

More FX Gains

TODAY'S TOP NEWS & ANALYSIS

The Fed raised interest rates by 25bps

A new strategic partnership between the World Bank and Egypt

New USD300mn Chinese industrial complex planned in Ain Sokhna

Egypt to suspend sugar exports for three months

Orascom Construction 2022: FX gains pushes the bottom line higher

SKPC's OGM approves EGP0.9 DPS

EFIC's OGM approves raising cash dividends to EGP5/share

Dice 2022: Extraordinary net profits on high revenues and low costs

EFIH's OGM approves a DPS of EGP0.23

EFG Hermes 2022: Stupendous revenue growth

B Investments signs an EGP500mn agreement with TSFE

MACRO

The Fed raised interest rates by 25bps

The **Federal Reserve** raised interest rates by 25bps yesterday despite banking turmoil. Current benchmark interest rates are now in the 4.75-5.00% range, the highest level since 2007 before the Global Financial Crisis. ([Asharq Business](#))

A new strategic partnership between the World Bank and Egypt

The **World Bank** reportedly agreed to make a new strategic partnership framework with **Egypt** for 2023-27, at a value of USD7bn. The new strategy is consistent with **Egypt's Sustainable Development Strategy, Egypt's Vision 2030**, and **Egypt's National Climate Change Strategy 2050**. ([Mubasher](#))

New USD300mn Chinese industrial complex planned in Ain Sokhna

China's Xin Feng intends to build a new industrial complex in **Ain Sokhna** specializing in steel and complementary industries. The complex will cover an area of 750,000 sqm and will focus on exporting Egyptian steel products. The project is pending final approval from the Egyptian government. ([Al-Borsa](#))

Egypt to suspend sugar exports for three months

Effective 21 March 2023, the **Egyptian government** suspended exporting all types of sugar for three months unless sugar supply exceeds local demand. ([Official Gazette](#))

CORPORATE

Orascom Construction 2022: FX gains pushes the bottom line higher

Orascom Construction's [**ORAS**] 2022 net income came in at USD113.5mn, almost the same as the year before and +46% vs. our expectations due to USD69.3mn in FX gains. Revenues recorded USD4.18bn (+17.9% y/y, +0.4% vs. our expectations), with 62.4% of revenues coming from **Egypt** and the remaining 37.6% from **MEA** and **USA**. EBITDA reached USD200.3mn (-2% y/y, -4.9% vs. our expectations). GPM and EBITDA margin recorded 8.3% (-1.5pp y/y) and 4.8% (-1pp y/y), respectively. Backlog reached USD5.27bn (-13% y/y), with 2022 new awards recording USD3.6bn (+1.8% y/y). ([Company disclosure](#))

SKPC's OGM approves EGP0.9 DPS

Sidi Kerir Petrochemicals Co.'s (Sidpec) [**SKPC**] OGM approved distributing dividends of EGP0.9/share, implying a dividend payout ratio of 55% and a dividend yield of 5.6%. The dividend will be distributed in two payments: (1) EGP0.5/share within a month and (2) EGP0.4/share in October 2023. ([Company disclosure](#))

EFIC's OGM approves raising cash dividends to EGP5/share

Egyptian Financial & Industrial Co.'s [**EFIC**] OGM held on 21 March approved to raise its DPS to EGP5/share to be distributed in three installments, up from the previously-proposed EGP3/share. This raises the payout ratio to 48% and implies a dividend yield of 9.8%. ([Company disclosure](#))

Dice 2022: Extraordinary net profits on high revenues and low costs

Dice Sport & Casual Wear [**DSCW**] reported consolidated 2022 net profits of EGP162mn (+409% y/y), due to:

- (1) Higher revenues of EGP2.1bn (+34% y/y).
- (2) Higher gross profit margin of 24% (+7pp y/y).

For Q4 2022, DSCW's net profits grew by 437% y/y and 97% q/q, due to:

- (1) Higher revenues of EGP672mn (+39% y/y, +21% q/q).
- (2) Higher gross profit margin to 46% (+31pp y/y, +23pp q/q).

