



Earning Release

Third Quarter, 2019

Operational KPIs	9M, 2019	9M, 2018	% Change
Number of Active Customers on the Network (millions)	24.1	19.3	24.9%
Number of POSs Terminals ('000)	125	89	39.7%
Number of Certified POSs ('000)	71	49	42.7%
Number of Contracted Banks	33	27	22.2%
Number of Acceptance Enabled Merchants ('000)	45	12	264.4%
Number of Transactions (millions)	612	432	41.7%
Total Value of Throughput (millions)	37,868	24,575	54.1%

Financial KPIs - EGP Million	9M, 2019	9M, 2018	% Change
Total Revenues	614.9	441.8	39.18%
Gross Profit	301.4	204.7	47.25%
Operating Profit	87.8	41.7	110.56%
EBITDA	156.4	107.5	45.54%
Net Profit Before NCI	76.3	51.6	47.69%
Net Profit After NCI	57.4	43.2	32.87%
Normalized Net Profit After NCI	67.0	43.5	54.02%

Normalized Net Profit after NCI is calculated after adjusting Net Profit after NCI for IPO expenses of EGP 3.6 mn, non-realized FX losses of EGP 2.4 mn, and Microfinance setup consultancy fees of EGP 5.1 mn.

Major Events

Partnership with the Ministry of Education

Because of the diversity of service offerings and our focus to facilitate the payment processes on all fronts, Fawry entered into a partnership agreement with the Ministry of Education by which all students can pay their fees through Fawry network of more than 125,000 POS terminal. Fawry service is now available to more than 20 million students in over 50,000 public schools all over Egypt. As of Sept 30th, more than 1.3 million students paid their tuition fees through Fawry.

Partnership with BI Solutions

Fawry has partnered up with BI solutions to establish Fawry FMCG - an e-payment network for merchants and retailers to facilitate product ordering and communications between all business parties including producers, intermediaries and all members of the supply chain.

Partnership with Al-Mashreq Bank

Fawry has launched its first loyalty platform with Al-Mashreq bank offering customers to collect points through their purchases with Mashreq credit cards and redeem these points through a giant network of merchants.

Citi Group Award

Due to its increasingly leading role in the Fintech industry and the variety of its service offerings, Fawry was announced by Citi Group to be among the winners of the MENA Fintech Challenge in digitizing cash collections in Egypt.

Heya Fawry - She is Fawry

Out of Fawry concern for the bigger society and in line with the overall country policy, Fawry initiated "Heya Fawry" initiative, which is the very first female e-payment agent network in Egypt that aims to empower low income women who either own retail shop, are home workers, or unemployed to become its agents, and encourage other female consumers in their local communities to access e-payments services and consumer goods.

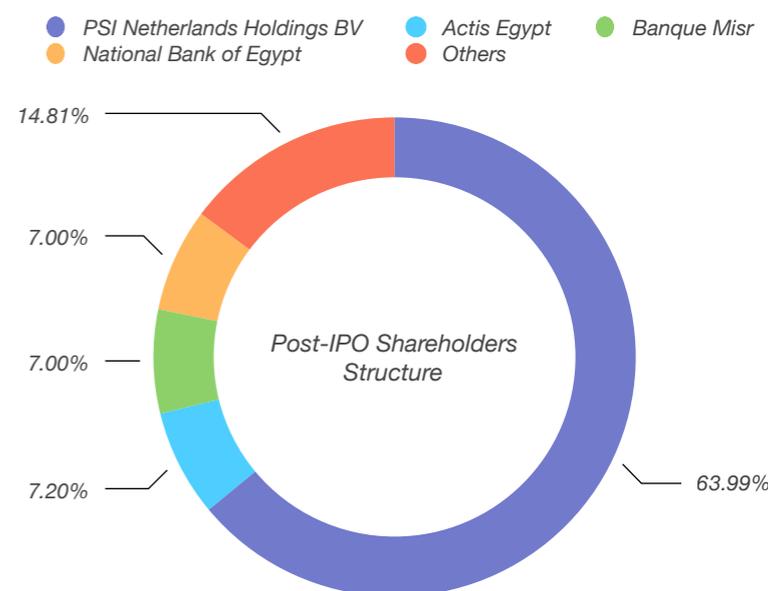
The initiative is a joint effort between the private sector in which Fawry partners with Unilever, transnational consumer goods company, and insurance firm AXA, and several Egyptian NGOs including Baheya, Mersal, Resala, Plan International, and the AWEF program.

