

**Dubai Financial Market**

# Investor Presentation

9 M 2017



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## DFM at a Glance

### Leading Exchange in the MENA Region

- Established in 2000 as a government owned exchange and in 2007 became the first regional exchange to be publicly listed.
- Provides investors and market participants with the best in class international platform offering innovative products and services while conducting trading, clearing and settlement in an efficient, transparent and liquid environment.
- Currently, Borse Dubai owns 80% of DFM with the remaining being public float.

Listings (9M 2017)	<b>AED 382bn</b> Market Capitalization	<b>63</b> Companies Listed on the DFM*	<b>88</b> Bonds and Sukuks Listed on the DFM/Nasdaq Dubai with a value of <b>\$66 bn</b>
Volumes (9M 2017)	<b>AED 87bn</b> Total Traded Value	<b>AED 463m</b> Average Daily Traded Value (ADTV)	<b>30%</b> Market Velocity <sup>1</sup>
Volume by Investor Type (9M 2017)	<b>44%</b> Foreign Investors' Trading Share	<b>22%</b> Foreign Ownership (% of Market Cap)	<b>32%</b> Institutional Investors' Trading Share
Consolidated Financials (9M 2017)	<b>AED 320.4m</b> Revenue	<b>AED 224.9m</b> EBITDA	<b>AED 173.7m</b> Net Profit

Source: DFM analytics

Note: Financial information and trading statistics for DFM (excluding Nasdaq Dubai) for the year 2017.

Foreign investors defined as non-UAE investors.

<sup>1</sup> Velocity is calculated as annualized trade value/end of period market capitalization

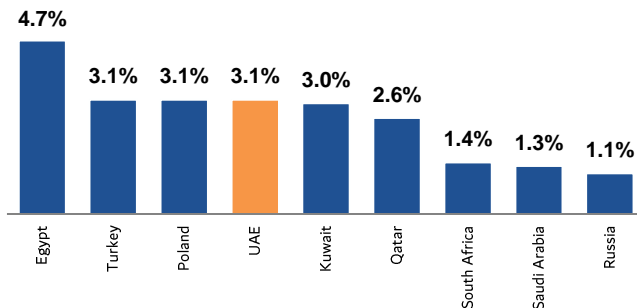
\* Excluding one listed ETF by the end of 9M 2017.

## The UAE Benefits from Strong Demographic & Macroeconomic Fundamentals

**1**

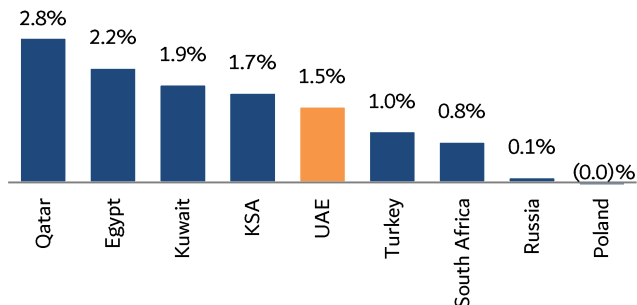
### Continued GDP Growth...

2015E-2020E Real GDP Growth (%)


**2**

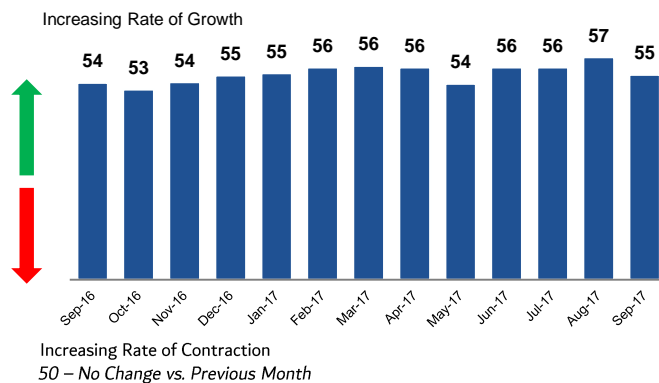
### Growing Population...

2015E-2020E Population Annual Growth (%)


**3**

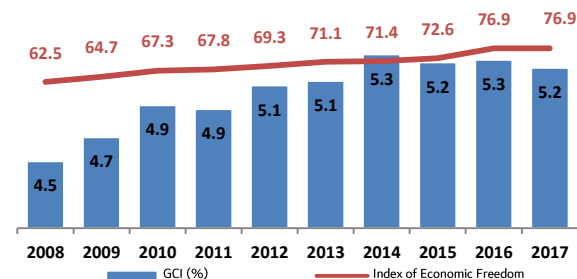
### Sustained Growth in Non-Oil Economy...

UAE Non-Oil Private Sector PMI


**4**

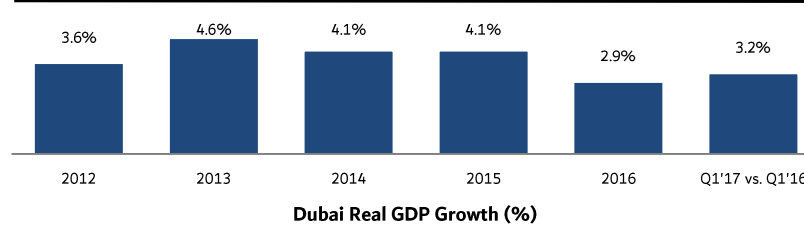
### ...Resulting in Stable Business Environment

Globally, UAE ranks 17th on the Global Competitiveness Index (GCI) &amp; 8th on the Index of Economic Freedom

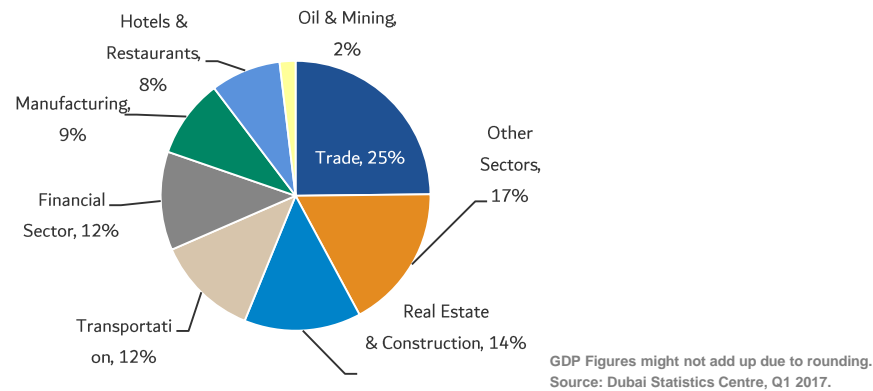


Source: The UAE National Bureau of Statistics, Euromonitor, Bloomberg, World Economic Forum, Emirates NBD, The Heritage Foundation, IMF.

