

## Sandbagging the Pressures

### TODAY'S TOP NEWS & ANALYSIS

Easier procedures to clear customs

Banks reportedly resume the issuance of LCs to importers

Italian Eni mulls expanding in Egypt's renewable sector

July saw a further fall in vehicle sales

Orascom Construction reports strong Q2 2022 results

Dice's Q2 2022 earnings skyrocket on higher revenues and better rebate collection

OFH reports weak Q2 2022 results, announces a share buyback program

Alexandria Medical Services MTO starts today

### MACRO

#### Easier procedures to clear customs

The Egyptian government is taking actions to facilitate clearing shipments that have been stuck at customs for quite some time. ([Official release](#))

#### Banks reportedly resume the issuance of LCs to importers

Some banks have reportedly resumed issuing letters of credit (LCs) to importers after a long pause of nearly five months. On top of the names mentioned were **National Bank of Egypt (NBE)**, Banque du Caire [**BDQC**], QNB Alahli [**QNBA**], and **Arab African International Bank (AAIB)**. ([Alsharq Business](#))

#### Italian Eni mulls expanding in Egypt's renewable sector

**Eni** could establish around 10GW of renewable energy projects in Egypt in the coming years. ([Enterprise](#))

#### July saw a further fall in vehicle sales

Egypt's passenger car (PC) sales dropped to 8,900 units last July (-50% y/y) as import limitations, inflationary pressures, and the EGP devaluation continued to harm the industry's sales. However, the **Ministry of Finance** announced a package of exceptional measures to speed up the release of products accumulated in ports, which may be a step in the right direction for several industries, including the auto industry. ([Enterprise](#))

## CORPORATE

### Orascom Construction reports strong Q2 2022 results

Orascom Construction's [**ORAS**] Q2 2022 net profits came in at USD20.8mn (-13% % y/y), ahead of our expectations. Revenues recorded USD935mn (+7.7% y/y), below our expectations. GPM decreased to 8% (-1.4pp y/y) due to the current inflationary environment and the continuation of the Russia-Ukraine war. Consequently, EBITDA margin decreased to 4.6% (-1.1pp y/y). We consider this quarter's results to be strong for ORAS due to the following:

- (1) **BESIX** and other equity investments started to make profits again of USD7mn (+92% y/y), exceeding our expectations.
- (2) New awards increased to USD1.8bn during the quarter, thus total backlog reached USD6.5bn.

ORAS is one of the 15 stocks we had picked in our **STAND**Point 2022 strategy outlook published on 30 January 2022. ORAS is currently traded at TTM P/E of 4x. We have an Overweight rating for the name, with a 12MPT of EGP146/share. ([Company disclosure](#))

### Dice's Q2 2022 earnings skyrocket on higher revenues and better rebate collection

Dice Sport & Casual Wear's [**DSCW**] Q2 2022 net income after minority surged to EGP35mn from a mere EGP2mn a year ago. Earnings growth came due to:

- (1) Higher revenues to EGP520mn (+41% y/y).
- (2) An increase in export rebates which totaled EGP29mn (+186% y/y).
- (3) An improvement in GPM to 21% (+340 bps y/y).

DSCW is currently trading at a TTM P/E of 9x. ([Company disclosure](#))

### OFH reports weak Q2 2022 results, announces a share buyback program

Orascom Financial Holding [**OFH**] recorded a net loss of EGP93mn in Q2 2022 vs. net earnings of EGP17mn a year earlier, in light of:

- (1) Higher expected credit losses of EGP87mn vs. credit provisions reversal of EGP11mn in Q2 2021.
- (2) Goodwill impairment of EGP39mn in Q2 2022.
- (3) Higher financing expenses of EGP35mn in Q2 2022.

Meanwhile, revenues increased by 9% y/y to EGP118mn due to the increase in interest income by 36% y/y to EGP61mn. On the other hand, OFH launched a program to buy back up to 10% of its total outstanding shares as treasury shares at market between 30 August 2022 and 5 March 2023. (Company disclosures: [1](#), [2](#))

## Alexandria Medical Services MTO starts today

Alexandria Medical Services [AMES] announced that the MTO launched by **LimeVest Partners** and **Tawasol Holdings** will take place starting today, 31 August through 27 September 2022 at EGP47.67/share. (Company disclosure)

## MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
690.1					1,746.6 889.5				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	↗	EGX 30	10,132.15	0.10% (15.21%)		↘	Gold	1,724.02 (0.75%) (5.85%)	
	↗	EGX 30 TR	4,100.01	0.31% (13.08%)		↘	Silver	18.43 (1.80%) (20.77%)	
	↗	EGX 70 EWI	2,216.58	0.32% 0.67%		↗	Brent Oil	99.31 0.91% 34.85%	
	↗	EGX 100 EWI	3,174.36	0.34% (2.48%)		↗	WTI	91.64 0.81% 30.17%	
	↗	DFMGI	3,463.59	0.79% 8.38%		↗	Natural Gas	9.04 0.49% 143.59%	
	↘	ADSMI	9,962.93	(0.01%) 17.37%	EGP	↘	USD/EGP	19.24 (0.14%) (18.31%)	
	↘	TASI	12,455.65	(0.60%) 10.41%	€	↗	EUR/USD	1.00 0.10% (11.83%)	
	↘	QE Index	13,613.32	(0.10%) 17.10%	£	↗	GBP/USD	1.17 0.20% (13.69%)	
	↘	S&P 500	3,986.16	(1.10%) (16.37%)	¥	↘	USD/JPY	138.79 (0.05%) (16.90%)	
	↘	Dow 30	31,790.87	(0.96%) (12.51%)		↗	6M TB yield	16.42 5 369	
	↘	NASDAQ	11,883.14	(1.12%) (24.04%)		↗	1Y TB yield	16.80 20 403	
	↔	VIX	26.21	0.00% 52.21%		↗	10Y TB yield	14.68 30 29	
	↘	STOXX 50	3,561.92	(0.24%) (17.13%)		↗	2Y TB yield	3.47 7 334	
EM	↗	MSCI Emerging	992.76	0.11% (19.42%)		↗	10Y TB yield	3.12 5 219	
FM	↗	MSCI Frontier	528.47	0.09% (20.61%)		↗	30Y TB yield	3.23 2 157	

\* 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
31-Aug-22	MICH	BoD meeting	Follow up on production, sales and exports.
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	AMER	OGM	Approving financial statements and the proposed dividends.
17-Sep-22	ALCN	OGM	A board reshuffle.
20-21 Sep-2022		FOMC	Determining the Fed's policy rate and monetary stance.
21-Sep-22	EGBE	OGM	Approving financial statements.
21-Sep-22	EGBE	EGM	Discussing applying a reward system for the bank & amending Articles No. 6 & 7 of the bank's bylaws.
22-Sep-22		MPC Meeting	Determining the CBE's policy rate.
24-Sep-22	AMOC	OGM	Approving financial statements and the proposed dividends.
24-Sep-22	ABUK	OGM	Approving financial statements and the proposed dividends.

24-Sep-22	ABUK	EGM	Amending Articles No. 7, 21, and 39 in its articles of incorporation, to reflect the new shareholder structure and board members and to allow for advanced communication tools to use when holding general meetings.
28-Sep-22	ELSH	Cash dividend	Payment date for a dividend of EGP0.075/share (2nd installment).
29-Sep-22	SAUD	EGM	Amending Articles No. 6, 7, 20 and 27 of the bank's bylaws.
29-Sep-22	CICH	Cash dividend	Payment date for a dividend of EGP0.125/share (2nd installment).
29-Sep-22	AUTO	Cash dividend	Payment date for a dividend of EGP0.25/share (2nd installment).

## LATEST RESEARCH

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



- 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](#)
- 9-Dec-21 [MACROView – Another Retreat ... Until Further Notice](#)
- 8-Dec-21 [MACROView – For Stormy Days, Eyes on the Ball](#)
- 7-Dec-21** [\*\*EGYPTBanks – Takeoff Time\*\*](#)
- 5-Dec-21 [MACROView – Searching for Lost Momentum](#)
- 21-Nov-21 [TAKEStock – Nitrogen Fertilizers Local Price Hike](#)
- 17-Nov-21 [EFG Hermes Holding \[HRHO\] – Earnings Growth Skyrocketing ex-One-Offs](#)
- 17-Nov-21 [Orascom Construction \[ORAS\] – BESIX – Back on Track Again](#)
- 15-Nov-21 [B Investments Holding \[BINV\] – Growth Dented Across the Board – Take 2](#)
- 15-Nov-21 [Elsewedy Electric \[SWDY\] – A Quarter to Forget?](#)

- 14-Nov-21 [Misr Chemical Industries \[MICH\] – A Healthy Kick-off to a Promising Year](#)
- 14-Nov-21 [Abu Qir Fertilizers \[ABUK\] – A “One-of-a-Kind” Quarter](#)
- 14-Nov-21 [Commercial International Bank \[COMI\] – Elegant Earnings Growth on All Fronts](#)
- 10-Nov-21 [MACROView – The Calm Before the Storm, or Maybe Not](#)
- 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](#)
- 6-Oct-21 [MACROView – On “Risk Control” Mode](#)
- 6-Oct-21 [MACROView – The Tortuous Path to Recovery](#)
- 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](#)
- 6-Sep-21 [MACROView – Tempered, But Cautious, Optimism](#)
- 5-Sep-21 [Misr Chemical Industries \[MICH\] – Nice While It Lasted](#)

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