



PRIMETime

Thursday, 3 September 2020 (9:38 AM)

Betting on Education

1. Today's Trading Playbook

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KEY THEMES

President Abdel-Fattah El-Sisi's guidance for the Egyptian government to push ahead with the establishment of 10 new higher education institutes is a reminder of one of our top picks: Cairo Investment & Real Estate Development [CIRA] (-6% ytd, mkt cap: EGP7.6bn, LTM P/E of 31.7x). CIRA has exposure to both K-12 education and higher education through its Badr University in Cairo (BUC). While its P/E multiple may look rich, CIRA is more of a growth play with further planned expansion across the educational spectrum, so investors should not expect high dividends yield in the near future. That said, the government's plan to set up new universities should not be seen as a competitive threat as Egypt is underserved with c.40% of the country's population within the educational age. Besides CIRA, there are two other names in this defensive sector, albeit very illiquid in terms of trading: Suez Canal for Technology Settlement [SCTS] (+17.6% ytd, mkt cap: EGP3.8bn, LTM P/E of 7.7x), the owner of 6 October University, and Cairo Educational Services [CAED] (-1% ytd, mkt cap: EGP118mn, LTM P/E of 7.5x), which is 69% owned by CIRA.

POSITIVE

CIRA, SCTS, CAED: As the education sector attracts attention, we expect these names to re-rate, but the last two will be subject to trading liquidity.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Suez Canal Economic Zone (SCZone) offers many customs and tax incentives and enjoys many legal frameworks that allow setting up companies operating in different sectors, Chairman Yehia Zaki stated on Tuesday. ([Ahram Online](#))

Indonesia ranked 55th in the list of countries investing in the Egyptian market with projects whose investments amounted to USD111.6mn, according to the Ministry of Trade & Industry. ([Egypt Today](#))

Egypt PMI Index fell slightly to 49.4 in August, down from 49.6 in July. For further analysis our monthly coverage will be published soon. ([IHS Markit](#))

CORPORATE NEWS

Cairo For Investment & Real Estate Development's [CIRA] BoD in 2 September 2020 proposed cash dividends distribution amounted to EGP84mn (DPS of 0.144 DY of 1.1%). ([Company disclosure](#))

An approval was issued on 9 August 2020 to import 2000 tons of poultry parts, not in favor of what the local producers need, given a significant increase in local production of poultry (surplus of c.1mn ton of poultry that can be exported). The amount that was greenlighted to import isn't really significant to the size of the local market, yet the threat is repeating the attempt, allowing more significant tonnage next time. ([Youm 7](#))

Maridive and Oil Services [MOIL] BoD decided to sell Roshdy building in Alexandria for EGP32.2mn, implying EGP0.068/share (USD0.004/share). ([Company disclosure](#))

Dice Sport & Casual Wear's [DSCW] shareholder Khalfan Faraj Al Mehairbi raised his stake from 4.83% to 7.10%. ([Company disclosure](#))

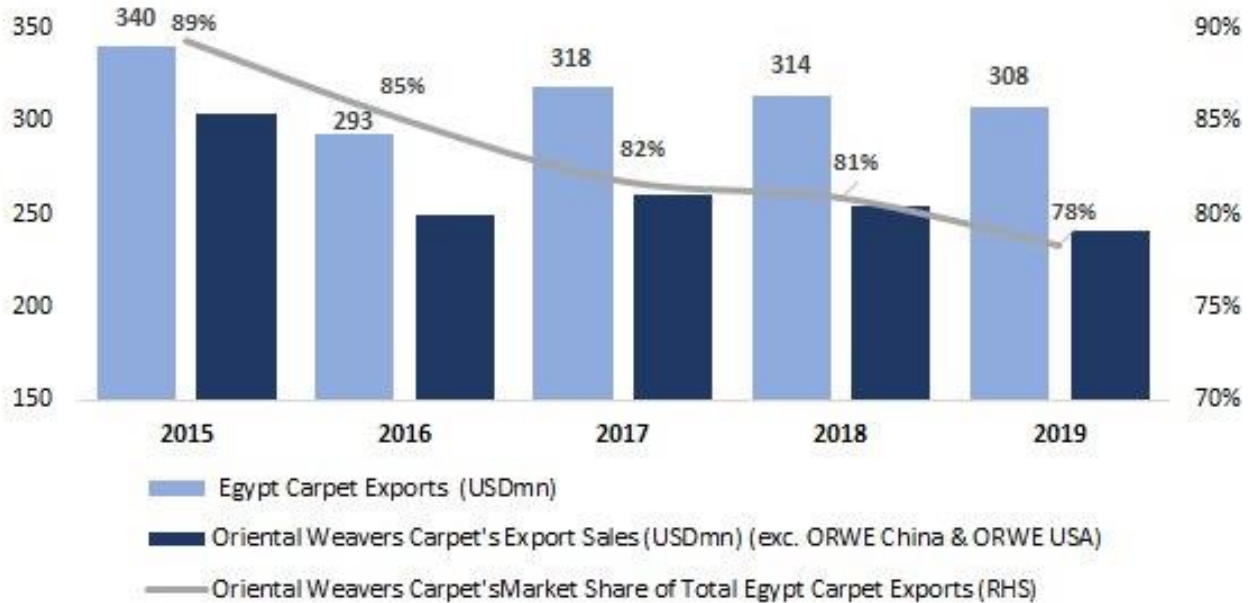
Export Development Bank [EXPA] signed a cooperation protocol with the Ministry of Endowments, to finance service and industrial workshops in the New Artisan City in Hurghada at a 5% decreasing interest. ([Al-Mal](#))

