

EFG Hermes Holding



1Q2020 Results Presentation



- ≡ EFG Hermes took a very prudent approach to its first quarter numbers. Preparing for unforeseen risks, the company took significant provision charges for its NBFIs portfolio that do not reflect a deterioration in the credit quality of its book. We feel that this precautionary measure in response to the proliferation of the COVID-19 virus, while on the conservative side, puts us in a stronger position for the rest of the year where uncertainties are expected to heighten and the economic outlook remains weak;
- ≡ Additionally and despite the FRA postponing its implementation to year-end after the outbreak of the COVID-19 virus, EFG Hermes decided to proceed with an early adoption of IFRS 9 (Financial Instruments) in 1Q20 financial statements to showcase the resilience of the company's financial statements during these challenging times. Consequently, the movement of seed capital/investments to FVTPL from FVTOCI, in such volatile capital market conditions, had a negative impact on the P&L;

- ≡ EFG Hermes NBFIs revenues continued to increase, adding 19% Y-o-Y in 1Q20; however, EFG Hermes Group revenues declined 24% Y-o-Y to EGP965 million in 1Q20 as the comparable quarter included exceptionally strong incentive fees of EGP236 million from the Private Equity's wind portfolio exit;
- ≡ Sell-side revenues lost 29% Y-o-Y to EGP229 million in 1Q20, mainly on lower Brokerage revenues, which declined 26% Y-o-Y to EGP213 million, largely on losses, recorded by the Fixed Income desk of EGP44 million in 1Q20; and on lower revenue reported by Egypt as the margin book contracted. Investment Banking revenues decreased 54% Y-o-Y to EGP17 million in 1Q20, on lower advisory fees;

- ≡ Buy-side revenues declined 70% Y-o-Y to EGP106 million in 1Q20, as 1Q19 included Private Equity's incentive fees from Vortex I & II exit. The division recorded revenues of EGP44 million, lower by 83% Y-o-Y; however, 1Q20 included incentive fees of EGP16 million booked by TDF II from Vezeeta's exit. Meanwhile, Asset Management revenues declined 31% Y-o-Y to EGP61 million in 1Q20, on lower management fees booked by our Regional asset manager;
- ≡ NBFIs revenues continued its upward trend, with its revenues increasing 19% Y-o-Y to EGP362 million in 1Q20. This was triggered by an increase in Tanmeyah's revenues, which rose 17% Y-o-Y to EGP296 million in 1Q20, on a larger portfolio Y-o-Y; and on valU's strong revenue growth, which skyrocketed more than six times Y-o-Y to reach EGP20 million;

Group Overview

Group Performance Highlights

- ≡ Capital markets & treasury revenues slipped 8% Y-o-Y to EGP268 million in 1Q20; mainly on unrealized losses developing from the move of seed capital/Investments from Investments at fair value through OCI (FVTOCI) to Investment at fair value through profit & loss (FVTPL); and despite higher interest income and capital gains;
- ≡ Group operating expenses came broadly unchanged Y-o-Y; inching up 2% Y-o-Y to EGP827 million in 1Q20, as the increase of provisions taken by the NBFIs platform was off-set by lower bonus provisions booked by the Group;

- ≡ Group net operating profit and the net profit after tax and minority interest declined 70% Y-o-Y and 76% Y-o-Y; respectively, to EGP139 million and EGP90 million, in 1Q20; on declining Investment Bank revenues and higher NBFIs provisions;;
- ≡ The NBFIs net profit after tax and minority interest reported a loss of EGP22 million in 1Q20, mainly on exceptional provisions taken by the Platform which reached EGP138 million for the quarter. It is important to once again note that, those provisions do not reflect a deterioration in the credit quality of the NBFIs book, but is rather a precautionary measure in the face of the COVID-19 virus;

- ≡ As the economic situation in Lebanon continued to worsen in 1Q20, with potential additional defaults on debt, an overvalued currency, an economy that is contracting by double digits even before the ongoing public health crisis necessitated a further assessment of the fair value of the remaining stake that we hold in Lebanese bank Credit Libanais. Accordingly, the management took a decision, to write-down 100% of the remaining investment during the quarter.

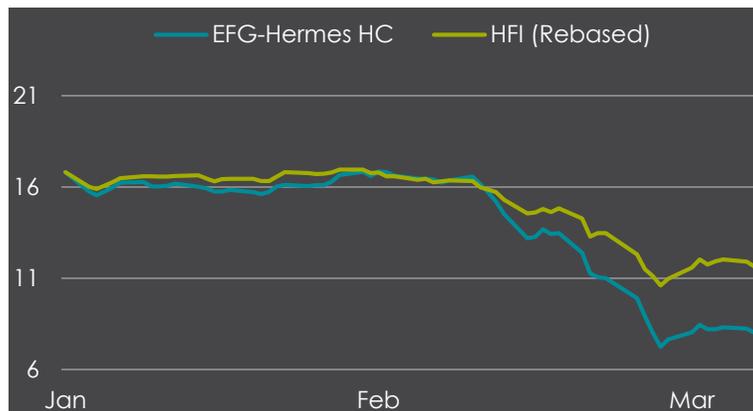
Group Overview

Share Information

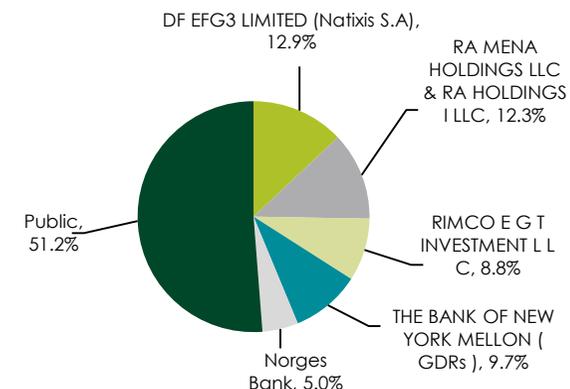
Stock Performance 1Q20

Close **8.29** ▼ **51%** Q-o-Q
 Open **16.97** Hi **16.84** Lo **7.26**
 Average Daily Turnover
EGP14.0 mn ▲ **2%** Q-o-Q
 Market Cap **EGP6,372 mn** Shares **768.6 mn**

