



Price
EGP4.6 at close of 22 Feb 2021

Fair Value
EGP5.2 set on 14 Jan 2021

12M PT
EGP6.0 (+30%) set on 14 Jan 2021

Investment Rating

Overweight



Risk Rating

Medium



Got the Hit, Yet Better Than Expected

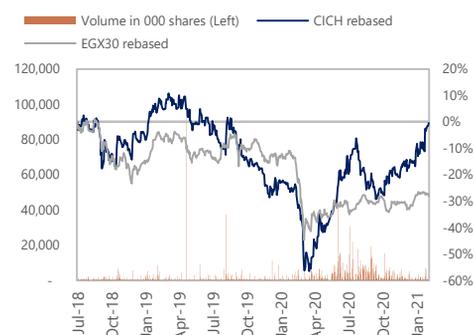
Overweight and 12M PT maintained

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- NBFS continues to dominate group results:** CI Capital Holding's [CICH] top and bottom line in 2020 continued to be dominated by its non-banking financial services (NBFS) platform. NBFS represented 81% of total revenues and 90% of the bottom line (76% of which came from Corplease). ROAE came at the low end of 16%, albeit higher than our expectation of 15% and down from 22% in 2019. This was mainly due to weaker total revenues of EGP2.4bn (-10% y/y) as IB revenues alone fell 21% y/y, causing the group's bottom line to drop to EGP475mn (-13% y/y).
- Investment banking platform feels the brunt:** CICH's investment banking platform got the most of the drawbacks of COVID-19's consequences with brokerage market share dropping to 7.7% (down from 9.1% in 2019) on the back of lower institutional investors' executions. While asset management's AUMs grew to EGP10.4bn (+9.4% y/y, +7% vs. our expectations). Moreover, the investment banking unit showed its revenues decrease 66% y/y to EGP26mn—as expected—due to the downfall of capital market performance and delays of transactions in the pipeline. While the year 2020 has been bad for the IB platform, we remain optimistic that a recovery in the local capital market in 2021 will drive it back to pre-COVID-19 normal levels and growth. With the recovery already starting to show proof, we expect CICH's IB platform to capitalize on its solid reputation and position.
- More resilient performance by NBFS:** Similarly, the NBFS platform also felt the brunt of COVID-19; however, it showed better-than-expected results with an ROAE of 30% (vs. our expectation of 27%), albeit down from 42% in 2019. This is justified by lower revenues from leasing and the introduction of consumer finance which is yet to break even. The good news is that total microfinance revenues increased to EGP393mn (+18% y/y), while mortgage finance bottom line switched signs to positive. Leasing portfolio grew to EGP8.5bn (+22% y/y), while revenues were down to EGP1.5bn (-19% y/y), mainly due to lower interest rates in the market.
- Taaleem's IPO:** We valued Taaleem at c. EGP4bn with translates today to EGP0.6/share of CICH. With the news circulating that Taaleem could be valued between EGP4.5-5.0bn, we would see further EGP0.1-0.2/share upside.
- Overweight and 12M PT maintained:** CICH is currently traded at a P/E of 9.7x and a P/BV of 1.5x. In view of 2020 results, we maintain our 12M PT at EGP6.0/share (+30%). Meanwhile, Banque Misr's offer price of EGP4.7/share is at a 10% discount to our fair value of EGP5.2/share.

KEY STOCK STATISTICS

Shares outstanding (mn)	1,000
Free float	63.3%
Market Cap (EGPmn)	4,600
Market Cap (USDmn)	294
52w range	EGP4.69-1.87
EGP100 invested 5y ago	EGP100
TTM EPS	EGP0.47
TTM P/E	9.7x
TTM P/B	1.5x
2021e P/E	12.7x
2021e P/B	1.3x
Last fiscal year's DPS	EGP0
Dividend yield	0%
5Y beta	1.04
3Y Proj. EPS CAGR	20%



Summary Financials

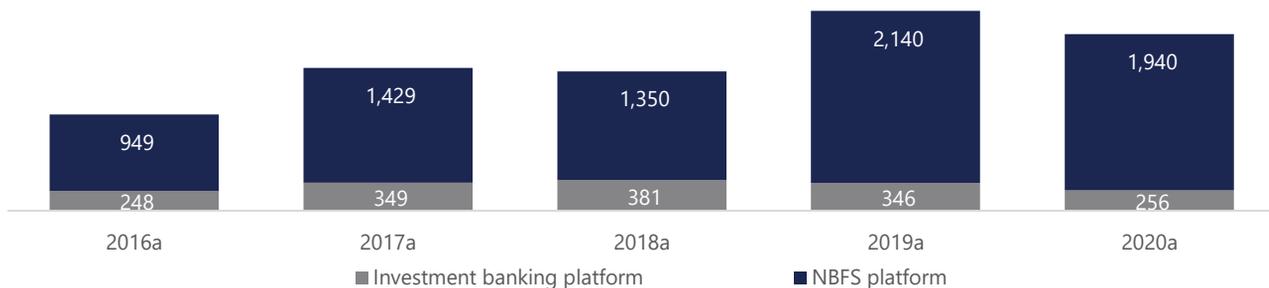
All figures in EGPmn	Operating Revenues					AUMs				
	2019a	2020a	% chg.	Prime est.	% var.	2019a	2020a	% chg.	Prime est.	% var.
Total	2,491	2,200	-12%	1,975	11%					
IB Platform	344	254	-26%	260	-2%					
Investment Banking	81	26	-67%	25	6%					
Asset Management	31	33	6%	34	-2%	9,500	10,400	9%	9,688	7%
Brokerage	232	195	-16%	202	-3%					
NBFS Platform	2,140	1,940	-9%	1,715	13%					
Leasing	1,816	1,456	-20%	1,253	16%					
Microfinance	323	391	21%	364	7%					
Mortgage Finance	1	21	2131%	19	13%					
Consumer Finance	-	72		79	-9%					
Adjustments	7	6								
All figures in EGPmn	Net Profit					Outstanding Portfolio				
	2019a	2020a	% chg.	Prime est.	% var.	2019a	2020a	% chg.	Prime est.	% var.
Total	545	475	-13%	437	9%					
IB Platform	66	23	-65%	55	-58%					
NBFS Platform	528	506	-4%	444	14%					
Leasing	419	413	-1%	340	21%	6,800	8,500	25%	9,350	-9%
Microfinance	113	125	11%	128	-2%	690	1,006	46%	1,018	-1%
Mortgage Finance	(3)	0	-112%	2	-82%	-	163		186	-12%
Consumer Finance	-	(33)		(26)	25%					
Adjustments	27	91								
Minorities	(76)	(145)		(61)						

