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The Word "Acquisition"

1. Today's Trading Playbook

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KEY THEMES

Last Thursday, news reports pointed to a potential interest by First Abu Dhabi Bank [**FAB**] in CI Capital Holding [**CICH**]. In response, CICH management later announced that no official conversations were made regarding any acquisition attempts. If news were true, this will be FAB's second attempt to obtain a piece of Egypt's growing NBFS sector. We note that the word "acquisition" has been very trendy in 2022, and it is for a good reason; valuations are awfully cheap. Bear in mind three things:

- (1) The EGX 30 has been down despite seeing the EGP depreciating by around 18% back in March 2022, bringing the index in USD terms down to its lowest levels in more than five years.
- (2) The index P/E is currently 6.7x, implying an earnings yield of 15%.
- (3) While there is undeniably underlying inflationary pressures that discourage sentiment towards risk assets, at current prices, many listed names have a business model that is considered a natural inflation hedge.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Non-oil private sector activity in Egypt contracted for an 18th month in May as the Ukraine crisis, import restrictions, and a depreciated currency put pressure on prices. The S&P Global Egypt Purchasing Managers' Index strengthened to 47.0 from April's 46.9 but remained below the 50.0 threshold. ([Reuters](#))

The Minister of Supply & Internal Trade determined the new coarse bran price at EGP3,800/ton (-21%), lower than March price of EGP4,800/ton, marking the end of seasonality effect in the coarse bran price this year. ([Al Masry Al Youm](#))

UAE-based conglomerate Al Futtaim Group is looking to invest between USD700mn and USD1bn in the Egyptian market over the next three years. ([Cabinet](#))

Egypt is in talks to export fertilizers and other products to India in exchange for the 500,000 tons of Indian wheat. ([Enterprise](#))

Egypt is finalizing some USD3.5bn in fresh financing from multilateral lenders to shore up food and energy security. ([Enterprise](#))

CORPORATE NEWS

Ezz Steel's [ESRS] Q1 2022 results showed 3% y/y lower bottom line of EGP759mn despite 38% higher revenues of EGP18.6bn. Lower net earnings were the result of EGP1.1bn FX losses, coupled with a higher effective tax rate. Revenue growth came in view of higher sales volumes and higher prices. ([Company disclosure](#))

Elsewedy Electric [SWDY] is looking to execute three projects in Africa with a total cost of USD1.5bn. Moreover, SWDY is looking for the feasibility of a solar farm project in Ain Sokhna with a total cost of USD400mn and a total capacity of 300MW. ([Hapi](#))

Madinet Nasr Housing & Development [MNHD] aims to generate EGP6bn in contracted sales during 2022 while raising the price of its units in new projects by around 15%. ([Arab Finance](#))

Dice Sport & Casual Wear's [DSCW] Q1 2022 results showed net income after minority skyrocketed to EGP9.6mn (+198% y/y) on higher revenues of EGP384mn (+29% y/y) and an increase in other revenues of EGP17mn (+101% y/y). ([Company disclosure](#))

EFG Hermes Holding [HRHO] completed the IPO of Borouge Petrochemicals worth USD2bn on ADX. ([Al-Mal](#))

Etisalat Misr signed six agreements worth EGP17bn with Telecom Egypt [ETEL] to expand messaging services and optical fiber infrastructure. ([Arab Finance](#))

Orascom Development Egypt's [ORHD] BoD has appointed Mohamed Amer as the new CEO of El Gouna. ([Arab finance](#))

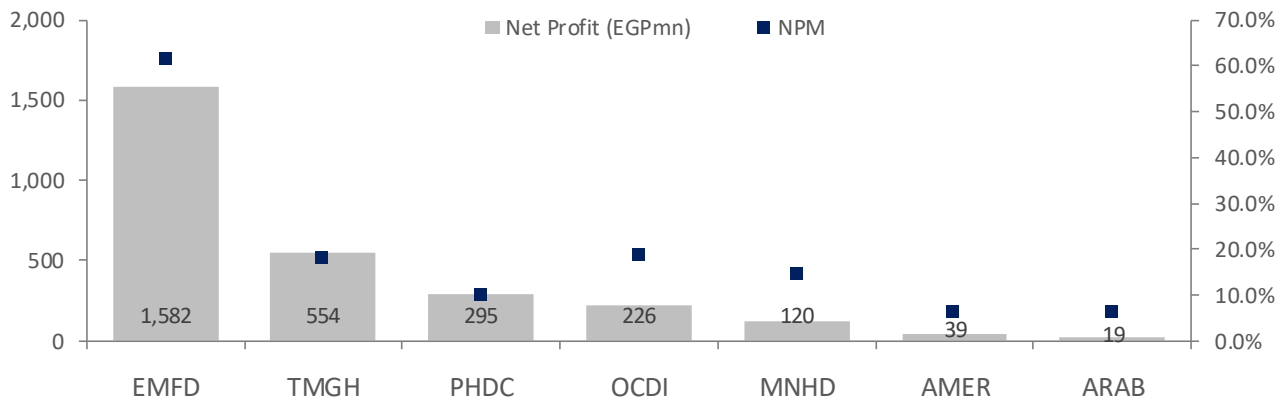
3. CHART OF THE DAY

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Net Profit and NPM for EGX real estate players in Q1 2022



Source: Companies' disclosures.

