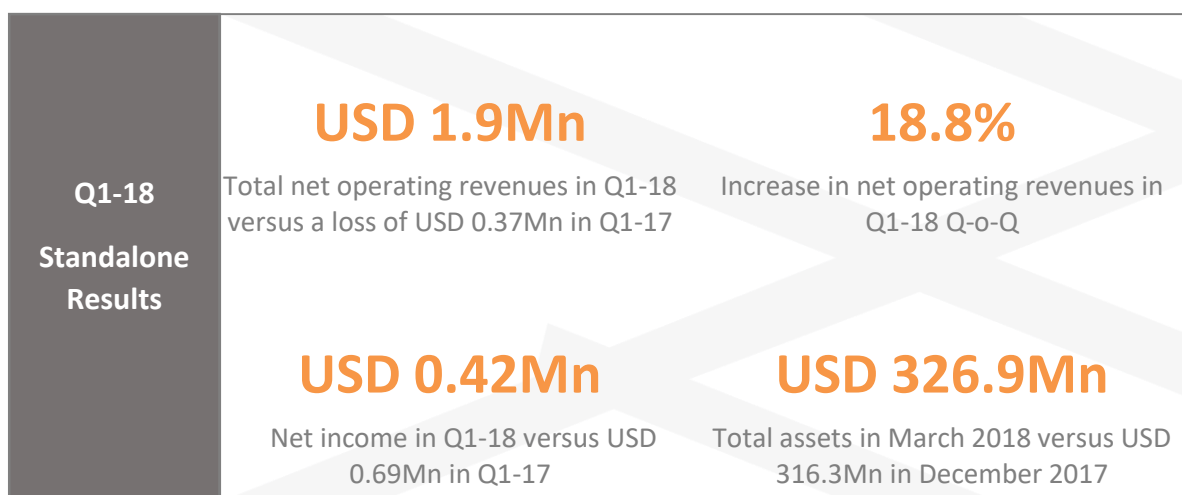
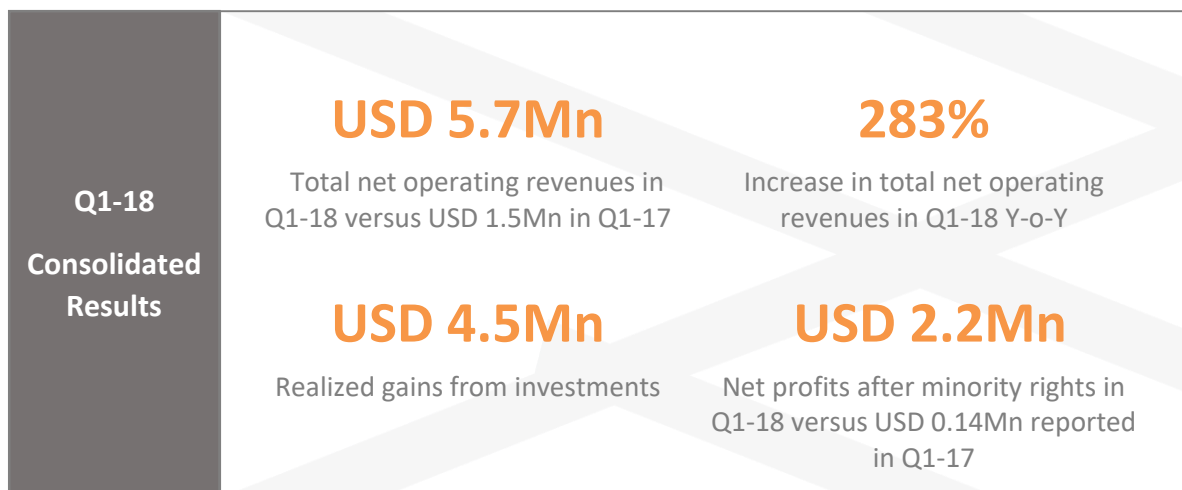


## NAEEM Holding for Investments “NAEEM” releases Q1-18 consolidated results

Cairo, May 14<sup>th</sup> 2018, NAEEM released its Q1-18 results reporting total consolidated operating revenues of USD 5.9Mn, an EBITDA of USD 3.5Mn and net income after minority interest of USD 2.2Mn.



