

## ΠΡΕΣΒΕΙΑ ΤΗΣ ΑΙΓΥΠΤΟΥ ΣΤΗΝ ΕΛΛΑΔΑ

We have the pleasure to inform you for the " **THE EGYPTIAN EXCHANGE** " announcing cooperation with Greek companies interested to invest in the Egyptian stock market.

The Egyptian Exchange enjoys a well-earned reputation for effective regulatory frameworks that successfully protect stakeholders.

The EGX witnessed a record number of new investors of **163K** during the first five months of 2023, thus bringing the total number of registered investors to 687K as of 14 May 2023.

### **Investor Trading 1/**

Non-Egyptians transactions accounted for **17%** of total trading over listed stocks during the first five months of 2023 compared to 41% during the corresponding period of 2022. Moreover, the share of institutional trading over listed stocks marked **32%** in 5M 2023 compared to 60% in 5M 2022.

### **EGX30 gains 43.9% as of 15 May 2023 (compared to January 2022)**

You are kindly requested to circulate the above mentioned information and attached brochure amongst your esteemed members for their possible interest to cooperate. For further information, please don't hesitate to contact us. Thanking you in advance, We remain,

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# Gate Way for Growth

The Egyptian Exchange

# Agenda

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# Part I: Introduction

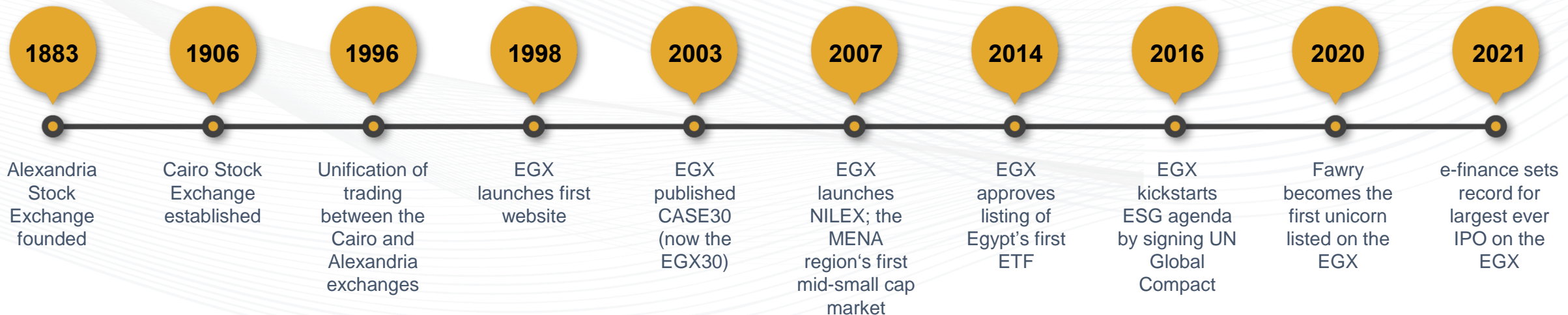
# The Egyptian Exchange boasts a 140-year legacy of progress and innovation...

Egypt's equity capital market is the most institutionalized exchange in the Middle East and Africa, with the deepest legacy.

<b>244</b> Listed Companies (Main market & SMEs market)	<b>USD 36.7 bn</b> Market Capitalization (14 May 2023)	<b>18</b> Sectors Represented
<b>1883</b> Origin	<b>Cairo</b> Headquarters	<b>FRA</b> Regulator

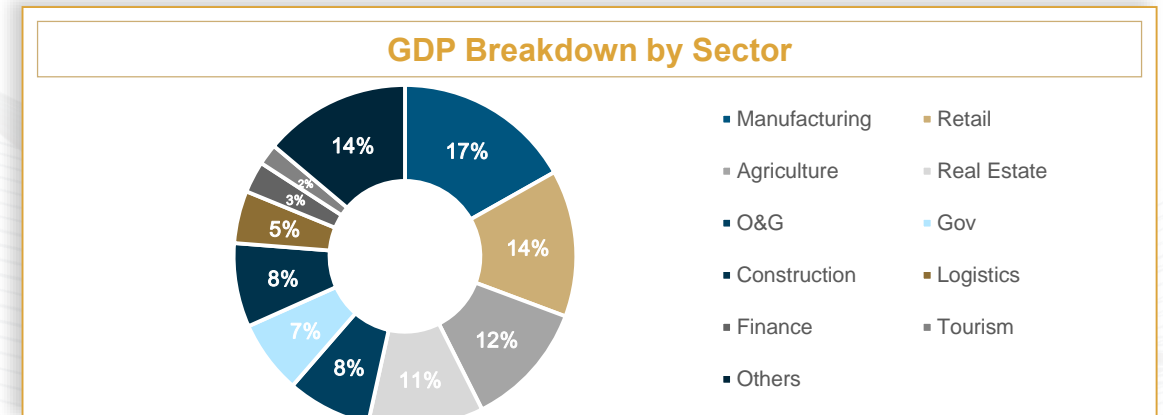
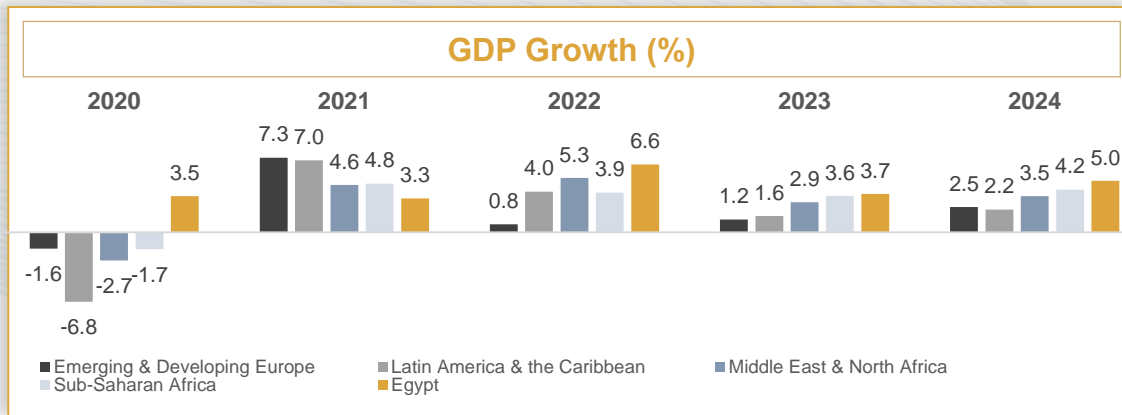
### Main Indices

EGX30	EGX50 EWI
EGX70 EWI	EGX100 EWI
TAMAYUZ	EGX30 TR
S&P/EGX ESG	EGX30 Capped

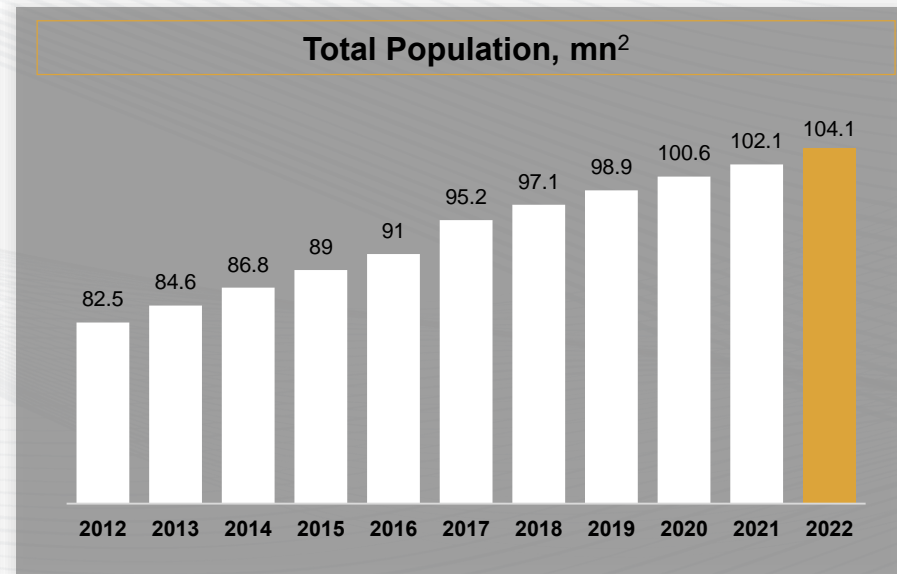


# Developing in step with a dynamic and diversified Egyptian economy

Egypt's large economy has proven resilient against external shocks, leveraging a unique geographical location at the crossroads of Asia and Africa, a young, rapidly-growing population, and a commitment to structural reform to climb up the global value chain.



