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Going East

1. Today's Trading Playbook

TABLE OF CONTENTS**KEY THEMES**

Integrated Diagnostics Holding [**IDHC**] [announced yesterday](#) the signing of a purchase agreement to acquire **Evercare Group's** 50% stake in **Base Consultancy FZ LLC**, the holding company of **Islamabad Diagnostic Centre (IDC)**, for a total consideration of USD72.35mn. IDC is one of the active integrated diagnostic players at the Pakistani market, serving almost 2mn patients in its last fiscal year, and performing around 3mn tests. Evercare Group is an emerging markets healthcare delivery platform managed by **TPG** and backed by **The Rise Fund**. IDHC has mentioned that the acquisition is yet subject to regulatory approval from the Competition Commission at Pakistan. The acquisition comes within IDHC's management strategy to seek inorganic growth in a number of fast growing, high-population markets within Africa and Southeast Asia.

The deal values IDC at c.USD144.7mn. We note that, according to IDHC disclosure, IDC has managed to generate revenues in its fiscal year ending 30 June 2021 of USD46mn hitting a 3-year CAGR of 87%, whereas bottom line came at USD13.7mn, implying NPM of c.30%. The reported figures by IDC imply revenue per test of c.USD15, against c.USD10 for IDHC. The target company has a branch network that grew from 23 branches in 2017 to 85 branches in 2021, with plans to reach 100 branches by 2023. According to its latest financials, IDC is valued at a P/E of 11x and a P/S of 3x. IDHC has announced that more than 80% of the deal could be financed through debt, where IDHC has already successfully arranged loan agreement from International Finance Corporation (IFC) of USD45mn.

Meanwhile, IDHC is having a fantastic and exceptional year in 2021, as both volume tests and average price per test showing astounding growth y/y. IDHC is about to end the year with a top line close to EGP5bn and net earnings that hover around EGP1.5bn. This means that IDHC is currently traded at 2021e P/E of only 8x, which is really unfitting to the company's growth potential and nature of business model. Despite this year being a remarkable and exceptional one, we view ample and sufficient growth for IDHC in the future, especially with the company employing both organic and inorganic growth strategies, with strong underlying growth fundamentals in the operated markets. Hence, we are positive at IDHC's recent acquisition. Finally, we note that IDHC's close at London Stock Exchange yesterday was USD1.33/share, which is 9% higher than its current market price at EGX.

On a separate, yet related note, with EFG Hermes Holding [**HRHO**] acting as the exclusive financial advisor to TPG in this deal, this is yet another positive for HRHO's investment banking platform.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Electric vehicle production could be in line for some "incentives" from the government.

The Minister of Finance signaled that the incentives could be part of a wider package of measures for the automotive industry. ([Shorouk News](#))

The recovery in private and foreign investment continues with **Nestlé Egypt** planning to invest EGP700mn in new production lines at its Sixth of October factory between 2021 and 2025. In addition, Indian plastic packaging manufacturer **Uflex** is planning a new USD30mn chemicals plant in Egypt. ([Cabinet statement](#))

UAE's Al Nowais is looking to invest in desalination and green hydrogen projects in Egypt.

The firm is waiting on the Egyptian government to launch tenders for desalination plants and has "signaled its interest" in investing in these projects. ([Bloomberg Asharq](#))

CORPORATE NEWS

Corplease, CI Capital Holding's [CICH] leasing arm, and BM Lease, Banque Misr's leasing arm, will reportedly merge into one entity once due diligence is completed. Both entities had a combined market share for of 35.7% of total new contracts in 9M 2021. (Al-Mal)

GLOBAL NEWS

China's central bank has its lending benchmark loan prime rate (LPR), its most important lending rate, in a sign that the country is entering an easing cycle. While Beijing's move to lower the LPR was widely expected, it highlights China's monetary policy divergence from other major central banks, which are set to raise interest rates. ([Reuters](#))

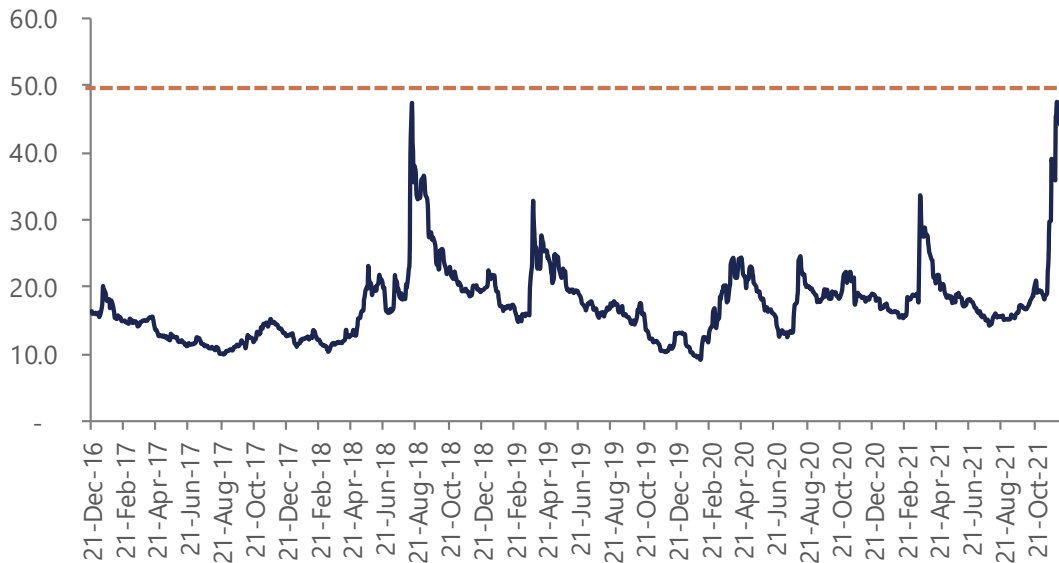
Some economists expect the U.S. economy to grow more slowly next year after a key Democratic lawmaker dealt a seemingly fatal blow to President Joe Biden's USD1.75tn spending plan, further clouding an outlook that was facing heightened risk from the rapid spread of the Omicron variant of COVID-19. ([Reuters](#))