Stock Price Performance



Shareholders structure



*Shareholders structure as of 31st March, 2020

Analyst Recommendations Analysis

Institution	Recommendation	Target Price	Date
Arqaam	Buy	18.9	April-20
CI Capital	Overweight	25.2	Dec-19
HSBC	Buy	31.6	Nov-19
Beltone	Buy	23.6	Nov-19
HC	Overweight	24.3	Nov-19
Sigma Capital	Buy	23.3	Nov-19
Pharos	overweight	23.5	Aug-19
Rencap	Buy	23.0	Aug-19

Consensus Recommendation

Buy 8 100%
Hold 0 0%
Sell 0 0%
Average Target Price EGP 24.17
Spread* EGP 15.88
Potential Upside 192%

* Based on 31st March, 2020 closing price

Price Spread

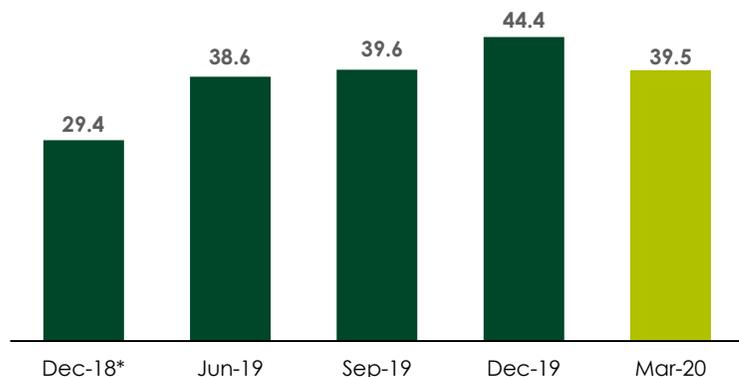


Group Overview

Balance Sheet

Total Assets,
down 11% Y-o-Y

In EGP bn



* Dec18 is restated due to changes in accounting standards (IFRS 16)

Total Equity/Market capitalization

In EGP bn

■ Market Capitalization ■ Shareholders' Equity*



* Equity Attributable to Shareholders

EFG Hermes Balance Sheet as at 31st of March 2020

Assets - Liabilities	In EGP million
Cash and Cash Equivalents	9,120
Microfinance Receivables "Tanmeyah"	1,936
Finance Lease Receivables	3,353
Investment in Associates	65
Merchant Banking Loans	11
Asset Management Seed Capital	1,332
Private Equity Seed Capital	569
Fixed Assets and Real Estate	829
Clients Investments at FVTPL (Structured Products)	2,141
Payables to Clients at FVTPL (Structured Products)	(2,141)
(Receivables - Payables)	536
(Other Assets - Other Liabilities)	(1,586)
Goodwill and Other Intangible Assets	995
Trading and AFS Investments	528
SODIC	48
Short Term Bonds	(400)
Short & Long term Loans	(4,295)
Minority	(339)
Total	12,701

