

Today's Story

SWDY – Upgraded to Overweight on Recent Pull-Back; Added to EGX-MP

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- **Updating our stock picks, we are adding Elsewedy Electric (SWDY) to our EGX Model Portfolio (EGX-MP), having removed Orascom Investment Holding (OIH) as published on [7 April 2019](#), generating a 19% return since 20 January 2019.** Since SWDY's new awards in Q1 2019 are still within our forecasts for 2019 (c.43% of 2019 figures), we maintain our 12-month price target (12M PT) of EGP20.6/share, implying an upside potential 26% and upgrade our rating on SWDY from Neutral to Overweight and add it to our EGX-MP as, We believe the recent pull-back in the stock price has created a sensible entry point.
- SWDY was awarded in Q1 2019 three new projects in Egypt and the UAE, in addition to registering its joint venture with **Arab Contractors** in Tanzania. Meanwhile, two other projects are still in the initial agreement phase. The three new awards total c.EGP8bn, c.43% of our 2019 forecasted new awards figure and c.14% of the backlog of turnkey projects which represented 33% of revenues in 2018. In-addition, SWDY is seeking expansion in new fields namely; water desalination and industrial zone services and in Africa given its high margins. Acquiring new land plots from the **Industrial Development Authority (IDA)** and the **Suez Canal Economic Zone** and looking for more, SWDY is focusing on new industrial zones. **SWDY has declared a cash DPS of EGP0.8, a 5% yield. Currently, SWDY is trading at a 2019 P/E of just 7.3x.**

For further details on upgrading SWDY and adding it to our EGX Model Portfolio (EGX-MP), please read [the full report](#).

Top Headlines

Corporate

- The **Ministry of Trade & Industry** has imposed temporary safeguard measures on steel imports which will be as follows: (a) 25% on steel rebars, rods, and coils and (b) 3-15% on semi-finished steel billets based on the ton CIF cost. This decision came to protect the local producers from dumping the local market with steel import in the shadow of global recession. The safeguard measures should protect the local steel producers, such as **Ezz Steel** (ESRS) and its subsidiary **Al-Ezz Dekheila Steel** (IRAX) for the next six months. This will boost the steel selling prices and offset the impact of high iron ore cost that pressured operating margins. However, we still have to keep our eyes on the new electricity cost for steel producers which will have a significant impact on their operating margins. ([Youm 7](#))
- **Abu Qir Fertilizers** (ABUK) released its preliminary results for Q3 FY2018/19, where net profit jumped 35% y/y to EGP944mn. Revenues grew 17% y/y to EGP2.36bn, while gross margin leapt to 42.3% versus 36.2% a year ago. Earnings growth could be attributed to wider operating margins which were driven by higher selling prices. We are still waiting for the detailed financials for a more accurate assessment of ABUK's performance. ([Company disclosure](#))
- **Madinet Nasr Housing & Development's** (MNHD) pre-sales reached EGP1.72bn for Q1 2019 (+9% y/y, +4% q/q). Sales made by *Sarai* and *Tag Sultan* shot up 104% and 225%, respectively, accounting for most of the total. Also, boosting sales was the introduction of *Cobalt Business District (CBD)* which generated EGP406mn so far. ([Company disclosure](#))
- **Sixth of October Development and Investment** (OCDI) has launched its upscale apartment complex *Allegria Residence* within SODIC WEST with EGP500mn in booked sales. The launch took place on 25 March and included 83 apartments. ([Enterprise](#))
- Investment consortium led by **CI Capital Holding** (CICH) intends to acquire a controlling stake at Taleem, which in turn owns a stake at Nahda University located in Beni Suef. (Al Mal)

Non-Corporate

- **Egypt** has signed an agreement with **Euroclear** to allow holders of its sovereign debt to clear transactions outside the country, the finance minister said, adding it hopes to announce a new sovereign debt issue by the end of September and hopes it will be eligible for clearing via **Belgium**-based Euroclear. ([Reuters Africa](#))

- The **Egyptian government** is looking into revising the price at which it sells energy to factories, among other measures to boost industry, including preferring domestic products in government procurements, and establishing a database of manufacturing suppliers. ([Enterprise](#), [Al-Mal](#))
- A **Ministry of Finance** committee is looking to make amendments to the outdated Stamp Tax Act, with one likely change involving doubling the annual stamp tax on pre-paid mobile phone lines to EGP12. The Ministry would then hand the proposed amendments to cabinet for review. The changes could impact all stamp taxes except for the one on advertising. ([Enterprise](#))
- Average yields on **91-day** and **273-day T-bills** were mixed in an auction held on **14 April**:
 - Yield on **91-day T-bills** was rose fractionally from 17.524% to 17.528% (+0.4bps) with EGP8.5bn accepted and required. The submitted amount was about EGP14.8bn, implying a bid-to-cover ratio of almost 1.7.
 - Yield on **273-day T-bills** was down from 17.556% to 17.524% (-3bps) with EGP9.3bn accepted vs. EGP8.5bn required. The submitted amount exceeded EGP14.7bn, implying a bid-to-cover ratio of 1.7. ([CBE](#))

