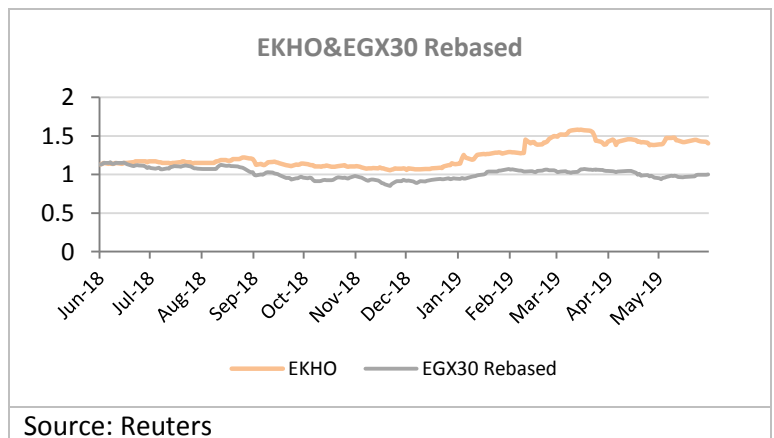
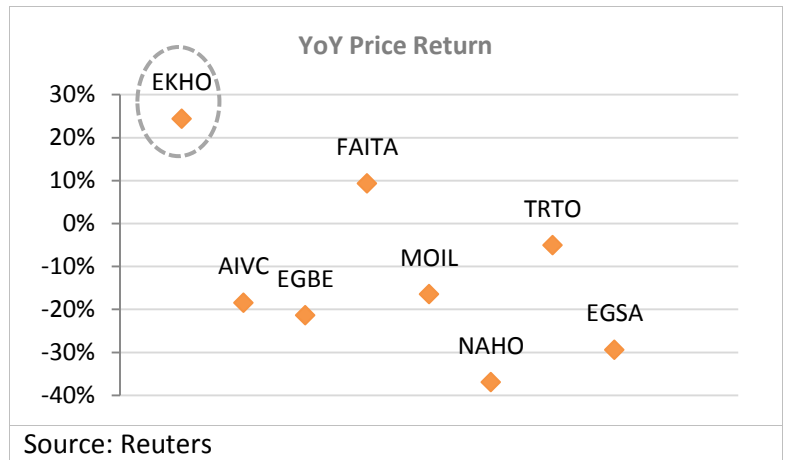


EKHO, USD Stocks' Black Horse

We are giving a look to the USD dominated stocks listed on EGX, therefore we observed an unsatisfactory performance for the mainstream of these stocks except for Egypt Kuwait Holding (EKHO.CA) that had the highest return among all of the stocks with a 24%YoY price return. Whereas Faisal Islamic Bank of Egypt (FAITA.CA) came in the second fiddle marking a 9%YoY price return since June 2018.

EKHO also has shown a remarkable performance against EGX 30 that witnessed an excruciating decline with a -11%YoY return to end up marking 14,241pts compared to 16,068pts a year ago. **Yet, Does EKHO Have More To Furnish?** The answer is yes as according to market consensus EKHO has a TP of USD1.97/share that gives an upside potential of 40%.



Did USD Stocks Exemplify a Better Shield? Well, if we compared USD dominated stocks YoY return with the other circulating financials instruments we will follow "**High Risk High Return**" rule and outweigh some USD stocks as the highest annual yield acquired through us dollar dominated deposits has reached 2.75% while 365- USD T-bills has a modest yield of 3.87% although improving from 3.34% a year ago. Then USD stocks could be the appropriate choice if the stock has been studied fundamentally along with the risk tolerance of the investor.

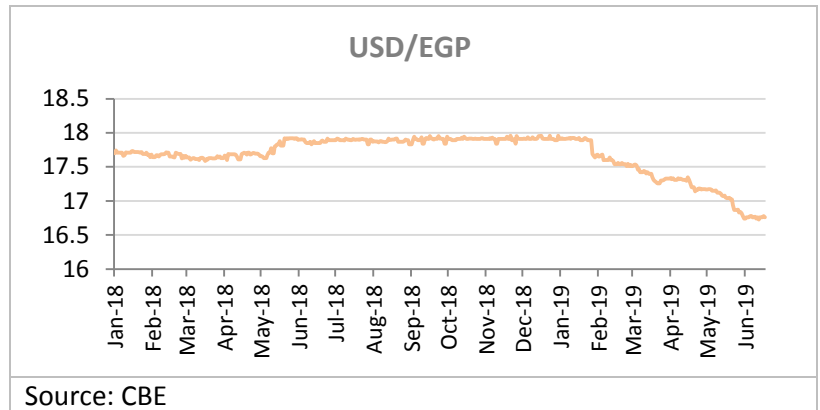
Amal Nada

Equity Analyst

anada@arabeyaonline.com

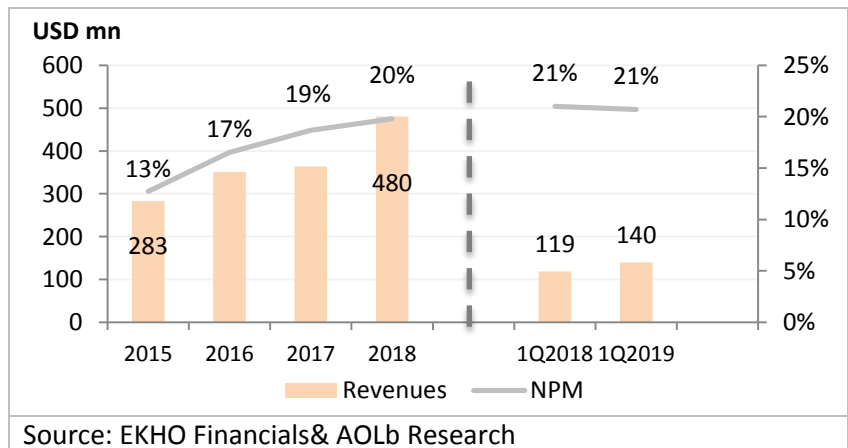
EKHO the Only Stock That Compensated for EGP Appreciation