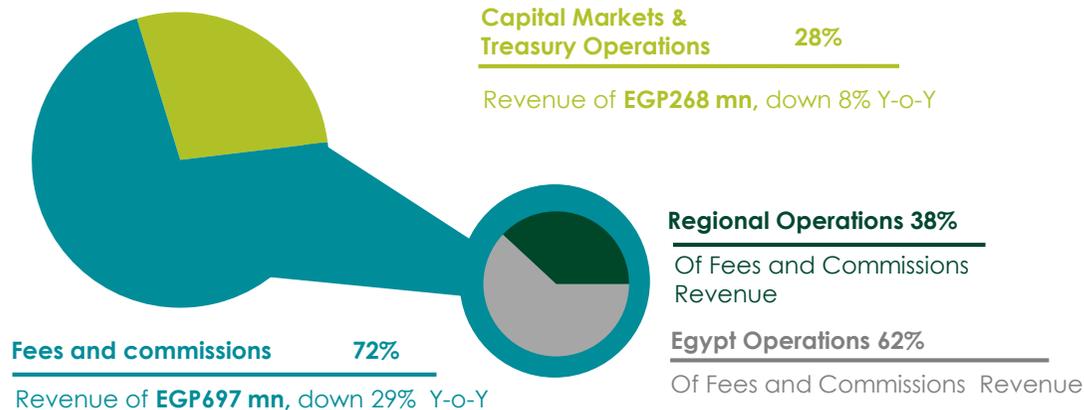


I. First Quarter Results Review – 1Q2020

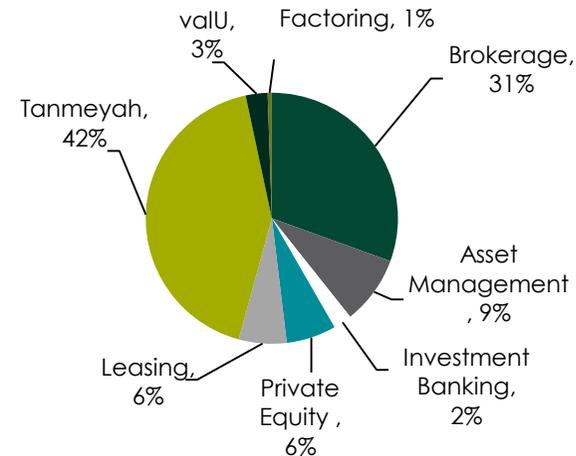
Group Overview

Group Financial Highlights – 1Q2020

EFG Hermes Revenue Breakdown

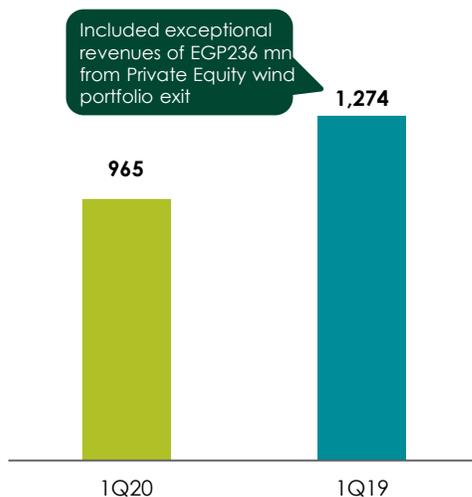


Fees and Commissions Revenue Breakdown



EFG Hermes Operating Revenue, down 24% Y-o-Y

In EGP mn



EFG Hermes Operating Expenses, up 2% Y-o-Y

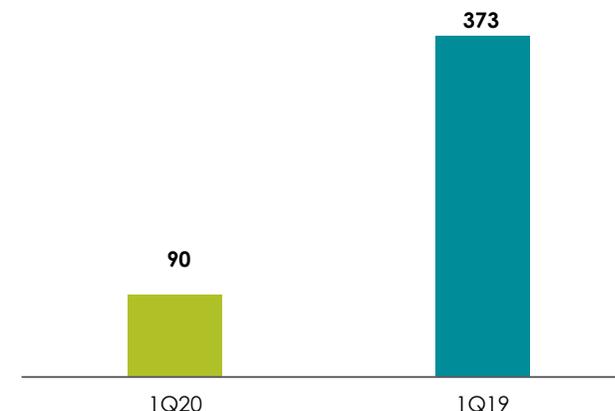
In EGP mn

■ Employees Expense ■ Other Operating Expenses



EFG Hermes Net Profit After Tax and Minority Interest, down 76% Y-o-Y

In EGP mn



Group Overview

Platforms Financial Highlights – 1Q2020

EFG Hermes Revenue Breakdown by Platform

Investment Bank Revenues down 38% Y-o-Y

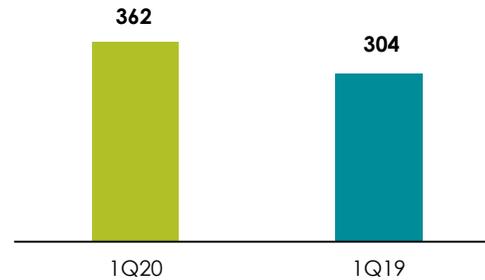
In EGP mn

Included exceptional revenues of EGP236 mn from Private Equity wind portfolio exit

