

Interest Rates		Exchange Rate	Gold	Brent Crude Oil
Deposits	Lending	USD/EGP	USD/ounce	USD/barrel
17.75%	18.75%	17.68	1355.77	70.18

Source: CBE & Bloomberg

MACROECONOMICS

- Egypt's GDP Grew 5.3% in the 2Q-FY2017-2018 (Positive)
- The Finance Ministry is Planning to Issue EUR1-1.5bn in Eurobonds on the Luxembourg Stock Exchange in Three-weeks' Time

SECTORS

- Electricity Postponed the Listing of 3 Companies on the Stock Exchange Until the Cancellation of Subsidies

COMPANIES

- Arabian Cement Company's Net Profit After Tax Decreased to EGP215.61mn in 2017
- Arab Cotton Ginning Profits Drop to EGP75mn in 6 Months (Negative)
- Arab Investments Aims to Shift Profitability in 2018
- Egyptian Chemical Industries FY2018-2019 Budget will be Based on a Surplus of EGP120mn (Positive)
- CIHC to Sell Only 4% of Eastern Company and Will Keep a Controlling Stake
- Domty Informs the Stock Exchange of the Uses of the Capital Increase
- Extracted Oils to Buy Two Machines with an Investment Cost of EGP2.5mn
- Atlas Land Reclamation is Submitting the File of Capital Increase for Financial Control

Egypt's GDP Grew 5.3% in the 2Q-FY2017-2018 (Positive)

Egypt's gross domestic product (GDP) grew 5.3% in the second quarter of the current fiscal year ending in December, while the unemployment rate fell to 11.3%, its lowest level since 2011, the Egyptian Planning Minister said on Sunday; the minister was speaking at a meeting with Egyptian President Abdel Fattah al-Sisi and Prime Minister Sharif Ismail. GDP grew slightly from 5.2% in the first quarter while the unemployment recorded 11.9%. (Arab Finance)

The Finance Ministry is planning to Issue EUR1–1.5bn in Eurobonds on the Luxembourg Stock Exchange in Three–week’ Time

The Eurobonds will have maturities of 7, 12, 15, and 30 years, officials are studying whether to take the offering to EUR2bn and will make a final decision based on feedback from the first roadshow. The government had tapped BNP Paribas, Deutsche Bank, Standard Chartered, and Intesa Sanpaolo to manage the issuance. Zaki Hashem & Partners and Linklater are legal advisors to the investment banks, while Al Tamimi & Co. and Dechert were chosen as legal advisors to the government for the transaction, which will be Egypt’s first–ever EUR–denominated bond sale. The sale comes after the government concluded a USD4bn Eurobond offering in February. (Enterprise)

Electricity Postponed the Listing of 3 Companies on the Stock Exchange Until the Cancellation of Subsidies

The Ministry of Electricity and Renewable Energy postponed the plan to put three companies on the stock exchange until the electricity subsidy is canceled. The ministry plans to set up and put up three companies, which will operate three Siemens–based plants in Beni Suef, Burlus and the new administrative capital with a total capacity of 14.4k megawatts and investments of EUR6bn. He attributed the postponement due to the difficulty of evaluating assets, and the inability to verify them only after the abolition of electricity subsidies, because of the sale of the service is at prices below the cost, adding that the listing is expected to be put through 2021, the same year that will witness the liberalization of electricity prices. (Arab Finance)

Arabian Cement Company's Net Profit After Tax Decreased to EGP215.61mn in 2017

Arabian Cement Company (ARCC.CA) net profits dropped to EGP215.61mn in 2017 from EGP245.02mn the previous year. The company's sales increased to EGP2.64bn from EGP2.35bn in 2016. (Enterprise, Company Release)

Comment:

- Sales increased to reach EGP2.64bn in 2017, compared to EGP2.35bn in 2016; an increase of 12.6% YoY, however the net profit decreased from EGP245.02mn in 2016, to EGP215.61mn in 2017.
- The decrease in net profit was attributed to an increase in the COGS/Sales ratio to reach 85% in 2017, compared to 70% in 2016; which caused a decrease in gross profit.
- The company recorded gross profit of EGP378.8mn in 2017, down from EGP694.6mn in 2016.