There is around 150 women who were successfully trained and received point of sales machines to act as Heya Fawry agents, and Heya Fawry partners will jointly scale up the initiative to attract more and more agents, targeting to 600 additional women during the next few months.

World Bank Annual Meeting

Fawry participated in the World Bank Annual meetings where the CEO presented the role of Fawry in supporting inclusive growth through innovative solutions helping the underserved to have access to payments services and enabling small businesses to grow their businesses by accessing a variety of financial products and services.

Shareholders Structure



Authorized Capital - EGP	Issued and Paid Up Capital - EGP	Outstanding Shares	Par Value / Share - EGP
500,000,000	353,652,060	707,304,120	0.50



CEO Word

Third Quarter of 2019 witnessed significant growth on all fronts of Fawry business as we remain committed and focused on growing in other parts of the whole eco-system that are complementary to Alternative Digital Payments.

Although we have experienced growth on all lines of business, this growth demonstrates our revenue diversification strategy, and while we lead the market in “Alternative Digital Payments”, our strategy focuses on diversifying into; Banking Services (Agent Banking and Acceptance), Supply Chain, and Microfinance.

Fawry have achieved remarkable growth across all financial metrics in Q3, on a consolidated basis, Fawry have realized net profit after non-controlling interest of EGP 57.4 million on September 2019 compared to EGP 23.7 million on June 2019.

Additionally revenue contribution form other services than ADP grew from 11% to 16% Y-o-Y, and our GP increased from 46.3% on 9M, 2018 to 49% on 9M, 2019 in line with our diversification strategy.

Serving merchants with integrated end-to-end solutions, enabling them to grow their business and integrating them to the new digital era is materializing via the growth in Banking Services revenues that exhibited growth rate of 166.7% Y-o-Y and Microfinance revenues increased from almost zero balance on 9M, 2018 to EGP 7.5 million on 9M, 2019.

It is also worth mentioning that payments for Fawry services using mobile wallets exhibited remarkable growth rates of 73% and 258% in number of transactions and total throughput respectively. And this goes in line with our strategy of providing banks with wallet solutions and enabling wallet service providers to use Fawry services.

Finally our operating profits more than doubled Y-o-Y by growing from EGP 41.7 million on 9M, 2018 to EGP 87.8 million on 9M, 2019 reflecting sound operating leverage. Also, our normalized net profit after adjusting for non-operational expenses increased from EGP 43.5 million on 9M, 2018 to EGP 67 million on 9M, 2019 recording growth rate Y-o-Y of 54%.

The increasing efficiency that we witness Q-o-Q is a direct result of the efficient utilization of the platform and improved productivity that constantly leads to lower costs per transaction as we expand.

We are leading the market in e-payments business and we are the first to tap new areas ahead of existing and potential competition.

Chief Executive Officer

Eng. Ashraf Sabry



Key Operational Indicators

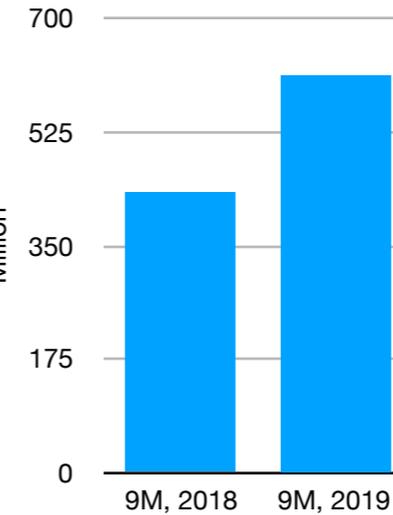
Total Throughput & Number of Transactions

Total number of transaction for the first nine months of 2019 recorded 612 million compared with 432 million over the same period last year achieving growth rate of 41.67%.

