

# EFG Hermes Holding



## 1Q2022 Results Presentation



# Group Overview

## Group Performance Highlights

- ≡ A strong start for the year, with EFG Hermes Group revenues rising 55% Y-o-Y to EGP1.9 billion in 1Q22, as revenue growth in the Group's core businesses more than offset negative revenues in Holding & Treasury Activities;
- ≡ Moreover, the Group financial results, 1Q22, included the consolidation of aiBank's first full quarter of results, post EFG Hermes' acquisition of a majority stake (51%) during 4Q21;
- ≡ Group operating expenses rose 49% Y-o-Y to EGP1.2 billion in 1Q22, to reflect the consolidation of EGP203 million of aiBank's operating expenses, valU's higher marketing and third party expenses Y-o-Y as business multiplied in size, and the Y-o-Y increase in the Group salaries;
- ≡ Group net profit before tax rose 67% Y-o-Y to EGP677 million in 1Q22, reflecting the resilience of the Group's operating profits across its operating units, in addition to aiBank's consolidation;

- ≡ Post tax and minority interest profits rose 18% Y-o-Y to EGP345 million in 1Q22, driven by core operations' improvement in profitability and the Group's share of aiBank's profits;
- ≡ A strong quarter for the sell-side lifted the Investment Bank revenues up 12% Y-o-Y to EGP901 million in 1Q22, despite Holding & Treasury Activities revenues declining 24% Y-o-Y. Reflecting inflationary pressures to a large extent, the Investment Bank operating expenses rose 16% Y-o-Y to EGP569 million, driven by higher employee expenses and other G&A expenses;
- ≡ The Investment Bank net profit before tax came up 6% Y-o-Y to EGP312 million. However, the Investment Bank's after tax and minority interest profits recorded EGP177 million, down 25% Y-o-Y, on higher Y-o-Y tax charges;

- ≡ The NBFIs continued its upwards trajectory, with its revenues growing 34% Y-o-Y to EGP601 million in 1Q22, driven by Tanmeyah, valU and Factoring. The NBFIs operating expenses rose 34% Y-o-Y to EGP423 million, mainly on other G&A expenses which increased 111% Y-o-Y to EGP188 million; on valU's higher marketing, collection, activation and outsourcing fees;
- ≡ The NBFIs net profit after tax and minority interest rose 72% Y-o-Y to EGP97 million, on stronger profitability generated mainly by Tanmeyah, followed by valU and Factoring;
- ≡ aiBank reported revenues of EGP441 million and a net profit after tax and minority interest of EGP72 million. Gross loans grew 21% Q-o-Q to EGP13.6 billion, while deposits added 8% Q-o-Q to EGP41.8 billion, thus Loans/Deposits ratio moved up to 33% from 29% a quarter earlier.

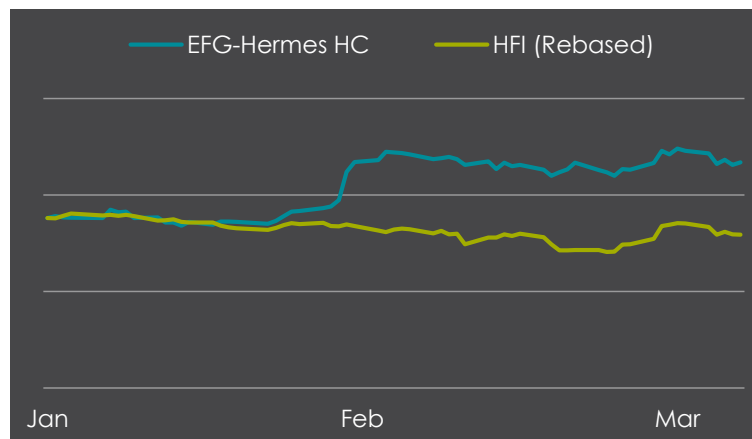
# Group Overview

## Share Information

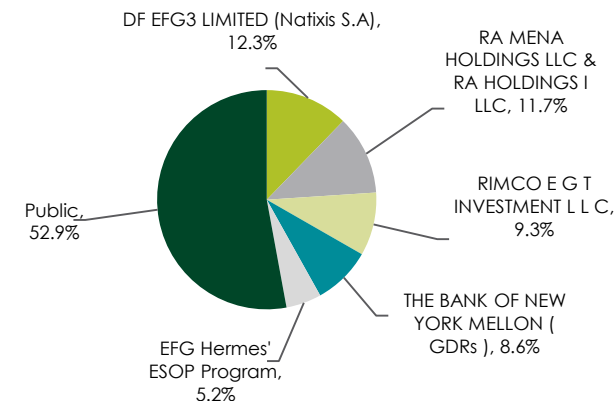
### Stock Performance 1Q22

Close **17.69** ▲ **19%** Q-o-Q  
 Open **14.81** Hi **18.40** Lo **14.40**  
 Average Daily Turnover  
**EGP35.2 mn** ▲ **63%** Q-o-Q  
 Market Cap **EGP17,214 mn** Shares **973.07 mn**

### Stock Price Performance



### Shareholders structure



\*Shareholders structure as of 31<sup>st</sup> of March, 2022

### Analyst Recommendations Analysis

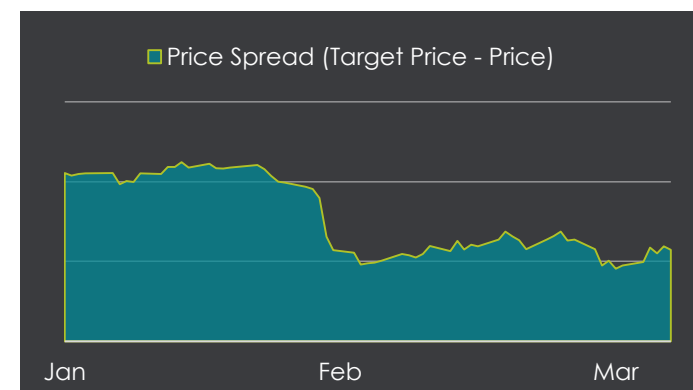
| Institution                   | Recommendation | Target Price | Date   |
|-------------------------------|----------------|--------------|--------|
| HC                            | Buy            | 20.5         | Apr-22 |
| HSBC                          | Buy            | 27.9         | Feb-22 |
| Arqaam                        | Buy            | 20.7         | Feb-22 |
| Al Ahly Pharos                | Buy            | 20.2 – 23.8  | Feb-22 |
| CI Capital                    | Buy            | 20.0         | Feb-22 |
| Arab African Int'l Securities | Buy            | 18.1         | Nov-21 |
| Beltone                       | Buy            | 18.0         | Nov-21 |

