

Asset classes Returns amid currency collapse:

Tunisia vs. Egypt vs. Turkey

November 2021



SUMMARY

- Countries studied: Tunisia, Egypt and Turkey.
- The period considered is between 2016 and 2021.
- Returns are computed on local currencies.
- Assets' yields are computed excluding tax impact (pre-tax return)
- Currencies collapse since 2016: -31.9% for TND/€, -77.7% for TRY/€ and -52.0% for EGP/€
- Turkey: Real Estate returned 16.3%/year and Industrials are the best-performing sector among equities
- Egypt: 1-year Bonds returned 16.3% and investing in EGX30 is the best choice
- Tunisia: 10-year Bonds returned 8.8%, for locals equities, exporters have outperformed

Asset classes

Real Estate



Equity



Cash

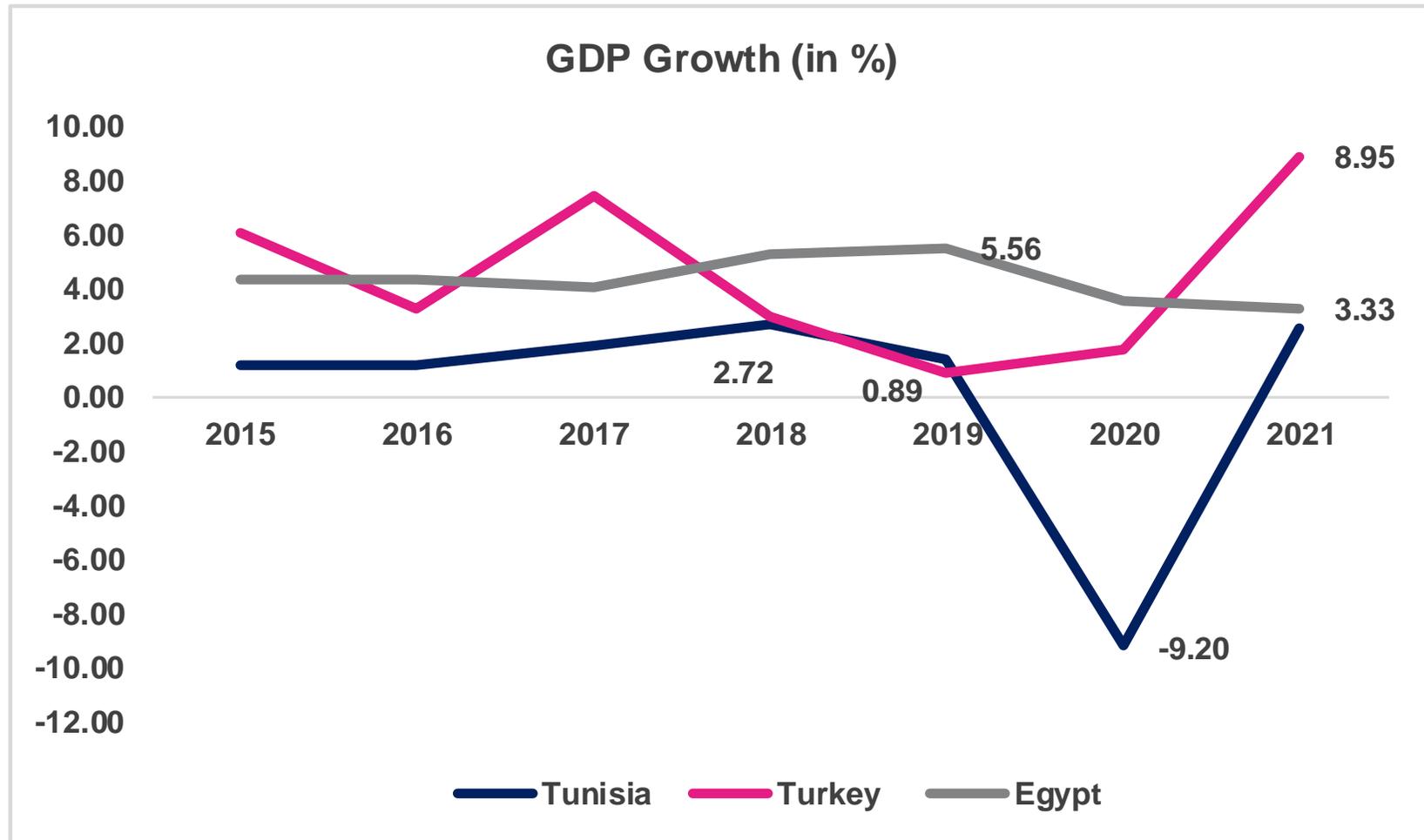


Sovereign Bond



GDP Growth: Tunisia is a laggard

Tunisia's average growth at 0.12% over 2016-21 vs. 4.3% for Turkey and Egypt

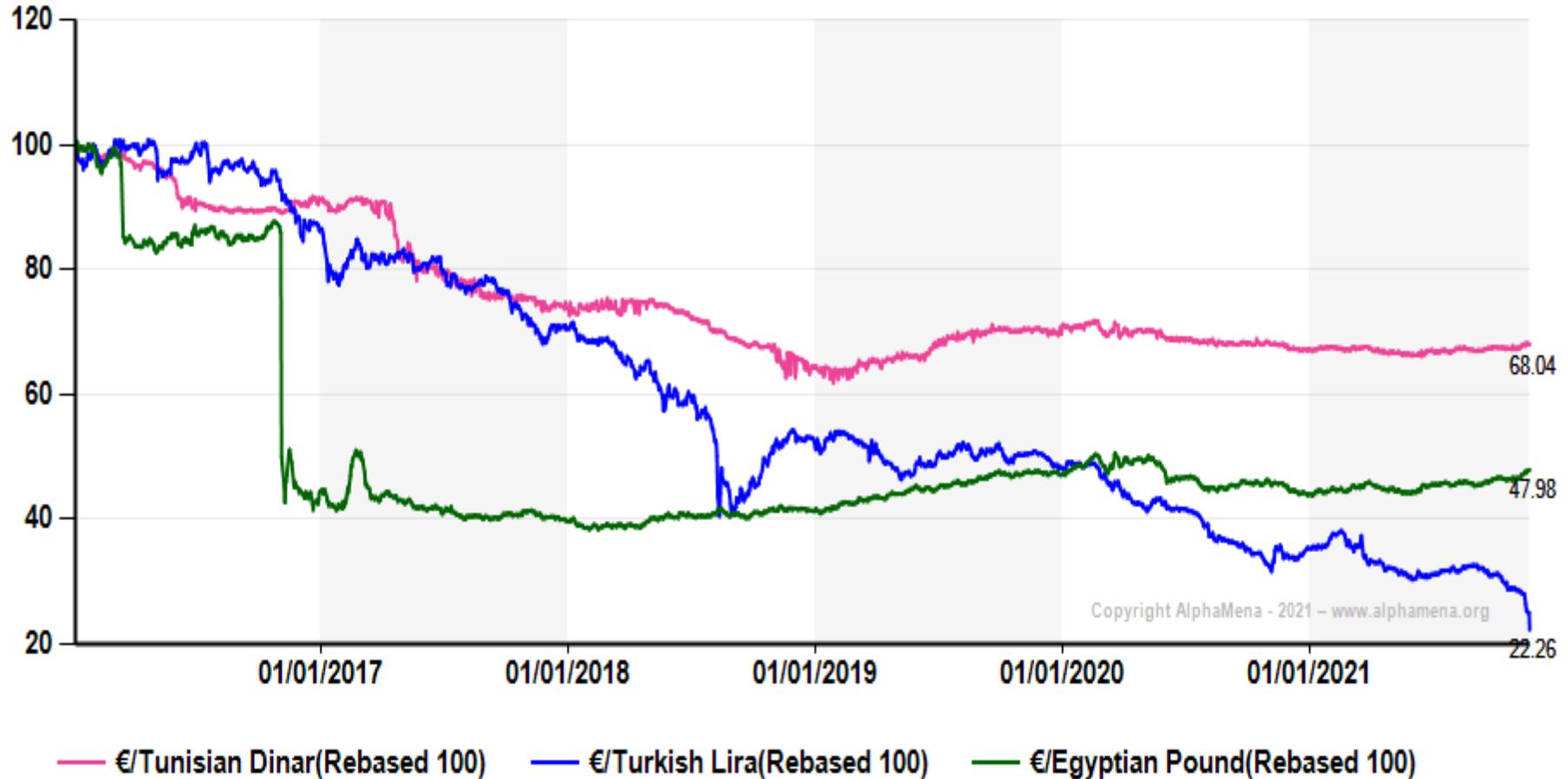


as of 23/11/2021

Source : IMF, Governments, AlphaMena

Currencies collapse

-52% slump for EGP since 01/01/2016, but only -4% after its floatation (03/11/2016)

