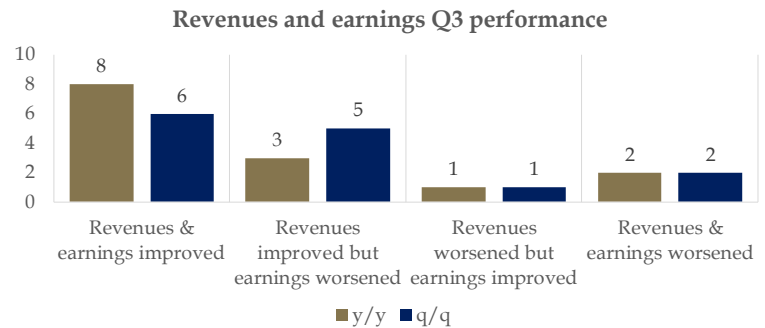


Today's Story

Q3 Earnings Season Still Half Way

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• **EGX 30 stocks — 14 in, 16 to go:** As Q3 2018 earnings seasons draws to a close, we are tallying up the companies as they report their results. Since all investors' eyes are drawn to the EGX 30, the market's benchmark, we are focusing here on its constituents' performance in Q3 2018. So far, we have seen 14 constituents (47% of the EGX 30) report their Q3 2018 results.



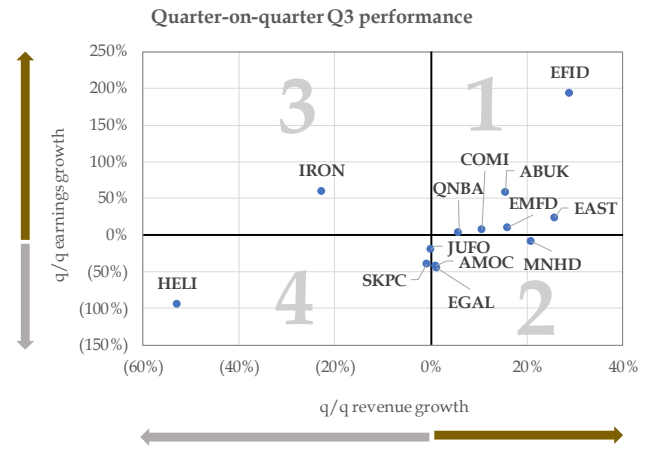
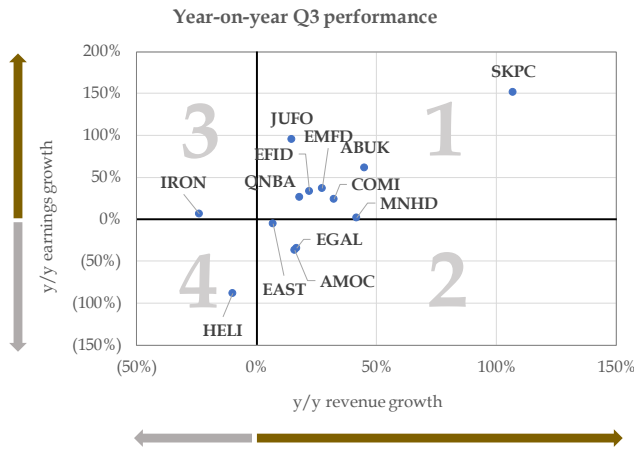
Source: Bloomberg, SHUAA Securities Egypt.

o Year-on-year, **8 companies** (57%) have reported **improved revenues and earnings**, while **2 companies** (14%) reported **worse revenues and earnings**. The remainder was split between companies reporting improved revenues/worse earnings (3, 21%) and companies reporting worse revenues/improved earnings (1, 7%).

o Quarter-on-quarter, **6 companies** (43%) have reported **improved revenues and earnings**, while **2 companies** (14%) reported **worse revenues and earnings**. The remainder was split between companies reporting improved revenues/worse earnings (5, 36%) and companies reporting worse revenues/improved earnings (1, 7%).

