



Prime Holding [EGX: PRMH]

Earnings Release – Q1 FY2023 ended 31 March 2023
24 May 2023

[primeholdingco.com](https://www.primeholdingco.com)

Prime Holding in Numbers



		Q1 FY2023		
Revenues		EGPmn	YoY	QoQ
PRIME Securities	Brokerage	23.1	+255%	+25%
PRIME Investments	Asset Management	2.6	(26%)	(42%)
PRIME Capital	Financial Advisory	0.5	(72%)	(44%)
PRIME Holding	Custody	4.4	+66%	+256%
PRIME Wathaeq	Management Services	0.1	(56%)	(21%)
Total IB Fees & Commissions		30.7	+102%	+22%
PRIME FinTech	Non-Banking Financial Services	4.5	+40%	(20%)
	Capital Markets & Treasury	7.2	+337%	+109%
Operating Revenues		42.4	+112%	+24%
Non-Operating Revenues		3.0	+1176%	(17%)
PRIME Holding	Total Revenues	45.4	+124%	+20%

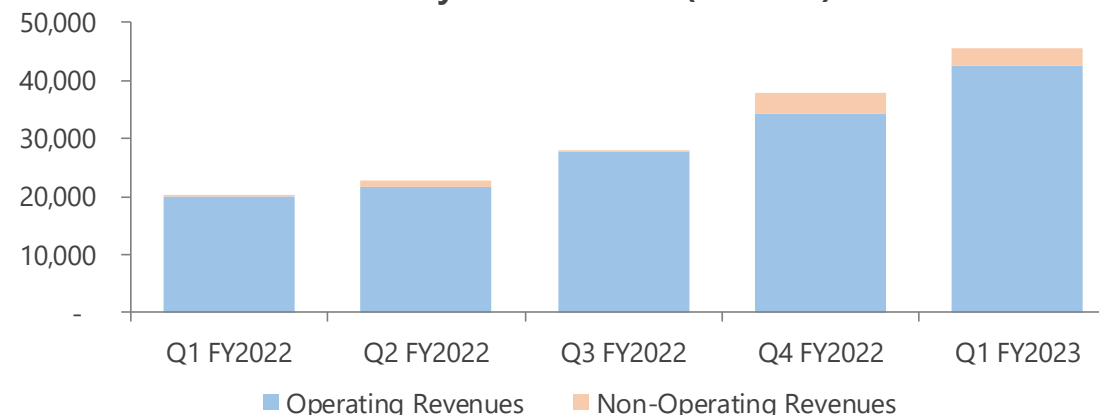
Source: Management presentation.



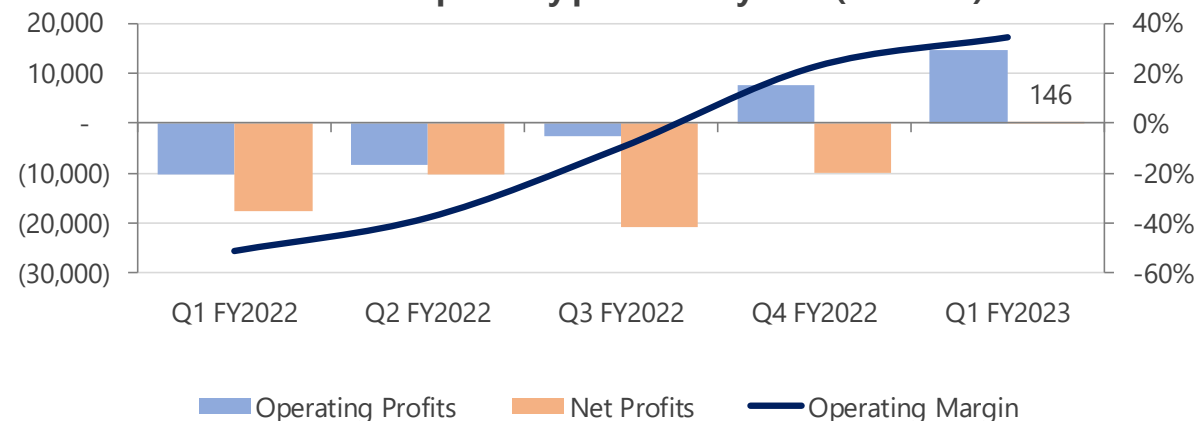
Prime Holding Announces Q1 FY2023 Results

- **Operating Revenues** more than doubled (+112% YoY) to EGP42.4mn (+24% QoQ) in Q1 FY2023, driven by growth across the key segments:
 - **IB Fees & Commissions** more than doubled (+102% YoY) to EGP30.7mn (+22% QoQ), driven mainly by Brokerage and Custody.
 - **NBFS Revenues** grew 40% YoY to EGP4.5mn (-20% QoQ) despite being discontinued operations.
 - **Capital Markets & Treasury Revenues** jumped 337% YoY to EGP7.2mn (+109% QoQ).
- **Total Revenues** (including non-operating revenues) also more than doubled (+124% YoY) to EGP45.4mn (+20% QoQ) in Q1 FY2023.
- **Operating Profits** jumped 186% QoQ to EGP11.5mn in Q1 FY2023, marking the second positive quarter in 11 quarters compared to Operating Losses of EGP10.5mn in the year-ago quarter.
- **Net Profits** recorded EGP0.1mn in Q1 FY2023, turning positive for the first time in 11 quarters vs. Net Losses of EGP9.9mn in Q4 FY2022 and EGP17.5mn in Q1 FY2022. Q1 FY2023 results included provisions of EGP11.1mn, without which Net Profits would have recorded EGP11.2mn.