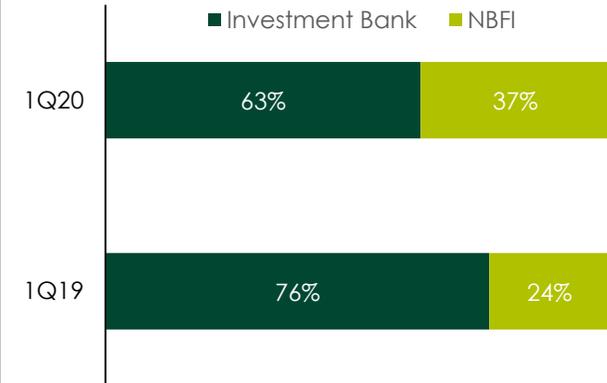


NBFIs Revenues up 19% Y-o-Y

In EGP mn



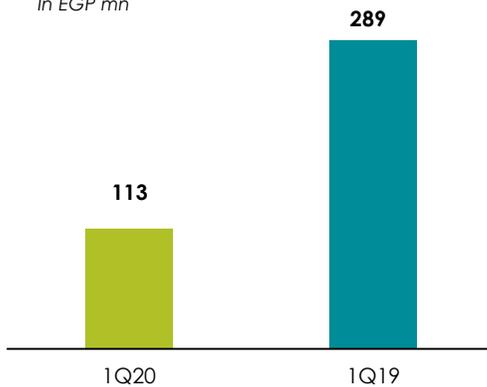
Revenues Contribution by Platform



EFG Hermes NPAT Breakdown by Platform

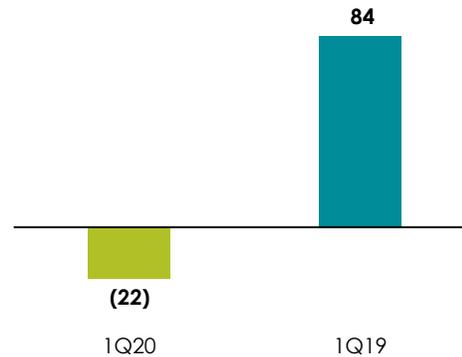
Investment Bank NPAT down 61% Y-o-Y

In EGP mn

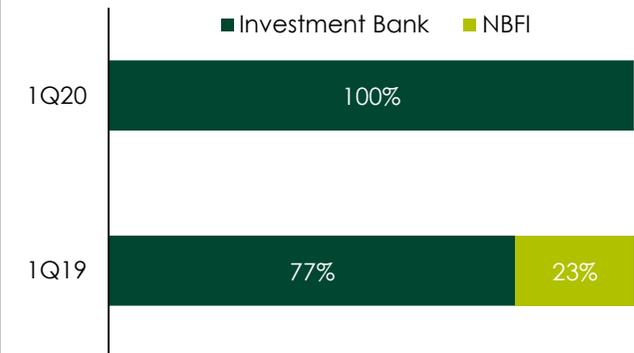


NBFIs NPAT

In EGP mn



NPAT Contribution by Platform



Investment Bank Overview

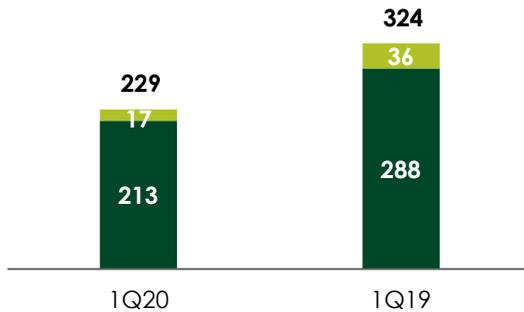
Investment Bank Highlights – 1Q2020

Investment Bank Revenue Breakdown by Platform

Sell-Side Revenues, down 29% Y-o-Y

In EGP mn

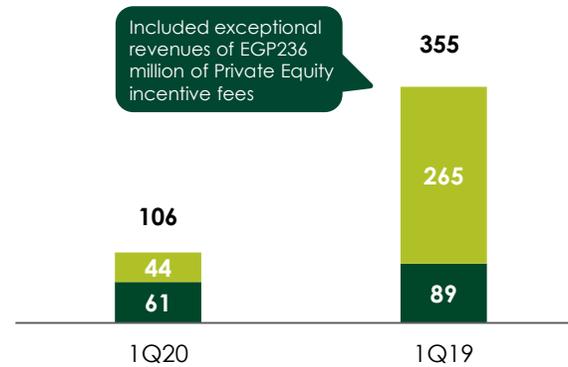
■ Brokerage ■ Investment Banking



Buy-Side Revenues, down 70% Y-o-Y

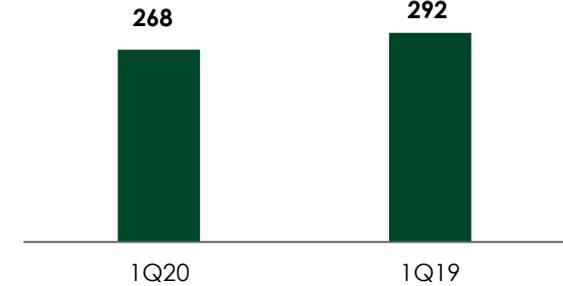
In EGP mn

■ Asset Management ■ Private Equity

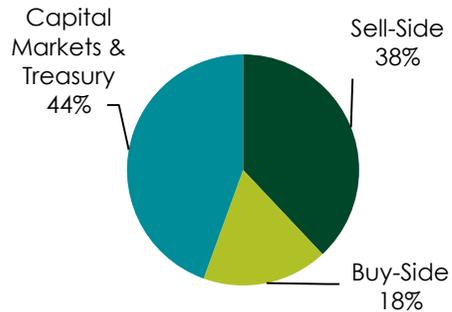


Capital Markets Revenues, down 8% Y-o-Y

In EGP mn



Revenues Contribution by Platform



Investment Bank Revenue breakdown



Brokerage

Revenues of **EGP213 mn**, down 26% Y-o-Y



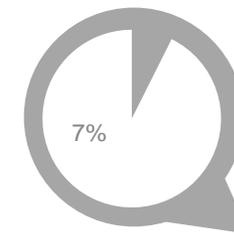
Investment Banking

Revenues of **EGP17 mn**, down 54% Y-o-Y



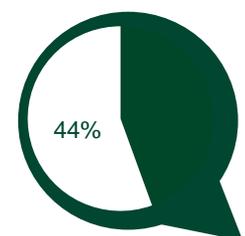
Asset Management

Revenues of **EGP61 mn**, down 31% Y-o-Y



Private Equity

Revenues of **EGP44 mn**, down 83% Y-o-Y



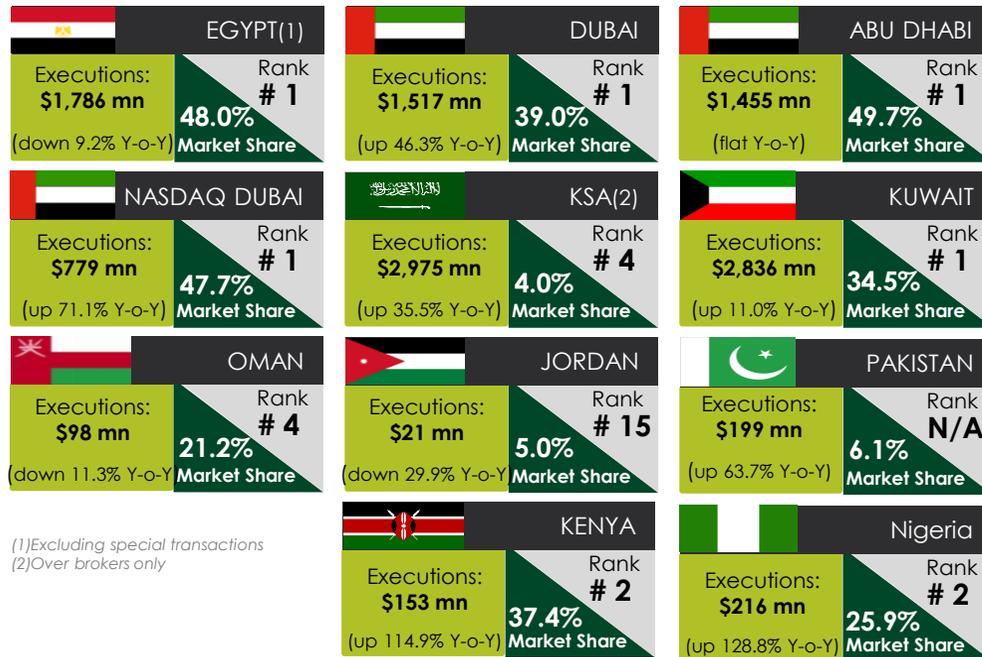
