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A Lot of Potential

1. Today's Trading Playbook

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KEY THEMES

Last Thursday, Al Baraka Bank Egypt [**SAUD**] published its 2021 figures. The bank was able to achieve net earnings of EGP1.1bn (-9% y/y). The results sent the stock price flying on the last trading day of the week, gaining 7.2% by close. We note that the bank's bottom line was dented during 2021 on the back of higher CoR of 236bps vs. 176bps a year ago. Management indicated in their annual report its intention to spur lending growth in the coming years, as it was considered suboptimal in the previous years. Moreover, management suggested increasing the bank's paid-in capital by EGP742mn through a 25% stock dividend, after considering the amount paid under capital increase as of 31 December 2021 (i.e. EGP1.4bn). This will bring SAUD's total paid-in capital to EGP3.7bn distributed over 530.2mn shares at a par value of EGP7.0/share. SAUD is currently traded at 2022e P/E and P/B of 2.2x and 0.46x, with ROAE of 20.5%. We note that SAUD has rallied 8% since our banking sector note in December 2021. We have an Overweight rating on SAUD with our 12MPT at EGP25.60/share (ETR +67%).

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egyptian fintech players raised over 4x more capital in 2021 than they did the year before, according to the CBE's Fintech Landscape Report. ([CBE](#))

Egypt has been chosen along with five other African countries to receive the technology to produce mRNA COVID-19 vaccines, the World Health Organization said. ([WHO](#))

Egypt has held talks with the EU over shipping more natural gas to Europe amid growing concerns that conflict in Ukraine could intensify the continent's energy shortage. ([Enterprise](#))

Egypt booked 180,000 tons of wheat from Romania as 17 companies participated in an Egyptian import tender, according to Bloomberg. ([Bloomberg](#))

CORPORATE NEWS

MM Group for Industry & International Trade [MTIE] is planning to set up two after-sales service & maintenance centers for the Range Rover brand in the New Administrative Capital and Abu Rawash, bringing the total to five centers. Meanwhile, MTIE is targeting a 20% y/y growth in sales by the end of this year, supported by the introduction of the new fifth generation Range Rover cars and the delivery of 25 electric I-Pace cars. ([Al-Borsa](#))

Sidi Kerir Petrochemicals [SKPC] 2021 figures showed net earnings of EGP535mn compared to EGP26mn a year earlier. Strong earnings recovery came on the back of top line leap to EGP5.1bn (+48% y/y), whereas GPM hit 21% vs. 5% a year earlier. ([Company disclosure](#))

EFG Hermes [HRHO] plans to pick Goldman Sachs to advise shareholders on First Abu Dhabi Bank's (FAB) acquisition bid. ([Enterprise](#))

Heliopolis Housing & Development [HELI] decided to extend the deadline for submitting offers for leasing the Show Land and the Children's Garden in Merryland Park to 15 March. ([Al-Borsa](#))

Ghazl El-Mahalla Football Co. (GMFC) aims to be listed on EGX and with its shares trading by April. It is expected that GMFC's prospectus for the public subscription will be published soon, and the IPO period will start from end of February until mid-March. ([Asharq Business](#))

GLOBAL NEWS

New York Federal Reserve Bank President John Williams said Friday there is little need for the Fed to kick off its interest rate hiking cycle with a big move, advocating instead for the central bank to raise rates "steadily" and adjust the pace if needed. ([Reuters](#))

Investors pumped money into U.S. Treasuries at the fastest pace in nearly two years in the week to Wednesday and yanked funds out of cash, inflation-linked debt and credit as recession risks rose, BofA's weekly flow report showed on Friday. ([Reuters](#))

