

Out of the Blue

TODAY'S TOP NEWS & ANALYSIS

CBE governor resigns, no replacement yet

Egypt's trade deficit in May 2022 falls

Palm Hills Developments reports Q2 2022 results, targets a 5% share buyback

EFG Hermes reports Q2 2022 results

ValU signed its second securitization agreement this year

MACRO

CBE governor resigns, no replacement yet

In a surprise move, the **Central Bank of Egypt's** (CBE) governor, Tarek Amer, has resigned yesterday, almost 15 months before his 4-year term was to end. This comes ahead of today's scheduled **Monetary Policy Meeting (MPC)** to consider EGP interest rates. A successor to Amer is yet to be named.

Egypt's trade deficit in May 2022 falls

Egypt's trade deficit declined 36% in May 2022 to USD2.61bn vs. USD4.06bn a year ago. ([Egypt Today](#))

CORPORATE

Palm Hills Developments reports Q2 2022 results, targets a 5% share buyback

Palm Hills Developments [**PHDC**] reported a net profit of EGP264mn (+3% y/y) in Q2 2022. Meanwhile, revenues came in at EGP4bn (+99% y/y) on the back of higher sales. Gross profit margin showed a slight increase to 35% (+1pp y/y). During H1 2022, new sales amounted to EGP10.7bn (+38% y/y), while net debt/EBITDA stood at 0.5x. On a separate note, PHDC is targeting to buy back as much as 5% of its outstanding shares or around EGP200mn worth of stock (at current market price) to be financed internally. ([Company disclosure](#))

EFG Hermes reports Q2 2022 results

EFG Hermes Holding's [HRHO] Q2 2022 net earnings fell 15% y/y to EGP344mn despite 28% y/y higher revenues of EGP2bn. This could be attributed to the following:

- (1) Higher operating expenses to EGP1.4bn (+41% y/y), where SG&A expenses climbed 28% y/y to EGP1.2bn.
- (2) An impairment loss on assets of EGP165mn vs. only EGP29mn in Q2 2021 on the back of higher provisions of EGP148mn.

In terms of segmental performance:

Investment Bank (IB) platform's revenues fell by 11% y/y to EGP989mn in Q2 2022 due to Holding & Treasury Activities which went down by 71% y/y to EGP137mn. Meanwhile, Investment Banking recorded revenues of EGP293mn (+82% y/y), contributing 30% to IB's revenues. One of the chief factors for that growth was the transactions aggregate value of USD9.1bn vs. USD946mn in Q2 2021.

Non-Banking Financial Services (NBFS) platform's revenues increased by only 3% y/y to EGP503mn in Q2 2022, driven by Tanmeyah (-4% y/y) and ValU (-51% q/q) in light of the drop in the average ticket size to EGP4,900 from EGP5,600 a year before due to the 100% cash back offer in April 2022.

Commercial Bank (aiBank) platform's revenues climbed by 28% q/q to EGP564mn, where net interest income contributed 85% of q/q growth to reach EGP445mn. Net earnings increased by only 6% q/q to EGP149mn (only EGP76mn attributable to HRHO) due to higher provisions & ECL of EGP118mn in Q2 2022 vs. only EGP8mn in Q1 2022.

HRHO is currently trading at a TTM P/E of 9.9x, and a P/BV of 0.9x. ([Company disclosure](#))

ValU signed its second securitization agreement this year

ValU, the consumer finance arm of EFG Hermes Holding [HRHO] has signed its second securitization agreement worth EGP533mn, divided into two 12-month tranches. This is part of ValU's EGP2bn program that was approved by the FRA back in July 2021. ([Company disclosure](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
678.8					1,889.3 856.7				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	↗	EGX 30	10,058.12	2.18% (15.83%)		↘	Gold	1,761.77 (0.78%) (3.57%)	
	↗	EGX 30 TR	4,067.36	2.16% (13.77%)		↘	Silver	19.80 (1.72%) (15.60%)	
	↗	EGX 70 EWI	2,161.88	0.55% (1.81%)		↗	Brent Oil	93.65 0.22% 26.31%	
	↗	EGX 100 EWI	3,095.22	0.99% (4.91%)		↗	WTI	88.11 0.22% 23.39%	
	↗	DFMGI	3,457.75	1.26% 8.19%		↗	Natural Gas	9.24 0.15% 148.20%	
	↗	ADSMI	10,251.65	0.67% 20.77%	EGP	↗	USD/EGP	19.13 0.11% (17.90%)	
	↗	TASI	12,646.74	0.81% 12.10%	€	↘	EUR/USD	1.02 (0.11%) (10.56%)	
	↗	QE Index	13,989.49	1.75% 20.33%	£	↘	GBP/USD	1.20 (0.12%) (11.07%)	
	↘	S&P 500	4,274.04	(0.72%) (10.33%)	¥	↘	USD/JPY	135.05 (0.61%) (14.81%)	
	↘	Dow 30	33,980.32	(0.50%) (6.49%)		↗	6M TB yield	16.19 19 346	
	↘	NASDAQ	12,938.12	(1.25%) (17.30%)		↗	1Y TB yield	16.47 10 370	
	↗	VIX	19.90	1.07% 15.56%		↗	10Y TB yield	14.68 30 29	
	↘	STOXX 50	3,756.06	(1.29%) (12.62%)		↗	2Y TB yield	3.28 3 315	
EM	↗	MSCI Emerging	1,015.59	0.14% (17.57%)		↗	10Y TB yield	2.90 8 197	
FM	↗	MSCI Frontier	537.06	0.13% (19.32%)		↗	30Y TB yield	3.15 6 149	

* 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
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>

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