### Consensus Recommendation

**Buy** 7 100%  
**Hold** 0 0%  
**Sell** 0 0%  
**Average Target Price** **EGP 21.03**  
**Spread\*** **EGP 3.34**  
**Potential Upside** **19%**

\* Based on 31<sup>st</sup> of March, 2022 closing price

### Price Spread

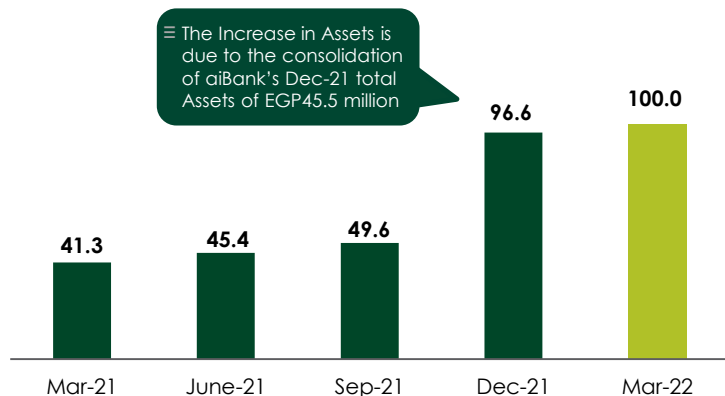


# Group Overview

## Balance Sheet

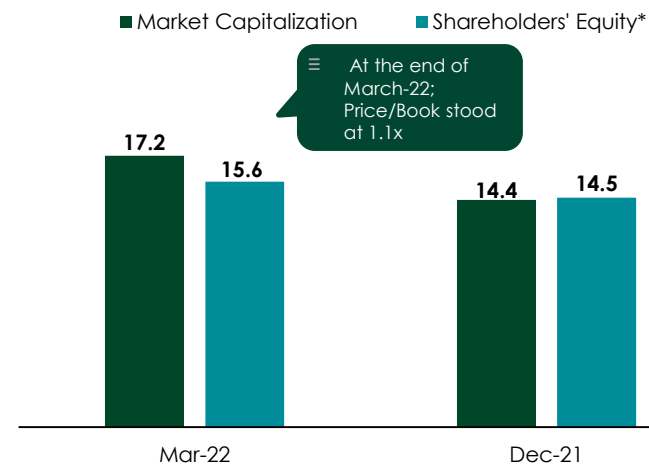
**Total Assets,**  
up 4% Q-o-Q

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 2022

| Assets - Liabilities                               | In EGP million |
|--|----------------|
| Cash and Cash Equivalents                          | 29,508         |
| NBFIs Loans Receivable                             | 12,238         |
| Commercial Bank Loans                              | 11,834         |
| Investment in Associates                           | 476            |
| Merchant Banking Loans                             | 248            |
| Asset Management Seed Capital                      | 2,541          |
| Private Equity Seed Capital                        | 691            |
| Fixed Assets and Real Estate                       | 1,506          |
| Clients Investments at FVTPL (Structured Products) | 1,645          |
| Payables to Clients at FVTPL (Structured Products) | (1,645)        |
| (Receivables - Payables)                           | (4,034)        |
| (Other Assets - Other Liabilities)                 | (1,372)        |
| Goodwill and Other Intangible Assets               | 1,115          |
| Trading and AFS Investments                        | 3,011          |
| Investments at Amortized Cost                      | 10,272         |
| Customer Deposits                                  | (41,491)       |
| Short Term Bonds                                   | (550)          |
| Short & Long term Loans*                           | (7,493)        |
| Minority   | (2,921)        |
| <b>Total</b>                                       | <b>15,581</b>  |

\*Predominantly includes NBFIs borrowings.



## I. First Quarter Results Review – 1Q2022

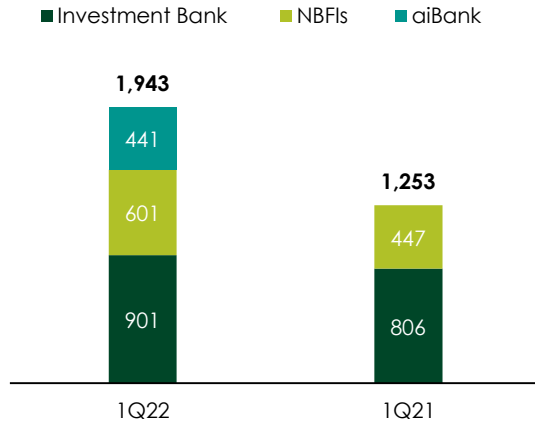
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# Group Overview

## Group Financial Highlights – 1Q2022

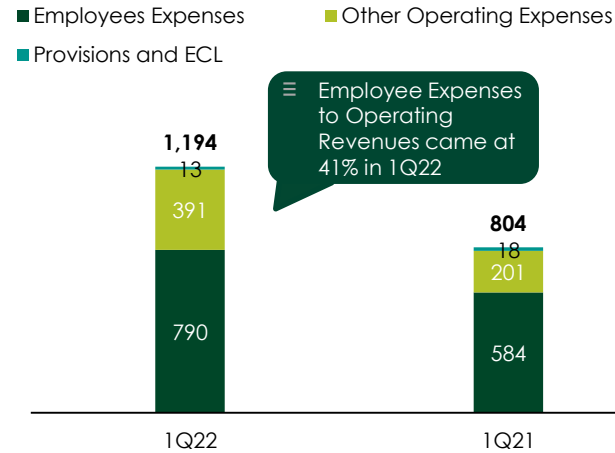
### EFG Hermes Net Operating Revenue, up 55% Y-o-Y

In EGP mn



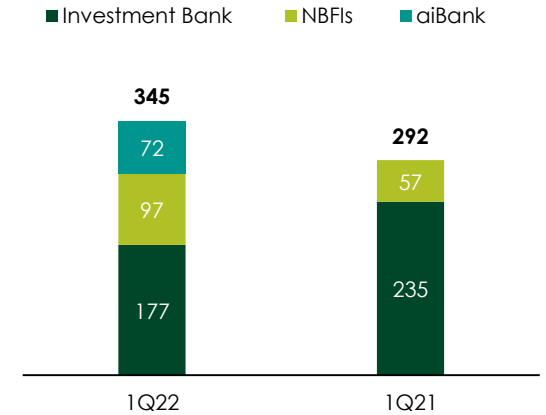
### EFG Hermes Operating Expenses, up 49% Y-o-Y

