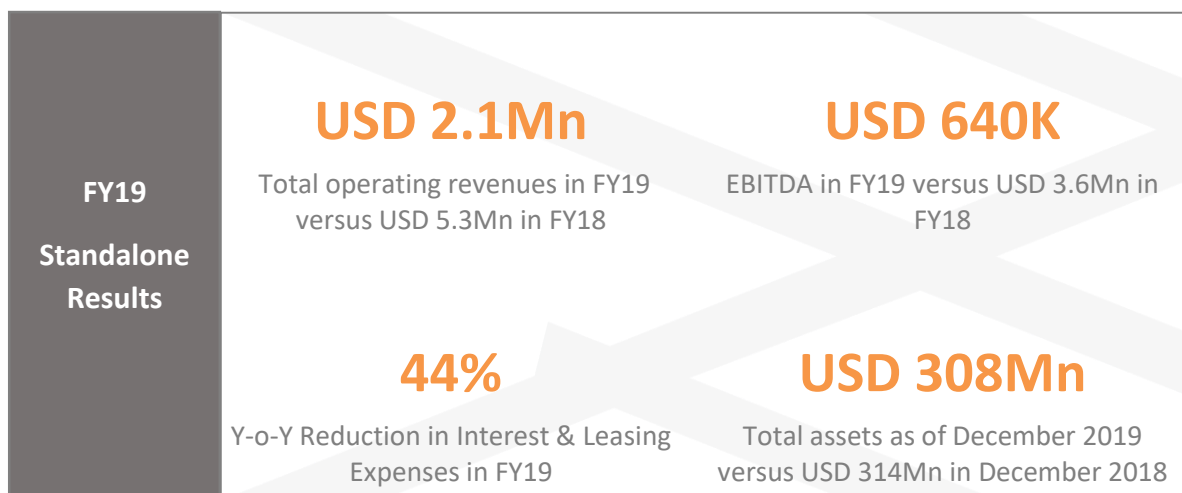
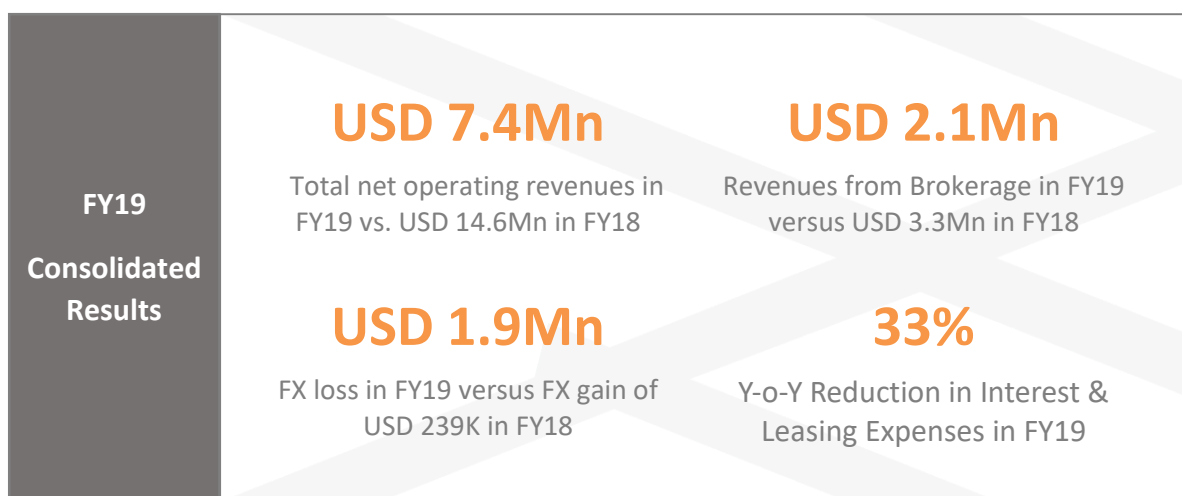


## **NAEEM Holding for Investments “NAEEM” reports FY19 consolidated and standalone results**

*Cairo, March 1<sup>st</sup> 2020, NAEEM reported its FY19 results with total net consolidated operating revenues of USD 7.4Mn and net loss of USD 6.1Mn*