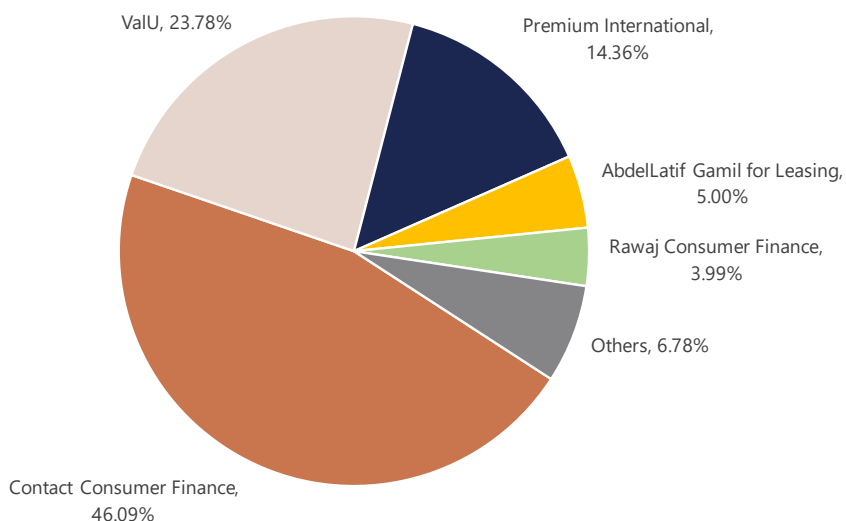
3. CHART OF THE DAY

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Egypt's Consumer Finance Top Five Players by Market Share
(ytd as of November 2021)



Sources: FRA.

Egypt's consumer finance market reached EGP8.5bn by end of November 2021. **Contact Consumer Finance**, a Contact Financial Holding [**CNFN**] subsidiary, still leads with the highest market share of 46.09%, followed by **ValU**, EFG Hermes Holding's [**HRHO**] subsidiary, with a market share of 23.78%. Meanwhile, **Rawaj Consumer Finance**, a subsidiary of Arabia Investments Holding [**AIH**], ranked fifth with a market share of 3.99%.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.		
725.8					600.5 1,178.6		
			daily chg.	ytd chg.		daily chg.	ytd chg.
	EGX 30	11,535.02	(0.29%)	(3.47%)		Gold	1,898.43 0.00% 3.78%
	EGX 30 TR	4,558.05	(0.23%)	(3.36%)		Silver	23.92 0.37% 2.63%
	EGX 70 EWI	1,983.82	(0.08%)	(9.90%)		Brent Oil	93.54 0.61% 20.26%
	EGX 100 EWI	2,991.82	(0.02%)	(8.09%)		WTI	91.07 (0.75%) 21.09%
	DFMGI	3,327.07	(0.09%)	4.10%		Natural Gas	4.43 (1.23%) 18.79%
	ADSMI	9,155.31	(0.57%)	7.86%		USD/EGP	15.73 0.10% (0.10%)
	TASI	12,476.54	(0.15%)	10.59%		EUR/USD	1.13 (0.34%) (0.42%)
	QE Index	12,735.35	(0.08%)	9.54%		GBP/USD	1.36 (0.20%) 0.42%
	S&P 500	4,348.87	(0.72%)	(8.76%)		USD/JPY	115.01 (0.06%) 0.06%
	Dow 30	34,079.18	(0.68%)	(6.22%)		6M TB yield	12.10 (1) (63)
	NASDAQ	13,548.07	(1.23%)	(13.40%)		1Y TB yield	13.22 1 45
	VIX	27.75	(1.28%)	61.15%		10Y TB yield	14.72 1 33
	STOXX 50	4,074.28	(0.95%)	(5.21%)		2Y TB yield	1.47 (2) 134
	MSCI Emerging	1,231.77	(0.90%)	(0.02%)		10Y TB yield	1.93 (6) 100
	MSCI Frontier	647.58	(0.53%)	(2.71%)		30Y TB yield	2.25 (7) 59

* As of market close. 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
20-Feb-22	CSAG	Cash dividend	Date for paying out a dividend of EGP1.27/share.
22-Feb-22	ETEL	EGM	Amending Article No. 21 of the company's bylaws.
23-Feb-22	ODID	EGM	Discussing applying a reward system for employees.
23-Feb-22	CANA	Stock dividend	Last date for eligibility for a 0.32-for-1 stock dividend.
24-Feb-22	CANA	Stock dividend	Date for distributing a 0.32-for-1 stock dividend.
26-Feb-22	SPMD	OGM	A board reshuffle.
26-Feb-22	SPMD	EGM	Amending Article No. 21 of the company's bylaws.
3-Mar-22	RTVC	EGM	Approving valuation & selling Amban for tourism investments.
3-Mar-22	FWRY	EGM	Approving increasing the issued capital & amending Articles No. 6 & 7 of the company's bylaws.
3-Mar-22	ETEL	Earnings Announcement	Announcing 2021 financial results.
5-Mar-22	PRDC	EGM	Amending Article No. 32 of the company's bylaws.
5-Mar-22	OLFI	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.

