

A Mixed Bag

TODAY'S TOP NEWS & ANALYSIS

More details soon about the nation's electricity rationing plan

There might be a repurchase clause in ADQ and PIF acquisitions

EDBE's Q2 2022 standalone results

Sidi Kerir Petrochemicals posted 71% y/y earnings growth in Q2 2022

EK Holding saw 60% y/y earnings growth

GB Auto's Q2 2022 earnings growth in double digits

Edita Food Industries operates its eighth bakery line

Arabian Food Industries turns to profitability in Q2 2022

Ibnsina Pharma's net profits almost halved in Q2 2022

Arabian Cement doubling its revenues y/y

Speed Medical to sell 15.4mn treasury shares between 14 and 25 August

Lecico Egypt slips back into losses

Arabia Investments announced a net loss in Q2 2022

Misr Cement Qena reports a net loss in Q2 2022

MACRO

More details soon about the nation's electricity rationing plan

The **Ministry of Electricity** will hold a press conference in the next few days to announce details of measures to curb electricity use. ([Enterprise](#))

There might be a repurchase clause in ADQ and PIF acquisitions

News sources are saying that the latest acquisitions undertaken by **Public Investment Fund (PIF)** and **Abu Dhabi Developmental Holding Company (ADQ)** have a repurchase condition for the sellers, effective within two years. ([Hapi](#))

CORPORATE

EDBE's Q2 2022 standalone results

Export Development Bank of Egypt (EDBE) [**EXPA**] announced its Q2 2022 full standalone results. Net income increased 117% y/y to EGP317mn, despite net interest income (NII) growing by only 57% y/y to EGP706mn. This increase in NII came coupled with significant cost savings and higher non-interest income, which complemented EXPA bottom line growth as follows:

- (1) Higher non-interest income of EGP182mn (+24% y/y),
- (2) Increased efficiency, as cost-to-income ratio fell by 660bps to 46% vs. 53% a year earlier,
- (3) Lower credit provisions, which recorded EGP32mn (-62% y/y), and
- (4) Significantly lower effective tax rate of 32% against 41% a year earlier.

EXPA has managed to grow its assets by 10% ytd, banking on a solid 9% y/y growth in deposits, whereas gross lending grew at a 15% speed, hence taking GLDR up by 342bps to 60%. EXPA relied less on inter-bank assets, allocating most of its assets growth to lending besides growing its Treasury exposure. As a result, government debt securities represented 30% of total deposits vs. 27% at the end of 2021. Credit quality improved with NPL ratio to 2.9% (-35bps ytd), which in return resulted in a slightly higher NPL coverage ratio of 105% (+134bps ytd).

We note that EXPA's capital adequacy ratio (CAR) is just a notch above the CBE threshold of 12.5%, settling at 12.8% as of Q2 2022. However, such CAR is yet to reflect the impact of the most recent capital increase, which will see the bank's paid-in capital jump from EGP3.3bn in Q2 2022 to EGP5.3bn. With an annualized ROE of 18%, EXPA is currently traded at an annualized P/E of 2.4x and a P/B of 0.4x. ([Company disclosure](#))

Sidi Kerir Petrochemicals posted 71% y/y earnings growth in Q2 2022

Sidi Kerir Petrochemicals' [**SKPC**] Q2 2022 net earnings grew 71% y/y to EGP224mn (-11% q/q). Annual earnings growth came in view of 30% growth in top line of EGP1.8bn, yet 16% lower q/q. On the other hand, GPM improved both sequentially and annually to 22.9% (+189bps y/y, +563bps q/q). We note that lower top line q/q was mainly due to substantially lower polyethylene volumes (-47% q/q). In addition, we note that Q1 2022 witnessed a non-recurring income of EGP60mn. Excluding the one-off from Q1 2022, net earnings would have grown 17% q/q. ([Company disclosure](#))

EK Holding saw 60% y/y earnings growth

EK Holding [**EKHO**] reported Q2 2022 results, with a robust 60% increase in attributable bottom line to USD72.4mn (+2% q/q) on the back of both revenue growth and substantial margin improvement. EKHO consolidated revenues grew to USD285mn (+53% y/y), with strong growth contribution coming from the Fertilizers & Petrochemicals segment, on surging global prices. On the other hand, the energy and energy-related segment's top line slowed due to the impact of EGP devaluation in Q2 2022. As a result, EBITDA margin reached 53% in Q2 2022 (+9pp y/y). EKHO is currently traded at TTM P/E of 6.6x. (Company disclosure)

GB Auto's Q2 2022 earnings growth in double digits

GB Auto's [AUTO] Q2 2022 net earnings grew to EGP490mn (+33% y/y), mainly on higher revenues of EGP7.8bn (+8% y/y) and an improved gross profit margin of 28% (+773 bps y/y). While **GB Capital's** revenues increased 33% y/y, the Auto & Auto Related (A&AR) segment only had a 1% y/y revenue growth. Net earnings for GB Capital, accordingly, skyrocketed 93% y/y, while A&AR earnings dropped 8% y/y due to supply shortage and sluggish opening of letters of credit (LCs). AUTO is currently trading at a very attractive LTM P/E ratio of 2.3x. ([Company disclosure](#))

Edita Food Industries operates its eighth bakery line

Edita Food Industries [EFID] announced the operation of its newest bakery line worth EGP135mn. The new line is expected to increase the bakery's capacity by 11,000 ton/year or adding 20% to the overall bakery segment. ([Company disclosure](#))

