

# SARWA CAPITAL



# DISCLAIMER



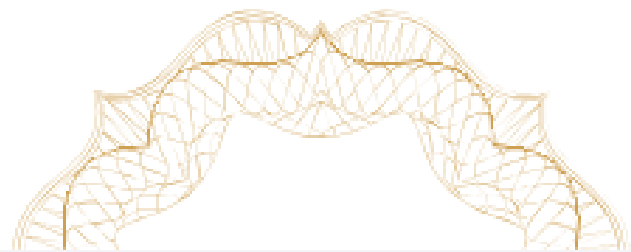
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# SARWA CAPITAL IN NUMBERS



17+  
Years in  
Consumer Credit

EGP18 Bn+  
Financed  
since inception

100K+  
Clients  
Served


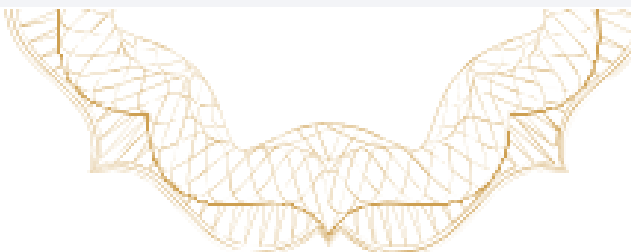
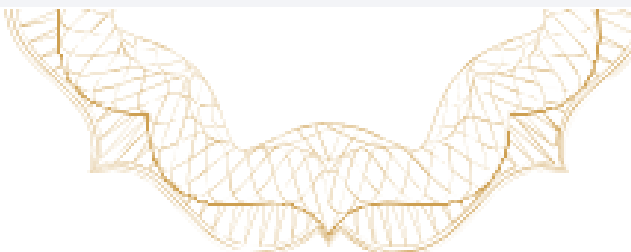
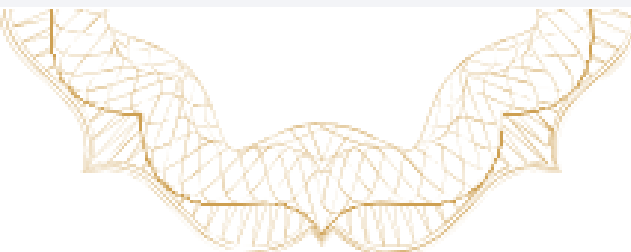
EGP14 Bn+  
Securitization  
Issuances

1,800+  
Points of Sale

140K  
Loans approved

38%  
Repeat Customers

0.3%  
Sustainable Default Rate



# SCOPE OF BUSINESS

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01

## RETAIL FINANCE

Auto Credit

Consumer Credit

Residential Mortgage

Home Finishing Credit

02

## ENTERPRISE FINANCE

Debt Capital Market Advisory

Fixed Income Treasury

Leasing

Factoring

03

## INSURANCE

Life & General Insurance

Insurance Brokerage

Retail Insurance

Third Party Administration

## KEY BRANDS

- Egypt's largest consumer and structured finance provider
- Sarwa operates under its own brands in addition to other white-labeled brands in partnership with major Egyptian Corporations.
- A track record of over 17 years in consumer finance focused mainly on asset based lending to retail clients.

### Own Brands



### White Labelled Brands



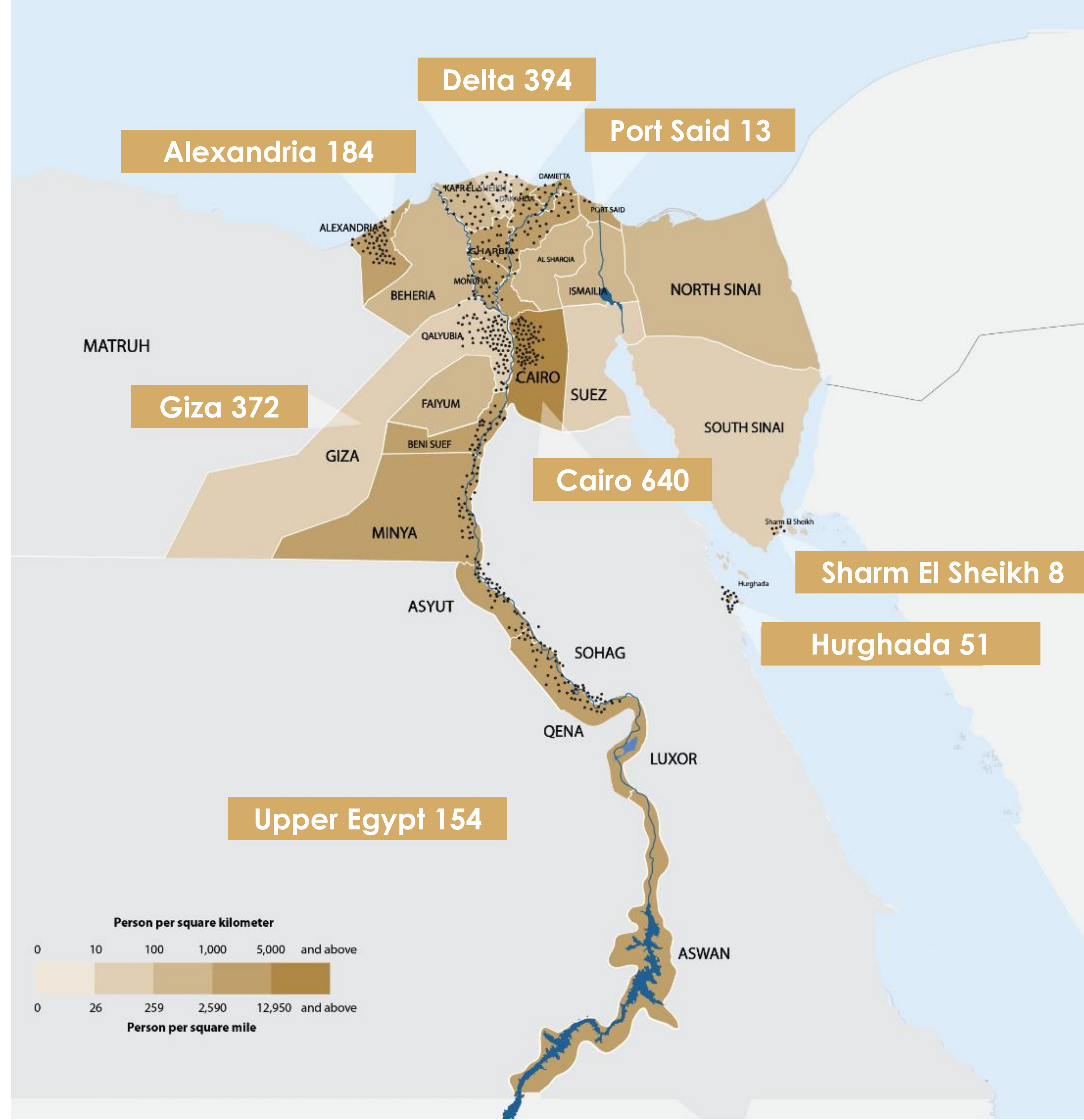
### Partnerships





# CONSUMER CREDIT WITH NATIONWIDE REACH

*A number of partnerships creating a one-stop solution for consumer lending*














# LEADERS IN STRUCTURED FINANCE

**Managed majority of securitization bonds issued since 2005**

**24 Bond Issuances totaling EGP 14bn+**

**A – AA+ Credit Rating**

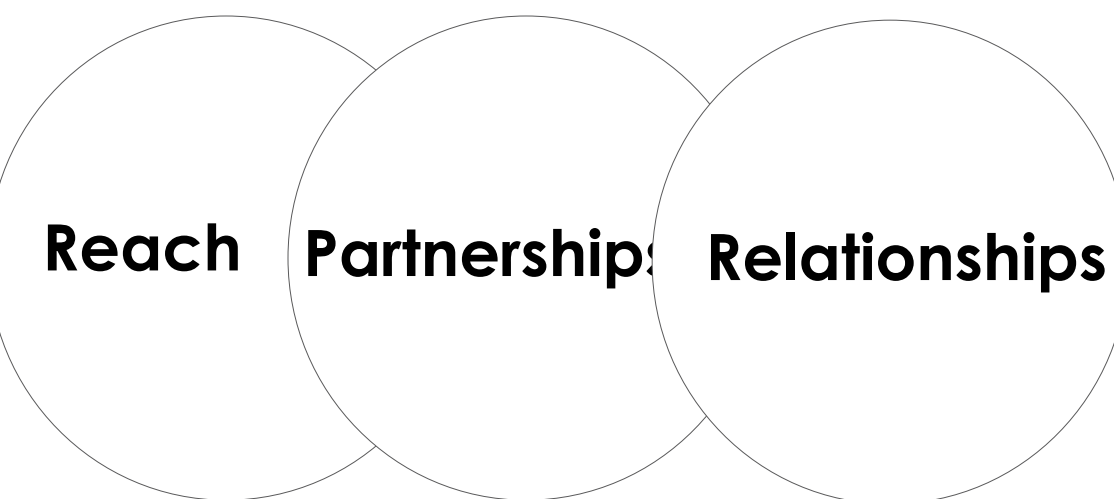
	1	2	3	4	5	6	7
	First Securitization in Egypt	Issued at height of financial crisis - with a creative interest rate structure	Issued 4 months after January 2011 revolution	Issued during political unrest (constitutional declaration) in December 2012	Largest size bond including first refinancing of existing securitization	First real estate receivables-backed securitization	Egypt's Largest Ever Securitization Issuance
							
	Fixed Rate Bond	Floating Rate Bond	Fixed Rate Bond	Fixed Rate Bond	Fixed Rate Bond	Fixed Rate Bond	Fixed Rate Bond
	<b>EGP 140mn</b>	<b>EGP 392mn</b>	<b>EGP 350mn</b>	<b>EGP 814mn</b>	<b>EGP 899mn</b>	<b>EGP 201mn</b>	<b>EGP 2,030mn</b>
	Lead Manager	Lead Manager	Lead Manager	Lead Manager	Lead Manager	Lead Manager	Lead Manager
							
	<b>December 2005</b>	<b>December 2008</b>	<b>June 2011</b>	<b>December 2012</b>	<b>June 2014</b>	<b>January 2015</b>	<b>April 2018</b>



