

# EFG Hermes Holding



4Q/FY 2017 Results Presentation



# Group Overview

## Group Performance Highlights

- ≡ The Group made progress towards its strategic goals of building a financial services platform that caters to different groups of clients and covers the MENA and Frontier regions. During the year, we continue to grow our franchise; be closer to our clients by expanding into Pakistan, Kenya and opening offices in USA and UK; and expand our spectrum of products to include structured products, merchant banking activities and installment sale services (ValU). This translated into Group operating revenue of EGP3.6 billion versus EGP1.3 billion, up 186% Y-o-Y in FY17, after adjusting for the one-off fx-gain in FY16;
- ≡ Fee and commission revenues increased 84% Y-o-Y to EGP2.3 billion in FY17. Excluding fx-gains booked on business lines in FY16, fees and commissions would be 111% higher Y-o-Y. This strong set of results reflect healthy growth in revenues delivered by the traditional businesses in addition to progress made in new initiatives, while maintaining - a leadership position in markets we trade, top rated analysts, an award winning asset manager and a world-class Investment Banking division leading Thomson Reuters Middle East ECM fees league tables in FY17;

- ≡ Adjusting for fx-gains, capital markets & treasury operations revenue increased 605% Y-o-Y to EGP1.4 billion in FY17. The increase in revenues is driven predominately by: (i) a healthy growth in treasury operations, (ii) additional revenue generated from Merchant Banking activities (which was introduced in 2017); (iii) a one-off gain of EGP348 million from the sale of Credit Libanais shares; and (iv) a number of capital gains;
- ≡ Group operating expenses rose 12% Y-o-Y to EGP2.1 billion in FY17, on higher salaries and higher all operating expense categories and despite lower discretionary compensation. We continued to achieve our commitment to deliver employee expenses/ operating revenues ratio below the 50% mark, concluding the year with a 39%. Additionally, if we exclude the gain of EGP348 million from selling Credit Libanais's shares in FY17, employee expenses/ operating revenues would come at 43%;

- ≡ While our headline figures suggest a decline in profits, if we exclude the one-off fx-gains in FY16, the Group operating profit and the Group net profit after tax and minority interest would be EGP1.5 billion and EGP1.2 billion versus a loss of EGP618 and EGP1.2 billion in the comparable periods, respectively;
- ≡ In FY17, we continued to divest the remaining stake in Credit Libanais post the sale of the majority stake in the Bank and its subsequent deconsolidation in 2Q16. In FY17, we offloaded an additional 5.7% of the Bank's shares, thus leaving the Firm with 9.5% stake at the end of the year.

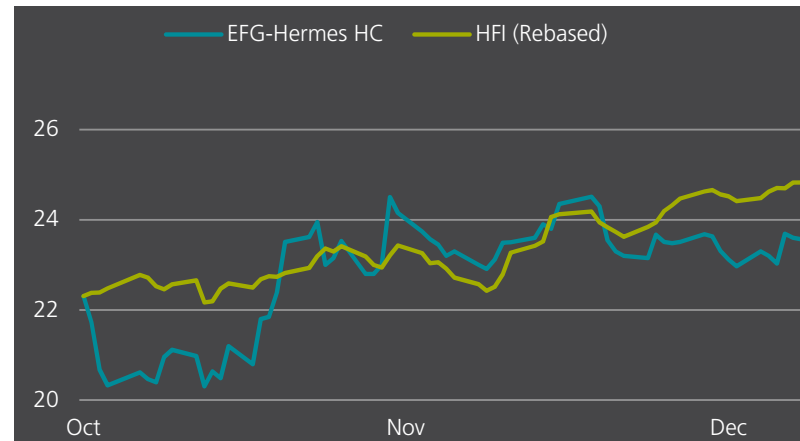
# Group Overview

## Share Information

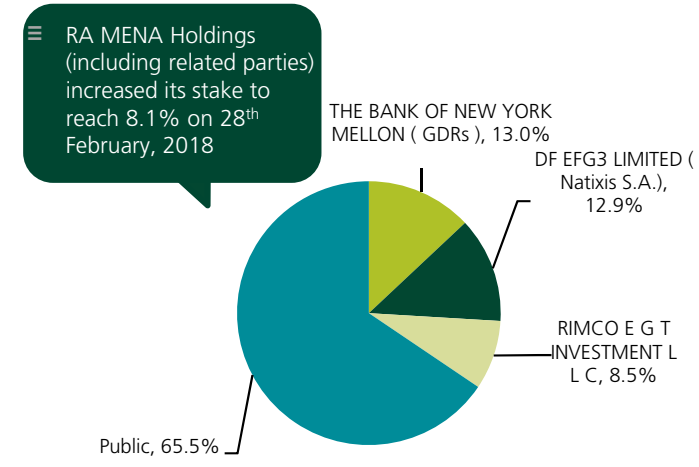
### Stock Performance 4Q17

Close **23.50** ▼ **6%** Q-o-Q  
 Open **22.31** Hi **24.51** Lo **20.31**  
 Average Daily Turnover  
**EGP36.7 mn** ▼ **26%** Q-o-Q  
 Market Cap **EGP14,450 mn** Shares **614.9 mn**

### Stock Price Performance



### Shareholders structure



\* Shareholders structure as of 31<sup>st</sup> December, 2017

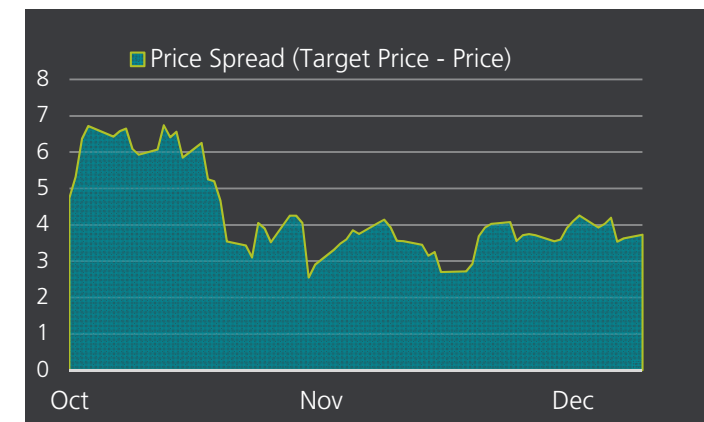
### Analyst Recommendations Analysis

Institution	Recommendation	Target Price	Date
CI Capital	Overweight	27.50	Oct-17
Renaissance Capital	Buy	27.40	Sep-17
HSBC	Buy	27.80	Dec-17
Arqaam	Buy	26.20	Jan-18

### Consensus Recommendation

**Buy** 4 **100%**  
**Hold** 0 **0%**  
**Sell** 0 **0%**  
**Average Target Price** **EGP 27.23**  
**Spread\*** **EGP 3.73**  
**Potential Upside** **16%**

### Price Spread



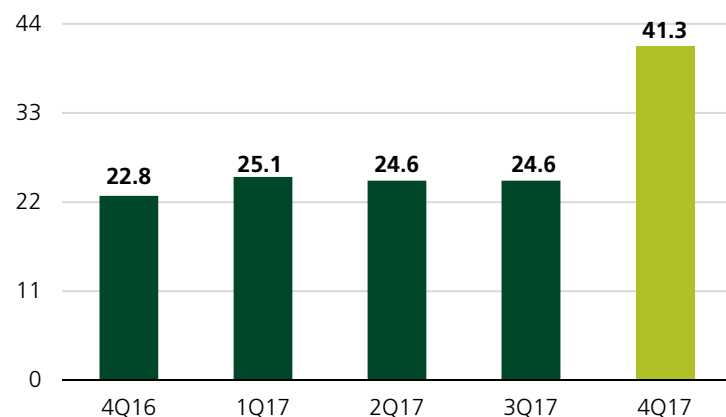
\* Based on 31<sup>st</sup> December, 2017 closing price

