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The Cherry on Top

1. Today's Trading Playbook

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Public Enterprises Minister has announced in a TV interview the interest of a strategic Arab investor in non-other than Egypt Aluminum [EGAL], with a targeted stake between 20%-25%. Meanwhile, it is also expected that such transaction will take the form of a capital increase, which will finance EGAL's optimistic upgrade plans. The minister announced that the upgrade plans could cost around USD300mn, pending necessary studies. Sourcing the USD300nmn will be through a mix between debt and equity capital increase. However, the cherry on top was the announcement of serious consideration to build a solar power station, with a capacity that could range between 600 to 1,200 MW.

On the other hand, EGAL itself has announced the appointment of U.S. based Bechtel, in order to conduct a study to revamp and upgrade its current facility, while keeping the nameplate capacity at 320 ktpa. EGAL also announced the possibility of a capital increase, while also exploring the option of inaugurating solar power station.

We view the announced plans as very positive for EGAL. Our view on the stock since the massive rally in aluminum prices used to be clouded by (1) inevitable normalization in selling prices, and (2) electricity prices were bound to adjust higher over the longer term. However, scrapping the seventh line upgrades, while bringing back the solar power station to the table will substantially influence our outlook positively. In the meantime, quantifying the impact on EGAL's valuation will be heavily reliant on the technical studies regarding the USD300mn upgrades, as well as the actual capacity of the solar power station, coupled with its investment cost.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Passenger car sales fell for the second month in a row, lower by 20% y/y. ([Enterprise](#))

ADQ will invest USD10bn in industrial projects in Egypt, the UAE and Jordan as part of a partnership signed in Abu Dhabi yesterday. ([Enterprise](#))

CORPORATE NEWS

Emaar Misr for Development's [EMFD] consolidated net profits for Q1 2022 surged to EGP1.58bn (+199% y/y) vs. EGP529.1mn during the same period last year, while revenues grew to EGP2.57bn (+66.6% y/y) vs. EGP1.54bn a year earlier. Meanwhile, EMFD registered a higher GPM of 49.5% y/y (+9.3pp y/y) and is currently trading at a TTM P/E of 2.3x. ([Company disclosure](#))

Eastern Company [EAST] announced its 9M 2021/22 results, reporting an increase in net profit reaching EGP4.2bn (+9% y/y). Meanwhile, revenues came in at EGP54.5bn (+6% y/y) compared to EGP48.7bn last year. Meanwhile, EAST's BoD approved acquiring 24% stake in Philip Morris United Tobacco. The deal is worth EGP100mn. ([Company disclosure](#))

Cleopatra Hospitals [CLHO] announced its Q1 2022 consolidated results, reporting a decrease in net profits reaching EGP102mn (-5% y/y), on the back of lower EBIT, which reached EGP116mn (-16% y/y). EBIT has declined as a result of higher SG&A. Meanwhile, revenues came in at EGP636mn (+1% y/y) compared to EGP633mn last year, in view of lower despite volumes growing. However, interest income reached EGP20mn (+64% y/y) along with a decreased effective tax rate, which mitigated the impact on bottom line. CLHO is currently trading at a TTM P/E of 22.3x. ([Company disclosure](#))

MM Group [MTIE] Q1 2022 bottom line dropped 60% y/y to EGP51mn on 23% y/y decline in to total revenues of EGP1.9bn. Furthermore, GPM weakened by 2.1pp to 9.2%, whereas EBITDA nosedived 51% to EGP93mn. The drop in revenues came because of weaker performance by the consumer electronic segments, automotive segment, and the tractors and pipes segment. ([Company disclosure](#))

Macro Group [MCRO] reported Q1 2022, with revenue growth of 14% y/y, recording EGP144mn. Growth in top line came in view of a 13% annual growth in average selling prices, while on the other hand volumes grew at a 2% y/y speed. As a result, bottom line upped notably by 182% y/y to EGP31mn. ([Company disclosure](#))

Oriental Weavers [ORWE] net earnings during Q1 2022 dropped 21% y/y to EGP236mn on the back of (1) pressured margins, as GPM recorded 11% vs. 17% a year earlier due to higher input costs, (2) 21% growth in SG&A, and (3) FX losses of EGP65mn. This took place despite 18% y/y growth in top line. ([Company disclosure](#))

