



Dubai Financial Market

Investor Presentation

Q3 ,2015



www.dfm.ae



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THE REGION – MENASA / GCC/ UAE

AN ECONOMIC POWERHOUSE



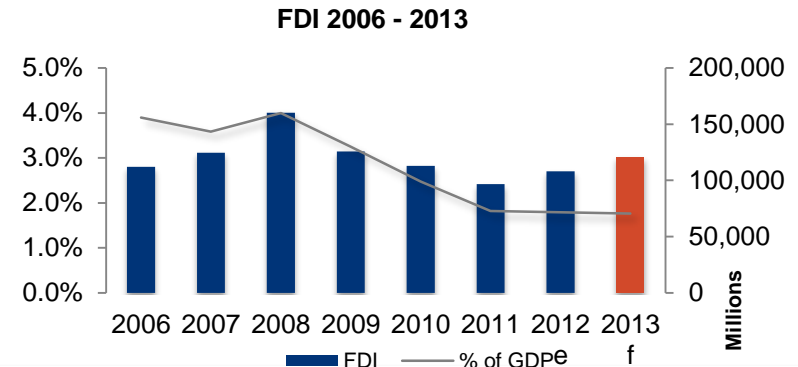
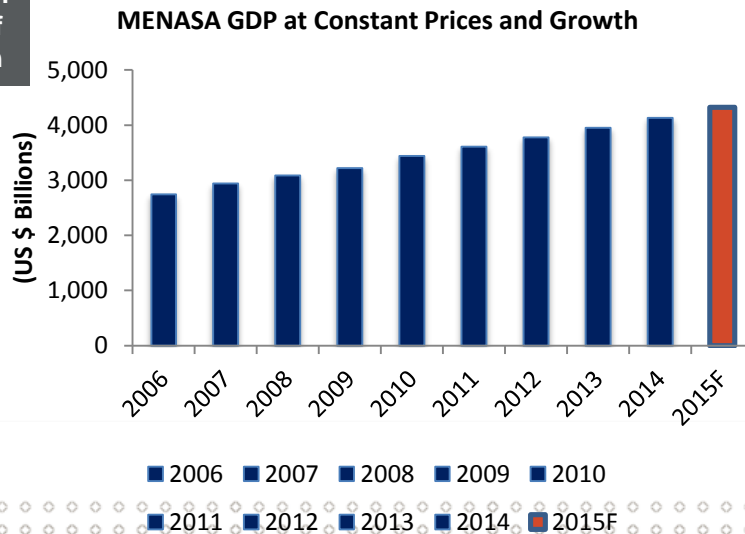
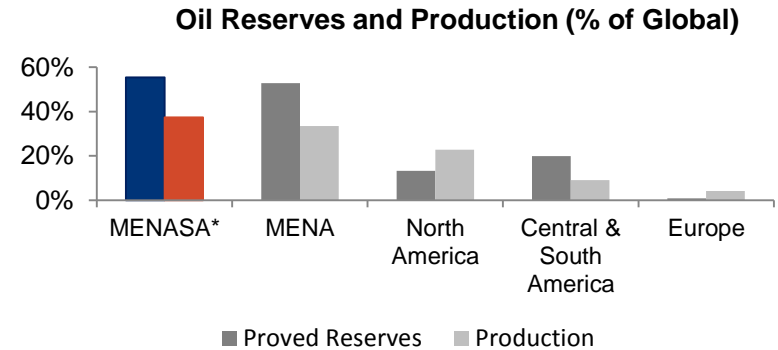
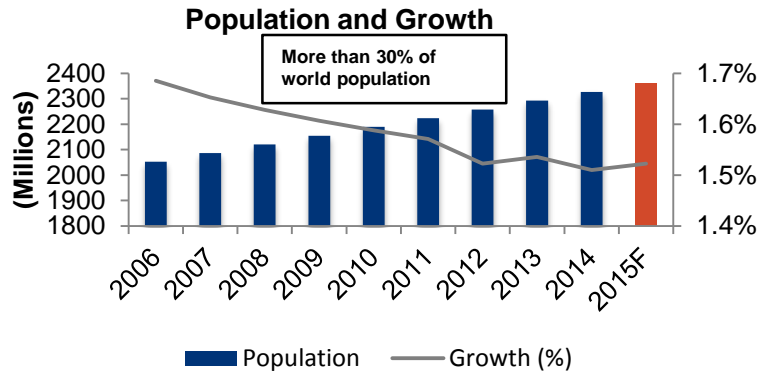
MENASA REGION :

SOLID ECONOMIC FUNDAMENTALS

-PROMISING GROWTH



MENASA region is emerging as a powerful economic bloc with tremendous growth potential, combining the sovereign wealth funds (SWFs) of the Mena region



GCC REGION :

LIQUIDITY ON THE BACK OF STRONG FUNDAMENTALS– KEY EMERGING MARKET

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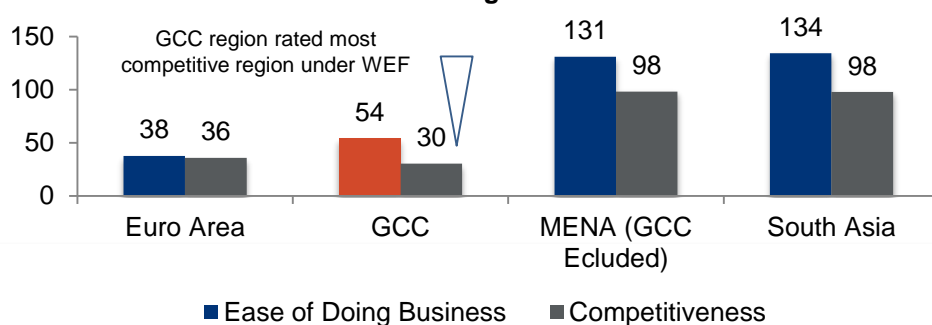
The UAE, the second biggest Arab economy, is set to record 3.5 % growth in GDP in 2015, led by a focus on adopting industrial policies that will drive sustainable development across the UAE.

-IMF 2015 Forecast

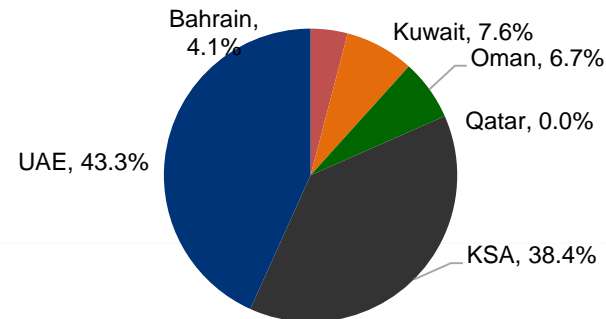
GCC GDP Growth Rates (2010 - 2014)					
	2010	2011	2012	2013	2014
Bahrain	4.3%	2.1%	3.6%	5.3%	4.5%
Kuwait	-2.4%	9.6%	6.6%	1.5%	1.0%
Oman	4.8%	-1.1%	7.1%	3.9%	4.6%
Qatar	16.7%	14.1%	5.1%	6.2%	6.2%
Saudi Arabia	4.8%	10.0%	5.4%	2.7%	3.5%
UAE	1.6%	4.9%	4.7%	5.2%	4.6%

GCC – Country Ratings 2013			
Country	S&P	Moody's	Fitch
Bahrain	BBB	Baa1	BBB
Kuwait	AA	Aa2	AA
Oman	A	A1	A
Qatar	AA	Aa2	AA-
Saudi Arabia	AA-	Aa3	AA-
UAE	AA	Aa2	AA-

Competitiveness and Ease of Doing Business Regional Ranking 2015



GCC – FDI Share by Country 2013



Region was able to quickly recover from the global crisis on the back of strong fundamentals

UAE: GROWTH PROSPECTS

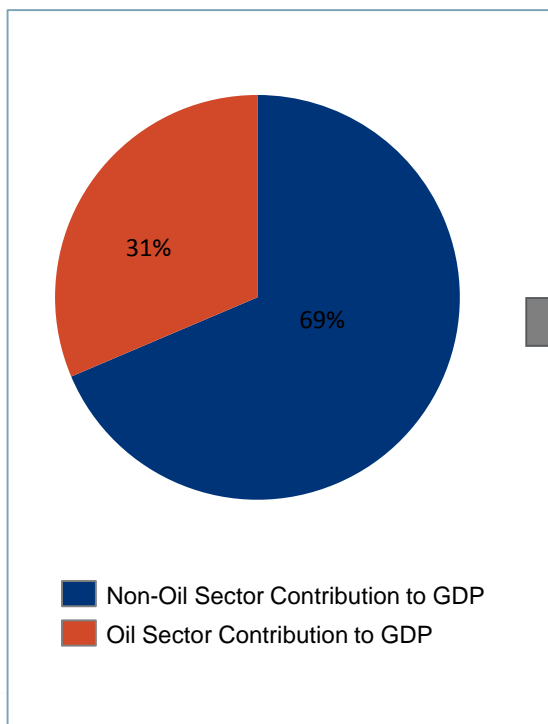
Key Contributors to Growth

- Strong growth in the non-hydrocarbon sector
- Regional wealth and liquidity
- Fiscal discipline with increase in investment spending
- UAE's service driven economy benefitting from the global trade
- AED 750 B worth of infrastructural projects to be spent on construction till 2021
- AED 14B to be spent on innovative projects in 2015
- AED 5.9 trillion in external trade over the last 5 years

