



# PRIMETime

Tuesday, 22 September 2020 (9:55 AM)

## As Clean as a Whistle

### 1. Today's Trading Playbook

Amr Hussein Elalfy CFA, Head of Research  
[AElalfy@egy.primegroup.org](mailto:AElalfy@egy.primegroup.org)

#### KEY THEMES

Yesterday, [media reports of leaked U.S. Treasury's FinCen confidential documents](#) circulated in the market, naming a list of many global banks that were said to continue doing business with entities that were involved in money laundering activities. These media reports were based on leaked suspicious activity reports (SARs) filed by banks and other financial firms with the U.S. Department's Financial Crimes Enforcement Network (FinCen). We note that FinCen had said in [a statement on its website](#) that it was aware of the intension of various media outlets to publish such documents. In addition, considering that the leaked documents date back to around two decades, having a bank name on that list does not necessarily indicate any wrongdoing, but there could be an issue if such banks continued to do business with the illicit flagged entities even after disclosure to the U.S. Treasury.

The question now is whether this has any ramifications on Egypt's banking sector. One media report linked to Forbes Middle East listed two Egyptian banks, namely QNB Al Ahli [**QNBA**] and Housing & Development Bank [**HDBK**] with amounts less than USD500,000 and USD15,000, respectively. So, we do not think that such leaked documents will have an impact on Egyptian banks, noting the strength of the Egyptian banking sector. That said, we believe that any sell-off as a result of these news should be considered an opportunity to accumulate on good names. Please check our previous **PRIME**Time issues for some of the names we like.

#### POSITIVE

**BINV, HRHO, MTIE, RAYA:** We reiterate our calls on these four names as each company moves to monetize its assets in the e-payment/fintech space somehow.

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

## 2. TOP NEWS & ANALYSIS

### MACRO NEWS

**The Egyptian government is reportedly close to approving new prices to supply natural gas to the industrial sector at USD3/mmbtu**, down from USD4.5/mmbtu, as per the Automatic Pricing Mechanism Follow-Up Committee for Petroleum Products, in view of the recent drop in global prices. ([Hapi](#))

**The Ministry of Finance announced the launch of a second initiative to support small exporters** under the patronage of the cabinet. ([Mubasher](#))

**The World Bank considers extending a USD641.2mn loan to improve safety on the Alexandria-Cairo-Upper Egypt railway line.** ([Al-Borsa](#))

**Egypt will begin exporting chemical products to Spain and Argentina**, with exports expected to amount to USD5bn by the end of the year. ([Almasry Alyoum](#))

**Banque Misr, similar to National Bank of Egypt (NBE), stopped issuing its 15% one-year CDs.** ([Hapi](#))

### CORPORATE NEWS

**Export Development Bank of Egypt's [EXPA] BoD approved to amend proposed distributions for 2019/20.** BoD is now proposing to withhold cash dividends of EGP136.4mn to support the bank's capital base, considering instead a 10% bonus shares distribution. ([Al-Borsa](#))

**Raya Holding [RAYA] is studying the options of offering a stake of Aman Group to the public.** Earlier, RAYA had said that National Bank of Egypt (NBE) was undergoing due diligence to acquire a minority stake in Aman Group. ([Al-Mal](#))

**EFG Hermes Holding [HRHO] announced that PayTabs Egypt, a JV between PayTabs and HRHO, will provide three months free-of-charge e-payments on its platform.** The initiative is mainly focused on SMEs, in a move to accelerate the digitalization of economy. ([Company disclosure](#))

**Arabian Cement Co. [ARCC] expects to record a net loss of EGP40-50mn in 2020, affected by a decrease in demand and oversupply.** ARCC's CEO has stated that the coming period may witness the exit of seven cement producers. Meanwhile, ARCC expects maintaining the same sales volume of 2019 at around 3.94 tons in 2020. ARCC had delayed a USD15mn investment until the situation becomes clearer in the local market. Moreover, ARCC delayed injecting USD200mn in a factory in Brazil until improvement of liquidity conditions. (Al-Mal, [Al-Borsa](#))

**El Nasr for Manufacturing Agricultural Crops [ELNA] received a request from Sohag Housing & Development, the buyer of its plot in Sohag, to delay its first installment for 30 days to 20 October.** ([Company disclosure](#))

**Ebtikar, a JV between B Investment [BINV], BPE Partners, and MM Group [MTIE], sought EFG Hermes Holding [HRHO] for investment banking advice on listing itself or one of its subsidiaries on the Egyptian Exchange (EGX).** ([Company disclosure](#))

**Emaar Misr for Development [EMFD] announced it will donate EGP20mn to Tahya Misr Fund to develop and renovate a school and a hospital in Sidi Abdel-Rahman area.** ([Company disclosure](#))