# SARWA CAPITAL'S UNIQUE BUSINESS MODEL

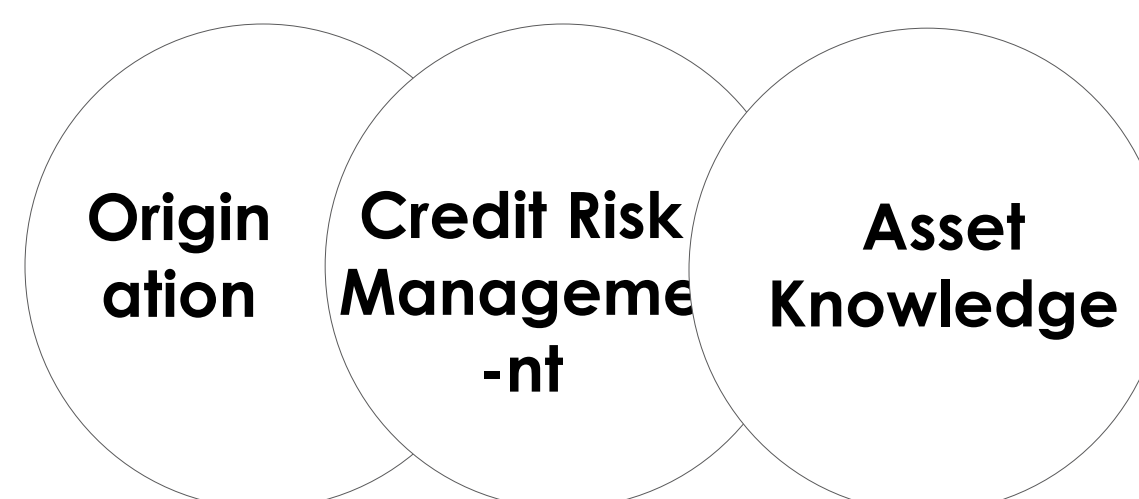


## Distribution



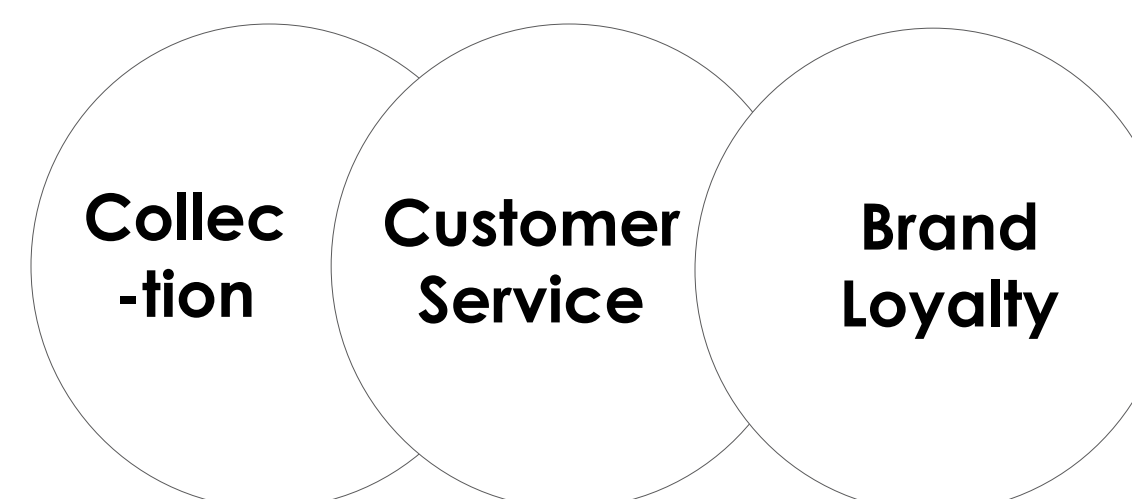
- Nationwide reach through a network of brand partnerships and indirect relationships
- A number of partnerships offering white labelled products to enhance brand loyalty
- Introduction of various novel solutions to enhance customer experience

## Origination & Underwriting



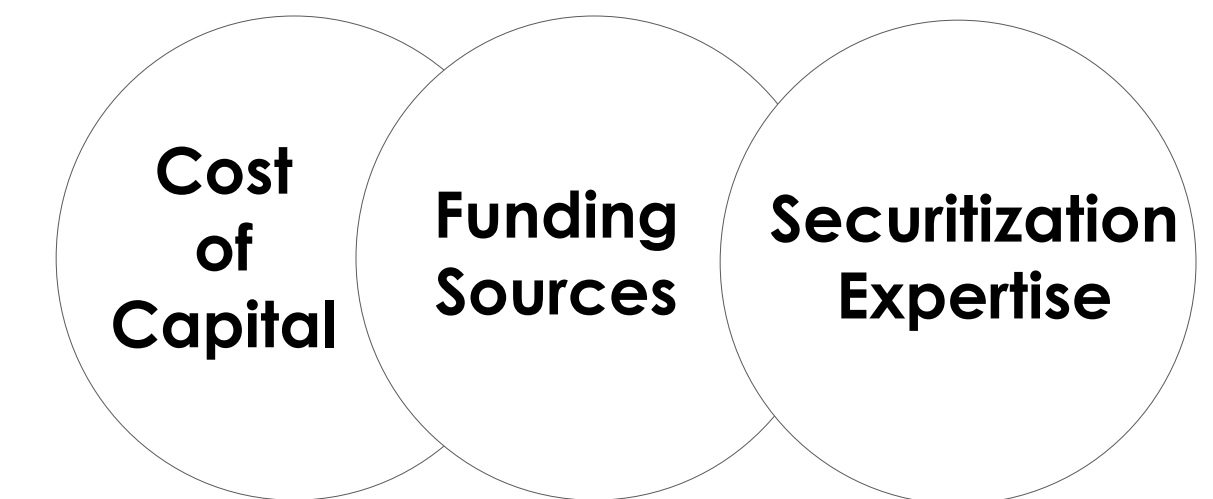
- Proprietary credit assessment process
- Internal credit scoring system
- Well trained team with expertise in investigations and fraud detection
- Assessment of target sectors and assets as part of the loan approval process

## Servicing



- Fully automated collection process with direct debit as the primary collection method
- A customer service model focusing on customer experience to enhance customer retention and create brand loyalty

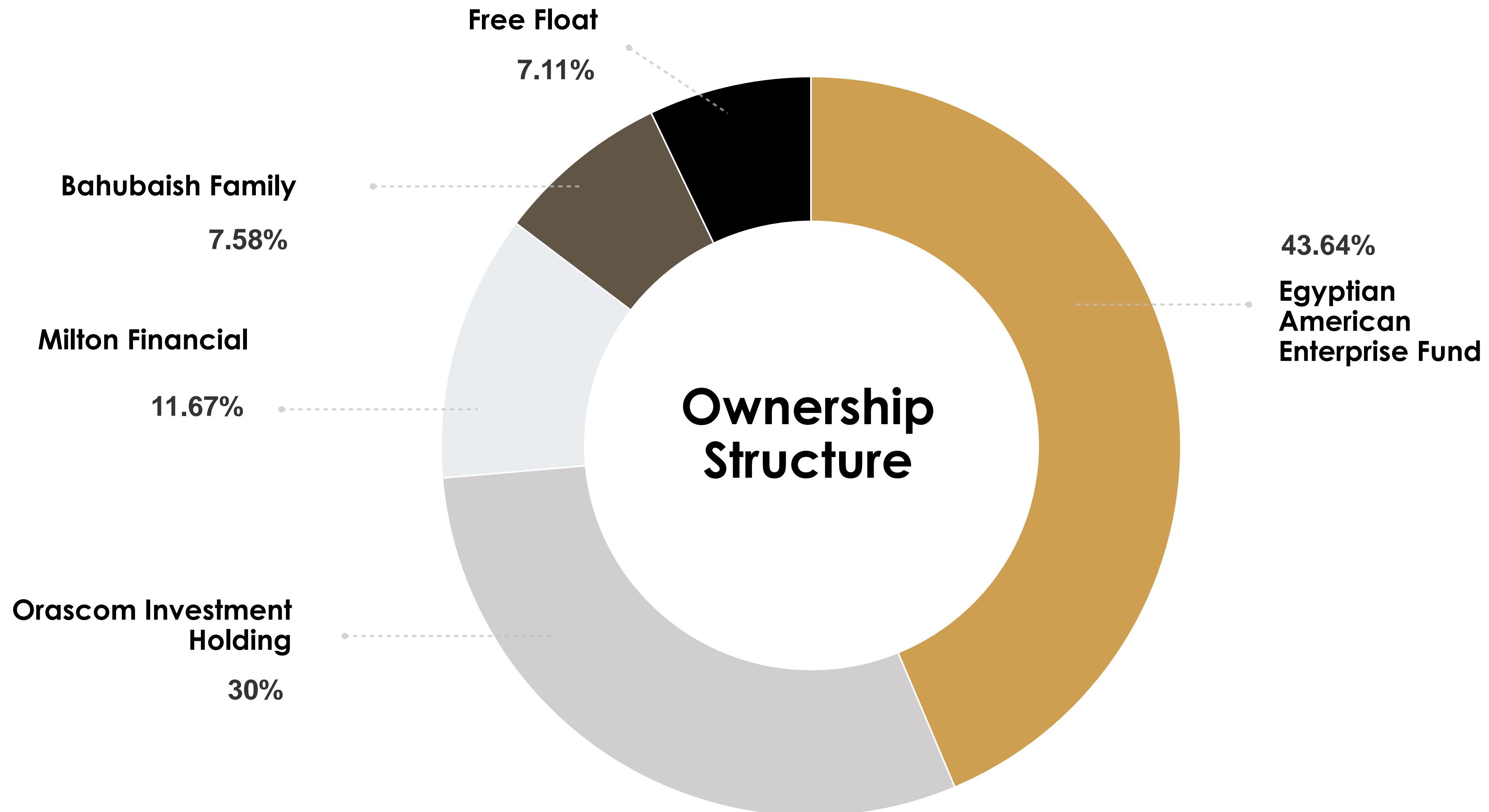
## Funding



- Funding and discounting credit facilities with over 10 banks
- Sarwa is the leading securitization player in Egypt, having completed the first securitization in 2005 and 24 securitization transactions ever since