Quarterly total revenues (EGP'000)



Consolidated quarterly profitability KPIs (EGP'000)



Source: Management presentation.

Revenues

Record-high quarterly operating revenues

Q1 FY2023 Operating Revenues witnessed a solid growth across key segments, coming in at their highest level over the last few years. Investment Bank, driven by Brokerage and Custody, as well as Non-Banking Financial Services and Capital Markets & Treasury—all contributed to an outstanding quarter.

IB Fees & Commissions more than doubled YoY

Total IB Fees & Commissions more than doubled YoY to EGP30.7mn vs. EGP15.2mn a year before and 22% higher than the EGP25.1mn reported in Q4 FY2022. Such results were driven mainly by Brokerage and Custody.

Brokerage operating revenues at a multi-year high

Brokerage posted its highest quarterly operating revenues in several years, recording EGP23.1mn in Q1 FY2023 vs.

EGP7.1mn in Q1 FY2022 and EGP18.4mn in Q4 FY2022. This is the second in a row 100%+ YoY growth. Indeed, Brokerage operating revenues grew 225% YoY in Q1 FY2023 after growing 105% YoY in Q4 FY2022.

Asset Management revenues negatively impacted by seasonality

Asset Management reported total revenues (including other income) of EGP3.02mn in Q1 FY2023 vs. EGP4.50mn in Q4 FY2022, down 33% QoQ due to seasonality of performance fees. Notwithstanding performance fees, total revenues (including other income) would have recorded EGP3.02mn in Q1 FY2023 vs. EGP3.15mn in Q4 FY2022, a slight decline of only 4% on a like-for-like basis.

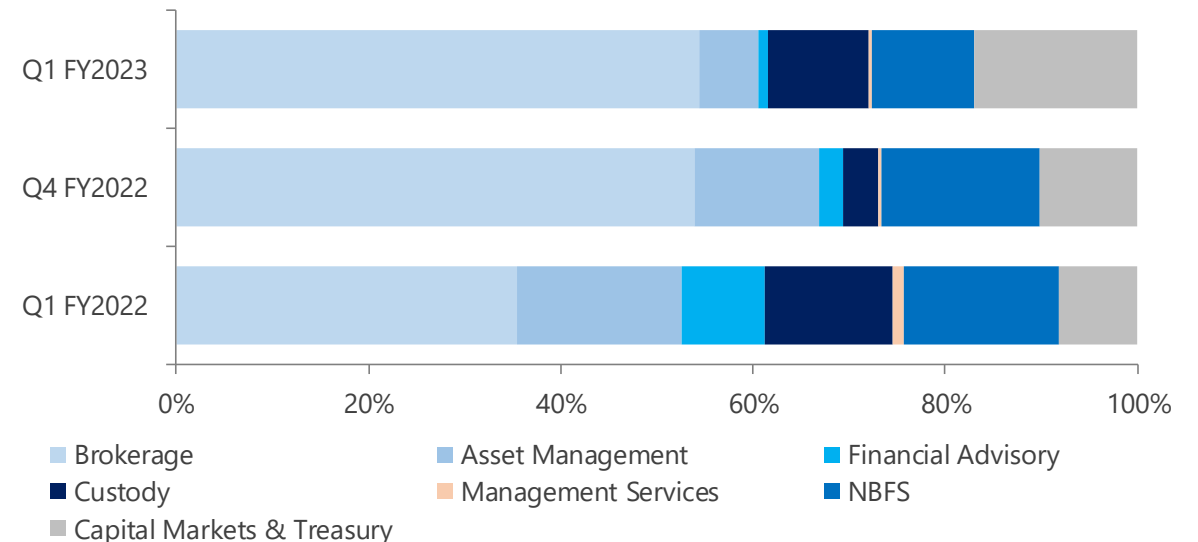
Financial Advisory operating revenues fall

Financial Advisory generated operating revenues of EGP0.5mn in Q1 FY2023 compared to EGP1.7mn in Q1 FY2022 and EGP0.9mn in Q4 FY2022.

All figures are in EGP'000

	Q1 FY2023	Q4 FY2022	QoQ	Q1 FY2022	YoY
Brokerage	23,113	18,447	25%	7,114	225%
Asset Management	2,554	4,387	(42%)	3,431	(26%)
Financial Advisory	480	861	(44%)	1,734	(72%)
Custody	4,435	1,247	256%	2,667	66%
Management Services	104	132	(21%)	238	(56%)
IB Fees & Commissions	30,686	25,073	22%	15,183	102%
NBFS	4,511	5,648	(20%)	3,217	40%
Capital Markets & Treasury	7,221	3,449	109%	1,652	337%
Operating Revenues	42,418	34,169	24%	20,053	112%
Non-Operating Revenues	2,999	3,576	(16%)	235	1176%
Total Revenues	45,416	37,746	20%	20,288	124%

Operating revenues breakdown by segment



Source: Management presentation.



