



# Annual Report (2011)

99  
2000  
Flow indicator  
of Market Capitalisation



# 1. The Egyptian Stock Market ....

## EGX amid the Internal Hammer and the External Anvil.....

The year 2011 is considered a formidable year in the history of the Egyptian capital market, after few years successfully overcoming a few crises that hardly knocked other markets, this year seems different where the Egyptian Exchange faces both internal and external tensions simultaneously.

On the internal level, the year started with the 25th of January revolution, toppling down the old regime. A transitional phase started in order to rebuild the state institutions, a phase of unrest with political tensions and categorical demands, which lead the economy to draw back to one of its worst levels ever. The economic growth plummeted to its lowest levels with a notable aggravating budget deficit due to the declining revenues and increased spending in line with the fears of diminishing reserves. This in turn led the foreign investment to hit its lowest levels within seven years to record US\$ 2.2 billion on FY 2010/2011. In addition, Egypt's Government bonds credit rating was downgraded four times within one year.

On the external level, the situation was not much better; with the heightening of the economic crisis attributable to the deterioration of the debt pinch in the U.S. and the downgrading of its credit worthiness. Moreover, the US debt crisis spread in other countries, especially in Europe, representing a real threat to the global financial system and running the risk of downward spiral of uncertainty and financial instability. Meanwhile, fears of a global recession, lingers over, tumbling the global markets performance sharply.

## Despite the decline in Performance, EGX wasn't the Worst Performer Post Revolution

Despite the internal and external events impact on the market performance, with EGX recording year-on-year losses of around 50%, however, a large part of the losses has been recorded prior to the 28<sup>th</sup> of January. The market lost 21 percent in January, while in the following 9 months; post the revolution, the market lost around 30 percent. Worth mentioning, after the revolution EGX performance mimicked that of global capital markets which were affected by the global crisis. Surprisingly, the Egyptian market was in a better place compared to several global markets which recorded higher losses than that of EGX, during the financial global crisis. as will be highlighted later.

### **Undertaking Precautionary Measures to Protect the Market after Re-opening**

Due to political unrest and the banking sector instability at the time, EGX was forced to suspend trading until things become more stable, to provide the legal entities the proper time to undertake the necessary measures for preventing the outflow of capital involved in illegal acts.

Meanwhile, EFSA has undertaken several precautionary measures for trading resumption on EGX to assure the highest level of protection for investors' rights. First, the price limits on the listed shares were amended, according to which trading will be suspended on a stock for half an hour after a 5 percent change, and will be fixed and trading will continue till the end of the trading session after a 10 percent change. Moreover, Intra-day trading will be suspended.

Worth mentioning, several rules and measures have been undertaken during the period of trading suspension with accordance to disclosure which required listed companies to continuously disclose their operational, financial and administrative status, otherwise trading will be suspended on the companies that did not comply.

### **Legislative Amendments to Increase Market Depth**

During 2011, EFSA and EGX management focused on the legislative side in order to achieve greater market protection. The year started with precautionary measures which largely contributed to minimizing the market decline after re-opening.

Moreover, in line with EGX belief in the importance of proper disclosure and raising the transparency levels in the capital market, EFSA approved the amendments of the listing rules with regards to initial public offerings, treasury stocks and enforcing companies to release their shareholders structure.

Meanwhile, EFSA issued a preliminary approval on the rules governing the issuance and trading of sukuk in an attempt to develop new investment tools to attract more investments to the Egyptian capital market.

Towards the end of the year, several important amendments were made including the adjustment of the specialized activities standards (margin trading, short selling and intraday trading) to include larger number of listed companies. Furthermore, intraday trading rules have been altered to be re-activated after being hindered post the revolution.

### **EGX continues to support the Economy**

Despite the hard circumstances Egypt is witnessing, EGX played a leading role in financing companies. The total value of raised capital reached LE 7 billion, while 9 new companies were listed during 2011.

### **The Egyptian Market Still Holds Strong Investments despite Foreign Efflux**

Due to the internal pressures and the aggravation of the global crisis, foreign investments in the Egyptian market recorded an outflow of LE 4.3 billion during 2011. Despite this efflux, the Egyptian market is still maintaining strong foreign investments, where the outflow in 2011 represents less than half of the net Non-Arab foreign inflow in 2010 (more than LE 8.4 billion), and less than 12% of the net Non-Arab foreign inflow during the past 5 years (around LE 33 billion).

### **The Egyptian Market Remains One of the Most Attractive Markets in the Region**

According to Standard and Poor's, the Egyptian market is considered one of the most attractive markets in the Middle East and Africa Region recording a PE of 10.47 vs. 15.86 for the region. Meanwhile, the market recorded a high DY of 10.40% vs. an average DY for the region of 3.58% by the end of December 2011.

### **Decline in Trading Volume**

Due to the transitional phase events which coincided with the global crisis, average daily trading recorded around LE 716 million in 2011 declining from LE 1.3 billion in 2010. Noteworthy, the last quarter of the year witnessed a sharp decline in the average daily trading to record LE 255 million.

### **Despite the Harsh Economic Conditions... 79% of Companies Realize Profits**

Despite the harsh economic conditions, 79% of the listed companies attained profits during the first half of the year. Similarly, in NILEX, 15 companies recorded a net profit during the first half.

### **Absolute Reform to NILEX Listing, Trading and Disclosure Rules**

In a step to re-direct NILEX to its primary goal as a gateway for financing SMEs' to grow, radical changes have been made to the rules organizing NILEX. Listing rules have been amended to ensure the presence of promising companies with organized plans to increase their capital. Additionally, several modifications have been done to the trading rules to modify the trading system in NILEX to match that of the main market in order to achieve higher liquidity. Moreover, special techniques have been put forth to calculate the closing price and ensure the safety of the transactions. Worth mentioning, the modified trading system helped in securing NILEX from the decline in liquidity witnessed in the main market.

The rules stated that the file of the Nominated Sponsors should be transferred from EFSA to EGX management to guarantee activating their role.

Despite the internal crisis, NILEX succeeded in increasing the number of companies listed in the market, by almost one third, to reach 20 companies.

### **Intensive Efforts to attract New Companies**

In line with the Egyptian Exchange belief in the importance of helping companies to raise their capital during the critical phase, EGX formed a team to attract new companies to list in the exchange.

In addition, The Egyptian Exchange (EGX) and The General Authority for Investment (GAFI) signed a Memorandum of Understanding (MOU) for mutual cooperation aiming to attract new SMEs to list on NILEX. Worth mentioning, GAFI has an ample database for potential companies which will help EGX in attracting more companies to list in NILEX.

### **Promotional Campaigns to Restore Confidence in the Egyptian Market**

The Egyptian Exchange management has undertaken several promotional campaigns abroad to restore confidence in the Egyptian market. The promotional campaigns aimed the Gulf region, Europe and the United states, with dozens of interested foreign institutions participating.

Worth mentioning, the promotional campaigns largely contributed to improving the image of the Egyptian Economy. Meanwhile, EGX management plans to undertake similar tours after the elections.

Moreover, EGX invited a number of public figures and representatives of various institutions for the opening of trading sessions, to draw the attention of the society to the Egyptian Exchange and its importance for the economic well being.

### **Launching New Indices as well as Including Egypt in Regional Indices**

Meanwhile, to enhance access to information, EGX launched a new index, EGX 20 Capped index, designed to capture the performance of the most active 20 companies in terms of market capitalization and liquidity, capping the weight of any constituent to a maximum of 10 percent.

The launch of the new index comes in line with EGX vision to diversify the products used to measure the market performance for the different investors' categories especially portfolio managers.

Egypt also joined the Dow Jones FEAS Titans 50 Equal Weighted Index designed to serve as the basis for financial products such as funds and structured products. Noteworthy, Egypt has the second largest weight in the index (16.4%) after Turkey.

### **Continuous Educational Awareness Efforts**

In light of the critical situation which calls for unity and concerted efforts to help the capital market overcome the crisis, EGX exerted great efforts to raise social awareness of the importance of the Exchange and its crucial role in promoting the economy and creating more job opportunities.

Moreover, EGX has launched several national campaigns to attract more investments. It also promoted the funds investment's awareness campaign. In addition, EGX visited many universities nationwide in an attempt to help students better understand stock exchange investment basics. It also launched a new training program about investing in the stock market, targeting secondary school students, visiting nearly 90 schools nationwide.

### **Around 36 Thousand Newly Coded Investors in the Egyptian Market during 2011**

Despite the market conditions the number of coded investors in the Egyptian market increased by around 36 thousand new investor vs. around 35 thousand new investor in 2010. Tribute goes to the promotional campaigns that increased awareness of the importance of the Egyptian Exchange and its role in supporting the Egyptian Economy.

### **Market Looks Forward to Passing the Transition Period**

During the first round of the parliamentary elections the market witnessed a strong rise in the indices performance. EGX 30 index soared by 11 percent,

EGX 70 and EGX 100 increased by 19 percent and 15 percent, respectively, with relatively high trading volumes during that period. This indicates that investors are yearning for political stability to return to the market, which reflects the strength of the listed companies.

Meanwhile, EGX will continue working on activating the bonds' market in addition to introducing new instruments e.g. Sukuk and ETFs.

## 2. Market Performance

### A. Market Indices Performance

The Egyptian market witnessed a significant decline during 2011 due to the political and economic events that occurred on the internal and the external level. Meanwhile all market indices retreated, whereas EGX 30 index decreased by almost 49 percent, while EGX70 and EGX100 declined by 42 percent and 45 percent, respectively.

Taking a closer look at the sequence of events and its impact, the market started the year retreating due to the Tunisian revolution, which broke out later in December 2010. As a result, EGX 30 recorded a 6 percent decline. Similarly, EGX 70 and EGX 100 indices recorded a 2 percent and 3 percent decline, respectively, since the beginning of the year and until the 24<sup>th</sup> of January session.

Furthermore, the 25<sup>th</sup> of January witnessed the uprising of the Egyptian revolution, the market was greatly distressed, where EGX 30 retreated by 16 percent during the 26<sup>th</sup> and 27<sup>th</sup> of January trading sessions. Meanwhile, EGX 70 and EGX 100 declined by around 24 percent and 22 percent, respectively, during these two sessions only. Moreover, the revolution continued and the situation deteriorated, banks closed and a decision was taken to suspend trading until the situation stabilizes.

