

## Today's Story

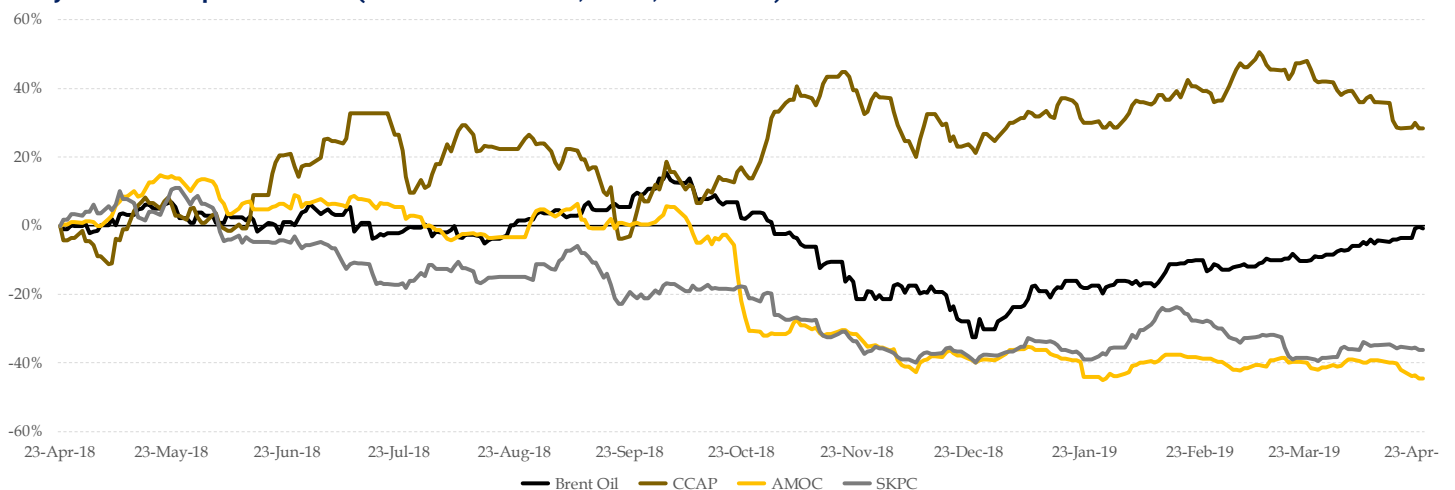
### No More Waivers of Iranian Oil Sanctions – Good for Local Refineries & Petchems

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Oil prices hit their highest since November 2018 on Tuesday after Washington announced all waivers on imports of sanctions-hit Iranian oil would end on 2 May 2019. This is pressuring importers to stop buying from Tehran, as they seek to drive Iran's oil exports as close to zero as possible, as well as further tightening global supply. The eight countries that have been granted the sanctions waivers are: China, India, South Korea, Japan, Italy, Greece, Taiwan, and Turkey. In *Today's Story*, we answer the relevant question: Who will benefit the most locally and for how long?

- Background:** The US Administration said it had worked with Saudi Arabia and the United Arab Emirates to ensure a sufficient supply in the markets to compensate for the loss of Iranian exports. Thus, we expect this will support the margins of refineries and petrochemical producers in the short term until any increase in global supply occurs, since their selling prices are tied with oil's—a favorable correlation in this situation.
- Beneficiaries:** Pricier oil should stretch the operating margin of refineries, such as that of Qalaa Holdings' (CCAP) subsidiary Egyptian Refining Co. (ERC) which is currently operating on a trial basis with an expected utilization rate of 60% in June and 100% in September. Also, Alexandria Mineral Oils Co. (AMOC) could gain short-term benefit due to the projected hike of its selling prices. Nonetheless, we still find AMOC too risky in the current scene, and we would prefer to wait until a clearer picture is developed in terms of the company's development plan to overcome the high blending cost of fuel oil. On another front, prices of naphtha, propane, and butane are expected to increase, following oil prices, which should impact the cost of olefins production globally. Therefore, we expect ethylene prices to recover during Q2 2019 from their Q1 low. This, in turn, should translate into a better performance by Sidi Kerir Petrochemicals (SKPC) and its affiliate the Egyptian Ethylene & Derivatives Co. (ETHYDCO) during Q2 2019.
- In the medium term:** Oil demand is expected to rise after a new regulation set by the International Maritime Organization (IMO) requiring ships by 1 January 2020 to use marine fuel with a maximum 0.5% of sulphur content, down 3% from the limit currently permissible. According to IHS Markit, this will raise oil demand by 4%. Also, prices of diesel fuel (which represent c.49% of ERC's outstanding capacity) are expected to go up after the deadline set by the regulation passes, enhancing the operating margins of CCAP, which in our view is the most beneficiary stock in the medium term.

#### One-year relative performance (Brent oil vs. AMOC, CCAP, and SKPC)



Source: Bloomberg.

