

# EFG Hermes Holding



## 1Q2023 Results Presentation



# Group Overview

## Group Performance Highlights

- ≡ A strong start to the year with Group revenues more than doubled, up 129% Y-o-Y to reach EGP4.5 billion in 1Q23. This strong set of results was supported by higher revenues generated from regional operations particularly when translated to our reporting currency (EGP), higher unrealized gains on our seed capital, and stronger operating revenues generated by the Sell-side business and the commercial bank (aiBank); this in addition to strong treasury operations
- ≡ Group operating expenses, (including employee expenses, other G&A and Provisions& ECL) rose 148% Y-o-Y to come at EGP3.0 billion in 1Q23, predominately on: (i) variable portion of the employee expenses in line with rising revenues booked by the Holding; (ii) a sharp increase in the Egypt based entities' expenses including salaries due to the elevated inflation levels, together with the impact of the US dollar denominated expenses; (iii) doubling of regional operations expenses when translated to our reporting currency as the EGP devalued strongly Y-o-Y; and (iv) the increase in ECL and provisions for all three verticals of the business, particularly at the commercial bank;
- ≡ The Group net operating profit and Group net profit before tax, rose 99% and 108% Y-o-Y to EGP1.5 billion and EGP1.4 billion, respectively. Tax expenses doubled Y-o-Y, up 103% to EGP462 million in 1Q23, mainly on higher deferred taxes booked by the Investment Bank. However, the Group net profit after tax and minority interest rose 157% Y-o-Y to EGP885 million, due to minority related to FIM;

- ≡ The Investment Bank reported stellar set of results, with its total revenues soaring 237% Y-o-Y to EGP 3.0 billion in 1Q23, this performance was mainly driven by higher Holding & Treasury Activities revenues; together with higher unrealized gains on seed capital, and stronger operational increase in Investment Banking and Brokerage revenues;
- ≡ The Investment Bank total operating expenses rose 244% Y-o-Y to EGP2.0 billion, driven largely by higher employee expenses, followed by higher other G&A and ECL booked during the quarter. The Investment Bank net operating profit rose 226% Y-o-Y EGP1.1 billion. Taxes rose significantly, pressured by deferred tax on unrealized gains on investments/seed capital and fx-gain. However, net profit after tax and minority increased more than three folds, up 330% Y-o-Y to EGP759 million;

- ≡ The NBFIs platform revenues rose 15% Y-o-Y to EGP689 million in 1Q23, lifted mainly by higher revenues generated by valU. Operating expenses rose 37% Y-o-Y to EGP578 million in 1Q23, mainly on higher provisions & ECL, and a general increase in expenses to reflect the increasing inflation in Egypt. The NBFIs net operating profit declined 38% Y-o-Y to EGP111 million in 1Q23; and net profit after tax and minority reached EGP39 million, down 60% Y-o-Y in 1Q23;
- ≡ aiBank reported revenues of EGP727 million in 1Q23, up 65% Y-o-Y, driven by stronger net interest income and fees & commissions. Operating expenses including provisions & ECL rose 112% Y-o-Y to EGP429 million, on higher employee and other G&A expenses to reflect higher inflation Y-o-Y, together with an increase in provisions & ECL by EGP110 million to mirror loan book growth and a more prudent and conservative provisioning approach, which rose 69% Y-o-Y. The Bank reported a net profit after tax of EGP171 million (of which EFG Hermes' share is EGP87 million) in 1Q23.

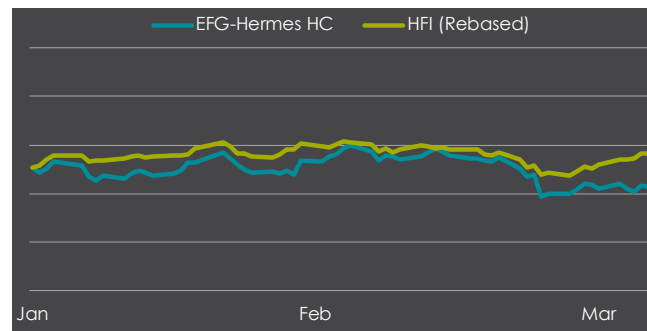
# Group Overview

## Share Information

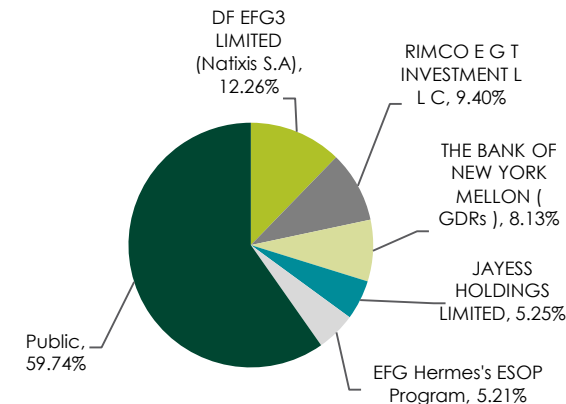
### Stock Performance 1Q23

Close **16.75** ▼ **6%** Q-o-Q  
 Open **17.88** Hi **20.91** Lo **15.65**  
 Average Daily Turnover  
**EGP119.7 mn** ▲ **42%** Q-o-Q  
 Market Cap **EGP19,559 mn** Shares **1,167.68 mn**

### Stock Price Performance



### Shareholders structure



\*Shareholders structure as of 31<sup>st</sup> of March, 2023

### Analyst Recommendations Analysis

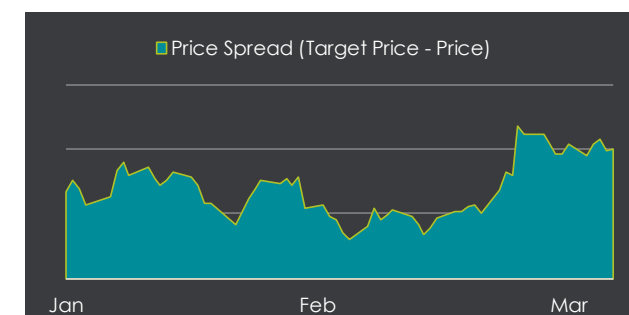
Institution	Recommendation	Target Price	Date
CI Capital	Buy	23.0	Apr-23
Beltone	Buy	21.3	Mar-23
Arqaam	Buy	23.7	Mar-23
Al Ahly Pharos	Buy	22.9	Mar-23

### Consensus Recommendation

**Buy** 4 100%  
**Hold** 0 0%  
**Sell** 0 0%  
**Average Target Price** EGP 22.72  
**Spread\*** EGP 6.0  
**Potential Upside** 36%

