



# Dubai Financial Market

Investor Presentation  
Q1 2016



[www.dfm.ae](http://www.dfm.ae)

# Disclaimer

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# DFM at a Glance

## Leading Exchange in the MENA Region

<ul style="list-style-type: none"> <li>Established in 2000 as a government owned exchange</li> <li>Provides investors and market participants with the best in class international platform that provides investors with innovative products and services in conducting trading, clearing and settlement in an efficient, transparent and liquid environment</li> <li>First regional exchange to be publicly listed in 2007</li> <li>Currently c. 80% owned by Borse Dubai and remaining is public float</li> </ul>	<b>Listings (31-Mar-2016)</b>	<b>AED 308bn</b> Market Capitalization	<b>60</b> Companies Listed on the DFM	<b>64</b> Bonds/Sukuks Listed on the DFM / Nasdaq Dubai
	<b>Volumes (FY 2015)</b>	<b>AED 603m</b> Average Daily Traded Value	<b>AED 151bn</b> Value of Share Trading	<b>49.1%</b> Market Velocity
	<b>Volume by Investor Type (FY 2015)</b>	<b>48.6%</b> Foreign Investors' Trading Share	<b>16.7%</b> Foreign Ownership (% of Market Cap)	<b>26.9%</b> Institutional Investors' Trading Share
	<b>Consolidated Financials (FY 2015)</b>	<b>AED 461m</b> Revenue	<b>AED 331m</b> EBITDA	<b>AED 262m</b> Net profit

Source: Bloomberg, Zawya

Note: Foreign investors defined as non-UAE investors. Financial information and trading statistics for DFM (excluding Nasdaq Dubai) for the year 2015

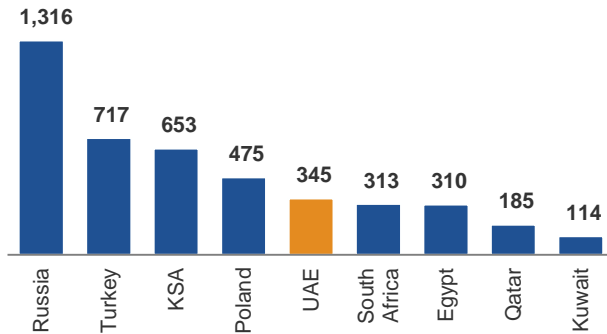


# The UAE Benefits from Strong Demographic and Macroeconomic Fundamentals

1

Second Largest Economy in the MENA Region...

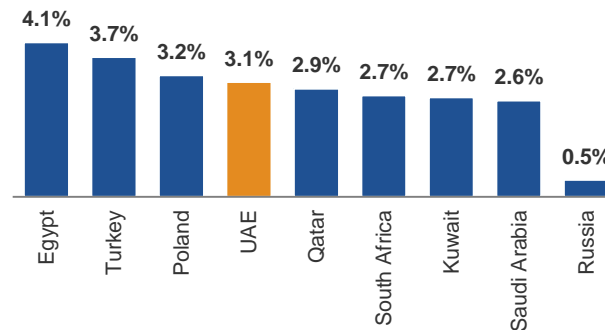
2015 Nominal GDP (\$bn)<sup>1</sup>



2

...With High GDP Growth...

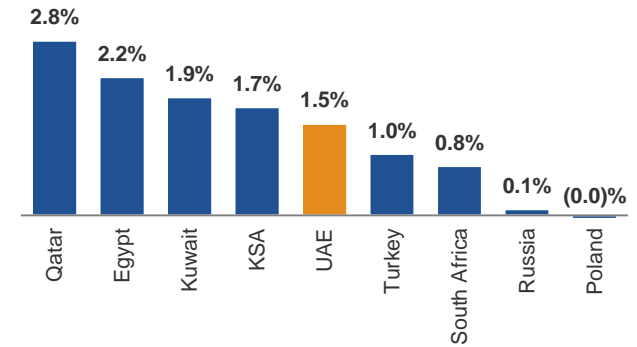
2015E-2020E Real GDP Growth (%)



3

...And a Growing Population...

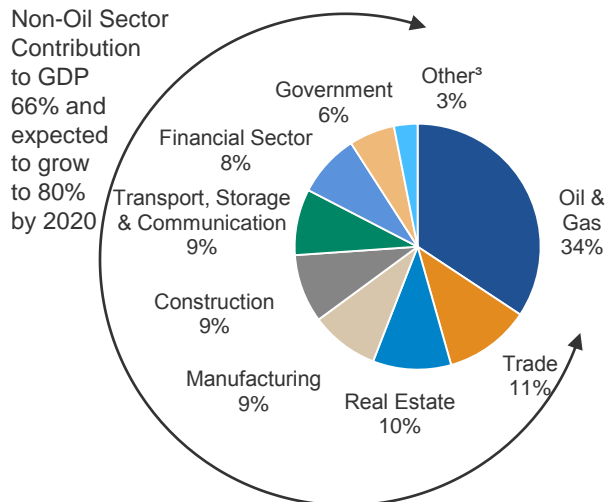
2015E-2020E Population Growth (%)<sup>2</sup>



4

...With Low Dependency on Oil...

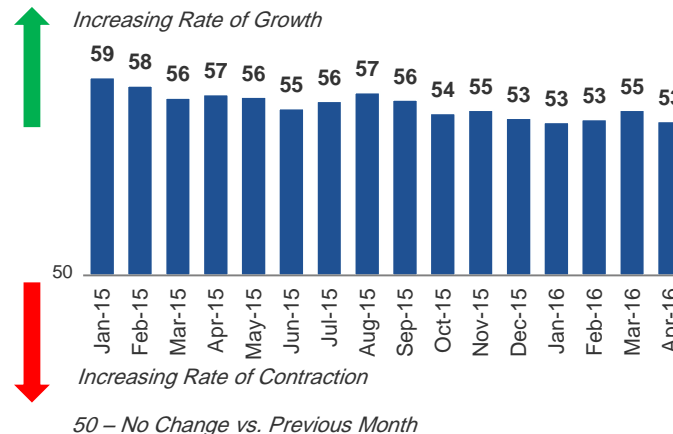
2014 UAE Nominal GDP Composition (%)



5

...And Sustained Growth in Non-Oil Economy...

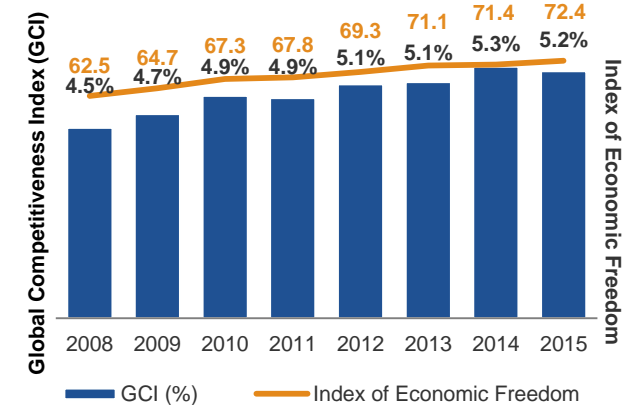
UAE Non-Oil Private Sector PMI



6

...Resulting in Stable Business Environment

UAE Competitiveness Index & Index of Economic Freedom



Source: The UAE National Bureau of Statistics, Euromonitor, Bloomberg, World Economic Forum, Emirates NBD, The Heritage Foundation, IMF

<sup>1</sup> At current prices.

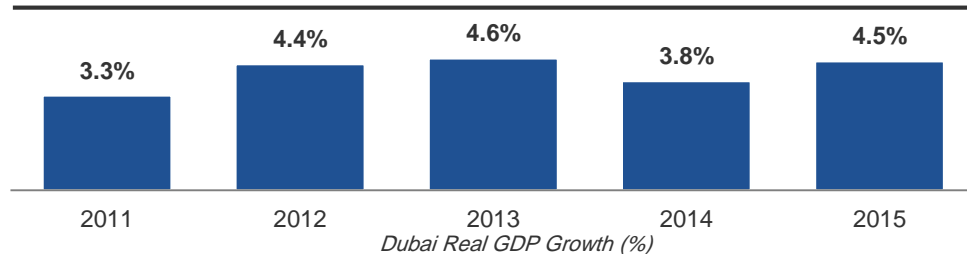
<sup>2</sup> Annual growth over 2015-2020.

<sup>3</sup> Includes quarrying, electricity, gas and water, restaurants and hotels, social and personal services.