<p><b>USD 475 bn</b> GDP (2022)</p> <p><b>USD 1.66 tn</b> GDP, PPP (2022)</p>	<p><b>USD 4,563</b> GDP per Capita (2022)</p> <p><b>USD 15,959</b> GDP per Capita, PPP (2022)</p>
<p><b>USD 394 bn</b> Household Expenditure (2022)</p>	<p><b>USD 70.8 bn</b> Exports of Goods and Services (2022)</p>

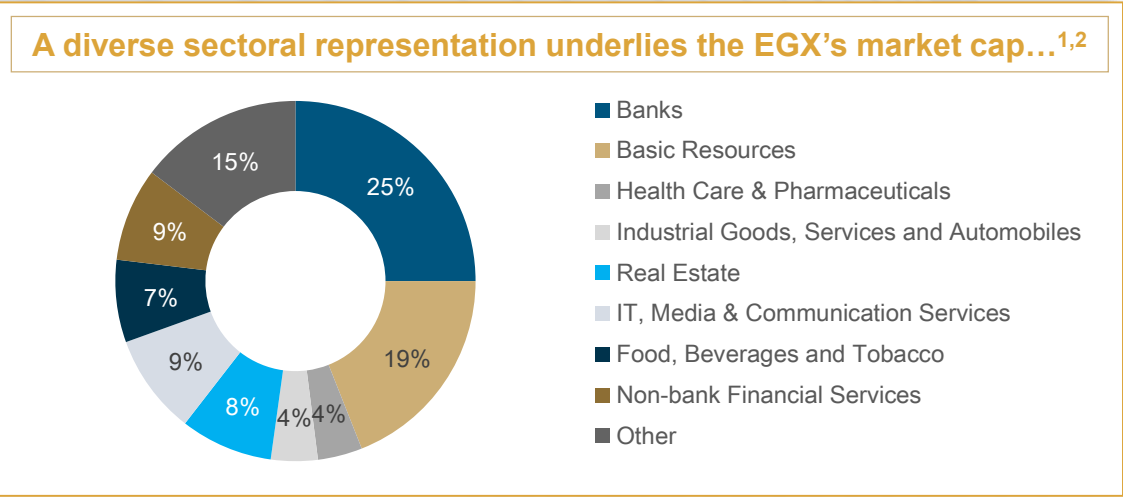


### Ongoing Macro Reforms

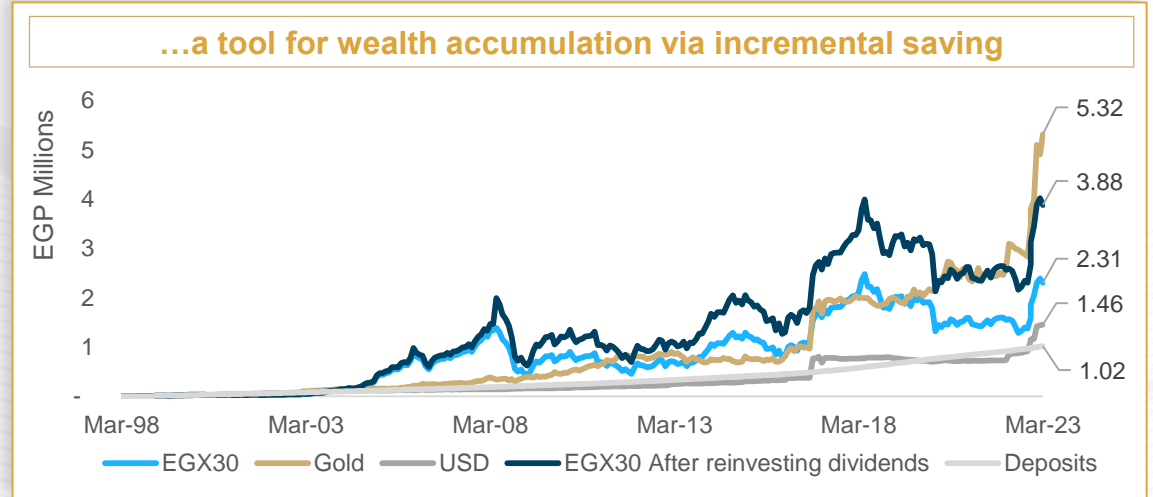
- Sealing an IMF deal with a package of structural reforms
- Full liberalization of exchange rate regime to absorb external shocks
- Reducing the state's footprint in the economy and empowering the private sector
- Fiscal consolidation to put public-debt-to-GDP ratio on a downward trajectory
- Enhancing social safety nets to protect the vulnerable
- Adopting a prudent monetary policy aimed at gradually reducing inflation
- Privatization and IPOs of designated SOEs

# Investors' window onto a diverse and resilient business universe with untapped potential...

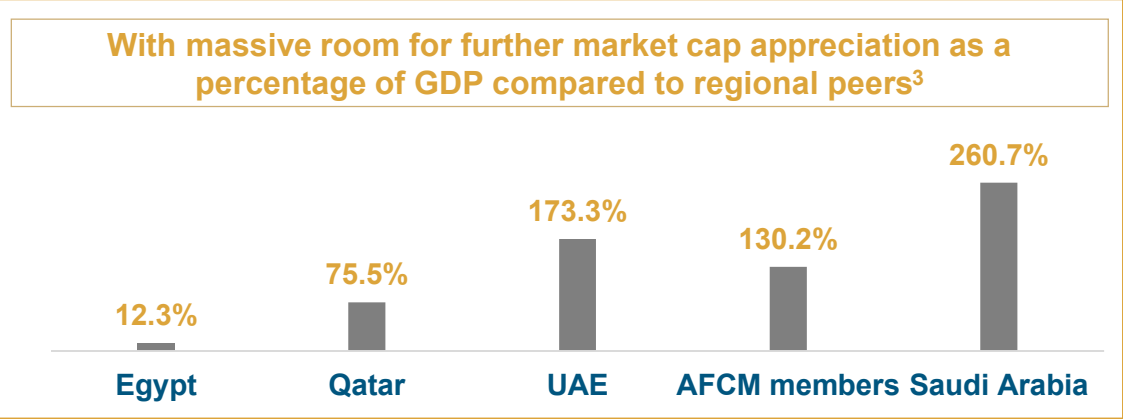
The EGX's makeup reflects the diversity of activity in Egypt's economy, offering a measure of insulation from commodity cycles, even as massive room remains for further value creation compared to regional peers.



Source: EGX  
 1/ Data as of 30 Mar 2023.  
 2/ Other sectors include Education Services, Travel & Leisure, Utilities, Energy & Support Services, Trade & Distributors, Shipping & Transportation Services, Contracting & Construction Engineering, Textiles & Durables, Building Materials, and Paper & Packaging



