

Today's Story

ACAMD Valuation Updated; In Line with Its Five-Year Plan

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- What happened:** Yesterday, **Arab Co. for Asset Management & Development (ACAMD)** said that the highest offer received on Sunday, 21 April 2019, in its auction to sell a 19,000 sqm land plot was EGP2,700/sqm. This is slightly above our EGP2,500/sqm estimated price for *Minyet Samanoud* land plots (a total of 75,165 sqm). The board of directors is yet to approve the offer within 10 days, according to management. While we prefer to see ACAMD developing its land bank rather than selling it, the latest offer price is positive. The company's 5-year plan is to sell a portion of its 588,936 sqm land plots portfolio to provide some liquidity for developing the remaining portion, either solely or through co-development agreements. We note that yesterday's announcement follows the sale of an 8,700 sqm land plot (out of a total of 96,268 sqm) in *Meetbarra* on 17 February 2019.
- What this means for ACAMD's valuation:** Following ACAMD's spin-off from **Arab Cotton Ginning Co. (ACGC)** in June 2018, we had valued ACAMD using the adjusted book value approach based on a weighted average of EGP2,290/sqm for the different land plots. This had translated into a total land value of EGP1.35bn versus a book value of EGP126.8mn, implying EGP5.13/share (including a cash balance of EGP10mn). Conservatively, we have updated our valuation by applying the latest implied market prices to the remaining lands in *Meetbarra* and *Minyet Samanoud* then adding the latest cash balance of EGP6.5mn. We also accounted for potential income tax on land sales, which resulted in **an updated PT of EGP4.16/share, still offering a 54% upside potential** from a recent market price of EGP2.70/share. We note that ACAMD is still part of our **EGX Model Portfolio**, offering exposure to an underserved real estate segment in the Delta and Upper Egypt regions.

Updates regarding some of ACAMD's land plots

Date	Land plot name & location	Total size (sqm)	Area offered (sqm)	Status
17-Feb-19	Meetbarra land, Menofiya Gov.	87,500	8,700	Sale is concluded at EGP1,609/sqm.
30-Mar-19	Ahnassia land, Beni Suef Gov.	183,429	58,000	Pending BoD approval.
30-Mar-19	Abu Teeg land, Assiut Gov.	28,960	28,960	Pending BoD approval.
21-Apr-19	Minyet Samanoud land, Daqahlia Gov.	75,165	19,000	Received an offer of EGP2,700/sqm, pending BoD approval.

Source: Company Disclosure, SHUAA Securities Egypt.

ACAMD's valuation (previous vs. current)

Land bank	Size (sqm)	Old price (EGP/sqm)	Est. value (EGPmn)	New price (EGP/pqm)	Est. value (EGPmn)	Variance
Remaining land						
Abu Teeg land, Assiut Gov.	28,960	2,500	72	2,500	72	0%
Ahnassia land, Beni Suef Gov.	183,429	1,000	183	1,000	183	0%
Damanhour land, Behaira Gov.	11,156	1,500	17	1,500	17	0%
Desouk land, Kafr El-Sheikh Gov.	1,249	1,750	2	1,750	2	0%
Hawwara land, Fayoum Gov.	49,839	3,000	150	3,000	150	0%
Meetbarra land, Menofiya Gov.	87,568	4,250	372	1,609	141	(62%)
Minyet Samanoud land, Daqahlia Gov.	56,165	2,500	140	2,700	152	8%
Samaloot land, Minya Gov.	57,767	1,000	58	1,000	58	0%
Tanta land, Gharbia Gov.	24,818	6,000	149	6,000	149	0%
Zefta land, Gharbia Gov.	60,285	2,000	121	2,000	121	0%
Total / Weighted average	561,236	2,252	1,264	1,860	1,044	(17%)
Sold or to be sold land bank						
Meetbarra land, Menofiya Gov.	8,700	4,250	37	1,609	14	(62%)
Minyet Samanoud land, Daqahlia Gov.	19,000	2,500	48	2,700	51	8%
Total / Weighted average	27,700	3,050	84	2,357	65	(23%)
Total / Weighted average	588,936	2,290	1,349	1,884	1,109	(18%)
Estimated income tax on land sales (EGPmn)					(13)	
Cash (EGPmn)			10		7	(34%)
PT (EGP/share)			5.13		4.16	(19%)

Source: Company Disclosure, SHUAA Securities Egypt.

