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The Knock-on Effect

1. Today's Trading Playbook

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KEY THEMES

The M&A theme goes on: Yesterday morning, SODIC [**OCDI**—now 85.5%-owned by Aldar Properties [**ADX: ALDAR**—submitted a non-binding offer to acquire up to 100% of Madinet Nasr Housing & Development [**MNHD**] at a price range of EGP3.20-3.40 a share. The mid-point of the price range or EGP3.30/share, values MNHD at EGP6.18bn and represents a 32% premium to MNHD's closing price on 4 July 2022 as well as a premium of 45%, 45%, and 40% to its 3M, 6M, and 12M average closing prices, respectively. Obviously, this is positive for MNHD, reflecting how undervalued the stock is. This also confirms the M&A theme that we have reiterated several times here and elsewhere since the start of this year.

BINV, another beneficiary: That said, the offer does not only impact OCDI and MNHD but also another EGX-listed stock, namely B Investments Holding [**BINV**] which has a 7.5% direct stake in MNHD. Apparently, the market was late in appreciating the connection as BINV was down as much as 8.4% in early trading yesterday, albeit on thin volumes! According to our calculation, the mid-point of the price range is 2.5x the cost basis of BINV's 7.5% stake in MNHD (EGP1.3/share), which means:

- **On the earnings side**, if BINV were to accept the OCDI offer, it would report a capital gain of EGP225mn (net of tax), given a cost basis of EGP182mn.

- **On the cash flow side**, BINV would cash in some EGP407mn in proceeds (net of tax). This is equivalent to c. EGP2.5/BINV share or c.30% of BINV's market price in early Tuesday trading.

MTIE, a bet on the wrong horse: Elsewhere, the market may have incorrectly linked another EGX-listed name to the story, namely MM Group [**MTIE**] which owns a 43% stake in **BPE Capital Ltd.** which—according to MTIE's management—is not operational and hence MTIE has nothing to do with MNHD's offer. Ironically, MTIE rose as high as 8.4% intraday before slipping to end the day up only 5.2%.

We thus reiterate our positive view on **BINV**, one of our top 15 picks for 2022, with the MNHD offer translating into a 12MPT of c. EGP16/BINV share, still 1.5x BINV's closing price yesterday even post rising 20% by end of the day as the market finally began to appreciate the connection.



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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Minister of Planning has said that the Egyptian economy grew at a 6.2% clip in 2021/22, up from 3.3% in the previous year. ([Enterprise](#))

Egypt has reportedly purchased 444,000 tons of Russian, French and Romanian wheat directly from traders. ([Enterprise](#))

Remittances from Egyptian aboard rose by 24% y/y in April 2022 to USD3.1bn vs. USD2.5bn a year earlier, yet dropped 7.2% m/m vs. March 2022. ([CBE](#))

Egypt and the UAE will be signing an agreement in order to establish a 10 GW wind plant. ([Enterprise](#))

CORPORATE NEWS

GB Auto [AUTO] is working on transforming a warehouse in Sadat City into a factory for passenger cars and light commercial vehicles. The factory will have a production capacity of about 50,000 cars per annum for the Chinese brands Changan and Haval. The facility is expected to be operational in November 2023. ([Enterprise](#))

Abu Dhabi Islamic Bank [ADIB] will take part in raising its consumer finance subsidiary paid capital from EGP30mn to EGP100mn. ([Mubasher](#))

EFG Hermes is allegedly preparing to complete 5 new IPOs in GCC markets during 2022. ([Al-Borsa](#))

Suez Canal Company for Technology Settling [SCTS] 9M 2022 net earnings were flat y/y at EGP517mn despite 9% y/y growth in total revenues of EGP1bn. Earnings were flat due to higher effective tax rate. ([Company disclosure](#))