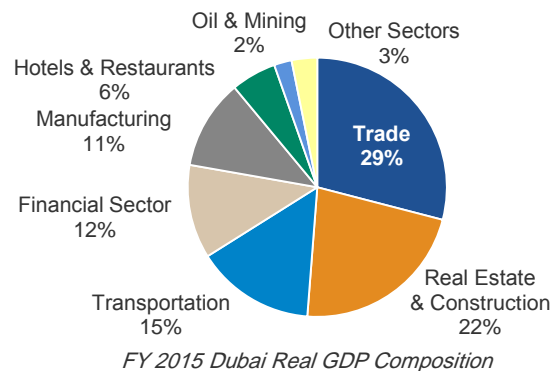


# Dubai Growth Driven by a Well-Diversified Economy

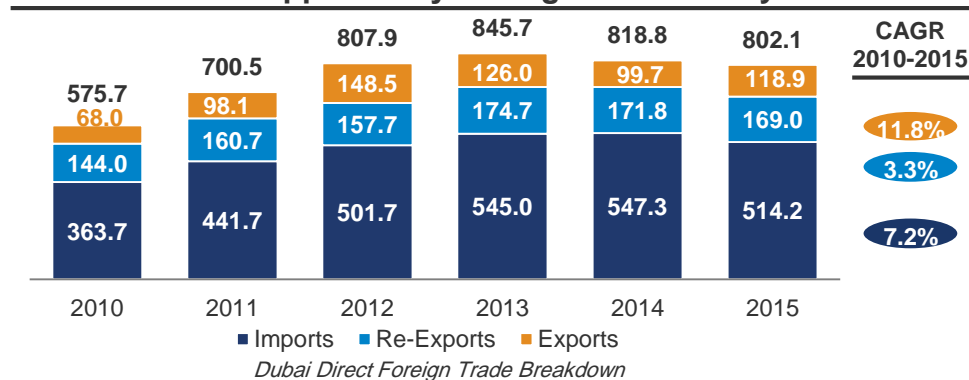
## Strong Dubai GDP Growth...



## ...Driven by a Diversified Economy...



## ...Supported by Strong Trade Activity



Source: Dubai Statistics Centre

<sup>1</sup> Ranking based on Financial Times.

## Commentary

- Well diversified economy based on international trade, banking and finance, tourism, information technology and infrastructure
- Strong growth in the non-hydrocarbon sector
- Regional wealth and liquidity backed by oil and fiscal reserves
- Fiscal discipline with an increase in investment spending
  - The Emirate of Dubai has increased its budget by 12% for 2016 to AED46.1bn and projects no fiscal deficit
- Dubai's service driven economy benefitting from increasing global trade, rising tourism and stabilizing real estate
- Dubai serves as the main hub in the Arab world, with the UAE ranking 17<sup>th</sup> in the Global Competitiveness Index
- Dubai Ranks 4<sup>th</sup> among top global destinations for travellers
- Dubai International airport kept its place as the world's busiest airport for international passengers for the second year after traffic exceeded 78 million passengers in 2015
- Dubai recorded c.AED29bn of foreign direct investment in 2015 (4<sup>th</sup> globally in terms of the number of new investment projects and 6<sup>th</sup> place in terms of attracting foreign money<sup>1</sup>)
- AED25bn in total investment expected in infrastructure-related projects due to EXPO 2020
- HH Sheikh Mohammed established the Dubai Security Centre which seeks to ensure the proper implementation of international best practices in Dubai's financial markets
- Dubai is placed at the forefront of the global Islamic economy, where the total number of Sukuk listed amount to AED156bn



# DFM Diversified Product Offering

Diversified product offering including trading of equity and debt instruments, and financial services to investors and market participants

## Listing

- Equities
- REITs
- Sukuks / Bonds
- Right Issues
- ETFs
- “Second Market”
- Mutual Funds

## Trading

- Membership (Access and use of DFM trading platform)
- Equity Instruments (Primary, Dual and Foreign entity listing)
- Debt Instruments (Sukuks and Bonds)
- Equity Derivatives (Traded through Nasdaq Dubai only)

## Post Trading

- Settlement
- Custody
- Clearing

## Market Data

- Real-time data
- Delayed data
- Historical data
- Indices

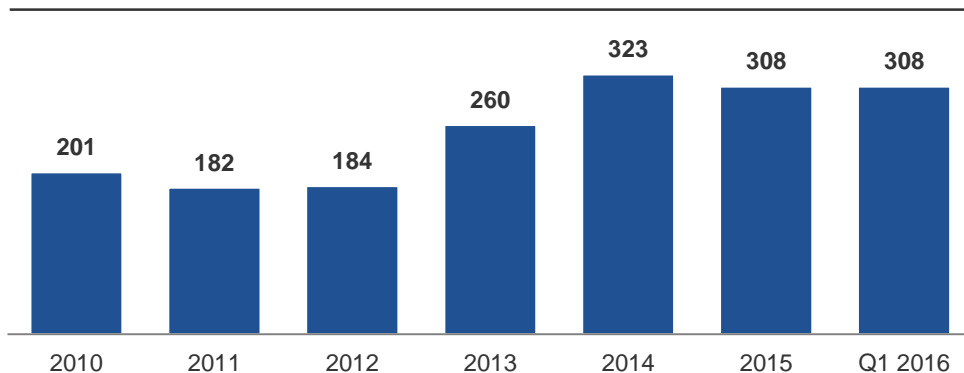
## Investor and Issuers Services

- Securities Lending and Borrowing
- iVESTOR
- Dividend Payment Services
- IPO / rights issue service through electronic subscription platform
- AGM / EGM Services
- Voting Services

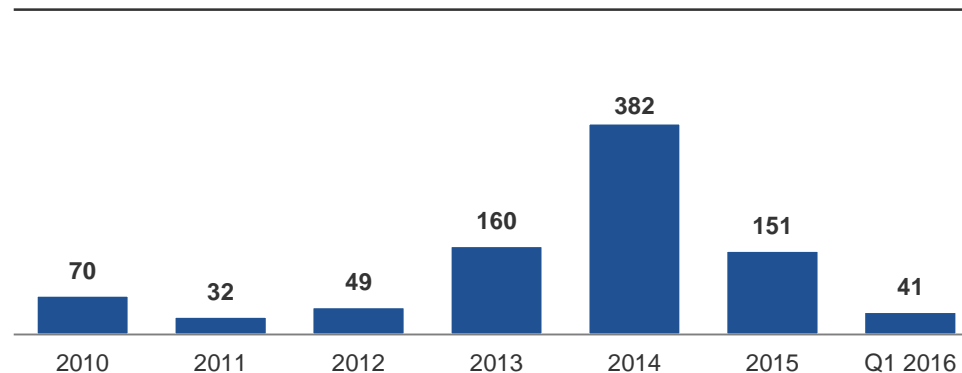
# Operational Highlights

UAE achieved strong economic growth in 2015, however, trading activity on DFM decreased during 2015 driven by international concerns about the slowdown in China and the decrease in oil prices

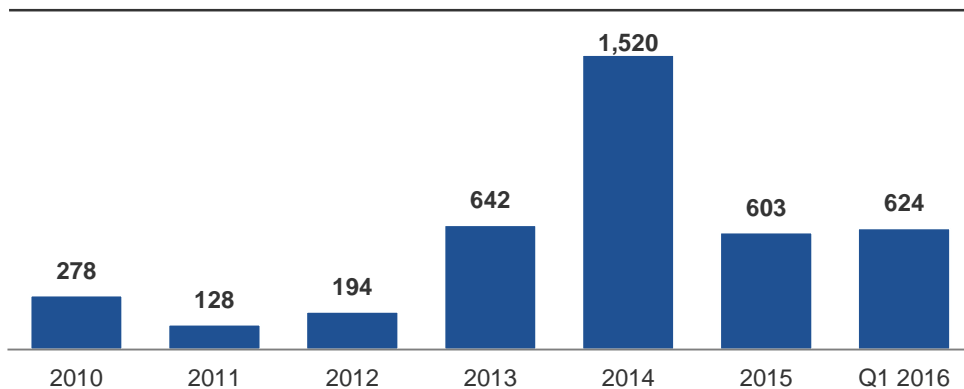
Market Capitalization (AEDbn)



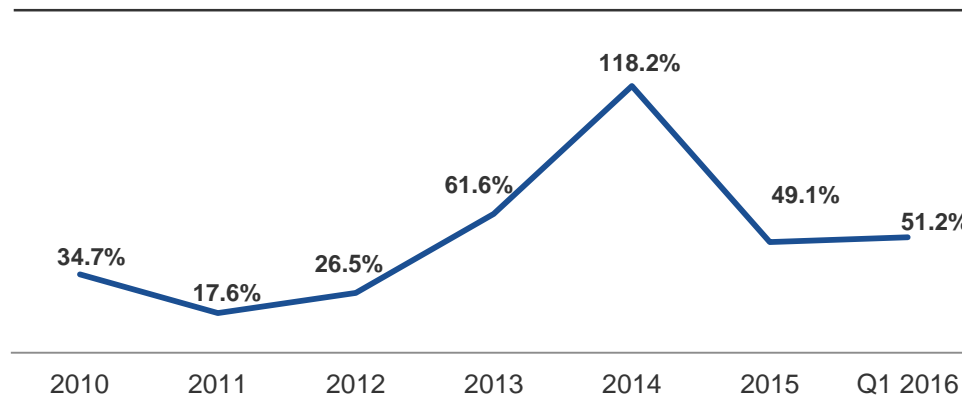
Total Traded Value (AEDbn)



ADTV (AEDm)



Market Velocity<sup>1</sup> (%)

