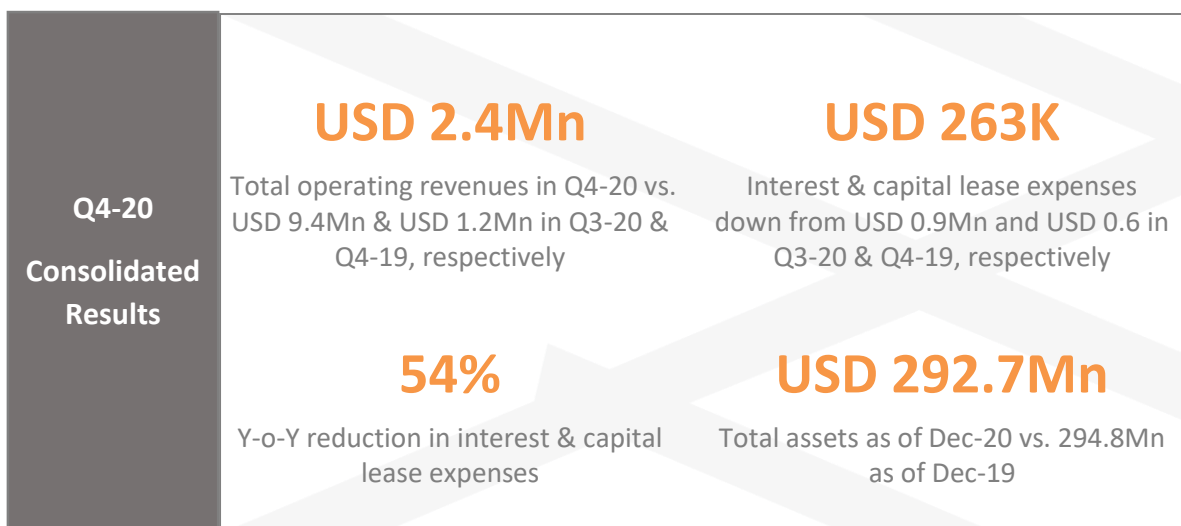
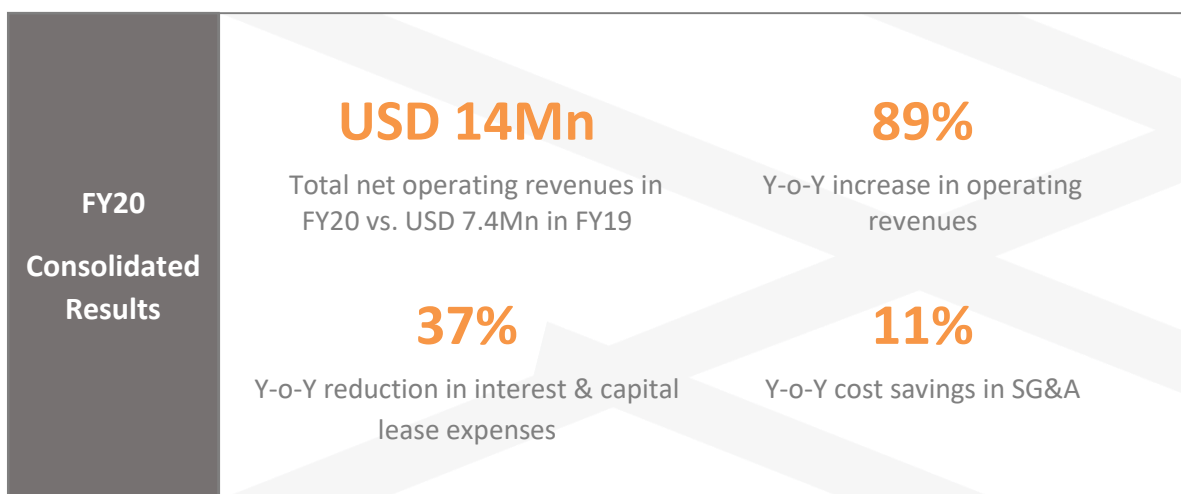


