



Price
EGP3.94 (as of 13 Jan 2021)

Fair Value
EGP5.2 (as of 14 Jan 2021)

12M PT
EGP6.0 (+51%, as of 14 Jan 2021)

Investment Rating
Risk Rating

Overweight ★ ★ ★
Medium ! ! !

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New Expansions = Further Growth

Taking the front seat on the NBFS bandwagon

KEY INSIGHTS

The natural evolution of a homegrown investment bank: Prior to its establishment in 2005 as a full-fledged investment bank, CI Capital Holding's [CICH] brokerage and later on asset management firms were the group's precursor to the institution it is today. Having added Corplease under its belt through acquisition (a 73% stake in 2016, now 87.4%), CICH worked to smooth out spikes in its top and bottom lines, thanks to better diversification of its revenue streams. More recently, CICH has expanded its non-banking financial services (NBFS) platform further by setting up ventures focused on consumer finance, mortgage finance, and microfinance to exploit these high-margin segments.

Tapping markets late is better than never: CICH is a couple of years late in penetrating segments, such as consumer and mortgage finance. Yet, there is ample room for these segments to grow in this under-served market, hence we believe CICH will eventually see its ventures bear fruit.

A step closer to having a complete IB platform: CICH's IB platform has been missing a private equity arm, which is substituted for with its merchant banking operations, which essentially serves the same purpose. Recently, CICH has invested in education, a lucrative sector, through Taaleem which it plans to monetize through an IPO in 2021.

VALUATION, INVESTMENT THESIS, & RISKS

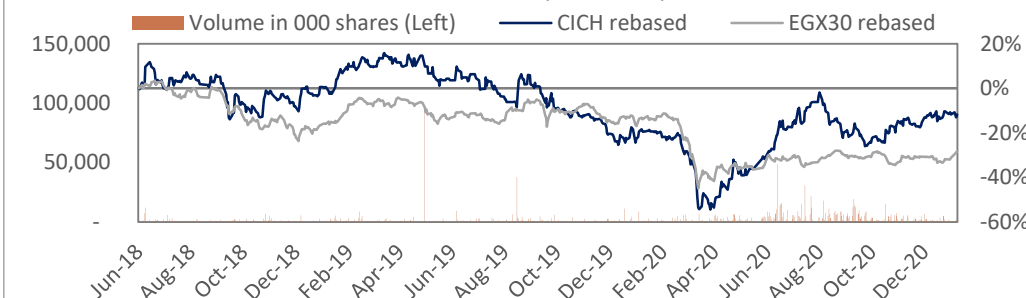
Overweight, 12M PT EGP6.0/share (+51%): Valuing CICH using the residual income model, we reached a fair value of EGP5.2/share and our 12-month target price of EGP6.0/share, hence our Overweight rating. Ever since its IPO back in 2018, CICH's lowest point was EGP3.25/share (on an adjusted basis) by end of February 2020 (i.e. pre-COVID-19). Later on, CICH was stung by somber investor mood amid COVID-19 hitting a low of EGP1.87/share on 19 March 2020. We expect CICH's bottom line to grow at a 4-year CAGR of 7%, recording EGP719mn by 2023, driven by expansions in its NBFS platform as well as recovery of Egypt's capital market.

Investment thesis: More expansions in NBFS would hedge against any headwinds the IB platform could face amid weak capital markets. While Corplease remains a giant player in the leasing sector, Souhoola and CI Mortgage (CICH's latest ventures) should start contributing more to NBFS platform.

Risks: In view of COVID-19 implications, CICH could be negatively affected by:

- IB Platform:** Weak local market recovery, especially with the absence of cross-border presence.
- NBFS Platform:** Corplease commands the lion's share in the platform in terms of top line and bottom line. Hence, profitable diversification is tied to growth in newly added sectors.

STOCK RELATIVE PERFORMANCE CHART (SINCE IPO)



KEY STOCK STATISTICS

Shares outstanding (mn)	1,000
Free float	54.8%
Market cap (EGPmn)	3,940
Market cap (USDmn)	251
52w range (EGP/share)	4.49-1.87
EGP100 invested since IPO	88
TTM EPS (EGP)	0.49
TTM P/E	7.9x
2020e EPS (EGP)	0.44
2020e BVPS (EGP)	3.10
2020e P/E	9.0x
2020e P/B	1.3x
Last fiscal year's DPS (EGP)	0
Dividend yield	0%
Beta	1.04
4Y Proj. EPS CAGR	7%

REVENUES / EARNINGS DATA

	Q1	Q2	Q3	Q4	Year
Total Revenues (EGPmn)					
2020	518	514	567	e511	e2,110
2019	568	577	642	810	2,597
2018	542	307	514	503	1,865
2017	—	—	—	—	1,850
2016	—	—	—	—	1,386
Earnings (EGPmn)					
2020	88	90	109	e150	e437
2019	109	99	130	207	545
2018	82	68	116	108	373
2017	—	—	—	—	251
2016	—	—	—	—	168



BUSINESS SUMMARY

A two-decade success story: Established in 2005, CICH is now a veteran investment bank with its roots dating back to 1998 when its brokerage arm and later on asset management arm were established. With economic and capital market disruptions, such as those caused by COVID-19 worldwide including Egypt, the performance of CICH's investment banking platform was unsteady. However, its recent NBFS expansion should bolster the group's performance.

Ventures bearing fruit with more yet to come: CICH has been growing its NBFS segment, gradually diversifying its range of customer solutions. It recently added consumer finance (through Souhoola) to its microfinance, mortgage finance, and leasing operations. We see CICH's sustainable growth derived from its NBFS segment, specifically leasing.