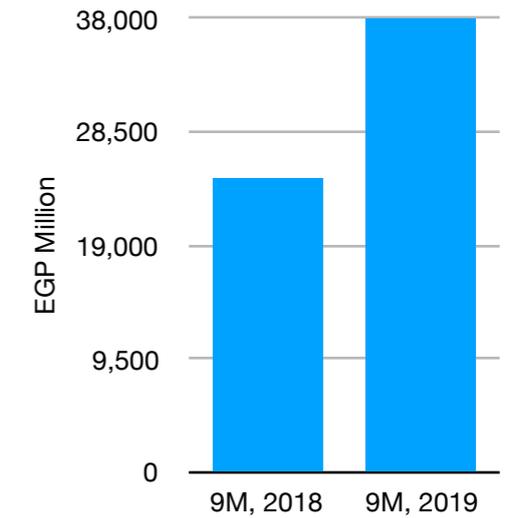
Accordingly, total throughput increased Y-O-Y from EGP 24.6 billion to EGP 37.9 billion reporting growth rate of 54%.

It is worth mentioning here that the growth in the average number of transactions per day which increased Y-o-Y from 1.6 million during 2018 to 2.26 million during 2019. This is an indicator of the continuous increase in the number of customers served by Fawry network and the expanding portfolio of offerings that covers a very wide range of services that could be paid using Fawry network.

Number of Transactions



Total Value of Throughput

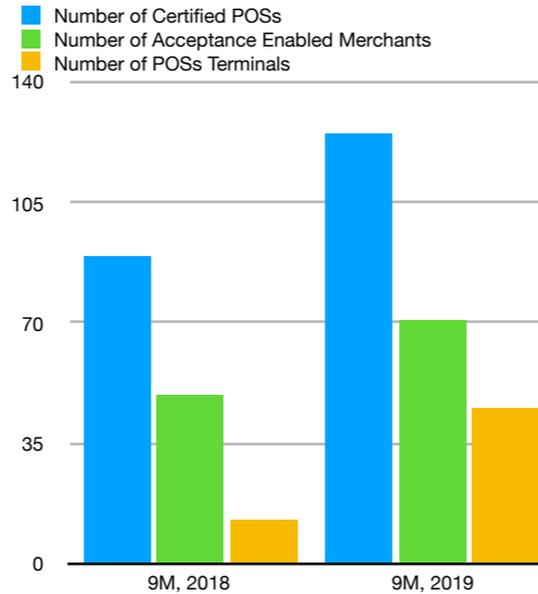


POSS Terminals & Acceptance Enabled Merchants

Fawry is investing heavily in expanding the merchant network and spending more on POS technology. POS terminals increased from 89.4K in 2018 to nearly 125K during 2019 achieving growth rate of almost 40% Y-o-Y.

Fawry increased certified POSs terminals from 49K in 2018 to 71K in 2019 registering growth rate of 40% Y-o-Y. This move is to enable merchants and small businesses to accept different methods of payments.

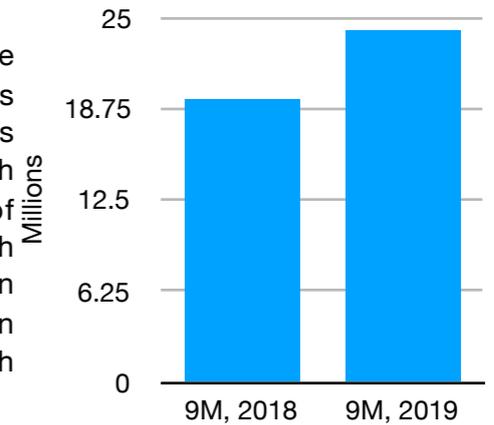
As a result, the number of acceptance enabled merchants increased from 12.5K during the first 9 months of 2018 to 45.5K during the same period in 2019 achieving growth rate of 264.4% Y-o-Y.



Number of Active Users

Fawry is constantly adding more services to its service offerings (500+) and many service providers are connected to the network, which contributed to the increase of monthly active users transacting with Fawry network from 19.3 million on September 2018 to 24.1 million on September 2019, recording growth rate of nearly 25%.

