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## Obviously Mispriced

### 1. Today's Trading Playbook

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#### KEY THEMES

Industrial Engineering for Construction and Development –ICON- [ENG]C has posted its 9M 2021 results. During such period, ENGC bottom line showed substantial recovery, growing by 127% y/y to EGP116.4mn, on 55% higher revenues of EGP1.6bn, and a slight improvement in GPM. We note that, the turnaround in the performance during 2021 is derived from a strong recovery in Acrow Mis [ACRO] performance (i.e. a subsidiary of ENGC), thanks to a very weak base in 2020 in view of COVID-19 repercussions.

We also note that, ENGC has a 78.77% stake at Acrow Mis [ACRO], which is valued at EGP1.5bn according to ACRO market price, hence attributable equity value for ENGC of EGP1.2bn. Furthermore, ENGC current market cap is only EGP793mn, with standalone net debt of EGP130mn, which virtually value ENGC standalone business at negative EGP286mn. This comes despite ENGC standalone business is capable of achieving earnings of EGP13mn during 9M 2021. ENGC has recently performed a spinoff, which resulted in Tanmiya for Real Estate Investment [TANM], operating the real estate sector, with a market cap of c. EGP267mn. ENGC is mulling perusing further a spinoff, in order to clear out its current lines of businesses.

We believe ENGC is obviously mispriced. Also, a look from a consolidated perspective, if ENGC achieved bottom line of EGP140mn in 2021, which is very much achievable, it will be trading at 2021 P/E of only 5.7x. Valuing ENGC standalone business at 5x 2021e EV/EBITDA, while valuing ENGC's stake at ACRO using its market price, we will reach a target price for ENGC of EGP10.56/share (+61%).

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

### 2. TOP NEWS & ANALYSIS

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#### MACRO NEWS

**A raft of new tax hikes, duties and development fees proposed by the government got the greenlight from the House Planning and Budgeting Committee yesterday.** The hikes include Finished durable goods (2% development fee), and entertainment activities (5-20% fees). ([Enterprise](#))

**Qatar Energy is set to acquire a 17% stake in two Shell-operated oil and gas exploration blocks in the Red Sea.** The agreement, which is subject to government and regulatory approval, signals the first entry by the Qatari energy giant into Egypt's upstream oil and gas sector. ([shell](#))

## CORPORATE NEWS

**Telecom Egypt [ETEL] has signed a cooperation protocol with Palm Hills Developments [PHDC]** to provide integrated telecommunications services to PHDC's Badia project, in the new 6th of October City, west of Cairo, as part of the implementation of the National Strategic Plan for Urban Development Egypt 2052. ([Al-Borsa](#))

**EFG Hermes Holding's [HRHO] brokerage arm has successfully closed the third issuance for an EGP550mn senior unsecured short-term note.** Moreover, HRHO's investment banking arm announced that it successfully concluded advisory on UAE-based Agthia Group [**ADX: AGTHIA**]’s strategic acquisition of a 100% stake in UAE health snacks company **BMB Group**. ([Company disclosure](#), [Emarat-Al youm](#))

**Eastern Company [EAST] signed an agreement with Mansour International Distribution to jointly manufacture “Evolve” in its different brands as one of “Davidoff” product cigarettes.** ([Company disclosure](#))

**Industrial Engineering for Construction & Development – ICON- [ENGC] saw its consolidated net income after minorities jump to EGP116mn in 9M 2021 (+127% y/y).** Meanwhile, the company's revenues climbed to EGP1.57bn (+55% y/y). ([Company disclosure](#))

**Misr Insurance Holding Company intends to launch a tender next month to select a legal advisor** to list Misr Life Insurance on EGX. ([Economy Plus](#))

## GLOBAL NEWS

**The dollar scaled a one-week high versus a basket of major currencies on Tuesday,** supported by expectations of a hawkish Federal Reserve meeting this week. ([Reuters](#))

