

**TABLE OF CONTENTS****1. Today's Trading Playbook****2. Top News & Analysis****3. Chart of the Day****4. Markets Performance****5. Latest EGX Valuation Multiples****6. Key Dates****7. Latest Research**

## Not All High Is Up

### 1. Today's Trading Playbook

**TABLE OF CONTENTS****KEY THEMES**

A total of 720.8mn shares responded to **Banque Misr** offer to acquire up to 90% of CI Capital Holding [**CICH**] at a price of EGP4.7/share, implying a 96.9% stake. However, Banque Misr's vice chairman reportedly announced that the bank would only own 90% of CICH. Given that the deal would be fulfilled at a price that was below the IFA's fair value and general market consensus could be a bit of a setback to the sector. Going forward, we expect trading liquidity on CICH to be even more subdued. Meanwhile, one could argue that the depressed multiples implied by the CICH transaction is a bad omen EFG Hermes Holding [**HRHO**], CICH's closest peer. However, from another perspective, we could argue that trading liquidity previously earmarked for CICH could be redirected towards HRHO.

Elsewhere, a rebounding global commodity market will catalyze a bounce back in the top line of certain names. On the other hand, this could pressure the margins of others. We find Skimmed Milk Powder (SMP) prices reverting to their pre-COVID-19 peak, which would pressure cheese manufacturers' margins down the road. Yet, the effect on margins should be delayed until their inventory levels of cheaper SMP are depleted.

**POSITIVE**

**OCDI:** A potential non-binding offer by Aldar Properties [**ADX: ALDAR**] is positive for OCDI, offering a 11-17% upside to Thursday's closing price, albeit 11-16% below Bloomberg consensus of EGP21.4/share.

**NEUTRAL**

**HRHO:** Low implied valuation from CICH's offer to be offset by trading liquidity going through to HRHO.

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

## 2. TOP NEWS & ANALYSIS

### TABLE OF CONTENTS

#### MACRO NEWS

**The Minister of Finance announced that paper invoices will no longer be accepted for the deduction or refund of the value-added tax (VAT) under the electronic invoicing system starting from next year.** ([Mubasher](#))

**The Minister of Finance is scheduled to present the FY22 draft budget to President Abdel-Fattah El-Sisi this week before sending it to the Parliament.** Meanwhile, the Parliament is going to discuss this week the EGP2bn overdraft for the FY21 state budget and the Bankruptcy Law. ([MoF](#))

#### CORPORATE NEWS

**SODIC [OCDI] received a preliminary non-binding offer from Aldar Properties [ADX: ALDAR] for a potential cash acquisition of not less than 51% of its issued capital.** The offer's indicative price is between EGP18-19/share through a mandatory tender offer. ([Company disclosure](#))

**MM Group for Industry & International Trade's [MTIE] net profits reached EGP366mn in 2020 (-20% y/y)** on lower gross profit (-3% y/y) and higher SG&A expenses (+28% y/y). Revenues also slipped last year to EGP8.7bn (-12% y/y). Meanwhile, MTIE's BoD approved a capital increase from EGP480mn to EGP600mn through a 25% stock dividend. (Company disclosures: [1](#), [2](#))

**Arab Co. for Asset Management & Development [ACAMD] received an offer for its Samaloot land in Minya for EGP1,800/sqm,** suggesting a total value of c. EGP104mn. The potential buyers sent a good-faith check of c. EGP4mn to ACAMD. The BoD will decide on the offer in their next meeting on Monday. ([Company disclosure](#))

**South Valley Cement Co.'s [SVCE] BoD approved rescheduling all the company's loans and consolidating them into one.** ([Company disclosure](#))

**Egyptian Resorts Co.'s [EGTS] 2020 recorded losses of c. EGP45mn,** while its revenues increased to EGP211mn (+12% y/y). Furthermore, Bayet El-Khebra increased its stake in EGTS to 13.18% by purchasing 130.4mn shares for EGP187.5mn. (Company Disclosure [1](#), [2](#))

**Suez Canal Bank [CANA] applied for increasing its paid-in capital from EGP2bn to EGP2.2bn** through issuing a stock dividend of 20mn shares. ([Bank release](#))

**Banque Misr saw CI Capital Holding [CICH] investors tender 720.8mn of their shares at EGP4.7 each to the state lender's 90% acquisition offer, according to the Egyptian Exchange, presenting 6.9% more shares than targeted.** However, Banque Misr said it would only look to acquire a 90% stake. ([EGX disclosure](#), [Hapi](#))

**GB Auto's [AUTO] Drive, the factoring arm of GB Capital, aims to start operations for its consumer finance business in H2 2021.** Drive secured the FRA licenses last year. ([Al-Borsa](#))

