



2024 – Another Year of Challenges

Fundamental Analysis Strategy Note | Egypt
January 2024

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Annual Strategy Note | Egypt
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2024 – Another Year of Challenges

The year 2023 saw unprecedented occurrences and changes, including significant gains in the equities market, although in EGP terms. Egypt awaits more hard economic decisions in 2024, including another devaluation and other decisions that will be detailed hereunder in this note. Hence, we believe that 2024 will be another year of hard challenges.

More specifically in this note, ...

- We spell out our outlook for 2024, as well as our advised strategy in light of the challenging macroeconomic environment.
- We detail the EGX positioning amidst both regional and emerging markets exchanges.
- We sum up our sector views for 2024.
- We conclude our top stock picks and recommendations.
- We are introducing **MubasherTrade Research Scoring (MTRS)** in this note, which assigns a score ranging from 0 (worst) to 10 (best) to each stock in our universe based on selected fundamental analysis KPIs.
- We set a year-end target for the benchmark EGX 30 index.

For more details, please read on...

Research Team

MubasherTrade Research
research@mubashertrade.com

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Overture

The year 2024 is expected to pose novel challenges in the macroeconomic, equities, and even geopolitical arenas. On the macroeconomic front, we anticipate another EGP depreciation as part of a long-term strategy to free-float the currency. We anticipate that the upcoming devaluation in 2024 will be followed by a policy tightening move of 100-300 basis points before we return to easing. To lighten the burden on the largest borrower, the government in the first instance, and the remaining parties and stock market in the second.

Egypt is set to formally join BRICS in 2024, which is likely to benefit the country's trade exchange and help lower the trade deficit in the long run. The year 2023 brought massive gains for Egyptian equities in EGP terms, as it reacted similarly to other goods and services in Egypt, which heavily mirrored the parallel market exchange rates rather than the official one. Also, it brought substantial earnings growth for a wide range of companies, thanks to base effect. As we'll see later, equities performance in USD terms tells a much more modest story.

Even though this note will concentrate on the Egyptian scene, we cannot disregard the unique worldwide landscape. Geopolitical tensions in the Middle East and GCC region and the possibility of outside intervention in the Gaza war could prolong its duration, putting the region at risk, causing supply chain disruptions in the red sea and driving up the price of gas, oil, and other related commodities, in addition to threaten the Suez Canal revenues.

Globally, there are also common themes of high unemployment, high inflation, and high interest rates. The Fed's long-term tightening of policy has resulted in high bond yields and government debt. The Fed's recent decision to maintain rates at a range of 5.25 to 5.50% in mid-December 2023 appears to be the conclusion of its tightening policy. The Fed also announced a pivot to rate decreases, with three in 2024 and calls for four more in 2025 and three in 2026. It is anticipated that this pivotal policy will inject money into the economy to spur further growth, after it faced an unprecedented downgrade from AAA to AA in 2023, so contributing to the growth of the global economy.

In our 2024 strategy note, We aim to give our clients a clear perspective for navigating the Egyptian equities through our top picks, as accurately as possible. Our prior top picks, which were published in our strategy note titled "[Macro Dynamics Beneficiaries](#)," on 21 June 2023 fared exceptionally well, achieving a 54.7% till 20 December 2023 outperforming EGX30 (+40.3%) by 14.4% in the same period in EGP terms. For 2024, we are positive on **Consumer Staples, Health Care, Constructions & Engineering, Logistics, Fertilizers, Metals & Mining, Petrochemicals, Building Materials, Real Estate, and Telecom & IT** industries.

Our [top picks](#) for 2024 are depicted in pages 22-33.

Our newly introduced **MubasherTrade Research Scoring (MTRS)** has produced yet another top picks list, see [page 34](#).

Please keep reading, for more details ...

Overture (Cont'd)

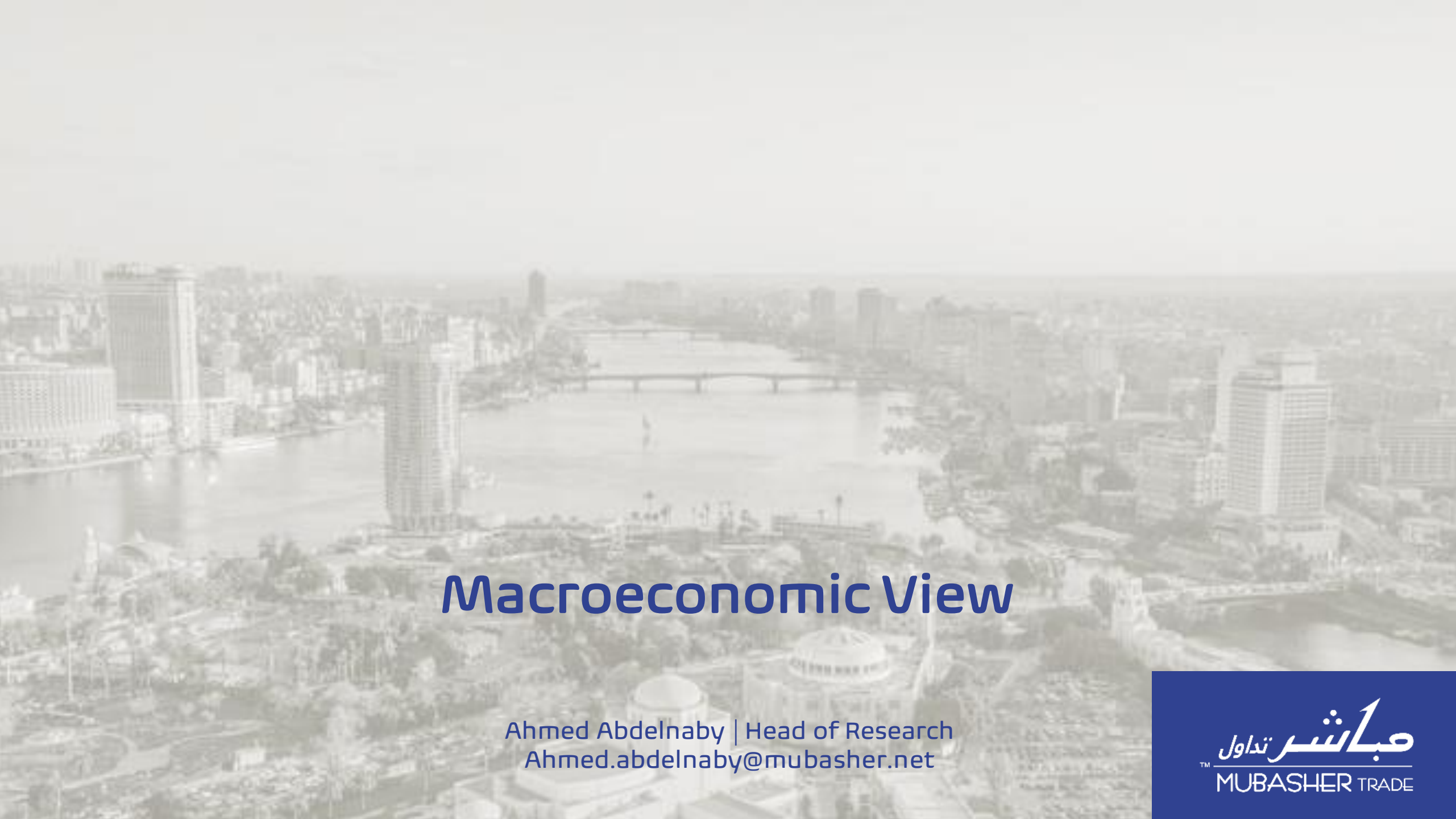
The 'war' word was uttered twice: During 2023, we heard the word 'war' twice, unfortunately. The first was in continuation to the Russian-Ukrainian war repercussions, which caused a shortfall of gas supplies to Europe, raising the prices of related products (for example, urea, which saw its prices skyrocket to an all-time high of USD1,000 per ton). The second war is still going on in Gaza, as the unjust conditions to which Palestinians are subjected and the possibility of intervention by other parties in the war may lengthen its duration, exposing the region in general and Egypt in particular to poor economic conditions, with potentially disastrous consequences for the tourism and energy sectors.

The geopolitical tensions caused by the Gaza war have already resulted in a considerable temporary decrease in Egypt's gas imports from Israel in late 2023, which is used for liquefied **natural gas** exports, putting pressure on Egypt's exports. In terms of **oil prices**, geopolitical tensions cause Brent oil prices to hit their highest level since the war began on 20 October 2023, at USD93.79/barrel, before falling back to levels below the 90s. Brent oil prices are unlikely to approach USD100 in 2024 due to an increase in **non-OPEC+** oil production and considerable storages held by the **OPEC+** cartel, which will continue to put downward pressure on prices.

As for **tourism sector**, modest cancellations showed up with the war escalation, before the government revealed that the 2023 season is still showing an unprecedented recovery in total number of tourists.

In Egypt, 2023 was the M&A year, more to come in 2024: We've already seen a lot of merger and acquisition deals in 2023, with the government achieving USD1.9bn in proceeds from selling stakes in state-owned assets by the end of FY 2023, as part of a program to increase private sector participation and secure more foreign currency, which is less than the target of USD2bn. The Egyptian pound's devaluation during 2023 enabled progress in this direction, making Egyptian companies appear more appealing. The government asset sale program is expected to make more headway in 2024, when further depreciation of the EGP and a potential shift to a more stable and resilient exchange rate regime will make Egyptian companies more appealing and assist ensure fair valuations and profit remittances by investors. The list of companies included in the program has increased to more than 32 companies so far.

Egyptian equities showed unprecedented jumps in 2023 in EGP: The EGX30 index demonstrated a rise of 70% in EGP terms till 20 December 2023, however in USD terms it demonstrated 36% only. This can be attributed, in part, to the fact that prices mirror the exchange rates on the parallel market and to the high expectations of further EGP devaluation. For instance, **Commercial International Bank - CIB (COMI)** GDR traded in **LSE** compared to its local shares prices implied exchange rates as high as EGP63.2 per 1 USD while gold jewelry prices compared to troy ounce price imply EGP49.2 per 1 USD, both as of 27 Nov 2023, while EGP NDF reached a high of 50.5 / USD. Comparing Egyptian stocks performance to that of other Arab countries in USD terms revealed that it was outperforming, as we will detail in EGX Positioning part hereunder.

An aerial, sepia-toned photograph of a city, likely Cairo, Egypt. The Nile River flows through the center, with several bridges crossing it. The city is densely packed with buildings, including many high-rise structures. The foreground shows some greenery and lower buildings.

Macroeconomic View

Ahmed Abdelnaby | Head of Research
Ahmed.abdelnaby@mubasher.net

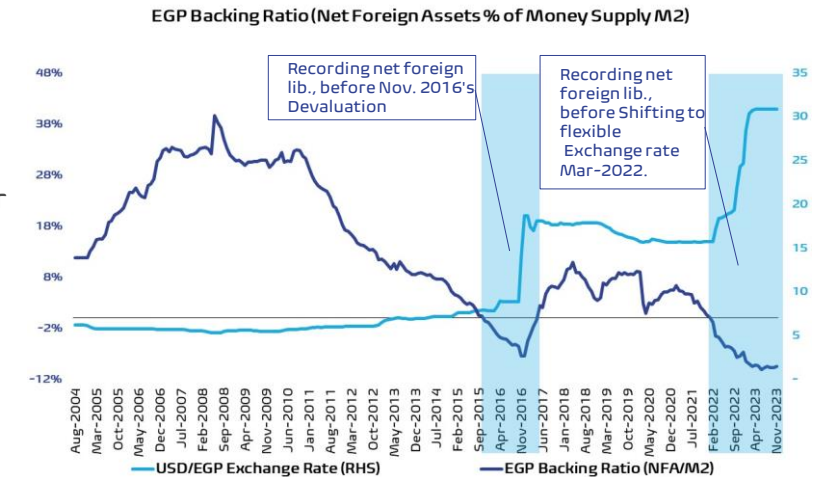
What we are Looking Forward in 2024?

- **Another EGP devaluation round:** It is commonly assumed that another devaluation of the EGP is unavoidable due to a severe and ongoing foreign currency shortage, which has resulted in dollarization fever. The magnitude of the devaluation is not the question, as transitioning to a free-float regime is the ultimate solution and is demanded by the IMF, but doing so violently would have intolerable consequences, therefore managed-float during a transition period will be more appropriate. Our previously [introduced EGP backing ratio](#), (See first chart to the right), which compare net foreign assets / liabilities in the banking sector compared to Money supply M2, is still widely anticipated another devaluation round as we observe that it is repeatedly decreasing before major devaluation rounds. Egypt's net foreign assets / (liabilities) "NFA (L)" reached a record high of USD27.2bn in October, indicating increasing external pressure on the country's external position, which is one of main reasons for IMF review delays. But there is Recent relief amid challenges, a recovery in tourism revenue, temporary foreign currency sources like the expats' cars initiative, an improved balance of payments, and notable progress in the government's privatization program have contributed to this relief. While these factors may help alleviate the pressure of dollarization, it is crucial to have stable and growing sources of foreign currencies to ensure a sustainable solution and avoid a recurrence of the challenges faced. For 2024, we expect another devaluation round to c. EGP40/USD. But how can we play this drastic move in 2024?

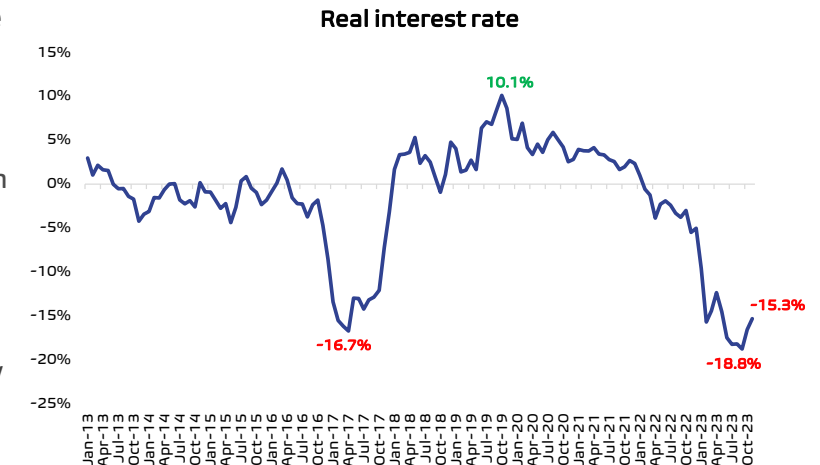
In our strategy note "[Macro Dynamics Beneficiaries](#)" back on 21 June 2023, we chose a short list of stocks that are widely predicted to benefit from the depreciation, such as companies with a substantial presence in export markets or net financial assets denominated in foreign currencies. We advocate the same selection criterion for 2024, and we will provide our updated top picks and recommendations hereunder in this note.

- **Inflation will continue to dampen demand and raise input costs,** with Headline inflation readings hitting an all-time high of 38% in Sep 2023 (39.7% core inflation). High inflation always reduces purchasing power because it raises manufacturing and other input costs, causing greater inflationary pressures and, if prolonged, stagflation.
- **Modest interest rates hike in medium-term and cut on longer-term:** Egyptian policy maker may modestly raise interest rates during 1H 2024 by 1-3% to protect savings coinciding with the widely anticipated devaluation round, after it kept key rates unchanged in its last meeting in 2023. However, in longer term, lower rates ease government burden as largest borrower with EGP6.9tn local debt and USD164.7bn external debt. Reducing rates supports economic growth, lessens loan burden, and lowers risk-free rate. Although a drop in average inflation toward 25% by 2024 is expected by Fitch's BMI, real interest rate (RIR) will remain negative at this level. Egypt's RIR has stayed in negative territory since early 2013, with the highest reading during the period being 18.8% in September 2023, before relaxing to 15.3% in November 2023.

EGP backing ratio suggest another devaluation round



Negative real interest rates show slight easing from peak



Source: CBE.

What we are Looking Forward in 2024?(Cont'd)

○ High debt service bill to continue fuel budget deficit:

Egypt's external debt reached its all time high at USD164.7bn by the end of FY2022/23, which will maintain high level of debt service needed in 2024 and beyond. Egypt is expected to pay back USD32.8bn to cover its external medium and long-term debt obligations in 2024 (20% of total external debt), USD19.4bn in 2025, and USD24.9bn in 2026, according to CBE estimations. Additionally, the overall amount of short-term debt obligations for 1H 2024 was USD9.5bn, with the majority of the payments scheduled for February and March 2024. Egypt's fiscal deficit nearly doubled y/y in 1Q FY2023/24, as rising borrowing rates strained national resources. The deficit widened to 3.9% of GDP in 1Q FY2023/24, up from 2.1% the previous year, owing primarily to the government's ballooning interest bill. During 1Q 2023/24, EGP477.5bn was spent on debt service, which is more than double the EGP216.9bn paid out during the same period last year. The rising interest bill greatly exceeded expanding revenues, with debt payment alone costing more than 40% of budget revenues for the quarter.