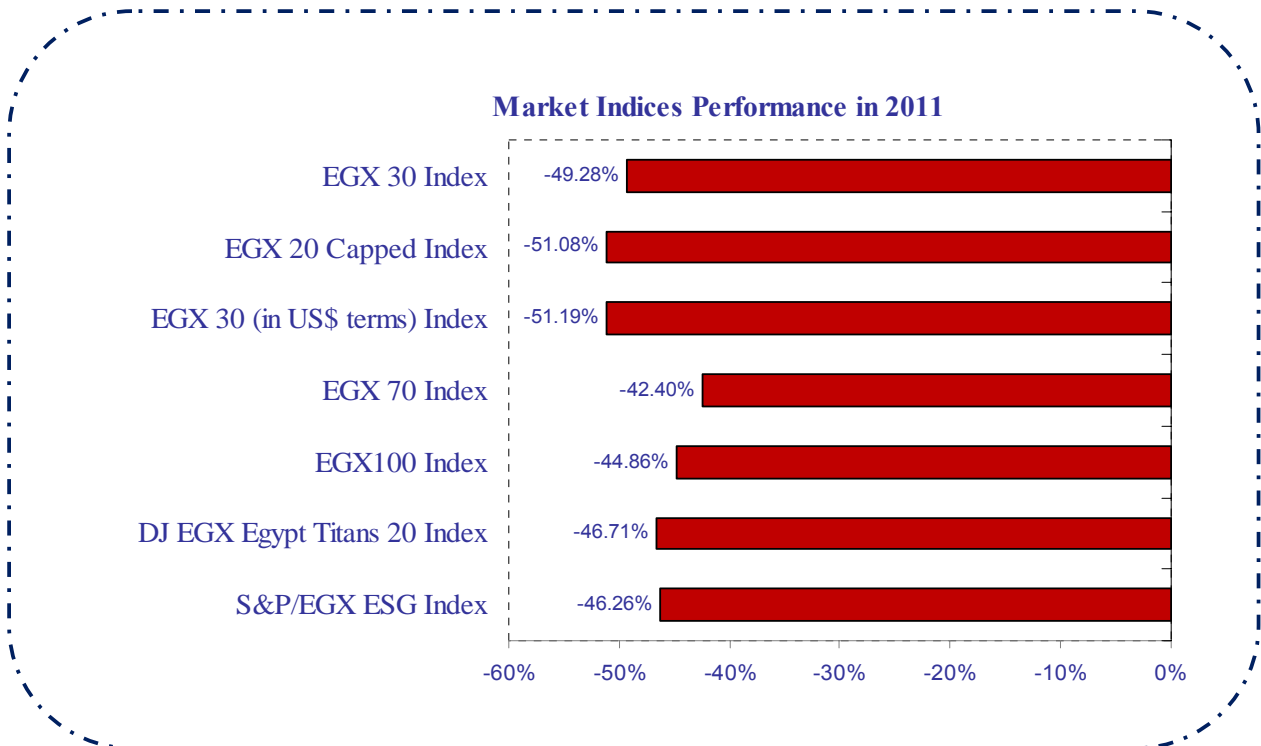
The trading suspension continued till the banks re-open, meanwhile, EGX and EFSA undertook several precautionary measures to assure the highest level of protection of investors' rights. Trading was resumed on the 23<sup>rd</sup> of March and the market witnessed a sharp decline during the first two sessions following the trading resumption. However, the market then showed a stable performance amid the parliamentary elections and the prevalence of a relative political stability which restored the investors' confidence and appetite.

Accordingly, all the market indices soared during the period from the 23<sup>rd</sup> of March till the end of May whereas EGX 30 rose by 7 percent, while EGX 70 and EGX 100 surged by 32 percent and 25 percent, respectively.

Once again, the market reversed downward during the third quarter of 2011, on the back of the capital gains tax decision that negatively affected the market performance, which was then disregarded. In addition, this period witnessed the commencement of the former regime heads' trials, which resulted in further losses in the market driving market indicators down to the levels reached during the beginning of the revolution.

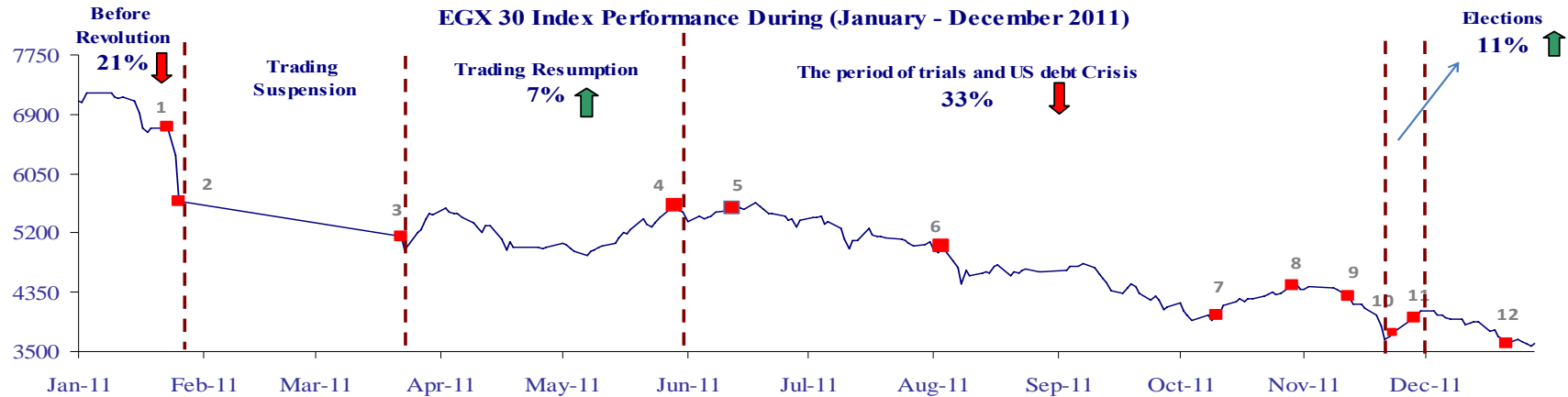
On the global level, the third quarter witnessed the onset of the US and Europe debt crisis, which had a negative impact on the market performance. EGX 30 declined by almost 29 percent since the beginning of August, till the year end. Meanwhile, EGX 70 index and EGX 100 index recorded 35 percent and 33 percent decline, respectively.

Worth Mentioning that the latest parliamentary elections influenced the market positively, as all the indices surged at good rates. During the elections week, EGX 30 increased by 11 percent, EGX 70 and EGX 100 rose by 19 percent and 15 percent, respectively. However, the political unrest hindered the market rise amid a sharp decline in the trading aggregates, and EGX 30 concluded the year with a decline of 49 percent, EGX 70 declined by 42 percent and EGX 100 decreased by 45 percent.



**Market Indices | Indices Performance in 2011**

Index	Open	High	Low	Close
EGX 30 Index (in Local Currency Terms)	7142	7210	3587	3622
EGX 30 Index (in US\$ Terms)	4176	4223	2018	2038
EGX 70 Index	722	788	393	416
EGX 100 Index	1166	1245	629	643
DJ EGX Egypt Titans 20 Index	1533	1545	809	817
S&P/EGX ESG Index	1113	1178	576	598
EGX 20 Capped Index	8024	8172	3871	3925



**Before Revolution: January**

**Trading Suspension: 28 Jan – 23 March**

**After Revolution: Resume Trading**

**The period of Trials and US Debt Crisis: 1 June – 22 November**

**Elections Period: 23 November – 1 December**

1. **25 January** ..... The Egyptian Revolution Started
2. **28 January**..... Trading Suspension
3. **23 March** ..... Trading Resumption
4. **30 May**..... Capital gains tax rumor spread
5. **12 June**..... S&P downgraded Egypt's Credit Rating
6. **August**..... US and Europe debt crisis heightening
7. **October**..... EGX 20 Capped Index launch
8. **30 October**..... Moody's downgrades the Egyptian government bonds' rating from Ba3 to B1 with a negative outlook
9. **13 November**..... launching NILEX new trading system
10. **24 November**..... Overnight Deposit Rate was raised by 100 bps to reach 9.25% and overnight lending rate was raised by 50 bps to reach 10.25%. The discount rate was also raised by 100 bps to 9.5%.
11. **28 – 29 November**..... The parliamentary elections
12. **22 December** .... Moody's downgrades the Egyptian government bonds credit rating for the fourth time from B1 to B2

## b. Sector Indices Performance

All the traded sectors in the Egyptian Market witnessed a significant decline during 2011. The lowest of which was recorded by the Healthcare and Pharmaceuticals sector of around 16 percent. Followed by the Personal and Household Products sector in the second place retreating by 25 percent.

The third and fourth places were captured by the Chemicals sector and Construction and Materials sector recording a 25 percent and 30 percent decline, respectively. Worth mentioning, the Construction and Materials sector came forth in terms of volume traded recording 1.5 billion securities worth LE 13.6 billion.

Recording a 35 percent decline YOY, the Telecommunications sector occupied the fifth place in terms of volume traded recording around 1.5 billion securities worth LE 9.7 billion.

Next in line, came the Food & Beverage sector and the Industrial Goods, Services, & Automobiles sector retreating by

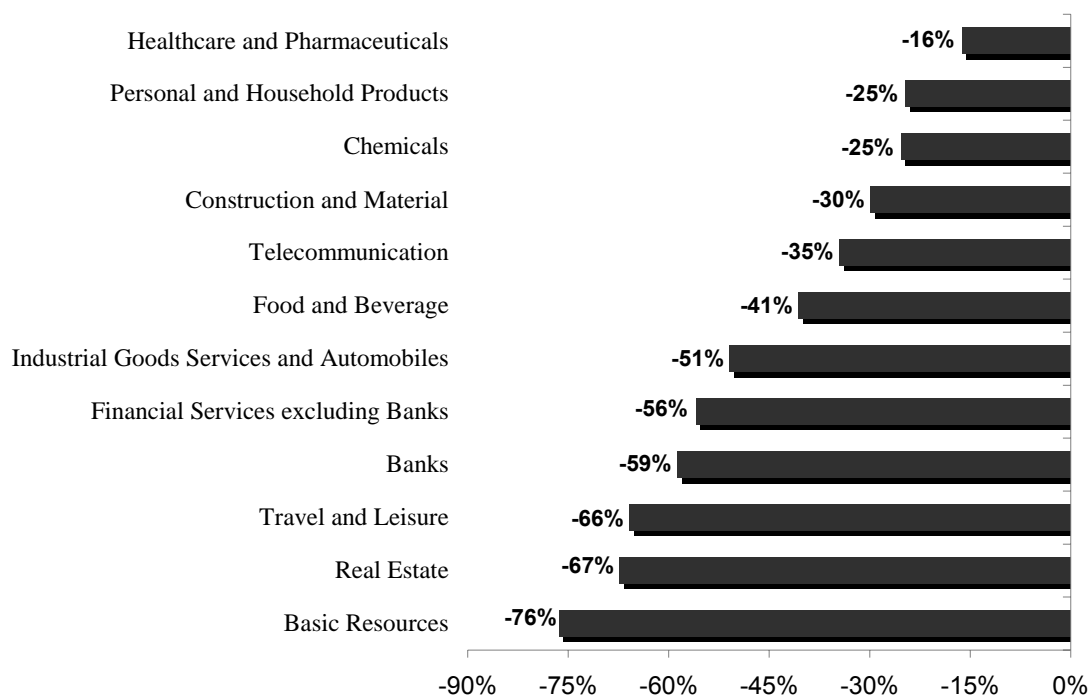
41 percent and 51 percent, respectively. The latter ranked third in terms of volume traded recording 1.6 billion securities worth LE 6.2 billion.

