

CITIGROUP INC (New York: C, Currency: USD)	76.48 / -0.53% / -0.41
Bloomberg Rating: IG5	Sector: Financials
Industry: Banks	Sub-Industry: Diversified Banks
FY End: December 2020	EPS Due: 7/14/2021

Description
 Citigroup Inc. is a diversified financial services holding company that provides a broad range of financial services to consumer and corporate customers. The Company services include investment banking, retail brokerage, corporate banking, and cash management products and services. Citigroup serves customers globally.

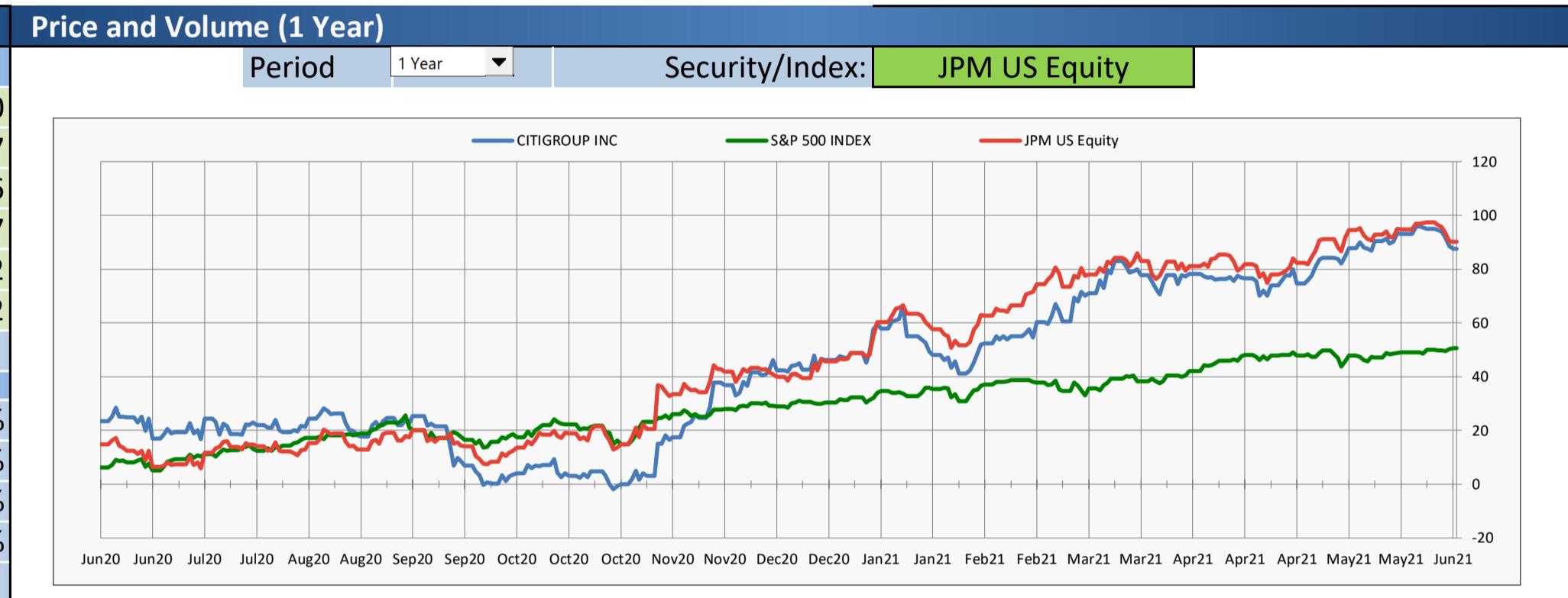
Business Segments (FY: Dec-20)	Pretax
Institutional Clients Group	15,171.00
Global Consumer Banking	1,086.00
Corporate/Other	(2,625.00)
Reconciliation	

