

Q3 2018 Investor Presentation

# SARWA CAPITAL



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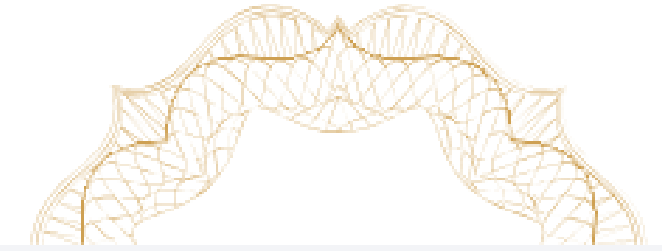
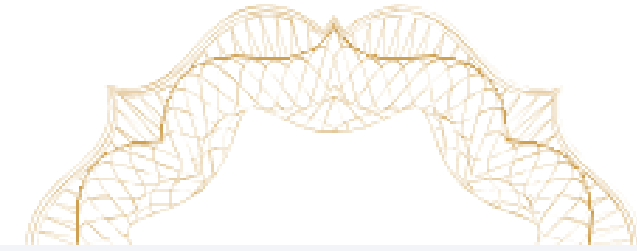
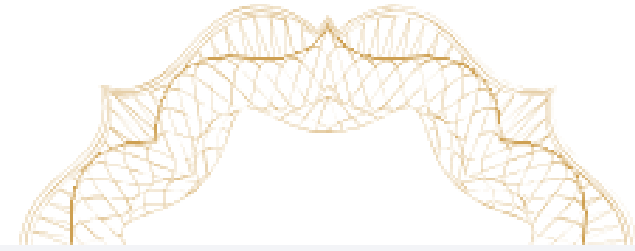
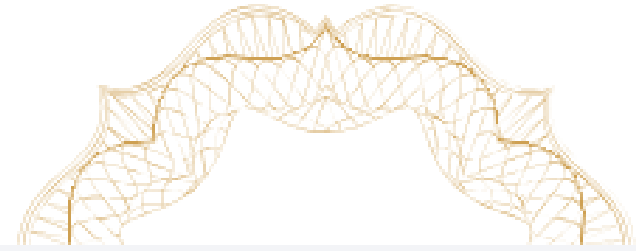
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## SARWA CAPITAL IN NUMBERS



16+  
Years in Consumer  
Credit

EGP16.8 Bn+  
Financed since  
inception

95K+  
Clients served

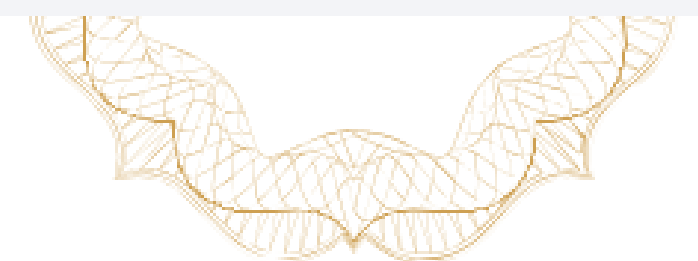
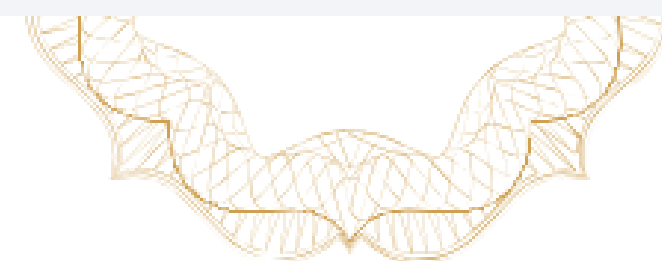
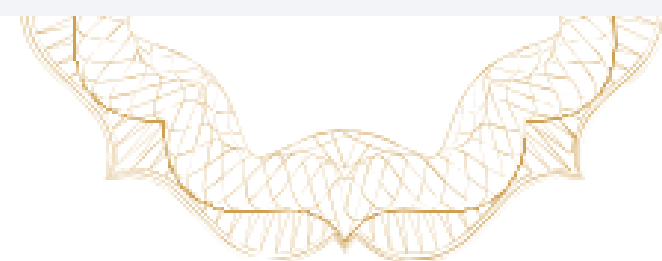
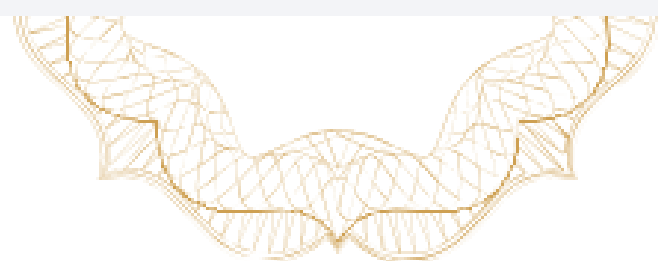
EGP14 Bn+  
Securitization  
Issuances

1,500+  
Points of Sale

135K  
Loans approved

38%  
Repeat  
Clients

0.3%  
Default Rate



# SCOPE OF BUSINESS

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01

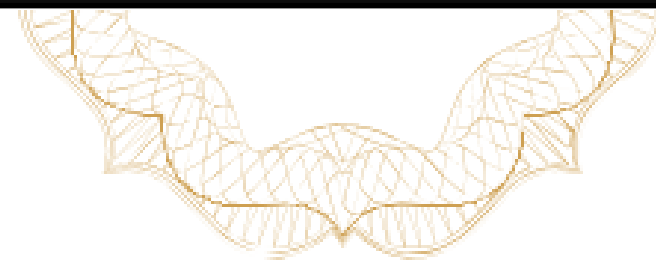
## RETAIL FINANCE

Auto Credit

Consumer Credit

Residential Mortgage

Home Finishing Credit



02

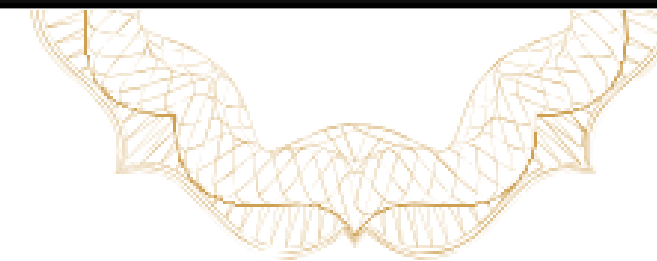
## ENTERPRISE FINANCE

Debt Capital Market Advisory

Fixed Income Treasury

Leasing

Factoring



03

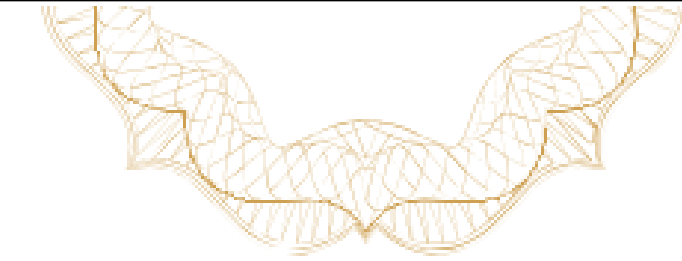
## INSURANCE

Insurance Brokerage

Life & Non-Life Insurance

Retail Insurance

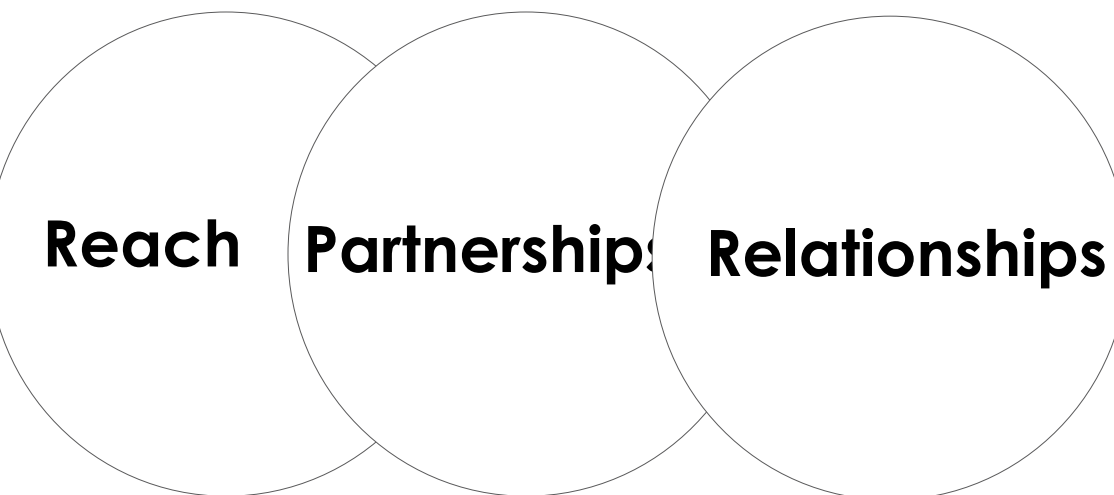
Third Party Administration



# UNIQUE BUSINESS MODEL

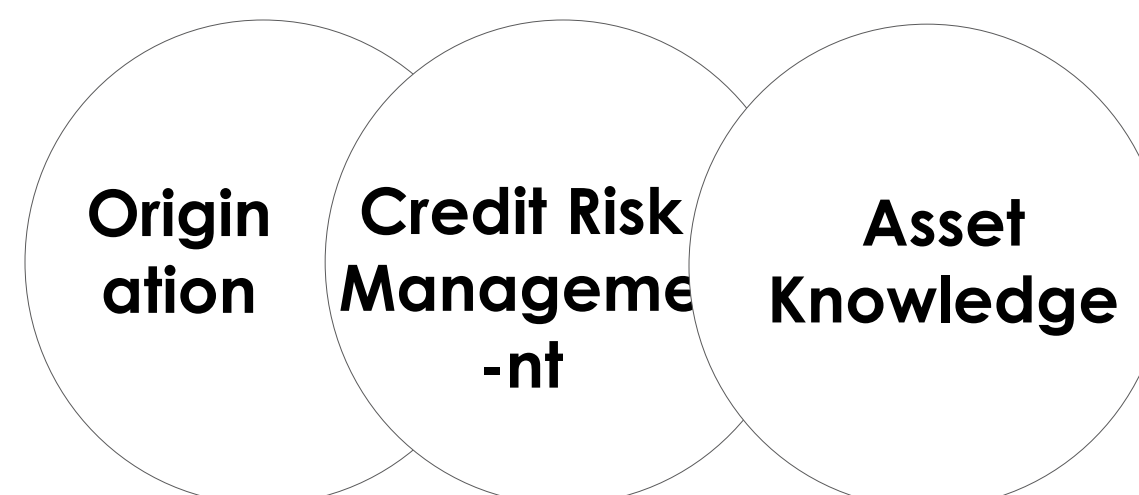


## Distribution



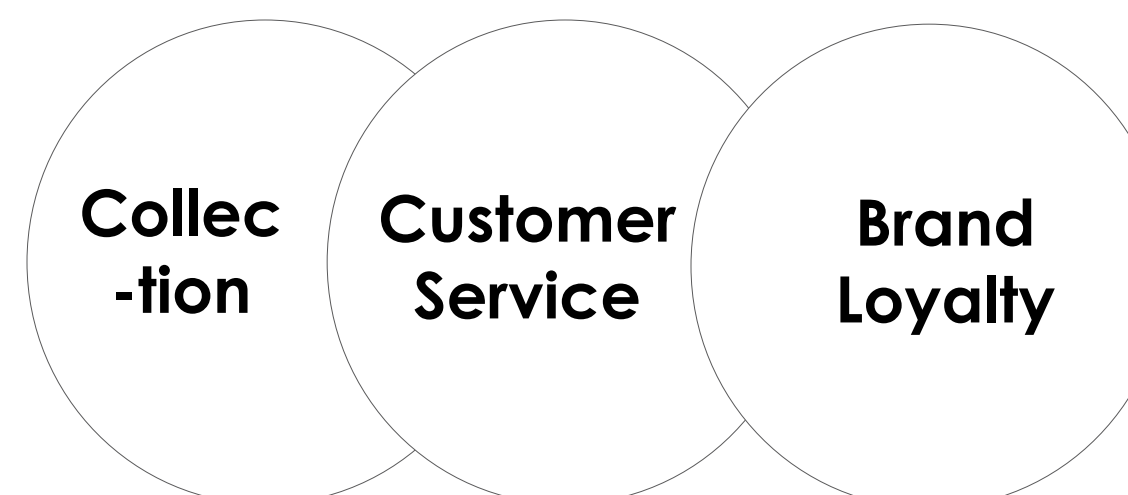
- Nationwide reach through a network of brand partnerships and indirect relationships
- A number of partnerships offering white labelled products to enhance brand loyalty
- Introduction of various novel solutions to enhance customer experience

