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Major Egyptian contractor plans joint listing in Cairo and London

Hassan Allam Holding plans to use proceeds to boost solar and water businesses, acquire engineering firm



A trader watches his monitor at the Egyptian stock exchange in Cairo April 1, 2014. REUTERS/Mohamed Abd El Ghany

By Michael Fahy, ZAWYA

Hassan Allam Holding ([https://www.zawya.com/uae/en/in-the-news/Hassan Allam Holding/534497235/](https://www.zawya.com/uae/en/in-the-news/Hassan-Allam-Holding/534497235/)), an Egyptian construction and engineering group based in Cairo, has announced its intention to seek a dual listing on both the **Egyptian Exchange** ([https://www.zawya.com/uae/en/company/The_Egyptian_Exchange-1000003/](https://www.zawya.com/uae/en/company/The-Egyptian-Exchange-1000003/)) and the **London Stock Exchange** ([https://www.zawya.com/uae/en/in-the-news/London Stock Exchange/122445/](https://www.zawya.com/uae/en/in-the-news/London-Stock-Exchange/122445/)).

The company said in an announcement on Monday morning it would float [44.3 percent] of its existing shares on the **Egyptian Exchange** ([https://www.zawya.com/uae/en/company/The_Egyptian_Exchange-1000003/](https://www.zawya.com/uae/en/company/The-Egyptian-Exchange-1000003/)) and list global depository receipts on the London Stock Exchange.

The company, which was founded 82 years ago, said it plans to use the receipts from any flotation to develop a portfolio of solar assets under a joint venture known as Lightsource **BP** (<https://www.zawya.com/uae/en/in-the-news/BP/120722/>) powered by Hassan Allam Utilities, fund a water business both by developing new assets and acquiring existing ones, to buy a speciality engineering company and to support the growth of its construction and building materials arms.

A registration document filed with the regulator, ZAWYA, states that the company has a current backlog of 55.8 billion Egyptian pounds (\$3.1 billion) and that in its last full financial year it generated 339.7 million Egyptian pounds (\$18.9 billion) in net profit on revenue of 11.5 billion Egyptian pounds.

In the six months to June 30 this year, both the company's revenue and net profit more than doubled year-on-year, to 8.99 billion Egyptian pounds and 427.4 million Egyptian pounds, respectively. However, the firm's revenue was virtually the same period last year.

Documents show that 86.2 percent of the company is owned by the Allam family, with the remaining 13.8 percent held by the International Finance Corporation - a development arm of the World Bank.

In the documents, the company also states its investment thesis, citing strong growth both organically and through acquisitions over the past five years, which has included the buy-out of a specialist engineering, procurement and construction (EPC) firm known as PGESCo, the joint venture with Lightsource BP and the founding of new roads, technologies, ready mix concrete and specialist engineering businesses.

In a statement in the firm's accompanying documents, co-chief executive Hassan Allam said of the company: "Hassan Allam has, for more than eight decades, proudly helped build infrastructure, iconic buildings and new cities across Egypt. Today, we are one of the largest privately-owned groups in Egypt and the wider Middle East and North Africa (MENA) region."

The company has a workforce of around 34,000 and has subsidiaries in Saudi Arabia and Algeria, according to documents on its website.

Co-CEO Amr Allam argued the company stood as a proxy for the wider Egyptian economy, building ports, roads and other projects both for public and private sector firms. "With this potential offering, we are now preparing to rapidly build out our utilities portfolio to comprehensively offer our shareholders the steady growth potential of our construction and infrastructure business, as well as the rapid growth and smoother yield offered by a utilities play in a virgin market, that aims to have renewable power account for 20 percent of Egypt's energy mix by 2022," he said.

The company has yet to set an offer price for its shares or state how much it is looking to raise. These are both expected to be announced early next month following a book-building process among potential investors. It is being advised on the IPO by investment banks Renaissance Capital ([https://www.zawya.com/uae/en/in-the-news/Renaissance Capital/1703882636/](https://www.zawya.com/uae/en/in-the-news/Renaissance-Capital/1703882636/)) and EFG Hermes, with Arqaam Capital ([https://www.zawya.com/uae/en/in-the-news/Arqaam Capital/3649537131/](https://www.zawya.com/uae/en/in-the-news/Arqaam-Capital/3649537131/)) acting as joint bookrunners.

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