Emaar Misr for Development [EMFD] has achieved the highest net profits and NPM (i.e. 62%) in Q1 2022 compared to its peers.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
659.7					455.2 846.2				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	10,007.51	(0.76%)	(16.25%)		Gold	1,851.19	(0.93%)	1.20%
	EGX 30 TR	4,040.36	(0.81%)	(14.34%)		Silver	21.93	(1.71%)	(5.93%)
	EGX 70 EWI	1,735.91	0.54%	(21.16%)		Brent Oil	119.72	1.79%	58.95%
	EGX 100 EWI	2,608.67	0.45%	(19.86%)		WTI	118.87	1.71%	63.33%
	DFMGI	3,386.77	(0.27%)	5.97%		Natural Gas	8.52	0.45%	128.50%
	ADSMI	9,836.53	(0.19%)	15.88%		USD/EGP	18.63	0.05%	(15.67%)
	TASI	12,605.01	(1.26%)	11.73%	€	EUR/USD	1.07	(0.26%)	(5.73%)
	QE Index	12,800.12	(0.26%)	10.10%	£	GBP/USD	1.25	(0.72%)	(7.72%)
	S&P 500	4,108.54	(1.63%)	(13.80%)	¥	USD/JPY	130.88	(0.79%)	(12.07%)
	Dow 30	32,899.70	(1.05%)	(9.46%)		6M TB yield	14.97	81	224
	NASDAQ	12,012.73	(2.47%)	(23.22%)		1Y TB yield	13.80	(4)	103
	VIX	24.79	0.28%	43.96%		10Y TB yield	14.68	30	29
	STOXX 50	3,783.66	(0.30%)	(11.98%)		2Y TB yield	2.68	3	255
EM	MSCI Emerging	1,060.74	(0.07%)	(13.90%)		10Y TB yield	2.94	2	201
FM	MSCI Frontier	546.94	(0.24%)	(17.83%)		30Y TB yield	3.09	5	143

* 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
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.
13-Jun-22	DSCW	Capital increase	Capital increase subscription starting date.
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.
15-Jun-22	SAUD	Stock dividend	Last date for eligibility for a 0.20-for-1 stock dividend.
15-Jun-22	MBSC	Cash dividend	Deadline for eligibility for a dividend of EGP2.090/share.
16-Jun-22	MBSC	Cash dividend	Ex-dividend date for EGP2.090/share.
16-Jun-22	SAUD	Stock dividend	Date for distributing a 0.20-for-1 stock dividend.
16-Jun-22	HELI	Cash dividend	Payment date for a dividend of EGP0.08/share (2nd installment).
16-Jun-22	DSCW	EGM	Amending Article No. 5 of the company's bylaws.
16-Jun-22	ADIB	Right Issue	Deadline for eligibility for subscribing to the rights issue.
20-Jun-22	MBSC	Cash dividend	Date for paying out a dividend of EGP2.090/share.
20-Jun-22	SUGR	Cash dividend	Deadline for eligibility for a dividend of EGP0.500/share.
21-Jun-22	EMFD	OGM	Approval of participation in a residential, tourist, and commercial project in the North Coast region with Eagle Hills Egypt.
21-Jun-22	ADIB	Right Issue	Rights issue subscription starting date.
22-Jun-22	ORWE	OGM	Discussing the agenda of the BOD.
22-Jun-22	ORWE	EGM	Amending Articles No. 4 & 7 of the company's bylaws.
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	RAYA	EGM	Discussing applying a reward system for the company.
26-Jun-22	ASCM	OGM	Approving financial statements and other agenda items.
26-Jun-22	CCAP	OGM	Approving financial statements and other agenda items.
26-Jun-22	CCAP	EGM	Discussing the continuation of the company.
6-Jul-22	TMGH	Cash dividend	Payment date for a dividend of EGP0.087/share (2nd installment).
20-Jul-22	DSCW	Capital increase	Capital increase subscription closing date.
21-Jul-22	ADIB	Right Issue	Rights issue subscription closing date.
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>Elsewedy 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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