

Prime Holding [EGX: PRMH]
Earnings Release
Full Year & Q4 FY21



Prime Holding Announces FY21 Results

- Total Fees & Commission Revenues exhibited a 37% growth, chalking up EGP89mn in FY21; whereas Q4 FY21 Total Fees & Commission recorded EGP16.2mn, corresponding to a YoY decrease of 10%
- Consolidated Revenues showed a 28% YoY growth, registering EGP100.6mn in FY21, while Q4 FY21 Consolidated Revenues displayed a 7% YoY decline, reading EGP19.8mn
- Operating losses recorded EGP43.8mn in FY21, compared with EGP33.4mn a year ago
- Q4 FY21 Operating losses shrank by 28%, reading EGP12.7mn vs. EGP17.6mn a year earlier
- FY21 Net Earnings were a negative EGP56.6mn as opposed to a negative EGP24.5mn in the comparable period
- Q4 FY21 Net Earnings recorded a negative EGP21.7mn compared with a negative EGP7.2mn a year ago

Key Financial Highlights

I. Revenue Analysis

- Prime Holding remains on the fast growth track, as most investment bank activities exhibited a substantial revenue growth over the year, while the kickoff of the NBF operation in Q1 FY21, buttressed the momentum with an 11% contribution to Consolidated Revenues. Meanwhile, during the fourth quarter of the year, revenues slipped YoY on lower Brokerage Revenues triggered by adverse stock market conditions, coupled with the negative effect of reversing unrealized Financial Advisory Revenues.

FY21 Consolidated Revenues

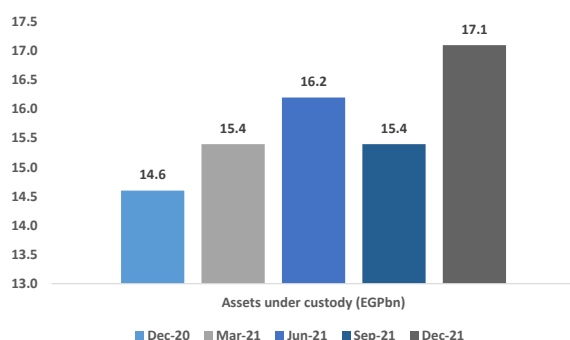
EGP100.6mn

Brokerage	EGP49.1mn
Asset Mgt.	EGP15.9mn
Capital Mkt &Tr.	EGP11.6mn
Custody	EGP6.4mn
Fin. Advisory	EGP5.6mn
Mgt. Services	EGP631k
NBF	EGP11.3mn

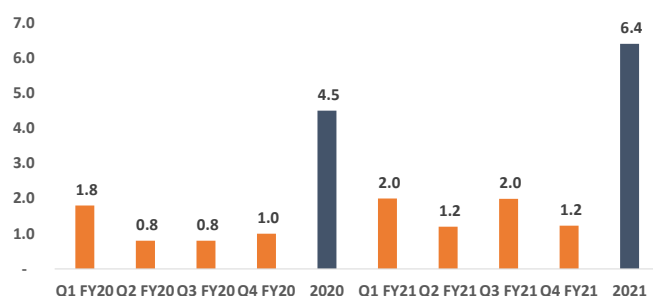
- Total Fees & Commission Revenues added a solid 37%, recording EGP89mn in FY21 versus EGP65.1mn in FY20. In Q4 FY21, Total Fees & Commission revenues exhibited a 10% YoY drop, recording EGP16.2mn compared with EGP18mn; whereas on a quarterly basis, the decrease stood at 30%.
- The brokerage activity delivered a decent performance in FY21, as Brokerage Revenues demonstrated a 27% growth, evolving to EGP49.1mn as opposed to EGP38.5mn in FY20. Meanwhile, Q4 FY21 Brokerage Revenues registered EGP9mn versus EGP12.3mn in Q4 FY20, implying a 27% decline, in view of unfavorable stock market conditions. Furthermore, on a QoQ basis, Brokerage Revenues contracted by 42% .
- The Asset Management arm reported a spectacular 61% upsurge in revenues, registering EGP15.9mn in FY21 compared with EGP9.9mn in FY20. The majority of the growth is attributable to high performance fees. Q4 FY21 Asset Management Revenues came in at EGP3.7mn, corresponding to a 51% YoY rise and a 461% QoQ expansion.
- The financial advisory business generated EGP5.6mn of revenues in FY21, 52% down from EGP11.6mn a year earlier, on smaller executed transaction size. It is worthy to mention that Q4 FY21 Financial Advisory Revenues were affected by the reversal of unrealized Financial Advisory Revenues.

