

EFG HERMES REPORTS FULL YEAR 2017 GROUP EARNINGS FROM CONTINUED OPERATIONS OF EGP1.2 BILLION; ON OPERATING REVENUE OF EGP3.6 BILLION

Cairo, March 27th, 2018 – EFG Hermes reported today net profit after tax and minority interest from continued operations of EGP236 million in 4Q17 and operating revenue of EGP837 million in 4Q17. The Group total assets stood at EGP41.3 billion at the end of FY17.

Key Highlights

FY2017

- ≡ 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.

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Listings & Symbols
The Egyptian Exchange
Reuters code: HRHO.CA
Bloomberg code: HRHO EY

London Stock Exchange (GDRs)
Reuters code: HRHOq.L
Bloomberg code: EFGD LI

I. FINANCIAL PERFORMANCE

i. Group Financial Performance

<i>in EGP million</i>	Group Financial Highlights							
	4Q17	3Q17	4Q16	Q-o-Q	Y-o-Y	FY17	FY16	Y-o-Y
Total Operating Revenues	837	834	3,026	0%	-72%	3,630	4,008	-9%
Total Operating Expenses	532	560	1,176	-5%	-55%	2,121	1,889	12%
Net Operating Profit	306	274	1,849	11%	-83%	1,509	2,119	-29%
Net Operating Margin	36%	33%	61%			42%	53%	
Net Profit After Tax & Minority Interest (Continued Operations)	236	237	1,412	-1%	-83%	1,227	1,580	-22%
Net Profit After Tax & Minority Interest (Continued & Discontinued Operations)	236	237	1,462	-1%	-84%	1,227	1,414	-13%

Source: EFG Hermes Management Accounts

Group operating revenues recorded EGP837 million in 4Q17 against a strong 4Q16, which included a one-off fx-gains of EGP2.6 billion. Group operating expenses declined 55% Y-o-Y to EGP532 million in 4Q17; predominantly on lower variable costs booked during the quarter.

Net operating profit reached EGP306 million, down 83% Y-o-Y in 4Q17 to reflect a net operating profit margin of 36% in 4Q17. This filtered into a Group net profit after tax and minority interest from continued operations of EGP236 million in 4Q17, down 83% Y-o-Y. During the quarter, EFG Hermes did not sell any additional Credit Libanais's (CL) shares, thus ending the quarter with a 9.45% stake in Credit Libanais.

The Group's operating-level performance was stronger than the headline decline in results, as strong fx-gains were booked on EFG Hermes Holding company and on different business lines in 4Q16 as a result of the Egyptian pound floating that took place in November 2016. In order to portray the Group's true operational performance, we will exclude those fx-gains. Normalizing our numbers for one-off fx-gains in 4Q16, Group revenues would be up 87% Y-o-Y in 4Q17, reflecting a healthy growth in core business operations and treasury activities. This would translate into a net operating profit of EGP306 million in 4Q17 versus a net operating loss of EGP730 million in 4Q16; and a net profit of EGP236 million in 4Q17 versus a net Loss of EGP1.2 billion in 4Q16.

For FY17, EFG Hermes reported a resilient set of results despite a strong comparable year that included fx-gains of EGP2.7 billion. The Group reported operating revenues of EGP3,630 million in FY17, lower 9% Y-o-Y. With 12% higher operating expenses, the Group reported a net operating profit and a net profit after tax and minority interest of EGP1,509 million and EGP1,227 million, respectively.

Normalizing revenues by eliminating fx-gains in FY16, the Group would have reported EGP3,630 million versus EGP1,270 million, up 186% Y-o-Y in FY17. This increase in revenues reflect to a large extent growth in revenues delivered by all business lines, in addition to new products and markets that were introduced in 2017. The Group posted a net operating profit of EGP1,509 million in FY17, up from a normalized net operating loss of EGP618 million and a Group net profit after tax and minority interest of EGP1,227 million in FY17, versus a normalized net loss of EGP1,158 million in the prior year.

ii. Business Lines Financial Performance

<i>in EGP million</i>	Business Lines Revenue							
	4Q17	3Q17	4Q16	Q-o-Q	Y-o-Y	FY17	FY16	Y-o-Y
Brokerage	235	172	260	37%	-10%	909	562	62%
Egypt	128	80	199	59%	-36%	491	399	23%
Regional	107	91	62	17%	74%	418	163	156%
Asset Management	119	89	77	34%	54%	324	172	88%
Egypt	22	7	45	215%	-52%	73	69	6%
Regional	98	82	32	19%	201%	251	104	143%
Investment Banking	89	21	42	330%	110%	336	149	126%
Egypt	49	13	36	273%	38%	111	142	-22%
Regional	40	7	7	429%	497%	226	7	3338%
Private Equity	69	33	26	108%	169%	130	121	8%
Leasing	90	86	41	5%	121%	295	118	151%
Micro - Finance " Tanmeyah"	95	72	38	32%	150%	280	113	147%
Fees and commissions	697	473	484	47%	44%	2,275	1,235	84%
Capital Markets & Treasury Operations	140	361	2,541	-61%	-94%	1,355	2,772	-51%
Total Operating Revenue	837	834	3,026	0%	-72%	3,630	4,008	-9%

Source: EFG Hermes Management Accounts

Fee and commission revenues, which accounted for 83% of the Group revenues in 4Q17, rose 44% Y-o-Y to record EGP697 million in the final quarter of the year. Moreover, some business lines included fx-gains in 4Q16, excluding those gains, fee and commission revenues would be up 89% Y-o-Y in 4Q17, reflecting stellar revenue growth posted by all business lines.

On the sell-side, Investment Banking division continued its strong footing throughout the year, closing three IPOs and reporting a revenue of EGP89 million in 4Q17, up 110% Y-o-Y. Brokerage revenue declined 10% Y-o-Y to reach EGP235 million in 4Q17, as the comparable quarter saw strong volumes and executions in Egypt on the back of the currency floatation.

The buy-side saw Asset Management revenue of EGP119 million in 4Q17, up 54% Y-o-Y, on the back of higher management and incentive fees booked by FIM. Similarly, Private Equity revenue rose 169% Y-o-Y to EGP69 million in 4Q17, mainly after reallocating EGP41.4 million of Vortex solar interest income to Private Equity Line of business post the completion of the 45% stake sell down.

For the NBFIs, Leasing and micro-finance player "Tanmeyah" continued to grow their loan portfolios, with Leasing posting revenues of EGP90 million in 4Q17, higher 121% Y-o-Y, and Tanmeyah growing its revenues by 150% Y-o-Y to EGP95 million over the same period.

If we normalize our revenues for fx-gains, all lines of business within the Investment Bank would report stronger Y-o-Y growth in revenues in 4Q17. Excluding fx-gains, Investment Banking revenue would be up 237% Y-o-Y, while Brokerage would record 23% Y-o-Y higher revenues; underpinned by strong margin income in Egypt and the additional contribution of Frontier and Structured Products. On the buy-side, Private Equity would report a stellar increase in revenues of 467% Y-o-Y, and Asset management revenue would rise 95% Y-o-Y.

The Group delivered strong revenues from core operations in FY17, with fee and commission revenues growing 84% Y-o-Y to EGP2.3 billion. Furthermore, if we excluded the fx-gains booked on business lines in FY16, fees and commissions would be 111% higher Y-o-Y. This reflects higher revenue delivered by all business lines; particularly from the new initiatives: Structured Products,

Frontier markets and investment in FIM Partners. Additionally, Investment Banking fared well in 2017 posting strong growth in results, while our burgeoning finance platform continued to grow.

