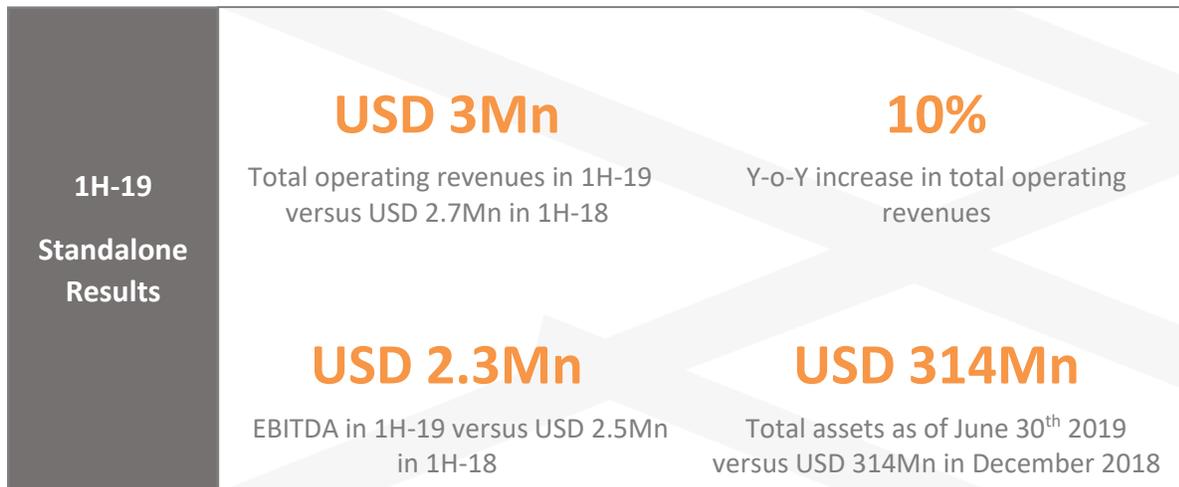
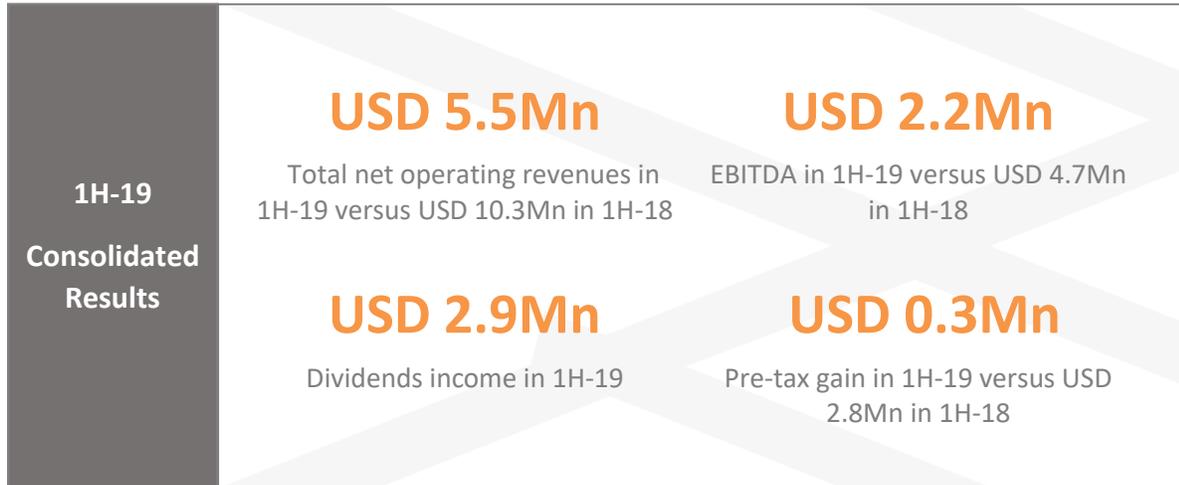




NAEEM Holding for Investments “NAEEM” reports 1H-19 consolidated results

Cairo, August 7th 2019, NAEEM reported its 1H-19 results with total net consolidated operating revenues of USD 5.5Mn, an EBITDA of USD 2.2Mn and Pre-tax gain of USD 0.3Mn





