

EFG HERMES EARNINGS RELEASE 1Q2019

INVESTOR RELATIONS

Cairo, May 14, 2019

EFG Hermes reports first quarter 2019, with Group Earnings of EGP374 million on operating revenues of EGP1.3 billion. The Group Total assets stood at EGP34.8 billion at the end of 1Q19.

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LISTINGS & SYMBOLS

The Egyptian Exchange

Reuters code: HRHO.CA

Bloomberg code: HRHO EY

London Stock Exchange (GDRs)

Reuters code: HRHOq.L

Bloomberg code: EFGD LI

FINANCIAL PERFORMANCE

i. Key Financial Highlights

- ≡ EFG Hermes kicks-off the year with strong set of results, with Group revenues rising 42% Y-o-Y to EGP1.3 billion in 1Q19, underpinned by strong performance from core operations, with the Investment Bank and the NBFIs growing their fees and commissions revenues;
- ≡ Fees and commissions, which represented 78% of the Group revenues in 1Q19, rose 58% Y-o-Y to surpass the one billion mark, coming at EGP1.0 billion, underpinned by Private Equity's and Tanmeyah's robust revenue growth;
- ≡ The NBFIs platform continues to ramp-up, with revenues climbing 65% Y-o-Y to EGP375 million in 1Q19, mainly on the back of Tanmeyah's outstanding performance, with its revenues roughly doubling, up 95% Y-o-Y to EGP253 million in 1Q19. Sell-side revenues inched up 2% Y-o-Y to EGP322 million in 1Q19, dented by lower Investment Banking revenue and despite higher Brokerage revenues. The buy-side revenues shot up 199% Y-o-Y to EGP348 million in 1Q19, on the outperformance of the Private Equity business, with its revenues more than 10 folds higher reaching EGP265 million, as 1Q19 saw the exit from Vortex I&II and the booking of strong performance fees.
- ≡ Capital markets & treasury operations revenue contribution to the Group's total revenues came at 22% in 1Q19, with its revenues increasing 5% Y-o-Y to EGP300 million, driven largely by the capital gain realized from the wind portfolio exit and treasury operations;
- ≡ Group operating expenses rose 45% Y-o-Y to EGP878 million in 1Q19, on higher NBFIs employee expenses (salaries and monthly bonuses), higher bonus provisions for the Group and higher other operating expenses largely related to the NBFIs growth. However, employee expenses to operating revenues came at 45% in 1Q19; well below the 50% mark;
- ≡ With the Group's revenue growth surpassing the increase in expenses, the Group reported a net operating profit of EGP466 million, up 37% Y-o-Y in 1Q19 and a net operating profit margin of 35%. This filtered into a net profit after tax and minority interest of EGP374 million, up 51% Y-o-Y in 1Q19.

ii. Group Financial Performance

in EGP million	Group Financial Highlights				
	1Q19	4Q18	1Q18	Q-o-Q	Y-o-Y
Group Operating Revenue	1,344	1,335	945	1%	42%
Investment Bank	970	1,017	718	-5%	35%
NBFIs	375	318	227	18%	65%
Group Operating Expenses	878	918	605	-4%	45%
Group Net Operating Profit	466	417	339	12%	37%
Group Net Operating Margin	35%	31%	36%		
Group Net Profit (Loss) After Tax & Minority Interest	374	296	248	26%	51%
Investment Bank	292	264	199	11%	47%
NBFIs	82	32	50	154%	65%

Source: EFG Hermes Management Accounts

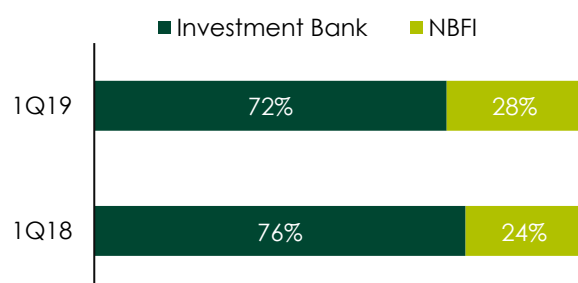
EFG Hermes Group revenues rose 42% Y-o-Y to EGP1.3 billion in 1Q19, underpinned by strong performance from core operations, with the Investment Bank and the NBFIs growing their fees and commissions revenues.

Group operating expenses increased 45% to EGP878 million in 1Q19, driven by higher employee related mainly to Tanmeyah's headcount expansion Y-o-Y, and higher employees' compensation as the quarter included strong operational revenues. This, together with higher other operating expenses mainly related to the NBFIs expansions and business growth.

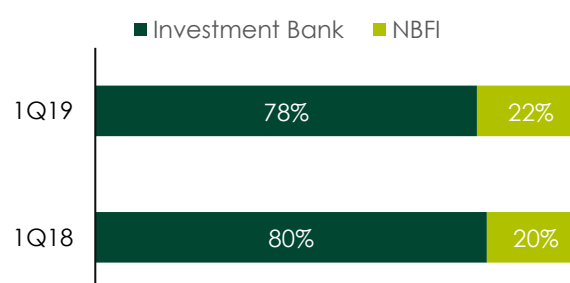
The Group reported a strong growth in its net operating profit and its net profit after tax and minority interest, climbing 37% Y-o-Y and 51% Y-o-Y to reach EGP466 million and EGP374 million, respectively, as the increase in revenues overshadowed higher expenses.

Contribution by Platform

Revenues



NPAT



The Non-Bank Financial Institutions “NBFIs”

NBFIs performance continued to be strong in 1Q19, with a 65% Y-o-Y growth in revenues and profitability. This buoyant performance is supported predominately by Tanmeyah's outperformance, followed by an improvement in Leasing, while losses from start-up businesses, valU and Factoring, pressured the NBFIs profitability.

The NBFIs delivered a net profit after tax and minority interest of EGP82 million in 1Q19, up 65% Y-o-Y, with the Platform's contribution to the Group's revenues and profitability increasing Y-o-Y in 1Q19, despite the Investment Bank witnessing a strong growth in its fees and commissions.

The Investment Bank Platform

The Investment Bank had a good start for the year, with its top and bottom line, up 35% Y-o-Y and 47% Y-o-Y, respectively. This strong performance was underpinned by Private Equity's performance fees realized from the Wind portfolio exits (Vortex I & II) which closed in 1Q19.

iii. Business Lines Financial Performance

<i>in EGP million</i>	Group Revenue by Platform				
	1Q19	4Q18	1Q18	Q-o-Q	Y-o-Y
Brokerage	286	268	266	7%	7%
Investment Banking	36	34	50	6%	-27%
Sell-Side	322	302	316	7%	2%
Asset Management	83	97	92	-15%	-10%
Private Equity	265	76	24	251%	996%
Buy-Side	348	173	116	101%	199%
Capital Markets & Treasury Operations	300	542	285	-45%	5%
Total Investment Bank	970	1,017	718	-5%	35%
Leasing	118	124	96	-5%	23%
Micro - Finance "Tanmeyah"	253	186	130	36%	95%
Consumer - Finance "valU" *	2	5	1	-55%	106%
Factoring	2	2	0	0%	2346%
Total NBFIs	375	318	227	18%	65%
Group Operating Revenue	1,344	1,335	945	1%	42%

Of Which:

Fee and Commission Revenue	1,045	793	659	32%	58%
Capital Markets & Treasury Operations	300	542	285	-45%	5%

*valU revenue is based on total portfolio of EGP174.4 million in 1Q19

Source: EFG Hermes Management Accounts

Fees and commissions, which represented 78% of the Group revenues in 1Q19, rose 58% Y-o-Y to surpass the one billion mark, coming at EGP1.0 billion, underpinned by Private Equity's and Tanmeyah's robust revenue growth.

Sell-side revenues inched up 2% Y-o-Y to EGP322 million in 1Q19, dented by lower Investment Banking revenue and despite higher Brokerage revenues. Investment Banking revenues declined 27% Y-o-Y to EGP36 million in 1Q19. Meanwhile, Brokerage revenues increased 7% Y-o-Y to EGP286 million despite weaker commissions generated from Egypt as Kuwait, Fixed Income and Kenya booked higher Y-o-Y revenues.