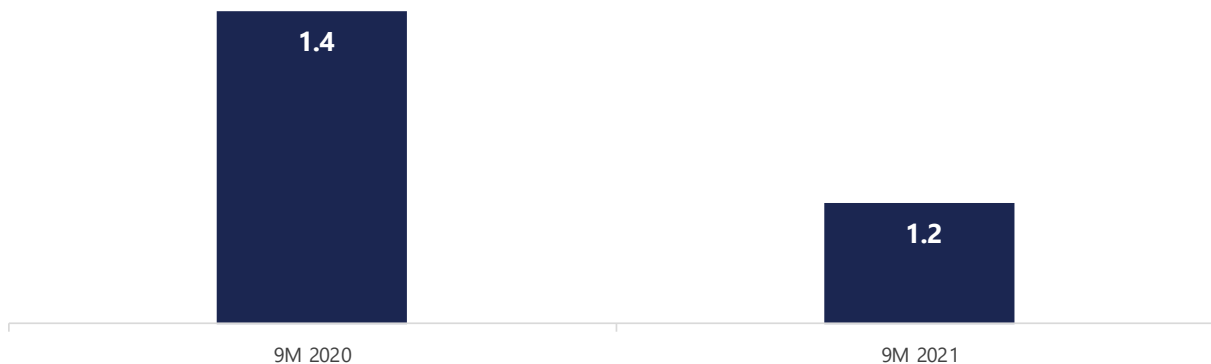
**Major central banks meet this week to assess risks from the new Omicron variant of COVID-19 even as they consider reducing emergency measures put in place nearly two years ago,** to fight the pandemic's economic toll. ([Reuters](#))

### 3. CHART OF THE DAY

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Egypt's mobile phone imports (EGPbn)













































Source: Al-Mal.

Egypt mobile phone imports decreased 14% y/y in 9M 2021 to reach EGP1.2bn vs. EGP1.4bn in 9M 2020.

### 4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						735.0	
						daily chg.	ytd chg.
		EGX 30	11,700.40	(0.07%)	7.88%		
		EGX 30 TR	4,617.68	1.40%	10.69%		
		EGX 70 EWI	2,134.05	(0.15%)	(0.52%)		
		EGX 100 EWI	3,150.59	(0.02%)	1.70%		
		DFMGI	3,246.58	0.47%	30.28%		
		ADSMI	8,935.16	(0.40%)	75.83%		
		TASI	11,019.86	0.46%	26.82%		
		QE Index	11,660.08	0.31%	11.73%		
		S&P 500	4,668.97	(0.91%)	24.30%		
		Dow 30	35,650.95	(0.89%)	16.48%		
		NASDAQ	15,413.28	(1.39%)	19.59%		
		VIX	20.31	8.67%	(10.73%)		
		STOXX 50	4,183.04	(0.38%)	17.74%		
		MSCI Emerging	1,230.61	(0.64%)	(4.70%)		
		MSCI Frontier	656.46	(0.49%)	14.84%		

Equity turnover (EGPmn): Last, ytd avg.						1,236.2		1,178.6	
						daily chg.	ytd chg.		
		Gold	1,786.67	0.21%	(5.81%)				
		Silver	22.33	0.63%	(15.62%)				
		Brent Oil	74.39	(0.08%)	43.49%				
		WTI	71.29	(0.15%)	46.70%				
		Natural Gas	3.79	(0.24%)	49.07%				
EGP		USD/EGP	15.75	(0.19%)	(0.05%)				
€		EUR/USD	1.13	(0.02%)	(7.65%)				
£		GBP/USD	1.32	(0.04%)	(3.35%)				
¥		USD/JPY	113.54	(0.09%)	(9.09%)				
		6M TB yield	12.46	(13)	(27)				
		1Y TB yield	13.28	(3)	51				
		10Y TB yield	14.73	2	34				
		2Y TB yield	0.64	(2)	51				
		10Y TB yield	1.42	(6)	49				
		30Y TB yield	1.81	(7)	15				

