

**Prime Holding [EGX: PRMH]
Earnings Release
Q3 FY21**





Prime Holding Announces Q3 FY21 Results

- Total Fees & Commission Revenues exhibited a 55% YoY increase in 9M FY21, chalking up EGP72.8m; whereas Q3 FY21 Total Fees & Commissions bounced 54% YoY and 8% QoQ registering EGP23.3mn
- Consolidated Revenues showed a 40% YoY growth, recording EGP80.7mn in 9M FY21, while Q3 FY21 consolidated revenues added 5% YoY and 15% QoQ, reading EGP26mn
- Year-to-date Operating Profits recorded a negative EGP31.1mn as opposed to negative EGP15.7mn in the comparable period, whilst Q3 FY21 Operating Profits read a negative EGP13.4mn, vs. a negative EGP3.8mn a year ago, and a negative EGP14.3mn in the previous quarter
- 9M FY21 Net Earnings were a negative EGP35mn as opposed to a negative EGP17.3mn a year ago, while Q3 FY21 Net Earnings came in at a negative EGP12.9mn, vs. previous quarter losses of EGP14.9mn and compared with a negative EGP3.4mn a year earlier
- The newly launched NBF activities chalked up EGP7.8mn of revenues and EGP27.4mn of bottom-line losses in 9M FY21

Key Financial Highlights

I. Revenue Analysis

- Year to date, Prime Holding maintained its dynamic growth momentum, reporting a robust increase in consolidated revenues, driven by a double-digit growth across most investment bank activities. The aforementioned rise was buttressed by the initial revenue stream delivered by the newly launched NBF platform. Furthermore, quarterly revenues headed north on both QoQ and YoY bases.
- Total Fees & Commission Revenues added a solid 55% YoY, recording EGP72.8mn in 9M FY21 versus EGP47.1mn in 9M FY20, while Q3 FY21 Total Fees & Commissions recorded EGP23.3mn, implying a 54% YoY hike and a 8% QoQ improvement.
- The brokerage activity demonstrated an upbeat performance, mirroring in a 53% spike in Brokerage Revenues, evolving to EGP40.1mn in 9M FY21 up from EGP26.2mn a year earlier, on the heels of higher execution value. Likewise, Q3 FY21 Brokerage Revenues displayed a 40% YoY rise, chalking up EGP15.4mn compared with EGP11.5mn in the respective quarter. On a quarterly basis, Brokerage Revenues inched up 34%.
- The asset management arm registered a 64% upsurge in year-to-date revenues, reading EGP12.2mn in 9M FY21 versus EGP7.4mn a year ago.
- The financial advisory business generated EGP7mn of revenues in 9M FY21, 27% down from EGP9.6mn a year earlier, on smaller executed transaction size. With regards to Q3 FY21, Financial Advisory Revenues remained unchanged at their year-ago level of EGP1.9mn, whereas, on a QoQ basis, they added 241%.