I. KEY FINANCIAL HIGHLIGHTS

Adjusted Operating Revenues Breakdown (000 USD)	Q2-19	Q1-19	Q2-18	Q-o-Q %	Y-o-Y %	1H-19	1H-18	Y-o-Y %
Securities Brokerage	423	803	996	-47%	-58%	1,226	2,088	-41.3%
Asset Management	16	26	85	-39%	-81%	42	148	-71.5%
Total Business Line Contribution	439	830	1,081	-47%	-59%	1,269	2,236	-43.3%

	Q2-19	Q1-19	Q2-18	Q-o-Q %	Y-o-Y %	1H-19	1H-18	Y-o-Y %
NAEEM's Operations & Investments	121	2,763	1,494	-96%	-92%	2,884	3,633	-20.6%
REACAP Financial Investments	985	642	1,802	53%	-45%	1,627	4,577	-64.4%
Other Income (losses)	(213)	(94)	(25)	N/M	N/M	(307)	(176)	N/M
Total Investments Contribution	893	3,312	3,271	-73%	-73%	4,204	8,034	-47.7%
Grand Total Adjusted Operating Revenues	1,332	4,141	4,351	-68%	-69%	5,473	10,270	-46.7%

On a consolidated level, NAEEM reported during 1H-19 net operating revenues of USD 5.5Mn driven by NAEEM's operations and investments¹ and REACAP, contributing USD 2.9Mn and USD 1.6Mn; respectively. NAEEM business lines generated the remaining USD 1.3Mn.

REACAP reported total consolidated operating revenues amounting to EGP 28.3Mn in 1H-19. Revenues from sale of buildings owned by SVREICO had the lion's share contributing 77% to operating revenues, followed by rental income and coupons' revenues accounting for 16% and 7%; respectively. As a result, net profit after taxes amounted to EGP 17Mn.

Regarding profitability, NAEEM consolidated operating revenues fell by 47% Y-o-Y versus USD 10.3Mn in 1H-18 due to a drop in management fees and commissions as well as real estate investments. Nevertheless, the company was able to cut G&A expenses by 29% to USD 3.2Mn leading to an EBITDA of USD 2.2Mn during the same period. NAEEM also witnessed a 35% drop in interest expenses to USD 1.1Mn, yet reported FX loss of USD 0.9Mn, which translated into a pre-tax profit of USD 0.25Mn versus USD 2.4Mn in 1H-18. However, the company reported a net loss of USD 0.2Mn after tax during the same period.

On a standalone basis, NAEEM reported operating revenues amounting to USD 3Mn in 1H-19 up 10% Y-o-Y versus USD 2.7Mn in 1H-18. Dividends income constituted 93% of the operating revenues while the remaining 7% were attributed to custody and margin income. EBITDA stood at USD 2.3Mn during 1H-19. Interest expenses dropped 34% Y-o-Y to USD 0.8Mn versus USD 1.2Mn in 1H-18 yet FX losses of USD 1Mn took a toll on net profit to USD 78K during 1H-19 versus USD 1Mn in 1H-18.

On the operational level, NAEEM's business lines revenues contributed 23% in 1H-19 to the group's consolidated operating revenues versus 22% in 1H-18. NAEEM's proprietary investments contributed the remaining 77% driven by NAEEM's operations and investments' revenues and REACAP revenues.

Securities Brokerage was the main contributor to the group's business lines revenues with a 97% contribution in 1H-19. Asset Management contributed with the remaining 3% to the group's business lines revenues, where management fees constituted 79% of total fees while performance fees generated the remaining 21%.

On the prop investments level, REACAP reported standalone results for 1H-19 of EGP 45.6Mn versus a loss of EGP 1.3Mn in 1H-18, 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 Q1-19.

¹ Includes custody, margin trading revenues, real estate investments sales and NAEEM's trading portfolio

II. KEY OPERATIONAL HIGHLIGHTS

1. Brokerage

During 1H-19, the Egyptian market index, EGX30, rose 8% to reach 14,100.74 in Jun-19 versus 13,035.77 in Dec-18. Although Q1-19 ended on a high note, climbing 13% Q-o-Q; Q2-19 retreated by 4% Q-o-Q. EGX turnover fell by 39.1% Y-o-Y due to weaker appetite on equity markets as well as seasonal holidays and Ramadan reduced working hours. Company turnover followed suit, retreating by 35.6% Y-o-Y. Revenues from brokerage activities amounted to USD 1.2Mn in 1H-19.

