

Edelweiss Financial Services Limited

Q3FY20 Unaudited, Limited Reviewed Results

Total Income INR 2,650 Cr

Ex-Insurance Profit After Tax INR 74 Cr

Edelweiss Financial Services Limited, India's leading diversified financial services company, declared its unaudited, limited reviewed results for the quarter ended 31st December 2019 today.

Q3FY20 Highlights:

- **Total Revenue INR 2,650 Cr** (INR 2,897 Cr for Q3FY19)
- **Ex-Insurance Profit After Tax INR 74 Cr** (INR 273 Cr for Q3FY19)
- **Ex-Insurance RoA for the quarter at 1.0% and RoE 4.1%**
- **Consolidated Profit After Tax INR 17 Cr** (INR 226 Cr for Q3FY19)
- **Group Gross Net worth INR 10,163 Cr** which includes investments of CDPQ, Kora Management and Sanaka Capital in equity convertible instruments
- **Debt Equity (Ex BMU assets & Episodic) reduced further to 2.9x** (4.2x for Q3FY19)

Speaking on the occasion, Mr. Rashesh Shah, Chairman and CEO, Edelweiss Financial Services Limited said:

"In this quarter, we strengthened the balance sheet with the equity raised in our Advisory businesses. This is the second equity raise, after the first round of equity we raised in our Credit business in 2019. Our debt-equity ratio is now a very conservative 2.9x, giving us great headroom for future growth. Liquidity was ample throughout the quarter.

The operating highlights of this quarter were the 42% growth in AuM of Asset Management in our Advisory business in spite of the credit dislocation. In order to transition quickly to a retail-dominated book, we reduced our Corporate Credit exposure by selling down part of our portfolio to funds. Reducing the Corporate Credit exposure will remain a key focus area for us. The weak economic climate resulted in elevated credit costs which, along with the cost of managing liquidity, resulted in muted earnings. We have created a separate vertical called Edelweiss Global Investment Advisors or EGIA which will house all our Advisory businesses. We will look to strengthen EGIA and make this more independent in the near future.

We are very encouraged by the determination with which the Government and RBI have focused on specific measures to help financial services companies by nudging the Banking sector in terms of transmission of both liquidity and rate reductions. While we remain conservative in our immediate outlook, I am confident these concerted measures will bear fruit before long, and the current situation will reverse in 2-3 quarters."

Business Highlights:

Operations of Edelweiss are organized in three Business Groups **EGIA (Edelweiss Global Investment Advisors), Credit and Insurance.**

EGIA (Edelweiss Global Investment Advisors):

EGIA businesses include **Wealth Management, Capital Markets, Asset Management and Asset Reconstruction.**

- **Wealth Management:**

- The AuA of the Wealth Management business grew to ~INR 111,200 Cr at the end of Q3FY20 (~INR 100,300 at the end of Q3FY19)

- **Capital Markets:**

- **Institutional Broking** business continued to be among the market leaders and performed in line with the industry. Research covers 261 stocks across 30 sectors
- Edelweiss continued to be a major distributor in public issues of equities and debt

- **Asset Management:**

- Asset Management business comprises Alternative Asset Management and Mutual Fund
- Leading player in the Private Debt space, with funds across Real Estate Credit, Distressed Credit and Structured Debt
- The total AuM of Asset Management business stood at ~INR 51,000 Cr at the end of Q3FY20 (~INR 36,400 Cr at the end of Q3FY19)
- Mutual Fund AuM more than doubled to INR 24,100 Cr (~INR 11,100 Cr at the end of Q3FY19); Raised ~INR 12,400 Cr in Bharat Bond ETF, India's first Corporate Bond ETF. We now rank 16th in the Mutual Fund industry
- Deployed ~INR 1,400 Cr from the completion financing fund launched with Meritz Group in Q3FY20

- **Asset Reconstruction:**

- Edelweiss ARC continues to be the largest Asset Reconstruction Company in the country. We are excited about the ARC opportunity, as it helps in releasing productive assets for the nation's economy and reduces burden on commercial banks. Focus of this business continues to be on acquiring large, viable, operating and EBITDA earning assets, that are financially broken.
- Generated net liquidity of ~INR 1,000 Cr via Essar Steel resolution
 - Asset Reconstruction business has AuM of ~INR 43,100 Cr, capital employed of ~INR 8,600 Cr and recoveries stand at ~INR 8,100 Cr for Q3FY20

Credit Business:

