

# THE LEBANON BRIEF

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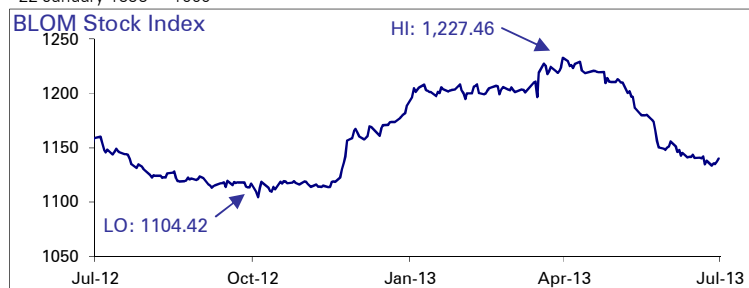
# FINANCIAL MARKETS

## Equity Market

### Stock Market

	19/7/2013	12/7/2013	% Change
BLOM Stock Index*	1,139.80	1,138.03	0.16%
Average Traded Volume	49,318	78,966	-37.55%
Average Traded Value	1,029,633	789,868	30.36%

\*22 January 1996 = 1000



### Banking Sector

	Mkt	19/7/2013	12/7/2013	%Change
BLOM (GDR)	BSE	\$8.65	\$8.65	0.00%
BLOM Listed	BSE	\$8.25	\$8.30	-0.60%
BLOM (GDR)	LSE	\$8.51	\$8.50	0.12%
Audi (GDR)	BSE	\$6.20	\$6.20	0.00%
Audi Listed	BSE	\$6.10	\$6.00	1.67%
Audi (GDR)	LSE	\$6.37	\$6.20	2.79%
Byblos (C)	BSE	\$1.54	\$1.51	1.99%
Byblos (GDR)	LSE	\$70.00	\$70.00	0.00%
Bank of Beirut (C)	BSE	\$19.00	\$19.00	0.00%
BLC (C)	BSE	\$1.95	\$1.95	0.00%
Fransabank (B)	OTC	\$28.00	\$28.00	0.00%
BEMO (C)	BSE	\$1.84	\$1.84	0.00%

	Mkt	19/7/2013	12/7/2013	% Change
Banks' Preferred Shares Index *		104.24	104.25	-0.01%
BEMO Preferred 2006	BSE	\$100.00	\$100.10	-0.10%
Audi Pref. E	BSE	\$101.00	\$101.00	0.00%
Audi Pref. F	BSE	\$100.20	\$100.20	0.00%
Audi Pref. G	BSE	\$100.00	\$100.00	0.00%
Audi Pref. H	BSE	\$100.00	\$100.00	0.00%
Byblos Preferred 08	BSE	\$100.00	\$100.00	0.00%
Byblos Preferred 09	BSE	\$100.50	\$100.50	0.00%
Bank of Beirut Pref. E	BSE	\$25.65	\$25.65	0.00%
Bank of Beirut Pref. I	BSE	\$25.40	\$25.40	0.00%
Bank of Beirut Pref. H	BSE	\$25.60	\$25.60	0.00%
BLOM Preferred 2011	BSE	\$10.12	\$10.12	0.00%

\* 25 August 2006 = 100

Lebanese equities slightly edged up this week, however on a low volume as investors held their breath in anticipation of domestic and regional developments. For the week ending July 19, 2013, the average daily traded volume on the BSE declined to 49,318 shares worth \$1,029,633 compared to last week's 78,966 shares valued at \$789,868. Nevertheless, the BLOM Stock Index (BSI) altered between a lower band of 1,134 points (on Monday 15 July) to close near its higher band at 1,139.80 points (on Friday 19 July), registering a 0.16% weekly gain. As for the market capitalization, it widened by \$14.11M to approach \$9.09B.

When comparing to regional and emerging markets, the BSI failed to beat its regional peers this week. The Morgan Stanley (MSCI) emerging index edged 1.54% up to 957.44 points. In addition, S&P Pan Arab Composite LargeMidCap Index and S&P AFE40 posted 0.97% and 0.66% weekly increases to stand at 120.62 points and 59.14 points, respectively.

On the regional scene, Dubai and Abu Dhabi Stock Exchanges were the best performers this week increasing by a weekly 4.36% and 3.15%. Oman and Qatar bourses followed with a weekly growth of 2.04% and 1.38%, respectively. The Jordanian Stock Exchange was the worst performer in the past week recording a 0.49% weekly decline.

The banking sector took the biggest share of the trading activity on the BSE this week, grabbing 76.54% of the total value traded, whereas the real estate stocks contributed for the rest.

Banking stocks posted a mixed performance during the week with the common stocks of Audi and Byblos rising by 1.67% and 1.99% to close at \$6.10 and \$1.54, respectively. In contrast, BLOM listed stocks lost 0.60% to reach \$8.25.

On the London Stock Exchange (LSE), the Global Depository Receipts (GDR) of BLOM, Audi and Solidere increased by 0.12%, 2.79% and 0.47% to close at \$8.51, \$6.37 and \$10.75, respectively.

