

Need for Funds

TODAY'S TOP NEWS & ANALYSIS

USD700mn worth of Chinese investments coming to SCZone

Some pharma raw materials to be exempted from VAT

GASC deferred payments for wheat due to FX shortage

EGCH 9M FY2022/23: Net income leap on higher exports revenue

AUTO Q1 2023 results: Investment income saves AUTO's bottom line.

HRHO's EGM approves rebranding and capital increase

EFG Finance plans to launch a new SMEs financing subsidiary

HELI Q1 2023: Revenues going up

ALCN 10M 2022/23: More triple-digit growth

MACRO

USD700mn worth of Chinese investments coming to SCZone

The **Suez Canal Economic Zone (SCZone)** signed agreements worth USD700mn with a number of Chinese companies to invest in projects in **China's** TEDA industrial zone in **Ain Sokhna**. The projects include:

- USD265mn power plant and USD100mn petcoke products factory by **Hidier Power Group**.
- USD110mn bromine factory and another USD200mn sodium hydroxide project by **Shandong Tianyi**.
- USD20mn clothing factory and another USD12mn textiles factory. ([Enterprise](#))

Some pharma raw materials to be exempted from VAT

The **Egyptian Customs Authority** decided to temporarily exempt some raw materials used in the pharmaceutical industry from VAT to prevent shortages of drugs. The decision is made to ease access for pharma producers despite the blockage of imports due to FX shortage. ([Enterprise](#))

GASC deferred payments for wheat due to FX shortage

The **General Authority for Supply Commodities (GASC)** defaulted on payments for wheat imports driven by deferred opening letters of credit amid an FX shortage. ([Reuters](#))

CORPORATE

EGCH 9M FY2022/23: Net income leap on higher exports revenue

Egyptian Chemical Industries (Kima) [**EGCH**] reported its financial results for 9M FY2022/23:

- Net income increased by 129% y/y to EGP1.1bn on the back of a 65% y/y leap in revenues to EGP5.1bn. This was mainly due to an increase in exports revenue that represented 71% of total revenues (vs. 66% last year), reflecting the premium in global prices even after the latest plunge. However, due to an increase in cost, GPM remained flat y/y at 48%.
- The reason why the increase in revenues did not filter through to the bottom line was an 83% y/y increase in net financing cost to EGP568mn on the back of interest rate hikes seen during the fiscal year. The third quarter alone represented 42% of the period's financing cost.
- On a quarterly basis, Q3 FY2022/23 recorded a whopping 276% q/q increase in net income to EGP501mn (45% of the period's profits) on the back of an 87% q/q increase in revenues to EGP2.3bn.
- Kima's ROE now stands at 15.5% against 9.8% last year. ([Company disclosure](#))

AUTO Q1 2023 results: Investment income saves AUTO's bottom line.

- GB Corp [**AUTO**] reported Q1 2023 net profits of EGP108mn (-53% y/y) on lower revenues of EGP4.7bn (-40% y/y). Meanwhile, the GPM decreased by 1pp y/y to 22%.
- Net profits were mainly driven by **GB Capital**'s net profits of EGP189mn (+55% y/y) on higher revenues of EGP1bn (+21% y/y). Despite GB Capital's operating loss of EGP20mn, the increase in income from associates to EGP222mn (+92% y/y) more than offset the operating loss.
- Meanwhile, **GB Auto & Auto-Related** generated net losses of EGP81mn compared to net profits of EGP108mn in Q1 2022 due to:
 - Lower revenues of EGP3.9bn (-37%y/y).
 - Higher SG&A-to-revenues ratio of 13% (+6pp y/y).
 - Higher FX loss of EGP264mn (+33% y/y).
 - Higher finance cost of EGP199mn (+33% y/y). ([Company disclosure](#))