Source: Company reports, Prime Research.

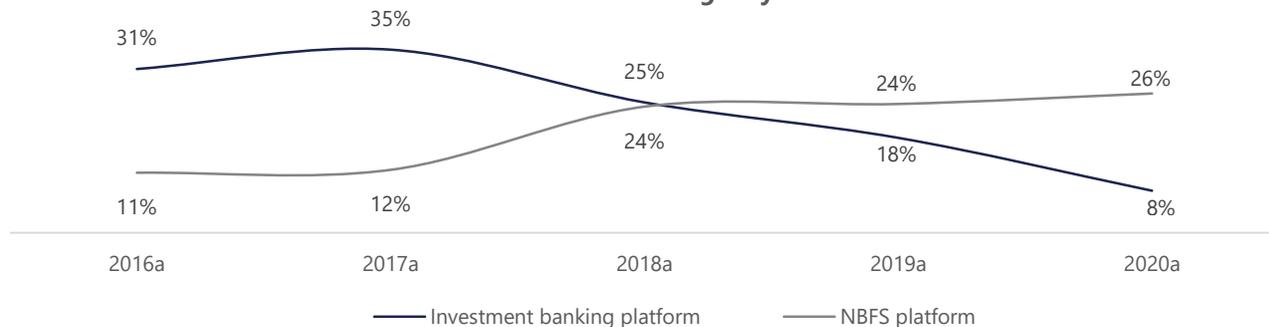


Results in Charts

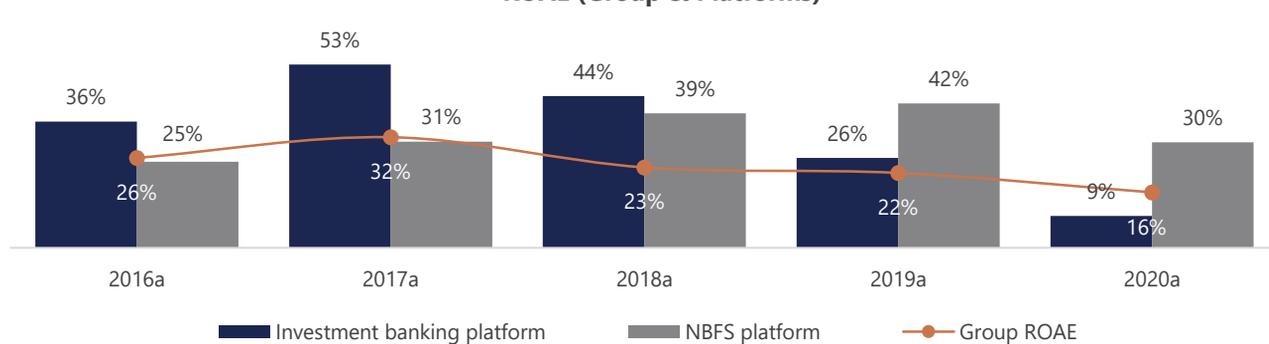
CICH Operating Revenues by Platform (EGPmn)



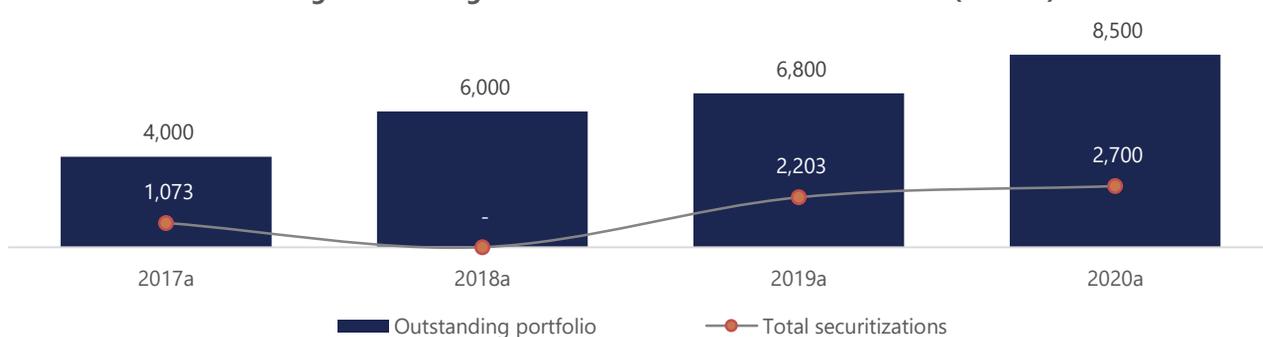
Net Profit Margin by Platform



ROAE (Group & Platforms)



Leasing Outstanding Portfolio & Securitization Value Trend (EGPmn)



Source: Company reports, Prime Research.



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