



PRIMETime

Tuesday, 29 September 2020 (9:48 AM)

Bird's Opening

1. Today's Trading Playbook

Amr Hussein Elalfy CFA, Head of Research
AElalfy@egy.primegroup.org

KEY THEMES

The past few trading days, market participants have been bidding shares of energy-intensive stocks higher in anticipation of government decisions to cut energy prices, particularly a key driver for Ezz Steel [**ESRS**], Al Ezz Dekheila [**IRAX**], Sidi Kerir Petrochemicals [**SKPC**], and Abu Qir Fertilizers [**ABUK**]. Another government action which could be in the works is related to the poultry industry, with the resumption of poultry exports representing a positive omen for poultry stocks in general. Destination markets and their depth are two factors to take into account, but generally speaking any action that would lighten inventory levels in the domestic market is a positive for the industry. The only risk would be if importation intensifies as well. Meanwhile, the Prime Minister's relaxing the construction limitations on new buildings may lend a helping hand to cement manufacturers in the short term. The cement industry is still looking forward to government support to revive the industry which has been plagued with a chronic oversupply issue.

POSITIVE

Poultry, Cement: In view of the above, we think poultry names will be in the spotlight today, led by Cairo Poultry [**POUL**]. Also, **cement stocks** may be in focus with the government suggesting new construction terms could be issued next week.

NEGATIVE

IRAX: Al Ezz Dekheila Steel's [**IRAX**] huge losses in Q2 2020, while expected, is not helping the overall sentiment on the stock or the industry, leaving the government's decision to cut natural gas prices as the only positive in the short term.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt's Prime Minister allowed for the resumption of construction and finishing works for those who previously obtained a building permit, only up to 4 floors, until the new building terms are issued. ([Hapi](#))

Egypt hired banks ahead of a potential issuance of five-year U.S. dollar-denominated green bonds worth more than USD500mn, a document showed on Monday. ([Nasdaq](#))

New amendments for mortgage finance companies were revealed, allowing them now to lend up to 15% of their capital to an individual household for residential properties (10% previously) and up to 30% for non-residential properties (20% previously). ([Enterprise](#)) We note that CI Capital Holding [CICH] had established its mortgage finance arm back in Q2 2019.

Korean car sales in Egypt fell by 0.7% to 15,753 vehicles in August 2020 compared to 15,857 vehicles in August 2019, according to the Automobile Market Information Council (AMIC). ([Al-Mal](#))

An Emirati consortium mulls the construction of a wind farm in Egypt, with an investment of USD500mn. ([Al-Mal](#))

CORPORATE NEWS

A number of major poultry producers confirmed the Egyptian market's readiness to resume poultry exports during Q4 2020, with some 14 poultry companies allowed to export. This comes after more than 14-year hiatus since the H1N1 virus in 2006. This decision is not likely to increase the price of poultry in the local market, but it may attract new investments to the poultry sector, according to market experts. ([Al-Mal](#))

Palm Hills Developments [PHDC] and CI Capital Holding's [CICH] subsidiary Taleem Management Services signed an agreement to establish an educational company to develop a university in PHDC's project Badya in West Cairo. The university is expected to serve up to 9,000 students with an investment cost ranging from EGP1.6-1.9bn. The JV structure will be 40% for PHDC and 60% for Taleem. On a separate note, **PHDC also announced that they applied for its GDR cancelation with the termination taking effect on 22 December 2020.** ([Company disclosure](#))

Al Ezz Dekheila Steel [IRAX] incurred net losses of EGP1.2bn in Q2 2020 vs. net losses of EGP250mn in Q2 2019. IRAX turned to a gross loss of EGP104mn compared to a gross profit of EGP333mn a year before, pulled back by a 45% y/y decrease in revenues to EGP6.1bn. ([Company disclosure](#))

Egyptian Resorts Co. [EGTS] reported net profits after minority of EGP25mn in H1 2020 vs. net loss after minority of EGP20mn a year earlier. The results were strongly affected by profits registered in Q1 2020 as Q2 2020 net profit was strongly hit (recording only EGP0.2mn) on lower revenues of EGP28mn (-69% q/q, -46% y/y). ([Company disclosure](#))

Cairo for Investment & Real Estate Development's [CIRA] OGM decided to pay out a cash dividend of EGP84mn (DPS of EGP0.144), drawing from the retained earnings balance as of 31 August 2019. ([Company disclosure](#))

Amer Group [AMER] requested the New Urban Communities Authority (NUCA) to increase their New Minya land from 45 feddans to 57 feddans. The 45-feddan land was valued at EGP250mn for which AMER paid 30% of its installments. ([Al-Mal](#))