Missing opportunities in EMs? Compared to competition, CICH lags in penetrating different markets, through its brokerage and asset management arms, impeding the company's foreign currency inflows. This leaves CICH unhedged against domestic risks, including the COVID-19 pandemic and its consequences on Egypt's macroeconomic growth drivers. Relying solely on its expertise in the local market, in which it is a revered brand, CICH could be missing new opportunities in emerging markets. But how have CICH's different businesses been performing and what are our expectations for each segment?

IB Platform [FV: EGP0.8/share]

Investment Banking
(CI Investment Banking)

Solid figures and fragile grounds: Investment banking revenues grew at a 3-year CAGR of 38% from EGP31mn in 2016 to EGP81mn in 2019. This 2.6x fold growth reflects how solid and consistent the investment banking pipeline is. However, we observe that only four mandates contributed to 2019 revenues. CICH was set to participate in the government's public offerings program (POP), where its advisory arm was to handle Enppi's IPO. But, now that those plans have been shelved until further notice, how and when capital markets will recover is not that clear.

A bounce up in 2021: We expect investment banking revenues to fall 70% y/y in 2020 only to register a 4-year CAGR of 4% to EGP97mn by 2023. We expect revenues to rebound to normal levels in 2021 of EGP61mn (+144% y/y off a low of EGP25n), backed—in our opinion—by a recovery in its pipeline as well as execution of POP. We believe CICH's investment banking arm would fully recover and revert to normal growth levels by end of 2021 then sustain afterwards.

Asset Management
(CI Asset Management)

Growing AUMs with no cross-border expansion: Asset management revenues

registered a 3-year CAGR of 7% to EGP31mn in 2019, after spiking to EGP71mn in 2018. AUMs leapt to EGP9.5bn in 2019, the highest since 2015, thanks to its portfolio diversification, offering equity, money market, and fixed income mutual funds. However, all AUMs are local and CI Asset Management is not planning to expand cross-border.

Trimmed, yet still bullish, projections: To foretell how asset management could perform, we factored in the COVID-19 driven volatility currently dominating capital markets, while reflecting the EGX expected performance on asset management's future. We see asset management revenues growing slightly by 9% to EGP34mn in 2020 from EGP31mn in 2019, on the back of higher AUMs. In our forecasts, we expect asset management revenues to grow at a 4-year CAGR of 23% to EGP70mn by 2023. Also, we project AUMs to reach EGP16.5bn by 2023, amid recovery of capital market as well as new AUMs inflow.

Brokerage
(CIBC and Dynamic Trading Securities)

A leading market share: Brokerage revenues grew at a 3-year CAGR of 6% from EGP192mn in 2016 to EGP232mn in 2019. With a market share of 9.1%, CICH's brokerage (two brokerage houses) maintained the second position in EGX ranking for the full-year of 2019. CICH's two brokerage houses are currently only present in Egypt, with no

intention to expand cross-border for the time being. We factored in the COVID-19-led disruption in equity markets, with an expected recovery in the local stock market in 2021 driven by a higher number of executions on more trading activity and new listings. We see CICH's market share increasing slightly over the 2020-2023 period, with a brokerage revenue 4-year CAGR of 8% to EGP315mn by 2023, backed by expected new listings on EGX. Given CICH's brokerage mature business, we believe its upside potential will be proportional to that of the equity market overall.

Solid reputation: CICH's investment banking platform consists of four subsidiaries, the last of which is Treasury. CICH has built an impressive reputation and position throughout the past decade. CICH's IB platform more often than not leads the ranking, usually featuring amongst the top-three in terms of market share and performance. That said, market performance will one way or another impact CICH's IB platform. Although the market is significantly underperforming, the EGX's market cap is only c.18% of GDP, which indicates very weak equity performance compared to the economy's potential. In our opinion, concentrated operational presence might lead the IB platform to squander the biggest opportunities. Indeed, CICH has now built a long-standing reputation that we think should be utilized in penetrating regional markets and ramping up its operations.



BUSINESS SUMMARY (CONT'D)

NBFS Platform [FV: EGP4.4/share]

Leasing

(Corplease)

[FV: EGP2.3/share]

An industry giant: Corplease is one of the heavyweights in the leasing industry with a market share of 14.6% in 2019, which we expect will erode slightly in 2020 due to competition. The leasing industry has been showing decent growth recently, offering unconventional short-/long-term financing to companies. We believe the current environment demands alternative solutions for their added value over conventional methods.

Once-high figures taking a dip before recovery:

According to the FRA, the leasing industry's new contracts reached EGP55.87bn in 2019 with Corplease's market share of 14.6%. We expect Corplease's market share to recover gradually over the 2020-2023 period from a low of 8.58% (October 2020 ytd) to 11.3% by 2023, constrained by higher competition and new entrants to the market. This would leave the company's portfolio at EGP13.8bn by 2023 vs. EGP6.8bn in 2019, implying a 4-year CAGR of 19%. The projected increase should be driven by the introduction of new products, such as SME leasing, as well as coping with new market dynamics with competitors tackling lower margins and approaching different clientele. Thus, an increase in Corplease's market share and the industry's value would

incrementally drive its revenues higher from EGP1.25bn in 2020 to EGP1.7bn in 2023. Hence, we expect earnings to drop amid COVID-19's hit by 19% y/y to EGP340 then recovering to sustain 2019 levels hitting EGP384mn by 2023. We note that Corplease's ROAE increased from 30% in 2018 to 41% in 2019, and we expect it to average 23% over the 2020-2023 period.