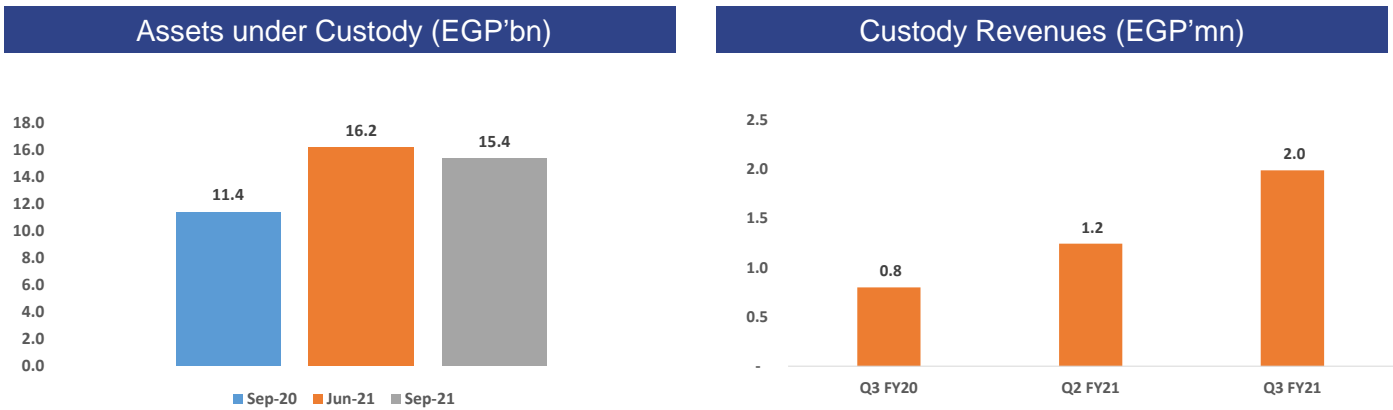
Q3 FY21 Consolidated Revenues

EGP26mn

Brokerage	EGP15.4mn
Fin. Advisory	EGP1.9mn
Asset Mgt.	EGP0.7mn
Custody	EGP2mn
Capital Mkt &Tr.	EGP2.7mn
Mgt. Services	EGP160k
NBF	EGP3.2mn



- Custody Revenues surged 52%, recording EGP5.2mn in 9M FY21 versus EGP3.4mn a year ago, driven by a 35% YoY expansion in the size of assets under custody, reading EGP15.4bn. Moreover, Q3 FY21 Custody Revenues showed a 149% YoY enhancement, increasing to EGP2mn, while on a QoQ basis, they hiked 60%.

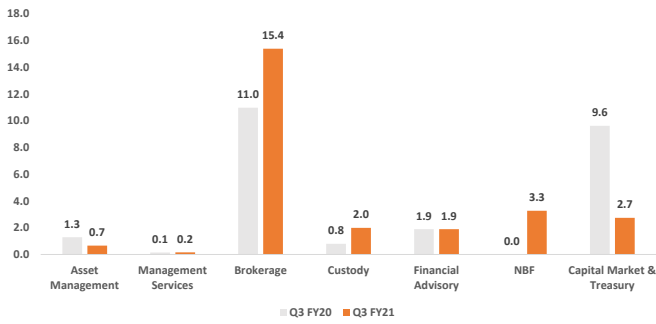


- As far as Capital Market & Treasury Revenues are concerned, they declined 24%, registering EGP7.9mn in 9M FY21, versus EGP10.4mn a year earlier, by reason of lower interest income. Also, during the quarter, Capital Markets & Treasury Revenues decreased 72% YoY. On the other hand, on a QoQ basis, they jumped 187% QoQ, chalking up EGP2.7mn.
- The NBF arm, Prime FinTech, which commenced operation at the end of February 2021 through its first operating company, Endorse, delivered EGP7.8mn of revenues in 9M FY21, whereas its Q3 FY21 revenues registered EGP3.2mn.
- The abovementioned developments triggered a 40% YoY growth in Consolidated Revenues, registering EGP80.7mn in 9M FY21 compared with EGP57.5mn in the comparable period. Also, Q3 FY21 Consolidated Revenues recorded EGP26mn, corresponding to a 5% YoY increase and a 15% QoQ spike.

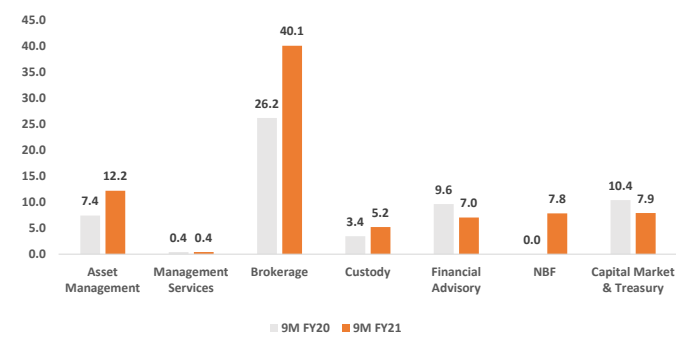
All figures are in EGP'000 unless otherwise stated	Q3 FY21	Q2 FY21	Q3 FY20	QoQ	YoY	9M FY20	9M FY21	YoY
Asset Management Revenues	666	4,927	1,283	-86%	-48%	7,444	12,208	64%
Management Service Revenues	160	119	139	34%	15%	406	398	-2%
Brokerage Revenues	15,401	11,497	10,977	34%	40%	26,214	40,134	53%
Custody Revenues	1,989	1,244	800	60%	149%	3,433	5,209	52%
Financial Advisory Revenues	1,891	555	1,888	241%	0%	9,629	7,046	-27%
Total Investment Bank Fees & Commissions	20,106	18,342	15,087	10%	33%	47,125	64,995	38%
NBF Revenues	3,200	3,274	-	-2%	NA	-	7,833	NA
Total Fees & Commission Revenues	23,306	21,616	15,087	8%	54%	47,125	72,828	55%
Capital Market & Treasury Revenues	2,737	955	9,624	187%	-72%	10,393	7,919	-24%
Consolidated Revenues	26,043	22,571	24,711	15%	5%	57,518	80,747	40%