• **The revenues/earnings matrix:** Excluding **Global Telecom Holding (GTHE)**, of which net losses widened q/q to EGP6.78bn on one-off impairment charge, the below charts depict the remaining 13 companies' y/y (left) and q/q (right) performance in Q3 2018 using the revenues/earnings matrix. Each chart is split into four quadrants, where:

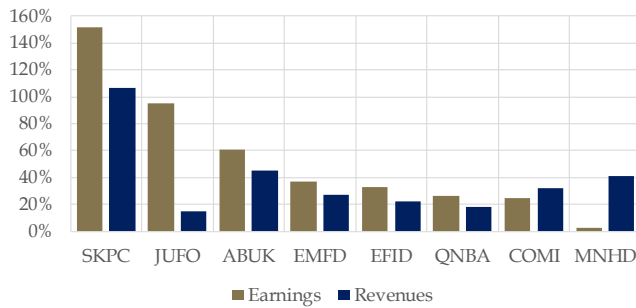
	y/y	q/q
Quadrant 1 (better revenues / better earnings):		
<ul style="list-style-type: none"> Consumer staples did well as consumption began to recover and margins normalize. And so did banks, thanks to a sustained high interest rate environment. Meanwhile in real estate, some names are doing better than others. Elsewhere, two chemical names (ABUK and SKPC) improved y/y and q/q on revenue growth and better margins. 	<ul style="list-style-type: none"> EFID, JUFO COMI, QNBA EMFD, MNHD ABUK, SKPC 	<ul style="list-style-type: none"> EAST, EFID COMI, QNBA EMFD ABUK
Quadrant 2 (better revenues / worse earnings):		
<ul style="list-style-type: none"> Three of the state-owned companies that were slated for Egypt's public offerings program (POP) showed worse earnings despite higher revenues as margins got crushed. Meanwhile in real estate, one company (MNHD) showed slightly lower earnings q/q despite higher revenues. Elsewhere, one consumer staples name (JUFO) exhibited q/q flat revenues and lower earnings on lower margins. 	<ul style="list-style-type: none"> AMOC, EAST, EGAL 	<ul style="list-style-type: none"> AMOC, EGAL MNHD JUFO
Quadrant 3 (worse revenues / better earnings):		
<ul style="list-style-type: none"> One state-owned IRON stood alone in both y/y and q/q/ terms with slightly better earnings, albeit still net losses, while revenues continued to plummet. 	<ul style="list-style-type: none"> IRON 	<ul style="list-style-type: none"> IRON
Quadrant 4 (worse revenues / worse earnings):		
<ul style="list-style-type: none"> Yet another POP company (HELI) showed both worse revenues and earnings in both y/y and q/q/ terms, citing slowdown in the real sector. Elsewhere, despite showing y/y outstanding performance on both revenues and earnings fronts, SKPC's revenues slid slightly and earnings dropped q/q. 	<ul style="list-style-type: none"> HELI 	<ul style="list-style-type: none"> HELI SKPC



Source: Bloomberg, SHUAA Securities Egypt.

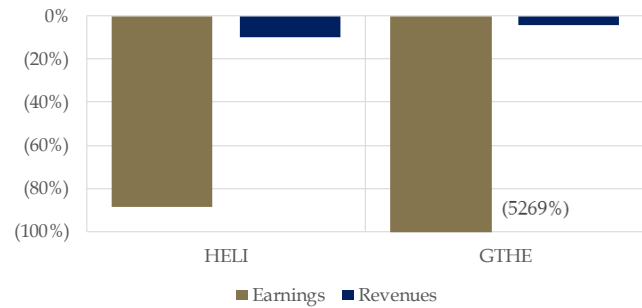
Quadrant 1 y/y

Companies whose revenues & earnings improved y/y



Quadrant 4 y/y

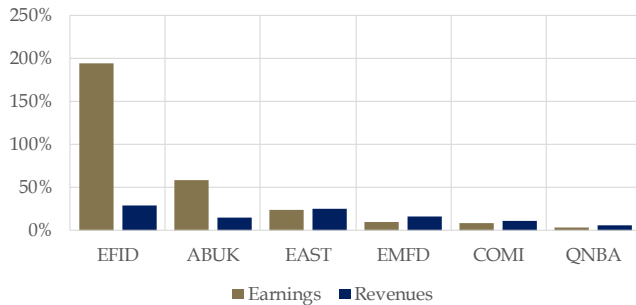
Companies whose revenues & earnings worsened y/y



Source: Bloomberg, SHUAA Securities Egypt.