The Financial Services excluding Banks sector came next, declining by 56 percent while occupying the first place in terms of volume traded, recording 4.5 billion securities worth LE 15.7 billion.

Following, came the Banks sector and the Travel & Leisure sector retreating by 59 percent and 66 percent, respectively.

Finally, the steepest declines for the year were recorded by the Real Estate and the Basic Resources sectors, retreating by 67 percent and 76 percent, respectively. Noteworthy, the Real Estate sector occupied the second place in terms of volume traded registering 2.9 billion securities worth LE 13.9 billion.

## Sector Indices Performance in 2011



## Sector Indices | 5 Most Active Sectors in terms of Volume Traded

Sector	Trading Volume (million shares)	Trading Value (LE million)	Average P/E Ratio 29/12/2010	Average DY (%) 29/12/2011
Financial Services (excluding Banks)	4,519	15,678	11.9	9.3
Real Estate	2,854	13,903	14.7	9.1
Industrial Goods, Services and Automobiles	1,627	6,242	8.2	9.6
Construction and Materials	1,498	13,613	10.4	11.1
Telecommunication	1,462	9,699	8.9	6.9

### 3. Egypt vs. Emerging Markets

A challenging year for the global exchange markets, 2011 witnessed the heightening of the global economic crisis which represented a threat to the global financial system. This was reflected on the capital markets performance during the year, having them all recording severe losses, as shown in the table below.

Due to the political situation in Egypt, EGX recorded the lowest performance vs. all global markets before the 28<sup>th</sup> of January, recording 21 percent losses before the revolution. This was mainly driven by the losses that took place during the two sessions prior to the 28<sup>th</sup> of January according to MSCI Price Index.

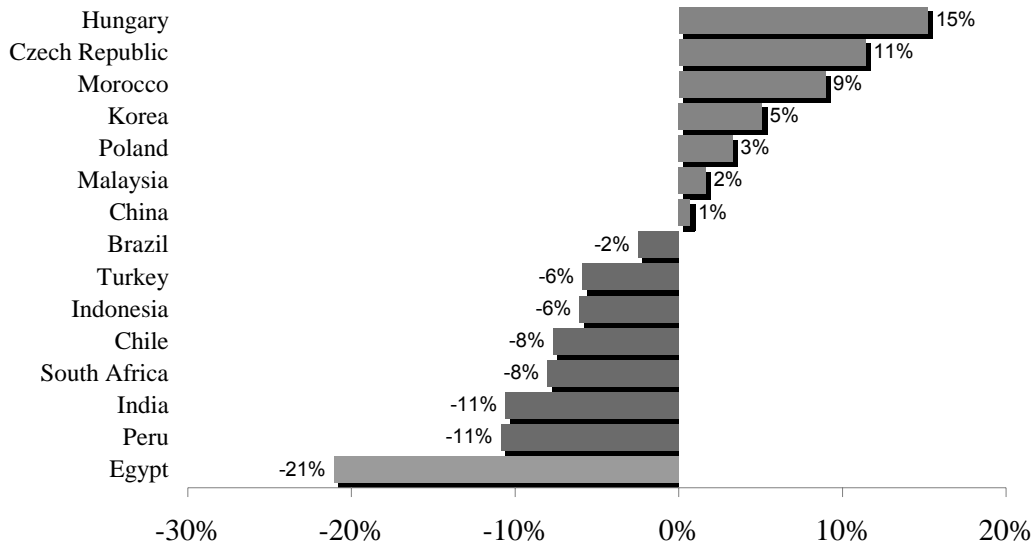
Despite the internal and external events, which were expected to drag the Egyptian market down, EGX wasn't the worst performer post the revolution. EGX was able to withstand the global crisis recording a decrease of 28 percent post the revolution according to (MSCI Price Index) in comparison to a decline of 43 percent in Hungary, 35 percent in Poland, 32 percent in Turkey and 30 percent in India as depicted in the following graphs.

#### Indices Performance | S&P Regional Indices Performance during 2011

Index	Change (%)
S&P Pan Arab Composite Index	-13
S&P/IFCI ME & Africa price Index in US dollars	-20
S&P/IFCI Europe price index in US dollars	-27
S&P/IFCI EMEA price index in US dollar	-24
S&P/IFCI Asia price index in US dollar	-20

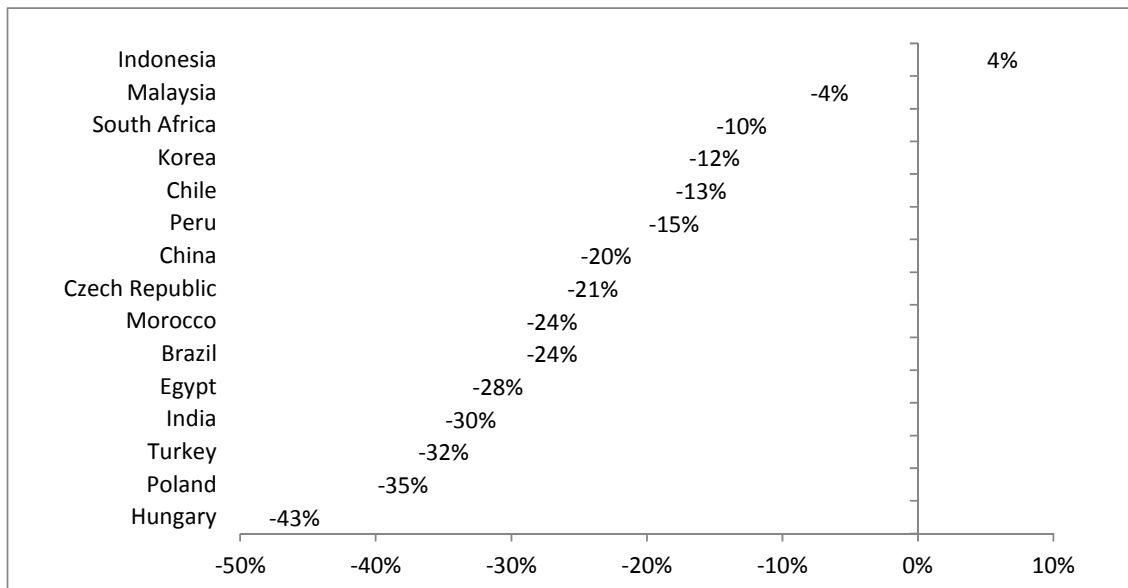
Source: Morgan Stanley Website

**Percentage Change in MSCI Egypt vs. Other Emerging Markets in 2011  
(Before Revolution: 1-27 January)**



Source: Morgan Stanley Website

**Percentage Change in MSCI Egypt vs. Other Emerging Markets in 2011  
(After Revolution: 23 March - End of Year)**

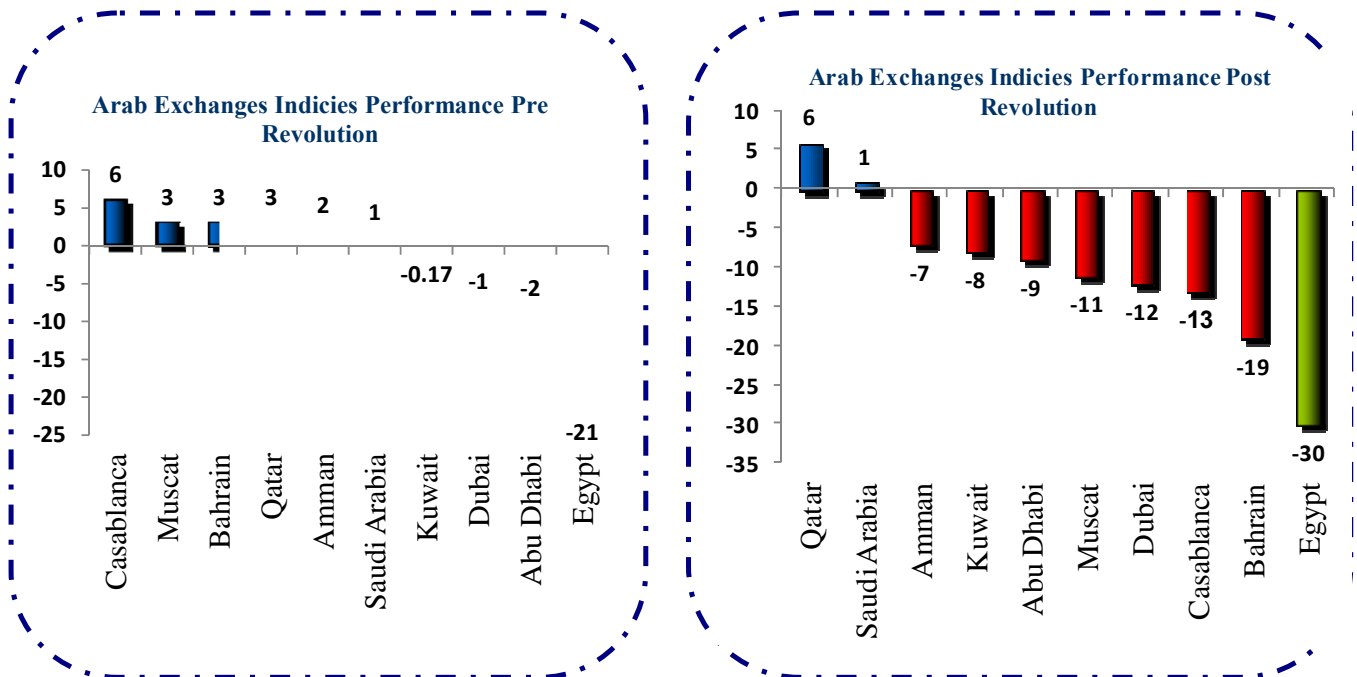


Source: Morgan Stanley Website

## 4. Egypt vs. Arab Markets

The majority of Arab countries witnessed severe losses during 2011. These losses were mainly attributed to the revolutions that broke out in several countries (Tunis, Egypt, Yemen, Libya and Syria) together with the problems facing the global economy which had a negative impact on the Arab Exchanges performance.

