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Unlocking Further Growth

1. Today's Trading Playbook

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KEY THEMES

Well, now we have it! The rally we have seen in B Investments [**BINV**] and MM Group [**MTIE**] since the start of the month looks to have been driven by the news that [Hapi Journal](#) broke with an exclusive. **Ebtikar**, the JV between both BINV and MTIE, has decided to let Vodafone Egypt [**VODE**] in with a 20% in the form of growth capital, reportedly at par. While the market might fret about the valuation being at par, the upside potential is way beyond par! We note three takeaways from this partnership: **(1)** Partnering with VODE opens the door for Ebtikar's two e-payment platforms Masary and Bee to piggyback on VODE's extensive branch network around Egypt. **(2)** Such a deal will be value accretive to Ebtikar which is planning to go public in H2 2021, further supporting the valuation of BINV and MTIE. **(3)** Should VODE open the door for Masary and Bee to penetrate other African countries where it operates would be positive for their growth profile.

POSITIVE

BINV, MTIE, ETEL: All three names were part of our 20 long ideas that we published in our [STANDPoint](#) on 1 February 2021. On one hand, both BINV (+33% since then) and MTIE (+20%) have hit and exceeded our price targets of EGP16.1/share and EGP10.8/share, respectively. However, the VODE deal could unlock further potential locally and regionally, pushing their valuation higher. On the other hand, ETEL stands to benefit directly off the deal, albeit with an indirect stake of c.9% in both Masary and Bee. Furthermore, ETEL's Q4 2020 results published late last night are yet another testament of how cheap the stock is, leaving 32% upside to our price target of EGP15/share.



NEGATIVE

FWRY: The VODE partnership could be viewed as a competitive risk to Fawry [**FWRY**] which has until recently been the major player in the e-payment market. FWRY (+6% since 1 February) is one of our short ideas that we published in our [STANDPoint](#).

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

All public sector employees will receive their salaries via Meeza cards by December. The government plans to issue 1.2mn cards during February. ([MoF](#))

The Sovereign Fund of Egypt (SFE) — along with other state-run funds from several countries in Africa — is being called to invest up to 5% of its capital in a planned pan-African infrastructure fund. To plug the continent's annual infrastructure funding deficit of USD60-90bn, and finance the building of roads, power plants, and railways. ([Enterprise](#))

Hungary plans to import Egyptian natural gas once a Greek-Bulgarian pipeline is complete. ([Enterprise](#))

The Egyptian Postal Service is trialing a new AI and GPS-powered logistics management software provided by Softec International. The new service will allow users to get their online purchases delivered to their homes through the national post, as opposed to private couriers. ([Hapi](#))

CORPORATE NEWS

Vodafone Egypt [VODE] signed a memorandum of understanding with Ebtikar, a JV between MM group [MTIE] and B Investments [BINV], to acquire 20% of Masary and Bee, Ebtikar's two e-payment companies. The acquisition is said to be through increasing both target companies' capital by subscribing at par value. As per the memorandum, VODE will start its due diligence on both companies. MTIE and BINV announced earlier their intention to float the 2 e-payment companies on the Egyptian Exchange (EGX) during H2 2021. ([Hapi](#): [1](#), [2](#))

Telecom Egypt [ETEL] reported an EAS-based net income after minority of EGP4.9bn (+10% y/y) in 2020 as revenues grew 24% y/y to EGP32bn, mainly driven by the 39% y/y increase in data revenues, and SG&A fell 13% y/y to EGP6.3bn. EAS is Egyptian accounting standards. ([Company disclosure](#))



Delta Sugar Co.'s [SUGR] BoD decided to add the activity of producing agricultural fertilizers and the manufacturing of fodder and materials related to molasses. ([Company disclosure](#))

Unipak's [UNIP] BoD decided to sell 1.9mn treasury shares starting from 23 February until 22 May. (Company disclosures: [1](#), [2](#))

Dice Sport & Casual Wear's [DSCW] shareholder Nagy Samir Thomas reduced his stake in the company from 22.9% to 21.0%. ([Company disclosure](#))

Unnamed foreign investors and funds are interested in acquiring a 20% stake in Egyptian retail chain HyperOne. ([Al-Borsa](#))

