

Price
EGP11.63
at close of 15 Nov 2021

Fair Value
EGP15.5
set on 18 May 2021

12M PT
EGP16.7 (+44%)
set on 18 May 2021

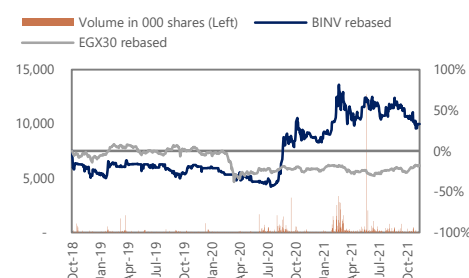
Investment Rating **Overweight** ★ ★ ★
Risk Rating **Medium** ! ! !

Growth Dented Across the Board – Take 2

Overweight and 12M PT maintained

Sherif El Etr

Equity Analyst
T +202 3300 5720
seletr@egy.primegroup.org



Earnings remain below our estimates on lower share of profits:

B Investments Holding's [BINV] 9M 2021 results came in weaker than expected and compared to a year ago. BINV registered nearly zero earnings in Q3 2021, having reported earnings of EGP72.92mn (-53% y/y) in 9M 2021 (+0.6% vs. H1 2021). Revenues amounted to EGP112mn (-41% y/y) in 9M 2021. The drop in revenues was a result of lower share of profits from BINV's investment companies, contributing only EGP24.4mn (-75% y/y). Still, BINV's cash position remained healthy at EGP453mn (24% of market cap). In addition, BINV continues to maintain a debt-free balance sheet with a TTM ROAE of 11%.

Slower growth across the board for the second consecutive quarter: BINV's investment companies' performance exhibited slower growth in 9M 2021, as follows:

- **MNHD's** contribution of BINV's share of profits was more than halved versus a year ago from EGP41mn to EGP16mn. In 9M 2021, MNHD's pre-sales dropped to EGP2.7bn (-40% y/y), while its bottom line dropped to EGP250mn (-60% y/y).
- **Gourmet** contributed a loss of EGP18.5mn (vs. a profit of EGP22.5mn a year ago). With expansion plans being executed, Gourmet is gearing up for its new growth cycle. In Q3 2021, revenues increased to EGP246mn (+18% y/y) and EBITDA advanced to EGP14mn (+55% y/y). However, EBITDA fell 33% y/y to EGP49mn in 9M 2021 despite 12% higher revenues of EGP697mn.
- **Total Egypt** merely showed of recovery in sales volume, increasing slightly in 9M 2021 by 4% y/y to 1.8mn tons, still below pre-COVID-19 levels. Revenues increased to EGP16.2bn (+6% y/y) in 9M 2021 on higher volumes and fuel prices hikes.
- **Giza Systems'** revenues jumped to EGP3bn (+34% y/y) in 9M 2021, while gross profit flattened y/y at EGP378mn as GPM narrowed from 16.6% to 12.4% as a result of delays in the implementation of some high-margin integration projects.
- **Ebtikar** has achieved a 66% y/y growth in transactions value to EGP22.4bn in 9M 2021. In our [Core Coverage Report](#), we valued the two e-payment companies at a combined EGP2.9bn (EGP442mn of which is attributed to BINV). Ebtikar's IPO was initially planned to be executed before end of year.
- **Basata Financial Holding's** Tamweel Group has seen loan originations increase by 35% y/y to EGP1.5bn with mortgage activities having the lion's share. However, Basata Microfinance saw its portfolio size shrink by end of September 2021 to EGP146mn, with loans loss provisions (LLP) as high as 19.9%.
- **Infinity Solar** distributed USD600k in 9M 2021, lifting revenues by EGP9.4mn.

