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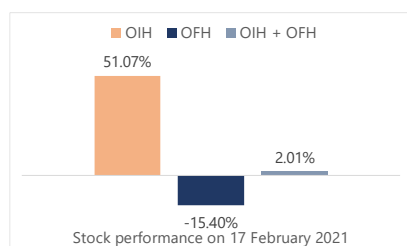
1. Today's Trading Playbook

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KEY THEMES

Yesterday, [we stated](#) that we are neutral on both Orascom Investment Holding [**OIH**] and its latest offspring Orascom Financial Holding [**OFH**] in the short term. Understandably, given the removal of daily price limits on the day of spinoff, investors saw a wider range of performance for both names, as can be seen in the chart. Indeed, OIH ended the day up 51.1%, while OFH fell 15.4%. However, investors' portfolios who were long the pre-spinoff OIH would have seen their net worth increase by only 2.0%. Today, we are back to normal trading. Again, of the two, we would prefer OFH to OIH, not for what it is but for what it will become. After all, investors have the option to own both Beltone Financial Holding [**BTFH**] (-3.4% d/d) and Sarwa Capital Holding [**SRWA**] (-1.0% d/d) directly if they so wish instead of through OFH.



Pre- and post-spinoff stock performance	10 Feb market prices	17 Feb market prices	d/d % change	Value based on spinoff	Upside / (downside)
Total OIH group (EGP/share)	0.647	0.660	2.0%	0.638	-3%
OIH - New (EGP/share)	0.169	0.256	51.1%	0.183	-29%
OFH - NewCo (EGP/share)	0.478	0.404	-15.4%	0.455	13%

Source: EGX, Prime Research.

POSITIVE

OFH, SWDY: We are positive on OFH's future, while we believe Elsewedy Electric [**SWDY**] is at the cusp of a new global expansion journey, albeit to the east this time.

NEUTRAL

SKPC: We think Sidi Kerir Petrochemicals' [**SKPC**] 2020 preliminary KPIs just reported offer no support to its valuation, leaving limited upside from market levels.



NEGATIVE

OIH: We are negative on OIH in light of yesterday's surge.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt had the third-fastest rate of improvement in digital inclusion last year, rising two spots to 50 (from 52 in 2017) in management consultancy Roland Berger's Digital Inclusion Index. ([Rolandberger](#))

Mitsubishi Motors is planning to start assembling cars in Egypt using a Nissan-owned plant, quoting sources close to talks between the two manufacturers. The two had reportedly signed an agreement that would see Mitsubishi roll out locally-assembled trucks as a starting point. Locally-assembled Mitsubishi passenger cars could then be next if the truck models successfully capture a "reasonable market share". ([Al-Borsa](#))

The Damietta LNG plant is on track to finally come out of its eight-year slumber next week. The terminal will export a 150,000-160,000 cbm shipment of natural gas during the final week of February. ([Youm7](#))

IT systems provider Select International is looking to work with an unnamed Chinese partner to manufacture and assemble natural gas-powered buses in Egypt next year. The companies appear to be planning to set up a joint venture with the government, in which the government would hold a 60% stake. ([Masrawy](#))

Another four mining companies signed yesterday 10 new gold exploration contracts worth a combined USD11mn with the Ministry of Petroleum, after being awarded concessions in the Eastern Desert in a tender issued last year. ([Ministry of Petroleum](#))

CORPORATE NEWS

Cleopatra Hospitals [CLHO] said its revenues grew by c.10% y/y in 2020 and by c.20% y/y in Q4 2020. Based on its KPIs, we calculate that CLHO's revenues have grown to c.EGP2.0bn and c.EGP615mn, respectively. Revenue growth has been triggered by "patient volumes returning to normal levels, improving utilization in addition to an increasingly optimized service mix," CLHO said. In 2020, margins were in line with CLHO's historical averages, and net income was seen growing in line with wider revenues. ([Company disclosure](#))



Sidi Kerir Petrochemicals' [SKPC] preliminary 2020 figures showed retreating bottom line of EGP26mn vs. EGP487mn in 2019. This comes due to a 30% shock to revenues of EGP3.5bn, in addition to worsening GPM of 5.28% vs.16.5% in 2019. ([Company disclosure](#))

Elsewedy Electric [SWDY] may invest in Pakistan's power distribution. SWDY will send a team soon to visit Pakistan and find out the potential investment opportunities. ([Ministry of Foreign Affairs Government of Pakistan](#))

Alexandria New Medical Center [AMES] received an offer from Tawasul Holdings for Financial Investments to fully acquire its shares, in which it currently owns a 25.92% stake. Tawasul offered to buy AMES's remaining stake of 74.08% at EGP38.09/share or c. EGP403mn. ([Company disclosure](#))

National Bank of Kuwait - Egypt's [NBKE] 2020 net profit declined 33% y/y to EGP1.4bn in 2020 as a result of a 15% y/y decline in net interest income (NII) to EGP2.6bn. Net loans grew 9% y/y to EGP34.5bn, while deposits declined 4% y/y to EGP50bn in 2020. Moreover, NBKE's BoD agrees to increase its paid-in capital from EGP1.5bn to EGP5bn through distributing stock dividends of 350mm shares. (Bank releases: [1](#), [2](#))

GLOBAL NEWS

Europe's stubbornly low yields are turning emerging markets into a favorite destination of euro-based debt investors. The yield on a Bloomberg Barclays gauge of developing-nation bonds denominated in the shared currency is trading near its record low as it heads for a fifth month of positive returns. Emerging-market bonds are outperforming their European counterparts this year, taking their yield to a 27-month low relative to the latter. ([Bloomberg](#))