Sarwa Capital Holding's [SRWA] subsidiary "Getgo", its consumer finance arm which financed customers since its inception with more than EGP20bn, would be rebranded to "Contact Shopping" during Q4 2020. ([Al-Borsa](#))

Eastern Co.'s BoD [EAST] proposed a cash dividend distribution of EGP3.15bn (a DPS of EGP1.40/share vs. EGP1.0/share last year). This implies a dividend yield of 11.6% as of 28 September 2020. ([Company disclosure](#))

Suez Cement [SUCE] BoD approved to make a tender offer to buy up to 100% of Tourah Portland Cement [TORA] at EGP7.18/share. ([Company disclosure](#))

GLOBAL NEWS

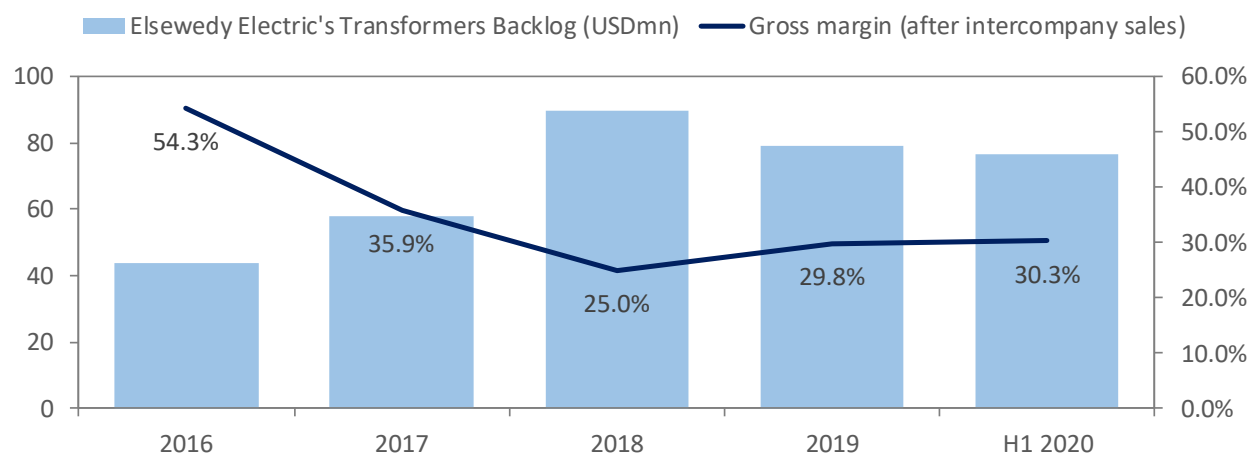
The World Bank said that the COVID-19 pandemic is expected to make growth at its lowest level in 50 years in the East Asia and Pacific region as well as China. ([Arab-News](#))

Crédit Agricole Corporate & Investment Bank (Crédit Agricole CIB) sold its 4% stake in Banque Saudi Fransi for USD387mn to two Saudi government-related institutional investors. Meanwhile, Credit Agricole [France: SA] is scouting for potential acquisitions in Italy as banking deals accelerate in Europe, according to people familiar with the deliberations. (Bloomberg) In our opinion, this may display the tendency of the bank group's top management to curtail their presence in MENA. However, we do not see the group pursuing the same strategy in Egypt in the near term when growth opportunity is plenty in the midst of a turn to a cashless society.

3. CHART OF THE DAY

Dina Abdelbadie, Equity Analyst












































DAbdelbadie@egy.primegroup.org



Source: Company reports.

