



## **CI Capital Holding S.A.E. announces its intention to float on the Egyptian Exchange**

**15 March 2018 | Cairo, Egypt**

CI Capital Holding S.A.E (“CI Capital” or the “Group”), Egypt’s leading diversified financial services group, announces today its intention to proceed with an initial public offering (the “IPO” or the “Offering”) and apply for admission of its ordinary shares to listing and trading on the Egyptian Exchange (“EGX”).

### **DETAILS OF THE OFFERING**

The Group intends to offer up to 246.9 million ordinary shares on the EGX, representing up to 43.6% of the Group’s share capital post completion of the Offering and Capital Increase (as defined below). The Offering is expected to consist of a secondary sale of shares by the Group’s current shareholders (the “Selling Shareholders”). Following the Offering, the Selling Shareholders will use a portion of the proceeds they will receive from the Offering to subscribe in a closed subscription for up to EGP1.0 billion in newly-issued shares at the Offer Price (as defined below) (the “Capital Increase”), subject to certain conditions.

The Offering will include (i) an International Offering to institutional investors in a number of countries including Egypt and (ii) a Retail Offering to retail investors in Egypt. Both the International Offering and Retail Offering will be offered at the same price per share, which shall be determined through a book building process (the “Offer Price”).

The International Offering is being offered outside the United States in reliance on Regulation S (“Regulation S”) under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and to certain qualified institutional buyers (“QIBs”) (as defined in Rule 144A of the Securities Act (“Rule 144A”)) in the United States in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act.

The Group intends to use the proceeds raised from the Capital Increase to (a) expand its existing businesses, including inter alia leasing, microfinance, asset management, and margin lending (b) fund its expansion in new areas of non-banking financial services, (c) strengthen its balance sheet to support new activities including merchant banking and (d) for general corporate purposes.

The Group is currently in the process of obtaining the required approvals with regards to the Offering, including approvals from the Financial Regulatory Authority (“FRA”) and the EGX. Completion of the Offering is expected to take place in Q2 2018, subject to market conditions and obtaining the relevant regulatory approvals.

Jefferies International Limited and CI Capital Investment Banking are acting as Joint Global Coordinators and Bookrunners on the Offering. Norton Rose Fulbright is International Counsel to the Group. White & Case LLP is Underwriters’ Counsel. Matouk Bassiouny is Local Counsel. HC Brokerage and Pharos Securities Brokerage are acting as Placements Agents.

### **ABOUT CI CAPITAL HOLDING**

CI Capital is a diversified financial services group and one of Egypt’s leading providers of investment banking, leasing, and microfinance products and services. Through its headquarters in Cairo and presence in New York and Dubai, CI Capital offers a wide range of financial solutions to a diversified client base that include global and regional institutions and family offices, large corporates, SMEs, and high net worth and individual investors.

CI Capital leverages its full-fledged investment banking platform to provide market leading capital raising and M&A advisory, asset management, securities brokerage, custody and research. Through its subsidiary Corplease, CI Capital offers comprehensive leasing solutions, including financial and operating leases, and sale and leaseback, serving a wide range of corporate clients. In addition, CI Capital offers microfinance lending through its subsidiary Reefy, Egypt’s first licensed microfinance institution.



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CI Capital's shareholders include a group of reputable Egyptian and regional financial investors, executive management, and Commercial International Bank (CIB), Egypt's largest private sector bank. The Group has over 1,700 employees, led by a team of professionals who are among the most experienced in the industry, with complementary backgrounds and skill sets and a deep understanding of local market dynamics.

The Group capitalizes on Egypt's attractive long-term growth prospects and solid underlying fundamentals, benefiting from the largest population in the Middle East and North Africa region ("MENA"), one of the most diversified sizeable economies, and relatively underpenetrated markets targeted by the Group's various business lines, particularly in the non-banking financial services space. In addition, the Group stands to benefit from the strong rebound of capital markets and M&A activity in Egypt, driven by a series of decisive reforms that have been implemented in recent months.