- Custodian Revenues advanced 44%, reaching EGP 6.4mn in FY21 as opposed to EGP4.5mn in FY20. Such a solid growth stems from a 17% growth in the size of assets under custody, standing at EGP17.1bn as of December 31, 2021 vs. EGP14.6bn a year ago. Moreover, in Q4 FY21, Custodian Revenues saw a significant YoY increase of 17%, reading EGP1.2mn up from EGP1.1mn in Q4 FY20. On a quarterly basis, Custodian Revenues plummeted 38%.

Assets under Custody (EGP'bn)



Quarterly Custodian Revenues(EGP'mn)

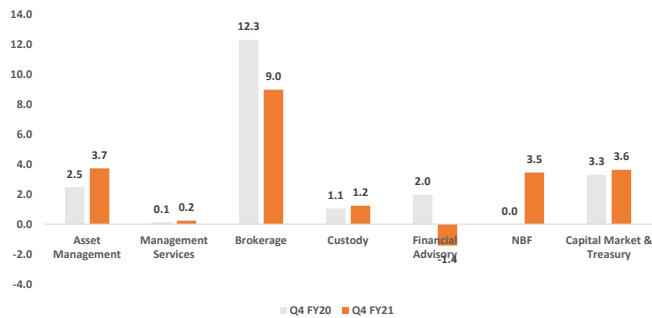


- Capital Market & Treasury Revenues dropped 16%, reading EGP11.6mn in FY21 vs. EGP13.7mn in FY20, as funds available for investment were mostly directed to investment in the NBF startup, Prime FinTech. Meanwhile, Q4 FY21 Capital Markets & Treasury Revenues showed a 10% improvement, as they came in at EGP3.6 mn up from EGP3.3mn in Q4 FY20. Furthermore, on a QoQ basis Capital Markets & Treasury Revenues hiked 33%.
- The NBF arm, Prime FinTech, which commenced operation at the end of February 2021 through its first operating company, Endorse, delivered EGP11.3mn of revenues in FY21, whereas its Q4 FY21 revenues registered EGP3.5mn, representing a QoQ rise of 8%.
- The abovementioned developments were reflected in a 28% YoY growth in Consolidated Revenues, registering EGP100.6mn in FY21 compared with EGP78.8mn in the comparable period. Q4 FY21 Consolidated Revenues recorded EGP19.8mn, corresponding to a 7% YoY decrease and a 24% QoQ decline.

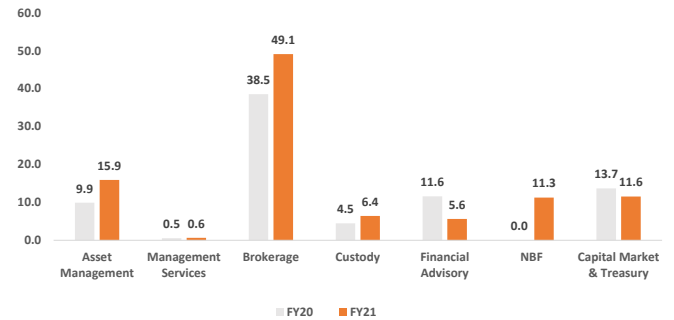
All figures are in EGP'000 unless otherwise stated	Q4 FY21	Q3 FY21	Q4 FY20	QoQ	YoY	FY20	FY21	YoY
Asset Management Revenues	3,736	666	2,473	461%	51%	9,917	15,944	61%
Management Service Revenues	233	160	133	46%	75%	539	631	17%
Brokerage Revenues	8,992	15,401	12,331	-42%	-27%	38,545	49,126	27%
Custody Revenues	1,229	1,989	1,051	-38%	17%	4,484	6,438	44%
Financial Advisory Revenues	(1,431)	1,891	1,963	na	na	11,592	5,615	-52%
Total Investment Bank Fees & Commissions	12,759	20,106	17,951	-37%	-29%	65,077	77,754	19%
NBF Revenues	3,450	3,200	-	8%	NA	-	11,283	NA
Total Fees & Commission Revenues	16,209	23,306	17,951	-30%	-10%	65,077	89,037	37%
Capital Market & Treasury Revenues	3,637	2,737	3,307	33%	10%	13,700	11,556	-16%
Consolidated Revenues	19,846	26,043	21,258	-24%	-7%	78,777	100,593	28%



