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## Little Green Apples

### 1. Today's Trading Playbook

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Absent general themes that we see driving the market in the coming period, we opt to pick single stock stories that we think are worth looking at, especially when valuation is relatively cheap and on top of that offering potentially high yield. In terms of relatively cheap valuation, we recently discussed [Dice Sport & Casual Wear \[DSCW\]](#) which we think it offers a decent upside following its recent rollercoaster ride. In terms of both relatively cheap valuation and high dividend yield, we discuss today General Silos & Storage [**GSSC**].

GSSC released its 8M 2020/21 figures, achieving net earnings before minorities of EGP67mn. That's another small cap name, which had quite a fortunate run in 2020. We note that GSSC's net income in January-February 2021 is about EGP16.4mn (i.e. 24% of the entire 8M 2020/21 EPS). However, minority interest captures a considerable share of the name's bottom line (nearly 50%). The main overhang related to GSSC is the EGP390mn fine due to the General Authority for Supply Commodities (GASC) over a 20-year period. However, given the length of such period, we think the per-share effect is substantially reduced. Also, GSSC is flush with cash and is debt free. Its net cash position as of H1 2020/21 ended 31 December 2020 hit c. EGP350mn.

Interestingly, GSSC's current market cap is around EGP463mn. If we subtract the net cash from its market cap, and with TTM earnings after minority standing at EGP39mn (adjusted for interest income), we end up with a cash-adjusted P/E close to 3x.

Valuing GSSC, we find the company enjoys notable sustainability when it comes to its business model variables. We valued the name using a 3-year DCF method. We forecast revenues to grow at a 4-year CAGR (2019/20-2022/23) of c.4%. We see GSSC achieving a top line of c. EGP477mn by 2022/23, with GPM stabilizing at 40.5%. Our projections lead to an average NOPAT of c.13% of total revenues, with reinvestment rate averaging c.12%. Assuming a terminal growth rate of 3% and a terminal WACC of c.14% for GSSC, we reach a 12M PT of EGP59/share (ETR +28%), after taking into consideration the aforementioned settlement with GASC. Consequently, our 12M PT implies 2021/22e EV/EBITDA of 4.4x, which is not too demanding.

## POSITIVE

**GSSC, BINV, OFH:** GSSC offers decent dividend yield in the vicinity of 7%, while offering some 28% upside. Today's reported 2020 results by B Investments Holding [**BINV**] confirms our positive view on the name, at a time when it is undertaking some profitable exits. Last but not least, Orascom Financial Holding [**OFH**] is making its first move after its spinoff. We like the name because we think there is more up its sleeves in the fintech sector.

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

## 2. TOP NEWS & ANALYSIS

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### MACRO NEWS

**The Suez Canal Authority said it aims to see 95 ships crossing the canal per day by 2023,** compared to 50-60 ships per day currently. ([Al-Borsa](#))

**The Egyptian government is currently allocating lands to launch waste-to-energy projects,** the Ministry of Environment said, and preparing partnership contracts with the Ministry of Electricity & Renewable Energy for that matter. ([Al-Borsa](#))

**Presidential Health Adviser Mohamed Awad Tag El-Din said about 4.5mn doses of the COVID-19 vaccine will be available during the coming period.** ([Al Borsa](#))

**Three water treatment stations will be built for irrigating 1.5-1.9mn feddans or more.** ([Hapi](#))

### CORPORATE NEWS

**B Investments Holding's [BINV] reported a bottom line of EGP286mn (+66% y/y) in 2020 on higher total revenues of EGP370mn (+61% y/y) as a result of capital gains on its recent exits.** The capital gains amounted to EGP128mn from a partial exit from Total Egypt (EGP118mn) and BEARD (EGP10mn). Meanwhile, BINV will distribute an EGP1.25/share (a yield of 8.9%). (Company disclosures: [1](#), [2](#))

**Orascom Financial Holding [OFH] announced establishing a new fintech company focused on digital payments in partnership with EXCEL.** OFH will own a 79.9% stake in the new company of which paid-in capital is EGP100mn. ([Company disclosure](#))

**CI Capital Holding [CICH] will distribute EGP0.2/share dividends over three payments,** paying out EGP0.05/share each on 14 April 2021 and 30 June 2021, and EGP0.1/share on 30 September 2021. Record date is 11 April. ([Company disclosure](#))

