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The COVID-19 Boon

1. Today's Trading Playbook

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KEY THEMES

Companies continue to report their 2020 results. Late last week, we saw CI Capital Holding [**CICH**] report better-than-expected earnings, despite a weaker investment banking segment dragged by COVID-19. Meanwhile, company-specific news and events will continued to dominate the scene, in our view. After being brushed off the GlaxoSmithKline [**BIOC**] acquisition, Rameda [**RMDA**] is focusing now on growing its product portfolio this year. Also, the stock performance of Ibnsina Pharma [**ISPH**] continues to lag its counterparts in the health care sector despite growing its business with new agreements and benefitting off a better health awareness. Elsewhere, Speed Medical [**SPMD**], which reported EGP79mn in net income in 2020, is currently trading at a TTM P/E of 41x, quite a high multiple in view of the market's high-growth expectations, valuing the company at EGP3.3bn. However, we calculate that for the stock to trade at 15x 2025 P/E, earnings will have to grow at a 5-year CAGR of 23%, perhaps questionable once COVID-19-induced boon subsides.

POSITIVE

CICH, RMDA, ISPH: Both **CICH** and **ISPH** are two of our long ideas published in our [STANDPoint](#) note. **RMDA** may see some interest on its expansion news.

NEUTRAL

SPMD: We believe the earnings boost **SPMD** is witnessing is only transitory and linked directly to COVID-19.

NEGATIVE

UNIP: Lower 2020 earnings confirm our short idea made in our [STANDPoint](#) note.



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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Eni's daily production of oil and gas from its Egypt-based assets fell 18% in 2020, as global energy markets reckoned with one of the biggest demand shocks in history thanks to the pandemic. Figures in the company's full-year earnings statement show that oil and gas production slumped to 291000 barrels of oil equivalent per day (boe/d) from 354000 in 2019, while natural gas output fell 20% to 1,203 mn cubic feet per day. The energy major operates Egypt's giant Zohr natural gas field, the Noor concession, and the Damietta LNG plant, among others. ([Enterprise](#))

There's confusion over whether Russia will resume direct flights to Egypt's Red Sea resorts after contradictory statements emerged at the end of last week about moves to finally end Russia's five-year ban on flights from Moscow to Sharm El-Sheikh and Hurghada. Neither Egypt nor Russia's governments have announced anything official on the resumption of flights, but Egypt's airports are ready to welcome tourists from anywhere. ([Enterprise](#))

AFDB could back the rehabilitation of an inefficient agricultural wastewater system. The project will modernize an outdated network covering 600,000 feddans of agricultural land, 450,000 of which are in lower Egypt and 150,000 of which are in Upper Egypt, and will expand and deepen drainage canals serving 100,000 feddans nationwide. The project aims to retrieve higher quality wastewater to be reused for irrigation as part of a USD50bn multi-year water-saving plan through 2037. ([Al-Mal](#))

The Ministry of Petroleum has kicked off our first oil and gas exploration tender of the year, with 24 blocks being up for grabs. The round, which concludes on 1 August, includes nine blocks in the Mediterranean Sea, 12 in the Western Desert and three in the Gulf of Suez. ([Reuters](#))

CORPORATE NEWS

CI Capital Holding's [CICH] 2020 bottom line fell to EGP475mn (-12% y/y) as total revenues dropped to EGP2.4bn (-10% y/y). CICH's BoD proposed distributing dividends of EGP0.10/share, implying a 2% yield. (Company disclosures: [1](#), [2](#)) Meanwhile, **Souhoola, CICH's consumer finance arm, added health care services to its list of services offered to customers.** (Al-Borsa)



Abu Dhabi Islamic Bank - Egypt's [ADIB] 2020 stand-alone net profit inched up marginally 4.4% to EGP1.2bn, backed by 0.9% growth in net interest income (NII) to EGP3.1bn. Net lending grew 30% to EGP40bn, while deposits increased 22.5% to EGP63bn. ROAE retreated to 25.2% vs. 32.8% in 2019. ADIB is currently trading at P/B of 0.46x and P/E at 2.1x. (Al-Borsa)

Rameda [RMDA] is seeking to launch from 8-10 new products this year as part of its plan to open new export markets in Asia, Africa, and the Middle East. RMDA plans to inject between EGP50-60mn this year to develop lines for complying with export standards in addition to developing labs. (Al-Borsa)

Prime Speed Medical, 30% owned by Speed Medical [SPMD], has agreed with the Japanese company, the inventor of the COVID-19 air purifier, to supply 20,000 devices to the Egyptian market within a year. Prime Speed Medical aims to generate EGP500mn sales from the device in Egypt and distribute the contracted amount. (Al-Borsa) Meanwhile, **Prime Group Egypt, SPMD's partner in Prime Speed Medical, is planning to float two of its subsidiaries, namely Prime Hospitality and Prime Real Estate, on the EGX later this year.** (Al-Mal, Masrawy)

Ibnsina Pharma [ISPH] signed a partnership agreement with Bayer in Egypt. The importation and distribution agreement signed, involves importing and distributing products from both Bayer's over-the-counter (OTC) portfolio within its Consumer Health Division and prescription-based medicine portfolio within its Pharmaceuticals Division. ([Company disclosure](#))

Unipak's [UNIP] 2020 net income decreased by 57% y/y to EGP10.9mn. Meanwhile, revenues decreased by 17% y/y to EGP364.5mn. ([Company disclosure](#)) UNIP is traded on a P/S of 2.7x.