## I. KEY FINANCIAL HIGHLIGHTS

<b>Adjusted Net Operating Revenues Breakdown (000 USD)</b>	<b>Q1-18</b>	<b>Q4-17</b>	<b>Q1-17</b>	<b>Q-o-Q %</b>	<b>Y-o-Y %</b>
Adjusted Securities Brokerage *	1,092	1,125	1,132	-2.9%	-3.5%
Asset Management	63	400	36	-84.2%	77.7%
Others		568		N/M	N/M
<b>Total Business Line Contribution</b>	<b>1,156</b>	<b>2,093</b>	<b>1,168</b>	<b>-44.8%</b>	<b>-1.0%</b>

	<b>Q1-18</b>	<b>Q4-17</b>	<b>Q1-17</b>	<b>Q-o-Q %</b>	<b>Y-o-Y %</b>
NAEEM's Operations & Investments	1,884	1,585	(366)	18.8%	N/M
REACAP Financial Investments	2,775	124	743	2,139.7%	273.7%
Other Income (losses)	(151)	(129)	(66)	N/M	N/M
<b>Total Investments Contribution</b>	<b>4,508</b>	<b>1,580</b>	<b>311</b>	<b>185.4%</b>	<b>1350.4%</b>
<b>Grand Total Adjusted Net Operating Revenues</b>	<b>5,664</b>	<b>3,673</b>	<b>1,479</b>	<b>54.2%</b>	<b>283.1%</b>

\*Due to an internal restructuring, NAEEM no longer consolidates NAEEM Shares and Bonds, as it is now fully owned by Etihad Capital, NAEEM Group's investment arm in the UAE. As a result, comparable year figures have been adjusted.

On a consolidated level, during Q1-18, total net operating revenues grew 54.2% and 283.1% Q-o-Q and Y-o-Y, respectively; fueled by REACAP revenues contributing USD 2.8Mn to total consolidated net operating revenues coupled with NAEEM's positive performance from its operations and investments<sup>1</sup>. NAEEM's revenues from operations grew 18.8% to USD 1.9Mn in Q1-18 versus USD 1.6Mn in Q4-17 on the back of real estate investment gains and custody revenues.

During Q1-18, REACAP's consolidated results included a gain from real estate investments amounting to EGP 46.8Mn stemming from off-loading one of its existing buildings in Smart Village as well as a partial sale of another building. As a result, operational profits increased to EGP 49.1Mn and net profit after taxes to EGP 45.7Mn, up 915% Y-o-Y. The aforementioned sales were recognized by SVREICO Real Estate Investment Company, a subsidiary of REACAP.

Regarding profitability, consolidated EBITDA was up 90% Q-o-Q to USD 3.5Mn in Q1-18 while net income after minority rights jumped a whopping 927% Q-o-Q to USD 2.2Mn during the same period supported by stronger operating revenues coupled with lower costs a result of the recent restructuring of NSB..

On a standalone basis, NAEEM reported net operating revenues of USD 1.9Mn in Q1-18, up 18.8% Q-o-Q as the company realized a gain on sale of real estate investments. On the other hand, EBITDA jumped to USD 1.3Mn versus a loss of USD 0.8Mn in Q1-17 on the back of USD 1.5Mn gain on assets available for sale coupled with revaluation gains of USD 0.3Mn.

On the operational level, NAEEM's business lines revenues contributed 20% to the group's consolidated operating revenues versus 57% in Q4-17 and 79% in Q1-17; while NAEEM's proprietary investments contributed with the remaining 80%. During Q3-17, NAEEM underwent an internal restructuring that resulted in NAEEM shares & Bonds' (NSB) ownership to be transferred to Etihad Capital, NAEEM group's investment arm in the UAE. As a result, brokerage business line performance figures, hence total revenues from business lines; have been normalized in the comparative years accordingly.

<sup>1</sup> Includes custody, margin trading revenues, real estate investments sales, gain and loss on investments and NAEEM's trading portfolio



Securities Brokerage was the main contributor to the group's business lines revenues with 94.5% in Q1-18 followed by Asset management contributing the remaining 4.5%. Performance fees were the major driver to Asset Management revenues as it contributed 69% to total fees while the remaining 31% were generated from management fees.