	Q2-19	Q1-19	Q2-18	Q-o-Q	Y-o-Y	1H-19	1H-18	Y-o-Y
EGX Turnover (000 EGP)	70,834,630	134,151,447	155,499,797	-47%	-54.4%	204,986,078	336,458,023	-39.1%
Company Turnover (000 EGP)	1,802,129	4,733,598	4,410,111	-62%	-59%	6,535,727	10,144,950	-35.6%
Market Share	2.5%	4%	2.8%			3%	3%	

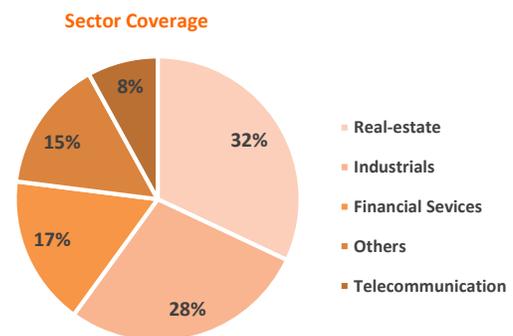
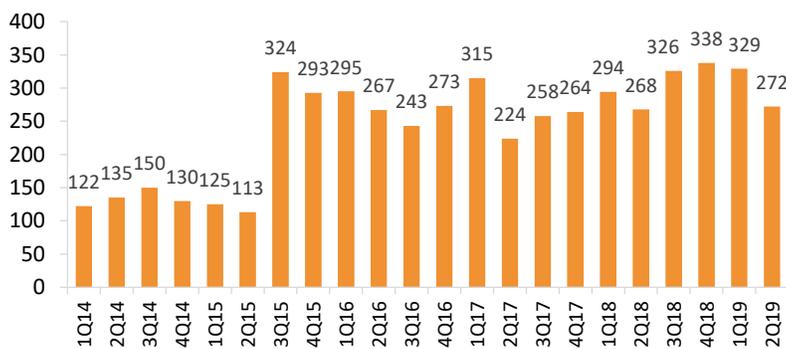
EGX main market turnover retreated by 39.1% Y-o-Y to EGP 205Bn during 1H-19, NAEEM Brokerage Egypt (NBE) and Etihad Capital Securities Brokerage (Formerly Al Tawfeek Brokerage "AT Brokerage") combined turnover followed suit, retreating by 35.6% Y-o-Y to EGP 6.5Bn. NBE & Etihad Capital Securities Brokerage ended 1H-19 with a combined market share of 3%.

Average daily Commission amounted to EGP 125K in Q2-19.

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 Q2-19, NAEEM Research issued 272 reports in both Arabic and English, bringing in the total reports issued in 1H-19 to 601.



■ Total Reports Published

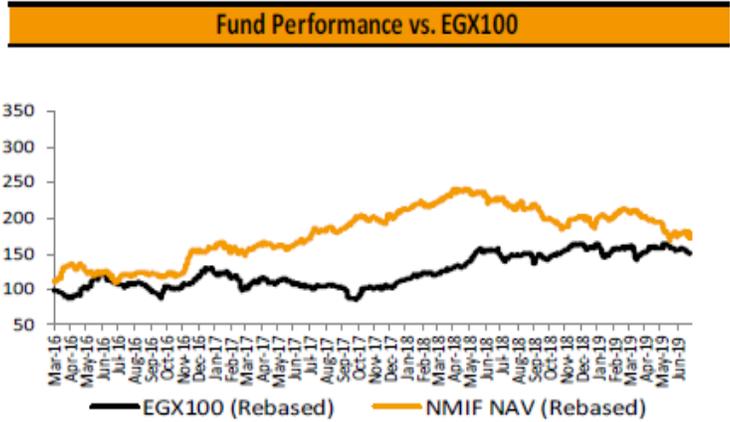
The Research department covers all major sectors in the MENA region including Real estate, Petrochemicals, Oil & Gas, Building materials, Telecommunications, financial services, and other sectors. The department also offers a wide range of products covering both fundamental as well as technical research.

3. Asset Management

NAEEM’s total Assets under Management (AUMs) are booked at USD 359.3Mn as of June 27th, 2019.

A. Listed Equities

In Feb-19, the Central Bank of Egypt cut the interest rates by 100 basis points, the overnight deposit and lending rates were down to 15.75% and 16.75%, respectively; and were kept unchanged till the end of 1H-19. This cut was the first reduction since Mar-18. Annual core inflation eased to 6.4% in June 2019 compared to 8.6% in January 2019. EGX30 index ended Q2-19 at 14,100.74 down 4% and 14%, Q-o-Q & Y-o-Y; respectively.