EGX was one of the countries witnessing severe losses in 2011, mainly during the period before the revolution as depicted in the following figures. Nonetheless, the post revolutionary period witnessed a dreadful performance for all the Arab exchanges with losses ranging between 8-19 percent, except for Saudi Arabia and Qatar that recorded slight increases of 1 percent and 6 percent, respectively.



Source: Reuters

## 5. Market Aggregates

### a. Market Totals

The Egyptian Exchange witnessed a sharp decline in the value traded during 2011 to record LE 148 billion, as opposed to LE 321 billion in 2010 (worth mentioning that the exchange was closed after the revolution for a period of 55 days in 2011).

Moreover, the volume traded recorded 18.5 billion securities in 2011 compared to 33 billion securities in 2010. Likewise, the number of transactions recorded 5.6 million transactions versus 10 million in 2010.

Worth mentioning that the volume traded was witnessing an increase till June when it started to decrease to reach one of its lowest levels in several years in December 2011.

Moreover, the value traded of the main market amounted to LE 131 billion in 2011 compared to LE 273 billion in 2010. Meanwhile, the volume traded of the main market reached 17 billion securities in 2011 as opposed to 28 billion securities last year.

On the other hand, Over the Counter market (OTC) has witnessed a remarkable decline in the trading activity in 2011, registering a trading value of LE 17.5 billion as opposed to LE 48 billion in 2010. This decline is mainly attributed to the OTC (Orders market) which recorded a trading value of LE 463 million down from LE 5 billion in 2010. Additionally, the Deals market has registered a trading value amounted to LE 17 billion in 2011 as opposed to LE 43 billion last year.

The market capitalization concluded the year at LE 294 billion as opposed to LE 488 billion at the end of 2010, with a decline of 40 percent and representing 21 percent of GDP.

Indicators	2006	2007	2008	2009	2010	2011
<b>1. Trading Aggregates</b>						
<b>Total Volume (Billion Shares)</b>	<b>9.1</b>	<b>15.1</b>	<b>25.5</b>	<b>36.6</b>	<b>33</b>	<b>18.5</b>
Listed Securities	7.8	11.4	21.9	28.6	28	16.9
NILEX <sup>^</sup>	-	-	-	-	0.02	0.03
Unlisted Securities	1.3	3.7	3.6	8.0	5	1.6
<b>Total Value Traded (LE Billion)</b>	<b>287.0</b>	<b>363.0</b>	<b>529.6</b>	<b>448.2</b>	<b>321</b>	<b>148</b>
Listed Securities	271.1	321.5	475.9	333.5	273	130.5
NILEX <sup>^</sup>	-	-	-	-	0.20	0.191
Unlisted Securities	15.9	41.5	53.7	114.7	48	17.5
<b>Number of Transactions (million)</b>	<b>6.8</b>	<b>9.0</b>	<b>13.5</b>	<b>14.6</b>	<b>10</b>	<b>5.6</b>
Listed Securities	6.6	8.7	12.8	13.5	10	5.5
NILEX <sup>^</sup>	-	-	-	-	0.005	0.01
Unlisted Securities	0.2	0.3	0.7	1.1	0.4	0.06
<b>Average Daily Value Traded (LE million)</b>	<b>1,176</b>	<b>1,488</b>	<b>1,656</b>	<b>1,822</b>	<b>1,300</b>	<b>716</b>
Listed Securities	1,111	1,318	*1,436	1,356	1,105	630.6
NILEX <sup>^</sup>	-	-	-	-	1.4	0.9
Unlisted Securities	65	170	220	466	194	84.5
<b>Turnover Ratio (%)**</b>	<b>48.7</b>	<b>38.7</b>	<b>*70.3</b>	<b>*49.9</b>	<b>42.9</b>	<b>34</b>
<b>Number of Trading Days</b>	<b>244</b>	<b>244</b>	<b>244</b>	<b>249</b>	<b>247</b>	<b>^^207</b>
<b>2. Listed Companies</b>						
Number of Listed Shares	595	435	373	306	213	213
Average Company Size (LE million)***	897	1,766	1,259	1,633	2,292	1,378
Number of Traded Companies	407	337	322	289	212	204
Number of Traded Companies as a % of Number of Listed Companies	68	77	86	94	99	96
Market Capitalization End of Year (LE Billion)****	534	768	474	500	488	294
Market Capitalization as a % of GDP	72	86	45	41	40	21
Value Traded by Non-Arab Foreigners as a % of the Total Value Traded	16.6	19.2	*20.0	*12.7	*16.5	*24
Value Traded by Arabs as a % of the Total Value Traded	13.6	12.5	*10.0	*6.3	*6.1	*5
<b>3. NILEX Listed Companies</b>						
Number of Listed Companies	-	-	2	6	15	20
Number of Traded Companies	-	-	-	-	13	13
Market Capitalization End of Year (LE Billion)****	-	-	-	-	1	1.04

\* After excluding deals

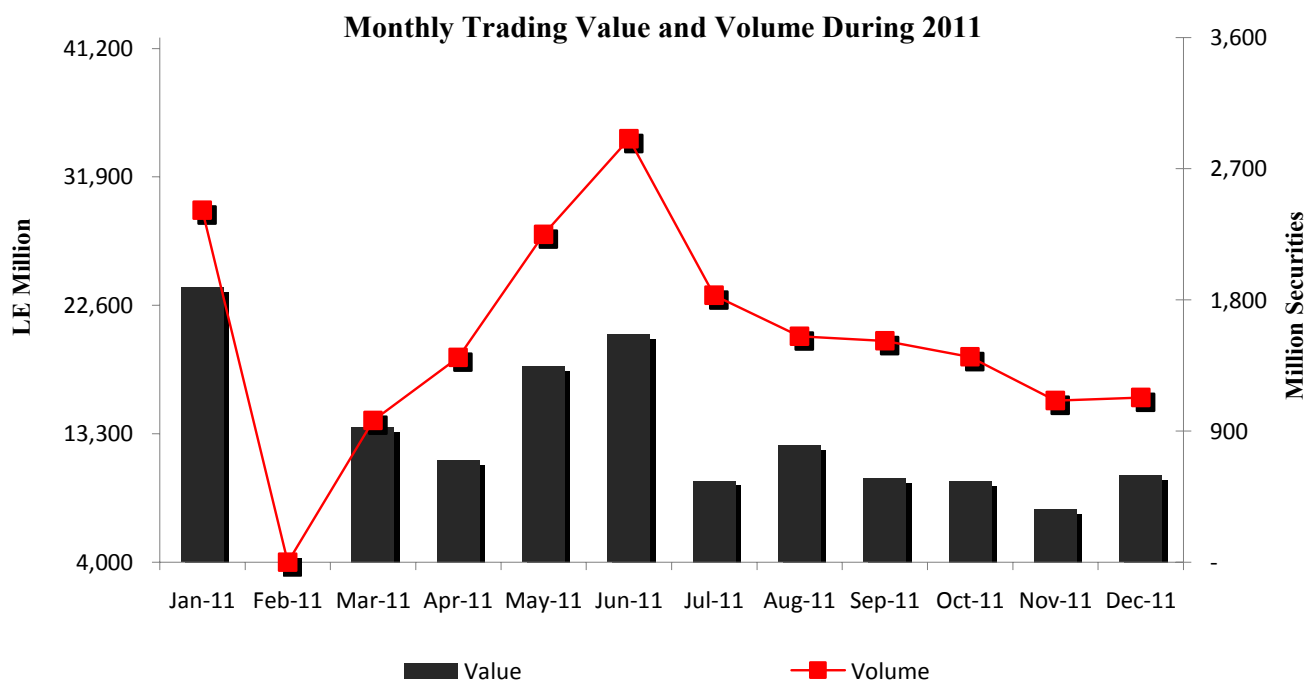
\*\* Turnover Ratio (%) = value traded of listed shares / market capitalization

\*\*\* Average Company Size = Market Capitalization / no. of firms

\*\*\*\* Market Capitalization = no. of listed shares x market price end of year

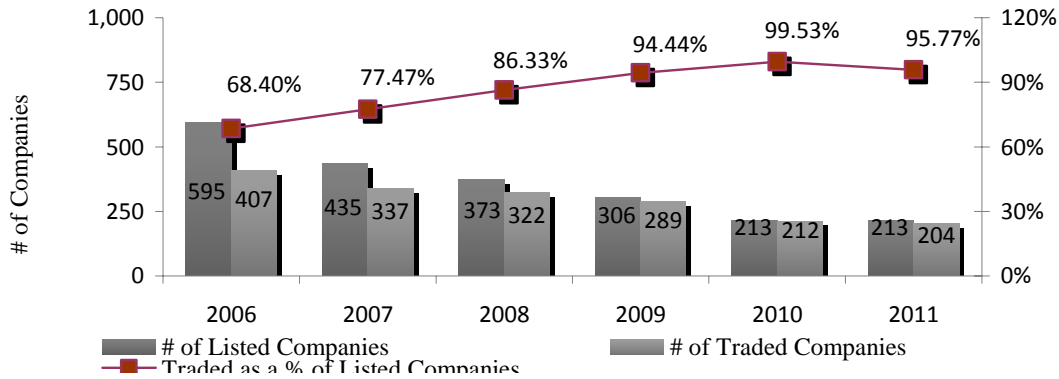
<sup>^</sup> Trading on Nilex has been commenced effective 03/06/2010

<sup>^^</sup> The Exchange was closed from 30/1/2011 till 22/3/2011.