# SARWA CAPITAL'S OWNERSHIP STRUCTURE





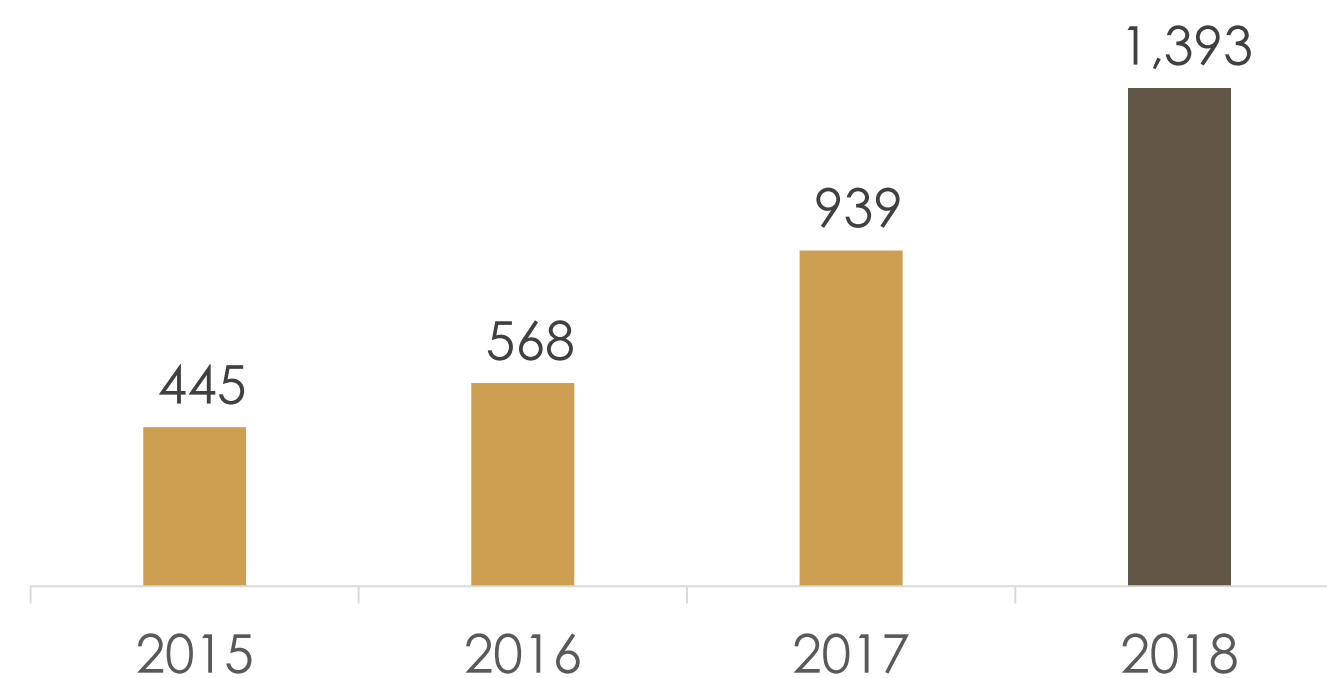
## FINANCIAL HIGHLIGHTS OF FY 2018



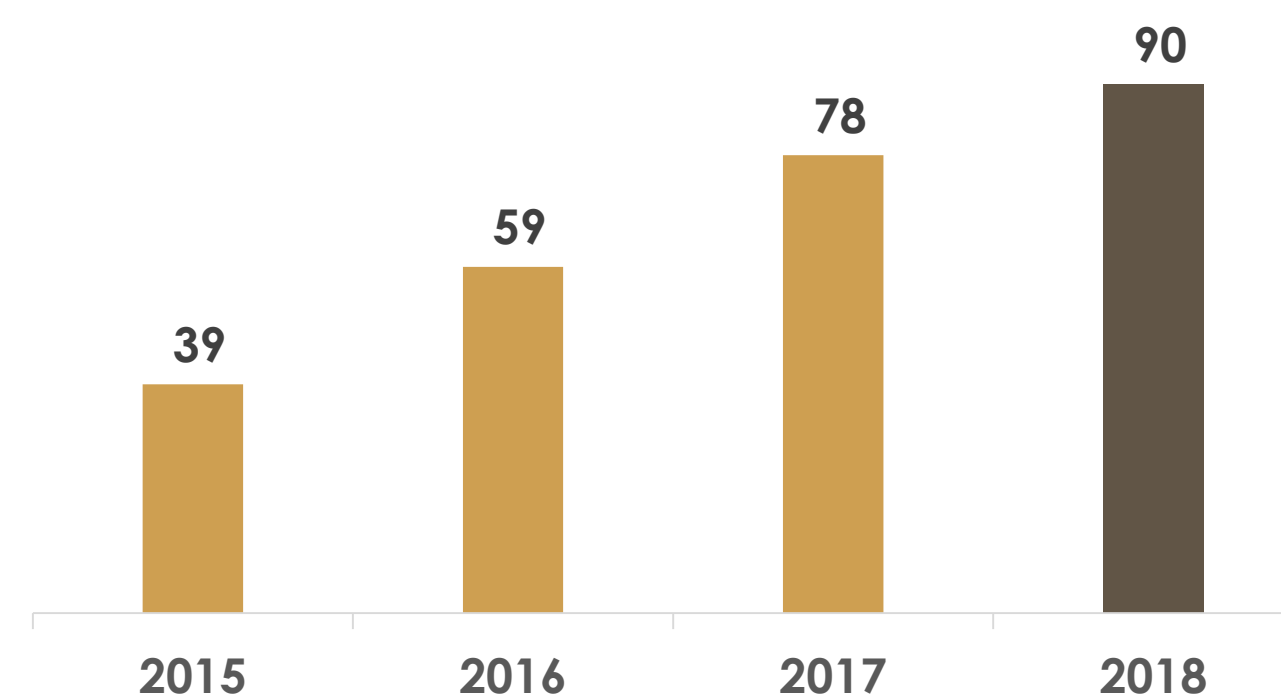
# FINANCIAL HIGHLIGHTS OF FY 2018

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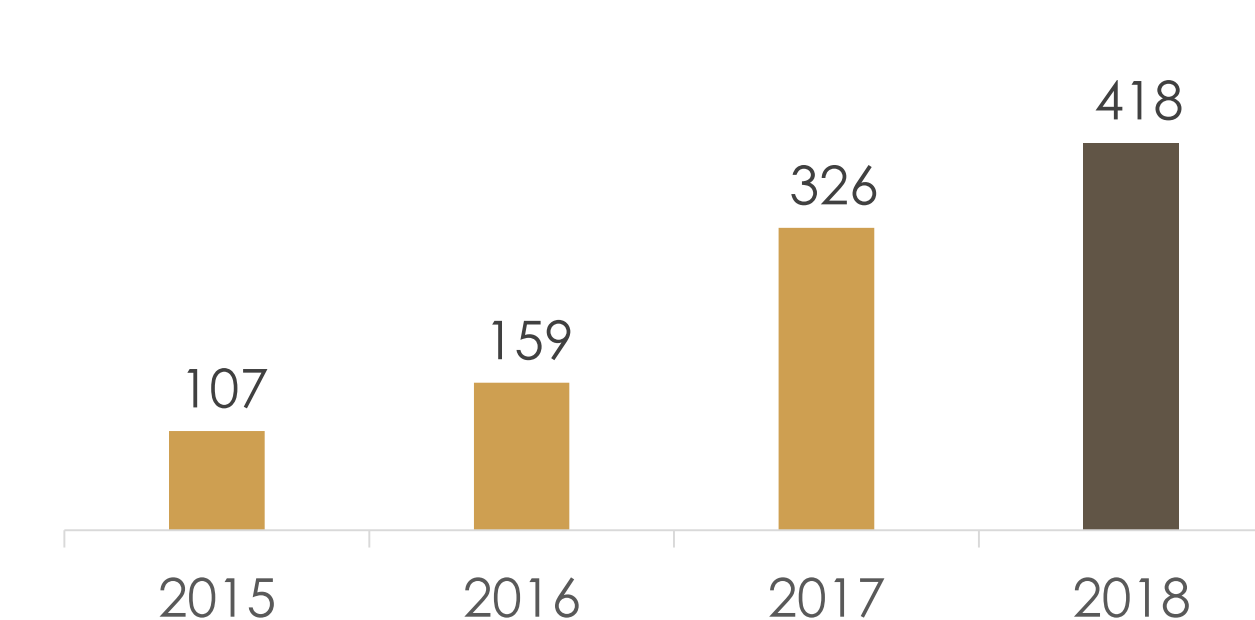
Financing revenue EGPmn