Turkey's lira (TRY) ended the session up over 20% on Monday after President Tayyip Erdogan introduced a series of steps that he said will ease the burden of the weakened currency on Turks, while vowing to press on with a low-rates policy that led to TRY's slide in the first place. ([Reuters](#))

3. CHART OF THE DAY

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Source: Bloomberg.

The Turkish lira volatility is expected to continue in 2022 as the monetary policy there will likely continue to prioritize growth over FX and inflation stability.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
730.3					1,052.2 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	11,482.43	(0.72%)	5.88%		Gold	1,790.93	(0.40%)	(5.68%)
	EGX 30 TR	4,537.69	(0.62%)	8.77%		Silver	22.27	(0.44%)	(15.15%)
	EGX 70 EWI	2,114.49	(0.60%)	(1.43%)		Brent Oil	71.52	1.26%	39.81%
	EGX 100 EWI	3,125.94	(0.78%)	0.91%		WTI	68.61	1.56%	43.61%
	DFMGI	3,156.91	0.01%	26.68%		Natural Gas	3.83	(0.47%)	50.30%
	ADSMI	8,557.38	(1.08%)	70.16%	EGP	USD/EGP	15.74	0.03%	0.03%
	TASI	11,170.48	0.09%	28.55%	€	EUR/USD	1.13	0.01%	(7.66%)
	QE Index	11,658.53	(0.25%)	11.71%	£	GBP/USD	1.32	0.07%	(3.32%)
	S&P 500	4,568.02	(1.14%)	21.62%	¥	USD/JPY	113.61	0.02%	(9.22%)
	Dow 30	34,932.16	(1.23%)	14.13%		6M TB yield	12.35	(10)	(38)
	NASDAQ	14,980.94	(1.24%)	16.24%		1Y TB yield	13.25	(4)	48
	VIX	22.87	6.03%	0.53%		10Y TB yield	14.72	(1)	33
	STOXX 50	4,107.13	(1.30%)	15.61%		2Y TB yield	0.65	1	52
EM	MSCI Emerging	1,190.08	(2.16%)	(7.84%)		10Y TB yield	1.43	2	50
FM	MSCI Frontier	653.70	(0.22%)	14.36%		30Y TB yield	1.86	4	20

* 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
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.
2-Jan-22	JUFO	Cash dividend	Deadline for eligibility for a dividend of EGP0.20/share.
3-Jan-22	JUFO	Cash dividend	Ex-dividend date for EGP0.20/share.
3-Jan-22	AREH	EGM	Amending articles 4 and 33 of the bylaws.

5-Jan-22	JUFO	Cash dividend	Date for paying out a dividend of EGP0.20/share.
9-Jan-22	PORT	EGM	Amending article No. 2 of the company's bylaws.
10-Jan-22	ODIN	EGM	Amending Articles No. 3 & 4 of the company's bylaws.
12-Jan-22	CCRS	OGM	A board reshuffle.
15-Jan-22	DSCW	EGM	Approving increasing issued capital and amending articles No. 6 & 7 of the company's bylaws.
20-Jan-22	ARCC	EGM	Discussing changes to the bylaws.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
14-Dec-21	<u>MACROView – When “Bad” Inflation Clouds the Path of “Good” Inflation</u>
9-Dec-21	<u>MACROView – Another Retreat ... Until Further Notice</u>
8-Dec-21	<u>MACROView – For Stormy Days, Eyes on the Ball</u>
7-Dec-21	<u>EGYPTBanks – Takeoff Time</u>
5-Dec-21	<u>MACROView – Searching for Lost Momentum</u>
21-Nov-21	<u>TAKEStock – Nitrogen Fertilizers Local Price Hike</u>
17-Nov-21	<u>EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs</u>
17-Nov-21	<u>Orascom Construction [ORAS] – BESIX – Back on Track Again</u>
15-Nov-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board – Take 2</u>
15-Nov-21	<u>Elsewedy Electric [SWDY] – A Quarter to Forget?</u>
14-Nov-21	<u>Misr Chemical Industries [MICH] – A Healthy Kick-off to a Promising Year</u>
14-Nov-21	<u>Abu Qir Fertilizers [ABUK] – A “One-of-a-Kind” Quarter</u>
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>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-Jul-21	<u>Abu Qir Fertilizers [ABUK] – Talking U</u>
16-Jun-21	<u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u>
14-Jun-21	<u>Al-Shams Housing & Development [ELSH] – Earnings Flattened by Factoring Cost</u>
10-Jun-21	<u>MACROView – Inflation Risk Rising, but Still Within Target</u>
8-Jun-21	<u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u>
6-Jun-21	<u>MACROView – Further Enhancement</u>
3-Jun-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 – Ruttled Road to Recovery</u>
28-Dec-20	<u>Elsewedy Electric [SWDY] – More Growth to Come</u>

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