

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

Sugary Road

1. Today's Trading Playbook

TABLE OF CONTENTS

Sherif El Etr | Equity Analyst

seletr@egy.primegroup.org

KEY THEMES

After a year of devastating losses in 2020, Delta Sugar [**SUGR**] is about to turn this around during the ongoing 2021. SUGR had record sales last year, selling as much as 427,000 tons, nearly depleting its entire inventory. We expect SUGR to turn profits in 2021 on the back of: (1) starting the year with a thin inventory, (2) higher global sugar prices, and (3) expectations of lower sales volumes in 2021, which will contribute to a higher ending inventory, and thus improved margins during the year. We note that, SUGR nearly sold only 9,300 tons during Q1 2021. We believe SUGR is capable of achieving a bottom line between EGP180mn to EGP200mn this year.

We valued SUGR using two valuation techniques. First, we derive our valuation from an 8-year median EBITDA, which came at USD22mn, applying a 5.5x EV/EBITDA, and valuing SUGR investments at c. EGP500mn, we reached an equity value of EGP1.7bn (EGP12.2/share). Second, we applied USD600/ton as an EV/ton derived from **Canal Sugar** inauguration costs for its 0.75mtpa sugar facility, where we reached an equity value of EGP2.4bn (EGP17.16/share). In average, both valuation methods yielded a PT of EGP14.5/share, hence; we have an upside of 72%.

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

2. TOP NEWS & ANALYSIS

TABLE OF CONTENTS

MACRO NEWS

The central bank's EGP100bn initiative to allow low- and middle-income homebuyers to access mortgages at a subsidized rate of 3%, is expected to kick off next month. ([Hapi](#))

Suez Canal revenues hit a record USD5.84bn in FY21, up slightly from USD5.72bn same period the year before. ([SCA](#))

Driven by extensive foreign borrowing to overcome the pandemic-induced distortions, Egypt's external debt jumped by 21% in Q3 FY21 to USD134.8bn, compared to USD111.3bn in the same period in the previous fiscal year. On a quarterly basis, external debt increased 4.3% from USD129.2bn in Q2 FY21. ([CBE](#))

The Egyptian economy grew at a 2.8% clip in FY21 from the 3.6% recorded in FY20 that witnessed a 1.7% contraction in Q4 FY20 due to the COVID-19 pandemic and the government's lockdown measures, according to the minister of planning. ([CNBC](#))

CORPORATE NEWS

QNB Alahli's [QNBA] Q2 2021 standalone net profit inched up to EGP3.8bn (+0.8% y/y) as a decrease in provisions to EGP960mn (-13.3% y/y) outweighed a fall in net interest income to EGP7.2bn (-2.4% y/y). Meanwhile, net lending grew to EGP169.6bn (+3% ytd) and deposits rose to EGP256.6bn (+10% y/y). ROAE retreated to 19% in Q2 2021 from 22% in Q2 2020. ([Bank release](#)) *QNBA currently trades at a P/BV of 0.86x and a TTM P/E of 4.8x.*

Elsewedy Electric [SWDY] signed a contract to acquire 99.25% of International Cables Co. at EGP410mn. Completion of this transaction is subject to the relevant regulatory terms. ([Company disclosure](#))

Taaleem Management Services [TALM] reported net income after minority of EGP97mn (+19% y/y) in Q3 2020/21 on higher revenues of EGP267mn (+58% y/y) and a stronger gross profit margin of 82% (+582 bps). Furthermore, TALM's BoD decided to inject EGP30mn, reaching a total investments of EGP42mn, to reach 48% stake in **Egyptian International Co. for Higher Education**. ([Company disclosure](#))

GB Auto [AUTO] saw its subsidiary Drive Finance receive the final approval from the Financial Regulatory Authority (FRA) for launching consumer financing activities, besides auto lending. ([Company disclosure](#))

EFG Hermes Holding [HRHO] consumer finance arm, ValU, partnered with LandMark Group to provide the latter's clients with financing facilities. ([Economy Plus](#))

Arab Cotton Ginning Co.'s [ACGC] KPIs showed that net losses narrowed to EGP23mn in 9M 2020/2021 (vs. EGP65mn in the same period a year ago), despite lower revenues of EGP925mn (-8% y/y), losses of EGP23mn arising from investment valuation differential and lower interest income (-33% y/y). (Company disclosures: [1](#), [2](#))