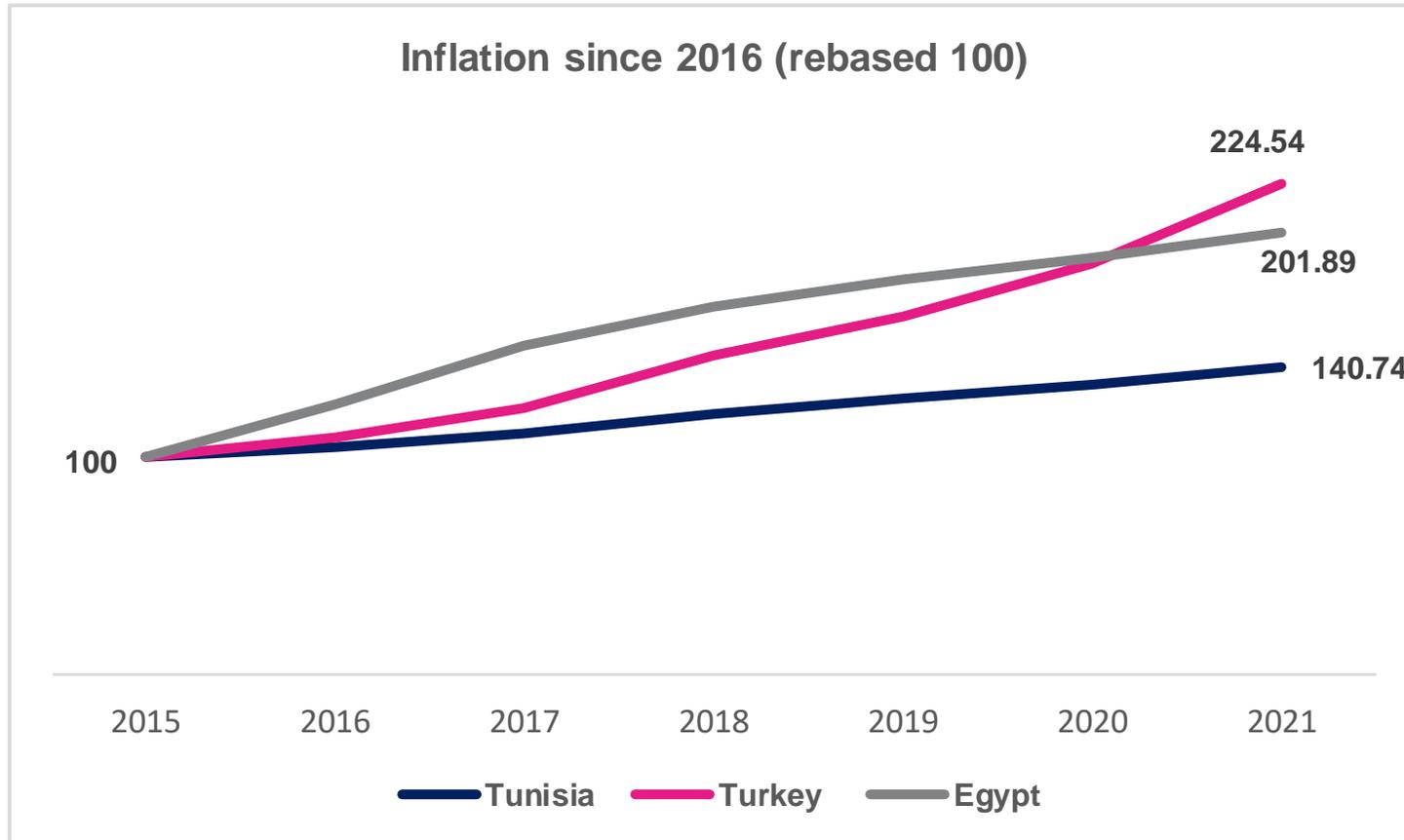


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Source : IMF, Governments, AlphaMena (01-07-2014)

2016-2021 Inflation

124% cumulative inflation in Turkey vs. 40.7% in Tunisia

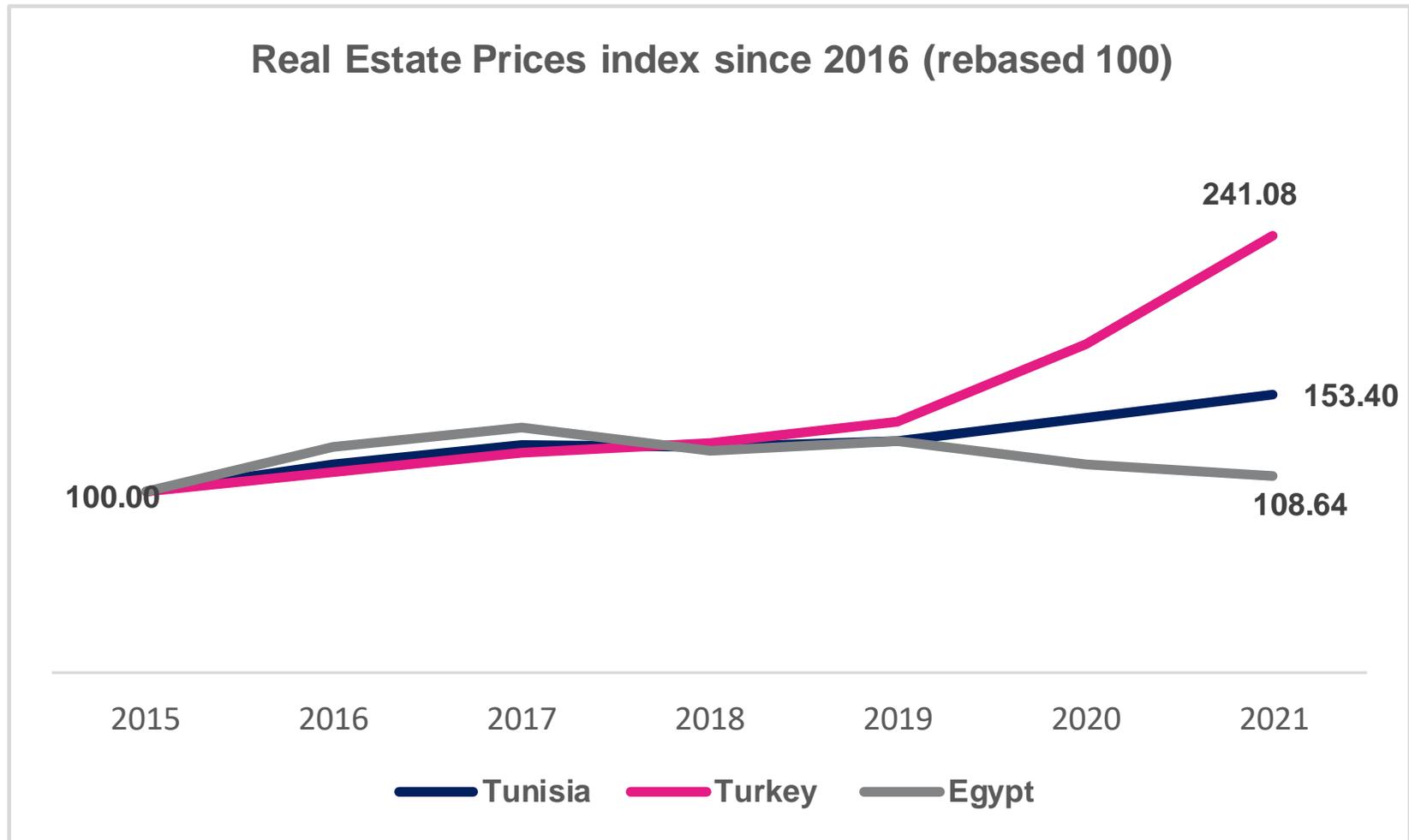


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Source : IMF, Governments, AlphaMena

Real Estate

Thanks to incentives, the Real Estate in Turkey soared by 141%. Egypt is set to experience its next real estate boom