## **NAEEM Holding for Investments “NAEEM” reports FY20 and Q4-20 consolidated and standalone results**

*Cairo, February 28<sup>th</sup> 2021, NAEEM reported its FY20 results with total net consolidated operating revenues of USD 14Mn and Pretax gains of USD 238K.*



## I. KEY FINANCIAL HIGHLIGHTS

Operating Revenues Breakdown (000 USD)	Q4-20	Q3-20	Q4-19	Q-o-Q %	Y-o-Y %	FY-20	FY19	Y-o-Y %
Securities Brokerage	887	656	420	35%	111%	2,566	2,116	21%
Asset Management	9	8	11	14%	-18%	33	66	-49%
<b>Total Business Line Contribution</b>	<b>896</b>	<b>664</b>	<b>431</b>	<b>35%</b>	<b>108%</b>	<b>2,599</b>	<b>2,182</b>	<b>19%</b>

	Q4-20	Q3-20	Q4-19	Q-o-Q %	Y-o-Y %	FY-20	FY19	Y-o-Y %
NAEEM's Operations & Investments	(361)	133	(812)	N/M	N/M	2	2,148	-99.9%
REACAP Financial Investments	1,894	8,479	631	-78%	200%	11,375	2,432	367.7%
Other Income (losses)	4	109	938	-96%	-100%	(7)	624	N/M
<b>Total Investments Contribution</b>	<b>1,538</b>	<b>8,721</b>	<b>758</b>	<b>-82%</b>	<b>103%</b>	<b>11,370</b>	<b>5,204</b>	<b>118%</b>
<b>Grand Total Operating Revenues</b>	<b>2,434</b>	<b>9,385</b>	<b>1,189</b>	<b>-74%</b>	<b>105%</b>	<b>13,969</b>	<b>7,386</b>	<b>89%</b>

On a consolidated level during FY20, NAEEM reported net operating revenues of USD 14Mn, up 89% Y-o-Y driven by NAEEM investments contributing USD 11.4Mn, while the remaining USD 2.6Mn were generated by NAEEM business lines. Q4-20 operating revenues soared 105% Y-o-Y, yet retreated 74% Q-o-Q since Q3-20 witnessed revenue recognition by REACAP Financial Investments, NAEEM's real estate investment vehicle, for the delivery of its projects. Revenues from Business lines amounted to USD 0.9Mn during Q4-20, up 35% & 108%, Q-o-Q and Y-o-Y, respectively.

REACAP reported consolidated results for FY20, with total operating revenues soaring 428% Y-o-Y to EGP 180Mn versus EGP 34.1Mn mainly on the back of units' delivery in project LINX. Revenues from sale of projects and buildings owned by REACAP's subsidiary, SVREICO for real-estate investment "SVREICO", had the lion's share contributing 91% to operating revenues, followed by rental income with 8% while the remaining 1% was generated by Coupons' Income. As a result, net profit after taxes amounted to EGP 26.7Mn, up 43% Y-o-Y versus EGP 18.7Mn in FY19.

Regarding profitability, NAEEM Holding consolidated revenues jumped 89% to USD 14Mn during FY20 versus USD 7.4Mn in FY19 driven by REACAP revenues followed by commissions and management fees. The latter inched up 9% Y-o-Y despite slower market activity that was further amplified by the outbreak of COVID-19. The company was able to cut SG&A expenses by 11% Y-o-Y to USD 6Mn in FY20 versus USD 6.7Mn in FY19, which translated into an EBITDA of USD 0.5Mn in FY20. NAEEM also witnessed a 37% Y-o-Y drop in interest & leasing expenses to USD 1.7Mn versus USD 2.7Mn in FY19 on the back of debt restructuring due to interest rate cuts by the CBE. NAEEM also reported USD 1.9Mn capital gains. As a result, NAEEM's pretax gains stood at USD 238K in FY20 versus a loss of USD 5.7Mn in FY19. The company reported net losses after taxes of USD 350K versus a net loss of USD 6.1Mn in FY19.

