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SWDY Q3 2021 Earnings Call Highlights

1. Today's Trading Playbook

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KEY THEMES

Expect Stronger Q4 2021: Elsewedy Electric's [SWDY] 9M 2021 consolidated net income increased by 32% y/y to EGP2.3bn. Meanwhile, revenues increased by 30% y/y to EGP40.9bn. Meanwhile, GPM narrowed to 11.5% in Q3 2021 vs. 17.6% a year earlier. This comes due to some fluctuations in prices and accounting treatments. Management expects a strong Q4 2021.

Acquisitions are starting to pay off: During Q3 2021, SWDY witnessed a strong increase in the transformers backlog which increased to USD133mn in Q3 2021 (up from USD88mn in Q2 2021). The big move came mainly from Indonesia. However, Pakistan still needs some restructuring and it expected to contribute positively in H1 2022.

More debt to come: Net debt position increased in Q3 2021 to EGP5.9bn compared to a net debt position of EGP4.0bn in Q2 2021 due to higher metal prices, coupled with the recent acquisitions. Moreover, SWDY targets to have a debt-to-EBITDA level around 1x. The expected increase in debt in 2022 will be due to the expected delay in some collections.

Dividend policy: No figures are announced yet. However, as SWDY quests for growth, cash will be crucial in order not to pressure the company's balance sheet.

Now, on to the top news and analysis for the day.

2. TOP NEWS & ANALYSIS

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MACRO NEWS

In a meeting led by the Financial Regulatory Authority (FRA) yesterday, policymakers agreed to cut trading, clearance, and regulatory fees by 20% and to delay by six months the introduction of new restrictions on how much investors can borrow to trade shares. ([FRA](#))

Israel is in talks to set up solar power plants in Egypt as part of a broader strategy to cut carbon emissions and boost its green tech sector. ([Bloomberg](#))

CORPORATE NEWS

e-finance [EFIH] signs an agreement with Ministry of Petroleum to digitalize the ministry's product offerings. ([Hapi](#))

The four government companies that will be offered next as part of the Public Offerings Program (POP) in 2021/22 are Banque du Caire [BDQC], Abu Qir Fertilizers [ABUK], Heliopolis Housing & Development [HELI], and Misr Fertilizer Production (MOPCO) [MFPC]. ([Al-Mal](#))

Palm Hills Developments [PHDC] reported a lower net income of EGP174mn during Q3 2021 (-27% y/y), although revenues increased to EGP1.9bn (+22% y/y). ([Company disclosure](#))

Dice Sport & Casual Wear's [DSCW] BoD approved to raise its stake in its subsidiary Textile Print Plus by 24% from 75.99% as of 6 June 2021. The BoD will also put forward a proposal to the EGM to increase the paid-in capital by EGP265mn to EGP371mn. ([Company disclosure](#))

General Co. for Ceramic & Porcelain Products [PRCL] saw its net losses widen to EGP62.3mn in 2020/21 from EGP54.3mn a year earlier. Meanwhile, revenues decreased to EGP217.8mn (-18.6% y/y). ([Company disclosure](#))

Upper Egypt Flour Mills [UEFM] reported Q1 FY22 consolidated net profit of EGP28.4mn (+4% y/y) compared to EGP27.3mn for the same period last year. ([EGX](#))

GLOBAL NEWS

GASC bought 60,000 tons of Romanian wheat in an international tender for shipment between 1-15 January at USD346.97/ton. This price is more than 4% higher than the previous tender, which saw the state grain buyer pay an average price of USD332.30/ton for Russian wheat at the beginning of November. ([Zawya](#))

Turkey's lira sank to an all-time low of near 11 to the dollar on Thursday before paring some losses, ahead of a central bank meeting that is expected to cut rates further even as the currency falls sharply and inflation remains near 20%. ([Reuters](#))