\* 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

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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-Dec-21	PHDC	OGM	Discussing netting contracts.
14-15 Dec-21		FOMC	Determining the U.S. monetary stance.
16-Dec-21	HELI	Cash dividend	Date for paying out a dividend of EGP0.02/share (1st round).
16-Dec-21		MPC Meeting	Determining the CBE's policy rate.
16-Dec-21	NBKE	EGM	Discussing delisting.
16-Dec-21	ETRS	EGM	Amending articles of incorporation.
16-Dec-21	PRCL	OGM	Approving the financial statements and other agenda items.
16-Dec-21	PRCL	EGM	Discussing a capital increase.
19-Dec-21	PORT	EGM	Amending article 2 of the bylaws.
20-Dec-21	RAYA	OGM	Approving the financial statements and the proposed dividends.
22-Dec-21	EGCH	OGM	Approving the financial statements ending 30 Jun. 2021.
22-Dec-21	EGCH	EGM	Amending articles of the bylaws.
23-Dec-21	PACH	OGM	Approving the financial statements and the proposed dividends.
26-Dec-21	AIH	Lawsuit	A court session discussing legal disputes relevant to the company.
27-Dec-21	ORAS	EGM	Approving the potential acquisition of an equipment distribution business.
30-Dec-21	ABUK	Cash dividend	Date for paying out a dividend of EGP1.00/share (2nd round).
30-Dec-21	MICH	Cash dividend	Date for paying out a dividend of EGP0.50/share (2nd round).
30-Dec-21	EGTS	OGM	Approving the financial statements and other agenda items.
1-Jan-22	ALCN	OGM	Approving the financial statements and other agenda items.
1-Jan-22	ALCN	EGM	Approving the company's draft articles of association.
1-Jan-22	CSAG	OGM	Approving its 2021 financials and discussing a dividend distribution.
1-Jan-22	CSAG	EGM	Approving the company's draft articles of association.
2-Jan-22	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
3-Jan-22	AREH	EGM	Amending articles 4 and 33 of the bylaws.
12-Jan-22	CCRS	OGM	A board reshuffle.
20-Jan-22	ARCC	EGM	Discussing changes to the bylaws.

## 7. LATEST RESEARCH

DATE	PUBLISHED REPORT
9-Dec-21	<a href="#">MACROView – Another Retreat ... Until Further Notice</a>
8-Dec-21	<a href="#">MACROView – For Stormy Days, Eyes on the Ball</a>
<b>7-Dec-21</b>	<b><a href="#">EGYPTBanks – Takeoff Time</a></b>
5-Dec-21	<a href="#">MACROView – Searching for Lost Momentum</a>
21-Nov-21	<a href="#">TAKESock – Nitrogen Fertilizers Local Price Hike</a>