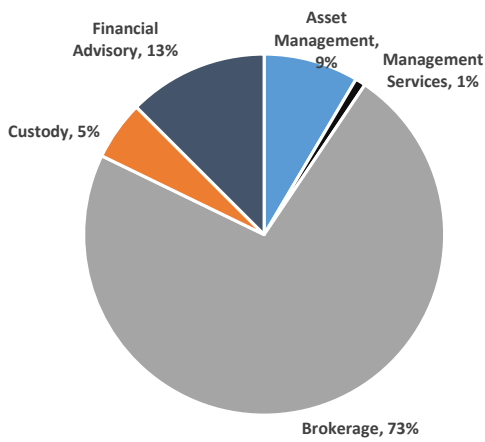
Q3 FY21 Revenues by Activity (EGP'mn)



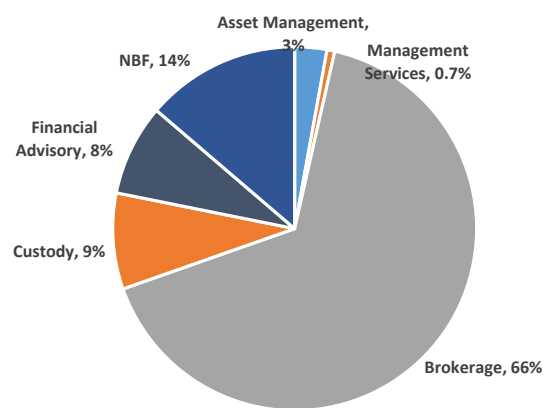
9M FY21 Revenues by Activity (EGP'mn)



