

## CI Capital Holding

Cairo, 8<sup>th</sup> May, 2018

CI Capital Holding (Ticker: CICH.CA), Egypt's leading diversified financial services group, announced today its consolidated financial results for the 3 months period ended 31<sup>st</sup> March 2018.

### I. Consolidated Financial and Operational Highlights

- Total Revenues recorded EGP 542.1 million, up 34% year-on-year (y-o-y).
- Net operating profit reached EGP 143.9 million, up 48% y-o-y.
- Net profit before tax of EGP 127.9 million, up 38% y-o-y.
- Net profit after tax and minority interest of EGP 81.9 million, up 35% y-o-y.
- Annualized ROAE of 34.7%<sup>1</sup>, in line with management expectations for pre-capital increase ROAE.
- Revenue from leasing activities up 30% y-o-y to reach EGP 355.8 million with a total outstanding leasing portfolio of EGP 4.1 billion at the end of Q1 2018.
- Microfinance<sup>2</sup> revenue and net profit up 2.6x and 3.7x y-o-y to reach EGP 64.8 million and EGP 21.0 million respectively. Total microfinance loans outstanding of EGP 526 million at the end of Q1 2018.
- Assets under Management (AuMs) reached EGP 8.1 billion, up 11% y-o-y.
- Brokerage market share reached 11.3% in Q1 2018 versus 8.8% in Q1 2017.
- Investment banking advisory fees increased 46% y-o-y to record EGP 24.3 million.

### Q1 2018 Results Commentary

- The Egyptian economy continued to recover and government initiated reforms started paying-off as evidenced by several positive macro and monetary policy indicators that have been witnessed in Q1 2018. Inflation rates reaching their lowest level since April 2016 and Central Bank of Egypt (CBE) reducing policy rates through two consecutive cuts totaling 200bps were two of the main positive indicators. The rate cuts translated into lower yielding certificates of deposits in public sector banks, as well as a more positive market sentiment, driving increased investors' activity on the Egyptian Stock Exchange.
- CI Capital continued delivering on its Egypt-focused strategy, through a wide range of financial services with a significant component of its revenues generated from resilient revenue streams. Resilient revenues (defined as Leasing excl. securitization revenue, microfinance revenues and asset management revenues excluding performance fees) in Q1 2018 represented 76% of total revenue.
- The Group had a strong start to the year both operationally and financially, with our top-line growth coming in at 34% y-o-y and net profit after tax and minority interest growing 35% y-o-y coupled with sustaining annualized ROAE at 34.7%<sup>1</sup>.
- The company is currently taking the necessary steps as per local laws and regulations to finalize a c. EGP 1.0 billion capital increase which is expected to be completed before the end of Q2 2018. It is also worth mentioning that all capital increase funds have already been transferred to the capital increase bank account by the end of April 2018.

<sup>1</sup> Based on Q1 2018 ROAE of 8.7% annualized

<sup>2</sup> Reefy's revenues were not consolidated prior to Q1 2018 as acquisition date was late Q4 2017, y-o-y growth rate based on Reefy's standalone financials.

## II. Group Financial Performance

Consolidated Summary Income Statement EGP mn	Q1 2018	Q1 2017	Y-o-Y
Total Consolidated Revenues	542.1	403.9	34.2%
Operating Expenses	398.2	306.7	29.8%
<i>Financing Cost</i>	167.5	101.4	65.1%
<i>Dep. of finance leased assets</i>	120.3	118.3	1.7%
<i>People Cost &amp; Other SG&amp;A</i>	110.4	86.9	27.0%
<b>Net Operating Profit</b>	<b>143.9</b>	<b>97.2</b>	<b>48.0%</b>
<i>Net Operating Margin%</i>	26.5%	24.1%	
<b>Net Profit After Tax &amp; Minority Interest</b>	<b>81.9</b>	<b>60.5</b>	<b>35.3%</b>
<i>People Cost &amp; Other SG&amp;A as % of revenue</i>	20.4%	21.5%	
<i>People Cost &amp; Other SG&amp;A as % of operating expenses*</i>	27.7%	28.3%	

\*Financing cost excluded from opex for the purpose of calculation

Source: CI Capital Financial Statements

Consolidated revenues reached EGP 542.1 million in Q1 2018, representing a 34.2% increase from EGP 403.9 million in the first quarter of 2017. Q1 2018 is the first quarter for the group to start consolidating microfinance activities on its income statement (acquisition of Reefy took place in late December 2017) where Reefy's strong performance in Q1 2018 contributed to 12.0% and 20.5% of the groups consolidated revenues and net profit after tax and minority interest respectively.

The group's operating expenses grew at a slower rate (29.8% y-o-y) than operating revenue to reach EGP 398.2 million in Q1 2018 despite the significant increase in financing cost which grew by 65% y-o-y to reach EGP 167.5 million. Financing costs represented the highest portion of operating expenses (c. 42.1% in Q1 2018) and its y-o-y growth is mainly attributable to higher interest rates than those in the comparative period of 2017, which created a corridor rate differential increase of 2% in Q1 2018 versus Q1 2017. Upon finalization of the intended capital increase of c. EGP 1.0 billion (expected by end of Q2 2018) and with the further decline in policy rates expected during the rest of 2018, both should contribute to lowering the rate of increase in financing cost as we progress in the year.

