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Tuesday, 9 October 2018

## Hassan Allam announces IPO with listing on EGX + GDR program, will use proceeds to grow solar portfolio and acquire specialty engineering outfit

**\*\* #4 IPO WATCH-** Hassan Allam announces plans to sell 44.3% stake on the EGX, offering to include GDR program: Leading construction and engineering group [Hassan Allam \(http://www.hassanallam.com/\)](http://www.hassanallam.com/) announced yesterday its plans to sell 44.3% of the company in an initial public offering that will include both ordinary shares on the EGX and global depository receipts (GDRs) on the London Stock Exchange. The company expects to price the offering in early November, the company said in its [intention to float \(pdf\) \(http://investors.hassanallam.com/downloads/HAH\\_intentiontofloat.pdf\)](http://investors.hassanallam.com/downloads/HAH_intentiontofloat.pdf).

**Who's selling?** Per the ITF, the selling shareholders are “the Hassan Allam family which collectively owns an 86.2% stake in the Company, as well as the International Finance Corporation which owns a 13.8% stake.” The selling shareholders will re-inject USD 70 mn in proceeds from the transaction through subscription to a capital increase.

**Use of proceeds:** The company will use proceeds from the capital increase to “(a) develop a portfolio of solar assets under Lightsource BP powered by Hassan Allam Utilities, (b) fund its water platform by developing new assets and acquisitions, and (c) acquire a specialty engineering company and support continuing growth under the construction and building materials businesses.”

**The equity story in a nutshell:** If you're long-Egypt, you want to be long-Hassan Allam. Alongside Orascom Construction, it's the one outfit in Egypt that can (and is) building everything we need to build, from critical infrastructure including roads, bridges and tunnels to office parks and beyond. Renewable energy is a big sweetener. Says Co-CEO Amr Allam: “Our ultimate goal is to continue delivering steady growth and consistent returns to our shareholders generated by our legacy construction and building materials businesses, while simultaneously driving accelerated recurring revenue growth from utility plays in a nascent and fast-growing market.”

**The financials:** Hassan Allam reported revenues of EGP 11.5 bn last year, up 81.4% from 2016. Net profit in 2017 was EGP 339.7 mn, up 3% y-o-y. The group had a backlog worth EGP 55.8 bn as of 30 June.

**Advisers:** The company has tapped **EFG Hermes** and **Renaissance Capital** as joint global coordinators and bookrunners, and **Arqaam Capital** as bookrunner. **Shearman & Sterling** is acting as international counsel, while **White & Case LLP** is international counsel to the underwriters. **Matouk Bassiouny** has been appointed local counsel to the issuer. **MHR & Partners**, in association with White & Case LLP, is local counsel to the underwriters. **Inktank Communications** is investor relations advisor.

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