



# Unlocking Hidden Value

## 1. Today's Trading Playbook

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### KEY THEMES

Last [Thursday](#), we mentioned three key market drivers, namely potential natural gas cut, M&A, and IPOs. Here is [a link](#) in case you missed it. Yesterday, the market received news of an imminent sale of land owned by Arab Co. for Asset Management & Development [**ACAMD**] that could fetch some EGP1.5bn, a value close to ACAMD's current market cap. Somehow, this could be part of the second driver (M&A). However, investors need to take a few points into consideration. First, the land sale is not final yet. Second, the down payment of only EGP10mn as a show of seriousness is less than 1% of the total sale value. Third, the EGP1.5bn of cash proceeds will be received over a four-year period, which implies a net present value of only EGP1.1bn at an average discount rate of 17%. Fourth, there is still a probability that such a deal may not be finalized. Everyone knew that ACAMD has long had a valuable land bank since it was spun off Arab Cotton Ginning Co. [**ACGC**], but what really triggered the stock performance of late is talks—and more recently news—about unlocking the value of that land bank. That said, ACAMD is not the only company listed on the EGX with mispriced land banks. Many real estate developers and some industrial companies already have much larger land banks that are not properly valued in the market. Heliopolis Housing & Development [**HELI**], Egyptian Iron & Steel [**IRON**], and PACHIN [**PACH**] are just a few names that have land bank waiting to be unlocked. However, all they are missing is catalysts. If one were to believe that ACAMD's deal could be a prelude to similar deals with other companies, then other undervalued stocks with mispriced land banks could be worth looking at, but one has to wait for their catalysts to come around.

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

## 2. TOP NEWS & ANALYSIS

### MACRO NEWS

**The Egyptian government has decided against renewing its six-month construction ban** but will not allow companies to resume construction until new requirements are issued in the first week of December, cabinet spokesperson said. (On TV)



**A national strategy for financial inclusion is in the works at the Central Bank of Egypt (CBE).** The CBE and CAPMAS are working with an international financial inclusion expert on a study to identify gaps in the financial services market, the CBE governor said, without providing further details. ([Al-Mal](#))

**Saudi Telecom's digital payments business STC Pay could enter the Egyptian market** after it is given the regulatory greenlight to launch in other GCC countries next year. ([Reuters](#))

**The Ministry of Transport signed six railway agreements on the sidelines of the TransMea 2020 Expo on Monday,** covering the national railway, two planned electric train lines, and Cairo's metro network. ([Ministry of transportation](#))

**Manufacturers could be allowed to reschedule unpaid natural gas bills over a period of up to 10 years.** ([Al-Borsa](#))

**NI Capital is planning to launch a fixed-income investment fund.** NI's parent company, the National Investment Bank (NIB), could contribute to the fund. ([Al-Mal](#))

## CORPORATE NEWS

**Arab Co. for Asset Management & Development [ACAMD] received an EGP1.5bn offer from Rikaz Group for its Zefta land** which stretches over 60,792 sqm. The down payment would be 20% and the remainder should be paid over four years in biannual installments. An EGP10mn check was deposited with the company as a show of seriousness. ([Company disclosure](#))

**The National Co. for Railways Industries will start its operations by the maintenance works of the first metro line trains in October 2021.** Orascom Construction's [ORAS] stake in the company is reportedly 15%. On a different note, **ORAS announced that its consortium with Mitsubishi Corporation signed a contract with the National Authority for Tunnels (NAT) for Cairo Metro Line 4 Phase 1.** The total value of the turnkey contract is approximately USD800mn and ORAS's share exceeds USD350mn. (Al-Mal, [Company disclosure](#))

**Informed sources revealed that Cairo for Investment & Real Estate Development [CIRA] aims to issue a financing Sukuk Ijarah, with a value of EGP600mn** and will submit the file to the Financial Regulatory Authority (FRA) early next month. (Al-Borsa)



## Sarwa Capital [SRWA] is targeting financing social housing with funds reaching EGP1bn.

On a similar note, it also aims to provide the facility of apartments finishing through its consumer financing arm. (Al-Mal).

## GLOBAL NEWS

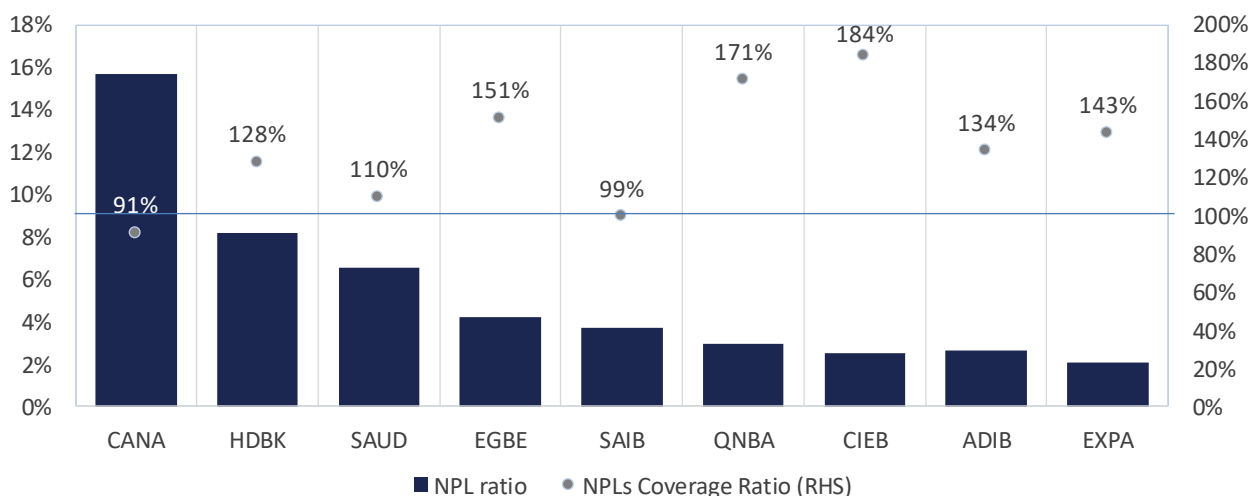
**President-elect Joe Biden is expected to nominate former Federal Reserve Chair Janet Yellen as U.S. Treasury secretary, breaking a 231-year gender barrier** and putting a seasoned economist and labor market expert in charge of leading the country out of the steepest downturn since the Great Depression. ([Reuters](#))