On a standalone basis, NAEEM's operating revenues totaled USD 514K in FY20 versus USD 2.2Mn in FY19. This decline is mainly due to the gain from investments sold totaling USD 1.7Mn witnessed in FY19. During FY20, the company implemented cost savings strategies, where G&A as well as interest & leasing expenses dropped 58% and 32% Y-o-Y; respectively. NAEEM reported a net loss of USD 2.8Mn in FY20 versus a loss of USD 3.5Mn in FY19.

On the operational level, NAEEM's proprietary investments generated 81% of the group's consolidated operating revenues during FY20, versus 70% in FY19, while NAEEM's business lines revenues contributed the remaining 19%. Revenues from business lines were 98.7% dominated by Securities' Brokerage. Asset Management generated the remaining 1.3% to the group's business lines' revenues as fees retreated by 49.5% Y-o-Y on the back of weaker equity markets and the absence of performance fees.



On the prop investments level, SVREICO continued to drive REACAP's profitability and boost its asset base in terms of receivables reflecting buildings and units' sales. REACAP receivables amounted to EGP 295Mn as of Dec-20, up 18.8% Y-o-Y versus EGP 248.5Mn in Dec-19. Total assets recorded EGP 1.18Bn, up 3.9% Y-o-Y versus EGP 1.13Bn in Dec-19. As of Dec-20, SVREICO sold over 72% of Project LINX Business Park and 62% of ARC Business Park. During FY20, SVREICO delivered 70 of LINX project units, remaining units' revenues will be recognized upon delivery in 2021.

## II. KEY OPERATIONAL HIGHLIGHTS

### 1. Brokerage

During Q4-20, the Egyptian market index, EGX30, inched down 1.3% Q-o-Q to 10,845 points as of Dec 31<sup>st</sup> 2020 as the unfavorable macroeconomic implications of the partial lockdown and the uncertainties concerning the outbreak of the COVID-19 pandemic has been taking its toll on the market since the beginning of the year. On an annual basis, the EGX 30 was down 22% in 2020 compared to 13,962 points as of Dec-19. Total market turnover reached EGP 200.1Bn during Q4-20, up 14% & 69.1%, Q-o-Q and Y-o-Y; respectively. Company turnover followed suit, climbing 46.5% & 165.3% Q-o-Q and Y-o-Y; respectively, as turnover was further boosted on the back of the execution of an OTC transaction. Over the year, market turnover high EGP 616.8Bn, up 35.4% from EGP 455.5Bn in 2019.

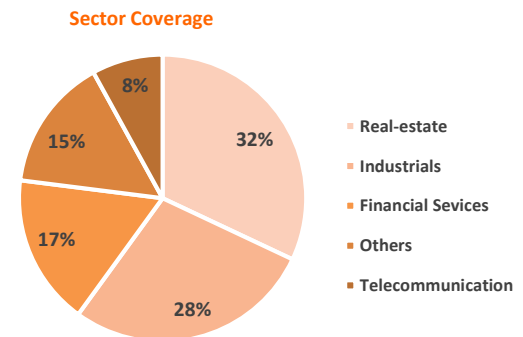
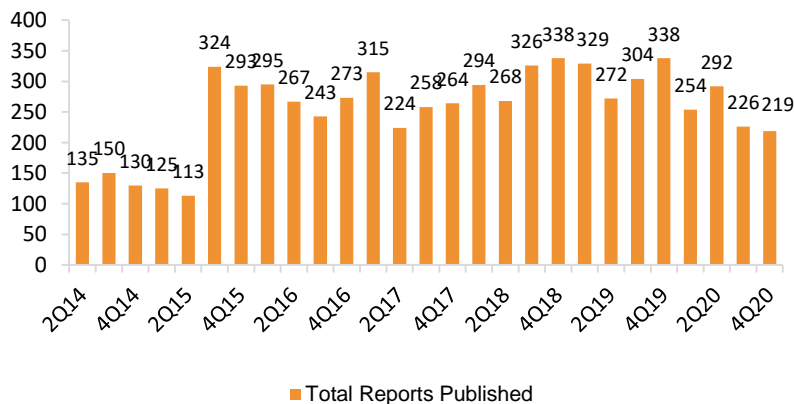
		Q4-20	Q3-20	Q4-19	Q-o-Q	Y-o-Y	2020	2019	Y-o-Y
<b>Egypt</b>	EGX Turnover (000 EGP)	200,060,446	175,237,754	118,307,447	14%	69.1%	616,766,157	455,546,357	35.4%
	Company Turnover (000 EGP)	5,837,526	3,985,834	2,200,690	46%	165.3%	16,942,392	11,508,898	47.2%
	Market Share	3%	2%	1.9%			3%	3%	

