

## **EFG Hermes delivers robust results despite a challenging operating environment, with Group revenues up 12% Y-o-Y to EGP 5.5 billion in FY20**

*The Group's resilient performance was driven by solid results stemming from the Investment Bank and the NBFi platform*

**17 March 2021**

(Cairo, Egypt) — EFG Hermes, the leading financial services corporation in Frontier Emerging Markets (FEM), reported today its full year results for 2020, with revenues climbing 12% Y-o-Y to successfully surpass the EGP 5.0 billion mark and reach EGP 5.5 billion despite the impact COVID-19 had on global economies and capital markets.

The Group's solid results were propped up by its buy-side business, where revenues grew 33% Y-o-Y to EGP 881 million in FY20. EFG Hermes Asset Management delivered a 28% Y-o-Y increase in revenues to EGP 413 million due to higher incentive fees booked by FIM in FY20 while the Private Equity business generated revenues of EGP 468 million, up 37% Y-o-Y on the back of the Vortex Solar exit in FY20.

“2020 was a year unlike any other, not just for us at EFG Hermes but for business the world over. Despite its challenges, however, I am proud to report that the year was marked by numerous accomplishments that served to highlight our perseverance,” said EFG Hermes Holding Group CEO Karim Awad. “Our results are not only a testament to the resilience of our business model and the agility of our operations, but to the commitment of our individual teams who have time and again proven that they can adapt to the most challenging of situations, achieve operational excellence, maintain our market leadership, and position the Group to emerge even stronger.”

The NBFi platform contributed positively to the Group's overall results, with revenues climbing 13% Y-o-Y to EGP 1.4 billion as a result of year-on-year growth across all its businesses. The results were largely driven by the Group's consumer finance business, 'valU', which delivered stellar results, where revenues more than quadrupled to EGP 111 million in FY20. The Group's Leasing and Factoring businesses, which merged to form EFG Hermes Corp-Solutions in 2020, reported revenue increases of 17% Y-o-Y and 178% Y-o-Y to EGP 184 million and EGP 25 million, respectively in FY20. Tanmeyah revenues inched up 3% Y-o-Y to EGP 1.1 billion as its portfolio remained largely flat in FY20.

COVID-19 heavily impacted global capital market sentiment, thereby dampening the performance of the Group's sell-side business, where revenues declined by 19% Y-o-Y to EGP 1.2 billion in FY20. With the ECM space bearing the brunt of the pandemic, the Investment Banking division recorded a 28% Y-o-Y decline in revenues to EGP 237 million in FY20, while Brokerage recorded a revenue decline of 17% Y-o-Y to EGP 1.0 billion on the back of lower activity across MENA and Frontier markets in FY20.

EFG Hermes' Capital Markets & Treasury operations reaped the rewards of recovering regional capital markets and the subsequent revaluation of seed capital and investments and delivered a top line expansion of 36% Y-o-Y to EGP 1.9 billion in FY20.

“With dampened equity capital market activity pressuring performance on our sell side business, we were still able to maintain our market positions across our brokerage operations, leading the ranks in Egypt, Kuwait, Dubai and Kenya. Meanwhile our Investment Banking division managed to secure a total of 24 transactions in 2020 worth an aggregate value of USD 1.7 billion – the highest number of transactions in a single year. We continued to leverage our expansive footprint and access to a comprehensive network of investors to grow our Asset Management operations, and our strategic exit from Vortex Solar significantly buoyed to our top line performance. At our NBFi platform, we reaped the rewards of the merger of our factoring and leasing operations under EFG Hermes Corp-Solutions and recorded double-digit growth across both lines of business,” Awad added.

The Group’s operating expenses recorded an increase of 17% Y-o-Y to EGP 3.6 billion on the back of an increase in employee expenses as EFG Hermes continued to expand its team, other operating expenses, as well as an increase in provisions and impairment charges over the course of the year. Despite the increases, expenses as a percentage of revenues came in well below the 50% level and stood at 42% in FY20.

The Group recorded a gross operating profit (before provisions) of EGP 2.2 billion, reflecting an increase of 16% Y-o-Y, as well as a 4% Y-o-Y increase to EGP 1.9 billion in net operating profits in FY20. The results stand as a testament to EFG Hermes’ ability to deliver strong profitability despite unprecedented market conditions.

EFG Hermes’ bottom-line recorded a decline of 5% Y-o-Y to EGP 1.3 billion on the back of higher tax charges over the course of the year, which included deferred taxes for unrealized gains on investments as well as the reversal of FY19 deferred tax gains at the holding level in FY20.

“It is clear to me this year more than any years previous that our product diversification strategy has and will continue to bear fruit. Looking ahead, we’re optimistic about the Group’s outlook, having already witnessed the positive impacts of recovering capital markets on our operations in the new year, which help us deliver on our commitment to maximizing value for all our stakeholders, be that in terms of returns, employee engagement, or community development,” Awad concluded.

—Ends—

EFG Hermes’ FY2020 financial results and management’s commentary on them are now available [here](#).

## **About EFG Hermes**

With a current footprint spanning thirteen countries across four continents, EFG Hermes started in Egypt and has grown over 35 years of success to become a leading financial services corporation with access to emerging and frontier markets. Drawing on our proven track record and a team of more than 5,500 talented employees, we provide a wide spectrum of financial services that include investment banking, asset management, securities brokerage, research, and private equity to the entire MENA region.

In 2015, EFG Hermes launched its NBFi Platform, EFG Hermes Finance, which overlooks activities in the non-banking finance field through EFG Hermes Corp-Solutions, which offers leasing and factoring facilities, Tanmeyah Microfinance, consumer financing platform valU, PayTabs Egypt in the payment solutions space, Bedaya, which offers mortgage solutions, and an insurance business. This falls in line with the Firm's strategy to focus on two main pillars: product diversification and geographic expansion into non-MENA markets, which has seen the firm establish a physical presence in Pakistan, Kenya, Bangladesh, Nigeria, Vietnam<sup>1</sup>, the United Kingdom and the United States.

Learn more about us at [www.efghermes.com](http://www.efghermes.com) & stay connected with us:    

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***Note on Forward-Looking Statements***

*In this press release, EFG Hermes may make forward looking statements, including, for example, statements about management's expectations, strategic objectives, growth opportunities and business prospects. These forward-looking statements are not historical facts but instead represent only EFG Hermes' belief regarding future events, many of which, by their nature are inherently uncertain and are beyond management's control and include among others, financial market volatility; actions and initiatives taken by current and potential competitors; general economic conditions and the effect of current, pending and future legislation, regulations and regulatory actions. Accordingly, the readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made.*

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<sup>1</sup> EFG Hermes began operations in Vietnam through a partnership with ACBS in May, 2019