On the sell side, Investment Banking closed 15 transactions in 2017, thus reporting EGP336 million in revenues, higher 126% Y-o-Y. Brokerage revenue rose 62% Y-o-Y to EGP909 million in FY17 on the back of higher brokerage commissions generated from all markets particularly Egypt and Kuwait, higher margin income in Egypt and the additional revenues generated from the Frontier business and Structured Products, which were introduced in FY17.

The buy side saw Asset Management revenue rise 88% Y-o-Y to EGP324 million, driven largely by higher management fees booked on the regional side and higher incentive fees booked in Egypt and the region as markets improved Y-o-Y. Meanwhile, Private Equity revenue increased 8% Y-o-Y to EGP130 million in FY17 despite the comparable period including fx-gains and incentive fees; as the final quarter included revenue reallocated to Private Equity post the sell down of Vortex Solar.

NBFI revenues more than double in FY17, as both Leasing and Tanmeyah businesses ramp up. Leasing revenue climbed up 151% Y-o-Y to EGP295 million in FY17 as the portfolio grew Y-o-Y. Meanwhile, Tanmeyah's revenues rose 147% Y-o-Y to EGP280 million in FY17.

Capital markets & treasury operations represented 17% of the total operating revenue in 4Q17, with revenues declining 94% Y-o-Y to EGP140 million as the comparable quarter included EGP2.5 billion of fx-gains. Excluding fx-gains in 4Q16, capital markets & treasury operations revenue would increase 82% Y-o-Y. This Y-o-Y increase in revenues was recorded despite the reallocation of EGP41.4 million of interest income to Private Equity line of business in 4Q17, as 4Q17 revenue was underpinned by a capital gain of EGP61 million from EFG Hermes MENA UCITS redemptions and EGP4 million from EFG Hermes Frontier UCITS fund redemptions.

For the year, capital markets & treasury operations, reported revenues of EGP1,355 million, down 51% Y-o-Y. Adjusting for fx-gains in FY16, capital markets & treasury operations revenue would increase 605% Y-o-Y. 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.

i. Group Operating Expenses

<i>in EGP million</i>	Group Operating Expenses							
	4Q17	3Q17	4Q16	Q-o-Q	Y-o-Y	FY17	FY16	Y-o-Y
Employee Expenses	303	351	913	-14%	-67%	1,403	1,400	0%
Employee Expenses/Operating Revenue	36%	42%	30%			39%	35%	
Employee Expenses/Operating Expenses	57%	63%	78%			66%	74%	
Other Operating Expenses	229	208	263	10%	-13%	718	488	47%
Other Operating Expenses/Operating Revenue	27%	25%	9%			20%	12%	
Other Operating Expenses/Operating Expenses	43%	37%	22%			34%	26%	
Total Operating Expenses	532	560	1,176	-5%	-55%	2,121	1,889	12%

Source: EFG Hermes Management Accounts

Group operating expenses declined 55% Y-o-Y to EGP532 million in 4Q17, as the comparable quarter included one-off expenses that impacted employee and other operating expenses. In 4Q17, the Group's employee expenses/ operating revenues ratio came at 36% in 4Q17, well below the 50% mark.

Employee expenses decreased 67% Y-o-Y to EGP303 million in 4Q17, on a higher comparable period, 4Q16, which included restructuring costs and higher variable costs related to discretionary compensation that reflects the Group's profitability after the sale of Credit Libanais. That said, analyzing employee expenses on a Y-o-Y basis, we find that 4Q17 figures reflect a 15% Y-o-Y increase in headcount, an increase in employee expenses to mirror the Group investment in FIM, the complete impact of the EGP floatation (which took place in November 2016) on our overseas salaries, and higher Y-o-Y annual salary increases in Egypt to keep pace with the elevated inflation rate.

Other operating expenses declined 13% Y-o-Y to EGP229 million in 4Q17; on a higher comparable quarter, 4Q16, which included some exceptional costs. Eliminating these costs, other operating expenses would increase Y-o-Y, mainly on the back of: the addition of FIM's other operating expenses post its consolidation in 3Q17; higher depreciation expense directly related to Leasing operations as the portfolio grows Y-o-Y, the increase in the dollar based expenses in Egypt and of course in the region; and VAT being added directly to the expense items in 4Q17.

Of other operating expenses, occupancy expense rose 120% Y-o-Y to EGP41 million in 4Q17 mainly on the back of higher regional offices rental charges. Data communication expenses increased 31% Y-o-Y to EGP25 million in 4Q17 and office expense added 70% Y-o-Y to EGP19 million in 4Q17, as the majority of the services received are in USD or USD pegged currencies. Telephone/fax/mobile expenses was up 39% Y-o-Y to EGP4 million to reflect higher inflation especially in Egypt. Travel expenses rose 58% Y-o-Y to EGP19 million, as fourth quarter included a number of marketing trips for the Frontier team, in addition to the EFG Hermes London MENA conference.

Promotional and advertising expenses declined 34% Y-o-Y to EGP11 million in 4Q17, as the comparable quarter included marketing expenses related to the launch of the new businesses. Excluding this one-off expense, promotional and advertising expenses would be 81% higher Y-o-Y, on higher events expenses. Consultancy and service fees expense declined 45% Y-o-Y to EGP44 million in 4Q17, as the comparable quarter included higher legal fees and third party fees associated with business operations. Excluding this one-off expenses, consultancy legal and service fees expense would be 36% higher Y-o-Y. General expenses declined 36% Y-o-Y to EGP66 million in 4Q17, as 4Q16 included a number of exceptional costs. Excluding those expenses, general expenses would be 131% higher Y-o-Y.

The Group operating expenses increased 12% Y-o-Y to EGP2.1 billion in FY17, on higher other operating expenses. Employees expenses was flat Y-o-Y at EGP1.4 billion in FY17, as higher fixed costs were offset by lower variable costs. The fixed costs of the employee expenses increased primarily due to a 15% Y-o-Y increase in workforce and the increase in USD pegged salaries, and salary increases in Egypt due to inflation.

In FY17, the Group's employee expenses/ operating revenues ratio came at 39%, moreover if we exclude the gain from selling Credit Libanais's shares, the Group employee expenses/ operating revenues would remain well below the 50% mark, at 43%.

Other operating expenses increased 47% Y-o-Y to EGP718 million in FY17, largely due to an increase in all the regional offices expenses and the dollar based expenses in Egypt which roughly doubled post the EGP floatation. Moreover, and in line with our strategic goals, the year 2017 saw some one-off legal and third party fees largely related to new markets and FIM's acquisition. Additionally, higher Leasing depreciation expense as the portfolio grew Y-o-Y, and the inclusion of FIM's expenses, which was consolidated in 3Q17, also added to operating expenses in the reported year.

II. OPERATIONAL PERFORMANCE

i. Brokerage

Operational Performance Update

Overall, MENA markets liquidity picked up in 4Q17 from a seasonally slow third quarter, with volumes in our main markets namely Egypt, Dubai and KSA improving; however, Kuwait and Abu Dhabi turnover remained broadly flat. With the exception of the EGX which had a good run in 4Q17, performance was muted in most other markets. Accordingly, EFG Hermes total execution for MENA and Frontier markets reached USD8.2 billion in 4Q17, up 29% Q-o-Q. On a Y-o-Y basis, EFG Hermes executions declined 9% Y-o-Y in 4Q17, predominately on lower executions in Egypt, as 4Q16 marks the euphoric trading volumes post the currency floatation.

