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A Promising End

1. Today's Trading Playbook

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The figures announced by Commercial International Bank [**COMI**] today for 2020 just falls into place when it comes to foreseeing 2021. Despite a double-digit slippage in net earnings, COMI achieved a considerable earnings beat (i.e. 10%) against our projections. From a sequential lens, COMI's bottom line surged 21%, as credit provisions receded notably.

When compared against 2020, it's fairly obvious how higher credit provisions, coupled with higher effective tax rate, teamed up to dent profitability. Going into 2021, it's highly probable that credit provisions have created a strong base in 2020, which should be reflected positively in 2021 profitability. Moreover, lower effective tax rates should be driven by reflation in lending, so that income from Treasury investments has a lighter contribution to the bank's interest income. COMI is currently traded at 1.5x P/BV, with Q4 2020 ROAE scoring 20.5% vs. 18% in the previous quarter.

POSITIVE

COMI: Q4 2020 results promise a better 2021 on the profitability front.

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

2. TOP NEWS & ANALYSIS

TABLE OF CONTENTS**MACRO NEWS**

Controversial amendments to the Real Estate Registry law will be introduced at the end of December instead of this coming Saturday, after the Cabinet submitted proposed legislative amendments allowing the prime minister to postpone the changes coming into effect. ([The Cabinet statement](#))



Microfinance still grew in Egypt in 2020, just at a slower rate than it did in the previous two years. The Financial Regulatory Authority annual report showed that lending grew 17% y/y to EGP19.3bn last year, a noticeably slower rate of growth than that of 2019, when microloans surged by 43.5% y/y and 2018, when it grew 62% y/y. ([FRA](#))

A pool of “investment-ready” SMEs will have access to tools designed to help them measure their environmental and social impacts, as part of a partnership between Egyptian private equity firm Catalyst and the UN Development Program. ([UNDP](#))

Passenger car sales soared 71% y/y in January, with nearly 14,900 vehicles sold during the first month of the year, according to figures from the Automotive Information Council (AMIC). On a monthly basis, however, sales decelerated from 20,000 passenger vehicles sold in December. ([Enterprise](#))

CORPORATE NEWS

CIB's [COMI] 2020 separate net profit retreated 12.7% y/y to EGP10.3bn as a result of higher provisions build-up (+3.4x y/y) of EGP4.9bn (-30% q/q). This was despite higher net interest income (NII) (+16.3% y/y) of EGP25bn (-1.6% q/q). Earnings came in 10.3% higher than our estimates of EGP9.3bn, thanks to better NII (+3.1%) and despite higher provisions by 8.4% (vs. our estimates of EGP4.6bn). Net interest margin (NIM) inched up 39bps y/y to 7% in 2020, despite declining 30bps on a quarterly basis. Total assets grew 10.2% y/y to EGP426bn (+3.1% q/q) in 2020. However, net lending retreated marginally by 0.4% y/y to EGP118.8bn (+0.3% q/q), whereas, deposits grew 12% y/y to EGP340bn (+2.7% q/q), hence net loans-to-deposits ratio stood at 35%. COMI is currently traded at a TTM P/E of 8.8x and a P/BV of 1.5x. ([Bank release](#))

GB Auto's [AUTO] BoD proposed distributing a dividend of EGP274mn or EGP0.25/share for 2020, suggesting a 7% yield. Furthermore, AUTO has finished preparing a new dual-fuel model for the Elantra HD and Accent RB series. This came in light of AUTO's intentions to maximize its benefit from the national program for converting and replacing cars to work with dual fuel. ([Company disclosure](#), Arab Finance)

Madinet Nasr for Housing & Development's [MNHD] 2020 net profits after minorities grew to EGP1bn (+2% y/y), while its revenues skyrocketed to EGP3.1bn (+40% y/y). Furthermore, MNHD has inked a land sale of 20 feddans for EGP83mn to EGYGAP Developments. ([Company Disclosure](#), Economy Plus)