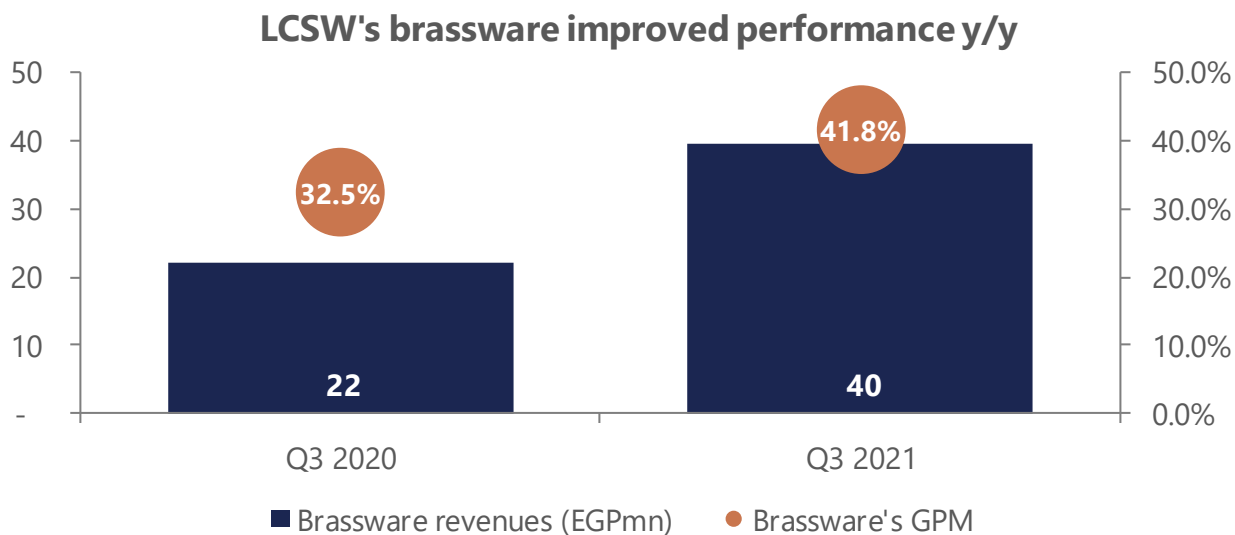
The Biden administration has asked some of the world's largest oil consuming nations, including China, India and Japan, to consider releasing crude stockpiles in a coordinated effort to lower global energy prices, according to several people familiar with the matter. ([Reuters](#))

The Ministry of Supply & Internal Trade (MOSIT) released a decree to increase the bran selling price for state-owned mills to EGP4,000/ton (+5.3%) compared to EGP3,800/ton of bran at the start of the month including supply services charges of EGP75/ton of bran and packaging, loading, and unloading of EGP145/ton of bran. ([Al-Mal](#))

3. CHART OF THE DAY

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Source: Company disclosure.

Lecico Egypt's [**LCSW**] brassware had an outstanding performance in Q3 2021 despite its small contribution to revenues (6%). Brassware revenues increased 80% y/y to EGP40mn in Q3 2021, driven mainly by a 79% y/y increase in volume, while average price increased slightly by only 0.1% y/y.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
713.5					814.6 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
		EGX 30	11,453.30	0.35%	5.61%			Gold	1,867.48 0.91% (1.86%)
		EGX 30 TR	4,485.11	0.28%	7.51%			Silver	25.09 1.01% (5.43%)
		EGX 70 EWI	2,032.77	0.09%	(5.24%)			Brent Oil	80.28 (0.55%) 54.13%
		EGX 100 EWI	2,992.56	0.07%	(3.40%)			WTI	78.36 (0.93%) 60.00%
		DFMGI	3,261.66	(0.78%)	30.89%			Natural Gas	4.82 1.45% 92.44%
		ADSMI	8,337.69	(0.17%)	64.43%	EGP		USD/EGP	15.72 (0.05%) 0.16%
		TASI	11,833.54	0.05%	36.18%	€		EUR/USD	1.13 (0.04%) (7.38%)
		QE Index	11,959.48	(0.29%)	14.44%	£		GBP/USD	1.35 0.02% (1.32%)
		S&P 500	4,688.67	(0.26%)	24.83%	¥		USD/JPY	114.08 0.65% (9.63%)
		Dow 30	35,931.05	(0.58%)	17.40%			6M TB yield	12.66 2 (7)
		NASDAQ	15,921.57	(0.33%)	23.54%			1Y TB yield	13.29 3 52
		VIX	17.11	4.52%	(24.79%)			10Y TB yield	14.71 (2) 32
		STOXX 50	4,400.81	(0.02%)	23.87%			2Y TB yield	0.50 (3) 37
EM		MSCI Emerging	1,286.87	(0.29%)	(0.34%)			10Y TB yield	1.59 (6) 66
FM		MSCI Frontier	677.31	(0.16%)	18.49%			30Y TB yield	1.97 (6) 31

* As of market close, except for commodities and currencies at 8.55am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

5. LATEST EGX VALUATION MULTIPLES

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[Find out](#) how your favorite stocks compare to the rest of the market.