\* Based on 31<sup>st</sup> of March, 2023 closing price

### Price Spread

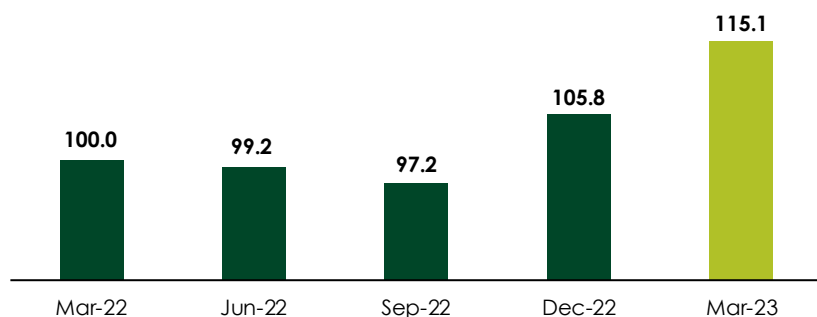


# Group Overview

## Balance Sheet

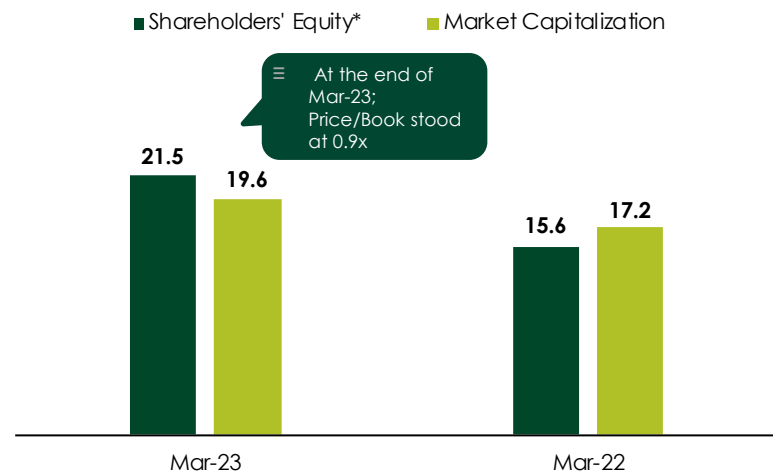
**Total Assets,**  
up 9% Q-o-Q

In EGP bn



**Total Equity/Market capitalization**

In EGP bn



\* Equity Attributable to Shareholders

## EFG Hermes Balance Sheet as at 31<sup>st</sup> of March 2023

Assets - Liabilities	In EGP million
Cash and Cash Equivalents	17,497
NBFIs Loans Receivable	12,894
Commercial Bank Loans	20,059
Investment in Associates	622
Merchant Banking Loans	382
Asset Management Seed Capital	4,417
Private Equity Seed Capital	2,093
Fixed Assets and Real Estate	2,226
Clients Investments at FVTPL (Structured Products)	556
Payables to Clients at FVTPL (Structured Products)	(556)
(Receivables - Payables)	(5,327)
(Other Assets - Other Liabilities)	(2,756)
Goodwill and Other Intangible Assets	1,962
Trading and AFS Investments	5,823
Investments at Amortized Cost	16,963
Customer Deposits	(46,514)
Short Term Bonds	(500)
Short & Long term Loans*	(4,765)
Minority	(3,588)
<b>Total</b>	<b>21,488</b>

\*Predominantly includes NBFIs borrowings.



## I. First Quarter Results Review – 1Q2023

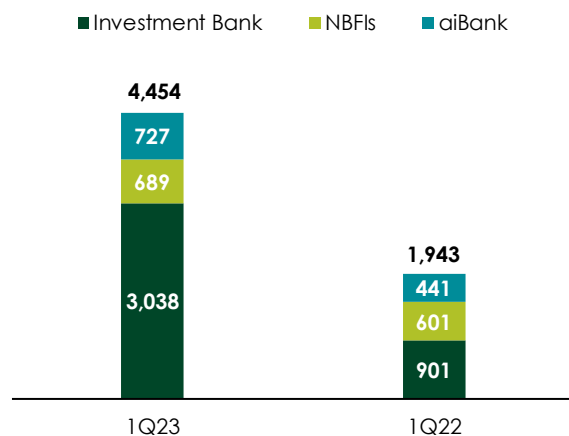
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# Group Overview

## Group Financial Highlights – 1Q2023

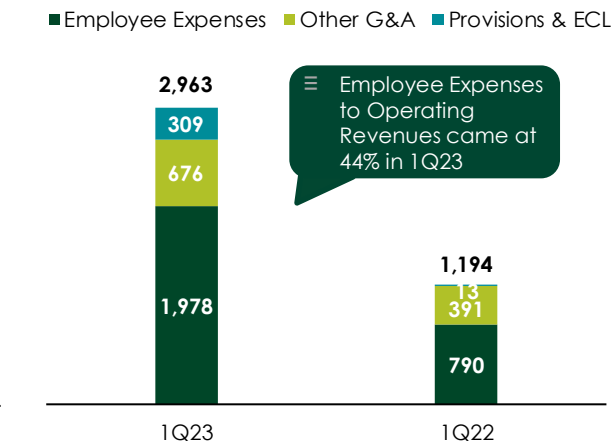
### EFG Hermes Net Operating Revenue, up 129% Y-o-Y

In EGP mn



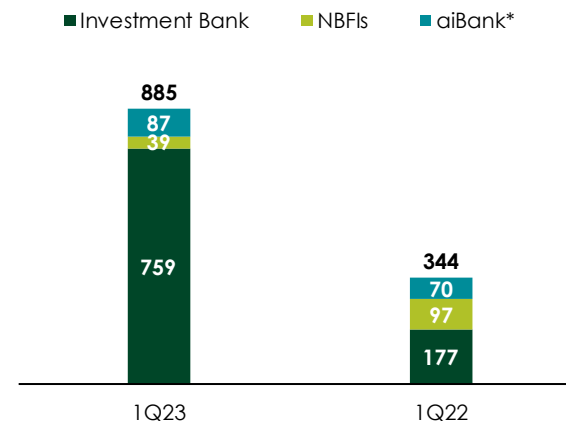
### EFG Hermes Operating Expenses, up 148% Y-o-Y