HRHO's EGM approves rebranding and capital increase

EFG Holding's [**HRHO**] EGM approved the rebranding from **EFG Hermes Holding** to **EFG Holding** to ensure the brand is in line with the company's expansion through its main three subsidiaries: (1) **EFG Hermes** as the investment bank, (2) **EFG Finance** as the NBFS arm, and (3) **aiBank** as the commercial bank. The EGM also approved increasing HRHO's paid-in capital by EGP1.4bn through 25% bonus shares. ([Company disclosure](#))

EFG Finance plans to launch a new SMEs financing subsidiary

The CEO of **EFG Finance**, the NBFS arm of EFG Holding [**HRHO**], announced the company's plans to establish a new company for small- and medium-sized enterprise (SME) financing as part of the expansion strategy in the non-banking financial platform. He also stated that the financing limits for new companies will range from EGP0.2-5mn and that the company has an initial

customer base through its sister entities, namely **Tanmeyah for Microfinance** and **EFG Hermes Corp Solutions**. (Al-Mal)














HELI Q1 2023: Revenues going up

Heliopolis for Housing & Development's [**HELI**] Q1 2023 net income came in at EGP19.4mn compared to EGP3.2mn in Q1 2022. Net revenues came in at EGP91mn compared to EGP51.9mn in the comparable period (+77% y/y), while GPM widened by 3.9pp y/y to 76.4%. Investment income more than doubled to EGP31.7mn in Q1 2023. ([Company disclosure](#))

ALCN 10M 2022/23: More triple-digit growth

Alexandria Container Handling Co.'s [**ALCN**] 10M 2022/23 net profits came in at a strong EGP3.5bn (+139% y/y), in line with Prime Research's expectations (PRe). Revenues came in at EGP3.8bn (+80% y/y, -4% vs. PRe). This came from handling 676,214 containers (-3% y/y, +6% vs. PRe), with an average revenue/container of EGP5,650/TEU (+86% y/y, -9% vs. PRe). The strong growth in profits is attributable to a higher USD/EGP FX rate paired with a higher margin despite lower volumes. ([Company disclosure](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
1,105.7						1,663.0		2,008.3	
				daily chg.	ytd chg.			daily chg.	ytd chg.
	📉	EGX 30	17,043.62	(0.27%)	16.75%		📈	Gold	1,946.46 0.26% 6.71%
	📉	EGX 30 TR	7,127.56	(0.22%)	18.70%		📈	Silver	23.30 2.46% (2.73%)
	📈	EGX 70 EWI	3,101.92	0.56%	10.71%		📈	Brent Oil	76.95 0.90% (8.61%)
	📈	EGX 100 EWI	4,665.57	0.34%	12.55%		📈	WTI	72.67 1.17% (8.97%)
	📈	DFMGI	3,541.41	0.44%	6.16%		📉	Natural Gas	2.18 (5.46%) (51.26%)
	📈	ADSMI	9,453.42	0.56%	(7.42%)		📉	USD/EGP	30.91 (0.03%) (20.01%)
	📉	TASI	11,184.57	(0.46%)	6.74%	€	📉	EUR/USD	1.07 (0.02%) 0.17%
	📉	QE Index	10,456.02	(0.65%)	(2.11%)	£	📈	GBP/USD	1.23 0.19% 2.16%
	📈	S&P 500	4,205.45	1.30%	9.53%	¥	📉	USD/JPY	140.60 (0.38%) (6.74%)
	📈	Dow 30	33,093.34	1.00%	(0.16%)		📈	6M TB yield	23.84 7 467
	📈	NASDAQ	12,975.69	2.19%	23.97%		📈	1Y TB yield	23.80 2 490
	📉	VIX	17.95	(6.22%)	(17.17%)		↔	10Y TB yield	14.68 0 0
	📈	STOXX 50	4,337.50	1.59%	14.34%		📈	2Y TB yield	4.56 18 14
EM	📈	MSCI Emerging	972.86	0.92%	1.72%		📈	10Y TB yield	3.80 6 (8)
FM	📈	MSCI Frontier	473.89	0.09%	0.33%		📉	30Y TB yield	3.96 (3) (0)

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

Source: Bloomberg, CBE.

KEY DATES

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