**Negotiations stopped between Glaxo Group Limited and LSE-listed Hikma Pharmaceuticals [LSE: HIK] regarding the latter's acquisition of GlaxoSmithKline [BIOC], after nearly two months, without giving any reasons.** In the same context, Arab Co. for Drug Industries & Medical Appliances (ACDIMA) announced once again that it intends to submit a bid to acquire Glaxo Group's 91.2% stake in BIOC. ([Company disclosure](#), [Hapi](#))

**State-owned Banque du Caire's IPO could materialize by the end of the year, with the lender postponing its plans to debut 20-30% of its shares on the EGX due to current market conditions.** ([Masrawy](#))

**LSE-listed Integrated Diagnostics Holding [LSE: IDHC] is considering the dual listing of its ordinary shares on EGX within two months, according to informed sources.** ([Al-Borsa](#))

## GLOBAL NEWS

**Oil settled near USD70 a barrel on Friday, supported by production cuts by major oil producers and optimism about a demand recovery in the second half of the year.** ([Reuters](#))

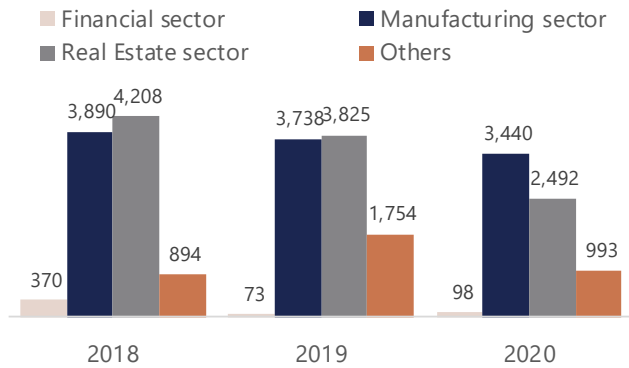
**The 10-year Treasury yield shot to the highest level in over a year on Friday,** a sign of optimism in an economic comeback but also a reflection of heightened inflation fears after the enactment of the USD1.9tr stimulus package. ([CNBC](#))

## 3. CHART OF THE DAY

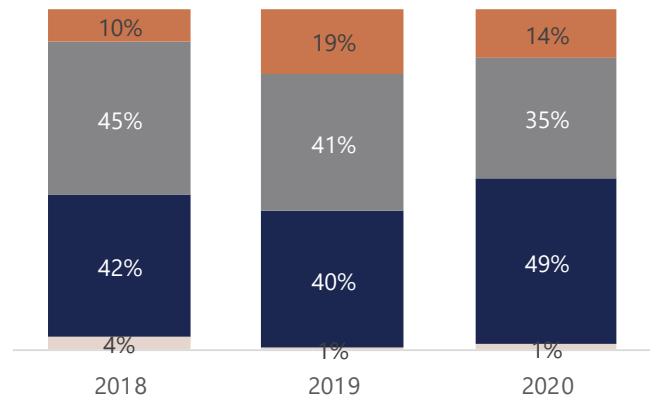
## TABLE OF CONTENTS

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Pioneers Holding's [PIOH]  
Revenues by Segment (EGPmn)

Revenues Mix by Segment



Source: Company financials, Prime Research.

Pioneers Holding's [PIOH] revenue mix shows a stabilized contribution from the financial, manufacturing, and real estate segments in 2018 and 2019. Yet in 2020, PIOH saw its real estate business take a hit from the COVID-19 pandemic, as per its full-year results, while financial services was the only riser, showing yearly growth of 34%.

## 4. MARKETS PERFORMANCE

## TABLE OF CONTENTS

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
688.6					1,184.1 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	↗	EGX 30	11,261.35	0.23%	3.84%		↗	Gold	1,727.11 0.26% (9.02%)
	↗	EGX 30 TR	4,340.15	0.60%	4.03%		↘	Silver	25.92 (0.78%) (1.83%)
	↗	EGX 70 EWI	2,212.85	0.69%	3.16%		↘	Brent Oil	69.22 (0.59%) 33.63%
	↗	EGX 100 EWI	3,223.36	0.60%	4.05%		↘	WTI	65.61 (0.62%) 35.22%
	↗	DFMGI	2,573.48	1.03%	3.27%		↘	Natural Gas	2.60 (2.55%) 2.40%
	↗	ADSMI	5,636.83	0.54%	11.72%	EGP	↘	USD/EGP	15.70 (0.04%) (0.28%)
	↘	TASI	9,587.79	(0.08%)	10.34%	€	↘	EUR/USD	1.20 (0.28%) (2.15%)
	↘	QE Index	10,224.92	(0.46%)	(2.02%)	£	↘	GBP/USD	1.39 (0.48%) 1.86%
	↗	S&P 500	3,943.34	0.10%	4.99%	¥	↗	USD/JPY	109.03 0.48% 5.60%
	↗	Dow 30	32,778.64	0.90%	7.10%		↗	6M TB yield	13.32 8 59
	↘	NASDAQ	13,319.86	(0.59%)	3.35%		↗	1Y TB yield	13.29 7 52
	↘	VIX	20.69	(5.57%)	(9.05%)		↘	10Y TB yield	14.70 (2) 31
	↘	STOXX 50	3,833.36	(0.32%)	7.90%		↘	2Y TB yield	0.16 (0) 3
	↘	MSCI Emerging	1,348.20	(0.69%)	4.41%		↗	10Y TB yield	1.62 10 69
	↗	MSCI Frontier	573.75	0.11%	0.37%		↗	30Y TB yield	2.39 14 73