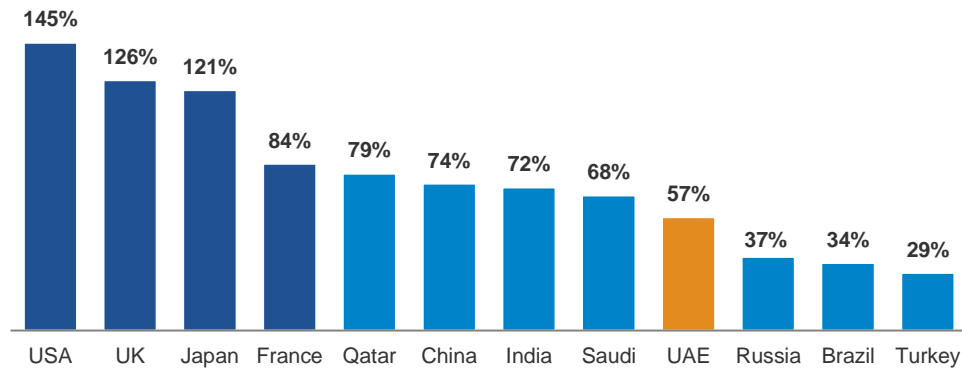


Note: Figures exclude Nasdaq Dubai

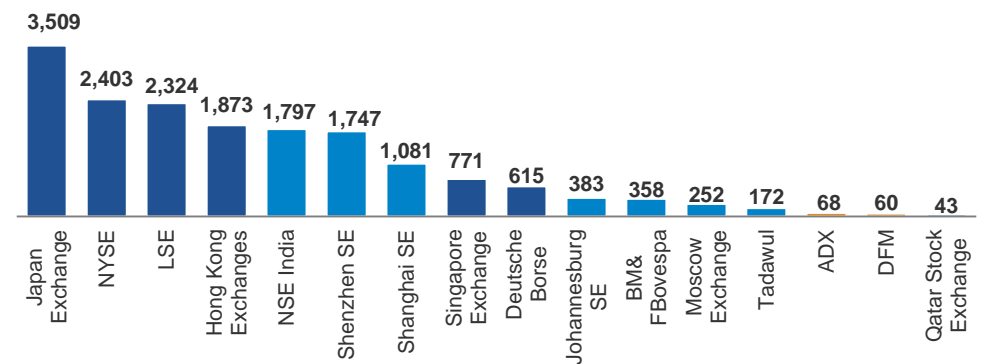
<sup>1</sup> Defined as annual traded value / market capitalization.

# DFM Presents Significant Growth Opportunities

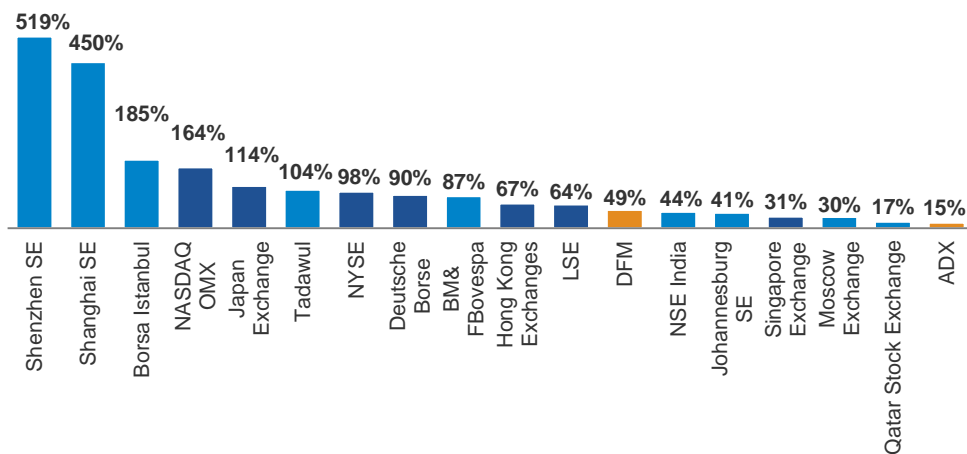
## Equity Market Capitalisation to GDP<sup>1</sup>



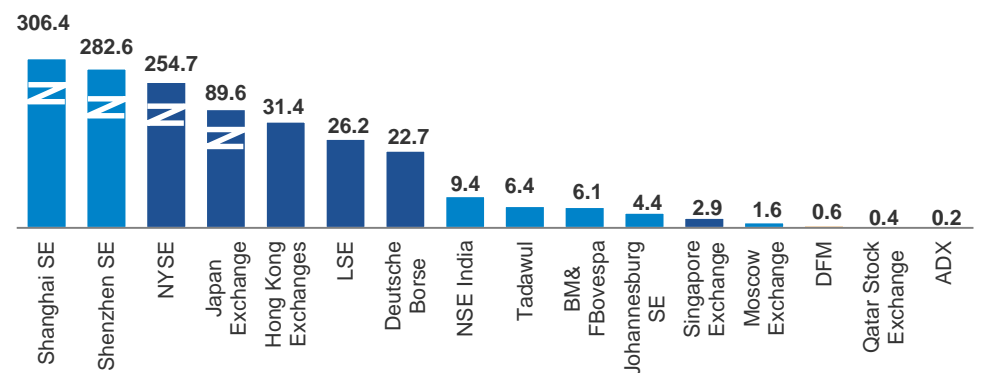
## Number of Listed Companies



## Equity Market Velocity<sup>2</sup>



## ADTV (AEDbn)



■ Developed Markets

■ Developing Market

Source: Euromonitor, World Bank, World Federation of Exchanges

Note: Statistics as of Dec-2015; Number of listed companies as of 31-Jan-2016

<sup>1</sup> Based on market capitalization over nominal GDP.

<sup>2</sup> Calculated as annualized trade value / end of period market capitalization.



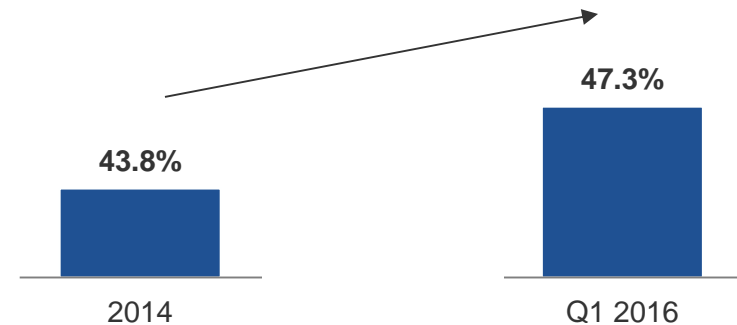
# Strong and Growing Foreign Investor Base

- DFM continues its efforts, in co-operation with issuers and investment banks, to attract foreign investors' interest in DFM listed companies
- UAE was classified as a global emerging market in 2014 by MSCI and S&P Dow Jones
- Net foreign investment flowing to the DFM market during 2014 was AED 4 billion (excluding Arab and GCC nationals)
- Foreign investors interest continued in 2015 as they were net buyers of AED 900 million (excluding Arab and GCC nationals) in 2015
- Foreign investors continue to show confidence in the quality and diversity of investment opportunities that the DFM offers

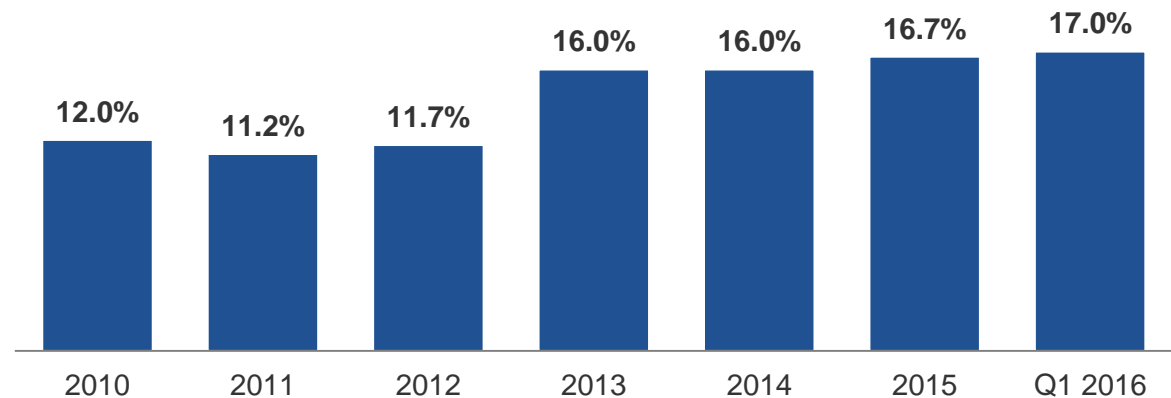
## Foreign Investors' Trading Share

**76%**  
*of the total number  
of new investors  
(5,478) in DFM in  
2015 are foreign  
investors*

**AED 900m**  
*Net buying by  
foreign investors  
(excluding Arab and  
GCC nationals)*



## Foreign Ownership (% of Market Cap)



Source: DFM Analytics

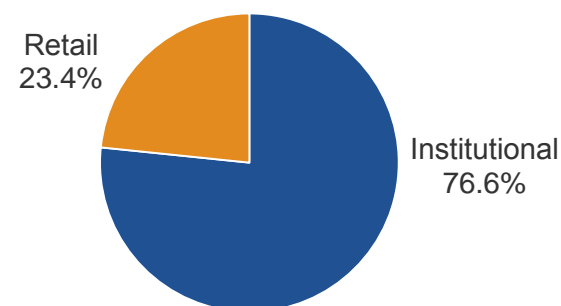
Note: Foreign investors defined as non-UAE investors. Figures excluding Nasdaq Dubai

