

Breaking Higher Waves

NEW RESEARCH

Alexandria Containers Handling [ALCN] – Breaking Higher Waves

On 20 November 2022, we published a Core Coverage report on Alexandria Containers & Cargo Handling Co. [ALCN] with an Overweight rating and a 12MPT of EGP16.9/share. The stock price has exceeded that 12MPT, having rallied 39% since then from EGP13.05/share. The USD has also strengthened against the EGP, which in consequence led to a higher revenue per container in H1 2022/23 (+73% y/y). Hence, we updated our model for ALCN, which resulted in a higher 12MPT of EGP27.5/share, thanks to the stronger USD, offering a 52% upside. Thus, we maintain our Overweight/Medium Risk rating.

We also note that today, 9 February 2023, is the ex-dividend date for ALCN's EGP1.11/share dividend payment. Thus, we adjust our 12MPT down to EGP26.1/share, still implying an upside of 57% (based on yesterday's DPS-adjusted closing price).

For the full Core Coverage update, please [click here](#).

TODAY'S TOP NEWS & ANALYSIS

Egypt to sell stakes in 32 state companies within a year through March 2024

Inflation in Egypt jumps to the highest level in more than 5 years

Egypt's government studies creating electricity pricing committee every 3 or 6 months

Egypt negotiates to import Serbian wheat; finance wheat & grain silos

CI Capital Holding closes a securitization bond for Aman

Export Development Bank of Egypt's OGM approves 2023 budget

Contact Financial Holding and Global Auto partnered to form a firm

Overcrowding of export containers in Alexandria Container Handling Co.'s terminal

MACRO

Egypt to sell stakes in 32 state companies within a year through March 2024

Following Wednesday's **Cabinet** meeting, the **Prime Minister** announced that:

- 32 companies will be offered for sale either through IPOs on the **EGX** or by selling stakes to strategic investors.
- The companies are distributed over 18 sectors, including three banks namely, Banque du Caire [BQDC], **Arab African International Bank (AAIB)**, and **The United Bank**. Meanwhile, **National Co. for Natural Water (Safi)** and **National Petroleum Co. (Wataniya)**, two military-owned companies, are also included.
- The offering will take place within a year, and at least 25% of the companies will be offered during H1 2023. ([Asharq Business](#))

Inflation in Egypt jumps to the highest level in more than 5 years

The increase in food prices and the EGP devaluation prompted an acceleration of inflation in **Egypt** during January, reaching its highest level in more than 5 years, to record 25.8% in January 2023 y/y, compared to 21.3% in December 2022, according to **CAPMAS**. The inflation exceeded **Prime Research's** expectation of 23.8%. ([Asharq business](#))

Egypt's government studies creating electricity pricing committee every 3 or 6 months

The **Egyptian government** suggested creating an electricity pricing committee that meets every 3 or 6 months, similar to the fuel pricing committee. This is due to the EGP devaluation and the increased prices of oil and gas. Currently, electricity prices are based on the exchange rate of EGP18/USD. Therefore, the government plans to increase electricity prices by July 2023. ([Asharq Business](#))

Egypt negotiates to import Serbian wheat; finance wheat & grain silos

The **Minister of Supply** announced that there are:

- Negotiations with the **Serbian** side to import up to 1mn tons of wheat through Constanta port.
- Discussions with the **European Investment bank** to finance silos for storing wheat and grains in Damietta port, with a capacity of 200,000 tons, in addition to other 5 silos with a capacity of 5,000 tons each. ([CNBC Arabia](#))

CORPORATE

CI Capital Holding closes a securitization bond for Aman

CI Capital Holding [**CICH**] closed an EGP403mn securitization bond for **Aman**, a Raya Holding [**RAYA**] subsidiary, as part of an EGP5bn program. The bond is comprised of three tiers (13, 37, and 56 months). ([Mubasher](#))

Export Development Bank of Egypt's OGM approves 2023 budget

Export Development Bank of Egypt's [EXPA] OGM approved the bank's budget for 2023. The budget targets a 21% growth in loans to EGP52bn, with focus on retail loans to represent 15% of total loan book in 2023 against 12% in 2022. Meanwhile, a 12% growth is targeted for deposits to EGP82.7bn, with focus on local-currency deposits. The bank also targets total assets growth of 12% to EGP101bn and growth in net fees and commissions of 25% to EGP624mn. ([Bank disclosure](#))










































Contact Financial Holding and Global Auto partnered to form a firm

Contact Financial Holding [CNFN] and **Global Auto** will establish a consumer finance arm to finance the latter's services. CNFN will also provide its insurance services to Global Auto's clients. ([Mubasher](#))

Overcrowding of export containers in Alexandria Container Handling Co.'s terminal

There has reportedly been overcrowding of export containers currently in Alexandria Container Handling [ALCN] terminal in Alexandria port, which is due to insufficient space for storing containers in the terminal. This might affect the flow of exports temporarily. ([Al-Mal](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.			
1,071.0					1,935.0 2,450.8			
			daily chg.	ytd chg.			daily chg.	ytd chg.
	 EGX 30	16,948.08	0.28%	16.09%		 Gold	1,875.49	0.13% 3.09%
	 EGX 30 TR	6,980.76	0.28%	16.25%		 Silver	22.32	0.67% (6.41%)
	 EGX 70 EWI	2,831.29	(0.65%)	1.05%		 Brent Oil	85.09	0.13% (0.53%)
	 EGX 100 EWI	4,277.88	(0.72%)	3.19%		 WTI	78.47	0.08% (2.39%)
	 DFMGI	3,417.01	0.36%	2.43%		 Natural Gas	2.40	1.04% (45.90%)
	 ADSMI	10,007.57	0.04%	(1.99%)	EGP	 USD/EGP	30.37	(0.25%) (18.65%)
	 TASI	10,507.72	0.37%	0.28%	€	 EUR/USD	1.07	0.25% 0.32%
	 QE Index	10,502.40	(0.66%)	(1.67%)	£	 GBP/USD	1.21	0.18% 0.09%
	 S&P 500	4,117.86	(1.11%)	7.25%	¥	 USD/JPY	131.40	(0.25%) (0.12%)
	 Dow 30	33,949.01	(0.61%)	2.42%		 6M TB yield	21.49	12 232
	 NASDAQ	11,910.52	(1.68%)	13.80%		 1Y TB yield	22.04	8 313
	 VIX	19.63	5.20%	(9.41%)		 10Y TB yield	14.68	0 0
	 STOXX 50	4,209.15	(0.00%)	10.95%		 2Y TB yield	4.42	(4) (0)
EM	 MSCI Emerging	1,020.58	0.50%	6.71%		 10Y TB yield	3.61	(6) (27)
FM	 MSCI Frontier	494.16	0.34%	4.62%		 30Y TB yield	3.67	(4) (29)

* 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
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).
22-Feb-23	SKPC	Stock dividend	Last date for eligibility for a 0.20-for-1 stock dividend.
23-Feb-23	SKPC	Stock dividend	Date for distributing a 0.20-for-1 stock dividend.
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.
1-Mar-23	PHDC	EGM	Discussing decreasing paid in capital by EGP120mn.
1-Mar-23		MSCI	MSCI's February 2023 Quarterly Index Review Effective Date.

LATEST RESEARCH

DATE	PUBLISHED REPORT
8-Feb-23	<u>Alexandria Containers Handling [ALCN] – Breaking Higher Waves</u>
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	<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>

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