



Ten Stocks to Watch

1. Today's Trading Playbook

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KEY THEMES

It's a new week, and we think you should make it a habit to start it with a quick glance at the market's updated multiples. You can do so by simply scanning our [EGX Valuation Multiples](#) report which we update daily and is always found under section #5 below. A quick look at the latest multiples can reveal some undervalued names across different sectors by way of comparison. Here is a list of ten stocks, split by sector, which we think are worth looking into based on relative valuation:

- **Banks: (1)** Abu Dhabi Islamic Bank Egypt [**ADIB**] and **(2)** Export Development Bank of Egypt [**EXPA**] are both trading below book value despite registering ROEs above 20%.
- **Consumer Discretionary: (3)** GB Auto [**AUTO**] is cheap when considering that it is now trading at only 5x LTM earnings, and so is **(4)** Oriental Weavers Carpet [**ORWE**] which is trading at 6.1x.
- **Consumer Staples: (5)** Eastern Co. [**EAST**] and **(6)** Obour Land Food Industries [**OLFI**] trade at 10.8x and 8.4x LTM earnings, when their ROEs stand at 30.9% and 32.9%, respectively.
- **Industrials: (7)** Orascom Construction [**ORAS**] and **(8)** Elsewedy Electric [**SWDY**] stand out as two names trading at mid-single-digit P/E (6.7x and 6.6x, respectively) while yielding 4%+.
- **Materials: (9)** Misr Chemical Industries [**MICH**] is still trading at only 8x LTM earnings despite its 84% ytd gain.
- **Telecom Services & IT: (10)** Telecom Egypt [**ETEL**], the country's only fully-integrated operator, is trading at 5.3x LTM earnings and 40% below its book value. Its 45% stake in Vodafone Egypt [**VODE**] alone can fetch a price higher than ETEL's market price, suggesting the market is attaching a negative value to the company's core operations

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



2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt has been given the green light by the IMF to draw the second USD1.67bn tranche of its USD5.2bn standby loan after the international lender's executive board completed its first review of the country's reform program. This brings total disbursements under the 12-month agreement to USD3.6bn. ([IMF](#))

The state privatization program could be making a comeback in the coming months after the Minister of Public Enterprise said over the weekend that the government has earmarked five companies to be offered to investors. Improving market conditions and increased foreign appetite for Egyptian equities has prompted the government to revisit its plans to sell stakes in state-owned companies on the EGX, the minister said. ([Bloomberg](#))

The Ministry of Finance does not have any immediate plans to take a USD7bn Eurobond sale to the market in H1 2021. (On TV)

CORPORATE NEWS

Canadian Nutrien, previously known as Agrium, has stated on Friday that it is going to offload its entire 26% stake in MOPCO [MFPC]. Nutrien stated that it is expecting to receive c.USD540mn, representing the value of sold shares and old arbitration claims against MFPC's subsidiary ENPC. We note that the arbitration claims against ENPC reportedly totaled USD140mn. ([Company release](#))

Madinet Nasr for Housing & Development [MNHD] rejected an EGP11/share bid for 90% of its 52%-owned Nasr Company for Civil Works [NCCW]. As the company received other offers, an independent financial consultant will be hired to evaluate NCCW within ten days. (Company disclosures: [1](#), [2](#), [3](#))

Port Said Container & Cargo Co. (PSCC) negotiates with the General Authority for Suez Canal Economic Zone to get the petroleum wharf within the plan to raise its efficiency to be competitive. We note that Canal Shipping Agencies [[CSAG](#)] owns a 20.26% stake in PSCC. (Al-Mal)

Ezz Rolling Mills (ERM), a 98.9%-owned subsidiary of Ezz Steel [ESRS], has raised the amount of debt put to restructure to EGP6.5bn through obtaining financing of c.EGP800mn. (Al-Mal)



Giza General Contracting & Real Estate Investment Co.'s [GGCC] EGM approved a 5-for-1 stock split. ([Company disclosure](#))

The Egyptian Saudi Insurance House Co. reduced its stake in Dice Sport & Casual Wear [DSCW] from 10% to 6.92%. ([Company disclosure](#))

Tamer Abdullah, a shareholder in Alexandria New Medical Center [AMES], revealed that he aims to increase his share of 9.89% in coordination with B. R. Shetty, who owns 51% of AMES's shares. (Al-Mal)

