

EFG Hermes Holding



2Q/1H 2017 Results Presentation



Group Overview

Group Performance Highlights

- ≡ EFG Hermes reported another strong set of results, with total revenues crossing the EGP1.0 billion mark in 2Q17, higher 252% Y-o-Y over the prior corresponding period. Results were supported by buoyant Investment Banking business, diversified Brokerage contribution, growing non-bank finance institution (NBFI) platform and better utilization of balance sheet;
- ≡ Fee and commission revenues rose 136% Y-o-Y to EGP639 million in 2Q17, fueled by higher revenue generated from all business lines. Investment Banking and Brokerage were the main drivers for fees and commissions increase, as Investment Banking executed a number of high profile transactions during the quarter, and Brokerage continued to trade new markets and launch new products. Furthermore, NBFI fared well in 2Q17, with Leasing and Tanmeyah more than doubling their revenues Y-o-Y;

- ≡ Capital markets and treasury operations revenue increased to EGP372 million in 2Q17, up from EGP17 million in 2Q16. If we exclude the eventually non-recurring capital gain realized from the sale of CL shares, revenue would increase by 782% Y-o-Y in 2Q17, driven by robust treasury operations;
- ≡ Another successful quarter for the Firm, managing to maintain its employee expenses/ operating revenues below the 50% mark, at 39% in 2Q17. Operating expenses rose 160% Y-o-Y to EGP550 million in 2Q17; mainly on higher overseas salaries post the EGP floatation, higher inflationary pressures, growth and addition of new operations and one-off expenses;

- ≡ The Firm reported a net operating profit of EGP462 million in 2Q17, up 507% Y-o-Y in 2Q17 and a net operating profit margin of 46% up from 26% a year earlier. This filtered into a Group net profit from continued operations of EGP395 million in 2Q17, up 718% Y-o-Y. Moreover, if we exclude the non-recurring gain realized from CL stake sale, the Group's net profit after tax and minority interest would be higher 252% Y-o-Y in 2Q17 at EGP 170 million;
- ≡ We continue to divest our remaining stake in Credit Libanais post the sale of our majority stake in the Bank and its subsequent deconsolidation in 2Q16. In 2Q17, we offloaded an additional 3.65% of the Bank's shares, thus leaving the Firm with 9.46% stake at the end of the period. EFG Hermes realized a gain of EGP225 million from selling an additional stake in CL during the quarter and booked on the continued operations section of the income statement.

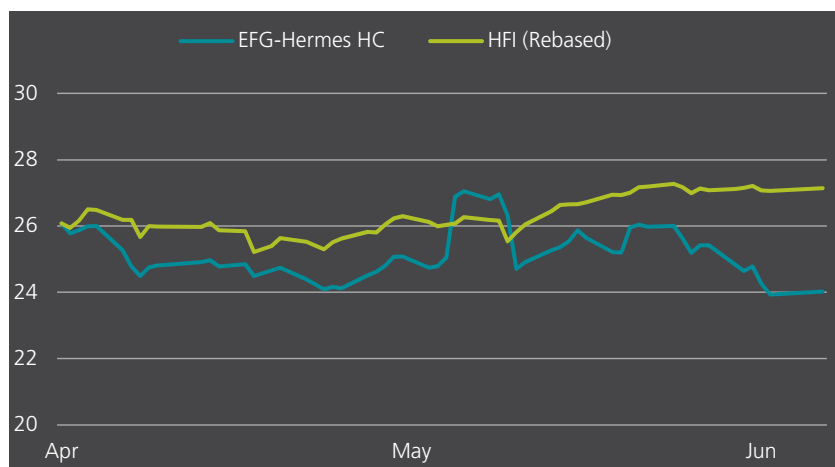
Group Overview

Share Information

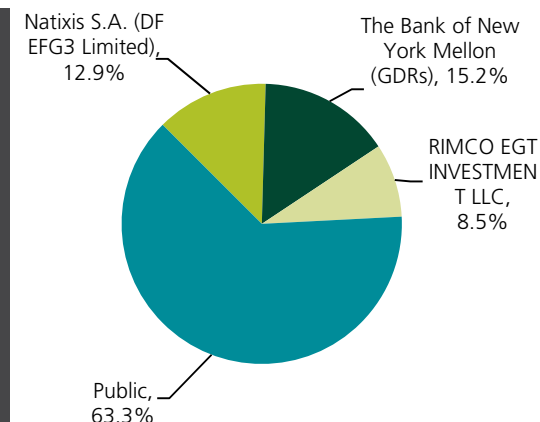
Stock Performance 2Q17

Close **24.42** ▼ **6.4%** Q-o-Q
 Open **26.08** Hi **27.05** Lo **22.54**
 Average Daily Turnover
EGP121.3 mn ▼ **11%** Q-o-Q
 Market Cap **EGP15,016 mn** Shares **614.9 mn**

Stock Price Performance



Shareholders structure



* Shareholders structure as of 30th June, 2017

Analyst Recommendations Analysis

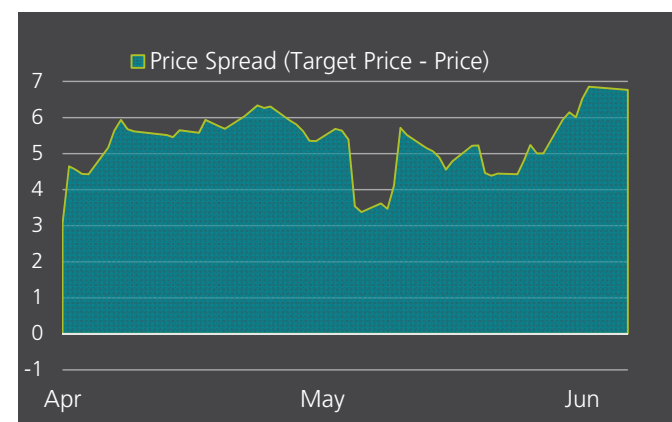
Institution	Recommendation	Target Price	Date
HSBC	Hold	27.10	Jun-17
Arqaam	Buy	28.60	May-17
Pharos Holding	Overweight	35.13	Mar-17
Beltone	Buy (34.3-36.5)	35.40	Jan-17
Renaissance Capital	Hold	27.70	Jan-17

Consensus Recommendation

Buy **3** **60%**
 Hold **2** **40%**
 Sell **0** **0%**
 Average Target Price **EGP 30.79**
 Spread* **EGP 6.37**
 Potential Upside **26%**