Microfinance

(Reefy)

[FV: EGP1.2/share]

High returns of microfinance market

promise sustained future growth: Reefy was acquired by CICH (80%) in 2017 with 70,000 active borrowers. At the end of 2019, Reefy's active borrowers reached 99,000 and outstanding portfolio totaled EGP690mn. Top-line reached EGP332mn in 2019 (+9% y/y), while earnings stood at EGP113mn in 2019 (+6% y/y). The microfinance industry, including CICH's Reefy, delivered eye-catching ROAEs. For instance, Reefy's ROAE reached 95% in 2018 and 51% in 2019. We expect Reefy's outstanding portfolio, which has grown at a 2-year CAGR (2017-2019) of 24%, to grow further by a 4-year CAGR of 27% to EGP1.8bn by 2023 on higher active borrowers of 158,000. Reefy's average revenue per branch is estimated at c. EGP5mn. We see the number of branches rising to 159 by 2023 (4-year CAGR of 28%) with a higher average ticket size of EGP15,000 (4-year CAGR of +4%). This should lead operating revenues and earnings to climb by 4-

year CAGRs of 27% and 16% to EGP830mn and EGP224mn by 2023, respectively. We maintain an average ROAE of 40% over our forecast period, justified by historically high returns within this market segment.

Mortgage Finance

(CI Mortgage Finance)

[FV: EGP0.2/share]

A double-edged sword: In an industry believed to be underserved, CICH took the audacious step to set up a mortgage finance company. CI Mortgage Finance, which was established in 2019, currently sits on an outstanding portfolio worth more than EGP90mn derived in full from a retail clientele. This raises the question of whether CI Mortgage Finance will be able to strive with real estate developers labelling their offerings as zero interest on installments. The answer depends on whether it could offer distinct services, such as longer tenors and narrower real spreads. Thus, we see this step as a double-edged sword; it has huge upside and, at the same time, downside potential.

New products fostering business growth: CI Mortgage Finance responded to the stiffening competition from real estate developers by actually partnering with the competitors themselves. CI Mortgage Finance, as the case is with many other mortgage finance companies, recently added portfolio acquisition to its services. Thus, CI Mortgage Finance is now able

to purchase mortgage portfolios of real estate developers at a discount, adding administrative fees on top. Doing so, CI Mortgage Finance should boost its portfolio which we expect to reach EGP500mn by end of 2021. We project operating revenues to grow at a 3-year CAGR of 113% from an expected low of EGP19mn in 2020 to EGP180mn by 2023. Also, we see net interest margin (NIM) averaging 10% over our forecast period, leading earnings to grow at a 3-year CAGR of 120% to EGP52mn by 2023 after turning profitable as early as 2020.



BUSINESS SUMMARY (CONT'D)

Consumer Finance

(Souhoola)
[FV: EGP0.1/share]

A smart move facing challenges: As it continues to diversify and complements its solid NBFS platform, CICH established a consumer finance arm, Souhoola, earlier in 2019. Souhoola is now licensed from the Financial Regulatory Authority (FRA) to finance household goods, automotive, health, education, travel, and tourism services among other facilities. With the consequences of the health issues resulting from COVID-19 and the economic shutdowns, Souhoola's take-off was disrupted with merchants closing and marketing activities slowing, leaving what could have been a big slice of the pie in the hands of consumer finance companies who already built their customer base. This came at a time when the economy was thriving for financial inclusion and unconventional financing methods.

Coming from a low base, numbers to double: Since Souhoola is fairly new, we looked at the target of CICH's consumer finance arm and reverted to our outlook on the segment as a whole. With a current 320 merchants onboarded on its platform by end of 9M 2020, we expect Souhoola to more than double its current numbers by end of 2021 with an outstanding portfolio of EGP166mn, limits granted to customers of EGP415mn, and merchants of nearly 1,200. We see the stars