GLOBAL NEWS

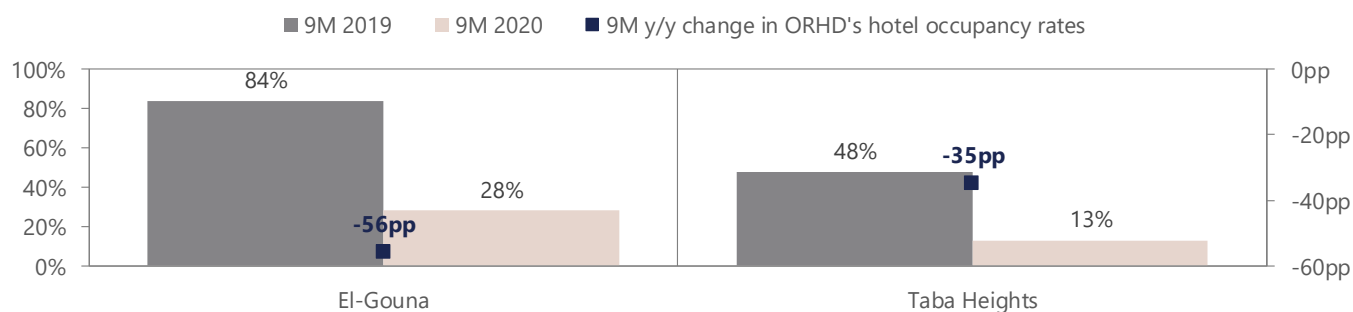
Inflows into emerging markets in Q4 2020 have boomed at the fastest rate in seven years. Foreign inflows reached USD145bn in November alone, while USD37bn has gone into bonds and USD40bn into equities over the past month. ([Financial Times](#))

The USD is nearing six-year lows after the U.S. Fed vowed to maintain easy monetary policy and leave in place its large bond-buying program brought in in response to COVID-19. ([Axios](#))

3. CHART OF THE DAY

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ORHD's Hotel Occupancy Rates



Source: Company Data, Prime Research.

The hospitality industry has taken a huge hit due to COVID-19 as it suffered from lockdown restrictions, travel bans, and government-capped occupancy rates. Indeed, Orascom Development Egypt's [ORHD] hospitality segment, which has been an essential contributor to its revenues (33.8% in 9M 2019), was expected to receive a boost from tourism. However, due to COVID-19, the segment's 9M 2020 contribution fell by almost two-thirds to only 11.5%, reaching revenues of EGP378mn (-66% y/y).



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
645.7						1,538.4		1,032.8	
				daily chg.	ytd chg.			daily chg.	ytd chg.
	↓	EGX 30	10,844.58	(1.26%)	(22.33%)		↓	Gold	1,881.35 (0.22%) 24.00%
	↓	EGX 30 TR	4,196.95	(0.54%)	(18.80%)		↓	Silver	25.81 (0.96%) 44.58%
	↓	EGX 70 EWI	2,066.41	(0.85%)	63.09%		↑	Brent Oil	52.26 1.48% (16.96%)
	↓	EGX 100 EWI	3,001.37	(0.82%)	37.39%		↑	WTI	49.10 1.53% (15.79%)
	↑	DFMGI	2,550.29	0.35%	(7.76%)		↑	Natural Gas	2.70 2.43% 23.34%
	↓	ADSMI	5,135.22	(0.36%)	1.54%	EGP	↓	USD/EGP	15.70 (0.18%) (2.10%)
	↓	TASI	8,711.58	(0.11%)	3.84%	€	↓	EUR/USD	1.23 (0.09%) 9.31%
	↓	QE Index	10,478.61	(0.02%)	0.51%	£	↓	GBP/USD	1.35 (0.46%) 2.01%
	↓	S&P 500	3,709.41	(0.35%)	14.81%	¥	↑	USD/JPY	103.30 0.18% (4.89%)
	↓	Dow 30	30,179.05	(0.41%)	5.75%		↓	6M TB yield	12.97 (25) (205)
	↓	NASDAQ	12,755.64	(0.07%)	42.16%		↓	1Y TB yield	13.01 (29) (157)
	↓	VIX	21.57	(1.64%)	56.53%		↓	10Y TB yield	14.27 (22) 57
	↓	STOXX 50	3,545.74	(0.42%)	(5.32%)		↓	2Y TB yield	0.13 (0) (144)
EM	↓	MSCI Emerging	1,268.36	(0.36%)	13.79%		↑	10Y TB yield	0.95 2 (97)
FM	↑	MSCI Frontier	562.92	0.34%	(3.93%)		↑	30Y TB yield	1.69 3 (70)