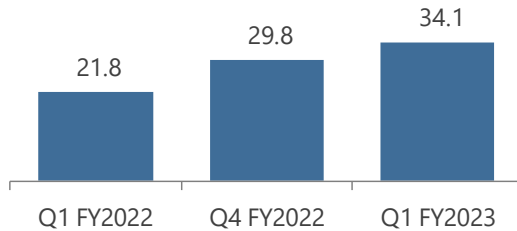
Revenues

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Custody operating revenues jumped on higher assets under custody

Custody operating revenues posted a stupendous growth, recording EGP4.4mn in Q1 FY2023, up 66% YoY vs. EGP2.7mn in Q1 FY2022 and up 256% QoQ vs. EGP1.2mn in Q4 FY2022. It is worth noting that the size of assets under custody (AUC) hit another a record high of EGP34.1bn by end of March 2023, up 56% YoY and 14% QoQ.

Assets under custody (EGPbn)



Source: Management presentation.

NBFS revenue YoY growth resumed

Despite being discontinued operations, NBFS revenues grew 40% YoY to EGP4.5mn in Q1 FY2023 vs. EGP3.2mn in Q1 FY2022 but fell 20% QoQ vs. EGP5.6mn in Q4 FY2022.

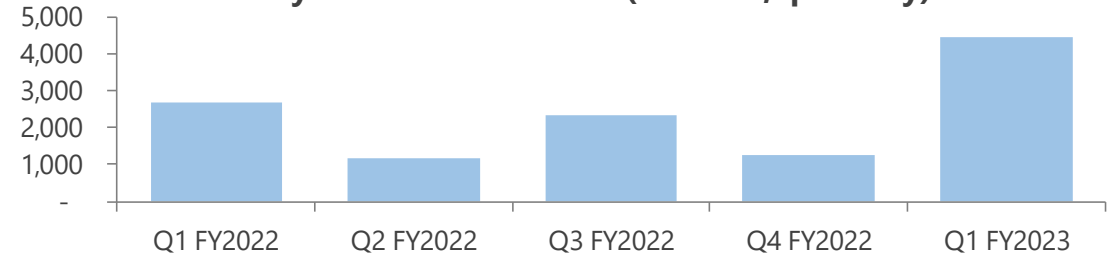
Capital Markets & Treasury revenues ring up three-digit growth rates

Capital Markets & Treasury revenues hit a three-digit growth rate both on annual and sequential bases. Revenues recorded EGP7.2mn in Q1 FY2023, up 337% YoY vs. EGP1.7mn in Q1 FY2022 and up 109% vs. EGP3.4mn in Q4 FY2022.

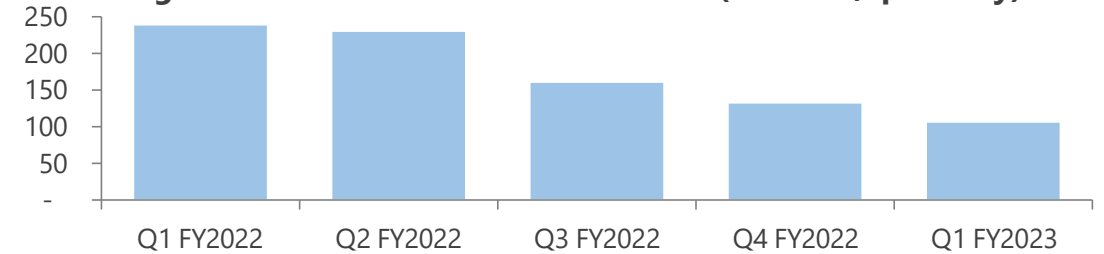
Operating revenues jumped 112% YoY

Based on the above, Operating Revenues recorded EGP42.4mn, up 112% YoY vs. EGP20.1mn in Q1 FY2022 and up 23% QoQ vs. EGP34.3mn in Q4 FY2022.

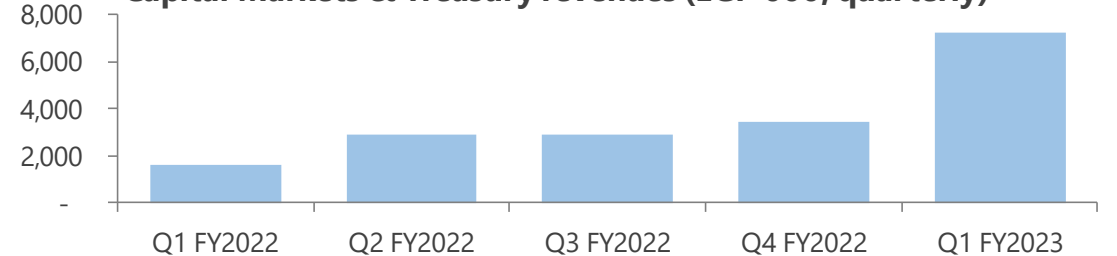
Custody fees & commissions (EGP'000, quarterly)



Management Services fees & commissions (EGP'000, quarterly)



Capital Markets & Treasury revenues (EGP'000, quarterly)



Source: Management presentation.



Expenses

Operating Profits for the second quarter in a row

Thanks to its cost-cutting initiatives and recent internal restructuring, Prime Holding managed to successfully streamline Staff Expenses, which helped in generating Operating Profits in Q1 FY2023, the second profitable quarter in a row in the last 11 quarters.

Operating Expenses/Revenues ratio improved to 73% in Q1 FY2023

Operating Expenses stabilized at EGP30.9mn in Q1 FY2023 vs. EGP30.6mn in Q1 FY2022 and EGP30.2mn in Q4 FY2022. This implied a huge improvement in Operating Expenses/Revenues ratio to 73% in Q1 FY2023, down from 152% in Q1 FY2022 and 88% in Q4 FY2022.

