



# PRIMETime

Monday, 14 September 2020 (9:39 AM)

## The Trilemma

### 1. Today's Trading Playbook

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#### KEY THEMES

The 8-month saga concerning the potential sale of Vodafone Egypt [**VODE**] continues to unfold. Yesterday, we heard from the three parties that are either directly or indirectly involved in the deal, first it was STC [**KSA: 7010**] then Vodafone Group [**VOD**] and later on Telecom Egypt [**ETEL**] (please read the news below). The ball is still in STC's court to make an offer for VOD's 55% stake in VODE, but ETEL has its options too. If ETEL were to make a counterbid leveraging up, we believe ETEL's share would be worth around EGP16/share, assuming a 4.0x LTM consolidated EBITDA of EGP20.5bn (including both 100% of VODE and ETEL's operations). This confirms our view that ETEL, regardless of the conclusion of a deal, is undervalued.

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

### 2. TOP NEWS & ANALYSIS

#### MACRO NEWS

**The Egyptian government does not plan to raise taxes**, the Ministry of Finance said on Sunday, stressing the willingness to maintain stable tax policies to attract new investments. ([Mubasher](#)).

**The Egyptian Ministry of Planning & Economic Development is seeking to export around 32mn tons of crude oil, gas, and petroleum and petrochemical products as part of its plan for FY21.** ([Mubasher](#))

**GAFI approves new projects in IDG's e2 industrial park in Alamein worth EGP600mn.** ([Al-Borsa](#))

**CORPORATE NEWS**

**After STC [KSA: 7010] said yesterday it was not renewing its memorandum of understanding (MoU) signed with Vodafone Group [UK: VOD] in January 2020 to acquire its 55% stake in Vodafone Egypt [VODE], VOD confirmed that talks with STC continue.** However, VOD cited the need for STC and Telecom Egypt [ETEL] to come to terms for the deal to go through. In response, ETEL clarified that it does not have insight into the state of the discussions or the terms being discussed between VOD and STC, further denying any role in assisting both parties to conclude a transaction. On a separate note, a source familiar with the negotiations between STC and VOD revealed that ETEL is seriously considering to exercise its right of first refusal to acquire 100% of VODE, having tapped foreign banks for finance. ([Youm 7](#), [Company disclosure](#), Al-Borsa)

**Orascom Investment Holding [OIH] will likely be looking at potential investments in logistics and entertainment in the coming period.** Meanwhile, OIH plans to sell off its Brazil assets, including VC fund Riza Capital, and finalize the sale of its submarine cable in Pakistan. Meanwhile, OIH has not begun steps towards entering the banking sector, denying its intention to acquire BLOM Bank - Egypt. ([Hapi](#))

**CI Capital Holding's [CICH] newly-established consumer finance arm Souhoola signed an agreement with Jumia to provide installment services to the latter's customers.** Also, Souhoola is currently in negotiation with six universities to add to its portfolio ([Al-Mal](#))

**GB Auto [AUTO] has partnered with Goodyear Tire & Rubber Co., a U.S. multinational tire manufacturer, to become its authorized Goodyear tire supplier in Egypt.** (Company disclosure)