○ Increased support from IMF and other bodies could alleviate FX Shortage in 2024:

Late in 2023, we hear an IMF director praise Egypt's commitment to macroeconomic stability and reaffirm the IMF's support for its reform drive. According to the IMF's director, "the war in Gaza appears to be changing the Fund's calculations." She also stated that the IMF is "seriously considering" expanding the size of the loan to Egypt, claiming that the loan might be expanded to

more than USD5bn. We hear a bit similar tone from the **European Union** and other bodies late 2023, especially with the escalation of Gaza war, either in the form of debt that will be granted to Egypt or more FDIs to come to Egypt. We believe that the IMF's and the other bodies promising tone will boost Egypt's standing in international debt markets and attract more FDIs in 2024, alleviating some of the FX shortage squeeze. We can count more than USD40bn in this regards, which, if all landed in Egypt by 2024, would serve to extinguish the foreign exchange parallel market and halt dollarization and may even reduce the urgent need to weaken the EGP.

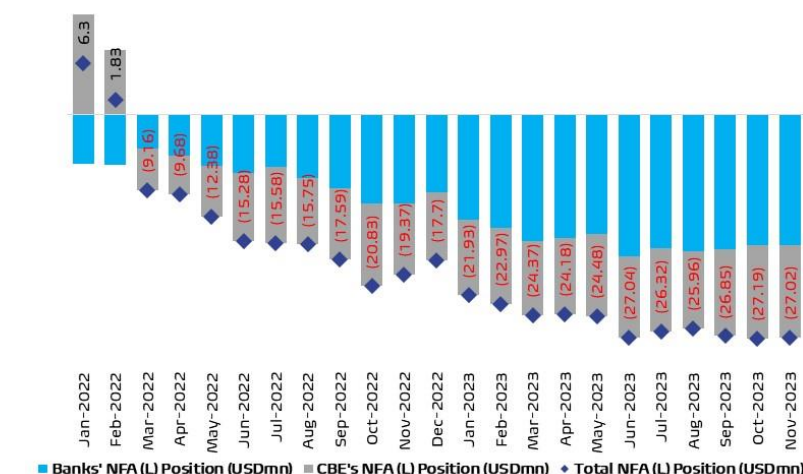
○ A slow down in GDP Growth rate in FY2023/2024:

Egypt's government has reduced its economic growth prediction for fiscal year 2023/24 by 0.7% to 3.5%. Egypt's administration indicated earlier this year that it expects economic growth of 4.1% to 4.2% this year.

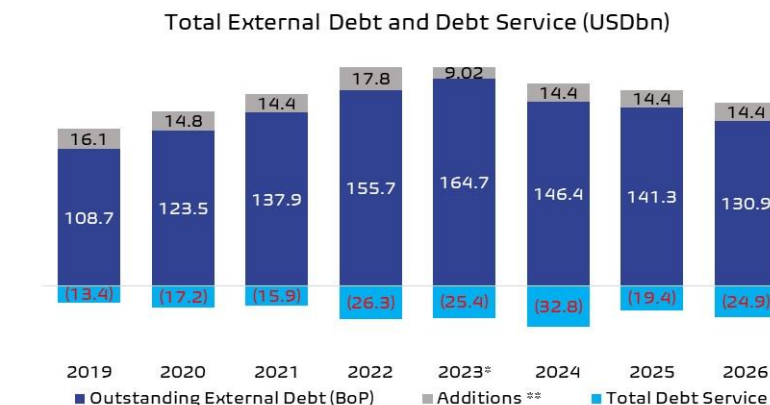
○ Further downgrade steps in 2024 may occur:

Rating agencies downgraded Egypt rating in 2023. Last of them was **Fitch Ratings**, which downgraded Egypt from 'B+' to 'B' with a negative outlook. Additionally, **S&P** altered the outlook for Egypt from stable to negative while maintaining the rating at "B". On the equity market classification front, Egypt has been placed on the **FTSE** watchlist for a downgrading to unclassified from emerging market in September 2023; an update will be provided in March 2024. Moreover, **MSCI** began to give Egyptian securities special treatment in response to investors' feedback about the lack of FX liquidity; further actions in this area might be taken in 2024.

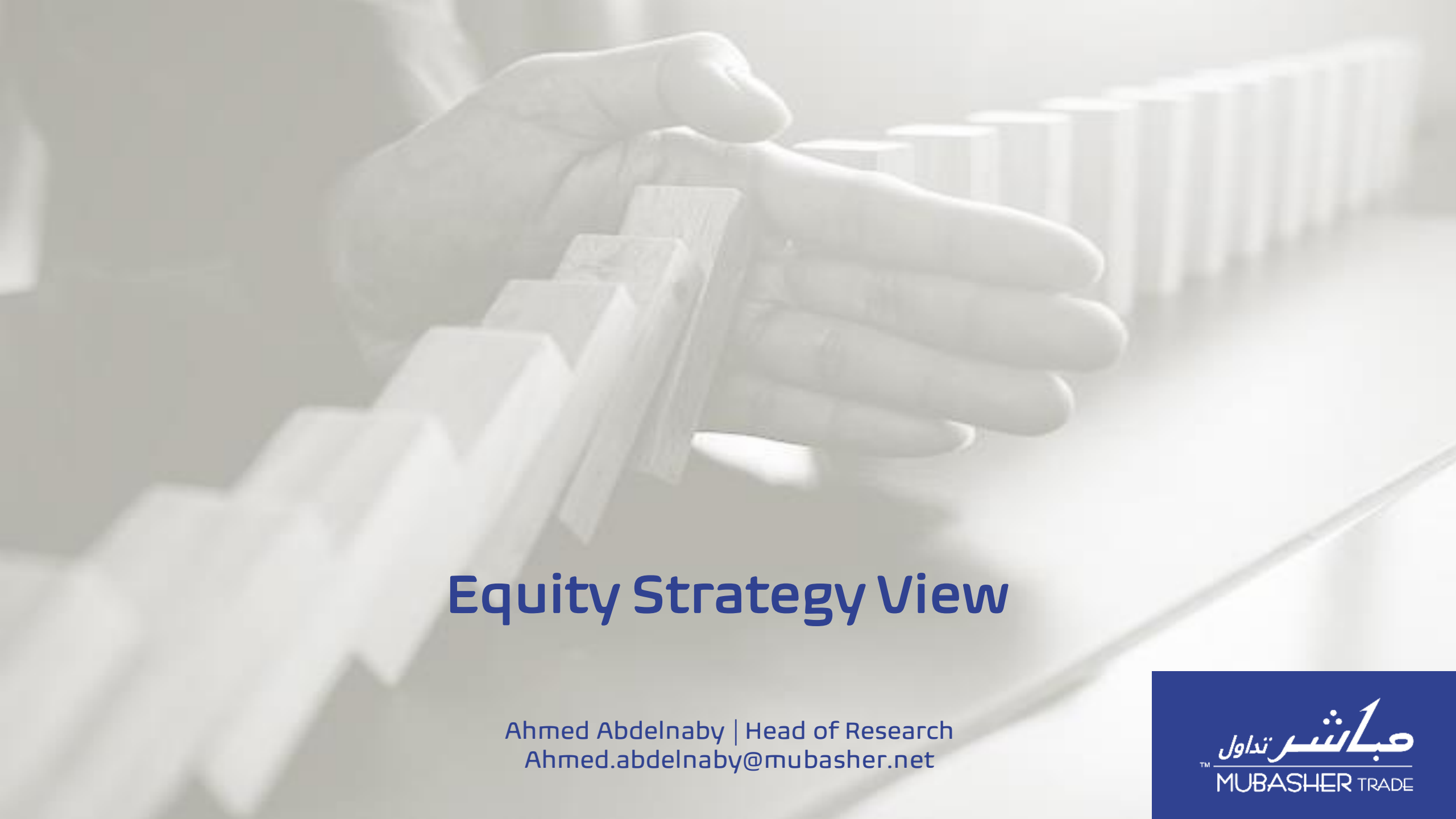
Banks' NFA(L) Has the Lead over CBE's NFA(L)



An Exacerbated External Debt



* Provisional
** Forecasted during the period 2024-2026 based on average additions during the past 5 years.
Source: CBE.



Equity Strategy View

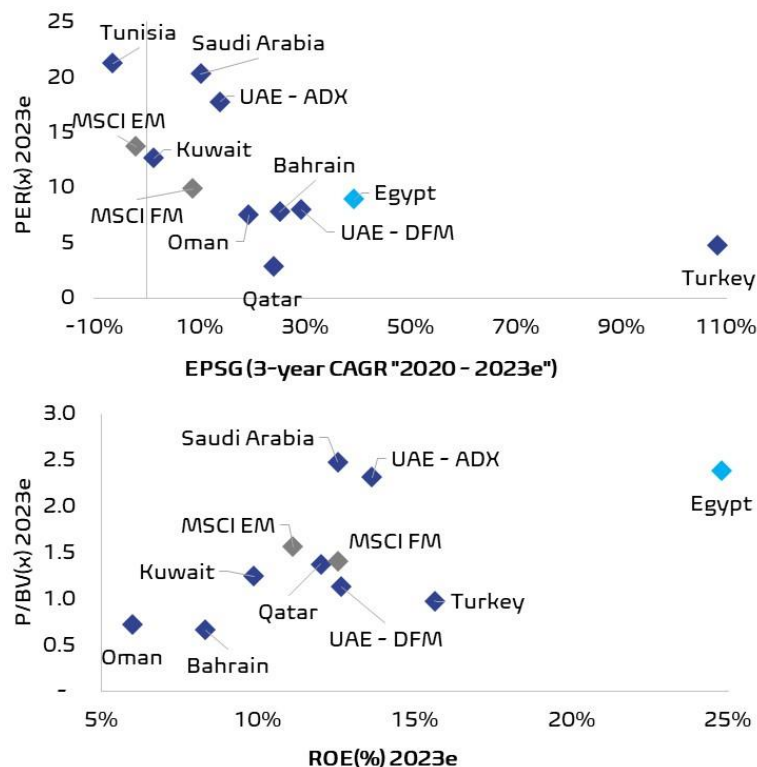
Ahmed Abdelnaby | Head of Research
Ahmed.abdelnaby@mubasher.net

EGX Became A Pricier Market Compared to EM and FM Amidst Recent Rally ..

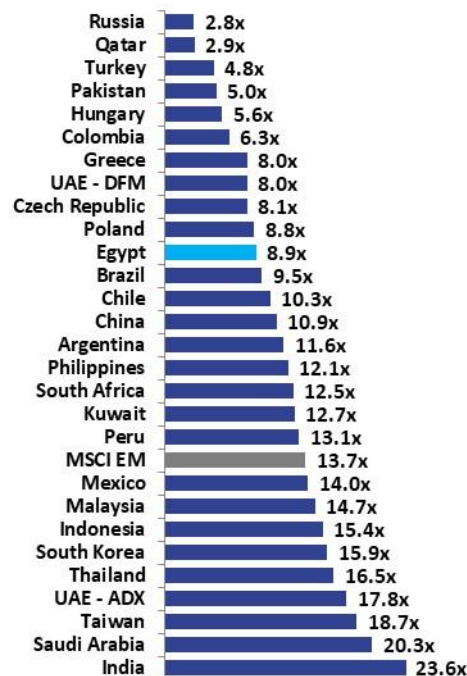
Relatively pricier market among peers: Egyptian stocks, as represented by the major index **EGX 30**, exhibited 3-year earnings CAGR of 39.5%, which is considered the highest market in MENA region with a relatively low 2023 forward P/E of 8.9x (earnings yield of 11%), compared to 2024 forward P/E of 7.2x (earnings yield of 14%). Egypt equities also exhibit

the second highest return on equity (ROE), coinciding with relatively high P/BV as depicted in the below two charts to the left. Egypt is the 11th cheapest market in terms of 2023 forward P/E presently (9th at the start of 2023), although it was much cheaper before the 2023 price surge. For instance, it was the 5th in Mid-2022. It still trades at a deep discount to

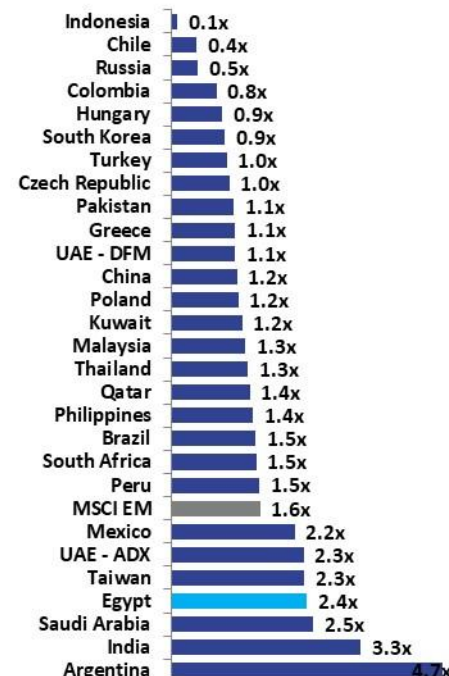
EM peers' median forward P/E of 21% and 35% discount to **MSCI EM** forward P/E of 13.7x, (-10% vs. **MSCI FM** forward P/E of 9.9x). At a 3.6% forward dividend yield, Egypt is considered more rewarding market than MSCI EM.



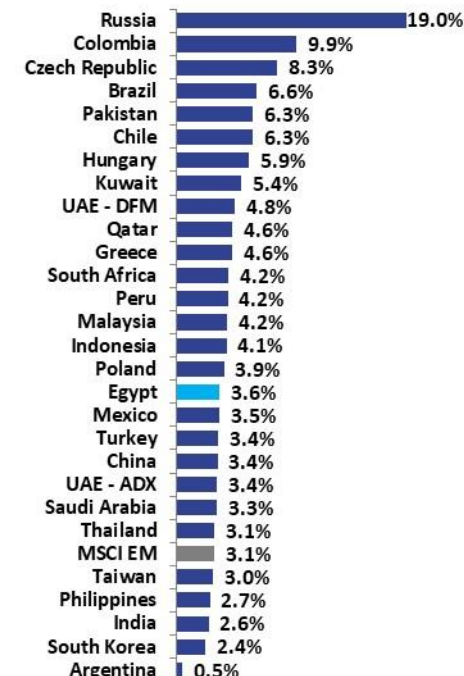
Emerging Markets P/E 2023e



Emerging Markets P/BV 2023e



Emerging Markets DY 2023e



Source: Consensus Estimates.

