawsuit that invalidated the Bank's AGM on April 4, 2018
El Ezz Aldekhela Steel Alexandria	IRAX	Dividends	7-May	Ex-date (EGP20/share); Last eligible date (6 May)
Egyptian International Pharmaceuticals (EIPICO)	PHAR	Dividends	8-May	Payment date (EGP4/share)
Six of October Development and Investment	OCDI	Dividends	8-May	Payment date (EGP0.50/share)
Elsewedy Electric	SWDY	Dividends	8-May	Payment date (EGP0.80/share)
Canal Shipping Agencies	CSAG	Dividends	8-May	Payment date (EGP0.58/share)
El Ezz Aldekhela Steel Alexandria	IRAX	Dividends	9-May	Payment date (EGP20/share)
Nozha International Hospital	NINH	Dividends	9-May	Payment date (EGP0.60/share)
Arab Cotton Ginning	ACGC	EGM	12-May	Reviewing Agenda Items
United Co for Housing & Developments	UNIT	EGM / AGM	12-May	Reviewing Agenda Items
TMG Holding	TMGH	Dividends	13-May	Ex-date (EGP0.176/share); Last eligible date (12 May)
Egyptian Resorts Co.	EGTS	EGM	13-May	Amending some of the company's articles of incorporation
Egyptian Resorts Co.	EGTS	AGM	13-May	Reviewing Agenda Items
Suez Bags	SBAG	BoD	15-May	Reviewing Agenda Items
Medinet Nasr for Housing & Development	MNHD	EGM	15-May	Amending some of the company's articles of incorporation
Medinet Nasr for Housing & Development	MNHD	AGM	15-May	Authorizing the BoD to enter into netting contracts
Global Telecom Holding	GTHE	EGM	15-May	Amending some of the company's articles of association
Amer Group Holding	AMER	Lawsuit	15-May	Legal disputes relevant to Porto Tartous project
TMG Holding	TMGH	Dividends	15-May	Payment date (EGP0.088/share)
Ibsina Pharma	ISPH	Dividends	15-May	Ex-date (EGP0.07/share); Last eligible date (14 May)
Ibsina Pharma	ISPH	Dividends	19-May	Payment date (EGP0.07/share)
General Silos & Storage	GSSC	AGM	20-May	Reviewing Agenda Items
Orascom Construction	ORAS	AGM	21-May	Discuss dividends of USD0.30/share
Middle Egypt Flour Mills	CEFM	EGM / AGM	22-May	Reviewing Agenda Items
Porto Group Holding	PORT	Lawsuit	23-May	Legal disputes relevant to Porto Tartous project
South Cairo & Giza Mills	SCFM	EGM / AGM	26-May	Reviewing Agenda Items
Arabia Investments Holding	AIH	Lawsuit	9-Jun	Legal disputes against French Peugeot
Amer Group Holding & Porto Group Holding	AMER / PORT	Lawsuit	23-Jun	Legal Disputes relevant to Porto Tartous project
Global Telecom Holding	GTHE	AGM	26-Jun	Discussing capital increase
Egyptian Transport and Commercial	ETRS	Dividends	30-Jun	Payment date (EGP0.50/share)
TMG Holding	TMGH	Dividends	15-Jul	Payment date (EGP0.088/share)
Ismailia Misr Poultry	ISMA	Dividends	8-Aug	Payment date (EGP0.10/share)

## Quiz Answer

Helwan.

## Contact Details

☎ +(202) 16331

📍 143, Bank Zone, 5th Settlement,  
New Cairo, First Abu Dhabi Bank Building (6<sup>th</sup> Floor)  
Cairo, Egypt

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