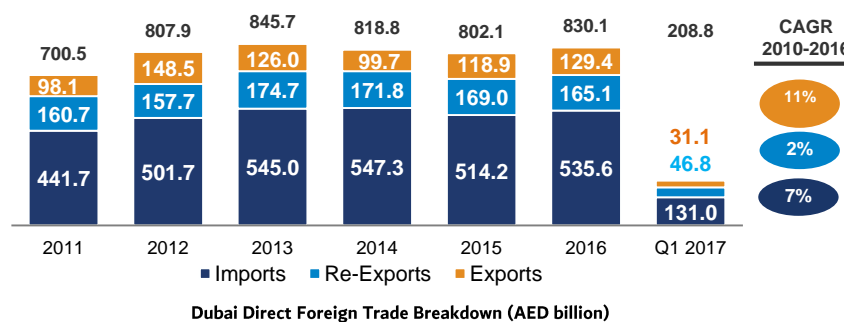
## Continuous Dubai GDP\* Growth ...



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



## ...Supported by Strong Trade Activity



## Commentary

### Main highlights of Dubai economy:

- Fiscal discipline with an increase in investment spending
  - The Emirate of Dubai has increased its budgeted expenses by 2.6% for 2017 to AED47.3 bn
- The UAE's fiscal and external deficits are small relative to the rest of the GCC and continued investment in infrastructure is expected to underpin non-oil GDP growth through 2020.
- Dubai is in the top 5 global destinations for travellers, as such it serves as the main hub in the Arab world, benefitting from increasing global trade, rising tourism and stabilizing real estate.
- Dubai recorded AED25.5bn of foreign direct investment in 2016 (ranking 7<sup>th</sup> in the world among the top 10 cities), and expects to invest another AED25bn in infrastructure-related projects during EXPO 2020.
- Dubai is the 1<sup>st</sup> regionally and the 18<sup>th</sup> globally in the Global Financial Centres Index. And ranked 26<sup>th</sup> out of 190 countries in the 2017 Doing Business.
- Dubai has moved the historical focus on Real estate and Trade to attract more knowledge intensive projects with a greater focus on Technology.
- 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 amounted to AED192.7 bn – end of 9M 2017.

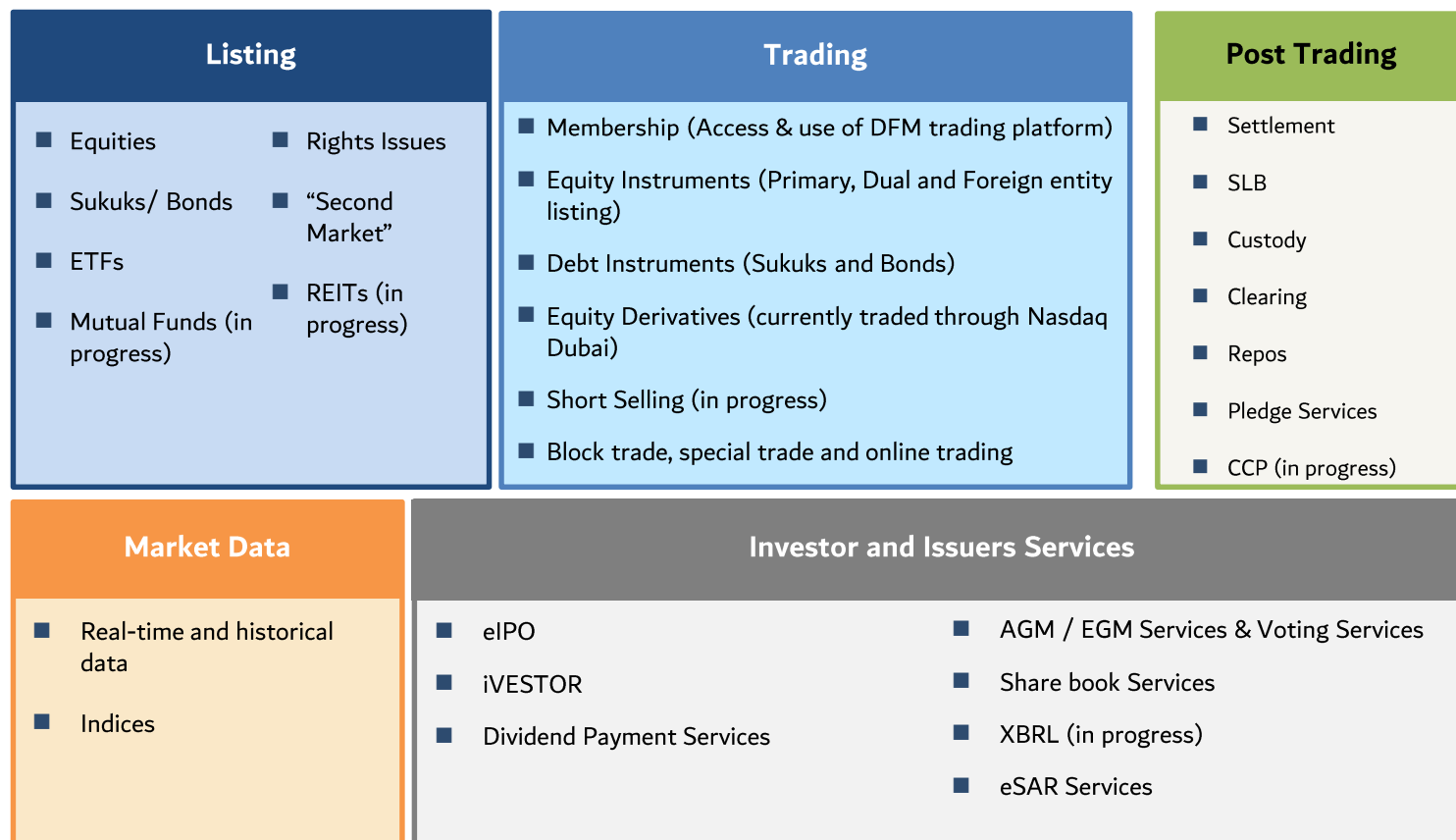
Source: Emirates NBD research, Dubai Investment Development Agency, 2017 Global Investment Report published by UNCTAD, Doing Business World Bank.

\* Some GDP growth percentages were revised due to new national account series issued by the Dubai Statistics Center.

**Dubai Growth  
is Driven by a  
Well-  
Diversified  
Economy**

## DFM's Diversified Product Offering

### Multiple product and service offerings leading to diversified revenue streams

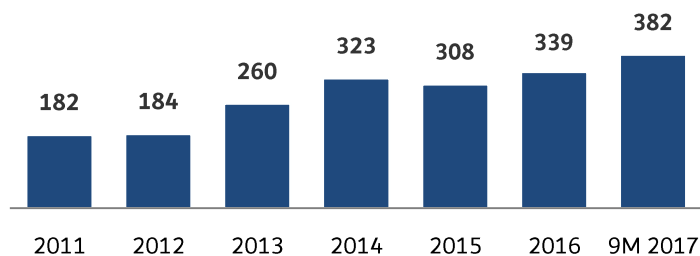


Note: DFM launched its first ETF in June 2016

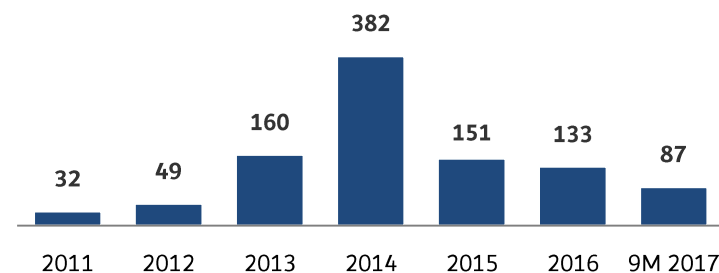
Nasdaq Dubai launched Derivatives trading in September 2016

