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## Another Large-Cap Name

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### 1. Today's Trading Playbook

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#### KEY THEMES

After the trading session, Edita Food Industries [**EFID**] said it acquired a new bakery line that is expected to be operational by February 2022. The new line will upgrade EFID's bakery annual segment capacity by around 20% or 11,000 tons with an investment cost of EGP135mn. We note that EFID's bakery segment, the second largest behind the cake segment, has contributed 35% to Q1 2021 revenues, thanks to 35% higher volumes. We believe EFID may come under some pressure in 2021, facing headwinds such as thin volume growth or rising raw materials prices. That said, taking this into account we still think EFID can generate EGP720mn of EBITDA in 2021.

EFID has also seen some pressure in terms of its stock performance; it dropped 10% ytd to EGP8/share. We value EFID using forward EV/EBITDA multiple. Driven by a 5-7% increase in volumes (weighted) and 2.5-5% price increase (weighted) across all business lines, we pencil in revenues of EGP4.4bn in 2021. At an EBITDA margin of 16.5% and an EV/EBITDA multiple of 12x (33% below EFID's historically-rich EV/EBITDA of 18x), we reach an equity value of EGP8.4bn which implies a price target of EGP11.6/share (an upside of 45%).

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

### 2. TOP NEWS & ANALYSIS

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#### MACRO NEWS

**Egypt's Cabinet decided to launch an initiative for licensing three-wheelers.** There are c.2.5mn in Egypt, only 10% of which is licensed. Under this initiative, licensing three-wheelers will cost less than the previous initiative, and vehicle owners will be provided with health insurance and pension. Under the initiative, the owners will be able to replace their three-wheelers with minivans. The government included the three-wheelers in its initiative to convert and replace cars to operate with a dual-fuel system ([Al-Masry Al-Youm](#)) **The initiative could benefit GB Auto [AUTO]**, of which revenues from two- and three-wheelers about c.20% of total revenues.

**Egypt will receive a share of 14mn vaccines allocated by the U.S. to at least 30 other "regional priority" countries.** This is part of a second, 55mn-dose tranche of vaccines to be handed out by the U.S. under the Biden administration's pledge to distribute 80mn shots around the world. ([White House](#))

**Private-sector companies will have the chance to bid for some of Egyptian Iron & Steel's [IRON] land as the government continues the process of liquidating the state-owned company.** The New Urban Communities Authority (NUCA) has been put in charge of preparing the sale, a process that is expected to take 2-3 months. ([Al-Mal](#))

**The Export Subsidy Fund has paid out EGP4.3bn in arrears to exporters as part of the second stage of the subsidy program.** The fund has paid out some EGP27bn in arrears since the launch of the program last year. ([Al-Mal](#))

## CORPORATE NEWS

**Contrack Watts, 100% owned by Orascom Construction [ORAS], is within the international consortia that are applying for managing and operating Mostakbal City's first phase.** The study of this tender may last until the end of 2021. Mostakbal City's size is 11,000 feddans in an attractive location. ([Al-Mal](#))

**Cleopatra Hospitals Group [CLHO] bought back 1mn treasury shares on 21 June.** CLHO's BoD, held on 14 June, approved a buyback of up to 160mn shares or 10% of total shares, starting 15 June and for a maximum period of three months. ([Company disclosure](#))

**Export Development Bank of Egypt [EXPA] decided to increase its paid-in capital by 20%** to EGP3.3bn through stock dividends of 54.56mn shares, which will bring the number of shares to a total of 327.4mn. The bank will also double its authorized capital to EGP10bn. ([Bank release](#))

**National Bank of Egypt and Banque Misr have completed the establishment of a joint fund for real estate investment with an initial size of EGP250mn,** and they have also obtained approval for licenses for practicing. ([Al-Borsa](#))

**Development & Engineering Consultants - Tameer [DAPH] saw its request to increase its capital by EGP49.9mn to EGP299.4mn receive a regulatory approval.** The capital will be hiked up through retained earnings, at par value of EGP14/share. ([FRA](#))

**A consortium of Tawasol Holdings and Maternity and Pediatrics Holding has submitted an offer to acquire 74.08% of Alexandria Medical Services [AMES] for EGP52/share.** The offer is being studied by the FRA. ([Enterprise](#))

**Remco for Tourism Villages Construction [RTVC] purchased 115 feddans in New Cairo from New Urban Communities Authority (NUCA) for EGP2.6bn and 10% of the amount was paid as a down payment. ([Al-Mal](#))**

## GLOBAL NEWS

**The U.S. economy continues to show "sustained improvement"** from the impact of the coronavirus pandemic and ongoing job market gains, but inflation has "increased notably in recent months," Federal Reserve Chair said in prepared testimony for a congressional hearing on Tuesday. In his remarks, which were released by the Fed late Monday afternoon, Powell said he regards the current jump in inflation, in fact, as likely to fade. ([Yahoo Finance](#))