\* As of market close. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

## 5. LATEST EGX VALUATION MULTIPLES

### TABLE OF CONTENTS

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

## 6. KEY DATES

### TABLE OF CONTENTS

DATE	TICKER	TYPE	EVENT
14-Mar-21	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in a 6th of October City project.
15-Mar-21	ETEL	EGM	Amending articles 21 & 43 of the bylaws.
15-Mar-21	ACAMD	BoD meeting	Discussing sale of land in Samaloot, Minya for EGP1,800/sqm.
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.
17-Mar-21	OLFI	Cash dividend	Record date for dividends of EGP0.60/share.
18-Mar-21	OLFI	Cash dividend	Ex-dividend date for dividends at EGP0.60/share.
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.
21-Mar-21	SIPC	Stock dividend	Record date for a dividend at a 0.14-for-1 ratio.
22-Mar-21	SIPC	Stock dividend	Distribution date for dividends at a 0.14-for-1 ratio.
22-Mar-21	OLFI	Cash dividend	Payout date for dividends of EGP0.60/share.
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.
23-Mar-21	PORT	OGM	Approving the financial statements ending 31 Dec. 2020.
23-Mar-21	PORT	EGM	Discussing changing the name of the company.
24-Mar-21	CICH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
25-Mar-21	AUTO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
25-Mar-21	AUTO	EGM	Discussing the agenda.
25-Mar-21	UNIT	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MBSC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MCQE	OGM	Approving the financial statements ending 31 Dec. 2020.

27-Mar-21	PHAR	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MPRC	OGM	Approving the financial statements ending 31 Dec. 2020.
27-Mar-21	MPRC	EGM	Amending articles 7 & 21 of the bylaws.
27-Mar-21	EFIC	OGM	Approving the financial statements ending 31 Dec. 2020.
27-Mar-21	EFIC	EGM	Amending article 36 of the bylaws.
27-Mar-21	EGAS	EGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MPCO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
28-Mar-21	UNIP	OGM	Approving the financial statements ending 31 Dec. 2020.
28-Mar-21	UNIP	EGM	Discussing a 10-for-1 stock split and amending articles 6 & 7 of the bylaws.
28-Mar-21	ODIN	OGM	Approving the financial statements ending 31 Dec. 2020.
28-Mar-21	TMGH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	UEGC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	GGCC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	AMIA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	ETEL	OGM	Approving the financial statements ending 31 Dec. 2020.

## 7. LATEST RESEARCH

## TABLE OF CONTENTS

DATE	PUBLISHED REPORT
10-Mar-21	<a href="#"><u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u></a>
8-Mar-21	<a href="#"><u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u></a>
7-Mar-21	<a href="#"><u>Al-Shams Housing &amp; Development [ELSH] – Making Hay While the Sun Shines</u></a>
3-Mar-21	<a href="#"><u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u></a>
2-Mar-21	<a href="#"><u>MACROView – Commodity Supercycle: Real or Hype?</u></a>
1-Mar-21	<a href="#"><u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u></a>
25-Feb-21	<a href="#"><u>Elsowedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u></a>
22-Feb-21	<a href="#"><u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u></a>
10-Feb-21	<a href="#"><u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u></a>
8-Feb-21	<a href="#"><u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u></a>
4-Feb-21	<a href="#"><u>MACROView – External Buffers Are Still Restoring Grounds</u></a>
3-Feb-21	<a href="#"><u>MACROView – A Fragile Improvement but Favorable Sentiment</u></a>
3-Feb-21	<a href="#"><u>MACROView – External Woes vs. Cautious Optimism</u></a>
<b>2-Feb-21</b>	<b><a href="#"><u>STANDPoint – Egypt 2021 Investing Playbook</u></a></b>
14-Jan-21	<a href="#"><u>CI Capital Holding [CICH] – New Expansions = Further Growth</u></a>