* Based on 30th June, 2017 closing price

Price Spread

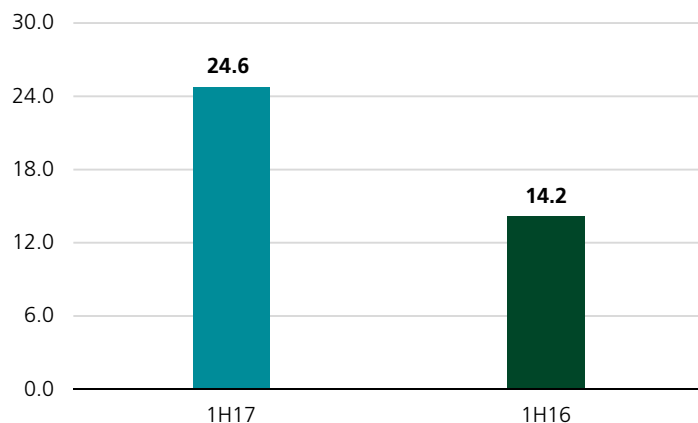


Group Overview

Balance Sheet- 2Q2017

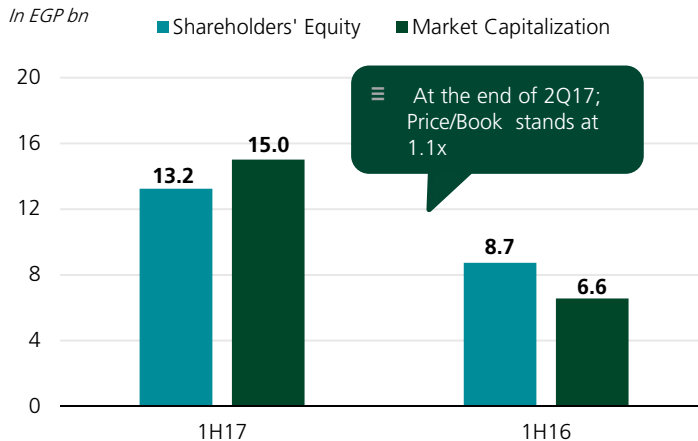
Total Assets, up 74% Y-o-Y

In EGP bn



Total Equity/Market capitalization

In EGP bn



EFG Hermes Balance Sheet as at 30th of June 2017

Assets - Liabilities	In EGP million
Cash and Cash Equivalents	10,778
Microfinance Receivables "Tanmeyah"	409
Asset Management Seed Capital	1,486
Private Equity Seed Capital	739
Underwriting	1,999
Fixed Assets and Real Estate	457
Other Assets	92
(Receivable - Payables)	(3,319)
(Other Assets - Other Liabilities)	(1,950)
Goodwill and other intangible assets	611
Trading and AFS Investment	492
Crédit Libanais	1,319
SODIC	227
Leased Assets (net)	1,767
Long Term Loans	(1,704)
Minority	(240)
Total	13,162

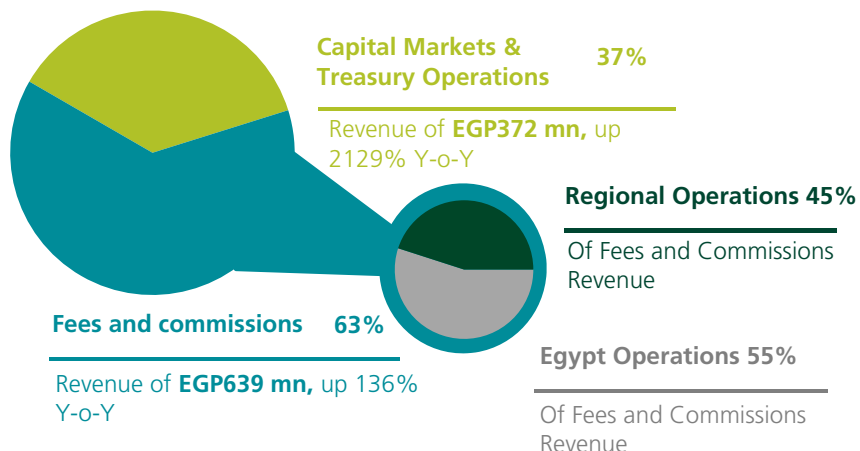


I. Second Quarter Results Review – 2Q2017

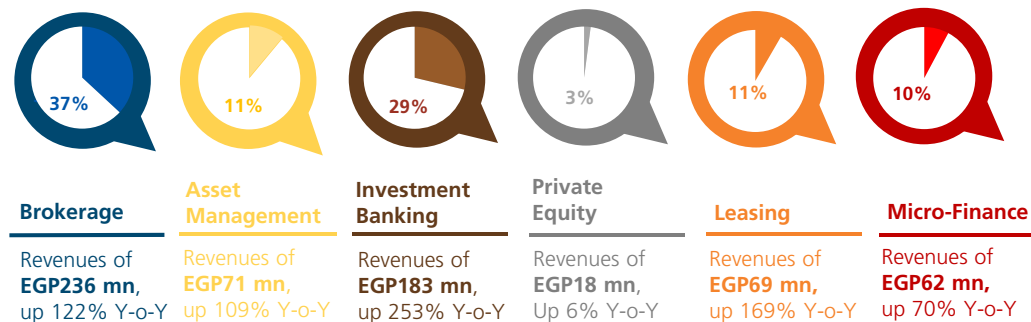
EFG Hermes Overview

Financial Highlights – 2Q2017

EFG Hermes Revenue Breakdown

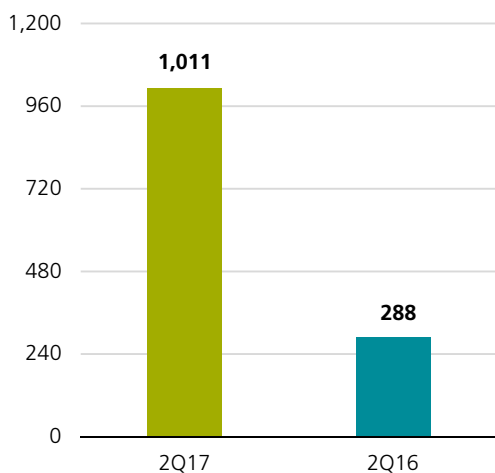


Fees and Commissions Revenue Breakdown



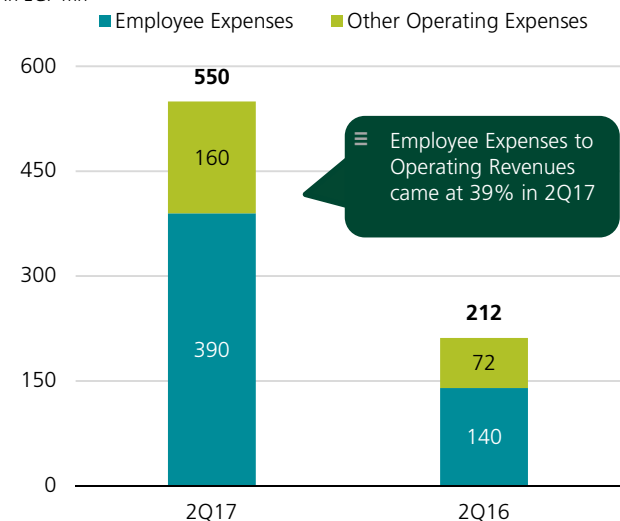
EFG Hermes Operating Revenue up 252% Y-o-Y

In EGP mn



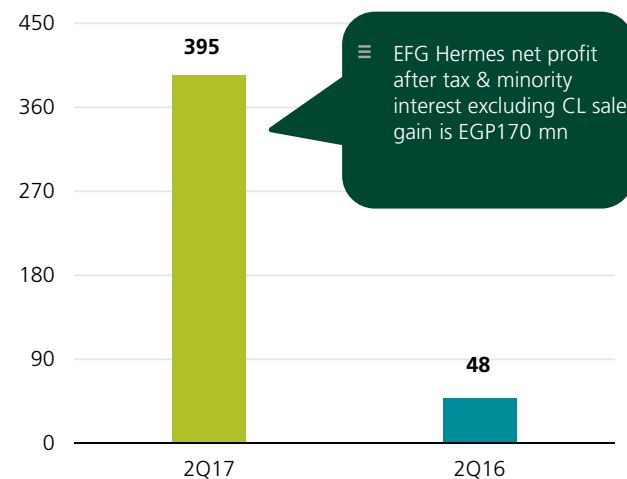
EFG Hermes Operating Expenses, up 160% Y-o-Y