6-Mar-22	PRCL	OGM	A board reshuffle.
10-Mar-22	EGTS	OGM	Approving financial statements and other agenda items.
10-Mar-22	FAIT	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
13-Mar-22	PHDC	EGM	Concerning the company's obtaining financing for the Badia project.
15-16 Mar-22		FOMC	Discussing Policy Rate.
20-Mar-22	SPMD	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
24-Mar-22		MPC Meeting	Determining the CBE's policy rate.
31-Mar-22	PACH	Cash dividend	Date for paying out a dividend of EGP0.50/share (2nd installment).

7. LATEST RESEARCH

DATE PUBLISHED REPORT

17-Feb-22	<u>Al Baraka Bank Egypt [SAUD] – Earnings Pressured by Higher Cost of Risk</u>
16-Feb-22	<u>MACROView – A Soothing Message From the CBE ... and Our Takeaways</u>
14-Feb-22	<u>Abu Qir Fertilizers [ABUK] – Another Record-High Quarter</u>
13-Feb-22	<u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u>
10-Feb-22	<u>MACROView – Ebb and Flow</u>
10-Feb-22	<u>MACROView – The Cloudy Year Has Just Begun</u>
9-Feb-22	<u>Elsowedy Electric [SWDY] – Ending 2021 on a Good Note</u>
8-Feb-22	<u>MACROView – A Fall in Disguise</u>
7-Feb-22	<u>Macro Group Pharmaceuticals [MCRO] – Not the Usual Pharma Stock</u>
1-Feb-22	<u>MACROView – The Ripple Effect</u>
31-Jan-22	<u>Obour Land For Food Industries [OLFI] – Double-Digit Growth Complements a Resilient Story</u>
30-Jan-22	<u>STANDPoint – Egypt Valuation Repertoire — 2022 Outlook</u>
12-Jan-22	<u>QNB Alahli [QNBA] – Slow Earnings Pace Despite Assets Growth</u>
10-Jan-22	<u>MACROView – The Last Reading Ahead of a Cloudy Year</u>
30-Dec-21	<u>EGYPTCeramics – From Dusk to Dawn</u>
26-Dec-21	<u>Obour Land For Food Industries [OLFI] – A Play on Consumption Recovery</u>
22-Dec-21	<u>MACROView – The Return of the 'Vigilante'</u>
14-Dec-21	<u>MACROView – When "Bad" Inflation Clouds the Path of "Good" Inflation</u>
9-Dec-21	<u>MACROView – Another Retreat ... Until Further Notice</u>
8-Dec-21	<u>MACROView – For Stormy Days, Eyes on the Ball</u>
7-Dec-21	<u>EGYPTBanks – Takeoff Time</u>
5-Dec-21	<u>MACROView – Searching for Lost Momentum</u>



21-Nov-21	<u>TAKEStock – Nitrogen Fertilizers Local Price Hike</u>
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>Elsowedy 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>TAKEStock – Separating the Wheat from the Chaff</u>
31-Oct-21	<u>TAKEStock – 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-Jul-21	<u>Abu Qir Fertilizers [ABUK] – Talking U</u>
16-Jun-21	<u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u>
14-Jun-21	<u>Al-Shams Housing & Development [ELSH] – Earnings Flattened by Factoring Cost</u>
10-Jun-21	<u>MACROView – Inflation Risk Rising, but Still Within Target</u>
8-Jun-21	<u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u>
6-Jun-21	<u>MACROView – Further Enhancement</u>
3-Jun-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>

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