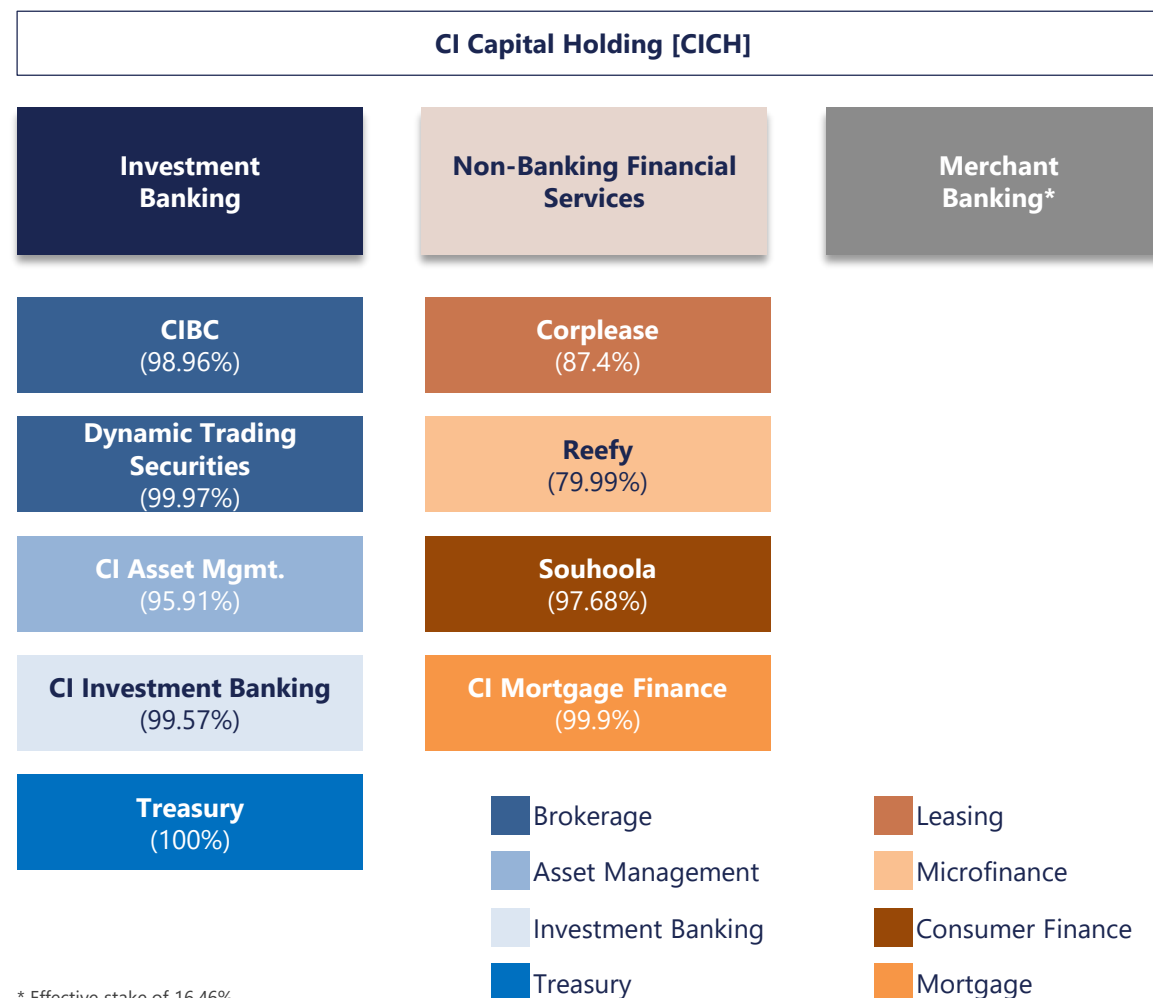
aligning for such exponential growth in light of the march towards financial inclusion and the economic conditions that are ideal for stepping up the type of demand that the company is catering for. We expect consumer finance revenues to grow at 3-year CAGR of 58% to EGP328mn by 2023, the year it should turn its losses to profits of EGP11mn after breaking even in 2022.

Merchant Banking

[FV: EGP0.6/share]

Lucrative short-term investment: To substitute for its missing private equity arm, CICH, along with a consortium of co-investors, completed the acquisition of a 60% interest in Taaleem which controls and operates Nahda University in Beni Suef. The transaction was arranged by EGY EDU Invest, a fund in which CICH holds a 27.44% stake. Recently, Taaleem signed an agreement with Palm Hills Developments [PHDC] to establish an educational company aimed at developing a university campus in Badya, PHDC's flagship project currently under development in West Cairo. Taaleem currently holds more than 5.6k students among 8 faculties. We expect CICH could exit Taaleem in H1 2021 at an estimated EV/EBITDA of 12.6x, thus cashing in some EGP608mn.

CICH group structure



* Effective stake of 16.46%.
Source: Prime Research.



KEY ASSUMPTIONS

Macro Assumptions

	Unit	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e	4Y CAGR (2019-2023)
Average FX rate	EGP/USD	10.22	17.88	17.87	16.86	15.82	16.50	17.00	17.50	
Interest rate (CBE's lending rate)		13.60%	18.18%	18.32%	16.12%	9.25%	7.75%	7.75%	8.50%	
Inflation rate		14.13%	29.62%	14.40%	9.37%	4.91%	6.51%	7.07%	8.70%	

Micro/Company Assumptions

IB Platform

Brokerage	Unit	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e	4Y CAGR (2019-2023)
Market turnover	EGPmn	284,531	332,176	358,488	409,719	689,361	470,266	455,853	488,622	5%
Market share		8.8%	8.8%	10.1%	9.1%	7.7%	9.0%	9.0%	9.0%	
Executions	EGPmn	25,039	29,231	36,207	37,284	53,081	42,324	41,027	43,976	4%
Avg. blended commission rate		0.77%	0.81%	0.67%	0.62%	0.38%	0.72%	0.72%	0.72%	
Operating revenues	EGPmn	192	237	241	232	202	303	294	315	8%
Asset Management	Unit	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e	4Y CAGR (2019-2023)
AUMs	EGPmn		7,500	8,200	9,500	9,712	12,654	14,540	16,557	15%
EGX performance (yearly avg.)			67%	14%	-7%	-21%	20%	7%	7%	
Fees %			0.55%	0.90%	0.35%	0.35%	0.45%	0.45%	0.45%	
Operating revenues	EGPmn	25	41	74	33	34	57	65	75	22%
Investment Banking	Unit	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e	4Y CAGR (2019-2023)
Number of transactions	#			7	4	2	5	5	6	
Transactions value	EGPmn			30,000	50,000	10,000	37,500	43,125	59,513	
Fees %				0.23%	0.16%	0.25%	0.16%	0.16%	0.16%	
Operating revenues	EGPmn	31	70	69	81	25	61	70	97	4%

Comments

Macro Indicators

- FX: Expected depreciation of the local currency.

Brokerage

- Executions: Spike in 2020e executions backed by higher market turnover.
- Avg. commission rate: Taking a dip in 2020 due to market cap fall. Recovery starts with 2021 expected market bounce back.

Asset Management

- AUMs: Growth is backed by higher existing AUMs' value due to EGX recovery as well as sustained inflows.
- Revenues: High 4-year CAGR, due to a low base in 2019.

Investment Banking

- Revenues: Recovery to start in 2021, backed by resumed IPOs as well as high projected transaction values.

Source: Company Reports, Prime Research.