Staff Expenses/Operating Revenues ratio improved to 36% in Q1 FY2023

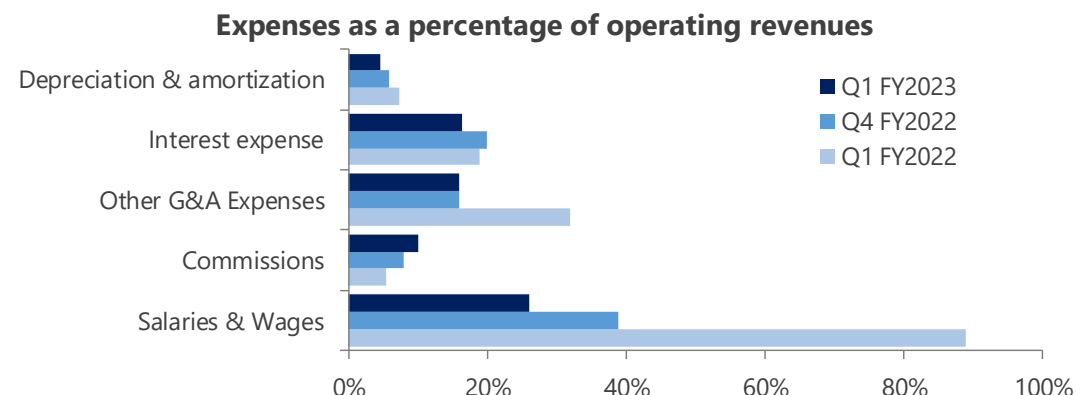
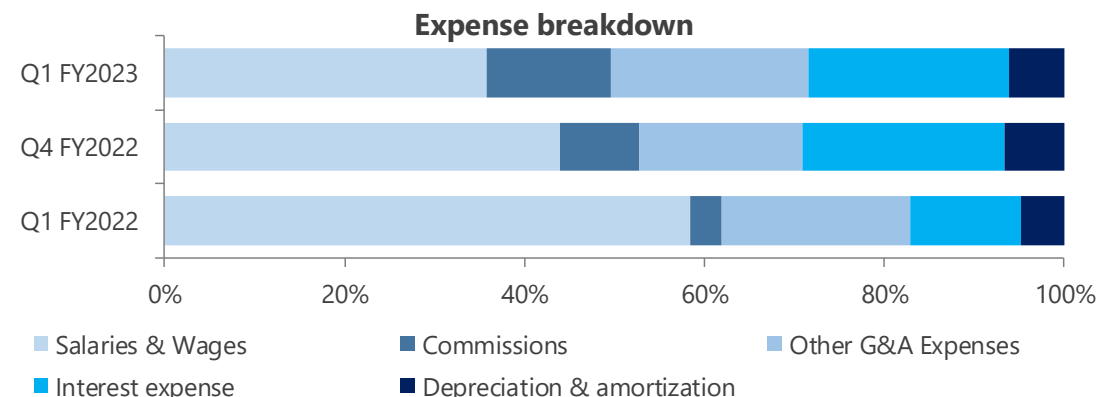
Staff Expenses fell 19% YoY and 4% QoQ, registering EGP15.3mn in Q1 FY2023 versus EGP18.9mn in Q1 FY2022

and EGP15.9mn in Q4 FY2022. This implied an improvement in the Staff Expenses/Operating Revenues ratio to 36% in Q1 FY2023, down from 94% in Q1 FY2022 and 46% in Q4 FY2022. On a more granular basis, Salaries & Wages fell 38% YoY to EGP11.1mn in Q1 FY2023 vs. EGP17.9mn in Q1 FY2022. This more than offset the 297% YoY higher commissions of EGP4.3mn in Q1 FY2023 vs. EGP1.1mn only in Q1 FY2022. QoQ, Salaries & Wages fell 16%, while commissions rose 58%.

Other G&A Expenses/Operating Revenues ratio improved to 16% in Q1 FY2023

Other G&A Expenses rose slightly by 6% YoY to EGP6.8mn in Q1 FY2023 versus EGP6.4mn in Q1 FY2022. However, G&A Expenses/Operating Revenues ratio was cut in half to 16% in Q1 FY2023 versus 32% a year ago but stabilized versus the previous quarter.

All figures are in EGP'000	Q1 FY2023	Q4 FY2022	QoQ	Q1 FY2022	YoY
Salaries & Wages	(11,077)	(13,243)	16%	(17,857)	38%
Commissions	(4,254)	(2,687)	(58%)	(1,070)	(297%)
Other SG&A Expenses	(6,787)	(5,440)	(25%)	(6,387)	(6%)
Interest Expense	(6,905)	(6,783)	(2%)	(3,788)	(82%)
Depreciation & Amortization	(1,900)	(1,999)	5%	(1,449)	(31%)
Operating Expenses	(30,924)	(30,152)	(3%)	(30,551)	(1%)
Operating Profits	11,494	4,018	186%	(10,498)	209%



Source: Management presentation.

Brokerage

The highest quarterly operating revenues in years

Prime Securities generated its highest quarterly operating revenues in several years, ringing up EGP23.1mn in Q1 FY2023, the second 100%+ YoY growth in a row (+225% in Q1 FY2023 and +105% in Q4 FY2022).