The buy-side revenues shot up 199% Y-o-Y to EGP348 million in 1Q19, on the outperformance of the Private Equity business, with its revenues more than 10 folds higher reaching EGP265 million, as 1Q19 saw the exit from Vortex I&I and the booking of strong performance fees. Alternatively, Asset Management revenues declined 10% Y-o-Y to EGP83 million in 1Q19.

Another strong quarter for the NBFIs, with revenues climbing 65% Y-o-Y to EGP375 million in 1Q19. Tanmeyah's outstanding performance continued to be the main driver for the growth, with its revenues roughly doubling, up 95% Y-o-Y to EGP253 million in 1Q19. Leasing revenues increased 23% Y-o-Y to EGP118 million, as the outstanding portfolio grew Y-o-Y. valU, our installment sale services and Factoring which started operations late in 4Q18, each booked revenues of EGP2 million in 1Q19.

Capital markets & treasury operations revenue contribution to the Group's total revenues came at 22% in 1Q19, with its revenues increasing 5% Y-o-Y to EGP300 million; driven largely by capital gains realized from Vortex I&I exit and an increase in net interest earned mainly from treasury operations.



iv. Group Operating Expenses

<i>in EGP million</i>	Group Operating Expenses				
	1Q19	4Q18	1Q18	Q-o-Q	Y-o-Y
Employees Expense	605	545	395	11%	53%
Employees Expense/Operating Revenues	45%	41%	42%		
Employees Expense/Operating Expenses	69%	59%	65%		
Other Operating Expenses	273	373	210	-27%	30%
Other Operating Expenses/Operating Revenues	20%	28%	22%		
Other Operating Expenses/Operating Expenses	31%	41%	35%		
Total Operating Expenses	878	918	605	-4%	45%

Source: EFG Hermes Management Accounts

Group operating expenses rose 45% Y-o-Y to EGP878 million in 1Q19, on higher employee expenses and other operating expenses. However, employee expenses to operating revenues came at 45% in 1Q19; well below the 50% mark.

Employee expenses rose 53% Y-o-Y to EGP605 million in 1Q19, largely due to an increase in the variable portion of the employee expenses in line with the increase in revenues. Moreover, an increase in salaries and monthly bonuses attributed to Tanmeyah's increase in headcount as its total number of employees increased 69% Y-o-Y.

Other operating expenses rose 30% Y-o-Y to EGP273 million in 1Q19, with the increase primarily attributed to the growing NBFIs platform. However, across different cost categories, the increase was largely due to: (i) higher depreciation expense related to leasing operations; (ii) higher rent expense on the back of the sale and lease back; (iii) higher loan loss provisions Y-o-Y, particularly related to Tanmeyah; and (iv) higher travel expenses related to FIM, roadshows and the One-on-One conference. On a Q-o-Q, other operating expenses declined 27% with almost all cost categories coming in lower, as compared to a quarter earlier.

Of other operating expenses, occupancy expense rose 69% Y-o-Y to EGP67 million in 1Q19 mainly on the back of higher rent expense related to the sale and leaseback of the Firm's and Tanmeyah's headquarters. Loan loss provisions increased 63% Y-o-Y to EGP19 million as Leasing and Tanmeyah's portfolio increased. General expenses rose 22% Y-o-Y to EGP88 million in 1Q19, on higher depreciation expense related to Leasing business and higher fees associated with Tanmeyah's registration of its 197 branches. Travel expenses increased 78% Y-o-Y to EGP17 million, mainly due to FIM, Frontier and the One-on-One conference. Promotional and advertising expenses increased 10% Y-o-Y to EGP15 million in 1Q19, on higher marketing activities. Data communication expense increased 9% Y-o-Y to EGP37 million in 1Q19, mainly on higher IT licenses as headcount expanded and higher Bloomberg expenses.

OPERATIONAL PERFORMANCE

i. Brokerage

Operational Performance Update

Most of our MENA and Frontier markets closed in the black in 1Q19. However, markets' volumes in our tradable markets were mixed as compared to 4Q18. In 1Q19, the Kuwaiti equities came in the limelight, posting strong returns and trading on high volumes. EFG Hermes Brokerage total executions, which reflect MENA and Frontier markets' executions, Structured Products and Fixed Income reached USD11.9 billion in 1Q19, up 11% Q-o-Q; and reported revenues reached EGP286 million in 1Q19, up 7% Q-o-Q to reflect the Firm's growing market share and despite lower volumes in some markets.

in EGP million	Brokerage Revenue				
	1Q19	4Q18	1Q18	Q-o-Q	Y-o-Y
Egypt	139	139	149	0%	-7%
UAE	32	17	33	95%	-1%
KSA	20	16	18	24%	9%
Kuwait	33	20	11	64%	199%
Oman	4	3	5	54%	-7%
Jordan	3	5	4	-52%	-31%
Pakistan	3	5	6	-34%	-43%
Kenya	9	4	4	95%	117%
Nigeria	3	0	0	N/M	N/M
Frontier	14	38	20	-64%	-33%
Structured Products	19	21	17	-10%	13%
Fixed Income	7	0	0	N/M	N/M
Total Revenue	286	268	266	7%	7%

*Revenue highlighted above represents entities and not markets.

Source: EFG Hermes Management Accounts

In terms of pure market commissions, Egyptian equities contribution to the total commission pool remained the highest in 1Q19 coming at 30%. Kuwait surpassed Frontier markets in 1Q19 to return to be the second largest contributor to the division's commission generation pot, with a 17% contribution, while Frontier markets' contribution came at 12% in 1Q19. KSA and Qatar, both followed with a 9% contribution to the total commissions pool.

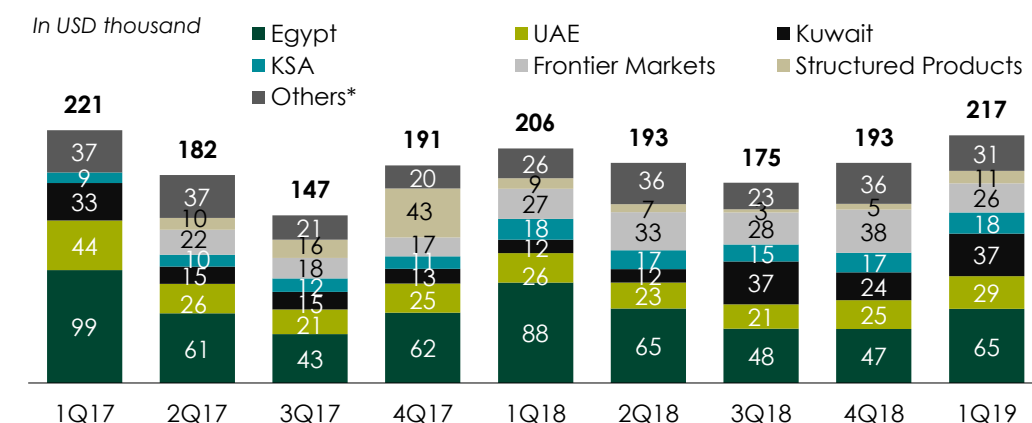
Commissions Breakdown by Market

Markets	1Q19
Egypt	29.5%
DFM	5.5%
ADX	6.4%
Nasdaq Dubai	1.6%
KSA	9.0%
Kuwait	16.6%
Oman	2.0%
Qatar	9.0%
Jordan	0.8%
Frontier Markets	12.0%
Structured Products	5.0%
Others	2.5%
Total	100%

Source: EFG Hermes and Regional Exchanges

The below chart highlights the average daily commissions generated by Brokerage and reported in USD. Aggregate average daily commissions for the Brokerage business increased 13% Q-o-Q to reach USD217 thousand in 1Q19, on higher average daily commissions in Egypt, Kuwait and structured Products. On a Y-o-Y, average daily commissions was 6% higher on strong contribution from Kuwait.

