

# EFG Hermes Holding



2Q2019 Results Presentation



# Group Overview

## Group Performance Highlights

- ≡ Another buoyant quarter for EFG Hermes, with the Group growing its bottom line by roughly 50% for the second quarter and the first half of the year. Group net profits crossed the three hundred million pounds for another quarter, reporting a net profit after tax and minority interest of EGP304 million in 2Q19, up 49% Y-o-Y, driven by higher net profit reported by the Investment Bank and the NBFIs;
- ≡ Group revenues increased 13% Y-o-Y to reach EGP1.1 billion in 2Q19, driven by strong revenue growth delivered by the NBFIs platform, which contribution to the Group's revenues reached 31% in 2Q19;
- ≡ Fees and commissions, which represented 75% of the Group revenues in 2Q19, rose 15% Y-o-Y to EGP784 million, underpinned by Tanmeyah's robust revenue growth;

- ≡ The NBFIs platform continues to deliver strong results, with its revenues climbing 73% Y-o-Y to EGP322 million in 2Q19. Tanmeyah was the main contributor to that growth with its revenues increasing 83% Y-o-Y to EGP275 million in 2Q19;
- ≡ Sell-side revenues inched up 4% Y-o-Y to EGP364 million in 2Q19, on higher Brokerage revenues and despite lower Investment Banking revenues;
- ≡ The buy-side revenues declined 31% Y-o-Y to EGP98 million in 2Q19, despite Private Equity's revenues climbing on higher management fees, as Asset Management revenues declined on lower incentive fees;

- ≡ Capital markets & treasury operations revenue contribution to the Group's total revenues came at 25% in 2Q19, with its revenues increasing 6% Y-o-Y to EGP267 million. Revenues were supported by net interest earned;
- ≡ The increase in the Group operating expenses was confined to a single digit, increasing 9% Y-o-Y to EGP672 million in 2Q19, on higher employee expenses and other operating expenses related to Tanmeyah's headcount expansion, the increase in its portfolio and higher number of branches as compared to a year earlier. Moreover, Employee expenses to operating revenues came at 45% in 2Q19;
- ≡ The Group's revenue growth surpassing the increase in expenses, for a second quarter, thus reporting a net operating profit of EGP379 million, up 21% Y-o-Y in 2Q19 and a net operating profit margin of 36%.

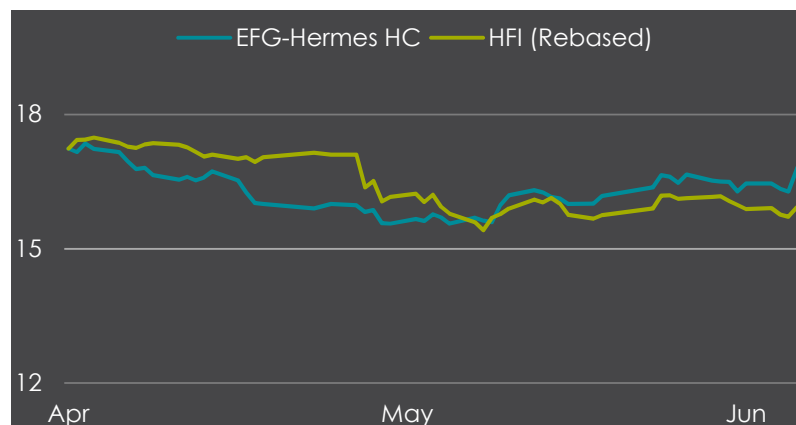
# Group Overview

## Share Information

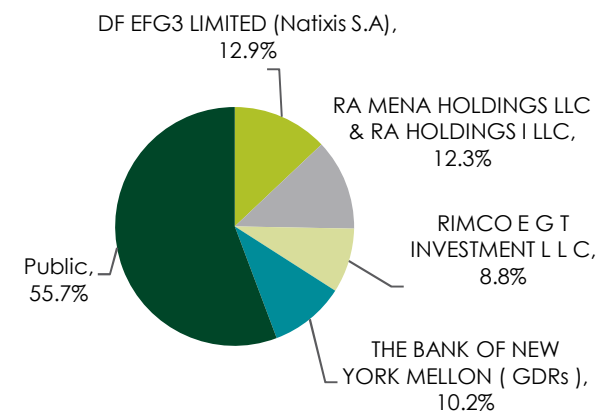
### Stock Performance 2Q19

Close **17.10** ▼ **0.8%** Q-o-Q  
 Open **17.24** Hi **17.35** Lo **15.56**  
 Average Daily Turnover  
**EGP0.7 mn** ▼ **49%** Q-o-Q  
 Market Cap **EGP13,143 mn** Shares **768.6 mn**

### Stock Price Performance



### Shareholders structure



\*Shareholders structure as of 30<sup>th</sup> June, 2019

### Analyst Recommendations Analysis

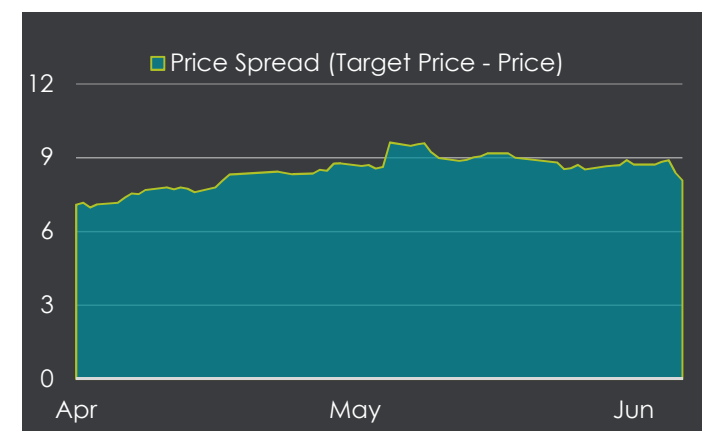
Institution	Recommendation	Target Price	Date
HC	Overweight	23.60	Feb-19
CI Capital	Overweight	26.10	Mar-19
Arqaam	Buy	22.60	Mar-19
HSBC	Buy	28.40	May-19

### Consensus Recommendation

**Buy** 4 **100%**  
**Hold** 0 **0%**  
**Sell** 0 **0%**  
**Average Target Price** **EGP 25.18**  
**Spread\*** **EGP 8.08**  
**Potential Upside** **47%**

\* Based on 30<sup>th</sup> June, 2019 closing price

### Price Spread

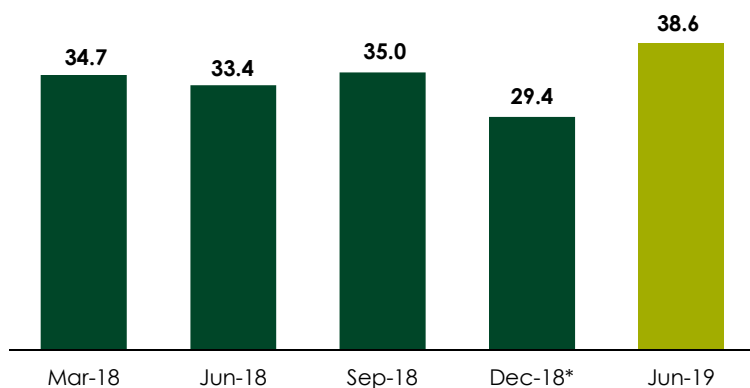


# Group Overview

## Balance Sheet

**Total Assets,**  
up 31% YTD

In EGP bn

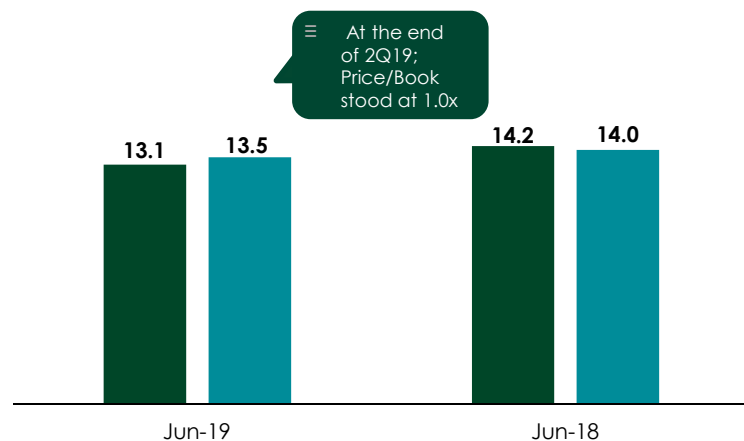


\* Restated to reflect changes in accounting treatment related to (IFRS 16)

## Total Equity/Market capitalization

In EGP bn

■ Market Capitalization ■ Shareholders' Equity\*



\* Equity Attributable to Shareholders

## EFG Hermes Balance Sheet as at 30<sup>th</sup> of June 2019

Assets - Liabilities	In EGP million
Cash and Cash Equivalents	8,284
Microfinance Receivables "Tanmeyah"	1,600
Finance Lease Receivables	2,951
Merchant Banking Loans	321
Asset Management Seed Capital	1,489
Private Equity Seed Capital	518
Fixed Assets and Real Estate	728
Clients Investments at FVTPL (Structured Products)	3,821
Payables to Clients at FVTPL (Structured Products)	(3,821)
(Receivables - Payables)	(94)
(Other Assets - Other Liabilities)	(1,639)
Goodwill and Other Intangible Assets	1,004
Trading and AFS Investments	828
Crédit Libanais	1,137
SODIC	114
Short & Long term Loans	(3,279)
Minority	(424)
<b>Total</b>	<b>13,536</b>



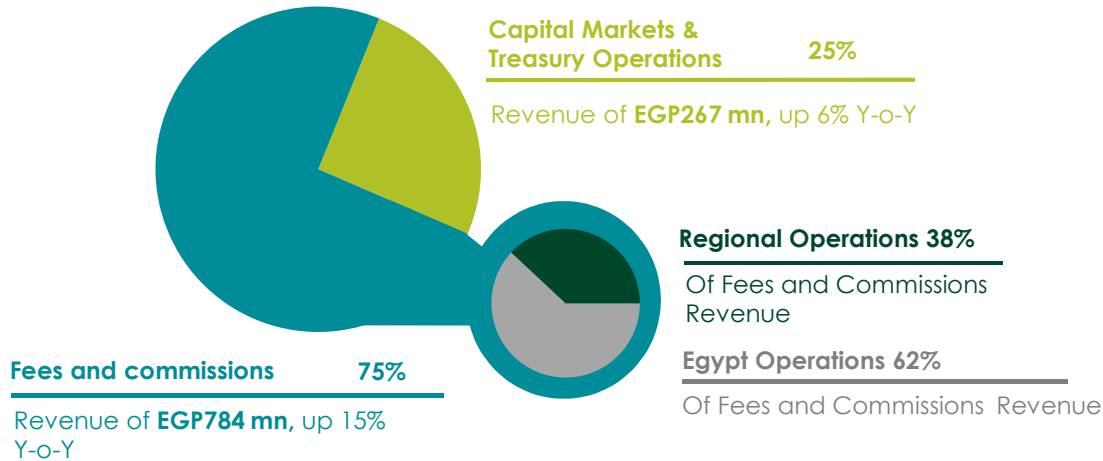
## I. Second Quarter Results Review – 2Q2019