## Origination & Underwriting



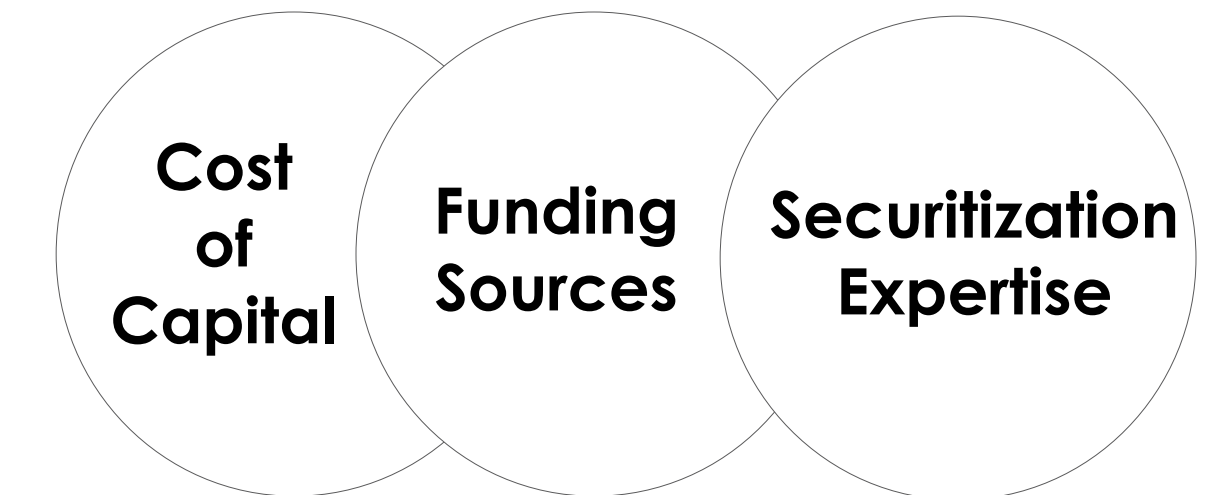
- Proprietary credit assessment process
- Internal credit scoring system
- Well trained team with expertise in investigations and fraud detection
- Assessment of target sectors and assets as part of the loan approval process

## 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 dominant securitization player in Egypt, having completed the first securitization in 2005 and continually leading the market since



## 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 16 years in consumer finance focused mainly on asset based lending

### Own Brands



### White Label



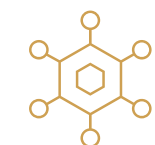
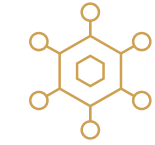

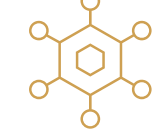
### Partnerships

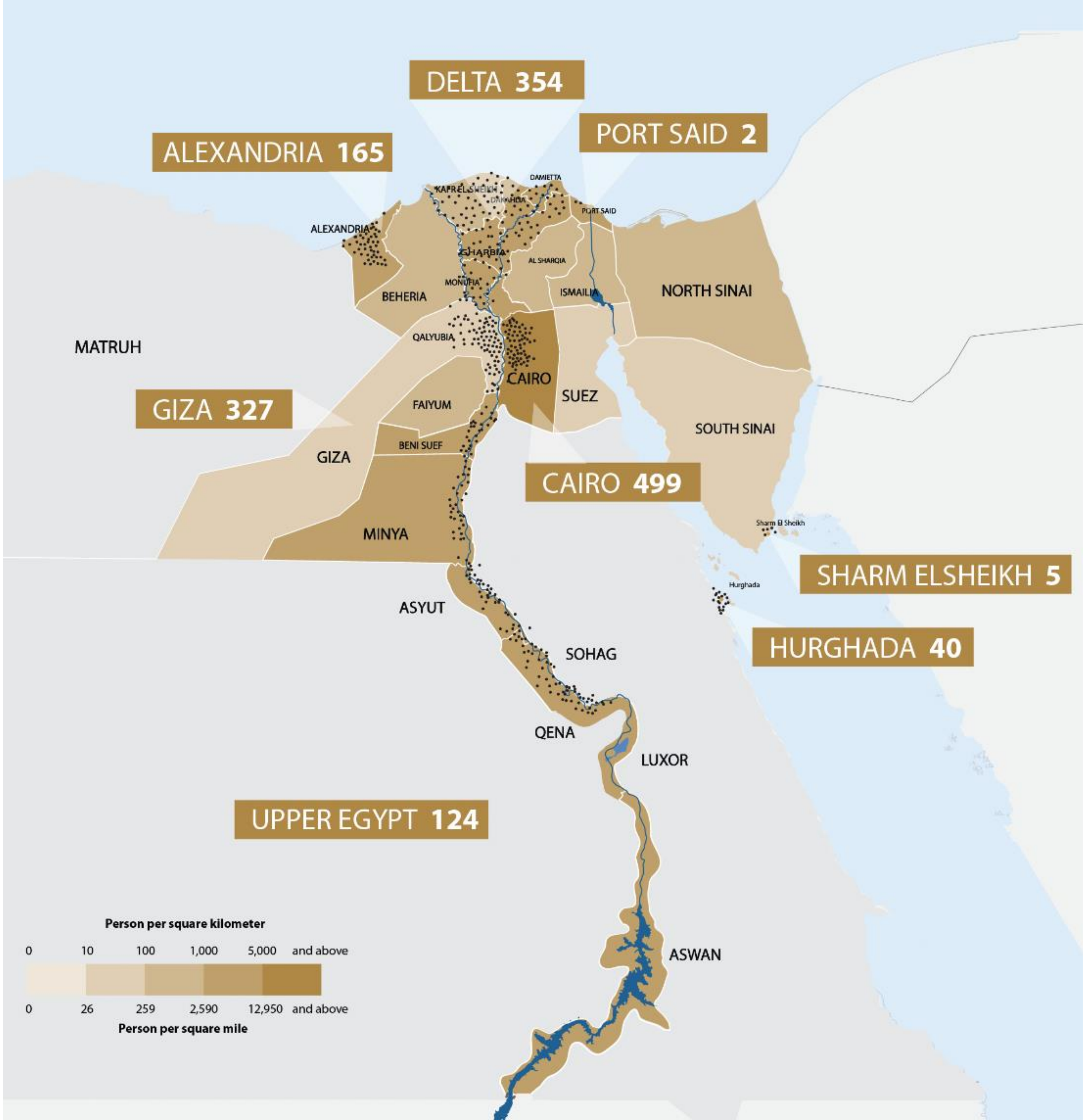


... among others

# NATIONWIDE REACH

Sarwa operates one of the largest consumer finance networks through a number of partnerships, the introduction of white label products, and a large merchant network

-  Own brands
-  Partnerships
-  White label
-  Get go network

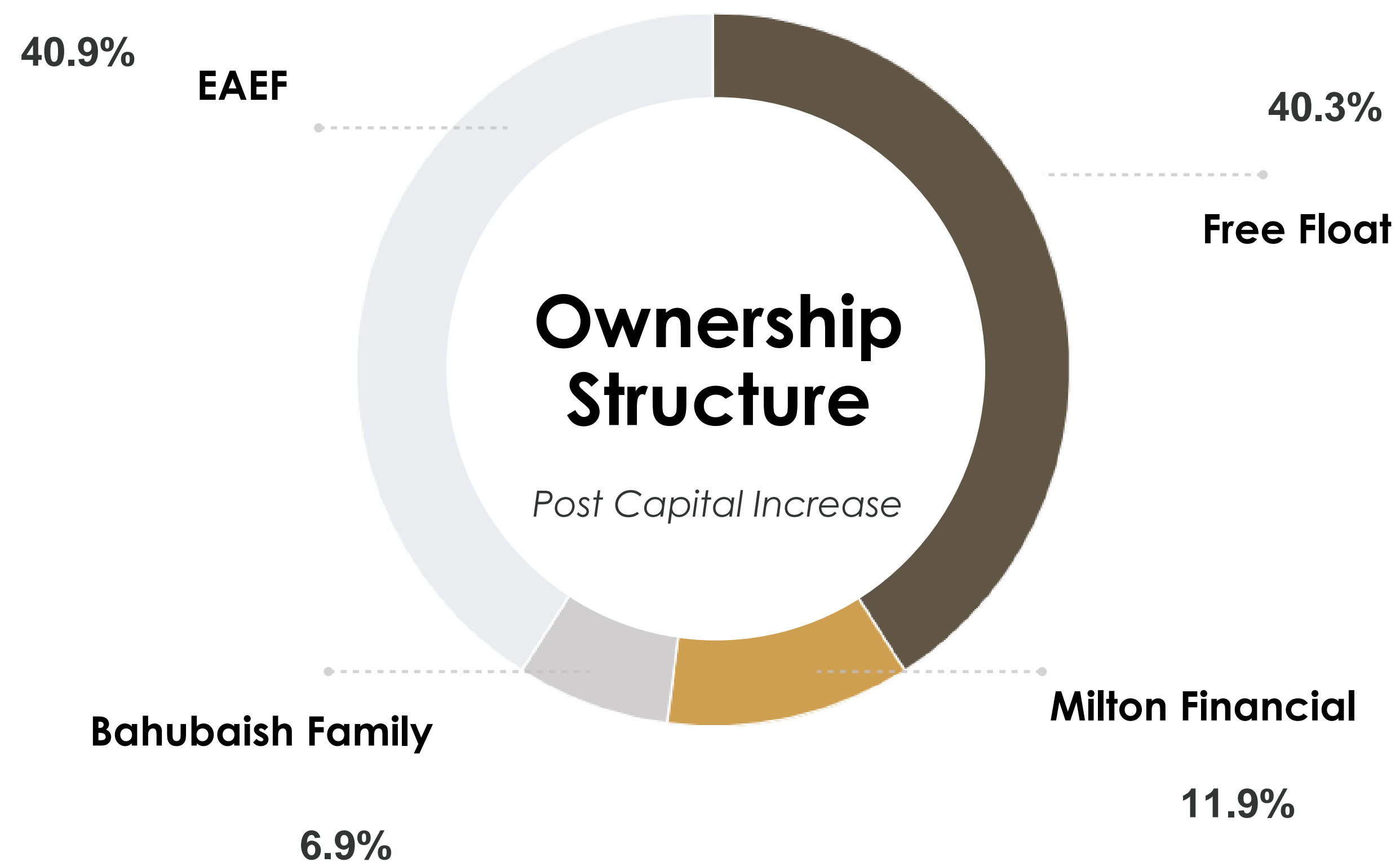


## LEADERS IN STRUCTURED FINANCE

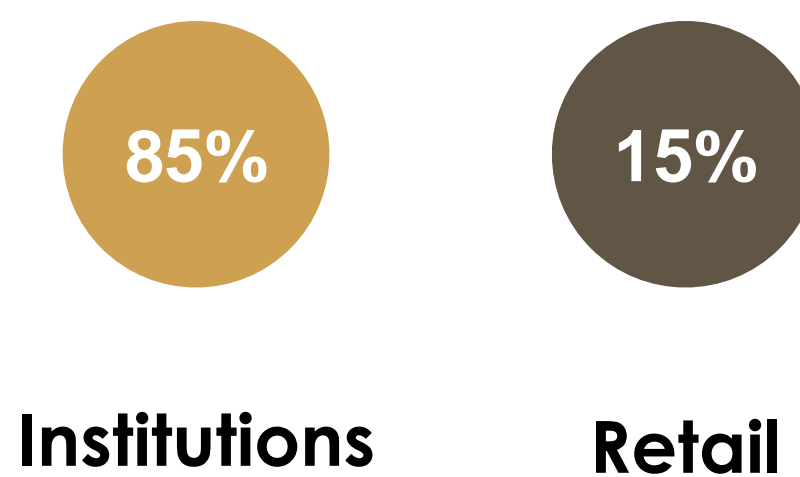
First Securitization in Egypt	Issued at height of financial crisis - with a creative interest rate structure	Issued 4 months after January 2011 revolution	Issued during political unrest (constitutional declaration) in December 2012	Largest size bond including first refinancing of existing securitization	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
EGP 140mn	EGP 392mn	EGP 350mn	EGP 814mn	EGP 899mn	EGP 201mn	EGP 2,030mn
Lead Manager	Lead Manager	Lead Manager	Lead Manager	Lead Manager	Lead Manager	Lead Manager
						