## I. KEY FINANCIAL HIGHLIGHTS

<b>Adjusted Operating Revenues Breakdown (000 USD)</b>	<b>Q4-19</b>	<b>Q3-19</b>	<b>Q4-18</b>	<b>Q-o-Q %</b>	<b>Y-o-Y %</b>	<b>FY19</b>	<b>FY18</b>	<b>Y-o-Y %</b>
Securities Brokerage	420	470	621	-11%	-32%	2,116	3,348	-36.8%
Asset Management	11	12	33	-11%	-66%	66	184	-64.1%
<b>Total Business Lines Contribution</b>	<b>431</b>	<b>482</b>	<b>653</b>	<b>-11%</b>	<b>-34%</b>	<b>2,182</b>	<b>3,532</b>	<b>-38.2%</b>
	<b>Q4-19</b>	<b>Q3-19</b>	<b>Q4-18</b>	<b>Q-o-Q %</b>	<b>Y-o-Y %</b>	<b>FY19</b>	<b>FY18</b>	<b>Y-o-Y %</b>
NAEEM's Operations & Investments	(812)	75	1,507	N/M	N/M	2,148	5,322	-59.6%
REACAP Financial Investments	631	174	1,473	262%	-57%	2,432	6,386	-61.9%
Other Income (losses)	938	(7)	(183)	N/M	N/M	624	(638)	N/M
<b>Total Investments Contribution</b>	<b>758</b>	<b>242</b>	<b>2,797</b>	<b>213%</b>	<b>-73%</b>	<b>5,204</b>	<b>11,069</b>	<b>-53%</b>
<b>Grand Total Adjusted Operating Revenues</b>	<b>1,189</b>	<b>724</b>	<b>3,451</b>	<b>64%</b>	<b>-66%</b>	<b>7,386</b>	<b>14,601</b>	<b>-49.9%</b>

On a consolidated level during FY19, NAEEM reported net operating revenues of USD 7.4Mn driven by REACAP financial investments –NAEEM's real estate investment vehicle– and NAEEM's operations and investments<sup>1</sup> contributing USD 2.43Mn and USD 2.15Mn; respectively. NAEEM business lines generated the remaining USD 2.18Mn.

REACAP reported total consolidated operating revenues amounting to EGP 34.1Mn in FY19. SVREICO had the lion's share contributing 64% to operating revenues, followed by rental income and coupons' revenues accounting for 29% and 7%; respectively. As for non-operational revenues, the EGP appreciation had a positive impact on REACAP's results with FX gains amounting to EGP 4Mn versus a loss of EGP 384K in FY18. As a result, REACAP's net profit after taxes amounted to EGP 18.7Mn. It's expected that REACAP will start to recognize revenues and profits from its ongoing projects upon delivery scheduled in 2020 and 2021

Regarding profitability, NAEEM's consolidated operating revenues in FY19 dropped 50% Y-o-Y to USD 7.4Mn versus USD 14.6Mn in FY18 due to low liquidity in equity markets which affected dividends income (NAEEM reported USD 378K dividends income in FY19 versus USD 3.3Mn in FY18). The company was able to cut yearly G&A expenses by 15% to USD 6.5Mn versus USD 7.6Mn during FY18. NAEEM also witnessed a 33% Y-o-Y drop in interest & leasing expenses to USD 2.7Mn, yet reported FX loss of USD 1.9Mn, translating into a net loss of USD 6.1Mn during FY19.

As for Q4-19 consolidated results, while operating revenues from business lines retreated 11% Q-o-Q to USD 431K, Investments' revenues rose 213% Q-o-Q to USD 758K on the back of REACAP's increased revenues in addition to other operating income. Consequently, Total operating revenues climbed 64% Q-o-Q to USD 1.2Mn in Q4-19 versus USD 724K in Q3-19.

On a standalone basis, NAEEM reported operating revenues amounting to USD 2.1Mn in FY19, versus USD 5.3Mn in FY18. This decline is mainly due to the retreat in revenues from coupons, the latter dropped to USD 231K versus USD 3Mn in FY18, which translated into an EBITDA of USD 640K during FY19 versus USD 3.6Mn. Interest and leasing expenses dropped 44% Y-o-Y to USD 2.5Mn versus USD 4.5Mn in FY18, while FX took its toll on FY19 results as NAEEM incurred an FX loss amounting to USD 2Mn. Consequently, NAEEM reported a net loss of USD 3.5Mn during the same period versus a loss of USD 432K in FY18.

