

New Week, New Results

TODAY'S TOP NEWS & ANALYSIS

Annual core inflation rose to 31.2% y/y in January

Moody's downgrades deposit ratings of five Egyptian banks

Egypt's External debt repayment expected to reach USD35.1bn between Jan. and Sep.

FDI in Alamein refinery worth USD7bn

The Cabinet denies establishing an electricity pricing committee

Ezz Steel and Heliopolis for Housing have been added to MSCI Global Small Cap index

FX gains push FAIT's 2022 net income to an all-time high

SODIC's 2022 results shows a 39% y/y drop in net income

Sheeni's H1 2022/23 net income back to the positive territory

Overcrowding ends in Alexandria Container Handling Co. terminal

MACRO

Annual core inflation rose to 31.2% y/y in January

Annual **core inflation** rose to 31.2% y/y from 24.4% y/y in December. Monthly core CPI inflation also rose to 6.3% in January compared to 2.6% in December 2022. ([Al-Mal](#))

Moody's downgrades deposit ratings of five Egyptian banks

In an anticipated move that followed the downgrade of **Egypt**'s credit rating last Wednesday, Moody's downgraded the long-term bank deposit ratings of five Egyptian banks by one notch each. **National Bank of Egypt (NBE)**, **Banque Misr (BM)**, Banque Du Caire [**BQDC**] and Commercial International Bank [**COMI**] were downgraded from B2 to B3, while **Bank of Alexandria** was downgraded from B1 to B2, all with a stable deposit outlook. ([Moody's](#))

Egypt's external debt repayments to reach USD35.1bn between January and September

Egypt's external debt repayments are expected to reach USD35.1bn in the period between January and September 2023, with debt repayment peaking at USD9.2bn in March. ([CNN Business](#))

FDI in Alamein refinery worth USD7bn

Egypt's Prime Minister announced that investments in the **El-Alamein Complex for Refining & Petrochemicals** have amassed up to USD7bn in foreign direct investments. The complex will utilize crude oil from wells in the Western Desert for refining and use in petrochemicals. ([Hapi Journal](#))

The Cabinet denies establishing an electricity pricing committee

Last week, news sources reported that the **Egyptian government** was considering creating an electricity pricing committee similar to the fuel pricing committee. The **Cabinet's Information & Decision Support Center** released a statement denying such claims and reassured the public that electricity bills have not changed. ([Cabinet](#))

Russia to cut oil production in March

Russia's Deputy Prime Minister announced that his country plans to reduce its crude oil production in March by 500,000 bbl/day, equivalent to about 5% of its output. Russia is trying to combat the **EU's** latest price cap on its fuel products. Following the announcement, **Brent** reached USD86.39/bbl (+2.2% for the day) while US oil reached USD79.72 (+2.1% for the day). Two OPEC+ delegates said that OPEC+ would not change its output levels after the announcement. Oil prices have been posting weekly gains (Brent +8.1% w/w, US oil +8.6% w/w) as a result of supply chain fears after the closure of **Turkey's** oil-export terminal at Ceyhan following the earthquake. Meanwhile, the cost of shipping gasoline and fuel on tankers surged this week after the latest sanctions on Russia. Daily earnings of small Atlantic fuel tankers increased by 400% for the week to USD55,857 as more tankers choose to ship for Russia, leaving fewer vessels serving other petroleum exporters. ([Reuters](#), [Barron's](#), [Bloomberg](#))

CORPORATE

Ezz Steel and Heliopolis Housing & Development added to MSCI Global Small Cap index

The **MSCI** Semi-Annual Index Review resulted in the inclusion of Ezz Steel [**ESRS**] and Heliopolis Housing & Development [**HELI**] in **MSCI Global Small Cap index**. The rebalancing will take place as of 28 February 2023 closing. ([Al-Mal](#))

Faisal Islamic Bank of Egypt's 2022 net income hits an all-time high on FX gains

Faisal Islamic Bank of Egypt [**FAIT**] announced 2022 results. Below are our key takeaways:

- Net income reached an all-time high of EGP4.5bn (+67% y/y) on the back of sky-high FX gains of EGP2.5bn due to the EGP devaluation. As we noted before on several occasions, FAIT has a huge net long foreign currency position that now represents 35% of its total equity.
- This record-breaking earnings came despite the 19% y/y decrease in net interest income (NII) to EGP4.4bn because of the much higher cost of funds. Interest expense increased by 42% y/y, while interest income increased by only 11%, hence the decrease in NII.
- The bank reversed some credit provisions or EGP153mn in 2022 against booked provisions of EGP206mn in 2021.

