



## Three Things to Look Out for in EGX

### 1. Today's Trading Playbook

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#### KEY THEMES

When asked which direction the EGX 30 would be heading over the coming period, one has to first answer the question "What will be CIB's [**COMI**] stock?" At our current 12M price target of EGP83/share, EGX 30 index would move by 13% to just above 12,400—a level we last saw early March 2020 before the pandemic came upon us. But an important caveat is "ceteris paribus" (meaning assuming all other EGX 30 components do not change in either direction). However, we all know that change is the norm. For the time being, we envisage three key market drivers: **(1)** a potential reduction of energy prices by the Egyptian government for energy-intensive industries, **(2)** continued multi-sector mergers and acquisitions activity accelerated by the pandemic, and **(3)** new EGX listings. The latest news suggest that **e-Finance**, the state-owned e-payment provider, could be floated on EGX in Q1 2021. Today, we read news about a potential dual listing of Egypt-based lab operator Integrated Diagnostics Holding [**LSE: IDHC**] which has a current market cap of USD577.5mn, having gone public on the London Stock Exchange back in May 2015. Otherwise, investors would need to sift through the remaining Q3 earnings reports that are yet to come out, the most outstanding of which would be made by **COMI**, Elsewedy Electric [**SWDY**], Cleopatra Hospital [**CLHO**], Ezz Steel [**ESRS**], and Qalaa Holdings [**CCAP**]. Speaking of which, Orascom Construction [**ORAS**] just reported its Q3 results this morning, recovering off a weak Q2.

#### POSITIVE

**ORAS:** This is probably the only major publicly-traded contractor in the MENA region to survive the negative repercussions of a low-oil-price environment followed by COVID-19-induced slowdown. The stock is now trading at LTM EV/EBITDA of 1.7x (on a pro forma basis, including its 50% stake in BESIX) and P/E of 6.2x.

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



## 2. TOP NEWS & ANALYSIS

### MACRO NEWS

**Airlines flying to Egypt's tourist hotspots will get a 50% discount on landing and docking fees as well as 20% off on-the-ground plane services.** ([Masrawy](#))

**Importers of key commodities could be excluded from paying value-added tax on shipping costs under legislative amendments to the VAT Tax Law** which received approval in Cabinet's weekly meeting yesterday. ([Egyptian Cabinet](#))

**State-owned engineering firm Enppi is one of eight contractors to sign long-term agreements for brownfield projects with Aramco.** ([Aramco](#))

### CORPORATE NEWS

**Orascom Construction's [ORAS] Q3 2020 net income after minorities recorded USD30.2mn (-6.2% y/y, +208% q/q),** backed by (1) higher revenues of USD824.5mn (+4.4% y/y, +4.2% q/q), supported by higher U.S. revenues and despite a 5% lower MENA revenues, (2) lower net financing costs, and (3) BESIX turning to profit of USD10mn in Q3 2020 vs. a loss of USD7.1mn in Q2 2020. BoD suggests distributing a dividend in January 2021, but the exact amount is undetermined yet. (Company disclosures: [1](#), [2](#))

**A source close to Ibnsina Pharma [ISPH] said that there is no intention for ISPH to terminate the contract with Elagi Tech, following the objection of the Egyptian Pharmacists Syndicate.** On Wednesday, the syndicate released a statement deciding to stop dealing with ISPH, after a 48-hour grace period granted to ISPH to terminate its contract with Elagi Tech. On 10 November, ISPH said it had signed an agreement to acquire 75% of Elagi Tech. (Al-Mal)

**Orascom Development Egypt [ORHD] said it is currently in negotiations to sell its stake in Orascom Housing Communities (OHC).** ([Company disclosure](#)) ORHD owns a 35.25% stake in OHC.