On the operational level, in FY19 NAEEM's business lines revenues contributed 30% to the group's consolidated operating revenues versus 24% in FY18. The remaining 70% were driven by NAEEM's proprietary investments consisting mainly from NAEEM's operations and investments' as well as REACAP revenues.

<sup>1</sup> Includes custody, margin trading revenues and NAEEM's trading portfolio



Securities Brokerage was the main contributor to the group's business lines' revenues with a 97% contribution in FY19. Asset Management contributed with the remaining 3% to the group's business lines' revenues, where performance fees constituted 54% of total fees while management fees generated the remaining 46%.

On the prop investments level, REACAP reported standalone gains for FY19 of EGP 45.1Mn versus a loss of EGP 1.3Mn in FY18, on the back of dividends income received from its subsidiary - SVREICO for real-estate investment "SVREICO". SVREICO has distributed total dividends amounting to EGP 46.3Mn in FY19.

## II. KEY OPERATIONAL HIGHLIGHTS

### 1. Brokerage

The Egyptian market index, EGX30, ended the year at 13,962 points slightly retreating by 2% Q-o-Q yet up 5% Y-o-Y versus 13,265 points in Dec-18. Total market turnover fell by 16.1% Y-o-Y to EGP 455.5Bn in FY19 on the back of weaker appetite towards equity markets. Company turnover followed suit, retreating by 23.6% Y-o-Y with total revenues from brokerage activities amounting to USD 2.1Mn in FY19.

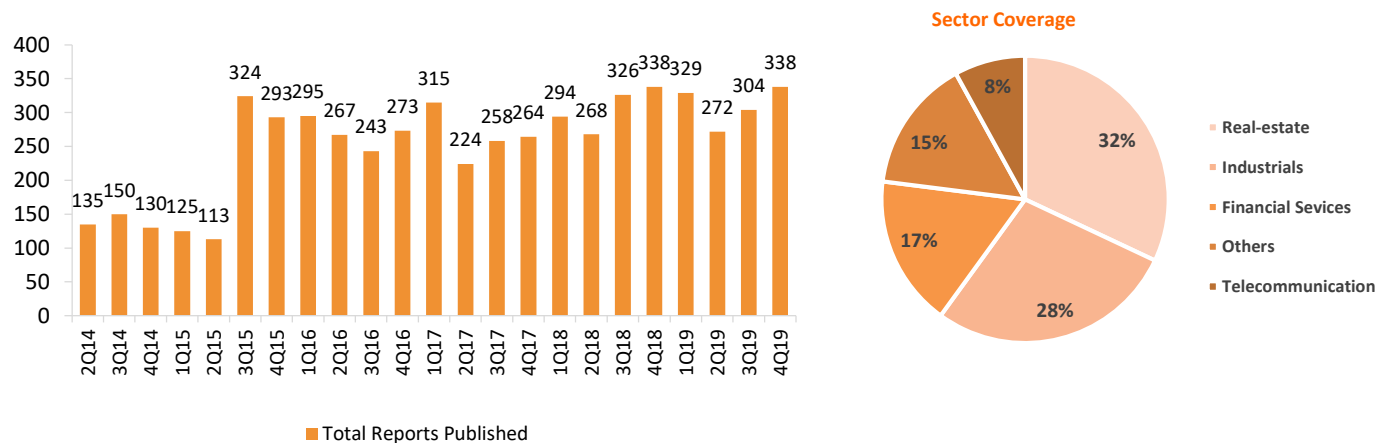
		Q4-19	Q3-19	Q4-18	Q-o-Q	Y-o-Y	2019	2018	Y-o-Y
<b>Egypt</b>	EGX Turnover (000 EGP)	118,307,447	132,252,833	115,049,339	-11%	2.8%	455,546,357	542,828,285	-16.1%
	Company Turnover (000 EGP)	2,200,690	2,772,482	2,506,213	-21%	-12%	11,508,898	15,072,468	-23.6%
	Market Share	1.9%	2.1%	2.2%			2.5%	2.8%	

Over the 3 months period ending December, EGX main market turnover retreated by 11% and 2.8%, Q-o-Q & Y-o-Y, respectively; to EGP 118.3Bn. NAEEM Brokerage Egypt (NBE) and Smart Securities' brokerage (Formerly Etihad Capital Securities Brokerage) combined turnover retreated by 21% and 12%, Q-o-Q & Y-o-Y, respectively, to EGP 2.2Bn during Q4-19. NBE & Smart Securities' Brokerage ended FY19 with total turnover amounting to EGP 11.5Bn and a combined market share of 2.5%.

