

EFG HERMES REPORTS FULL YEAR 2016 GROUP EARNINGS FROM CONTINUING OPERATIONS OF EGP1.6 BILLION; ON OPERATING REVENUE OF EGP4.0 BILLION

Cairo, March 27th, 2017 – EFG Hermes reported today net profit after tax and minority interest from continuing operations of EGP1.4 billion in 4Q16, up from EGP44 million in 4Q15. Operating revenue rose 845% Y-o-Y to EGP3.0 billion in 4Q16. Net profit after tax and minority interest from continuing and discontinued operations reached EGP1.5 billion in 4Q16, up from EGP80 million in 4Q15. The Group total assets stood at EGP22.8 billion at the end of 4Q16.

Key Highlights

FY2016

- ≡ Management decision to hold a long dollar position paid off well, with the Firm reporting a net profit after tax and minority interest from continuing operations of EGP1.6 billion, up 690% Y-o-Y in FY16;
- ≡ The Firm posted EGP4.0 billion in revenues in FY16, up 279% Y-o-Y; predominately on fx-gains realized largely in the final quarter of the year, and underpinned by an improvement in the core business operations, as fees and commissions rose 50% Y-o-Y to record EGP1.2 billion in FY16;
- ≡ Operational revenue, which excludes fx-gains booked on business lines, rose 34% Y-o-Y in FY16, primarily on robust Brokerage revenue and stronger revenue contribution from the growing non-bank finance platform, namely, Leasing and Tanmeyah;
- ≡ In an attempt to adapt to market realities, the Firm undertook some cost restructuring initiatives that would present opportunities for future cost savings and increase the overall efficiency of our management team. With that in mind, total operating expenses rose 155% Y-o-Y to EGP1.9 billion in FY16, inflated by one-off and exceptional costs booked in 4Q16, costs associated with the new businesses Leasing and Tanmeyah, and higher inflation Y-o-Y. However, even without excluding those one-off and exceptional items, employee expenses/ operating revenue came at 35% in FY16, well below our 50% target;
- ≡ The Firm reported a net operating profit of EGP2.1 billion, up 568% Y-o-Y in FY16, to reflect a net operating profit margin of 53%;
- ≡ 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 4Q16, we offloaded an additional 1.0% of the Bank's shares, thus leaving the Firm with 15.1% stake at the end of the year.

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

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Summary of Resolutions for the Board of Directors Meeting Held on 26/03/2017

Cairo, March 27th, 2017: EFG Hermes S.A.E. Board of Directors convened on Sunday 26/3/2016 at 1:00 p.m. (CLT) and:

1. Approved FY2016 Consolidated and standalone financial statements, along with the board report and the audit report.
2. Approved 4Q2016 internal audit and risk committee report.
3. Approved the recommendation of the compensation committee to put into effect a two year program whereby a number of employees would receive a cash bonus linked to the share price.
4. Recommended a cash dividend of EGP2.75 per share, subject to the general assembly approval.
5. Ratified reconstitution of the executive committee.
6. Delegated the chairperson to call for the OGM and determine its agenda.

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