**Madinet Nasr for Housing & Development [MNHD] said it finalized the sale of its 98.37%-owned subsidiary Nasr Utilities & Installations for EGP30mn to a strategic investor.** ([Company disclosure](#))

**State-owned investment bank NI Capital has signed an agreement to acquire Bank Audi's Arabeya Online Brokerage.** ([MoP](#))



## GLOBAL NEWS

**Integrated Diagnostics Holdings [LSE: IDHC] is considering the dual listing of its ordinary shares on the EGX,** the company announced in a press release. ([IDH](#))

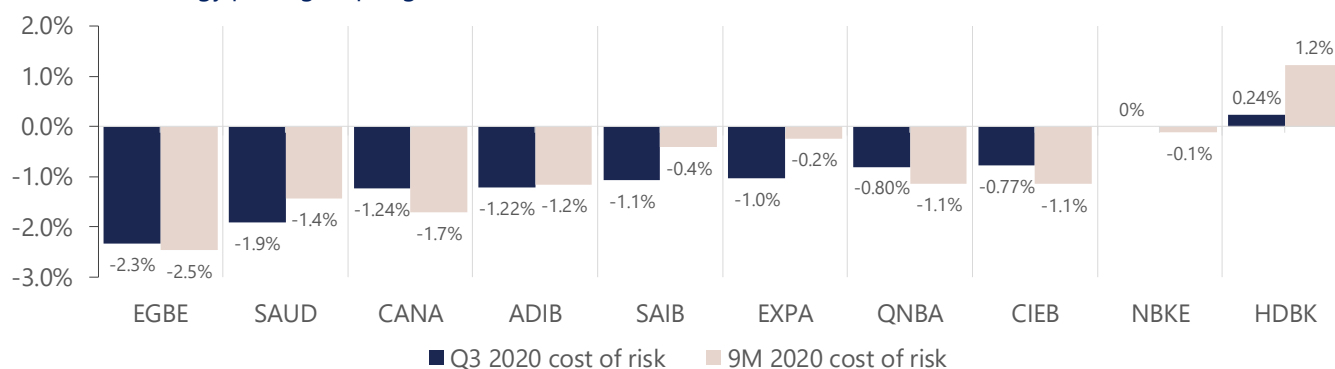
**Expectations of interest rate cuts in some of the world's biggest economies have melted within the space of a month on hopes a successful coronavirus vaccine will fuel a growth bounce back next year.** ([Reuters](#))

**European car registrations dropped in October after rising slightly a month earlier,** industry data showed on Wednesday, as social restrictions to curb a second wave of coronavirus across Europe took a toll on the industry. ([Reuters](#))

**Global debt rose at an unprecedented pace in the first nine months of the year as governments and companies embarked on a "debt tsunami" in the face of the coronavirus crisis.** The total level of global indebtedness has increased by USD15tn this year, leaving it on track to exceed USD277tn in 2020. ([Financial Times](#))

## 3. CHART OF THE DAY

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Source: Banks financials.

**Egypt Banks' 9M Cost of Risk:** EGX-listed banks saw their provisions build up fast in 9M 2020 and slow in Q3 2020. As depicted in the chart above, Egyptian Gulf Bank [**EGBE**] bore the highest cost of risk in Q3 (2.3%), followed by Al Baraka Bank Egypt [**SAUD**] (1.9%), while National Bank of Kuwait [**NBKE**] halted provision build-up in Q3 2020 and Housing & Development Bank [**HDBK**] reversed its provisions.



## 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
633.0						1,786.2 979.1					
				daily chg.	ytd chg.					daily chg.	ytd chg.
	↓	EGX 30	10,989.72	(0.67%)	(21.29%)		↓	Gold	1,872.24	(0.43%)	22.78%
	↓	EGX 30 TR	4,221.63	(0.92%)	(18.32%)		↓	Silver	24.34	(0.63%)	34.73%
	↑	EGX 70 EWI	2,020.27	0.19%	59.44%		↓	Brent Oil	44.34	(0.56%)	(29.94%)
	↓	EGX 100 EWI	2,954.03	(0.16%)	35.22%		↓	WTI	41.82	(0.86%)	(28.90%)
	↑	DFMGI	2,323.95	0.29%	(15.95%)		↑	Natural Gas	2.71	1.07%	25.22%
	↓	ADSMI	4,952.36	(0.16%)	(2.67%)	EGP	↑	USD/EGP	15.63	0.06%	(2.56%)
	↑	TASI	8,621.19	0.57%	2.76%	€	↓	EUR/USD	1.19	(0.04%)	5.66%
	↑	QE Index	10,248.45	0.36%	(1.70%)	£	↓	GBP/USD	1.33	(0.34%)	(0.22%)
	↓	S&P 500	3,567.79	(1.16%)	10.43%	¥	↑	USD/JPY	103.82	0.06%	(4.36%)
	↓	Dow 30	29,438.42	(1.16%)	3.15%		↓	6M TB yield	13.30	(22)	(171)
	↓	NASDAQ	11,801.60	(0.82%)	31.53%		↓	1Y TB yield	13.35	(33)	(122)
	↑	VIX	23.84	4.98%	73.00%		↓	10Y TB yield	14.51	(29)	81
	↑	STOXX 50	3,482.17	0.39%	(7.02%)		↓	2Y TB yield	0.17	(1)	(140)
EM	↑	MSCI Emerging	1,207.55	0.51%	8.33%		↓	10Y TB yield	0.88	(0)	(104)
FM	↑	MSCI Frontier	537.31	0.36%	(8.30%)		↓	30Y TB yield	1.61	(1)	(78)