Source: EGX, Refinitiv, CBE



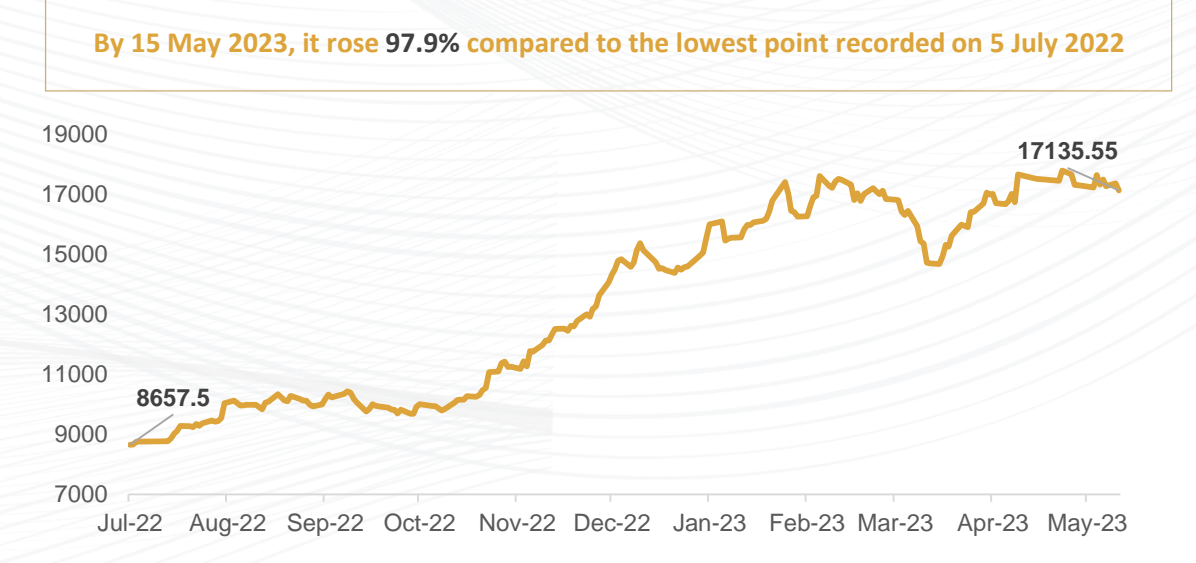
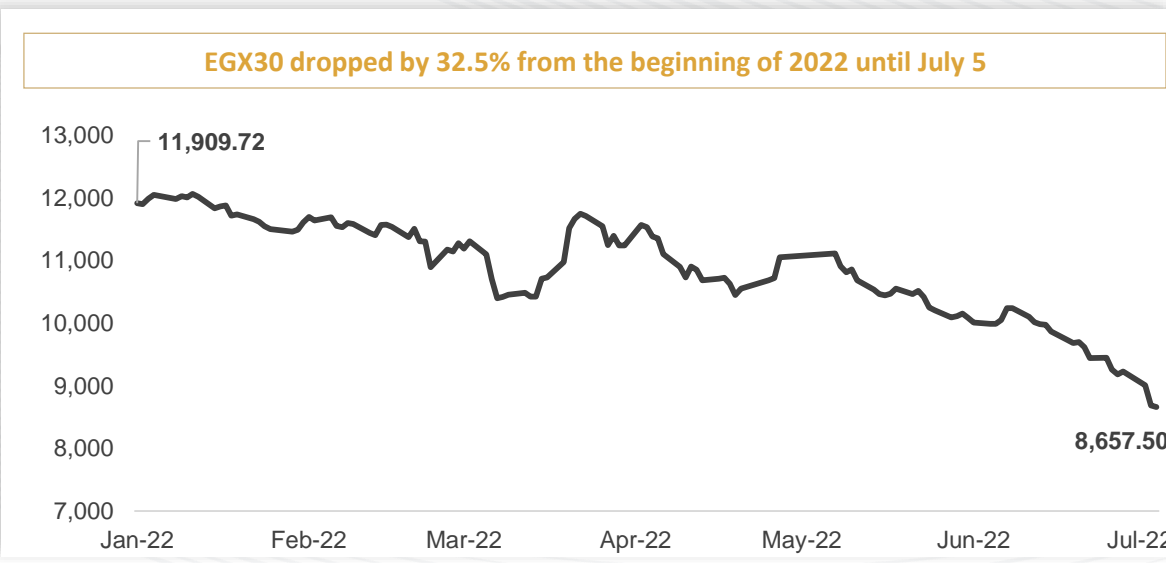
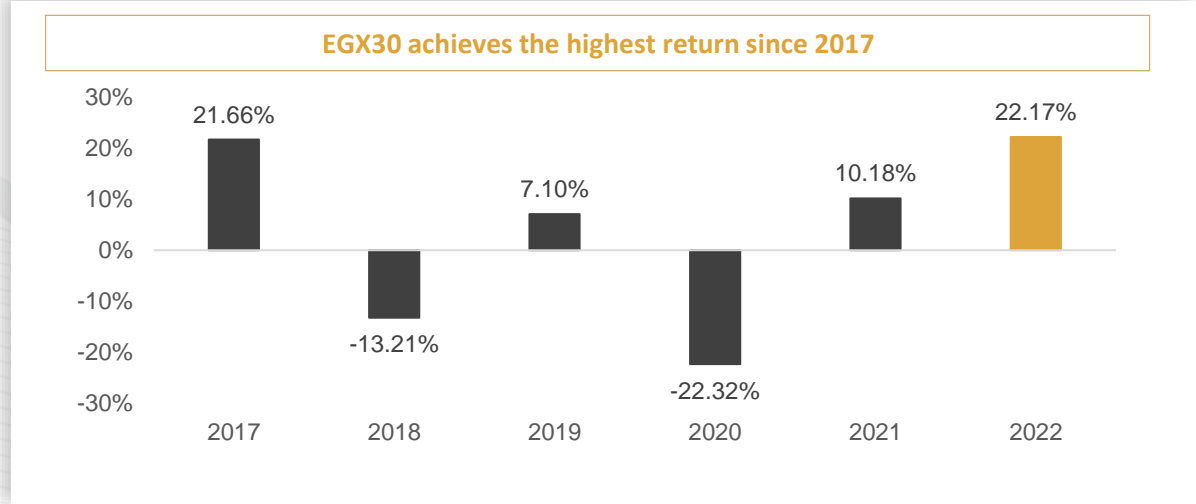
Source: IMF, AFCM, EGX  
 3/ Data as of 2022.

	EGX30 (reinvested dividends)	Deposits	USD	Gold	EGX30
Invested Amount (in EGP)	303,000	303,000	303,000	303,000	303,000
Market Value of investments (in EGP)	3,884,032	1,019,093	1,456,493	5,319,603	2,306,303
Return on Investments over 25Y	1182%	236%	381%	1656%	661%
Annual Return (Avg.)	46.8%	9.4%	15.1%	65.6%	26.2%