Global debt reached a record USD281tn at the end of 2020 as governments and individuals around the world borrowed nearly USD24tn to offset the economic effects of COVID-19. The borrowing spree has already pushed debt to almost 355% of global GDP but shows no signs of abating as governments are set to continue borrowing a further USD10tn by the end of this year to support stimulus measures. ([Bloomberg](#))

Saudi Arabia plans to increase its oil output in the coming months, reversing a recent big production cut, say advisers to the Kingdom, a sign of growing confidence over an oil-price recovery. ([WSJ](#))

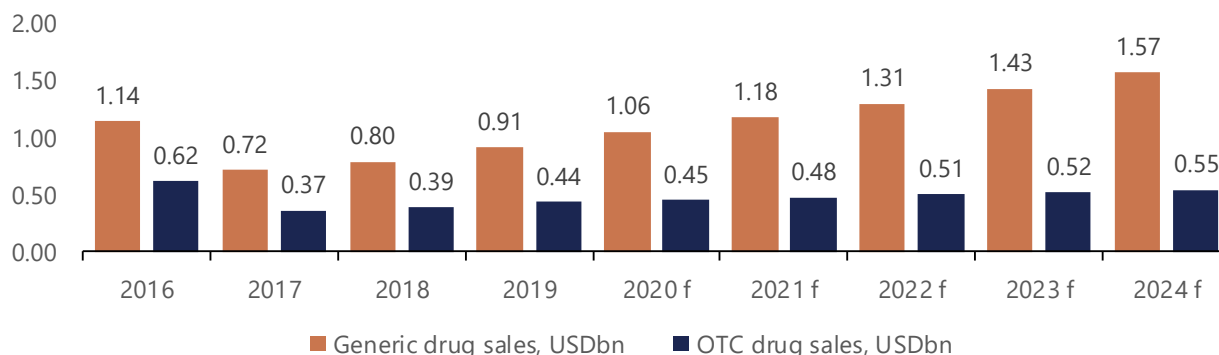


3. CHART OF THE DAY

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Generic vs. OTC drug sales growth in Egypt



Source: FitchSolutions.

Drug sales in Egypt are expected to grow at a 4-year CAGR (2020-2024) of 8% to USD3.9bn, according to FitchSolutions. Sales of over-the-counter (OTC) drugs alone in Egypt are anticipated to grow at 5% to USD0.55bn over the same 4-year period, while generic drug sales are projected to reach USD1.57bn, a double digit growth of 10%. The roll-out of Egypt's universal health care insurance has the potential to whip up demand on generic drugs in Egypt.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
700.4						1,419.5 1,178.6			
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	11,413.17	(1.05%)	5.24%		Gold	1,776.13	(1.02%)	(6.10%)
	EGX 30 TR	4,379.81	(1.00%)	4.98%		Silver	27.38	0.51%	2.98%
	EGX 70 EWI	2,376.30	(1.67%)	10.78%		Brent Oil	64.34	0.85%	25.27%
	EGX 100 EWI	3,403.11	(1.46%)	9.85%		WTI	61.14	0.65%	26.83%
	DFMGI	2,594.49	(0.61%)	4.11%		Natural Gas	3.22	1.55%	28.75%
	ADSMI	5,636.24	(0.49%)	11.87%	EGP	USD/EGP	15.64	(0.01%)	(0.64%)
	TASI	9,084.31	(0.19%)	4.54%	€	EUR/USD	1.20	0.04%	(1.42%)
	QE Index	10,342.70	(1.12%)	(0.90%)	£	GBP/USD	1.39	(0.06%)	1.30%
	S&P 500	3,931.33	(0.03%)	4.67%	¥	USD/JPY	105.87	0.01%	2.55%
	Dow 30	31,613.02	0.29%	3.29%		6M TB yield	13.13	8	40
	NASDAQ	13,965.50	(0.58%)	8.36%		1Y TB yield	13.17	1	40
	VIX	21.50	0.19%	(5.49%)		10Y TB yield	14.69	(0)	30
	STOXX 50	3,699.85	(0.71%)	4.14%		2Y TB yield	0.11	(1)	(2)
	MSCI Emerging	1,444.93	0.19%	11.90%		10Y TB yield	1.29	(0)	36
	MSCI Frontier	588.43	0.60%	2.94%		30Y TB yield	2.05	(3)	39

* As of market close, except for commodities and currencies at 8.55am 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
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.
18-Feb-21	CICH	Conference Call	Discussing FY 2020 Results.
21-Feb-21	FAIT	Stock dividend	Record date for stock dividends at 0.15-for-1.
22-Feb-21	FAIT	Stock dividend	Distribution date for 0.15-for-1.
22-Feb-21	FWRV	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.
24-Feb-21	ETEL	Earnings	2020 financial results based on EAS.
24-Feb-21	ETEL	Conference Call	Discussing FY 2020 results.
28-Feb-21	HELI	Auction	Open bid for 270 feddans in new Heliopolis.
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.
28-Feb-21	AREH	EGM	Discussing a stock split and amending articles 6 & 7 of the bylaws.
2-Mar-21	AUTO	Conference Call	Discussing FY 2020 results.
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 bylaws.
10-Mar-21	RTVC	EGM	Discussing an offer for its 99.95% stake in Orient Tours Hotels & Tourism Villages
13-Mar-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
18-Mar-21	FAIT	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
18-Mar-21		MPC Meeting	Discussing a policy rate decision.
23-Mar-21	EHDR	EGM	Approving a stock dividend and amending Articles No. 6 and 7 of the 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>
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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