

Way to Go

TODAY'S TOP NEWS & ANALYSIS

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Egypt studies a Chinese offer to establish an iron industry complex

Egypt to issue panda bond with a value of USD500mn

A consortium of Orascom Construction and Metito to build USD2.4bn water treatment plant in UAE

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MACRO

Egypt expects Suez Canal revenues to hit USD8.8bn in 2023

Chairman of **Suez Canal Authority (SCA)** said that **Egypt** expects to record revenues of USD8.8bn (+10% y/y) from ship transit fees in the **Suez Canal** during 2023 in light of the revenues achieved in the first quarter of this year, which came in at USD2.3bn. ([Asharq Business](#))

Egypt studies a Chinese offer to establish an iron industry complex

Chairman of the **General Authority for Suez Canal Economic Zone (SCZone)** said that **Egypt** is studying a Chinese offer from two companies, **CDI Sinoma** and **Sheng Feng**, to establish an iron industry complex in SCZone with a total investment of USD300mn. The project will be implemented in two stages, starting with the first phase directly to meet the demand of the local and export markets. ([Economy Plus](#))

Egypt to issue panda bond with a value of USD500mn

The **Egyptian** government is aiming to issue panda bonds with a total value of USD500mn during the last quarter of this year. (Al-Mal)

CORPORATE

A consortium of Orascom Construction and Metito to build USD2.4bn water treatment plant in UAE

A consortium of Orascom Construction [**ORAS**] and **Metito** will develop, own and operate a large-scale sea water treatment and transportation plant in **UAE**, in cooperation with with the **Abu Dhabi National Oil Company PJSC (ADNOC)** and **Abu Dhabi National Energy Company PJSC (TAQA)**. Moreover, the project will be run through a special purpose vehicle (SPV) by a a build, own, operate and transfer (BOOT) model for 30 years, where ADNOC and Taqa will own a 51% stake, while ORAS and Metito will own 49% (24.5% each).

The new USD2.4bn Abu Dhabi project implies USD588mn in new awards attributed to ORAS. This is 19% of ORAS expected 2023 new awards and 11% of its expected 2023 new awards including 50% of BESIX. What is even more interesting about this project is that the (BOOT) model that will result in recurring income for ORAS over the next 30 years. Exact details of how much that is are not yet available.

This confirms our positive view on ORAS which we last updated on 9 April 2023 with a higher 12MPT of EGP215/share. ([Company Disclosure](#))

HRHO Q1 2023: Astonishing profits

- EFG Hermes Holding's [**HRHO**] Q1 2023 net income surged 157% y/y to EGP885mn on the back of 129% y/y growth in revenues to EGP4.4bn, mostly dominated by the Investment Bank platform which grew by a staggering 237% y/y to EGP3bn. However, from a quarterly perspective, the top line declined by 4% q/q and the bottom line grew by only 9% q/q.
- The Investment Bank platform strong performance came in as:
 - Brokerage revenues increased by 44% y/y to EGP621mn.
 - Investment banking segment revenues increased 237% y/y to EGP216mn.
 - Direct investment segment grew by 191% y/y to EGP67mn.
- Meanwhile, the NBFS segment growth came a bit tamer, growing by 15% y/y to EGP689mn. Stronger annual performance came due to a massive leap in ValU portfolio and top line, where the consumer finance company recorded top line of EGP254mn (+78% y/y).
- Finally, the commercial banking operations (namely **aiBank**) saw its bottom line grow 25% y/y to EGP171mn. The bank's revenues surged by 65% y/y to EGP727mn in Q1 2023.
- We note that HRHO booked FX gains of EGP1.1bn during the quarter and an increase of 537% y/y in revaluation of FI-P&L of EGP705mn. ([Company disclosure](#))

SKPC Q1 2023: Higher prices lead the way

Sidi Kerir Petrochemicals Co. (Sidpec) [**SKPC**] reported Q1 2023 results, where profits grew to EGP520mn (+107% y/y, +5% q/q) on higher revenues of EGP3.6bn (+71% y/y, +27% q/q) with a 29% GPM (+11pp y/y), driven by:

- Higher prices across all their products, thanks to inflation:
 - Exported polyethylene (+54% y/y, +36% q/q).
 - Local polyethylene (+64% y/y, +27% q/q).
 - Ethylene (+32% y/y, +34% q/q).
- Increased ethylene sales volume (+111% y/y).
- Recording an interest income of EGP62mn (+637% y/y, +54% q/q).