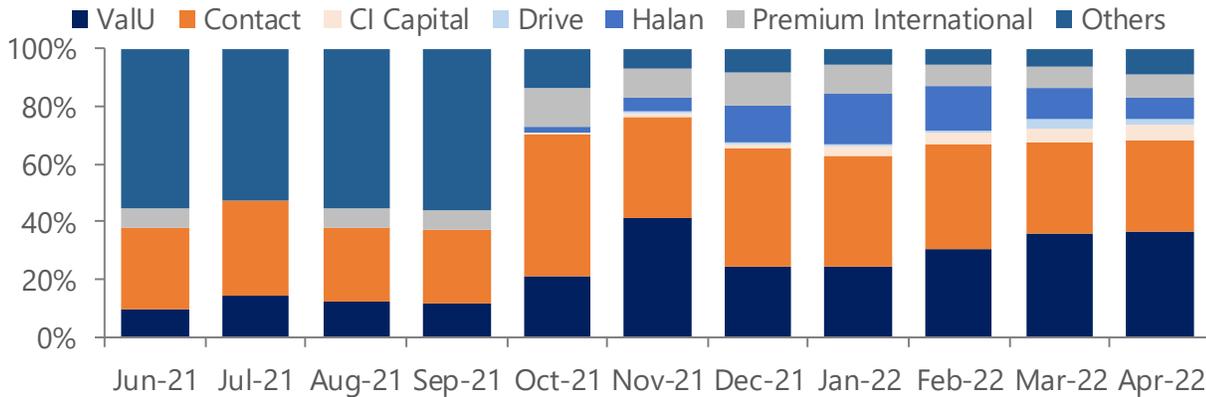
In partnership with the Toothpick platform, Contact Financial Holding [CNFN] has set aside EGP1bn to finance medical equipment and supplies. ([Mubasher](#))

3. CHART OF THE DAY

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Consumer Finance Market Share
(Jun 2021-Apr 2022)



Source: FRA.

In April 2022, **ValU**, a subsidiary of EFG Hermes Holding [**HRHO**], managed to top the consumer finance segment. This is the third time in the last six months for ValU to rank first. With a market share of 36%, ValU was followed by **Contact**, the consumer arm of Contact Financial Holding [**CNFN**], with a 32% market share.



4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)				Equity turnover (EGPmn): Last, ytd avg.			
593.1				957.9 809.9			
		daily chg.	ytd chg.			daily chg.	ytd chg.
	EGX 30	8,657.50	(0.33%) (27.55%)		Gold	1,764.76	(2.40%) (3.43%)
	EGX 30 TR	3,502.03	(0.38%) (25.75%)		Silver	19.21	(3.86%) (18.41%)
	EGX 70 EWI	1,659.76	0.24% (24.62%)		Brent Oil	102.77	1.13% 38.94%
	EGX 100 EWI	2,442.86	0.30% (24.96%)		WTI	99.50	0.64% 38.76%
	DFMGI	3,121.83	(1.13%) (2.32%)		Natural Gas	5.52	1.21% 49.87%
	ADSMI	9,270.41	(0.37%) 9.21%	EGP	USD/EGP	18.86	0.04% (16.75%)
	TASI	11,344.57	(0.12%) 0.56%	€	EUR/USD	1.03	(0.10%) (9.80%)
	QE Index	12,263.01	0.37% 5.48%	£	GBP/USD	1.19	(0.12%) (11.82%)
	S&P 500	3,831.39	0.16% (19.61%)	¥	USD/JPY	135.85	(0.17%) (14.98%)
	Dow 30	30,967.82	(0.42%) (14.78%)		6M TB yield	15.23	(7) 250
	NASDAQ	11,322.24	1.75% (27.63%)		1Y TB yield	14.09	1 132
	VIX	27.54	0.04% 59.93%		10Y TB yield	14.68	30 29
	STOXX 50	3,359.83	(2.68%) (21.84%)		2Y TB yield	2.85	(10) 272
EM	MSCI Emerging	991.47	(0.13%) (19.52%)		10Y TB yield	2.84	(12) 191
FM	MSCI Frontier	512.46	(1.20%) (23.01%)		30Y TB yield	3.07	(11) 141