# Group Overview

## Balance Sheet

### Total Assets, up 81% Y-o-Y

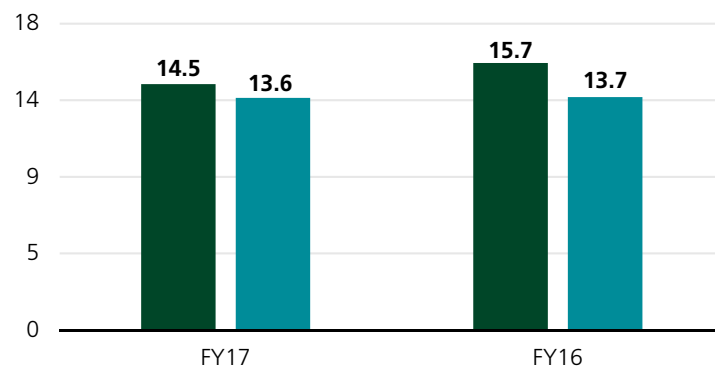
In EGP bn



### Total Equity/Market capitalization

In EGP bn

■ Market Capitalization  
■ Shareholders' Equity\*



\* Equity Attributable to Shareholders

At the end of FY17;  
Price/Book stood at  
1.1x

### EFG Hermes Balance Sheet as at 31<sup>st</sup> of December 2017

Assets - Liabilities	In EGP million
Cash and Cash Equivalents	6,953
Microfinance Receivables "Tanmeyah"	495
Asset Management Seed Capital	1,390
Private Equity Seed Capital	1,220
Fixed Assets and Real Estate	456
Clients Investments at FVTPL (Structured Products)	10,556
Payables to Clients at FVTPL (Structured Products)	(10,556)
(Receivables - Payables)	2,174
(Other Assets - Other Liabilities)	(2,021)
Goodwill and other intangible assets	948
Trading and AFS Investments	556
Crédit Libanais	1,297
SODIC	303
Leased Assets (net)	1,984
Short & Long term Loans	(1,835)
Minority	(273)
<b>Total</b>	<b>13,647</b>

# Group Overview

## Main Events in 2017

### Frontier Markets Expansion

- Appointment of Ali Khalpey as a CEO for Frontier operations

### Completion of Pakistan Acquisition

- Completion of the acquisition of 51% of Invest & Finance Securities Limited "IFSL" shares

### Dividends Distribution

- EFG Hermes distributed a cash dividend of EGP2.75 per share

### Kenya License

- EFG Hermes received a stock broker license in Kenya

### valU Launch

- The launch of installment sale services company "valU" operations (Soft Launch)



January, 2017



March, 2017



May, 2017



July, 2017



December, 2017

January, 2017



### UK Office

- EFG Hermes inaugurated its London office

May, 2017



### Vortex Solar

- Completion of Vortex Solar transaction
- Underwrote 50% of Vortex Solar's equity share capital

July, 2017



### Investment in FIM

- EFG Hermes Invested USD24 million in Frontier Investment Management Partners "FIM"

September, 2017



### USA Office

- EFG Hermes inaugurated its New York office

December, 2017



### Vortex Sell down

- Sold down 45% of Vortex Solar's equity share capital



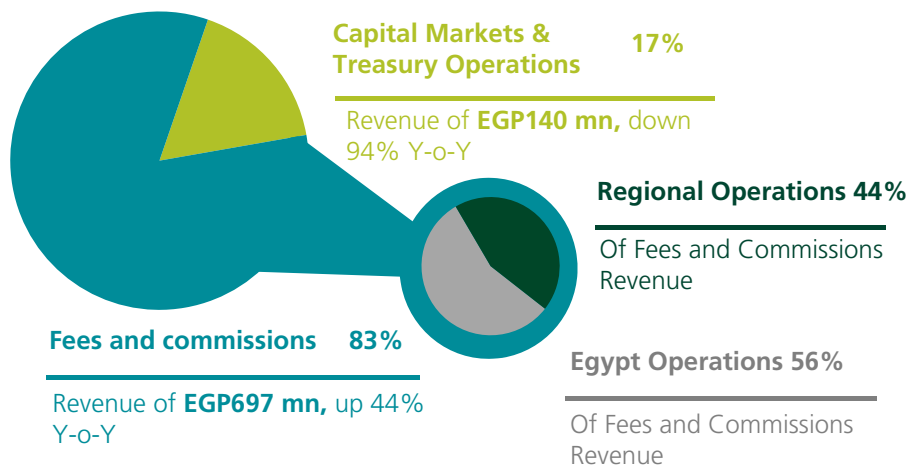
## II. Fourth Quarter Results Review – 4Q2017

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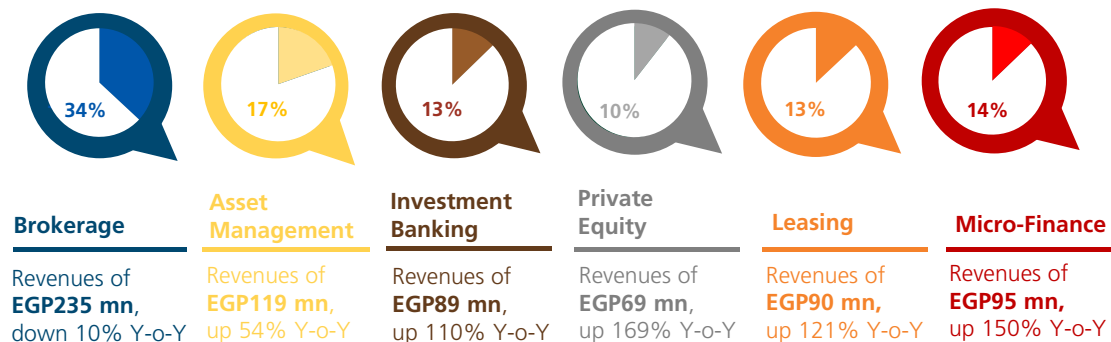
# Group Overview

## Financial Highlights – 4Q2017

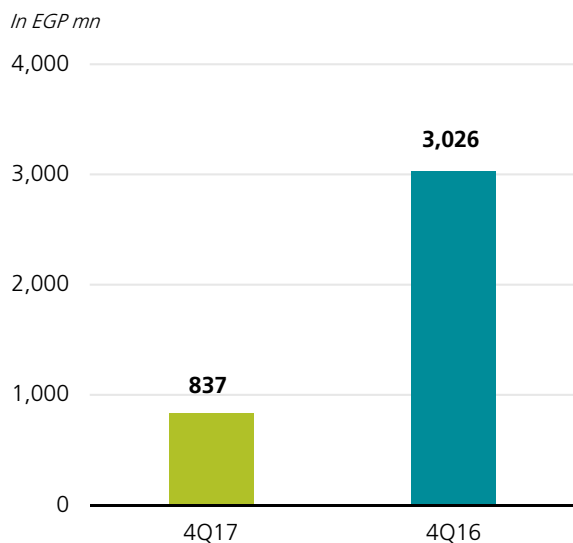
### EFG Hermes Revenue Breakdown



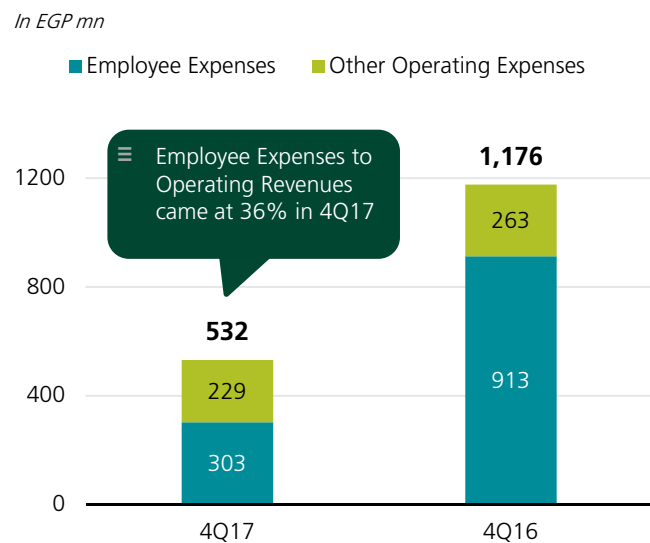
### Fees and Commissions Revenue Breakdown



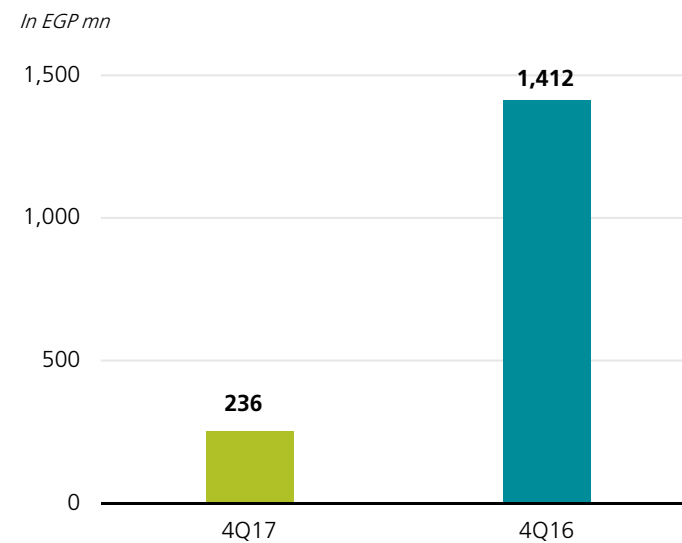
### EFG Hermes Operating Revenue, down 72% Y-o-Y