In EGP mn



EFG Hermes Net Profit After Tax and Minority Interest up 718% Y-o-Y

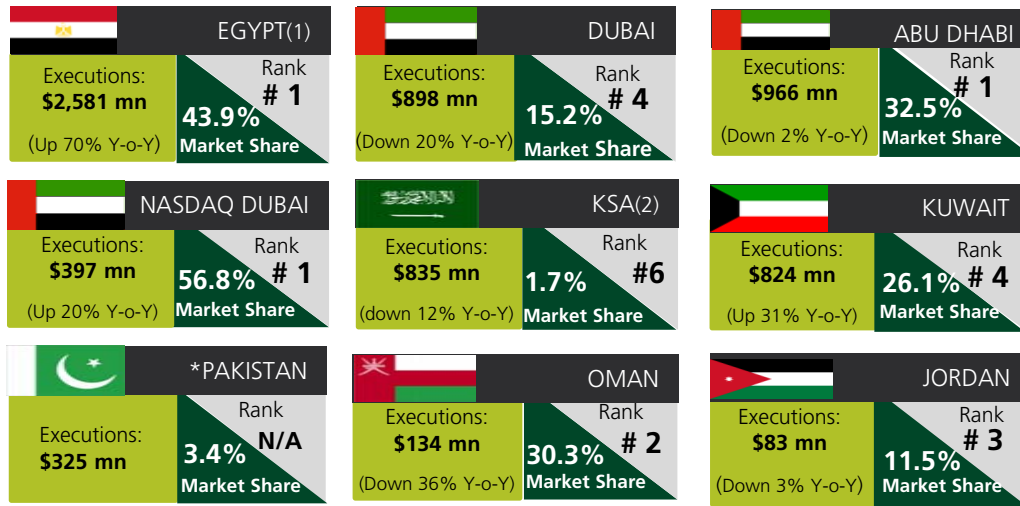
In EGP mn



Business Lines Overview

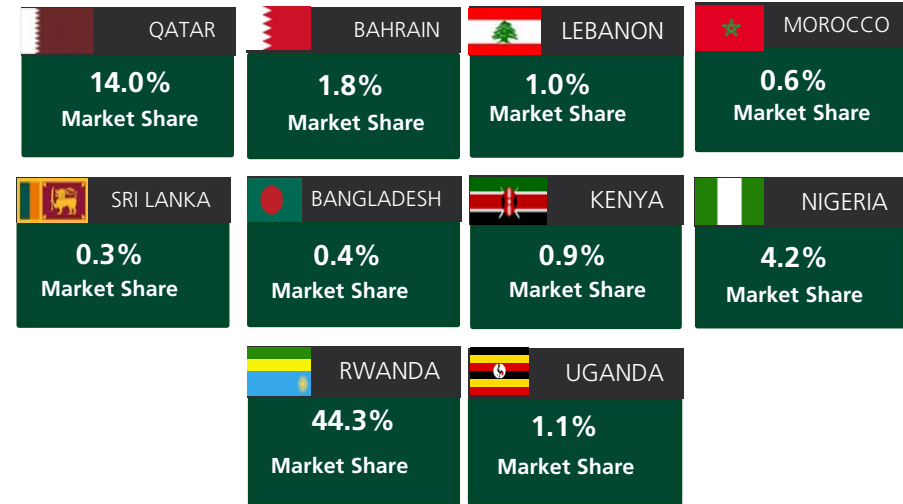
Brokerage Operational and Financial Overview – 2Q2017

Direct Presence



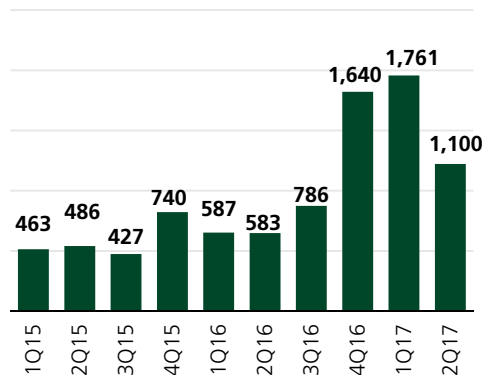
*Pakistan acquired in March 2017
(1)Excluding special transactions
(2)Over brokers only

Indirect Presence



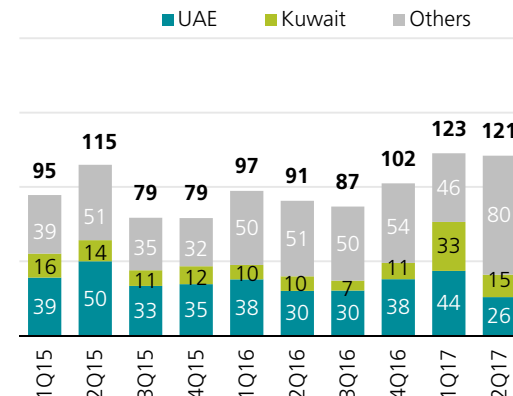
Average Daily Commissions- Egypt

In EGP Thousand



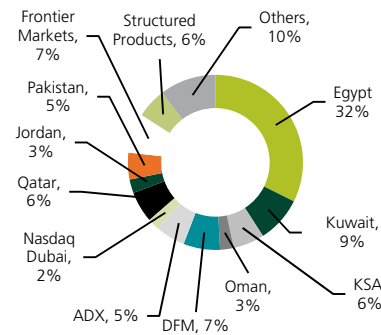
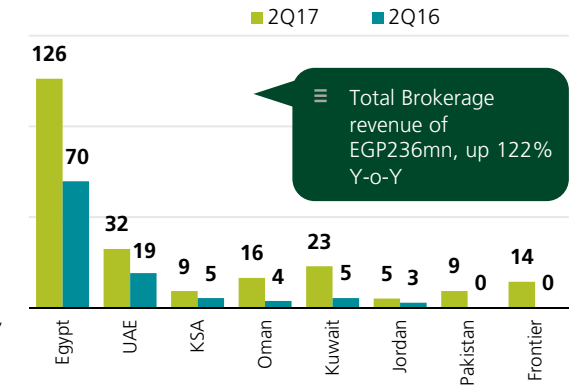
Average Daily Commissions- Regional Fees Contribution by Market

In USD Thousand



Brokerage Revenue by Country (Operations)

