

Price
EGP3.23
at close of 23 May 2021

Fair Value
EGP5.2
set on 14 Jan 2021

12M PT
EGP6.0 (+86%)
set on 14 Jan 2021

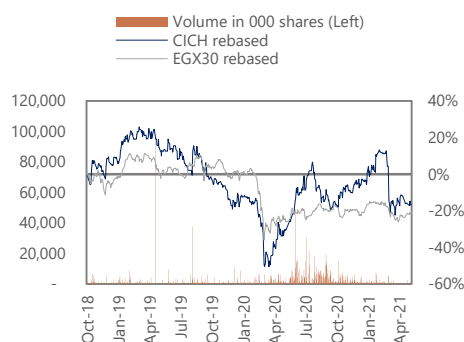
Investment Rating **Overweight** ★ ★ ★
Risk Rating **Medium** ! ! !

Sherif El Etr

Equity Analyst

T +202 3300 5720

seletr@egy.primegroup.org



Source: Bloomberg.

Earnings Dented by One-off ESOP Expense

Diversification Paying Off

Normalized, growth comes to light: CI Capital Holding's [CICH] total revenues grew 8% y/y to EGP560mn in Q1 2021, backed by solid performance in its investment banking platform as well as a diversified NBFS platform's revenue stream. Bottom-line losses hit EGP17mn due in full to a one-off expense of EGP150mn related to an ESOP triggered by Banque Misr's mandatory tender offer (MTO). Normalized, bottom line would swing to EGP133mn (+48% y/y). Meanwhile, a normalized TTM ROAE would hit 17%, in line with our 2021 expectations.

Healthier investment banking: IB platform showed signs of recovery after a quiet year for investment banking activities and a turbulent one for capital market in 2020. IB platform revenues surged 9% to EGP93mn on the back of solid investment banking activities, with Taaleem's [TALM] IPO off the table. Moreover, asset management's AUMs grew to EGP11.2bn (+31% y/y), 70% of which is in money markets and fixed income. CICH's brokerage market share dropped to 5.7% (from 9.8% in Q1 2020) to rank 4th (from 2nd in Q1 2020), as institutional investors scaled down their activity. We still see clear opportunities for CICH's IB platform in 2021 with the capital market anticipated to recover.

Diversified NBFS paying off: Total revenues at **Corplease**, CICH's leasing arm, dropped to EGP282mn (-9% y/y), while its outstanding portfolio grew to EGP9bn (+16% y/y) with a market share of 17.54% in Q1 2021. However, NIM contracted to 3.6% from 4.3% as a result of policy rate cuts and compressed margins. Corplease's bottom line grew to EGP64mn (+29% y/y) as a result of provisions reversals of EGP12mn. Also, the outstanding portfolio of **Reefy**, CICH's microfinance arm, jumped to EGP1.2bn (+40% y/y). Meanwhile, revenues grew to EGP129mn (+35% y/y), and the bottom line increased to EGP41mn (+18% y/y). ROE and NIM reached 61% and 38%, respectively. Reefy's solid performance promise a healthy and a diversified NBFS platform. Nonetheless, **Souhoola** (CICH's consumer financing arm) is still a loss-making venture, while **CI Mortgage** (CICH's mortgage finance arm) continues to eke out net income, having broken even back in Q3 2020.

Overweight and 12M PT maintained: CICH is currently traded at a P/E of 8.7x and a P/BV of 1.2x. In view of Q1 2021 results, we maintain our 12M PT at EGP6.0/share (+30%). CICH's normalized earnings would be in line with our expectations for the year, relying on a recovery in IB platform as well as a boost blessed by diversification to the NBFS platform.

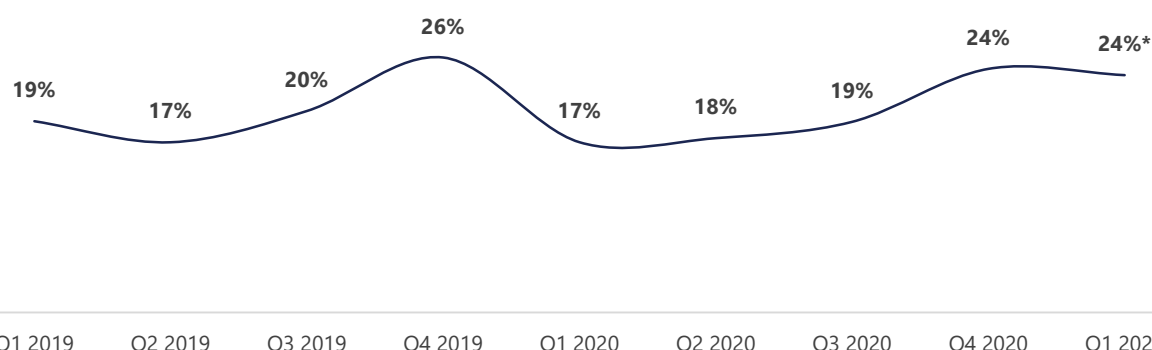
KEY STOCK STATISTICS

| | |
|-------------------------|--------------|
| Shares outstanding (mn) | 1,000 |
| Free float | 63.3% |
| Market Cap (EGPmn) | 3,230 |
| Market Cap (USDmn) | 206 |
| 52w range | EGP4.70-2.87 |
| EGP100 invested 5y ago | EGP84 |
| TTM EPS | EGP0.37 |
| TTM P/E | 8.7x |
| TTM P/B | 1.2x |
| 2021e P/E | 10.5x |
| 2021e P/B | 1.6x |
| Last fiscal year's DPS | EGP0 |
| Dividend yield | 0% |
| 5Y beta | 1.04 |
| 3Y Proj. EPS CAGR | 20% |