During 2020, NAEEM Brokerage Egypt's (NBE) turnover jumped 47.2% to reach EGP 17Bn, translating to a market share of 3%. Total revenues from brokerage activities were up 21% to USD 2.6Mn in 2020, versus USD 2.1Mn in 2019.

### 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 Q4-20, NAEEM Research issued 219 reports in both Arabic and English, bringing in total Research reports to 991 during 2020.



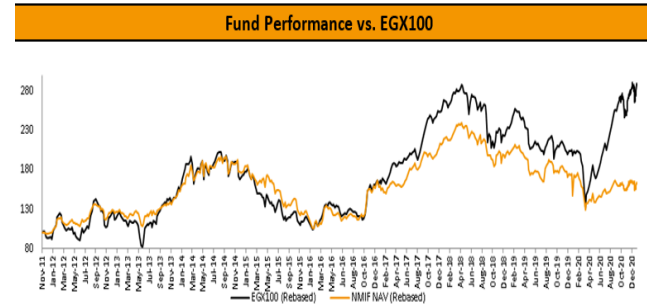
The Research department covers all major sectors in the MENA region including Real estate, Petrochemicals, Oil & Gas, Building materials, Telecommunications, Financial services, and other sectors. The department also offers a wide range of products covering both fundamental as well as technical research.

### 3. Asset Management

NAEEM's total Assets under Management (AUMs) stood at USD 350Mn as of Dec-20. On a dollar basis, NAEEM's listed equities were slightly up 1.5% Q-o-Q, yet remained flat Y-o-Y.

#### A. Listed Equities

2020 witnessed three interest rate cuts, where the first cut occurred in March, when The Central Bank of Egypt (CBE) decided to slash the overnight deposit & lending rates by 300 basis point to 9.25% & 10.25%, respectively; as a part of its action plan to curb the effect of COVID-19 outbreak. A second cut of 50 basis points was implemented end of Sept-20, while the last cut was in Nov-20, by another 50 basis points, leaving the overnight deposit and lending rates at 8.25% and 9.25%, respectively. These decisions came in line with the decline in annual inflation rates which fell to 5.4 % in Dec-20 versus 7.2% in Jan-20. During Q4-20, total AUM's were slightly up by 1.1% & 5.3%, Q-o-Q and Y-o-Y; respectively. The number of client portfolios remained unchanged Q-o-Q yet retreated 17% Y-o-Y; however, the number of clients during Q4-19 was exceptionally high due to the company's access to Aramco's IPO, that was later normalized during Q2-20. Egypt based AUMs, were slightly up 1.5% Q-o-Q, yet inched down 1.4% Y-o-Y.



During Q4-20, total asset management fees increased 14% Q-o-Q, yet retreated 17% Y-o-Y, on the back of weaker equity markets which translated into the absence of performance fees. As of Q4-20, Asset Management clients' base was 84% individuals and 16% institutional clients.

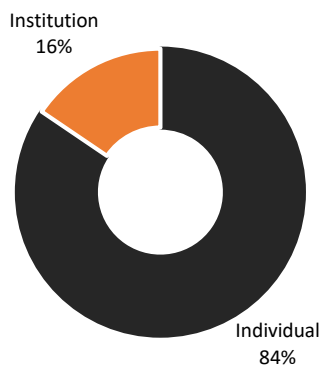
#### Al Baraka Bank Fund

During 2020, AlBaraka Fund ranked first among open ended Islamic Balanced funds with NAV of EGP 92.7 as of December 31<sup>st</sup> 2020; up 1.8% Q-o-Q, yet unchanged Y-o-Y.