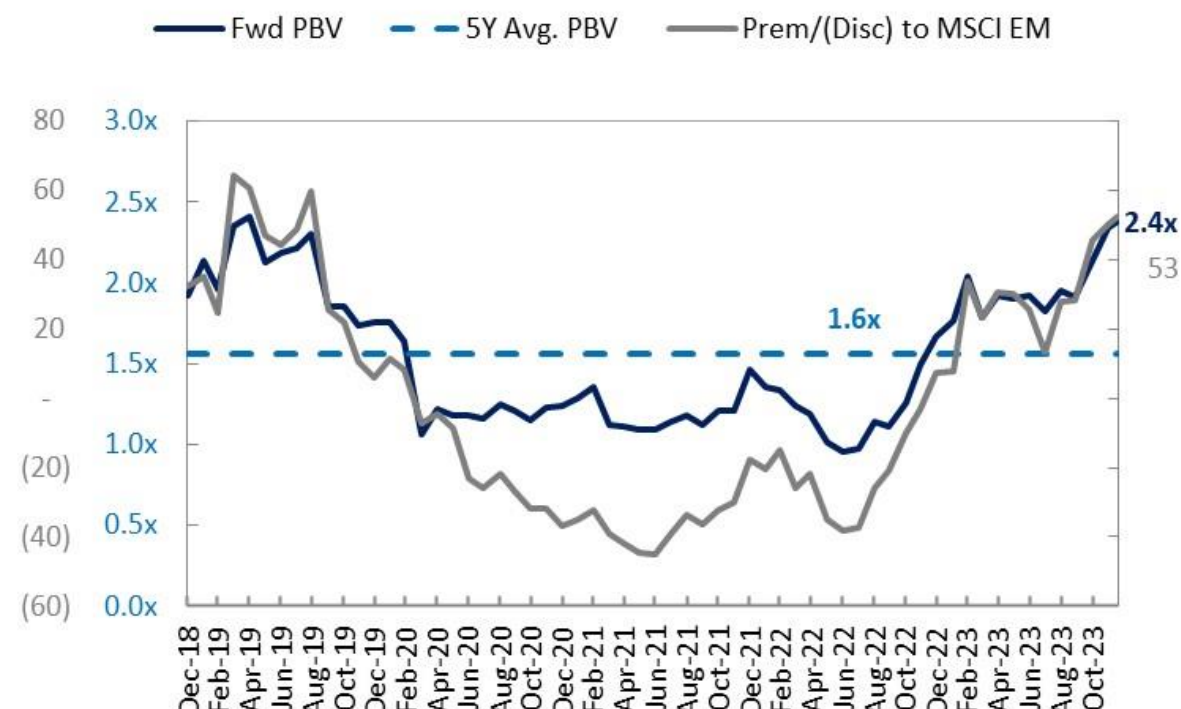
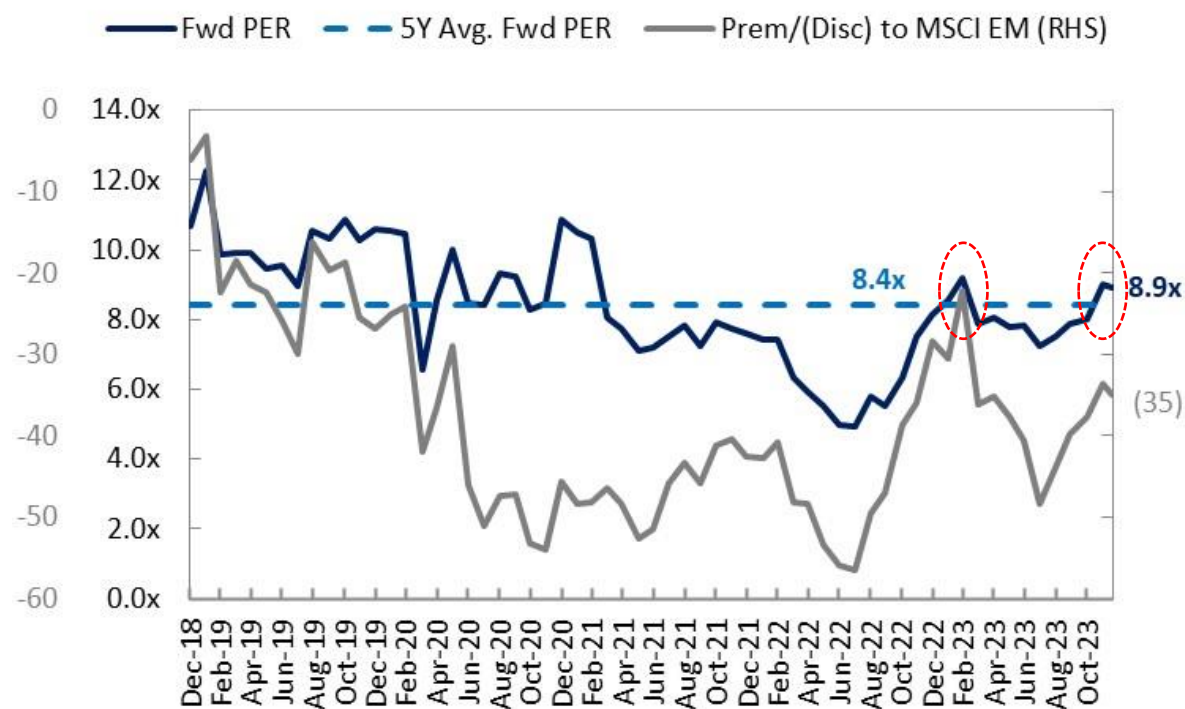
Source: Consensus Estimates.

.. And Compared to its Historical As Well

The index is trading above its historical P/E and P/BV averages: EGX 30, are currently trading at a Fwd. P/E of 8.9x, up from 8x by the end of 2022, due to the 2023 price rally. When compared to the index's average forward P/E of 8.4x over the last five years, this is a +6% premium (a 35% discount compared to the MSCI Emerging Markets Index and a 10%

discount compared to frontier markets). Fwd. P/E surpassed its 5-year average for the first time in more than two years in February 2023, before dipping and returning to hover above it, as shown by the two red circles in the below left chart. If we look at fwd. P/BV, the EGX 30 index is trading 53% higher than the average over the past five years of 1.6x

(+53% compared to MSCI Emerging Markets Index P/BV of 1.6x and +69% compared to frontier markets P/BV of 1.4x).



Source: Market Estimates.

.. That Led to A Modest Expected Total Return for EGX 30 in 2024

EGX 30 target – 25,550 (+6.4% expected total return): Based on both multiples and consensus PT models, there is potential additional modest increase in EGX 30 towards 25,550 by end of 2024. We base our target on two models:

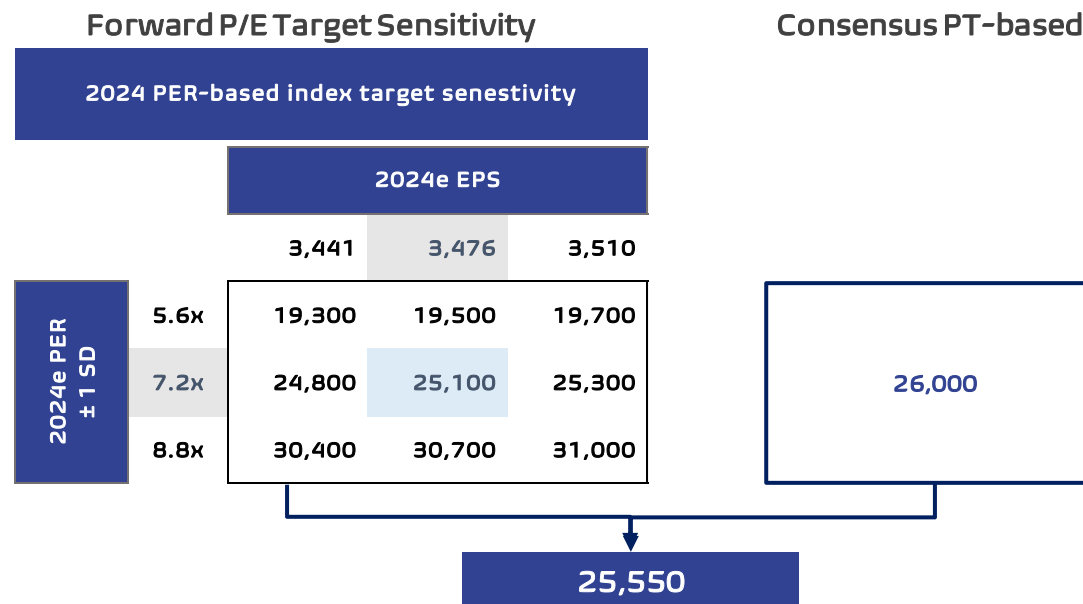
- **Multiples-based model – 25,100:** Using a forward P/E of 7.2x and EPS of the index estimated by the end of 2024, based on analyst consensus earnings estimates, we reached a target of 25,100. We also conducted a sensitivity analysis to show this target's sensitivity to changes in EPS and P/E. Using a $\pm 1\%$ change in EPS and ± 1 standard deviation of P/E based on historical 5-years data, we reached a low of 19,300 and a high of 31,000.
- **Consensus PT-based model – 26,000:** In this model, we used the index constituents' current weights and their consensus price targets. This model yielded a target of 26,000.

Applying equal weights to both models, we reached our EGX 30 target of 25,550 (+2.9% upside) in addition to a 2024e dividend yield of c.3.6%, implying an expected total return in excess of 6.4%, based on the index level by the end of 20 December 2023 trading session.

Using the same models, a greater double-digit projected total return was previously observed in the past years, due to the significant upward trend in the index readings in 2023 (+70% price return till 20 December).

We think that in 2024, especially if the government decides to implement the long-delayed capital tax gain, we won't witness such enormous gains. According to recent news, the **Ministry of Finance (MoF)** intends to publish the tax's executive regulations following an agreement with **Misr Clearing and Depository Company (MCDR)** for the tax to be collected on gains made during 2023, as another delay in implementations could lead to tax collection being pushed back another year.

EGX 30 2024-end target



Source: MubasherTrade Research calculations, based on consensus estimates.

Post-Devaluation Rounds, Unveiling a Different EGX30 Performance Magnitude

In Contrary to 2016 devaluation, the index reacted positively in USD terms to 2022 & 2023 devaluation rounds, albeit lower than its reading in EGP terms:

To assess the influence of EGP depreciation on stock market performance, we opt to examine EGX30 index performance in US dollars. As seen in the graph, if we use the day preceding each move to devalue the EGP as the base date for calculating index performance, we see a **-19.9%** fall in the index

from the EGP's flotation in November 2016 to the present (+181.9% in EGP). Looking at the index's performance after the depreciation of the EGP on 21 March 2022, the index gained **15.1%**. However, it gained 126.3% in EGP term! Finally, on 27 October 2022, **CBE** stated that it will begin implementing more resilient exchange rate regime. In response to that decision, the EGX 30 index, in USD terms, increased **50.2%** to date (c.1.2 year now),

denominated in US dollars (+135.4% in EGP terms !!). Hence, will history repeat itself after the widely expected next EGP devaluation? We largely expect that the answer will be no, as a large part of the significant rises in EGX30 in EGP terms were due to bets on the occurrence of upcoming devaluation and the high certainty that the official exchange rate does not reflect reality.

EGX30 Performance in USD Terms



Source: EGX, prices as of 20 December 2023.

Reading 2023 Performance in Light of the Big Picture Provides a Slightly Different Story

Zooming in on the EGX30 index's EGP vs. USD performance in 2023:

Despite the fact that 2023 had the best EGP performance since 2016, a closer look at the EGX30 index's EGP vs. USD performance within the larger macroeconomic picture tells a slightly different narrative.

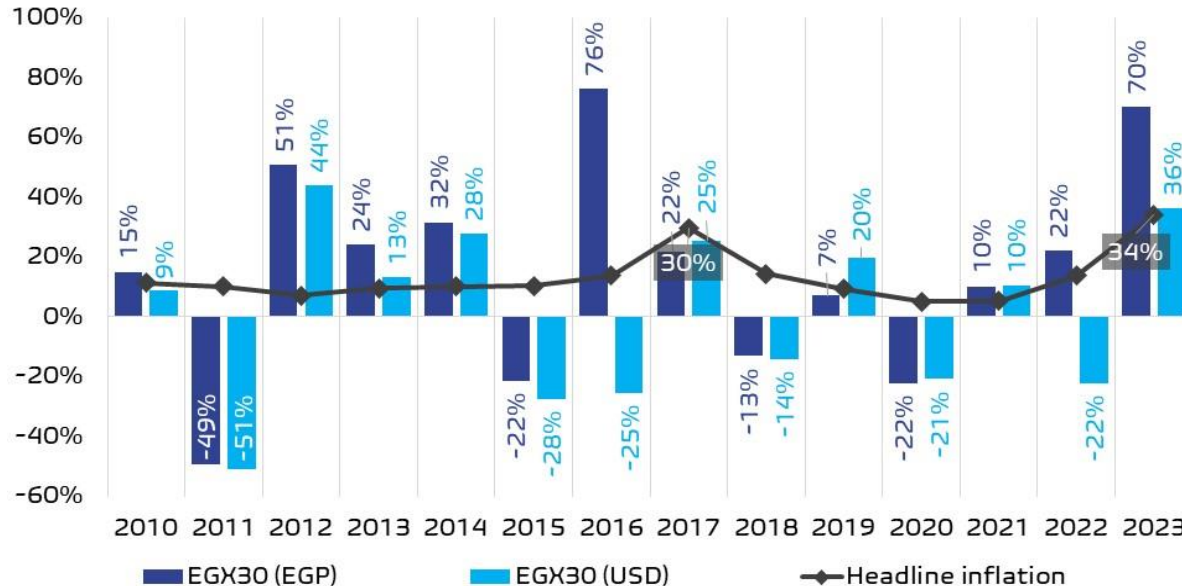
The year 2023, until 23 August, saw negative performance in USD terms before turning into green area, despite rises in EGP. By the end of

August, as we got closer to the widely predicted devaluation decision, the divergence vanished and both lines turned green, and the EGX30 index reaching an all-time high of 25,945.6 during the 27 November 2023 session in EGP.

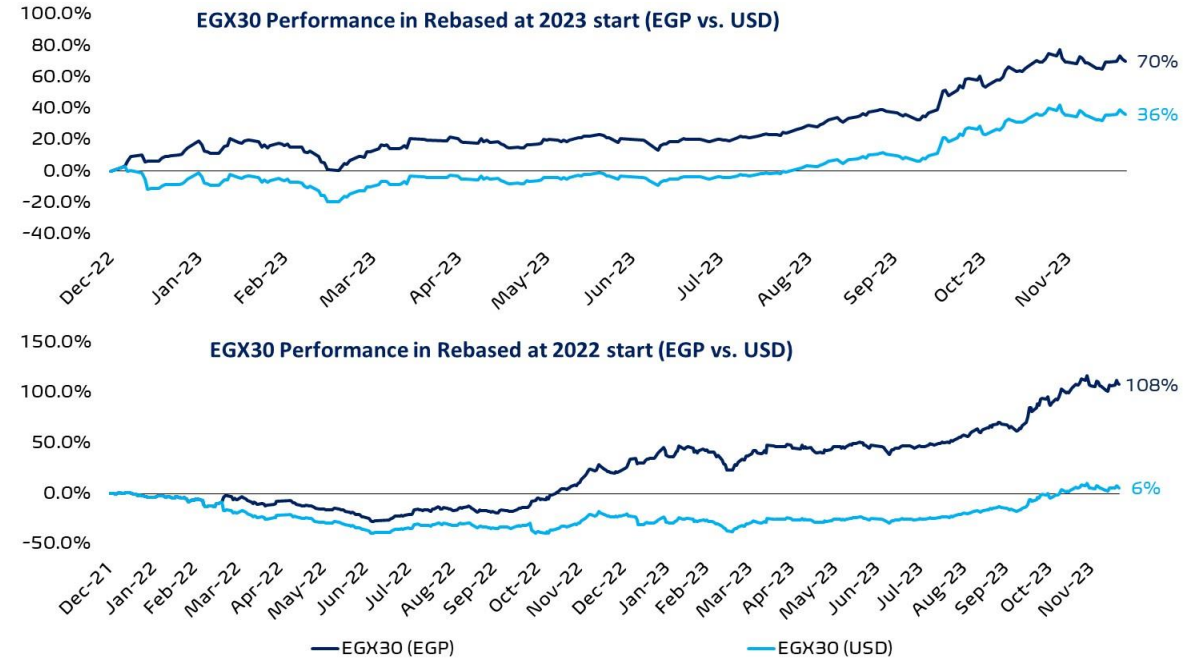
As all goods and services in Egypt experienced higher prices within the inflationary environment in 2023 with average headline inflation reached 34% during the year – the highest reading since 2017

(post 2016 devaluation). Equities were not in isolation of that environment, we believe that the increases in EGP towards the end of 2023 were simply a translation to the unprecedented exchange rates, possibly in the parallel market rather than the official market even. This allowed the massive positive performance in EGP to surpass the weakness in exchange rates, on the back of transferring a significant portion of savings to the stock market to hedge against inflation.

EGX30 Historical Performance % (EGP vs. USD)



Source: EGX, prices as of 20 December 2023.

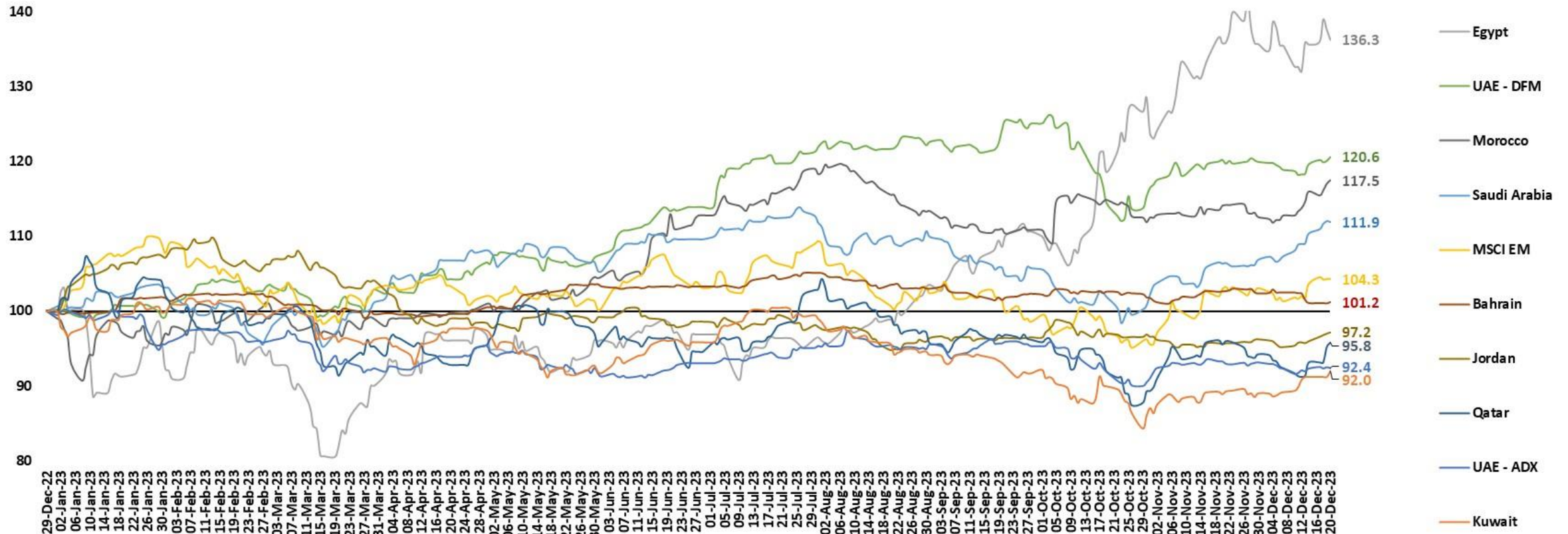


Amazing Returns for EGX30 in 2023 Compared to the Other Countries in the Region

In 2023, Egyptian stocks fared noticeably better in USD terms than the rest of the region's markets: Egyptian equities rose significantly during the 2023 compared to Middle Eastern markets, as indicated by the performance of the major **EGX 30 index** in US

dollars and similarly to the rest of the indices for ease of comparison. As seen in the chart, the Egyptian market's primary index, EGX 30, gained 36.3% in 2023 (until 20 December 2023), most of them recorded in the last four months of the year.