## Real Estate

	Mkt	19/7/2013	12/7/2013	% Change
Solidere (A)	BSE	\$11.26	\$11.42	-1.40%
Solidere (B)	BSE	\$11.15	\$11.22	-0.62%
Solidere (GDR)	LSE	\$10.75	\$10.70	0.47%

## Manufacturing Sector

	Mkt	19/7/2013	12/7/2013	% Change
HOLCIM Liban	BSE	\$14.81	\$14.81	0.00%
Ciments Blancs (B)	BSE	\$3.23	\$3.23	0.00%
Ciments Blancs (N)	BSE	\$3.24	\$3.24	0.00%

## Funds

	Mkt	19/7/2013	12/7/2013	% Change
BLOM Cedars Balanced Fund Tranche "A"	----	\$6,883.18	\$6,874.23	0.13%
BLOM Cedars Balanced Fund Tranche "B"	----	\$5,014.25	\$5,007.48	0.14%
BLOM Cedars Balanced Fund Tranche "C"	----	\$5,227.82	\$5,221.03	0.13%
BLOM Bond Fund	----	\$9,724.12	\$9,724.12	0.00%

As for the BLOM Preferred Shares Index (BPSI), it inched 0.01% down to 104.24 points, mainly dragged by BEMO preferred stocks class 2006 that dropped 0.10% to \$100.00.

In the real estate sector, Solidere shares ended the week in the red with both classes "A" and "B" falling by 1.40% and 0.62% to close at \$11.26 and \$11.15, respectively.

Looking ahead, the future political developments will be the barometer of the BSE's activity in the coming weeks.

## Retail Sector

	Mkt	19/7/2013	12/7/2013	% Change
RYMCO	BSE	\$3.50	\$3.50	0.00%
ABC (New)	OTC	\$33.00	\$33.00	0.00%

## Tourism Sector

	Mkt	19/7/2013	12/7/2013	% Change
Casino Du Liban	OTC	\$480.00	\$480.00	0.00%
SGHL	OTC	\$7.00	\$7.00	0.00%

## Foreign Exchange Market

### Lebanese Forex Market

	19/7/2013	12/7/2013	%Change
Dollar / LP	1,512.50	1,512.50	0.00%
Euro / LP	1,977.54	1,966.08	0.58%
Swiss Franc / LP	1,598.45	1,585.84	0.80%
Yen / LP	15.03	15.22	-1.25%
Sterling / LP	2,299.09	2,281.00	0.79%
NEER Index**	117.62	116.11	1.30%

\*Close of GMT 09:00+2

\*\*Nominal Effective Exchange Rate; Base Year Jan 2006=100

\*\*The unadjusted weighted average value of a country's currency relative to all major currencies being traded within a pool of currencies.

### Nominal Effective Exchange Rate (NEER)



## Money & Treasury Bills Market

### Money Market Rates

	19/7/2013	12/7/2013	Change bps
Overnight Interbank	2.75	2.75	0
BDL 45-day CD	3.57	3.57	0
BDL 60-day CD	3.85	3.85	0

### Treasury Yields

	19/7/2013	12/7/2013	Change bps
3-M TB yield	4.39%	4.39%	0
6-M TB yield	4.87%	4.87%	0
12-M TB yield	5.08%	5.08%	0
24-M TB coupon	5.84%	5.84%	0
36-M TB coupon	6.50%	6.50%	0
60-M TB coupon	6.74%	6.74%	0

The weekly demand on the US dollar remained stable as the range at which banks exchanged the currency remained the same at \$/LP 1,510.5 - \$/LP 1,514.5 with a mid-price of \$/LP1,512.5. Foreign assets (excluding gold) at the Central Bank stood at \$37.17B as of end June 2013, 1.12% higher than end of May's \$36.76B. Meanwhile, the dollarization rate of private sector deposits stood at 65.4% in May compared to 65.1% in April.

The dollar fell against the euro after Ben Bernanke declared a wait-and-see approach regarding the monetary stimulus. This decline occurred despite Moody's revising its US outlook from negative to stable on account of a right path towards deficit reduction. Nevertheless, the dollar suffered weekly losses especially given concerns that the Chinese Economy is showing signs of a slowdown. By Friday July 19th, 2013, 12:30 pm Beirut time, the euro closed at €/ \$ 1.31, up by 0.58% from last week. As for the dollar-pegged LP, it depreciated to €/LP 1,977.54 from €/LP 1,966.08 on Friday July 12th. The Nominal effective exchange rate (NEER) rose by 1.30% over the cited period to 117.62 points, while its y-t-d performance stood at 13.30%.

During the week ending July 4th, broad Money M3 retracted by LP564B (\$374M), to reach LP 161,576B (\$107.18B). M3 growth rate reached 6.78% on a y-o-y basis and 2.31% from end of December 2012. As for M1, it expanded by LP322B (\$214M) since demand deposits rose by LP16B (\$10.61M) and currency in circulation rose by LP306B (\$202.99M). Total deposits (excluding demand deposits) registered an LP885.39B (\$587.32M) contraction, due to the LP103B drop in term and saving deposits in LBP and the \$519M downturn in deposits denominated in foreign currencies. During the period 27 June-4 July, the broad money dollarization rate fell by 28 basis points to 58.64% compared to its previous level of 58.92%. According to the Central Bank, the overnight interbank rate stood at 2.75% by the end of April 2013.

In the TBs auction held on July 11th, the Ministry of Finance issued 1Y, 2Y and 3Y Treasury Bills. Total subscriptions thus amounted to LP527.46B (\$349.89). The highest demand was witnessed on the 3Y notes, capturing 78% of total subscriptions, while the 1Y and 2Y notes captured respective shares of 21% and 1%. The average discount rate for the 1Y notes stood at 5.08% while the coupons on the 2Y and 3Y notes registered 5.84% and 6.50%, respectively. New subscriptions exceeded maturing T-bills by LP65.29B (\$43.31M). On a separate note, 8Y and 10Y bills were issued with respective yields of 7.80% and 8.24%. The 8Y bills captured 99% of these subscriptions while the 10Y bills only accounted for 1%.