Fourth sequential annual growth in executed turnover

In Q1 FY2023, Prime Securities' executed turnover more than doubled to EGP5.7bn (+109% YoY) vs. EGP2.7bn a year earlier. Up 53% QoQ, Q1 FY2023 marked Prime Securities' highest quarterly executed turnover in the last few years, registering the fourth positive annual growth in a row.

Market share more than doubled YoY

Prime Securities managed to grow its market share from 2.1% in Q1 FY2022 to 2.8% in Q1 FY2023, more than double the 1.2% market share in Q4 FY2022.

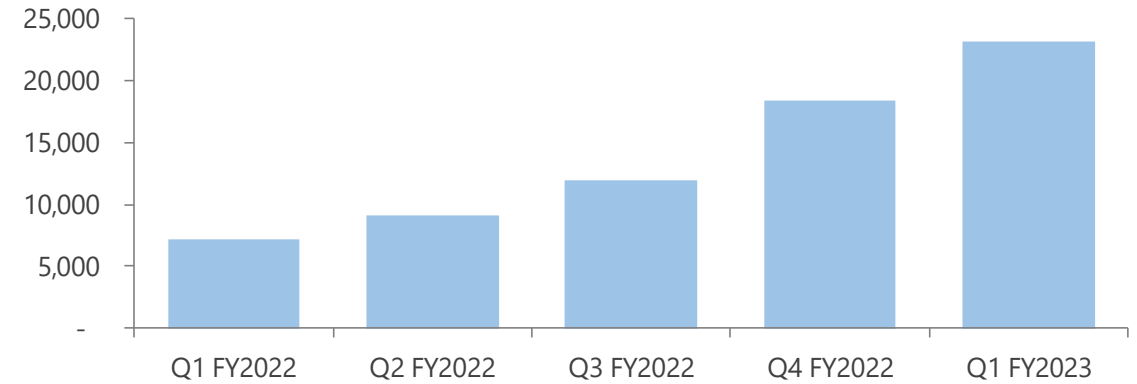
Rank stabilizing YoY, growing QoQ

Ranking #14 in Q1 FY2023, Prime Securities' position in the market improved QoQ from #19 in Q4 FY2022. Meanwhile, it stabilized YoY vs. #13 in Q1 FY2022.

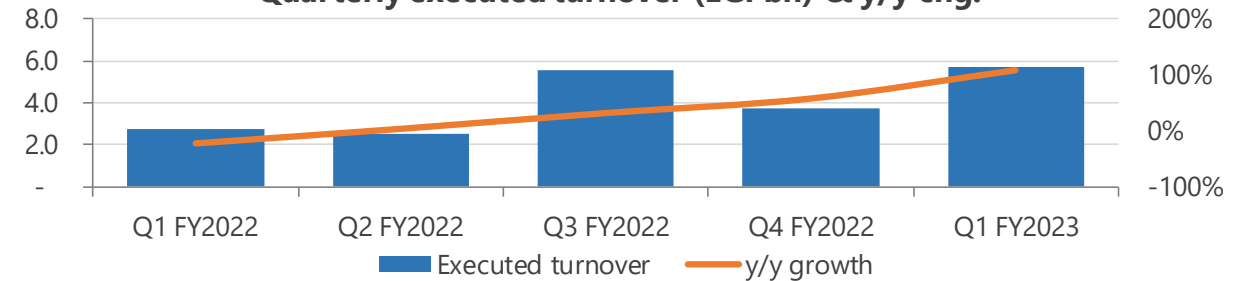
Major block trades executed

During Q1 FY2023, Prime Securities executed major block trades, including the acquisition of a majority stake in an Egypt-based cloud computing company by a UK-based software firm for EGP262mn.

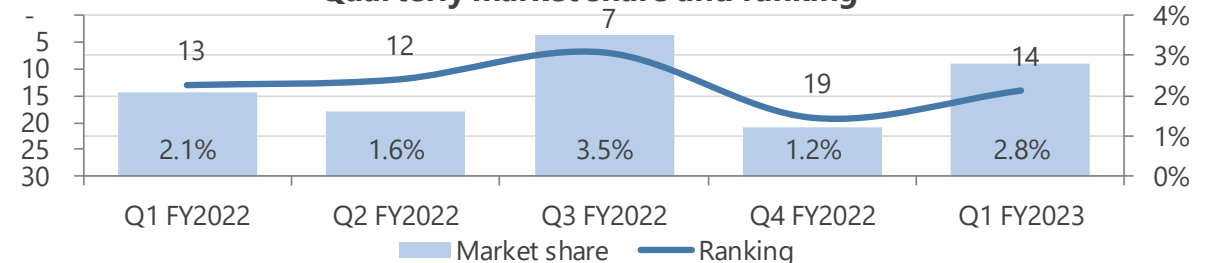
Brokerage fees & commissions (EGP'000, quarterly)



Quarterly executed turnover (EGPbn) & y/y chg.



Quarterly market share and ranking



Source: Management presentation.

Brokerage

(continued)

Fundamental and technical strategy outlook notes

In Q1 FY2023, Prime Research published its two annual strategy notes for 2023, covering both fundamental and technical analysis outlooks:

- The **fundamental outlook** was published under the **STANDPoint** series, titled "[The Year of Adjustment](#)". In that note, Prime Research laid out its stock picks for the year, naming sector-agnostic 10 of them. Before the end of the quarter, Prime Research updated its strategy outlook, adding four more stocks, thus having a total of 14 stock picks in its model portfolio, **STANDPoint** Portfolio.
- The **technical outlook** was published under the **TECHView** series, titled [طرف الخيط](#) ("Finding the Clue" in English). In that note, Prime Research singled out 27 stocks to consider for 2023, understanding smart money movement and appreciating the noise trend concept.