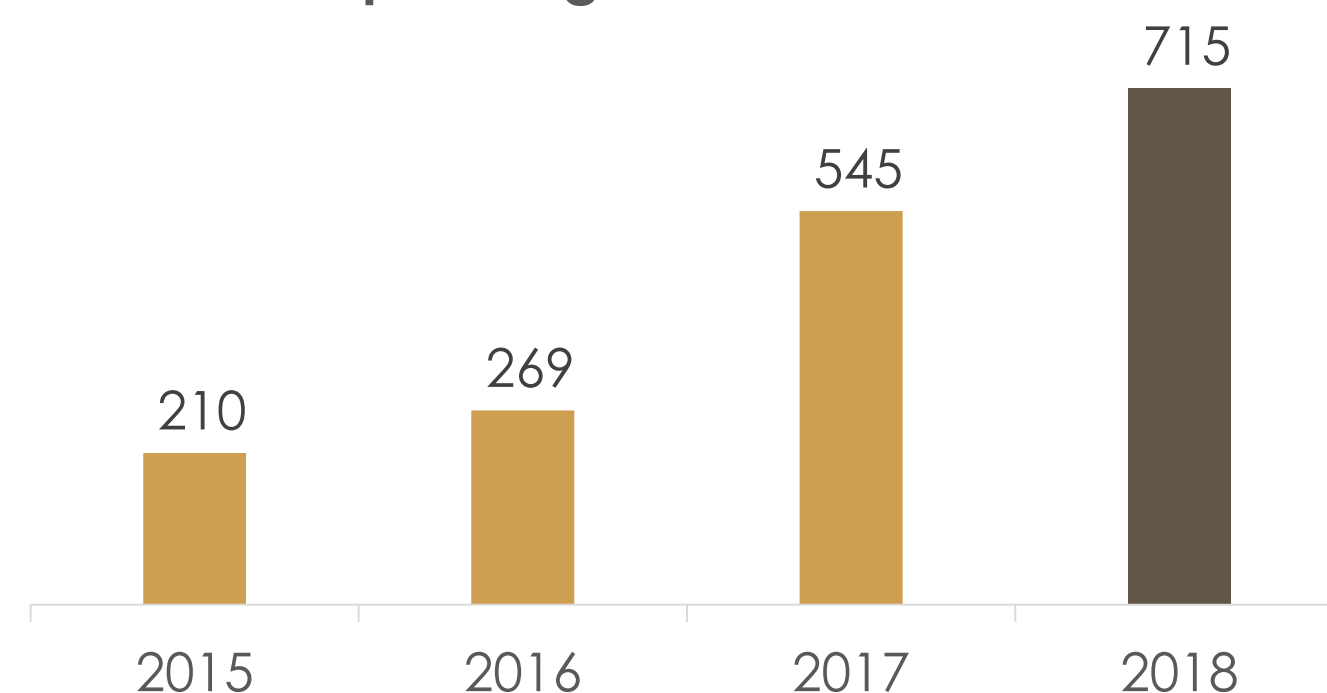
Insurance Revenue EGPmn



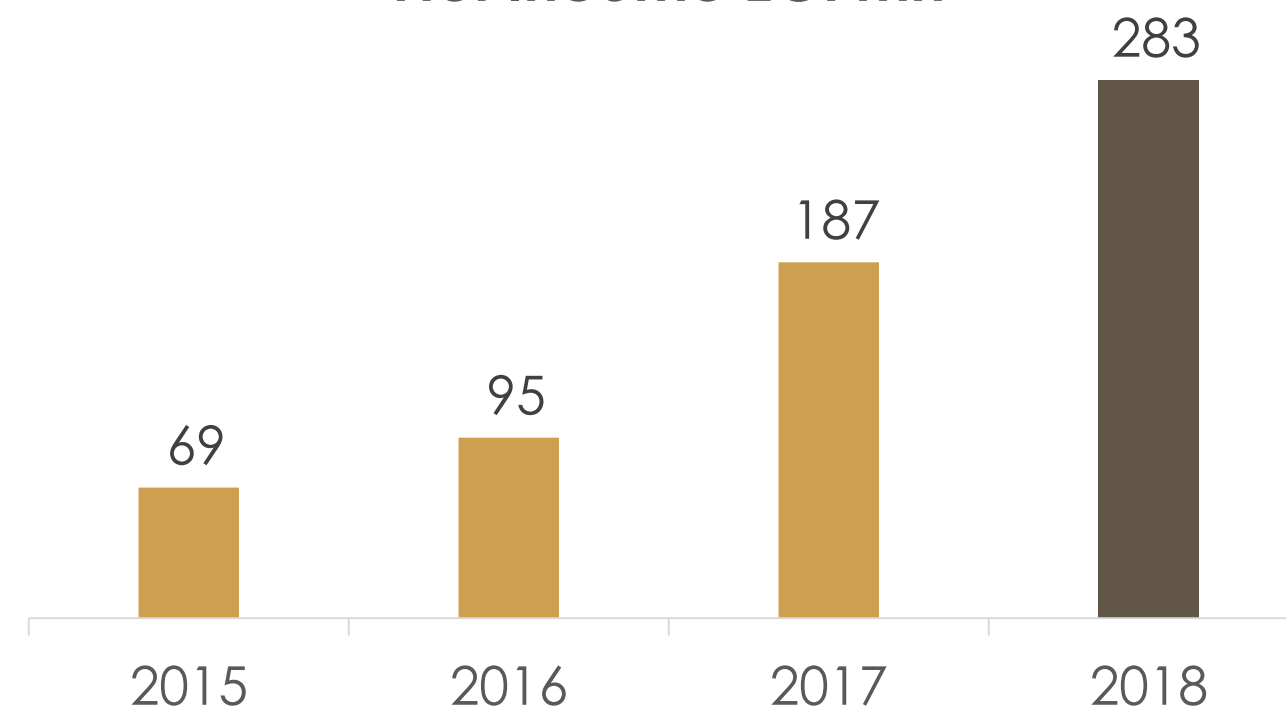
Net interest income EGPmn



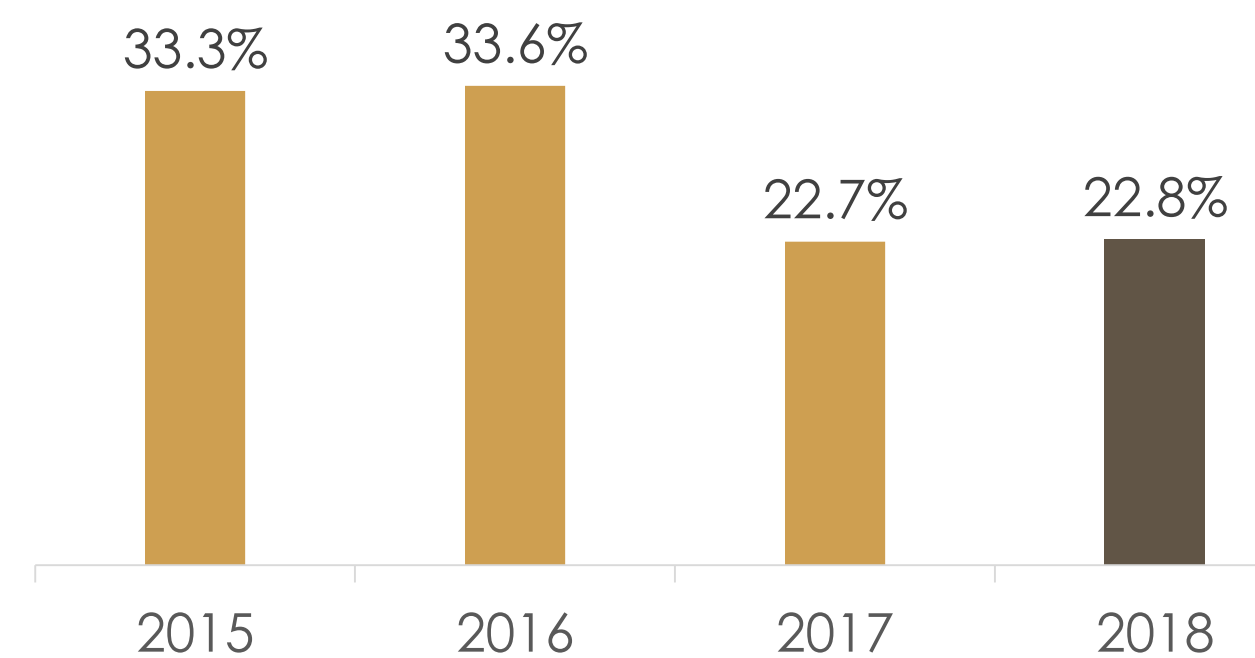
Net Operating Income EGPmn



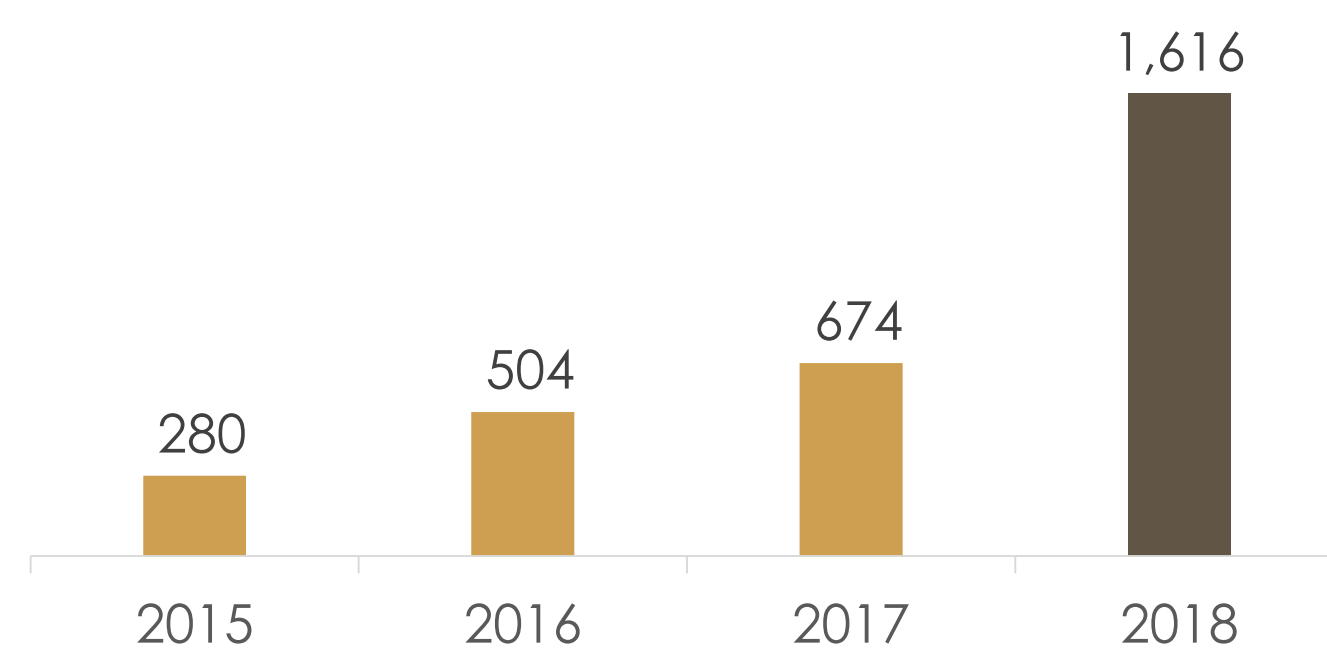
Net Income EGPmn



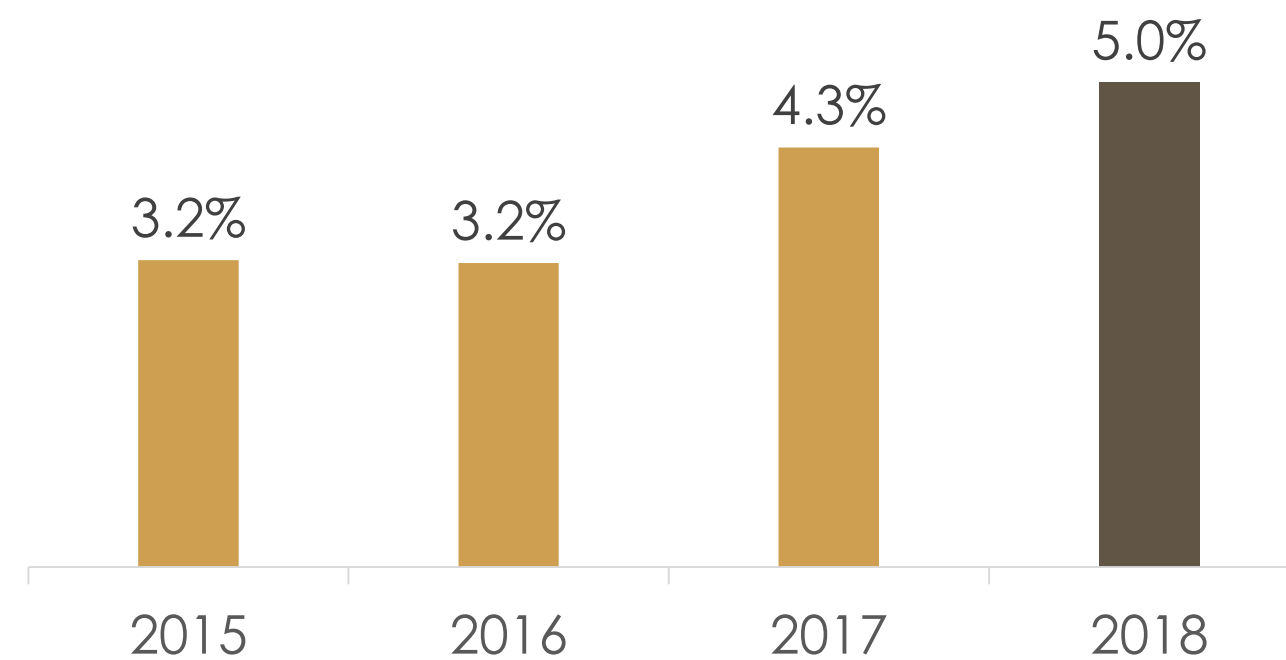
Cost to Income



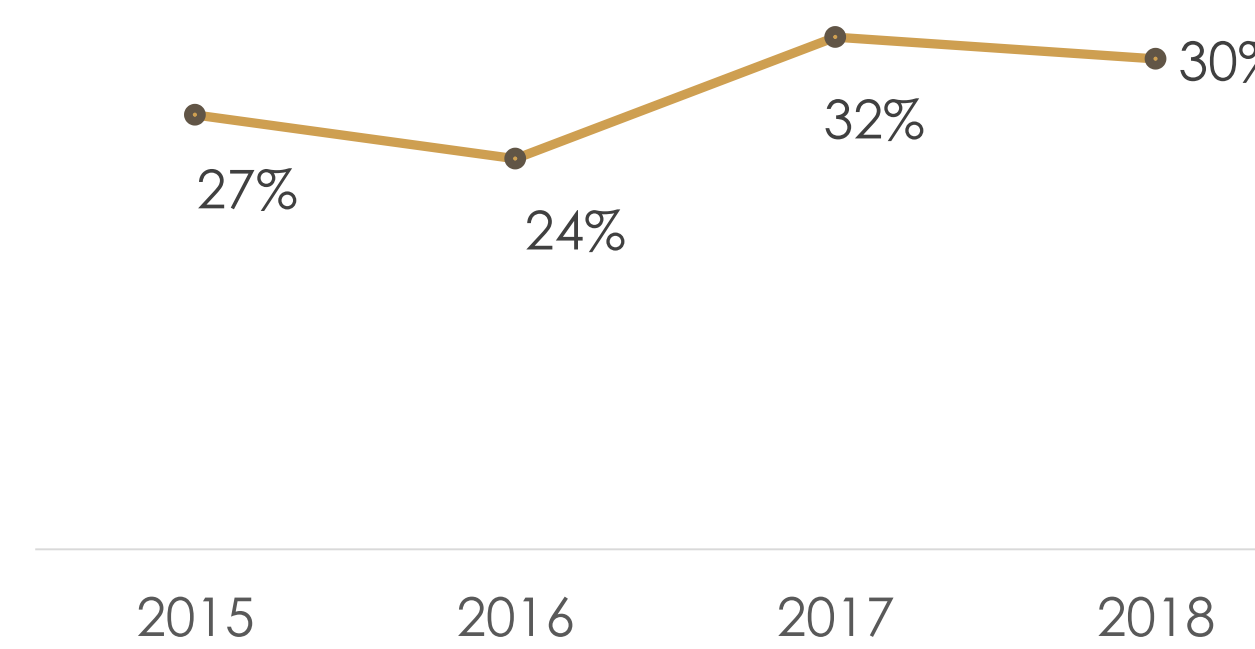
Shareholders' Equity EGPmn



ROAA



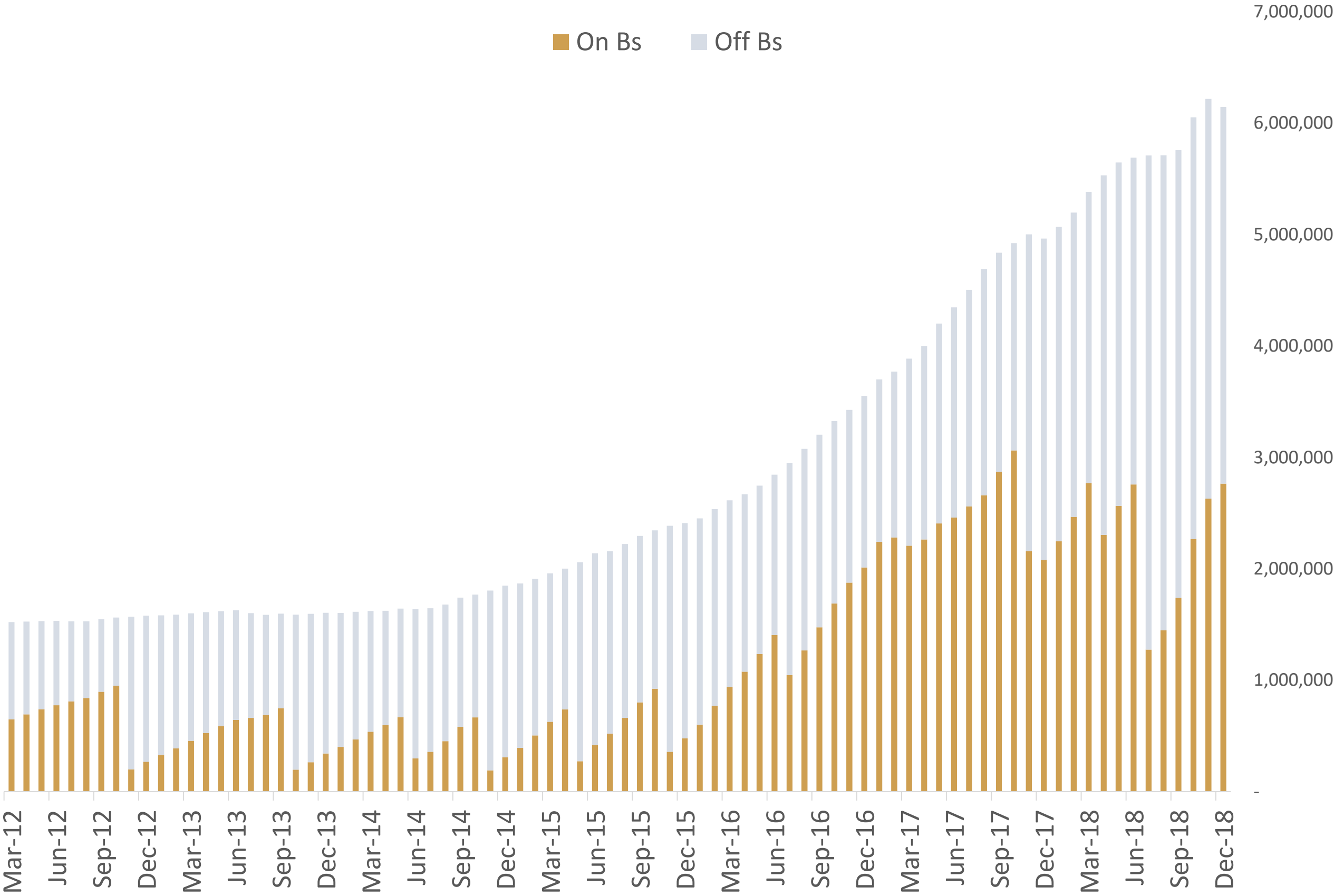
ROAE



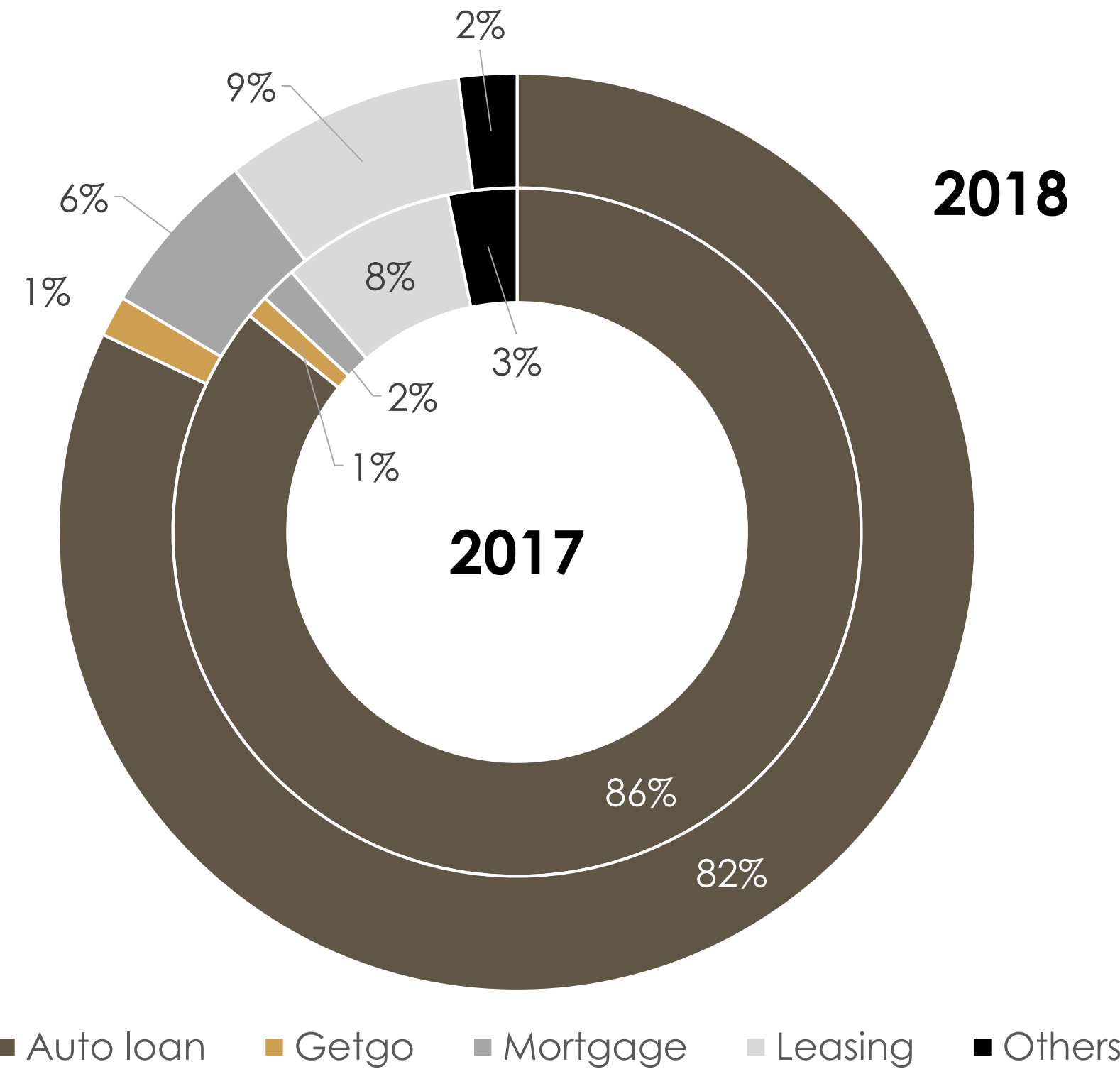


# FINANCIAL HIGHLIGHTS OF FY 2018 - PORTFOLIO

On & Off BS Portfolio in 2018 EGPmn



Portfolio Breakdown 2018 Vs 2017



# FINANCIAL HIGHLIGHTS OF FY 2018

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## Auto Credit in 2018

- Continued growth by 17% in 2018
- Turbulent market conditions in Q4 due to expectations in custom duty changes, and the continued fallout from currency and interest rates affecting market players

## Consumer Credit in 2018

- Substantial growth in the value of transactions up by 73% in 2018
- No. of transactions up by 91% YoY
- Substantial enhancements in the product platform underway

## Mortgages in 2018

- Grew by 239% in 2018