* 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
6-Jul-22	IRON	OGM	Discussing the financial position.
6-Jul-22	TMGH	Cash dividend	Payment date for a dividend of EGP0.087/share (2nd installment).
7-Jul-22	TALM	Conference Call	Discussing Q3 2021/22 financial results' earning call.
7-Jul-22	ASCM	EGM	Discussing the continuation of the company.
18-Jul-22	SVCE	OGM	Considering the shareholders request to present the obstacles facing the cement sector in Egypt.
18-Jul-22	EXPA	EGM	Discussing the amendment of article no.5 of the bank's internal system.
18-Jul-22	HRHO	Stock dividend	Last date for eligibility for a 0.20-for-1 stock dividend.
19-Jul-22	HRHO	Stock dividend	Date for distributing a 0.20-for-1 stock dividend.
20-Jul-22	DSCW	Capital increase	Capital increase subscription closing date.
20-Jul-22	FWRY	OGM	Discussing netting contracts & board election.
20-Jul-22	ELSH	Stock dividend	Last date for eligibility for a 0.25-for-1 stock dividend.
21-Jul-22	ELSH	Stock dividend	Date for distributing a 0.25-for-1 stock dividend.
21-Jul-22	ADIB	Capital increase	Capital increase subscription closing date.
21-Jul-22	ADIB	Right Issue	Rights issue subscription closing date.
22-Jul-22	CCAP	EGM	Discussing agenda items.



24-Jul-22	AIFI	OGM	Approving financial statements.
26-Jul-22	MOIL	OGM	Discussing agenda items.
26-Jul-22	ZMID	Cash dividend	Deadline for eligibility for a dividend of EGP0.30/share.
26-27 Jul-2022		FOMC	Determining policy rate & monetary stance.
27-Jul-22	ELSH	Cash dividend	Payment date for a dividend of EGP0.075/share (1st installment).
28-Jul-22	PHAR	Cash dividend	Payment date for a dividend of EGP1.5/share (2nd installment).
30-Jul-22	ELNA	OGM	Approving financial statements and other agenda items.
30-Jul-22	ELNA	EGM	Approving cancelling Articles No. 21 & 23 of the company's bylaws.
31-Jul-22	ZMID	Cash dividend	Payment date for a dividend of EGP0.15/share (1st installment).
31-Jul-22	AJWA	OGM	Approving financial statements.
31-Jul-22	AJWA	EGM	Discussing the continuation of the company & amending Article No. 4 of the company's bylaws.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
14-Jun-22	Ghazl El-Mahalla Football Co. [GMFC] - In a League of Its Own
8-Jun-22	TAKESock – Delta Sugar [SUGR] - Sweet and Sour
7-Jun-22	TAKESock – Orascom Financial Holding [OFH] - Triple-Digit Upside
25-May-22	TAKESock – The Egyptian Cement Industry - Gauging the Impact
23-May-22	Cairo for Investment & Real Estate Development [CIRA] – Head of the Class
19-May-22	MACROView – A New Game Plan
17-May-22	MACROView – All Uphill from Here
15-May-22	EGYPTBanks – Harness the Hike
15-May-22	TAKESock – Hidden “valu”
28-Apr-22	MACROView – Din of Battle Getting Louder
17-Apr-22	MACROView – Before the Grand Storm
14-Apr-22	EFG Hermes Holding [HRHO] – Rating Cut on Withdrawal of FAB’s Bid
12-Apr-22	MACROView – Mounting External Vulnerabilities
10-Apr-22	MACROView – Much Higher Inflation ... and Longer
24-Mar-22	EFG Hermes Holding [HRHO] – The Best Is Yet to Come
23-Mar-22	CI Capital Holding [CICH] – A Year to Remember
22-Mar-22	Orascom Construction [ORAS] – A Clear Devaluation Winner
10-Mar-22	MACROView – The Dizzying Speed
6-Mar-22	MACROView – On the Back Foot
2-Mar-22	MACROView – Calculating the Ferocity
1-Mar-22	Housing & Development Bank [HDBK] – Credit Provisions Flattened Earnings Growth