More Arabic-language podcast episodes

Prime Research continued to update clients with analyst views through five more **PRIME**Talk episodes, spanning fundamental and technical analysis. By the end of the quarter, Prime Research had published a total of 20 episodes since the program was launched. The program can be accessed through the different podcast platforms, including [Spotify](#), [Apple](#), and [Google](#). Meanwhile, Prime Research continues to publish **PRIME**Morning, its daily podcast series covering both fundamental and technical analysis before the start of every trading day. The program can be accessed from [Spotify](#), [Apple](#), and [Google](#).

Regular coverage updates and new coverage in the pipeline

In addition to the regular daily newsletters, Prime Research published 8 notes during the quarter, covering equity and technical analysis. These included two core coverage updates, namely Alexandria Containers Handling [[ALCN](#)] and Al Ezz Ceramics & Porcelain (GEMMA) [[ECAP](#)]. Meanwhile, more core coverage updates are planned for Q2 FY2023. Also, Prime Research plans to publish new core coverage notes on select stocks listed on the EGX during Q2 FY2023.

Profitable technical analysis-based recommendations

During Q1 FY2023, Prime Research closed 30 technicals-based stock calls under **TECH**Talk, **TECH**Call, and **TECH**View reports with a 77% success rate, generating an average positive return of 12.3% per stock.



Asset Management

AUMs annual growth driven by a 23% YoY growth in Equity

Total assets under management (AUMs) grew by 5.2% YoY, reaching EGP8.3bn on 31 March 2023 compared to EGP7.9bn on 31 March 2022.

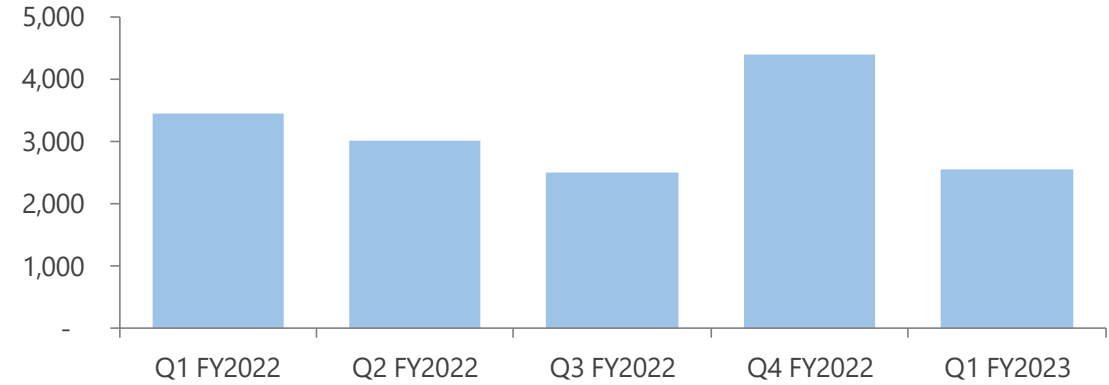
Equity AUMs continue to make up the bulk of total AUMs, making up 82%. Equity grew by 23% YoY to EGP6.8bn by end of Q1 FY2023. Meanwhile, money market AUMs dropped by 37% YoY to EGP1.5bn by end of Q1 FY2023 due to redemptions.

Total revenues virtually unchanged, excluding seasonal performance fees

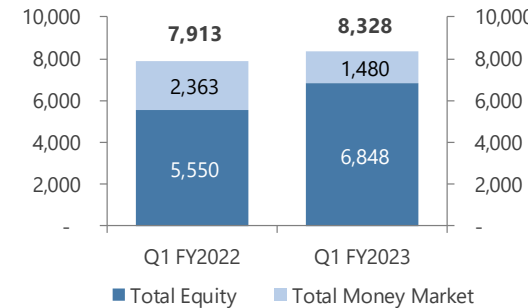
On a sequential basis, total asset management revenues (including other income) dropped by 33% to EGP3.02mn in Q1 FY2023 vs. EGP4.50mn in Q4 FY2022 on seasonality of performance fees.

Notwithstanding the EGP1.35mn in performance fees recorded in Q4 FY2022, total revenues (including other income) would have recorded EGP3.02mn in Q1 FY2023 vs. EGP3.15mn in Q4 FY2022, a slight decline of only 4% on a like-for-like basis.

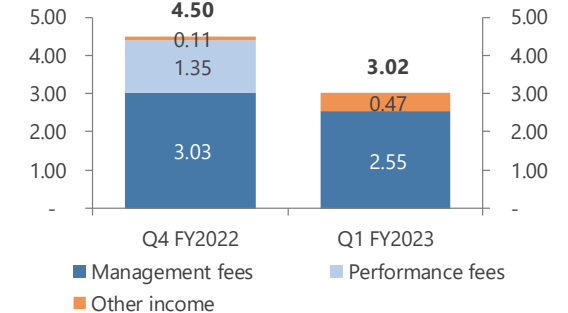
Asset Management fees & commissions (EGP'000, quarterly)



Mandated AUMs (EGPmn, y/y)



Revenue mix (EGPmn, q/q)



Source: Management presentation.