Q2-19 witnessed slight redemptions, where the number of client portfolios retreated by 2% and 4% Q-o-Q & Y-o-Y, respectively. Following the market downtrend during the quarter, AUM’s were down by 7.6% and 16.7% Q-o-Q & Y-o-Y, respectively. Egypt based AUMs declined by 7.7% and 17.5% Q-o-Q & Y-o-Y, respectively. From a dollar perspective, NAEEM’s AUMs retreated by 4.1% and 11.9% Q-o-Q & Y-o-Y, respectively.

During 1H-19, total asset management fees retreated by 71.5% Y-o-Y. Management fees constituted 79% of total fees while performance fees generated the remaining 21%. As of Q2-19, the Asset Management clients’ base was 82% individual clients and 18% institutional clients.

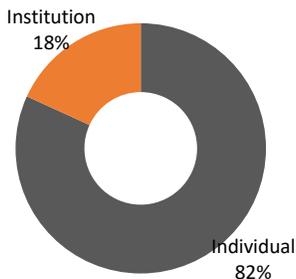
NAEEM Misr Islamic Fund (NMIF)

NMIF certificate price recorded EGP 178.3 on June 27th 2019, down 12% & 21% Q-o-Q and Y-o-Y, respectively.

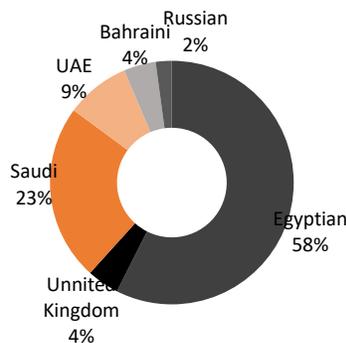
Al Baraka Bank Fund

The fund certificate price reached EGP 95.18 on June 27th 2019, down 7% & 9% Q-o-Q and Y-o-Y, respectively.

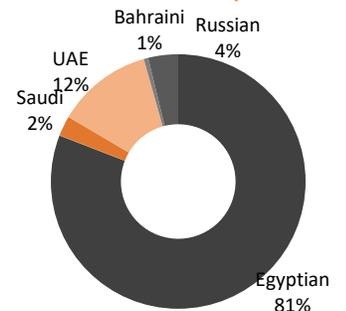
Q2-19 Portfolio Allocation by Client Type



Q2-19 Portfolio & Funds Number Breakdown by Nationality



Q2-19 AUM Value Breakdown by Nationality



B. Egyptian Gulf Bank (EGBank)

Income Statement (000 EGP)	Q2-19	Q1-19	Q2-18	Q-o-Q%	Y-o-Y%	1H-19	1H-18	Y-o-Y%
Net interest income	455,471	453,856	424,554	0.4%	7.3%	909,326	860,607	5.7%
Fees and commissions	70,044	93,375	66,590	-25.0%	5.2%	163,419	139,949	16.8%
Other income	16,421	31,297	17,138	-47.5%	-4.2%	47,717	39,937	19.5%
Net operating income	247,078	243,249	245,328	1.6%	0.7%	490,328	481,853	1.8%
Provisions	(11,207)	(79,674)	(27,617)	N/M	N/M	(90,881)	(73,276)	N/M
Net profit after tax	165,742	145,786	147,145	13.7%	12.6%	311,528	283,681	9.8%

Balance Sheet (000 EGP)	Q2-19	Q1-19	Q2-18	Q-o-Q%	Y-o-Y%	6M-19	6M-18	Y-o-Y%
Cash and marketable securities	4,524,984	7,619,626	19,741,177	-40.6%	-77.1%	4,524,984	19,741,177	-77.1%
Total loans	24,383,065	24,668,742	25,860,257	-1.2%	-5.7%	24,383,065	25,860,257	-5.7%
Total Assets	63,353,218	67,203,548	64,326,758	-5.7%	-1.5%	63,353,218	64,326,758	-1.5%
Total deposits	55,322,880	57,934,892	56,063,409	-4.5%	-1.3%	55,322,880	56,063,409	-1.3%
Shareholders' Equity	4,086,052	3,853,236	3,465,910	6%	17.9%	4,086,052	3,465,910	17.9%