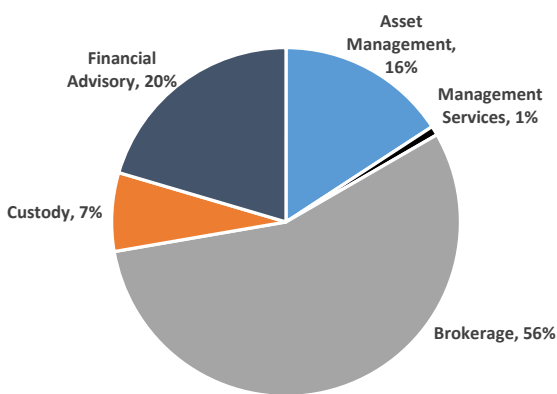
Q3 FY20 Fees & Commission Breakdown



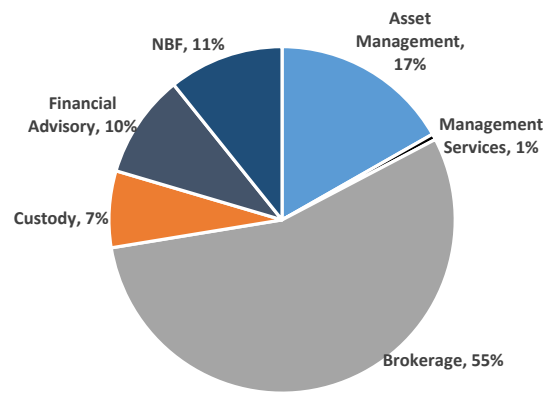
Q3 FY21 Fees & Commission Breakdown



9M FY20 Fees & Commission Breakdown



9M FY21 Fees & Commission Breakdown





II. Cost Analysis

- In Q3 FY21, Prime Holding incurred Operating Expenses totaling EGP39.4mn, 31% of which was contributed by the NBF operations. The aggregate figure is slightly above the previous quarter's Operating Expenses. On the other hand, the operating expenses related to Prime FinTech led to a significant YoY increase in quarterly expenses as well as an annual growth in 9M FY21 expenses. The aforementioned resulted in operating and bottom-line losses widening on a YoY basis and remaining as is on a QoQ basis.
- Standing at EGP111.8mn in 9M FY21, Operating Expenses showed a YoY increase of 53% over the 9M FY20 figure of EGP73.3mn. This was reflected in the Operating Expenses/Revenues ratio ramping up from 127% in 9M FY20 to 138%. It is noteworthy that excluding the NBF Operating Expenses, the annual increase is a subtle 5%.
- With respect to quarterly comparison, Operating Expenses rose 7% QoQ to EGP39.4mn as compared with the Q2 FY21 figure of EGP36.8mn. However, due to the decent Revenue increase, the Operating Expenses/Revenue ratio declined 1,190 bps to 151%. Meanwhile, Operating Expenses grew 38% YoY.
- Staff Expenses added 47% YoY, reading EGP75mn in 9M FY21 versus EGP51.2mn in the comparable period, corresponding to a rise in the Staff Expenses/Revenues, reading 93% up from 89%. As for quarterly Staff Expenses, they came in at EGP24.9mn, implying a 24% YoY growth and a 1% QoQ decrease. The aforementioned was reflected in the Staff Expenses/Revenues ratio recording 96% as opposed to 81% and 112% in Q3 FY20 and Q2 FY21, respectively.
- As far as Other G&A are concerned, they exhibited a 26% YoY increase, registering EGP21.2mn in 9M FY21 up from EGP16.8mn a year ago. Meanwhile, the Other G&A/Revenues ratio, registered 26% as opposed to 29% a year earlier. Throughout the third quarter, Other G&A recorded EGP7mn, representing an 18% rise over the Q3 FY20 Other G&A figure of EGP5.9mn, and a 4% increase from the Q2 FY21 figure of EGP6.8mn. As such, Other G&A/Revenues read 27% up from 24% a year ago and versus 30% in the previous quarter.

Q3 FY21 Operating Expenses

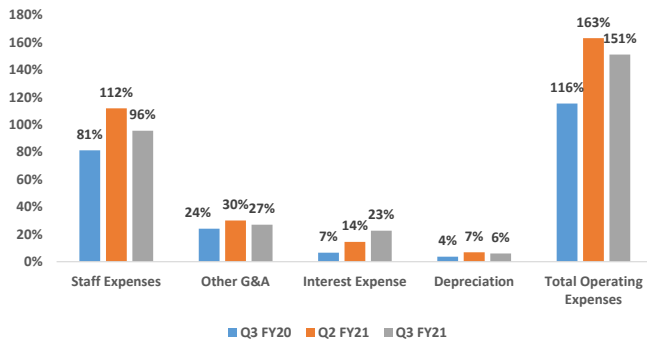
EGP39.4mn

Staff	EGP24.9mn
Other G&A.	EGP7mn
Interest Expense	EGP5.9mn
Depreciation	EGP1.6mn