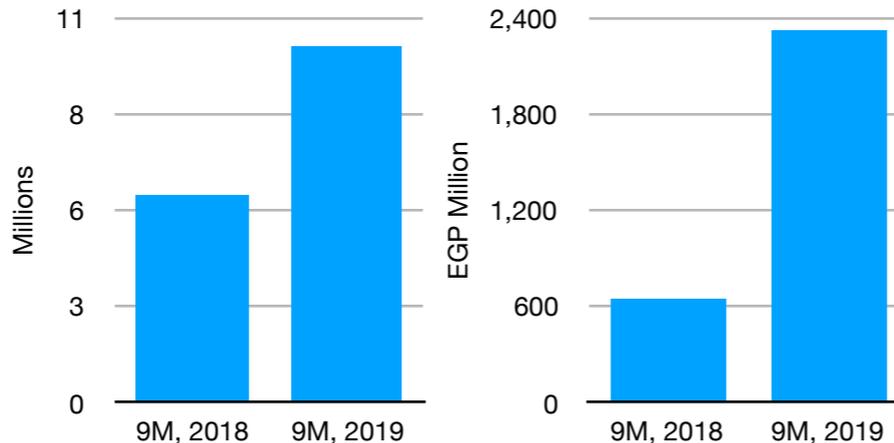
Monthly Active Customers on Fawry Network



Mobile Wallets

Fawry is experiencing remarkable growth in mobile wallets transactions over the YTD 2019. Number of transactions on mobile wallets nearly doubled Y-o-Y from 5.8 million to 10.1 million. In the same context, throughput nearly quadrupled Y-o-Y as it increased from EGP 648 million on 9M, 2018 to EGP 2.3 billion on 9M, 2019.

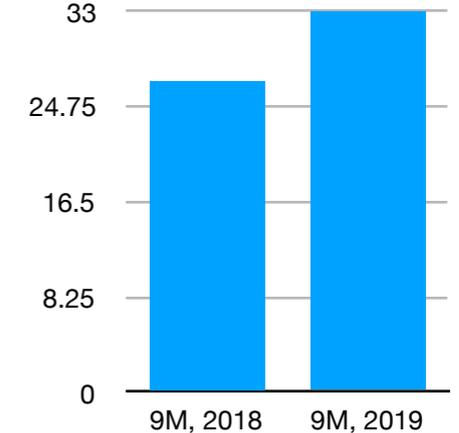
Transactions on Mobile Wallets and Throughput of Mobile Wallets



Number of Contracted Banks

Banks are main customers of Fawry services including agent banking and merchant acceptance. Bill payment services in all banks are enabled by Fawry technology and this has resulted in increasing the number of contracted banks from 27 during the first 9 months of 2018 to 33 banks over the same period during 2019.

Number of Contracted Banks



Key Financial Indicators

Total Revenues

Total revenues increased Y-o-Y from EGP 441.8 on 9M, 2018 to EGP 614.9 on 9M, 2019 achieving growth rate of 39%.

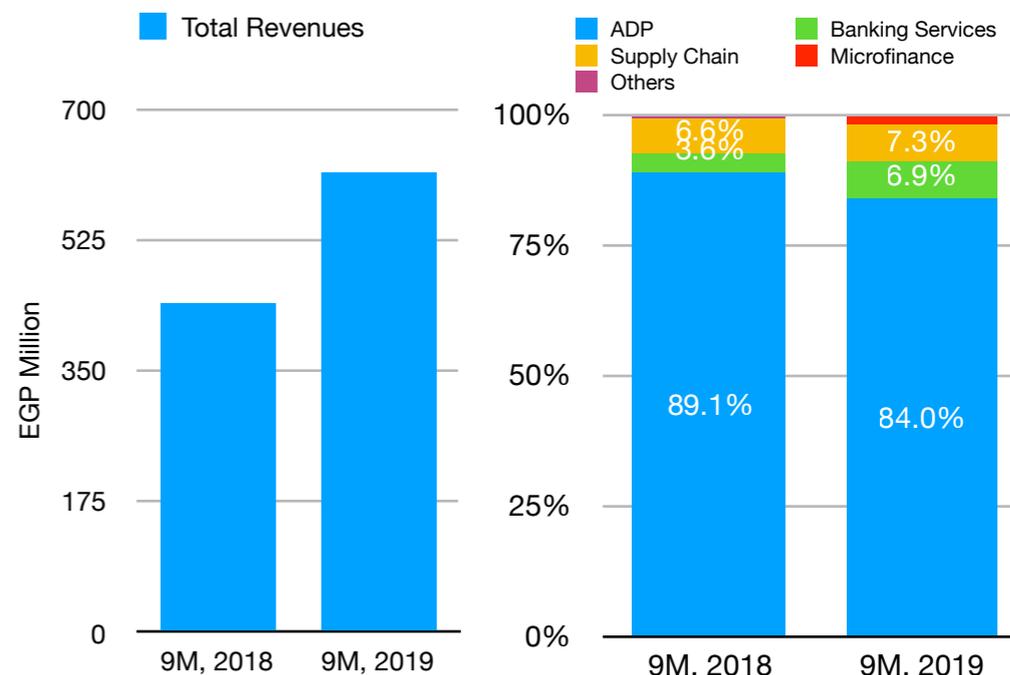
Alternative Digital Payments “ADP” revenues increased from 393.7 million on 9M, 2018 to EGP 516.4 million on 9M, 2019 achieving Y-o-Y growth of 31.2%. Still revenues from Alternative Digital Payments continued to account for the lion’s share of total revenue standing at 84% on 9M, 2019 down from 89% on 9M, 2018.