In EGP mn

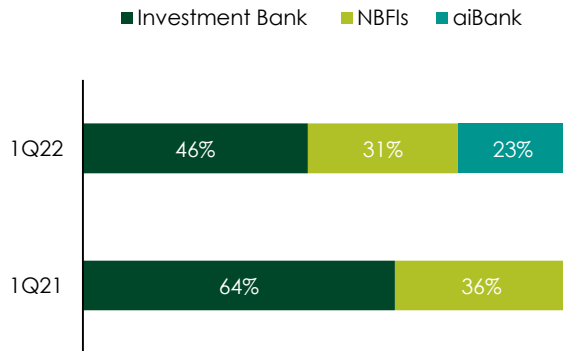


### EFG Hermes Net Profit After Tax and Minority Interest, up 18% Y-o-Y

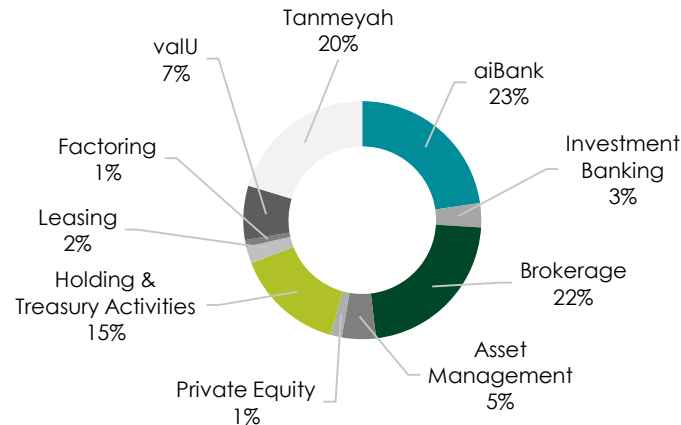
In EGP mn



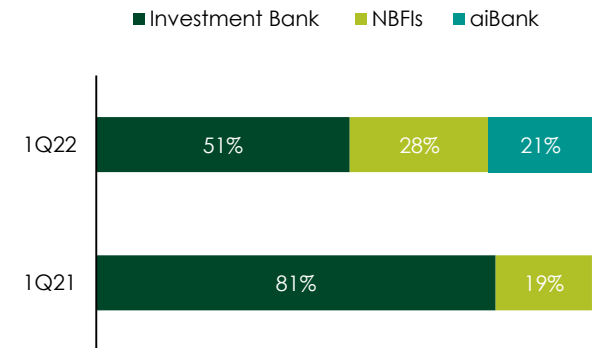
### EFG Hermes Revenues Contribution by Platform