Credit business of Edelweiss offers the following products:

- **Retail Credit** comprises of Retail Mortgage, SME and Business Loans, ESOP and Margin Financing and Agriculture and Rural Finance
- **Corporate Credit** comprises of Structured Collateralized Credit and Wholesale Mortgages

Brief highlights of business performance are as under:

- At the end of Q3FY20, Retail Credit book was INR 14,256 Cr and Corporate Credit book was INR 13,927 Cr
- Gross NPAs at 2.76% and NNPA at 1.97%

- Corporate Credit exposure reduced by ~INR 1,050 Cr on sell-down of loans to completion financing fund

Insurance:

- **Life Insurance**

Edelweiss Tokio Life Insurance is one of the fastest growing life insurance companies in India. It continues to scale up its business, with the objective of enhancing quality of business and focus on customer. The company follows the agency-led multi-channel distribution approach with emphasis on productivity and on building direct capability, specifically online.

It continues to expand its distribution footprint across agency and alternate channels with presence across 121 branches in 93 locations and the agency channel force of ~ 48,700 Personal Financial Advisors.

- **General Insurance**

- YTD Gross Written Premium YTD at INR 100 Cr - growth of 53% YoY
- Contribution of profitable Motor Own Damage line is 67% - higher than the industry average

Liquidity and Balance Sheet Management:

- We continue to maintain liquidity at ~22% of balance sheet
- Overall Liquidity maintained at ~INR 10,300 Cr
- Strengthening our Capital Base - The consolidated Capital Adequacy Ratio for Edelweiss Group is 21.4% as on 31st December, 2019
- Debt Equity (Ex BMU assets & Episodic) reduced further to 2.9x (4.2x for Q3FY19)

EdelGive Foundation, with the mission to grow and scale non-profit organizations, has so far supported over **95 NGOs**, and influenced over **INR 244 Cr** towards commitments to NGOs.

Updates and Awards:

- **Best Customer Centric Culture (Personal Wealth Advisory)**
13th Edition of the Customer FEST Awards 2020
- **Best Use of Technology to enhance Customer Experience (SME Lending)**
13th Edition of the Customer FEST Awards 2020
- **Best Merchant Banker in Debt Capital Market – Public Issue (Fixed Income Advisory)**
NSE Market Achievers Awards 2019
- **Best Professional Clearing Member of the Year (Custodial Services)**
NSE Market Achievers Awards 2019
- **Best Retail IPO Bidding Member (Personal Wealth Advisory)**
NSE Market Achievers Awards 2019
- **Best Private Bank, India**
Global Finance Best Private Bank Awards 2020

About Edelweiss Financial Services

The Edelweiss Group is one of India's leading diversified financial services companies, providing a broad range of financial products and services to a substantial and diversified client base that includes corporations, institutions and individuals. Edelweiss's products and services span multiple asset classes and consumer segments across domestic and global geographies. Its businesses are broadly divided into **Edelweiss Global Investment Advisors** (Wealth Management, Capital Markets, Asset Management and Asset Reconstruction), **Credit** (**Retail Credit** comprises of Retail Mortgage, SME and Business Loans, ESOP and Margin Financing, Agriculture and Rural Finance and **Corporate Credit** comprises of Structured Collateralized Credit to Corporates and Wholesale Mortgages) and **Insurance** (Life and General Insurance). Edelweiss has a Balance Sheet of INR 48,193 Cr, as of 31st December, 2019. The Group had revenues of INR 11,165 Cr. and PAT of INR 995 Cr. for FY19.

The group's research driven approach and proven history of innovation has enabled it to foster strong relationships across all client segments. The group has sizeable presence in the large retail segment, through its businesses such as Life Insurance, Housing Finance, Mutual Fund and Retail Financial Markets. Together with strong network of Sub-Brokers and Authorized Persons, Edelweiss group has presence across all major cities in India.

Edelweiss Financial Services trades under the symbols NSE: EDELWEISS, BSE: 532922, Reuters: EDEL.NS and EDEL.BO and Bloomberg: EDEL IS and EDEL IB. Edelweiss stock is covered by sell side research analysts of Morgan Stanley, Citi Research, SBI Cap Securities, ICICI Securities, Maybank Kim Eng Securities, Haitong International, Credit Suisse Securities and Emkay Global Financial Services. To learn more about the Edelweiss Group, please visit www.edelweissfin.com. Edelweiss Financial Services Limited **Corporate Identity Number**: L99999MH1995PLC094641

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