On the prop investments level, REACAP successfully sold more than 74% of LINX, the first integrated business park complex in west Cairo that was recently launched in Q4-17, offering office space to small and medium enterprises with areas starting 70 sqm. Capitalizing on LINX's success, REACAP launched its second integrated business complex, "ARC" Business Park through its subsidiary SVREICO with an estimated investment cost of EGP 260Mn and expected total revenues approximating to EGP 340Mn. The project spans across a land area of 3,000 sqm and BUA of 12,000 sqm with retail space approximating 20% of the BUA.

## II. KEY OPERATIONAL HIGHLIGHTS

### 1. Brokerage

On the consolidated level, despite the significant retreat in Egyptian market turnover as well as the company turnover, revenues from brokerage activities amounted to USD 1.1Mn in Q1-18, marginally down by 3% and 3.5% Q-o-Q and Y-o-Y respectively on the back of an increase in margin trading revenues. Numbers were normalized after omitting NSB due to its ownership transfer to Etihad Capital.

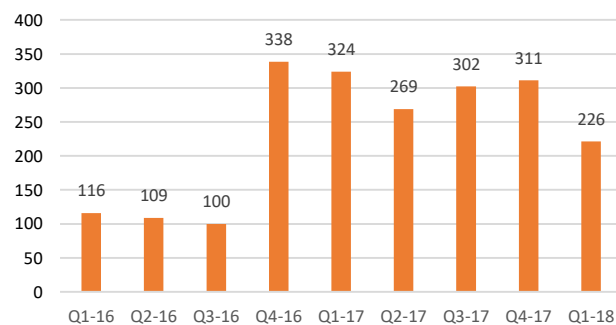
		Q1-18	Q4-17	Q1-17	Q-o-Q	Y-o-Y
<b>Egypt</b>	EGX Turnover (000 EGP)	133,404,256	157,111,407	175,232,776	-15.1%	-23.9%
	Company Turnover (000 EGP)	4,883,146	6,274,955	6,400,235	-22.2%	-23.7%
	Market Share	3.7%	4.0%	3.7%		
<b>UAE</b>	UAE Turnover (000 AED)	58,864,955	76,130,894	131,187,185	-22.7%	-55.1%
	Company Turnover (000 AED)	100,008	170,694	653,082	-41.4%	-84.7%
	Market Share	0.2%	0.2%	0.5%		

#### Egypt

EGX main market witnessed weak turnover during Q1-18, retreating by 15.1% Q-o-Q and 23.9% Y-o-Y. Following the same trend, NAEEM Brokerage Egypt (NBE) and Al Tawfeek Brokerage (AT) combined turnover retreated by 22.2% & 23.7% Q-o-Q and Y-o-Y respectively. NBE & AT ended Q1-18 with combined market turnover of EGP 4.9Bn translating into a market share of 3.7%, ranking 8<sup>th</sup> among brokerage houses in Egypt in terms of turnover.

Average daily Commission reached EGP 221k in Q1-18.

**Egypt Brokerage Average Daily Commissions (000 EGP)**



#### UAE (NSB is now under the umbrella of Etihad Capital)

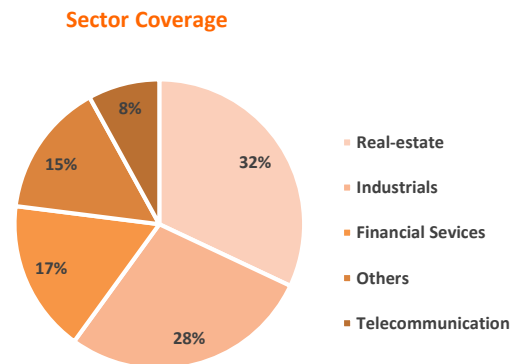
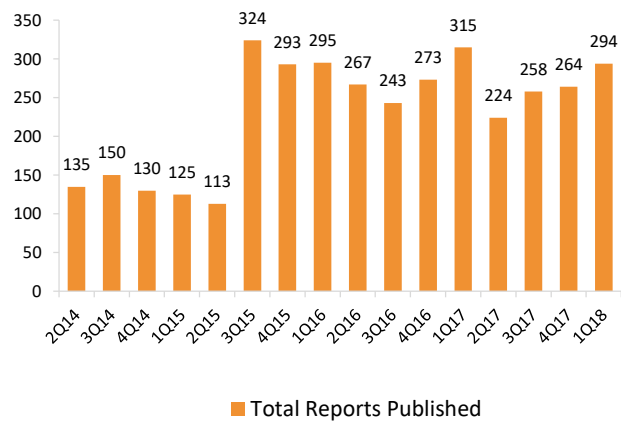
NAEEM Shares & Bonds underwent a restructuring phase that began in Q2-17 which resulted in the transfer of ownership from NAEEM Holding to Etihad Capital, NAEEM Group's investment arm in the UAE. NSB's operations were disrupted by the restructuring of the company.