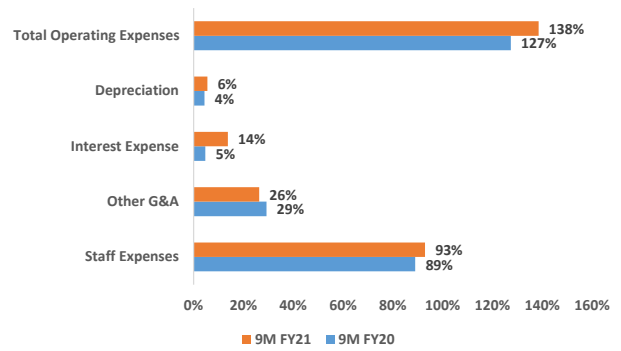
All figures are in EGP'000 unless otherwise stated	Q3 FY21	Q2 FY21	Q3 FY20	QoQ	YoY	9M FY20	9M FY21	YoY
Staff Expenses	(24,902)	(25,258)	(20,108)	-1%	24%	(51,194)	(75,016)	47%
Other SG&A	(7,033)	(6,773)	(5,939)	4%	18%	(16,832)	(21,231)	26%
Interest Expense	(5,895)	(3,250)	(1,617)	81%	265%	(2,718)	(11,131)	309%
Depreciation	(1,569)	(1,555)	(883)	1%	78%	(2,522)	(4,449)	76%
Operating Expenses	(39,399)	(36,836)	(28,547)	7%	38%	(73,267)	(111,828)	53%



Operating Expenses/Revenues (Qs)



Operating Expenses/Revenues (9M)



III. A Glimpse at the Balance Sheet

- In light of the kickstart of operation by Endorse, Net Loans Receivables chalked up a total EGP89.1mn, of which EGP1mn is contributed by the consumer finance business, and the balance is made up by leasing.
- Shareholders' Equity stood at EGP343.2mn (EGP0.98/Share) at the end of the quarter, signaling that the stock is traded at a deep 40% discount to its book value.
- Cash & Cash Equivalents stood at EGP73.4mn at the end of the respective period.



Activities In Focus

I. Brokerage (Prime Securities)

- Stellar performance:** In Q3 FY21, Prime Securities maintained its solid growth, as executed turnover advanced 45% YoY, reading EGP4,187mn. Meanwhile, Prime Securities' market share remained unchanged at 3.2%, while its ranking advanced one notch, standing at the 16th position among Egypt's brokerage firms.
- Block trade:** : In Q3 FY21, Prime Securities executed a block trade involving the sale of a significant stake in El Behaira for Fertilizers & Chemicals.
- Growing fundamental research coverage:** By end of Q3 FY21, Prime Research coverage spanned 42 Egyptian stocks, including both core and basic coverage. During the quarter, Prime Research added one company to its Core Coverage universe, namely Abu Qir Fertilizers [\[ABUK\]](#).

Also, Prime Research continued to keep clients abreast of market developments with the publication of its TAKEStock series with two issues, one for Orascom Investment Holding [\[OIH\]](#) and another for the [Consumer Staples](#) sector. By end of September 2021, Prime Research Core Coverage universe spanned ten companies with a total market cap of around EGP180 billion or 26% of Egypt's total market cap at the end of Q3 FY21. All in all, Prime Research published in Q3 FY21 a total of 28 notes covering equity, technical, and economy.

- Maintaining technical research coverage:** In Q3 FY21, Prime Research continued to maintain its actionable technical analysis coverage against the backdrop of a highly volatile market. Clients were kept informed with daily coverage of 100+ stocks, with day-to-day recommendations.

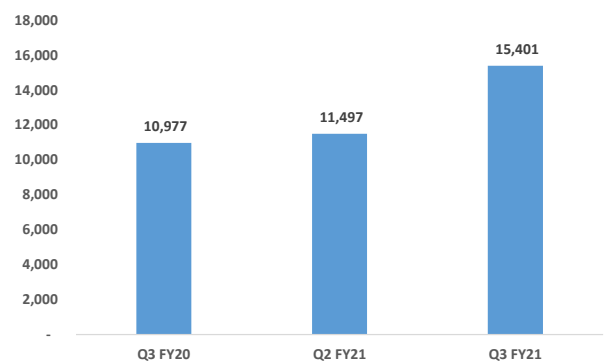
Q3 FY21 KPIs

EGP4.2bn
Executed
Value

3.2%
Market
Share

16
EGX
Ranking

Brokerage Revenues (EGP'000)