## Operational Highlights

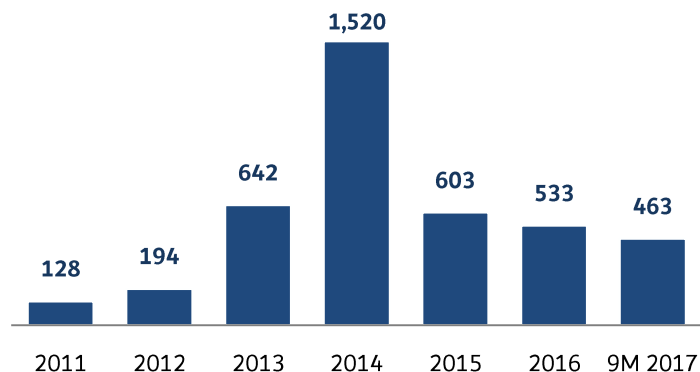
### Market Capitalization (AEDbn)



### Total Traded Value (AEDbn)

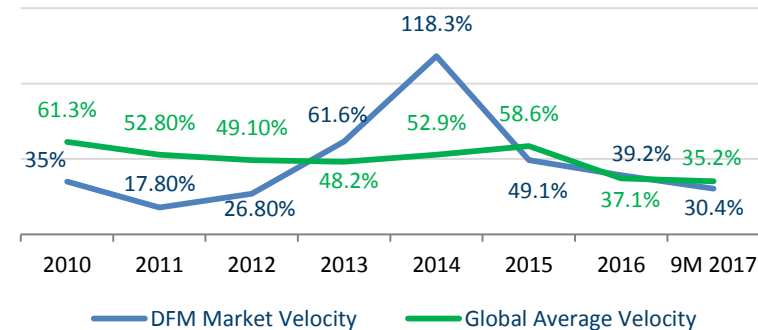


### ADTV (AEDm)



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

DFM Market Velocity and Average Velocity for Global Exchanges



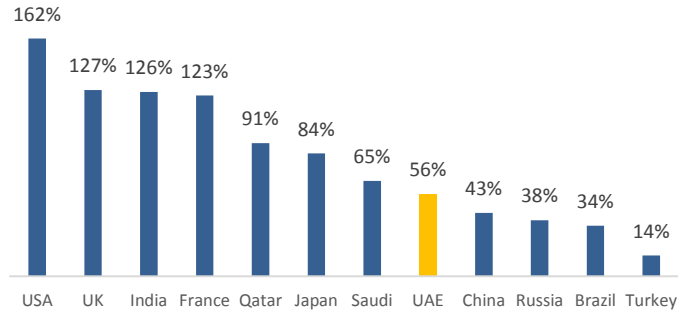
Note: Figures exclude Nasdaq Dubai

<sup>1</sup> Velocity is calculated as annualized trade value/end of period market capitalization.

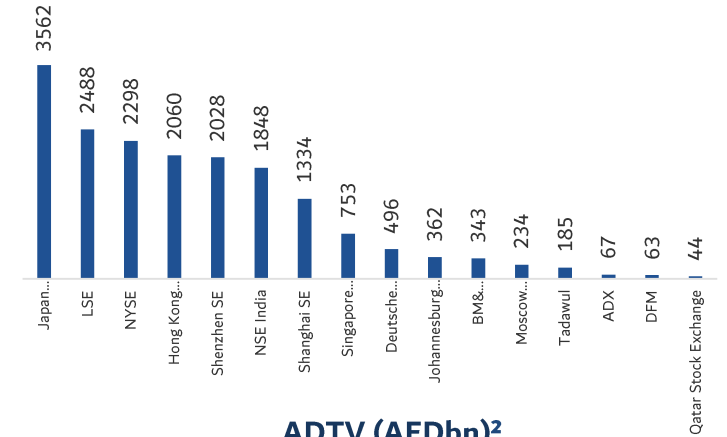
Source for Global velocity figures is World Federation of Exchanges.

## DFM Presents Significant Growth Opportunities

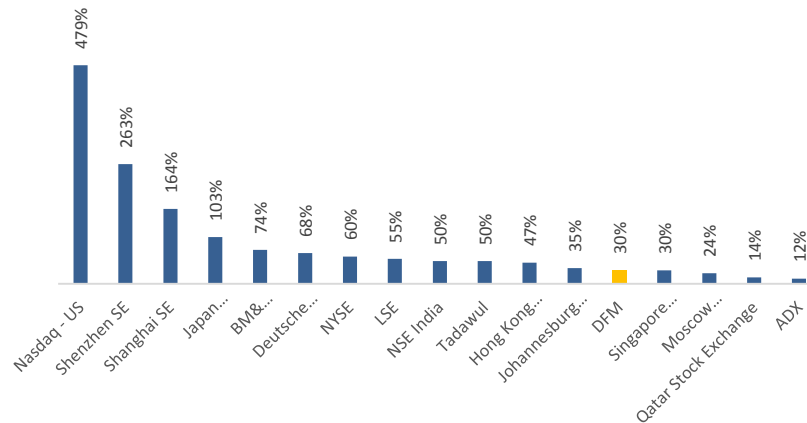
### Equity Market Capitalisation to GDP<sup>1</sup>



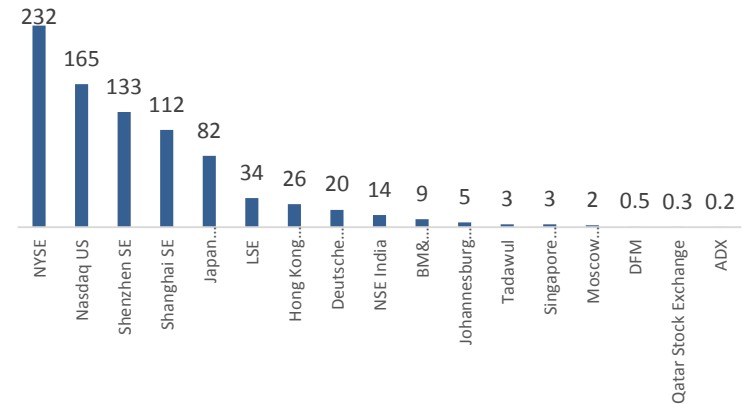
### Number of Listed Companies<sup>2</sup>



### Equity Market Velocity<sup>3</sup>



### ADTV (AEDbn)<sup>2</sup>



Source: Euromonitor, World Bank, World Federation of Exchanges

<sup>1</sup> Based on Dec. 2016 market capitalization over 2016 real GDP (constant prices in 2010).

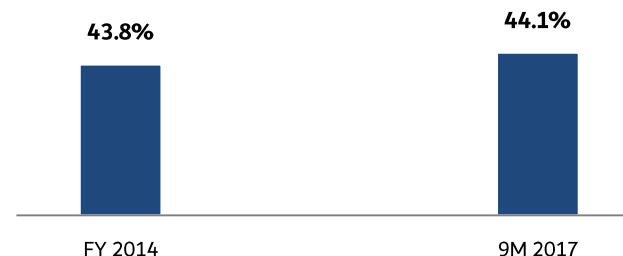
<sup>2</sup> Data is updated till August 2017, except for DFM data is updated till September 2017.