Oriental Weavers Carpet [ORWE] achieved net profits of EGP937mn in 2020 (+21% y/y), after a gross profit increase (+21% y/y). Revenues dipped 6% y/y to EGP9.5bn in the same



year. Meanwhile, ORWE's BoD proposed distributing a dividend of EGP0.9/share for 2020, suggesting a 12% yield. ([Company disclosure](#) , [Mubasher](#))

Beltone Financial Holding [BTFH] recorded a bottom line loss of EGP132mn in 2020 vs. a loss of EGP92mn a year before. Meanwhile, revenues increased to EGP279mn (+18% y/y) on the back of higher brokerage revenues. ([Company disclosure](#))

Arabian Cement Co.'s [ARCC] 2020 net loss after minorities hit EGP122.8mn against a net profit of EGP28.9mn in 2019. Meanwhile, revenues fell to EGP2.5bn (-20% y/y). ([Company disclosure](#))

Pioneers Holding's [PIOH] bottom line slid to EGP946mn (-12% y/y) in 2020 after revenues retreated to EGP7bn (-25% y/y). PIOH's revenue split points to a dominant industrial sector which contributed 49%. However, the only sector showing growth was the NBFS of EGP98mn (+34% y/y). ([Company disclosure](#))

Prime Holding's [PRMH] 2020 total revenues grew to EGP79mn (+28% y/y). Net losses reached EGP25mn vs. a loss of EGP12mn a year before, mainly attributed to opex as a result of executing expansion plans in both platforms investment banking and newly-established NBFS. ([Company disclosure](#))

An investment consortium that includes Porto Group [PORT], Prime Egypt Group, and the UAE's Asmak intends to launch an entity specialized in developing and managing projects in several sectors, including real estate. ([Al-Mal](#))

Arab Co. for Asset Management & Development [ACAMD] saw its revenues tumble to EGP0.815mn (-99% y/y) in 2020 while slipping to net losses of EGP6mn. ([Company Disclosure](#))

Giza General Contracting & Real Estate Investment [GGCC] saw its 2020 consolidated net income after minorities decrease to EGP47.9mn (-10% y/y). Revenues also dropped to EGP965.9mn (-13% y/y) last year. GGCC said it has been awarded EGP1.2bn worth of contracts since Q1 2020, more than double the value so far from 2020. The company's total backlog currently stands at EGP2.19bn. (Company disclosures: [1](#) [2](#))

Cairo Oils & Soap's [COSG] 2020 net losses widened to EGP78mn (+57% y/y) after gross losses shot up 91% y/y. Revenues, meanwhile, slid 35% y/y to EGP52mn. ([Company disclosure](#))

Electro Cable Egypt [ELEC] generated a net income of EGP133.5mn in 2020 (-20% y/y) and revenues of EGP1.74bn (-14% y/y). ([Company disclosure](#))



Mohandes Insurance's [MOIN] H1 2020/21 results came with a bottom line of EGP69mn (-4% y/y) due to lower operating income of EGP80mn (-15% y/y). ([Company disclosure](#))

GLOBAL NEWS

With the need for more supply evident, traders expect the OPEC+ coalition, led by Saudi Arabia and Russia, will agree to increase production when it meets on March 4, reversing some of the output cuts made last year. ([Bloomberg](#))