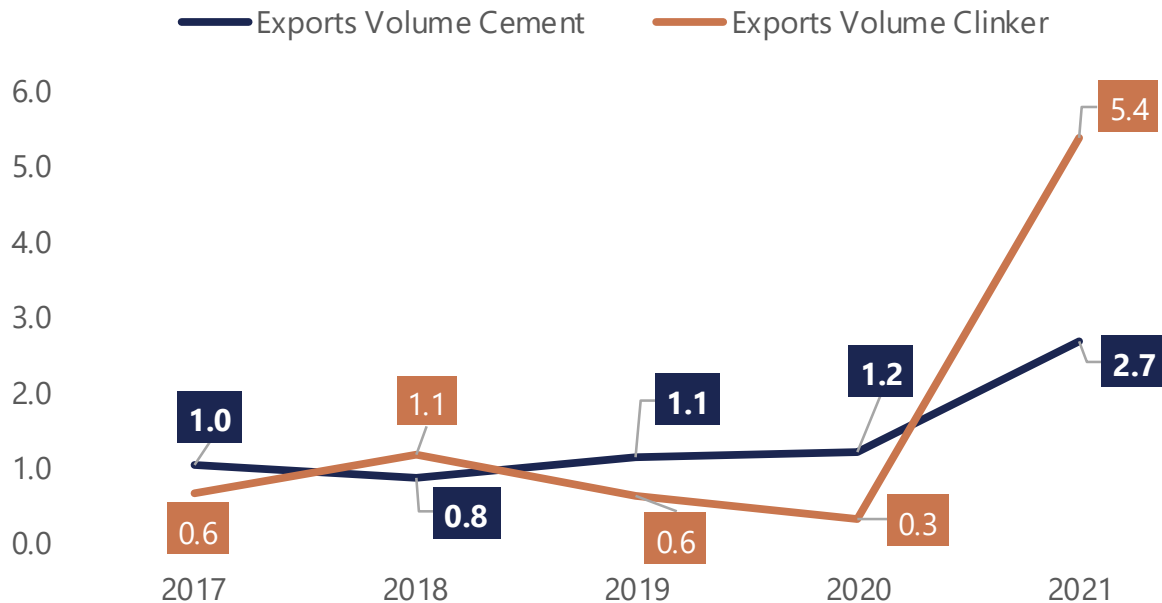
Heliopolis Housing & Development [HELI] has started the designing work for the 107 feddan area in New Heliopolis. ([Arab finance](#))

3. CHART OF THE DAY

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Egypt Cement and Clinker Exports (mn tons)



Egypt's cement and clinker exports increased in 2021 to a total of 8.1mn tons compared to 1.5mn tons in 2020.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
662.5					305.3 846.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	10,086.72	(1.12%)	(15.59%)		Gold	1,853.72	0.17%	1.81%
	EGX 30 TR	4,072.63	(1.12%)	(13.66%)		Silver	22.11	0.45%	(4.44%)
	EGX 70 EWI	1,727.06	(1.11%)	(21.56%)		Brent Oil	119.43	0.34%	58.02%
	EGX 100 EWI	2,599.57	(1.06%)	(20.14%)		WTI	115.07	0.68%	59.18%
	DFMGI	3,296.99	0.03%	3.16%		Natural Gas	8.73	1.10%	136.54%
	ADSMI	9,688.99	1.52%	14.14%	EGP	USD/EGP	18.59	(0.00%)	(15.52%)
	TASI	12,689.01	1.27%	12.47%	€	EUR/USD	1.07	0.26%	(5.34%)
	QE Index	12,861.35	0.26%	10.63%	£	GBP/USD	1.26	0.13%	(6.54%)
	S&P 500	4,158.24	2.47%	(12.76%)	¥	USD/JPY	127.11	0.01%	(9.46%)
	Dow 30	33,212.96	1.76%	(8.60%)		6M TB yield	14.17	51	144
	NASDAQ	12,131.13	3.33%	(22.46%)		1Y TB yield	13.84	20	107
	VIX	25.72	(6.47%)	49.36%		10Y TB yield	14.37	(34)	(2)
	STOXX 50	3,808.86	1.83%	(11.39%)		2Y TB yield	2.47	(4)	234
EM	MSCI Emerging	1,043.17	1.98%	(15.33%)		10Y TB yield	2.75	(1)	182
FM	MSCI Frontier	547.49	0.37%	(17.75%)		30Y TB yield	2.97	(0)	131