# Increasing Institutional Investor Base

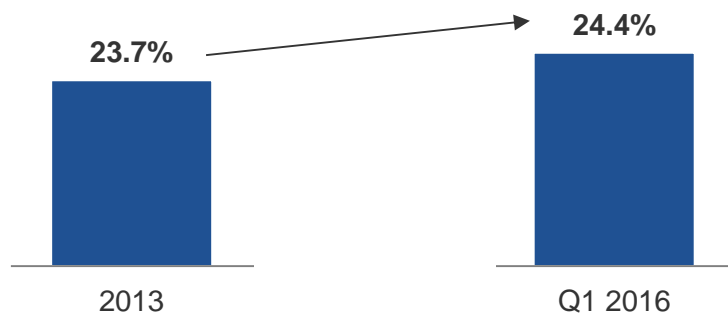
## Commentary

- The DFM has attracted increasing institutions investor base, in light of the sound national economy and the continuous improvement of listed companies' performance
- Institutional investors own 76.6% of the stock listed on the DFM as of end of Q1 2016 compared to 69.9% in 2013
- Active institutional investor participation in trading with stocks bought accounting for 26.9% of the total traded value in 2015 and 24.4% in Q1 2016

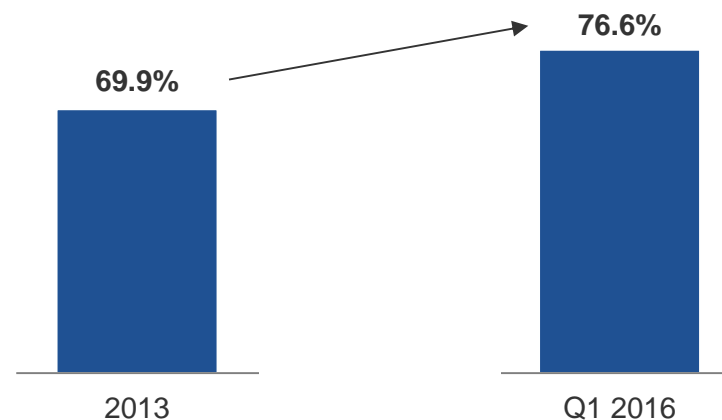
## Share Ownership Split



## Institutional Trading Share (%)



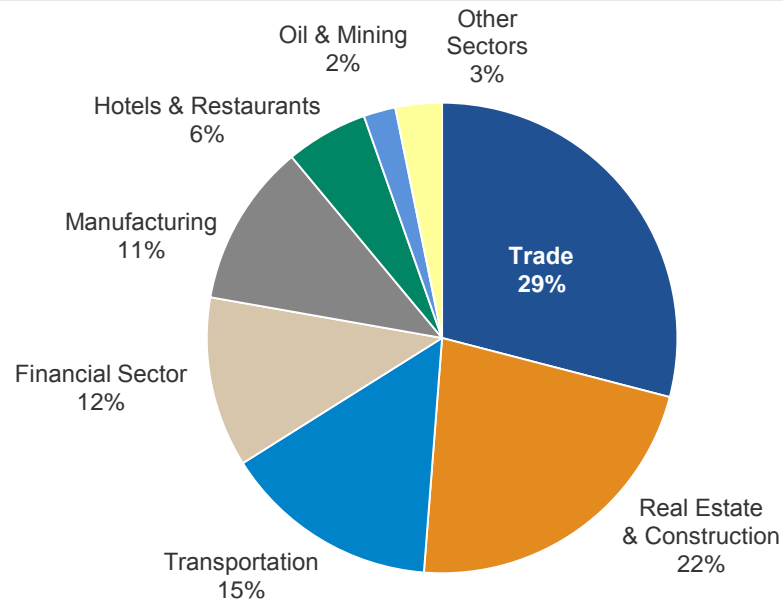
## Institutional Ownership (% of Market Cap)



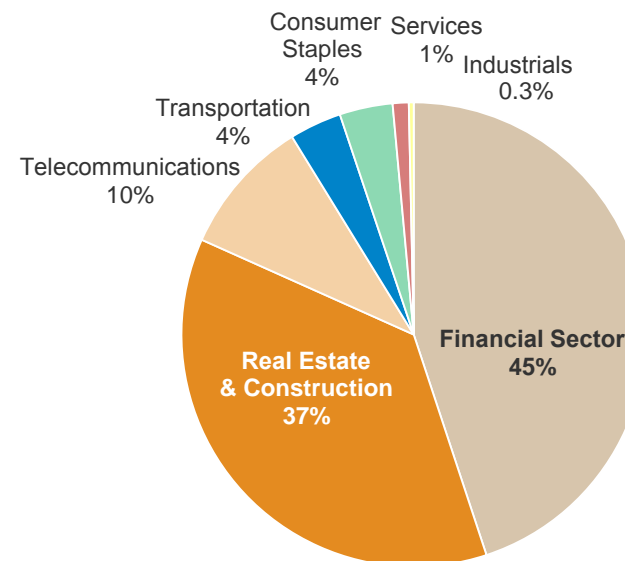
# DFM is Not Yet Reflecting the Diversity in Dubai's Economy

- Trade, manufacturing, construction, transport and real estate are the biggest contributors of Dubai's economy
- Unlike the economy, the DFM market is concentrated, in financials, real estate and construction. These sectors collectively represent c. 34% of the economy but over 80% of the market capitalisation
- This represents significant opportunities for DFM as there is a strong pool of sectors and companies to be listed in the future

FY 2015 Dubai GDP Breakdown



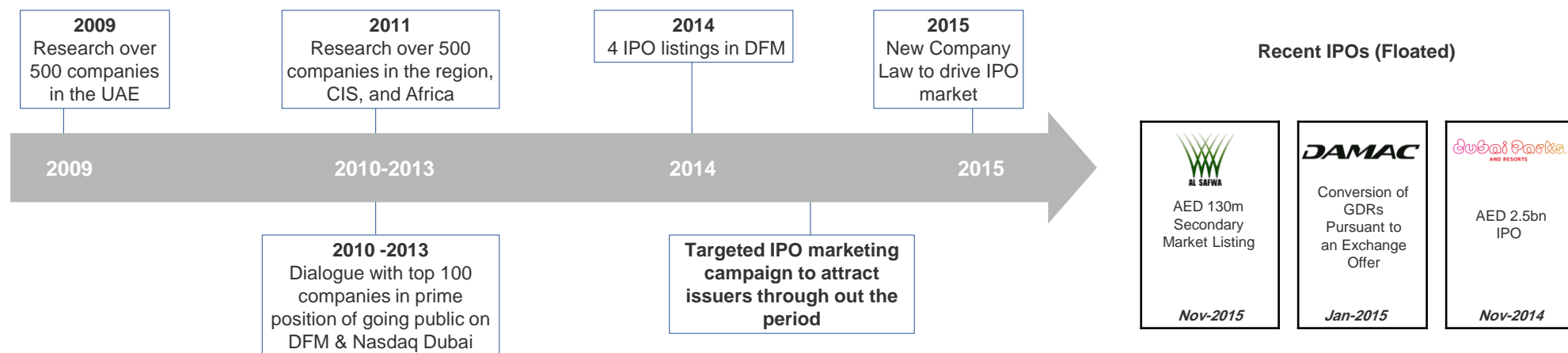
DFM Sector Breakdown<sup>1</sup>



Source: Dubai Statistics Centre, DFM Analytics  
<sup>1</sup> Based on value of owned stock.

# Strategic Initiatives Focusing on IPOs

- DFM continues to maintain its attractiveness as the first choice as a listing venue for UAE based companies
- Active collaborations with private joint stock companies and family businesses to promote IPOs and attract new listings



## The Following Initiatives Have Been Taken to Support Campaign

<b>2009</b>	<ul style="list-style-type: none"> <li>Step by Step "DFM Guide to going public" launched</li> </ul>	<b>2013</b>	<ul style="list-style-type: none"> <li>MOU with Dubai SMEs</li> <li>2<sup>nd</sup> Access to Capital Seminar for SMEs</li> <li>Nasdaq Dubai IPO Guide</li> <li>Road show for IPO in India &amp; Kuwait</li> <li>2<sup>nd</sup> IPO Retreat on November 19<sup>th</sup>, 2013</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>IPO Market Study Results from one on one with 40 potential IPO candidates</li> </ul>	<b>2014</b>	<ul style="list-style-type: none"> <li>4 IPOs</li> </ul>
<b>2011</b>	<ul style="list-style-type: none"> <li>IPO Retreat for private, semi-government and family owned businesses</li> <li>MOU with JAFZA</li> </ul>	<b>2015</b>	<ul style="list-style-type: none"> <li>New Company law announced</li> <li>3<sup>rd</sup> DFM IPO forum on November 9 (attended by 133 companies and 37 advisors)</li> <li>Re- Listing of Amlak</li> <li>Listing of Damac Properties pursuant to a GDR exchange offer – c. 99.4% of holders elected to exchange</li> <li>First secondary listing of Private Joint Stock Company (Al Safwa)</li> </ul>
<b>2012</b>	<ul style="list-style-type: none"> <li>Access to Capital Seminar for JAFZA Dubai</li> <li>Regional IPO Market Study for Nasdaq Dubai</li> </ul>		

