

**Price**  
**EGP3.49**  
at close of 9 Aug 2021

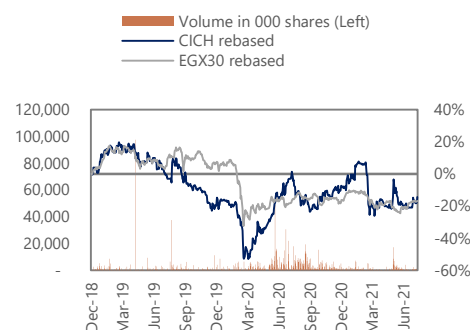
**Fair Value**  
**EGP5.2**  
set on 14 Jan 2021

**12M PT**  
**EGP6.0** (+72%)  
set on 14 Jan 2021

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

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Source: Bloomberg.

## Robust Exit Saves the Day

### Taaleem's [TALM] exit lifts financials; slight growth ex-TALM:

CI Capital Holding's [CICH] H1 2021 results showed bottom line of EGP172mn (-4% y/y) due to the one-off expense of EGP150mn in Q1 2021 for the ESOP. Normalized earnings would have been EGP322mn (+80% y/y) in H1 2021. The 4% slippage in earnings came in despite revenues surging to EGP1.98bn (+92% y/y) on the back of consolidation of EGY EDU Invest fund proceeds from TALM's IPO in Q2 2021. Considering only CICH's share of the proceeds of EGP103mn, revenues would have still registered c. EGP1.2bn (+16% y/y) in H1 2021. We see CICH still showing growth across most of its business lines, with TTM ROAE of 17%.

### Asset management bolsters investment banking (IB) platform performance:

Although capital markets continue to underperform with EGX 30 down 5.4% in H1 2021 from, asset management (CIAM) growth was resilient, increasing AUMs to EGP11.9bn (+22% y/y) albeit mostly fixed income and money market. CIAM's revenues surged to EGP36mn in H1 2021, registering EGP29mn (4.8x y/y) in Q2 2021 alone. While investment banking advisory's (CIIB) performance was muted with revenues of EGP29mn in H1 2021 and only EGP1mn in Q2 2021. Moreover, securities brokerage revenues registered EGP98mn with a market share 8.1% in H1 2021 vs. 9.5% in H1 2020.

**Diversified NBFS yielding growth:** Non-banking financial services (NBFS) platform saw earnings of EGP170mn (+6% y/y) on revenues of EGP859mn (+4% y/y) in H1 2021.

- **Corplease**, CICH's leasing arm, earnings fell 12% y/y to EGP99mn in H1 2021 (representing only 29% of our 2021 full-year estimates) as a result of lower interest income due to higher competition and margin compression, which pulled NIM to 3.5% in Q2 2021 from 4.5% in Q2 2020. Corplease's outstanding portfolio stood at EGP9.3bn by end of Q2 2021 (vs. our expectation of EGP10.5bn by end of 2021).
- **Reefy**, CICH's microfinance arm, surpassed its record-high KPIs and our expectations with growth fueled by an improvement in overall productivity per branch, pushing NIM to a high of 39% in H1 2021. Also, earnings surged to EGP92mn (+51% y/y), representing 56% of our 2021 expectations, with an outstanding portfolio of EGP1.3bn (vs. our expectation of EGP1.4bn by end of 2021).
- **Souhoola**, CICH's newly-established consumer finance arm, is being considered for sale to Banque Misr (CICH's current major shareholder with a 90% stake) as part of a overall group restructuring. While Souhoola's top line grew to EGP13mn (+537 y/y), the company is still a loss-making unit.