<sup>3</sup> Velocity is updated till August 2017 and calculated as annualized trade value/end of period market capitalization. Source: World Federation of Exchanges.

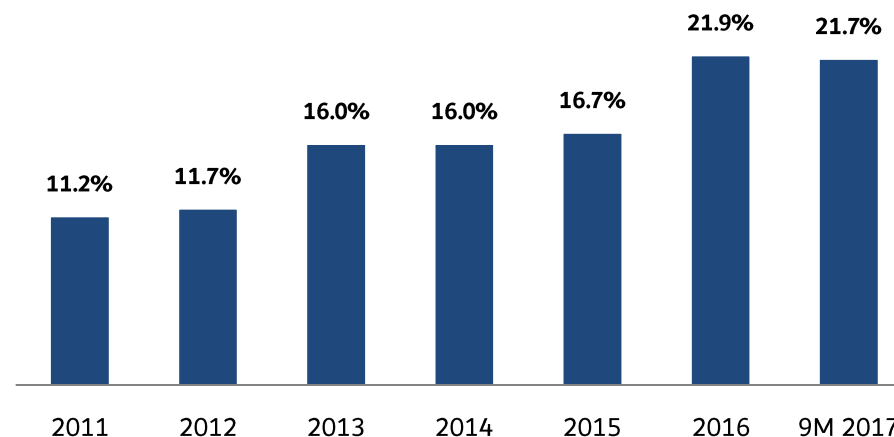
## Strong and Growing Foreign Investor Base

- 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 2017 as they were net buyers of AED 1.3 billion (excluding Arab and GCC nationals) by end of 9M 2017.
- Foreign investors continue to show confidence in the quality and diversity of investment opportunities that the DFM offers.

### Foreign Investors' Trading Share



### Foreign Ownership (% of Market Cap)



Source: DFM Analytics

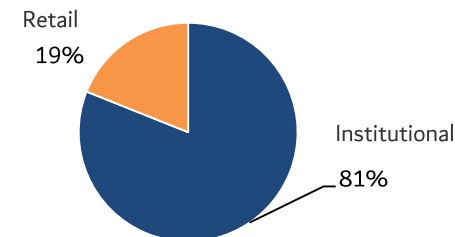
Note: Foreign investors defined as non-UAE investors. Figures excluding Nasdaq Dubai.

## Increasing Institutional Investor Base

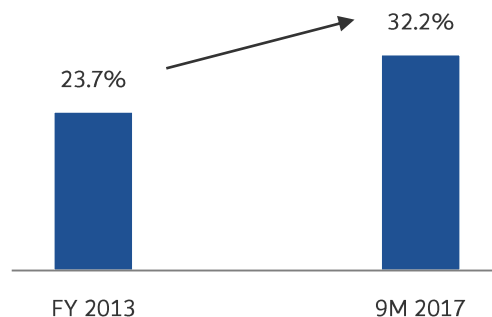
### Commentary

- The DFM has attracted an increasing institutional investor base, in light of the sound national economy and the continuous improvement of listed companies' performance.
- Institutional investors own 81% of the stocks listed on the DFM as of the end of the first nine months (9M 2017).

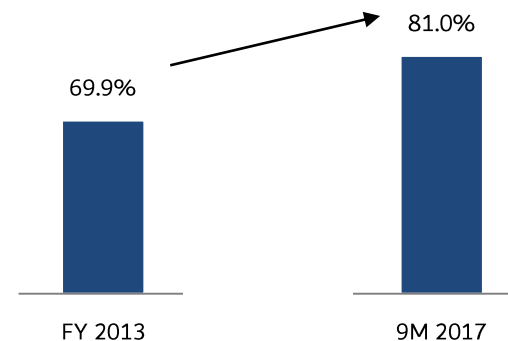
### Share Ownership Split



### Institutional Trading Share (%)



### Institutional Ownership (% of Market Cap)

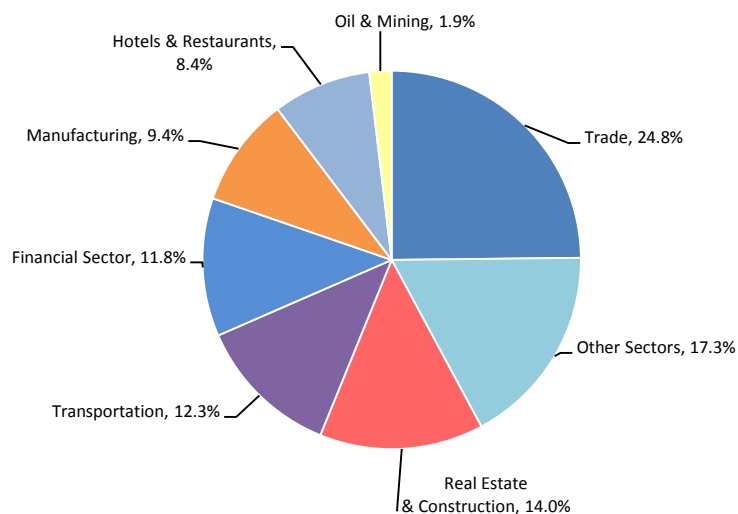


Source: DFM Analytics.  
 Note: Figures excluding Nasdaq Dubai.

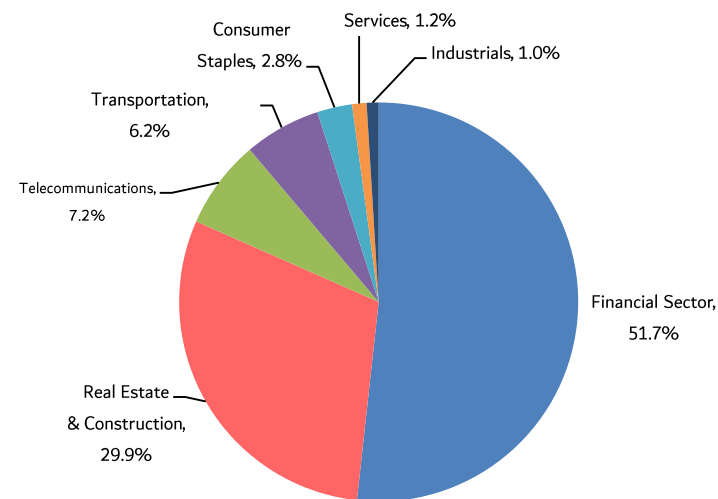
- Trade, Real Estate & Construction, and Transportation sectors are the biggest contributors to Dubai's economy.
- Unlike the economy, the DFM market is dominated by the Financial sector and the Real Estate and Construction sector. These sectors collectively represent 26% of the economy and over 81% of the market capitalisation, by end of Q1 2017.
- This represents significant opportunities for DFM as there is a diversified pool of sectors and companies to be listed in the future.