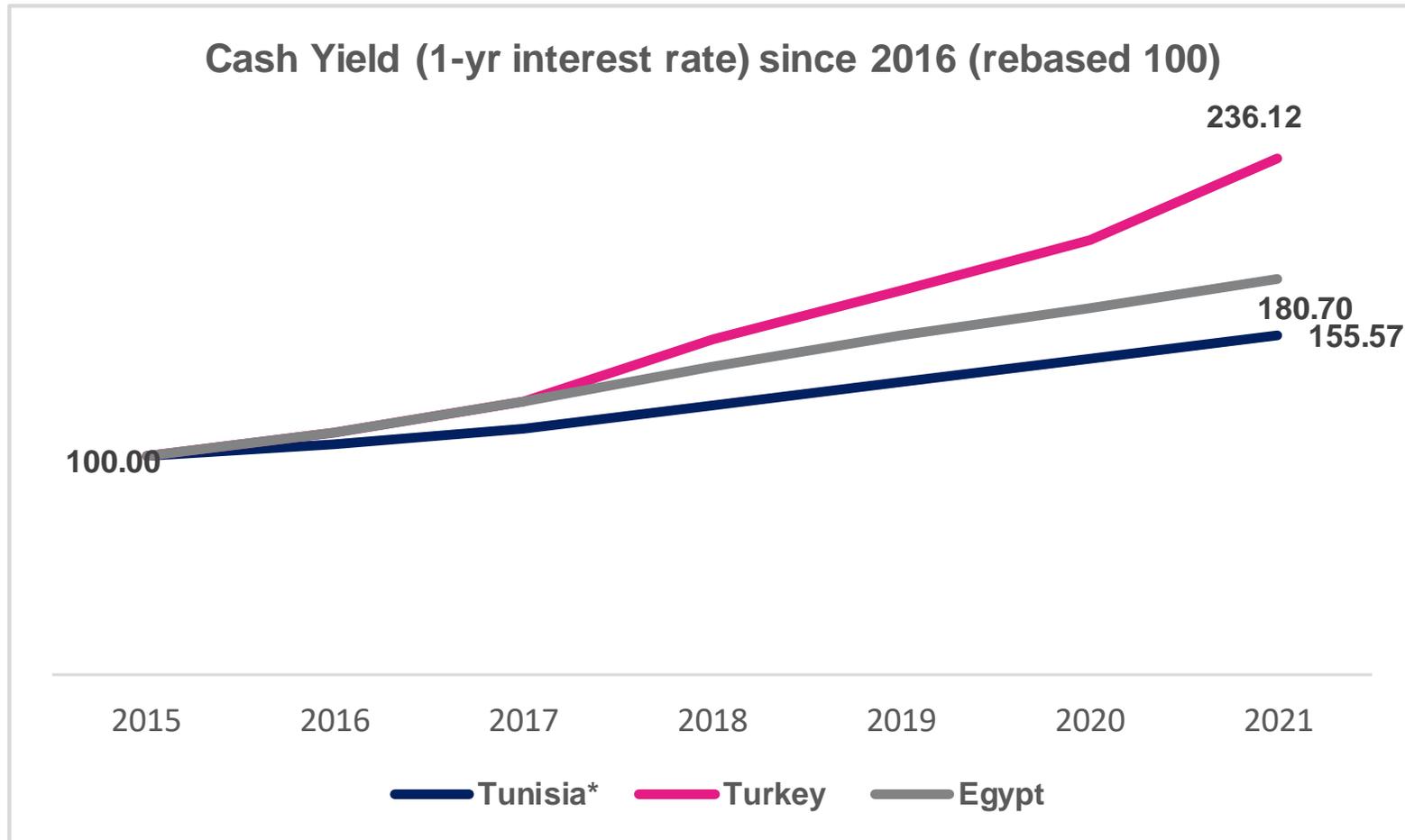


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Source : Central Banks, INS, Aqarmap, AlphaMena

Cash

Cash yields 136% in Turkey and 80% in Egypt, but below cumulative inflation. In Tunisia, the cumulative inflation is still below the cash return since 2016



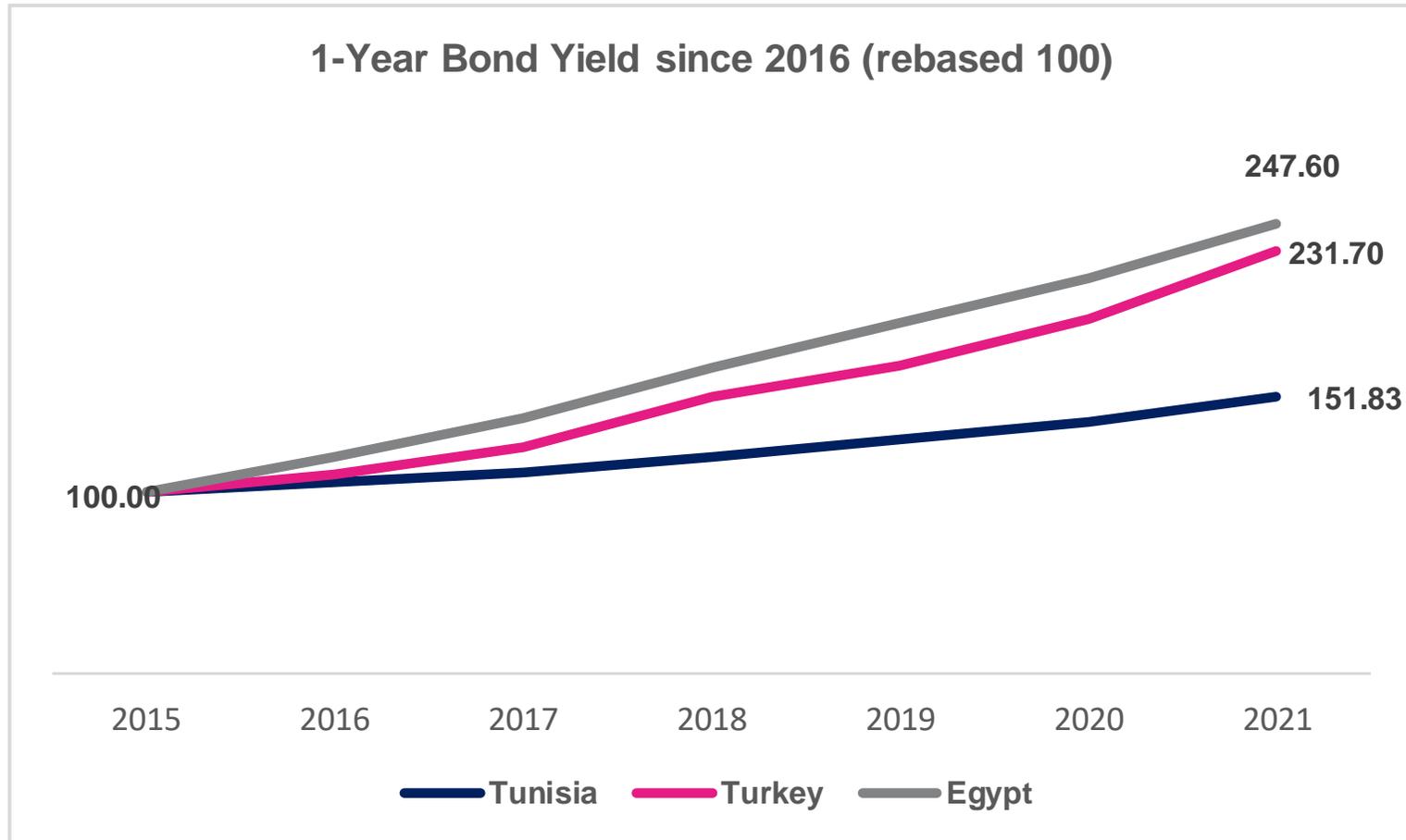
* TMM+ 150 bps

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Source : Central Banks, AlphaMena

Sovereign Debt (Short-term)

Egypt is the best-performing Short-term bond. The 1-year bond return is close to or above the cash yield