## Eurobond Market

## Eurobonds Index and Yield

	18/7/2013	11/7/2013	Change	Year to Date
BLOM Bond Index (BBI)*	105.140	104.570	0.55%	-3.59%
Weighted Yield**	5.95%	6.04%	-9	93
Weighted Spread***	460	464	-4	30

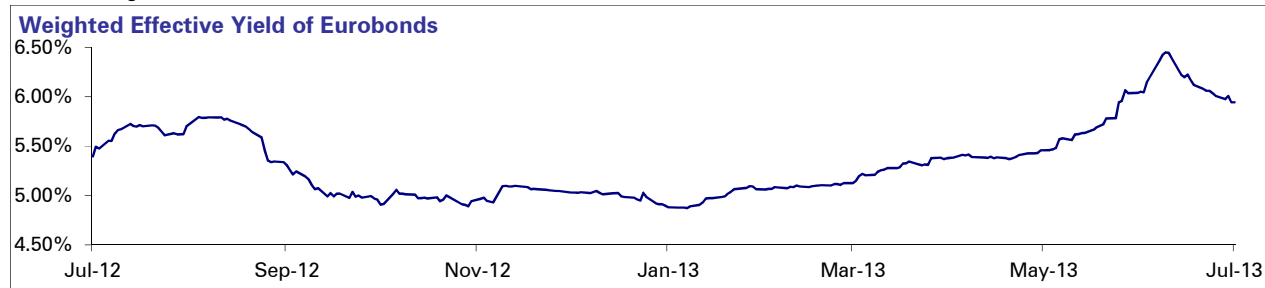
\*Base Year 2000 = 100; includes US\$ sovereign bonds traded on the OTC market

\*\* The change is in basis points      \*\*\*Against US Treasuries (in basis points)

## Lebanese Government Eurobonds

Maturity - Coupon	18/7/2013 Price*	11/7/2013 Price*	Weekly Change%	18/7/2013 Yield	11/7/2013 Yield	Weekly Change bps
2014, Apr - 7.375%	102.13	102.11	0.02%	4.40%	4.50%	-10
2014, May - 9.000%	103.03	103.25	-0.21%	5.01%	4.84%	18
2015, Jan - 5.875%	101.75	101.75	0.00%	4.64%	4.66%	-1
2015, Aug - 8.500%	106.84	107.07	-0.22%	4.95%	4.86%	8
2016, Jan - 8.500%	107.99	108.14	-0.14%	5.06%	5.02%	4
2016, May - 11.625%	116.07	116.63	-0.47%	5.39%	5.23%	16
2017, Mar - 9.000%	111.43	110.97	0.42%	5.51%	5.66%	-15
2018, Jun - 5.150%	98.56	97.56	1.02%	5.49%	5.72%	-24
2020, Mar - 6.375%	99.26	98.45	0.81%	6.51%	6.66%	-15
2021, Apr - 8.250%	110.80	109.85	0.86%	6.45%	6.60%	-15
2022, Oct - 6.100%	97.09	96.08	1.05%	6.52%	6.67%	-15
2023, Jan - 6.00%	95.69	95.21	0.51%	6.62%	6.69%	-7
2024, Dec - 7.000%	101.96	101.59	0.37%	6.75%	6.80%	-5
2026, Nov - 6.600%	98.13	96.89	1.27%	6.81%	6.96%	-14
2027, Nov - 6.75%	98.20	96.92	1.32%	6.95%	7.09%	-14

\*Bloomberg Data



Lebanese investors' demand to hold sovereign debt went up for the third consecutive week with the BLOM Bond Index (BBI) gaining 0.55% for the week ending July 18, 2013 to close at 105.14 points. However, the BBI lagged behind the JP Morgan emerging markets bond index that advanced by a weekly 2.84% to 632.15 points. Demand for 5Y and 10Y Lebanese Eurobonds kept on improving during the past week with their respective yields falling by 23 basis points (bps) and 7 bps to settle at 5.49% and 6.62%.

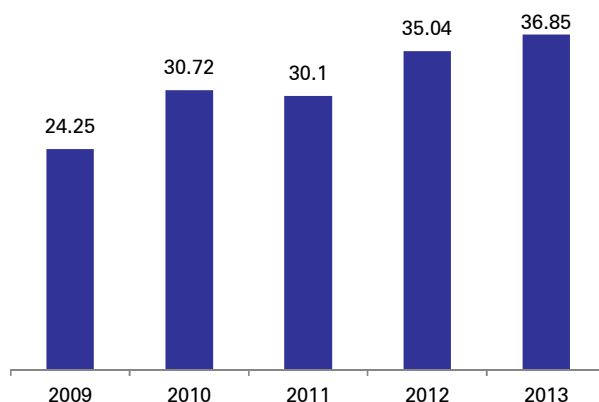
In the U.S, the latest statement of the Federal Reserve Chairman Ben S. Bernanke pushed investors back to the safe assets market for the second week in a row. Bernanke announced that the FED may delay its decision to cut its bond buying according to the economy's performance. U.S Treasuries headed simultaneously towards a second weekly gain with yields on the 5Y and 10Y notes and bonds losing a weekly 5 bps and 4 bps to stand at 1.35% and 2.56%, respectively. The respective spreads with their comparable Lebanese Eurobonds yields contracted by 18 bps and 3 bps to stand at 414 bps and 406 bps.