Capital Markets & Treasury Operations

Revenues of **EGP268 mn**, down 8% Y-o-Y

Investment Bank Overview

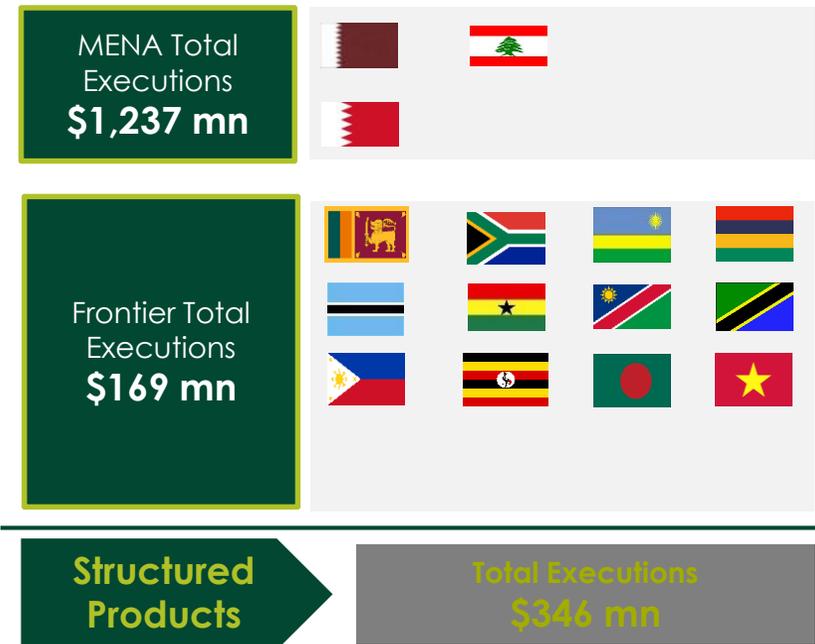
Brokerage Overview – 1Q2020

Direct Presence

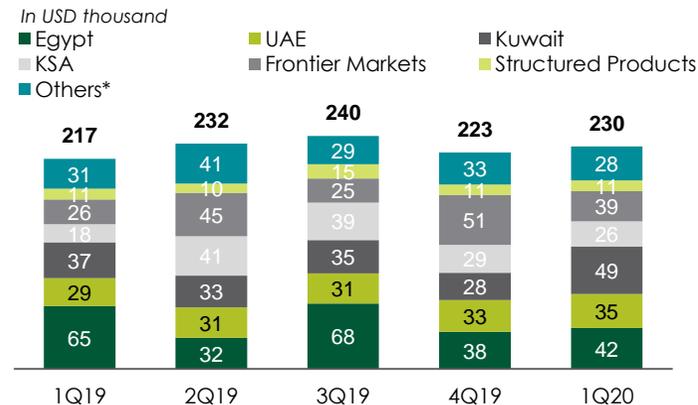


(1)Excluding special transactions
(2)Over brokers only

Indirect Presence

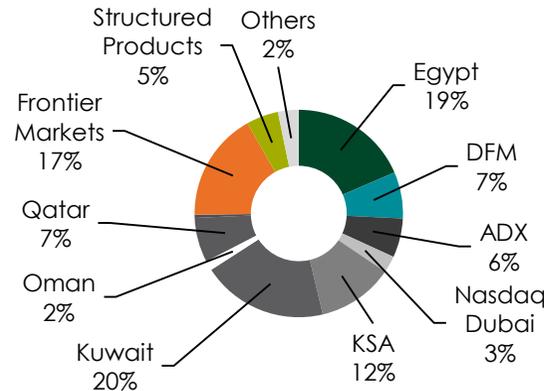


Average Daily Commissions



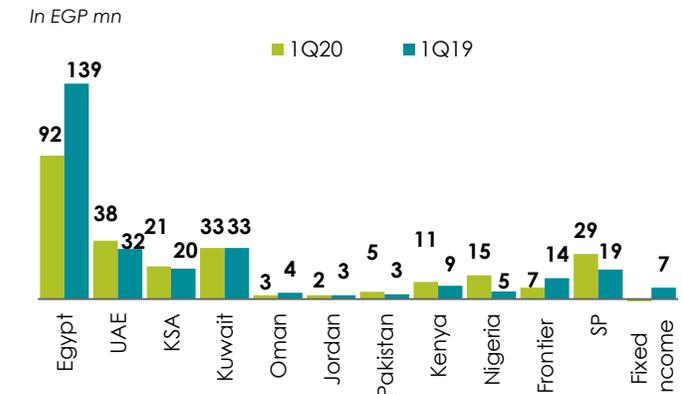
*Others including: Qatar, Oman, Lebanon, Jordan, and UK (GDRs)

Fees Contribution by Market/Product



*Based on 1Q20 figures

Brokerage Revenue by Country (Operations)



Investment Bank Overview

IB and PE Overview – 1Q2020

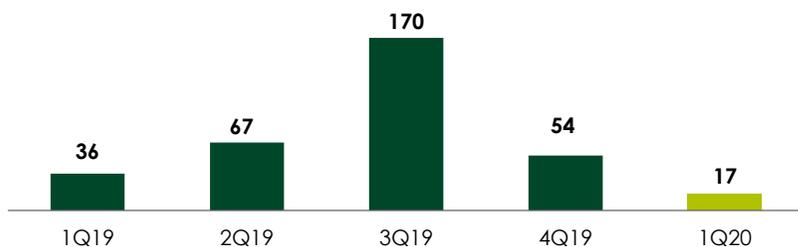
Investment Banking



- ≡ EFG Hermes Investment Banking division successfully advised on the acquisition of a 43% stake in smart card provider Masria Digital Payments by AfricInvest;
- ≡ The division also successfully advised Pakistan's United Bank Limited (UBL) on the sale of the assets and liabilities of its Tanzanian subsidiary, UBL Tanzania (UBLT) to Exim Bank Tanzania Limited.
- ≡ The department continued leading MENA ECM league tables successfully acting as joint book runner on the USD700 million IPO of Saudi-based healthcare company Dr. Sulaiman Al Habib Group in March 2020 on Tadawul.