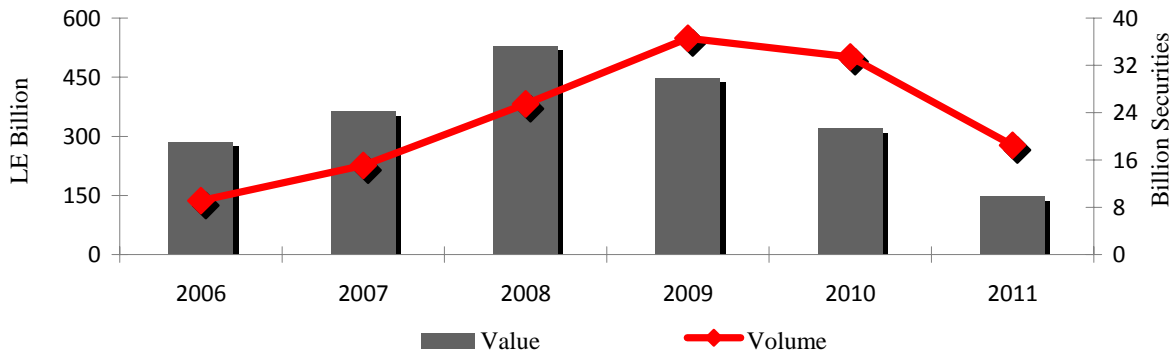


- A number of large deals has been executed during 2011. In June a deal was executed in the OTC market on Assuit Cement with a total volume of 18.1 million shares worth LE 830 million. Additionally, a deal was executed on Universal for Engineering Industries with a total volume of 21.3 million shares worth LE 871 million.
- In September 2011, a deal was executed in the main market on Olympic Group Financial Investments with a total volume of 59 million shares worth LE 2.4 billion.
- In November, two deals were executed in the main market, one of them was the deal executed on B-tech for Trade and Distribution with a total volume of 59.2 million shares worth LE 204 million. The other deal was executed on the Namaa for Development and Real Estate Investment Co. with a total volume of 32 million shares worth LE 445 million.
- Moreover, December 2011 witnessed a few important deals, most of them were executed in the OTC market, namely the deal executed on Cadbury Egypt for Food Industry with a total volume of 6.4 million shares worth LE 681 million. Also, a deal was executed on Middle East & North Africa Cable Networks - MENA with a total volume of 1.3 million shares worth LE 753 million. This was followed by the execution of OTVentures deal with a total volume of 54 million shares worth LE 606 million. In addition to the deal executed on Dahra Agricultural- Egypt with a total volume of 619 thousand shares worth LE 619 million.
- In addition, a few deals were executed in the main market, namely, the deal executed on The Egyptian Company for Mobile Services-MobiNil with a total volume of 20 million shares worth LE 866 million. Also, a deal was executed on B-tech for Trade and Distribution with a total volume of 6.2 million shares worth LE 21.4 million. Another deal was executed on the Namaa for Development and Real Estate Investment Co. with a total volume of 15.6 million shares worth LE 216.9 million.

Listed vs. Traded Companies in the Main Market (2006-2011)



Trading Value and Volume (2006-2011)

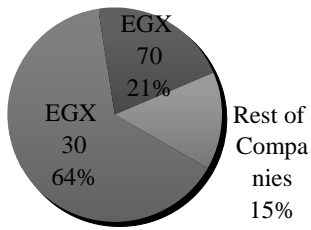


**b. EGX Indices Constituents**

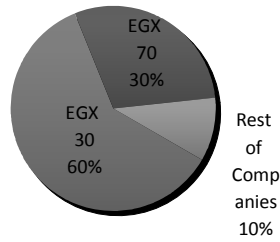
	Trading Value (LE Billion)	Trading Volume (Billion shares)	# Trades (Million)
<b>EGX 30</b>	64	10.2	2.4
<b>EGX 70</b>	21	5	2.3
<b>EGX 100</b>	85	15	4.7

**EGX Indices' Constituents as % of Total Listed Stocks' Trading Aggregates**

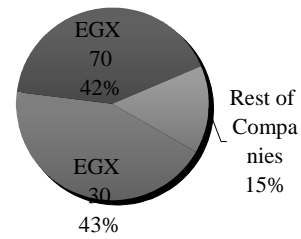
**Value Traded**



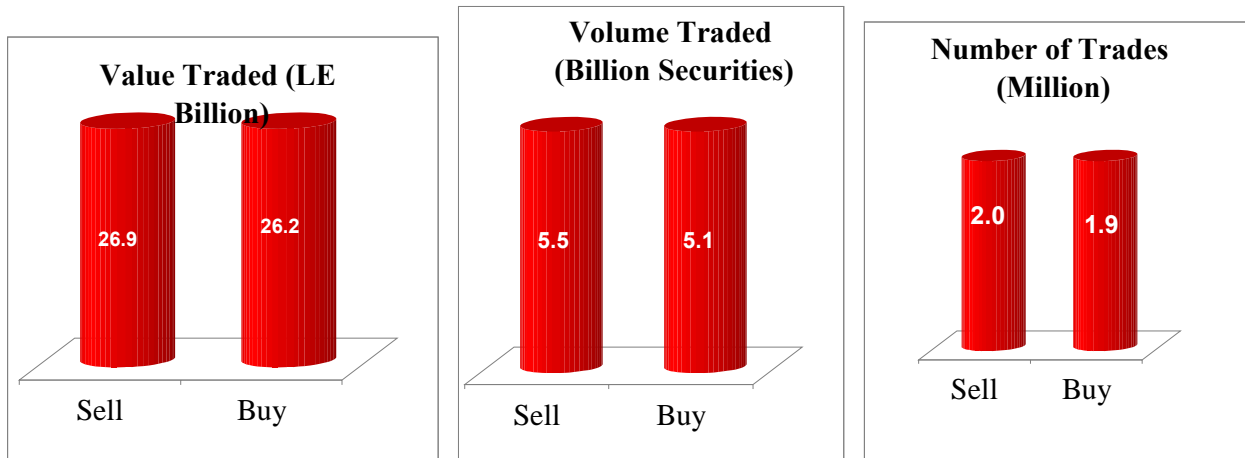
**Volume Traded**



**Number of Trades**



**c. Brokerage Firms Eligible for Online Trading**



#### d. 10 Most Active Companies in Terms of Volume Traded (Listed Securities Market)

Shares	Trading Volume (Million Shares)	Trading Value (LE Million)	Close Price at the End of 2010 (LE)	Close Price at the End of 2011 (LE)
Amer Group Holding	1,291	1,621	2.79	0.55
Orascom Telecom Holding (OT)*	1,280	4,984	4.32	2.98
Arabia Investments, Development, Fin. Inv. Holding Comp.-Cash	1,131	775	0.87	0.52
Upper Egypt Contracting	1,071	1,349	1.21	1.16
Egyptian Electrical Cables	1,056	986	0.98	0.86
Egyptian for Tourism Resorts	998	1,211	2.00	0.84
Palm Hills Development Company	906	1,829	6.34	1.09
T M G Holding	889	3,985	8.63	2.96
Citadel Capital - Common Shares	628	3,034	9.15	2.55
Pioneers Holding	616	2,230	3.20	2.22

\* Trading on Orascom Telecom Holding was suspended effective 27/11/2011 until the company finishes the spinoff

### e. NILEX Companies Performance

Nilex witnessed essential progress during 2011, where the number of companies listed increased by almost 30 percent to reach 20 companies, despite the rough circumstances that the Egyptian economy faces.

Worth mentioning that EGX has changed Nilex trading system (auction) to be the same as the main market trading system. This change played a significant role in protecting Nilex from the huge decline witnessed in the main market during the last period.

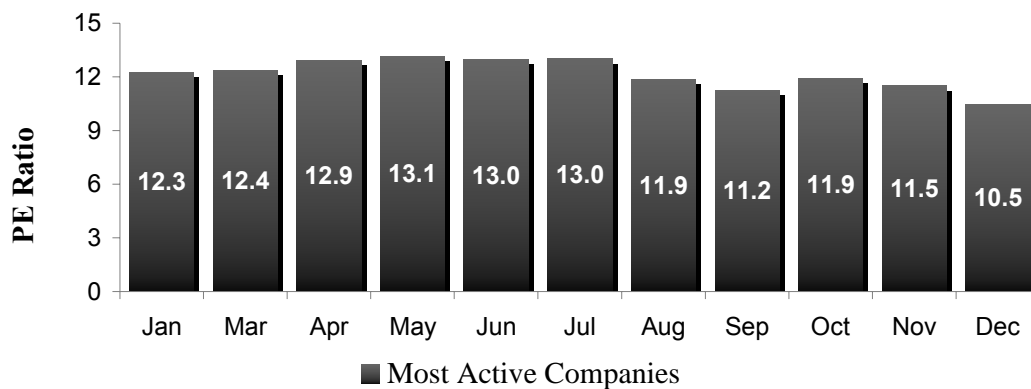
#### Traded Companies in NILEX During 2011

Shares	Trading Volume (Million Shares)	Trading Value (LE Million)	Market Cap. (LE Million)	Close Price at the End of 2011
Univert Food Industries	7.79	20.37	62.17	1.57
AL Moasher for Programming and Information Dissemination	7.42	16.23	10.61	1.50
Misr Kuwait Investment & Trading Co.	6.11	11.15	21.00	1.05
Ferchem Misr Co. for Fertilizers & Chemicals	3.25	27.73	194.25	12.95
El-Barbary Investment Group	2.87	8.93	29.90	2.99
Kato Agriculture Development Co .	1.53	73.74	111.14	46.31
Misr Intercontinental for Granite & Marble (Egy-Ston)	1.08	15.18	81.92	9.47
El Bader Plastic	0.43	3.46	14.23	8.37
Utopia	0.24	9.38	38.18	38.13
Ameco Medical Industries	0.08	1.21	56.79	17.21
Masria Card	0.04	2.25	105.35	48.79
International Company for Fertilizers and Chemicals	0.03	0.27	107.60	10.76
Pharaoh Tech for Control and Communication Systems	0.02	1.51	46.38	46.38

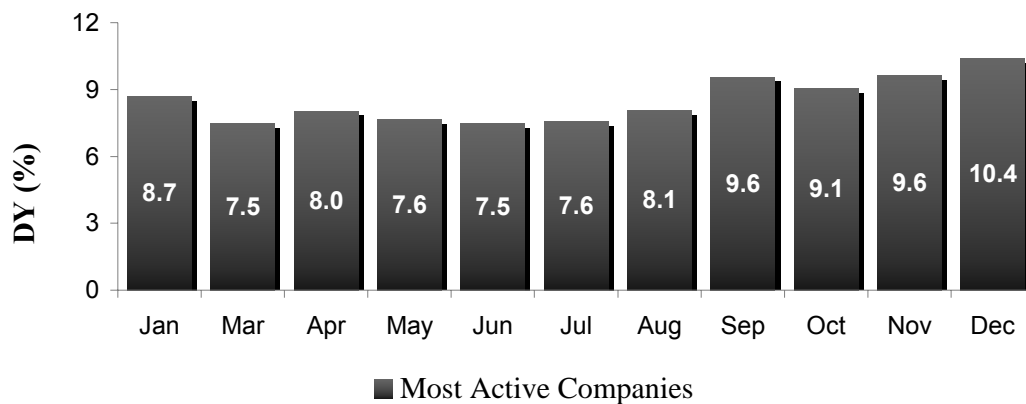
## 6. PE Ratio and Dividend Yield

The Egyptian Exchange has realized relatively good levels of Price Earnings (P/E) ratio and Dividend Yield (DY) during the year 2011. The Price Earnings (P/E) ratio for the most active stocks in the Egyptian market registered 10.47 times at the end of 2011 compared to 12.3 times at the beginning of the year. Meanwhile, the dividend yield recorded 10.4% at the end of 2011 compared to 8.7% at the beginning of the year. The figures below portray the monthly PE and DY over the year 2011.