## Sector Breakdown of Dubai's GDP and DFM's Issuer Base

**Dubai Real GDP Breakdown - Q1 2017**



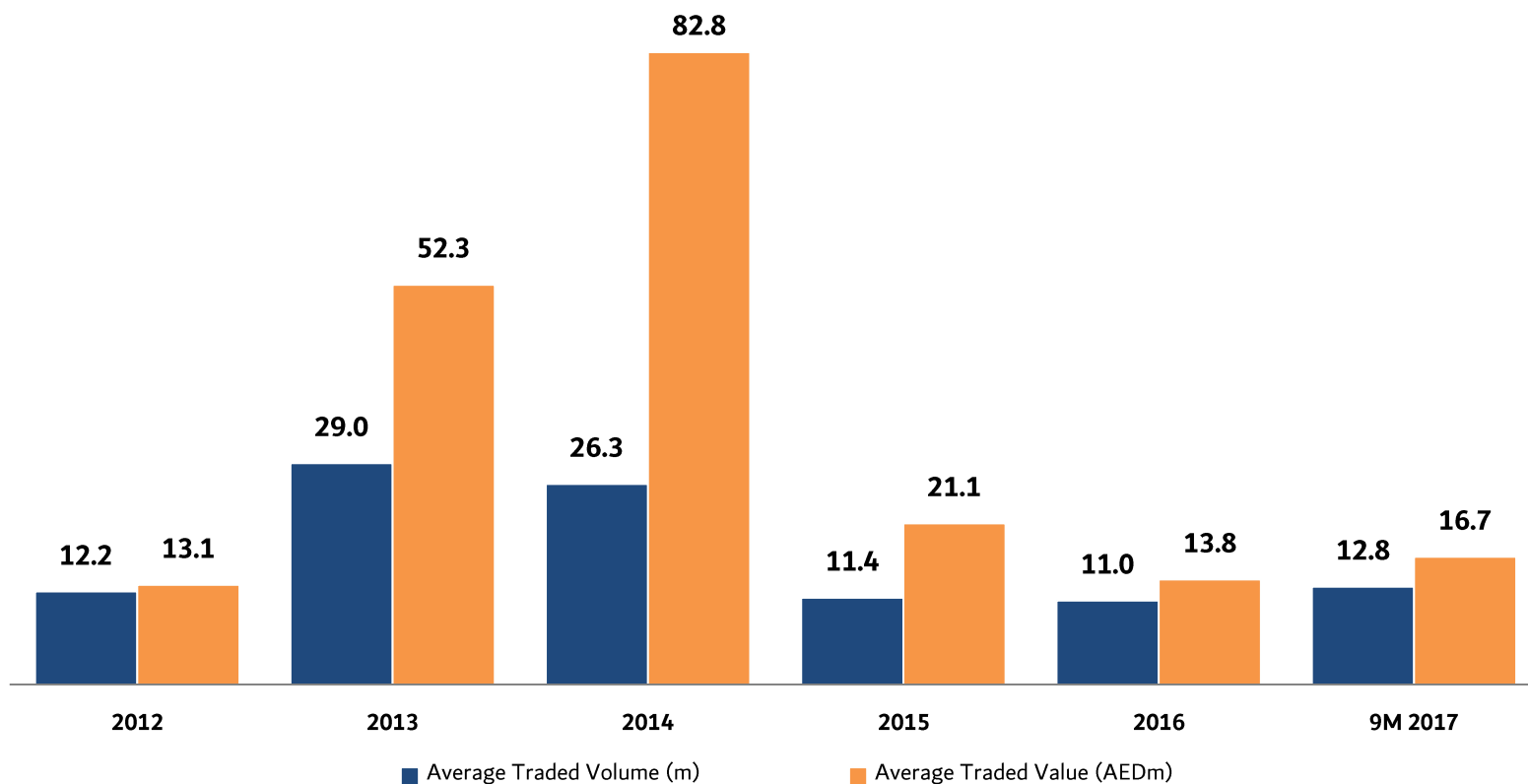
**DFM Sector Breakdown – Q1 2017**



Figures may not add up to 100% due to rounding.  
 Source: Dubai Statistics Centre Q1 2017, DFM Analytics.

## DFM PJSC Stock Trading Activity

DFM PJSC is one of the most Liquid Stocks on the Exchange

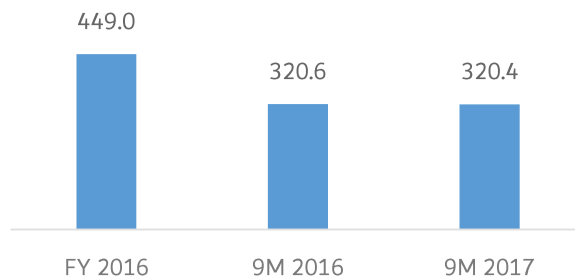


Source: DFM Analytics

- DFM continues to provide advanced and innovative products/services as part of its strategy to diversify revenue streams and increase non-trading commission income.

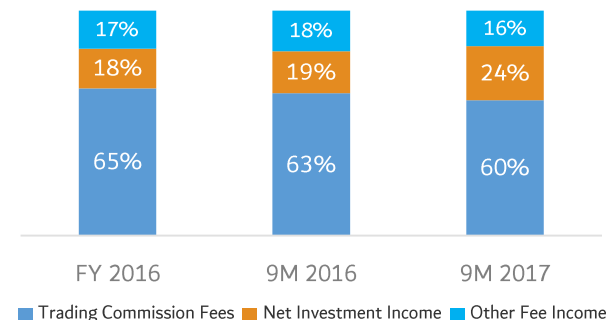
## Financial Highlights

### Total Revenue (AEDm)

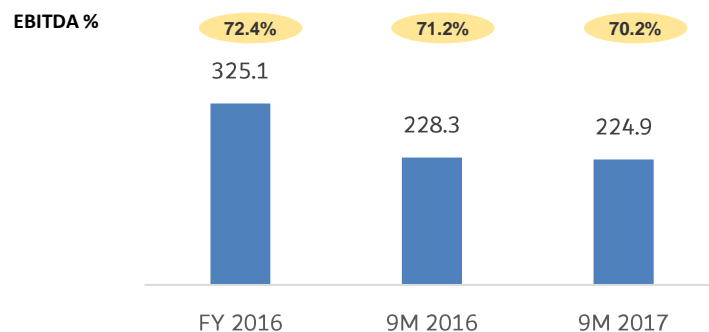


\* 2016 revenue is adjusted to include a one-off additional income due to gifted land in the amount of AED 231.3m against the provision for impairment of an investment deposit in the amount of AED 226m.