Financial Advisory

Noticeable activity in IFA reports

Prime Capital was engaged by a handful of clients to provide independent financial advisor (IFA) reports in Q1 FY2023. The companies involved span different sectors, namely:

1. Banking.
2. Education.
3. Information technology.
4. Oil & gas distribution.

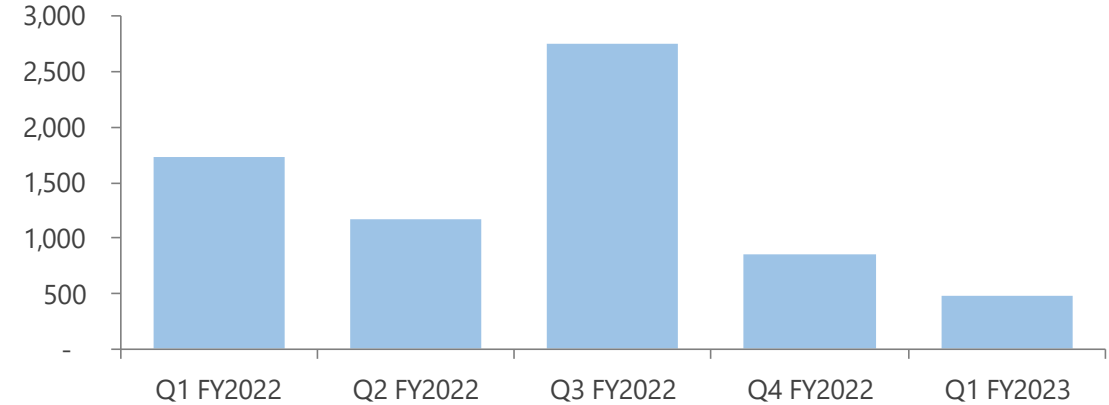
Solid backlog

Prime Capital has a healthy backlog in both mergers and acquisitions (M&A) and debt capital markets (DCM). Prime Capital's pipeline entails various existing transactions across the most prominent sectors. This is a testament to its extensive efforts to exploit the rising demand in pharma, logistics, cement, tourism, and real estate investment opportunities, two transactions of which are expected to be concluded in Q4 FY2023 and Q1 FY2024.

Expanding client base

As Prime Capital continues to strengthen its presence, it was awarded an advisory contract by a reputable company in the agricultural sector. Additionally, Prime Capital team is currently negotiating a significant M&A transaction in the aforementioned sector, in line with Prime Capital's strategy to fortify its strong presence in defensive industries.

Investment Banking fees & commissions (EGP'000, quarterly)



Source: Management presentation.



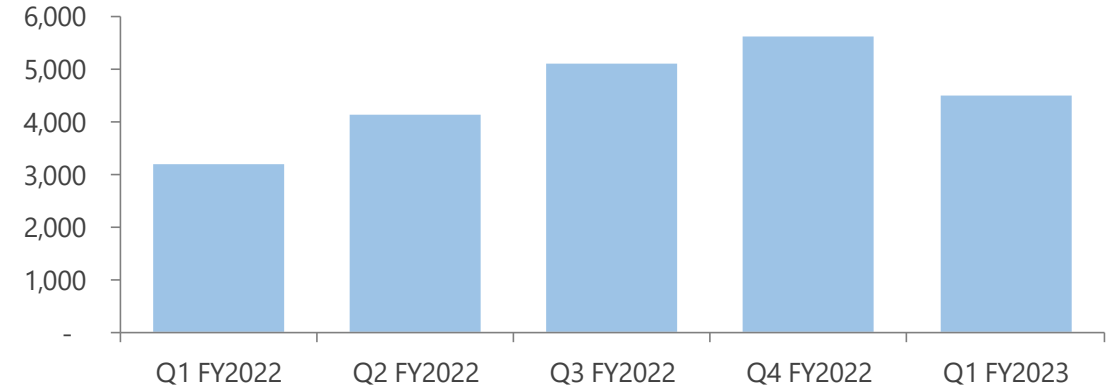
Non-Banking Financial Services

Leasing portfolio diversified across sectors

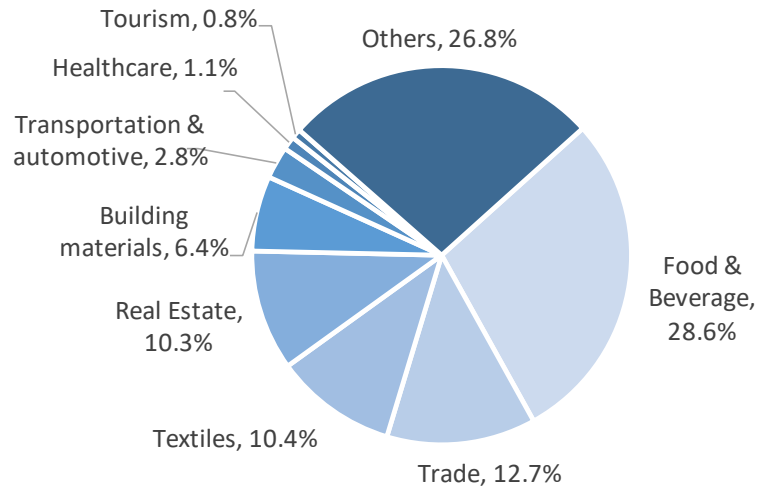
By the end of March 2023, tools & equipment continued to make up the bulk of the leasing portfolio with a 58% contribution, followed by real estate making up 29%.