## Part II: Competitive Returns

# EGX30 gains 43.9% as of 15 May 2023 (compared to January 2022)

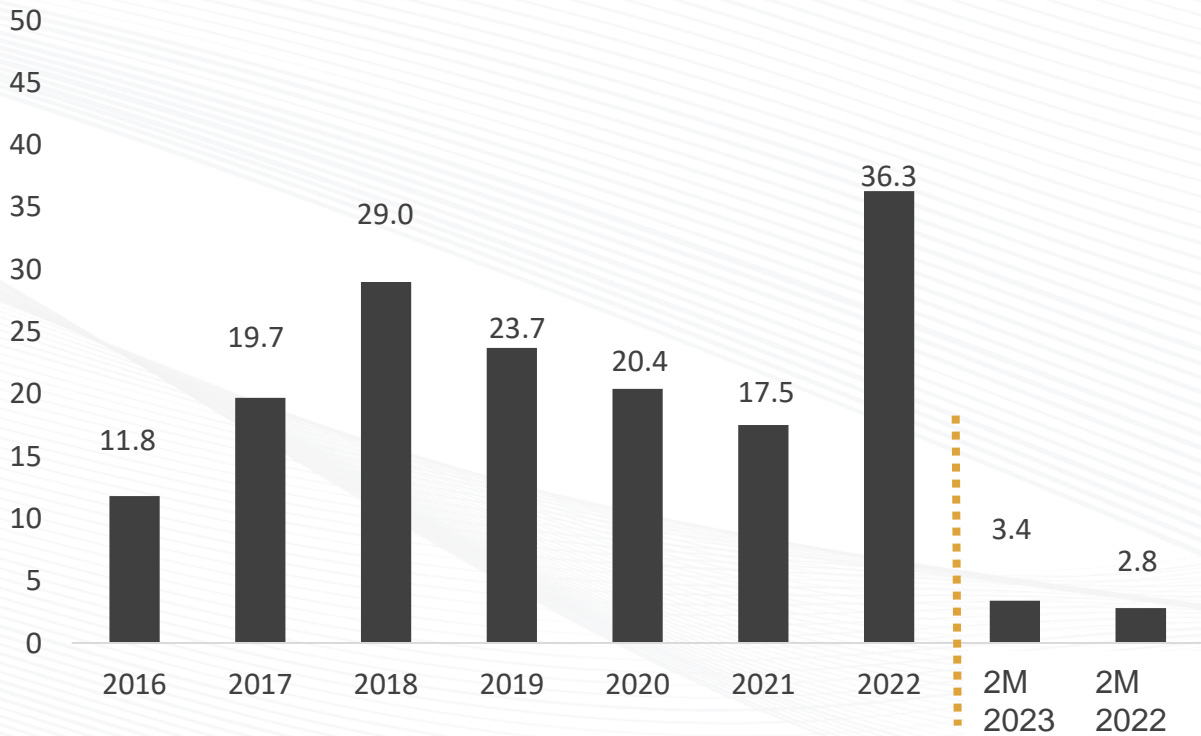


# Capital Increases & Cash Dividends

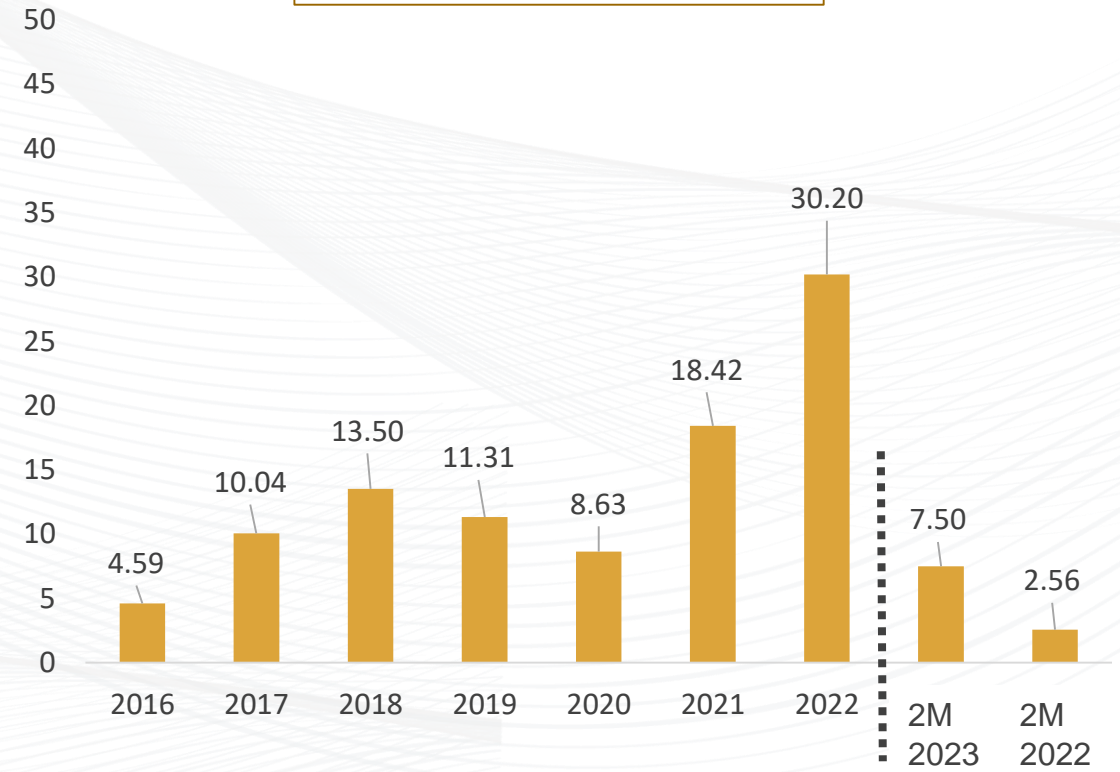
Listed companies distributed cash dividends of EGP 3.4 billion during the first 2 months of 2023, compared to EGP 2.8 billion during the same period of 2022

Total capital increases (cash and bonus shares) in the equities market reached an EGP 7.5 billion during the first 2 months of 2023, compared to EGP 2.56 billion during the same period of 2022

Cash Dividends (in EGP billions)

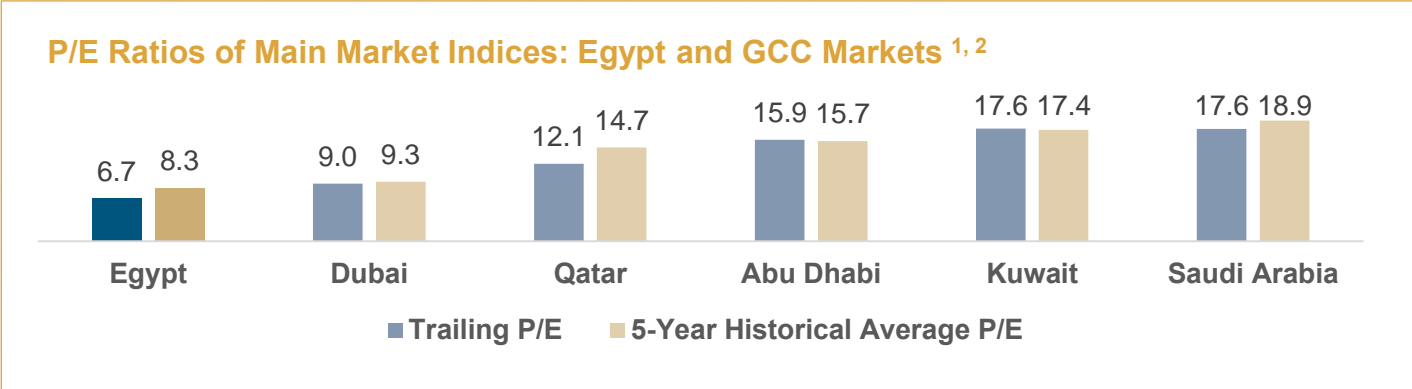


Capital Increases (in EGP billions)



# Lucrative valuations with significant upside potential

High-opportunity environment for value investors supported by strong underlying profitability.



Source: Refinitiv  
 1/ Selected indices are: EGX30, TASI, FTSE ADX General Index, DFM General Index, Qatar Exchange General Index, Boursa Kuwait Premier Market Index  
 2/ Data as of 14 May 2023

## 2.3

P/B Ratio <sup>3</sup>

Blue-chip CIB trades at Price-to-book ratio of 2.3 (below the all-time average of 2.5), despite serving as a preferred investor proxy for the banking industry in EMs. This indicates that CIB is undervalued

Source: Refinitiv  
 3/ Market price as of 14 May 2023, whereas book value represents the financial statements of full 2022

EGX30 constituents enjoy strong average profitability ratios across the board:<sup>4</sup>

29.7%

Average EBITDA Margin

18.7%

Average Net Profit Margin

26.3%

Average Return on Equity

13%

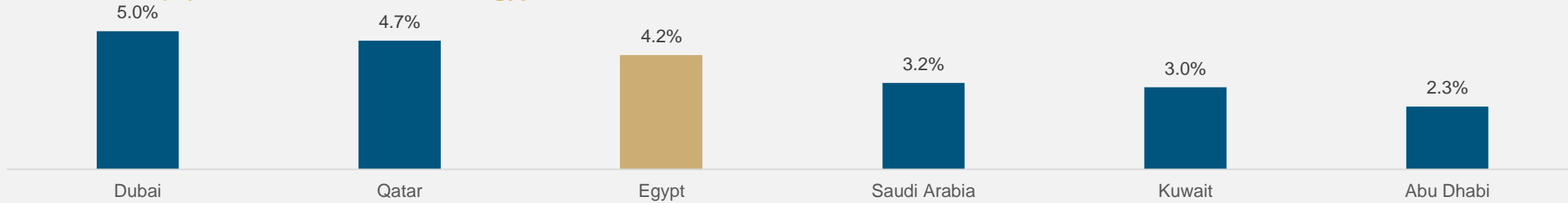
Average Return on Total Assets

Source: Refinitiv  
 4/ Selected financial indicators represent the most recent full fiscal year for each constituent

# Offering highly competitive returns reinforced by solid underlying fundamentals...

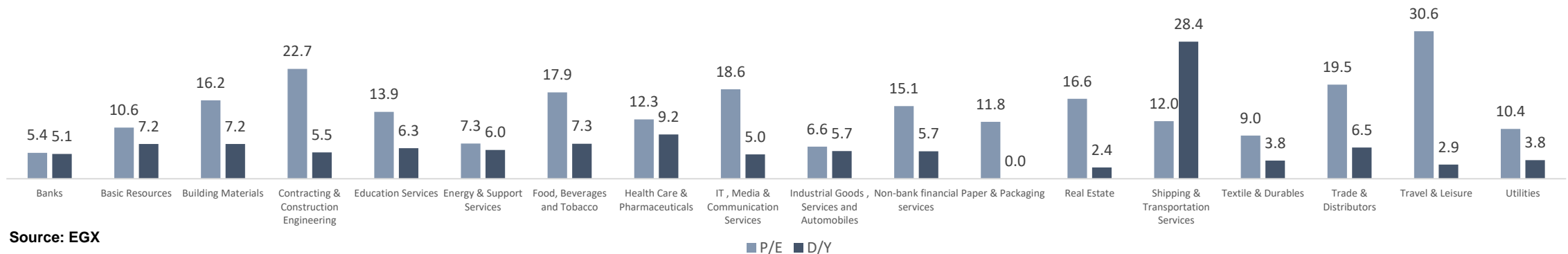
High-opportunity environment for value investors supported by strong underlying profitability.

