

EFG HERMES REPORTS FIRST QUARTER 2017 GROUP EARNINGS FROM CONTINUED OPERATIONS OF EGP236 MILLION; ON OPERATING REVENUE OF EGP825 MILLION

Cairo, May 15th, 2017 – EFG Hermes reported today net profit after tax and minority interest from continued operations of EGP236 million in 1Q17, up from EGP79 million in 1Q16. Operating revenue rose 106% Y-o-Y to EGP825 million in 1Q17. Net profit after tax and minority interest from continued and discontinued operations reached EGP359 million in 1Q17, up from a loss of EGP128 million in 1Q16. The Group total assets stood at EGP25.1 billion at the end of 1Q17.

Key Highlights

1Q2017

- ≡ Supported by buoyant markets, EFG Hermes more than doubles its revenues to set up a strong kick-off for the year; total operating revenue reached EGP825 million in 1Q17 from EGP400 million in 1Q16, an increase of 106% Y-o-Y; underpinned by a significant improvement in revenues generated from our traditional agency business, our non-bank finance institution (NBFI) and from treasury operations;
- ≡ Fee and commission revenues rose 76% Y-o-Y to EGP466 million in 1Q17, on higher revenue generated from all business lines with the exception of Private Equity. Brokerage was the top contributor to revenue growth in 1Q17 as Egypt and Kuwait executions increased significantly Y-o-Y; followed by a higher contribution from the NBFI as Leasing business grows and on the addition of Tanmeyah to the platform (Tanmeyah consolidated in 2Q16);
- ≡ Capital markets and treasury operations revenues posted an increase of 165% Y-o-Y to EGP359 million in 1Q17, mainly on higher treasury operations revenue as well as on gains from redemptions of AM seed capital and an exit of a legacy merchant banking investment;
- ≡ Operating expenses rose 70% Y-o-Y to EGP480 million in 1Q17; mainly on higher overseas salaries post the EGP floatation, higher inflationary pressures, growth and addition of new businesses. However, the Firm remained cautious about its costs without interrupting critical business operations and planned growth and thus successfully reported an employee expenses/ operating revenues of 43% in 1Q17, well below the 50%;
- ≡ The Firm reported a net operating profit of EGP345 million in 1Q17, up 193% Y-o-Y and a net operating profit margin of 42% up from 30% a year earlier. This filtered into a Group net profit from continued operations of EGP236 million in 1Q17, up 201% Y-o-Y;
- ≡ We continue to divest our remaining stake in Credit Libanais (CL) post the sale of our majority stake in the Bank and its subsequent deconsolidation in 2Q16. In 1Q17, we offloaded an additional 2% of the Bank's shares, thus leaving the Firm with 13.1% stake at the end of the period. Accordingly, EFG Hermes reported a net profit from continued and discontinued operations of EGP359 million in 1Q17, on gains realized from selling an additional stake in CL during the quarter.

For full report and financial statements, please click on the links on top of the page.

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