

The Good Q3 Earnings Season Continues

TODAY'S TOP NEWS & ANALYSIS

TAKEStock: ETEL - Life Above 40; More about the underlying business, not just a stake sale

Egypt's net foreign reserves inch higher

Egypt PMI still below the 50 mark

CIB announces record-breaking Q3 2022 results

MNHD reports Q3 2022 results

PACHIN received its third acquisition offer for 100% of the company

Rimco reportedly eyes a 20% stake in Edita

e-finance establishes an electronic industrial platform

NEW RESEARCH

TAKEStock: ETEL - Life Above 40; More about the underlying business, not just a stake sale

Last Thursday, we published another edition of our TAKEStock series, where we raised our price target for Telecom Egypt [ETEL] from EGP28.1/share to EGP46.7/share. [For more details, please read the full note.](#)

MACRO

Egypt's net foreign reserves inch higher

Egypt's net foreign reserves inched up to USD33.41bn in October 2022, up from USD33.20bn in September. This is down 18% ytd and y/y. ([CBE](#))

Egypt PMI still below the 50 mark

Egypt's PMI index registered 47.7 in October, climbing just 0.1 points from September and remaining firmly before the 50.0 threshold that separates growth from contraction. ([PMI](#))

CORPORATE

CIB announces record-breaking Q3 2022 results

Commercial International Bank (CIB) [**COMI**] reported Q3 2022 results, where it reached the highest quarterly earnings of all time of EGP4.4bn (+25% q/q, +16% y/y), breaking its previous record of EGP4.2bn in Q1 2022. Only this time the record earnings are remarkably all from core banking activities with no non-recurring items.

- Higher interest rates pushed COMI's net interest income (NII) to hit a new record of EGP8bn, surging 13% q/q and 25% y/y.
- The leap in interest income is justified by the strong growth in the bank's loan book reaching EGP198bn (+4% q/q, +21% ytd). We note that this growth was mostly organic not just induced by the EGP depreciation as EGP-denominated loans represented 88% of growth.
- High sovereign yield also boosted net income, as FI-OCI reached EGP230mn (+7% q/q, +20% ytd), contributing to total assets growth to EGP590bn (+13% q/q, +19% ytd). However, this strong growth did not affect COMI's trademark asset quality, as the NPL ratio stood at 4.6% and coverage ratio at 216%.
- The bank chose to book relatively higher provisions of EGP248mn for the first time this year, given the increasing volatility, yet 9M 2022 provisions (i.e. EGP263mn) are still 80% lower y/y. This brings COMI's annualized cost of risk for 9M 2022 to -0.2%, with no other expected reversal for the rest of the year.
- While the bank recorded much higher other operating expenses of EGP889mn (+250% q/q), it was offset by a higher net trading income of EGP418mn (+99% q/q) and higher net Fees and commissions of EGP835mn (+28% q/q).
- Unlike the previous quarter, the bank managed to grow its deposits in Q3 2022 by 16% q/q, as it took a proactive move with the 3-year 14% CDs to lock in funds, growing the pool of deposits to EGP498bn (+23% ytd). This in turn blocked any possible higher cost of funding in the future.
- This exceptional quarter raises COMI's annualized NIM to 6.5% and pushes annualized ROE to as high as 24%.
- COMI is now traded at an annualized P/E of 5.5x and a P/BV of 1.5x. (Company disclosure)

MNHD reports Q3 2022 results

Madinet Nasr Housing & Development's [MNHD] Q3 2022 net earnings skyrocketed to EGP308.1mn vs. EGP23.9mn a year earlier. The enhancement in earnings was due to the increase in operating revenues to EGP1.2bn (+189% y/y). Meanwhile, gross profit and EBITDA margins came in at 56% (+28.4pp y/y) and 38% (+23.3pp y/y), respectively. In 9M 2022, gross contracted sales came in at EGP6.7bn compared to EGP2.1bn a year before as MNHD launched new projects this year, whereas deliveries came in at 1,113 (+95% y/y). ([Company disclosure](#))

PACHIN received its third acquisition offer for 100% of the company

Paints & Chemical Industries (PACHIN) [PACH] received a binding tender offer from **National Paints Holding Ltd.** to acquire 100% of PACH at an initial price of EGP29/share (37% above the closing price on 3 November). Consequently, **SIPES** is reportedly looking to raise its offer to match National Paints' offer. To recap, PACH received two acquisition offers for a majority stake in the company from **Saybad Industrial Investment** at an average price of EGP17.625/share, that it later withdrew, and another offer from SIPES at an average price of EGP18/share. ([Company disclosure](#), [Amwal Al-Ghad](#))

