

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

VR Dreams Coming True!

1. Today's Trading Playbook

[TABLE OF CONTENTS](#)

KEY THEMES

So far, [our call on banks](#) has been profitable, with COMI rising 5% since 31 October. Also, another call that we made [on Monday](#) is looking set to materialize. We had referred to Telecom Egypt [ETEL] as very cheap, with any potential deal related to Vodafone Egypt [VODE] revving up the stock performance. Please refer to our [TAKEStock](#) dated 8 June 2021. Indeed, just over night, ETEL reported that Vodafone Group [VOD] will be transferring its stake in VODE to **Vodacom**, 60% owned by VOD which is yet to reveal the structure of the offer. It was reported this morning that the 55% stake will be valued at USD2.74bn, implying a USD2.24bn value for ETEL's 45% stake or more than EGP20/ETEL share. While this transaction underlines the undervaluation of ETEL, we do not believe ETEL will be tagging along with VOD to sell its 45% stake. That said, we believe ETEL's stock will react positively to the news in the short term, but absent any monetization on ETEL's stake in VODE, the stock may revert back to its historical levels. In other words, we could see a positive knee-jerk reaction this morning.

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

2. TOP NEWS & ANALYSIS

[TABLE OF CONTENTS](#)

MACRO NEWS

In line with our expectations, annual headline inflation fall to 6.2% in October from 6.6% in September, thanks mainly to the favorable base effect. Meanwhile, monthly inflation accelerated to 1.5% on the backdrop of the surge in education basket inflation with the beginning of new school year. ([CAPMAS](#))

The trade deficit decreased by 17.7% y/y in August, reaching USD2.91bn, compared to USD3.53bn during the same month of 2020. ([Economy Plus](#))

Moscow resumed charter flights between Russia and Hurghada and Sharm El-Sheikh yesterday. ([Russia Today](#))

The Industrial Development Authority has reportedly issued the price for each of the new steel project license. For large billets capacities, the price for the license is set at EGP345.4mn, where for small billets capacities, the price is set at EGP62.8mn. Meanwhile, the price for iron pellets projects license is set at EGP78.5mn. ([Al-Borsa](#))

JUMO, South Africa- and London-based fintech company, is considering an expansion into Egypt. ([FT](#))

The e-commerce giant "Amazon" is seeking to build a logistics center in Egypt, near the city of Suez, with investments of USD200mn. Amazon is trying to strengthen its business in the Middle East, especially after the transformations imposed by the COVID-19 crisis on the e-commerce sector at the global, regional and domestic levels. ([Economy Plus](#))

CORPORATE NEWS

Vodacom Group agreed to purchase Vodafone Group's [VOD] 55% stake in Vodafone Egypt [VODE] for USD2.74bn, which implies a value of USD2.24bn attributable to Telecom Egypt's [ETEL] 45% stake in VODE . ETEL has been granted enhanced rights in the amended shareholders agreement signed on 7 June 2021 by VFE's shareholders, the most important of which are (1) the right to buy VOD's shares in VFE, should the major shareholder change directly or indirectly, through the right of first refusal (RoFR) process and (2) a committed minimum dividend policy for VODE of 60% of FCF starting 2022 in addition to EGP10bn of dividends to shareholders in 2021. ([Company disclosure](#), [Bloomberg](#), [Reuters](#))

Sidi Kerir Petrochemicals' [SKPC] 9M 2021 figures showed net earnings of EGP358mn compared to EGP75mn a year earlier. Meanwhile, Q3 2021 bottom line came at EGP75mn (-43% q/q) on the back of notably weaker volumes as well as lower average selling prices. Revenues for the quarter recorded EGP1.1bn, lower by 19% q/q, whereas GPM of 15.6% vs.21% in the previous quarter. ([Company disclosure](#))

CI Capital Holding [CICH] announced its Q3 2021 results showing a bottom line of EGP241mn (+122% y/y) backed by solid investment banking platform growth as well as diversified NBFS revenue stream. Meanwhile, its top line showed EGP773mn (+36% y/y). CICH currently trades at a P/E of 6.35x and P/B of 1.16x with an ROAE of 19%. ([Company disclosure](#))

MOPCO's [MFPC] Q3 2021 stand-alone EPS came in at EGP1.66/share (+137% y/y) on the back of 64% revenues growth to EGP827mn. GPM recorded 57% vs. 58% a year earlier. We note that Q3 2020 has witnessed FX losses of EGP103mn, while this quarter MFPC achieved FX gains of EGP12mn. ([Company disclosure](#))

Beltone Financial Holding [BTFH] turned to a net profit of EGP10mn in 9M 2021 from a net loss of EGP36mn in the same period last year. Meanwhile, revenues surged to EGP264mn (+35% y/y). ([Company disclosure](#))

Juhayna Food Industries' [JUFO] BoD announced dividends of EGP0.2/share for FY2020, implying a 3.1% yield. ([Company disclosure](#))

