

Up for Sale

TODAY'S TOP NEWS & ANALYSIS

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Eastern Co.'s Workers' Shareholder Union decreased its stake

MACRO

July inflation data are out

Annual urban headline inflation hit 13.6% in July 2022. On the other hand, monthly inflation came in higher at 1.3%. ([CAPMAS](#))

The state is looking to cut back on electricity

Egypt will begin cutting back on electricity consumption nationwide through a series of public electricity rationing from next week in a bid to redirect more natural gas towards exports, thus netting additional inflows of foreign currency. ([Enterprise](#))

Electricity prices to be hiked in 2023

Electricity prices are expected to be hiked next January for the household sector. We note that prices were supposed to be upped last July by an average of 21%. This comes as part of the government's plan to fully remove subsidies on electricity prices. ([Enterprise](#))

Two state-owned auto companies to merge

The Engineering Automotive Manufacturing Co. (EAMCO) will be merged with **El Nasr Automotive Manufacturing Co.** as decided by the latter's EGM. This decision is in line with the Ministry of Public Enterprise's overall strategy to localize electric vehicle manufacturing. ([Ministry of Public Enterprise](#))

CORPORATE

Credit Agricole - Egypt announces Q2 2022 full standalone results

Credit Agricole - Egypt [**CIEB**] has reported its Q2 2022 standalone full financials, achieving a bottom line growth of 9.5% q/q to EGP532mn. Below are our key takeaways:

- This growth came in light of a 10% q/q higher net interest income (NII) of EGP853mn and 82% q/q lower booked credit provisions of EGP14mn.
- Other operating expenses registered EGP2mn against other operating income of EGP112mn in Q1 2022.
- CIEB's deposits showed a flat growth q/q to EGP49bn, with a tepid ytd growth of only 1.8%.
- CIEB's loan book increased 5.6% q/q to EGP32bn with a GLDR of 68%, up from 65% in Q1 2022.
- NPL ratio increased from 3.1% in Q1 2022 to 3.6% in Q2 2022, hence coverage ratio declined from 162% to 129%, respectively.
- Despite its loan growth, CIEB's total assets declined 3.4% q/q to EGP62bn on 22% q/q lower interbank assets of EGP8.3bn and the sale of FV-P&L financial investments falling to EGP139mn, down from EGP1.2bn in Q1 2022.
- CIEB's total liabilities declined 4.6% q/q to EGP54bn on an 87% decline in interbank liabilities q/q to EGP591mn.

With an annualized ROE of 25%, CIEB is now trading at a P/BV of 0.9x and an annualized P/E of 3.8x. ([Company disclosure](#))

ADIB Egypt's capital increase second phase covered

Abu Dhabi Islamic Bank Egypt's [**ADIB**] second phase of its capital increase, amounting to 8.1mn shares at a par value of EGP10/share, has been covered 3.4x. Meanwhile, ADIB reported its preliminary Q2 2022 results with 29% q/q increase in net income to EGP548mn. This increase came partially in light of a 10% increase in net interest income. Meanwhile, both ADIB's deposits and loans grew to EGP83bn (+6% q/q) and EGP52bn (+8% q/q), respectively. ([Company disclosure](#), [Company disclosure](#))

MNHD releases Q2 2022 indicators

Madinet Nasr for Housing & Development [MNHD] posted preliminary Q2 2022 figures, where net earnings dropped marginally to EGP117mn (-0.9% y/y) despite a 120% y/y growth in top line to EGP973mn. Despite revenues growth, GPM slipped notably to 28% vs. 61% a year earlier. Accordingly, EBITDA grew in a tamed fashion by only 4% to EGP193mn. We note that pre-sales skyrocketed by 117% in H1 2022, scoring EGP3.3bn, 54% of which was booked in Q2 2022. On the other hand, MNHD was able to ramp up delivery rates, as the company delivered a total of 832 units during H1 2022 vs. 352 units a year earlier. ([Company disclosure](#))

Egypt Aluminum releases 2021/22 indicators

Egypt Aluminum's [EGAL] preliminary 2021/22 figures showed net earnings leaping to EGP2.4bn vs. only EGP28mn a year earlier. Revenues grew to EGP14.5bn (+27% y/y), where EGAL registered a GPM of 24% vs. a GLM of 0.75% a year earlier. Reasons for such an outstanding turnaround comes in light of significantly higher aluminum prices, which peaked over the USD4,000/ton mark at LME for some time during 2021/22. ([Company disclosure](#))

