



# PRIMETime

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## All About the G

### 1. Today's Trading Playbook

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#### KEY THEMES

It's not often that we see the market cheering a company's capital increase. Yesterday, FWRY's market cap crossed intraday the EGP16bn mark for the first time. There are a lot of interesting points could be implied by FWRY's market cap. For a starter, except for CIB [**COMI**] and QNB Al Ahli [**QNBA**], all EGX-listed banks had market caps below FWRY's. The nearest bank is Credit Agricole Egypt [**CIEB**] with only EGP8.2bn in market cap—half FWRY's today.

Meanwhile, FWRY could be in for a stellar earnings performance in the coming years. Recently, H1 2020 net earnings hit EGP86mn, which could promise a bottom line of EPG200mn for 2020. At yesterday's market cap, FWRY would be trading at a forward P/E of 78x for 2020e. And yes, it's fairly understandable that it's all about the G (G being growth), but "To what extent?" is the question. If we assume that FWRY is trading at a forward 2025e P/E of 15x, the company would need to grow its earnings by a 5-year CAGR (2020-2025) of c.40%. On one hand, it could be challenging to quantify Egypt's financial inclusion story. On the other hand, there are signs that FWRY could use an inorganic growth approach to be fueled by its upcoming capital increase which would double its paid-in capital but is less than 3% of FWRY's market cap.

*Now, on to the top news and analysis for the day.*

### 2. TOP NEWS & ANALYSIS

#### MACRO NEWS

**Egypt's unemployment rate rose to 9.6% in Q2 2020** compared with 7.5% a year earlier, due to the coronavirus pandemic. ([Zawya](#))

**Egyptian authorities on Monday hiked up fares on Cairo metro lines.** ([Zawya](#))

**The agreement to import 12mn barrels of Iraq's crude oil to Egypt is still ongoing.** ([Zawya](#))

## CORPORATE NEWS

**EFG Hermes Holding's [HRHO] Q2 2020 results showed a bottom line of EGP327.6mn (+8% y/y, +263% q/q).** The bottom line surge on a quarterly basis came on the back of lower provisions. Top line hit EGP1.2bn (-16% y/y, -33% q/q) due to lower investment banking platform revenues. ([Company report](#))

**Cleopatra Hospital Co. [CLHO] and Speed Medical Co. [SPMD] denied they are in talks for acquiring Alexandria Medical Services Co. [AMES],** also known as Alexandria New Medical Center. SPMD said a decision to enter into acquisition would be announced once made. ([Company disclosure](#))

**Bank Audi has not resumed talks with suitors interested in its Egypt assets** since its shelved negotiations with First Abu Dhabi Bank (FAB) in May. ([Al-Masry Al-Youm](#))

**Fawry's [FWRY] stock closed yesterday at EGP22/share, pushing the company towards joining sthe USD1bn club companies.** FWRY is currently trading at a LTM P/E of 105x. ([MENAbytes](#))

**GEMS Education, an EFG Hermes Holding [HRHO] private equity investment, will invest EGP1bn adding four new schools to its portfolio (currently four, with the fifth to start operations in 2021).** Also, GEMS is to partner with ValU (HRHO's consumer finance arm) to provide tuition fees solutions. Meanwhile, ValU is in negotiation with banks for credit facilities of EGP250mn. ([Enterprise](#))

**Egyptian Iron & Steel [IRON] is waiting for a fateful decision according to the Minister of Public Enterprise.** Some sources cited liquidation as the nearest choice, especially with IRON continuing to incur losses while not making maintenance for the halted ovens, which led the company to work half capacity. However, some experts think that the company can continue its operations. ([Al-Alam Al-Youm](#))

**Nile Cotton Ginning's [NCGC] employees' shareholder union received a purchase offer for 7.06% of the company, its full share, with a total value exceeding EGP183mn.** ([Al-Mal](#))

**The New Urban Communities Authority agreed to allocate five acres in the new city of Sohag to Cairo Investment & Real Estate Development [CIRA] for establishing an international school.** The project is valued at a total of EGP21.6mn. ([Al-Mal](#))

**Banque Misr is participating in the recently-launched initiative for boosting local consumption by offering a package of funding options,** including credit card installment programs at a 16% annual interest rate. In addition, personal loans will be provided for making purchases of up to EGP25,000 at an interest rate that is 1% lower than normal over a 24-month repayment period. ([Mubasher](#))

**Egyptian Resorts Co.' [EGTS] shareholder Sahar Adel Ali raised her stake from 5.90% to 6.98%.** ([Company disclosure](#))

**Dice Sport & Casual Wear's [DSCW] shareholder Ali Mahmoud Abdul Latif raised his stake from 19.29% to 20.03%. ([Company disclosure](#))**