Results in Charts

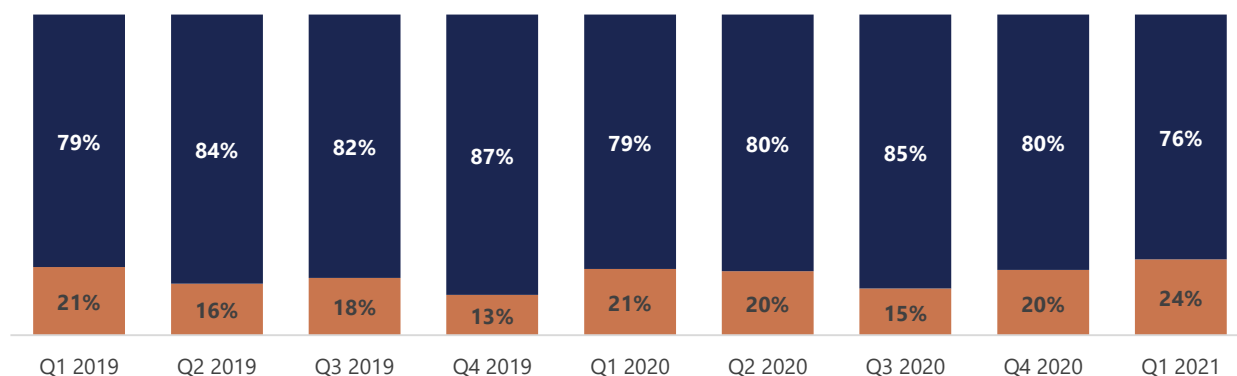
Group's NPM



* Normalized NPM

Revenues Contribution % by Platform

IB Platform NBFS Platform



Operational/Financial KPIs

| IB Platform | Q1 2020 | Q1 2021 | % Change |
|--|---------|---------|----------|
| Investment Banking Revenues (EGPmn) | 19.6 | 27.8 | 42% |
| Asset Management AUMs (EGPbn) | 8.4 | 11.2 | 33% |
| Brokerage's Market Share | 9.6% | 5.5% | -43% |
| NBFS Platform | Q1 2020 | Q1 2021 | % Change |
| Leasing O/S Portfolio (EGPbn) | 7.8 | 9.0 | 15% |
| Microfinance O/S Portfolio (EGPmn) | 824 | 1,153 | 40% |
| Consumer Finance Merchants Registered | na | 728 | na |
| Mortgage Finance O/S Portfolio (EGPmn) | na | 143 | na |

Source: Company reports, Prime Research.

Prime Securities

Shawkat El Maraghy

Managing Director

T +202 3300 5622

SElmaraghy@egy.primegroup.org

Sales

Mohamed Ezzat

Head of Sales & Branches

T +202 3300 5784

MEzzat@egy.primegroup.org

Mohamed Ashmawy

Head of Institutional Sales

T +202 3300 5612

MAshmawy@egy.primegroup.org

Amr Alaa CFTe

Team Head –Institutional Desk

T +202 3300 5609

AAAlaa@egy.primegroup.org

Mohamed El Metwaly

Manager

T +202 3300 5610

MElmetwaly@egy.primegroup.org

Emad El Safoury

Manager

T +202 3300 5624

EElsafoury@egy.primegroup.org

Shawkat Raslan

Heliopolis Branch Manager

T +202 3300 8130

SRaslan@egy.primegroup.org

Nashwa Abuelatta

Alexandria Branch Manager

T +202 3300 5173

NAbuelatta@egy.primegroup.org

Research

Amr Hussein Elalfy CFA

Head of Research

T +202 3300 5724

AElalfy@egy.primegroup.org

Head Office

Prime Securities S.A.E.

Regulated by FRA License No. 179.
Member of the Egyptian Exchange.

2 Wadi Elnil St, Liberty Tower, 7th Fl.
Mohandessin, Giza, Egypt

T +202 3300 5700 / 770 / 650 / 649

F +202 3760 7543

Branches

Heliopolis

7 Elhegaz Square

Heliopolis, Cairo, Egypt

T +202 2777 0600

F +202 2777 0604

Alexandria

7 Albert Al Awal St.

Smouha, Alexandria, Egypt

T +202 3300 8170

F +202 3305 4622

Website

www.primeholdingco.com

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