For FY17, Brokerage executions reached USD33.1 billion, up 9% Y-o-Y. It is important to note, that the magnitude of increase in Brokerage executions in FY17 is higher, as executions in our main market Egypt rose 64% Y-o-Y in Local currency, however was muted in USD because of the currency floatation in November 2016. Along with Egypt, Kuwait was another market in MENA where EFG Hermes executions almost doubled in FY17. Additionally, the new regions and products that were launched in FY17, namely Frontier markets and structured products, added to the Division's executions, with Structured Products executions reaching USD961 million by the end of the year.

Reported revenues, which reflect MENA markets' executions, new markets and products reached EGP909 million, up 62% Y-o-Y in FY17. Moreover, our new strategy of expanding into Frontier and launching new products, contributed 14% to the total Brokerage revenue in FY17.

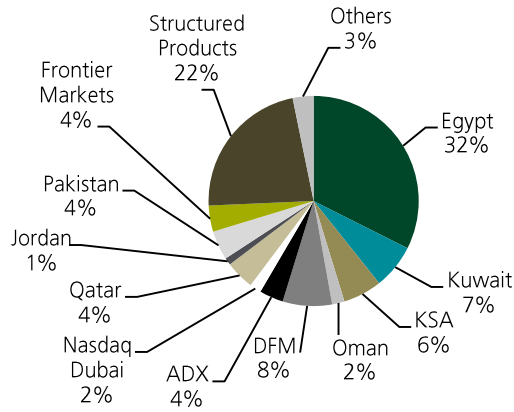
<i>in EGP million</i>	Brokerage Revenue							
	4Q17	3Q17	4Q16	Q-o-Q	Y-o-Y	FY17	FY16	Y-o-Y
Egypt	128	80	199	60%	-36%	491	399	23%
UAE	30	22	32	38%	-6%	134	91	47%
KSA	11	10	11	12%	1%	40	25	58%
Oman	4	4	3	0%	18%	18	12	48%
Kuwait	13	11	3	17%	271%	78	15	423%
Jordan	3	6	11	-45%	-71%	19	19	-1%
Pakistan	5	6	0	-17%	N/M	30	0	N/M
Frontier	10	16	0	-37%	N/M	40	0	N/M
Structured Products	30	17	0	78%	N/M	58	0	N/M
Total Revenue	235	172	260	37%	-10%	909	562	62%

*Revenue highlighted above represents entities and not markets.

Source: EFG Hermes Management Accounts

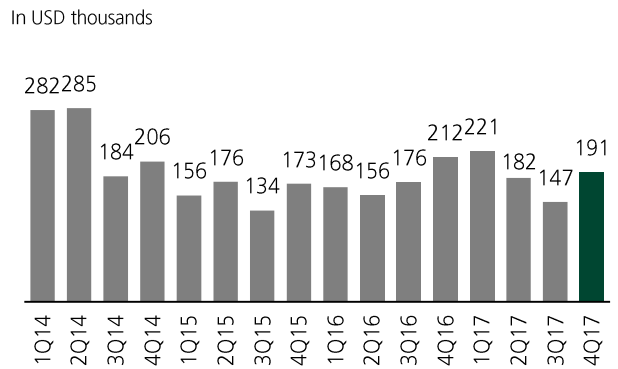
In terms of pure market commissions, Egyptian equities contribution to the total commission pool remained the highest, coming at 32% in 4Q17, versus 29% in 3Q17. During the quarter, the revenue mix changed, with structured product's contribution jumping to 22% from 11% a quarter earlier. DFM was the third largest contributor to the commission pool, contributing 8%; followed by the Kuwaiti market, which came with a contribution of 7%.

Commissions Breakdown by Market



*Based on 4Q17 figures

Brokerage Average Daily Commissions (ADCs)



The average daily commissions generated from Brokerage increased in 4Q17 by 30% Q-o-Q to reach USD191 thousand in 4Q17, with Egypt’s being the main contributor to the increase, with its average daily commissions rising 43% Q-o-Q.

Brokerage Executions and Market Shares

<i>in USD million</i>	4Q17	3Q17	4Q16	Q-o-Q	Y-o-Y	FY17	FY16	Y-o-Y
Egypt								
Market share	34.5%	34.5%	39.6%	0.0%	-5.1%	38.2%	37.2%	0.9%
Executions	1,834	975	2,835	88.2%	-35.3%	7,909	7,960	-0.6%
UAE - DFM								
Market share	16.9%	18.3%	14.0%	-1.5%	2.9%	15.2%	14.6%	0.6%
Executions	1,295	894	1,605	44.9%	-19.3%	4,768	5,299	-10.0%
UAE - ADX								
Market share	29.6%	28.6%	27.0%	1.0%	2.5%	28.0%	31.2%	-3.2%
Executions	800	781	890	2.5%	-10.1%	3,684	4,162	-11.5%
UAE - Nasdaq Dubai								
Market share	58.9%	48.4%	54.4%	10.6%	4.5%	55.3%	61.4%	-6.1%
Executions	319	289	415	10.5%	-23.1%	1,473	1,527	-3.5%
KSA								
Market share	1.8%	2.1%	1.4%	-0.3%	0.4%	1.6%	1.2%	0.4%
Executions	1,107	958	1,167	15.5%	-5.2%	3,670	3,855	-4.8%
Kuwait								
Market share	19.8%	25.9%	14.9%	-6.1%	5.0%	24.2%	21.2%	3.0%
Executions	922	977	777	-5.5%	18.8%	4,743	2,461	92.7%
Oman								
Market share	12.1%	20.2%	27.4%	-8.2%	-15.4%	18.9%	28.4%	-9.4%
Executions	98	108	156	-8.7%	-37.0%	487	704	-30.9%
Jordan								
Market share	8.0%	21.2%	21.4%	-13.2%	-13.4%	18.4%	14.5%	3.9%
Executions	40	122	215	-67.1%	-81.3%	764	479	59.6%
Pakistan								
Market share	5.9%	4.7%	N/A	1.2%	N/M	2.8%	N/A	N/M
Executions	238	260	N/A	-8.3%	N/M	795	N/A	N/M
Kenya								
Market share	3.4%	1.3%	N/A	-2.1%	N/M	1.2%	N/A	N/M
Executions	12	7	N/A	79.2%	N/M	23	N/A	N/M
Frontier								
Market share	N/A	N/A	N/A	N/M	N/M	N/A	N/A	N/M
Executions	114	97	N/A	29.8%	N/M	269	N/A	N/M
Structured Products								
Market share	N/A	N/A	N/A	N/M	N/M	N/A	N/A	N/M
Executions	603	235	N/A	156.3%	N/M	961	N/A	N/M

*Market share calculation is based on executions excluding special transactions

**Executions in Qatar, Bahrain, Morocco, Lebanon, UK(GDRs) and others represent an additional 10% of total Brokerage executions in 4Q17 and 11% of total Brokerage executions in FY17

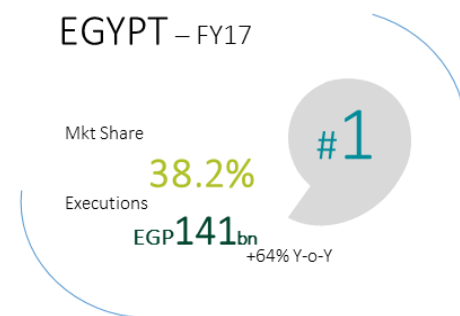
Source: EFG Hermes and Regional Exchanges

Egypt

A buoyant quarter for the Egyptian equity market, with the EGX gaining 57% of its liquidity in 4Q17 as compared to a quarter earlier, and the HFI (Hermes Financial Index) adding 12.3% Q-o-Q. EFG Hermes maintained its first place in the quarter and FY2017 in terms of executions on the EGX, with a market share (excluding special transactions) of 34.5% in 4Q17, and 38.2% for the year supported by a stronger 1H17.