* As of market close, except for commodities and currencies at 8.3am 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
30-May-22	IRAX	Cash dividend	Date for paying out a dividend of EGP60/share.
30-May-22	PHDC	Cash dividend	Payment date for a dividend of EGP0.05/share (1st installment).
31-May-22	ETEL	Conference Call	Discussing Q1 2022 results.
31-May-22	ISPH	Stock dividend	Last date for eligibility for a 0.167-for-1 stock dividend.
1-Jun-22	ISPH	Stock dividend	Date for distributing a 0.167-for-1 stock dividend.
1-Jun-22	HRHO	EGM	Amending Article No.5 of the company's bylaws.
1-Jun-22		MSCI	MSCI's May 2022 Semi-Annual Index Review Effective Date.
4-Jun-22	CCRS	OGM	Setting responsibilities for board members and directors.
5-Jun-22	AUTO	EGM	Discussing capital reduction and amending articles No.6 & 7 of the company's bylaws.
5-Jun-22	ISPH	Cash dividend	Deadline for eligibility for a dividend of EGP0.100/share.
6-Jun-22	ISPH	Cash dividend	Ex-dividend date for EGP0.100/share.
7-Jun-22	IDHC	OGM	Approving financial statements and the proposed dividends.
8-Jun-22	ISPH	Cash dividend	Date for paying out a dividend of EGP0.100/share.
12-Jun-22	DOMT	EGM	Discussing the cancelation of GDR.
12-Jun-22	ESRS	Cash dividend	Deadline for eligibility for a dividend of EGP0.800/share.

14-Jun-22	EGTS	OGM	Approving financial statements and other agenda items.
14-15 Jun-2022		FOMC	Determining policy rate & monetary stance.
15-Jun-22	ESRS	Cash dividend	Date for paying out a dividend of EGP0.800/share.
16-Jun-22	HELI	Cash dividend	Payment date for a dividend of EGP0.08/share (2nd installment).
20-Jun-22	SUGR	Cash dividend	Deadline for eligibility for a dividend of EGP0.500/share.
23-Jun-22		MPC Meeting	Determining the CBE's policy rate.
23-Jun-22	SUGR	Cash dividend	Date for paying out a dividend of EGP0.500/share.
26-Jun-22	ASCM	OGM	Approving financial statements and other agenda items.
6-Jul-22	TMGH	Cash dividend	Payment date for a dividend of EGP0.087/share (2nd installment).
26-27 Jul-2022		FOMC	Determining policy rate & monetary stance.
28-Jul-22	PHAR	Cash dividend	Payment date for a dividend of EGP1.5/share (2nd installment).

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
25-May-22	<u>TAKEStock – The Egyptian Cement Industry - Gauging the Impact</u>
23-May-22	<u>Cairo for Investment & Real Estate Development [CIRA] – Head of the Class</u>
19-May-22	<u>MACROView – A New Game Plan</u>
17-May-22	<u>MACROView – All Uphill from Here</u>
15-May-22	<u>EGYPTBanks – Harness the Hike</u>
15-May-22	<u>TAKEStock – Hidden “valu”</u>
28-Apr-22	<u>MACROView – Din of Battle Getting Louder</u>
17-Apr-22	<u>MACROView – Before the Grand Storm</u>
14-Apr-22	<u>EFG Hermes Holding [HRHO] – Rating Cut on Withdrawal of FAB’s Bid</u>
12-Apr-22	<u>MACROView – Mounting External Vulnerabilities</u>
10-Apr-22	<u>MACROView – Much Higher Inflation ... and Longer</u>
24-Mar-22	<u>EFG Hermes Holding [HRHO] – The Best Is Yet to Come</u>
23-Mar-22	<u>CI Capital Holding [CICH] – A Year to Remember</u>
22-Mar-22	<u>Orascom Construction [ORAS] – A Clear Devaluation Winner</u>
10-Mar-22	<u>MACROView – The Dizzying Speed</u>
6-Mar-22	<u>MACROView – On the Back Foot</u>
2-Mar-22	<u>MACROView – Calculating the Ferocity</u>
1-Mar-22	<u>Housing & Development Bank [HDBK] – Credit Provisions Flattened Earnings Growth</u>
27-Feb-22	<u>Export Development Bank of Egypt [EXPA] – A Year to Forget</u>
22-Feb-22	<u>Commercial International Bank (CIB) [COMI] – 2021, a Grand Finale</u>
21-Feb-22	<u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Saves the Day</u>
20-Feb-22	<u>Abu Dhabi Islamic Bank - Egypt [ADIB] – Wise Utilization Enhances Profitability</u>
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>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>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>Elsewedy 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>

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