Meanwhile the rest of the markets performed somewhat worst. The **Kuwaiti** and **UAE - ADX** indexes underperform them all (-8% and -7.6%, respectively). In EGP terms, the EGX 30 index increased by 70.1%.



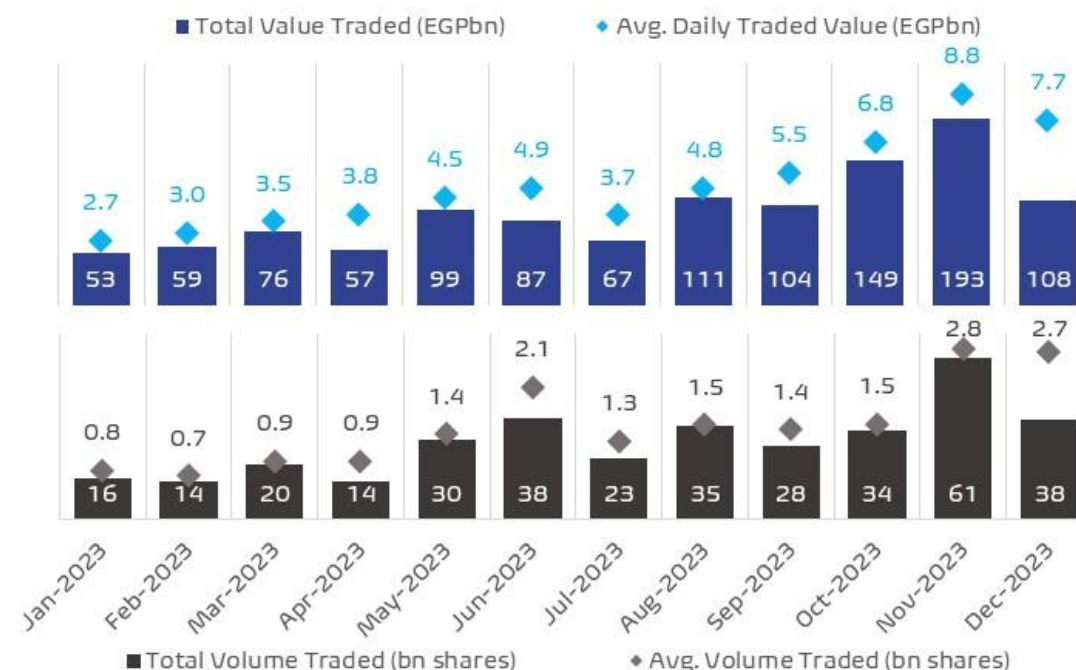
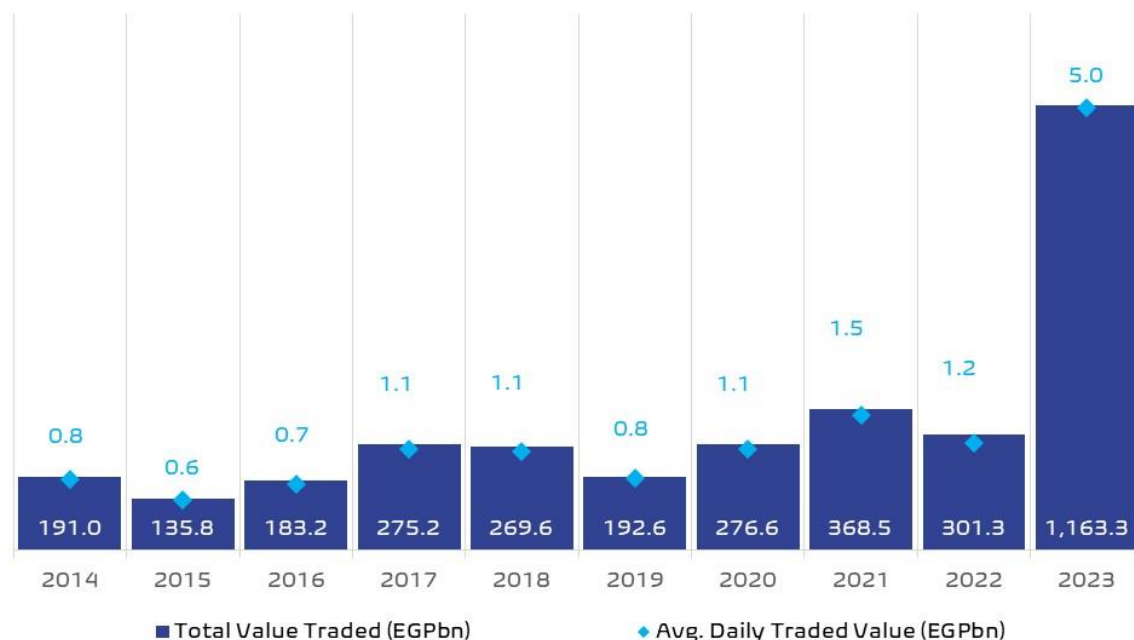
Source: Exchanges websites, prices as of 20 December 2023, rebased at 100 points.

Amazing turnovers in 2023, but in which currency?

Total traded values have surpassed EGP1tn for the first time ever: The Egyptian Stock Exchange turnover skyrocketed in 2023 three folded 2022 readings in EGP term. The total turnover broke the EGP1 trillion for the first time ever to reach EGP1.16tn in 2023 (until 20 December), up from only EGP301bn in 2022, (+313% compared to the past five years average of EGP282bn). The average daily

traded value grew to EGP5bn in 2023, up from EGP1.20bn in 2022, (+330% compared to the past five years average of EGP1.15bn). Again, all of these figures are in Egyptian pounds, although the USD figures show slightly lower rises. For instance, in USD terms, total value traded in 2023 reached USD38bn (+128% vs. 5-year average only), while 2023 average daily traded value is USD0.16bn (+138% vs. 5-year

average only), respectively. During the months of 2023, August witnessed a remarkable shift to turnover values exceeding EGP100bn in total and EGP5bn on average, owing partly to high expectations of nearing the new devaluation and massive inflows from foreigners to EGX, as we shall discuss on the next page.



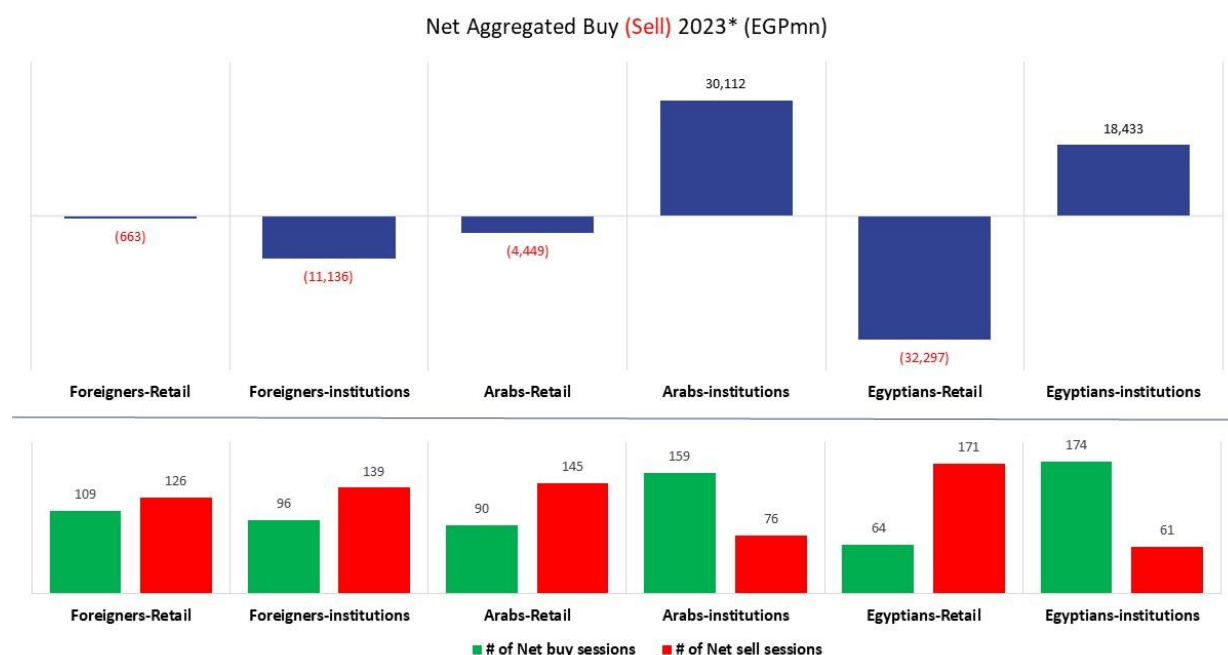
Source: EGX, as of 20 December 2023. Based on stocks only, excluding block trading deals.

Foreigners Flow Certainly Means a lot

So, based on accumulated numbers, have foreigners become net buyers in 2023? The answer is no due to their heavy outflow during the first 7 months of the year. But starting August till 2023 end, they turned net buyers with September, November, and December showed their highest net buying power. From the start of 2023 to 20 December 2023, foreigners were net sellers by EGP11.8bn (both institutions & retails), with 96 total net buying

sessions for foreign institutions vs. 139 net selling sessions. The trend of foreign institution withdrawal from EGX began in mid-March 2021 and persisted throughout 2022 and 2023 till July. Starting August 2023 till 20 December, foreign institutions were net buying by EGP11.1bn (USD358mn). Foreign institutions' total traded value reached EGP158bn (7% of total traded value). Egyptian institutions concluded 2023 as net buyers with net aggregate

buy position of EGP18.4bn with total traded value of EGP465bn (20% of total traded value). Egyptian retails were net sellers by EGP32bn and total traded value EGP1.5tn (65% of total traded value). Arab institutions were net buyers by EGP30bn with total traded value of EGP82.6bn (4% of total traded value). Arab retails were net sellers by EGP4.4bn and total traded value EGP106bn (5% of total traded value).



Figures are in EGPmn



Source: EGX, as of 20 December 2023. Note: Figures are Equities only, Excluding block trading deals.

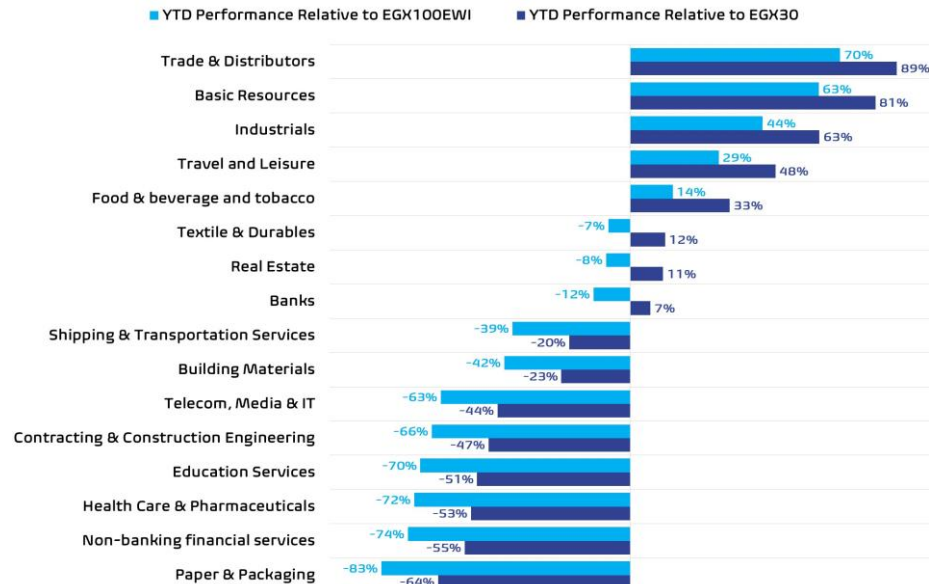


Sector Views

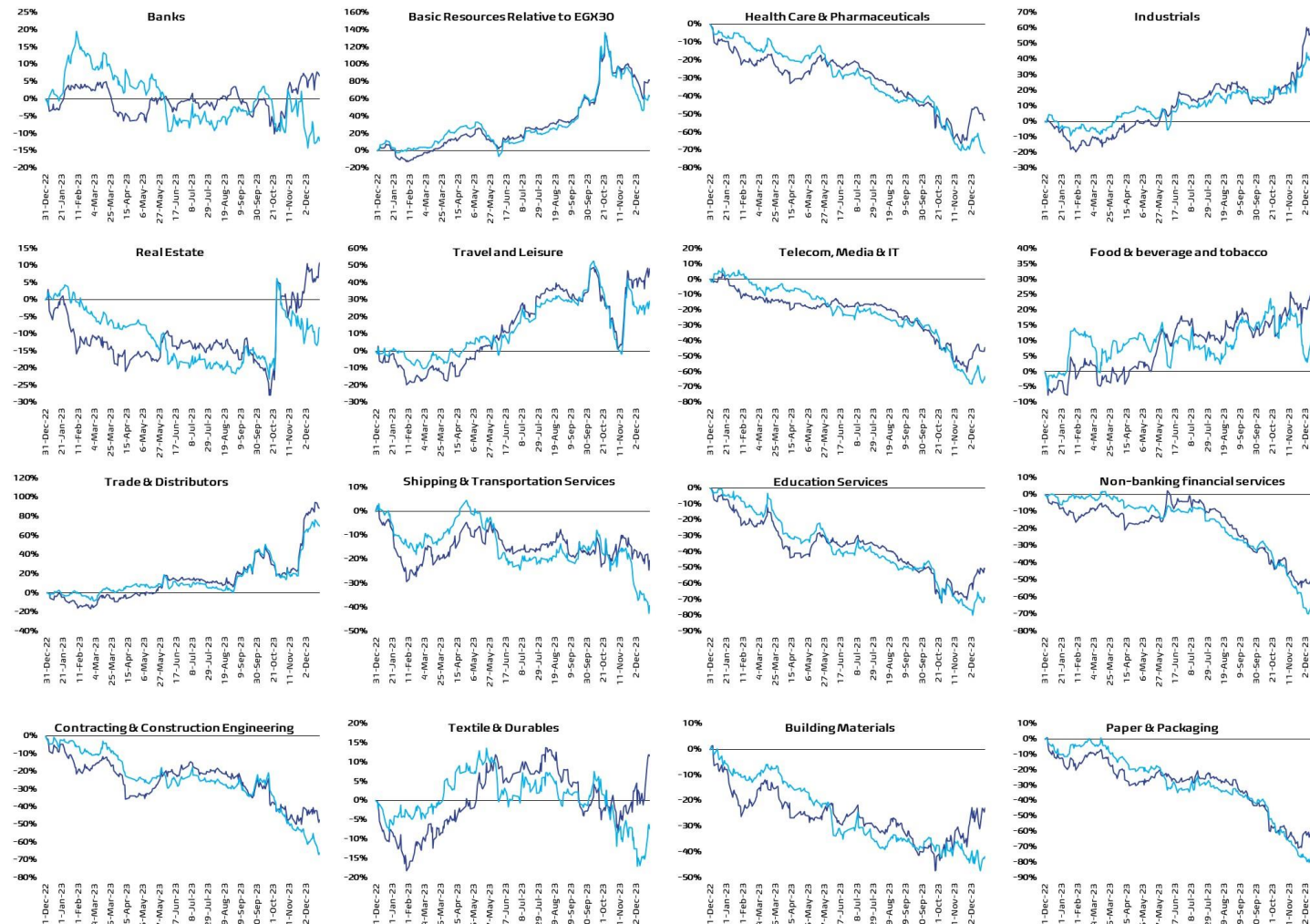
Research Team
research@mubashertrade.com

Sector Positioning

Which sectors outperformed/underperformed EGX30 & EGX100EWI in 2023? The below charts depicts the relative performance of all 16 EGX sectors versus the EGX30 & EGX100EWI throughout 2023 (taking 31 December 2022 as the base). A positive (negative) reading means the sector is outperforming (underperforming) the index. The three sectors that outperformed EGX30 by in 2023 were led by **Trade & Distributors** (+89% vs. EGX30, +70% vs. EGX100), **Basic Resources** (+81% vs. EGX30, +63% vs. EGX100), and **Industrials** (+63% vs. EGX30, +44% vs. EGX100). On the other hand, the three worst performing sectors were **Paper & Packaging** (-64% vs. EGX30, -83% vs. EGX100), **NBFS** (-55% vs. EGX30, -74% vs. EGX100), and **Health Care & Pharmaceuticals** (-53% vs. EGX30, -72% vs. EGX100).