### EFG Hermes Operating Expenses, down 55% Y-o-Y



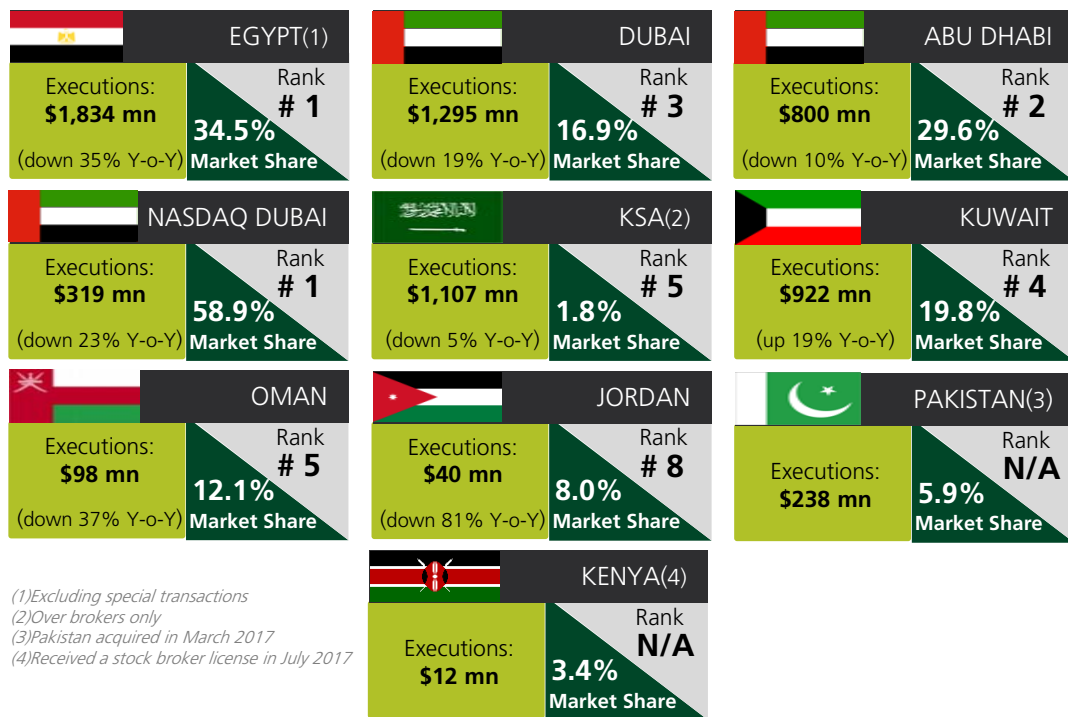
### EFG Hermes Net Profit After Tax and Minority Interest, down 83% Y-o-Y



# Business Lines Overview

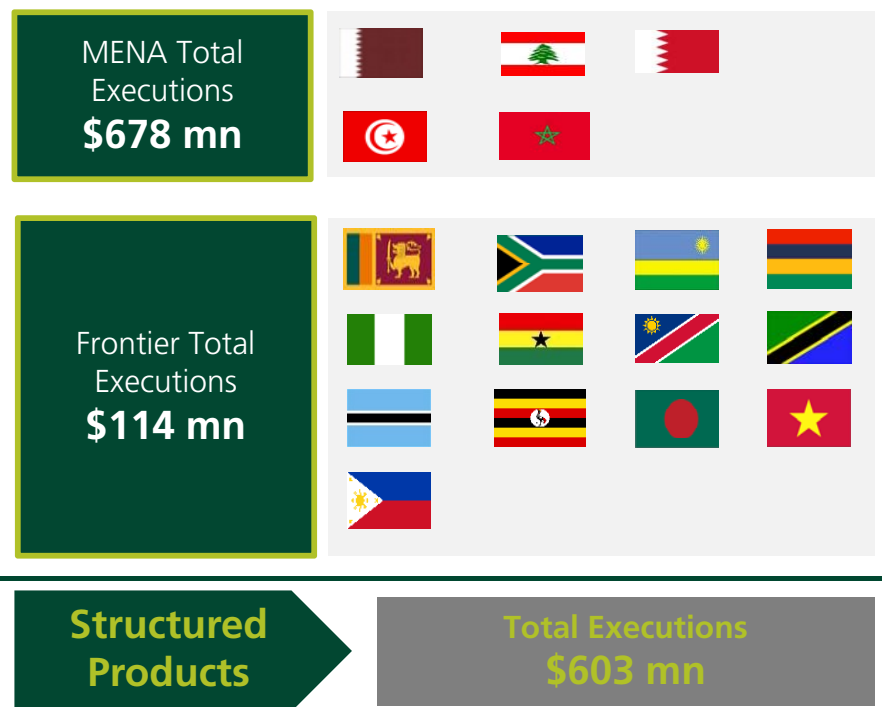
## Brokerage Operational and Financial Overview – 4Q2017

### Direct Presence

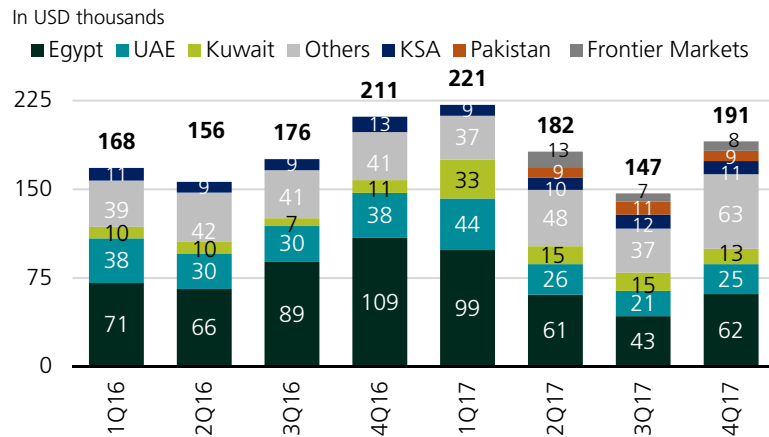


(1)Excluding special transactions  
 (2)Over brokers only  
 (3)Pakistan acquired in March 2017  
 (4)Received a stock broker license in July 2017

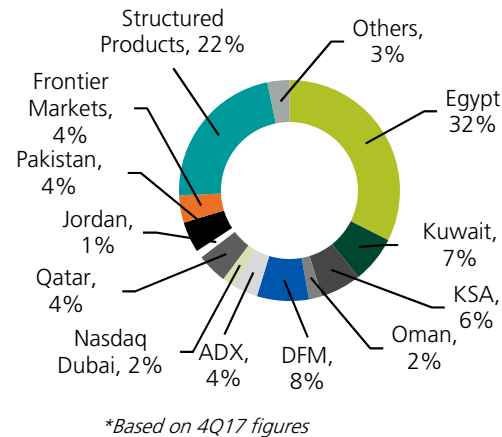
### Indirect Presence



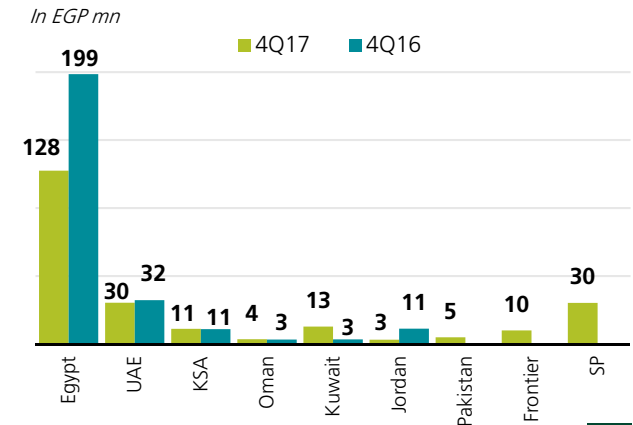
### Average Daily Commissions



### Fees Contribution by Market



### Brokerage Revenue by Country (Operations)



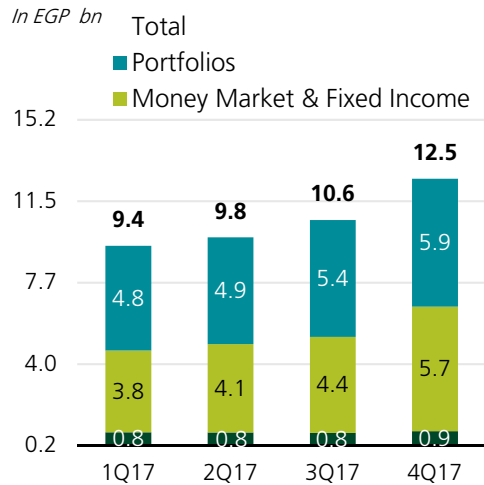


# Business Lines Overview

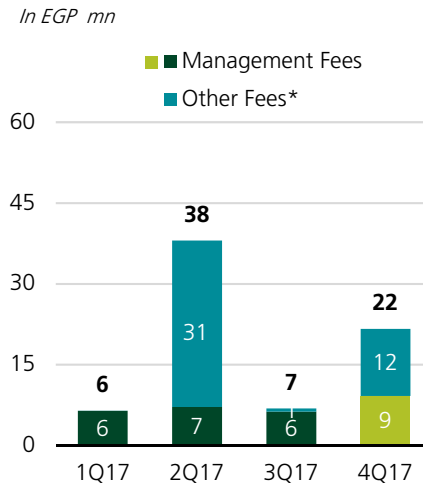
## Asset Management Operational and Financial Overview – 4Q2017

