

More Results to Come

TODAY'S TOP NEWS & ANALYSIS

Egyptian Parliament approves new taxes

Egypt's auto sales drop 69% y/y in April 2023

Egyptian Ministry of Agriculture releases amounts of corn and soybean

ETEL Q1 2023: Strong y/y earnings growth on better performance across the board

MFPC Q1 2023: Below-the-EBIT line items save the day

RACC Q1 2023: Higher profitability on higher revenues

RAYA Q1 2023: Higher earnings on revenue growth, margins, and FX gains

MTIE preliminary Q1 2023: Extraordinary net profits on higher revenues and margins

EFID Q1 2023: Strong earnings growth on higher volumes and prices as well as FX gains

ETRS Q1 2023: Interest income saves bottom line

ATQA Q1 2023: Non-operational items save the bottom line

MACRO

Egyptian Parliament approves new taxes

The **Egyptian Parliament** approved new taxes as follows:

- 5-20% as entertainment tax.
- Fees on duty-free products.
- 10% on some exported and luxury products.
- Introduced a new 27.5% higher rate of tax for people earning more than EGP1.2mn a year.
- Raising personal income tax exemption from EGP24,000 to EGP36,000.
- Flat tax rates for businesses with revenues less than EGP10mn per year.
- 10% capital gain tax on only 50% of the realized gains, as an incentive for investors to subscribe to IPOs. It should drop to 25% after two years of the legislation.
- Income from investments in venture capitals, real estate, investment funds, holding companies, and equity funds, should be subject to 5-10% CGT. ([Enterprise](#))

Egypt's auto sales drop 69% y/y in April 2023

According to **Automotive Marketing Information Council (AMIC)**, Egypt's auto sales volumes declined to 5,100 vehicles in April 2023 (-69% y/y) as:

- Passenger car sales volume fell to 3,800 vehicles (-70% y/y).

- Bus sales fell by 59% y/y.
- Truck sales fell by 69% y/y. ([Enterprise](#))

Egyptian Ministry of Agriculture releases amounts of corn and soybean

Last week, the **Egyptian Ministry of Agriculture** released 221,000 tons of corn worth USD80mn and 33,000 tons of soybeans worth USD25mn, in addition to fodder worth USD10mn. ([Mubasher](#))

CORPORATE

ETEL Q1 2023: Strong y/y earnings growth on better performance across the board

Telecom Egypt [**ETEL**] posted Q1 2023 net profits of EGP3.8bn (+179% y/y), while normalized net profits hit EGP4.1bn (+144% y/y), thanks to:

Higher revenues of EGP14.0bn (+48% y/y), with wholesale and retail revenues growing by 98% y/y and 22% y/y, respectively:

- Wholesale revenue growth was driven by domestic wholesale (+83% y/y) on Indefeasible Right of Use (IRU) one-offs, and international customers & networks (+154% y/y) on higher IRU capacity sales to tech-giants and ancillary services (O&M) one-offs.
- Retail revenue growth was driven by a higher customer base (voice, data, and mobile subscribers rose 5%, 7%, and 22% y/y, respectively) and higher ARPU (fixed-data ARPU rose 9.5% y/y to EGP161, and fixed-line ARPU rose 2% y/y to EGP33).

EBITDA growing 72% y/y to EGP6.1bn, implying an EBITDA margin of 44%.

Vodafone Egypt's (VFE) organic income rose 82% y/y, excluding debt-related FX losses, while the share of profits from VFE rose 184% y/y. (Company disclosures: [1](#), [2](#), [3](#))

MFPC Q1 2023: Below-the-EBIT line items save the day

Misr Fertilizers Production Co. (MOPCO) [**MFPC**] announced the full results for Q1 2023, where:

- Net income grew by 17% y/y to EGP2.4bn on the back of:
 - (1) 10x y/y higher net financing income of EGP264mn.
 - (2) Enormous FX gains of EGP1.1bn.
- Although urea prices have been declining since the beginning of the year, revenues increased by 21% y/y to EGP5bn, thanks to the EGP devaluation which inflated export revenues. However, the USD-based cost also inflated at a faster pace, which in turn severely pressured GPM down to 39% from 61% a year before.

