The Egyptian Exchange
البورصة المصرية

EGX30 Index Methodology

January 2025

Contents

Definitions

Effective Date	The first day of February and August of each year
Rebalancing Frequency	Semi-annual
Review Period	- The first period: from the beginning of July to the end of December, and the amendments take place in February. - The second period: from the beginning of January to the end of June, and the amendments take place in August.
Turnover Ratio for Free-Floated Shares	The total trading value (excluding deals) during the review period divided by the market capitalization of the free-floated shares at the end of the review period.
Index Universe	All ordinary shares traded on the Main Market in any currency during the review period
Buffer Rule	A rule that aims to give the index current constituents a preference to remain within the constituents when conducting the periodic review if they meet the eligibility criteria, in order to reduce index turnover and maintain its stability

Introduction

The Egyptian Exchange (EGX) is committed to applying international best practices in developing and managing its indices, starting with the eligibility criteria for selecting companies to join the index, the periodic index rebalance, the index calculation and the dissemination of indices data. EGX has played a leading role among the regional stock markets in launching and developing in-house a variety of different indices designed to measure the performance of the market according to liquidity and to meet the needs of investors.

EGX has launched the benchmark index "EGX30 Index" on 1 February 2003. The index includes top 30 companies in terms of Liquidity and activity. The Index is weighted by the adjusted free-floated market capitalization. EGX30 index avoids concentration on one industry/sector and therefore has a good representation of various industries/sectors in the economy.

EGX started publishing EGX30 Index with a base date of 4 Jan 1998 and a base value of 1000 points. As of 1 March 2009, the Egyptian Exchange started publishing EGX30 index in US$ terms, and renamed CASE30 to EGX30 reflecting the replacement of Cairo and Alexandria Stock Exchanges by the Egyptian Exchange (EGX).

Index Governance

EGX30 Index is governed by EGX Index Committee; an independent committee consisting of representatives from market participants, fund managers and banks, in addition to EGX Vice Chairman and chaired by EGX Chairman. The committee is responsible for overseeing the ongoing management of the current indices including development, marketing and periodic review procedures. Additionally, the committee provides advice on the construction and methodology of new indices.

Any decision taken by the Index Committee will be made public via EGX publications, website etc. beforehand so that those who follow the index are aware of the changes and adjustments that take place.

Eligibility Criteria

General Criteria:

1. The issued and paid-in capital of the company under review shall not be less than the minimum threshold stipulated in EGX Listing Rules.
2. The Index Committee shall consider the following:
   a. Sectoral diversity, taking into account that the number of companies from one sector does not exceed 5 companies.
   b. The extent to which a company does not realize revenues according to annual or periodic financial statements.
3. In case the company under review has not been traded in the main market for a review period of six months (such as newly listed companies/IPOs or companies moved from the SMEs market to the main market), this shall be presented to the Index Committee for consideration of its addition taking into account the following:

a. The company must be traded 95% of the total number of trading days from the date of trading commencement till the end of the review period.

b. The company's free float adjusted market capitalization should fall within the top 60 companies of the index universe sorted in descending order in terms of free float adjusted market capitalization.

Qualitative Criteria

While conducting the periodic review, the Committee may exclude companies in the following cases:

1. The companies that committed violations of EGX rules and regulations, including but not limited to the following:

   a. Companies against which material decisions were taken by the Listing Committee, as a result of violations committed during the review period.

   b. Companies that committed trading violations such as violations of Chapter Eleven of the Executive Regulations of the Capital Market Law, especially in case any of the company's officials or their related parties participate in such violations, and the subsequent procedures and measures taken by the Financial Regulatory Authority (FRA).

2. Companies that merge with other companies or that are owned by other companies.

3. Companies that received an approval from the Financial Regulatory Authority (FRA) to submit a Tender Offer.

4. Bankruptcy or liquidation cases.

5. Companies that have expressed a desire to delist or to go through delisting procedures.

Liquidity Criteria

The company must meet the following criteria:

1. The percentage of the company's free float shall not be less than the minimum threshold stipulated in EGX Listing Rules.