- The effective tax rate decreased significantly from 38% in 2021 to 27% in 2022, as the bank was able to generate more interest income from other sources than Treasury bills.
- In terms of balance sheet growth, the loan book grew by only 5% y/y to EGP14.5bn by end of 2022 on the back of foreign-currency loans, with an almost doubled NPL ratio of 2.9% and a much lower coverage ratio of 149%. Meanwhile, deposits grew by 13% y/y to EGP123.6bn, similarly due to foreign-currency deposits.
- As usual for FAIT, debt securities represented the biggest share of total assets of 58% in 2022 although lower than the year before due to 26% higher interbank assets of EGP23.5bn.
- FAIT's positive asset repricing gap widened to 12% of total assets, which makes the bank a bigger beneficiary of upcoming interest rate hikes.
- FAIT's NIM declined by 1.5pp to 3.7% on a lower NII, while ROAE widened to 23% from 17% a year earlier.
- FAIT's BoD proposed distributing a cash dividend of EGP1.98/share, implying a 7.4% yield and a payout ratio of 27%.
- FAIT is currently traded at a P/E of 3.4x and a P/B of 0.7x. ([Bank disclosure](#))

SODIC's 2022 net income drop 39% y/y

SODIC [**OCDI**] 2022 results showed the following:

- A drop of 39% y/y in net income to EGP520mn, on a higher provision charges.
- Revenues came in at EGP7.8bn compared to EGP6.9bn a year before (+12.8% y/y), where:
 - Real estate sales increased by 16.9% y/y to EGP7.2bn.
 - Management of compounds revenues increased by 7.7% y/y to EGP406mn.
 - Real estate investment revenues increased by 30% y/y to EGP54mn.
 - Revenues from clubs decreased 67% y/y to EGP101mn.
- GPM dropped to 28% (-5.8pp y/y), affected by an EGP542mn provision charge related to a revaluation of its backlog in view of higher inflation, higher interest rates, and the EGP devaluation.
- Net financing income grew 7x y/y to EGP60mn. ([Company disclosure](#))











































Sheeni's H1 2022/23 net income back to the positive territory

The General Co. for Ceramics & Porcelain Products' (Sheeni) [**PRCL**] H1 2022/23 results showed net profits of EGP46.5mn compared to a net loss of EGP28.5mn the previous year. Despite having incurred a gross loss of EGP7mn in 2022 (implying a GPM of -5.8%), PRCL generated an operating profit, mainly due to EGP62.4mn in other revenues. Revenues increased by 15% y/y to EGP120.5mn powered by selling 2,263,000 sqm of ceramics (+7% y/y). ([Company disclosure](#))

Overcrowding ends in Alexandria Container Handling's terminal

The overcrowding of export containers last Thursday in the terminal of Alexandria Container Handling [**ALCN**] in Alexandria Port has reportedly been solved. The issue was solved by supplying additional storage space for containers in the terminal. ([Al-Mal](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)						1,098.1		Equity turnover (EGPmn): Last, ytd avg.				2,447.9		2,449.5			
						daily chg.		ytd chg.						daily chg.		ytd chg.	
		EGX 30	17,613.78	3.93%	20.65%			Gold	1,865.57	0.20%			2.28%				
		EGX 30 TR	7,254.00	3.91%	20.80%				Silver	22.00	0.12%			(8.14%)			
		EGX 70 EWI	2,879.66	1.71%	2.77%					Brent Oil	86.39	2.24%			0.86%		
		EGX 100 EWI	4,365.31	2.04%	5.30%					WTI	79.72	2.13%			(0.91%)		
		DFMGI	3,453.85	0.24%	3.53%					Natural Gas	2.51	3.46%			(43.82%)		
		ADSMI	10,023.05	0.12%	(1.84%)		EGP			USD/EGP	30.50	(0.02%)			(18.91%)		
		TASI	10,412.16	(0.91%)	(0.63%)	€		EUR/USD	1.07	(0.58%)			(0.25%)				
		QE Index	10,424.20	(0.74%)	(2.40%)	£		GBP/USD	1.21	(0.49%)			(0.17%)				
		S&P 500	4,090.46	0.22%	6.54%	¥		USD/JPY	131.36	0.18%			(0.18%)				
		Dow 30	33,869.27	0.50%	2.18%			6M TB yield	21.59	9			242				
		NASDAQ	11,718.12	(0.61%)	11.96%			1Y TB yield	22.13	9			322				
		VIX	20.53	(0.87%)	(5.26%)			10Y TB yield	14.68	0			0				
		STOXX 50	4,197.94	(1.23%)	10.66%				2Y TB yield	4.52	10			9			
EM		MSCI Emerging	1,013.67	(1.06%)	5.99%			10Y TB yield	3.73	12			(14)				
FM		MSCI Frontier	493.13	(0.21%)	4.41%			30Y TB yield	3.82	15			(15)				