### Egypt Asset Management

#### Assets Under Management

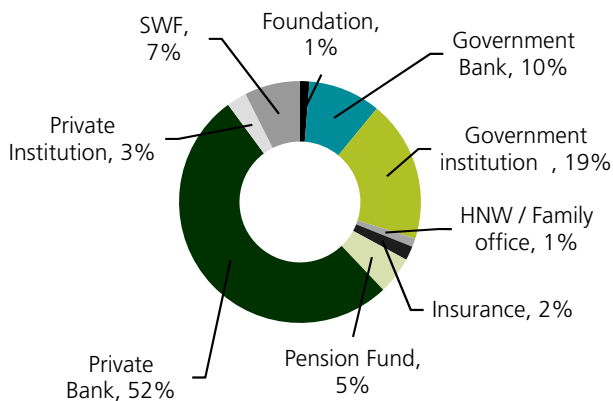


#### Revenue Breakdown



\* Other Fees include incentive fees and other revenues

#### AuMs Breakdown by Investor Type

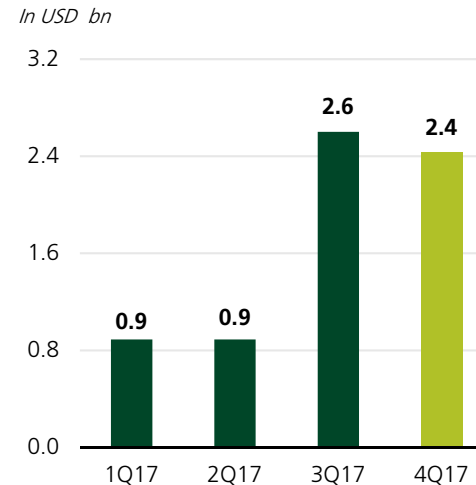


#### AuMs Breakdown by Region

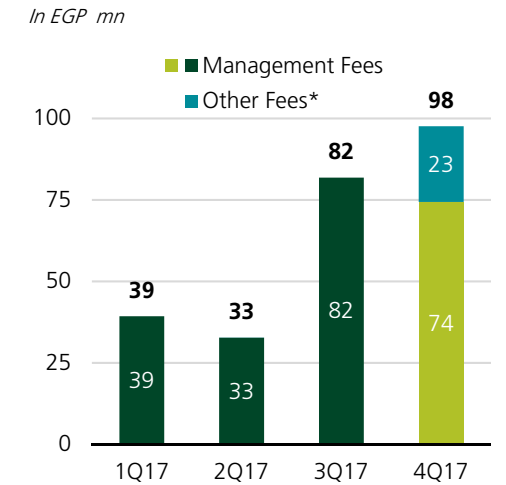


### Regional Asset Management "FIM"

#### Assets Under Management

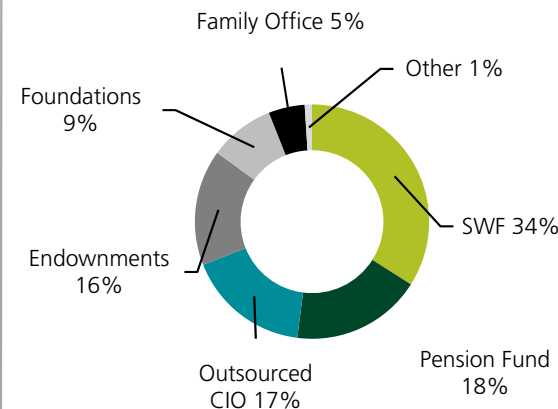


#### Revenue Breakdown

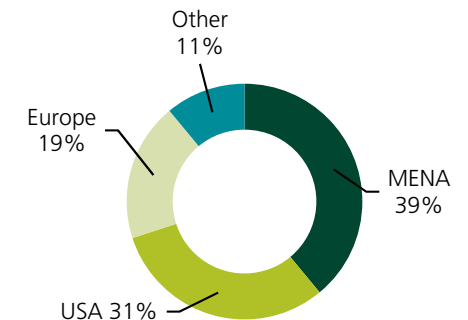


\* Other Fees include incentive fees and other revenues

#### AuMs Breakdown by Investor Type



#### AuMs Breakdown by Region



# Business Lines Overview

## IB and PE Operational and Financial Overview – 4Q2017

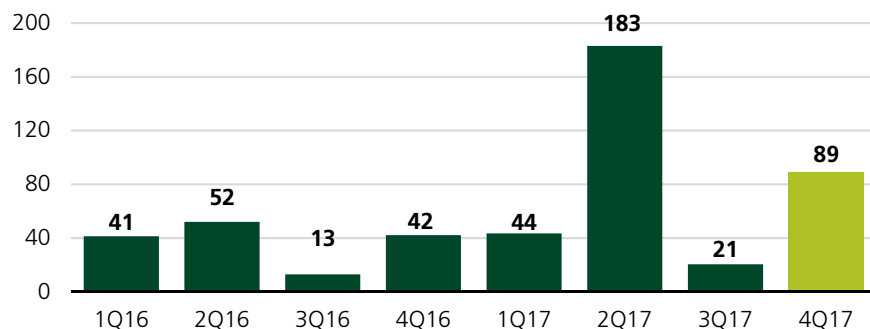
### Investment Banking



- During 4Q17, EFG Hermes' Investment Banking Division successfully concluded three ECM transactions.
- In Egypt, the department acted as sole global coordinator and book runner on the USD42.4 million initial public offering of DICE Sport & Casual Wear – a leading garment manufacturer and exporter in the country.
- In the UAE, EFG Hermes Investment Banking acted as joint global coordinator and joint book runner on the initial public offering of Emaar Development in a deal worth USD1.3 billion. This offering was the largest IPO in the region since 2014, and marks the first time where EFG Hermes has acted as a joint global coordinator on a DFM listing. Similarly, the department was joint book runner on the USD851 million initial public offering of ADNOC distribution on the Abu Dhabi stock exchange.

### Investment Banking Revenue

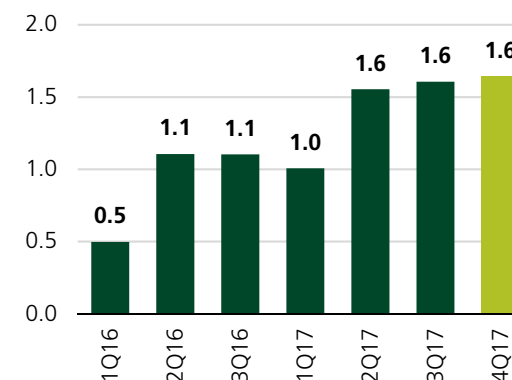
In EGP mn



### Private Equity

#### Private Equity AUMs Evolution

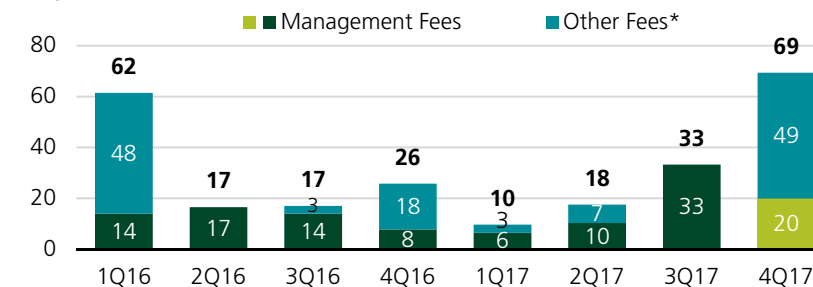
In USD bn



- In 4Q17, Beaufort has managed to sell-down EFG Hermes' underwritten equity stake in Vortex Solar. The sale took place in December 2017 at a total price of GBP71 million, which includes an absolute return of GBP3 million over a holding period of 6 months. After the sale, Beaufort's ownership stake has been reduced to 5% in Vortex Solar, similar to other Vortex investments and fulfilling the investment strategy adopted by Vortex platform.