Lebanon's Credit Default Swaps for 5 years (CDS) eased considerably during the week to reach 402-442 bps from last week's quote of 435-485 bps. In regional economies, Saudi Arabia and Dubai's 5Y CDS contracted by an average of 12 bps and 6 bps this week to close at 60-65 bps and 210-216 bps, respectively. Moving to emerging markets, risk premiums slumped for both Brazil and Turkey to 161-166 bps and 182-185 bps respectively from 186-192 bps and 223-228 bps last week.

## ECONOMIC AND FINANCIAL NEWS

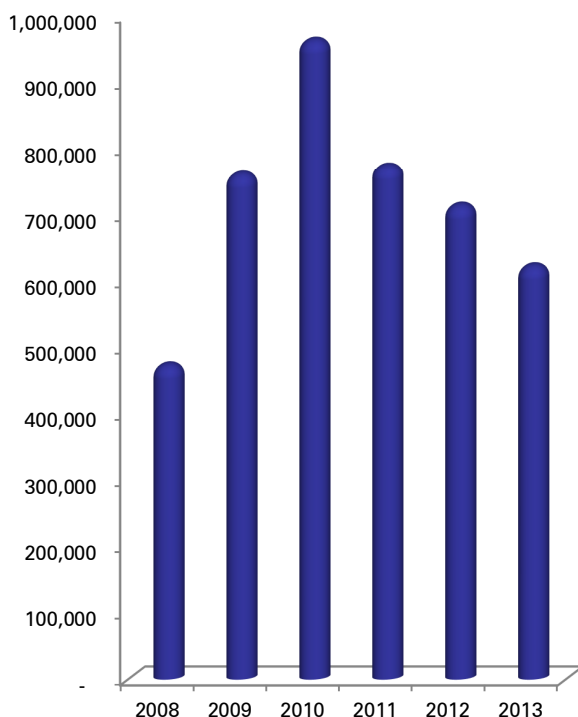
### BDL's Gross Foreign Reserves in mid-July

(In \$B)



Source: Banque Du Liban

### Number of Tourists in H1



Source: Ministry of Tourism

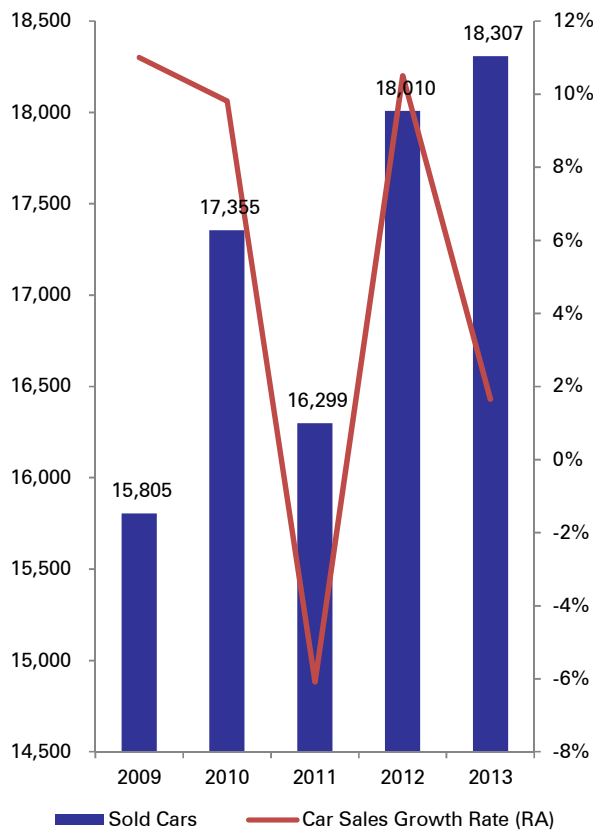
### Assets at the Central Bank Slide by 0.7% to \$77.66B in Mid-July

Total assets at the Central Bank stood at \$77.66B in mid-July, 0.7% lower than their level in mid-June. In fact, the 0.7% increase in BDL's securities portfolio to \$11.71B was overshadowed by the downturn in the value of gold and other foreign assets. The value of gold reserves decreased by a monthly 7.2% to \$11.83B while other foreign assets slipped by 0.8% to \$36.85B. During the period mid-June to mid-July, international gold prices continued to tumble as forecasts of a stronger dollar were reinforced by the Fed's remarks of a potentially tapered bond purchase program and by the US employment report, which indicated that 195,000 jobs were added in June. In addition, investors drifted from gold as an alternative investment amidst projections of a muted inflation. On the liabilities side, and in mid-July, financial sector deposits dropped by a monthly 0.3% to \$57.70B, while public sector deposits edged up by 6.3% to reach \$6.44B.