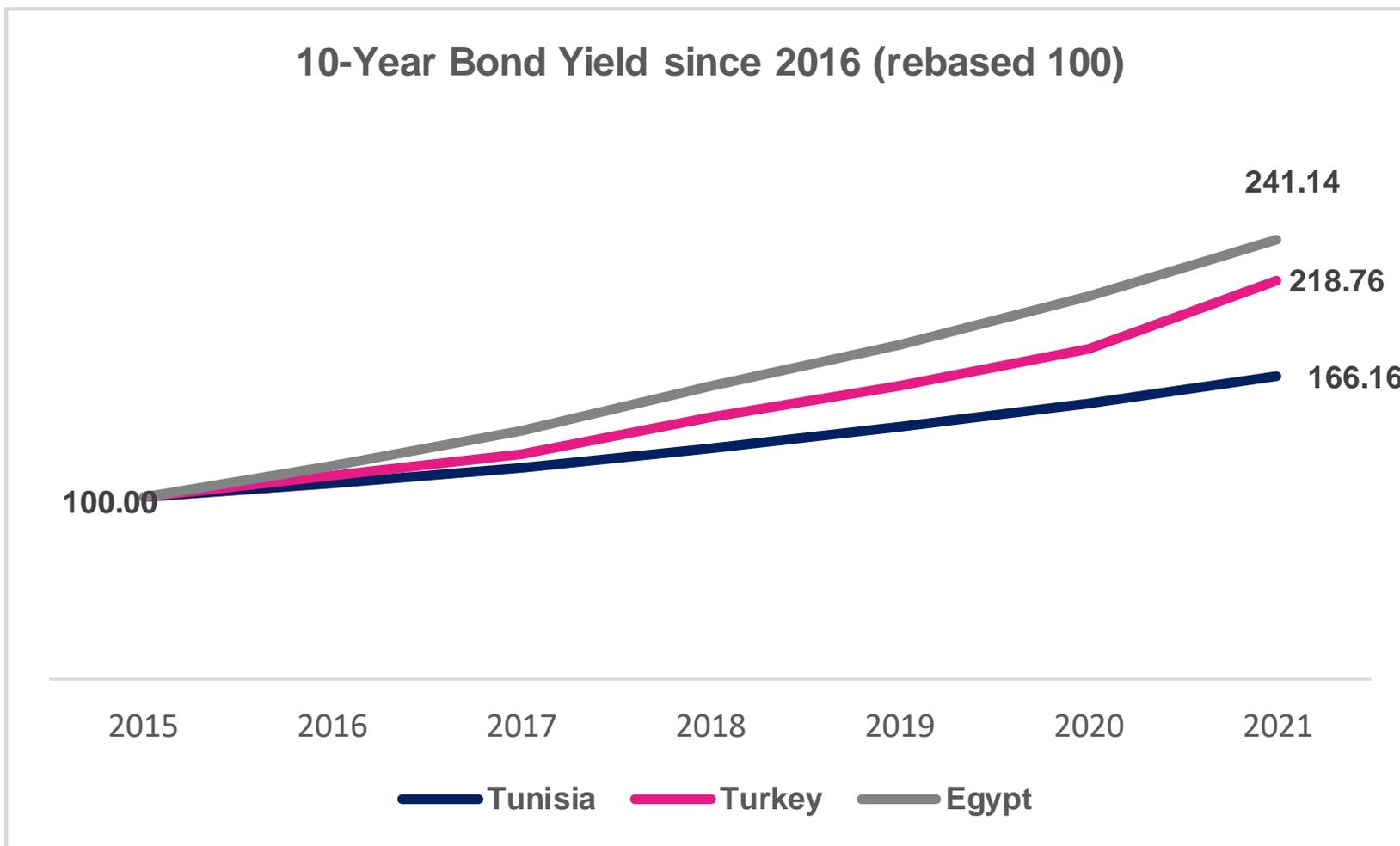


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Source : Central Banks, Investing, Tunisie Clearing, AlphaMena

Sovereign Debt (Long-term)

Except for Tunisia Sovereign debt, the 1-year bond return is above the one offered by the 10-year.

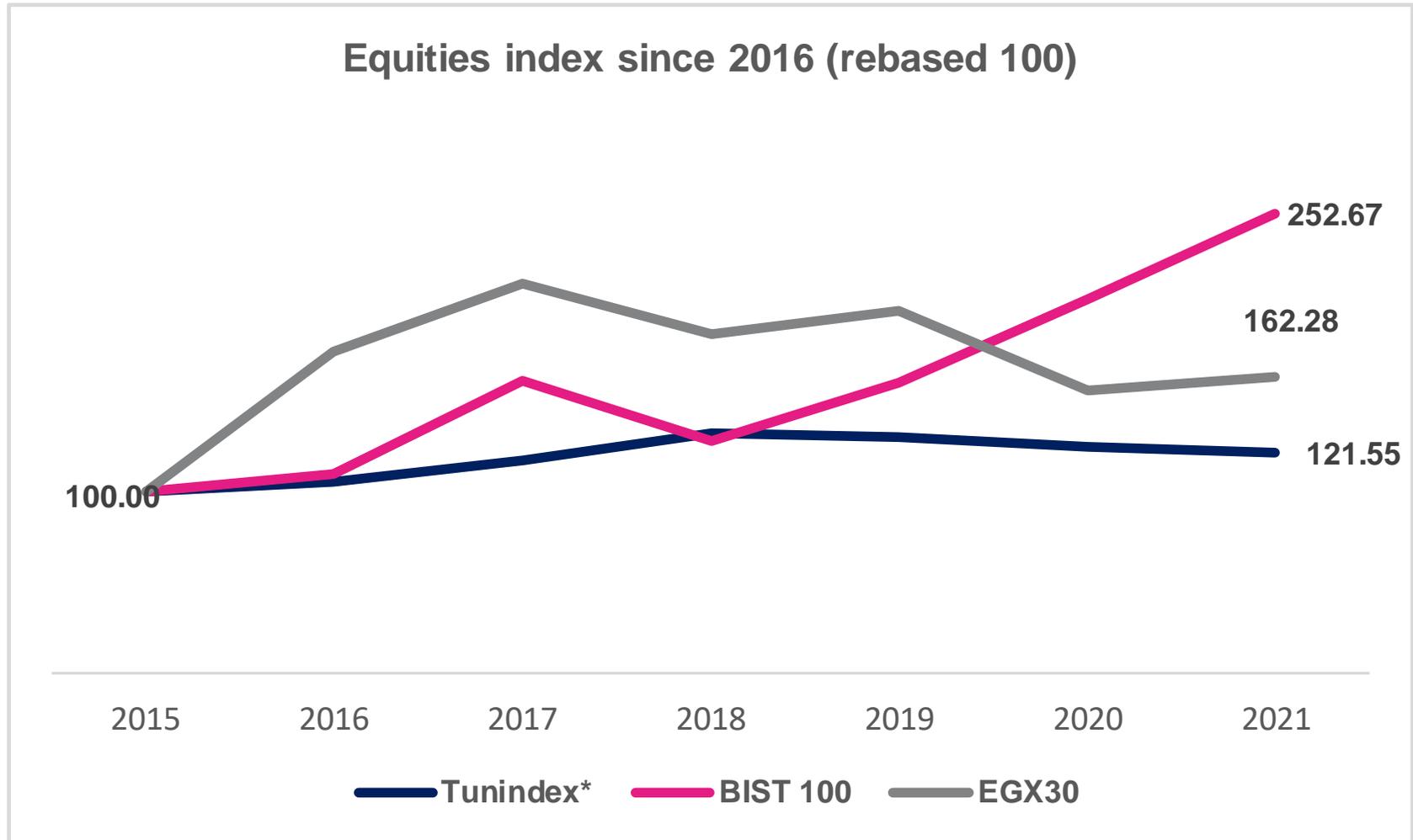


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Source : Central Banks, Investing, Tunisie Clearing, AlphaMena

Equities

Tunindex is a laggard posting 21% return since 2016 (3.9% an average return). Equities are the best-performing asset class in Turkey. Egyptian stocks return is comparable to 10-year bond yield.