KEY ASSUMPTIONS

NBFS Platform											Comments
Leasing	Unit	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e	4Y CAGR (2019-2023)	
Market size (new contacts value)	EGPmn		28,600	41,700	55,874	54,757	65,708	75,564	86,899	12%	Leasing <ul style="list-style-type: none"><u>Market new contacts value</u>: Growth driven by expected services diversification.<u>Market share</u>: Projected partial recovery from 2020 dip as competition stiffens.<u>Portfolio</u>: More than doubling 2019 numbers, driven mainly from expected industry boost.
Market share %					14.61%	9.80%	10.30%	10.80%	11.30%		
Total outstanding portfolio	EGPmn		4,000	6,000	6,800	9,350	10,538	11,947	13,862	19%	
Operating revenues	EGPmn	949	1,429	1,053	1,816	1,253	1,238	1,404	1,733	-1%	
Microfinance	Unit	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e	4Y CAGR (2019-2023)	Microfinance <ul style="list-style-type: none"><u>Number of branches</u>: Higher number of branches to lead revenue growth.
Outstanding portfolio	EGPmn			617	690	1,018	1,361	1,583	1,776	27%	
Number of branches				46	60	102	125	138	159	32%	
Average ticket size	'000			11	13	14	14	14	15	4%	
Operating revenues	EGPmn			297	323	364	518	680	830	27%	Consumer Finance <ul style="list-style-type: none"><u>App Customers</u>: Targeting a diversified customer base in an industry that is backed by the government's push towards financial inclusion. We expect Souhoola to boom over the short term.
Consumer Finance	Unit	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e	3Y CAGR (2020-2023)	
App customers	#					30,000	51,000	96,900	164,730	76%	
Outstanding portfolio	EGPmn					114	145	248	342	44%	
Limits activated	EGPmn					162	207	354	489	44%	Mortgage Finance <ul style="list-style-type: none"><u>Portfolio size</u>: Portfolio acquisition leads CI Mortgage Finance to increase outstanding portfolio size as well as revenues.
Operating revenues	EGPmn					79	101	210	308	57%	
Mortgage Finance	Unit	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e	3Y CAGR (2020-2023)	
Market size	EGPmn					4,946	6,430	8,359	10,867	30%	
Market share	%					3.8%	7.8%	10.2%	11.1%		
Outstanding portfolio	EGPmn					186	501	851	1,201		
Operating revenues	EGPmn					19	75	128	180	113%	

Source: Company Reports, Prime Research.

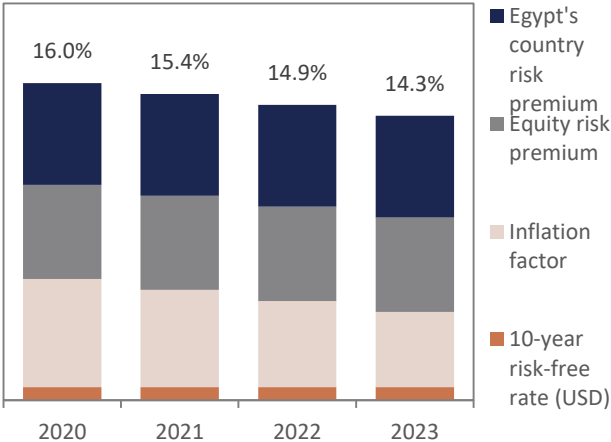


KEY VALUATION INPUT

Terminal COE
14.0%.

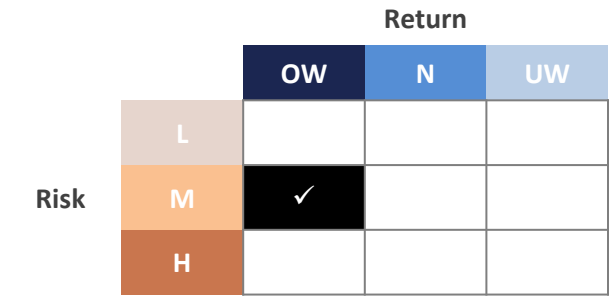
Terminal growth rate
IB: 3%, NBFS: 4%.

Cost of equity structure (next 4 years)



Source: Prime Research.

RETURN/RISK MATRIX



Source: Prime Research.

VALUATION MODEL

Residual Income Approach (EGPmn)	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e	Terminal
Net Profit	199	274	425	621	499	536	641	819	
Owners of the Company	168	251	373	545	437	470	562	719	
Total Equity	762	1,014	2,436	2,956	3,326	3,861	4,502	5,322	
Equity charge for the forecasted period					(282)	(313)	(399)	(494)	
Economic profit for the forecasted period					217	328	361	464	
PV of Residual Income					217	283	270	302	
Sum of PV					1,072				
Terminal									3,620
PV of Terminal									2,357
Beginning Equity									1,763
Merchant Banking Valuation									3,696
Fair Value of Total Equity									8,888
Less: Adjusted Minorities									(3,731)
Net Equity Value									5,157
Number of shares (mn)									1,000
Fair Value/Share									5.2

Source: Prime Research.

