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Momentum Driven

1. Today's Trading Playbook

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Amr Hussein Elalfy CFA | Head of Research
aelfy@egy.primegroup.org

KEY THEMES

The earnings season is upon us with more companies slated to report their 2020 results soon. Some have already started doing so, while others are reporting their interim (e.g. H1 results)—all ended December 2020. What does the market really care about the results? So far, it seems that the market cares more about overhyped stories more than their underlying numbers, in what we can politely call a “momentum-driven” market. One of our long ideas that we reiterated [yesterday](#), namely MM Group [**MTIE**], ended up a full 10% on the day. On the other hand, another albeit short idea has not lived up to our expectations. Al Ahly for Development & Investment [**AFDI**], one of our short ideas in our [STANDPoint note published 14 days ago](#), extended its gains yesterday, triggering our rule of thumb 20% stop loss.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The credit risk guarantee company said its 2020 business volume more than doubled y/y to about EGP95bn. It served 100,000 micro businesses and more than 69,000 SMEs, representing a 42% market share of the SME and micro total banking credit volume for SMEs and microfinance. ([Mubasher](#))

The Egyptian Minister of Trade & Industry announced the end of the crisis of the Ugandan authorities imposing 35% custom tariffs on Egyptian exports of iron sheets in violation to the COMESA agreement. ([Mubasher](#))



European industrial developer CTP Invest plans to invest USD300-600mn in Egypt over the next five years. The investments will be earmarked for two business parks that could help create as many as 14,000 jobs. ([Cabinet](#))

Non-bank lenders could soon scrap service charges on financial products sold to customers aged 16-21 in a bid to promote financial inclusion. ([FRA](#))

Occupancy rates at floating hotels in Luxor and Aswan are up to 60% on the back of a government campaign to encourage domestic winter tourism. ([Al-Borsa](#))

CORPORATE NEWS

Export Development Bank of Egypt's [EXPA] H1 FY21 consolidated net profit retreated 32% y/y to EGP410mn, as a result of a 10.3% decline in net interest income to EGP910mn, coupled with an 11% increase in administrative expenses to EGP584mn. Total assets inched up 12% ytd on the back of a 12.4% growth in net loans to EGP35.2bn, while deposits inched up 15% ytd to EGP50.4bn. ROAE narrowed to 13.2% in H1 FY21 vs. 22.8% in H1 FY20. ([Bank release](#)) EXPA is currently traded at a P/BV of 0.6x and a TTM P/E of 4.2x.

First Abu Dhabi Bank (FAB) asked the CBE for its final approval to fully acquire Egyptian business unit of Lebanon's Bank Audi. FAB had obtained the initial approval from the CBE last month. ([Al-Mal](#)) The takeover deal is valued at USD660mn (EGP10.4bn) at a P/BV of 1.4x.

CI Capital Holding [CICH] hired an independent financial advisor, Baker Tilly, to determine the fair value of the company's stock. ([Company disclosure](#))

El-Nasr Clothing & Textiles Co.'s [KABO] initial KPIs showed net losses after minority of EGP4.96mn in H1 2021 (vs. net income of EGP0.84mn a year ago) after gross profits slumped 71% y/y. Revenues plunged 49% y/y to EGP122mn. ([Company disclosure](#))

PACHIN's [PACH] H1 2021 consolidated net income after minorities jumped to EGP35.4mn compared to EGP2.5mn in the previous year (a 14 fold), backed by (1) a 2% y/y increase in revenues to EGP415.1mn, (2) a 16% decrease in SG&A to EGP42.1mn, and (3) a 695% increase in other revenues to EGP9.1mn. ([Company disclosure](#))

Giza General Contracting & Real Estate Investment [GGCC] was awarded a governorate building project in Alexandria with an initial value of EGP300mn. ([Company disclosure](#))

Elsaeed Contracting & Real Estate Investment [UEGC] was awarded an EGP400mn project in New Luxor City. ([Company disclosure](#))



Societe Arabe Internationale de Banque's [SAIB] 2020 net profit surged 84% to USD20.4mn. This followed a 33% increase in net interest income to USD125mn, despite provisions building up by USD8.3mn in 2020 vs. USD305,000 provisions reversal in 2019. Meanwhile, net lending grew 14% y/y to USD1.7bn. ([Bank release](#))