During 4Q17, EFG Hermes held the 7th Annual EFG Hermes London Conference, the largest MENA and Frontier investor conference held in the UK with an expanded attendance of global investors with more than USD9 trillion in aggregate assets under management. Additionally, EFG Hermes concluded the EGP745 million initial public offering of DICE Sport and Casual Wear S.A.E. The offering was 3.6x oversubscribed, with the institutional tranche c.3.1x oversubscribed and the Egyptian retail 6x oversubscribed. Furthermore, the team managed an accelerated book building process for the sale of Cleopatra Hospitals share rights worth EGP476 million.

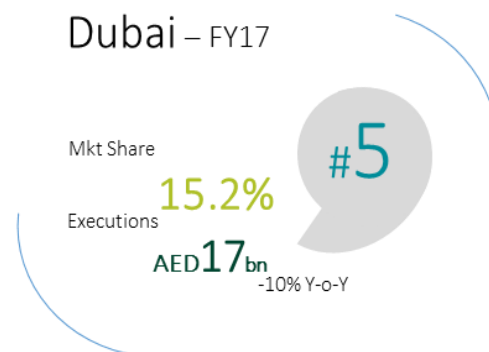
Foreign participation in the Egyptian market represented 14% of total market turnover in 4Q17, whereby EFG Hermes successfully captured 36% of this volume. On the retail side, the market continues to be dominated by retail investors who captured 64% of the market turnover, with EFG Hermes executing around 13% of the total market retail business.



UAE – Dubai

Turnover picked up in the final quarter of FY17, with the increase in institutional activity occurring during the MSCI Semi-annual index review supported the improvement in overall market volume, which rose 82% Q-o-Q, while the index weakened, with the DFMGI losing 5.4% over the quarter.

The Firm came in 3rd place in 4Q17 and 5th place for the year, with a market share of 16.9% and 15.2%, respectively; as other than MSCI review, the market was dominated by retail activity. Foreign participation reached 19% of the market liquidity, of which EFG Hermes accounted for 31% of this flow.



UAE – ADX

The ADX performance was muted in 4Q17 for a second quarter, with the Index, ADI, ending flat Q-o-Q, and volumes inching down 2% Q-o-Q. The Firm came in 2nd place ranking in 4Q17 with a higher Q-o-Q market share of 29.6% and managed to maintain its first place position for FY17 with a market share of 28.0%.

During 4Q17, EFG Hermes continued to dominate volumes, particularly of western accounts. Foreign inflows in index heavyweights FAB and Etisalat were seen during 4Q17 and a relatively stable performance from the IPO of ADNOC Distribution (where FTSE fast-track buyers waited for the implementation to buy the stock). Foreign participation reached 25% of the market liquidity, of which EFG Hermes accounted for 50% of this flow.

Abu Dhabi – FY17



UAE – Nasdaq Dubai

Volumes failed to pick up significantly from Summer slowdown, with DPW dominating the activity during 4Q17. EFG Hermes maintained its top ranking by a significant margin on NASDAQ Dubai with 58.9% market share in 4Q17 and 55.3% for FY17.

Nasdaq Dubai – FY17



Saudi Arabia

The Saudi Market performance was muted in 4Q17, with the Tadawal All Share Index slipping 0.8% Q-o-Q, however turnover improved 34% Q-o-Q. EFG Hermes market share came at 1.8% in 4Q17 and 1.6% in FY17, to reflect a 5th place ranking among pure brokers (non-commercial banks) and a 2nd place ranking among foreign brokers in 4Q17 and the full year.

Saudi Arabia – FY17



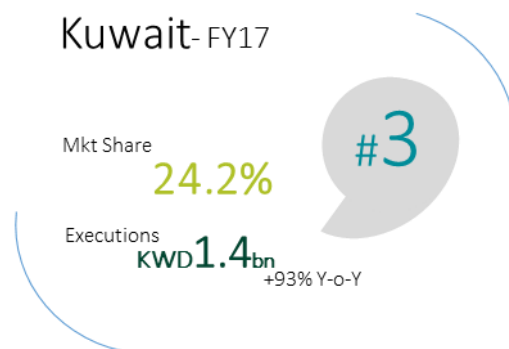
The market continues to be dominated by retail investors whereas the percentage of foreign institutions participation via participatory notes did not exceed 2.7% on average for the 4Q17 and 2.1% in FY17. The QFI traded value reached 2.4% of market (SAR5.4 billion) in 4Q17 and 2.1% (SAR17.4 billion) in FY17.

EFG Hermes Saudi, supported by the new online platform, continues to target Saudi HNW clients to expand its client base as they are representing more than 80% of the Saudi market. This in addition to the Firm targeting GCC HNW and Institutions clients who are looking for a one stop shop in the MENA.

Kuwait

Another slow quarter for the Kuwaiti market, with the KSE Index losing 4.1% Q-o-Q and turnover declining 6% Q-o-Q in 4Q17. EFG Hermes IFA's market share including special transactions stood at 19.8%, with a 4th place ranking in 4Q17, as the 2nd tranche of ZAIN sale to Omantel (worth KWD c.410million) was executed in 4Q, affected the brokers' rankings and market shares but did not affect the market's turnover. As for the year, the Firm's market share came at 24.2% with a 3rd place ranking. If we exclude special transaction, the firm's ranking would climb to 2nd place for the year.

Kuwait- FY17

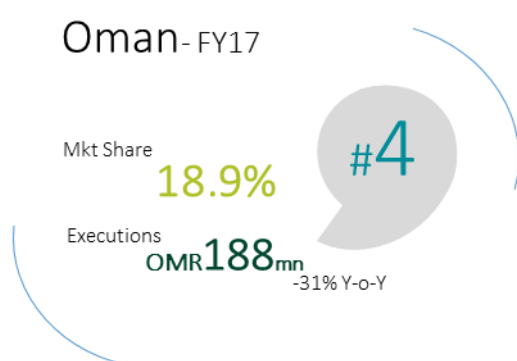


Moreover, the Firm remains the top broker in terms of foreign institutional business in the market, capturing over 59% of foreigners' flow at the end of 4Q17, and 61% for FY17.

Oman

Oman witnessed another quarter of higher liquidity and muted performance, with the market turnover rising 18% Q-o-Q in 4Q17 while the MSM Index slipping 0.7% over the quarter. EFG Hermes market share declined to 12.1% with a 5th place ranking in 4Q17, mainly as a result of a noticeable decrease in foreign institutions activity in the market. For the FY17, the Firm's market share came at 18.9%, with a 4th place ranking on the exchange.

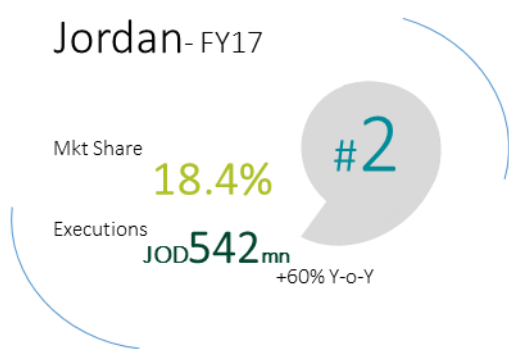
Oman- FY17



Jordan

Volumes on the Amman Stock Exchange declined for a second quarter, losing 14% Q-o-Q during 4Q17, meanwhile the Index closed broadly flat, inching up 0.2% Q-o-Q. EFG Hermes market share decreased to 8.0% with an eight place ranking in 4Q17. The decline in market share came on the back of very low activity by foreign institutional investors who generally account for a good percentage of EFG Hermes Jordan activities. However, for FY17, EFG Hermes Jordan maintained its 2nd position on the Amman Stock Exchange with a market share of 18.4%.