II. Financial Advisory (Prime Capital)

- **Buoyant pipeline:** Despite the big challenges casting their shadows on the investment climate, Prime Capital managed to expand its backlog substantially during Q3 FY21. The financial advisory arm is expected to close transactions with a total value of EGP2bn approximately over the coming two quarters. The abovementioned transactions include:
 - I. Egypt's first IPO of a football club, Ghazl El Mehalla; previously expected to close in Q3 FY21; now expected to close in Q4 FY21.
 - II. The acquisition of Abu Dhabi Commercial Bank (ADCB)'s 51.5% stake in the Alexandria-based hospital, Alexandria Medical Services (AMES), in which Prime Capital is advising a consortium consisting of Tawasol Holdings and LimeVest, previously expected to be completed in Q2 FY21. It is currently awaiting some regulatory approvals and is expected to be completed in Q4 FY21. It is worthy to mention that Speed Medical, which was previously a part of the consortium, withdrew from the deal in view of the prolonged process.

- **Buy-side advisory:** In Q3 FY21, Prime Capital advised the buy side of a transaction involving the sale of a significant stake in Al Behaira for Fertilizers & Chemicals.

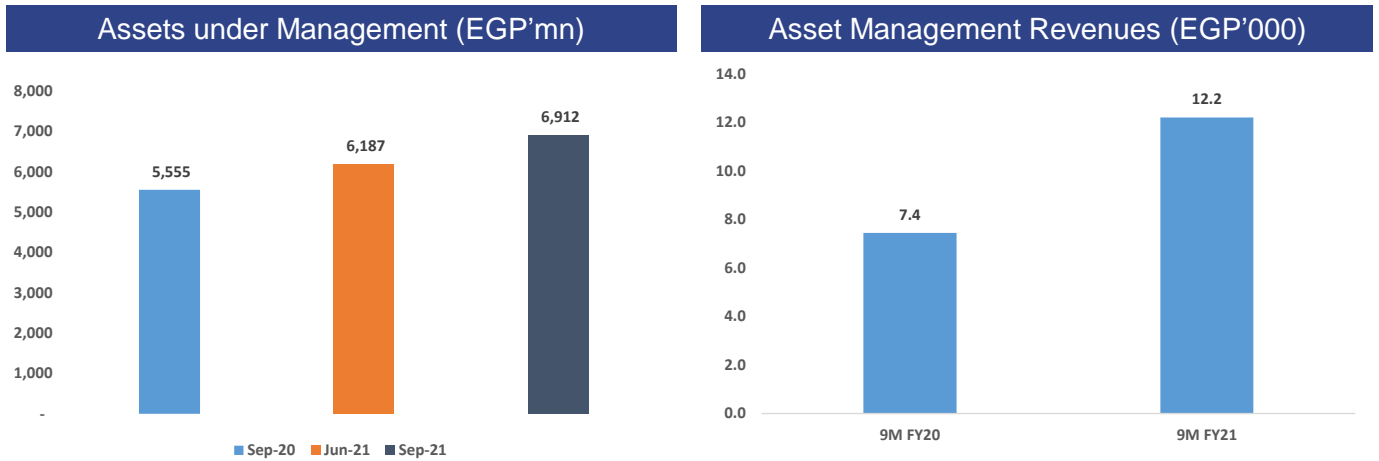
- **Important debt transactions; advisory contracts:** Prime Capital raised debt in excess of EGP500mn for two companies engaged in the real estate and healthcare sectors. Moreover, it concluded advisory contracts for a number of new clients in the real estate and building material sectors.



