

## A Good Start for Q3 Earnings Season

### TODAY'S TOP NEWS & ANALYSIS

Egyptian government hikes natural gas prices for certain industrial producers

Sidpec mulls acquiring Ethydc through share swap

QNBA reports another operationally strong quarter

CI Capital launches an equity index fund

DPI reportedly finalized its acquisition of Kazione

### MACRO

#### Egyptian government hikes natural gas prices for certain industrial producers

The Egyptian government hiked natural gas prices for certain industrial producers, as follows:

- Cement producers will pay USD12/mmbtu (109% higher than before).
- Petrochemical producers using the ethane/propane (EP) mix will pay according to a specific equation with a minimum price of USD4.5/mmbtu.
- Other petrochemical producers will pay USD5.75/mmbtu.
- Brick producers will pay EGP110/mmbtu.

Meanwhile, other customers with contracts will continue to pay for natural gas prices as per their contracts. (Official release)

We note that for the cement sector, most producers currently use coal as opposed to natural gas. Of EGX-listed stocks, only South Valley Cement [**SVCE**] uses natural gas. We also note that if the aforementioned equation pertaining to EP mix is applied to Sidi Kerir Petrochemicals [**SKPC**], the price per mmbtu will be 20% of the polyethylene price per ton published by ICIS divided by 50, according to our understanding. If this is the case, we assume there will be some sort of a premium to be added on the top of the output from the previous formula, since such a formula yields a very low EP mix price compared to what SKPC is currently paying per mmbtu. We note that SKPC is yet to address this news.

## CORPORATE

### Sidpec mulls acquiring EthydcO through share swap

Sidi Kerir Petrochemicals [**SKPC**] held a BoD meeting yesterday to discuss the possibilities of a SKPC acquiring **EthydcO** through a share swap agreement. We note that SKPC owns a 20% stake in EthydcO. The decision is subject to fair value studies related to both companies in order to find the appropriate swap ratio. That said, at market cap and given EthydcO's relatively higher production capacity compared to SKPC, the swap ratio we estimate could be in the range of 1.8-2 SKPC shares to 1 EthydcO share. ([Company discourse](#))

### QNBA reports another operationally strong quarter

QNB Alahli's [**QNBA**] Q3 2022 results showed an increase in net income of 7% q/q to EGP2.5bn. This came on the back of a higher net interest income of EGP5.1bn (+12% q/q). We note that the bank still chose to book a considerable amount of provisions of EGP860mn (+36% q/q), which in turn translated into a coverage ratio of 138% over NPLs of 4.18%. This is in view of the growth seen in the bank's loan book as net lending increased 3% q/q to EGP203bn, which confirms the bank's focus on lending. We also note a 191% q/q growth in the bank's "due from banks" account to EGP47bn in response to the latest CBE Open Market Operations (OMO). On the liability side, the bank managed to increase its deposits by a satisfying 11% q/q to EGP377bn, raising its ytd growth to 27%. This led GLDR to slip to 54% in Q3 2022 vs. 58% in Q2 2022. In our opinion, this strong quarter implies an annualized NIM of 5.1% and an annualized ROAE of 21%. QNBA is currently traded at an annualized P/E of 3x and a P/BV of 0.7x. ([Company disclosure](#))

### CI Capital launches an equity index fund

CI Capital Holding's [**CICH**] asset management launched an equity index fund tracking the EGX 30 Capped index called *Misr Equity*. The new fund will track the return on the EGX 30 Capped through investing in a portfolio of stocks that targets to mimic the index. ([Company disclosure](#))

### DPI reportedly finalized its acquisition of Kazione

According to media sources, U.K.-based **DPI** has finalized the agreement to acquire a minority stake in **Tawfeer Food**, the owner of retailer **Kazione**, valuing the latter at USD300mn. DPI's investment is estimated at USD70mn. ([Al-Mal](#))

## MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
692.4						1,159.9		932.6	
				daily chg.	ytd chg.			daily chg.	ytd chg.
		EGX 30	9,948.53	0.08%	(16.74%)			Gold	1,668.61 (1.55%) (8.84%)
		EGX 30 TR	4,025.23	0.06%	(14.66%)			Silver	19.61 (2.60%) (16.51%)
		EGX 70 EWI	2,185.33	0.04%	(0.75%)			Brent Oil	96.19 (0.32%) 30.72%
		EGX 100 EWI	3,123.80	0.05%	(4.04%)			WTI	91.13 (0.45%) 28.90%
		DFMGI	3,339.31	(1.00%)	4.49%			Natural Gas	6.44 1.34% 74.83%
		ADSMI	9,830.84	(0.75%)	15.82%	EGP		USD/EGP	19.67 0.41% (19.99%)
		TASI	11,530.37	(0.31%)	2.20%	€		EUR/USD	0.97 (0.14%) (14.79%)
		QE Index	12,913.88	(0.53%)	11.08%	£		GBP/USD	1.11 (0.38%) (18.62%)
		S&P 500	3,612.39	(0.75%)	(24.21%)	¥		USD/JPY	145.72 (0.32%) (21.06%)
		Dow 30	29,202.88	(0.32%)	(19.64%)			6M TB yield	16.47 6 374
		NASDAQ	10,542.10	(1.04%)	(32.62%)			1Y TB yield	17.45 13 468
		VIX	32.45	3.48%	88.44%			10Y TB yield	14.68 30 29
		STOXX 50	3,356.88	(0.55%)	(21.90%)			2Y TB yield	4.34 3 421
EM		MSCI Emerging	884.81	(1.44%)	(28.18%)			10Y TB yield	4.00 11 307
FM		MSCI Frontier	470.68	(0.14%)	(29.29%)			30Y TB yield	3.95 11 229