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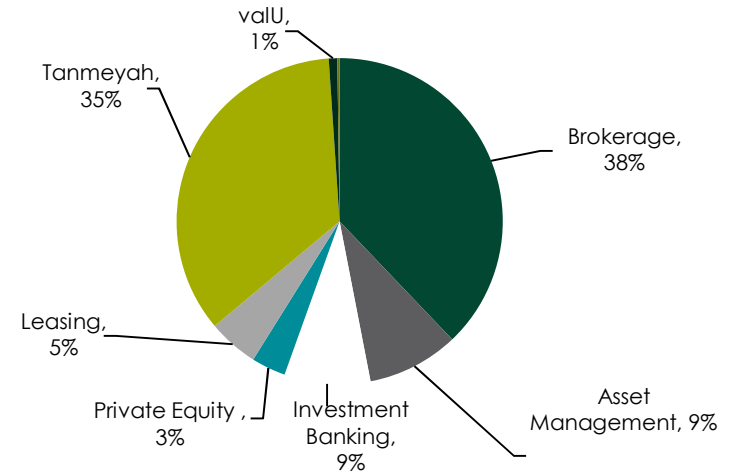
# Group Overview

## Group Financial Highlights – 2Q2019

### EFG Hermes Revenue Breakdown

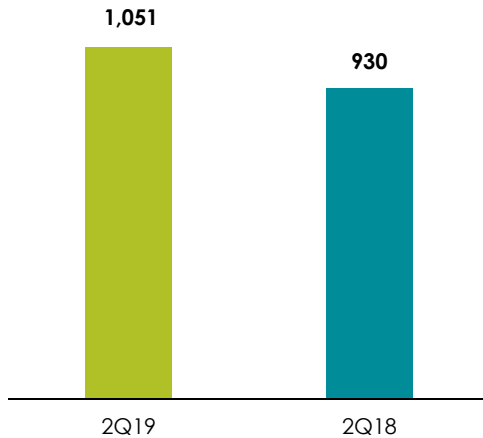


### Fees and Commissions Revenue Breakdown



### EFG Hermes Operating Revenue, up 13% Y-o-Y

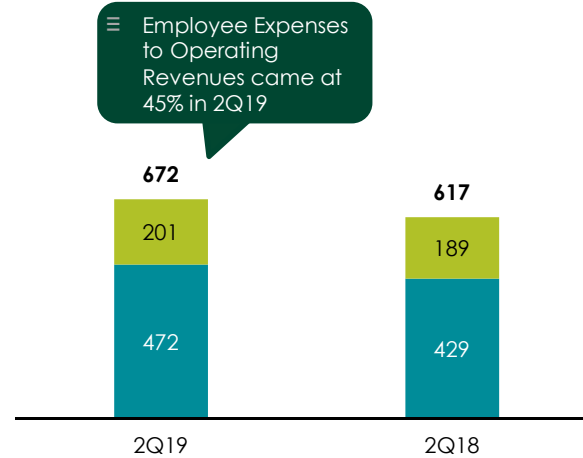
In EGP mn



### EFG Hermes Operating Expenses, up 9% Y-o-Y

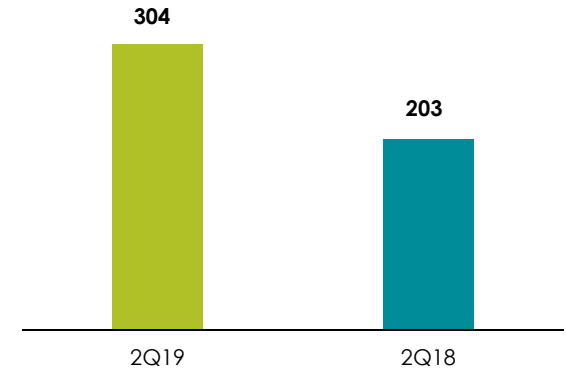
In EGP mn

■ Employees Expense ■ Other Operating Expenses



### EFG Hermes Net Profit After Tax and Minority Interest, up 49% Y-o-Y

In EGP mn



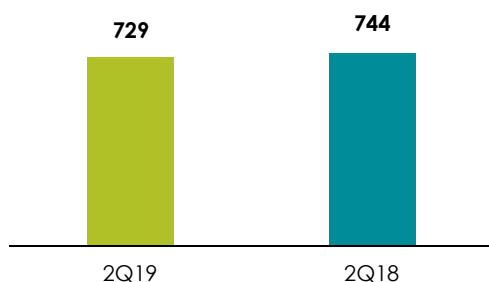
# Group Overview

## Platforms Financial Highlights – 2Q2019

### EFG Hermes Revenue Breakdown by Platform

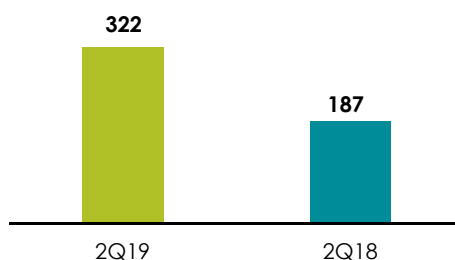
#### Investment Bank Revenues down 2% Y-o-Y