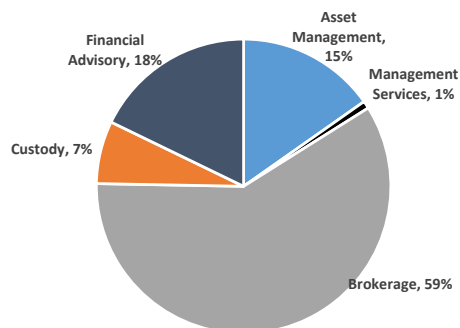
Q4 FY21 Revenues by Activity (EGP'mn)



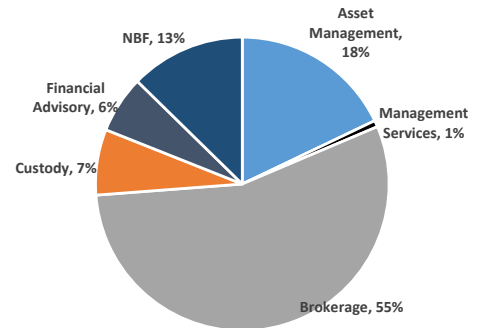
FY21 Revenues by Activity (EGP'mn)



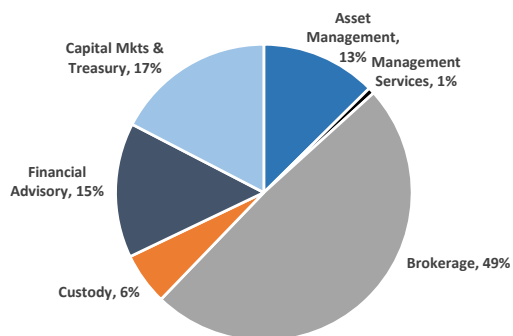
FY20 Fees & Commission Breakdown



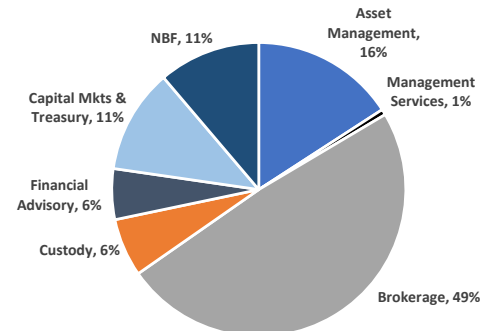
FY21 Fees & Commission Breakdown



FY20 Revenue Breakdown



FY21 Revenue Breakdown



II. Cost Analysis

- As Prime Holding endeavors to enhance profitability , it managed to curtail its investment bank Operating Expenses by 12% in FY21. However, the Operating Expenses related to the newly launched NBF activities, constituting 31% of Total Operating Expenses, spurred higher Operating Expenses in FY21.
- On a quarterly basis, Q4 FY21 witnessed a significant reduction in NBF Operating Expenses, mirroring in a handsome reduction in Consolidated Operating Expenses on both YoY and QoQ bases.
- Standing at EGP144.4mn in FY21, Operating Expenses showed a YoY increase of 29% over the FY20 figure of EGP112.2mn. Meanwhile, the Operating Expenses/Revenues ratio slightly rose to 144% compared with 142%.
- Q4 FY21 Operating Expenses showed a strong improvement, as they slid 16% YoY to EGP32.6mn down from EGP38.9mn, on the back of 25% lower Staff Expenses and 24% lower Other G&A. This culminated in the Operating Expenses/Revenues ratio drop to 164% from 183% a year earlier. With respect to quarterly performance, Q4 FY21 Operating Expenses declined 17% QoQ, on the heels of lower NBF Staff Expenses in addition to lower Interest Expense incurred by the brokerage arm.
- In FY21, Staff Expenses added 16%, reading EGP95.4mn in FY21 versus EGP82.3mn in the comparable period. Nevertheless, due to the robust revenue increase, the Staff Expenses/Revenues ratio dropped to 95% down from 105%. Also, due to the abovementioned reduction of Q4 FY21 Staff Expenses, the Staff Expenses/Revenues ratio decreased to 103% in Q4 FY21 as opposed to 128% a year ago.