Key ratios	Q2-19	Q1-19	Q2-18	Q-o-Q%	Y-o-Y%	6M-19	6M-18	Y-o-Y%
NIM (%)	1.0%	0.9%	0.8%	0.04	0.2	1.9%	1.5%	0.2
Loan to deposits (%)	44.1%	42.6%	46.1%	1.5	(2.1)	44.1%	46.1%	(2.1)
Growth in deposits	-4.5%	14.6%	0.4%	(19.1)	(4.9)	1	11.1%	(4.9)
Growth in loans	-1.2%	-5.4%	3.3%	4.3	(4.5)	0.9	6.4%	(4.5)
NPL / gross loans	3.9%	1.9%	0.9%	2	3	3.9%	0.9%	3

EGBank reported net operating income of EGP 490.3Mn in 1H-19 up 1.8% Y-o-Y on the back of a 5.7%, 16.8% and 19.5% increase in net interest income, fees and commissions income² as well as other income (mainly generated from trading activity); respectively. SG&A expenses stood at EGP 547.4Mn, up 21.4% Y-o-Y, while provisions stood at EGP 90.9Mn, registering a 24% increase during the same period. Nevertheless, EGBanks reported a healthy bottom line amounting to EGP 311.5Mn, up 9.8% versus EGP 283.7Mn in 1H-18.

On a quarterly basis, net operating income increased marginally by 1.6% & 0.7% Q-o-Q & Y-o-Y, respectively, to EGP 247.1Mn in Q2-19 driven by a slight increase in net interest income as well as a drop of 86% & 59% Q-o-Q and Y-o-Y, respectively; in provisions. Provisions stood at EGP 11.2Mn in Q2-19 versus EGP 79.7Mn in Q1-19 and EGP 27.6Mn in Q2-18. Net profit after taxes amounted to EGP 165.7Mn, up 13.7% & 12.6% Q-o-Q and Y-o-Y, respectively.

The bank announced a contraction in customer deposits, which totaled EGP 55.3Bn in Jun-19, down 4.5% and 1.3% Q-o-Q & Y-o-Y, respectively. Loans portfolio retreated to EGP 24.4Bn, down 1.2% and 5.7% Q-o-Q & Y-o-Y, respectively; translating into a loan to deposits ratio of 44.1% as of June-19. The bank witnessed deterioration in its assets quality as indicated by the jump in NPL, with the NPL to Gross Loans ratio climbing to 3.9% in Q2-19 versus 1.9% in Q1-19 and 0.9% in Q2-18.

² Generated from credit commissions and fees as well as other banking operations fees

C. REACAP Financial Investments (REACAP)

REACAP reported standalone results for 1H-19 of EGP 44.9Mn versus a loss of EGP 1.3Mn in 1H-18, on the back of dividends income from its subsidiary - SVREICO for real-estate investment “SVREICO”. SVREICO distributed total dividends amounting to EGP 46.3Mn in Q1-19.

As for the consolidated results, REACAP reported total operating revenues amounting to EGP 28.3Mn in 1H-19. Revenues from sale of buildings owned by SVREICO had the lion’s share contributing 77% to operating revenues, followed by rental income and coupons’ revenues accounting for 16% and 7%; respectively. As a result, net profit after taxes amounted to EGP 17Mn.

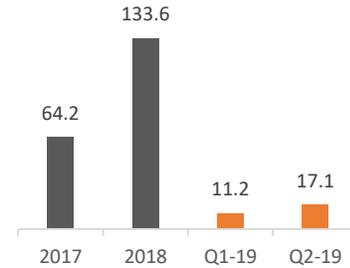
During Q2-19, operating revenues reached EGP 16.9Mn, up 51% Q-o-Q versus EGP 11.2Mn in Q1-19; which translated into net profit after taxes amounting to EGP 9.6Mn, up 32% Q-o-Q versus EGP 7.3Mn in Q1-19.

Operational Highlights:

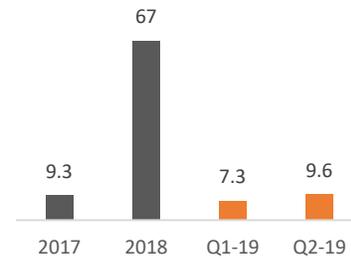
REACAP resumed sales in project ARC Business Park, the company’s second integrated business complex which was launched in 1H-18 following project LINX’s success. The project offers office space with a total BUA of 12,000 sqm, at an estimated investment cost of EGP 260Mn.

SVREICO continued to drive REACAP’s profitability and boost its assets’ base in terms of receivables reflecting buildings and units’ sales.