### Number of Tourists Drops 12.7% y-o-y in H1

The number of tourists that visited Lebanon during the first six months of 2013 slumped to five year low with 623,864 visitors, down by 12.7% from the H1 2012 and 19.4% from 2011. According to the Ministry of Tourism, H1 witnessed a drop in arrivals' number from all nationalities starting with the heaviest fall in Arab Tourists number by a yearly 23.2% to reach 202,869 visitors. Worth highlighting that Arabs stopped accounting for the bulk of vacationers in Lebanon, grabbing the second rank and representing 32.5% of the total. The noticeable decline in their number resulted from the political deterioration and security developments in the country that pushed several GCC countries to renew their Lebanon travel-warnings. Visitors from Europe took the biggest share of tourists in the first half of 2013, accounting for 33.3% of the total. However, Europeans showed less interest in visiting Lebanon with their number edging down by 2.3% y-o-y to reach 208,030 incomers. In the month of June alone, the number of tourists slumped 13.4% to 136,256 compared to 157,361 visitors registered in June 2013. European tourists, accounting for 32% of the total, decreased 8.7% y-o-y to 43,590. French made up 22.5% of the group, while German, British and Swedish incomers represented 17.5%, 10.4% and 10.0%, respectively. Arab tourists constituted the second major group, accounting for 26.8% of the total. 36% came from Iraq, 20.6% from Jordan and 15.5% from Egypt. Tourists from America came in third with 29,066 tourists of which 51.9% from the United States, 33.8% from Canada, and 6.1% from Brazil. As for incomers from Asian countries, they constituted 9.6% of the total. Africans were the only incomers to increase by a monthly 8.2% to 7,869 tourists from 7,271 in June 2012.

### Number of New Cars Registrations in H1



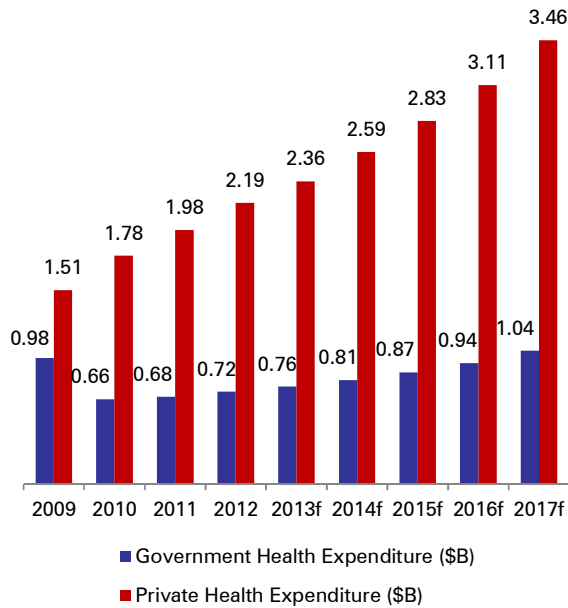
Source: Association of car Importers in Lebanon

### New Cars Registrations Increase by 1.6% in H1

The number of new vehicles registered in Lebanon increased for the first half of 2013 to 18,307 up by 1.6% from 18,010 in 2012 according to figures published by the Association of Car Importers. Of these, 17,110 were passenger vehicles and 1,197 were commercial vehicles in 2013. When compared to the first half of 2012, automotive registration of passenger vehicles increased by 1.5%, while the registration of commercial cars edged up by 3.2%. Sales of cars from Korea and Europe gained momentum with a 6.3% and 5.5% y-o-y advance reaching 8,190 and 3,460 cars sold versus 7,707 and 3,280 in H1 2012. However, the Japanese and American car sales decreased by an annual 10.5% and 6.9% with respective 4,196 and 952 units sold, as opposed to 4,688 and 1,023 in 2012. The bulk of vehicles sold in Lebanon are generally small engine fuel efficient automobiles with low price tags. This drop in sales for the Japanese and American makes can be attributed to a substitution effect from the availability of a wider range of cheap Asian automobiles from other markets such as Korea and China. In fact, Korean cars with their prevalent KIA and Hyundai brands make up about 47.9% of total car sales. As for Chinese cars, Geely and JAC are gaining popularity noting that the former logged the biggest y-o-y growth in sales with a whopping 361% y-o-y. On the brands side, Car sales breakdown ranked Kia at the top with a 27.7% stake of the total, followed by Hyundai (20.2%) and Nissan (13.0%). As for distributors, NATCO took the lead with a 25.9% market share and 4,733 cars sold. Century Motor Co follows suit with a 19.2% market share and 3,520 vehicles sold. The other major players are RYMCO, Bassoul Hneine and BUMC with 13.4%, 7.1% and 5.8% market share.



Public and Private Healthcare Expenditures



Source: BMI

Pharmaceutical Expenditures Projected at \$1.36B in 2013

According to the latest Business Monitor International (BMI) pharmaceuticals forecast report, Lebanese pharmaceutical expenditures are expected to increase from \$1.30B in 2012 to \$1.36B in 2013. However, the country’s long-term market projection has been revised downwards as a result of the spillovers from war-ridden Syria which disrupt trade relations and pull down imports over the medium-term. The Syrian unrest paired with domestic economic and political turmoil, led to a lower estimate of the market’s growth rate in 2011 and 2012 from 13.3% and 11.7% to 8.0% and 4.0%, respectively. In fact, pharmaceutical consumption growth is predicted to slip from 4.8% in 2012 to 4.2% in 2013. Nevertheless, BMI believes that Lebanon spent 3.02% of its GDP on pharmaceuticals in 2012, a share projected to stand at 2.5% in 2017, still the highest portion in the Gulf and Levant region and the seventh highest globally. On the other hand, healthcare spending is projected to increase from \$2.91B in 2012 to \$4.49B in 2017 at a Compounded Annual Growth Rate (CAGR) of 9.1%, the latter easing to 8.2% up to 2022. The Lebanese healthcare market is indeed constrained by several factors: the unregulated medication market, the National Social Security Fund (NSSF)’s years of deficit on account of an ageing population and local firms’ lack of innovation which enables the dominance of multinationals and a heavy reliance on expensive imports.