- As for quarterly Staff Expenses, they showed an 18% QoQ decrease. Yet, the Staff Expenses/Revenues ratio spiked by 700 bps, in light of the revenue slowdown.
- As far as Other G&A are concerned, they displayed a 28% YoY increase, registering EGP28.4mn in FY21 up from EGP22.1mn a year ago. Meanwhile, the Other G&A/Revenues ratio remained as is at 28%. Throughout the fourth quarter, Other G&A recorded EGP7.1mn, representing a 24% drop from the Q4 FY20 Other G&A figure of EGP9.3mn, and a 1% increase from the Q3 FY21 figure of EGP7mn. As such, Other G&A/Revenues read 36% up compared with 44% a year ago and versus 27% in the previous quarter. The aforementioned improvement is due to a collective decrease in Other G&A items, in reflection of the group's effort towards cost efficiency.

FY21 Operating Expenses

EGP144.4mn

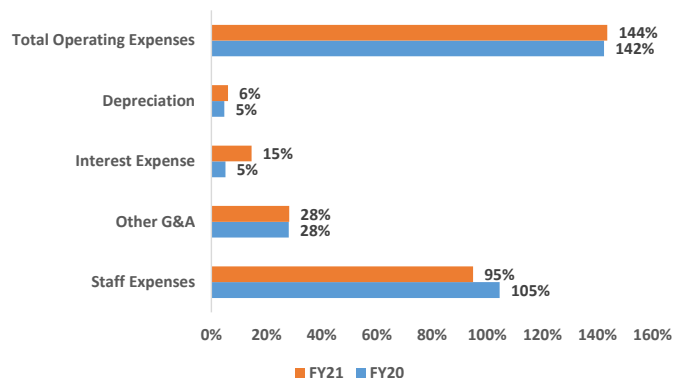
Staff	EGP95.4mn
Other G&A.	EGP28.4mn
Interest Expense	EGP14.6mn
Depreciation	EGP6mn

All figures are in EGP'000 unless otherwise stated	Q4 FY21	Q3 FY21	Q4 FY20	QoQ	YoY	FY20	FY21	YoY
Staff Expenses	(20,421)	(24,902)	(27,107)	-18%	-25%	(82,346)	(95,437)	16%
Other SG&A	(7,125)	(7,033)	(9,335)	1%	-24%	(22,123)	(28,356)	28%
Interest Expense	(3,471)	(5,895)	(1,286)	-41%	170%	(4,005)	(14,602)	265%
Depreciation	(1,578)	(1,569)	(1,156)	1%	36%	(3,678)	(6,027)	64%
Operating Expenses	(32,594)	(39,399)	(38,884)	-17%	-16%	(112,152)	(144,422)	29%

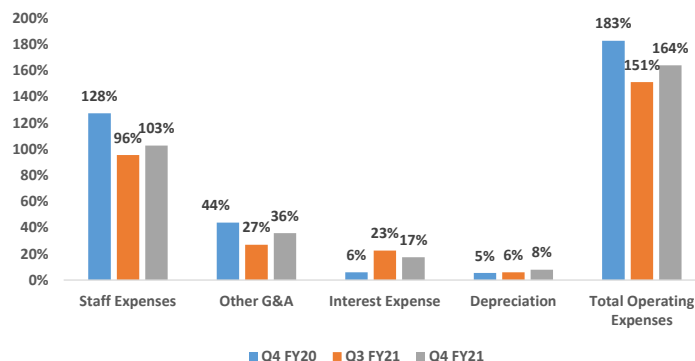


- Endorse's Provisions for the year were calculated according to IFRS standards at EGP9.6mn, driving up total provisions to a total of EGP12.1mn compared with EGP0.5mn a year ago.