Electro Cable Egypt's [ELEC] BoD approved selling 89.3mn treasury shares in the period from 18 February until 17 March. (Company disclosure [1](#), [2](#))

Delta Sugar [SUGR] restated its 2020 initial KPIs, showing a net loss of EGP254mn instead of EGP267mn previously (vs. net income of EGP 43mn a year earlier), mainly on lower global sugar prices, and following the gross loss of EGP117mn (vs. a gross profit of EGP194mn a year earlier). Revenues, however, upped 37% y/y to EGP3.2bn. (Company disclosures: [1](#), [2](#))

LSE-listed Integrated Diagnostics Holding [LSE: IDHC] expects to report revenues of c. EGP2.6bn (vs. EGP2.3-2.4bn previously estimated) with an EBITDA margin in excess of 40%. IDHC's full-year and Q4 2020 strong performance will reflect the strong contribution of PCR and COVID-19-related testing in Egypt and Jordan and the ramping up of IDH's house call services in both countries. ([Company disclosure](#))



AT Lease's [ATLC] full-year 2020 results showed a bottom line of EGP74mn (+10% y/y) on the back of lower non-operating expenses as revenues dropped to EGP514mn (-2% y/y). ([Company disclosure](#))

Raya Holding's [RAYA] Aman for Financial Services plans to issue securitized bonds worth of EGP600mn to finance its expansion plans. (Al-Borsa)

GLOBAL NEWS

Rising Treasury yields risk pulling the rug out from under the rally in emerging markets, denting one of the street's favorite trades of the year. Inflation is on the increase in the U.S. and this isn't great for emerging markets. The pick-up has translated into higher treasury yields, meaning it could drive investors away from EMs and diminish the rally in EM asset classes as risky holdings become less attractive. ([Bloomberg](#))

Bitcoin hit a fresh high on Saturday, extending a two-month rally that took its market capitalization above USD1tn on Friday. The world's most popular cryptocurrency rose to a record USD57,553, taking its weekly gain to around 20%. It has surged nearly 100% this year. Bitcoin's gains have been fueled by evidence it is gaining acceptance among mainstream investors and companies, such as Tesla, Mastercard, and BNY Mellon. ([Reuters](#))

Oil prices fell for a second day on Friday, retreating further from recent highs, as Texas energy companies began preparations to restart oil and gas fields shuttered by freezing weather and power outages. ([Reuters](#))

3. CHART OF THE DAY

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U.S. 10-year Treasury yield (%)















Source: investing.com.



The yield on the U.S. 10-year Treasury jumped to its best levels since February 2020 last Wednesday, as the market anticipates rebounding inflation. This comes concurrent to a fresh all time high scored by the Dow Jones Industrial Average.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
697.1						1,339.3 1,178.6					
daily chg. ytd chg.						daily chg. ytd chg.					
	📉	EGX 30	11,380.55	(0.29%)	4.94%		📈	Gold	1,784.25	0.48%	(6.01%)
	📉	EGX 30 TR	4,375.55	(0.10%)	4.88%		📈	Silver	27.29	0.95%	3.36%
	📉	EGX 70 EWI	2,350.39	(1.09%)	9.57%		📉	Brent Oil	62.91	(1.60%)	21.45%
	📉	EGX 100 EWI	3,374.34	(0.85%)	8.93%		📉	WTI	59.24	(2.12%)	22.09%
	📉	DFMGI	2,576.32	(0.70%)	3.38%		📉	Natural Gas	3.07	(0.42%)	20.87%
	📈	ADSMI	5,642.85	0.12%	11.84%	EGP	📉	USD/EGP	15.66	(0.16%)	(0.52%)
	📉	TASI	9,024.23	(0.66%)	3.85%	€	📈	EUR/USD	1.21	0.22%	(0.79%)
	📉	QE Index	10,273.35	(0.67%)	(1.56%)	£	📈	GBP/USD	1.40	0.29%	2.53%
	📉	S&P 500	3,906.71	(0.19%)	4.01%	¥	📉	USD/JPY	105.45	(0.23%)	2.13%
	📈	Dow 30	31,494.32	0.00%	2.90%		📈	6M TB yield	13.13	8	40
	📈	NASDAQ	13,874.46	0.07%	7.65%		📈	1Y TB yield	13.17	1	40
	📉	VIX	22.05	(1.96%)	(3.08%)		📉	10Y TB yield	14.69	(0)	30
	📈	STOXX 50	3,713.46	0.88%	4.53%		📉	2Y TB yield	0.11	(0)	(3)
EM	📈	MSCI Emerging	1,430.03	0.34%	10.75%		📈	10Y TB yield	1.34	5	41
FM	📉	MSCI Frontier	589.72	(0.19%)	3.16%		📈	30Y TB yield	2.13	8	47

* As of market close. 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
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	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.
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 feddams 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
11-Mar-21	CICH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
13-Mar-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
15-Mar-21	ETEL	EGM	Amending articles No. 21 & 43 of the bylaws.
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 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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