

More Results and Unemployment Is Down

TODAY'S TOP NEWS & ANALYSIS

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Egypt to offer first USD1.5bn sukuk bond next week

Turkish companies to invest USD500mn in Egypt

Egypt plans to increase LNG exports by 40% starting in 2025

India's EKC to invest USD30-50mn in Egypt

US to sell 26mn bbl from the Strategic Petroleum Reserve

Tax break for poultry players

3 framework agreements for manufacturing cars are signed

ORHD signs an agreement granting it approval for a master plan in El-Gouna

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MACRO

Unemployment rate declines to 7.2% in Q4 2022

The unemployment rate in **Egypt** declined by 20bps q/q to 7.2% in Q4 2022. The workforce gained 145,000 newly employed workers and lost 65,000 unemployed workers, bringing the total workforce to 30.34mn vs 30.26mn the previous quarter. ([Al-Borsa](#))

Egypt to offer first USD1.5bn sukuk bond next week

Egypt is seeking to offer its first sukuk bond next week worth USD1.5bn. **Moody's** has assigned a (P) B3 rating to the proposed USD5bn sukuk program, which will be issued through the **Ministry of Finance**. Egypt has chosen **Citigroup**, **Credit Agricole**, **Abu Dhabi Islamic Bank**, **Emirates NBD Capital**, **HSBC**, and **First Abu Dhabi Bank** for the potential sukuk sale. ([Al-Borsa](#))

Turkish companies to invest USD500mn in Egypt

The **Prime Minister** recently sat with multiple Turkish investors to discuss investment opportunities in **Egypt** that could be worth USD500mn. Representatives from 14 different companies were present from multiple sectors: industrial zone development, spinning and weaving, ready-made garments, sportswear, medical preparations, and electrical appliances. Current investments of Turkish companies in Egypt exceed USD2bn. ([Al-Mal](#))

Egypt plans to increase LNG exports by 40% starting in 2025

Egypt possesses two liquefied natural gas (LNG) plants on the Mediterranean coast, designed to ship 12mn tons/year of LNG. Currently, exports remain steady at 7.5mn tons/year. The **Minister of Petroleum & Mineral Recourses** expects to reach full capacity by 2025 through new exploratory activities and increased Israeli LNG inflows. The EU has signed an MoU with Egypt and Israel to help secure their supply of LNG for the future. ([Asharq Business](#))

India's EKC to invest USD30-50mn in Egypt

NSE-listed **Everest Kanto Cylinder Ltd. (EKC)** intends to invest USD30-50mn in Egypt for a new compressed natural gas (CNG) cylinder factory. EKC operates several factories around the world (India, UAE, and USA) and specializes in manufacturing CNG cylinders. Egyptian industries that use CNG cylinders in their manufacturing activities (ex. pharmaceuticals, NG-powered cars, and tourism) must import all their needs; hence, EKC's new factory will greatly lower production costs for these industries and reduce USD expenses. A new entity will be created to oversee operations, **EKC Egypt**, ownership and costs will be split between EKC (80%) and the Egyptian side (20%). Initial production will consist of 185,000 CNG cylinders/year, with 75% allocated locally and the rest exported to Europe and Africa. ([Al-Mal](#))

US to sell 26mn bbl from the Strategic Petroleum Reserve

The **US** announced that it would sell 26mn bbl from the Strategic Petroleum Reserve in April. The **US Energy Information Administration (EIA)** released their total crude oil stock for the week ending 10 February showing an increase of 16.3mn bbl w/w to 843mn bbl. We expect this to offset the price increases oil saw recently, following Russia's announcement of cutting its oil production in March. Meanwhile, **OPEC+** and the **International Energy Agency (IEA)** have revised their oil demand forecasts from last month, driven by China's eagerness to revitalize its economy. OPEC+ believes demand will rise in 2023 by 2.3mn bbl/day (+100,000bbl/day from last month's forecast), while the IEA believes demand this year will rise by 2mn bbl/day (+200,000bbl/day from last month's forecast). ([Reuters](#), [EIA](#), [Asharq Business](#): [1](#), [2](#))

Tax break for poultry players

According to a **Cabinet statement**, poultry producers are added to the list of 19 industries that are granted three-year real estate tax break. ([Cabinet statement](#))

3 framework agreements for manufacturing cars are signed

According to a **Cabinet statement**, the **Prime Minister** signed 3 framework agreements with local and global automakers, namely **Stellantis, Nissan, and Al Mansour automotive** for plans to localize car component manufacturing and vehicle assembly. ([Cabinet statement](#))

CORPORATE

ORHD signs an agreement granting it approval for a master plan in El-Gouna

Orascom Development Egypt [**ORHD**] signed a master agreement with the Egyptian government to grant ORHD the following:

- Approval of new master plan for the remaining 17.4mn sqm land bank in El-Gouna.
- Granting ORHD the right to connect its lagoon system to the sea.
- Reducing the shoreline setback for the remaining land bank from 200m to 105m, allowing for more commercial use. ORHD will pay USD39mn upon signature in consideration of the reduction of the shoreline.
- Granting environmental permits for 24 projects in El-Gouna, relieving ORHD from all charges and settlement of all disputes with the Environment Protection Agency.
- Amending the USD112mn transfer fee on real estate sales for the remaining land bank in El-Gouna, with payments of USD21mn due once the master agreement has been signed, and the remaining to be paid over 15 years. ([Company disclosure](#))

CNFN's Q4 2022: Strong earnings on higher revenues; BoD approves cash dividend

Contact Financial Holding [**CNFN**] declared 2022 net profit of EGP510.7mn (+10% y/y) on net revenues of EGP1.5bn (+33% y/y). The double-digit growth in revenues was backed by:

- (1) A higher finance operating income of EGP1.4bn (+33% y/y), in light of a higher outstanding portfolio of EGP14.8bn (+44% y/y) in 2022.
- (2) A higher insurance income of EGP54mn (+50% y/y), due to a sharp increase in the gross written premium by 83% y/y to EGP948mn.