Morocco's Wafa Assurance obtained a license from the Financial Regulatory Authority (FRA) to launch its new life and health insurance unit in Egypt. ([Mubasher](#))

Another foreign financial institution is reportedly competing with Emirates NBD and Bank ABC to acquire BLOM Bank - Egypt. ([Al-Borsa](#))

3. CHART OF THE DAY














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Source: CAPMAS , ORWE's disclosure.

In the 2015-2019 period, Egypt's carpet and kilim exports declined at a 4-year CAGR of -2.4% to USD308mn in 2019. At the same pace, Oriental Weavers carpet's [ORWE] exports, excluding OW USA and OW China's sales, dropped at a 4-year CAGR of -5.6% and its market share of total Egypt's carpet exports decreased 11% since 2015 to 78% in 2019. This says that small players were able to capture part of ORWE's export market share. Thus, the Turkish segment gained part of ORWE's market share in the Egyptian carpet and rug market ([see PrimeTime issued 12 August 2020](#)) and small players succeeded to capture part of ORWE's share in the export market.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)				626.8	Equity turnover (EGPmn): Last, ytd avg.				1,214.3	902.1
			daily chg.	ytd chg.				daily chg.	ytd chg.	
	EGX 30	11,214.22	(0.18%)	(19.68%)		Gold	1,942.92	(1.38%)	27.62%	
	EGX 30 TR	4,270.08	(0.33%)	(17.38%)		Silver	27.45	(2.36%)	52.06%	
	EGX 70 EWI	1,834.93	0.22%	44.82%		Brent Oil	44.43	(2.52%)	(29.67%)	
	EGX 100 EWI	2,736.29	0.16%	25.26%		WTI	41.51	(2.92%)	(29.00%)	
	DFMGI	2,259.60	0.32%	(18.27%)		Natural Gas	2.49	(1.62%)	13.57%	
	ADSMI	4,547.13	0.48%	(10.41%)		USD/EGP	15.82	(0.37%)	(1.40%)	
	TASI	8,013.44	1.45%	(4.48%)	€	EUR/USD	1.19	(0.48%)	5.28%	
	QE Index	9,811.57	(0.40%)	(5.89%)	£	GBP/USD	1.34	(0.25%)	0.32%	
	S&P 500	3,580.84	1.54%	10.84%	¥	USD/JPY	106.18	0.21%	(2.18%)	
	Dow 30	29,100.50	1.59%	1.97%		6M TB yield	13.67	0	(134)	
	NASDAQ	12,056.44	0.98%	34.37%		1Y TB yield	13.82	0	(75)	
	VIX	26.57	1.72%	92.82%		10Y TB yield	14.78	0	108	
	STOXX 50	3,337.77	1.84%	(10.88%)		2Y TB yield	0.14	1	(143)	
EM	MSCI Emerging	1,118.90	(0.10%)	0.38%		10Y TB yield	0.65	(3)	(127)	
FM	MSCI Frontier	513.91	(0.39%)	(12.30%)		30Y TB yield	1.38	(5)	(101)	

* As of market close, except for commodities and currencies at 8.15am 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
3-Sep-20	BIOC	Cash dividend	Distribution date for EGP0.500/share.
9-Sep-20	DAPH	OGM	Discussing netting contracts.
9-Sep-20	CPCI	Stock dividend	Record date for 25% stock dividend.
10-Sep-20	CPCI	Stock dividend	Distribution date for a 25% stock dividend.
10-Sep-20	SPHT	EGM	Amending articles No. 4, 6, 7 & 60 of the company's bylaws.
12-Sep-20	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
15/16-Sep-20		FOMC	Deciding the interest rate on USD.
17-Sep-20	ORAS	EGM	Voting on hiring Nada Shousha as an independent non-executive independent director.
17-Sep-20	RMDA	EGM	Amending article No. 4 of the company's bylaws.
20-Sep-20	ORWE	EGM	Amending some articles of the company's bylaws.
21-Sep-20	EHDR	EGM	Approving splitting the par value per share and amending articles No. 6 & 7 of the company's bylaws.
21-Sep-20	CICH	OGM	Discussing adding two seats to the BoD.
21-Sep-20	MFSC	Cash dividend	Record date for EGP0.995/share.
22-Sep-20	MFSC	Cash dividend	Ex-Dividend date for EGP0.995/share.

24-Sep-20	MFSC	Cash dividend	Distribution date for EGP0.995/share.
24-Sep-20		MPC Meeting	Discussing interest rate decision.

7. LATEST RESEARCH

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

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