- Growth driven mainly by the launch of the low and middle-income products according to the CBE initiatives
- 1,846 low-income housing loans disbursed
- Acquisition of retail portfolios from developers

## Leasing in 2018

- Volumes grew 38% while re-focusing on the business on three segments:
  - Transportation - SMEs
  - Medical - SMEs
  - Structured deals
- Construction and generic corporate leasing lines were discontinued
- Average contract value dropped to EGP 625 thousand in 2018 from EGP 1.2 million in 2017

**New financing extended up 25% to EGP 4.3 billion in FY 2018**

# FINANCIAL HIGHLIGHTS FY 2018 - INSURANCE

## Insurance in 2018

1

Retail continues to be the primary focus of insurance activities with 57% of the total number of insurance policies.

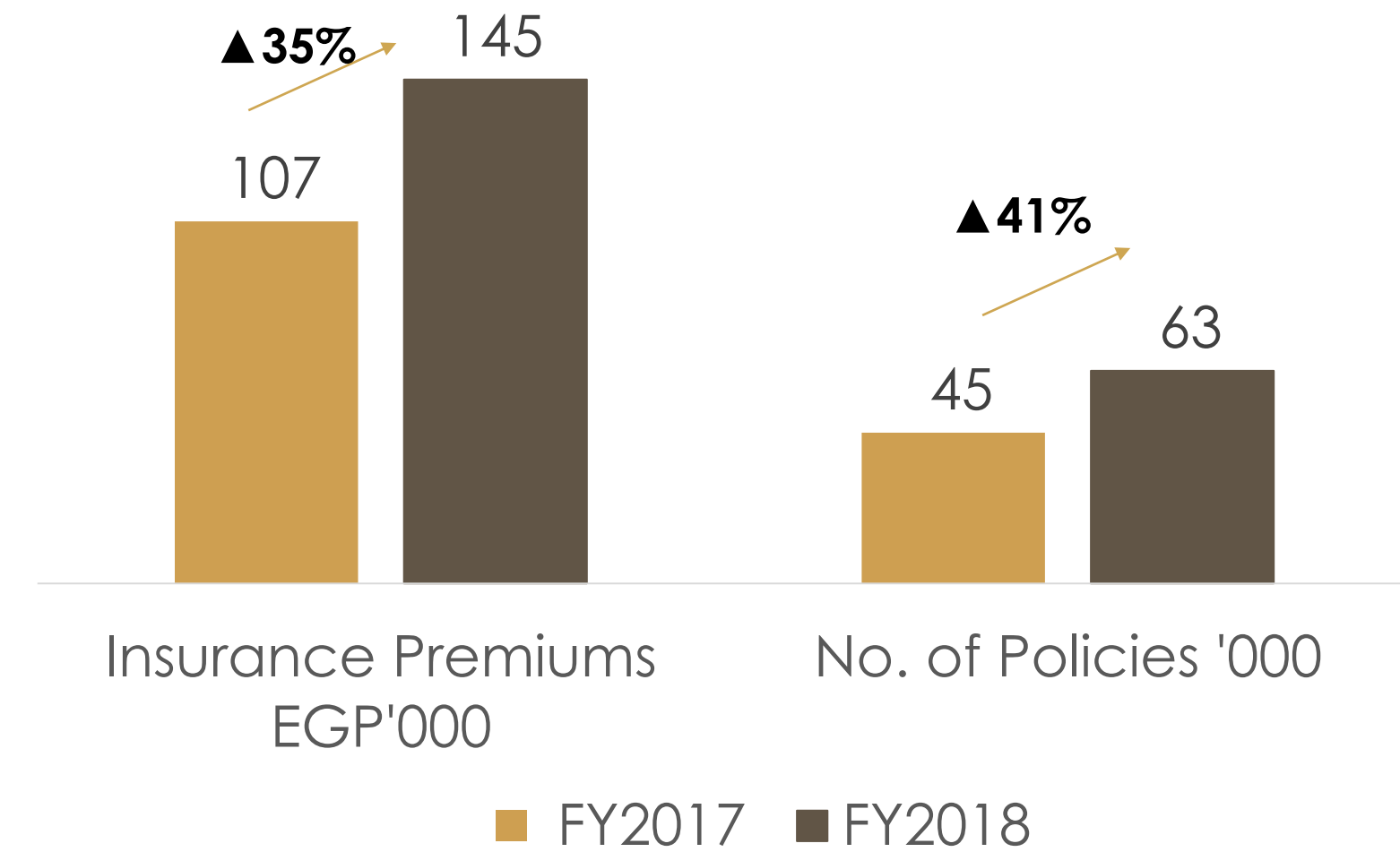
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Revenues up by 15% to EGP 90 million with premiums rising by 35% to EGP 145 million.

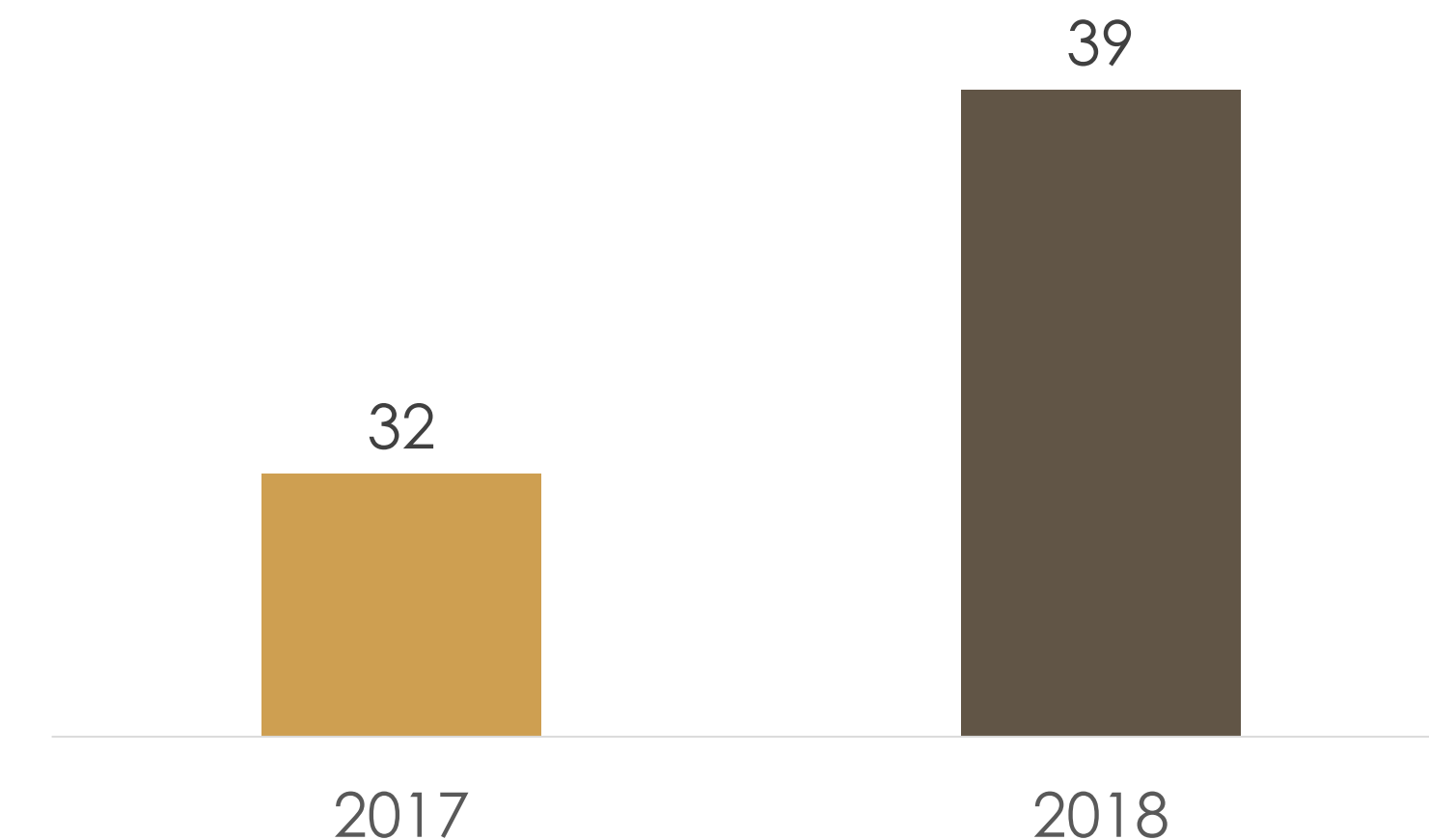
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Sarwa Insurance and Sarwa Life Insurance business to begin operations in Q2 2019 following receipt of final regulatory approvals.