**Commodity prices are in retreat**, but it is too early for China to declare victory in its two-month battle to quash prices and ease rising factory costs. China has rolled out a swathe of measures – from trading curbs to releases from state stockpiles – in a sweeping effort to stem inflation by cooling runaway commodities. Many of the prices have fallen from May peaks, with steel in particular beating a rapid retreat. ([Bloomberg](#))

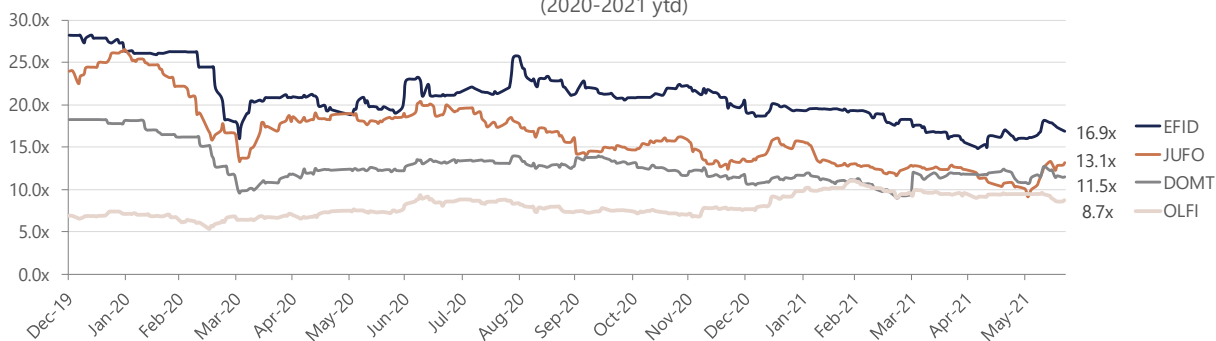
**The global chip shortage is pushing up prices of items such as laptops and printers and is threatening to do the same to other top-selling devices including smartphones.** The consumer electronics manufacturers have begun passing the increased costs from the global chip shortage down to the consumer, with Dell, HP, Asus, and Amazon reporting price increases on their upcoming models between 6-20%. ([WSJ](#)) Similarly, GB Auto [**AUTO**], MM Group for Industry & International Trade [**MTIE**] could not be able to meet the demand recovery in its consumer appliances segment (c.65% of total revenues) which recovered by 15% y/y in Q1 2021 reaching EGP1.6bn.

## 3. CHART OF THE DAY

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**TTM P/E of Selected EGX-Listed Food & Beverages Stocks**  
(2020-2021 ytd)



Source: Bloomberg.

The Food & Beverages sector has seen some pressure on prices since the beginning of 2021. Of the four stocks charted in the above graph, three fell ytd, namely Arabian Food Industries (Domty) [**DOMT**] (-21%), Edita Food Industries [**EFID**] (-10%), and Juhayna Food Industries [**JUFO**] (-1%). Meanwhile, Obour Land Food Industries [**OLFI**] rose 6% ytd. OLFI also rose ytd yet is still the cheapest name on the list with a TTM P/E ratio of 8.7x.

## 4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
644.3						1,790.1 1,178.6			
				daily chg.	ytd chg.			daily chg.	ytd chg.
		EGX 30	10,061.58	2.69%	(7.23%)			Gold	1,783.27 1.08% (6.19%)
		EGX 30 TR	3,933.99	2.87%	(5.70%)			Silver	25.95 0.64% (2.16%)
		EGX 70 EWI	2,371.43	1.80%	10.55%			Brent Oil	74.90 0.17% 44.85%
		EGX 100 EWI	3,316.79	1.89%	7.07%			WTI	73.66 (0.14%) 51.61%
		DFMGI	2,847.95	(0.10%)	14.29%			Natural Gas	3.19 0.03% 25.72%
		ADSMI	6,615.95	(0.50%)	31.13%	EGP		USD/EGP	15.66 (0.03%) (0.48%)
		TASI	10,859.18	0.63%	24.97%	€		EUR/USD	1.19 (0.20%) (2.63%)
		QE Index	10,740.13	(0.21%)	2.91%	£		GBP/USD	1.39 (0.22%) 1.71%
		S&P 500	4,224.79	1.40%	12.48%	¥		USD/JPY	110.27 0.20% 7.01%
		Dow 30	33,876.97	1.76%	10.69%			6M TB yield	13.34 (4) 61
		NASDAQ	14,141.48	0.79%	9.72%			1Y TB yield	13.20 (9) 43
		VIX	17.89	(13.57%)	(21.36%)			10Y TB yield	14.83 (0) 44
		STOXX 50	4,112.33	0.71%	15.75%			2Y TB yield	0.26 1 13
EM		MSCI Emerging	1,350.52	(0.79%)	4.59%			10Y TB yield	1.47 4 54
EM		MSCI Frontier	637.92	0.14%	11.60%			30Y TB yield	2.10 8 44