17-Nov-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs</u></a>
17-Nov-21	<a href="#"><u>Orascom Construction [ORAS] – BESIX – Back on Track Again</u></a>
15-Nov-21	<a href="#"><u>B Investments Holding [BINV] – Growth Dented Across the Board – Take 2</u></a>
15-Nov-21	<a href="#"><u>Elsewedy Electric [SWDY] – A Quarter to Forget?</u></a>
14-Nov-21	<a href="#"><u>Misr Chemical Industries [MICH] – A Healthy Kick-off to a Promising Year</u></a>
14-Nov-21	<a href="#"><u>Abu Qir Fertilizers [ABUK] – A “One-of-a-Kind” Quarter</u></a>
14-Nov-21	<a href="#"><u>Commercial International Bank [COMI] – Elegant Earnings Growth on All Fronts</u></a>
10-Nov-21	<a href="#"><u>MACROView – The Calm Before the Storm, or Maybe Not</u></a>
10-Nov-21	<a href="#"><u>CI Capital Holding [CICH] – Record-Breaking Quarter</u></a>
7-Nov-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Earnings Recover on Lower Provisions</u></a>
4-Nov-21	<a href="#"><u>MACROView – Underlying Strength, but Gathering Headwinds</u></a>
3-Nov-21	<a href="#"><u>MACROView – Gathering Clouds</u></a>
1-Nov-21	<a href="#"><u>TAKEStock – Separating the Wheat from the Chaff</u></a>
31-Oct-21	<a href="#"><u>TAKEStock – Natural Gas Price Hike</u></a>
19-Oct-21	<a href="#"><u>MACROView – The Storm Is Gone but the Headwinds Persist</u></a>
13-Oct-21	<a href="#"><u>e-finance [EFIH] – An Eye-Opening IPO</u></a>
10-Oct-21	<a href="#"><u>MACROView – Walking a Tightrope</u></a>
6-Oct-21	<a href="#"><u>MACROView – On “Risk Control” Mode</u></a>
6-Oct-21	<a href="#"><u>MACROView – The Tortuous Path to Recovery</u></a>
19-Sep-21	<a href="#"><u>TAKEStock – Consumer Staples (Food &amp; Beverage) – All You Can Eat Festival</u></a>
15-Sep-21	<a href="#"><u>MACROView – Deciphering the Din of Battle</u></a>
14-Sep-21	<a href="#"><u>TAKEStock – Orascom Investment Holding [OIH] — Monetization at Play</u></a>
9-Sep-21	<a href="#"><u>MACROView – Hot Summer Winds</u></a>
7-Sep-21	<a href="#"><u>MACROView – The Global Blessing Windfall</u></a>
6-Sep-21	<a href="#"><u>MACROView – Tempered, But Cautious, Optimism</u></a>
5-Sep-21	<a href="#"><u>Misr Chemical Industries [MICH] – Nice While It Lasted</u></a>
29-Aug-21	<a href="#"><u>Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</u></a>
24-Aug-21	<a href="#"><u>Abu Qir Fertilizers [ABUK] – When the Stars Align</u></a>
18-Aug-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</u></a>
17-Aug-21	<a href="#"><u>Elsewedy Electric [SWDY] – Impressive Set of Results</u></a>
17-Aug-21	<a href="#"><u>Commercial International Bank [COMI] – Adjustment Post Stock Dividend</u></a>
16-Aug-21	<a href="#"><u>B Investments Holding [BINV] – Growth Dented Across the Board</u></a>

11-Aug-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</u></a>
10-Aug-21	<a href="#"><u>MACROView – July's Feverous Inflation</u></a>
9-Aug-21	<a href="#"><u>CI Capital Holding [CICH] – Robust Exit Saves the Day</u></a>
5-Aug-21	<a href="#"><u>MACROView – The Sky Is No Blue</u></a>
4-Aug-21	<a href="#"><u>MACROView – Constrained Recovery</u></a>
26-Jul-21	<a href="#"><u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u></a>
13-Jul-21	<a href="#"><u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u></a>
8-Jul-21	<a href="#"><u>MACROView – Inflation Edged Up, As Expected</u></a>
8-Jul-21	<a href="#"><u>MACROView – External Buffers Still Powering Ahead</u></a>
6-Jul-21	<a href="#"><u>MACROView – A Steady and Slow Recovery in the Making</u></a>
<b>5-Jul-21</b>	<b><a href="#"><u>Abu Qir Fertilizers [ABUK] – Talking U</u></a></b>
16-Jun-21	<a href="#"><u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u></a>
14-Jun-21	<a href="#"><u>Al-Shams Housing &amp; Development [ELSH] – Earnings Flattened by Factoring Cost</u></a>
10-Jun-21	<a href="#"><u>MACROView – Inflation Risk Rising, but Still Within Target</u></a>
8-Jun-21	<a href="#"><u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u></a>
6-Jun-21	<a href="#"><u>MACROView – Further Enhancement</u></a>
3-Jun-21	<a href="#"><u>MACROView – Contraction Eased</u></a>
23-May-21	<a href="#"><u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u></a>
23-May-21	<a href="#"><u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u></a>
22-May-21	<a href="#"><u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u></a>
20-May-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u></a>
20-May-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u></a>
<b>18-May-21</b>	<b><a href="#"><u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u></a></b>
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18-Apr-21	<a href="#"><u>MACROView – Challenges Remain Daunting</u></a>
<b>13-Apr-21</b>	<b><a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u></a></b>
<b>12-Apr-21</b>	<b><a href="#"><u>Orascom Construction [ORAS] – Rich in Value</u></a></b>
11-Apr-21	<a href="#"><u>MACROView – Monthly Reading Pressured By Seasonality</u></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>
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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>
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5-Jan-21	<a href="#"><u>MACROView – Rutted Road to Recovery</u></a>
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