Jordan- FY17



Frontier

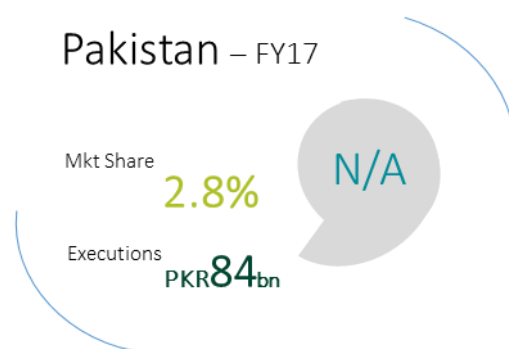
In 4Q17, the product mix continued to be slightly weighted to the Asian side relative to Africa but the mix improved towards the end of the year as other geographies got busier. We executed in a host of new markets as the product roll out continues with first trades in the Philippines and Vietnam in Asia while in Africa first trades were executed in all of Botswana, BRVM, Tanzania, Tunisia, and South Africa.

EFG Hermes’s Frontier strategy started to roll out in FY17. Despite the many headwinds that have faced Frontier markets throughout the year, it has been very successful year in laying solid foundations for the future growth of the business, as we traded for 63 institutions in 17 new markets. Key hires were made and the team was built throughout the year. Internal systems and infrastructure was adapted and built out to accommodate the new Frontier business. External networks were made and grown to encompass the new frontier markets. We have opened over 45 new local brokers and through our expanded network can execute in 95% of the MSCI Frontier and MSCI Frontier Emerging indices with over 75 additional markets added. EFG Hermes ended the year with all the heavy lifting done and ready to compete far more aggressively in terms of market and mind share in 2018.

Pakistan

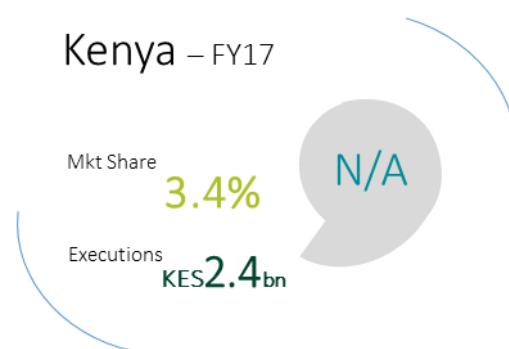
Another weak quarter for the Pakistani market, with the turnover declining 26% Q-o-Q and the KSE100 Index closing the quarter down 4.6% Q-o-Q; as the political uncertainty continued to weight down on the market.

EFG Hermes Pakistan market share reached 5.9% in 4Q17 (4.8% for all the trades executed via EFG Hermes Pakistan and 1.1% for the trades executed through other local brokers) up from 4.7% in 3Q17. The increase in market shares was largely attributed to an increase in foreign institutional activity which increased partially due to the MSCI EM index rebalance.



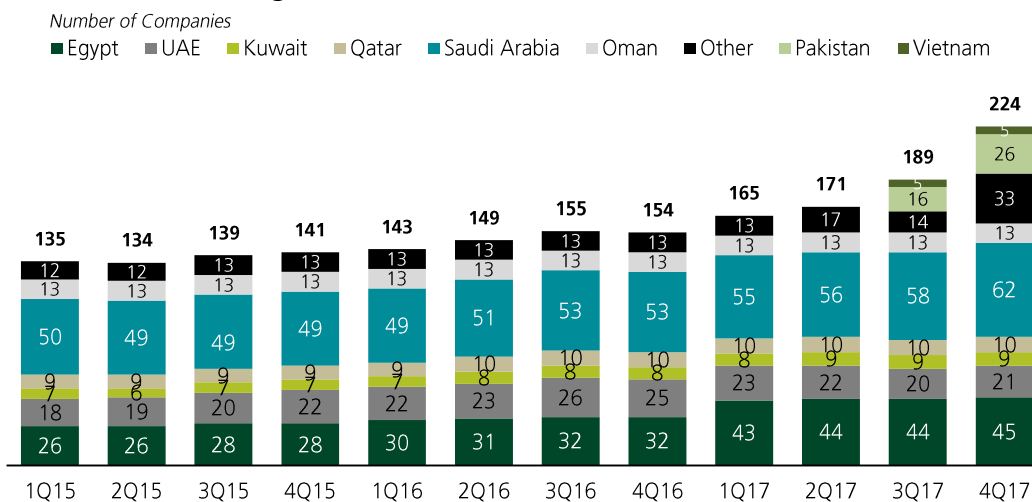
Kenya

Strong political headwinds in 2H17 were hopefully resolved as the President finally swore in late November. The market liquidity dropped 33% Q-o-Q while the Index added 5.5% in 4Q17. EFG Hermes Kenya market share climbed to 3.4% in 4Q17 from 1.3% in 3Q17, in its second quarter of operations.



i. Research

Research Coverage Universe



Source: EFG Hermes Research

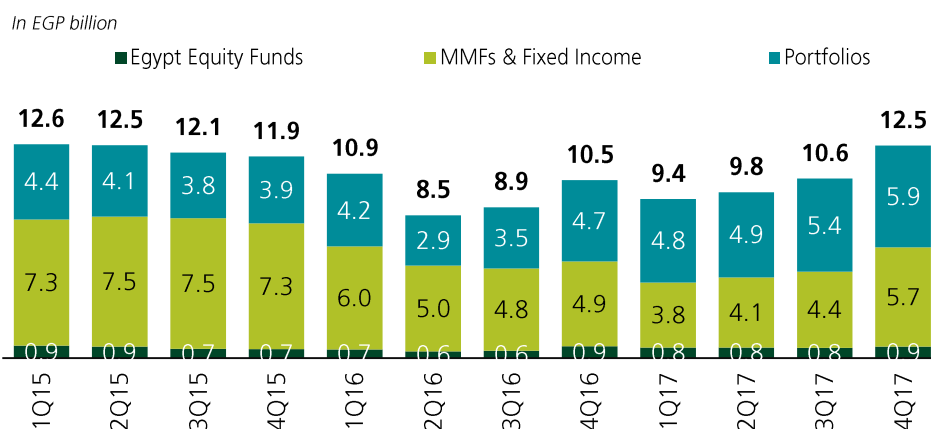
The Research department coverage reached 224 companies at the end of 4Q17 (35 initiations in the quarter, and up from 154 stocks at the start of 2017), distributed across different markets (Egypt 45, UAE 21, KSA 62, Kuwait 9, Oman 13, Qatar 10, Lebanon 3, Morocco 3, Jordan 5, United Kingdom 2, Netherlands 1, Vietnam 5, Pakistan 26, Nigeria 6, Tanzania 4, and Kenya 9).

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, which was well received by clients due to the increasing client focus on Saudi Arabia. The strategy team also ramped up the frequency of index-related (passive) research as index events have become huge stock price movers in the region.