**Ahli United Bank - Bahrain (AUB), alongside Misr Strategia, obtained FRA approval to purchase the remaining 14.52% stake in AUB Egypt.** The acquisition would see the AUB purchase the International Finance Corporation's (IFC) 10% stake and Qatar National Bank's [QE: QNBK] 4.17%, while Misr Strategia would acquire the remaining 0.15% held by Egyptian shareholders. ([Al-Mal](#))

**The private equity firm Development Partners International (DPI) is planning to acquire Adwia Co. for a total value of USD200mn in the coming three weeks.** ([Al-Mal](#))

**United Arab Stevedoring [UASG] announced its financial indicators for 2019/20, where net losses widened** to EGP29.1mn vs. EGP22.7mn, as revenues decreased 15% to EGP11.3mn. ([Company disclosure](#))

**Elwadi for International Investment & Development's [ELWA] shareholder Mutasim Mustafa Mahmoud raised his stake from 4.9% to 5.4%.** ([Company disclosure](#))

**Mansoura Poultry's [MPCO] shareholder Ahmed Mohammed Ashmawi sold his entire stake of 5.22% in the company.** ([Company disclosure](#))

## GLOBAL NEWS

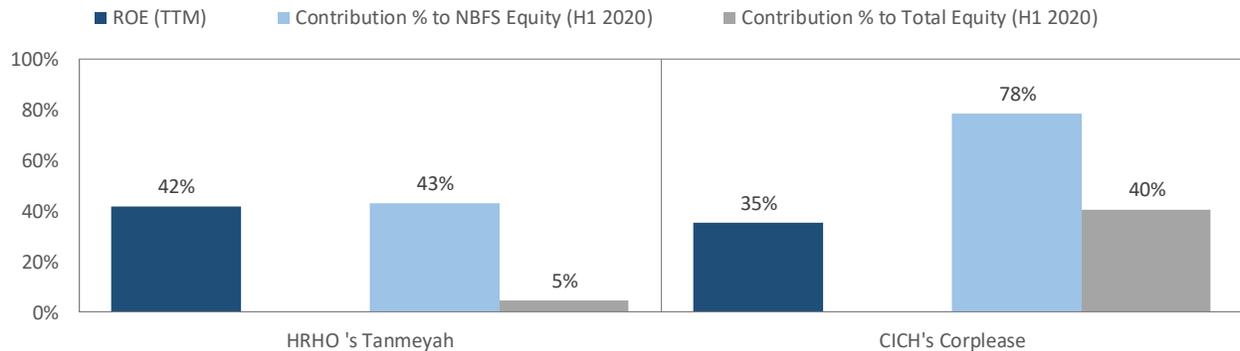
**The Federal Reserve remains committed to using all the tools at its disposal to help the U.S. economy recover** from the blow delivered by the coronavirus pandemic, Chair Jerome Powell said on Monday. ([Reuters](#))

**Deutsche Bank said yesterday that global economic output will return to pre-COVID levels** by the middle of next year due to a stronger than expected rebound in recent months. ([Reuters](#))

### 3. CHART OF THE DAY

Sherif El Etr, Equity Analyst

[SEletr@egy.primegroup.org](mailto:SEletr@egy.primegroup.org)



Source: Prime Research, Company Report.

The NBFS segment has seen some growth in the last period with more companies tapping into the segment. We take a somewhat closer look at EFG Hermes Holding [HRHO] and CI Capital Holding [CICH], both of which have already beaten their peers in establishing a non-banking financial services (NBFS) platform. The biggest contributors to NBFS platform's equity are **Tanmeyah** (HRHO's microfinance arm) and **Corplease** (CICH's leasing arm). Tanmeyah's contribution to HRHO's NBFS platform equity stood at 43% with a TTM ROAE of 42%, while Corplease's amounted to 78% with an ROAE of 35%. This highlights the diversification HRHO has undertaken within its NBFS segment. On the other hand, although CICH is still more reliant on Corplease, its recent launch of **Souhoola** should help diversify its NBFS segment further.