### Revenue Breakdown By Line of Business



### NPAT Contribution by Platform



# Investment Bank Overview

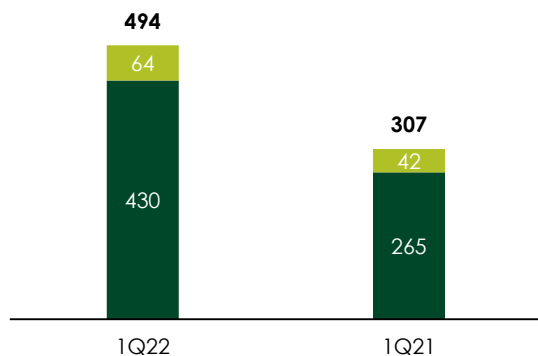
## Investment Bank Highlights – 1Q2022

### Investment Bank Revenue Breakdown by Platform

#### Sell-Side Revenues, up 61% Y-o-Y

In EGP mn

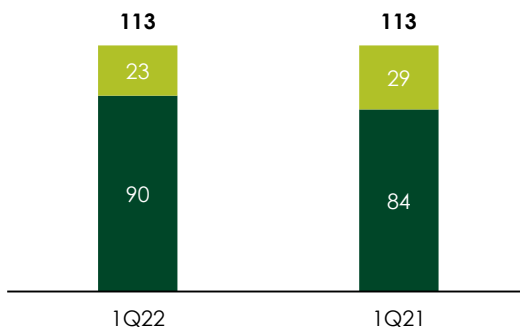
■ Brokerage ■ Investment Banking



#### Buy-Side Revenues, Flat Y-o-Y

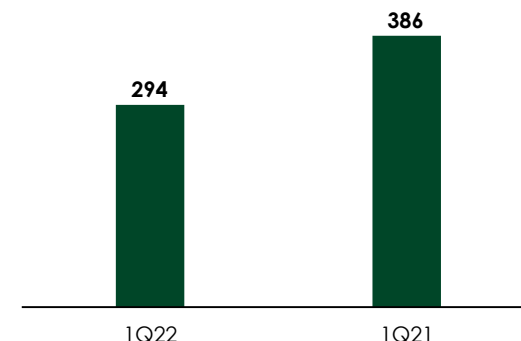
In EGP mn

■ Asset Management ■ Private Equity

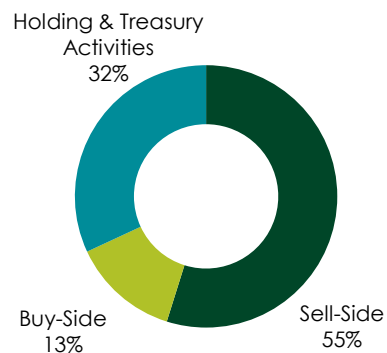


#### Holding and Treasury Activities, down 24% Y-o-Y

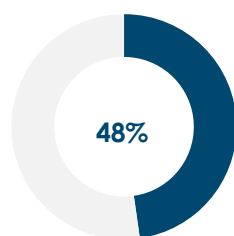
In EGP mn



### Revenues Contribution by Platform

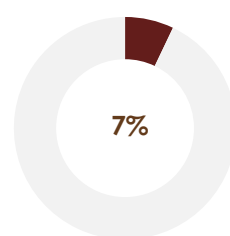


### Investment Bank Revenue breakdown



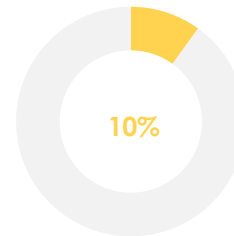
#### Brokerage

Revenues of **EGP430 mn**,  
up 62% Y-o-Y



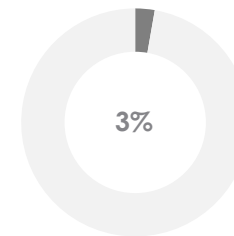
#### Investment Banking

Revenues of **EGP64 mn**,  
up 52% Y-o-Y



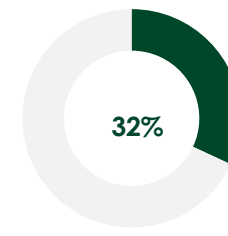
#### Asset Management

Revenues of **EGP90 mn**,  
up 7% Y-o-Y



#### Private Equity

Revenues of **EGP23 mn**,  
down 21% Y-o-Y



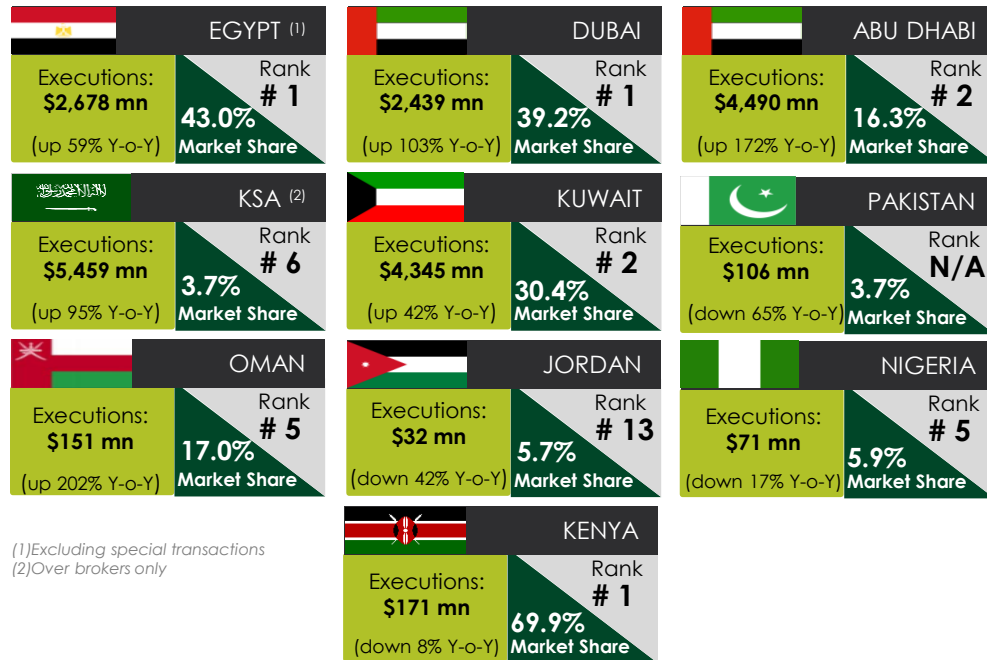
#### Holding & Treasury Activities

Revenues of **EGP294 mn**,  
down 24% Y-o-Y

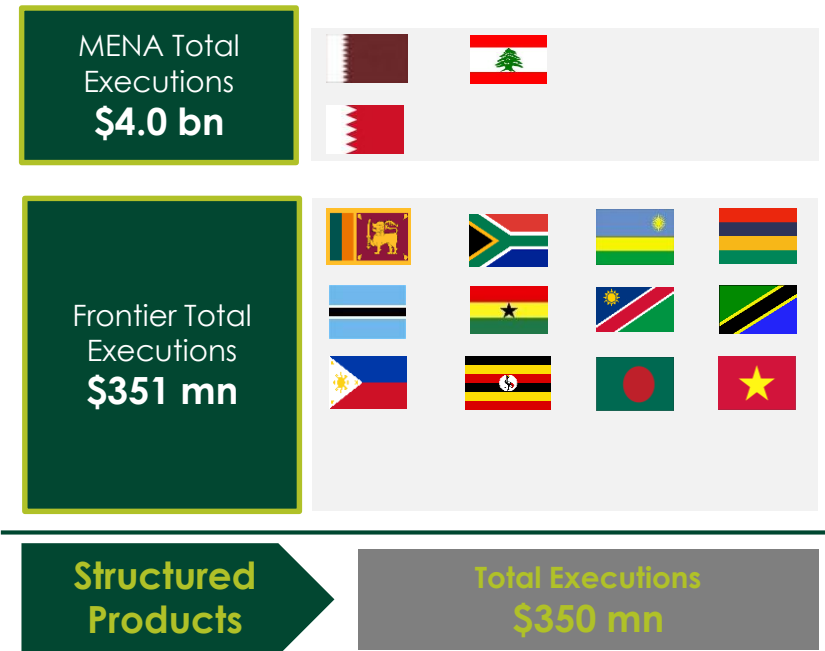
# Investment Bank Overview

## Brokerage Overview – 1Q2022

### Direct Presence

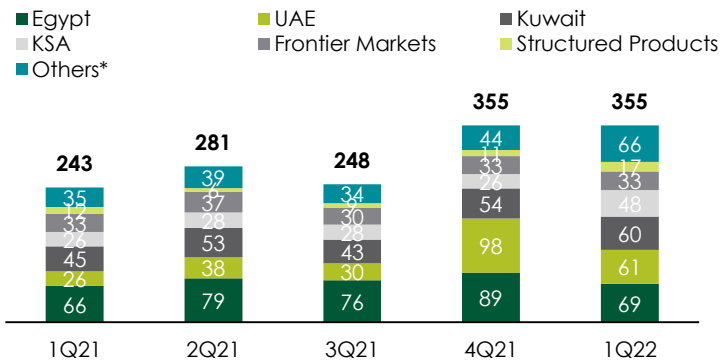


### Indirect Presence

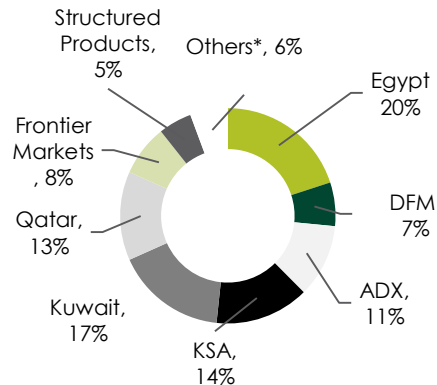


### Average Daily Commissions

In USD thousand

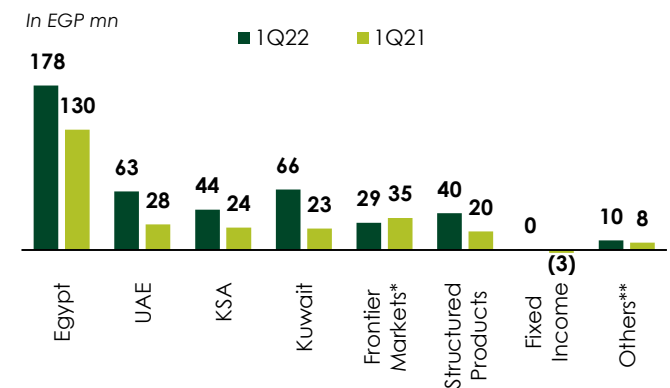


### Fees Contribution by Market/Product



\*Others including: Oman, Lebanon, Jordan, UK (GDRs), Bonds and EFG Hermes One  
\*\*Based on 1Q22 figures

