



Unlocking Value

1. Today's Trading Playbook

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KEY THEMES

Early yesterday, we said the market will not likely be as active as before as we count down to the few trading sessions of this eventful year. At session-end, we saw trading values fail to exceed the EGP1bn mark. We also had called for investors to look for company-specific events to drive stock performance. Indeed, we saw yesterday both Ezz Steel [**ESRS**] and Cleopatra Hospital [**CLHO**] advance some 4% apiece on higher steel selling prices and a potential acquisition, respectively. Meanwhile, we saw B Investments [**BINV**] advance after the company confirmed the sale of a fifth of its 7.97% stake in **Total Egypt** for EGP146.4mn, implying a value of EGP587mn for the remaining stake (6.38%). Even after taking into account the after-tax proceeds, the stock looks cheap at a market cap of EGP1.7bn, 9.6x earnings and 0.97x book equity. If you remember, we had made the call on BINV back on 5 August when news surrounding its investment in Total Egypt began to surface. We thought that the stock, which was trading at half its book value, was worth picking up. Still, and despite a 92% run since our stock call, we believe the stock has more value to be had when taking into account the company's stakes in Madinet Nasr Housing & Development [**MNHD**], **Giza Systems**, **Gourmet Egypt**, and **Ebtikar**—its non-banking financial services platform—in addition to cash and cash equivalents.

POSITIVE

BINV: We think the stock can be worth some EGP15/share (before calculating any capital gains tax or management fees payout) according to our back-of-the-envelope valuation, suggesting another 35% upside. This is only 1.3x book equity.

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



2. TOP NEWS & ANALYSIS

MACRO NEWS

The Ministry of Finance is instituting a zero-tolerance policy on all large taxpayers that do not join the e-invoicing system by 1 July 2021, with plans in place to punish them and deny them basic services, benefits and incentives. ([MoF](#))

The government is planning to generate 300 MW of electricity from waste-to-energy (WtE) projects by 2025. This new capacity will largely be built and operated by the private sector as the electricity and environment ministries plan to issue tenders for WtE plants under a Build-Own-Operate (BOO) framework to spur private sector interest in the field. ([Al-Mal](#))

Egypt will reach self-sufficiency in sugar production by the end of 2021. The country has sugar reserves for its subsidy program sufficient for 3.2 months. Earlier in December, Egypt extended an import ban on white and raw sugar for three months. ([Zawya](#))

Egypt's gas production will increase by about 15% to 7.540bcf per day in FY21 which started in July. ([Zawya](#))

CORPORATE NEWS

B Investments [BINV] announced its partial exit of Total Egypt amounting EGP146.4mn. BINV's post-exit stake is 6.38% after off-loading 20% of its 7.97% stake. ([Company disclosure](#))

EIPICO's [PHAR] BoD agreed to participate in the subscription of the capital increase of its 10%-owned subsidiary Medical Union Pharmaceuticals (MUP). The subscription price has been set at EGP41/share (a par value of EGP10/share + an issuance premium of EGP31/share), with a total value of EGP74.83mn. ([Company disclosure](#))

Amer Group [AMER] yesterday inked the purchase of 56 feddans in New Minya. ([Company Disclosure](#))

Egyptian Chemical Industries' (KIMA) [EGCH] EGM initially approved a capital increase of EGP2bn. ([Company disclosure](#))

TMG Holding [TMGH] is studying securing an EGP1.2bn loan for the development of its new capital project Celia. ([Company Disclosure](#))



Cleopatra Hospital [CLHO] officially contacted the Competition Protection Agency on 27 December to obtain its approval to complete the acquisition deal of Alameda Healthcare Group. (Al-Borsa)

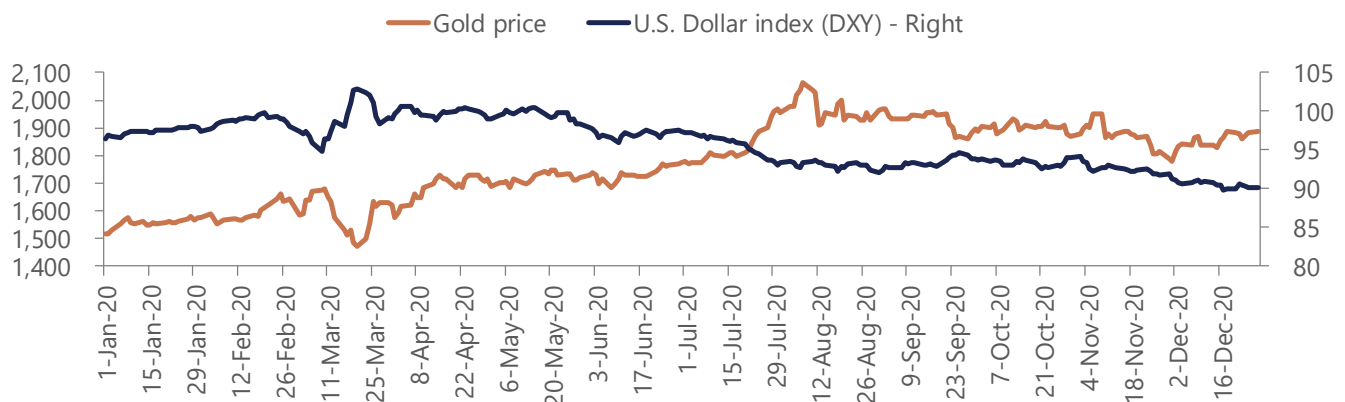
GLOBAL NEWS

U.S. President Donald Trump signed a massive coronavirus relief and government funding package into law Sunday, days after he sent Washington into a panic by suggesting he could veto the bill. (CNBC)

Britain and the EU clinched a trade deal on Thursday - one which preserves zero-tariff and zero-quota access to the bloc's single market but which will still cause disruption. The transition period, under which Britain stayed aligned to the EU's trading and regulatory rules, ends at 2300 GMT on Dec. 31. (Reuters)

3. CHART OF THE DAY

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Source: Bloomberg.