These factors helped offset the decline in:

- Export polyethylene sales volume (-25% y/y, -5% q/q).
- Local polyethylene sales volume (-14% y/y).
- Recording an FX loss of EGP233mn (vs. no FX losses the previous year and only EGP0.76mn the previous quarter).

Furthermore, SKPC's GPM declined by 2pp q/q as a result of:

- Lower ethylene sales volume (-19% q/q).
- Lower export polyethylene sales volume (-5% q/q).
- Higher processing costs/ton, offsetting the feedstock cost/MMBtu decrease from the new EP cost formula. ([Company disclosure](#))

MICH 9M 2022/23: Exceptional y/y veils sluggish sequential performance

Misr Chemical Industries [**MICH**] reported its results for 9M 2022/23, recording net profits of EGP435mn (+194% y/y) on higher revenues of EGP676mn (+70% y/y) with a 70% GPM (+16pp y/y), driven by:

- Higher local revenues (+70% y/y) and higher export revenues (+70% y/y).
- FX gains of EGP60mn (+613% y/y).
- Investment income of EGP51mn (+228% y/y).

Meanwhile, the company's Q3 2022/23 net profits declined with a 12% q/q to EGP155mn on lower revenues of EGP220mn (-14% q/q) with a 68% GPM (-5pp q/q), driven by lower local revenues (-14% q/q) and lower export revenues (-15% q/q) because of decreased demand.

([Company disclosure](#))

EIPICO Q1 2023: Low y/y growth but negative q/q

EIPICO [**PHAR**] reported Q1 2023 consolidated net profits of EGP188mn (+9% y/y, -17% q/q) on revenues of EGP992mn (+7% y/y, -22% q/q). Meanwhile, the gross profit margin climbed to 49% (+5pp y/y, +12pp q/q), as PHAR managed to decrease its supplies costs by 5% y/y and 30% q/q.

([Company disclosure](#))

SUGR Q1 2023: FX gains result in a triple-digit growth in net profits

Delta Sugar [SUGR] reported its full Q1 2023 results, posting strong net profits of EGP324mn (+321% y/y), due to:

- Higher revenues of EGP775mn (+29% y/y).
- Gross profit margin expanding to 30% (+11pp y/y).
- Huge FX gains of EGP216mn vs. only EGP10mn last year. ([Company disclosure](#))

GEMMA Q1 2023: A new high for margins

Ezz for Ceramics and Porcelain - GEMMA [ECAP] Q1 2023 results show a 22.3% higher net income of EGP57mn compared to EGP46.6mn the year before (5% lower than Prime Research expectations). Revenues grew by 35% y/y to EGP611mn compared to EGP453.8mn the year before (6% lower than Prime Research expectations). Revenues can be broken down into the following:

- Local sales grew by 30% y/y to EGP541.6mn.
- Export sales grew by 85% y/y to EGP69.4mn.

GPM came at a high 35.2% (+8.1pp y/y) on higher selling prices. We think the high margins will normalize over the year, yet still implying the strong pricing power of ECAP. We have an OW/M rating on ECAP with a 12MPT of EGP35.3/share, implying a potential upside of 143%. (Company disclosure)

MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.			
1,106.8					1,840.9		2,012.1	
			daily chg.	ytd chg.			daily chg.	ytd chg.
	↗ EGX 30	17,090.56	1.80%	17.07%		↘ Gold	1,957.16	(0.91%) 7.34%
	↗ EGX 30 TR	7,143.60	1.80%	18.97%		↘ Silver	23.06	(1.68%) (3.90%)
	↗ EGX 70 EWI	3,084.69	0.61%	10.09%		↘ Brent Oil	78.36	(0.20%) (7.13%)
	↗ EGX 100 EWI	4,649.94	0.89%	12.17%		↘ WTI	74.34	(0.31%) (7.17%)
	↘ DFMGI	3,530.15	(0.09%)	5.82%		↗ Natural Gas	2.40	0.46% (46.17%)
	↘ ADSMI	9,464.31	(0.27%)	(7.31%)		↘ USD/EGP	30.90	(0.33%) (20.05%)
	↘ TASI	11,236.27	(0.35%)	7.23%	€	↘ EUR/USD	1.08	(0.07%) 0.35%
	↘ QE Index	10,524.14	(0.79%)	(1.47%)	£	↘ GBP/USD	1.24	(0.16%) 2.17%
	↘ S&P 500	4,115.24	(0.73%)	7.18%	¥	↘ USD/JPY	139.47	(0.63%) (6.11%)
	↘ Dow 30	32,799.92	(0.77%)	(1.05%)		↗ 6M TB yield	23.77	4 460
	↘ NASDAQ	12,484.16	(0.61%)	19.28%		↗ 1Y TB yield	23.78	9 488
	↗ VIX	20.03	8.09%	(7.57%)		↔ 10Y TB yield	14.68	0 0
	↘ STOXX 50	4,263.74	(1.81%)	12.39%		↗ 2Y TB yield	4.38	6 (5)
EM	↘ MSCI Emerging	970.90	(0.79%)	1.52%		↗ 10Y TB yield	3.74	5 (13)
FM	↘ MSCI Frontier	475.07	(0.02%)	0.58%		↗ 30Y TB yield	3.99	4 2

