

Earnings Season Kicks Off

TODAY'S TOP NEWS & ANALYSIS

Egypt's trade deficit widens by 21% y/y to USD3.58bn in October 2022

New amendments to the Value-Added Tax Law

SFE reportedly adds five state and military-owned companies to pre-IPO fund

New discovery of natural gas in the Nile Delta

The interbank market records USD750mn of transactions

EGP Treasury bills auction oversubscribed

Prime Minister sheds light on the future of exchange rate

Record-breaking standalone earnings for QNBA

Taaleem reported its Q1 2022/23 results

Al Ahly CIRA signs an agreement with a Canadian college

MACRO

Egypt's trade deficit widens by 21% y/y to USD3.58bn in October 2022

Egypt's trade deficit increased by 21% y/y to USD3.58bn in October 2022 compared to USD2.95bn a year before, according to **CAPMAS**. ([Hapi Journal](#))

New amendments to the Value-Added Tax Law

The **Egyptian government** amended the **Value-Added Tax (VAT)** Law to suspend VAT on industrial machinery purchases and to encourage investment in economic zones of a special nature by not charging the goods or services received for these projects with VAT. Suspension of tax payment will be for a one-year period from the date of release of machinery and equipment from customs or purchase from the local market. It is permissible for justified reasons acceptable to the authority to extend this period for another period or periods if the total of additional periods does not exceed one year as a maximum. ([Hapi Journal](#))

SFE reportedly adds five state and military-owned companies to pre-IPO fund

The Sovereign Fund of Egypt (SFE) has reportedly added military-owned firms **Safi** and **Wataniya** along with state-owned **Misr Life Insurance**, Banque du Caire [**BDQC**], and **Egyptian Linear Alkyl Benzene (Elab)** to its pre-IPO fund, precluding the sale of 20-30% stakes in each of these companies to strategic investors, with a roadshow to market the assets set to take place this month. ([Asharq Business](#))

New discovery of natural gas in the Nile Delta

Germany's Wintershall Dea has found natural gas in its East Damanhour exploration site in the onshore Nile Delta. Exploration activities began in November 2021. Development of the site will be linked with the infrastructure of the neighboring Disouq gas project, a joint venture between **Wintershall Dea** and **EGAS**. Early testing of the site has revealed production capabilities of 15mn cu ft/day. Ownership of the site is split between **Wintershall Dea, Cheiron Energy, INA, and EGAS**. ([Al-Mal](#))

The interbank market records USD750mn of transactions

For the first time in many months, the **Egyptian interbank market** recorded huge transactions of USD750mn last Wednesday, against an average of USD150mn. Sources reported that around USD250mn of the aforementioned volume came through foreign inflows to the system from international institutions. ([CBE](#), [Hapi Journal](#))

EGP Treasury bills auction oversubscribed

The auction for Treasury bills held by the **CBE** last Thursday witnessed a leap in accepted bids, where EGP51.8bn were sold with an average yield of 21% on the 182-day T-bills against EGP2.6bn the week before. Meanwhile, EGP30.4bn were sold on the 364-day T-bills with an average yield of 21.5% against EGP3.75bn the week before. ([CBE](#), [CNBC Arabia](#))

Prime Minister sheds light on the future of exchange rate

Prime Minister Moustafa Madbouly announced in a statement that the **Egyptian government's** aim is to end the FX black market in the future. Meanwhile, the government managed to clear goods worth of USD645mn last Wednesday and Thursday. ([CNBC Arabia](#))

CORPORATE

Record-breaking standalone earnings for QNBA

QNB Al Ahli [**QNBA**] reported its 2022 standalone financials, where its net income hit an all-time high of EGP10.1bn (+36% y/y). This was on the back of:

- A 31% y/y surge in net interest income (NII) to EGP19.6bn.
- Other operating income leaping to EGP973mn on FX gains vs. operating expenses of EGP222mn a year before.
- A 300% increase in net trading income to EGP436mn.

The unprecedented profits are reflected in a higher NIM of 6.08% vs. 5.86% and a higher ROAE of 20.7% vs. 17.9% in 2021. While the bank has been booking sky-high provisions ever since the year of the pandemic, it still increased its provisioning rate to 1.8% from 1.2% where its provisions hit EGP3.7bn. Yet, its coverage ratio decreased to 123% from 147% on higher NPLs of 4.9% from 3.7%. However, this increase is justifiable given the strong growth in gross loans of 25% to EGP231bn, which was driven by growth in foreign currency loans due to revaluation, while local currency loans only grew by 14% y/y. We note that growth is also attributed to corporate

short-term loans, where companies still look for working capital credit to meet their needs. QNBA's deposits have also seen a significant increase of 37% y/y to EGP407bn, giving the bank the capacity to increase, not only its loans but also, its investment in financial assets by 18% y/y to EGP107bn, making the best use of the high sovereign yield and its interbank assets by 87% y/y to EGP30bn. This, in turn, caused **GLDR** to drop to 57% from 62% a year before.