**Dividend Yield (%) of Main Market Indices, Egypt and GCC Markets <sup>1</sup>**



Source: Refinitiv  
1/ Data as of 14 May 2023

**P/E Ratios and Dividend Yield (%) by Sector, EGX (14 May 2023)**

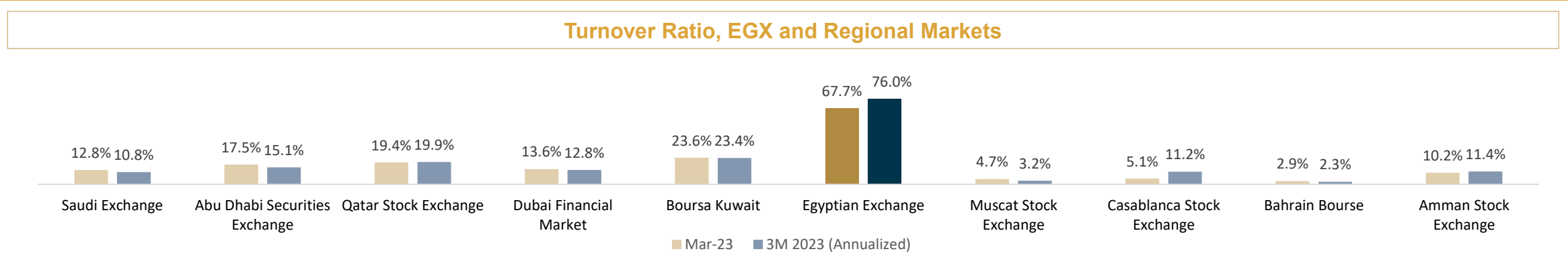


Source: EGX

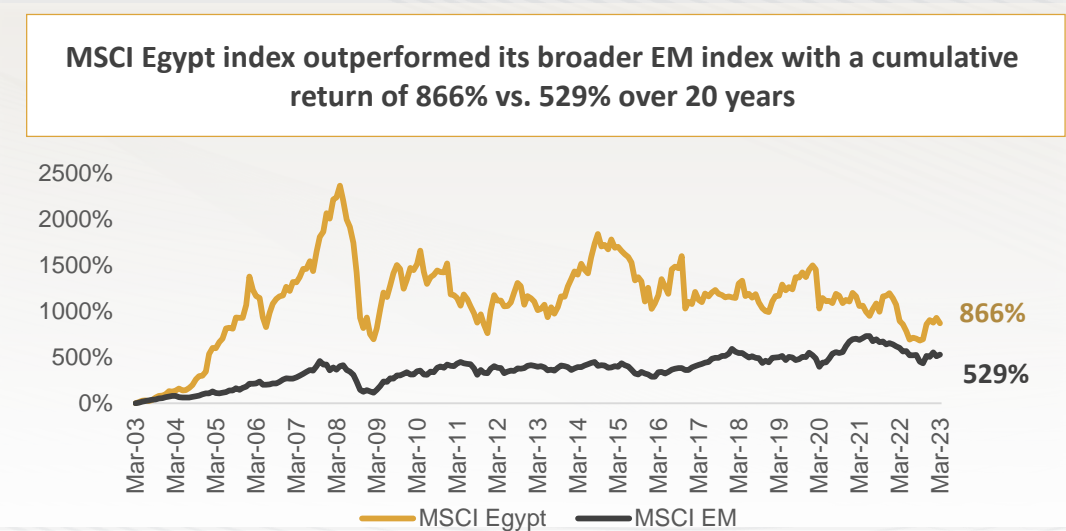
■ P/E ■ D/Y

# Liquid markets mitigating risk and boosting efficiency for participants

A deep market ensures a well-functioning price signal, further distinguishing the EGX from regional peers.



Source: AFCM



Source: Refinitiv

### EGX provides highest annualized return (far ahead of GCC peers), while it entails reasonable downside risks

Performance: 2004 –2023 <sup>1</sup>		
	Annualized Return	Maximum Drawdown
<b>EGX30</b>	13.8%	-69.5%
<b>TASI</b>	4.4%	-77.5%
<b>FTSE ADX</b>	8.9%	-63.8%
<b>DFMGI</b>	6.1%	-83.6%

Source: Refinitiv  
 1/ Calculations are based on monthly data. Maximum drawdown is the maximum observed loss from a peak to a trough (in case of buying at peak & selling at trough). It is an indicator of downside risk.



## **Part III: Governance & Sustainability**

## A regional leader in governance standards...

The Egyptian Exchange enjoys a well-earned reputation for effective regulatory frameworks that successfully protect stakeholders.



### Board representation

Ensuring diverse, high-quality leadership at listed companies



### Governance frameworks

Protecting stakeholders and ensuring companies operate at their highest regulatory potential



### Disclosure requirements

Enforcing adequate dissemination of information so that all investors are on a level playing field



### Trading regulations

Ensuring fair, efficient, and transparent markets to protect investors and reduce systemic risk



### Insider trading

Preventing the use of asymmetric information to ensure the integrity of markets and maintain reputations




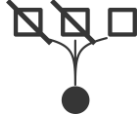



### Anti-money laundering

Implementing effective measures to combat money laundering and terrorist financing

# With an ironclad commitment to good governance and transparency...

The EGX's listing rules yield high-quality boards at member companies and encourage clear and frequent communication.

**Regulatory frameworks ensure that boards are effective and committed to creating value**

 <p><b>Proportional Representation</b></p> <p>A cumulative voting system must be used for the election of boards</p>	 <p><b>CEO Duality Prohibited</b></p> <p>Combining the offices of Chairman, CEO, and Managing Director is prohibited</p>	 <p><b>Checks and Balances</b></p> <p>Listed companies must appoint an audit committee of odd number, to include at least three non-executive BoD members.</p>
 <p><b>Oversight</b></p> <p>Listed companies must have a minimum of two independent board members.</p>	 <p><b>Diversity</b></p> <p>Female BoD representation must be no less than 25%, or at least two members</p>	<p><b>92%</b></p> <p>Listed companies with at least one female BoD member (December 2022)</p> <hr/> <p><b>17.5%</b></p> <p>Total female BoD representation at listed companies</p>

Strong board policies drive a high rate of **professional representation...**

Strong disclosure rules require all companies to publicly report a range of financial, operational, legal, and ESG-related information to the public

Listed companies must promptly submit a range of disclosure materials to the Exchange:

<p><b>Quarterly financial reporting</b></p>	<p><b>Auditor's report</b></p>	<p><b>Material events disclosure</b></p>
<p><b>Annual report</b></p>	<p><b>Mandatory ESG reporting</b></p>	<p><b>Disclosure of noncompliance</b></p>

Public disclosures should be complete, adequate, and supported by documents, which must be provided to the EGX upon request.

**95%** of listed companies submit quarterly disclosures within the mandated window

Companies with annual revenues exceeding EGP 2bn are regulatory required to **provide all disclosures in English and Arabic** languages

# And close management to protect investors and prohibit illicit activity

Investors are protected by a strong monitoring framework aimed at effectively mitigating risks and controlling volatility.