This was followed by Supply Chain that accounted for 7.3% of total revenues during the first 9 month of 2019. Supply Chain revenues increased from EGP 29.08 million on 9M, 2018 to EGP 44.81 million on 9M, 2019, recording Y-o-Y growth rate of 54%.

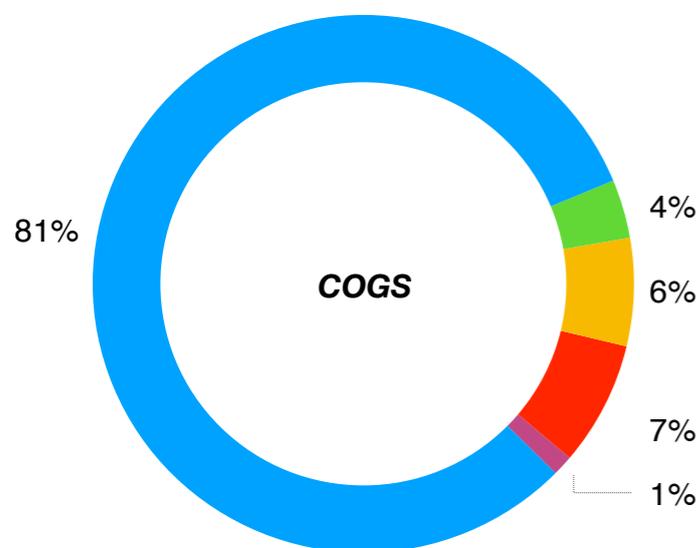
Banking Services accounted for 6.9% of total revenues. It increased from EGP 15.98 million on 9M, 2018 to EGP 42.6 million reporting Y-o-Y growth rate of 167%.

The lower contribution from ADP to total revenues was delivered by the other growing businesses. Banking Services contribution increased from 3.6% to 6.9% and Supply Chain contribution increased from 6.6% to 7.3%.

We are starting to report revenues from MicroFinance business line because of its increasing share in total revenues. MicroFinance reported the highest growth rate Y-o-Y mainly because its starting from a very low base as it increased from almost nothing on 9M, 2018 to EGP 7.5 million on 9M, 2019.



- Merchants and Channel Fees
- Bank Fees
- Cash Collection Costs
- Depreciation & Amortization
- Others



Total COGS increased from 239.3 million on 9M, 2018 to EGP 313.6 million on 9M, 2019 recording growth rate of Y-o-Y 31%. The composition of total COGS remained nearly the same Y-o-Y. Merchant & Channel Fees accounted for the lion’s share of total COGS standing at nearly 81%. Followed by Cash Collection Costs that declined by more than 50 basis points over the same period.