In EGP mn

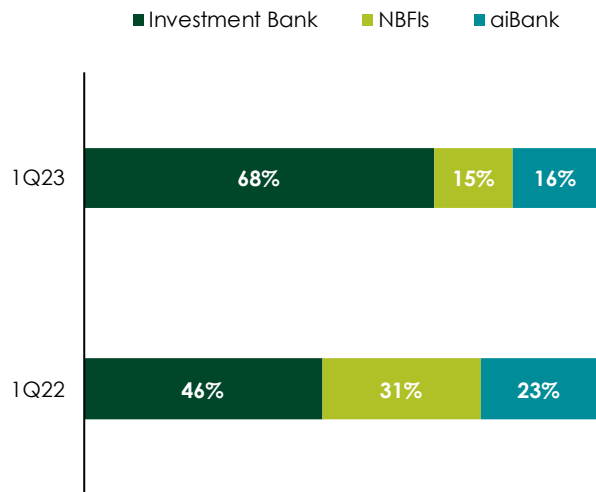


### EFG Hermes Net Profit After Tax and Minority Interest, up 157% Y-o-Y

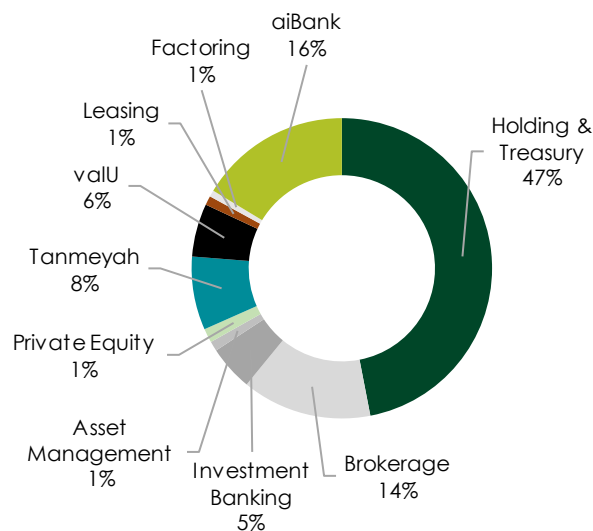
In EGP mn



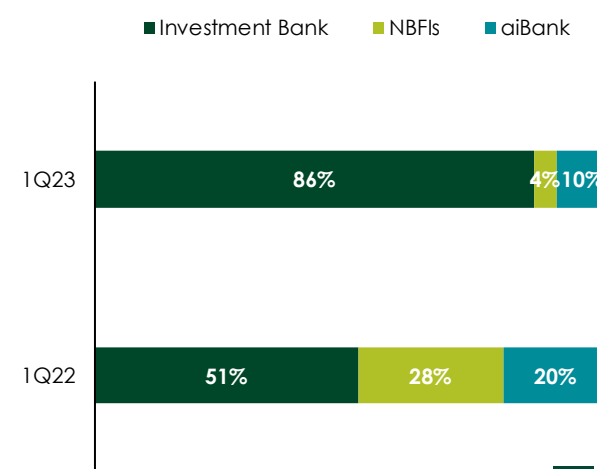
### EFG Hermes Revenues Contribution by Platform



### Revenue Breakdown By Line of Business



### NPAT Contribution by Platform



# Investment Bank Overview

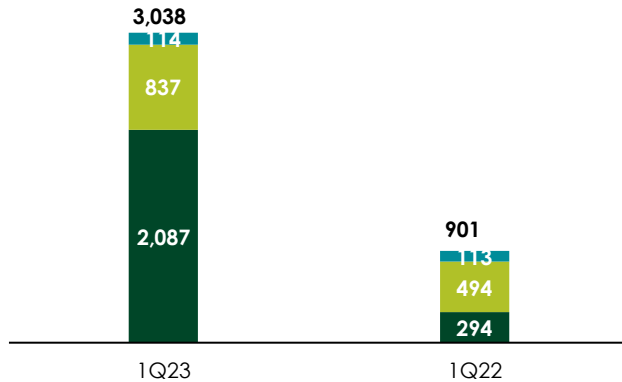
## Investment Bank Highlights – 1Q2023

### Investment Bank Revenues,

up 237% Y-o-Y

In EGP mn

■ Holding & Treasury ■ Sell-side ■ Buy-side

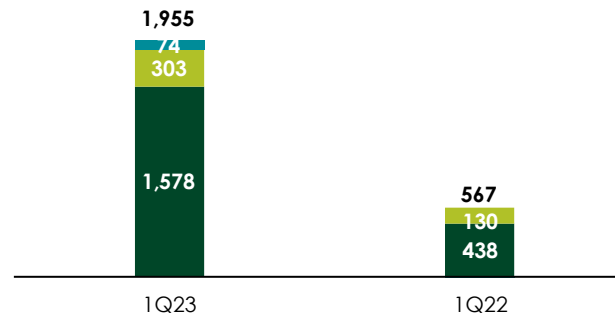


### Investment Bank Expenses,

up 244% Y-o-Y

In EGP mn

■ Employee Expenses ■ Other G&A ■ Provisions & ECL



### Investment Bank Operational Highlights

USD **19.8** bn

Brokerage Executions  
-20% Y-o-Y, -25% Q-o-Q

**342**  
companies

Research Coverage

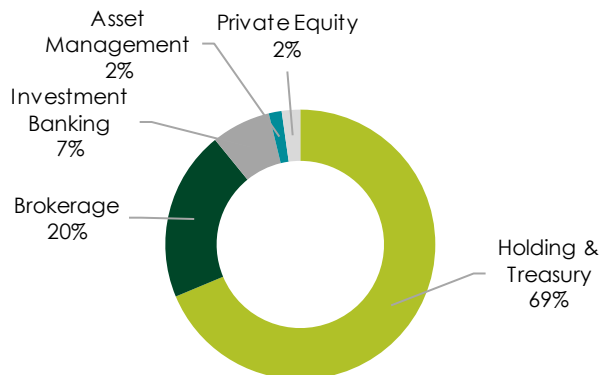
USD **2.9** bn

Investment Banking  
Deals Size

USD **4.5** bn

Buy-Side AuMs  
-2% Q-o-Q, Flat Y-o-Y

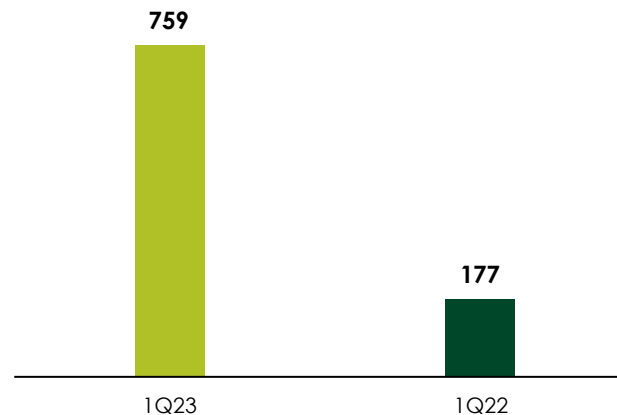
### Investment Bank Revenues Contribution