In EGP mn

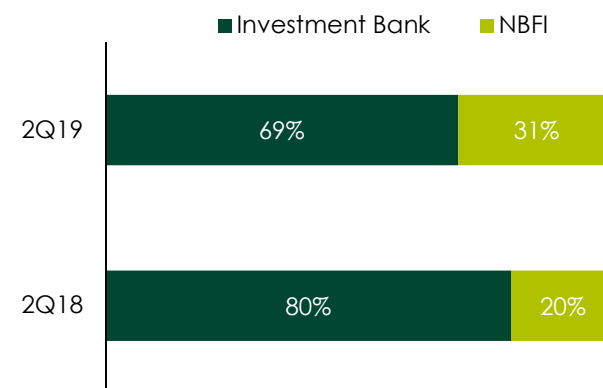


#### NBFIs Revenues up 73% Y-o-Y

In EGP mn



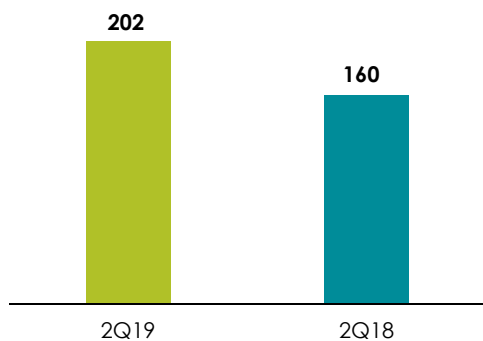
#### Revenues Contribution by Platform



### EFG Hermes NPAT Breakdown by Platform

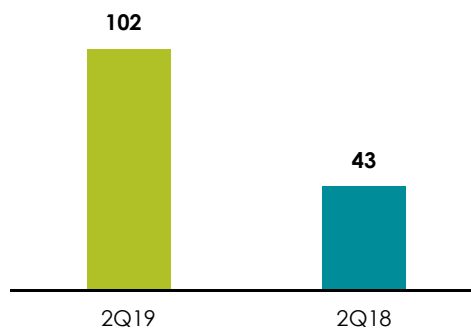
#### Investment Bank NPAT up 26% Y-o-Y

In EGP mn

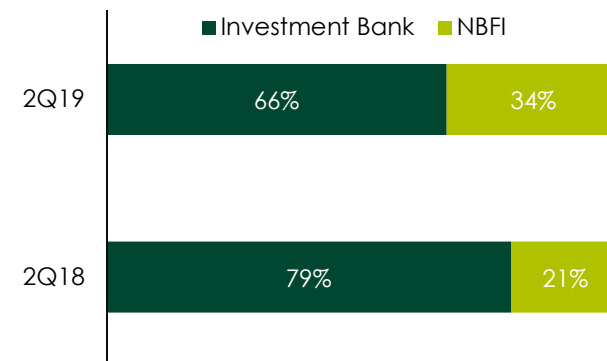


#### NBFIs NPAT up 138% Y-o-Y

In EGP mn



#### NPAT Contribution by Platform



# Investment Bank Overview

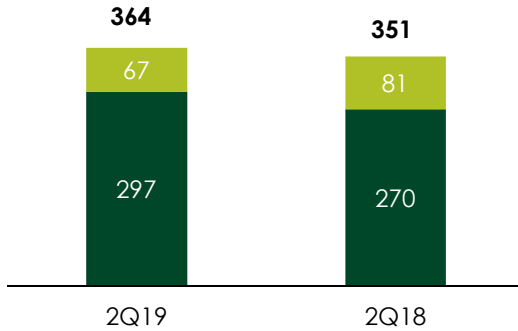
## Investment Bank Highlights – 2Q2019

### EFG Hermes Revenue Breakdown by Platform

#### Sell-Side Revenues, up 4% Y-o-Y

In EGP mn

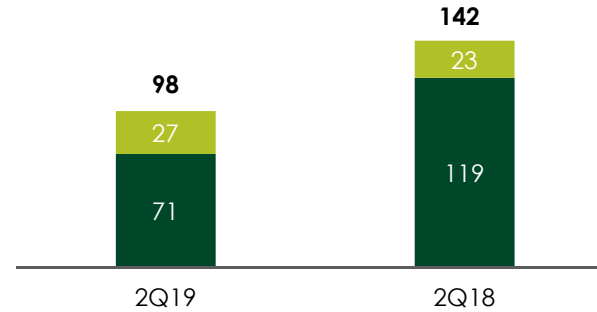
■ Brokerage ■ Investment Banking



#### Buy-Side Revenues, down 31% Y-o-Y

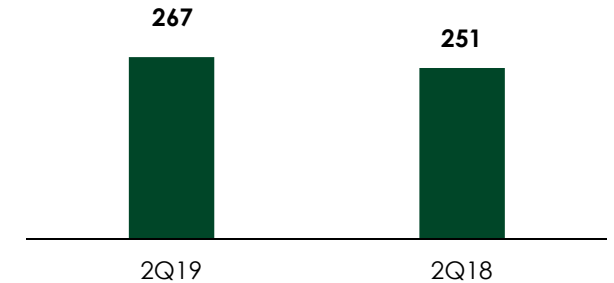
In EGP mn

■ Asset Management ■ Private Equity

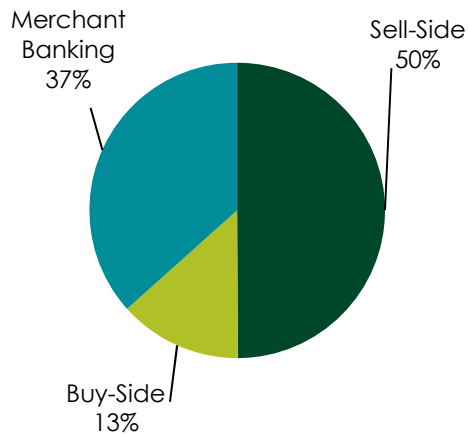


#### Capital Markets Revenues, up 6% Y-o-Y

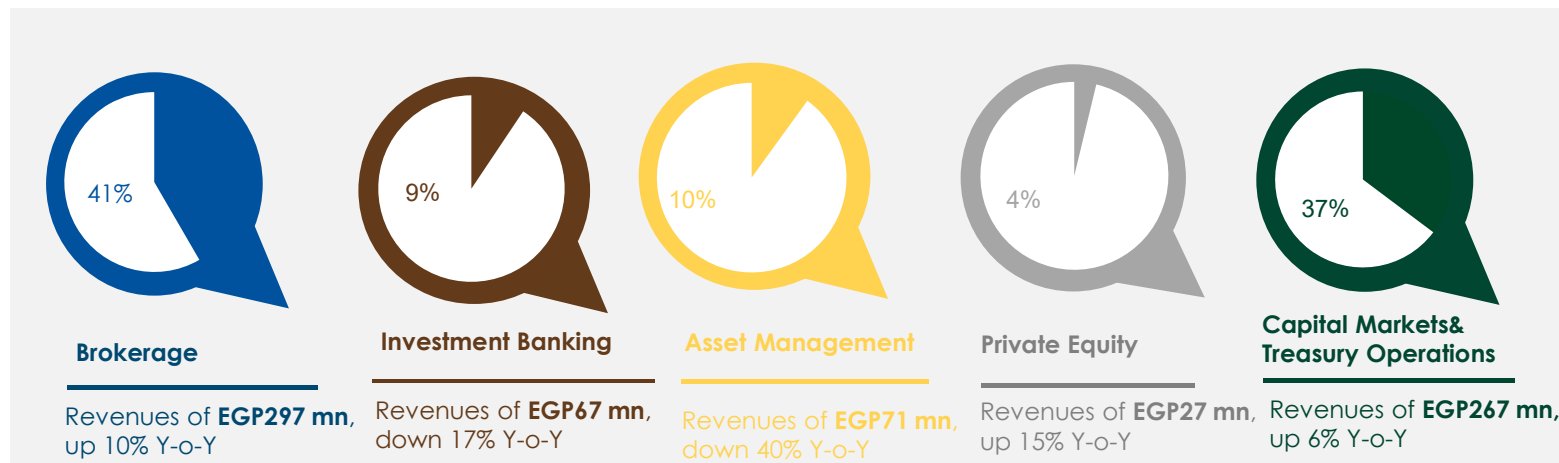
In EGP mn



### Revenues Contribution by Platform



### Investment Bank Revenue breakdown

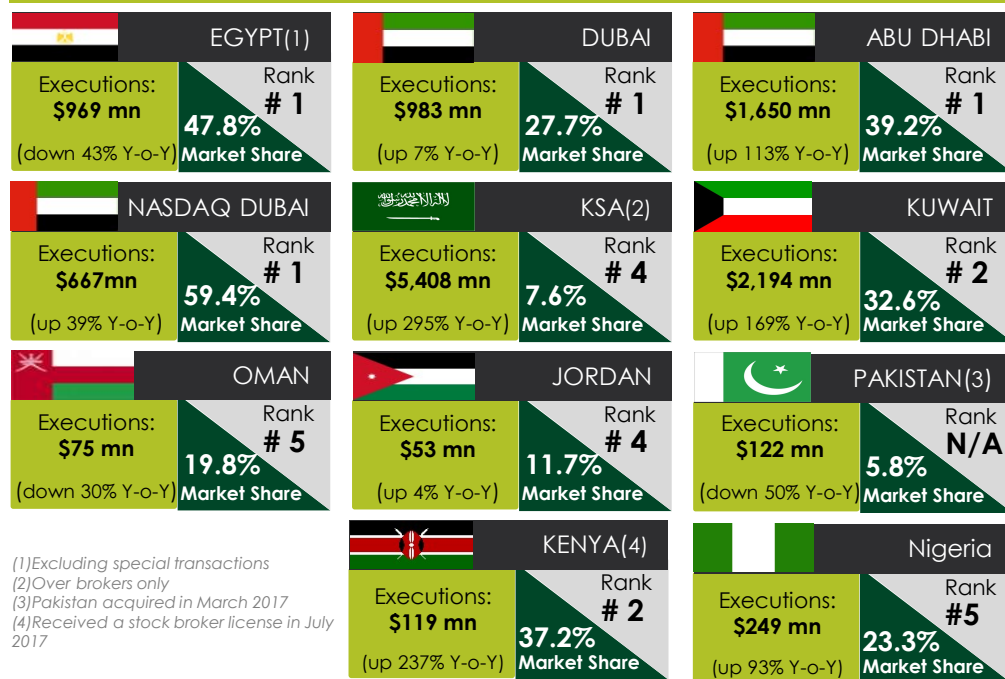




# Investment Bank Overview

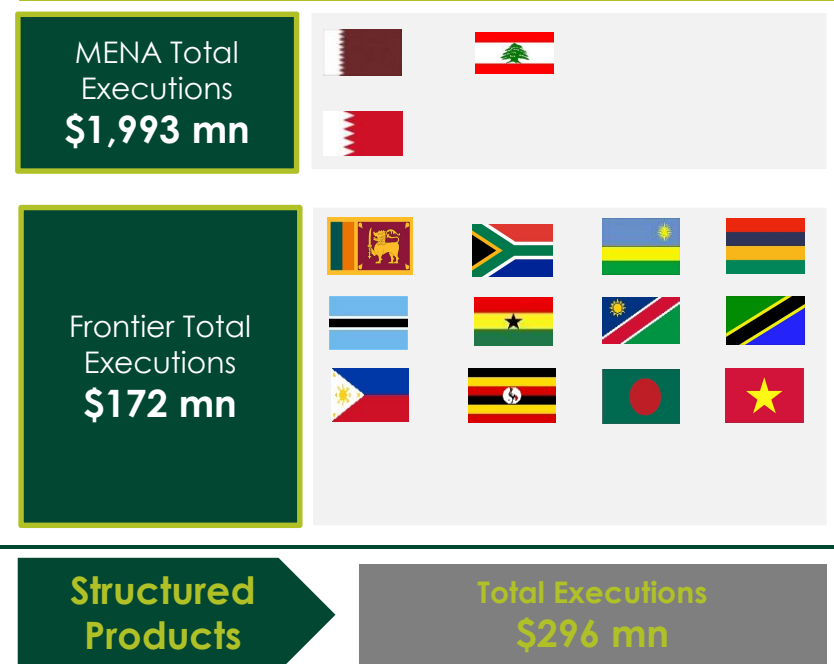
## Brokerage Overview – 2Q2019

### Direct Presence



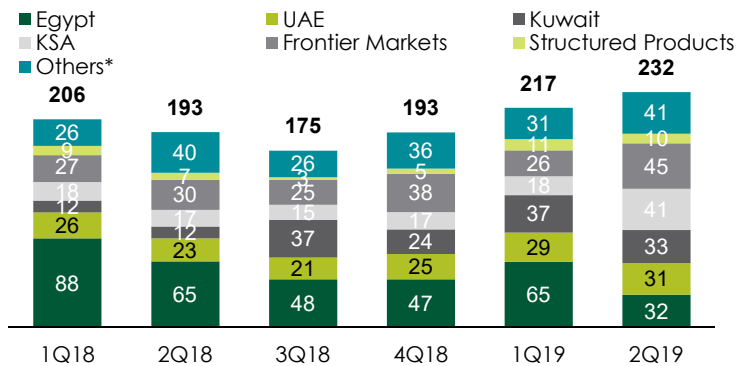
(1) Excluding special transactions  
 (2) Over brokers only  
 (3) Pakistan acquired in March 2017  
 (4) Received a stock broker license in July 2017

### Indirect Presence



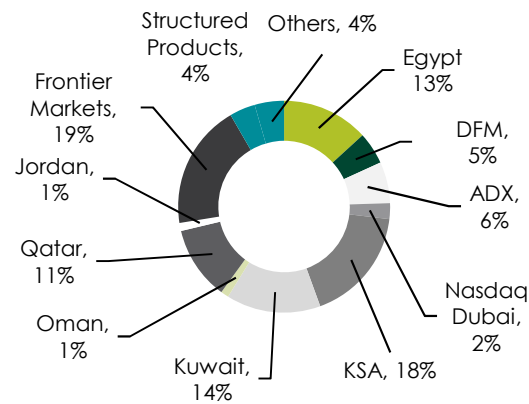
### Average Daily Commissions

In USD thousand



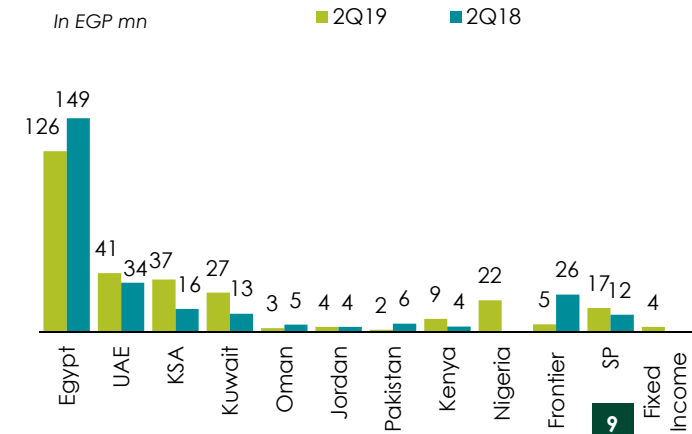
\*Others including: Qatar, Oman, Lebanon, Jordan, UK and (GDRs)

### Fees Contribution by Market/Product



\*Based on 2Q19 figures

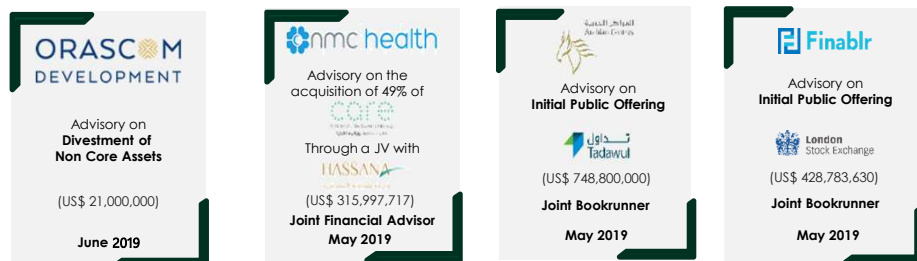
### Brokerage Revenue by Country (Operations)



# Investment Bank Overview

## IB and PE Overview – 2Q2019

### Investment Banking

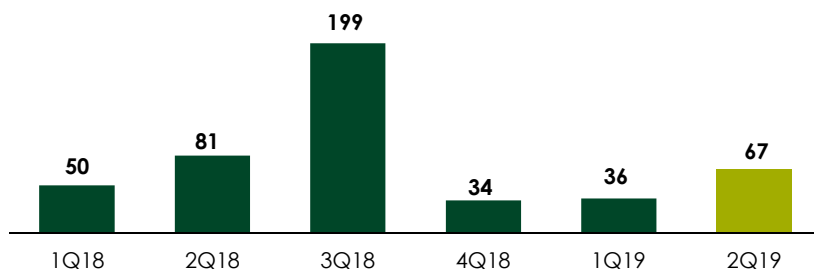


≡ In 2Q19, EFG Hermes' Investment Banking division successfully advised on four transactions worth an aggregate value of USD1.5 billion.

- ≡ The team acted as a joint book runner on the USD749 million initial public offering of Saudi-based mall operator Arabian Centres Company.
- ≡ The team concluded its advisory on the USD429 million initial public offering of UK-based payments group Finabl on the London Stock Exchange (LSE), as a joint bookrunner.
- ≡ The team acted as financial advisor to NMC Healthcare on the acquisition of a 49% stake in National Medical CARE, amounting to USD316 million, through a joint venture with Hassana Investment Company.
- ≡ The team advised Orascom Development on the divestment of its non-core assets, through the sale of its 87% stake in Tamweel Group for a total value of USD21 million.

### Investment Banking Revenue

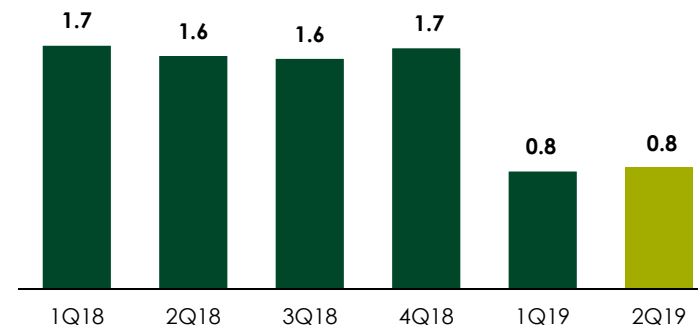
In EGP mn



### Private Equity

#### Private Equity AUMs Evolution

In USD bn

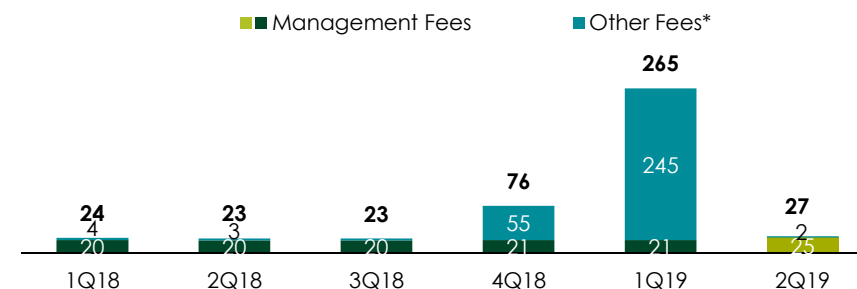


≡ Vortex Solar's EBITDA reached GBP15 million in 2Q19, overachieving its budget.