Source: EGX, prices as of 20 December 2023.



Source: EGX, prices as of 20 December 2023.

YTD Performance Relative to EGX100EWI YTD Performance Relative to EGX30

Sector Views

Consumer Discretionary	Consumer Staples	Energy & Utilities	Financials	
Industry View: Neutral ↔ Catalysts - Expected comeback in demand. - Improvement in Purchasing power. - Expansion plans to boost revenues in FY24. - Staple market share of exports (except TALM, it is increasing). - Increase in population growth rate. Risks - High interest rate. - Further EGP depreciation which will hike the manufacturing cost and pressure and diminish margins. 👍 Liked Stocks: GBCO, TALM. 👎 Disliked Stocks: ORWE.	Industry View: Positive 👍 Catalysts - Leveling up to a higher pricing levels to pass-on increasing manufacturing cost. - More CapEx investments are set to mirror a great impact in 2024 (EFID, OLFI on the scene). - Benefitting from boycott (EFID). - Shifting from an in-kind subsidy policy to a cash subsidy policy (SUGR in the scene). Risks - Further EGP depreciation to hike cost, pressure and diminish margins. - High interest rate to increase borrowing cost (except EAST). 👍 Liked Stocks: EFID, JUFO, EAST, SUGR, IFAP. 👎 Disliked Stocks: DOMT.	Industry View: Neutral ↔ Catalysts - Higher oil and petroleum product prices always bode well for refineries' profitability and operating margins. - Refineries' product prices are linked to the exchange rate; therefore, a weaker EGP feeds into higher revenues. - Further production cuts by the OPEC+, that will support oil prices. - The Fed could start to cut interest rates sometime in the second half of 2024, thus will support growth in global oil demand. - An escalation of the conflict in the Middle East could raise oil prices significantly. - Spikes in oil prices contribute to rising exploration and production (E&P) activity, thus benefiting MOIL. Risks - Lower than expected oil prices on the back of lower demand. 👍 Liked Stocks: MOIL. 👎 Disliked Stocks: EGAS.	Banks Industry View: Neutral ↔ Catalysts - Higher and more stable net interest margins are predicted, supported by the projected rise in interest rates in 2024, if the CBE does not quickly alter its monetary policies. - Growing CAPEX investment needs support the demand for financing. - Continued ability to secure long-term financing from DFIs. - Digital Banking licenses, Cost optimization. - Potential exit from state-owned banks Risks - Continued credit rating downgrade. - Increased loan loss provisions in case of EGP devaluation. - Lower growth in LT loans if the economy slides into recession. 👍 Liked Stocks: EXPA, ADIB, HDBK. 👎 Disliked Stocks: SAUD.	Non-Banks Industry View: Neutral ↔ Catalysts - Diversified activities across the sector that benefit from underpenetrated banking, and higher volumes in the capital markets. - Continued expansion in BNPL and NBFI industries. - Boom in M&A activities and state assets sale program and any increase in IPOs activities in the future. - Egypt's competitiveness in cost of services due to EGP devaluation. - Start digital banking services. - Increasing reliance on e-payments and digital transformation. Risks - Negative effect on margins due to higher cost of funds, translated into higher interest and lower growth in financing portfolios. - High default rates in SMEs and increased provisions accordingly. - Cyber attacks risks. 👍 Liked Stocks: HRHO. 👎 Disliked Stocks: N/A.
Nour Mahmoud nour.mahmoud@mubasher.net	Nour Mahmoud nour.mahmoud@mubasher.net	Mahmoud Selim mahmoud.sayed@mubasher.net	Mohamed Abbas mohamed.abbas@mubasher.net	Mohamed Abbas mohamed.abbas@mubasher.net

Sector Views (Cont'd)

Health Care		Industrials		Materials
Hospitals Industry View: Positive 👍 Catalysts - M&A activity would dominate the scene over the coming year. - The Universal Healthcare Act would serve as a long-term catalyst, if fully applied. - Continued sustainable demand on the back of the sector's defensive nature and favorable demographics. - Higher average pricing of services acts as a hedge for raw materials inflation and supports margins. - Continued underpenetrated market, expanding urbanization, and high morbidity rates. Risks - Further devaluation in EGP will increase raw material and new equipment costs - Slower than expected increases in average services prices. - Continued low health care expenditure as percentage of GDP. 👍 Liked Stocks: CLHO. 🚫 Disliked Stocks: N/A.		Construction & Engineering Industry View: Positive 👍 Catalysts - Stable revenue streams, thanks to long-term contracts in foreign currency, driven by infrastructure projects, despite any economic challenges. - Rapid growth in renewable energy projects represents a great expansion opportunity. - Growing new awarded projects in USD (including MENA's projects), as it act as a hedge against EGP devaluation. Risks - Concentration in one market or one infrastructure type exposes companies to the associated market fluctuations. 👍 Liked Stocks: SWDY, ORAS. 🚫 Disliked Stocks: NCCW.		Cement Industry View: Neutral ↔ Catalysts - Sustained high global and regional demand on cement which boost exports revenues and support margins. - Growing foreign currency proceeds to cover the fixed production cost and the high financing cost. - High barriers to entry into the industry due to high investment costs, spurs potential M&A deals. Risks - The Egyptian Competition Authority's (ECA) decision to expand production capacity by 10% in November 2023 (after a decision to lower production capacity by 30% in July 2021) may result in another supply surplus. - The high cost of fuel increase the cost of revenues to extremely high levels, prompting companies to consider using waste recycling as an alternative fuel in the future. 👍 Liked Stocks: ARCC. 🚫 Disliked Stocks: SVCE.
Pharmaceuticals Industry View: Positive 👍 Catalysts - Growing M&A activity. - The Universal Healthcare Act would serve as a long-term catalyst, if fully applied. - Continued sustainable demand on the back of defensive nature and favorable demographics. - Any new hike in drugs prices as it acts as a hedge for raw materials inflation and supports margins. Risks - Further devaluation in EGP vs. USD will increase the cost of imported active pharmaceutical ingredients, accordingly reducing margins. - Slower than expected increases in average selling prices. - Failure in repricing existing products due to the government intervention in drug pricing. 👍 Liked Stocks: RMDA, PHAR. 🚫 Disliked Stocks: N/A.		Logistics Industry View: Positive 👍 Catalysts - EGP devaluation, as fees is linked to USD (ALCN on the scene) - Maintaining robust growth in the flow of international trade movement as of exports & imports. - Growing investments in logistics infrastructure. - Increasing interest in the sector from foreign investors and potential M&A deals. Risks - Slowdown in foreign trade movement. - Lower utilization rate. 👍 Liked Stocks: ALCN, ETRS. 🚫 Disliked Stocks: CSAG.		
Mahmoud Selim mahmoud.sayed@mubasher.net		Ayman Elshahed ayman.elshahed@mubasher.net		Ayman Elshahed ayman.elshahed@mubasher.net

Sector Views (Cont'd)

Materials				Real Estate	Telecom & IT
Fertilizers Industry View: Positive 👍 Catalysts - Full or partial liberalization of local nitrogen fertilizer prices. - Further devaluation in EGP will drive top line growth. - New gas discoveries would provide a stable supply of feedstock. - Supply constraints in critical fertilizer producing countries such as China, and Russia. - Higher Granulated Single Super Phosphate (GSSP) export selling prices (EFIC). Risks - Unfavorable changes in the natural gas pricing formula. - Natural gas supply shortage can disrupt production. - More global urea supply due to new capacity coming online, leading to lower urea prices. - Higher sulfur and phosphate rock prices. 🌱 Liked Stocks: ABUK. 🚫 Disliked Stocks: N/A. Mahmoud Selim mahmoud.sayed@mubasher.net	Metals&Mining Industry View: Positive 👍 Catalysts - Hiking global metal commodities prices, driven by high global demand and low global supply due to the Ukraine conflict and US/China trade war escalation, if continued. - The high investment cost of the industry represents a barrier for new competitors, except through mergers and acquisitions (M&A), which represent a good investment opportunities. Risks - High cost of production, including raw material costs and energy costs, is pushing the companies to increase their use of financing debt. 🌱 Liked Stocks: EGAL, ISMQ. 🚫 Disliked Stocks: IRON. Ayman Elshahed ayman.elshahed@mubasher.net	Petrochemicals Industry View: Positive 👍 Catalysts - New gas discoveries would provide a stable supply of feedstock. - A weaker EGP feeds into higher revenues. - Gas-based producers benefit from higher oil prices. - Higher global caustic soda and chlorine prices (MICH). Risks - Unfavorable changes in the natural gas pricing formula. - Natural gas supply shortage can disrupt production. - Lower oil prices. - Natural gas supply shortage can disrupt production. - Any global economy slowdown would hamper demand and push Poly Ethylene prices lower. 🌱 Liked Stocks: SKPC. 🚫 Disliked Stocks: N/A. Mahmoud Selim mahmoud.sayed@mubasher.net	Building Materials Industry View: Positive 👍 Catalysts - Increasing real estate development projects in Egypt & GCC markets. - Reconstruction plans in Arabian and African markets. - Global and regional Supply deficits that lead to higher demand and represent a good expansion opportunity through export. Risks - High cost of natural gas supplied to factories. - The interruption of natural gas supplied to factories, permanently threatens the provision of the main fuel for the ceramic industry. 🌱 Liked Stocks: ECAP. 🚫 Disliked Stocks: PRCL. Ayman Elshahed ayman.elshahed@mubasher.net	Industry View: Positive 👍 Catalysts - High inflation and further weakness in EGP makes the sector a store-of-value and a hedging tool. - Exporting real estate to foreign buyers represents a stellar opportunity to benefit from the EGP devaluation. Risks - Declining profit margins pose threats due to increasing finance costs due to tight interest rates. - High number of built units, and increasing units prices, threaten demand. - Increasing building materials prices. 🌱 Liked Stocks: TMGH, EMFD, ORHD. 🚫 Disliked Stocks: AMER. Ayman Elshahed ayman.elshahed@mubasher.net	Industry View: Positive 👍 Catalysts - Highly growing sector. - Cost competitive advantage, ITC outsourcing and generating FX income. - Improved Telecom & IT infrastructure (5G license and Fiber connected areas). - Big consumer market, with high dependence on online learning, banking shopping, and moving towards cashless society. - Ability to expand outside local market & diversified services. Risks - Low GDP per capita, limit the expenditure on ITC services. - Lower quality of labor, and decreased spending on education. 🌱 Liked Stocks: RACC, ETEL. 🚫 Disliked Stocks: N/A. Mohamed Abbas mohamed.abbas@mubasher.net



Stock Picks

Research Team
research@mubashertrade.com

Stock Picks

We liked 30 fundamental stories for 2024: We screened the preceding sectors to pick the solid business models and good fundamental stories that qualify the stock to benefit from economic and/or industry variables in 2024. Our liked stocks list reaches 30 stocks as summarized in the below table, that show their main fundamental KPIs. Although we liked all the 30 stocks, some of them had a modest upside potential or perhaps a little downside due to the 2023 prices rally. Without a doubt, any drop in the prices of these stocks will provide excellent investing opportunities.

Ticker	MTRS Score	Market Cap	Curr.	Last Price	Price Change (%)		Div. Yield	Beta	52-Week		Cons. PT	+/- Potential	PER			PBV		
				(TC)	YoY	YTD	(%)		High	Low	(TC)		TTM	2023e*	2024e*	TTM	2023e*	2024e*
Consumer Discretionary																		
GBCO	6.2	8,966	EGP	8.26	56%	54%	0.0%	1.06	9.9	4.0	9.2	11.3%	5.0x	5.2x	4.7x	0.47x	0.55x	0.50x
TALM	5.2	3,775	EGP	5.2	36%	29%	0.0%	0.48	6.0	3.1	7.0	35.4%	12.7x	15.2x	14.2x	3.4x	na	na
Consumer Staples																		
EFID	3.4	23,767	EGP	32.9	141%	137%	3.0%	0.58	35.9	12.6	32.1	-2.3%	14.1x	15.7x	11.7x	6.9x	6.8x	5.1x
EAST	5.4	58,292	EGP	26.1	80%	83%	14.3%	0.75	29.9	12.8	28.6	9.4%	7.9x	9.3x	6.4x	7.3x	4.6x	6.0x
IFAP	9.8	1,798	EGP	11.2	234%	212%	5.1%	0.88	14.3	3.2	na	na	2.1x	na	na	1.2x	na	na
JUFO	2.9	15,213	EGP	16.2	81%	65%	0.9%	0.64	20.0	7.3	16.6	2.9%	14.6x	12.5x	10.2x	3.7x	3.3x	2.8x
SUGR	6.1	9,385	EGP	66.0	201%	204%	3.9%	1.03	86.9	20.7	56.6	-14.2%	6.2x	5.5x	5.7x	3.3x	5.3x	4.3x
Energy & Utilities																		
MOIL	3.0	78	USD	0.2	41%	44%	na	0.53	0.2	0.1	0.3	81.8%	nm	1.9x	1.8x	nm	na	na
Financials																		
ADIB	3.4	19,160	EGP	38.3	121%	113%	na	0.62	43.4	16.0	34.9	-8.9%	4.6x	4.6x	4.1x	1.5x	1.4x	1.1x
EXPA	0.8	15,037	EGP	22.8	121%	111%	na	0.74	23.3	8.5	12.7	-44.4%	5.7x	na	na	1.2x	na	na
HDBK	2.8	20,593	EGP	38.8	127%	128%	2.6%	0.77	41.9	16.3	32.7	-15.6%	3.8x	3.9x	3.5x	1.3x	na	na
HRHO	3.0	24,580	EGP	16.8	20%	18%	na	0.87	19.7	12.3	18.0	6.9%	9.8x	9.9x	8.4x	1.1x	1.1x	1.0x
Health Care																		
CLHO	3.0	6,924	EGP	4.8	2%	-10%	0.0%	0.70	6.0	3.7	6.2	30.4%	21.3x	17.2x	15.1x	3.7x	3.4x	3.0x
PHAR	4.6	5,479	EGP	36.8	29%	31%	4.2%	0.46	43.5	24.5	48.3	31.0%	6.2x	8.1x	7.7x	1.3x	1.3x	1.2x
RMDA	6.3	2,441	EGP	1.6	-12%	-17%	na	0.50	2.0	1.3	2.5	54.3%	10.0x	9.0x	6.9x	1.4x	1.4x	1.2x
Industrials																		
ETRS	7.0	488	EGP	3.1	6%	0%	4.2%	0.83	3.6	1.8	na	na	10.1x	na	na	1.4x	na	na
ALCN	0.2	64,536	EGP	43.3	134%	133%	2.6%	1.27	44.0	13.6	44.3	2.3%	13.7x	11.8x	10.1x	7.5x	na	na
SWDY	5.4	58,502	EGP	27.0	139%	125%	1.5%	1.33	31.9	10.8	27.8	3.2%	5.5x	6.7x	7.0x	1.7x	1.6x	1.4x
ORAS	8.0	19,470	EGP	176.6	189%	184%	4.9%	0.71	202.0	83.5	207.9	17.7%	3.9x	5.0x	8.5x	0.9x	0.8x	0.8x
Materials																		
SKPC	6.1	20,057	EGP	26.5	155%	143%	3.4%	1.37	32.3	10.1	29.6	11.7%	8.7x	8.9x	7.7x	3.5x	3.2x	2.7x
ABUK	5.0	95,903	EGP	76.0	104%	96%	6.6%	0.91	99.9	36.1	68.9	-9.4%	6.9x	9.4x	8.8x	4.8x	3.2x	2.9x
EGAL	6.0	25,575	EGP	62.0	117%	117%	10.5%	1.19	80.0	27.8	60.2	-2.9%	5.5x	4.9x	5.0x	2.3x	2.5x	2.0x
ARCC	8.5	3,636	EGP	9.6	50%	40%	na	0.57	10.6	6.1	12.5	30.0%	6.0x	5.7x	7.0x	2.2x	2.1x	1.9x
ISMQ	8.1	1,532	EGP	1.6	29%	30%	6.4%	0.75	1.8	1.0	na	na	12.0x	na	na	5.0x	na	na
ECAP	8.0	1,171	EGP	22.0	57%	53%	4.1%	1.05	26.9	11.0	28.6	30.1%	5.2x	5.1x	4.9x	1.5x	1.4x	1.2x
Real Estate																		
TMGH	2.2	48,824	EGP	23.7	142%	137%	0.8%	1.10	27.7	8.2	24.7	4.2%	16.3x	13.7x	10.6x	1.3x	1.7x	1.5x
EMFD	10.0	17,121	EGP	3.8	24%	22%	na	0.88	4.8	2.6	4.7	25.4%	2.6x	2.8x	2.6x	0.5x	0.5x	0.4x
ORHD	8.3	12,865	EGP	11.4	58%	62%	0.0%	0.91	13.9	6.7	17.7	55.5%	6.1x	5.3x	4.4x	1.7x	1.3x	1.0x
Telecom, Media & Technology																		
ETEL	5.5	63,110	EGP	37.0	42%	47%	3.4%	0.65	40.2	20.2	39.0	5.5%	5.2x	6.2x	5.7x	1.3x	1.3x	1.1x
RACC	2.5	1,053	EGP	4.8	54%	55%	0.0%	1.01	5.4	1.7	3.5	-27.4%	5.7x	na	na	1.8x	na	na
Our Liked Stocks (Average)		21,644						0.84				12.0%	8.2x	8.1x	7.3x	2.6x	2.3x	2.0x

Source: Companies data, +/- Potential percentages as of 24 December 2023 prices; * Fair values shaded in light blue are those of MubasherTrade Research.