### Investment Bank Net Profit After Tax and Minority Interest,

up 330% Y-o-Y

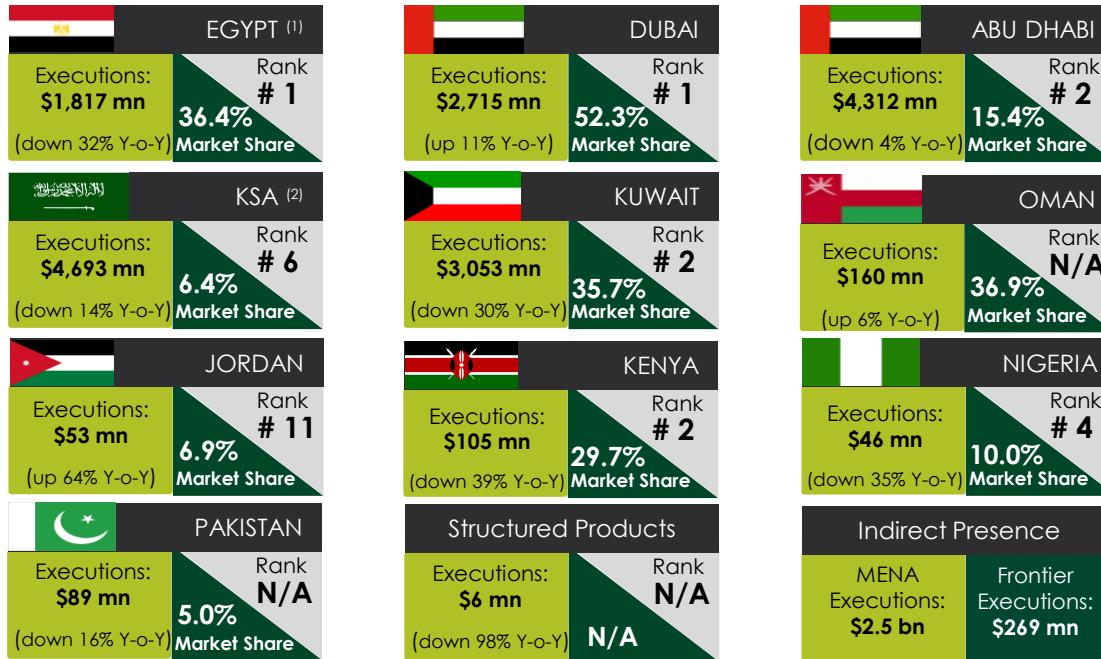
In EGP mn



# Investment Bank Overview

## Brokerage Overview – 1Q2023

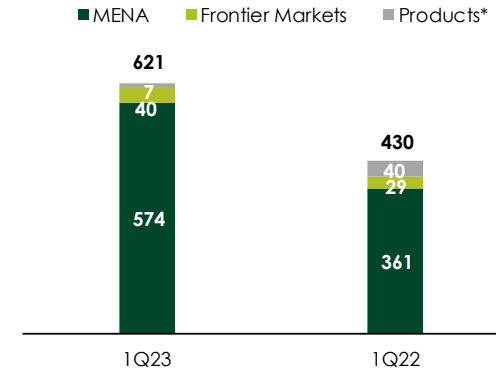
### Executions and Market Shares



(1) Excluding special transactions  
(2) Over brokers only

### Brokerage Revenue by Region

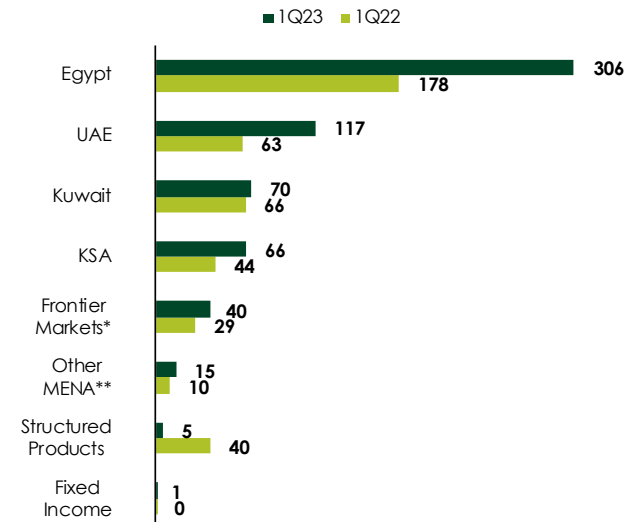
In EGP mn



\* Includes Structured Products and Fixed Income

### Brokerage Revenue by Country (Operations)

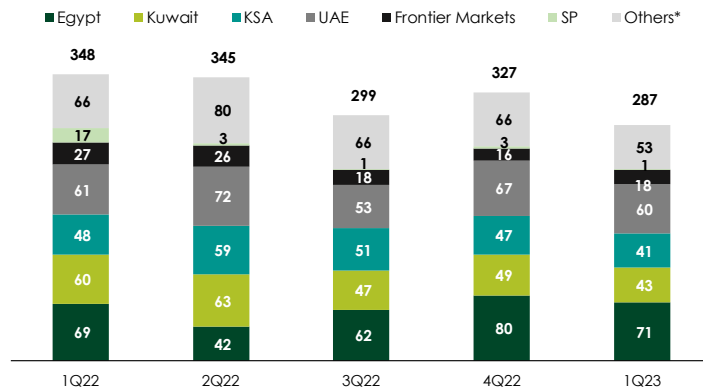
In EGP mn



\* Frontier Markets includes Pakistan, Nigeria, Kenya, and Other Frontier markets  
\*\* Other MENA includes: Oman, Jordan, and Bahrain

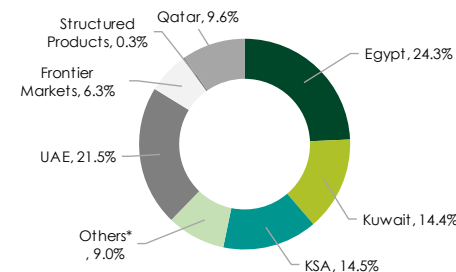
### Average Daily Commissions

In USD thousand



\*Others including: Qatar, Oman, Lebanon, Jordan, UK (GDRs), Bonds and EFG Hermes One

### Fees Contribution by Market/Product



\*Others including: Oman, Lebanon, Jordan, UK (GDRs), Bonds and EFG Hermes One  
\*\*Based on 1Q23 figures