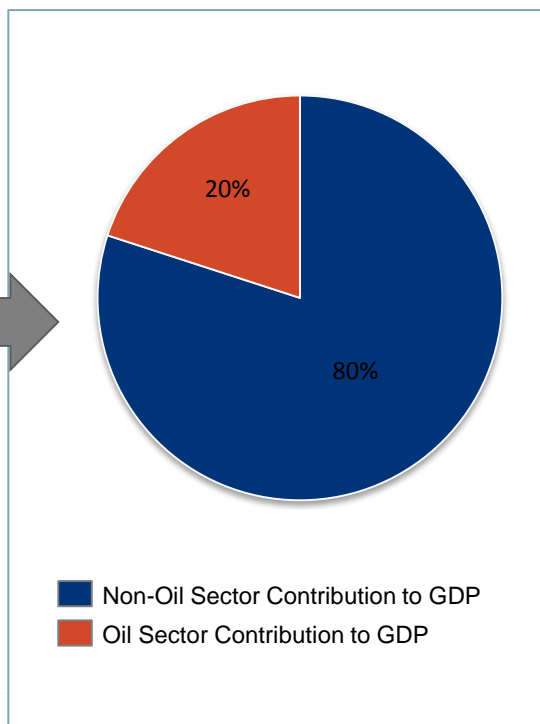


UAE WILL ADHERE TO ITS LONG TERM STRATEGY TO DIVERSIFY ITS ECONOMY

Oil Sector vs. Non-Oil Sector Contribution to UAE GDP (2014)



Oil Sector vs. Non-Oil Sector Contribution to UAE GDP (2021)



Comments

- UAE's long term strategy is to diversify its economy and reduce its dependence on oil revenue
- The non-oil sector has experienced positive growth during the past couple of years
- UAE aims to achieve this through intensive investment in the industrial and tourism sectors, air and maritime transport, import and re-export, as well as supporting a range of projects and initiatives based on the knowledge economy





DUBAI

THE FINANCIAL HUB OF MIDDLE EAST



DUBAI: VISION & ECONOMIC STRENGTHS

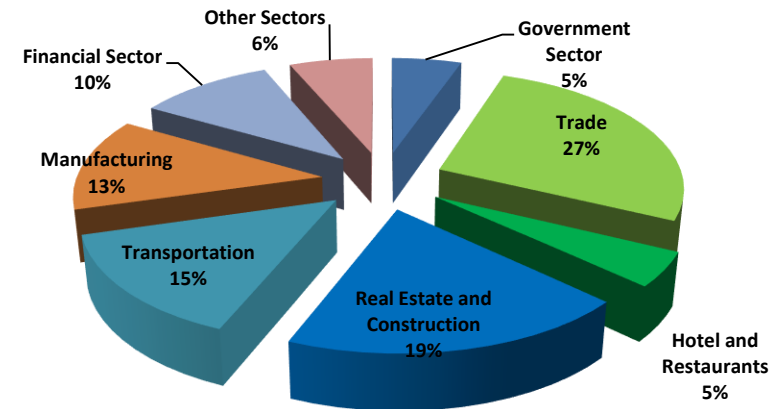
Dubai's core strengths remain fundamentally sound

"Our vision is clear, our goals are obvious, our strengths are great, our will is strong and we are ready. We want Dubai to be a global center of excellence, creativity and leadership".

-HH Sh. Mohammed
Ruler of Dubai

Well diversified economy based on international trade, banking and finance, tourism, information technology and infrastructure.

Dubai GDP by Economic Sectors - 2014



Strengths	Reasoning
Highly sophisticated financial centre	Dubai is ranked 7 th as per 'International Financial Centres Competitive Assessment Report', a competitive study of 15 key global and regional financial centres done by KPMG
Favorable business environment	Dubai has been rated very high in ease of doing business ranking 8 th globally -World Competitiveness Index
Strategic location with a strong logistics infrastructure to bolster trade	Trade capacity in UAE has tremendously improved over the years with free-zones like JAFZA and trade growth at 15% in 2014
Solid tourism sector	Hotel occupancy rates remained high throughout 2014 at 87%, benefitting both tourism and trade activities

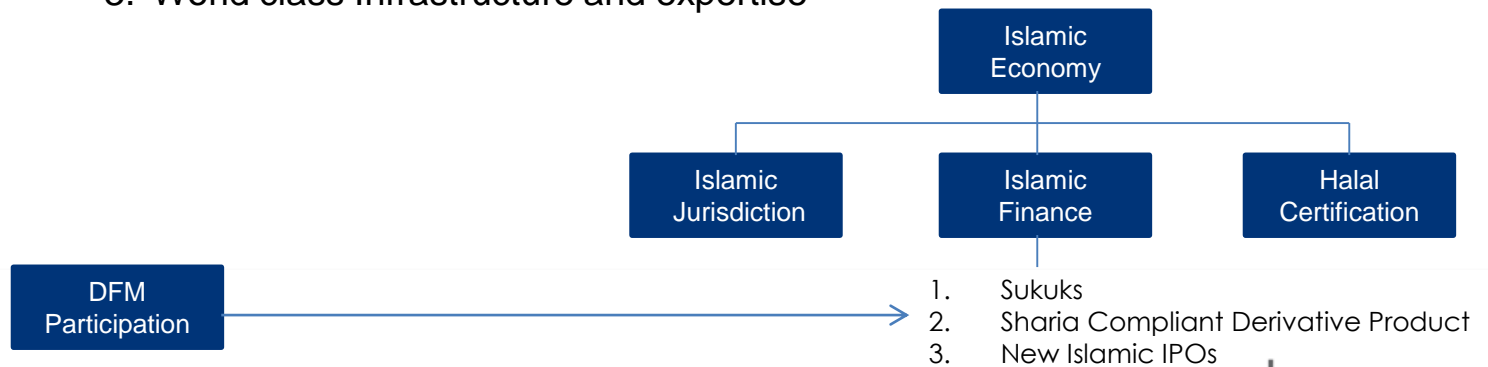
DUBAI: ISLAMIC ECONOMY INITIATIVE

Initiative:

The vision of His Highness Sheikh Mohammed, Ruler of Dubai, to transform Dubai into the capital of the Islamic economy has given a different resonance to this fast-growing sector of global economy. Dubai has indeed a row of strengths to take on that status.

The Strength:

1. The geo-economics of Dubai and the combination of Eastern and Western cosmocultures, makes it easier to do business and more accessible to the key regions of Africa, the Levant, the GCC and Asia.
2. The legal and judiciary systems in Dubai guarantee the necessary security for business and FDI.
3. World class Infrastructure and expertise





DUBAI: RECENT EVENTS

- Organizational restructuring of government departments & related entities
- Successful debt restructuring across all sectors with zero defaults

Key Achievements in 2014 :

- Dubai GDP growth for 2015 is expected at 3.5 %
- Foreign direct trade grew to AED 47 B in 2014 expected to grow 4%-5% in 2015
- Dubai ranks 4th among top global destinations for travelers
- Dubai is ranked 12th in world competitiveness index up four positions from last year
- UAE ranks 11th in AT Kearney FDI Confidence Index serving as main hub in Arab world
- Dh25 billion in total investment in infrastructure-related projects due to EXPO 2021

2014 was the strongest year economically for the UAE since its foundation, with a growth in Real Gross Domestic Product of 4.6%, and with Nominal Gross Domestic Product reaching Dh 1.47 trillion. The non-oil economy is projected to expand by over 4 per cent per annum in the coming years on the back of Dubai's strong core services sectors.