Operating Expenses/Revenues (Full Year)



Operating Expenses/Revenues (Qs)



III. A Glimpse at the Balance Sheet

- In light of the kickstart of operation by Endorse, Net Loans Receivables chalked up a total EGP86.1mn, of which EGP1mn is contributed by the consumer finance business, and the balance is made up by leasing.
- Shareholders' Equity stood at EGP321.5mn (EGP0.92/Share) at the end of the quarter, signaling that the stock is traded at a deep 37% discount to its book value.
- Cash & Cash Equivalents stood at EGP69mn at the end of the respective period.

Activities In Focus

I. Brokerage (Prime Securities)

- Steady performance:** In FY21, Prime Securities maintained its executed turnover around the EGP12.5bn mark, capturing 2.7% of the market. Additionally, Prime Securities remains one of Egypt's top 20 brokerage firms, standing at the 17th rank.

Moreover, throughout Q4 FY21, Prime Securities' executed turnover reached EGP2.4bn, its markets share amounted to 1.9%, and it ranked 17th.

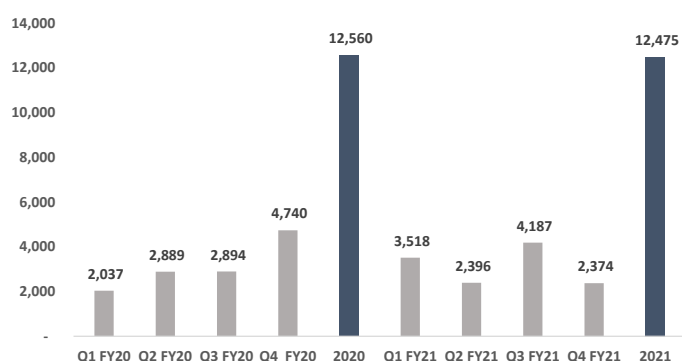
FY21 KPIs

EGP12.5bn
Executed
Value

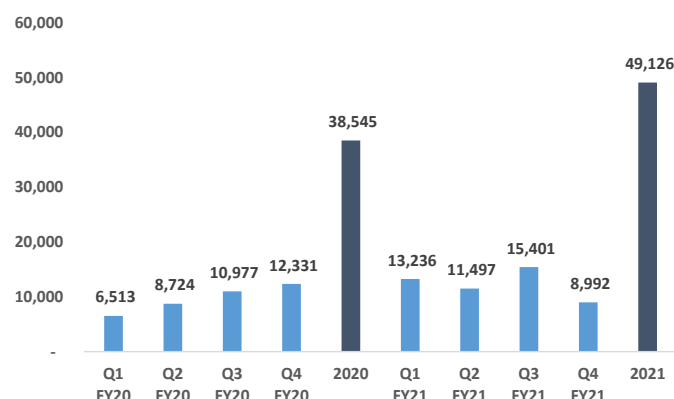
2.7%
Market
Share

17
EGX
Ranking

Quarterly Executed Turnover (EGP'mn)



Quarterly Brokerage Revenues (EGP'000)



- Major block trades:** in FY21, Prime Securities was remarkably dynamic in block trading, as it executed 12 block trades. Q4 FY21 particularly witnessed the execution of two block trades amounting to a total of EGP83.3mn, involving the sale of significant stakes in two firms, namely:

- Abu Dhabi Islamic Bank
- E-Finance

- Doubling fundamental research core coverage:** During the quarter, Prime Research doubled its Core Coverage by adding 10 more companies to its universe, namely five banks and four ceramics manufacturers and a cheese manufacturer, Obour Land for Food Industries [OLFI]. By end of Q4 FY21, Prime Research coverage spanned around 50 Egyptian stocks, including both Core and Basic Coverage.

Meanwhile, Prime Research was quick to market, updating clients with recent developments in natural gas-based industries and the impact on key EGX-listed stocks, all as part of its TAKEStock series with two issues in October and in November. Another issue was published early November, covering the Egyptian milling industry.