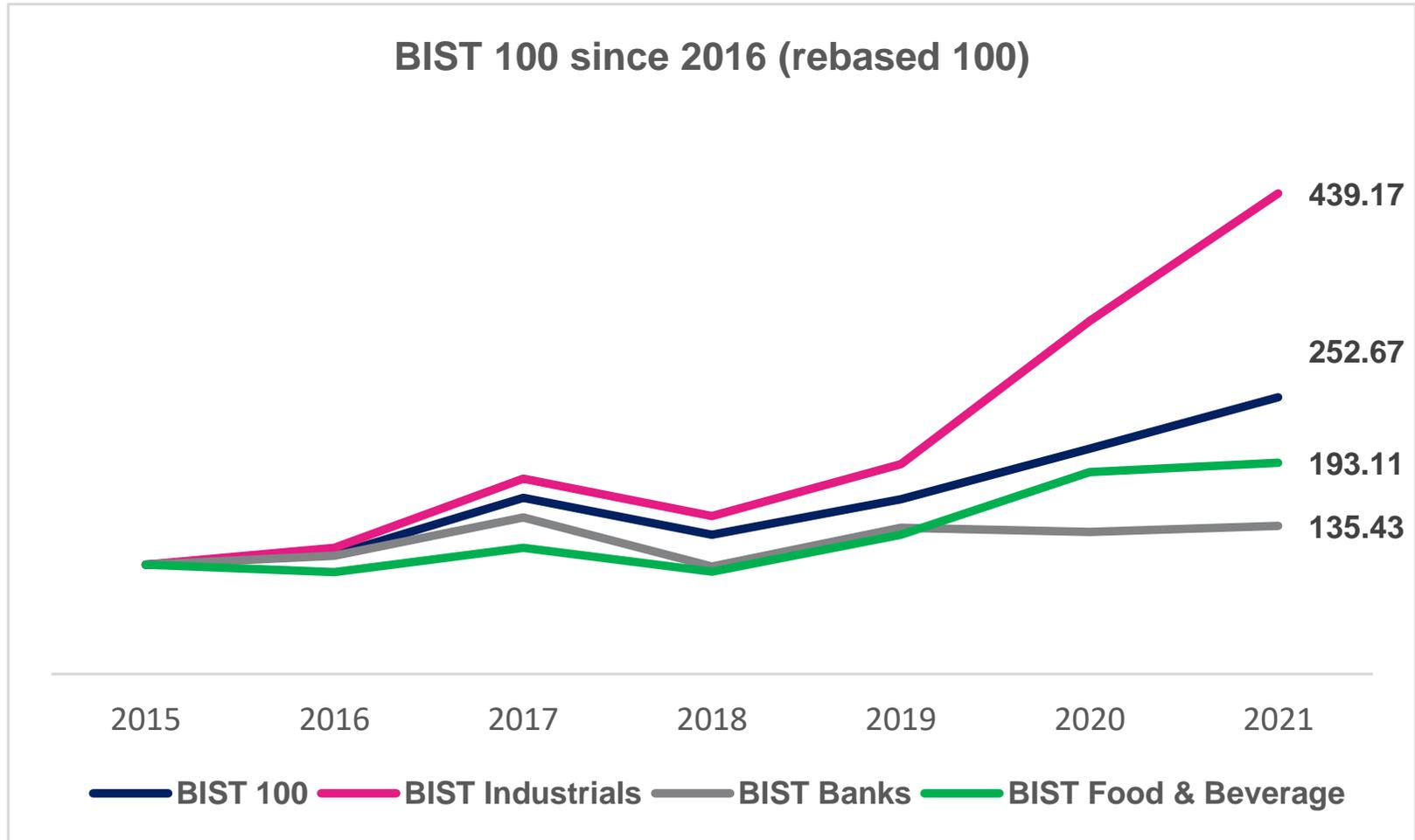
* Adjusted by dividend

as of 23/11/2021

Source : EGX, Borsa İstanbul, BVMT, Investing, AlphaMena

Turkish Stocks

Industrials (mainly exporters companies) have outperformed the BIST 100. Banks posted the worst performance

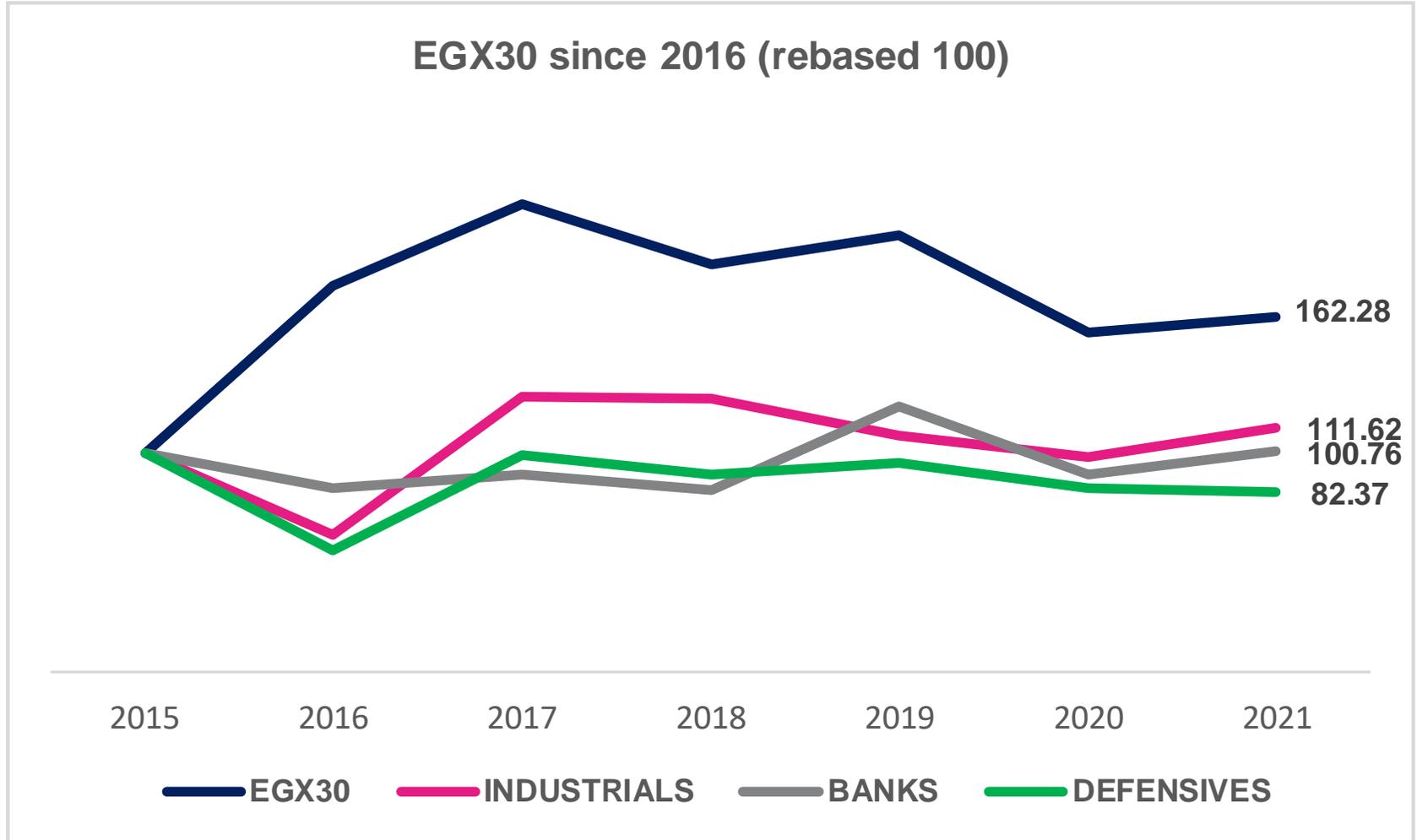


as of 23/11/2021

Source : Borsa İstanbul, Investing, AlphaMena

Egyptian stocks

The bulk of the 62.28% increase was mainly attributed to services (including financial services and Real Estates). Industrials achieved the best performance among sectors mentioned in the chart below.