CAPITAL MARKETS

UNITED ARAB EMIRATES





CAPITAL MARKETS:

KEY EXCHANGES IN THE REGION



Cash Equities,
Bonds & Sukuks,
REITS, Index &
Commodity
Futures

Only UAE offer a wide array of trade exchanges/products in the entire MENA region



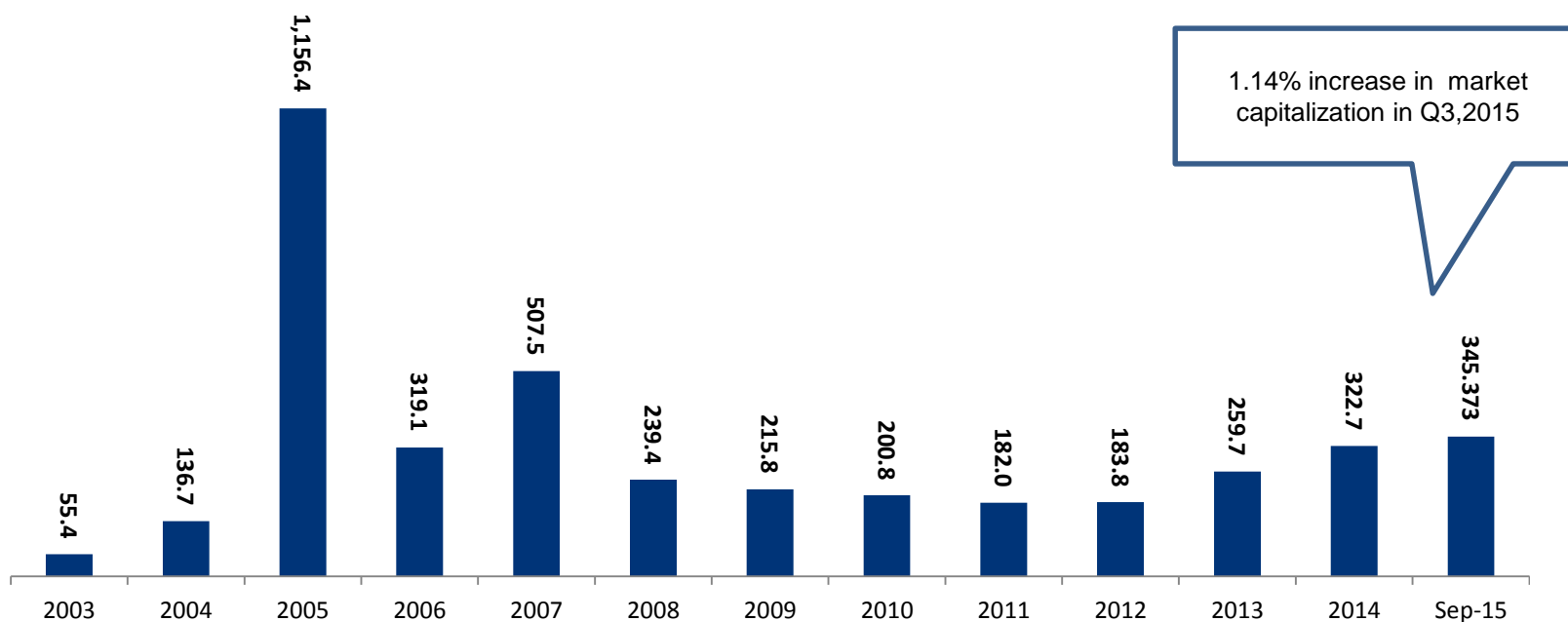


MARKET CAPITALIZATION

LIQUIDITY REVIEW

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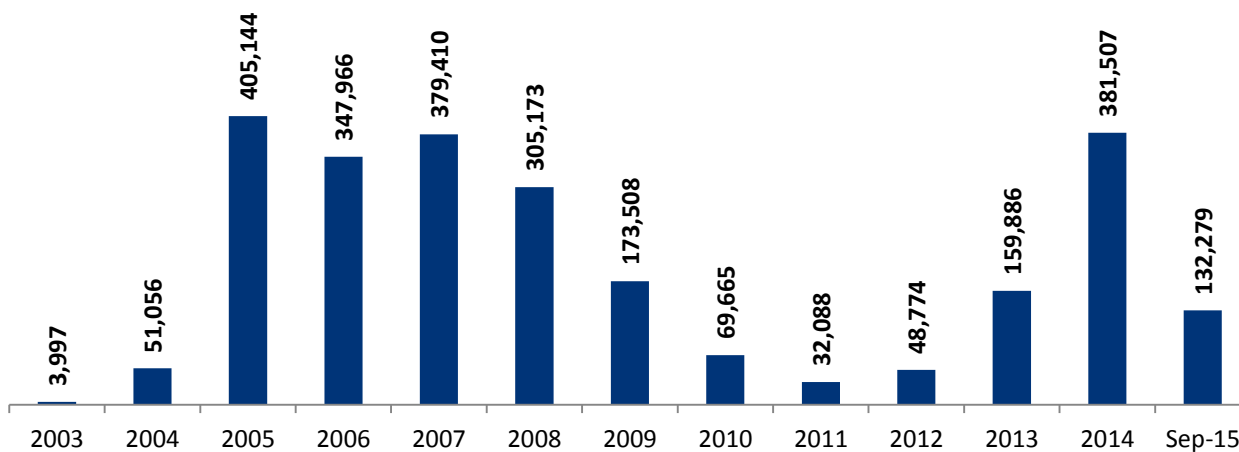
All figures in AED Mn



TRADE VALUES: DFM PERFORMANCE

DFM exchange has seen a slow down in trading driven by regional instability, oil prices and general sentiments.

All figures in AED Mn

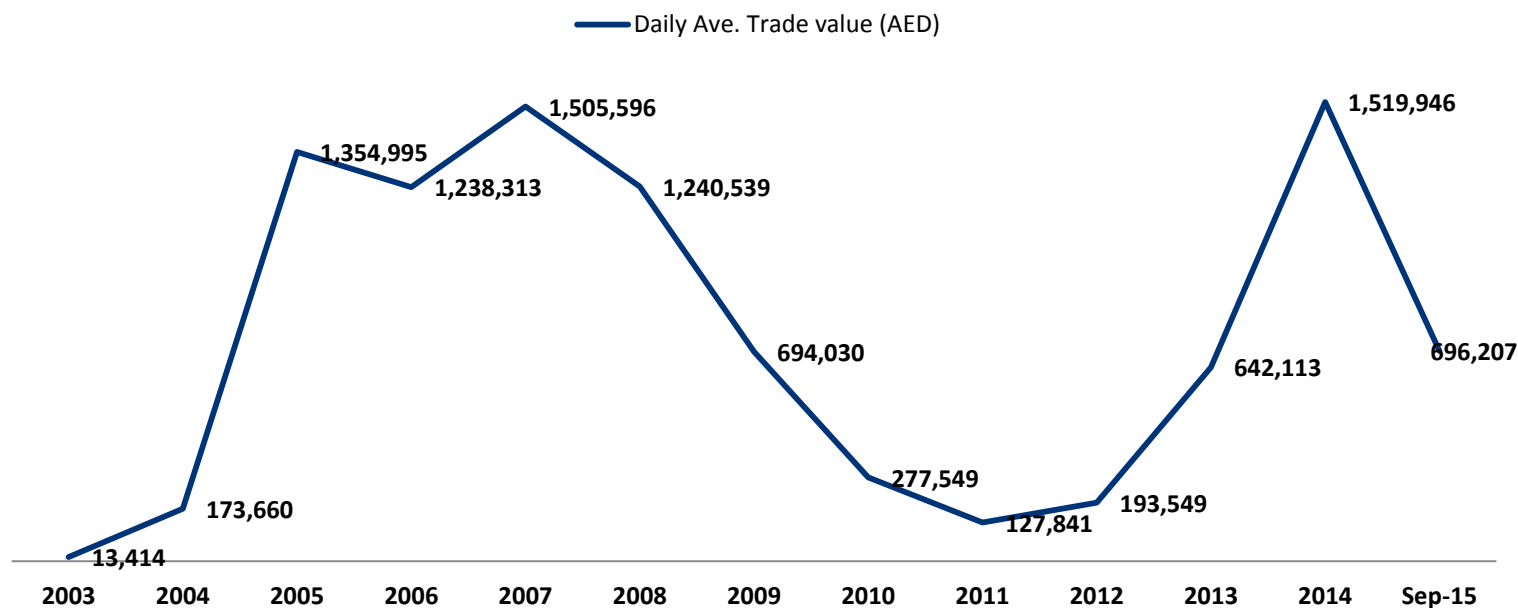




TRADE VALUES :

