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Sweet and Sour

1. Today's Trading Playbook

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Yesterday, we published yet another TAKEStock note, covering Delta Sugar [**SUGR**] in view of its cheap valuation. So far in 2022, SUGR has been lagging global sugar prices by a 30% spread (ytd: SUGR -28%, sugar: +2%). We think this divergence in performance is unjustified in view of soaring global commodity prices, warranting a re-rating of SUGR.

Throughout 2021, sugar prices soared globally as supply shortages hit the hardest. Sugar prices usually correlate with oil prices, as the majority of global sugar capacity is sugar cane-based. This makes both sugar and ethanol production compete for the same main input. Prices are expected to remain in a bullish mode this year supported by both input costs and supply levels.

We valued SUGR using two valuation methods: multiples and replacement cost. On average, both valuation methods yielded a fair value of EGP19.1/share, which implies a 12MPT of EGP22.2/share, offering an upside of 100%. For more details, [check out our TAKEStock note from yesterday](#).

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

2. TOP NEWS & ANALYSIS

TABLE OF CONTENTS**MACRO NEWS**

Prime Minister has met a number of global investors to promote investment opportunities in the Egyptian economy. ([Cabinet](#))

The Trade Ministry has extended by three months its March 2022 ban on exports of wheat, flour, corn, lentils, pasta, fava beans, and vegetable oils. ([Enterprise](#))

Households could see their electricity bills rise by as much as 21% starting July 2022. ([Official Release](#))

CORPORATE NEWS

Integrated Diagnostics Holdings [IDHC] announced its Q1 2022 consolidated results, reporting a decrease in net profits reaching EGP314mn (-8.0% y/y) on the back of lower EBIT, reaching EGP396mn (-26.3% y/y). However, revenues showed an increase coming in at EGP1.2bn (+4.5% y/y). While, GPM came in at 45.0% (-11.5pp). EBITDA came in at EGP468mn with an EBITDA margin of 39.7% (-12.5pp), on the back of an increased SG&A-to-revenues ratio of 10.8% (+1.9pp). On a separate note, IDHC shareholders approved a dividend distribution of EGP2.17/share, implying 11.36% dividend yield, to be paid in USD. (Company disclosure: [1](#), [2](#))

The opening price of the rights issues for Dice Sport & Casual Wear [DSCW] was set at EGP0.077, scheduled to start trading next Monday 13 June 2022. Last May, DSCW obtained the Financial Regulatory Authority's (FRA) approval for its EGP265mn capital increase. ([EGX company disclosure](#))

PayTabs, the e-payments division of EFG Hermes Holding [HRHO], has announced the debut of PayTabs SwitchOn, its unified payment platform. On a separate note, the IB division of HRHO has finalized an IPO advisory for the Kuwaiti company Ali El Ganem. ([Enterprise](#))

Ezz Steel [ESRS] has been chosen by the World Steel Association (Worldsteel) as top producer in Africa and the Arab World, with 5.14mn tons in crude output in 2021. Also, ESRS has invested in a new 1.6 mtpa meltshop at the Ezz Flat Steel (EFS) complex in Suez, due to be commissioned in Q4 2022. ([Company release](#))

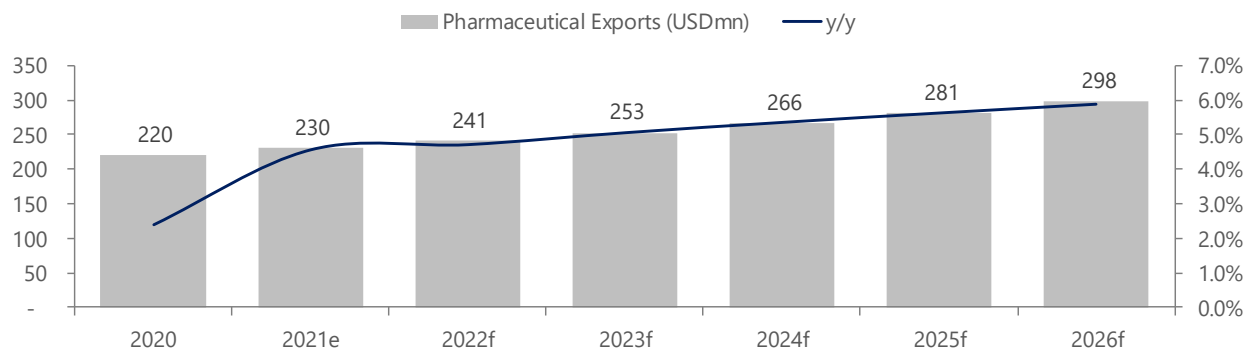
Elsowedy Electric [SWDY] succeed in a tender through a one of its subsidiaries to supply ready mix concrete for building a pier in Abu Qir port in Alexandria. (Al-Mal)