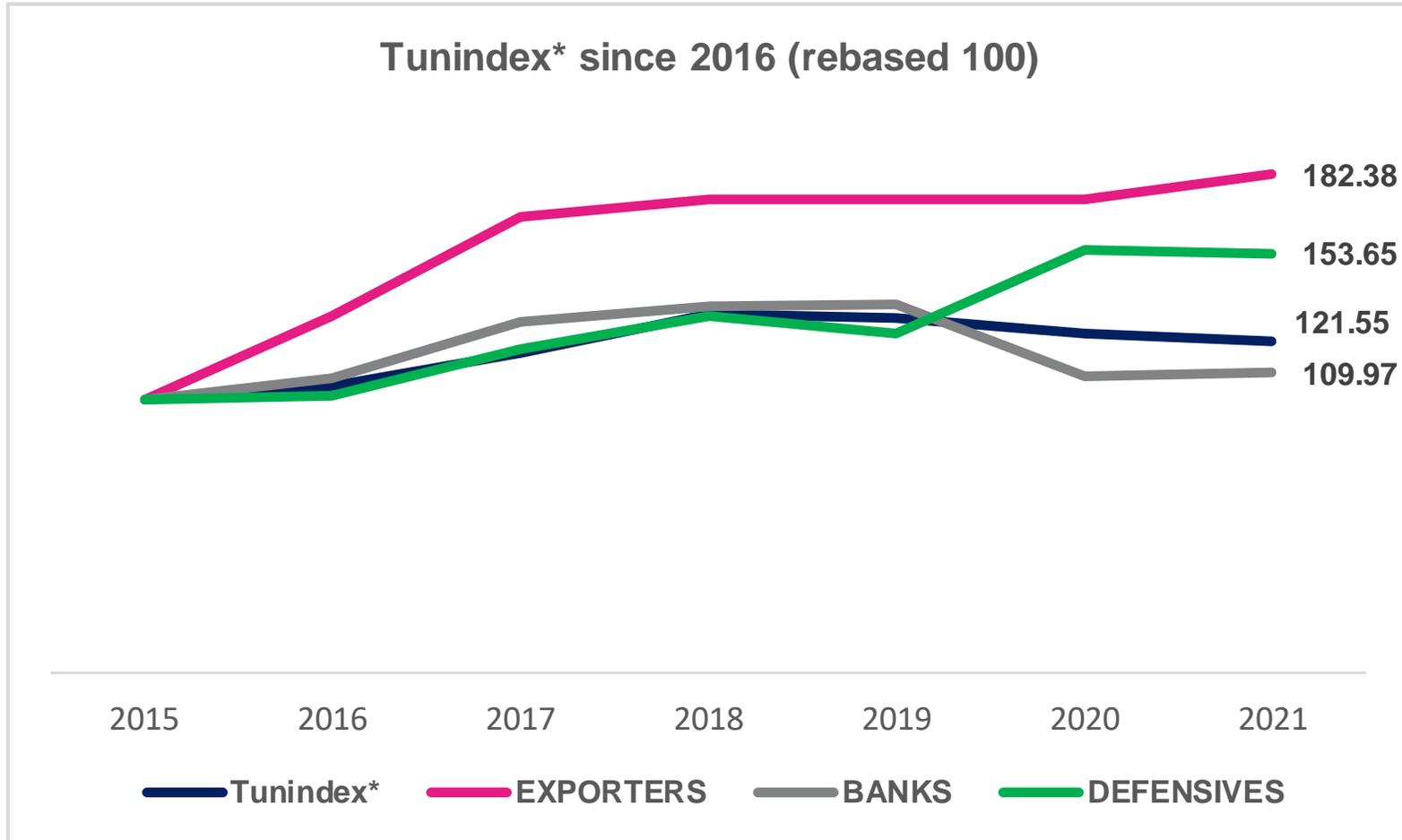


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Source : EGX, CapitalIQ, AlphaMena

Tunisian stocks

Exporter equities are the winners since 2016. Banks banks fail to attract investors, despite a 38% rise in profits since 2016. The market believes that current risk profile in Tunisia is not fully discounted in the current valuation: 2021 P/Book at its all-time low 0.71x, of which 0.9x for Private-owned banks.



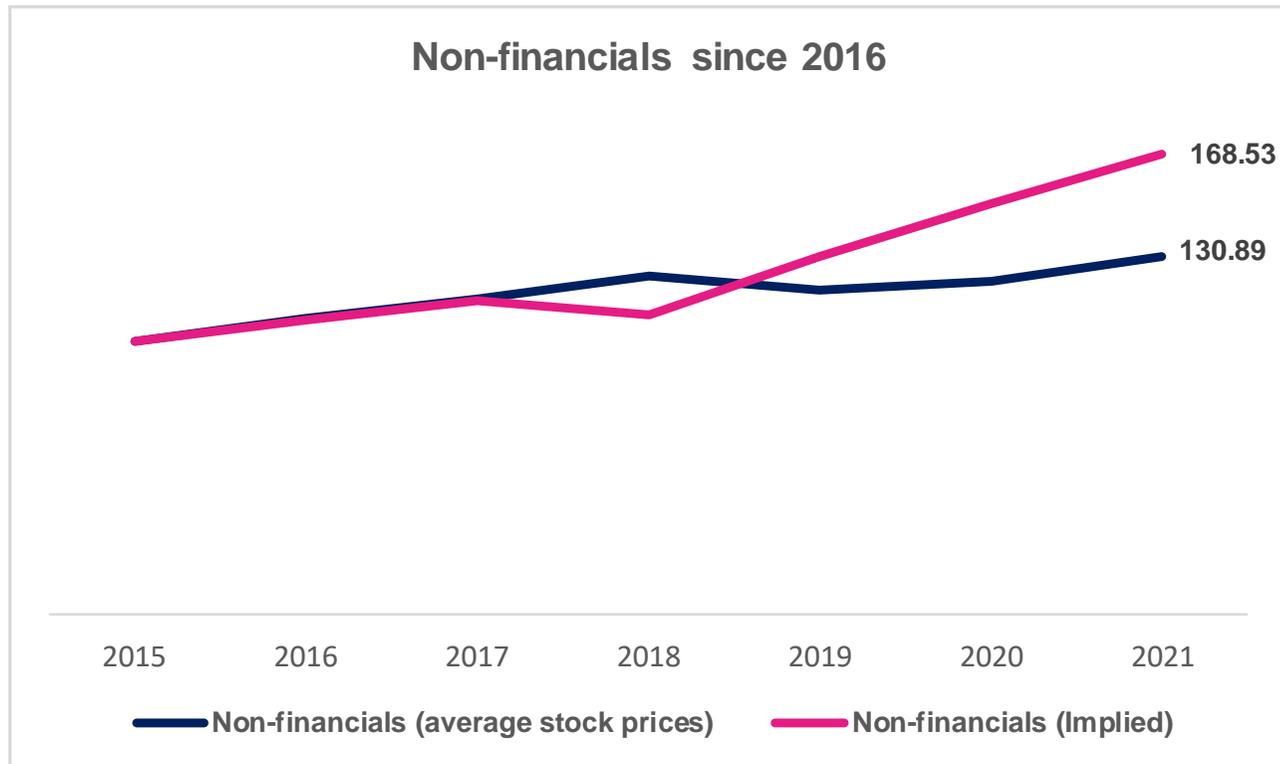
* Adjusted by dividend
as of 23/11/2021

Source : BVMT, AlphaMena

Tunisian Non-financials stocks

| | 23 non-financials universe | | | | | | | |
|---|----------------------------|--------|--------|--------|--------|--------|---------------|--|
| In TNDm | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Market cap | 7,561 | 8,180 | 8,717 | 9,360 | 8,954 | 9,185 | 9,897 | |
| Net Debt | 1,016 | 993 | 1,271 | 1,611 | 1,721 | 1,337 | 1,228 | |
| EBITDA | 775 | 828 | 898 | 913 | 1,059 | 1,174 | 1,299 | |
| EV/EBITDA | 11.4 x | 11.4 x | 11.4 x | 12.5 x | 10.5 x | 9.5 x | 9.2 x | |
| Implied Market cap (2015 EV/EBITDA) | 7,561 | 8,147 | 8,658 | 8,280 | 9,865 | 11,338 | 12,743 | |
| Combined Upside* | | | | | | | 20.10% | |
| Implied upside based on 2015 EV/EBITDA | | | | | | | 28.76% | |