**Fawry's [FWRY] 2020 results showed bottom line surging to EGP186mn (+81% y/y),** backed by stronger operating revenues of EGP1.2bn (+40% y/y) and wider margins. ([Company disclosure](#)) On a separate note, **FWRY received an approval from the FRA to call for an EGP400mn capital increase to reach EGP853.7mn (+88%),** distributed over 800mn shares at a par value of EGP0.5/share. ([FRA](#))

**The Sovereign Fund of Egypt (TSFE) committed EGP250mn in EFG Hermes Education Fund's third closing, as per an announcement by EFG Hermes Holding [HRHO].** TSFE also signed an MOU with GEMS Egypt to develop and operate two premium national schools in western Cairo. ([Company disclosure](#)) On a separate note, **TSFE is planning to consolidate its real estate assets in the form of an entity or REIT to be listed on EGX.** ([Al-Mal](#))

**Contact Financial Holding's [SRWA] OGM approved a dividend of EGP126mn (EGP0.11/share),** implying a yield of 2.9%. ([Company disclosure](#))

**EIPICO [PHAR] sold 1.02mn treasury shares on 29 March 2021.** ([Company disclosure](#))

## GLOBAL NEWS

**The United States signed on to a joint statement with 13 other nations Tuesday criticizing the World Health Organization's long-anticipated report on the origins of COVID-19.** ([CNBC](#))

**The U.S. returned 18.3mn barrels of oil temporarily stored in the Strategic Petroleum Reserve by energy companies that had rented space there when prices were crashing last year.** ([CNBC](#))

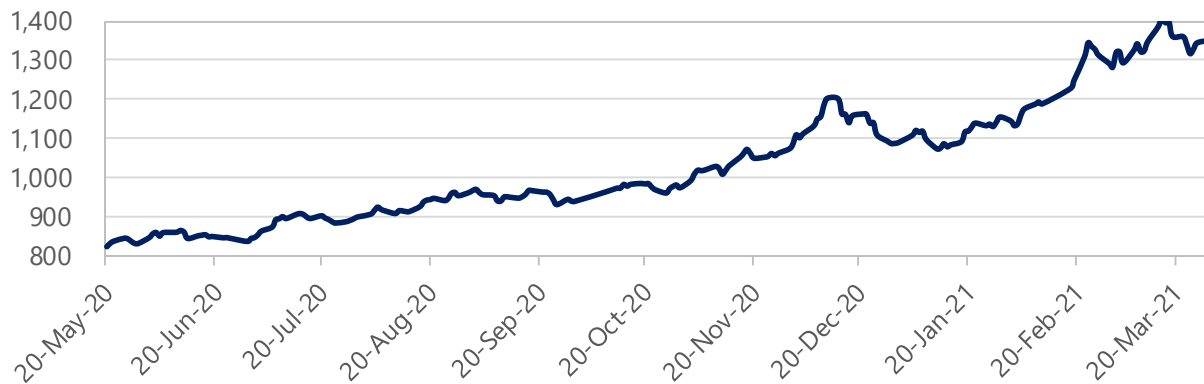
## 3. CHART OF THE DAY

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PVC Prices (USD/ton)



Source: Bloomberg.

Polyvinyl Chloride (PVC) prices have seen strong upward momentum since mid-last year, unfazed by COVID-19 toll on industrial commodities. The reasons appear to be sound industrial demand on PVC, coupled with outages from certain North American producers.

## 4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
655.6						1,191.9 1,178.6			
				daily chg.	ytd chg.			daily chg.	ytd chg.
		EGX 30	10,739.69	0.01%	(0.97%)		Gold	1,685.20	(1.58%) (11.28%)
		EGX 30 TR	4,131.00	(0.11%)	(0.98%)		Silver	24.03	(2.54%) (9.20%)
		EGX 70 EWI	1,987.84	1.81%	(7.33%)		Brent Oil	64.14	0.58% 24.54%
		EGX 100 EWI	2,940.51	1.37%	(5.08%)		WTI	60.55	0.51% 25.43%
		DFMGI	2,558.50	0.23%	2.67%		Natural Gas	2.62	0.00% 3.31%
		ADSMI	5,910.66	1.49%	17.63%	EGP	USD/EGP	15.73	0.05% (0.05%)
		TASI	9,635.34	0.20%	10.88%	€	EUR/USD	1.17	(0.04%) (4.13%)
		QE Index	10,381.30	0.56%	(0.52%)	£	GBP/USD	1.37	(0.07%) 0.45%
		S&P 500	3,958.55	(0.32%)	5.39%	¥	USD/JPY	110.36	0.41% 7.32%
		Dow 30	33,066.96	(0.31%)	8.04%		6M TB yield	13.38	(3) 65
		NASDAQ	13,045.39	(0.11%)	1.22%		1Y TB yield	13.41	3 64
		VIX	19.61	(5.45%)	(13.80%)		10Y TB yield	14.79	8 40
		STOXX 50	3,926.20	1.12%	10.51%		2Y TB yield	0.15	1 2
EM		MSCI Emerging	1,319.50	0.72%	2.19%		10Y TB yield	1.72	1 79
FM		MSCI Frontier	572.99	0.46%	0.24%		30Y TB yield	2.38	(3) 72