PEER GROUP (as of 12 January 2021)

Peer Group Comparable - TTM	Mkt. Cap USDmn	ROAE	ROAA	P/E	P/B	NPM	Revenues USDmn	Net Income USDmn	Att. Equity USDmn
Local Peers: Avg.	196	4%	0.4%	9.2x	1.2x	30%	116	18	188
EFG Hermes Holding [HRHO]	680	9%	2.9%	8.9x	0.8x	18%	410	75	847
Beltona Financial Holding [BTFH]	65	-17%	-4.0%	7.0x	1.7x	-38%	14	(5)	6
Sarwa Capital [SRWA]	282	16%	7.3%	13.9x	2.2x	10%	232	23	122
B Investments [BINV]	108	na	na	na	0.9x	199%	5	10	109
Prime Holding [PRMH]	17	-8%	-6.1%	na	0.7x	-20%	4	(1)	25
AT Lease [ATLC]	25	19%	2.1%	7.2x	1.2x	13%	32	4	20
Regional Peers: Avg.	722	9%	1.3%	15.0x	1.3x	23%	1,237	56	1,011
Shuaa Capital [SHUAA]	459	10%	2.5%	13.8x	1.2x	41%	31	13	399
Kuwait Projects Holding [KPROJ]	985	7.1%	0.2%	16.26x	1.4x	4%	2,444	99	1,623
CICH	243	21.6%	5.3%	7.0x	1.4x	21%	154	32	172
Averages	387	11.2%	2.4%	10.4x	1.3x	25%	502	35	457

Source: Bloomberg, Prime Research

	Equity value	Stake %	Attrib. Equity Val.	EGP/ share
IB Platform	764	98.6%	754	0.8
NBFI Platform	8,123		4,403	4.4
Leasing	2,605	87.4%	2,277	2.3
Microfinance	1,511	80.0%	1,209	1.2
Consumer Finance	96	97.7%	93	0.1
Mortgage Finance	216	99.9%	216	0.2
Merchant Banking	3,696	16.5%	608	0.6
Group				
Number of shares (mn)			1,000	
Equity Value	8,888		5,157	5.2
12M TP				6.0
Market price				3.9
Upside potential				51%

Source: Prime Research.

12M TP SENSITIVITY ANALYSIS

Terminal brokerage market share vs. corridor rate

		Terminal Corridor Interest Rate				
		7.5%	8.0%	8.5%	9.0%	9.5%
Terminal Brokerage Market Share	5%	5.4	5.6	5.7	5.8	6.0
	7%	5.5	5.7	5.8	6.0	6.1
	9%	5.7	5.8	6.0	6.1	6.2
	11%	5.8	5.9	6.1	6.2	6.4
	13%	5.9	6.1	6.2	6.4	6.5

Source: Prime Research.



FINANCIAL MODEL

Income Statement Summary								
FY ends 31 Dec.	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e
Total revenues	1,386	1,850	1,865	2,597	2,110	2,403	2,871	3,560
IB Platform (Operating Revenues)	248	348	381	344	357	438	449	509
Brokerage	192	237	241	232	202	303	294	315
Asset Management	25	41	71	31	34	50	61	70
Investment Banking	31	70	69	81	25	61	70	97
Treasury					97	23	24	27
NBFS Platform (Operating Revenues)	949	1,429	1,350	2,140	1,715	1,933	2,422	3,051
Leasing	949	1,429	1,053	1,816	1,253	1,238	1,404	1,733
Micro Finance	-	-	297	323	364	518	680	830
Consumer Finance	-	-	-	-	79	101	210	308
Mortgage Finance	-	-	-	1	19	75	128	180
Adjustments	6	5	6	7				
Cost of sale (Consumer Finance related)					(72)	(61)	(126)	(185)
Other Revenues	183	69	128	106	110	93	126	185
Total Expenses	(1,133)	(1,462)	(1,297)	(1,810)	(1,558)	(579)	(748)	(1,050)
IB	(216)	(215)	(281)	(283)	(326)	(312)	(320)	(359)
NBFI	(835)	(1,203)	(958)	(1,503)	(1,232)	(267)	(428)	(691)
Adjustments	(82)	(44)	(58)	(24)				
Profit Before Income Tax	264	408	566	749	660	297	330	486
IB	113	173	134	84	70	161	164	190
NBFI	152	235	432	664	590	136	167	296
Total Net Profit	199	274	425	621	499	641	761	958
IB Platform	102	134	102	66	55	125	127	148
NBFS Platform	112	171	332	528	444	516	634	810
Leasing	112	171	225	419	340	338	388	522
Micro Finance	-	-	107	113	128	163	202	224
Consumer Finance	-	-	-	-	(26)	(5)	6	12
Mortgage Finance	-	-	-	(3)	2	20	37	52
Adjustments	(15)	(31)	(9)	27				
Minorities	31	23	52	76	61	171	198	239
Net of minorities	168	251	373	545	437	470	562	719

Balance Sheet Summary								
FY ends 31 Dec.	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e
Total Assets	5,278	7,935	9,535	10,878	13,190	13,350	13,877	17,798
Total Current Assets	1,585	3,290	3,831	4,810	5,018	5,079	5,280	6,772
Total Non-Current Assets	3,692	4,645	5,704	6,067	8,171	8,270	8,597	11,026
Total Liabilities	4,516	6,921	7,099	7,922	9,864	9,488	9,374	12,476
Total Current Liabilities	1,846	3,567	2,423	3,290	3,907	3,758	3,713	4,941
Total Non-Current Liabilities	2,670	3,354	4,676	4,632	5,957	5,730	5,661	7,535
Total Equity	762	1,014	2,436	2,956	3,326	3,861	4,502	5,322
Equity net of minorities	649	929	2,297	2,755	3,100	3,599	4,197	4,961
Non-controlling interests	113	85	139	200	226	262	305	361

Key Figures / Ratios								
FY ends 31 Dec.	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e
Market Price EOP (EGP)	na	na	EGP4.3	EGP3.70	EGP3.94	EGP3.94	EGP3.94	EGP3.94
NOS in mn	na	na	544	1,000	1,000	1,000	1,000	1,000
EPS (EGP)			EGP0.69	EGP0.54	EGP0.44	EGP0.47	EGP0.56	EGP0.72
DPS (EGP)			0.00	0.00	0.00	0.00	0.00	0.00
BVPS (EGP)			4.2	2.8	3.1	3.6	4.2	5.0
P/E			6.3x	6.8x	9.0x	8.4x	7.0x	5.5x
Fwd P/E, 12M - Price Target					13.6x	12.7x	10.6x	8.3x
Dividend yield			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
P/B			1.0x	1.3x	1.3x	4.0x	3.5x	2.9x
Return on assets	3.8%	3.5%	4.5%	5.7%	3.8%	4.8%	5.5%	5.4%
Return on equity	26.1%	27.1%	17.5%	21.0%	15.0%	16.6%	16.9%	18.0%