# Highlights of 2015 Strategic Achievements

## A Solid Market Infrastructure In Line With International Best Practices

- Implementing the enhanced **“Pre Closing Session”** and introduced the new **“Trading At Last (TAL)”** session as per the Closing Price”
- Launch of **Rights Issue trading** - Takaful Emarat right issue was the first trading of such rights on the DFM
- **Accreditation of financial brokerage firms to practice margin trading** - increased to 31 firms, compared to 24 in 2014
- **Restructured DFM’s Customer Service Center** as per the Dubai Government Communication Center standards
- **Increased the Direct Market Access (DMA) services in DFM** to 12 firms (authorising an international broker to execute selling and buying orders directly at the DFM through the DMA software package)
- **Adopting Network Infrastructure SDN FX** linking to four key locations: main site, the disaster recovery site, the connection to ADX and the BT London Data Centers

## Transforming DFM into a “SMART Borse”

- **IPO Payments through the ePay Portal** of the Dubai Smart Government
- Implementation of a **new smart services application** providing investors real-time tracking of stock portfolios, dividends and stock prices
- Launched **newly designed website**, providing various market participants a unified and effective platform to access and benefit from the various services and market data
- Launched an all-inclusive array of new state-of-the-art electronic services for investors – **e-services portal**
- **MoU with Dubai Smart Government to join “MyID”** – which will enables users to access electronic and smart services of 13 government departments through smart phones or online using a unified identity

## Heightened Support to Companies and Enhancing Communication with International Investors

- **International investor roadshow in London and New York** - present the listed companies among international investors and providing opportunity to showcase their growth strategy
- **3rd IPO forum** under the theme “Empowering Growth within a Dynamic IPO Climate” to educate companies on the latest information in going public; highly successful with participation of 190 senior decision makers of 80 family businesses, private and public sector companies
- **“DFM Second Market”**: Listing of private joint stock companies - Al Safwa Islamic Financial Services became the first private joint stock company to list its shares
- **New equity listings on the DFM**: In 2015, the shares of DAMAC Properties were listed pursuant to an exchange offer to convert GDRs listed on LSE to shares on DFM



# Actively Promoting the DFM

## International Investor Roadshows in London & New York

### London Roadshow – Apr-2015

### New York Roadshow – Oct-2015

**15**  
Companies  
Presented

**91**  
One-on-One  
Meeting

**60**  
Investors

**\$3 Trillion**  
Combined  
Investors' AUM

**12**  
Companies  
Presented

**180**  
One-on-One  
Meeting

**46**  
Investors

**\$1 Trillion**  
Combined  
Investors' AUM

#### Companies Presented



#### Companies Presented



#### Selected Investors



#### Selected Investors

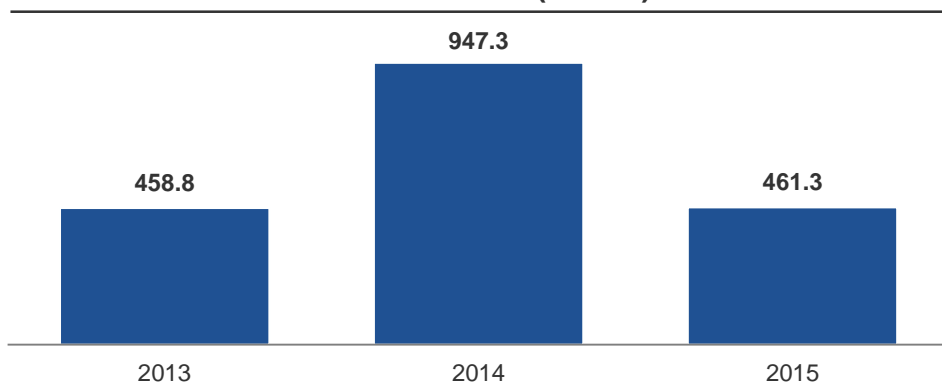


Note: Participants in the roadshow also include Nasdaq Dubai-listed companies

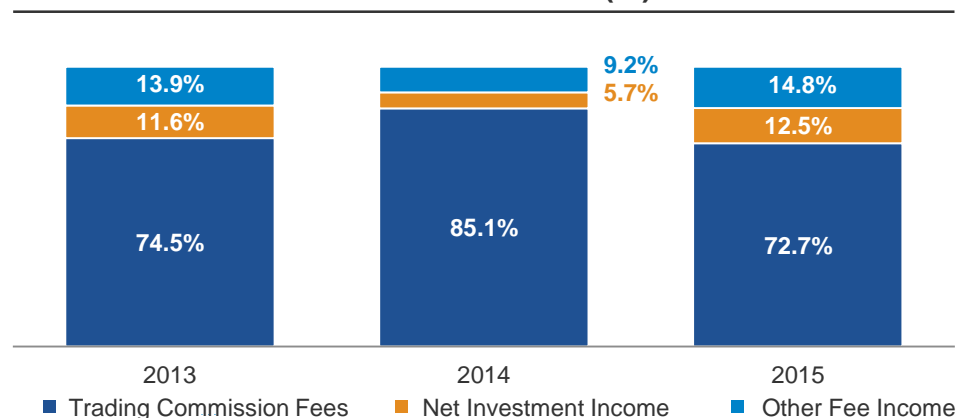
# Financial Highlights

- The decrease in trading activity has had an impact on the revenue for 2015, which decreased by 51%
- DFM continues to provide advanced and innovative products/services as part of its strategy targeting the diversification of revenue streams and increase in non-trading commission income

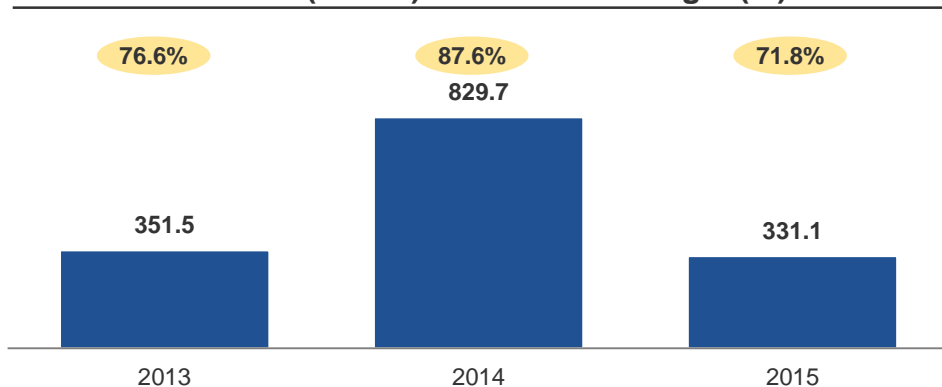
Total Revenue (AEDm)



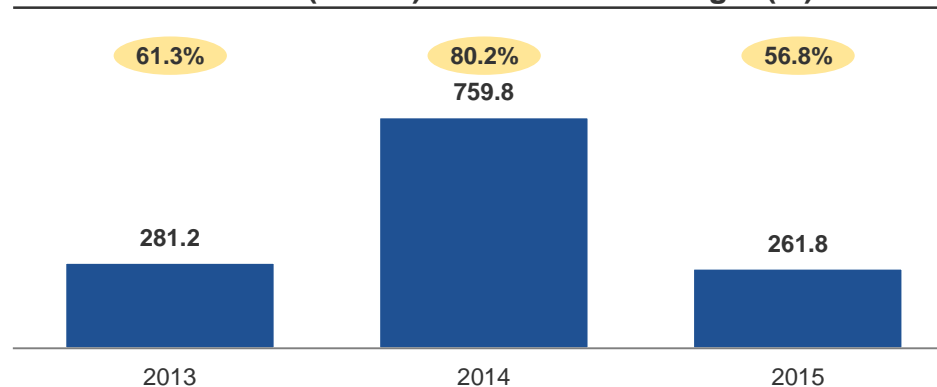
Total Revenue Mix (%)



EBITDA (AEDm) and EBITDA Margin (%)



Net Profit (AEDm) and Net Profit Margin (%)

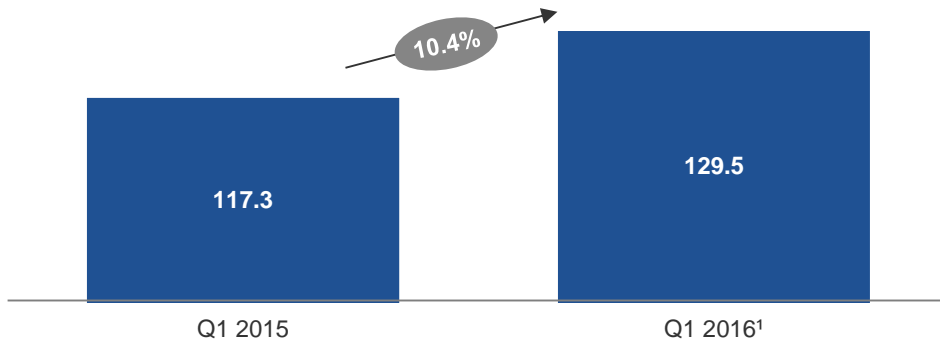


Note: Consolidated financial statements; EBITDA includes investment income and other income