December 2005	December 2008	June 2011	December 2012	June 2014	January 2015	April 2018



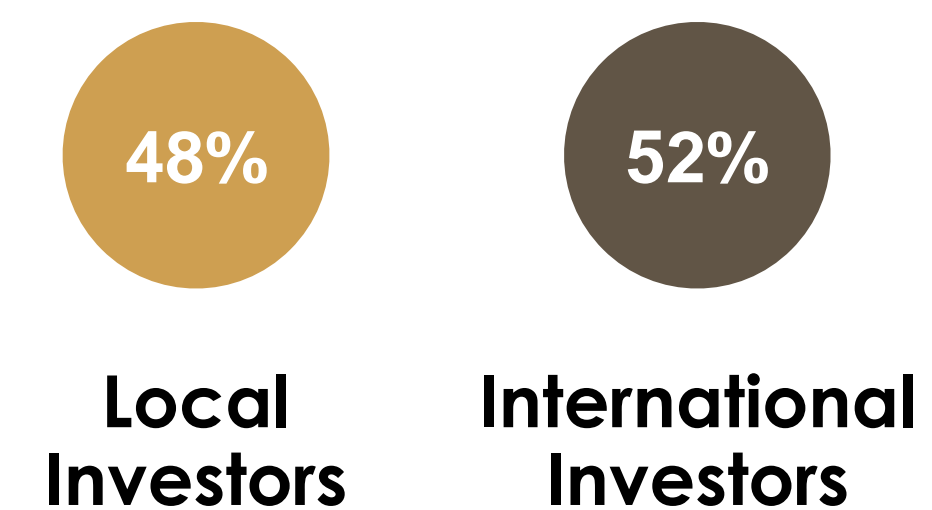
# OWNERSHIP STRUCTURE\*



## Free Float by Investor Type



## Free Float by Region



\*Prior to the execution of the stabilization fund



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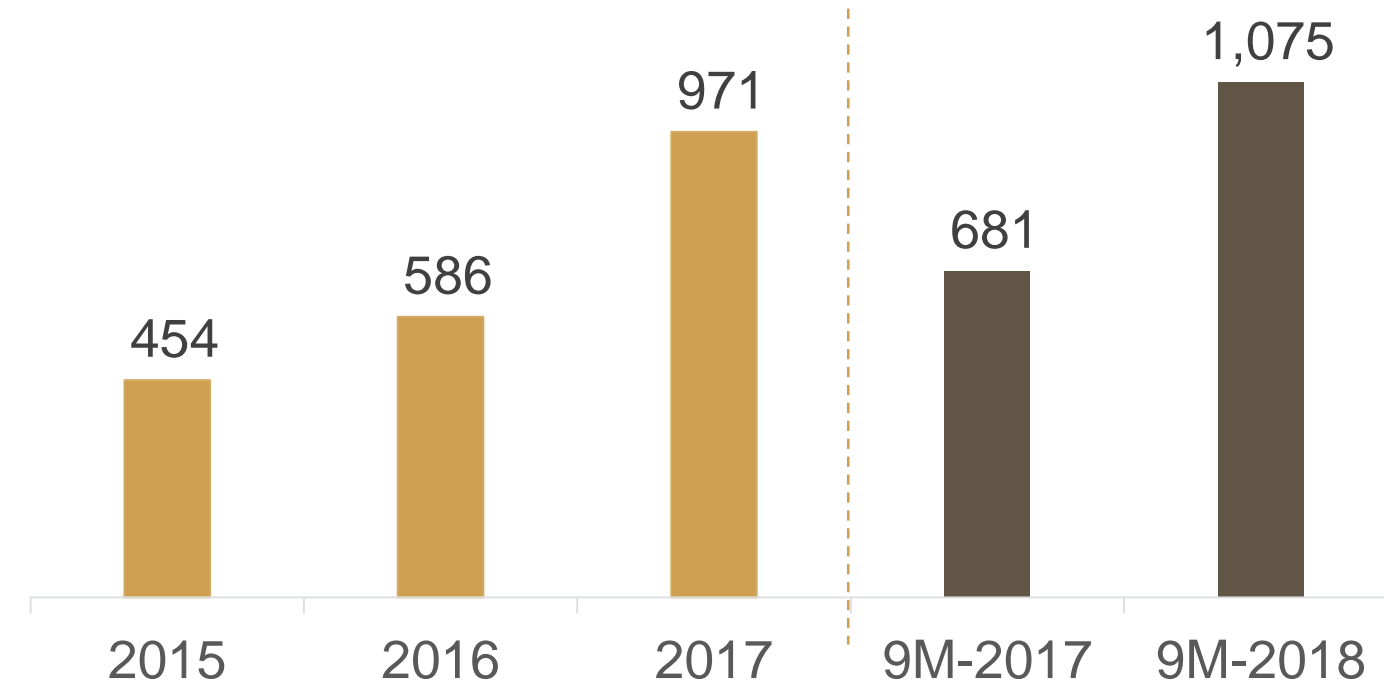
# Q3 2018 FINANCIAL PERFORMANCE