≡ EFG Hermes successfully completed the 2<sup>nd</sup> closing of the Egypt Education fund on the 27<sup>th</sup> of June 2019 with commitments amounting to USD24 million.

#### Private Equity Revenue

In EGP mn



\* Other Fees includes incentive fees, upfront fees and other revenues

# Investment Bank Overview

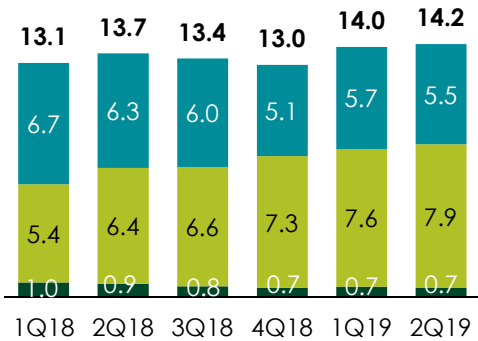
## Asset Management Overview – 2Q2019

### Egypt Asset Management

#### Assets Under Management

In EGP bn

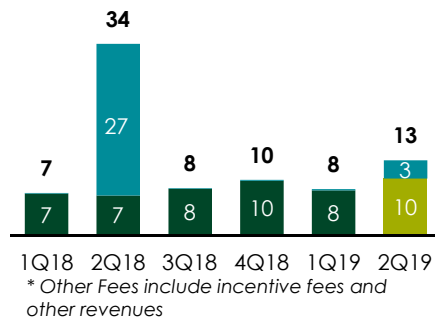
- Portfolios
- Money Market & Fixed Income
- Egypt Equity Funds



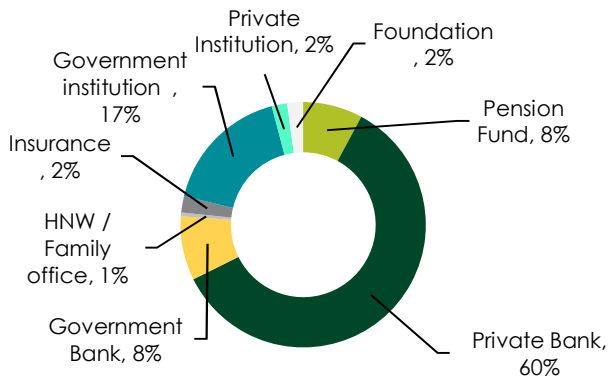
#### Revenue Breakdown

In EGP mn

- Management Fees
- Other Fees\*



#### AuMs Breakdown by Investor Type



#### AuMs Breakdown by Region

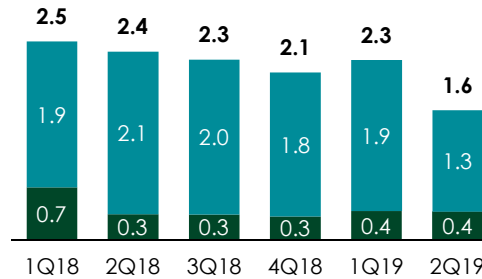


### Regional Asset Management "FIM"

#### Assets Under Management

In USD bn

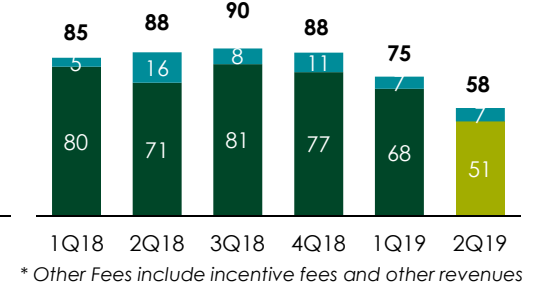
- Regional Equity Portfolios
- Regional Equity Funds



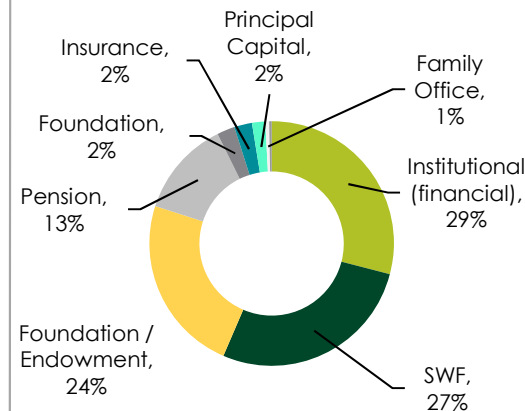
#### Revenue Breakdown

In EGP mn

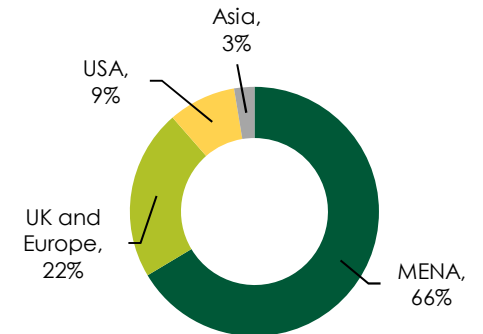
- Management Fees
- Other Fees\*



#### AuMs Breakdown by Investor Type



#### AuMs Breakdown by Region

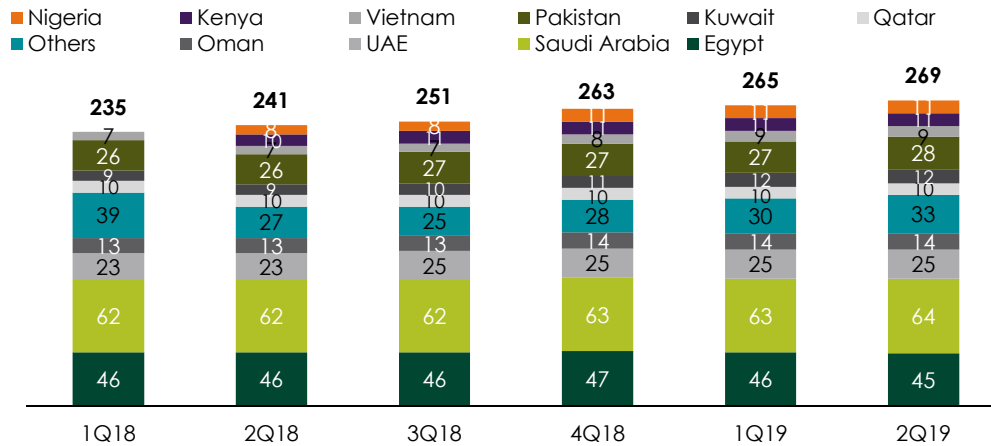


# Investment Bank Overview

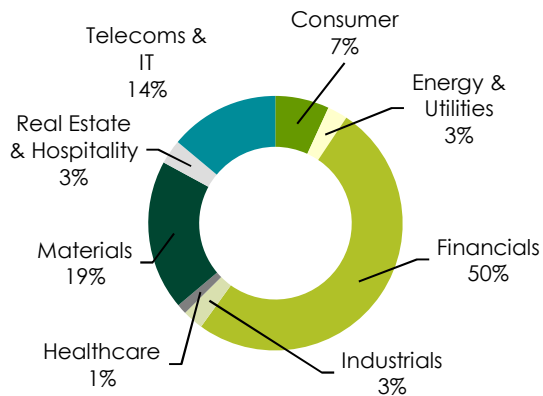
## Research Overview – 2Q2019

### Research Coverage Universe

Number of Companies



### Research coverage by Sector



- ≡ In 2Q19, the team initiated coverage on Leejam Sports, a leading gym company in Saudi Arabia, Searle pharmaceutical company in Pakistan and lastly we initiated on our first East African brewery company (aptly named East African Brewery Company).
- ≡ The team initiated coverage on Ghana's Banking sector (three companies)
- ≡ The team did two IPO research notes, Finabl, a leading financial services company and Arabian Centers, a leading mall player in Saudi Arabia.

## Awards/Rankings



### EMMA Finance

Deal Maker of the year  
Best Equity House (MENA)  
Best M&A House (MENA)  
Best IPO in Africa (CIRA)  
Best M&A Advisory (EFG Hermes/GEMS-TMG)  
Best Securitization in Africa (EFG Hermes Leasing)



### AFE Annual Conference

Highest value of shares traded DFM  
Highest value of shares traded ADX  
Highest value of shares traded Boursa Kuwait  
Highest value of shares traded EGX



### Global Finance

Best Investment Bank in MENA  
Best Investment Bank in Egypt  
Best Equity bank in Africa



### Extel Survey

1<sup>st</sup> Research House in Frontier Markets  
2<sup>nd</sup> Research House in MENA Region



### Euromoney

Best Investment Bank in MENA  
Best Investment Bank in Egypt



### Terrapin Seamless Award

MENA Fintech innovation of the year (valu)



### Conference of Euro-Asian Exchanges

Gold Medal (EGX)