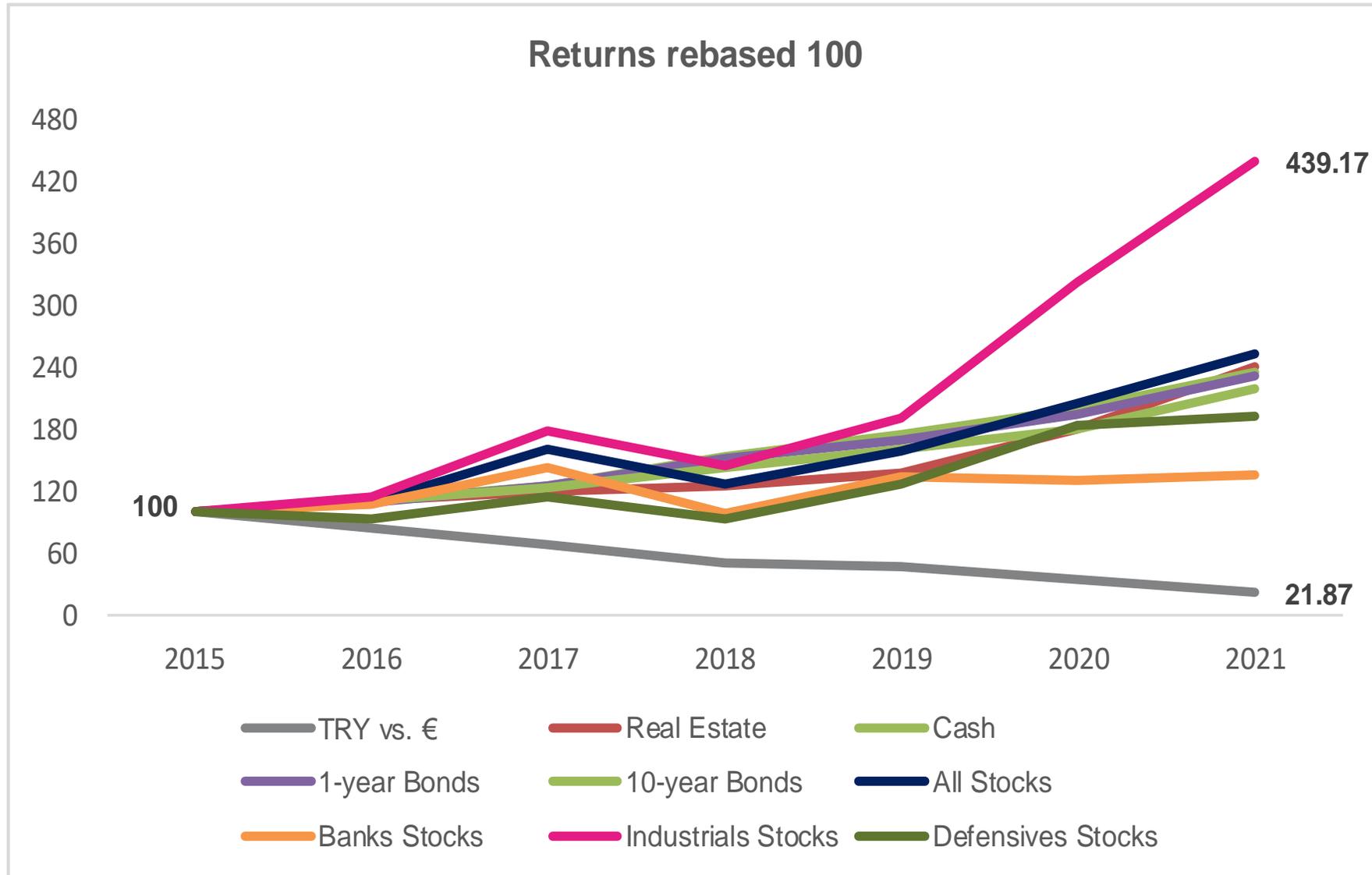
* Computed by AlphaMena



as of 23/11/2021

Source : BVMT, AlphaMena

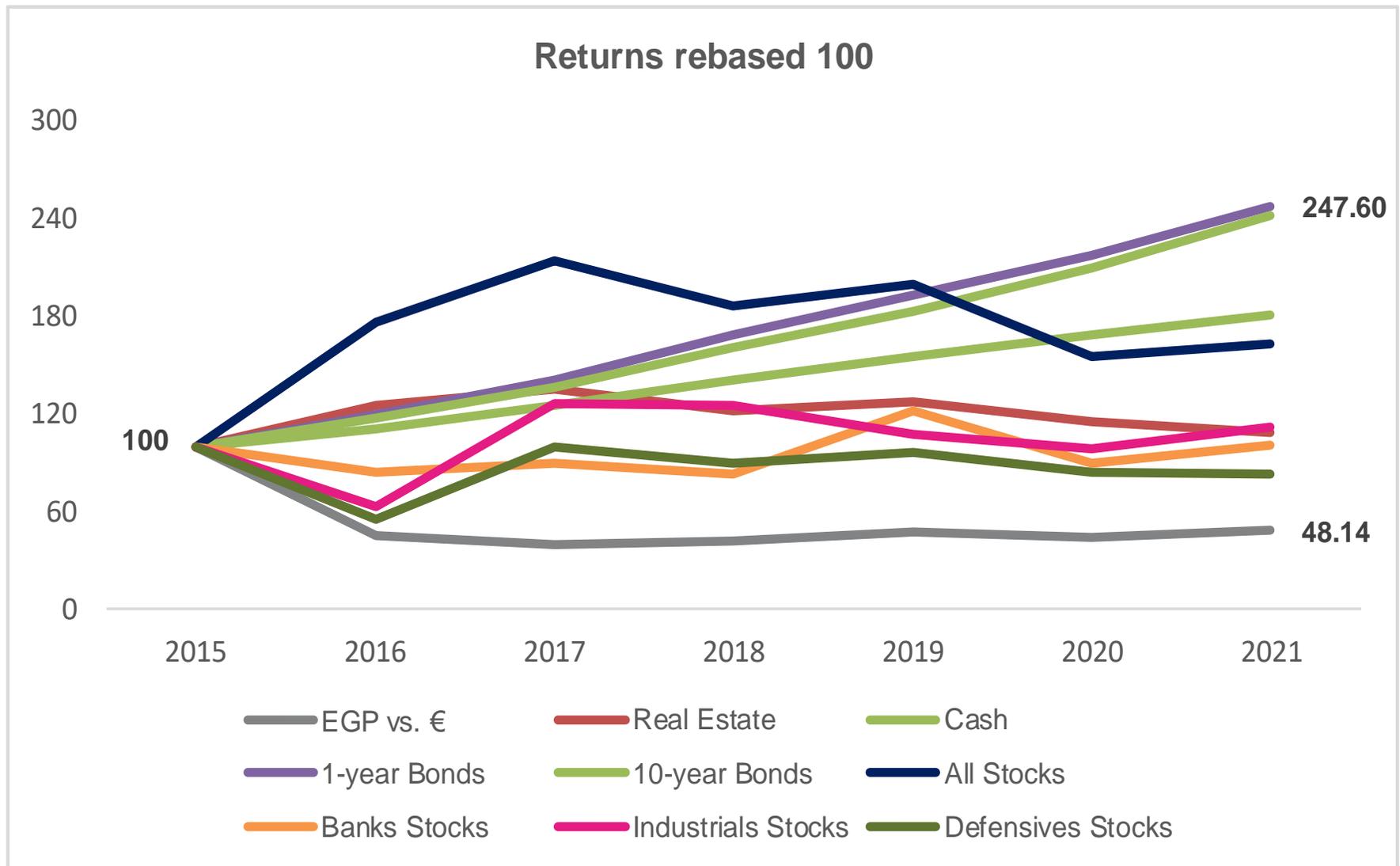
Turkish assets return in 1 chart



as of 23/11/2021

Source : AlphaMena

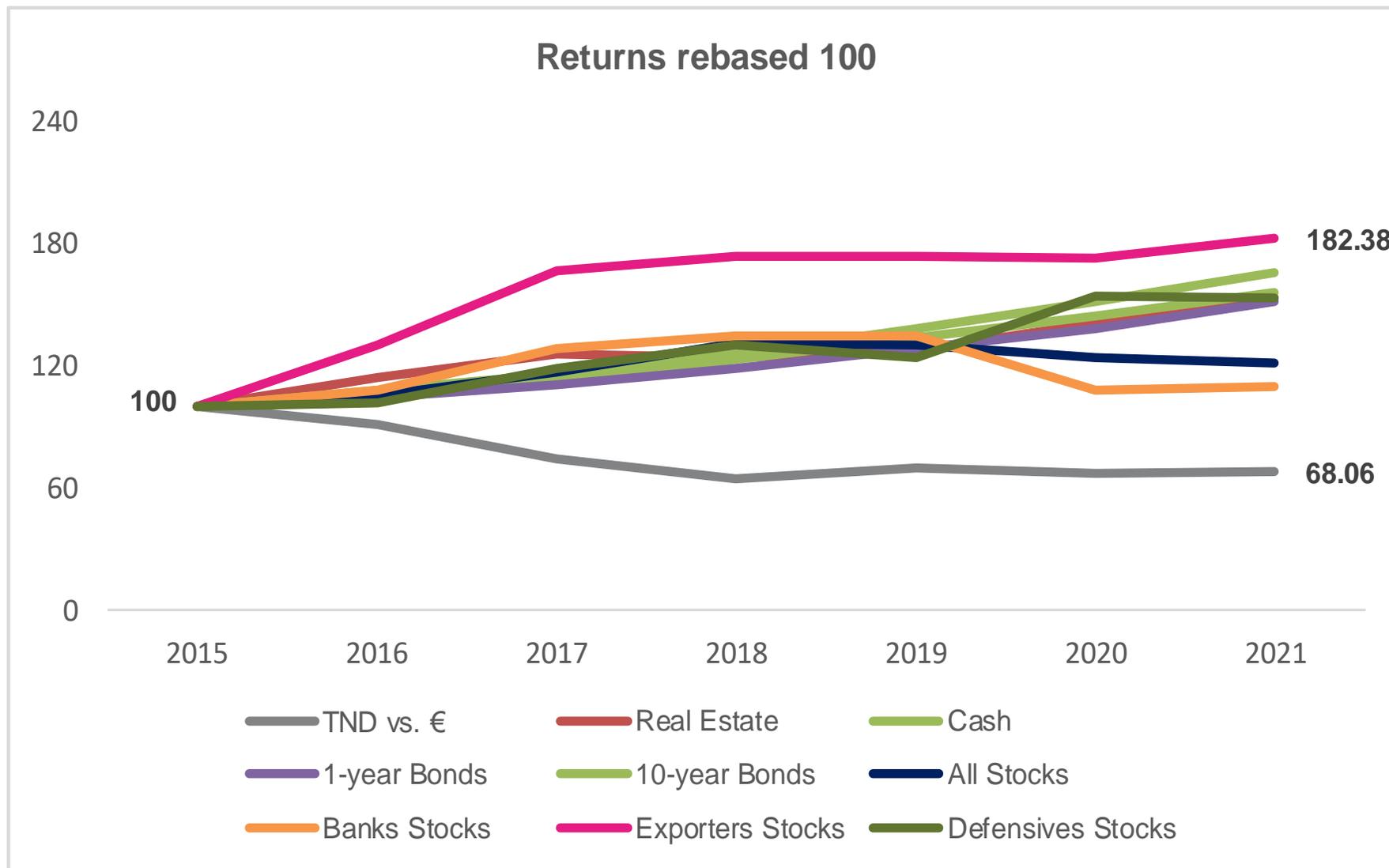
Egyptian assets return in 1 chart



as of 23/11/2021

Source : AlphaMena

Tunisian assets return in 1 chart



as of 23/11/2021

Source : AlphaMena

Returns Map

Asset classes returns

| | Real Estate | Cash | 1-year Bonds | 10-year Bonds | All Stocks | Banks Stocks | Industrials Stocks | Defensives Stocks |
|----------------------------------|-------------|------|--------------|---------------|------------|--------------|--------------------|-------------------|
| 2016-21 Cumulative return | 141% | 136% | 132% | 119% | 153% | 35% | 339% | 93% |
| 2021 YTD | 33% | 19% | 19% | 21% | 23% | 4% | 36% | 5% |
| 2020 | 30% | 14% | 15% | 13% | 29% | -3% | 68% | 45% |
| 2019 | 10% | 15% | 11% | 12% | 25% | 36% | 33% | 36% |
| 2018 | 4% | 22% | 22% | 16% | -21% | -31% | -19% | -19% |
| 2017 | 9% | 14% | 14% | 11% | 48% | 32% | 55% | 24% |
| 2016 | 11% | 10% | 10% | 11% | 9% | 8% | 15% | -7% |
| 2016-21 Cumulative return | 9% | 81% | 148% | 141% | 62% | 1% | 12% | -18% |
| 2021 YTD | -6% | 8% | 14% | 15% | 5% | 12% | 13% | -2% |
| 2020 | -10% | 8% | 13% | 14% | -22% | -26% | -8% | -12% |
| 2019 | 5% | 10% | 15% | 14% | 7% | 46% | -14% | 6% |
| 2018 | -10% | 12% | 20% | 18% | -13% | -7% | 0% | -9% |
| 2017 | 8% | 14% | 18% | 16% | 22% | 7% | 100% | 79% |
| 2016 | 25% | 10% | 19% | 17% | 76% | -16% | -37% | -45% |
| 2016-21 Cumulative return | 53% | 56% | 52% | 66% | 22% | 10% | 82% | 54% |
| 2021 YTD | 9% | 8% | 10% | 10% | -2% | 2% | 5% | -1% |
| 2020 | 10% | 8% | 7% | 10% | -5% | -20% | 0% | 24% |
| 2019 | 3% | 9% | 8% | 9% | -1% | 0% | 0% | -5% |
| 2018 | -1% | 9% | 7% | 9% | 12% | 4% | 4% | 10% |
| 2017 | 10% | 7% | 6% | 8% | 11% | 19% | 28% | 17% |
| 2016 | 15% | 6% | 5% | 8% | 5% | 8% | 30% | 1% |

Source : AlphaMena

Average Returns

| 2016-2021 | TRY* (4.3%, 14.5%, -21.8%) | | | EGP* (4.4%, 12.6%, -7.6%) | | | TND* (0.12%, 5.9%, -5.8%) | | |
|---------------------|----------------------------|-------|-------|---------------------------|-------|-------|---------------------------|-------|-------|
| Asset classes | Min | Avg | Max | Min | Avg | Max | Min | Avg | Max |
| Real Estate | 4.4% | 16.3% | 33.4% | -9.6% | 2.1% | 24.7% | -1.2% | 7.5% | 14.5% |
| Cash | 10.3% | 15.5% | 22.3% | 7.6% | 10.4% | 13.5% | 5.8% | 7.7% | 9.3% |