By end of December 2021, Prime Research Core Coverage universe spanned 20 companies with a total market cap of more than EGP250 billion or one third of Egypt's total market cap at the end of the quarter. During Q4 FY21 and 2021, Prime Research published a total of 31 and 127 notes, respectively, covering equity, technical, and economy.



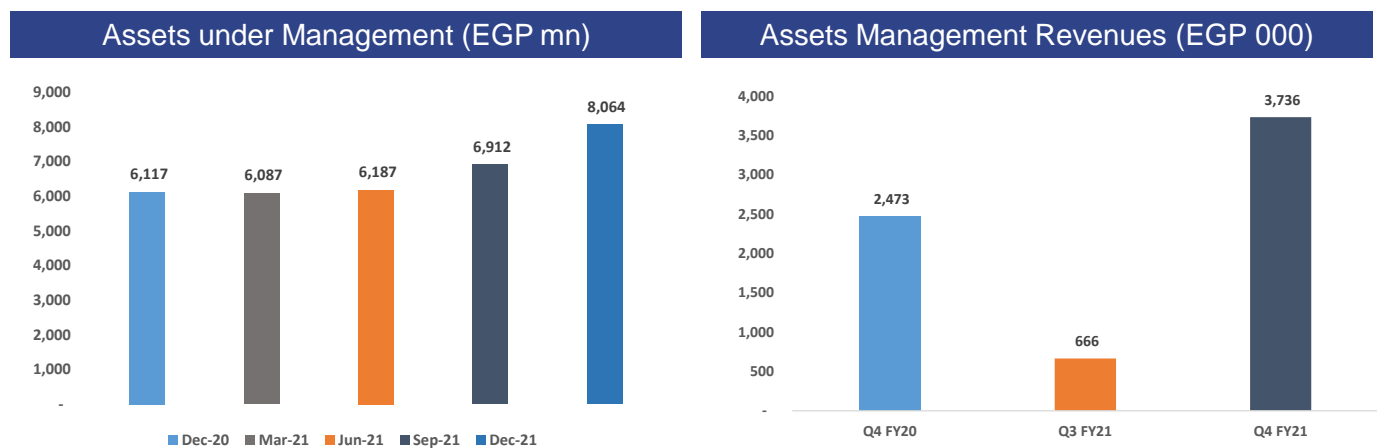
- **2021 investment ideas beating the market:** During 2021, Prime Research's 28 fundamental investment ideas (20 long and 8 short) delivered a good success rate of 64.3% with an average return of 17.9% per investment idea, surpassing both EGX 30 and EGX 70 EWI indices performance of 10.2% and 2.6%, respectively.
- **Strong performance of technical calls in 2021:** In 2021, Prime Research published a total of 107 technical recommendations, of which 86 were closed with an average return of 6.81% per trade. Of the remaining 21 recommendations, 11 were not triggered, and 10 were still open by year-end. With 60 profitable recommendations, the success rate was a sound 70%.



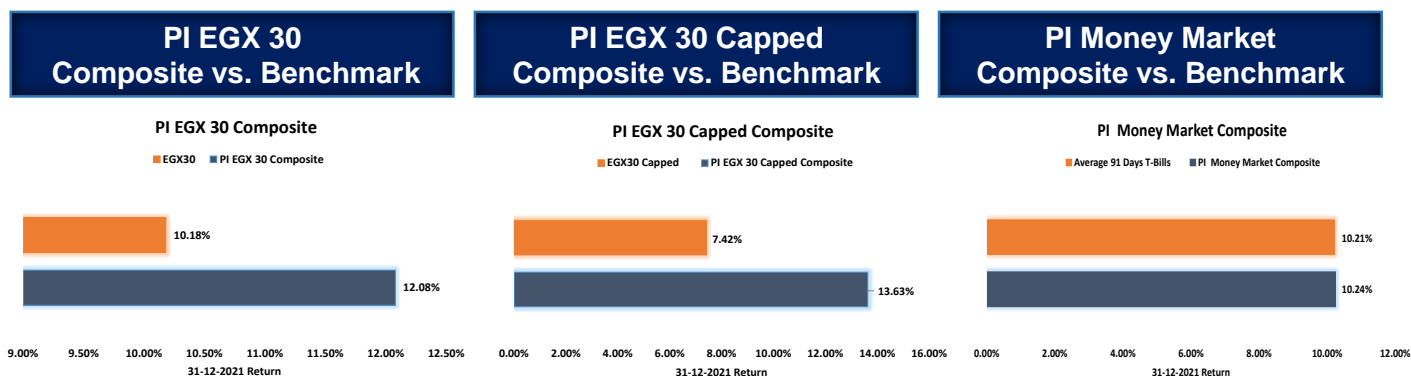
II. Asset Management (Prime Investments)

