

Today's Story

Tracing H1 2019 Pre-sales Patterns of Leading Property Developers

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(in Arabic)

The Daily Cast
البث اليومي



With numerous projects launching in what seems to be an already-crowded property market, some companies still managed to close out Q2 2019 with growing numbers. But this was not the typical case as evidenced by a sample of the largest EGX-listed real estate companies by market cap. Leading property developers **TMGH**, **OCDI**, **ORHD**, and **MNHD** saw their aggregate pre-sales in Q2 2019 fall by 28% y/y to c.EGP11.7bn, which was widely expected due to spiraling prices, waning purchasing power, and a stagnant secondary market. Normalizing these figures by removing the fraction of sales made by new launches, they would reflect how limited actual buyers are and how interest in existing projects is fading.

• Sales performance in H1 2019:

- **TMG Holding (TMGH)** launched *Privado*, a new private community within *Madinaty*, spanning over 276 feddans, in May 2019. Since launch, the project generated EGP4.8bn in sales (12.6% of its inventory), accounting for 41% of the company's H1 2019 sales. Total pre-sales, however, declined y/y by 26% in H1 2019 and by 44% in Q2 2019. This indicates that *Celia*, a project that has been launched in the **New Administrative Capital** in May 2018, gained greater momentum than *Privado*.
- **Sixth of October Development & Investment Co. (OCDI)** launched new projects in *Allegría Residence*, *V Residences* and *EDNC*, bringing in sales of EGP2.3bn (-4% y/y) in H1 2019, but Q2 2019 sales of EGP1.4bn came higher by 61% q/q and 18% y/y.
- **Orascom Development Egypt (ORHD)** is placing itself in a different camp in terms of market share with the launch of *O West* in **Sixth of October City** in Q1 2019, which produced EGP2.8bn in sales (67% of total pre-sales), leading the company to break its own records. Nonetheless, a 9% decline in the number of units sold in *El-Gouna*, coupled with a 19% increase in price per sqm, has left the company's *El-Gouna* sales relatively flat.
- **Madinet Nasr Housing & Development's (MNHD)** sales decreased by c.19% y/y. Yet, its *Sarai* project has been picking up stronger momentum than all the rest of MNHD's, especially *Taj City*. *Sarai* has achieved 12% higher sales y/y, while *Taj City* saw its sales slump 64% y/y. In this mix, the launch of the company's commercial component, *Cobalt Business District*, added EGP620mn worth of presales, accounting for 30% of total sales in H1 2019.

Change in pre-sales quarterly and annually

EGPmn	Q1 2018	Q2 2018	% q/q	Q1 2019	% y/y	Q2 2019	% y/y	% q/q	H1 2018	H1 2019	% y/y
TMGH	2,930	12,900	340%	4,490	53%	7,226	(44%)	61%	15,830	11,716	(26%)
... of which <i>Privado</i> was						4,800				4,800	
... % of pre-sales						66%				41%	
ORHD	368	1,200	226%	1,500	308%	2,700	125%	80%	1,568	4,193	167%
... of which <i>O West</i> was										2,779	
... % of pre-sales										66%	
OCDI	1,200	1,200	0%	881	(27%)	1,419	18%	61%	2,400	2,300	(4%)
MNHD	1,583	946	(40%)	1,720	9%	338	(64%)	(80%)	2,529	2,058	(19%)
... of which <i>Cobalt Business District</i> was										620	
... % of pre-sales										30%	
Aggregate	6,081	16,246	167%	8,591	41%	11,683	(28%)	36%	22,327	20,267	(9%)

Source: Company data.

Top Headlines

Corporate

- **Egypt Aluminum's** (EGAL) technical advisor **Cairo University's Faculty of Engineering** has recommended the company to increase the designed capacity of its facilities from 320,000 tpa to 400,000 tpa only, as the previously-suggested expansion to 570,000 tpa will not be feasible at the current electricity and metal prices. The capacity will need to be increased through new facilities that should reduce the average electricity consumption per ton. Their installation period will take two years once construction starts, while no data about the initial capex is available for the time being. ([Company disclosure](#))
- **Fawry's** (FWRY) H1 2019 stand-alone initial indicators showed a top line of EGP309.6mn (+26% y/y), where operating profit grew to EGP24.4mn (+83% y/y), while net earnings were nearly unchanged y/y at EGP47.5mn ([Company disclosure](#))
- **Global Telecom Holding's** (GTHE) EGM approved the voluntary delisting of the company's shares from the **EGX** while buying back the shares of shareholders who do not approve the decision or will be harmed from the delisting at a price of EGP5.08/share. ([Company disclosure](#))
- **Heliopolis Housing & Development's** (HELI) general assembly approved assigning HELI's management to an experienced property development company guided by the terms of the announced contract for a share of 10% of the company, as part of the company's secondary public offering (SPO) of up to 25%. ([Company disclosure](#))