GLOBAL NEWS

Chinese financing for overseas energy projects has shrunk to its lowest level since the global financial crisis due to negotiation barriers caused by COVID-19 and difficulties with loan repayment. ([Bloomberg](#))

Federal Reserve Chair pushed back on suggestions that loose monetary policy risked unleashing inflation and financial risks in what may be an emerging economic boom. The central bank would keep its attention focused on getting Americans back to work as a vaccine-related recovery proceeds. ([Reuters](#))

Sovereign wealth funds pulled USD16.3bn from public market investment strategies, largely equities, in Q4 2020, the most in almost four years, driven largely by redemptions. The move followed a year in which some funds, including those from Norway, Azerbaijan, and Kazakhstan, planned withdrawals to help their governments cope with the coronavirus crisis. ([Reuters](#))

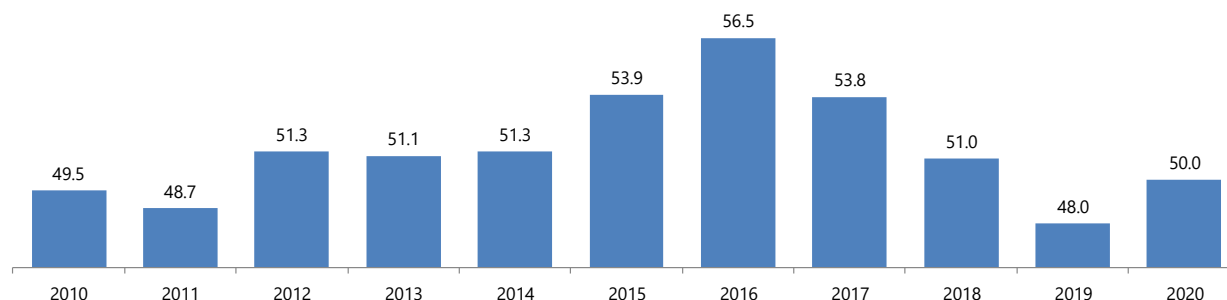


3. CHART OF THE DAY

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Cement Market Demand in Egypt (mn tons)



Source: Cement division.

Demand in the Egyptian cement market has been stable throughout the previous 11 years, growing by a 10-year CAGR of only 0.1% to 50mn tons by 2020 (+4% y/y). The cement sector is not only suffering from oversupply but also from high production costs which stress their margins.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					700.9		
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* As of market close, except for commodities and currencies at 8.2am 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
24-Feb-21	ETEL	Earnings	2020 financial results based on EAS.
24-Feb-21	ETEL	Conference Call	Discussing 2020 results.
25-Feb-21	MICH	BoD meeting	Follow up on production, sales and exports.
28-Feb-21	ISPH	BoD meeting	Discussing the financial results.
28-Feb-21	MOIN	BoD meeting	Discuss financial statements for the period ending 31st Dec. 2020 & Increasing issued capital to EGP235mn through retained earnings.
28-Feb-21	EKHO	BoD meeting	Discussing the financial 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.
1-Mar-21	PHDC	Conference Call	Discussing 4Q 2020 financial results.
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
10-Mar-21	FWRY	Stock dividend	Record date for 0.28-for-1.
11-Mar-21	FWRY	Stock dividend	Distribution date for 0.28-for-1.
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 21 & 43 of the bylaws.
16-Mar-21	SRWA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
16-Mar-21	ALUM	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
16-Mar-21	ALUM	EGM	Amending articles 4 & 7 of the bylaws.
18-Mar-21	NBKE	OGM	Approving the financial statements ending 31 Dec. 2020.
18-Mar-21	SAIB	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.



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.
19-Mar-21	NINH	OGM	Approving the financial statements ending 31 Dec. 2020.
19-Mar-21	NINH	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
23-Mar-21	ADIB	OGM	Approving the financial statements ending 31 Dec. 2020.
23-Mar-21	ADIB	EGM	Approving increasing the authorized capital from EGP4bn to EGP7bn, and amending article 6 of the bylaws.
23-Mar-21	EHDR	OGM	Approving the financial statements ending 31 Dec. 2020 and proposed dividend.
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
22-Feb-21	<u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u>
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>



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