### Brokerage Revenue by Country (Operations)



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

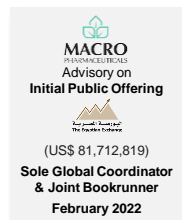
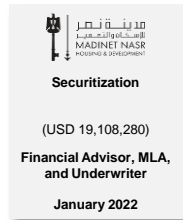
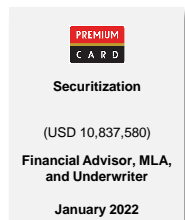
\*Others including: Qatar, Oman, Lebanon, Jordan, UK (GDRs), Bonds and EFG Hermes One



# Investment Bank Overview

IB and PE Overview – 1Q2022

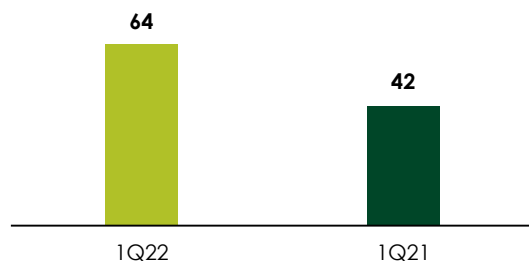
## Investment Banking



- ≡ In 1Q22, EFG Hermes' Investment Banking division successfully concluded one equity, two debt transactions and two M&A transactions worth an aggregate value of USD301 million;
- ≡ On the debt front, the team successfully advised Premium International for Credit Services on the sixth issuance of its EGP2 billion short-term securitization program, in a transaction worth USD11 million, and acted as sole financial advisor on the USD19 million securitization issuance for Madinet Nasr for Housing and Development (MNHD), as part of its EGP3 billion securitization program;
- ≡ In the M&A space, the team successfully concluded advisory on two regional transactions, one of them being the acquisition of a leading regional healthcare player;
- ≡ In the equity space, EFG Hermes successfully acted as sole global coordinator and joint bookrunner on the initial public offering (IPO) of Macro Pharmaceuticals Group, in a USD82 million offering, with the institutional and retail offering being 1.8x and 102.2x oversubscribed respectively.

## Investment Banking Revenue

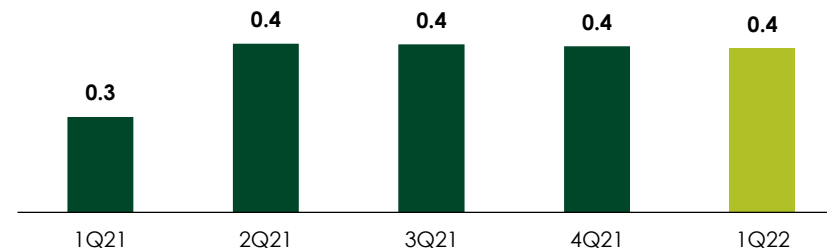
In EGP mn



## Private Equity

### Private Equity AUMs Evolution

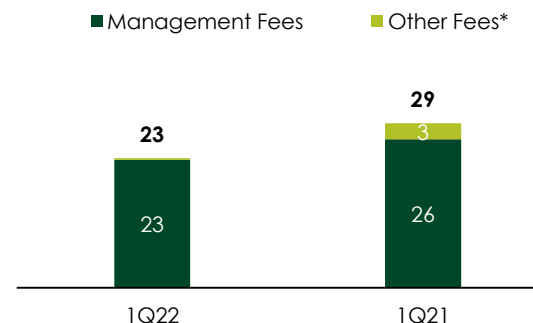
In USD bn



- ≡ Vortex Energy will invest up to EUR476 million through its newly launched Vortex Energy IV Fund and its co-investors into Ignis via a series of capital injections, which will be deployed over the coming few years subject to certain conditions;
- ≡ Final preparations for the start of the upcoming academic year 2022/2023 are currently being completed in 2 new schools (Gems International School of Cairo – GISC - and Hayah West) which are scheduled to start operations next September with a combined capacity of c.3.5k students;
- ≡ Rx Healthcare platform has progressed with on a number of promising acquisition opportunities in the B2B & B2C pharma segments, currently at advanced stages of negotiation & execution, and with potential aggregate deal values exceeding EGP1 billion.

### Private Equity Revenue

In EGP mn



\* Other Fees includes incentive fees and other revenues

# Investment Bank Overview

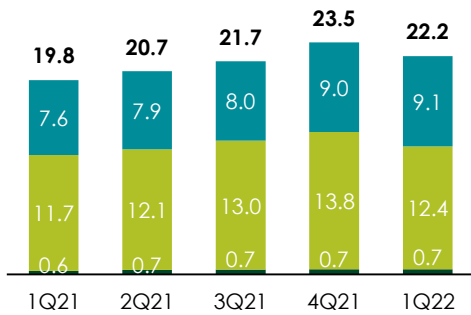
## Asset Management Overview – 1Q2022

### Egypt Asset Management

#### Assets Under Management

In EGP bn

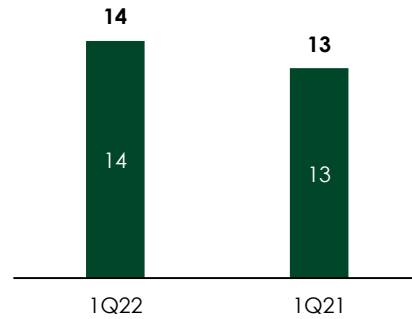
- Portfolios
- Money Market & Fixed Income
- Egypt Equity Funds