GLOBAL NEWS

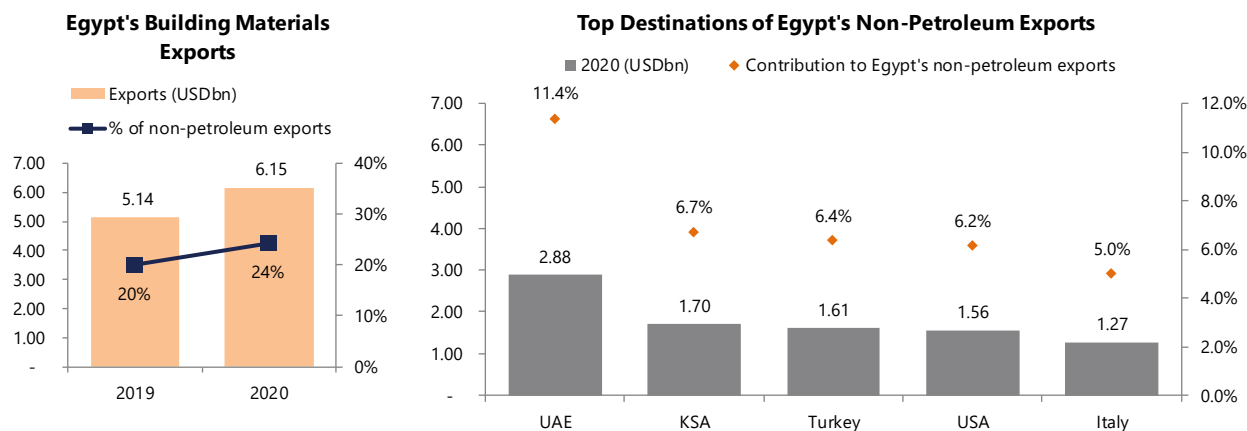
Oil prices soared on Monday to their highest in about 13 months as fears of heightened tensions in the Middle East prompted fresh buying, while hopes that a U.S. stimulus and an easing of lockdowns will buoy fuel demand provided support. ([Reuters](#))

Signs of a widening embrace across the financial services industry sent Bitcoin to new heights, with the cryptocurrency closing in on USD50,000 for the first time before falling back. ([Bloomberg](#))

3. CHART OF THE DAY

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Dina Abdelbadie | Equity Analyst
dabdelbadie@egy.primegroup.org



Source: Mubasher.

Non-petroleum exports decreased by 1.3% y/y to USD25.3bn in 2020, as expected in COVID-19 environment. However, building material exports jumped by 20% y/y to USD6.15bn in 2020. Meanwhile, UAE captured USD2.9bn worth of Egyptian non-petroleum exports, taking the lion's share.

Correction: In yesterday's Chart of the Day, we unintentionally omitted the 100% ownership of HSBC Bank Egypt in HSBC Securities Egypt. The [report](#) has since been amended.



4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
706.4						1,540.6		1,178.6	
				daily chg.	ytd chg.			daily chg.	ytd chg.
	↓	EGX 30	11,506.72	(0.34%)	6.10%		↓	Gold	1,824.23 (0.07%) (4.17%)
	↓	EGX 30 TR	4,407.65	(0.81%)	5.65%		↑	Silver	27.36 1.40% 3.89%
	↓	EGX 70 EWI	2,439.38	(0.55%)	13.72%		↑	Brent Oil	62.43 1.81% 22.70%
	↓	EGX 100 EWI	3,469.25	(0.54%)	11.99%		↑	WTI	59.47 2.19% 25.25%
	↓	DFMGI	2,623.13	(0.39%)	5.26%		↑	Natural Gas	2.91 4.26% 19.57%
	↓	ADSMI	5,666.09	(0.02%)	12.23%	EGP	↑	USD/EGP	15.63 0.31% (0.98%)
	↑	TASI	9,035.53	1.03%	3.98%	€	↑	EUR/USD	1.21 0.12% (0.66%)
	↓	QE Index	10,507.81	(0.14%)	0.39%	£	↑	GBP/USD	1.38 0.30% 1.61%
	↑	S&P 500	3,934.83	0.47%	4.76%	¥	↑	USD/JPY	104.94 0.15% 1.79%
	↑	Dow 30	31,458.40	0.09%	2.78%		↑	6M TB yield	13.13 8 40
	↑	NASDAQ	14,095.47	0.50%	9.37%		↑	1Y TB yield	13.17 1 40
	↓	VIX	19.97	(6.02%)	(12.22%)		↓	10Y TB yield	14.69 (0) 30
	↑	STOXX 50	3,695.61	0.65%	4.02%		↔	2Y TB yield	0.11 0 (2)
EM	↑	MSCI Emerging	1,428.87	0.07%	10.66%		↑	10Y TB yield	1.21 8 28
FM	↓	MSCI Frontier	582.33	(0.11%)	1.87%		↑	30Y TB yield	2.01 10 35

* As of market close, except for commodities and currencies at 8.58am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

5. LATEST EGX VALUATION MULTIPLES

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[Find out](#) how your favorite stocks compare to the rest of the market.