- AUM's on the rise:** AUM's grew by an impressive 32% YoY, reaching EGP8,064mn as of December 31, 2021 compared to EGP6,117mn a year earlier. The increase is mostly attributed to new money market mandates, expanding money market AUM's by a stellar 163%. Also, equity mandates added a handsome 11%, demonstrating the strong confidence in Prime Investments asset management skills.

Over the last quarter of FY21, Prime investments AUM's increased by 17% QoQ as opposed to EGP6,912mn as of September 2021.



- Outstanding performance:** Funds managed by Prime Investments managed to outperform average peer funds, across all mandated asset classes during FY21.





III. Investment Banking (Prime Capital)

- **Successful offering:** Prime Capital, the exclusive financial advisor on Egypt's first IPO of a football club, Ghazl El Mehalla, announced the successful closing of the private placement portion of the transaction. The private placement amounting to EGP37mn was fully subscribed by a diverse investor base comprising institutional and high-net-worth investors from Egypt, Saudi Arabia, and Kuwait. It is noteworthy that an additional stake worth EGP98mn is expected to be offered for public subscription in March 2022.
- **Expanding backlog:** In FY21, Prime Capital continued to boost its backlog, adding a decent 25% to its strong pipeline. The healthy growth of backlog size is attributable to debt and equity transactions that are in line with Prime Capital strategy to fortify its strong presence, especially with regards to defensive industries.
- **Buy-side advisory:** Over the last year, Prime Capital acted as a buy-side financial advisor in 12 transactions.

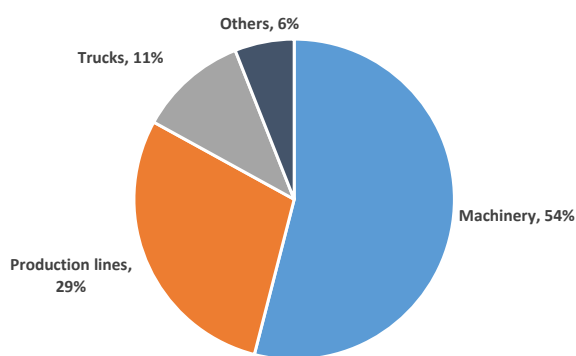


IV. Non-Banking Financial Services (Prime FinTech)

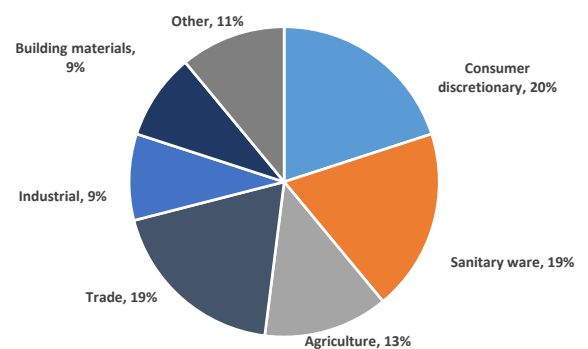
- **Growing leasing portfolio; targeting diverse sectors:** In Q4 FY21, Prime FinTech's subsidiary, Endorse, managed to expand its leasing portfolio by 8% QoQ, registering EGP100.4mn, as opposed to EGP92.6mn as of September 30, 2021. Machinery makes up the bulk of the portfolio with a 54% contribution, followed by production lines (29%) and trucks (11%).

In terms of sector diversification, the consumer discretionary sector topped the list with a 20% contribution, followed by the sanitary ware and the trade sectors, each constituting 19% of the portfolio.