In EGP mn



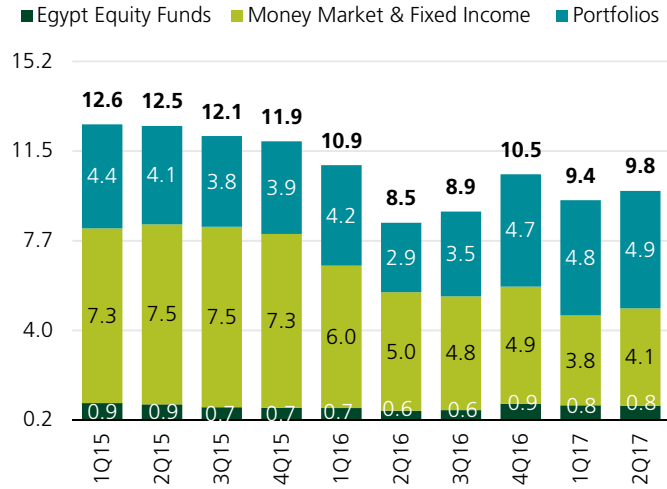
*Based on 2Q17 figures

Business Lines Overview

Asset Management Operational and Financial Overview – 2Q2017

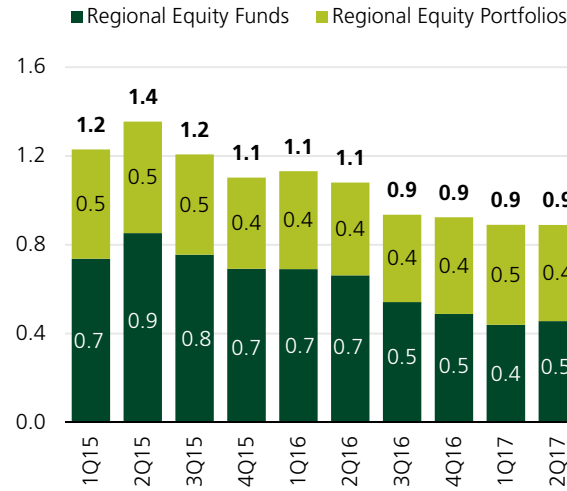
Assets Under Management - Egypt

In EGP bn



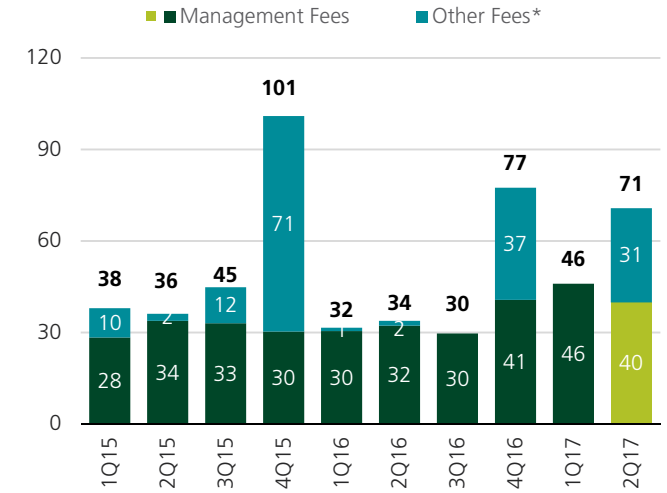
Assets Under Management - Regional

In USD bn



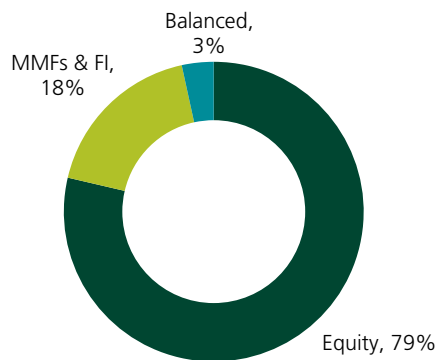
Asset Management Revenue Breakdown

In EGP mn

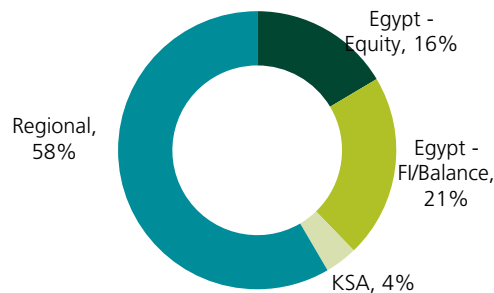


* Other Fees include incentive fees and other revenues

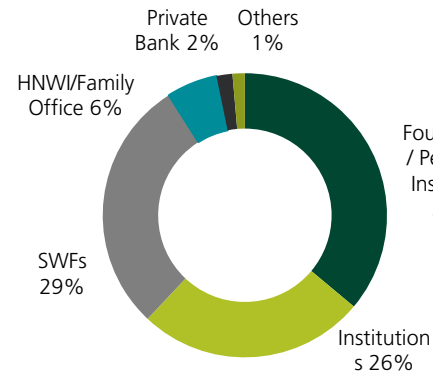
AuMs Breakdown by Asset Class



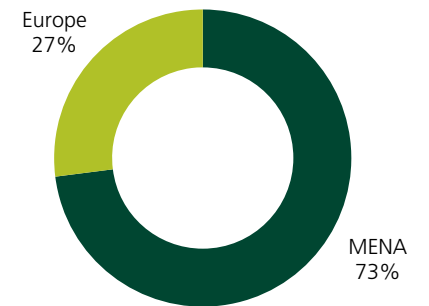
AuMs Breakdown by Region/Country Specific



AuMs Breakdown by Investor Type



Funds Origination by Clients' Region



Business Lines Overview

IB and PE Operational and Financial Overview –2Q2017

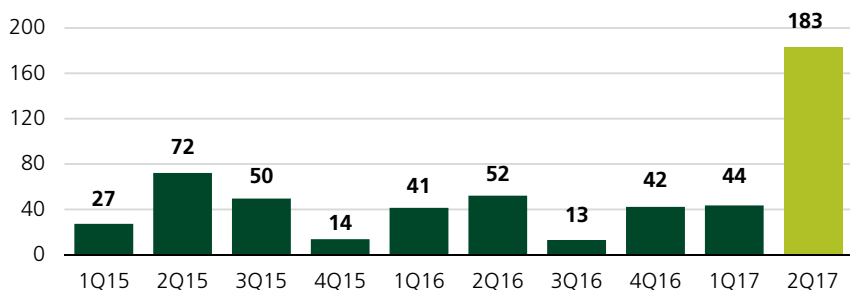
Investment Banking



- During 2Q17, the team was able to close two initial public offerings, three accelerated book building transactions and one M&A transaction
- The team closed the USD280 mn offering of ADES International Holding on the London Stock Exchange, and completed the initial public offering of Raya Contact Center on the Egyptian Stock Exchange
- The team raised c. USD120 mn for Al Imtiaz Investment in a secondary sale of a 10% stake in HumanSoft, one of the largest publicly listed education platforms in the MENA region
- In Egypt, the team raised c. USD50 mn for Actis's remaining 7.5% shareholding in Edita, Egypt's largest snack foods company; the offering was successfully placed in under 48 hours. The secondary sale for Actis's 7.5% stake, represents the largest equity offering on the EGX since Domty's IPO in March 2016
- EFG Hermes sold c. US\$36 mn of Global Telecom Holding shares in its third accelerated book building transaction

Investment Banking Revenue

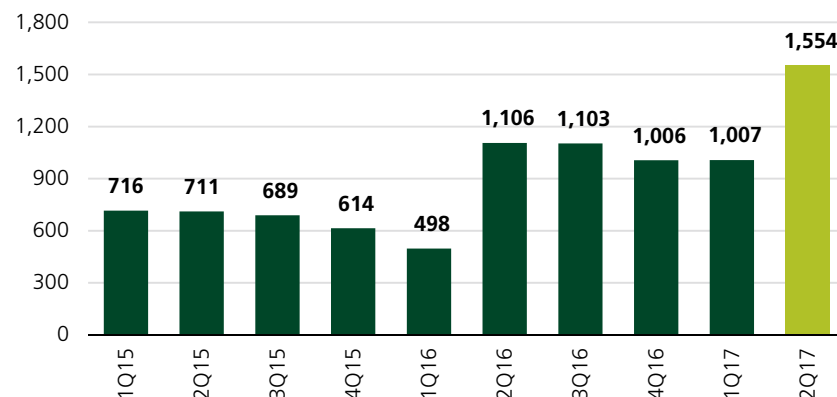
In EGP mn



Private Equity

Private Equity AUMs Evolution

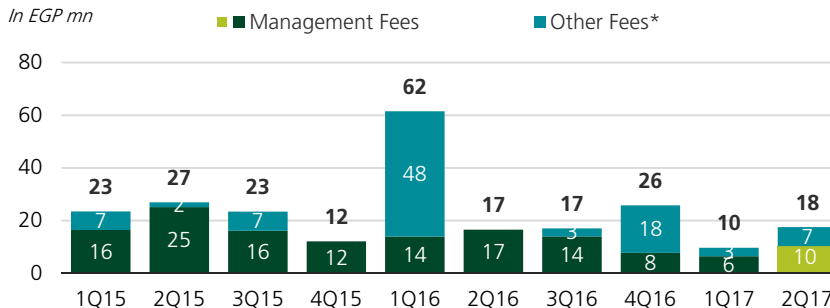
In USD mn



- The financial closing of Vortex Solar was completed in May, positioning Vortex amongst the top-ten European renewable energy investment managers
- The team successfully closed a GBP337 mn debt refinancing of the portfolio's existing debt with a club of eight leading European banks, delivering a subscription coverage of c. 2.0x within a period of 10 weeks - considered a record for similar transactions in the market