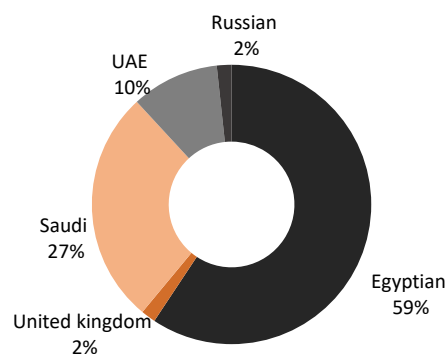
#### NAEEM Misr Islamic Fund (NMIF)

NAEEM Misr Islamic Fund ranked fourth among open ended Islamic funds during the same period with NAV equivalent to EGP 162.2 as of December 31<sup>st</sup> 2020; up 1.1% Q-o-Q, yet down 7.8% Y-o-Y.

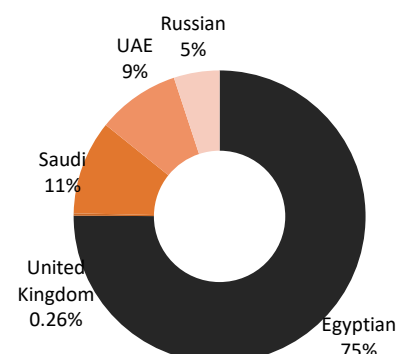
Q4-20 Portfolio Allocation by Client Type



Q4-20 Portfolio & Funds Number Breakdown by Nationality



Q4-20 AUM Value Breakdown by Nationality



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

<b>Income Statement (000 EGP)</b>	<b>Q4-20</b>	<b>Q3-20</b>	<b>Q4-19</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>	<b>FY-20</b>	<b>FY-19</b>	<b>Y-o-Y%</b>
Net interest income	645,774	627,948	567,250	2.8%	13.8%	2,610,576	1,949,512	34%
Fees and commissions	100,879	77,000	83,150	31.0%	21.3%	351,347	325,418	8%
Other income	57,014	51,311	46,475	11.1%	22.7%	191,384	123,325	55%
Provisions	(13,040)	(138,760)	(62,276)	-90.6%	-79.1%	(424,167)	(211,654)	100.4%
<b>Net operating income</b>	<b>276,152</b>	<b>243,053</b>	<b>283,585</b>	<b>13.6%</b>	<b>-2.6%</b>	<b>1,030,222</b>	<b>1,019,671</b>	<b>1.0%</b>
<b>Net profit after tax</b>	<b>159,058</b>	<b>149,143</b>	<b>196,902</b>	<b>6.6%</b>	<b>-19.2%</b>	<b>625,233</b>	<b>675,342</b>	<b>-7.4%</b>

<b>Balance Sheet (000 EGP)</b>	<b>Q4-20</b>	<b>Q3-20</b>	<b>Q4-19</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>	<b>FY-20</b>	<b>FY-19</b>	<b>Y-o-Y%</b>
Cash and marketable securities	5,607,455	6,349,586	4,048,855	-11.7%	38.5%	5,607,455	4,048,855	38.5%
Total loans	22,676,873	22,123,335	23,318,038	2.5%	-2.7%	22,676,873	23,318,038	-2.7%
<b>Total Assets</b>	<b>72,027,492</b>	<b>76,394,574</b>	<b>68,388,821</b>	<b>-5.7%</b>	<b>5.3%</b>	<b>72,027,492</b>	<b>68,388,821</b>	<b>5.3%</b>
Total deposits	60,270,073	61,288,807	56,045,842	-1.7%	7.5%	60,270,073	56,045,842	7.5%
<b>Shareholders' Equity</b>	<b>5,462,479</b>	<b>5,024,635</b>	<b>4,738,669</b>	<b>8.7%</b>	<b>15.3%</b>	<b>5,462,479</b>	<b>4,738,669</b>	<b>15.3%</b>