Markets

↘	EGX 30	15,068.96	(0.24%)	↗	EGX 70	672.87	0.55%
↘	DFMGI	2,787.64	(0.09%)	↗	ADSMI	5,174.02	2.41%
↘	TASI	9,055.34	(0.36%)	↘	QE Index	10,235.76	(0.23%)
↗	S&P 500	2,907.41	0.66%	↗	MSCI EM	1,089.09	0.15%
↘	Gold	1,288.27	(0.17%)	↘	Brent Oil	71.34	(0.29%)

*As of market close, except for commodities at spot price as of 8.13am CLT.

- **MENA Markets:** Egypt's benchmark **EGX 30** ended lower on Sunday, as **EKHO**, **EAST**, **COMI** and **GTHE** retreated. Meanwhile, **ADSMI**'s performance improved noticeably drawing on help from **banks** and **energy** stocks while **DFMGI** fell over its **real-estate** and **financial market service** sectors. **Saudi Arabia's TASI** hit the red territory, driven by losses in **banks** and **materials** stocks.
- **Global Markets:** **Asian shares** were up on Monday's morning, helped by optimistic sentiment towards trade war between **US** and **China**. **Oil prices** were a bit lower on Monday, after hitting its best levels in about five months, with concerns over supply side.

Number of the Day

USD4.2bn

The value of **Egypt's** non-oil exports in Q2 FY2018/19.

Today's Quiz

How much pre-sales did MNHD generate in Q1 2018?

(Answer located at the end of this newsletter)