6. KEY DATES

DATE	TICKER	TYPE	EVENT
18-Nov-21	HELI	OGM	Approving the financial statements and other agenda items.
18-Nov-21	HELI	EGM	Discussing the agenda.
20-Nov-21	MICH	BoD Meeting	Following up on production, sales and exports.
21-Nov-21	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in the 6th of October project.
21-Nov-21	FWRY	OGM	Election of a new BoD.
21-Nov-21	WCDF	Cash dividend	Deadline for eligibility for a dividend of EGP13.00/share.
22-Nov-21	WCDF	Cash dividend	The ex-date for dividends of EGP13.00/share.
24-Nov-21	AUTO	Conference Call	Discussing Q3 2021 earnings.
24-Nov-21	WCDF	Cash dividend	Date for paying out a dividend of EGP13.00/share.
24-Nov-21	NRPD	OGM	Approving the financial statements ending 31 Dec. 2020.
25-Nov-21	TALM	OGM	Approving the financial statements and the proposed dividend.
25-Nov-21	TALM	EGM	Amending articles 4 & 21 of the bylaws.
25-Nov-21	ISPH	EGM	Approving increasing issued capital and amending articles 3, 4, 6 & 7 of the bylaws.
25-Nov-21	RMDA	OGM	Discussing the agenda.
28-Nov-21	EAST	Cash dividend	Deadline for eligibility for a dividend of EGP1.6/share.



30-Nov-21	ZMID	Cash dividend	Date for paying out EGP0.15/share (3rd round).
30-Nov-21	UEFM	Cash dividend	Deadline for eligibility for a dividend of EGP10.00/share.
30-Nov-21	MOIN	Cash dividend	Deadline for eligibility for a dividend of EGP0.25/share.
1-Dec-21	UEFM	Cash dividend	Ex-dividend date for EGP10.00/share.
1-Dec-21	EAST	Cash dividend	Date for paying out a dividend of EGP1.00/share (1st round).
1-Dec-21	MSCI		MSCI's November 2021 Semi-Annual Index Review Effective Date.
1-Dec-21	CIRA	OGM	Approving the financial statements and other agenda items.
2-Dec-21	GDWA	EGM	Approving changes to the bylaws.
2-Dec-21	CAED	OGM	Approving the financial statements and other agenda items.
4-Dec-21	NEDA	OGM	Board election.
5-Dec-21	MOIN	Cash dividend	Payment date for a dividend of EGP0.125/share (1st installment).
5-Dec-21	UEFM	Cash dividend	Payment date for a dividend of EGP10.00/share.
6-Dec-21	ACGC	OGM	Approving the financial statements and other agenda items.
7-Dec-21	ORWE	OGM	Discussing netting contracts.
11-Dec-21	UEFM	EGM	Amending articles of the bylaws.
13-Dec-21	MNHD	OGM	Approving its fair value study.
13-Dec-21	MNHD	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
14-15 Dec-21		FOMC	Determining U.S. Monetary stance.
16-Dec-21		MPC Meeting	Determining the CBE's policy rate.
26-Dec-21	AIH	Lawsuit	A court session discussing legal disputes relevant to the company.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
17-Nov-21	<u>EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs</u>
17-Nov-21	<u>Orascom Construction [ORAS] – BESIX – Back on Track Again</u>
15-Nov-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board – Take 2</u>
15-Nov-21	<u>Elsewedy Electric [SWDY] – A Quarter to Forget?</u>
14-Nov-21	<u>Misr Chemical Industries [MICH] – A Healthy Kick-off to a Promising Year</u>
14-Nov-21	<u>Abu Qir Fertilizers [ABUK] – A “One-of-a-Kind” Quarter</u>
14-Nov-21	<u>Commercial International Bank [COMI] – Elegant Earnings Growth on All Fronts</u>
10-Nov-21	<u>MACROView – The Calm Before the Storm, or Maybe Not</u>
10-Nov-21	<u>CI Capital Holding [CICH] – Record-Breaking Quarter</u>
7-Nov-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Earnings Recover on Lower Provisions</u>
4-Nov-21	<u>MACROView – Underlying Strength, but Gathering Headwinds</u>
3-Nov-21	<u>MACROView – Gathering Clouds</u>
1-Nov-21	<u>TAKESStock – Separating the Wheat from the Chaff</u>
31-Oct-21	<u>TAKESStock – Natural Gas Price Hike</u>
19-Oct-21	<u>MACROView – The Storm Is Gone but the Headwinds Persist</u>
13-Oct-21	<u>e-finance [EFIH] – An Eye-Opening IPO</u>