Stock Picks(Cont'd)

GBCO – GB Corp

Industry: **Consumer Discretionary**

Fair Value: **EGP14.15/share(+71% Potential)**

Investment thesis

- Gradual recovery in local PCs sales.
- Counting on the after-sales segment as a savior during the downtime.
- Regional sales support as it guarantees greenback source of revenues.
- Sadat plant to add extra capacity.
- Growth in GB Capital portfolio.
- **Kredit** launch & **GB Lease** inauguration of factoring operations.
- Focus on CKD units with enhanced profitability margins.
- Selling additional stakes in MNT-Halan or any GB Capital other subsidiaries.

Risks

- Supply shortages and import restrictions.
- Higher interest rate.
- EGP Devaluation.

Valuation

We valued GBCO using our multiples model, our fair value (FV) stands at EGP16.02/share, based on an equal weight of:

- Peers' average fwd. EV/EBITDA FV of EGP9.7.
- Peers' average fwd. P/E FV of EGP18.6.

TALM – Taaleem Management Services

Industry: **Consumer Discretionary**

Fair Value: **EGP7.52/share(+45% Potential)**

Investment thesis

- High GPM & NPM in a range of 75% and 37%, respectively.
- Badya university to be operational in FY24/25 and Memphis also in FY24/25 or FY25/26.
- Badya & Memphis to have higher tuition fees tier than NUB.
- Higher education sector has no tuition fees cap unlike K-12 that's capped by **Ministry of Education**.
- Exposure to healthcare sector through (NUB and Badya hospitals).
- TALM to have 4th asset in North Delta.

Risks

- High SG&A as a % of revenues vs. peers.
- Any delay in expansion projects due to many licensing barriers.
- High CapEx.

Valuation

We valued TALM using our multiples model, our fair value (FV) stands at EGP7.52/share, based on an equal weights of:

- Peers' median fwd. EV/EBITDA FV of EGP9.93.
- Peers' median fwd. P/E FV of EGP6.85.
- TALM's median 3-year EV/Student FV of EGP5.30.
- TALM's median 3-year EV/EBITDA FV of EGP8.80.
- TALM's median 3-year P/E FV of EGP6.73.

SUGR – Delta Sugar

Industry: **Consumer Staples**

Fair Value: **EGP56.6/share(-14%* Potential)**

Investment thesis

- Removal of food subsidy schemes and replacing it with direct cash.
- Around 22% of revenues is USD-denominated.
- Main cost item (sugar beet) is sourced locally.
- Big cash position with clean BS.

Risks

- Increase the quota directed to HCFI.
- Decrease in dry pulp and molasses prices in international markets.
- Decline in global sugar prices may cause dumping Egyptian sugar if EGP is not devalued.

Valuation

We valued SUGR using our DCF and multiples models. We published our IoC update [report](#) on August 9th, with an average fair value of EGP56.6 per share. *We believe that the stock will be one of the top beneficiaries of substituting in-kind subsidies with cash subsidies, which will increase or base-case fair value to EGP77.9 / share once it occurs, while each EGP1,000 increase in sugar prices supplied to local market imply EGP14.5 increase in our base-case fair value. As a results, we advocate holding the stock.

Stock Picks (Cont'd)

EFID – Edita	EAST – Eastern Company	IFAP – International Agricultural Products
Industry: Consumer Staples Fair Value: EGP30.2/share (-8% Potential) Investment thesis ○ Fancy Foods acquisition & entering unpenetrated market to bode well with pricing strategies as Molto Forni retailed at (EGP28-70)/ per pack. ○ Migrating average selling prices to direct and indirect higher tiers (+40% y/y surge in 9M23). ○ Portfolio optimization and new products offerings. ○ Higher demand due to the good effect of boycott. ○ High margins across all segments. Risks ○ Inability to pass on all cost increases to the end consumer. ○ Higher cost of borrowing. ○ Elevated SG&A expenses. Valuation We valued EFID using our multiples model, our fair value (FV) stands at EGP30.2/share, based on an equal weight of: ○ Peers' median fwd. EV/EBITDA FV of EGP26.3. ○ Peers' median fwd. P/E FV of EGP36.01. ○ EFID's average 3-year EV/EBITDA FV of EGP27.24. ○ EFID's average 3-year P/E FV of EGP31.4.	Industry: Consumer Staples Fair Value: EGP30.72/share (+18% Potential) Investment thesis ○ Tax tweaks pave the way for ex-factory prices to scale new heights. ○ Monopoly position in tobacco market. ○ Hugh cash position, making it one of the top benefactors of the high interest rate environment. ○ Land bank that is expected to add EGP 5 / share to fair value. ○ The expected end of the raw materials shortage after Global Investment's acquisition deal. ○ New management due to the new strategic investor. ○ High pay-out ratio. Risks ○ Further EGP depreciation to hike tobacco cost. Valuation We valued EAST using our multiples model, our fair value (FV) stands at EGP30.72/share, based on an equal weight of: ○ An EGP28.9/ share implied form Global Investment's deal. ○ Peers' average fwd. EV/EBITDA FV of EGP31.98. ○ Peers' average fwd. P/E FV of EGP31.29.	Industry: Consumer Staples Fair Value: EGP15.4/share (+37% Potential) Investment thesis ○ Growing bottom line at a 6-year CAGR of 98% in FY22/23. ○ Growing industry fueled by the country's targets to increase the contribution of the agriculture sector to the economy. ○ Sustainable demand due to the sector's defensive nature. ○ Any further interest rates hikes, as it has a net cash position. ○ The establishment of the new land reclamation & cultivation co. as well as livestock and poultry production. ○ Higher profit from associates, representing 76% of company's earnings. ○ A shorter or negative cash conversion cycle. Risks ○ Low agricultural expenditure as a percentage of GDP. ○ High competition. Valuation We valued IFAP using our initial DCF and multiples models, our average fair value (FV) stands at EGP15.4/share, based on an equal weights of: ○ 5-year DCF FV of EGP12.41. ○ Peers' median fwd. EV/EBITDA FV of EGP11.98. ○ Peers' median fwd. P/E FV of EGP19.66. ○ IFAP's average 6-year EV/EBITDA FV of EGP16.31. ○ IFAP's average 6-year P/E FV of EGP16.44.
Nour Mahmoud nour.mahmoud@mubasher.net	Nour Mahmoud nour.mahmoud@mubasher.net	Mahmoud Selim mahmoud.sayed@mubasher.net

Stock Picks (Cont'd)

JUFO – Juhayna Food Industries	MOIL – Maridive	ADIB – Abu Dhabi Islamic Bank-Egypt
Industry: Consumer Staples Fair Value: EGP19.80/share (+23% Potential) Investment thesis ○ Sustaining AVG GPM & NPM at the 30% and 6% mark. ○ Implying +30% price increase through 9M23. ○ Hike in export revenues (6% of total revenues) ○ Denominating a market share of 65% in plain milk as of 9M23 (+2% y/y). ○ Net debt to equity of only 6% ○ Concentrates and agricultural products experiencing a significant surge in revenues. Risks ○ Hike in SMP prices. ○ Rise in feed costs, considering that c.60% of milk is locally sourced. Valuation We valued JUFO using our multiples model, our fair value (FV) stands at EGP19.80/share, based on an equal weight of: ○ JUFO's median 5-year EV/EBITDA FV of EGP19.58. ○ JUFO's median 5-year P/E FV of EGP20.04. ○ Peers' average fwd. P/E FV of EGP19.78.	Industry: Energy & Utilities Fair Value: USD0.33/share (+100% Potential) Investment thesis ○ Oil price spikes fuel E&P activity, boosting OCS segment revenues. ○ MOIL's strategy to cut expenses supports margin expansion further after it turned into profitability late 2023. ○ Fed mulls 2H 2024 interest rate cuts to boost global growth. ○ Penetrating new markets will drive top line growth. Risks ○ Fierce competition could reduce MOIL vessels' utilization rates and daily rates. ○ Crushing oil prices affect MOIL's ability to land new contracts, as companies could postpone projects. ○ Failure to secure enough contracts or penetrate new markets. ○ MOIL may face insolvency due to its high leverage (debt/assets reached 64% as of 9M23), with the company's liabilities exceeding its assets. Valuation We valued MOIL using multiples models, our average fair value (FV) stands at USD0.33/share, based on an equal weights of: ○ Peers' median fwd. EV/EBITDA FV of USD0.32. ○ Peers' median fwd. P/E FV of USD0.35. ○ MOIL's median 8-year EV/EBITDA FV of USD0.37. ○ MOIL's median 8-year P/E FV of USD0.26.	Industry: Financials / Banks Fair Value: EGP41.6/share (+9% Potential) Investment thesis ○ Islamic Sharia-compliant bank, ○ Improved profitability due to higher net interest margin and higher ROE. ○ Diversified lending and financial investments (leasing) ○ Increased financial soundness indicators. Risks ○ Decreased capital adequacy ratio. ○ Depreciation in the EGP, and the slowdown in the economy affecting loan demand and provisions. Valuation We valued ADIB using multiples approach, our average fair value stands at EGP41.6, based on an equal weights of: ○ ADIB's median 5-years P/BV FV of EGP24.11. ○ ADIB's median 5-year P/E FV of EGP29.8. ○ Peer's P/BV FV of EGP42.7. ○ Peer's P/E FV of EGP82.7. ○ Justified P/B FV of EGP28.8.
Nour Mahmoud nour.mahmoud@mubasher.net	Mahmoud Selim mahmoud.sayed@mubasher.net	Mohamed Abbas mohamed.abbas@mubasher.net

Stock Picks (Cont'd)

EXPA – Export Development Bank	HDBK – Housing & Development Bank	HRHO – EFG Holding
Industry: Financial / Banks Fair Value: EGP26.8/share (+18% Potential) Investment thesis - Keep improving profitability due to higher net interest margin. - Higher loan-to-deposits ratio compared to the sector. - Increased capital adequacy ratio and acceptable NPLs/Gross loans. - Exposure to foreign trade financing. - Being the government's arm in export repatriation subsidy scheme. Risks - The bank's lending and deposits still corporate concentrated. - Depreciation in the EGP. Valuation We valued EXPA using multiples approach and the bank's budgeted figures, our average fair value stands at EGP26.8, based on an equal weights of: - EXPA's average 7-years P/BV FV of EGP13.5. - EXPA's average 7-year P/E FV of EGP22.2. - Peer's P/BV FV of EGP31.24. - Peer's P/E FV of EGP47.3. - Justified P/B FV of EGP19.62.	Industry: Financials / Banks Fair Value: EGP53.97/share (+39% Potential) Investment thesis - Improved profitability due to higher net interest margin and higher ROE. - Gains from mortgage loans demand. - Increased capital adequacy ratio and good L/D ratio. Risks - Higher NPLs/Gross Loans compared to the sector. - The bank's lending and deposits retail-concentrated. - Depreciation in the EGP, and the slowdown in the economy affecting loan demand and provisions. Valuation We valued HDBK using multiples approach, our average fair value stands at EGP53.97, based on an equal weights of: - HDBK's median 5-years P/BV FV of EGP29.7. - HDBK's median 5-year P/E FV of EGP40.4. - Peer's P/BV FV of EGP50.3. - Peer's P/E FV of EGP103.9. - Justified P/B FV of EGP45.5.	Industry: Financials / NBFS Fair Value: EGP18.35/share (+9% Potential) Investment thesis - Diversified NBFS institution offers a broad range of investment services and financial solutions. With novel products and services (e.g. valU). - Presence in emerging overseas markets such as the GCC and frontier markets, with a significant market share of IPOs and M&A transactions in these markets. - Growing demand for the financial advisory services in Egypt, in line with the country's asset sale program. - Gaining stable and growing earnings from its 51% stake in aiBank. Risks - Economic deterioration in local market as more than 80% of revenues are generated from Egypt. - Increased geopolitical risks in MENA region. Valuation We valued HRHO using multiples approach, our average fair value (FV) stands at EGP18.35/share, based on an equal weight of: - HRHO's average 7-year P/E FV of EGP15.88. - HRHO's average 7-year P/BV FV of EGP15.41. - Peers' median P/E FV of EGP22.75. - Peers' median P/B FV of EGP19.37.
Mohamed Abbas mohamed.abbas@mubasher.net	Mohamed Abbas mohamed.abbas@mubasher.net	Mohamed Abbas mohamed.abbas@mubasher.net

Stock Picks(Cont'd)

CLHO – Cleopatra Hospital	PHAR – EIPICO	RMDA – Ramedia
Industry: Healthcare - Hospitals Fair Value: EGP6.56/share(+37% Potential) Investment thesis ○ Egypt's largest private hospital by number of hospital beds and number of operating hospitals. ○ Growing utilization rates on the back of growing volumes across all facilities in a growing market. ○ Strategic focus on organic growth. ○ Cleopatra October and Sky Hospitals are positioned to fuel the group's top line growth for years to come. ○ Protected margins on the back of high price bargaining power coupled with economies of scale. Risks ○ Further devaluation in EGP vs. USD will increase raw material and new equipment costs. ○ Slower than expected increases in services average selling prices. Valuation We valued CLHO using multiples models, our average fair value (FV) stands at EGP6.56/share, based on an equal weights of: ○ Peers' median fwd. EV/EBITDA FV of EGP6.99. ○ Peers' median fwd. P/E FV of EGP6.74. ○ CLHO's median 5-year EV/EBITDA FV of EGP5.84. ○ CLHO's median 6-year P/E FV of EGP6.68.	Industry: Healthcare - Pharmaceuticals Fair Value: EGP47.80/share(+30% Potential) Investment thesis ○ EIPICO attracts significant interest from prominent Gulf investors for possible stake acquisitions. ○ The biosimilars & APIs factories will drive top-line growth and increase operating margins. ○ Any new approval by Egyptian Drug Authority's (EDA) to hike pharma product prices will hedge against raw materials inflation and supports margin expansion. ○ Gradual application of the Universal Healthcare Act in Egypt will assure a steady stream of demand. Risks ○ Failure in repricing existing products. ○ Lower- than- expected increases in average selling prices. ○ High leverage (net debt/equity reached 104% as of 9M23). ○ Fierce competition. Valuation We valued PHAR using our initial DCF and multiples models, our average fair value (FV) stands at EGP47.80/share, based on an equal weights of: ○ 5-year DCF FV of EGP45.04 ○ Peers' median fwd. EV/EBITDA FV of EGP44.12. ○ Peers' median fwd. P/E FV of EGP56.91. ○ PHAR's median 9-year EV/EBITDA FV of EGP34.7. ○ PHAR's median 9-year P/E FV of EGP58.1.	Industry: Healthcare / Pharmaceuticals Fair Value: EGP2.73/share(+68% Potential) Investment thesis ○ Possible stake acquisitions from prominent Gulf investors. ○ Continuously launches of new high margins products. ○ Any new approval by EDA to hike pharma product prices will hedge against raw materials inflation and supports margin expansion. ○ Gradual application of the Universal Healthcare Act in Egypt will assure a steady stream of demand. Risks ○ Lower- than- expected newly launched products. ○ A weaker EGP will increase the cost of imported active pharmaceutical ingredients, accordingly reducing margins ○ Fierce competition. Valuation We valued RMDA using our initial DCF and multiples models, our average fair value (FV) stands at EGP2.73/share, based on an equal weights of: ○ 5-year DCF FV of EGP2.30 ○ Peers' median fwd. EV/EBITDA FV of EGP2.17. ○ Peers' median fwd. P/E FV of EGP2.30. ○ RMDA's median 4-year EV/EBITDA FV of EGP3.50. ○ RMDA's median 4-year P/E FV of EGP3.37.