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. We have put significant back-end systems in place to help our expansion including a new i) research workflow system; ii) web portal; and iii) CRM system. By the end of FY17, the main highlights for 2017, in terms of coverage, was the country initiations in frontier markets and the small/mid-cap product initiation in Egypt and the Saudi Insurance sector (4Q17). We also introduced our Core Views' banking product and expanded our Index-related research.

iii. Asset Management

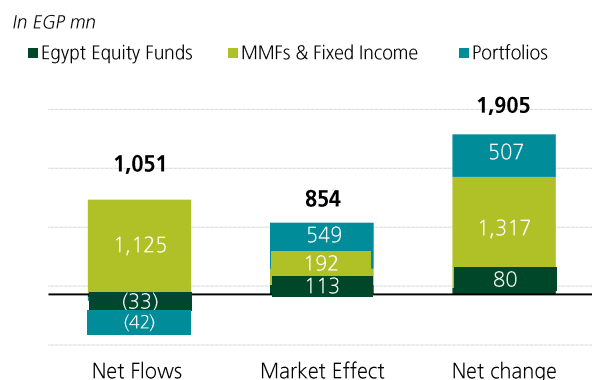
Development of Assets under Management (Egypt)



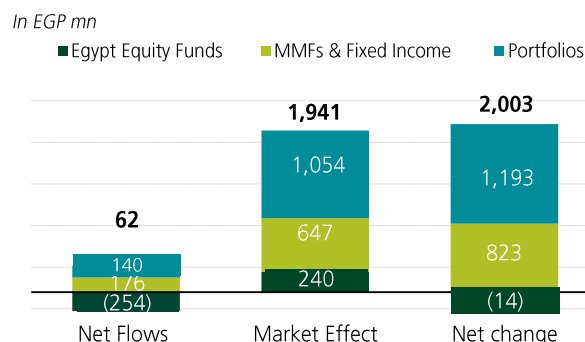
Source: EFG Hermes Asset Management

EFG Hermes Egypt Asset Management AuMs reached EGP12.5 billion at the end of 4Q17, up 18% Q-o-Q triggered by inflows and markets positive performance. With an improving macro-economic outlook and an expected decline in interest rates, inflows were redirected to MMFs which grew 31% during 4Q17, adding 11% to the total AuM base. Meanwhile, markets appreciation added another 8% to the total Egypt AuMs, driven primarily by equity markets. For FY17, Egypt Asset Management AuMs rose 19% Y-o-Y, predominately driven by Egypt’s equity market appreciation and MMFs positive performance.

Quarterly Change in Egypt Mandates



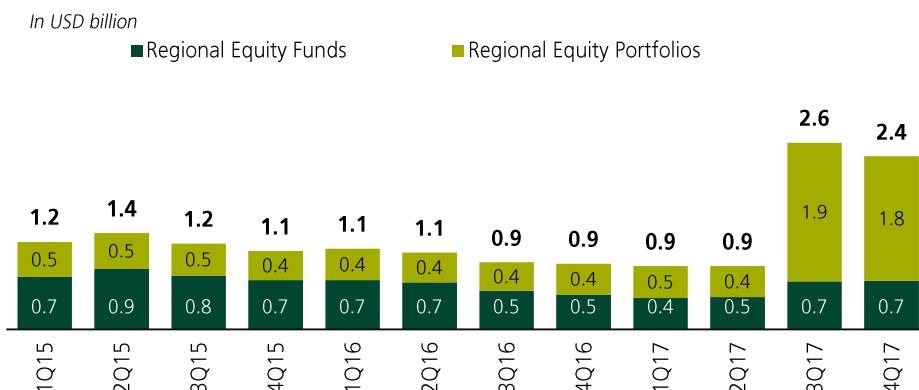
Yearly Change in Egypt Mandates



Egypt Fund Performance

The EFG Hermes Egypt Fund ended 4Q17 with a NAV of USD14 million versus a NAV of USD13 million at the end of 3Q17. The fund saw net redemptions of USD1.1 million. In terms of performance, the fund was up 16.5% versus the Hermes Financial Index (HFI), which returned 12.3% over the same period.

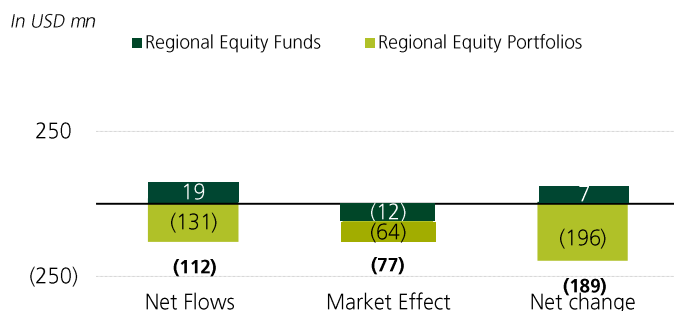
Development of Regional Assets under Management



* 3Q17 AuMs reflect the addition of FIM's AuMs post EFG Hermes' completion of 50% investment in FIM
Source: EFG Hermes Asset Management and FIM

EFG Hermes Asset Management Regional AuMs declined 7% Q-o-Q to USD2.4 billion at the end of 4Q17, pressured by net outflows and sluggish markets. The net outflow represented 4% of the decline in AuMs, as net outflows were largely attributed to outflows in regional equity portfolios. That came despite regional equity funds witnessing a net inflow during the quarter, mainly on the back of injections in FIM EM Frontier Fund.

Quarterly Change in Regional Mandates



Funds Performance

MENA Long Term Value Fund ended the quarter with a NAV of USD299 million in 4Q17 versus USD309 million in 3Q17. The Fund saw no subscriptions nor redemptions during the quarter. The Fund lost 3.2% during the quarter.

EFG Hermes Saudi Arabia Equity Fund ended the quarter with a NAV of USD9 million in 4Q17, unchanged Q-o-Q. The fund minimal redemptions of USD89 thousand during the quarter. The Fund lost 0.7% during the quarter versus the Tadawal All Share Index which lost 0.8% over the same period.

FIM EM Frontier Fund ended the quarter with a NAV of USD130 million in 4Q17 versus USD77 million in 3Q17. The Fund saw subscriptions of USD50 million during the quarter. The Fund gained 3.6% during the quarter versus the MSCI FEM Index which rose 4.7% over the same period.

FIM MENA Horizon Fund ended the quarter with a NAV of USD39 million in 4Q17 versus a NAV of USD47 million in 3Q17. The Fund saw net subscriptions of USD7 million during the quarter. The Fund inched down 0.3% during the quarter versus the S&P Pan Arab Composite Index which lost 0.5% over the same period.

iv. Investment Banking

In 2017, EFG Hermes Investment Banking division successfully concluded 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.

During 4Q17, the team 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.

The preceding quarters saw similar success regarding deal completion where the department successfully completed a number of M&A and debt deals in Egypt, the UAE and Kuwait. The division acted as buy-side advisor on Al Futtaim Group's acquisition of a 38% stake in Cairo Festival City while also restructuring Al Futtaim group's outstanding debt in Egypt. The division also executed the sale of Native Markets – a leading, local F&B platform – to Intro Investments Holdings as well as the sale of Sahara North Bahariya to PICO Cheiron.

On the equity front, the team executed six other equity offerings throughout the year. In the GCC, EFG Hermes was joint book runner on the accelerated book build of Al Imtiaz Investment Company's 10% stake in Human Soft in a transaction worth USD120 million in Kuwait. Similarly, the division acted as joint global coordinator on the USD105 million initial public offering of ENBD REIT on NASDAQ Dubai. In Egypt, the investment banking department acted as joint book runner on the accelerated book build of an 8% stake in EDITA in a deal worth USD50 million. The department acted also as sole global coordinator and book runner on the USD45 million initial public offering of Raya Contact Center on the Egyptian Stock Exchange as well as on the USD280 million initial public offering of Advanced Energy Systems on the London Stock Exchange. The team acted as sole book runner on the accelerated book build of a 2% stake in Global Telecom Holding in a deal worth USD36 million.

Amidst economic reforms and subsequent local market turbulence, EFG Hermes' Investment Banking department has continued to develop a robust pipeline of both M&A and equity deals expected to be executed throughout 2018. With the upturn in local demand and economic reforms, the Investment Banking team expects increased activity in the Egyptian market as well as increased activity in the region on the back of anticipated market recovery.

v. Private Equity

Infrastructure

Vortex platform's AUMs and managed capacity at the end of FY17 remained at EUR1.3 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, in line with budget, and Vortex Solar's performance exceeded budgeted figures for FY17 with EBITDA reaching EUR36 million.