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

Source: Bloomberg, CBE.

KEY DATES

DATE	TICKER	TYPE	EVENT
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.
26-Feb-23	CANA	Stock dividend	Last date for eligibility for a 0.24-for-1 stock dividend.
27-Feb-23	CANA	Stock dividend	Date for distributing a 0.24-for-1 stock dividend.

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	Alexandria Containers Handling [ALCN] – Breaking Higher Waves
29-Jan-23	STANDPoint – The Year of Adjustment; Our fundamental outlook for 2023
18-Dec-22	Elsewedy Electric [SWDY] – Turning Copper Into Gold
5-Dec-22	Commercial International Bank [COMI] – Still Spearheading
28-Nov-22	Abu Dhabi Islamic Bank - Egypt [ADIB] – Unmitigated Temerity
20-Nov-22	Alexandria Containers & Cargo Handling Co. [ALCN] – Gateway of the North
14-Nov-22	Obour Land for Food Industries [OLFI] – Wise and Clever
13-Nov-22	STANDPoint – Time to Catch Up; Updating our fundamental outlook
3-Nov-22	TAKEStock – Telecom Egypt [ETEL] – Life Above 40
19-Oct-22	Lecico Egypt [LCSW] – A Fragile Tile?
27-Sep-22	Commercial International Bank [COMI]: Commander-in-Chief
24-Sep-22	TAKEStock: The Egyptian Banking Industry - The RRR Effect
21-Sep-22	EGYPTBanks – The Causal Sequence
24-Aug-22	Arabian Food Industries (Domty) – Core Coverage Report
22-Aug-22	Credit Agricole Egypt [CIEB] – Core Coverage Update
31-Jul-22	Ghazl El-Mahalla Football Co. [GMFC] - IPO Update
14-Jun-22	Ghazl El-Mahalla Football Co. [GMFC] - In a League of Its Own
8-Jun-22	TAKEStock – Delta Sugar [SUGR] - Sweet and Sour
7-Jun-22	TAKEStock – Orascom Financial Holding [OFH] - Triple-Digit Upside
25-May-22	TAKEStock – The Egyptian Cement Industry - Gauging the Impact
23-May-22	Cairo for Investment & Real Estate Development [CIRA] – Head of the Class
19-May-22	MACROView – A New Game Plan
17-May-22	MACROView – All Uphill from Here
15-May-22	EGYPTBanks – Harness the Hike
15-May-22	TAKEStock – Hidden “valu”
28-Apr-22	MACROView – Din of Battle Getting Louder
17-Apr-22	MACROView – Before the Grand Storm
14-Apr-22	EFG Hermes Holding [HRHO] – Rating Cut on Withdrawal of FAB’s Bid
12-Apr-22	MACROView – Mounting External Vulnerabilities
10-Apr-22	MACROView – Much Higher Inflation ... and Longer
24-Mar-22	EFG Hermes Holding [HRHO] – The Best Is Yet to Come
23-Mar-22	CI Capital Holding [CICH] – A Year to Remember
22-Mar-22	Orascom Construction [ORAS] – A Clear Devaluation Winner

- 10-Mar-22 [MACROView – The Dizzying Speed](#)
- 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](#)
- 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](#)

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

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