### KEY STOCK STATISTICS

Shares outstanding (mn)	<b>1,000</b>
Free float	<b>12.7%</b>
Market Cap (EGPmn)	<b>3,490</b>
Market Cap (USDmn)	<b>222</b>
52w range	<b>EGP4.70-2.97</b>
EGP100 invested 5y ago	<b>EGP86</b>
TTM EPS	<b>EGP0.47</b>
TTM P/E	<b>7.5x</b>
TTM P/B	<b>1.2x</b>
2021e P/E	<b>7.4x</b>
2021e P/B	<b>1.2x</b>
Last fiscal year's DPS	<b>EGP0</b>
Dividend yield	<b>0%</b>
5Y beta	<b>0.79</b>
3Y Proj. EPS CAGR	<b>20%</b>

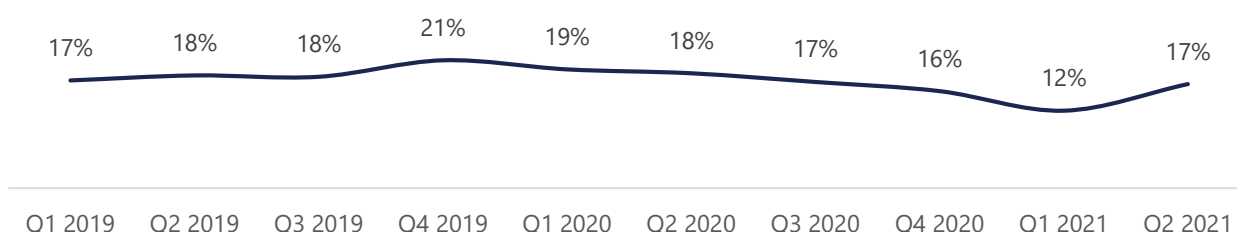


- **CI Mortgage**, CICH's mortgage finance arm, which broke even last year, is now profitable with earnings of EGP2mn on revenues of EGP16mn (+81% y/y) in H1 2021.

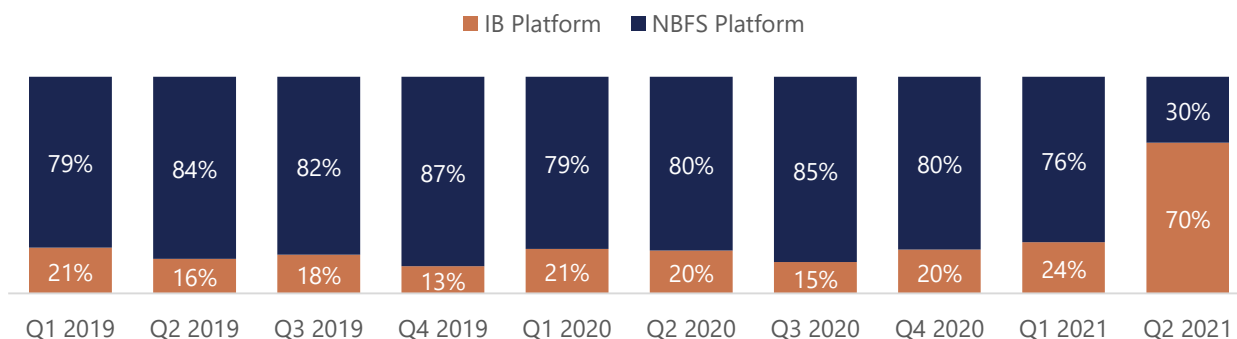
**Overweight and 12M PT maintained:** CICH is currently traded at a TTM P/E of 7.5x and a P/BV of 1.24x. In view of Q2 2021 results, we maintain our 12M PT at EGP6.0/share (+72%). CICH's normalized earnings would be in line with our expectations for the year, relying on a recovery in IB platform as well as a boost blessed by the diversification of the NBFS platform.

## Results in Charts

### Group's TTM ROAE



### Revenues Contribution by Platform



### Operational/Financial KPIs

IB Platform	H1 2020	H1 2021	% Change
Investment Banking Revenues (EGPmn)	21.2	28.5	34%
Asset Management AUMs (EGPbn)	9.8	11.9	21%
Brokerage's Market Share	9.5%	8.1%	-15%
NBFS Platform	H1 2020	H1 2021	% Change
Leasing O/S Portfolio (EGPbn)	8.6	9.3	8%
Microfinance O/S Portfolio (EGPmn)	808	1,281	59%
Consumer Finance Merchants Registered	na	773	nm
Mortgage Finance O/S Portfolio (EGPmn)	90	165	83%

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