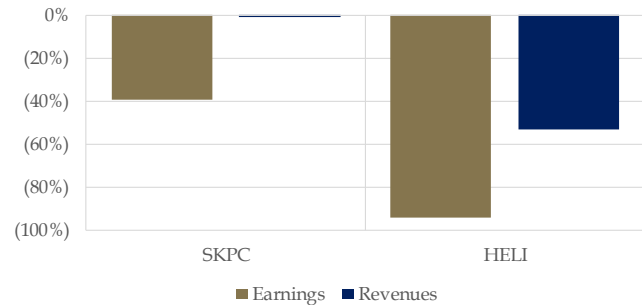
Quadrant 1 q/q

Companies whose revenues & earnings improved q/q



Quadrant 4 q/q

Companies whose revenues & earnings worsened q/q



Source: Bloomberg, SHUAA Securities Egypt.

- Who's next?** Again, excluding **Global Telecom Holding (GTHE)**, aggregate revenues have grown by 20% y/y and 8% q/q, but only earnings grew y/y by 12%. Q3 earnings were negatively affected in part by the subsidy cuts that took place in June/July 2018. Going forward, out of the remaining 16 companies to report, investors will await results from 6 large caps with heavy weights in the EGX 30, namely **TMGH**, **HRHO**, **SWDY**, **ETEL**, **ESRS**, and **CCAP**. **TMGH** will shed light on the state of the real estate market which has so far shown mixed performance between positive/slightly positive (**EMFD**, **MNHD**) and negative (**HELI**). Also, **HRHO** should show better y/y performance if we consider **CICH**'s performance in Q3. Meanwhile, **ETEL** looks to be set for a better y/y earnings report, albeit with a slower q/q performance due to seasonality. The latter two, **ESRS** and **CCAP**, usually report late in the season after consolidating their respective subsidiaries.

Top Headlines

Corporate

- **Global Telecom Holding's** (GTHE) BoD has appointed **Naeem Financial Investments**, a subsidiary of **Naeem Holding** (NAHO), as an Independent Financial Advisor (IFA) to publish a fairness opinion report concerning GTHE's shares with respect to its potential capital increase. ([Company Disclosure](#))
- **Arab Drug Co.'s** (ADCI) Q1 2018/19 net profit grew 32% to EGP9.8mn on 20% higher revenues of EGP105.6mn. Gross margin shrank to 32.2% in Q1 2018/19 versus 34.3% a year ago on higher COGS. ([Company Disclosure](#))
- **Misr Insurance Holding Co.** clarified that it did not submit an offer for the acquisition of **National Cement's** (NCEM) stake in **El-Nahda Cement**, and that the decision is still under study. (Al-Mal)
- **Cairo for Investment & Real Estate Development** (CIRA) is planning to invest c.EGP1.1bn in the next three years. The company's investment plan will include opening five faculties and four schools. (Al-Borsa)

Non-Corporate

- **Annual urban inflation** accelerated to 17.7% in October 2018 from 16.0% in September 2018, and monthly inflation increased to 2.6% from 2.5%, respectively. The increase was driven mainly by a hike in food and beverages' prices. ([CAPMAS](#))
- **Standard & Poor's** affirms **Egypt's** rating at **B**, with *Stable Outlook*. Main strength points include the competitive exchange rate, the macroeconomic reform, and the expected increase in natural gas output, while the large fiscal deficit is among the main challenges. ([Hapi Journal](#))
- **Suez Canal** recorded receipts of USD4.8bn in 10M 2018 (from January to October 2018), up USD500mn compared to the same period last year. ([Al-Ahram](#))
- The **Cabinet** is not planning to issue EGP-denominated bonds on the international market during the current or next fiscal year, according to *Enterprise*, after news was published recently that the **Egyptian government** will publish such bonds soon. ([Enterprise](#))
- The **Ministry of Petroleum** aims to increase **natural gas** exports to 150mn standard cubic feet per day (scfd) for Jordanian power plants by end of year, up from a current 100mn scfd and to gradually increase them to 250mn scfd by January 2019. ([Arab Finance](#))
- The **Egyptian government** is looking into establishing a private equity fund to upgrade **Egypt's** hotels and resorts and make new investments in the sector as part of a comprehensive sector strategy called "E-Trip", the **Minister of Tourism** said. ([Enterprise](#))
- **Average yields on T-bills** fell in an auction held on 8 November 2018. Yield on **182-day T-bills** fell to 19.676%, down from 19.748%, while yield on **364-day T-bills** fell to 19.778% from 19.809% in the latest comparable auction. ([CBE](#))