DSCW is currently trading at a TTM P/E of 4.3x. ([Company disclosure](#))

EFIH's OGM approves a DPS of EGP0.23

In a meeting held on 21 March 2023, E-Finance's [**EFIH**] OGM approved the distribution of a DPS of EGP0.23/share, implying a payout ratio of 52% and a dividend yield of 1.4%. ([Company disclosure](#))

EFG Hermes 2022: Stupendous revenue growth

- EFG Hermes Holding's [**HRHO**] Q4 2022 net income surged 141% q/q to EGP813mn on 98% q/q higher top line of EGP4.6bn. Quarterly revenues were mostly dominated by the Investment Bank Platform which grew by a staggering 192% q/q. Strong Q4 2022 display also came visible form an annual perspective, where both top and bottom lines grew by 117% and 63%, respectively.
- The **Investment Bank Platform's** strong performance came against the backdrop of:
 - (1) Robust Assets Management operations, where revenues grew 152% q/q to EGP245mn.
 - (2) Holding & Treasury Activities revenues were 5x higher y/y (+484% q/q) to EGP2.1bn on the EGP devaluation during Q4 2022.
- The **NBFS Platform** growth in Q4 2022 came a bit tamer sequentially, yet strong annually. Revenues for the segment registered EGP781mn (+46% y/y, +18% q/q). Stronger annual performance came due to a massive leap in **ValU** portfolio and top line, where the consumer finance company recorded a top line of EGP283mn (+235% y/y).
- The **Commercial Banking Platform** (i.e. **aiBank**) saw a flattish bottom line q/q for Q4 2022 reaching EGP113mn, yet achieving annual growth of 55%, as the restructuring efforts appear more meaningful between 2021 and 2022. The bank's net interest income surged by 130% y/y in Q4 2022 to EGP509mn. We note that comparable Q4 2021 figures only include November and December figures following the bank's acquisition.
- During 2022 as a whole, HRHO achieved a net profit after minority of EGP1.8bn (+18% y/y) on stupendous revenue growth of 77% to EGP10.9bn. We note that the company saw FX gains during the year of EGP2.5bn. HRHO is currently traded at a TTM P/E of 9x and a P/BV of 1x with an ROAE of 13%. ([Company disclosure](#))

B Investments signs an EGP500mn agreement with TSFE

In reference to B Investments' [**BINV**] disclosure dated 24 January 2023, BINV's BoD signed an agreement with **The Sovereign Fund of Egypt (TSFE)** through the latter's healthcare and pharmaceutical industries sub-fund to invest up to EGP500mn. ([Company disclosure](#))

MARKETS PERFORMANCE

| Current equity market cap (EGPbn) | | | | | Equity turnover (EGPmn): Last, ytd avg. | | | | |
|-----------------------------------|---------------|-----------|------------|----------|---|--------------|------------|----------|----------|
| 988.3 | | | | | 1,435.9 2,111.5 | | | | |
| | | | daily chg. | ytd chg. | | | daily chg. | ytd chg. | |
| | EGX 30 | 15,253.22 | (0.47%) | 4.48% | | Gold | 1,970.11 | 1.55% | 8.55% |
| | EGX 30 TR | 6,279.89 | (0.56%) | 4.58% | | Silver | 22.99 | 2.69% | (3.95%) |
| | EGX 70 EWI | 2,733.94 | (1.36%) | (2.43%) | | Brent Oil | 76.69 | (0.89%) | (10.86%) |
| | EGX 100 EWI | 4,040.24 | (1.37%) | (2.54%) | | WTI | 70.90 | (1.09%) | (12.83%) |
| | DFMGI | 3,392.72 | 0.35% | 1.70% | | Natural Gas | 2.17 | 2.30% | (50.37%) |
| | ADSMI | 9,604.11 | 0.62% | (5.94%) | EGP | USD/EGP | 30.90 | (0.01%) | (20.04%) |
| | TASI | 10,350.51 | (0.09%) | (1.22%) | € | EUR/USD | 1.09 | 0.51% | 1.92% |
| | QE Index | 9,980.02 | 1.04% | (6.56%) | £ | GBP/USD | 1.23 | 0.49% | 2.03% |
| | S&P 500 | 3,936.97 | (1.65%) | 2.54% | ¥ | USD/JPY | 131.44 | 0.81% | 0.37% |
| | Dow 30 | 32,030.11 | (1.63%) | (3.37%) | | 6M TB yield | 22.59 | 10 | 342 |
| | NASDAQ | 11,669.96 | (1.60%) | 11.50% | | 1Y TB yield | 22.58 | (1) | 367 |
| | VIX | 22.26 | 4.12% | 2.72% | | 10Y TB yield | 14.68 | 0 | 0 |
| | STOXX 50 | 4,195.70 | 0.34% | 10.60% | | 2Y TB yield | 3.94 | (23) | (49) |
| EM | MSCI Emerging | 961.48 | 0.95% | 0.53% | | 10Y TB yield | 3.43 | (18) | (44) |
| FM | MSCI Frontier | 476.98 | 0.47% | 0.99% | | 30Y TB yield | 3.65 | (8) | (31) |