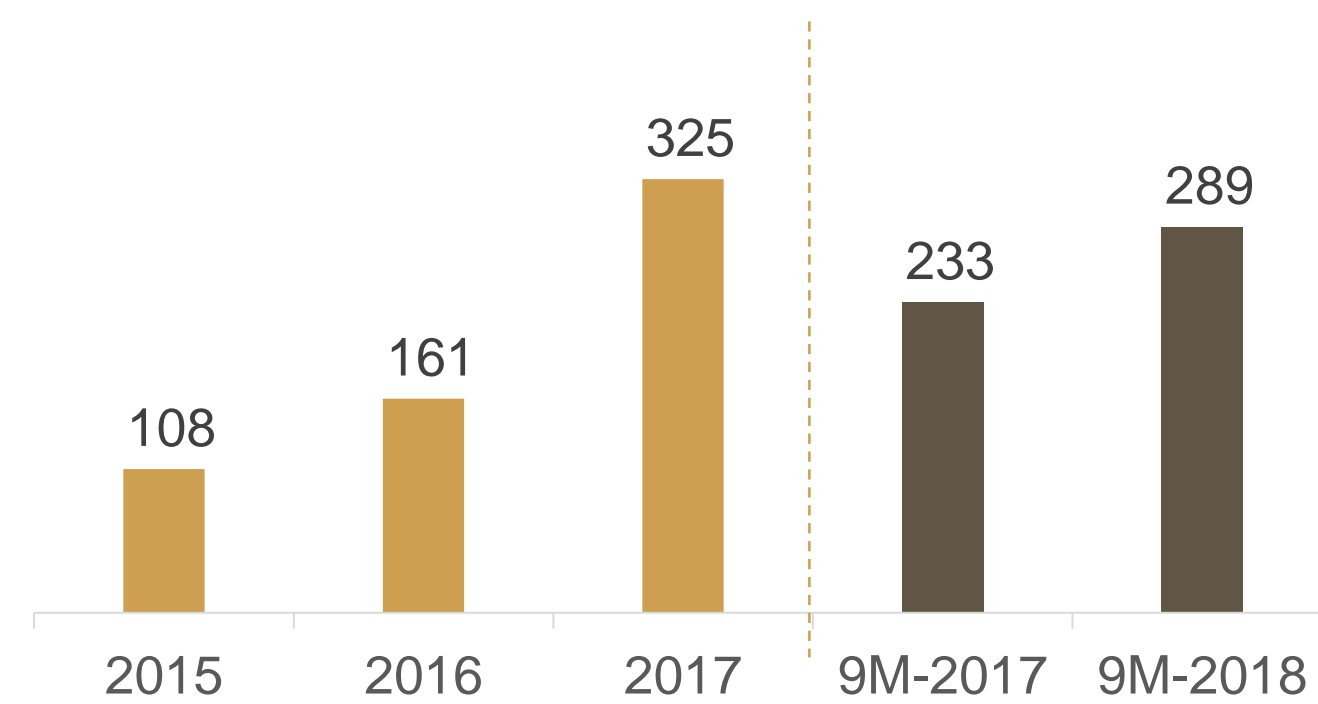
# FINANCIAL HIGHLIGHTS OF Q3 2018



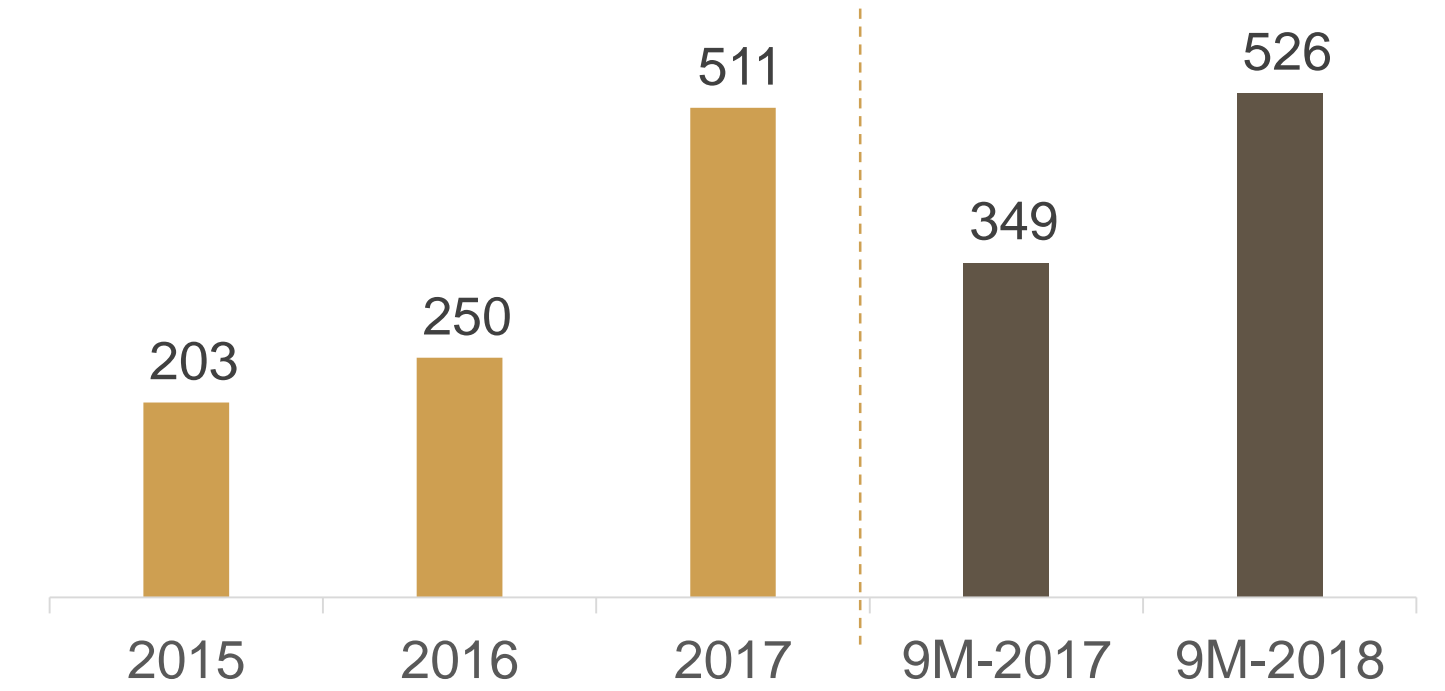
Financing revenue EGPmn



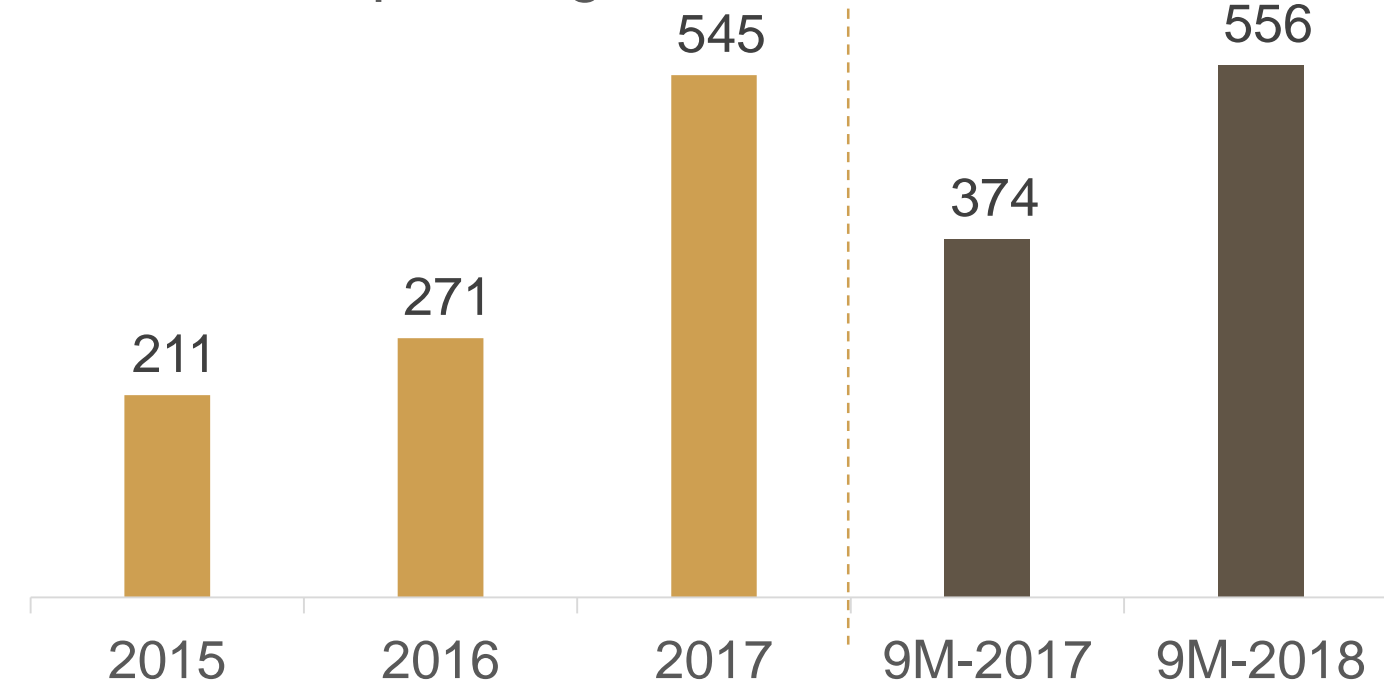
Net interest income EGPmn



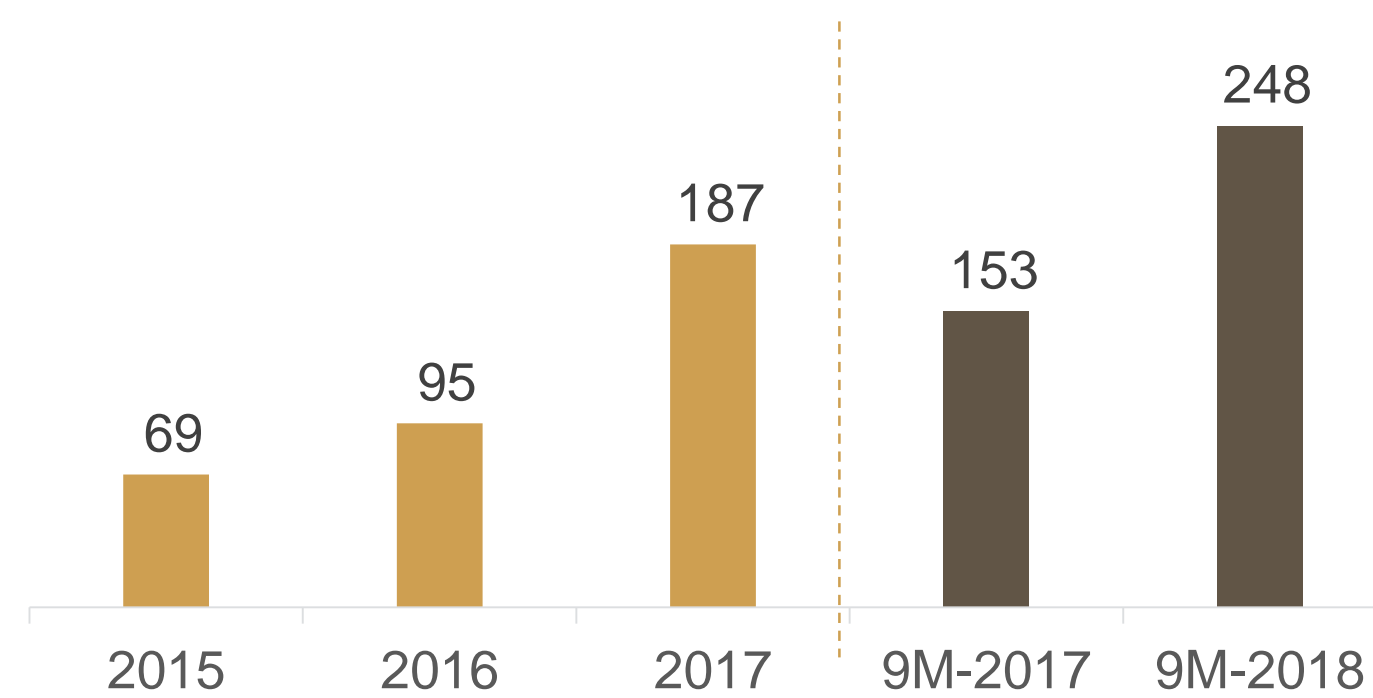
Financing Operating Income EGPmn



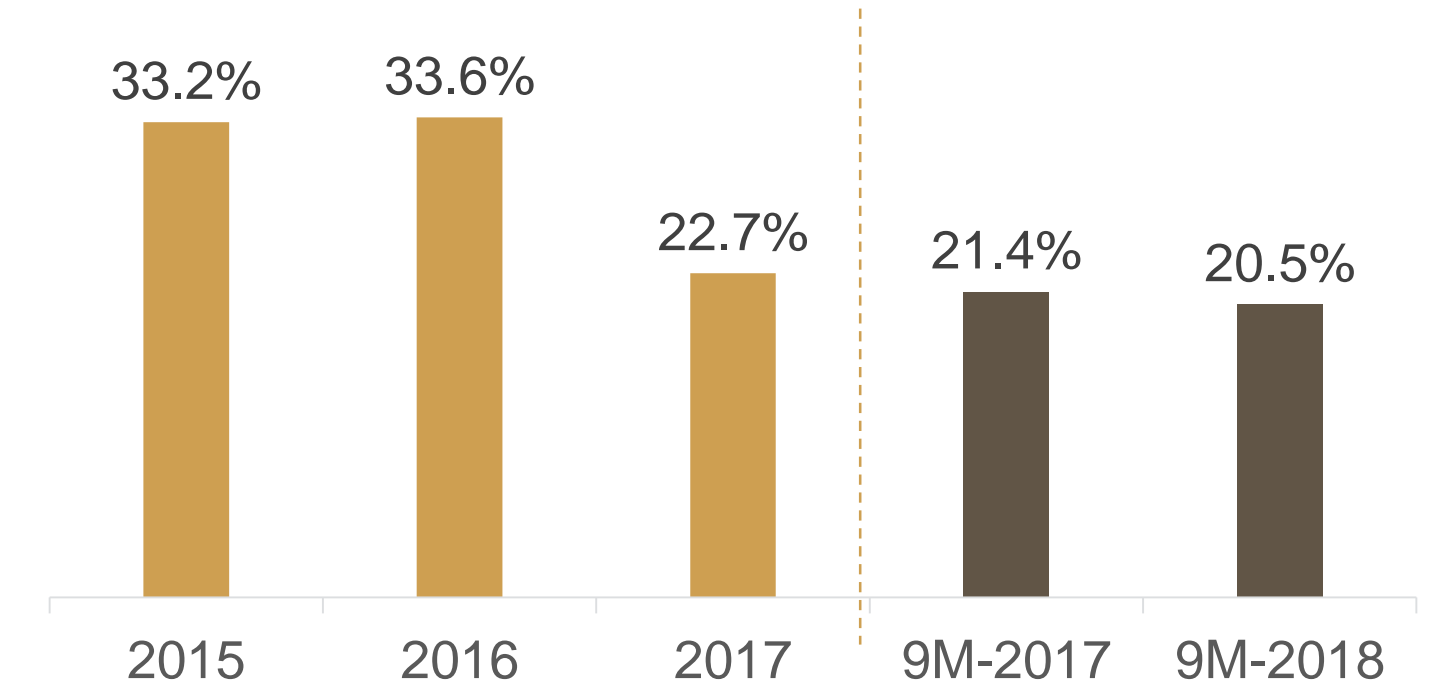
Net Operating Income EGPmn



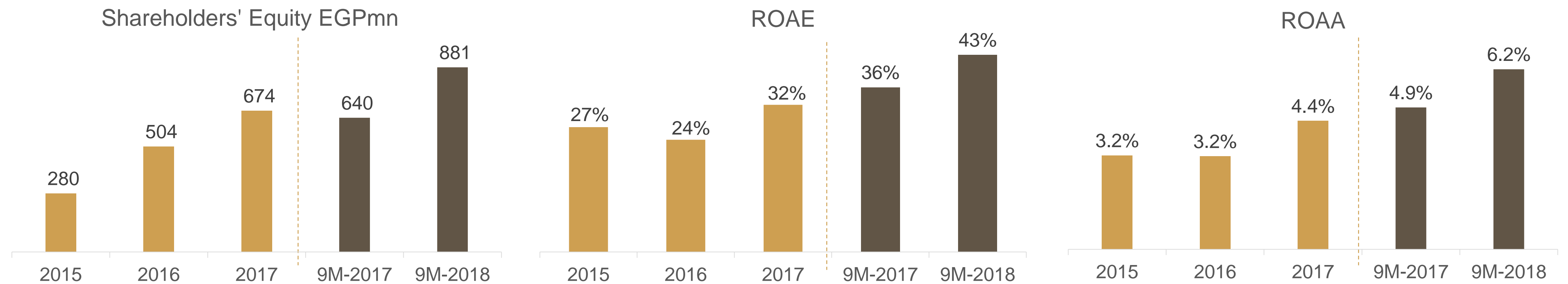
Net Income EGPmn



Cost to Income



# FINANCIAL HIGHLIGHTS OF Q3 2018

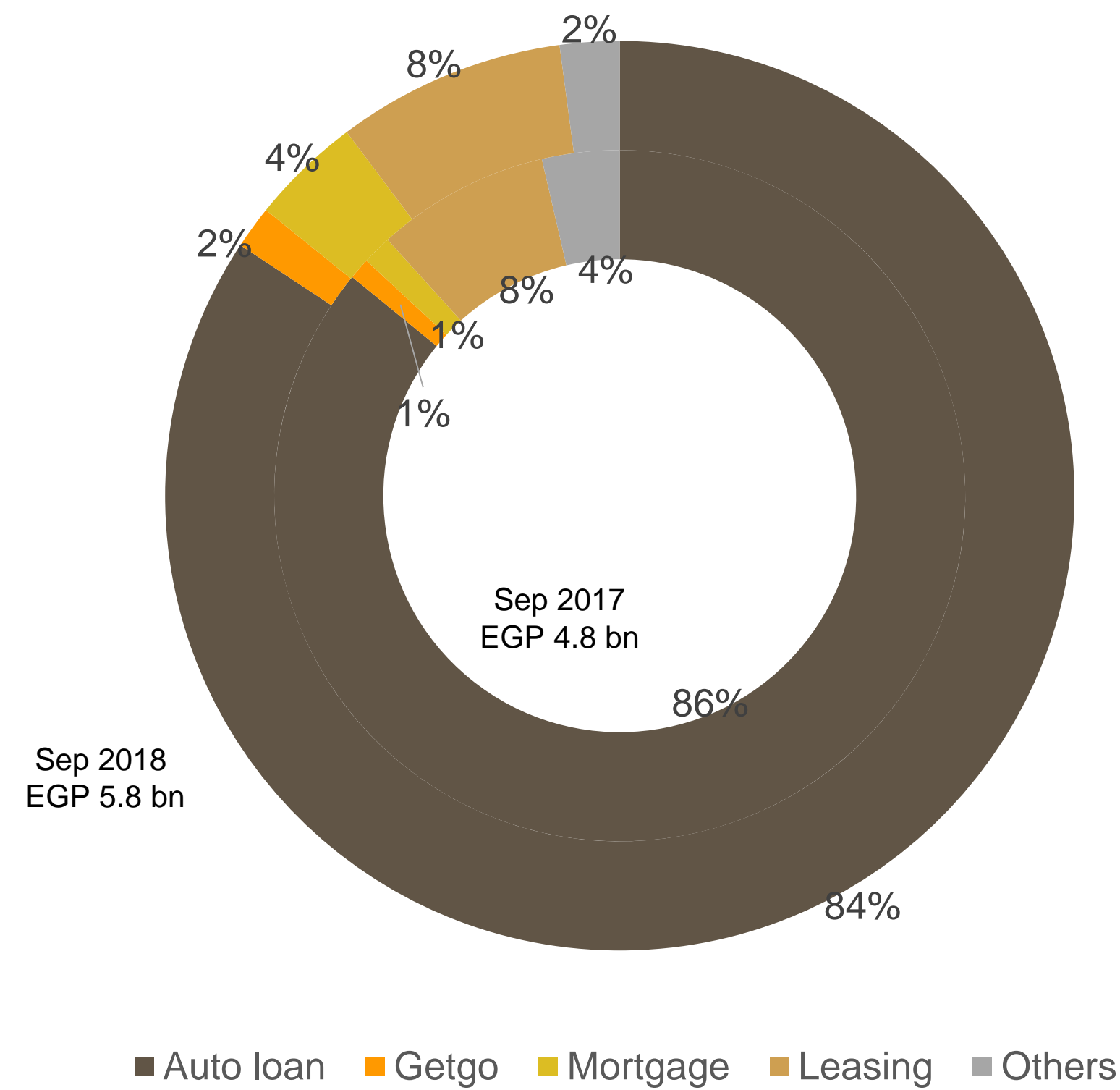




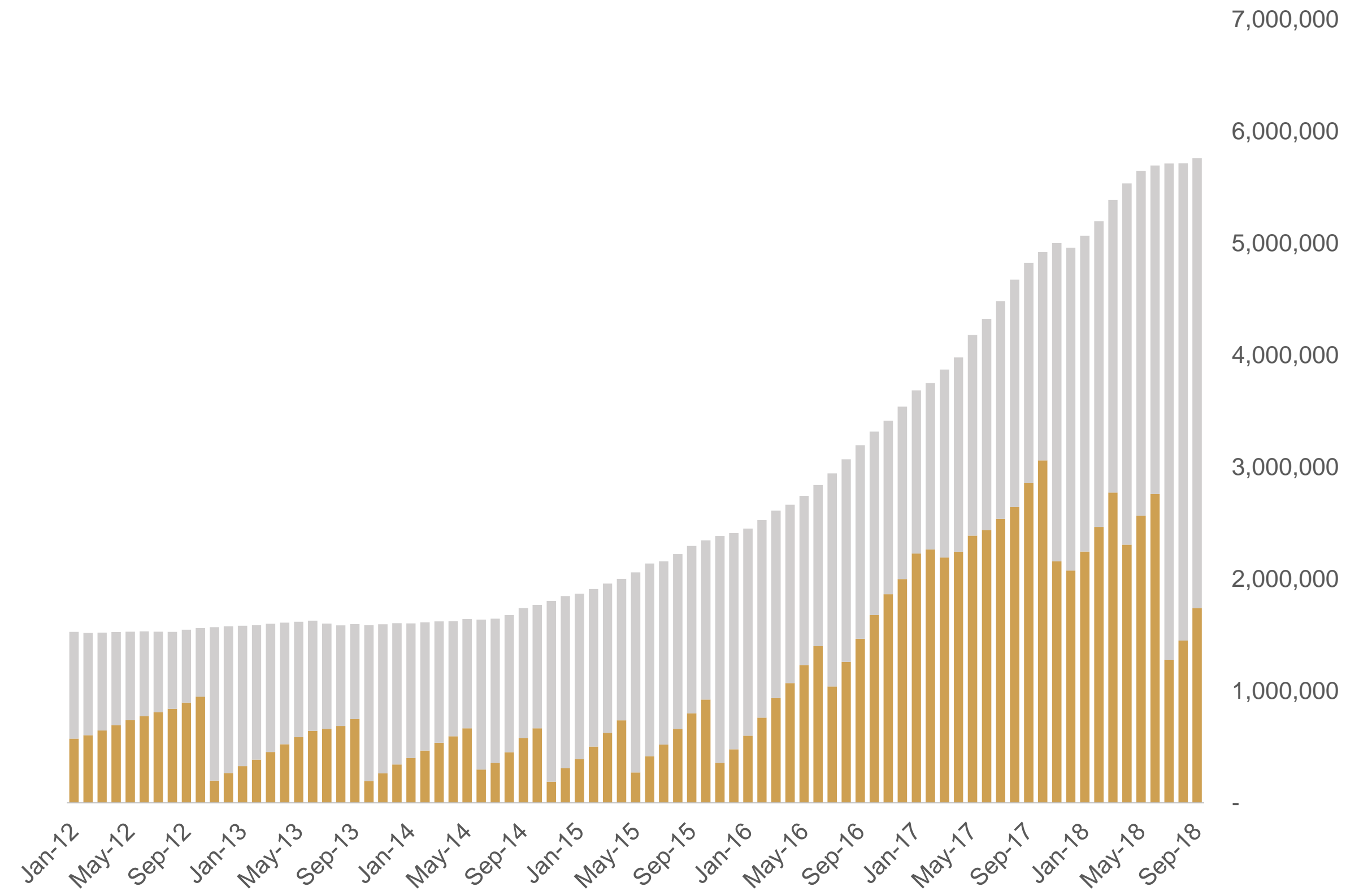
# FINANCIAL HIGHLIGHTS OF Q3 2018



Portfolio % 9M2017 vs 9M2018



On And Off Balance Sheet Portfolio



## FINANCIAL HIGHLIGHTS OF Q3 2018

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### Auto Credit

- Continued strength with 15% growth