\* 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
17-Oct-22	DAPH	OGM	A board reshuffle.
17-Oct-22	EGAL	OGM	Approving financial statements 2021/22.
17-Oct-22	AMOC	Cash dividend	Deadline for eligibility for a dividend of EGP0.55/share.
17-Oct-22	ABUK	Cash dividend	Deadline for eligibility for a dividend of EGP3.00/share.
19-Oct-22	ISMQ	OGM	Approving financial statements 2021/22.
20-Oct-22	AMOC	Cash dividend	Payment date for a dividend of EGP0.30/share (1st installment).
20-Oct-22	ABUK	Cash dividend	Payment date for a dividend of EGP1/share (1st installment).
20-Oct-22	MCQE	Cash dividend	Deadline for eligibility for a dividend of EGP0.500/share.
22-Oct-22	PRCL	OGM	Approving financial statements.
22-Oct-22	PRCL	EGM	Discussing the going concern of the company.
23-Oct-22	CIRA	Cash dividend	Deadline for eligibility for a dividend of EGP0.214/share.
24-Oct-22	CIRA	Cash dividend	Ex-dividend date for EGP0.214/share.
24-Oct-22	MICH	Cash dividend	Deadline for eligibility for a dividend of EGP1.50/share.
24-Oct-22	EAST	OGM	Approving financial statements ending 30 June 2022.
25-Oct-22	MCQE	Cash dividend	Deadline for eligibility for a dividend of EGP0.500/share.
25-Oct-22	EXPA	OGM	Approving increasing the issued capital.
25-Oct-22	EXPA	EGM	Amending Article No. 5 of the bank's bylaws.
25-Oct-22	MNHD / NRPD	Lawsuit	Postponed from 22 August 2022, a lawsuit filed by National Real Estate Bank for Development [NRPD] against Madinet Nasr Housing

			& Development [MNHD], demanding EGP42mn in relation to a project in the Sixth of October City.
26-Oct-22	CIRA	Cash dividend	Payment date for a dividend of EGP0.214/share
27-Oct-22	MICH	Cash dividend	Payment date for a dividend of EGP0.75/share (1st installment).
30-Oct-22	IRON	OGM	Discussing the financial position.
31-Oct-22	ZMID	Cash dividend	Payment date for a dividend of EGP0.15/share (2nd installment).

## LATEST RESEARCH

DATE	PUBLISHED REPORT
<b>27-Sep-22</b>	<b><u><a href="#">Commercial International Bank [COMI]: Commander-in-Chief</a></u></b>
24-Sep-22	<u><a href="#">TAKESStock: The Egyptian Banking Industry - The RRR Effect</a></u>
<b>21-Sep-22</b>	<b><u><a href="#">EGYPTBanks – The Causal Sequence</a></u></b>
<b>24-Aug-22</b>	<b><u><a href="#">Arabian Food Industries (Domty) – Core Coverage Report</a></u></b>
<b>22-Aug-22</b>	<b><u><a href="#">Credit Agricole Egypt [CIEB] – Core Coverage Update</a></u></b>
31-Jul-22	<u><a href="#">Ghazl El-Mahalla Football Co. [GMFC] - IPO Update</a></u>
14-Jun-22	<u><a href="#">Ghazl El-Mahalla Football Co. [GMFC] - In a League of Its Own</a></u>
8-Jun-22	<u><a href="#">TAKESStock – Delta Sugar [SUGR] - Sweet and Sour</a></u>
7-Jun-22	<u><a href="#">TAKESStock – Orascom Financial Holding [OFH] - Triple-Digit Upside</a></u>
25-May-22	<u><a href="#">TAKESStock – The Egyptian Cement Industry - Gauging the Impact</a></u>
<b>23-May-22</b>	<b><u><a href="#">Cairo for Investment &amp; Real Estate Development [CIRA] – Head of the Class</a></u></b>
19-May-22	<u><a href="#">MACROView – A New Game Plan</a></u>
17-May-22	<u><a href="#">MACROView – All Uphill from Here</a></u>
<b>15-May-22</b>	<b><u><a href="#">EGYPTBanks – Harness the Hike</a></u></b>
15-May-22	<u><a href="#">TAKESStock – Hidden “valu”</a></u>
28-Apr-22	<u><a href="#">MACROView – Din of Battle Getting Louder</a></u>
17-Apr-22	<u><a href="#">MACROView – Before the Grand Storm</a></u>
14-Apr-22	<u><a href="#">EFG Hermes Holding [HRHO] – Rating Cut on Withdrawal of FAB’s Bid</a></u>
12-Apr-22	<u><a href="#">MACROView – Mounting External Vulnerabilities</a></u>
10-Apr-22	<u><a href="#">MACROView – Much Higher Inflation ... and Longer</a></u>
24-Mar-22	<u><a href="#">EFG Hermes Holding [HRHO] – The Best Is Yet to Come</a></u>
23-Mar-22	<u><a href="#">CI Capital Holding [CICH] – A Year to Remember</a></u>
22-Mar-22	<u><a href="#">Orascom Construction [ORAS] – A Clear Devaluation Winner</a></u>
10-Mar-22	<u><a href="#">MACROView – The Dizzying Speed</a></u>
6-Mar-22	<u><a href="#">MACROView – On the Back Foot</a></u>