* As of market close, except for commodities and currencies at 8.15am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

KEY DATES

| DATE | TICKER | TYPE | EVENT |
|-----------|--------|---------------|--|
| 23-Mar-23 | ARCC | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 23-Mar-23 | OLFI | Cash dividend | Payment date for a dividend of EGP0.95/share. |
| 26-Mar-23 | AUTO | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 26-Mar-23 | AUTO | EGM | Amending articles No. 2 & 41 of the company's bylaws. |
| 26-Mar-23 | MBSC | OGM | Approving financial statements ending 31 Dec. 2022. |
| 26-Mar-23 | MBSC | EGM | Discussing capital reduction & amending Articles No. 4, 6 & 7 of the company's bylaws. |
| 27-Mar-23 | ECAP | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 27-Mar-23 | SAIB | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 28-Mar-23 | POUL | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 28-Mar-23 | EFID | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 28-Mar-23 | UNIT | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |

| | | | |
|-----------|-------|-----|---|
| 28-Mar-23 | ETEL | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 28-Mar-23 | PORT | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 29-Mar-23 | EPCO | OGM | Approving financial statements ending 31 Dec. 2022. |
| 29-Mar-23 | MCRO | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 29-Mar-23 | MCRO | EGM | Discussing capital reduction & amending Articles No. 6 & 7 of the company's bylaws. |
| 29-Mar-23 | AMES | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 29-Mar-23 | SUGR | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 29-Mar-23 | ICLE | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 29-Mar-23 | ACAMD | OGM | Approving financial statements ending 31 Dec. 2022 and netting contracts. |
| 29-Mar-23 | ELSH | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 30-Mar-23 | ATQA | OGM | Approving financial statements ending 31 Dec. 2022 and netting contracts. |
| 30-Mar-23 | MENA | OGM | Approving financial statements ending 31 Dec. 2022. |
| 30-Mar-23 | CIEB | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 30-Mar-23 | ETRS | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 30-Mar-23 | EXPA | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 30-Mar-23 | HDBK | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 30-Mar-23 | LCSW | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 30-Mar-23 | CANA | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 30-Mar-23 | AREH | OGM | Discussing netting contracts. |
| 30-Mar-23 | EMFD | OGM | Approving financial statements ending 31 Dec. 2022. |
| 30-Mar-23 | EKHO | OGM | Approving financial statements ending 31 Dec. 2022 and approving distributing dividends of USD0.11/share. |
| 30-Mar-23 | EKHO | EGM | Considering approval some articles of the law. |
| 30-Mar-23 | GGCC | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |
| 30-Mar-23 | GGCC | EGM | Discussing capital reduction & amending Articles No. 6 & 7 of the company's bylaws. |
| 30-Mar-23 | MCQE | OGM | Approving financial statements ending 31 Dec. 2022 and the proposed dividends. |

31-Mar-23 CCRS OGM Approving financial statements ending 31 Dec. 2022.

LATEST RESEARCH

| DATE | PUBLISHED REPORT |
|------------------|---|
| 21-Mar-23 | <u>STANDPoint Portfolio Update – Adding ALCN, ECAP, HRHO, and RACC</u> |
| 16-Mar-23 | <u>Al Ezz Ceramics & Porcelain (GEMMA) [ECAP] – A Hidden “GEMMA”</u> |
| 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> |

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