| 1-year Bonds | 9.6% | 15.1% | 22.0% | 12.9% | 16.3% | 20.0% | 4.8% | 7.2% | 9.8% |
| 10-year Bonds | 11.1% | 14.0% | 21.1% | 13.7% | 15.8% | 18.1% | 7.6% | 8.8% | 9.8% |
| All Stocks | -20.9% | 18.8% | 47.6% | -22.3% | 12.4% | 76.2% | -4.7% | 3.5% | 12.4% |
| Banks Stocks | -31.3% | 7.8% | 36.0% | -26.3% | 2.6% | 46.4% | -19.7% | 2.3% | 19.5% |
| Industrials Stocks* | -19.0% | 31.3% | 68.2% | -37.0% | 8.8% | 99.6% | -0.2% | 11.2% | 30.2% |
| Defensives Stocks | -18.8% | 14.0% | 44.8% | -44.5% | 2.9% | 79.1% | -4.8% | 7.9% | 24.4% |

* 2016-2021 average (GDP Growth, Inflation, vs €)

** Exporters for Tunisian stocks

| 2016-2019 | TRY* (3.7%, 13.2%, -18.7%) | | | EGP* (4.8%, 16.1%, -10.9%) | | | TND* (1.8%, 6.0%, -7.0%) | | |
|---------------------|----------------------------|-------|-------|----------------------------|-------|-------|--------------------------|-------|-------|
| Asset classes | Min | Avg | Max | Min | Avg | Max | Min | Avg | Max |
| Real Estate | 4.4% | 10.6% | 10.6% | -9.6% | 6.9% | 24.7% | -1.2% | 6.5% | 14.5% |
| Cash | 10.3% | 22.3% | 22.3% | 10.3% | 11.6% | 13.5% | 5.8% | 7.6% | 9.3% |
| 1-year Bonds | 9.6% | 22.0% | 22.0% | 14.6% | 17.8% | 20.0% | 4.8% | 6.5% | 8.5% |
| 10-year Bonds | 11.1% | 15.8% | 15.8% | 13.7% | 16.3% | 18.1% | 7.6% | 8.4% | 9.3% |
| All Stocks | -20.9% | 47.6% | 47.6% | -13.2% | 22.9% | 76.2% | -1.1% | 6.9% | 12.4% |
| Banks Stocks | -31.3% | 36.0% | 36.0% | -15.9% | 7.5% | 46.4% | 0.3% | 8.0% | 19.5% |
| Industrials Stocks* | -19.0% | 54.8% | 54.8% | -37.0% | 12.0% | 99.6% | 0.1% | 15.6% | 30.2% |
| Defensives Stocks | -18.8% | 36.2% | 36.2% | -44.5% | 7.9% | 79.1% | -4.8% | 5.9% | 16.7% |

* 2016-2019 average (GDP Growth, Inflation, vs €)

** Exporters for Tunisian stocks

Findings

- TND depreciation less than EGP and TRY, but modest GDP growth in Tunisia (0.12%).
- Fixed income returns have succeeded to cover the average inflation.
- The short-term products yield the highest returns within fixed income assets.
- In Turkey, the Real Estate has outperformed thanks to the Government's incentives. For Egypt, the Real Estate returns should improve in the next two years.
- Equities have outperformed in Turkey and in Egypt (before Covid-19). However, the stock-picking is needed to reduce the risk. Banks equities do not benefit from a higher interest rates environment.
- Tunisian exporters equities have outperformed (pre and post-Covid-19). This equity category is seen as a winning investment to hold short position on TND.



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