Total Consolidated Operating Revenues in EGP Mn



Net Consolidated Profit after taxes in EGP Mn



D. Arab Sweeteners Company

Arab Sweeteners Company (ASC) – a fully owned subsidiary of NAEEM - is building a USD 145Mn wet corn milling facility in 10th of Ramadan, with daily grinding capacity of 1,500 tons of yellow corn yielding 300,000 tons of high fructose corn syrup annually in addition to other products.

The company has resumed preliminary civil works at the site (fencing, soil tests and excavation works, etc.). Moreover, the company has awarded the project's civil and electromechanical designs, management and construction supervision to one of the reputable engineering consultancy firms operating in Egypt with a long track record in the management of similar projects.



4. Investment Banking

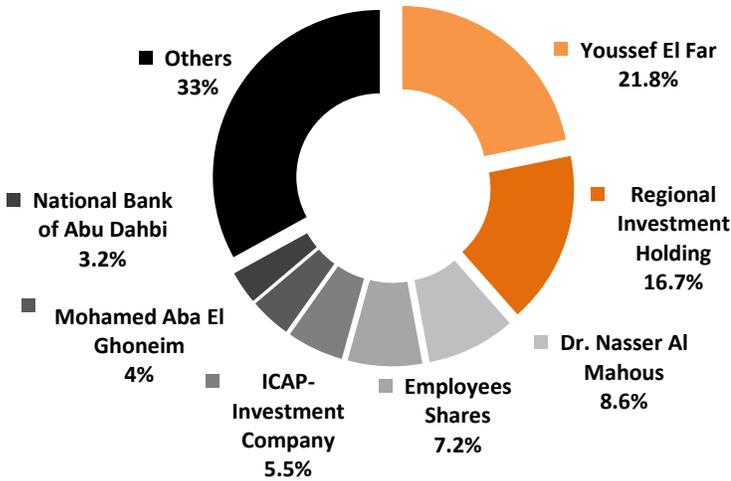
Leveraging on NAEEM Group's MENA presence, the Investment Banking division has generated a diversified pipeline during 1H-19. NAEEM IB continued to pitch new clients across several sectors including:

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 June 2019



Note: NAHO free float shares amount to 42.5%

On a standalone basis, NAEEM reported operating revenues amounting to USD 3Mn in 1H-19 up 10% Y-o-Y versus USD 2.7Mn in 1H-18. Dividends income constituted 93% of the operating revenues while the remaining 7% were attributed to custody and margin income. EBITDA stood at USD 2.3Mn during 1H-19. Interest expenses dropped 34% Y-o-Y to USD 0.8Mn versus USD 1.2Mn in 1H-18 yet FX losses of USD 1Mn took a toll on net profit to USD 78K during 1H-19 versus USD 1Mn in 1H-18.

Company Snapshot

Ticker:

NAHO EY
NAHO - DU

Mkt Cap (USD Mn):

90.68

Shares Outstanding (Mn):

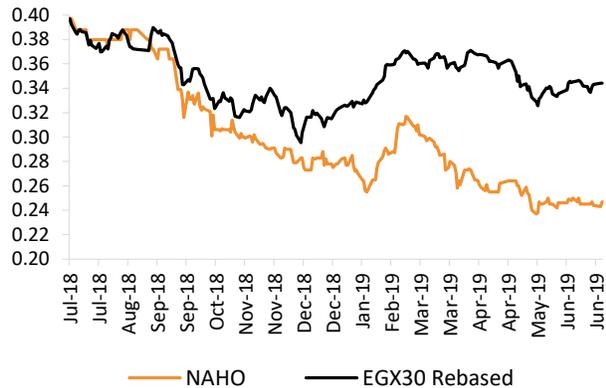
377.85

Share Price (USD):

0.24

*As of June 27th 2019

Price (USD)



NAEEM in Figures

USD 3Mn

NAEEM's operating income in 1H-19 versus USD 2.7Mn in 1H-18

4,000

Number of Institutional & Retail Shareholders as of June 27th 2019

USD 314Mn

Total Assets as of June 27th 2019



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 INVESTMENT

Asset Management | Investment Banking
Brokerage | Investments

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Listing Symbols- The Egyptian Exchange (EGX)

Reuters Code: NAHO.CA

Bloomberg Code: NAHO EY

Listing Symbol- Dubai Financial Market (DFM)

NAHO-DU