Profitability Ratios								
	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e
Operating Profit Margin	23%	23%	32%	34%	31%	34%	36%	37%
Investment Banking Platform	40%	45%	33%	22%	19%	35%	35%	35%
NBFI Platform	19%	19%	33%	36%	33%	34%	36%	38%
Net Profit Margin (NPM)	14%	15%	23%	24%	24%	22%	23%	23%
Investment Banking Platform	31%	35%	25%	18%	14%	26%	26%	27%
NBFI Platform	11%	12%	24%	24%	26%	27%	27%	27%

DuPont Analysis								
	2016a	2017a	2018a	2019a	2020e	2021e	2022e	2023e
ROA	3.8%	3.5%	4.5%	5.7%	3.8%	4.8%	5.5%	5.4%
Tax Burden	79%	71%	75%	79%	76%	92%	90%	87%
Operating Margin	18%	21%	30%	30%	31%	29%	30%	31%
Assets Turnover	0.26x	0.23x	0.20x	0.24x	0.16x	0.18x	0.21x	0.20x
FLM	6.9x	7.8x	3.9x	3.7x	4.0x	3.5x	3.1x	3.3x
ROE	26.1%	27.1%	17.5%	21.0%	15.0%	16.6%	16.9%	18.0%

Growth Rates								
	2017a	2018a	2019a	2020e	2021e	2022e	2023e	
Total Revenues	34%	1%	39%	-19%	14%	18%	23%	
Total expenses	29%	-11%	40%	-14%	9%	17%	20%	
Earning before Taxes	54%	46%	39%	-16%	6%	22%	29%	
Net Income	38%	55%	46%	-20%	7%	20%	28%	
Total Equity	33%	140%	21%	13%	16%	17%	18%	

Consensus Estimates (EGPmn)					2020e	2021e	2022e	2023e
Revenues					2,101	2,476	2,901	3,329
Net Income					477	664	815	948
Prime Research vs. Consensus					-8%	-29%	-31%	-24%

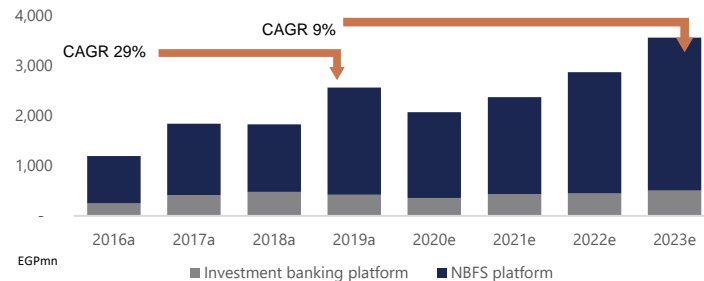
Source: Company Reports, Bloomberg, Prime Research.



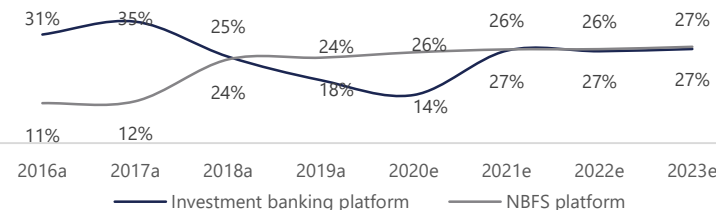
STORY IN CHARTS

CICH Group

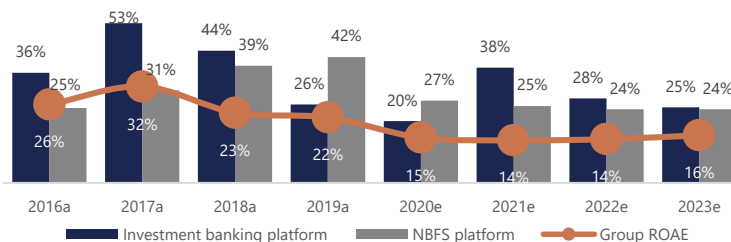
A fall in 2020, expected to recover as a result of market recovery.



Net profit margin: Investment banking regaining profitability with higher revenue growth and better cost management. NBFS expected to maintain normal levels.

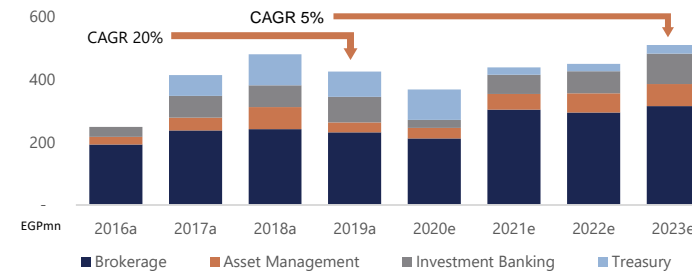


ROAE by platform & group: IB's relative smaller equity drives better returns.