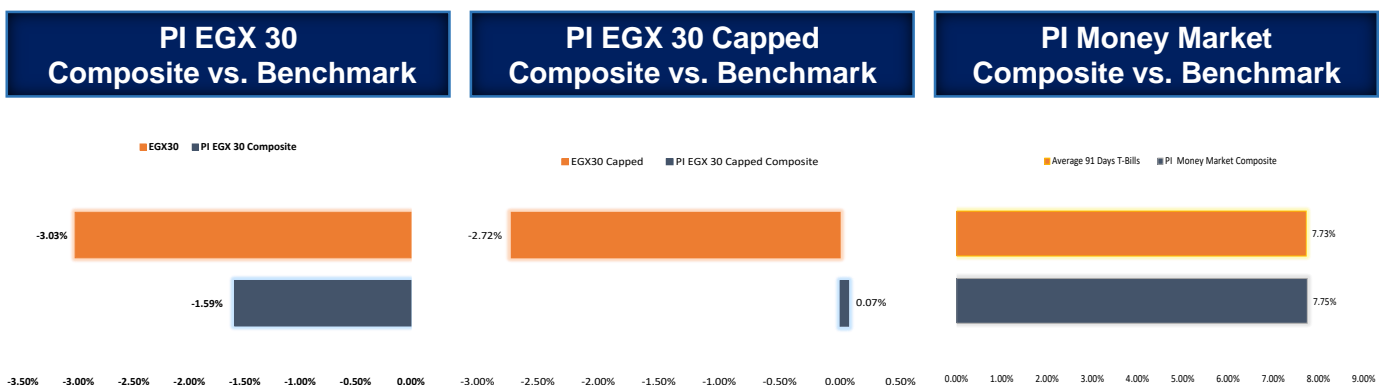
III. Asset Management (Prime Investments)

- **Sizeable AUM's:** AUM's grew 24% YoY, reaching EGP6,912mn as of September 30, 2021 compared to EGP5,555mn a year earlier, driven by growth in money market funds and equity funds.

Over the third quarter of FY21, Prime Investments' AUM's increased 12% above the second quarter figure of EGP6,187mn.



- **Superior performance in equity markets:** In 9M FY21, equity Funds managed by Prime Investments managed to outperform the underlying benchmarks, while money market funds' performance was almost the same as the benchmark

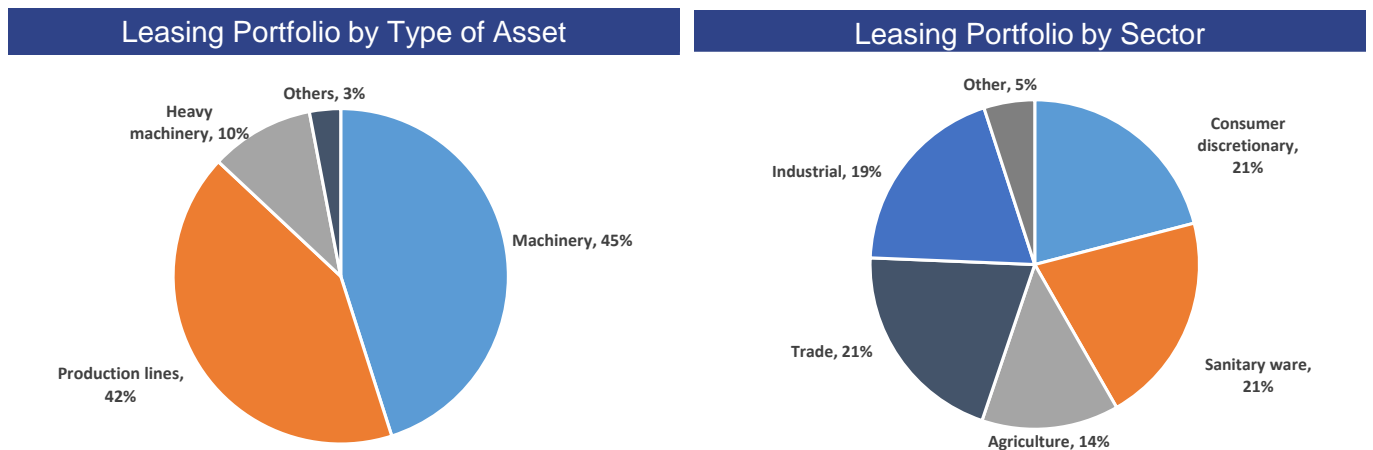




IV. Non-Banking Financial Services (Prime FinTech)

- **Growing leasing portfolio; targeting diverse sectors:** In Q3 FY21, Prime FinTech's subsidiary, Endorse, managed to expand its leasing portfolio by 9% QoQ, registering EGP92.6mn, as opposed to EGP85.1mn as of June 30, 2021. Machinery makes up the bulk of the portfolio with a 45% contribution, followed by production lines (42%) and heavy machinery (10%).