GLOBAL NEWS

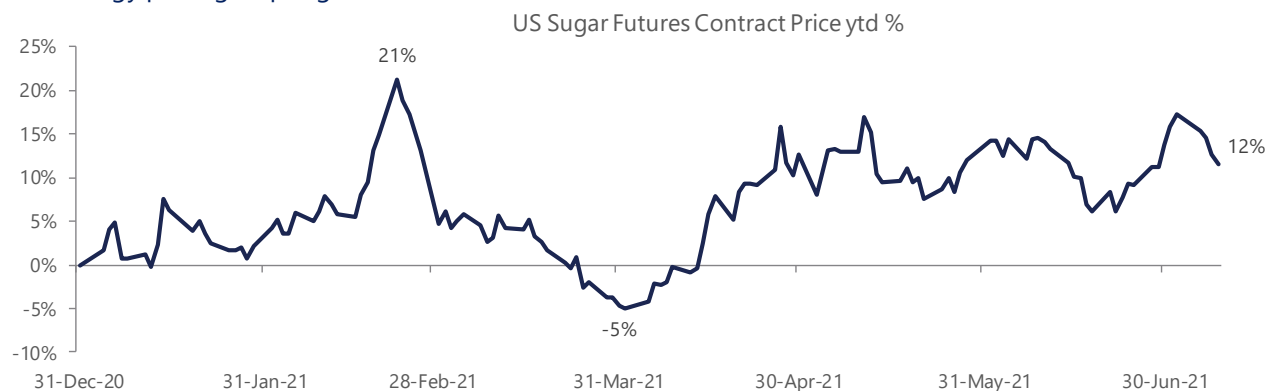
An upsurge in new COVID-19 variants and poor access to vaccines in developing countries threaten the global economic recovery, the ministers of finance of the world's 20 largest economies warned. ([Reuters](#))

U.S. Treasury Secretary, on Sunday, said that a newly endorsed mechanism to allow more countries to tax large, highly profitable multinational companies may not be ready for consideration by lawmakers until spring 2022. ([Reuters](#))

3. CHART OF THE DAY

TABLE OF CONTENTS

Sherif El Etr | Equity Analyst
seletr@egy.primegroup.org



Source: Investing.

Commodity prices and those of sugar futures are on the rise riding the coattails of tight supplies and higher demand on the back of COVID-19 disruptions to value chains. U.S. sugar futures contract has seen a ytd increase of 12% touching a peak of 21% on 22 February 2021 and a trough of -5% on 1 April 2021. Delta Sugar [**SUGR**] is one name that should be positively affected by the spike in sugar prices.

4. MARKETS PERFORMANCE

TABLE OF CONTENTS

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
655.2					832.7 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	📉	EGX 30	10,153.47	(0.31%)	(6.38%)		📈	Gold	1,808.32 0.30% (5.15%)
	📈	EGX 30 TR	3,957.74	0.14%	(5.13%)		📈	Silver	26.10 0.65% (1.61%)
	📉	EGX 70 EWI	2,296.49	(1.01%)	7.05%		📉	Brent Oil	75.55 (0.36%) 45.33%
	📉	EGX 100 EWI	3,224.69	(0.89%)	4.10%		📉	WTI	74.56 (0.35%) 53.13%
	📉	DFMGI	2,760.73	(0.68%)	10.79%		📉	Natural Gas	3.67 (0.71%) 43.68%
	📈	ADSMI	6,993.27	0.43%	39.12%	EGP	📈	USD/EGP	15.69 0.01% (0.29%)
	📉	TASI	10,688.34	(1.26%)	23.00%	€	📉	EUR/USD	1.19 (0.08%) (2.86%)
	📉	QE Index	10,794.33	(0.45%)	3.43%	£	📉	GBP/USD	1.39 (0.06%) 1.62%
	📈	S&P 500	4,369.55	1.13%	16.33%	¥	↔	USD/JPY	110.14 0.00% 6.67%
	📈	Dow 30	34,870.16	1.30%	13.93%		📉	6M TB yield	13.32 (2) 59
	📈	NASDAQ	14,701.92	0.98%	14.07%		📈	1Y TB yield	13.28 6 51
	📉	VIX	16.18	(14.84%)	(28.88%)		📉	10Y TB yield	14.82 (1) 43
	📈	STOXX 50	4,068.09	1.91%	14.51%		📉	2Y TB yield	0.22 (1) 9
EM	📈	MSCI Emerging	1,318.17	0.15%	2.08%		📈	10Y TB yield	1.36 5 43
FM	📉	MSCI Frontier	635.56	(0.76%)	11.18%		📈	30Y TB yield	1.99 7 33