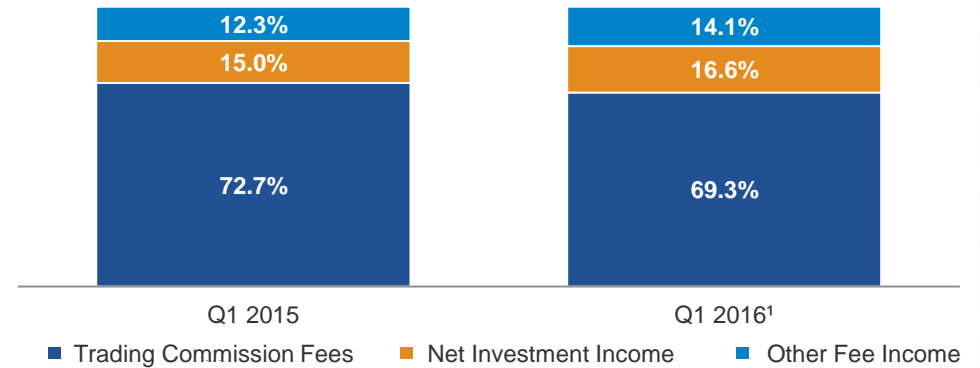
# Q1 2016 Financial Performance

- DFM's revenue and profit increased during the first quarter of 2016, which was supported by the strong trading performance (7.6% increase vs. Q1 2015)
- The DFM General Index also increased by 6.5% during the first quarter 2016 compared to the beginning of 2015, one of the best performing indices amongst main stock markets across the world

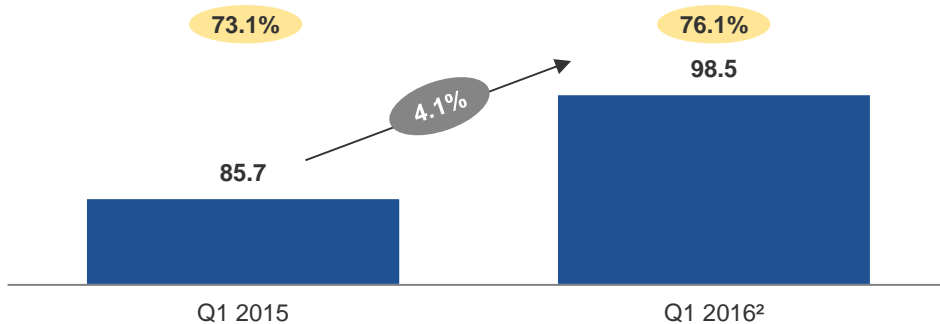
Total Revenue (AEDm)



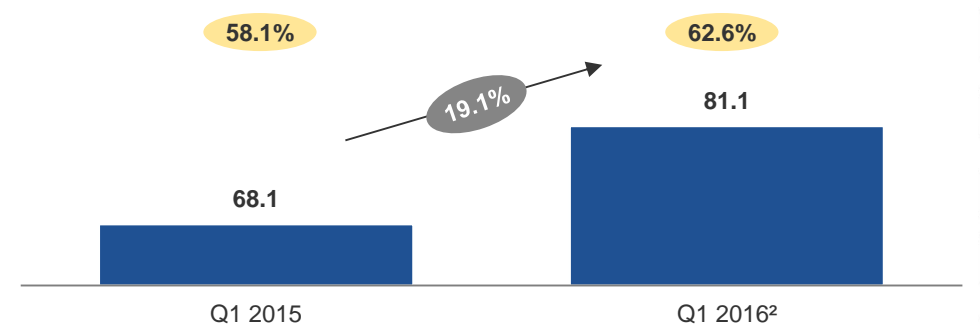
Total Revenue Mix (%)



EBITDA (AEDm) and EBITDA Margin (%)



Net Profit (AEDm) and Net Profit Margin (%)



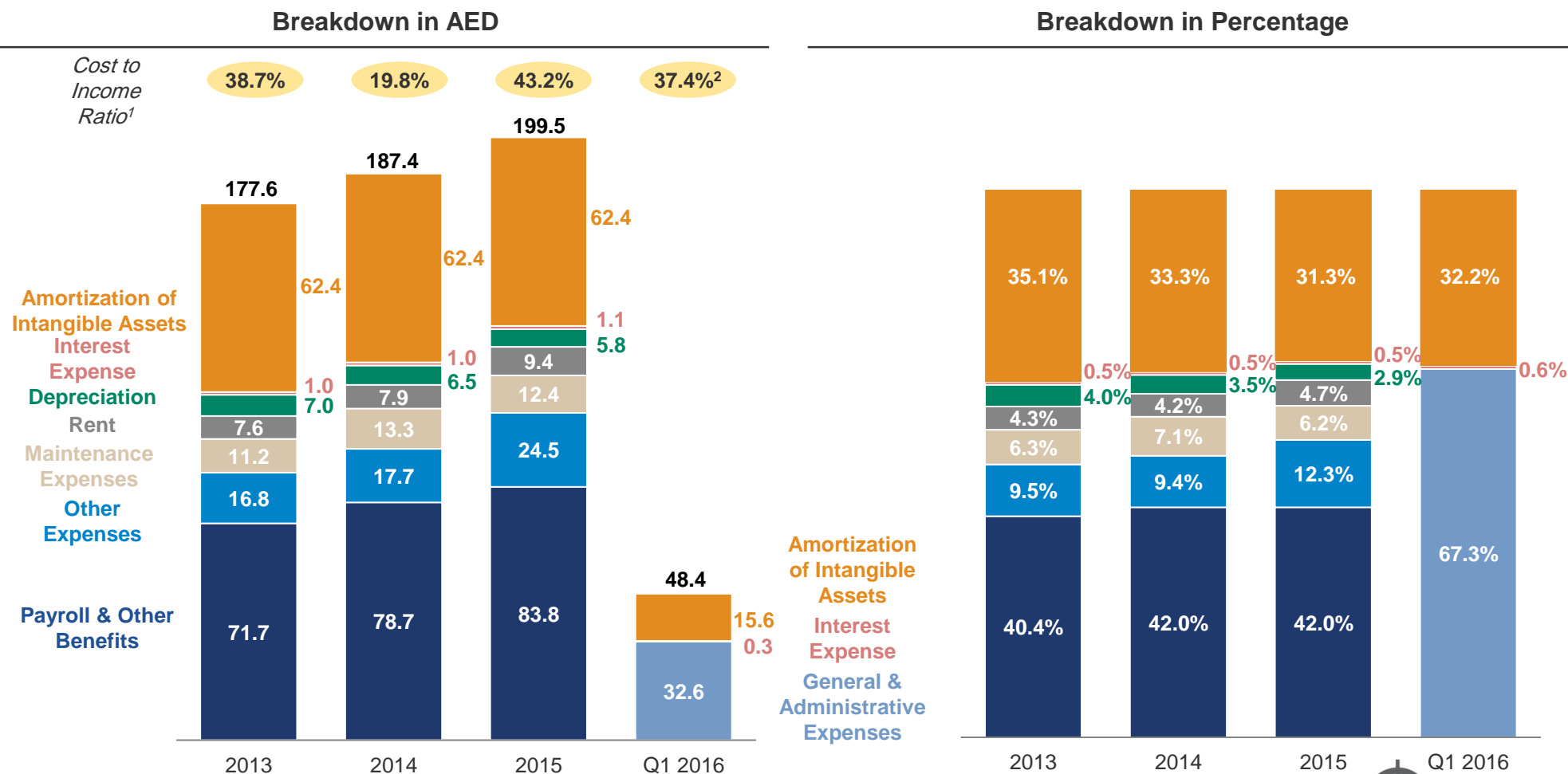
Note: Q1 2016 total revenue includes fair value gain on gifted land (AED231.3m)

<sup>1</sup> Total Income and profitability metrics excluding fair value gain on gifted land.

<sup>2</sup> Excluding one-off items (fair value on gifted land and provision for impairment against investment deposit).

# Stable Total Expense Base

- Total expenses increased by c. 6% in 2015 primarily due to annual salary increments, new office rented at the World Trade Centre and expenses related to new investor services initiated



Note: Consolidated financial statements

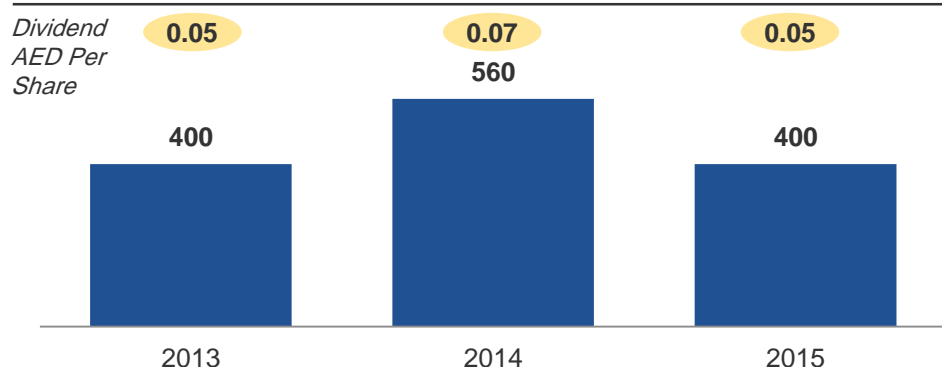
<sup>1</sup> Calculated as total revenue / total expenses including depreciation and amortization.

<sup>2</sup> Excluding income from fair value gain on gifted land (AED231.3m).