In terms of sector diversification, each of the consumer discretionary, sanitary ware, and trade sectors constitutes 21% of the portfolio, whereas the industrial sector grabs 19% and agriculture represents 14%.



- **New partnerships in the consumer finance segment:** In Q3 FY21, Endorse sealed new partnership agreements with three players in the healthcare sector, namely:
 - i. Seha
 - ii. Edam
 - iii. MedAxis

Also, one partnership agreement in the education field was executed with Edupay. It is noteworthy that the consumer finance portfolio amounted to EGP1mn as of September 30, 2021.



Consolidated Income Statement

All figures are in EGP'000 unless otherwise stated	Q3 FY21	Q2 FY21	Q3 FY20	9M FY20	9M FY21
Asset Management Revenues	666	4,927	1,283	7,444	12,208
Management Service Revenues	160	119	139	406	398
Brokerage Revenues	15,401	11,497	10,977	26,214	40,134
Custody Revenues	1,989	1,244	800	3,433	5,209
Financial Advisory Revenues	1,891	555	1,888	9,629	7,046
Total Investment Bank Fees & Commissions	20,106	18,342	15,087	47,125	64,995
NBF Revenues	3,200	3,274	-	-	7,833
Total Fees & Commission Revenues	23,306	21,616	15,087	47,125	72,828
Capital Market & Treasury Revenues	2,737	955	9,624	10,393	7,919
Consolidated Revenues	26,043	22,571	24,711	57,518	80,747
Staff Expenses	(24,902)	(25,258)	(20,108)	(51,194)	(75,016)
Other SG&A	(7,033)	(6,773)	(5,939)	(16,832)	(21,231)
Interest Expense	(5,895)	(3,250)	(1,617)	(2,718)	(11,131)
Depreciation	(1,569)	(1,555)	(883)	(2,522)	(4,449)
Operating Expenses	(39,399)	(36,836)	(28,547)	(73,267)	(111,828)
Operating Profits	(13,356)	(14,265)	(3,836)	(15,748)	(31,080)
Provisions	(39)	(527)	-	-	(3,400)
Other Income (Expenses)	344	310	636	915	1,828
Net Profits before Tax	(13,051)	(14,482)	(3,200)	(14,834)	(32,653)
Taxes	273	(394)	(100)	(2,255)	(2,107)
Net Profits after Tax	(12,778)	(14,876)	(3,300)	(17,088)	(34,760)
Minority Interest	(85)	(45)	(74)	(187)	(191)
Net Profits after Unusual Items & Minority Interest	(12,863)	(14,921)	(3,374)	(17,275)	(34,951)

**Consolidated Balance Sheet**

All figures are in EGP 000	31-Dec-20	30-Jun-21	30-Sep-21
Cash & Cash Equivalents	113,424	61,216	73,437
Receivables	120,754	139,115	167,363
Loans Receivables	-	14,205	18,421
Sundry Current Assets	16,246	30,336	15,052
Total Current Assets	250,424	244,872	274,272
Loans Receivables		69,726	70,698
Net Fixed Assets	48,542	50,964	61,937
Goodwill	220,156	220,156	220,156
Contribution to Settlement Guarantee Fund	3,223	2,849	2,484
Investments	1,986	903	903
Total Non-Current Assets	273,907	344,598	356,178
Total Assets	524,331	589,470	630,450
Short-Term Loans	75,600	110,306	119,557
Customers Credit Accounts	47,613	40,013	50,142
Long-Term Loans	-	60,141	67,162
Lease Obligation			30,000
Sundry Liabilities	14,581	13,277	12,054
Total Liabilities	137,794	223,737	278,914
Provisions	5,335	7,895	6,477
Minority Interest	1,881	1,803	1,888
Total Shareholders' Equity	379,321	356,034	343,171
Total Liabilities & Shareholders' Equity	524,331	589,469	630,450



Share Information

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

Trading Information

Closing Price (November 11, 2021)	EGPxxxxx
52-week high	EGP1.23
52-week low	EGP0.58
Average daily volume	4mn shares
Average daily turnover	EGP3.7mn

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