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Earnings Season Heating Up

1. Today's Trading Playbook

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KEY THEMES

Tomorrow marks the deadline for EGX-listed stocks to report their CQ3 2021 earnings—a supposedly busy time for the market. Over the weekend, Commercial International Bank (CIB) [**COMI**] reported a strong set of results, marking an all-time high quarterly net profit of EGP3.8bn. Please read our comment on the results [here](#), where we tracked critical historical KPIs on a quarterly basis. Having risen by 45% since hitting a 52-week low of EGP36.53 on 17 June 2021, COMI has recovered by 45%. We rate it as Overweight, still having 17% upside.

Also over the weekend, **MSCI** announced its Semi-Annual Index Review (SAIR), where the three EGX-listed stocks in the MSCI global standard index for emerging markets were [retained](#)—as expected, namely COMI, Eastern Company [**EAST**], and Fawry [**FWRY**]. However, the MSCI global small-cap index saw only one action: the [removal](#) of Madinet Nasr Housing & Development [**MNHD**], which becomes effective on 1 December 2021. Thus, we could see its share, which rose 11.6% last Thursday, pulling back.

Also, ETEL rose last Thursday, coinciding with its earnings release, but it remains to be seen whether such performance was driven by the earnings report or speculation regarding Vodacom's [**SA: VODJ**] acquisition of Vodafone Group's [**UK: VOD**] 55% stake in Vodafone Egypt [**VODE**] which is 45% owned by ETEL. Whether ETEL will exercise its right of first refusal or to tag along will be key to its stock performance. We believe ETEL is worth at least EGP22.5 as highlighted in our [TAKES](#) note published on 8 June 2021.

POSITIVE: COMI, ETEL.

NEGATIVE: MNHD.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Minister of Agriculture has reportedly said that increasing the price of local subsidized fertilizer by a small margin is a possibility, given the latest increase in both production and transportation costs. ([Al Mal](#))

The European Bank for Reconstruction & Development (EBRD) could soon sign off on an USD100mn facility to state-owned Banque Misr in order to finance local SMEs working on green projects. (EBRD)

The government will pay 13% more per ardeb of locally grown wheat in 2022, according to the purchase prices that have been set by the ministers of agriculture and finance ahead of the new season. ([Egyptian cabinet](#))

Ten financial institutions are involved in providing an USD2bn loan to the Ministry of Finance, of which USD1bn is Sharia-compliant financing, and the other tranche is green financing. ([Economy Plus](#))

CORPORATE NEWS

CIB's [COMI] Q3 2021 separate net profits grew 19% q/q to EGP3.8bn—an all-time high (+34% y/y to EGP9.9bn in 9M 2021). This was a result of higher net interest income (NII) of EGP6.4bn (+7% q/q, -4% y/y to EGP18bn in 9M 2021), in addition to higher non-operating income of EGP33mn in Q3 2021 vs. non-operating losses of EGP277mn in Q2 2021. Furthermore, provisions build-up cooled down by 3% q/q to EGP307mn in Q3 2021 (-66% y/y to EGP1.3bn in 9M 2021). ([Bank release](#)) *COMI is currently traded at a forward P/E of 7.5x and a forward P/BV of 1.6x.*

Edita Food Industries'[EFID] CEO announced EFID's plan to expand its manufacturing into two more countries during the next five years. (Al-Mal)

Misr Cement – Qena's [MCQE] 9M 2021 net income after minorities increased by 168% y/y to EGP107mn backed by the increase in cement prices and the company's cost control. Meanwhile, 9M 2021 sales increased by 3% y/y to EGP1.9bn. ([Company disclosure](#))

e-finance [EFIH] announced its Q3 2021 results showing a bottom line of EGP102mn (-19% y/y). Although revenues jumped to EGP395mn (+25% y/y), the decrease in bottom line came as a result of a lower gross profit of EGP175mn (-8% y/y) with a GPM of 44%, down from 60% during the same period last year. ([Company disclosure](#))

Lecico Egypt's [LCSW] Q3 2021 net losses after minorities contracted to EGP9mn compared to a net loss of EGP45mn in Q3 2020. The company's net sales increased by 21% y/y to EGP680mn, driven by the strong local demand. Meanwhile, LCSW's gross profit increased by 97% y/y to EGP125mn. (Company disclosures: [1](#), [2](#))

Arabia Investments Holding's [AIH] Q3 2021 results showed a bottom line of EGP14mn (-33% y/y) on the back of lower revenues of EGP420mn (-34% y/y). However, AIH's GPM improved to 18% from 14% during the same period last year. ([Company disclosure](#))

Arabian Cement Co.'s [ARCC] Q3 2021 recorded a net profit after minorities of EGP0.07mn compared to a net loss of EGP34mn. Meanwhile, the company managed to record a gross profit of EGP39mn compared to a gross loss of EGP31mn backed by a 13% y/y increase in revenues to EGP678mn. ([Company disclosure](#))

Oriental Weavers Carpet [ORWE] reported net income after minority of EGP260mn (-14% y/y) in Q3 2021, mainly on lower other revenues of EGP58mn (-37% y/y) and higher interest expenses of EGP49mn (+75% y/y). However, revenues upped to EGP2.8bn (+8% y/y) in the same period. ([Company disclosure](#))

GLOBAL NEWS

The number of Americans voluntarily quitting their jobs rose to a record high in September while job openings stayed stubbornly above pre-pandemic levels, a sign that businesses may have to continue to raise wages in order to attract workers. ([Reuters](#))

Major clothing and shoe companies are moving production to countries closer to their U.S. and European stores, smarting from a resurgence in cases of the Delta variant of COVID-19 in Vietnam and China, which slowed or shut down production for several weeks earlier this year. ([Reuters](#))