Investment Banking Revenue

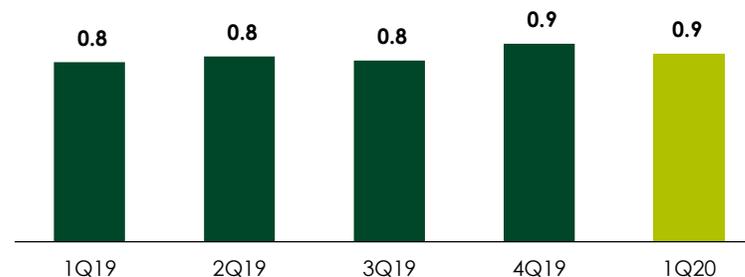
In EGP mn



Private Equity

Private Equity AUMs Evolution

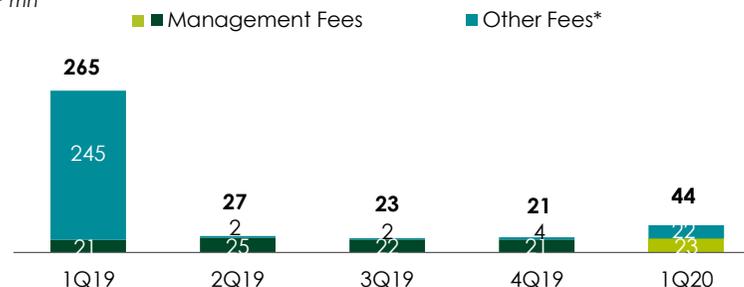
In USD bn



- ≡ Vortex Solar's EBITDA reached c.GBP5 million in 1Q20, overachieving its budget;
- ≡ The education platform closed down all schools on the 15th of March and fully migrated all curricula to a GEMS proprietary e-learning hub to promote virtual learning. A wide range of additional measures have been taken to ensure business continuity, sanitation & hygiene among staff;
- ≡ Following the successful acquisition of 80% of United Pharma, the Healthcare Fund has successfully commenced operations in 1Q20 in line with post investment plan;
- ≡ The Technology Development Fund completed the exit of Vezeeta in 1Q20. Vezeeta is a digital healthcare booking platform and practice management software in MENA;

Private Equity Revenue

In EGP mn



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

Investment Bank Overview

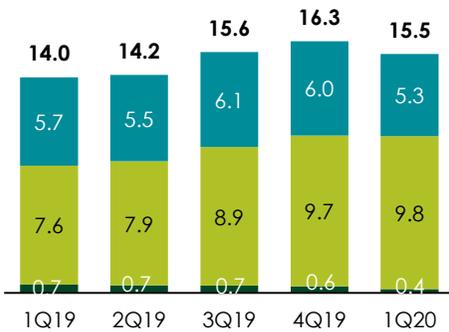
Asset Management Overview – 1Q2020

Egypt Asset Management

Assets Under Management

In EGP bn

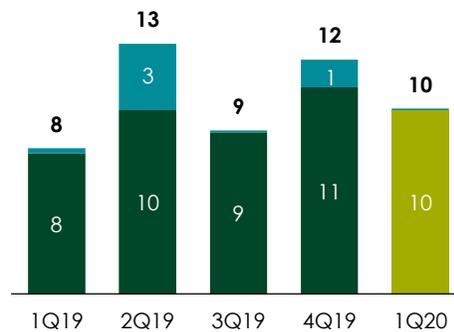
- Portfolios
- Money Market & Fixed Income
- Egypt Equity Funds



Revenue Breakdown

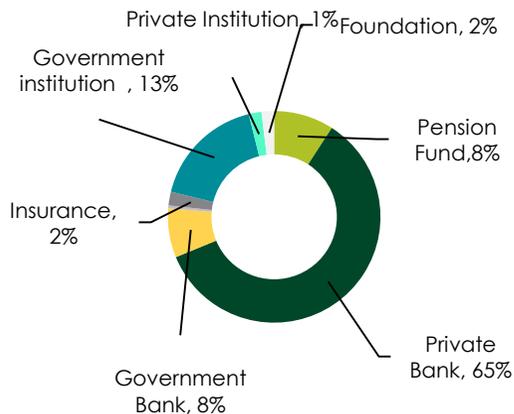
In EGP mn

- Management Fees
- Other Fees*



* Other Fees include incentive fees and other revenues

AuMs Breakdown by Investor Type



AuMs Breakdown by Region

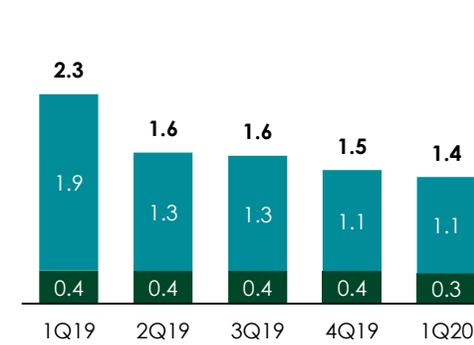


Regional Asset Management "FIM"