# NBFs Overview

## NBFs Financial Highlights – 2Q2019

### EFG Hermes Revenue Breakdown by Platform

#### Leasing Revenues,

up 14% Y-o-Y

In EGP mn

#### Tanmeyah Revenues,

up 83% Y-o-Y

In EGP mn

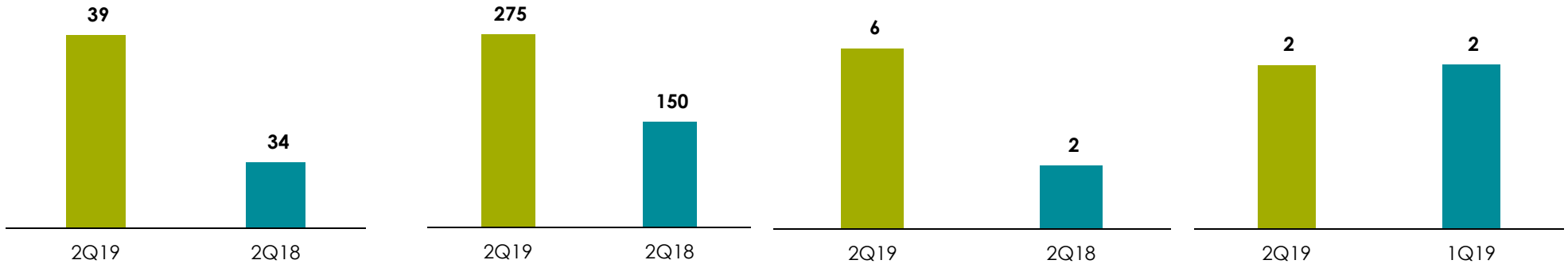
#### valU Revenues,

up 187% Y-o-Y

In EGP mn

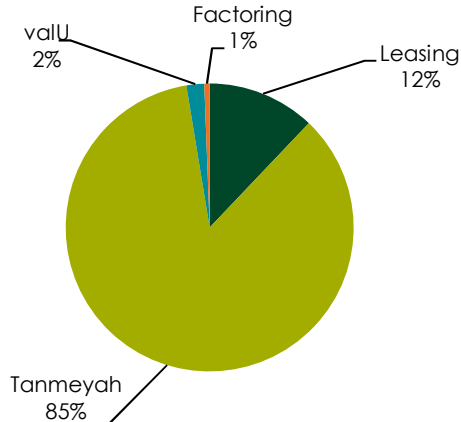
#### Factoring Revenues\*,

In EGP mn

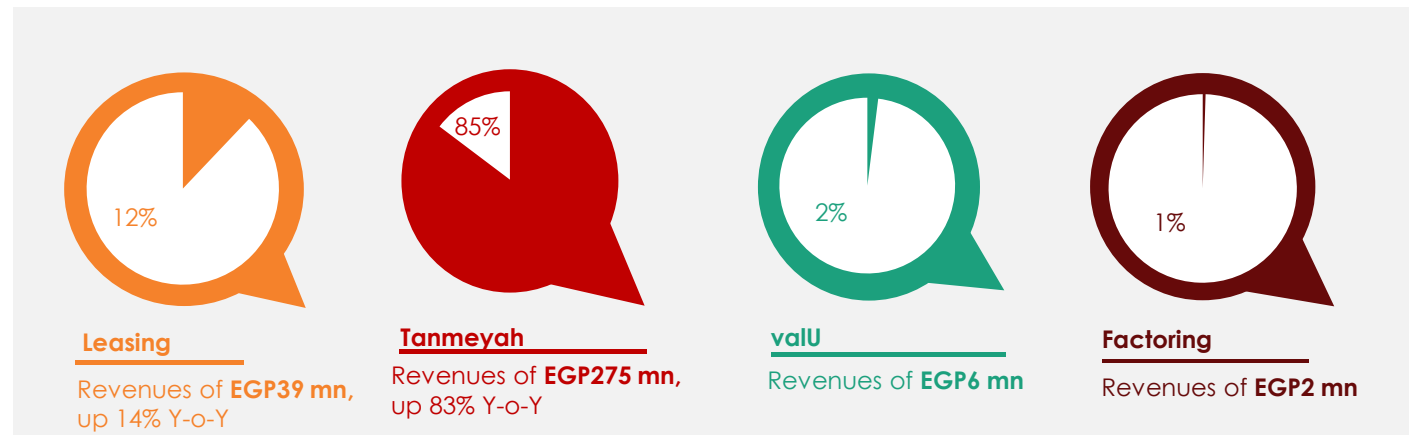


\*Factoring business launched in 4Q18

### NBFs Revenues Contribution



### NBFs Revenue breakdown



# NBFIs Overview

## Leasing and Tanmeyah Operational and Financial Overview – 2Q2019

### KPIs

EGP **3.3** bn  
Total Outstanding  
Portfolio

EGP **2.9** bn  
On-books Outstanding  
Portfolio

EGP **713** mn  
Receivables Value of  
New Contracts

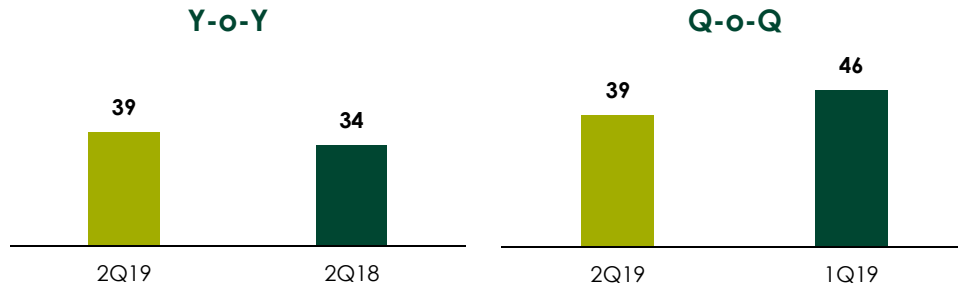
EGP **464** mn  
Net Financed Amount  
for New Contracts

**25**  
Number of New  
Contracts

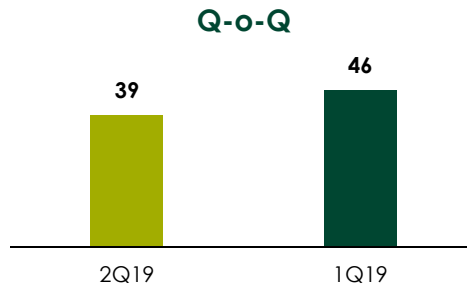
### Leasing Revenue

In EGP mn

#### Y-o-Y



#### Q-o-Q



### KPIs

EGP **3.2** bn  
Total Portfolio  
Outstanding

**355,614**  
Total Number of  
Active Borrowers

**93,438**  
Total Number of  
Loans Issued

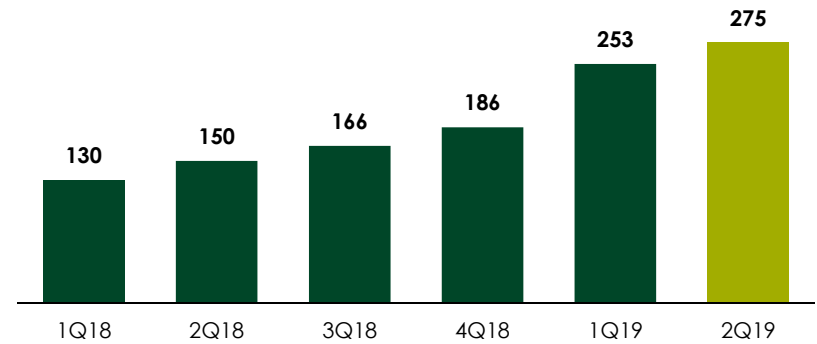
**107,721**  
Total Number of  
Processed Applications

**5**  
New Branches in  
2Q19

**4,198**  
Total Staff

### Micro-Finance Revenue

In EGP mn

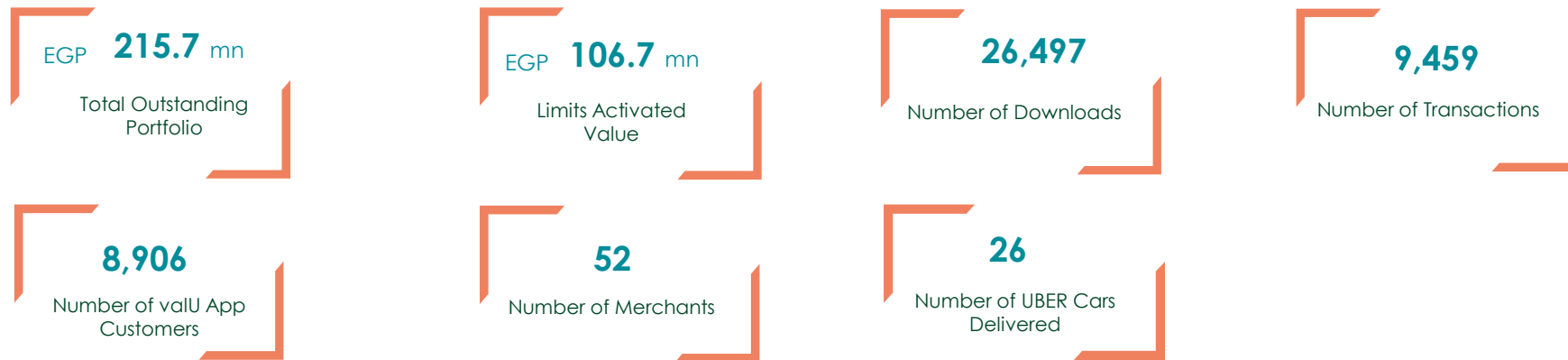


# NBFIs Overview

valU Operational and Financial Overview – 2Q2019

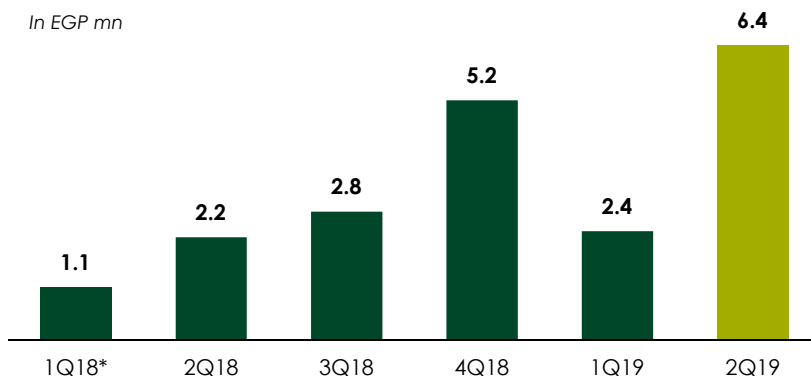


## KPIs



## valU Revenue

In EGP mn



\* Launched in January 2018

**Cairo, Alexandria, Hurghada,  
Tanta & Mansoura**  
Existing Governorates



## II. First Half Results Review – 1H2019

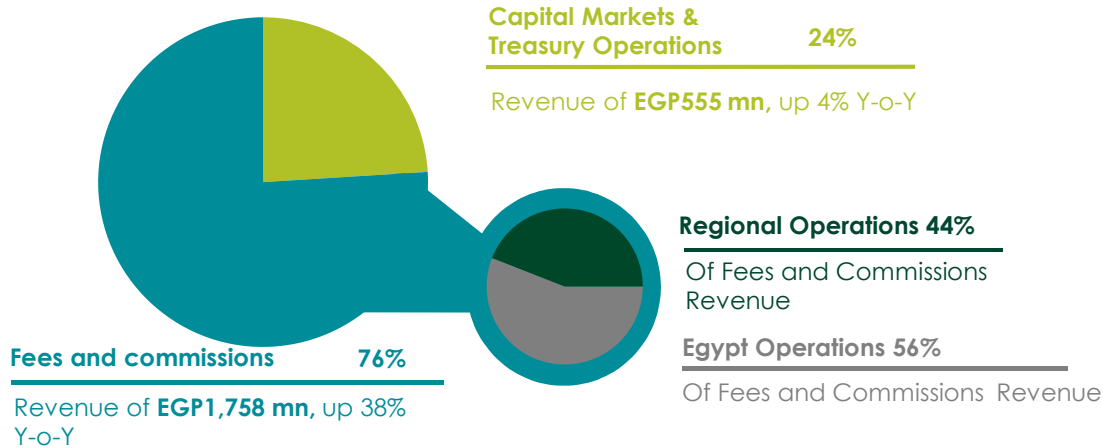
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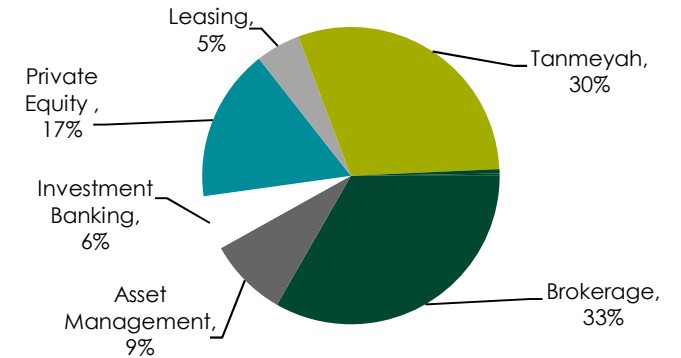
# Group Overview