Price Earnings (PE) Ratio in 2011



Dividend Yield (DY) in 2011



Egypt has attractive valuations compared to its peers in the region. Egypt recorded a high DY of 10.4% compared to an average of 3.6% for the Middle East and Africa region at the end of December 2011 as per S&P/IFCI composite index for Africa and the Middle East markets. Additionally, Egypt recorded a PE ratio of 10.5 times, compared to an average of 15.9 times for Africa and the Middle East region at the end of December 2011.

	Average PE Ratio on 31/12/2011	Average DY (%) on 31/12/2011
EGX*	105.	10.4
Middle East and Africa**	15.9	3.6

\*PE Ratio & DY based on the most active stocks only (181 companies).

\*\* As per S&P/IFCI for Africa and Middle East Markets

## 7. Development of Number of Investors in 2011

Despite the tough circumstances experienced by the Egyptian economy this year, it managed to maintain its attractiveness during 2011. The year witnessed registering more than 36 thousands new investors compared to 35 new investors registered in 2010, which is considered a very good performance, as the number of new registered investors was expected to decline sharply this year due to the revolution as well as the internal and external events affecting the market.

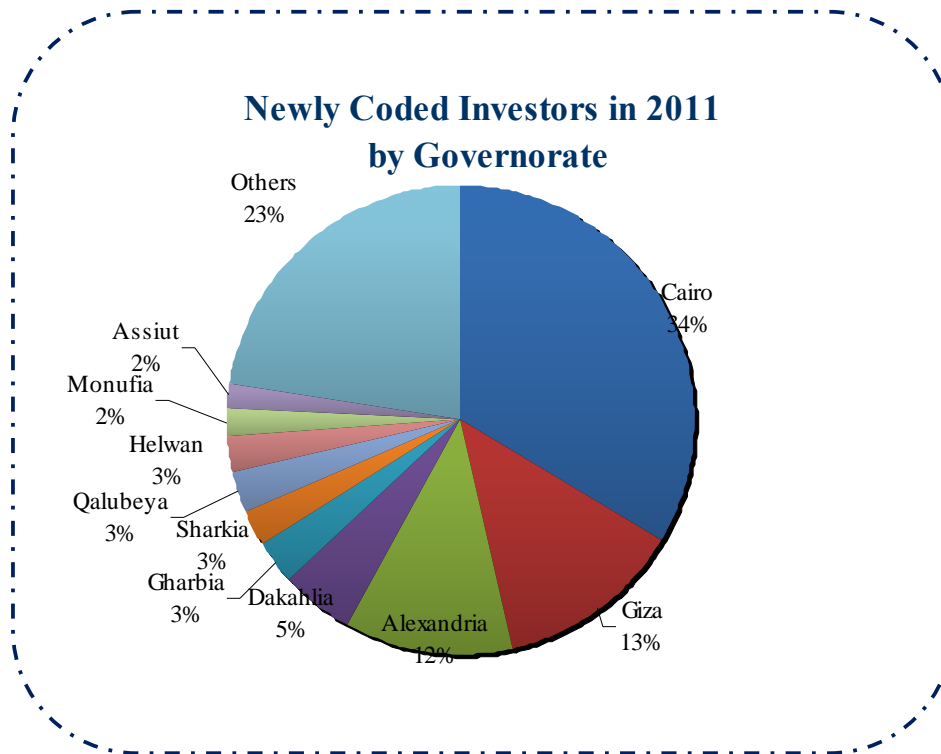
The realized increase in the number of newly registered investors is mainly attributed to the awareness campaigns which played an important role in attracting new investments to the Egyptian Market, as the number of newly coded individuals surged by 12% to reach around 35 thousand investors in 2011 compared to 31 thousand investors during the previous year.

On the other hand, new institutions entered the Egyptian market to benefit from the sharp decline in the prices, however with a weaker performance compared to last year, whereas 1451 new institutions got registered in 2011, almost 75% of which are of foreign nationalities.

### Newly Coded Investors | 2011 vs. 2010

Number of Newly Coded Investors in 2011 vs. 2010						
	Individuals		Institutions		Total	
	2010	2011	2010	2011	2010	2011
Egyptians	28,019	33,301	1,168	268	29,187	33,569
Arabs	1,508	793	159	93	1,667	886
Foreigners	1,328	507	2,581	1,090	3,909	1,597
<b>Total</b>	<b>30,855</b>	<b>34,601</b>	<b>3,910</b>	<b>1,451</b>	<b>34,763</b>	<b>36,052</b>

On the governorates level, the coded investors in Cairo captured around 34% of the total number of newly coded investors in Egypt in 2011, followed by Giza, accounting for 13%. Alexandria came third, making up 12%, as illustrated in the figure below.

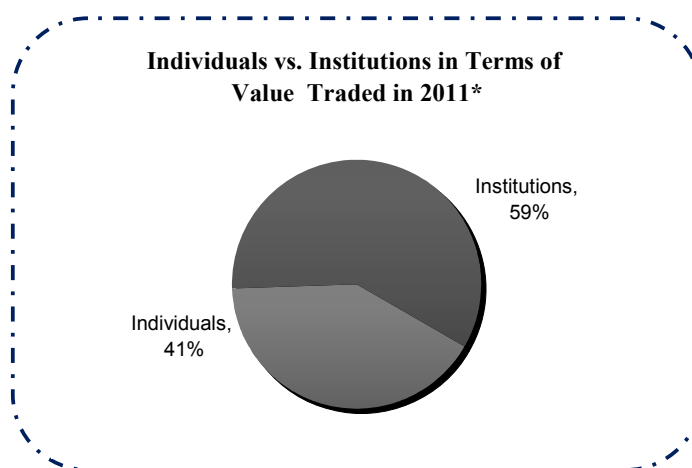


## 8. Investors' Trading Activity in the Egyptian Market

### A- Individuals vs. Institutions

The Egyptian market was dominated by Institutions, accounting for 59 percent of the value traded during 2011, as opposed to 52 percent during 2010. In addition, individuals accounted for 41 percent of the value traded during 2011, as opposed to 48 percent during the previous year.

Meanwhile, institutions ended the year 2011 as net sellers, with almost LE 1 billion versus a net inflow of LE 3.9 billion during 2010, after excluding deals.

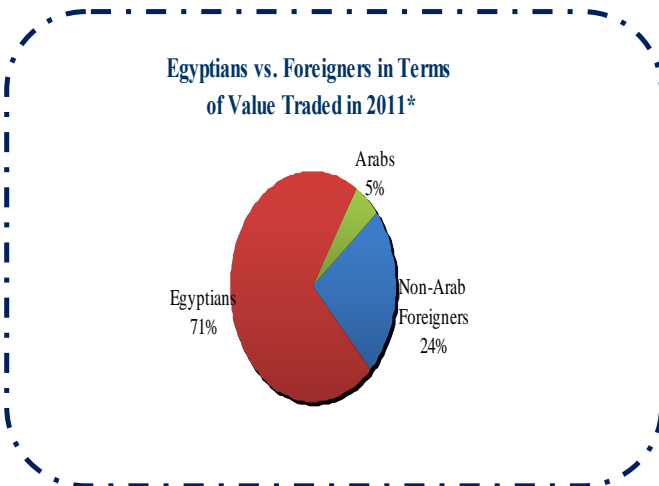


\* After Excluding Deals

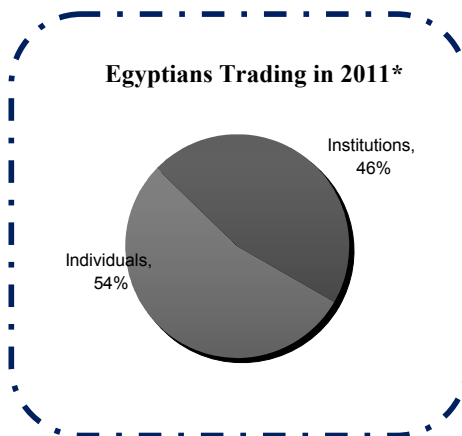
### B- Egyptians vs. Foreigners

Foreigners accounted for 29 percent of the total value traded in 2011, of which 5 percent was captured by Arab investors, while the remaining 24 percent was captured by non-Arab foreign investors, after excluding deals.

The foreigners' performance was significantly affected by the sequence of events that reflected a state of political unrest, whereas they recorded a net outflow of around LE 4.3 billion. Nonetheless, the out flow is considered moderate, as it represents less than half of the non-Arab foreign inflows in the Egyptian market during 2010 (LE 8.4 billion). On the other hand, the Arab investors recorded a slight net inflow of LE 194 million compared to a net outflow of LE 997 million in 2010 and LE 4 billion in 2009, after excluding deals.



\* After Excluding Deals



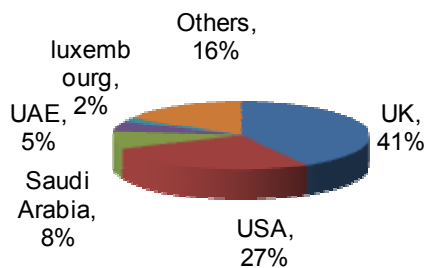
\* After Excluding Deals

Moreover, European investments dominated foreign investments on EGX in 2011, capturing around 49 percent of the total foreign investments, after excluding deals.