## Aid Highlights in June

Date	Project	Initiating Agent	Amount
7-Jun-13	Syrian Refugees Assistance	European Union	\$520M
17-Jun-13	Ministry of Finance Reforms	European Union	\$3.64M
18-Jun-13	Syria Regional Response Plan (RRP5)	UNHCR	\$1.7B
18-Jun-13	Tax Administration Reforms	European Union	\$2.41B
19-Jun-13	Supporting Democracy	European Union	\$390,000 -\$520,000
25-Jun-13	Lebanon Environmental Pollution Abatement project	Italian Government	\$2.99M

Source: Ministry of Finance

## Budget of International Aid Projects at \$4.64B in June

The Ministry of Finance (MOF)'s latest aid coordination letter indicated that the value of assistance projects initiated for Lebanon during the month of June reached around \$4.64B. On the 7th of June, the European Union allocated an extra \$520M set to meet Syrian refugees' humanitarian needs. On a similar front, the United Nations High Commissioner for Refugees (UNHCR) launched a \$1.7B relief package, of which \$450M constitute the Lebanese government's contribution, designed to help Lebanon cope with the Syrian influx. On the 17th of June, the European Union (EU), along with the Lebanese MOF, signed the "Institutional Capacity Development and Reorganization of the Ministry of Finance of Lebanon", a project to be implemented over a period of thirty months during which budget execution, transparency and forecasting will be improved. The EU also officially signed on to modernize the Lebanese tax administration, as tax collection is an essential component of the government's reform plan. Moreover, the EU Lebanese delegation launched its call for proposals to secure the funding of pro-democracy ventures while offering grants between \$390,000 and \$520,000. On the 25th of June, the Italian government and The Council for Development and Reconstruction signed a declaration regarding the themes of culture and environment. In fact, the Italian Government will grant \$2.99M to finance a joint-project with the World Bank, the "Lebanon Environmental Pollution Abatement project – LEPAP.

## CORPORATE DEVELOPMENTS

### Touch Credit Card Characteristics

Card Type	Revolving Visa Gold
Minimum Payment	\$20 or min 3%
Annual Interest Rate	2%
Grace Period	45 days
Welcome Gift	A \$22.73 extra credit for one month
	BLOM Gifts loyalty program
Benefits	Each \$100 purchase = \$1 extra credit on the touch line
	Monthly gift: \$5 extra credit on the touch line

Source: Company Data

### BLOM Bank Launches the First Credit Card for Pre-paid Lines in The Region: touch Gold Credit Card

Referring to a press release issued by BLOM Bank, the Bank announced the release of a new touch credit card as an extension to the post-paid lines touch credit card. The new touch Gold credit card will target pre-paid touch line holders users, offering them the services of three leading institutions: BLOM Bank, Touch Lebanon and Visa Levant. This revolving credit card is characterized by being the first of its kind in Lebanon and the region allowing its holders instant extra credit on their touch prepaid line. When the client uses the card for its purchases, its touch line will be automatically credited with the corresponding credit. In addition, the credit card user will benefit from the BLOM Gifts loyalty program and a spending reward of USD 1 with every USD 100 spent using the card for purchases. A USD 5 monthly gift of extra credit on the touch line is offered to use as free minutes, SMS, Megabytes for Internet usage.

### Audi's Financials Highlights as of end June

	Jun-13	Dec-12	%change
Customer Deposits at amortized cost	28.67	26.35	9%
Loans and receivables	12.61	10.23	23%
Total Assets	33.69	31.3	8%
Shareholder's Equity	2.68	2.68	0%
Profit/Loss	188.04	229.57 (*)	-18%

(\*): June 2012 Value

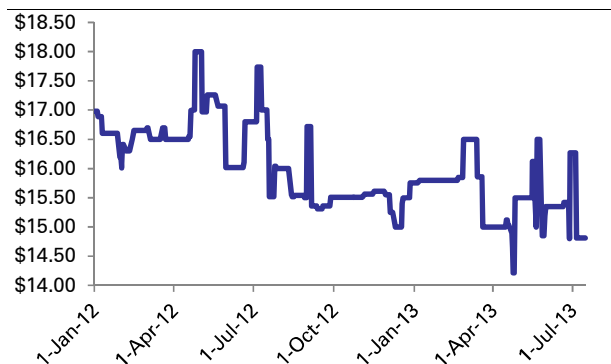
Source: Bank Audi Official Website

### Bank Audi's Total Assets Rise by 7.6% to \$33.7B During H1

Bank Audi's consolidated financial statements as of June 30, 2013, revealed total assets worth \$33.7B, 7.6% higher than their level as at end-December 2012. Foreign entities' contribution to consolidated assets stood at 39%, thus reflecting Audi's endeavors to diversify its exposure. In fact, net loans and advances to customers at amortized cost (after deduction of provisions) rose by 23.3% since year-start to \$12.61B. On the liabilities side, customer deposits at amortized cost rose by 8.8% year-to date to reach \$28.67B as of end-June. As for total shareholders' equity, it edged up by 0.2% since year start to reach \$2.68B. Meanwhile, the bank's profit amounted to \$188.04M at end-June, falling by 18% compared to the same period last year. In detail, the net interest income increased by 6% year-on-year to \$300.55M while net fees and commissions slid by a yearly 7% to \$87.83M. It is worth noting that the net doubtful loans to gross loans ratio stood at 0.49% while the return on average equity stood at 16.2%.