## Group Financial Highlights – 1H2019

### EFG Hermes Revenue Breakdown

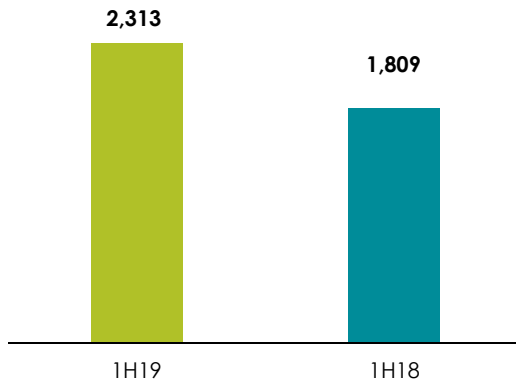


### Fees and Commissions Revenue Breakdown



### EFG Hermes Operating Revenue, up 28% Y-o-Y

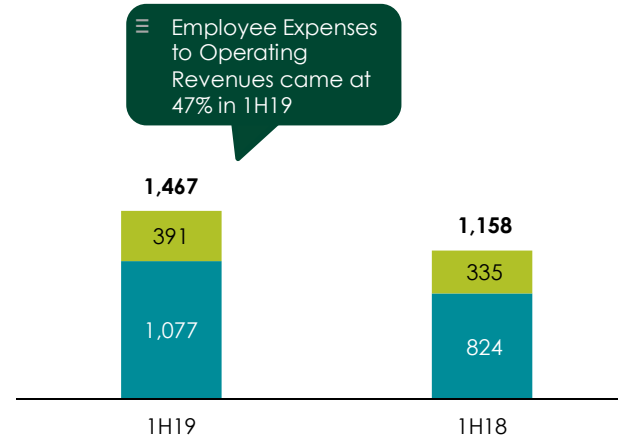
In EGP mn



### EFG Hermes Operating Expenses, up 27% Y-o-Y

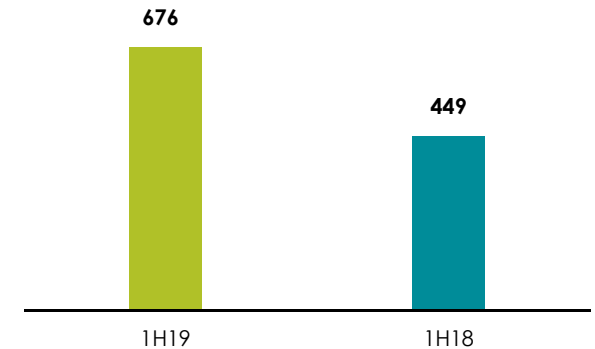
In EGP mn

■ Employees Expense ■ Other Operating Expenses



### EFG Hermes Net Profit After Tax and Minority Interest, up 51% Y-o-Y

In EGP mn



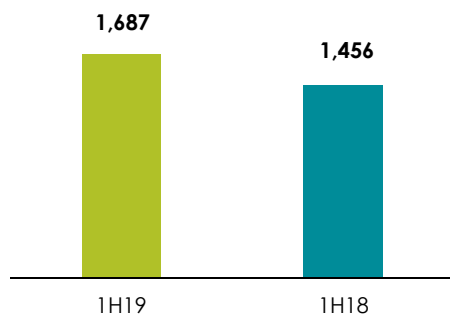
# Group Overview

## Platforms Financial Highlights – 1H2019

### EFG Hermes Revenue Breakdown by Platform

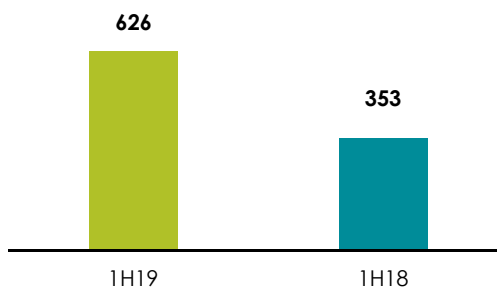
#### Investment Bank Revenues up 16% Y-o-Y

In EGP mn

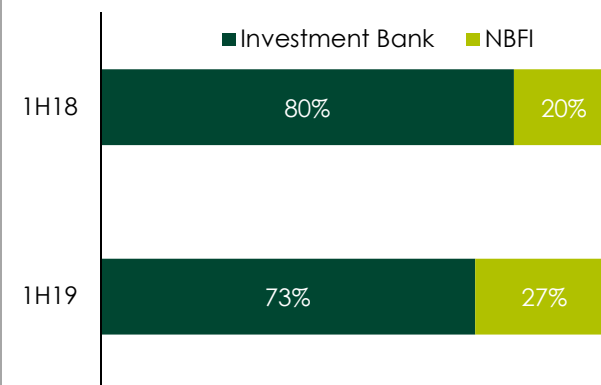


#### NBFIs Revenues up 77% Y-o-Y

In EGP mn



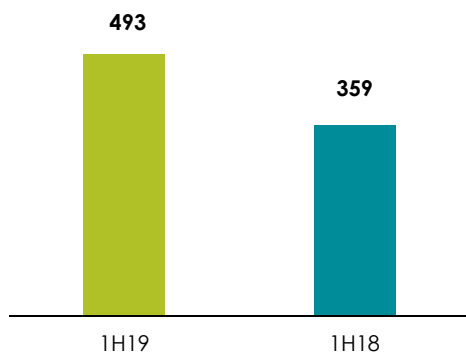
#### Revenues Contribution by Platform



### EFG Hermes NPAT Breakdown by Platform

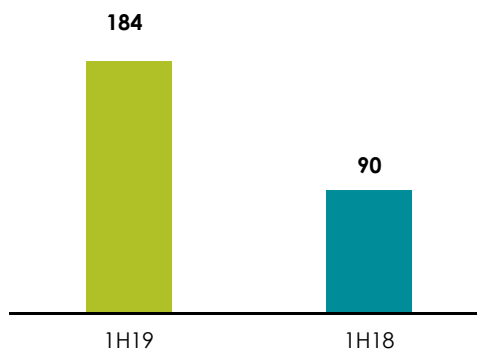
#### Investment Bank NPAT up 37% Y-o-Y

In EGP mn

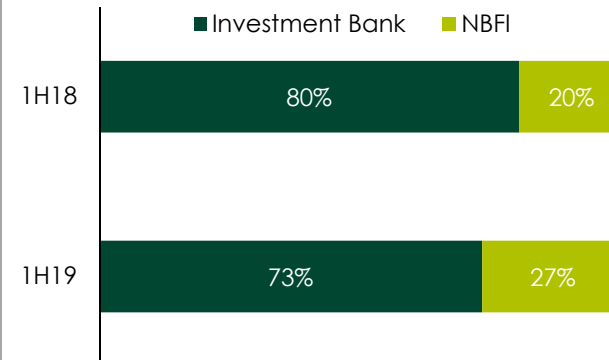


#### NBFIs NPAT up 104% Y-o-Y

In EGP mn



#### NPAT Contribution by Platform



# Investment Bank Overview

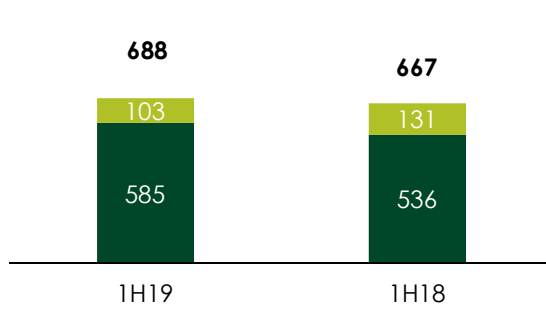
## Investment Bank Highlights – 1H2019

### EFG Hermes Revenue Breakdown by Platform

#### Sell-Side Revenues, up 3% Y-o-Y

In EGP mn

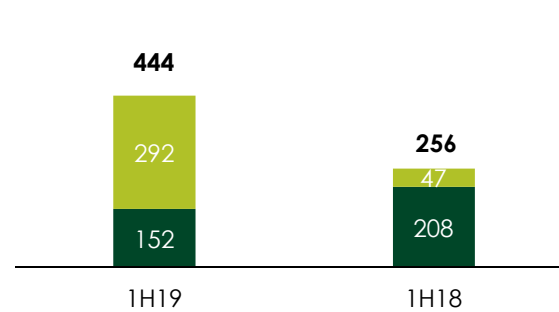
■ Brokerage ■ Investment Banking



#### Buy-Side Revenues, up 74% Y-o-Y

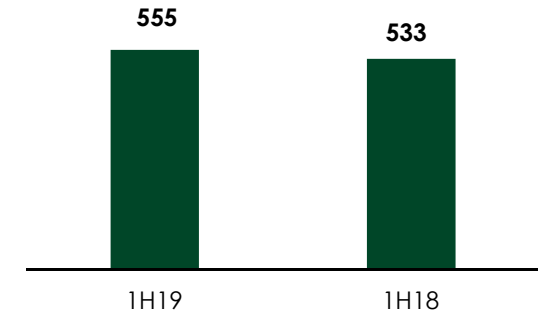
In EGP mn

■ Asset Management ■ Private Equity

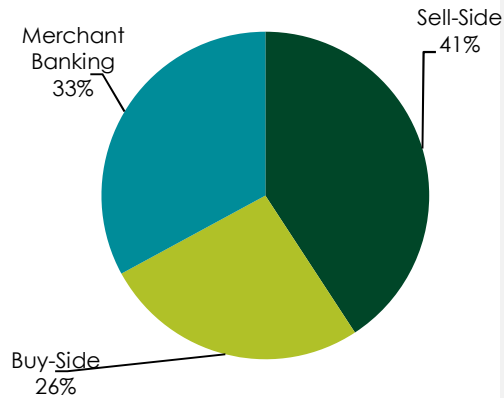


#### Capital Markets Revenues, up 4% Y-o-Y

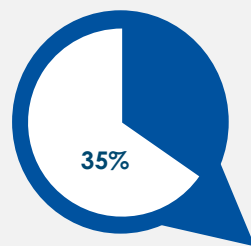
In EGP mn



#### Revenues Contribution by Platform

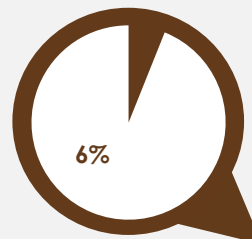


#### Investment Bank Revenue breakdown



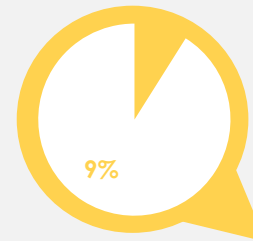
#### Brokerage

Revenues of **EGP585 mn**,  
up 9% Y-o-Y



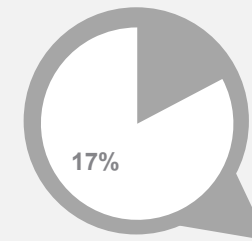
#### Investment Banking

Revenues of **EGP103 mn**,  
down 21% Y-o-Y



#### Asset Management

Revenues of **EGP152 mn**,  
down 27% Y-o-Y



#### Private Equity

Revenues of **EGP292 mn**,  
up 51% Y-o-Y



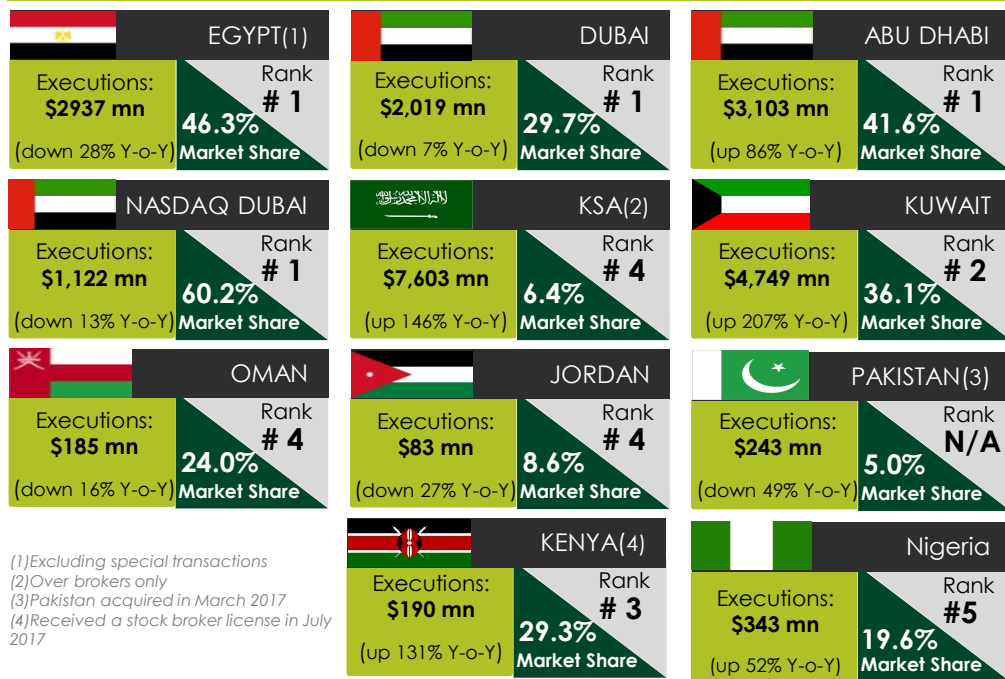
#### Capital Markets & Treasury Operations