Arab Cotton Ginning Profits Drop to EGP75mn in 6 Months (Negative)

Arab Cotton Ginning (ACGC.CA) announced its consolidated financial statements for 2017; the results showed a net profit of EGP74.995mn. It is worth noting that the consolidated comparative figures for the period for 2016 witnessed the company achieving a net profit of EGP84.281mn. (Arab Finance)

Arab Investments Aims to Shift Profitability in 2018

Hazem Al-Zafzaf, chief executive officer and managing director of Arab Investment and Development Company (AIND.CA), said on Monday that the company aims to shift to profitability in 2018 after cutting its losses last year. Zafzaf added that the company aims to achieve profits of nearly EGP80mn (USD4.53mn) after tax this year. Earlier on Monday, the results of Arab Investment's consolidated business showed a 31% decline in 2017 net losses after taxes and minority interest to EGP188.965mn against a loss of EGP273.629mn in 2016. Al-Zafzaf said at the press conference that Arab Investment aims at revenues of about EGP1.5bn in 2018 to support the expected growth in revenue of the units of Electro-Optics and Electroplating. The company posted revenues of EGP1.392bn last year, down 5.5% from 2016. The chief executive expected the units, such as Chromica and Tublat, to achieve revenue of about EGP900mn this year compared with EGP600mn in 2017. (Arab Finance)

Egyptian Chemical Industries FY2018–2019 Budget will be Based on a Surplus of EGP120mn (Positive)

Egyptian Chemical Industries Co. (Kima) (EGCH.CA) yesterday approved the estimated budget for the FY2018–2019 with an expected surplus of EGP120.45mn. The company said in a statement to the Egyptian Stock Exchange that the general assembly recommended quickly completion of the project of rehabilitation of factories to work with natural gas according to the target schedule in order to avoid the impact of high investment cost of the project. General assembly of Kima requested the preparation of a technical and financial report on the warning submitted by the general contractor to request an increase in contract value of about USD76mn and an increase in the implementation period of about 159 days. (Arab Finance)

CIHC to Sell Only 4% of Eastern Company and Will Keep a Controlling Stake

The Chemical Industries Holding Company (CIHC) is planning to sell only 4% of its stake in the Eastern Tobacco Company (EAST.CA) under the state's IPO program and retain a controlling 51% stake, according to CIHC Chairman Emad El Din Mostafa. 45% of Eastern Tobacco's shares are already in free float, but the company was placed last week on the official lineup of 23 state-owned companies that will IPO or list additional shares on the EGX under phase one of the program. He mentioned that the CIHC would use the proceeds from the transaction to fund new investment at some of its subsidiaries. (Enterprise)

Domty Informs the Stock Exchange of the Uses of the Capital Increase

Arabian Food Industries – Domty – (DOMT.CA), informed the Egyptian stock Exchange, of the use of proceeds from the capital increase, which took place in April 2016. The company said in a statement that it had used EGP61mn from the proceeds for the purchase of cars to distribute products, and used EGP60mn in the establishment of the new plant on the land of the company "Tatweer" which is owned by 99.9%, using as well EGP662k in sales management programs until December 31, 2017. Noting that the total amount of the mentioned capital increase is EGP299.9mn; EGP174.6million was used, until the end of last year 2017, and the remaining amounted to EGP125.4mn. (Al-Mal newspaper)

Extracted Oils to Buy Two Machines with an Investment Cost of EGP2.5mn

Extracted Oils (ZEOT.CA) said it has contracted to buy two oil filling machines at an investment cost of nearly EGP2.5mn. The company said in a statement to the Egyptian Stock Exchange that the first machine will be delivered after three months while the second machine will be received after ten months. The company explained that the remaining procedures are being completed to complete the contracting process. (Arab Finance)

Atlas Land Reclamation is Submitting the File of Capital Increase for Financial Control

The Egyptian Financial Regulatory Authority (FRA) said on Monday it had received a disclosure form for the capital increase of Atlas for Land Reclamation and Industrialization (ALRA.CA), which is being examined and studied. The board of directors of the company agreed on March 21 to increase the issued capital from EGP59.2mn to EGP65.1mn, an increase of EGP5.9mn funded from the profits listed in the financial statements for the financial year ending 31 December 2017. The company's general meeting is scheduled for March 31 to consider the capital increase and the proposal for the distribution of profits, as well as the ratification of the request to legalize a piece of land area of 1500 acres for the reclamation of Siwa Oasis in favor of Atlas Farms for agricultural investment, one of the subsidiaries. Atlas losses fell to EGP913.2k in 2017, compared to losses of EGP2.13mn in 2016. (Al-Mal newspaper)

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