GEMMA reports Q2 2022 results

Al-Ezz for Ceramics and Porcelain (GEMMA) [ECAP] announced its Q2 2022 results, where revenues increased 30% y/y to EGP431mn. The bottom line jumped 173% y/y to EGP36.6mn. Local sales in Q2 2022 contributed 88% of total sales, hence export sales contribution decreased to 12%. ([Company disclosure](#))

EIPICO reports Q2 2022 results

EIPICO [PHAR] reported its consolidated Q2 2022 results, reporting an increase in net profit to EGP131mn (+41% y/y) on 8% y/y revenue growth to EGP807mn, a higher gross profit margin of 44% (+3pp y/y), and a lower interest expense of EGP37mn (-19% y/y). ([Company disclosure](#))

Memphis reports preliminary FY2021/22 results

Memphis Pharmaceutical & Chemical Industries [MPCI] reported an increase in net profit to EGP45mn (+6.8% y/y) compared to EGP42mn a year before. Meanwhile, revenues came in at EGP555mn (+7.1% y/y) compared to EGP518mn. Gross profit margin showed a significant increase to 64% (+32pp y/y). We note that Q4 FY2021/22 net profits came in at EGP24mn (+44% y/y) compared to EGP16mn a year before, implying a wider net profit margin of 16% (+2.5pp y/y). Meanwhile, revenues came in at EGP148mn (+21% y/y) compared to EGP123mn. ([Company disclosure](#))

Elsewedy Electric won a new contract

Elsewedy Electric [SWDY] won an EGP185mn contract to supply and install low-voltage electricity cables in El-Mansouria and Al-Hadaba areas. We note that SWDY's backlog at Q1 2022 was EGP73bn. ([Al-Mal](#))

EFG Hermes Holding advises Marakez

The leasing and factoring arm of EFG Hermes Holding [**HRHO**] signed a sale-and-lease agreement with **Marakez** (a real state developer) worth EGP750mn as part of an EGP2.25bn program. **aiBank**, 51% owned by HRHO, acted as the lender, while HRHO's investment bank division was the financial advisor. ([Company disclosure](#))

PIF reportedly interested in MOPCO, Abu Qir Fertilizers, and e-Finance

Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund, will reportedly purchase 25% of MOPCO [**MFPC**] through its new Egypt investment arm, the **Saudi Egyptian Investment Company (SEIC)**, at a 25% premium to its market price. Elsewhere, news sources point to a possible move by the Egyptian government to sell additional stakes in Abu Qir Fertilizers [**ABUK**] and e Finance [**EFIH**] to PIF. ([Enterprise](#), [Asharq Bloomberg](#))

Saybad Investments considering another bid for PACHIN

Saybad Investments is reconsidering its offer to acquire up to 90% of Paints & Chemical Industries (PACHIN) [**PACH**] in a bid war with **Universal for Building Materials & Chemicals (SIPES)**, where the latter made a tender offer this week to acquire up to 100% of PACH at a price between EGP17.5-18.5/share (10% higher than market price at the time). We note that Saybad's previous offer, which was rejected by PACH's BoD, was between EGP16-16.5/share. ([Al-Mal](#))

GIG Egypt wants to acquire AIG

GIG Egypt, a subsidiary of **Gulf Insurance Group (GIG)** wants to acquire up to 100% (with a minimum of 75%) of **AIG Egypt** at EGP164.15/ share, implying an equity value of EGP197mn. ([Company disclosure](#))

Macro Group Pharmaceuticals [MCRO] plans to grow its sales by end of 2022

Macro Group Pharmaceuticals [**MCRO**] is targeting to increase its sales 31% by the end of 2022. MCRO will be focusing on direct marketing and increasing exports prices to benefit from a weaker EGP. ([Arab Finance](#))