# Investment Bank Overview

## Investment Banking and Research Overview – 1Q2023

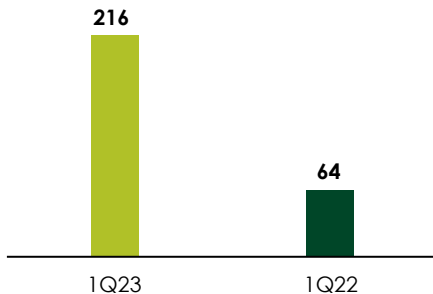
### Investment Banking



- On the debt front, the team advised Misr Italia, Palm Hills Development and Madinet Masr on its securitized bond issuances worth USD40 million, USD21 million and USD26 million, respectively. Furthermore, the team has successfully concluded two subsequent securitized bond issuances for Bedaya Mortgage Finance and Al Taamir Mortgage Finance worth USD32 million each. Additionally, the team advised on Valu's fourth securitization issuance worth USD28 million. Lastly, the team concluded the advisory on Premium Credit Services' eighth securitized bond issuance worth USD6 million.
- In the equity space, EFG Hermes successfully acted as joint global coordinator on the IPO of Abraaj Energy Services, on the Muscat Stock Exchange (MSX) in a USD244 million offering. The team also acted as Joint Bookrunner on the USD2.5 billion IPO of ADNOC Gas on the Abu Dhabi Securities Exchange (ADX).

### Investment Banking Revenue

In EGP mn



USD 2.9 bn  
Aggregate Deals Size

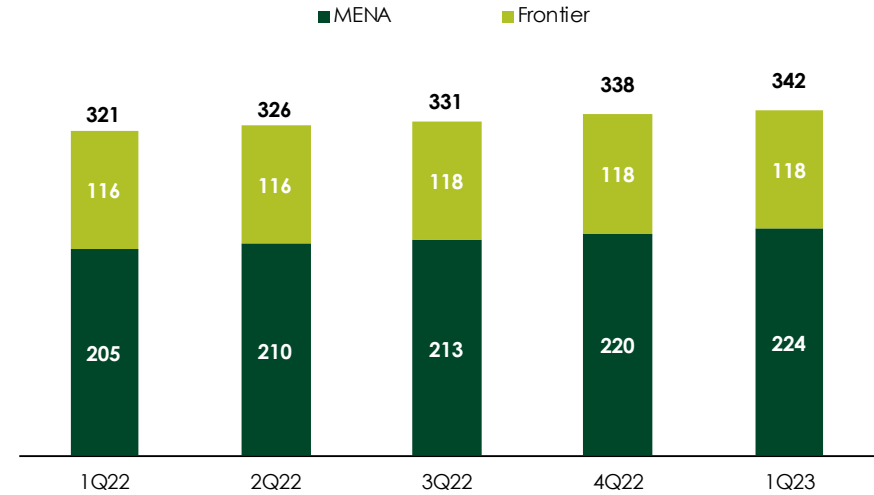
2  
ECM Deals Count

7  
DCM Deals Count

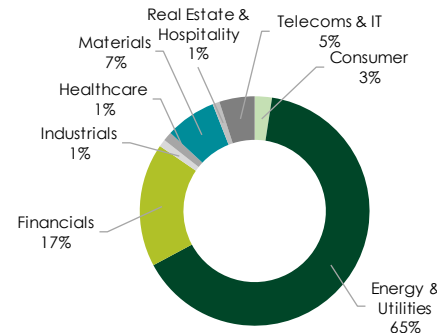
### Research

#### Research Coverage Universe

Number of Companies



#### Research coverage by Sector



- In 1Q23, EFG Hermes's Research team initiated coverage on three new stocks, which included Alinma Bank, Arabian Drilling in Saudi Arabia, and Qatar Aluminum, bringing the stocks covered to 342 stocks in 25 countries.

# Investment Bank Overview

## Asset Management Overview – 1Q2023

### Egypt Asset Management

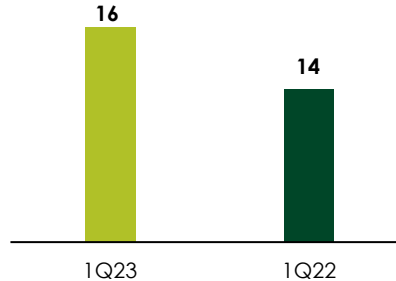
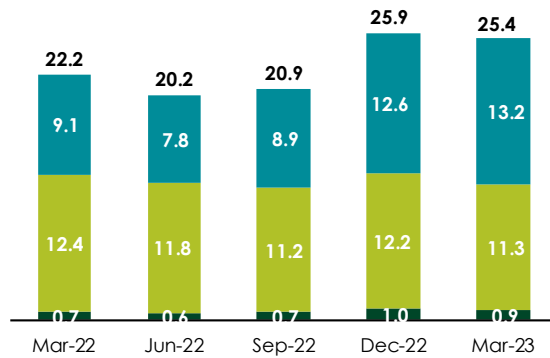
#### Assets Under Management

In EGP bn

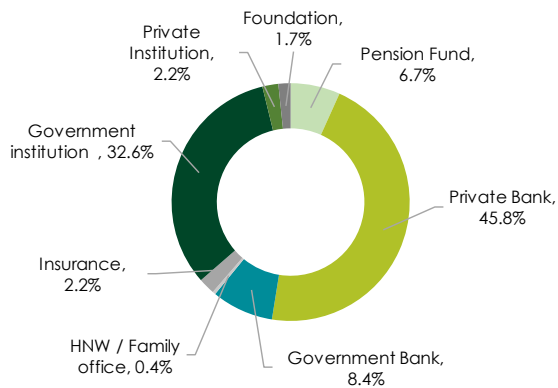
#### Revenue Breakdown

In EGP mn

Portfolios Money Market & FI Equity Funds



#### AuMs Breakdown by Investor Type



#### AuMs Breakdown by Region

MENA, 100%



### Regional Asset Management “FIM”

#### Assets Under Management

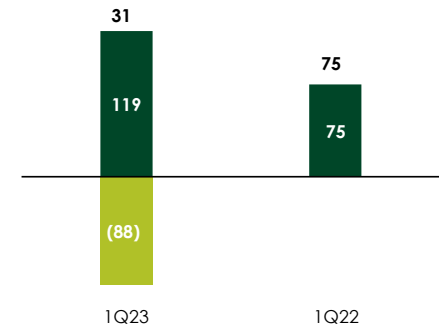
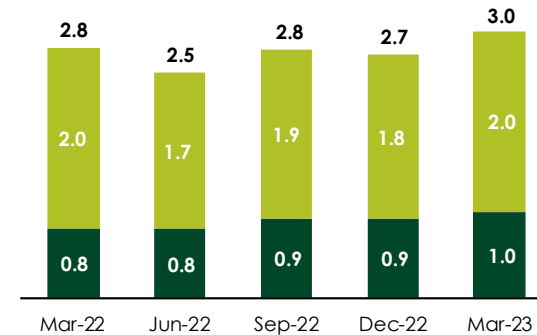
In USD bn