In Q1-18, NSB's turnover recorded AED 100Mn.

## 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 Q1-18, NAEEM Research issued 294 report versus 264 in the previous quarter and 315 in Q1-17 in both Arabic and English.



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.

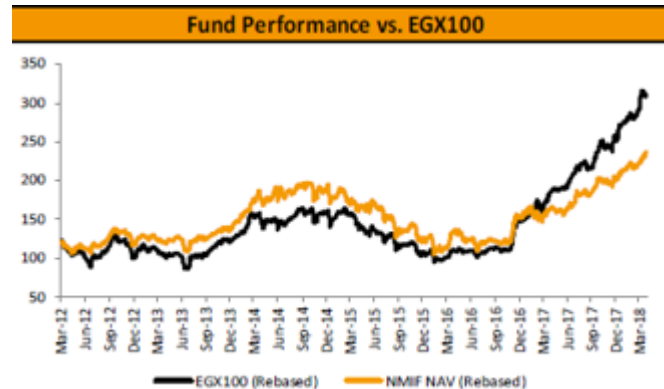
### 3. Asset Management

NAEEM's total Assets under Management (AUMs) are booked at USD 367Mn as of March 31<sup>st</sup> 2018.

#### A. Listed Equities

Annual headline and core inflation continued to decline in January 2018 for the sixth consecutive month, resulting in the Central Bank of Egypt (CBE) deciding to ease the benchmark overnight deposit and lending rates by 100 basis points in mid-February 2018. Furthermore, the government introduced a series of legislative reforms, including a new industrial licensing law, investment law, bankruptcy law, and amendments to the corporate laws to enhance the business environment. EGX30 recorded 17450 on Thursday March 29<sup>th</sup> 2018, up 16% Q-o-Q.

Q1-18 witnessed a couple of redemptions as well as new equity portfolios, however the overall effect was positive. Egypt based AUMs were up 12.8% and 15.8% Q-o-Q and Y-o-Y, respectively, on the back of improving market conditions which also led to the increase in the number of client portfolios. From a dollar perspective, NAEEM's AUMs increased by 13.6% and 19.0% Q-o-Q and Y-o-Y, respectively.



During Q1-18, management & performance fees were up 110% and 74% Q-o-Q and Y-o-Y, respectively. Portfolio performance fees contributed 69% to AM fees while the management fees accounted for the remaining 31%. As of Q1-18, the Asset Management clients' base was 77% individual clients and 23% institutional clients.

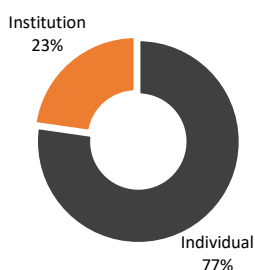
#### NAEEM Misr Islamic Fund (NMIF)

NMIF NAV recorded EGP 236.97 on March 31<sup>st</sup> 2018, up 11% Q-o-Q and 45% Y-o-Y compared to the EGX100 benchmark index, which gained 13.5% and 68.5% Q-o-Q and Y-o-Y respectively. NMIF was recognized for its 35.7% return in FY17; ranking it among the top 3 best performing Islamic Funds in the Egyptian market.

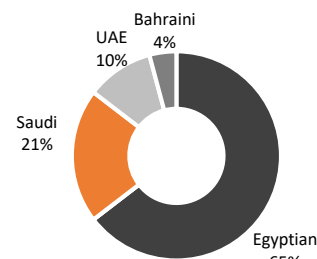
#### Al Baraka Bank Fund

The fund ended Q1-18 with a NAV of EGP 23.9Mn versus EGP 22.14Mn in Q4-17.