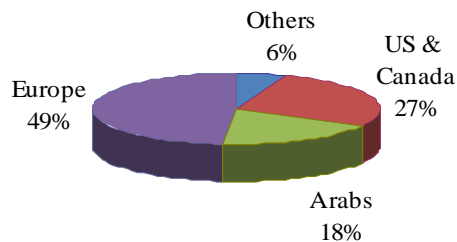
USA & Canada investments accounted for 27 percent of the foreign investments, while 18 percent were owed to Arab Investments.

At the country level, the United Kingdom came first and has captured around 41 percent of the total foreign investments on EGX in 2011, followed by USA and Saudi Arabia, constituting 27 percent and 8 percent of the total foreign investments, respectively. UAE made up 5 percent of the total foreign investments, after excluding deals.

**Foreign Participation by Country in 2011\***



**Foreign Participation by Region in 2011\***



\*After Excluding Deals

## 9. Capital Increase & IPOs

Year 2011 witnessed the listing of 9 companies, 4 in the main market and 5 in NILEX with a total value of LE 558.6 million vs. 16 companies, with a total LE 1.9 billion in 2010.

### Listings| During 2010 and 2011

	2010	2011
New Listing	1.9	0.6
Capital Increase	17.3	7

\*Value in LE billion

### Capital Increase

The total value of raised capital reached LE 7 billion during 2011, with 7 companies increasing their capital through SPOs with a value of LE 2.32 billion, 20 companies through stock dividends worth LE 2.9 billion, while the remaining took place through cash, Mergers & Acquisitions, Swaps.... etc.

## 10. Acquisition Deals during 2011

The number of acquisition deals amounted to 8 deals worth LE 4.2 billion in 2011, as opposed to 8 deals worth LE 3.1 billion in 2010.

The most prominent deals included the sale of 98 percent of Olympic Group Financial Investments to Electrolux Counteracting Akitebolag in a deal worth LE 2.4 billion, the 20 percent acquisition of Mobinil by Orascom for Telecommunication, Media & Technology in a deal worth LE 866 million.

Other large deals concluded during the year included the 99 percent acquisition of Namaa for Development and Real Estate Investment Co. by Rawasy for Real Estate Investment in a deal worth LE 661 million as well as the 97 percent acquisition of B-Tech by Kafela for Trade & Distribution, with a value of LE 225 million.

### Acquisition Deals during 2011

	Acquirer	Security	Date	%	Value LE Million
1	Rawasy for Real Estate Investment	Namaa for Development and Real Estate Investment Co.	11-Dec	32.6	216.9
2	Kafela for Trade & Distribution	B-Tech	11-Dec	9.23	21.4
3	Orascom for Telecommunication, Media & Technology	Mobinil	11-Dec	20	866
4	Rawasy for Real Estate Investment	Namaa for Development and Real Estate Investment Co.	11-Nov	66.90	445.0
5	Kafela for Trade & Distribution	B-Tech	11-Nov	87.80	203.8
6	Electrolux Counteracting Akitebolag	Olympic Group Financial Investments	11-Sep	98.33	2,398.4
7	Group of Investors	Pyramids Capital Securities Brokerage	11-Jan	10.00	2.0
8	Group of Investors	Belton Financial Holding	11-Jan	89.19	64.8

## 11. Market Capitalization

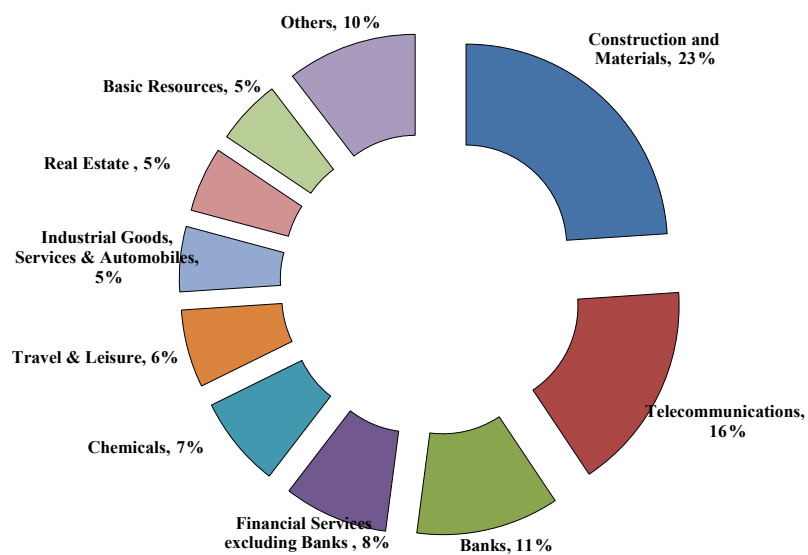
The market capitalization witnessed a 40 percent decline in 2011, concluding the year at LE 294 billion as opposed to LE 488 billion at the end of 2010, representing 21 percent of GDP.

### a. Market Capitalization

In LE Billion	29/12/2011	30/12/2010	Change (%)
Total Market Cap. Main Market	294	488	-40%
Total Market Cap. EGX 30	160	258	-38%
Total Market Cap. EGX 70	31	54	-42%
Total Market Cap. EGX 100	191	312	-39%
Total Market Cap. Nilex	1.040	1.018	2%
Total Market Cap. Main Market as a % of GDP	21%	40%	

GDP used is LE 1371.8 billion for year 2010/2011 (preliminary value) according to the Ministry of Economic Development

**b. Market Capitalization by Sector**



## 12. Bonds

The bond market witnessed a huge drop in trading activity during 2011 as opposed to the previous year, due to the political events that the country witnessed, in addition to the downgrading of Egypt's government bonds four times during the year to reach B2.

The value of bonds traded reached LE 31 billion in comparison to LE 63 billion the previous year. Likewise, the volume of bonds traded fell recording 35 million bonds, versus 66 million bonds in 2010.

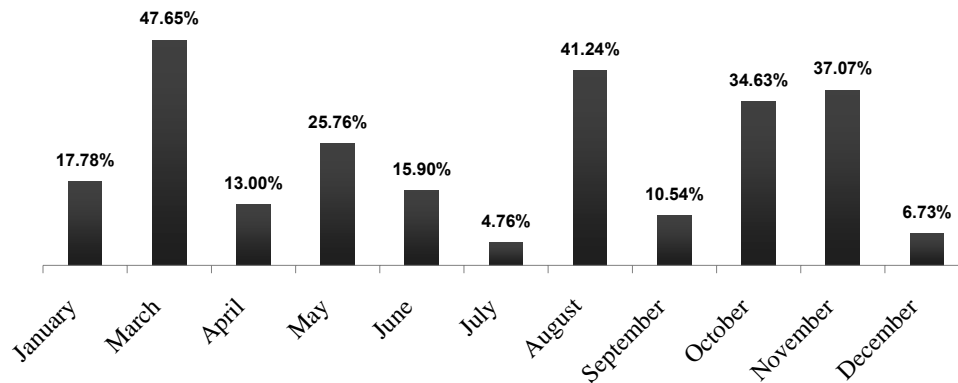
Treasury Bonds issued through the Primary Dealers System still account for the lion's share of the total bond activity, making up 99 percent of the total bonds value and 86 percent of the bonds' total volume traded during the year.

Similarly, corporate bonds witnessed a decline in their trading activity in 2011, with their value traded registering LE 227 million, down from LE 562 million last year. Meanwhile, their volume traded reached 1.7 million bonds versus 5.5 million bonds for the previous year.

### Trading Aggregates for Bonds on 2011

	Traded Value (LE Million)	Traded Volume (Thousand)
<b>Government Bonds</b>	30,499	33,447
Housing Bonds	4	3,083
Government Bonds (According to Primary Dealers System)	30,495	30,364
<b>Corporate Bonds</b>	227	1,691
<b>Total</b>	<b>30,726</b>	<b>35,138</b>

### Value of Bonds Trading/Total Trading



#### 1. Government Bonds

Year 2011 witnessed the listing of six Treasury bond issues (issued through the Primary Dealers system), with a cumulative size of LE 36.3 billion to reach a total value (for this type of bond) of LE 232 billion by the end of 2011. Additionally, three Treasury bond issues matured in 2011, including Treasury Bonds February 2011, Treasury Bonds October 2011 and Treasury Bonds July 2011.

As for the Housing Bonds, Housing Bonds 2015 - 2030 (Housing 33) were listed, with a value of LE 3.5 million to be matured in Dec 2030. Meanwhile, Housing bonds issue no. 14 matured during 2011.

By the end of December 2011, there were 19 listed Housing Bonds and 41 Treasury Bonds (issued through the Primary Dealers system).

## 2. Corporate Bonds

By the end of December 2011, the number of listed corporate bonds amounted to six. The fixed rate corporate bond issues reached five, while, one issue offered a floating rate, which means that no corporate bonds were listed or de-listed during 2011.

## 3. Securitized Bonds

The number of listed securitized bonds reached ten by the end of 2011. Two of them were listed in 2011; the first was the securitized bond of Contact (seventh issue), with a total size of LE 420 million, distributed over 4.2 million bonds and offering a fixed rate of 9 percent (1st tranche), 10.25 percent (2nd tranche) and 11 percent (3rd tranche).

The second securitized bond issue was offered by Contact Securitization company as well (eighth issue), with a total size of LE 350 million, distributed over 3.5 million bonds and offering a fixed rate of 11 percent (1st tranche), 11.38 percent (2nd tranche) and 11.75 percent (3rd tranche).

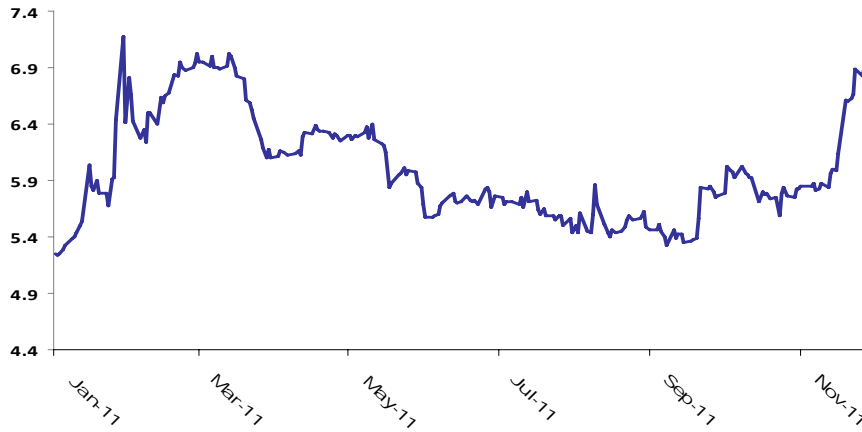
## 4. Sovereign Eurobonds

Sovereign Eurobonds during 2011 witnessed a big increase in the yield to maturity due to the political unrest, in addition to the increase of the Credit Default Swaps to reach more than 160 percent during the year.