#### Revenue Breakdown

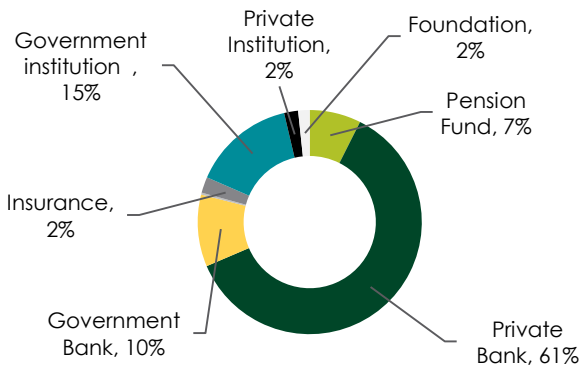
In EGP mn

- Management Fees
- Other Fees\*

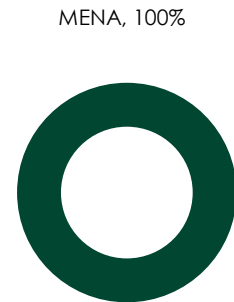


\* Other Fees include incentive fees and other revenues

#### AuMs Breakdown by Investor Type



#### AuMs Breakdown by Region

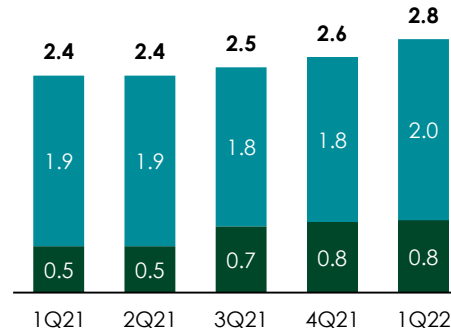


### Regional Asset Management "FIM"

#### Assets Under Management

In USD bn

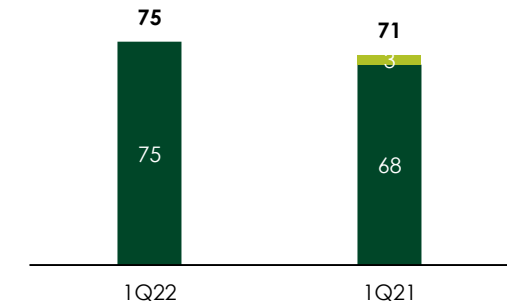
- Regional Portfolios
- Regional Funds



#### Revenue Breakdown

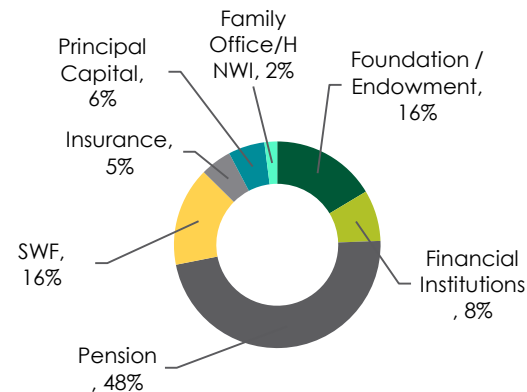
In EGP mn

- Management Fees
- Other Fees\*

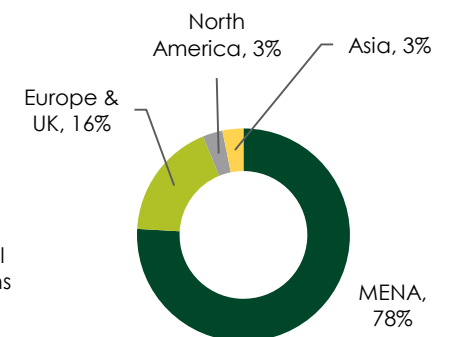


\* Other Fees include incentive fees and other revenues

#### AuMs Breakdown by Investor Type



#### AuMs Breakdown by Region

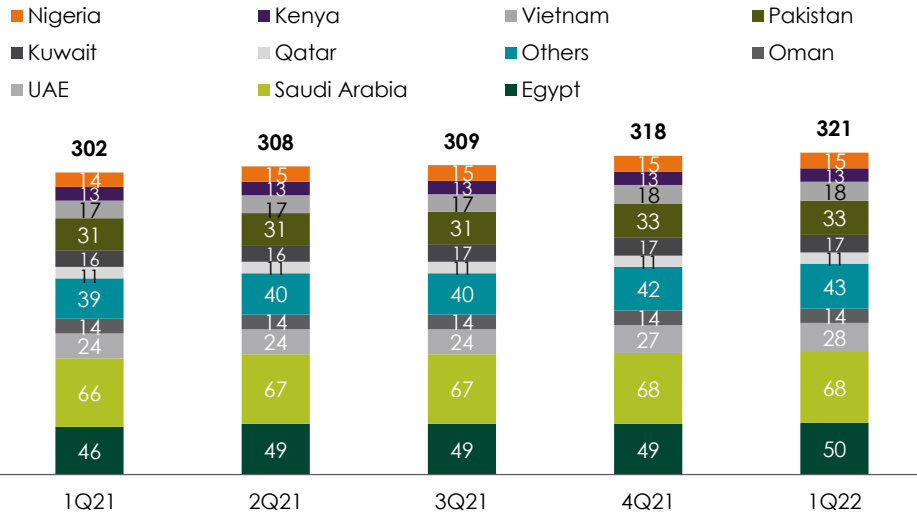


# Investment Bank Overview

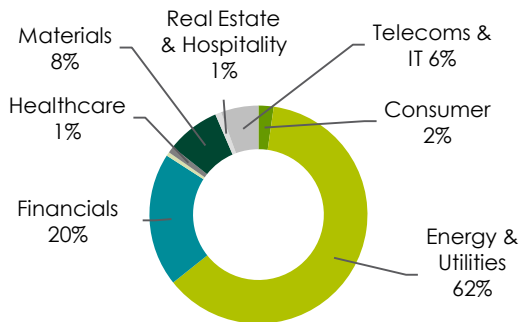
## Research Overview – 1Q2022

### Research Coverage Universe

Number of Companies



### Research coverage by Sector



≡ In 1Q22, EFG Hermes Research team initiated coverage on four new stocks, Macro Group in Egypt, ALBA in Bahrain, and Sharjah Islamic Bank and National Marine Dredging in the UAE

## Awards/Rankings

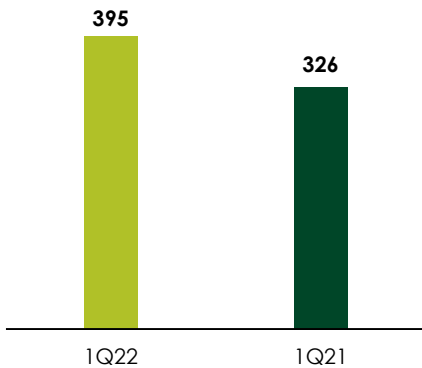


# NBFIs Overview

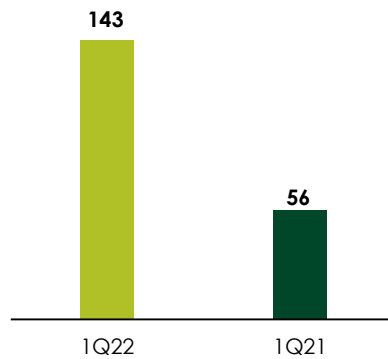
NBFIs Financial Highlights – 1Q2022

## NBFIs Revenue Breakdown by Platform

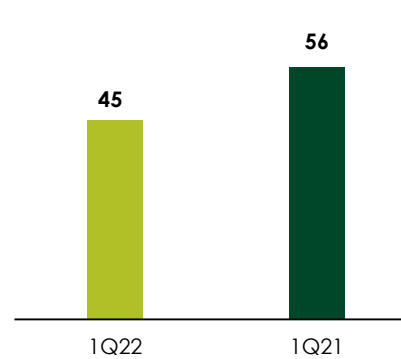
**Tanmeyah Revenues,**  
up 21% Y-o-Y  
In EGP mn