- Improved market conditions, rising wholesale numbers
- Several initiatives in the pipeline

### Consumer Credit

- Expanding presence and client base
- Number of transactions up 102%
- Value of transactions up 87%
- Network grew by 40%

### Mortgages

- Launched low and middle income products according to the CBE initiative
- 782 low-income housing loans disbursed in 9M with strong uptick in applications
- The middle income launch
- Mortgages including home finishing loan grew by 128%

### Leasing

- Volumes grew 15% while re-focusing on the business on three segments:
  - \*transportation
  - \*medical
  - \*structured deals
- Partnership with Careem landing full-scale
- Construction and generic corporate leasing lines were discontinued

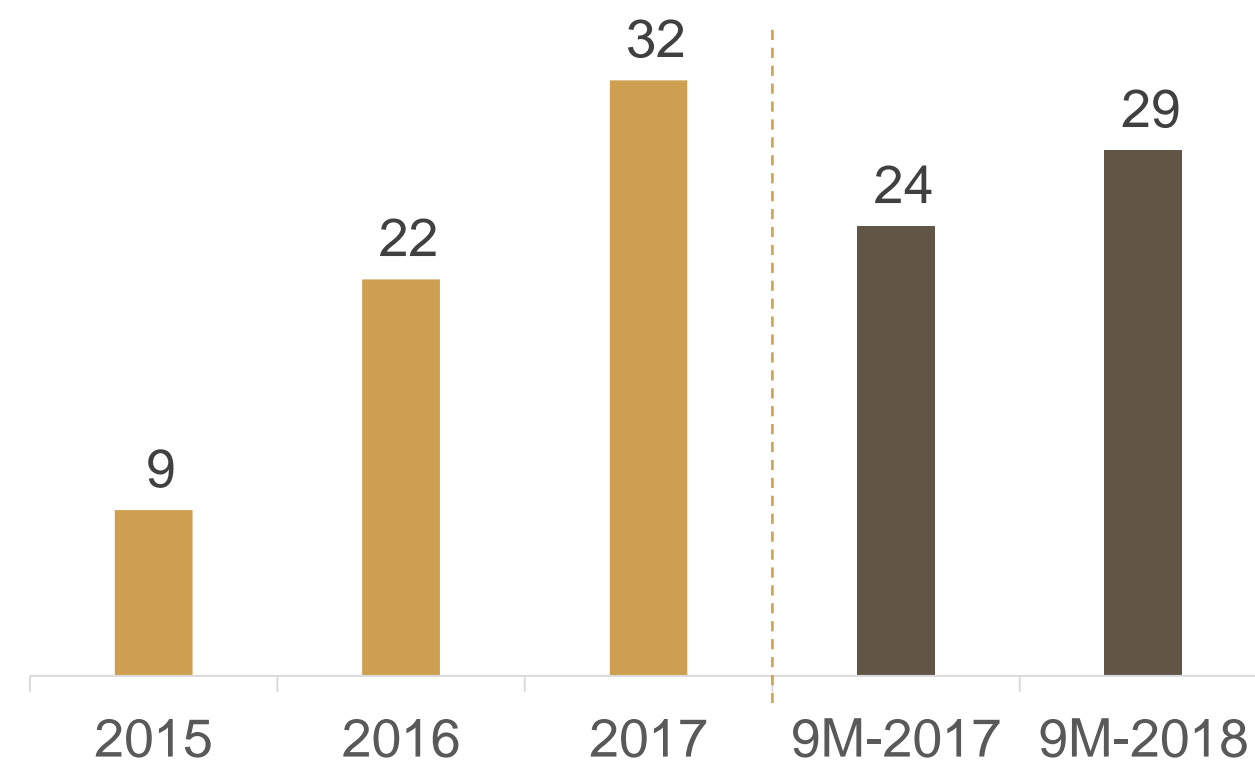
**New financing extended up 20% to EGP 3.1 billion in 9M 2018**