Average Daily Commissions



*Others including; Qatar, Oman, Lebanon, Jordan, UK (GDRs)
Source: EFG Hermes and Regional Exchanges

<i>in USD million</i>	Brokerage Market Share & Executions				
	1Q19	4Q18	1Q18	Q-o-Q	Y-o-Y
Egypt*					
Market share	45.4%	46.5%	46.2%	-1.1%	-0.7%
Executions	1,968	1,537	2,400	28.0%	-18.0%
UAE - DFM					
Market share	31.8%	21.3%	22.5%	10.4%	9.3%
Executions	1,037	691	1,262	49.9%	-17.9%
UAE - ADX					
Market share	44.8%	42.0%	36.4%	2.8%	8.3%
Executions	1,453	1,571	893	-7.5%	62.7%
UAE - Nasdaq Dubai					
Market share	61.2%	64.0%	54.0%	-2.7%	7.2%
Executions	456	309	810	47.3%	-43.7%
KSA					
Market share	4.6%	3.7%	2.7%	0.9%	1.9%
Executions	2,195	2,188	1,725	0.3%	27.3%
Kuwait					
Market share	39.7%	44.2%	28.0%	-4.5%	11.7%
Executions	2,555	1,780	730	43.6%	250.1%
Oman					
Market share	28.2%	19.4%	21.4%	8.7%	6.8%
Executions	110	69	113	60.7%	-2.6%
Jordan					
Market share	5.8%	15.6%	11.3%	-9.8%	-5.5%
Executions	29	256	63	-88.5%	-52.9%
Pakistan					
Market share	4.4%	6.4%	4.0%	-2.0%	0.3%
Executions	121	248	233	-51.0%	-47.8%
Kenya					
Market share	26.3%	17.6%	7.7%	8.7%	18.6%
Executions	71	61	47	16.2%	52.1%
Nigeria					
Market share	14.0%	22.9%	7.9%	-8.9%	6.1%
Executions	94	150	98	-37.1%	-3.3%
Frontier					
Market share	N/A	N/A	N/A	N/M	N/M
Executions	145	139	199	4.5%	-27.1%
Structured Products					
Market share	N/A	N/A	N/A	N/M	N/M
Executions	262	157	279	67.2%	-6.1%

*Market share calculation is based on executions excluding special transactions

**Executions in Qatar, Bahrain, Lebanon, UK(GDRs) and others represent an additional 12% of total Brokerage executions in 1Q19

Source: EFG Hermes and Regional Exchanges



Egypt

EGX kicked-off the year with positive performance, with the Hermes Financial Index (HFI) rising 12.1% Q-o-Q in 1Q19 as sentiment improved on the backdrop of progressing macro picture, with interest rates being cut 100 bps at the beginning of the year. However, volumes did not pick up with turnover inching up 3% Q-o-Q in 1Q19.

During the quarter, EFG Hermes successfully concluded the EGP1.7 billion offering of 4.5% of Eastern Company S.A.E., Egypt's leading tobacco manufacturer, in a highly anticipated equity offering that marks the first offering of a state-owned company on the Egyptian Stock Exchange in more than a decade and is the first of the IPO program announced by the Egyptian government.

EFG Hermes continues to maintain its first place ranking on the EGX, with the Firm's market share (excluding special transactions) coming at 45.4% in 1Q19 from 46.5% a quarter earlier. And climbed to 51.6% (including special transaction) during the same period. Foreign participation reached 20% of market participation in 1Q19 where EFG Hermes had successfully captured a mammoth of 44.4%.

Furthermore, EFG Hermes saw its 15th annual One-on-One Conference which saw executives from 186 companies from 26 countries meet directly with more than 520 investors representing 260 institutions and family offices, managing an aggregate USD11 trillion in assets under management.

UAE – Dubai

An improved investors interest who were seen buying heavily in Index heavyweight Emaar Properties and Emirates NBD, supported the market performance and pushed the DFMGI index up 4.2% Q-o-Q in 1Q19, yet volumes were muted during the quarter, up 1% Q-o-Q.

Generally, with the exception of the FTSE rebalancing (where passive funds had to sell to create bandwidth for Kuwait and Saudi inflows) foreigners remained net buyers while local funds were net sellers. Foreign participation reached 32% of the market with EFG Hermes captured 38% of this flow during the quarter, thus supporting EFG Hermes market share which reached 31.8% in 1Q19 versus 21.3% a quarter earlier. The Firm maintained its first place on the DFM for the quarter.





UAE – ADX

The Abu Dhabi Exchange took a breath in 1Q19, with liquidity declining 20% Q-o-Q after the flush of liquidity seen in 4Q18, while the ADI added 3.2% Q-o-Q.

Foreign participation increased on the ADX to reach 42% on the back of improved sentiment on Banks' stocks as the prospect of FOL increases and the resultant passive inflows expected on the back of them kept institutional buyers active on FAB and on ADCB & UNB on the back of their merger story. Moreover, decent FTSE inflows (USD40 million) were witnessed on ADIB.

EFG Hermes captured 47% of those flows and thus supported the Firm's market share which rose to 44.8% in 1Q19 from 42.0% in 4Q18. The Firm maintained its First place ranking on ADX for the first quarter.

UAE – Nasdaq Dubai

Activity was muted on Nasdaq Dubai in 1Q19, however, EFG Hermes cemented its top ranking position on the exchange with a market share of 61.2% in 1Q19 down from 64.0% in 4Q18.

Saudi Arabia

The Tadawul All Share Index gained 12.7% Q-o-Q in 1Q19, on expected inflows from all tiers of investors due to the much anticipated Indices' inclusion, which are expected to take place during the year. However, volumes declined 18% over the quarter, despite the market's inclusion in FTSE phase 1 event in March of USD533 million of passive inflows.

EFG Hermes market share continued to improve reaching 4.6% in 1Q19 from 3.7% in 4Q18, reflecting a 3rd place market share among pure brokers (non-commercial banks) and a 2nd place ranking among foreign brokers in 1Q19. The increase in market share is mainly supported by inflows the firm received from all tiers of investors ahead of the FTSE inclusion especially from QFIs as well as local and GCC investors.

Foreign institutions participation via participatory rose to 3.4% in 1Q19 versus 1.9% in 4Q18, and the QFIs traded value roughly doubled Q-o-Q to reach SAR20.0 billion in 1Q19, representing 5.6% of the market's turnover.

#1

Abu Dhabi

Market share **44.75%**

Executions **AED 5.3bn**

+63% Y-o-Y

#1

Nasdaq Dubai

Market share **61.24%**

Executions
USD455.5mn

-44% Y-o-Y

#3

KSA

Market share **4.59%**

Executions **SAR8.1bn**

+27% Y-o-Y



Kuwait

A buoyant quarter for the Kuwaiti market, with volumes increasing 60% Q-o-Q in 1Q19 and the All Share Index rising 10.6% over the same period.

Local investors were active buyers throughout the quarter and foreign investors' activity increased in March, as FTSE announced at the end of February that USD450 million of inflows will take place in March on the listed banks; Gulf Bank, Ahli United Bank, Burgan Bank and National Bank of Kuwait. Passive funds were heavily buying those stocks in March. EFG Hermes IFA captured most of the foreign institutions flow in the market during 1Q19; capturing around 77% of this flow on the back of FTSE quarterly review which took place in March. This underpinned EFG Hermes IFA's market share which came at 39.7% in 1Q19 and cemented its top ranking position over the same period.

Oman

Another weak quarter for the Omani Market with the MSM Index declining 7.9% over 1Q19, yet volumes rose 35% Q-o-Q, on the back of a special transaction which accounted for 29% of the market volume over the quarter.

Local institutions remained net buyers this quarter and retail Investors remained speculators in the small caps stocks. EFG Hermes Oman's market share in 1Q19 rose to 28.2% versus 19.4% in 4Q18 mainly as a result of a noticeable increase in local and GCC institutions activity. In terms of ranking, the Firm maintained its 4th ranking in 1Q19 as compared to 4Q18.