In terms of sector diversification, the food & beverage sector is still at the top of the list with a 29% contribution, followed by the trade sector constituting 13% and the textiles and real estate sectors representing 10% each.

NBFS fees & commissions (EGP'000, quarterly)

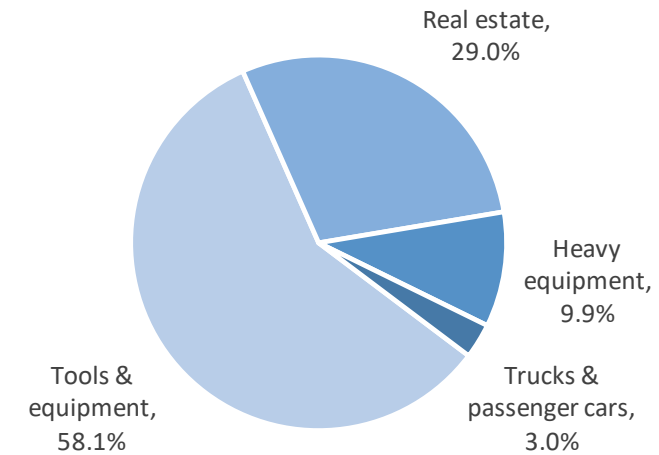


Leasing Portfolio by sector



Source: Management presentation.

Leasing Portfolio by type of asset



Source: Management presentation.

Consolidated Financial Statements



Income Statement (EGP'000)	Q1 FY2023	Q4 FY2022	QoQ	Q1 FY2022	YoY
Brokerage	23,113	18,447	25%	7,114	225%
Asset Management	2,554	4,387	(42%)	3,431	(26%)
Financial Advisory	480	861	(44%)	1,734	(72%)
Custody	4,435	1,247	256%	2,667	66%
Management Services	104	132	(21%)	238	(56%)
Total Investment Bank Fees & Commissions	30,686	25,073	22%	15,183	102%
NBFS	4,511	5,648	(20%)	3,217	40%
Capital Markets & Treasury	7,221	3,449	109%	1,652	337%
Operating Revenues	42,418	34,169	24%	20,053	112%
Non-Operating Revenues	2,999	3,627	(17%)	235	1176%
Total Revenues	45,416	37,796	20%	20,288	124%
Salaries & Wages	(11,077)	(13,243)	16%	(17,857)	38%
Commissions	(4,254)	(2,687)	(58%)	(1,070)	(297%)
Other G&A Expenses	(6,787)	(5,440)	(25%)	(6,387)	(6%)
Interest Expense	(6,905)	(6,783)	(2%)	(3,788)	(82%)
Depreciation & Amortization	(1,900)	(1,999)	5%	(1,449)	(31%)
Operating Expenses	(30,924)	(30,152)	(3%)	(30,551)	(1%)
Operating Profits	14,493	7,644	90%	(10,263)	241%
Provisions	(11,074)	(2,755)	(302%)	(7,154)	(55%)
Goodwill Impairment	-	(12,900)	(100%)	-	NM
Other Income (Expenses)	-	-	NM	-	NM
Net Profits before Tax	3,418	(8,011)	143%	(17,418)	120%
Taxes	(3,223)	(1,851)	(74%)	(14)	(23207%)
Net Profits after Tax	196	(9,862)	102%	(17,431)	101%
Minority Interest	(50)	(57)	12%	(111)	55%
Net Profits after Unusual Items & Minority Interest	146	(9,919)	101%	(17,542)	101%

Source: Management presentation.

Consolidated Financial Statements (continued)



Balance Sheet (EGP'000)	31-Mar-23	31-Dec-22	YTD
Cash & Cash Equivalents	180,875	150,091	21%
Receivables	94,385	99,179	(5%)
ST Loans Receivables	38,549	35,889	7%
Sundry Current Assets	12,228	12,524	(2%)
Total Current Assets	326,037	297,683	10%
LT Loans Receivables	55,936	62,669	(11%)
Net Fixed Assets	58,230	59,969	(3%)
Goodwill	207,256	207,256	0%
Contribution to Settlement Guarantee Fund	2,746	2,291	20%
Investments	1,940	1,940	0%
Total Non-Current Assets	326,108	334,126	(2%)
Total Assets	652,145	631,809	3%
Short-Term Loans	82,598	71,354	16%
Customers Credit Accounts	119,663	118,357	1%
Long-Term Loans	68,568	75,451	(9%)
Lease Obligation	29,599	31,470	(6%)
Provisions	10,725	10,877	(1%)
Sundry Liabilities	76,156	59,659	28%
Total Liabilities	387,309	367,169	5%
Equity for Owners of the Holding Company	262,695	262,549	0%
Minority Interest	2,141	2,091	2%
Total Shareholders' Equity	264,836	264,640	0%
Total Liabilities & Shareholders' Equity	652,145	631,809	3%

Source: Management presentation.

Prime Holding's Stock Performance (Q1 FY2023)



Share Data

Number of issued shares	350mn
Issued & paid-in capital	EGP350mn
Fiscal year end	December
Reuters / Bloomberg tickers	PRMH.CA / PRMH EY Equity

Trading Information (Q1 FY2023)

Closing price (30 Mar. 2023 / latest)	EGP0.443 / EGP0.507
52-week high / low	EGP0.570 / EGP0.412
1-year / QTD performance	(21.7%) / (12.5%)
Average daily volume	1.15mn shares
Average daily turnover	EGP0.6mn

Investor Relations

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