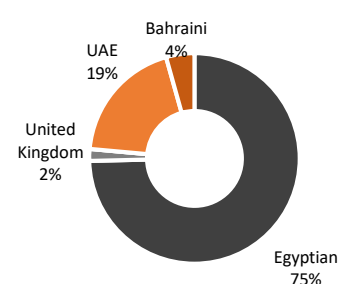
Q1-18 Portfolio Allocation by Client Type



Q1-18 Portfolio & Funds Number Breakdown by Nationality



Q1-18 AUM Value Breakdown by Nationality



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

<b>Income Statement (000 EGP)</b>	<b>Q1-18</b>	<b>Q4-17</b>	<b>Q1-17</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>
Net interest income	436,052	271,886	426,680	60.4%	2.2%
Fees and commissions income	73,359	105,687	103,263	-30.6%	-29.0%
Other income	22,799	16,807	76,816	35.7%	-70.3%
Provisions	(45,659)	(10,710)	(191,296)	N/M	N/M
<b>Net operating income</b>	<b>236,525</b>	<b>222,313</b>	<b>209,779</b>	<b>6.4%</b>	<b>12.7%</b>
<b>Net profit after taxes</b>	<b>136,536</b>	<b>118,862</b>	<b>121,114</b>	<b>14.9%</b>	<b>12.7%</b>

<b>Balance Sheet (000 EGP)</b>	<b>Q1-18</b>	<b>Q4-17</b>	<b>Q1-17</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>
Cash and marketable securities	11,438,758	16,069,654	12,793,903	-28.8%	-10.6%
Total loans	25,093,054	24,152,221	22,470,991	3.97%	11.74%
<b>Total Assets</b>	<b>63,701,361</b>	<b>56,203,374</b>	<b>53,371,783</b>	<b>13.3%</b>	<b>19.4%</b>
Total deposits	55,827,863	46,465,752	48,679,070	20.1%	14.7%
<b>Shareholders' Equity</b>	<b>3,530,379</b>	<b>3,437,831</b>	<b>2,502,101</b>	<b>2.7%</b>	<b>41.1%</b>

<b>Key ratios</b>	<b>Q1-18</b>	<b>Q4-17</b>	<b>Q1-17</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>
NIM (%)	0.8%	0.6%	1.0%	0.2	(0.1)
Loan to deposits (%)	45%	52%	46%	(7.0)	(1.2)
Growth in deposits	20%	-13%	19.8%	33.3	0.4
Growth in loans	3.9%	0.6%	18.6%	3.3	(14.7)
NPL / gross loans	1.02%	1.04%	1.9%	(0.0)	(0.9)

EGBank reported net operating income of EGP 236.5Mn in Q1-18 up 6% and 13% Q-o-Q and Y-o-Y, respectively. On a quarterly basis, operating income was up on the back of the surge in net interest income growing 60% to EGP 436.1Mn; yet on an annual basis, was up due to lower provisions booked. Banks in general were rather aggressive in booking provisions during Q1-17 after the Pound floatation witnessed in November 2016. Fees and commissions income<sup>2</sup> retreated by 31% and 29% Q-o-Q and Y-o-Y, respectively; while other income, which is mainly generated from trading activity, grew 36% over the quarter. EGBank's bottom line stood at EGP 136.5Mn in Q1-18, up 15% and 13% Q-o-Q and Y-o-Y, respectively.

As of Mar-18, customer deposits stood at EGP 55.8Bn growing 20% and 15% Q-o-Q and Y-o-Y, respectively; while total loan portfolio recorded EGP 25.1Bn up 4% and 11% Q-o-Q and Y-o-Y, respectively; translating into a loan to deposits ratio of 45%. Improvement in loan quality was evident during the past period as NPL to Gross Loans stood at 1.02% as of Mar-18 compared to 1.04% as of Dec-17 and 1.9% as of Mar-17.

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

**C. Smart Villages Company (SVC)**

**EGP 70Mn**

Total Revenues in Q1-18 vs.  
EGP 73.5Mn in Q1-17

**EGP 20.8Mn**

Net Profit in Q1-18 vs. EGP  
10.3Mn in Q1-17

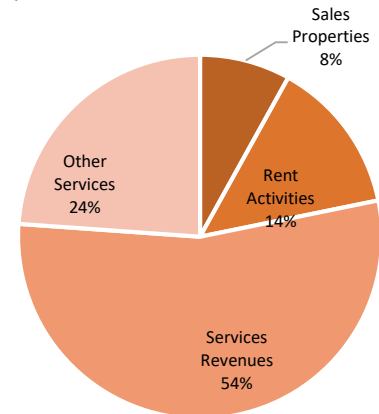
**29.7%**

Net Profit Margin in Q1-18 vs.  
14% in Q1-17

**EGP 1.2Bn**

Total Assets as of Mar-18

**Q1-18 Revenues Breakdown**



Smart Villages Company (SVC) total revenues topped EGP 70Mn during Q1-18 with the services revenues<sup>3</sup> contributing 54% to total revenues followed by the other services<sup>4</sup> with 24%. Rent and sales properties generated the remaining 14% and 8% respectively.