### Private Equity Revenue

In EGP mn



\* Other Fees includes incentive fees and other revenues

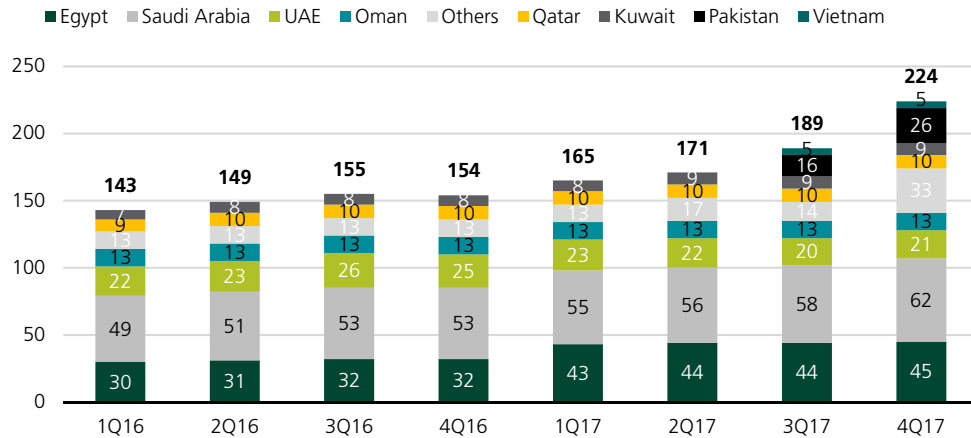
# Business Lines Overview

## Research Operational Overview – 4Q2017/Awards

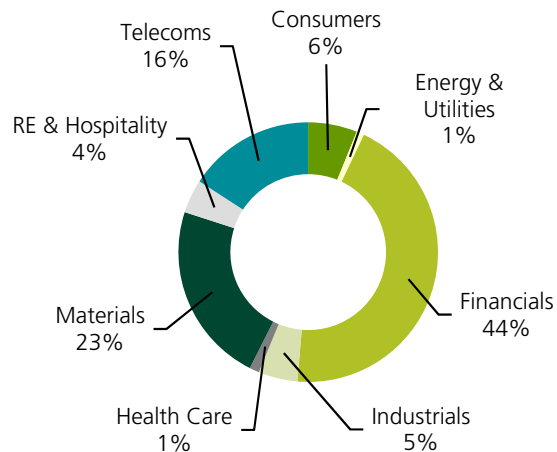
### Research

#### Research Coverage Universe

Number of Companies



#### Research coverage by Sector



≡ EFG Hermes Research initiated coverage of three new markets in 4Q17 – Nigeria, Tanzania, and Kenya (Banks, Oil & Gas, Cement). The team also, introduced a new Egypt product portfolio that is actively managed by our strategy team and is used as a structure product. Additionally, the team initiated coverage of the Saudi insurance sector.

≡ The Research team made a big move into Frontier markets in Pakistan, Sub-Saharan Africa and SE Asia, and established new research offices in Karachi, Nairobi, and London.

### Awards/Rankings



# Business Lines Overview

## Leasing and Tanmeyah Operational and Financial Overview – 4Q2017



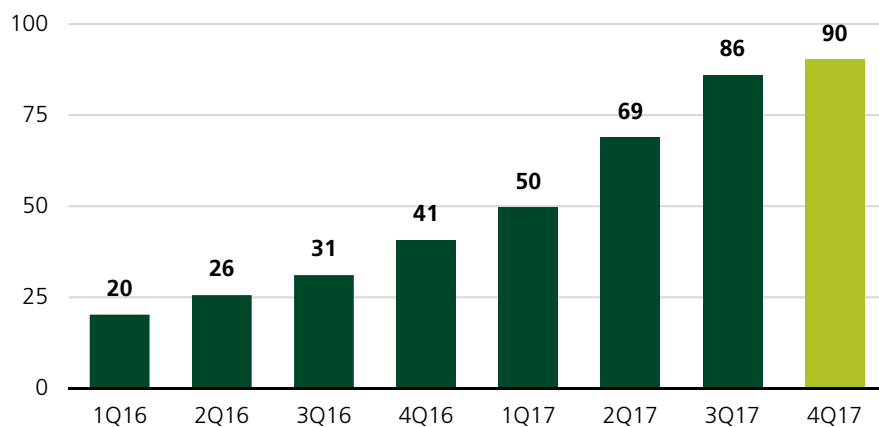
### Contracts booked during 4Q17 (by asset size)

Company	Lease Value (EGP mn)	Market Share
1 Techno lease	1,617	17%
2 Arab African	1,368	15%
3 Corplease	1,288	14%
<b>4 EFG Hermes Leasing</b>	<b>1,166</b>	<b>12%</b>
5 GB Lease	1,132	12%
6 Al Tawfik Lease	880	9%
7 Enmaa Leasing	366	4%
8 Al Ahly	354	4%
9 Global Lease	160	2%
10 Incollease	149	2%

Source: EFSA and EFG Hermes calculations

### Leasing Revenue

In EGP mn



### KPIs



EGP **1,254 mn**

Total Portfolio Outstanding

**166,649**

Total Number of Active Borrowers

**12**

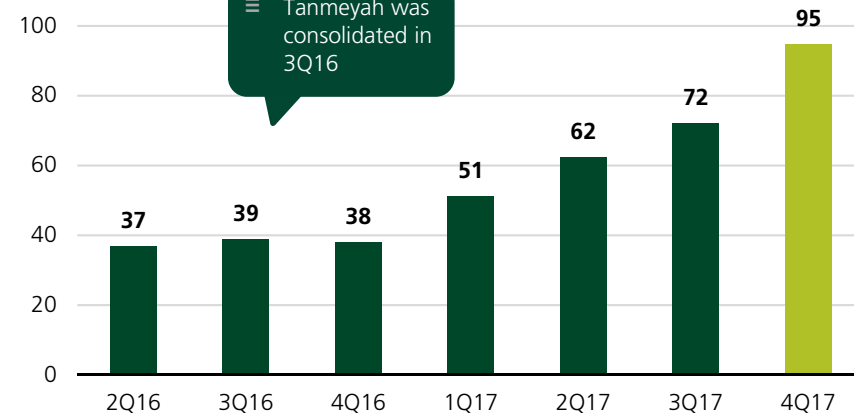
New Branches in 4Q17

**2,358**

Total Staff

### Micro-Finance Revenue

In EGP mn





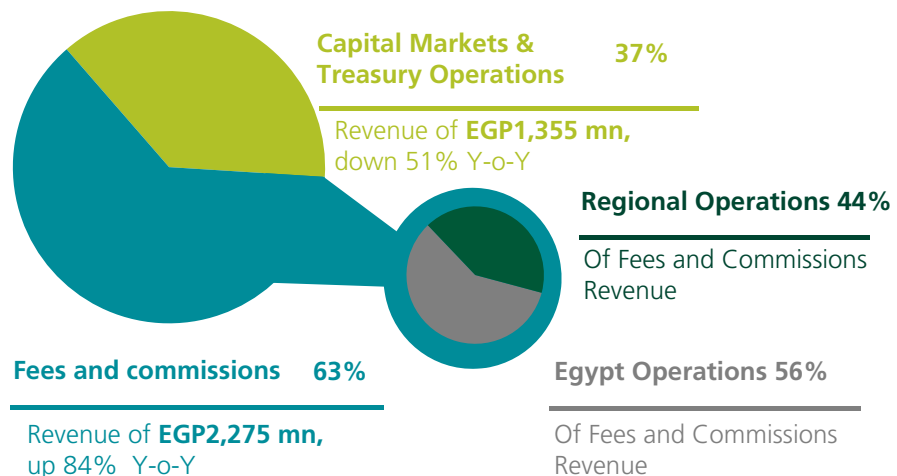
## II. Full Year Results Review – FY2017

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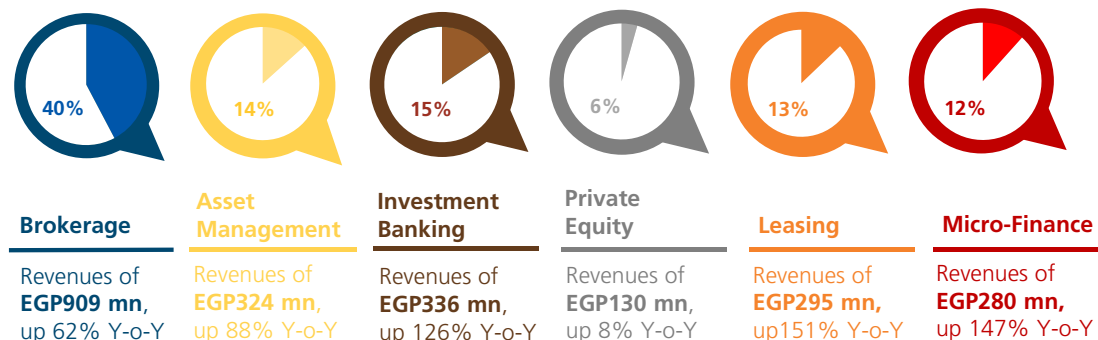
# Group Overview