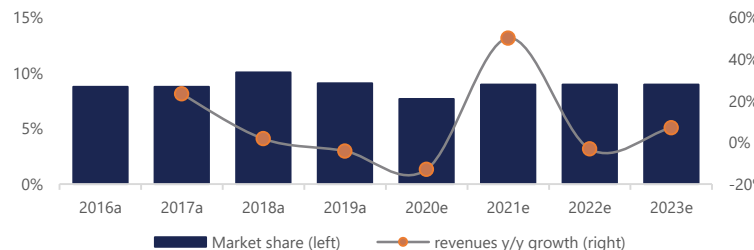


IB

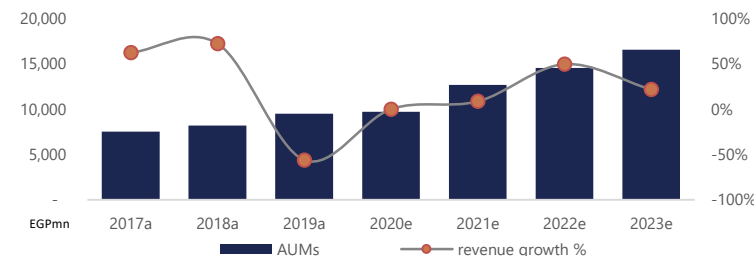
COVID-19 consequences pull down 2020 performance; CICH's recovery is tied to that of the market. Optimism of weaker second wave accelerating recovery starting 2021.



Brokerage: Market share is expected to be maintained at 2019 levels; revenues to recover starting 2021.

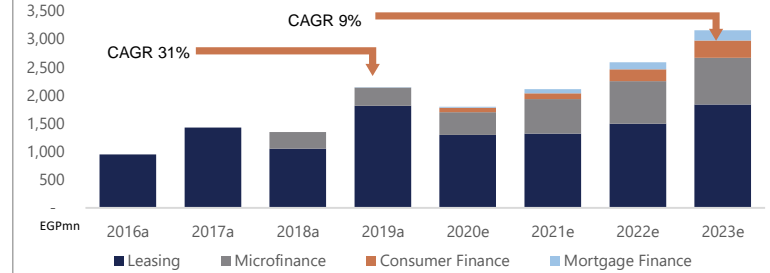


Asset Management: AUMs will remain on track, driving revenue growth to recover from 2019 downfall.

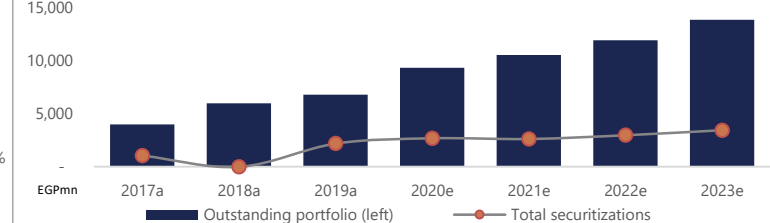


NBFS

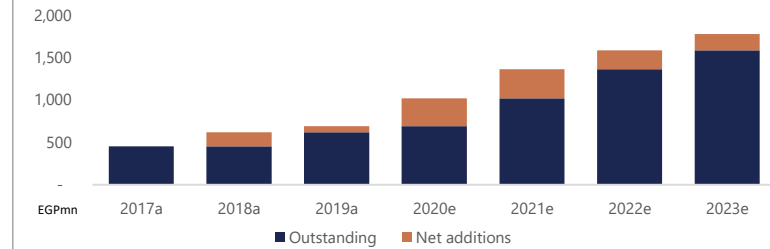
NBFS has seen some diversification, yet Corplease has been dominating the platform and is expected to continue with gradual contribution from other newly-added segments.



Leasing: Outstanding portfolio to hit high-record in 2020 (9M 2020 EGP10.7bn) while securitization program resumes, de-leveraging Corplease's books.



Microfinance: Increase in outstanding portfolio, driven by expansion plans and a more digitalized ecosystem.



Source: Company Reports, Prime Research.



CORPORATE PROFILE

CI Capital Holding [CICH] is a diversified financial services group and one of Egypt's leading providers of (1) investment banking (investment banking, asset management, brokerage & research, and custody) and (2) non-banking financial services (leasing, microfinance, consumer finance, and mortgage finance). CICH offers a range of financial solutions through its headquarters in Egypt as well as its New York and Dubai offices. CICH's clients range from local to regional and global institutions, large corporates and SMEs, high net worth individuals as well as retail investors.

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Chairperson

Mr. Mahmoud Attalla.

Board Members

1. Mr. Mahmoud Attalla Chairperson, Group CEO.
2. Mr. Hazem Badran, Co-CEO & Chairman of Corplease.
3. Mr. Tarek Tantawy, Co-CEO.
4. Mr. Ahmed Sobhi, Non-Executive Board Member, Banque Misr representative.
5. Mr. Amr El Ganainy, Non-Executive Board Member, Commercial International Bank representative.

6. Mr. Mahmoud El-Gammal, Non-Executive Board Member.
7. Mr. Wael Tarek, Non-Executive Board Member.
8. Mr. Omar Mehanna, Non-Executive Board Member.
9. Dr. Hani Sarie-Eldin, Non-Executive Board Member.
10. Mr. Ahmed Tantawy, Non-Executive Board Member.
11. Mrs. Nevine El-Tahry, Non-Executive Board Member.

Auditor

KPMG Hazem Hassan.

Domicile

Giza, Egypt.

Founded

2005.

Number of Employees

3,900.

Listings

EGX: CICH.

SHAREHOLDER STRUCTURE

Shareholder	Stake
Banque Misr	24.1%
Ismail bin Ali	8.1%
Commercial International Bank [COMI]	7.6%
Mahmoud El Gamal for Charity	5.4%
Others	54.8%

PRIME RESEARCH'S RESEARCH COVERAGE HISTORY

Date	Rating	12M PT
14 Jan 2021	Overweight Medium Risk	EGP6.0



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