Rimco reportedly eyes a 20% stake in Edita

News reported that UAE-based **Rimco** plans to gradually increase its stake in Edita Food Industries [EFID] to 20%, having recently raised its stake from 3.97% to 5.35%. ([Shorouk News](#))

e-finance establishes an electronic industrial platform

e-finance [EFIH] announced its partnership with the **Ministry of Planning** and the **Ministry of Trade & Industry** about establishing an electronic industrial platform. The protocol aims to provide design, management, and operational services to the industrial sector. ([Company disclosure](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
763.1					1,003.2 957.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
		EGX 30	11,262.40	0.18% (5.75%)			Gold	1,681.87	3.21% (8.05%)
		EGX 30 TR	4,602.45	0.20% (2.42%)			Silver	20.86	7.12% (10.51%)
		EGX 70 EWI	2,213.25	(0.56%) 0.52%			Brent Oil	98.57	4.12% 35.25%
		EGX 100 EWI	3,226.13	(0.51%) (0.89%)			WTI	92.61	5.04% 32.62%
		DFMGI	3,350.47	0.60% 4.84%			Natural Gas	6.40	7.11% 71.58%
		ADSMI	10,482.34	0.97% 23.49%	EGP		USD/EGP	24.25	0.02% (34.81%)
		TASI	11,439.19	(0.79%) 2.75%	€		EUR/USD	1.00	2.13% (12.43%)
		QE Index	12,306.07	(0.98%) 7.28%	£		GBP/USD	1.14	1.96% (15.91%)
		S&P 500	3,770.55	1.36% (20.89%)	¥		USD/JPY	146.62	1.12% (21.51%)
		Dow 30	32,403.22	1.26% (10.83%)			6M TB yield	16.98	7 425
		NASDAQ	10,475.25	1.28% (33.04%)			1Y TB yield	18.00	2 523
		VIX	24.55	(2.96%) 42.57%			10Y TB yield	14.68	30 29
		STOXX 50	3,688.33	2.65% (14.19%)			2Y TB yield	4.68	7 455
EM		MSCI Emerging	884.98	2.80% (28.17%)			10Y TB yield	4.16	5 323
FM		MSCI Frontier	451.77	(0.24%) (32.13%)			30Y TB yield	4.25	11 259

* As of market close. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

KEY DATES

DATE	TICKER	TYPE	EVENT
6-Nov-22	PHDC	OGM	Discussing netting contracts.
6-Nov-22	PHDC	EGM	Discussing capital reduction.
6-Nov-22	EGCH	OGM	Approving financial statements ending 30 Jun. 2022.
6-Nov-22	EGCH	EGM	Discussing land selling.
7-Nov-22	MCRO	Conference Call	Discussing Q3 2022 financial results.
7-Nov-22	SCM	OGM	Discussing netting contracts.
7-Nov-22	ZMID	OGM	A board reshuffle.
9-Nov-22	KABO	OGM	Approving financial statements ending 30 Jun. 2022.
9-Nov-22	KABO	EGM	Considering approval some articles of the law.
10-Nov-22		MSCI	MSCI's November 2022 Semi-Annual Index Review Announcement.

10-Nov-22	DOMT	OGM	Board election.
10-Nov-22	DOMT	EGM	Considering approval some articles of the law.
13-Nov-22	AMES	OGM	A board reshuffle.
14-Nov-22	ETEL	Results	Announcing Q3 2022 results before the trading session.
14-Nov-22	CANA	EGM	Amending Article No. 4 of the bank's bylaws.
20-Nov-22	TALM	OGM	Approving financial statements ending 31 Aug. 2022 and the proposed dividends.
20-Nov-22	EAST	Cash dividend	Deadline for eligibility for a dividend of EGP1.60/share.
21-Nov-22	EAST	Cash dividend	Ex-dividend date for EGP1.60/share.
21-Nov-22	EGAL	Cash dividend	Deadline for eligibility for a dividend of EGP4.50/share.
22-Nov-22	EGAL	Cash dividend	Ex-dividend date for EGP4.50/share.
22-Nov-22	SKPC	EGM	Approving increasing the issued capital & amending Articles No. 6 & 7 of the company's bylaws.
23-Nov-22	EAST	Cash dividend	Payment date for a dividend of EGP1.60/share
24-Nov-22	EGAL	Cash dividend	Payment date for a dividend of EGP4.50/share
26-Nov-22	ALCN	OGM	Approving financial statements and the proposed dividends.
27-Nov-22	ACGC	OGM	Approving financial statements and the proposed dividends.
27-Nov-22	ACGC	EGM	Amending Article No. 21 of the company's bylaws.
30-Nov-22	ICLE	Cash dividend	Payment date for a dividend of EGP1.25/share (2nd installment).