Regarding profitability, net profit after taxes doubled to EGP 20.8Mn from EGP 10.3Mn in Q1-17 with NPM climbing to 29.7% vs. 14% in Q1-17 during the same period as the company settled its outstanding debt resulting in no interest expense booked on the income statement.

<sup>3</sup> Generated from outdoors and indoors services

<sup>4</sup> Consists of transportation, parking, catering services, club and conference center revenues



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

##### **Key Highlights:**

REACAP successfully sold more than 74% of LINX, the first integrated business park complex in west Cairo that was recently launched in Q4-17, offering office space to small and medium enterprises with areas starting 70 sqm. The project spans across a land area of 3,000 sqm and BUA of 12,000 sqm with retail space approximating 20% of the aforementioned BUA. Revenues of LINX shall be recognized in SVREICO Real Estate Investment Company "SVREICO", in which REACAP is the major shareholder yet other shareholders include Banque Misr, Egyptian Export Development Bank and Ahly United Bank.

Building on LINX's success, REACAP launched through SVREICO its second integrated business complex, "ARC" Business Park with an estimated investment cost of EGP 260Mn and expected total revenues approximating to EGP 340Mn. The project is similar in size to LINX as it also spans across a land area of 3,000 sqm and BUA of 12,000 sqm with retail space approximating 20% of the BUA.

Furthermore, SVREICO also successfully completed the sale of one of its existing buildings and a partial sale of another building at a total of EGP 103.4Mn

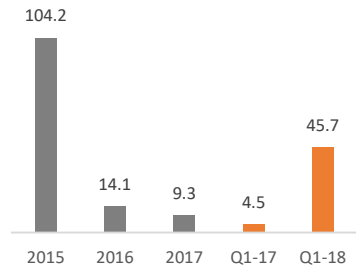
REACAP is currently in the process of fulfilling the regulatory requirements to obtain the construction license concerning its upcoming project in phase of smart village. The project spans across a land area of 10,000 sqm designed to offer 80% office space and 20% retail space. REACAP is expected to receive the construction permits for 2 more buildings during Q2-18, with a total BUA of 18,000 sqm consisting of 4,500 sqm for commercial use and 13,500 sqm for administrative or service areas, starting from 70 sqm per unit.

##### **Financial Highlights:**

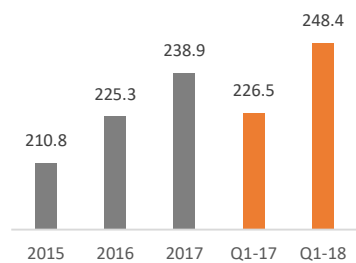
During Q1-18, REACAP's consolidated results included a gain from real estate investments amounting to EGP 46.8Mn stemming from off-loading one of its existing buildings in Smart Village as well as a partial sale of another building. As a result, operational profits increased to EGP 49.1Mn and net profit after taxes to EGP 45.7Mn, up 915% Y-o-Y.

REACAP has completed the sale of building F4 with a BUA 4,750 sqm, in addition to 147 sqm in building B143 and resumed sales in LINX (total sold BUA 7,030 sqm). As such, receivables surged 902% Y-o-Y recording EGP 243.6Mn during Q1-18, with the expected monetization upon delivery of the projects. Projects under construction recorded EGP 248.4Mn, up 9.7% Y-o-Y; while total assets reached EGP 966Mn growing 26% Y-o-Y.