Arabian Food Industries turns to profitability in Q2 2022

Arabian Food Industries' (Domty) [DOMT] Q2 2022 turned to profitability, with net profits of EGP61mn compared to net losses of EGP29mn a year before. Meanwhile, DOMT's revenues came in at EGP1.2bn (+72% y/y), with cheese the most contributor to this growth with 52% (EGP835mn), followed by bakery with 12% (EGP190mn) and juice with 6% (EGP16mn). GPM came in at 25% (+4pp y/y), and EBITDA margin came in at 11% (+9pp y/y). DOMT's TTM P/E is 10.4x. (Company disclosure)

Ibnsina Pharma's net profits almost halved in Q2 2022

Ibnsina Pharma [ISPH] announced its consolidated Q2 2022 results, reporting a decline in net profit to EGP29mn (-47% y/y), on the back of lower revenues of EGP4.9bn (-8.2% y/y). Revenues have been affected by ISPH's strategy to decrease the credit limit for some creditors. Meanwhile, gross profit margin and EBITDA margin have slightly increased to 7.6% (+0.3pp y/y) and 3.5% (+0.3pp y/y), respectively. ([Company disclosure](#))

Arabian Cement doubling its revenues y/y

Arabian Cement's [ARCC] Q2 2022 bottom line came in at EGP60.64mn compared to a loss of EGP16.9mn in Q2 2021. Revenues doubled to EGP1.1bn (+100% y/y), where export sales contributed 16% of total sales (-0.15pp y/y), while local sales contributed 80% (+2pp y/y). GPM came in at 18.1% in Q2 2022 compared to a GLM of 1.6% in Q2 2021, which is attributable to the increase in sales volumes (+16% y/y) and the increase in cement prices compared to the same period last year. ([Company disclosure](#))

Speed Medical to sell 15.4mn treasury shares between 14 and 25 August

Speed Medical [SPMD] will sell the treasury shares it had acquired back in September 2021 amounting to 15.4mn shares, or 1.4% of issued shares, between 14 and 25 August 2022. This compares to a 3-month average volume of 26.1mn shares. ([Company disclosure](#))

Lecico Egypt slips back into losses

Lecico Egypt's [**LCSW**] bottom line turned into a loss of EGP57.8mn in Q2 2022 compared to Q1 2022 and much larger than the EGP4.2mn loss recorded in Q2 2021. Moreover, revenues reached EGP723.3mn (+14% y/y). GPM came in at 18.7% (+1pp y/y), while the company reported an EGP24mn in capital loss this quarter compared to the previous quarter. ([Company disclosure](#))

Arabia Investments announced a net loss in Q2 2022

Arabia Investments Holding [**AIH**] reported a net loss of EGP0.8mn in Q2 2022 vs. a net profit of EGP27.1mn in Q2 2021. This was attributable to (1) a 45% y/y drop in revenues to EGP249.1mn, where others segment recorded a loss of EGP48.6mn and (2) gross profit falling to EGP57.9mn (-45% y/y). ([Company disclosure](#))

Misr Cement Qena reports a net loss in Q2 2022

Misr Cement Qena [**MCQE**] reported a net loss after minority of EGP6mn in Q2 2022 compared with a net profit of EGP32mn in Q2 2021. Revenues came in at EGP627mn (+10% y/y), coming from 528,000 tons of local and export cement sales during the quarter (-33% y/y). This is attributable to the **Egyptian Competition Authority (ECA)** quota system that was not in effect during Q2 2021, thus the higher sales volume. Moreover, GPM decreased to 11% (-9pp y/y, -12pp q/q). (Company disclosure)

MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
673.6					1,470.2 843.8				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	9,984.44	(0.04%)	(16.44%)		Gold	1,802.40	0.71%	(2.00%)
	EGX 30 TR	4,037.61	(0.03%)	(14.40%)		Silver	20.82	2.52%	(11.49%)
	EGX 70 EWI	2,129.13	3.43%	(3.30%)		Brent Oil	98.15	(1.17%)	30.53%
	EGX 100 EWI	3,056.56	2.45%	(6.10%)		WTI	92.09	(1.21%)	27.14%
	DFMGI	3,395.01	0.28%	6.23%		Natural Gas	8.77	(1.61%)	131.29%
	ADSMI	10,245.78	(0.51%)	20.70%	EGP	USD/EGP	19.14	0.02%	(17.91%)
	TASI	12,514.37	(0.13%)	10.93%	€	EUR/USD	1.03	(0.14%)	(9.89%)
	QE Index	13,796.20	0.38%	18.67%	£	GBP/USD	1.21	(0.19%)	(10.47%)
	S&P 500	4,280.15	1.73%	(10.20%)	¥	USD/JPY	133.42	(0.30%)	(13.62%)
	Dow 30	33,761.05	1.27%	(7.09%)		6M TB yield	16.19	19	346
	NASDAQ	13,047.19	2.09%	(16.60%)		1Y TB yield	16.47	10	370
	VIX	19.53	(3.32%)	13.41%		10Y TB yield	14.68	30	29
	STOXX 50	3,776.81	0.53%	(12.13%)		2Y TB yield	3.26	(1)	313
EM	MSCI Emerging	1,016.83	0.25%	(17.47%)		10Y TB yield	2.84	4	191
FM	MSCI Frontier	536.24	(0.03%)	(19.44%)		30Y TB yield	3.11	11	145

* 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
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.
31-Aug-22	ORAS	Financial results Announcement	Q2 2022 financial results' announcement

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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