Key Statistics	
52-Week Range	40.49 - 80.29
Avg Daily Vol (3 Mo)	17,544,716
Market Value	158,087.8
Current Enterprise Val	229,653.79
Shares Outstanding (B)	2,067.05 M
Dividend Yield	2.7%
Float %	99.7%
Institutional %	84.1%
Analyst Coverage	27 Analysts
Target Price	85.13
LT Growth Rate	1781.8%
Consensus Rating	4.33
Return on Equity	8.5%

	Actual and Estimate Data		
	LTM	12/2021	12/2022
Revenue	84,156.00	71,448.47	72,562.32
% change y/y		-3.8%	1.6%
EBITDA	38,933.00	28,360.00	22,311.00
% Margin		-	-21.3%
EPS	8.894525	8.909	8.303
% change y/y		82.9%	-6.8%
EV/Sales	2.6x	6.1x	6.1x
EV/EBITDA	5.7x	8.0x	10.2x
P/Sales	1.9x	2.2x	2.2x
P/Earnings	8.6x	8.6x	9.2x
P/Book	0.9x	0.8x	0.8x

Relative Comps	Mkt Cap	PE (NTM)
Citigroup Inc	158.09 B	9.9x
Goldman Sachs Group Inc/Tr	133.97 B	10.7x
Morgan Stanley	171.27 B	14.2x
Bank of America Corp	358.71 B	14.1x
JPMorgan Chase & Co	485.22 B	13.7x
Deutsche Bank AG	24.14 B	14.4x
Barclays PLC	30.66 B	8.2x
Credit Suisse Group AG	25.45 B	9.0x
UBS Group AG	56.27 B	9.5x
BNP Paribas SA	70.39 B	9.9x
Mitsubishi UFJ Financial Gro	8295.88 B	9.7x
Credit Agricole SA	36.24 B	10.5x
Capital One Financial Corp	72.53 B	9.9x
Royal Bank of Canada	179.65 B	11.8x
FincoBank Banca Finco Sp	8.53 B	25.7x

Measure:	Sales/Revenue/Turnover			
	2019	2020	2021	2022
Q1 Mar	25893.00	26378.00	21695.00	18505.70
Q2 Jun	26520.00	23275.00	17804.47	18074.67
Q3 Sep	26110.00	20123.00	17314.13	17918.56
Q4 Dec	24926.00	19063.00	17033.25	17750.67
Year	103449.00	88839.00	71448.47	72562.32
Cal Yr	74286.00	74298.00	71448.47	72562.32
Revision				
	1 Week	4 Weeks	3 Months	6 Months
Qtr End 06/21	0.0%	0.3%	2.3%	0.8%
Qtr End 09/21	0.0%	0.1%	0.2%	-0.8%
FY End 12/21	0.0%	0.0%	2.4%	1.9%
FY End 12/22	0.0%	0.1%	0.7%	0.0%



Prices/Volume	
YTD Change	24.04%
6 Month Change	81.28%
3 Month Change	25.2%
1 Year Change	-3.6%
Daily Volume	18,043,544
Average Volume 30 Day	17,457,958
Average Volume 3 Month	17,544,716
Average Volume 6 Month	19,028,044
Dividend Yld	2.7%
52 Week Beta	1.05

Recommendation
 We recommend adding to our existing position in Citigroup (C) based upon: compelling relative valuation versus its banking industry peers, multiple levers of future earnings improvement, and several company specific catalysts to drive shareholder returns.

Fundamental Trends / Catalysts
 As the US economy continues its post pandemic recovery, we expect Citigroup's earnings to rebound sharply in 2021 (up 80%+ YOY). Recent positive earnings surprises and upward revisions to analyst estimates have been largely driven by improving credit quality among the bank's borrowers leading to lower loan loss provision expenses. Citigroup is also benefitting from rising interest rates (the 10 year Treasury Yield has more than doubled off its pandemic lows) which have strengthened the company's Net Interest Margin. Strong results from the Capital Markets division have also buoyed near term results. Looking ahead we believe loan growth will accelerate in the 2nd half of 2021 as business customers resume expansion plans. In addition, new CEO, Jane Fraser, has identified several restructuring opportunities at the bank which should lead to improving Return on Equity (ROE) over time.