## GLOBAL NEWS

**Foreigners bought U.S. Treasury bonds and notes in June**, after selling them for three straight months, with investors encouraged by Federal Reserve actions to inject liquidity in the market through asset purchases. ([Reuters](#))

**The Germany economy is set for a rapid and broad-based recovery** after an unprecedented peacetime contraction in the spring, but a coronavirus vaccine may be necessary before a complete rebound is possible, the Bundesbank said on Monday. ([Reuters](#))

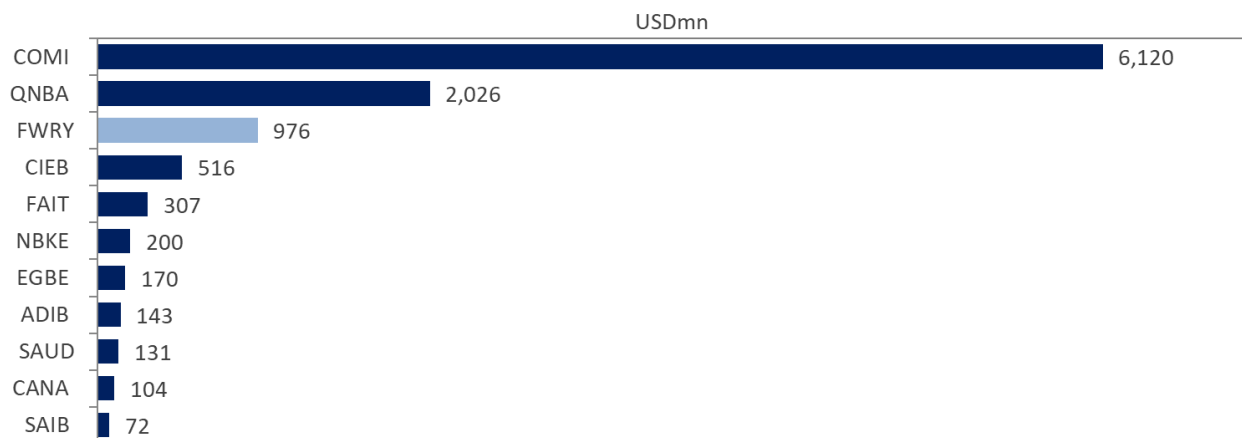
**Singapore's government has allocated another 8bn Singapore dollars (USD5.8bn) to support the economy** that has come under pressure from the coronavirus pandemic. ([CNBC](#))

**Exchange-traded funds (ETFs) are on their way for a record year.** So far in 2020, roughly USD252bn has flown into ETFs, according to ETF.com, up from the USD153bn ETFs had accrued year-to-date by this time in 2019, putting the industry on track to beat its annual record of USD452bn set in 2017. ([CNBC](#))

## 3. CHART OF THE DAY

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EGX-listed banks' market cap vs. FWRY's



Source: Bloomberg, Prime Research.

As mentioned in our Trading Playbook above, FWRY infiltrated the banks' domain when it comes to market capitalization. FWRY now has a larger market cap than every single EGX-listed bank, except for COMI and QNBA, and is almost half QNBA's market cap.

## 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)				614.0	Equity turnover (EGPmn): Last, ytd avg.				1,274.3	859.9
			daily chg.	ytd chg.				daily chg.	ytd chg.	
		EGX 30	11,142.77	0.20% (20.19%)			Gold	1,985.30	2.07%	32.22%
		EGX 30 TR	4,234.47	1.00% (18.07%)			Silver	27.49	3.93%	56.82%
		EGX 70 EWI	1,666.24	(0.75%) 31.50%			Brent Oil	45.37	1.27%	(28.17%)
		EGX 100 EWI	2,544.03	(0.78%) 16.46%			WTI	42.89	2.09%	(26.79%)
		DFMGI	2,205.97	1.04% (20.21%)			Natural Gas	2.34	(0.72%)	6.30%
		ADSMI	4,431.33	0.41% (12.70%)	<b>EGP</b>		USD/EGP	15.93	(0.01%)	(0.69%)
		TASI	7,759.48	0.72% (7.53%)	€		EUR/USD	1.19	0.24%	6.14%
		QE Index	9,603.06	0.01% (7.00%)	£		GBP/USD	1.31	0.13%	(0.74%)
		S&P 500	3,381.99	0.27% 4.68%	¥		USD/JPY	106.00	(0.56%)	(2.86%)
		Dow 30	27,844.91	(0.31%) (2.43%)			6M TB yield	13.68	3	(133)
		NASDAQ	11,129.73	1.00% 24.04%			1Y TB yield	13.82	3	(75)
		VIX	21.35	(3.17%) 54.93%			10Y TB yield	14.58	0	88
		STOXX 50	3,305.05	(1.13%) (11.73%)			2Y TB yield	0.18	2	(139)
<b>EM</b>		MSCI Emerging	1,099.96	0.62% (1.32%)			10Y TB yield	0.69	(2)	(123)
<b>FM</b>		MSCI Frontier	499.61	1.43% (14.74%)			30Y TB yield	1.43	0	(96)

\* As of market close, except for commodities and currencies at 9.27am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

## 5. LATEST EGX VALUATION MULTIPLES

[Find out](#) how your favorite stocks compare to the rest of the market.