Jordan

The Amman Stock Exchange was quiet during 1Q19, with the index ending the quarter broadly flat, inching up 0.3% Q-o-Q in 1Q19. Volumes declined 69% Q-o-Q, as the comparable quarter included a number of block trades which supported market volumes.

EFG Hermes market share declined to 5.8% in 1Q19 from 15.6% in 4Q18, as the previous quarter included the execution of a block trade that underpinned the Firm's market share, and due to a decline in foreign investors' activity in 1Q19 on the back of uncertainty regarding the capital gain tax that is still in discussion by the Parliament. In 1Q19, the Firm's ranking slipped to 12th place.

Frontier

The first quarter of 2019 proved challenging for Frontier markets, despite overall strong returns in Emerging markets. The biggest headwind was the underperformance of Nigeria, this was largely due to the election in February, which saw hesitation to buy ahead of the elections and then disappointment with the result subsequently. Overall the volumes remain light across Frontier, we continue to trade for a wide range of clients (6 new ones) and across a variety of markets and continue to increase our market shares overall.

#1

Kuwait

Market share **39.66%**
Executions **KWD766.6mn**
+250% Y-o-Y

#4

Oman

Market share **28.16%**
Executions **OMR 42.6mn**
-3% Y-o-Y

#12

Jordan

Market share **5.81%**
Executions **JOD 20.9mn**
-53% Y-o-Y



Pakistan

The Pakistani market started off the year on strong positive footing, yet lost most of its steam in February and March to close the quarter with the Karachi SE 100 Index gaining only 4.3% Q-o-Q. Turnover continued to decline, slipping 27% Q-o-Q in 1Q19, as political tension continued to mount between Pakistan and India, the IMF deal was not secured adding uncertainty to the macro picture. In addition to interest rate hikes and high inflation rates.

EFG Hermes Pakistan market share came at 4.4% in 1Q19 from 6.4% in 4Q18 as trading for the institutional foreign clients remained light low, as most Pakistani revenue was driven by B2B brokers and domestic clients.

Kenya

Volumes increased for a second quarter in the Kenyan market, with turnover rising 26% Q-o-Q in 1Q19 on decent increase in foreign institution activity on selected stocks. In terms of performance, the Index rose 12.5% Q-o-Q supported by gains in large caps.

EFG Hermes Kenya market share continued to improve, up to 26.3% in 1Q19 from 17.6% in 4Q18 while maintaining a fourth place ranking in the market; The significant jump in the market share was supported by the Firm executing most of the MSCI rebalancing trades as well as the decent activity we had from institutional investors in Safaricom.

N/A

Pakistan

Market share **4.35%**
Executions **PKR 17.0bn**
-35% Y-o-Y

#4

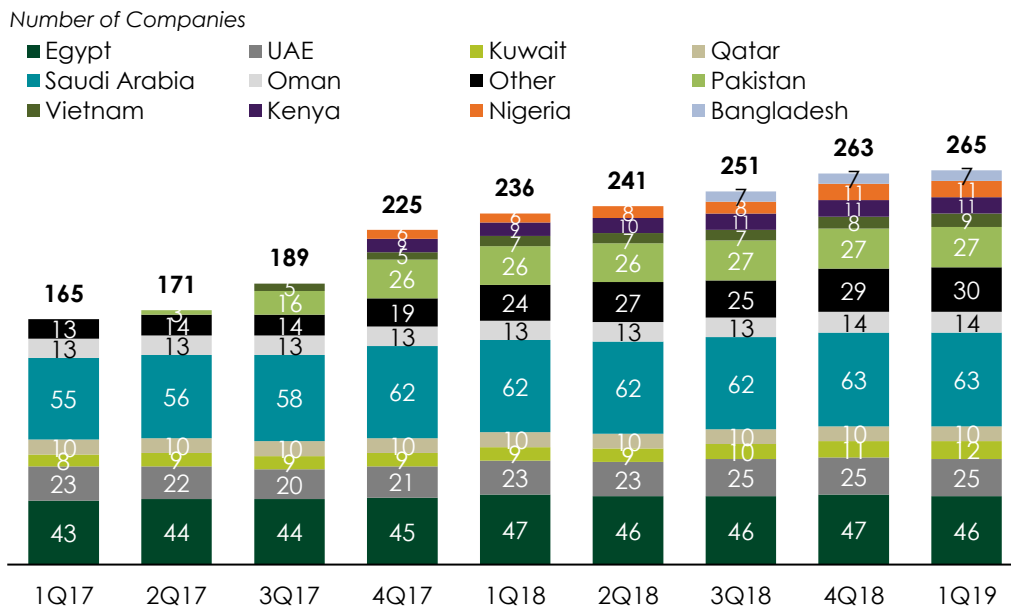
Kenya

Market share **26.33%**
Executions **KES 7.2bn**
+53% Y-o-Y



ii. Research

Research Coverage Universe



Source: EFG Hermes Research

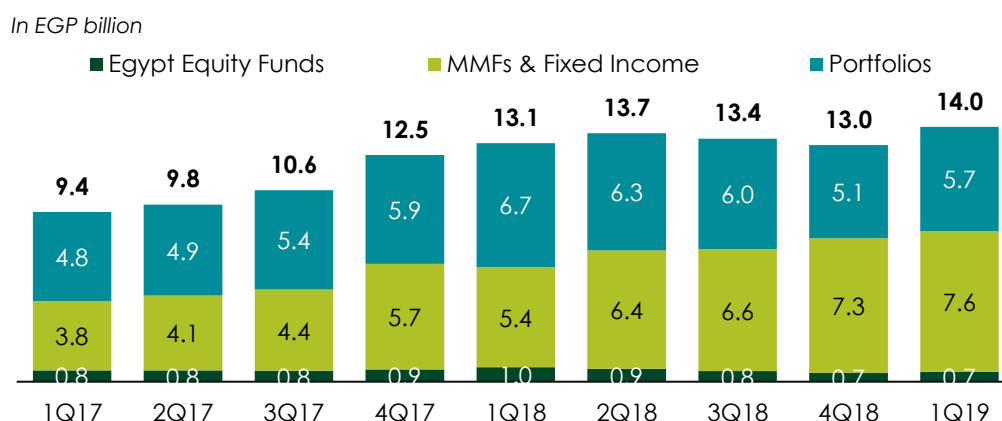
The Research department coverage reached 265 companies at the end of 1Q19, distributed across 10 sectors, 36 industries and 24 markets. This includes (Egypt 46, UAE 25, KSA 63, Kuwait 12, Oman 14, Qatar 10, Lebanon 3, Morocco 4, Jordan 6, Pakistan 27, Kenya 11, Nigeria 11, Vietnam 9, Tanzania 4, Uganda 3, Mauritius 2, Bangladesh 7, Rwanda 1, Botswana 1, Netherlands 1 and United Kingdom 3, Georgia 2).

The Dubai One-on-One conference always dominates 1Q19 and this year was no exception. The whole research team contributed to our conference book, which received positive feedback from both the buy-side and corporates.

We also ramped up our coverage before the conference and initiated on five stocks – NCB, the Saudi heavyweight bank, Ibnsina Pharma, an Egyptian pharma company, Jazeera Airways, Kuwait’s fast-growing airline, FPT, an interesting IT education / outsourcing business in Vietnam, and finally Umeme, a Ugandan power distributor. The five initiations are a good example of how diverse our sector /country research has become. In terms of Mifid, we are in the process / have signed four new clients, which is a step in the right direction.

iii. Asset Management

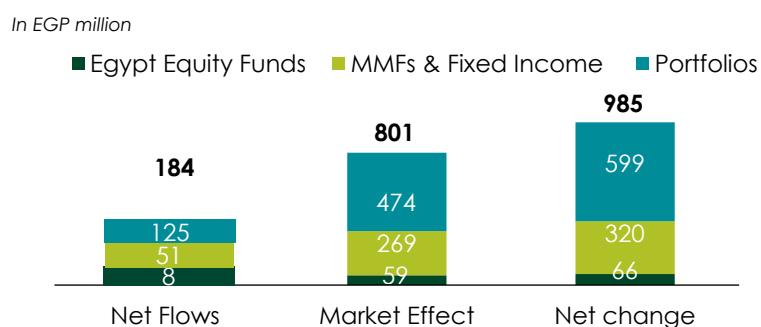
Egypt Assets under Management Evolution



Source: EFG Hermes Asset Management

EFG Hermes Egypt Asset Management AuMs reached EGP14.0 billion at the end of 1Q19, up 7.6% Q-o-Q on equity and MMFs injections and positive market performance. Net inflow in MMFs and equity portfolios added 1.4% to the AuMs base, supported by injections from an equity portfolio. Positive market performance for both equities and fixed income added 6.1% to total AuMs in 1Q19.