Stock Picks(Cont'd)

ETRS – Egytrans	ALCN – Alex. Containers & Handling	SWDY – Elsewedy Electric
Industry: Industrials / Logistics Fair Value: EGP4.52/share (+44% Potential) Investment thesis - Nosco acquisition which is a high value added to the company in terms of: (1) higher market share especially in oil and gas sector, (2) higher client base, (3) larger fleet, and (4) synergies and economy of scale which will have a positive effect on the company's valuation post merging. 50%-60% of revenues is USD-denominated, making it one of EGP devaluation beneficiaries. - Expanding foot print in other countries, including Saudi Arabia through establishing a company in partnership with the kingdom's Link Investments in 1Q 2024. - Transportation & logistics and TPL sectors to have a CAGR of 9% and 22% from FY22-27. - Establishing Egytrans for Car Solutions, and secure EGYPT AMUMENT logistics services contract for 500MW wind farm. Risks - Cyclical and fragmented market that depends on existence on mega projects. Valuation We valued ETRS using our multiples model, our fair value (FV) stands at EGP4.52/share, based on an equal weight of: - Peers' average fwd. EV/EBITDA FV of EGP3.36. - Peers' average fwd. P/E FV of EGP5.0. - ETRS's median 5-year EV/EBITDA FV of EGP4.52. - ETRS's median 5-year P/E FV of EGP5.19. Nour Mahmoud nour.mahmoud@mubasher.net	Industry: Industrial / Logistics Fair Value: EGP44.3/share (+2% Potential) Investment thesis - High profitability margins - Debt free capital structure. - USD-linked revenues and EGP denominated cost. - High & stable dividend payer. - Negative CCC. - A large cash position of more than EGP6bn, the majority of which is in deposits, making it one of the top benefactors of the high interest rate environment. Risks - Lower utilization rate. - Slowdown in foreign trade movement. Valuation We valued ALCN using our DCF and multiples models. We published our Valuation Call report on October 30th, with an average fair value of EGP44.3 per share. We believe that the stock will be one of the top beneficiaries of EGP devaluation as its revenue is dominated to USD. Hence, we recommend Buy on the stock. Nour Mahmoud nour.mahmoud@mubasher.net	Industry: Industrial / Construction & Engineering Fair Value: EGP29.7/share (+10% Potential) Investment thesis - Export revenues are stable and growing as a result of geographical diversification among 31 production facilities in 15 countries and shipments to 110 global markets. - A strong position against currency fluctuation risk, supported by net financial assets denominated in foreign currencies worth EGP5.0bn in 9M23. - Long-term revenue growth is expected to be driven by operational integration between six integrated segments. Risks - High debt-to-equity ratio of 52.2% in 9M23, despite being able to fulfill all of its foreign currency liabilities. Valuation We valued SWDY using our multiples models, our average fair value (FV) stands at EGP29.7/share, based on an equal weights of: - SWDY's average 4-year EV/EBITDA FV of EGP28.6. - SWDY's average 4-year EV/EBIT FV of EGP30.9. Ayman Elshahed ayman.elshahed@mubasher.net

Stock Picks(Cont'd)

ORAS – Orascom Construction

Industry: Industrial / Construction & Engineering

Fair Value: **EGP185.3/share (+5% Potential)** - **EGP239.9 (+36% Potential)**

Investment thesis

- Long-term stability and growth in revenue are fueled by a substantial backlog of USD7.0bn, driven by a diverse project portfolio in the USA and MENA region.
- Important collaborator with the governments on sustainable development and infrastructure projects to carry out low-carbon initiatives that will produce large profits over the long haul.
- Profiting from the devaluation of the EGP, EGX's investors would receive a stable cash dividend in USD, paid in EGP based on the FX rate prevailing on the announcement day.

Risks

- Certain oscillations may be brought by concentration hazards in MENA region and in the field of infrastructure.

Valuation

We valued ORAS using our equally weight multiples models, our fair value (FV) stands at USD6.0/share based on:

- ORAS's average 5-year P/E FV of USD7.3.
- ORAS's average 5-year EV/EBIT FV of USD5.5.
- ORAS's average 5-year EV/EBITDA FV of USD5.1.

With EGP is anticipated to devalue against USD, the equivalent EGP FV stands at **EGP185.3/share at exchange rate of EGP30.9/USD --- EGP239.9 at exchange rate of EGP40/USD.**

Ayman Elshahed
ayman.elshahed@mubasher.net

SKPC – Sidi Kerir Petrochemicals

Industry: Materials - Petrochemicals

Fair Value: **EGP40.8/share (+54% Potential)**

Investment thesis

- Weaker EGP to boost SKPC's revenues tied to global polyethylene prices.
- Egypt's new gas discoveries would provide a stable supply of feedstock.
- Spikes in oil prices contribute to rising polyethylene prices.
- Ethydc's acquisition deal completion increases SKPC's bargaining power and maximizes utilization rates.

Risks

- Unfavorable changes in the natural gas pricing formula.
- Natural gas supply shortage can disrupt production.
- Worse-than-expected performance of the global economy.
- Lower oil prices contribute to falling polyethylene prices.
- A stronger EGP will penalize top line growth.

Valuation

We valued SKPC using multiples models, our average fair value (FV) stands at EGP40.8/share, based on an equal weights of:

- Peers' median fwd. EV/EBITDA FV of EGP44.33.
- Peers' median fwd. P/E FV of EGP56.67.
- SKPC's median 5-year EV/EBITDA FV of EGP32.89.
- SKPC's median 6-year P/E FV of EGP29.38.

Mahmoud Selim
mahmoud.sayed@mubasher.net

ABUK – Abu Qir Fertilizers

Industry: Materials - Fertilizers

Fair Value: **EGP75.63/share (-0.5% Potential)**

Investment thesis

- Liberalization of local nitrogen fertilizer prices will boost revenues.
- Further devaluation in EGP vs. USD will drive top line growth.
- The extension of supply constraints in China and Russia will support urea prices.
- Spikes in natural gas costs globally contribute to rising urea prices.
- Further hikes in interest rates as the company has a net cash position.
- Future expansion plans (35% stake in the methanol project and 45% stake in North Abu Qir for Agri-nutrients company).

Risks

- Unfavorable changes in the natural gas pricing formula.
- Natural gas supply shortage can disrupt production.
- New capacity coming online can lower urea prices.
- Lower natural gas prices globally contribute to falling urea price.

Valuation

We valued ABUK using our initial DCF model, our fair value (FV) stands at EGP75.63/share.

Mahmoud Selim
mahmoud.sayed@mubasher.net

Stock Picks (Cont'd)

EGAL – Egypt Aluminum

Industry: **Materials / Metals**

Fair Value: **EGP73.8/share (+19% Potential)**

Investment thesis

- Attempts to gain a global position as a result of (1) a demand-supply gap and (2) an increase in aluminum metal prices in global commodities markets, fueled by the Ukrainian war and the trade war between the United States and China.
- Expansion plans by focusing on four new projects includes: (1) A new aluminum smelter project with a capacity of 600,000 tons in Safaga; (2) aluminum foil production in Naga Hammadi; and (3) bauxite production.
- EGAL has received two approaches from prospective strategic investors to increase its paid capital: the Public Investment Fund (PIF) and Emirates Global Aluminium (EGA).
- The implementation of the new solar power plant.

Risks

- Expected increase in the cost of revenues due to (1) importing raw materials coupled with EGP devaluation, and (2) decision to reduce subsidies on electricity prices.

Valuation

We valued EGAL using our multiples models, our average fair value (FV) stands at EGP73.8/share, based on an equal weights of:

- Peers' median fwd. EV/EBITDA, FV of EGP62.5.
- Peers' median fwd. EV/EBIT, FV of EGP88.2.
- Peers' median fwd. P/E, FV of EGP70.8.

Ayman Elshahed
ayman.elshahed@mubasher.net

ISMQ – Iron & Steel for Mines and Quarries

Industry: **Material / Metals & Mining**

Fair Value: **EGP2.0/share (+28% Potential)**

Investment thesis

- Huge utilized capacities of natural resources is represented in: (1) the mines of Bahariya Oasis in the New Valley Governorate, (2) the quarries of Bani Khaled-Minia, and (3) the quarries of Al-Adabiya-Suez.
- An acceptable provider for iron ore that is cheaper than imported for small factories that suffer from the high import cost.
- Unprecedentedly high growth in revenues and earnings in FY2022/23.
- Resume the concentration ratio increase project to 63% with Ukrainian **Fash Mash** Company.

Risks

- Low concentration ratio of iron to impurities of 53%, not matching the latest technologies.

Valuation

We valued ISMQ using our multiples models, our average fair value (FV) stands at EGP2.0/share, based on an equal weights of:

- ISMQ's average 2-year EV/EBITDA FV of EGP1.9.
- ISMQ's average 2-year EV/EBIT FV of EGP2.0.
- ISMQ's average 2-year P/E FV of EGP2.0.

Ayman Elshahed
ayman.elshahed@mubasher.net

ECAP – Al Ezz for Ceramics and Porcelain

Industry: **Materials / Building Products**

Fair Value: **EGP27.3/share (+24% Potential)**

Investment thesis

- Increasing export volumes and safeguarding foreign cash flow to offset rising fuel and raw material costs.
- Increasing demand for new real estate units spurs demand for building materials.
- Seeking to produce through others to meet demand levels that exceed production capabilities.

Risks

- Reduced local demand for finished or semi-finished building materials as a result of changes in government expenditure objectives.
- Natural gas is the primary energy source, so a rise in production costs is projected due to subsidies cut.

Valuation

We valued ECAP using our multiples models, our average fair value (FV) stands at EGP27.3/share, based on an equal weights of:

- ECAP's median 2-year EV/EBITDA FV of EGP24.9.
- ECAP's median 2-year EV/EBIT FV of EGP29.6.

Ayman Elshahed
ayman.elshahed@mubasher.net

Stock Picks(Cont'd)

ARCC – Arabian Cement	TMGH – Talaat Moustafa Group	EMFD – Emaar Misr for Development
Industry: Materials / Cement Fair Value: EGP17.9/share (+86% Potential) Investment thesis - Resistant cost structure against government's decision to increase natural gas prices for factories. - Limited impact on production costs due to natural gas not being the main energy source, but the company relies on an energy mix of natural gas, coal, and waste recycling. - High growth in export revenues (+166.2%), 37.9% of total revenues, that provide foreign currencies and overcome high cost of revenues and finance costs. - Healthy revenue, earnings, and margins pick-up. Risks - There are still many threats includes: (1) cancellation of the cement production quota system, (2) low local prices, (3) export supply chain challenges, (4) decline in infrastructure expenditures, and (5) high cost of production inputs. Valuation We valued ARCC using our multiples models, our average fair value (FV) stands at EGP17.9/share, based on an equal weights of: - ARCC's peers EV/EBITDA FV of EGP18.2. - ARCC's peers P/E FV of EGP18.2.	Industry: Real Estate Fair Value: EGP27.9/share (+18% Potential) Investment thesis - Stable and expanding demand for real estate products, both traditionally and more recently as an inflation hedge. - High growth rate in hospitality segment, supported by a surge in tourism due to EGP devaluation. - Reliable, recurrent income & efficient city management's. - Extending locally by acquiring seven historic hotels in Egypt and regionally by starting new projects in Saudi Arabia. Risks - Concentration risks of undeveloped real estate portfolios due to land portfolios is located in East Cairo. - Exposed to the volatile tourism sector. Valuation With the recent acquisition of 7 hotels and the typical growth rate of 24% in real estate revenues, we predict an increase in total revenue from EGP16.2bn in 9M2023 to EGP22.7bn in 2024. At EBIT and net profit margins (NPM) of 27% and 13% on average the previous five years, we reached an expected EBIT and NP of EGP6.2bn and EGP3.0bn, respectively in 2024. We therefore used our multiples models to value TMGH, our average fair value (FV) stands at EGP27.9/share, based on an equal weights of: - Peers' median EV/EBIT, FV of EGP38.7. - Peers' median P/E, FV of EGP17.1.	Industry: Real Estate Fair Value: EGP4.74/share (+25% Potential) Investment thesis - Being the real estate sector cash king allows it to hunt investment opportunities, and generate high interest income. - Stabilized profitability margins, as a result of pricing real estate units in USD, hedging against EGP depreciation, and rising costs. - Benefiting from the tourism boom, as Egypt recorded unprecedented growth in the number of tourists during 2023, and EMFD recorded a 56.5% y/y increase in hospitality revenues, reaching EGP690.6mn in 9M23. Risks - High lawsuits risks, reporting a 31.3% increase in lawsuit and claims provision balance, reaching EGP94.8mn by 9M23; EMFD also recorded a potential liabilities balance of EGP50mn, in form of Letter of Guarantee for Egyptian Shore Protection Authority (SPA), renewed annually. Valuation In our Valuation Call report dated 13 Sep 2023, We valued EMFD using three valuation techniques: (1) the average land price model inferred by acquisition offers and historical transactions, (2) the EV/sqm model for undeveloped land, and (3) the P/E model. We assigned equal weight to each of the three valuation models, resulting in a fair value of EGP4.74/share.
Ayman Elshahed ayman.elshahed@mubasher.net	Ayman Elshahed ayman.elshahed@mubasher.net	Ayman Elshahed ayman.elshahed@mubasher.net

Stock Picks(Cont'd)

ORHD – Orascom Development	ETEL – Telecom Egypt	RACC – Raya Contact Centers
Industry: Real Estate Fair Value: EGP17.10/share (+50% Potential) Investment thesis ○ The KSA, Oman, Morocco, Montenegro, Switzerland, UK and UAE expansion plans are expected generate more revenues denominated in foreign currencies. ○ El Gouna and other Egyptian projects expansion plans to generate more revenues and earnings. ○ A strong beneficiary of national plans for yacht tourism expansion. ○ Positively impacted by: (1) Egypt's rapidly expanding tourism industry, which is a result of the company's diverse portfolio of tourism projects; and (2) the country's policies encouraging foreign land ownership, which may facilitate the use of some of the company's undeveloped land sites. ○ Settlement of all disputes with the Environment Protection Agency (EPA) related to El Gouna project. Risks ○ Extremely sensitive to changes in the tourism industry's portfolio of projects. Valuation We valued ORHD using our multiples models, our average fair value (FV) stands at EGP17.10/share, based on an equal weights of: ○ ORHD's average 5-year EV/EBIT FV of EGP17.12. ○ ORHD's average 5-year P/E FV of EGP17.08.	Industry: Telecom & IT Fair Value: EGP49.47/share (+34% Potential) Investment thesis ○ Expected increase in telecom tariffs. ○ Diversified IT telecom & digital infrastructure company. ○ Benefits from Egypt's economy digitization plan. ○ Exposure to foreign markets through cables, outsourcing and others. ○ Proceeds of targeted exit of Vodafone Egypt (VFE) to be invested in high growth sectors. ○ 5G license may increase the companies share in mobile phone telecom. Risks ○ Highly leveraged company, including FC-denominated loans, & new technologies Capex is FC-denominated. ○ ITC is a price-driven/sensitive, and the mobile phone market is competitive. ○ Software piracy, and cyber security issues. Valuation We valued ETEL using multiples approach, our average fair value stands at EGP49.47, based on an equal weights of: ○ ETEL's average 5-years P/E FV of EGP32.51. ○ ETEL's 5-year EV/EBITDA FV of EGP38.21. ○ Peer's 2023 forward P/E FV of EGP68.96. ○ Peer's 2023 forward EV/EBITDA FV of EGP58.22.	Industry: Telecom & IT Fair Value: EGP7.60/share (+58% Potential) Investment thesis ○ Well-known and experienced global call center outsourcing company. ○ C70% of revenues are foreign currency-denominated. ○ Benefits from EGP devaluation, as most of operations made in Egypt. ○ Ambitious Expansion plan across GCC and USA markets. ○ Cost optimization due to adoption of new omnichannel solutions. Risks ○ Lower utilization in GCC and foreign markets, and increased losses from GCC-based operations. ○ High competition from local and foreign competitor and price sensitivity of its services. Valuation ○ We valued RACC using our initial DCF model in addition to multiples models, our average fair value (FV) stands at EGP7.60/share, based on equal weights of: ○ 5-year DCF FV of EGP8.54. ○ Peers' average EV/EBITDA FV of EGP7.51. ○ Peers' average P/E FV of EGP6.75.
Ayman Elshahed ayman.elshahed@mubasher.net	Mohamed Abbas mohamed.abbas@mubasher.net	Mohamed Abbas mohamed.abbas@mubasher.net

Stocks In Radar – Launching MubasherTrade Research Scoring – MTRS

In this note, We introduce our scoring methodology, providing a score to each stock in our research universe, which presently consists of 108 equities; all EGX 100 components plus a selected group of stocks that pass the liquidity and investability criteria. We call this metric "MTRS" (MubasherTrade Research Score), and it identifies the best (stocks with the highest MTRS "10") and worst (stocks with the lowest MTRS "0") based on fundamental factors. Our MTRS rests on 9 different KPIs (shown below). We ranked all stocks within our research universe in terms of each KPI, assigning certain weight for each KPI in the final overall score. Tables to the right depict top and bottom 20 stocks based on overall MTRS. Our 9 selected KPIs are:

Valuation – 5 KPIs – 49% weight:

- 1) **TTM P/E (10% weight):** Based on the latest 12M earnings (lower is better).
- 2) **LFP/BV (10% weight):** Based on the latest reported total equity (lower is better).
- 3) **TTM EV/EBIT (15% weight):** Based on the latest 12M EBIT (lower is better).
- 4) **Dividend yield (7% weight):** Based on the latest 12M dividends (higher is better).