Meanwhile, CNFN operating expenses rose 58% y/y to EGP895.7mn in 2022 as a result of:

- (1) Higher provisions of EGP107.3mn vs. EGP11.4mn the year before.
- (2) Higher financing cost of EGP42.3mn (+83% y/y).

Meanwhile, CNFN BoD approved a cash dividend of EGP0.25/share, noting that Orascom Financial Holding [**OFH**], which owns a 29.28% stake in CNFN, will earn almost EGP88mn as a result. (Company disclosure: [1](#), [2](#))

Egypt Aluminum H1 2022/23: EGP devaluation boosts net income

Egypt Aluminum [EGAL] has announced the full results for H1 2022/23. Net income increased by 110% y/y to EGP1.7bn on the back of the following:

- (1) Despite lower average global aluminum prices of USD2,347/ton against USD2,719/ton last year and lower sales volumes, EGAL managed to record a 25% y/y increase in its top line to EGP8.4bn on the EGP devaluation, which in turn pushed EGAL's GPM to increase by 7pp y/y to 26%.
- (2) Significantly lower y/y provisions of EGP14.5mn against EGP587mn the year before.
- (3) 22% y/y higher other income to EGP204mn.

As for Q2 2022/23 alone, the company managed to increase its net earnings q/q by 66% to EGP1.1bn on a 46% q/q increase in revenues to EGP4.9bn. ([Company disclosure](#))

EAST's Q2 2022/23: Strong earnings on higher revenues and other income

Eastern Co. [EAST] reported Q2 2022/23 net profits of EGP2.1bn (+58% y/y), whereas it grew by 48% q/q. The high growth came due to:

- Revenues growing to EGP5.3bn (+26% y/y), while it grew by 15% q/q.
- Higher gross profit margin of 48% (+3pp y/y), however, it declined by 3pp q/q.
- Unusual other income of EGP197mn vs. EGP21mn a year before, while growing by over 100% q/q. ([Company disclosure](#))

DEIN's H1 2023: Strong y/y growth

Delta Insurance Co. [DEIN] announced their consolidated financials for H1 2022/23, showing strong y/y growth. Net income reached EGP233mn (+67% y/y) on revenues of EGP298mn (+81% y/y). Furthermore, ROE increased 8pp y/y to 22%. DEIN is a 63.2%-owned subsidiary of Egypt Kuwait Holding Co. [EKHO]. ([Company disclosure](#))











































The FRA approved Kafr El Zayat Pesticides' capital increase

The **Financial Regulatory Authority (FRA)** approved Kafr El Zayat Pesticides' [KZPC] capital increase from EGP120mn to EGP180mn through a rights issue, offering 60mn shares at a par value of EGP1/share. ([Company disclosure](#))

Strategic GCC investors interested in acquiring a stake in Sidpec-ETHYDCO

We had reported on 16 January that Sidi Kerir Petrochemicals (Sidpec) [SKPC] is considering a full acquisition of the **Egyptian Ethylene Production Company (ETHYDCO)** through a share swap deal. Sources have alleged that **GCC** strategic investors are interested in acquiring a 16-20% stake in the newly merged entity once SKPC fully absorbs ETHYDCO. SKPC recently announced that their financial consultant is conducting their final revisions for the acquisition report. ([Al-Mal](#), [Company disclosure](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)						1,107.8							
						daily chg.		ytd chg.					
		EGX 30	17,522.56	0.53%	20.03%			Gold	1,836.01	(0.99%)	0.71%		
		EGX 30 TR	7,218.72	0.53%	20.22%				Silver	21.63	(1.03%)	(9.41%)	
		EGX 70 EWI	3,003.90	1.03%	7.21%					Brent Oil	85.38	0.70%	0.39%
		EGX 100 EWI	4,523.49	1.01%	9.12%					WTI	78.59	0.93%	(1.40%)
		DFMGI	3,463.74	0.13%	3.83%				Natural Gas	2.47	0.08%	(44.74%)	
		ADSMI	9,990.10	(0.30%)	(2.16%)		EGP		USD/EGP	30.55	0.14%	(18.94%)	
		TASI	10,573.05	0.73%	0.90%	€		EUR/USD	1.07	0.12%	(0.03%)		
		QE Index	10,449.93	0.56%	(2.16%)	£		GBP/USD	1.20	0.07%	(0.36%)		
			S&P 500	4,147.60	0.28%	8.02%	¥		USD/JPY	134.16	(0.75%)	(2.06%)	
		Dow 30	34,128.05	0.11%	2.96%			6M TB yield	21.59	9	242		
		NASDAQ	12,070.59	0.92%	15.33%			1Y TB yield	22.13	9	322		
		VIX	18.23	(3.60%)	(15.87%)			10Y TB yield	14.68	0	0		
		STOXX 50	4,280.04	0.97%	12.82%			2Y TB yield	4.63	1	21		
EM		MSCI Emerging	1,004.87	(0.95%)	5.07%			10Y TB yield	3.80	6	(7)		
FM		MSCI Frontier	489.82	0.09%	3.71%			30Y TB yield	3.84	7	(12)		

* 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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