DFM PERFORMANCE

All figures in AED '000

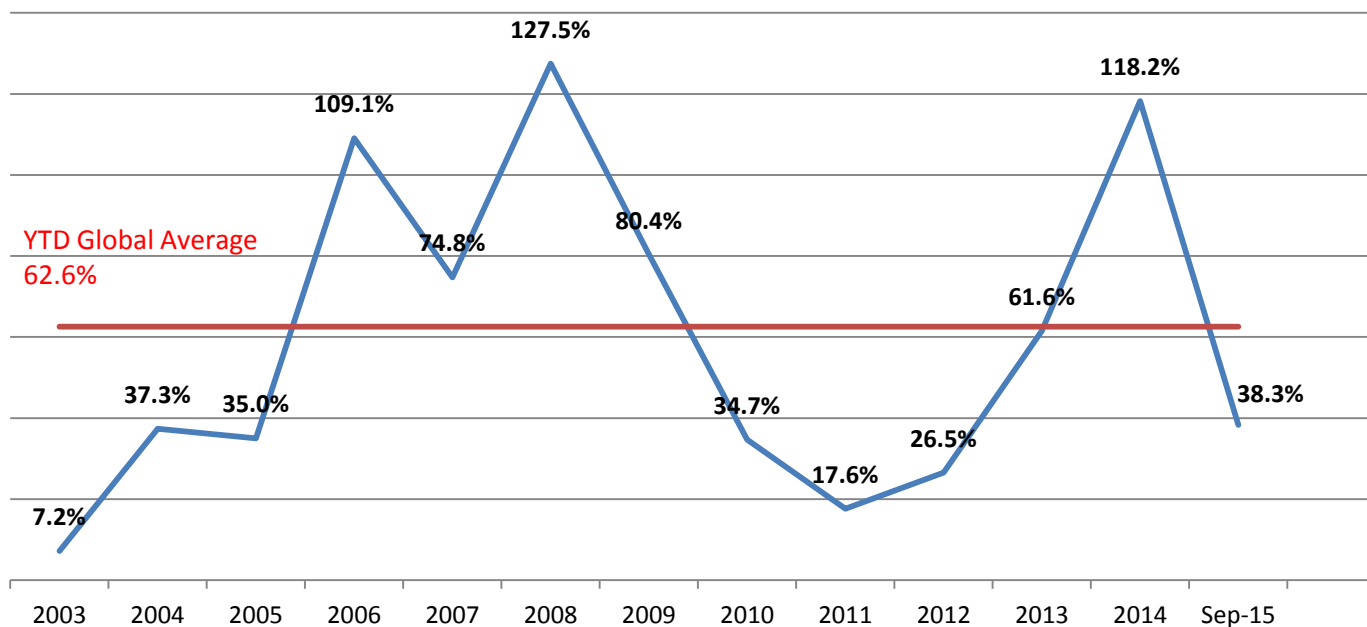




MARKET VELOCITY

DFM PERFORMANCE

DFM Market Velocity (2003 - Sep 2015)



*Velocity is calculated as Annualized Trade Value / Market Capitalization



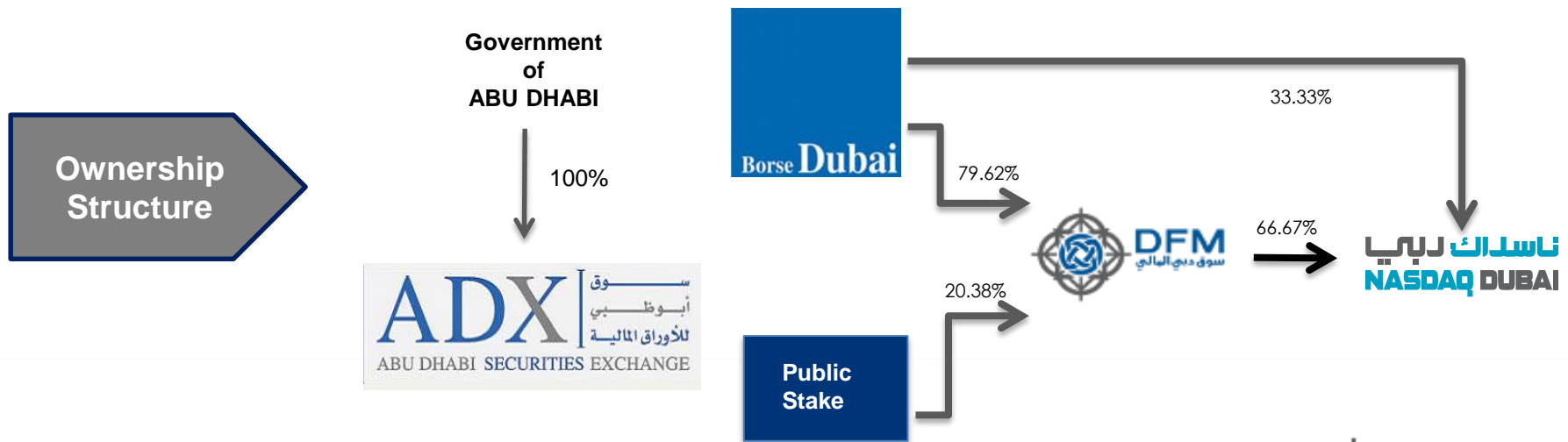
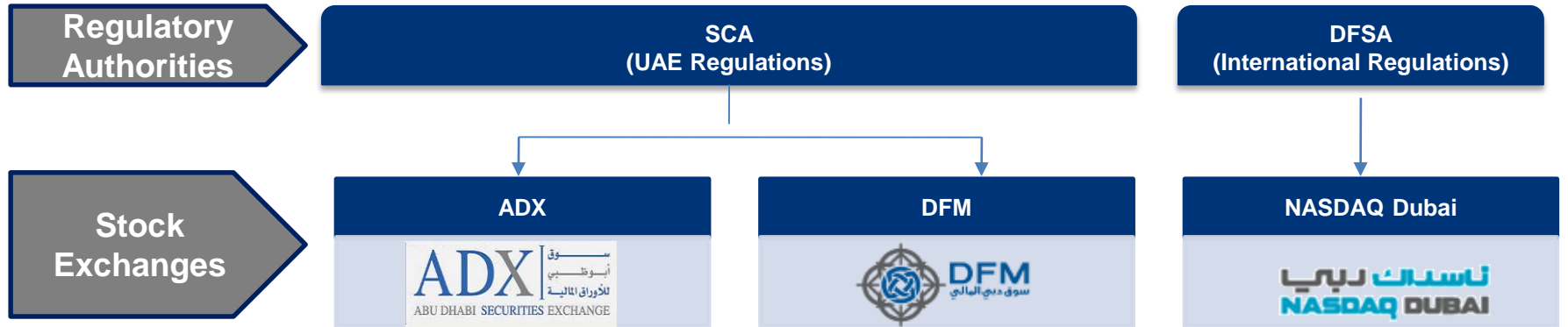


DFM / NASDAQ DUBAI

TWO EXCHANGES, ONE MARKET



UAE MARKETS: REGULATIONS & OWNERSHIP

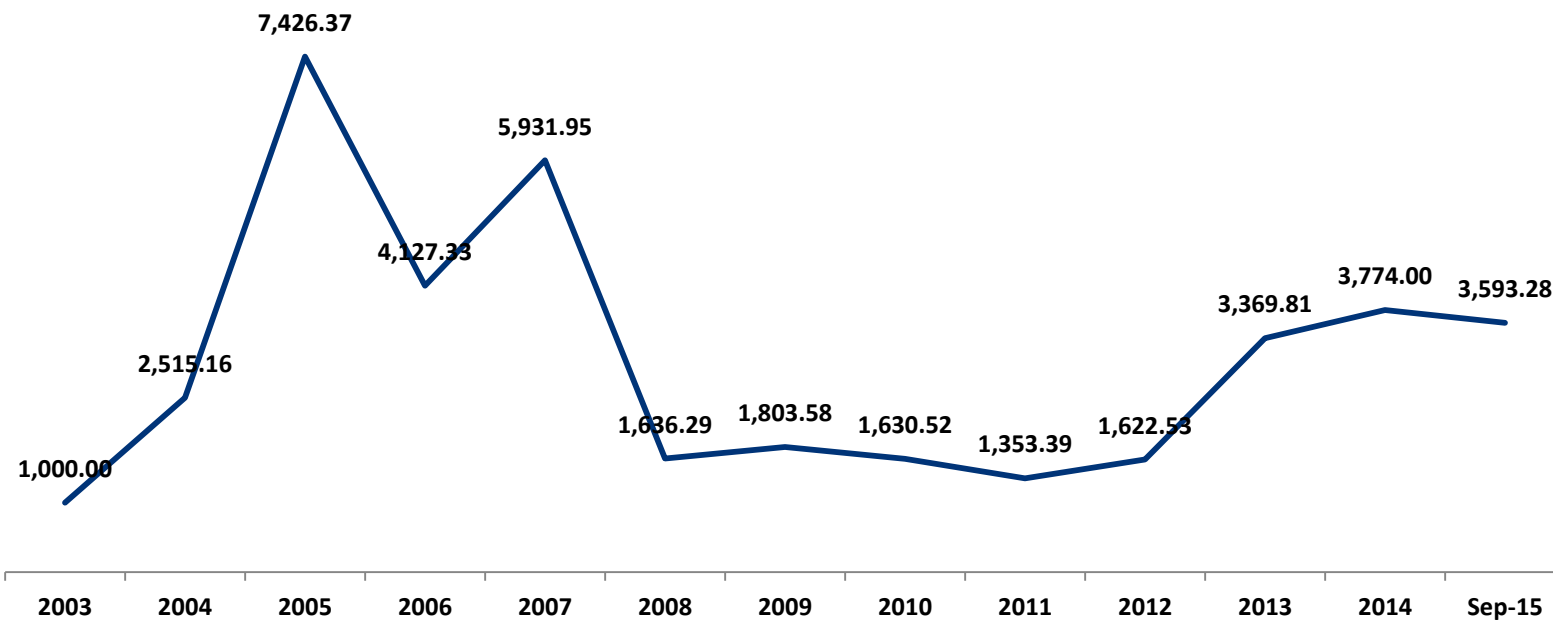




DFM: GENERAL INDEX PERFORMANCE

Q3, 2015

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Source : Reuters / DFM / ND Analytics