\* As of market close, except for commodities and currencies at 8.12am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

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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-Jun-21	MICH	BoD meeting	Follow up on production, sales and exports.
24-Jun-21	MENA	EGM	Amending articles 5 and 39 of the bylaws.
26-Jun-21	CSAG	OGM	Approving the estimated budget of FY 2021/22.
26-Jun-21	UASG	OGM	Approving the estimated budget of FY 2021/22.
26-Jun-21	ALCN	OGM	Approving the estimated budget of FY 2021/22.
28-Jun-21	DSCW	OGM	Approving the financial statements ending 31 Dec. 2020 and other agenda items.
29-Jun-21	RACC	EGM	Discussing a capital decrease and amending articles 4, 6 and 7 of the bylaws.

29-Jun-21	CIEB	OGM	Approving a capital increase and other agenda items.
29-Jun-21	CIEB	EGM	Amending articles 6 and 7 of the bylaws.
29-Jun-21	HELI	Cash dividend	Date for a payout of EGP0.16/share (2nd round).
29-Jun-21	HELI		The deadline for buying a copy of the bidding terms for Heliopark.
30-Jun-21	IDHC	OGM	Approving the financial statements and approving distributing dividends.
30-Jun-21	CICH	Cash dividend	Date for a payout of EGP0.05/share (2nd round).
30-Jun-21	EGTS	OGM	Approving the financial statements and other agenda items.
1-Jul-21	AMES	EGM	Approving increasing the issued capital and amending articles 6 and 7 of the bylaws.
3-Jul-21	MTIE	OGM	BoD member's duration renewal.
4-Jul-21	OIH	OGM	Approving the financial statements and other agenda items.
7-Jul-21	ELSH	Auction	Open bid for five residential buildings and 11 commercial plots

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DATE	PUBLISHED REPORT
16-June-21	<a href="#">B Investments Holding [BINV] – Strong Financials, Growing Investments</a>
14-June-21	<a href="#">Al-Shams Housing &amp; Development [ELSH] – Earnings Flattened by Factoring Cost</a>
10-June-21	<a href="#">MACROView – Inflation Risk Rising, but Still Within Target</a>
8-June-21	<a href="#">TAKESstock – Telecom Egypt [ETEL] – Show Me the Dividends</a>
6-June-21	<a href="#">MACROView – Further Enhancement</a>
3-June-21	<a href="#">MACROView – Contraction Eased</a>
23-May-21	<a href="#">Orascom Construction [ORAS] – Earnings Short of Our Estimates</a>
23-May-21	<a href="#">CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</a>
22-May-21	<a href="#">Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</a>
20-May-21	<a href="#">Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</a>
20-May-21	<a href="#">EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</a>
18-May-21	<a href="#"><b>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</b></a>
18-May-21	<a href="#">Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead</a>
17-May-21	<a href="#">Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</a>
11-May-21	<a href="#">MACROView – Inflation Eased but Stage Still Set for a Pick-Up</a>
9-May-21	<a href="#">MACROView – Stability Prevailed</a>
6-May-21	<a href="#">MACROView – The Road to Recovery Gets Longer</a>
18-Apr-21	<a href="#">MACROView – Challenges Remain Daunting</a>
<b>13-Apr-21</b>	<a href="#"><b>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</b></a>
<b>12-Apr-21</b>	<a href="#"><b>Orascom Construction [ORAS] – Rich in Value</b></a>
11-Apr-21	<a href="#">MACROView – Monthly Reading Pressured By Seasonality</a>



6-Apr-21	<a href="#"><u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u></a>
6-Apr-21	<a href="#"><u>MACROView – Still Downbeat</u></a>
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>
<b>7-Mar-21</b>	<b><a href="#"><u>Al-Shams Housing &amp; Development [ELSH] – Making Hay While the Sun Shines</u></a></b>
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>Elsewedy 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>
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3-Feb-21	<a href="#"><u>MACROView – External Woes vs. Cautious Optimism</u></a>
<b>1-Feb-21</b>	<b><a href="#"><u>STANDPoint – Egypt 2021 Investing Playbook</u></a></b>
<b>14-Jan-21</b>	<b><a href="#"><u>CI Capital Holding [CICH] – New Expansions = Further Growth</u></a></b>
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>
<b>28-Dec-20</b>	<b><a href="#"><u>Elsewedy Electric [SWDY] – More Growth to Come</u></a></b>
<b>22-Dec-20</b>	<b><a href="#"><u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u></a></b>
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>
<b>25-Nov-20</b>	<b><a href="#"><u>Misr Chemical Industries [MICH] – Pandemic Proof</u></a></b>
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>
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<b>6-Oct-20</b>	<b><a href="#"><u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u></a></b>
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>

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