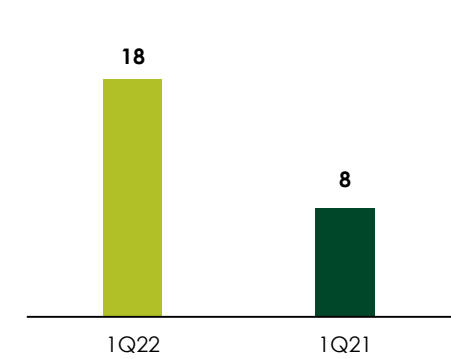
**valU Revenues,**  
up 157% Y-o-Y  
In EGP mn



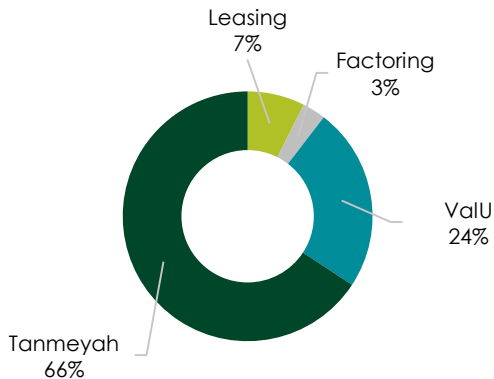
**Leasing Revenues,**  
down 21% Y-o-Y  
In EGP mn



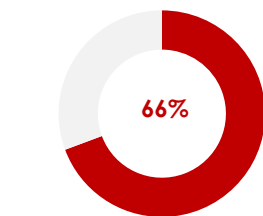
**Factoring Revenues,**  
up 118% Y-o-Y  
In EGP mn



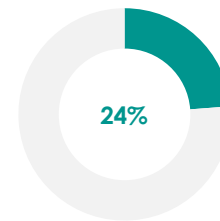
### NBFIs Revenues Contribution



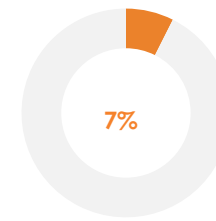
### NBFIs Revenue Breakdown



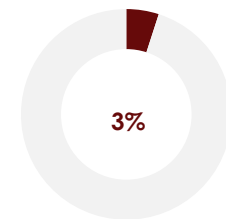
**Tanmeyah**  
Revenues of **EGP395 mn,**  
up 21% Y-o-Y



**valU**  
Revenues of **EGP143 mn,**  
up 157% Y-o-Y



**Leasing**  
Revenues of **EGP45 mn,**  
down 21% Y-o-Y

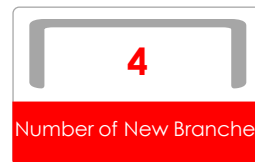
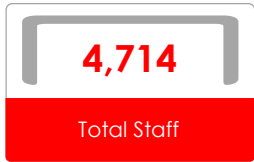
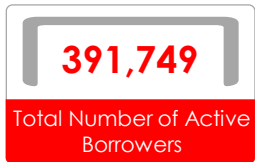
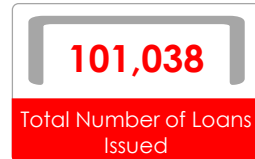
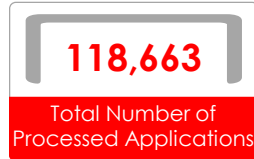


**Factoring**  
Revenues of **EGP18 mn,**  
up 118% Y-o-Y

# NBFIs Overview

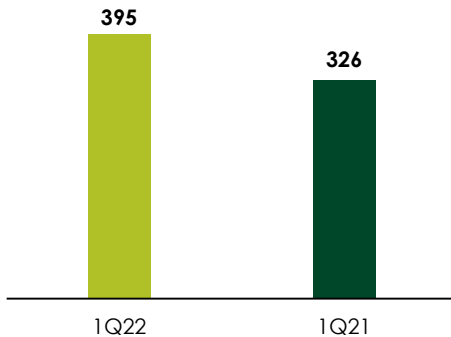
## Tanmeyah and valU Operational and Financial Overview – 1Q2022

### KPIs



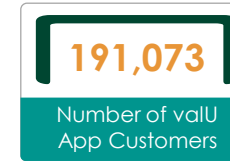
### Tanmeyah Revenue

In EGP mn



### KPIs

### Market Share- 1Q22



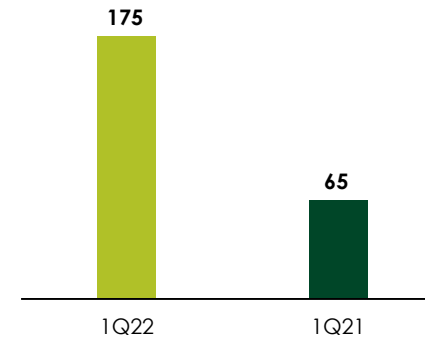
| Rank | Company Name          | Market Share (%) |
|------|-----------------------|------------------|
| 1    | Contact               | 34.8%            |
| 2    | <b>valU</b>           | <b>31.4%</b>     |
| 3    | Halaan                | 14.2%            |
| 4    | Premium International | 8.0%             |
| 5    | Sohoula               | 4.1%             |
| 6    | B Link                | 2.1%             |
| 7    | Drive Finance         | 1.8%             |
| 8    | Abdul Latif Gamil     | 1.8%             |
| 9    | Sky Finance           | 0.8%             |
| 10   | Others                | 0.9%             |

\* Includes securitized portfolio of EGP78 million

### valU Revenue

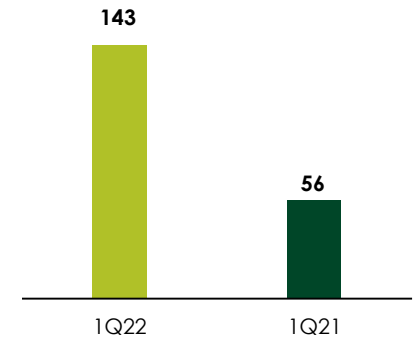
#### Gross Revenue

In EGP mn



#### Net Revenue

In EGP mn



# NBFIs Overview

## Leasing and Factoring Operational and Financial Overview – 1Q2022



### KPIs



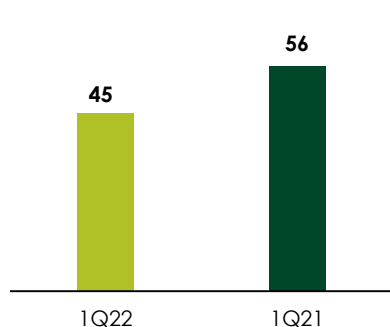
### Market Share- 1Q22

| Rank | Company                          | Market Share |
|------|----------------------------------|--------------|
| 1    | Corplease                        | 19.6%        |
| 2    | <b>EFG Hermes Corp Solutions</b> | <b>12.0%</b> |
| 3    | Global Corp                      | 11.1%        |
| 4    | Arab African Lease               | 9.9%         |
| 5    | Cairo Lease                      | 5.2%         |
| 6    | BM Lease                         | 5.1%         |
| 7    | ADIFinance                       | 4.2%         |
| 8    | Al Taameer Lease                 | 4.0%         |
| 9    | Others                           | 28.8%        |

