

Price
EGP4.10
at close of 22 March 2022

Fair Value
EGP5.20
set on 26 Jan 2022

12M PT
EGP6.00 (+46%)
set on 26 Jan 2022

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

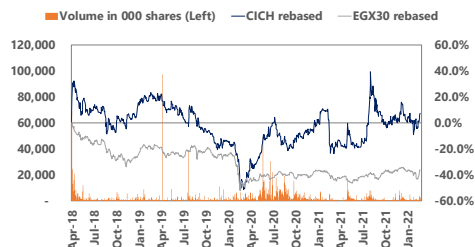
A Year to Remember

Overweight and 12MPT maintained

Research Team

Research@egy.primegroup.org

High flying IB performance boosts profitability: CI Capital Holding's [CICH] 2021 results showed a bottom line of EGP681mn (+44% 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, and (3) Investment Banking Advisory concluding several high-profile transactions in Q4 2021, including e-finance [EFIH] IPO, Abu Qir Fertilizers [ABUK] follow-on offering, and Aldar-ADQ consortium's acquisition of an 85.5% stake in SODIC [OCDI]. Meanwhile, NBFS platform growth in 2021 came a bit tamer, with a slight decline in leasing revenues of 4% y/y due to a recognition of losses from revaluation of legacy securitization portfolio. In our opinion, we think this is the blessing of diversification within the NBFS platform. CICH's TTM ROAE stood at 20.7%, successfully restoring its pre-COVID-19 levels (i.e. 21% in 2019).



Source: Bloomberg.

Investment banking was the star segment: CICH's IB platform witnessed an exceptional year, driving the group's bottom line to EGP681mn in 2021. IB platform contributed EGP187mn (27%) to the group's bottom line. This was mainly due to investment banking activities with advisory fees jumping to EGP107mn in 2021 vs. EGP28mn in 2020 (+283% y/y) on various deals advised during the year. Additionally, the platform's top line was bolstered with capital gains recognized on the merchant banking level on the TALM exit. Meanwhile, despite the state of Egypt's capital market, CICH's brokerage arms managed to grow their top line by 9% y/y to EGP246mn in 2021. Furthermore, CICH's asset management closed the year with a 68% y/y growth in fees to EGP57mn, while its AUMs grew to EGP15.1bn (+44% y/y).

NBFS earnings growth continues: NBFS platform saw its earnings grow in 2021, driven by Corplease and Reefy. Combined, their earnings grew to EGP635mn (+18% y/y) on revenues of EGP2.0bn (+9% y/y):

- **Corplease**, CICH's leasing arm, earnings upped only 5% y/y to EGP434mn in 2021 as a result of higher competition and margin compression, which pulled NIM to 4.2% in 2021 from 5.5% in 2020. Q4 2021 performance was nothing short of spectacular, with net earnings growing to EGP277mn (+28% y/y). Outstanding portfolio increased 2.4% y/y to EGP8.7bn in 2021.
- **Reefy**, CICH's microfinance arm, outstanding performance resumed with a 2021 bottom line of EGP201mn (+60% y/y) on revenues of EGP614mn (+56% y/y). This was fueled by a strong loan book growth of 60% to EGP1.7bn, exceeding our 2021 expectations of EGP1.4bn.

KEY STOCK STATISTICS

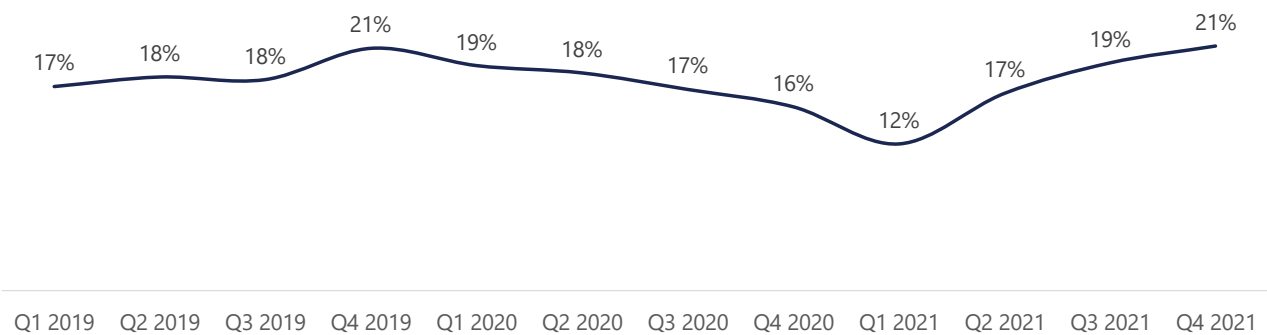
Shares outstanding (mn)	1,000
Free float	12.7%
Market Cap (EGPmn)	4,100
Market Cap (USDmn)	223
52w range	EGP5.61-2.97
EGP100 invested since IPO	EGP108
TTM EPS	EGP0.68
TTM P/E	6.0x
TTM P/B	1.2x
Last fiscal year's DPS	EGP0.2
Dividend yield	5%
5Y beta	1.1
3Y EPS CAGR	22%