Revenues of **EGP555 mn**,  
up 4% Y-o-Y

# Business Lines Overview

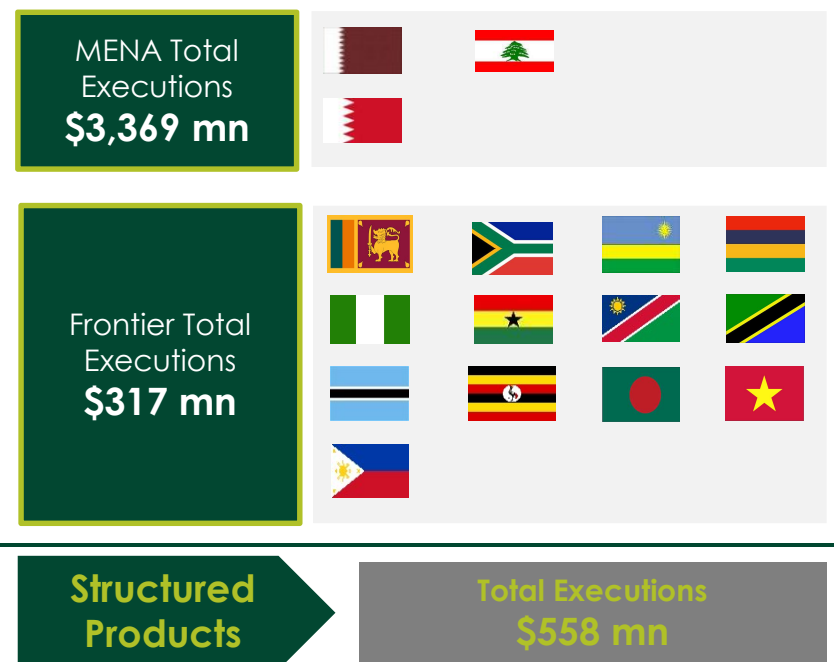
## Brokerage Operational and Financial Overview – 1H2019

### Direct Presence

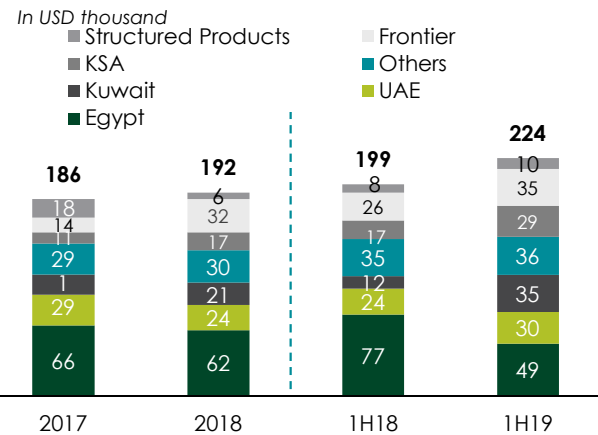


(1) Excluding special transactions  
 (2) Over brokers only  
 (3) Pakistan acquired in March 2017  
 (4) Received a stock broker license in July 2017

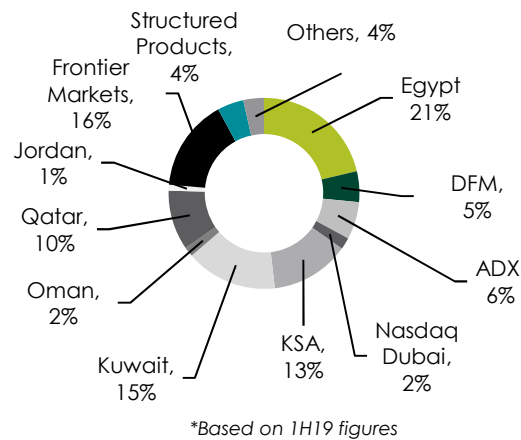
### Indirect Presence



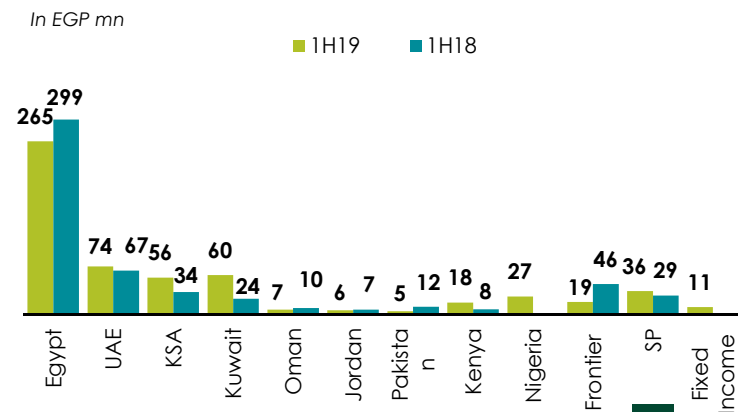
### Average Daily Commissions



### Fees Contribution by Market/Product



### Brokerage Revenue by Country (Operations)

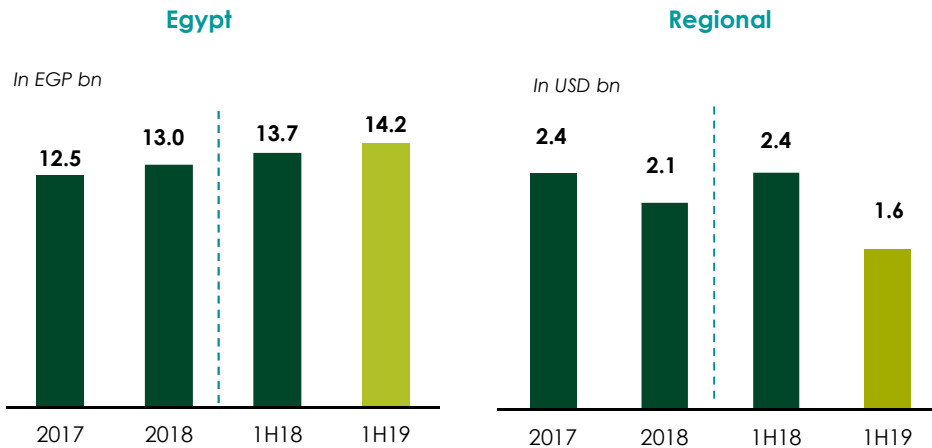


# Business Lines Overview

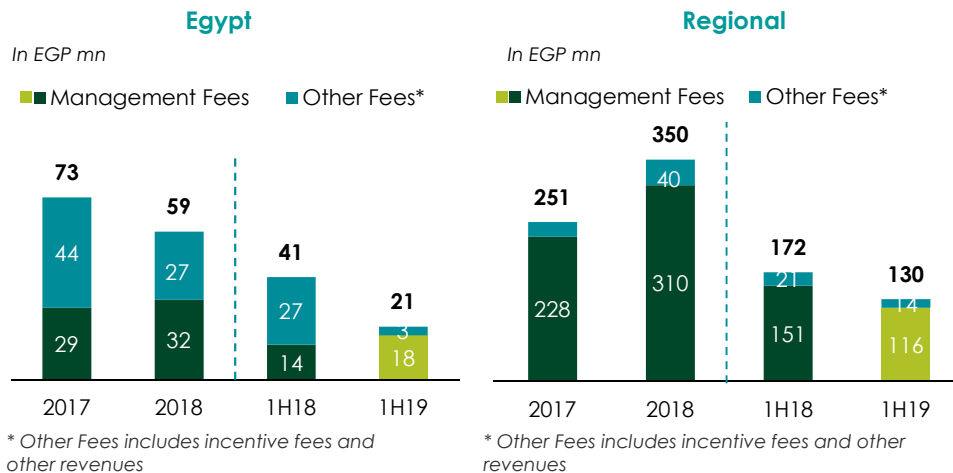
AM and PE Operational and Financial Overview – 1H2019

## Asset Management

### Asset Management AuMs Evolution

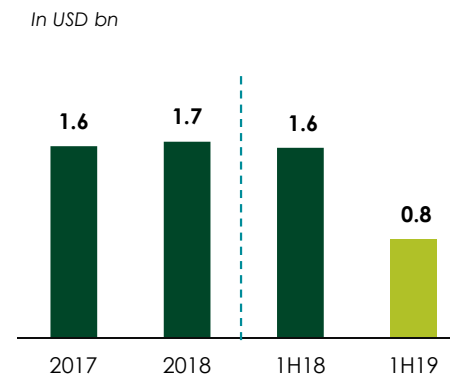


### Asset Management Revenue



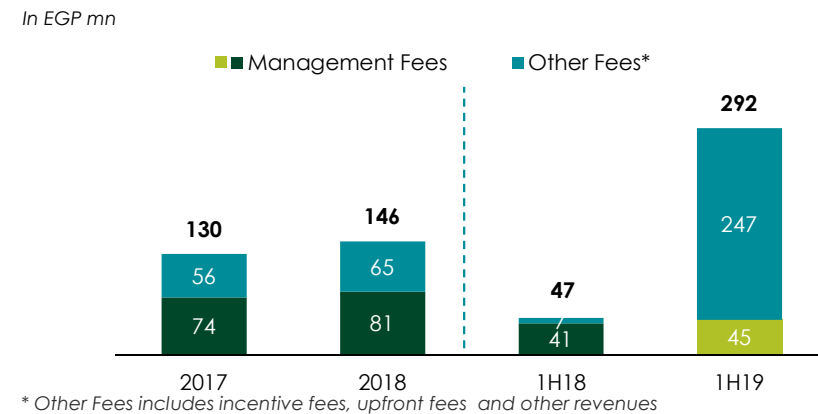
## Private Equity

### Private Equity AuMs Evolution



EFG Hermes successfully completed the 2<sup>nd</sup> closing of the Egypt Education Fund on the 27<sup>th</sup> of June 2019, thus bringing the fund's total commitments to around USD133 million

### Private Equity Revenue



# Business Lines Overview

## IB Operational and Financial Overview- 1H2019

### Investment Banking

**ORASCOM DEVELOPMENT**

Advisory on  
**Divestment of  
Non Core Assets**

(US\$ 21,000,000)

June 2019

**nmc health**

Advisory on the  
acquisition of 49% of

Through a JV with  
**HASSANA**

(US\$ 315,997,717)

Joint Financial Advisor  
May 2019

شركة الإمارات  
للخدمات المالية - EFG

Advisory on  
**Initial Public Offering**

تداول  
**Tadawul**

(US\$ 748,800,000)