Eastern Co.'s Workers' Shareholder Union decreased its stake

Eastern Company [**EAST**] said that the Workers' Shareholder Union at the company decreased its stake from 6.1% to 5.9% for EGP9.854/share or a total of EGP34.9mn. ([Company disclosure](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
665.4					1,457.9 836.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	9,968.88	(0.78%)	(16.57%)		Gold	1,794.29	0.30%	(2.21%)
	EGX 30 TR	4,031.91	(0.49%)	(14.52%)		Silver	20.53	(0.69%)	(12.51%)
	EGX 70 EWI	1,998.15	(0.64%)	(9.25%)		Brent Oil	96.31	(0.39%)	29.09%
	EGX 100 EWI	2,917.63	(0.69%)	(10.37%)		WTI	90.50	(0.54%)	25.78%
	DFMGI	3,385.47	1.10%	5.93%		Natural Gas	7.83	0.01%	110.03%
	ADSMI	10,119.91	0.16%	19.22%	EGP	USD/EGP	19.16	0.04%	(18.01%)
	TASI	12,329.99	0.27%	9.29%	€	EUR/USD	1.02	0.01%	(10.17%)
	QE Index	13,518.81	(0.33%)	16.28%	£	GBP/USD	1.21	(0.01%)	(10.74%)
	S&P 500	4,122.47	(0.42%)	(13.51%)	¥	USD/JPY	135.05	(0.07%)	(14.78%)
	Dow 30	32,774.41	(0.18%)	(9.81%)		6M TB yield	16.00	37	327
	NASDAQ	12,493.93	(1.19%)	(20.14%)		1Y TB yield	16.38	9	361
	VIX	21.77	2.25%	26.42%		10Y TB yield	14.68	30	29
	STOXX 50	3,715.37	(1.11%)	(13.56%)		2Y TB yield	3.26	5	313
EM	MSCI Emerging	1,001.69	(0.01%)	(18.69%)		10Y TB yield	2.80	4	187
FM	MSCI Frontier	532.98	0.19%	(19.93%)		30Y TB yield	3.01	2	135

* As of market close, except for commodities and currencies at 8.3am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

KEY DATES

DATE	TICKER	TYPE	EVENT
11-Aug-22	ISPH	BoD meeting	Discussing financial results.
11-Aug-22	ETEL	Earnings Announcement	Announcing Q2 2022 financial results.
11-Aug-22	ETEL	Conference Call	Discussing Q2 2022 financial results.
11-Aug-22		MSCI	MSCI's August 2022 Quarterly Index Review Announcement.
11-Aug-22	UNIT	EGM	Approving decreasing the issued capital & amending Articles No. 6 & 7 of the company's bylaws.
14-Aug-22	GMFC	Subscription in the capital increase	Last day of subscription in the GMFC's EGP98mn capital increase.
14-Aug-22	EKHO	BoD meeting	Discussing financial results.
16-Aug-22	MNHD	OGM	To discuss allowing OCDI to conduct due diligence.
17-Aug-22	ETRS	EGM	To discuss selling the company's branch headquarters in Alexandria.
17-Aug-22	ORAS	Cash dividend	Deadline for eligibility for a dividend of EGP4.39/share.
18-Aug-22	ORAS	Cash dividend	Ex-dividend date for EGP4.39/share.
18-Aug-22		MPC Meeting	Determining the CBE's policy rate.
22-Aug-22	AREH	OGM	Discussing netting contracts.
22-Aug-22	AREH	EGM	Approving increasing issued capital and amending article No. 6 of the company's bylaws.
23-Aug-22	SWDY	OGM	Approving the authorization of the Chairman or the Managing Director to participate in establishing companies and entering as a partner or shareholder in other new or existing companies.

23-Aug-22	SWDY	EGM	Discussing capital reduction by cancelling SWDY's treasury stocks & amending Articles No. 6 & 7 of the company's bylaws.
24-Aug-22	ORAS	Cash dividend	Payment date for a dividend of EGP4.39/share.
24-Aug-22	MOIL	OGM	Appointing Peter William as a member of the BoD representing EFG Capital Partners III.
30-Aug-22	PHDC	Cash dividend	Payment date for a dividend of EGP0.05/share (2nd installment).
31-Aug-22	BTFH	OGM	Electing board members.

LATEST RESEARCH

DATE	PUBLISHED REPORT
31-Jul-22	<u>Ghazl El-Mahalla Football Co. [GMFC] - IPO Update</u>
14-Jun-22	<u>Ghazl El-Mahalla Football Co. [GMFC] - In a League of Its Own</u>
8-Jun-22	<u>TAKEStock – Delta Sugar [SUGR] - Sweet and Sour</u>
7-Jun-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>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>Elsowedy Electric [SWDY] – Impressive Set of Results</u>
17-Aug-21	<u>Commercial International Bank [COMI] – Adjustment Post Stock Dividend</u>

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