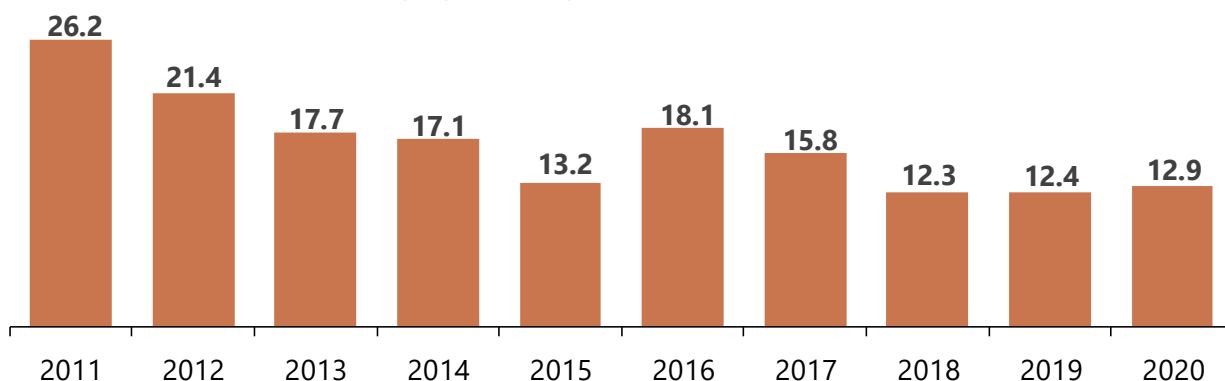
China's economy expanded at a slower pace in February, with manufacturing activity dropping to a nine-month low after the week-long Lunar New Year holidays upended factory output. ([Bloomberg](#))

3. CHART OF THE DAY

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Average global sugar prices (U.S. cents/lb.)













































Source: International Monetary Fund (IMF).

According to the International Monetary Fund (IMF), average free-market prices of sugar have fallen at a 9-year CAGR of 8% since 2011 when the commodity reached USD0.26/lb. vs. USD0.13/lb. last year. The plunge in sugar prices weighs on sugar manufacturers' margins. However, according to Macrotrends, sugar prices rose 15% since the start of 2021 to USD0.18/lb., which should boost sugar manufacturers' margins in Q1 2021.



4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						704.0					
						Equity turnover (EGPmn): Last, ytd avg.		1,606.3		1,178.6	
						daily chg.		ytd chg.			
		EGX 30	11,525.02	(0.80%)	6.27%			Gold	1,734.04	(2.06%)	(7.54%)
		EGX 30 TR	4,397.59	(1.66%)	5.41%			Silver	26.67	(2.76%)	1.97%
		EGX 70 EWI	2,333.88	(2.12%)	8.80%			Brent Oil	64.42	1.57%	26.31%
		EGX 100 EWI	3,369.89	(1.60%)	8.78%			WTI	61.50	1.56%	28.73%
		DFMGI	2,551.54	0.95%	2.39%			Natural Gas	2.77	0.58%	9.77%
		ADSMI	5,663.62	0.63%	12.53%	EGP		USD/EGP	15.70	0.10%	(0.24%)
		TASI	9,144.99	(0.54%)	5.24%	€		EUR/USD	1.21	0.09%	(1.06%)
		QE Index	10,145.99	0.25%	(2.78%)	£		GBP/USD	1.39	0.36%	2.29%
		S&P 500	3,811.15	(0.48%)	1.47%	¥		USD/JPY	106.57	0.00%	3.22%
		Dow 30	30,932.37	(1.50%)	1.06%			6M TB yield	13.25	6	51
		NASDAQ	13,192.35	0.56%	2.36%			1Y TB yield	13.22	(1)	45
		VIX	27.95	(3.25%)	22.86%			10Y TB yield	14.73	4	34
		STOXX 50	3,636.44	(1.33%)	2.36%			2Y TB yield	0.13	1	(1)
EM		MSCI Emerging	1,339.26	(3.22%)	3.72%			10Y TB yield	1.44	6	51
FM		MSCI Frontier	573.99	(2.04%)	0.41%			30Y TB yield	2.14	(9)	48

* As of market close, except for commodities and currencies at 8.35am 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
1-Mar-21	PHDC	Conference Call	Discussing 4Q 2020 financial results.
2-Mar-21	RMDA	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.
4-Mar-21	ORWE	Conference Call	Discussing 4Q 2020 financial results.
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 the 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
25-Feb-21	<u>Elsewedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u>
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>
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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