* 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
25-May-23	ELSH	<u>BoD meeting</u>	Discussing financial results.
28-May-23	ASCM	<u>OGM</u>	Approving financial statements ending 31 Dec. 2022.
28-May-23	ASCM	<u>EGM</u>	Discussing the continuation of the company.
28-May-23	TMGH	<u>Cash dividend</u>	Deadline for eligibility for a dividend of EGP0.19/Share.
28-May-23	BINV	<u>Cash dividend</u>	Deadline for eligibility for a dividend of USD0.129/Share.
28-May-23	MNHD	<u>Cash dividend</u>	Deadline for eligibility for a dividend of EGP0.150/Share.
29-May-23	BINV	<u>Cash dividend</u>	Ex-dividend date for USD0.129/Share.
30-May-23	IDHC	<u>OGM</u>	Approving financial statements ending 31 Dec. 2022.
30-May-23	ETEL	<u>Financial results Announcement</u>	Q1 2023 financial results' announcement.
31-May-23	TMGH	<u>Cash dividend</u>	Payment date for a dividend of EGP0.096/share (1st installment).
31-May-23	ORAS	<u>OGM</u>	Approving financial statements ending 31 Dec. 2022.
31-May-23	BINV	<u>Cash dividend</u>	Payment date for a dividend of USD0.129/Share.
31-May-23	MNHD	<u>Cash dividend</u>	Payment date for a dividend of EGP0.075/share (1st installment).
1-Jun-23	SPMD	<u>Right Issue</u>	Last day of trading the rights issue.
1-Jun-23		<u>MSCI</u>	MSCI's May 2023 Semi-Annual Index Review Effective Date.
4-Jun-23	HELI	<u>OGM</u>	Approving financial statements.
5-Jun-23	JUFO	<u>Cash dividend</u>	Deadline for eligibility for a dividend of EGP0.15/Share.
6-Jun-23	JUFO	<u>Cash dividend</u>	Ex-dividend date for EGP0.15/Share.
6-Jun-23	CSAG	<u>OGM</u>	Approving the estimated budget of FY 2023/2024.
6-Jun-23	CSAG	<u>EGM</u>	Amending Article No. 3 of the company's bylaws.
7-Jun-23	ATQA	<u>EGM</u>	To renew the company's license for 25 years starting from the end of the previous license (30 May 2023).
8-Jun-23	JUFO	<u>Cash dividend</u>	Payment date for a dividend of EGP0.15/Share.
8-Jun-23	BTFH	<u>OGM</u>	Approving financial statements ending 31 Dec. 2022.
8-Jun-23	BTFH	<u>EGM</u>	Amending Article No. 29 of the company's bylaws.
15-Jun-23	ZMID	<u>OGM</u>	Approving financial statements ending 31 Dec. 2022 and the proposed dividends.
17-Jun-23	MICH	<u>EGM</u>	Amending Article No. 6 of the company's bylaws for increasing the authorized capital from EGP400mn to EGP1bn.
18-Jun-23	MOIL	<u>OGM</u>	Approving financial statements ending 31 Dec. 2022 and the proposed dividends.
18-Jun-23	MOIL	<u>EGM</u>	Discussing the continuation of the company.

LATEST RESEARCH

DATE	PUBLISHED REPORT
14-May-23	<u>Commercial International Bank [COMI] – Coping Mechanisms</u>
30-Apr-23	<u>EGYPTFertilizers – Grass Is Green on Both Sides</u>
11-Apr-23	<u>Obour Land Food Industries [OLFI] – Resilience is Key</u>
9-Apr-23	<u>Orascom Construction [ORAS] – On Solid Foundations</u>
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>

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