#### Revenue Breakdown

In EGP mn

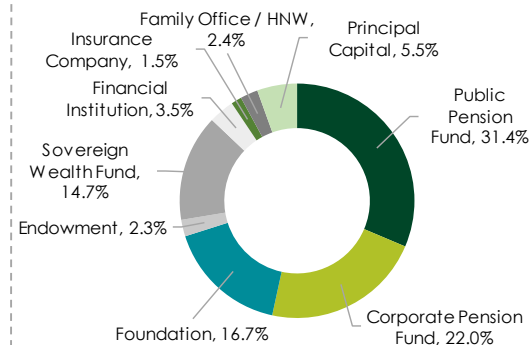
Funds Portfolios

Management Fees Other Fees\*

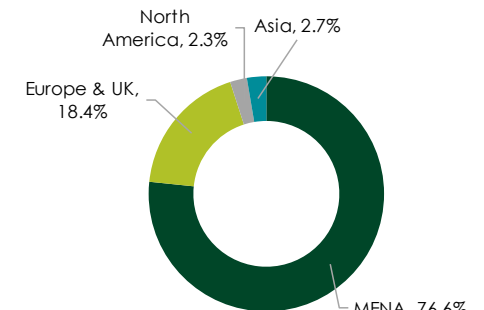


\* Other Fees include incentive fees and other net revenues

#### AuMs Breakdown by Investor Type



#### AuMs Breakdown by Region



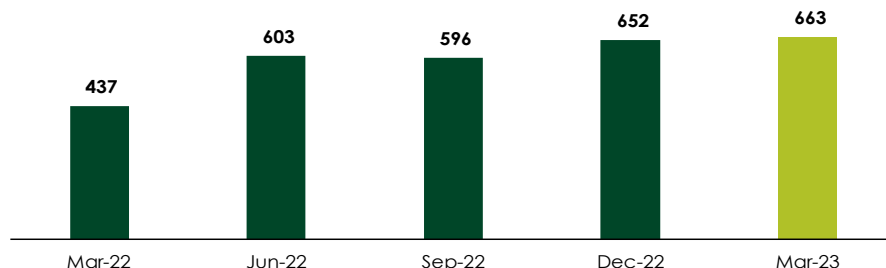
# Investment Bank Overview

## Private Equity Overview – 1Q2023

### Private Equity

#### Private Equity AUMs Evolution

In USD mn

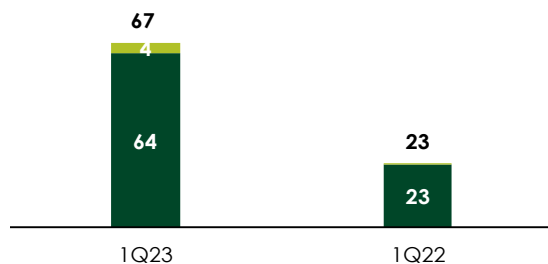


- ≡ Vortex Energy IV's investment in EO Charging was completed during 1Q23, marking the fund's second investment. EO Charging is UK-based vertically integrated fleet charging company founded in 2014. Its business lines include (i) provision of fleet and bus electrification solutions, (ii) operation, maintenance and software, (iii) development and manufacturing of EV chargers.
- ≡ Egypt Education Platform has continued expanding its market leading position after completing the acquisition of a majority stake in Egypt's leading education content developer, Selah El Telmeez ("SET"), and is currently advancing discussions with multiple parties to add 2 new schools to its portfolio in 2Q23.
- ≡ United Pharma (UpH) revenues were up by 20% Y-o-Y in 1Q23. UpH has continued to be the number 1 supplier to the market's IV solutions in 1Q23, and has significantly contributed to stabilizing the hospital pharmaceuticals supply market. UpH continues to focus on the development of its products portfolio, with +12 new products joining the pipeline for launch between 2023 and 2024.

#### Private Equity Revenue

In EGP mn

■ Management Fees ■ Other Fees\*



\* Other Fees includes incentive fees and other net revenues

### Awards/Rankings



# NBFIs Overview

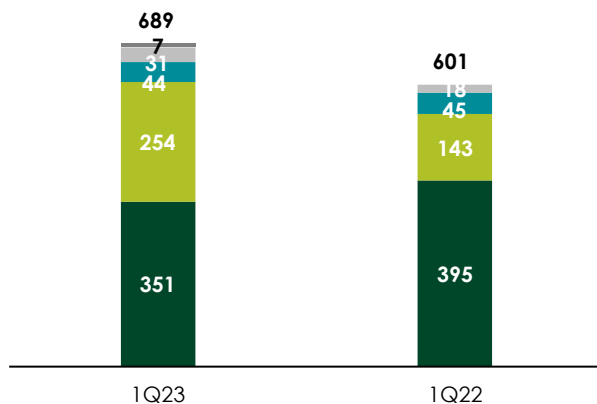
## NBFIs Highlights – 1Q2023

### NBFIs Revenues,

up 15% Y-o-Y

In EGP mn

■ Tanmeyah ■ valU ■ Leasing ■ Factoring ■ Fatura

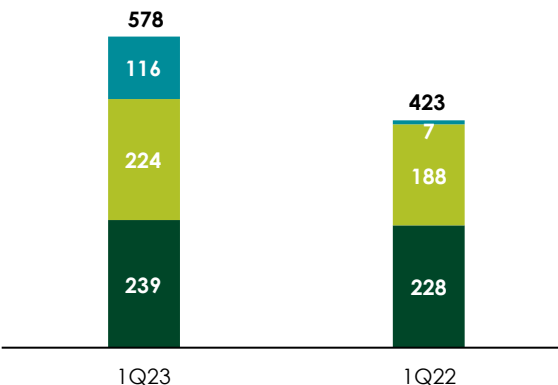


### NBFIs Expenses,

up 37% Y-o-Y

In EGP mn

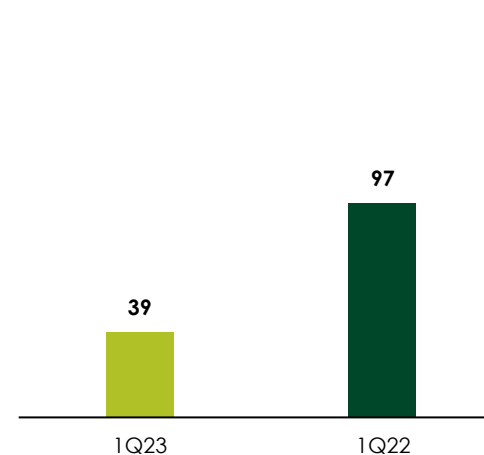
■ Employee Expenses ■ Other G&A ■ Provisions & ECL