Non-Corporate

- **Egypt** topped **Africa** in the number and value of construction projects within a single country in 2018. Egypt saw a total of 46 projects, comprising 9.5% of the total number of projects in Africa during the year, at a total value of USD79.2bn (17% of the total value of projects on the continent). ([Deloitte's report](#))
- The **Ministry of Finance** is revisiting previous plans to take an EGP-denominated bond issuance to the international market, most likely early next year. The ministry has yet to determine the exact size and timing of the potential issuance. Investors would purchase the bonds in USD, while the government would pay the principal and interest in EGP. ([Enterprise](#))

Markets

📉	EGX 30	14,283.50	(0.05%)	📈	EGX 30 TR	5,327.72	0.77%
📉	EGX 70	544.13	(0.08%)	📉	EGX 100	1,427.08	(0.00%)
📈	DFMGI	2,751.29	0.82%	📈	ADSMI	5,130.75	2.67%
📈	TASI	8,285.54	0.34%	📈	QE Index	10,029.75	2.47%
📉	S&P 500	2,869.16	(0.32%)	📈	MSCI EM	964.59	0.39%
📉	Gold	1,538.39	(0.29%)	📈	Brent Oil	60.05	0.91%

*As of market close, except for commodities at spot price as of 8.45am CLT.

- **MENA Markets:** **Egypt's** benchmark **EGX 30** closed in the red territory on Tuesday, hit by **EGTS**, **SWDY**, and **OCDI**. In the **UAE**, **DFMGI** and **ADSMI** continued their upward trend with the former index upheld by **real estate** and **banking** stocks, and the latter lifted by **banks** and **telecom** stocks for the second consecutive session. Meanwhile, **Saudi Arabia's** **TASI** rose on stronger **materials** and **F&B** stocks.
- **Global Markets:** **Asian shares** made cautious gains on Wednesday, as higher Wall Street futures provided some relief after an overnight **US** selloff, though deeper worries about the global economy and trade continue to weigh on market sentiment. **Oil** prices rose in Asia for a second day of gains after an industry report showed US stockpiles fell more than expected.

Number of the Day

EGP23.9bn

The value of the latest land plots offered by the **New Urban Communities Authority (NUCA)** in **New Cairo**.

Today's Quiz

What is the total area of New Alamein City?

(Answer located at the end of this newsletter)

Corporate Events

Company	Ticker	Event Type	Event Date	Reason
Heliopolis Housing & Development	HELI	Tender	28-Aug	Merryland Children Garden lease auction
Canal Shipping Agencies	CSAG	EGM	29-Aug	Discussing proposed dividends of EGP0.30/share
CI Capital Holding	CICH	AGM	2-Sep	Discuss capital increase
Suez Canal Bank	CANA	Lawsuit	4-Sep	To rule in a lawsuit that invalidated theBank's AGM on April 4, 2018
Ezz Steel	ESRS	Lawsuit	9-Sep	Steel Billets -Law Suit
Global Telecom Holding	GTHE	EGM	9-Sep	Discussing delisting from EGX; approving asset sale.
Dice Sport & Casual Wear	DSCW	EGM	12-Sep	Discuss capital increase
Amer Group Holding & Porto Group Holding	AMER / PORT	Lawsuit	15-Sep	Legal Disputes relevant to <i>Porto Tartous</i> project
Canal Shipping Agencies	CSAG	Tender	15-Sep	put up a two-story building for rent in an auction
Maridive & Oil Services	MOIL	EGM	16-Sep	Discuss capital increase
Egyptian Resorts Co.	EGTS	AGM	25-Sep	Reviewing Agenda Items
Amer Group Holding	AMER	Lawsuit	26-Sep	Legal disputes relevant to the company
Porto Group Holding	PORT	Lawsuit	26-Sep	Legal disputes relevant to the company
Arabia Investments Holding	AIH	Lawsuit	29-Sep	lawsuit against French Peugeot
Sidi Kerir Petrochemicals	SKPC	Dividends	16-Oct	Payment date (EGP0.25/share)
Egyptian Resorts Co.	EGTS	Lawsuit	26-Oct	Appeal against TDA regarding Sahl Hasheesh
Misir Cement (Qena)	MCQE	Dividends	31-Oct	Payment date (EGP0.25/share)

Quiz Answer

48,000 feddans.

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