Top Headlines

Corporate

- **Orascom Construction** (ORAS) announced that it has added approximately USD475mn of new awards to its backlog in Q1 2019. Projects in Egypt comprised approximately 75% of total new awards during the quarter across market segments including infrastructure, marine, roads, the *New Administrative Capital* and *Al Alamein*. New awards in the US, which accounted for the balance, were mostly comprised of private sector work in the commercial and data center sectors. The estimated consolidated backlog stood at USD 4.2bn as of 31 March 2019. ([Company disclosure](#))
- **Orascom Investment Holding's** (OIH) BoD asked the IFA to renew its fair value study regarding **Nile Sugar** shares to include H2 2018 and Q1 2019 financial results. Accordingly, the BoD amended a previous decision from calling AGM to vote on Nile Sugar acquisition to notifying shareholders by the latest updates through the AGM, till the IFA deliver on the new fair value study. ([Company disclosure](#), [Company disclosure](#))
- **Abu Qir Fertilizers** (ABUK) has finished almost all the secondary public offering procedures, and the contracts with **Renaissance Capital** and **CI Capital** (CICH) are currently being reviewed by Egyptian Council of State. (Al-Mal)
- **Heliopolis Housing and Development's** (HELI) Managing Director said that the company aims to reduce its debt of EGP950mn by 50%. ([Al-Borsa](#))
- **EFG Hermes's** (HRHO) AGM has agreed to distribute cash dividends of EGP0.65/share, implying a 4.6% in dividend yield. ([Company disclosure](#))
- **Arabia Investments Holding's** (AINH) lawsuit against French **Peugeot** has been postponed to 9 June 2019. ([Company disclosure](#))

Non-Corporate

- **Egypt** expects its borrowing needs to reach EGP820.7bn (USD48bn) in FY2019/20, a 26% increase from the previous year. ([Reuters](#))
- **US Administration** will not renew waivers that allowed eight foreign governments to buy **Iranian** oil without getting sanctioned. ([Financial Times](#))
- The **Prime Minister** ordered the creation of a working group comprised of officials from the investment, trade, and finance ministries to look into ways of raising foreign direct investment into Egypt. Oil and gas, steel, furniture making, fertilizers, tire manufacturing, food processing, cement, agriculture, and textiles, are the sectors of interest. ([Enterprise](#))
- The Egyptian **Competition Authority** is investigating whether the decree no. 43/2016 regarding the registration of foreign companies exporting goods to Egypt is promoting anti-competitive practices among domestic importers. ([Enterprise](#))

Markets

↘	EGX 30	14,801.26	(0.25%)	↘	EGX 70	650.03	(0.68%)
↗	DFMGI	2,820.95	0.01%	↗	ADSMI	5,386.44	0.75%
↘	TASI	9,195.02	(0.48%)	↗	QE Index	10,401.40	0.44%
↗	S&P 500	2,907.97	0.10%	↘	MSCI EM	1,089.03	(0.32%)
↘	Gold	1,272.88	(0.17%)	↗	Brent Oil	74.52	0.65%

*As of market close, except for commodities at spot price as of 8.23am CLT.

- **MENA Markets:** Egypt's benchmark **EGX 30** closed in the red territory on Monday, hit by **ORWE**, **EAST**, **HRHO**, and **EKHO**. In the **UAE**, **DFMGI** was up supported by its **real estate** and **financial services** sectors, and **ADSMI** also hit the green, pulled up by its **banks** and **financial services** sectors. **Saudi Arabia's TASI** delivered a negative performance, weighted down by **materials** and **banking** stocks.

- **Global Markets:** US equities showed mixed performance where **oil & gas, technology,** and **telecoms** stocks contributed positively to the gains while **basic materials, financials** and **consumer goods** stocks led the losses. After a long Eastern break **Asian stocks** rose marginally. Meanwhile, **oil** prices reached a six-month high as the US said it will eliminate in May all waivers that allowed eight countries to buy Iranian oil without facing US sanctions.

Number of the Day

51.2mn tons

Egypt's cement volume sold in 2018.

Today's Quiz

What was Elsewedy Electric's (SWDY) backlog by end of 2018?

(Answer located at the end of this newsletter)

Corporate Events

Company	Ticker	Event Type	Event Date	Reason
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
Misir 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
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 Pharmacueticals (EIPICO)	PHAR	Dividends	6-May	Last date of cash dividends of EGP4/share
Six of October Development and Investment	OCDI	Dividends	6-May	Last date of cash dividends of EGP0.50/share
Raya Holding	RAYA	AGM	6-May	Reviewing Agenda Items
Nozha International Hospital	NINH	Dividends	7-May	Last date of cash dividends of EGP0.60/share
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	Last date of cash dividends of EGP0.20/share
Egyptian International Pharmacueticals (EIPICO)	PHAR	Dividends	8-May	Distribution of cash dividends of EGP4/share
Six of October Development and Investment	OCDI	Dividends	8-May	Distribution of cash dividends of EGP0.50/share
Elsewedy Electric	SWDY	Dividends	8-May	Distribution of cash dividends of EGP0.80/share
Canal Shipping Agencies	CSAG	Dividends	8-May	Distribution of cash dividends of EGP0.58/share
El Ezz Aldekhela Steel Alexandria	IRAX	Dividends	9-May	Distribution of cash dividends of EGP0.20/share
Nozha International Hospital	NINH	Dividends	9-May	Distribution of cash dividends of 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
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 diputes relevant to to Porto Tartous project
Porto Group Holding	PORT	Lawsuit	23-May	Legal diputes relevant to to Porto Tartous project
Arabia Investments Holding	AINH	Lawsuit	9-Jun	Legal diputes 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	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

EGP57.6bn.

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