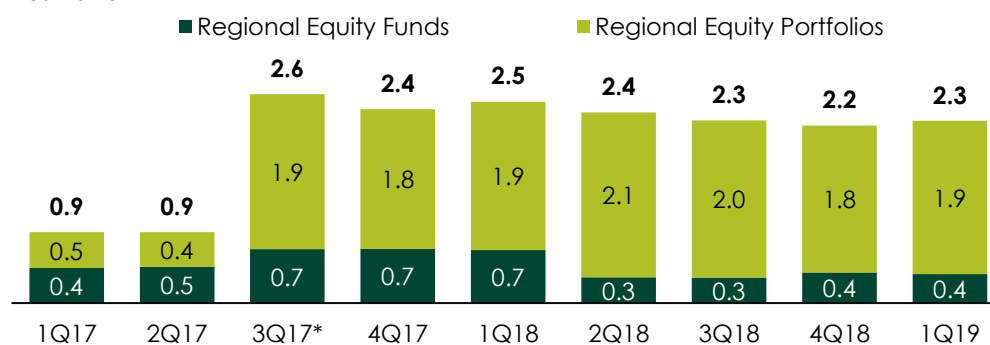
Quarterly Change in Egypt Mandates



Source: EFG Hermes Asset Management

Regional Assets under Management Evolution

In USD billion



* 3Q17 AuMs reflect the addition of FIM's AuMs post EFG Hermes' completion of 50% investment in FIM

AuMs in 1Q19 includes USD160 million of committed capital for Real Estate Funds, of which USD85 million is drawn down

Source: EFG Hermes Asset Management and FIM

EFG Hermes Regional Asset Management AuMs, which includes EFG Hermes and FIM's AuMs, increased 2.6% Q-o-Q to USD2.3 billion at the end of 1Q19, as markets' appreciation overshadowed net outflows (liquidations). During the quarter, EFG Hermes saw the liquidation of some funds and portfolios. Meanwhile, FIM saw no material inflows or outflows during the period with the change in its AuMs attributable to positive markets performance; which added 5.5% to its AuMs - with its flagship strategies having generated positive excess returns against their respective reference indices.

Funds Performance

MENA Long Term Value Fund ended the quarter with a NAV per share of USD1.85 at the end of 1Q19 versus a NAV per share of USD1.78 at the end of 4Q18. The Fund saw no subscriptions nor redemptions during the quarter.

FIM EM Frontier Fund ended the quarter with a NAV per share of USD923.90 in 1Q19 versus USD838.56 in 4Q18. The Fund saw no subscriptions nor redemptions during the quarter. The Fund gained 10.3% over the quarter versus the MSCI FEM Index, which added 8.9% over the same period.

FIM MENA Horizon Fund ended the quarter with a NAV per share of USD245.77 in 1Q19 versus a NAV per share of USD216.58 in 4Q18. The Fund saw redemptions of USD11.2 million during the quarter. The Fund added 13.5% during the quarter versus the S&P Pan Arab Composite Index, which rose 10.7% over the same period.

FIM Saudi Opportunities Fund ended the quarter flat at a NAV per share of USD1,135.92 in 1Q19 versus a NAV per share of USD1,003.84 in 4Q18. The Fund added 13.1% during the quarter versus the M1SAP, which rose 14.6% over the same period.

Regional Business Update

In 1Q19, the Credit team launched the FIM Global Sukuk Fund. Whilst in its infancy, the fund has generated positive returns of 1.43%, compared to the benchmark, which has returned 1.22%. Moreover, the credit team is working closely with the sales team to actively market the FIM Credit Strategy.

iv. Investment Banking

In 1Q19, EFG Hermes' Investment Banking team successfully concluded 3 transactions, spanning equity, M&A and debt, amounting to USD146 million.

Kicking off the government's privatization program aiming to strengthen domestic capital markets and attracting foreign investments, the department acted as sole book runner on the accelerated equity offering of a 4.5% stake in Eastern Company worth USD98 million.

Leveraging its longstanding relationship as a financial advisor to Suez Cement Group Companies, a subsidiary of Heidelberg Cement, the department acted as sell-side advisor to the Group in the USD39 million divestment of its white cement plant in El Minya to Emaar Industries. Its second successful execution for the Group in less than a year, EFG Hermes has continued to assist the Group in implementing its restructuring strategy.

On the debt front, the team arranged a USD8.7 million debt facility to a regional financial investor, further solidifying its debt execution capabilities in regional markets.

Aided by the recovery of investor confidence in emerging markets, the department continues to develop a robust pipeline of M&A, equity and debt deals to be executed throughout 2019 with several equity and debt deals near closing

v. Private Equity

Energy and Infrastructure

The divestment process of Vortex I and Vortex II (Vortex Wind), which together hold a 49% stake in a 998MW pan-European portfolio, reached financial close at the end of March 2019. The portfolio divested includes 56 operational wind farms with gross capacity of 998 MW spread across Spain, France, Portugal and Belgium. Vortex Energy was launched four years ago and has grown to become a prominent renewable energy-focused investment manager in Europe and the UK with an 822 MW solar and wind portfolio and combined executed transactions in excess of EUR2.4 billion.

The sale of Vortex Energy's wind assets demonstrates EFG Hermes's ability to acquire, manage and exit renewable energy investments on a global scale. Vortex Energy is now embarking on a new chapter focusing on further investments in the sector, specifically targeting North America, Europe and Latin America.

Vortex platform continues to manage Vortex Solar, a 100% shareholder of 365MW solar PV farm in the UK, which was completed back in May 2017. Vortex Solar is jointly owned by Beaufort (5%) - a 100% owned subsidiary of EFG Hermes Holding, Tenaga Nasional Berhad (50%) and KWAP (45%). Beaufort is the investment and asset manager of the Vortex Energy platform.

On the operational front, Vortex Solar's EBITDA reached c.GBP5.2 million in 1Q19, overachieving its budget.

Egypt Education Fund

EFG Hermes is currently in active discussions with multiple investors to complete the 2nd closing of the Egypt Education Fund. The 1st Closing was reached in December 2018 with commitments amounting to USD109 million and the 2nd closing is expected to take place in 2Q19.

The fund's 50/50 joint venture with GEMS (the "Platform") already completed its first investment in Egypt, acquiring four schools with a total capacity of c.7k students in Cairo's suburbs from Talaat Moustafa Group in a transaction worth EGP1 billion (USD58 million) last year. The Platform is currently in discussions to acquire additional schools with a total capacity of c.4k students in 2019.

vi. Leasing

In 1Q19, EFG Hermes Leasing started the year with additional bookings of EGP310 million, resulting in a net portfolio of EGP3.2 billion (after the deduction of EGP313 million of securitized portfolio and the settlement of 1Q19 installments), with the number of clients increasing 11% Q-o-Q to reach 184 clients at the end of 1Q19.

A new subsidized facility amounting to EGP75 million has been obtained from the Saudi Development Fund in 1Q19, as the division continues to focus on increasing the SMEs "on-books" contribution to the portfolio to reach EGP500 million by end of 2019 compared to EGP300 million by end of 2018. SMEs contribution remained unchanged at 15% by the end of 1Q19.