The EGX monitors activity to ensure that all parties comply with Exchange rules, with an eye to achieving the greatest possible efficiency, protecting investors, and ensuring transparency

 <p>Comprehensive and advanced surveillance systems</p>	 <p>Quantitative analysis methods</p>	 <p>Real-time detection and tracking of possible fraud</p>	 <p>Continuous training of surveillance personnel</p>
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The Exchange's Risk & Sustainability Dept. continuously evaluates brokerage firms' risk managers on the following bases:

- |   |   |
|---|---|
| <p><b>1</b> General knowledge of risks related to management structures</p> | <p><b>4</b> Credit and concentration risk</p> |
| <p><b>2</b> Periodic risk reports</p>                                       | <p><b>5</b> Enterprise Risk Management</p>    |
| <p><b>3</b> Market risks and measurement tools</p>                          |   |

The EGX also holds regular corporate risk management training programs for brokerage firms:

<p><b>110</b> Brokerage Firms (2020)</p>	<p><b>125</b> Trainees (2020)</p>	<p><b>3</b> Training Days (2020)</p>
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EGX investors enjoy a range of protections securing them against noncommercial and other risks unrelated to their investment decisions:

<p><b>Settlement Guarantee Fund</b></p>	<p>A pool of funds shared by all brokerage firms under the Central Depository, aimed at ensuring the timely settlement of trades by covering buyers' cash deficits or the selling parties' securities deficit.</p>
<p><b>Investor Protection Fund</b></p>	<p>A private legal entity established to compensate brokerage firms' clients for acts of fraud committed during a brokerage firm's execution of orders. Intervenes when brokerages fail to meet obligations to an investor.</p>

The EGX wields several tools for tamping down large price swings and excessive panic, instituting cool-down periods to prevent extreme order imbalances and reduce volatility

 <p>Price-triggered circuit-breakers</p>	 <p>Discretionary trading halts</p>	 <p>Price limits</p>
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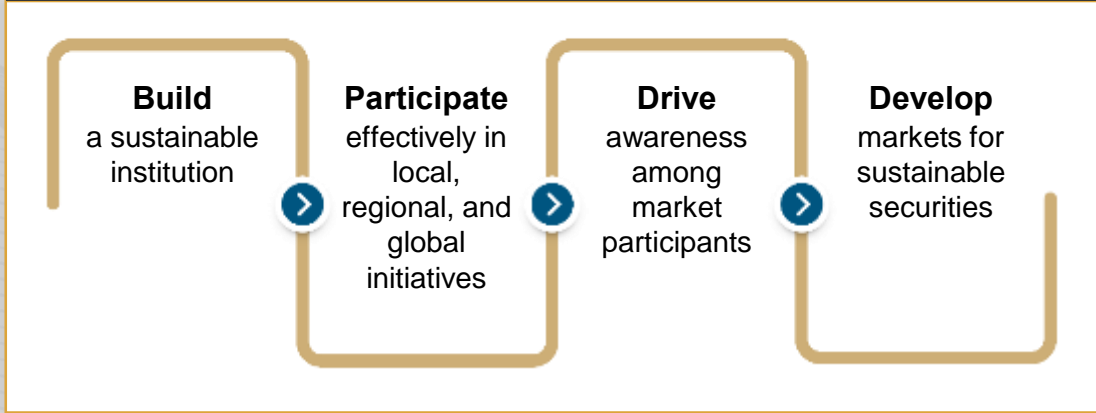
# A pioneering record in sustainability

The EGX encourages listed companies to increase disclosure of ESG information and adopt ESG reporting practices.

## The Exchange is seriously committed to delivering on ESG goals



## The EGX has adopted four core sustainability principles:



## The EGX is a committed member of several major international sustainability initiatives:



# A regional leader in ESG

The latest report from the Arab Federation of Capital Markets (AFCM) clearly highlights Egypt’s regional ESG leadership:

The EGX is farther along the path of ESG institutionalization than any other major Arab market						
AFCM Members (Ten Largest)	SSE Partner	WFE Member	Publishes Annual Sustainability Report	ESG Reporting required as a listing rule	Has written guidance on ESG reporting	Offers ESG-related training
ADX	✓	✓	✓	X	✓	✓
ASE	✓	✓	✓	✓	✓	✓
BHB	✓	✓	✓	X	✓	✓
CSE	✓	✓	✓	X	✓	X
DFM	✓	✓	✓	X	✓	✓
<b>EGX</b>	✓	✓	✓	✓	✓	✓
BK	✓	✓	✓	X	✓	✓
MSX	X	✓	X	X	X	X
QSE	✓	✓	X	X	✓	✓
Tadawul	✓	✓	X	X	✓	✓

The EGX is one of only two major Arab exchanges to suggest the full suite of ESG disclosure frameworks								
AFCM Members (Ten Largest)	GRI	SASB	TCFD	IIRC	CDSB	CDP	UNGC	
ADX	✓	✓	X	✓	X	✓	✓	
ASE	✓	X	X	X	X	X	X	
BHB	✓	✓	✓	✓	✓	✓	✓	
CSE	✓	X	X	✓	✓	X	✓	
DFM	✓	✓	✓	✓	X	✓	✓	
<b>EGX</b>	✓	✓	✓	✓	✓	✓	✓	
BK	✓	✓	X	✓	X	✓	✓	
MSX	X	X	X	X	X	X	X	
QSE	✓	✓	X	✓	X	✓	✓	
Tadawul	✓	✓	✓	✓	✓	✓	✓	

## The EGX’s ESG guidance suggests a broader range of metrics than for any other Arab market

Direct/Indirect ChG emissions	Carbon intensity	Energy consumption	Primary energy source	Renewable energy intensity	Water management	Waste management	Environmental policy	Environmental impacts	CEO pay ratio	Gender pay ratio	Gender diversity	Non-discrimination	Injury rate
Global health	Child & forced labor	Human rights policy	Human rights violations	BoD diversity	BoD separation of powers	BoD confidential voting	Incentivized pay	Supplier code of conduct	Ethics code of conduct	Bribery/anti-corruption code	Sustainability report	Framework disclosures	External validation & assurance



# Part III: Driving Growth

## Supply Side

## Seven new companies were newly listed since 2022 to March 2023

Paid capital of the newly listed companies amounted EGP 639 million

Company Name	Listing Date	Paid Capital (EGP)	Market Type
Macro Group Pharmaceuticals -Macro Capital	12/01/2022	115,471,700	Main Market
Port Said Containers and Cargo Handling Co.	05/12/2022	164,112,105	Main Market
Damietta Container and Cargo Handling	14/12/2022	200,000,000	Main Market
Lotus for Agricultural Investments and Development	22/11/2022	56,000,000	SMEs Market
General Warehouses of Egypt	28/12/2022	25,000,000	SMEs Market
Digitize for Investment and Technology	29/03/2023	12,000,000	SMEs Market
Fitness Prime	29/03/2023	66,250,000	SMEs Market

# Preparing to introduce an exciting new range of financial products...

Investors will soon have access to a whole new lineup of instruments and securities catering to a variety of risk appetites.



## Shariah indices

Designed for investors seeking to adhere with Shariah guidelines



## Low carbon indices

Weighting stocks based on their carbon exposure in the form of emissions and fossil fuel reserves



## ETFs

Lower operating costs, flexible trading, greater transparency



## Sukuk

Major marketing benefits for issuers in an untapped market with crossover into other niche investments



## Shariah-compliant products

Ideal for investors seeking moderate risk profiles beyond the fixed-income market

The EGX has already begun to roll out parts of its product pipeline, including the EGX30 ETF, five Sukuk issuances, and the S&P/EGX ESG Index.

## Deepening and broadening the Exchange's footprint through all-new markets for derivatives and commodities ...

New markets will enable a host of innovative investment strategies, improving outcomes for traders and stakeholders.

The **Derivatives Exchange** will allow investors to buy and sell derivatives on the EGX for the first time, supported by a counterparty clearing house.

Status	Products	Participants
<ul style="list-style-type: none"> <li>Regulatory framework established by the FRA.</li> <li>Establishing a counterparty clearing house to facilitate and oversee derivatives trading.</li> </ul>	<ul style="list-style-type: none"> <li>Stock futures and options</li> <li>Index futures and options</li> <li>Swaps</li> <li>Commodity options &amp; futures</li> </ul>	<ul style="list-style-type: none"> <li>Hedgers</li> <li>Arbitrageurs</li> <li>Margin traders</li> </ul>

- 1 Allow investors to lock in prices
- 2 Help participants to mitigate risks
- 3 Enable hedging against unfavorable asset price fluctuations

The EGX's **counterparty clearing house (CCP)** will ensure the availability of balances before the completion of sales processes on the Derivatives Exchange, facilitating and overseeing trades.

The **Egyptian Mercantile Exchange (EMX)**: A regulated spot market for trading standardized commodity contracts and related investment products.