6. KEY DATES

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DATE	TICKER	TYPE	EVENT
15-Feb-21	SRWA	EGM	First, increasing the BoD seats from 11 to 13. Second, changing the authorized capital to comply with FRA's regulations. Third, changing the company's name to Contact Financial Holding.
15-Feb-21	EAST	Cash dividend	Distribution date for EGP0.714/share (2nd installment).
15-Feb-21	HELI	Auction	Open bid for 270 feddans in New Heliopolis.
15-Feb-21	AREH	EGM	Discussing a stock split and amending articles 6 & 7 of the bylaws.
16-Feb-21	ALCN	BoD meeting	Discussing the financial results.
16-Feb-21	SKPC	BoD meeting	Discussing the financial results.
18-Feb-21	QNBA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
18-Feb-21	QNBA	EGM	Amending articles 4 & 39 of the bylaws.
21-Feb-21	FAIT	Stock dividend	Record date for 0.15-for-1.
22-Feb-21	FAIT	Stock dividend	Distribution date for 0.15-for-1.
22-Feb-21	FWRY	EGM	Discussing applying a reward system for employees.



23-Feb-21	OLFI	OGM	Approving the financial statements ending 31 Dec. 2020 and the dividend distribution.
28-Feb-21	EXPA	OGM	Approving increasing the issued capital by distributing EGP54.5mn worth of bonus shares.
28-Feb-21	EXPA	EGM	Approving increasing the issued capital and amending articles 5, 23 and 48 of the bylaws.
28-Feb-21	ACRO	EGM	Amending article 4 of the bylaws.
3-Mar-21	AMER	Lawsuit	A court session discussing legal disputes relevant to the company.
3-Mar-21	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.
7-Mar-21	EGBE	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
7-Mar-21	EGBE	EGM	Amending articles 4, 52, 6 & 7 of the bank's bylaws.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
10-Feb-21	<u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u>
8-Feb-21	<u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u>
4-Feb-21	<u>MACROView – External Buffers Are Still Restoring Grounds</u>
3-Feb-21	<u>MACROView – A Fragile Improvement but Favorable Sentiment</u>
3-Feb-21	<u>MACROView – External Woes vs. Cautious Optimism</u>
2-Feb-21	<u>STANDPoint – Egypt 2021 Investing Playbook</u>
14-Jan-21	<u>CI Capital Holding [CICH] – New Expansions = Further Growth</u>
10-Jan-21	<u>MACROView – Below End-of-Year Target</u>
6-Jan-21	<u>MACROView – On the Path to Further Recovery</u>
5-Jan-21	<u>MACROView – Rutted Road to Recovery</u>
28-Dec-20	<u>Elsewedy Electric [SWDY] – More Growth to Come</u>
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>
8Jun-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

T +202 3300 5622

SElmaraghy@egy.primegroup.org

Sales

Mohamed Ezzat

Head of Sales & Branches

T +202 3300 5784

MEzzat@egy.primegroup.org

Mohamed Ashmawy

Head of Institutional Sales

T +202 3300 5612

MAshmawy@egy.primegroup.org

Amr Alaa CFTe

Team Head –Institutional Desk

T +202 3300 5609

AAlaa@egy.primegroup.org

Mohamed El Metwaly

Manager

T +202 3300 5610

MElmetwaly@egy.primegroup.org

Emad El Safoury

Manager

T +202 3300 5624

EElsafoury@egy.primegroup.org

Shawkat Raslan

Heliopolis Branch Manager

T +202 3300 5110

SRaslan@egy.primegroup.org

Mohamed El Henawy

Nasr City Branch Manager

T +202 3300 5166

MElhenawy@egy.primegroup.org

Nashwa Abuelatta

Alexandria Branch Manager

T +202 3300 5173

NAbuelatta@egy.primegroup.org

Research

Amr Hussein Elalfy CFA

Head of Research

T +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

T +202 3300 5700 / 770 / 650 / 649

F +202 3760 7543

Branches

Heliopolis

7 Elheqaz Square
Heliopolis, Cairo, Egypt

T +202 2777 0600

F +202 2777 0604

Nasr City

9 Elbatrawy St.
Nasr City, Cairo, Egypt

T +202 3300 8160

F +202 3305 4622

Alexandria

7 Albert Al Awal St.
Smouha, Alexandria, Egypt

T +202 3300 8170

F +202 3305 4622

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