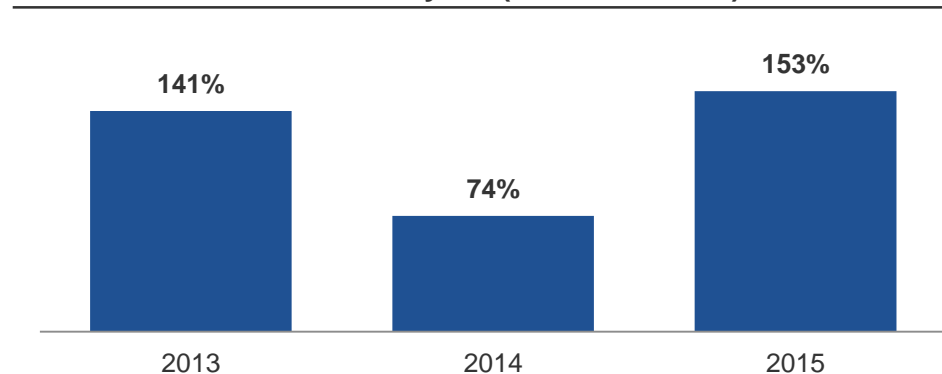
# Healthy Balance Sheet Supporting Attractive Dividend Payout

- Cash generative business model
- Strong balance sheet with no leverage and significant financial investments

Dividends (AEDm)



Dividend Payout (% of Net Profit)<sup>1</sup>



Leverage Metrics

(AEDm)	2013	2014	2015	31-Mar-16
Total Debt	73	29	33	34
Bank Balances	108	198	261	355
Net Debt	(35)	(169)	(168)	(321)
Net Debt/ EBITDA (x)	(0.1)x	(0.2)x	(0.69)x	(3.1)x

Selected Balance Sheet Items

(AEDm)	2013	2014	2015	31-Mar-16
Investment Deposits	2,219	2,780	2,303	2,114
Financial Assets Measured at Fair Value	588	718	702	703
Goodwill	2,879	2,879	2,879	2,879
Other Intangible Assets	2,447	2,384	2,322	2,306
Property and Equipment	12	15	21	257
Total Assets	8,292	9,002	8,535	8,681
Total Equity	7,952	8,431	8,046	7,738

Note: Consolidated financial statements

<sup>1</sup> Calculated as dividend (paid following year) divided by the net profit of the year.



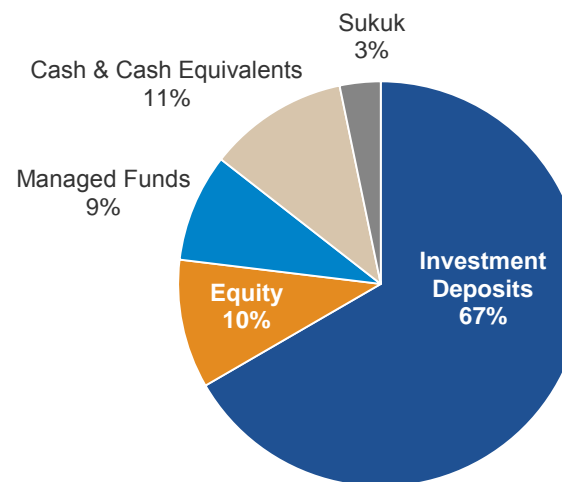
# Strong Balance Sheet with Significant Financial Assets

Financial Assets	
(AEDm)	31-Mar-2016
Cash and Cash Equivalents	355
Investment Deposits	2,114
Less than 3 Months	398
Up to 1 Year but More than 3 Months	1,218
More than 1 Year <sup>1</sup>	498
Other Financial Assets Measured at Fair Value – (FVTOCI)	703
Investment in Equity Securities	326
Managed Funds	274
Investment in Sukuk	103
<b>Total</b>	<b>3,172</b>

Note: Consolidated financial statements

<sup>1</sup> Post provision against investment deposits (AED226m).

## Financial Assets Breakdown

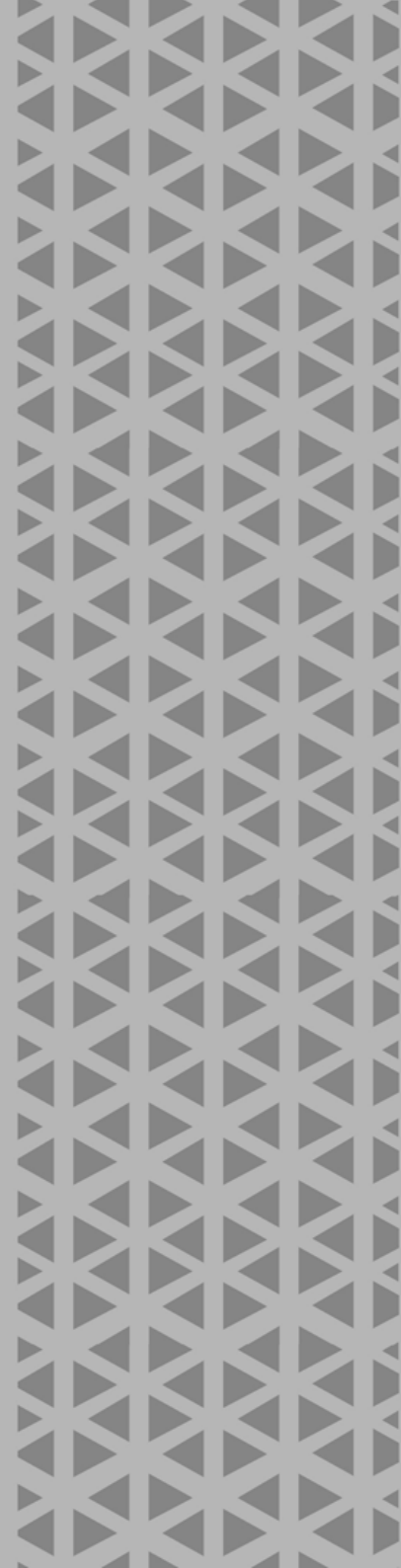


## Commentary

- **Investment Deposits:**
  - Investment deposits are placed with financial institutions in the UAE
  - They carry profit rates ranging from 1% to 5.5% per annum
- **Other Financial Assets:**
  - All recognized financial assets are measured at either amortized cost or fair value
  - 94% of the other financial assets are invested within the UAE