Private Equity Revenue

In EGP mn



* Other Fees includes incentive fees and other revenues

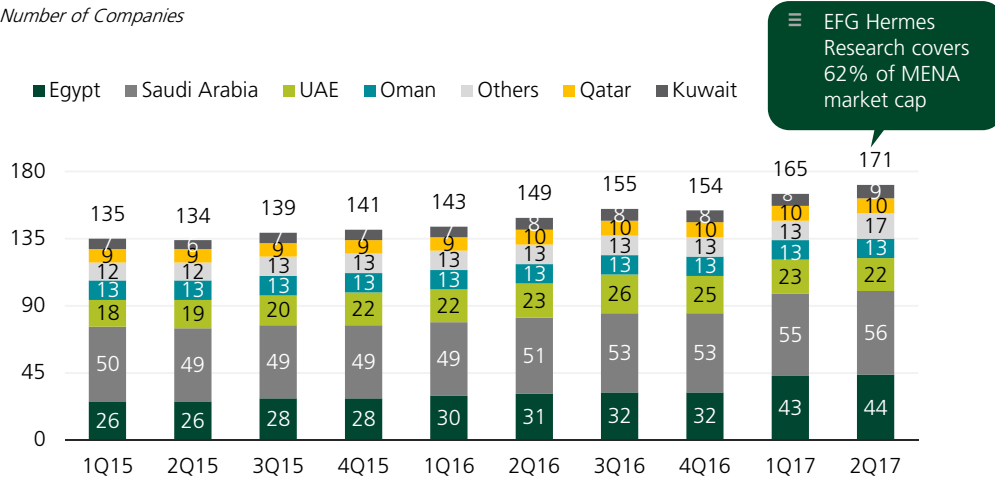
Business Lines Overview

Research Operational Overview – 2Q2017/Awards

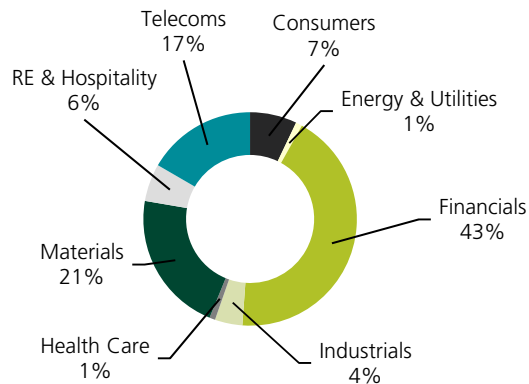
Research

Research Coverage Universe

Number of Companies



Research coverage by Sector



- ≡ The Research team started to cover Frontier equity research focusing on Vietnamese banks
- ≡ Macro strategy team initiated coverage on Pakistan
- ≡ A research team is set up in Kenya to ramp-up our sub-Saharan African coverage in the next few months
- ≡ Overall, the team initiated coverage of six stocks in 2Q17

Awards/Rankings



Business Lines Overview

Leasing and Tanmeyah Operational and Financial Overview – 2Q2017

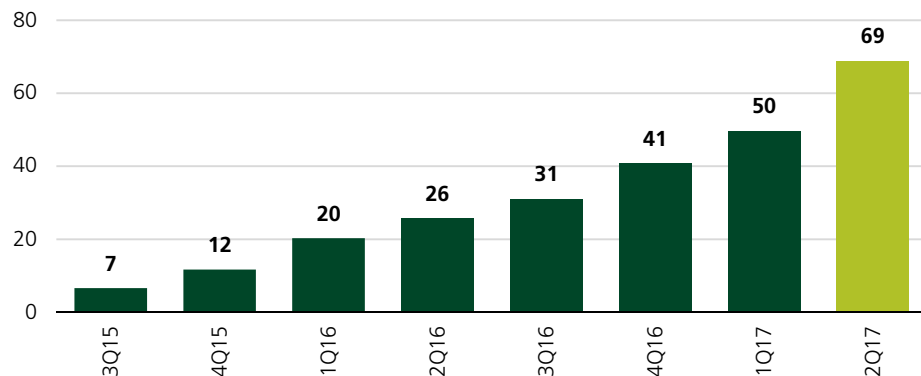
Contracts booked during 2Q2017 (by asset size)

Company	Lease Value (EGP mn)	Market Share
1 GB Lease	966	17%
2 Nile Leasing	796	14%
3 Techno lease	743	13%
4 Al Ahly	714	13%
5 Corplease	512	9%
6 EFG Hermes Leasing	441	8%
7 Incolease	350	6%
8 QNB	220	4%
9 Al Tawfik Lease	142	3%
10 Global Lease	140	2%

Source: EFG Hermes calculations

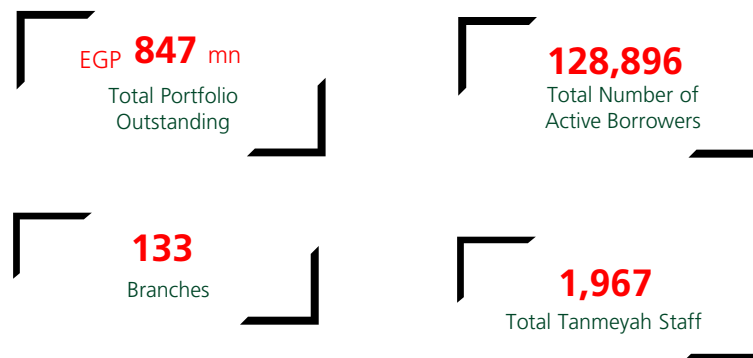
Leasing Revenue

In EGP mn



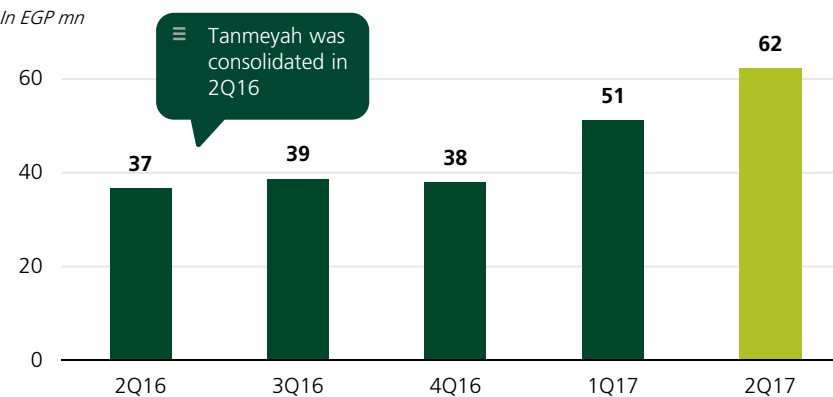
*Leasing business was launched in June 2015