Our 12MPT for MFPC is EGP220/share with a Neutral / Medium Risk rating. MFPC is currently traded at an annualized P/E of 3.9x. ([Company disclosure](#))

RACC Q1 2023: Higher profitability on higher revenues

Raya Contact Center [**RACC**] reported Q1 2023 net profits of EGP47mn (+563% y/y) due to:

- Higher revenues of EGP456mn (+77% y/y) (including the government support), driven by the increase in off-shoring revenues (USD) of EGP308mn (+143% y/y).
- Gross profit margin expanded by 2pp y/y to 35%.
- FX gains of EGP20mn compared to FX losses of EGP2mn in Q1 2022. ([Company disclosure](#))

RAYA Q1 2023: Higher earnings on revenue growth, margins, and FX gains

Raya Holding for Financial Investments [**RAYA**] reported net profits of EGP143mn (+217% y/y) on higher revenues of EGP6.5bn (+46% y/y). Meanwhile, GPM expanded by 2.2pp y/y to 20.9%. Earnings growth was also driven in part by an FX gain of EGP24mn and higher investment income of EGP26mn. (Company disclosure)

MTIE preliminary Q1 2023: Extraordinary net profits on higher revenues and margins

MM Group for Industry & International Trade [**MTIE**] reported net profits of EGP153mn (+200% y/y) on higher revenues of EGP2.5bn (+28% y/y). Meanwhile, GPM expanded by 2pp y/y to 11%. (Company disclosure)

EFID Q1 2023: Strong earnings growth on higher volumes and prices as well as FX gains

Edita Food Industries [**EFID**] reported Q1 2023 net profits of EGP374mn (+153% y/y) on higher revenues of EGP2.8bn (+78% y/y). The cakes segment revenues more than doubled to EGP1.5bn (+115% y/y), raising its contribution to total revenues by 9pp y/y to 54%. Overall revenue growth was driven by both sales volume and selling prices, as follows:

- Blended sales volumes increased by 34% y/y to 1.04bn packs.
- Blended average selling prices increased by 41% y/y to EGP34.8/pack.

Meanwhile, the strong earnings growth is attributable to higher revenues, along with:

- SG&A-to-revenues ratio improving by 5.1pp y/y to 15.1%.
- FX gains of EGP47mn vs. FX losses of EGP5mn.

In terms of margins, the gross profit margin dropped by 4.1pp y/y to 32% due to the mounting pressure of direct material costs, while the EBITDA margin rose marginally to 19% (+0.2pp y/y). (Company disclosure: [1](#), [2](#))

ETRS Q1 2023: Interest income saves bottom line











































Egytrans [**ETRS**] Q1 2023 net income came at EGP25.6mn (+80% y/y) on revenues of EGP86.6mn (-8.1% y/y). The increase in the bottom line is attributed to a higher gross profit margin of 23.2% (+2.3pp y/y) and a higher net interest income by more than triple y/y of EGP22.7mn. ([Company disclosure](#))

ATQA Q1 2023: Non-operational items save the bottom line

Misr National Steel (Ataqa) [ATQA] released its Q1 2023 financial results, posting net profits of EGP129mn (+90% y/y) on lower revenues of EGP400mn (-54% y/y) with a gross profit margin of 19% (+10pp y/y). Higher earnings growth was driven by:

- 53% lower SG&A of EGP15mn.
- Higher investment income of EGP65mn (+367% y/y) from Treasury bills and equities.
- A gain of EGP109mn (+426% y/y) from the net change in the fair value of financial investments. ([Company disclosure](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
1,119.2						2,449.2		2,011.7	
				daily chg.	ytd chg.			daily chg.	ytd chg.
		EGX 30	17,211.84	0.47%	17.90%			Gold	1,943.19 (0.17%) 6.43%
		EGX 30 TR	7,206.02	0.60%	20.00%			Silver	23.18 (0.50%) (3.71%)
		EGX 70 EWI	3,239.01	1.23%	15.60%			Brent Oil	77.07 (0.61%) (9.03%)
		EGX 100 EWI	4,844.50	1.17%	16.86%			WTI	72.67 (0.43%) (9.36%)
		DFMGI	3,543.62	0.06%	6.22%			Natural Gas	2.18 7.89% (47.42%)
		ADSMI	9,412.27	(0.44%)	(7.82%)	EGP		USD/EGP	30.90 (0.01%) (20.05%)
		TASI	11,135.67	(0.02%)	6.27%	€		EUR/USD	1.07 (0.02%) 0.01%
		QE Index	10,403.05	(0.22%)	(2.60%)	£		GBP/USD	1.24 (0.06%) 2.18%
		S&P 500	4,205.45	1.30%	9.53%	¥		USD/JPY	140.45 0.11% (6.49%)
		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	17.46	(2.73%)	(19.43%)			10Y TB yield	14.68 0 0
		STOXX 50	4,320.01	(0.40%)	13.88%			2Y TB yield	4.56 18 14
		MSCI Emerging	971.75	(0.11%)	1.61%			10Y TB yield	3.80 6 (8)
		MSCI Frontier	476.37	0.52%	0.86%			30Y TB yield	3.96 (3) (0)

* 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
30-May-23	IDHC	<u>OGM</u>	Approving financial statements ending 31 Dec. 2022.
30-May-23	ETEL	<u>Financial results</u> <u>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	BTFH	<u>Capital increase</u>	Last day for eligibility to the capital increase.
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	BTFH	<u>Capital increase</u>	Capital increase subscription starting date.
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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