Since last January 2019 the Egyptian pound has appreciated by 6.3% against US dollar that in role would eliminate partially the return on of our USD stocks survivors. Whereas on the other hand, would elevate the negative return of AIVC, EGBE, MOIL, TRTO, and NAHO.

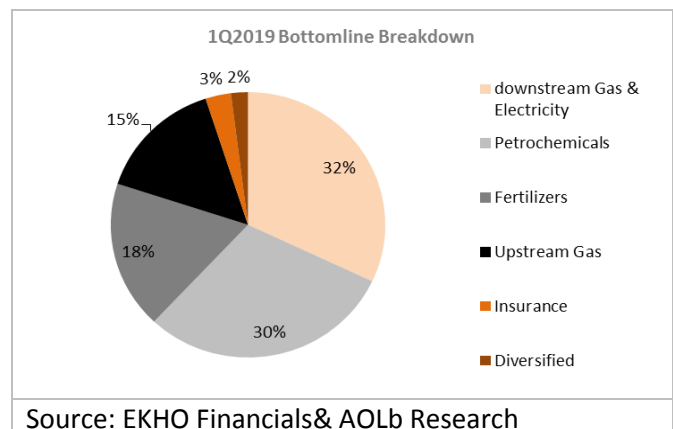


A Quick View over EKHO Fundamentals

EKHO's topline has grown at a CAGR of 14% since 2015, while on a Quarterly basis, the company's net profit recorded USD28.8mn in 1Q2019 marking a 13% increase compared to USD25.4mn in 1Q2018. The increase in the bottom-line was mainly due to a 21% surge in the gross profit that reached USD44.7mn backed by 13% improvement in revenues that recorded USD134.9mn in 1Q2019.



EKHO's 1Q2019 net income breakdown shows a dominant share of downstream gas & electricity segment (NatEnergy), Petrochemicals that is represented in Sprea Misr Co, EKHO's stake in Alexfert and upstream Gas segment.



❖ Our Stance

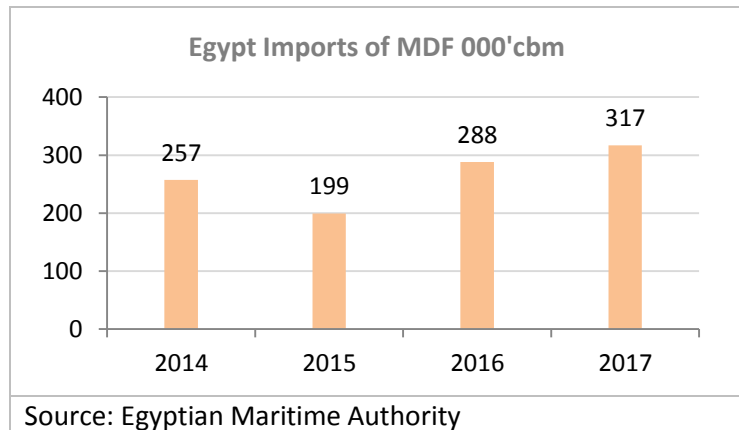
We have a bright outlook towards EKHO's earnings some picked segments such as

Downstream Gas segment via the recent complete acquisition of UAE based Shield Gas Group which would enable the company to exert its control in an underpenetrated market.

Upstream Gas segment via the topical massive natural gas reserves in offshore North Sinai (ONS) estimated at 2352 bcf.

Fertilizers through AlexFert with exports of nitrogen fertilizers exceeding 75% in 1Q2019 and our outlook towards Urea and other nitrogen fertilizers price upkeep.

The New MDF project with a growing market and an eagle eye, EKHO announced the beginning procedures of an EGP2bn Medium-density fiberboard (MDF) project (an engineered wood). The MDF project has a 150k cbm capacity in the first stage and to be doubled in the second phase of the project. EKHO expects to launch operation in the new factory 1H2020. We have a positive outlook towards this project supported by



Egypt strategic location and commercial agreement with Arab and African Countries that guarantees export paths with competitive advantages in addition to being located in an importing market.

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Research Department

Mostafa Shafie

Senior Equity Analyst

MShafie@arabeyaonline.com

Amal Nada

Equity Analyst

ANada@arabeyaonline.com

Alaa Mohamed Ahmed

Equity Analyst

AAhmed@arabeyaonline.com

Micheal Armia

Head of Technical Analysis

MArmia@arabeyaonline.com

Omar Hussein

Head of Retail Trading

OHussein@arabeyaonline.com

Reham Aboul Atta

Head of Institutions desk

RYasser@arabeyaonline.com

Moataz Ashmawy

Managing Director

MHassan@arabeyaonline.com

Laila Tarek El Ghawass

Managing Director - Branches

LTarek@arabeyaonline.com

Commercial Website: www.arabeyaonline.com

Trading Website: www.aolbeg.com

For more info, kindly contact us on our hotline **16225**