

Keyword: Acquisitions

TODAY'S TOP NEWS & ANALYSIS

Egypt's net international reserves slightly improve in January 2023

Contraction in Egyptian non-oil private sector activity for the 26th consecutive month

Ministry of Transportation denies any negotiations with AD Ports Group

Concord Investments eyes investments in Egyptian healthcare sector

Foreign investors interested in acquiring SEMADCO

EGP devaluation saves EGBE's balance sheet growth in 2022

A 10% stake in Helwan Fertilizers sold for EGP1.3bn, neutral for Abu Qir Fertilizers

ISPH signs an agreement with Boehringer Ingelheim

AAIB negotiates selling its stake in Palm Hills Developments to Al-Ain Holding

Palm Hills Developments gets approval to reduce its capital by EGP120mn

Egyptian Satellites' 2022 preliminary results show a 27% growth in net profits

Speed Medical to raise its paid-in capital; sells Speed Hospital

Macro Group to decrease its paid-in capital

MACRO

Egypt's net international reserves slightly improve in January 2023

For the fifth month in a row, **Egypt's net international reserves (NIR)** increased in January 2023 to USD34.2bn from USD34bn in December 2022. ([CBE](#))

Contraction in Egyptian non-oil private sector activity for the 26th consecutive month

Egypt's Purchasing Managers' Index (PMI) for the **non-oil private sector** fell to 45.5 in January 2023 from 47.2 in December 2022, well below the 50.0 threshold that marks growth in activity, as high inflation and a continued shortage of foreign currency still weighs on business. ([Reuters](#))

Ministry of Transportation denies any negotiations with AD Ports Group

Ministry of Transportation has denied any ongoing negotiations with **AD Ports Group** to sell development and management rights of **Suez Port**. News has falsely reported a potential takeover by the ADQ-owned company of the port under a usufruct contract, which the ministry completely dismissed. (Economy plus)



Concord Investments eyes investments in Egyptian healthcare sector

New York-based **Concord International Investments Group** eyes investment opportunities in the Egyptian healthcare sector that amount to USD40mn as per management's statement. (Economy plus)

Foreign investors interested in acquiring SEMADCO

Sources allege that foreign and GCC investors have shown interest in acquiring a stake in **El-Nasr for Fertilizers & Chemical Industries Co. (SEMADCO)**, a subsidiary fully owned by The Chemical Industries Holding Company and is under the ministry of public business sector. (Economy plus)

CORPORATE

EGP devaluation saves EGBE's balance sheet growth in 2022

Egyptian Gulf Bank [**EGBE**] has announced the full results for 2022. The bank managed to grow its net income by 23% y/y to EGP856mn which was mainly due to:
(1) Significant decrease in the bank's effective tax rate to 47% against 55% last year
(2) A 10% y/y increase in net interest income to EGP3bn.

This growth in net income came despite:

- maintaining the same level of Cost of Risk at -1%
- other operating expenses of EGP12mn against other operating income of EGP90mn last year
- 4.4pp increase in cost-to-income ratio reaching 46%.

EGBE's main remarkable figure of 2022 would be the substantial growth in the bank's loan book by 52% ytd to EGP28.4bn which was on the back of growth in foreign currency loans due to revaluation after the EGP devaluation, which brought EGBE's GLDR up to 40% from 29%. This growth also positively affected the bank's credit quality as the NPL ratio decreased from 5.84% in 2021 to 4.55% in 2022 with a coverage ratio of 120%.

On the deposits side, the bank grew its deposits by 11% ytd to EGP71.7bn in a year of fierce competition, also attributable to foreign currency deposits. We note that EGBE's asset repricing gap turned negative in 2022 amounting to -3.9% of total assets, which makes the event of increasing interest rates harmful to the bank. While EGBE's net foreign currency increased to 1% of total equity against 0.08% last year, making the bank a beneficiary of further EGP devaluations.

The bank's NIM remained flat y/y at 4.38%, while ROAE increased by 3.6pp to 15.50%. As for the bank's multiples, EGBE is currently traded at a P/E of 8.5x and a P/BV of 1.4x. ([Bank disclosure](#))



A 10% stake in Helwan Fertilizers sold for EGP1.3bn, neutral for Abu Qir Fertilizers

According to the daily report of the **Egyptian Exchange** published on February 2, 2023, a 10% stake in **Helwan Fertilizers Company (HFC)** was sold for a total value of EGP1.3bn representing 15mn shares. We note that Abu Qir Fertilizers [**ABUK**] owns a 17% stake in HFC. Using the deal value, we calculate that HFC was valued at EGP13.1bn, which implies EGP2.2bn for ABUK's stake.

We had included the value of ABUK's stake in HFC at a value of EGP2.1bn in our price target of EGP40.6/share. Thus, the deal value is higher than ours by some 7%. If we use the implied deal value, our valuation of ABUK would increase by only EGP0.12/share, representing merely 0.3% of ABUK's market price.