10-Oct-21	<u>MACROView – Walking a Tightrope</u>
6-Oct-21	<u>MACROView – On “Risk Control” Mode</u>
6-Oct-21	<u>MACROView – The Tortuous Path to Recovery</u>
19-Sep-21	<u>TAKEStock – Consumer Staples (Food & Beverage) – All You Can Eat Festival</u>
15-Sep-21	<u>MACROView – Deciphering the Din of Battle</u>
14-Sep-21	<u>TAKEStock – Orascom Investment Holding [OIH] — Monetization at Play</u>
9-Sep-21	<u>MACROView – Hot Summer Winds</u>
7-Sep-21	<u>MACROView – The Global Blessing Windfall</u>
6-Sep-21	<u>MACROView – Tempered, But Cautious, Optimism</u>
5-Sep-21	<u>Misr Chemical Industries [MICH] – Nice While It Lasted</u>
29-Aug-21	<u>Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</u>
24-Aug-21	<u>Abu Qir Fertilizers [ABUK] – When the Stars Align</u>
18-Aug-21	<u>EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</u>
17-Aug-21	<u>Elsowedy Electric [SWDY] – Impressive Set of Results</u>
17-Aug-21	<u>Commercial International Bank [COMI] – Adjustment Post Stock Dividend</u>
16-Aug-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board</u>
11-Aug-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</u>
10-Aug-21	<u>MACROView – July’s Feverous Inflation</u>
9-Aug-21	<u>CI Capital Holding [CICH] – Robust Exit Saves the Day</u>
5-Aug-21	<u>MACROView – The Sky Is No Blue</u>
4-Aug-21	<u>MACROView – Constrained Recovery</u>
26-Jul-21	<u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u>
13-Jul-21	<u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u>
8-Jul-21	<u>MACROView – Inflation Edged Up, As Expected</u>
8-Jul-21	<u>MACROView – External Buffers Still Powering Ahead</u>
6-Jul-21	<u>MACROView – A Steady and Slow Recovery in the Making</u>
5-July-21	<u>Abu Qir Fertilizers [ABUK] – Talking U</u>
16-June-21	<u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u>
14-June-21	<u>Al-Shams Housing & Development [ELSH] – Earnings Flattened by Factoring Cost</u>
10-June-21	<u>MACROView – Inflation Risk Rising, but Still Within Target</u>
8-June-21	<u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u>
6-June-21	<u>MACROView – Further Enhancement</u>

3-June-21	<u>MACROView – Contraction Eased</u>
23-May-21	<u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u>
23-May-21	<u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u>
22-May-21	<u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u>
20-May-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u>
20-May-21	<u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u>
18-May-21	<u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u>
18-May-21	<u>Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead</u>
17-May-21	<u>Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</u>
11-May-21	<u>MACROView – Inflation Eased but Stage Still Set for a Pick-Up</u>
9-May-21	<u>MACROView – Stability Prevailed</u>
6-May-21	<u>MACROView – The Road to Recovery Gets Longer</u>
18-Apr-21	<u>MACROView – Challenges Remain Daunting</u>
13-Apr-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u>
12-Apr-21	<u>Orascom Construction [ORAS] – Rich in Value</u>
11-Apr-21	<u>MACROView – Monthly Reading Pressured By Seasonality</u>
6-Apr-21	<u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u>
6-Apr-21	<u>MACROView – Still Downbeat</u>
28-Mar-21	<u>Taaleem Management Services [TALM] – Enriching the Education Sector</u>
18-Mar-21	<u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u>
10-Mar-21	<u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u>
8-Mar-21	<u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u>
7-Mar-21	<u>Al-Shams Housing & Development [ELSH] – Making Hay While the Sun Shines</u>
3-Mar-21	<u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u>
2-Mar-21	<u>MACROView – Commodity Supercycle: Real or Hype?</u>
1-Mar-21	<u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u>
25-Feb-21	<u>Elsewedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u>
22-Feb-21	<u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u>
10-Feb-21	<u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u>
8-Feb-21	<u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u>
4-Feb-21	<u>MACROView – External Buffers Are Still Restoring Grounds</u>
3-Feb-21	<u>MACROView – A Fragile Improvement but Favorable Sentiment</u>

3-Feb-21	<u>MACROView – External Woes vs. Cautious Optimism</u>
1-Feb-21	<u>STANDPoint – Egypt 2021 Investing Playbook</u>
14-Jan-21	<u>CI Capital Holding [CICH] – New Expansions = Further Growth</u>
10-Jan-21	<u>MACROView – Below End-of-Year Target</u>
6-Jan-21	<u>MACROView – On the Path to Further Recovery</u>
5-Jan-21	<u>MACROView – Rutted Road to Recovery</u>
28-Dec-20	<u>Elsewedy Electric [SWDY] – More Growth to Come</u>
22-Dec-20	<u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u>
16-Dec-20	<u>CIB [COMI] – Earnings beat despite higher provisions</u>
10-Dec-20	<u>MACROView – The Highest Reading in Seven Months</u>
7-Dec-20	<u>MACROView – Restored Ground</u>
6-Dec-20	<u>MACROView – Lost Momentum</u>
3-Dec-20	<u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u>

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