

Today's Story

CLHO – A Brighter Scene; Raising Our 12M PT but Cutting Rating on Recent Rally

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- **Cleopatra Hospital Co.'s (CLHO)** stock price surpassed our 12M PT that we set initially on 30 December 2018 at EGP5.78/share in less than three months. More recently, the company posted 2018 results that came somewhat better than our expectations, especially in terms of operational cost. In this note, we update our financial model post 2018 results and after adding a seventh hospital to our valuation. We are raising our 12M PT to EGP6.78/share but cutting our rating from Overweight to Neutral in view of the recent stock price rally.

Please read [the full report](#) for more details.

Top Headlines

Corporate

- **Qalaa Holdings (CCAP)** announced the successful operation of the Continuous Catalyst Regeneration (CCR) and Vacuum Distillation Unit (VDU) in its subsidiary **Egyptian Refining Company (ERC)** which has supplied **Egyptian General Petroleum Corporation (EGPC)** with c. 100,000 of low sulfur European specs diesel, naphtha, and high-octane gasoline since trial operations began earlier this year. The trial operation of all the project units is expected to be completed by the end of this quarter. ([Company Disclosure](#))
- **Alexandria Mineral Oils Co. (AMOC)** on Monday said its contract to import crude oil from **Iraq**, entered into with **Middle East Oil Refining Co. (MIDOR)** and the **Egyptian General Petroleum Corporation (EGPC)** on 10 April 2017, has expired in late October 2018. ([Company disclosure](#))
- **Edita Food Industries (EFID)** announced the introduction of a new candy product under the brand name *Bon Bon* (a sub brand of *MiMix*), which will be sold at a retail sale price of EGP2.0 per unit. The new product will be produced at EFID's E15 facility in Beni Suef, where EFID added additional production line with investment cost of EGP62mn. Furthermore, EFID concluded an agreement to acquire additional 22.7% at **Edita Confectionary Industries**, so that EFID stake in the subsidiary to reach 99.98%. ([Company disclosure](#))
- **Sixth of October Co. for Development & Investment's (OCDI)** AGM approved a cash dividend of EGP0.5/share for 2018, implying a dividend yield of 2.9%. ([Company disclosure](#))
- **El Shams Housing and Urbanization's (ELSH)** BoD has proposed a cash dividend distribution of EGP0.5/share subject to the approval of the Ordinary General Assembly. ([Company Disclosure](#))
- **Arab Co. for Drugs Industries and Medical Appliances (ACDIMA)** the main shareholder of **Egyptian International Pharmaceuticals Industries (PHAR)** increased its stake in the company from 45.66% to 47.32%. ([Company disclosure](#))
- **Arab Drug (ADCI)** released its financial statements for 9M FY2018/19 (July 2018 – March 2019) where net profit before tax increased 13.7% y/y to EGP42.5mn. Meanwhile, net revenues increased 10.7% y/y to EGP324.4mn. ([Company disclosure](#))

Non-Corporate

- The **Central Bank of Egypt (CBE)** has issued a circular on 7 April 2019 regarding banks' practices in concern with concentration risks, within the context of the second pillar of **Basel II**. According to the circular, banks will need to account for concentration risks, both on individual and sectorial levels through the calculation and maintaining of **Individual Concentration Index (ICI)** and **Sectorial Concentration Index (SCI)**. Banks will be asked to build an additional capital buffer depending on readings from ICI and SCI. Also, banks will be asked to perform stress testing and sensitivity analysis to measure effects out of for concentration risks. ([CBE](#))
- The **CBE** has excluded real estate bank factoring from a ceiling recently applied to personal debt collection. This means that banks that collect payments from customers of real estate developers who have factored receivable assets (i.e. postdated checks or invoices for installments) will not adhere to the recently mandated maximum debt-to-income ratio for personal

loans. The maximum ratio set in 2016 specified that the value of interest payments for consumer and housing loans must not exceed 35-40% of the borrower's income. ([Enterprise](#))

- The **Ministry of Supply** will no longer settle for a three months-worth “strategic” stock of commodities and has raised the floor to between five and six months. This is part of a newly laid-out commodity strategy ahead of Ramadan. ([Enterprise](#))

Markets

↘	EGX 30	15,111.09	(0.16%)	↘	EGX 70	673.19	(0.30%)
↗	DFMGI	2,797.08	0.58%	↗	ADSMI	5,075.47	0.45%
↗	TASI	9,037.97	0.30%	↗	QE Index	10,226.68	0.34%
↗	S&P 500	2,895.77	0.10%	↗	MSCI EM	1,088.50	0.31%
↗	Gold	1,298.59	0.09%	↘	Brent Oil	70.98	(0.17%)

*As of market close, except for commodities at spot price as of 8.22am CLT.

- **MENA Markets:** Egypt's benchmark **EGX 30** closed Monday's session slightly lower, pressured by **AUTO**, **HRHO**, and **OIH**. UAE's **ADSMI** ended in green on stronger **telecom** and **banking** stocks, while **DFMGI** rose helped by **banks** and **real estate** stocks. In **Saudi Arabia**, **TASI** ended higher, led by its **materials** and **food & beverage** sectors.
- **Global Markets:** The **S&P 500** closed higher for the eighth straight session, as rallying crude prices overnight lifted energy shares. **Asian shares** hit an eight-month high on Tuesday as optimism about **Chinese measures** to boost economic growth lifted the markets. **Oil** was trading lower on today's morning session, while **gold** was trading higher.

Number of the Day

EGP62mn

Investment cost of the new production line of the “E15” facility of **Edita Food Industries** (EFID).

Today's Quiz

How much were Egypt's net international reserves in March 2019?

(Answer located at the end of this newsletter)

Corporate Events

Company	Ticker	Event Type	Event Date	Reason
Cleopatra Hospital	CLHO	EGM / AGM	10-Apr	Reviewing Agenda Items
Arab Cotton Ginning	ACGC	EGM	14-Apr	Reviewing Agenda Items
Faisal Islamic Bank of Egypt - USD	FAITA	Dividends	14-Apr	Last date of cash dividends eligibility of USD0.08/share
Faisal Islamic Bank of Egypt	FAIT	Dividends	14-Apr	Last date of cash dividends eligibility of EGP1.433/share
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
Elsaed 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
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
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
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
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
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
Arabian Food Industries Co Domty	DOMT	AGM	2-May	Reviewing Agenda Items
Maridive & Oil Services	MOIL	EGM / AGM	2-May	Reviewing Agenda Items
Arab Polvara Spinning & Weaving	APSW	AGM	4-May	Reviewing Agenda Items
Raya Contact Center	RACC	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
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

USD44.11bn.

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