# APPENDIX



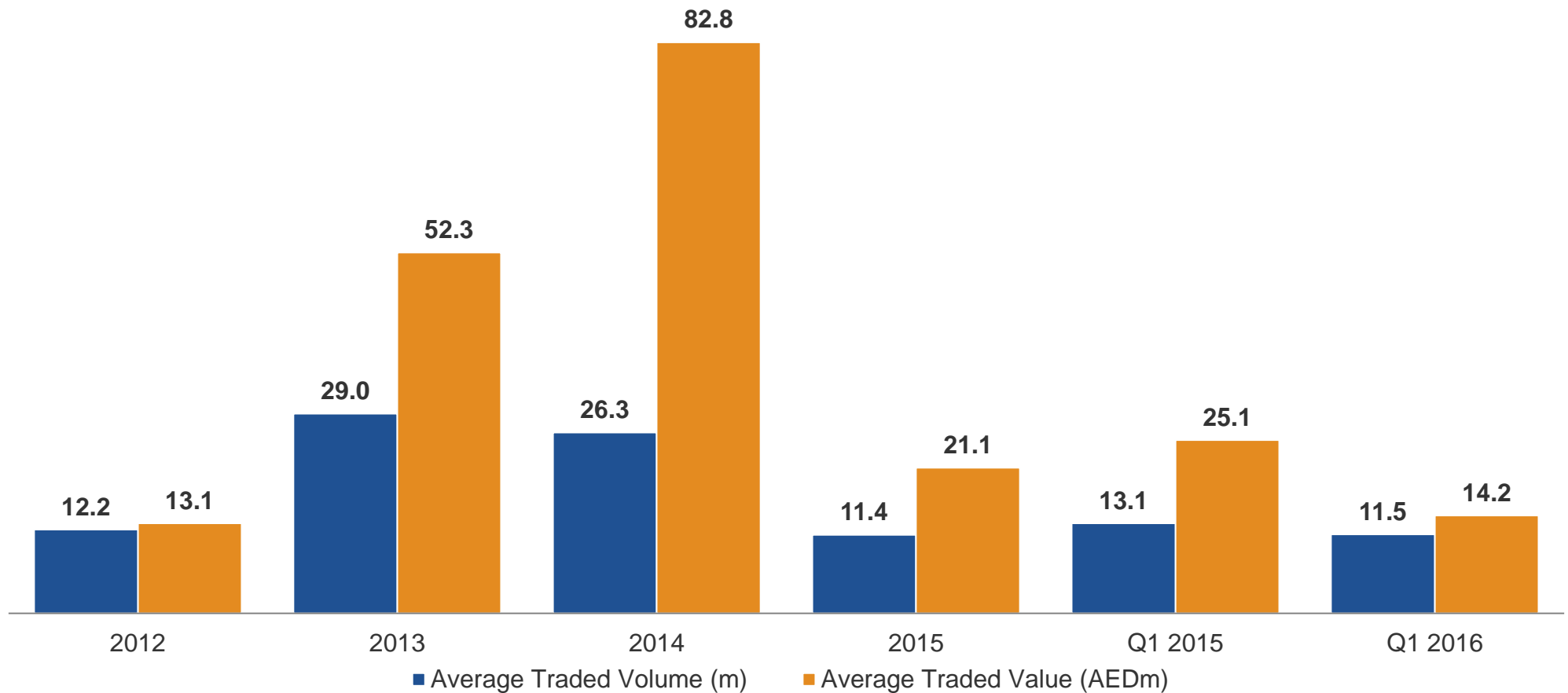
# DFM Consolidated P&L

(AEDm)	2013	2014	2015	Q1 2015	Q1 2016
Trading Commission Fees	341.6	806.0	335.2	85.3	89.8
Brokerage Fees	13.2	15.0	19.4	4.4	5.3
Clearing, Settlement and Depositary Fees	41.0	55.9	34.8	6.1	10.3
Listing and Market Data Fees	7.1	8.8	9.3	2.6	2.3
Other Fees	2.1	3.3	4.5	0.9	0.4
<b>Operating Income</b>	<b>405.0</b>	<b>889.0</b>	<b>403.2</b>	<b>99.2</b>	<b>108.0</b>
Investment Income	53.4	54.4	57.7	17.6	21.5
Other Income	0.4	3.8	0.4	0.4	-
Change in Fair Value Gain on Gifted Land	-	-	-	-	231.3
<b>Total Income</b>	<b>458.8</b>	<b>947.3</b>	<b>461.3</b>	<b>117.3</b>	<b>360.8</b>
General and Administrative Expenses	(114.2)	(124.1)	(136.1)	(33.3)	(32.6)
<i>Payroll and Other Benefits</i>	<i>(71.7)</i>	<i>(78.7)</i>	<i>(83.8)</i>		
<i>Other General &amp; Administrative Expenses</i>	<i>(28.0)</i>	<i>(30.9)</i>	<i>(37.0)</i>		
<i>Rent</i>	<i>(7.6)</i>	<i>(7.9)</i>	<i>(9.4)</i>		
<i>Depreciation</i>	<i>(7.0)</i>	<i>(6.5)</i>	<i>(5.8)</i>		
Amortization of Intangible Assets	(62.4)	(62.4)	(62.4)	(15.6)	(15.6)
Interest Expense	(1.0)	(1.0)	(1.1)	(0.3)	(0.3)
<b>Total Expenses</b>	<b>(177.6)</b>	<b>(187.4)</b>	<b>(199.5)</b>	<b>(49.2)</b>	<b>(48.4)</b>
Provision for Impairment Against Investment Deposit	-	-	-	-	(226.0)
<b>Net Profit for the Year</b>	<b>281.2</b>	<b>759.8</b>	<b>261.8</b>	<b>68.1</b>	<b>86.4</b>
Attributable to:					
Owners of the Company	284.6	759.3	261.0	67.7	86.1
Non-controlling Interest	(3.5)	0.5	0.8	0.4	0.3
<b>EPS (AED)</b>	<b>0.035</b>	<b>0.095</b>	<b>0.033</b>	<b>0.008</b>	<b>0.010</b>

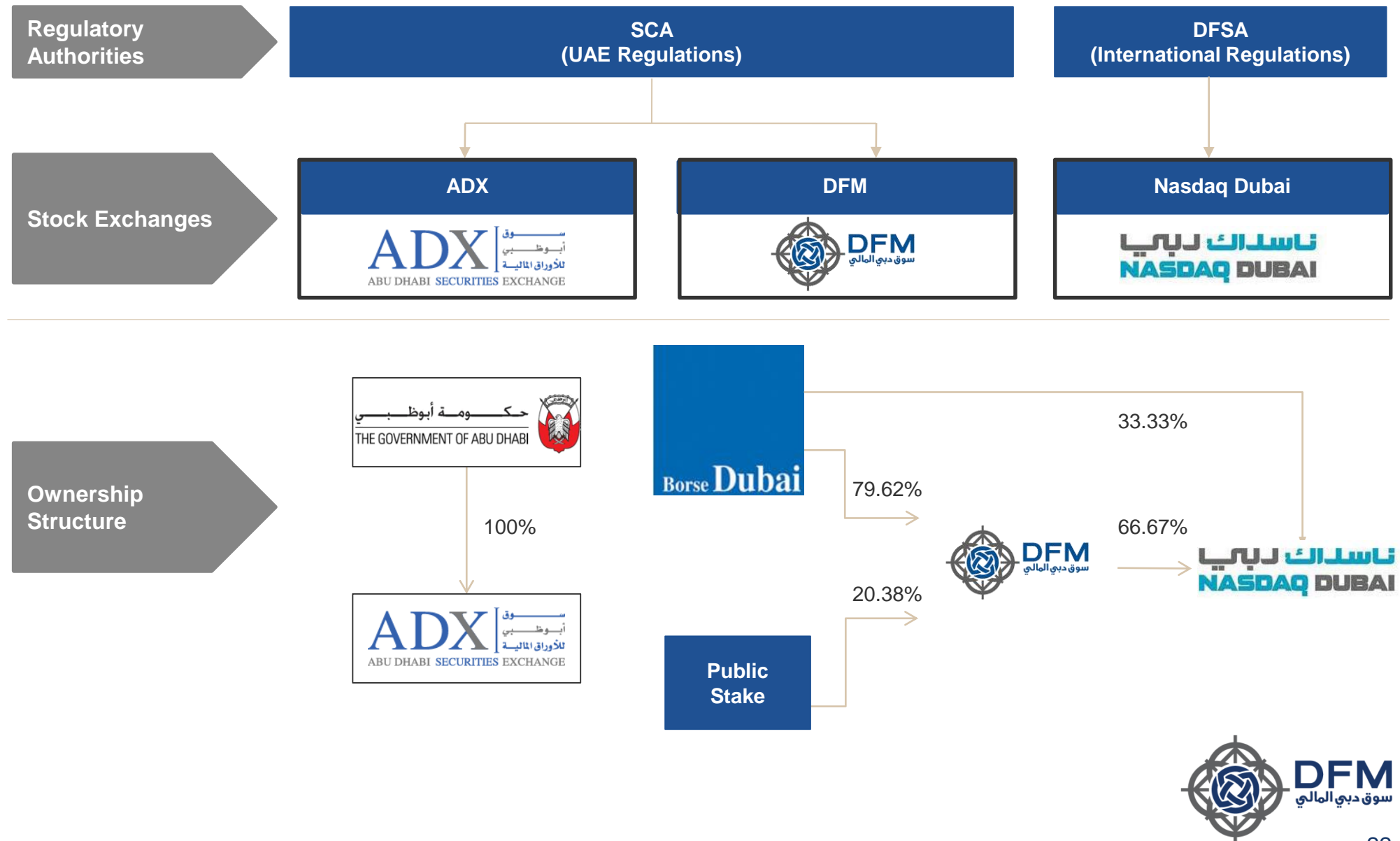
Note: Consolidated financial statements

# DFM Stock Trading Activity

DFM is One of the Most Liquid Stocks on the Exchange



# Relationship with Nasdaq Dubai & Regulatory Authority





# New Company Law Supporting IPO Market

Requirements	Old	New
<b>Offer Size</b>	<ul style="list-style-type: none"> <li>Not be less than AED 10 million</li> </ul>	<ul style="list-style-type: none"> <li>Not be less than AED 30 million</li> </ul>
<b>Founders</b>	<ul style="list-style-type: none"> <li>Minimum 10 founding shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Minimum 5 founding shareholders</li> </ul>
<b>Founders Hold</b>	<ul style="list-style-type: none"> <li>Founders hold not less than 20% and not more than 45% of the total authorized Share Capital</li> </ul>	<ul style="list-style-type: none"> <li>Founders hold not less than 30% and not more than 70% of the total authorized Share Capital</li> </ul>
<b>Refund Days</b>	<ul style="list-style-type: none"> <li>Two weeks</li> </ul>	<ul style="list-style-type: none"> <li>5 Days</li> </ul>
<b>Sell Down</b>	<ul style="list-style-type: none"> <li>Not allowed</li> </ul>	<ul style="list-style-type: none"> <li>Max. 30% from the capital</li> </ul>
<b>Subscriptions Period</b>	<ul style="list-style-type: none"> <li>90 Days</li> </ul>	<ul style="list-style-type: none"> <li>30 Days</li> </ul>
<b>Pricing</b>	<ul style="list-style-type: none"> <li>Fixed price only - Book building allowed by regulatory approval</li> </ul>	<ul style="list-style-type: none"> <li>Book Building is now available for the companies as an another option with fixed price</li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>No underwriting or sponsor required</li> </ul>	<ul style="list-style-type: none"> <li>Underwriting could be applied and will be regulated by a ministerial decree</li> </ul>
<b>Employee Stock Option</b>	<ul style="list-style-type: none"> <li>Not recognized</li> </ul>	<ul style="list-style-type: none"> <li>Allowed</li> </ul>
<b>Foreign Ownership</b>	<ul style="list-style-type: none"> <li>49% maximum foreign ownership</li> </ul>	<ul style="list-style-type: none"> <li>49% maximum foreign ownership but some exception can be granted upon ministerial decision</li> </ul>

- Only changes associated to IPO related matters are listed above
- The above excludes Government owned entities as they may have special exemptions
- The law is applicable on free zone (off shore) companies but only those that are allowed by regulations to operate onshore

# Investor Relations Contacts

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## For Additional Investor Relations Information

### **Investor Relations Website:**

[www.dfm.ae/dfm-investor-relations](http://www.dfm.ae/dfm-investor-relations)

### **Investor Relations Contacts:**

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