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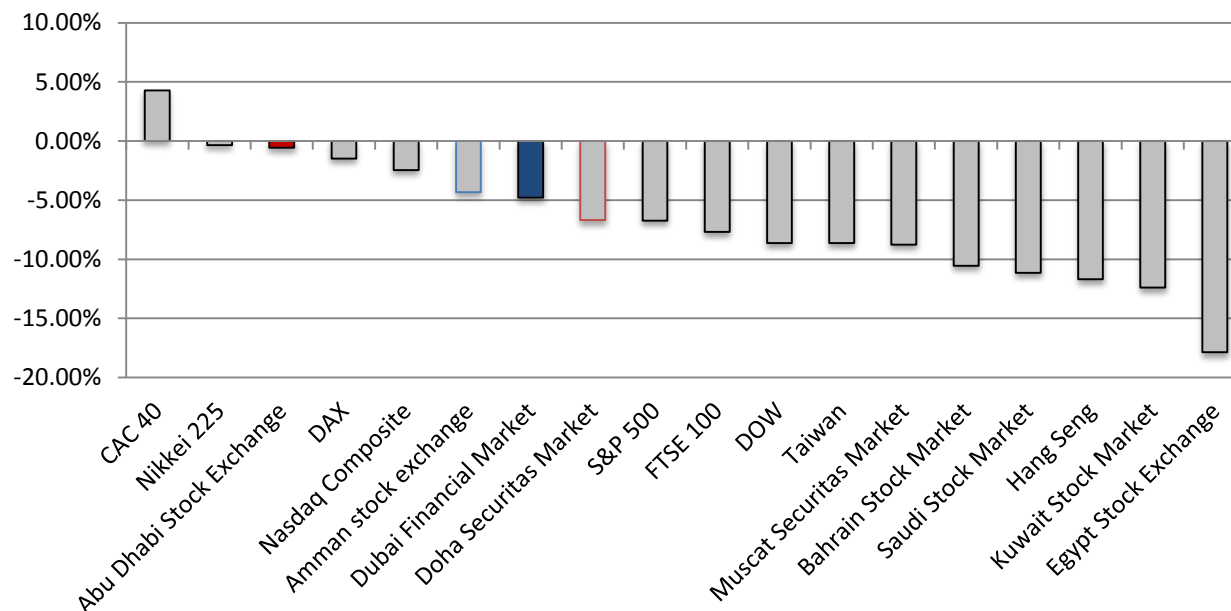
DFM: GENERAL INDEX - COMPARISON

PERFORMANCE Q3, 2015

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Index
performance of
global
exchanges
Q3, 2015