### 2. Research

NAEEM Research, which falls under NAEEM Brokerage Egypt, offers tailored research, regular macro-overview reports, in addition to management interaction and on-the-ground support for clients.

In Q4-19, NAEEM Research issued 338 reports in both Arabic and English, bringing in the total reports issued in FY19 to 1,243.



The Research department covers all major sectors in the MENA region including Real estate, Petrochemicals, Oil & Gas, Building materials, Telecommunications, Financial services, and other sectors. The department also offers a wide range of products covering both fundamental as well as technical research.

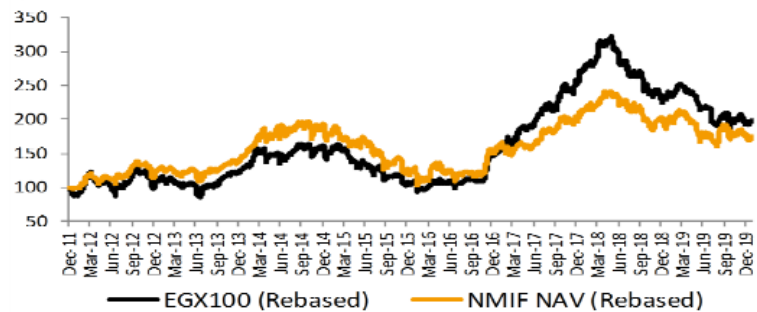
### 3. Asset Management

NAEEM's total Assets under Management (AUMs) are booked at USD 350Mn as of December 31<sup>st</sup> 2019. From a dollar base perspective, NAEEM's listed equities retreated by 5.2% and 10.5% Q-o-Q & Y-o-Y, respectively.

#### A. Listed Equities

During 2019, the monetary policy committee of the Central Bank of Egypt (CBE) cut the overnight deposit rate & the overnight lending rate four times, totaling 450 basis points; leaving the overnight deposit and lending rates at 12.25% and 13.25%, respectively. The first cut occurred in Feb, while the remaining three were in 2H-19 namely, August, September and November. The decision to cut rates was supported by the gradual decline in the annual core inflation, the latter eased to 2.4% in Dec-19, down from 4.9% in Aug-19 and compared to 8.6% in Jan-19.

**Fund Performance vs. EGX100**



Following the weak market performance during the year, total AUM's in Q4-19 declined by 1.9% and 12.9% Q-o-Q & Y-o-Y, respectively. The number of client portfolios during Q4-19 soared by 44% Q-o-Q mainly on the back of Aramco IPO's clients, the company provided IPO access to its clients as well as new clients through Etihad capital, NAEEM's investment arm in the UAE. Egypt based AUMs from EGP perspective, declined by 6.4% and 19.9% Q-o-Q & Y-o-Y, respectively.

During FY19, total asset management fees retreated by 64% Y-o-Y. Performance fees constituted 54% of total fees while management fees generated the remaining 46%. As of Q4-19, Asset Management clients' base was 87% individual and 13% institutional clients.

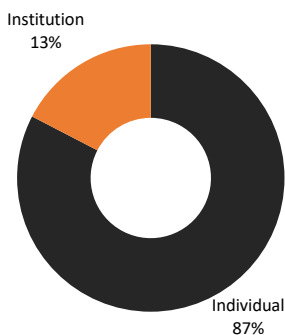
#### NAEEM Misr Islamic Fund (NMIF)

NMIF certificate price recorded EGP 175.94 on December 31<sup>st</sup> 2019, down 3% & 12% Q-o-Q and Y-o-Y; respectively.