## 6. KEY DATES

DATE	TICKER	TYPE	EVENT
18-Aug-20	ALCN	BoD meeting	Discussing July financials.
18-Aug-20	PHDC	OGM	Approving the board decisions made on 25/6/2020.
18-Aug-20	PHDC	EGM	Considering cancelling the international certificates of deposit program.
19-Aug-20		FOMC	Releasing the minutes of the last meeting.
22-Aug-20	ESRS	OGM	Approving the financial statements ending 31 Dec. 2019.
22-Aug-20	ALRA	OGM	Board election.
24-Aug-20	MFSC	OGM	Discussing 2019/20 financial statements and proposed dividend.
24-Aug-20	NCGC	EGM	Approving increasing issued capital and amending articles No. 4, 6 & 7 of the company's bylaws.
25-Aug-20	PORT	Stock dividend	Record date for a share dividend at a ratio of 0.166:1.
26-Aug-20	PORT	Stock dividend	Distribution date for a share dividend at a ratio of 0.166:1.
26-Aug-20	MIPH	EGM	Amending article No. 4 of the company's bylaws.
26-Aug-20	OBRI	Cash dividend	Record date for EGP0.300/share.
27-Aug-20	OBRI	Cash dividend	Ex-Dividend date for EGP0.300/share.
29-Aug-20	AALR	OGM	Board election.
31-Aug-20	LCSW	OGM	Approving the financial statements ending 31 Dec. 2019.
31-Aug-20	ZMID	Cash dividend	Distribution date for EGP0.25/share (2nd installment).
31-Aug-20	OBRI	Cash dividend	Distribution date for EGP0.300/share.

## 7. LATEST RESEARCH

DATE	PUBLISHED REPORT
13-Aug-20	<a href="#">Credit Agricole Egypt [CIEB] – Q2 2020 Results</a>
10-Aug-20	<a href="#">MACROView – Muted inflation environment still dominates</a>
9-Aug-20	<a href="#">MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</a>
5-Aug-20	<a href="#">MACROView – Toward gradual recovery</a>
29-Jul-20	<a href="#">MACROView – CAD gains eroded by financial account vulnerability</a>
14-Jul-20	<a href="#">Commercial International Bank - [COMI] - Q2 2020 results</a>
9-Jul-20	<a href="#">MACROView – Inflation driven by non-food baskets and unfavorable base effect</a>
8-Jul-20	<a href="#">MACROView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position</a>
7-Jul-20	<a href="#">MACROView – Non-oil private sector keeps perking up in June, but demand stays depressed</a>
25-Jun-20	<a href="#">EFG Hermes Holding [HRHO] – Behind the Optics of the Arab Investment Bank Potential Acquisition</a>
10-Jun-20	<a href="#">MACROView – Lowest annual reading in five months, but monthly figures show no changes</a>
8-Jun-20	<a href="#">Oriental Weavers Carpet [ORWE] – Operating margins improve despite COVID-19, thanks to lower PP and nylon prices</a>
8-Jun-20	<a href="#">MACROView – Solid buffers and moderate depreciation: The CBE’s recipe to deal with COVID-19</a>
3-Jun-20	<a href="#">MACROView – Non-oil private sector took a breather in May, but outlook remains cloudy</a>
18-May-20	<a href="#">Abu Dhabi Islamic Bank [ADIB] – Q1 2020 Results</a>
18-May-20	<a href="#">Al Baraka Bank Egypt [SAUD] – Q1 2020 Results</a>
17-May-20	<a href="#">Credit Agricole Egypt [CIEB] – Q1 2020 Results</a>
13-May-20	<a href="#">MACROView – Yesterday’s CBE conference call with Deputy Governor</a>
11-May-20	<a href="#">MACROView– Acceleration in April driven by food prices – as expected</a>
7-May-20	<a href="#">MACROView – Keeping head above water amid pandemic uncertainties</a>
5-May-20	<a href="#">Commercial International Bank (CIB) - Egypt [COMI] – Q1 2020 Results</a>

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