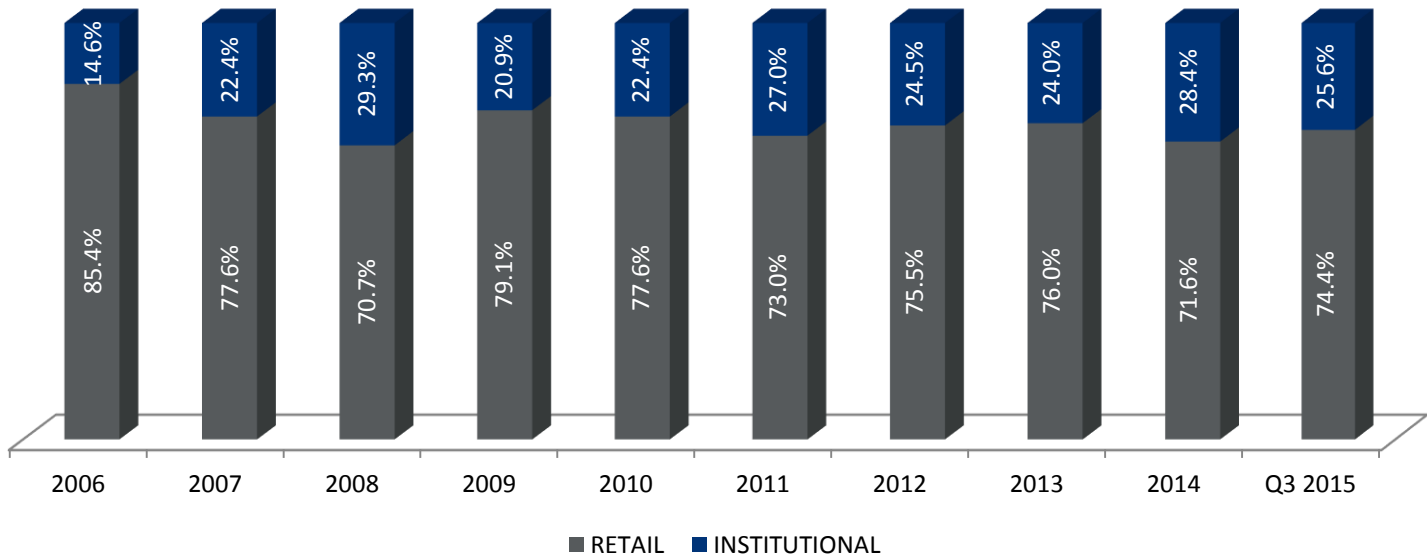
YTD Index Percentage Change





DFM: TRADING BY CLIENT TYPE

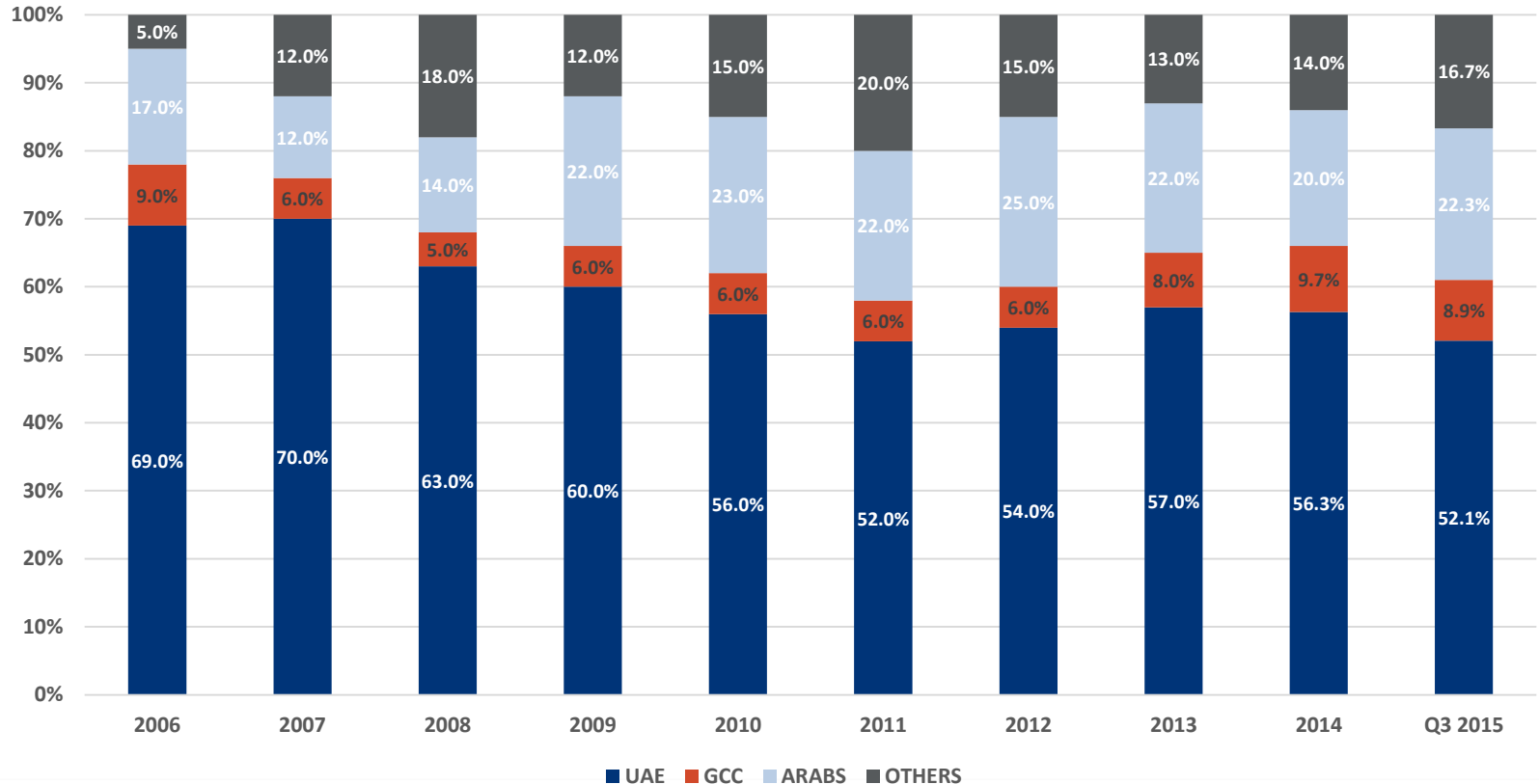
RETAILS VS. INSTITUTIONAL





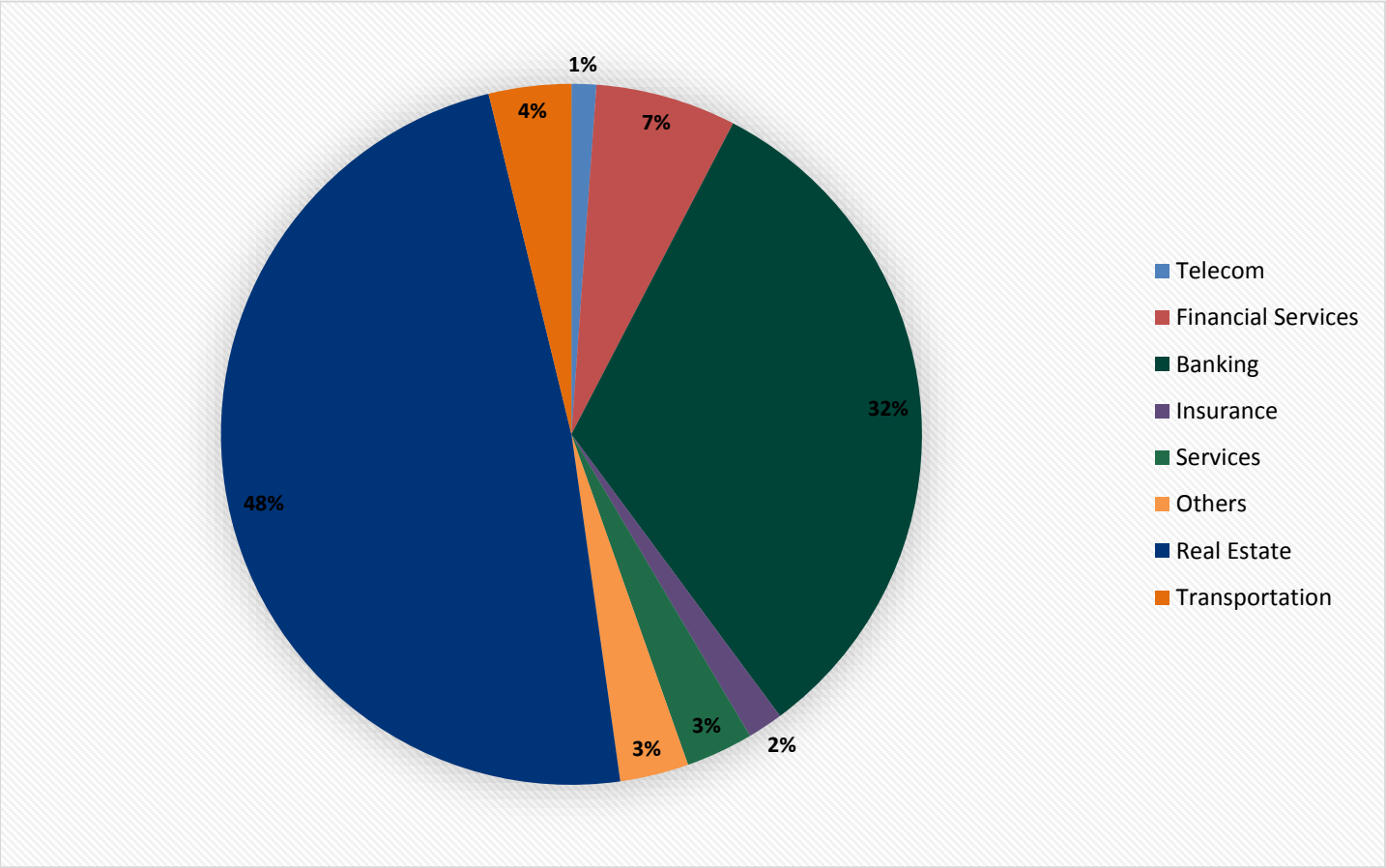
DFM: TRADING BY NATIONALITY

UAE VS. NON- UAE



DFM: TRADE MATRICES

SECTOR MIX

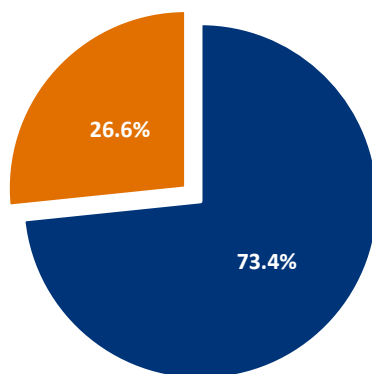


DFM: OWNERSHIP

SHARE OWNERSHIP RATIOS

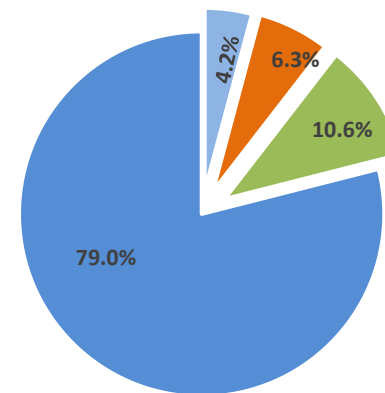
Distribution of Share Ownership Q3, 2015