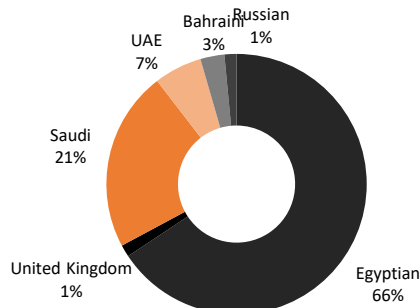
#### Al Baraka Bank Fund

The fund certificate price reached EGP 92.7 on December 31<sup>st</sup> 2019, down 0.2% & 6%, Q-o-Q and Y-o-Y; respectively.

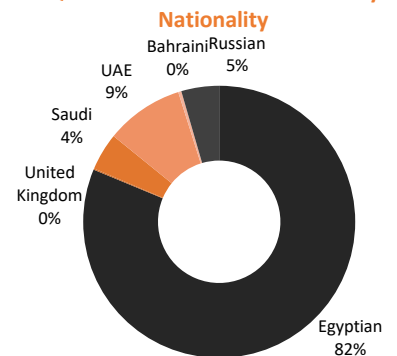
**Q4-19 Portfolio Allocation by Client Type**



**Q4-19 Portfolio & Funds Number Breakdown by Nationality**



**Q4-19 AUM Value Breakdown by Nationality**



**B. Egyptian Gulf Bank (EGBank)**

<b>Income Statement (000 EGP)</b>	<b>Q4-19</b>	<b>Q3-19</b>	<b>Q4-18</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>	<b>FY19</b>	<b>FY18</b>	<b>Y-o-Y%</b>
Net interest income	567,250	472,936	464,070	19.9%	22.2%	1,949,512	1,760,326	10.7%
Fees and commissions income	83,150	78,849	77,955	5.5%	6.7%	325,418	297,130	9.5%
Other income	25,239	29,132	21,023	-13.4%	20.1%	102,089	83,513	22.2%
Provisions	(62,276)	(58,496)	(29,255)	6.5%	112.9%	(211,654)	(144,395)	32%
<b>Net operating income</b>	<b>283,585</b>	<b>245,758</b>	<b>265,817</b>	<b>15.4%</b>	<b>6.7%</b>	<b>1,019,671</b>	<b>1,008,089</b>	<b>1.1%</b>
<b>Net profit after taxes</b>	<b>196,902</b>	<b>166,912</b>	<b>154,292</b>	<b>18%</b>	<b>27.6%</b>	<b>675,342</b>	<b>581,513</b>	<b>16.1%</b>

<b>Balance Sheet (000 EGP)</b>	<b>Q4-19</b>	<b>Q3-19</b>	<b>Q4-18</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>	<b>FY19</b>	<b>FY18</b>	<b>Y-o-Y%</b>
Cash and marketable securities	9,277,182	5,933,516	16,203,000	56.4%	-43%	9,277,182	15,088,681	-43%
Total loans	23,318,038	23,268,221	26,081,281	0.2%	-10.6%	23,318,038	26,081,281	-10.6%
<b>Total Assets</b>	<b>68,388,821</b>	<b>65,710,100</b>	<b>61,623,804</b>	<b>4.1%</b>	<b>11%</b>	<b>68,388,821</b>	<b>61,623,804</b>	<b>11%</b>
Total deposits	56,045,842	57,343,151	50,539,541	-2.3%	10.9%	56,045,842	50,539,541	10.9%
<b>Shareholders' Equity</b>	<b>4,738,669</b>	<b>4,331,780</b>	<b>3,612,077</b>	<b>9.4%</b>	<b>31.2%</b>	<b>4,738,669</b>	<b>3,612,077</b>	<b>31.2%</b>

<b>Key ratios</b>	<b>Q4-19</b>	<b>Q3-19</b>	<b>Q4-18</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>	<b>FY19</b>	<b>FY18</b>	<b>Y-o-Y%</b>
NIM (%)	1.4%	1%	0.9%	0.4	0.5	4.7%	3.5%	0.5
Loan to deposits (%)	41.6%	40.6%	51.6%	1	(10)	41.6%	51.6%	(10.0)
Growth in deposits	-2.3%	3.7%	-12.5%	(5.9)	10.2	10.9%	8.8%	10.2
Growth in loans	0.2%	-4.6%	-0.2%	4.8	0.4	-11%	8%	0.4
NPL / gross loans	3.93%	3.98%	2%	(0.1)	1.9	3.93%	2%	1.9

EGBank reported net operating income of EGP 1Bn in FY19, up 1.1% Y-o-Y on the back of increased net interest income (up 10.7% Y-o-Y), fees and commissions income<sup>2</sup> (up 9.5% Y-o-Y) as well as other income mainly generated from trading activity (up 22.2% Y-o-Y). The bank was able to reduce SG&A expenses by 32% Y-o-Y, while provisions climbed 46.6% Y-o-Y to EGP 211.6Mn; leaving the net operating income at EGP 1Bn. EGBank reported a healthy bottom line amounting to EGP 675.3Mn, up 16.1% Y-o-Y.