KPIs



Micro-Finance Revenue

In EGP mn



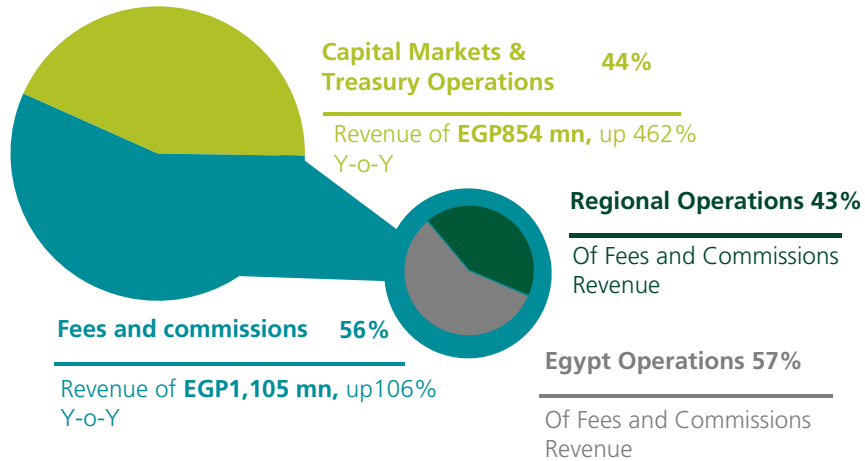


II. First Half Results Review – 1H2017

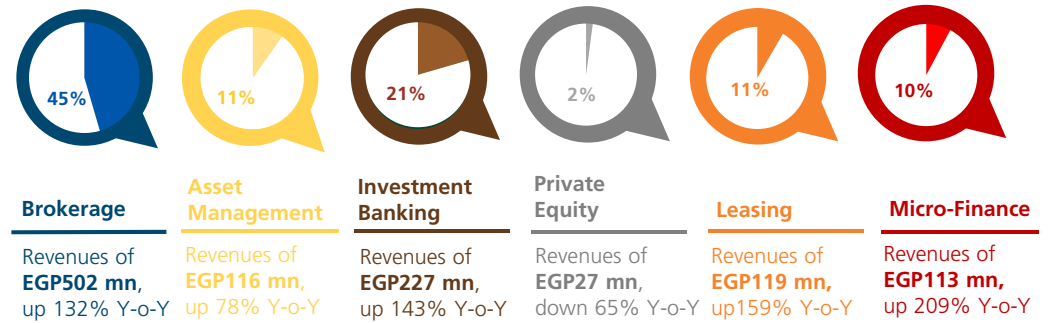
EFG Hermes Overview

Financial Highlights – 1H2017

EFG Hermes Revenue Breakdown



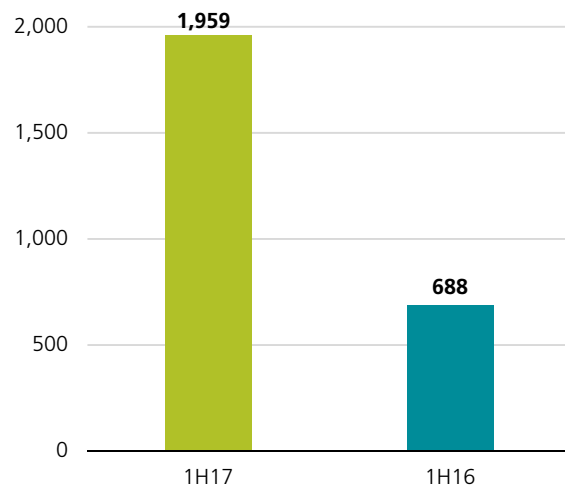
Fees and Commissions Revenue Breakdown



EFG Hermes Operating Revenue

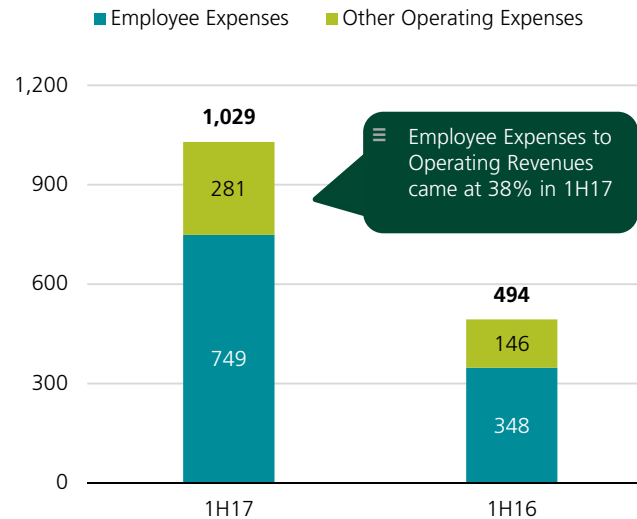
up 185% Y-o-Y

In EGP mn



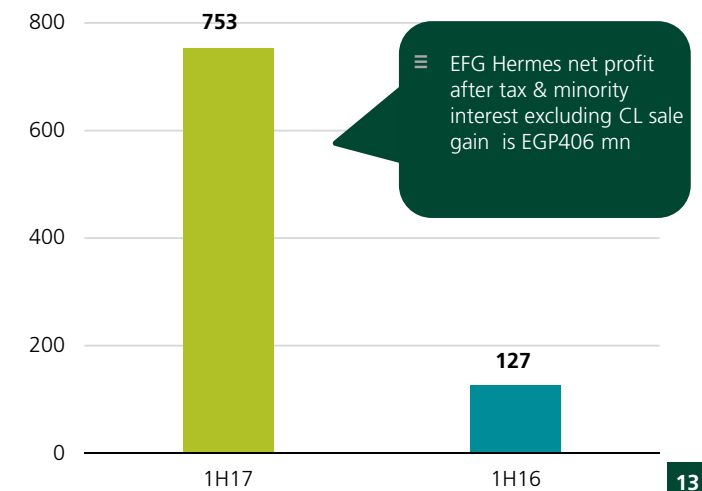
EFG Hermes Operating Expenses, up 109% Y-o-Y

In EGP mn



EFG Hermes Net Profit After Tax and Minority Interest, up 494% Y-o-Y

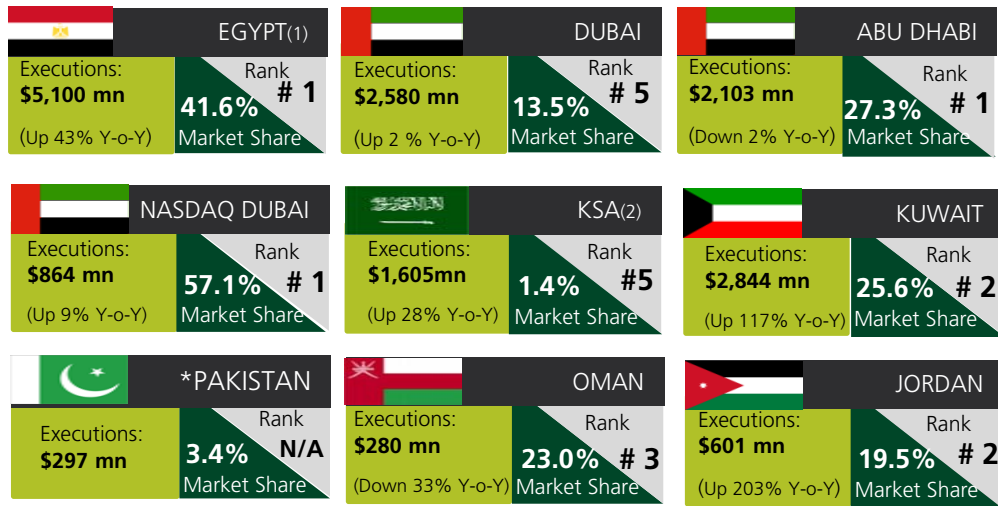
In EGP mn



Business Lines Overview

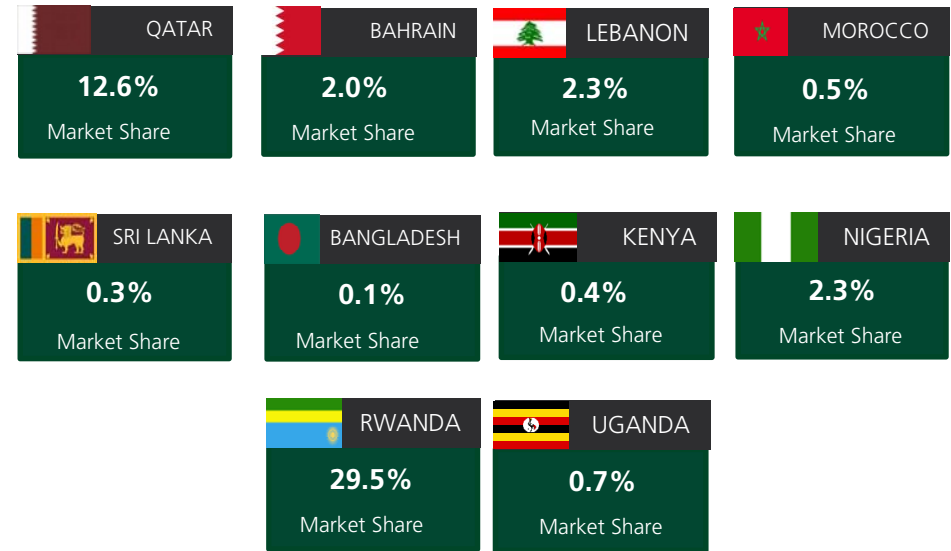
Brokerage Operational and Financial Overview – 1H2017