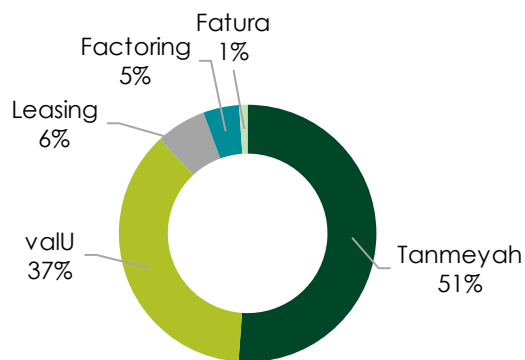
### NBFIs Net Profit After Tax and Minority Interest,

down 60% Y-o-Y

In EGP mn



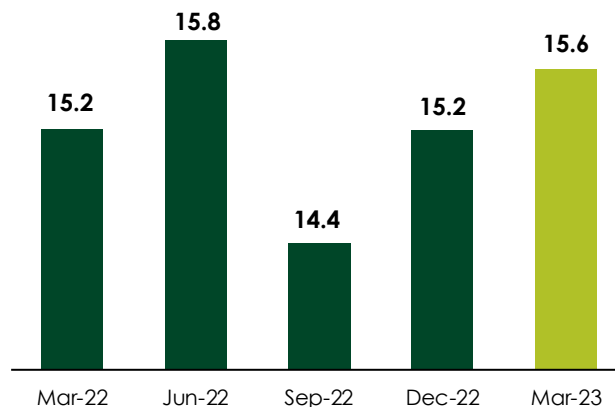
### NBFIs Revenues Contribution



### NBFIs Outstanding Portfolio,

up 3% Q-o-Q

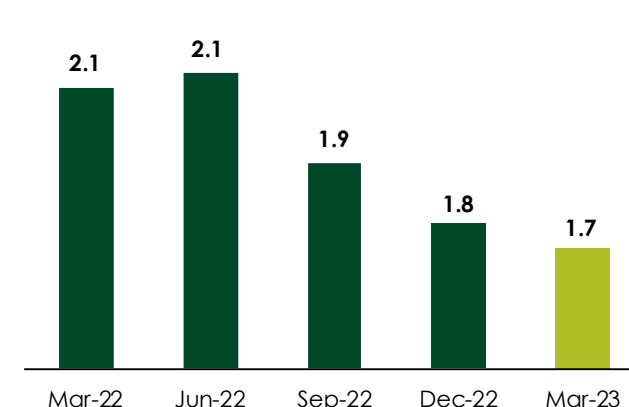
In EGP bn



### NBFIs Tangible Equity,

down 3% Q-o-Q

In EGP bn



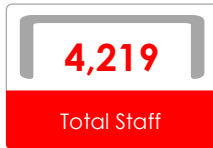
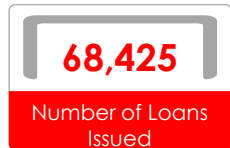
\*Excludes Leasing securitization of EGP2,035 million, and valU securitization of EGP1,377 million

# NBFIs Overview

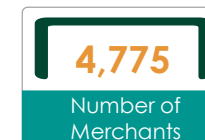
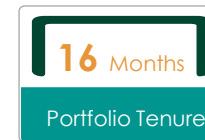
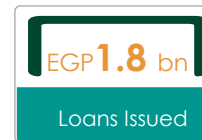
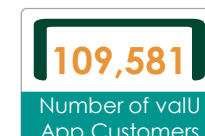
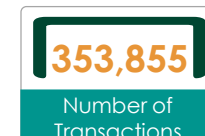
## Tanmeyah and valU Overview – 1Q2023



### KPIs

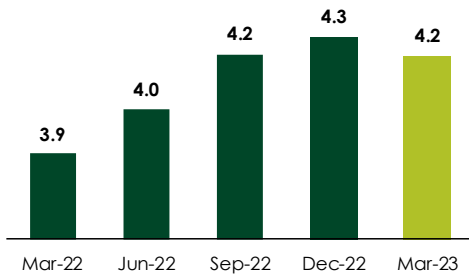


### KPIs



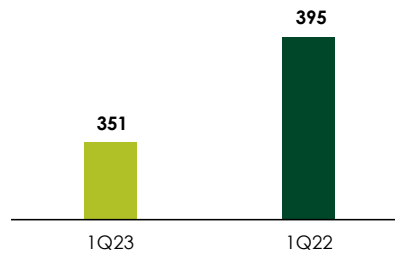
### Outstanding Portfolio

In EGP bn



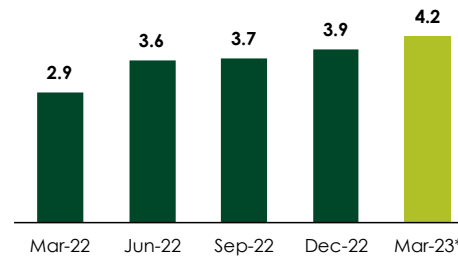
### Tanmeyah Revenue

In EGP mn



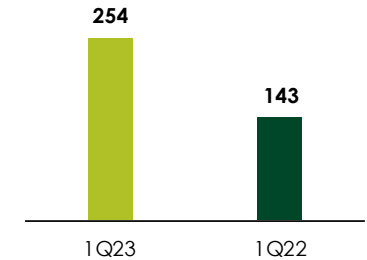
### Outstanding Portfolio

In EGP bn



### valU Revenue

In EGP mn

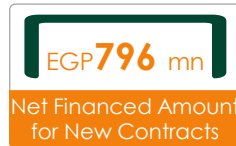


\*Excludes Securitized Portfolio of EGP1,377 million

# NBFIs Overview

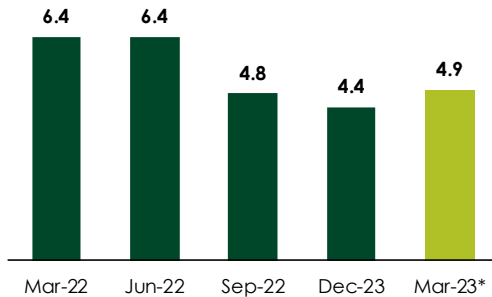
## Leasing and Factoring Overview – 1Q2023