After the success of the first securitization program in November 2018, that enhanced the creditability of the quality of EFG Hermes Leasing's portfolio, a plan to launch another securitization program is in the pipeline before the end of 2019, and that will continue to be part of the yearly funding plan to support the growth of the division and boost its ROE metrics.

Quarterly Performance

EFG Hermes Leasing added EGP336 million in 1Q19 of new bookings distributed over 35 new contracts, of which EGP310 million are on books and EGP26 million of transaction in which the division acted as a security agent. This takes total number of contracts to 592 active contracts since inception with accumulated bookings value (NFA) of EGP4.4 billion of which EGP3.2 billion represents the outstanding portfolio by end of 1Q19.

Challenging macro environment and fierce competition specially after the penetration of new players in the market pressured the business margins; however, with the team successfully reducing the weighted average cost of debt, average margins declined only by 0.40% throughout the first quarter with no negative effect on (Business To Date) BTD average margin which reached 3.69%. In addition to an average arrangement fees of 0.72% in 1Q19 with no change compared to 1Q18.

The company maintained a strict control over the collection process and successfully maintained the collection at 96% of accumulated receivables by the end of 1Q19. However, a provision of EGP4.7 million was taken in 1Q19, thus taking the division's total provisions to EGP31.2 million.

	KPIs				
	1Q19	4Q18	1Q18	Q-o-Q	Y-o-Y
Number of new contracts	35	51	32	-31%	9%
Total Leased Assets cost (EGP mn)	412	850	361	-51%	14%
NFA for new contracts (EGP mn)	336	580	307	-42%	9%
Receivables value of new contracts (EGP mn)	459	902	462	-49%	-1%

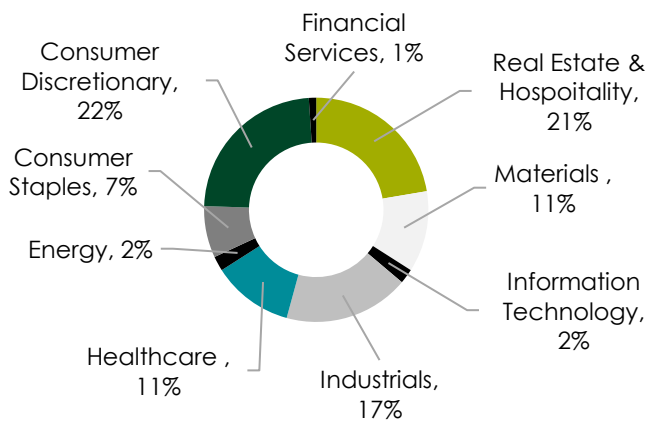
Source: EFG Hermes Leasing



Market Share

The Financial Regulatory Authority, the regulator, did not publish the Leasing market shares and rankings for first quarter up until this report was submitted.

Clients Industry Analysis



vii. Micro-Finance “Tanmeyah”

Results at a Glance and Performance Review

	KPIs				
	1Q19	4Q18	1Q18	Q-o-Q	Y-o-Y
Number of Active Borrowers	326,281	292,605	193,133	12%	69%
Number of Processed Applications	109,075	95,708	77,398	14%	41%
Number of Loans Issued	89,458	84,383	67,798	6%	32%
Outstanding Portfolio (EGP mn)	2,993	2,765	1,747	8%	71%
Total Number of Employees	4,274	3,827	2,534	12%	69%

Source: Tanmeyah

Operational Update

Tanmeyah started the year 2019 on strong footing, with the number of active borrowers, applications processed and loans issued increasing 12%, 14% and 6% Q-o-Q, respectively. The total outstanding portfolio grew 8% Q-o-Q, reaching EGP3.0 billion by the end of 1Q19.

After its initial rollout in 4Q18, Tanmeyah's new group lending product is now operational in 5 branches. As Tanmeyah continues to monitor its new product's development to ensure risk and productivity levels remain in accordance of Tanmeyah's high standards, it is expected to continue to be rolled out across Tanmeyah's geographical network.

Despite Tanmeyah's rapid expansion the company's risk level remains well below local and international standards as a result of a strong governance as well as the implementation of stringent risk and compliance procedures.

viii. Consumer Finance “valu”

Products Development

valU business model caters to a wide array of diversified customers through focusing on 4 main business lines as follows:

I. Purchases Management:

Starting 2019, valU has extended its installments plans to 36 months instead of 24 to maintain a level playing field vis-à-vis market rivals trying to acquire market share in the furniture category as well as white goods. Also, the minimum transaction amount was reduced to EGP500 to boost the transactions volume. This approach also aims at extending valU's average portfolio tenure from 18.7 months to 21 months to adverse portfolio attritions and reassure customers stickiness to valU mobile app.

On February 2019 and in response to customers' feedback and comments captured over the past year, a new mobile application was launched with revamped user experience and a complete makeover of user interface. This new release also serves two main business objectives, which are capitalizing more on mobile technology as well as giving valU team more advantage and control over the mobile app that enables frequent content update instead of on-demand update and adding more features and value-added services through 3rd parties that is easy to deploy and maintain.

The new release gained customers' appeal and has contributed to increasing our conversion rates in just one month of launching the new release.

In efforts to enhance the customer experience, another cash payment channel for customers' convenience was added. An on-demand pickup service for collecting customers' monthly repayments from their desired destination.

Moreover, valU has expanded its network of merchants and on boarded 47 new merchants within its network to reach 253 merchants with 23% increase as of the end of 1Q19 versus 206 merchants at the end of 4Q18. The addition of these new merchants has contributed to an increase of 18% in the number of valU POS available at retail stores. With these new POS additions, we are now serving valU customers in Greater Cairo, Alexandria, & Hurghada Red Sea, where customers can purchase in-store/online on installment basis and receive their financed products at their doorsteps while not having to pay a down payment.

II. Ride Hailing Services:

Starting 2019, Ride Hailing Services vehicle finance Program (Uber) has suffered due to vehicles price instability as well as a severe call for boycott. Customers were waiting for distributors and dealers to lower prices in response to this campaign and hence the sales were not progressing with the planned run rate. Yet, the team booked 60 vehicles in 1Q19 with average monthly booking of 20 vehicles versus 25, which is the new monthly target. By the end of 1Q19, valU financed and delivered 216 vehicles, higher 38% Q-o-Q.

III. Live Green

valU offers installment plans for renewable energy products (Solar Panels) with Karm Solar and other providers with an average ticket size of EGP250 thousand. So far, 10 solar solutions were sold on installment basis using valU and an expansion plan is currently in place as additional subsidiary removal is expected to take place. Financing tenure was also extended to 84 months.

IV. Home Improvement

valU recently launched its home improvement and refurbishment back to back program through partnering with interior design and furnishing companies, with an average ticket size of EGP2.4 million. A plan is to scale this business with more partnerships which is expected to be announced in 2Q19.

Results at a Glance and Performance Overview

EGP	KPIs							
	1Q19	4Q18	1Q18	Q-o-Q	Y-o-Y	1Q19 Cum.	4Q18 Cum.	Chg.
Downloads	19,149	55,856	24,825	-66%	-23%	170,392	151,243	13%
Sign-ups	11,693	35,917	15,509	-67%	-25%	111,470	99,777	12%
valU App Customers	6,849	13,056	2,657	-48%	158%	38,054	31,164	22%
Limits Activated Value(mn)	67	105	15	-36%	341%	307	240	28%
Outstanding Portfolio (mn)	174	138	6	27%	2753%	174	137	27%
Number of Transactions	6,350	8,247	298	-23%	2031%	20,390	14,040	45%
UBER Cars Delivered	60	77	13	-22%	362%	216	156	38%
Number of Merchants	47	57	40	-18%	18%	253	206	23%
Existing Governorates	Cairo, Alex, Hurghaga	Cairo, Alex	Cairo			Cairo, Alex, Hurghaga	Cairo, Alex	

Source: valU

valU's total outstanding portfolio increased 27% Q-o-Q, divided into a 21% increase in valU app Business outstanding portfolio and a 32% increase in the outstanding portfolio of other non-app business lines.