### Insurance Performance in 2018



### Net Insurance Income EGP'000





# FINANCIAL HIGHLIGHTS FY 2018 - SECURITIZATION

15

1

## Securitization Issuance – May 2018

- Bond size: EGP 2.03 billion
- Average Coupon Rate: 14.61%

Securitization Issuance in Q2	Tranche A	Tranche B	Tranche C
Size	700,000	1,025,000	305,000
Coupon Rate	14.01%	14.81%	15.31%
Maturity	May. 19	May. 21	Mar. 23
Rating	AA+	AA	A

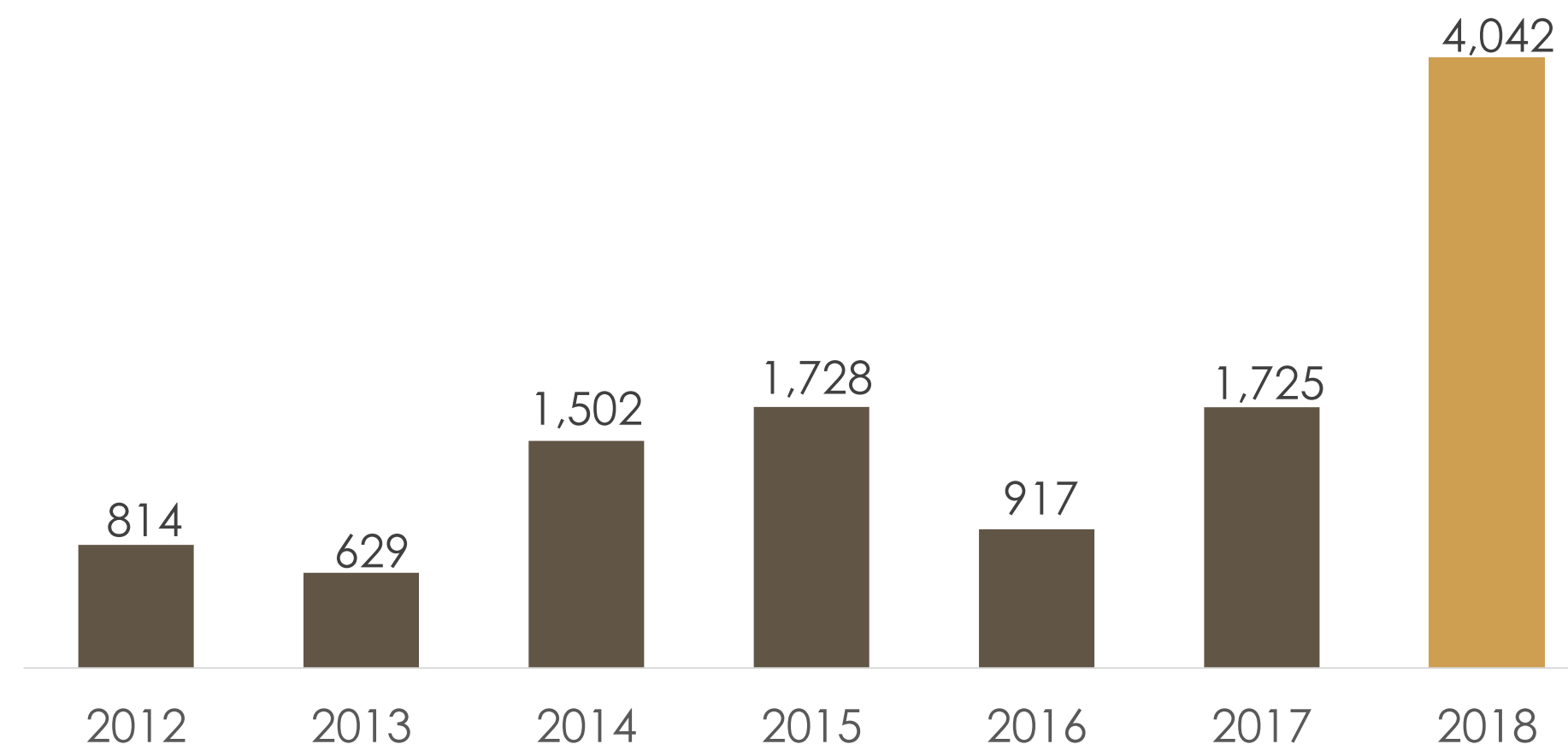
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## Securitization Issuance – August 2018

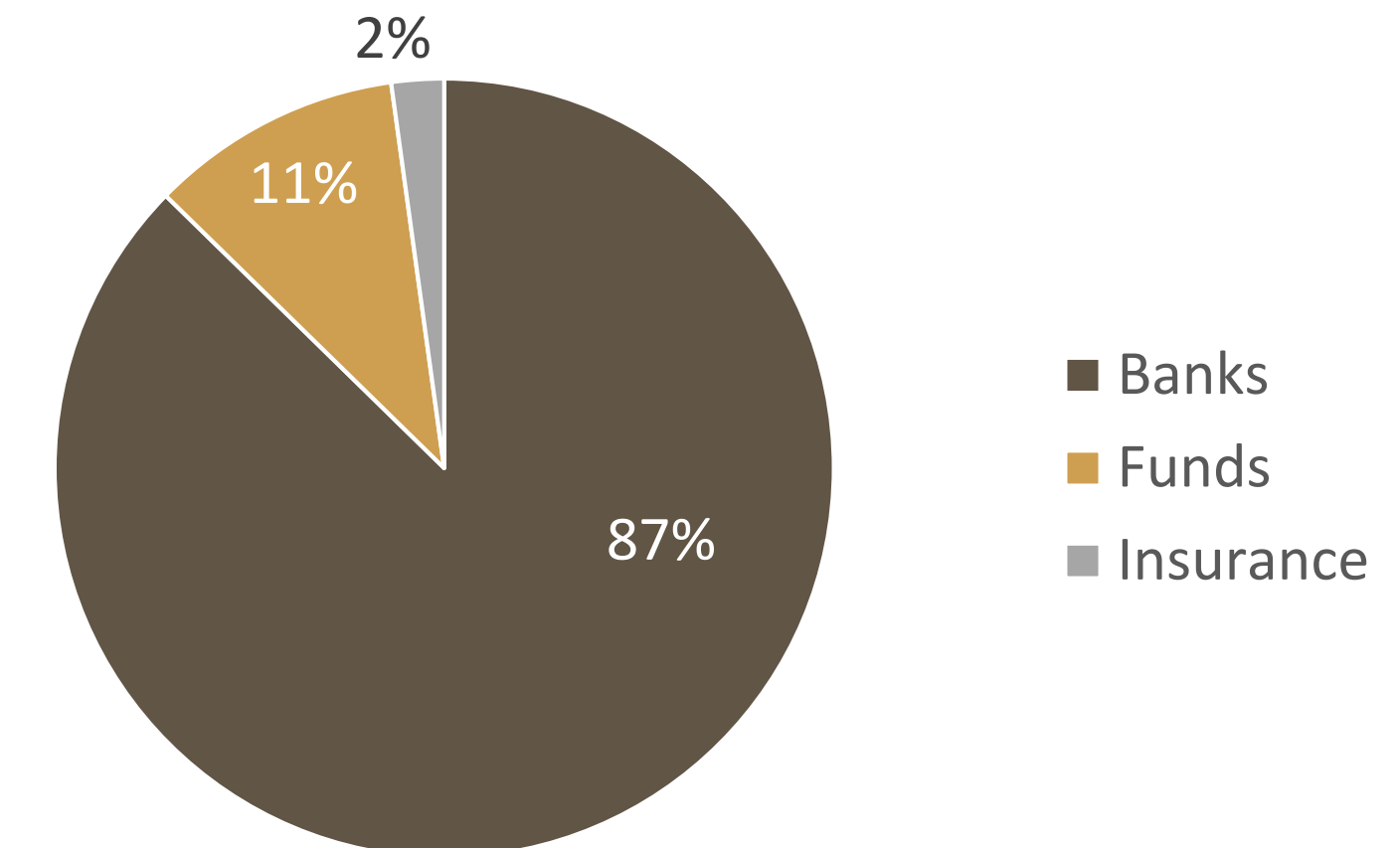
- Bond size: EGP 1.75 billion
- Average Coupon Rate: 16.19%

Securitization Issuance in Q3	Tranche A	Tranche B	Tranche C
Size	625,000	800,000	326,000
Coupon Rate	15.58%	16.38%	16.88%
Maturity	Aug. 19	Aug. 21	Jun. 23
Rating	AA+	AA	A