<b>Key ratios</b>	<b>Q4-20</b>	<b>Q3-20</b>	<b>Q4-19</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>	<b>FY-20</b>	<b>FY-19</b>	<b>Y-o-Y%</b>
NIM (%)	2%	2%	1%	0.0	1.1	3.9%	3.3%	1.1
Loan to deposits (%)	37.6%	36.1%	41.6%	1.5	(4.0)	37.6%	41.6%	(4)
Growth in deposits	-1.7%	5.4%	-2.3%	(7.1)	0.6	7.5%	10.9%	0.6
Growth in loans	3%	5%	0.2%	(2.1)	2.3	-3%	-11%	2.3
NPL / gross loans	4.8%	4.2%	3.93%	0.6	0.9	4.8%	3.9%	0.9

EGBank's net interest income soared 34% during FY20 to reach EGP 2.6Bn from EGP 1.9Bn in FY19, mainly on the back of lower rates. Although interest income from loans fell 2% to EGP 7.5Bn in FY20 from EGP 7.4Bn in FY19, costs of deposits fell at a faster rate of 14.4% to EGP 4.8Bn in from EGP 5.6Bn during the same period. Fees and commissions income<sup>1</sup> and other operational income increased by 8% and 55% Y-o-Y, respectively; however, the doubling of provisions and other operational expenses coupled with higher effective tax rates took its toll on profitability. As a result, net operating income was up a marginal 1% to EGP 1.03Bn in FY20 from EGP 1.02Bn yet net profit after tax was down 7.4% to EGP 625Mn from EGP 675Mn during the same period.

As for Q4-20, net operating income climbed 13.6% Q-o-Q yet retreated by 2.6% Y-o-Y, to EGP 276.2Mn. Net profit after taxes followed suit, up 6.6% Q-o-Q and down 19.2% Y-o-Y, to EGP 159.1Mn. Provisions witnessed gradual quarterly drops during the year, from EGP 154Mn in Q1-20, at the beginning of the pandemic, to EGP 144Mn in Q2-20 then down to EGP 138.8Mn in Q3-20 then witnessed a significant drop during Q4-20 to EGP 13Mn, down 90.6% & 79.1% Q-o-Q and Y-o-Y; respectively.

Customer deposits amounted to EGP 60.3Bn in FY20, up 7.5% Y-o-Y; while the loans portfolio retreated 2.7% Y-o-Y to EGP 22.7Bn; translating into a loan to deposits ratio of 37.6% as of Dec-20 versus 41.6% in FY19. NPL to Gross Loans ratio amounted to 4.8% in FY20 versus 3.9% in FY19.

<sup>1</sup> Generated from credit commissions and fees as well as other banking operations fees

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

REACAP reported consolidated results for FY20, with total operating revenues soaring 428% Y-o-Y to EGP 180Mn versus EGP 34.1Mn mainly on the back of units' delivery in project LINX. Revenues from sale of projects and buildings owned by REACAP's subsidiary, SVREICO for real-estate investment "SVREICO", had the lion's share contributing 91% to operating revenues, followed by rental income with 8% while the remaining 1% was generated by Coupons' Income. As a result, net profit after taxes amounted to EGP 26.7Mn, up 43% Y-o-Y versus EGP 18.7Mn in FY19.

SVREICO continued to drive REACAP's profitability and boost its asset base in terms of receivables reflecting buildings and units' sales. REACAP receivables amounted to EGP 295Mn as of Dec-20, up 18.8% Y-o-Y versus EGP 248.5Mn in Dec-19. Total assets recorded EGP 1.18Bn, up 3.9% Y-o-Y versus EGP 1.13Bn in Dec-19.