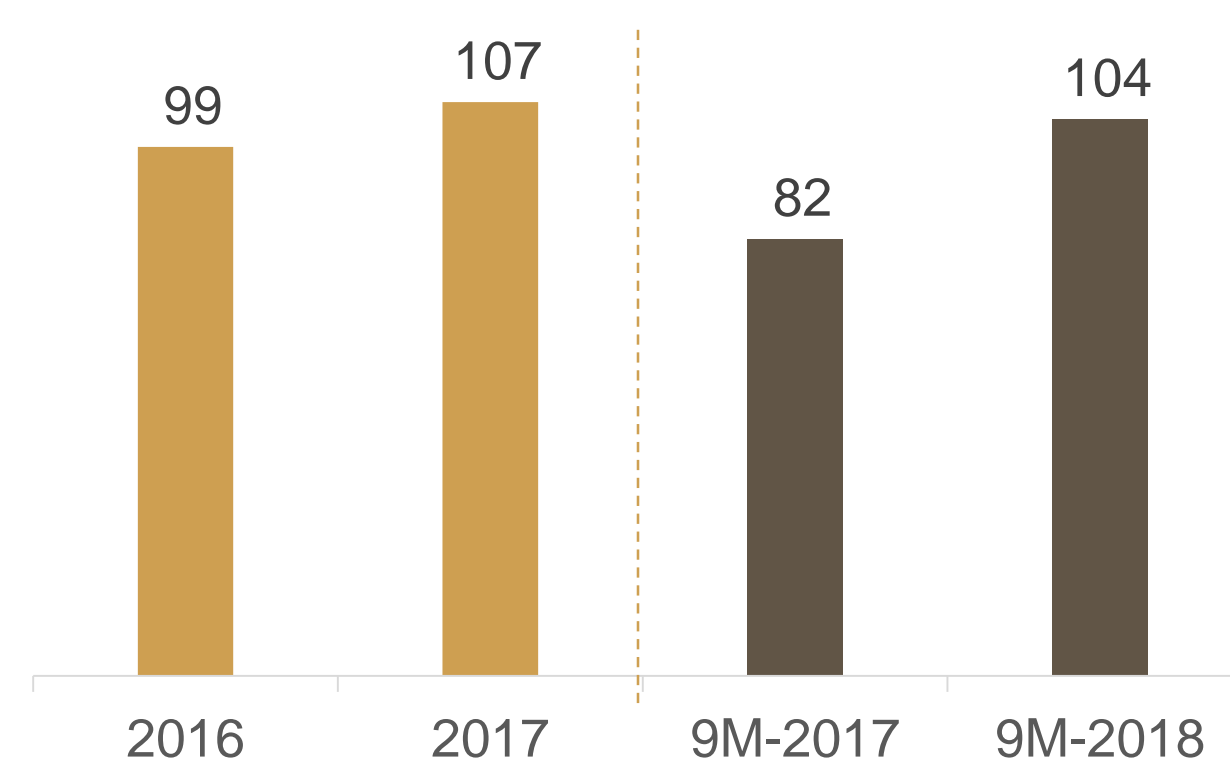
# FINANCIAL HIGHLIGHTS OF Q3 2018 - INSURANCE