### 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)		613.1		Equity turnover (EGPmn): Last, ytd avg.		1,612.9 919.8	
			daily chg.	ytd chg.		daily chg.	ytd chg.
🇪🇬	EGX 30	10,910.37	(0.54%)	(21.85%)	🇺🇸	Gold	1,912.51 (1.97%) 25.53%
	EGX 30 TR	4,165.51	(0.99%)	(19.41%)	🇺🇸	Silver	24.72 (7.72%) 35.16%
	EGX 70 EWI	1,958.79	(0.70%)	54.59%	🇺🇸	Brent Oil	41.44 (3.96%) (34.15%)
	EGX 100 EWI	2,841.19	(0.82%)	30.06%	🇺🇸	WTI	39.31 (4.38%) (32.65%)
🇪🇬	DFMGI	2,270.05	(2.16%)	(17.90%)	🇺🇸	Natural Gas	1.84 (10.40%) (14.48%)
	ADSMI	4,492.19	(1.19%)	(11.43%)	EGP	USD/EGP	15.74 (0.12%) (1.82%)
🇸🇦	TASI	8,291.35	(0.88%)	(1.17%)	€	EUR/USD	1.18 (0.58%) 4.75%
🇲🇪	QE Index	9,764.39	(1.53%)	(5.94%)	£	GBP/USD	1.28 (0.77%) (3.52%)
🇺🇸	S&P 500	3,281.06	(1.16%)	1.56%	¥	USD/JPY	104.65 0.08% (3.72%)
	Dow 30	27,147.70	(1.84%)	(4.87%)	🇪🇬	6M TB yield	13.57 (1) (144)
	NASDAQ	10,778.80	(0.13%)	20.13%	🇺🇸	1Y TB yield	13.67 2 (90)
	VIX	27.78	7.55%	101.60%		10Y TB yield	14.70 0 100
🇪🇺	STOXX 50	3,160.95	(3.74%)	(15.60%)	🇺🇸	2Y TB yield	0.14 0 (143)
EM	MSCI Emerging	1,090.35	(1.64%)	(2.18%)		10Y TB yield	0.67 (3) (125)
FM	MSCI Frontier	520.29	0.44%	(11.21%)		30Y TB yield	1.42 (4) (97)

\* As of market close, except for commodities and currencies at 8.45am 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
22-Sep-20	MFSC	Cash dividend	Ex-Dividend date for EGP0.995/share.
22-Sep-20	ALCN	BoD meeting	Discussing financial results.
24-Sep-20	MFSC	Cash dividend	Distribution date for EGP0.995/share.
24-Sep-20		MPC Meeting	Discussing 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.
30-Sep-20	MNHD	Cash dividend	Distribution date for EGP0.30/share (2nd installment).
30-Sep-20	EXPA	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	AMOC	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	NIPH	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	MHOT	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	MHOT	EGM	Discussing a note on an amicable settlement on VAT.
30-Sep-20	DEIN	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	MPCI	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	MPCI	EGM	Approving increasing issued capital.
30-Sep-20	MOIN	Stock dividend	Record date for 0.25:1.
30-Sep-20	ISPH	Stock dividend	Record date for 0.170:1.
1-Oct-20	MOIN	Stock dividend	Distribution date for 0.25:1.
1-Oct-20	ISPH	Stock dividend	Distribution date for 0.170:1.
1-Oct-20	ACGC	OGM	Approving the financial statements ending 30 Jun. 2020.

## 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="#"><u>MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</u></a>
5-Aug-20	<a href="#"><u>MACROView – Toward gradual recovery</u></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>

## PRIME SECURITIES

### Shawkat El Maraghy

Managing Director  
Tel.: +202 3300 5622  
SElmaraghy@egy.primegroup.org

### SALES

#### Mohamed Ezzat

Head of Sales & Branches  
Tel.: +202 3300 5784  
MEzzat@egy.primegroup.org

#### Mohamed Ashmawy

Head of Institutional Sales  
Tel.: +202 3300 5612  
MAshmawy@egy.primegroup.org

#### Amr Alaa, CFTe

Team Head – Institutional Desk  
Tel.: +202 3300 5609  
AAlaa@egy.primegroup.org

#### Mohamed El Metwaly

Manager  
Tel.: +202 3300 5610  
MElmetwaly@egy.primegroup.org

#### Emad El Safoury

Manager  
Tel.: +202 3300 5624  
EElsafoury@egy.primegroup.org

#### Shawkat Raslan

Heliopolis Branch Manager  
Tel.: +202 3300 5110  
SRaslan@egy.primegroup.org

#### Mohamed El Henawy

Nasr City Branch Manager  
Tel.: +202 3300 5166  
MElhenawy@egy.primegroup.org

#### Nashwa Abuelatta

Alexandria Branch Manager  
Tel.: +202 3300 5173  
NAbuelatta@egy.primegroup.org

### Research

#### Amr Hussein Elalfy, CFA

Head of Research  
Tel.: +202 3300 5724  
AElalfy@egy.primegroup.org

### HEAD OFFICE

#### PRIME SECURITIES S.A.E.

Regulated by FRA License No. 179.  
Member of the Egyptian Exchange.  
2 Wadi Elnil St., Liberty Tower, 7<sup>th</sup> Fl.  
Mohandessin, Giza  
Egypt  
Tel: +202 3300 5700/770/650/649  
Fax: +202 3760 7543

### BRANCHES

#### HELIOPOLIS

7 Elhegag Square  
Heliopolis, Cairo  
Egypt  
Tel: +202 2777 0600  
Fax: +202 2777 0604

#### NASR CITY

9 Elbatrawy St.  
Nasr City, Cairo  
Egypt  
Tel: +202 3300 8160  
Fax: +202 3305 4622

#### ALEXANDRIA

7 Albert Al Awal St.  
Smouha, Alexandria  
Egypt  
Tel: +202 3300 8170  
Fax: +202 3305 4622

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