2. The number of trading days shall not be less than 95% of the total number of trading days in the market during the review period, taking into account any trading suspension for reasons not attributable to the company.

3. The average daily trading value of the company should not be less than 0.1% of the average daily

trading value of the main market during the review period.

4. The turnover ratio of the free-floated shares should not be less than 10% during the review period, or the company should fall within the top 25% of companies traded ranked in terms of average daily trading value.

5. The free-float adjusted market capitalization shall not be less than the median free-float adjusted market capitalization of the top 80 companies ranked in terms of the average daily trading value.

Companies Selection:

Companies that satisfy the general criteria and liquidity criteria are ranked according to the average daily trading value and the top 33 are selected, taking into account qualitative criteria. Then the Buffer rule is applied as follows:

1. The top 27 companies are chosen to join the index.

2. The remaining 3 companies of index constituents are selected from the last 6 companies that fall within the list of 33 companies ranked according to the average daily trading value, provided that priority is given to current index constituents.

Continued Eligibility Criteria

- Current index constituents shall remain in the index even they lost one or more of the eligibility criteria during the review period, except in case of delisting, or the expiration of the company's legal personality, and except cases that the Committee may deem to be excluded that would affect the stability of transactions in the market and thus negatively affect the index, such as:

  a. Mergers and acquisitions that result in the company not meeting the free float percentage stipulated in the EGX Listing Rules.

  b. Suspension of trading of the company for a significant period.

- In case of demerger during the review period both companies will remain in the index till the next review period.

Special Cases

In case of a company demerger during the review period, the closing price of each company for the first trading day after demerger is used for calculating the historical data of both companies for the pre-trading period. For example: If XY company demerged into two companies (X Company and Y Company), the closing price of the first trading day of each company after demerger occurs is used to calculate the company's portion of historical data. Thus, X company's portion of historical data = closing price of X company divided by sum of closing prices of X and Y, and the same applied to Y Company.

Index Rebalance

EGX30 constituents are reviewed on a semi-annual base (on the 1st of February and 1st of August) by EGX Index Committee, whereby constituents are changed (added or deleted), if necessary, based on the above mentioned criteria.

Appendix (1)
Detailed Calculation of the Index

1. Adjusted Market Capitalization Weighted Methodology for Calculating the Index:

The formula used for calculating EGX30 index is straightforward. The daily index value is calculated by dividing the free float adjusted market value (Last closing price * Currency conversion rate[1] * Number of listed shares * Percent of free float) of all constituent companies by a divisor. Adjusted Market Value is synonymous to Adjusted Market Capitalization.

$$\text{Index Value (in EGP)} = \frac{\text{Adjusted Market Value of Constituents}}{\text{Companies Divisor}}$$

EGX Index Value (in US Dollars) is calculated after adjusting for the exchange rate between the Egyptian pound and the US dollar rate at the end of each day.

2. Divisor:

The divisor is a factor that converts adjusted market capitalization of constituent companies to the index level. It is derived at the starting point of the index (Base date) by dividing the adjusted market capitalization by an arbitrary number or Multiplier (For example 1000), to be the initial index level.

For EGX30 in local currency as well as EGX30 in dollar terms, the indices were set at 1,000 on its base date, one would then set the divisor at 1/1000 of the adjusted market capitalization.

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[1] The conversion rate is the exchange rate of the Egyptian pound against the US dollar and is used for companies traded in dollars.

3. Steps to calculate the divisor at the base date:

Step 1: Calculate the adjusted market capitalization of constituents at the base date. It is equal to the sum of closing price, multiplied by listed shares of constituents times the percent of free float at the base date.

Step 2: Assume that we will set the starting value of index at 1000.

Step 3: Calculate index divisor on the starting date to as follows:

$$\text{Index Divisor at } t_0 = \frac{\text{Adjusted Market Value}}{\text{Index Value } t_0} = 1000$$

4. Modifying the Divisor:

A) Modify the companies with addition and deletion

When a company is added to or removed from the index, the market value of the company is added to or subtracted from the index and the market value rises accordingly or decreases, which affects the index level. Since the indices need to reflect only the market forces that change the value of the company, the index divisor is adjusted to maintain a constant index value. Such amendments shall be made at the beginning of the specified date (prior date) before the trading begins.