Joint Bookrunner  
May 2019

**Finabl**

Advisory on  
**Initial Public Offering**

London  
Stock Exchange

(US\$ 428,783,630)

Joint Bookrunner  
May 2019

Advisory on  
**Accelerated Equity Holding**

(US\$ 98,808,840)

Sole Bookrunner  
March 2019

الموريس للأسمنت  
Suez Cement  
Suez Cement Group

**HEIDELBERGCEMENT**

Advisory on  
**Sale of 100% Stake in El Minya  
White Cement Plant**

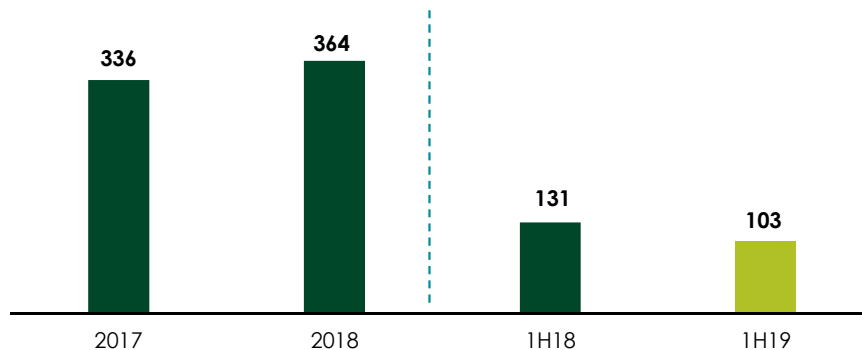
(US\$ 38,796,640)

Sell Side Advisor  
February 2019

- EFG Hermes' investment banking division successfully concluded 7 equity, M&A, and debt transactions in 1H19 worth an aggregate value of USD1.6 billion.
- The Team's 1Q19 achievements included the accelerated equity offering of a 4.5% stake in Eastern Company amounting to USD99 million, the USD39 million divestment of Suez Cement Group Companies' white cement plant in El Minya to Emaar Industries, and the arrangement of a USD8.7 million debt facility to a regional financial investor.
- The division's positive performance witnessed in 1H19 is expected to continue throughout the second half of the year.

### Investment Banking Revenue

In EGP mn

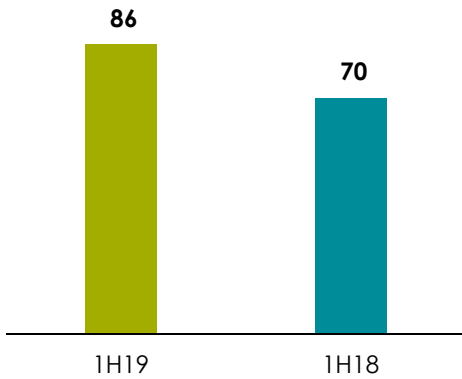


# NBFIs Overview

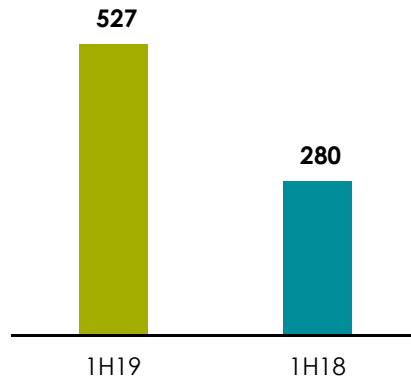
## NBFIs Financial Highlights – 1H2019

### EFG Hermes Revenue Breakdown by Platform

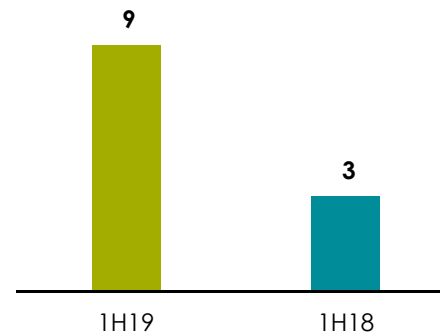
**Leasing Revenues,**  
up 23% Y-o-Y  
In EGP mn



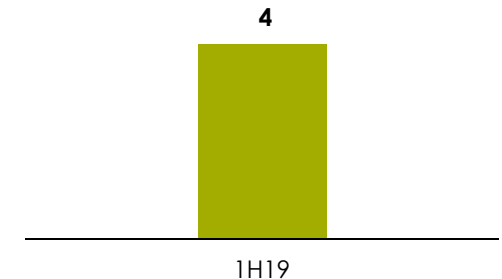
**Tanmeyah Revenues,**  
up 88% Y-o-Y  
In EGP mn



**valU Revenues,**  
up 160% Y-o-Y  
In EGP mn

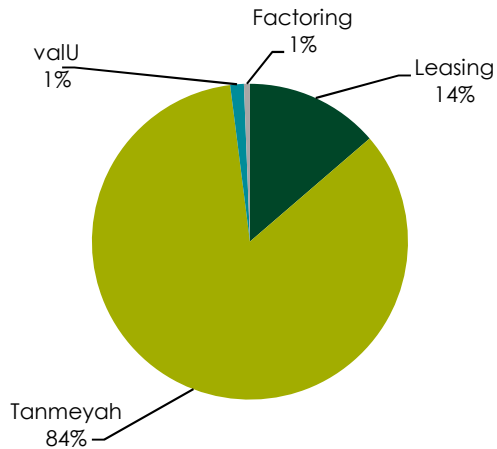


**Factoring Revenues\*,**  
In EGP mn



\*Factoring business launched in 4Q18

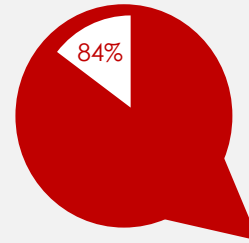
### NBFIs Revenues Contribution



### NBFIs Revenue breakdown



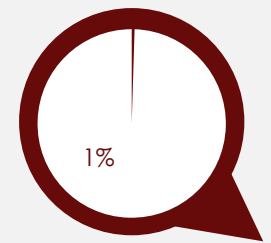
**Leasing**  
Revenues of **EGP86 mn,**  
up 23% Y-o-Y



**Tanmeyah**  
Revenues of **EGP527 mn,**  
up 88% Y-o-Y



**valU**  
Revenues of **EGP9 mn,**  
up 160% Y-o-Y



**Factoring**  
Revenues of **EGP4 mn**

# Business Lines Overview

Leasing and Tanmeyah Operational and Financial Overview – 1H2019

## KPIs

EGP **3.3** bn  
Total Outstanding  
Portfolio

EGP **2.9** bn  
On-books Outstanding  
Portfolio

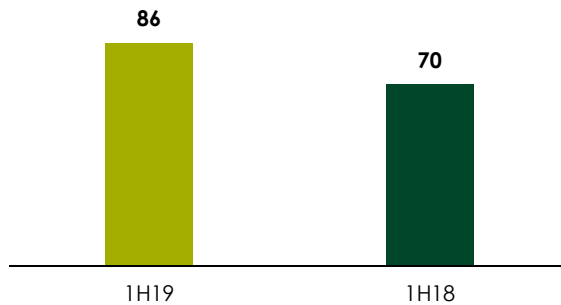
EGP **1.2** bn  
Receivables Value of  
New Contracts

EGP **0.8** bn  
Net Financed Amount  
for New Contracts

**60**  
Number of New  
Contracts

## Leasing Revenue

In EGP mn



## KPIs

EGP **3.2** bn  
Total Portfolio  
Outstanding

**355,614**  
Total Number of  
Active Borrowers

**182,896**  
Total Number of  
Loans Issued

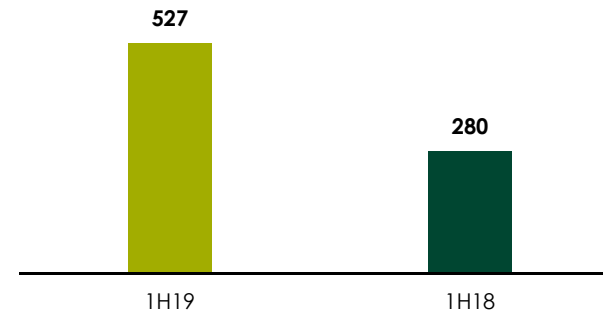
**216,796**  
Total Number of  
Processed Applications

**4,198**  
Total Staff

**11**  
New Branches in 1H19

## Micro-Finance Revenue

In EGP mn



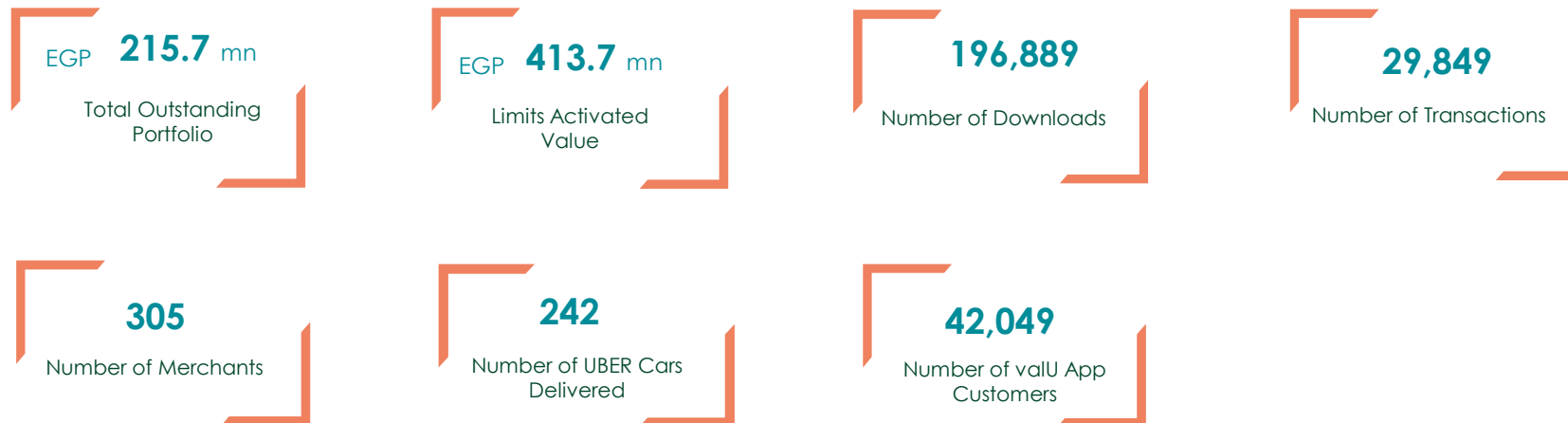


# Business Lines Overview

valU Operational and Financial Overview – BTd June19

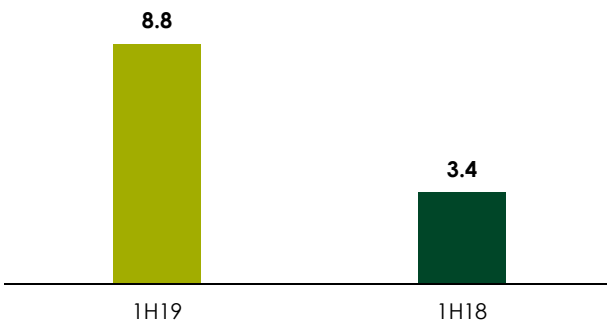


## KPIs



## valU Revenue

In EGP mn



\* Launched in January 2018

**Cairo, Alexandria, Hurghada,  
Tanta & Mansoura**

Existing Governorates

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EFG Hermes Holding SAE has its address at Building No. B129, Phase 3, Smart Village, Km 28 Cairo Alexandria Desert Road, 6 October, Egypt and has an issued capital of EGP 3,843,091,115