Status	Demand-Side	Supply-Side
<ul style="list-style-type: none"> <li>Established 2020.</li> <li>Targeting Q1-2023 operational launch.</li> <li>Initial capital of c.EGP 90 mn.</li> <li>Commodities to be traded have been identified.</li> <li>Ensuring warehouse specs.</li> </ul>	<ul style="list-style-type: none"> <li>Large-scale public sector procurement entities (HCFI &amp; GASC).</li> <li>Private sector corporates (procurement).</li> <li>Institutional investors seeking to hedge positions.</li> </ul>	<ul style="list-style-type: none"> <li>Farmers</li> <li>Traders</li> <li>Producers</li> <li>Commodities deposited at warehouses owned or licensed by the EMX</li> </ul>






- 1 Reduce barriers to trade between suppliers and consumers
- 2 Quantities of traded commodities instantly available on electronic platform
- 3 Enhance quality of traded commodities

Agricultural products					
Wheat	Flour	Rice	Beans	Sugar	Cotton
Frozen products			Other products		
Frozen chicken	Frozen meat	Gold	Organic fertilizers	Eggs	

## While consolidating position as an ESG leader

During the COP27 Conference hosted by Egypt in Sharm El-Sheikh, the EGX announced the launch of the 1st VCM in Africa, to start operating in 2023

### Plans for an Egyptian VCM follow the international blueprint:

	Market-based system allowing firms to buy and sell carbon credits tied to the volume of their emissions
	Companies given an allowance in proportion to their emissions and receive credits, each equal to one ton of CO2
	Firms must purchase more credits if they wish to exceed their cap, while those cutting emissions earn by selling credits
	How much companies must pay to exceed their caps depends on the market, where credit prices are determined by supply and demand
	The exchange will allow entities that are undertaking emissions-reduction projects to sell credits to local and international buyers

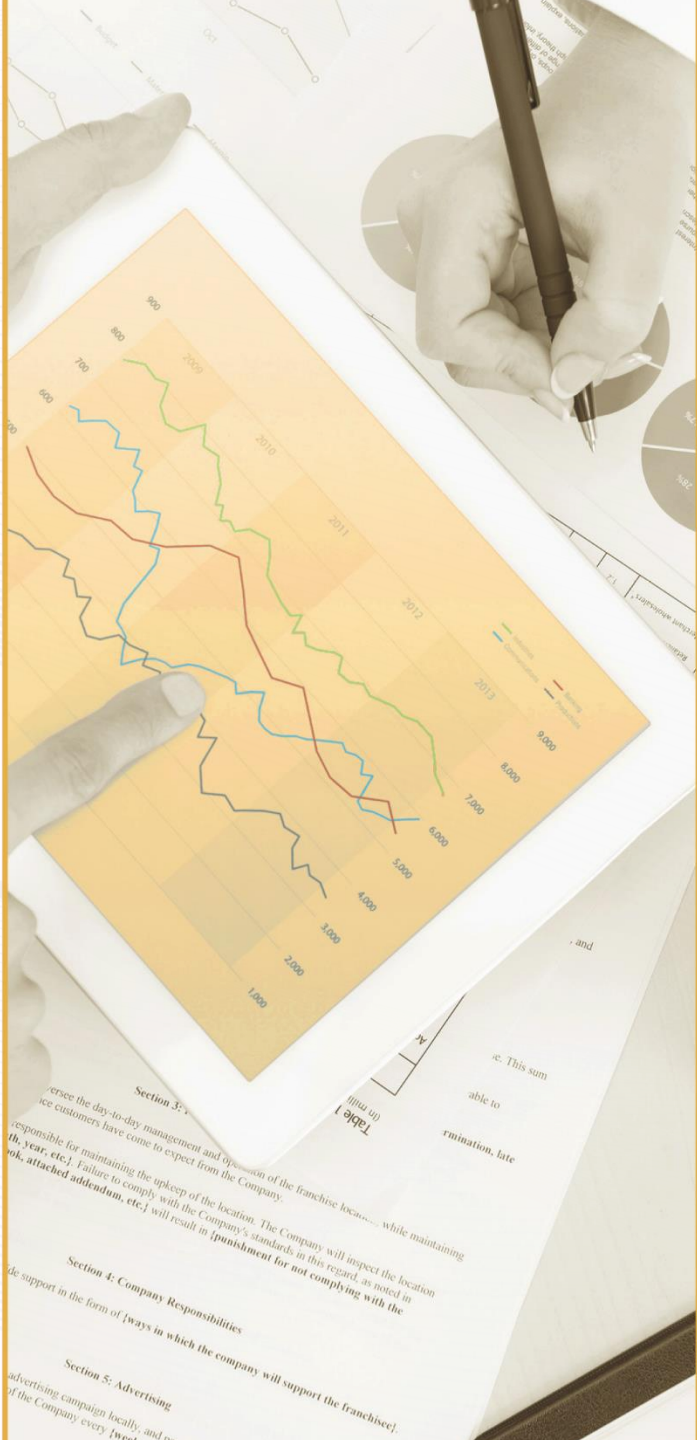
### Six Objectives

- 1 Promote VCMs locally and regionally
- 2 Encourage domestic GHG emission reduction by certifying carbon credits
- 3 Raise awareness of climate change among the public and private sectors
- 4 Prepare all stakeholders for prospective emission reduction agreements
- 5 Create new business opportunities for market participants
- 6 Motivate participants to integrate ESG principles into their strategies

# Continuously enhancing the quality and value of disclosures

The EGX is pursuing a range of initiatives to boost the clarity and frequency of communication to investors.





# Part III: Driving Growth Demand Side

# Institutional investors moving to grow their exposure to Egyptian equities...

The EGX is working to raise the volume of domestic institutional funds in Egypt’s equity market and raise liquidity.

**Strong room for public insurance funds and state-owned financial institutions to invest more of their funds in the EGX:**

The Exchange is engaging with several highly liquid state institutions to rebalance their asset allocations towards EGX-listed securities and away from treasury bills and bonds (currently 75% of the allocation):



**Initiatives currently in place to spur domestic institutional investment moving forward**

1

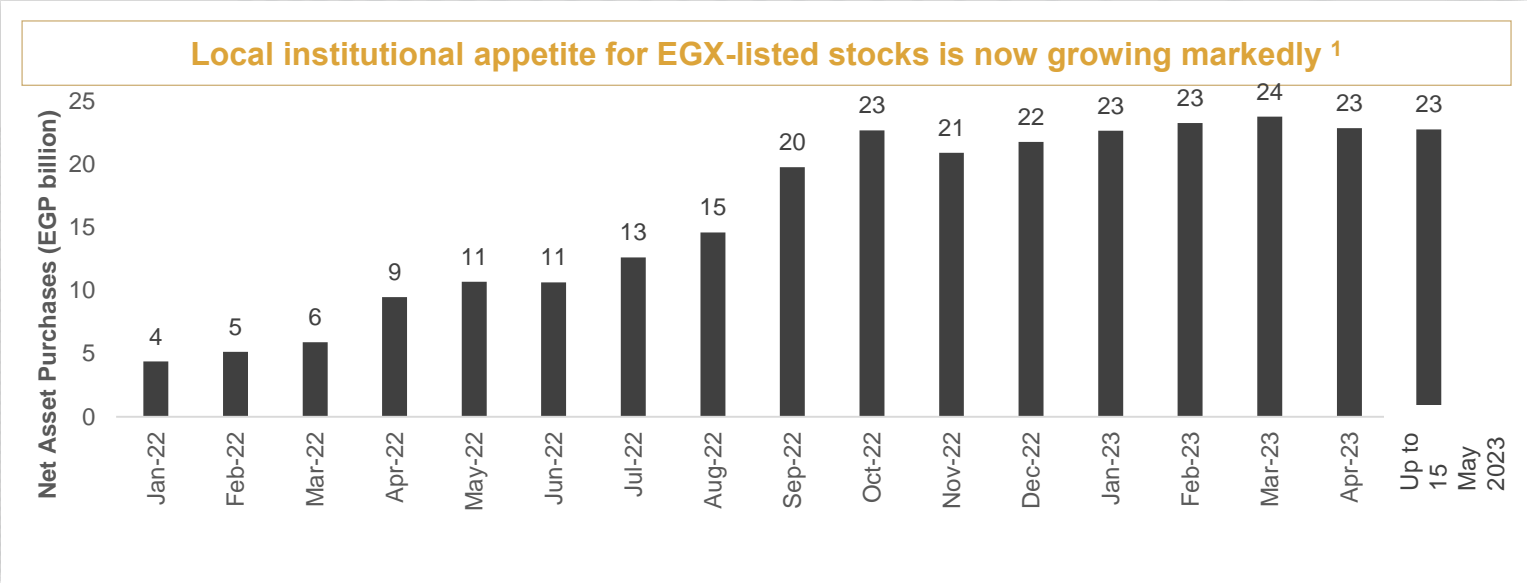
State institutions are now developing criteria for selecting competent **asset managers** and ensuring their ability to make the best investment decisions.