### HOLCIM to Distribute Dividends

#### Performance of Holcim Liban Shares

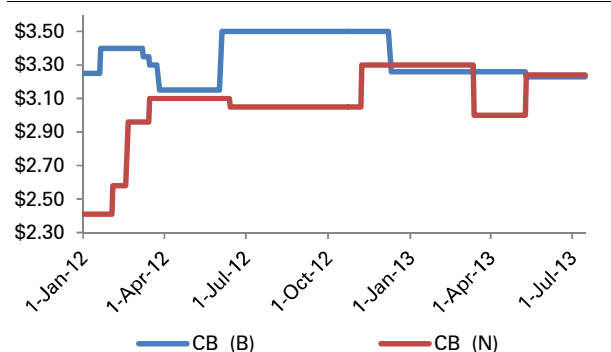


Source: Company Data, Reuters

The Ordinary General Assembly of shareholders of HOLCIM Liban SAL held on the 11th of June related to the distribution of the 2012 dividends in exchange of the coupon Number 7 from the shares issued on 14/05/2007, announced that dividends set at LBP 1,189.73 per share (net of distribution tax) will be paid starting July 26, 2013 till December 20, 2013. Shareholders who deposited their shares in local banks will receive their dividends through Midclear. Other shareholders will get their dividends from specific branches of Banque Libano Francaise or Societe Generale de Banque au Liban. Once the specified period is over, dividends distribution will continue at the company's headquarters at El Heri.

### Ciments Blancs to Distribute Dividends

#### Performance of Ciments Blancs Shares



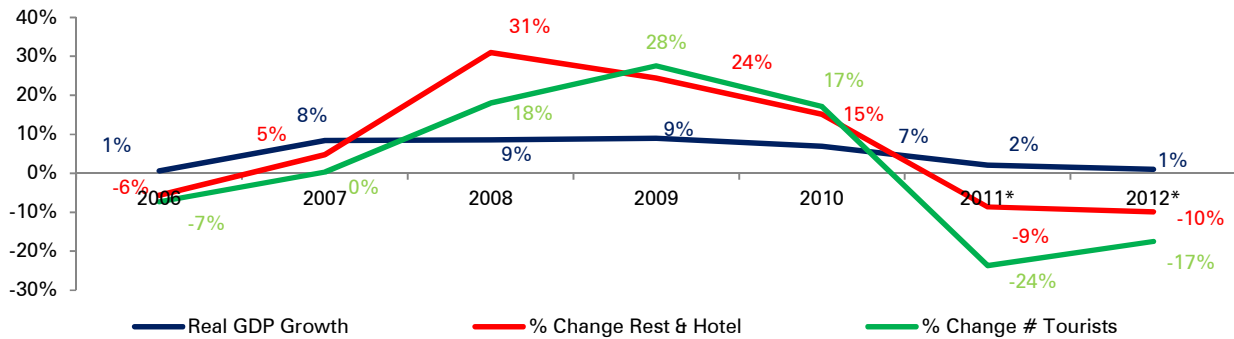
Source: Company Data, Reuters

Following the Ordinary General Assembly held on the 22nd of May, Societe Libanaise des Ciments Blancs SAL announced the distribution of LBP 370 dividend per share (net of distribution tax) for the year 2012 in exchange of coupon Number 8 from the shares issued on 05/01/1998. Dividends will be paid starting July 26, 2013 till December 20, 2013. Shareholders who deposited their shares in the Lebanese banks will receive their dividends through "Midclear", while other shareholders can receive their dividends when presenting coupon number 8 of the company's shares issued on 05/01/1998 to specific branches of Banque Libano Francaise during the aforementioned period. After the specified period, dividends distribution will take place at the company's headquarters at El Heri.

## FOCUS IN BRIEF

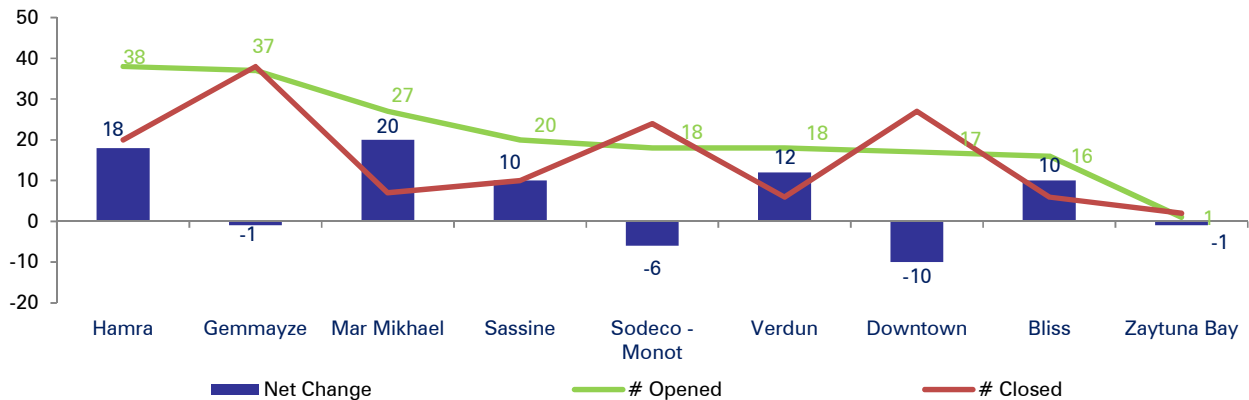
### The Lebanese Restaurant Industry: Adapting to New Trends

#### Change in GDP, Rest & Hotel, and Number of Tourist



Source: National Accounts, Ministry of Economy & Trade, Blominvest  
 \*Estimated national account figures

#### Number of Openings & Closures of Restaurants in Beirut by Region - 2013



Source: Hodema

Lebanon continues to garner global acclaim with its sophisticated nightlife and exquisite dining experiences. In 2013, Lebanon ranked amongst the top ten food destinations around the world according to Lonely Planet and was named the world's best breakfast destination by CNN. Championing the Guinness World Record for the largest plate of hummus weighing at 10,452kg (equivalent to its land size), it comes as no surprise that Lebanese people take their food seriously.

