

Price
EGP3.81
at close of 9 Nov 2021

Fair Value
EGP5.2
set on 14 Jan 2021

12M PT
EGP6.0 (+57%)
set on 14 Jan 2021

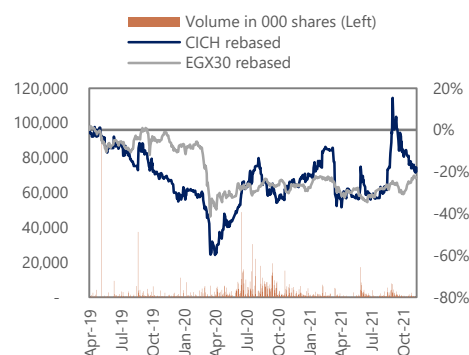
Investment Rating **Overweight** ★ ★ ★
Risk Rating **Medium** ! ! !

Record-Breaking Quarter

Diversity paying off

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Source: Bloomberg.

Stellar Investment Banking (IB) platform performance; diversity of Non-Banking Financial Services (NBFS) platform saves the day: CI Capital Holding's [CICH] 9M 2021 results showed a bottom line of EGP412mn (+43% y/y). This robust growth was backed by a strong IB platform performance, thanks to (1) merchant banking gains amid Taaleem Management Services [TALM] exit and (2) advisory fees registered in Q3 for the conclusion of **BLOM Bank Egypt's** sale to **Bank ABC** at a total value of USD425mn. However, NBFS platform performance slipped slightly due to a setback in leasing activities which was marginally offset by microfinance activities. In our opinion, we think this is the blessing of diversification within the NBFS platform. CICH's TTM ROAE stood at 19%, merely touching its pre-COVID-19 levels (i.e. 21% in 2019).

Investment banking activities bolsters IB platform performance:

CICH's IB platform witnessed an exceptional quarter, driving the group's bottom line to record-breaking level of a high of EGP241mn in Q3 2021. IB platform contributed EGP160mn (66%) to the group's bottom line. This was mainly due to investment banking activities with advisory fees jumping from EGP2mn in Q3 2020 to EGP47mn in Q3 2021 on the BLOM Bank Egypt transaction. Additionally, the platform's top line was bolstered with capital gains recognized on the merchant banking level on the TALM exit. However, as the Egyptian capital market is yet to fully recover from COVID-19 consequences and due to the change in market dynamics, CICH's brokerage arms are still struggling, with their top line slipping 5% y/y to EGP166mn in 9M 2021. Furthermore, although CICH's asset management top line flattened y/y in Q3 2021 at EGP10mn, its AUMs grew to EGP12.9bn (+34% y/y). We believe the IB platform would have an exceptional year given CICH's advisory on e-finance's [EFIH] IPO which took place in Q4 2021 as well as CICH's solid asset management performance.

NBFS 9M 2021 earnings flat y/y: NBFS platform saw 9M 2021 earnings flatten at EGP267mn (-0.3% y/y) on revenues of EGP1.3bn (+2% y/y).

- **Corplease**, CICH's leasing arm, earnings fell 20% y/y to EGP156mn in 9M 2021 as a result of lower interest income due to higher competition and margin compression, which pulled NIM to 3.3% in Q3 2021 from 4.4% in Q3 2020. Corplease's outstanding portfolio decreased to EGP9.8bn by end of Q3 2021 (vs. our expectation of EGP10.5bn by end of 2021).
- **Reefy**, CICH's microfinance arm, outstanding performance resumed with a bottom line of EGP144mn (+58% y/y) on revenues of EGP432mn (+52% y/y). This was fueled by a strong loan book growth of 67% to EGP1.5bn (exceeding our 2021 expectations of EGP1.4bn).

KEY STOCK STATISTICS

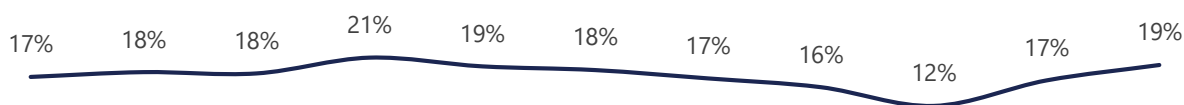
Shares outstanding (mn)	1,000
Free float	12.7%
Market Cap (EGPmn)	3,810
Market Cap (USDmn)	242
52w range	EGP5.61-2.97
EGP100 invested 5y ago	EGP82
TTM EPS	EGP0.6
TTM P/E	6.4x
TTM P/B	1.2x
2021e P/E	8.1x
2021e P/B	1.2x
Last fiscal year's DPS	EGP0.2
Dividend yield	5%
5Y beta	1.1
3Y Proj. EPS CAGR	15%



- **Souhoola**, CICH consumer finance arm, remains a loss-making unit with EGP12mn in Q3 2021 on lower revenues of EGP5mn (vs. EGP6mn in Q2 2021). We note that CICH's is considering selling the unit to **Banque Misr**.
- **CI Mortgage**, CICH mortgage finance arm, grew its outstanding portfolio to EGP191mn (+22% y/y). This is short of our more optimistic forecast and even management guidance of EGP500mn by end of 2021.
- **Overweight and 12M PT maintained**: CICH is currently traded at a TTM P/E of 6.4x and a P/BV of 1.24x. In view of Q3 2021 results, we maintain our 12M PT at EGP6.0/share (+57%). We believe CICH's earnings will outpace our expectations for the year of EGP470mn on the back of a robust IB platform performance and pipeline execution as well as a boost blessed by the diversification of the NBFS platform.

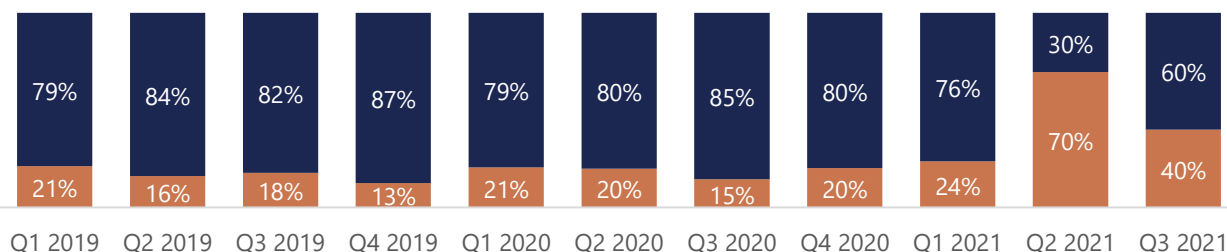
Results in Charts

Group's TTM ROAE



Revenues Contribution by Platform

■ IB Platform ■ NBFS Platform



Operational/Financial KPIs

IB Platform	9M 2020	9M 2021	% Change
Investment Banking Revenues (EGPmn)	24.0	76.0	217%
Asset Management AUMs (EGPbn)	9.6	12.9	34%
Brokerage's Market Share	8.5%	8.7%	20bps
NBFS Platform	9M 2020	9M 2021	% Change
Leasing O/S Portfolio (EGPbn)	10.9	9.8	-10%
Microfinance O/S Portfolio (EGPmn)	871	1,451	67%
Consumer Finance Merchants Registered	na	799	na
Mortgage Finance O/S Portfolio (EGPmn)	156	191	22%

Source: Company reports, Prime Research.

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