By Type of Investor



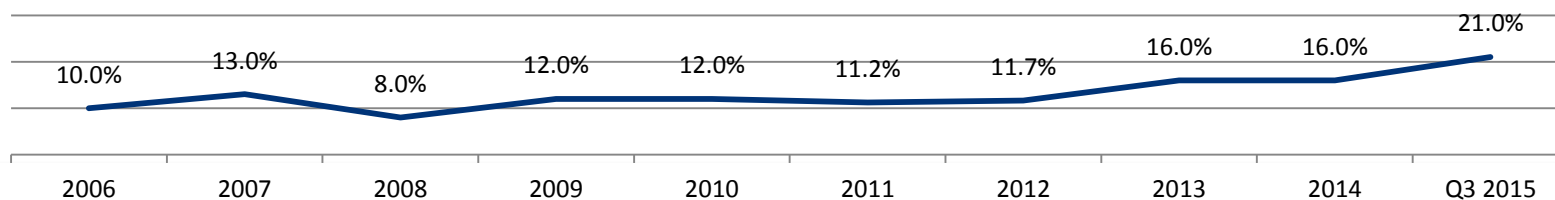
■ INSTITUTIONAL ■ RETAIL

By Nationality



■ ARAB ■ GCC ■ OTHERS ■ UAE

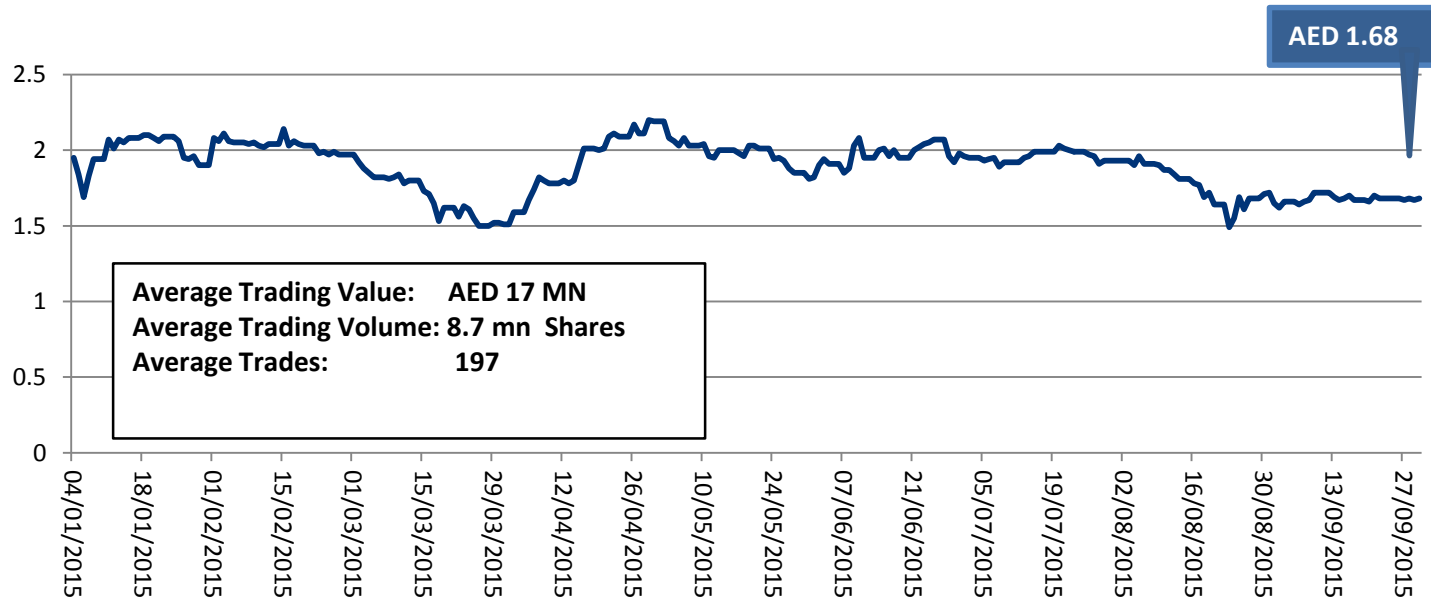
Foreign Ownership (% of Market Cap)



DFM: MARKET ACTIVITY

DFM SHARE PRICE & AVERAGE TRADING

DFM Share
Price
Movement
Q3, 2015



DFM: FINANCIALS

REVENUE MIX

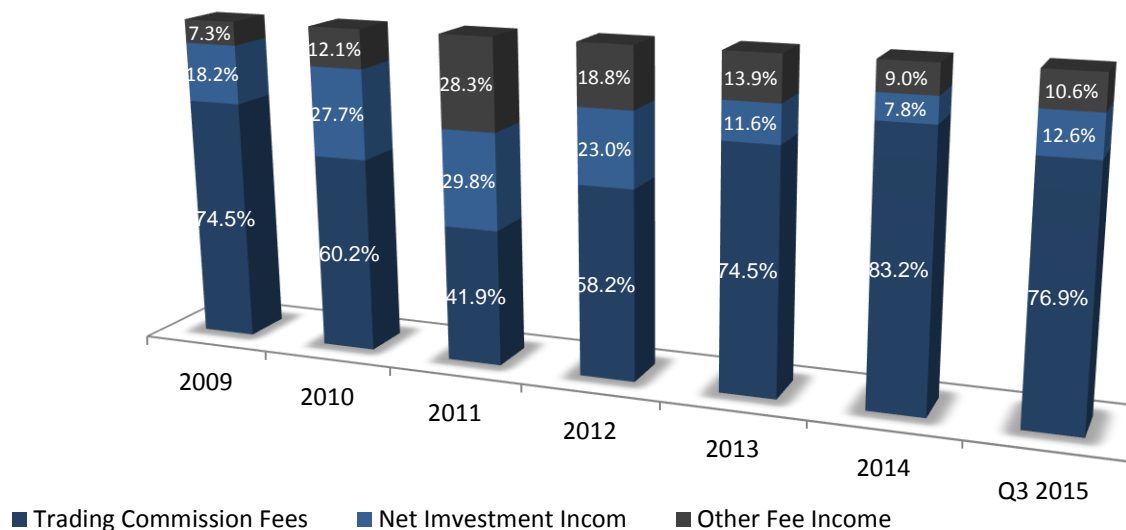
Key Financials

	2009	2010	2011	2012	2013	2014	Q3 , 2015
Trading Commission Fees	374.7	158.7	76.8	114.8	341.6	806.0	282.7
Net Investment Income	91.5	73.2	54.6	45.3	53.4	75.4	46.2
Other Fee Income	36.7	31.9	51.9	37.0	63.7	86.9	38.9
Total Revenue	502.9	263.8	183.3	197.1	458.7	968.3	367.8
Salaries	43.1	57.2	56.6	57.5	71.7	78.7	48.5
General & Administrative	18.7	28.6	29.6	24.6	28.0	30.9	18.6
Rent	5.8	9.0	9.2	7.6	7.6	7.9	5.9
Depreciation	11.3	17.2	16.7	10.8	7.0	6.5	4.1
Amortization	75.9	75.9	75.9	62.4	62.4	62.4	46.8
Other Expense	1.5	3.4	9.5	2.3	-	-	-
Total Operating Expense	156.3	191.3	197.5	165.2	176.7	186.4	123.9
Interest Expense	-	-	-	-	(1.0)	-	-
Revaluation of Investments - Trading	-	1.0	(0.4)	-	-	(22)	-
Minority Interest	-	5.5	7.9	3.2	3.5	(0.5)	-
Net Income	346.6	79.0	(6.9)	35.2	284.6	759.3	244.0
EPS	0.04	0.01	-	-	0.04	0.09	-
EBIT Margin							63%
EBITDA Margin							76%

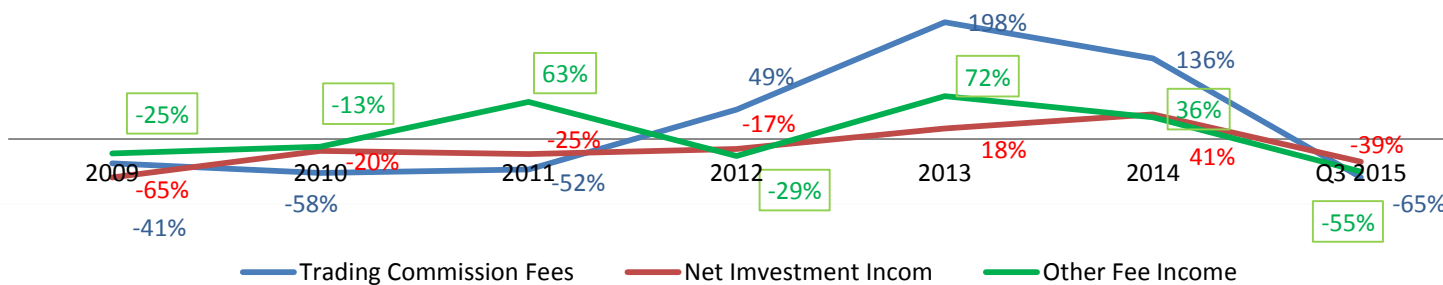
DFM: FINANCIALS

REVENUE MIX & GROWTH

Revenue Breakdown



Growth Rates of Revenue Mix (%)