Obtaining an exact figure of the number of venues in Lebanon is a near impossible task. The Ministry of Tourism estimates that there are 4,800 registered restaurants & hotels which have completed both rounds of the licensing process. However, restaurants could have gone out of business, without being dropped from the list. Moreover, a majority of business owners hold onto their restaurant license even after going out of business. At the same time hundreds of restaurants remain unregistered or stuck for an extended period of time in the first part of the licensing process. On another front, only 600 businesses are registered with the Syndicate of Owners of Restaurants in Lebanon.

Despite numerous setbacks, ranging from regional political instability to questionable quality control measures, the restaurant industry has been witnessing growth. Typically accounting for 3-4% of total GDP, data from the National Accounts shows that the industry has expanded by a CAGR of 3.4% since 2008 to reach a projected \$1.25 billion in 2012. Also customary to the restaurant sector is its positive correlation with the number of tourists. Between 2006 and 2010, the 12% CAGR rise in the number of tourists which reached 2.17 million in 2010 was accompanied with a 14% CAGR growth within the restaurant & hotel sector. Even though National Accounts data for 2011 and 2012 are not available, this correlation is still expected to hold. Accordingly, the 24% drop in tourists in 2011 and the 17% decline in 2012 are expected to have reduced the size of the restaurant sector by 9% and 10% respectively.

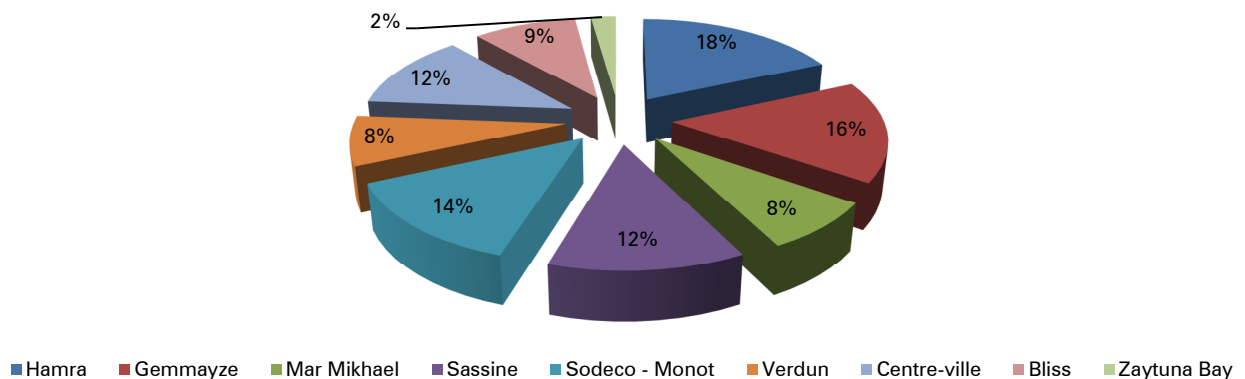
As a result, and in reaction to regional and local uncertainty, a new trend favoring moderately priced restaurants has emerged. According to Hodema, a prominent and frequently cited F&B consultant, the drift can be observed through monitoring the number of restaurant openings and closures according to the various areas they operate in. Their analysis which only covers restaurants located in Beirut, identifies the following 10 prime food districts: Hamra, Bliss, Verdun, Downtown, Zaytuna, Mar Mikhael, Gemmayze, Sodeco-Monnot, Sassine, and Park Zone (between Downtown and Zaytuna).

Key findings of the report which are published on an annual basis in Le Commerce du Levant's "Restos, bars, cafes" edition point out that the number of restaurants in Beirut has increased, while their total seating capacity has declined. Excluding the Park Zone which was not included as a district in 2012's report, the number of restaurants increased from 660 in 2012 to 708 in 2013. Meanwhile, their seating capacities fell from being able to host 54,400 customers to 52,000 during the same period.

Upscale restaurants in ritzy areas witnessed the greatest closures, causing the wave of new business owners to open in districts that offer cheaper rent. The 17 new restaurants which opened in Downtown were met with 27 closures. Meanwhile, Mar Mikhael had the greatest net increase in businesses with 20 restaurants, followed by Hamra which attracted 18 more restaurants after taking into consideration the number for closures.

Accordingly, the most popular regions were those which cater to a younger crowd. Hamra holds the greatest number of such restaurants estimated at 130, followed by Gemmayze and Sodeco- Monot with 115 and 96 restaurants respectively. Given the change in tourist mix and political climate, businesses in new exclusive developments such as Zaytuna are limited with their total reaching only 16 restaurants during 2013. The sharp decline in tourists arriving from GCC countries has led local restaurants to cater to a different more frugal customer base.

#### Distribution of Restaurants in Beirut by Region - 2013



Source: Hodema

The restaurant sector in Lebanon continuously proves to be resilient and robust. Born in a country accustomed to a great degree of uncertainty, entrepreneurs have become experts at gauging trends and reinventing business models. Prosperous local venues ranging from diners to nightclubs have penetrated regional markets and raised the bar for competitors within the industry. Known for great food, taste, hospitality, and talent, Lebanese tend to stand out as regional trendsetters. Host to these innovative leaders, the country serves as a great critic of what and where the next great venue will be.



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