- 27-Feb-22 [Export Development Bank of Egypt \[EXPA\] – A Year to Forget](#)
- 22-Feb-22 [Commercial International Bank \(CIB\) \[COMI\] – 2021, a Grand Finale](#)
- 21-Feb-22 [Crédit Agricole Egypt \(CAE\) \[CIEB\] – Non-Interest Income Saves the Day](#)
- 20-Feb-22 [Abu Dhabi Islamic Bank - Egypt \[ADIB\] – Wise Utilization Enhances Profitability](#)
- 17-Feb-22 [Al Baraka Bank Egypt \[SAUD\] – Earnings Pressured by Higher Cost of Risk](#)
- 16-Feb-22 [MACROView – A Soothing Message From the CBE ... and Our Takeaways](#)
- 14-Feb-22 [Abu Qir Fertilizers \[ABUK\] – Another Record-High Quarter](#)
- 13-Feb-22 [Misr Chemical Industries \[MICH\] – Annually Wild, Quarterly Tamed](#)
- 10-Feb-22 [MACROView – Ebb and Flow](#)
- 10-Feb-22 [MACROView – The Cloudy Year Has Just Begun](#)
- 9-Feb-22 [Elsewedy Electric \[SWDY\] – Ending 2021 on a Good Note](#)
- 8-Feb-22 [MACROView – A Fall in Disguise](#)
- 7-Feb-22 [Macro Group Pharmaceuticals \[MCRO\] – Not the Usual Pharma Stock](#)
- 1-Feb-22 [MACROView – The Ripple Effect](#)
- 31-Jan-22 [Obour Land For Food Industries \[OLFI\] – Double-Digit Growth Complements a Resilient Story](#)
- 30-Jan-22** [**STANDPoint – Egypt Valuation Repertoire — 2022 Outlook**](#)
- 12-Jan-22 [QNB Alahli \[QNBA\] – Slow Earnings Pace Despite Assets Growth](#)
- 10-Jan-22 [MACROView – The Last Reading Ahead of a Cloudy Year](#)
- 30-Dec-21** [**EGYPTCeramics – From Dusk to Dawn**](#)
- 26-Dec-21** [**Obour Land For Food Industries \[OLFI\] – A Play on Consumption Recovery**](#)
- 22-Dec-21 [MACROView – The Return of the 'Vigilante'](#)
- 14-Dec-21 [MACROView – When “Bad” Inflation Clouds the Path of “Good” Inflation](#)
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- 10-Nov-21 [CI Capital Holding \[CICH\] – Record-Breaking Quarter](#)
- 7-Nov-21 [Crédit Agricole Egypt \(CAE\) \[CIEB\] – Earnings Recover on Lower Provisions](#)
- 4-Nov-21 [MACROView – Underlying Strength, but Gathering Headwinds](#)
- 3-Nov-21 [MACROView – Gathering Clouds](#)
- 1-Nov-21 [TAKEStock – Separating the Wheat from the Chaff](#)
- 31-Oct-21 [TAKEStock – Natural Gas Price Hike](#)
- 19-Oct-21 [MACROView – The Storm Is Gone but the Headwinds Persist](#)
- 13-Oct-21 [e-finance \[EFIH\] – An Eye-Opening IPO](#)
- 10-Oct-21 [MACROView – Walking a Tightrope](#)
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- 19-Sep-21 [TAKEStock – Consumer Staples \(Food & Beverage\) – All You Can Eat Festival](#)
- 15-Sep-21 [MACROView – Deciphering the Din of Battle](#)
- 14-Sep-21 [TAKEStock – Orascom Investment Holding \[OIH\] — Monetization at Play](#)
- 9-Sep-21 [MACROView – Hot Summer Winds](#)
- 7-Sep-21 [MACROView – The Global Blessing Windfall](#)
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- 5-Sep-21 [Misr Chemical Industries \[MICH\] – Nice While It Lasted](#)
- 29-Aug-21 [Orascom Construction \[ORAS\] – Recovery on Track Although Below Estimates](#)
- 24-Aug-21 [Abu Qir Fertilizers \[ABUK\] – When the Stars Align](#)
- 18-Aug-21 [EFG Hermes Holding \[HRHO\] – Solid Business, Strong Financial Growth](#)
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- 5-Aug-21 [MACROView – The Sky Is No Blue](#)
- 4-Aug-21 [MACROView – Constrained Recovery](#)



- 26-Jul-21 [EFG Hermes Holding \[HRHO\] – FV and 12MPT Adjustment to Bonus Share Action](#)
- 13-Jul-21 [Commercial International Bank \[COMI\] – Tamed Credit Provisions Spur Annual Growth](#)

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