## Financial Highlights – FY2017

### EFG Hermes Revenue Breakdown

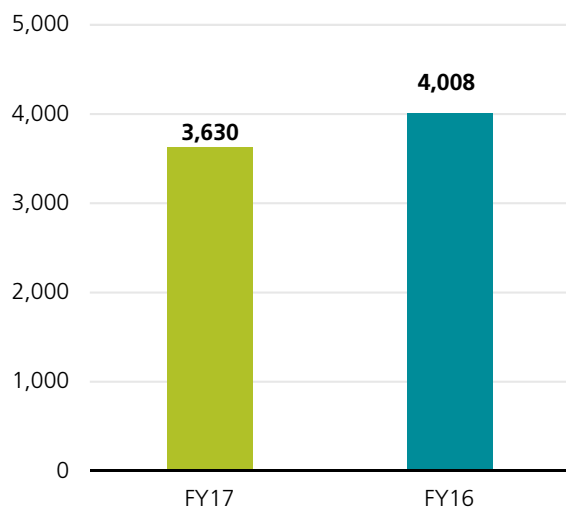


### Fees and Commissions Revenue Breakdown



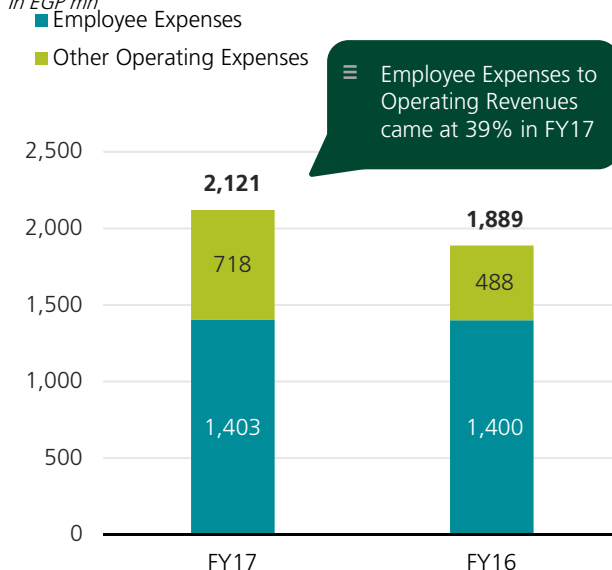
### EFG Hermes Operating Revenue, down 9% Y-o-Y

In EGP mn



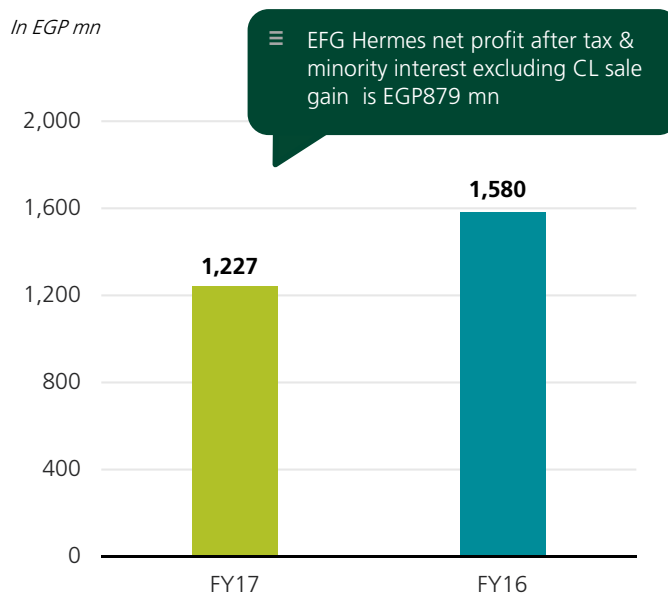
### EFG Hermes Operating Expenses, up 12% Y-o-Y

In EGP mn



### EFG Hermes Net Profit After Tax and Minority Interest, down 22% Y-o-Y

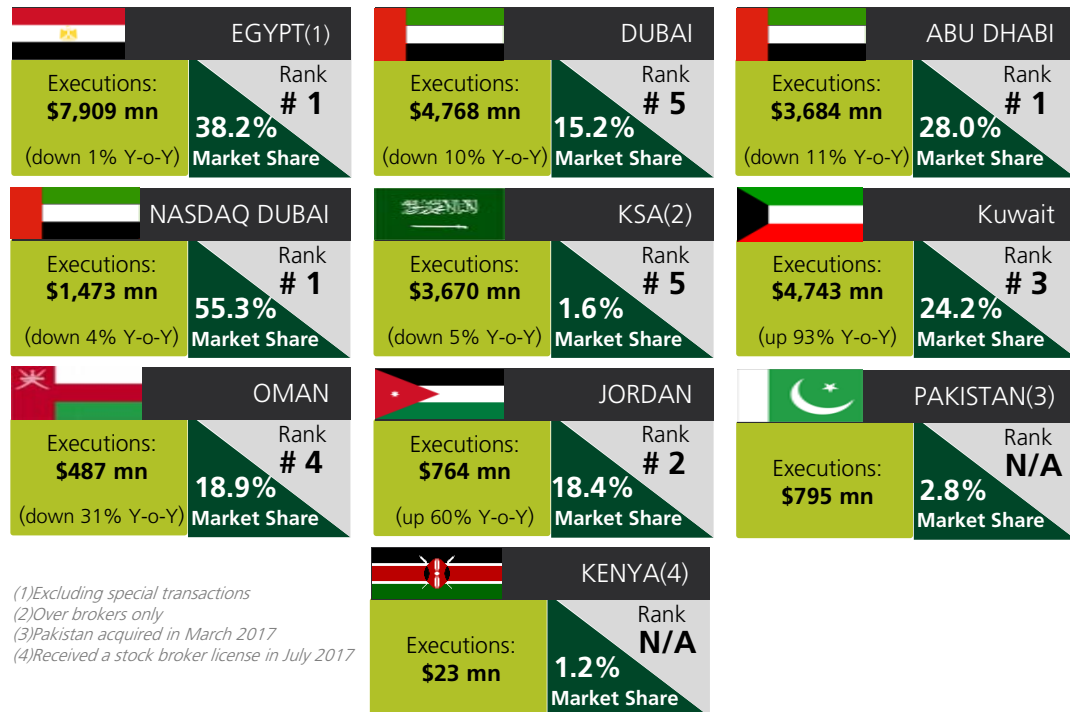
In EGP mn



# Business Lines Overview

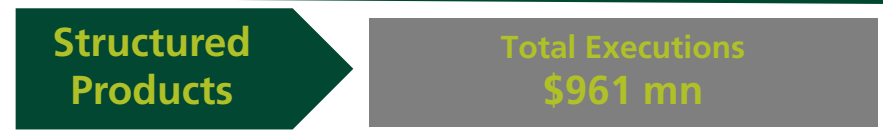
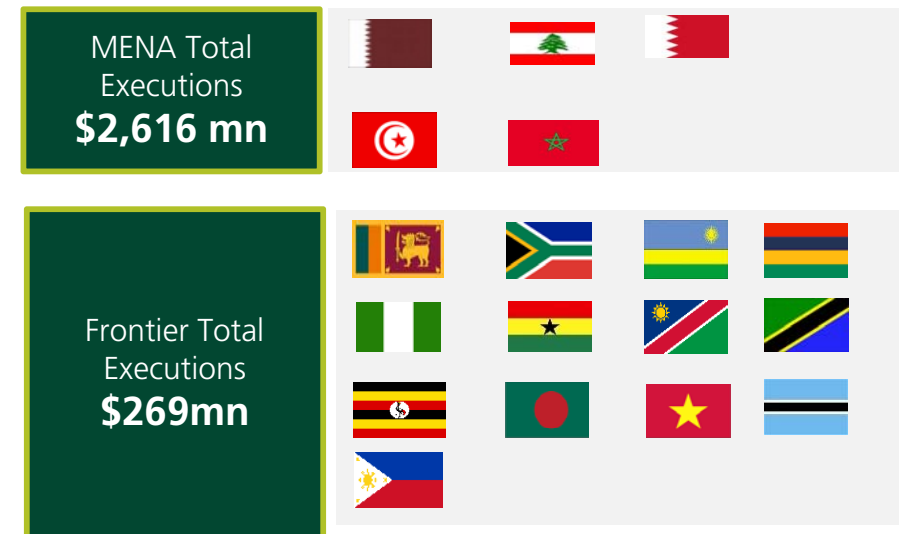
## Brokerage Operational and Financial Overview – FY2017

