

Strategic Investments

TODAY'S TOP NEWS & ANALYSIS

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Newly-discovered Nargis-1 well possesses reserves of 2.5tn cf

Additional fees for oil tankers crossing the Suez Canal

Turkey's earthquake paralyzes a third of its steel production

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HRHO undergoes a change in its a shareholder structure

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MACRO

New players to join United Bank's acquisition

As per **Budget & Planning Committee's** head, **KSA-based Al-Rajhi Bank** and **Riyad Bank** are interested to join the acquisition of the **United Bank of Egypt. Public Investment Fund (PIF)**, the sovereign wealth fund of **Saudi Arabia**, is originally the main player as it had already completed due-diligence to fully acquire the bank for around USD600mn. ([Al-Mal](#))

Up to 20% of Helwan Fertilizers will be offered for strategic investors

According to undisclosed sources, the government is willing to sell up to 20% of **Helwan Fertilizers** to strategic investors. The sources added that **Public Investment Fund (PIF)** and **Abu Dhabi Developmental Holding Company (ADQ)** are eyeing a stake in the company. State-owned **Metallurgical Industries Holding, National Investment Bank (NIB)** and the **Agriculture Ministry** are probably the main sellers. ([Al-Mal](#))

Newly-discovered Nargis-1 well possesses reserves of 2.5tn cf

The **Minister of Petroleum & Mineral Resources** revealed that the reserves of the Nargis-1 natural gas well, discovered on 15 January, could reach 2.5tn cf. Ownership of the well is split between **Eni** (45%), **Chevron** (45%), and **Egypt's Tharwa Petroleum Co.** (10%). Meanwhile, investments of international oil companies in FY22 were USD5.7bn. The minister expects oil FDI to reach USD8bn in 2023. ([Asharq Business](#))

Additional fees for oil tankers crossing the Suez Canal

The **Suez Canal Authority** will amend the tolls for oil tankers crossing the canal. Loaded crude oil tankers will pay a surcharge of 25% on their transit dues, while empty oil tankers will pay an additional 15% on their dues. The new fees will start 1 April and can be amended or canceled depending on the marine transportation market. We reported on 12 February that small Atlantic oil tankers had seen their earnings increase 400% w/w, which the Suez Canal Authority is looking to take advantage of. ([Zawya](#))

Turkey's earthquake paralyzes a third of its steel production

Turkey's major steel factories in the southern region were affected by the earthquake. More than 10 factories in the cities of **Iskenderun** and **Osmaniye** were forced to halt their operations until at least the end of February or mid-March. These factories account for a third of Turkey's steel production. This is not the only supply disruption; steel mills around the affected area were already sending their machinery to aid in the rescue efforts. Turkey is one of the world's top 10 steel producers and exporters, so this supply shock will likely lead to higher global steel prices in the near term. We expect **Egyptian** steel exporters to benefit as a result. ([Asharq business](#))

CORPORATE

MICH's H1 2022/23: Strong performance, courtesy of EGP devaluation

Misr Chemical Industries Co. [**MICH**] released H1 2022/23 results, revealing the following:

- Net income of EGP280mn (+191% y/y) on revenues of EGP456mn (+68% y/y), driven by higher worldwide prices of chemical products.
- GPM widened significantly to 70% (+18pp y/y), driven by the EGP devaluation.
- Net income in Q2 2022/23 reached EGP177mn (+41% q/q), attributable to FX gains of EGP24mn (+87% q/q) as revenues improved to EGP258mn (+23% q/q), driven by export revenues of EGP26mn (+44% q/q) on the back of the EGP devaluation. ([Company disclosure](#))

ISMQ's H1 2022/23: Strong earnings growth on higher revenues

Iron & Steel for Mines & Quarries [**ISMQ**] announced their financials for H1 2022/23, showing significant growth compared to the previous year. Net profit reached EGP69mn (+162% y/y) on revenues of EGP153mn (+174% y/y), while GPM improved 23pp y/y to 65%. Meanwhile, Q2 2022/23's results also showed improvements q/q with net profits reaching EGP52mn (+208% q/q) on revenues of EGP94mn (+61% q/q), while GPM increased 19pp q/q to 72%. ([Company disclosure](#))

SAIB's 2022: Earnings growth saved despite a contracting balance sheet on a stronger USD

Societe Arabe Internationale de Banque [SAIB] announced its preliminary results for 2022, where:

- Net profit increased by 51% y/y to USD30mn despite a humble y/y growth of 8% in net interest income to USD143mn due in part to a lower effective tax rate of 37% in 2022 vs. 59% a year before.
- Due to a stronger USD, the balance sheet (reported in USD) showed a decline in both assets and liabilities, where the loan book fell 22% to USD1.7bn and deposits fell 26% to USD2.9bn.
- The BoD proposed distributing a cash dividend of USD0.7/share, implying a 19% yield and a 37% payout ratio.
- SAIB is traded at a P/E of 1.9x. (Bank disclosures: [1](#), [2](#))

Elsewedy Electric and Emirati firm plan to invest USD2.1bn in data centers in Egypt

Elsewedy Electric [SWDY] and **Gulf Data Hub** signed a MoU to invest USD2.1bn in three data center complexes in **Egypt**, with each complex having four separate data centers. The aforementioned project would form the **African continent's** largest data hub. The project will be built in three phases over 5-7 years. ([Enterprise](#))

HRHO undergoes a change in its a shareholder structure

Tim Collins' Ripplewood has reduced its stake in EFG Hermes Holding [HRHO] from 11.7% to 3.9% through selling its stake to:

- 1) **Chimera Investments, UAE-based**, purchased a 2.62% stake or 30.5mn shares worth EGP590.6mn.
- 2) **JS Holding** purchases a 5.25% stake or 61.3mn shares in HRHO worth EGP1.2bn ([Company disclosure](#))

TAQA Arabia to go public in 2023

TAQA Arabia intends to float its shares on the EGX during 2023. TAQA Arabia is a 55.9%-owned subsidiary of Qalaa Holdings [CCAP]. TAQA Arabia is also **Egypt's** largest private sector energy distribution company with five subsidiaries: **TAQA Gas, TAQA Power, TAQA Marketing, TAQA Solar**, and **TAQA Water**. The company is set to invest some EGP32bn through 2027 as it intends to increase its natural gas refueling stations from 61 to 100, among other operations. ([Asharq Business](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)					1,097.9	

* 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
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.
5-Mar-23	MOIN	Cash dividend	Payment date for a dividend of EGP0.096/share (2nd installment).

15-Mar-23		IMF Review	First IMF review with Egypt (end-December 2022 quantitative targets).
15-Mar-23	SMFR	OGM	Approving financial statements ending 31 Dec. 2022 and the proposed dividends.
15-Mar-23	SMFR	EGM	Amending articles No. 31 & 56 of the company's bylaws.

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](#)

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