Madinet Nasr Housing & Development [MNHD] saw its consolidated net income decrease to EGP250mn in 9M 2021 (-60% y/y), as per its unaudited results. At the same time, the company's revenues fell to EGP1.4bn (-22% y/y). Meanwhile, MNHD plans to deliver more than 800 units in Q4 2021 and will go for a securitization program in 2022. ([Company disclosure](#) , Al-Borsa)

Six consortia are bidding for building and operating the Tenth of Ramadan dry port. Elsewedy Electric [**SWDY**] and Orascom Construction [**ORAS**] are between the bidders but in different consortiums. Meanwhile, the estimated cost of the project is EGP3.5bn. ([Al-Borsa](#))

Contact Financial Holding [CNFN] reported 9M 2021 with bottom line of EGP330mn (+70% y/y). Meanwhile, total revenues dropped to EGP1.1bn (-58% y/y) on the back of lower revenues from Contact's subsidiary as a result of accounting policies alteration amid consumer finance license. ([Company disclosure](#))

GLOBAL NEWS

China's October factory gate prices rose at the fastest pace since 1995, beating forecasts and further squeezing profit margins for producers grappling with soaring coal prices and other commodity costs due to the power crunch. ([Reuters](#))

U.S. producer prices increased solidly in October, driven by surging costs for gasoline and motor vehicle retailing, suggesting that high inflation could persist for a while amid tight global supply chains related to the pandemic. ([Reuters](#))

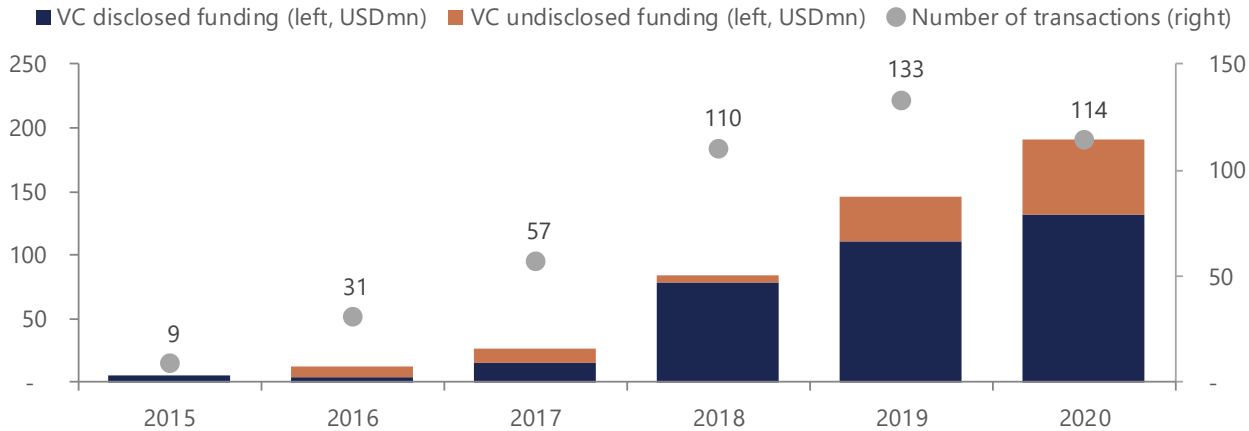
3. CHART OF THE DAY

TABLE OF CONTENTS

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Venture capital funding in Egypt in the past 6 years



Source: Magnitt report, Prime Research.

Egypt has seen venture capital (VC) funding rocket up from USD6mn in 2015 to USD190mn in 2020. The average value per transaction grew at a 5-year CAGR of 20% from USD0.7mn in 2015 to USD1.7mn in 2020.

4. MARKETS PERFORMANCE

TABLE OF CONTENTS

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
734.3					817.3 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
EG	EGX 30	11,588.42	0.79%	6.85%	Gold	1,831.92	0.42%	(3.87%)	
	EGX 30 TR	4,537.60	0.75%	8.77%	Silver	24.31	(0.63%)	(7.94%)	
	EGX 70 EWI	2,186.08	(1.05%)	1.91%	Brent Oil	84.78	0.61%	64.67%	
	EGX 100 EWI	3,164.49	(0.97%)	2.15%	WTI	84.15	0.32%	73.99%	
AE	DFMGI	3,119.96	0.51%	25.20%	Natural Gas	4.98	(0.24%)	95.63%	
	ADSMI	8,196.10	0.17%	62.39%	EGP	USD/EGP	15.72	(0.04%)	0.20%
SE	TASI	11,753.18	(0.79%)	35.26%	€	EUR/USD	1.16	(0.12%)	(5.21%)
US	QE Index	11,988.66	0.15%	14.88%	£	GBP/USD	1.36	(0.01%)	(0.83%)
	S&P 500	4,685.25	(0.35%)	24.74%	¥	USD/JPY	112.87	0.32%	(8.56%)
	Dow 30	36,319.98	(0.31%)	18.67%	EG	6M TB yield	12.64	2	(9)
	NASDAQ	15,886.54	(0.60%)	23.26%		1Y TB yield	13.25	5	48
	VIX	17.78	3.25%	(21.85%)		10Y TB yield	14.71	(2)	32
EU	STOXX 50	4,344.63	(0.18%)	22.29%	US	2Y TB yield	0.44	1	31
EM	MSCI Emerging	1,272.95	0.33%	(1.42%)		10Y TB yield	1.46	(1)	53
FM	MSCI Frontier	686.62	(0.14%)	20.12%		30Y TB yield	1.83	(3)	17