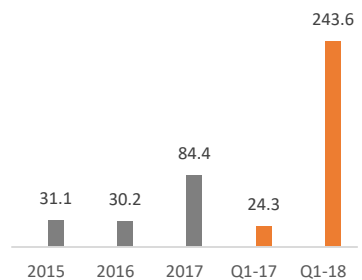
**Net Profit after taxes in EGP Mn**



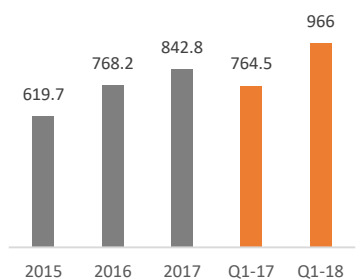
**Project under development in EGP Mn**



**Total Receivables in EGP Mn**



**Total Assets in EGP Mn**



#### E. 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.

During Q1-18, the company has resumed preliminary civil works at the site (fencing, soil tests and excavation works, etc.) that started in the previous quarter. Also 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 that has 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 for the FY18. NAEEM IB continued to pitch new clients across several sectors including:

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

This allowed NAEEM IB to increase the number of transactions in FY18 pipeline to a total of 8 transactions separated into External Clients Advisory Services and NAEEM Group Proprietary investments advisory.

### III. NAEEM HOLDING STANDALONE

#### NAEEM in Figures

**USD 62Mn**

Total distributed cash dividends to  
shareholders since inception

**USD 0.42Mn**

NAEEM standalone net income in  
Q1-18

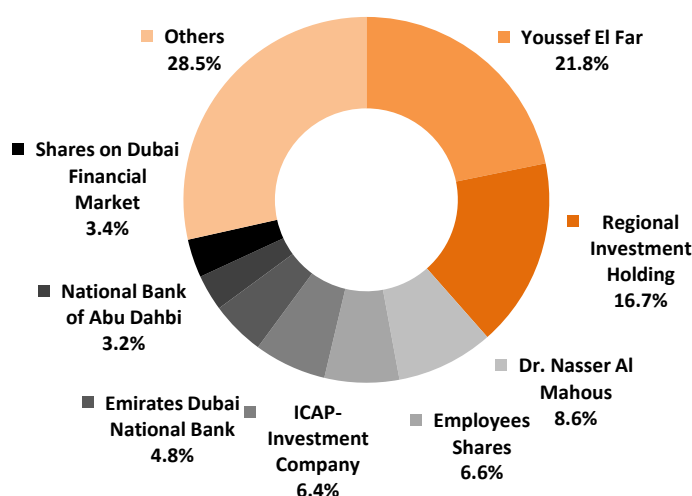
**4,000**

Number of Institutional & Retail  
Shareholders as of 31 Dec 2017

**USD 326.9Mn**

Total Assets as of March 31<sup>st</sup> 2018

Shareholding structure as of March 2018



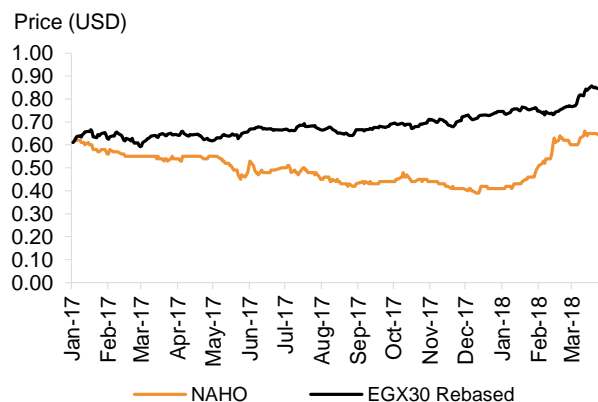
Note: NAHO Free Float Shares amount to 42%

On a standalone basis, NAEEM reported net operating revenues of USD 1.9Mn in Q1-18, up 18.8% Q-o-Q as the company realized a gain on sale of real estate investments. On the other hand, EBITDA jumped to USD 1.3Mn versus a loss of USD 0.8Mn in Q1-17 on the back of USD 1.5Mn gain on assets available for sale coupled with revaluation gains of USD 0.3Mn.

During Q1-18, there was no significant change in SG&A, yet the increase in interest expense to USD 0.55Mn versus USD 0.27Mn in Q1-17 weighed negatively on net income registering a 39% drop to USD 0.42Mn.

#### Company Snapshot

Ticker:	NAHO EY NAHO-DU
Mkt Cap (USD Mn):	184.24
Shares Outstanding (Mn):	312.28
Share Price (USD):	0.59
Q1-18 Share Perf:	40%
*As of March 29 <sup>th</sup> 2018	



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**Investor Relations Contact****Iman A. Sadek, MA, MBA***Head of Investor Relations*

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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