Assets Under Management

In USD bn

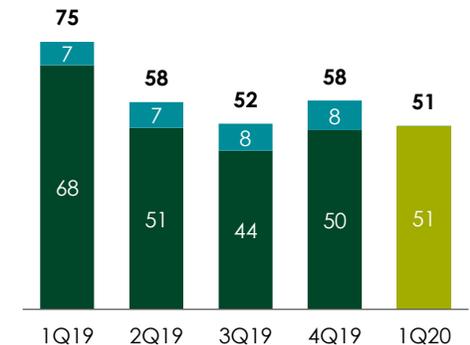
- Regional Portfolios
- Regional Funds



Revenue Breakdown

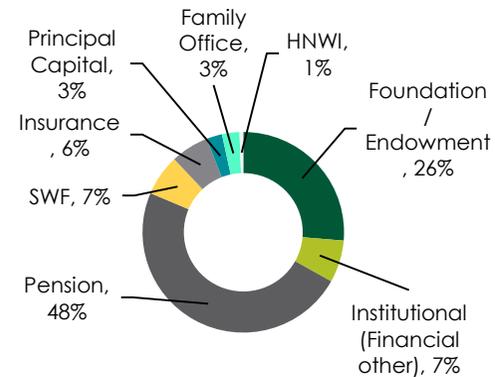
In EGP mn

- Management Fees
- Other Fees*

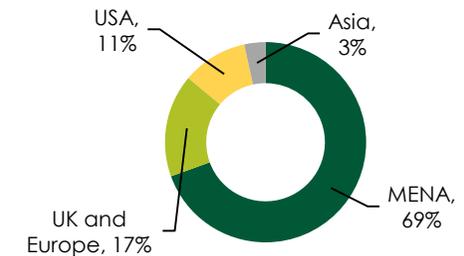


* Other Fees include incentive fees and other revenues

AuMs Breakdown by Investor Type



AuMs Breakdown by Region

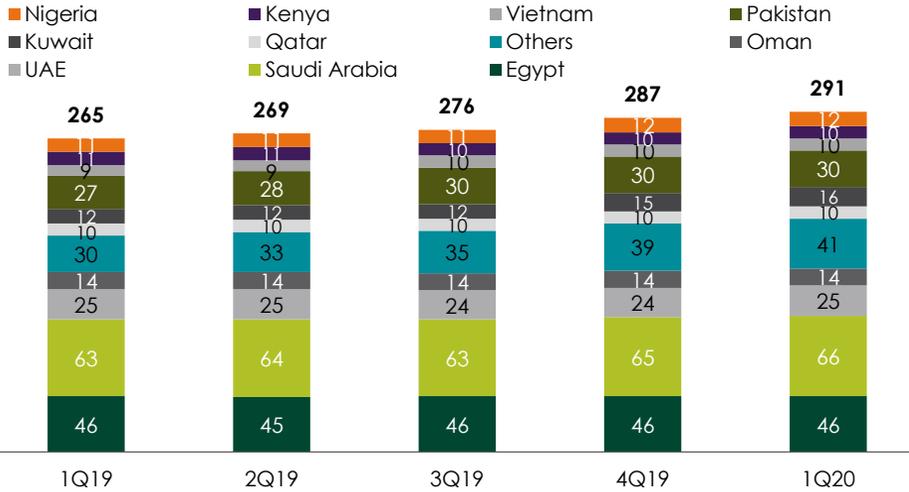


Investment Bank Overview

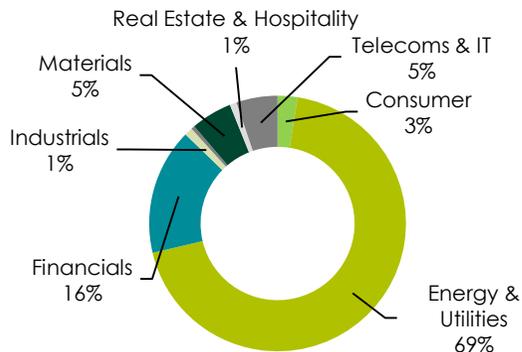
Research Overview – 1Q2020

Research Coverage Universe

Number of Companies



Research coverage by Sector



- ≡ In 1Q20, the team initiated coverage of the world's largest company, Saudi Aramco, after its successful IPO.
- ≡ Furthermore, the team initiated coverage of three companies, two telcos (Vodacom Tanzania, STC Kuwait) and Dana Gas in the UAE.