Commenting on the offering, the Group's Chairman & CEO, Mahmoud Atalla said: "CI Capital is a leading non-banking financial services provider in Egypt, with market-leading advisory, asset management, brokerage, leasing, and microfinance franchises. Our diversified suite of financial solutions enables us to be a prime beneficiary of the strong rebound of the Egyptian economy. Furthermore, proceeds from the Group's offering will be invested in our ambitious expansion strategy, to further scale up our existing lines of business, strengthen our capital structure, and consolidate our presence in the non-banking financial services space"

## **COMPETITIVE STRENGTHS**

### **Market Leading Non-Banking Financial Services Platform**

- One of Egypt's largest non-banking financial institutions with significant scale and experience
- Leading track record in advisory, brokerage, asset management, and research
- #1 leasing business with EGP 4.0bn of net leased assets as of December 2017 and 13.3% average market share of new bookings from 2014 – 2017
- First licensed microfinance player in Egypt, having c.70k active borrowers and c.EGP 2.6bn of loans disbursed since inception with cumulative loan losses of only c. EGP 5mn despite weathering two revolutions

### **Diversified Platform Underpinned By Recurring Revenue**

- Strong synergies and complementarity across the Group's business lines, creating significant cross selling opportunities and capturing larger share of clients' business
- Highest revenue stream stability among peer group and lowest exposure to capital market volatility, with 2017 recurring revenues contributing 79% to total revenue. Notably, Reefy's acquisition will further augment the Group's recurring revenue base starting 2018

### **Low Cost Base and Industry Leading Financial Performance**

- Egypt focus drives a low cost base vs. peers (2017's cost to income of 27%)
- Industry-leading financial performance with consolidated 2017 ROAE of 32%, and superior revenue and net income compound annual growth rates ("CAGR") from 2015 to 2017 of 144% and 104%, respectively

### **Committed and Experienced Management Team**

- Cohesive and well-rounded management team, having c.240 years in combined experience
- Proven track record in the successful operational restructuring / turnaround during challenging market conditions, identification of high-return investment opportunities and integration of new businesses within the platform
- Strong management commitment through significant ownership stake in the business



**Significant Growth Potential with Return Driven Strategy**

- Egypt focus with ample growth opportunities across underpenetrated market segments, capitalizing on economic growth
- Client-centric approach for expansion, expanding cross-selling opportunities within the platform
- Prudent strategy and efficient capital allocation, adopting “Test the waters” approach in terms of regional expansions

**Focus on Egypt, a Regional Powerhouse with Strong Growth Prospects, Driven by a Series of Reformist Changes**

- One of the largest economies in the MENA region (2016 GDP of USD 332bn) with no single sector contributing more than 25% of GDP
- Highest GDP growth in the region (real GDP growth 2017E-2021F CAGR of 5.4%)
- Largest population in the MENA region, which is young and rapidly growing with 50% of population below 25 years
- Rising income levels, on a decreasing inflation rate trajectory and rising disposable income
- Series of reformist measures, lowering country risk and attracting foreign investment