This year was extremely efficient for QNBA as it managed to increase its effective yield to 12.2% while maintaining its cost of funds at 5.9%. Also, the cost-to-income ratio dropped to 17.7% from 24.7% and the bank's CAR increased slightly to 22.99% despite the EGP devaluation. Overall, this amazing performance by QNBA for the year led the board to propose an EGP1.5/share dividend distribution, implying a payout ratio of 32% and a 7.7% yield. QNBA is now trading at a P/E of 4.1x and a P/BV of 0.8x. (Company disclosures: [1](#), [2](#))






















Taaleem reported its Q1 2022/23 results





















Taaleem Management Services' [**TALM**] consolidated net profits rose to EGP107mn (+50% y/y) in Q1 2022/23 on the back of higher revenues of EGP230mn (+34% y/y). Revenues grew due to the number of student enrollments doubling in the academic year 2022/23, reaching 1,868 enrollments. Moreover, gross profit and EBITDA margins improved to 76% (+5pp y/y) and 65% (+4pp y/y), respectively. ([Company disclosure](#))

Al Ahly CIRA signs an agreement with a Canadian college

Al Ahly CIRA, a subsidiary of CIRA Education [**CIRA**], signed an MoU with Toronto-based Seneca College. The partnership will bring two branches of Seneca College's applied arts and technology colleges to be located in West and East Cairo, **Egypt**. ([Arab Finance](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)						1,020.4	
						daily chg.	ytd chg.
		EGX 30	15,551.47	0.15%	6.53%		
		EGX 30 TR	6,406.24	0.33%	6.69%		
		EGX 70 EWI	2,807.08	(0.07%)	0.18%		
		EGX 100 EWI	4,234.81	0.16%	2.15%		
		DFMGI	3,323.96	0.32%	(0.36%)		
		ADSMI	10,210.55	0.57%	(0.01%)		
		TASI	10,744.22	1.19%	2.54%		
		QE Index	10,990.21	(2.52%)	2.89%		
		S&P 500	3,999.09	0.40%	4.16%		
		Dow 30	34,302.61	0.33%	3.49%		
		NASDAQ	11,079.16	0.71%	5.85%		
		VIX	18.35	(2.55%)	(15.32%)		
		STOXX 50	4,150.80	0.58%	9.42%		
EM		MSCI Emerging	1,029.85	1.13%	7.68%		
FM		MSCI Frontier	491.35	0.54%	4.03%		

Equity turnover (EGPmn): Last, ytd avg.				2,595.5		2,805.7	
				daily chg.	ytd chg.		
		Gold	1,920.23	1.22%	5.27%		
		Silver	24.26	2.05%	1.29%		
		Brent Oil	85.28	1.49%	(0.73%)		
		WTI	79.86	1.88%	(0.50%)		
		Natural Gas	3.42	(7.47%)	(23.60%)		
EGP		USD/EGP	29.55	(0.01%)	(16.26%)		
€		EUR/USD	1.08	(0.21%)	1.17%		
£		GBP/USD	1.22	0.14%	1.19%		
¥		USD/JPY	127.87	1.08%	2.54%		
		6M TB yield	21.03	44	186		
		1Y TB yield	21.52	63	261		
		10Y TB yield	14.68	0	0		
		2Y TB yield	4.23	1	(19)		
		10Y TB yield	3.50	(4)	(37)		
		30Y TB yield	3.61	(6)	(35)		

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

Source: Bloomberg, CBE.

KEY DATES

DATE	TICKER	TYPE	EVENT
15-Jan-23	RAYA	Cash dividend	Payment date for a dividend of EGP0.035/share.
15-Jan-23	CIRA	OGM	Approving financial statements and the proposed dividends.
15-Jan-23	CIRA	EGM	Amending article No. 2 of the company's bylaws.
16-Jan-23	HELI	Cash dividend	Payment date for a dividend of EGP0.05/share (1st installment).
16-Jan-23	ADIB	Capital increase	Capital increase subscription closing date.
17-Jan-23	EHDR	OGM	Discussing netting contracts & board election.
17-Jan-23	EHDR	EGM	Discussing cancelling reward system.
18-Jan-23	CCAP	EGM	Discussing reward system for the Board members.
22-Jan-23	EMFD	EGM	Amending article No. 3 of the company's bylaws.
22-Jan-23	PHDC	OGM	Discussing netting contracts.
25-Jan-23	CLHO	EGM	Discussing capital reduction by cancelling treasury stocks & amending Articles No. 6 & 7 of the company's bylaws.
2-Feb-23	SPMD	EGM	Approving increasing the issued capital & amending Articles No. 6 & 7 of the company's bylaws.
5-Feb-23	EXPA	OGM	Ratifying 2023's budget.
9-Feb-23		MSCI	MSCI's February 2023 Quarterly Index Review Announcement.

LATEST RESEARCH

DATE	PUBLISHED REPORT
18-Dec-22	<u>Elsewedy Electric [SWDY] – Turning Copper Into Gold</u>
5-Dec-22	<u>Commercial International Bank [COMI] – Still Spearheading</u>
28-Nov-22	<u>Abu Dhabi Islamic Bank - Egypt [ADIB] – Unmitigated Temerity</u>
20-Nov-22	<u>Alexandria Containers & Cargo Handling Co. [ALCN] – Gateway of the North</u>
14-Nov-22	<u>Obour Land for Food Industries [OLFI] – Wise and Clever</u>
13-Nov-22	<u>STANDPoint – Time to Catch Up: Updating our fundamental outlook</u>
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 [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**](#)

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 © 2023, 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.