**U.S. business activity expanded at the fastest rate in more than five years in November** led by the quickest pickup in manufacturing since September 2014. ([Reuters](#))

**The UAE is for the first time allowing domestic companies to be wholly owned by foreign investors** after abolishing a law that required companies to have Emirati shareholders. ([Bloomberg](#))

## 3. CHART OF THE DAY

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Note: Figures are at end of Q3 2020.  
Source: Banks' financials.

**Egypt Banks' NPL Ratio vs NPL Coverage Ratio:** In 9M 2020, most of EGX-listed banks cover over 100% of NPL loans portfolio, except Suez Canal Bank [**CANA**], burdened by its high NPL ratio levels of 15.7%, albeit enhanced from 18% in Q4 2019. This is followed by Societe Arabe Internationale de Banque [**SAIB**] which enhanced slightly to 99% in Q3 2020, up from 97% in Q4 2019. In contrast, Credit Agricole Egypt [**CIEB**] recorded the highest coverage ratio with a 2.5% NPL ratio. This reflects the healthy state of most of EGX-listed banks in terms of asset quality.



## CORRECTION

In our **PRIMETime** published on Monday, we misreported that GB Auto's [AUTO] 10mn treasury share sale will run from 23 November 2020 to 28 November 2020 when it will actually run from 23 November 2020 to 28 February 2021. The news has now been updated in [the report](#).

## 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
632.5					1,679.4 985.7				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	📈	EGX 30	10,885.11	0.25% (22.04%)		📉	Gold	1,837.86 (1.77%)	20.42%
	📈	EGX 30 TR	4,202.97	0.29% (18.68%)		📉	Silver	23.60 (2.40%)	31.28%
	📈	EGX 70 EWI	2,040.27	0.96% 61.02%		📈	Brent Oil	46.06 1.13%	(25.98%)
	📈	EGX 100 EWI	2,972.73	0.94% 36.08%		📈	WTI	43.06 1.23%	(25.24%)
	📈	DFMGI	2,354.24	1.27% (14.85%)		📉	Natural Gas	2.71 (0.18%)	23.62%
	📈	ADSMI	4,974.28	0.80% (1.99%)	EGP	📈	USD/EGP	15.64 0.27%	(2.48%)
	📈	TASI	8,610.84	0.26% 2.64%	€	📈	EUR/USD	1.18 0.12%	5.73%
	📈	QE Index	10,329.65	1.24% (0.92%)	£	📈	GBP/USD	1.33 0.17%	0.65%
	📈	S&P 500	3,577.59	0.56% 10.73%	¥	📉	USD/JPY	104.52 (0.13%)	(3.89%)
	📈	Dow 30	29,591.27	1.12% 3.69%		📉	6M TB yield	13.25 (5)	(177)
	📈	NASDAQ	11,880.63	0.22% 32.41%		📈	1Y TB yield	13.36 1	(121)
	📉	VIX	22.66 (4.39%)	64.44%		📉	10Y TB yield	14.51 (29)	81
	📉	STOXX 50	3,463.04 (0.13%)	(7.53%)		📉	2Y TB yield	0.16 (1)	(141)
EM	📈	MSCI Emerging	1,220.52	0.93% 9.50%		📈	10Y TB yield	0.85 1	(107)
FM	📈	MSCI Frontier	544.33	0.59% (7.11%)		📈	30Y TB yield	1.56 2	(83)

\* As of market close, except for commodities and currencies at 8.23am 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
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	A board reshuffle.
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.
1-Dec-20	EDFM	Cash dividend	Ex-dividend date for EGP11.00/share.
1-Dec-20	CIRA	OGM	Approving the financial statements ending 31 Aug. 2020.
1-Dec-20	CIRA	EGM	Amending article No. 4 of the company's bylaws.
2-Dec-20	ELEC	EGM	Approving splitting the par value per share and amending articles No. 6 & 7 of the company's bylaws.
3-Dec-20	EDFM	Cash dividend	Distribution date for EGP11.00/share.
5-Dec-20	AMER	Lawsuit	A court session discussing legal disputes relevant to the company.
5-Dec-20	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.
7-Dec-20	ASCM	OGM	Discussing appointing a second auditor for the company's accounts for the current year ending 31 Dec., 2020.
7-Dec-20	ASCM	EGM	Amending article No. 4 of the company's bylaws.

## 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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