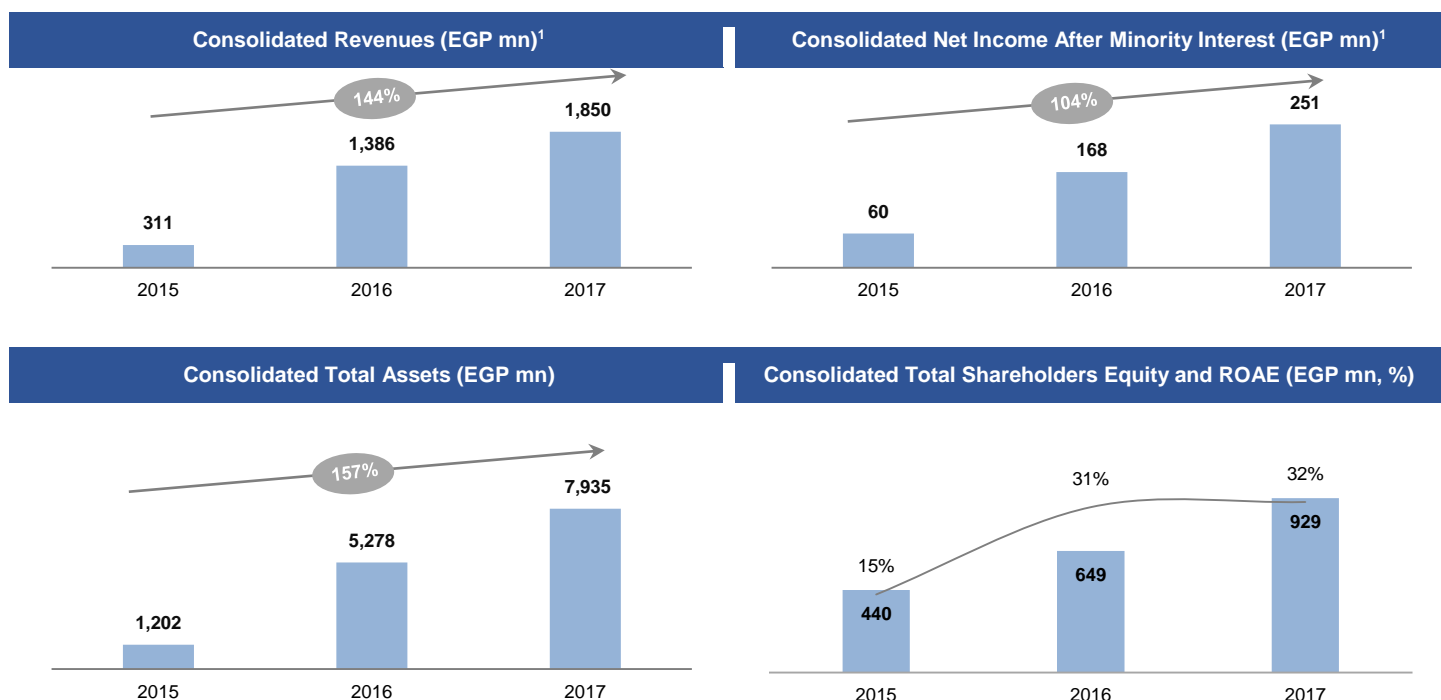
**Attractive, Rapidly Growing, and Underpenetrated Non-Banking Financial Services Industry**

- Rebounding capital markets scene in Egypt, with the EGX30 up by 98% since floatation. Yet, there remains substantial room for growth as market trading activity remains way below pre-revolution levels in USD terms
- One of the fastest growing leasing markets worldwide, new lease bookings growing by 8x in comparison to 2009 levels, while lease penetration rate (0.6%) remains less than half of the emerging market and global averages
- Robust growth in microfinance industry (1Q16 – 4Q17 CAGR of 47%) in total outstanding loans despite a 9.5% hike in interest rates during the period), in one of the most underpenetrated markets worldwide with only 14% of the total adult population having bank accounts, coupled with low bank presence in rural areas

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## FINANCIAL HIGHLIGHTS

The Group recorded 1,850mn in revenue in 2017 and EGP 251mn in net profit attributable to shareholders, registering formidable triple-digit CAGR (2015 – 2017) of 144% and 104%, respectively. The Group also boasts industry-leading return metrics, with return on average equity amounting to 32% for 2017.



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<sup>1</sup> Consolidated revenues and net income do not include Reefy, which was acquired by the Group in late December 2017



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This announcement contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of words and phrases like "according to estimates", "anticipates", "assumes", "believes", "could", "estimates", "expects", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding the Company's business and management, the Group's future growth or profitability and general economic and regulatory conditions and other matters affecting the Group.

Forward-looking statements reflect the current views of management of future events and are based on management's assumptions and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the actual financial condition and results of operations of the Group to differ materially from, or fail to meet expectations expressed or implied by, those forward-looking statements. The Company's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations in the prices of energy, raw materials or employee costs required by the operations of the Group, its ability to retain the services of certain key employees, its ability to compete successfully, changes in political, social, legal or economic conditions in Egypt, worldwide economic trends, global and regional trends in the dairy industry, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and the ability of management to identify accurately and in a timely manner future risks to the business of the Group and manage the risks mentioned above.

Accordingly, investors should not rely on the forward-looking statements in this announcement. None of the Group, its management or CI Capital gives any assurance regarding the future accuracy of the opinions set forth in this announcement or as to the actual occurrence of any predicted developments. After the date of this announcement, none of the Group or its management assumes, and each of the Group and its management expressly disclaim, any obligation, except as required



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by law and the listing rules of the EGX, to update any forward-looking statements or to conform these forward-looking statements to the actual results of the Group.

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For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares referred to herein.

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