Gold prices started to struggle as the news about the vaccine sent both the U.S. dollar and gold prices lower, and quickly gold prices dropped below USD2,000 an ounce. Some investors saw weakness in gold prices as an opportunity to buy gold. Thus, prices started to rally again, supported also by the Fed's measures to fight the U.S. dollar shortage and its unlimited quantitative easing. Besides, the U.S. has recently approved the new fiscal package to support the economy. Gold prices are still 24% higher ytd, and the stars are still aligned for gold prices in 2021 due to the expected lower U.S. real yields and a weaker U.S. dollar.



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
633.1						808.5 1,034.1					
				daily chg.	ytd chg.					daily chg.	ytd chg.
	↓	EGX 30	10,585.56	(1.02%)	(24.18%)		↑	Gold	1,883.46	0.56%	24.13%
	↓	EGX 30 TR	4,081.50	(0.75%)	(21.03%)		↑	Silver	25.83	1.13%	47.06%
	↓	EGX 70 EWI	2,026.05	(1.51%)	59.90%		↓	Brent Oil	51.29	(0.58%)	(18.97%)
	↓	EGX 100 EWI	2,938.15	(1.23%)	34.50%		↓	WTI	48.23	(0.56%)	(17.75%)
	↓	DFMGI	2,515.67	(0.47%)	(9.01%)		↓	Natural Gas	2.52	(8.66%)	5.07%
	↓	ADSMI	5,095.95	(0.58%)	0.57%	EGP	↓	USD/EGP	15.70	(0.18%)	(2.17%)
	↑	TASI	8,740.66	0.44%	4.19%	€	↑	EUR/USD	1.22	0.25%	9.01%
	↑	QE Index	10,564.33	0.25%	1.33%	£	↑	GBP/USD	1.36	0.03%	2.32%
	↑	S&P 500	3,703.06	0.35%	14.62%	¥	↑	USD/JPY	103.43	0.05%	(4.72%)
	↑	Dow 30	30,199.87	0.23%	5.82%		↑	6M TB yield	12.73	8	(228)
	↑	NASDAQ	12,804.73	0.26%	42.71%		↑	1Y TB yield	12.77	10	(180)
	↓	VIX	21.53	(7.64%)	56.24%		↓	10Y TB yield	14.27	(22)	57
	↑	STOXX 50	3,543.28	0.11%	(5.39%)		↓	2Y TB yield	0.12	(1)	(145)
EM	↑	MSCI Emerging	1,255.20	0.13%	12.61%		↓	10Y TB yield	0.93	(2)	(98)
FM	↑	MSCI Frontier	562.83	0.16%	(3.95%)		↓	30Y TB yield	1.66	(2)	(73)

* As of market close, except for commodities and currencies at 8.37am 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
28-Dec-20	MICH	BoD meeting	Follow up on production, sales and exports.
28-Dec-20	GSSC	Cash dividend	Record date for EGP3.450/share.
28-Dec-20	MENA	EGM	Discussing a stock split and amending articles No. 6 & 7 of the bylaws.
29-Dec-20	CAED	Cash dividend	Record date for EGP0.90/share.
30-Dec-20	SCTS	Cash dividend	Distribution date for EGP1.50/share.
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.
31-Dec-20	GSSC	Cash dividend	Distribution date for EGP3.450/share.
2-Jan-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
3-Jan-21	CAED	Cash dividend	Distribution date for EGP0.90/share.



3-Jan-21	AIH	Lawsuit	A court session discussing legal disputes relevant to the company.
3-Jan-21	GMCI	OGM	Approving the financial statements ending 31 Dec. 2019.
5-Jan-21	ELSH	EGM	Amending Articles No. 4, 6, 26, 45 & 48 of the company's bylaws.
5-Jan-21	ALCN	Cash dividend	Record date for EGP0.776/share.
6-Jan-21	ACAMD	EGM	Discussing a stock split and amending articles No. 6 & 7 of the company's bylaws.
9-Jan-21	ARVA	EGM	Amending Article No. 4 of the company's bylaws.
11-Jan-21	ALCN	Cash dividend	Distribution date for EGP0.776/share.
11-Jan-20	IRON	OGM	Approving the procedures that have been taken regarding the transfer of ownership of some lands owned by the Egyptian Iron and Steel Company.
11-Jan-20	IRON	EGM	Approving the division of the company, amending Articles no. 6 & 7 of the company's bylaws and discussing the continuation of the company.

7. LATEST RESEARCH

DATE

PUBLISHED REPORT

22-Dec-20	<u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u>
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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