Leasing Portfolio by Type of Asset



Leasing Portfolio by Sector



- **New partnerships in the consumer finance segment:** In Q4 FY21, Endorse sealed new partnerships agreements with several players in different sectors, including:
 - i. Blue for Swimming Pools
 - ii. BOC DOC for Healthcare Services
 - iii. El Moataz for Furniture
 - iv. 12 dentists and ophthalmologists



Consolidated Income Statement

All figures are in EGP'000 unless otherwise stated	Q4 FY21	Q3 FY21	Q4 FY20	FY20	FY21
Asset Management Revenues	3,736	666	2,473	9,917	15,944
Management Service Revenues	233	160	133	539	631
Brokerage Revenues	8,992	15,401	12,331	38,545	49,126
Custody Revenues	1,229	1,989	1,051	4,484	6,438
Financial Advisory Revenues	(1,431)	1,891	1,963	11,592	5,615
Total Investment Bank Fees & Commissions	12,759	20,106	17,951	65,077	77,754
NBF Revenues	3,450	3,200	-	-	11,283
Total Fees & Commission Revenues	16,209	23,306	17,951	65,077	89,037
Capital Market & Treasury Revenues	3,637	2,737	3,307	13,700	11,556
Consolidated Revenues	19,846	26,043	21,258	78,777	100,593
Staff Expenses	(20,421)	(24,902)	(27,107)	(82,346)	(95,437)
Other SG&A	(7,125)	(7,033)	(9,335)	(22,123)	(28,356)
Interest Expense	(3,471)	(5,895)	(1,286)	(4,005)	(14,602)
Depreciation	(1,578)	(1,569)	(1,156)	(3,678)	(6,027)
Operating Expenses	(32,594)	(39,399)	(38,884)	(112,152)	(144,422)
Operating Profits	(12,749)	(13,356)	(17,626)	(33,375)	(43,829)
Provisions	(8,713)	(39)	-	(446)	(12,113)
Other Income (Expenses)	132	344	11,628	12,988	1,960
Net Profits before Tax	(21,329)	(13,051)	(5,998)	(20,833)	(53,982)
Taxes	(232)	273	(1,170)	(3,425)	(2,339)
Net Profits after Tax	(21,561)	(12,778)	(7,168)	(24,258)	(56,321)
Minority Interest	(113)	(85)	(62)	(249)	(304)
Net Profits after Unusual Items & Minority Interest	(21,674)	(12,863)	(7,230)	(24,507)	(56,625)



Consolidated Balance Sheet

All figures are in EGP 000	31-Dec-20	30-Sep-21	31-Dec-21
Cash & Cash Equivalents	113,424	73,437	68,992
Receivables	120,754	167,363	114,687
Loans Receivables	-	18,421	22,143
Sundry Current Assets	16,246	15,052	12,563
Total Current Assets	250,424	274,272	218,385
Loans Receivables		70,698	63,995
Net Fixed Assets	48,542	61,937	62,322
Goodwill	220,156	220,156	220,156
Contribution to Settlement Guarantee Fund	3,223	2,484	3,570
Investments	1,986	903	1,940
Total Non-Current Assets	273,907	356,178	351,983
Total Assets	524,331	630,450	570,368
Short-Term Loans	75,600	119,557	76,358
Customers Credit Accounts	47,613	50,142	49,494
Long-Term Loans	-	67,162	67,542
Lease Obligation		30,000	30,000
Sundry Liabilities	14,581	12,054	17,971
Total Liabilities	137,794	278,914	241,365
Provisions	5,335	6,477	5,506
Minority Interest	1,881	1,888	2,001
Total Shareholders' Equity	379,321	343,171	321,496
Total Liabilities & Shareholders' Equity	524,331	630,450	570,368



Share Information

Number of shares	350mn
Issued & paid-in capital	EGP350mn
Yearend	December
Reuters	PRMH.CA
Bloomberg	PRMH EY

Trading Information

Closing Price (February 24, 2021)	EGP0.582
52-week high	EGP1.060
52-week low	EGP0.506
Average daily volume	3.4mn shares
Average daily turnover	EGP2.7mn

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