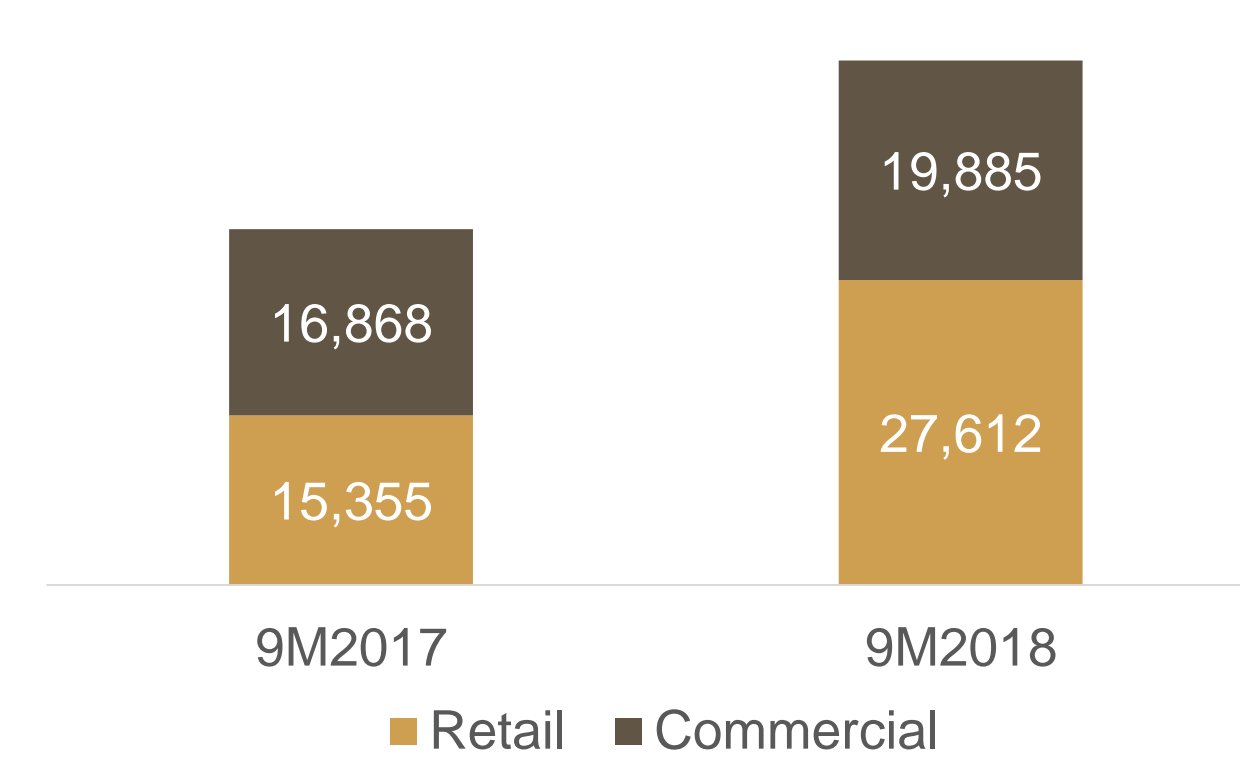
Net Insurance Income EGPmn



Insurance premiums EGPmn

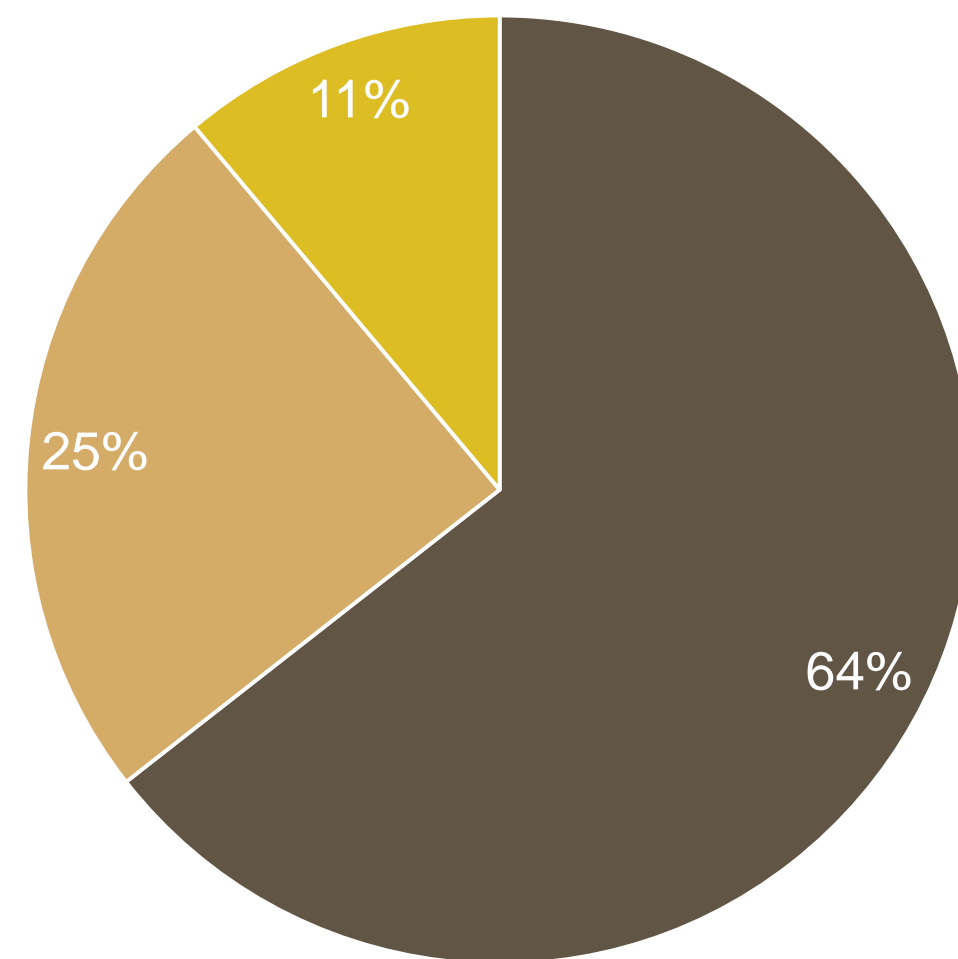


Number of Policies

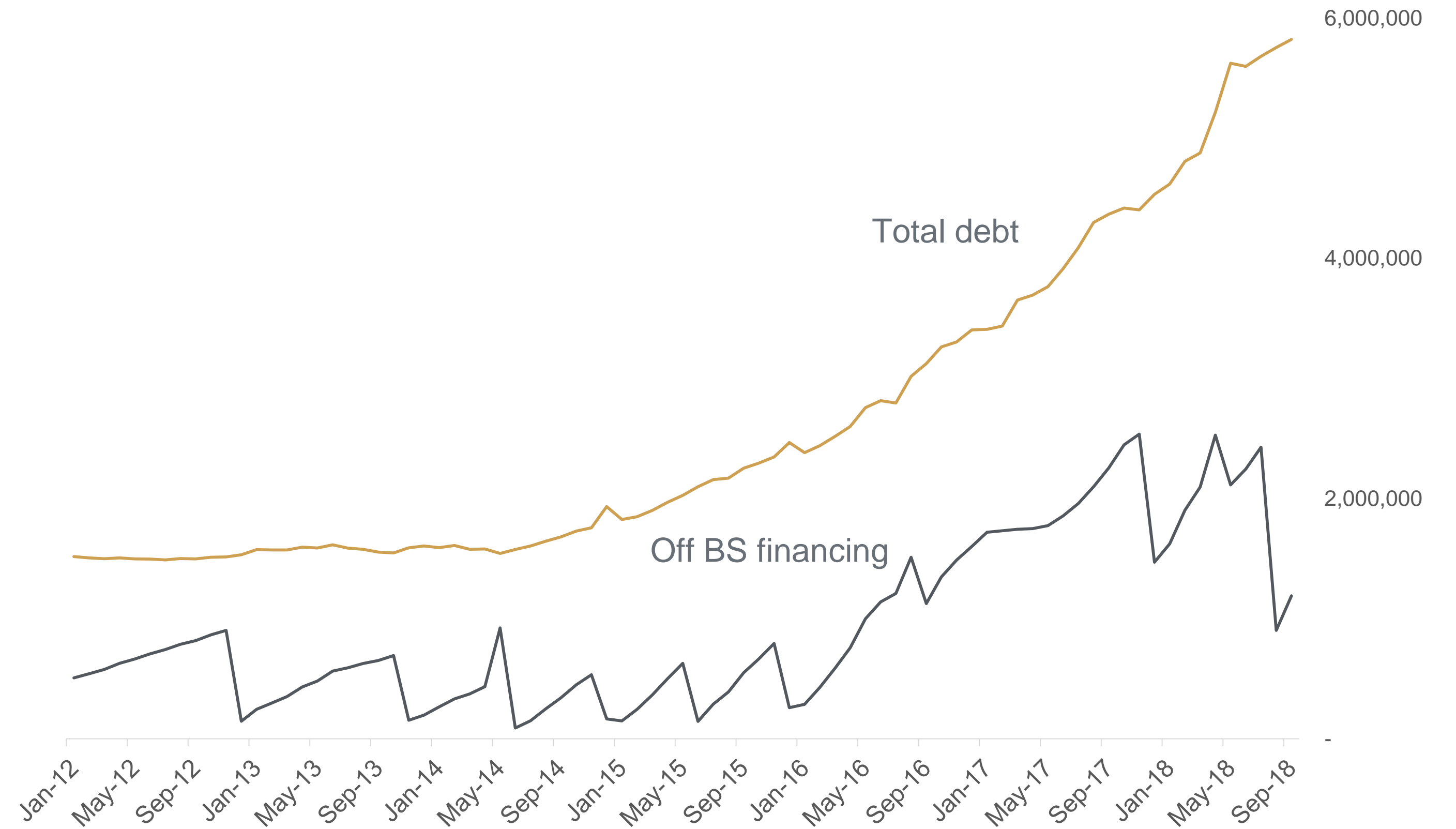


# FINANCIAL HIGHLIGHTS OF Q3 2018 – DEBT BREAKDOWN

■ Private Sector ■ Public Sector ■ Subsidized



Debt by source



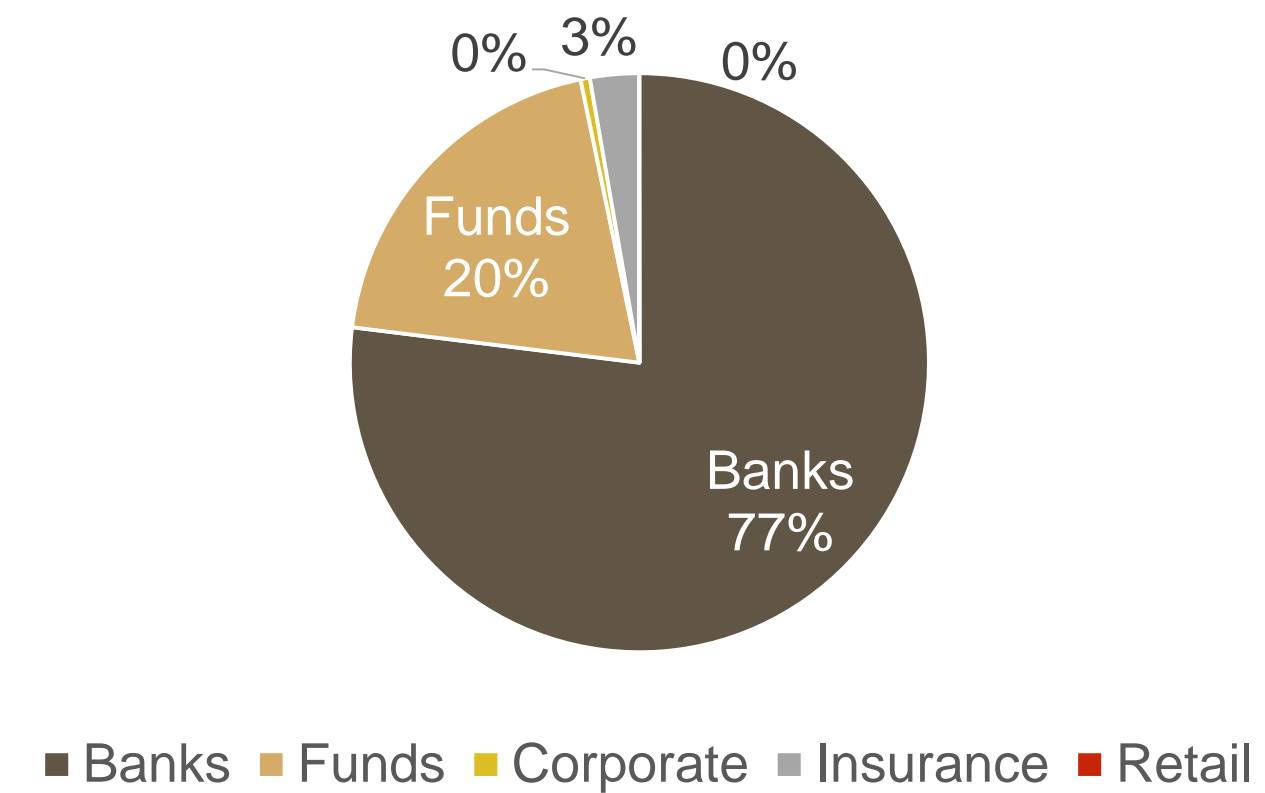


# FINANCIAL HIGHLIGHTS OF Q3 2018 – Q3 SECURITIZATION

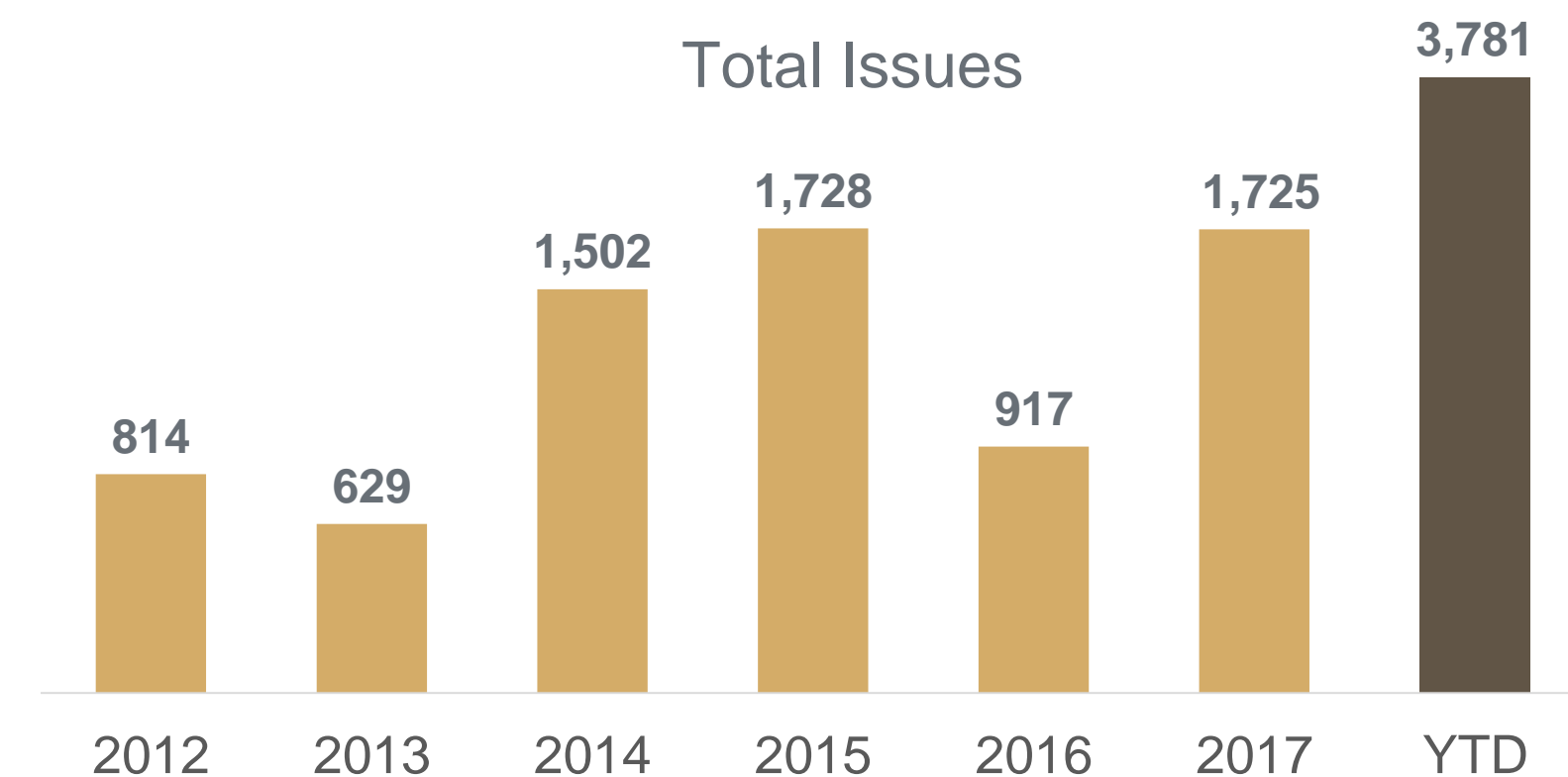
## New Issue – August 2018

- Bond size: EGP 1.75 billion
- Average Coupon Rate: 16.19%
- Upfront: 6.81%

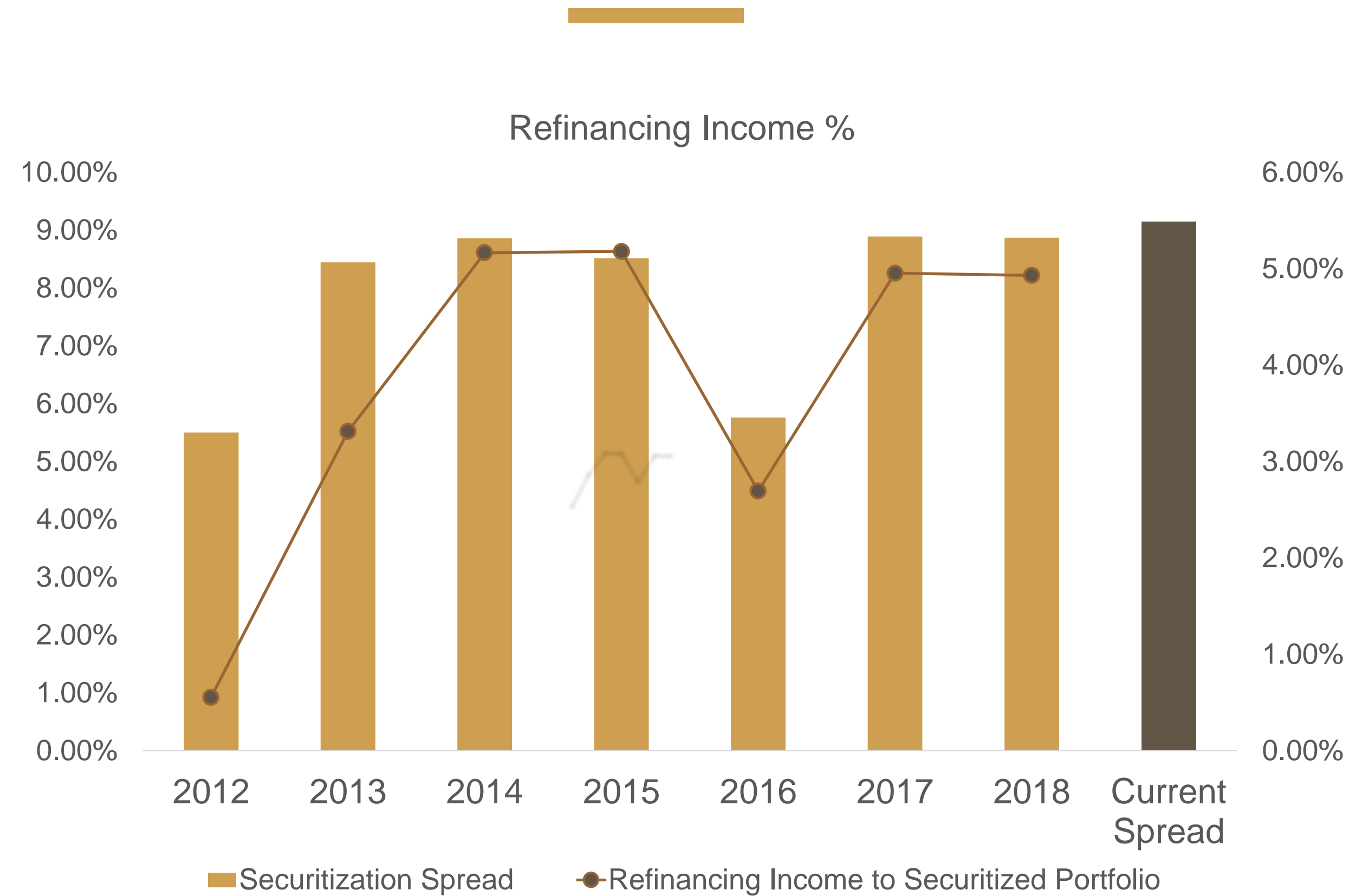
DCM Investor Base



	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
Spread	0.60%	1.40%	1.90%
Rating	AA+	AA	A