According to our estimates, the implied P/E multiple from the deal using HFC's 2021 earnings of USD101mn is 4.3x (at yesterday's exchange rate of EGP30/USD). We believe the effect of the deal on ABUK's share is neutral, given that the valuation resulting from the HFC deal is very close to our valuation. (EGX, Prime Research)

ISPH signs an agreement with Boehringer Ingelheim

Ibnsina Pharma [**ISPH**] signed an agreement with **Boehringer Ingelheim** to distribute its treatments across cardiovascular, cardio-renal-metabolic and respiratory therapeutic areas in **Egypt**. ([Company disclosure](#))

AAIB negotiates selling its stake in Palm Hills Developments to Al-Ain Holding

Arab African International Bank (AAIB) is reportedly negotiating selling its 12.7% stake in Palm Hills Developments [**PHDC**] to **Al-Ain Holding**, a UAE-based investment company. ([Asharq business](#))

Palm Hills Developments gets approval to reduce its capital by EGP120mn

The **Financial Regulatory Authority (FRA)** approved Palm Hills Developments Co [**PHDC**] capital reduction from EGP6bn to EGP5.9bn by writing off 60mn treasury shares with a par value of EGP2/share, totaling EGP120mn. ([FRA](#))

Egyptian Satellites' 2022 preliminary results show a 27% growth in net profits

Egyptian Satellites' [**EGSA**] 2022 preliminary net profits grew to USD39mn (+26.7% y/y) despite a decline in revenues to USD99.9mn (-10.7% y/y). Meanwhile, gross profit margin expanded by 25pp y/y to 45.5%. ([Company disclosure](#))

Speed Medical to raise its paid-in capital; sells Speed Hospital

Speed Medical [**SPMD**] EGM approved the BoD proposals to:

- (1) Increase the paid-in capital by EGP111mn through a rights issue, offering c.555mn shares at a par value of EGP0.2/share.
- (2) Sell the full stake of 80.25% in **Speed Hospital** located in Obour City. ([Company disclosure](#))



Macro Group to decrease its paid-in capital

Macro Group Pharmaceuticals [MCRO] will hold an EGM to discuss decreasing its paid-in capital by 1.24% or EGP1.4mn, through terminating c.7.2mn treasury shares. The total outstanding shares after the capital decrease will be c.570mn shares. ([Company disclosure](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
1,037.8					1,775.2 2,533.0				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
		EGX 30	16,265.92	0.06%	11.42%			Gold	1,864.97 (2.50%) 2.96%
		EGX 30 TR	6,700.82	0.14%	11.59%			Silver	22.35 (4.75%) (6.08%)
		EGX 70 EWI	2,758.68	(2.87%)	(1.54%)			Brent Oil	79.94 0.43% (6.27%)
		EGX 100 EWI	4,170.73	(2.09%)	0.61%			WTI	73.39 0.31% (8.49%)
		DFMGI	3,382.90	0.52%	1.40%			Natural Gas	2.41 2.03% (45.05%)
		ADSMI	9,931.09	0.74%	(2.74%)	EGP		USD/EGP	30.30 (0.11%) (18.47%)
		TASI	10,558.58	(1.34%)	0.76%	€		EUR/USD	1.08 0.02% 0.86%
		QE Index	10,654.55	(0.41%)	(0.25%)	£		GBP/USD	1.21 0.09% (0.13%)
		S&P 500	4,136.48	(1.04%)	7.73%	¥		USD/JPY	131.19 (1.91%) (0.46%)
		Dow 30	33,926.01	(0.38%)	2.35%			6M TB yield	21.49 12 232
		NASDAQ	12,006.96	(1.59%)	14.72%			1Y TB yield	22.04 8 313
		VIX	18.33	(2.14%)	(15.41%)			10Y TB yield	14.68 0 0
		STOXX 50	4,257.98	0.40%	12.24%			2Y TB yield	4.29 18 (14)
EM		MSCI Emerging	1,038.71	(0.66%)	8.61%			10Y TB yield	3.52 10 (35)
FM		MSCI Frontier	496.53	(0.16%)	5.13%			30Y TB yield	3.61 4 (35)

* As of market close, except for commodities and currencies at 8.35am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

KEY DATES

DATE	TICKER	TYPE	EVENT
8-Feb-23	ALCN	Cash dividend	Deadline for eligibility for a dividend of EGP1.113/share.
9-Feb-23	ALCN	Cash dividend	Ex-dividend date for EGP1.113/share.
9-Feb-23		MSCI	MSCI's February 2023 Quarterly Index Review Announcement.
9-Feb-23	ORAS	Cash dividend	Payment date for a dividend of EGP5.54/share.
13-Feb-23	ALCN	Cash dividend	Payment date for a dividend of EGP1.113/share.
16-Feb-23	QNBA	OGM	Approving financial statements ending 31 Dec. 2022 and the proposed dividends.
16-Feb-23	QNBA	EGM	Amending articles No. 4, 23, 27, 29, 30, 39 & 45 of the bank's bylaws.
16-Feb-23	RTVC	EGM	Approving valuation & selling Stella Di Mare Sharm El-Sheikh.
18-Feb-23	HELI	OGM	Cancelling the bidding for the development of "Heliopark Land" project and looking into BoD allowances.
18-Feb-23	PHAR	EGM	Discussing the capital increase & amending Articles No. 6 & 7 of the company's bylaws.
22-Feb-23	AMOC	Cash dividend	Payment date for a dividend of EGP0.25/share (2nd installment).



25-Feb-23	OLFI	OGM	Approving financial statements ending 31 Dec. 2022 and the proposed dividends.
28-Feb-23	BTFH	EGM	Approving increasing the issued capital & amending Articles No. 6 & 7 of the company's bylaws.

LATEST RESEARCH

DATE	PUBLISHED REPORT
29-Jan-23	<u>STANDPoint – The Year of Adjustment; Our fundamental outlook for 2023</u>
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 [MACROView – On the Back Foot](#)
- 2-Mar-22 [MACROView – Calculating the Ferocity](#)
- 1-Mar-22 [Housing & Development Bank \[HDBK\] – Credit Provisions Flattened Earnings Growth](#)
- 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](#)
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- 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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