* 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

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
12-Jul-21	EXPA	Stock dividend	Date for distributing a 0.2-for-1 stock dividend.
12-Jul-21	MTIE	Stock dividend	Date for distributing a 0.25-for-1 stock dividend.
12-Jul-21	SVCE	EGM	Amending articles of the bylaws.
13-Jul-21	RAYA	Cash dividend	Last date for eligibility for a dividend of EGP0.045/share.
14-Jul-21	RAYA	Cash dividend	Date for ex-dividends of EGP0.045/share.
14-Jul-21	EXPA	OGM	Approving the estimated budget.
15-Jul-21	TMGH	Cash dividend	Date for a payout of EGP0.072/share (2nd round).
18-Jul-21	RAYA	Cash dividend	Date for paying out a dividend of EGP0.045/share.
21-Jul-21	PHDC	Decreasing issued capital	Decreasing the issued capital to EGP6.16bn from EGP6.23bn by writing off 36.5mn treasury shares.
24-Jul-21	PIOH	EGM	Ratification of PIOH's split.
25-Jul-21	HRHO	Stock dividend	Last date for eligibility for a 0.2-for-1 stock dividend.
25-Jul-21	ECAP	Stock dividend	Last date for eligibility for a 0.045-for-1 stock dividend.
25-Jul-21	NBKE	Stock dividend	Last date for eligibility for a 2.33-for-1 stock dividend.

25-Jul-21	MNHD	Stock dividend	Last date for eligibility for a 0.04-for-1 stock dividend.
26-Jul-21	HRHO	Stock dividend	Date for distributing a 0.2-for-1 stock dividend.
26-Jul-21	ECAP	Stock dividend	Date for distributing a 0.045-for-1 stock dividend.
26-Jul-21	NBKE	Stock dividend	Date for distributing a 2.33-for-1 stock dividend.
26-Jul-21	MNHD	Stock dividend	Date for distributing a 0.04-for-1 stock dividend.
26-Jul-21	MICH	EGM	Approving new articles of association and other agenda items.
27-Jul-21	HELI		Last day for buying a copy of the bidding terms for Heliopark.
29-Jul-21	ZMID	Cash dividend	Payment date for EGP0.15/share (2nd installment).

7. LATEST RESEARCH

TABLE OF CONTENTS

DATE	PUBLISHED REPORT
8-Jul-21	<u>MACROView – Inflation Edged Up, As Expected</u>
8-Jul-21	<u>MACROView – External Buffers Still Powering Ahead</u>
6-Jul-21	<u>MACROView – A Steady and Slow Recovery in the Making</u>
5-July-21	<u>Abu Qir Fertilizers [ABUK] – Talking U</u>
16-June-21	<u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u>
14-June-21	<u>Al-Shams Housing & Development [ELSH] – Earnings Flattened by Factoring Cost</u>
10-June-21	<u>MACROView – Inflation Risk Rising, but Still Within Target</u>
8-June-21	<u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u>
6-June-21	<u>MACROView – Further Enhancement</u>
3-June-21	<u>MACROView – Contraction Eased</u>
23-May-21	<u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u>
23-May-21	<u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u>
22-May-21	<u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u>
20-May-21	<u>CréditAgricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u>
20-May-21	<u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u>
18-May-21	<u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u>
18-May-21	<u>Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead</u>
17-May-21	<u>Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</u>
11-May-21	<u>MACROView – Inflation Eased but Stage Still Set for a Pick-Up</u>
9-May-21	<u>MACROView – Stability Prevailed</u>
6-May-21	<u>MACROView – The Road to Recovery Gets Longer</u>
18-Apr-21	<u>MACROView – Challenges Remain Daunting</u>
13-Apr-21	<u>CréditAgricole Egypt (CAE) [CIEB] – The Value Algorithm</u>
12-Apr-21	<u>Orascom Construction [ORAS] – Rich in Value</u>