### KPIs



### Leasing On-Books Portfolio

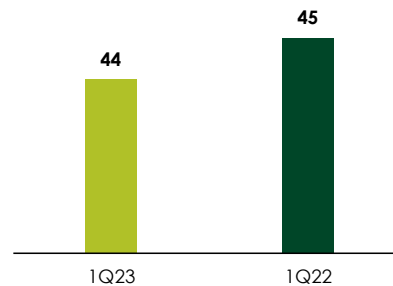
In EGP bn



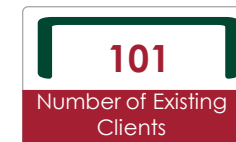
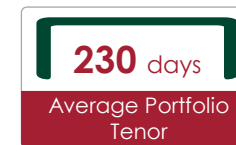
\*Excludes Securitized Portfolio principal amount of EGP2,035 million

### Leasing Revenue

In EGP mn

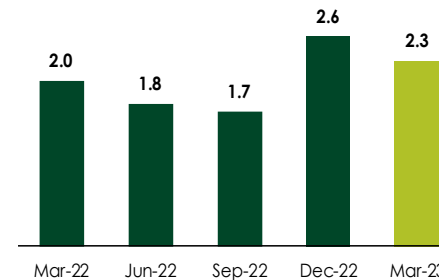


### KPIs



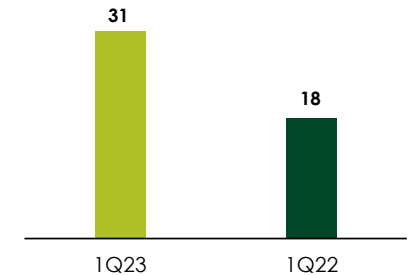
### Factoring Portfolio

In EGP bn



### Factoring Revenue

In EGP mn



# Business Lines Overview

## aiBANK Operational and Financial Overview – 1Q2023

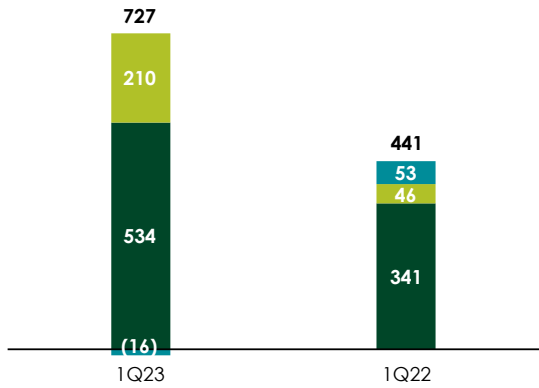


### aiBank Net Operating Revenue,

up 65% Y-o-Y

In EGP mn

- Net Interest Income
- Net Fees & Commissions
- Other Revenues

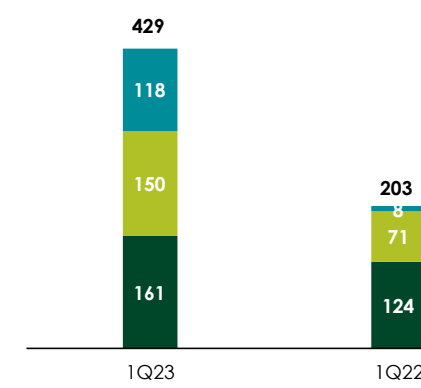


### aiBank Operating Expenses,

up 112% Y-o-Y

In EGP mn

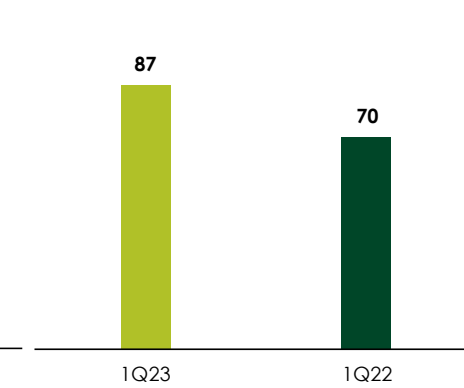
- Employee Expenses
- Provisions & ECL
- Other G&A



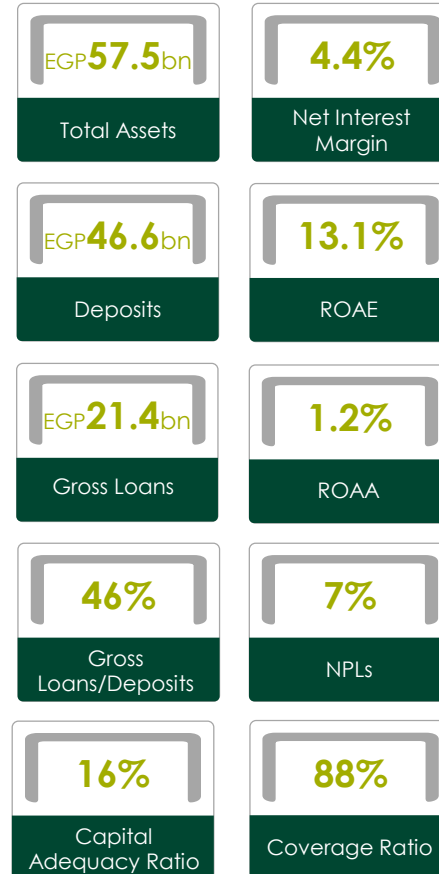
### aiBank Net Profit After Tax and Minority,

up 25% Y-o-Y

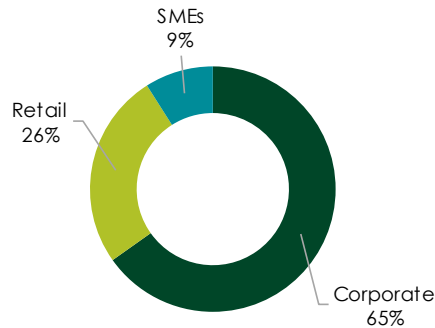
In EGP mn



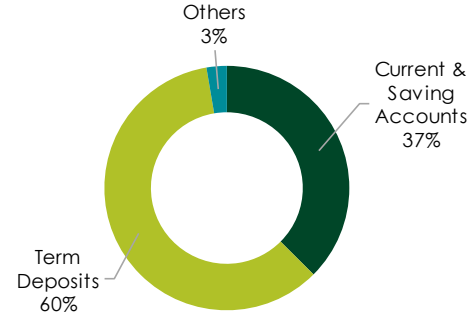
### KPIs



### Loans by Type



### Deposits by Type



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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 5,838,424,030