Measure:	Diluted EPS Bef XO Items			
	2019	2020	2021	2022
Q1 Mar	1.87	1.06	3.62	2.30
Q2 Jun	1.94	0.38	2.10	2.18
Q3 Sep	2.08	1.36	1.81	2.10
Q4 Dec	2.15	1.92	1.69	2.01
Year	8.04	4.73	9.01	8.35
Cal Yr	8.04	4.88	9.01	8.35
Revision				
	1 Week	4 Weeks	3 Months	6 Months
Qtr End 06/21	0.0%	2.3%	20.6%	-
Qtr End 09/21	0.0%	-0.7%	15.7%	-
FY End 12/21	0.0%	0.6%	34.3%	-
FY End 12/22	0.0%	0.1%	4.1%	-

Performance	2012	2013	2014	2015	2016	2017	2018	2019	2020	5 Yr Avg
Price Change	50.4%	31.7%	3.8%	-4.4%	14.8%	25.2%	-30.0%	53.5%	-22.8%	8.1%
S&P 500 INDEX	13.4%	29.6%	11.4%	-0.7%	9.5%	19.4%	-6.2%	28.9%	16.3%	13.6%
Industry (INDU Index)	7.3%	26.5%	7.5%	-2.2%	13.4%	25.1%	-5.6%	22.3%	7.2%	12.5%
Div Yield	0.1%	0.1%	0.1%	0.3%	0.7%	1.3%	3.0%	2.4%	3.3%	2.1%

Growth Rate (CAGR) Summary				
	1Yr	3Yr	5Yr	10Yr
Sales	-14.1%	0.0%	0.1%	-2.3%
EBIT	-46.9%	-10.5%	-5.2%	-3.0%
EBITDA	-42.9%	-8.2%	-3.8%	-2.1%
Net Income	-43.1%	-217.6%	-8.5%	0.4%
EPS (Diluted)	-41.3%	-216.6%	-2.7%	2.9%
Dividends	6.3%	28.6%	66.4%	
BVPS	4.3%	7.0%	4.5%	4.4%
Free Cash Flow	42.8%	36.9%	-195.5%	

Financials	12/12 Y	12/13 Y	12/14 Y	12/15 Y	12/16 Y	12/17 Y	12/18 Y	12/19 Y	12/20 Y	5 Yr CAGR
Sales	89,802.0	92,901.0	90,909.0	88,275.0	83,309.0	88,962.0	97,120.0	103,449.0	88,839.0	0.1%
EBITDA	30,944.0	39,282.0	31,980.0	40,253.0	37,709.0	42,938.0	51,465.0	58,053.0	33,164.0	-3.8%
EBIT	28,437.0	35,979.0	28,391.0	36,747.0	33,989.0	39,279.0	47,711.0	53,064.0	28,173.0	-5.2%
Net Income	7,541.0	13,659.0	7,310.0	17,242.0	14,912.0	6,798.0	18,045.0	19,401.0	11,047.0	-8.5%
EPS (Diluted)	2.44	4.34	2.20	5.40	4.72	-2.98	6.68	8.04	4.72	-2.7%
Dividends per Share	0.04	0.04	0.04	0.16	0.42	0.96	1.54	1.92	2.04	66.4%
Shares for Fully Diluted EP	3,015.5	3,041.6	3,037.0	3,007.7	2,888.3	2,698.5	2,494.8	2,265.3	2,099.0	-6.9%
Book Value per Share	61.57	65.23	66.05	69.46	74.26	70.62	75.05	82.90	86.43	4.5%
Cash & Near Cash	36,453.0	29,885.0	32,108.0	20,900.0	23,043.0	23,775.0	23,645.0	23,967.0	26,349.0	4.7%
Total Assets	#####	#####	#####	#####	#####	1,842,465.0	1,917,383.0	1,951,158.0	2,260,090.0	5.5%
Working Cap	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
LT Debt	196,812.0	177,692.0	223,080.0	201,275.0	206,178.0	236,709.0	231,999.0	251,299.0	273,983.0	6.4%
Cash Flow-Oper Activities	10,362.0	63,244.0	47,487.0	46,944.0	53,733.0	8,774.0	36,952.0	12,837.0	20,621.0	-184.8%
Capital Expenditures	3,604.0	3,490.0	3,386.0	3,198.0	2,756.0	3,361.0	3,774.0	5,336.0	3,446.0	1.5%
Free Cash Flow	13,966.0	59,754.0	44,101.0	43,746.0	50,977.0	12,135.0	33,178.0	18,173.0	24,067.0	-188.7%