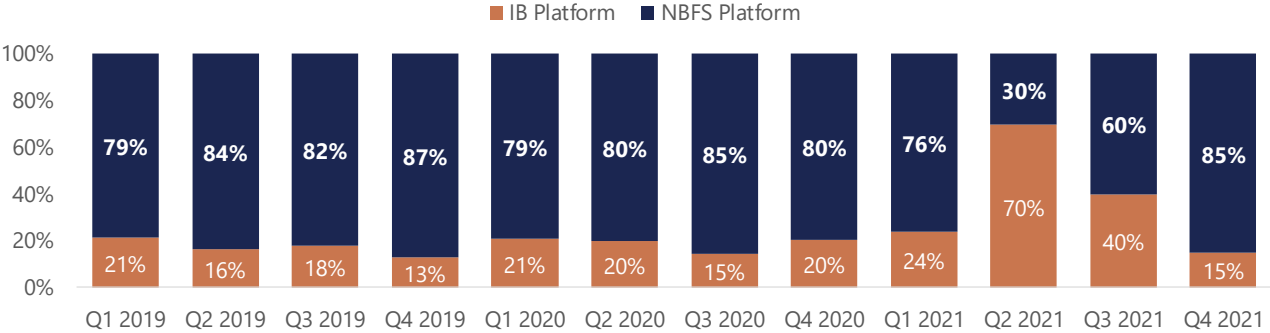
- **Souhoola**, CICH consumer finance arm, remains a loss-making unit with EGP47mn in 2021, with revenue generation of EGP26mn on high expansion costs. We note that CICH is considering selling the unit to state-owned **Banque Misr**.
- **CI Mortgage**, CICH mortgage finance arm, more than doubled its outstanding portfolio to EGP338mn (+107% 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 2021 P/E and P/BV of 6.0x and 1.2x, respectively. In view of 2021 results, we maintain our 12MPT at EGP6.0/share (+46%). The company is one of the 15 stocks we picked in our **STANDPoint** 2022 strategy outlook published on 30 January 2022. We believe CICH could benefit from the EGP devaluation in the sense of improving turnover and liquidity in Egypt’s capital market. On the other hand, the current favorable atmosphere from M&As should provide a booster to the IB platform recovery. Meanwhile, **First Abu Dhabi Bank**’s attempted acquisition of EFG Hermes Holding [**HRHO**] should pull the attention towards other undervalued opportunities within the NBFS universe in Egypt, including CICH.

Results in Charts

Group's TTM ROAE



Revenues Contribution by Platform



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 Elhegazi 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

Disclaimer

Information included in this report has no regard to specific investment objectives, financial situation, advices or particular needs of the report users whether they received them directly or through any research pool and other specialized websites. The report is published for information purposes only and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Unless specifically stated otherwise, all price information is only considered as indicator. No express or implied representation or guarantee is provided with respect to completeness, accuracy or reliability of information included in this report. Past performance is not necessarily an indication of future results. Fluctuation of foreign currency rates of exchange may adversely affect the value, price, or income of any products mentioned in this report. Information included in this report should not be regarded by report users as a substitute for the exercise of their own due diligence and analysis based on own assessment and judgment criteria. Any opinions given are subject to change without notice and may significantly differ or be contrary to opinions expressed by other Prime business areas as a result of using different assumptions and criteria. Prime Group is under no obligation responsible to update or keep current the information contained herein. Prime Group, its directors, officers, employees or clients may have or have had interests or long or short positions in the securities and/or currencies referred to herein, and may at any time make purchases and/or sales in them as principal or agent. Prime Group, its related entities, directors, employees, and agents accept no liability whatsoever for any loss or damage of any kind arising from the use of all or part of these information included in this report whether it is received directly or through research pools and other specialized websites. Certain laws and regulations impose liabilities which cannot be disclaimed. This disclaimer shall, in no way, constitute a waiver or limitation of any rights a person may have under such laws and/or regulations. Furthermore, Prime Group or any of the group companies may have or have had a relationship with or may provide or have provided other services, within its objectives to the relevant companies.

Copyrights © 2022, Prime Group, ALL RIGHTS RESERVED. You are hereby notified that distribution and copying of this document is strictly prohibited without the prior approval of Prime Group.