**Speed Medical [SPMD] is preparing to acquire Misr Laboratories in an EGP10mn deal.** (Al-Mal)

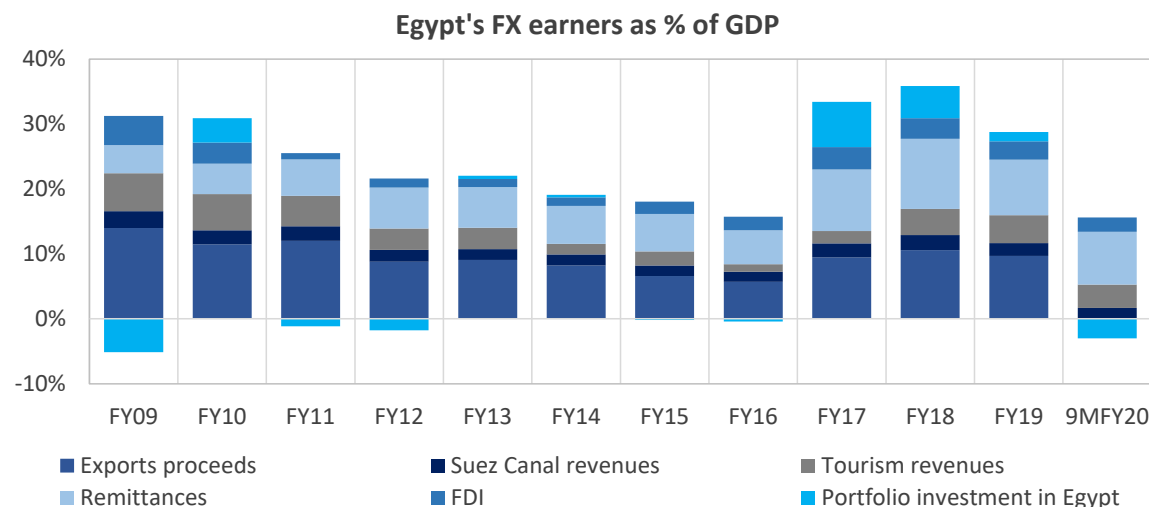
**GLOBAL NEWS**

**Saudi Arabia and Russia, the leading members of OPEC+, will chair a monitoring meeting to assess whether the vast production cuts, which they started easing in August, are still staving off an oil glut.** New signs of exporters reneging on the deal are not helping. ([Bloomberg](#))

**Oil-rich Gulf nations are relying on a well-worn playbook of spending less and borrowing more to get through the coronavirus crisis,** yet with the outlook for oil clouded by uncertainty the strategy is riskier than before. ([Reuters](#))










































### 3. CHART OF THE DAY

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By FY15, workers' remittances became the largest source of foreign financial inflows for Egypt, exceeding FDI inflows and tourism receipts. In FY18, remittances reached a peak of USD26.4bn (around 10.8% of GDP) compared to only USD7.7bn of FDI inflows (3.2% of GDP) and USD9.8bn of tourism receipts (4% of GDP).

### 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						617.4							
						daily chg.	ytd chg.						
		EGX 30	11,091.67	0.19%	(20.56%)			Gold	1,940.55	(0.28%)	28.21%		
		EGX 30 TR	4,237.04	0.10%	(18.02%)				Silver	26.73	(0.55%)	50.28%	
		EGX 70 EWI	1,879.02	1.18%	48.30%					Brent Oil	39.83	(0.57%)	(36.64%)
		EGX 100 EWI	2,763.07	0.97%	26.48%					WTI	37.33	0.08%	(35.79%)
		DFMGI	2,274.38	0.17%	(17.74%)					Natural Gas	2.27	(2.32%)	6.99%
		ADSMI	4,510.07	(0.20%)	(11.03%)		EGP			USD/EGP	15.76	0.23%	(1.69%)
		TASI	8,203.57	0.84%	(2.21%)		€		EUR/USD	1.18	0.26%	5.63%	
		QE Index	9,878.13	1.17%	(5.25%)		£		GBP/USD	1.28	(0.07%)	(3.32%)	
		S&P 500	3,340.97	0.05%	3.41%	¥		USD/JPY	106.16	0.03%	(2.36%)		
		Dow 30	27,665.64	0.48%	(3.06%)			6M TB yield	13.58	10	(143)		
		NASDAQ	10,853.54	(0.60%)	20.96%			1Y TB yield	13.65	10	(92)		
	VIX	26.87	(9.56%)	94.99%			10Y TB yield	14.70	(8)	100			
		STOXX 50	3,315.81	0.09%	(11.46%)				2Y TB yield	0.13	(0)	(144)	
		MSCI Emerging	1,091.79	0.60%	(2.05%)			10Y TB yield	0.67	0	(125)		
		MSCI Frontier	512.54	0.11%	(12.53%)			30Y TB yield	1.42	(0)	(97)		

\* As of market close, except for commodities and currencies at 8.3am 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
14-Sep-20	MOIL	BoD	Discussing Q2 standalone results.
15/16-Sep-20		FOMC	Deciding on the USD interest rate.
16-Sep-20	AMES	Stock dividend	Record date for a dividend at ratio of 0.083:1.
17-Sep-20	AMES	Stock dividend	Distribution date for a dividend at ratio of 0.083:1.
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 an interest rate decision.
26-Sep-20	IFAP	OGM	Approving the financial statements ending 30 Jun. 2020.
26-Sep-20	ABUK	OGM	Approving the financial statements ending 30 Jun. 2020.
26-Sep-20	CPCI	OGM	Approving the financial statements ending 30 Jun. 2020.
26-Sep-20	AXPH	OGM	Approving the financial statements ending 30 Jun. 2020.
26-Sep-20	ADCI	OGM	Approving the financial statements ending 30 Jun. 2020.
27-Sep-20	CIRA	OGM	Discussing dividend distribution.
27-Sep-20	AIH	Lawsuit	A court session discussing legal disputes relevant to the company.
27-Sep-20	NCGC	OGM	Approving the financial statements ending 30 Jun. 2020.
28-Sep-20	NCGC	EGM	Amending some articles of the company's bylaws.
28-Sep-20	ESGI	EGM	Amending articles No. 4, 7, 21, 26, & 29 of the Company's bylaws.
1-Oct-20	NCGC	OGM	Discussing the agenda.

## 7. LATEST RESEARCH

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

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