Markets

↗	EGX 30	13,732.68	0.86%	↗	EGX 70	702.82	1.55%
↘	DFMGI	2,825.86	(0.12%)	↗	ADSMI	5,028.75	0.25%
↘	TASI	7,743.39	(0.63%)	↗	QE Index	10,368.17	1.13%
↘	S&P 500	2,781.01	(0.92%)	↘	MSCI EM	976.17	(1.75%)
↘	Gold	1,209.65	(1.17%)	↘	Brent Oil	70.18	(0.67%)

*As of market close

- **MENA Markets:** The **EGX30** closed slightly higher on Thursday, driven by the positive performance of **COMI**, **TMGH**, and **EAST**. Meanwhile, **TASI** inched down on losses in the **banking** and the **materials** sectors. On the other hand, **UAE indices** closed on a mixed note.

- **Global Markets: US indices** finished Friday's session in the red zone. The **Dow** halted a four-session rally after a sell-off in **oil** which settled lower on Friday, marking its tenth consecutive decline, trading slightly above USD60/bbl as rising production and a softening in US oil sanctions on **Iran** pressured oil prices.

Number of the Day

EGP7.6bn

SODIC's (OCDI) total long-term accounts receivable.

Today's Quiz

How many EGX30 constituents have released their results so far?

(Answer located at the end of this newsletter)

Corporate Events

Company	Ticker	Event Type	Event Date	Reason
International Agricultural Products	IFAP	GM	11-Nov	Reviewing Agenda Items
Arabia Investments and Development	AIND	Lawsuit	11-Nov	Legal Disputes Relevant to the Company
Orange Egypt for Telecommunications	OREG	OPR	11-Nov	Opening of the OPR market at price per share of EGP17.29
Alexandria Flour Mills	AFMC	Dividends	12-Nov	Record date for cash dividends distribution of EGP 0.65 per share
National Co For Maize Products	NCMP	EGM	12-Nov	Reviewing Agenda Items
Ibnsina Pharma	ISPH	Conference call	12-Nov	Discussing Q3 2018 financial results
MM Group for Industry	MTIE	Conference call	12-Nov	Discussing Q3 2018 financial results
Egyptian Transport and Commercial	ETRS	EGM	13-Nov	Reviewing Agenda Items
Orascom Development Egypt	ORHD	Earnings Release	13-Nov	Announcing Q3 2018 financial results
Orascom Development Egypt	ORHD	Conference call	13-Nov	Discussing Q3 2018 financial results
Telecom Egypt	ETEL	Earnings Release	14-Nov	Announcing Q3 2018 financial results
Arabia Investments and Development	AIND	EGM/AGM	14-Nov	Discussing capital reduction
GB Auto	AUTO	Earnings Release	14-Nov	Announcing Q3 2018 financial results
Alexandria Flour Mills	AFMC	Dividends	15-Nov	Distribution of cash dividends of EGP 0.65 per share
Global Telecom Holding	GTHE	EGM/AGM	15-Nov	Discussing extending of maturity of revolving credit facility of USD 100 million
Dice Sport & Casual Wear	DSCW	EGM	15-Nov	Discussing stock split
Ibnsina Pharma	ISPH	Lawsuit	19-Nov	Legal Disputes Relevant to the Company
Modern Shorouk Printing & Packaging	SMPP	EGM	21-Nov	Discussing capital increase
Edita Food Industries	EFID	EGM	25-Nov	Reviewing Agenda Items
Ezz Steel	ESRS	EGM	26-Nov	Reviewing Agenda Items
Porto Group Holding	PORT	Lawsuit	29-Nov	Legal Disputes Relevant to the Company
Arabian Cement	ARCC	AGM	1-Dec	Distribution of profits for the period from 1 Jan-31 Dec 2017
Cleopatra Hospital	CLHO	EGM/AGM	3-Dec	Reviewing the IFA report regarding the fifth hospital acquisition
Al Ahram Co for Printing	EPPK	GM	11-Dec	Discussing recomposition of board of directors

Quiz Answer

14 companies.

Correction and Clarification

In *The Daily Beam* published Thursday 8 November 2018, it was incorrectly stated that **Zahana Cement** owns 35% of **Groupe Industriel des Ciments d'Algérie (GICA)**, but the correct information is that **ASEC** owns 35% of **Zahana Cement**.

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