**Operational Highlights:**

As of Dec-20, SVREICO sold over 72% of Project LINX Business Park and 62% of ARC Business Park. During FY20, SVREICO delivered 70 of LINX project units, remaining units' revenues will be recognized upon delivery in 2021.

As for projects development, REACAP completed 100% of Project LINX and 40% of Project ARC Business Park, the company's second 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.

**4. Investment Banking**

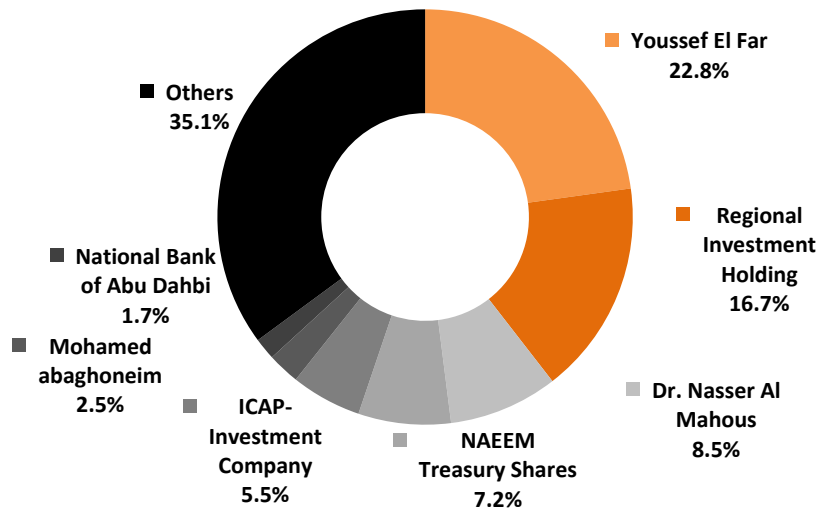
Leveraging on NAEEM Group's MENA presence, the Investment Banking division has generated a diversified pipeline for FY20. NAEEM IB continued to pitch new clients across several sectors including:

1. Education
2. Food & Beverage
3. Industrial
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 Dec-20



Note: NAHO free float shares amount to 52.58%

On a standalone basis, NAEEM's operating revenues totaled USD 514K in FY20 versus USD 2.2Mn in FY19. This decline is mainly due to the gain from investments sold totaling USD 1.7Mn witnessed in FY19. During FY20, the company implemented cost savings strategies, where G&A as well as interest & leasing expenses dropped 58% and 32% Y-o-Y; respectively. NAEEM reported a net loss of USD 2.8Mn in FY20 versus a loss of USD 3.5Mn in FY19.

#### Company Snapshot

Ticker:

NAHO EY  
NAHO - DU

Mkt Cap (USD Mn):

68

Shares Outstanding (Mn):

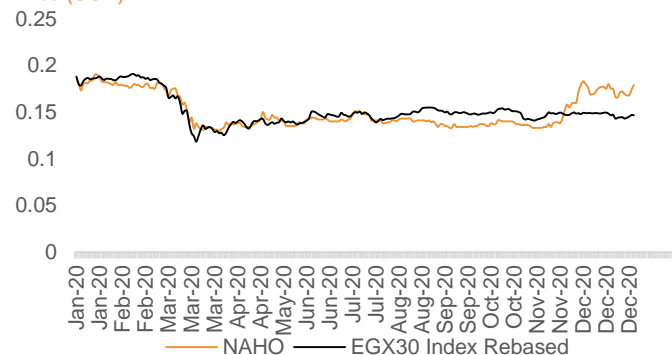
377.857

Share Price (USD):

0.18

\*As of December 31<sup>st</sup> 2020

Price (USD)



#### NAEEM in Figures

**58%**

Y-o-Y Reduction in G&A in FY20

**4,000**

Number of Institutional & Retail Shareholders as of Dec-20

**USD 300Mn**

Total Assets as of Dec-20





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.

This document does not constitute and shall not be construed as being an offer or solicitation to buy any securities or investment opportunities described within this earning release. This document is provided for informational purposes only.



NAEEM HOLDING  
FOR INVESTMENT

Asset 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