Corporate Events

Company	Ticker	Event Type	Event Date	Reason
Credit Agricole Egypt	CIEB	Dividends	15-Apr	Last date of cash dividends eligibility of EGP4.24/share
Egyptian Iron & Steel	IRON	Tender	15-Apr	Tender for the revamping of its production lines
Ismailia Misr Poultry	ISMA	Dividends	15-Apr	Distribution of cash dividends of EGP0.10/share
Sinai Cement	SCEM	AGM	16-Apr	Reviewing Agenda Items
Faisal Islamic Bank of Egypt - USD	FAITA	Dividends	17-Apr	Distribution of cash dividends of USD0.08/share
Faisal Islamic Bank of Egypt	FAIT	Dividends	17-Apr	Distribution of cash dividends of EGP1.433/share
Oriental Weavers Carpet	ORWE	EGM / AGM	17-Apr	Discuss of bonus shares (50%)
Egyptian Satellites	EGSA	Dividends	17-Apr	Last date of cash dividends eligibility of USD0.60/share
Elsaeed Contracting & Real Estate	UEGC	AGM	18-Apr	Reviewing Agenda Items
Edita Food Industries	EFID	Dividends	18-Apr	Distribution of cash dividends of EGP0.20/share
Credit Agricole Egypt	CIEB	Dividends	18-Apr	Distribution of cash dividends of EGP4.24/share
Amer Group Holding & Porto Group Holding	AMER / PORT	Lawsuit	18-Apr	Legal Disputes relevant to <i>Porto Tartous</i> project
Minapharm Pharmaceuticals	MIPH	EGM / AGM	20-Apr	Discuss the capital increase
Oriental Weavers Carpet	ORWE	Dividends	21-Apr	Last date of cash dividends eligibility of EGP1.5/share
Egyptian Financial & Industrials	EFIC	Dividends	21-Apr	Last date of cash dividends eligibility of EGP0.25/share
Telecom Egypt	ETEL	Dividends	21-Apr	Last date of cash dividends eligibility of EGP0.25/share
Al Tawfeek for Financial Lease	ATLC	Dividends	21-Apr	Record date for dividends eligibility of EGP0.25/share cash dividends
Egyptian Electrical Cables	ELEC	AGM	21-Apr	Reviewing Agenda Items
Arab Co for Asset Management & Development	ACAMD	Tender	21-Apr	Land Auction
EFG Hermes	HRHO	EGM / AGM	21-Apr	Reviewing Agenda Items
Arabia Investments Holding	AIND	Lawsuit	21-Apr	Legal Disputes relevant to the Company
El Obour Real Estate Investments	OBRI	EGM / AGM	22-Apr	Reviewing Agenda Items
Egypt Kuwait Holding	EKHO	Dividends	22-Apr	Last date of cash dividends eligibility of USD0.05 /share
Delta For Printing & Packaging	DTPP	Dividends	22-Apr	Distribution of cash dividends of EGP0.50 share
National Co For Maize Products	NCMP	AGM	22-Apr	Reviewing Agenda Items
El-Shams Housing & Urbanization	ELSH	AGM	23-Apr	Reviewing Agenda Items
Suez Cement	SUCE	AGM	23-Apr	Reviewing Agenda Items
Industrial & Engineering Projects	IEEC	EGM / AGM	23-Apr	Reviewing Agenda Items
Misr Fertilizers Production Co.	MFPC	AGM	23-Apr	Reviewing Agenda Items
Tourah Portland Cement	TORA	AGM	23-Apr	Reviewing Agenda Items
Assiut Islamic Trading	AITG	Dividends	24-Apr	Distribution of cash dividends of EGP0.45 share
Al Tawfeek for Financial Lease	ATLC	Dividends	24-Apr	Distribution of cash dividends of EGP0.25 share
Egyptian Financial & Industrials	EFIC	Dividends	24-Apr	Distribution of cash dividends of EGP0.25 share
Telecom Egypt	ETEL	Dividends	24-Apr	Distribution of cash dividends of EGP0.25 share
Oriental Weavers Carpet	ORWE	Dividends	24-Apr	Distribution of cash dividends of EGP1.5/share
Arab Co for Asset Management & Development	ACAMD	EGM	24-Apr	Amending some of the company's articles of incorporation
Orascom Development Egypt	ORHD	AGM	24-Apr	Reviewing Agenda Items
Pioneers Holding	PIOH	EGM	25-Apr	Amending some of the company's articles of incorporation
Sabaa International Co	SIPC	EGM / AGM	27-Apr	Reviewing Agenda Items
Atlas For Investment and Food Industries	AIFI	EGM / AGM	27-Apr	Reviewing Agenda Items
National Cement	NCEM	Lawsuit	27-Apr	To rule in canceling the decision to dissolve the company
Egypt Kuwait Holding	EKHO	Dividends	30-Apr	Distribution of cash dividends of USD0.05/share
Paints & Chemical Industry	PACH	Dividends	30-Apr	Distribution of cash dividends of EGP1.5/share
Minapharm Pharmaceuticals	MIPH	AGM	30-Apr	Reviewing Agenda Items
Egyptian Transport and Commercial	ETRS	Dividends	30-Apr	Distribution of cash dividends of EGP0.5/share
Suez Bags	SBAG	AGM	30-Apr	Reviewing Agenda Items
Global Telecom Holding	GTHE	BoD	1-May	Discussing Q1 2019 results
Heliopolis Housing & Development	HELI	Tender	2-May	Public Auction of Land in Sheraton
Global Telecom Holding	GTHE	Conference call	2-May	Discussing Q1 2019 results
Arabian Food Industries Co Domty	DOMT	AGM	2-May	Reviewing Agenda Items
Maridive & Oil Services	MOIL	EGM / AGM	2-May	Reviewing Agenda Items
Acrow Misr	ACRO	AGM	4-May	Reviewing Agenda Items
Engineering Industries ICON	ENGC	EGM / AGM	4-May	Reviewing Agenda Items
Arabia Investments Holding	AIND	GM	4-May	Discussion of planning a Murabaha contract with the major
Arab Polvara Spinning & Weaving	APSW	AGM	4-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
Raya Holding	RAYA	AGM	6-May	Reviewing Agenda Items
Suez Canal Bank	CANA	Lawsuit	7-May	To rule in a lawsuit that invalidated the Bank's AGM on April 4, 2018
Canal Shipping Agencies	CSAG	Dividends	8-May	Distribution of cash dividends of EGP0.58/share
Amer Group Holding & Porto Group Holding	AMER / PORT	Lawsuit	23-Jun	Legal Disputes relevant to <i>Porto Tartous</i> project
Global Telecom Holding	GTHE	AGM	27-Jun	Discussing capital increase
Egyptian Transport and Commercial	ETRS	Dividends	30-Jun	Distribution of cash dividends of EGP0.5/share
Ismailia Misr Poultry	ISMA	Dividends	8-Aug	Distribution of cash dividends of EGP0.10/share

Quiz Answer

EGP1.58bn.

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