# FINANCIAL HIGHLIGHTS OF Q3 2018



Current spread is according to 19.5% T-bills rate



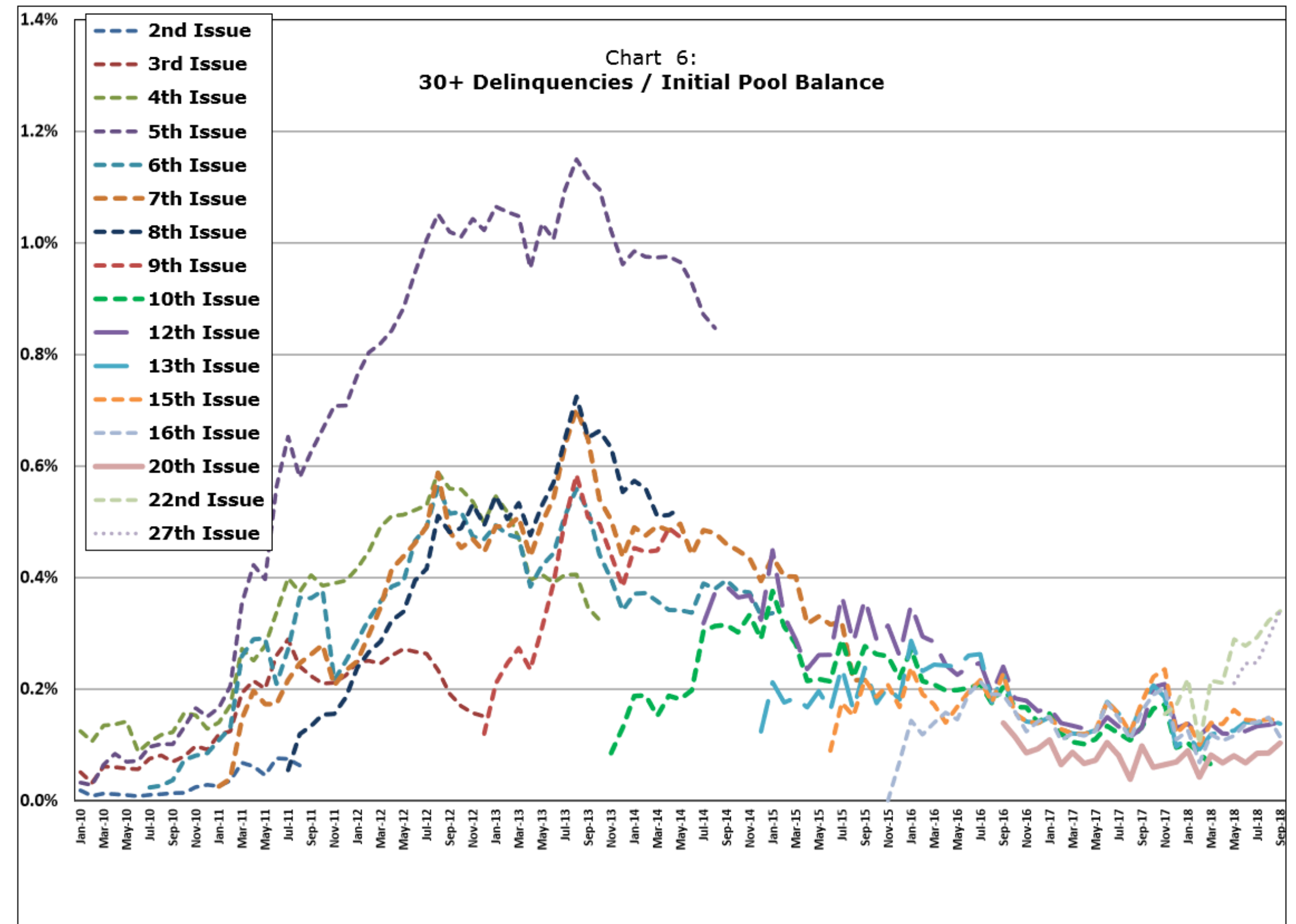
# ASSET QUALITY



Historical At-Risk Portfolio



4%  
3%  
2%  
1%  
0%



Source: MERIS Report

# MANAGEMENT-RECLASSIFIED ACCOUNTS\* OF Q3 2018

Income Statement (EGP000s)	9M 2018	9M 2017	YoY	Q3 2018	Q3 2017	YoY
Interest Income	808,475	539,813		284,674	191,734	
Interest Expense	-518,978	-306,919		-202,300	-109,888	
<b>Net Interest Income</b>	289,498	232,894	24%	82,375	81,846	1%
Fee Income	55,865	48,924	14%	17,674	16,765	5%
Refinancing Income	180,985	67,565	168%	116,697	17,632	562%
<b>Financing Operating Income</b>	526,348	349,382	51%	216,746	116,243	86%
Net Insurance Income	28,603	24,467	17%	11,200	9,807	14%
Other Services	808	116		267	83	
<b>Net Operating Income</b>	555,759	373,965	49%	228,213	126,132	81%
Other Income/Expense	392	-163		-198	0	
Provisions	-9,247	-3,877		-4,700	-2,874	
Operating Expenses	-113,809	-79,913	42%	-39,060	-27,467	42%
SG&A	-26,747	-21,144	26%	-8,159	-7,650	7%
Depreciation	-6,772	-5,350		-2,306	-1,842	
<b>EBT</b>	399,575	263,518	52%	173,790	86,299	101%
Corporate Tax	-76,828	-61,086		-40,910	-18,923	
<b>Consolidated Income</b>	322,748	202,432	59%	132,880	67,376	97%
Minorities	-74,583	-49,906		-32,436	-18,125	
<b>Net Income</b>	248,164	152,526	63%	100,444	49,251	104%

*\*Please refer to important note at end*



# AUDITED FINANCIAL STATEMENTS OF Q3 2018 - INCOME STATEMENT

	9M2018	9M2017	Q3 2018	Q3 2017
Sales revenue - goods and services	2 003 418 257	1 752 427 972	796 326 003	581 506 866
Cost of sales - goods and services	(1 900 426 169)	(1 667 422 951)	( 760 142 128)	( 549 756 430)
Income from transferred portfolios	21 146 078	29 028 524	6 403 760	9 105 825
Interest income - goods and services	181 892 275	215 207 834	35 863 374	77 610 456
Securitization and Discounting proceeds	102 518 315	39 604 528	65 140 577	7 932 736
Interest expense	(216 126 743)	( 167 644 444)	( 67 707 076)	( 62 224 803)
Gross profit	192 422 013	201 201 463	75 884 510	64 174 650
Operating revenue	101 791 224	53 995 199	65 994 251	20 197 864
Securitization net revenue	118 933 193	36 615 705	50 178 324	12 498 090
Administrative fees revenue	27 215 113	25 130 943	10 487 769	7 970 260
Other revenue	28 110 553	20 717 678	( 14 000 473)	7 554 301
Operating expense	(39 256 078)	(38 612 480)	( 13 003 569)	( 14 735 600)
Sales and distribution expense	(16 970 035)	(13 296 503)	( 6 006 739)	( 4 387 497)
General and administrative expenses	(135 039 182)	(98 408 194)	( 46 761 827)	( 33 237 196)
Impairment of financial assets	(9 747 309)	(4 877 358)	( 5 200 038)	( 3 873 520)
Net operating income	267 459 492	182 466 453	117 572 208	56 161 352
Profit share from associates	43 921 482	29 124 488	18 261 448	10 589 511
Foreign currency differences	62 694	( 791 164)	8 074	( 244 629)
Net profit for the period before tax	311 443 668	210 799 777	135 841 730	66 506 234
Income tax	(48 120 136)	(43 631 719)	( 28 480 570)	( 14 443 471)
Net profit for the period after tax	263 323 532	167 168 058	107 361 160	52 062 763
Distributed as follows:				
Owners of the company	248 163 893	152 525 802	100 472 508	47 305 632
Non controlling interest	15 159 639	14 642 256	6 888 652	4 757 131
	263 323 532	167 168 058	107 361 160	52 062 763
Earnings per share for the period	0.40	0.26	0.16	0.08

# AUDITED FINANCIAL STATEMENTS OF Q3 2018 – BALANCE SHEET

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	30/09/2018	31/12/2017
	EGP	EGP
<b>Assets</b>		
Non-current assets	YTD 2018	2017
Property, plant and equipment	83 060 776	55 950 833
Leased assets	427 738 311	395 530 697
Leased contracts under settlement	(19 313 666)	(29 064 750)
Work in progress	16 797 481	5 283 416
Goodwill	26 474 070	26 474 070
Investments in associates	54 345 848	50 582 106
Investments available for sale	10 743 750	10 493 750
Debtors and other debit balances	3 847 937	4 157 888
Accounts receivable	628 499 194	869 847 743
Securitization surplus	149 082 571	110 293 739
Deferred tax assets	213 675	93 351
Total non-current assets	1381489947	1499642843
<b>Current Assets</b>		
Due from related parties - debit	10 709 391	46 408 748
Deferred cost -insurance policies	17 210 176	13 652 855
Debtors and other debit balances	144 897 919	151 687 823
Accounts receivable	330 797 069	484 209 190
Treasury bills	250 121 867	40 945 166
Conditional Bank Account	5 291 229	78 297 301
Cash and cash equivalents	124 058 316	79 139 530
Total current assets	883085967	894340613
Total assets	2264575914	2393983456
<b>Shareholders' equity</b>		
Paid-in capital	100 000 000	96 786 900
Legal reserve	48 393 450	48 393 450
Share premium reserve	64 266 710	64 266 710
Retained earnings	668 634 542	464 824 394
Equity attributable to the shareholders of the parent company	881 294 702	674 271 454
Non Controlling Interest	49 156 678	34 233 770
Total equity & non controlling interest	930 451 380	708 505 224
<b>Non-current liabilities</b>		
Loans and overdrafts	614 939 809	979342678
Suppliers and other credit balances	6 406 378	6 443 820
Deferred tax liabilities	2 642 707	1639444
Total Non-current liabilities	623988894	987425942
<b>Current liabilities</b>		
Loans and overdrafts	479 634 275	350 905 354
Suppliers and other credit balances	205 515 822	297 311 086
Current tax liabilities	20 858 411	36 327 329
Due to related parties - credit	4 127 132	13 508 521
Total current liabilities	710 135 640	698 052 290
Total liabilities	1334124534	1685478232
Total shareholders' equity and liabilities	2264575914	2393983456

## MANAGEMENT ACCOUNTS OF Q3 2018



### **\*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-sheer portfolios.



## Q & A . .

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

### **Investor Relations**

Sarah Hosni  
Head of Investor Relations

Tel: +202 3539 1929

Fax: +202 3539 1939

e-mail: [ir@sarwa.capital](mailto:ir@sarwa.capital)





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**THANK YOU!**

