

Growth by Inertia

TODAY'S TOP NEWS & ANALYSIS

Credit Agricole Egypt – Core Coverage Update

AMOC ends a phenomenal year with a photo finish

Cleopatra Hospitals net profits decline in Q2 2022

Elsewedy family continues to acquire stakes in EGX-listed companies

Orascom Financial invests in fintech

PACHIN's largest shareholder appoints its own advisor to value the company

PIF reportedly considering acquisition of a stake in Media Production City

Sheeni continues to report losses

SAIB's BoD approves the sale of its stake in Flora

NEW RESEARCH

Credit Agricole Egypt – Core Coverage Update

Growth by Inertia: A story of systematic growth; 12MPT downgraded, OW/M maintained

- Since the pandemic breakout in 2020 and subsequent global disruptions, some Egyptian banks focused more on protecting their business against any possible negative externalities than on aggressive growth strategies. Similarly, we believe Credit Agricole Egypt [**CIEB**] chose to protect its market share until more favorable conditions return, while slightly improving its financial position with a combination of cost control and revenue growth approaches. As safe as it was, this strategy led to volatility in CIEB's profits. Here, we anatomize CIEB's past positions then draw a trajectory for the next five years.
- **OW/M, 12MPT EGP8.3/share:** Our residual income-based FV is EGP11.0/share. We set our 12MPT at EGP8.3/share or 1.21x BV based, assuming LT ROE of 20% and a terminal COE of 18%. Our 12MPT implies 2022e P/E of 4.9x and P/BV of 1.1x.

For the full research report, please [click here](#).

CORPORATE

AMOC ends a phenomenal year with a photo finish

Alexandria Mineral Oils Co.'s **[AMOC]** preliminary 2021/22 consolidated bottom line before minority came in at EGP1.2n (+146% y/y). Astonishing bottom line performance was sparked by an 81% y/y improvement in top line to EGP18.4bn, coupled with a 4pp y/y improvement in GPM to 14%. Strong annual performance was anchored by: (1) a 4% improvement in sales volumes, (2) significantly higher average selling prices, given the situation of the oil market throughout the year, (3) a better output mix, and (4) better crack spreads. We note that AMOC achieved Q4 2021/22 bottom line before minority of EGP465mn (+31% q/q) in view of a 20% sequential growth in total revenues of EGP6.2bn as well as a considerable 5.4pp improvement in GPM. AMOC is currently traded at 2021/22 P/E of 4.5x. AMOC's BoD has proposed a cash dividend distribution of EGP0.45/share, implying an 11% yield. ([Company disclosure](#))

Cleopatra Hospitals net profits decline in Q2 2022

Cleopatra Hospitals' **[CLHO]** net profits decreased in Q2 2022 to EGP74mn (-21% y/y) on lower revenues of EGP605mn (-6% y/y). Gross profit margin and EBITDA margin came in lower at 32% (-5pp y/y) and 17% (-8pp y/y), respectively. ([Company disclosure](#))

Elsewedy family continues to acquire stakes in EGX-listed companies

Elsewedy Cement increased its stake in MM Group for Industry & International Trade **[MTIE]** to 1.64% by buying 3mn shares at an average price of EGP3.65/share in a transaction amounting to EGP11mn. ([Al-Mal](#))

Orascom Financial invests in fintech

Orascom Financial Holding **[OFH]** is expanding its footprint in fintech by investing in its venture subsidiary **Klivvr**, partly financed from the proceeds of its Beltone Financial Holding **[BTFH]** sale. ([Company disclosure](#))

PACHIN's largest shareholder appoints its own advisor to value the company

The **Chemical Industries Holding Co.**, Paints & Chemical Industries' (PACHIN) **[PACH]** largest shareholder, is going to appoint its own advisor to prepare a fair value report for PACH. We note that PACH currently has two acquisition offers for a majority stake in the company from **Saybad Industrial Investment** at an average price of EGP17.625/share and another offer from **SIPES** at an average price of EGP18/share. ([Enterprise](#))