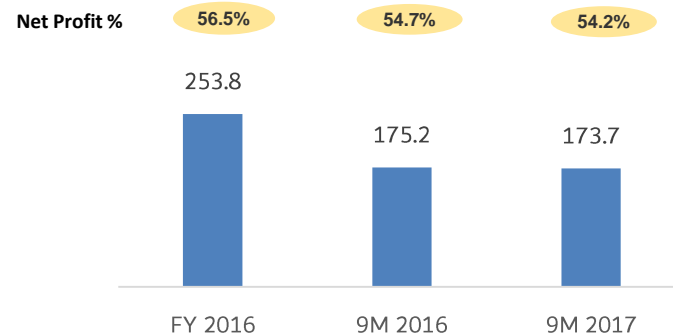
### Total Revenue Mix (%)



### EBITDA (AEDm) and EBITDA Margin (%)



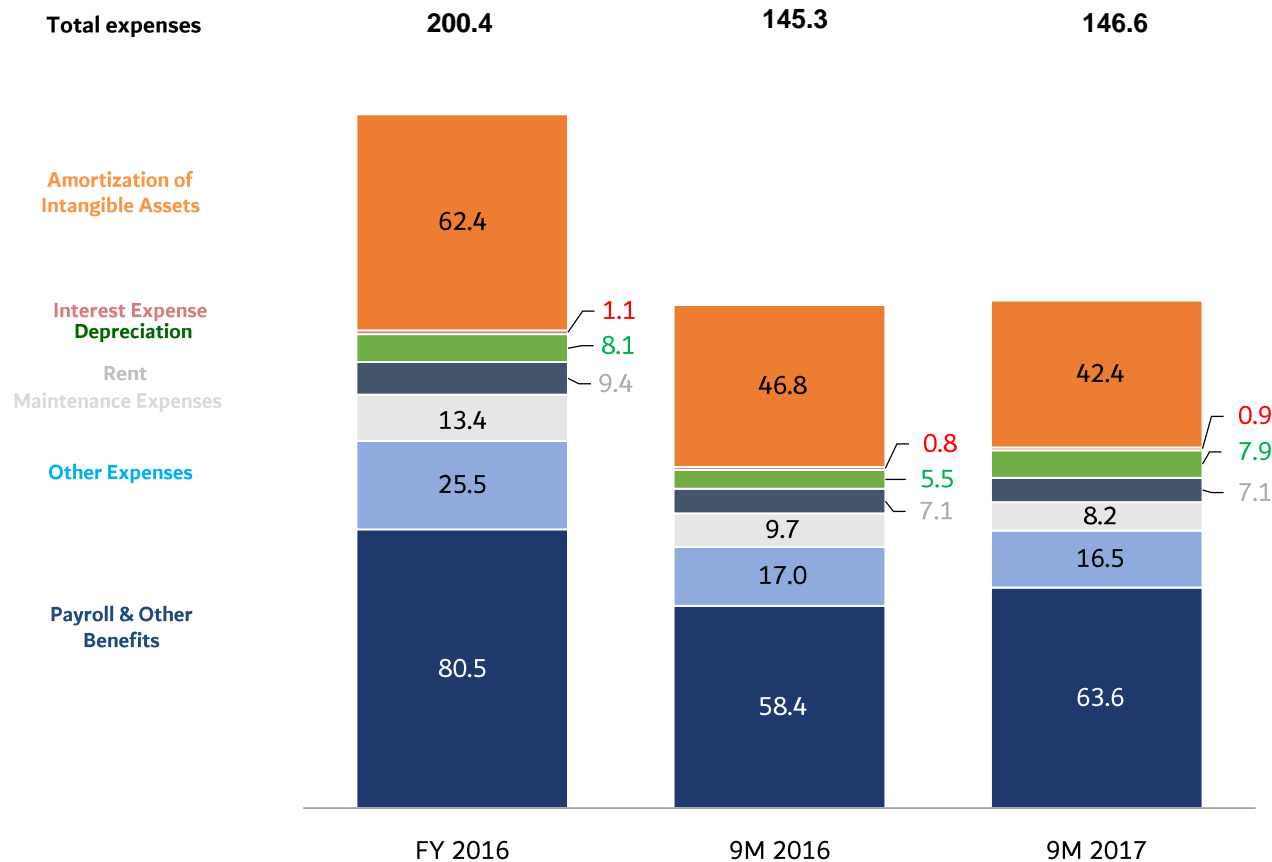
### Net Profit (AEDm) and Net Profit Margin (%)



Note: Consolidated financial statements; EBITDA includes investment income and other income. Some figures & percentages in the slide might not totally add up due to rounding.

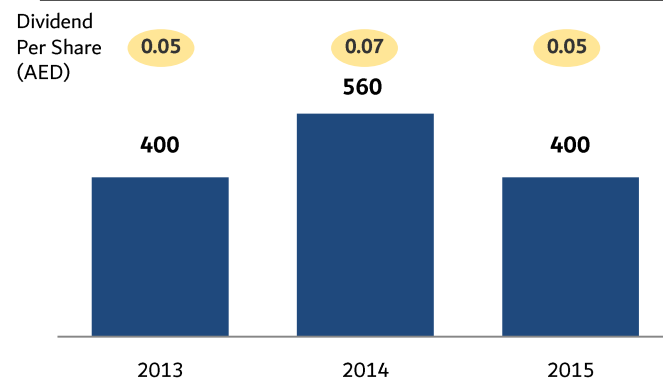
## Stable Expense Base

### Breakdown in AEDm

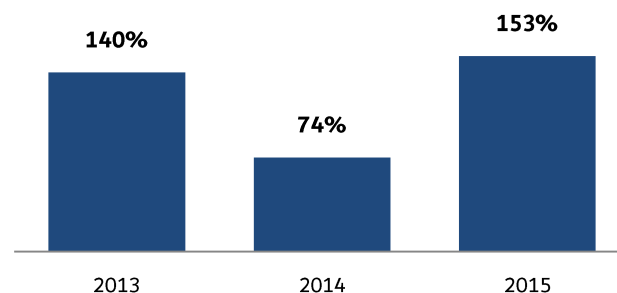


## Dividend Payout History

### Dividends (AEDm)



### Dividend Pay-out (% of Net Profit)<sup>1</sup>



Note: Consolidated financial statements

<sup>1</sup> Calculated as dividend (paid following year) divided by the net profit of the year. 2016 Dividends were retained.

### Selected Balance Sheet Items

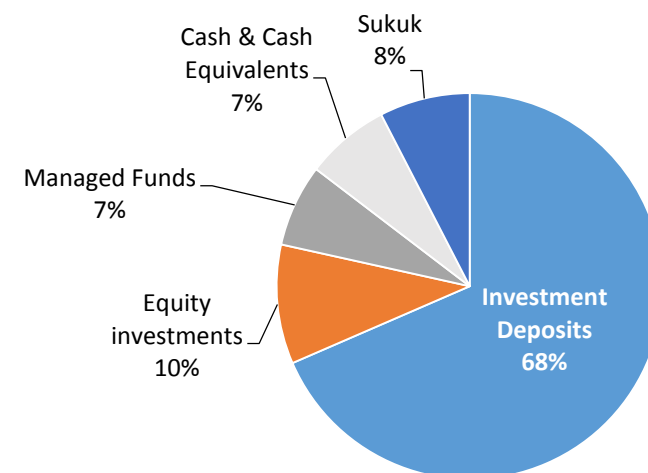
(AEDm)	FY 2015	FY 2016	9M 2017
Investment Deposits	2,303	2,200	2,728
Financial Assets Measured at Fair Value & Amortised Costs	702	837	975
Goodwill	2,879	2,879	2,879
Other Intangible Assets	2,322	2,259	2,217
Property and Equipment	21	263	270
Total Assets	8,535	8,851	9,398
Total Equity	8,046	7,920	8,120

## Strong Balance Sheet with Significant Financial Assets

### Main Financial Assets

(AEDm)	9M 2017
Cash and Cash Equivalents	281
Investment Deposits	2,728
Less than 3 Months	613
Up to 1 Year but More than 3 Months	1,822
More than 1 Year	293
Other Financial Assets Measured at Fair Value – (FVTOCI) and Amortized Cost	975
Investment in Equity Securities	398
Managed Funds	275
Investment in Sukuk	302
<b>Total</b>	<b>3,984</b>

### Main Financial Assets Breakdown 9M 2017



### Commentary

- Investment deposits are placed with financial institutions in the UAE, with profit rates ranging from 2% to 3% per annum.
- Investment in Sukuk in the U.A.E matures in 5-10 years and carries a fixed profit rate of 5% - 6.75 % per annum.
- 96% of the other financial assets are invested within the UAE.