In 4Q17, Beaufort has managed to sell-down EFG Hermes' underwritten equity stake in Vortex Solar (45% of the total equity injected), in line with the set strategy at the beginning of 2017. After the sale, Beaufort's ownership stake has been reduced to 5% in Vortex Solar, similar to other Vortex investments within the platform and fulfilling investment strategy adopted by Vortex platform.

Rx Healthcare Fund (RxHF)

The team is actively engaged in the fund raising and the closing of the Fund's first investment warehoused by EFG Hermes.

vi. Leasing

Key highlights

The Leasing division continued to diversify its funding, offering now a full-fledged range of facilities that can meet all types/sizes of businesses in different sectors; starting from special structured and subsidized funds for SMEs to large corporate enterprises need for MTLs to cover all types of CAPEX, whether in local or foreign currencies. For vendor programs pipeline, we are currently working on new vendor programs in renewables, two in medical & health care and two in transportation sector which are expected to be launched in 1H18. SMEs contribution to the total portfolio remained at 8% in 4Q17, unchanged Q-o-Q. It is expected that EFG Hermes Leasing will focus on increasing the contribution of SMEs to the portfolio aiming to reach 20% throughout 2018.

Market Share

EFG Hermes Leasing successfully maintained its ranking within the big five by closing the year in the 4th with a significant increase in its market share to reach 10.1% in FY17. Moreover, the Leasing division was ranked 2nd in terms of number of contracts booked, reaching 165 contract throughout 2017.

Additionally, the Leasing business managed to maintain high margins despite challenging macro environment; and remained focused on the collection process to ensure a healthy cash position, highly important during the high interest rates environment and the foreseen liquidity squeeze in the market.

Contracts Booked 4Q17

	Company	Lease Value (EGP mn)	Market Share
1	Techno lease	1,617	17%
2	Arab African	1,368	15%
3	Corplease	1,288	14%
4	EFG Hermes Leasing	1,166	12%
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	Incolease	149	2%

Contracts Booked FY17

	Company	Lease Value (EGP mn)	Market Share
1	Techno lease	3,793	13%
2	Corplease	3,431	12%
3	GB Lease	3,454	12%
4	EFG Hermes Leasing	2,899	10%
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	Incolease	1,526	5%
10	Global Lease	1,206	4%

vii. Micro-Finance “Tanmeyah”

Results in a Glance and Performance Review

KPIs	4Q17	3Q17	4Q16	Q-o-Q	Y-o-Y	FY17	FY16	Y-o-Y
Total Number of Active Borrowers	166,649	146,410	96,004	14%	74%	166,649	96,004	74%
Total Portfolio Outstanding (EGP mn)	1,254	1,019	565	23%	122%	1,254	565	122%
Total Branches - Egypt	150	138	119	9%	26%	150	119	26%
Total Tanmeyah Staff	2,358	2,062	1,802	14%	31%	2,358	1,802	31%

Tanmeyah’s robust performance continued for another quarter, with the number of active borrowers, applications processed and loans issued increasing 14% Q-o-Q, 30% Q-o-Q and 18% Q-o-Q, respectively. This marks record levels of productivity, with Tanmeyah’s total outstanding portfolio reaching EGP1.2 billion at the end of 4Q17, up 23% Q-o-Q and more than doubling over FY17 (up 122%Y-o-Y). During the quarter, Tanmeyah opened 12 new branches, to close the year with a total of 150 fully operational branches.

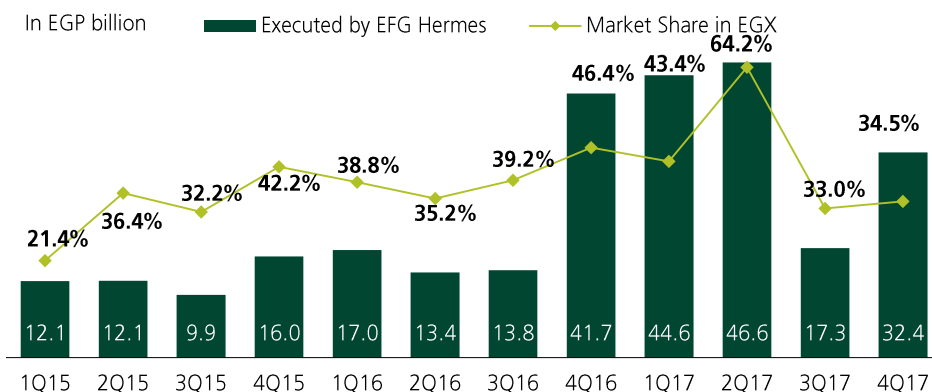
Operational Update

This strong performance was largely driven by higher productivity levels from Tanmeyah’s loan officers, an increase in appetite for Tanmeyah’s products, and an increase in the number of loan officers with new branches opening as well as an increase in the number of loan officers recruited to existing branches (to increase the average number of loan officers per branch by 10% Y-o-Y). Additionally, Tanmeyah’s average ticket size increased throughout the year due to management intervention to increase the ticket size together with the impact of inflation.

III. ANNEX

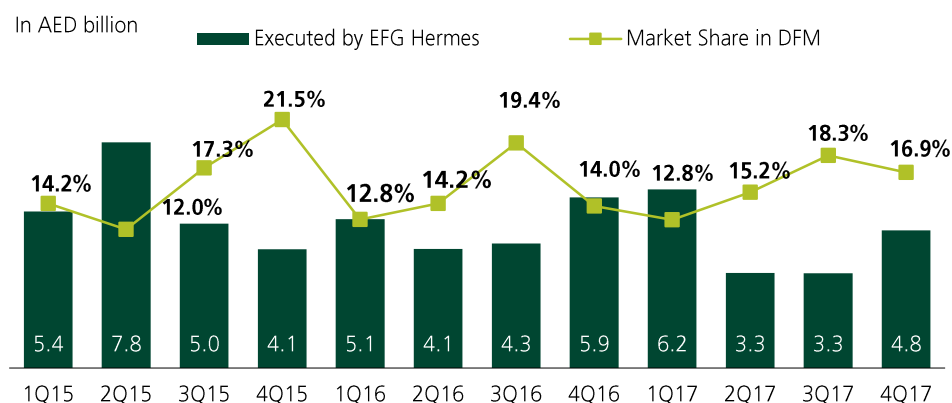
Markets Performance and EFG Hermes Executions & Market Shares

Egypt:

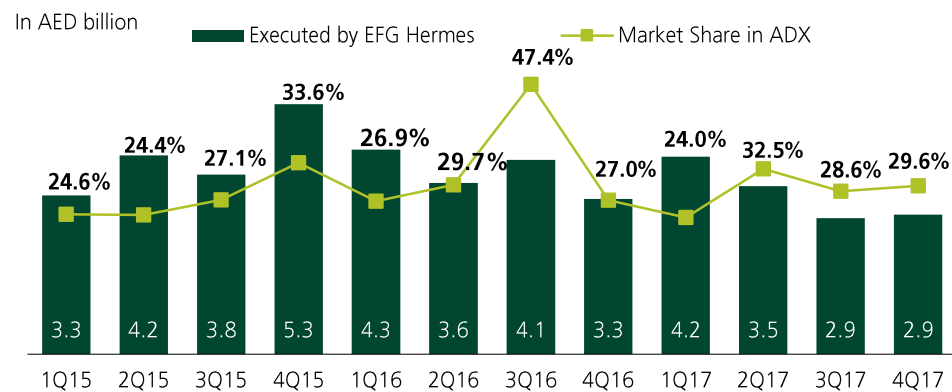


* Market share calculation includes special transactions

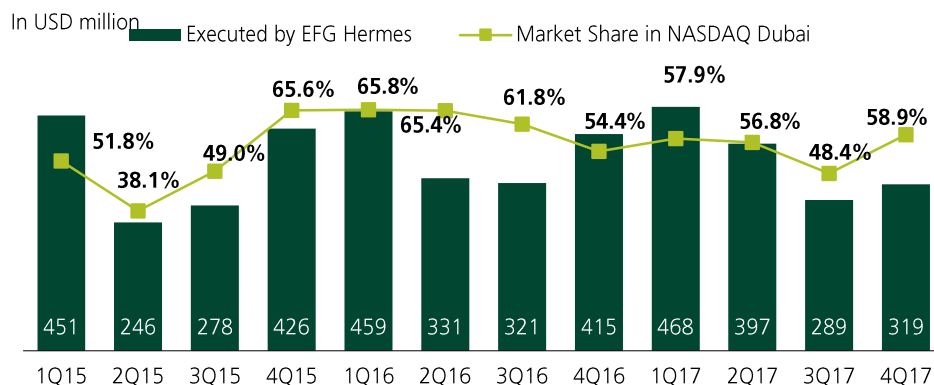
UAE- DFM



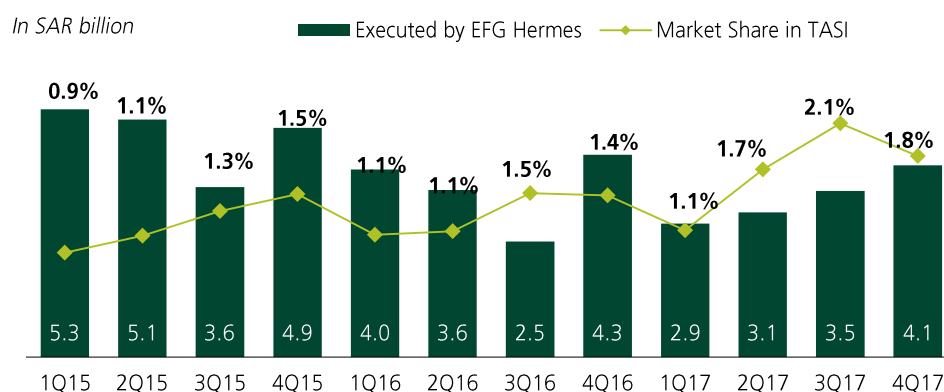
UAE – Abu Dhabi



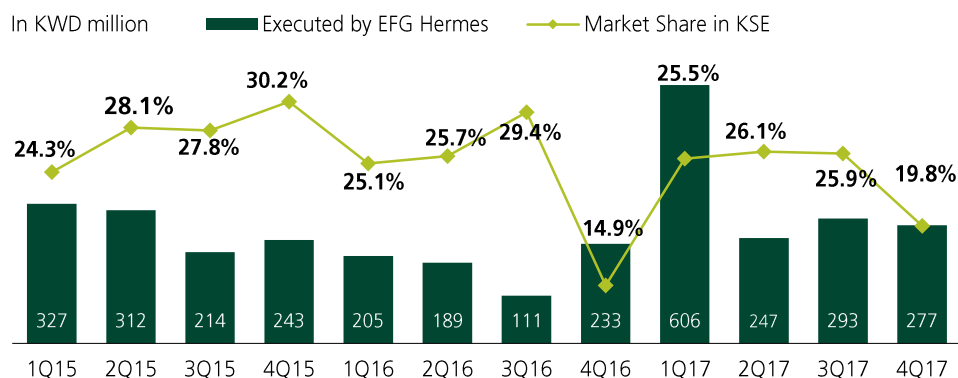
UAE – NASDAQ Dubai



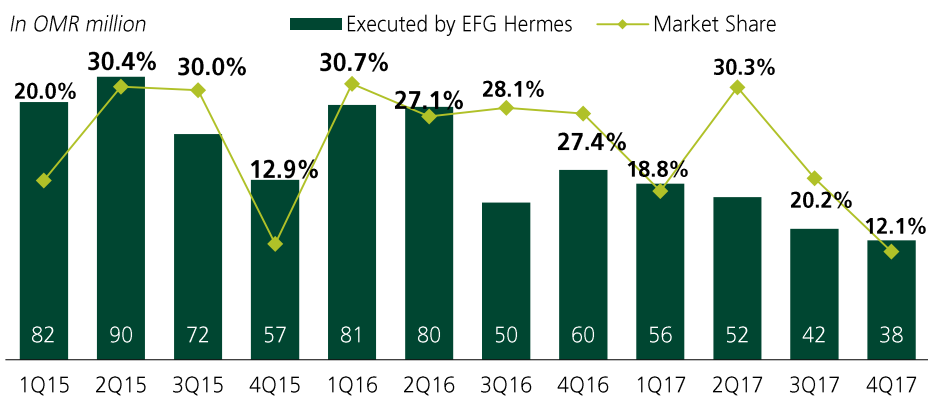
KSA:



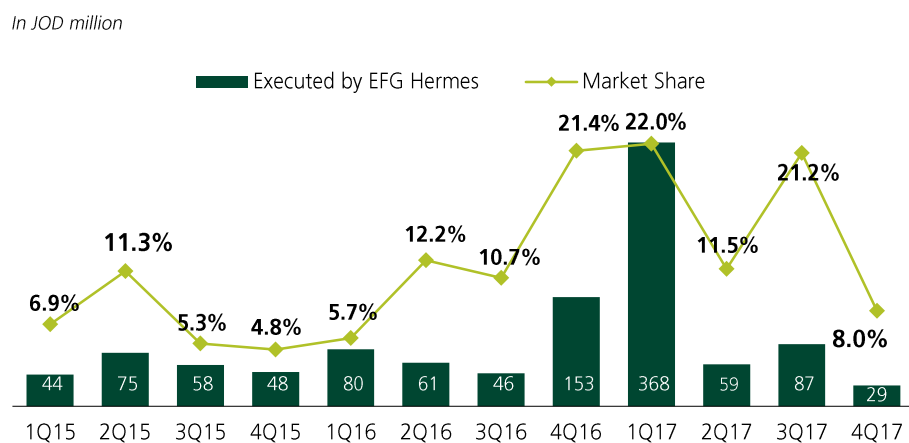
Kuwait:



Oman:



Jordan:



Disclaimer

In this earnings release EFG Hermes may make forward looking statements, including, for example, statements about future new product launches, future fund raising, investment banking transactions, private equity exits, non-bank finance business outlook and the overall business strategy of the firm. Such forward looking statements by their nature may involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by these statements. Examples may include 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. Furthermore, forward looking statements contained in this document that reference past trends or activities should not be taken as a representation that such trends or activities will continue. EFG Hermes does not undertake any obligation to update or revise any forward looking statements.

Accordingly, 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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EFG Hermes Holding SAE has its address at Building No. B129, Phase 3, Smart Village – km 28 Cairo Alexandria Desert Road, 6 October and has an issued capital of EGP 3,074,472,890

Listings & Symbols

[The Egyptian Exchange](#)

Reuters code: HRHO.CA

Bloomberg code: HRHO EY

[London Stock Exchange \(GDRs\)](#)

Reuters code: HRHOq.L

Bloomberg code: EFGD LI

Bloomberg page: EFGH

Reuters pages: .EFGS .HRMS .EFGI .HFISMCAP .HFIDOM

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