LATEST RESEARCH

DATE	PUBLISHED REPORT
3-Nov-22	<u>TAKEStock – Telecom Egypt [ETEL] – Life Above 40</u>
19-Oct-22	<u>Lecico Egypt [LCSW] – A Fragile Tile?</u>
27-Sep-22	<u>Commercial International Bank [COMI]: Commander-in-Chief</u>
24-Sep-22	<u>TAKEStock: The Egyptian Banking Industry - The RRR Effect</u>
21-Sep-22	<u>EGYPTBanks – The Causal Sequence</u>
24-Aug-22	<u>Arabian Food Industries (Domty) – Core Coverage Report</u>
22-Aug-22	<u>Credit Agricole Egypt [CIEB] – Core Coverage Update</u>
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** **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

Prime Securities

Shawkat El Maraghy

Managing Director

T +20233005622

SElmaraghy@egy.primegroup.org

Sales

Mohamed Ezzat

Head of Sales & Branches

T +20233005784

MEzzat@egy.primegroup.org

Mohamed Ashmawy

Head of Institutional Sales

T +20233005612

MAshmawy@egy.primegroup.org

Amr Alaa CFTe

Team Head-Institutional Desk

T +20233005609

AAlaa@egy.primegroup.org

Mohamed ElMetwaly

Manager

T +20233005610

MElmetwaly@egy.primegroup.org

Emad El Safoury

Manager

T +20233005624

EElsafoury@egy.primegroup.org

Shawkat Raslan

Heliopolis Branch Manager

T +20233008130

SRaslan@egy.primegroup.org

Nashwa Abuelatta

Alexandria Branch Manager

T +20233005173

NAbuelatta@egy.primegroup.org

Research

Amr Hussein Elalfy CFA

Head of Research

T +20233005724

AElalfy@egy.primegroup.org

Head Office

Prime Securities S.A.E.

Regulated by FRA License No. 179.
Member of the Egyptian Exchange.

2 Wadi El Nil St., Liberty Tower, 7th Fl.
Mohandessin, Giza, Egypt

T +20233005700/770/650/649

F +20237607543

Branches

Heliopolis

7 Elheqaz Square
Heliopolis, Cairo, Egypt

T +20227770600

F +20227770604

Alexandria

7 Albert Al Awa St.
Smouha, Alexandria, Egypt

T +20233008170

F +20233054622

Website

www.primeholdingco.com

Disclaimer

Information included in this report has no regard to specific investment objectives, financial situation, advices or particular needs of the report users whether they received them directly or through any research pool and other specialized websites. The report is published for information purposes only and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Unless specifically stated otherwise, all price information is only considered as indicator. No express or implied representation or guarantee is provided with respect to completeness, accuracy or reliability of information included in this report. Past performance is not necessarily an indication of future results. Fluctuation of foreign currency rates of exchange may adversely affect the value, price, or income of any products mentioned in this report. Information included in this report should not be regarded by report users as a substitute for the exercise of their own due diligence and analysis based on own assessment and judgment criteria. Any opinions given are subject to change without notice and may significantly differ or be contrary to opinions expressed by other Prime business areas as a result of using different assumptions and criteria. Prime Group is under no obligation responsible to update or keep current the information contained herein. Prime Group, its directors, officers, employees or clients may have or have had interests or long or short positions in the securities and/or currencies referred to herein, and may at any time make purchases and/or sales in them as principal or agent. Prime Group, its related entities, directors, employees, and agents accept no liability whatsoever for any loss or damage of any kind arising from the use of all or part of these information included in this report whether it is received directly or through research pools and other specialized websites. Certain laws and regulations impose liabilities which cannot be disclaimed. This disclaimer shall, in no way, constitute a waiver or limitation of any rights a person may have under such laws and/or regulations. Furthermore, Prime Group or any of the group companies may have or have had a relationship with or may provide or have provided other services, within its objectives to the relevant companies.

Copyrights © 2022, Prime Group, ALL RIGHTS RESERVED. You are hereby notified that distribution and copying of this document is strictly prohibited without the prior approval of Prime Group.