* As of market close, except for commodities and currencies at 8.3am 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

DATE	TICKER	TYPE	EVENT
10-Nov-21	DEIN	Cash dividend	Date for ex-dividends of EGP0.40/share.
11-Nov-21	UASG	BOD Meeting	Discussing the financial results.
11-Nov-21	ISPH	BOD Meeting	Discussing the financial results.
11-Nov-21	MSCI		MSCI's November 2021 Semi-Annual Index Review Announcement.
14-Nov-21	EKHO	BOD Meeting	Discussing the financial results.
14-Nov-21	DEIN	Cash dividend	Date for paying out a dividend of EGP0.40/share.
15-Nov-21	RUBX	EGM	Approving splitting the par value per share and amending articles 6 & 7 of the bylaws.
15-Nov-21	MFPC	EGM	Amending articles 3 & 55 of the bylaws.
17-Nov-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
18-Nov-21	HELI	OGM	Approving the financial statements and other agenda items.
18-Nov-21	HELI	EGM	Discussing the agenda.
21-Nov-21	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in 6th of October project.
21-Nov-21	FWRY	OGM	Election of a new BoD.
21-Nov-21	WCDF	Cash dividend	Last date for eligibility for a dividend of EGP13.00/share.
22-Nov-21	WCDF	Cash dividend	Date for ex-dividends of EGP13.00/share.
24-Nov-21	WCDF	Cash dividend	Date for paying out a dividend of EGP13.00/share.
24-Nov-21	NRPD	OGM	Approving the financial statements ending 31 Dec. 2020.
25-Nov-21	TALM	OGM	Approving the financial statements and the proposed dividend.
25-Nov-21	TALM	EGM	Amending articles 4 & 21 of the bylaws.

7. LATEST RESEARCH

TABLE OF CONTENTS

DATE	PUBLISHED REPORT
7-Nov-21	Crédit Agricole Egypt (CAE) [CIEB]: Earnings Recover on Lower Provisions
4-Nov-21	MACROView – Underlying Strength, but Gathering Headwinds
3-Nov-21	MACROView – Gathering Clouds
1-Nov-21	TAKESStock – Separating the Wheat from the Chaff
31-Oct-21	TAKESStock – Natural Gas Price Hike
19-Oct-21	MACROView – The Storm Is Gone but the Headwinds Persist
13-Oct-21	e-finance [EFIH] – An Eye-Opening IPO
10-Oct-21	MACROView – Walking a Tightrope
6-Oct-21	MACROView – On “Risk Control” Mode
6-Oct-21	MACROView – The Tortuous Path to Recovery
19-Sep-21	TAKESStock – Consumer Staples (Food & Beverage) – All You Can Eat Festival



15-Sep-21	<u>MACROView – Deciphering the Din of Battle</u>
14-Sep-21	<u>TAKEStock – Orascom Investment Holding [OIH] — Monetization at Play</u>
9-Sep-21	<u>MACROView – Hot Summer Winds</u>
7-Sep-21	<u>MACROView – The Global Blessing Windfall</u>
6-Sep-21	<u>MACROView – Tempered, But Cautious, Optimism</u>
5-Sep-21	<u>Misr Chemical Industries [MICH] – Nice While It Lasted</u>
29-Aug-21	<u>Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</u>
24-Aug-21	<u>Abu Qir Fertilizers [ABUK] – When the Stars Align</u>
18-Aug-21	<u>EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</u>
17-Aug-21	<u>Elsewedy Electric [SWDY] – Impressive Set of Results</u>
17-Aug-21	<u>Commercial International Bank [COMI] – Adjustment Post Stock Dividend</u>
16-Aug-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board</u>
11-Aug-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</u>
10-Aug-21	<u>MACROView – July’s Feverous Inflation</u>
9-Aug-21	<u>CI Capital Holding [CICH] – Robust Exit Saves the Day</u>
5-Aug-21	<u>MACROView – The Sky Is No Blue</u>
4-Aug-21	<u>MACROView – Constrained Recovery</u>
26-Jul-21	<u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u>
13-Jul-21	<u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u>
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>Crédit Agricole 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>Elsowedy 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>Crédit Agricole 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>Al-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>Elsowedy 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>

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