### Direct Presence

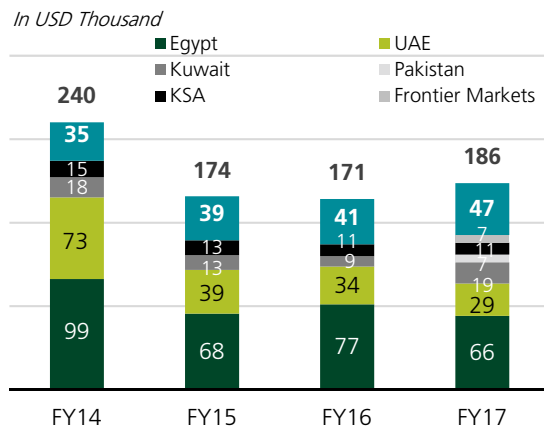


(1)Excluding special transactions  
(2)Over brokers only  
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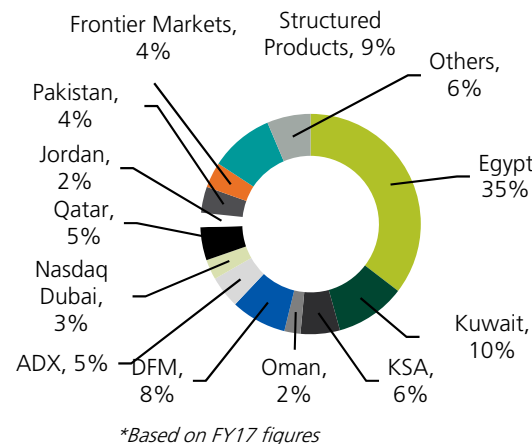
### Indirect Presence



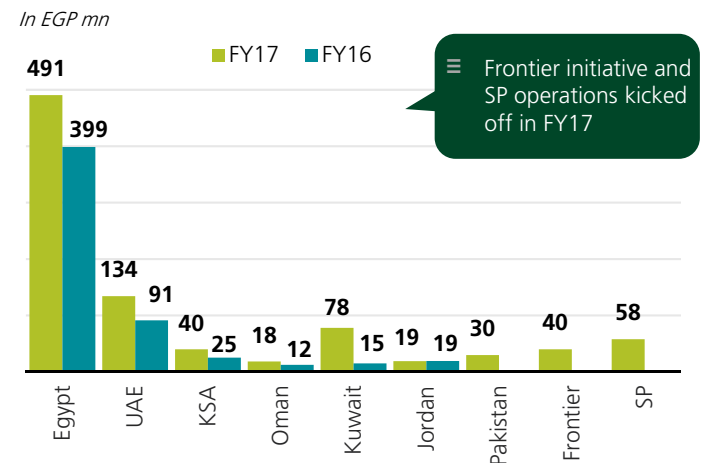
### Average Daily Commissions



### Fees Contribution by Market



### Brokerage Revenue by Country (Operations)

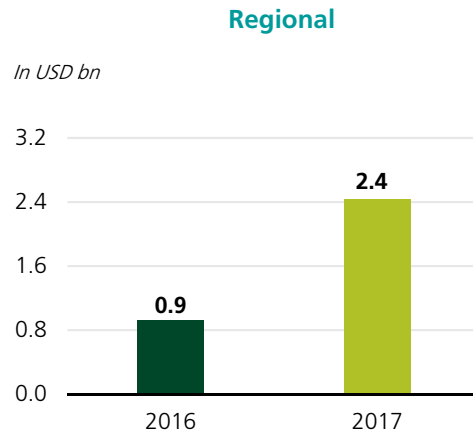
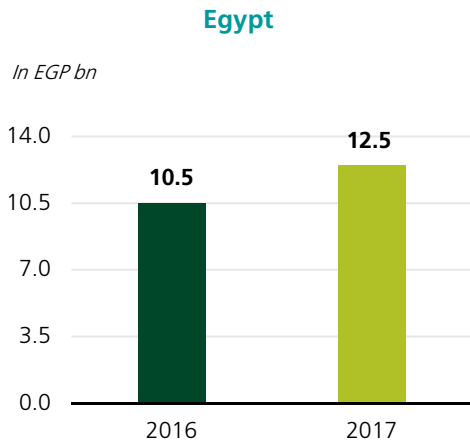


# Business Lines Overview

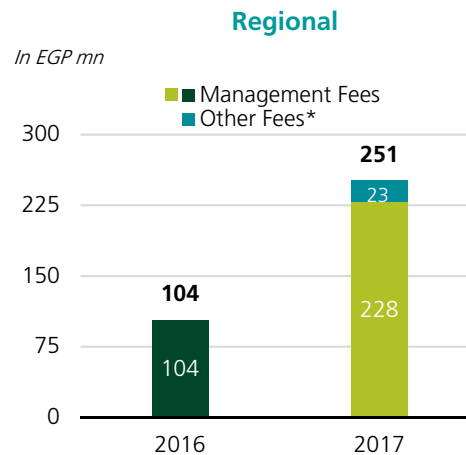
IB and PE Operational and Financial Overview – FY2017

## Asset Management

### Asset Management AuMs Evolution



### Asset Management Revenue

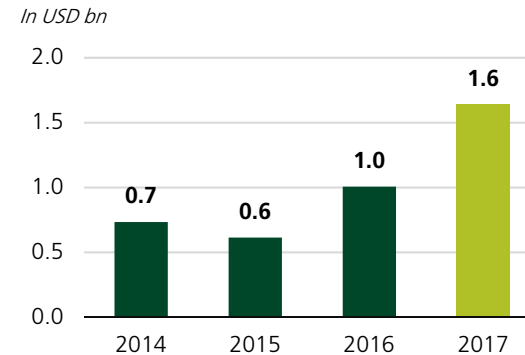


\* Other Fees includes incentive fees and other revenues

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## Private Equity

### Private Equity AuMs Evolution

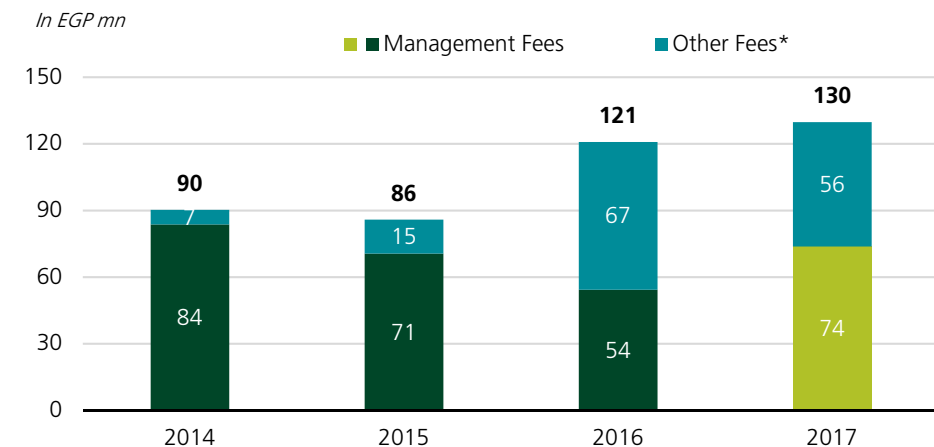


≡ Vortex platform's AUMs and managed capacity at the end of FY 17 remained at EUR 1.3 billion and 822MW, respectively, which includes (i) Vortex I, a 49% stake in EDPR France Wind Portfolio (334MW), completed in December 2014 (ii) Vortex II, a 49% stake in EDPR's Pan European Wind Portfolio (664MW in Spain, Portugal, France and Belgium) completed in June 2016; and (iii) Vortex Solar, a 100% ownership of a 365MW UK Solar PV portfolio, completed in May 2017. Vortex I and II are jointly owned

by Beaufort (an EFG Hermes Holding subsidiary) and a Gulf SWF, with economic ownership at 5% and 95% respectively, whereas Vortex Solar is now owned by Beaufort (5%), Tenaga Nasional Berhad (50%) and KWAP (45%). Beaufort is the investment and asset manager of the entire Vortex platform.

≡ On the operational front, the Wind Portfolio (Vortex I & II) during FY17 period generated EBITDA of c.EUR153 million, and Vortex Solar's performance exceeded budgeted figures for FY17 with EBITDA reaching EUR36 million.