Note: Consolidated financial statements

## DFM Strategic Programs 2021

**VISION: THE WORLD-CLASS REGIONAL MARKETPLACE**

**MISSION: TO PROVIDE STAKEHOLDERS WITH INNOVATIVE SERVICES IN CONDUCTING TRADING, SETTLEMENT AND DEPOSITORY OF SECURITIES, IN AN EFFICIENT, TRANSPARENT AND LIQUID ENVIRONMENT.**

### FIVE STRATEGIC PROGRAMS



**INCREASING TRADE VOLUMES  
PROGRAM VIA FULL TRADE  
TYPE OFFERINGS**



**ENHANCING EQUITY LISTING  
PROGRAM AND SUPERIOR SERVICES**



**MAXIMISING INVESTOR SERVICES  
TO MEET EVOLVING NEEDS**



**UPLIFTING CSD FUNCTION AND  
PROCESSES**



**ADVANCEMENT OF  
TECHNOLOGICAL SOLUTIONS**

**STAKEHOLDER VALUE**

## DFM 2021

Embracing a **new mission for 2021** will strengthen our leading position in our industry

**Bringing the highest possible value to the UAE's  
economic ecosystem, our stakeholders & our shareholders**

*Strengthening the core offerings  
& products to drive listings*

*Developing new capabilities  
across diverse revenue streams*

*Innovating through technology  
to maintain leadership*

Allowing us to play a leading local, regional  
and global role

### Globally

- Develop global best-in-class operations & offerings to raise exchange standing
- Uplift DFM brand recognition within specific sectors & areas of expertise

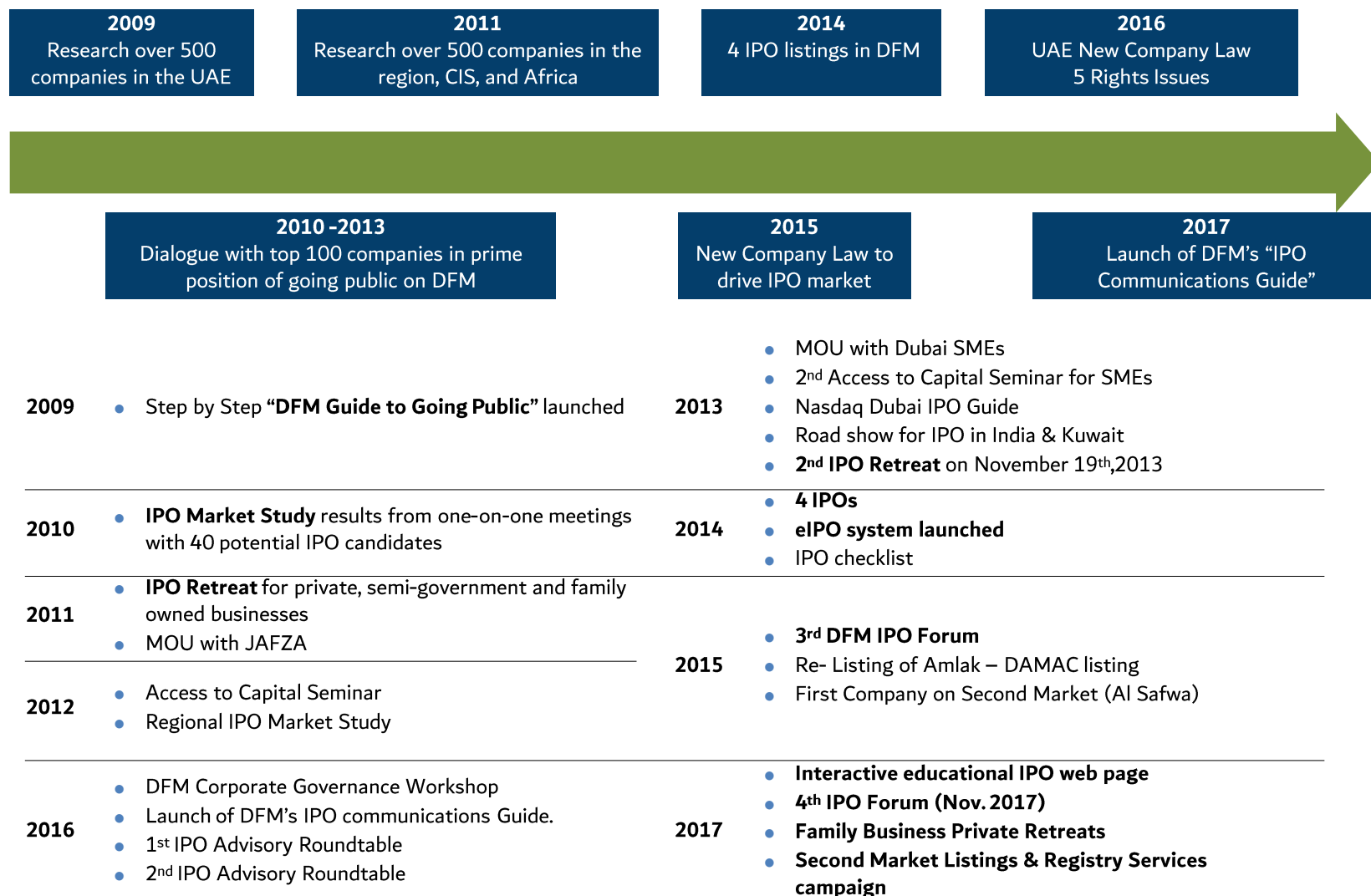
### Nationally in Dubai & UAE

- Become chief venue for financing local firms' growth & source of wealth creation
- Focus on developing Dubai & UAE's priority sectors to spur development