\* Excludes securitized portfolio principle amount of EGP704 million

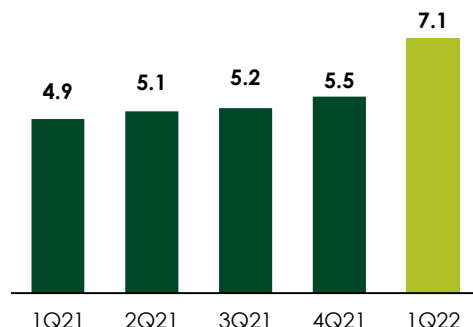
### Leasing Revenue

In EGP mn



### Leasing On-Books Portfolio\*

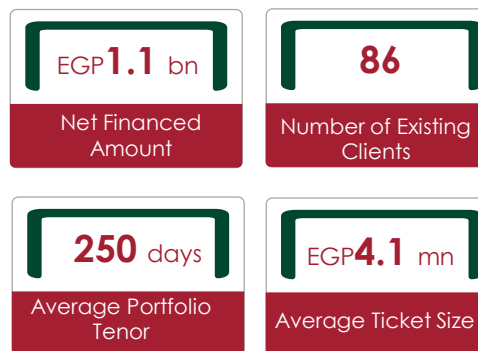
In EGP bn



\* Includes securitized portfolio



### KPIs

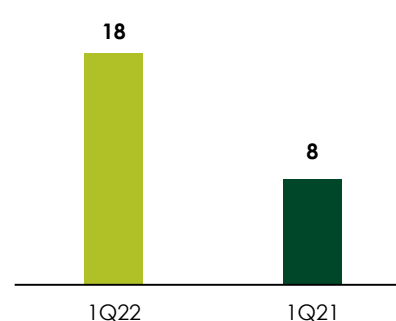


### Market Share- 1Q22

| Rank | Company                     | Market Share |
|------|-----------------------------|--------------|
| 1    | Egypt Factoring             | 18%          |
| 2    | <b>EFG Hermes Factoring</b> | <b>15%</b>   |
| 3    | QNB Al Ahli Factoring       | 12%          |
| 4    | Drive Factoring             | 11%          |
| 5    | Globalcorp Factoring        | 6%           |
| 6    | Others                      | 38%          |

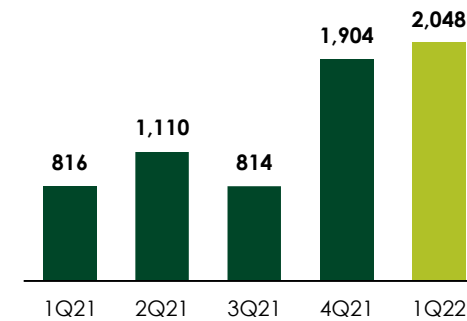
### Factoring Revenue

In EGP mn



### Factoring Portfolio

In EGP mn

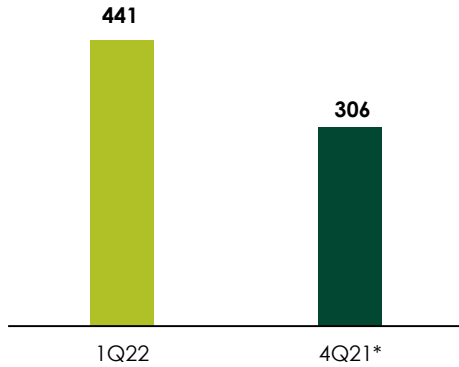


# Business Lines Overview

## aiBANK Operational and Financial Overview – 1Q2022

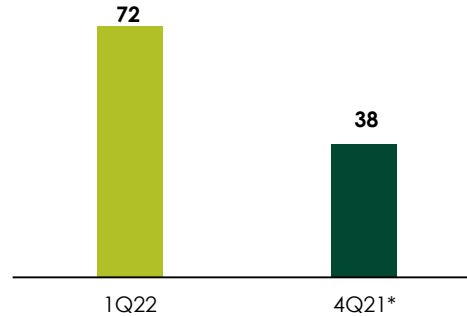
### aiBank Revenues

In EGP mn



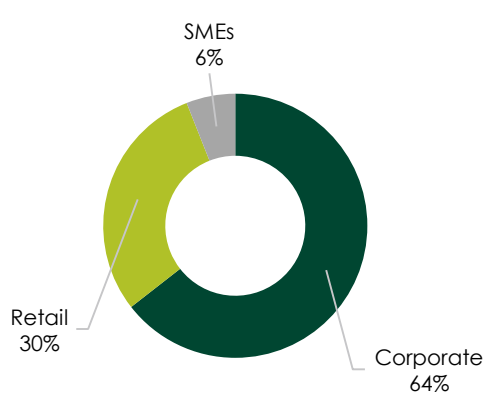
### aiBank Net Profit After Tax and Minority Interest

In EGP mn

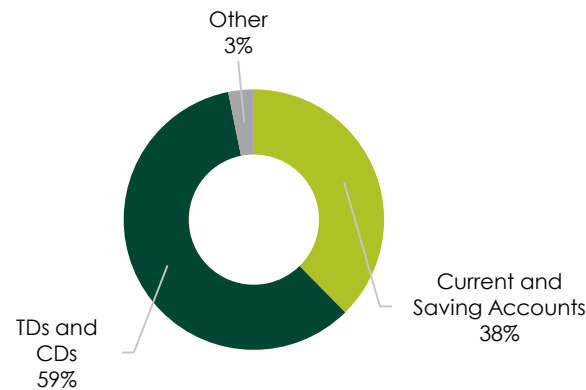


\*November and December figures post the completion of the acquisition

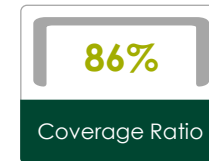
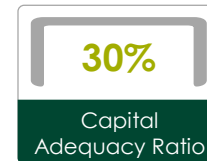
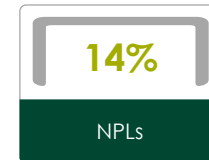
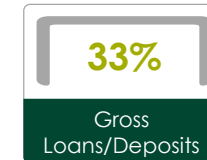
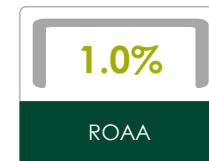
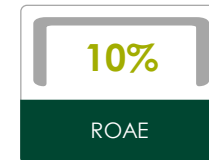
### Loans by Type



### Deposits by Type



### KPIs



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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 4,865,353,355