* As of market close. 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
21-Dec-20	MILS	Cash dividend	Distribution date for EGP0.500/share.
21-Dec-20	TORA	OGM	A board reshuffle.
21-Dec-20	TORA	EGM	Amending articles No. 21 & 28 of the company's bylaws.
21-Dec-20	SUCE	OGM	Discussing netting contracts and a board reshuffle.
21-Dec-20	SUCE	EGM	Amending articles No. 20 and 26 of the company's bylaws.
21-Dec-20	ACRO	Cash dividend	Record date for EGP1.750/share.
22-Dec-20	ACRO	Cash dividend	Ex-Dividend date for EGP1.750/share.
22-Dec-20	CIRA	EGM	Discussing the sale of some assets.
22-Dec-20	AJWA	EGM	Amending article No. 4 of the company's bylaws.
24-Dec-20	ACRO	Cash dividend	Distribution date for EGP1.750/share.
24-Dec-20		MPC Meeting	Determining the CBE's policy rate.
24-Dec-20	ROTO	Cash dividend	Distribution date for EGP0.375/share (4th installment).
27-Dec-20	EKHO	OGM	Approving the financial statements ending 30 Jun. 2020 and the proposed dividend.



27-Dec-20	EKHO	EGM	Approving increasing the issued capital.
27-Dec-20	PRMH	EGM	Approving adding a mutual fund activity by itself or with others.
27-Dec-20	MOIL	EGM	Discussing the changing and hiring for key positions.
30-Dec-20	ELSH	Cash dividend	Distribution date for EGP0.100/share (2nd installment).
31-Dec-20	FWRY	OGM	Discussing netting contracts.
31-Dec-20	FWRY	EGM	Approving increasing the issued capital through stock dividends and rights issue.
31-Dec-20	ABUK	Cash dividend	Distribution date for EGP0.90/share (2nd installment).
31-Dec-20	NRPD	Lawsuit	A court session discussing legal disputes relevant to the company.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
16-Dec-20	<u>CIB [COMI] – Earnings beat despite higher provisions</u>
10-Dec-20	<u>MACROView – The Highest Reading in Seven Months</u>
7-Dec-20	<u>MACROView – Restored Ground</u>
6-Dec-20	<u>MACROView – Lost Momentum</u>
3-Dec-20	<u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u>
25-Nov-20	<u>Misr Chemical Industries [MICH] – Pandemic Proof</u>
10-Nov-20	<u>MACROView – An expected rise as the new school year began</u>
4-Nov-20	<u>MACROView – The Stars Seem to Be Aligned for International Reserves</u>
3-Nov-20	<u>MACROView – The Highest Reading in Six Years</u>
25-Oct-20	<u>CIB [COMI] – Short-term pain for longer-term gain</u>
11-Oct-20	<u>MACROView – Disinflationary trend interrupted</u>
11-Oct-20	<u>MACROView – External strains are slacking and reserves are growing</u>
6-Oct-20	<u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u>
5-Oct-20	<u>MACROView – Egypt’s recovery is broadening</u>
10-Sep-20	<u>MACROView – A Stunning Chapter Towards Targets</u>
8-Sep-20	<u>MACROView – Crawling Out of the Troughs</u>
3-Sep-20	<u>MACROView – Job losses and the bumpy road to recovery</u>
18-Aug-20	<u>Oriental Weavers Carpet [ORWE] – Q2 2020 Results</u>
13-Aug-20	<u>Credit Agricole Egypt [CIEB] – Q2 2020 Results</u>
10-Aug-20	<u>MACROView – Muted inflation environment still dominates</u>
9-Aug-20	<u>MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</u>
5-Aug-20	<u>MACROView – Toward gradual recovery</u>
29-Jul-20	<u>MACROView – CAD gains eroded by financial account vulnerability</u>



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>



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