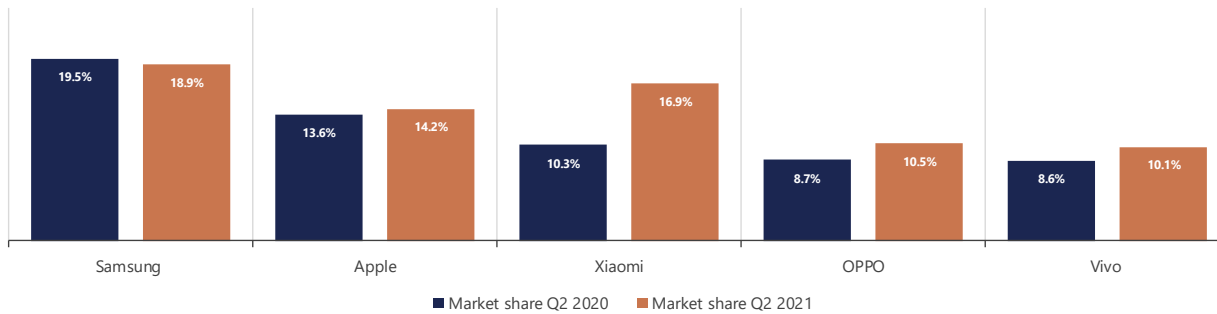
3. CHART OF THE DAY

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Top five smartphone brands unit market share globally



Source: Ministry of Planning (MoP).

Samsung mobile brand managed to maintain its first place in terms of unit market share globally during Q2 2020 and Q2 2021; However, its market share fell 60bps to record 18.9% in Q2 2021 vs. 19.5% one year earlier. On the other hand, Xiaomi mobile brand succeeded to improve its market share by 660 bps during the same period to reach 16.9% in Q2 2021 vs. 10.3% seen in Q2 2020.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.			
733.6					898.1 1,178.6			
			daily chg.	ytd chg.			daily chg.	ytd chg.
	EGX 30	11,573.14	0.81%	6.71%		Gold	1,864.90	0.15% (1.76%)
	EGX 30 TR	4,532.49	0.79%	8.64%		Silver	25.32	0.24% (4.11%)
	EGX 70 EWI	2,186.47	3.08%	1.93%		Brent Oil	82.17	(0.84%) 58.63%
	EGX 100 EWI	3,173.98	2.72%	2.46%		WTI	80.79	(0.98%) 66.51%
	DFMGI	3,140.98	1.09%	26.04%		Natural Gas	4.79	(6.95%) 88.70%
	ADSMI	8,285.62	0.67%	64.22%		USD/EGP	15.71	(0.01%) 0.20%
	TASI	11,898.94	0.35%	36.93%		EUR/USD	1.14	(0.05%) (6.31%)
	QE Index	12,040.68	0.24%	15.38%		GBP/USD	1.34	0.31% (1.87%)
	S&P 500	4,682.85	0.72%	24.67%		USD/JPY	113.89	0.15% (9.34%)
	Dow 30	36,100.31	0.50%	17.95%		6M TB yield	12.64	2 (9)
	NASDAQ	15,860.96	1.00%	23.06%		1Y TB yield	13.25	5 48
	VIX	16.29	(7.76%)	(28.40%)		10Y TB yield	14.71	(2) 32
	STOXX 50	4,370.33	0.28%	23.02%		2Y TB yield	0.52	1 39
	MSCI Emerging	1,285.48	0.32%	(0.45%)		10Y TB yield	1.57	1 64
	MSCI Frontier	682.66	(0.13%)	19.42%		30Y TB yield	1.93	2 27

* As of market close. 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

DATE	TICKER	TYPE	EVENT
14-Nov-21	MOIN	BOD Meeting	Discussing the financial results.
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.
15-Nov-21	MTIE	BoD meeting	Discussing financial results.
16-Nov-21	PHDC	Conference Call	Discussing Q3 2021 earnings.
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	FWRV	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	AUTO	Conference Call	Discussing Q3 2021 earnings.
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.
25-Nov-21	ISPH	EGM	Approving increasing issued capital and amending articles 3, 4, 6 & 7 of the bylaws.
25-Nov-21	RMDA	OGM	Discussing the agenda.
30-Nov-21	ZMID	Cash dividend	Date for paying out EGP0.15/share (3rd round).

7. LATEST RESEARCH

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14-Nov-21	<u>Commercial International Bank [COMI] – Elegant Earnings Growth on All Fronts</u>
10-Nov-21	<u>MACROView – The Calm Before the Storm, or Maybe Not</u>
10-Nov-21	<u>CI Capital Holding [CICH] – Record-Breaking Quarter</u>
7-Nov-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Earnings Recover on Lower Provisions</u>
4-Nov-21	<u>MACROView – Underlying Strength, but Gathering Headwinds</u>
3-Nov-21	<u>MACROView – Gathering Clouds</u>
1-Nov-21	<u>TAKEStock – Separating the Wheat from the Chaff</u>
31-Oct-21	<u>TAKEStock – Natural Gas Price Hike</u>
19-Oct-21	<u>MACROView – The Storm Is Gone but the Headwinds Persist</u>
13-Oct-21	<u>e-finance [EFIH] – An Eye-Opening IPO</u>
10-Oct-21	<u>MACROView – Walking a Tightrope</u>
6-Oct-21	<u>MACROView – On “Risk Control” Mode</u>
6-Oct-21	<u>MACROView – The Tortuous Path to Recovery</u>
19-Sep-21	<u>TAKEStock – Consumer Staples (Food & Beverage) – All You Can Eat Festival</u>
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>Elsowedy 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>
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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>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>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>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>
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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>
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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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