People's cost and other SG&A grew by 27.0% y-o-y, reaching EGP 110.4 million in Q1 2018 as compared to EGP 86.9 million in 1Q 2017 driven by a larger workforce in the microfinance business to cope with the growth in loans and number of new branches, in addition to the group wide salary increase which is implemented effective January of every year. People's cost represented 11.1% of total revenue and 26.0% of OPEX\*, compared to 12.9% and 25.4% respectively in Q1 2017.

Net income after tax and minority interest increased 35.3% y-o-y, to reach EGP 81.9mn for the quarter, up from EGP 60.5mn in Q1 2017, this represents an annualized ROAE of c. 34.7% in line with management expectations for ROAE pre-completion of the contemplated c. EGP 1.0 billion capital increase.

### III. Business Lines Performance

<b>Total Revenues by Business Line</b> <i>EGP mn</i>	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>y-o-y</b>
Leasing	355.8	274.0	29.8%
Micro-Finance	64.8	-	163.7% <sup>1</sup>
Investment Bank (Brokerage, Advisory, Asset mgmt.)	114.2	124.7	-8.4% <sup>2</sup>
Other <sup>3</sup>	7.2	5.2	38.6%
<b>Total Consolidated Revenue</b>	<b>542.1</b>	<b>403.9</b>	<b>34%</b>

<sup>1</sup>Revenue from microfinance subsidiary was not consolidated prior to Q1 2018. Microfinance y-o-y revenue growth based on Reefy's standalone financials in which Q1 2017 revenue was EGP 24.6 million.

<sup>2</sup>Decline in investment bank's revenue mainly driven by lower capital markets and treasury revenues in Q1 2018 versus Q1 2017 due to dividend distributions from the investment bank's subsidiaries to partially finance acquisitions of additional stakes in Corplease and Reefy in Q3 and Q4 2017 respectively.

<sup>3</sup>Net of eliminations resulting from inter-group transactions.

Source: CI Capital

#### i. Leasing (Corplease)

Leasing revenues reached EGP 355.8 million in Q1 2018, up 29.8% y-o-y. Total outstanding leasing portfolio reached EGP 4.1 billion growing 9.7% versus Q1 2017 in which the outstanding leasing portfolio stood at EGP 3.7bn.

#### ii. Microfinance (Reefy)

<b>Reefy KPIs</b> <i>EGP mn</i>	<b>1Q 2018</b>	<b>1Q 2017</b>	<b>y-o-y</b>
Loans Outstanding	525.5	216.5	142.7%
Net interest income	42.6	14.9	185.9%

Source: Reefy Financials

Q1 2018 total microfinance loans outstanding were EGP 525.5 million versus EGP 216.5 million in Q1 2017 representing a growth of 2.4x. Microfinance revenues grew 2.6x y-o-y to reach EGP 64.8 million versus EGP 24.6 million in Q1 2017. Net interest income in Q1 2018 reached EGP 42.6 million versus EGP 14.9 million in Q1 2017, representing a growth of 2.9x y-o-y.

Total number of branches at the end of Q1 2018 reached 43 branches versus 35 branches in Q1 2017 while total number of active borrowers reached 79,041 in Q1 2018 versus 53,976 in Q1 2017 representing a growth rate of 46.4% y-o-y.

#### iii. Investment Bank - Brokerage

<b>EGX Trading &amp; Market Share</b> <i>EGP bn</i>	<b>1Q 2018</b>	<b>1Q 2017</b>	<b>y-o-y</b>
Total Market Executions*	179	153	17%
CI Capital Market Share**	11.3%	8.8%	2.5pp

\*Executions exclude deals

\*\*Based on CIBC and Dynamic Figures

Source: EGX

The first quarter of 2018 witnessed an increase in market executions on the EGX (excl. deals) of 17% from a strong base in Q1 2017 as macro and fiscal policy reforms have contributed to an increase in activity on the stock exchange. Over EGP 179 billion worth of trades were executed on the EGX (exc. deals) with CI Capital's brokerage arm executing EGP 20.2 billion, representing a market share of 11.3%, a 2.5 percentage points increase y-o-y.

CI Capital kicked off the year with its annual MENA Investor conference, which showcased 67 companies from 6 MENA markets to 75+ global institutional investors. The conference aimed to facilitate transparency in the market, encourage foreign participation on the EGX, and highlight MENA companies' agility in the wake of reforms.

- Asset Management (CI Asset Management - CIAM)

<b>Assets Under Management</b> <i>EGP bn</i>	<b>1Q 2018</b>	<b>1Q 2017</b>	<b>Y-o-y</b>
Equity Funds & Portfolios	3.9	2.4	59%
Money Market & Fixed Income Funds & Portfolios	4.2	5.0	-13%
<b>Total</b>	<b>8.1</b>	<b>7.4</b>	<b>11%</b>

Source: EIMA

Total Equity AUMs increased by 59% y-o-y to EGP 3.9 billion, an increase of EGP 1.5 billion, which enabled CI Asset Management to grow its aggregate AUMs to c. EGP 8.1 billion and to overcome the drop in fixed income related AUMs due to the limitations imposed by the Central Bank of Egypt on Money Market and Fixed Income funds' sizes.

- Investment Banking Advisory

CI Capital's investment banking advisory continues to solidify its position as one of Egypt's leading advisory franchises. In Q1 2018, revenues in relation to several ECM and M&A transactions were booked including an accelerated book build ECM transaction for QNB Alahli Bank for c. EGP 1.1 billion. Revenue from advisory business witnessed a 46% increase y-o-y to reach EGP 24.3 million in Q1 2018.

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Full financial statement can be downloaded at <http://www.cicapital.com>

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