CORPORATE STRATEGY

DFM – NASDAQ DUBAI





STRATEGIC INITIATIVES

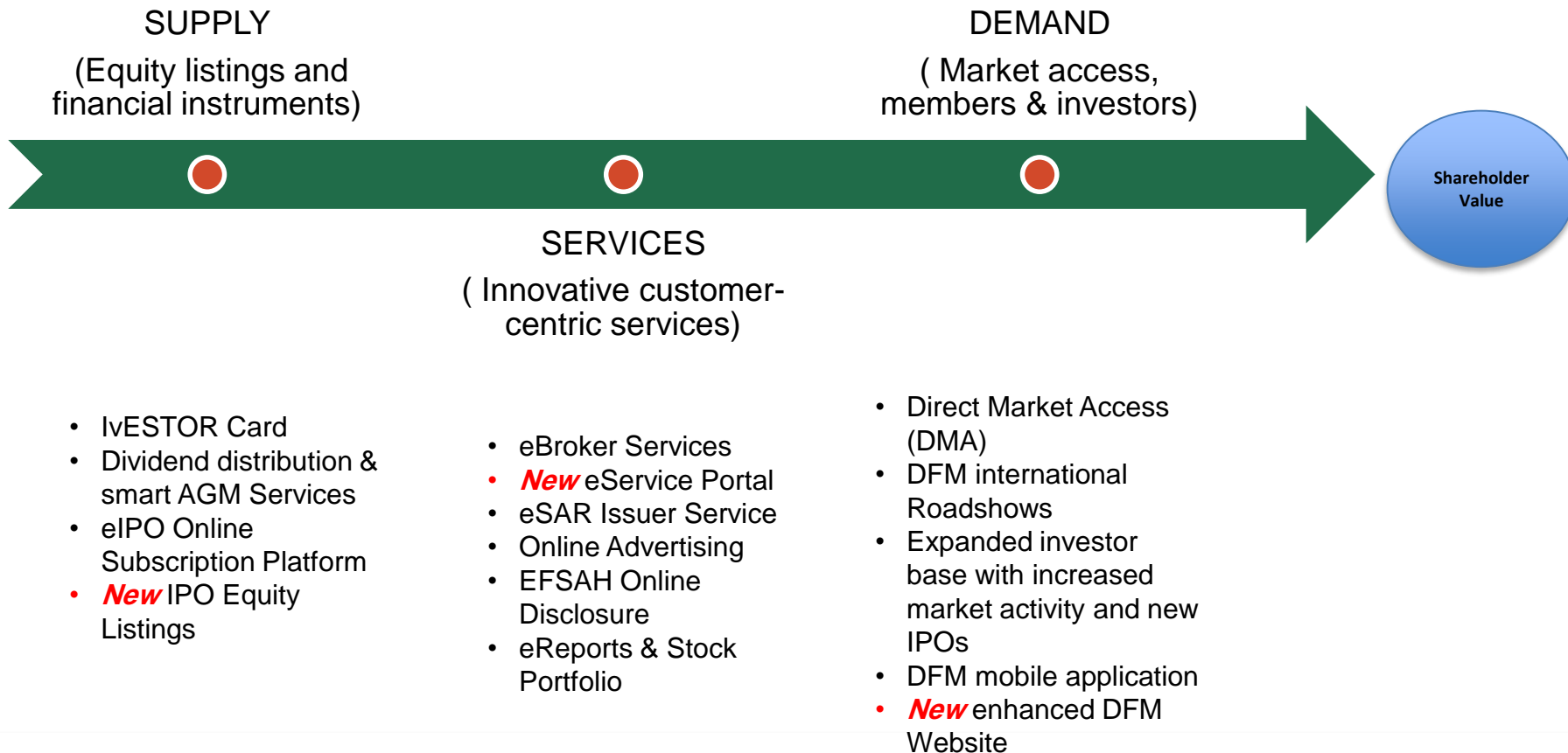
ADDRESSING FUTURE GROWTH

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- Upgrade to MSCI Emerging Market Status
- G30 Compliance and addressing the gaps
- Organizational restructuring and monetization of financial services
- Initiating investor –centric services to increase liquidity and trading activities
- Smartphone based services
- IPO focus and listings



STRATEGIC INITIATIVES CONT.



STRATEGIC INITIATIVES

MSCI UPGRADE

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Key Features

CRITERIA	Emerging	DFM / ND
A. ECONOMIC DEVELOPMENT		
A.1 Sustainability of economic development	No requirement	Strong economic fundamentals with expected GDP growth of 4% for 2015
B. SIZE AND LIQUIDITY REQUIREMENTS		
B.1 Number of companies meeting the following standard index criteria	3	12
i) Company size (Full market cap)	USD 873 Mn	USD 97 Bn
ii) Security size (Float market cap)	USD 436 Mn	USD 25 Bn
iii) Security liquidity	15% ATVR	55%
C. MARKET ACCESSIBILITY CRITERIA		
C.1 Openness to foreign ownership	Significant	49% (Current Foreign Ownership – 18%)
C.2 Ease of capital inflows/outflows	Significant	Significant
C.3 Efficiency of operational framework	Good & tested	Good & tested *
C.4 Stability of the institutional framework	Modest	Good *

* Successful DVP implementation and introduction of SBL as part of G30 compliance

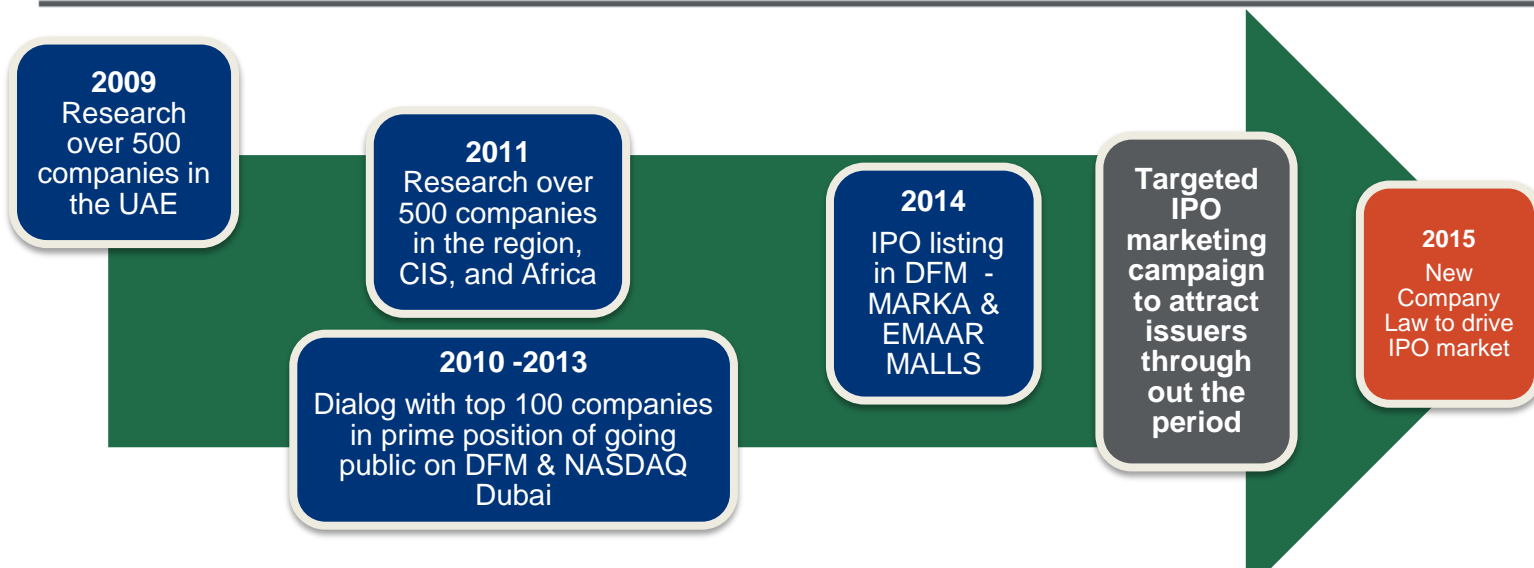
Key criteria's for Emerging Market status

DFM has met all eligibility criteria's for MSCI upgrade and is been moved to Emerging Market status effective June 2014

STRATEGIC INITIATIVES

PIONEERING IPO STUDY

DFM has commissioned Independent Research Consultants for intensive IPO study



The following initiatives have been taken to support campaign:

2009	Step by Step " DFM Guide to going public" launched	2012	- Access to Capital Seminar for JAFZA Dubai - Regional IPO Market Study for NASDAQ Dubai
2010	IPO Market Study Results from one on one with 40 potential IPO candidates	2013	-MOU with Dubai SME -2 nd Access to Capital Seminar for SME -NASDAQ Dubai IPO Guide -Road show for IPO in India & Kuwait. -2 nd IPO Retreat on November 19 th ,2013
2011	-IPO Retreat for private, semi- government and family owned businesses. -MOU with JAFZA	2014	- 4 IPOs
		2015	- New Company law announced. - 3 rd DFM IPO forum on November 9 - Re- Listing of Amlak



STRATEGIC INITIATIVES

NEW COMPANY LAW SUPPORTING IPO MARKET

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	OLD	NEW
Requirements		
Offer Size	Not be less than AED 10 million.	Not be less than AED 30 million.
Founders	Minimum 10 founding shareholders.	Minimum 5 founding shareholders.
Founders hold	Founders hold not less than 20% and not more than 45% of the total authorized Share Capital.	Founders hold not less than 30% and not more than 70% of the total authorized Share Capital.
Refund Days	Two weeks	5 Days
Sell down	Not allowed	Max. 30% from the capital
Subscriptions period	90 Days	30 Days
Pricing	fixed price only - Book building allowed by regulatory approval	Book Building is now available for the companies as an another option with fixed price.
Underwriting	no underwriting or sponsor required	Underwriting could be applied and will be regulated by a ministerial decree
Employee stock option	Not recognized	Allowed
Foreign ownership	49% maximum foreign ownership	49% maximum foreign ownership but some exception can be granted upon ministerial decision

- 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.



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