Direct Presence



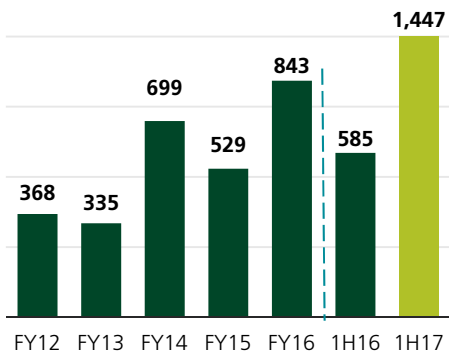
*Pakistan acquired in March 2017, hence market share reflects only 2Q17
(1) Excluding special transactions
(2) Over brokers only

Indirect Presence



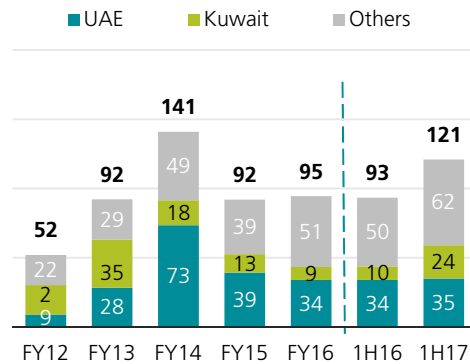
Average Daily Commissions- Egypt

In EGP Thousand

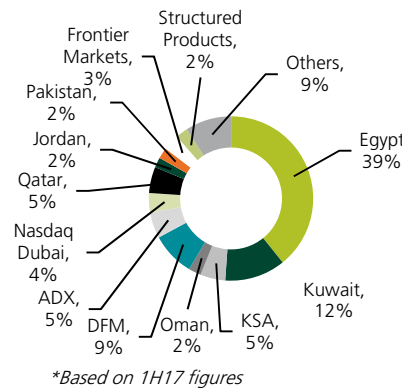


Average Daily Commissions- Regional

In USD Thousand

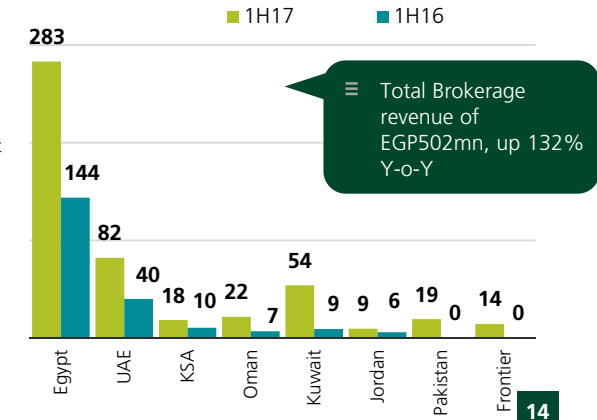


Fees Contribution by Market



Brokerage Revenue by Country (Operations)

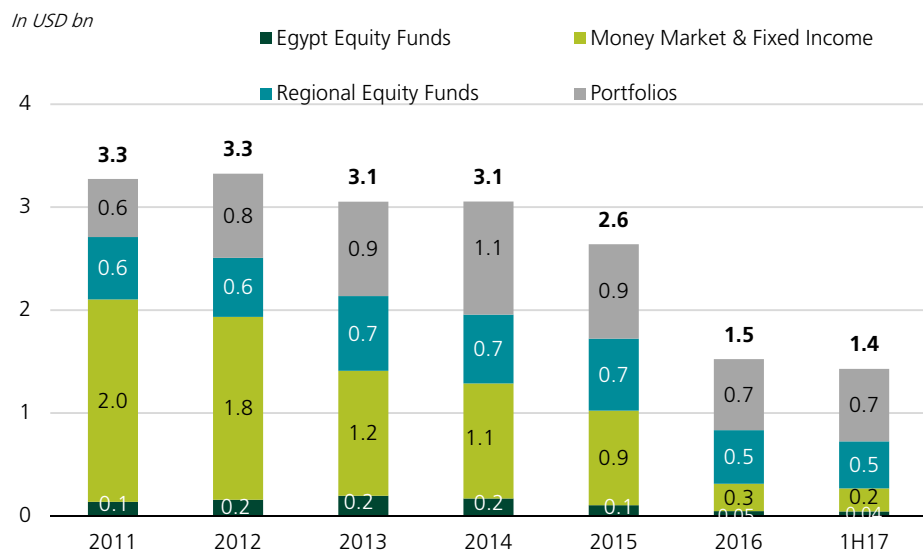
In EGP mn



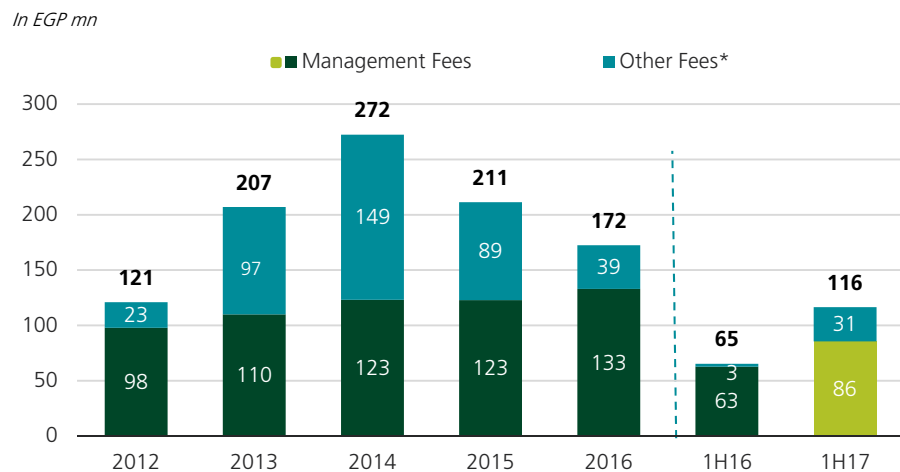
Business Lines Overview

IB and PE Operational and Financial Overview – 1H2017

Asset Management

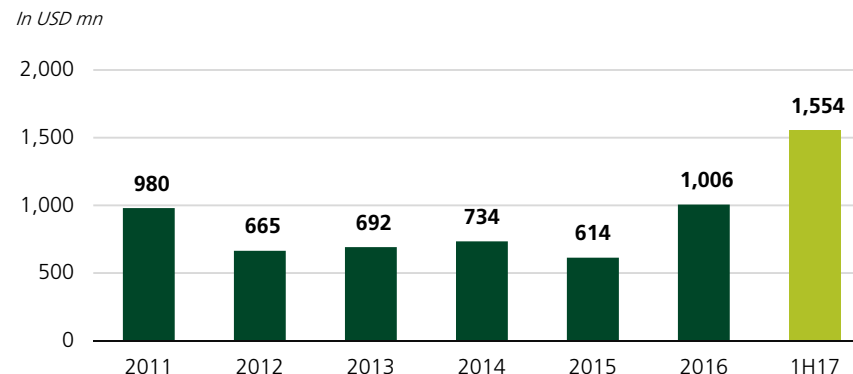


Asset Management Revenue



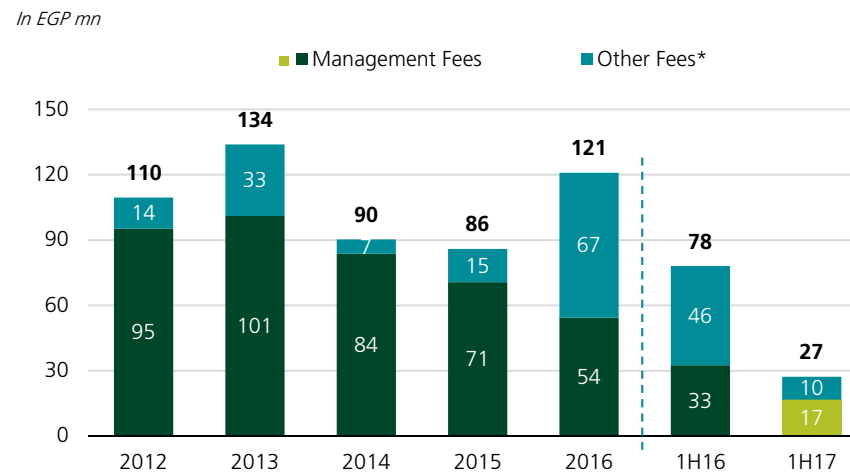
Private Equity

Private Equity AUMs Evolution



≡ The combined portfolio's performance of Vortex I and II in 1H17 came broadly in line with budget, with EBITDA reaching EUR75 million