Valuation Summary				
Latest FY	est FQ	5 Year Periodicity: Yearly		
12/31/2020		High	Low	Avg
P/E (LTM)	12.3x	15.2x	7.9x	11.7x
P/E (NTM)	8.9x	12.2x	6.9x	9.8x
PEG (NTM)	0.5x	1.5x	0.5x	0.9x
P/Bk	0.7x	1.1x	0.7x	0.9x
P/CF		5.4x	3.2x	4.0x
P/Sales	1.4x	2.3x	1.3x	1.8x
EV/EBITDA	6.0x	8.3x	5.5x	6.7x
EV/Sales	2.2x	4.0x	2.2x	3.2x
Div Yield	3.3%	3.3%	0.7%	2.2%

Ratios	12/12 Y	12/13 Y	12/14 Y	12/15 Y	12/16 Y	12/17 Y	12/18 Y	12/19 Y	12/20 Y	5 Yr Avg
Gross Margin	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA Margin	34.5%	42.3%	35.2%	45.6%	45.3%	48.3%	53.0%	56.1%	37.3%	48.0%
EBIT Margin	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit Margin	8.4%	14.7%	8.0%	19.5%	17.9%	-7.6%	18.6%	18.8%	12.4%	12.0%
Return on Assets	0.4	0.7	0.4	1.0	0.8	-0.4	1.0	1.0	0.5	0.6
Return on Com Eqty	4.0	6.9	3.4	8.0	6.6	-4.2	9.3	10.3	5.6	5.5
Asset Turnover	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Assets/Equity	9.8	9.1	8.7	7.8	7.9	9.1	9.7	10.1	11.3	9.6
Net Inc per 1000 Employee	29.1	54.4	30.3	74.6	68.1	-32.5	88.5	97.0	52.6	54.7
Days Sales Out (DSO)	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acc Pay Turn Days (DPO)	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Ratio	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Quick Ratio	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Debts/Total Capital	76.6	74.4	73.2	68.4	69.6	73.5	75.2	75.1	76.6	74.0
Total Debt/Total Equity	326.5	290.5	273.0	216.3	229.3	277.2	304.0	301.4	326.9	287.7

Balance Sheet / Capital Deployment
 Balance Sheet metrics, such as Tier One Capital Ratios, have greatly improved since the financial crisis more than a decade ago, and are now on par with other large cap diversified banks. The improving balance sheet has allowed the company to sharply increase the dividend and share buybacks over the past 5 years.

Valuation
 At \$77 per share, Citigroup trades at 8.7x estimated 2021 earnings and less than book value, representing a 15-20% discount to its peers in the banking industry. Relative valuation is especially compelling compared to industry leader JP Morgan, which trades at 12.6x earnings, and nearly 2x book value. If Citigroup can execute on its plans to improve its ROE over time, there is significant valuation expansion opportunity.

Risks
 A slowdown in the global economy, lower interest rates, and deteriorating credit quality are among the many risks associated with Citigroup and other bank stocks. Failure to execute on restructuring initiatives, or to fix issues surrounding recent regulatory and internal controls violations is an additional risk factor.