## Top Headlines

### Corporate

- **Alexandria Containers & Cargo Handling's** (ALCN) road show will start this week in preparation for an SPO to sell 20% of the company's shares. ([Arab Finance](#))
- **Egyptian Financial & Industrial Co.'s** (EFIC) Q1 2019 stand-alone earnings grew 26% y/y to EGP5.2mn. During the quarter, revenues climbed 32% y/y to EGP157.7mn. Gross margin declined slightly to 34% from 36%. Heavier exports lifted the average selling price which led to the stronger revenues. ([Company disclosure](#))
- **Moody's Investors Service** has upgraded the long-term local-currency deposit ratings of five Egyptian banks, according to a statement released on Tuesday. The five banks are **National Bank of Egypt (NBE)**, **Banque Misr**, **Banque du Caire (BQDC)**, **Commercial International Bank (COMI)**, and **Bank of Alexandria**. ([Mubasher](#))
- The **Minister of Public Enterprise** is discussing two alternatives regarding **Heliopolis Housing & Development's** (HELI) offering. The first is postponing the issue to Q4 2019 in conjunction with plans to launch the second phase of the *Public Offerings Program (POP)*, and the second alternative is canceling the offering and instead resorting to a strategic investor to develop the company. (Al-Borsa)
- Five consortia of local and international companies have submitted financial and technical offers to set up the necessary infrastructure to protect the USD30bn **Dabaa Nuclear Plant** from groundwater in the first major tender for the plant by **Russia's** state-owned nuclear company **Rosatom**. The first consortium includes **Orascom Construction (ORAS)**, **Arab Contractors** with **Bachy Soletanche Limited**, whereas the second consortium includes **Petrojet** with **APCC**, and the third includes **Hassan Allam** and **German Power**. ([Al-Mal](#))
- **Upper Egypt Mills (UEFM)** will hold an auction on Saturday to rent two of its administrative units in the company's building in Qena. ([Company disclosure](#))
- **MM Group for Industry & International Trade's** (MTIE) OGM approved the distribution of a 25% stock dividend for 2018. The distribution date is yet to be announced. ([Company disclosure](#))

### Non-Corporate

- **Suez Canal's** revenues for FY2019/20 are estimated by **Suez Canal Authority** at USD5.9bn, unchanged from its estimate for the current fiscal year. ([Al-Borsa](#))
- The **Ministry of Finance** said that globally tightening monetary conditions could put **Egypt's** external financing capacity under some pressure due to the higher cost of debt. This could weigh on the magnitude of external borrowing and Eurobonds issuance in the future. ([Al-Borsa](#))
- **Benban Solar Park** will come into operations by H2 2019, the **Minister of Electricity** Mohamed Shaker said. ([Arab Finance](#))

## Markets

↘	EGX 30	14,645.78	(1.05%)	↘	EGX 70	649.52	(0.08%)
↘	DFMGI	2,811.09	(0.35%)	↗	ADSMI	5,404.53	0.34%
↗	TASI	9,227.93	0.36%	↘	QE Index	10,382.18	(0.18%)
↗	S&P 500	2,933.68	0.88%	↗	MSCI EM	1,089.76	0.07%
↘	Gold	1,269.96	(0.19%)	↘	Brent Oil	74.20	(0.42%)

\*As of market close, except for commodities at spot price as of 7.55am CLT.

- **MENA Markets:** Egypt's benchmark **EGX 30** closed in the red territory on Tuesday, hit by **EKHO**, **SWDY**, and **TMGH**. In the UAE, **DFMGI** went down by its **real estate** and **banking** sectors, while **ADSMI** hit the green, pulled up by its **banks** and **telecommunication** sectors. **Saudi Arabia's TASI** delivered a positive performance, boosted by **banking** stocks.
- **Global Markets:** **US equities** closed near record highs, as investors cheered better-than-expected earnings reports. **Asian equities** slipped on Wednesday on worries that **China** will discard its future stimulus program for a while. Meanwhile, **Brent oil** prices eased from 2019 highs, as supply levels are being questionable at such prices. **Gold** prices fell on a strong rally in the **US equity** market, coupled with strength on **US dollar Index (DXY)**.

## Number of the Day

## EGPo.07

Reported standalone EPS for **Egyptian Financial & Industrial Co. (EFIC)** in Q1 2019.

## Today's Quiz

What is the opening price for **Industrial Engineering's (ENGC)** right issue?

(Answer located at the end of this newsletter)

## Corporate Events

Company	Ticker	Event Type	Event Date	Reason
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
Alexandria Mineral Oils	AMOC	BoD	24-Apr	Discussing Budget
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 Pharmaceuticals (EIPICO)	PHAR	Dividends	6-May	Ex-date (EGP4/share); Last eligible date (5 May)
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	Ex-date (EGP0.60/share); Last eligible date (6 May)
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 Pharmaceuticals (EIPICO)	PHAR	Dividends	8-May	Payment date (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
TMG Holding	TMGH	Dividends	12-May	Last date of cash dividends of EGP0.176/share
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 disputes relevant to Porto Tartous project
TMG Holding	TMGH	Dividends	15-May	Distribution of cash dividends of EGP0.088/share
Porto Group Holding	PORT	Lawsuit	23-May	Legal disputes relevant to Porto Tartous project
Arabia Investments Holding	AINH	Lawsuit	9-Jun	Legal disputes 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
TMG Holding	TMGH	Dividends	15-Jul	Distribution of cash dividends of EGP0.088/share
Ismailia Misr Poultry	ISMA	Dividends	8-Aug	Distribution of cash dividends of EGP0.10/share

## Quiz Answer

EGP2.10/share, according to EGX.

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