- 5) **Net Debt (Cash) / Equity (7% weight):** Based on the latest reported figures (higher net cash is better; for companies with net debt, lower net debt is better).

Financial Performance – 2 KPIs – 14% weight:

- 6) **3-year Revenue CAGR (7% weight):** Based on the latest historical figures (higher is better).
- 7) **3-year Earnings CAGR (7% weight):** Based on the latest historical figures (higher or turning into profitability is better).

Return – 2 KPIs – 37% weight:

- 8) **Upside potential (30% weight):** Based on analyst consensus (highest is better).
- 9) **ROE (7% weight):** Based on the latest 12M earnings and the latest reported total equity (higher is better).

We clarify that the weights mentioned above are applied to the group of stocks that have research coverage from analysts in the market (List1). Alternatively, for stocks that do not have coverage (List2), we use alternative weights, as shown in the table to the bottom right. A list of the next 15 stocks in both lists are visualized with their MTRS on the following page.

Top 20 stocks – List 1 "stocks that have coverage".

Ticker	MTRS Score	Risk Rating
EMFD	10.0	Moderate
MICH	9.6	Moderate
EKHO	9.5	High
ARCC	8.5	Moderate
MASR	8.5	Moderate
ORHD	8.3	High
ECAP	8.0	Moderate
ORAS	8.0	Moderate
PHDC	7.7	Moderate
MCRO	6.8	Low
GBCO	6.2	Moderate
RMDA	6.3	Low
OLFI	6.2	Moderate
SUGR	6.1	Moderate
SKPC	6.1	Moderate
EGAL	6.0	Moderate
AMOC	6.0	Moderate
POUL	5.9	Moderate
ETEL	5.5	Moderate
EAST	5.4	Low

MTRS weights

KPI	Weight – in case of stocks that are covered*	Weight – in case of stocks that are not covered*
P/E	10%	20%
P/BV	10%	15%
EV/EBIT	15%	25%
DY	7%	8%
Net debt (cash) / Equity	7%	8%
3-year Revenue CAGR	7%	8%
3-year Earnings CAGR	7%	8%
ROE	7%	8%
Upside potential *	30%	0%

* Based on market consensus.

Top 20 stocks – List 2 "stocks that have no coverage".

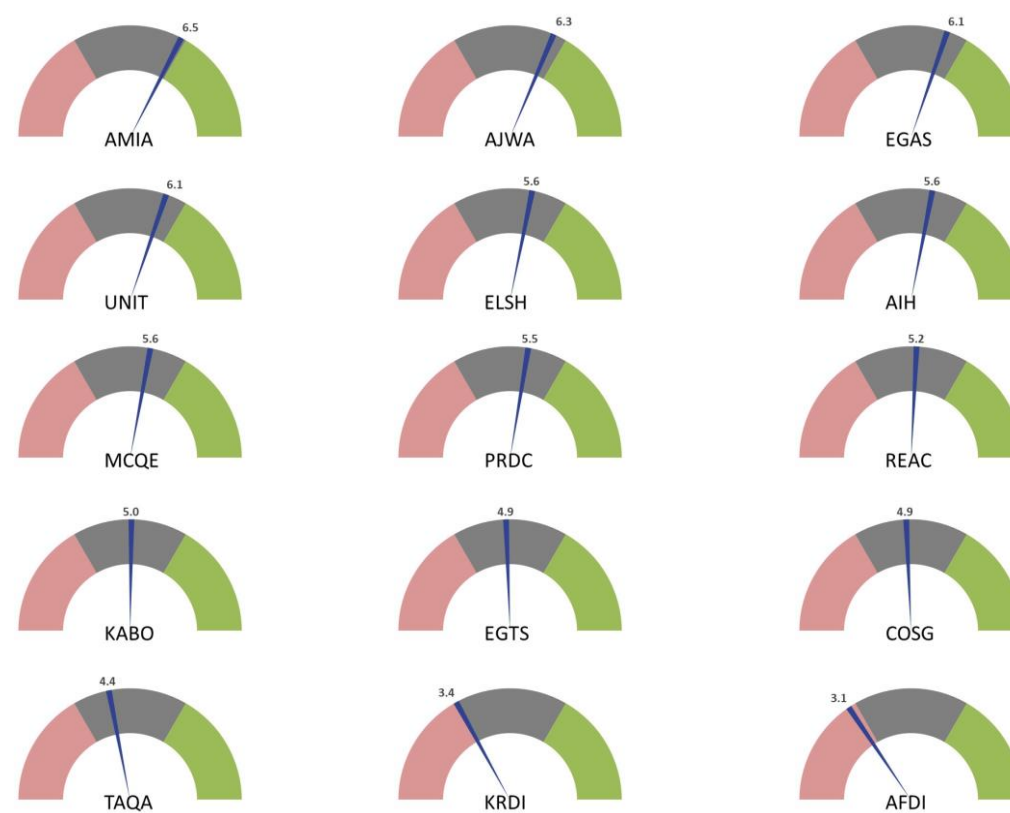
Ticker	MTRS Score	Risk Rating
GDWA	10.0	High
IFAP	9.8	Low
ATQA	9.7	Moderate
CNFN	9.3	Moderate
DSCW	8.8	High
BINV	8.8	Moderate
GGCC	8.7	Moderate
KZPC	8.4	Moderate
CICH	8.3	Moderate
DAPH	8.2	Moderate
ISMQ	8.1	Moderate
MPRC	8.0	Moderate
SCTS	7.9	Low
ELKA	7.7	Moderate
CERA	7.4	Moderate
OIH	7.1	Moderate
ETRS	7.0	Moderate
ATLC	6.9	Moderate
RAYA	6.9	Moderate
ZMID	6.6	Moderate

Stocks In Radar – Launching MTRS (Cont'd)

List1: Stocks that have coverage
A Set of fifteen stocks 2nd in Line*



List2: The remaining stocks that have no coverage
A Set of fifteen stocks 2nd in Line*



* Based on MTRS, prices as of 20 December 2023. The second-in-line lists following the top 20's lists shown on the previous page.

Equity Screens

Ten stocks were repeated in our top 20 equity screens, while seven are repeated in our bottom 20 equity screens: We also ran the *Top 20* equity screens based on seven different fundamental metrics as shown in the accompanying tables. The seven screens are: (1) the cheapest and dearest in terms of TTM P/E, (2) the cheapest and dearest in terms of P/BV, (3) highest and lowest dividend yield, (4) highest and lowest ROE, (5) highest and lowest 3-year revenue CAGR, (6) highest and lowest 3-year earnings CAGR, (7) lagging stocks with good fundamentals, where we select the lagging stocks (i.e. stocks with lowest YTD positive change or even negative YTD change) but have a good fundamental as represented by low TTM P/E (below 10x).

Based on the foregoing, we highlighting the repeated stocks within top five stocks in each list in **bold green** as we see them a good investment opportunity, namely: **FAIT, IFAP, EMFD, BINV, EAST, EKHO, MICH, ISMQ, ATQA, and ARCC**.

Meanwhile we highlight the repeated stocks within bottom five stocks in each list in **red**, as we see them as stocks should be avoided, namely: **PRCL, AJWA, ACAMD, SPIN, OFH, and REAC**.

Cheapest & dearest 20 stocks in terms of P/E and P/BV

	Ticker	TTM P/E	Ticker	P/BV
Top 20	FAIT	1.2x	FAIT	0.3x
	IFAP	2.1x	GBCO	0.5x
	EMFD	2.6x	PRDC	0.5x
	POUL	3.3x	EMFD	0.5x
	LCSW	3.4x	OFH	0.6x
	EGBE	3.7x	LCSW	0.6x
	HDBK	3.8x	OIH	0.6x
	ORAS	3.9x	REAC	0.7x
	ATQA	3.9x	PHDC	0.8x
	SAUD	4.1x	EGBE	0.8x
	DSCW	4.1x	AJWA	0.9x
	GDWA	4.2x	GGCC	0.9x
	ADIB	4.6x	ORWE	0.9x
	BINV	4.6x	PRMH	0.9x
	MICH	4.8x	ORAS	0.9x
	OIH	4.9x	AMIA	0.9x
	GBCO	5.0x	AIH	0.9x
	CICH	5.2x	SAUD	0.9x
	ETEL	5.2x	EGAS	1.0x
	ECAP	5.2x	OCDI	1.0x
Bottom 20	PRCL	65.5x	ACAMD	10.0x
	AJWA	64.5x	PRCL	9.4x
	MEPA	63.3x	ISMA	8.5x
	TAQA	49.5x	KRDI	8.5x
	ESRS	41.8x	EGTS	8.1x
	MCQE	34.9x	TAQA	7.9x
	FWRY	31.2x	CSAG	7.7x
	ARAB	30.6x	ALCN	7.5x
	AFDI	28.5x	EAST	7.3x
	CIRA	26.2x	EFID	6.9x
	EFIH	25.0x	EFIH	6.3x
	SDTI	23.2x	ISMQ	5.0x
	HELI	21.9x	CIRA	4.9x
	KABO	21.5x	ABUK	4.8x
	CLHO	21.3x	MBSC	4.7x
	EGTS	21.0x	OLFI	4.4x
	CSAG	20.4x	SDTI	4.3x
	ELSH	19.4x	MEPA	3.9x
	COSG	18.4x	JUFO	3.7x
	COMI	0.8%	AJWA	1.3%

Highest and lowest 20 stocks in terms of DY and ROE

	Ticker	DY	Ticker	ROE
Top 20	BINV	27.0%	EAST	92.8%
	EAST	14.3%	HELI	80.1%
	EKHO	13.6%	ABUK	68.8%
	EGAL	10.5%	MBSC	65.9%
	OLFI	8.9%	MICH	59.8%
	ATLC	8.5%	ALCN	54.6%
	KZPC	8.0%	SUGR	53.0%
	MICH	7.9%	EFID	48.7%
	AMOC	7.0%	OLFI	46.2%
	CNFN	6.9%	DSCW	45.0%
	DOMT	6.4%	ATQA	43.9%
	FAIT	6.2%	POUL	43.6%
	ABUK	5.3%	EGAL	42.8%
	EFIC	5.1%	ISMQ	41.9%
	IFAP	4.4%	SKPC	40.8%
	ETRS	4.2%	EKHO	39.6%
	ECAP	4.1%	EGTS	38.5%
	ORAS	4.0%	CSAG	38.0%
	SUGR	3.9%	KZPC	37.7%
	ORWE	3.6%	ARCC	36.0%
Bottom 20	COMI	0.8%	AJWA	1.3%
	JUFO	0.9%	MCQE	3.4%
	ELSH	1.0%	OFH	3.5%
	SPIN	1.1%	PRMH	3.7%
	ZMID	1.4%	ARAB	4.1%
	SWDY	1.5%	MEPA	6.2%
	AIH	1.5%	FWRY	7.6%
	CIRA	1.8%	AFDI	7.7%
	MASR	1.9%	TMGH	7.8%
	MPRC	2.1%	EGAS	7.9%
	EFIH	2.3%	OCDI	8.1%
	MCQE	2.4%	GBCO	9.2%
	HDBK	2.6%	KRDI	10.0%
	MFPC	2.7%	GGCC	10.6%
	ARCC	2.8%	COSG	10.6%
	EFID	3.0%	AMIA	11.0%
	EGAS	3.1%	HRHO	11.1%
	MCRO	3.2%	ELSH	11.5%
	ETEL	3.4%	DAPH	11.9%
	ORWE	3.6%	ELKA	12.9%
	COMI	0.8%	AJWA	1.3%

Highest & lowest 20 stocks in terms of 3-year Revenue and Earnings CAGR

	Ticker	3Y Revenue CAGR	Ticker	3Y Earning CAGR
Top 20	EGCH	162.4%	ISMQ	214.6%
	ISMQ	155.7%	SUGR	170.7%
	BINV	140.4%	IFAP	159.0%
	GGCC	87.7%	ATQA	156.6%
	CCAP	87.1%	ARCC	131.5%
	KABO	75.6%	EGCH	127.7%
	IFAP	66.7%	MICH	104.6%
	KRDI	54.8%	KRDI	98.4%
	ACGC	46.0%	EGTS	88.2%
	COSG	43.6%	BINV	69.7%
	ELKA	43.2%	MFPC	64.0%
	ADIB	41.3%	EGAL	63.6%
	EMFD	39.2%	EMFD	55.7%
	EFIH	39.0%	EFIC	54.8%
	FWRY	37.1%	ECAP	48.3%
	AJWA	34.9%	RMDA	43.9%
	CIRA	34.6%	EFIH	43.7%
	MASR	34.3%	ABUK	42.1%
	MICH	33.4%	MCQE	40.9%
	HRHO	33.1%	AMOC	39.3%
Bottom 20	ACAMD	-93.5%	REAC	-87.4%
	OFH	-87.6%	SPIN	-63.5%
	REAC	-72.3%	PRDC	-42.6%
	SPIN	-68.3%	ATLC	-34.1%
	MENA	-64.9%	GGCC	-32.8%
	DAPH	-62.3%	AFDI	-30.1%
	OIH	-56.3%	RACC	-25.7%
	ARAB	-21.2%	ISPH	-19.3%
	MOIL	-20.4%	DAPH	-17.9%
	RAKT	-15.8%	UNIT	-10.4%
	SDTI	-15.4%	OCDI	-10.3%
	NCCW	-12.9%	MTIE	-9.3%
	AFDI	-12.0%	MASR	-9.1%
	MTIE	-11.1%	CSAG	-7.3%
	PRCL	-7.1%	AIH	-5.3%
	CSAG	-5.1%	MEPA	-2.3%
	KZPC	-4.8%	PHAR	-1.3%
	MCQE	-3.4%	CIEB	0.8%
	ALCN	-1.0%	CERA	1.5%
	UASG	0.6%	EAST	2.6%
	SAUD	42.4%	4.1x	

Lowest YTD% Chg. with P/E < 10x

	Ticker	YTD%	TTM P/E
Top 20	EGBE	-35.5%	3.7x
	EKHO	-34.0%	5.3x
	RMDA	-16.6%	10.0x
	CICH	-13.7%	5.2x
	CERA	-4.6%	9.3x
	CNFN	-3.8%	8.9x
	AMIA	6.8%	8.3x
	BINV	11.6%	4.6x
	ATLC	14.0%	5.3x
	HRHO	17.7%	9.8x
	MASR	18.5%	5.3x
	GGCC	20.9%	8.4x
	SCIS	21.2%	9.4x
	EMFD	21.9%	2.6x
	FAIT	25.7%	1.2x
	PHAR	31.2%	6.2x
	OLFI	36.5%	9.6x
	OIH	37.8%	4.9x
	PHDC	39.8%	5.8x
	ARCC	39.9%	6.0x
Bottom 20	SAUD	42.4%	4.1x
	ETEL	47.3%	5.2x
	AMOC	47.8%	8.9x
	DAPH	52.5%	9.4x
	ECAP	53.4%	5.2x
	MBSC	54.1%	7.2x
	GBCO	54.1%	5.0x
	RACC	55.0%	5.7x
	ORWE	60.6%	6.9x
	ORHD	61.9%	6.1x
	COMI	68.8%	8.0x
	DSCW	74.5%	4.1x
	EAST	82.7%	7.9x
	EFIC	85.0%	6.2x
	KZPC	87.3%	6.3x
	ORAS	87.5%	3.9x
	ATQA	89.7%	3.9x
	ACGC	91.2%	5.7x
	MICH	91.8%	4.8x
	ABUK	95.9%	6.9x

Prices as of 20 December 2023, based on companies data and MubasherTrade Research calculations.

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Website: www.MubasherTrade.com

E-mail: Research@MubasherTrade.com

Contact Details

Research Team

research@mubashertrade.com

+ 2022587985

Institutional Sales | Egypt

institutions-egy@mubasher.net

+202 22623310

RETAIL SALES | Egypt

egypt@mubashertrade.com

16699 / +202 2262 3230

REGIONAL & INTERNATIONAL SALES

inst.sales@mubasherfs.com

+973 17005700