10-Jan-21	<a href="#"><u>MACROView – Below End-of-Year Target</u></a>
6-Jan-21	<a href="#"><u>MACROView – On the Path to Further Recovery</u></a>
5-Jan-21	<a href="#"><u>MACROView – Rutted Road to Recovery</u></a>
28-Dec-20	<a href="#"><u>Elsowedy Electric [SWDY] – More Growth to Come</u></a>
22-Dec-20	<a href="#"><u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u></a>
16-Dec-20	<a href="#"><u>CIB [COMI] – Earnings beat despite higher provisions</u></a>
10-Dec-20	<a href="#"><u>MACROView – The Highest Reading in Seven Months</u></a>
7-Dec-20	<a href="#"><u>MACROView – Restored Ground</u></a>
6-Dec-20	<a href="#"><u>MACROView – Lost Momentum</u></a>
3-Dec-20	<a href="#"><u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u></a>
25-Nov-20	<a href="#"><u>Misr Chemical Industries [MICH] – Pandemic Proof</u></a>
10-Nov-20	<a href="#"><u>MACROView – An expected rise as the new school year began</u></a>
4-Nov-20	<a href="#"><u>MACROView – The Stars Seem to Be Aligned for International Reserves</u></a>
3-Nov-20	<a href="#"><u>MACROView – The Highest Reading in Six Years</u></a>
25-Oct-20	<a href="#"><u>CIB [COMI] – Short-term pain for longer-term gain</u></a>
11-Oct-20	<a href="#"><u>MACROView – Disinflationary trend interrupted</u></a>
11-Oct-20	<a href="#"><u>MACROView – External strains are slacking and reserves are growing</u></a>
6-Oct-20	<a href="#"><u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u></a>
5-Oct-20	<a href="#"><u>MACROView – Egypt’s recovery is broadening</u></a>
10-Sep-20	<a href="#"><u>MACROView – A Stunning Chapter Towards Targets</u></a>
8-Sep-20	<a href="#"><u>MACROView – Crawling Out of the Troughs</u></a>
3-Sep-20	<a href="#"><u>MACROView – Job losses and the bumpy road to recovery</u></a>
18-Aug-20	<a href="#"><u>Oriental Weavers Carpet [ORWE] – Q2 2020 Results</u></a>
13-Aug-20	<a href="#"><u>Credit Agricole Egypt [CIEB] – Q2 2020 Results</u></a>
10-Aug-20	<a href="#"><u>MACROView – Muted inflation environment still dominates</u></a>
9-Aug-20	<a href="#"><u>MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</u></a>
5-Aug-20	<a href="#"><u>MACROView – Toward gradual recovery</u></a>
29-Jul-20	<a href="#"><u>MACROView – CAD gains eroded by financial account vulnerability</u></a>
14-Jul-20	<a href="#"><u>Commercial International Bank - [COMI] - Q2 2020 results</u></a>
9-Jul-20	<a href="#"><u>MACROView – Inflation driven by non-food baskets and unfavorable base effect</u></a>
8-Jul-20	<a href="#"><u>MACROView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position</u></a>
7-Jul-20	<a href="#"><u>MACROView – Non-oil private sector keeps perking up in June, but demand stays depressed</u></a>

25-Jun-20	<a href="#"><u>EFG Hermes Holding [HRHO] – Behind the Optics of the Arab Investment Bank Potential Acquisition</u></a>
10-Jun-20	<a href="#"><u>MACROView – Lowest annual reading in five months, but monthly figures show no changes</u></a>
8-Jun-20	<a href="#"><u>Oriental Weavers Carpet [ORWE] – Operating margins improve despite COVID-19, thanks to lower PP and nylon prices</u></a>
8-Jun-20	<a href="#"><u>MACROView – Solid buffers and moderate depreciation: The CBE's recipe to deal with COVID-19</u></a>
3-Jun-20	<a href="#"><u>MACROView – Non-oil private sector took a breather in May, but outlook remains cloudy</u></a>
18-May-20	<a href="#"><u>Abu Dhabi Islamic Bank [ADIB] – Q1 2020 Results</u></a>
18-May-20	<a href="#"><u>Al Baraka Bank Egypt [SAUD] – Q1 2020 Results</u></a>
17-May-20	<a href="#"><u>Credit Agricole Egypt [CIEB] – Q1 2020 Results</u></a>
13-May-20	<a href="#"><u>MACROView – Yesterday's CBE conference call with Deputy Governor</u></a>
11-May-20	<a href="#"><u>MACROView– Acceleration in April driven by food prices – as expected</u></a>
7-May-20	<a href="#"><u>MACROView – Keeping head above water amid pandemic uncertainties</u></a>
5-May-20	<a href="#"><u>Commercial International Bank (CIB) - Egypt [COMI] – Q1 2020 Results</u></a>



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