### Regionally in GCC & MENA

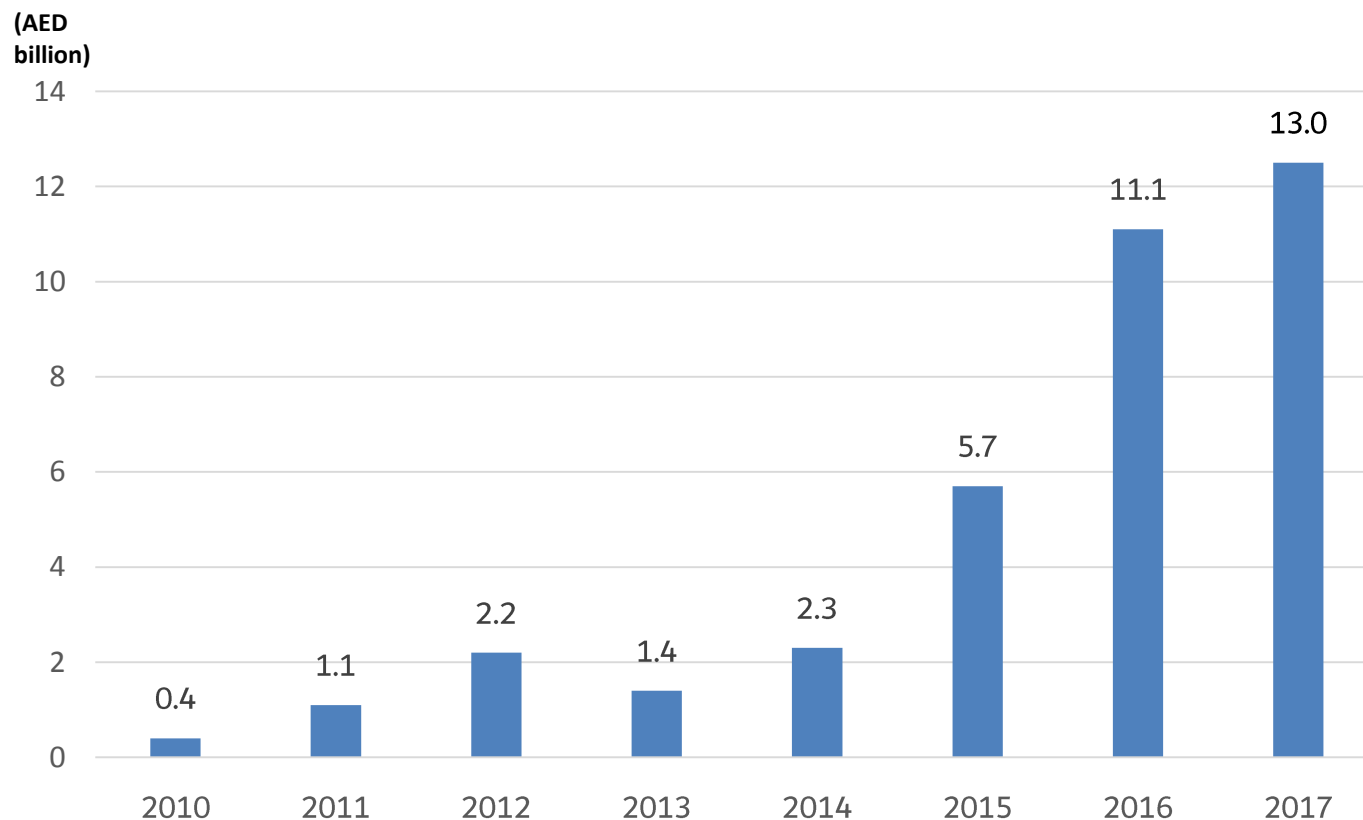
- Attract regional investments & position DFM as ideal platform for sourcing capital
- Position DFM as the gateway to the Arab world and Iran for exchange trading

## Strategic Milestones Building Strong IPO Pipeline



**Strong  
Track Record  
of Issuers  
Dividend  
Management**

## Issuers Dividends



DFM managed 100% of issuers dividends, majority of which were paid electronically.

## World Class Issuer Transactions 2014 – 2017





### 2014 Transactions

IPOs			
AED 275m	AED 5.9bn	AED 1.375bn	AED 2.5bn
			

### 2015 Transactions

Conversion of GDRs Pursuant to an Exchange Offer	PJSC Secondary Listing	Rights Issue
AED 6bn	AED 130m	AED 50m
		

### 2016 Transactions

Rights Issues					IPO	Dual Listing
AED 3.2bn	AED 675m	AED 1.65bn	AED 95m	AED 1.5bn	AED 200m	AED 675m
						

### 2017 Transactions

Rights Issues		
AED 1.5bn	AED 50m	AED 500m
		

Note: IPO transaction figures represent the floated amounts.

## APPENDICES

## DFM Consolidated P&L

(AEDm)	FY 2016	9M 2016	9M 2017
Trading Commission Fees	294.6	203.0	192.8
Brokerage Fees	20.6	15.4	15.4
Clearing, Settlement and Depository Fees	39.7	26.5	23.1
Listing and Market Data Fees	9.1	6.8	7.5
Other Fees	5.4	3.5	4.5
<b>Operating Income</b>	<b>369.4</b>	<b>255.2</b>	<b>243.3</b>
Investment Income	79.5	60.1	77.1
Other Income*		5.3	
<b>Total Income</b>	<b>448.9</b>	<b>320.6</b>	<b>320.4</b>
Payroll and Other Benefits	(80.5)	(58.4)	(63.6)
Other General & Administrative Expenses	(38.9)	(26.7)	(24.7)
Rent	(9.4)	(7.1)	(7.1)
Depreciation	(8.1)	(5.5)	(7.9)
Amortization of Intangible Assets	(62.4)	(46.8)	(42.4)
Interest Expense	(1.1)	(0.8)	(0.9)
<b>Total Expenses</b>	<b>(200.4)</b>	<b>(145.3)</b>	<b>(146.6)</b>
<b>Net Profit for the Year</b>	<b>253.8</b>	<b>175.2</b>	<b>173.7</b>
Attributable to:			
Owners of the Company	253.5	175.0	173.3
Non-controlling Interest	0.3	0.3	0.5
<b>EPS (AED)</b>	<b>0.032</b>	<b>0.022</b>	<b>0.022</b>

\*Other income includes a one-off additional income due to gifted land in the amount of AED 231.3m against the provision for impairment of an investment deposit in the amount of AED 226m.

Note: Consolidated financial statements, where some figures & percentages in the slide might not totally add up due to rounding.

## Relationship with Nasdaq Dubai & Regulatory Authority

Regulatory Authorities

Securities & Commodities Authority (SCA)  
(UAE Regulations)

Dubai Financial Services Authority (DFSA)  
(International Regulations)

Stock Exchanges

ADX

ADX  
سوق أبوظبي للأوراق المالية  
ABU DHABI SECURITIES EXCHANGE

DFM

DFM  
سوق دبي المالي

Nasdaq Dubai

Nasdaq Dubai

Ownership Structure

حكومة أبوظبي  
THE GOVERNMENT OF ABU DHABI

100%

ADX  
سوق أبوظبي للأوراق المالية  
ABU DHABI SECURITIES EXCHANGE

Borse Dubai

79.62%

33.33%

20.38%

Public Stake

DFM  
سوق دبي المالي

66.67%

Nasdaq Dubai

## New Company Law Supporting IPO Market

Requirements	Old	New
Offer Size	<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>
Founders Hold	<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>
Refund Days	<ul style="list-style-type: none"> <li>Two weeks</li> </ul>	<ul style="list-style-type: none"> <li>5 Days</li> </ul>
Sell Down	<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>
Subscriptions Period	<ul style="list-style-type: none"> <li>90 Days</li> </ul>	<ul style="list-style-type: none"> <li>30 Days</li> </ul>
Pricing	<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>
Employee Stock Option	<ul style="list-style-type: none"> <li>Not recognized</li> </ul>	<ul style="list-style-type: none"> <li>Allowed</li> </ul>
Foreign Ownership	<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>

### Notes:

- 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

### 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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