Awards/Rankings



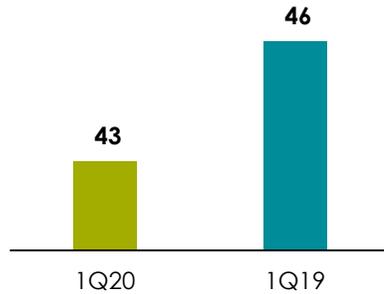
NBFIs Overview

NBFIs Financial Highlights – 1Q2020

NBFIs Revenue Breakdown by Platform

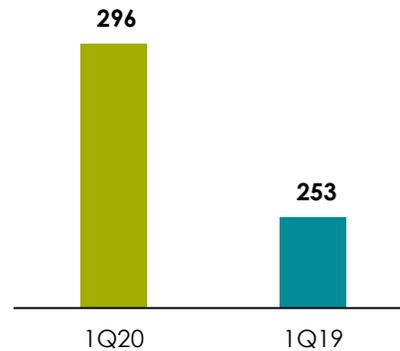
Leasing Revenues, down 8% Y-o-Y

In EGP mn



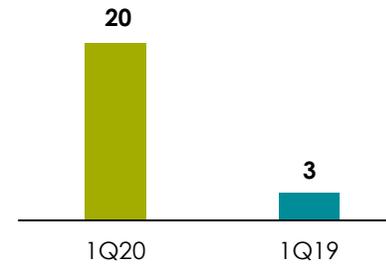
Tanmeyah Revenues, up 17% Y-o-Y

In EGP mn



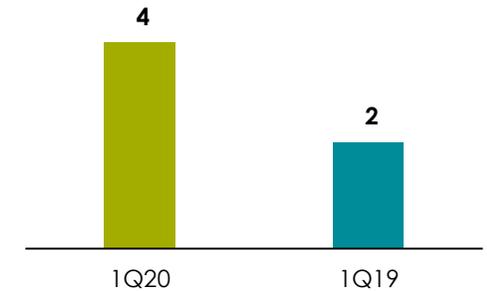
valu Revenues, up 555% Y-o-Y

In EGP mn

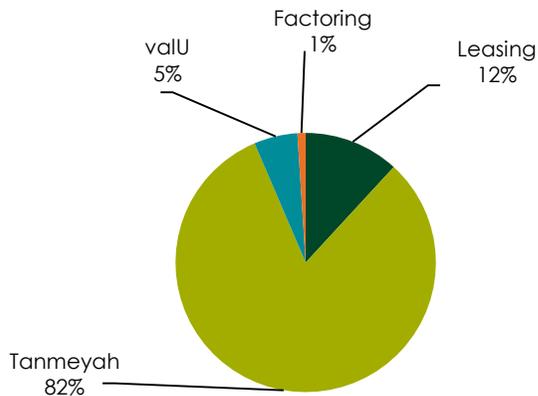


Factoring Revenues, up 93% Y-o-Y

In EGP mn



NBFIs Revenues Contribution

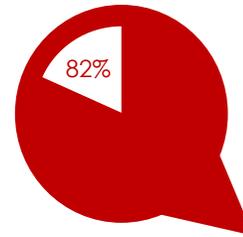


NBFIs Revenue breakdown



Leasing

Revenues of **EGP43 mn**,
down 8%Y-o-Y



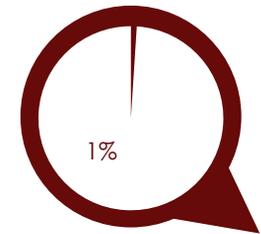
Tanmeyah

Revenues of **EGP296 mn**,
up 17% Y-o-Y



valu

Revenues of **EGP20 mn**
up 555% Y-o-Y



Factoring

Revenues of **EGP4 mn**,
up 93% Y-o-Y

NBFIs Overview

Leasing and Tanmeyah Operational and Financial Overview – 1Q2020

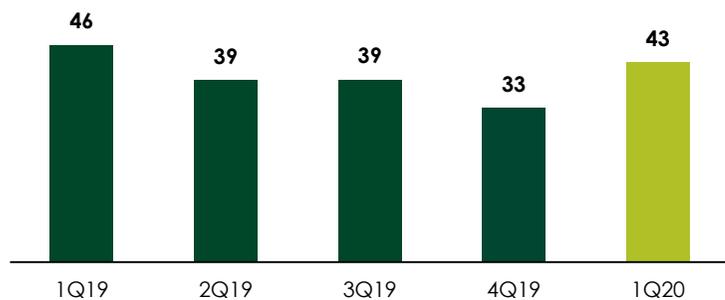


KPIs



Leasing Revenue

In EGP mn

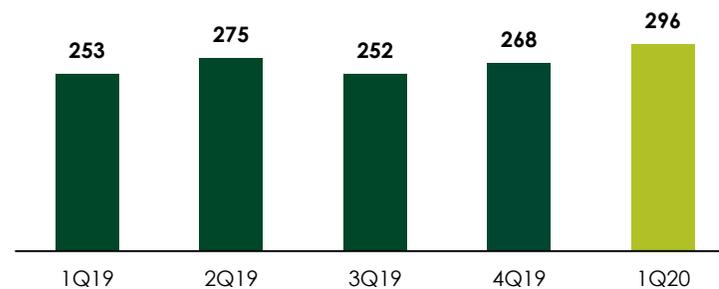


KPIs



Micro-Finance Revenue

In EGP mn

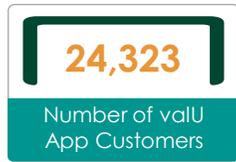


NBFIs Overview

vaIU Operational and Financial Overview – 1Q2020



KPIs



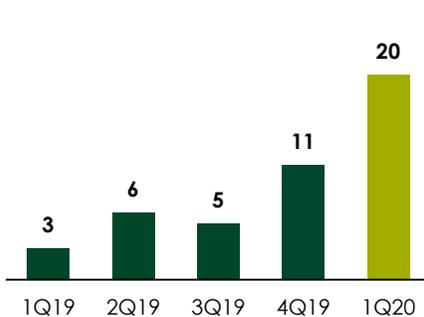
Cairo, Alexandria,
Hurghada,
Tanta, Mansoura &
Portsaid

Existing Governorates

vaIU Revenue

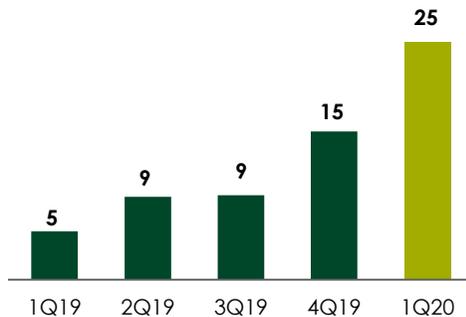
Net Revenue

In EGP mn



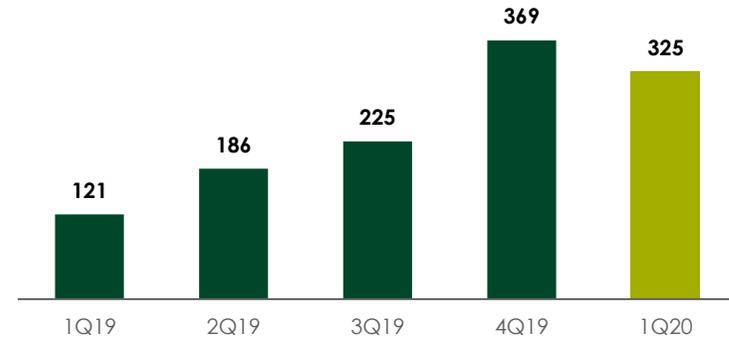
Gross Revenue

In EGP mn



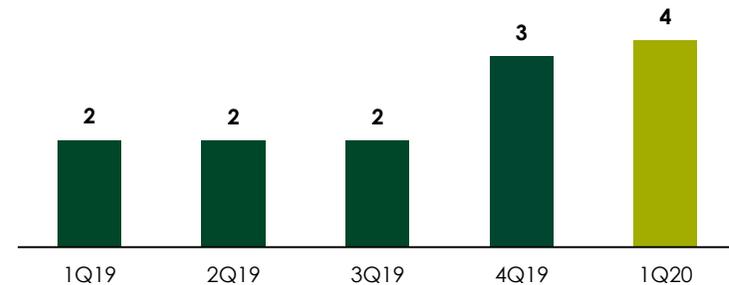
Factoring Portfolio

In EGP mn



Factoring Revenue

In EGP mn



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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