### Private Equity Revenue



\* Other Fees includes incentive fees and other revenues



# Business Lines Overview

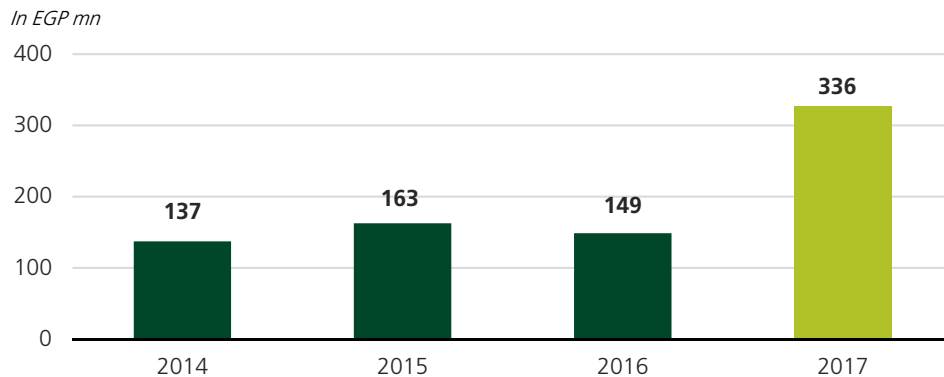
## IB operational and financial Overview/ Awards– FY2017

### Investment Banking

 Advisory on Initial Public Offering <b>ADX</b> (US\$851,000,000) Joint Bookrunner December 2017	 Advisory on Initial Public Offering <b>DFM</b> (US\$1,310,000,000) Sole Global Coordinator & Bookrunner November 2017	 Advisory on Initial Public Offering (US\$42,400,000) Sole Global Coordinator & Bookrunner November 2017		
 Advisory on Sale of Native Markets to Intro Investments (Undisclosed) Sell Side Advisor September 2017	 Advisory on Acquisition of Cairo Festival City Mall (Undisclosed) Buy Side Advisor September 2017	 Advisory on Debt Syndication (US\$70,000,000) Sole Bookrunner September 2017	 Advisory on Accelerated Book Build (US\$40,000,000) Bookrunner June 2017	 Advisory on Initial Public Offering London Stock Exchange (US\$ 280,000,000) Sole Global Coordinator & Joint Bookrunner May 2017
 Advisory on Sale of 50% Stake (US\$ 79,000,000) Sell Side Advisor April 2017	 Advisory on Accelerated Book Build of a 10% stake (US\$ 120,118,707) Joint Bookrunner April 2017	 Advisory on Initial Public Offering (US\$ 45,000,000) Sole Global Coordinator & Bookrunner April 2017	 Advisory on Accelerated Book Build of a 8% Stake (US\$49,703,036) Joint Bookrunner April 2017	 Advisory on Initial Public Offering (US\$105,000,000) Joint Global Coordinator & Bookrunner March 2017

≡ In 2017, EFG Hermes Investment Banking division successfully concluded over 15 ECM, M&A and DCM transactions amounting in value to USD3.1 billion – The division's largest number of transactions in a single year.

### Investment Banking Revenue



### Awards

 <b>#1 MENA ECM league table Fees</b> Thomson Reuters	 <b>Broker of the Year in Kuwait, Egypt and UAE</b> Global Investor MENA Awards
 <b>Best Asset Manager in Pan Africa</b> EMEA Finance African Banking Awards	 <b>Deal of the Year</b> Domty IPO The Banker
 <b>Best Investment Bank in Egypt</b> EMEA Finance African Banking Awards	 <b>Best Investment Bank in Egypt</b> Euromoney Awards for Excellence
 <b>Best Asset Management Solutions</b> European Global Banking & Finance Awards	 <b>Best Sustainable Financial Service Provider</b> European Global Banking & Finance Awards
 <b>1st Place Ranking of the Research Team by Institutional Investor</b>	 <b>Best Egypt Manager in Egypt</b> MENA Fund Manager Awards
 <b>2nd Place Ranking of the Research Team by EXTEL</b>	 <b>Best Broker in Egypt 2017</b> EMEA Finance African Banking Awards

# Business Lines Overview

## Leasing and Tanmeyah Operational and Financial Overview – FY2017



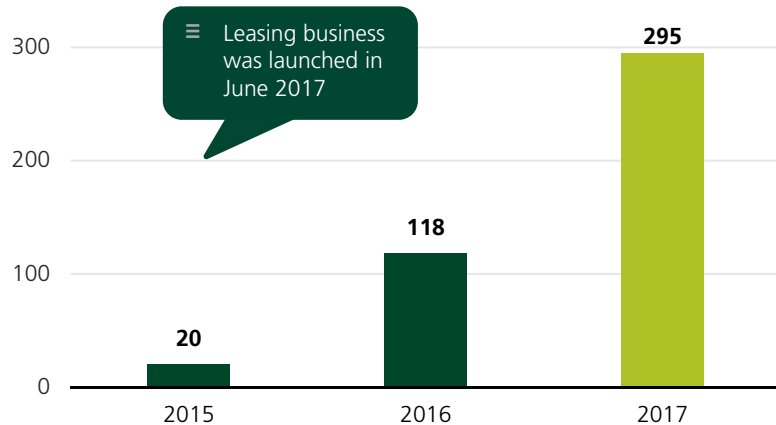
### Contracts booked during 2017 (by asset size)

Company	Lease Value (EGP mn)	Market Share
1 Techno lease	3,793	13%
2 Corplease	3,431	12%
3 GB Lease	3,454	12%
<b>4 EFG Hermes Leasing</b>	<b>2,899</b>	<b>10%</b>
5 Al Tawfik Lease	2,389	8%
6 Arab African	1,885	7%
7 Al Ahly	1,812	6%
8 El Taameer Leasing	1,556	5%
9 Incolase	1,526	5%
10 Global Lease	1,206	4%

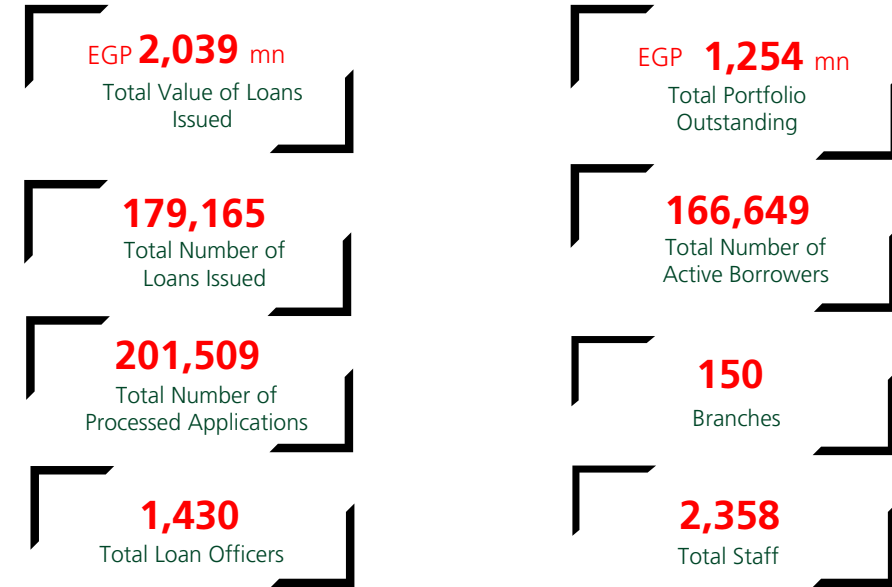
Source: EFSA and EFG Hermes calculations

### Leasing Revenue

In EGP mn

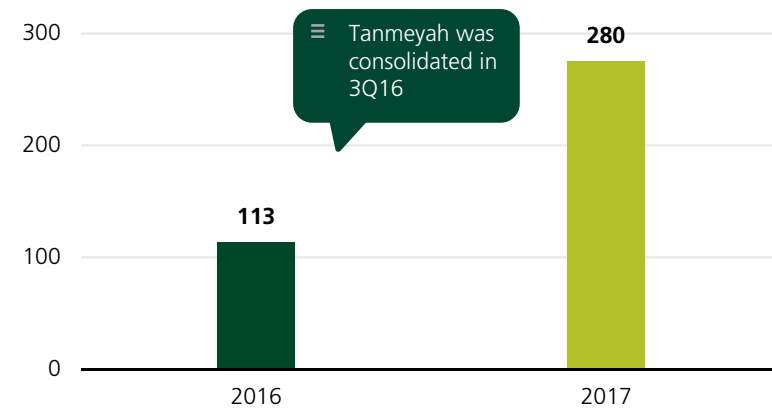


### KPIs



### Micro-Finance 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 3,074,472,890