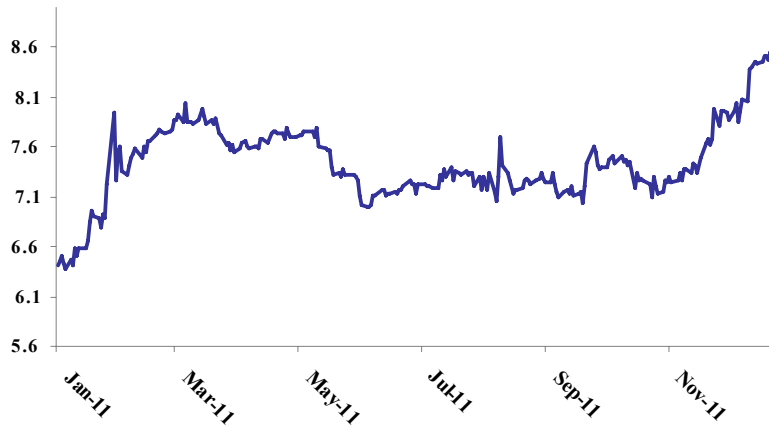
Eurobonds 2020 price reached 86.01 by the end of 2011, offering a yield to maturity of 8.09 percent, versus a closing price of 103.9 at the end of 2010, with a yield to maturity of 5.22 percent.

In addition, the price of Eurobond 2040 reached 82.47, offering a yield to maturity of 8.52 percent. Also, the price of Eurobond 2040 was 106.09, offering a yield to maturity of 6.41 percent.

### Yield to Maturity for Eurobonds 2020



### Yield to Maturity for Eurobonds 2040 Issue



## 13. GDRs

The Egyptian GDRs witnessed poor performance during 2011, except for Suez Cement GDRs which surged by 28 percent, while others incurred losses as shown in the following table.

	Conversion Ratio*	GDR Closing Price (US\$) on 31/12/2010	GDR Closing Price (US\$) on 30/12/2011	Change in GDR (%)	Local Share Price (LE) 31/12/2010	Local Share Price (LE) 30/12/2011 ****
Suez Cement	1	5.85	7.5	28.21%	38	22.58
Palm Hills Development	1	5.3	4.8	-9.43%	6.34	1.09
Lecico Egypt^^	0.2	4.1	3.5	-14.63%	16.92	5.8
Orascom Telecom Holding (OT) **	1	3.65	2.89	-20.82%	4.32	2.98
Telecom Egypt	0.2	15.99	11.25	-29.64%	18.08	3.21
Orascom Construction Industries (OCI) ***	0.5	48.99	33.9	-30.80%	287.11	201.15
Naeem Holding	0.25	1.96	0.96	-51.02%	2.84	1.44
GB Auto	0.2	37.42	17.39	-53.53%	43.44	20.96
Commercial International Bank (CIB)	1	8.35	3.01	-63.95%	47.4	18.7
Egyptian Financial Group	0.5	12.01	3.202	-73.34%	33.92	10.01
Hermes Holding^^^						

\* Represents the number of GDRs for each share

\*\* Trading was suspended on Orascom Telecom Holding shares effective 27/11/2011 until the end of 2011, while trading on the GDRs continued in LSE.

\*\*\*The Conversion ratio has changed to be 1 share:1 GDR, effective 7 May 2009. The depository bank has changed from Bank of New York to BNY Mellon starting 15 December 2010.

\*\*\*\* The last date for trading on EGX was 29/12/2011.

^^ Lecico Egypt declared a 3:1 stock dividend distribution effective 7/7/2011

^^^ Egyptian Financial Group Hermes Holding declared a 4:1 stock dividend distribution effective 3/10/2011.

- Closing prices are adjusted according to corporate actions. Source: Reuters

**The Bank of New York Mellon Egypt GDRs Index**

The index, issued by The Bank of New York Mellon on the 3<sup>rd</sup> of October 2008, witnessed a sharp decrease of 45.2 percent during 2011 as shown in the following chart



Source: The Bank of New York Mellon

## 14. Performance of EGX 30 Certificates

### Performance of EGX 30 Certificates

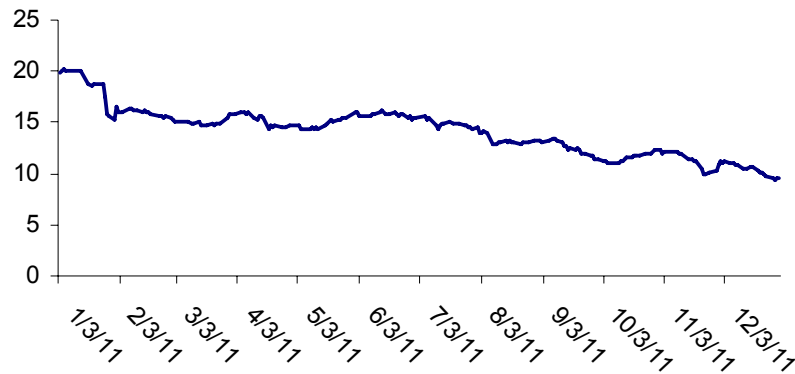
All EGX30 index certificates; including the open-ended certificates issued by the international financial institutions, Global Van Eck, Royal Bank of Scotland (Previously known as ABN-AMRO), Deutsche Bank and Goldman Sachs, have witnessed a declining performance in 2011.

#### 1- Global Van Eck: Egypt Index ETF

On the 16th of February 2010 Global Van Eck – one of the giant financial institutions in the world - launched the first ETF to track the Egyptian market movement and is traded in NYSE under the name Market Vectors Egypt Index ETF (EGPT), this index includes 31 companies. The certificates of the Fund (with Net Asset Value of around US\$ 70 million) are considered the most successful financial products launched to track the Egyptian Market and one of the highly traded certificates compared to the other markets. More than 60 thousand certificates are traded daily with an average value of US\$ 4.5 million.

The figure below shows the ETF performance recording a 49.8% decline during 2011.

US\$



Website: [Global Van Eck Website](#)

**2- EGX 30 Certificates Issued by Royal Bank of Scotland (Previously known as ABN-AMRO)**

- The figure below shows the performance of the first issuance by Royal Bank of Scotland of 500,000 open end certificates on EGX 30 Index, that was listed and traded on SWX, since 27 October 2005 and has realized 51 percent losses during 2011, compared to a 8 percent increase last year.

**US\$**



Source: Royal Bank of Scotland website

- The second issuance of the 50 thousand EGX 30 open end certificates, which was listed and traded on Frankfurt Stock Exchange on 31 October 2005, declined by 50 percent during 2011, as illustrated in the Figure below, compared to an increase of 16.7 percent in 2010

**Euro**



Source: Royal Bank of Scotland website

- The third issuance of 500,000 EGX 30 open end certificates by Royal Bank of Scotland, that were listed and traded on Euronext Amsterdam on 9 March 2006, recorded a decline of 50 percent in 2011, versus an increase of 17 percent in the previous year.

**Euro**



**Source: Royal Bank of Scotland website**

- The fourth issuance of 450,000 EGX 30 open end certificates by Royal Bank of Scotland, that were listed and traded on Euronext Paris on 25 July 2008, decreased by 49.5 percent in 2011 compared to a 17.3 percent increase in 2010.

**Euro**



**Source: Royal Bank of Scotland website**

- The fifth issuance of 250,000 EGX 30 open end certificates by Royal Bank of Scotland, that were listed and traded on Borsa Italiana on 14 June 2010, declined by 50.0 percent in 2010 since trading started and until the end of the year

**Euro**



Source: Royal Bank of Scotland website

### **3- EGX30 Certificates issued by Deutsche Bank:**

- The figure illustrates the performance of the 1 million EGX 30 Index open end certificates issued by Deutsche Bank AG, namely “EUR X-Perf Certificates”, that were listed and traded on Frankfurt and Stuttgart Stock Exchanges starting 13 March 2006. The price of these certificates declined by 51 percent in 2010, as opposed to a 17 percent increase in the previous year.

**Euro**



Source: Deutsche Bank Website

**4- EGX 30 Certificates issued by Goldman Sachs:**

- The EGX 30 open end certificates issued by Goldman Sachs International and were listed and traded on both Frankfurt and Stuttgart Stock Exchanges, effective the 5th of May 2006, concluded the year 2011 declining by 49% percent compared to a 5 percent surge last year.

Swiss Franc



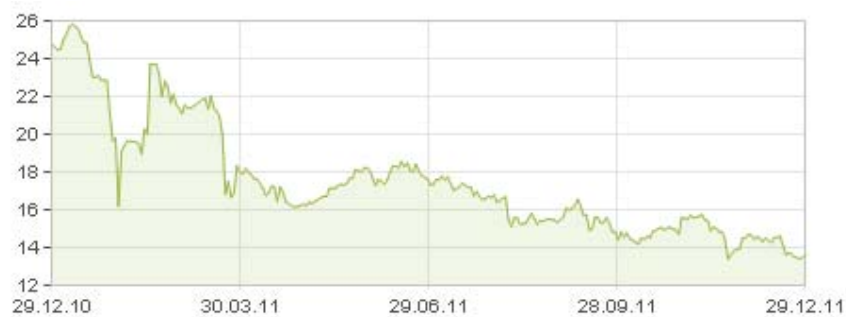
Source: Goldman Sachs Website

## 15. Performance of the derived products of DJ EGX Egypt Index Traded Abroad

### Open End Certificates

- The figure below shows the performance of the first issuance of Dow Jones EGX Egypt Titans 20 Index open end certificates, by Royal Bank of Scotland on 26 March 2007, which were listed and traded on Luxembourg Stock Exchange. The certificates recorded a decline of 45 percent over the year compared to a 21 percent increase the previous year.

Euro



Source: Royal Bank of Scotland website