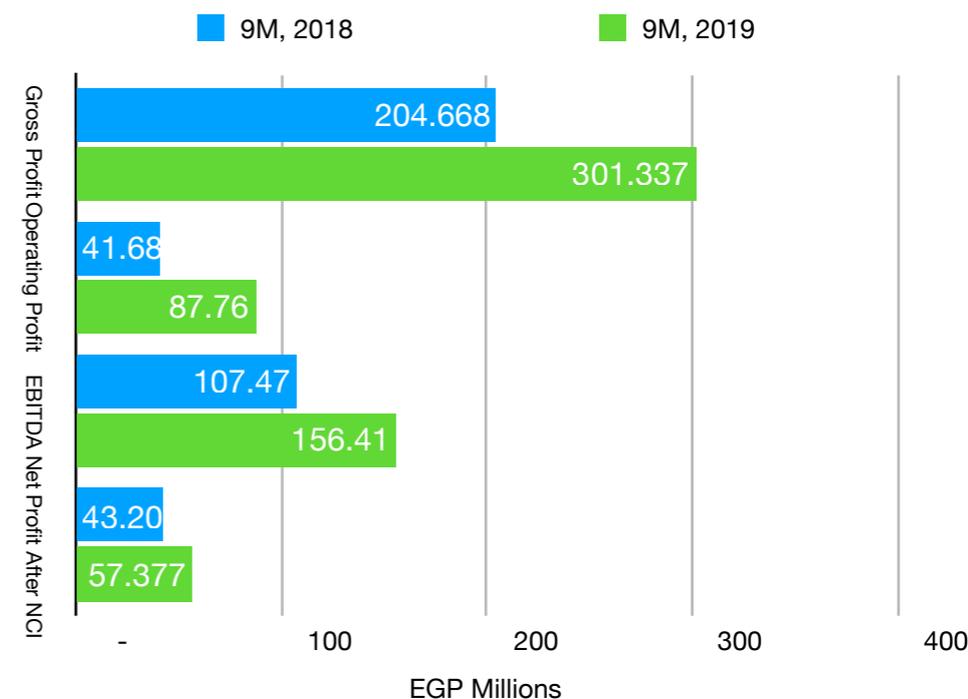
Profitability Analysis

Gross Profit amounted to EGP 301 million on 9M, 2019 compared with EGP 204 million on 9M, 2018 recording growth rate of 47.5% Y-o-Y.

Operating Profit more than doubled Y-o-Y where it increased from EGP 41.7 million on 9M, 2018 to EGP 87.7 million on 9M, 2019.

EBITDA showed significant improvement as well where it increased from EGP 107.5 million on 9M, 2018 to EGP 156.4 million on 9M, 2019 recording growth rate of 45.5% Y-o-Y.

Net Profit After NCI showed lower growth of 32.6% Y-o-Y as it increased from EGP 43.2 million on 9M, 2018 to EGP 57.37 million on 9M, 2019.



Margin Analysis

Gross Margin showed noticeable improvement due to declining COGS. Operating margin showed significant improvement due to operational leverage and efficient use of the platform. Gross margin increased from 46.3% to 49% Y-o-Y. Operating margin also showed a significant improvement as it jumped from 9.4% on 9M, 2018 to 14.3% on 9M, 2019.

Despite shorter cash cycles and falling interest rates, Fawry succeeded to maintain EBITDA margin and marginally improve it to 25.4% on 9M, 2019 compared with 24.3% on 9M, 2018.

Net Profit Margin after NCI declined 0.6% Y-o-Y to 9.3% on the back of non-operating costs (IPO expenses, non-realized FX expenses, and Microfinance setup consultancy fees). However, Normalized NCI after accounting for these non-operating items showed higher growth rate of 54% Y-o-Y. Normalized Net Margin after NCI increased marginally to 10.9% on 9M, 2019 compared with 9.8% on 9M, 2018.



About Fawry

Founded in 2008, Fawry is the largest e-payment platform in Egypt serving the banked and the unbanked population.

Fawry services include enabling Egyptians to pay their bills electronically, top up their mobiles, and provisions. Other digital services include e-tickets, cable TVs, and variety of other services.

Through its P2P model, Fawry is enabling corporates and SMEs to accept electronic payments including payments through websites, mobile phones, and POSs.

Through its network of 33 member banks, its mobile platform, and more than 125,000 agents, Fawry is processing an average of 2.5 million transactions daily serving an estimated base of 24 million customers monthly.

Fawry Investor Relations

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