2

EGX is working with authorities to **loosen restrictions** on asset manager’s investment decisions, modifying rules intended to limit losses and mitigate risk.

3

Raising the quality of the investment process by creating more **flexible investment frameworks**.



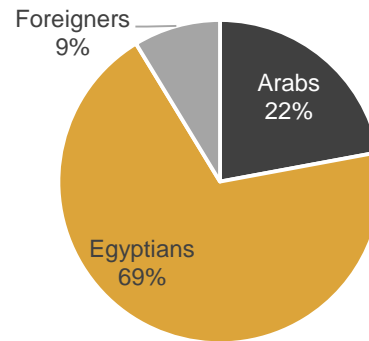
1. Rolling 12-month sum

# Investor Trading

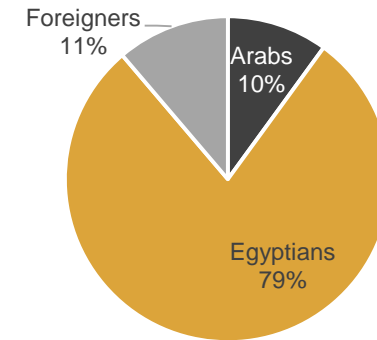
Non-Egyptians transactions accounted for 31% of total trading over listed stocks in 2022 compared to 21% in 2021. Moreover, the share of institutional trading over listed stocks marked 47% in 2022 compared to 32% in 2021

**+10%**  
Rise in rates of total non-Egyptians trading (Arabs & Foreigners)

Investors trading over listed stocks (by nationality) in 2022

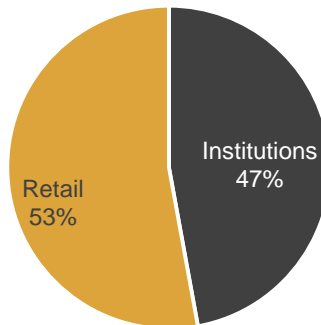


Investors trading over listed stocks (by nationality) in 2021

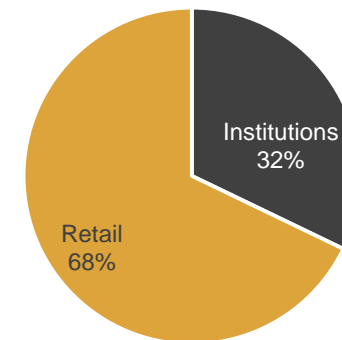


**+15%**  
Rise in rates of institutional trading

Investors trading over listed stocks (Retail & Institutions) in 2022



Investors trading over listed stocks (Retail & Institutions) in 2021

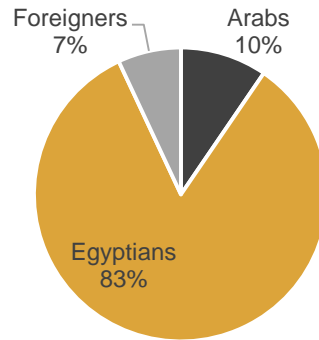


# Investor Trading <sup>1/</sup>

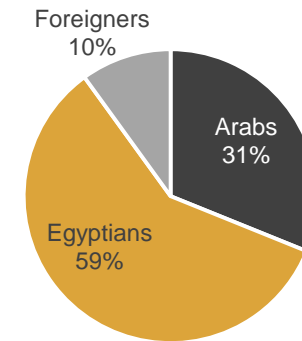
Non-Egyptians transactions accounted for **17%** of total trading over listed stocks during the first five months of 2023 compared to 41% during the corresponding period of 2022. Moreover, the share of institutional trading over listed stocks marked **32%** in 5M 2023 compared to 60% in 5M 2022

**-24%**  
Reduction in ratio of total non-Egyptians trading (Arabs & Foreigners)

Investors trading over listed stocks (by nationality) in 5M 2023

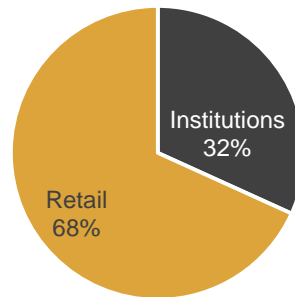


Investors trading over listed stocks (by nationality) in 5M 2022

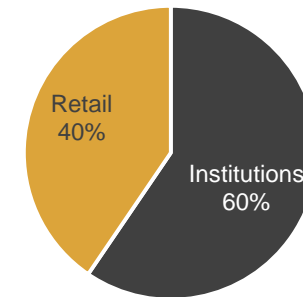


**-28%**  
A decline in institutional trading ratio

Investors trading over listed stocks (Retail & Institutions) in 5M 2023



Investors trading over listed stocks (Retail & Institutions) in 5M 2022

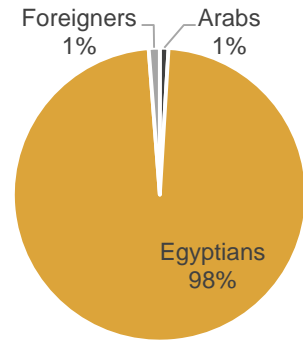


1/ Data up to 14 May 2023

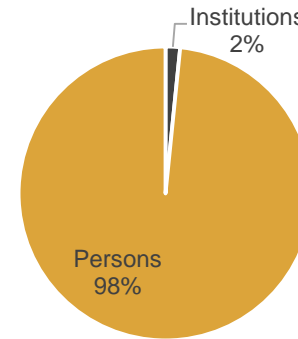
# Number of investors <sup>1/</sup>

The EGX witnessed a record number of new investors of **163K** during the first five months of 2023, thus bringing the total number of registered investors to 687K as of 14 May 2023.

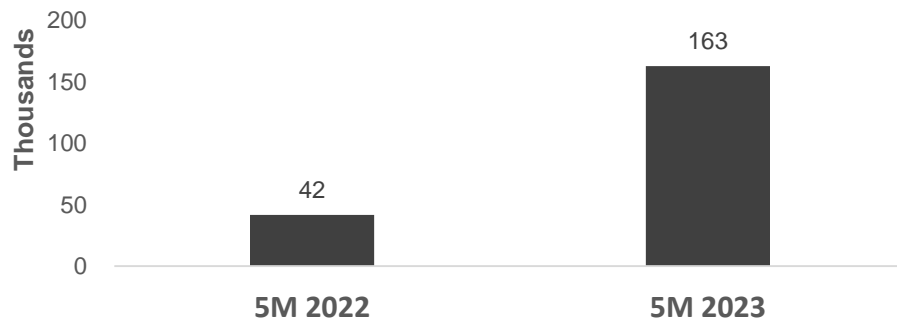
... By nationality group, this was the breakdown:



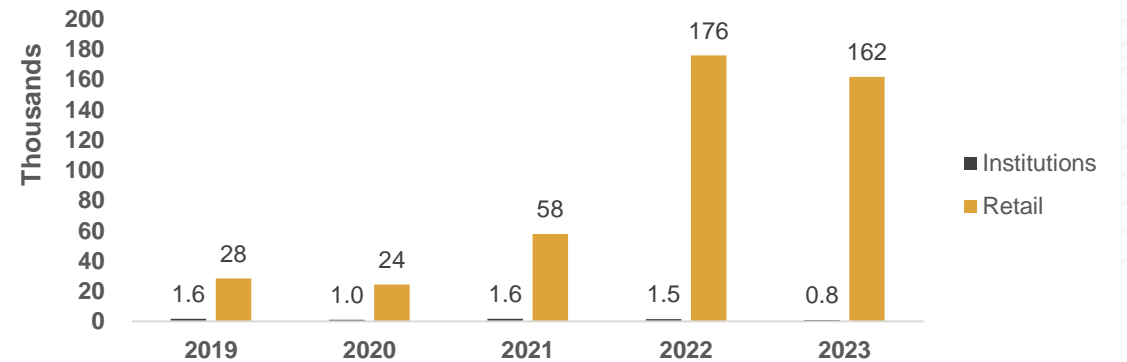
Total number of investors reached 687K, detailed as follows:



Total no. of new investors: 5M 2022 VS. 5M 2023



No. of new investors (Retail & Institutions)



1/ Data up to 14 May 2023



# Thank You

## Contact Details

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