\* As of market close, except for commodities and currencies at 8.28am 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
31-Mar-21	HELI	Cash dividend	Distribution date for dividends of EGP0.05/share (1st installment).
31-Mar-21	EMFD	OGM	Approving the financial statements ending 31 Dec. 2020.
31-Mar-21	SPMD	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
31-Mar-21	CERA	OGM	Approving the financial statements ending 31 Dec. 2020.
31-Mar-21	CERA	EGM	Approving increasing the issued capital.
31-Mar-21	SUGR	OGM	Approving the financial statements ending 31 Dec. 2020.
31-Mar-21	SUGR	EGM	Approving the company's participation to establish Qaha and Edfina Advanced Industries Company.
31-Mar-21	CIEB	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
31-Mar-21	HELI	Auction	Open bid for 270 feddams in New Heliopolis.
31-Mar-21	LCSW	OGM	Approving the financial statements ending 31 Dec. 2020 and other agenda items.
31-Mar-21	ATQA	OGM	Approving the financial statements ending 31 Dec. 2020.
31-Mar-21	ATQA	EGM	Amending articles 4 & 7 of the bylaws.
31-Mar-21	SKPC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
31-Mar-21	HDBK	OGM	Approving the financial statements ending 31 Dec. 2020.
31-Mar-21	CANA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
31-Mar-21	ACAMD	OGM	Approving the financial statements ending 31 Dec. 2020.
31-Mar-21	ISPH	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
31-Mar-21	POUL	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
31-Mar-21	ETRS	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
31-Mar-21	ARCC	OGM	Approving the financial statements ending 31 Dec. 2020.
31-Mar-21	ORWE	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
31-Mar-21	COSG	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
31-Mar-21	COSG	EGM	Approving a capital reduction.
31-Mar-21	PIOH	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution.
31-Mar-21	DOMT	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
31-Mar-21	DOMT	EGM	Discussing a capital reduction.
31-Mar-21	CANA	Stock dividend	Record date for dividends at a 1-for-10 ratio.
1-Apr-21	CANA	Stock dividend	Distribution date for dividends at a 1-for-10 ratio.

1-Apr-21	PHDC	OGM	Approving the financial statements ending 31 Dec. 2020 and the acquisition of Mansour & Maghraby Inv. & Dev. Co.'s (MMID) stake in Palm Hills Taaleem and Eastern New Cairo for Real Estate Development and agenda items.
4-Apr-21	SWDY	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
4-Apr-21	SWDY	EGM	Amending article 4 of the bylaws.
4-Apr-21	MICH	EGM	Approving the estimated budget for FY 2020/21
4-Apr-21	BTFH	OGM	Approving the financial statements ending 31 Dec. 2020 and other agenda items.
4-Apr-21	BTFH	EGM	Approving an employee incentive system and discussing utilizing an asset representing 50% of the company's fixed assets.
4-Apr-21	EFID	EGM	Discussing capital reduction and amending articles 6 & 7 of the bylaws.
6-Apr-21	NCCW	OGM	Approving the financial statements ending 31 Dec. 2020.
7-Apr-21	DAPH	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
7-Apr-21	RACC	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
7-Apr-21	RACC	EGM	Amending article No. 2 of the company's bylaws.
7-Apr-21	MNHD	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
7-Apr-21	MNHD	EGM	Amending articles 4, 6 & 7 of the bylaws.

## 7. LATEST RESEARCH

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### DATE PUBLISHED REPORT

28-Mar-21	<a href="#"><u>Taaleem Management Services [TALM] – Enriching the Education Sector</u></a>
18-Mar-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u></a>
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>

**2-Feb-21**     **STANDPoint – Egypt 2021 Investing Playbook**

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



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>
8Jun-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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