11-Apr-21	<u>MACROView – Monthly Reading Pressured By Seasonality</u>
6-Apr-21	<u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u>
6-Apr-21	<u>MACROView – Still Downbeat</u>
28-Mar-21	<u>Taaleem Management Services [TALM] – Enriching the Education Sector</u>
18-Mar-21	<u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u>
10-Mar-21	<u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u>
8-Mar-21	<u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u>
7-Mar-21	<u>AI-Shams Housing & Development [ELSH] – Making Hay While the Sun Shines</u>
3-Mar-21	<u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u>
2-Mar-21	<u>MACROView – Commodity Supercycle: Real or Hype?</u>
1-Mar-21	<u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u>
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>
1-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>

Prime Securities

Shawkat El Maraghy

Managing Director

T +20233005622

SElmaraghy@egy.primegroup.org

Sales

Mohamed Ezzat

Head of Sales & Branches

T +20233005784

MEzzat@egy.primegroup.org

Mohamed Ashmawy

Head of Institutional Sales

T +20233005612

MAshmawy@egy.primegroup.org

Amr AlaaCFTe

Team Head-Institutional Desk

T +20233005609

AAlaa@egy.primegroup.org

Mohamed ElMetwaly

Manager

T +20233005610

MElmetwaly@egy.primegroup.org

EmadEl Safoury

Manager

T +20233005624

EElsafoury@egy.primegroup.org

Shawkat Raslan

Heliopolis Branch Manager

T +20233008130

SRaslan@egy.primegroup.org

Nashwa Abuelatta

Alexandria Branch Manager

T +20233005173

NAbuelatta@egy.primegroup.org

Research

Amr Hussein Elalfy CFA

Head of Research

T +20233005724

AElalfy@egy.primegroup.org

Head Office

Prime Securities S.A.E.

Regulated by FRA License No. 179.
Member of the Egyptian Exchange.

2 Wadi El Nil St., Liberty Tower, 7th Fl.
Mohandessin, Giza, Egypt

T +20233005700/770/650/649

F +20237607543

Branches

Heliopolis

7 Elheqaz Square
Heliopolis, Cairo, Egypt

T +20227770600

F +20227770604

Alexandria

7 Albert Al Awa St.
Smouha, Alexandria, Egypt

T +20233008170

F +20233054622

Website

www.primeholdingco.com

Disclaimer

Information included in this report has no regard to specific investment objectives, financial situation, advices or particular needs of the report users whether they received them directly or through any research pool and other specialized websites. The report is published for information purposes only and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Unless specifically stated otherwise, all price information is only considered as indicator. No express or implied representation or guarantee is provided with respect to completeness, accuracy or reliability of information included in this report. Past performance is not necessarily an indication of future results. Fluctuation of foreign currency rates of exchange may adversely affect the value, price, or income of any products mentioned in this report. Information included in this report should not be regarded by report users as a substitute for the exercise of their own due diligence and analysis based on own assessment and judgment criteria. Any opinions given are subject to change without notice and may significantly differ or be contrary to opinions expressed by other Prime business areas as a result of using different assumptions and criteria. Prime Group is under no obligation responsible to update or keep current the information contained herein. Prime Group, its directors, officers, employees or clients may have or have had interests or long or short positions in the securities and/or currencies referred to herein, and may at any time make purchases and/or sales in them as principal or agent. Prime Group, its related entities, directors, employees, and agents accept no liability whatsoever for any loss or damage of any kind arising from the use of all or part of these information included in this report whether it is received directly or through research pools and other specialized websites. Certain laws and regulations impose liabilities which cannot be disclaimed. This disclaimer shall, in no way, constitute a waiver or limitation of any rights a person may have under such laws and/or regulations. Furthermore, Prime Group or any of the group companies may have or have had a relationship with or may provide or have provided other services, within its objectives to the relevant companies.

Copyrights © 2021, Prime Group, ALL RIGHTS RESERVED. You are hereby notified that distribution and copying of this document is strictly prohibited without the prior approval of Prime Group.