2-Mar-22	<a href="#"><u>MACROView – Calculating the Ferocity</u></a>
1-Mar-22	<a href="#"><u>Housing &amp; Development Bank [HDBK] – Credit Provisions Flattened Earnings Growth</u></a>
27-Feb-22	<a href="#"><u>Export Development Bank of Egypt [EXPA] – A Year to Forget</u></a>
22-Feb-22	<a href="#"><u>Commercial International Bank (CIB) [COMI] – 2021, a Grand Finale</u></a>
21-Feb-22	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Saves the Day</u></a>
20-Feb-22	<a href="#"><u>Abu Dhabi Islamic Bank - Egypt [ADIB] – Wise Utilization Enhances Profitability</u></a>
17-Feb-22	<a href="#"><u>Al Baraka Bank Egypt [SAUD] – Earnings Pressured by Higher Cost of Risk</u></a>
16-Feb-22	<a href="#"><u>MACROView – A Soothing Message From the CBE ... and Our Takeaways</u></a>
14-Feb-22	<a href="#"><u>Abu Qir Fertilizers [ABUK] – Another Record-High Quarter</u></a>
13-Feb-22	<a href="#"><u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u></a>
10-Feb-22	<a href="#"><u>MACROView – Ebb and Flow</u></a>
10-Feb-22	<a href="#"><u>MACROView – The Cloudy Year Has Just Begun</u></a>
9-Feb-22	<a href="#"><u>Elsewedy Electric [SWDY] – Ending 2021 on a Good Note</u></a>
8-Feb-22	<a href="#"><u>MACROView – A Fall in Disguise</u></a>
7-Feb-22	<a href="#"><u>Macro Group Pharmaceuticals [MCRO] – Not the Usual Pharma Stock</u></a>
1-Feb-22	<a href="#"><u>MACROView – The Ripple Effect</u></a>
31-Jan-22	<a href="#"><u>Obour Land For Food Industries [OLFI] – Double-Digit Growth Complements a Resilient Story</u></a>
<b>30-Jan-22</b>	<b><a href="#"><u>STANDPoint – Egypt Valuation Repertoire — 2022 Outlook</u></a></b>
12-Jan-22	<a href="#"><u>QNB Alahli [QNBA] – Slow Earnings Pace Despite Assets Growth</u></a>
10-Jan-22	<a href="#"><u>MACROView – The Last Reading Ahead of a Cloudy Year</u></a>
<b>30-Dec-21</b>	<b><a href="#"><u>EGYPTCeramics – From Dusk to Dawn</u></a></b>
<b>26-Dec-21</b>	<b><a href="#"><u>Obour Land For Food Industries [OLFI] – A Play on Consumption Recovery</u></a></b>
22-Dec-21	<a href="#"><u>MACROView – The Return of the ‘Vigilante’</u></a>
14-Dec-21	<a href="#"><u>MACROView – When “Bad” Inflation Clouds the Path of “Good” Inflation</u></a>
9-Dec-21	<a href="#"><u>MACROView – Another Retreat ... Until Further Notice</u></a>
8-Dec-21	<a href="#"><u>MACROView – For Stormy Days, Eyes on the Ball</u></a>
<b>7-Dec-21</b>	<b><a href="#"><u>EGYPTBanks – Takeoff Time</u></a></b>
5-Dec-21	<a href="#"><u>MACROView – Searching for Lost Momentum</u></a>
21-Nov-21	<a href="#"><u>TAKEStock – Nitrogen Fertilizers Local Price Hike</u></a>
17-Nov-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs</u></a>
17-Nov-21	<a href="#"><u>Orascom Construction [ORAS] – BESIX – Back on Track Again</u></a>

- 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](#)
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