On a quarterly basis, net operating income climbed by 15.4% and 6.7% Q-o-Q & Y-o-Y, respectively to EGP 283.6Mn in Q4-19. Net interest income increased by 19.9% and 22.2% Q-o-Q & Y-o-Y, respectively. Fees and commissions were up by 5.5% & 6.7% Q-o-Q & Y-o-Y respectively. Provisions climbed 6.5% and 112.9% Q-o-Q and Y-o-Y, respectively; to EGP 62.3Mn leaving net operating income at EGP 283.6Mn. Net profit after taxes amounted to EGP 196.9Mn, up 18% & 27.6% Q-o-Q and Y-o-Y, respectively.

Customer deposits climbed 10.9% Y-o-Y to 56Bn during as of December 2019, while Loans portfolio retreated to EGP 23.3Bn, down 10.6% Y-o-Y; translating into a loan to deposits ratio of 41.6% as of Dec-19.

<sup>2</sup> Generated from credit commissions and fees as well as other banking operations fees

### **C. REACAP Financial Investments (REACAP)**

REACAP reported standalone net income for FY19 of EGP 45.1Mn versus a loss of EGP 1.4Mn in FY18, on the back of dividends income from its subsidiary - SVREICO for real-estate investment "SVREICO". SVREICO has distributed total dividends amounting to EGP 46.3Mn in FY19.

As for the consolidated results, REACAP reported total consolidated operating revenues amounting to EGP 34.1Mn in FY19. SVREICO had the lion's share contributing 64% to operating revenues, followed by rental income and coupons' revenues accounting for 29% and 7%; respectively. As for non-operational revenues, the EGP appreciation had a positive impact on REACAP's results with FX gains amounting to EGP 4Mn versus a loss of EGP 384K in FY18. As a result, REACAP's net profit after taxes amounted to EGP 18.7Mn. It's expected that REACAP will start to recognize revenues and profits from its ongoing projects upon delivery scheduled in 2020 and 2021

SVREICO continued to drive REACAP's profitability and boost its assets' base in terms of receivables reflecting administrative units' sales in its two projects under development in Smart Village (LINX & ARC). REACAP receivables amounted to EGP 248.5Mn as of Dec-19 versus EGP 282.5Mn in Dec-18. Total assets recorded EGP 1.1Bn, up 8% Y-o-Y on the back of projects under development, the latter surged 44% Y-o-Y, recording EGP 441Mn as of Dec-19.

#### **Operational Highlights:**

REACAP resumed sales in project ARC Business Park, the company's integrated business complex, launched in 1H-18 following project LINX's success. The project offers office space with a total BUA of 12,000 sqm, at an estimated investment cost of EGP 260Mn.

"SVREICO" projects' sales during FY19 are detailed in the table below, revenues will be recognized upon units' delivery in 2020 & 2021.

Project	Sold area in sqm	Value in EGP	Description
LINX	8,480	228,221,740	Reserved units
ARC	4,389	136,714,080	Reserved units

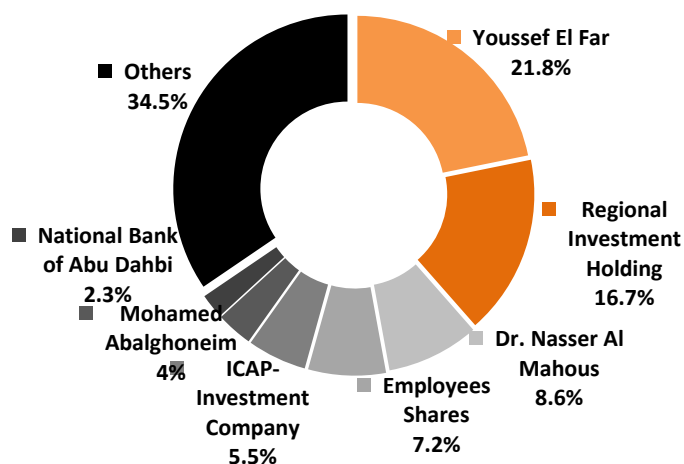
### **4. Investment Banking**

Leveraging on NAEEM Group's MENA presence, the Investment Banking division has generated a diversified pipeline during FY19. NAEEM IB continued to pitch new clients across several sectors including:

1. Education
2. Food & Beverage
3. Agriculture
4. Financial services
5. Real Estate

Pipeline transactions are separated into External Clients Advisory Services and NAEEM Group Proprietary investments advisory.

### III. NAEEM HOLDING STANDALONE

**Shareholding Structure as of 31 December 2019**


Note: NAHO free float shares amount to 41.75%

On a standalone basis, NAEEM reported operating revenues amounting to USD 2.1Mn in FY19, versus USD 5.3Mn in FY18. This decline is mainly due to the retreat in revenues from coupons, the latter dropped to USD 231K versus USD 3Mn in FY18, which translated into an EBITDA of USD 640K during FY19 versus USD 3.6Mn. Interest and leasing expenses dropped 44% Y-o-Y to USD 2.5Mn versus USD 4.5Mn in FY18, while FX took its toll on FY19 results as NAEEM incurred an FX loss amounting to USD 2Mn. Consequently, NAEEM reported a net loss of USD 3.5Mn during the same period versus a loss of USD 432K in FY18.

**NAEEM in Figures**
**USD 2.1Mn**

Total operating revenues in FY19

**4,000**

 Number of Institutional & Retail  
Shareholders as of December 31<sup>st</sup>  
2019

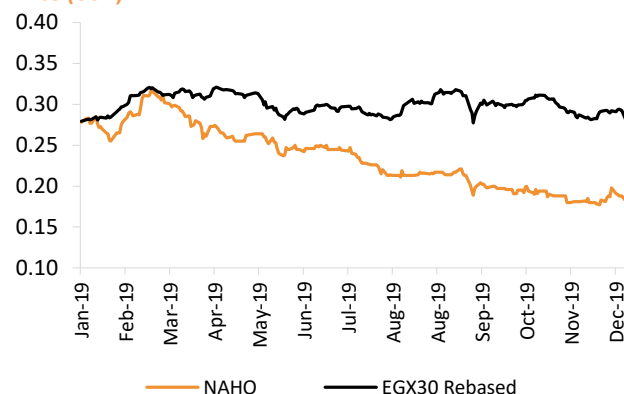
**USD 308Mn**

 Total Assets as of December 31<sup>st</sup>  
2019

**Company Snapshot**

Ticker:	NAHO EY NAHO - DU
Mkt Cap (USD Mn):	68.01
Shares Outstanding (Mn):	377.85
Share Price (USD):	0.18

\*As of December 31<sup>st</sup> 2019

**Price (USD)**




This earning release may contain certain forward looking statements including investment banking pipeline, market shares, investments' exists, future banking performance, economic and financial conditions including in particular the likelihood of a project's success or a business acquisition/expansion. All prospective investors must make their own investigation and evaluation of the investment opportunities stated in this document. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "intends", "anticipates", "should" or comparable terminology. Such statements are subject to uncertainties and should not be taken as representations. NAEEM will not be held accountable to the outcome of any forward looking statement.

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NAEEM HOLDING  
FOR INVESTMENTAsset Management | Investment Banking  
Brokerage | Investments**Investor Relations Contact****Iman A. Sadek, MA, MBA***Head of Investor Relations*

Smart Village – Building B16- Phase 1, Km 28 Cairo

Alexandria Desert Road 6th of October City – Giza

(P.O. 12577, Egypt) Box:61

Tel: +2 0235316100 Ext: 6113

Direct: +2 0235316113

Fax: +2 0235316101

**Listing Symbols- The Egyptian Exchange (EGX)**

Reuters Code: NAHO.CA

Bloomberg Code: NAHO EY

**Listing Symbol- Dubai Financial Market (DFM)**

NAHO-DU