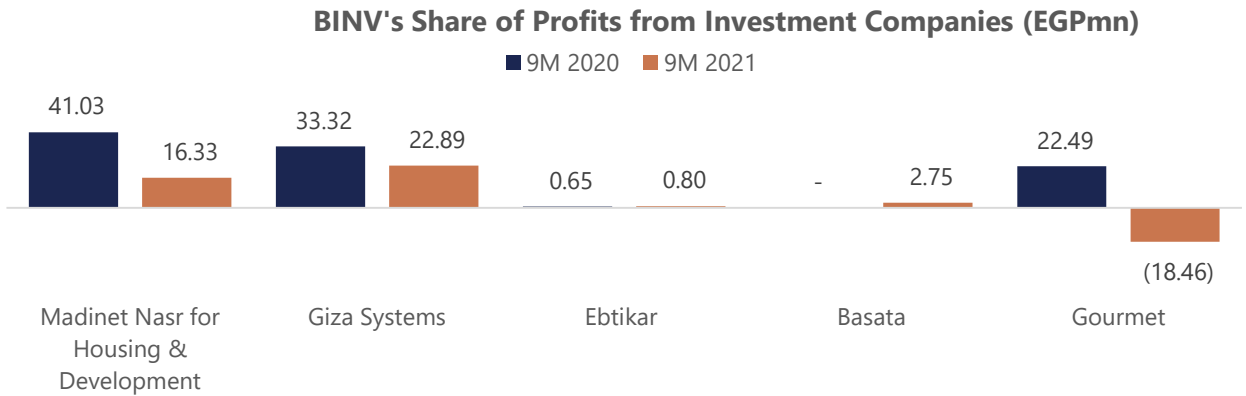
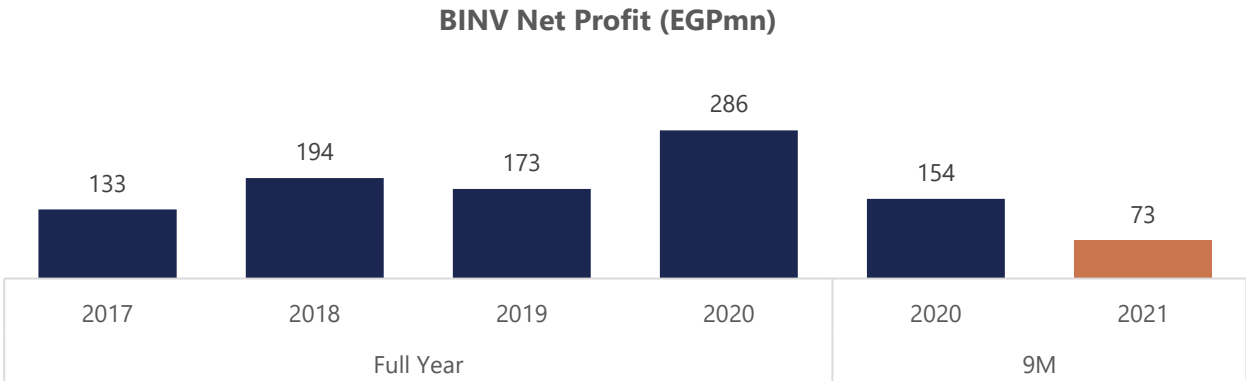
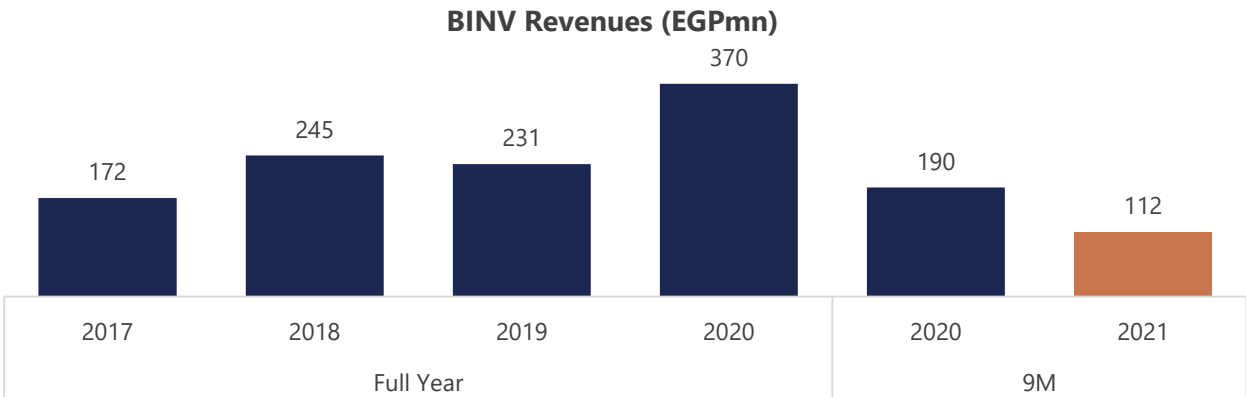
KEY STOCK STATISTICS

Shares outstanding (mn)	160
Free float	49%
Market Cap (EGPmn)	1,861
Market Cap (USDmn)	119
52w range	EGP10.01-18.68
EGP100 invested since IPO	EGP133
TTM EPS	EGP1.29
TTM P/E	9.0x
TTM P/B	0.9x
2021e P/E	8.13x
2021e P/B	0.84x
Last fiscal year's DPS	EGP1.25
Dividend yield	10.8%
3Y beta	0.54
3Y Proj. EPS CAGR	1%



Overweight and 12M PT maintained: BINV is currently traded at TTM P/E of 9.0x and P/BV of 0.92x. While Q3 2021 results came below our expectations, we look forward to BINV’s investment companies’ improved performance in Q4 2021 and Ebtikar’s IPO to support its financials and hence valuation. Thus, we maintain our Overweight rating and 12M PT at EGP16.7/share (+44%).

Results in Charts



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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