

EFG HERMES REPORTS THIRD QUARTER 2020

GROUP EARNINGS OF EGP422 MILLION; ON OPERATING REVENUE OF EGP1.4 BILLION

Cairo, November 18th, 2020 – EFG Hermes reports third quarter 2020, with Group earnings of EGP422 million on operating revenues of EGP1.4 billion. The Group's total assets stood at EGP39.4 billion at the end of 3Q20.

Key Highlights

3Q20

- ≡ EFG Hermes posts another set of resilient financial results; with the Group revenues rising 21% Y-o-Y to reach EGP1.4 billion, underpinned by strong revenues generated from the buy-side, Capital Markets and the NBFs;
- ≡ Buy-side revenues shot up 363% Y-o-Y to EGP446 million in 3Q20, on the back of strong revenues recorded by the Private Equity; with its revenues reaching EGP381 million in 3Q20 up from EGP23 million a year earlier, on realized incentive fees of EGP349 million following Vortex Solar's exit. Asset Management revenues declined 11% Y-o-Y to EGP65 million, due to lower management and incentive fees booked by FIM;
- ≡ Sell-side revenues declined 43% Y-o-Y to EGP281 million in 3Q20, on lower Brokerage revenues, which declined 24% Y-o-Y to EGP243 million, on lower revenue generated by MENA markets and the Structured Products desk. Investment Banking revenues decreased 78% Y-o-Y to EGP38 million in 3Q20, on lower advisory fees and on a very strong comparable quarter, 3Q19, which included a number of large transactions;
- ≡ NBFs revenues added 12% Y-o-Y to record EGP335 million in 3Q20; supported mainly by valU's robust growth, as its revenues grew 410% Y-o-Y to report EGP27 million in 3Q20. Tanmeyah's revenues resumed growth, inching up 3% Y-o-Y to reach EGP261 million in 3Q20. Factoring revenues increased 4x Y-o-Y to come at EGP8 million in 3Q20, while Leasing revenues came flat Y-o-Y at EGP39 million in 3Q20;
- ≡ Capital markets & treasury revenues rose 22% Y-o-Y to EGP372 million in 3Q20, mainly on higher unrealized gains from the move of seed capital/Investments to Investments through Profit & Loss (FVTPL) from Investments through OCI (FVTOCI); and despite lower interest received from Structured Products;
- ≡ Group operating expenses rose 19% Y-o-Y to EGP878 million in 3Q20, on higher employee expenses and higher other operating expenses. However, employee expenses/revenues came at 45%, well below the 50% level;
- ≡ With the increase in revenues surpassing the increase in expenses, the Group net operating profit rose 23% Y-o-Y to EGP556 million in 3Q20. Thus, the Group net profit after tax and minority interest increased 18% Y-o-Y to reach EGP422 million in 3Q20. The increase in the bottom line profitability was pressured by a deferred tax expense from unrealized gains on seed capital in the current period, versus a deferred tax gain stemming from fx-losses in the comparable period.

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

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