Total Securitization Issuances in 2018 EGPmn

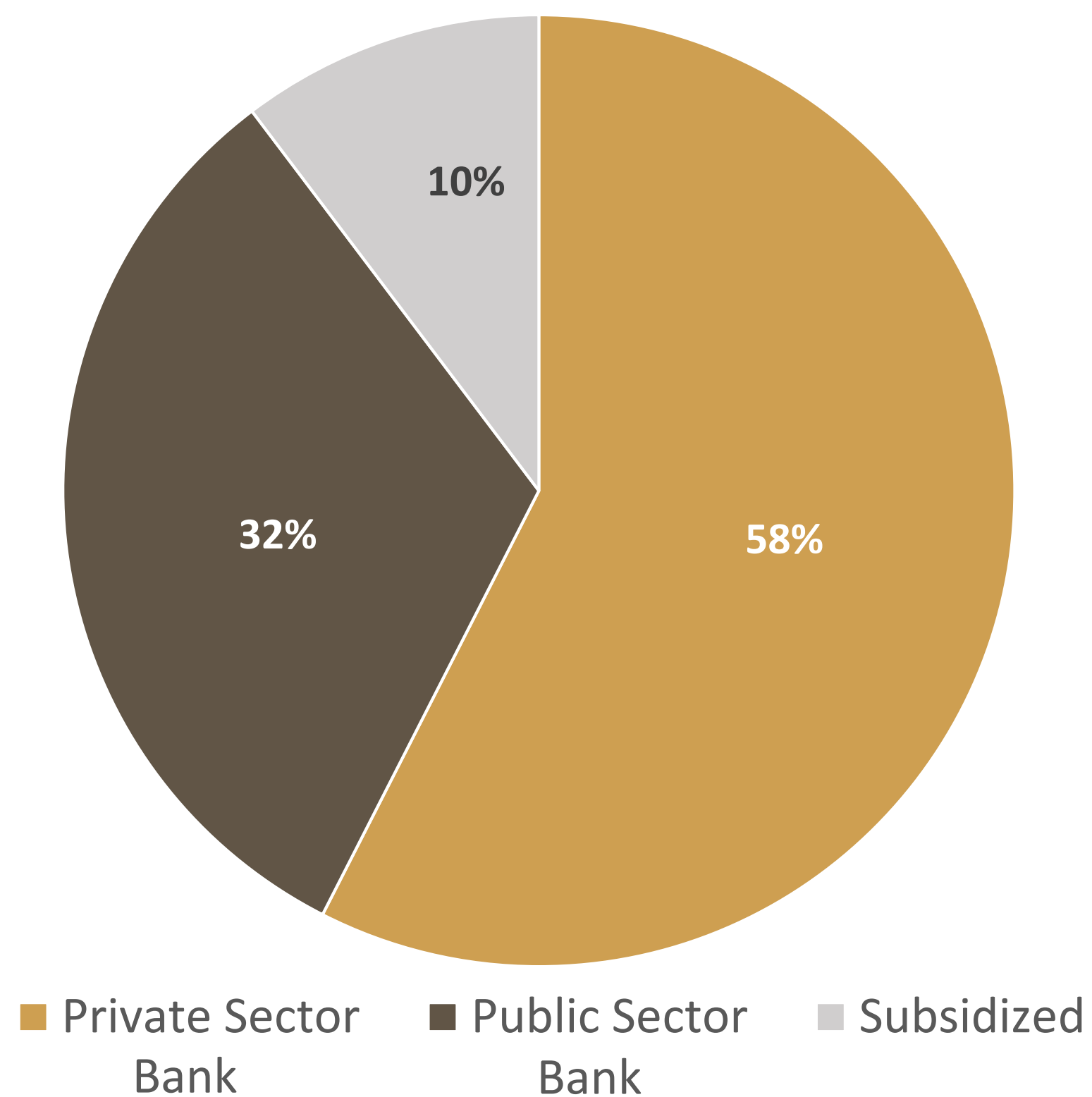


DCM Investor Base

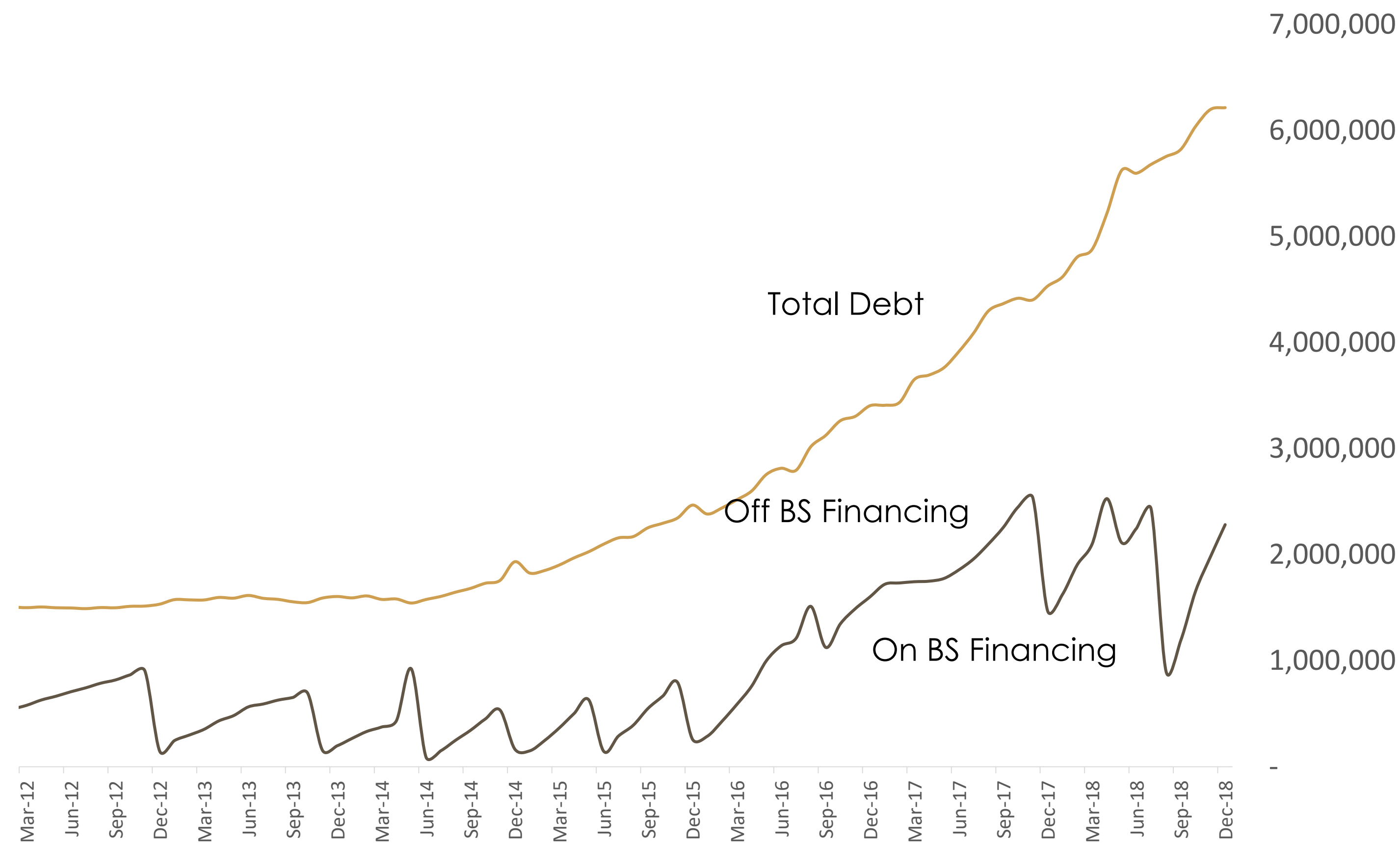


# FINANCIAL HIGHLIGHTS OF FY 2018 - DEBT BREAKDOWN

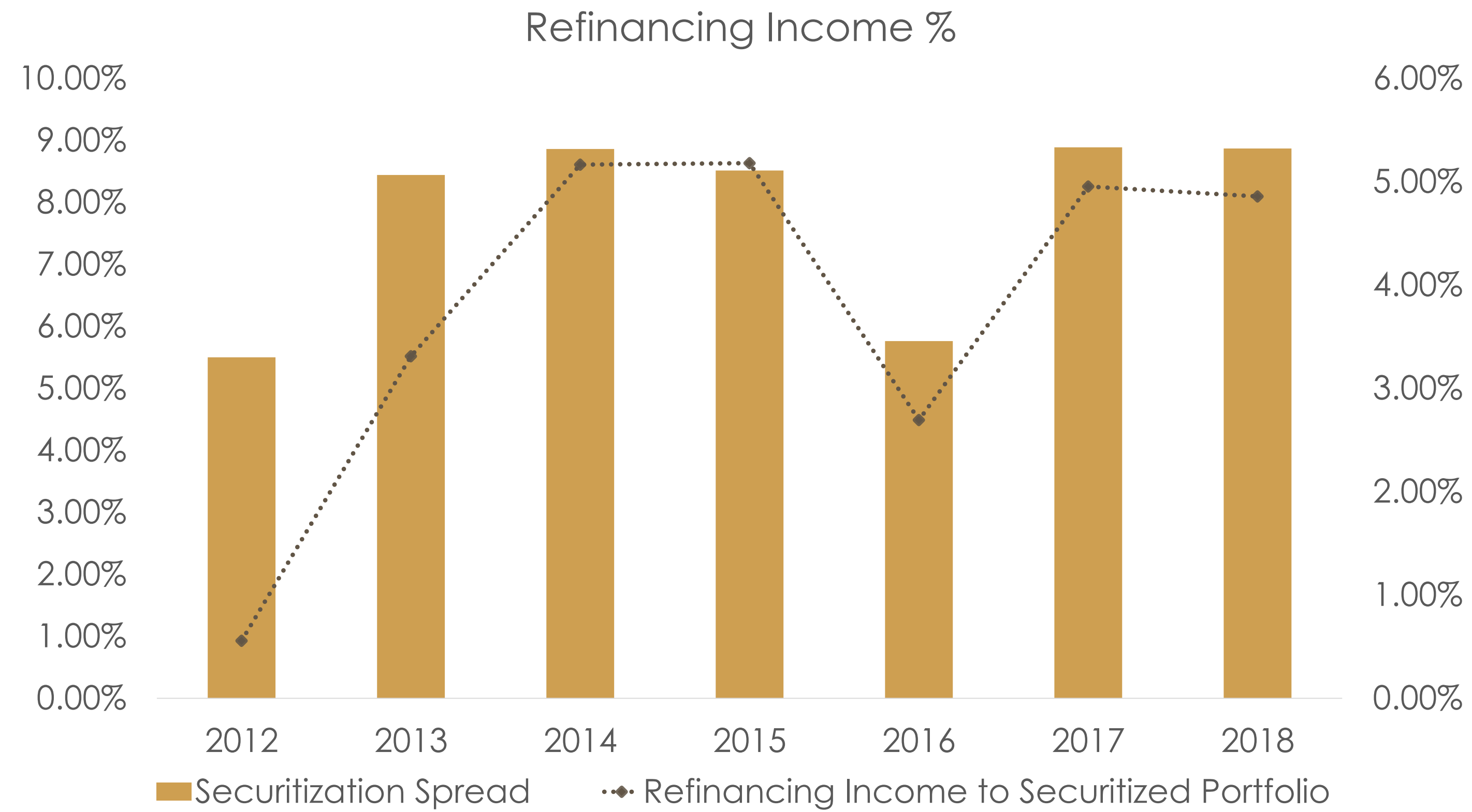
## Debt by Source



## On and Off Balance Sheet Debt



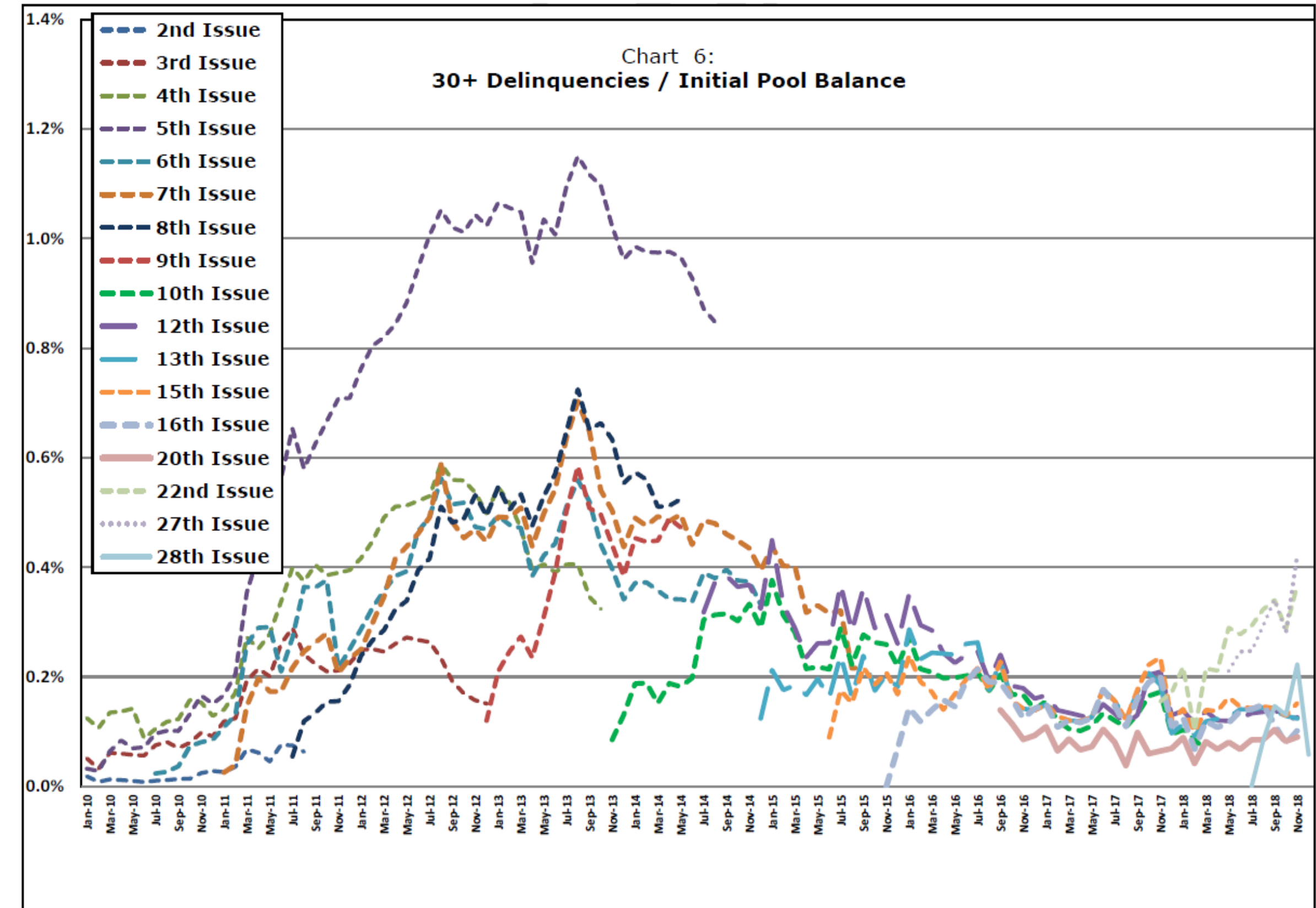
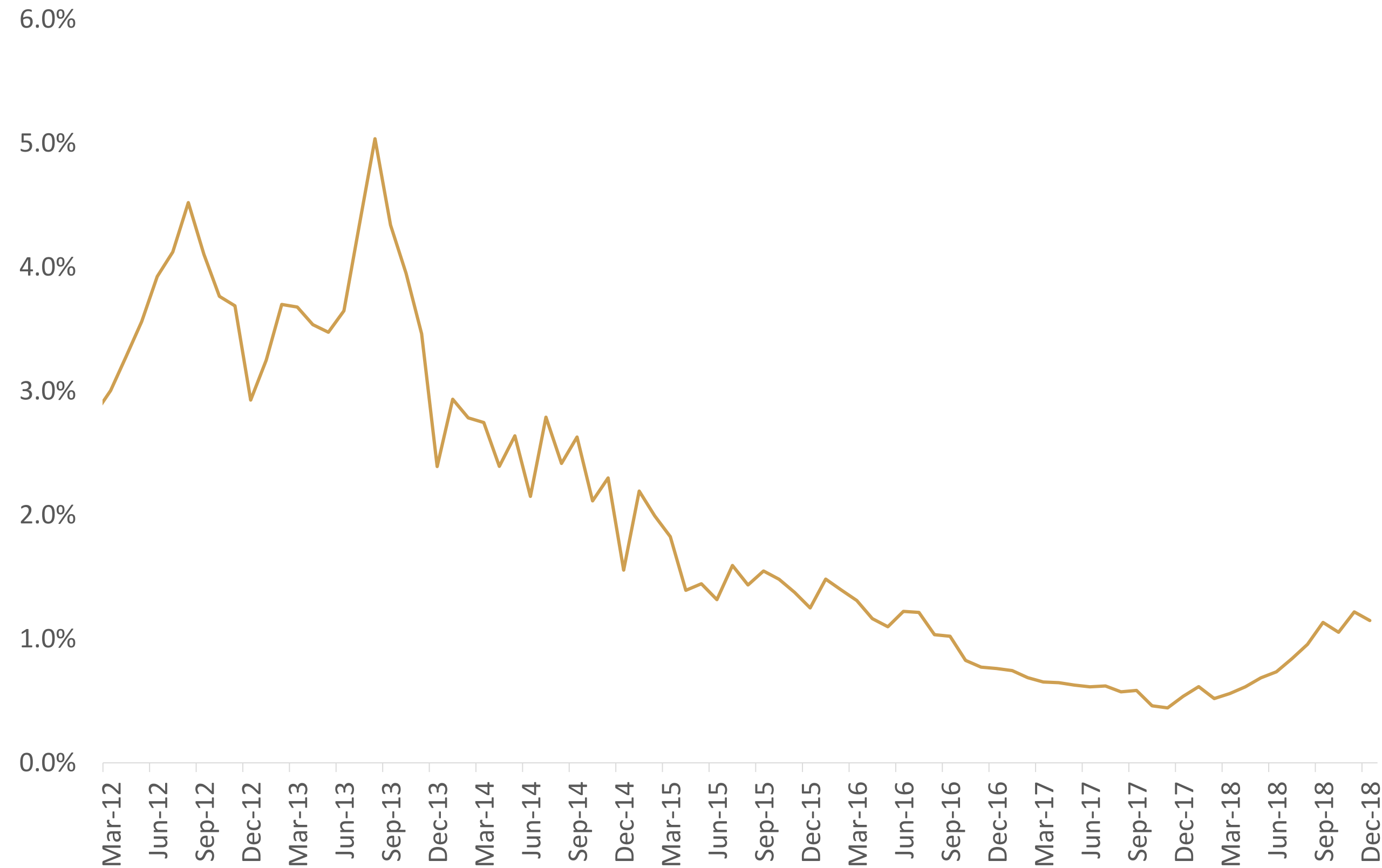
# FINANCIAL HIGHLIGHTS OF FY 2018





# ASSET QUALITY

## Historical At-Risk Portfolio



Source: MERIS Report Dec. 2018

# CONSOLIDATED MANAGEMENT RECLASSIFIED ACCOUNTS\* OF FY 2018

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Income Statement (EGP000s)	FY 2018	FY 2017	YoY	Q4 2018	Q4 2017	YoY
Interest Income	1,133,946	752,090		325,196	212,023	
Interest Expense	(716,400)	(426,449)		(197,422)	(119,530)	
<b>Net Interest Income</b>	<b>417,546</b>	<b>325,641</b>	<b>28%</b>	<b>127,774</b>	<b>92,493</b>	<b>38%</b>
Fee Income	77,082	64,858	19%	21,217	15,934	33%
Refinancing Income	180,985	120,581	50%	0	53,016	-100%
<b>Financing Operating Income</b>	<b>675,613</b>	<b>511,080</b>	<b>32%</b>	<b>148,990</b>	<b>161,444</b>	<b>-8%</b>
Net Insurance Income	38,841	32,413	20%	10,239	7,946	29%
Other Services	686	1,525		152	1,662	
<b>Net Operating Income</b>	<b>715,140</b>	<b>545,018</b>	<b>31%</b>	<b>159,380</b>	<b>171,053</b>	<b>-7%</b>
Other Income/Expense	3,289	1,876		2,897	2,039	
Provisions	(14,430)	(17,358)		(5,183)	(13,481)	
Operating Expenses	(163,378)	(123,448)	32%	(49,569)	(43,535)	14%
SG&A	(40,451)	(28,122)	44%	(13,704)	(6,978)	96%
IPO Fees	(22,745)	-		(22,745)	-	
Health Insurance Provision	(10,145)	-		(10,145)	-	
Depreciation	(10,965)	(7,277)		(4,193)	(1,927)	
<b>EBT</b>	<b>456,314</b>	<b>370,688</b>	<b>23%</b>	<b>56,738</b>	<b>107,170</b>	<b>-47%</b>
Corporate Tax	(94,693)	(111,099)		(17,866)	(50,013)	
<b>Consolidated Income</b>	<b>361,622</b>	<b>259,589</b>	<b>39%</b>	<b>38,872</b>	<b>57,157</b>	<b>-32%</b>
Minorities	(78,869)	(72,582)		(4,286)	(22,675)	
<b>Net Income</b>	<b>282,752</b>	<b>187,007</b>	<b>51%</b>	<b>34,585</b>	<b>34,481</b>	<b>0%</b>

\*Please refer to note at end

# AUDITED FINANCIAL STATEMENTS OF FY 2018 – INCOME STATEMENT

20

	FY 2018	FY 2017
Sales revenue - goods and services	2 637 180 481	2 265 992 870
Cost of sales - goods and services	(2 497 495 884)	(2 151 761 672)
Income from transferred portfolios	26 933 232	38 626 394
Interest income - goods and services	247 464 481	277 580 404
Securitization and Discounting proceeds	102 518 315	47 907 878
Interest expense	(278 328 110)	( 241 310 548)
<b>Gross profit</b>	<b>238 272 515</b>	<b>237 035 326</b>
Operating revenue	147 281 970	76 471 725
Securitization net revenue	132 136 988	79 767 210
Administrative fees revenue	33 610 694	32 162 391
Other revenue	73 189 868	41 252 883
Operating expense	(55 517 322)	(55 310 150)
Sales and distribution expense	(22 568 982)	(17 777 101)
General and administrative expenses	(194 521 426)	(137 534 101)
Initial public offer expenses	(22 745 323)	-
Impairment of financial assets	(14 330 366)	(17 358 413)
<b>Net operating income</b>	<b>314 808 616</b>	<b>238 709 770</b>
Profit share from associates	51 526 218	47 271 281
Foreign currency differences	66 898	( 764 794)
Takaful health insurance provision	(5 617 812)	-
Net profit for the period before tax	360 783 920	285 216 257
Income tax	(62 969 284)	(81 017 612)