\* 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
19-Nov-20	ORAS	Earnings Announcement	Announcing Q3 2020 earnings.
19-Nov-20	HRHO	Conference Call	Discussing 9M 2020 results.
19-Nov-20	MICH	Cash dividend	Distribution date for EGP1.00/share.
19-Nov-20	ORWE	EGM	Amending articles of the company's bylaws.
19-Nov-20	WCDF	Cash dividend	Distribution date for EGP12.00/share.
21-Nov-20	COSG	EGM	Approving splitting the par value per share and amending articles No. 6 & 7 of the company's bylaws.
22-Nov-20	MILS	OGM	Approving the financial statements ending 30 Jun. 2020 and proposed dividend.
22-Nov-20	MILS	EGM	Approving selling three production lines.
22-Nov-20	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.
22-Nov-20	AMER	Lawsuit	A court session discussing legal disputes relevant to the company.



22-Nov-20	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in the 6th of October project.
23-Nov-20	AJWA	EGM	Amending article No. 4 of the company's bylaws.
23-Nov-20	ZEOT	Cash dividend	Record date for EGP0.060/share.
23-Nov-20	ARCC	Conference Call	Discussing 9M 2020 results.
24-Nov-20	PIOH	EGM	Approving splitting the company into three entities.
25-Nov-20	AFMC	Cash dividend	Record date for EGP0.180/share.
26-Nov-20	ZEOT	Cash dividend	Distribution date for EGP0.060/share.
28-Nov-20	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
28-Nov-20	MPCO	OGM	Board election.
28-Nov-20	MPCO	EGM	Approving splitting the par value per share and amending articles No. 6, 7 & 21 of the company's bylaws.
28-Nov-20	HELI	OGM	Approving the financial statements ending 30 Jun. 2020.
28-Nov-20	HELI	EGM	Amending article No. 20 of the company's bylaws.
30-Nov-20	ESGI	OGM	Reshuffling the board members.
30-Nov-20	ZMID	Cash dividend	Distribution date for EGP0.25/share (3rd installment).
30-Nov-20	AFMC	Cash dividend	Distribution date for EGP0.180/share.
30-Nov-20	EDFM	Cash dividend	Record date for EGP11.00/share.

## 7. LATEST RESEARCH

### DATE

### PUBLISHED REPORT

10-Nov-20	<a href="#"><u>MACROView – An expected rise as the new school year began</u></a>
4-Nov-20	<a href="#"><u>MACROView – The Stars Seem to Be Aligned for International Reserves</u></a>
3-Nov-20	<a href="#"><u>MACROView – The Highest Reading in Six Years</u></a>
25-Oct-20	<a href="#"><u>CIB [COMI] – Short-term pain for longer-term gain</u></a>
11-Oct-20	<a href="#"><u>MACROView – Disinflationary trend interrupted</u></a>
11-Oct-20	<a href="#"><u>MACROView – External strains are slacking and reserves are growing</u></a>
6-Oct-20	<a href="#"><u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u></a>
5-Oct-20	<a href="#"><u>MACROView – Egypt’s recovery is broadening</u></a>
10-Sep-20	<a href="#"><u>MACROView – A Stunning Chapter Towards Targets</u></a>
8-Sep-20	<a href="#"><u>MACROView – Crawling Out of the Troughs</u></a>
3-Sep-20	<a href="#"><u>MACROView – Job losses and the bumpy road to recovery</u></a>
18-Aug-20	<a href="#"><u>Oriental Weavers Carpet [ORWE] – Q2 2020 Results</u></a>
13-Aug-20	<a href="#"><u>Credit Agricole Egypt [CIEB] – Q2 2020 Results</u></a>
10-Aug-20	<a href="#"><u>MACROView – Muted inflation environment still dominates</u></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>



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