B) Market value adjustments

There are two ways in which market value can be changed:

- **Market forces:** which push stock prices up or down. The index reflects changes as a result of market forces and therefore there is no need to make adjustments to the divisor.
- **Corporate events:** When companies issue new shares or add equity rights, this affects their market value. When the company carries out these actions that affect market value, these actions do not show their impact on the value of the index. The actions of companies that affect the market value of the index require an adjustment to the divisor to create a balance to prevent a change in the value of the index due to these actions. Thus, with the modification of the divisor, the value of the index remains constant before and after these actions.

The following steps are performed to calculate the index level when it is necessary to modify the divisor:

1. The adjusted market value, which is equal to the total closing price (according to the equation in the previous table), is calculated by multiplying it by the adjusted number of shares for each company.
2. Calculation of the new divisor:

$$\text{New divisor} = \frac{\text{old denominator multiplied by (adjusted market value)}}{\text{(previous market value)}}$$

So the new denominator is simply the number that keeps the index at the same level as before the change in market value, meaning that the new divisor can be calculated differently as follows:

$$\text{Divisor} = \frac{\text{the modified market value}}{\text{previous level of the index}}$$

3. Calculate the market value, which is equal to the closing prices multiplied by the number of listed shares.
4. Calculate the value of the index by dividing the market value by the divisor.

Summary of Corporate Actions

#	Corporate Actions	Effect on Shares Number	Effect on Open Price	Theoretical Price Calculation	Effect on Divisor
1	Cash Dividend (from Operating Profits)	No	No	Open price will not be adjusted	No Effect
2	Extraordinary Cash Dividend (from Nonoperating Profits)	No	Yes	Adjusted Price = Last Closing Price before the Ex-Date - Coupon Value	Decrease
3	Stock Split	Yes	Yes	Adjusted Price = Last Closing Price Before Split / Stock Split Adjustment Factor	No Effect
4	Reverse Stock Split	Yes	Yes	Adjusted Price= Last Closing Price before Reverse Split × Reverse Stock Split Adjustment Factor	No Effect
5	Stock Dividend	Yes	Yes	Adjusted Price= (Last Closing Price before the Ex-Date × the Number of Listed Shares) ÷ Number of Shares after the Increase	No Effect
6	Capital Increase: Right Issue	Yes	Yes	Adjusted Price= ((Last Closing Price in the Subscription Closing Date× the Number of Listed Shares) + (Subscription Price × the Number of Shares of Capital Increase)) ÷ Total Number of Shares after the Increase	Increase
7	Demerger (The Two Demerged Companies will remain in the Index)	No	Yes	Adjusted Price of the First Demerged Company= Last Closing Price Before Demerger* First Company Ratio. Adjusted Price of the Second Demerged Company= Last Closing Price before Demerger* Second Company Ratio	No Effect
8	Capital Increase: Convertible Bonds	Yes	Yes	Adjusted Price= [(Last Closing Price before Listing the New Shares × Number of Listed Shares before Capital Increase) + (Number of Shares Equivalent to Convertible Bonds × Conversion Price)] ÷ Total Number of Shares after Capital Increase	Increase
9	Capital Decrease: Write Off	Yes	Yes	Adjusted Price= (Last Closing Price × the Number of Listed Shares) ÷ Number of Outstanding Shares after Capital Decrease	No Effect

#	Corporate Actions	Effect on Shares Number	Effect on Open Price	Theoretical Price Calculation	Effect on Divisor
10	Capital Decrease through the Par Value	No	Yes	Adjusted Price= Last Closing Price before Repayment – Repaid Cash Per Stock	Decrease
11	Acquisition	No	No	Open price will not be adjusted	No Effect
12	Issuing New Shares as a Result of Merge	Yes	Yes	Adjusted Price= Par Value after Merger	Increase
13	Increase Par Value of the Shares without Changing the Number of Listed Shares	No	No	Open price will not be adjusted	No Effect
14	Treasury stock: Write-off	Yes	No	Open price will not be adjusted	Decrease

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