<b>Net profit for the period after tax</b>	<b>297 814 636</b>	<b>204 198 645</b>
<u>Distributed as follows:</u>		
Owners of the company	282 751 702	187 006 882
Non controlling interest	15 062 934	17 191 763
	<b>297 814 636</b>	<b>204 198 645</b>

\*Please refer to note at end



# AUDITED FINANCIAL STATEMENTS OF FY 2018 – BALANCE SHEET

	31/12/2018	31/12/2017
Assets	EGP	EGP
Non-current assets		
Property, plant and equipment	104 911 154	55 950 833
Leased assets	479 386 424	395 530 697
Leased contracts under settlement	(16 590 169)	(29 064 750)
Work in progress	-	5 283 416
Goodwill	26 474 070	26 474 070
Investments in associates	56 320 606	50 582 106
Investments available for sale	10 743 750	10 493 750
Debtors and other debit balances	6 792 381	4 157 888
	9 999 800	-
Accounts receivable	971 304 273	869 847 743
Securitization surplus	144 153 062	110 293 739
Deferred tax assets	282 334	93 351
<b>Total non-current assets</b>	<b>1793 777 685</b>	<b>1499 642 843</b>
Current Assets		
Due from related parties – debit	79 497 736	46 408 748
Deferred cost -insurance policies	15 626 174	13 652 855
Debtors and other debit balances	138 528 009	151 687 823
Accounts receivable	451 758 825	484 209 190
Treasury bills	221 543 264	40 945 166
Conditional Bank Account	2 330 082	78 297 301
Cash and cash equivalents	813 357 813	79 139 530
<b>Total current assets</b>	<b>1722 641 903</b>	<b>894 340 613</b>
<b>Total assets</b>	<b>3516 419 588</b>	<b>2393 983 456</b>
Shareholders' equity		
Paid-in capital	115 217 391	96 786 900
Legal reserve	48 393 450	48 393 450
Share premium reserve	749 049 322	64 266 710
Retained earnings	703 221 858	464 824 394
<b>Equity attributable to the shareholders of the parent company</b>	<b>1615 882 021</b>	<b>674 271 454</b>
Non Controlling Interest	49 060 477	34 233 770
<b>Total equity &amp; non controlling interest</b>	<b>1664 942 498</b>	<b>708 505 224</b>
Non-current liabilities		
Loans and overdrafts	1 319 608 562	979342678
Suppliers and other credit balances	6 118 853	6 443 820
Deferred tax liabilities	4 183 692	1639444
<b>Total Non-current liabilities</b>	<b>1 329 911 107</b>	<b>987 425 942</b>
Current liabilities		
Loans and overdrafts	253 451 321	350 905 354
Suppliers and other credit balances	221 689 894	297 311 086
Current tax liabilities	42 308 453	36 327 329
Due to related parties – credit	4 116 315	13 508 521
<b>Total current liabilities</b>	<b>521 565 983</b>	<b>698 052 290</b>
<b>Total liabilities</b>	<b>1851 477 090</b>	<b>1685 478 232</b>
<b>Total shareholders' equity and liabilities</b>	<b>3516 419 588</b>	<b>2393 983 456</b>

\*Please refer to note at end

## MANAGEMENT ACCOUNTS OF FY 2018

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### **\*Important Note**

Management accounts are a reclassification of the consolidated audited accounts as following:

- (1) Reclassifying the auto credit, consumer goods financing and leasing to be interest-only accounts.
- (2) Fully consolidating auto credit JVs.
- (3) Fully consolidating off-balance-sheet portfolios.

Full audited consolidated accounts are available on the company website [www.sarwa.capital](http://www.sarwa.capital)



## Q & A . .

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For more information, please visit our website  
[investors.sarwa.capital](https://investors.sarwa.capital)

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