PIF reportedly considering acquisition of a stake in Media Production City

It has been reported that **Saudi Public Investment Fund (PIF)** is considering to acquire a stake in the Egyptian Media Production City **[MPRC]**. However, MPRC said it has no knowledge of such reports. ([Company disclosure](#))










































Sheeni continues to report losses

General Co. for Ceramic & Porcelain Products (Sheeni) [**PRCL**] achieved a net loss during H1 2022 of EGP67.8mn (-8.8% y/y) as revenues decreased to EGP198.8mn (-8.7% y/y). PRCL achieved a gross loss margin (GLM) of 8.4% compared to a GLM of 3.8% in H1 2021. ([Company disclosure](#))

SAIB's BoD approves the sale of its stake in Flora

Societe Arabe Internationale de Banque's [**SAIB**] BoD approved the sale of the bank's 8.53% stake in **Pyramids Paper Mills (Flora)** in a meeting held on 8 August 2022. ([Company disclosure](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)						693.7		Equity turnover (EGPmn): Last, ytd avg.				1,245.6		862.2			
						daily chg.		ytd chg.						daily chg.		ytd chg.	
		EGX 30	10,339.58	2.43%	(13.47%)			Gold	1,747.06	(0.66%)	(4.71%)						
		EGX 30 TR	4,186.07	2.55%	(11.25%)			Silver	19.05	(2.52%)	(18.36%)						
		EGX 70 EWI	2,195.49	1.68%	(0.29%)			Brent Oil	96.72	(1.78%)	27.84%						
		EGX 100 EWI	3,152.72	1.90%	(3.15%)			WTI	90.77	(1.38%)	25.10%						
		DFMGI	3,419.72	(0.37%)	7.00%			Natural Gas	9.34	(1.39%)	146.81%						
		ADSMI	10,083.09	(0.14%)	18.79%	EGP		USD/EGP	19.16	(0.14%)	(17.96%)						
		TASI	12,554.50	(0.53%)	11.28%	€		EUR/USD	1.00	(0.04%)	(11.76%)						
		QE Index	13,967.04	(0.37%)	20.14%	£		GBP/USD	1.18	(0.01%)	(12.59%)						
		S&P 500	4,228.48	(1.29%)	(11.28%)	¥		USD/JPY	136.97	(0.79%)	(16.04%)						
		Dow 30	33,706.74	(0.86%)	(7.24%)			6M TB yield	16.37	17	364						
		NASDAQ	12,705.21	(2.01%)	(18.79%)			1Y TB yield	16.60	13	383						
		VIX	20.60	5.32%	19.63%			10Y TB yield	14.68	30	29						
		STOXX 50	3,730.32	(1.25%)	(13.22%)			2Y TB yield	3.23	(5)	310						
EM		MSCI Emerging	1,001.46	(0.80%)	(18.71%)			10Y TB yield	2.97	7	204						
FM		MSCI Frontier	535.25	(0.59%)	(19.59%)			30Y TB yield	3.21	6	155						

* 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
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
1-Sep-22		MSCI	MSCI's August 2022 Quarterly Index Review Effective Date.
12-Sep-22	EGBE	OGM	Approving financial statements.
12-Sep-22	AMER	OGM	Approving financial statements and the proposed dividends.

LATEST RESEARCH

DATE	PUBLISHED REPORT
22-Aug-22	Credit Agricole Egypt [CIEB] – Core Coverage Update
31-Jul-22	Ghazl El-Mahalla Football Co. [GMFC] - IPO Update
14-Jun-22	Ghazl El-Mahalla Football Co. [GMFC] - In a League of Its Own
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 [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](#)
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- 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](#)
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- 14-Sep-21 [TAKEStock – Orascom Investment Holding \[OIH\] — Monetization at Play](#)
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- 7-Sep-21 [MACROView – The Global Blessing Windfall](#)
- 6-Sep-21 [MACROView – Tempered, But Cautious, Optimism](#)
- 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](#)

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