

EGYPT LOGISTICS | ON THE GROUND UPDATE

Global Trade Hammered on both the Demand and Supply Sides

- The global COVID-19 pandemic has had, and will continue to have, significant implications for businesses involved in and related to global trade activities.
- In response to the massive surge in demand for food supplies, raw materials, medical equipment and supplies, several governments -including Egypt- have imposed export controls on a variety of basic food commodities and health/medical products needed to fight the COVID-19 pandemic.
- Restrictions on movements and factories shutting down to prevent the spread of the virus, will negatively lead to a slowdown in demand and supply; pressuring cargo/containers volumes.
- Large-scale quarantines and travel restrictions have already led to a slowdown in consumer and business spending.
- Curfew imposed higher costs on importers and exporters, since shipping providers charged higher freight/transportation costs, given longer waiting time and higher storage costs.

LOGISTICS | GLOBAL DYNAMICS CHALLENGES OPERATIONS AND PROFITABILITY

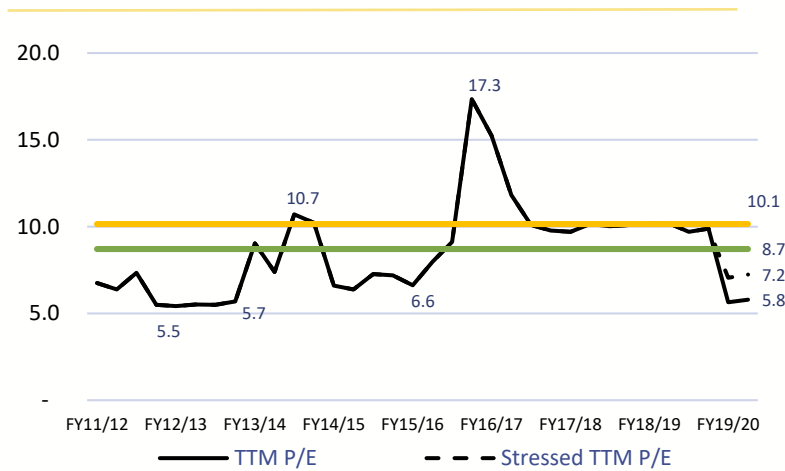
Alexandria Container and Cargo Handling (ALCN)

FV: EGP13.50, EW

ALCN currently trades at FY19/20f P/E of 5.8x, stressed P/E of 7.2x, which is below the 5yr & 9yr P/E average of 10.1x and 8.7x

ALCN's performance is heavily tied to exchange rate movements and is negatively impacted by the recent appreciation in EGP.

ALCN TTM PE

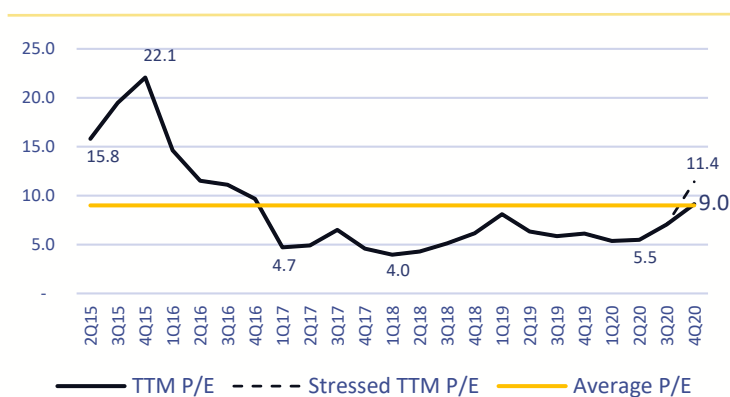


Source: Bloomberg and Pharos Research

Egyptian Transport and Commercial Services (ETRS)

ETRS currently trades at 2020f TTM P/E of 9.1x and stressed 2020f TTM P/E of 11.4x, compared to its historical average of 9.0x.

ETRS TTM PE



Source: Bloomberg and Pharos Research

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