Private Equity Revenue

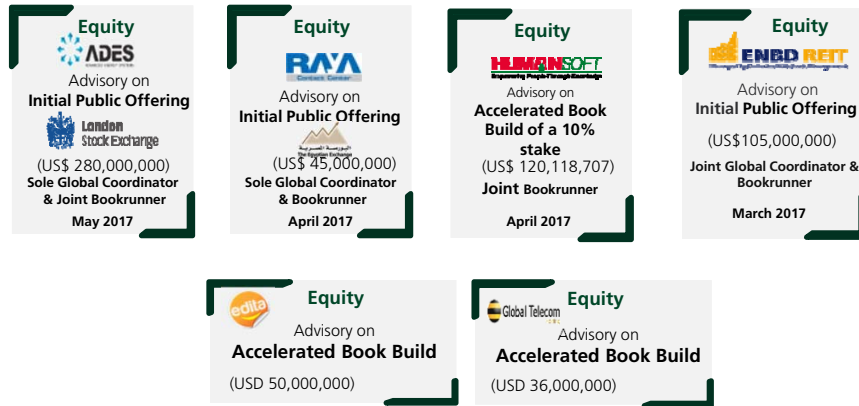


* Other Fees includes incentive fees and other revenues

Business Lines Overview

IB operational and financial Overview/ Awards– 1H2017

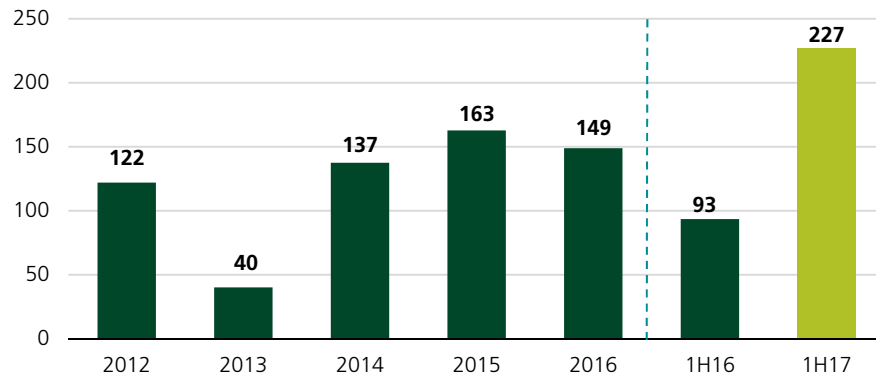
Investment Banking



≡ The EFG Hermes Investment Banking division has successfully completed eight high profile transactions with an aggregate transaction value of c. USD802 mn in 1H17, moving forward in 2017, the team expects to execute a pipeline of both equity as well as M&A transactions across several sectors in Egypt and the MENA region

Investment Banking Revenue

In EGP mn



Awards



Business Lines Overview

Leasing and Tanmeyah Operational and Financial Overview – 1H2017

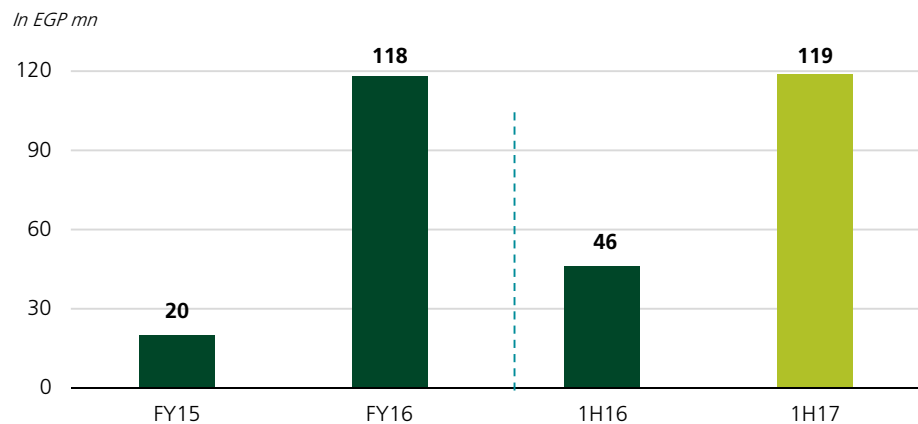


Contracts booked during 1H2017 (by asset size)

Company	Lease Value (EGP mn)	Market Share
1 GB Lease	1,689	16%
2 Techno lease	1,303	12%
3 Corplease	1,149	11%
4 Al Tawfik Lease	990	9%
5 EFG Hermes Leasing	935	9%
6 Al Ahly	861	8%
7 Incolease	825	8%
8 Nile Leasing	796	7%
9 QNB	341	3%
10 Global Lease	277	3%

Source: EFSA and EFG Hermes calculations

Leasing Revenue



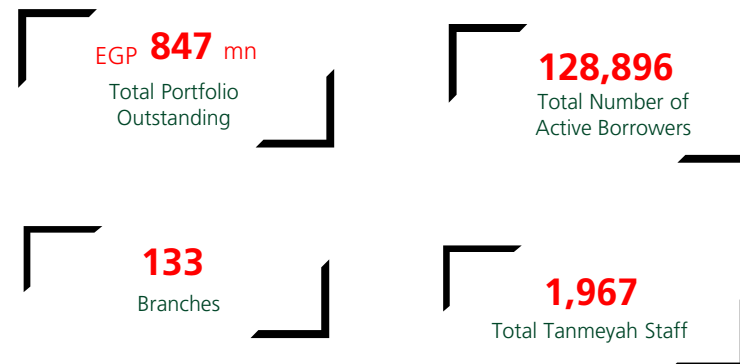
*Leasing business was launched June 2015



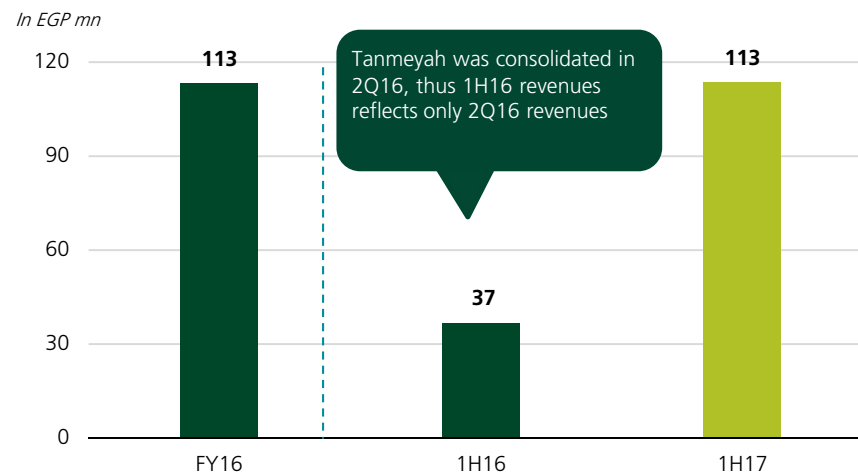
INVESTOR RELATIONS



KPIs



Micro-Finance Revenue



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