3. CHART OF THE DAY

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Egypt's Pharmaceutical Exports



Source: Fitch Solutions.

Egypt's pharmaceutical exports are expected to grow at a 5-year CAGR of 5.3%, reaching USD298mn by 2026.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						673.4		Equity turnover (EGPmn): Last, ytd avg.						914.2		835.3			
						daily chg.		ytd chg.								daily chg.		ytd chg.	
		EGX 30	10,236.06	1.87%	(14.34%)			Gold	1,853.36	0.05%			1.13%						
		EGX 30 TR	4,133.80	1.74%	(12.36%)			Silver	22.05	(0.82%)			(5.69%)						
		EGX 70 EWI	1,837.15	3.14%	(16.56%)			Brent Oil	123.58	(0.23%)			63.70%						
		EGX 100 EWI	2,742.97	2.84%	(15.74%)			WTI	122.11	(0.28%)			67.31%						
		DFMGI	3,395.75	0.68%	6.25%			Natural Gas	8.70	(5.01%)			121.53%						
		ADSMI	9,709.95	(0.31%)	14.39%	EGP		USD/EGP	18.69	0.02%			(15.89%)						
		TASI	12,596.30	(0.52%)	11.65%	€		EUR/USD	1.07	(0.05%)			(5.80%)						
		QE Index	12,964.79	0.04%	11.52%	£		GBP/USD	1.25	(0.17%)			(7.51%)						
		S&P 500	4,115.77	(1.08%)	(13.65%)	¥		USD/JPY	134.25	(1.24%)			(14.07%)						
		Dow 30	32,910.90	(0.81%)	(9.43%)			6M TB yield	14.97	81			224						
		NASDAQ	12,086.27	(0.73%)	(22.75%)			1Y TB yield	13.80	(4)			103						
		VIX	23.96	(0.25%)	39.14%			10Y TB yield	14.68	30			29						
		STOXX 50	3,788.93	(0.47%)	(11.85%)			2Y TB yield	2.80	5			267						
EM		MSCI Emerging	1,073.74	1.20%	(12.85%)			10Y TB yield	3.04	4			211						
FM		MSCI Frontier	550.05	0.47%	(17.37%)			30Y TB yield	3.18	4			152						

* 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
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	BINV	Cash dividend	Deadline for eligibility for a dividend of EGP0.500/share.
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	BINV	Cash dividend	Ex-dividend date for 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.
21-Jun-22	ADIB	Capital increase	Capital increase 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	BINV	Cash dividend	Date for paying out a dividend of EGP0.500/share.
23-Jun-22	ALCN	OGM	Approving the 2022/23 budget.
23-Jun-22	ALCN	EGM	Considering approval some articles of the law.
23-Jun-22	CSAG	OGM	Approving the 2022/23 budget.
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.
29-Jun-22	JUFO	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
29-Jun-22	JUFO	EGM	Amending Articles No. 4, 25, 32, 44 & 47 of the company's bylaws.
3-Jul-22	PHDC	OGM	Discussing netting contracts.
3-Jul-22	PHDC	EGM	Discussing cancelling a reward system for 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	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
8-June-22	<u>TAKEStock – Delta Sugar [SUGR] - Sweet and Sour</u>
7-June-22	<u>TAKEStock – Orascom Financial Holding [OFH] - Triple-Digit Upside</u>
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>TAKESock – 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>TAKESock – Separating the Wheat from the Chaff</u>
31-Oct-21	<u>TAKESock – 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>

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