During 1Q19, new valU app customer reached roughly 7 thousand, with a 3% increase in the conversion rate from valU app downloads to valU app customers Q-o-Q. Additionally, the number of app downloads reached 19 thousand downloads in 1Q19 which made valU constantly among the top 3 downloadable apps on iOS under the finance category. Moreover, the outstanding portfolio of the non-app business lines increased 32% Q-o-Q in 1Q19 and was derived by the sale of 60 incremental UBER cars and an additional 4 units in the number of Solar /Home Improvement products.

The "e-commerce channel" as a new selling channel, drove the performance up, contributing by 16% of valU app business sales in that quarter. Moreover, valU extended its geographical presence to cover Hurghada – Red Sea while increasing the number of merchants across all covered regions, reflecting an increase of 47 new merchants Q-o-Q.

The more diversified portfolio of merchants and tactical promotions resulted in attracting both



banked and unbanked; hence maintaining same portfolio composition of 87% banked customers and 13% unbanked customers.





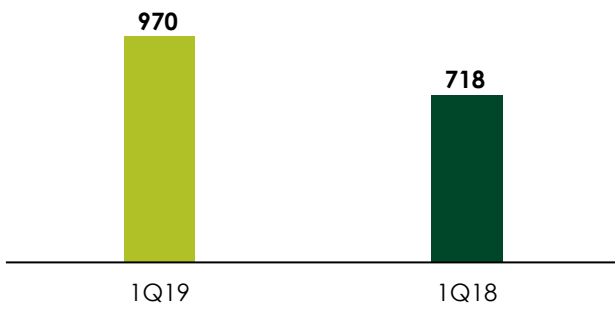
ANNEX

Contribution by Platform

Revenues

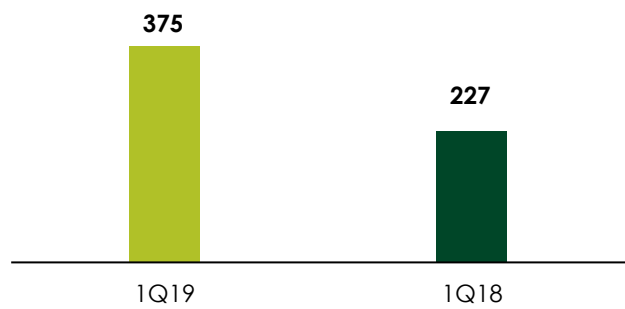
Investment Bank

In EGP million



NBFIs

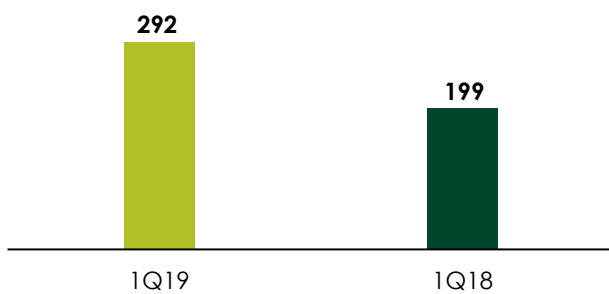
In EGP million



NPAT

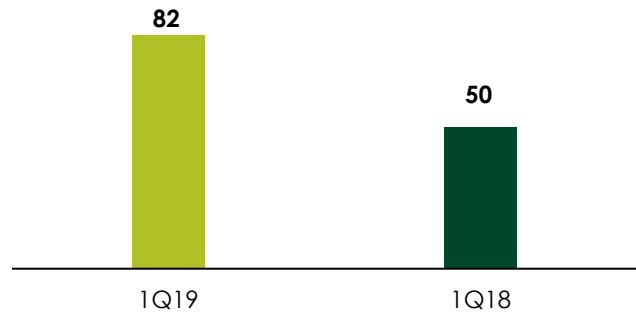
Investment Bank

In EGP million



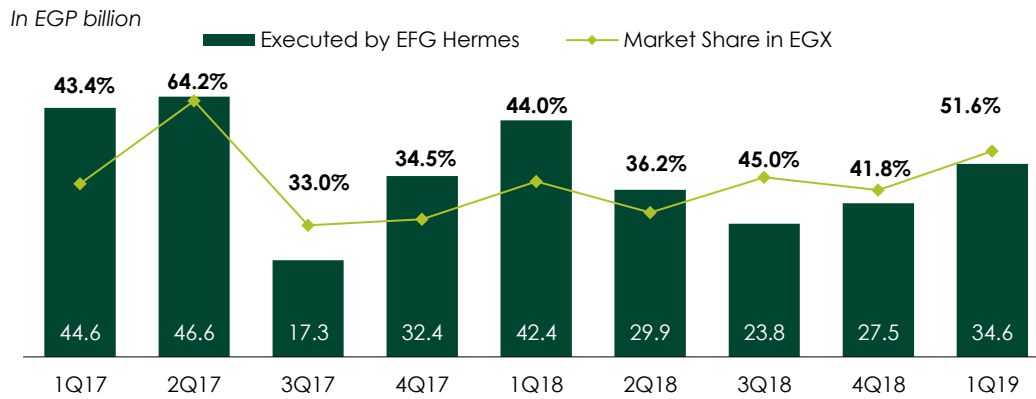
NBFIs

In EGP million



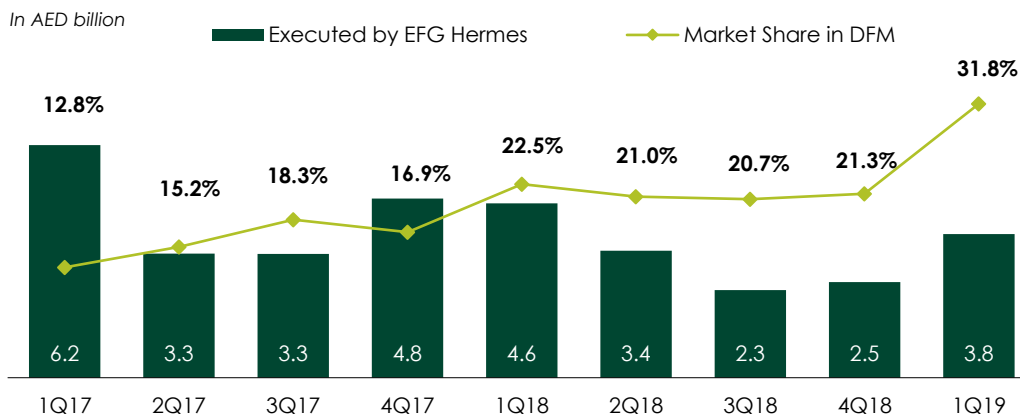
EFG Hermes Executions & Market Shares

Egypt:

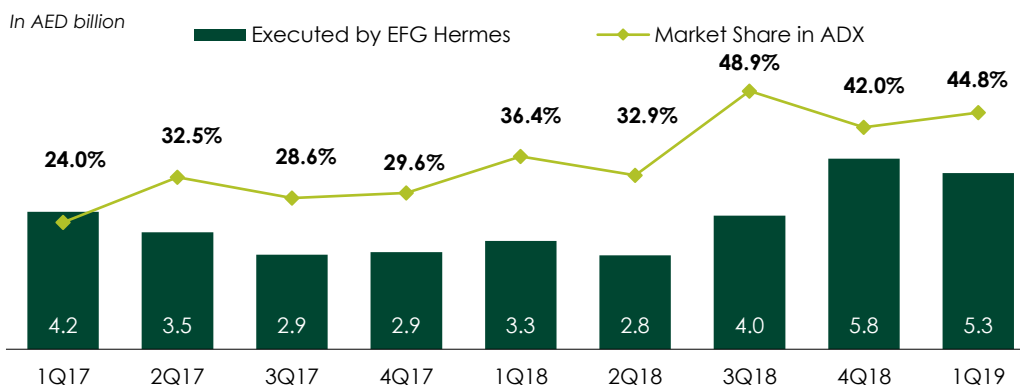


*Market share calculation includes special transactions

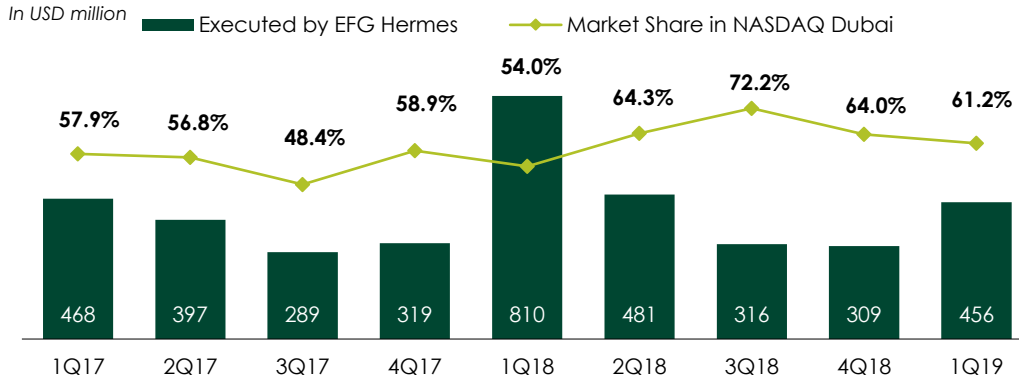
UAE- DFM



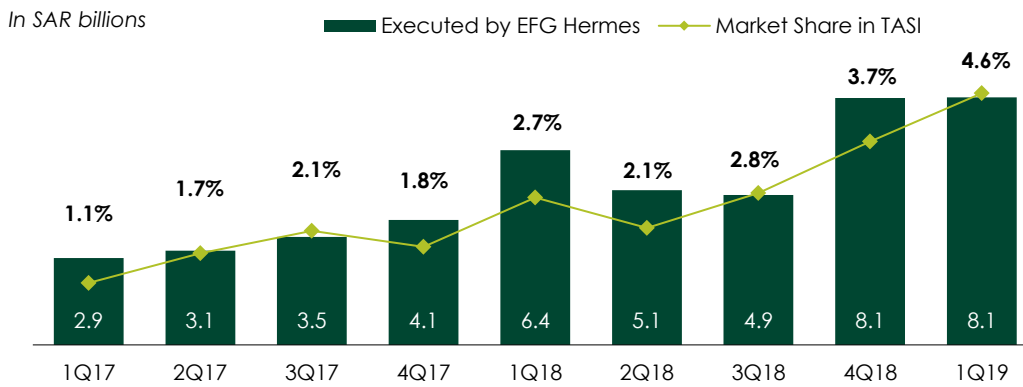
UAE – Abu Dhabi



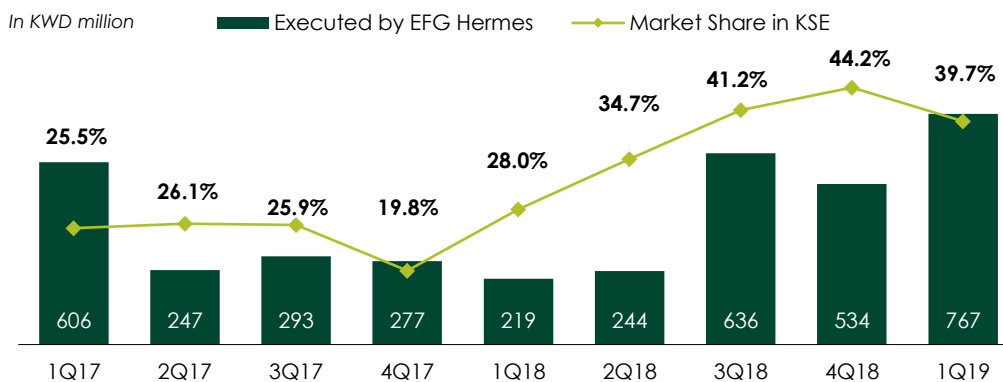
UAE – NASDAQ Dubai



KSA

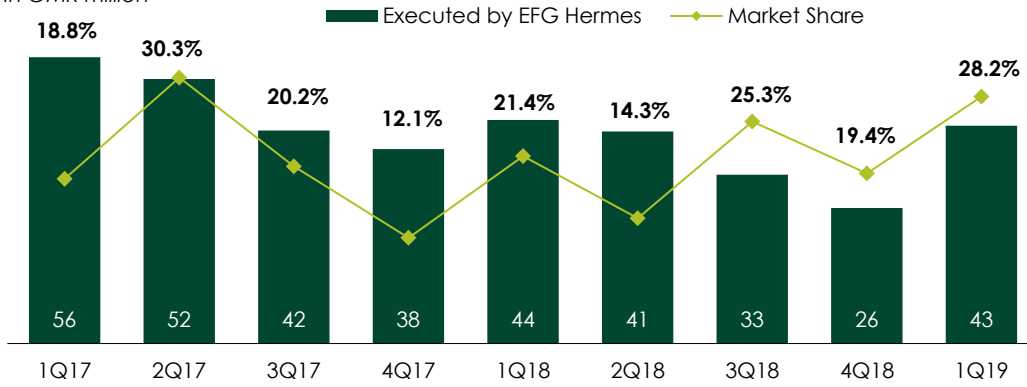


Kuwait



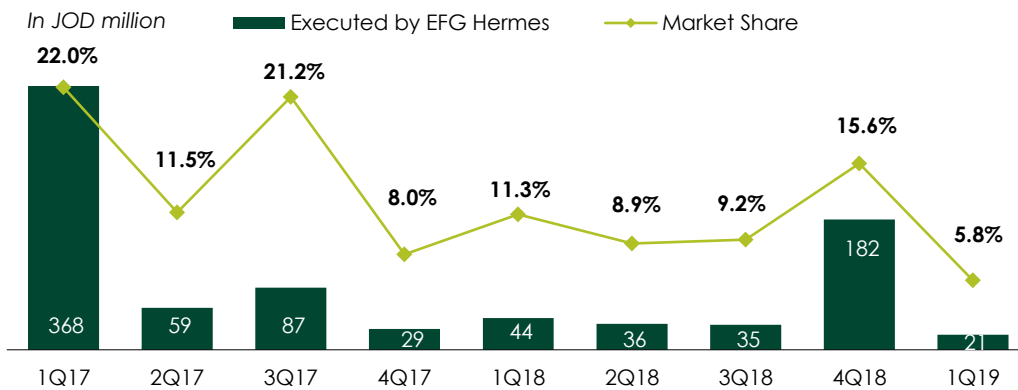
Oman

In OMR million



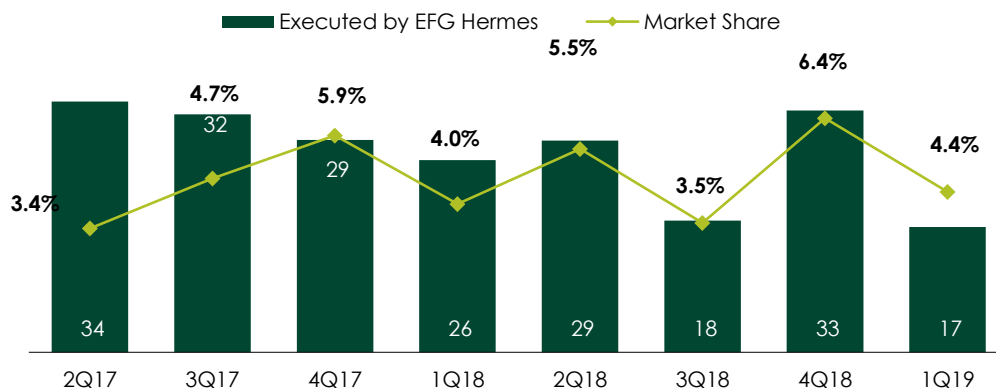
Jordan

In JOD million



Pakistan

In PKR billion



Kenya

