

## **EFG Hermes Reports EGP 461 mn in Consolidated Group Profits for FY 2015; Excluding One-Off Gain in 2014, Group Profits are up 4.7% Y-o-Y**

*Group delivered solid operational performance despite challenging regional conditions, maintaining its lead as the region's largest securities brokerage, closing the year atop the Thomson Reuters MENA Equity Capital Markets League Table, launching new asset management funds, and growing its greenfield leasing franchise.*

**Cairo, 23 March 2016**

EFG Hermes\*, the leading investment bank in the Arab world, reported today full-year 2015 net profit after tax and minority interest of EGP 461 million on total operating revenues of EGP 2,616 million. Despite the very challenging conditions in all markets in which EFG Hermes operates, bottom line growth in FY2015 came in at 4.7% year-on-year after setting aside the one-time gain of EGP 97 million related to the sale of EFG Hermes' stake in Egyptian real estate player Sixth of October Development and Investment Company ("SODIC") during FY2014.

"EFG Hermes delivered a strong operational performance in 2015, advising on and executing a run of high-profile equity capital transactions, preserving its position as the region's largest brokerage, launching new asset management funds, and building on our European infrastructure private equity business," said EFG Hermes Holding Chief Executive Officer Karim Awad.

"Additionally, we grew a greenfield leasing business in Egypt that turned-in an impressive performance in its first months of operation, adding EGP 20 million to the Group's top line; it holds great potential going forward as it becomes a core operation of the newly launched EFG Hermes Finance platform."

The Investment Bank showed strong resilience during the course of 2015, reporting revenues of EGP 1,050 million, down just 6.6% from 2014 when adjusted for a one-off capital gain. Adverse capital market conditions impacted the operations of both Brokerage and Asset Management divisions, where drops in revenues were partially compensated for by strong growth in Investment Banking revenues and the introduction of EFG Hermes Leasing.

Tight cost control at the Investment Bank saw total expenses down 3% y-o-y, helping the platform realize a net operating profit margin of 31%. The Investment Bank accordingly delivered a net profit of EGP 200 million in FY2015, down just 3.3% from the previous year when adjusted for the one-off capital gain.

In parallel, EFG Hermes' investment in Crédit Libanais generated c. 57% of group consolidated profits in 2015, with the Commercial Bank contributing EGP 261 million to the Group's bottom line, driven by a 13% increase in revenues.

### **Key Operational Highlights**

\* **Egyptian Exchange:** Reuters code HRHO.CA | Bloomberg HRHO EY • **LSE (GDRs):** Reuters code HRHOqL | Bloomberg code EFGD.

- The **Securities Brokerage** division closed FY2015 as the region’s largest securities brokerage franchise and extended its lead in a number of markets in FY2015 compared to the previous year. On a full-year basis, **the division was ranked number one in Egypt** (EGX, 32.7% market share for the year), **Kuwait** (27.3% share for the year) and **Nasdaq Dubai** (52.0%). The division was the second-ranked brokerage in **Abu Dhabi** (27.4% share) and number three in **Oman** (21.7%, or a second-place finish when special transactions are excluded). EFG Hermes Securities Brokerage was the only brokerage house in the region to win awards in multiple markets — Best Broker in Egypt, Kuwait and Oman — from Global Investor Magazine, an internationally acclaimed publication that recognises top performers in the MENA region.
- **Investment Banking** closed 10 high-profile equity and M&A transactions in FY2015, including:
  - **Four IPOs, including** the demerger and dual listing of OCI NV’s **Orascom Construction Ltd.** through a primary listing on the Nasdaq Dubai and a secondary listing on the Egyptian Exchange; the IPO of **EDITA Food Industries** (EGX and GDRs on the LSE); the listing of **Integrated Diagnostics Holdings** on the London Stock Exchange; and the IPO of **Emaar Misr** on the EGX;
  - **Two rights issues, including** **Ghabbour Auto** and **Palm Hills Developments**;
  - **M&A transactions, including** the sale of **Raashidi El Mizan** in a cross-border transaction to Olayan Financing; the sale of leading Egyptian payments company **Fawry**; and the sale of **Schweppes Egypt** to the Coca-Cola Company.
  - Egypt’s first real-estate backed security offering for **Amer Group**.
- **EFG Hermes Asset Management** added new institutional equity portfolios during the year, launched the shariah-compliant Hasaad fund in Saudi Arabia as well as two IPO funds, and laid the groundwork for the successful 2016 launch of the MENA UCITS and EFG Hermes Frontier Funds. AUM fell 11.1% y-o-y in FY2015 to USD 2.6 billion, largely on the back of market effect and redemptions from Egyptian money market funds and regional equity funds. The Asset Management division was named “Best Asset Manager in Egypt” at the EMEA Finance African Banking Awards 2015.
- Meanwhile, AuM at **Private Equity** closed FY2015 at USD 0.6 billion. The Private Equity team continues to seek lucrative exits from ECP III while continuing to pursue investment themes in infrastructure, healthcare and real estate. The division’s Vortex unit (a French wind farm portfolio) outperformed its budget in 2015 in terms of electricity generation and EBITDA. Vortex’s solid performance was recognized at the MENA Fund Manager Performance Awards and named “Best Private Equity Fund in MENA”. Meanwhile, ECP II GP entered into an SPA to exit ECP II’s last remaining investment.
- The award-winning **Research** department’s coverage universe stood at 141 companies at the end of 2015, with seven initiations during the year extending the division’s coverage to c. 57% of the aggregate regional market capitalisation. Research covers 11 economies from a macro perspective and eight in terms of regular strategy notes. The team was the only research house in the Arab world to have ranked on the leaderboard of Institutional Investor’s Europe, Middle East and Africa (EMEA) Research Team for 2015, including recognition as the top-ranked MENA equity strategy team for the year.
- **EFG Hermes Leasing**, a wholly owned subsidiary which began full operations only in June 2015, was the fifth-ranked player in the Egyptian market in terms of deal booking

during 4Q2015 (with a 9% market share), bringing it to eight place overall for FY2015 with a 5% market share. Leased assets booked by the unit reached EGP 708 million in the seven months of operations. Management believes EFG Hermes Leasing's short turnaround time and position as a gateway to additional EFG Hermes services — coupled with the outstanding team and systems now in place — will make this a long growth business.

EFG Hermes' audited 4Q/FY2015 financial results and management's commentary on them are now available for download [here](#).

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### **About EFG Hermes**

With a footprint spanning seven countries in the Middle East and North Africa, EFG Hermes started in Egypt and has grown over 30 years to become the region's leading investment bank. We have a proven track record of providing a wide spectrum of financial services including investment banking, asset management, securities brokerage, research and private equity to clients across the region and beyond. EFG Hermes also owns a 63.7% majority stake in the Lebanese commercial bank Crédit Libanais.

Through our on-the-ground operations in Egypt, Jordan, Kuwait, Lebanon, Oman, Saudi Arabia and the UAE, and with more than 800 talented employees of 25 nationalities, we serve a considerable and diversified client base from the Middle East and North Africa to Europe, Africa and the United States. Our clients include corporations, financial institutions, high net worth clients and individual customers.

In 2015, we launched EFG Hermes Leasing, a wholly owned subsidiary offering leasing services and highly sought-after, value-added advisory to large corporations and SMEs across Egypt.

For further information about EFG Hermes, please visit [www.efghermes.com](http://www.efghermes.com) and stay connected with us:    

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