Elsewedy Electric's [SWDY] transformers segment is one of its margin boosters (30.3% in H1 2020) despite its small contribution to revenues (3% in H1 2020). The segment's revenues grew by 33% (3-year CAGR) in 2019 and hit EGP589mn in H1 (-24% y/y). Transformers are being manufactured in five countries and exported to 18.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						617.8		Equity turnover (EGPmn): Last, ytd avg.				1,228.8		928.2					
						daily chg.		ytd chg.								daily chg.		ytd chg.	
		EGX 30	10,969.94	0.62%	(21.43%)			Gold	1,881.48	1.07%	23.88%								
		EGX 30 TR	4,199.56	0.79%	(18.75%)			Silver	23.68	3.44%	31.77%								
		EGX 70 EWI	2,022.93	(0.08%)	59.65%			Brent Oil	42.43	1.22%	(32.86%)								
		EGX 100 EWI	2,918.19	0.12%	33.58%			WTI	40.60	0.87%	(30.78%)								
		DFMGI	2,261.49	0.74%	(18.21%)			Natural Gas	2.10	(1.78%)	25.86%								
		ADSMI	4,492.18	0.14%	(11.41%)	EGP		USD/EGP	15.76	(0.11%)	(1.81%)								
		TASI	8,334.65	0.49%	(0.65%)	€		EUR/USD	1.17	0.30%	4.08%								
		QE Index	9,883.90	0.70%	(5.20%)	£		GBP/USD	1.28	0.69%	(3.07%)								
			S&P 500	3,351.60	1.61%	3.74%	¥		USD/JPY	105.50	(0.08%)	(2.71%)							
		Dow 30	27,584.06	1.51%	(3.34%)			6M TB yield	13.52	(5)	(149)								
		NASDAQ	11,117.53	1.87%	23.91%			1Y TB yield	13.60	(7)	(97)								
		VIX	26.19	(0.72%)	90.06%			10Y TB yield	14.64	(5)	94								
			STOXX 50	3,223.19	2.75%	(13.94%)			2Y TB yield	0.13	(1)	(144)							
EM		MSCI Emerging	1,069.88	1.02%	(4.02%)			10Y TB yield	0.66	0	(126)								
FM		MSCI Frontier	520.70	(0.30%)	(11.14%)			30Y TB yield	1.42	1	(97)								

* As of market close, except for commodities and currencies at 8.41am 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
29-Sep-20	MOIL	BoD meeting	Discussing Q2 2020 financial results
30-Sep-20	MNHD	Cash dividend	Distribution date for EGP0.30/share (2 nd 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 the issued capital.
30-Sep-20	MOIN	Stock dividend	Record date for dividends at ratio of 0.25:1.
30-Sep-20	ISPH	Stock dividend	Record date for dividends at ratio of 0.170:1.
30-Sep-20	EXPA	BoD meeting	Reviewing agenda items.
1-Oct-20	MOIN	Stock dividend	Distribution date for dividends at ratio of 0.25:1.
1-Oct-20	ISPH	Stock dividend	Distribution date for dividends at ratio of 0.170:1.
1-Oct-20	ACGC	OGM	Approving the financial statements ending 30 Jun. 2020.
3-Oct-20	EFIC	EGM	Amending articles No. 26 and 36 of the company's bylaws.
4-Oct-20	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.
5-Oct-20	CLHO	EGM	Discussing applying a reward system for employees.
7-Oct-20		FOMC	Discussing policy rate.
7-Oct-20	NCCW	Stock dividend	Record date for dividends at ratio of 0.333:1.
8-Oct-20	NCCW	Stock dividend	Distribution date for dividends at ratio of 0.333:1.
11-Oct-20	WCDF	OGM	Approving the financial statements ending 30 Jun. 2020.
12-Oct-20	IRON	OGM	Amending articles of the company's bylaws.
12-Oct-20	IRON	EGM	Reshuffling the board members.
12-Oct-20	COMI	BoD meeting	Reviewing Agenda Items.
13-Oct-20	ACAMD	OGM	Approving the financial statements ending 31 Dec. 2019.

7. LATEST RESEARCH

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

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, 7th 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

DISCLAIMER

Information included in this report has no regard to specific investment objectives, financial situation, advices or particular needs of the report users whether they received them directly or through any research pool and other specialized websites. The report is published for information purposes only and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Unless specifically stated otherwise, all price information is only considered as indicator. No express or implied representation or guarantee is provided with respect to completeness, accuracy or reliability of information included in this report. Past performance is not necessarily an indication of future results. Fluctuation of foreign currency rates of exchange may adversely affect the value, price, or income of any products mentioned in this report. Information included in this report should not be regarded by report users as a substitute for the exercise of their own due diligence and analysis based on own assessment and judgment criteria. Any opinions given are subject to change without notice and may significantly differ or be contrary to opinions expressed by other Prime business areas as a result of using different assumptions and criteria. Prime Group is under no obligation responsible to update or keep current the information contained herein. Prime Group, its directors, officers, employees or clients may have or have had interests or long or short positions in the securities and/or currencies referred to herein, and may at any time make purchases and/or sales in them as principal or agent. Prime Group, its related entities, directors, employees, and agents accept no liability whatsoever for any loss or damage of any kind arising from the use of all or part of these information included in this report whether it is received directly or through research pools and other specialized websites. Certain laws and regulations impose liabilities which cannot be disclaimed. This disclaimer shall, in no way, constitute a waiver or limitation of any rights a person may have under such laws and/or regulations. Furthermore, Prime Group or any of the group companies may have or have had a relationship with or may provide or have provided other services, within its objectives to the relevant companies.

Copyrights © 2020, Prime Group, ALL RIGHTS RESERVED. You are hereby notified that distribution and copying of this document is strictly prohibited without the prior approval of Prime Group.